

Corporate governance report

Raiffeisen International places great value on responsible and transparent management to establish and maintain a trusting relationship with its various stakeholders, including especially capital market participants. It therefore agrees to comply with the Austrian Corporate Governance Code (ACGC) as amended in January 2009. The ACGC is publicly available at the websites of the Austrian Working Group for Corporate Governance (www.corporate-governance.at) and Raiffeisen International (www.ri.co.at → Investor Relations → Corporate Governance). Raiffeisen International's corporate governance report is organized as prescribed by Section 243b of the Austrian Commercial Code (UGB) and is oriented to the structure set forth in Appendix 2 of the ACGC.

Transparency of corporate governance is of special importance to Raiffeisen International. The ACGC is organized into L rules and C rules. L rules are based on compulsory legal requirements. C rules are to be complied with, and any divergence must be explained and justified to achieve conduct in conformity with the Code.

In the period under review, all L rules and – with two exceptions – all C rules of the ACGC were fulfilled. Raiffeisen International diverges from C Rule 31 of the ACGC, which provides for individual publication of the fixed and performance-based remuneration granted to Managing Board members in 2009. Disclosure of the remuneration is made for the entire Managing Board. Individual amounts of remuneration are not published for reason of data privacy law and out of consideration for the individual Managing Board members' right to privacy. Raiffeisen International also diverges, from a formal point of view, from the C Rule 45, which stipulates that members of the supervisory board are not to assume duties in the corporate bodies of other enterprises which are in competition with the Company. The Supervisory Board member, Kurt Geiger, has been holding a seat in the Board of Directors of *TBIF Financial Services B.V.* since the autumn of 2009. This company provides financial services in Romania, Bulgaria, Ukraine, and Russia. Since TBIF's market share in these countries is very marginal, no competitive relationship in fact exists. Due to this economic irrelevance, the Supervisory and Management Boards of Raiffeisen International decided to make an exception to the prohibition of the C Rule 45 in this singular case.

Following regulation 62 of the ACGC, the Company commissioned an external evaluation by *Univ.-Prof. DDr. Waldemar Jud Corporate Governance Forschung GmbH*. The report about this external evaluation is available to the public on the Raiffeisen International website (www.ri.co.at → Investor Relations → Corporate Governance → Declaration regarding CG Code).

Composition of the Managing Board

The Managing Board currently consists of 6 members:

Managing Board	Year of birth	Date first appointed	End of term
Herbert Stepic, Chairman	1946	14 June 2001	13 June 2011
Martin Grill	1959	3 January 2005	1 January 2015
Aris Bogdaneris	1963	1 October 2004	25 September 2014
Rainer Franz	1943	20 January 2003	30 June 2010
Peter Lennkh	1963	1 October 2004	25 September 2014
Heinz Wiedner	1953	14 June 2001	13 June 2011

The members of the Managing Board have seats on the supervisory boards or comparable functions in the following domestic and foreign companies not included in the consolidated financial statements:

- Herbert Stepic: OMV AG
Oesterreichische Kontrollbank AG
Raiffeisen Centrobank AG

Composition of the Supervisory Board

The Supervisory Board currently has 7 members:

Supervisory Board	Year of birth	Date first appointed	End of term
Walter Rothensteiner, Chairman	1953	11 May 2001	Regular Annual General Meeting 2011
Manfred Url, Deputy Chairman	1956	11 May 2001	Regular Annual General Meeting 2011
Patrick Butler	1957	28 September 2004	Regular Annual General Meeting 2013
Karl Sevelda	1950	11 May 2001	Regular Annual General Meeting 2011
Stewart D. Gager	1940	24 January 2005	Regular Annual General Meeting 2013
Johann Strobl	1959	10 June 2008	Regular Annual General Meeting 2013
Kurt Geiger	1946	9 June 2009	Regular Annual General Meeting 2013

Independence of the Supervisory Board

The Supervisory Board of Raiffeisen International stipulates the following criteria for the independence of supervisory board members of a company in the meaning of Rule 53 of the ACGC:

- The supervisory board member shall not have served as member of the management board or as management-level staff of the company or one of its subsidiaries in the past 5 years.

