

# 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). In addition to RBI, Tatra banka, a.s., as a listed subsidiary bank, is obliged to publish a corporate governance report due to local statutory regulations. This report is published with the annual report and can be downloaded from the Tatra banka website ([www.tatrabanka.sk](http://www.tatrabanka.sk) → About bank → Economic results → Annual Reports). RBI has no further subsidiaries which are required to publish a corporate governance report.

As a listed bank, the governance of RBI is shaped by a multitude of legal regulations which apply equally to all market participants. Aside from complying with the ACGC, RBI also has a self-imposed Code of Conduct ([www.rbinternational.com](http://www.rbinternational.com) → About us → Code of Conduct), which obliges RBI to commit to sustainable corporate management and the corresponding social and environmental responsibility.

Furthermore, in 2019, RBI completed a comprehensive Group-wide process to review its strategy and governance for the first time and determined a Group-wide applicable Vision & Mission and related values. With a goal to be the most recommended financial services group in 2025, the company has established a clear Vision. The Mission statement was developed in order to realize this: “We transform continuous innovation into superior customer experience”. The four central stakeholder groups for the Mission statement are customers, employees, shareholders of RBI, as well as the general public. The Vision & Mission and corporate values together form the central element of the corporate governance of the company.

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 provisions 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 conducts itself in accordance 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 (as defined by § 27a of the Austrian Banking Act (BWG)) 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 employees’ representatives) shall be ten at most**

The Supervisory Board currently consists of twelve members: 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 2019, 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 Grüll	1959	3 January 2005	28 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	28 February 2025
Andrii Stepanenko	1972	1 March 2018	28 February 2021

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

\*The number of members of RBI AG's Management Board will be reduced from seven to six when Martin Grüll's Management Board mandate expires at the end of February 2020. The Management Board areas of responsibility will be reorganized in a way that aims to exploit opportunities to streamline the organization.

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 Raiffeisen Informatik Geschäftsführungs GmbH, Deputy Chairman (since 26 September 2019)
Peter Lennkh	Oesterreichische Kontrollbank Aktiengesellschaft, Austria, Member
Martin Grüll	UNIQA Insurance Group AG, Austria, Member (since 26 June 2019)

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 2019 financial year:

	Supervisory Board mandate	Management
<b>Johann Strobl</b>	AO Raiffeisenbank, Russia, Chairman Raiffeisen Bank S.A., Romania, Chairman Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member	
<b>Martin Grüll</b>	Priorbank JSC, Belarus, Chairman Raiffeisen Bank Aval JSC, Ukraine, Chairman Raiffeisenbank (Bulgaria) EAD, Bulgaria, Chairman Raiffeisen Bank S.A., Romania, Deputy Chairman AO Raiffeisenbank, Russia, 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>	Raiffeisenbank Austria d.d., Croatia, Chairman Raiffeisen Bank Zrt., Hungary, Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member	
<b>Lukasz Januszewski</b>	Raiffeisenbank a.s., Czech Republic, Chairman Raiffeisen Centrobank AG, Austria, Chairman Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member (from 7 February 2019) Tatra banka, a.s., Slovakia, Member	
<b>Peter Lennkh</b>	Raiffeisen banka a.d., Serbia, Chairman Raiffeisen Bank Kosovo J.S.C., Kosovo, Chairman Raiffeisen Bank Sh.A., Albania, Chairman Raiffeisenbank a.s., Czech Republic, Deputy Chairman Raiffeisen Bank d.d., Bosnia and Herzegovina, Deputy Chairman (until 25 February 2019) AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Tatra banka, a.s., Slovakia, Member	

<b>Hannes Mösenbacher</b>	Raiffeisen Bank d.d., Bosnia and Herzegovina, Chairman (until 25 February 2019) Raiffeisen Centrobank AG, Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member	
<b>Andrii Stepanenko</b>	Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung, Austria, Chairman Tatra banka, a.s., Slovakia, Chairman Kathrein Privatbank Aktiengesellschaft, Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisenbank a.s., Czech Republic, Member Raiffeisen Bank Aval JSC, Ukraine, Member Raiffeisen Bank S.A., Romania, Member (from 7 February 2019) Raiffeisen Centrobank AG, Austria, Member	

