

# REPORT FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

The Supervisory Board of BAWAG Group AG properly fulfilled all duties incumbent upon it by law, its Articles of Association and its Rules of Procedure. The Managing Board informed the Supervisory Board of all material issues in a timely and comprehensive manner either in writing or verbally. In addition to periodic meetings, the Chairmen of the Supervisory Board, the Audit and Compliance

Committee and the Risk and Credit Committee discussed current business matters with the Managing Board members. Further details regarding the composition of the Supervisory Board and its committees as well as their working procedures are disclosed under Corporate Governance in this report. The Managing Board was continuously monitored and regularly advised.

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## SUPERVISORY BOARD

As of 31 December 2019, the Supervisory Board consisted of six members. The Supervisory Board focused on the annual financial statements and the consolidated financial statements for 2018 and discussed the appointment of the external auditor for 2020.

Other material topics which the Supervisory Board dealt with were BAWAG Group's strategy, the preparation and execution of the voluntary partial tender offer, M&A and

integration (BFL Leasing GmbH, Health Coevo AG and Zahnärztekasse AG), discussions on the 2020 budget and the mid-term plan and topics related to the board's self-evaluation and succession planning. Furthermore, the Supervisory Board was regularly informed about the SREP process and the new branch concept (*Concept 21*) and received updates regarding the successful relocation to the new headquarters (ICON) and the implementation of the technology roadmap.

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## SUPERVISORY BOARD COMMITTEE MEETINGS

### **Audit and Compliance Committee**

The Audit and Compliance Committee discussed the quarterly reports by Internal Audit and the Compliance Office as well as the 2020 audit plans of Internal Audit and of Compliance. The annual audit process for 2019 was also presented. Furthermore, regular updates on legal issues, compliance and AML topics were given, including updates on cybersecurity and data privacy. The external auditor as well as the Head of Internal Audit attended all meetings.

### **Risk and Credit Committee**

The Risk and Credit Committee discussed the Group Risk Report, which includes the calculation of the risk-bearing capacity and reports on credit, market and operational risk. In addition, an update on Brexit, IRB models as well as the

risk planning guidelines of BAWAG Group were presented to the committee.

### **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee approved amendments of the remuneration policy and acknowledged the mandates of Managing Board members which they hold outside BAWAG Group. In addition, the annual Fit & Proper assessment of the Supervisory Board and the Management Board members was performed. The Committee (formerly: Committee for Management Board Matters) also dealt with BAWAG's succession planning.

All committees also reported their discussions and decisions to the entire Supervisory Board.

## ANNUAL FINANCIAL STATEMENTS

The annual financial statements and the consolidated annual financial statements for 2019 were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft headquartered in Vienna. The audit revealed no reason for objections. The legal regulations were complied with in full, and an unqualified auditor's opinion was issued. After an in-depth discussion, the Supervisory Board approved and adopted the annual financial statements in accordance with Section 96 Para 4 Stock Corporation Act. In addition, the Supervisory Board reviewed the separate consolidated non-financial report. The consolidated financial statements were noted by the Supervisory Board.

In conclusion, I would like to express my sincere thanks to the Managing Board as well as all employees within BAWAG Group on behalf of the entire Supervisory Board for their performance and sustained commitment in 2019.

March 2020

Egbert Fleischer  
Chairman of the Supervisory Board of BAWAG Group AG