



# Addiko Bank

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## Consolidated Corporate Governance Report 2021

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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.

Through its six subsidiary banks, Addiko Group services approximately 0.8 million customers in CSEE as of 31 December 2021, using a well-dispersed network of 155 branches and modern digital banking channels.

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](http://www.corporate-governance)).

The Code contains:

- rules based on compulsory legal requirements (L rules);
- 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).

Certain legal provisions only apply to companies that are listed on the Austrian stock exchange.

### Deviations from the Code

Addiko observes the rules of the Austrian Corporate Governance Code.

Deviations referring to the entire business year 2021:

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 2021, 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).

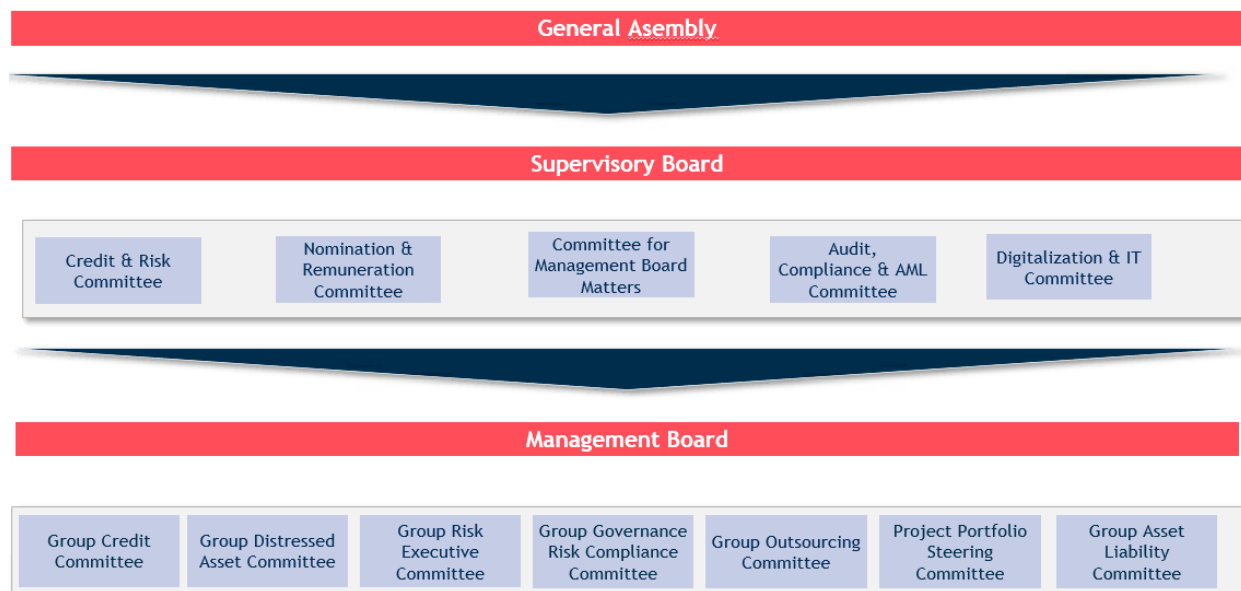
The Management Board is responsible for the management of the company in accordance with the law, the articles of association of Addiko Bank AG, and taking into account the interests of shareholders and the company's employees, as well as public interest with the objective of creating sustainable value in the interests of the company.

The Management Board decides on all matters prescribed by law, the by-laws, the articles of association, rules of procedures or guidance provided by the Supervisory Board and ensures compliance with the legal requirements and internal guidelines (compliance). It also takes the necessary measures to ensure that adequate internal guidelines are developed and implemented. The Management Board's responsibilities include - in particular - the bank's strategic management and direction, the allocation of resources, financial accounting and reporting, control and risk management, as well as a properly functioning business organization and corporate control. The Management Board meets on a weekly basis or more frequently, if required.