## Composition of the Supervisory Board

As at 31 December 2019, 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 2024
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 Königshofer	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
Andrea Gaal	1963	21 June 2018	Annual General Meeting 2023
Birgit Noggler	1974	22 June 2017	Annual General Meeting 2022
Rudolf Kortenhof <sup>2</sup>	1961	10 October 2010	Until further notice
Peter Anzeletti-Reikl <sup>2</sup>	1965	10 October 2010	Until further notice
Gebhard Muster <sup>2</sup>	1967	22 June 2017	Until further notice
Sigrid Netzker <sup>2</sup>	1971	1 January 2019	Until 31 December 2019
Helge Rechberger <sup>2</sup>	1967	10 October 2010	Until further notice
Susanne Unger <sup>2</sup>	1961	16 February 2012	Until further notice

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

<sup>2</sup> Delegated by the Staff Council

Sigrid Netzker took over Natalie Egger-Grunicke's Supervisory Board functions for one year starting on 1 January 2019. Natalie Egger-Grunicke reassumed her Supervisory Board functions on 1 January 2020.

## 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 stakeholder in 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.

Eva Eberhartinger, Birgit Noggler and Andrea Gaal are free float representatives on the Supervisory Board of RBI AG according to C Rule 54 of the ACGC. These members of the Supervisory Board are neither shareholders 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 2019:

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 (until 26 June 2019)
Birgit Noggler	Semperit AG Holding, Austria, Member (since 4 September 2019)

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

Erwin Hameseder	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Chairman
Klaus Buchleitner	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Member

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

The Supervisory Board, both in its entirety and in its committees, has the necessary knowledge and experience to match the type, scope and complexity of RBI's business and its risk structure.

## Members of the Committees

The procedural rules of the Supervisory Board govern its organization and allocate particular tasks to the Working, Risk, Audit, Remuneration, Nomination and Personnel Committees. These committees comprised the following members as of 31 December 2019:

	Working Committee	Risk Committee	Audit Committee	Remuneration Committee	Nomination Committee	Personnel Committee
Chairman	Erwin Hameseder	Birgit Noggler	Eva Eberhartinger	Erwin Hameseder	Erwin Hameseder	Erwin Hameseder
1st Deputy Chairman	Heinrich Schaller	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller
2nd Deputy Chairman	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Martin Schaller	Martin Schaller	Martin Schaller
Member	Andrea Gaal	Heinrich Schaller	Johannes Ortner	Eva Eberhartinger	Rudolf Könighofer	Rudolf Könighofer
Member	Birgit Noggler	Eva Eberhartinger	Andrea Gaal	Andrea Gaal	Andrea Gaal	Andrea Gaal
Member	-	Andrea Gaal	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler
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 following changes were made during the financial year:

Birgit Noggler was elected Chairman of the Risk Committee from among the Supervisory Board/Risk Committee members at the inaugural Supervisory Board meeting on 13 June 2019.

She succeeded Martin Schaller, who was elected to 1<sup>st</sup> Deputy Chairman after serving as Chairman. Erwin Hameseder was elected to 2<sup>nd</sup> Deputy Chairman after serving as 1<sup>st</sup> Deputy Chairman. Heinrich Schaller was elected a Member of the Risk Committee after serving as 2<sup>nd</sup> Deputy Chairman.

Birgit Noggler is Chairman of the Risk Committee within the meaning of § 39d of the BWG. She satisfies the legal standards, technical qualifications and independence requirements set out in § 39d (3) of the BWG. In addition to serving as the Chairman of the Risk Committee, her principal occupation is the provision of tax advisory services. She was the Chief Financial Officer of Immofinanz AG from 2011 to 2016 and held management positions at Immofinanz AG from 2007 to 2011. Birgit Noggler has worked in accounting from the start of her professional career and therefore has extensive expertise in this field. Birgit Noggler also holds supervisory board positions at B & C Industrieholding GmbH, Semperit Aktiengesellschaft Holding and NOE Immobilien Development GmbH.

The Audit Committee, Working Committee and Risk Committee all consist of one-third core shareholder representatives, one-third free float representatives and one-third employee representatives.

