



Addiko Bank

Consolidated Corporate Governance
Report 2020

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Glossary of Key Terms

The table below sets out the most commonly used terms contained within this handbook and Addiko Bank.

Term	Definition
ABG	Addiko Group
ACGC	Austrian Corporate Governance Code
Addiko Bank or Addiko	Addiko Bank AG (Holding)
AktG	Aktiengesetz (Stock Corporation Act)
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
BiH	Bosnia and Hercegovina
BWG	Bankwesengesetz (Banking Act)
BGBL.	Bundesgesetzblatt (Law Gazette)
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Code	Austrian Code of Corporate Governance
CISO	Chief Information Security Officer
CRBO/IT/Dig.	Chief Retail Banking/IT/Digitalization Officer
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
CSEE	Central and South Eastern Europe
D&O Insurance	Directors-and-Officers Insurance
EBA	European Banking Authority
ECB	European Central Bank
SPOC	Single Point of Contact
FMA	Finanzmarktaufsicht
FX	Foreign Exchange
GoB	Group of Borrowers
ICAAP	Internal Capital Adequacy Assessment Process
ICS	Internal Control System
ICV	Internal collateral value
NPE	Non-performing exposure
oGA	Ordinary General Assembly
OPEX	Operational expenditure
SME	Small and medium-sized enterprises

Corporate Governance Statement

Addiko's Declaration of Commitment

Addiko Group is a listed consumer and small and medium-sized enterprises (SME) specialist banking group in Central and South Eastern Europe (CSEE).

Addiko Group consists of Addiko Bank AG (hereinafter referred to as "Addiko" or "Bank"), a fully-licensed Austrian parent bank registered in Vienna, Austria, supervised by the Austrian Financial Market Authority and by the European Central Bank, as well as six subsidiary banks, registered, licensed and operating in five CSEE countries: Croatia, Slovenia, Bosnia and Herzegovina (where it operates two banks), Serbia and Montenegro.

As a listed company with the Vienna Stock Exchange, Addiko attaches great importance to responsible and transparent management in order to maintain the understanding and trust of its various stakeholders.

Therefore, Addiko is committed complying with the Austrian Corporate Governance Code (ACGC or the Code) in the version of January 2021. The ACGC is publicly available on the website of the Austrian Working Group for Corporate Governance (www.corporate-governance).

The Code contains:

- rules based on compulsory legal requirements (L-Rules, Legal Requirement);
- rules that should be complied with, where deviations must be explained and justified in order for the company's conduct to conform with the Code (C-Rules, comply or explain);
- and rules that are recommendations, where noncompliance must not be disclosed or justified (R-Rules, Recommendation).

Deviations from the Code

Addiko observes the rules of the Austrian Corporate Governance Code.

Deviations referring to the entire business year 2020:

No	Deviations	Comments
C-12	The materials and documents required for a supervisory board meeting haven't been made available at least one week before the respective meeting with each and every session.	In 2020, extraordinary supervisory board meetings were convened at short notice and therefore the deadline of 7 days could not be met. Also, some documents were of sensitive nature and were with consent of the Supervisory Board uploaded later than 7 days before the supervisory board meetings. Delays in this matter were accepted by the Supervisory Board in the respective meeting.
C-39	According to the C-39 Rule of the Code the supervisory board shall ensure that a committee has the authorization to take decisions in urgent cases.	The Supervisory Board has not implemented a dedicated committee to take decisions in urgent cases. In urgent cases the Supervisory Board as well as its committees are authorized to adopt resolutions outside of regular meetings in written form, for instance via email, fax or any other verifiable electronic means, if no objections are raised by a member (at least within 24 hours after such decision has been made). Representation by other members of the Supervisory Board is not permitted in the case of circular resolutions.

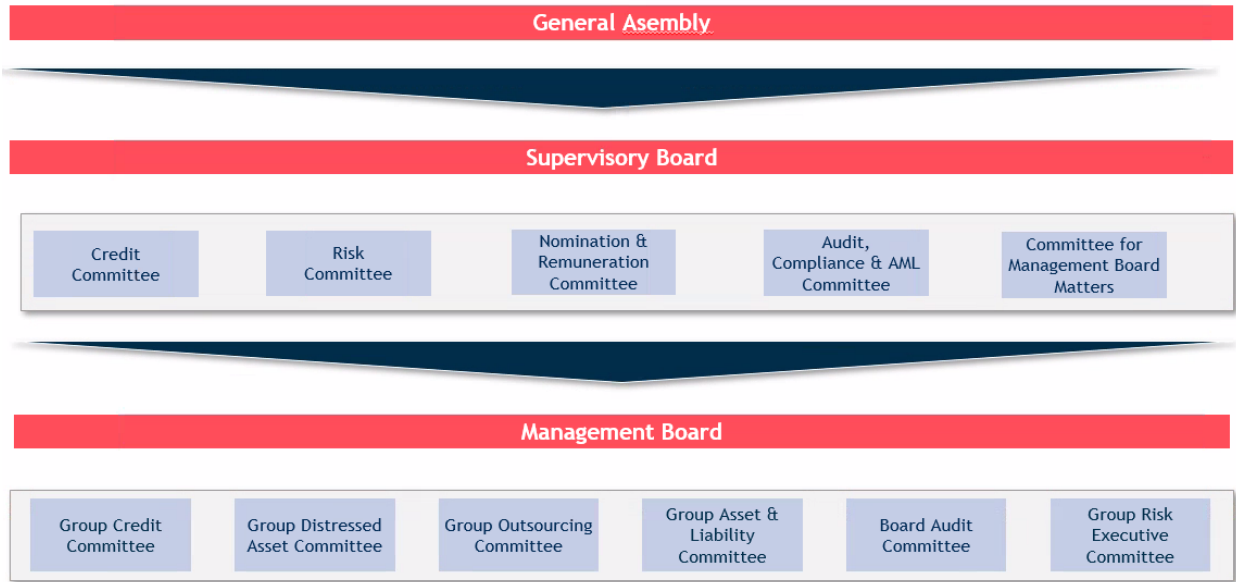
Corporate Structure

Addiko is a stock corporation established according to Austrian law and consists of the Management Board and the Supervisory Board (two-tier-system).

The Management Board is responsible for managing the company under its own responsibility as required for the benefit of the company and taking into account the interests of shareholders and the company’s employees as well as public interest. The Management Board develops the strategic orientation of the company and aligns it with the Supervisory Board. It ensures an effective risk management and risk controlling. The Management Board makes its decisions based on applicable laws, the by-laws, rules of procedures or guidance provided by the Supervisory Board and meets on a weekly basis (more frequently, if required).

The Supervisory Board appoints the members of the Management Board, decides on the remuneration of the Management Board and regularly monitors the management activities of the Management Board and advises on fundamental matters related to the company. It takes part in making decisions as provided by law, the articles of association and its rules of procedure. The Supervisory Board meetings are convened by the chairperson and are held at least once during each calendar quarter. Ad-hoc meetings can be requested if required.

