

# Corporate Governance Report

This Corporate Governance Report combines the Corporate Governance Report of RBI AG and the consolidated Corporate Governance Report of RBI pursuant to § 267b of the Austrian Commercial Code (UGB) in conjunction with § 251 (3) of the UGB.

RBI attaches great importance to responsible and transparent business management in order to maintain the understanding and confidence of its various stakeholders – not least capital market participants. Hence, RBI is committed to adhering to the Austrian Corporate Governance Code (ACGC or “the Code”) as laid out in the version dated January 2015, while taking any legal changes relating to the L Rules (Legal Requirement) in 2017, into consideration. The ACGC is publicly available on the Austrian Working Group for Corporate Governance website ([www.corporate-governance.at](http://www.corporate-governance.at)) and on the RBI website ([www.rbinternational.com](http://www.rbinternational.com) → Investor Relations → Corporate Governance). RBI does not have any capital market-oriented subsidiaries which are obliged to publish a corporate governance report due to local statutory regulations.

Transparency is a key corporate governance issue and is therefore of particular importance to RBI. This Corporate Governance Report is structured according to the legal guidelines contained in § 243c of the UGB and is based on the structure set forth in Appendix 2a of the ACGC.

The ACGC is subdivided into L, C and R Rules. L Rules are based on compulsory legal requirements. C Rules (Comply or Explain) should be observed; any deviation must be explained and justified in order to ensure conduct that complies with the Code. R Rules (Recommendations) have the characteristics of guidelines; non-compliance does not need to be reported or justified.

RBI deviates from the C Rules below, however complies with the Code through the following explanations and justifications:

## C Rule 45: non-competition clause for members of the Supervisory Board

RBI AG is the central institution of the Raiffeisen Banking Group Austria (RBG). Within RBG, RBI serves as the central institution of the regional Raiffeisen banks and other affiliated banks. Some members of the Supervisory Board in their function as shareholder representatives therefore also hold executive roles in RBG banks. Consequently, comprehensive know-how and experience specific to the industry can be applied in exercising the control function of the Supervisory Board, to the benefit of the company.

## C Rule 52a: The number of members of the Supervisory Board (without employee representatives) shall be ten at most.

The Supervisory Board currently consists of nine core shareholder representatives for the RBG and three free float representatives. It thus has two more members than in the year before. This increase in the number of members was based on a resolution passed by the Annual General Meeting on 22 June 2017. The increase provides the Supervisory Board with additional industry knowledge and experience, more diversity, and further strengthens its ability to exercise its control function.

In accordance with C Rule 62 of the ACGC, RBI AG commissioned KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) to conduct an external evaluation of compliance with the C Rules of the Code. The report on this external evaluation is publicly available at [www.rbinternational.com](http://www.rbinternational.com) → Investor Relations → Corporate Governance → External Evaluation of the CG Code.

## Composition of the Management Board

As at 31 December 2017, the Management Board consisted of the following members:

Management Board member	Year of birth	Original appointment	End of term
Johann Strobl Chairman	1959	22 September 2010 <sup>1</sup>	28 February 2022
Martin Grill	1959	3 January 2005	28 February 2020
Andreas Gschwenter	1969	1 July 2015	30 June 2018
Peter Lennkh	1963	1 October 2004	31 December 2020
Hannes Mösenbacher	1972	18 March 2017	28 February 2020

<sup>1</sup> Effective as of 10 October 2010

Karl Sevelda resigned as Chairman of the Management Board on 18 March 2017. At the same time, Johann Strobl was appointed Chairman of the Management Board (previously Deputy Chairman of the Management Board) and Klemens Breuer was appointed Deputy Chairman of the Management Board (previously member of the Management Board).

Klemens Breuer (Deputy Chairman of the Management Board) resigned from his position on 31 October 2017. The Working Committee temporarily reallocated responsibilities following his resignation. On 1 November 2017, Johann Strobl assumed responsibility for the Capital Markets area of the Management Board, while Peter Lennkh assumed responsibility for the Management Board area of Retail Banking. A new Deputy Chairman of the Management Board had not been appointed at the time this report was written.

On 7 December 2017, the Supervisory Board appointed Andrii Stepanenko to the Management Board, subject to approval by the supervisory authority. Upon receiving approval, Andrii Stepanenko is expected to take over the Retail Banking area from Peter Lennkh in March 2018.

On 15 January 2018, the Supervisory Board appointed Lukasz Januszweski to the Management Board, subject to approval by the supervisory authority. Upon receiving approval, Lukasz Januszweski is expected to take over the Capital Markets area from Johann Strobl in March 2018.

Members of the Management Board held seats on the supervisory board or comparable functions in the following domestic and foreign companies that are not included in the consolidated financial statements:

Karl Sevelda	Oesterreichische Kontrollbank AG (until 2 June 2017), Siemens AG Austria
Klemens Breuer	FMS Wertmanagement AöR (until 5 January 2017), UNIQA Insurance Group AG (since 4 July 2017)
Andreas Gschwentner	RSC Raiffeisen Service Center GmbH, Austria, Deputy Chairman
Peter Lennkh	Oesterreichische Kontrollbank AG (since 2 June 2017)

In addition to the management and governance of RBI AG, the members of the Management Board performed supervisory and managerial duties at the following material subsidiaries as Managing Directors or on the Supervisory Board in the 2017 financial year:

	Supervisory Board mandate	Management
<b>Karl Sevelda</b>	Raiffeisen Bank d.d., Bosnia and Herzegovina, Chairman (until 19 June 2017) Raiffeisenbank Austria d.d., Croatia, Chairman (until 30 May 2017) Raiffeisen Bank Polska S.A., Poland, Chairman (until 10 March 2017) Raiffeisen Bank S.A., Romania, Chairman (until 24 April 2017) AO Raiffeisenbank, Russia, Chairman (until 21 May 2017) Raiffeisen banka a.d., Serbia, Chairman (until 31 March 2017) Tatra banka, a.s., Slovakia, Chairman (until 30 June 2017) Raiffeisenbank a.s., Czech Republic, Chairman (until 26 April 2017) Raiffeisen Bank Aval JSC, Ukraine, Chairman (until 24 April 2017) Raiffeisen Bank Zrt., Hungary, Deputy Chairman (until 30 April 2017) Priorbank JSC, Belarus, member (until 28 March 2017)	
<b>Johann Strobl</b>	AO Raiffeisenbank, Russia, Chairman (from 22 May 2017, previously Deputy Chairman) Raiffeisen Bank Polska S.A., Poland, Chairman (from 10 March 2017, previously member) Raiffeisen Bank S.A., Romania, Chairman (from 25 April 2017, previously member) Tatra banka, a.s., Slovakia, member Raiffeisenbank a.s., Czech Republic, member	
<b>Klemens Breuer</b>	Raiffeisen Centrobank AG, Austria, Chairman (until 31 October 2017) Kathrein Privatbank Aktiengesellschaft, Austria, Deputy Chairman (until 31 October 2017) Raiffeisen Bank Polska S.A., Poland, member (until 31 October 2017) Raiffeisen Bank S.A., Romania, member (until 31 October 2017) AO Raiffeisenbank, Russia, member (until 30 October 2017) Tatra banka, a.s., Slovakia, Chairman (from 4 July until 31 October 2017, previously member) Raiffeisenbank a.s., Czech Republic, Chairman (from 25 March until 31 October 2017, previously member)	
<b>Martin Grill</b>	Priorbank JSC, Belarus, Chairman (from 10 April 2017, previously member) Raiffeisen Bank Aval JSC, Ukraine, Chairman Raiffeisenbank (Bulgaria) EAD, Bulgaria, Chairman Raiffeisen Bank Polska S.A., Poland, Deputy Chairman Raiffeisen Bank S.A., Romania, Deputy Chairman AO Raiffeisenbank, Russia, member Tatra banka, a.s., Slovakia, member Raiffeisenbank a.s., Czech Republic, member	Raiffeisen CEE Region Holding GmbH, Austria, Managing Director Raiffeisen CIS Region Holding GmbH, Austria, Managing Director Raiffeisen RS Beteiligungs GmbH, Austria, Managing Director Raiffeisen SEE Region Holding GmbH, Austria, Managing Director