According to § 63a (4) of the BWG, one member of the Audit Committee must be a financial expert. This requirement is fulfilled by Eva Eberhartinger as Chairman of the Audit Committee. Three other members of the Audit Committee also have relevant expertise from their positions as senior executives of banks.

In addition to serving as Chairman of the Audit Committee, 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 and was Vice Rector for financial affairs at the Vienna University of Economics and Business from 2006 to 2011. 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 taxation. Her research focuses on accounting, taxation, financing and taxes, European/international accounting, and international tax law. Furthermore, Eva Eberhartinger has numerous publications in various specialist journals. She has been on the supervisory board of the Austrian Treasury since 2013, and served as the Vice Chair until 2017. She has also been a member of the supervisory board of maxingvest AG (Germany) since 2014.

The responsibility of free float representatives has been further strengthened by the appointment of Eva Eberhartinger as Chairman of the Audit Committee and Birgit Noggler as Chairman of the Risk Committee.

## 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 2019. Out of the eight members of the Advisory Council, four members attended all the meetings in 2019. Two members were excused from one meeting, one member from two meetings and one member from three meetings. Member attendance at each meeting thus ranged between 62 per cent and 100 per cent.

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 Deputy 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.

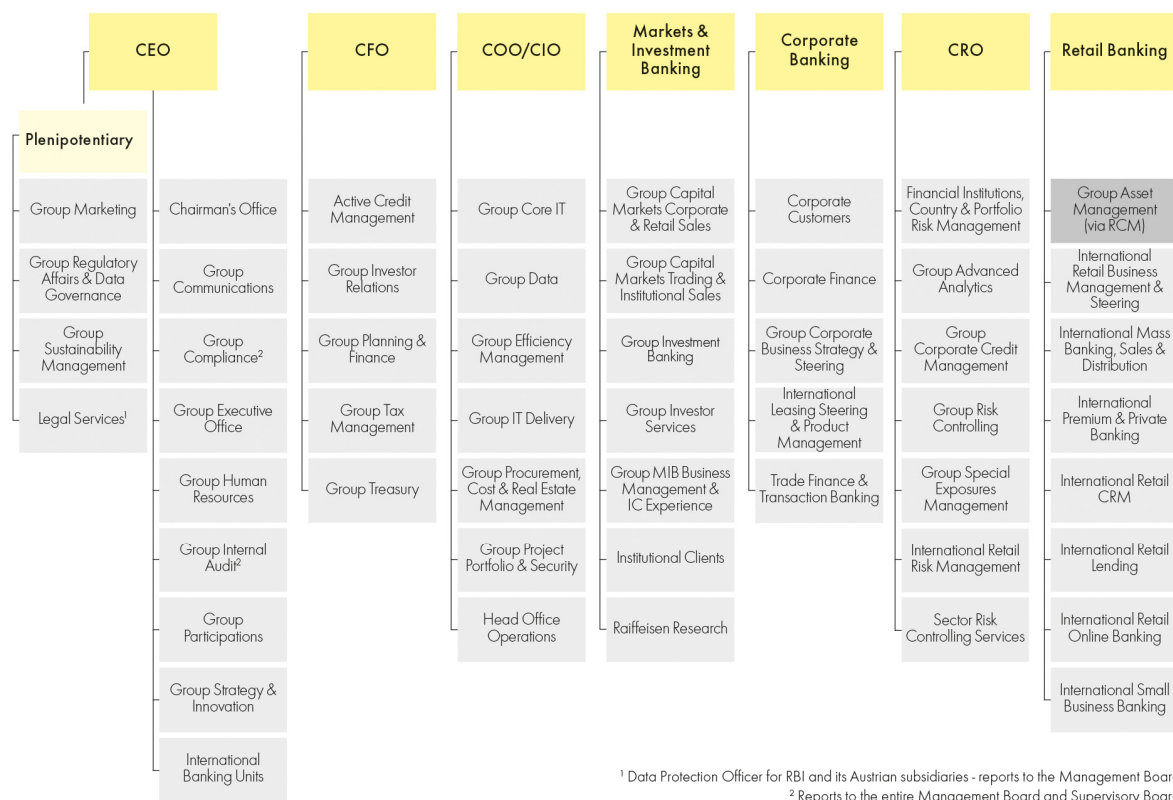
## Functions of the Management Board and the Supervisory Board

### 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, sustainable business principles. In doing so, the Management Board pursues the good of the company at all times and considers the interests of customers, shareholders and employees.

