Remuneration Policy

For members of the Management Board and the Supervisory Board of Raiffeisen Bank International AG

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Content

1. Foreword

This remuneration policy drawn up by the Company's Supervisory Board defines the framework for the remuneration of the members of the Management Board and the Supervisory Board ("Management Body") of Raiffeisen Bank International AG ("RBI AG" or the "Company").

As an Austrian financial institution, the Company is required to apply the remuneration principles as set out in the Austrian Banking Act ("BWG"). These implement the regulatory provisions of EU law (in particular Directive 2013/36/EU as amended), which include stringent requirements for the granting and payment of variable remuneration to members of the Management Body. The purpose of the regulatory remuneration provisions is to encourage a company's management to act in a sustainable and long-term manner and to align their personal objectives with the financial institution's long-term interests. The provisions contained in this remuneration policy are consistent with, and complementary to, the legal and regulatory requirements for remuneration.

2. Remuneration principles for the members of the Company's Management Board

Promotion of the Company's business strategy and long-term growth and development

Remuneration principles promote the Company's business strategy and long-term growth and development, and are aligned with the Company's goals, values and long-term interests

- The Management Board's remuneration must stand in reasonable proportion to the individual Management Board member's tasks and performance, the Company's situation and the remuneration customary for the function.
- The business strategy is to be taken into account appropriately when determining and granting variable remuneration; in particular, the Management Board members' performance targets are to be derived from the Company's business and risk strategy, objectives, values and long-term interest.
- There is an appropriate ratio between fixed and variable remuneration components whereby the (annual) total amount of variable remuneration may not exceed the amount of the basic salary granted annually (bonus cap).
- The total variable remuneration does not limit RBI AG's ability to strengthen its capital base.
- The variable remuneration is paid or vests only if this is sustainable according the financial situation of the Company as whole, and justified on the basis of the performance of RBI AG and the RBI Group and the Management Board member.
- A significant portion of the variable remuneration is deferred in accordance with regulatory requirements and is subject to ex-post risk adjustment (review of the sustainability of performance), which is secured by malus and clawback agreements.

Comprehensibility and transparency

Transparent and clear guidelines for remuneration and performance measurement ensure objectivity of decisions and align the Management Board's interests with the Company's long-term interests

- The remuneration of the members of the Management Board is to be in accordance with the principles set out in this remuneration policy (unless a deviation is exceptionally allowed).
- Performance measurement for the granting of variable remuneration is based on an adequate number of relevant and clearly understandable performance and assessment criteria that take into account the Company's business strategy and risk profile and facilitate guidance of the conduct of the Management Board.
- Objectives are set and performance and risk are measured within the framework of clearly pre-defined management processes, whereby a sufficient degree of transparency and objectivity must be ensured in the assessment.
- Information on the remuneration of the members of the Management Board is regularly disclosed by the Company in accordance with legal and regulatory requirements.

2.1 Basic principles

The remuneration of the Management Board is based on four basic principles, which are implemented by complying with the fundamental guidelines for remuneration set out in this section 2.1 and the more detailed regulations derived from them in Sections 2.2 to 2.8.

Promotion of effective risk management

Remuneration policies are consistent with and promote sound and effective risk management and do not encourage risk-taking beyond the tolerated level

- In accordance with the legal requirements of the BWG, the risks arising from the remuneration policy must be taken into account in the context of the Company's general risk management, especially in connection with the granting of variable remuneration.
- In the case of performance-based remuneration, this is based on an overall assessment of both the performance of the respective Management Board member and his or her business area as well as the overall results of RBI AG and the RBI Group. The performance assessment is to take into account risk-sensitive performance criteria and appropriate financial and non-financial objectives, as well as qualitative and quantitative performance criteria. The performance criteria should not include incentives to take excessive risks or engage in unfair selling practices. The performance measurement includes an adjustment for all types of current and future risks and takes into account the costs of the required capital and liquidity.
- Sound and effective risk management is ensured by compliance with regulatory requirements in terms of risk-adjusted performance measurement, as well as ex-ante and ex-post risk adjustment when variable remuneration is granted and paid. In particular, the regulatory provisions require that variable remuneration be extensively risk-oriented, compliance with a bonus cap, the deferral of a significant portion of variable remuneration and the entering into of malus and clawback agreements.

