

➤ Report of the Supervisory Board

Executive Summary

- In the 2023 financial year, RBI recorded a very satisfactory consolidated profit of € 2.4 billion. The result for the Group excluding Russia and Belarus amounted to € 1.0 billion. This clearly demonstrates RBI's sustainable earnings strength and resilience.
- As in the previous year, the financial year was characterized by a particularly intensive exchange between the Supervisory Board and the Management Board. In 2023, the focus of the Supervisory Board again laid on evaluating the impact of Russia's war of aggression against Ukraine, including in particular its macroeconomic consequences and RBI's strategic positioning.
- The Supervisory Board discussed in detail RBI's strategic re-positioning, placing a particular focus on the core markets as well as the strategic options in relation to Raiffeisenbank Russia and Priorbank in Belarus. It also intensively addressed the objectives and impact of the new business strategy One Business Bank, as well as the strategic measures undertaken by the Management Board for optimizing the holding function for the Group's management.
- Other important topics included monitoring the digital transformation and adherence to compliance measures, with a particular focus on compliance with financial sanctions, as well as the risk policy. Here, the Supervisory Board gave special attention to RBI's risk policy for commercial properties, as well as to the allocations to provisions in connection with foreign-currency mortgage loans in Poland.
- The Supervisory Board monitored and supported RBI's activities in the field of sustainability and diversity.
- The Supervisory Board and its committees performed all their duties with great care and responsibility. The members of the Supervisory Board exhibited a high level of commitment and were always available for additional meetings. A total of 50 meetings of the Supervisory Board and of its committees were held, plus 30 additional sessions.
- After reviewing the relevant documents, the Supervisory Board stated that it concurred with the 2023 annual financial statements and consolidated financial statements and approved the 2023 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 2023

2023 was again shaped by wars and geopolitical tensions as well as a highly volatile market environment. On the macroeconomic front, the year was characterized by high inflation with falling inflation rates, as well as subdued/stagnant economic growth and sharp hikes in interest rates compared to previous years. The difficult conditions in Ukraine, Russia and Belarus again proved a particular challenge for RBI in the 2023 financial year.

Nevertheless, the Group recorded a consolidated profit of € 2.4 billion. The result excluding Russia and Belarus amounted to € 1.0 billion. In the past financial year, RBI thus again proved that even in challenging times, it can achieve good results irrespective of business activity in Russia. Even Raiffeisenbank Ukraine recorded a very good result given the difficult underlying conditions. RBI's liquidity is extremely stable and in 2023, risk costs fell significantly year-on-year. The good result of the first nine months and the sound capital base provided the basis for the decision on the dividend distribution for the 2022 financial year at the extraordinary General Meeting on 21 November 2023. This strengthened investors' trust in RBI.

In 2023, Raiffeisenbank Russia continued to significantly reduce its business activity. The dual management of the RBI Group with close monitoring of the Group both taking into account and also excluding Raiffeisenbank Russia enabled prudent forward-looking planning with consideration given to possible options for deconsolidation taking heed of shareholders' interests.

The rating agencies also recognized RBI's good business performance, sound capitalization and resilience with a stable rating.

Facts & Figures on the Supervisory Board in 2023

The graphic below uses the preparatory process for Supervisory Board meetings to illustrate the collaboration between the Supervisory Board and the Management Board in 2023. The members of the Supervisory Board showed exceptionally high commitment in 2023 and, where required, also made themselves available at very short notice for information sessions and meetings.

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.