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.

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 2019):



In the 2019 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 Regulatory Affairs division was renamed Group Regulatory Affairs & Data Governance to reflect the growing importance of data governance in the Group. Group Governmental and Public Affairs was also integrated into the division in order to ensure a stronger uniform approach, particularly in relation to regulatory issues.
- In addition, the following changes were approved in December 2019 and put into effect on 1 February 2020:
  - The Group Participations and International Banking Units divisions will be merged to form the Group Equity Investments division. This division will be the central point of contact for all equity investments (affiliated credit and financial institutions, associated companies and other equity investments held in and outside Austria) and RBI internal stakeholders. To maximize synergies and optimize existing processes, a single division will handle the tasks previously performed by the equity investment managers and relationship managers.
  - The Retail Banking Management Board area will take over managing the Group Marketing division in order to support tighter integration between digital marketing activities and business activities.

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

- Group IT was dissolved, and its tasks distributed among three new B-1 units; Group IT Delivery, Group Core IT and Group Data. These units pursue objectives that are clearly linked to RBI's strategic priorities. COO Strategy, Governance & Change was also dissolved and most of the tasks integrated into Group IT Delivery.

### Management Board area of Markets & Investment Banking

- The Group Business Management & Development division was renamed Group MIB Business Management & Institutional Clients Experience. Its responsibility includes the Group-wide Markets & Investment Banking (MIB) strategy, managing the MIB business and implementing compliance methods and measures for Institutional Clients.
- The Institutional Clients division was reorganized and split into two organizational units: Institutional Clients and Group Investor Services. The change eliminated one hierarchical level and separated responsibilities between account management and business management.
- The Group Capital Markets division was renamed Group Capital Markets Trading & Institutional Sales in consideration of its Group function.
- The Group Competence Center for Capital Markets Corporate/Retail Sales was renamed Group Capital Markets Corporate & Retail Sales, taking its function into account.

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

- A new Group Advanced Analytics division was created. Due to the growing importance of advanced analytics for RBI, the advanced analytics team was established as a separate B-1 unit that is responsible for the Group and reports directly to the CRO.

The Management Board areas of Martin Grill (CFO) will be reallocated when his Management Board mandate expires on 28 February 2020.

## 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 material changes in customer creditworthiness. 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 reports on certain customers or industries 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 BWG, before they are addressed by the Supervisory Board.

In addition, the Working Committee considers 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 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 observing of capitalization and liquidity. To fulfill these responsibilities, the Risk Committee obtains quarterly reports on issues such as credit, liquidity and market risk, the Internal Capital Adequacy Assessment Process (ICAAP) and non-performing loans. The Committee also looks at current risk aspects, including selected country reports on current political changes as well as reports on regulatory 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 timing of realized profits and losses. This involves the presentation of a report on remuneration policies in the Risk Committee, which is used to assess whether the remuneration structure reflects RBI's risk appetite.

In the last financial year, the Risk Committee focused especially on ongoing reporting, monitoring compliance with Russian and US sanctions and the regular status reports on money laundering prevention. It also devoted particular attention to reporting on possible risks associated with the portfolio of mortgages denominated in Swiss francs in Poland.

The **Audit Committee** monitors the accounting process. It issues recommendations for improving 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 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.

One important issue that the Audit Committee addressed in 2019 was the selection of a new external auditor/bank auditor for the business years from 2021. The associated tender criteria were coordinated and defined, the audit tender conducted, and the proposals reviewed and evaluated. The Audit Committee prepared a shortlist from these proposals and submitted it to the Supervisory Board for a decision.

Another key issue in 2019 was reporting on outsourcing management.

Special reports are compiled on current 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 company's interests along with 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 selects the companies within RBI that are subject to the remuneration principles. This selection and the underlying selection process are 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 Identified Staff.

