

# Report of the Supervisory Board

## Executive Summary

- ✓ The Supervisory Board and its Committees fully satisfied all duties and obligations entrusted to the supervisory body as set forth in the applicable legislation, regulatory requirements, Articles of Association and rules of procedure.
- ✓ During a total of 36 meetings of the Supervisory Board and its Committees, the Management Board informed the members of the Supervisory Board continuously, comprehensively and promptly of all relevant matters relating to business performance and risk trends, including the development of capitalization and liquidity, while taking into account the effects of the COVID-19 pandemic. The Supervisory Board acted as advisors to the Management Board at all times.
- ✓ In view of the military conflict between Russia and Ukraine, the Supervisory Board is in close contact with the Management Board, in an advisory capacity. The Chairman of the Supervisory Board is in close daily contact with the Management Board, especially with the CEO and CRO. Regular or ad hoc special reports on risk, liquidity and capital development as well as on business continuity management in the subsidiary banks in Russia and Ukraine are issued in close succession.
- ✓ In 2021, the Supervisory Board dealt extensively with RBI's strategic positioning and geographic footprint over three strategy workshops and approved the acquisitions of Equa bank, FX and payments provider Akcenta, as well as of ING's retail customer portfolio in the Czech Republic and the agreement to acquire 100 per cent of Crédit Agricole Srbija in Serbia. In addition, following intensive consultation, the Management Board and the Supervisory Board took the joint decision to sell Raiffeisenbank in Bulgaria with a view to using the capital achieved from the sale to exploit attractive growth opportunities in selected markets of RBI. The Supervisory Board held detailed discussions on RBI's strategic aim of being a sustainability pioneer in CEE. In course of two workshops, members of the Supervisory Board discussed the strategic dimensions of sustainability within RBI's Vision & Mission as well as its business strategy. During the process, the Management Board provided a comprehensive overview of the implications for RBI's current product and service offering for customers as well as for the management of ESG risks and their impact on RBI's portfolio.
- ✓ The members of the Supervisory Board focused on RBI's digital transformation and within the newly established Digitalization Committee, discussed the main digitalization initiatives in the respective Management Board areas in line with RBI's strategic roadmap. In addition, at each meeting of the Risk Committee, the Management Board discussed relevant topics pertaining to IT risk management with the committee members.
- ✓ Furthermore, members of the Supervisory Board also discussed current compliance matters at each meeting, especially in relation to sanction management and money laundering prevention. The Management Board also provided regular reports on developments concerning foreign-currency mortgage loans in Poland and resulting allocations to credit-linked provisions.
- ✓ The Management Board always responded promptly and comprehensively to requests for information from Supervisory Board members. The members of the Supervisory Board, particularly the Chairman of the Supervisory Board and the Chairs of the Risk Committee and the Audit Committee, were also in contact with the members of the Management Board between meetings.
- ✓ After reviewing the relevant documents, the Supervisory Board stated that it concurred with the 2021 annual financial statements and consolidated financial statements and approved the 2021 annual financial statements, which were thus adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG).

## Macroeconomic development and business performance of RBI in 2021

Following a challenging winter period 2020/2021 that was characterized by lockdowns and their subsequent lifting and had a particularly severe detrimental economic impact on the service industry – especially the tourism sector, the summer of 2021 revealed very positive economic momentum in RBI's regions. Despite tightened social distancing measures to curb increasing COVID-19 infection rates towards the end of the year, the forecasted GDP growth for the euro area in 2022 is 4 per cent.

This economic trend is also reflected in RBI's results, with an achieved consolidated profit of € 1.4 billion. Business performance in 2021 was characterized by a continuingly challenging low-interest environment, especially in the euro area, COVID-19-related currency effects, as well as sharply reduced year-on-year risk costs.

With a share price of € 25.88 at year-end 2021, the strong financials also translated into a significant rise of 55.2 per cent in RBI's stock since the beginning of the year. Over the same period, the ATX increased 38.9 per cent, with RBI stock significantly outperforming the index.

