

Report of the Supervisory Board

Dear Shareholders,

Following the economic turnaround in the financial year 2017 and the specification of the business strategy in the financial year 2018, the financial year 2019 was characterised by a continuous and consistent implementation of the planned measures in the strategic focus segments. As a result of the Company's successful development, Addiko Bank AG went public and was admitted to the Vienna Stock Exchange in July 2019.

In line with its business strategy, the Addiko Group placed the focus of its activities on Consumer and SME financing in Central and South-Eastern Europe and, moreover, on providing payment services. The Addiko Group offers convenient and quick banking services to its customers and puts a particular emphasis on innovative digital solutions in its business activities. Online & mobile banking services for the aforementioned focus segments were further improved in the course of the ongoing digitisation of business processes. The so-called strategic non-focus segments such as mortgage financing or loans to public institutions or large corporates was further reduced in the financial year 2019.

Sustainable cost efficiency and maintaining a balanced risk profile remain the pillars of Addiko's strategy. A prudent risk management on the back of a robust risk strategy contributes to an appropriate balance between risk and return. In this way, the Addiko Group is able to actively manage and optimally monitor all risks.

Since 12 July 2019, Addiko Bank AG has been listed on the prime market of the Vienna Stock Exchange. As per 15 July 2019, the share was included into the ATX Prime Index which comprises approx. 40 values. In addition to BAWAG Group AG, Erste Group Bank AG and Raiffeisen Bank International AG, Addiko Bank AG is the fourth banking institution in this market segment. Holding approx. 45% of the share capital in Addiko Bank AG, Al Lake (Luxembourg) S.à r.l. remains the core shareholder of the Company, with 55% of the shares being in free float.

Activities of the Supervisory Board

During the reporting year, the Supervisory Board performed all of the duties incumbent upon it in a highly conscientious manner and in accordance with the law, the Company's statutes and its own rules of procedure.

It held six meetings in total in the financial year 2019 and assisted the Management Board in an advisory capacity and by continually monitoring the governance of the enterprise. At the meetings of the Supervisory Board and its Committees, the Management Board reported in depth on the Addiko Group's financial situation and business performance. The Management Board discussed in detail strategies and major specific measures 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.

In this context, the Supervisory Board undertook the measures necessary to assure that the governance of the Addiko Group's affairs was lawful, compliant and appropriate.

The Supervisory Board had formed the following five standing Committees:

- the Audit and Compliance Committee (which held six meetings in 2019),
- the Credit Committee (which held six meetings in 2019),
- the Risk Committee (which held five meetings in 2019),
- the Nomination & Remuneration Committee (which held one meeting in 2019) and
- the Committee for Management Board Matters (which held one meeting in 2019).

The Chairman of the Supervisory Board, as well as the Chairmen of the Committees of Addiko Bank AG's Supervisory Board were in regular contact with the Management Board.

Within meetings taking place at least once every quarter, the Supervisory Board regularly received information on the following topics: business performance in the previous quarter, financial performance, risk development and significant matters, as well as major legal disputes. Between the quarterly reports, the Management Board also informed the Supervisory Board of current economic developments. In addition, the Supervisory Board received regular reports of key executives, especially of the Compliance Officer and Internal Audit Officer.

Changes to the Management Board and the Supervisory Board

The Management Board of Addiko Bank AG remained unchanged during the financial year 2019 and continues to consist of four members.

In 2019, the Supervisory Board of Addiko Bank AG changed in such a way that Sebastian Prinz Schoenaich-Carolath was appointed to the Supervisory Board as an additional member by the General Assembly on 6 June 2019. As per 29 July 2019, Mr. Thomas Wieser was delegated by the Workers Council, replacing Mr. Horst Floriantschitz. Accordingly, the Supervisory Board consists of seven members, thereof two delegated by the Workers Council.