- The supervisory board member shall not maintain or have maintained in the past year any business relations with the company or one of its subsidiaries to an extent of significance for the member of the supervisory board. This shall also apply to relationships with companies in which a member of the supervisory board has considerable economic interest. The approval of individual transactions by the supervisory board pursuant to L Rule 48 of the ACGC does not automatically mean the person qualifies as not independent.
- The supervisory board member shall not have acted as auditor of the company or have owned a share in the auditing company or have worked there as an employee in the past 3 years.
- The supervisory board member shall not be a member of the management board of another company in which a member of the management board of the company is a supervisory board member.
- The supervisory board member shall not be a close relative (direct offspring, spouse, life partner, parent, uncle, aunt, sibling, nephew, or niece) of a member of the management board or of persons who hold one of the aforementioned positions.

The exercise of functions within the group or the mere exercise by a supervisory board member of duties as a member of the management board or as a managing director shall not result in the relevant enterprise being considered an “enterprise in which the supervisory board member has a substantial economic interest” unless the circumstances give reason to believe that the supervisory board member draws an immediate personal benefit from such enterprise.

All members of the Supervisory Board of Raiffeisen International meet the criteria applying to the independence of supervisory board members.

As members of the Supervisory Board, Stewart D. Gager and Kurt Geiger are neither shareholders with a stake of more than 10 per cent nor represent such shareholders and are therefore “free float representatives” in the meaning of C Rule 54 of the ACGC 2009.

Members of the Supervisory Board have the following supervisory board seats or comparable functions in domestic and foreign companies:

- Walter Rothensteiner: *UNIQA Versicherungen AG*
- Karl Sevelda: *Bene AG*
- Kurt Geiger: *Raiffeisen Bank Aval JSC*.

Members of the Committees

The bylaws of the Supervisory Board regulate its organization and assign certain tasks to the Working, Audit, and Personnel Committees, respectively. The Committees are composed as follows:

Supervisory Board member	Working Committee	Audit Committee	Personnel Committee
Walter Rothensteiner	Chairman	Chairman	Chairman
Manfred Url	Deputy	Deputy	Deputy
Johann Strobl	-	Member	-

Meeting participation

All members of the Supervisory Board participated personally in more than half of the Supervisory Board meetings last year.

Contracts subject to approval

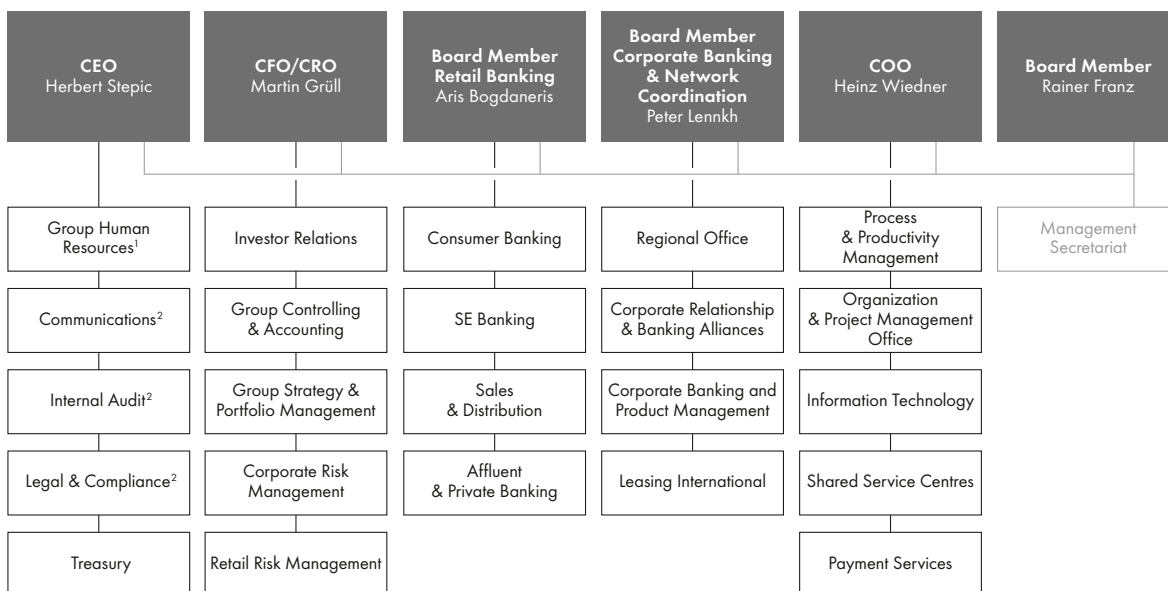
No contracts subject to approval as defined by the Austrian Stock Corporation Act were made with Supervisory Board members in 2009.