The Management Board works closely together with the Supervisory Board in a cooperative relationship of trust and for the benefit of the company. The Management Board reports to the Supervisory Board at a minimum within the scope prescribed by law or administrative guidelines, on all issues with relevance for the Group concerning strategy, the intended business policy, planning, business development, risk situation, risk management, staff development, reputation and compliance.

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 procedures. 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 2021**



## General Assembly

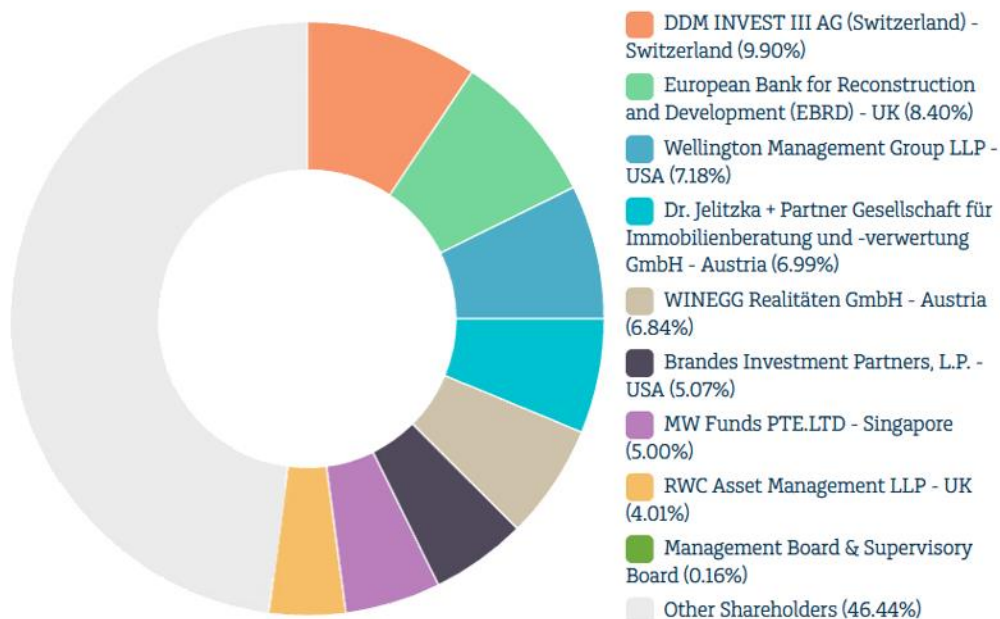
The General Assembly as the highest-ranking body of Addiko consists of the shareholders of the company.

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 2021, the General Assembly convened one ordinary meeting on 26 April 2021.

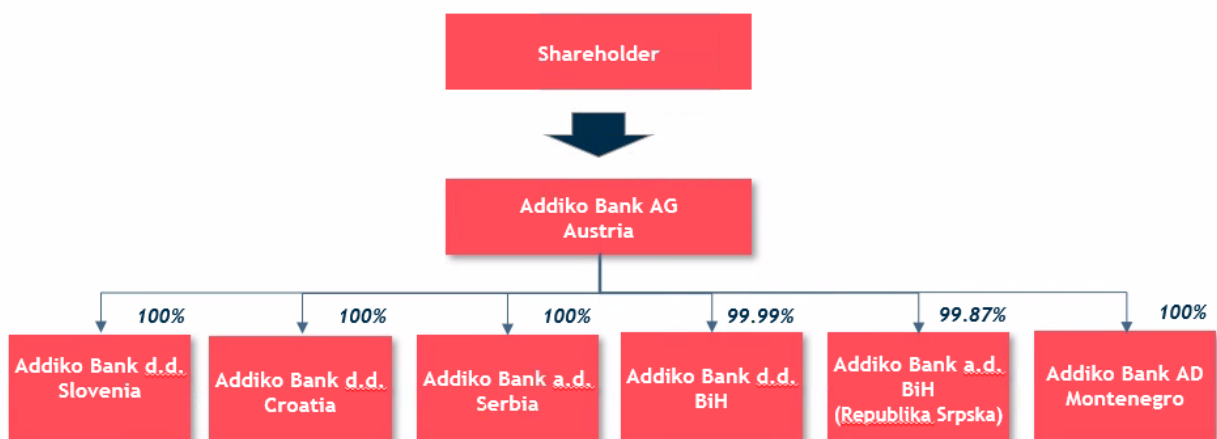
Based on Section 1 (2) COVID-19-GesG, Austrian Federal Legal Gazette (BGBl.) I No. 16/2020 as amended by BGBl. I No 156/2020 and based on COVID-19-GesV (BGBl. II No. 140/2020) as amended by the BGBl. II No. 616/2020, considering the interests of both the company and the participants, the meeting was held as “virtual general meeting”.