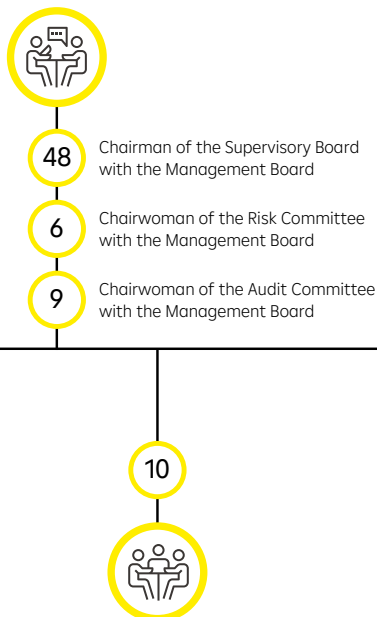
## Facts & Figures on the Supervisory Board in 2021

The Supervisory Board and its Committees met for the meetings detailed in the below illustration of the regular decision-making process within the Supervisory Board. The consistently high level of commitment of the individual members of the Supervisory Board in carrying out their responsibilities in 2021, is clearly reflected in an average attendance rate of over 90 per cent for all plenary and committee meetings. Moreover, no member of the Supervisory Board was unable to personally attend more than half of the Supervisory Board meetings. Where they were unable to attend a meeting, the Supervisory Board members immediately notified the Chairman in advance, stating the reasons for their absence, and transferred their vote to another board member.

### Supervisory Board decision making

#### 1. Bilateral meetings

Regular and ad hoc meetings between the Chairpersons of the Supervisory Board, Risk Committee and Audit Committee, and the Management Board or RBI division heads on relevant current issues.

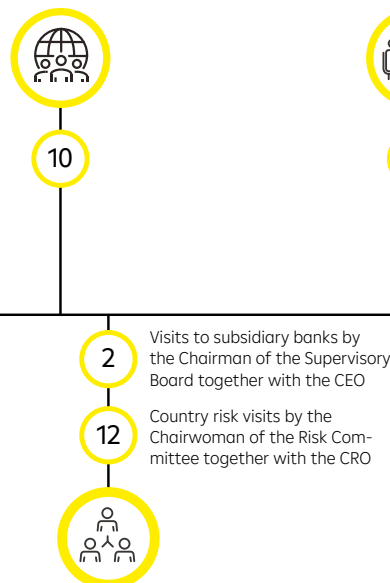


#### 2. Chairman's meeting

Meetings between the Chairman of the Supervisory Board and the Management Board in preparation for Supervisory Board and committee meetings.

#### 3. Presidium

Meetings between the Chairman of the Supervisory Board, his deputies and the Management Board, at which current and strategic issues are discussed in preparation for Supervisory Board meetings.

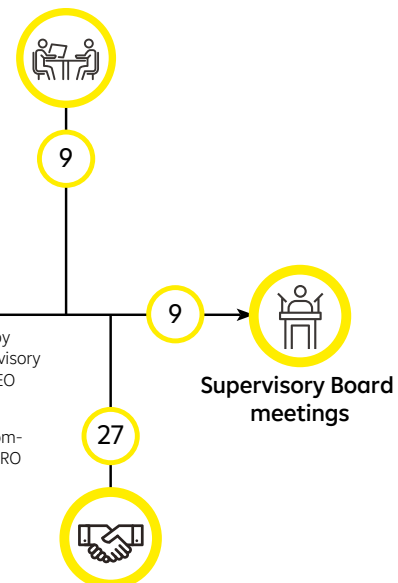


#### 4. Meetings with the subsidiary banks

Meetings between members of the Management Board of selected subsidiary banks and the Chairman of the Supervisory Board and RBI's CEO, Chairwoman of the Risk Committee and RBI's CRO, as well as all members of the Supervisory Board during the Supervisory Board meetings, in order to thoroughly discuss the respective subsidiary bank's business and risk development.