Working method of the Managing Board and Supervisory Board

Assignment of duties and working method in the Managing Board

The Managing Board of Raiffeisen International manages the Company according to clearly defined goals, plans, and guidelines with a forward-looking orientation and relying on modern principles of entrepreneurship. In the process, it constantly takes into account the interests of the shareholders and employees.

The area of responsibility of the Managing Board members have been defined by the Supervisory Board without prejudice to the Managing Board’s overall responsibility as follows:



¹ „Learning & Development“ reports functionally to Rainer Franz.
² Outsourced to RZB.

The Managing Board conducts the company’s business in accordance with the laws, the articles of association, and the Managing Board’s bylaws. The Chairman of the Managing Board convenes and presides over the weekly Managing Board meetings, which serve the purpose of mutual information and decision-making in all matters that require the body’s approval. The bylaws of the Supervisory Board and of the Managing Board contain the Managing Board’s duties to inform and report and a catalog of measures that require Supervisory Board approval.

Decision-making powers of the Committees

The management measures that require approval of the Supervisory Board or the responsible Committee are regulated in the bylaws of the Managing Board and the Supervisory Board and its Committees.

The Working Committee is responsible for all matters assigned to it by the full Supervisory Board. It is thus called upon to approve the transactions and measures not reserved to the Supervisory Board. Those include, in particular, the establishment and dissolution of subsidiaries as well as the acquisition of shareholdings up to a certain book value amount, the making or dissolution of syndication or voting trust agreements with co-shareholders, the assumption of duties in the corporate bodies of other enterprises by Managing Board members, or the appointment of persons to managing boards and supervisory bodies of Group lending institutions. The Working Committee furthermore approves the extension of loans and credits to Group enterprises from a certain amount upward.

The Personnel Committee concerns itself with the matters of remuneration of the Managing Board members and the employment contracts of the Managing Board members. It is specifically responsible for approving the bonus allotment and the allocation of shares from the share incentive program to the Managing Board members.

The Audit Committee monitors the accounting process and the effectiveness of the Company's internal control system, the internal auditing system, and the risk management system. The Committee's tasks include monitoring the audit of the financial statements and the audit of the consolidated financial statements and examining and monitoring the independence of the auditor of the consolidated financial statements, particularly in respect to additional services rendered to the audited company. The Committee examines the annual financial statements, the management report, the consolidated financial statements, and the Group management report as well as the preparation of its ratification; it furthermore examines the proposal concerning the distribution of profit and the corporate governance report. It reports to the Supervisory Board concerning the results of its examinations. It is furthermore its duty to prepare the Supervisory Board's proposal for the selection of the auditor of the annual and consolidated financial statements. The content of the management letter is also discussed in the Audit Committee.

Number of meetings

The Supervisory Board convened for 5 meeting in the reporting period. In addition, the Managing Board regularly informed the Supervisory Board in a timely and comprehensive manner about all issues relevant to business development, including the risk situation and risk management of the Company and material Group entities, and particularly about events of major significance.

The Audit Committee met twice. As a rule, the Working and Personnel Committees made their decisions in writing on a circulating basis, with important decisions being dealt with orally in advance.

Disclosure concerning Managing Board and Supervisory Board remuneration

Remuneration of the Managing Board

The remuneration of the Managing Board is reported according to fixed and performance-based components including remuneration for membership in corporate bodies of subsidiaries, bonuses, and payments in kind.

For the duration of the Managing Board contract, payments are made to pension funds on the basis of a contribution-oriented system. On the whole, the same rules apply to the Managing Board members as apply to employees. They provide that a basic contribution to a pension fund and an additional contribution be made by the Company if the employee makes contributions in the same amount. Individual retirement benefits that are funded by pension liability insurance additionally apply to 3 Managing Board members.

Furthermore, there is protection against the risk of occupational disability, likewise arranged by means of a pension fund or based on an individual pension commitment secured by pension liability insurance.