**Figure 2 Shareholder structure as of 23 November 2021**



*Illustration based on most recent major holdings and directors dealings notifications as of 23 November 2021 (Holdings below 4% of the shares are presented in a summarized form, next to holdings by the Management Board and the Supervisory Board). The information provided is based on sources that we consider to be reliable. Addiko Bank AG does not guarantee the accuracy or completeness of the text and graphs.*

**Figure 3 Shareholder structure as of 31 December 2021**



## Supervisory Board

### Supervisory Board members on 31 December 2021

[C-58]

The following changes were made during the financial year 2021:

On 26 April 2021, the ordinary General Assembly elected Pieter van Groos as new member of the Supervisory Board of Addiko Bank AG, while Herbert Juranek resigned from his position as Deputy and member of the Supervisory Board of Addiko Bank AG and became member of the Management Board as CEO.

In the following constituent Supervisory Board meeting on 28 April 2021, Pieter van Groos was appointed as Deputy of the Supervisory Board of Addiko among the Supervisory Board members.

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
Pieter van Groos	Deputy	1961	26.04.2021	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 2021

[C-58]

Name	Position	Year of birth	Date of first appointment	End of the mandate
Herbert Juranek	Deputy	1966	27.11.2020	26.04.2021

### State Commissioners as of 31 December 2021

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 Haas	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 further Supervisory Board mandates or perform a comparable function at a listed company. Members not listed, do not have a comparable function.

Name	Company	Mandate	Position
Monika Wildner	Austrian CA Immobilien Anlagen AG	Supervisory Board	Member

## 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, a member of the Supervisory Board shall be considered as independent if no private or other relationship with the company or its' Management Board exists, which would case a conflict of interest.

The majority of members of the Supervisory Board appointed by the General Assembly or delegated according to the articles of association shall be considered as independent. Every member of the Supervisory Board shall be responsible to declare its independence. Further, the following guidelines according to Appendix 1 of the ACGC shall be considered 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 Bank AG within the business year 2021 can be classified as independent.

## 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 under C-Rule 54 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	26.04.2021
Pieter van Groos	Deputy	1961	26.04.2021	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

## Supervisory Board Activity Report

[C-36, C-58]

In 2021, the Supervisory Board convened fourteen meetings and adopted eleven 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	Chair	14/14	0
Herbert Juranek <sup>1</sup>	Deputy	7/8	1
Pieter van Groos <sup>2</sup>	Deputy	6/6	0
Dragica Pilipovic-Chaffey	Member	12/14	2
Monika Wildner	Member	12/14	2
Sebastian Prinz Schoenaich-Carolath	Member	14/14	0
Frank Schwab	Member	12/14	2
Christian Lobner	Member / Works Council	14/14	0
Thomas Wieser	Member / Works Council	14/13	1

Within the scope of its responsibilities and based on the requirements of the law, the articles of association and rules of procedures, the Supervisory Board of Addiko Bank AG appoints, supervises and advises the Management Board and is directly involved in decisions of fundamental importance to the bank. It works together closely with the Management Board in a cooperative relationship of trust and for the benefit of the company. The Supervisory Board decides on the appointment and dismissal of members of the Management Board including long-term succession planning for the Management Board based on proposals of the Committee for Management Board Matters, further considering recommendations of the Nomination and Remuneration Committee. Based on proposals of the Nomination and Remuneration Committee, the Supervisory Board determines the total remuneration of the individual members of the Management Board resolves on the remuneration system for the Management Board and reviews it regularly.