Clear governance and avoidance of conflicts of interest

Establishing clear responsibilities regarding the definition, review and implementation of remuneration policy as well as rules to avoid conflicts of interest

- The Company's Supervisory Board is responsible for drawing up this remuneration policy for the Management Board. It is assisted in this by the Supervisory Board's Remuneration Committee, which also supervises compliance with the remuneration policy. The Supervisory Board's Personnel Committee decides on individual Management Board members' employment contracts and specific performance targets for a given financial year as well as target achievement.
- Internal control functions are to be appropriately involved in the structuring, implementation and review of the remuneration policy, in accordance with legal requirements.
- Conflicts of interest should be avoided or appropriately mitigated as far as possible when structuring remuneration and, in particular, when setting performance targets and assessing their achievement.

2.2 Remuneration components

The following remuneration components may be granted to members of the Company's Management Board:

Compensation components		
Start of contract	**Contract period**	**Termination of contract**
Buyout bonus, limited to the first year of employment see section 2.5	Base salary and other additional and fringe benefits attributable to the fixed remuneration see section 2.3 Annual Performance Bonus see section 2.4	Statutory, voluntary or contractually agreed severance payments Entitlement to a fixed part of the base salary during post-contractual validity period of the competition clause see section 2.7
Time schedule		

2.3 Fixed remuneration

The fixed remuneration is based on predetermined criteria and is not performance-related. In addition, all other regulatory requirements must be met for classification as fixed remuneration.

The fixed remuneration includes, in particular, the base salary and any additional and fringe benefits.

The amount of the base salary is based on the relevant professional training and experience and is commensurate with the individual Management Board member's duties and responsibilities, and the remuneration customary for the specific function. The fixed remuneration is to be structured in such a way that it is competitive and in line with the market, and that the Company is in a position to recruit and retain suitable Management Board members.

The fixed remuneration also includes the following benefits: Provision of an appropriate company car, insurance (including D&O insurance whose premiums are paid by the Company, accident insurance, and additional health insurance), reimbursement of education and training costs, holiday remuneration, reimbursement of relocation and accommodation costs (e.g. ccommodation, school costs for children) of Management Board members from abroad, whereby the length of stay and the number of children, in particular, are taken into account in determining the specific amount.

In addition, a number of other fringe benefits and additional benefits exist which form part of an institution-wide policy, have no impact on risk behavior and are granted on a non-performance-related basis according to predefined criteria, such as contributions to the company pension scheme, group health insurance, travel allowance, family allowance, health care measures, company kindergarten and staff restaurant. In the granting of these benefits, Management Board members are not given preferential treatment relative to other Company employees.

Remuneration is also paid to members of the Company's Management Board for any supervisory board mandates they may hold at affiliated companies.

2.4 Relevant criteria for the granting and payment of an annual performance bonus

The bonus system for the members of the Company's Management Board is as follows:

Bonus system for members of the Company's Management Board		
1. Step-in criteria	Regulatory step-in criteria	Performance-related step-in criteria
2. Bonus amount	Return on Equity (ROE)	Cost Income Ratio (CIR)
3. Payment	Deferral of a portion of the bonus for five years, use of non-cash instruments with a retention period of one year, bonus cap	
4. Malus/Clawback	Ex-post risk adjustment within a structured and transparent process („malus/clawback“)	

2.4.1 Step-in criteria (eligibility and disbursement requirements)

Bonus system for members of the Company's Management Board

	Regulatorische Step-in Kriterien	Leistungsbezogene Step-in Kriterien
1. Step-in criteria	› No prohibition on the granting or payment of variable remuneration by the relevant regulator › The granting and payment of variable remuneration is acceptable given the financial situation of RBI AG and the RBI Group and justified given the performance of RBI AG and the RBI Group › The legally required CET 1 ratio of RBI AG and the RBI Group is achieved and all other capital and buffer requirements of the CRR and CRD that are necessary for regulatory purposes are met › The granting and payment of variable remuneration is not detrimental to the sound capitalization of RBI AG and the RBI Group	**General performance-related step-in criteria** › Achievement of the CET 1 target set for the respective performance year › Achievement of the ROE target defined as step-in › Achievement of the ROE and CIR hurdle rates **Individual performance-related step-in criteria** › Achievement of an individual performance assessment of at least „fully meets expectations" › Each Management Board member's individual performance agreement contains key figures tailored to the respective Management Board area › The Management Board members' individual performance is determined based on the implemented performance management process in order to ensure transparent and comprehensible performance assessment
	The Company's Supervisory Board may determine additional payout conditions and KPIs to be applied, if necessary.	