#### 5. Preparatory discussions with the Supervisory Board

Discussions in preparation for upcoming Supervisory Board and committee meetings, in which selected material points of reporting and motions are discussed with internal experts.



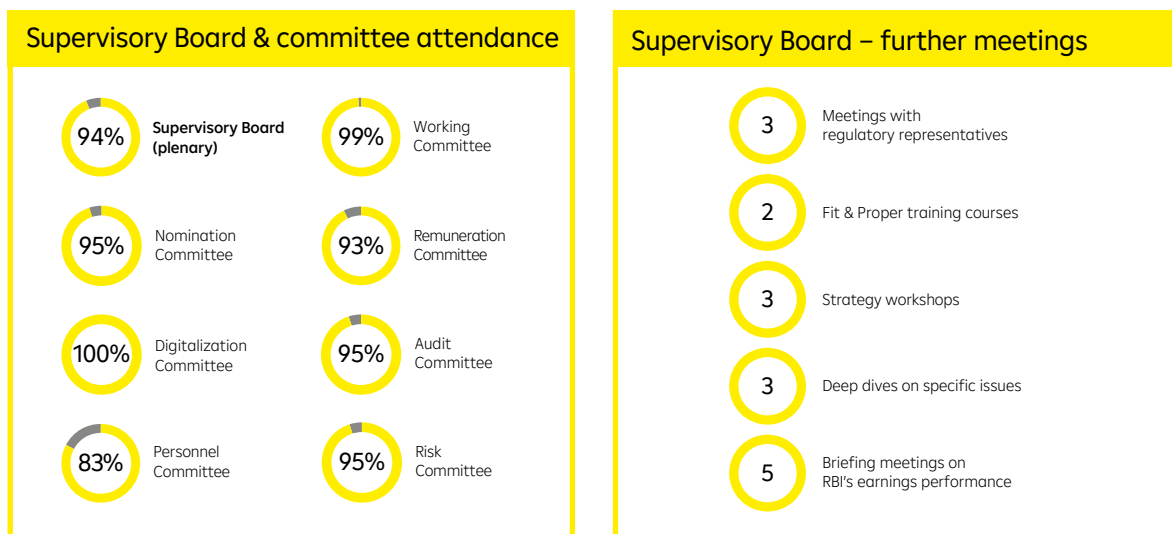
#### 6. Committee meetings

Working Committee, Nomination Committee, Audit Committee, Personnel Committee, Risk Committee, Remuneration Committee and Digitalization Committee. Discussion and approval of matters which are assigned to the respective committee as per the legal requirements, Articles of Association or rules of procedure.

## Activities of the Supervisory Board

In the 2021 financial year, the members of the Supervisory Board fully satisfied all duties and obligations entrusted to the supervisory body as set forth in the applicable legislation, regulatory requirements, Articles of Association and rules of procedure. The Management Board continuously informed the members of the Supervisory Board of all key developments at RBI – also between scheduled meetings – and provided the Supervisory Board with reports on the current situation regarding business and financial performance, as well as on risk and capital development. As part of its responsibilities, the members of the Supervisory Board monitored the Management Board's management activities, were involved in decisions of material importance for RBI's future and acted as advisors to the Management Board at all times.

A total of 36 meetings of the Supervisory Board and of its Committees were held. Due to the continuing COVID-19 pandemic, the working methods of the Supervisory Board largely involved hybrid meeting formats as well as "qualified" video conferences and conference calls – in accordance with the respective applicable social distancing measures stipulated by the Austrian Federal Government. The Supervisory Board and its Committees were thus always able to retain their capacity for decision-making and carrying out duties. Between the regular meetings, the members of the Supervisory Board also adopted urgent decisions at extraordinary meetings or by circular resolution.