<sup>1</sup> Mr. Juranek was appointed as member of the Supervisory Board until 26 April 2021

<sup>2</sup> Mr. van Groos was elected by the General Assembly on 26 April 2021 as new member of the Supervisory Board. Afterwards six meetings were held in business year 2021

Based on the reports on risks arising from banking business, the Supervisory Board discussed with the Management Board 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 statement as well as the consolidated financial statement and the consolidated Non-Financial Report for 2020, the Management Board Report and Corporate Governance Report for 2020, the Report of the Supervisory Board, the proposal on the allocation of the annual profit.

In addition, the Supervisory Board decided, among other topics, upon the Budget 2022, the Recovery Plan 2021, 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.

The Chairman of the Supervisory Board and - within their respective functional responsibility - the chairpersons of the Supervisory Board committees are informed without delay by the Chairman of the Management Board or by the respectively responsible Management Board member about important events of material significance for the assessment of the situation, development and management of Addiko Bank AG and/or the Group. The Chairman of the Supervisory Board engages in discussions with investors on Supervisory Board - related topics when necessary and regularly informs the Supervisory Board of the substance of such discussions.

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

## Committees of the Supervisory Board

[C-34, C-39]

The Supervisory Board has established the following five standing committees, i.e. the Credit and Risk Committee, the Audit, Compliance and AML Committee, the Nomination and Remuneration Committee, the Digitalization and IT Committee and the Committee for Management Board Matters. To the extent required, the committees coordinate their work and consult each other on an ad hoc basis. The committee chairpersons report regularly to the Supervisory Board on the work of the committees.

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 delegation 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 and Risk Committee

In 2021, the Credit Committee and Risk Committee have been merged into one Committee.

Name	Position
Herbert Juranek	Chair - until 26.04.2021
Pieter van Groos	Chair - since 28.04.2021
Monika Wildner	Deputy - since 28.04.2021
Dragica Pillipovic - Chaffey	Deputy until 28.04.2021 / Member since 28.04.2021
Kurt Pribil	Member
Frank Schwab	Member
Christian Lobner	Member / Works Council
Thomas Wieser	Member until 28.04.2021

The Credit and Risk Committee is an advisory committee to the Supervisory Board and in accordance with the rules of procedures of the Supervisory Board the highest credit decision making committee, granting of loans and credits to customers or to a group of affiliated customers in accordance with the rules of procedures of the Supervisory Board. The credit authority levels refer to credit decisions for “Group of borrowers” in Group competence, e.g. with a gross exposure exceeding the credit authorities of subsidiaries. Furthermore, any intragroup limit to any subsidiary within Addiko Group referring to any kind of exposure/investment must be approved by the Credit and Risk Committee of Supervisory Board.

The Committee is also responsible for advising the Management Board on the credit institution's current and future risk profile and risk strategy; monitoring implementation of that risk strategy in the context of controlling, monitoring and limiting risks and monitoring capital adequacy and liquidity; verifying whether the prices of the services and products offered by the credit institution adequately consider the credit institution's business model and risk strategy and submitting, if necessary, a plan with remedial measures.

The Committee advises the Management Board on the current and future risk tolerance and risk strategy of Addiko, monitors the implementation of this risk strategy in connection with the control, monitoring and limitation of risks in accordance with § 39 (2b)(1) to (14) BWG, capital adequacy and liquidity, review of whether the pricing of the services and products offered by a credit institution adequately takes into account the business model and risk strategy of the credit institution and, if necessary, submission of a plan with remedial measures, without prejudice to the tasks of the Committee, whether the incentives offered by the internal compensation system take into account the risk, capital, liquidity and the likelihood and timing of realized gains.