<b>Andreas Gschwenter</b>	Raiffeisen Bank Polska S.A., Poland, member Raiffeisen Bank S.A., Romania, member AO Raiffeisenbank, Russia, member Tatra banka, a.s., Slovakia, member Raiffeisenbank a.s., Czech Republic, member Raiffeisen Bank Zrt., Hungary, Chairman Raiffeisenbank Austria d.d., Croatia, Chairman (from 8 June 2017, previously member)
<b>Peter Lennkh</b>	Raiffeisen Bank d.d., Bosnia and Herzegovina, Deputy Chairman Raiffeisen banka a.d., Serbien, Chairman (from 1 April 2017, previously member) Raiffeisenbank a.s., Czech Republic, Deputy Chairman Raiffeisen Bank Polska S.A., Poland, member Raiffeisen Bank S.A., Romania, member AO Raiffeisenbank, Russia, member Tatra banka, a.s., Slovakia, member Raiffeisen Bank Sh.A., Albania, Chairman
<b>Hannes Mösenbacher</b>	Raiffeisen Centrobank AG, Austria, Chairman (from 1 November 2017, previously member) AO Raiffeisenbank, Russia, member Raiffeisen Bank Polska S.A., Poland, member Raiffeisen Bank d.d., Bosnien and Herzegovina, Chairman Raiffeisen Bank S.A., Romania, member Tatra banka, a.s., Slovakia, member Raiffeisenbank a.s., Czech Republic, member

## Composition of the Supervisory Board

As at 31 December 2017, the Supervisory Board comprised:

Supervisory Board member	Year of birth	Original appointment	End of term
Erwin Hameseder Chairman	1956	8 July 2010 <sup>1</sup>	Annual General Meeting 2020
Martin Schaller 1st Deputy Chairman	1965	4 June 2014	Annual General Meeting 2019
Heinrich Schaller 2nd Deputy Chairman	1959	20 June 2012	Annual General Meeting 2022
Klaus Buchleitner	1964	26 June 2013	Annual General Meeting 2020
Peter Gauper	1962	22 June 2017	Annual General Meeting 2022
Wilfried Hopfner	1957	22 June 2017	Annual General Meeting 2022
Rudolf Könighofer	1962	22 June 2017	Annual General Meeting 2022
Johannes Ortner	1966	22 June 2017	Annual General Meeting 2022
Günther Reibersdorfer	1954	20 June 2012	Annual General Meeting 2022
Eva Eberhartinger	1968	22 June 2017	Annual General Meeting 2022
Birgit Nogglner	1974	22 June 2017	Annual General Meeting 2022
Bettina Selden	1952	4 June 2014	Annual General Meeting 2019
Rudolf Kortenhofer <sup>2</sup>	1961	10 October 2010	Until further notice
Peter Anzeletti-Reikl <sup>2</sup>	1965	10 October 2010	Until further notice
Susanne Unger <sup>2</sup>	1961	18 January 2012	Until further notice
Gebhard Muster <sup>2</sup>	1967	22 June 2017	Until further notice
Natalie Egger-Grunicke <sup>2</sup>	1973	18 February 2016	Until further notice
Helge Rechberger <sup>2</sup>	1967	10 October 2010	Until further notice

<sup>1</sup> Effective as of 10 October 2010    <sup>2</sup> Delegated by the Staff Council

Walter Rothensteiner (Chairman of the Supervisory Board) and Kurt Geiger (member of the Supervisory Board) resigned their Supervisory Board mandates with effect from the end of the Annual General Meeting on 22 June 2017. At the same time, Erwin Hameseder was appointed Chairman (previously 1st Deputy Chairman) and Martin Schaller was appointed 1st Deputy Chairman (previously 3rd Deputy Chairman).

Michael Höllner and Johannes Schuster (both members of the Supervisory Board) resigned their Supervisory Board mandates with effect as of 18 March 2017.

## Independence of the Supervisory Board

In accordance with and taking into consideration C Rule 53 and Appendix 1 of the ACGC, the Supervisory Board of RBI AG specified the following criteria for the independence of the members of the company's Supervisory Board:

- The Supervisory Board member shall not have been a member of the Management Board or a senior executive of the company or of one of its subsidiaries in the past five years.
- The Supervisory Board member shall not have, or have had in the previous year, any significant business relationships with the company or a subsidiary of the company. This also applies to business relationships with companies in which the Supervisory Board member has a significant financial interest, albeit not with regard to carrying out executive functions within the Group. The approval of individual transactions by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to "non-independent" qualification.
- The exercise of functions within the Group or merely exercising the function of a management board member or senior executive by a Supervisory Board member does not, as a rule, lead to the company concerned being regarded as a company in which a Supervisory Board member has a significant financial interest, to the extent that circumstances do not support the presumption that the Supervisory Board member derives a direct personal advantage from doing business with the company.
- The Supervisory Board member shall not have been an auditor of the company, nor a shareholder or employee of the auditing company in the previous three years.
- The Supervisory Board member shall not be a member of the management board of another company in which a Management Board member of the company is a member of the supervisory board.
- The Supervisory Board member shall not be part of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with business interests in the company, or who represent the interests of such shareholders.
- The Supervisory Board member shall not be a close relative (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board or of persons who meet one of the criteria described in the preceding points.

In accordance with the criteria listed above for the independence of Supervisory Board members, all RBI AG Supervisory Board members are considered independent.

Up until the Annual General Meeting of 22 June 2017, Bettina Selden and Kurt Geiger were free float representatives on the Supervisory Board of RBI AG according to C Rule 54 of the ACGC. Since the Annual General Meeting of 22 June 2017, Bettina Selden, Eva Eberhartinger and Birgit Noggler have been free float representatives on the Supervisory Board of RBI AG. These members of the Supervisory Board are neither a shareholder with a shareholding of greater than 10 per cent, nor do they represent the interests of such shareholders.