The step-in criteria represent requirements that must in all instances be met in a first step so that variable remuneration can be granted or paid to the members of the Management Board. The step-in criteria are applied cumulatively, i.e. if one of the step-in criteria is not met, the Management Board or Management Board member concerned is not entitled to a bonus for the relevant performance year. If all step-in criteria are met, the bonus process continues with the calculation of the bonus amount (see section 2.4.2).

The regulatory step-in criteria refer to the regulatory requirements for granting and paying out variable remuneration, which are intended to ensure, in particular, that adequate capital base is maintained and that the overall commercial and financial situation of the Company and of the RBI Group is taken into appropriate account.

Any bonus payment also requires that the general performance-related step-in criteria are met, which relate to the achievement of the target for the Group's CET 1 ratio set by the Supervisory Board and/or Personnel Committee for the respective performance year and the achievement of the consolidated ROE mid-term target. If it is to be expected that the consolidated key figures in a financial year will be distorted due to fundamental strategic decisions or regulatory requirements or other external circumstances and therefore may not be suitable for evaluating the performance of the Management Board, the Supervisory Board or the Personnel Committee must determine other suitable target values and their calculation basis.

The individual performance-related step-in criteria are determined for each individual Management Board member as part of the performance management process, taking into account his or her duties and responsibilities.

At the individual level, it must be ensured that the performance assessment is based on relevant key figures (performance criteria) for the specific Management Board area. These performance criteria should:

be derived from the **business and risk strategy**, objectives, values and long-term interests of the Company
meet **regulatory requirements**, especially regarding risk orientation and performacne assessment
contain both **financial and non-financial objectives,** in an appropriate proportion
not lead to inappropriate short-term success orientation
be **ambitious** enough
have a **relative** weighting
be formulated in clear and comprehensible terms
Contain clear and, as far as possible, objectifiable **parameters and methods for measuring** the achievement of objectives (including minimum performance levels)

Individual performance criteria include financial performance criteria (quantitative, with a minimum weighting of 40%) and non-financial performance criteria (quantitative and qualitative, with a maximum weighting of 60%). Overall, quantitative objectives/performance criteria must be assigned a minimum weighting of 50%.

The financial performance criteria should - in line with regulatory requirements – include risk-weighted criteria and economic efficiency indicators, such as RORAC (Return on Risk-Adjusted Capital), CIR (Cost/Income Ratio) and Consolidated Profit.

The non-financial performance criteria should adequately reflect the business strategy and may, for example, relate to the achievement of strategic objectives (such as the implementation of strategic projects, measures to increase efficiency and optimize processes, innovation), customer satisfaction, adherence to the risk management policy, compliance with governance and compliance regulations, employee commitment and the Management Board member's leadership qualities. Furthermore, criteria related to the Company's social responsibility, including ecological factors, shall be applied.

When determining the individual performance criteria for the Chief Risk Officer, appropriate consideration should be given to his or her control function, and it must be ensured in accordance with regulatory requirements that his or her objectivity and independence are not negatively affected by the individual setting of objectives.

The individual performance-related step-in criterion is met if, as part of the performance management process, the performance of the Management Board member concerned - on the basis of the targets achieved - is assessed by the Supervisory Board and/or Personnel Committee as at least "fully meets expectations". A sufficient degree of transparency and objectivity must be ensured by setting adequate parameters and minimum levels for performance measurement per individual objective. For objectives with quantitative performance criteria, this is done by using a predefined performance rating scale per quantitative performance criterion. In the case of objectives with qualitative performance criteria, it is facilitated by a clear description of the achievement of objectives and the evaluation of their achievement by the Personnel Committee in terms of "exceeds expectations", "fully meets expectations" or "below expectations".