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 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, based on the facts, decides how the event will affect the payment of variable remuneration.

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 ratio and regularly discusses the adoption of 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 diversity report was addressed and the resolution to extend Martin Schaller's term of office on the Supervisory Board was recommended in the past financial year. The Nomination Committee evaluated various options and discussed aspects of succession planning in detail in connection with the expiration of Martin Gröll's term of office on the Management Board.

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.

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 a clawback 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.

## 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 2019 financial year. The Risk Committee (RiC) met four times, the Audit Committee (AC) four times, the Remuneration Committee (ReC) twice, the Nomination Committee (NC) four times, and the Personnel Committee (PC) twice.

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

In 2019, Supervisory Board members attended the meetings of the Supervisory Board and its Committees as shown below:

Supervisory Board member	SB (7)	WC (8)	RiC (4)	AC (4)	ReC (2)	NC (4)	PC (2)	Total (31)
Erwin Hameseder	7/7	8/8	4/4	4/4	2/2	4/4	2/2	31
Martin Schaller	7/7	8/8	4/4	n/a	2/2	4/4	2/2	27
Heinrich Schaller	5/7	6/8	3/4	3/4	2/2	3/4	2/2	24
Klaus Buchleitner	4/7	n/a	n/a	n/a	n/a	n/a	n/a	4
Peter Gauper	7/7	n/a	n/a	n/a	n/a	n/a	n/a	7
Wilfried Hopfner	7/7	n/a	n/a	n/a	n/a	n/a	n/a	7
Rudolf Könighofer	7/7	n/a	n/a	n/a	n/a	3/4	2/2	12
Johannes Ortner	7/7	n/a	n/a	4/4	n/a	n/a	n/a	11
Günther Reibersdorfer	7/7	n/a	n/a	n/a	n/a	n/a	n/a	7
Eva Eberhartinger	7/7	n/a	4/4	4/4	2/2	n/a	n/a	17
Andrea Gaal	7/7	8/8	4/4	4/4	2/2	4/4	2/2	31
Birgit Noggler	7/7	8/8	4/4	4/4	2/2	4/4	2/2	31
Rudolf Kortenhof	5/7	8/8	4/4	4/4	2/2	4/4	n/a	27
Peter Anzeletti-Reikl	7/7	8/8	4/4	4/4	2/2	4/4	n/a	29
Gebhard Muster	4/7	n/a	n/a	n/a	n/a	n/a	n/a	4
Sigrid Netzker	5/7	n/a	n/a	n/a	n/a	n/a	n/a	5
Helge Rechberger	7/7	n/a	n/a	n/a	n/a	n/a	n/a	7
Susanne Unger	7/7	8/8	4/4	4/4	2/2	4/4	n/a	29

n/a - not applicable, as not a member of the respective Committee

In addition, the Supervisory Board as well as 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 2019 financial year. This evaluation was performed in cooperation with the Vienna University of Economics and Business and is designed to ensure that the Supervisory Board's work consistently improves in terms of efficiency and effectiveness.

In addition to the conventional questionnaire-based evaluation, experts conducted individual interviews with each Supervisory Board member. The Supervisory Board members were asked in particular for their assessment of the organizational structure, working methods of the Supervisory Board, the work done by the Committees, access to information, and the composition and independence of the Supervisory Board. Based on the granularity of the evaluation, the Supervisory Board's work will be analyzed to see in what way it can be optimized and how a positive contribution can be made to strategic business development. Following the evaluation, appropriate measures are to be developed in Q1 2020.

## Remuneration disclosure

### 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 Identified Staff, whose professional activities have a material impact on the risk profile of the company and/or the Group, must comply with these principles. These principles also applied 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 Regulation Total Rewards Management (including annexes) are regularly updated and submitted to the Remuneration Committee for approval. This was last done in March 2019.

### General remuneration principles of RBI

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 Identified Staff. Examples are shown below:

- Variable remuneration payment installments (the payment of variable remuneration for Identified Staff is determined by a defined deferred period)
- As a general rule, 50 per cent of the variable remuneration is administered in the form of non-cash instruments (phantom shares are used to fulfil this regulatory requirement at RBI)
- Ex-post risk review of variable remuneration (penalty/clawback)

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 the ability to forgo 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 the 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.

