

# 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 2018. 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) → Investors → 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 but 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 AG serves as the central institution of the regional Raiffeisen banks and other affiliated credit institutions. 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 extensive 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 on the Supervisory Board (without employee representatives) shall be ten at most.**

Supervisory Board currently consists of nine core shareholder representatives for RBG and three free float representatives. This higher number of members was based on a resolution passed by the Annual General Meeting on 22 June 2017. It provides the Supervisory Board with additional industry knowledge, 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, Vienna (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) → Investors → Corporate Governance → External Evaluation of the CG Code.

## Composition of the Management Board

As at 31 December 2018, 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	29 February 2020
Andreas Gschwenter	1969	1 July 2015	30 June 2023
Lukasz Januszewski	1978	1 March 2018	28 February 2021
Peter Lennkh	1963	1 October 2004	31 December 2020
Hannes Mösenbacher	1972	18 March 2017	29 February 2020
Andrii Stepanenko	1972	1 March 2018	28 February 2021

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

After Klemens Breuer resigned at the end of October 2017, Johann Strobl temporarily oversaw the Markets area of the Management Board and Peter Lennkh temporarily assumed responsibility for the Retail Banking area. This lasted until 28 February 2018. On 1 March 2018, responsibility for the Markets & Investment Banking area passed to Lukasz Januszewski while Andrii Stepanenko took over the Retail Banking area.

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

Andreas Gschwenter	RSC Raiffeisen Service Center GmbH, Austria, Deputy Chairman
Peter Lennkh	Oesterreichische Kontrollbank Aktiengesellschaft, Austria, Member

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 in executive roles or as supervisory board members in the 2018 financial year:

	Supervisory Board mandate	Management
<b>Johann Strobl</b>	AO Raiffeisenbank, Russia, Chairman Raiffeisen Bank Polska S.A., Poland, Chairman (until 3 November 2018) Raiffeisen Bank S.A., Romania, Chairman Tatra banka, a.s., Slovakia, Member Raiffeisenbank a.s., Czech Republic, Member	
<b>Martin Grüll</b>	Priorbank JSC, Belarus, Chairman Raiffeisen Bank Aval JSC, Ukraine, Chairman Raiffeisenbank (Bulgaria) EAD, Bulgaria, Chairman Raiffeisen Bank Polska S.A., Poland, Deputy Chairman (until 3 November 2018) Raiffeisen Bank S.A., Romania, Deputy Chairman AO Raiffeisenbank, Russia, Member Tatra banka, a.s., Slovakia, Member (until 6 September 2018) Raiffeisenbank a.s., Czech Republic, Member (until 24 April 2018)	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 (until 3 November 2018) 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	
<b>Lukasz Januszewski</b>	Raiffeisen Centrobank AG, Austria, Chairman (from 25 April 2018) Raiffeisenbank a.s., Czech Republic, Chairman (from 24 April 2018) AO Raiffeisenbank, Russia, Member (from 14 May 2018) Tatra banka, a.s., Slovakia, Member (from 6 September 2018) Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung, Austria, Member (from 28 September 2018)	
<b>Peter Lennkh</b>	Raiffeisen Bank d.d., Bosnia and Herzegovina, Deputy Chairman Raiffeisen banka a.d., Serbia, Chairman Raiffeisenbank a.s., Czech Republic, Deputy Chairman Raiffeisen Bank Polska S.A., Poland, Member (until 3 November 2018) Raiffeisen Bank S.A., Romania, Member AO Raiffeisenbank, Russia, Member Tatra banka, a.s., Slovakia, Member Raiffeisen Bank Sh.A., Albania, Chairman Raiffeisen Bank Kosovo J.S.C, Kosovo, Chairman (from 16 April 2018)	
<b>Hannes Mösenbacher</b>	Raiffeisen Centrobank AG, Austria, Member (from 25 April 2018, previously Chairman) AO Raiffeisenbank, Russia, Member Raiffeisen Bank Polska S.A., Poland, Member (until 3 November 2018) Raiffeisen Bank d.d., Bosnia and Herzegovina, Chairman Raiffeisen Bank S.A., Romania, Member Tatra banka, a.s., Slovakia, Member Raiffeisenbank a.s., Czech Republic, Member	
<b>Andrii Stepanenko</b>	Raiffeisen Centrobank AG, Austria, Member (from 25 April 2018) Raiffeisen Bank Aval JSC, Ukraine, Member (from 27 April 2018) Raiffeisenbank a.s., Czech Republic, Member (from 24 April 2018) AO Raiffeisenbank, Russia, member (from 14 May 2018) Kathrein Privatbank Aktiengesellschaft, Austria, Chairman (from 17 July 2018) Tatra banka, a.s., Slovakia, Chairman (from 10 October 2018) Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung, Austria, Chairman (from 28 September 2018)	

# Composition of the Supervisory Board

As of 31 December 2018, 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 1 <sup>st</sup> Deputy Chairman	1965	4 June 2014	Annual General Meeting 2019
Heinrich Schaller 2 <sup>nd</sup> 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 Noggler	1974	22 June 2017	Annual General Meeting 2022
Andrea Gaal	1963	21 June 2018	Annual General Meeting 2023
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	16 February 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

Bettina Selden (member of the Supervisory Board) resigned from the Supervisory Board with effect from 21 June 2018.

