

Addiko Bank AG

Proposal on the allocation of profits

As adopted in the Annual General Meeting on 27 November 2020, the distribution of the 2019 dividend of EUR 2.05 per share was dependent on two conditions, namely that until 10 March 2021 (which was the anticipated date of publication of the Annual Report 2020) (i) neither a recommendation of the European Central Bank ("ECB") (such as the Recommendation of the European Central Bank of 27 July 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/19 (ECB/2020/35) (2020/C 251/01)) would in the company's view conflict with a distribution of dividends nor a legally mandatory distribution ban is effective or applicable, and (ii) that the Common Equity Tier 1 (CET1) capital ratio of Addiko Bank AG (and Addiko Group) after such distribution would not be lower than 18.6%.

The ECB has on 15 December 2020 published a recommendation that banks exercise extreme prudence on dividends and has, to this end, asked all banks to consider not distributing any cash dividends or to limit such distributions until 30 September 2021 (Recommendation of the European Central Bank of 15 December 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/35 (ECB/2020/62)).

As a consequence of such recommendation, despite a transitional CET1 ratio of 20.3% or 19.3% IFRS 9 fully-loaded as of year-end 2020 with the envisaged dividend amounts already deducted, the existing profit allocation resolution dated 27 November 2020 did not permit a dividend distribution for the financial year 2019. The 2019 balance sheet profit of EUR 40,000,000 was therefore carried forward to the financial year 2020, as resolved by the AGM on 27 November 2020.

Pursuant to Austrian GAAP in connection with the Austrian Banking Act, Addiko Bank AG generated net accumulated profits in the amount of EUR 46,605,000 in the financial year 2020, which includes the communicated 2019 balance sheet profit of EUR 40,000,000 (carried forward to the financial year 2020). Following a constructive dialogue and considering the ECB recommendation on dividend distribution (i.e. below 15% of the cumulated profit for 2019-20 and not higher than 20 basis points of the Common Equity Tier 1 (CET1) ratio, whichever is lower), the Management Board and the Supervisory Board of Addiko Bank AG propose the following:

“The balance sheet profit for the financial year 2020 in the amount of EUR 46,605,000 (i.e. EUR 2.39 per share, including the balance sheet profit for the financial year 2019 in the amount of EUR 40,000,000 which was carried forward to the financial year 2020) shall be distributed in two tranches, one unconditional and one conditional tranche, as follows:

1. *The first, unconditional tranche in the amount of EUR 7,020,000 (EUR 0.36 per share) shall be distributed for each dividend-entitled share on 4 May 2021, and*

2. *the second, conditional tranche ("Second Tranche") of up to EUR 39,585,000 (up to EUR 2.03 per share) is to be distributed not before 30 September 2021 under the condition precedent that on the twelfth working day of each calendar month after 30 September 2021 until 31 January 2022 neither a recommendation of the ECB would, in the company's view, conflict with a distribution of dividends nor a legally mandatory distribution restriction is effective or applicable. Should on any such date only a partial amount of the Second Tranche satisfy, in the company's view, the above condition precedent, then the maximum amount which can be specified to satisfy such condition precedent shall be distributed.*

If and to the extent the condition precedent for dividend payment regarding the Second Tranche is not satisfied until 31 January 2022, no dividend distribution regarding the Second Tranche shall take place. To the extent the balance sheet profit is not distributed in accordance with the above, it shall be carried forward to a new account.

Furthermore, the Management Board and the Supervisory Board propose the payment date for any dividend payment of the Second Tranche to be within 20 working days after the satisfaction of the condition precedent."

Each of the above dividend payments will be distributed as a share capital repayment according to § 4 sec. 12 Austrian Income Tax Act.

Vienna, on 30 March 2021

The Management Board

Csongor Bulcsu Németh m.p.
Chairman

Markus Krause m.p.

Ganesh Krishnamoorthi m.p.

This document is a translation of the German original version. In case of any doubt the German original version prevails.