



Addiko Bank

Disclosure Report 2019

pursuant to Article 450

of the Capital Requirements Regulation (CRR)

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1.1. Remuneration policy and practices

Qualitative information on remuneration

The Nomination and Remuneration Committee according to sections 29 and 39c Austrian Banking Act (BWG) was re-established on 6th of June 2019. The Committee submits proposals to the Supervisory Board (SB) for new members of the Management Board, deals with issues relating to succession planning, supports the SB with the preparation of proposals to the General Assembly for filling of vacancies on the SB, recommends diversity targets as well as balanced skills, experience, size, composition and performance of the members of the corporate bodies. Furthermore remuneration matters including resolutions that have an impact on the company's risk and how they will be managed.

Group HR provides the documents and data required for monitoring of the remuneration policy and remuneration practices. These are presented to the members of the respective committee. The design and implementation of the remuneration framework are actively monitored by the entire Executive Board of the holding company. GHR advises the Executive Board on remuneration matters and Group Audit verifies compliance with remuneration provisions.

Design and development of remuneration and its alignment with the strategic direction of the Group's material business activities are part of a continuous process. For example, a revised group-wide remuneration policy was implemented in 2019. Remuneration models and procedures are continuously verified and adapted in line with Group level business targets and the requirements defined for supervisory authorities under European and national law.

In 2019 Remuneration committees were established at the subsidiary banks. Group standards are monitored by these committees as well as by the local Supervisory and Management Boards, also supported by the local human resources and audit units.

Risk bearers

Risk bearers are those members of staff who have a material impact on the risk profile. This includes Executive Boards and senior management (division managers) as well as members of staff with supervisory functions and who count as risk bearers due to the nature of their activities. Approx. 11% of the Group's members of staff are risk bearers.

Fixed remuneration

The main parameters for determining the amount of fixed remuneration are:

- Statutory and collective remuneration regulations
- Group remuneration policy
- Job or role performed
- Position within the company (hierarchy levels, assuming corporate responsibility, assessing past performance)
- Basic remuneration in line with market rates and the specific role (fulfilment is assessed by benchmarks)

Variable remuneration

Following the transposition of the European Banking Authority's CEBS Guidelines on Remuneration Policies and Practices into national law in Section 39b Austrian Banking Act (BWG), including the associated annex, the holding company created a bonus policy in line with legal requirements and implemented it throughout the entire institution group. The policy includes all of the Group's credit institutions as well as Group companies that are themselves not credit institutions. Corporate success is measured using defined (performance and risk) indicators. If certain minimum profitability and/or minimum risk criteria are not met, the staff member is not entitled to a bonus, or only entitled to a significantly reduced bonus. The staff member's individual performance is assessed via a MBO and/or performance evaluation process.

The prerequisite for fulfilling this performance criterion is the documented achievement of targets, with financial and non-financial or quantitative and qualitative staff and departmental targets having been agreed. The potential amount of the bonus depends on the job / function performed by the risk bearer and is capped at a maximum amount. Generally, the maximum variable remuneration of an individual person may not exceed 100%.

Criteria for variable remuneration received by the Group Executive Board are determined by the Supervisory Board. In accordance with the group policy, only 60% (or 40%) of the performance-based remuneration can be paid out to risk bearers with immediate effect when the entitled amount exceeds EUR 30,000.00 (or EUR 150,000.00) or 25% of fixed gross remuneration. Forty percent (or 60%) are deferred and distributed over a period of 5 years, resulting in 8% (or 12%) p.a. The annual remuneration reserve may be partially or wholly paid out only in the event that the corporate result is positive and individual performance has been assessed favourably in the respective financial year. Parts of the variable remuneration may be paid out in the form of non-cash instruments if these are regulated by the local legislator or apply on the basis of individual agreements. In 2019, EUR 4,397,941 was paid out to risk bearers in variable remuneration, corresponding to 20% in relation to fixed remuneration.

2.1. Quantitative information on remuneration in 2019

Information on the remuneration of identified staff^[1] is prepared based on the EBA/GL/2014/08 of 16.07.2014:

Business area	Management body in its supervisory function (SB) ^[2]	Management body in its management function (EB) ^[3]	Investment banking ^[4]	Retail banking ^[5]	Asset management ^[6]	Corporate functions ^[7]	Independent control functions ^[8]	All Other ^[9]	Total
Number of members of SB and EBM (Headcount)	12	23							35
Number of identified staff (FTE)			0	58	0	129.5	45.7791	54	287.3
of which: number of identified staff in senior management positions	0	0	0	26	0	67	17	8	118.0
Total fixed remuneration (incl. Benefits)	€ 377,857	€ 6,149,987	€ 0	€ 3,599,574	€ 0	€ 7,719,451	€ 2,408,249	€ 1,615,497	€ 21,870,615
of which: fixed in cash	€ 377,857	€ 6,149,987	€ 0	€ 3,599,574	€ 0	€ 7,719,451	€ 2,408,249	€ 1,615,497	€ 21,870,615
of which: fixed in shares and share-linked instruments	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
of which: fixed in other types of instruments	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Total variable remuneration	€ 0	€ 2,659,330	€ 0	€ 564,442	€ 0	€ 862,656	€ 177,904	€ 133,609	€ 4,397,941
of which: variable in cash	€ 0	€ 2,357,012	€ 0	€ 564,442	€ 0	€ 819,442	€ 177,904	€ 133,609	€ 4,052,409
of which: variable in shares and share-linked instruments	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
of which: variables in other types of instruments	€ 0	€ 302,317	€ 0	€ 0	€ 0	€ 43,214	€ 0	€ 0	€ 345,531
Total amount of variable remuneration which has been deferred	€ 0	€ 1,334,131	€ 0	€ 24,832	€ 0	€ 96,500	€ 0	€ 0	€ 1,455,463
of which: deferred variable in cash	€ 0	€ 1,147,359	€ 0	€ 24,832	€ 0	€ 66,250	€ 0	€ 0	€ 1,238,440
of which: deferred variable in shares and share-linked instruments	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
of which: deferred variable in other types of instruments	€ 0	€ 186,773	€ 0	€ 0	€ 0	€ 30,250	€ 0	€ 0	€ 217,023

[1] Identified Staff: Staff whose professional activities have a material impact on the institutions risk profile.

[2] Members of the management body in its supervisory function; this includes non-executive directors of any board in the scope of consolidation, according to Article 3(1)(8) of Directive 2013/36/EU. Members should be assigned to this category taking into account point 5.7 of these guidelines. Attendance fees should be reported as remuneration.

[3] Members of the management body in its management function according to Article 3(1)(7) of Directive 2013/36/EU who have executive functions within the management body; this includes all executive directors of any board in the scope of consolidation.

[4] Including corporate finance advice services, private equity, capital markets, trading and sales.

[5] Including total lending activity (to individuals and enterprises).

[6] Including portfolio management, managing of UCITS and other forms of asset management.

[7] All functions that have responsibilities for the whole institution at the consolidated level and for subsidiaries with such functions at the solo level, e.g. Human Resources, IT.

[8] Staff active in the independent risk management, compliance and internal audit functions as described in the EBA's guidelines on internal governance. Such reporting requirements should apply to these functions at the consolidated level and for subsidiaries with such functions at the solo level.

[9] Staff who cannot be mapped into one of the other business areas.

Additional information on the remuneration of identified staff^[1] is prepared based on the EBA/GL/2014/08 of 16.07.2014:

Additional information	Management body in its supervisory function (SB) ^[2]	Management body in its management function (EB) ^[3]	Investment banking ^[4]	Retail banking ^[5]	Asset management ^[6]	Corporate functions ^[7]	Independent control functions ^[8]	All Other ^[9]	Total
Total amount of outstanding deferred variable remuneration awarded in previous years	€ 0	€ 4,699,864	€ 0	€ 59,003	€ 0	€ 535,632	€ 0	€ 0	€ 5,294,499
Total amount of explicit "ex post" performance adjustment for remuneration awarded in previous years	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Number of beneficiaries of guaranteed variable remuneration (sign-on/contractual payments)	0	1	0	0	0	3	0	0	4
Total amount of guaranteed variable remuneration (sign-on/contractual payments)	€ 0	€ 101,767	€ 0	€ 0	€ 0	€ 450,000	€ 0	€ 0	€ 551,767
Number of beneficiaries of severance payments (termination of employment contract)	0	0	0	3	0	8	4	8	23
Total amount of severance payments (termination of employment contracts)	€ 0	€ 0	€ 0	€ 103,368	€ 0	€ 167,585	€ 334,951	€ 106,283	€ 712,188
Highest severance payment to a single person	€ 0	€ 0	€ 0	€ 54,357	€ 0	€ 71,528	€ 150,000	€ 19,507	€ 150,000
Number of beneficiaries of contributions to discretionary pension benefits	0	0	0	0	0	0	0	0	0
Total amount of contributions to discretionary pension benefits	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0
Total amount of variable remuneration awarded for multi-year periods under programmes which are not revolved annually	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0	€ 0

Explanation on business area "All other" & Information on "High earner"

Category All Other includes: Card Operations, Card processing center (CPC), Client & Account Administration, Credit Back Office, Document Center, Operations Other, Transaction Back Office

There was no employee with a gross remuneration (total of fixed and variable remuneration) of 1 Mio. EUR or more in the reported year.

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[9] Staff who cannot be mapped into one of the other business areas.