Andrea Gaal was appointed as a member of the Supervisory Board with effect from the end of the Annual General Meeting on 21 June 2018.

# 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 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 a non-independent qualification.
- The exercise of functions within the company 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 to the Annual General Meeting of 21 June 2018, Bettina Selden, Eva Eberhartinger and Birgit Noggler 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 21 June 2018, Eva Eberhartinger, Birgit Noggler and Andrea Gaal 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 from 1 January to 31 December 2018:

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

In addition to their functions as members of RBI AG's Supervisory Board, supervisory board mandates were also held 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:

## 1 January to 21 June 2018

	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
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
Member	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 Kortenhof	Rudolf Kortenhof	-	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof
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

## 21 June to 31 December 2018

	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
Chairman	Erwin Hameseder	Eva Eberhartinger	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	Heinrich Schaller	Martin Schaller	Martin Schaller	Heinrich Schaller	Martin Schaller
Member	Andrea Gaal	Johannes Ortner	Rudolf Könighofer	Eva Eberhartinger	Eva Eberhartinger	Rudolf Könighofer
Member	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler
Member	-	Andrea Gaal	Andrea Gaal	Andrea Gaal	Andrea Gaal	Andrea Gaal
Member	Rudolf Kortenhof	Rudolf Kortenhof	-	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof
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

Eva Eberhartinger assumed the chairmanship of the Audit Committee on 21 June 2018. The Audit Committee, Working Committee and Risk Committee each consist of one-third core shareholder representatives, one-third free float representatives, and one-third employee representatives.

§ 63a (4) of the Austrian Banking Act (BWG) requires one member of the Audit Committee to be a financial expert. This function is fulfilled by Eva Eberhartinger. However, three other members of the Audit Committee have relevant expertise from their positions as senior executives of banks.

In her main role, Eva Eberhartinger chairs the Tax Management division at the Institute for Accounting & Auditing at the Vienna University of Economics and Business (Wirtschaftsuniversität Wien). Between 2006 and 2011, she was the Vice Rector of the Vienna University of Economics and Business for Finance, Accounting, and Controlling.

On account of her high level of expertise and many years of experience in research and lecturing at both national and international universities, Eva Eberhartinger is a recognized expert in the areas of finance and accounting as well as in taxation.

Her research focuses on the areas of accounting, financing and taxes, european/international tax accounting, and international tax law. Furthermore, Eva Eberhartinger has numerous publications in diverse academic journals. From 2013, Eva Eberhartinger has been on the Supervisory Board of the Austrian Treasury and was the Deputy Chair until 2017. She has also been a member of the Supervisory Board of maxingvest AG (Germany) from 2014.

With the appointment of Eva Eberhartinger, the composition of the Supervisory Board of RBI is further strengthened overall with regard to the necessary knowledge and experience, as well as the ability to approach the scope and complexity of RBI's business and risk structure.

## The Advisory Council

The Advisory Council consists of representatives of RBG and has a purely consultative function for the Management 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's activities.

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 RBG. It also gives advice on RBI's central institution function as defined in § 27a of the 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 seven Chairmen of the supervisory boards of the regional Raiffeisen banks and the Chairman of Raiffeisenverband Salzburg. It met five times in 2018. All the members of the RBI Advisory Council attended all the Advisory Council meetings in 2018, with the exception of one meeting not attended by two Advisory Council members.

Advisory Council members receive reasonable compensation for their activities. The compensation for the 2017 financial year and subsequent years was determined by the Annual General Meeting on 21 June 2018.

As long as the General Meeting passes no resolutions to the contrary in the future, Advisory Council members are paid the following annual remuneration:

- For the Chairman of the Advisory Council: € 25,000 (excluding VAT)
- For the Chairman of the Advisory Council: € 20,000 (excluding VAT)
- For every other member of the Advisory Council: € 15,000 each (excluding VAT)

Each member of the Advisory Council is additionally paid an attendance fee of € 1,000 (excluding VAT) for each meeting.

