

Addiko Bank AG Remuneration Report 2023

Addiko Bank



This Remuneration Report provides a comprehensive overview of the remuneration paid or granted to current and former members of Addiko Bank AG's Supervisory Board and Management Board for the business year 2023.

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1. Key Highlights of the Business Year 2023

Addiko Group posted a net profit of EUR 41.1 million for the year 2023, up 60% from 2022. The operating result also improved significantly with a 41% increase to EUR 103.9 million, an achievement that was supported by double-digit year-on-year growth in Addiko's focus areas Consumers and SME.

Furthermore, the performance on cost management in times of elevated inflation is evident and can be seen in an improved Cost/income ratio of 60% (YE22: 67%). Moreover, Addiko Group managed to decrease our NPEs to a historic low of €138 million. These developments are a continuation of the solid results allowing Addiko to propose a dividend for the year 2023 of EUR 24.6 million or EUR 1.26 per share to the shareholders at the AGM on 26 April 2024.

The Acceleration Program, aiming to respond to changing customer needs, is focused on growing Addiko Group's business with Consumers and SME customers, improving operations, and boosting the digital capabilities. The program is based on three pillars:

Business Growth in Focus Areas: In 2023, Addiko significantly improved its digital platform to better serve its customers. The next step is to leverage, optimize and extract the maximum out of the existing platform. Addiko Group will continue to launch E2E digital capabilities to attract digital customers and further expand through its partnership ecosystem.

Operational Excellence & Digital: With the "Operational Excellence" stream established in 2023, Addiko has focused on creating the fastest processes through back-office excellence, automation, and a customer-first approach. Addiko has made substantial improvements in the business intelligence reporting systems which helps to enhance customer understanding and drive innovation in E2E processes. Looking forward, it is crucial to highlight that the Operational Excellence stream is an ongoing process, and Addiko is dedicated to implementing further improvements in 2024, ensuring sustained optimization and continuous enhancement of core operational processes.

Best-in-Class Risk Management: It is the strong belief that Addiko can only reach its goal of becoming the best specialist bank for Consumers and SMEs in CSEE by being superior in risk management. In the current economic situation, the importance of data management and analytics in the risk management area is more significant than ever. Addiko has recorded a significant increase in the rate of automatic decisions in the Consumer segment and successfully launched a group-wide comprehensive risk reporting platform, which further improved the capabilities to control and manage risks on a group-wide basis. Moreover, the ongoing NPE reduction initiatives allowed a further decrease of the non-performing exposure to an all-time low in the year 2023.

On the back of the solid result for the financial year 2023 and the momentum of the Acceleration Program, Addiko has updated the Mid-Term Guidance. They maintain consistency with previously disclosed goals yet exhibit a higher level of transparency and granularity.

In a strategic move to further strengthen the market position in the CESEE region, Addiko has decided to enter the Romanian market in 2024. In this context, Addiko will meticulously balance investments and risks and establish a reasonable timeframe to generate value-adding returns. This move aligns with the company's overall vision of becoming the leading specialist bank for Consumers and SMEs in the region.

ESG was another focal point in 2023. Addiko launched 15 initiatives aimed at achieving sustainable development goals. Central to the focus is the reduction of Addiko's carbon footprint and the promotion of social equality both within and beyond the organization. Looking ahead, the Bank is determined to further intensify its efforts in this domain, allocating more resources to contribute meaningfully to sustainable development.

2. Remuneration of Supervisory Board and Management Board

Addiko Group's compensation approach has been defined to be compliant with the most recent international and national regulatory requirements, including the following documents:

- Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (Capital Requirements Directive IV - "CRD IV")
- Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures ("CRD V")
- § 39(2), 39b and 39c of the Austrian Banking Act (Bankwesengesetz - "BWG") and the Annex to § 39b BWG
- § 78a of the Austrian Stock Corporation Act (Aktiengesetzes - "AktG")
- Commission Delegated Regulation (EU) 2021/923 of 25 March 2021 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards setting out the criteria to define managerial responsibility, control functions, material business units and a significant impact on a material business unit's risk profile, and setting out criteria for identifying staff members or categories of staff whose professional activities have an impact on the institution's risk profile that is comparably as material as that of staff members or categories of staff referred to in Article 92(3) of that Directive
- EBA Guidelines on internal governance under Directive 2013/36/EU (EBA/GL/2021/05) dated 2 July 2021
- EBA Guidelines on sound remuneration policies under Directive 2013/36/EU (EBA/GL/2021/04) dated 2 July 2021
- FMA-Circular regarding § 39(2), 39b and 39c BWG on the Principles of Remuneration Policies and Practices

At Addiko Bank, remuneration is generally prescribed by the Group Remuneration Policy. For the members of the Group Management Board, it is additionally elaborated in the Remuneration Policy of Addiko Bank AG's Management Board ("Vergütungspolitik des Vorstandes der Addiko Bank AG"), while for the members of the Group Supervisory Board it is additionally elaborated in the Remuneration Policy of Addiko Bank AG's Supervisory Board ("Vergütungspolitik des Aufsichtsrates der Addiko Bank AG").