If it subsequently turns out that fundamental strategic decisions or regulatory requirements have had distorting effects on the fulfillment of the defined general or individual performance-related step-in criteria, the necessary adjustments will be made within the framework of the procedure described in section 2.10. (deviation from the remuneration policy).

In addition, the bonus may be reduced or even cancelled in its entirety if the additional criteria and conditions for the allocation and/or payment of variable remuneration defined by the Company's Supervisory Board or Remuneration Committee and/or Personnel Committee, as the case may be, are not met, which are intended, in particular, to enable the risks and stress conditions associated with the Company's business activities to be taken into appropriate account in the event of an incident, as well as the specific capital situation, capital costs and the liquidity required.

2.4.2 Bonus amount

Bonus system for members of the Company's Management Board		
	Return on Equity (ROE)	**Cost Income Ratio (CIR)**
2. Bonus amount	› Weighting 50% › Performance is measured according to the strategic goal for ROE at RBI Group level approved for Management Board members › 100% fulfillment of the ROE target leads to 50% of the target bonus	› Weighting 50% › Performance is measured according to the strategic goal for CIR at RBI Group level approved for Management Board members › 100% fulfillment of the CIR target leads to 50% of the target bonus
	At **100% performance the full target bonus** is allocated. The granting of the bonus requires **minimum performance thresholds to be reached.**	

The specific amount of the bonus is calculated on the basis of the degree of fulfilment of the performance target set by the Company's Personnel Committee regarding the two ratios ROE and CIR with a weighting of 50% for each ratio. The ROE ratio is a risk-sensitive ratio and additionally an important profitability indicator, which is also of significant importance in external communication, as it facilitates comparisons with competitors.

The key figures mentioned derive from the corporate strategy. For both ROE and CIR, so-called "strategic goals" exist that are set over several years and against which RBI Group ROE and CIR values actually achieved in a performance year are measured. If it is to be expected that the consolidated key figures in a financial year will be distorted due to fundamental strategic decisions or regulatory requirements or other external circumstances and therefore may not be suitable for evaluating the performance of the Management Board, the Supervisory Board or the Personnel Committee must determine other suitable target values and their calculation basis.

For a bonus to be granted, the minimum performance threshold (hurdle rate) set for the ROE and CIR of 50% must be reached. Overall performance is calculated as the weighted average level of ROE and CIR target fulfillment. In order to incentivize the Management Board to exceed the targets in the interest of shareholders, under-fulfillment of one key figure may be offset by over-fulfillment of the other, provided that the hurdle rates for both ROE and CIR are reached.

The amount of the annual performance bonus may not exceed the amount of the annual base salary (Bonus Cap).

The following simplified formula shows the interaction of step-in criteria and performance indicators:

Regulatory step-in criteria	x	Performance step-in criteria	x	Achievement of objectives ROE/CIR	x	Target bonus	=	Annual bonus granted

The step-in criteria represent numerically either the factor 0 (not fulfilled) or 1 (fulfilled). The achievement of the ROE/CIR objectives reflects the percentage of the correspondingly achieved performance (whereby overall performance of less than 50% does not lead to the granting of a bonus; i.e. an overall target achievement of the ROE and CIR ratios of less than 50% would therefore mathematically also lead to a factor of 0). The percentage calculated in this way is multiplied by the target bonus of each Management Board member, from which the annual bonus granted is calculated.

The defined step-in criteria and key performance indicators ensure that both the overall performance of the Group and the performance of the respective Management Board area are adequately taken into account in the bonus allocation. The amount of the bonus for the Management Board members is - as explained above - uniformly determined by the achievement of the defined, multi-year ROE and CIR targets for the RBI Group. This avoids "silo thinking" (i.e. focusing exclusively on one's own Management Board area), thereby supporting the "one team" approach at Management Board level.

If the Management Board term begins or ends during a financial year, the bonus entitlement is only proportional.

