Addiko Bank

1H20 Results Presentation

Csongor Nemeth (CEO)
Markus Krause (CRO & CFO)
Edgar Flaggl (IR)

August 19th 2020

MANAGEMENT BOARD TEAM SINCE AUGUST 1ST 2020

Addiko Bank

SB

- **Supervisory Board with 8 members** of which 2 delegated by the Works Council
- Mrs. Monika Wildner and Mr. Kurt Pribil elected as **new Supervisory Board members** in EGM (July 10th, 2020)

MB

Csongor Németh
Chief Executive Officer

>19 years in Banking
Addiko since November 1st 2015

- ✓ Chief Corporate & SME Banking Officer at Addiko Bank
- ✓ Head of SME Banking at Sberbank
- ✓ Managing Director for SME Banking at Intesa Sanpaolo Group
- ✓ Head of Budapest Business Center, at Budapest Bank (GE Money)

Markus Krause
Chief Risk & Finance Officer

>26 years in Banking
Addiko since August 17th 2015

- ✓ Chief Risk Officer at Addiko Bank
- ✓ Chief Risk Officer at Sberbank Europe
- ✓ Head of Strategic Risk Management & Control at UniCredit
- ✓ Head of Strategy Team Risk Management at GE Consumer Finance

Ganesh Krishnamoorthi
Chief Retail, IT & Digitalization Officer

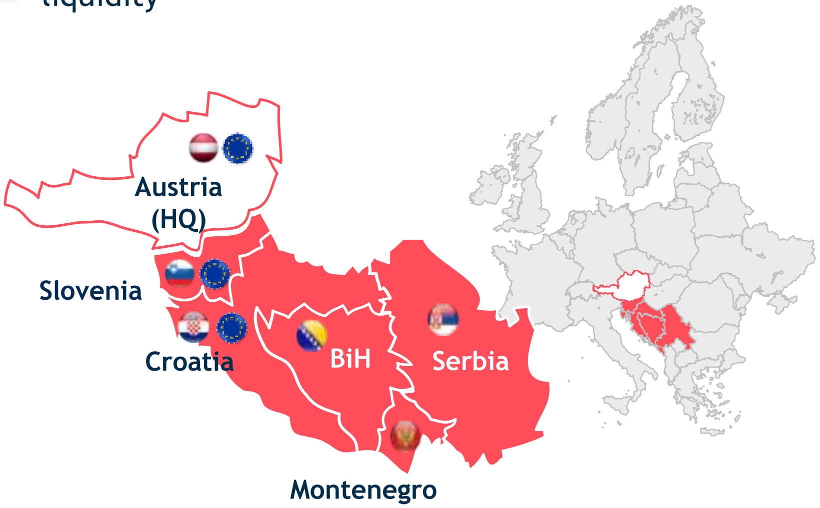
>20 years in Banking
Addiko since August 1st 2020

- ✓ Interim Chief Executive Officer, responsible for Retail, Digital, IT & Marketing at Anadi Bank
- ✓ CMO at easybank
- ✓ General Manager Digital EU at Western Union
- ✓ Head of Retail Direct & Digital Sales at GE Money Bank

COMMITTED TO ACCELERATED EXECUTION OF ESTABLISHED STRATEGY

Core strategic pillars

- Focus on **CSEE** market
- Focus on **growth** in unsecured **Consumer & SME** lending and payments
- Ensure **efficiency, simplicity and operational excellence**, leveraging existing distribution network and digital
- Expand **digital capabilities providing new value adding proposition** to focus area customers
- **Prudent risk approach**, solid capitalization, funding & liquidity



Proven track record

- ✓ **Established franchise** increasing lending to focus areas by 68% since 2016 as first year of new strategy
- ✓ **Operating platform stability** tested during Covid-19 pandemic
- ✓ **Basis for digital distribution** established, recognized digital innovator: >10% of Consumer & >15% SME loans sold digitally
- ✓ **Continued cost reduction measures**
- ✓ **Maintained robust asset quality**
- ✓ **Upheld strong capital position** and **self funding principle**

KEY TOPICS & ACTIONS

Key topics	Actions
Growth	• Accelerate execution of **established focus strategy and introduce value generating digital capabilities** • Uphold **robust asset quality** with tight risk management & containment • **Run down non-focus** or disposal in case of economically sound opportunities
Costs	• **Reduce fixed and variable cost components sustainably** to compensate for revenue gaps • **Scale up migration to digital**, harmonize and automate processes • **Review of rightsizing**
Capital	• **Maintain strong capital position**, stable and diversified funding & liquidity • Commit to communicated **dividend policy** • Continue **proactive dialogue** with regulators on capital requirements and MREL

KEY HIGHLIGHTS 1H20

Earnings

- **Result after tax** of €-12.2mn net loss (1H19: €+20.2mn)
- Second quarter 2020 result after tax of €-3.8mn vs. €-8.4mn in 1Q20
- **Provisioning** at **-0.8% Cost of Risk** with €-29.2mn (1H19: €+1.9mn) predominantly reflecting quarterly IFRS 9 model adjustments (€-23.0mn) and Stage 2 developments
- **Operating result** up by 14.5% YoY at €27.6mn supported by lower OPEX, despite full business impact from Covid-19 in second quarter
- **Return on Tangible Equity** (@14.1% CET1 ratio) of -1.0% (YE19: 5.6%)

Asset Quality Containment

- **NPE volumes and ratio stable** at 3.6% (YE19: 3.9%) also affected by moratoria preventing defaults for potentially affected exposures
- **15% of total exposure in moratoria** while **>90% of loan portfolio with no overdues**
- **NPE provision coverage** stable at 73.2% (YE19: 73.8%)
- **Risk mitigation & containment measures in place**

Funding, Liquidity & Capital

- **Funding situation remained solid** at €4.7bn customer deposits despite Covid-19, LCR at c. 200%
- **Capital ratio strengthened** to transitional **CET1 ratio of 19.0%** (IFRS 9 fully-loaded CET1 ratio of 18.2%)

SOLID OPERATIONAL PLATFORM ENABLES TO TACKLE COVID-19 PANDEMIC IMPACTS

Mid Term Targets

- Mid Term Targets will be reviewed based on further clarity on the impact of Covid-19

Outlook 2020

- **For the full year 2020 the Group expects**
  - **Gross performing loans:** c. €3.5bn (YE19: 3.87bn)
  - **Net Banking Income:** 7-10% below the level of 2019 (YE19: €250.2mn)
  - **Operating expenses:** below €175mn (YE19: €189.2mn)
  - **Credit loss expenses** on financial assets: 1.1% to 2.2% on average net loans and advances to customers (YE19: 0%)
  - **CET1 ratio:** above 19% on a transitional basis, with previously proposed 2019 dividend already being deducted (YE19: 17.7%)

AGM & Dividend Guidance

- AGM for business year 2019 in fourth quarter 2020
- Management committed to its communicated dividend proposal, timing being dependent on the lifting of the recently introduced regulatory measures

CURRENT ENVIRONMENT AND BUSINESS IMPLICATIONS

GDP forecasts[1] (%, real growth)

	2019 Actual	2019E at IPO	2020E at IPO	2021E at IPO	Latest Forecasts 2020E Base	2021E Base	2020E Pessimistic	2021E Pessimistic
Slovenia	2.4%	3.2%	3.0%	2.9%	(9.5)%	4.0%	(12.0)%	1.4%
Croatia	3.0%	2.6%	2.5%	2.5%	(11.0)%	4.0%	(13.5)%	1.9%
Serbia	4.0%	3.4%	2.9%	2.9%	(4.0)%	4.0%	(5.6)%	3.1%
Bosnia & Herzegovina	2.7%	2.5%	2.6%	2.7%	(5.0)%	3.0%	(6.6)%	2.1%
Montenegro	3.3%	2.5%	2.2%	2.0%	(8.0)%	5.0%	(9.6)%	4.1%
Euro Area	1.1%	1.6%	1.5%	1.4%	(7.5)%	4.7%	(9.1)%	2.8%

- **V-shaped recovery** in 2021 expected as most likely scenario
- Higher unemployment rates, limited economic development and demand expected in 2H20
- Forecasts significantly different to those valid at the IPO

Business implications

Customer Business

Strategy unchanged
- Accelerated execution

Focus
- Acceleration of digital
- Strengthen remote assisted services and distribution
- Portfolio quality over new business and volume growth

Non-Focus
- Continued run-down
- Opportunistic value creating disposals (more excess capital) vs. trend of non-focus income

Operating Platform

People
- Further streamlined set-up
- Opportunity for talents to grow

Operating platform & stability
- Improve efficiency
- Leverage home-office capabilities
- Reduce administrative costs

Digital & IT
- Enhance value adding proposition
- Automation of processes
- IT cost reduction

Risk Management

Risk measurement
- Maintain prudent risk metrics
- Continue detailed measurement of crisis impacts

Risk containment
- Maintenance of asset quality balanced with risk and growth in focus areas
- Further adjustments of policies depending on economic development

Detailed disclosure
- Provide insights on asset quality developments

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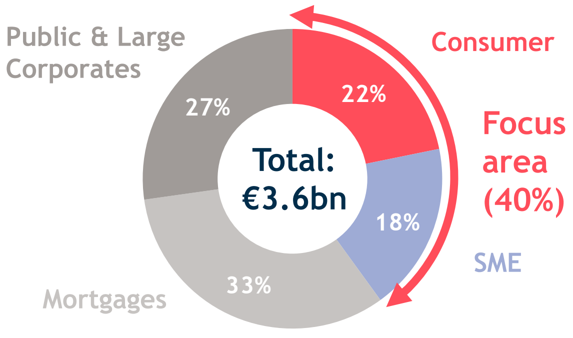
[1] Source: The Vienna Institute for International Economic Studies (wiiw)

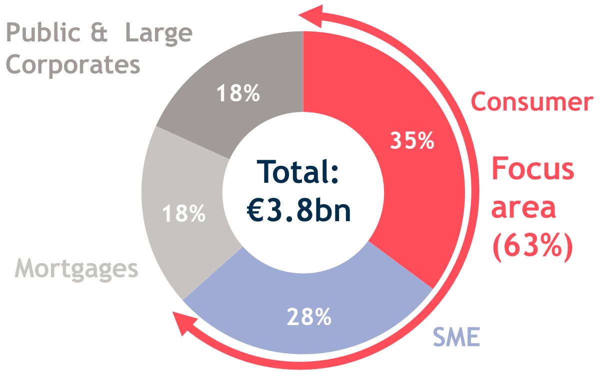
CONTINUED REPOSITIONING INTO FOCUSED AREAS – CONSUMER AND SME

Gross performing loans by segment

2016

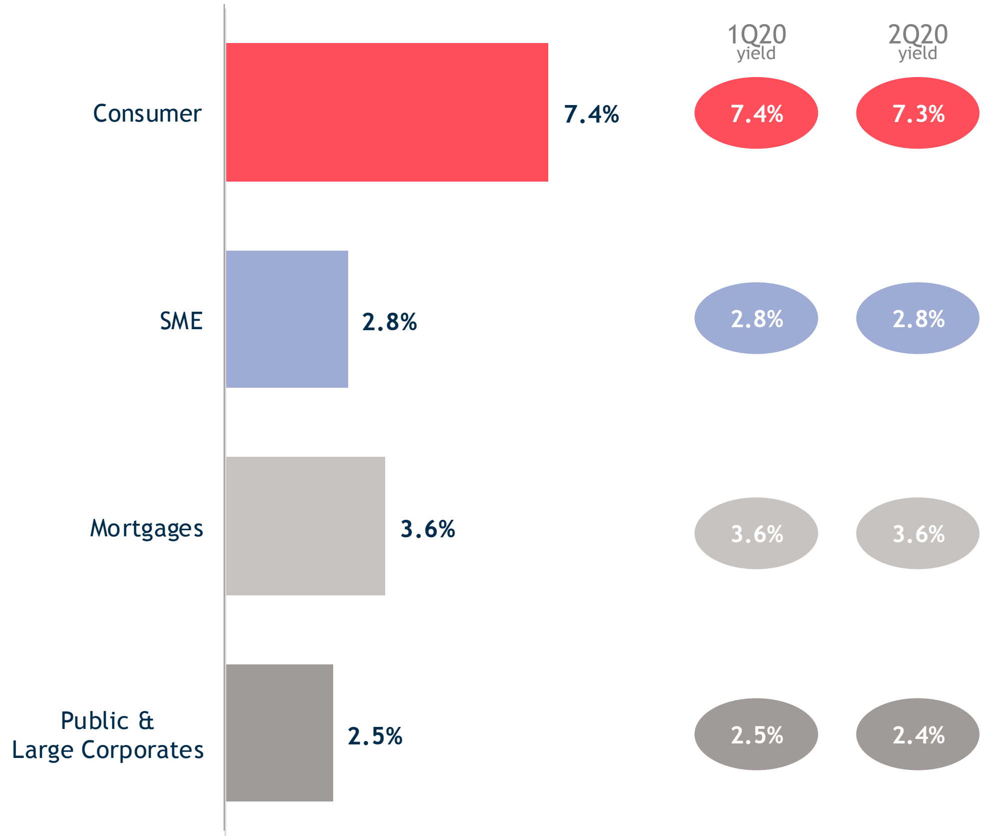


1H20



Gross yield by segment[1]

1H20



- Focus yields stable, slight reduction in Consumer given low new business
- Difference in yields between focus and non-focus remains at c. 2.3%

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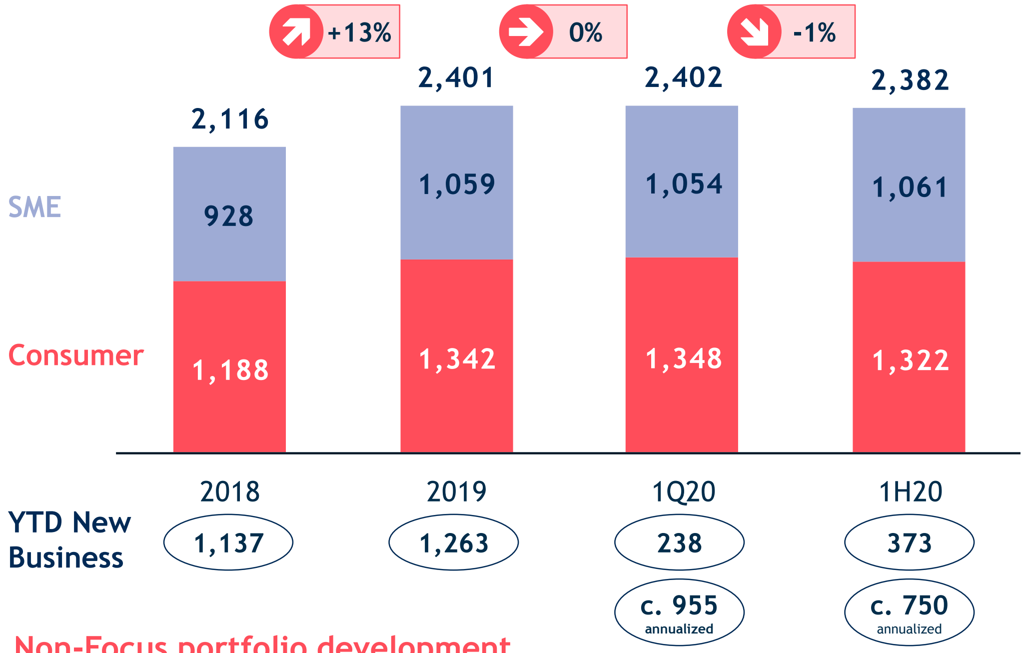
[1] The gross yield is calculated as annualised regular interest income (i.e. excl. interest income from NPEs, interest like income and before FTP) divided by the simple average of gross performing loans based on beginning and end of period amounts.

FOCUS PORTFOLIO STABLE

Focus portfolio development

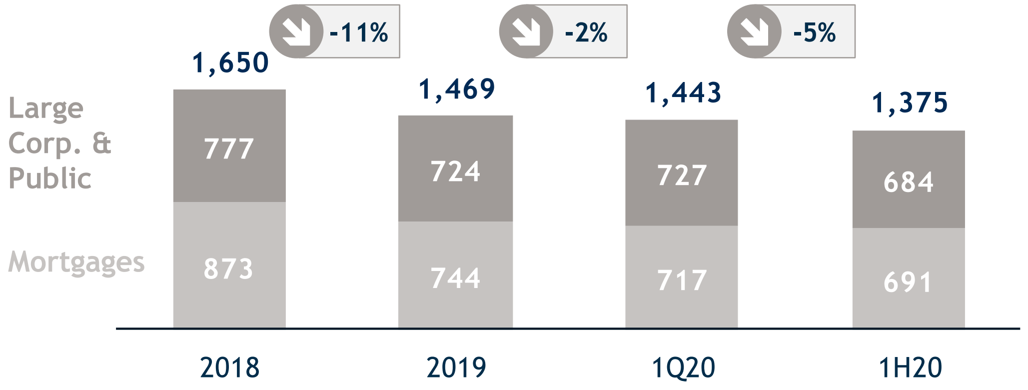
Consumer & SME gross performing loans (€mn)



- **Focus portfolio stable despite challenging business environment**
- **Significantly reduced new business volumes** in focus during 1H20, also influenced by consumer protection regulation introduced in 2019 & prudent risk approach
- Pronounced new business reduction in fully Covid-19 impacted 2Q20
  - Consumer down 78% vs. 2Q19
  - SME down 39% vs. 2Q19

Non-Focus portfolio development

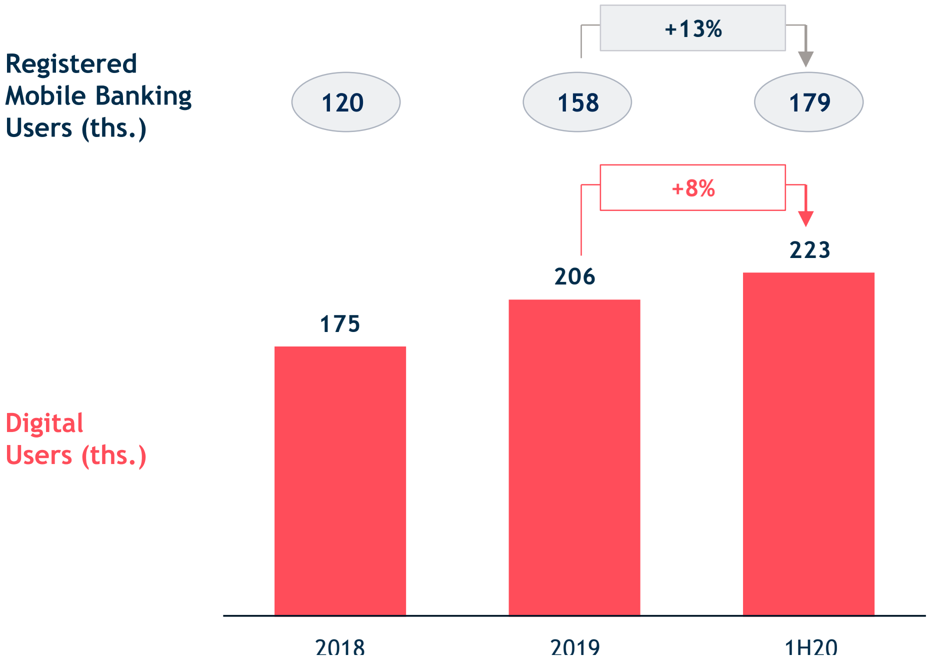
Mortgages, Large Corp. & Public Fin. gross performing loans (€mn)