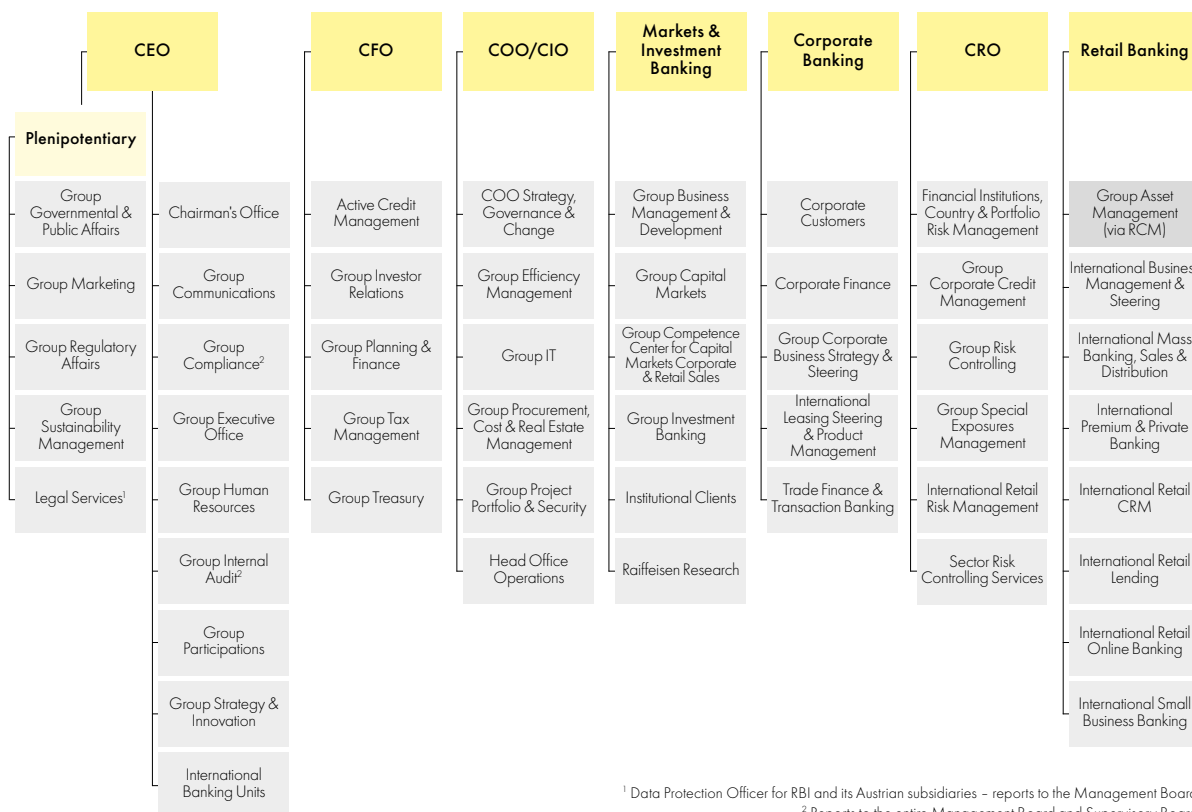
Depending on the duration of the respective Advisory Council mandate, the annual remuneration for the financial year is allocated on a pro rata basis or in its entirety.

## 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 (as at 31 December 2018):



In the 2018 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 Group Governmental and Public Affairs division was created in order to strengthen the active, structured dialog between RBI, policymakers and the general public.
- Legal Services provides the data protection officer from now on, who supports RBI and its Austrian subsidiaries with respect to compliance with the EU's General Data Protection Regulation (GDPR). The data protection officer reports directly to the Management Board.
- The Group Strategy and Group Digital Banking divisions were merged to form Group Strategy & Innovation. This division continues to concentrate on RBI's strategy and the opportunities and possibilities that the ongoing digitalization of the financial sector presents for the Group. The aim of the merger is to increase the focus on the strategic aspect of RBI's digital transformation in addition to developing innovations and partnerships and putting them into effect.
- The Plenipotentiary function was re-established as of 1 December 2018. This function is responsible for Group Regulatory Affairs, Legal Services, Group Marketing, Group Sustainability Management and Group Governmental & Public Affairs.

### Management Board area of the Chief Financial Officer (CFO)

- The Tax Management division was renamed Group Tax Management in order to give due consideration to its corporate function.

The Retail Banking & Markets area of the Management Board was divided into the Retail Banking and Markets & Investment Banking Management Board areas on 1 March 2018.

## Management Board area of Retail Banking

- The Retail Banking area was reorganized, with its structure expanded from three to eight specialized divisions. The International Retail Strategy & Products division was split into three divisions: International Business Management & Steering, International Retail Online Banking, and International Retail Lending. International Consumer & Small Business Banking was segmented into two divisions: International Small Business Banking and International Mass Banking, Sales & Distribution. A new division, International Retail CRM, was also established. This reorganization was necessary to support the desired level of growth in the retail business.
- The Group Asset Management division was part of the Retail Banking & Markets area of the Management Board until the start of 2018. After the Management Board area was split into Retail Banking and Markets & Investment Banking, this division was initially attached to the Markets & Investment Banking area of the Management Board. In the second half of the year, it was then transferred to the Retail Banking area.