## Focus areas of the Supervisory Board's activities

Managing the various repercussions of the COVID-19 pandemic on RBI's business performance, risk, capital and liquidity situation formed an important part of the Supervisory Board's work again in 2021. The Management Board and the Supervisory Board discussed the current macroeconomic trends in RBI's regions and the Management Board provided regular reports on the specific consequences for the Group's business performance. Within the context of its regular financial and risk reports, the Management Board explained the comprehensive measures for risk, capital and liquidity management. The Supervisory Board advised the Management Board with regard to risk strategy and control, for example relating to the structure of the foreign currency hedging strategy. Among other things, the members of the Risk Committee held intensive discussions on trends, which are being shaped by the COVID-19 pandemic, as well as on the resulting strategic risk considerations for RBI's portfolio management. In addition, at all regular meetings the Management Board provided the members of the Supervisory Board with reports on the current COVID-19 case status within RBI and outlined the preventive measures introduced to protect employees and to ensure stable banking operations.

The implementation of RBI's strategic direction defined in its Vision & Mission in 2019, formed a key focus of the Supervisory Board's activities in the 2021 financial year. Across the four strategic pillars (growth, digital transformation, sustainability and cost discipline), the Supervisory Board addressed the development and implementation of the business strategy framework for a sustainable increase in shareholder value. During three strategy workshops, detailed and constructive discussions were held between the members of the Supervisory Board and of the Management Board on strategic measures, especially relating to RBI's geographic footprint, while considering the attractiveness of the markets and weighing the growth potential within the CEE region. Based on the shared understanding of RBI's strategic direction, the Supervisory Board discussed the Management Board's measures to promote organic customer growth and, acting on the initiative of the Management Board, following a careful review of risk, profitability and capital-related decision-making criteria, also approved inorganic growth opportunities in selected CE and SEE markets. This led to the 2021 acquisitions of Equa bank and FX and payments provider Akcenta, as well as of ING's retail customer portfolio in the Czech Republic and the agreement to acquire 100 per cent of Crédit Agricole Srbija in Serbia. The acquisitions aim to improve RBI's market position in core markets, while also leveraging further synergy potentials, for example in the area of digitalization. In line with RBI's key strategic pillars and the Management Board's efforts to improve cost efficiency, the Supervisory Board also placed key emphasis on strict cost discipline. As part of this process, during the 2021

financial year, the Management Board provided regular progress reports especially on the measures implemented in the fields of standardization, automation, and process improvement.

In connection with RBI's strategic objective of positioning itself as a sustainability pioneer in the CEE region, the Supervisory Board dealt intensively on the Management Board's corresponding strategic and operational measures. In addition to the regulatory ESG framework (key word: EU taxonomy) and the resulting challenges for banks and customers, the members of the Supervisory Board discussed the implications of current ESG trends for RBI's business model within a separate ESG workshop. During the workshop the Supervisory Board was provided with a comprehensive report on RBI's current product and service offering for customers, as well as on the management of ESG risks and their impact on RBI's portfolio. In addition, the Management Board informed the Risk Committee of the key parameters for the planned EBA climate risk stress test, which is to be conducted in 2022. In course of two workshops, the members of the Supervisory Board discussed the strategic dimensions of sustainability within RBI's Vision & Mission as well as its business strategy.

A high level of customer satisfaction and appeal is crucial for RBI's successful future. In view of the sharp increase in customer demand for innovative digital product and service solutions, the Supervisory Board established a separate Digitalization Committee on 16 September 2020. It aims to supervise and advise the Management Board during RBI's digital transformation and provide adequate consideration to the digitalization trend within the banking sector. During two meetings in 2021, the members of the Management Board discussed the main digitalization initiatives in line with the strategic roadmap within their respective remits. The Committee focused on the measures for increasing digital customer acquisition and offering innovative product and service solutions in the retail sector. The Management Board also reported on the challenges of an open banking ecosystem and outlined the current partnerships with fintechs as well as RBI's venture capital activities. As well as expanding digital capability, the Supervisory Board, especially the Risk Committee, monitored the Management Board's measures to strengthen the resilience of the IT infrastructure. The Management Board also provided quarterly reports on the current status in the area of information and cyber security and explained to the Supervisory Board, particularly the members of the Risk Committee, the approach to IT risk management and presented measures resulting thereof for the assessment and active management of IT risks.