3. Supervisory Board Remuneration

The remuneration framework for the Supervisory Board defines the principles of remuneration of the Supervisory Board members of Addiko Bank AG (“Company”) who are elected by the General Assembly pursuant to § 98a in conjunction with § 78a Austrian Stock Corporation Act (“AktG”). This framework and the principles are described in the Remuneration Policy of the Supervisory Board of Addiko Bank AG (“Vergütungspolitik des Aufsichtsrates der Addiko Bank AG”).

Members of the Supervisory Board, who are not employed with a company of Addiko Group, are being compensated for this mandate. Members of the Supervisory Board, who are employed with a company of Addiko Group, are not compensated for this mandate, as their supervisory activity is considered to be part of their official duties. This must be adequately regulated in the respective job/role descriptions and employment contracts within each Addiko Entity. Works Council representatives, who are members of the Supervisory Board, do not receive payment for this role.

According to the Remuneration Policy of the Supervisory Board of Addiko Bank AG, the remuneration packages of Supervisory Board members consist of the following components:

1. Fixed remuneration - function payment, defined on annual level and aliquot to the period of assignment, based on the:
 - a. Role in the Supervisory Board and
 - b. Role in a Committee of a Supervisory Board Committee
2. Attendance fee for participation in a Working Group of the Supervisory Board (per meeting)

Any other components of the Supervisory Board member remuneration must not be linked to the performance of the subject they supervise.

Supervisory Board Remuneration for the Business Year 2023

The remuneration system for Addiko Bank AG’s Supervisory Board in the business year 2023 consisted of:

1. Fixed remuneration based on their role in the Supervisory Board (Figure 1),
2. Fixed remuneration based on their role in a Committee of the Supervisory Board (Figure 2),
3. Attendance fee for participation in a Working Group of the Supervisory Board (EUR 1,000 gross per meeting).

Figure 1 - Fixed remuneration by role in the Supervisory Board in 2023 (EUR gross)

<u>Supervisory Board role</u>	<u>Annual amount</u>
Chair	115,000
Deputy Chair	95,000
Member	75,000

Figure 2 - Fixed remuneration by role in a Committee of the Supervisory Board in 2023 (EUR gross)

<u>Role in a Committee of the Supervisory Board (per Committee)</u>	<u>Annual amount</u>
Chair	20,000
Deputy Chair	10,000

The above-mentioned amounts did not change during the financial year 2023, they remained at the level of the previous period.

The total remuneration paid to the members of Addiko Bank AG’s Supervisory Board for the year 2023 amounted to EUR 654,131.02. This sum was divided between the individual Supervisory Board members as presented in Figure 3.

Figure 3 - Remuneration of the members of Addiko Bank AG's Supervisory Board for 2023 (EUR gross)

Name	Supervisory Board role	Fixed remuneration	Other expenses ³	TOTAL
Kurt Pribil	Chair	156,000.00	919.00	156,919.00
Sava Ivanov Dalbokov ¹	Deputy Chair / Member	124,273.97	1,283.39	125,557.36
Johannes Proksch ²	Member / Deputy Chair	117,726.03	0.00	117,726.03
Monika Wildner	Member	116,000.00	0.00	116,000.00
Frank Schwab	Member	126,000.00	11,928.63	137,928.63

¹ Deputy Chair until 31 May 2023

² Deputy Chair from 1 June 2023

³ Including travel expenses

In accordance with the Remuneration Policy of the Supervisory Board of Addiko Bank AG (*"Vergütungspolitik des Aufsichtsrates der Addiko Bank AG"*), no Supervisory Board remuneration was paid to the Supervisory Board members delegated by the Works Council, Mr. Christian Lobner and Mr. Thomas Wieser.

4. Management Board Remuneration

The principles of remuneration for Addiko Bank AG's Management Board are regulated in accordance with §78a of the Austrian Stock Corporation Act (*"AktG"*) within the Remuneration Policy of Addiko Bank AG's Management Board (*"Vergütungspolitik des Vorstandes der Addiko Bank AG"*).

The valid version of the Remuneration Policy of Addiko Bank AG's Management Board was confirmed by the Supervisory Board's Nomination and Remuneration Committee and was adopted by a resolution of the Supervisory Board on 8 March 2023 and subsequently confirmed by the majority of votes at Addiko Bank's Annual General Meeting (AGM) on 14 April 2023.