Consolidated Corporate Governance Report, Austrian Code of Corporate Governance

Deloitte Audit Wirtschaftsprüfungs GmbH (with regard to Rules 1 to 76 of the Austrian Code of Corporate Governance) and CMS Reich-Rohrwig Heinz Rechtsanwälte GmbH (with regard to Rules 77 to 83 of the Austrian Code of Corporate Governance) audited the Consolidated Corporate Governance Report of Addiko Bank AG pursuant to Section 96 (2) Austrian Stock Corporation Act, and issued a report thereon to the Management Board and the Supervisory Board. In its meeting dated 4 March 2020, the Supervisory Board examined the Consolidated Corporate Governance Report based on the report of the Audit Committee from 4 March 2020 pursuant to Section 96 Austrian Stock Corporation Act, with this examination not resulting in any objections. Being a publicly listed entity, Addiko Bank AG adheres to the Austrian Code of Corporate Governance. The Supervisory Board determined that Addiko Bank AG is to comply with the Austrian Code of Corporate Governance as amended in January 2018 from 12 July 2019 onwards. The Supervisory Board strives to consistently comply with the provisions of the Code that relate to the Supervisory Board. In this context, the Supervisory Board complies with all Rules relating to the cooperation of the Supervisory Board and the Management Board, and to the Supervisory Board itself, except for the deviations presented in the Corporate Governance Report.

Separate and Consolidated Financial Statements 2019

Deloitte Audit Wirtschaftsprüfungs GmbH audited the separate Financial Statements of Addiko Bank AG and the Consolidated Financial Statements of the Addiko Group as at 31 December 2019, issuing unqualified audit opinions. Pursuant to statutory provisions, the Management Report and the Group Management Report have been audited as to whether they are consistent with the separate and Consolidated Financial Statements and have been prepared in accordance with the applicable legal requirements. The Consolidated Non-Financial Report was read and considered not to be materially inconsistent with the Consolidated Financial Statements nor to be materially misstated.

The separate Financial Statements of Addiko Bank AG were prepared in accordance with the regulations of the Austrian Banking Act (BWG) and - where applicable - with the provisions of the Austrian Commercial Code (UGB). The Consolidated Financial Statements of the Addiko Group were prepared in accordance with IFRS as adopted by the EU and in compliance with the requirements under Section 245a Austrian Commercial Code (UGB) and Article 59a Austrian Banking Act (BWG). The Annual Report, the Group Annual Report, the Consolidated Corporate Governance Report, the Consolidated Non-Financial Report and the Management Board's proposal for the allocation of the annual profit 2019 - all prepared by the Management Board - were discussed in detail with Deloitte Audit Wirtschaftsprüfungs GmbH at the meeting of the Audit and Compliance Committee held on 4 March 2020.

At the meeting, the aforementioned Committee inter alia resolved to propose approval of the separate Financial Statements of Addiko Bank AG by the Supervisory Board.

The Chairman of the Audit and Compliance Committee reported on the Committee's recommendations at the meeting of the Supervisory Board on 4 March 2020. At this meeting, the separate and Consolidated Financial Statements were

examined thoroughly in the presence of the auditor and verified by the Supervisory Board to ensure, in particular, that they were lawful, compliant and appropriate.

The Management Report of Addiko Bank AG as well as that of the Addiko Group, the Consolidated Corporate Governance Report and the Consolidated Non-Financial-Report were examined and found, in the opinion of the Supervisory Board, to be consistent with legal requirements.

The Supervisory Board has examined and endorses the Management Board's proposal for the allocation of the annual profit as follows: Pursuant to Austrian GAAP in connection with the Austrian Banking Act, Addiko Bank AG generated net profit for the year in the amount of EUR 40.0 million in the financial year 2019. At the next General Assembly a proposal will therefore be made to distribute an amount of EUR 39.975 million by the Company as a dividend.

The result of the examination is that the Supervisory Board had no objections to the separate Financial Statements, the Consolidated Financial Statements and the audit performed by the auditor.

The Supervisory Board, therefore, concurred with the results of the audit on 4 March 2020 and approved the separate Financial Statements of Addiko Bank AG. The separate Financial Statements have, therefore, been adopted.

The Supervisory Board would like to express thanks to the members of the Management Board and to the entire staff for their outstanding commitment and excellent achievements in 2019, particularly for the support in the course of the IPO, and to the employee representatives for their valued cooperation.

On behalf of the Supervisory Board

Hermann-Josef Lamberti m.p.
Chairman of the Supervisory Board

Vienna, 4 March 2020