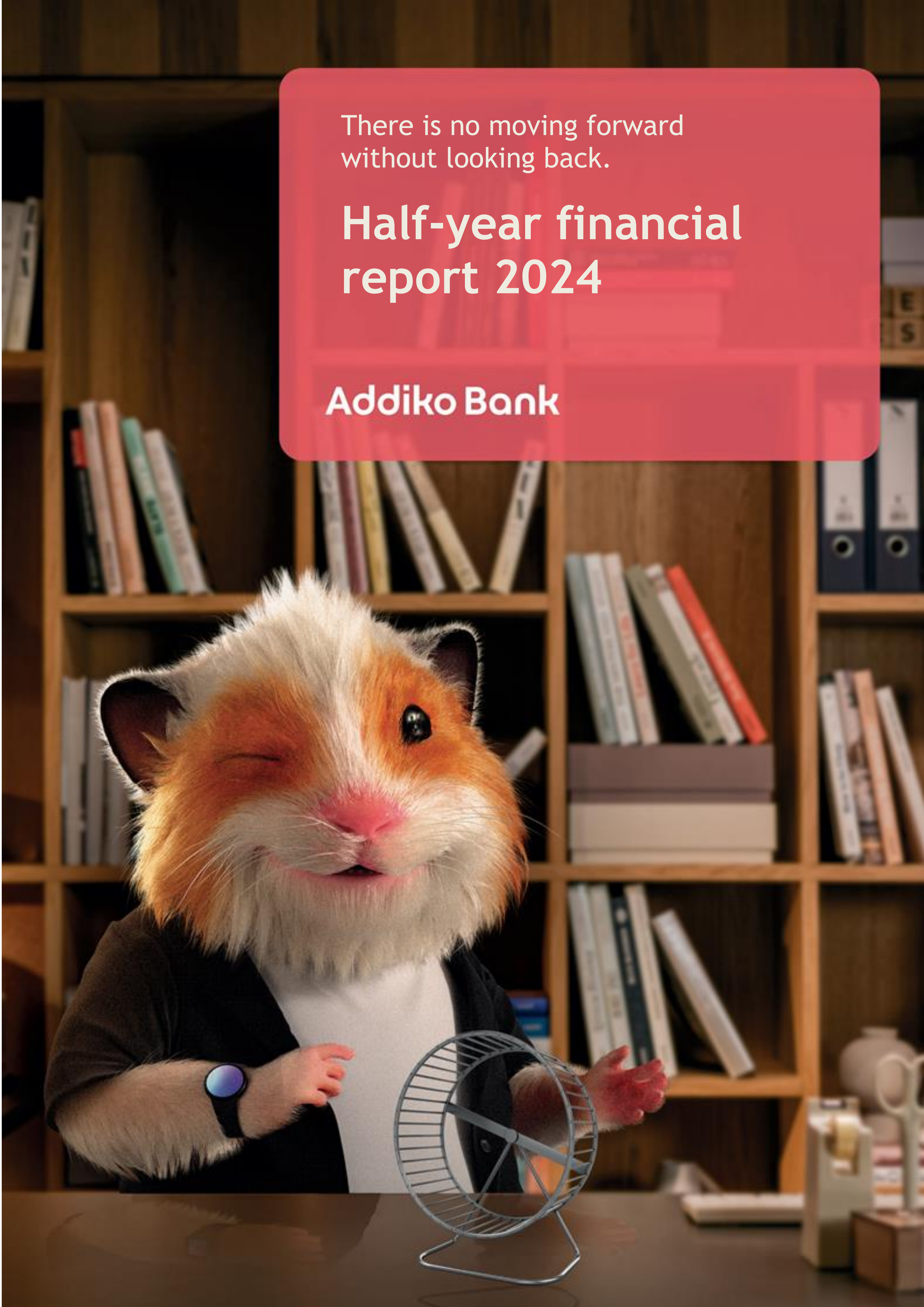
There is no moving forward
without looking back.

Half-year financial report 2024

Addiko Bank



HIGHLIGHTS

2 Business development

- NET PROFIT in first 6 months at €25.5m (up 31% v1H23)
- INCREASED PROFITABILITY driven by higher net banking income & lower costs for legal cases
- ADDITIONAL ADVISORY COSTS of €2.9m for activities related to the takeover offers impacting result
- MODEST OVERALL GROWTH IN LOANS (total up 1.6% vYE23) with focus growth at 4.1% vYE23 and DEPOSITS flat (-0.1% vYE23)
- OUTLOOK 2024: operationally on track; negatively impacted by additional costs for activities related to the takeover offers

1 Key financial data

EARNINGS	
Net Profit	€25.5m
Operating Result	€54.0m
EPS	€1.32
NIM	4.0%
ASSET QUALITY	
Cost of Risk on net loans	-0.4%
NPE Ratio	2.0%
NPE Volume	€136.5m
CAPITAL	
CET1 Ratio	20.4%

3 Outlook for the full year 2024

Loan Book Growth	>6% CAGR 2023-2026	Cost of Risk	ca. 1%
NIM	>3.8%	Total Capital Ratio	>18.35%
Net Banking Income	>4.5%	RoATE	6.0% (prev. 6.5%)
OPEX	<€195m (prev. <€191m)	DPS	>€1.2

Key data

			EUR m
Selected items of the profit or loss statement	**1H24**	**1H23**	**(%)**
Net banking income	155.9	140.7	10.8%
Net interest income	120.6	108.1	11.5%
Net fee and commission income	35.3	32.5	8.4%
Net result on financial instruments	0.5	0.7	-27.0%
Other operating result	-5.4	-4.9	10.6%
Operating income	**151.0**	**136.5**	**10.6%**
General administrative expenses	**-97.0**	**-86.9**	**11.6%**
Operating result before impairments and provisions	**54.0**	**49.6**	**8.9%**
Other result	-5.5	-16.5	-66.6%
Expected credit loss expenses on financial assets	-15.5	-9.2	68.3%
Taxes on income	-7.6	-4.5	69.8%
Result after tax	**25.5**	**19.5**	**30.7%**
Performance ratios	**1H24**	**1H23**	**(pts)**
Net interest income/total average assets	4.0%	3.7%	0.3
Return on average tangible equity	6.6%	5.4%	1.2
Cost/income ratio	62.2%	61.7%	0.5
Cost of risk ratio	-0.3%	-0.2%	-0.1
Cost of risk ratio (net loans)	-0.4%	-0.3%	-0.1
Earnings per share (in EUR)	1.32	1.00	31.8
Selected items of the statement of financial position	**Jun24**	**Dec23**	**(%)**
Loans and advances to customers	3,544.0	3,489.2	1.6%
Deposits and borrowings from customers	5,027.4	5,032.6	-0.1%
Equity	806.4	801.1	0.7%
Total assets	6,125.5	6,151.5	-0.4%
Risk-weighted assets	3,692.3	3,653.2	1.1%
Balance sheet ratios	**Jun24**	**Dec23**	**(pts)**
Loan to deposit ratio	70.5%	69.3%	1.2
NPE ratio	2.0%	2.0%	0.0
NPE ratio (on balance loans)	2.8%	2.8%	0.0
NPE coverage ratio	80.7%	80.9%	-0.2
Liquidity coverage ratio	355.5%	313.4%	42.1
Common equity tier 1 ratio [1)]	20.4%	20.4%	0.0
Total capital ratio [1)]	20.4%	20.4%	0.0

[1)] As of 1 January 2023, there is no difference between the transitional and the fully-loaded regulatory capital base due to the expiry of the IFRS 9 and Article 468 CRR (EU 2020/873) transitional capital rules.

Letter from the CEO

Our performance in the first half of 2024 highlights our strategic vision and operational excellence. Addiko Group achieved a net profit of EUR 25.5 million, reflecting a 31% increase from the first half 2023. Despite unexpected costs related to two takeover offers, our operating result improved by 9% to EUR 54 million. This success was driven by an 8% year-on-year growth in our focus areas, Consumers and SME, of which consumer financing was particularly strong compared to the market while we were able to maintain our premium pricing strategy at the same time. Without the costs related to the takeover offers, our operating result would have seen a 15% increase.

To be sure: In addition to the normal course of business, the Group Management Board was occupied with activities related to the recent shareholder announcements, which affected the operational business to a certain extent and caused unplanned one-off costs, requiring us to adapt our outlook for 2024 accordingly. However, we remain committed to our goals and decided to proceed with our intended plans, focusing on our Acceleration Program.

Addiko launched a group-wide “Acceleration Program” in 2023 to enhance customer value and achieve mid-term targets faster. The program focuses on three pillars:

- Business Growth,
- Operational Excellence & Digital Innovation, and
- Best-in-Class Risk Management

The first pillar promotes sustainable business growth, including the preparation of the digital expansion into Romania and enhancing the digital platform to improve customer service. Now, the expansion project is entering the final phase and the launch of the Romanian business will take place towards the end of the year. Furthermore, we have significantly upgraded our digital platform with the aim to further capitalise, refine, and maximise its value.

During the first half of 2024, our business activities were supported by 39 marketing campaigns in the region. In that context, we launched our communication activities for E2E consumer loans in Croatia, Slovenia and Serbia, which further strengthened the foundations for positioning Addiko as a digital-first bank.

Our in-house digital marketing team has played a pivotal role in these achievements. Results are improving and growing, and we are also increasing our investment in marketing technologies to enhance our capabilities for the future.

The second pillar focuses on optimising core processes for a superior customer experience across all channels, with new digital solutions and automated tasks making lending faster and easier. By implementing customer-focused digital solutions and automating back-office tasks, we demonstrate our commitment and ability to make banking more accessible, efficient, and customer-centered.

The third pillar, aimed at risk management, has already shown significant improvements in capabilities and metrics during the first half of 2024.

In summary, the Acceleration Program successfully met its objectives to get us closer to our goal to become the best specialist bank for Consumers and SMEs. Hence, we decided to extend the program until year-end 2024 to expedite further initiatives in the above mentioned three pillars.

On the back of the successful year 2023, we have distributed a dividend of EUR 1.26 per share to our shareholders in May 2024. Consequently, we have witnessed a robust increase in investor interest, which is a clear endorsement of our business model and strategic direction. This increased attention from shareholders underscores the market’s confidence in Addiko Bank’s capabilities to deliver sustainable and profitable growth.

As mentioned, the two takeover offers, namely by Agri Europe Cyprus and NLB, have had a significant impact on our first half of the year, and it remains to be seen what the outcome will be. The offers are valid until 16 August 2024.

On 22 July 2024, NLB published an improved offer, increasing the price from EUR 20 to EUR 22 per share. After thoroughly reviewing the improved offer, the Management Board and the Supervisory Board concluded that the improved price adequately reflects the interests of the Addiko shareholders, and that there are good reasons for accepting it.

However, in the view of the Management Board, it is uncertain whether the offer will be successful based on the offer conditions, in particular the voluntary minimum acceptance threshold of at least 75% of Addiko shares.

Whatever the outcome, we, as Addiko, are confident in our business model and in our team. Therefore, we look forward to the rest of the year remaining focused on leveraging our strengths, exploring new growth opportunities and continuing to deliver value to our shareholders, customers and employees.

Herbert Juranek m.p.
CEO

Half-Year Financial Report 2024

The tables in this report may contain rounding differences. Any data is presented on the Addiko Group level (referred to as Addiko Bank or the Group throughout the document) unless stated otherwise.

The English version of the report is a translation. Only the German is the authentic language version.

Condensed Group Management Report

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 the stock-market listed parent company Addiko Bank AG in Austria and six subsidiary banks in Croatia, Slovenia, Bosnia & Herzegovina (two banks), Serbia and Montenegro. Addiko Bank AG is rated by Fitch Ratings. Since August 2023, there has been no change in the rating (Long-Term Issuer Default Rating (IDR) of “BB” and Viability Rating (VR) of “bb”, stable outlook on the Long-Term IDR).

1. Key Highlights

Addiko Group posted a 31% year-over-year increase of the net profit for the first six months of the year 2024 to EUR 25.5 million. This corresponds to EUR 1.32 earnings per share. The annualised return on average tangible equity increased from 5.4% in 1H23 to 6.6% this year, despite one-off costs related to the takeover offers.

The profitability was significantly improved by a strong operating performance. The operating result grew by 9% year-over-year to EUR 28.5 million despite increased funding costs, inflationary impacts on the expense side and higher advisory costs connected with the recently published takeover offers.

This positive result is based on the Acceleration Program efforts, which were leading to a strong year-over-year growth in the focus business and a solid cost management in the given environment. The Group was able to improve the net interest income by 11.6% and the net commission income by 8.4% compared to the first half of 2023. On the risk side, the provisioning remained in line with the expectations, at a low 44 basis points or EUR 15.5 million. The NPE volume slightly decreased compared to year-end 2023 to EUR 136.5 million with an NPE ratio of 2.0%. The NPE coverage remained stable compared to year-end 2023 at 80.7%. The funding situation remained solid with a stable deposit base at EUR 5.1 billion and a loan-to-deposit ratio of 70.5%. The liquidity coverage ratio is currently above 355% at Group level. The Group capital position is also very strong, with a 20.4% CET1 ratio.

On 26 April 2024, Addiko Bank AG held its ordinary Annual General Meeting (AGM 2024) as a physical meeting in Vienna. All proposed agenda items were approved. The AGM 2024 prematurely extended the term of office of Ms. Monika Wildner and Mr. Frank Schwab as members of the Supervisory Board until the end of the Annual General Meeting for the business year 2026. The AGM 2024 also approved the dividend for the financial year 2023 of EUR 1.26 per share, which was paid out on 7 May 2024.

On 29 March 2024, the company announced the end of the share buyback programme which was resolved on 4 April 2023 as the maximum period of one year since the approval by the European Central Bank (ECB) expired on this date. Between 11 April 2023 and 29 March 2024, a total of 229,584 shares for a total value of EUR 3,158,673.30 was repurchased on the Vienna Stock Exchange at a weighted average price of EUR 13.758. This corresponds to 1.177% of the share capital of the company. After execution of the 2023 share-based remuneration, Addiko holds, as of 30 June 2024, a total of 212,858 own shares (corresponding to 1.092% of the subscribed capital).

On 2 April 2024, Addiko Bank AG completed its additional listing on the Xetra trading platform in Germany as decided in mid March 2024. This move increases Addiko’s visibility on the capital markets, opens up access to a broader investor base globally and under-scores the Group’s commitment to fostering transparency, investor engagement and enhanced trading liquidity.

The Addiko share price rose significantly in the first six months of 2024, mirroring the Group’s good earnings performance, along with two voluntary takeover offers made by two bidders the first half of 2024, Agri Europe Cyprus Ltd. (Agri Europe Cyprus) and Nova Ljubljanska banka d.d. (NLB). The acceptance periods for both competing offers will end on 16 August 2024 at 5pm Vienna time. Should the offers receive acceptance from the necessary quorum of shareholders, the closing of the transaction will depend on the authorisation from relevant regulatory bodies.

2. Acceleration Program

Addiko established a group-wide 'Acceleration Program' in 2023. The goal of this program is to accelerate the Group's capabilities to create incremental value for its customers and to assure a faster achievement of the Group's mid-term targets. The program is based on three main pillars: Business Growth in Focus Areas, Operational Excellence & Digital innovation, and Best-in-Class Risk Management.

2.1. First pillar: Business Growth in Focus Areas

The first pillar of the Acceleration Program is to foster consistent and sustainable business growth within the current geographical footprint and beyond via a digital expansion to Romania. In recent years, Addiko has notably enhanced its digital platform to improve customer service. The aim now is to further capitalise, refine and maximise the value from its established platform.

In the first six months of 2024, the Group succeeded in expanding its focus book and achieved a 4% annual increase in loan disbursements.

In the consumer segment, Addiko registered two consecutive record months in 1H24, with monthly net disbursements above EUR 60 million. Performance in net disbursements remained above the market growth with a 31% increase YoY and the premium price was maintained (+100bps above the market). This growth was supported by the following initiatives:

- Continued to focus and strengthen its E2E lend digital capabilities to attract digital customers achieving full implementation in Croatia, Slovenia and Serbia.
- Extended partnership network of more than 550 partners and its presence in over 1,100 locations enabled Addiko to tap into a new customer segment that values financing at the point-of-sale. In Bosnia, small ticket loans serve as a primary product for acquiring new customers, offering opportunities for upselling and cross-selling.
- Moreover, additional measures have been implemented to expand the revenue from non-lending products, especially in the areas of credit cards and insurance. The newly launched "Ethoca" enables enhanced communication for Credit Card transactions (a first for banks in the region). This advancement in card services resulted in an impressive growth in commission income from cards.

Within the SME segment, Addiko aims to provide accessible banking products for predominantly micro and small SME clients, striving to offer the most convenient and rapid application process across its operational countries. Addiko experienced a slowdown in new business in the first half of 2024, likely due to SMEs anticipating interest rate cuts in the next quarters, leading to currently muted demand. Consequently, new loan disbursement was not at the pace of the previous year, with new loan disbursements of EUR 363 million compared to EUR 430 million the previous year. Despite competition driving low interest rate loans in pursuit of volume, the Group kept its approach and premium price. To address the pause in demand, several growth initiatives were launched:

- Addiko introduced three new products aimed at enhancing its SME ecosystem, including "Automated Overdraft" and "Business Credit Card" in Croatia, Slovenia and Serbia, as well as "Bankassurance" in Bosnia & Herzegovina and Croatia. The Automated Overdraft and Business Credit Card are showing encouraging initial results, especially in Slovenia. Meanwhile, the Bankassurance product is performing well in Croatia, and has been positively received in all regions where it was launched in the first six months of 2024.
- The Group leveraged its "Digital Agent" platform by introducing the "web loan acceleration" resulting in a notable increase in web-originated volume. With the webLoan now operational in half of the countries of operation, loans initiated via the web already contribute to more than 10% of the new business volume in the targeted segment for the first six months of 2024.
- Newly launched products were introduced using a multichannel strategy, fully incorporated into Addiko's digital sales process. The Automated Overdraft and the Business Credit Card are available together with a loan or on a standalone basis. Obtaining these products requires only minimal efforts from the customer. Addiko is piloting important design principles for its future mobile and web-first approach.

Addiko will continue to expand its product offering to Consumers and SMEs and will launch E2E digital capabilities to attract digital customers and expand through its partnership ecosystem. At the same time, unprofitable products and services will be retired.

Marketing capabilities are an essential part of the Business Growth pillar and will continue to be enhanced and optimised. In the first half of 2024, Addiko ran 39 campaigns across the CSEE region, leveraging both online and offline media channels. Key promotional activities included:

- Marketing campaigns in Serbia, Slovenia, and Croatia highlighting the online convenience of Addiko loans and showcasing the ease and accessibility of Addiko's digital services.
- In Montenegro, Serbia, and Croatia, deposit campaigns were introduced to showcase competitive interest rates and strengthen the Group's market presence.
- Addiko continued to communicate its unique offerings, launching new iterations of the ID-only small ticket loans in Bosnia & Herzegovina, and promoting the record-short feedback promise loan campaigns for consumers in BiH and SME clients in Serbia.
- A Mastercard instalment campaign was organised in Croatia and prize games in Slovenia and Montenegro to boost card utilisation and customer involvement.

Acknowledging the increasing importance of social media engagement, Addiko launched a TikTok channel in Croatia. Furthermore, following customer segmentation research results for Croatia, Slovenia, and Serbia, Addiko is currently undertaking a marketing initiative to tailor its offerings and messaging to specific target segments. The segmentation research is ongoing for the remaining countries in the region, aiming to fully grasp customer perspectives and expectations concerning digital lending, and to shape the strategic planning of upcoming marketing initiatives.

Addiko also launched two major sponsorship projects to elevate the brand's visibility and association with excellence. These include a partnership with the esteemed Serbian basketball team, Partizan, and the sponsorship of The Goran Dragić Basketball Foundation and his farewell match in Slovenia "Night of the Dragon" which is anticipated to be one of the country's most prominent sporting events in 2024.

In addition to the growth initiatives in the focus segments of Consumers and SMEs, Addiko decided in December 2023 to expand its digital operations into Romania using the cross-border license from its Slovenian subsidiary. This move takes advantage of the European passporting system as the most efficient and cost-effective business model. Addiko will leverage its current digital platform, risk management expertise, and business practices for its digital launch in Romania with an initial Personal Loan product. Following partnership agreements with key vendors for remote identification, E-signature, Credit Bureau access, and soft collection services, the implementation phase was launched and is currently focusing on IT integration and planning for future testing. The Group aims to initiate a pilot phase in late 2024 for system stabilisation and adjusting its Value Proposition.

2.2. Second pillar: Operational Excellence & Digital

As part of the second pillar of the Acceleration Program, designed to address Operational Excellence & Digital, Addiko further optimised the E2E core processes during the first half of 2024, aiming to deliver a Best-in-Class customer experience across focus areas and products, irrespective of which distribution channel the customer uses. By introducing new digital solutions and automating back-office tasks, Addiko is making lending faster and easier, showing its commitment and ability to use technology and make banking more accessible, efficient and customer focused.

In the Consumer segment, Addiko further developed its mobile banking applications during the first half of 2024, concentrating on refining the user interface and overall customer experience. Enhancements included a redesigned interface that provided additional information for card transactions. The implementation of this feature in Croatia and Serbia has improved customer experience and satisfaction. In parallel, Addiko was working on a complete overhaul of the app's user interface, starting with Montenegro as the first market and with the intention of rolling out these changes across all markets. By redesigning the app's user interface, Addiko aims to make it more attractive, intuitive, and user-friendly for its customers.

Next to enhancing the Consumer segment, Addiko continues to enhance services also for SME customers by upgrading existing online lending platforms offering personalised offers to its SME customers while enabling a smooth start of the loan process through a modern online platform. Moreover, Addiko has made various adjustments to its lending system to optimise processes and increase convenience for its customers. Addiko completed a successful roll-out of its mobile banking app for SME clients in all several markets by the first half of 2024 according to plan. Addiko continues to upgrade its mobile banking app for SME clients, with both functional and regulatory enhancements. Addiko's goal is to provide a convenient, reliable, and secure service to its SME clients throughout our markets by constantly improving its mobile banking app.

In line with the Group's commitment, the focus in the first half of 2024 was also on executing measures as defined in its roadmap. As part of the drive to improve its operating model, Addiko Bank AG opened a branch in Zagreb in April 2024, which now houses several central units.

2.3. Third pillar: Best-in-Class Risk Management

The initiatives implemented as part of the third pillar, which focuses on becoming Best-in-Class in risk management, were also quite successful during the first half of 2024:

- Addiko further optimised its collection process keeping the non-performing exposure stable. This achievement was supported by the new and comprehensive risk reporting platform, which was rolled out in the previous year and allows group-wide managing and control.
- Addiko also worked to establish a scalable and automated leading-edge underwriting, monitoring and reporting environment in order to further improve efficiency, effectiveness and, most importantly, portfolio quality. In this context, the Group increased the level of automation in the customer segment by 6% year-over-year.
- Several initiatives, as part of the Risk Excellence stream, started with the aim of further improving efficiency.

Addiko will continue to invest in its IT systems to establish factory-like underwriting to enable a further increase of the share of automatic underwriting decisions via standardisation. Addiko will also continue to focus on effective NPE management to generate additional value for the bank.

3. Managing sustainability

The Corporate Sustainability Reporting Directive (CSRD) entered into effect on 5 January 2023, introducing enhanced sustainability reporting requirements. These requirements aim to improve the efficiency and transparency of sustainability disclosures by providing more comparable and reliable information. The CSRD mandates the auditing of sustainability reports and their inclusion in the management report, placing them on the same level as financial reporting. EU Member States should have incorporated its provisions into national law by 6 July 2024. Although implementation into national law is still pending in Austria, Addiko recognises the significant challenges posed by the CSRD and has taken proactive steps to ensure full compliance as of 31 December 2024.

In 2023, Addiko already progressed towards an early adoption of the European Sustainability Reporting Standards (ESRS) for non-financial information disclosure. The ESRS mandates a double materiality assessment, evaluating sustainability issues - environmental, social, and governance factors - from both an "inside-out" perspective (assessing the impact of the bank's actions) and an "outside-in" perspective (considering the financial implications of sustainability risks and opportunities). Based on this assessment, Addiko identified material ESG topics for its operations and defined future actions and targets. By proactively adopting these legal disclosure requirements, Addiko is committed to enhancing responsible business practices. These annual disclosures aim to increase transparency and enable consistent progress monitoring, thereby ensuring accountability and demonstrating Addiko's commitment to sustainability.

Following the publication of these ESRS disclosure requirements as part of Addiko's Sustainability Report 2023 in March 2024, Addiko has continued to advance its sustainability commitment into the first half of 2024, building on the transformative initiatives started in the previous year. Addiko is preparing for its first limited assurance audit of non-financial information as of 31 December 2024, reinforcing its dedication to transparency and accuracy in reporting.

Addiko has established regular climate and environmental risk assessments, aligning with the guidelines on “Good practices for climate related and environmental risk management” from the European Central Bank (ECB). These guidelines enable the bank to identify and mitigate potential climate and environmental-related risks and seize opportunities for sustainable growth.

Additionally, Addiko has focused on advancing its data sources and data gathering processes. In addition, the bank is further enhancing responsible business practices more thoroughly into its internal regulations and thereby embedding sustainability into its operational framework. This is supported by ESG initiatives and actions, set out within the ESG strategy and Sustainability Report 2023. Addiko has set up steering measures with measurable KPIs, ensuring that these initiatives can be effectively managed and tracked over the next years.

As Addiko progresses through 2024, it remains committed to ambitious ESG goals and actively engaging with stakeholders to drive positive change. By diligently addressing new requirements and advancing its sustainability initiatives, Addiko is well prepared to meet regulatory expectations and leverage this opportunity to demonstrate its commitment to sustainable and responsible banking practices.

4. Takeover offers by Agri Europe Cyprus Ltd. and Nova Ljubljanska banka d.d.

On 25 March 2024, Agri Europe Cyprus announced its intention to make a voluntary partial takeover offer in accordance with Sections 4 et seqq. of the Austrian Takeover Act (“Übernahmegesetz”) to the shareholders of Addiko Bank AG. The offer document in relation to the Offer was published on 16 May 2024. The offer aims at the acquisition of up to 3,315,344 Addiko shares, corresponding to approximately up to 17.002% of Addiko's share capital. The offer price is EUR 16.24 (gross) per offer share cum dividend.

On 15 May 2024, NLB announced the intention to make a voluntary public takeover offer aimed to acquire control in accordance with Section 25a of the Austrian Takeover Act to the shareholders of Addiko Bank AG for the acquisition of all shares except for treasury shares of Addiko. The offer document was published on 7 June 2024. The initial offer price was EUR 20.00 per offer share cum dividend. On 15 July 2024, NLB announced to increase the share offer price to EUR 22.00 per Addiko share on a cum dividend basis.

The corresponding documents are available on the website of Addiko (www.addiko.com) and the Austrian Takeover Commission (www.takeover.at).

As competing offers, the acceptance periods for both offers will end on 16 August 2024 at 5pm Vienna time. Should the offers receive acceptance from the necessary quorum of shareholders, the closing of the transaction will depend on the authorisation from relevant regulatory bodies.

5. Financial development of the Group

5.1. Overview of financial performance

- **Operating result before impairments and provisions, up 8.9% to EUR 54.0 million vs. EUR 49.6 million the previous year**
- **General administrative expenses above expectations due to extraordinary advisory costs of EUR 2.9 million connected with the recently published takeover offers**
- **Cost of Risk (net loans) at 0.4% or EUR 15.5 million compared to EUR 9.2 million a year earlier**
- **NPE ratio stood at 2.0% (YE23: 2.0%) with stable NPE coverage at 80.7% (YE23: 80.9%)**
- **Return on average tangible equity up to 6.6% (1H23: 5.4%)**
- **EPS of EUR 1.32 in 1H24 compared to EUR 1.00 a year earlier**

The **result after tax** reached EUR 25.5 million, 30.7% higher YoY (1H23: EUR 19.5 million), mostly due to positive business development, successful repricing in an environment of high interest rates. By excluding advisory costs of EUR 2.9 million related to the takeover offers published in the second quarter of 2024, Addiko would have achieved a result after tax of EUR 28.3 million in 1H24, marking a 45.4% YoY increase.

The **share of the two focus segments Consumer and SME** as a percentage of the gross performing loan book increased to 88.4% compared to 84.5% at 1H23. The overall customer gross performing loan book continued along its growth trajectory, expanding to EUR 3.55 billion compared to EUR 3.44 billion at the end of 1H23, while the non-focus loan book continued to decrease. The overall focus book grew by 8% YoY, driven by a significant increase of the Consumer segment of 12%.

Net interest income achieved robust growth of 11.5%, rising to EUR 120.6 million (1H23: EUR 108.1 million) with improved NIM at 4.0% (1H23: 3.7%). **Net fee and commission income** increased by 8.4% YoY to EUR 35.3 million (1H23: EUR 32.5 million), benefitting from increased engagement in bancassurance, accounts & packages and card business. **General administrative expenses** went up to EUR 97.0 million (1H23: EUR 86.9 million) due to the recent high inflation and a one-off increase in advisory costs of EUR 2.9 million related to Agri Europe Cyprus partial tender offer published on 16 May 2024 and NLB' takeover bid on 7 June 2024. The Cost/income ratio increased to 62.2% (1H23: 61.7%). Excluding the unforeseeable advisory costs connected with the takeover offers, the Cost/income ratio would have improved to 60.4%. **Other result** amounted to EUR -5.5 million, significantly below the comparative period (1H23: EUR -16.5 million), which was impacted by an unexpectedly high inflow of new cases on Swiss franc-denominated loans in Croatia shortly before the statute of limitations expired in June 2023.

Expected credit loss expenses stood at EUR 15.5 million or 0.4% Cost of Risk (1H23: EUR 9.2 million), with the prior period being lower due to upgrades in individual corporate case which led to net releases in stage 2. The **NPE ratio** remained stable at 2.0% (YE23: 2.0%) based on a **non-performing exposure (NPE)** of EUR 136.5 million (YE23: EUR 138.0 million). **NPE coverage** remained stable at 80.7% (YE23: 80.9%), the **NPE ratio related to on-balance loans** came in at a stable 2.8% (YE23: 2.8%).