In addition to all regulatory requirements covered, the Remuneration Policy of Addiko Bank AG's Management Board is designed to align the Management Board members' objectives with the long-term interests of Addiko and its shareholders, while ensuring an appropriate balance between fixed and variable remuneration components.

4.1. Requirements for the Activation of Variable Remuneration

Variable remuneration components may only be paid if the financial position of Addiko is sustainable, and the variable remuneration is justified. The right to receive variable remuneration, including the payment of deferred payments from previous years, only exists if the basic conditions are met, as described below.

Variable remuneration can only be activated if the capital requirements are met. The capital requirements of Addiko Group are defined by the yearly SREP and other relevant regulatory requirements.

If the capital requirements are not met at the end of the relevant performance year, the basic requirement is not met, which is a knock-out criteria. This means that the variable remuneration for the performance year is not capitalized, and it is not activated (this applies to any new payments and deferred payments related to variable remuneration that would be due in the respective year).

Additional knock-out criteria will also be defined for each respective business year in order to activate the variable remuneration. These additional knock-out criteria are defined by the Supervisory Board each business year and could include measures from the following categories:

- Risk (e.g., Non-performing exposures, liquidity coverage ratio)
- Financial performance (e.g., Net profit)

4.2. Fulfilment of Performance Criteria for the Annual Bonus Scheme

The annual bonus scheme, as a form of performance-based variable remuneration, is determined based on the individual's success (in quantitative and qualitative terms) as well as the success of Addiko Bank AG (the Company). When deciding on any form of variable rewards for members of the Management Board, the Committee for Management Board Matters of the Supervisory Board considers performance criteria, the market situation and market trends, the appropriateness of bonus payments and risk trends. In the case of termination, entitlements and claims of members of the Management Board will be agreed on an individual basis.

Performance targets for the Management Board are set as a balanced combination of quantitative financial targets and non-financial targets, with the total weighting of 100%.

Quantitative targets are based on the approved budget for the respective year from the following categories:

- Business transformation (e.g., Number of customers with active performing loan in focus area, focus revenue growth, etc.)
- Risk (e.g., Non-performing exposures / NPE ratio, Non-performing loans / NPL stock, Net NPL migration ratio, etc.)
- Efficiency (e.g., Cost Income Ratio / CIR, Operating expenses / OPEX, Operating result / NBI - OPEX, Return on equity / ROE, etc.)
- Financial performance (e.g., Net profit, etc.)

4.3. Performance Acceleration Incentive Framework (PAIF)

The PAIF scheme is designed as a long-term reward scheme with a performance monitoring period of three years. It is composed of the main long-term component, that monitors achievements over a three-year period, and a second component that allows yearly adjustments.

The component that allows for yearly adjustments thereby provides the Supervisory Board with the ability to balance the incentive towards achieving the initially set long-term target at the end of the three-year period, and to consider external events within the three-year period such as having an additional mechanism in the case when the trigger for the long-term target has already been achieved (before the end of the performance period) or if the share price dropped extraordinarily in the previous year related to external events. Such component will be defined for each year of the three-year performance monitoring period.

The PAIF scheme is defined in addition to the annual bonus scheme. The aim of the PAIF scheme is to align the business strategy and long-term objectives of the Addiko Group senior management team with the interests of shareholders and to provide a long-term incentive for the management to ensure a sustainable development of Addiko Group.

In addition to the previously stated requirements for the activation of variable remuneration, the individual achievement of the Management Board member, calculated in accordance with the performance criteria for the Annual Bonus scheme, must not be lower than 50%.

Because of the long-term nature of the PAIF scheme and in order to ensure long-term sustainability of the capital structure, the Bank would evaluate one additional long-term criteria, the Capital utilization for credit risk in the ICAAP (economic view).

In addition to the basic requirements / knock-out criteria, a PAIF performance measure linked to shareholder participation will be defined for both the long-term component and the annual component that allows yearly adjustments.

Such PAIF performance measure is defined through the Total Shareholder Return (TSR). The TSR is calculated as the sum of:

- Capital gains or losses (the change of Addiko's share price at the Vienna Stock Exchange) and
- Distribution of Earnings/Dividends per share (paid in the performance period)

The change of the Addiko share price is calculated as a difference of the Volume Weighted Average Price (VWAP) of Addiko shares in the fourth quarter at the end of the performance period and the VWAP of Addiko shares in the fourth quarter before the beginning of the performance period.

The target TSR will be expressed as an improvement during the performance period in percentage terms, based on the VWAP of Addiko shares in the fourth quarter before the beginning of the performance period, and reflects the expected additional shareholder value to be achieved in the performance period.

Target TSR values are determined for both the long-term component and the component that allows yearly adjustments ("annual component"). The target TSR for the long-term component was determined at the beginning of the three-year period and the target TSRs for the annual components are determined before the beginning of each year within the three-year cycle.