## Management Board remuneration

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

in € thousand	2019	2018	2017
Fixed remuneration	5,434	5,154	4,571
Bonuses (incl. portions for prior years)	3,196	2,493	1,882
Share-based payments	0	399	694
Other remuneration	2,778	2,345	2,738
<b>Total</b>	<b>11,408</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, i.e. deferred bonus amounts from previous years as well as immediately payable bonus amounts for 2018 were paid out.

The payment of a bonus is linked to the achievement of annually agreed goals 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 return on equity (ROE) and the cost/income ratio (CIR); the targets to be achieved reflect the strategic targets for ROE and CIR at RBI level. 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. 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. Fixed remuneration includes regular salaries and benefits in kind. Other remuneration consists of compensation for board-level functions in affiliated companies (supervisory board remuneration), payments to pension funds, employee retirement funds and insurance companies, subsidies, fringe benefits (accommodation allowance, tuition allowance, company car, company parking spaces and most of the benefits that employees receive) as well as non-cash benefits.

The Management Board's remuneration paid in 2019 is shown in detail as follows:

in € thousand	Fixed Remuneration	Bonus allocations for 2018 and prior years	Other	Total
Johann Strobl	900	832	414	2,146
Martin Grill	761	696	383	1,840
Andreas Gschwenter	760	498	408	1,666
Lukasz Januszewski	776	125	332	1,233
Peter Lennkh	699	631	444	1,774
Hannes Mösenbacher	762	301	402	1,465
Andrii Stepanenko	776	113	395	1,284
<b>Total</b>	<b>5,434</b>	<b>3,196</b>	<b>2,778</b>	<b>11,408</b>

In addition to the amounts listed above, Herbert Stepic, Klemens Breuer, Aris Bogdaneris, and Karl Sevelde were paid deferred bonus amounts totaling € 1,346 thousand on account of their previous work on the Management Board. No other additional payments or exceptional one-off payments were made.

## 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.

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.

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). There are no special severance payment provisions for change of control situations, i.e. the principles laid out above also essentially apply in such cases.

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. The amount of the assessment base is determined with reference to the provisions of § 23 and § 23a of the Salaried Employees Act, especially in relation to the term compensation. Six members are entitled to severance payments in accordance with the Company Retirement Plan Act. In principle, the severance payment claims under contractual agreements expire if the Management Board member resigns.

## 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 Chairman 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 € 1,000 for each meeting they attend.

Corresponding provisions for Supervisory Board remuneration for the financial year 2019 were formed. Members of the Supervisory Board will be paid the following remuneration for 2019, reflecting their time in office and chairman positions held:

Supervisory Board member in € thousand	Fixed remuneration	Attendance payments	Total remuneration
Erwin Hameseder	120	31	151
Martin Schaller	94	27	121
Heinrich Schaller	90	24	114
Klaus Buchleitner	60	4	64
Peter Gauper	60	7	67
Wilfried Hopfner	60	7	67
Rudolf Könighofer	60	12	72
Johannes Ortner	60	11	71
Günther Reibersdorfer	60	7	67
Eva Eberhartinger	70	17	87
Andrea Gaal	60	31	91
Birgit Nogglner	66	31	97
<b>Total</b>	<b>860</b>	<b>209</b>	<b>1,069</b>

The total remuneration for the Supervisory Board members in 2019 corresponds to 66 per cent of the average compensation of an RBI Management Board member for 2019.

## D&O insurance

A D&O (Directors & Officers) financial loss and liability insurance policy was maintained with UNIQA Österreich Versicherungen AG for the 2019 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 2018 financial year was held on 13 June 2019 in Vienna. The Annual General Meeting for the 2019 financial year will take place on 18 June 2020. 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 20 August 2019). The terms of the syndicate agreement include a block voting agreement for all matters that require a resolution from the 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 Raiffeisen Zentralbank (RZB) and RBI in March 2017 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 done 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 subsidiaries focused on local strategies in 2019.