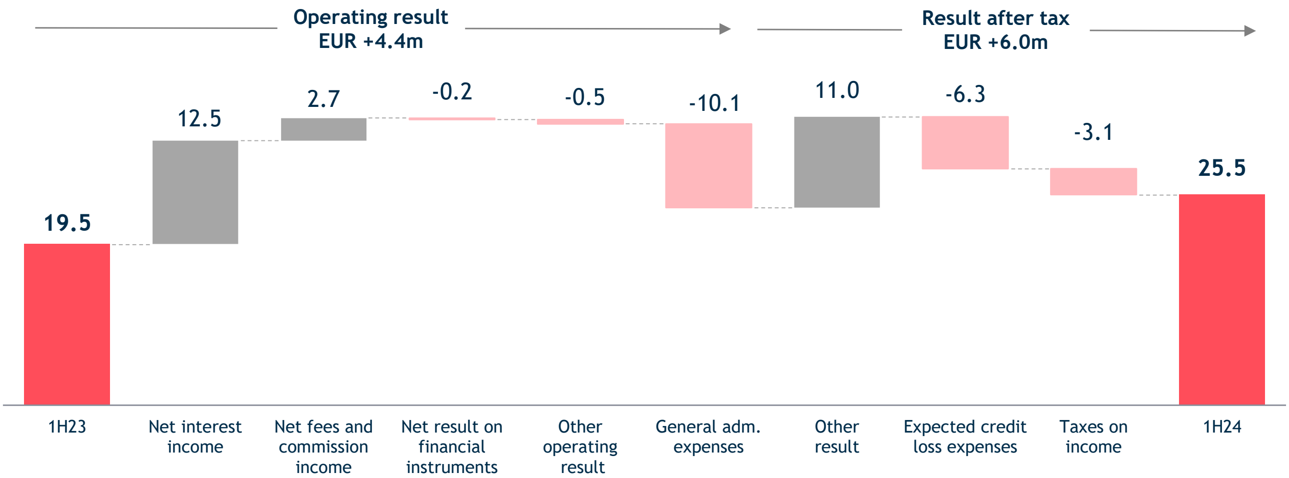
Total **equity** rose to EUR 806.4 million (YE23: EUR 801.1 million). After regulatory deductions, the **CET1 ratio** stood at 20.4% (YE23: 20.4%). Interim profit for the first half of the year is not included in the CET1 ratio.

5.2. Analysis of the result

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023	(abs)	(%)
Net banking income	155.9	140.7	15.2	10.8%
Net interest income	120.6	108.1	12.5	11.5%
Net fee and commission income	35.3	32.5	2.7	8.4%
Net result on financial instruments	0.5	0.7	-0.2	-27.0%
Other operating result	-5.4	-4.9	-0.5	10.6%
Operating income	**151.0**	**136.5**	**14.5**	**10.6%**
General administrative expenses	**-97.0**	**-86.9**	**-10.1**	**11.6%**
Operating result before impairments and provisions	**54.0**	**49.6**	**4.4**	**8.9%**
Other result	-5.5	-16.5	11.0	-66.6%
Expected credit loss expenses on financial assets	-15.5	-9.2	-6.3	68.3%
Result before tax	**33.1**	**24.0**	**9.1**	**38.0%**
Taxes on income	-7.6	-4.5	-3.1	69.8%
Result after tax	**25.5**	**19.5**	**6.0**	**30.7%**

Result after tax of Addiko Group – development YoY (in EUR million)



Net banking income improved by EUR 15.2 million to EUR 155.9 million in the first half of 2024.

Net interest income increased by EUR 12.5 million, supported by loan volume growth in the focus segments Consumer and SME, the higher interest rate environment as well as income from liquidity management and treasury. The Consumer segment recorded higher regular interest income of EUR 9.7 million on the back of an increased loan book volume (up EUR 196.1 million YoY) and higher interest rate of 36bps (calculated on simple average). The regular interest income increased also in the SME segment by EUR 7.2 million which was driven by both higher loan volumes (up EUR 34.3 million YoY) as well as improved loan pricing (interest rate up +79bps YoY, calculated on simple average). The growth in interest income was further supported by EUR 3.8 million from cash balances at central banks and bank loans and EUR 5.7 million from investments in debt securities, reflecting the evolving interest rate environment. The regular interest income from the non-focus segment was relatively steady, with the increase in interest rates compensating the impact from lower volumes due to the intentional run-down of the non-focus portfolio (down EUR 118.8 million YoY). At the same time, interest expenses increased by EUR 13.6 million driven by higher customer deposit volumes (up EUR 178.9 million YoY) and higher interest rates (interest rate up +51bps YoY). The volume of term deposits increased by EUR 394.1 million (interest rate increased by 96bps YoY), while a-vista/demand deposits decreased by EUR 219.0 million (interest rate slightly increased by 4bps YoY). As a result of the above changes, the Group's net interest margin improved by 28bps YoY to 4.0% at the end of the first six months 2024.

Net fee and commission income increased to EUR 35.3 million in the first half of 2024, compared to EUR 32.5 million in the same period of the previous year. This growth was mainly driven by improved sales performance supported by the beneficial effects of an upsurge in economic activity and consumer spending. As a result, there was an increase in fees generated across the Group, especially in areas such as bancassurance, card business and accounts & packages.

The **net result on financial instruments** amounted to EUR 0.5 million at 1H24, resulting from FX and related trading activities, compared to EUR 0.7 million at 1H23.

Other operating result, which is the sum of other operating income and other operating expense, was with EUR -5.4 million in line with the EUR -4.9 million a year earlier. This position included the following significant items:

- Deposit guarantee expenses of EUR 2.5 million (1H23: EUR 2.9 million). The decrease reflected the release of the EUR 0.7 million accrual booked for the fourth quarter of 2023 in the Croatian entity, which offset the cost increases at the other Group entities, especially in Slovenia and Serbia. The release of the accrual in Croatia followed the notification from the Croatian deposit insurance agency that there will be no collection of the premium for the fourth quarter of 2023 and the current reporting period, as the required coverage amount in the local deposit insurance was already reached.
- Bank levies and other taxes increased to EUR 4.3 million (1H23: EUR 1.8 million), with EUR 1.4 million attributed to the newly established tax on balance sheet in Slovenia, the administrative contributions to the European Central Bank (ECB), and the Single Resolution Board (SRB) and other local banking and regulatory agencies increasing from EUR 1.0 million to EUR 1.5 million. In addition, other tax expenses increased from EUR 0.9 million to EUR 1.4 million. Regulatory charges from the recovery and resolution fund in Croatia and Slovenia decreased slightly from EUR 0.2 million at 1H23 to EUR 0.1 million at 1H24.
- Gains from the sale of non-financial assets, mainly resulting from the disposal of non-core real estate assets in Bosnia & Herzegovina, increased to EUR 2.1 million (1H23: EUR 0.8 million).
- Other expenses remained stable at EUR 0.9 million (1H23: EUR 1.0 million) and included EUR 0.6 million (1H23: EUR 0.5 million) VAT expenses generated from intragroup recharging.

General administrative expenses increased to EUR 97.0 million at 1H24 from EUR 86.9 million at 1H23:

- Personnel expenses increased by EUR 4.2 million to EUR 52.2 million in the reporting period. The development is mainly due to inflation-related salary increases and the activation of the long-term Performance Acceleration Incentive Framework (PAIF) remuneration program with the price of the Addiko shares crossing the long-term target value threshold during the second quarter of the year.
- Other administrative expenses increased by EUR 6.0 million to EUR 36.3 million. The increase was mainly driven by higher advisory costs of EUR 2.9 million related to the voluntary partial tender offer published by Agri Europe Cyprus on 16 May 2024 and the voluntary public takeover offer aiming at control published by NLB on 7 June 2024. Furthermore, the development was influenced by higher advertising costs and inflation-related adjustments to the cost base.
- Depreciation and amortisation decreased by EUR 0.2 million to EUR 8.4 million.

Based on the result for the first 6 months of the year 2024, the Cost/income ratio landed at 62.2%. Excluding the unexpected one-off costs directly connected with the takeover offers, the Cost/income ratio would have improved to 60.4% (1H23: 61.7%).

The **other result,** at EUR -5.5 million (1H23: EUR -16.5 million) was mainly impacted by new lawsuits received in Slovenia for Swiss franc-denominated loans during the first half of 2024 (EUR -2.1 million). This line item also included the impact from the reassessment of existing and provisioning of new court cases in Serbia (EUR -1.5 million) and Croatia (EUR -1.3 million). The comparative reporting period (1H23) was impacted by credit-linked and portfolio based provisions for expected legal matters on Swiss franc denominated loans in Croatia, Slovenia and Montenegro, provisions connected with proportional fee reimbursements in Slovenia in case of early loan repayments (“Lexitor”), the impact from the decision of the Indirect Taxation Authority in Bosnia & Herzegovina to reverse their previous instructions and apply VAT on credit card services both retroactively and going forward as well as expenses in connection with customer-related operational risk cases in Slovenia and Serbia.

Expected credit loss expenses on financial assets increased by EUR 6.3 million YoY to EUR -15.5 million in the first half of 2024, compared to EUR -9.2 million in the same period in 2023. The development was mainly influenced by provision requirements in the consumer portfolio as well as by provisions for big tickets within the SME segment. During the first half of 2024 Addiko carried out an update of the macroeconomic data across all models. The combined effect of these updates was an ECL decrease for EUR 2.9 million, attributable to better macro-economic scenarios driving downwards the Probability of Default (PD) in most segments and entities. The Post Model Adjustment (PMA) was increased by EUR 1.5 million, totalling EUR 8.0 million as of 1H24 of PMA related to macro-economic uncertainties reflecting novel risks, specifically geopolitical instability, high interest rates, and inflation impacts (sum over all entities). Additionally, a separate PMA of EUR 1.3 million was booked in Addiko Bank Slovenia to ensure prudent provisioning coverage for exposure to new client segments, where limited data history is available for credit risk estimation. In total that adds up to EUR 9.3 million PMA stock.

Taxes on income increased to EUR 7.6 million at 1H24 compared to EUR 4.5 million at 1H23. The development reflects the higher result before tax achieved during the reporting period compared with the previous year, the temporary increase in the corporate tax rate in Slovenia, as approved by the Slovenian parliament in 2023, from 19% to 22% for the calendar years 2024, 2025, 2026, 2027 and 2028 as well as the higher amount of withholding taxes suffered by Addiko Bank AG in connection with the intragroup dividends received from Addiko's non-EU subsidiaries, which increased from EUR 13.5 million at 1H23 to EUR 21.6 million at 1H24.

Overall, the **result after tax** increased significantly by 30.7% YoY to EUR 25.5 million (1H23: EUR 19.5 million). By excluding one-off advisory costs in the amount of EUR 2.9 million which were incurred during the reporting period in connection with the takeover offers from Agri Europe Cyprus and from NLB, Addiko would have achieved a very strong result after tax of EUR 28.3 million in 1H24, delivering an increase of 45.4% YoY.

5.3. Analysis of the statement of financial position

EUR m

	30.06.2024	31.12.2023	(abs)	(%)
Cash and cash equivalents	1,126.6	1,254.5	**-127.9**	-10.2%
Financial assets held for trading	28.9	29.5	**-0.6**	-2.1%
Loans and advances to credit institutions	5.9	66.6	**-60.8**	-91.2%
Loans and advances to customers	3,544.0	3,489.2	**54.8**	1.6%
Investment securities	1,289.7	1,178.6	**111.1**	9.4%
Tangible assets	56.4	57.6	**-1.2**	-2.1%
Intangible assets	22.8	23.3	**-0.5**	-2.2%
Tax assets	33.0	36.8	**-3.8**	-10.4%
Current tax assets	0.8	1.7	**-0.9**	-54.9%
Deferred tax assets	32.3	35.1	**-2.9**	-8.2%
Other assets	16.8	14.0	**2.8**	20.2%
Non-current assets held for sale	1.4	1.3	**0.0**	2.6%
Total assets	**6,125.5**	**6,151.5**	**-26.0**	**-0.4%**

The statement of the financial position of Addiko Group continues to show a simple and solid interest-bearing asset structure: 58% of the assets were represented by customer loans, mainly concentrated in the focus areas. In addition, a substantial part of the residual assets consisted of cash reserves and high-rated plain vanilla debt securities predominantly related to CESEE sovereign bonds.

Cash and cash equivalents slightly decreased to EUR 1,126.6 million as of 30 June 2024 (YE23: EUR 1,254.5 million) while maintaining a comfortable and solid liquidity position.

Loans and advances to credit institutions decreased by EUR 60.8 million to EUR 5.9 million (YE23: EUR 66.6 million) as repo business performed by the Serbian entity with the Serbian National Bank at YE23 expired during the first half of 2024.

Loans and advances to customers increased by EUR 54.8 million to EUR 3,544.0 million (YE23: EUR 3,489.2 million). Their increase mirrored Addiko's strategy to shift from the lower-yielding segments of Large Corporate, Mortgage and Public Finance towards the more profitable lending business in Consumer and SME segments. These focus segments continued their upward growth momentum increasing by EUR 117.6 million to EUR 3,134.3 million (YE23: EUR 3,016.7 million), which made-up 88.4% of the total gross performing loans and advances to customers (YE23: 86.5%). As planned, the non-focus segments decreased by EUR 56.0 million to EUR 412.9 million at 1H24 (YE23: EUR 468.9 million).

Investment securities increased from EUR 1,178.6 million at YE23 to EUR 1,289.7 million at 1H24 in line with the established investment strategy. The investments are predominantly in high-rated and investment grade government bonds, mainly issued by governments of the CESEE region.

Tax assets decreased to EUR 33.0 million (YE23: EUR 36.8 million), of which EUR 12.8 million relate to deferred tax assets from tax losses carried forward (YE23: EUR 12.8 million).

Other assets increased to EUR 16.8 million (YE23: EUR 14.0 million). This position includes prepaid expenses and accruals as well as other receivables.

Compared to year-end 2023, the **total assets** of Addiko Group remained relatively stable and stood at EUR 6,125.5 million, down EUR -26.0 million or -0.4%. The total risk, i.e. risk-weighted assets including credit, market and operational risk, increased slightly to EUR 3,692.3 million (YE23: EUR 3,653.2 million) on the back of growth in the focus loan book.

EUR m

	30.06.2024	31.12.2023	(abs)	(%)
Financial liabilities held for trading	2.5	4.2	-1.6	-39.1%
Deposits and borrowings from credit institutions	87.6	106.8	-19.2	-17.9%
Deposits and borrowings from customers	5,027.4	5,032.6	-5.2	-0.1%
Other financial liabilities	57.1	59.3	-2.2	-3.7%
Provisions	97.5	99.2	-1.7	-1.7%
Tax liabilities	0.7	4.1	-3.4	-82.7%
Current tax liabilities	0.7	4.1	-3.4	-82.5%
Other liabilities	46.1	44.2	1.9	4.3%
Equity	806.4	801.1	5.3	0.7%
Total equity and liabilities	**6,125.5**	**6,151.5**	**-26.0**	**-0.4%**

Deposits and borrowings from credit institutions decreased from EUR 106.8 million at YE23 to EUR 87.6 million at 1H24.

Deposits and borrowings from customers remained stable, at EUR 5,027.4 million (YE23: EUR 5,032.6 million), with a shift from a-vista/demand to term deposits as planned. The share of term deposits in the total deposits from customers slightly increased to 40% (YE23: 38%). Deposits are mainly denominated in Euros, followed by Bosnia & Herzegovina Convertible Marka (BAM) and Serbian Dinar (RSD).

Other financial liabilities are at EUR 57.1 million (YE23: EUR 59.3 million).

Provisions decreased from EUR 99.2 million at YE23 to EUR 97.5 million at 1H24. This position included mainly credit-linked and portfolio-based provisions in connection with expected court rulings on Swiss franc-denominated loans.

Other liabilities increased from EUR 44.2 million at YE23 to EUR 46.1 million at 1H24, mainly reflecting accruals for services received but not yet invoiced (1H24: EUR 44.2 million, YE23: EUR 42.7 million) as well as liabilities for salaries and accrued compensation, including obligations for variable performance-based payments.

Equity rose from EUR 801.1 million to EUR 806.4 million, with the EUR 24.3 million dividend payment from the 2023 result in May 2024 compensated by the interim result of EUR 25.5 million and the positive development in the other comprehensive income of EUR 4.8 million. Addiko is expecting that the current remaining negative fair value reserves of EUR -44.3 million (YE23: EUR -48.6 million) from debt instruments will continuously decrease until the maturity of the instruments, given the high credit quality and the expectation that the issuers, predominantly CESEE governments, will repay those bonds at maturity.

6. Capital and liquidity

As of 30 June 2024, the capital base of Addiko Group comprised solely of CET1 and stood at a strong 20.4% (YE23: 20.4%), significantly above the currently applicable requirements and the Pillar 2 Guidance (P2G) of 17.88% in total (YE23: 17.71%).

Regulatory capital requirements

The Overall Capital Requirement (OCR) for the Addiko Group was 14.88% (YE23: 14.46%), consists of:

- 11.25% Total SREP Capital Requirement (TSCR), comprising an 8.00% Pillar 1 requirement and a 3.25% Pillar 2 requirement and
- 3.63% Combined Buffer Requirement (CBR), comprising a 2.50% Capital Conservation Buffer (CCB), a 0.63% Counter-Cyclical Capital Buffer (CCyB) and a 0.50% Systemic Risk Buffer (SyRB).

The Pillar 2 Guidance (P2G) amounts to 3.00% (YE23: 3.25%). The regulator therefore expects Addiko to maintain at Group level a Total Capital Ratio of 17.88% (11.25% SREP requirement, plus 3.63% CBR, plus 3.00% P2G).

Compared with 31 December 2023, the following changes came into effect:

- The SyRB increased from 0.25% to 0.50% based on the decision published by FMA on 21 December 2022.
- The countercyclical capital buffer (CCyB) amounted to 0.63% (up from 0.46% at the end of last year) due to the increased 1.5% CCyB for Croatia.
- The 2023 SREP decision includes a decrease of the P2G from 3.25% to 3.00%, valid from 1 January 2024.

Consolidated own funds

EUR m

	30.06.2024	31.12.2023	Change	Surplus 30.06.2024[1)]
Total Capital	752.2	746.1	6.0	91.9
Total risk weighted assets	3,692.3	3,653.2	39.2	
Total Capital Ratio	**20.4%**	**20.4%**	**-0.0%**	**2.5%**

[1)] Surplus reference: applicable OCR + P2G requirements

Total capital increased by EUR 6.0 million during the reporting period, reflecting the following components:

- The positive OCI development of EUR 4.8 million resulted from the following parts: EUR 4.3 million from debt instruments measured at FVTOCI and EUR 0.3 million from equity instruments and EUR 0.2 million from the change of foreign currency reserves.
- The EUR 0.4 million decrease of other regulatory deduction items resulting from: the amount of intangible assets to be deducted from capital (total capital increased by EUR 0.3 million), a slight decrease in the prudential valuation adjustments connected with assets/liabilities measured at fair value (total capital increased by EUR 0.1 million). The deferred tax assets on existing taxable losses and the deduction item out of non-performing exposures in the context of the SREP process remained stable during the reporting period.
- The share buy-back program arising from the accumulation of equity-settled share-based payments led to a total capital increase of EUR 0.5 million.
- The foreseeable dividend of up to EUR 24.6 million that was subtracted from the YE23 regulatory capital accounted for EUR 0.3 million treasury shares that do not qualify for dividends, effectively raising the total capital by an equivalent sum.
- With reference to article 26 CRR, the interim profit of the reporting period (EUR 25.5 million) was not included into the calculation of the regulatory capital.

During the reporting period, risk-weighted assets (RWA) recorded an increase of EUR 39.2 million. This includes a rise of EUR 59.8 million attributed to credit risk, offset in part by a EUR 20.0 million reduction in RWA for market risk, primarily due to diminished open positions in the currencies BAM, RSD, and USD. Additionally, there was a EUR 0.6 million decrease in RWA for counterparty credit risk.

Liquidity position

The liquidity position of the Group remained strong and amply exceeded regulatory requirements, with the Liquidity Coverage Ratio (LCR) ranging from its low of 341.4% in May 2024 to its high of 416.0% in March 2024, well above the required minimum coverage of 100%. As of 30 June 2024, the LCR stood at 355.5%.

Unencumbered liquidity reserves of the Group, comprising cash, balances with central banks (CB) without minimum reserve requirement, the debt securities portfolio and credit claims eligible for CB-secured funding operations, decreased from EUR 1,991.7 million at YE23 to EUR 1,884.7 million at 1H24, corresponding to 30.8% of total assets (YE23: 32.4% of total assets). The debt securities portfolio increased from EUR 1,183.7 million at YE23 to EUR 1,295.6 million at 1H24.

The banking book securities, which accounted for 58.9% of the Group's liquidity reserves (YE23: 50.1%), largely comprise high-rated and investment grade government bonds, mainly issued by governments of the CESEE region. All investments are ‘plain vanilla’, without any embedded options or other structured features.

The main funding base at the Group and individual subsidiary bank level predominately consists of customer deposits, especially in the retail segment, which represents a highly stable base. The Group’s Loan to Deposit ratio (LDR), the ratio between net loans to customers and deposits from customers, stood at 70.5% (YE23: 69.3%), which represents a very comfortable level and provides the Group with the potential for further customer loan origination.

7. Segment information

Addiko Group's business segments reflect its strategy focused on repositioning itself as a specialist Consumer and SME banking group with a focus on growth in these two 'focus segments' while simultaneously conducting an accelerated run-down in the lower yielding non-focus segments, which include Large Corporate, Mortgage and Public Finance.

EUR m

30.06.2024	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net banking income	88.8	57.8	10.7	3.6	2.6	-7.5	155.9
Net interest income	68.0	44.4	10.7	2.7	2.2	-7.3	120.6
o/w regular interest income	64.5	37.3	7.7	2.0	0.9	35.2	147.6
Net fee and commission income	20.8	13.4	0.0	1.0	0.4	-0.2	35.3
Net result from financial instruments	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Other operating result	0.0	0.0	0.0	0.0	0.0	-5.4	-5.4
Operating income	**88.8**	**57.8**	**10.7**	**3.6**	**2.6**	**-12.5**	**151.0**
General administrative expenses	**-45.4**	**-18.7**	**-0.8**	**-1.7**	**-1.0**	**-29.4**	**-97.0**
Operating result before impairments and provisions	**43.4**	**39.1**	**9.9**	**1.9**	**1.6**	**-41.8**	**54.0**
Other result	0.0	0.0	0.0	0.0	0.0	-5.5	-5.5
Expected credit loss expenses on financial assets	-10.1	-8.5	2.6	0.3	-0.1	0.3	-15.5
Result before tax	**33.3**	**30.6**	**12.5**	**2.2**	**1.5**	**-47.0**	**33.1**
Business volume							
Net loans and receivables	1,787.0	1,324.9	333.3	55.8	24.7	24.3	3,549.9
o/w gross performing loans customers	1,802.5	1,331.8	333.5	54.8	24.7		3,547.2
Gross disbursements	428.0	363.1	0.0	7.6	0.0		798.6
Financial liabilities at AC [1]	2,846.1	1,056.0	0.0	92.9	268.5	908.6	5,172.2
RWA [2]	1,362.1	920.8	191.6	75.8	14.1	555.9	3,120.3
Key ratios							
NIM [3]	5.4%	3.9%	-0.8%	3.2%	0.9%		4.0%
Cost/income ratio	51.2%	32.3%	7.4%	48.0%	37.9%		62.2%
Cost of risk ratio	-0.5%	-0.4%	0.7%	0.2%	-0.3%		-0.3%
Loan to deposit ratio	62.8%	125.5%	0.0%	60.0%	9.2%		70.5%
NPE ratio (on-balance loans)	3.3%	3.1%	4.7%	16.9%	6.9%		2.8%
NPE coverage ratio	80.8%	78.3%	82.6%	83.8%	98.1%		80.7%
NPE collateral coverage	0.3%	25.5%	80.7%	72.8%	59.7%		25.5%
Change CL/GPL (simple average)	-0.6%	-0.6%	0.7%	0.5%	-0.4%		-0.4%
Yield GPL (simple average)	7.4%	5.7%	4.5%	6.3%	6.3%		6.4%

[1] Financial liabilities at AC include the Direct deposits (Austria/Germany) amounting to EUR 561 million, EUR 88 million Deposits from credit institutions and EUR 260 million Other liabilities. [2] Includes only credit risk. [3] Net interest margin at segment level is the sum of interest income (without interest income on NPE) and expenses, including funds transfer pricing, divided by the respective average business volume using daily balances.

EUR m

30.06.2023	Focus segments: Consumer	Focus segments: SME Business	Non-focus segments: Mortgage	Non-focus segments: Large Corporates	Non-focus segments: Public Finance	Corporate Center	Total
Net banking income	77.4	47.7	11.6	4.2	2.9	-3.1	140.7
Net interest income	58.7	35.4	11.6	2.8	2.6	-3.0	108.1
o/w regular interest income	54.8	30.1	9.2	2.4	0.9	25.1	122.4
Net fee and commission income	18.7	12.3	0.0	1.4	0.4	-0.2	32.5
Net result from financial instruments	0.0	0.0	0.0	0.0	0.0	0.7	0.7
Other operating result	0.0	0.0	0.0	0.0	0.0	-4.9	-4.9
Operating income	**77.4**	**47.7**	**11.6**	**4.2**	**2.9**	**-7.3**	**136.5**
General administrative expenses	**-41.0**	**-16.8**	**-0.7**	**-1.7**	**-0.9**	**-25.7**	**-86.9**
Operating result before impairments and provisions	**36.3**	**30.9**	**10.9**	**2.5**	**2.0**	**-33.0**	**49.6**
Other result	0.0	0.0	0.0	0.0	0.0	-16.5	-16.5
Expected credit loss expenses on financial assets	-6.0	-6.0	2.0	1.0	0.1	-0.2	-9.2
Result before tax	**30.3**	**24.8**	**12.9**	**3.5**	**2.2**	**-49.7**	**24.0**
Business volume							
Net loans and receivables	1,589.9	1,296.8	394.9	102.0	37.1	50.6	3,471.3
o/w gross performing loans customers	1,606.4	1,297.5	393.6	101.7	36.5		3,435.6
Gross disbursements	327.8	429.8	0.0	7.7	0.2		765.3
Financial liabilities at AC [1]	2,718.4	1,076.7	0.0	212.0	242.9	750.0	5,000.1
RWA [2]	1,212.4	932.8	237.7	130.2	20.2	503.6	3,037.0
Key ratios							
NIM [3]	5.4%	3.3%	-0.1%	2.2%	0.7%		3.7%
Cost/income ratio	53.1%	35.3%	6.0%	40.8%	31.1%		61.7%
Cost of risk ratio	-0.3%	-0.3%	0.5%	0.4%	0.3%		-0.2%
Loan to deposit ratio	58.5%	120.4%	0.0%	48.1%	15.3%		70.6%
NPE ratio (on-balance loans)	3.8%	3.9%	5.7%	8.9%	6.8%		3.3%
NPE coverage ratio	80.1%	73.9%	78.6%	90.7%	62.2%		78.0%
NPE collateral coverage	2.3%	44.5%	79.6%	90.5%	100.0%		36.9%
Change CL/GPL (simple average)	-0.4%	-0.5%	0.5%	1.0%	0.3%		-0.3%
Yield GPL (simple average)	7.0%	4.9%	4.5%	4.7%	4.4%		5.8%

[1] Financial liabilities at AC include the Direct deposits (Austria/Germany) amounting to EUR 539 million, EUR 128 million Deposits from credit institutions and EUR 83 million Other liabilities. [2] Includes only credit risk. [3] Net interest margin at segment level is the sum of interest income (without interest income on NPE) and expenses, including funds transfer pricing, divided by the respective average business volume using daily balances.

7.1. Consumer

EUR m

Consumer Business			
Profit or loss statement	**1H24**	**1H23**	**(%)**
Net interest income	68.0	58.7	16.0%
o/w regular interest income	64.5	54.8	17.7%
Net fee and commission income	20.8	18.7	11.0%
Operating income	**88.8**	**77.4**	**14.8%**
General administrative expenses	**-45.4**	**-41.0**	**10.7%**
Operating result before impairments and provisions	**43.4**	**36.3**	**19.4%**
Other result	0.0	0.0	>100%
Expected credit loss expenses on financial assets	-10.1	-6.0	67.7%
Result before tax	**33.3**	**30.3**	**9.8%**
Business volume	**1H24**	**1H23**	**(%)**
Net loans and receivables	1,787.0	1,589.9	12.4%
o/w gross performing loans customers	1,802.5	1,606.4	12.2%
Gross disbursements	428.0	327.8	30.6%
Financial liabilities at AC	2,846.1	2,718.4	4.7%
Key ratios	**1H24**	**1H23**	**(bps)**
NIM	5.4%	5.4%	4
Cost/income ratio	51.2%	53.1%	-188
Cost of risk ratio	-0.5%	-0.3%	-17
Loan to deposit ratio	62.8%	58.5%	430
NPE ratio (on-balance loans)	3.3%	3.8%	-50
NPE coverage ratio	80.8%	80.1%	62
NPE collateral coverage	0.3%	2.3%	-200
Change CL/GPL (simple average)	-0.6%	-0.4%	-19
Yield GPL (simple average)	7.4%	7.0%	36

Consumer strategy

Addiko's strategy is to offer modern banking, focusing on products for the essential needs of customers via unsecured loans, payments and cards. This approach is communicated in a simple and transparent manner and delivered efficiently via a hybrid distribution approach, utilising both physical branches and modern digital channels. The Consumer segment focuses on unsecured lending, followed by account packages and deposit products, regular transactions and cards. Addiko also dedicates substantial efforts to continuously improving its digital capabilities and is recognised in its markets as a digital challenger with digital products and services such as Webloans, mLoans and online account opening capabilities.

Consumer 1H24 business review

The net interest income increased by EUR 9.4 million, up 16.0% YoY to EUR 68.0 million, compared to EUR 58.7 million at 1H23. This was the result of strong business activity and of both retaining and extending Addiko's premium pricing relative to the incumbent banks. The principal incremental drivers are:

- Digital E2E as differentiated USP towards competition
- Improvements in speed and convenience
- Significant expansion in the partnership acquisition through the use of new digital platforms
- Leveraging proactive customer acquisition using Bank@Work and CRM channels

Net fee and commission income increased by EUR 2.1 million, up 11% YoY to EUR 20.8 million at 1H24 compared to EUR 18.7 million at 1H23, mainly due to higher income from accounts & packages, card business and bancassurance.

The bank's strategy on net fee and commission income was to improve its customers' engagement with improved cross selling by offering credit cards and account packages to recently acquired clients.

In the first six months of the year 2024, the operating result before impairments and provisions amounted to EUR 43.4 million, up 19.4% on 1H23, driven by the overall positive development in operating income, slightly offset by higher operating expenses as a result of the high inflation environment. The Cost/income ratio improved to 51.2% (1H23: 53.1%). The result before tax amounted to EUR 33.3 million (1H23: EUR 30.3 million), up 9.8% despite higher expected credit loss expenses on financial assets.

The gross disbursements totalled EUR 428.0 million in the first half of 2024 and increased YoY by 30.6% (1H23: EUR 327.8 million). In the Consumer segment, gross performing loans at 1H24 grew by 12.2%. The NPE ratio (on-balance loans) further improved as demonstrated by a 50bps YoY decrease, underscoring the Group's continued focus on asset quality containment.