The target TSR is defined by the Supervisory Board of Addiko Bank AG.

4.4. Remuneration of Management Board Members Must be Clearly Defined in the Employment Contract

As defined in the Remuneration Policy of Addiko Bank AG's Management Board, the remuneration of Management Board members is to be determined as a combination of fixed, performance-based variable pay, and non-monetary remuneration. Fixed remuneration is based on the level of responsibility of the respective Management Board member, which constitutes a relevant part of the total pay.

Variable annual remuneration is linked to the achievement of predetermined individual targets and prudent risk management, and should in any case be in line with the maximum thresholds determined for variable remuneration.

4.5. Maximum Thresholds Determined for Variable Remuneration

The separation between the fixed and variable remuneration components must be clearly understandable.

In December 2022, the Supervisory Board of Addiko Bank AG resolved to increase the variable remuneration component for the CEO, the CFO and the CMO/CIO of the Management Board of the Bank to up to 200% of the annual fixed remuneration and for the CRO to up to 100% of the annual fixed remuneration for the financial years 2023, 2024 and 2025, subject to i) all necessary internal approvals, ii) if required, necessary regulatory approvals and /or non-prohibitions and iii) quantitative and qualitative assessments of individual targets in line with EBA Guidelines on sound remuneration policies, and the FMA Circular on Principles of Remuneration Policies and Practices. This proposal does not increase the previously approved remuneration package of the members of the Management Board of Addiko Bank AG, only the target amount of the newly defined Performance Acceleration Incentive Framework („PAIF“) award was increased, while the amounts of annual fixed and variable remuneration remained unchanged. The PAIF relates to a performance period of three years, starting in the financial year 2023, and the variable compensation component can only exceed the fixed compensation component if targets are met within the performance period.

In accordance with the previously mentioned and approved variable remuneration, the components of remuneration of the members of the Management Board of Addiko Bank AG may be, in case of the activation of the PAIF long-term component, as follows:

- For the CEO Mr. Herbert Juranek to up to 162% of the fixed remuneration component,
- For the CMO/CIO Mr. Ganesh Krishnamoorthi to up to 135% of the fixed remuneration component,
- For the CFO Mr. Edgar Flaggl to up to 135% of the fixed remuneration component and
- For the CRO Mr. Tadej Krasovec to up to 75% of the fixed remuneration component.

The above stated maximum thresholds determined for variable remuneration are, in each case, valid for the three-year performance cycle, the financial years 2023, 2024 and 2025.

4.6. Risk Assessment for the Variable Remuneration

Ex-ante Risk Adjustment

For every newly issued reward, the ex-ante risk assessments are conducted using the following indicators:

- Average PD of performing portfolio,
- Cost-of-Risk,
- Stage 2 share of performing portfolio,
- Risk Bearing Capacity.

In case the above-mentioned indicators are worse than the defined thresholds which are approved by the Supervisory Board within targets for the annual budget, the underlying impact on the risk profile indicates the need for a possible risk adjustment. Based on a decision of the Group Supervisory Board, a (ex-ante) risk adjustment up to the full amount of the otherwise awarded variable remuneration of Identified Staff can be applied.

Ex-post Risk Adjustment

Addiko can use ex-post risk adjustments and decrease payment (Malus) or ask the individual to pay back if the payment was not justified (Claw back) under the predefined rules.

Employment contracts for active Management Board members contain a Malus and Claw back clause. Malus and Claw back could be applied on all types of variable remuneration. Malus and Claw back could be applied independently, and the relevant Addiko Bank Group bodies have the discretion and the legal right to decide whether a Malus or Claw back situation exists and what the appropriate action is. The period during which Malus can be applied is equal to the defined period of deferral, while Claw back actions can be applied on a part or on the entire variable payment that had been paid out depending on the specifics set in the employment contract as well as implications from labour, civil and criminal law depending on the specific circumstances (in particular in case of fraud).

Malus

Performance related adjustment as a Malus arrangement will be activated in case:

- the Company is suffering a significant downturn in its financial performance - affecting the variable payment of the performance year and the deferrals on an Addiko Group-wide basis, except a significant downturn was planned and budgeted and no knock-out criteria apply. The quantitative definition of significant downturn thresholds will be part of the annual target KPI setting, which has to be approved by the Supervisory Board of Addiko Bank AG;
- significant changes in the Company's economic or regulatory capital base take place - affecting both variable payments of the performance year and deferrals on an Addiko Group wide basis;
- evidence of misbehaviour or serious error by the employee is detected - affecting both variable payments of the performance year and deferrals on an individual basis,
- the Company is suffering a significant failure of risk management - affecting both variable payments of the performance year and deferrals on an individual basis;
- regulatory sanctions are set, where the conduct of the employee contributed to the sanction - affecting both variable payments of the performance year and deferrals on an individual basis.