Figure 1 Corporate Governance Structure of Addiko as of 31 December 2020



General Assembly

The General Assembly as the highest-ranking body of Addiko consists of the shareholders of the company.

The share capital of Addiko amounts EUR 195,000,000 and is divided into 19,500,000 non-par value bearer shares which carry equal participation interest in the share capital.

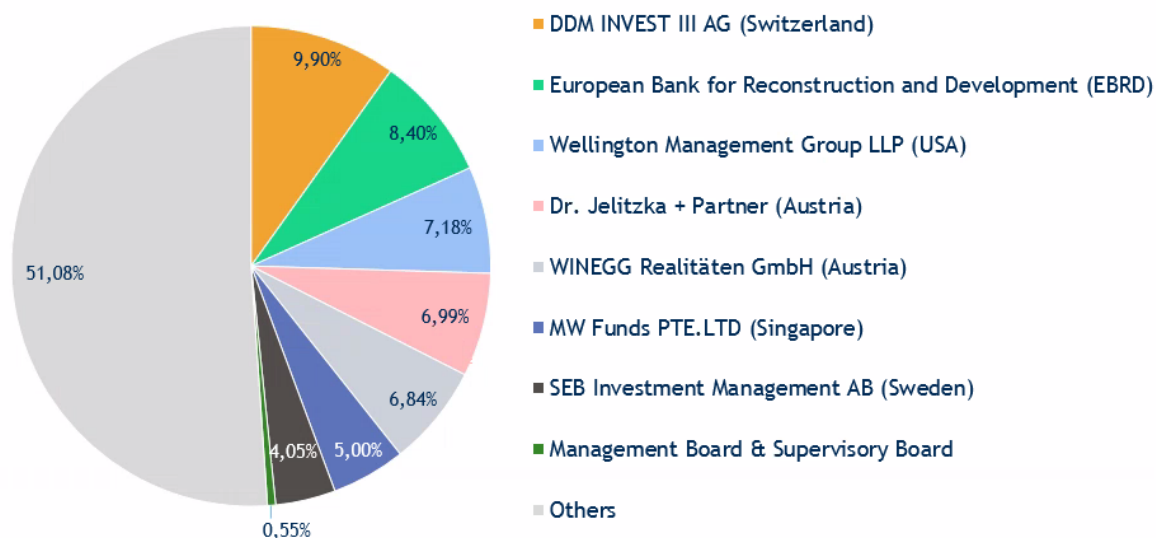
In 2020, the General Assembly convened for one extraordinary (10 July 2020) and one ordinary meeting (27 November 2020).

In light of the COVID-19 lock-down related administrative restrictions and the ECB/FMA dividend recommendation the Annual General Assembly for the 2019 financials - originally scheduled for 21 April 2020 - was postponed to 27 November 2020.

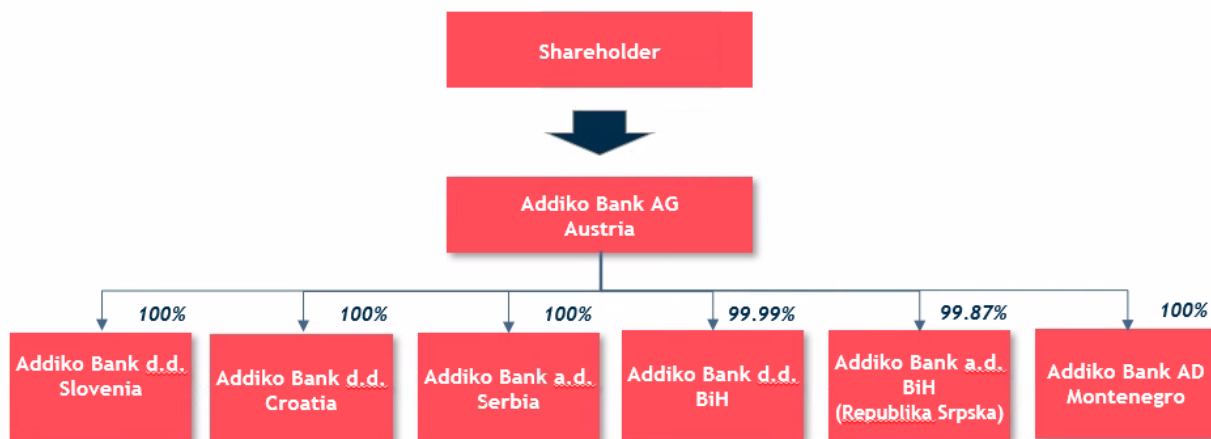
Based on Section 1 (2) COVID-19-GesG, Austrian Federal Legal Gazette (BGBl.) I No. 16/2020 as amended by BGBl. I No 24/2020 and based on COVID-19-GesV (BGBl. II No. 140/2020), considering the interests of both the company and the participants, both meetings were held as “virtual general meeting”.

Figure 2 Shareholder structure of Addiko as of 31 December 2020

Shareholder Structure (c. 62.9% free float)*



*Illustration based on Major Holdings and Directors Dealings notifications as of 27 November 2020 on www.addiko.com; Holdings below 4% of the shares are presented in a summarized form, next to the holdings by the Management and Supervisory Board



Supervisory Board

Supervisory Board members at 31 December 2020

[C-58]

The following changes were made during the financial year 2020:

Following the resignation of Herman-Josef Lamberti from his position as Chair and Member of the Supervisory Board the constituent Supervisory Board meeting on 20 May 2020 appointed Hans-Hermann Lotter as Chair of the Supervisory Board of Addiko among the Supervisory Board members.

On 10 July 2020 the extraordinary General Assembly elected Monika Wildner and Kurt Pribil as new members of the Supervisory Board of Addiko.

The ordinary General Assembly elected on 27 November 2020 Herbert Juranek and Frank Schwab as new members of the Supervisory Board of Addiko, whereas Hans-Hermann Lotter and Henning Giesecke resigned from their positions as members of the Supervisory Board of Addiko.

At the constituent Supervisory Board meeting on 02 December 2020 Kurt Pribil was appointed as Chair of the Supervisory Board of Addiko among the Supervisory Board members and succeeded Hans-Hermann Lotter.

Herbert Juranek was appointed as Deputy Chair of the Supervisory Board of Addiko among the Supervisory Board members and succeeded Henning Giesecke.

Frank Schwab was appointed as Member of the Supervisory Board.