The following amounts of remuneration were paid to the Managing Board of Raiffeisen International:

in € 000	2009	2008
Fixed and performance-based remuneration	4,876	9,219
Payment to pension plans and pension liability insurance companies	97	79
Total	4,973	9,298

These figures contain fixed and performance-based amounts, including remuneration for service in the corporate bodies of associated enterprises, bonuses, and payments in kind. In the year under review, the share of performance-based remuneration components amounted to 5.5 per cent (2008: 60.7 per cent).

The performance-based components of the Managing Board's remuneration normally consist of bonus payments linked to the achievement of Company objectives for profit after tax, return on risk-adjusted capital, and cost/income ratio and to the achievement of annually agreed personal objectives and the value of an allotment of shares in the framework of the share incentive program. The entire Managing Board waived payment of an annual bonus for 2008. The value of the allotted shares corresponds to 100 per cent of the performance-based remuneration components. There were no material changes in the principles for profit-sharing compared with the preceding year.

In 2006, bonus commitments were made in connection with acquisitions to the Managing Board in the amount of € 4,750 thousand. Although the objectives set as conditions for payment were achieved by the subsidiaries in the years from 2006 to 2008 and hence bonus payments became payable in 2009, the Managing Board has waived any payment on this account.

The Chairman of the Managing Board continues in his function as a member of the Managing Board of RZB. The stated remuneration also includes income from that function.

Share incentive program

The share incentive program (SIP) is a stock-based remuneration program for the Managing Board, members of the managing boards of network banks, and executive personnel with a term of three years per tranche. At the beginning, a number of shares are conditionally allotted to beneficiaries that correspond in value to a fixed percentage of the basic annual remuneration. The number of shares actually allotted at the end of the term is geared to two equally weighted performance parameters – the average return on equity achieved during the term in comparison with a target value fixed per tranche and the TSR (total shareholder return) ranking in comparison with the banks listed in the Dow Jones EURO STOXX Banks subindex.

It is a prerequisite for participation in the SIP that the beneficiaries make an investment of their own and hold a number of Raiffeisen International shares during the term that corresponds to at least 30 per cent of the number of conditionally allotted shares.

The second tranche of the remuneration program matured in 2009 (the 2006 SIP tranche). In accordance with the terms of the program (published in the *Amtsblatt zur Wiener Zeitung* on 28 July 2006), the number of shares shown in the following table was actually transferred.

SIP 2006

Group of persons	Number of shares due	Value at share price of € 15.70 on allotment day (4 March 2009) in €	Number of shares actually transferred
Members of the Managing Board of Raiffeisen International Bank-Holding AG	16,986	266,680	10,761
Members of the managing boards of bank subsidiaries affiliated with Raiffeisen International Bank-Holding AG	30,380	476,966	27,807
Executives of Raiffeisen International Bank-Holding AG and other affiliated companies	11,234	176,374	7,379

To avoid legal uncertainties, a severance indemnity was paid in cash instead of a transfer of shares in 2 countries in accordance with plan terms and conditions for qualifying employees. In Austria, the possibility was granted to qualifying persons likewise to receive a cash settlement instead of half of the shares due in order to pay from that the wage tax due at the time of transfer. That results in the lower number of shares actually transferred in comparison with the number of shares due. The total number of own shares was reduced by the lower number of actually transferred shares.

A new tranche has heretofore been issued in the framework of the SIP every year. That means that conditional shares are allotted respectively for three tranches as of the balance sheet date. The number of those conditional shares amounted to 536,736 as of 31 December 2009 (the 2007 allotment accounted for 50,905 of those, the 2008 allotment for 83,368, and the 2009 allotment for 402,463). The originally disclosed number of conditionally allotted shares changed as a result of various personnel changes in Group units and the maturing of the 2006 SIP tranche, and it is presented in the following table as an aggregate:

SIP 2007 to 2009

Group of persons	Number of contingently allotted shares as of 31 December 2009	Minimum allotment of shares	Maximum allotment of shares
Member of the Managing Board of Raiffeisen International Bank-Holding AG	164,849	47,371	247,274
Members of the managing boards of bank subsidiaries affiliated with Raiffeisen International Bank-Holding AG	285,280	81,905	427,920
Executives of Raiffeisen International Bank-Holding AG and other affiliated companies	86,607	25,031	129,911