Members of the Supervisory Board had the following additional supervisory board mandates or comparable functions in domestic and foreign stock exchange listed companies during the following periods:

### 1 January to 18 March 2017:

Walter Rothensteiner	UNIQA Insurance Group AG, Chairman
Erwin Hameseder	AGRANA Beteiligungs-AG, Chairman; STRABAG SE, Deputy Chairman; UNIQA Insurance Group AG, 2nd Deputy Chairman; Südzucker AG, 2nd Deputy Chairman; Flughafen Wien AG, member
Heinrich Schaller	voestalpine AG, Deputy Chairman; AMAG Austria Metall AG, member
Klaus Buchleitner	BayWa AG, Deputy Chairman; AGRANA Beteiligungs-AG, member
Kurt Geiger	Demir Bank OJSC, member
Johannes Schuster	UNIQA Insurance Group AG, member

In addition to their functions as members of RBI AG's Supervisory Board, supervisory board mandates were also held during this period at the following material subsidiaries:

Walter Rothensteiner	Kathrein Privatbank Aktiengesellschaft, Austria, Chairman
Kurt Geiger	Raiffeisen Bank AVAL JSC, Ukraine, member
Michael Höllner	Raiffeisen Centrobank AG, Austria, member
Johannes Schuster	RSC Raiffeisen Service Center GmbH, Austria, member

No management functions at RBI AG's material subsidiaries were undertaken by Supervisory Board members.

**18 March to 22 June 2017:**

Walter Rothensteiner	UNIQA Insurance Group AG, Chairman
Erwin Hameseder	AGRANA Beteiligungs-AG, Chairman; STRABAG SE, Deputy Chairman; UNIQA Insurance Group AG, 2nd Deputy Chairman; Südzucker AG, 2nd Deputy Chairman; Flughafen Wien AG (until 31 May 2017), member
Heinrich Schaller	voestalpine AG, Deputy Chairman; AMAG Austria Metall AG, member
Klaus Buchleitner	BayWa AG, Deputy Chairman; AGRANA Beteiligungs-AG, member
Kurt Geiger	Demir Bank OJSC, member

In addition to their functions as members of RBI AG's Supervisory Board, supervisory board mandates were also held during this period at the following material subsidiaries:

Walter Rothensteiner	Kathrein Privatbank Aktiengesellschaft, Austria, Chairman
Erwin Hameseder	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Deputy Chairman
Klaus Buchleitner	LEIPNIK LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Chairman
Kurt Geiger	LEIPNIK LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, member
	Raiffeisen Bank AVAL JSC, Ukraine, member

No management functions at RBI AG's material subsidiaries were undertaken by Supervisory Board members.

**22 June to 31 December 2017:**

Erwin Hameseder	AGRANA Beteiligungs-AG, Chairman; STRABAG SE, Deputy Chairman; UNIQA Insurance Group AG, 2nd Deputy Chairman; Südzucker AG, 2nd Deputy Chairman
Heinrich Schaller	voestalpine AG, Deputy Chairman; AMAG Austria Metall AG, member
Klaus Buchleitner	BayWa AG, Deputy Chairman; AGRANA Beteiligungs-AG, member
Rudolf Könighofer	UNIQA Insurance Group AG, member

In addition to their functions as members of RBI AG's Supervisory Board, supervisory board mandates were also held during this period at the following material subsidiaries:

Erwin Hameseder	LEIPNIK LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Chairman
Klaus Buchleitner	LEIPNIK LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, member
Rudolf Könighofer	Raiffeisen Informatik GmbH, Austria, member

No management functions at RBI AG's material subsidiaries were undertaken by Supervisory Board members.

## Members of the Committees

The procedural rules of the Supervisory Board govern its organization and allocate particular tasks to the Working, Audit, Remuneration, Risk, Nomination and Personnel Committees. These committees comprise the following members:

**From 1 January to 18 March 2017:**

	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
Chairman	Walter Rothensteiner	Michael Höllner	Walter Rothensteiner	Walter Rothensteiner	Johannes Schuster	Walter Rothensteiner
1 <sup>st</sup> Deputy Chairman	Erwin Hameseder	Walter Rothensteiner	Erwin Hameseder	Erwin Hameseder	Walter Rothensteiner	Erwin Hameseder
2 <sup>nd</sup> Deputy Chairman	Heinrich Schaller	Erwin Hameseder	Heinrich Schaller	Heinrich Schaller	Erwin Hameseder	Heinrich Schaller
3 <sup>rd</sup> Deputy Chairman	Martin Schaller	Heinrich Schaller	Martin Schaller	Martin Schaller	Heinrich Schaller	Martin Schaller
4 <sup>th</sup> Deputy Chairman	-	Martin Schaller	-	-	Martin Schaller	-
Member	Johannes Schuster	Johannes Schuster	Johannes Schuster	Johannes Schuster	-	Johannes Schuster
Member	Rudolf Korten Hof	Rudolf Korten Hof	-	Rudolf Korten Hof	Rudolf Korten Hof	Rudolf Korten Hof
Member	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	-	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl
Member	Susanne Unger	Susanne Unger	-	Susanne Unger	Susanne Unger	Susanne Unger

**From 18 March to 22 June 2017:**

	<b>Working Committee</b>	<b>Audit Committee</b>	<b>Personnel Committee</b>	<b>Remuneration Committee</b>	<b>Risk Committee</b>	<b>Nomination Committee</b>
Chairman	Walter Rothensteiner	Erwin Hameseder	Walter Rothensteiner	Walter Rothensteiner	Martin Schaller	Walter Rothensteiner
1 <sup>st</sup> Deputy Chairman	Erwin Hameseder	Walter Rothensteiner	Erwin Hameseder	Erwin Hameseder	Walter Rothensteiner	Erwin Hameseder
2 <sup>nd</sup> Deputy Chairman	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller
Member	Martin Schaller	Martin Schaller	Martin Schaller	Martin Schaller	Erwin Hameseder	Martin Schaller
Member	Rudolf Korten Hof	Rudolf Korten Hof	-	Rudolf Korten Hof	Rudolf Korten Hof	Rudolf Korten Hof
Member	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	-	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl
Member	Susanne Unger	Susanne Unger	-	Susanne Unger	Susanne Unger	Susanne Unger