The key components of this policy include RBI's diversity vision and mission statement, which were drawn up in 2017, and the daily implementation guidelines. In them, RBI presents its stance on this issue: "RBI believes that diversity adds value. Capitalizing on the opportunities of 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 Management Board and Supervisory 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 also 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 the broadest possible variety of experience and diverse opinions, collectively resulting in sound decision-making.

The composition of the Management Board and Supervisory 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 RBI Management Board did not change in 2019. One Management Board member's term was extended. Of the seven Management Board members, currently five are from Austria, one from Poland, and one from Ukraine. Members of non-Austrian origin therefore constituted 29 per cent of the Management Board at the end of 2019. One Supervisory Board position was again filled by a woman in 2019. All the Supervisory Board members are of Austrian origin. Ages of members range between 45 to 65 years for the Supervisory Board (2018: between 44 to 64 years), and between 41 to 60 years for the Management Board (2018: between 40 to 59 years).

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

RBI is convinced 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. Likewise, 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 as well and considers it an important means of ensuring equality.

The Diversity 2020 initiative continued in Austria in 2019 with a number of programs that had launched in previous years. One of the current core issues targeted by this 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 with male applicants after a waiting period of one month. External HR consultants are encouraged to always present female candidates. Documents needed for interviews or hearings are anonymized in order to guarantee 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 currently preventing the increased appointment of women to management positions. To counter this, RBI executives (since 2018) and employees have been 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. In 2019, two female employees completed Lead F, a corporate innovation program for future female leaders.

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 as at 31 December 2019: Supervisory Board, 28 per cent (2018: 28 per cent); Management Board, 0 per cent (2018: 0 per cent); Tier 2 management, 20 per cent (2018: 19 per cent); and Tier 3 management, 24 per cent (2018: 20 per cent). Female employees make up 47 per cent (2018: 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 percentage of women in top management increased marginally in the year under review. RBI AG is currently undergoing an extensive realignment and transformation intended to capitalize on the opportunities arising from changes in the banking business environment. The current figures on the percentage of women are thus only a snapshot of this process. The staffing structure and recruitment and promotion practices in connection with the proportion of women in top management were analyzed in detail with an external organization. The analysis identified potential for development in the RBI corporate culture. An extensive change management project will therefore be launched in 2020, which will also address aspects of diversity, link them to other key cultural elements and reflect current changes.

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 as well as Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Raiffeisen-Leasing Gesellschaft m.b.H., Valida Vorsorge Management, Kathrein Privatbank Aktiengesellschaft and Raiffeisen Centrobank AG. As at 31 December 2019, the total proportion of women among employees in the RBI Group was 66 per cent (2018: 66 per cent). Women held 14 per cent of Management Board positions (2018: 14 per cent), 35 per cent of Tier 2 management positions (2018: 35 per cent) and 46 per cent of Tier 3 management positions (2018: 46 per cent). Women currently hold 24 per cent of Supervisory Board positions (2018: 18 per cent).

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

A whistleblower hotline was established at the RBI in keeping with regulatory and statutory guidelines. Employees can use the hotline to anonymously report possible violations throughout the Group in their local language to an independent company. All reports are investigated by RBI's Compliance department. The investigation findings must be reported back before the case can be closed.

## 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 (§ 189 a 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/EBA guidelines to assess the suitability of members of management bodies and key function holders, the European Central Bank's guide to fit and proper assessments and the Basel Committee on Banking Supervision's corporate governance principles for banks.

For a number of years, RBI has had internal policies that govern in detail the business transactions conducted to avoid conflicts of interest. The rules enacted in Austria in mid-2019 on transactions with related companies and people (as part of the transposition of the EU Shareholder Rights Directive into Austrian law) have been reflected in a separately issued internal directive.

## 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 2019 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 2020 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 21 June 2018 selected KPMG as external Group auditor and bank auditor for the 2019 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.

### The Management Board



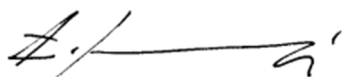
Johann Strobl



Martin Gröll



Andreas Gschwenter



Łukasz Januszewski



Peter Lennkh



Hannes Mösenbacher



Andrii Stepanenko