- **Non-Focus reduction in line with plan,** similar rate of reduction during 2019 expected in 2020
- No new business in Mortgage and Public
- >85% YoY decrease of new business in Large Corporates

NEW ENVIRONMENT STRENGTHENS DIGITAL TRANSFORMATION POTENTIAL

Digital capabilities



+13% Mobile banking users

+8% Digital users

29% Bank@Work
(vs. 27% in 2019)

17% Digital SME loans[2]
(4% in 2Q20 vs. 37.0% in 1Q20)

11% Digital consumer loans[1]
(vs. 9.0% in 2019)

Digital highlights in 1H20

Consumer

- Mobile account opening in just few clicks launched in Serbia
- Digital loan sales assisted by Contact Center in BiH, Serbia and Montenegro
- Covid-19 measures increased active digital base during crisis:
  - Proactively promoted digital sales and service channels like m/e banking, Virtual Branch, mLoan to existing non digital customers
  - Campaigns for activation of non active digital users
  - Online branch queuing using ‘Qline’ smartphone app

SME

- eBank system upgraded with Trade Finance functionalities

Digital development priorities in 2H20

Consumer

- mLoan in Slovenia, Croatia, BiH and Montenegro
- mDeposits in Serbia
- PSD2 based income verification system in Croatia
- New release of Virtual Branch 2.0 in Croatia
- Data lake project – enhancing analytical capabilities
- “Remote“ Bank@Work 2.0 assisted by contact center

SME

- Group-wide roll-out of simple loan platform
- Additional automated checks for credit applications
- Capability to restructure or prolong credit applications online
- Implementation of Qualified Cloud Certificates in Croatia

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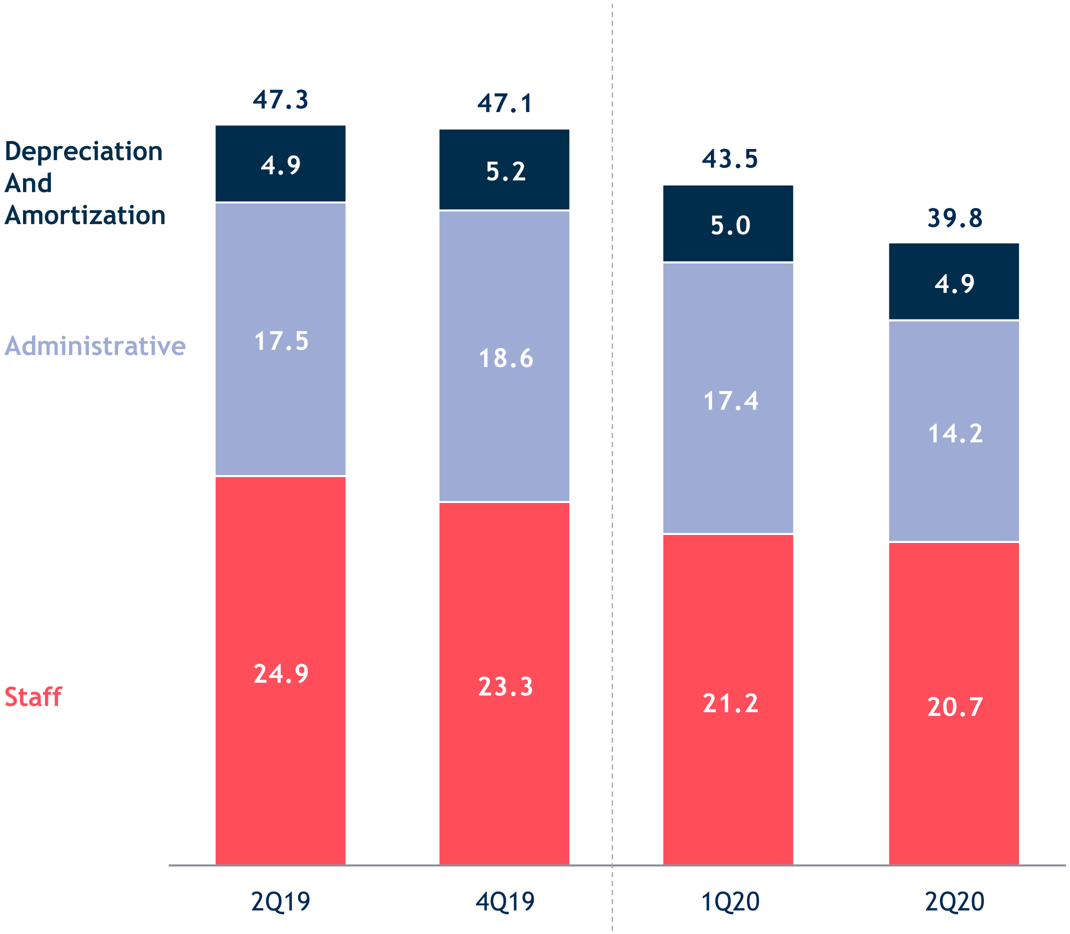
[1] Consumer loans originated through Web in 1H20 / % of total consumer loans disbursements
[2] Simple SME term loans sold via digital platform in Slovenia and Serbia

DEVELOPMENT OF OPERATING EXPENSES AND NEXT STEPS

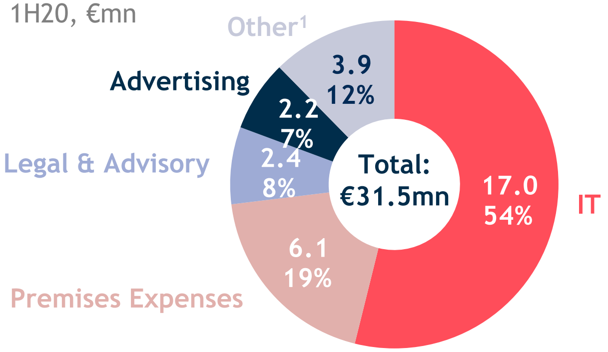
Operating expenses development by quarter

Reported, €mn



Administrative expenses

Reported, 1H20, €mn



- Cost base further optimized as a result of ongoing cost optimization programs & Covid-19 containment
- 2Q19 includes IPO related costs of €0.6mn (1H19: €1.5mn)
- No bonus accruals considered in 1H20

Further cost reduction measures in the pipeline:

➔ Cost optimization program to be launched in 3Q20 to reduce fixed and variable cost components, including:
  - Review of rightsizing
  - Review of distribution channels
  - Further rationalize and de-scale IT costs
  - Accelerate reduction of non-focus related costs

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

FINANCIAL PERFORMANCE 1H20

Key financials (reported)

P&L

in €mn

	1H20	1H19	+/- PY	2Q20	1Q20	+/- PQ
Net interest income	88.6	91.0	-2.6%	43.3	45.3	-4.5%
Net fee and commission income	28.9	32.0	-9.6%	13.7	15.3	-10.5%
Net banking income	**117.5**	**123.0**	**-4.4%**	**57.0**	**60.6**	**-6.0%**
Operating income	**110.9**	**119.7**	**-7.4%**	**54.2**	**56.7**	**-4.4%**
Operating expenses	**-83.3**	**-95.6**	**-12.9%**	**-39.8**	**-43.5**	**-8.7%**
Operating result	**27.6**	**24.1**	**14.5%**	**14.4**	**13.2**	**9.7%**
Credit loss expenses on financial assets	-29.2	1.9	>100%	-14.8	-14.4	3.4%
Result before tax	**-1.6**	**26.0**	**>100%**	**-0.4**	**-1.2**	**-66%**
Result after tax	**-12.2**	**20.2**	**>100%**	**-3.8**	**-8.4**	**-55%**

Balance Sheet

in €mn

	1H20	1H19	+/- PY	+/- PQ	+/- YE19
Total assets	5,939	6,189	-4.0%	-3%	-2%
Loans and receivables to customers	3,740	3,897	-4.0%	-2%	-3%
o/w gross performing loans	3,758	3,875	-3.0%	-2%	-3%
Customer deposits	4,739	4,865	-2.6%	0%	-2%
Shareholders' equity	826	848	-2.6%	0%	-4%

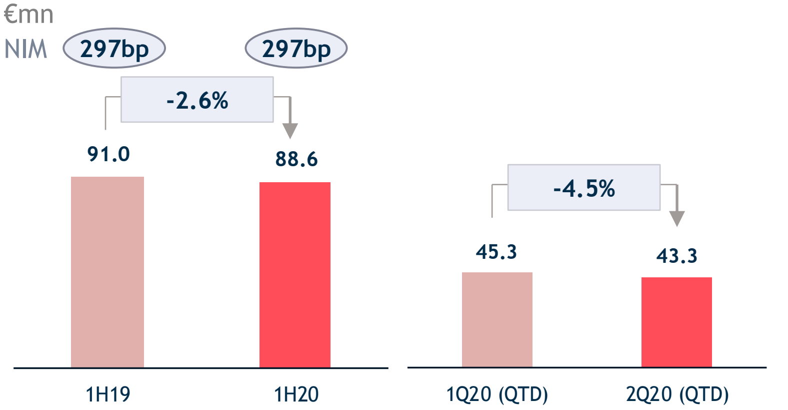
Key Ratios

	1H20	1H19	+/- PY (pts)	+/- PQ (pts)	+/- YE19 (pts)
NIM (in bp)	297	297	-1	-2	-3
Cost/income ratio	70.9%	77.8%	-6.9%	-1.0%	-4.7%
NPE Ratio (GE based)	3.6%	4.6%	-1.0%	0.2%	-0.4%
Cost of risk (net loans, not annualised)	-0.8%	0.0%	-0.8%	-0.4%	-1.0%
Loan-deposit ratio (customer)	79%	80%	-1.1%	-2%	-1.2%
CET1 ratio (transitional)	19.0%	17.6%	1.37%	1.34%	1.27%
Total capital ratio (transitional)	19.0%	17.6%	1.37%	1.34%	1.27%
CET1 ratio (fully-loaded)	18.2%	17.0%	1.20%	1.34%	1.27%
Total capital ratio (fully-loaded)	18.2%	17.0%	1.20%	1.34%	1.27%

- **Result significantly driven by**
  - **Provisioning** of €-29.2mn reflecting Covid-19 while overall asset quality remains strong (NPE ratio at 3.6%)
  - **Taxes with negative impact** in 1H20 via impairments on DTA
- **Operating result** before change in credit loss expense at €27.6mn, **up 14.5% YoY**, driven by
  - **Net Banking income lower** by 4% YoY (-6% vs. 1Q20) driven by decline of business activities partially compensated by funding costs and higher yielding focus loan book
  - **Operating expenses better** by €12.3mn following efficiency programs in 2019, reduced spending and exclusion of bonus accruals in 1H20
- **Reduction in the performing loan book by €117mn** YoY
- **Solid capital ratio** at CET1/TC ratio at 19.0% (18.2% fully-loaded)

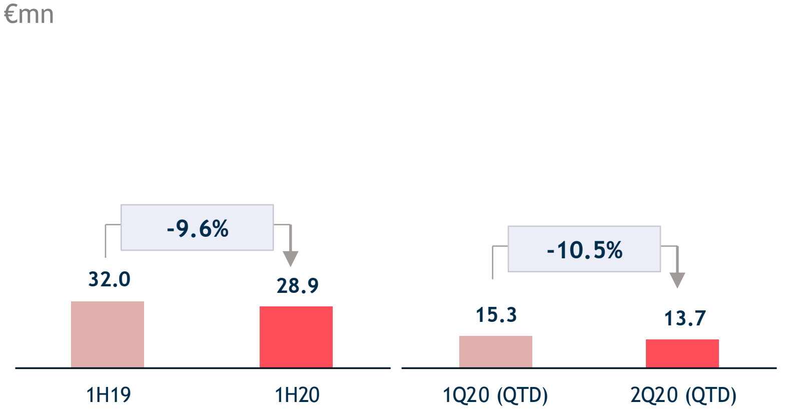
KEY PERFORMANCE DRIVERS 1H20 AND 2Q20

Net interest income



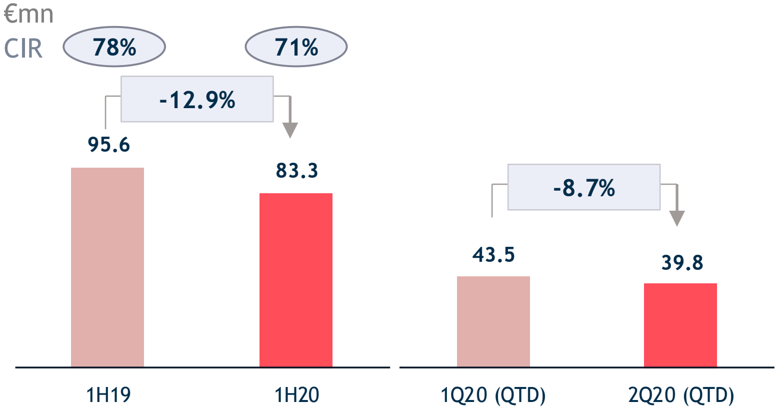
- Regular interest income from focus areas up 5.9% YoY and down 1.3% vPQ due to limited news business, with non-focus reduction according to plan
- Deposits stable, NII supported by deposit yields (-11bp YoY)

Net fee and commission income



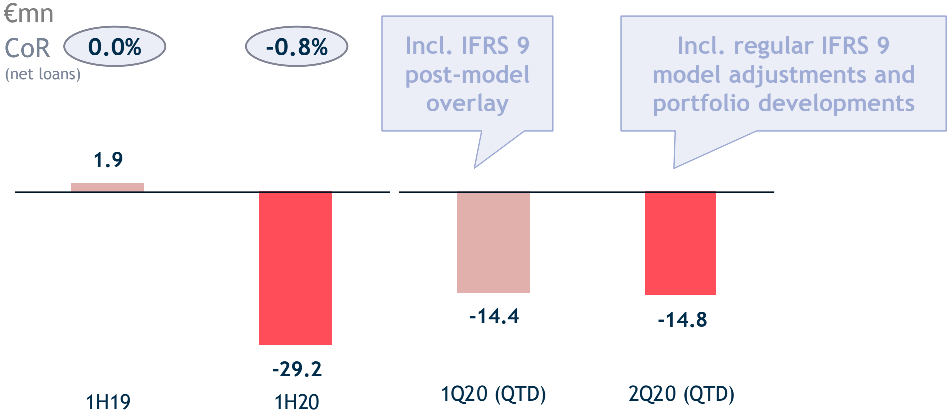
- Significant drop in net commission income driven by limited demand and fewer transactions during lock-down (i.e. bancassurance, card business, FX/DCC transactions)

Operating expenses



- Cost reduction as outcome of implemented initiatives and Covid-19 related reductions
- 1H19 influenced by IPO costs, 1H20 by positive one-offs and no bonus accruals

Credit loss expenses on financial assets



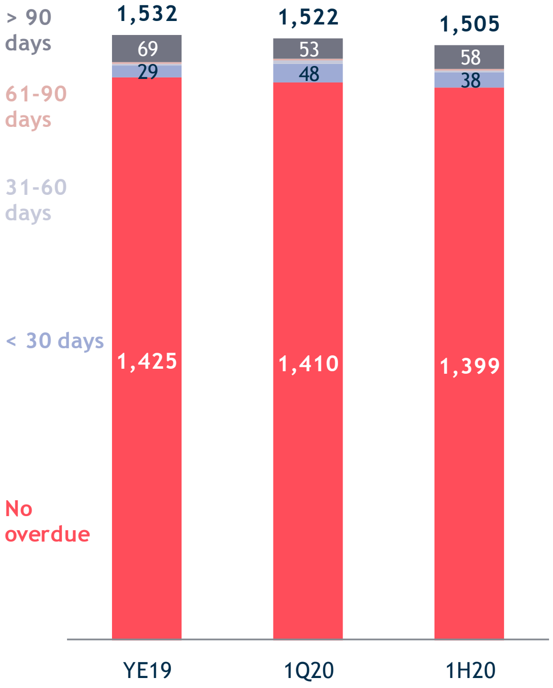
- Pure operational cost of risk in 1H20 line with expectations, slightly elevated by crisis
- Updated IFRS 9 models in 2Q20 reflect macro developments and portfolio behavior

ROBUST ASSET QUALITY IN PORTFOLIOS

Focus

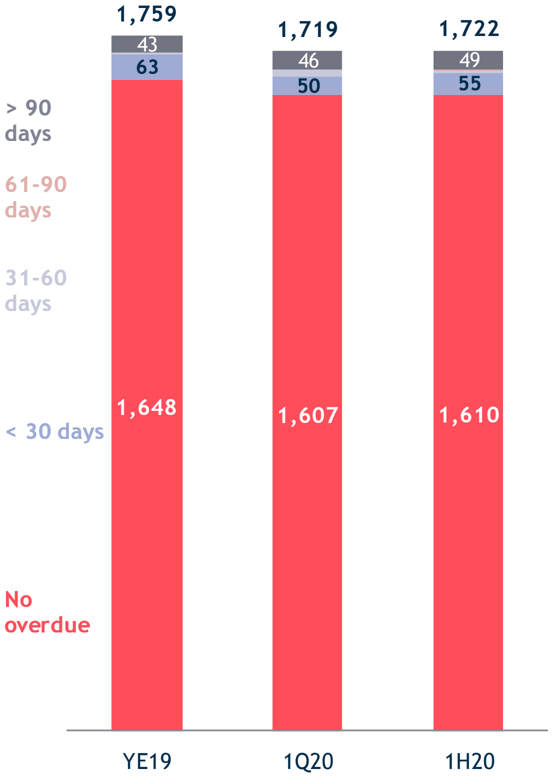
Consumer

€mn



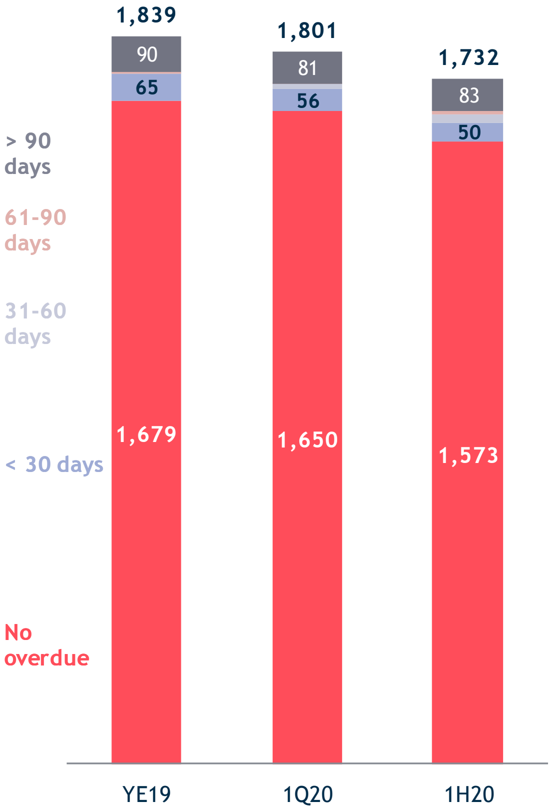
SME

€mn



Non-Focus

€mn



	YE19	1Q20	1H20	YE19	1Q20	1H20	YE19	1Q20	1H20
No overdue (%)	93%	93%	93%	94%	93%	94%	91%	92%	91%
1 to 90 days	2.5%	3.9%	3.2%	3.8%	3.8%	3.6%	3.8%	3.9%	4.5%
>90 days	4.5%	3.5%	3.9%	2.5%	2.7%	2.8%	4.9%	4.5%	4.8%