**From 22 June to 31 December 2017:**

	<b>Working Committee</b>	<b>Audit Committee</b>	<b>Personnel Committee</b>	<b>Remuneration Committee</b>	<b>Risk Committee</b>	<b>Nomination Committee</b>
Chairman	Erwin Hameseder	Heinrich Schaller	Erwin Hameseder	Erwin Hameseder	Martin Schaller	Erwin Hameseder
1 <sup>st</sup> Deputy Chairman	Heinrich Schaller	Erwin Hameseder	Heinrich Schaller	Heinrich Schaller	Erwin Hameseder	Heinrich Schaller
2 <sup>nd</sup> Deputy Chairman	Martin Schaller	Eva Eberhartinger	Martin Schaller	Martin Schaller	Heinrich Schaller	Martin Schaller
3 <sup>rd</sup> Deputy Chairman	Eva Eberhartinger	Johannes Ortner	Rudolf Könighofer	Eva Eberhartinger	Eva Eberhartinger	Rudolf Könighofer
Member	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler
Member	Bettina Selden	Bettina Selden	Bettina Selden	Bettina Selden	Bettina Selden	Bettina Selden
Member	Rudolf Korten Hof	Rudolf Korten Hof	-	Rudolf Korten Hof	Rudolf Korten Hof	Rudolf Korten Hof
Member	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	-	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl
Member	Susanne Unger	Susanne Unger	-	Susanne Unger	Susanne Unger	Susanne Unger

## The Advisory Council

At the meeting held on 22 June 2017, the Supervisory Board decided to establish an Advisory Council consisting of representatives of the Raiffeisen Banking Group (RBG) pursuant to § 12 (2) of the Articles of Association. The Advisory Council has a purely consultative function for the Management Board and Supervisory Board of RBI AG. The rights and obligations that the Management Board and Supervisory Board have under the law and the Articles of Association are not curtailed by the Advisory Council.

The Advisory Council provides advice on matters relating to material ownership interests of the regional Raiffeisen banks as core shareholders and on selected aspects of the relationship between RBI and the RBG. It also gives advice on RBI's central institution function as defined in § 27a of the Austrian Banking Act (BWG) and the responsibilities associated with it, and on the affiliated companies in their capacity as RBG's distribution partners.

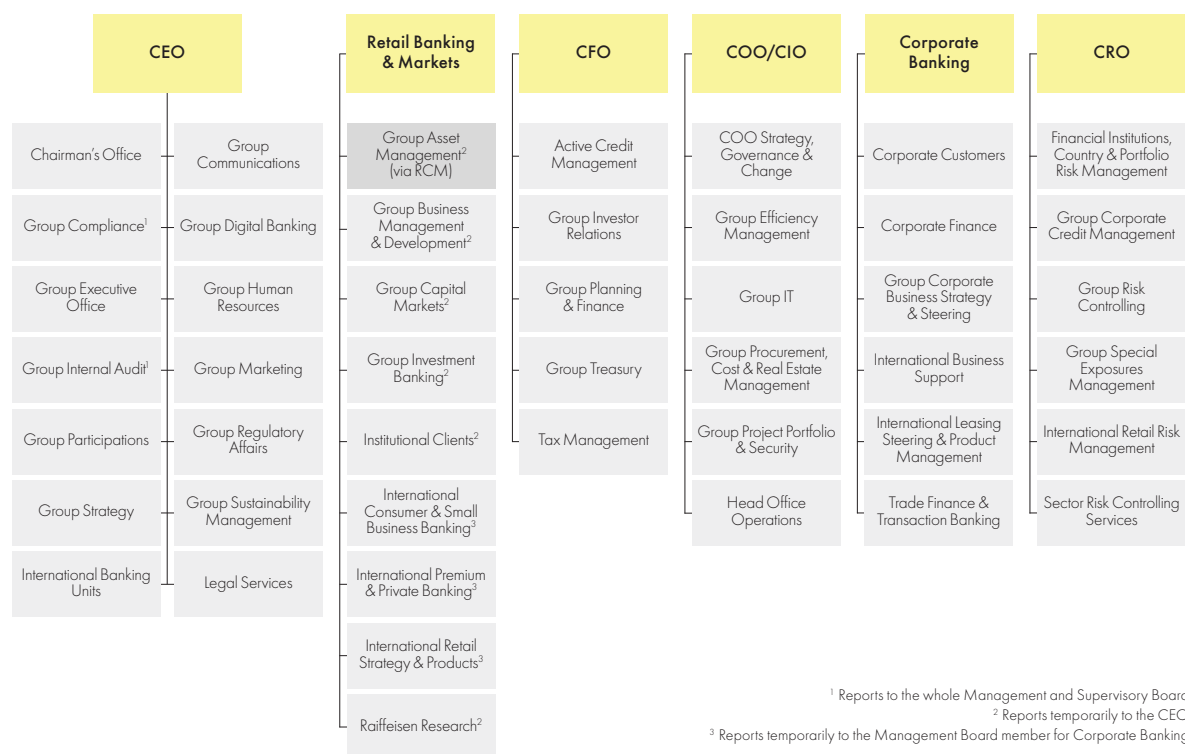
The Advisory Council consists of the Chairpersons of the supervisory boards of the regional Raiffeisen banks and the Chairman of Raiffeisenverband Salzburg.

Advisory Council members receive reasonable compensation for their activities. The compensation for the 2017 financial year is based on a resolution that must be passed by the Annual General Meeting.

# Functions of the Management Board and the Supervisory Board

## Division of responsibilities and functions of the Management Board

The RBI AG Management Board manages the company according to clearly defined goals, strategies and guidelines on its own authority, with a focus on future-oriented business management and in line with modern business principles. In doing so, the Management Board pursues the good of the company at all times and considers the interests of shareholders and employees. Management Board members' areas of responsibility have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows (at 31 December 2017):



In the 2017 financial year, the following significant organizational changes, among others, took place at Tier 2 management level (B-1):

### Management Board area of the Chief Executive Officer (CEO):

- The Chairman's Office was established in response to increasing regulatory requirements. This new area extensively supports the Supervisory Board, its committees, the Chairman of the Supervisory Board and the RBI Advisory Council.
- A Plenipotentiary served under the CEO from 18 March to 20 December 2017 and was assigned the following areas: Group Regulatory Affairs, Group Digital Banking, Group Marketing and Group Sustainability Management. These divisions were transferred to RBI in the course of the merger of RBI and RZB. Legal Services also reported directly to the Plenipotentiary during this period.
- The Plenipotentiary resigned on 20 December 2017, and the areas previously under him were placed directly under the authority of the CEO.
- The Group Participations division was transferred from the Management Board area of the Chief Financial Officer to the Management Board area of the CEO.

### Management Board area of Retail Banking & Markets:

- The Group Asset Management division was taken over by RBI in the course of the merger. It provides asset management products and services to clients of RBI, the regional Raiffeisen banks and the Raiffeisen banks in Austria.
- Due to Klemens Breuer's resignation on 31 October 2017, Johann Strobl temporarily assumed responsibility on 1 November 2017 for the Markets area, comprising Group Business Management & Development, Group Capital Markets, Group Investment Banking, Institutional Clients and Raiffeisen Research.

- After Klemens Breuer's resignation, Peter Lennkh temporarily assumed responsibility on 1 November 2017 for the Retail Banking area, comprising Group Asset Management, International Consumer & Small Business Banking, International Premium & Private Banking and International Retail Strategy & Products.

#### **Management Board area of the Chief Operating Officer/Chief Information Officer (COO/CIO):**

- A new COO Strategy, Governance and Change division was established with responsibility for development of the COO strategy and its systematic and effective execution at corporate and Group level.