7.2. SME Business

EUR m

SME Business			
Profit or loss statement	**1H24**	**1H23**	**(%)**
Net interest income	44.4	35.4	25.2%
o/w regular interest income	37.3	30.1	23.9%
Net fee and commission income	13.4	12.3	9.4%
Operating income	**57.8**	**47.7**	**21.1%**
General administrative expenses	**-18.7**	**-16.8**	**11.0%**
Operating result before impairments and provisions	**39.1**	**30.9**	**26.7%**
Other result	0.0	0.0	-64.3%
Expected credit loss expenses on financial assets	-8.5	-6.0	40.7%
Result before tax	**30.6**	**24.8**	**23.3%**
Business volume	**1H24**	**1H23**	**(%)**
Net loans and receivables	1,324.9	1,296.8	2.2%
o/w gross performing loans customers	1,331.8	1,297.5	2.6%
Gross disbursements	363.1	429.8	-15.5%
Financial liabilities at AC	1,056.0	1,076.7	-1.9%
Key ratios	**1H24**	**1H23**	**(bps)**
NIM	3.9%	3.3%	61
Cost/income ratio	32.3%	35.3%	-295
Cost of risk ratio	-0.4%	-0.3%	-12
Loan to deposit ratio	125.5%	120.4%	502
NPE ratio (on-balance loans)	3.1%	3.9%	-86
NPE coverage ratio	78.3%	73.9%	440
NPE collateral coverage	25.5%	44.5%	-1909
Change CL/GPL (simple average)	-0.6%	-0.5%	-16
Yield GPL (simple average)	5.7%	4.9%	79

SME strategy

Addiko's strategy is to offer modern banking, focusing on products for the essential needs of customers via unsecured loans and payments. This approach is communicated in a simple and transparent manner and delivered efficiently via a hybrid distribution approach, utilising both physical branches and modern digital channels. In the SME segment, the focus is on short to mid-term unsecured financing, followed by transaction banking and trade finance products complemented by deposit products. The focus continues to be on offering a compelling value proposition for digitally enabled loan products and online self-services capabilities that further reduce the cost to serve Addiko's customers.

Addiko continues its focus on untapped niches of micro and small enterprises in need of financing. Despite reducing large ticket and less value-adding medium-size SME lending, Addiko managed to increase its overall loan book in this segment while driving both interest and commission income growth.

SME 1H24 business review

Net interest income rose by EUR 8.9 million, a 25.2% increase YoY to EUR 44.4 million, compared to EUR 35.4 million at 1H23. NIM was recorded at 3.9%, showing an enhancement of 61bps, due to the accelerated growth of micro and small enterprises with higher interest yields (increasing by 79bps YoY based on simple average), also supported by the change in market rates and repricing of both new business and the variable-rate back book.

Net fee and commission income increased by EUR 1.2 million to EUR 13.4 million at 1H24 compared to EUR 12.3 million at 1H23, which is 9.4% higher YoY, mainly due to higher income from accounts & packages, transactions, loans and trade finance.

The operating result before impairments and provisions at 1H24 amounted to EUR 39.1 million, up 26.7% versus 1H23, driven by the overall strong development in operating income, partially offset by higher operating expenses as a result of the high inflation environment. The Cost/income ratio improved to 32.3% (1H23: 35.3%). The result before tax amounted to EUR 30.6 million (1H23: EUR 24.8 million), up 23.3% YoY despite higher expected credit loss expenses on financial assets.

Gross disbursements totalled EUR 363.1 million during the reporting period and decreased YoY by 15.5% (1H23: EUR 429.8 million) resulting from lower demand in the Serbian market. Total gross performing SME loans increased by 2.6% at 1H24. The NPE ratio (on-balance loans) further improved by 86bps YoY, underscoring the Group's continued focus on asset quality containment.

7.3. Mortgage

EUR m

Mortgages			
Profit or loss statement	**1H24**	**1H23**	**(%)**
Net interest income	10.7	11.6	-8.0%
o/w regular interest income	7.7	9.2	-15.7%
Net fee and commission income	0.0	0.0	-
Operating income	**10.7**	**11.6**	**-8.0%**
General administrative expenses	**-0.8**	**-0.7**	**13.2%**
Operating result before impairments and provisions	**9.9**	**10.9**	**-9.4%**
Other result	0.0	0.0	-
Expected credit loss expenses on financial assets	2.6	2.0	30.5%
Result before tax	**12.5**	**12.9**	**-3.3%**
Business volume	**1H24**	**1H23**	**(%)**
Net loans and receivables	333.3	394.9	-15.6%
o/w gross performing loans customers	333.5	393.6	-15.3%
Gross disbursements	0.0	0.0	-
Financial liabilities at AC	0.0	0.0	-
Key ratios	**1H24**	**1H23**	**(bps)**
NIM	-0.8%	-0.1%	-70
Cost/income ratio	7.4%	6.0%	139
Cost of risk ratio	0.7%	0.5%	26
Loan to deposit ratio	-	-	-
NPE ratio (on-balance loans)	4.7%	5.7%	-101
NPE coverage ratio	82.6%	78.6%	395
NPE collateral coverage	80.7%	79.6%	103
Change CL/GPL (simple average)	0.7%	0.5%	26
Yield GPL (simple average)	4.5%	4.5%	-1

Mortgage strategy and 1H24 business review

Mortgage lending is defined as a non-focus business area. Consequently, the Group's objectives are primarily to execute a well-managed and gradual run-down of existing and profitable customer loans until their contractual maturity. Given the run-down strategy, mortgage lending products are not being actively marketed.

Following the reduction in lending volumes, operating income decreased by 8% from EUR 11.6 million at 1H23 to EUR 10.7 million at 1H24. The result before tax totalled EUR 12.5 million at 1H24 (1H23: EUR 12.9 million), which is 3.3% lower compared to 1H23, despite higher releases of provisions for expected credit losses on financial assets.

7.4. Large Corporates

EUR m

Large Corporates			
Profit or loss statement	**1H24**	**1H23**	**(%)**
Net interest income	2.7	2.8	-6.6%
o/w regular interest income	2.0	2.4	-14.7%
Net fee and commission income	1.0	1.4	-30.0%
Operating income	**3.6**	**4.2**	**-14.3%**
General administrative expenses	**-1.7**	**-1.7**	**0.8%**
Operating result before impairments and provisions	**1.9**	**2.5**	**-24.7%**
Other result	0.0	0.0	-
Expected credit loss expenses on financial assets	0.3	1.0	-65.7%
Result before tax	**2.2**	**3.5**	**-36.2%**
Business volume	**1H24**	**1H23**	**(%)**
Net loans and receivables	55.8	102.0	-45.3%
o/w gross performing loans customers	54.8	101.7	-46.1%
Gross disbursements	7.6	7.7	-0.9%
Financial liabilities at AC	92.9	212.0	-56.1%
Key ratios	**1H24**	**1H23**	**(bps)**
NIM	3.2%	2.2%	107
Cost/income ratio	48.0%	40.8%	719
Cost of risk ratio	0.2%	0.4%	-24
Loan to deposit ratio	60.0%	48.1%	1189
NPE ratio (on-balance loans)	16.9%	8.9%	805
NPE coverage ratio	83.8%	90.7%	-693
NPE collateral coverage	72.8%	90.5%	-1767
Change CL/GPL (simple average)	0.5%	1.0%	-44
Yield GPL (simple average)	6.3%	4.7%	159

Large Corporates strategy and 1H24 business review

The Large Corporates segment comprises Addiko's business activities relating to loan products, services and deposit products, as well as other complementary products, to companies with an annual gross turnover of above EUR 50 million. An accelerated run-down path was initiated during the second half of 2021 and continues unabated. Addiko will continue serving selected customers with a favourable yet balanced view on value generation while at the same time limiting overall single-name exposures.

As a non-focus segment, Large Corporates recorded a reduction in gross performing loans at 1H24 while its operating income slightly decreased year-over-year due to changes in interest rates and the related repricing of the variable-rate back book.

Net interest income showed a slight decrease, declining by EUR 0.2 million to EUR 2.7 million at 1H24 compared to EUR 2.8 million at 1H23. Net fee and commission income fell to EUR 1.0 million (1H23: EUR 1.4 million) as a result of the intentional reduction in gross performing loans. The result before tax totalled EUR 2.2 million at 1H24 (1H23: EUR 3.5 million), which is 36.2% lower compared to 1H23, also impacted by lower releases of provisions for expected credit losses on financial assets.

The NPE ratio (for on-balance sheet loans) increased to 16.9% (1H23 at 8.9%), mainly driven by the decrease in the size of the loan book rather than the overall worsening of the credit quality of the portfolio.

7.5. Public Finance

EUR m

Public Finance			
Profit or loss statement	**1H24**	**1H23**	**(%)**
Net interest income	2.2	2.6	-12.9%
o/w regular interest income	0.9	0.9	-4.1%
Net fee and commission income	0.4	0.4	-9.0%
Operating income	**2.6**	**2.9**	**-12.3%**
General administrative expenses	**-1.0**	**-0.9**	**6.8%**
Operating result before impairments and provisions	**1.6**	**2.0**	**-21.0%**
Other result	0.0	0.0	-
Expected credit loss expenses on financial assets	-0.1	0.1	>100%
Result before tax	**1.5**	**2.2**	**-30.3%**
Business volume	**1H24**	**1H23**	**(%)**
Net loans and receivables	24.7	37.1	-33.4%
o/w gross performing loans customers	24.7	36.5	-32.3%
Gross disbursements	0.0	0.2	-100.0%
Financial liabilities at AC	268.5	242.9	10.5%
Key ratios	**1H24**	**1H23**	**(bps)**
NIM	0.9%	0.7%	17
Cost/income ratio	37.9%	31.1%	681
Cost of risk ratio	-0.3%	0.3%	-57
Loan to deposit ratio	9.2%	15.3%	-607
NPE ratio (on-balance loans)	6.9%	6.8%	10
NPE coverage ratio	98.1%	62.2%	3598
NPE collateral coverage	59.7%	100.0%	-4028
Change CL/GPL (simple average)	-0.4%	0.3%	-67
Yield GPL (simple average)	6.3%	4.4%	184

Public Finance strategy and 1H24 business review

The Public Finance segment is part of the non-focus area and comprises Addiko's business with key public institutions in CSEE countries, such as ministries of finance, state enterprises and local governments. Given the run-off strategy, lending products in the Public Finance segment are not actively marketed.

Net interest income totalled EUR 2.2 million at 1H24 (1H23: EUR 2.6 million), supported by changes in interest rates that offset the effects from the intentional run-down of the portfolio (gross performing loans down 32.3% compared to 1H23). Consequently, net fee and commission income slightly decreased by -9% compared to the previous year. The Public Finance segment generated operating income of EUR 2.6 million (1H23: EUR 2.9 million) and a result before tax of EUR 1.5 million at 1H24 (1H23: EUR 2.2 million).

The NPE ratio (on-balance loans) at 1H24 remained at a similar level as at 1H23.

7.6. Corporate Center

EUR m

Corporate Center			
Profit or loss statement	**1H24**	**1H23**	**(%)**
Net interest income	-7.3	-3.0	148.3%
o/w regular interest income	35.2	25.1	40.2%
Net fee and commission income	-0.2	-0.2	17.9%
Net result from financial instruments	0.5	0.7	-27.0%
Other operating result	-5.4	-4.9	11%
Operating income	**-12.5**	**-7.3**	**69.7%**
General administrative expenses	**-29.4**	**-25.7**	**14.4%**
Operating result before impairments and provisions	**-41.8**	**-33.0**	**26.7%**
Other result	-5.5	-16.5	-66.7%
Expected credit loss expenses on financial assets	0.3	-0.2	>100%
Result before tax	**-47.0**	**-49.7**	**-5.4%**
Business volume	**1H24**	**1H23**	**(%)**
Net loans and receivables	24.3	50.6	-52.0%
Financial liabilities at AC	908.6	750.0	21.1%

Corporate Center strategy

The Corporate Center segment is primarily an internal segment and comprises the results from Addiko's liquidity and capital management activities. This segment reflects Addiko's treasury activities as well as other functions, such as related overhead, project-related operating expenses, contributions to the Single Resolution Fund, bank levies and other one-off items, including Addiko Group's reconciliation to IFRS (i.e. consolidation effects). Moreover, this segment contains the direct deposit activities of Addiko Bank AG to customers in Austria and Germany, which are steered by Group Treasury and conducted for liquidity management purposes.

The Corporate Center segment's primary responsibilities encompass the Group-wide asset and liability management (ALM), oversight of liquidity portfolios to meet regulatory requirements and the optimisation of the funding mix of Addiko's banking subsidiaries.

Corporate Center 1H24 business review

The segment reporting posts combined figures for treasury and positions related to central functions. The net interest income in the Corporate Center covers the following items: 1) customer margin assets and liabilities in the treasury segment, 2) the interest and liquidity gap contribution (IGC) offset by the distribution of the IGC to the market segments (see explanation under the heading below titled Asset Contribution) and 3) consolidation effects.

Net interest income at 1H24 totalled EUR -7.3 million (1H23: EUR -3.0 million) as the higher interest income from the bond portfolio in treasury as well higher interest income from national bank deposits were fully offset by higher FTP costs linked to the market interest rate environment. The operating expenses increased by EUR 3.7 million, to EUR 29.4 million at 1H24 (1H23: EUR 25.7 million), driven by the high inflation environment as well as higher costs related to the voluntary partial tender offer published by Agri Europe Cyprus on 16 May 2024 and the voluntary public takeover offer published by NLB on 7 June 2024.

For the explanation of net result on financial instruments, other operating result and other result, please consult chapter 5.2 "Detailed analysis of the result".

Asset Contribution

The net interest income in the Corporate Center at 1H24 includes a fraction of the positive impact from interest and liquidity gap contribution (IGC) in the amount of EUR 52.4 million. The majority of the IGC in the amount of EUR 50.1 million is distributed to the market segments according to their respective asset contribution. IGC is the result of partially funding longer term assets with stable but shorter-term liabilities. The extent of this maturity transformation is strictly managed in accordance with regulatory and internal limits. The Addiko Funds Transfer Pricing (FTP) methodology assigns internal funding costs to assets and internal funding benefits to liabilities on a matched maturity basis. As a result, if maturities of loans and deposits of a certain segment were equal, IGC would be zero. Since a certain percentage of longer-term assets is funded by shorter term liabilities, market segments are therefore charged more for their assets than they are compensated for their liabilities within the FTP methodology. By compensating those market segments delivering longer term assets against shorter term liabilities, the respective part of IGC is re-distributed from the segment Corporate Center to the originator of the IGC, i.e. the respective market segment.

8. Outlook & Mid-Term Guidance

Supported by a higher level of digitalisation and greater brand recognition of Addiko's 3D animated character Oskar, the Group will continue to accelerate its specialist strategy in the CSEE markets, focusing on sustainable business growth in the focus segments Consumer and SME.

A positive macroeconomic outlook for the CSEE region in 2024 is expected to support the projected positive development of the Group. In its spring forecast, the Vienna Institute for International Economic Studies (wiiw) raised its GDP growth projections for the three EU candidate countries in which Addiko Group operates: Bosnia & Herzegovina, Serbia and Montenegro. Forecasted GDP growth at YE24 is 2.5% for Bosnia & Herzegovina, 3.0% for Serbia and 4.2% for Montenegro. Expected GDP growth for the EU countries Croatia and Slovenia is 2.9% and 2.5%, respectively.

After two years of high inflation in the CSEE region, inflation is expected to come down faster in 2024. For Bosnia & Herzegovina, Slovenia and Croatia, the range is now between 2.8% and 3.5% and for Serbia and Montenegro both at 4.5%. It will still take several years for inflation to return to a level seen before this inflationary cycle.

After the European Central Bank (ECB) implemented ten interest rate hikes in the period from July 2022 to September 2023, the key interest rate for central bank loans stood at 4.5%, marking the highest level of the past two decades. On 6 June 2024, the ECB lowered its key interest rates for the first time again by 0.25% points. At the follow-up meeting of the ECB Governing Council on 18 July 2024, there was no further key interest rate cut. With the expected further decline in inflation, market participants also expect the ECB to make further interest rate cuts in the second half of 2024.

This positive macroeconomic environment and the expectations regarding the interest rate environment were already partially addressed when the Outlook & Mid-Term Guidance was finalised for inclusion in the Group Management Report for the year 2023.

Based on the financial development of the first six months of 2024 the following effects will impact the business outlook for the full year 2024:

- Due to the unplanned advisory activities related to the takeover offers from Agri Europe Cyprus and NLB it is expected that further costs, in addition to the EUR 2.9 million (1H24) could potentially incur in the second half of the year, meaning that the cost target for the full year 2024 of < EUR 191 million had to be revised to < EUR 195 million
- As a result of these one-off expenses, RoATE had to be adjusted from ca. 6.5% to ca. 6.0% for 2024

These two targets were adjusted accordingly in Outlook 2024. In case of changes in the assumptions regarding the probability of success related to the published takeover offers, or additional such activities, the related one-off costs could rise to a high single-digit euro million amount in general administrative expenses.

Currently muted demand in SME is resulting in lower-than-expected loan growth in 1H24 likely due to SMEs anticipating interest rate cuts in the next quarters. Consequently, new loan disbursement was not at the pace of the previous year. Despite competition driving low interest rate loans in pursuit of volume, the Group kept its approach and premium price. To address the muted demand, several growth initiatives were launched. The management remains confident to return towards the mid-term loan growth of >6% CAGR 2023-2026.

The Group is in the process of preparing the yearly update of its mid-term plan, taking into account the given economic and interest rate environment, and will disclose the result in its guidance for the years 2025 and 2026 following finalisation and approval.

	Outlook 2024 (prev.)	Outlook 2024 (adapted)	Guidance 2025	Guidance 2026
Income & Business				
Total loan book growth [1]	>6% CAGR 2023-2026			
NIM [2]	>3.8%	>3.8%	>4.0%	>4.1%
NBI (growth YoY) [2]	>4.5%	>4.5%	ca. 9%	ca. 9%
OPEX	<€191m	<€195m	<€191m	<€191m
Risk & Liquidity				
CoR [3]	ca. 1%	ca. 1%	<1.1%	<1.2%
NPE ratio [4]	<3% as guiding principle			
Total capital ratio	>18.35% subject to yearly SREP			
LDR	Ramping up to <80%			
Profitability				
RoATE [5]	ca. 6.5%	ca. 6.0%	ca. 9%	>10%
DPS [6]	>€1.2	>€1.2	>€1.6	>€2

[1] Gross performing loans. [2] Assuming an average yearly 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 for result of the respective year, distributed in the following calendar year subject to AGM decision, in line with new dividend policy.

The main risk factor influencing the achievement of the above targets relates to the economic cycle and economic development in Addiko's core countries Slovenia, Croatia, Bosnia & Herzegovina, Serbia and Montenegro. Some of those countries are marked by significant political instability in various forms, with nationalist-conservative rhetoric dominating the local political stage. A severe local political crisis is hard to predict as it could emerge out of a minor event that may have attracted little attention previously.

Besides an escalation of Russia's war in Ukraine or a major geopolitical crisis, economic risks could materialise. Four major factors play a decisive role for the local economies: employment, inflation, the pace and extent of monetary policy tightening to fight inflation and economic growth — all of which can have a major impact on domestic demand for loans or the ability of customers to repay outstanding amounts. In a scenario of galloping inflation set off by a wage-price-spiral, central banks would be forced to further increase the reference rate, which might not only lead to financial market volatility but could also cause a severe recession.

The bank faces regulatory risks from the implementation of various regulatory and consumer protection initiatives, e.g. MREL, PSD2, GDPR, etc. Potential regulatory constraints could also negatively impact the Group's ability to improve efficiency.

Moreover, Addiko Group is exposed to non-financial and legal risks that may materialise regardless of the economic environment. The Group is involved in a number of passive legal disputes. There is a future risk of additional legal proceedings and amounts becoming disputed due to changed court practice, binding sample proceeding decisions and new laws (e.g. conversion laws, amendments to consumer credit acts, consumer protection acts). A lack of legal certainty or Addiko Group's inability to obtain effective legal remedies in a reasonably timely manner may have a material adverse effect on Addiko Group's business, financial position and results of operations.

Since Addiko Group is subject to a large number of tax regulations, some of which have only been in effect for a short period of time or are frequently amended and enforced by various political subdivisions, there is a risk that tax audits could, on account of diverging interpretations, result in assessments of tax deficiencies, which could impose additional and unforeseen tax liabilities on Addiko Group.

In September 2017, the Group filed a Requests for Arbitration with the ICSID in Washington, DC against the Republic of Croatia regarding the Conversion Laws claiming EUR 153 million. The Group claims that the Bilateral Investment Treaty (BIT) regarding the fair and equivalent treatment under the respective BIT was violated. The main hearing was conducted in March 2021 and parties are awaiting the final outcome. If the action is unsuccessful, court fees and legal costs could amount up to approximately EUR 11 million. Based on legal advice, management believes that the action will prove successful.

Addiko also regularly assesses and reports on ESG risks that may impact the Group. Therefore, Addiko conducts an annual self-assessment of its exposure to ESG risks, which currently encompasses climate-related and environmental risks. The results thereof are used to define the key areas of action at Addiko.

Furthermore, the risks that could result from the takeover offers on future economic development must be pointed out. Negative effects could arise, particularly if further legal and advisory expenses are incurred and with regard to the existence or usability of current carry-forwards losses in case of a majority takeover. Furthermore, significant changes in the ownership structure of Addiko Bank AG at the level of the directly held subsidiaries could also result in other negative tax effects. In relation to their real estate portfolio, this could possibly trigger a (fictitious) asset-transfer, which could result in a tax liability.

With regard to the company's employees, the takeover offers create greater uncertainty on personal expectations for the future. If these uncertainties persist, this could lead to increased employee turnover, resulting in a loss of know-how. Furthermore, prolonged uncertainty can also lead to a reduced focus on business activities and thus to less new business being generated. Depending on which investor ultimately prevails with the takeover bid, adjustments to Addiko's business model cannot be ruled out, which could have a significant impact on the Group's long-term strategy and development.

Condensed Consolidated Interim Financial Statements

I. Consolidated statement of comprehensive income

Statement of profit or loss

EUR m

	Note	01.01. - 30.06.2024	01.01. - 30.06.2023
Interest income calculated using the effective interest method		137.2	121.3
Other interest income		17.1	7.0
Interest expenses		-33.7	-20.1
Net interest income	**(6)**	**120.6**	**108.1**
Fee and commission income		47.5	43.5
Fee and commission expenses		-12.2	-11.0
Net fee and commission income	**(7)**	**35.3**	**32.5**
Net result on financial instruments	(8)	0.5	0.7
Other operating income	(9)	2.6	1.4
Other operating expenses	(9)	-8.0	-6.3
Personnel expenses	(10)	-52.2	-48.0
Other administrative expenses	(11)	-36.3	-30.3
Depreciation and amortisation	(12)	-8.4	-8.6
Operating result before impairments and provisions		**54.0**	**49.6**
Other result	(13)	-5.5	-16.5
Expected credit loss expenses on financial assets	(14)	-15.5	-9.2
Result before tax		**33.1**	**24.0**
Taxes on income	(15)	-7.6	-4.5
Result after tax		**25.5**	**19.5**
thereof attributable to equity holders of parent		25.5	19.5

	Note	30.06.2024	30.06.2023
Result after tax attributable to equity holders of parent (in EUR m)	(5)	25.5	19.5
Weighted-average number of outstanding ordinary shares (in units of shares)	(5)	19,292,092	19,460,091
Earnings per share (in EUR) - undiluted/diluted	(5)	1.32	1.00

Statement of other comprehensive income

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Result after tax	**25.5**	**19.5**
Other comprehensive income	**4.8**	**14.7**
Items that will not be reclassified to profit or loss	**0.3**	**0.5**
Actuarial gains or losses on defined benefit plans	0.0	0.0
Fair value reserve - equity instruments	0.3	0.5
Net change in fair value	0.4	0.6
Taxes on income	-0.1	-0.1
Items that are or may be reclassified to profit or loss	**4.5**	**14.2**
Foreign currency translation	0.2	0.2
Gains/losses of the current period	0.2	0.2
Fair value reserve - debt instruments	4.3	14.1
Net change in fair value	5.1	16.4
Net amount transferred to profit or loss	-0.1	0.0
Taxes on income	-0.6	-2.4
Total comprehensive income for the year	**30.3**	**34.2**
thereof attributable to equity holders of parent	30.3	34.2

II. Consolidated statement of financial position

EUR m

	Note	30.06.2024	31.12.2023
Assets			
Cash and cash equivalents	(16)	1,126.6	1,254.5
Financial assets held for trading	(17)	28.9	29.5
Loans and advances to credit institutions	(18)	5.9	66.6
Loans and advances to customers	(18)	3,544.0	3,489.2
Investment securities	(19)	1,289.7	1,178.6
Tangible assets	(20)	56.4	57.6
Property, plant and equipment		53.3	54.3
Investment properties		3.0	3.3
Intangible assets		22.8	23.3
Tax assets		33.0	36.8
Current tax assets		0.8	1.7
Deferred tax assets		32.3	35.1
Other assets	(21)	16.8	14.0
Non-current assets held for sale	(22)	1.4	1.3
Total assets		**6,125.5**	**6,151.5**
Equity and liabilities			
Financial liabilities held for trading	(23)	2.5	4.2
Deposits and borrowings from credit institutions	(24)	87.6	106.8
Deposits and borrowings from customers	(24)	5,027.4	5,032.6
Other financial liabilities	(24)	57.1	59.3
Provisions	(25)	97.5	99.2
Tax liabilities		0.7	4.1
Current tax liabilities		0.7	4.1
Other liabilities	(26)	46.1	44.2
Equity	(27)	806.4	801.1
thereof attributable to equity holders of parent		806.4	801.1
Total equity and liabilities		**6,125.5**	**6,151.5**

III. Consolidated statement of changes in equity

EUR m

2024	Subscribed capital	Treasury shares	Capital reserves	Fair value reserve debt instruments	Fair value reserve equity instruments	Remeasure-ment on defined benefit plans	Foreign currency reserve	Cumulated result and other reserves	Equity holders of parent	Non-controlling interest	Total
Equity as at 01.01.	**195.0**	**-2.2**	**237.9**	**-48.6**	**3.2**	**0.5**	**-11.2**	**426.5**	**801.1**	**0.0**	**801.1**
Result after tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.5	25.5	0.0	25.5
Other comprehensive income	0.0	0.0	0.0	4.3	0.3	0.0	0.2	0.0	4.8	0.0	4.8
Total comprehensive income	0.0	0.0	0.0	4.3	0.3	0.0	0.2	25.5	30.3	0.0	30.3
Transactions with equity holders	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	-24.2	-25.0	0.0	-25.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-24.3	-24.3	0.0	-24.3
Share-based payments	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.1	0.5	0.0	0.5
Purchase of treasury shares	0.0	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	-1.2	0.0	-1.2
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity as at 30.06.	**195.0**	**-2.9**	**237.9**	**-44.3**	**3.5**	**0.5**	**-11.0**	**427.8**	**806.4**	**0.0**	**806.4**

EUR m

2023	Subscribed capital	Treasury shares	Capital reserves	Fair value reserve debt instruments	Fair value reserve equity instruments	Remeasure-ment on defined benefit plans	Foreign currency reserve	Cumulated result and other reserves	Equity holders of parent	Non-controlling interest	Total
Equity as at 01.01.	**195.0**	**-0.4**	**237.9**	**-85.3**	**2.0**	**0.4**	**-11.5**	**408.1**	**746.3**	**0.0**	**746.3**
Result after tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.5	19.5	0.0	19.5
Other comprehensive income	0.0	0.0	0.0	14.1	0.5	0.0	0.2	0.0	14.7	0.0	14.7
Total comprehensive income	0.0	0.0	0.0	14.1	0.5	0.0	0.2	19.5	34.2	0.0	34.2
Transactions with equity holders	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	-23.6	-24.1	0.0	-24.1
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-23.6	-23.6	0.0	-23.6
Share-based payments	0.0	0.2	0.0	0.0	0.0	0.0	0.0	-0.1	0.1	0.0	0.1
Purchase of treasury shares	0.0	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	-0.7	0.0	-0.7
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity as at 30.06.	**195.0**	**-0.9**	**237.9**	**-71.3**	**2.5**	**0.4**	**-11.3**	**404.0**	**756.4**	**0.0**	**756.4**

IV. Condensed consolidated statement of cash flows

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Result after tax	**25.5**	**19.5**
Non-cash items included in profit and reconciliation to cash flows from operating activities	**-70.4**	**-56.0**
Changes in assets and liabilities arising from operating activities after corrections for non-cash positions	-50.5	-132.5
Interests received	157.8	128.4
Interests paid	-27.5	-18.6
Dividends received	0.0	0.0
Cash flows from operating activities	**34.9**	**-59.3**
Proceeds from sales or collection of principal and interest:	11.1	15.0
Financial investments at amortised cost	8.6	14.2
Tangible assets, investment properties, lease assets and intangible assets	2.5	0.9
Payments for purchases of:	-144.0	-182.7
Financial investments at amortised cost	-139.9	-179.8
Tangible assets, investment properties, lease assets and intangible assets	-4.1	-2.9
Cash flows from investing activities	**-132.9**	**-167.6**
Dividends paid	-24.3	-23.6
Lease payments	-4.6	-3.4
Purchase of treasury shares	-1.2	-0.7
Cash flows from financing activities	**-30.1**	**-27.7**
Net (decrease) increase in cash and cash equivalents	**-128.1**	**-254.6**
Cash and cash equivalents at the end of previous period (01.01.)	**1,254.5**	**1,382.9**
Effect of exchange rate changes	0.2	1.2
Cash and cash equivalents at end of period (30.06.)	**1,126.6**	**1,129.5**

The following notes (1) - (43) are an integral part of these interim financial statements.

V. Condensed notes

Accounting and measurement policies

The Addiko Group consists of the stock-market listed parent company Addiko Bank AG in Austria and six subsidiary banks in Croatia, Slovenia, Bosnia & Herzegovina (two banks), Serbia and Montenegro. Through its six subsidiary banks, Addiko Group services as of 30 June 2024 approximately 0.9 million (YE23: 0.9 million) customers in CSEE using a well-dispersed network of 155 branches (YE23: 154 branches) and modern digital banking channels.

Based on its strategy, the Group has repositioned itself as a specialist 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. Addiko Group's Mortgage business, Public and Large Corporate lending portfolios (its 'non-focus areas') are subject of an accelerated run-down process.

Addiko Bank AG is rated by Fitch Ratings. Since August 2023, there has been no change in the rating (Long-Term Issuer Default Rating (IDR) of "BB" and Viability Rating (VR) of "bb", stable outlook on the Long-Term IDR).

Addiko Bank AG is registered in the commercial register of the Commercial Court of Vienna under company registration number FN 350921k. The Groups headquarter is located at Canettistraße 5/12, 1100 Vienna (Austria).

As a credit institution Addiko Bank AG is subject to regulatory supervision by the Financial Market Authority (FMA) at Otto-Wagner-Platz 5 in 1090 Vienna and - in addition – by the European Central Bank (ECB) at Sonnemannstrasse 20 in 60314 Frankfurt am Main.

Addiko Bank AG fulfils the disclosure obligation of Part 8 of EU Regulation 575/2013 on prudential requirements for credit institutions (CRR) on the basis of the consolidated financial position of the Addiko Group. Disclosure is made on its homepage at www.addiko.com (-> Investor Relations -> Financial Reports).

(1) Accounting principles

The condensed consolidated interim financial statements ("interim financial statements") of Addiko Bank AG for the period 1 January to 30 June 2024 were prepared in accordance with the International Financial Reporting Standards (IFRS) and in accordance with their interpretation by the IFRS Interpretations Committee (IFRIC) as adopted by the European Union (EU) as they apply in the European Union pursuant to Regulation (EC) No. 1606/2002 (IAS Regulation), in compliance with the requirements of IAS 34 "Interim Financial Reporting".