The Supervisory Board consists of six shareholder representatives and two members delegated by the Works Council:

Name	Position	Year of birth	Date of first appointment	End of the mandate
Kurt Pribil	Chair	1957	10.07.2020	oGA 2024
Herbert Juranek	Deputy	1966	27.11.2020	oGA 2022
Dragica Pilipovic-Chaffey	Member	1946	17.07.2015	oGA 2022
Monika Wildner	Member	1971	10.07.2020	oGA 2022
Sebastian Prinz Schoenaich-Carolath	Member	1957	06.06.2019	oGA 2022
Frank Schwab	Member	1969	27.11.2020	oGA 2022
Christian Lobner	Member / Works Council	1978	22.09.2015	until dismissal
Thomas Wieser	Member / Works Council	1980	29.07.2019	until dismissal

Members who left Supervisory Board in 2020

[C-58]

Name	Position	Year of birth	Date of first appointment	End of the mandate
Herman-Josef Lamberti	Chair	1956	01.12.2015	15.05.2020
Hans-Hermann Lotter	Chair ¹	1964	17.07.2015	27.11.2020
Henning Giesecke	Deputy	1960	17.07.2015	27.11.2020

¹ On 20 May 2020 Hans-Hermann Lotter was appointed to Chair of the Supervisory Board of Addiko among the Supervisory Board members after serving as Deputy Chair and succeeded Herman-Josef Lamberti, who resigned from his position as Chair and Member of the Supervisory Board on 15 May 2020

State Commissioners at 31 December 2020

Name	Position	Year of birth	Date of first appointment	End of the mandate
Vanessa Koch	State Commissioner	1989	01.03.2019	29.02.2024
Lisa Marie Pölzer	Deputy State Commissioner	1989	01.03.2019	29.02.2024

Supervisory Board Mandates and comparable functions at other listed companies

[C-58]

The following Supervisory Board members hold any Supervisory Board mandate or perform a comparable function at a listed company. Members not listed, do not have a comparable function.

Name	Company	Mandate	Position
Herbert Juranek	Q-Capital AG, Switzerland	Supervisory Board	Member
Monika Wildner	Austrian CA Immobilien Anlagen AG	Supervisory Board	Member
Hermann-Josef Lamberti ²	ING Group N.V. Amsterdam	Supervisory Board	Member
Hermann-Josef Lamberti ³	Airbus Group N.V. Amsterdam	Supervisory Board	Member
Henning Giesecke ⁴	The Social Chain AG, Berlin	Supervisory Board	Deputy

Independence Criteria for Assessment of Independence of the Supervisory Board members

[C-53]

In accordance with and taking into consideration Appendix 1 of the ACGC, the Supervisory Board of Addiko shall follow the guidelines below when defining the criteria for the assessment of the independence of a member of the Supervisory Board:

- The Supervisory Board member shall not have served as a member of the Management Board or as a management level employee of the company or one of its subsidiaries in the past five years.
- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the member of the Supervisory Board. This shall also apply to relationships with companies in which a member of the Supervisory Board has a considerable economic interest, but not for exercising functions in the bodies of the group. The approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 does not automatically mean the person is qualified as not independent.
- The Supervisory Board member shall not have acted as auditor of the company or have owned a share in the auditing company or have worked there as an employee in the past three years.
- The Supervisory Board member shall not be a member of the Management Board of another company in which a member of the Management Board of the company is a Supervisory Board member.
- A Supervisory Board member may not remain on the Supervisory Board for more than 15 years. This shall not apply to Supervisory Board members who are shareholders with a direct investment in the company or who represent the interests of such a shareholder.
- The Supervisory Board member shall not be a closely related (direct offspring, spouses, life partners, parents, uncles, aunts, sisters, nieces, nephews) of a member of the Management Board or of persons having one of the aforementioned relations.

According to the criteria listed above for the independence of Supervisory Board members, all Supervisory Board members of Addiko elected by the General Assembly can be classified as independent.

² Member of the Supervisory Board of Addiko Bank AG until 15 May 2020

³ Member of the Supervisory Board of Addiko Bank AG until 15 May 2020

⁴ Member of the Supervisory Board of Addiko Bank AG until 27 November 2020

Independent members of the Supervisory Board members

[C-54]

In the case of companies with a free float of more than 20%, the members of the Supervisory Board elected by the General Assembly or delegated by shareholders in accordance with the articles of incorporation shall include at least one independent member pursuant to C-Rule 54 who is not a shareholder with a stake of more than 10% or who represents such a shareholder's interests.

In the case of companies with a free float of over 50%, at least two members of the Supervisory Board must meet these criteria.

In Addiko the following members of the Supervisory Board can be classified as independent members in this matter:

Name	Position	Year of birth	Date of first appointment	End of the mandate
Kurt Pribil	Chair	1957	10.07.2020	oGA 2024
Herbert Juranek	Deputy	1966	27.11.2020	oGA 2022
Dragica Pilipovic-Chaffey	Member	1946	17.07.2015	oGA 2022
Monika Wildner	Member	1971	10.07.2020	oGA 2022
Sebastian Prinz Schoenaich-Carolath	Member	1957	06.06.2019	oGA 2022
Frank Schwab	Member	1969	27.11.2020	oGA 2022
Hermann Josef Lamberti	Chair	1956	01.12.2015	15.05.2020
Henning Giesecke	Deputy	1960	17.07.2015	27.11.2020

Supervisory Board Activity Report

[C-36, C-58]

In 2020, the Supervisory Board convened for nineteen meetings and adopted seventeen decisions via circular resolution.

The Supervisory Board members attended the meetings of the Supervisory Board as shown below:

Name	Position	Meetings attended / out of	Excused
Kurt Pribil ⁵	Chair	10/10	0
Herbert Juranek ⁶	Deputy	2/2	0
Dragica Pilipovic-Chaffey	Member	16/19	3
Monika Wildner ⁷	Member	10/10	0
Sebastian Prinz Schoenaich-Carolath	Member	19/19	0
Frank Schwab ⁸	Member	2/2	0
Christian Lobner	Member / Works Council	19/19	0
Thomas Wieser	Member / Works Council	19/19	0
Hermann Josef Lamberti	Chair	4/5	1
Hans-Hermann Lotter	Chair	17/17	0
Henning Giesecke	Deputy	17/17	0

Within the scope of its responsibilities and on the basis of the requirements of the law, the articles of association and rules of procedures, the Supervisory Board advised and monitored the work of the Management Board both in the plenary meetings and in each of the committees.

Based on the reports on risks arising from banking business, the Supervisory Board discussed with the Management Board on the adequacy of capital and liquidity. The Management Board regularly informed the Supervisory Board about regulatory developments and the resulting measures.

The Supervisory Board regularly received reports by Internal Audit, Compliance and AML, Internal Control System (ICS) and Risk functions and examined those in detail.

The Management Board discussed strategies and major specific measures in detail with the Supervisory Board. Legal transactions requiring approval were submitted to the Supervisory Board, and the Supervisory Board was given ample opportunity to thoroughly examine any reports and resolutions proposed by the Management Board.