- >90% of portfolio remains with no payment delays as evidence for resilience of exposures not affected by moratoria
- Portfolios affected by moratoria are constantly monitored to act early on development
- Adapted lending policies and lower application quality (PDs, Net DTI) result in lower 2Q20 approval rates: Fast cash loans 21% (YE19: 43%), Payroll loans 46% (YE19: 61%)

LATEST DEVELOPMENTS ON COVID-19 LOAN MORATORIA IN CSEE

Repayment Moratoria

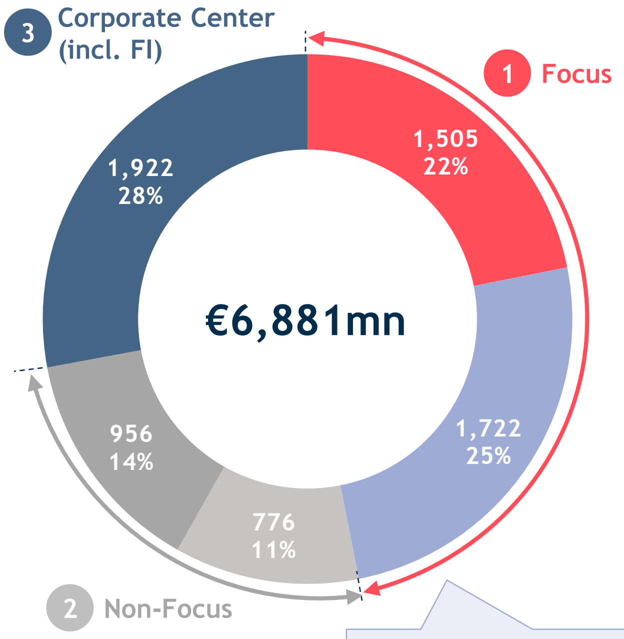
	Description	Approach	Initial duration (from March 2020)	Update (August 2020)
Slovenia	• Statutory • Moratorium on full monthly instalment • Reason for moratoria request must be assessed	Opt-in	Up to 12 months	So far unchanged
Croatia	• Non-statutory, recommended to participate • Moratorium on full monthly instalment • Clients need to state reason for moratoria request	Opt-in	6 months (potential extension to 12 months for specific industries)	So far unchanged
Serbia	• Statutory • Moratorium on full monthly instalment • Clients do not need to state reason for moratoria request	Opt-out	Up to 90 days and/or duration of emergency state	Prolonged until September 2020 (announced in July)
Bosnia & Herzegovina	• Statutory • Moratorium on full monthly instalment • Clients need to state reason for moratoria request	Opt-in	Up to 90 days	First indications of potential prolongation, unclear whether applicable to Retail and/or Non-Retail
Montenegro	• Statutory • Moratorium on full monthly instalment • Clients do not need to state reason for moratoria request	Opt-in	90 days, but only until validity of decision (30.06.2020)	

- Prolongation of moratoria is likely to impact the timing of NPE migrations to materialize in 2021ff

15% of Total Exposure in Applicable Moratoria as of 1H20

Gross Exposure

Reported, 1H20, €mn



Exposure in Moratoria:

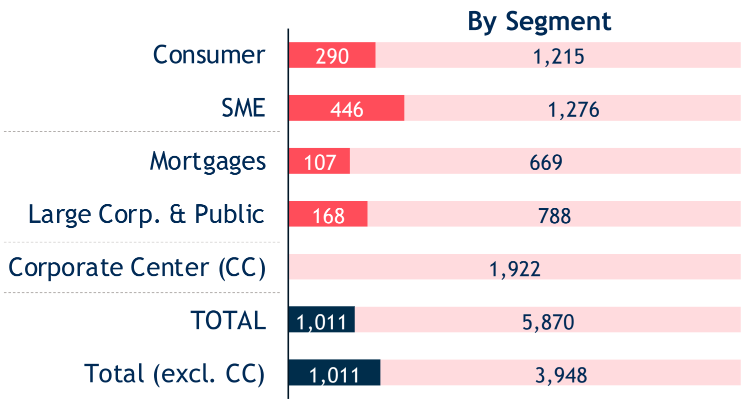
	1H20	1Q20
Retail[1]	17%	14%
Non-Retail[2]	23%	16%

- 🟥 Consumer
- ■ SME
- ■ Mortgages
- ■ Large Corp. & Public
- ■ Corporate Center

Exposure in Moratoria

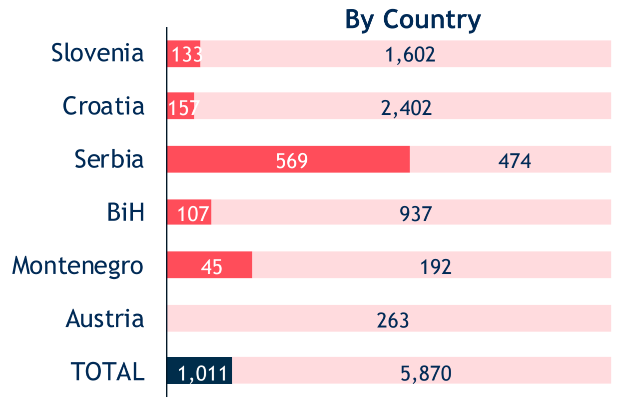
Reported, 1H20, €mn

◪ Affected by moratoria
□ Not affected by moratoria



By Segment

				% Moratoria	% Moratoria in Total (excl. CC)	# of customers
1	Consumer	290	1,215	19%	6%	44.8k
	SME	446	1,276	26%	9%	2.3k
2	Mortgages	107	669	14%	2%	3.8k
	Large Corp. & Public	168	788	18%	3%	0.5k
3	Corporate Center (CC)		1,922	0%		0
	TOTAL	1,011	5,870	15%		c. 52k
	Total (excl. CC)	1,011	3,948	20%		



By Country

			% Moratoria	% Moratoria in Total (excl. CC)	# of customers
Slovenia	133	1,602	8%	3%	1.1k
Croatia	157	2,402	6%	3%	2.9k
Serbia	569	474	55%	11%	40.4k
BiH	107	937	10%	2%	2.4k
Montenegro	45	192	19%	1%	4.6k
Austria		263	0%	0%	0
TOTAL	1,011	5,870	15%		

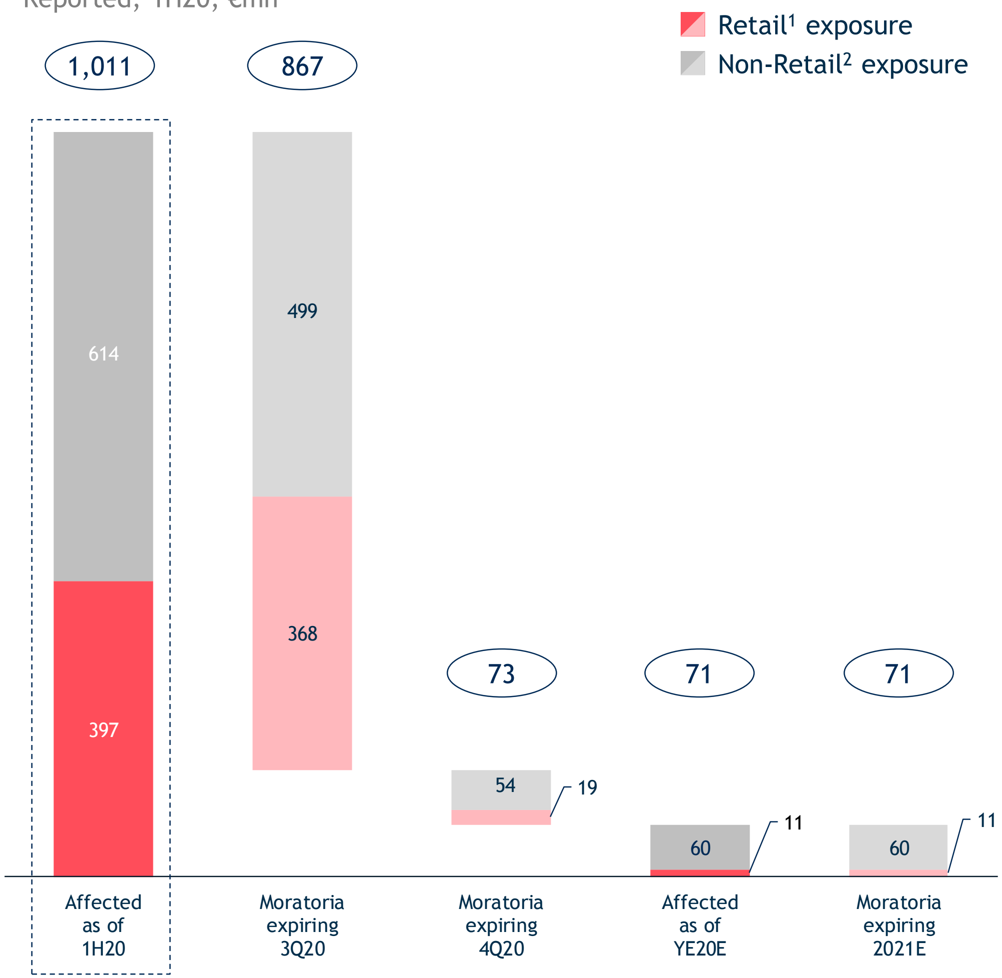
- Increase of exposure in moratoria below expectation from April ’20
- 52 thousand customers, representing 15% of total and 20% of business segment exposure in moratoria as of 1H20 (c. €1bn)
- Serbia’s “opt-out” contributes c. 60% exposure (80% clients) in moratoria

[1] Retail equals Consumer and Mortgages segment exposure
[2] Non-Retail equals SME, Large Corporate & Public Finance segment exposure

PORTFOLIO SCREENING CONDUCTED TO ESTIMATE RISK OF EXPOSURE IN MORATORIA

Exposure in Moratoria and development

Reported, 1H20, €mn

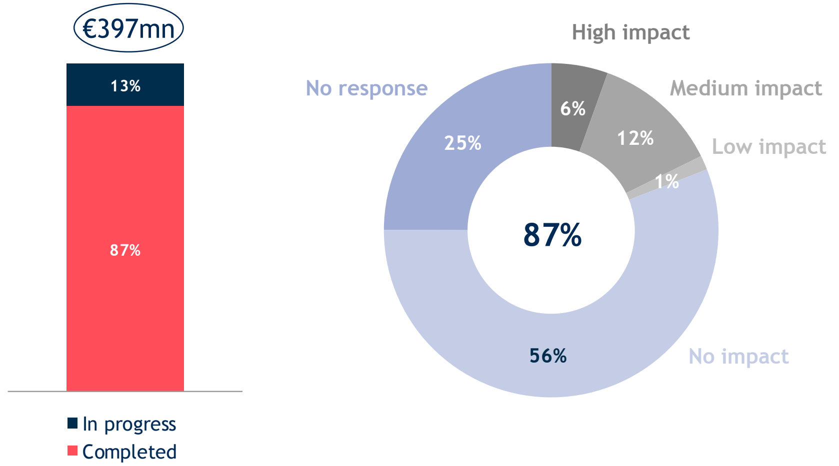


Ongoing portfolio screening initiative of affected portfolio

	Approach	Status
Retail	• **Customer Care Calls** conducted to obtain information on financial status • **Scope:** all customers with restructuring requests and/or in moratoria	◕
Non-Retail	• Tailored assessment approach with **individual** for 80% **and rule based approach** for residual exposure • **Scope:** all Non-retail entities	◕

○ Not started
● Completed

Retail Deep-Dive



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[1] Retail equals Consumer and Mortgages segment exposure

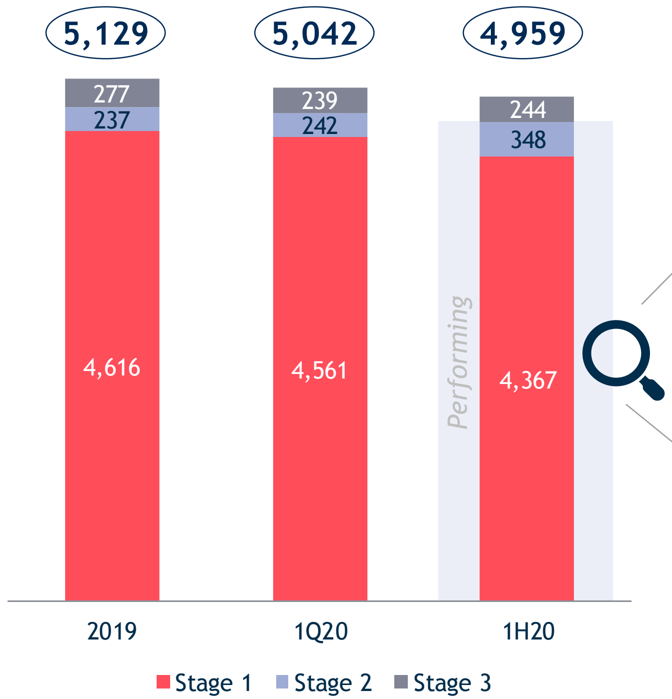
[2] Non-Retail equals SME, Large Corporate & Public Finance segment exposure

PROVISION COVERAGE AS A RESULT OF IFRS 9 STANDARDS

Addiko Bank

Stage 1, 2 and 3 assets

€mn

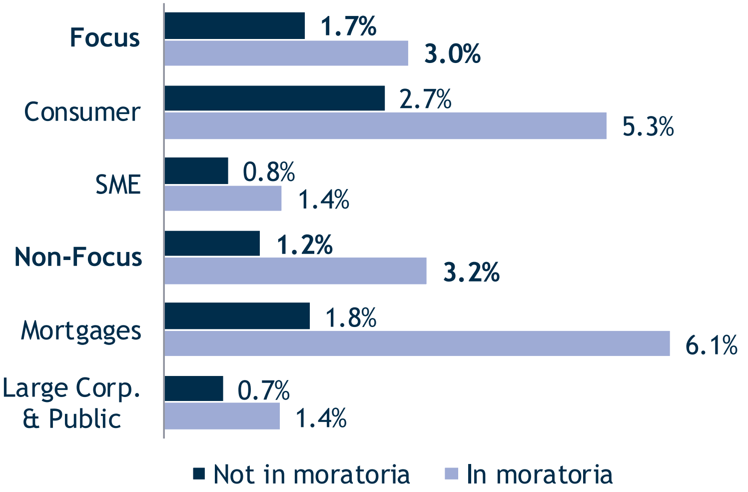


	2019	1Q20	1H20
Stage 3	5%	5%	5%
Stage 2	5%	5%	7%
Stage 1	90%	90%	88%

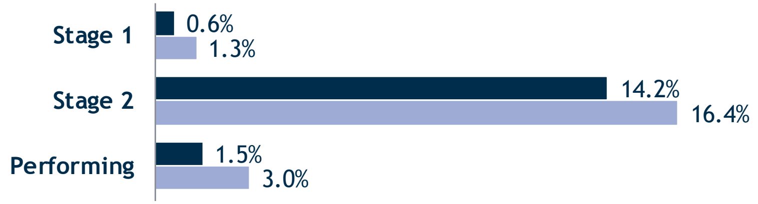
Business segments: Stage 1 & 2 (Performing) coverage

1H20

By Segment



By Stage (different graph scale)



ECL coverage

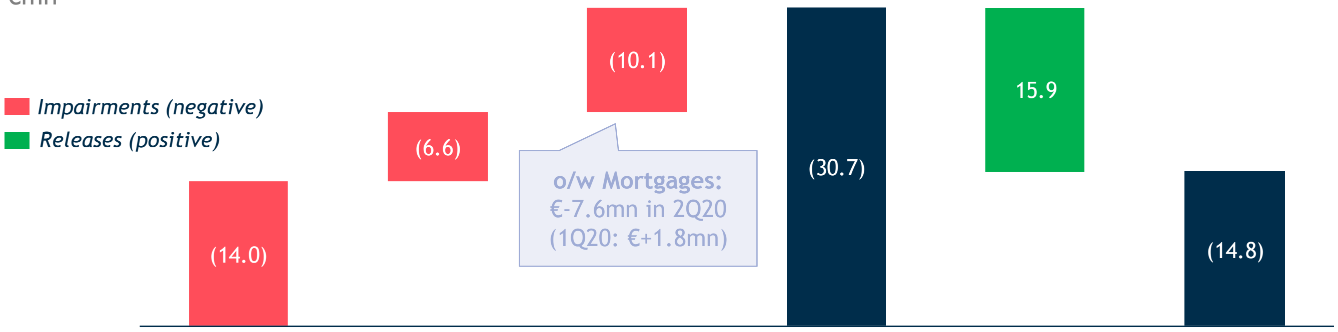
	1H20	1Q20
Focus	2.0%	1.5%
Consumer	3.2%	2.5%
SME	0.9%	0.6%
Non-Focus	1.5%	0.9%
Mortgages	2.4%	1.4%
Large Corp. & Public	0.7%	0.5%
Stage 1	0.7%	0.5%
Stage 2	15.3%	15.3%
Performing	1.8%	1.3%

- Overall portfolio reduction and limited increase in Stage 3 (NPE)
- Shift of performing Stage 1 into Stage 2 as a result of observed portfolio behaviour and outcome of screening initiatives
- 1H20's Expected Credit Loss (ECL) coverage for performing assets of business segments (Stage 1 & 2) at 1.8% (1Q20: 1.3%)

REVIEWED PROVISIONING IN LINE WITH DEVELOPMENTS AND IFRS 9

Credit loss expenses on financial assets

2Q20, €mn



o/w Mortgages: €-7.6mn in 2Q20 (1Q20: €+1.8mn)

	Consumer	SME	Non-Focus	Business Segments	Corp. Center	TOTAL
1Q20	-2.9	-0.5	3.8	0.3	-14.7	-14.4
2Q20	-14.0	-6.6	-10.1	-30.7	15.9	-14.8
o/w risk model adjustments	-11.7	-4.8	-6.5	-23.0	13.9	-9.1
o/w operational	-2.2	-1.9	-3.6	-7.7	2.0	-5.8