2.4.3 Payment procedures

Bonus system for members of the Company's Management Board	
3. Payment	**Payment procedures for variable remuneration** › Any bonus is subject to a 5-year deferral period, i.e. at least 40% (although usually 60%) of any bonus is paid out pro rata over a 5-year period › Half of any bonus is granted in the form of non-cash instruments (phantom shares), with a retention period of one year › Any bonus is subject to the annual malus/clawback review (see section 2.4.4 below)

Any bonuses are allocated and paid to Management Board members in accordance with the legal requirements for financial institutions (see especially § 39b BWG including the annex to § 39b BWG). This means, in particular, that

- a significant portion of the variable remuneration, which is 40% or 60% depending on the bonus amount, is deferred for a five-year period and during this period vests only on a (yearly) pro rata basis, and
- half of any bonus is allocated in the form of non-cash instruments, with a holding period (retention period) of one year in each case (whereby these instruments are also subject to the five-year deferral of 40% or 60%).

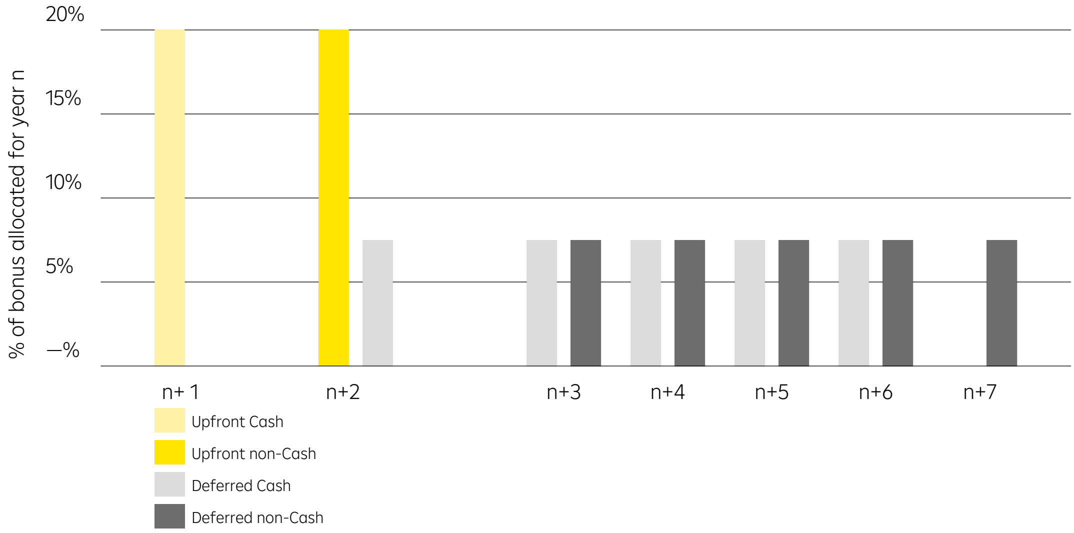
At RBI AG, so-called phantom shares are used as non-cash instruments, which are calculated, allocated and paid out according to the following basic principles:

- The calculation of the number of phantom shares allocated and the calculation of their respective (payout) value is based on the average annual stock market price of the Company's share (in the respective preceding year)
- The number of phantom shares allocated remains unchanged during the deferral and retention period
- Compliance with the retention period of one year means that a period of at least one year must elapse between the allocation of the phantom shares and payment of their value in cash.

The use of phantom shares, which are based on the respective stock market price of the Company's share and which are additionally subject to a one-year retention period and partial deferral, achieves an implicit ex-post risk adjustment and creates a further incentive for the Management Board to orient its activities towards the business strategy and especially the Company's long-term growth and development.

The following overview is intended to illustrate the functioning of the payout model, where year n represents the year for which the bonus was awarded and the overview is based on the year of actual payout (i.e. the up-front non-cash portion is allocated in year n+1, but due to the application of a retention period of one year, the actual payout of this part of the bonus is only made in year n+2):

Payment model with deferral of 60% of the allocated bonus amount for year n



2.4.4 Malus/Cclawback review

Bonus system for members of the Company's Management Board	
4. Malus/clawback	**Ex-post risk adjustment** › Annual review process of the sustainability of Management Board members' performance › If necessary, the Company may reduce or eliminate any outstanding bonus tranches ("malus") › The Company may reclaim bonus components already paid out if certain conditions are met ("clawback") › The review takes place annually as part of a structured and transparent process (see section 2.9 "Governance")

In line with regulatory requirements, ex-post risk adjustment is ensured on the basis of appropriate clawback rules and clawback agreements and an annual review process:

In the event of a lack of sustainability of the performance for which Management Board members have been awarded remuneration or in the event of a deterioration in the financial position and profitability, the Company may reduce the deferred remuneration (see section 2.4.3) or waive it entirely "malus").