The Supervisory Board reviewed the annual financial statements as well as the consolidated financial statements and the consolidated Non-Financial Report for 2019, the Management Board Report and Corporate Governance Report for 2019, the Report of the Supervisory Board, the proposal on the allocation of the annual profit and the proposal on the appointment of the external auditor for the financial year 2021-2023. In addition, the Supervisory Board decided, among other topics, upon the Budget 2020, the Recovery Plan 2020, the amendments of the Organizational Chart, the amendments of the Business and Risk Strategy, the Internal Audit Charter and Internal Audit Plan, Group AML/CTF Policy and the Group Risk Appetite Statement, the Remuneration Policy, the Fit & Proper Assessment of the Supervisory Board and Management Board.

⁵ Kurt Pribil was elected by the General Assembly on 10 July 2020 as new member of the Supervisory Board. Afterwards ten meetings were still held in business year 2020.

⁶ Herbert Juranek was elected by the General Assembly on 27 November 2020 as new member of the Supervisory Board. Afterwards two meetings were still held in business year 2020.

⁷ Monika Wildner was elected by the General Assembly on 10 July 2020 as new member of the Supervisory Board. Afterwards ten meetings were still held in business year 2020.

⁸ Frank Schwab was elected by the General Assembly on 27 November 2020 as new member of the Supervisory Board. Afterwards two meetings were still held in business year 2020.

The Supervisory Board was also regularly informed on the impact of the COVID-19 crisis on Addiko and the Addiko Group.

Furthermore, the Supervisory Board took decisions on several transactions requiring approval according to the rules of procedure of the Management Board and Supervisory Board.

Committees of the Supervisory Board

[C-34, C-39]

The Supervisory Board takes care of its business as a rule at its plenary meetings, but delegates individual matters to five qualified committees: the Credit Committee, the Audit, Compliance and AML Committee, the Risk Committee, the Nomination and Remuneration Committee and the Committee for Management Board Matters.

The establishment of these committees and their decision-making powers are defined in the applicable rules of procedures of the Supervisory Board of Addiko, the Austrian Banking Act (Bankwesengesetz, "BWG") and EBA/GL/2017/11.

The nomination of members to the committees from the Works Council is done in accordance with the provisions of the Austrian Labour Act (Arbeitsverfassungsgesetz). The chair of a committee reports regularly to the plenary meeting of the Supervisory Board on the work of the respective committee.

Credit Committee

Name	Position
Herbert Juranek	Chair
Dragica Pillipovic - Chaffey	Deputy
Kurt Pribil	Member
Frank Schwab	Member
Christian Lobner	Member / Works Council
Thomas Wieser	Member / Works Council
Sebastian Prinz Schoenaich-Carolath	Chair - 20.05.2020 - 02.12.2020
Hans-Hermann Lotter	Deputy/Member - until 27.11.2020
Henning Giesecke	Chair/Deputy - until 27.11.2020
Hermann Josef Lamberti	Member - until 15.05.2020

The Credit Committee is a decision-making committee and highest credit authority responsible for the granting of loans and credits to customers or to a group of affiliated customers in accordance with the rules of procedure of the Supervisory Board.

Those credit authority levels refer to credit decisions for "Group of Borrowers" in group competence, e.g. with gross exposure exceeding the institutional credit competence of the respective subsidiaries.

Furthermore, any intragroup limit to any subsidiary within Addiko Group referring to any kind of exposure/investment must be approved by the Credit Committee of the Supervisory Board.

The Credit Committee held three meetings and adopted fourteen decisions via circular resolution in 2020.

The following changes were made during the financial year 2020:

Sebastian Prinz Schoenaich-Carolath was appointed as Chair of the Credit Committee from among the Supervisory Board members at the constituent Supervisory Board meeting on 20 May 2020, convened due to the resignation of Hermann-Josef Lamberti from his position as Chair of the Supervisory Board on 15 May 2020.

Henning Giesecke was appointed as Deputy Chair, Dragica Pilipovic-Chaffey, Hans-Herman Lotter, Christian Lobner (Works-Council) and Thomas Wieser (Works Council) were appointed as Members.

Herbert Juranek was appointed as Chair of the Credit Committee from among the Supervisory Board members at the constituent Supervisory Board meeting on 02 December 2020, convened due to the resignation of the Chair of the Supervisory Board, Hans-Hermann Lotter and the Deputy Chair of the Supervisory Board Henning Giesecke and due to the election of two new members of the Supervisory Board at the ordinary General Assembly held on 27 November 2020.

Dragica Pilipovic-Chaffey was appointed as Deputy Chair. Kurt Pribil, Frank Schwab, Christian Lobner (Works-Council) and Thomas Wieser (Works Council) were appointed as Members.

Audit, Compliance and AML Committee

Name	Position
Sebastian Prinz Schoenaich-Carolath	Chair
Monika Wildner	Deputy
Dragica Pilipovic-Chaffey	Member
Frank Schwab	Member
Christian Lobner	Member / Works Council
Hans-Hermann Lotter	Chair/Member - until 27.11.2020
Henning Giesecke	Chair/Deputy - until 27.11.2020

The key tasks of the Audit, Compliance and AML Committee pursuant to § 63a (4) BWG include the auditing of the Annual Financial Statements and Consolidated Group Financial Statements including the consolidated Non-Financial-Report and prepares the adoption of the Annual Financial Statements as well as the proposal on the allocation of the annual profit by the Supervisory Board. The Committee further reviews the Report of the Supervisory Board and the (consolidated) Management Report.

Moreover, the Committee issues recommendations for improving reliability and supervises the effectiveness of the company's Internal Audit, Compliance and AML, Internal control system (ICS) and Risk function and examines those in detail.

In 2020, the Committee recommended to the Supervisory Board a decision for the selection of a new external auditor for the financial years 2021-2023. The tender criteria were coordinated and defined, the audit tender conducted, and the proposals reviewed and evaluated.

The Committee held seven meetings and adopted two decisions via circular resolution in 2020.

The following changes were made during the financial year 2020:

Henning Giesecke was appointed as Chair of the Audit, Compliance and AML Committee from among the Supervisory Board members at the constituent Supervisory Board meeting on 20 May 2020, convened due to the resignation of Hermann-Josef Lamberti from his position as Chair of the Supervisory Board on 15 May 2020.

Henning Giesecke succeeded Hans-Hermann Lotter, who was appointed as Member.

Dragica Pilipovic-Chaffey was appointed as Deputy Chair and Christian Lobner (Works-Council) was appointed as Member.

At the constituent Supervisory Board meeting on 13 July 2020, convened due to the election of two new members of the Supervisory Board at the extraordinary General Assembly held on 10 July 2020, Henning Giesecke was appointed as Chair of the Audit, Compliance and AML Committee from among the Supervisory Board members.