Credit loss expenses on fin. assets by Credit Risk Exposure & Net loans (NL)

Reported, ratio in %, quarters not annualized (negative number represents impairment)

Focus areas

	2019	1Q20	2Q20
Consumer	(1.33)% (1.56)% on NL	(0.19)% (0.22)% on NL	(0.93)% (1.09)% on NL
SME	(0.18)% (0.30)% on NL	(0.03)% (0.05)% on NL	(0.39)% (0.62)% on NL

Group 1H20

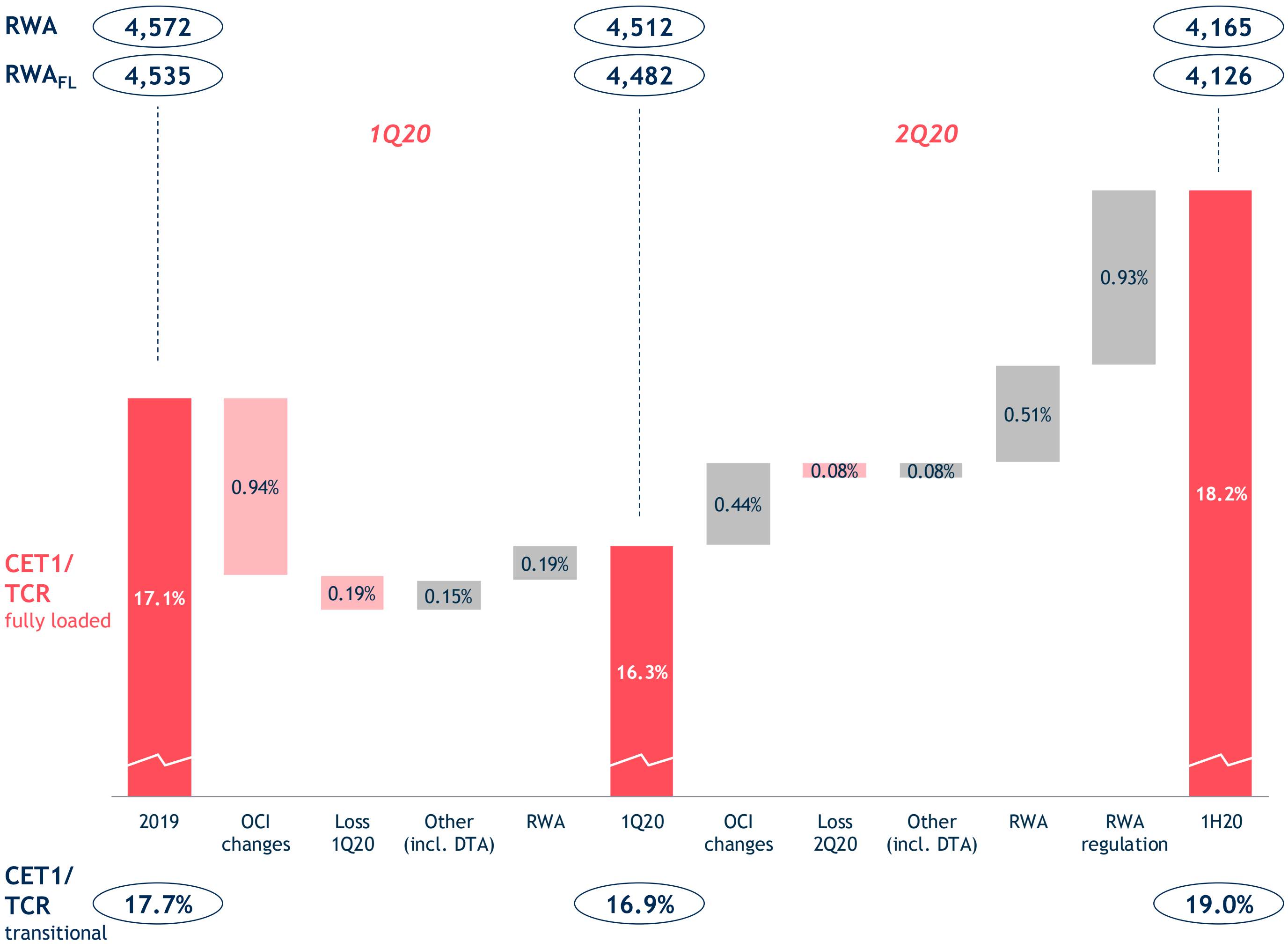
Business Segments		TOTAL
(0.61)% (0.81)% on Net Loans	▶	(0.57)% (0.77)% on Net Loans

- 1Q20's €14.4mn provisions includes €13.6mn related to a post-model overlay in line with recommendations by the International Accounting Standards Board
- **Updated IFRS 9 models** in 2Q20 reflect
  - Latest macro forecasts
  - Portfolio behaviour
  - Outcome of portfolio screening initiatives in Retail and Non-Retail
  - Netting with 1Q20's post-model overlay provision
- **1H20 operational cost of risk better than expected**, elevated by model adjustments (on net loans, not annualised):
  - Consumer: (1.32)%
  - SME: (0.67)%
  - Non-Focus: (0.46)%
- Going forward **close monitoring and regular model updates** following developments during 2H20

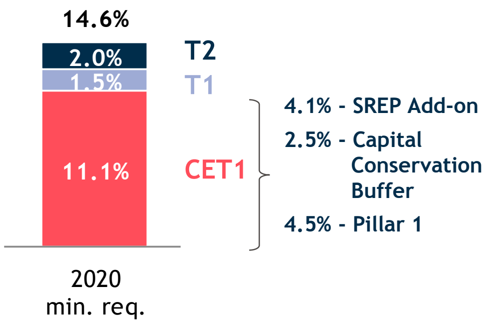
FURTHER STRENGTHENING OF ADDIKO'S CAPITAL POSITION

Capital development

% CET1/TCR, RWAs transitional and fully loaded in €mn



Capital requirement



- **Final SREP 2020:** Pillar 2 Requirement (P2R) of 4.1% (4.1% in 2019). In addition, Pillar 2 Guidance (P2G) of 4%

- **Strong capital position** at 18.2% CET1 (17.3% excl. changes in RWA regulation)
- Previously proposed **2019 dividend remains deducted** from CET1 in 1H20
- Regulatory developments on dividend payments being observed

- Fully-loaded CET1 ratio improved despite losses in 1H20, driven by recovery in OCI related deductions during 2Q20 and operational RWA reduction
- **Additional RWA reduction** via regulatory changes (quick fixes) leads to 93bp increase in CET1:
  - STD approach (sovereigns)
  - SME Supporting Factor

PRIORITIES FOR CREATING SHAREHOLDER VALUE

Addiko Bank

CEO priorities

Growth

- **Accelerate** execution of strategy, value adding digital capabilities
- **Uphold** robust asset quality
- **Run down** non-focus

Costs

- **Reduce** fixed and variable costs
- Scale up migration to **digital**
- **Rightsize**

Capital

- **Maintain** strong capital position
- **Commit** to dividend policy
- **Continue** proactive dialogue with regulators

Management Team & Strategy

1H20 Executive Summary

Financials & Risk Update

Additional Materials

ADDIKO: ADDIKO AT A GLANCE

Overview of Addiko

- ✓ Fully licensed bank with HQ in Austria, focused 100% on Central and South Eastern Europe
- ✓ Addiko Bank AG is regulated by the Austrian Financial Market Authority (“FMA”)[1]
- ✓ “Good Bank” spin-off of the former Hypo Group Alpe Adria
- ✓ Transformed into a lean, agile & innovative pan-regional platform focused on growth in Consumer and SME lending
- ✓ Listed on the Vienna Stock exchange on July 12th 2019, admitted to ATX Prime on July 15th 2019 (c. 58% free float, 19.5mn shares)

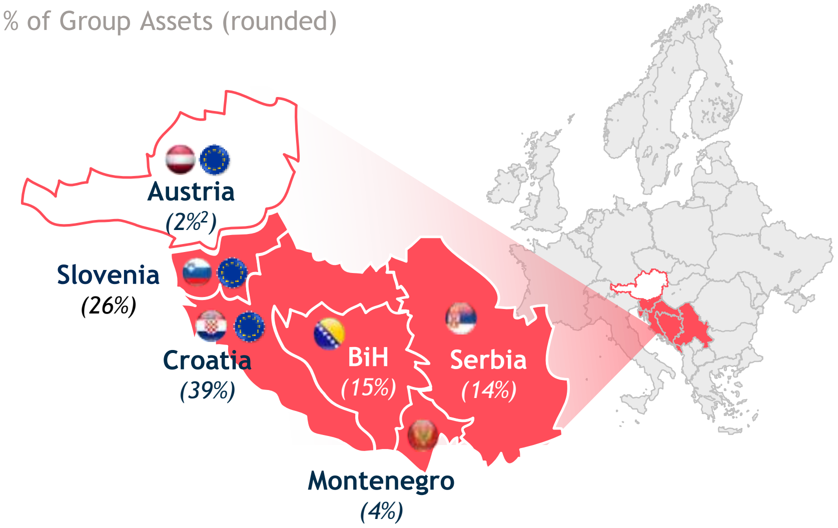
Repositioned as a focused CSEE specialist lender

Consumer

SME

Operating as one region - one bank

1H20, % of Group Assets (rounded)



1H20

~0.8mn *Customers*	**176** *Branches*	**€5.9bn** *Total Assets*	**67%-33%** *EU vs EU accession asset split[3]*
€3.8bn *Loans and Receivables*	**€4.7bn** *Customer Deposits*	**€826mn** *Equity*	**ba2** *Baseline credit rating issued by Moody’s*

---

[1] Finanzmarktaufsicht Österreich.

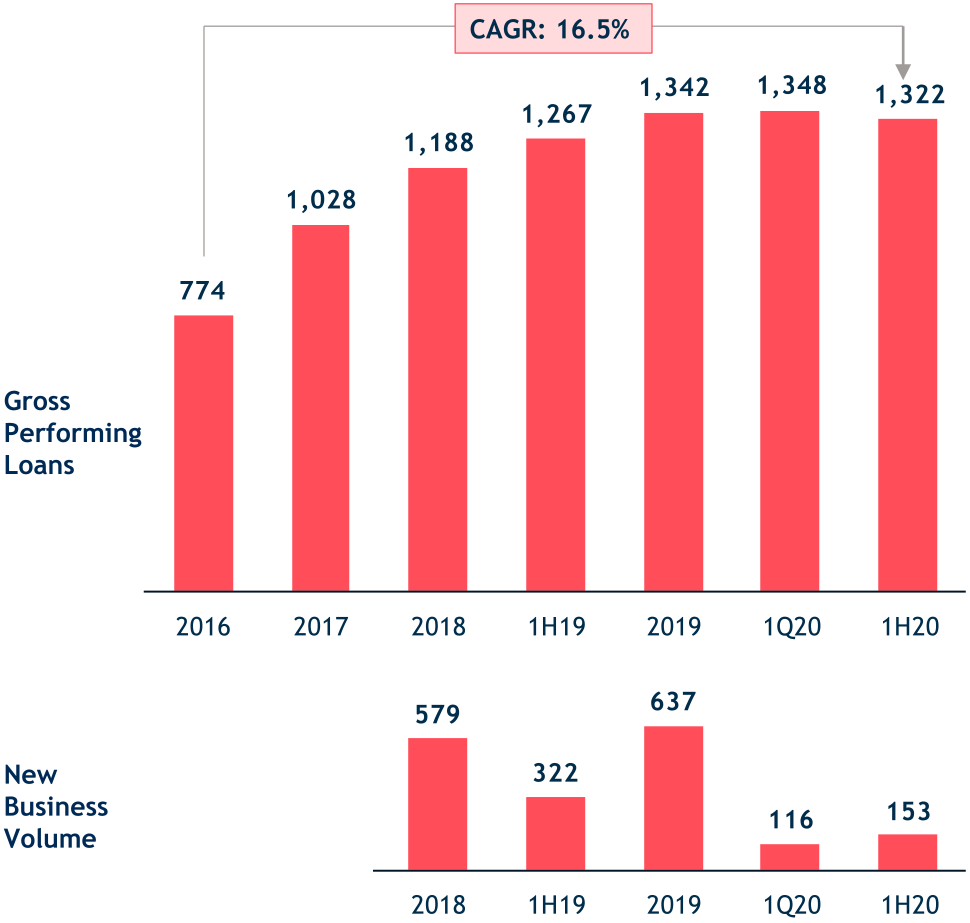
[2] Includes total assets from Holding (€1,110mn) and consolidation/recon. effects of (-€1,001mn).

[3] EU is calculated based on sum of total assets from Slovenia, Croatia and Holding (incl. consolidation). EU accession is calculated based on sum of total assets from Bosnia & Herzegovina, Serbia and Montenegro.

ADDIKO: CONSUMER AND SME LENDING

Consumer

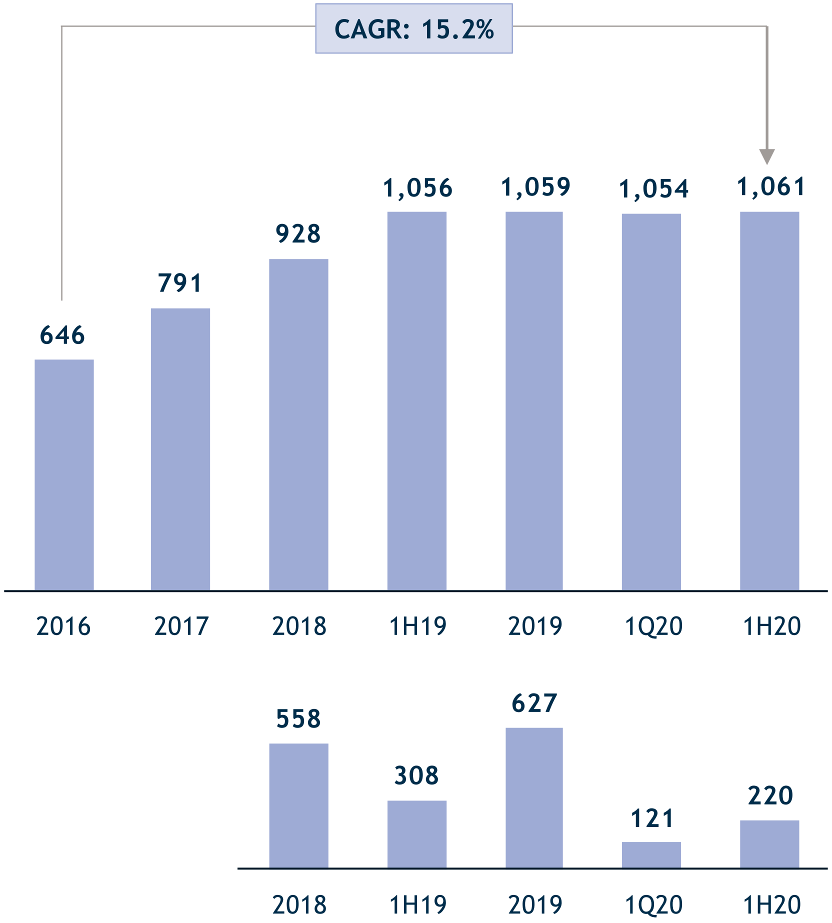
€mn



- Volume reduction following reduced demand and internal risk mitigation measures
- Significantly reduced new business volumes during a fully Covid-19 impacted quarter 2Q20 (down c. 50% vs. 1H19)

SME

€mn



- Volume remained flat
- New business volumes down c. 30% vs. 1H19 during a fully Covid-19 impacted quarter 2Q20

ADDIKO: SIMPLE BALANCE SHEET COMPOSITION

✓ **Liquid balance sheet**
- LCR ratio: 199% (YE19: 174%)

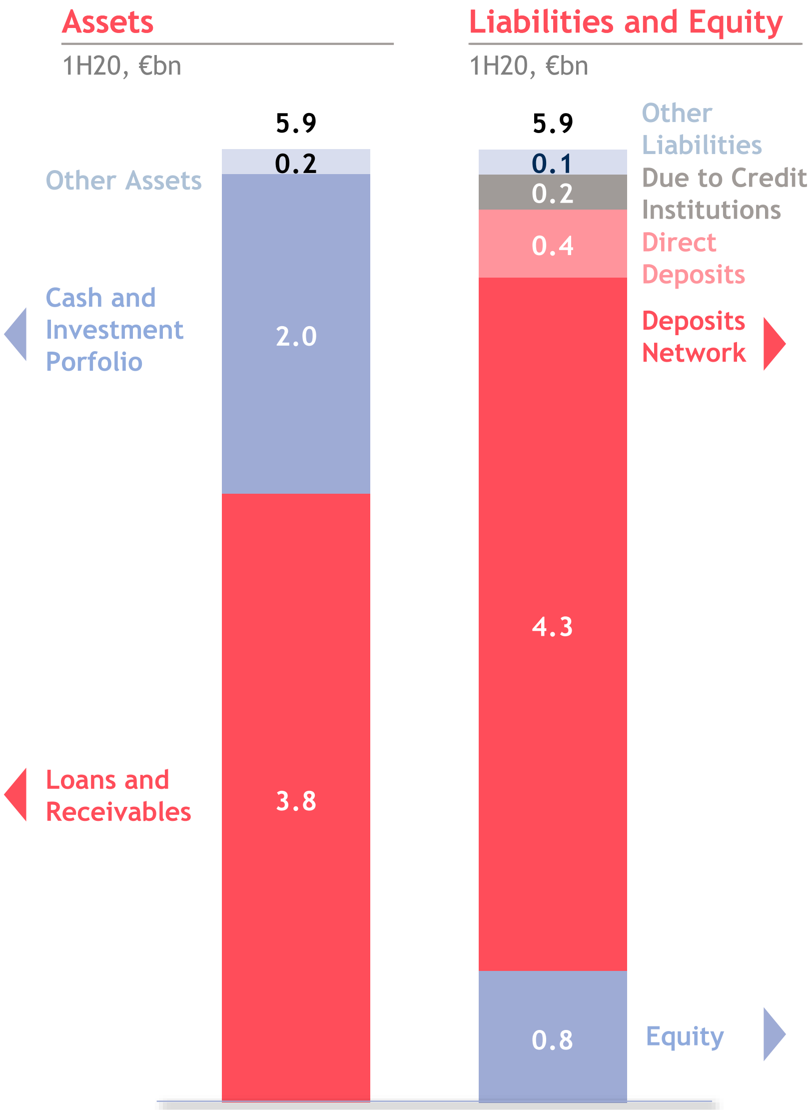
✓ **Liquid assets**
- €1.0bn of cash
- €1.0bn of investment portfolio

Data as of 1H20

✓ **Substantially de-risked asset base**
- NPE ratio: 3.6% (YE19: 3.9%)

✓ **Solid provision coverage levels**
- 73.2% NPE coverage ratio (YE19: 73.8%)
- 124.0% incl. collateral (YE19: 125.0%)

