

Report of the Supervisory Board

Dear Shareholders,

The global economic slowdown, intensified by geopolitical tensions, results in an environment marked by lower visibility and somewhat less economic activity. For banks, it becomes even more crucial to adapt and maintain their strategic focus. Despite the challenging environment, Addiko Group continues to prioritize growth in its focus areas of Consumers and small and medium-sized enterprises (SMEs), combined with operational excellence and the further enhancement of digital capabilities. This dedicated approach involves monitoring economic indicators, adapting product offerings to meet changing customer needs and ensuring resilience in the face of uncertainty.

Addiko Group remains confident for the CSEE region as it shows impressive resilience compared to the rest of Europe. Amid the complexity ahead in 2024, the company continues to be focused on its commitment of becoming the leading specialist bank for Consumer and SME customers in Central and South-Eastern Europe by offering the best service combined with highly attractive product offerings.

The Group posted a net profit of EUR 41.1 million for the year 2023, up 60% from 2022, allowing Addiko to propose a dividend for the year 2023 of EUR 24.6 million or EUR 1.26 per share to its shareholders at the AGM on 26 April 2024.

Addiko's Acceleration Program, launched at the beginning of the year 2023, is designed to address evolving customer needs, with a primary focus on expanding Addiko Group's presence among Consumers and SMEs. The program aims to enhance operational efficiency and elevate digital capabilities. It is structured around three key pillars: Business Growth in Focus Areas, Operational Excellence & Digital and Best-in-Class Risk Management.

2023 was also the year of dynamic marketing campaigns through which Addiko prioritized customer acquisition and solidifying its image as the preferred fast loan provider. Leveraging the popular 3D animated character, Oskar, across six CSEE markets, Addiko executed over 80 campaigns through diverse media channels. The "no time" image campaign reinforced the bank's identity as a swift and approachable financial institution. In the latter half, Addiko focused on customer segmentation research and digital team expansion. The emphasis on high-quality creative paid off, with Brand Tracker measurements showing substantial growth in spontaneous awareness and consideration for fast cash loans.

Building on the solid result for the financial year 2023 and the momentum of the Acceleration Program, Addiko has updated its Mid-Term Guidance. The company maintains consistency with previously disclosed goals yet exhibits a higher level of transparency and granularity.

In a strategic move to further strengthen its 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.

Another important topic that took centre stage in 2023 is ESG which will continue to grow in 2024 and onwards. 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.

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 eight meetings in total in the financial year 2023, adopted six circular decisions and assisted the Management Board in its 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 ten 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 one circular decision in 2023),
- the Credit & Risk Committee (which held five meetings and adopted two circular decisions in 2023),
- the Digitalization & IT Committee (which held four meetings in 2023),
- the Nomination & Remuneration Committee (which held four meetings and adopted three circular decisions in 2023) and
- the Committee for Management Board Matters (which held three meetings in 2023).

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

There were no changes within the Management Board of Addiko Bank AG but the terms of the mandates of Mr. Herbert Juranek, CEO, Mr. Edgar Flagggl, CFO and Mr. Tadej Krasovec, CRO, were prolonged until 31 December 2025 whereas the mandate for Mr. Ganesh Krishnamoorthi, CMO/CIT was prolonged until 31 July 2026. This was done to ensure continuity in the leadership of Addiko especially after the acceleration process successfully started in 2022 and continuous showing positive results in 2023. In the view of the Supervisory Board this was and is key to the recent positive developments in all aspects of Addiko's business, risk and financial management.

Addiko Bank

In 2023, Mr. Kurt Pribil, the Chair of the Supervisory Board, was re-elected by the General Meeting on 21 April 2023. Accordingly, the Supervisory Board consists of seven members, thereof two delegated by the Workers' Council.

Consolidated Corporate Governance Report, Austrian Code of Corporate Governance

The Consolidated Corporate Governance Report of Addiko Bank AG was audited by Deloitte Audit Wirtschaftsprüfungs GmbH pursuant to Section 96 (2) Austrian Stock Corporation Act. Deloitte Audit Wirtschaftsprüfungs GmbH confirmed that Addiko complied with the rules of the ACGC in the financial year 2023 - insofar as these were included in the Addiko declaration of conformity.

The Supervisory Board determined that Addiko Bank AG has to comply with the Austrian Code of Corporate Governance as amended in January 2023. 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 2023

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 of 31 December 2023, 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 Sustainability 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 separate Financial Statements, the Consolidated Financial Statements, the Consolidated Corporate Governance Report, the Consolidated Non-Financial Report ("Sustainability Report 2023") and the Management Board's proposal for the allocation of the annual profit 2023 - 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 4 March 2024.

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 Chairwoman of the Audit, Compliance and AML Committee reported on the Committee's recommendations at the meeting of the Supervisory Board on 5 March 2024. 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 Financial Statements of Addiko Bank AG as well as that of the Addiko Group, the Consolidated Corporate Governance Report and the Consolidated Non-Financial Report ("Sustainability Report 2023") were examined and found, in the opinion of the Supervisory Board, to be consistent with legal requirements.

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The Supervisory Board has reviewed the proposal by the Management Board regarding the allocation of profits and approved this as follows.

Addiko Bank AG posts in its separate Financial Statements according to UGB/BWG at 31 December 2023 net accumulated profits available for distribution in the amount of EUR 38.94 million. In the next Annual General Meeting on 26 April 2024 the Management Board intends proposing a dividend payment amount of EUR 1.26 per share, which equals an amount of up to EUR 24.57 million overall. The dividend proposal is based on the dividend policy applicable for the year 2023 of distributing 60 % of the group result. The remaining amount shall be carried forward to the balance sheet of the following year.

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 5 March 2024 and approved the separate Financial Statements of Addiko Bank AG. The separate Financial Statements have, therefore, been adopted. The consolidated Financial Statements were noted by the Supervisory Board. In addition, the Supervisory Board reviewed the separate Consolidated Non-Financial Report (“Sustainability report 2023”).

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 2023.

Vienna, 5 March 2024

On behalf of the Supervisory Board

Dr. Kurt Pribil m.p.

Chairman of the Supervisory Board