Dragica Pilipovic-Chaffey was appointed as Deputy Chair and Monika Wildner, Hans-Hermann Lotter and Christian Lobner (Works-Council) were appointed as Member.

Sebastian Prinz Schoenaich-Carolath was appointed as Chair of the Audit, Compliance and AML Committee from among the Supervisory Board members at the constituent Supervisory Board meeting on 02 December 2020, convened due to the resignation of the Chair of the Supervisory Board, Hans-Hermann Lotter and the Deputy Chair of the Supervisory Board Henning Giesecke and due to the election of two new members of the Supervisory Board at the ordinary General Assembly held on 27 November 2020.

Monika Wildner was appointed as Deputy Chair. Dragica Pilipovic-Chaffey, Frank Schwab and Christian Lobner (Works-Council) were appointed as Members.

Risk Committee

Name	Position
Herbert Juranek	Chair
Dragica Pillipovic - Chaffey	Deputy
Kurt Pribil	Member
Frank Schwab	Member
Christian Lobner	Member / Works Council
Thomas Wieser	Member / Works Council
Henning Giesecke	Chair/Deputy - until 27.11.2020
Hans-Hermann Lotter	Deputy - until 13.07.2020
Sebastian Prinz Schoenaich-Carolath	Member - 20.05.2020 - 02.12.2020
Hermann Josef Lamberti	Member - until 15.05.2020

The responsibilities of the Risk Committee include advising the Management Board on the current and future risk appetite and risk strategy and monitors the implementation of the risk strategy, as well as the observing of capitalization and liquidity.

Furthermore, the Risk Committee examines the risk environment of the company with regard to all material risks. It assesses if prices of the services and products adequately consider the business model and risk strategy. Additionally, the Risk Committee endorses the Recovery Plan of Addiko Group.

The members of the Committee meet the independence criteria of § 39d (3) BWG.

The Committee held five meetings in 2020.

The following changes were made during the financial year 2020:

At the constituent Supervisory Board meeting on 20 May 2020, convened due to the resignation of Hermann-Josef Lamberti from his position as Chair of the Supervisory Board, Henning Giesecke was appointed as Chair of the Risk Committee.

Hans-Hermann Lotter was appointed as Deputy Chair and Sebastian Prinz Schoenaich-Carolath, Christian Lobner (Works-Council) and Thomas Wieser (Works Council) were appointed as Members.

Kurt Pribil was appointed as Chair of the Risk Committee from among the Supervisory Board members at the constituent Supervisory Board meeting on 13 July 2020, convened due to the election of two new members of the Supervisory Board at the extraordinary General Assembly held on 10 July 2020.

He succeeded Henning Giesecke, who was appointed as Deputy Chair. Sebastian Prinz Schoenaich-Carolath, Christian Lobner (Works Council) and Thomas Wieser (Works Council) were appointed as Members.

Herbert Juranek was appointed as Chair of the Risk Committee from among the Supervisory Board members at the constituent Supervisory Board meeting on 02 December 2020, convened due to the resignation of the Chair of the Supervisory Board, Hans-Hermann Lotter and the Deputy Chair of the Supervisory Board Henning Giesecke and due to the election of two new members of the Supervisory Board at the ordinary General Assembly held on 27 November 2020.

Dragica Pilipovic-Chaffey was appointed as Deputy Chair. Kurt Pribil, Frank Schwab, Christian Lobner (Works-Council) and Thomas Wieser (Works Council) were appointed as Members.

Nomination and Remuneration Committee

Name	Position
Sebastian Prinz Schoenaich-Carolath	Chair
Kurt Pribil	Deputy
Herbert Juranek	Member
Monika Wildner	Member
Thomas Wieser	Member / Works Council
Dragica Pilipovic-Chaffey	Deputy - until 02.12.2020
Hans-Hermann Lotter	Member - until 27.11.2020

The Nomination and Remuneration Committee was implemented on 6 June 2019 according to sections 29 and 39c Austrian Banking Act (Bankwesengesetz, "BWG").

The Nomination and Remuneration Committee submits proposals to the Supervisory Board for filling vacant mandates on the Management Board and deals with succession planning. The Committee supports the Supervisory Board also with the preparation of proposals to the General Assembly for filling of vacancies on the Supervisory Board.

Furthermore, the Committee considers its recommendations on diversity targets and reviews the fit and proper status of the members of the Management Board and Supervisory Board.

The Committee prepares resolutions on remuneration matters, including resolutions that have an impact on the company's risk and risk management and must be passed by the Supervisory Board. The Committee reviews, discusses and suggests changes to the remuneration policy and monitors the remuneration practices as well as the incentive structure of the company.

The Committee held nine meeting and adopted two decisions via circular resolution in 2020.

The following changes were made during the financial year 2020:

Sebastian Prinz Schoenaich-Carolath was appointed as Chair of the Nomination and Remuneration Committee from among the Supervisory Board members at the constituent Supervisory Board meeting on 20 May 2020, convened due to the resignation of Hermann-Josef Lamberti from his position as Chair of the Supervisory Board.

Dragica Pilipovic-Chaffey was appointed as Deputy Chair. Hans-Herman Lotter and Thomas Wieser (Works-Council) were appointed as Members.

At the constituent Supervisory Board meeting on 13 July 2020, convened due to the election of two new members of the Supervisory Board at the extraordinary General Assembly held on 10 July 2020, Sebastian Prinz Schoenaich-Carolath was appointed as Chair of the Nomination and Remuneration Committee from among the Supervisory Board members.

Dragica Pilipovic-Chaffey was appointed as Deputy Chair. Hans-Herman Lotter, Monika Wildner and Thomas Wieser (Works-Council) were appointed as Members.

Sebastian Prinz Schoenaich-Carolath was appointed as Chair of the Nomination and Remuneration Committee from among the Supervisory Board members at the constituent Supervisory Board meeting on 02 December 2020, convened due to the resignation of the Chair of the Supervisory Board, Hans-Hermann Lotter and the Deputy Chair of the Supervisory Board Henning Giesecke and due to the election of two new members of the Supervisory Board at the ordinary General Assembly held on 27 November 2020.

Kurt Pribil was appointed to Deputy Chair and succeeded Dragica Pilipovic-Chaffey. Monika Wildner, Herbert Juranek and Thomas Wieser (Works Council) were appointed as Members.

Committee for Management Board Matters

Name	Position
Kurt Pribil	Chair
Sebastian Prinz Schoenaich-Carolath	Deputy
Herbert Juranek	Member
Hans-Hermann Lotter	Deputy/Chair- until 27.11.2020
Henning Giesecke	Member/Deputy - until 27.11.2020
Hermann-Josef Lamberti	Chair - until 15.05.2020

The Committee for Management Board Matters is a decision-making committee responsible for the exercise of representative rights pursuant to the Stock Corporation Act (Aktiengesetz, "AktG") and is required to advise on and manage the legal relationships between the company and the members of the Management Board except for the appointment and dismissal of the members of the Management Board.