#### **Management Board area of the Chief Risk Officer (CRO):**

- Following the dissolution of the Risk Excellence and Projects division, its functions were divided up between the Group Risk Controlling division (risk management in the network) and the Group Special Exposures Management division (which assumed responsibility for all NPL issues).
- In the course of the merger of RBI and RZB, RZB's Sector Risk Controlling Services division was integrated into the Management Board area of the CRO.

The Management Board manages the company's business in accordance with the law, the Articles of Association and the Management Board's rules of procedure. The Management Board's weekly meetings are convened and led by the Chairman. The meetings facilitate mutual gathering and exchange of information, consultation and decision-making with respect to all matters requiring the board's approval. The procedural rules of the Supervisory Board and the Management Board describe the duties of the Management Board in terms of information and reporting, as well as a catalog of measures that require the approval of the Supervisory Board.

## **Decision-making authority and activities of the Committees of the Supervisory Board**

The procedural rules of the Management Board, as well as the Supervisory Board and its Committees, outline the business management measures that require the approval of the Supervisory Board or of the appropriate Committee.

The **Working Committee** is responsible for all matters referred to it by the Supervisory Board. These include, in particular, the approval of the establishment, closure and liquidation of subsidiaries, as well as the acquisition or disposal of equity participations that exceed a certain amount (up to the ceiling amount for overall Supervisory Board responsibility). Moreover, the Working Committee deals with the execution of functions in the management bodies of other companies by members of the Management Board. Furthermore, the Working Committee approves the assumption of risks arising from banking business and risk limits to third parties above a certain level up to the ceiling amount for overall Supervisory Board responsibility.

The **Personnel Committee** deals with the remuneration of Management Board members as well as their employment contracts. In particular, it is responsible for approving bonus allocations and share allotments through the Share Incentive Program to members of the Management Board. Furthermore, it is also responsible for approving any acceptance of secondary employment by members of the Management Board.

The **Audit Committee** monitors the accounting process. It issues corresponding recommendations or proposals for guaranteeing reliability and supervises the effectiveness of the company's internal control, audit and risk management systems. The tasks of the Audit Committee include the supervision of the annual audit of the financial statements and consolidated financial statements, as well as checking and supervising the independence of the Group's auditors, particularly with respect to additional work performed for the audited company. The Committee examines the annual financial statements, the management report, the consolidated financial statements and the Group management report, and is responsible for the preparation for their adoption by the Supervisory Board. It also examines the proposal for earnings appropriation and the consolidated corporate governance report. The Audit Committee presents a report on the results of its examinations to the Supervisory Board. It also conducts a process, in accordance with statutory requirements, for the selection of the (Group) auditor and bank auditor and submits a recommendation to the Supervisory Board concerning the appointment of the auditor. Moreover, the Audit Committee discusses the content of the management letter as well as the report on the effectiveness of the risk management system and the internal control system. Internal Audit must provide the Audit Committee with quarterly reports on the areas audited and on any audit findings from audits performed, taking into account § 42 (3) of the BWG. The Group Compliance area also reports twice a year on the status of the internal control system and its effectiveness.



The **Remuneration Committee**'s responsibilities include, first and foremost, establishing guidelines for the company's remuneration policies and practices, particularly on the basis of the BWG, as well as relevant sections of the ACGC. In addition, the Remuneration Committee supervises and regularly reviews the remuneration policies, remuneration practices and relevant incentive structures to ensure that all related risks are controlled, monitored and limited in accordance with the BWG, as well as with respect to the company's capitalization and liquidity. In doing so, the long-term interests of shareholders, investors and employees of the company are also taken into account, as are the economic interests of maintaining a functioning banking system and the stability of the financial market. The Remuneration Committee also directly reviews the remuneration of executives responsible for risk management and compliance.

The responsibilities of the **Risk Committee** include advising the Management Board on current and future risk propensity and risk strategy, monitoring the implementation of this risk strategy with regard to the controlling, monitoring and limitation of risk in accordance with the BWG, as well as the monitoring of capitalization and liquidity. It is also responsible for checking whether the pricing of the services and products offered, the business model as well as risk strategy are given adequate consideration and where applicable for submitting a plan with corrective measures. The Risk Committee also monitors whether the incentives offered by the internal remuneration system give adequate consideration to risk, capital, liquidity, as well as the probability and timing of realized profits.

The **Nomination Committee** attends to the filling of any posts on the Management Board and the Supervisory Board that have become vacant. Consideration is given to the balance and diversity of knowledge, skills and experience of all members of the governing body in question. The Nomination Committee also specifies a target ratio for the under-represented gender on the Management Board and the Supervisory Board, as well as a strategy for achieving the defined target. In its decision-making process, it ensures that the Management Board and the Supervisory Board are not dominated by one individual person, or a small group of persons, in a way which is contrary to the company's interests. The Nomination Committee's responsibilities also include:

- conducting regularly, and in all cases where specific events indicate a need for re-evaluation, an evaluation of the structure, size, composition and performance of the Management Board and Supervisory Board, as well as submission to the Supervisory Board of proposals for changes where necessary;
- conducting regularly, but at least once a year, an evaluation of the knowledge, skills and experience of the individual members of both the Management Board and Supervisory Board and also of the respective governing body as a whole, and informing the Supervisory Board of the results; and
- reviewing the Management Board's policy with regard to the selection of executives and supporting the Supervisory Board in preparing recommendations for the Management Board.

## Number of meetings of the Supervisory Board and of the Committees

The Supervisory Board held five meetings during the reporting period. In addition, the Management Board fully informed the Supervisory Board on a prompt and regular basis of all relevant matters pertaining to the company's performance, including the risk position and risk management of the company and material Group companies, particularly in relation to important matters.

The Working Committee held eight meetings in the 2017 financial year. The Audit Committee met twice, the Personnel Committee twice, the Remuneration Committee three times, the Risk Committee four times, and the Nomination Committee seven times.

No member of the Supervisory Board was unable to personally attend more than half of the meetings of the Supervisory Board.

In addition, the Supervisory Board and the Working and Remuneration Committees also passed resolutions by circulation.

Further information on the activities of the Supervisory Board can be found in the Report of the Supervisory Board.

## Management Board and Supervisory Board remuneration disclosure

### Management Board remuneration

The following total amounts were paid to the Management Board of RBI AG:

in € thousands	2017	2016
Fixed remuneration	4,571	5,017
Bonuses (incl. portions for prior years)	1,882	1,467
Share-based payments	694	220
Other remuneration	2,738	2,456
<b>Total</b>	<b>9,885</b>	<b>9,160</b>

Fixed remuneration, as shown in the table, includes salaries and benefits in kind. Performance-based components of the Management Board's remuneration basically consist of bonus payments and the share-based remuneration under the Share Incentive Program (SIP). In 2017, deferred bonus amounts from 2015 and previous years as well as immediately payable bonus amounts for 2016 were paid out. In 2017 there was an allocation of share-based payments from the 2012 tranche of the SIP (see below for details).