## Management Board area of Markets & Investment Banking

- The new Group Competence Center for Capital Markets Corporate & Retail Sales was set up as a Group function reporting directly to the Markets & Investment Banking area of the Management Board. This new function will capitalize on cross-selling opportunities.

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. It handles general focus reports on individual industries in the corporate customer business and financial institutions area as part of reviewing loan and limit applications. It takes these opportunities to discuss selected customer groups and financial institutions, as well as customer rating downgrades. The Working Committee also looks at developments with respect to the 20 largest groups of connected customers in the corporate customer business in the course of the year and reviews special customer reports prepared in response to current events. The Working Committee discusses and decides on limit applications for companies and financial institutions and confers on limit applications that fall within the Supervisory Board's decision-making authority as well as reports written for the Supervisory Board, such as the annual report on all significant investments under § 28b of the Austrian Banking Act (BWG), before they are addressed by the entire Supervisory Board.

In addition, the Working Committee considers pending requests and reports on the formation, closure and liquidation of subsidiaries and the acquisition and disposal of equity participations up to the ceiling amount for Supervisory Board responsibility. The Working Committee also discusses and decides on the assumption of new board-level functions by Management Board members and the allocation of duties among the individual members of the Management Board.

The **Personnel Committee** deals with the remuneration of Management Board members as well as their employment contracts. In particular, it discusses and decides on provisions in the individual Management Board members' employment contracts and makes changes to the contracts as needed. It is also responsible for approving any acceptance of secondary employment by members of the Management Board.

It sets targets for the Management Board based on applicable rules and regulations and makes any required changes. The Personnel Committee also discusses whether the Management Board has attained its targets and approves bonus allocations on that basis. In addition, it discusses and reviews submitted information that appears to require clawbacks of past bonuses or non-payment of bonuses from existing provisions ("penalty"). The Personnel Committee then decides whether to pay amounts from bonus payments that were deferred as required by law.

The **Audit Committee** monitors the accounting process. It issues corresponding recommendations or proposals for ensuring reliability and supervises the effectiveness of the company's internal control, audit and risk management systems.

The Audit Committee also oversees the annual audit of the financial statements and consolidated financial statements and thus monitors the independence of the external Group auditor/bank auditor, 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.



The Audit Committee reviews the audit plan in great detail and engages in discussions with the auditor about key facts covered in the audit of the financial statements, special focuses of the audit, the management letter and the report on the effectiveness of risk management and the internal control system. It also examines the Management Board's 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.

The Audit Committee also engages in regular discussions with Internal Audit about general audit issues, defined audit areas, findings made during audits and steps taken to make improvements in response to audit findings. Group Compliance also reports regularly to the Audit Committee and discusses the status and effectiveness of the internal control system with the Audit Committee. In particular, the parties discuss the findings from reviews of key controls in financial reporting and non-financial reporting areas as well as additional required improvements. The Audit Committee also devotes attention to the accounting framework and discusses the implementation of necessary projects.

Special reports are compiled on current Audit Committee issues; at the end of each year, the Audit Committee also defines core issues for the upcoming year.

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 doing so, the long-term interests of shareholders, investors and employees of the company are taken into account, as are the economic interests of maintaining a functioning banking system and the stability of the financial market. The Remuneration Committee issues detailed internal remuneration policies for RBI and makes changes as needed as part of a regular review process. On that basis, the Remuneration Committee then selects the companies within RBI that are subject to the remuneration principles. This selection process is reviewed at regular intervals. The Remuneration Committee is also responsible for approving the proposed list of employees and functions which have a material impact on the risk profile of the Group and/or company. The Remuneration Committee conducts regular reviews of these risk personnel.

In addition, the Remuneration Committee supervises and regularly reviews 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. To this end, reports from Human Resources, Internal Audit, Compliance and Risk Management are presented to the Remuneration Committee and the associated findings and measures are discussed. The Remuneration Committee further reviews the remuneration of executives responsible for risk management and compliance.

The Remuneration Committee is also responsible for deciding whether employees are subject to penalty or clawback events. It reviews potential cases and then, on that basis, decides how the event will affect the payment of variable remuneration.

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. To fulfill these responsibilities, the Risk Committee obtains quarterly reports on issues such as credit, liquidity and market risk, Internal Capital Adequacy Assessment Process (ICAAP) and non-performing loans. The Committee also looks at current risk aspects, including selected country reports in the event of political developments as well as reports on regulatory and digital developments and their repercussions for RBI. In addition, the Risk Committee discusses relevant metrics and tolerances regarding the Group's risk appetite, with due consideration given to budgeting and strategy.