The interim financial statements of Addiko Group are based on financial information of the fully consolidated subsidiaries. Uniform accounting and measurement principles according to IFRS 10 are applied throughout the Group. The interim consolidated financial statements are prepared on a going concern basis. With regard to estimates and assumptions in accordance with IAS 1, please refer to note (2) Use of estimates and assumptions/material uncertainties in relation to estimates.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements, except for accounting standards and other amendments effective for annual periods beginning on 1 January 2024 that were endorsed by the EU. As these interim financial statements do not include all information and disclosures required in the annual consolidated financial statements, this document should be read in conjunction with Addiko Bank AG's consolidated financial statements as of 31 December 2023.

If estimates or assessments are necessary for accounting and measuring under IAS/IFRS rules, they are made in accordance with the respective standards. They are based on past experience and other factors, such as planning and expectations or forecasts of future events that appear likely from the current perspective. This primarily affects impairment losses in the credit business, the fair value and the impairment of financial instruments, deferred taxes and assessments of legal risks from legal proceedings and the recognition of provisions regarding such risks. The actual values may deviate from the estimated figures.

The euro (EUR) is the reporting currency of the interim financial statements. All figures are in millions of euros (EUR m), unless otherwise stated. The tables shown may contain rounding differences. On 5 August 2024, the Management Board of Addiko Bank AG approved the interim financial statements as at 30 June 2024 for publication. The information in the interim financial statements has been neither audited nor reviewed by an external auditor.

(2) Use of estimates and assumptions/material uncertainties in relation to estimates

The interim financial statements contain values based on judgments and calculated using estimates and assumptions. Estimates and assumptions are based on historical experiences and other factors such as planning and expectations or forecasts of future events that appear likely from a current perspective. Apart from updating the macroeconomic assumptions for the Expected Credit Losses (ECL) and reevaluating assumptions tied to legal provision calculations, no significant changes took there were no material changes in how management applied the Group's accounting policies. The principal sources of estimation uncertainty remained consistent with those described in the last consolidated financial statements. Since the estimates and assumptions made are subject to uncertainties, this may lead to results that require carrying amount adjustments of the respective assets and liabilities in future periods. Significant estimates and assumptions in the Addiko Group relate to:

Credit risk provisions

Estimates as to the amount, duration and probable occurrence of expected return cash flows are made for the purposes of assessing the recoverability of Addiko Group’s financial assets. This assessment is based on a detailed analysis and assumptions made, which are however subject to uncertainties. A different estimate of these assumptions may result in a significantly different measurement of credit risk provisions.

The model for measuring expected credit losses requires the assessment of a significant increase in credit risk and uses historical data and their extrapolations, the observed data, and individual estimations as well as grouping of similar assets when credit risk deterioration needs to be assessed on a collective basis.

Since the increased volatility of the economic environment as consequences of still ongoing military conflicts between Russia and Ukraine, and in the Middle East, as well as slowly declining inflationary pressure are not fully comparable to the historic data used for development and calibrations of the existing PD models, Addiko has addressed the uncertainty by considering post model adjustments (PMAs). These adjustments mainly cover the ability of the PD models to correctly capture uncertainty of the future and high overall volatility of the macroeconomic environment.

For further information on credit risk provisioning methodology, reference is made to the Risk Report under note (28) Credit risk and note (29) Risk provisions.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is highly likely that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the 5-years business plans for individual subsidiaries in the Group. These estimates reflect the management’s evaluations, which are in turn subject to a degree of uncertainty. Deferred tax assets are reviewed at each reporting date and are reduced insofar as it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves. Since the current macroeconomic environment is affected by inflationary pressures, changes in the interest rates, a deterioration of the business climate and geopolitical risks, there is substantially more uncertainty than under normal market conditions, which may affect the projections of future taxable profits.
The recoverability of deferred tax assets is also subject to potential changes of the relevant tax regulations, which may be revised in the future, with the imposition of a time limit or reduction for carry forward losses. On 3 June 2024, the Slovenia’s Ministry of Finance published draft bills on amendments to the Corporate Income Tax Act, introducing – among other things – a five-year limit on the carry forward of tax losses, with a transitional seven-year limit for tax losses already incurred (the possibility to carry forward tax losses is currently unlimited). Subject to approval, the measures

will apply from 1 January 2025. As the utilisation period considered by Addiko is shorter compared with the seven years transitional period, Addiko does not expect the approval of the law to have any impacts on the 2024 financial statements.

Furthermore, the recoverability of the deferred tax assets could be also influenced by significant changes in the shareholder structure of Addiko Bank AG, which - in combination with a change in the organisational structure as well as the economic structure - may lead to a complete loss of existing tax losses carry forwards. In relation to the Group's real estate portfolio, this could possibly trigger a (fictitious) asset transfer, which could result in a tax liability.

Provisions

Setting up provisions is also based on judgments. A decision has to be made on the extent to which the Group has an obligation resulting from a past event and if an outflow of economically useful resources to fulfil these obligations is likely. Furthermore, estimates are also required with regard to the amount and maturity of future cash flows.

Provisions for legal proceedings typically require a higher degree of judgment than other types of provisions. When matters are at an early stage, accounting judgments can be difficult because of the high degree of uncertainty associated with determining whether a present obligation exists and estimating the probability and amount of any outflows that may arise. As matters progress, management and legal advisers evaluate on an ongoing basis whether provisions should be recognised and then revise previous estimates as appropriate. At more advanced stages, it is typically easier to make estimates around a better-defined set of possible outcomes. The calculation of potential losses generally takes into account possible scenarios of how the litigation would be resolved and their probability, considering the history of previous verdicts and assessments by independent law firms. In certain cases, due to a short horizon of available historical data and significant uncertainty as to the direction of court decisions as well as market conditions, the adopted methodology and assumptions may be subjects of updates in subsequent reporting periods. Details regarding provisions for legal cases and uncertainty of estimates are described in note (25.2) Provisions for pending legal disputes.

Pension obligations are measured based on the projected unit credit method for defined benefit pension plans. In measuring such obligations, assumptions must be made regarding long-term trends for salaries, pensions and future mortality in particular. Changes in the underlying assumptions from year to year and divergences from the actual effects each year are reported under actuarial gains and losses.

(3) Application of new standards and amendments

3.1. New currently effective requirements

The following new standards, interpretations and amendments to existing standards are mandatory for periods beginning on 1 January 2024:

Standard	Name	Description	Impact on Addiko
IFRS 16	Amendments to IFRS 16 Leases	Lease liability in sale and leaseback	No significant changes
IAS 1	Amendments to IAS 1 Presentation of Financial Statements	Classification of liabilities as current or non-current	No impact
IAS 7 and IFRS 7	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures	Supplier Finance Arrangements	No significant changes

The amendments to **IFRS 16** Leases require the seller-lessee to determine lease payments or revised lease payments such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. It applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. These amendments do not result in any significant changes within the Addiko Group.

The amendments to **IAS 1** clarify the requirements for classifying liabilities as current or non-current. The amendment applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. These amendments do not result in any changes within the Addiko Group as assets and liabilities of Addiko Group are presented in decreasing order of liquidity.

The amendments to **IAS 7** and **IFRS 7** describe the characteristics of an arrangement for which an entity is required to provide the information. The amendments note that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle the amounts owed directly with a supplier are not supplier finance arrangements. Entities will have to disclose in the notes information that enables users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. New disclosure requirements are added. The amendment applies to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. These amendments do not result in any significant changes within the Addiko Group.

3.2. Forthcoming requirements

New standards, interpretations and amendments to existing standards issued by the IASB but not yet effective have not been early adopted by the Addiko Group and application of these standards, interpretations and amendments is not expected to have a significant impact on Addiko Group's financial statements. Only IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024; it applies to annual reporting periods beginning on or after 1 January 2027), which replaces IAS 1 Presentation of Financial Statements, will have an impact on presentation and disclosures in financial statements of Addiko Group.

(4) Scope of consolidation

There were no changes to the scope of consolidation during the reporting period.

Notes to the profit or loss statement

(5) Earnings per share

	30.06.2024	30.06.2023
Shares outstanding as of 1 January	**19,333,116**	**19,466,081**
Purchase of treasury shares	-77,505	-56,073
Disposal of treasury shares	31,531	19,114
Shares outstanding as of 30 June	**19,287,142**	**19,429,122**
Treasury Shares	-212,858	-70,878
Number of shares issued at the reporting date	19,500,000	19,500,000
Weighted average number of outstanding shares	**19,292,092**	**19,460,091**

The basic earnings per share is calculated by dividing the net result by the weighted average number of ordinary shares. As there are no stock options issued by Addiko Bank AG, the basic (undiluted) earnings per share equal the diluted earnings per share.

	30.06.2024	30.06.2023
Result after tax attributable to ordinary shareholders (in EUR m)	25.5	19.5
Weighted-average number of outstanding ordinary shares (in units of shares)	19,292,092	19,460,091
Earnings per share (in EUR)	1.32	1.00

(6) Net interest income

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Interest income calculated using the effective interest method	**137.2**	**121.3**
Financial assets at fair value through other comprehensive income	6.5	5.8
Financial assets at amortised cost	130.7	115.4
Other interest income	**17.1**	**7.0**
Financial assets held for trading	1.3	1.3
Other assets	15.8	5.7
Total interest income	**154.3**	**128.3**
Financial liabilities measured at amortised cost	-32.1	-18.8
o/w households	-21.9	-11.2
o/w lease liabilities	-0.2	-0.2
Other liabilities	-0.9	-0.7
Financial liabilities held for trading	-0.6	-0.6
Total interest expense	**-33.7**	**-20.1**
Net interest income	**120.6**	**108.1**

(7) Net fee and commission income

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Transactions	10.0	9.6
Accounts and Packages	15.3	13.6
Cards	9.1	8.0
Foreign exchange & Dynamic currency conversion	3.5	3.6
Securities	0.0	0.1
Bancassurance	3.8	3.0
Loans	2.5	2.5
Deposits	0.0	0.0
Trade finance	2.8	2.6
Other	0.5	0.5
Fee and commission income	**47.5**	**43.5**
Transactions	-2.3	-2.1
Accounts and Packages	-0.8	-0.7
Cards	-6.5	-5.8
Foreign exchange & Dynamic currency conversion	-0.1	-0.1
Securities	-0.1	-0.1
Bancassurance	-0.2	-0.2
Loans	-0.6	-0.5
Deposits	0.0	0.0
Trade finance	0.0	0.0
Client and sales incentives	-1.2	-1.1
Other	-0.4	-0.4
Fee and commission expenses	**-12.2**	**-11.0**
Net fee and commission income	**35.3**	**32.5**

The fee and commissions presented in this note include income of EUR 26.9 million (1H23: EUR 24.1 million) and expenses of EUR -7.9 million (1H23: EUR -7.0 million) relating to financial assets and liabilities not measured at FVTPL. The fees and commissions include EUR 44.7 million (1H23: EUR 40.5 million) from contracts with customers in the scope of IFRS 15 Revenues from Contracts with Customers and EUR 2.8 million (1H23: EUR 3.0 million) from financial guarantee contracts and loan commitments. Furthermore, the position Client and sales incentives includes EUR 1.1 million sales incentives paid to Addiko employees based on the achievement of pre-defined sales targets. In 1H23 sales incentives were shown under personnel expenses; previous-year figures were not amended due to minor amounts.

(8) Net result on financial instruments

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Held for trading financial instruments	1.6	0.8
Foreign exchange	-1.3	-0.3
Non-trading financial assets mandatorily at fair value through profit or loss	0.0	0.2
Financial assets at fair value through other comprehensive income	0.2	0.0
Financial assets at amortised cost	0.0	0.0
Total	**0.5**	**0.7**

(9) Other operating income and other operating expenses

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Other operating income	**2.6**	**1.4**
Gain from sale of non financial assets	2.1	0.8
Release of provisions for tax litigations	0.0	0.0
Income from operating lease assets	0.2	0.3
Restructuring income	0.0	0.0
Gain from the sale of assets classified as held for sale and disposal groups	0.0	0.0
Other income	0.3	0.4
Other operating expenses	**-8.0**	**-6.3**
Losses from sale of non financial assets	0.0	0.0
Expense incurred in earning the operating lease assets income	-0.2	-0.3
Restructuring expenses	0.0	0.0
Recovery and resolution fund	-0.1	-0.2
Deposit guarantee	-2.5	-2.9
Banking levies and other taxes	-4.3	-1.8
Other expenses	-0.9	-1.0
Total	**-5.4**	**-4.9**

Gains from the sale of non-financial assets were mainly resulting from the disposal of non-core real estate assets in Bosnia & Herzegovina.

Bank levies and other taxes increased mainly due to the EUR 1.4 million newly established tax on balance sheet in Slovenia which was approved in 2023 and will apply for years between 2024 and 2028.

(10) Personnel expenses

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Wages and salaries	-32.3	-30.0
Social security contribution	-5.6	-5.1
Variable remuneration (excluding sales incentives)	-5.2	-4.2
Bonuses	-3.2	-3.4
Cash-settled share-based payments	-1.7	-0.6
Equity-settled share-based payments	-0.3	-0.1
Voluntary social expenses	-2.2	-1.9
Expenses for retirement and severance payments	-5.2	-4.8
Income from release of employee provisions	0.6	0.6
Other personnel expenses	-2.2	-2.6
Total	**-52.2**	**-48.0**

The development of the variable remuneration is reflecting the activation of the long-term Performance Acceleration Incentive Framework (PAIF) remuneration program with the price of the Addiko shares crossing the long-term target value threshold during the second quarter of the year 2024. This triggered the recognition of an additional EUR 0.4 million on top of the 2023 accrued amount.

Certain incentives are paid to Addiko sales employees based on the achievement of pre-defined targets and are reported since YE23 under Fees and commission expenses. Previously, in 1H23, these incentives were included within personnel expenses. Taking into account the EUR -1.1 million paid as sales incentives during the first half of 2024, the total personnel expenses would reach EUR -54.4 million (comparative figures were not amended as the amounts are considered insignificant).

(11) Other administrative expenses

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
IT expenses	-16.2	-15.3
Premises expenses (rent and other building expenses)	-6.4	-6.3
Legal and advisory costs	-5.2	-1.6
Advertising costs	-4.0	-3.3
Remaining other administrative expenses	-4.6	-3.7
Total	**-36.3**	**-30.3**

The increase in legal and advisory costs is attributable, above all, to higher advisory costs in amount of EUR 2.9 million related to the voluntary partial tender offer published by Agri Europe Cyprus Ltd. (Agri Europe Cyprus) on 16 May 2024 and the voluntary public takeover offer aiming at control published by Nova Ljubljanska banka d.d. (NLB) on 7 June 2024.

(12) Depreciation and amortisation

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Property, plant and equipment	-5.1	-5.0
o/w right of use assets	-2.9	-2.9
Intangible assets	-3.3	-3.6
Total	**-8.4**	**-8.6**

(13) Other result

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Net result from legal cases	**-5.2**	**-12.1**
Release of provisions for legal cases and income from legal cases	0.8	1.4
Allocation of provisions for passive legal cases and legal costs	-6.0	-13.5
Net result from operational risks	**-0.3**	**-4.2**
Release of provisions from operational risk and income from operational risk cases	0.1	0.0
Allocation of provisions from operational risk and operational risk expenses	-0.4	-4.2
Impairment / reversal of impairment on non financial assets	**0.0**	**0.0**
Modification gains or losses	**0.0**	**-0.1**
Total	**-5.5**	**-16.5**

The net result from legal cases amounting to EUR -5.2 million (1H23: EUR -12.1 million) was mainly impacted by new lawsuits received during the first half of 2024 in Slovenia for Swiss franc-denominated loans (EUR -2.1 million). This item included also the impact from the reassessment of existing and provisioning of new court cases in Serbia, amounting to EUR -0.9 million, as well as EUR -0.6 million from direct legal cases expenses. In addition, updating the provisions for existing and new court cases in Croatia resulted in EUR -1.4 million additional provisions, which was partially compensated by cost reimbursements of EUR 0.1 million from previous legal cases. The comparative reporting period (1H23) was impacted by credit linked and portfolio-based provisions for expected legal matters on Swiss franc denominated loans in Croatia, Slovenia and Montenegro. Further details regarding provisions for legal cases are included in note (25) Provisions.

While the net result from operational risk was affected during the first half of 2023 by provisions connected with proportional fee reimbursements in Slovenia in case of early loan repayments (“Lexitor”), the impact from the decision of the Indirect Taxation Authority in Bosnia & Herzegovina to reverse their previous instructions and apply VAT on credit card services and expenses in connection with customer-related operational risk cases in Slovenia and Serbia, no material items were affecting the current reporting period.

(14) Expected credit loss expenses on financial assets

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Change in CL on financial instruments at FVTOCI	**0.2**	**-0.1**
Change in CL on financial instruments at amortised cost	**-15.9**	**-9.2**
Net allocation to risk provision	-20.6	-13.7
Proceeds from loans and receivables previously impaired	5.1	4.9
Directly recognised impairment losses	-0.4	-0.5
Net allocation of provisions for commitments and guarantees given	**0.2**	**0.2**
Total	**-15.5**	**-9.2**

The net allocation to risk provision increased by EUR 6.3 million year-over-year to EUR -15.5 million in the first half of 2024, compared to EUR -9.2 million in the same period in 2023. The prior period was mainly lower due to upgrades in individual corporate cases, which led to net releases in stage 2. Further details regarding expected credit loss expenses on financial assets are included in note (29) Risk provisions.

(15) Taxes on income

EUR m

	01.01. - 30.06.2024	01.01. - 30.06.2023
Current tax	-5.4	-4.9
Deferred tax	-2.2	0.4
thereof: temporary differences	-2.1	0.1
thereof: tax losses carried forward	-0.1	0.3
Total	**-7.6**	**-4.5**

Addiko's current tax in the first six months ended 30 June 2024 includes EUR 1.1 million withholding tax suffered in other countries for which no tax credit was available in Austria (1H23: EUR 0.7 million). The main part of this amount is withholding tax on intragroup dividends received from Addiko's non-EU subsidiaries.

Notes to the consolidated statement of financial position

(16) Cash and cash equivalents

EUR m

30.06.2024	Gross carrying amount	ECL allowance	Carrying amount (net)
Cash on hand	133.1	0.0	133.1
Cash balances at central banks	871.7	-0.1	871.6
Other demand deposits	121.9	0.0	121.9
Total	**1,126.7**	**-0.1**	**1,126.6**

EUR m

31.12.2023	Gross carrying amount	ECL allowance	Carrying amount (net)
Cash on hand	114.4	0.0	114.4
Cash balances at central banks	1,045.6	-0.1	1,045.5
Other demand deposits	94.7	-0.1	94.6
Total	**1,254.6**	**-0.2**	**1,254.5**

The total amount of cash balances at central banks and other demand deposits is considered as low risk business and is classified within stage 1 (12-month ECL).

The cash balances at central banks include EUR 233.3 million (YE23: EUR 232.3 million) minimum reserves which subsidiaries were holding at the reporting date in their current accounts at their national central banks in order to meet on average during the maintenance period the prescribed requirements.

(17) Financial assets held for trading

EUR m

	30.06.2024	31.12.2023
Derivatives	**3.2**	**4.9**
Debt securities	**25.7**	**24.6**
Governments	25.7	24.6
Total	**28.9**	**29.5**

(18) Loans and advances

The Addiko Group measures all loans and advances at amortised cost.

18.1. Loans and advances to credit institutions

EUR m

30.06.2024	Gross carrying amount	ECL allowance	Carrying amount (net)
Loans and advances to credit institutions	**5.9**	**0.0**	**5.9**

EUR m

31.12.2023	Gross carrying amount	ECL allowance	Carrying amount (net)
Loans and advances to credit institutions	**66.7**	**-0.1**	**66.6**

As the ECL allowance amounts to less than EUR 0.1 million, no breakdown into stages is provided.

18.2. Loans and advances to customers

EUR m

30.06.2024	Gross carrying amount	ECL Stage 1	ECL Stage 2	ECL Stage 3	ECL POCI	Carrying amount (net)
Households	2,330.7	-11.7	-21.2	-63.8	-1.0	2,233.0
Non-financial corporations	1,331.2	-6.0	-12.5	-42.3	0.0	1,270.3
Governments	17.6	0.0	-0.1	0.0	0.0	17.5
Other financial corporations	23.6	-0.1	-0.4	0.0	0.0	23.1
Total	**3,703.1**	**-17.7**	**-34.2**	**-106.2**	**-1.0**	**3,544.0**

EUR m

31.12.2023	Gross carrying amount	ECL Stage 1	ECL Stage 2	ECL Stage 3	ECL POCI	Carrying amount (net)
Households	2,247.7	-11.5	-21.1	-61.9	-1.1	2,152.0
Non-financial corporations	1,341.9	-6.7	-12.9	-45.2	0.0	1,277.1
Governments	35.9	-0.1	-0.1	0.0	0.0	35.7
Other financial corporations	24.8	-0.1	-0.4	0.0	0.0	24.4
Total	**3,650.3**	**-18.4**	**-34.5**	**-107.1**	**-1.1**	**3,489.2**

Development of ECL allowance:

18.2.1. LOANS AND ADVANCES TO HOUSEHOLDS

EUR m

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-11.5**	**-21.1**	**-61.9**	**-1.1**	**-95.6**
New remeasurement of loss allowance	7.6	-3.6	-17.1	0.0	-13.1
Increases due to origination and acquisition	-4.1	-0.4	0.0	0.0	-4.5
Decreases due to derecognition	1.8	1.4	1.7	0.1	4.9
Transfer between stages	-5.6	2.4	3.2	0.0	0.0
Write-offs/utilisation	0.0	0.0	9.2	0.0	9.2
Foreign exchange and other movements	0.2	0.1	1.1	0.0	1.4
ECL allowance as at 30.06.	**-11.7**	**-21.2**	**-63.8**	**-1.0**	**-97.7**

EUR m

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-13.7**	**-26.9**	**-71.3**	**-1.2**	**-113.2**
New remeasurement of loss allowance	16.2	0.0	-24.2	0.1	-8.0
Increases due to origination and acquisition	-7.1	-2.1	0.0	0.0	-9.2
Decreases due to derecognition	2.7	1.8	3.0	0.1	7.5
Transfer between stages	-9.8	6.2	3.6	0.0	0.0
Write-offs/utilisation	0.0	0.0	28.1	0.0	28.1
Foreign exchange and other movements	0.2	-0.1	-1.0	0.0	-0.9
ECL allowance as at 31.12.	**-11.5**	**-21.1**	**-61.9**	**-1.1**	**-95.6**

The ECL stock for loans and advances to households remained stable compared with the previous reporting period, with a minor rise in the ECL for non-performing loans, thereby resulting to an increased coverage rate for this segment.

18.2.2. LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS

EUR m

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-6.7**	**-12.9**	**-45.2**	**0.0**	**-64.9**
New remeasurement of loss allowance	3.5	-1.2	-19.8	0.0	-17.5
Increases due to origination and acquisition	-2.9	-0.1	0.0	0.0	-3.0
Decreases due to derecognition	0.6	2.4	9.4	0.0	12.4
Transfer between stages	-0.4	-0.7	1.1	0.0	0.0
Write-offs/utilisation	0.0	0.0	12.3	0.0	12.3
Foreign exchange and other movements	0.0	0.0	-0.1	0.0	-0.2
ECL allowance as at 30.06.	**-6.0**	**-12.5**	**-42.3**	**0.0**	**-60.9**

EUR m

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-7.1**	**-16.5**	**-45.6**	**0.0**	**-69.2**
New remeasurement of loss allowance	5.6	0.7	-19.4	0.0	-13.1
Increases due to origination and acquisition	-6.6	-0.8	0.0	0.0	-7.4
Decreases due to derecognition	1.4	2.5	3.5	0.0	7.4
Transfer between stages	0.0	1.4	-1.3	0.0	0.0
Write-offs/utilisation	0.0	0.0	20.8	0.0	20.9
Foreign exchange and other movements	0.0	-0.1	-3.2	0.0	-3.3
ECL allowance as at 31.12.	**-6.7**	**-12.9**	**-45.2**	**0.0**	**-64.9**

The ECL stock for loans and advances to non-financial corporations slightly decreased compared with the previous reporting period, in line with the decrease of non-performing exposures.

18.2.3. LOANS AND ADVANCES TO GENERAL GOVERNMENTS

EUR m

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-0.1**	**-0.1**	**0.0**	**0.0**	**-0.2**
New remeasurement of loss allowance	0.0	0.0	0.0	0.0	0.0
Increases due to origination and acquisition	0.0	0.0	0.0	0.0	0.0
Decreases due to derecognition	0.1	0.0	0.0	0.0	0.1
Transfer between stages	0.0	0.0	0.0	0.0	0.0
Write-offs/utilisation	0.0	0.0	0.0	0.0	0.0
Foreign exchange and other movements	0.0	0.0	0.0	0.0	0.0
ECL allowance as at 30.06.	**0.0**	**-0.1**	**0.0**	**0.0**	**-0.1**

EUR m

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-0.1**	**0.0**	**0.0**	**0.0**	**-0.1**
New remeasurement of loss allowance	0.0	0.0	0.0	0.0	0.0
Increases due to origination and acquisition	-0.1	0.0	0.0	0.0	-0.1
Decreases due to derecognition	0.0	0.0	0.0	0.0	0.0
Transfer between stages	0.0	0.0	0.0	0.0	0.0
Write-offs/utilisation	0.0	0.0	0.0	0.0	0.0
Foreign exchange and other movements	0.0	0.0	0.0	0.0	0.0
ECL allowance as at 31.12.	**-0.1**	**-0.1**	**0.0**	**0.0**	**-0.2**

18.2.4. LOANS AND ADVANCES TO OTHER FINANCIAL CORPORATIONS

EUR m

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-0.1**	**-0.4**	**0.0**	**0.0**	**-0.5**
New remeasurement of loss allowance	0.1	0.0	0.0	0.0	0.0
Increases due to origination and acquisition	-0.1	0.0	0.0	0.0	-0.1
Decreases due to derecognition	0.0	0.0	0.0	0.0	0.0
Transfer between stages	0.0	0.0	0.0	0.0	0.0
Write-offs/utilisation	0.0	0.0	0.0	0.0	0.0
Foreign exchange and other movements	0.0	0.0	0.0	0.0	0.0
ECL allowance as at 30.06.	**-0.1**	**-0.4**	**0.0**	**0.0**	**-0.5**

EUR m

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-0.1**	**-0.8**	**-0.1**	**0.0**	**-1.0**
New remeasurement of loss allowance	0.0	0.5	0.0	0.0	0.5
Increases due to origination and acquisition	0.0	0.0	0.0	0.0	0.0
Decreases due to derecognition	0.0	0.0	0.0	0.0	0.0
Transfer between stages	0.0	0.0	0.0	0.0	0.0
Write-offs/utilisation	0.0	0.0	0.0	0.0	0.0
Foreign exchange and other movements	0.0	0.0	0.0	0.0	0.0
ECL allowance as at 31.12.	**-0.1**	**-0.4**	**0.0**	**0.0**	**-0.5**

(19) Investment securities

EUR m

	30.06.2024	31.12.2023
Fair value through other comprehensive income (FVTOCI)	708.3	728.7
Mandatorily at fair value through profit or loss (FVTPL)	2.1	2.1
At amortised cost	579.3	447.9
Total	**1,289.7**	**1,178.6**

19.1. Fair value through other comprehensive income (FVTOCI)

EUR m

	30.06.2024	31.12.2023
Debt securities	**688.8**	**709.5**
Governments	596.1	599.0
Credit institutions	85.7	103.5
Other financial corporations	5.0	5.0
Non-financial corporations	2.0	2.0
Equity instruments	**19.5**	**19.2**
Governments	13.2	13.1
Other financial corporations	5.8	5.6
Non-financial corporations	0.5	0.5
Total	**708.3**	**728.7**

EUR m

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-0.5**	**0.0**	**0.0**	**0.0**	**-0.6**
New remeasurement of loss allowance	0.1	0.0	0.0	0.0	0.2
Increases due to origination and acquisition	0.0	0.0	0.0	0.0	0.0
Decreases due to derecognition	0.0	0.0	0.0	0.0	0.0
Transfer between stages	0.0	0.0	0.0	0.0	0.0
Write-offs/utilisation	0.0	0.0	0.0	0.0	0.0
Foreign exchange and other movements	0.0	0.0	0.0	0.0	0.0
ECL allowance as at 30.06.	**-0.4**	**0.0**	**0.0**	**0.0**	**-0.4**

EUR m

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-0.3**	**0.0**	**0.0**	**0.0**	**-0.3**
New remeasurement of loss allowance	-0.2	0.0	0.0	0.0	-0.2
Increases due to origination and acquisition	-0.1	0.0	0.0	0.0	-0.1
Decreases due to derecognition	0.0	0.0	0.0	0.0	0.0
Transfer between stages	0.0	0.0	0.0	0.0	0.0
Write-offs/utilisation	0.0	0.0	0.0	0.0	0.0
Foreign exchange and other movements	0.0	0.0	0.0	0.0	0.0
ECL allowance as at 31.12.	**-0.5**	**0.0**	**0.0**	**0.0**	**-0.6**

19.2. Mandatorily at fair value through profit or loss (FVTPL)

EUR m

	30.06.2024	31.12.2023
Debt securities	**1.8**	**1.8**
Other financial corporations	1.8	1.8
Equity instruments	**0.3**	**0.3**
Non-financial corporations	0.3	0.3
Total	**2.1**	**2.1**

19.3. At amortised cost

EUR m

	30.06.2024	31.12.2023
Debt securities	**579.3**	**447.9**
Governments	551.3	434.5
Credit institutions	26.8	10.4
Non-financial corporations	1.2	3.0
Total	**579.3**	**447.9**

For instruments measured at amortised cost the ECL allowance are below EUR 0.2 million and therefore no breakdown into stages is provided.