In case the below-mentioned multi-year assessment indicators are worse than the defined thresholds which are approved by the Supervisory Board within budget targets, the underlying impact on the risk profile indicates the need for the application of the malus arrangements:

- Loan portfolio vintage cohort analysis of default rate
- Loan portfolio vintage cohort analysis of stage 2 share

Based on a decision of the Group Supervisory Board, a (ex-post) risk adjustment up to the full amount of the deferred amount due for pay-out from the individual performance cycle (of the respective vintage cohort) can be applied.

The risk adjustment of total deferred instalments due for pay-out are conducted using the following assessment indicators:

- Inflow into Non-Performing Exposures (NPE Inflow)
- Non-Performing Exposure Ratio (NPE ratio)
- Coverage of Non-Performing exposure with provisions (NPE Coverage Ratio)

These three indicators are recognized and tracked in the recovery plan and within the Group Risk Appetite Framework. These indicators show the impact of management and sales activities in previous periods on the amount of risk that the Company has assumed within its portfolio and are constantly compared to predefined thresholds enabling constant tracking if the risk is above the limits that the Company is prepared to assume.

Based on a decision of the Supervisory Board of Addiko Bank AG, a (ex-post) risk adjustment up to the full amount of the deferred amount due for pay-out can be applied if the following indicators are “amber” or “red”:

- If an amber level recovery plan threshold is breached for more than 6 months
- if a red level threshold is breached for more than 3 months.

Claw back

A Claw back should be used in the case of:

- fraud or contribution to fraud by the employee,
- when an employee has been released from the position upon disciplinary procedure based on a behaviour which had a weak/negative impact on the financial results or triggered a loss,
- the employee has contributed to weak or negative financial results,
- any other wilful or grossly negligent behaviour of an employee, which has led to a significant loss.

Depending on the circumstances as well as the applicable labour law, a Claw back might also be applied for staff that is not part of the Identified Staff (e.g., in case of fraud conducted to receive bonus).

The principles of contract terminations for members of the Management Board:

Since it is in the interest of the Company and the Management Board members to ensure the stability of the Management Board, for the currently valid term of office it is defined that during the Fixed Term the Company or Management Board member shall only be permitted to terminate the Agreement prior to its expiry upon good cause. Premature termination by notice without good cause is not possible for the Company or the members of the Management Board.

The principles and conditions of the Company’s retirement plan for the Management Board:

No retirement plan has been implemented for the Management Board of Addiko Bank AG so far.

Stock Option Programme

No stock option programme was implemented in the business year 2023.

D&O Insurance

The members of the Management Board and the Supervisory Board of Addiko Bank AG are covered by a D&O insurance.

5. Remuneration of Active Management Board for the Year 2023

5.1. Fix Remuneration

In addition to the base salary, the fixed remuneration component of members of the Management Board of Addiko Bank AG includes the car allowance and social security contribution amounts.

5.2. Variable Remuneration

The basic requirement for activation of the variable remuneration at Addiko for 2023 was defined by the Addiko Group's capital requirements as prescribed by SREP and other regulatory authorities.

Variable remuneration - Annual Bonus scheme

The additional knock-out criteria defined for the activation of the Annual Bonus scheme for 2023 was defined as follows:

- Addiko Group's Liquidity Coverage Ratio (LCR),
- Addiko Group's RAROC,
- Addiko Groups' NPE volume.

If any knock-out criterion, basic or additional, would be met, the Annual Bonus would not be activated.

Figure 4 - Achievement of the knock-out criteria for activation of the Annual Bonus scheme for 2023 showing that basic requirement and all three additional knock-out criteria were achieved.

	Target	YE 2023 result
Basic knock-out criterion		
Addiko Group's Total Capital Ratio	> 18.6%	20.4%
Additional knock-out criteria		
Addiko Group's Liquidity Coverage Ratio (LCR)	<= 120%	313%
Addiko Groups' NPE Ratio (EBA)	>= 5.0%	2.8%
Addiko Groups' Profit after tax	<= 0	EUR 41.1 million

The targets for 2023 are based on the approved budget for the year 2023 and thereby closely linked to activities of the Acceleration Programs.

The individual targets as approved by the Supervisory Board of Addiko Bank AG for the business year 2023, together with the achievement of the quantitative targets in the respective period, are presented in Figures 5a and 5b.