In particular, it deals with provisions in the individual Management Board members' employment contracts and makes changes to the contracts as needed.

The Committee held five meetings and one decision via circular resolution in 2020.

The following changes were made during the financial year 2020:

Hans-Hermann Lotter was appointed as Chair of the Committee of Management Board Matters at the constituent Supervisory Board meeting on 20 May 2020, convened due to the resignation of Hermann-Josef Lamberti from his position as Chair of the Supervisory Board.

Henning Giesecke was appointed as Deputy Chair and Sebastian Prinz Schoenaich-Carolath was appointed as Member.

Kurt Pribil was appointed as Chair of the Committee of Management Board Matters from among the Supervisory Board members at the constituent Supervisory Board meeting on 02 December 2020, convened due to the resignation of the Chair of the Supervisory Board, Hans-Hermann Lotter and the Deputy Chair of the Supervisory Board Henning Giesecke and due to the election of two new members of the Supervisory Board at the ordinary General Assembly held on 27 November 2020.

Sebastian Prinz Schoenaich-Carolath was appointed as Deputy Chair and Herbert Juranek was appointed as Member of the Committee of Management Board Matters.

Self-evaluation of the Supervisory Board Members

[C-36]

The statutory regulation, according to which the supervisory board has to meet at least once every quarter, is a minimum requirement. In addition, further meetings are to be held to the extent required. If necessary, items on the agenda can be dealt with the supervisory board and its committees without the participation of the Management Board members. The number of meetings of the supervisory board must be disclosed in the corporate governance report. The supervisory board deals annually with the efficiency of its activities, in particular with its organization and working methods (self-evaluation).

In the reporting year, the Supervisory Board conducted a self-evaluation of its activities in accordance with C Rule 36 ACGC. At the meeting of 24 February 2021, it examined the efficiency of its activities, including, in particular, its organisation and work procedures. The resolution was passed to retain the current organisation and work procedures that were assessed as efficient and effective.

Management Board

Management Board members of Addiko Bank AG at 31 December 2020 and allocation of responsibilities

[C-16]

Name	Position	Year of birth	Date of first appointment	End of the mandate
Csongor Nemeth	CEO	1974	01.11.2015	30.06.2023
Markus Krause	CFO/CRO	1968	17.08.2015	30.06.2023
Ganesh Krishnamoorthi	CRBO/IT/Dig.	1977	01.08.2020	31.07.2023



Csongor Nemeth
Chief Executive Officer (CEO)

Group Balance Sheet Management & Treasury
Group Human Resources
Group Corporate Communication
Group Organisation, Projects & Process Management
Investor Relation / Group Corporate Development
Group Customer Experience & Digitalisation
Corporate Business Development
Group Operations
Group Legal
Group SME & Large Corporates



Markus Krause
Chief Financial Officer (CFO)/Chief Risk Officer (CRO)

Group Finance Controlling
Group Accounting & Reporting
Group Business & Sales Controlling
Group Cost & Investment Controlling
Group Corporate Credit Risk
Group Retail Risk Management
Group Data Office
Group Model & Credit Portfolio Management
Non-Financial Risk Management
Risk Auxiliary Support



Ganesh Krishnamoorthi
Chief Retail Banking / IT / Digitalization Officer (CRBO/IT/Dig.)

Group Sales, Distribution & Customer Experience
Group Retail Product Management
Group IT
Group Digital Banking
Retail Market Development
Group Marketing

Group Audit, Group Compliance and AML (organizationally embedded in Non-Financial Risk Management), Integrated Risk Management, Data Protection Office (organizationally embedded in Group Legal), CISO function (organizationally embedded in Non-Financial Risk Management), ECB/SPOC (organizationally embedded in Group Accounting & Reporting) report to whole Management Board.

Members who left the Management Board in 2020

[C-16]

Razvan Munteanu

Chief Executive Officer (CEO), born 1966

Initially appointed: 01.01.2016, resigned from his position as of 30.06.2020

Johannes Proksch

Chief Financial Officer (CFO), born 1969

Initially appointed: 01.07.2015, resigned from his position as of 29.05.2020

Committees of the Management Board

Following committees of the Management Board have been established in Addiko:

Credit Committee

The Credit Committee is a decision-making committee and approves all counterparty risks (including credits to associated companies of the Addiko Bank-network or problem loans) above the credit authority of the subsidiaries and/or above the delegated credit competence of single persons employed in Group Corporate Credit Risk, except borrowers with Watch List 2 or default (NPE) status.

Distressed Asset Committee

The Distressed Asset Committee is a decision-making committee and approves all counterparty risks for Group of Borrowers (GoB) or any borrower within GoB which has Watch List 2 or default (NPE) status.

Board Audit Committee

The committee works as a discussion and advisory forum on adequate mitigation and development measures. It oversees the monitoring and supervision of regulatory topics and acts as a strategic platform for operational risk on a group-wide level. Moreover, it provides an overview of significant audit deficiencies, legal and compliance issues as well as Anti-Money Laundering (AML).

Risk Executive Committee

The Committee is an advisory committee and the strategic platform for the risk units to discuss risk-relevant methodological topics, current portfolio developments and issues, and the measures which have to be taken in order to achieve desired targets.

The Committee can advise on methodological changes in risk measurement and measures taken and is in charge of ICAAP and risk bearing capacity, portfolio steering and limitation and other methodological and project-related topics.

Asset and Liability Committee

The Asset and Liability Committee is a decision-making committee and provides steering in the sense of interest-, liquidity-, FX- and equity risk and information about further steering relevant issues according to the BWG requirements.

Outsourcing Committee

The Group Outsourcing Committee is an advisory committee and was founded to enable the Group Management Board to make informed decisions on new and changed outsourcing requests as defined in the Group Outsourcing Policy and to effectively monitor, steer and oversee the Group Outsourced Activities.

In 2020 the IT and Operations Committee and the Cost and Investment Committee were abolished.

Information on the working procedures of the Management Board

[C-16]

In addition to the allocation of tasks and responsibilities within the Management Board, attachment 1 shows all transactions and measures exceeding the scope of section 95 (5) of the Austrian Stock Corporation Act and, therefore, requiring the approval of Supervisory Board.

Supervisory Board Mandates and Comparable Functions in companies outside the Group

[C-16, 26]

Johannes Proksch was member of the Management Board of CLEDOMKO Privatstiftung, 1010 Vienna (FN 343079d) until 24 March 2020.

No other Management Board member holds any Supervisory Board mandate or performs any comparable function in a company outside the Group.