Data as of 1H20


Assets

1H20, €bn

Liabilities and Equity

1H20, €bn

✓ **Strong deposit base**
- Loan-deposit ratio (customer) : 78.9% (YE19: 80.1%)

✓ **Funding surplus[1]: €0.9bn**

Data as of 1H20

✓ **Robust capital base**
- 18.2%[2] fully-loaded CET1 ratio (initially proposed 2019 dividend remains deducted)

✓ **Ongoing RWA optimization, implementation of regulatory quick fixes**

Data as of 1H20

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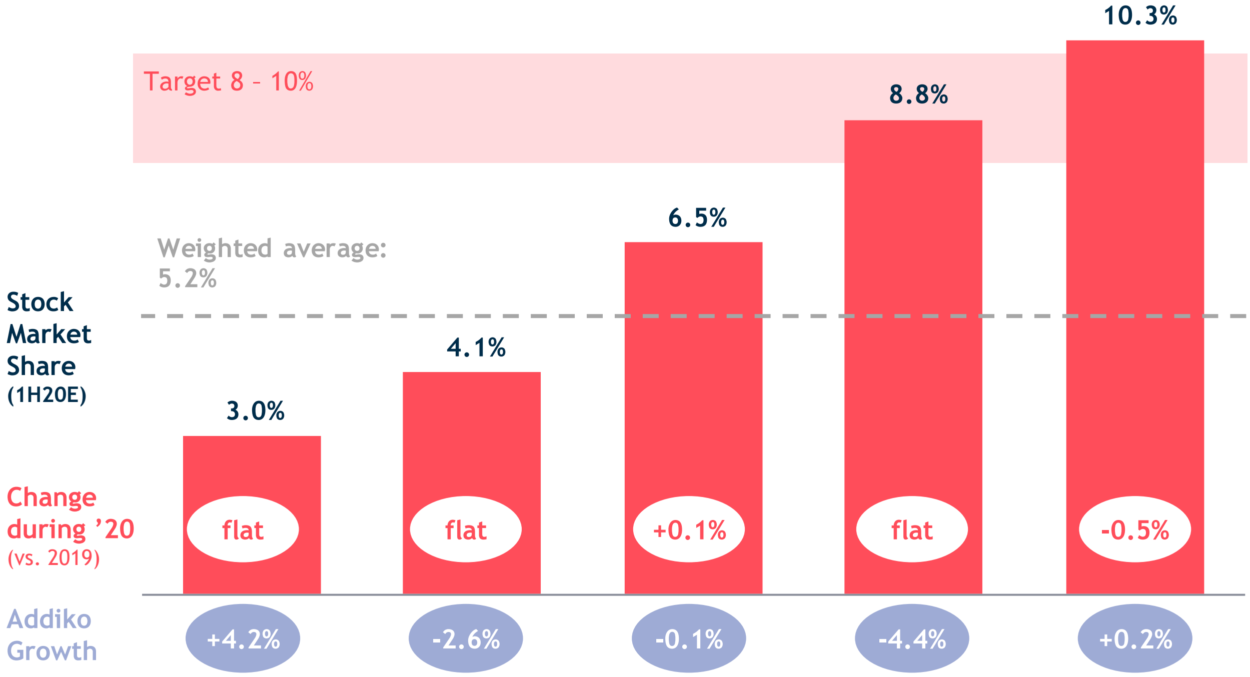
[1] Calculated as difference between deposits of customers and loans and advances to customers. [2] Transitional CET1 ratio amounts to 19.0% as of 1H20

ADDIKO: MIXED DEVELOPMENT ON GROWTH IN CONSUMER LENDING

Addiko market share - unsecured consumer loans (stock outstanding, 1H20)[1,2]

	Serbia	Croatia	Bosnia & Herzegovina	Slovenia	Montenegro
Market Size, €bn	6.4	9.7	4.0	4.2	1.0
Market Growth (1H20E vs. 2019)	+6.7%	-2.2%	-2.2%	-4.4%	+5.2%
Flow Market Share[3]	2.3%	3.3%	3.2%	3.2%	6.5%



Consumer lending market size flat vs. 2019 with Slovenia showing decline also related to restrictions imposed in 4Q19

Addiko with reduced share following Covid-19 related demand and internal risk mitigation measures

Flow market share reflects **cautious approach to prevent adverse selection** during crisis

Automated digital lending currently reduced as risk mitigation measure

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

FINANCIALS: KEY FINANCIALS 1H20 - REPORTED

Key financials (YTD)

Reported, €mn

Group income statement (reported)	1H19	1H20
Interest income	105.5	100.3
Interest expense	-14.5	-11.7
Net interest income	**91.0**	**88.6**
Net fee and commission income	32.0	28.9
Net banking income	**123.0**	**117.5**
Other income[1]	-3.2	-6.6
Operating income	**119.7**	**110.9**
Operating expenses	**-95.6**	**-83.3**
Operating result	**24.1**	**27.6**
Credit loss expenses on financial assets	1.9	-29.2
Result before tax	**26.0**	**-1.6**
Tax on income	-5.8	-10.6
Result after tax	**20.2**	**-12.2**

Group balance sheet	1H19	1H20
Net customer loans	3,896.6	3,740.1
Total assets	6,188.8	5,939.0
Customer deposits	4,864.7	4,739.4
Shareholders' equity	848.4	826.3

Key ratios	1H19	1H20
NIM	297	297
Cost/income ratio	77.8%	70.9%
Cost of risk (net loans, not annualised)	0.0%	-0.8%
RoATE	4.9%	-3.0%
RoATE (@14.1% CET1)[2]	7.0%	-1.0%
Loan-deposit ratio (customer)	80%	79%
CET1 ratio (transitional)	17.60%	18.99%
Total capital ratio (transitional)	17.60%	18.99%

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

[2] Including adjustments in 1H19, no adjustments in 1H20.

Key highlights

- **Interest income:** lower by €-5.2mn; increase in focus segments (€+3.6mn) offset by development in:
  - Less new business in focus considering consumer protection measures and Covid-19 impact in 2020
  - Planned run-down in non-focus portfolio (€-4.4mn)
  - Reduced interest income from NPEs (down €0.9mn vs. 1H19) as a consequence of continued NPEs reduction, and lower interest like income (€-1.3mn) influenced by less new business activities
  - Lower yields on bond portfolio (-10bps/€-1.3mn) reflecting current market situation and continued negative interest environment

- **Interest expense:** decrease of €2.8mn due to active re-pricing (-11bps) and shift from higher-yield term deposits to lower-yield a-vista deposits

- **Net fee and commission income:** lower by €3.1mn mainly influenced by an overall decline of business activities since March 2020 due to Covid-19

- **Other income:** 2019 includes one-off items of €+1.3m mainly from sale of large Croatian retailer exposure (€+4.3mn) and restructuring costs (€-2.3mn) as well as higher gains from sale of financial instruments (OCI)

- **Operating expenses:** better by €12.4mn due to successful execution of restructuring program in 2H19, exclusion of bonus accruals and lowering of marketing campaign spending in 1H20 (1H19 includes IPO costs of €1.5mn)

- **Credit loss expenses on financial assets:** higher by €-31.1mn vs. 1H19 reflecting expectation for Covid-19 effects on macroeconomic context (IFRS 9) including increase in performing loan coverage

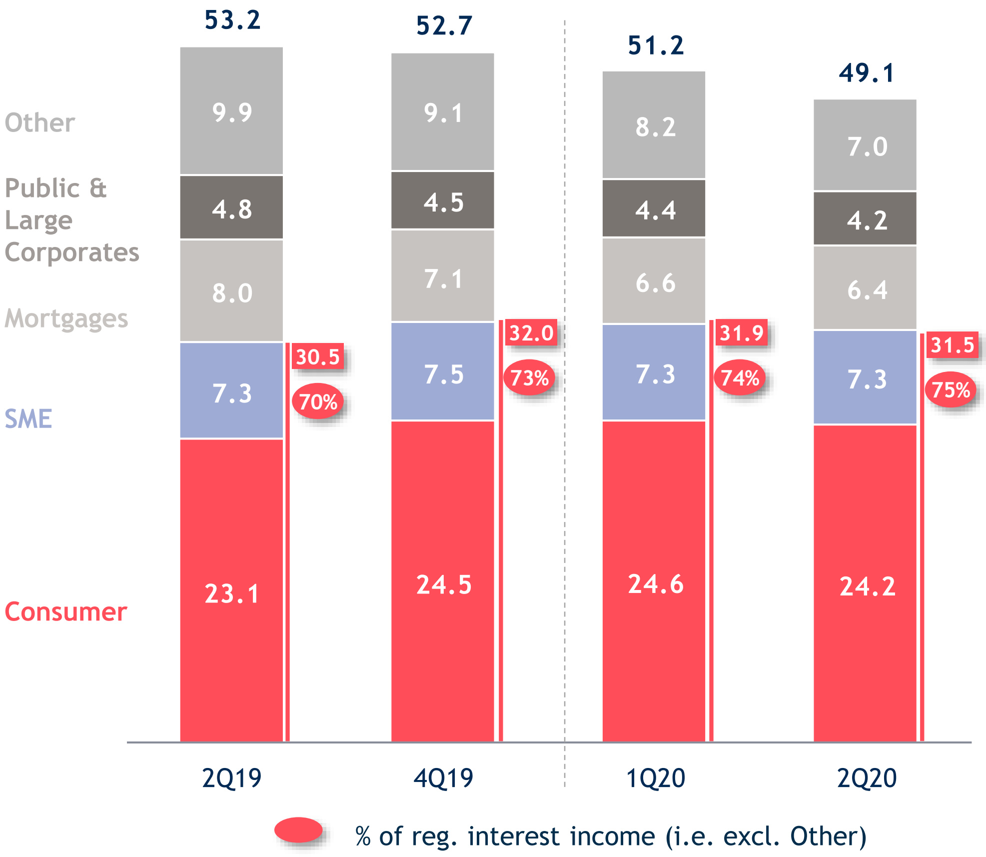
- **Capital ratios improved** despite proactive provisioning (IFRS 9) due to decrease in RWA (-11%) supported by new EBA regulation

RoATE (@14.1% CET1) at -1.0% predominantly influenced by higher provisions related to Covid-19

FINANCIALS: INTEREST INCOME DYNAMICS

Interest income by quarter[1]

Reported, €mn



- 2Q20 interest income down, driven by limited new business in focus, planned run-down in non-focus and reduced other interest income

Gross yield by quarter[2]

	2Q19	4Q19	1Q20	2Q20
Consumer	7.4%	7.3% 7.4% new business	7.4% 7.5% new business	7.3% 7.5% new business
SME	2.9%	2.8% 2.8% new business	2.8% 2.9% new business	2.8% 2.9% new business
Public & Large Corporates	2.5%	2.5%	2.5%	2.4%
Mortgages	3.9%	3.7%	3.6%	3.6%

- New business yields continued to inch-up in both focus areas Consumer and SME during 1H20 – although at significantly lower volumes

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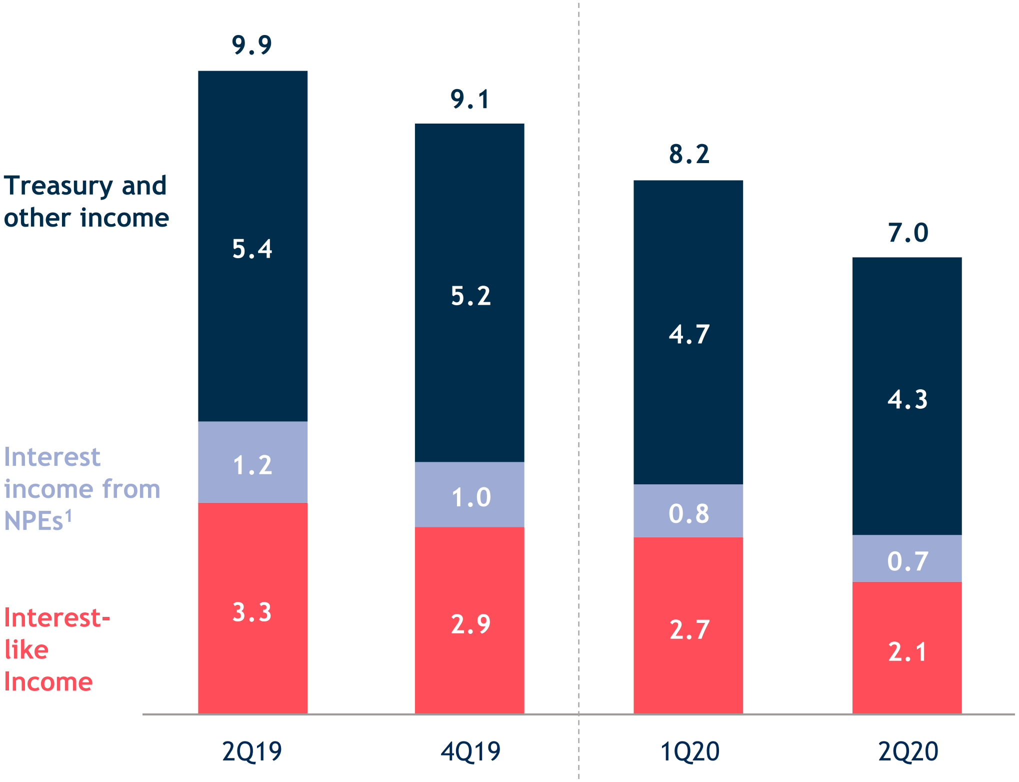
[1] For segments only regular interest income is shown.

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

FINANCIALS: OTHER INTEREST INCOME

Other interest income by quarter

Reported, €mn



- **Treasury and other income:** continuously decreasing due to the overall yield environment, corona related developments and plain vanilla bond portfolio
- Bonds predominantly in investment grade (>85%) with 75% maturing in 2024:
  - 69% government bonds in Addiko or EU countries (85% investment grade)
  - 23% financial bonds (100% investment grade)
  - 8% corporate bonds (64% investment grade)

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

- **Interest like income** (i.e. fees accrued over the lifetime of the loan) down due to limited new business activity in 2Q20

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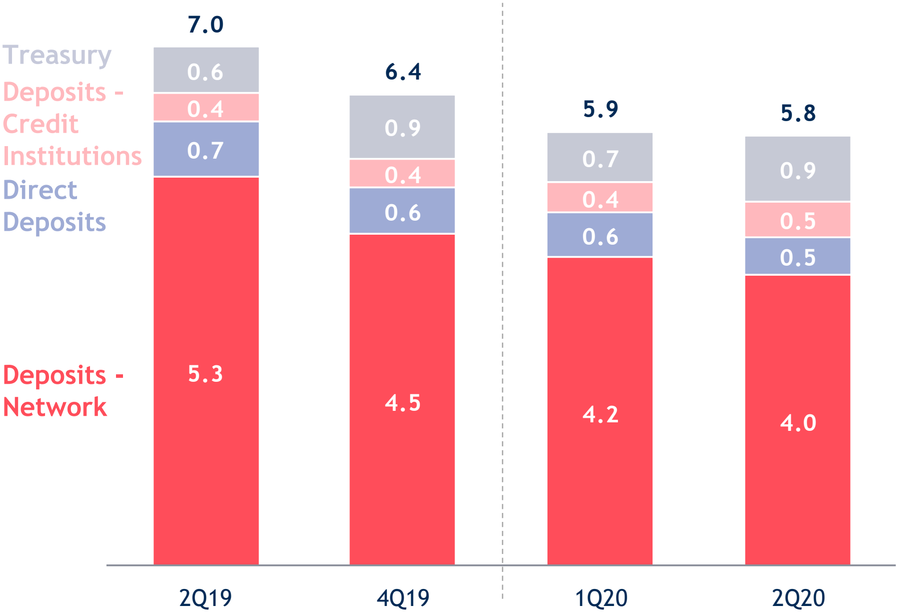
[1] Interest income from NPEs referred to as “unwinding” in reporting in previous periods.

FINANCIALS: INTEREST EXPENSE DYNAMICS

Addiko Bank

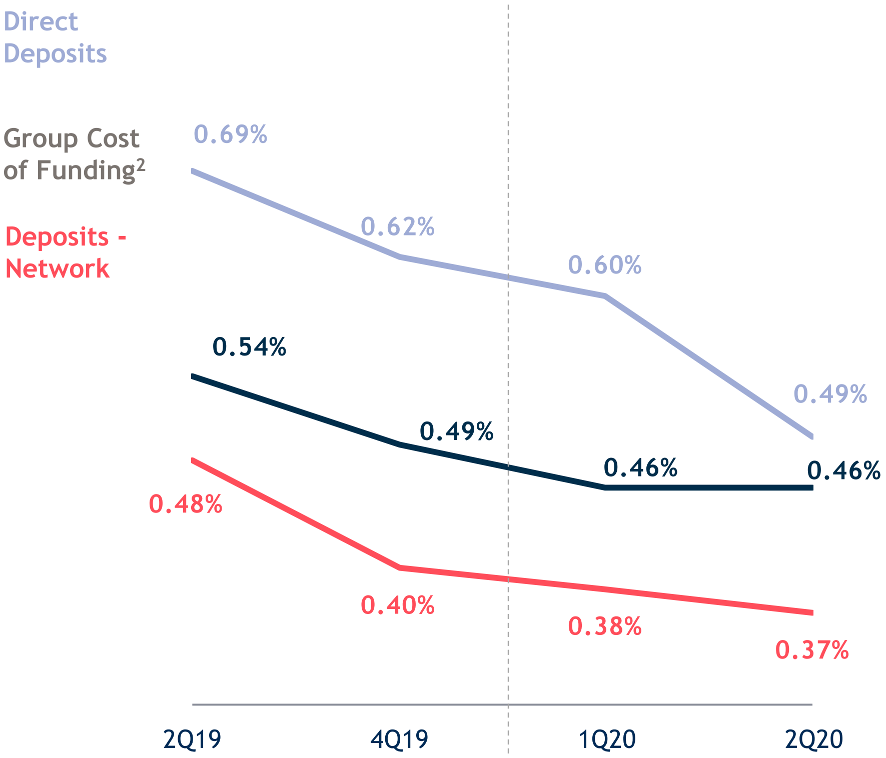
Interest expense by quarter

Reported, €mn



	2Q19	4Q19	1Q20	2Q20
Treasury	0.6	0.9	0.7	0.9
Deposits - Credit Institutions	0.4	0.4	0.4	0.5
Direct Deposits	0.7	0.6	0.6	0.5
Deposits - Network	5.3	4.5	4.2	4.0
Total	7.0	6.4	5.9	5.8