50

Chairman of the Supervisory Board

17

Chairwoman of the Risk Committee

21

Chairwoman of the Audit Committee

3. Presidium

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



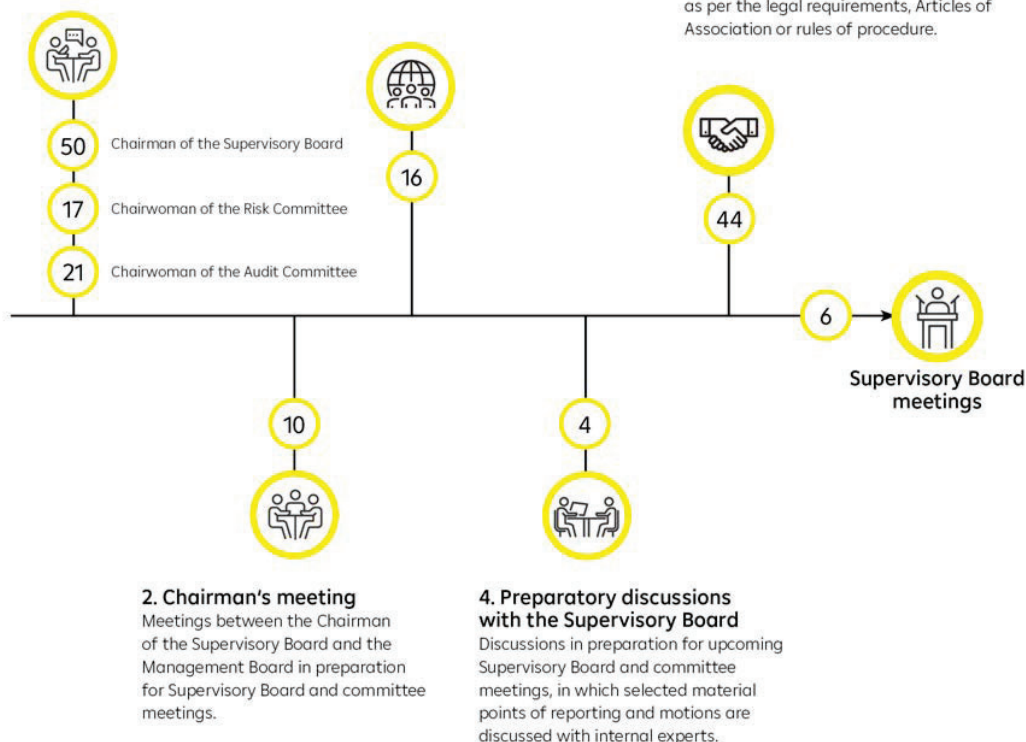
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5. Committee meetings

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.



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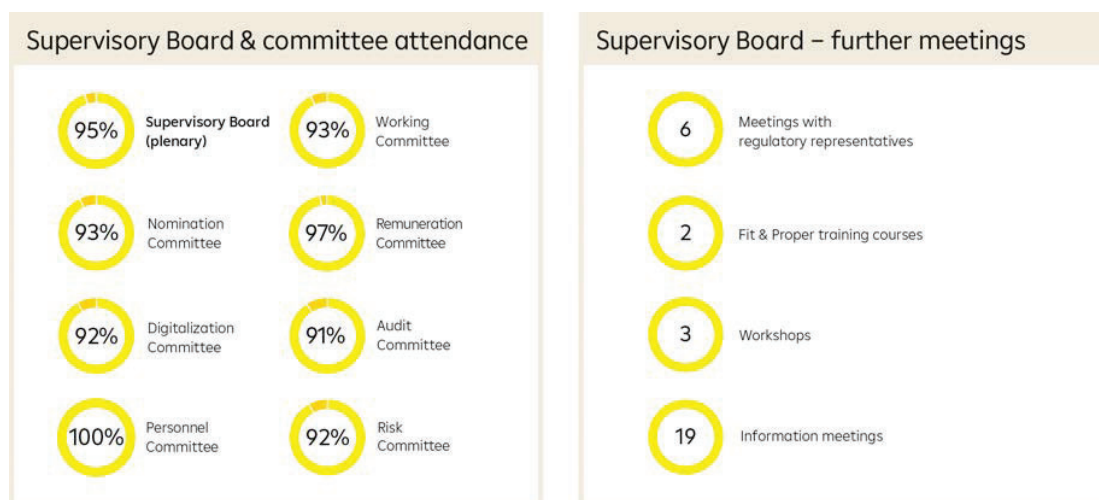


Activities of the Supervisory Board

In the 2023 financial year, the members of the Supervisory Board fully satisfied, with the utmost care and responsibility, all duties and obligations entrusted to the supervisory body as set forth in the existing legislation, regulatory requirements, Articles of Association and rules of procedure.