As in recent years, the Supervisory Board regularly and comprehensively discussed the effectiveness and implementation of the internal compliance measures, rules and procedures in accordance with the statutory provisions. In addition to the regular monitoring and control activities, members of the Supervisory Board, especially the members of the Risk Committee, discussed current issues in the combat against money laundering as well as strict compliance with applicable provisions of EU and US financial sanctions. Consequently, the Management Board provided regular reports on current geopolitical trends and sanction measures, especially in regard to Russia and Belarus, at the meetings of the Supervisory Board and of the Risk Committee. It also outlined the resulting adjustments to the internal sanction management framework and risk appetite taking a prudent risk strategy into account. In addition, quarterly discussions were held between the Head of Compliance and the Chairman of the Supervisory Board to also keep the Supervisory Board promptly informed of relevant compliance matters between meetings.

A further focus for the Supervisory Board during the year under review was again an intensive and ongoing discussion on the development of legal disputes pertaining to consumer protection in relation to mortgage loans denominated in a foreign currency in Poland and the resulting consequences for forming provisions. The Management Board provided quarterly and ad-hoc reports on the current status of the rulings of the highest courts –at both an EU and Polish legal level – in regard to key legal issues that remain to be clarified. In this connection and on top of the control and supervisory tasks assigned to them by law, the Articles of Association and the rules of procedure, the members of the Audit Committee regularly discussed the effects of the Polish legal disputes on RBI's balance sheet, and as part of their supervisory activities, were provided with reports by the Management Board on the extent of and system for the allocation of credit-linked provisions.

In addition, the Audit Committee, in consultation with the auditor, addressed the fast-close project at regular intervals in preparation for a discussion of its contents within the Supervisory Board. This project's aim is to enable a significantly earlier publication of RBI's single-entity and consolidated year-end figures. At all committee meetings, the Management Board and the CFO outlined the project's progress and provided an overview of key adaptive process-related measures within the banking group. They also explained the findings gained from the respective previous months. Following consultation with the auditor and the Audit Committee, these were then incorporated into the process to improve the existing project workflows. The Chairwoman of the Audit Committee maintained regular contact with the project team and with the auditor in preparation for the regular discussions during the committee meetings. Additional key focus areas of the Audit Committee included the transformation of the Finance division and monitoring the process for transferring the audit from KPMG to Deloitte.

## Corporate Governance

Both individually and collectively, the members of the Supervisory Board have the necessary knowledge, skills and experience to carry out their Supervisory Board activities for RBI in accordance with the statutory provisions, especially the Austrian Banking Act and Stock Corporation Act, and in accordance with the regulatory requirements. In addition, the Supervisory Board members invest sufficient time in performing their duties for RBI. The suitability of the members of the Supervisory Board for the duties and obligations required according to the nature, scale, and complexity of RBI's business activities is regularly assessed by the Nomination Committee within the fit and proper process.

## Cooperation with the Management Board

The cooperation between the members of the Supervisory Board and of the Management Board is characterized by mutual appreciation and an intensive and constructive dialog.

The Chairman of the Supervisory Board and his deputies, as well as the Chairpersons of the Committees, also maintained regular contact with the Chief Executive Officer and other Management Board members between the meetings. This resulted in a continuous exchange of information on current relevant issues in order to guarantee an optimal basis for assessment and decision-making for the members of the Supervisory Board and its Committees. In the 2021 financial year, the Chairman of the Supervisory Board met with individual members of the Management Board in 48 bilateral meetings, including 33 with the Chief Executive Officer. The Chairpersons of the Audit and Risk Committees held a total of 9 and 6 meetings respectively, with members of the Management Board in preparation for the relevant committee meeting.