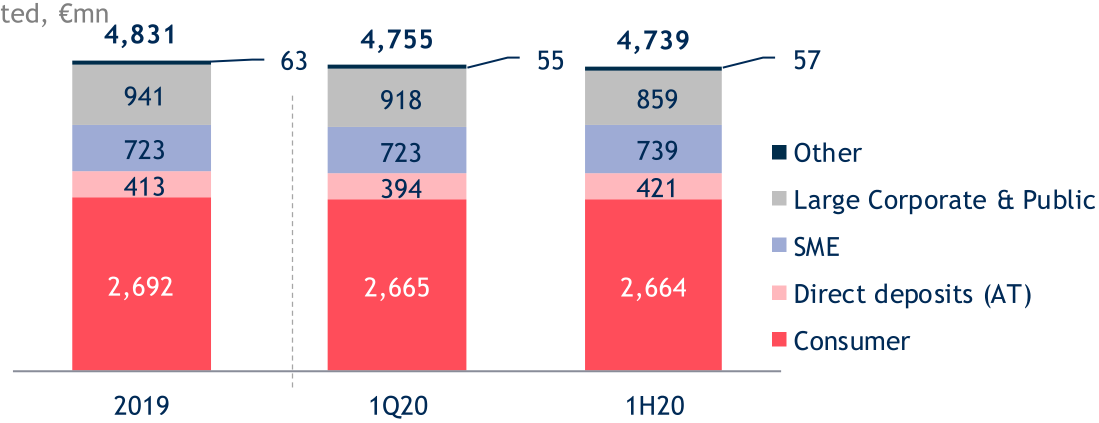
Cost of funding by quarter[1]



	2Q19	4Q19	1Q20	2Q20
Direct Deposits	0.69%	0.62%	0.60%	0.49%
Group Cost of Funding[2]	0.54%	0.49%	0.46%	0.46%
Deposits - Network	0.48%	0.40%	0.38%	0.37%

Stable customer deposit volumes

Reported, €mn



	2019	1Q20	1H20
Other	63	55	57
Large Corporate & Public	941	918	859
SME	723	723	739
Direct deposits (AT)	413	394	421
Consumer	2,692	2,665	2,664
Total	4,831	4,755	4,739

- **Stable customer deposit volume during Covid-19** pandemic at €4,739mn in 1H20 (€4,831mn in YE19)
- Further reduction in deposit costs achieved in the network during 2Q20
- Limited impact on overall cost of funding due to inflow of direct deposits as measure to increase liquidity buffers (will be reduced going forward)

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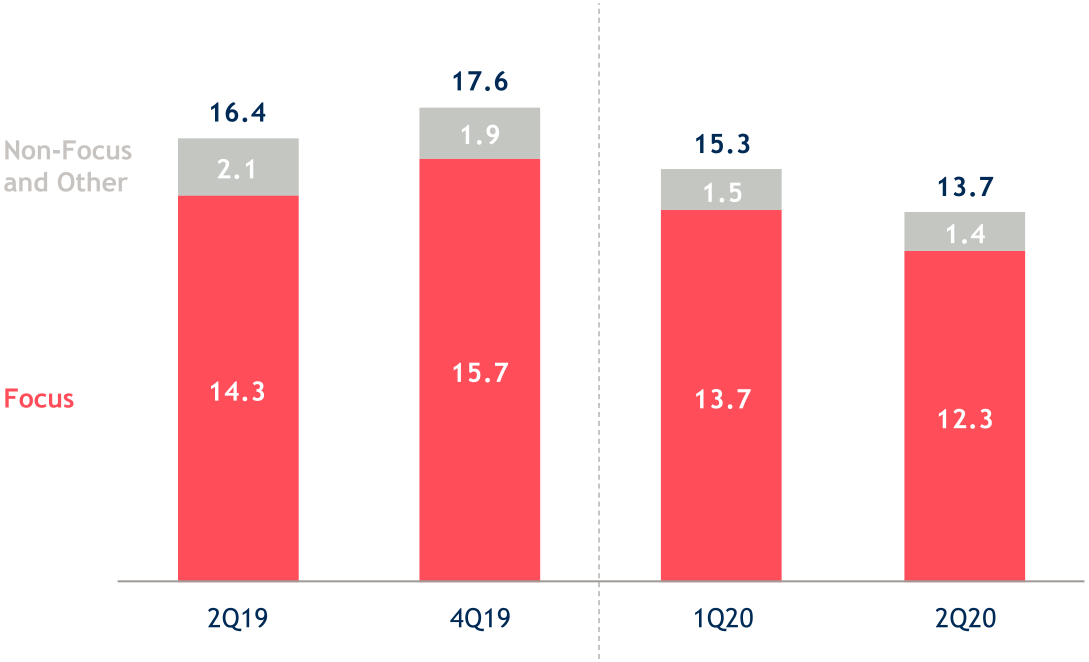
[1] Denominator based on simple average. [2] Includes customer deposit costs, costs for deposits from credit institutions and Treasury costs.

FINANCIALS: COMMISSION INCOME DYNAMICS

Net fee and commission income by quarter

Reported, €mn



Focus

Consumer	68.8%	69.7%	69.4%	69.9%
SME	31.2%	30.3%	30.6%	30.1%

Key highlights

- Decline in quarterly net commission income by 16.7% vs. 2Q19 (1H20 vs. 1H19: -9.6%), mainly driven by limited new business activities

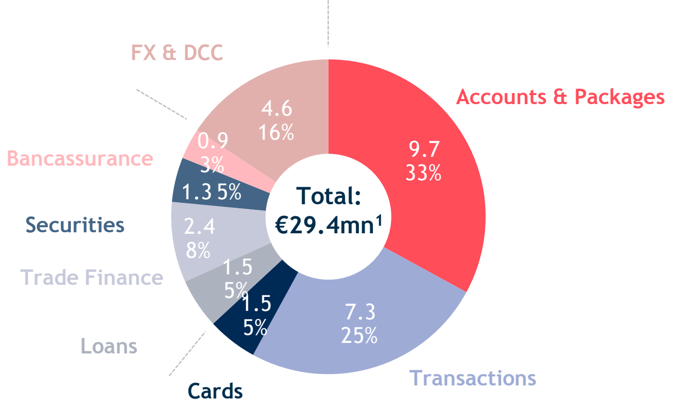
- Bancassurance, number of transactions, card business and FX/DCC mostly affected by crisis and limited new business activities

- **Products:** increased contribution from accounts & packages and transactions continued in 2Q20 - contributing c. 56% to Group NCI
- Income from accounts & packages up 11% YoY due to focussed sales efforts on packages & digital

- Consumer and SME segments generate c. 90% of net fee and commission income

By product type

Reported, 1H20, €mn



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[1] Excludes €0.5mn of negative contribution from "other".

FINANCIALS: OTHER INCOME

Other income breakdown (YTD)

€mn

	1H19	1H20
Deposit guarantee	-4.5	-3.9
Bank levies and other taxes	-2.0	-1.4
Recovery and Resolution Fund	-1.3	-1.4
① Restructuring	-2.3	-2.7
② Legal provisions (net)	-0.6	0.2
Impairments non-financial assets (net)	-0.8	-0.1
③ Other	-0.9	0.8
Other operating result	-12.5	-8.6
Net result on financial instruments	9.3	2.0
Other income (reported)	**-3.2**	**-6.6**
④ Adjustments	-1.4	0.0
Other income (adjusted)	**-4.6**	**-6.6**

① **Restructuring:** driven by termination costs to employees released under the restructuring plan executed in 2019

② **Legal provisions:** 1H19 driven by €1.9mn increase mainly due to CHF claims in Croatia while 1H20 resulted in a release of €0.2mn due to recognition of income from solved legal case in Bosnia & Herzegovina

③ **Net result on financial instruments:** 2019 includes one-time effects of €4.3mn (sale of large Croatian retailer exposure) and gains from sale of financial instruments (OCI) of €5.9mn

④ **Adjustments 1H19:** mainly related to restructuring costs covering the execution of back-office optimization and branch closure program launched in 2019

No adjustments made for 1H20

FINANCIALS: BALANCE SHEET

Detailed balance sheet overview (YTD)

Reported, €mn

	2016	2017	2018	2019	1H19	1H20
Liquid Assets	3,287.6	2,582.5	2,211.8	2,034.5	2,098.1	1,998.5
Cash reserves	1,878.2	1,285.9	1,002.9	899.4	899.5	968.1
Investment Portfolio	1,409.4	1,296.6	1,208.9	1,135.1	1,198.6	1,030.5
Financial assets held for trading	17.4	19.8	24.3	38.5	24.3	38.5
Investment securities	1,391.9[1]	1,276.8[1]	1,184.6	1,096.6	1,174.4	991.9
Loans and receivables	3,779.9	3,757.2	3,792.9	3,885.9	3,906.1	3,789.6
Loans and receivables to credit institutions	49.4	65.3	5.6	14.0	9.5	49.6
Loans and receivables to customers	3,730.5	3,691.9	3,787.3	3,871.9	3,896.6	3,740.1
Derivatives – hedge accounting	0.1	0.1	-	-	-	-
Tangible assets	70.4	57.3	57.7	85.9	89.4	81.6
Property, plant & equipment	67.9	55.3	55.7	81.8	87.5	77.6
Investment properties	2.5	2.0	2.0	4.1	2.0	4.0
Intangible assets	17.3	21.8	30.3	27.9	30.5	27.6
Tax Assets	2.6	22.3	28.3	25.7	21.4	18.1
Current tax assets	2.6	1.6	1.7	1.8	1.6	2.2
Deferred tax assets	-	20.6	26.6	23.9	19.8	15.9
Other assets	18.9	24.8	25.5	20.6	37.9	20.5
Non-current assets and disposal groups classified as held for sale	39.3	19.5	5.7	3.1	5.4	3.1
Total assets	**7,216.1**	**6,485.5**	**6,152.1**	**6,083.6**	**6,188.8**	**5,939.0**
Deposits from credit institutions	316.0	341.6	324.4	233.9	312.6	227.2
Deposits from customers	4,435.6	4,933.8	4,836.7	4,831.2	4,864.7	4,739.4
Issued bonds, subordinated and supplementary capital	73.5	198.5	1.1	0.1	1.1	0.1
Other financial liabilities	1,215.3	47.3	40.3	56.4	68.0	53.0
Financial liabilities measured at amortized cost	**6,040.4**	**5,521.2**	**5,202.5**	**5,121.6**	**5,246.5**	**5,019.6**
Financial liabilities at fair value through profit or loss	25.0	-	-	-	-	-
Financial liabilities held for trading	9.1	1.8	2.1	6.0	5.5	9.5
Derivatives – hedge accounting	6.9	-	-	-	-	-
Total interest bearing liabilities	**6,081.4**	**5,523.0**	**5,204.6**	**5,127.6**	**5,252.0**	**5,029.1**
Provisions	107.8	83.3	62.0	66.9	61.2	59.9
Tax liabilities	1.4	1.3	1.0	0.0	0.3	0.0
Current tax liabilities	1.0	0.9	0.9	-	0.1	0.0
Deferred tax liabilities	0.5	0.5	0.1	0.0	0.2	0.0
Other liabilities	28.1	33.8	25.1	27.9	26.9	23.7
Liabilities included in disposal groups classified as held for sale	2.7	-	-	-	-	-
Total liabilities	**6,221.4**	**5,641.5**	**5,292.5**	**5,222.4**	**5,340.5**	**5,112.8**
Total shareholders' equity	**994.7**	**844.0**	**859.5**	**861.3**	**848.4**	**826.3**
Total liabilities and shareholders' equity	**7,216.1**	**6,485.5**	**6,152.1**	**6,083.6**	**6,188.8**	**5,939.0**

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

FINANCIALS: INCOME STATEMENT

Detailed income statement overview (YTD)

Reported, €mn

	2016	2017	2018	2019	1H19	1H20
Interest income calculated using the effective interest method	232.2	226.0	209.6	207.4	103.8	99.0
Other interest income	6.0	8.3	4.2	3.4	1.7	1.3
Interest expense	(79.4)	(68.9)	(40.7)	(27.8)	(14.5)	(11.7)
Net interest income	**158.8**	**165.3**	**173.2**	**183.0**	**91.0**	**88.6**
Fee and commission income	62.0	71.3	76.5	83.0	39.3	36.2
Fee and commission expense	(12.0)	(12.8)	(14.1)	(15.8)	(7.4)	(7.3)
Net fee and commission income	**50.0**	**58.5**	**62.4**	**67.2**	**32.0**	**28.9**
Net result on financial instruments	20.3	9.7	70.0	13.4	9.3	2.0
Other operating income	29.6	27.4	19.1	8.9	4.0	4.7
Other operating expenses	(71.6)	(34.0)	(35.7)	(48.2)	(16.6)	(13.3)
Operating result	**187.0**	**226.9**	**289.0**	**224.3**	**119.7**	**110.9**
Personnel expenses	(99.8)	(97.4)	(99.4)	(96.7)	(49.7)	(41.9)
Other administrative expenses	(93.1)	(80.9)	(78.0)	(73.3)	(36.5)	(31.5)
Depreciation and amortization	(19.5)	(11.7)	(10.7)	(19.1)	(9.4)	(9.9)
Operating expenses	**(212.4)**	**(190.1)**	**(188.1)**	**(189.2)**	**(95.6)**	**(83.3)**
Operating result before change in credit loss expense	**(25.4)**	**36.9**	**100.9**	**35.2**	**24.1**	**27.6**
Credit loss expenses on financial assets	4.4	(15.1)	2.8	2.9	1.9	(29.2)
Result before tax	**(21.0)**	**21.8**	**103.7**	**38.0**	**26.0**	**(1.6)**
Taxes on income	(2.9)	19.9	0.5	(2.9)	(5.8)	(10.6)
Result after tax	**(23.9)**	**41.6**	**104.2**	**35.1**	**20.2**	**(12.2)**

FINANCIALS: BREAKDOWN BY ENTITY

Addiko Bank

	1H20 YTD (€mn, IFRS, reported)	Addiko Bank d.d., Zagreb	Addiko Bank d.d., Ljubljana	Addiko Bank d.d., Banja Luka	Addiko Bank a.d., Sarajevo	Addiko Bank a.d., Beograd	Addiko Bank A.D., Podgorica
P&L	Net interest income	30.4	20.6	6.7	7.0	14.5	5.3
	Net commission income	12.9	4.7	3.1	3.1	4.5	0.7
	Other income	(3.0)	(0.7)	(1.5)	1.2	(2.4)	(0.7)
	Total income	40.3	24.6	8.2	11.3	16.6	5.3
	Operating expenses	(23.2)	(12.5)	(6.9)	(7.8)	(12.8)	(3.8)
	Operating profit	17.1	12.1	1.3	3.4	3.7	1.6
	Change in credit loss expenses	(10.3)	(9.3)	(3.9)	(6.3)	(4.3)	0.6
	Result before tax	6.8	2.7	(2.6)	(2.9)	(0.6)	2.2
Key Ratios	Net interest margin	2.6%	2.6%	3.2%	2.8%	3.5%	4.7%
	Cost / income ratio	53.6%	49.6%	71.3%	77.8%	67.5%	62.9%
	Loan-deposit ratio[1]	75.3%	96.8%	95.5%	72.7%	100.2%	101.4%
	NPE ratio (CRB based)	6.6%	2.0%	6.5%	8.6%	2.5%	7.4%
	NPE coverage ratio (provision)	69.1%	68.2%	82.9%	81.8%	76.9%	62.3%
Balance Sheet	Total assets	2,292	1,557	407	499	860	218
	Loans and receivables	1,337	1,267	283	273	586	178
	o/w gross performing loans	1,260	1,158	288	274	597	180
	Financial liabilities at amortised cost	1,884	1,374	324	381	665	189
	RWA	1,251	883	304	372	546	157

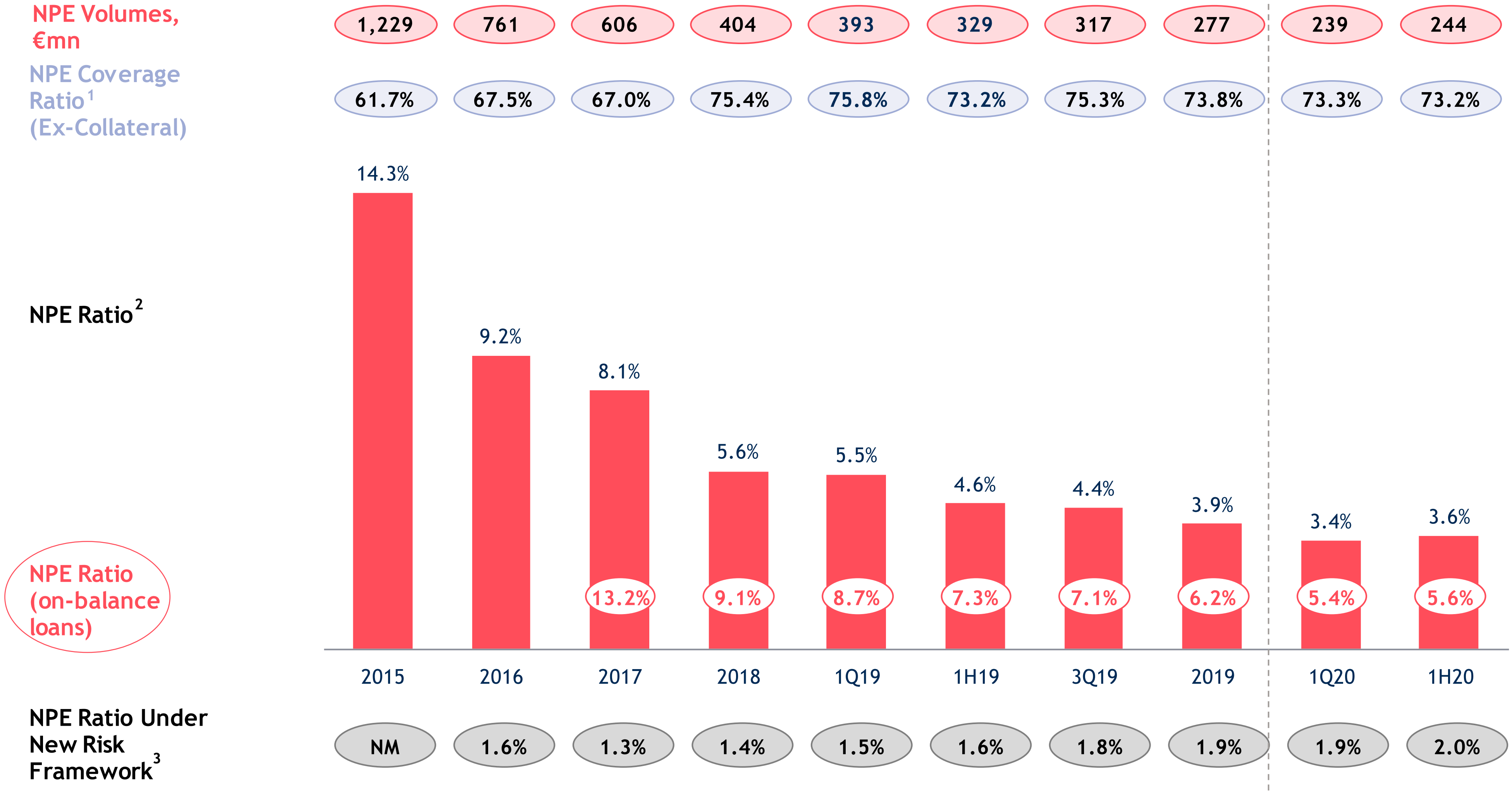
Account for 65% of Group assets

Source: Company disclosure, does not include Holding and reconciliation.