The Committee collaborates with other committees whose activities may have an impact on the risk strategy (e.g. Audit, Compliance and AML Committee) and regularly communicates with Addiko's internal control functions, in particular the risk management function.

The Credit and Risk Committee held nine meetings and adopted six decisions via circular resolution in 2021.

The following changes were made during the financial year 2021:

In the constituent Supervisory Board meeting from 28 April 2021, which was held due to the resignation of Herbert Juranek and following appointment of Pieter van Groos as member of the Supervisory Board, Pieter van Groos was appointed as Chair, Monika Wildner as Deputy and Dragica Pilipovic-Chaffey as member of the Credit and Risk Committee.

### Audit, Compliance and AML Committee

Name	Position
Dragica Pilipovic-Chaffey	Chair - since 28.04.2021
Monika Wildner	Deputy
Sebastian Prinz Schoenaich-Carolath	Chair until 28.04.2021 / Member - since 28.04.2021
Frank Schwab	Member
Christian Lobner	Member / Works Council

The Audit, Compliance and AML Committee is an advisory and limited decision making Committee to the Supervisory Board. The key tasks of the Audit, Compliance and AML Committee pursuant to § 63a (4) BWG include the auditing of 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. The Chair of the Committee invites the bank auditor for an additional session regarding the communication between the Company and its bank auditor without the Management Board being present.

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.

The Committee held six meetings and adopted two decisions via circular resolution in 2021.

The following changes were made during the financial year 2021:

In the constituent Supervisory Board meeting from 28 April 2021, which was held due to the resignation of Herbert Juranek and following appointment of Pieter van Groos as member of the Supervisory Board, Dragica Pilipovic-Chaffey was appointed as Chair and Sebastian Prinz Schoenaich-Carolath as member of the Audit, Compliance and AML Committee.

## Nomination and Remuneration Committee

Name	Position
Sebastian Prinz Schoenaich-Carolath	Chair
Kurt Pribil	Deputy
Pieter van Groos	Member - since 28.04.2021
Herbert Juranek	Member - until 30.03.2021
Frank Schwab	Member - since 30.03.2021
Monika Wildner	Member
Thomas Wieser	Member / Works Council

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 Nomination and Remuneration Committee deals with the Management Board succession planning; regular Fit & Proper evaluation of Management Board and Supervisory Board members regarding their knowledge, skills and experience; assessing the structure, size, composition and performance of the Management Board and the Supervisory Board periodically, but in any case, if occasions imply the necessity for a new evaluation.

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 ten meetings and adopted one decision via circular resolution in 2021.

The following changes were made during the financial year 2021:

Herbert Juranek resigned from his position as member of the Nomination- and Remuneration Committee as of 30 March 2021 and Frank Schwab was appointed as member of the Committee from within the Supervisory Board. In the constituent meeting on 28 April 2021 Pieter van Groos was appointed as additional member of the Committee.

## Committee for Management Board Matters

Name	Position
Kurt Pribil	Chair
Sebastian Prinz Schoenaich-Carolath	Deputy
Dragica Pilipovic-Chaffey	Member - since 22.03.2021
Herbert Juranek	Member - until 22.03.2021
Pieter van Groos	Member - since 28.04.2021

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 six meetings and two decisions via circular resolution in 2021.

The following changes were made during the financial year 2021:

Herbert Juranek resigned from his position as member of the Committee for Management Board Matters as of 22 March 2021 and Dragica Pilipovic-Chaffey was appointed as member of the Committee. Furthermore, in the constituent meeting on 28 April 2021 Pieter van Groos was appointed as member of the Committee.

**Digitalization and IT Committee**

Name	Position
Frank Schwab	Chair
Monika Wildner	Deputy
Kurt Pribil	Member
Pieter van Groos	Member
Thomas Wieser	Member / Works Council

The Digitalization and IT Committee was implemented in 2021 and held its first meeting on 14 December 2021.