The Management Board informed the members of the Supervisory Board regularly, promptly and comprehensively of the key developments at RBI and – including between meetings – provided the Supervisory Board with reports on the current situation regarding business and financial performance, as well as on liquidity, risk and capital development. As part of their 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 50 meetings of the Supervisory Board and of its committees were held, along with 30 further sessions. Between the regular meetings, the members of the Supervisory Board also adopted urgent decisions by circular resolution. The constant high level of commitment of the individual members of the Supervisory Board in carrying out their responsibilities in 2023 is reflected in an average attendance rate of over 94 per cent for the plenary and committee meetings, with the average attendance rate for the capital representatives being 99 per cent. These figures testify to the Supervisory Board members' continuing sufficient availability in terms of time in the 2023 financial year.



Focus areas of the Supervisory Board's activities

In 2023, the Supervisory Board focused on the implications for RBI's business policy and strategy of the changed macroeconomic and political framework conditions resulting from the Russian war of aggression against Ukraine. The Supervisory Board held detailed discussions on various options for deconsolidating the Russian unit, with comprehensive deliberations also being conducted on the legal, financial, accounting and regulatory aspects, as well as the consequences for the common equity tier 1 ratio. Regular updates were also provided on the reduction of business activity in Russia. The potential implications of the current situation for earnings, capital ratios, liquidity and loan-loss provisions were discussed in an intensive dialog. RBI announced in December 2023 that it intends to acquire nearly 28 per cent of the shares in STRABAG SE through its Russian subsidiary, AO Raiffeisenbank, from the Russian company Rasperia Trading Limited. The transaction's execution depends on the restructuring of the seller and a satisfactory completion of the sanctions compliance due diligence examination by RBI, as per the decision of the board and the supervisory board. If the transaction is successfully completed, the equity position of the Russian subsidiary bank will be significantly reduced, thereby reducing the risk of RBI's business in Russia.

During the meetings and also at two strategy workshops, the Supervisory Board held detailed discussions with the Management Board on RBI's strategic and geographic positioning following the change in framework conditions. In addition, in 2023 the Supervisory Board was involved in the strategy process and in monitoring the Strategic Roadmap for achieving RBI's Vision & Mission. The Supervisory Board also intensively addressed the objectives and impact of the new business strategy One Business Bank as well as strategic measures undertaken by the Management Board for optimizing the holding function for the Group's management. The Supervisory Board supports the new business strategy, which aims to improve the customer experience, reduce costs and achieve a sustainable strengthening of the financial result.

The Supervisory Board and the Risk Committee addressed in detail the risk strategy and risk management, as well as RBI's current and possible future risks. The Supervisory Board supports RBI's foresighted, proactive and prudent risk policy in all business areas, including in particular in respect to commercial properties. The performance, adequate collateralization and structure of the commercial property portfolio was attentively monitored by the Supervisory Board. The Supervisory Board also carefully monitored the developments in the legal disputes in connection with the Swiss-franc-based loan portfolio in Poland, in particular taking into account the decision of the European Court of Justice in June 2023. The Supervisory Board continuously monitored the adequate provisioning for the loan portfolio in Poland. In addition, the committees held intensive discussions on the appropriateness of the risk provisions and the risk models used, as well as on the correct financial reporting of the risk provisions. The Supervisory Board discussed the EBA stress test, which confirmed RBI's strong capital and portfolio mix.

A key focus of the Supervisory Board's activities involved overseeing the implementation of the digital transformation by the Management Board, with the aim of best meeting the growing customer needs for innovative digital products and services. As well as addressing RBI's digital initiatives and the IT strategy, the Digitalization Committee also in particular discussed important future topics such as advanced analytics and the opportunities and risks presented by artificial intelligence and their possible implications for the financial sector, the business model, the world of work and the organization. The Supervisory Board and its committees also monitored IT risk management and the measures to strengthen the resilience of the IT infrastructure and to improve cyber security.