The payment of a bonus is linked to the achievement of annually agreed goals from four or five areas based on a balanced scorecard approach. These are weighted financial goals (adjusted to the respective function, e.g. return on risk-adjusted capital, total costs, risk-weighted assets), customer and employee goals, as well as process/efficiency/infrastructure goals and, where necessary, additional goals. The amount of the bonus is determined based on consolidated profit and the cost/income ratio; the targets to be achieved are based on RBI's medium-term return on equity target and thus consider a period spanning several years. Payment of bonuses is deferred as set forth in the BWG and implemented according to internal regulations.

Management Board members' contracts specify a maximum bonus. Similarly, the SIP includes a cap amounting to three times the allocation value. A maximum limit is thus in place for all variable compensation components. Other remuneration consists of compensation for board-level functions in affiliated companies, payments to pension funds and insurance companies, as well as vacation compensation and benefits.

The Management Board's remuneration paid in 2017 is shown in detail as follows:

in € thousands	Fixed remuneration	Bonus allocations for 2016 and prior years	Share-based payments	Other	Total
Karl Sevelde	204	0	0	75	279
Johann Strobl	900	507	206	528	2,141
Klemens Breuer	686	405	193	603	1,887
Martin Grüll	762	426	167	504	1,859
Andreas Gschwenter	734	183	0	404	1,321
Hannes Mösenbacher	523	0	0	105	628
Peter Lennkh	762	361	128	519	1,770
<b>Total</b>	<b>4,571</b>	<b>1,882</b>	<b>694</b>	<b>2,738</b>	<b>9,885</b>

The amounts shown for Klemens Breuer and Hannes Mösenbacher, who resigned or joined the Management Board during the year, respectively, are prorated based on the period in which they served on the Management Board. In addition to the amounts shown above, € 351 thousand in fixed remuneration, € 592 thousand in bonus allocations, € 205 thousand in share-based payments, € 1,787 in severance payments, and € 365 thousand in other remuneration were paid to Karl Sevelde between 18 March and 30 June 2017. Furthermore, Herbert Stepic, Aris Bogdaneris and Patrick Butler were paid a total of € 342 thousand in deferred bonus amounts on account of their previous work on the Management Board and a total of € 206 thousand in connection with the 2012 SIP tranche.

## Principles of remuneration policy and practices in accordance with § 39 (2) in conjunction with § 39b of the BWG

In accordance with § 39 (2) in conjunction with § 39b of the BWG including annexes, RBI AG's Supervisory Board approved the "General Principles of the Remuneration Policy and Practice" in 2011. Remuneration of all employees, including the Management Board and other "risk personnel", must comply with these principles. These principles also apply to bonus payments for 2011 and subsequent years. The Remuneration Committee reviews these principles on a regular basis and is responsible for monitoring their implementation. To reflect changes in regulatory requirements and general conditions as of 1 January 2017, the Remuneration Committee of RBI AG's Supervisory Board approved an update to the remuneration policies that apply within the RBI Group in the form of an "Internal Law Total Rewards Management" (including annexes). By updating its remuneration principles, the RBI Group implemented the European Banking Authority's (EBA) guidelines on sound remuneration policies (EBA/GL/2015/22) and incorporated the new rules into its remuneration principles.

### General remuneration principles of RBI – Summary

RBI uses a simple, transparent remuneration system which reflects the Group's business strategy and complies with regulatory requirements. The remuneration principles support the company's long-term objectives, interests and values while at the same time containing measures to avoid conflicts of interest.

RBI's remuneration system does not encourage the assumption of disproportionate risks, and instead supports sound, effective risk management (e.g. through a performance management process with financial and non-financial targets as well as qualitative and quantitative key performance indicators and the use of a bonus pool approach). This goal is also achieved by limiting variable remuneration through thresholds and upper limits, which also enables more precise long-term cost planning. In addition, special rules apply to all employees whose professional activities have significant consequences for the risk profile of the company and/or the Group ("risk personnel").

Within the overall remuneration, the relationship between fixed and variable components is made appropriate to enable employees to maintain an adequate standard of living based on their fixed income. This aims to provide maximum flexibility in the choice and implementation of the variable remuneration components, including forgoing the granting of variable remuneration entirely. In addition, the total amount of the variable remuneration does not restrict RBI's ability to improve its capitalization. The basis for all variable remuneration programs is performance, which is measured at Group, company and also individual level.

The remuneration system of RBI helps to address "silo mentality" by linking a significant part of variable remuneration to the Group's performance – in compliance with statutory and regulatory requirements. At the same time, the remuneration and performance management system provides quality enhancement and aims to strengthen customer relationships in the long term.

### Share Incentive Program

Due to the immense increase in the complexity of the regulatory provisions for variable remuneration, the Management Board was prompted to review the benefits and meaningfulness of share-based remuneration in 2014. Originally intended as a variable long-term remuneration element geared towards the market and corporate success, the SIP has since lost this meaning because the annual bonus for the same target group of top executives is now deferred for three to five years, and half must be paid in instruments (e.g. shares). It was therefore decided that no further SIP tranches would be issued from the 2014 financial year onwards.

The 2012 SIP tranche matured in 2017. In accordance with the terms and conditions of the program, the number of shares actually transferred was as follows:

#### SIP 2012

Group of persons	Number of shares due	Share-price value of €20.955 on allotment date (10 April 2017)	Actual number of transferred shares
Members of the Management Board of RBI AG	52,718	1,104,706	36,168
Members of the management boards of subsidiary banks and branches affiliated to RBI AG	70,277	1,472,655	54,437
Executives of RBI AG affiliated companies	36,129	757,083	24,430

To avoid legal uncertainties and in accordance with the program's terms and conditions, eligible employees in three countries were given a cash settlement instead of an allocation of shares. In Austria, eligible parties were granted the option of accepting a cash settlement in lieu of half of the shares due in order to cover the income tax payable at the time of transfer. Therefore, fewer shares were actually transferred than the number that was due. The portfolio of own shares was consequently reduced by the lower number of shares actually transferred.

On the reporting date, contingent shares for the last 2013 tranche still outstanding were allocated. At 31 December 2017, the number of these contingent shares was 321,268. The number of contingently allocated shares originally announced changed due to various personnel alterations in Group units. It is shown on an aggregated level in the following table:

#### SIP 2013

Group of persons	Number of contingently allocated shares on 31 December 2017	Minimum allocation of shares	Maximum allocation of shares
Members of the Management Board of RBI AG	92,895	27,869	139,343
Members of the management boards of subsidiary banks and branches affiliated to RBI AG	153,235	45,971	229,853
Executives of RBI AG and other affiliated companies	75,138	22,541	112,707

No shares were repurchased for the SIP in 2017.

### Expenditure for severance payments and pensions

The same rules essentially apply for the members of the Management Board as for employees. They provide for a basic contribution to a pension fund by the company and an additional contribution when the employee makes their own contributions in the same amount. Additional individual pension benefits, which are financed by a reinsurance policy, apply to two members of the Management Board.