Figure 5a - Balanced Scorecard for the business year 2023 (CEO, CFO and CMO/CIO)

KPI Type	KPI Descriptions	Weightage	2023 weighted target achievement
Quantitative	Group Net growth focus clients	10%	12.50%
Quantitative	Group Net interest margin (in bps)	10%	12.03%
Quantitative	Group NPE Ratio (EBA)	15%	18.75%
Quantitative	Group NBI - OPEX	20%	25.00%
Quantitative	Group Net Profit	20%	25.00%
Qualitative	ESG strategy implementation	10%	10%
Qualitative	Preparation of the expansion project	10%	10%
Qualitative	Cultural transformation	5%	5%

Figure 5b - Balanced Scorecard for the business year 2023 (CRO)

KPI Type	KPI Descriptions	Weightage	2023 weighted target achievement
Quantitative	Group Net growth focus clients	10%	12.50%
Quantitative	Group NPE provision coverage (in %)	10%	12.50%
Quantitative	Group NPE Ratio (EBA)	25%	31.25%
Quantitative	Group NBI - OPEX	10%	12.50%
Quantitative	Group Net Profit	15%	18.75%
Qualitative	ESG strategy implementation	15%	15%
Qualitative	Preparation of the expansion project	10%	10%
Qualitative	Cultural transformation	5%	5%

Figure 6 illustrates the final Bonus amounts for each member of the Management Board of Addiko Bank AG, calculated in accordance with the individual achievement for the business year 2023 and considering the maximum bonus amounts defined in their employment contracts.

Figure 6 - Bonus calculation for Management Board (MB) members in 2023 (EUR gross)

Name	MB member from - to	2023 Annual bonus
Herbert Juranek	01.01.-31.12.2023	350,000
Tadej Krašovec	01.01.-31.12.2023	125,000
Ganesh Krishnamoorthi	01.01.-31.12.2023	300,000
Edgar Flaggel	01.01.-31.12.2023	225,000

Variable remuneration - Performance Acceleration Incentive Framework (PAIF)

With regards to PAIF, the additional knock-out criteria were defined for the activation of the PAIF 2023-2025 scheme, as follows:

- Addiko Group's Liquidity Coverage Ratio (LCR),
- Addiko Groups' NPE Ratio (EBA),
- Addiko Groups' Profit after tax,
- Individual Achievement.

If any knock-out criterion, basic or additional, would be met, the Annual Bonus would not be activated.

Figure 7 - Achievement of the knock-out criteria for activation of the 2023 Annual component of the PAIF 2023-2025 scheme, showing that basic requirement and all four additional knock-out criteria were achieved.

	Target	YE 2023 result
Basic knock-out criterion		
Addiko Group's Total Capital Ratio	> 18.6%	20.4%
Additional knock-out criteria		
Addiko Group's Liquidity Coverage Ratio (LCR)	<= 120%	313%
Addiko Groups' NPE Ratio (EBA)	>= 5.0%	2.8%
Addiko Groups' Profit after tax	<= 0	EUR 41.1 million
Individual Achievement	>= 80%	> 100%

If the defined knock-Out Criteria are not met, the PAIF scheme can be activated if the target Total Shareholder Return (TSR) is achieved.

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The target TSR value for the 2023 annual component was set at 23% by the Supervisory Board of Addiko Bank AG in December 2022. Considering the Volume Weighted Average Price (VWAP) of ADKO shares in the fourth quarter of 2022 which was equal to EUR 11.1901, the resulting targeted increase of the total shareholder return in the year 2023 was EUR 2.5737.

This means that the VWAP of Addiko shares in the fourth quarter of 2023 plus dividends per share paid in 2023 must be equal to or higher than EUR 13.7638 per share.

Figure 8 - Achievement of the 2023 Annual component of the PAIF 2023-2025 scheme, showing that the target Total Shareholder Return (TSR) is achieved.

Total Shareholder Return for 2023 PAIF - Annual Component	
Q4 VWAP for activation of 2023 Annual PAIF component	12.96
Dividend per share (paid in 2023)	1.21
2023 Total Shareholder Return (TSR)	14.17

Figure 9 illustrates the final 2023 PAIF annual component amounts for each member of the Management Board of Addiko Bank AG. These amounts are calculated in accordance with the achievement of the TSR target for the year 2023 and the target PAIF amounts defined for the annual component 2023 in their employment contracts.

Figure 9 - PAIF 2023 Annual component amounts for Management Board (MB) members (EUR gross)

Name	MB member from - to	PAIF 2023 Annual Component
Herbert Juranek	01.01.-31.12.2023	280,000
Tadej Krašovec	01.01.-31.12.2023	100,000
Ganesh Krishnamoorthi	01.01.-31.12.2023	150,000
Edgar Flagg	01.01.-31.12.2023	126,000

Overview of total remuneration of active members of the Management Board for the business year 2023

For 2023, the members of the Management Board of Addiko Bank AG that were active during the period of the year earned EUR 3,833,539.18 gross in total, thereof EUR 1,656,000.00 gross as variable remuneration.