The following instances may, for example, constitute a malus event:

- A competent supervisory authority imposes a restriction or suspension of variable remuneration for RBI AG or the RBI Group.
- The existence of serious risk-related misconduct, a serious error, failure to exercise due care or other serious transgressions on the part of the Management Board member (such as a breach of the code of conduct or other internal regulations, particularly in relation to risk), or the Management Board member does not fulfill the relevant professional suitability or personal reliability requirements.
- In the event of regulatory sanctions against the Company if the conduct of the Management Board member concerned was a contributory factor to the sanctions.at.
- The Management Board member has significantly contributed to a weak or negative financial result or has willfully or grossly negligently acted in a way that has led to significant losses.

In addition, the Company may, under certain circumstances, reclaim bonus components already paid out in the event of serious misconduct ("clawback").

The following instances may, for example, constitute a clawback event:

- Fraud, criminal offense, or misleading information from a Management Board member with a serious detrimental impact on the creditworthiness and profitability of the Company.

- Allocation or payment of variable remuneration in deliberate breach of the Company's remuneration principles or in deliberate breach of mandatory banking law provisions.

The Supervisory Board and/or the Supervisory Board's Remuneration Committee is required to determine precise criteria for the application of the malus and clawback rules. In particular, these criteria are to take into account situations where the Management Board participated in, or was responsible for, actions that resulted in significant losses, as well as situations where the Management Board failed to fulfill relevant professional qualifications or personal reliability requirements.

2.5 Buyout Award

A buyout award is a form of variable remuneration that can be paid to a new Management Board member at the start of the contract and which is limited to the first year of employment. When granting a buyout award, care is taken to ensure that no more is paid than is necessary to recruit the most suitable candidate. It is additionally ensured that the buyout award is structured in a way and form that does not contravene the interests of shareholders. A buyout award may in particular serve the purpose of compensating a new Management Board member for the loss of entitlements from previous employment due to the change in employer.

2.6 Share-based remuneration

Beyond the aforementioned allocation of half of any bonus in non-cash instruments (see section 2.4.3), the Company does not grant any share-based remuneration to the members of the Company's Management Board.

2.7 Term of contracts and notice periods/pension provision/payments on termination of contract

The Management Board members' contracts are entered into for the duration of their board appointments (this is generally five years), whereby a regular period of notice of a maximum of twelve months is provided for, and extraordinary termination is possible in accordance with statutory provisions.

The same rules essentially apply to Management Board members as to other Company employees with regard to pension contributions. These arrangements provide for a basic company contribution to a pension fund and an additional contribution if the employee makes own contributions in the same amount, whereby the Company's contribution does not depend on the Management Board member's performance. With the exception of individual pension commitments already existing at the time of the preparation of this remuneration policy (which are financed by reinsurance), no individual pension agreements are to be entered into with Management Board members.

In the event of the termination of the function or employment relationship, the Management Board members' entitlements are generally based on the statutory provisions, especially the Corporate Staff and Self-Employment Provision Act. The granting of severance payments in the Management Board contract or on the occasion of early termination is generally permissible within the framework of legal and regulatory requirements and in compliance with the principles and maximum limits stipulated in the Austrian Corporate Governance Code. Severance payments in the event of the early termination of a Management Board member's contract without a material breach may not exceed two years' total annual remuneration (fixed and variable remuneration) and may not compensate for more than the remaining term of the contract. In the event of termination by the Management Board member or other early termination of the Management Board contract for material reasons for which a Management Board member is responsible, there is no entitlement to severance payments. Agreements on severance payments made on the occasion of the early termination of the Management Board activities take into account the circumstances of the departure of the Management Board member concerned and the Company's financial and commercial situation. No special agreement exists for change-of-control situations; the rules on severance payments set out in this section apply.