In the event of a function or contract termination, one member of the Management Board is entitled to severance payments in accordance with a contractual agreement and four members in accordance with the Company Retirement Plan Act. In principle, the severance payment claims under contractual agreements expire if the Management Board member resigns.

Furthermore, protection against occupational disability risk is provided by a pension fund and/or on the basis of an individual pension benefit, which is secured by a reinsurance policy. Contracts for Management Board members are limited to the duration of their term in office or a maximum of five years. Regulations regarding severance payments, in case of the early termination of Management Board mandates, are essentially based on the principles stipulated by the ACGC. Severance payments do not exceed the maximum limits stipulated in the ACGC (a maximum of two years' total annual remuneration for early termination without serious cause – except for severance payments made under contractual agreements before 1 January 2010 – and in any case no longer than the remaining term. No remuneration is paid for premature terminations for serious reasons attributable to the Management Board member).

### Supervisory Board remuneration

For the 2016 financial year, the members of the Supervisory Board received total remuneration of € 550,000 in accordance with the resolution of the Annual General Meeting. This amount included € 70,000 for the Chairman of the Supervisory Board, € 60,000 each for the Deputy Chairmen of the Supervisory Board, and € 50,000 each for the other members of the Supervisory Board. Depending on the duration of the respective Supervisory Board member's term, the remuneration for the 2016 financial year was paid on a pro rata basis or in its entirety.

Supervisory Board remuneration for the 2017 financial year was apportioned to individual Supervisory Board members as follows. The amounts stated are provisional amounts from the statement of financial position, subject to the approval of the Annual General Meeting 2018. Attendance fees were not paid. Depending on the duration of the respective Supervisory Board mandate, the provision for the 2017 financial year was booked on a pro rata basis or in its entirety.

Supervisory Board member	in €
Erwin Hameseder	65,000
Heinrich Schaller	60,000
Martin Schaller	57,500
Klaus Buchleitner	50,000
Eva Eberhartinger	25,000
Peter Gauper	25,000
Wilfried Hopfner	25,000
Rudolf Könighofer	25,000
Birgit Noggler	25,000
Johannes Ortner	25,000
Günther Reibersdorfer	50,000
Bettina Selden	50,000

Members who resigned in 2017:

Supervisory Board member	in €
Walter Rothensteiner	35,000
Kurt Geiger	25,000
Michael Höllner	12,500
Johannes Schuster	12,500

## D&O insurance

A D&O (directors and officers) financial loss and liability insurance policy was maintained with UNIQA Sachversicherung AG for the 2017 financial year for the Supervisory Board, the Management Board and key executives, the cost of which is borne by the company. The policy covers both third party claims (external cover) and also claims of the company itself (internal cover) against the managers. The internal cover also protects the company.

## Annual General Meeting

On 24 January 2017, an Extraordinary General Meeting passed a resolution on the merger of RBI and RZB with a clear majority. The shareholders also approved the capital increase associated with the merger. RBI's share capital was consequently increased by issuing new no par value bearer shares (ordinary shares). The number of shares issued rose to 328,939,621. RBI AG's shares are listed on the Vienna Stock Exchange.

## Syndicate agreement concerning RBI

Due to a syndicate agreement relating to RBI, the regional Raiffeisen banks and direct and indirect subsidiaries of the regional Raiffeisen banks are parties acting in concert as defined in § 1 6 of the Austrian Takeover Act (see notification of voting rights published on 20 March 2017). The terms of the syndicate agreement include a block voting agreement for all matters that require a resolution from the Annual General Meeting of RBI, rights to nominate members of the RBI Supervisory Board and preemption rights among the syndicate partners. The terms also include a contractual restriction on sales of the RBI shares held by the regional Raiffeisen banks (with a few exceptions) for a period of three years from the effective date of the merger between RZB and RBI if the sale would directly and/or indirectly reduce the regional Raiffeisen banks' aggregate shareholding in RBI to less than 50 per cent of the share capital plus one share (at the end of the three-year period, the threshold drops to 40 per cent of the share capital).

The Annual General Meeting for the 2016 financial year was held on 22 June 2017 in Vienna. The Annual General Meeting for the 2017 financial year will take place on 21 June 2018. The convening notice will be published in the Wiener Zeitung's official journal and in electronic form a minimum of 28 days before the Annual General Meeting.

At the Annual General Meeting the shareholders, as owners of the company, can exercise their rights by voting. The fundamental principle of 'one share one vote' applies. Accordingly, there are no restrictions on voting rights and all shareholders have equal rights. Every share issued confers one vote; registered shares have not been issued. Shareholders may exercise their voting rights themselves or by means of an authorized agent.

## Report on measures taken by the company to promote women to the Management Board, the Supervisory Board and into executive positions and a description of the diversity strategy (§ 80 of the Austrian Stock Corporation Act (AktG)) as laid down in § 243c (2) 2 and 2a of the UGB

### Description of the diversity strategy

Prejudice and discrimination have no place in RBI. This is also clearly stated in the Code of Conduct which is valid across the entire Group. RBI instead advocates equality, and in keeping with its corporate identity, it offers equal opportunities for equal performance within the company, regardless of gender or other factors. This begins with staff selection, which must be without prejudice, and where the same standards must always be applied.

Supervisory Board and Management Board positions are filled while giving consideration to diversity and to the Fit and Proper policy, thereby also ensuring compliance with statutory requirements. The main requirements for holding such a position include solid education and professional experience, preferably in roles related to banks or financial institutions. This ensures that the Supervisory Board and Management Board consist of individuals with management experience who possess everything needed to provide professional management and exercise their control and monitoring function.

To further underscore the commitment to diversity, RBI's diversity vision, mission statement and daily implementation guidelines were published in July 2017. Therein, RBI presents its stance on this issue: "RBI believes that diversity adds value. Capitalizing on the opportunities from diversity provides long-term benefits to the company and its employees as well as to the economy and society as a whole. RBI is continuing Raiffeisen's 130 year success story as it embraces diversity. RBI actively and professionally harnesses the potential of diversity to give clients the best possible service as a strong partner and to position itself as an attractive employer."

In addition, the Nomination Committee of RBI is committed to gender-neutral staffing policies in its activities and specifically considers gender diversity when filling positions in management bodies.

In 2017, a total of 39 per cent of the RBI AG Supervisory Board and 40 per cent of Management Board positions were filled with new personnel, with regard to the respective year-end numbers. The share of women in the Supervisory Board was up 8 percentage points to 28 per cent. The ages of persons range between 43 and 65 years on the Supervisory Board and between 45 and 58 years on the Management Board.