## Changes in the Management Board and Supervisory Board

At its meeting on 15 June 2021 and as part of a structured process, the Nomination Committee unanimously recommended that the Supervisory Board appoint Johann Strobl for a further five-year term. At its meeting on 16 June 2021 and in accordance with the recommendation of the Nomination Committee, RBI's Supervisory Board unanimously resolved to extend Johann Strobl's Management Board mandate for a further five years, from 1 March 2022 until 28 February 2027.

In addition, the Nomination Committee confirmed the fitness and propriety of Denise Simek as employee representative and successor to Susanne Unger, in accordance with her responsibilities. RBI's Staff Council confirmed Denise Simek's professional aptitude to exercise the Supervisory Board mandate. The Supervisory Board would like to take this opportunity to thank Susanne Unger for her many years of constructive collaboration in the interests of RBI.

## Meetings with the regulator

In 2021, the Chairman of the Supervisory Board and the Chairpersons of the Risk and Audit Committees also held meetings with the Joint Supervisory Team (JST), comprising representatives from the ECB and the Austrian regulator. These meetings were characterized by an open and appreciative dialog. In addition, at the meeting of the Supervisory Board on 16 March 2021, the JST set out the regulatory priorities for 2021, discussed the results of the 2020 Supervisory Review and Evaluation Process (SREP), and explained its resulting recommendations for RBI.

## Self-evaluation of the Supervisory Board

The Supervisory Board discussed the efficiency of its activities, its organization and work procedures in accordance with Rule 36 of the Austrian Corporate Governance Code and conducted a corresponding self-evaluation. Based on the findings from the previous year's evaluation, the self-evaluation for 2021 was again carried out in cooperation with the Vienna University of Economics and Business (WU Wien) under the leadership of Professor Werner Hoffmann, with the aim of identifying and implementing further potential improvements to the high level already achieved.

## Corporate Governance Report

The consistency check of the Corporate Governance Report according to § 243c of the Austrian Commercial Code (UGB) was performed by Deloitte. This report was reviewed by the Supervisory Board in accordance with § 96 (1) of the Austrian Stock Corporation Act (AktG). There were no grounds for objections to the Corporate Governance Report.

## Training and professional development measures

In 2021, the members of the Supervisory Board undertook the training and professional development measures required for their roles, for which adequate support from RBI was received. During two Fit & Proper training courses for the Supervisory Board, the members were provided with information on relevant and current legal and regulatory developments and were also able to address the following key areas:

- In March 2021, the focus was on resilience and crisis management in Austria, the surmounting of multi-crisis scenarios including regulatory and legal aspects of crisis management, as well as a deep dive on blackouts.
- In October 2021, the focus lay firstly on a look ahead to a post-COVID era and secondly on addressing sanctions law, including a deeper insight into financial sanctions compliance and its interlocking with risk management at RBI.

In addition, the members of the Supervisory Board met with the Management Board and with internal experts as part of two deep-dive workshops, during which economic trends in China and Russia were discussed in detail.

## Consolidated and annual financial statements including non-financial report

### Consolidated and annual financial statements

The annual financial statements and the management report of RBI AG for the 2021 financial year were audited by Deloitte Audit Wirtschaftsprüfungs GmbH with registered office in Vienna (Deloitte). According to the final results of the audit, the auditor had no reason for objections and thus issued an unqualified auditor's report.

The consolidated financial statements, prepared by the Management Board pursuant to § 245a of the Austrian Commercial Code (UGB) and in accordance with the provisions of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) mandatorily applicable on the reporting date, and the consolidated management report of RBI AG for the 2021 financial year were audited by Deloitte and issued with an unqualified auditor's report.