The Supervisory Board attaches great importance to RBI's commitment to sustainability, to actively supporting customers in their sustainable transformation, and to risk management in compliance with appropriate sustainability criteria. The Supervisory Board and its committees followed and monitored the corresponding strategic and operational measures and ESG initiatives of the Management Board with great interest.

During the financial year, the Supervisory Board intensively discussed the efficiency and implementation of the internal compliance measures as well as the corresponding rules and procedures. Special focus was placed on the internal sanctions management process and on diligent compliance with the EU and US provisions on financial sanctions. In the regular compliance updates, the Supervisory Board and its committees were provided with detailed information on the measures to combat money laundering and on other current compliance issues. The Audit Committee also placed a special focus on auditing the internal control system and Group-wide compliance management.

In 2023, the Nomination Committee's focus of activities was on succession planning for the Management Board and the Supervisory Board of RBI (see changes in the Management Board and Supervisory Board). The Nomination Committee carefully monitored the measures and progress made with regard to achieving the target quota for the underrepresented gender and other aspects of diversity. As a result of the decision by the Nomination Committee in March 2023, a new target quota for the underrepresented gender on the Management Board and the Supervisory Board was set; the new target quota to be achieved by 2026 is 30 per cent for the underrepresented gender. The appointment of Marie-Valerie Brunner, who was appointed from 1 November as the first woman on the RBI Management Board, already increased this quota from 20 to 25 per cent.

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 and the regulatory requirements. In addition, the Supervisory Board members invest sufficient time in performing their duties. 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 (fit & properness) is regularly assessed and confirmed by the Nomination Committee.

Cooperation with the Management Board

The cooperation between the members of the Supervisory Board and of the Management Board is characterized by mutual appreciation, an open discussion culture and an intensive and constructive dialog. The exchange was maintained not only in the regular meetings, but also in the form of a number of information sessions and preparatory discussions.

Furthermore, the members of the Management Board maintained a continuous exchange of information with the Chairman of the Supervisory Board, his deputies as well as the Chairpersons of the committees on all key issues. This ensured optimum preparation of the basis for assessment and decision-making for the members of the Supervisory Board and its committees. In the 2023 financial year, the Chairman of the Supervisory Board met with individual members of the Management Board in 46 bilateral meetings, including 29 with the Chief Executive Officer. The Chairpersons of the Audit and Risk Committees held a total of 6 and 8 meetings respectively with members of the Management Board in preparation for the relevant committee meetings.

Changes in the Management Board and Supervisory Board

On the basis of the recommendation by the Nomination Committee, the Supervisory Board extended the Management Board mandate of Andreas Gschwenter for a further three years commencing on 1 July 2023. After Peter Lennkh had announced that he was resigning his Management Board mandate early for personal reasons, the Supervisory Board agreed to the early termination of his term of office with effect as of 31 August 2023. Following the completion of the structured and comprehensive internal and external search process, the Supervisory Board resolved to appoint Marie-Valerie Brunner as a new Management Board member, with responsibility for Corporate & Investment Banking Customer Coverage with effect as of 1 November 2023 and for a term of 3 years.

In addition, at the General Meeting on 30 March 2023, Andrea Gaal was re-elected to the Supervisory Board of RBI for a further five years. At the extraordinary General Meeting of 21 November 2023, Manfred Wilhelmer was elected as a new member of the Supervisory Board for a period of five years. He thus succeeds Peter Gauper, who had resigned his mandate with effect as of 14 June 2023 at his own request.

In accordance with the legal and regulatory requirements, the Nomination Committee was involved in all appointments of Management Board and Supervisory Board members and in doing so confirmed the personal and professional aptitude as well as the collective aptitude of all members of the Management Board and of the Supervisory Board.

The Supervisory Board would like to take this opportunity to thank Peter Gauper and Peter Lennkh for their many years of constructive collaboration in the interests of RBI.