## Measures taken to promote women to the Management Board, the Supervisory Board and into executive positions

To further improve the framework conditions for work and career, RBI continuously endeavors to reconcile family responsibilities and day-to-day work schedules as far as possible. Working arrangements such as flexible working hours, part-time and home-office working are offered in accordance with the statutory provisions, while some locations have company kindergartens with employee-friendly opening hours. Among other things, these aim to facilitate effective management of maternity leave, which should encourage women to return to work. RBI adopts a positive stance towards paternity leave and considers it an important means of strengthening equality. In order to build on management skills among employees, RBI offers targeted training and continuing education programs, which proved popular among all employees. In 2017, women made up 34 per cent of the participants in RBI AG's basic leadership program, 38 per cent in the Talent Lab for managers and 23 per cent in the Group-wide advanced leadership program.

RBI AG launched the initiative "Diversity 2020" in 2016 and continued it with a number of programs in 2017. One of the core issues targeted by the diversity initiative is the empowerment of women. In particular, it aims to increase the number of women in top management positions. Extensive communication measures were implemented to further raise awareness and highlight the importance of this issue as well as to ensure maximum transparency for the initiative. Management positions are advertised and not filled until there is at least one qualified female candidate. Potentially suitable female candidates are actively approached if needed to meet this goal. If no women apply for the position, it can be filled from the male applicants after waiting for one month. Documents needed for interviews or hearings are anonymized in order to ensure greater objectivity in the selection process. Subconscious prejudices are a significant factor preventing the appointment of women to management positions, among other things. Voluntary training courses to raise awareness in this area have already been conducted in groups. An online training module is currently in development. In addition, RBI AG supports arrangements such as part-time management in order to overcome structural barriers. It also sees gender-specific mentoring as an important tool for increasing the representation of women in management positions. To expand on this, an in-house course on the "Empowerment of women" was offered to female managers, twelve "Leadership Talents" or "Emerging Leadership Talents" successfully completed the first course in May 2017.

The Nomination Committee of RBI AG has set itself a target of filling 30 per cent of the positions on the Supervisory Board, Management Board and in upper management (Tier 2 and Tier 3 management) with women by 2024. Women held the following proportions of Tier 3 management positions and higher (positions with staff responsibility) at RBI AG, at 31 December 2017: Supervisory Board, 28 per cent; Management Board, 0 per cent; Tier 2 management, 17 per cent; and Tier 3 management, 19 per cent. Female employees make up 46 per cent of the total workforce. RBI AG therefore meets the legal requirement, which took effect in Austria on 1 January 2018, for the share of women on its Supervisory Board.

The Nomination Committee has set itself a target of filling 35 per cent of the positions on the Supervisory Board, Management Board and in Tier 2 management at RBI with women by no later than 2024. In RBI, the total proportion of women among employees is 67 per cent (2016 pro forma: 67 per cent). Women hold 12 per cent of Management Board positions (2016 pro forma: 14 per cent), 36 per cent of Tier 2 management positions (2016 pro forma: 36 per cent) and 45 per cent of Tier 3 management positions (2016 pro forma: 46 per cent). Women hold 15 per cent of Supervisory Board positions (2016 pro forma: 9 per cent). These figures include RBI AG and 14 network banks in CEE as well as Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Raiffeisen-Leasing GmbH, Valida Vorsorge Management, Kathrein Privatbank Aktiengesellschaft and Raiffeisen Centrobank AG. The pro forma amounts contain the figures for the companies listed in the sentence prior.

The Management Board is aware of the need to continue to pursue the existing initiatives as well as to maintain its openness to new measures in order to further increase the percentage of women in highly qualified positions. To achieve this end, it encourages women to take advantage of these opportunities and to actively participate in further development.

## Transparency

The internet, particularly the company website, plays an important role for RBI with regard to open communication with shareholders, their representatives, customers, analysts, employees, and the interested public. Therefore, the website offers regularly updated information and services, including the following: annual and interim reports, company presentations, telephone conference webcasts, ad-hoc releases, press releases, investor relations releases, share price information and stock data, information for debt investors, financial calendar with advance notice of important dates, information on securities transactions of the Management Board and Supervisory Board that are subject to reporting requirements (directors' dealings), RBI AG's Articles of Association, the Corporate Governance Report, analysts' recommendations, as well as an ordering service for written information and registration for the automatic delivery of investor relations news by e-mail.

## Conflicts of interest

Both the Management Board and the Supervisory Board of RBI AG are required to disclose any potential conflicts of interest. Members of the Management Board must therefore disclose to the Supervisory Board any significant personal interests in transactions involving the company and Group companies, as well as any other conflicts of interest. They must also inform the other members of the Management Board. Members of the Management Board who occupy management positions within other companies must ensure a fair balance between the interests of the companies in question.

Members of the Supervisory Board must immediately report any potential conflicts of interest to the Chairman of the Supervisory Board, who is supported by Compliance when carrying out his evaluation. In the event that the Chairman himself should encounter a conflict of interest, he must report this immediately to the Deputy Chairman. Company agreements with members of the Supervisory Board that require members to perform a service for the company or for a subsidiary outside of their duty on the Supervisory Board (§ 189a 7 of the UGB) in exchange for not-insignificant compensation require the approval of the Supervisory Board. This also applies to agreements with companies in which a member of the Supervisory Board has a significant financial interest. Furthermore, related party transactions as defined by § 28 of the BWG require the approval of the Supervisory Board.

These and other requirements and rules of conduct are covered by a corporate policy that contains the duties required by law and by the Austrian Corporate Governance Code. The policy also gives due consideration to the EBA's guidelines on internal governance and the Basel Committee on Banking Supervision's corporate governance principles for banks.

## Independent consolidated non-financial report (§ 267a of the UGB) as well as disclosure for the parent company according to § 243b of the UGB

The company will prepare an independent consolidated non-financial report according to § 267a of the UGB for the 2017 financial year for RBI, which will also contain the disclosure for the parent company according to § 243b of the UGB. The report is reviewed by the Supervisory Board according to § 96 (1) of the AktG. The Management Board appointed KPMG Austria GmbH to review the consolidated non-financial report. The Supervisory Board will report on the results of the review at the Annual General Meeting.



## Accounting and audit of financial statements

RBI's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU. They also comply with the regulations of the BWG in conjunction with the UGB to the extent that these are applicable to the consolidated financial statements. The consolidated annual financial statements are published within the first four months of the financial year following the reporting period. Interim reports are published no later than two months after the end of the respective reporting period pursuant to IFRS.

The Annual General Meeting on 16 June 2016 selected KPMG as external Group auditor and bank auditor for the 2017 financial year. KPMG has confirmed to RBI AG that it has the certification of a quality auditing system. It has also declared that there are no reasons for disqualification or prejudice. The Supervisory Board is informed of the result of the audit by a statutory report regarding the audit of the consolidated financial statements by the auditor, as well as by the report of the Audit Committee. Furthermore, the auditor assesses the effectiveness of the company's risk management in accordance with the ACGC, based on the documents submitted to the auditor and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board, who is responsible for ensuring the report is addressed in the Audit Committee and presented to the Supervisory Board.



Johann Strobl



Andreas Gschwenter



Hannes Mösenbacher

The Management Board



Martin Grill



Peter Lennkh