Figure 10 - Remuneration of the members of Addiko Bank AG's Management Board (MB) defined for 2023 (EUR gross) with a comparison to the remuneration paid for 2022

Name	MB member from - to	Base salary	Other fixed ¹	Total fixed	Variable remuneration	Total
Herbert Juranek CEO	01.01.-31.12.2023	650,020.00	31,879.76	681,899.76	630,000.00	1,311,899.76
	01.01.-31.12.2022	650,020.00	31,521.92	681,541.92	350,000.00	1,031,541.92
Tadej Krašovec CRO	01.01.-31.12.2023	500,000.00	31,879.76	531,879.82	225,000.00	756,879.82
	01.01.-31.12.2022	464,288.61	31,521.92	495,810.53	156,250.00	652,060.53
Ganesh Krishnamoorthi CMO/CIO	01.01.-31.12.2023	500,000.00	31,879.76	531,879.82	450,000.00	981,879.82
	01.01.-31.12.2022	500,000.00	31,521.92	531,521.98	300,000.00	831,521.98
Edgar Flagg ² CFO	01.01.-31.12.2023	400,000.00	31,879.76	431,879.78	351,000.00	782,879.78
	01.06.-31.12.2022	221,427.64	17,340.96	238,768.60	131,250.00	370,018.60

¹ Other fixed includes car allowance and social security

² 2022 data are illustrated pro-rata since joining the Management Board member from 01 June 2022

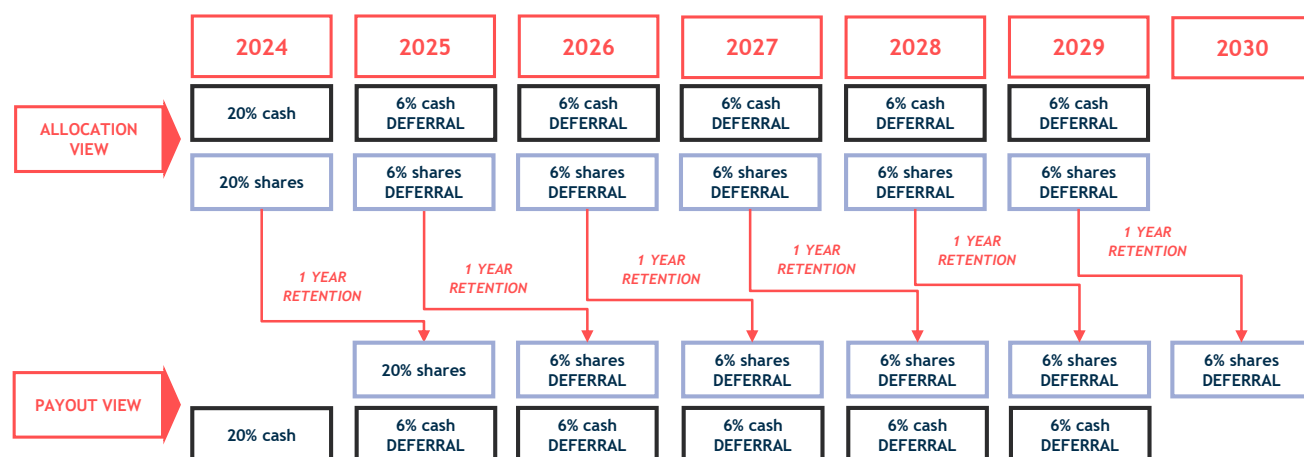
The payment of any performance related variable remuneration defined for 2023 will be initiated only if the Risk Assessment has been completed successfully and in accordance with regulatory requirements as described in the Remuneration Policy of Addiko Bank AG's Management Board ("Vergütungspolitik des Vorstandes der Addiko Bank AG").

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The variable remuneration of active Management Board members consists of a payment of 50% in cash and a payment of 50% in Addiko shares as follows:

- (i) In the first half of 2024, the Management Board member is entitled to a variable remuneration instalment amounting to 40% of the total variable remuneration, half of which is payable in cash and the second half in Addiko shares. For the instalment in Addiko shares, a retention period of one year is prescribed.
- (ii) The remaining 60% of the total variable remuneration will be deferred and the pay-out is distributed proportionally over a period of 5 years (12% per year), payable half in cash (6%) and half in company shares (6%). The cash instalments are paid as soon as possible after the end of the first / second / third / fourth / fifth financial year (at the latest by the end of the first half of 2025 / 2026 / 2027 / 2028 / 2029). According to the same scheme, the other half is to be paid out in company shares, with a retention period of one year for each instalment.

Figure 11 - Illustration of the allocation and payout model for the variable remuneration of Management Board members of Addiko Bank AG



The share price to be used to determine the number of shares corresponds to the average volume weighted share price (VWAP) of Addiko Bank AG (symbol: ADKO) on the Vienna Stock Exchange in the three (3) months prior to the calendar month in which the Supervisory Board approved the remuneration for the business year 2023 (December 2023, January and February 2024).