The reports of the auditor of the financial statements and of the auditor of the consolidated financial statements were submitted to the Supervisory Board. The Audit Committee reviewed the 2021 annual financial statements including the management report and the 2021 consolidated financial statements and the consolidated management report and undertook preparations for the adoption of the annual financial statements by the Supervisory Board. The Supervisory Board reviewed all documents and also the Audit Committee's report. The Supervisory Board concurred with the 2021 annual financial statements and consolidated financial statements and approved the 2021 financial statements, which were thus adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG). In view of the current Russia/Ukraine conflict, the Supervisory Board supports the Management Board's dividend proposal, which has been adopted to the current developments on 1 March 2022, and which will be proposed to the General Meeting for resolution on 31 March 2022.

### Non-financial report

An independent consolidated non-financial report pursuant to § 267a UGB, which also contains the disclosures pursuant to § 243b UGB for the parent company, was prepared for RBI and audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Wien (KPMG). This report was reviewed by the Supervisory Board in accordance with § 96 (1) of the Austrian Stock Corporation Act (AktG). There were also no grounds for objections to the non-financial report.

## Outlook for 2022

Bolstered by the pleasing business performance in 2021, RBI is continuing its path along its strategic pillars (growth, digital transformation, cost discipline and sustainability) in order to increase the shareholder value in the long-term.

Nevertheless, the effects of the military conflict between Russia and Ukraine pose a particular challenge for all economic participants in 2022. The comprehensive focus of the work of the Management Board and Supervisory Board is to take all possible measures to ensure banking operations and support of our customers within the given parameters, taking into account prudent and robust risk and sanctions management. The safety of our employees in the affected areas and the protection of our customers are top priority.

As part of crisis management, the Supervisory Board is fully available to the Management Board in an advisory capacity. In addition, the Chairman of the Supervisory Board is in daily and intensive contact with the Management Board, in particular the CEO and CRO. There are regular or ad hoc special reports on risk, liquidity and capital development as well as on business continuity management in the subsidiary banks in Russia and Ukraine.

In 2022, RBI is aiming to further improve its market position within selected regions. The focus will be on organic growth while giving careful consideration to risk and profitability parameters in line with a prudent risk strategy. At the same time, the Management Board and Supervisory Board will also constantly review attractive inorganic growth opportunities in selected core markets. A sound capital base remains a prerequisite for RBI's growth strategy.

Innovative product and service solutions which are dynamically adapted and further developed in line with customer expectations will contribute to the desired growth path. In line with RBI's continued digital transformation, the Management Board and Supervisory Board will promote the further expansion of digital performance and analytical capabilities and support RBI's uncompromising focus on its customers' needs. Measures and investments to achieve an even greater customer focus will be supported by transformative initiatives in the technological infrastructure. Robust IT risk management will be a key element in securing customer data and ensuring stable banking operations.

Within the new, joint IPS structure and Raiffeisen's own deposit guarantee scheme, RBI is an integral part of the Raiffeisen sector and through a number of cooperation projects, is helping leverage cost and synergy potentials.

RBI's positive development is also evident through the numerous prizes and awards received in the past financial year, reflecting the enormous trust of our customers and investors. Internationally renowned trade journals recognized RBI's achievements through a total of 37 awards. For example, the journal EMEA honored all of RBI's subsidiary banks as the best bank in their respective markets. Particular mention should be made of three sustainability awards by the international trade journal "Global Finance" for the CEE region in the categories "Outstanding Leadership in Sustainable Finance", "Outstanding Leadership in Sustainable Bonds" and "Outstanding Leadership in Green Bonds". Ultimately, these represent a clear endorsement of RBI's pioneering role in this field.

Finally, I should like to take this opportunity, on behalf of the Supervisory Board, to thank the Management Board, under the leadership of Johann Strobl, and also all employees of RBI for their outstanding work. Particularly in view of past and current crises, I am proud of the fact that RBI is a strong community of values supported by solidarity and cohesion among our employees, across national borders.



On behalf of the Supervisory Board  
Erwin Hameseder, Chairman



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