For a period of six months after termination of their contracts, individual Management Board members are obligated to neither work for nor provide services to a competitor or customer of the Company in those business areas where the Management Board member was active. During a post-contractual period of validity of the competition clause, the Management Board member is entitled to 50% of the contractually agreed basic salary. Payments made under this competition clause are included within the maximum limit for severance payments (two years' total annual remuneration – see above).

2.8 Taking account of the Company employees' remuneration and employment conditions

When determining the Management Board's remuneration, the Company's employees' remuneration and employment conditions must be taken into account appropriately, and particular care must be taken to ensure that no undue imbalance in the wage and salary structure arises, especially in relation to the average remuneration of senior management (in the meaning of § 2 Clause 1b BWG).

The determination of the performance criteria for the Management Board's annual performance bonus and the performance criteria for bonus-entitled employees, particularly senior management, should be based on similar criteria, oriented to the business strategy, taking specific tasks and responsibilities into account.

A structured performance management process based on similar principles is used for both the Management Board and other bonus-entitled Company employees. In addition, the regulatory step-in criteria apply (see section 2.4.1) both for the Management Board and for other bonus-entitled Company employees. In principle, the regulatory rules on deferral and risk adjustment (see sections 2.4.3 and 2.4.4) apply not only to the performance bonus of the Management Board but also to that of other staff viewed from a risk perspective as significant for the Company ("Identified Staff" within the meaning of § 39b BWG).

The same rules apply to the members of the Management Board as to other employees of the Company with regard to pension contributions (see section 2.7).

2.9 Governance

The internal governance structure and the decision-making powers within the Company with regard to remuneration issues for the Management Board are as follows:

Subject	Personnel Committee	Remuneration Committee	Supervisory Board	Annual General Meeting	Risk Committee
Remuneration policy & remuneration report for the Management Board	–	Recommen-dation	Authorization	Advisory Vote	–
RBI AG's general remuneration principles for all employees (including the Management Board) for the implementation of regulatory requirements	–	Authorization	–	–	–
Performance Management principles for the Management Board	–	Authorization	–	–	–
Individuelle Leistungsziele für den Vorstand	Authorization	–	–	–	–
Individual performance targets for the Management Board	Authorization	–	–	–	–
Management Board contracts	Decision	–		–	–
Review of the remuneration policy	–	Decision	–	–	Decision

This remuneration policy is drawn up by the Company's Supervisory Board, and the Supervisory Board's Remuneration Committee, established within the Company pursuant to § 39c BWG, submits its recommended decision to the Supervisory Board. The remuneration policy is submitted to the vote of the Shareholders' General Meeting at the intervals provided for by law and when there is any significant amendment, the vote being of a recommendatory nature.

The Management Board and the Supervisory Board (on the basis of a decision recommended by the Remuneration Committee) must prepare a clear and understandable remuneration report, which must provide a comprehensive overview of the remuneration awarded or owed to current and former members of the Management Board in the previous financial year under the remuneration policy, including all benefits in any form, and which must contain the information required by law. In accordance with the legal requirements, the remuneration report contains detailed information on the targets set and determination of target achievement along with an explanation of the way in which these contribute towards the promotion of the business strategy and the long-term growth and development of the Company. The remuneration report for the last financial year is to be submitted to the Shareholders' General Meeting for voting, whereby the vote is of a recommendatory nature. In the following remuneration report, the Company must explain how the voting result was taken into account.

The remuneration policy and the remuneration report are to be made publicly available in accordance with the legal requirements.

In addition, the Remuneration Committee approves the following detailed guidelines in compliance with the rules prescribed in this remuneration policy, which serve, in particular, to implement the regulatory requirements pursuant to § 39b BWG and the annex to § 39b BWG:

- General principles of remuneration for risk personnel (including the Management Board) and Company employees
- Performance management rules for the Management Board

The duties of the Remuneration Committee also include the preparation of resolutions on remuneration, including those which have implications for the Company's risk and risk management, to be adopted by the Supervisory Board.

