

Report of the Supervisory Board

Ladies and Gentlemen,

Raiffeisen Bank ended 2019 with a net profit of EUR164 million, the second-highest in the bank's history. This very good result was achieved despite slight turbulence in the political and fiscal environment. The ROE remained excellent at above 20 per cent. The bank's assets increased by 5 per cent to nearly EUR 9.2 billion. The bank continued to provide much-needed funding to the real economy and loans to customers increased by 8 per cent to EUR 5.9 billion, while customer deposits advanced by 7 per cent to EUR 7.6 billion. The strong development of the bank's results is based on organic and balanced growth for all business segments and for all relevant products in our portfolio. Raiffeisen Bank also continued to strengthen and optimize its capital structure including the issuance of a RON 240 million Additional Tier 1 capital perpetual bond during the reporting period, a 'first' for the Romanian market, thus paving the way for other local banks to access this type of high-quality capital instrument. Overall, the bank further improved its foundations with a sound loan/deposit ratio of 76 per cent, a solid capital adequacy ratio of 20 per cent, as well as a comfortable NPL ratio of 4.1 per cent

In the 2019 financial year, the members of the Supervisory Board held four meetings. The overall attendance rate for Supervisory Board meetings was therefore around 97 per cent.

The Supervisory Board regularly and comprehensively monitored the business performance and risk developments at Raiffeisen Bank. Discussions were regularly held with the Management Board on the adequacy of capital and liquidity, as well as on the direction of the bank's business and risk strategies. The Supervisory Board also dealt at length with further developments within corporate governance and monitored the implementation of corresponding policies. In the course of its monitoring and advisory activities, the Supervisory Board maintained direct contact with the responsible Management Board members, the auditor and heads of the internal control functions. It also maintained a continuous exchange of information and views with representatives from supervisory authorities on topical issues.

Moreover, the Management Board provided the Supervisory Board with regular and detailed reports on relevant matters concerning performance in the respective business areas. Between meetings, the Supervisory Board maintained contact with the Chairman and members of the Management Board. The Management Board was available when required for bilateral or multilateral discussions with members of the Supervisory Board, where applicable with the involvement of experts on matters being addressed.

The work undertaken together with the Management Board was based on a relationship of mutual trust and conducted in a spirit of efficient and constructive collaboration. Discussions were open and critical, and the Supervisory Board passed resolutions after fully considering all aspects. If additional information was required in order to consider individual issues in more depth, this was provided to members of the Supervisory Board without delay and to their satisfaction.

The Supervisory Board was regularly informed regarding the activities carried out in 2019 by its sub-committees. It agreed with the Management Board's report on Raiffeisen Bank's audited financial statements for the 2019 financial year, drawn up in compliance with International Financial Reporting Standards.

I would like to take this opportunity to thank our customers for their continued trust and all the employees of Raiffeisen Bank for their hard work and unwavering efforts in 2019, as well as to ask for their continued commitment in tackling any challenges going forward.

On behalf of the Supervisory Board

Johann Strobl,

Chairman of the Supervisory Board