(20) Tangible assets

EUR m

	30.06.2024	31.12.2023
Owned property, plant and equipment	**37.7**	**38.8**
Land and buildings	29.7	30.4
Plant and equipment	6.8	7.1
Plant and equipment - under construction	1.2	1.3
Right of use assets	**16.1**	**16.1**
Land and buildings	12.9	14.2
Plant and equipment	2.8	1.3
Investment properties	0.5	0.6
Investment properties	**2.6**	**2.7**
Total	**56.4**	**57.6**

(21) Other assets

EUR m

	30.06.2024	31.12.2023
Prepayments and accrued income	13.7	8.2
Inventories (repossessed assets, emergency acquired assets, leases to go, etc.)	0.4	0.4
Other remaining assets	2.7	5.4
o/w receivables from card business	0.0	1.5
Total	**16.8**	**14.0**

(22) Non-current assets held for sale

EUR m

	30.06.2024	31.12.2023
Loans and advances	0.3	0.2
Property plant and equipment	1.1	1.2
Total	**1.4**	**1.3**

(23) Financial liabilities held for trading

EUR m

	30.06.2024	31.12.2023
Derivatives	2.5	4.2
Total	**2.5**	**4.2**

(24) Financial liabilities measured at amortised cost

EUR m

	30.06.2024	31.12.2023
Deposits and borrowings from credit institutions	87.6	106.8
Deposits and borrowings from customers	5,027.4	5,032.6
Lease liabilities	15.2	16.7
Other financial liabilities	41.9	42.7
Total	**5,172.2**	**5,198.7**

24.1. Deposits and borrowings of credit institutions

EUR m

	30.06.2024	31.12.2023
Current accounts / overnight deposits	10.9	10.2
Deposits with agreed terms	69.8	96.6
Repurchase agreements	6.9	0.0
Total	**87.6**	**106.8**

24.2. Deposits and borrowings of customers

EUR m

	30.06.2024	31.12.2023
Current accounts / overnight deposits	**2,991.7**	**3,124.6**
Governments	127.0	92.8
Other financial corporations	22.6	42.3
Non-financial corporations	829.8	889.1
Households	2,012.3	2,100.3
Deposits with agreed terms	**2,030.9**	**1,903.4**
Governments	65.8	54.7
Other financial corporations	179.5	182.5
Non-financial corporations	231.5	268.3
Households	1,554.0	1,397.9
Deposits redeemable at notice	**4.8**	**4.6**
Governments	1.0	1.0
Non-financial corporations	3.8	3.5
Total	**5,027.4**	**5,032.6**

(25) Provisions

EUR m

	30.06.2024	31.12.2023
Commitments and guarantees granted	7.0	7.2
Pending legal disputes	84.0	85.1
Other provisions	6.6	6.9
Pensions and other post employment defined benefit obligations	2.1	2.1
Other long term employee benefits	0.4	0.3
Restructuring measures	0.8	1.4
Provisions for operational risk	0.9	0.7
Remaining other provisions	2.4	2.5
Total	**97.5**	**99.2**

25.1. Provisions for commitments and guarantees granted

Development of loan commitments, financial guarantees and other commitments granted are presented below:

EUR m

2024	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-2.3**	**-2.0**	**-2.9**	**0.0**	**-7.2**
New remeasurement of loss allowance	0.0	-0.5	-0.1	0.0	-0.6
Increases due to origination and acquisition	-0.5	0.0	0.0	0.0	-0.5
Decreases due to derecognition	0.2	0.3	0.8	0.0	1.4
Transfer between stages	0.4	-0.2	-0.1	0.0	0.0
Write-offs/utilisation	0.0	0.0	0.0	0.0	0.0
Foreign exchange and other movements	0.0	0.0	0.0	0.0	0.0
ECL allowance as at 30.06.	**-2.3**	**-2.4**	**-2.4**	**0.0**	**-7.0**

EUR m

2023	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 01.01.	**-1.9**	**-2.2**	**-4.4**	**0.0**	**-8.5**
New remeasurement of loss allowance	0.0	-0.2	0.4	0.0	0.2
Increases due to origination and acquisition	-0.7	-0.3	0.0	0.0	-1.0
Decreases due to derecognition	0.4	0.9	1.0	0.0	2.2
Transfer between stages	0.1	0.0	-0.1	0.0	0.0
Write-offs/utilisation	0.0	0.0	0.0	0.0	0.0
Foreign exchange and other movements	-0.1	-0.1	0.2	0.0	0.0
ECL allowance as at 31.12.	**-2.3**	**-2.0**	**-3.0**	**0.0**	**-7.2**

25.2. Provisions for pending legal disputes

Croatia
During the first half of 2024 additional provisions for pending legal disputes of EUR 1.4 million (1H23: EUR 9.5 million) were recognised from the reassessment of existing and new court cases in Croatia, bringing the overall stock of provisions to EUR 71.5 million (YE23: EUR 74.5 million). The development of the overall stock of provisions included EUR 5.3 million (1H23: EUR 4.9 million) utilisations for lawyers, court fees and settlements.

The main volume of provisions relate to claims raised by consumers' association and individuals in Croatia, which are asserting that consumers' rights have been violated in relation to contractual clauses used in Swiss Franc loans between 2004 and 2008. Since the deadline for filing new claims by customers expired on 14 June 2023, Addiko has more knowledge in terms of the total number of potential cases, reflected by the lower amount of new provisions recognised during the reporting period (EUR 0.2 million) compared with the same period in 2023 (EUR 8.3 million). By taking into consideration also the amount utilised during the reporting period of EUR 4.5 million (1H23: EUR 3.8 million) and the discounting effect of EUR 0.9 million (1H23: EUR 0.7 million), the overall stock of provisions decreased from EUR 65.9 million to EUR 62.5 million.

The calculation is based on the best possible estimate according to IAS 37 of expected outflows of economically useful resources as at the reporting date and is based on a statistical method that takes into account the impact of customer characteristics and the probability weight of various scenarios. Estimation of the costs of legal risk in relation to Swiss franc loans is complex and requires a considerable degree of judgement with respect to the key assumptions, in particular in relation to:

- The **outcome of individual court decisions**, especially regarding the assessment if the bank engaged in unfair business practices, which is affecting the level of loss. As currently there are little number of final court judgments, there is a significant uncertainty in relation to this estimate.

- The **estimated loss by individual contract** was calculated taking into account the average amount to be refunded to the customers and was performed by clustering the potential lawsuits into specific groups. Uncertainties relate in particular to the potential inclusion of penalty interest, which in turn are connected with Addiko ability to demonstrate that acted in good faith.

Additionally, it must be taken into account that due to the backlog in Croatian courts and judicial strikes throughout 2023, the Group is still receiving individual court claims filed up to the deadline. Consequently, the final provisioned sum may vary from the current estimate once the disputed amount for each specific case is calculated.

Outflows of economically useful resources are expected in the course of the next two or three business years. It should be considered that the outcome of the underlying proceedings is in many cases difficult to predict and for this reason the final timing could significantly deviate from the original estimate.

The following table presents a sensitivity analysis for the main assumptions made, illustrating the effects on the provision amount by changes in the relevant assumptions (while all other factors remain constant) that were reasonably possible at the reporting date:

EUR m

	30.06.2024	31.12.2023
Change in the percentage of change in individual court decisions +10%	3.1	3.9
Change in the percentage of change in individual court decisions -10%	-3.1	-3.9
Change in the estimated loss by individual contract +10%	4.6	5.9
Change in the estimated loss by individual contract -10%	-4.6	-5.9

Additional information in relation to legal proceedings connected to Swiss franc unilateral interest rate change and Swiss franc currency clauses are presented in note (34) Legal risk.

A further topic for which provisions for pending legal disputes have been recognised in Croatia is based on corporate variable interest margin claims, with an amount in dispute (excluding penalty interests) of EUR 1.2 million at 30 June 2024 (YE23: EUR 1.6 million), where the right to change the margin is challenged. The Group recognised provisions for such claims in amount of EUR 1.9 million (YE23: EUR 2.1 million).

Serbia

During the first half of 2024 additional provisions for pending legal disputes of EUR 0.9 million (1H23: EUR 0.7 million) were recognised from the reassessment of existing and new court cases in Serbia. By taking into account also the EUR 0.5 million utilisations (1H23: EUR 0.8 million), the overall stock of provisions for pending legal disputes increased in 1H24 to EUR 3.8 million (YE23: EUR 3.4 million).

A significant portion of the existing provisions has been recognised for claims against regarding loan processing fees. The total amount in dispute (excluding penalty interests) as of 30 June 2024 is EUR 1.0 million (YE23: EUR 1.3 million) for 4,167 cases (YE23: 5,412 cases). On 16 September 2021 the Serbian Supreme Court issued a new opinion on the validity of loan processing fees in essence finding the fees to be valid if banks provided written offers to the clients before signing of the loan agreement, which led to a significant lower number of new claims, i.e. 562 claims (YE23: 468 claims) filed and received after 16 September 2021. All banks in Serbia are confronted with these kinds of claims and joint initiatives via the Serbian Banking Association were made and are envisaged for the future. The Group recognised provisions for such claims in amount of EUR 1.7 million (YE23: EUR 1.7 million).

Slovenia

Additional Provisions for pending legal disputes of EUR 2.1 million (1H23: EUR 1.5 million) were recognised in Slovenia for new lawsuits received during the first half of 2024 in connection with Swiss franc-denominated loans. The new claims follow the 2023 retroactively change of interpretation by the Slovenian Supreme Court in non Addiko cases of local consumer protection law, establishing higher requirements for the information duty vis-á-vis the customer. By taking into consideration the EUR 0.5 million utilisations (1H23: EUR 0.0 million), the overall stock of provisions for pending legal disputes increased in 1H24 to EUR 5.3 million (YE23: EUR 3.7 million).

Other countries
The stock of provisions for pending legal disputes in the other group entities increased by EUR 0.1 million (1H23: releases EUR 0.2 million) during the first six months of 2024, which by taking into consideration also EUR 0.1 million utilisation (1H23: EUR 0.8 million) was leading to an overall stock of provisions of EUR 3.4 million (YE23: EUR 3.4 million).

(26) Other liabilities

EUR m

	30.06.2024	31.12.2023
Deferred income	2.0	1.5
Accruals and other liabilities	44.2	42.7
Liabilities for variable payments	8.3	10.9
Liabilities for cash-settled share-based payments	1.9	2.5
Liabilities for other taxes	4.7	2.5
Liabilities for other taxes on salaries	0.9	0.8
Liabilities for contributions on salaries	1.5	1.3
Liabilities for net salaries	2.6	2.7
Accruals and other liabilities	23.6	30.2
Total	**46.1**	**44.2**

Deferred income as at 30 June 2024 contains contract liabilities in accordance with IFRS 15 in the amount of EUR 1.6 million (YE23: EUR 1.5 million). The amount of EUR 0.7 million included in contract liabilities as at 31 December 2023 has been recognised as revenue in the first six months of 2024 (1H23: EUR 0.6 million).

(27) Equity

EUR m

	30.06.2024	31.12.2023
Equity holders of parent	**806.4**	**801.1**
Subscribed capital	195.0	195.0
Treasury shares	-2.9	-2.2
Capital reserves	237.9	237.9
Fair value reserve debt instruments	-44.3	-48.6
Fair value reserve equity instruments	3.5	3.2
Remeasurement on defined benefit plans	0.5	0.5
Foreign currency reserve	-11.0	-11.2
Cumulated result and other reserves	427.8	426.5
Total	**806.4**	**801.1**

Segment Reporting

The Addiko Group segment reporting is based on IFRS 8 Operating Segments, which adopts the management approach. Accordingly, segment data is prepared based on the internal management reporting that is regularly reviewed by the leadership team as chief operating decision makers (CODM) to assess the performance of the segments and make decisions regarding the allocation of resources. The business segmentation is subdivided into Consumer and SME Segment, which are the focus segments and into non-focus segment, which are Large Corporates, Public Finance and Mortgages.

The Addiko Group does not have revenues from transactions with one single external customer amounting to 10% or more of the Addiko Group's total revenues.

Business Segmentation

The segment reporting comprises the following business segments:

- **Consumer:** serves ca. 0.8 million customers, which includes Private Individuals (excluding mortgage and housing loans) through a hybrid distribution consisting of a network of 155 branches and digital channels.
- **SME**: serves approximately 40 thousand SME clients (companies and private entrepreneurs with annual turnover between EUR 0 million and EUR 50 million) in the CSEE region.
- **Mortgage**: comprises Retail customers with loans related to real estate purchase (housing loans also excluding a collateral) or leveraging private real estate as collateral.
- **Large Corporates**: includes legal entities with annual gross revenues of more than EUR 50 million.
- **Public Finance:** comprises businesses oriented on participation in public tenders for the financing requirements of key public institutions in CSEE countries, ministries of finance, state enterprises and local governments.
- **Corporate Center**: consists of the Treasury business as well as central functions items such as overhead, project-related operating expenses, contributions to the Single Resolution Fund, bank levies and the intercompany reconciliation. In addition, this segment includes direct deposit activities with customers in Austria and Germany.

Segments overview

EUR m

30.06.2024	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net banking income	88.8	57.8	10.7	3.6	2.6	-7.5	155.9
Net interest income	68.0	44.4	10.7	2.7	2.2	-7.3	120.6
o/w regular interest income	64.5	37.3	7.7	2.0	0.9	35.2	147.6
Net fee and commission income	20.8	13.4	0.0	1.0	0.4	-0.2	35.3
Net result from financial instruments	0.0	0.0	0.0	0.0	0.0	0.5	0.5
Other operating result	0.0	0.0	0.0	0.0	0.0	-5.4	-5.4
Operating income	**88.8**	**57.8**	**10.7**	**3.6**	**2.6**	**-12.5**	**151.0**
General administrative expenses	**-45.4**	**-18.7**	**-0.8**	**-1.7**	**-1.0**	**-29.4**	**-97.0**
Operating result before impairments and provisions	**43.4**	**39.1**	**9.9**	**1.9**	**1.6**	**-41.8**	**54.0**
Other result	0.0	0.0	0.0	0.0	0.0	-5.5	-5.5
Expected credit loss expenses on financial assets	-10.1	-8.5	2.6	0.3	-0.1	0.3	-15.5
Result before tax	**33.3**	**30.6**	**12.5**	**2.2**	**1.5**	**-47.0**	**33.1**
Business volume							
Net loans and receivables	1,787.0	1,324.9	333.3	55.8	24.7	24.3	3,549.9
o/w gross performing loans customers	1,802.5	1,331.8	333.5	54.8	24.7		3,547.2
Gross disbursements	428.0	363.1	0.0	7.6	0.0		798.6
Financial liabilities at AC [1]	2,846.1	1,056.0	0.0	92.9	268.5	908.6	5,172.2
RWA [2]	1,362.1	920.8	191.6	75.8	14.1	555.9	3,120.3
Key ratios							
NIM [3]	5.4%	3.9%	-0.8%	3.2%	0.9%		4.0%
Cost/income ratio	51.2%	32.3%	7.4%	48.0%	37.9%		62.2%
Cost of risk ratio	-0.5%	-0.4%	0.7%	0.2%	-0.3%		-0.3%
Loan to deposit ratio	62.8%	125.5%	0.0%	60.0%	9.2%		70.5%
NPE ratio (on-balance loans)	3.3%	3.1%	4.7%	16.9%	6.9%		2.8%
NPE coverage ratio	80.8%	78.3%	82.6%	83.8%	98.1%		80.7%
NPE collateral coverage	0.3%	25.5%	80.7%	72.8%	59.7%		25.5%
Change CL/GPL (simple average)	-0.6%	-0.6%	0.7%	0.5%	-0.4%		-0.4%
Yield GPL (simple average)	7.4%	5.7%	4.5%	6.3%	6.3%		6.4%

[1] Financial liabilities at AC include the Direct deposits (Austria/Germany) amounting to EUR 561 million, EUR 88 million Deposits from credit institutions and EUR 260 million Other liabilities. [2] Includes only credit risk. [3] Net interest margin at segment level is the sum of interest income (without interest income on NPE) and expenses, including funds transfer pricing, divided by the respective average business volume using daily balances.

The Corporate Center segment includes consolidation items in the amount of EUR 60.1 million, relating to the elimination of intragroup dividends, measurement of consolidated participations, credit loss expenses on intragroup refinancing lines and gains/losses from the intragroup sale of debt instruments.

EUR m

30.06.2023	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net banking income	77.4	47.7	11.6	4.2	2.9	-3.1	140.7
Net interest income	58.7	35.4	11.6	2.8	2.6	-3.0	108.1
o/w regular interest income	54.8	30.1	9.2	2.4	0.9	25.1	122.4
Net fee and commission income	18.7	12.3	0.0	1.4	0.4	-0.2	32.5
Net result from financial instruments	0.0	0.0	0.0	0.0	0.0	0.7	0.7
Other operating result	0.0	0.0	0.0	0.0	0.0	-4.9	-4.9
Operating income	**77.4**	**47.7**	**11.6**	**4.2**	**2.9**	**-7.3**	**136.5**
General administrative expenses	**-41.0**	**-16.8**	**-0.7**	**-1.7**	**-0.9**	**-25.7**	**-86.9**
Operating result before impairments and provisions	**36.3**	**30.9**	**10.9**	**2.5**	**2.0**	**-33.0**	**49.6**
Other result	0.0	0.0	0.0	0.0	0.0	-16.5	-16.5
Expected credit loss expenses on financial assets	-6.0	-6.0	2.0	1.0	0.1	-0.2	-9.2
Result before tax	**30.3**	**24.8**	**12.9**	**3.5**	**2.2**	**-49.7**	**24.0**
Business volume							
Net loans and receivables	1,589.9	1,296.8	394.9	102.0	37.1	50.6	3,471.3
o/w gross performing loans customers	1,606.4	1,297.5	393.6	101.7	36.5		3,435.6
Gross disbursements	327.8	429.8	0.0	7.7	0.2		765.3
Financial liabilities at AC [1]	2,718.4	1,076.7	0.0	212.0	242.9	750.0	5,000.1
RWA [2]	1,212.4	932.8	237.7	130.2	20.2	503.6	3,037.0
Key ratios							
NIM [3]	5.4%	3.3%	-0.1%	2.2%	0.7%		3.7%
Cost/income ratio	53.1%	35.3%	6.0%	40.8%	31.1%		61.7%
Cost of risk ratio	-0.3%	-0.3%	0.5%	0.4%	0.3%		-0.2%
Loan to deposit ratio	58.5%	120.4%	-	48.1%	15.3%		70.6%
NPE ratio (on-balance loans)	3.8%	3.9%	5.7%	8.9%	6.8%		3.3%
NPE coverage ratio	80.1%	73.9%	78.6%	90.7%	62.2%		78.0%
NPE collateral coverage	2.3%	44.5%	79.6%	90.5%	100.0%		36.9%
Change CL/GPL (simple average)	-0.4%	-0.5%	0.5%	1.0%	0.3%		-0.3%
Yield GPL (simple average)	7.0%	4.9%	4.5%	4.7%	4.4%		5.8%

[1] Financial liabilities at AC include the Direct deposits (Austria/Germany) amounting to EUR 539 million, EUR 128 million Deposits from credit institutions and EUR 83 million Other liabilities. [2] Includes only credit risk. [3] Net interest margin at segment level is the sum of interest income (without interest income on NPE) and expenses, including funds transfer pricing, divided by the respective average business volume using daily balances.

The Corporate Center segment includes consolidation items in an amount of EUR 46.2 million, relating to the elimination of intragroup dividends, measurement of consolidated participations, credit loss expenses on intragroup refinancing lines and gains/losses from the intragroup sale of debt instruments.

The net interest income breakdown explains the net interest income details per segment up to total bank. It lists all sub-positions of the net interest income including the customer margin assets and liabilities, the basic items within the interest Gap Contribution and Asset Contribution.

EUR m

30.06.2024	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net interest income	**68.0**	**44.4**	**10.7**	**2.7**	**2.2**	**-7.3**	**120.6**
o/w Interest income	**67.8**	**39.6**	**8.7**	**2.2**	**0.9**	**35.2**	**154.3**
o/w Regular interest income	64.5	37.3	7.7	2.0	0.9	35.2	147.6
o/w Interest income on NPE	0.5	0.1	0.1	0.1	0.0	0.0	0.9
o/w Interest like income	2.7	2.1	0.8	0.1	0.0	0.0	5.8
o/w Interest expenses	**-14.0**	**-2.5**	**0.0**	**-0.5**	**-1.7**	**-15.0**	**-33.7**
o/w FTP (assets & liabilities)	**-1.3**	**-12.9**	**-9.9**	**-0.3**	**1.8**	**-29.8**	**-52.4**
o/w Interest gap contribution	**15.5**	**20.3**	**11.9**	**1.2**	**1.2**	**2.3**	**52.4**
o/w Asset contribution	15.5	20.3	11.9	1.2	1.2	-50.1	0.0
o/w Interest gap contribution	0.0	0.0	0.0	0.0	0.0	52.4	52.4

EUR m

30.06.2023	Focus segments		Non-focus segments			Corporate Center	Total
	Consumer	SME Business	Mortgage	Large Corporates	Public Finance		
Net interest income	**58.7**	**35.4**	**11.6**	**2.8**	**2.6**	**-3.0**	**108.1**
o/w Interest income	**57.8**	**32.2**	**9.7**	**2.5**	**0.9**	**25.1**	**128.3**
o/w Regular Interest Income	54.8	30.1	9.2	2.4	0.9	25.1	122.4
o/w Interest income on NPE	0.6	0.2	0.2	0.0	0.0	0.0	1.1
o/w Interest like income	2.5	1.9	0.3	0.1	0.0	0.0	4.8
o/w Interest expenses	**-6.6**	**-2.3**	**0.0**	**-1.5**	**-1.0**	**-8.8**	**-20.1**
o/w FTP (asset & liabilities)	**-4.2**	**-10.4**	**-9.6**	**0.7**	**1.4**	**-22.6**	**-44.8**
o/w Interest gap contribution	**11.6**	**15.9**	**11.6**	**1.2**	**1.2**	**3.4**	**44.8**
o/w Asset contribution	11.6	15.9	11.6	1.2	1.2	-41.4	0.0
o/w Interest gap contribution	0.0	0.0	0.0	0.0	0.0	44.8	44.8

The relation between net commission income and reportable segments can be seen in the tables below:

EUR m

30.06.2024	Focus segments		Non-focus segments [1]		Corporate Center	Total
	Consumer	SME Business	Large Corporates	Public Finance		
Accounts and Packages	11.7	3.4	0.1	0.1	0.0	15.3
Transactions	2.7	6.1	0.5	0.3	0.4	10.0
Cards	8.0	1.0	0.0	0.0	0.0	9.1
Bancassurance	3.8	0.0	0.0	0.0	0.0	3.8
Foreign exchange & Dynamic currency conversion	2.2	1.0	0.1	0.0	0.2	3.5
Trade finance	0.0	2.3	0.4	0.0	0.1	2.8
Loans	1.2	1.2	0.1	0.0	0.0	2.5
Securities	0.0	0.0	0.1	0.0	-0.1	0.0
Deposits	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.3	0.2	0.0	0.0	0.0	0.5
Fee and commission income	**30.0**	**15.3**	**1.2**	**0.4**	**0.6**	**47.5**
Cards	-6.1	-0.4	0.0	0.0	0.0	-6.5
Transactions	-0.8	-1.1	-0.1	-0.1	-0.2	-2.3
Client incentives	-1.0	-0.2	0.0	0.0	0.0	-1.2
Accounts and Packages	-0.6	0.0	0.0	0.0	-0.1	-0.8
Loans	-0.5	-0.1	0.0	0.0	0.0	-0.6
Bancassurance	-0.2	0.0	0.0	0.0	0.0	-0.2
Securities	0.0	0.0	0.0	0.0	-0.1	-0.1
Foreign exchange & Dynamic currency conversion	0.0	0.0	0.0	0.0	-0.1	-0.1
Trade finance	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	-0.4	-0.4
Fee and commission expenses	**-9.3**	**-1.8**	**-0.2**	**-0.1**	**-0.8**	**-12.2**
Net fee and commission income	**20.8**	**13.4**	**1.0**	**0.4**	**-0.2**	**35.3**

[1] Segment Mortgage not presented in this table as the segment does not generate net commission income.

EUR m

30.06.2023	Focus segments		Non-focus segments [1]		Corporate Center	Total
	Consumer	SME Business	Large Corporates	Public Finance		
Accounts und Packages	10.6	2.8	0.1	0.1	0.0	13.6
Transactions	2.3	5.9	0.7	0.3	0.3	9.6
Cards	7.1	0.9	0.0	0.0	0.0	8.0
Foreign exchange & Dynamic currency conversion	2.3	0.9	0.2	0.0	0.2	3.6
Bancassurance	3.0	0.0	0.0	0.0	0.0	3.0
Trade finance	0.0	2.2	0.4	0.0	0.0	2.6
Loans	1.3	1.1	0.0	0.0	0.0	2.5
Deposits	0.0	0.0	0.0	0.0	0.0	0.0
Securities	0.0	0.0	0.1	0.0	-0.1	0.1
Other	0.3	0.2	0.1	0.0	0.0	0.5
Fee and commission income	**27.0**	**14.0**	**1.7**	**0.5**	**0.4**	**43.5**
Cards	-5.5	-0.3	0.0	0.0	0.0	-5.8
Transactions	-0.8	-0.9	-0.1	-0.1	-0.1	-2.1
Accounts and Packages	-0.5	0.0	-0.1	0.0	-0.1	-0.7
Loans	-0.4	-0.1	0.0	0.0	0.0	-0.5
Client incentives	-0.8	-0.3	0.0	0.0	0.0	-1.1
Bancassurance	-0.2	0.0	0.0	0.0	0.0	-0.2
Securities	0.0	0.0	0.0	0.0	-0.1	-0.1
Foreign exchange & Dynamic currency conversion	0.0	0.0	0.0	0.0	0.0	-0.1
Trade finance	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	-0.1	0.0	-0.3	-0.4
Fee and commission expenses	**-8.3**	**-1.7**	**-0.3**	**-0.1**	**-0.6**	**-11.0**
Net fee and commission income	**18.7**	**12.3**	**1.4**	**0.4**	**-0.2**	**32.5**

[1] Segment Mortgage not presented in this table as the segment does not generate net commission income.

Geographical Segmentation

Addiko Bank is an international banking group headquartered in Vienna, Austria, operating through six banks with its core business in Croatia (ABC), Slovenia (ABS), Bosnia & Herzegovina with two separate banks in Banja Luka (ABBL) and Sarajevo (ABSA), Serbia (ABSE) and Montenegro (ABM). Therefore, the revenues are generated in the CSEE region. In Austria only online deposits for clients in Austria and Germany are provided. Customer groups are not aggregated and assigned to a single country but allocated to their respective countries on single entity level. The geographical segmentation of income from external customers is shown in compliance with IFRSs and does not reflect the Group's management structure, the Management believes that the business segmentation provides a more informative description of the Group's activities. The Reco column includes mainly the intercompany reconciliation.

EUR m

30.06.2024	ABS	ABC	ABSE	ABSA	ABBL	ABM	ABH[4]	Reco	Addiko Group
Net banking income	38.2	50.1	28.9	16.6	15.8	7.4	-0.2	-1.0	155.9
Net interest income	30.7	38.2	22.9	12.1	11.2	6.4	0.1	-1.0	120.6
o/w regular interest income [1]	39.3	42.6	28.6	13.0	13.0	6.7	8.9	-4.3	147.6
Net fee and commission income	7.5	11.9	6.0	4.5	4.6	1.0	-0.3	0.0	35.3
Net result from financial instruments	0.2	0.0	0.2	0.2	0.0	0.0	56.4	-56.5	0.5
Other operating result	-2.2	0.3	-1.3	0.6	-0.6	-0.9	-0.7	-0.6	-5.4
Operating income	**36.2**	**50.3**	**27.8**	**17.4**	**15.2**	**6.6**	**55.5**	**-58.0**	**151.0**
General administrative expenses	**-15.7**	**-21.9**	**-15.0**	**-8.1**	**-8.0**	**-4.6**	**-19.7**	**-3.9**	**-97.0**
Operating result before impairments and provisions	**20.5**	**28.4**	**12.8**	**9.3**	**7.2**	**2.0**	**35.8**	**-61.9**	**54.0**
Other result	-2.5	-3.7	-1.5	0.0	-0.2	-0.1	0.0	2.5	-5.5
Expected credit loss expenses on financial assets	-6.8	-3.2	-4.7	-0.2	-0.1	0.0	0.3	-0.7	-15.5
Result before tax	**11.1**	**21.5**	**6.6**	**9.0**	**6.9**	**2.0**	**36.1**	**-60.1**	**33.1**
Total assets	**1,377.3**	**2,171.9**	**886.0**	**648.6**	**527.2**	**223.8**	**1,145.5**	**-854.8**	**6,125.5**
Business volume									
Loans and receivables	988.6	1,198.2	564.2	293.5	344.5	161.5	71.3	-71.9	3,549.9
o/w gross performing loans customers	1,004.9	1,183.3	559.1	293.4	346.8	159.8	0.0		3,547.2
Gross disbursements	189.5	261.8	149.8	84.3	77.4	35.9	0.0		798.6
Financial liabilities at AC [2]	1,168.0	1,694.7	674.4	541.6	421.4	183.1	602.3	-113.2	5,172.2
RWA [3]	753.6	1,007.6	526.5	303.6	311.3	156.5	59.2	1.9	3,120.3
Key ratios									
Net interest margin (NIM)	4.4%	3.5%	5.0%	4.0%	4.3%	5.6%	0.0%		4.0%
CIR	41.2%	43.8%	51.9%	49.0%	50.9%	61.3%	n.m.		62.2%
Cost of risk ratio	-0.5%	-0.2%	-0.6%	-0.1%	0.0%	-0.1%	0.3%		-0.3%
Loan to deposit ratio	90.3%	73.5%	89.7%	54.9%	84.0%	91.4%			70.5%
NPE ratio (on-balance loans)	2.1%	2.8%	4.2%	2.0%	3.6%	4.4%			2.8%
NPE coverage ratio	84.3%	87.3%	65.1%	79.4%	87.1%	81.5%			80.7%
NPE collateral coverage	12.2%	47.0%	15.8%	14.0%	6.6%	32.9%			25.5%
Change CL/GPL (simple average)	-0.7%	-0.3%	-0.8%	-0.1%	0.0%	0.0%			-0.4%
Yield GPL (simple average)	6.5%	5.2%	8.5%	6.2%	6.5%	7.8%			6.4%

[1] Regular interest income is related to booked interests excluding interest like income, interest income on NPE and funds transfer pricing. [2] Direct deposits (Austria/Germany) amounting to EUR 561 million presented in ABH. [3] Includes only credit risk. [4] In ABH intragroup exposures are included.