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

RISK: STRONG RISK MANAGEMENT FRAMEWORK

Decreasing non-performing loan portfolio (YTD)



	2015	2016	2017	2018	1Q19	1H19	3Q19	2019	1Q20	1H20
NPE Volumes, €mn	1,229	761	606	404	393	329	317	277	239	244
NPE Coverage Ratio[1] (Ex-Collateral)	61.7%	67.5%	67.0%	75.4%	75.8%	73.2%	75.3%	73.8%	73.3%	73.2%
NPE Ratio[2]	14.3%	9.2%	8.1%	5.6%	5.5%	4.6%	4.4%	3.9%	3.4%	3.6%
NPE Ratio (on-balance loans)			13.2%	9.1%	8.7%	7.3%	7.1%	6.2%	5.4%	5.6%
NPE Ratio Under New Risk Framework[3]	NM	1.6%	1.3%	1.4%	1.5%	1.6%	1.8%	1.9%	1.9%	2.0%

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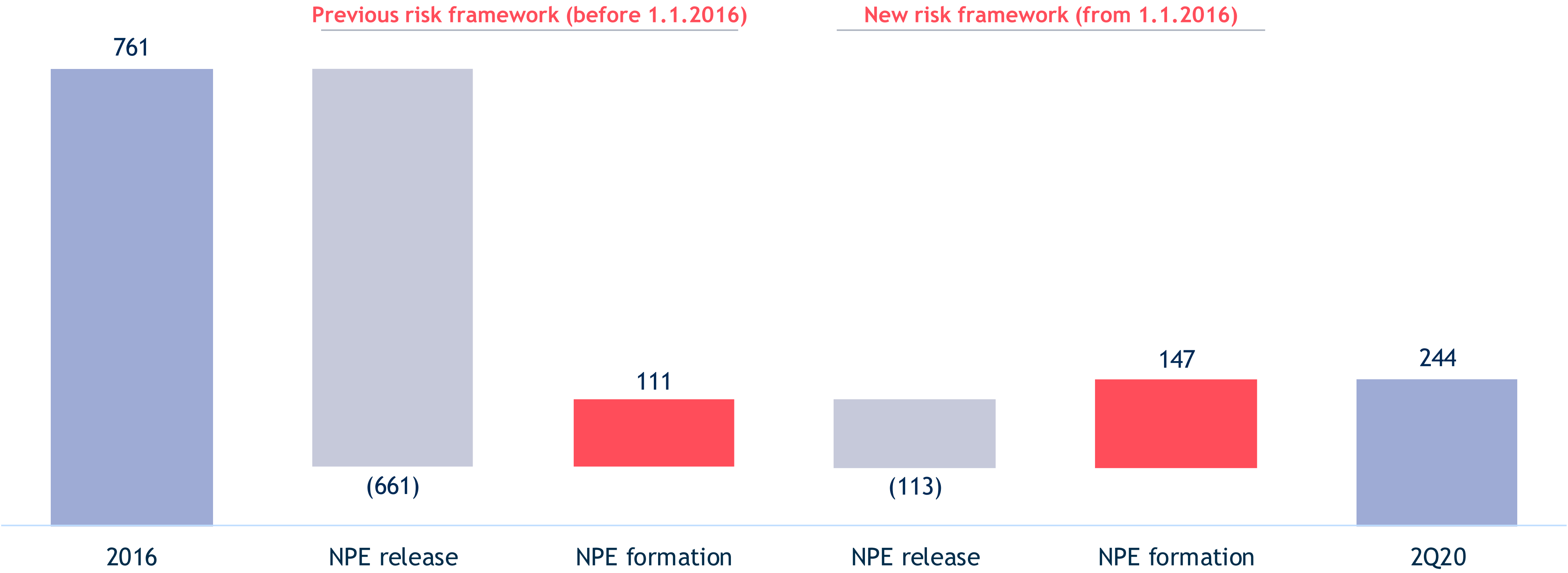
[1] Calculated as the sum of total SRP resp. Stage-3 ECL divided by total non-performing exposure. [2] Calculated as non-performing exposure divided by total credit risk exposure. [3] Calculated as non-performing exposure (new risk framework) divided by total credit risk exposure (new risk framework).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

RISK: TRACK RECORD OF CONSISTENT NPE REDUCTION AT STABLE COVERAGE

Addiko Bank

NPE movements since 2016 - group level

€mn (rounded)



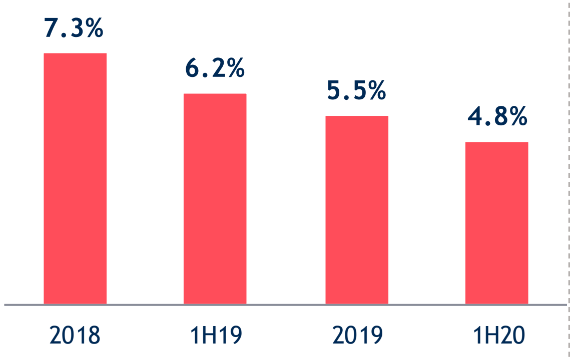
Risk: Update on NPE and Cost of Risk Development

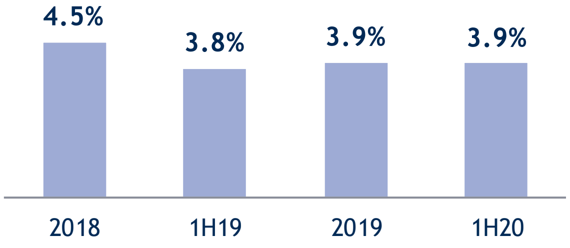
Focus

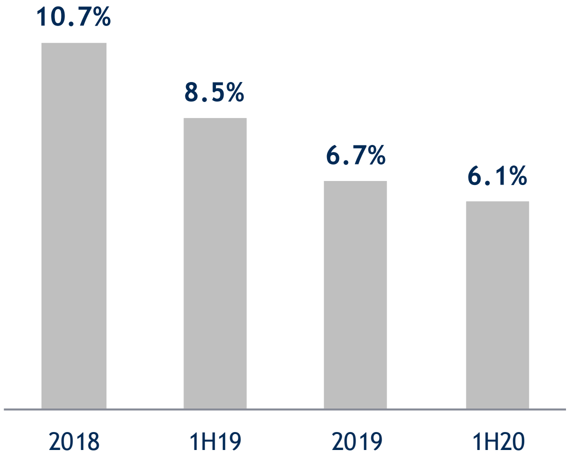
Consumer
€mn

SME
€mn

Non-Focus[3]
€mn







	Consumer				SME				Non-Focus[3]			
	2018	1H19	2019	1H20	2018	1H19	2019	1H20	2018	1H19	2019	1H20
NPE Coverage Ratio (Excl. Collateral)[1]	91.1%	91.3%	91.9%	87.7%	63.7%	63.8%	66.1%	69.3%	71.9%	67.2%	65.6%	65.8%
NPE Ratio[2]	7.3%	6.2%	5.5%	4.8%	4.5%	3.8%	3.9%	3.9%	10.7%	8.5%	6.7%	6.1%
Total NPE	*104*	*91*	*84*	*72*	*71*	*64*	*69*	*67*	*230*	*175*	*123*	*105*
Credit Risk Exposure	*1,415*	*1,476*	*1,532*	*1,505*	*1,559*	*1,693*	*1,759*	*1,722*	*2,146*	*2,053*	*1,839*	*1,732*
NPE Ratio - New Risk Framework	*2.6%*	*3.0%*	*2.9%*	*3.4%*	*2.0%*	*1.8%*	*2.5%*	*2.6%*	*1.2%*	*1.6%*	*1.8%*	*1.7%*
Credit Loss Expenses (YTD)	**€(9.5)mn** *Impairments*	**€(9.3)mn** *Impairments*	**€(20.3)mn** *Impairments*	**€(16.9)mn** *Impairments*	**€(7.4)mn** *Impairments*	**€3.4mn** *Releases*	**€(3.2)mn** *Impairments*	**€(7.2)mn** *Impairments*	**€19.7mn[4]** *Releases*	**€7.7mn[4]** *Releases*	**€26.3mn[4]** *Releases*	**€(5.2)mn[4]** *Impairments*

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

[2] Calculated as non-performing exposure divided by total credit risk exposure.

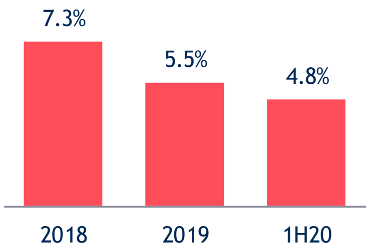
[3] Excludes Financial Institutions and Corporate Center.

[4] Including YTD releases in Corporate Center (€4.1mn in 2018, €1.3mn in 1H19, €5.3mn in YE19) and YTD releases of €1.2mn in 1H20.

RISK: MEANINGFUL NPE REDUCTION CONTINUED

Consumer

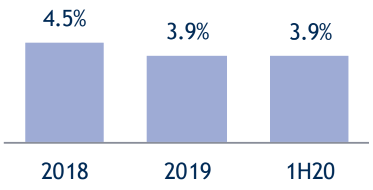
€mn



	2018	2019	1H20
NPE Coverage Ratio[1]	91.1%	91.9%	87.7%
NPE Ratio[2]	7.3%	5.5%	4.8%
Total NPE	*104*	*84*	*72*
Total Credit Risk Exposure	*1,415*	*1,532*	*1,505*
NPE Ratio - New Risk Framework	*2.6%*	*2.9%*	*3.4%*
Credit Loss Expenses (YTD)	€(9.5)mn *Impairments*	€(20.3)mn *Impairments*	€(16.9)mn *Impairments*

SME

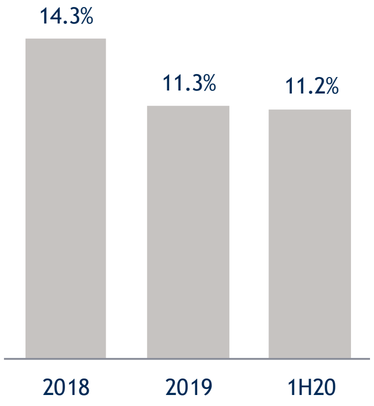
€mn



	2018	2019	1H20
NPE Coverage Ratio[1]	63.7%	66.1%	69.3%
NPE Ratio[2]	4.5%	3.9%	3.9%
Total NPE	*71*	*69*	*67*
Total Credit Risk Exposure	*1,559*	*1,759*	*1,72*
NPE Ratio - New Risk Framework	*2.0%*	*2.5%*	*2.6%*
Credit Loss Expenses (YTD)	€(7.4)mn *Impairments*	€(3.2)mn *Impairments*	€(7.2)mn *Impairments*

Mortgages

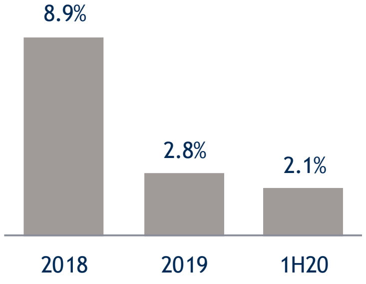
€mn



	2018	2019	1H20
NPE Coverage Ratio[1]	73.6%	70.7%	67.8%
NPE Ratio[2]	14.3%	11.3%	11.2%
Total NPE	*145*	*95*	*87*
Total Credit Risk Exposure	*1,016*	*837*	*776*
NPE Ratio - New Risk Framework	*2.9%*	*2.6%*	*3.5%*
Credit Loss Expenses (YTD)	€9.5mn *Releases*	€12.8mn *Releases*	€(5.8)mn Impairments

Large Corporates

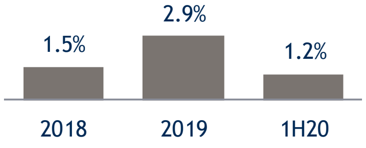
€mn



	2018	2019	1H20
NPE Coverage Ratio[1]	70.1%	47.5%	54.7%
NPE Ratio[2]	8.9%	2.8%	2.1%
Total NPE	*81*	*23*	*17*
Total Credit Risk Exposure	*907*	*811*	*783*
NPE Ratio - New Risk Framework	*0.4%*	*1.5%*	*1.0%*
Credit Loss Expenses (YTD)	€3.6mn *Releases*	€6.9mn *Releases*	€(0.7)mn Impairments

Public Finance

€mn



	2018	2019	1H20
NPE Coverage Ratio[1]	42.0%	54.2%	72.3%
NPE Ratio[2]	1.5%	2.9%	1.2%
Total NPE	*3*	*6*	*2*
Total Credit Risk Exposure	*223*	*192*	*173*
NPE Ratio - New Risk Framework	*0.0%*	*0.1%*	*0.1%*
Credit Loss Expenses (YTD)	€2.4mn *Releases*	€1.3mn *Releases*	€0.2mn *Releases*

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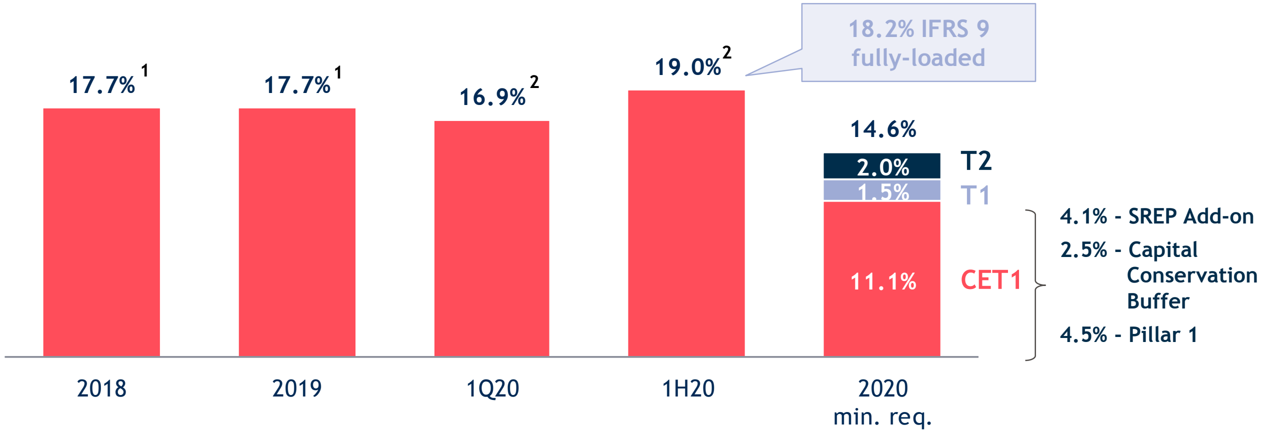
[1] Calculated as the sum of total SRP resp. Stage-3 ECL divided by total non-performing exposure.

[2] Calculated as non-performing exposure divided by total credit risk exposure.

UPDATE ON CAPITAL POSITION

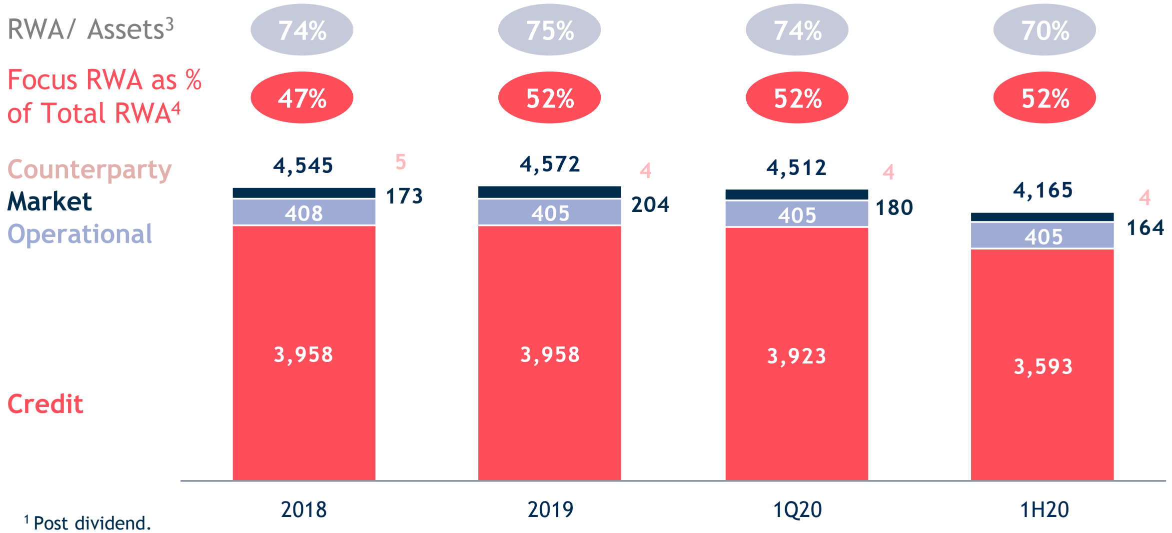
Breakdown of capital position and capital requirements

Reported, transitional



RWA breakdown

Reported, €mn



Final SREP 2020: Pillar 2 Requirement (P2R) of 4.1% (4.1% in 2019). In addition, Pillar 2 Guidance (P2G) of 4%

After determining the effects of Covid-19 on Addiko Bank AG, the regulator has requested a capital plan by February 2021, which explains how and in what timeframe the recommended P2G will be complied with

The SREP process considering 2019 and 2020 developments has been started, with the corresponding draft SREP 2021 decision expected in late autumn 2020

Addiko is currently using the **standardized approach** for its RWA calculation, with most of its RWAs stemming from credit risk

RWA down operationally and via regulatory changes related to STD approach (sovereigns) and SME Supporting Factor

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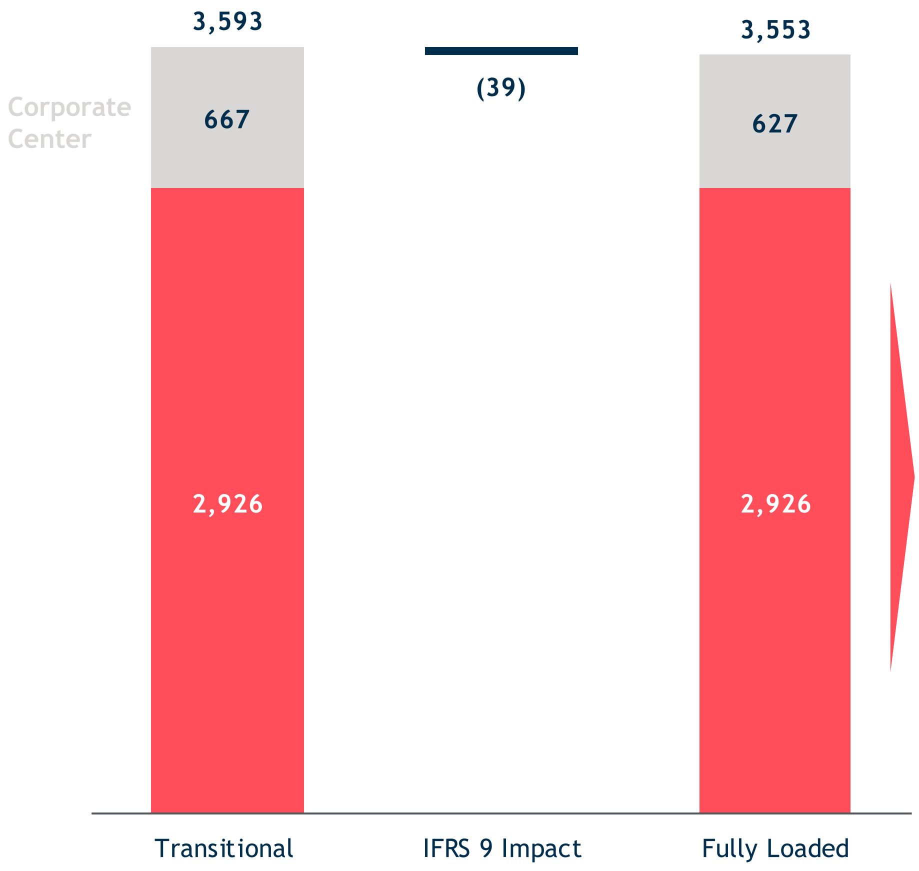
[1] Post dividend.
[2] Previously proposed 2019 dividend already deducted
[3] Calculated as total RWA divided by total assets.
[4] Based on segment credit RWA (i.e. excl. operational / market / counterparty RWA). Total RWA excl. Corporate Center.

