

Report of the Supervisory Board

Dear Shareholders,

Despite the changed economic, social and global circumstances due to the ongoing Covid-19 crisis in 2021, Addiko Group kept its focus on its activities Consumer and SME financing in Central and South-Eastern Europe and on providing payment services. In 2021 Addiko Group focused even more intensively on its digital products offering convenient and fast banking services to its customers. As mentioned in our 2020 report the global pandemic accelerated clients willingness to switch their banking services to digital and it showed that Addiko Group was ready to provide the services as requested by the clients. Online & mobile banking services for the aforementioned focus segments were further improved in the course of the ongoing digitization of business processes. The loan books of the so-called strategic non-focus segments mortgage financing and loans to public institutions as well as large corporates was further reduced as planned during the financial year 2021.

Addiko Group kept its course of further driving sustainable cost efficiency and maintaining a balanced risk profile. Due to the pandemic and the measures taken by different governments the existing prudent risk management framework and risk strategy have been further tightened and contributed to a prudent balance between risk and return. While this has been at the expense of loan volume growth during 2021, such prudent approach aims to ensure to minimize risks for the bank.

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 fourteen meetings in total in the financial year 2021, adopted eleven circular decisions and assisted the Management Board in an advisory capacity and by continually monitoring the governance of the company. At the meetings of the Supervisory Board and its Committees, the Management Board reported in depth on Addiko Group's financial situation, risks and their mitigation and business performance. The Management Board discussed in detail strategies and related measures with the Supervisory Board. Legal transactions requiring approval were submitted to the Supervisory Board, and the Supervisory Board was given sufficient opportunity to thoroughly examine any reports and resolutions proposed by the Management Board. In addition, the Supervisory Board conducted thirteen Working Group sessions in which specific strategic measures were discussed in detail with 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 effective, lawful, compliant and appropriate.

The Supervisory Board had formed the following five standing Committees:

- the Audit and Compliance Committee/Audit, Compliance & AML Committee (which held six meetings and adopted two circular decisions in 2021),
- the Credit & Risk Committee (which is a merger of the former Credit and the Risk Committee held nine meetings and adopted six circular decisions in 2021),
- the newly established Digitalization & IT Committee (which held one meeting in 2021),
- the Nomination & Remuneration Committee (which held seven meetings and adopted one circular decisions in 2021) and
- the Committee for Management Board Matters (which held six meetings and adopted two circular decision in 2021).

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 in person and via virtual meetings, 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 changed during the reported business year, i.e. two management board members Mr. Csongor Nemeth and Mr. Markus Krause stepped down from their mandates and Mr. Herbert Juranek and Mr. Tadej Krasovec were appointed as management board members. Hence, the management board consists of three members.

In 2021, the Supervisory Board of Addiko Bank AG changed in such a way that Mr. Herbert Juranek (resigned as of 26 April 2021) and Mr. Pieter van Groos was appointed to the Supervisory Board by the General Meetings on 26 April 2021. Accordingly, the Supervisory Board consists of eight members, thereof two delegated by the Workers Council.

Consolidated Corporate Governance Report, Austrian Code of Corporate Governance

Since in 2020 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, the Corporate Governance Report 2021 was not audited since under C-62 Rule Austrian Corporate Governance Codex such audit is only necessary every three years. Nevertheless, 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 2021. 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 2021

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft audited the separate Financial Statements of Addiko Bank AG and the Consolidated Financial Statements of the Addiko Group as at 31 December 2021, 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 2021 - all prepared by the Management Board - were discussed in detail with KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft at the meeting of the Audit and Compliance Committee held on 7 March 2022.

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, Compliance and AML Committee reported on the Committee's recommendations at the meeting of the Supervisory Board on 8 March 2022. 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.

Pursuant to Austrian GAAP in connection with the Austrian Banking Act, Addiko Bank AG generated net accumulated profits in the amount of EUR 38,8 Mio. in the financial year 2021. In the next General Assembly the proposal for a full carry forward of the net accumulated profits will be made.

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 8 March 2022 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, the leadership team and to the entire staff for their outstanding commitment and achievements in 2021.

On behalf of the Supervisory Board

Dr. Kurt Pribil m.p.
Chairman of the Supervisory Board

Vienna, 8 March 2022