Furthermore, the Risk Committee is also responsible for examining whether adequate consideration is given to the business model and risk strategy in the pricing of the services and products offered. To this end, the Risk Committee discusses reports submitted to it on pricing and price calculations in the customer and financial institutions business and discusses remedial action plans if necessary. The Risk Committee also monitors whether the incentives offered by the internal remuneration system give adequate consideration to risk, capital and liquidity, as well as the probability and timing of realized profits. This involves the presentation of a report on the current structure of remuneration policies in the Risk Committee, which is used for an assessment of whether the remuneration structure reflects RBI's risk appetite.

The **Nomination Committee's** duties include filling any posts on the Management Board and Supervisory Board that have become vacant. The Nomination Committee evaluates potential candidates based on a description of the duties entailed and, after conducting an appropriate fit & proper test, issues recommendations for filling the board vacancy, giving consideration 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, consults on the strategy for achieving the defined target and regularly discusses the adoption of planned development programs. The Nomination Committee is also responsible for evaluating decision-making within the Management Board and Supervisory Board, ensuring 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 verifies and makes this assessment based on the meeting processes and communication lines within each board (e.g. minute-

taking, deputizing arrangements, resolutions passed by circulation in urgent cases, monitoring of courses of action taken, meeting preparations, forwarding of documents) and on the perceptions of the members themselves. The Nomination Committee's responsibilities also include regularly assessing the structure, size, composition and performance of the Management Board and Supervisory Board, with reports on the bodies' composition, organizational structures and the results of their work being presented as a basis for any decisions. It also regularly evaluates 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. The evaluation takes place in the Nomination Committee and is based on the self-evaluation of the individual members of the Management Board and Supervisory Board, as well as on individual continuing education reports.

The Nomination Committee also reviews the Management Board's policy with regard to the selection of executives and supports the Supervisory Board in preparing recommendations for the Management Board. As part of its responsibility, the Nomination Committee evaluates the selection of key function holders, the guiding principles of executive selection and development, succession planning and the policies and steps taken for filling upper management positions.

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

The Supervisory Board (SB) held seven 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 issues.

The Working Committee (WC) held eight meetings in the 2018 financial year. The Audit Committee (AC) met three times, the Personnel Committee (PC) twice, the Remuneration Committee (ReC) three times, the Risk Committee (RiC) four times, and the Nomination Committee (NC) four times.

No member of the Supervisory Board was unable to personally attend more than half of the meetings of the Supervisory Board. Supervisory Board members attended the meetings of the Supervisory Board and its committees as shown below in 2018. It should be noted that the composition of the Supervisory Board and its committees changed in the course of the year.

Supervisory Board member	SB (7)	WC (8)	AC (3)	PC (2)	NC (4)	ReC (3)	RiC (4)	Total (31)
Erwin Hameseder	7/7	8/8	3/3	2/2	4/4	3/3	4/4	31
Martin Schaller	6/7	8/8	n/a	2/2	4/4	3/3	4/4	27
Heinrich Schaller	5/7	7/8	3/3	1/2	3/4	3/3	4/4	26
Klaus Buchleitner	5/7	n/a	n/a	n/a	n/a	n/a	n/a	5
Peter Gauper	5/7	n/a	n/a	n/a	n/a	n/a	n/a	5
Betriebsökonom Wilfried Hopfner	6/7	n/a	n/a	n/a	n/a	n/a	n/a	6
Rudolf Könighafer	6/7	n/a	n/a	2/2	4/4	n/a	n/a	12
Johannes Ortner	7/7	n/a	3/3	n/a	n/a	n/a	n/a	10
Günther Reibersdorfer	6/7	n/a	n/a	n/a	n/a	n/a	n/a	6
Eva Eberhartinger	7/7	5/5 <sup>1)</sup>	3/3	n/a	n/a	3/3	4/4	22
Birgit Noggler	7/7	8/8	3/3	2/2	4/4	3/3	4/4	31
Andrea Gaal <sup>2)</sup>	3/3	3/3	2/2	0/0	0/0	1/1	2/2	11
Bettina Selden <sup>3)</sup>	2/4	3/5	0/1	1/2	1/1	1/2	0/2	8
Rudolf Kortenhof	6/7	8/8	3/3	n/a	4/4	3/3	4/4	28
Peter Anzeletti-Reikl	7/7	8/8	3/3	n/a	4/4	3/3	4/4	29
Susanne Unger	7/7	8/8	3/3	n/a	4/4	3/3	4/4	29
Gebhard Muster	4/7	n/a	n/a	n/a	n/a	n/a	n/a	4
Helge Rechberger	7/7	n/a	n/a	n/a	n/a	n/a	n/a	7
Natalie Egger-Grunicke	6/7	n/a	n/a	n/a	n/a	n/a	n/a	6

n/a - not applicable, as no member in the respective Committee

1) Eva Eberhartinger left the Working Committee effective as of 21 June 2018

2) Andreas Gaal was appointed to the Supervisory Board and all of its Committees on 21 June 2018

3) Bettina Selden left the Supervisory Board and all of its Committees on 21 June 2018

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

## Self-evaluation and efficiency review by the Supervisory Board

As required by C Rule 36 of the ACGC, the Supervisory Board of RBI AG conducted a self-evaluation and efficiency review for the 2018 financial year, with outside support provided by KPMG.