Addiko Group repositioned itself as a specialist Consumer and SME banking group with a focus on growing its Consumer and SME lending activities, as well as payment services (its "focus areas") and has placed the further development to digital banking at the core of its strategy. To properly answer and adapt to the dynamics within the IT and digitalization market, an advisory committee to the Supervisory Board was formed.

The Digitalization and IT Committee supports the Supervisory Board in the supervision and support of the Management Board of Addiko Bank AG regarding Addiko Groups IT and Digitalization strategy regarding Addiko's current and future IT landscape, IT infrastructure, as well as digital business developments, approach and progress towards Digitalization, open banking, partnerships and FinTech activities.

The Committee is informed and involved as early as possible by the respective Management Board member regarding Digitalization and IT projects, to enable the Committee to properly report to the Supervisory Board about the impact of such projects on the current and/or future Digitalization and IT structure of Addiko. The Committee endorses projects and reports to the Supervisory Board for approval.

**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. On an annual basis, the Supervisory Board shall evaluate the efficiency of its' activities, as well as 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 within the 3<sup>rd</sup> Quarter 2021. In line with the recommended self-assessment forms, the Supervisory Board of Addiko Bank AG, evaluated the efficiency of its' activities, as well as organisation and work procedures.

## Management Board

### Management Board members of Addiko Bank AG as of 31 December 2021 and allocation of responsibilities

[C-16]

Name	Position	Year of birth	Date of first appointment	End of the mandate
Herbert Juranek	CEO	1966	01.05.2021	01.05.2024
Tadej Krasovec	CRO	1977	01.06.2021	01.06.2024
Ganesh Krishnamoorthi	CMO & CIO	1977	01.08.2020	31.07.2023



**Herbert Juranek**  
Chief Executive Officer (CEO)

Chief Financial Officer (CFO)  
Group Finance Controlling  
Group Accounting and Reporting  
Investor Relation / Group Corporate Development  
Group Human Resources  
Board Office  
Group Legal and Board Affairs  
Group Treasury & ALM  
Group Organisation, Projects & Process Management



**Tadej Krasovec**  
Chief Risk Officer (CRO)

Group Integrated Risk Management  
Group Model and Data  
Risk Stream Transformation and Development  
Group Credit Risk Management  
Group Operations



**Ganesh Krishnamoorthi**  
Chief Market, IT & Digitalization Officer (CMO & CIO)

Group Consumer  
Group Marketing & Corporate Communications  
Group IT  
IT Application Development and Management  
Group SME  
Group Digital Product  
Group Digital Banking  
Group Business and Sales Controlling

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

## **Members who left the Management Board in 2021**

[C-16]

### **Csongor Nemeth**

Chief Executive Officer (CEO), born 1974

Initially appointed: 01.11.2015, resigned from his position as of 31.05.2021

### **Markus Krause**

Chief Risk Officer / Chief Financial Officer (CRO/CFO), born 1968

Initially appointed: 17.08.2015, resigned from his position as of 31.05.2021

## **Committees of the Management Board**

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

### **Credit Committee**

The Credit Committee is the highest credit authority on Management Board level for all loans/exposures not having “Watch List 2” status, nor being Non-Performing Exposure (NPE).

The Management Board delegates to the Committee its approval right and voting right for limit and loan credit applications, for loans/exposures not having “Watch List 2” status, nor being Non-Performing Exposures, according to the current valid internal regulations/policies.

### **Distressed Asset Committee**

The Distressed Asset Committee is the highest Credit Authority on Management Board level for loans/exposures having “Watch List 2” status or being NPL.

The Management Board delegates to the Committee its approval right and voting right for loans/exposures having Watch List 2 status, or being Non-Performing Exposures, according to the current valid internal regulations/policies.