The Supervisory Board's Remuneration Committee is primarily responsible for monitoring the Company's remuneration policy. It regularly monitors the remuneration policy, remuneration practices and remuneration-related incentive structures, in each case in connection with the management, monitoring and limitation of risks in accordance with the requirements of the BWG, as well as capital adequacy and liquidity, taking into account the long-term interests of shareholders, investors and employees of the Company as well as the economic interest in a functioning banking system and financial market stability.

The composition of the Remuneration Committee is to allow for an independent and honest evaluation. At least one member of the Remuneration Committee must have expertise and practical experience in the remuneration policy area (remuneration expert).

Without prejudice to the tasks of the Remuneration Committee, the Supervisory Board's Risk Committee is to examine whether the incentives provided by the internal remuneration system take into consideration risk, capital, liquidity, and the likelihood and timing of earnings.

In addition, the Company has established a Supervisory Board's Personnel Committee. The Personnel Committee decides on the content of employment contracts with members of the Management Board and their remuneration, taking into account the provisions of this remuneration policy and the principles of the Austrian Corporate Governance Code. The Personnel Committee sets the amount of the target bonus and decides on the targets for the Management Board on the basis of the applicable regulations, makes adjustments if necessary, determines the achievement of Management Board targets, and approves the bonus allocation on this basis.

The decision as to whether a "malus" or "claw-back event" (see section 2.4.4) has occurred and what consequences such an event has with regard to the payment of variable remuneration is made by the Remuneration Committee and/or Personnel Committee.

Internal control functions are to be appropriately involved in the preparation, implementation and review of the remuneration policy in accordance with the legal requirements. A central and independent internal review is to be conducted at least once a year to determine whether remuneration practices have been implemented in accordance with the remuneration policy established by the Supervisory Board and/or the Remuneration Committee. Where necessary, recourse is made to independent external consultants to support the structuring and supervision of remuneration policy.

The governance described above ensures that conflicts of interest related to remuneration policy can be largely avoided. If a potential conflict of interest situation should nevertheless arise, it must be resolved in accordance with the conflict of interest policy for members of the Management Board and the Supervisory Board as approved by the Supervisory Board. In line with legal and regulatory requirements, the conflict of interest policy provides for an obligation on the part of the members of the Management Board and the Supervisory Board to disclose potential conflicts of interest, the involvement of the compliance function, and appropriate rules to avoid, resolve and mitigate conflicts of interest. In addition, the Supervisory Board is composed in accordance with the legal and regulatory fit & proper requirements for banks in such a way that its individual members' independence is ensured.

2.10 Deviations from the remuneration policy

In exceptional circumstances, temporary derogations may be made from individual provisions contained in this remuneration policy. Exceptional circumstances include situations where a deviation from the remuneration policy is necessary for the Company's long-term development and growth, or to ensure its profitability. A deviation is also possible if changes in the legal or regulatory framework make this necessary.

In detail, in these cases deviations may be made from the provisions of the following sections of this remuneration policy:

- Section 2.2: Remuneration components
- Section 2.4: Relevant criteria for the granting and payment of an annual performance bonus
- Section 2.7: Term of contracts and notice periods/pension provision/payments on termination of contract

Any deviation from the remuneration policy requires a Supervisory Board resolution on the basis of a decision recommended by the Supervisory Board's Remuneration Committee. Information on any deviations, including an explanation of the nature of the exceptional circumstances and the specific parts of the remuneration policy from which deviations have been made, shall be included in the remuneration report to the Shareholders' General Meeting (see section 2.9).

3. Remuneration principles for members of the Company's Supervisory Board

No variable remuneration is granted to members of the Company's Supervisory Board, although they do receive appropriate annual fixed remuneration. The remarks in section 3 relate exclusively to capital representatives on the Supervisory Board. The employee representatives receive no remuneration for exercising their Supervisory Board mandates. The fixed remuneration paid to the members of the Supervisory Board is structured in such a way that it is proportionate to the Company's situation, size and complexity, is in line with market conditions and is differentiated with regard to individual functions on the Supervisory Board. In addition, Supervisory Board members may be granted an appropriate attendance fee for attending meetings. D&O insurance policy is also in place for Supervisory Board members, with the Company bearing the related costs.

Based on these principles, the Shareholders' General Meeting approves the Supervisory Board members' remuneration.

Raiffeisen Bank International