The self-evaluation is based on a questionnaire that was developed by the Working Group for Corporate Governance for voluntary external evaluations and was adapted to RBI's particular circumstances by KPMG. The Supervisory Board members were asked in particular for their assessment of the organizational structure, working methods, access to information, composition and independence of the Supervisory Board. A further section of the questionnaire also deals with the conducting of the efficiency review by 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	2018	2017
Fixed remuneration	5,154	4,571
Bonuses (incl. portions for prior years)	2,493	1,882
Share-based payments	399	694
Other remuneration	2,345	2,738
<b>Total</b>	<b>10,391</b>	<b>9,885</b>

Fixed remuneration, as shown in the table, includes salaries and benefits in kind. Performance-based components of the Management Board's remuneration essentially consist of bonus payments and share-based remuneration under the Share Incentive Program (SIP). In 2018, deferred bonus amounts from 2016 and previous years as well as immediately payable bonus amounts for 2017 were paid out. The last allocation of share-based payments occurred in 2018; this was from the 2013 tranche of the SIP (see below for details), which has thereby been terminated.

The payment of a bonus is linked to the achievement of annually agreed objectives from various areas based on a balanced scorecard approach. These are weighted financial targets (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 objectives. 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. The total of all variable compensation components is capped at 100 per cent of the fixed remuneration. This cap applies to the Chairman of the Management Board as well as to all the members and includes all forms of variable remuneration. 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 2018 is shown in detail as follows:

<b>in € thousands</b>	<b>Fixed remuneration</b>	<b>Bonus allocations for 2017 and prior years</b>	<b>Share-based payments</b>	<b>Other</b>	<b>Total</b>
Johann Strobl	900	773	148	476	2,297
Martin Grill	761	645	140	434	1,980
Andreas Gschwenter	760	405	0	405	1,570
Lukasz Januszewski	641	0	0	138	779
Peter Lennkh	762	563	111	473	1,909
Hannes Mösenbacher	747	107	0	282	1,136
Andrii Stepanenko	583	0	0	137	720
<b>Total</b>	<b>5,154</b>	<b>2,493</b>	<b>399</b>	<b>2,345</b>	<b>10,391</b>

The amounts listed for Lukasz Januszewski and Andrii Stepanenko, who joined the Management Board during the year, are prorated based on the period in which they served on the Management Board. In addition to the amounts listed above, Herbert Stepic, Aris Bogdaneris, Klemens Breuer and Karl Sevelda were paid a total of € 1,759 thousand in deferred bonus amounts on account of their previous work on the Management Board and a total of € 357 thousand in connection with the 2013 SIP tranche. A further € 1,142 thousand in benefits for the termination of his Management Board mandate were paid to Karl Sevelda. No other exceptional one-off payments were made.

## 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 of the Supervisory Board of RBI AG reviews these principles on a regular basis and is responsible for monitoring their implementation. To reflect changes in the regulatory requirements and framework and/or adjustments to the RBI remuneration system, the remuneration principles that apply within the RBI Group in the form of an Internal Law Total Rewards Management (including annexes) are regularly updated and submitted to the Remuneration Committee for approval. This was last done in March 2018.

### 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).

Total remuneration consists of both fixed and variable components, with an appropriate ratio between the two. Employees' fixed income is set at a level that allows them to maintain an adequate standard of living. 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 and the deferral of the annual bonus for top managers, the Management Board decided in 2014 not to issue any more SIP tranches from the 2014 financial year onwards.

The last SIP tranche, which was for 2013, matured in 2018. In accordance with the terms and conditions of the program, the number of shares actually transferred was as follows:

### SIP 2013

Group of persons	Number of shares due	Share price value of € 27,12 on allotment date (9 April 2018)	Actual number of shares transferred
Members of the Management Board of RBI AG	29,170	791,090	24,233
Members of the management boards of subsidiary banks and affiliated branches of RBI AG	43,470	1,178,906	34,005
Executives of affiliated companies of RBI AG	21,640	586,877	14,500

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 subsequently reduced by the lower number of shares actually transferred.

No further contingent shares were allocated as at the reporting date.