Members of the Management Board and Supervisory Board of Addiko held mandates in following subsidiaries of Addiko Group at 31 December 2020

Management Board Members

Name	Subsidiary	Corporate Body	Position
Csongor Nemeth	Addiko Bank d.d., Croatia	Supervisory Board	Chair
Markus Krause	Addiko Bank a.d., Serbia	Board of Directors	Chair
Razvan Munteanu	Addiko Bank d.d., Bosnia and Herzegovina	Supervisory Board	Member
Razvan Munteanu	Addiko Bank a.d., Bosnia and Herzegovina	Supervisory Board	Member (until 23.12.2020)
Johannes Proksch	Addiko Bank d.d., Slovenia	Supervisory Board	Chair (until 04.06.2020)
Johannes Proksch	Addiko Bank a.d., Montenegro	Board of Directors	Chair (until 14.12.2020)

Supervisory Board Members

Name	Subsidiary	Corporate Body	Position
Henning Giesecke	Addiko Bank a.d., Serbia	Board of Directors	Deputy
Henning Giesecke	Addiko Bank a.d., Montenegro	Board of Directors	Deputy
Henning Giesecke	Addiko Bank d.d., Slovenia	Supervisory Board	Deputy (until 30.09.2020)
Hans-Hermann Lotter	Addiko Bank d.d., Bosnia and Herzegovina	Supervisory Board	Chair
Hans-Hermann Lotter	Addiko Bank d.d., Croatia	Supervisory Board	Chair (until 27.11.2020)
Hans-Hermann Lotter	Addiko Bank a.d., Bosnia and Herzegovina	Supervisory Board	Chair (until 16.09.2020)

Contracts with Supervisory Board Members

[C-49]

In the business year 2020 no member of the Supervisory Board was performing services for Addiko Bank AG outside of their activity as member of the Supervisory Board.

Measures taken to promote women on the Management Board, the Supervisory Board and in management positions

The Addiko Group Diversity and Inclusion policy, aligned with EU directives, provides a structured process through which the bank defines diversity objectives and targets. The Supervisory Board, during the annual review of the composition of the Management Board and the self-assessment of the Supervisory Board, reviews the diversity strategy and targets set. These define voluntary measures and initiatives that promote women on the Supervisory Board, Management Board and in senior management positions. In 2020, the number of female representatives in the Supervisory Boards of Addiko Group increased by five new members. This increased the female representation in Addiko Bank AG's Supervisory Board from 20% to 33%, at the Group level from 25% to 31%.

Women in the Management Board, the Supervisory Board and in management positions

[C-60]

Figure 3 Women in the Management Board, the Supervisory Board and in management positions as of 31 December 2020

Function	Addiko Bank AG		Addiko Group ⁹	
	Female no.	Female %	Female no.	Female %
Supervisory Board ¹⁰	2	33%	11	31%
Management Board	0	0%	3	13%
Senior Management (B-1)	4	20%	69	53%

Diversity Concept

Promoting Diversity and Inclusion

Addiko Bank actively promotes diversity by closely measuring and monitoring talent statistics and talent development. As part of building an inclusive workplace, the focus is upon establishing a framework to promote equality and equal opportunities for women and men in the bank.

The Bank launched its Diversity and Inclusion policy and initiatives in 2019 to increase the number of women in management positions. Three-year gender targets have been set for the Management Board and Supervisory Board representation to identify ready-now successors, both female and male, by year-end 2021. These three-year targets will be achieved as a result of focused talent management plans. The Supervisory Board members across the Group reflect the wide aspects of diversity and inclusion regarding gender, age structure and nationality. All vacancies for managerial and leadership positions aim to include equal gender representation.

The principles of diversity and inclusion are embedded in the Bank's Group Diversity and Inclusion policy and aim to strengthen the foundations and good practices of an inclusive work environment aiming to manage talent diversity, ensure financial equality, raise awareness, share knowledge, provide career opportunities and promote flexible working arrangements for all employees.

⁹ Including, in addition to Addiko Bank AG, its subsidiaries Addiko Bank d.d. Croatia, Addiko Bank d.d. Slovenia, Addiko Bank a.d. Serbia, Addiko Bank d.d. Sarajevo, Addiko Bank a.d. Banja Luka and Addiko Bank AD Montenegro

¹⁰ Excluding members of the works council in Addiko Bank AG since neither the shareholder nor the Supervisory Board have any influence on their selection

Diversity in the Supervisory Board

[L-52]

Aspects of diversity that are taken into consideration in the ABG Supervisory Board are the representation of both genders, the age structure and the internationality (citizenship) of its members in the Holding and across the subsidiaries.

Figure 4.1 Age Structure of Addiko and Addiko Group as of 31 December 2020

Age Structure	Addiko Bank AG		Addiko Group	
	Supervisory Board members	ratio	Supervisory Board members	ratio
< 40 Y	0	0%	1	3%
40 - 49 Y	1	17%	19	54%
50 - 60 Y	2	33%	10	29%
> 60 Y	3	50%	5	14%

Figure 4.2 Gender of Addiko and Addiko Group as of 31 December 2020

Gender	Addiko Bank AG		Addiko Group	
	Supervisory Board members	ratio	Supervisory Board members	ratio
female	2	33%	11	31%
male	4	67%	24	69%

Figure 4.3 Citizenship of Addiko and Addiko Group as of 31 December 2020

Addiko Bank AG			Addiko Group		
Citizenship	Supervisory Board members	ratio	Citizenship	Supervisory Board members	ratio
Austria	3	50%	Austria	5	14%
Germany	2	33%	Bosnia and Herzegovina	7	20%
United Kingdom	1	17%	Croatia	4	11%
			Germany	6	17%
			Hungary	3	9%
			Montenegro	1	3%
			Romania	1	3%
			Serbia	5	14%
			Slovenia	2	6%
			United Kingdom	1	3%

External Evaluation

Deloitte Audit Wirtschaftsprüfungs GmbH evaluated the compliance with the C-Rules of the Austrian Code of Corporate Governance Code for the financial year 2020 pursuant to the Rule C-62 except of C-Rules 77 to 83, those rules were evaluated by CMS Reich-Rohrwig Hainz Rechtsanwälte GmbH.

The review was essentially carried out by using the questionnaire for evaluating compliance with the Code, published by the Austrian Working Group for Corporate Governance. After the evaluation, Deloitte Wirtschaftsprüfungs GmbH and CMS Reich-Rohrwig Hainz Rechtsanwälte GmbH were able to confirm that Addiko complied with the above rules of the ACGC in the financial year 2020 - insofar as these were included in the Addiko declaration of conformity.

Vienna, 23 February 2021
Addiko Bank AG

MANAGEMENT BOARD

Csongor Bulcsu Németh m.p.
(Chairman)

Markus Krause m.p.

Ganesh Krishnamoorthi m.p.