EUR m

30.06.2023	ABS	ABC	ABSE	ABSA	ABBL	ABM	ABH[4]	Reco	Addiko Group
Net banking income	34.9	44.4	25.1	13.5	14.6	7.1	1.9	-0.8	140.7
Net interest income	27.6	34.0	19.5	9.4	10.2	6.1	2.1	-0.8	108.1
o/w regular interest income [1]	31.1	35.3	24.7	9.6	11.0	6.5	7.5	-3.3	122.4
Net fee and commission income	7.2	10.4	5.6	4.1	4.3	1.1	-0.1	0.0	32.5
Net result from financial instruments	0.3	0.5	0.0	0.0	0.0	0.0	39.9	-40.0	0.7
Other operating result	-0.6	-0.8	-1.1	-0.4	-0.3	-0.7	-0.2	-0.8	-4.9
Operating income	**34.5**	**44.1**	**24.0**	**13.1**	**14.2**	**6.5**	**41.6**	**-41.5**	**136.5**
General administrative expenses	**-14.5**	**-22.4**	**-13.5**	**-7.5**	**-7.5**	**-4.0**	**-14.4**	**-3.1**	**-86.9**
Operating result before impairments and provisions	**20.0**	**21.7**	**10.5**	**5.5**	**6.7**	**2.6**	**27.2**	**-44.5**	**49.6**
Other result	-3.6	-7.7	-1.1	-0.9	-1.1	-0.1	0.0	-1.9	-16.5
Expected credit loss expenses on financial assets	-4.8	-2.6	-4.8	0.2	0.5	0.0	-0.1	2.5	-9.2
Result before tax	**11.6**	**11.4**	**4.6**	**4.8**	**6.1**	**2.5**	**27.1**	**-44.0**	**24.0**
Total assets	**1,337.6**	**2,167.4**	**852.0**	**543.5**	**474.5**	**223.5**	**1,145.5**	**-868.5**	**5,875.5**
Business volume									
Loans and receivables	1,021.0	1,128.8	600.5	281.5	335.5	165.5	49.3	-110.7	3,471.3
o/w gross performing loans customers	982.7	1,118.6	563.3	281.1	327.2	162.7	0.0		3,435.6
Gross disbursements	162.2	273.0	143.7	81.9	71.5	33.0	0.0		765.3
Financial liabilities at AC [2]	1,132.0	1,731.9	639.8	444.3	380.5	187.3	619.5	-135.2	5,000.1
RWA [3]	750.3	961.8	516.9	308.0	297.9	161.6	33.6	6.9	3,037.0
Key ratios									
Net interest margin (NIM)	4.2%	3.1%	4.6%	3.6%	4.2%	5.5%	0.4%		3.7%
CIR	41.5%	50.5%	53.8%	56.0%	51.6%	55.4%	n.m.		61.7%
Cost of risk ratio	-0.4%	-0.2%	-0.6%	0.0%	0.1%	0.0%	-0.2%		-0.2%
Loan to deposit ratio	91.3%	67.6%	96.5%	64.2%	86.8%	90.3%			70.6%
NPE ratio (on-balance loans)	2.4%	3.6%	4.2%	2.9%	3.9%	6.4%			3.3%
NPE coverage ratio	76.3%	83.8%	69.1%	81.8%	80.5%	69.1%			78.0%
NPE collateral coverage	40.9%	48.3%	18.4%	15.9%	17.8%	58.7%			36.9%
Change CL/GPL (simple average)	-0.5%	-0.2%	-0.9%	0.1%	0.2%	0.0%			-0.3%
Yield GPL (simple average)	5.6%	4.8%	7.5%	6.0%	6.3%	7.4%			5.8%

[1] Regular interest income is related to booked interests excluding interest like income, interest income on NPE and funds transfer pricing. [2] Direct deposits (Austria/Germany) amounting to EUR 539 million presented in ABH. [3] Includes only credit risk. [4] In ABH intragroup exposures are included.

Risk Report

A summary of Addiko risk policies in relation to risk management, internal organisation, risk strategy and risk appetite framework organisation is set out in the note of the same name in the consolidated financial statements as of 31 December 2023.

(28) Credit risk

28.1. Reconciliation between Financial instruments classes and Credit risk exposure

The credit risk exposure comprises the gross carrying amount (or nominal value in the case of off-balance-sheet exposures) without taking into account expected credit losses (including those for guarantees), any collateral held, netting effects, other credit enhancements or credit risk mitigating transactions. Market values are used to calculate the relevant exposure for securities classified in the Hold-to-Collect&Sale business model, whereas amortised cost is used for loans and securities classified in the Hold-to-Collect business model. Unless explicitly stated differently, all values in the risk report are shown inclusive of the portfolio that is classified as held for sale according to IFRS 5.

Breakdown of net exposure within the Group in accordance with IFRS 7.35M as of 30 June 2024:

EUR m

30.06.2024	Performing			Non Performing			Total	
Financial instruments	Exposure	ECL	Net	Exposure	ECL	Net	Exposure	Net
Cash and cash equivalents [1]	993.6	-0.1	993.5	0.0	0.0	0.0	993.6	993.5
Financial assets held for trading	28.9		28.9	0.0		0.0	28.9	28.9
Loans and receivables	3,577.2	-52.0	3,525.2	131.8	-107.1	24.7	3,709.0	3,549.9
of which credit institutions	5.9	0.0	5.9	0.0	0.0	0.0	5.9	5.9
of which customer loans	3,571.3	-52.0	3,519.3	131.8	-107.1	24.7	3,703.1	3,544.0
Investment Securities [2)3)]	1,336.0	-0.6	1,283.1	0.0	0.0	0.0	1,336.0	1,283.1
Other Assets - IFRS 5	0.0	0.0	0.0	1.0	-0.7	0.3	1.0	0.3
On balance total	**5,935.7**	**-52.6**	**5,830.7**	**132.9**	**-107.9**	**25.0**	**6,068.5**	**5,855.7**
Off Balance	834.5	-4.7	829.8	3.7	-2.3	1.4	838.1	831.2
ECL on FVTOCI debt securities [3]	-52.7	0.4	0.0	0.0	0.0	0.0	-52.7	0.0
Total	**6,717.4**	**-56.9**	**6,660.5**	**136.5**	**-110.2**	**26.4**	**6,854.0**	**6,686.9**
Adjustment [4]	-0.6		-0.6			0.0	-0.6	-0.6
Total credit risk exposure	**6,716.8**	**-56.9**	**6,659.9**	**136.5**	**-110.2**	**26.4**	**6,853.4**	**6,686.3**

[1] The position does not include cash on hand in amount of EUR 133.1 million. [2] Investment securities, without equity instruments, including participation in the bank resolution fund in Slovenia. [3] For debt securities at FVTOCI the exposure is calculated based on the amortised cost before adjusting for any loss allowance and for this reason it does not include any changes of the fair value of the instruments. For credit risk purposes the fair value of the instruments is considered. For this reason, also the related ECL is not included as this is already reflected in the fair value of the underlying instruments.
[4] Adjustment includes reconciliation differences between the gross carrying amount and the carrying amount of the credit risk exposure components.

The following table shows the exposure in accordance with IFRS 7.35M as of 31 December 2023:

EUR m

31.12.2023	Performing			Non Performing			Total	
Financial instruments	Exposure	ECL	Net	Exposure	ECL	Net	Exposure	Net
Cash and cash equivalents [1]	1,140.3	-0.2	1,140.1	0.0	0.0	0.0	1,140.3	1,140.1
Financial assets held for trading	29.5		29.5	0.0		0.0	29.5	29.5
Loans and receivables	3,584.0	-53.0	3,530.9	133.1	-108.2	24.9	3,717.1	3,555.8
of which credit institutions	66.7	-0.1	66.6	0.0	0.0	0.0	66.7	66.6
of which customer loans	3,517.2	-53.0	3,464.3	133.1	-108.2	24.9	3,650.3	3,489.2
Investment Securities [2][3]	1,230.2	-0.8	1,172.2	0.0	0.0	0.0	1,230.2	1,172.2
Other Assets - IFRS 5	0.0	0.0	0.0	0.6	-0.5	0.2	0.6	0.2
On balance total	**5,984.0**	**-54.0**	**5,872.8**	**133.7**	**-108.7**	**25.1**	**6,117.7**	**5,897.8**
Off-balance	873.6	-4.2	869.3	4.2	-2.9	1.3	877.8	870.6
ECL and FV on FVTOCI debt securities [3]	-57.8	0.6	0.0	0.0	0.0	0.0	-57.8	0.0
Total	**6,799.7**	**-57.6**	**6,742.1**	**138.0**	**-111.6**	**26.4**	**6,937.7**	**6,768.4**
Adjustment [4]	-8.4		-8.4			0.0	-8.4	-8.4
Total credit risk exposure	**6,791.3**	**-57.6**	**6,733.7**	**138.0**	**-111.6**	**26.4**	**6,929.3**	**6,760.1**

[1] The position does not include cash on hand in amount of EUR 119.9 million. [2] Investment securities, without equity instruments, including participation in the bank resolution fund in Slovenia. [3] For debt securities at FVTOCI the exposure is calculated based on the amortised cost before adjusting for any loss allowance and for this reason it does not include any changes of the fair value of the instruments. For credit risk purposes the fair value of the instruments is considered. For this reason, also the related ECL is not included as this is already reflected in the fair value of the underlying instruments. [4] Adjustment includes reconciliation differences between the gross carrying amount and the carrying amount of the credit risk exposure components as well as temporary accounts which are used for the recognition of withdrawals from ATMs during the last weekend of the year.

28.2. Allocation of credit risk exposure within the Group

As of 30 June 2024, the overall gross exposure within the Group decreased by EUR 76.0 million (or -1.1%) compared to YE23. In line with the business strategy, the decrease was driven by the non-focus portfolio as well as by reductions within the Corporate Center, while the focus portfolio further increased as planned.

Exposure levels diminished across all group entities, with the exception of Addiko Bank AG (Holding) and Addiko Bank Sarajevo. This reduction, aside from decreases in non-focus segments, was largely influenced by reductions within the Corporate Center across most legal entities.

Within the Group, the credit risk exposure breaks down as presented in the following table.

EUR m

	30.06.2024	31.12.2023
Addiko Croatia	2,323.3	2,356.6
Addiko Slovenia	1,654.9	1,678.9
Addiko Serbia	1,054.3	1,130.5
Addiko in Bosnia & Herzegovina	1,269.2	1,213.1
Addiko in Montenegro	225.0	236.4
Addiko Holding	326.7	313.8
Total	**6,853.4**	**6,929.3**

28.3. Credit risk exposure by rating class

As of 30 June 2024 roughly 37.9% (YE23: 37.3%) of the exposure falls into rating classes 1A to 1E. This portion is largely associated with receivables from financial institutions and private individuals, with a minor part pertaining to corporate and sovereign debts.

During the first half of 2024 the NPE Stock remains on the same level as YE23, while increases in the Consumer portfolio (in almost all group entities except Addiko Bank Croatia and Addiko Bank Montenegro) have been offset by reductions within the other segments, because of write offs and portfolio sales as well as due to collection effects.

The following table shows the exposure by rating classes and market segment as of 30 June 2024:

EUR m

30.06.2024	1A-1E	2A-2E	3A-3E	4A-4E	NPE	No rating	Total
Consumer	344.0	1,131.7	332.3	157.6	61.5	10.7	2,037.8
SME	271.6	1,104.8	401.7	105.3	44.5	3.1	1,931.0
Non Focus	207.7	236.6	58.8	17.1	30.5	1.3	552.0
o/w Large Corporate	21.4	94.3	36.1	4.6	12.3	1.1	169.9
o/w Mortgage	171.6	131.8	19.5	10.7	16.4	0.2	350.1
o/w Public Finance	14.7	10.5	3.1	1.9	1.9	0.0	32.0
Corporate Center [1)]	1,774.3	333.8	224.2	0.2	0.0	0.0	2,332.6
Total	**2,597.6**	**2,806.8**	**1,016.9**	**280.3**	**136.5**	**15.1**	**6,853.4**

[1)] Corporate Center includes financial institutions considering national bank exposure, on demand deposits as well as securities.

The following table shows the exposure by rating classes and market segment as of 31 December 2023:

EUR m

31.12.2023	1A-1E	2A-2E	3A-3E	4A-4E	NPE	No rating	Total
Consumer	328.8	1,014.8	347.5	158.4	57.7	17.7	1,924.9
SME	255.1	1,118.7	438.0	97.1	45.7	3.5	1,958.1
Non-Focus	245.7	264.2	65.9	23.0	34.5	1.6	634.9
o/w Large Corporate	31.0	105.0	38.6	9.7	14.1	1.3	199.7
o/w Mortgage	185.0	144.7	22.1	11.9	18.3	0.2	382.3
o/w Public Finance	29.7	14.5	5.2	1.4	2.1	0.0	53.0
Corporate Center [1)]	1,754.2	372.3	275.0	0.0	0.0	10.0	2,411.4
Total	**2,583.8**	**2,770.0**	**1,126.4**	**278.4**	**138.0**	**32.8**	**6,929.3**

[1)] Corporate Center includes financial institutions considering national bank exposure, on demand deposits as well as securities.

The classification of credit assets into risk grades is based on Addiko internal ratings. For external reporting, internal rating grades are grouped into the following five risk categories:

- 1A-1E: representing customers with a very low risk, having the best, excellent or very good credit standing (comparable to Moody's rating Aaa-Baa3),
- 2A-2E: representing customers with a good or moderate credit standing (comparable to Moody's rating Ba1-B1),
- 3A-3E: representing customers with a medium or high credit risk (comparable to Moody's rating B2-Caa1),
- 4A-4E: representing customers with a very high credit risk or who are likely to default. This class includes customers which may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term (comparable to Moody's rating Caa2-C),
- NPE (default): one or more of the default criteria under Article 178 CRR are met: among others, interest or principal payments on a material exposure have been overdue for more than 90 days, the bank significantly doubts the customer's credit standing, there are risk-oriented restructuring measures leading to a forborne non-performing exposure, there is a realisation of a loan loss or bankruptcy proceedings are initiated (comparable to Moody's rating Default).

The Addiko Group applies the customer view to all customer segments, including retail clients. If an obligor defaults on one deal, then all the customer's performing transactions are classified as non-performing as well. The classifications per rating class and ECL stage can be seen in the tables below.

Loans and advances to customers at amortised cost:

EUR m

30.06.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	593.3	15.9	0.0	1.1	610.3
2A-2E	1,934.6	95.0	0.0	1.7	2,031.3
3A-3E	544.6	113.7	0.0	0.9	659.3
4A-4E	25.9	239.0	0.5	0.2	265.7
NPE	0.0	0.0	128.0	3.2	131.2
No rating	5.3	0.0	0.0	0.0	5.3
Total gross carrying amount	**3,103.6**	**463.8**	**128.6**	**7.1**	**3,703.1**
Loss allowance	-17.7	-34.2	-106.2	-1.0	-159.1
Carrying amount	**3,085.9**	**429.5**	**22.5**	**6.1**	**3,544.0**

EUR m

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	577.8	20.8	0.0	1.0	599.6
2A-2E	1,803.3	127.7	0.3	1.7	1,933.0
3A-3E	596.9	117.3	0.1	0.9	715.3
4A-4E	28.3	232.5	1.5	0.4	262.6
NPE	0.0	0.0	129.0	2.2	131.2
No rating	8.5	0.2	0.0	0.0	8.7
Total gross carrying amount	**3,014.8**	**498.5**	**130.9**	**6.2**	**3,650.3**
Loss allowance	-18.4	-34.5	-107.1	-1.1	-161.2
Carrying amount	**2,996.3**	**464.0**	**23.8**	**5.1**	**3,489.2**

Loans and advances to credit institutions at amortised cost, cash balances at central banks and other demand deposits:

EUR m

30.06.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	704.2	0.0	0.0	0.0	704.2
2A-2E	123.4	0.0	0.0	0.0	123.4
3A-3E	171.8	0.0	0.0	0.0	171.8
4A-4E	0.0	0.0	0.0	0.0	0.0
NPE	0.0	0.0	0.0	0.0	0.0
No rating	0.0	0.0	0.0	0.0	0.0
Total gross carrying amount	**999.5**	**0.0**	**0.0**	**0.0**	**999.5**
Loss allowance	-0.1	0.0	0.0	0.0	-0.1
Carrying amount	**999.4**	**0.0**	**0.0**	**0.0**	**999.4**

EUR m

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	793.3	0.0	0.0	0.0	793.3
2A-2E	178.1	0.9	0.0	0.0	179.0
3A-3E	224.6	0.0	0.0	0.0	224.6
4A-4E	0.0	0.0	0.0	0.0	0.0
NPE	0.0	0.0	0.0	0.0	0.0
No rating	10.0	0.0	0.0	0.0	10.0
Total gross carrying amount	**1,206.0**	**1.0**	**0.0**	**0.0**	**1,207.0**
Loss allowance	-0.2	0.0	0.0	0.0	-0.2
Carrying amount	**1,205.8**	**0.9**	**0.0**	**0.0**	**1,206.7**

Debt instruments measured at FVTOCI:

EUR m

30.06.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	555.8	3.0	0.0	0.0	558.8
2A-2E	146.5	0.0	0.0	0.0	146.5
3A-3E	36.2	0.0	0.0	0.0	36.2
4A-4E	0.0	0.0	0.0	0.0	0.0
NPE	0.0	0.0	0.0	0.0	0.0
No rating	0.0	0.0	0.0	0.0	0.0
Total gross carrying amount	**738.5**	**3.0**	**0.0**	**0.0**	**741.5**
Loss allowance	-0.4	0.0	0.0	0.0	-0.4
FV [1)]	-52.0	-0.2	0.0	0.0	-52.3
Carrying amount	**686.1**	**2.8**	**0.0**	**0.0**	**688.8**

[1)] For debt securities at FVTOCI the exposure is calculated based on the amortised cost before adjusting for any loss allowance and for this reason it does not include any changes of the fair value of the instruments. For credit risk purposes the fair value of the instruments is considered. For this reason, also the related ECL is not included as this is already reflected in the fair value of the underlying instruments.

EUR m

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	579.7	3.0	0.0	0.0	582.7
2A-2E	147.7	0.0	0.0	0.0	147.7
3A-3E	36.9	0.0	0.0	0.0	36.9
4A-4E	0.0	0.0	0.0	0.0	0.0
NPE	0.0	0.0	0.0	0.0	0.0
No rating	0.0	0.0	0.0	0.0	0.0
Total gross carrying amount	**764.3**	**3.0**	**0.0**	**0.0**	**767.3**
Loss allowance	-0.5	0.0	0.0	0.0	-0.6
FV [1]	-57.0	-0.2	0.0	0.0	-57.2
Carrying amount	**706.8**	**2.7**	**0.0**	**0.0**	**709.5**

[1] For debt securities at FVTOCI the exposure is calculated based on the amortised cost before adjusting for any loss allowance and for this reason it does not include any changes of the fair value of the instruments. For credit risk purposes the fair value of the instruments is considered. For this reason, also the related ECL is not included as this is already reflected in the fair value of the underlying instruments.

Debt instruments measured at amortised cost:

EUR m

30.06.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	526.7	0.0	0.0	0.0	526.7
2A-2E	37.9	0.0	0.0	0.0	37.9
3A-3E	14.8	0.0	0.0	0.0	14.8
4A-4E	0.0	0.0	0.0	0.0	0.0
NPE	0.0	0.0	0.0	0.0	0.0
No rating	0.0	0.0	0.0	0.0	0.0
Total gross carrying amount	**579.5**	**0.0**	**0.0**	**0.0**	**579.5**
Loss allowance	-0.2	0.0	0.0	0.0	-0.2
Carrying amount	**579.3**	**0.0**	**0.0**	**0.0**	**579.3**

EUR m

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	428.7	0.0	0.0	0.0	428.7
2A-2E	4.9	0.0	0.0	0.0	4.9
3A-3E	14.5	0.0	0.0	0.0	14.5
4A-4E	0.0	0.0	0.0	0.0	0.0
NPE	0.0	0.0	0.0	0.0	0.0
No rating	0.0	0.0	0.0	0.0	0.0
Total gross carrying amount	**448.1**	**0.0**	**0.0**	**0.0**	**448.1**
Loss allowance	-0.2	0.0	0.0	0.0	-0.2
Carrying amount	**447.9**	**0.0**	**0.0**	**0.0**	**447.9**

Commitments and financial guarantees given:

EUR m

30.06.2024	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	229.1	1.3	0.0	0.0	230.4
2A-2E	434.8	15.0	0.0	0.0	449.8
3A-3E	113.3	24.0	0.0	0.0	137.4
4A-4E	1.5	15.3	1.2	0.0	18.0
NPE	0.0	0.0	2.5	0.0	2.5
No rating	0.0	0.0	0.0	0.0	0.0
Total gross carrying amount	**778.8**	**55.7**	**3.7**	**0.0**	**838.1**
Loss allowance	-2.3	-2.4	-2.3	0.0	-7.0
Carrying amount	**776.5**	**53.2**	**1.4**	**0.0**	**831.2**

EUR m

31.12.2023	Stage 1	Stage 2	Stage 3	POCI	Total
Rating class					
1A-1E	232.4	1.9	0.0	0.0	234.3
2A-2E	438.4	31.6	0.0	0.0	470.0
3A-3E	123.5	25.8	0.0	0.0	149.2
4A-4E	1.7	18.2	0.0	0.0	19.9
NPE	0.0	0.0	4.2	0.0	4.2
No rating	0.1	0.0	0.0	0.0	0.1
Total gross carrying amount	**796.1**	**77.5**	**4.2**	**0.0**	**877.8**
Loss allowance	-2.3	-2.0	-2.9	0.0	-7.2
Carrying amount	**793.8**	**75.5**	**1.3**	**0.0**	**870.6**

28.4. Credit risk exposure by region

The Addiko Group's country portfolio focuses on Central and South Eastern Europe. The following table shows the breakdown of exposure by region within the Group (at customer level):

EUR m

	30.06.2024	31.12.2023
SEE	5,911.1	6,120.4
Europe (excl. CEE/SEE)	454.3	354.7
CEE	421.5	384.2
Other	66.4	70.0
Total	**6,853.4**	**6,929.3**

28.5. Exposure by business sector and region

The following tables present the exposure by industry based on the classification code "NACE Code 2.0". This code is mapped into ten business sectors for reporting purposes.

The lower-risk business sector groups – financial institutions and the public sector – account for a share of 34.7% at 1H24 (YE23: 35.8%). The well-diversified private customers sector accounts for a share of 30.1% (YE23: 24.3%).

EUR m

30.6.2024 Business sector	Europe (excl. CEE/SEE)	SEE	CEE	Other	Total
Private	2.0	2,051.4	8.1	0.3	2,061.7
Financial services	313.4	828.8	0.4	29.8	1,172.4
Public sector	133.0	626.0	413.0	31.9	1,203.9
Industry	4.2	900.1	0.0	2.6	907.0
Trade and commerce	0.2	492.5	0.0	1.0	493.6
Services	1.4	543.4	0.0	0.4	545.2
Real estate business	0.0	33.6	0.0	0.0	33.6
Tourism	0.0	61.5	0.0	0.4	61.8
Agriculture	0.0	36.7	0.0	0.0	36.7
Other	0.1	337.2	0.0	0.0	337.4
Total	**454.3**	**5,911.1**	**421.5**	**66.4**	**6,853.4**

EUR m

31.12.2023 Business sector	Europe (excl. CEE/SEE)	SEE	CEE	Other	Total
Private	1.7	1,674.0	4.8	0.1	1,680.6
Financial services	285.2	1,056.6	0.4	34.6	1,376.8
Public sector	61.1	632.5	378.9	32.2	1,104.7
Industry	4.6	909.2	0.0	3.0	916.9
Trade and commerce	0.1	527.2	0.0	0.0	527.3
Services	1.6	541.2	0.0	0.0	542.8
Real estate business	0.0	33.5	0.0	0.0	33.5
Tourism	0.0	64.9	0.0	0.0	64.9
Agriculture	0.0	43.8	0.0	0.0	43.8
Other	0.3	637.6	0.0	0.0	638.0
Total	**354.7**	**6,120.4**	**384.2**	**70.0**	**6,929.3**

The figures are broken down according to the country of the customer's registered office. Corporate and Consumer business is mainly focused on the Addiko Group's core countries in Central and South Eastern Europe. The business strategy envisages a further increase in this portion, particularly in the Consumer business.

28.6. Presentation of exposure by overdue days

EUR m

30.06.2024	No Overdue	- overdue to 30 days	- overdue 31 to 60 days	- overdue 61 to 90 days	- overdue more than 90 days	Total
Consumer	1,903.4	78.1	7.3	6.3	42.8	2,037.8
SME	1,843.0	45.1	4.0	5.6	33.3	1,931.0
Non Focus	527.7	10.8	0.4	0.3	12.6	552.0
o/w Large Corporate	162.5	6.3	0.0	0.0	1.0	169.9
o/w Mortgage	334.0	4.5	0.4	0.3	10.8	350.1
o/w Public Finance	31.2	0.0	0.0	0.0	0.7	32.0
Corporate Center	2,332.3	0.2	0.0	0.0	0.0	2,332.6
Total	**6,606.4**	**134.3**	**11.8**	**12.2**	**88.7**	**6,853.4**

The volatile macroeconomic environment accompanied by inflationary pressures did not result in a material increase of days past due on the portfolio.

EUR m

31.12.2023	No Overdue	- overdue to 30 days	- overdue 31 to 60 days	- overdue 61 to 90 days	- overdue more than 90 days	Total
Consumer	1,804.7	66.5	9.0	5.2	39.5	1,924.9
SME	1,877.5	37.8	6.3	5.8	30.6	1,958.1
Non-Focus	599.3	10.2	1.4	1.5	22.5	634.9
o/w Large Corporate	183.1	6.1	0.0	0.0	10.6	199.7
o/w Mortgage	363.9	4.2	1.4	0.8	12.0	382.3
o/w Public Finance	52.2	0.0	0.0	0.7	0.0	53.0
Corporate Center	2,411.4	0.0	0.0	0.0	0.0	2,411.4
Total	**6,692.9**	**114.6**	**16.7**	**12.5**	**92.6**	**6,929.3**

28.7. Presentation of exposure by size classes

As of 30 June 2024 around 53.9% (YE23: 51.5%) of the exposure is found in the size range < EUR 1 million. The bank pursues a strict strategy of reducing concentration risk in the corporate banking area.

The amount of EUR 1,626.0 million (YE23: EUR 1,855.7 million) of exposure in the range > EUR 100 million is entirely attributable to national banks or the public sector. These transactions are necessary for securing liquidity, minimum deposit levels and long-term investments as well as for hedge transactions. The presentation is based on the group of borrowers (GoBs).

	30.06.2024		31.12.2023	
Size classes	Exposure EUR m	GoBs	Exposure EUR m	GoBs
< 10,000	683.1	394,164	662.5	371,782
10,000-50,000	1,620.2	81,146	1,536.3	77,300
50,000-100,000	256.3	3,677	257.1	3,678
100,000-250,000	392.8	2,488	371.5	2,367
250,000-500,000	401.9	1,148	391.9	1,114
500,000-1,000,000	341.7	498	347.8	497
1,000,000-10,000,000	881.1	388	982.3	421
10,000,000-50,000,000	458.6	21	386.7	16
50,000,000-100,000,000	191.5	3	137.4	2
> 100,000,000	1,626.0	9	1,855.7	9
Total	**6,853.4**	**483,542**	**6,929.3**	**457,186**

28.8. Breakdown of financial assets by degree of impairment

Overdue but not impaired financial assets:

EUR m

	30.06.2024		31.12.2023	
	Exposure	Collateral	Exposure	Collateral
Loans and advances to customers (on- and off-balance)				
- overdue to 30 days	125.1	18.0	109.2	12.0
- overdue 31 to 60 days	9.7	0.4	13.2	2.4
- overdue 61 to 90 days	8.5	2.3	5.2	0.3
- overdue 91 to 180 days	0.0	0.0	0.8	0.6
- overdue 181 to 365 days	0.1	0.1	0.0	0.0
- overdue over 1 year	0.0	0.0	0.0	0.0
Total	**143.3**	**20.8**	**128.4**	**15.4**

Impaired financial instruments:

EUR m

Loans and advances to customers (on- and off-balance)	30.06.2024	31.12.2023
Exposure	136.4	137.1
Provisions	110.2	111.6
Collateral	34.7	38.7

All financial assets to which one or several of those events apply (positive impairment trigger) are to be tested for the potential necessity to apply the provisioning methodology. Consequently, an impairment calculation according to note (61.1) “Method of calculating provisions” of the group financial statements 2023 is performed. Receivables with rating category 4A or worse are regularly tested for potential impairment triggers within the monitoring and pre-workout process.

28.8.1. FORBEARANCE

Forbearance measures are defined as concessions towards a borrower facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). Forbearance measures and risks are monitored by the operative risk units responsible for Corporate and Retail risk management. Additionally, forbearance measures represent an indicator that financial assets might be credit impaired.

The following chart provides an overview of the forbearance status at the Addiko Group in the course of the first half of 2024. The off-balance positions only include loan commitments:

EUR m

	01.01.2024	Classified as forborne during the year (+)	Transferred to non-forborne during the year (-)	Repayments and other changes (+/-)	30.06.2024
Central banks	0.0	0.0	0.0	0.0	0.0
General governments and government related entities	0.0	0.0	0.0	0.0	0.0
Credit institutions	0.0	0.0	0.0	0.0	0.0
Other financial corporations	0.0	0.0	0.0	0.0	0.0
Non-financial corporations	30.2	21.4	-4.4	-7.0	40.2
Households	31.2	2.6	-7.1	1.2	27.8
Loans and advances	**61.4**	**24.0**	**-11.6**	**-5.8**	**68.0**
Loan commitments given	0.1	0.2	0.0	-0.1	0.2

The following table shows the forbearance status in the course of the year 2023:

EUR m

	01.01.2023	Classified as forborne during the year (+)	Transferred to non-forborne during the year (-)	Repayments and other changes (+/-)	31.12.2023
Central banks	0.0	0.0	0.0	0.0	0.0
General governments and government related entities	0.0	0.0	0.0	0.0	0.0
Credit institutions	0.0	0.0	0.0	0.0	0.0
Other financial corporations	0.0	0.0	0.0	0.0	0.0
Non-financial corporations	54.3	6.4	-22.1	-8.3	30.2
Households	43.8	5.9	-12.9	-5.6	31.2
Loans and advances	**98.0**	**12.3**	**-34.9**	**-14.0**	**61.4**
Loan commitments given	0.2	0.0	0.0	-0.1	0.1

The forbearance exposure as of 1H24 as well as of YE23 can be broken down as follows:

EUR m

	30.06.2024	Neither past due nor impaired	Past due but not impaired	Impaired
General governments and government related entities	0.0	0.0	0.0	0.0
Credit institutions	0.0	0.0	0.0	0.0
Other financial corporations	0.0	0.0	0.0	0.0
Non-financial corporations	40.2	16.4	1.8	22.0
Households	27.8	14.6	3.1	10.1
Loans and advances	**68.0**	**31.0**	**4.9**	**32.1**

EUR m

	31.12.2023	Neither past due nor impaired	Past due but not impaired	Impaired
General governments and government related entities	0.0	0.0	0.0	0.0
Credit institutions	0.0	0.0	0.0	0.0
Other financial corporations	0.0	0.0	0.0	0.0
Non-financial corporations	30.2	16.1	0.7	13.4
Households	31.2	17.5	2.4	11.3
Loans and advances	**61.4**	**33.6**	**3.1**	**24.7**

The following tables show the collateral allocation for the forbearance exposure at the 1H24 as well as at the YE23:

EUR m

Internal Collateral Value (ICV) in respect of forborne assets	ICV	thereof CRE	thereof RRE	thereof financial collateral	thereof guarantees	thereof other
Large Corporate	8.9	8.4	0.0	0.0	0.0	0.5
Medium and Small Corporate	14.2	11.5	0.4	0.3	1.3	0.7
Retail	11.4	2.4	8.1	0.0	0.8	0.0
Total	**34.5**	**22.3**	**8.5**	**0.3**	**2.1**	**1.2**

EUR m

Internal Collateral Value (ICV) in respect of forborne assets	ICV	thereof CRE	thereof RRE	thereof financial collateral	thereof guarantees	thereof other
Large Corporate	0.0	0.0	0.0	0.0	0.0	0.0
Medium and Small Corporate	18.1	13.3	0.4	0.3	2.1	2.0
Retail	13.0	2.7	9.5	0.0	0.8	0.0
Total	**31.2**	**16.0**	**9.9**	**0.3**	**2.9**	**2.0**

(29) Risk provisions

29.1. Method of calculating risk provisions

The risk provisions were modelled on transactional level and reflect the most recent macroeconomic forecasts provided by the Vienna Institute for International Economic Studies (wiiw). The likelihood for pessimistic scenario is set at 30%, which is third consecutive downward revision that reflects high and persistent inflation shock being gradually absorbed by markets, with monetary policy adjusting for some time. Nevertheless, three major risks are present at the moment, heavily skewed in favor of negative outcomes. First, it is possible that the widely expected looser monetary policy by 3Q24 might cancel some (although probably not most) of the recent gains in terms of inflation slowdown. Second, if central banks continue to waver regarding monetary loosening, it will produce growing risks among financial institutions and corporates due to high interest rates. Third, geopolitical risks may lead to further trade fragmentation leading to another round of inflation and macro-financial instability. The latter set of risks is heightened by the improving electoral prospects of protectionist actors such as Donald Trump in the United States and populist blocks in the EU. As a consequence, probability of the optimistic scenario remains low (at 5%) bringing the baseline scenario probability at all time high (65%).

