Addiko Bank

Addiko Bank Increases 2024 Profit by 10% to €45.4 Million

- **2024 net profit up 10% to €45.4m vs. €41.1m in previous year**
- **Consumer lending outperformed expectations with new business up 20% YoY, SME loan growth lagging behind due to muted demand**
- **CET1 ratio increased to 22.0% (fully-loaded) from 20.4% YoY**
- **Challenging year 2024 due to external factors with two takeover bids and changes in shareholder structure**
- **Dividend suspended following ECB recommendation in light of complex shareholder situation**

Vienna, 6 March 2025 – Addiko Group, a Consumer and SME specialist bank active across Central and South-Eastern Europe (CSEE), achieved a full-year profit after tax of €45.4m, driven by strong business development in the Consumer segment and focused cost management. The result was impacted by one-off costs of €3m related to the takeover bids. The result marks an improvement of 10.4% over the previous year or 17.8% excluding these one-off costs.

"We increased net profit for the third consecutive year and managed to improve our profitability as we gained new customers, delivered on our promises to our existing clients and successfully repriced our offerings in an environment of high interest rates", said Chief Executive Officer Herbert Juranek. *"The year also brought unexpected developments with two takeover offers in addition to several changes in the shareholder base. The latter has led to the recommendation by the ECB to suspend the dividend payment for the financial year 2024. "Despite the complex situation on the shareholder side and the impact of the takeover offers on our bank, we have achieved a solid financial performance, underscoring the strength of our business model and our long-term strategic vision."*

Solid performance in 2024

- **Operating result up 8.1% to €112.3m vs. €103.9m last year**
- **General administrative expenses impacted by extraordinary costs from the takeover bids as well as inflationary cost increases**
- **Cost of Risk at 1.03% or €36.0m compared to €11.8m a year earlier**
- **NPE ratio (on-balance) stable at 2.9% (YE23: 2.8%), NPE coverage at 80.0% (YE23: 80.9%)**
- **Return on average Tangible Equity at 5.7% (YE23: 5.5%)**
- **EPS of €2.35 compared to €2.12 a year earlier**

The **result after tax** of €45.4m (YE23: €41.1m) reflected the solid business development, successful repricing and provisions for legal claims. **Expected credit loss expenses** stood at €36.0m or 1.03% Cost of Risk (YE23: €11.8m or 0.34%). Following an update of probability of default models, Addiko reduced the overall post-model adjustment to €1.4m (3Q24: €9.3m).

The **share of the two focus segments Consumer and SME** of the total gross performing loan book increased to 89.5% compared to 86.5% a year earlier and in line with Addiko's strategy. The overall customer gross performing loan book amounted to €3.51b compared to €3.49b at the end of 2023 while the non-focus as well as the medium SME loan book continued to decrease. The overall focus book increased by 4% YoY while the focus portfolio excluding the medium SME loans grew by 6%.

Net interest income rose by 6.5% to €242.9m (YE23: €228.0m) with **NIM** at 3.87% (YE23: 3.75%). The **net fee and commission income** increased by 8.7% YoY to €73.0m (YE23: €67.1m), mainly driven by a product push in accounts & packages, bancassurance and credit cards. **General administrative expenses** (OPEX) increased to €192.4m (YE23: €178.6m) as a result of the high inflation as well as the one-off costs amounting to €3m related to the takeover bids of Agri Europe Cyprus and Nova Ljubljanska banka (NLB). The **cost-income ratio** came in at 60.9% (YE23: 60.5%). Excluding these one-off costs, the cost-income ratio would have improved to 60.0%.

The **NPE ratio related to on-balance loans** was stable at 2.9% (YE23: 2.8%), **NPE coverage** at 80.0% (YE23: 80.9%) and the **non-performing exposure (NPE)** at €145m (YE23: €138m). The **NPE ratio** based on total gross exposure remained at 2.0% (YE23: 2.0%).

The **CET1 ratio** improved to a strong 22.0% fully-loaded (YE23: 20.4%) which includes the full-year profit. The Group's funding situation stood at €5.3b customer deposits at a liquidity coverage ratio of 363%.

Following the recommendation by the European Central Bank (ECB) on 9 December 2024 to **suspend the dividend** due to the current shareholder situation, the Management Board of Addiko Bank AG has decided, in alignment with the Supervisory Board, to cancel the dividend for the financial year 2024 until further notice. Accordingly, no dividend will be proposed to the Annual General Meeting in 2025. Nevertheless, Addiko's dividend policy to distribute c. 50% of the net profit remains in place.

On the back of Addiko's business performance and the current environment, Addiko has updated its **Outlook 2025 and Guidance 2026**. The guidance is based on assumptions that can vary over time due to a changing environment (such as the interest rate environment, macroeconomic developments, regulatory restrictions and requirements or tax legislation etc.). The expansion into Romania is not expected to have a notable impact on profitability before 2026.

	Actuals 2024	Outlook 2025	Guidance 2026
Income & Business			
Total loan book growth[1]	**€3.5b**	>7% CAGR 2023-2026	
NIM[2]	**3.9%**	>3.6%	
NBI (growth YoY)[2]	**€315.8m**	c. 2%	>5%
OPEX	**€192.4m**	<€196m	<€200m
Risk & Liquidity			
CoR[3]	**1.03%**	c. 1.3%	
NPE ratio[4]	**2.9%**	<3% as guiding principle	
Total capital ratio	**22.0%**	>18.35% subject to yearly SREP	
LDR	**66%**	Ramping up to <80%	
Profitability			
RoATE[5]	**5.7%**	c. 6%	c. 6.5%
Dividend[6]	**€0**	c. 50% of net profit	

1) Gross performing loans. 2) Assuming an average yearly ECB deposit facility rate of 283bp in 2025 and 200bp in 2026. 3) On net loans. 4) On on-balance loans (EBA). 5) Assuming a higher effective tax rate of effective tax rate of ≤25% in 2025 and 2026 due to changes of DTA in Slovenia and considering pull-to-par effect of majority of negative fair value reserves in FVTOCI. 6) In line with dividend policy, subject to AGM decision.

The financial report can be downloaded under the following link: www.addiko.com/financial-reports/

Addiko Group's Investor Relations website https://www.addiko.com/investor-relations/ contains further information, including financial and other information for investors.

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About Addiko Group

Addiko Group is a specialist banking group focusing on providing banking products and services to Consumer and Small and Medium-sized Enterprises (SME) in Central and South-Eastern Europe (CSEE). The Group consists of Addiko Bank AG, the fully-licensed Austrian parent bank registered in Vienna, Austria, listed on the Vienna Stock Exchange and supervised by the Austrian Financial Market Authority and the European Central Bank, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (where it operates via two banks), Serbia and Montenegro. Through its six subsidiary banks, Addiko Group services as of 31 December 2024 approximately 0.9 million customers in CSEE using a well-dispersed network of 155 branches and modern digital banking channels.

Based on its strategy, Addiko Group has repositioned itself as a specialist Consumer and SME banking group with a focus on growing its Consumer and SME lending activities as well as payment services (its "focus areas"). It offers unsecured personal loan products for Consumers and working capital loans for its SME customers and is largely funded by retail deposits. The accelerated run-down of Addiko Group's Mortgage, Public and Large Corporate lending portfolios (its "non-focus areas") was concluded in the year 2024.