## Expenditure for severance payments and pensions

### 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.

Furthermore, protection against occupational disability risk is provided by a pension fund and/or on the basis of an individual pension benefit, which is covered 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.

### Severance

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 six 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.

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 severance payment is made in the event of premature termination for serious reasons attributable to the Management Board member).

## Supervisory Board remuneration

A new remuneration model for the Supervisory Board was adopted at the Annual General Meeting on 21 June 2018. Under the new model, elected Supervisory Board members are paid the following annual remuneration starting in the 2017 financial year as long as the General Meeting does not pass any future resolutions to the contrary:

- For the Chairman of the Supervisory Board: € 120,000
- For the Deputy Chairman of the Supervisory Board: € 90,000 each
- For every other elected member of the Supervisory Board: € 60,000 each
- For the Chairmen of the Audit Committee and Risk Committee: an additional € 10,000 each

The annual remuneration for the financial year is allocated and paid on a pro rata basis or in its entirety depending on how long the Supervisory Board member has served on the Supervisory Board or committee, and whether he or she chairs the Supervisory Board or committee. In addition, the Annual General Meeting resolved on 21 June 2018 to pay each elected member of the Supervisory Board an additional attendance fee of EUR 1,000 for each meeting they attend.

Provisions for Supervisory Board remuneration were booked for the 2018 financial year.

Based on the newly adopted remuneration model, the members of the Supervisory Board are paid the following remuneration reflecting their time in office and chairman positions held:

### 2018

Supervisory Board member	Fixed remuneration in € thousands	Attendance payments in € thousands	Total remuneration in € thousands
Erwin Hameseder	120	31	151
Martin Schaller	100	27	127
Heinrich Schaller	95	26	121
Klaus Buchleitner	60	5	65
Peter Gauper	60	5	65
Wilfried Hopfner	60	6	66
Rudolf Könighofer	60	12	72
Johannes Ortner	60	10	70
Günther Reibersdorfer	60	6	66
Eva Eberhartinger	65	22	87
Birgit Noggler	60	31	91
Andrea Gaal	32	11	43
Bettina Selden	28	8	36

## 2017

The following payments were made for 2017 based on the Annual General Meeting resolution of 21 June 2018:

Supervisory Board member	Fixed remuneration in € thousands	Attendance payments in € thousands	Total remuneration in € thousands
Walter Rothensteiner	57	18	75
Erwin Hameseder	108	28	136
Martin Schaller	90	30	120
Heinrich Schaller	95	30	125
Johannes Peter Schuster	15	10	25
Günther Reibersdorfer	60	4	64
Klaus Buchleitner	60	4	64
Michael Höllner	15	0	15
Peter Gauper	32	3	35
Wilfried Hopfner	32	3	35
Rudolf Könighofer	32	5	37
Johannes Ortner	32	4	36
Eva Eberhartinger	32	10	42
Birgit Noggl	32	13	45
Bettina Selden	60	14	74
Kurt Geiger	28	2	30

## D&O insurance

A D&O (directors and officers) financial loss and liability insurance policy was maintained with UNIQA Österreich Versicherungen AG for the 2018 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

The Annual General Meeting for the 2017 financial year was held on 21 June 2018 in Vienna. The Annual General Meeting for the 2018 financial year will take place on 13 June 2019. 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.

## 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 § 16 of the Austrian Takeover Act (see notification of voting rights most recently published on 7 September 2018). 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).

# 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.

The RBI Group Diversity Policy was published in June 2018. It describes the relevance of this issue for RBI, defines the various responsibilities and also describes how to implement a diversity strategy in the Group.

The key components of this policy include RBI's diversity vision, mission statement and daily implementation guidelines, which were drawn up in 2017. In them, 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."

The RBI Group Diversity Policy defines a strategy for filling Supervisory Board and Management Board positions whereby hiring must give consideration to both diversity and compliance with statutory requirements. Other important diversity aspects include age, gender and geographic origin. The main requirements for holding such a position include solid education and professional experience, preferably in roles related to banks or financial institutions. The objective is that the boards include a wide range of qualifications and expertise in order to obtain a variety of opinions, perspectives and experience resulting in sound decision-making.

The composition of the Supervisory Board and Management Board should be structured so that the board members' geographic origins reflect the diversity of RBI's markets and its cultural context. With respect to the age structure of the Management Board and Supervisory Board, the board members should preferably not have all been born in the same decade. The aim is for women to fill 35 per cent of the positions within the Supervisory Board, Management Board and Tier 2 management of the RBI Group by no later than 2024.