Meetings with the regulator

As in previous years, in 2023 the Chairman of the Supervisory Board and the Chairpersons of the Risk and Audit Committees held meetings with representatives of the Joint Supervisory Team (JST) of the ECB, the OeNB and the FMA.

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 2023 was again carried out in cooperation with experts from the Vienna University of Economics and Business, with the aim of identifying and implementing further potential improvements.

Corporate Governance Report

The consistency check of the Corporate Governance Report according to § 243c of the Austrian Commercial Code (UGB) was performed by Deloitte Audit Wirtschaftsprüfungs GmbH with registered office in Vienna (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 2023, 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 current legal and regulatory developments. The training focused on the topic of ESG and the associated obligations and liability issues. Additional updates were provided on current developments within the EU in the field of digitalization, on the legal and regulatory framework conditions for credit limit management, as well as on international clearing, settlement and payment services taking into account the sanction regime. The Supervisory Board members also received training on directors' dealings and handling insider information.

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 2023 financial year were audited by 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 2023 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 2023 annual financial statements including the management report and the 2023 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 2023 annual financial statements and consolidated financial statements and approved the 2023 financial statements, which were thus adopted in accordance with § 96 (4) of the Austrian Stock Corporation Act (AktG).

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 and audited for RBI by Deloitte. 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 2024

A broadening of the macroeconomic stagnation in Europe, further geographic fragmentation and a continuation of the war between Russia and Ukraine are forecast for 2024. The negative consequences of inflation and of the interest rate environment for sectors such as real estate and financial services will persist for some time. The reduced market liquidity and climate risks will also gain in relevance.

The Supervisory Board will continue to support and advise the Management Board and exercise the utmost care in order to overcome these challenges. A sound capital base and a prudent, proactive and forward-looking risk strategy will remain the basic prerequisites for further development, in order to overcome challenges resulting from the macroeconomic environment and their possible consequences for RBI's business.

The Supervisory Board will also closely monitor the risk mitigation measures in Russia, including a potential deconsolidation of the Russian unit, and advise the Management Board on RBI's strategic orientation. The implementation of the new business strategy will also form a focus for the Supervisory Board in 2024.

The Supervisory Board will continue to support the expansion of digital capability, with the aim of responding flexibly and innovatively to the needs of customers in fast changing times. In doing so, the opportunities and risks associated with the use of artificial intelligence and its impact on the financial sector will be carefully monitored. Strong IT risk management is crucially important in order to guarantee the security and processing of customer data and ensure stable banking operations.

The financial sector will play a decisive role in the success of the sustainable transformation of the economy. We are aware of this responsibility for society. In 2024, the Supervisory Board will therefore continue to focus on sustainability issues and support the expansion of activities in this area. The consequences of the latest ESG developments for RBI's business model and supporting customers in their environmental and energy transformation will also play a key role in 2024.

In the 2023 financial year, RBI once again received numerous awards from internationally renowned financial publications, recognizing in particular the innovative strength and the quality of the products offered by the entire Group. Global Finance, EMEA Finance, Euromoney and The Banker honored RBI's achievements with more than 30 regional, local and product-related awards. Particularly noteworthy is the award for Best Bank in CEE from the Financial Times publication The Banker (following Global Finance 2021 and EMEA Finance 2022), and also the Global Finance awards for Central and Eastern Europe relating to sustainable bonds and ESG-based loans. These awards bestowed on RBI are attributable to the performance and dedication of its employees. They reflect both the innovative capacity and also the quality of the services provided by the entire RBI Group and testify to the outstanding commitment of its employees.

I would 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 tireless commitment during these challenging times. Their commitment has made a significant contribution to RBI's good result. Finally, I should like to emphasize that the Supervisory Board will in future continue to fulfill its duties responsibly and prudently, with the clear aim of actively contributing to RBI's future-oriented and sustainable development and to its ongoing success.



On behalf of the Supervisory Board
Erwin Hameseder, Chairman