CREDIT RISK RWA: FOCUS VS. NON-FOCUS

Risk weighting for focus portfolio is in line with overall contribution to loan book

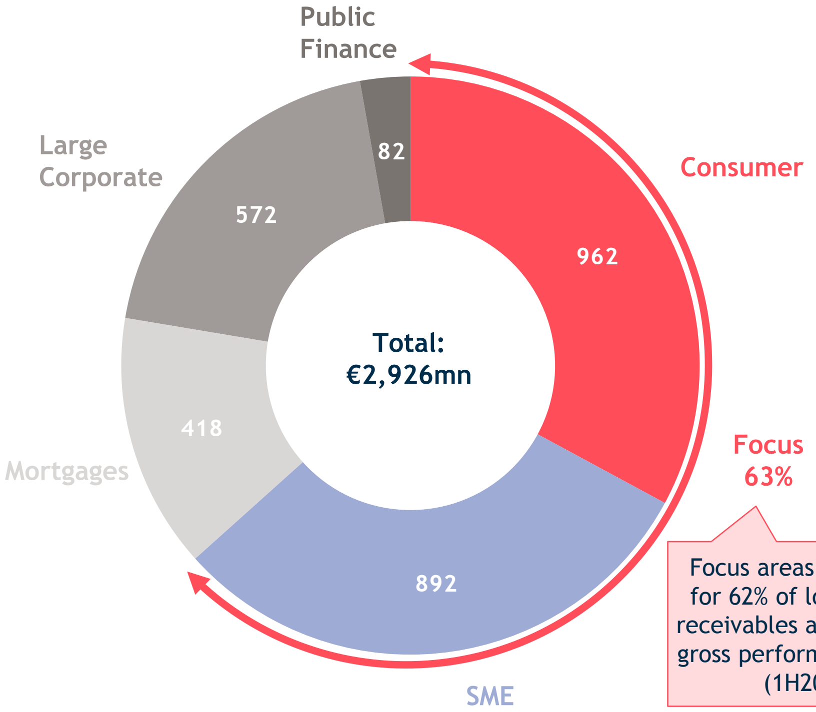
Credit risk RWA

1H20, €mn



Credit risk RWA: breakdown by segment[1]

1H20, €mn



Focus areas account for 62% of loans and receivables and 63% of gross performing loans (1H20)

Credit risk RWA: allocated capital[1]

1H20, €mn

	@1H20 capital ratio 18.2% fully-loaded	@Target capital ratio 16.1%
Focus	338	298
Non-Focus	195	173

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[1] Excluding Corporate Center of €627mn credit RWAs (fully loaded).

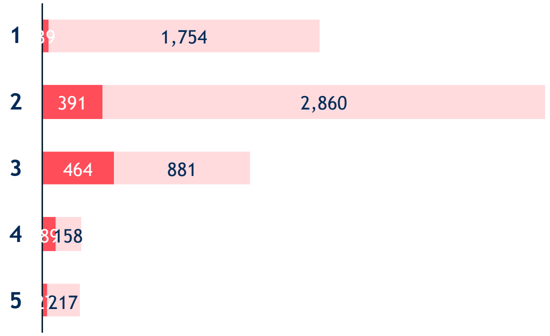
RISK: EXPOSURE IN MORATORIA – DEEP-DIVE (1/2)

🟥 Affected by moratoria

▨ Not affected by moratoria

Group exposure in Moratoria by Rating class

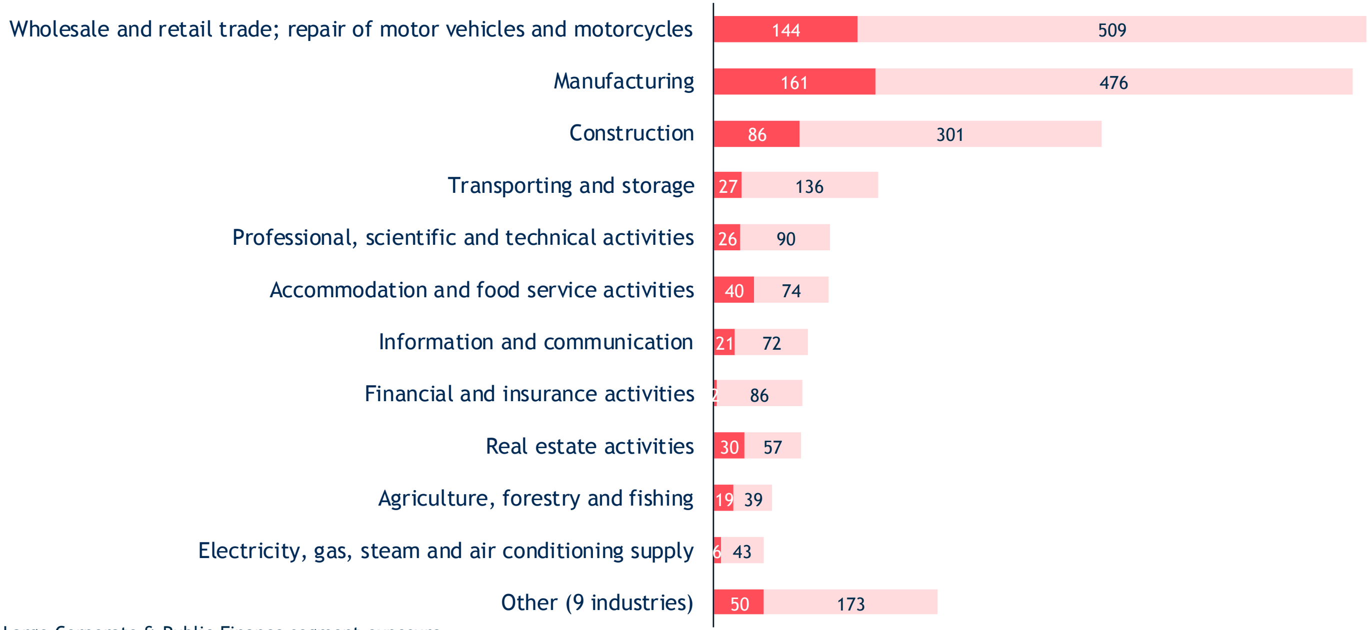
Reported, 1H20, €mn



	% Moratoria	% Moratoria in Total	# of customers
1	2%	0.6%	1.1k
2	12%	5.7%	24.8k
3	35%	6.7%	16.6k
4	36%	1.3%	6.6k
5	11%	0.4%	2.2k

Non-Retail[1] exposure by industry code (NACE)

Reported, 1H20, €mn



	% Moratoria	% Moratoria in Total	# of customers
Wholesale and retail trade; repair of motor vehicles and motorcycles	22%	2.1%	0.8k
Manufacturing	25%	2.3%	0.6k
Construction	22%	1.2%	0.2k
Transporting and storage	17%	0.4%	0.1k
Professional, scientific and technical activities	23%	0.4%	0.2k
Accommodation and food service activities	35%	0.6%	0.1k
Information and communication	23%	0.3%	0.1k
Financial and insurance activities	2%	0.0%	24
Real estate activities	34%	0.4%	0.1k
Agriculture, forestry and fishing	34%	0.3%	0.1k
Electricity, gas, steam and air conditioning supply	13%	0.1%	18
Other (9 industries)	23%	0.7%	0.5k

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[1] Non-Retail equals SME, Large Corporate & Public Finance segment exposure.

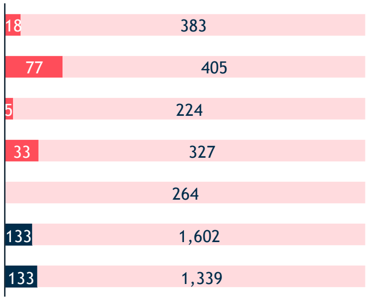
RISK: EXPOSURE IN MORATORIA - DEEP-DIVE (2/2)

Group exposure in Moratoria by country

Reported, 1H20, €mn

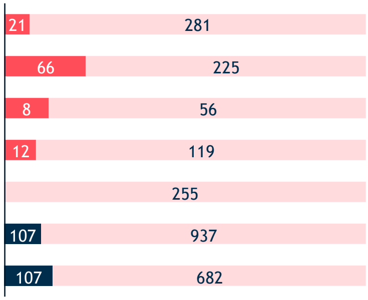
🟥 Affected by moratoria
▨ Not affected by moratoria

Slovenia (Opt-in approach)



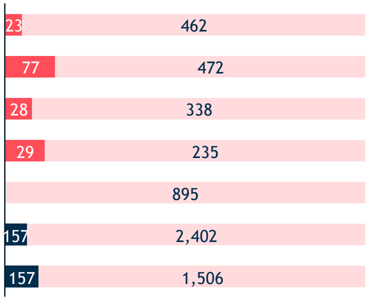
	Affected	Not affected	% Moratoria	% Moratoria in local Total (excl. CC)	# of customers
Consumer	18	383	4%	1.2%	0.8k
SME	77	405	16%	5.2%	0.2k
Mortgages	5	224	2%	0.3%	0.1k
Large Corp. & Public	33	327	9%	2.2%	9
Corporate Center (CC)		264	0%		0
TOTAL	133	1,602	8%		1.1k
Total (excl. CC)	133	1,339	9%		

BiH (Opt-in approach)



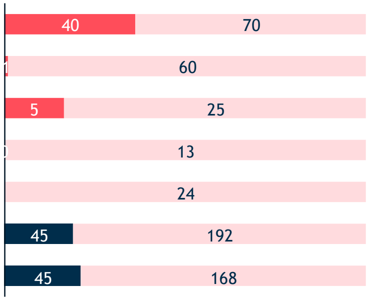
	Affected	Not affected	% Moratoria	% Moratoria in local Total (excl. CC)	# of customers
Consumer	21	281	7%	2.7%	2.1k
SME	66	225	23%	8.4%	0.1k
Mortgages	8	56	12%	1.0%	0.3k
Large Corp. & Public	12	119	9%	1.5%	10
Corporate Center (CC)		255	0%		0
TOTAL	107	937	10%		2.4k
Total (excl. CC)	107	682	14%		

Croatia (Opt-in approach)



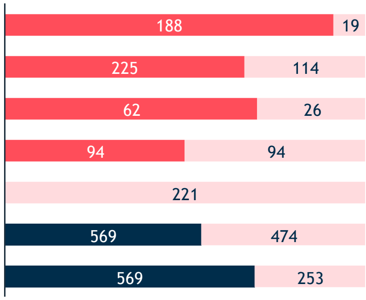
	Affected	Not affected	% Moratoria	% Moratoria in local Total (excl. CC)	# of customers
Consumer	23	462	5%	1.4%	2.2k
SME	77	472	14%	4.6%	0.2k
Mortgages	28	338	8%	1.7%	0.5k
Large Corp. & Public	29	235	11%	1.8%	16
Corporate Center (CC)		895	0%		0
TOTAL	157	2,402	6%		2.9k
Total (excl. CC)	157	1,506	9%		

Montenegro (Opt-in appoach)



	Affected	Not affected	% Moratoria	% Moratoria in local Total (excl. CC)	# of customers
Consumer	40	70	36%	18.7%	4.4k
SME		60	1%	0.3%	6
Mortgages	5	25	17%	2.3%	0.1k
Large Corp. & Public		13	0%	0.0%	0
Corporate Center (CC)		24	0%		0
TOTAL	45	192	19%		4.6k
Total (excl. CC)	45	168	21%		

Serbia (Opt-out approach)



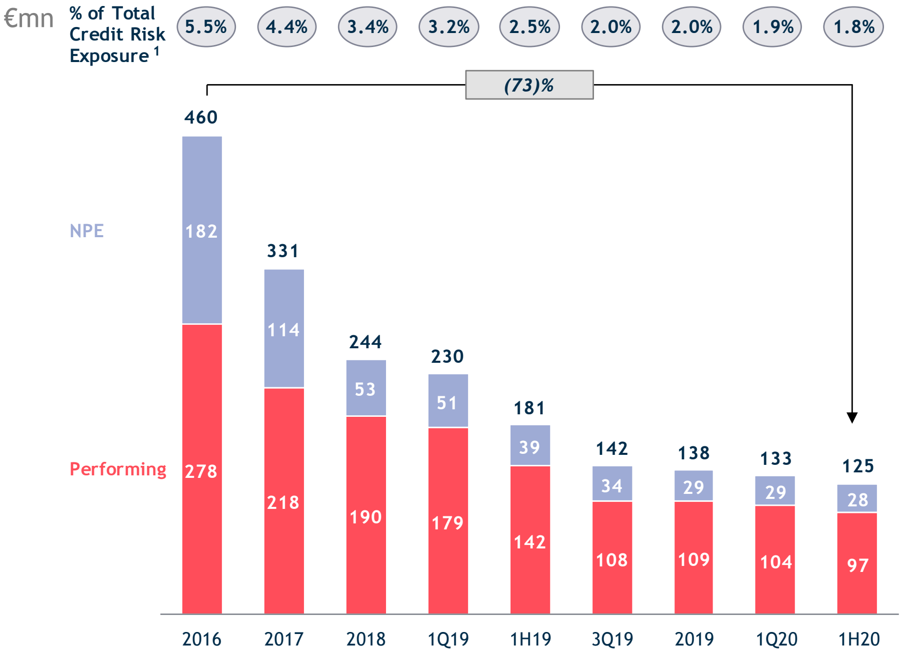
	Affected	Not affected	% Moratoria	% Moratoria in local Total (excl. CC)	# of customers
Consumer	188	19	91%	22.9%	35.3k
SME	225	114	66%	27.4%	1.8k
Mortgages	62	26	70%	7.5%	2.9k
Large Corp. & Public	94	94	50%	11.5%	0.5k
Corporate Center (CC)		221	0%		0
TOTAL	569	474	55%		40.4k
Total (excl. CC)	569	253	69%		

Austria

No customer loan portfolios

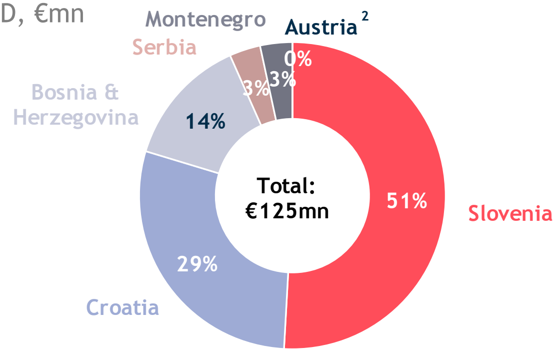
RISK: CHF LOANS SIGNIFICANTLY MANAGED DOWN

CHF portfolio overview



CHF credit risk exposure by countries

1H20 YTD, €mn



CHF conversion across countries

Slovenia	National Council adopted resolution to prepare legislation initiative on the protection of consumers on CHF loans in April 2019 – Legal Service of Slovenian parliament published a negative opinion to the initiative, questioning the constitutionality of such law and sees violation of European laws. On October 8th 2019 such proposed draft law was rejected by the Finance Committee of the Slovenian Parliament. The Ministry of Finance announced in February 2020 that it will not continue to mediate between banks and Association Frank regarding the CHF loan topic and will not block further initiatives regarding a potential CHF conversion law. Slovenia contemplates to solve the CHF topic by offering conversion for all active CHF loans with limited cost.
Croatia	Conversion Law enacted in September 2015. Ruling by the Supreme Court of Croatia published on September 17th 2019 declaring FX clauses in CHF loans as null and void. The management reflected a provision of €8.7mn in 3Q19 results. The Supreme Court ruled in February 2020 that annexes under the conversion law are valid on the basis of the Supreme Court ruling from March 4th 2020.
Serbia	Law enacted end of April 2019.
Bosnia & Herzegovina	The conversion law draft was voted down by parliament in October 2017 in favour of a widely accepted voluntary offer. End of July 2020 the Conversion Law Draft was for vote in the Parliament, but the session was interrupted and law was not discussed. The IMF strongly opposes against such law and publicly reminded decision makers of BiH's commitment under the previous Extended Program (EFF).
Montenegro	Law on conversion of CHF loans enacted on July 2015 and amended September 2016.

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[1] Calculated as total CHF credit risk exposure divided by total credit risk exposure of Addiko Group.

[2] Reflects Holding's short term balance (if any) related to hedging CHF exposures for Addiko subsidiaries (no balance as of 30.06.2020)

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VIENNA, AUGUST 2020

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

About Addiko Group
Addiko Group consists of Addiko Bank AG, the fully-licensed Austrian parent bank registered in Vienna, Austria, listed on the Vienna Stock Exchange and regulated by the Austrian Financial Markets Authority, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia & Herzegovina (two banks), Serbia and Montenegro. Addiko Group, through its six subsidiary banks, services as of June 30, 2020 approximately 0.8 million customers in CSEE, using a well-dispersed network of 176 branches and modern digital banking channels. Addiko Bank AG manages its subsidiary banks through group-wide strategies, policies and controls and manages Addiko Group’s liquidity reserve.
Addiko Group repositioned itself as a specialist consumer and SME banking group with a focus on growing its consumer business and SME lending activities as well as payment services (its “focus areas”), offering unsecured personal loan products for consumers and working capital loans for its SME customers funded largely by retail deposits. Addiko Group’s mortgage business, public lending and large corporate lending portfolios (its “non-focus areas”) are gradually reduced over time, thereby providing liquidity and capital for the gradual growth in its consumer business and SME lending.