Based on the information from the Vienna Stock Exchange, the average volume weighted share price of Addiko Bank AG in the respective months was EUR 14.1818.

Considering the variable remuneration amounts defined for the business year 2023, the above-mentioned mechanism, and the average share price, the 50% of variable remuneration defined for the members of the Management Board will be transferred into Addiko shares as follows:

Figure 12 - Number of shares defined for the 2023 variable remuneration cycle

Name	2023 Variable remuneration	50% to be paid in shares	VWAP for 2023 cycle	Number of shares defined for 2023
Herbert Juranek	630,000	315,000	14.1818	22,209
Tadej Krašovec	225,000	112,500	14.1818	7,928
Ganesh Krishnamoorthi	450,000	225,000	14.1818	15,861
Edgar Flaggel	351,000	175,500	14.1818	12,375

The allocation of shares to the members of the Management Board of Addiko Bank AG will be executed in accordance with the mechanics outlined above.

6. Comparative Information on Remuneration and Company Performance

Figure 13 - Comparative information on the change of remuneration and company performance (2022 & 2023)

Management Board (MB) members' remuneration (fixed + performance related variable remuneration EUR gross)	2022	2023 vs. 2022	2023
TOTAL¹	2,885,143.03	+948,396.15 or +32.9%	3,833,539.18
Addiko Bank AG performance	2022	2023 vs. 2022	2023
Result after tax	25.7 m	+15.4 m or +59.9%	41.1 m
Operating result	73.6 m	+30.3 m or +41.1%	103.9 m
Operating expenses	-168.0 m	-10.6 m or +6.3%	-178.6 m
Cost-income ratio	67.5%	- 7.0pp or -10.4%	60.5%
Average remuneration of Addiko Bank AG's employees (fixed + related variable remuneration EUR gross)	2022	2023 vs. 2022	2023
Addiko Bank AG employees w/o MB members	97,712.46	+2,659.25 or +2.7%	100,371.71

¹ only relevant on Total Management Board level because of change in the Management Board during 2022

7. Management Board Remuneration from Previous Years Paid in the Year 2023

Since Addiko Bank AG met the criteria for small and non-complex institution in terms of point 145 of Article 4(1) of Regulation (EU) No 575/2013 and is not a large institution as defined in point 146 of Article 4(1) of Regulation (EU) No 575/2013, the following model concerning the payment of variable remuneration was applied to Addiko Group:

- (i) in the first half of the following financial year, a Management Board member is entitled to a variable remuneration instalment equal to 60% of the variable remuneration, payable in cash. The first instalment is paid as soon as reasonably possible, following the end of financial year for which it has been rewarded to the Management Board member (no later than end of the first half of Y+1)
- (ii) the remaining 40% of the variable remuneration shall be deferred and thus, paid out and proportionally allocated over a period of 5 years (8% per year), payable as soon as reasonably possible after the end of the first / second / third / fourth / fifth year, following the financial year for which it has been rewarded to the Management Board member (no later than the end of the first half of Y+2 / Y+3 / Y+4 / Y+5 / Y+6).

Exceptionally, in the case of the variable remuneration amount exceeding EUR 150,000, the first instalment was equal to 40% of the total variable remuneration, while 60% of the total variable remuneration amount was deferred and proportionally allocated over a period of 5 years.

From the payout cycle from the business year 2021 onwards, the payment of 50% in cash and 50% in Addiko shares was applied for the then active members of the Management Board. For the instalment in Addiko shares, a retention period of one year was prescribed.

By applying the payout models described above in the previous variable remuneration cycles (2017, 2018, 2019, 2021 and 2022), an amount of EUR 1,075,447.10 gross was due for payment in cash and

paid in 2023 to the members of the Management Board of Addiko Bank AG, of which EUR 251,837.14 gross was paid to active members and EUR 823,609.96 gross to former members of the Management Board. For active members of Management Board, the total number of 19.114 shares from previous variable remuneration cycles (2021 and 2022) was allocated in the year 2023.

Figure 14 - Variable remuneration instalments from previous years paid to active Management Board members in 2023
(EUR gross / number of shares)

Name	Paid in 2023 (cash part)	Allocated in 2023 (number of shares)
Herbert Juranek	82,033.43	6,908
Tadej Krašovec	36,796.01	3,099
Ganesh Krishnamoorthi	81,467.83	6,920
Edgar Flagg	51,539.87	2,187

In addition to the data from Figure 14, the former Management Board members Ulrich Kissing, Martin Thomas, Christian Kubitschek, Razvan Munteanu, Johannes Proksch, Csongor Nemeth and Markus Krause received deferred bonus payments of total EUR 823,609.96 gross, all paid in cash during 2023, on account of their previous work on the Management Board of Addiko Bank AG.