Scenario probabilities	Baseline case	Optimistic case	Pessimistic case
YE23	60%	5%	35%
1H24	65%	5%	30%

The following table summarises the quantitative elements of the baseline case, upside (optimistic) case and downside (pessimistic) case scenarios for selected forward-looking information/variables used to estimate the ECL as of 30 June 2024. The figures represent the average value of the macroeconomic variables over the first 12 months and the remaining 2-year forecast period for the baseline case, as well as average values of the entire projection horizon (3-year) for the optimistic and pessimistic cases.

Scenario	Historical [1]	Baseline case			Optimistic case	Pessimistic case
Sample period	2022	2023e	2024-2026			
Sub-sample			First 12 months	Remaining 2-year period [2]	3-year period [2]	3-year period [2]
Real GDP (constant prices YoY, %)						
Croatia	7.0	3.1	2.9	2.8	5.4	-0.3
Slovenias	2.5	1.6	2.5	2.6	4.5	-0.5
Bosnia & Herzegovina	4.2	1.7	2.5	3.2	5.4	-2.8
Serbia	2.5	2.5	3.0	3.4	5.7	-3.9
Montenegro	6.4	6.0	4.2	3.6	6.4	-3.5
Euroarea	3.4	0.4	0.6	1.6	3.0	-0.4
Unemployment Rate (ILO, average %)						
Croatia	7.0	6.1	6.1	6.0	3.9	8.2
Slovenia	4.0	3.7	3.7	3.6	1.8	5.5
Bosnia & Herzegovina	15.4	13.2	12.9	12.5	11.4	13.9
Serbia	9.4	9.5	9.0	8.3	7.2	9.8
Montenegro	14.7	13.1	11.0	9.5	8.7	11.3
Euroarea	6.8	6.5	6.7	6.6	5.1	8.2
Real Estate (% of change)						
Croatia	14.8	11.9	9.0	5.3	14.5	-0.5
Slovenia	14.8	7.1	3.5	4.3	8.4	0.4
Serbia	14.6	10.8	9.0	7.5	15.5	3.8
Euroarea	7.1	-1.1	2.7	3.0	7.8	-1.2
CPI Inflation (average % YoY)						
Croatia	10.7	8.4	3.5	2.7	1.4	5.6
Slovenia	9.3	7.2	3.3	2.3	0.7	5.3
Bosnia & Herzegovina	14.0	6.1	2.8	2.5	-0.1	13.0
Serbia	11.9	12.1	4.5	3.2	2.0	8.5
Montenegro	13.0	8.6	4.5	2.8	1.6	9.2
Euroarea	8.4	5.4	2.5	2.1	0.2	5.1

[1] Subject to statistical revisions. [2] The numbers represent average values for the quoted periods.

Source: WIIW (May 2024)

The following table provides quantitative aspects of the baseline case, upside (optimistic) case and downside (pessimistic) case scenarios for selected forward-looking information/variables used to estimate the ECL as of 31 December 2023.

Scenario	Historical	Baseline case			Optimistic case	Pessimistic case
Sample period	2021	2022	2023-2025			
Sub-sample			First 12 months	Remaining 2-year period [1]	3-year Period [1]	3-year Period [1]
Real GDP (constant prices YoY, %)						
Croatia	6.2	2.5	2.9	2.9	5.0	0.2
Slovenia	2.5	1.3	2.7	2.9	4.4	0.0
Bosnia & Herzegovina	3.9	1.7	1.9	2.1	4.3	-4.0
Serbia	2.3	1.5	2.0	2.5	4.7	-5.2
Montenegro	6.4	4.5	2.9	2.9	5.2	-4.7
Euroarea	3.3	0.5	1.2	1.6	3.0	0.0
Unemployment Rate (ILO, average %)						
Croatia	7.0	6.8	6.7	6.5	4.2	8.9
Slovenia	4.0	3.7	3.7	3.7	1.8	5.6
Bosnia & Herzegovina	15.4	13.8	13.5	13.1	11.8	14.6
Serbia	9.4	9.5	9.0	8.3	7.1	9.9
Montenegro	14.7	13.8	13.1	11.8	10.8	13.6
Euroarea	6.8	6.6	6.6	6.6	4.8	8.4
Real Estate (% of change)						
Croatia	14.8	9.0	6.5	5.0	12.5	-0.3
Slovenia	14.7	-1.5	0.6	3.8	6.7	-0.4
Serbia	17.2	2.0	2.5	3.3	8.2	1.5
Euroarea	7.1	-1.3	-0.1	2.6	5.8	-1.5
CPI Inflation (average % YoY)						
Croatia	10.7	7.5	4.0	2.8	2.6	4.9
Slovenia	9.3	7.2	3.6	2.5	2.2	4.3
Bosnia & Herzegovina	14.0	7.5	3.0	2.5	2.0	12.0
Serbia	11.9	12.5	5.5	3.3	3.3	8.3
Montenegro	13.0	9.1	5.0	2.7	2.8	8.7
Euroarea	8.4	5.7	3.2	2.3	1.7	4.4

[1] The numbers represent average values for the quoted periods.

The 30 June 2024 interim financial statements include also a post model adjustment (PMA) of EUR 9.3 million, which is an increase of EUR 2.8 million from the PMA in the consolidated financial statements as of 31 December 2023. The determination of the PMA amount is based on the difference between the ECL calculated using the through-the-cycle probability of default, and the ECL calculated using the point-in-time probability of default.

The increase of the PMA reflects the view that there is ongoing uncertainty in the macroeconomic environment, mainly connected with novel risks, specifically geopolitical instability, high interest rates, and inflation impacts on the development of macro-economic variables. With the latest macroeconomic update (May 2024) showing a positive trend, the PMA has been increased to offset the risk of potential deterioration.

The following table illustrates the weighted impairment allowance as well as the results of the sensitivity analysis where stage 1 and stage 2 ECLs are measured under each scenario with 100% weight. The sensitivity analysis is based on the baseline ECL excluding the applied management adjustment, which is included in the total ECL stock after probability weighting the ECL of each scenario. The assumed distribution of scenario probabilities (baseline 65%, optimistic 5% and pessimistic 30%) allows the Group to cover the broad range of future expectations.

EUR m

30.06.2024	ECL incl. post model adjustment	ECL excl. post model adjustment	Optimistic scenario	Baseline scenario	Pessimistic scenario
Retail	31.9	28.8	27.7	28.5	29.8
Non-Retail	24.5	18.4	17.0	18.0	19.5
Corporate Center	0.6	0.4	0.2	0.3	0.5
Total	**56.9**	**47.6**	**44.9**	**46.8**	**49.7**

EUR m

31.12.2023	ECL incl. post model adjustment	ECL excl. post model adjustment	Optimistic scenario	Baseline scenario	Pessimistic scenario
Retail	31.6	30.8	29.6	30.4	31.6
Non-Retail	25.2	19.5	17.7	19.0	20.8
Corporate Center	0.8	0.8	0.6	0.7	0.9
Total	**57.6**	**51.1**	**47.9**	**50.1**	**53.4**

29.2. Development of risk provisions

The development of risk provisions in 1H24 is mainly influenced by provision requirements in the consumer portfolio (EUR 10.1 million Cost of Risk) as well as by provisions for big tickets within the SME segment (EUR 8.5 million Cost of Risk) - mainly in Addiko Bank Slovenia, Addiko Bank Croatia, Addiko Bank Banja Luka and Addiko Bank Serbia - strongly driven by allocation in the NPE portfolio. The overall ECL coverage for performing loans (stage 1 and 2) remains on the same level as YE23 (1.3%), leading to minor P/L effects on the performing portfolio. The macroeconomic environment is relatively stable, reflecting a consistency in Addiko Group's asset quality during 1H24. Despite the new allocations of provisions in Stage 3 during the reporting period, the combined effect of collections and write offs helped to decrease the overall NPE ratio as well as associated risk provisions.

29.3. Changes in the calculation of portfolio risk provisions

Based on the ongoing model improvement framework at the Addiko Group, updates are performed regularly to make sure that the latest available information is considered. During 1H24 no changes were done within the model structure.

29.4. Development of the coverage ratio

The NPE coverage ratio 1 (80.7%) slightly reduced compared to the YE23 (80.9%). Reductions are recognised in Addiko Bank Serbia, Addiko Bank Banja Luka and Addiko Bank Slovenia – and are mainly driven by the SME portfolio due to realised write offs of highly provisioned clients.

The following tables show the NPE and coverage ratios at 1H24 and YE23:

EUR m

30.06.2024	Exposure	NPE	Provisions	Collateral (NPE)	NPE Ratio	NPE Ratio (On-balance loans)	Coverage Ratio 1	Coverage Ratio 3
Consumer	2,037.8	61.5	49.7	0.2	3.0%	3.3%	80.8%	81.0%
SME	1,931.0	44.5	34.8	11.3	2.3%	3.1%	78.3%	103.7%
Non Focus	552.0	30.5	25.7	23.3	5.5%	6.7%	84.0%	160.2%
o/w Large Corporate	169.9	12.3	10.3	9.0	7.3%	16.9%	83.8%	156.6%
o/w Mortgage	350.1	16.4	13.5	13.2	4.7%	4.7%	82.6%	163.2%
o/w Public Finance	32.0	1.9	1.8	1.1	5.8%	6.9%	98.1%	157.8%
Corporate Center	2,332.6	0.0	0.0	0.0	0.0%	0.0%	78.3%	78.3%
Total	**6,853.4**	**136.5**	**110.2**	**34.8**	**2.0%**	**2.8%**	**80.7%**	**106.1%**
o/w Credit Risk Bearing	**4,665.3**	**136.5**	**110.2**	**34.8**	**2.9%**	**3.5%**	**80.7%**	**106.1%**

EUR m

31.12.2023	Exposure	NPE	Provisions	Collateral (NPE)	NPE Ratio	NPE Ratio (On-balance loans)	Coverage Ratio 1	Coverage Ratio 3
Consumer	1,924.9	57.7	46.6	0.4	3.0%	3.3%	80.8%	81.4%
SME	1,958.1	45.7	37.4	13.1	2.3%	3.1%	81.8%	110.4%
Non-Focus	634.9	34.5	27.6	26.0	5.4%	6.5%	79.9%	155.0%
o/w Large Corporate	199.7	14.1	11.0	9.6	7.1%	13.8%	78.1%	146.0%
o/w Mortgage	382.3	18.3	15.0	15.0	4.8%	4.8%	82.0%	163.8%
o/w Public Finance	53.0	2.1	1.6	1.4	4.0%	4.9%	73.2%	139.7%
Corporate Center	2,411.4	0.0	0.0	0.0	0.0%	0.0%	1.6%	1.6%
Total	**6,929.3**	**138.0**	**111.6**	**39.4**	**2.0%**	**2.8%**	**80.9%**	**109.4%**
o/w Credit Risk Bearing	**4,619.6**	**138.0**	**111.6**	**39.4**	**3.0%**	**3.6%**	**80.9%**	**109.4%**

(30) Measurement of real estate collateral and other collateral

The following table shows the development of the internal collateral values (ICV):

EUR m

Collateral Distribution	30.06.2024	31.12.2023
Exposure	6,853.4	6,929.3
Internal Collateral Value (ICV)	716.9	806.6
thereof CRE	237.2	268.2
thereof RRE	309.6	335.1
thereof financial collateral	22.0	30.9
thereof guarantees	115.1	129.8
thereof other	33.1	42.7
ICV coverage rate	**10.5%**	**11.6%**

The predominant part of the reflected stated collaterals is provided for loans and advances (negligible collaterals for other exposure types). With the decrease of gross exposure also internal collateral value decreased. Primarily residential real estates given as collaterals for Mortgages loans were reduced, due to the decrease of the mortgage loan portfolio in Retail. Collateral coverage at 1H24 (10.5%) is gradually reducing compared to YE23 (11.6%).

(31) Market risk

A summary of Addiko policies in relation to the market risk is set out in the note (63) of the same name in the consolidated financial statements dated 31 December 2023.

The following table shows the estimated values of market risks, which Addiko uses for internal risk management:

EUR m

	30.06.2024	31.12.2023
Interest Rate Risk (Banking and Trading Book)	18.9	23.4
Credit Spread Risk	2.9	15.2
Foreign Exchange Risk	3.5	3.5
Equity Risk - Investments	2.6	1.9
Equity Risk - Client Default	0.1	0.1
Marginal VaR (Prudency Buffer)	2.2	N.A.

The exposure to market risk had decreased by the end of the first half of 2024 compared with year end 2023, primarily due to the reduced volatility from lower interest rate and credit spread risk. An additional prudency buffer has been implemented in terms of the capital allocated for market risk.

The business and investment strategy of Addiko Bank follows a prudent definition based on a Hold-to-Collect business model.

(32) Liquidity risk

A summary of Addiko policies in relation to the liquidity risk is set out in the note (64) of the same name in the consolidated financial statements dated 31 December 2023.

During the first half of 2024, the Liquidity Coverage Ratio (LCR) has been moving between its lowest level of 341.4% in May and its peak of 416.0% in March, settling at 355.5% by June.

In this period Addiko Group experienced a liquidity surplus, making any capital market activities unnecessary. Deposits levels were stable at around EUR 5.1 billion. Based on expected inflows and outflows, a stable liquidity level is expected throughout the remainder of 2024.

The concentration of the liquidity risk is in line with the diversification of funding based on the main products and the most relevant currencies. Prime funding sources, other than equity, include sight and term-deposits. In terms of currency, 79.4% of the funding is in EUR, followed by BAM with 12.1%. Both, products and currencies are tracked through different time buckets and time frames. In addition, the Group is monitoring the impact of customers with high volume business, benchmarking their activities against the total volume of total financial liabilities.

As part of the margining processes in derivatives transactions, collateral exchanges are factored into all pertinent liquidity risk assessments. Accordingly, they constitute the necessary data incorporated into both regulatory reporting as well as internal management evaluations.

(33) Operational risk

Regarding the operational risk measurement definitions and methods there have been no significant changes compared to disclosures in the 31 December 2023 consolidated financial statements. The process for identifying, measuring, managing, monitoring and reporting operational risk to properly oversight the operational risk exposure have been maintained in line with the defined standards.

In the first half of 2024, monitoring of Operational Risk losses showed impacts for expected legal matters on Swiss franc denominated loans in Croatia and increased number of fraud cases. Regarding the legal issues with the Swiss franc, it's worth noting that Addiko already recognised the necessary legal provisions based on the final number of expected cases in the 2023 consolidated financial statements, as the statute of limitations for unconverted cases expired on 14 June 2023. However, due to Croatia's court backlog and judicial strikes during 2023, the Group continues to receive individual court claims filed until the deadline, which makes it necessary to record these expected cases as operational risk events.

Sustainability (Environmental, Social and Governance – ESG) Risks

ESG risks include all risks arising from potential negative impacts, direct or indirect, on the environment, people and communities and more generally all stakeholders, in addition to those arising from corporate governance. ESG risk could affect profitability, reputation as well as credit quality and could lead to legal consequences.

Addiko does not treat the ESG risks as a separate risk type but integrates them in the existing risk classification and into the existing risk management framework, as drivers for other risk types (e.g. credit risk or operational risk). In line with regulatory expectations, Addiko puts a special focus on climate-related and other environmental risk (C&E risk) management. In this context Addiko considers both physical and transition risks:

- Physical risk refers to the direct impact from climate-related or environmental changes, which can be “acute” (e.g. extreme weather events such as hurricanes, floods and wildfires) or “chronic” in case of progressive changes, such as sustained higher temperatures, heat waves, droughts and rising sea levels.
- Transition risk refers to the potential losses resulting from the adjustment towards a lower-carbon and more environmentally sustainable economy (e.g. changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand).

Addiko Group performed an assessment of climate-related and other environmental risks in two consecutive steps. In a first step Addiko Group assessed the impact of climate and environmental change on its countries of operation considering various scenarios for the short, medium and long-term. In a second step Addiko Group analysed how the impact identified in the first step will transmit onto the Group. Based on this analysis, Addiko concluded that in particular its credit risk can be impacted by climate-related and other environmental risk drivers. While due to the granularity and diversification of Addiko Group’s loan portfolio, there is no immediate material threat to the quality of assets of Addiko Group, the potential impact on the economy in the area of Addiko operation drives the systemic risk Addiko is exposed to. In this context it is evident that acute and chronic climate and environmental risks already do impact macroeconomic indicators, whereby the severity of this impact over the medium- to long term is highly dependent on the measures taken to curb climate change. Consequently, Addiko also considered the impact from climate-related transition risks in the macroeconomic financial forecasts used in the calculation of the Expected Credit Loss, thus, directly impacting the risk provisions of the loan book. While no immediate danger for Addiko Group was identified in the assessment of climate-related and other environmental risks, the urgency and uncertainty of the matter require continuous monitoring. Addiko focuses in particular on the strict limitation of any idiosyncratic C&E risk. In this context, Addiko has identified industries which are and might in the future be impacted by climate and environmental risk and set prudent limits on the maximum exposure to these limits, which are diligently tracked. Furthermore, within the operational credit-granting process, Addiko has defined measures to recognise the potential impact of climate and environmental risk on the asset quality of the clients. Proper assessment is necessary in order to prevent potential financial, legal or reputational consequences for the bank that might appear in case that bank supports financing of the respective company.

(34) Legal risk

34.1. Passive legal disputes: monitoring and provisioning of legal risks

The overall number of passive legal disputes decreased during 1H24 to 15,260 cases (YE23: 16,184 proceedings) primarily resulting from the resolution of cases concerning loan processing fees (Serbian subsidiary). Nevertheless, the amount in dispute remained relatively unchanged at EUR 219.5million as of 30 June 2024, compared to EUR 218.5 million on 31 December 2023, attributable to ongoing cases related to foreign exchange transactions (Croatian and Slovenian subsidiaries), margin increases and interest rate clauses (Croatian subsidiary).

There is a future risk of further increasing numbers of proceedings and amounts in dispute due to changed court practice, binding sample proceedings decision and new laws (e.g. conversion laws, amendments to consumer credit acts, consumer protection acts).

Across the Group, the established centralised legal data base enables monitoring and steering by the holding company, as well as early perception of possible new developments and reasonings in the jurisdictions the Addiko Group is doing business. Besides, other monitoring and steering tools have been implemented to establish and secure reliable data quality and dispute handling quality, and to monitor daily litigation work and the development of court cases.

Legal provisions for the legal risk inherent in passive legal proceedings, specifically the risk of losing the case and having to bear the associated costs, are calculated in accordance with international accounting principles applicable across the entire Group. Accordingly, no legal provision is required to be set up if the Addiko Group is more likely than not to prevail in the proceedings. If the probability of success is equal to or below 50%, legal provisions are recognised. Local legal divisions familiar with the respective case and/or external appraisers are responsible for assessing the chances of success. The latter especially applies in the case of particularly complex cases or particularly high amounts in dispute. In addition to these general requirements, legal provisions are also formed for particularly complex and/or high-profile legal disputes, which of course carry a greater inherent legal risk. Group wide monitoring of foreign currency legal disputes has been intensified as a consequence of the increasing number of regulations and rulings on handling foreign currency loans in the Central and South Eastern European countries (e.g. “forced conversion”).

Addiko actively monitors legal risks through various methods, including the use of legal data bases, regular reports on the local legal situation and updates on ongoing litigations. Additionally, Addiko requires its subsidiaries to provide ad-hoc reports on any new legal disputes. This thorough review allows for an timely overview of the total number of pending legal proceedings involving entities of the Group and the associated legal risks, assessed by their probability of success. It also ensures that legal provisions are recorded at an appropriate amount, enables an effective monitoring of any changes, and prompts the adopting of any necessary measures.

34.2. Historical unilateral interest changes and Suisse Frank clause risk

As of 30 June 2024, 96% of the total number of disputes refer to retail cases (FX, unilateral interest change disputes or claims for payment) in which the Group is respondent with an amount in dispute of EUR 119 million (YE23: EUR 106 million). Particularly between 2004 and 2008, numerous private customers in Central and South-Eastern Europe have taken out foreign currency loans (especially CHF loans). In recent years, such loan agreements have increasingly become the subject of customer complaints and legal proceedings, particularly those started by consumer protection groups. The main allegation is that customers were not provided with sufficient information on the consequences of such agreements when they were concluded, and/or that the foreign currency and/or interest rate adjustment clauses applied or the whole FX contracts were void.

Despite Addiko Serbia receiving two Supreme Court rulings that supported the plaintiffs, by annulling the CHF clause in the first half of 2024, the decision of lower courts have remained inconsistent. In comparison, courts in Croatia, Montenegro and since the first half of 2023 Slovenia, typically consider CHF clauses to be null and void, while Bosnian courts deem them valid.

In the first half of 2023 the **Slovenian** Supreme Court changed retroactively the interpretation of local consumer protection law, establishing higher requirements for the information duty vis-á-vis the customer. In the case these requirements are not fulfilled the whole contract is declared void. These new considerations of the Supreme Court have already been incorporated into the assessment of the chances of success for the pending cases, mainly relaying on legal opinions since there are still no judgements from higher courts regarding the outcomes of invalidation and the statute of limitation. The Slovenian subsidiary received 126 additional CHF clause related cases since that time. Although the Swiss Franc Law enacted in February 2022 was abolished by the Slovenian Constitutional Court due to unconstitutionality, new legislative measures with respect to the CHF topic cannot be excluded for the future. To achieve clear legal certainty and a balanced approach, Addiko, along with other banks, proposed a voluntary conversion to specific customers during the first half of 2024.

In **Bosnia & Herzegovina**, the lawfulness of foreign currency clauses used by the subsidiary banks in Sarajevo and Banja Luka was confirmed by a Supreme Court statement of the Republic of Bosnia & Herzegovina. This decision is binding for lower-instance courts and thus has stopped new claims from being files. Both subsidiaries in Bosnian have implemented a voluntary settlement project for conversion of CHF loans into the national currency BAM, resulting in a drop in new claims and more requests for loan conversion or restructuring. By 30 June 2024, around 95% of the CHF loans were either converted or closed, significantly reducing the number of related claims. After the withdrawal of proposed CHF conversion legislation in 2022, no further initiatives were made.

In **Croatia** the most relevant decisions leading to a significant increase in the number of individual consumer CHF legal cases against the Bank from 2019 to 2023 include the following:

- May 2015 – the Supreme Court of the Republic of Croatia has fully confirmed the decision of the High Commercial Court of the Republic of Croatia on the nullity of the unilateral interest change provision in CHF loan agreements,
- September 2019 – the Supreme Court of the Republic of Croatia has confirmed the 2018 decision of the High Commercial Court Zagreb on the nullity of the currency clause provision in CHF loan agreements. Borrowers, whether participating in the class action or not, cannot exert any direct claims from the verdict but have to file individual complaints regarding any potential overpayment claims due to the FX clause.
- May 2022 – the European Court of Justice (“CJEU”) ruled in a case regarding converted CHF loans, that a) CJEU has no jurisdiction over the CHF loan itself since the loan agreement was concluded before Croatia’s accession to the EU and b) that the Consumer Protection Directive might not be applicable if the Conversion law 2015 was intended to bring balance between banks and consumers. The task of checking whether this is the case is up to local courts.
- December 2022 – the Croatian Supreme Court published a non-binding opinion, granting clients who converted under Conversion Law 2015 penalty interest on overpayments until the conversion. However, this non-binding opinion did not pass the control by the Register for Judicial Practice of the Supreme Court. As of 14 June 2023 - all FX claims filed after this date are time bared according to the rulings of the Croatian Supreme Court.

In **Montenegro**, a second instance court determined that local Addiko subsidiary’s CHF clause was invalid in a class action lawsuit. However, the plaintiff’s request for compensation was denied and the plaintiffs were ordered by the court to request conversion according to the 2015 Conversion law. In a separate mass claim proceeding, one of the High Courts awarded partial litigation costs to clients. Moreover, the Constitutional Court confirmed a partial cost claim in an individual case, despite the client withdrawing the claim after exercising his Conversion right. No further negative financial impacts are expected in relation to litigation costs for those cases, as the relevant provisions have been already recognised in the 2023 consolidated financial statements.

In relation to the request filed by the Group in September 2017 for Arbitration with the ICSID in Washington, DC against the Republic of Croatia regarding the Conversion Law reference is made to the disclosures in note (36) Contingent liabilities.

The following table shows the development of the CHF exposures within the Addiko Group:

EUR m

	30.06.2024		31.12.2023	
	Exposure	thereof CHF	Exposure	thereof CHF
Addiko Bank Croatia	2,323.3	20.5	2,356.6	20.2
Addiko Bank Slovenia	1,654.9	26.4	1,678.9	29.9
Addiko Bank Serbia	1,054.3	5.0	1,130.5	3.0
Addiko Bank Sarajevo	701.5	2.5	643.0	2.6
Addiko Bank Banja Luka	567.7	5.0	570.0	5.2
Addiko Bank Montenegro	225.0	1.9	236.4	2.1
Addiko Holding	326.7	0.0	313.8	0.0
Total	**6,853.4**	**61.4**	**6,929.3**	**63.1**

The CHF portfolio decreased from EUR 63.1 million at the end of 2023 to EUR 61.4 million at 1H24.

(35) EU-wide Stress Test

Addiko Group participated in two EU-wide stress testing exercises conducted by the ECB in the first half of 2024: the cyber resilience stress test and “Fit-for-55” risk scenario exercise. The results of exercises do not indicate increased vulnerabilities of Addiko to cyber-attacks or climate driven impacts.

Supplementary information required by IFRS

(36) Contingent liabilities

EUR m

	30.06.2024	31.12.2023
Loan commitments	409.4	432.6
Financial guarantees	64.4	65.9
Other commitments	364.3	379.3
Total	**838.1**	**877.8**

The position other commitments includes mainly non-financial guarantees, such as performance guarantees or warranty guarantees and guarantee frames.

Contingent liabilities in relation to legal cases

Addiko Group is subject to a number of legal proceedings that are often highly complex, take considerable time and are difficult to predict or estimate. As of 30 June 2024, Addiko Group's passive legal disputes (i.e., disputes where Addiko Group is the defendant), for which the probability of a cash outflow was deemed to be unlikely (and consequently no provisions were recognised), amounted to claims of EUR 42.2 million (YE23: EUR 43.6 million) (excluding accrued interest) relating to 1,878 cases (YE23: 2,514 cases). The outcome of such proceedings is difficult to predict or estimate until late in the proceedings, which may also last for several years. Nevertheless, based on legal advice, management believes that its defence of the action will be successful.

From the overall amount of EUR 42.2 million (excluding accrued interest), 26% (or EUR 11 million) (YE23: 45%, EUR 19.7 million) relate to claims for damages where plaintiffs request contractual or extra contractual damages. The remaining amounts in dispute relate to certain standard contractual provisions concerning retail FX clauses in CHF loans of Addiko Group, unilateral interest rate changes and refunds of loan processing fees or to corporate payment requests. Two of the claims proceedings, having an amount in dispute of between EUR 5 and 10 million are briefly outlined below:

- One claim is pending against a subsidiary of Addiko Group relating to a case where the plaintiff is requesting contractual damages. The opinion of the external legal counsel is that the claim is without merit. As result, management believes that its defence will be successful.
- In the other pending claim, the plaintiff requests damages due to the alleged inability to register shares with the company register. However, the plaintiff has lost in the first instance and in another case based on the same factual situation against the bank in all instances. Hence, based on legal advice, management believes that its defence of the action will be successful.

The figures outlined above include also a claim made by a consumer protection agency against the Slovenian subsidiary in 2022, seeking a reimbursement for overpayments due to "zero floor" clauses in the disputed amount of EUR 11.7 million. According to external legal opinion, the probability of a cash outflow was deemed to be unlikely.

Addiko Group is also involved in a number of active legal disputes (i.e., disputes where Addiko Group is the claimant). The principal of these concerns a request for arbitration that the Group filed in September 2017 with the ICSID in Washington DC against the Republic of Croatia regarding the Conversion Laws claiming EUR 153 million. The Group claims that the Bilateral Investment Treaties (BIT) regarding the fair and equivalent treatment under the BIT were violated. The main hearing was conducted in March 2021 and parties are waiting for the final award. If the action is unsuccessful, court fees and legal costs could amount to approximately EUR 11 million. Based on external legal advice, management believes that the action will be successful.

(37) Fair value disclosures

Fair value is the price that would be received for the sale of an asset or paid to transfer a debt in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. IFRS 13 specifies the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

- **Level I - Quoted prices in active markets.** The fair value of financial instruments traded in active markets is best established through quoted prices of identical financial instruments where these quoted prices represent market values/prices used in regularly occurring transactions. This applies above all to equity instruments traded on an active market, debt instruments traded on the interbank market and quoted derivatives.
- **Level II - Value determined using observable parameters.** If there are no quoted prices for individual financial instruments, the market prices of comparable financial instruments or accepted measurement models applying directly or indirectly observable prices or parameters (interest rates, yield curves, implied volatilities and credit spreads) must be used to determine the fair value. This level includes the majority of the OTC derivatives and non-quoted debt instruments. A financial instrument is classified in level II if all significant inputs in the valuation are observable on the market.
- **Level III - Value determined using non-observable parameters.** This category includes financial instruments for which there are no observable market rates or prices. The fair value is therefore determined using measurement models and unobservable inputs (typically internally derived credit spreads) appropriate for the respective financial instrument. These models make use of management assumptions and estimates depending on the pricing transparency and complexity of the financial instrument. A financial instrument is classified in level III if one or more significant inputs are not directly observable on the market.

The used valuation models are regularly reviewed, validated and calibrated. All valuations are performed independently of the trading departments.

Financial assets and financial liabilities are reported by instrument in the following way:

- **Equity instruments** - Equity instruments are reported under level I if prices are quoted in an active market. If no quoted prices are available, they are reported under level III. Valuation models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple method.
- **Derivatives** - The fair value of derivatives that are not options is determined by discounting the relevant cash flows with the corresponding yield curves. These are reported under level II if they are measured on the basis of observable input factors. If non-observable significant input factors are used, these derivatives are reported under level III. The fair value of structured financial products is calculated according to the type of embedded derivative using a measurement model; they are reported under level II or level III depending on the input factors used.
- **Debt financial assets and liabilities** - The method used to measure debt financial assets and liabilities depends on the liquidity in the relevant market. Liquid instruments measured on the basis of the relevant market value are reported under level I. The fair value is determined using valuation techniques whereby expected cash flows are discounted by the risk premium adjusted curves in the event that there is no active market. The proximity to the risk premium curve used determines whether these instruments are reported under level II or level III. They are reported under level III in the event that a significant, non-observable risk premium is used. Market prices provided either at a low frequency or only from one source are reported under level III.