The number of RBI AG Management Board members increased from five to seven in the first quarter of 2018. The Retail Banking & Markets area of the Management Board, which had been overseen on an interim basis, was divided into separate areas under new management. Furthermore, the term of one Management Board position was also extended. Of the seven Management Board members, currently five are from Austria, one is from Poland, and one is from Ukraine. The percentage of members of non-Austrian origin therefore increased from 0 per cent at the end of 2017 to 29 per cent at the end of 2018. All of the Supervisory Board members are of Austrian origin. Members range in age from 44 to 64 for the Supervisory Board (2017: from 43 to 65) and from 40 to 59 for the Management Board (2017: from 45 to 58). The next section describes the percentage of women in detail.



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

RBI knows that increasing the proportion of women in management is good for the results generated by the company. Female empowerment is therefore strategically embedded in its diversity management and supported by numerous programs.

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 and actively supported in accordance with statutory provisions. Some locations also 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 also adopts a positive stance towards paternity leave and considers it an important means of ensuring equality. In order to build on management skills among employees, RBI offers targeted training and continuing education programs, which have proven very popular among male and female employees alike. In 2018, women made up 56 per cent of participants in RBI AG's basic leadership program and 40 per cent in the Talent Lab for managers.

The Diversity 2020 initiative continued in Austria with a number of programs in 2018. One of the current 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. RBI is convinced that a lasting impact can only be achieved by directly addressing personnel processes. For this reason, management positions are advertised but not filled until there is at least one qualified female candidate. Potentially suitable candidates are actively invited to apply if needed to meet this goal. If no women apply for the position, it can be filled from the male applicants after a waiting period of one month. Documents needed for interviews or hearings are anonymized in order to ensure objectivity in the selection process. At least one female assessor must be involved in the talent selection process; self-nomination is now an option as well. Subconscious prejudices are a key factor preventing the appointment of women to management positions, among other things. To counter this, executives are offered a specific e-microlearning program to help them identify prejudices that they may hold and learn how to consciously deal with them. In addition, RBI 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. An in-house course on the empowerment of women is also available for talented female employees. The course was successfully completed in 2018. Two of the graduates from this course created the RBI Women Forum, a network that aims to connect female managers and talented employees. The forum held its opening event, Our Future Networks, in October 2018.

For RBI AG, the Nomination Committee has set 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 2018: Supervisory Board, 28 per cent (2017: 28 per cent); Management Board, 0 per cent (2017: 0 per cent); Tier 2 management, 19 per cent (2017: 17 per cent); and Tier 3 management, 20 per cent (2017: 19 per cent). Female employees make up 46 per cent (2017: 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. Despite all the measures taken, the percentage of women in top management only slightly increased in 2018 due in part to various reorganizations. For this reason, RBI is conducting a detailed analysis of its personnel structure and recruiting and promotion practices in cooperation with an external organization. Once the analysis has been completed, it will optimize its measures and re-evaluate the attainability of its target.

For the entire RBI Group, the Nomination Committee has set a target of filling 35 per cent of the positions on the Supervisory Board, Management Board and in Tier 2 management with women by no later than 2024. The following figures include RBI AG and 13 network banks in CEE (2017: 14 network banks), as well as: Raiffeisen Bausparkasse Gesellschaft m.b.H.; Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung; Raiffeisen-Leasing Gesellschaft m.b.H.; Valida Vorsorge Management; Kathrein Privatbank Aktiengesellschaft; and Raiffeisen Centrobank AG. As at 31 December 2018, the total proportion of women among employees in the RBI Group was 66 per cent (2017: 67 per cent). Women hold 14 per cent of Management Board positions (2017: 12 per cent), 35 per cent of Tier 2 management positions (2017: 36 per cent) and 46 per cent of Tier 3 management positions (2017: 45 per cent). Women hold 18 per cent of Supervisory Board positions (2017: 15 per cent).

The Management Board is aware of the need to continue to pursue the existing initiatives as well as to maintain 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 ACGC. The policy also gives due consideration to the European Banking Authority's (EBA) guidelines on internal governance, the joint European Securities and Markets Authority (ESMA)/EBA guidelines to assess the suitability of members of management bodies and key function holders, the ECB guide to fit and proper assessments 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 disclosures for the parent company according to § 243b of the UGB

The company prepared an independent consolidated non-financial report according to § 267a of the UGB for the 2018 financial year for RBI, which also contains the disclosures for the parent company according to § 243b of the UGB. The report was reviewed by the Supervisory Board according to § 96 (1) of the AktG. In addition, KPMG was appointed by the Management Board to audit the consolidated non-financial report and will report its findings to the Supervisory Board at its March 2019 meeting. The Supervisory Board will report on the results of the audit 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 22 June 2017 selected KPMG as the external Group auditor and bank auditor for the 2018 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

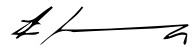
The Management Board



Martin Gröll



Andreas Gschwenter



Lukasz Januszewski



Peter Lennkh



Hannes Mösenbacher



Andrii Stepanenko