Attachment 1: Transactions and measures exceeding the scope of section 95(5) Austrian Stock Corporation Act and, therefore, requiring the approval of Supervisory Board as of 31 December 2020

Transaction		Threshold (single basis unless stated otherwise)	refers to
1.	Determination of general business policy, including (i) the definition of general principles of corporate policy as well as company's strategy, (ii) medium term plans for the company and the Group for the subsequent 5 financial years, (iii) the commencement or termination of business activities provided that such activities are material or outside the ordinary course of business, (iv) the establishment or closing of branches of the company's subsidiaries, provided that (a) this involves a major economic or financial impact to the company's subsidiary or (b) it refers to a branch in a country, different from the one this subsidiary is registered in	in any case	Group
2.	Allocation of responsibilities within the Management Board	in any case	ABH
3.	Granting power of attorney (<i>Prokura</i>)	in any case	ABH
4.	Establishment and closing of branches of the company as well as changes to the overall organizational structure of the company	in any case	ABH
5.	Conclusion of cooperation agreements with credit institutions and insurance companies	in any case	Group
6.	Annual budget of the company and the Group for the subsequent financial year.	in any case	Group
7.	Loans, limits and all credit relevant transactions according to the Group Credit Principles The Management Board delegates to the Group Credit Committee (GCC) its approval right for all limit and loan applications and its voting right for limit and loan applications, which have to be finally approved in the Credit Committee of Supervisory Board (CC SB). The GCC informs the Management Board prior to submission to the CC SB and the members of the Management Board have the right to make applications to the CC SB. The Supervisory Board delegates to CC SB all approval right for all limit and loan applications and its voting right for limit and loan applications. Client applications submitted to CC SB for approval have to include all approvals made by GCC (and all lower approval authorities, if any) based on delegation of rights (exemptions), done in the period after last CCSB approval for respective client.		Group
a)	General authorities based on value limitations: - Public Finance and Financial Institutions, Sovereigns/Sub-sovereigns - Rating 1E or better - Public Finance and Financial Institutions, Sovereigns/Sub-sovereigns - Rating worse than 1E - PL and WL/NPL - Corporate - PL and WL/NPL	> €m 50 or large exp. > €m 30 or large exp. > €m 15 or large exp.	
b)	Exemptions:		
ba)	any increase/change of exposure up to €t 100 "on top" of existing exposure		
bb)	increase of existing exposure: - up to 10 % of GCC approval rights for Corporate and SME clients, - additionally, up to 10 % of GoB exposure for Corporate and SME clients if specific increase is fully cash collateralized, provided that (i) maturity of 3 years (if not fully cash covered) will not be exceeded and (ii) no material deterioration of credit quality will be created by specific decision (max. 3 rating notches)		

Transaction		Threshold (single basis unless stated otherwise)	refers to
bc)	waiver on fulfilment of specific conditions or change of price terms, in each case as set forth in the credit agreement		
bd)	prolongation of (i) review date up to 3 months or (ii) maturity date, including change of repayment schedule, up to 12 months		
be)	write off of interests/fees not recoverable and fully provisioned		
bf)	conclusion of a standstill agreement up to 6 months but not longer than 3 months after maturity date		
bg)	contract cancellation and/or starting a lawsuit to enforce exposure collection		
bh)	changes in collateral unless such change causes deterioration of more than 10 % internal collateral value (methodological changes which trigger ICV deterioration are not to be considered by CC SB); collateral rights have to remain legally valid		
bi)	collateral sale/release up to a collateral value of up to €m 1, if financial offset corresponds to internal collateral value or falls below up to €t 50		
c)	All limit and loan applications achieving respectively exceeding the large exposure limits pursuant to section 28b BWG in conjunction with Art 392 of Regulation (EC) No. 575/2013 (<i>CRR</i>) require the prior approval of the CC SB.		
8.	Intragroup limits to affiliated companies referring to any kind of exposure/investment	in any case	Group
9.	In relation to a subsidiary (i) the establishment, reorganisation (in terms of merger or spin-off) and liquidation of a subsidiary, (ii) equity capital measures (especially - but not limited to - debt to equity swaps) relating to a subsidiary, and (iii) purchase (including those from capital increase measures), sale and pledge of shares of a subsidiary and <i>provided further</i> that in each such case the Supervisory Board shall be informed without undue delay irrespective of the applicable threshold.	>€m 5 transaction value	Group
10.	Purchase, sale and mortgaging/pledging of assets	>€m 5 transaction value	Group
11.	Guarantees and warranty commitments	> €m 100	Group
12.	Issuing, repurchasing, changing of terms, or early redemption of regulatory capital instruments	in any case	Group
13.	Issuance of other, non-regulatory capital instruments (e.g. bonds, including <i>Schuldscheindarlehen</i> , covered bonds, equity linked instruments, etc.)	in any case	Group
14.	Borrowing monies for a term of more than one year (e.g., interbank funding)	>€m 100	Group
15.	Operational expenses / capital expenditures calculated on an aggregate basis for the entire project/transaction other than (i) personnel costs, (ii) OPEX resulting from existing continuing obligations or (iii) the continuation or renewal of existing services at materially similar terms in the ordinary course of business	>€m 0,5	Group
16.	Approval of taking over any executive, advisory or supervisory function by a member of the Management Board or by a Managing Director (B-1) in a political party, a private/public enterprise outside the Group or a (business-related) non-profit organization	in any case	ABH
17.	Transactions pursuant to section 28 BWG or section 80 AktG relating to persons outlined in section 28 BWG and section 80 AktG (<i>Persons Concerned</i> ¹¹). No credits shall be granted to members of the Management Board, the Supervisory Board or executives of the company, as well as their relatives, other than to members of the Management Board and the Supervisory Board	in any case	Group

¹¹ Persons Concerned are company's members of the executive board, members of the supervisory board and executives of the company, legal representatives and senior executives in its subordinate and superordinate undertakings as well as the relatives of the persons indicated before and third parties acting for the account of a person indicated before.

Transaction		Threshold (single basis unless stated otherwise)	refers to
	who may obtain credit cards or limits on any other current accounts up to €t 5, provided that the requirements in section 28 BWG are fulfilled. This shall also apply to any major transactions concluded by company's subsidiaries that are of relevance to the Group.		
18.	Entering into agreements with members of the Supervisory Board through which they undertake to provide services to the company or a subsidiary.	in any case	ABH
19.	Contracts with the auditor on additional consulting or other services which do not bear a direct relationship to auditing of the annual financial statements	in any case	ABH
20.	Definition of principles for remuneration systems (fixed and variable remuneration components) including the granting of participations in profit and sales and guaranteed pension payments to executives within the meaning of section 80 (1) AktG, taking into account section 39b BWG	in any case	ABH
21.	Granting options on company shares to employees and executives of the company or a company's subsidiary as well as to members of the Management and Supervisory Board of Group companies, as well as definition of principles for granting of participations in profit and sales and guaranteed pension payments.	in any case	ABH
22.	Transactions of related parties within the meaning of Regulation (EC) No 1606/2002	>5% consolidated balance sheet	Group