Measurement methods used to determine the fair value of level II and level III items

The accepted measurement models according to IFRS 13 are the market approach, the cost approach and the income approach. The measurement method using the market approach is based on identical or comparable assets and liabilities. With the income approach, future cash flows, expenses or revenue are discounted at the measurement date. The fair value determined in this manner reflects current market expectations regarding these future amounts. It primarily includes present value models and also option price models used for the measurement of financial instruments or option-based cash flows. The cost approach is not used. The fair value of financial instruments with short-terms where the carrying amount is an adequate approximation of the fair value was not separately determined.

The following measurement techniques are applied to items that are measured internally based on models:

- Present value of the future cash flows (discounted cash flow method) - Level II and III items that are not traded in active markets but where the date and amount of the cash flows are known are measured at the present value of the future cash flows. Discounting takes a risk premium into account. All significant input factors are observable for level II instruments while some significant parameters cannot be directly observed for level III.
- Option measurement models - The existing portfolio of level III items includes cash flows with amounts tied to various market variables such as swap rates, stock market indexes and FX rates, or with dates that cannot be determined. Accepted interest and option measurement models calibrated daily with market data (swaption prices, market prices, FX rates) are used for the measurement of such cash flows.

Non-observable input factors for level III items:

- Volatilities and correlations - Volatilities are important input parameters for all option measurement models. The volatilities are derived from market data using accepted models.
- Risk premiums - Credit risk premiums indicate the default risk of an issuer. They provide information about the expected loss if the issuer defaults and therefore reflect the loss given default and the probability of default. For some issuers, risk premiums can be observed directly in the market. When single-name CDS curves are not available for an issuer, the risk premiums have to be estimated based on similarities to other issuers or based on the issuer's country and sector. This applies to the risk premium of the Addiko Group. Increase (decrease) in the credit risk premiums would decrease (increase) the fair value.
- Loss given default - The loss given default is a parameter that is never directly observable before an entity defaults.
- Probability of default - Risk premiums and loss given default are used to estimate the probability of default, which is used for possible fair value adjustments.

Fair value adjustments - Credit value adjustment (CVA) and debt value adjustment (DVA)

Credit value adjustment (CVA) and debt value adjustment (DVA) are reported for all OTC derivatives. The calculation is based on a Monte Carlo simulation of the future replacement value (exposure), taking into account the effects of CSA agreements (credit support annex, CSA) by path. This results in a distribution of replacement values for all future dates. To determine the CVA, the absolute expected values from the positive exposure paths are multiplied by the counterparty's marginal probabilities of default and discounted. The DVA, on the other hand, is determined by multiplying and discounting the absolute expected values from the negative exposure paths with the bank's own marginal probabilities of default.

For counterparties with a collateral contract, the CVA and DVA have to be calculated at the portfolio level. The calculation takes into account contractual parameters such as minimum transfer amount, threshold, rounding and netting. The relative CVA approach is used to allocate the portfolio CVA to specific items. Here, the portfolio CVA is distributed in proportion to the individual CVAs. The full CVA approach is applied to items not secured by collateral. This approach calculates the CVA at the individua item level. A waterfall principle is applied to determine the probabilities of default. First, the probabilities of default are derived from CDS curves. Synthetic curves are used if there are no single-name curves available; and are composed of country-specific curves and an internal rating.

OIS discounting

The Addiko Group measures derivatives taking into account base spread influences by applying various interest curves to calculate the forward rates and discount factors (multi-curve framework). According to the current market standards and as a result out of the IBOR reform, the new benchmark indices are used for discounting in the measurement of OTC derivatives secured by collateral. In Addiko Group the fair value for all derivatives where the respective collateral €STR is used as interest rate, €STR is used as discount rate.

37.1. Fair value of financial instruments carried at fair value

EUR m

30.06.2024	Level I - from active market	Level II - based on market assumptions	Level III - based on non-market assumptions	Total
Financial assets held for trading	9.3	19.6	0.0	28.9
Derivatives	0.0	3.2	0.0	3.2
Debt securities	9.3	16.4	0.0	25.7
Investment securities mandatorily at FVTPL	0.0	1.8	0.3	2.1
Equity instruments	0.0	0.0	0.3	0.3
Debt securities	0.0	1.8	0.0	1.8
Investment securities at FVTOCI	551.6	153.9	2.8	708.3
Equity instruments	18.7	0.0	0.8	19.5
Debt securities	532.9	153.8	2.0	688.8
Total assets	**560.9**	**175.3**	**3.1**	**739.3**
Financial liabilities held for trading	0.0	2.5	0.0	2.5
Derivatives	0.0	2.5	0.0	2.5
Total liabilities	**0.0**	**2.5**	**0.0**	**2.5**

EUR m

31.12.2023	Level I - from active market	Level II - based on market assumptions	Level III - based on non-market assumptions	Total
Financial assets held for trading	8.6	20.9	0.0	29.5
Derivatives	0.0	4.9	0.0	4.9
Debt securities	8.6	16.0	0.0	24.6
Investment securities mandatorily at FVTPL	0.0	1.8	0.3	2.1
Equity instruments	0.0	0.0	0.3	0.3
Debt securities	0.0	1.8	0.0	1.8
Investment securities at FVTOCI	561.1	164.8	2.7	728.7
Equity instruments	18.4	0.0	0.7	19.2
Debt securities	542.8	164.7	2.0	709.5
Total assets	**569.7**	**187.4**	**3.1**	**760.2**
Financial liabilities held for trading	0.0	4.2	0.0	4.2
Derivatives	0.0	4.2	0.0	4.2
Total liabilities	**0.0**	**4.2**	**0.0**	**4.2**

Transfers between level I and level II

Addiko Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the financial instrument no longer meets the criteria described above for the categorisation in the respective level. In the current and the previous reporting period no transfers between levels took place.

Unobservable inputs and sensitivity analysis for level III measurements

For investment securities classified in level III, which are illiquid unlisted corporate bonds, the main input parameter is the discount factor. If the credit spreads used in the calculation of the fair value increased by 100 basis points, the cumulative valuation result as of 30 June 2024 would have decreased by EUR 0.1 million (YE23: EUR 0.1 million). If the credit spreads used in the calculation of the fair value decreased by 100 basis points, the cumulative valuation result as of 30 June 2024 would have increased by EUR 0.1 million (YE23: EUR 0.1 million).

The development of level III is presented as follows:

EUR m

2024	01.01.	Valuation gains/losses - profit or loss	Valuation gains/losses - OCI	Additions (+)	Disposals (-)	Settlement (-)	Transfer into/out of oth er Levels	30.06.
Investment securities mandatorily at FVTPL	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Equity instruments	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Investment securities at FVTOCI	2.7	0.0	0.0	0.0	0.0	0.0	0.0	2.8
Equity instruments	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.8
Debt securities	2.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
Total assets	**3.1**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3.1**

EUR m

2023	01.01.	Valuation gains/losses - profit or loss	Valuation gains/losses - OCI	Additions (+)	Disposals (-)	Settlement (-)	Transfer into/out of other Levels	31.12.
Investment securities mandatorily at FVTPL	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Equity instruments	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Investment securities at FVTOCI	5.9	0.0	0.0	0.0	0.0	-3.0	-0.2	2.7
Equity instruments	0.9	0.0	0.0	0.0	0.0	0.0	-0.2	0.7
Debt securities	5.0	0.0	0.0	0.0	0.0	-3.0	0.0	2.0
Total assets	**6.2**	**0.0**	**0.0**	**0.0**	**0.0**	**-3.0**	**-0.2**	**3.1**

In the current reporting period no transfers into/out of other levels took place. In the previous reporting there was a transfer of one bond in the amount of EUR 0.2 million from level III into level I due to the appearance of active market and daily valuation.

Fair value of financial instruments and assets not carried at fair value

EUR m

30.06.2024	Carrying amount	Fair Value	Difference	Level I - from active market	Level II - based on market assumptions	Level III - based on non market assumptions
Cash and cash equivalents [1)]	1,126.6	1,126.6	0.0	0.0	0.0	0.0
Financial assets at amortised cost	4,129.2	4,228.3	99.2	389.0	197.6	3,641.7
Debt securities	579.3	587.8	8.5	389.0	197.6	1.2
Loans and advances	3,549.9	3,640.5	90.6	0.0	0.0	3,640.5
Non-current assets held for sale	0.3	0.3	0.0	0.0	0.0	0.3
Total assets	**5,256.0**	**5,355.2**	**99.2**	**389.0**	**197.6**	**3,642.0**
Financial liabilities measured at amortised cost	5,172.2	5,153.4	18.8	0.0	0.0	5,153.4
Deposits	5,115.0	5,096.2	18.8	0.0	0.0	5,096.2
Other financial liabilities	57.1	57.1	0.0	0.0	0.0	57.1
Total liabilities	**5,172.2**	**5,153.4**	**18.8**	**0.0**	**0.0**	**5,153.4**

[1)] Cash and cash equivalents have not been assigned to a level as the carrying amount always approximates their fair value due to their short-term nature.

EUR m

31.12.2023	Carrying amount	Fair Value	Difference	Level I - from active market	Level II - based on market assumptions	Level III - based on non market assumptions
Cash and cash equivalents [1)]	1,254.5	1,254.5	0.0	0.0	0.0	0.0
Financial assets at amortised cost	4,003.7	4,105.6	101.9	321.2	134.7	3,649.7
Debt securities	447.9	458.8	10.9	321.2	134.7	2.9
Loans and advances	3,555.8	3,646.8	91.0	0.0	0.0	3,646.8
Non-current assets held for sale	0.2	0.2	0.0	0.0	0.0	0.2
Total assets	**5,258.3**	**5,360.2**	**101.9**	**321.2**	**134.7**	**3,649.8**
Financial liabilities at amortised cost	5,198.7	5,176.1	22.6	0.0	0.0	5,176.1
Deposits	5,139.4	5,116.7	22.6	0.0	0.0	5,116.7
Other financial liabilities	59.3	59.3	0.0	0.0	0.0	59.3
Total liabilities	**5,198.7**	**5,176.1**	**22.6**	**0.0**	**0.0**	**5,176.1**

[1)] Cash and cash equivalents have not been assigned to a level as the carrying amount always approximates their fair value due to their short-term nature.

Financial instruments not carried at fair value are not managed on a fair value basis and their fair values are calculated only for disclosure purposes and do not impact the statement of financial position and the income statement. The fair value of receivables and liabilities is determined according to the present value of future cash flows. The risk premium amounts for receivables depend on the internal or external rating of the borrower taking into account the country risk. The fair value valuation of debt securities at amortised costs is based on quoted prices or other observable inputs on the markets. For liabilities, the own credit spread is taken into account in the discount factor. Due to the fact that no debt issues of the Addiko Group are placed on the market, the calculation of the credit spread curves for senior unsecured liabilities is based on quoted credit default swap curves or credit spreads from senior unsecured bonds in a weighted peer group consisting of banking groups operating in CSEE whose markets and estimated credit standing is as similar to that of the Addiko Group as possible. For liabilities covered, a weighted credit spread curve from available benchmark-covered bonds from the peer group was used. Due to the existing uncertainties, a broad range exists for the fair values to be determined.

Addiko Group assessed that the fair value of the cash positions approximately corresponds to their carrying amounts largely due to the short-term maturities of these instruments.

37.2. Fair value of Investment properties

The fair value of investment properties is determined using market-based estimates which are generally calculated by experts. If no market-based estimate exists, the fair value is determined using a discounted cash flow method.

At 30 June 2024 the carrying amount of investment properties amounts to EUR 2.6 million (YE23: EUR 2.7 million), whereas the fair value amounts to EUR 3.0 million (YE23: EUR 3.5 million). All investment properties are classified in level III (YE23: level III).

(38) Derivative financial instruments

38.1. Derivatives held for trading

The following derivatives existed at the reporting date:

EUR m

	30.06.2024			31.12.2023		
		Fair values			Fair values	
	Nominal amounts	Positive	Negative	Nominal amounts	Positive	Negative
a) Interest rate						
OTC-products	**64.6**	**2.3**	**1.4**	**84.3**	**2.5**	**1.5**
OTC options	16.0	0.5	0.5	16.5	0.4	0.4
OTC other	48.6	1.8	0.9	67.7	2.0	1.1
b) Foreign exchange and gold						
OTC-products	**192.3**	**0.9**	**1.1**	**263.4**	**2.5**	**2.7**
OTC other	192.3	0.9	1.1	263.4	2.5	2.7

(39) Related party disclosures

According to IAS 29 a related party is a person or entity that has control or joint control, has a significant influence or is a key management personnel of the company.

The shares of Addiko Bank AG are listed on the stock exchange and as of the reporting date no single investor holds a direct stake of more than 9.99% in Addiko Bank AG. Options to acquire Addiko shares are not taken into account, as holders of options do not have direct voting rights without approval by the competent authority.

Transactions between Addiko Bank AG and the fully consolidated entities are not disclosed in the notes to the consolidated financial statements, as they are eliminated in the course of consolidation. No group company holds participations >20%.

Key personnel of the company are the Management Board and the Supervisory Board of Addiko Bank AG as well as local management and supervisory boards of its subsidiaries. The definition of key personnel includes also close family members in the form of that person’s spouse or domestic partner as well as of their children.

Transactions with related parties are done at arm's length.

Relations with related parties arising out of the banking business are as follows at the respective reporting date:

TEUR

Key personnel of the institution or its parent	30.06.2024	31.12.2023
Financial assets (loans and advances)	18.3	13.2
Financial liabilities (deposits)	2,525.9	2,079.2

(40) Share-based payments

Under the variable remuneration scheme, the members of the management board of Addiko Bank AG receive 50% of the annual variable remuneration achieved in cash and 50% in the form of shares of Addiko Bank AG while all other beneficiaries receive the remuneration fully in cash. In case that the amount of the variable remuneration is above the defined threshold (the amount is equal to or higher than EUR 50,000 or the amount exceeds 1/3 (one third) of the annual fixed remuneration), the payout of cash amount and the physical transfer of shares is deferred over six years in different tranches, starting in the year following the bonus period. Rewards are granted in the current year when the service and performance conditions are met and vest at the year end. The beneficiaries do not receive any dividends and are not entitled to vote in relation to the deferred shares during the vesting period and until the settlement when the shares are transferred to the beneficiaries who are not allowed to sell the shares within a 12-month period. The deferred shares, which are acquired via a share buyback program are held as treasury shares until they are transferred to the beneficiaries. Shares with a value equal to fixed cash amount are granted. The granted amount is determined based on the estimation or the achievement of preselected criteria. The variable remuneration will only be activated if certain knock-out criteria are met. Those knock-out criteria are based on capital, liquidity and risk requirements. Only once they are achieved the second step for the regular bonus is the achievement of the individual targets.

In addition to the annual bonus Addiko offers a Performance Acceleration Incentive Framework (PAIF) based on which Addiko granted to defined key employees (including management board of Addiko Bank AG) variable remuneration components in the form of share-based payments. The program is intended to ensure alignment of the interests of the senior leadership team with those of the shareholders and is set up as a multi-year incentive scheme. Vesting of the shares depends on the fulfilment of certain conditions. In addition, in alignment with EBA guidelines, the program is activated only if regulatory requirements in respect of own funds and liquidity are met and no breaches of specific risk indicators took place within a pre-defined timeframe. According to the remuneration policy of Addiko Group, the remuneration program includes combined cash-settled and share-settled applicable for the group management board members and only cash-settled share-based payments for all other participants of the program.

For their performance during financial year 2021 Group Management Board members were entitled to receive 31,179 shares of Addiko Bank AG of which in 2022, 2023 and 2024 20,700 shares were already transferred, 10,479 shares will be transferred in the years 2025 – 2027. For the year 2022 Group Management Board members were entitled to 39,046 shares of which 20,306 were transferred in 2023 and 2024 and 18,740 will be transferred in the years 2025 – 2028. For the year 2023 Group Management Board members were entitled to 58,373 shares of which 23,353 were transferred in 2024 and 35,020 will be transferred in the years 2025 – 2029.

For the performance during the financial year 2024, Group Management Board members will again be, provided that variable remuneration is activated, entitled to the 50% of their total variable remuneration in shares. In relation to the activation of the program it should be noted that the price of the Addiko shares was already crossing the target value threshold during the second quarter of the year. The final activation will be confirmed depending on the fulfilment of all other conditions and the share price at the end of the performance period being equal or higher than 75% of the target price.

As the share price to be used to determine the number of shares corresponds to the average volume weighted share price of Addiko Bank AG on the Vienna Stock Exchange in the three months prior to the calendar month in which the Supervisory Board of Addiko Bank AG will approve the remuneration for the financial year 2024, the number of shares which will be defined will be known only at the beginning of March, after the Supervisory Board confirms the activation of the variable remuneration for 2024 and after the relevant average volume weighted share price is known.

(41) Own funds and capital requirements

41.1. Capital requirements

The European Central Bank (ECB) is the competent authority in charge for the direct supervision of Addiko Group, the parent entity and the two subsidiaries operating in Slovenia and Croatia. The individual banking operations in the other countries are directly supervised by their local regulators.

Addiko Group regulatory minimum capital ratios, including the regulatory buffers and the capital requirements determined in the Supervisory Review and Evaluation Process (SREP) are presented in the following table:

	30.06.2024			31.12.2023		
	CET1	T1	TCR	CET1	T1	TCR
Pillar 1 requirement	4.50%	6.00%	8.00%	4.50%	6.00%	8.00%
Pillar 2 requirement	1.83%	2.44%	3.25%	1.83%	2.44%	3.25%
Total SREP Capital Requirement (TSCR)	**6.33%**	**8.44%**	**11.25%**	**6.33%**	**8.44%**	**11.25%**
Capital Conservation Buffer (CCB)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Counter-Cyclical Capital Buffer (CCyB)	0.63%	0.63%	0.63%	0.46%	0.46%	0.46%
Systemic Risk Buffer (SyRB)	0.50%	0.50%	0.50%	0.25%	0.25%	0.25%
Combined Buffer Requirements (CBR)	**3.63%**	**3.63%**	**3.63%**	**3.21%**	**3.21%**	**3.21%**
Overall Capital Requirement (OCR)	**9.96%**	**12.07%**	**14.88%**	**9.54%**	**11.65%**	**14.46%**
Pillar 2 guidance (P2G)	3.00%	3.00%	3.00%	3.25%	3.25%	3.25%
OCR + P2G	**12.96%**	**15.07%**	**17.88%**	**12.79%**	**14.90%**	**17.71%**

As a result of the 2022 SREP process performed by the European Central Bank (ECB), Addiko Bank AG received on 30 November 2023 the 2023 SREP decision, on the basis of which the Group must continue to meet a **Pillar 2 Requirement** (P2R) of 3.25% as of 1 January 2024.

In relation to the **combined buffer requirement** (CBR) as of 30 June 2024 the **countercyclical capital buffer** (CCyB) amounted to 0.63% (up from 0.46% at the end of last year), whereas almost 0.50% (up from 0.33%) resulted from the increased 1.5% CCyB for Croatia and 0.13% from the 0.5% CCyB for Slovenia. In January 2025 the CCyB rate of Slovenia will be set to 1.0% (CCyB requirement increase by 0.13%). Addiko is also subject to a **systemic risk buffer** (SyRB) of 0.5% (2023: 0.25%).

After the SREP 2023 decision Addiko Group is expected to meet a **Pillar 2 guidance** (P2G) of 3.00% starting from 1 January 2024, a decrease from the previous 3.25% that was in effect from 1 January to 31 December 2023.

Consolidated own funds

The regulatory reporting on a consolidated basis is performed at the level of Addiko Bank AG as the EU parent financial holding company of the group of credit institutions.

The Group's regulatory capital consists entirely of Common Equity Tier 1 capital, which includes ordinary share capital, related share premiums, retained earnings, reserves and accumulated other comprehensive income after adjustment for dividends proposed after the end of the reporting period and deductions for intangible assets and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

The following table therefore shows the breakdown of the Group's own funds pursuant to CRR using IFRS figures.

EUR m

	30.06.2024	31.12.2023
Common Equity Tier 1 (CET1) capital: Instruments and reserves		
Capital instruments and the related share premium accounts	195.0	195.0
Retained earnings	302.4	286.0
Accumulated other comprehensive income (and other reserves)	286.5	281.2
Independently reviewed (interim) and eligible profits net of any foreseeable dividend	0.0	16.5
o/w Interim eligible profit of the current year	0.0	41.1
o/w Foreseeable charge or dividend	0.0	-24.6
CET1 capital before regulatory adjustments	**783.9**	**778.7**
CET1 capital: regulatory adjustments		
Additional value adjustments	-0.7	-0.8
Intangible assets (net of related tax liability)	-15.1	-15.3
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met)	-12.8	-12.8
Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-2.1	-2.9
Other regulatory adjustments (including IFRS 9 transitional rules)	-1.0	-0.7
Total regulatory adjustments to Common Equity Tier 1 (CET1)	**-31.7**	**-32.6**
Common Equity Tier 1 (CET1) capital	**752.2**	**746.1**
Tier 2 (T2) capital: instruments and provisions		
Tier 2 (T2) capital	**0.0**	**0.0**
Total capital (TC = T1 + T2)	**752.2**	**746.1**
Total risk weighted assets	3,692.3	3,653.2
Capital ratios and buffers %		
CET1 ratio	20.4%	20.4%
TC ratio	**20.4%**	**20.4%**

The capital requirements in force during the reporting period, including a sufficient buffer, were met at all times both on a consolidated basis as well as in its individually regulated operations.

Total capital increased by EUR 6.0 million during the reporting period, reflecting the following components:

- The positive OCI development of EUR 4.8 million resulted from the following parts: EUR 4.3 million from debt instruments measured at FVTOCI and EUR 0.3 million from equity instruments and EUR 0.2 million from the change of foreign currency reserves.
- The EUR 0.4 million decrease of other regulatory deduction items resulting from: the amount of intangible assets to be deducted from capital (total capital increased by EUR 0.3 million), a slight decrease in the prudential valuation adjustments connected with assets/liabilities measured at fair value (total capital increased by EUR 0.1 million). The deferred tax assets on existing taxable losses and the deduction item out of non-performing exposures in context with the SREP process remained stable during the reporting period.
- The share buy-back program arising from the accumulation of equity-settled share-based payments led to a total capital increase of EUR 0.5 million.
- The foreseeable dividend of up to EUR 24.6 million that was subtracted from the YE23 regulatory capital accounted for EUR 0.3 million treasury shares that do not qualify for dividends, effectively raising the total capital by an equivalent sum.
- With reference to article 26 CRR, the interim profit of the reporting period (EUR 25.5 million) was not included into the calculation of the regulatory capital.

Risk structure

Addiko Group uses the standardised approach in the calculation of the credit, market and operational risk, which partly explains the relatively high risk density (measured by comparing RWA to assets) of 60.1% (YE23: 59.4%). The bank's focus on unsecured consumer lending and SME business is another important source of the reported risk density.

The risk-weighted assets (RWA) increased by EUR 39.2 million during the reporting period:

- The **RWA for credit risk** increased by EUR 59.8 million, mainly driven by new disbursements in the focus segments Consumer and SME (EUR 70.5 million). This development was partially compensated by an exposure decrease in the non-focus segments Mortgages (EUR 24.0 million), Large Corporates (EUR 30.0 million) and Public Finance (EUR 3.7 million). Furthermore, the application of the article 500a of the regulation (EU) 2020/873 led to higher risk weights for certain sovereigns and financial institutions, which represents the most important effect in the segment Corporate Center (EUR 47.0 million).
- The **RWA for counterparty credit risk (CVA)** decreased marginally during the reporting period by EUR 0.6 million.
- The **RWAs for market risk** decreased by EUR 20.0 million, principally driven by lower open positions in BAM (RWA decrease of EUR 7.5 million), RSD (EUR 4.7 million) and others (EUR 7.8 million; mainly USD).
- The **RWA for operational risk** remained stable in line with the previous year-end. The RWA for operational risk is based on the three-year average of relevant income, which represents the basis for the calculation.

EUR m

	30.06.2024	31.12.2023
Credit risk pursuant to Standardised Approach	3,120.3	3,060.5
Counterparty credit risk	3.0	3.6
Market risk	134.1	154.0
Operational risk	435.0	435.0
Total risk exposure amount	**3,692.3**	**3,653.2**

Leverage ratio

The leverage ratio for the Addiko Group, calculated in accordance with Article 429 CRR, was 11.8% at 30 June 2024 and increased slightly (YE23: 11.6%). The development is mainly due to the above-mentioned development of the Tier 1 capital, with both components contributing to the increase in the ratio.

EUR m

	30.06.2024	31.12.2023
Tier 1 capital	752.2	746.1
Total leverage ratio exposure	6,391.4	6,421.8
Leverage ratio %	**11.8%**	**11.6%**

Capital allocation

The Group's policy aims to keep a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. The Group employs a centralised capital management process which covers both normative and economic perspectives of capital management. Securing the Group's ability to satisfy capital requirements in economic perspective forms a central part of the “Internal Capital Adequacy Assessment Process” (ICAAP) steering activities. The starting point for performing the risk-bearing capacity calculation is the identification of all material risks through an annual risk inventory. The value at risk (VaR) method is applied for calculating risk capital requirements for credit, market and liquidity risk, the main risk categories applies the confidence level of 99.9%.

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The process of allocating capital to specific operations and activities is undertaken during the budgeting process. Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Group to particular operations or activities, it is not the sole basis used for decision making. Account is also taken of expectations of specific risk drivers development in the following period, synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Group's longer-term strategic objectives.

41.2. MREL requirements

The Bank Recovery and Resolution Directive (BRRD) provides that institutions established in the European Union (EU) should meet a minimum requirement for own funds and eligible liabilities (MREL) to ensure an effective and credible application of the bail-in tool. MREL targets are determined on a case-by-case basis for each institution or banking group by the competent resolution authority, which is the SRB (Single Resolution Board) in the case of Addiko Group.

Based on the resolution plan received on 25 May 2023 from the SRB, Addiko Group consists of two resolution entities - Addiko Bank d.d. (Croatia) and Addiko Bank d.d. (Slovenia) – as both entities were assessed by the resolution authority to provide critical functions to the local market. Addiko Bank AG is the liquidation entity. The SRB concluded that a multiple point of entry (MPE) is a suitable strategy for Addiko Group. On 21 February 2024 the SRB determined the following minimum requirements for own funds and eligible liabilities in its decision with immediate effect:

- Addiko Bank d.d. (Croatia) 22.2% of TREA and 5.2% of LRE on an individual basis.
- Addiko Bank d.d. (Slovenia) 11.3% of TREA and 3.0% of LRE on an individual basis. The bank has to ensure a linear build-up of own funds and eligible liabilities towards the MREL requirement applicable as of 30 June 2025 of 20.9% of TREA and 5.2% of LRE on an individual basis.
- Addiko Bank AG 11.3% of TREA and 3.0% of LRE on an individual basis.

During the reporting period the MREL ratio of all entities was always above the respective requirements.

(42) Events after the reporting date

There were no material events after the reporting date.

(43) Alternative performance measures

Addiko uses alternative performance measures (APM) to describe it’s performance or financial position which are not defined or specified in the financial (IFRS) or regulatory (CRR) reporting framework. The following additional information provide a reconciliation of the APM to the reconciled line item, subtotal or total presented in the financial statements and explaining the material reconciling items.

Change CL/GPL (simple av.)	Change in credit loss (CL) divided by simple average gross performing loans
Cost/income ratio (CIR)	Operating expenses divided by (net interest income + net fee and commission income)
Cost of funding	Interest expense on customer deposit costs, costs for deposits from credit institutions and Treasury costs. Denominator based on simple average
Cost of risk ratio	Credit loss expenses on financial assets divided by credit risk bearing exposures
Cost of risk ratio (net loans)	Credit loss expenses on financial assets divided by net loans customers
Effective tax rate	Taxes on income divided by result before tax
Focus RWA / total RWA	Based on segment credit risk weighted assets (RWA), excluding operational, market and counterparty RWA, divided by total RWA excluding Corporate Center
Gross yield	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 are calculated using daily averages
LCR	Liquidity coverage ratio; the ratio of high-quality liquid assets and net cash flows in the next 30 days
Leverage ratio	The ratio of Tier 1 capital to specific exposures on and off the statement of financial position calculated in accordance with the methodology set out in CRR

Loan to deposit ratio	Indicates a bank's ability to refinance its loans by deposits rather than wholesale funding. It is based on net customer loans and calculated with loans to non-financial corporations and households in relation to deposits from non-financial corporations and households. Segment level: Loans and receivables divided by financial liabilities at amortised costs
Net banking income	The sum of net interest income and net fee and commission income
Net interest income (segment level)	Net interest income on segment level includes total interest income related to effective interest rate from gross performing loans, interest income from NPE, interest like income, interest expenses from customer deposits, consideration of funds transfer pricing and allocated contribution from interest and liquidity gap
NIM	Net interest margin is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is calculated with net interest income set in relation to average interest-bearing assets (total assets less investments in subsidiaries, joint ventures and associates, intangible assets, tangible assets, tax assets and other assets)
Operating income	Sum of net interest income, net fee and commission income, net result on financial instruments, other operating income and other operating expenses
Operating result before impairments and provisions	Operating income less general administrative expenses
NPE ratio	Is an economic ratio to demonstrate the proportion of loans that have been classified as defaulted non-performing in relation to the entire customer loan portfolio. The definition of non-performing has been adopted from regulatory standards and guidelines and comprises in general those customers where repayment is doubtful, a realisation of collaterals is expected, and which thus have been moved to a defaulted customer rating segment. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management. Non-performing exposure/credit risk bearing exposure (on and off-balance)
NPE coverage ratio	Describes to which extent defaulted non-performing exposure have been covered by impairments (individual and portfolio-based loan loss provisions) thus expressing also the ability of a bank to absorb losses from its NPE. It is calculated with impairment losses set in relation to defaulted non-performing exposure
NPE collateral coverage	Collaterals allocated to non-performing exposure divided by non-performing exposure
Result before tax	Sum of operating income and general administrative expenses
Result after tax	Result before tax after deduction of taxes on income
Return on average tangible equity	Calculated as result after tax divided by the simple average of equity less intangible assets
RWA / assets ratio	Calculated as total risk weighted assets (RWA) divided by total assets
Stage 1 & 2 (performing) coverage	Calculated as stock of expected credit losses (ECL) by performing loan exposures (stage 1 & 2 exposures)

Statement of all Legal Representatives

We confirm to the best of our knowledge that the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Vienna, 5 August 2024
Addiko Bank AG

MANAGEMENT BOARD

Herbert Juranek m.p.
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Edgar Flaggl m.p.
Member of the Management Board

Tadej Krašovec m.p.
Member of the Management Board

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