### **Risk Executive Committee**

The Risk Executive Committee is a strategic Group platform for the risk management and control function to discuss risk-relevant issues and the measures to be taken.

It may decide on recommendations on audit and non-financial (including legal risks) risk topics and on risks within the Scope of this Committee and especially on reports to the Supervisory Board only if all three Group Management Board Members participate.

### **Governance Risk Compliance Committee**

The Governance Risk Compliance Committee provides an overview about important audit, legal, compliance and other ICS related topics and discussion and advisory forum on adequate mitigation and development measures.

It may decide on recommendations within the Scope of this Committee and especially on reports to the Supervisory Board only if all three Group Management Board Members participate.

### **Asset and Liability Committee**

The scope of the Committee is the steering of market and liquidity risk positions resulting from group assets and liabilities. On the basis of presented reports and proposals, members of the Committee take decisions on material activities with the aim of positioning the bank according to expectations of market and liquidity developments and optimizing the balance sheet structure from a risk/return perspective.

**Outsourcing Committee**

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

Project requests will be discussed in the Outsourcing Committee if their project budget is in the scope of Supervisory Board approval, or the project was qualified as high and very high risks according to internal policies and procedures.

**Project Portfolio Steering Committee**

The Committee acts as decision body for approval of new group projects already budgeted up to limit needing Supervisory Board approval or for projects to be closed. The Committee oversees the performance of the group and local project portfolios and takes corrective actions, where needed.

**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]

None of the 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 2021**

**Management Board Members**

<b>Name</b>	<b>Subsidiary</b>	<b>Corporate Body</b>	<b>Position</b>
Herbert Juranek	Addiko Bank d.d., Croatia	Supervisory Board	Chair (as of 22.12.2021)
Ganesh Krishnamoorthi	Addiko Bank a.d., Serbia	Board of Directors	Chair (as of 23.11.2021)
Tadej Krasovec	Addiko Bank a.d., Banja Luka, Bosnia and Herzegovina	Supervisory Board	Chair (as of 11.11.2021)
Tadej Krasovec	Addiko Bank a.d. Montenegro	Board of Directors	Member (as of 24.09.2021)

**Supervisory Board Members**

None one the members of the Supervisory Board held any mandate in any of the subsidiaries of Addiko Group within the financial year 2021.

**Contracts with Supervisory Board Members**

[C-49]

In the financial year 2021 none of the member of the Supervisory Board was performing any 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. Throughout most of 2021, the number of female representatives in the Supervisory Board of Addiko Bank AG was 33% however due to resignations and related organizational changes, female representation in Addiko Bank AG’s Supervisory Board has temporarily returned to 25% effective 31 December 2021.

In 2019 Addiko Group set a 3 - year Diversity and Inclusion Plan with clear measures and metrics to be achieved by Year End 2021. Over 90% of the measures that were outlined in the 3- year D&I Plan were achieved as well as achieving 33% female representation for most of 2021. There are two new female candidates in the process of regulatory approval who will be entering Board positions in 2022.

In addition, there are four successful programs that have been introduced in 2021 with the aim to build a future talent pool in which more women will be promoted to Management Board and Supervisory Board positions.

Addiko Bank Croatia and Addiko Bank Serbia each achieved the EU-supported prestigious ‘Mamforce’ top employer recognition, an award given to companies who actively promote and implement diversity and inclusion in their workplace practices. The award is given only after an in-depth audit of the Bank’s measures, metrics, policies, practices and processes are reviewed. The award confirms that the organization is actively building a diverse and inclusive work force committing to achieving measurable Diversity targets by Year End 2024. The audit is repeated annually to ensure diversity & inclusion is improved year on year.

The Addiko Senior Leadership Development Center was developed and launched in three of Addiko’s countries. The program has identified future succession pools and talents. This will be continued in 2022 ensuring focused talent development.

Group level succession planning of Supervisory Boards with specific focus on identifying and recruiting female representatives across Supervisory Boards and Committees of Addiko subsidiaries. In order to increase the percentage of female representatives in the managing bodies, close focus is placed on identifying qualified internal and external candidates that match our diversity strategy.

The successful implementation of the Addiko Mentoring program in which 90% of Addiko Bank’s board members are mentoring future leaders and over 70% of mentoring participants are females.

### 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 2021

Function	Addiko Bank AG		Addiko Group <sup>3</sup>	
	Female no.	Female %	Female no.	Female %
Supervisory Board <sup>4</sup>	2	33%	9	25%
Management Board	0	0%	3	14%
Senior Management (B-1)	5	29%	58	50%

<sup>3</sup> 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

<sup>4</sup> 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 Concept

### Promoting Diversity and Inclusion

Addiko Bank actively promotes diversity and inclusion by following through on the implementation of D&I initiatives and closely monitoring talent metrics related to male and female representation at leadership levels. As part of building an inclusive workplace, the focus is upon the roll out of talent development programs that build future leaders by promoting equal career opportunities for all employees in the Bank with focus on enhancing C level female representation. Solid progress has been made compared to the starting point in January 2019 however continued efforts and roll out of planned measures will provide stronger measurement based evidence of these efforts.

The Bank launched its Diversity and Inclusion policy and three year plan (2019-2021) with initiatives that would establish the foundations and raise the bar in understanding the importance of D&I in the modern workplace. The three-year gender targets that were set for the Management Board and Supervisory Board representation were achieved. These targets have been achieved as a result of support from the managing bodies of Addiko Bank AG; as well as focused talent management. Further consistent attention will be required to achieve the new set of three year D&I targets with a strong foundation in place. 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 corporate culture and can be seen in way in which selection, recruitment, development, financial equity, talent discussions and internal promotion are conducted. The aim remains to strengthen and continue to implement good inclusive workplace benefits and practices that will leverage diverse internal and external talent, ensure financial equality, provide engaging career opportunities and promote flexible working arrangements for employees.

### 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 2021**

Age Structure	Addiko Bank AG		Addiko Group	
	Supervisory Board members	ratio	Supervisory Board members	ratio
< 40 Y	0	0%	1	3%
40 - 49 Y	0	0%	20	56%
50 - 60 Y	2	33%	8	22%
> 60 Y	4	67%	7	19%

**Figure 4.2 Gender of Addiko and Addiko Group as of 31 December 2021**

Gender	Addiko Bank AG		Addiko Group	
	Supervisory Board members	ratio	Supervisory Board members	ratio
female	2	33%	9	25%
male	4	67%	27	75%

**Figure 4.3**      **Citizenship of Addiko and Addiko Group as of 31 December 2021**

Addiko Bank AG			Addiko Group		
Citizenship	Supervisory Board members	ratio	Citizenship	Supervisory Board members	ratio
Austria	2	33%	Austria	8	22%
Germany	2	33%	Bosnia and Herzegovina	6	17%
Netherlands	1	17%	Croatia	5	14%
Croatia	1	17%	Germany	3	8%
			Hungary	3	8%
			Montenegro	1	3%
			Netherlands	1	3%
			Romania	1	3%
			Serbia	5	14%
			Slovenia	3	8%

## External Evaluation

Since an external evaluation on the compliance with the C-Rules of the Austrian Code of Corporate Governance Code (“ÖCGK”) is only required every three years pursuant to Rule C-62 Addiko did not conduct an external review for the business year 2021 as the last external audit was conducted by Deloitte Audit Wirtschaftsprüfungs GmbH for the business year 2020.

Vienna, 22 February 2022

Addiko Bank AG  
MANAGEMENT BOARD

Herbert Juranek m.p.  
(Chairman)

Tadej Krasovec 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 2021**

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 ( <i>GCC</i> ) 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 ( <i>CC SB</i> ). 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)		

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> <sup>5</sup> ). 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 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.	in any case	Group

<sup>5</sup> 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.

	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