Severance rights of the Managing Board

In respect to cessation of duties or employment and departure from the company, it is generally the case that 2 members of the Managing Board have rights to severance benefits in accordance with the Austrian Salaried Employees Act, 2 members in accordance with contractual stipulations, and 2 members in accordance with the Austrian Company Pension Fund Act. The severance rights according to the Salaried Employees Act or to contractual stipulations generally lapse upon notice of termination by the employee except in the case of a Managing Board member. Furthermore, 4 Managing Board members have a contractual right to severance benefits at the end of their current term in office or at the end of their limited employment contract.

The contracts of Managing Board members are made for the duration of the terms in office or limited to at most 5 years.

If there is no important reason for the termination of these contracts then these are to be paid out in the event that a member of the Managing Board is dismissed.

Furthermore, no compensation agreements are to be made between the company and the members of its Managing or Supervisory Boards in the event of a public take-over bid.

Remuneration of the Supervisory Board

The Annual General Meeting resolved on 9 June 2009 to pay the Supervisory Board members total remuneration of € 305,000 and assigned to the Supervisory Board the task of distributing that amount. Fees for meeting attendance were not paid.

in €	2009
Supervisory Board Chairman	70,000
Deputy Supervisory Board Chairman	60,000
Member of the Supervisory Board ¹	50,000

¹ As a member of the Supervisory Board, Johann Strobl was paid remuneration of € 25,000 instead of € 50,000 because he was a member of the Supervisory Board for only half a year in 2008.

D & O insurance

Directors and officers (D & O) property damage and liability insurance was taken out again last year for the Managing Board and Supervisory Board with *UNIQA Sachversicherung AG*.

Annual General Meeting

The Annual General Meeting for 2008 was held on 9 June 2009 at the Austria Center in Vienna. The next Annual General Meeting for the past year is expected to take place on 8 June 2010. Its convening will be made known at the latest on the 28th day before the Regular Annual General Meeting in electronic form and in the *Amtsblatt zur Wiener Zeitung*.

As owners of the Company, the shareholders exercise their rights by voting at the Annual General Meeting. The voting proceeds according to the one-share-one-vote principle. Accordingly, there are no voting right restrictions, and all shareholders have entirely equal rights. Every unit share issued confers one vote, and no registered shares have been issued. The shareholders can exercise their voting right themselves or through proxies.

The opening comments and speeches by the Managing Board are broadcast live on the internet at www.ri.co.at → Investor Relations → Events → Annual General Meeting and may also be viewed there later. This creates the greatest possible transparency for all shareholders who were unable to attend the Annual General Meeting.

Conflicts of interest

The obligation to disclose all and any conflicts of interest applies to both the Managing Board and the Supervisory Board of Raiffeisen International.

Managing Board members must disclose material personal interests in transactions of the Company and Group enterprises and other conflicts of interest to the Supervisory Board. Moreover, the obligation exists to inform the other Managing Board members. Managing Board members who perform management functions for other enterprises are obligated to work towards achieving a fair balance of the interests of the enterprises involved.

Supervisory Board members must inform the Chairman of the Supervisory Board of any conflicts of interest without delay. If the Chairman himself gets into a conflict of interest, he must disclose that to the Deputy Chairman without delay. The Supervisory Board's approval is required for

contracts between the Company and members of the Supervisory Board that obligate the members to performance in relation to the Company or a subsidiary (Section 228 (3)), apart from their activity in the Supervisory Board, for more than merely negligible compensation. That also applies to contracts with enterprises in which a Supervisory Board member has a considerable economic interest.

The Company did not enter into any such contracts in 2009.

Accounting and financial statement auditing

The Raiffeisen International Group's accounting is performed according to the provisions of the International Financial Reporting Standards (IFRS). The annual financial statements of Raiffeisen International are prepared according to the provisions of the Austrian Commercial Code. The consolidated financial statements are published within the first 3 months of the financial year following the reporting period, and interim reports at the latest 45 days after the end of the respective reporting period.

The Annual General Meeting appointed *KPMG Austria GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna* as auditor for 2009. KPMG received compensation of € 30,750 for other services ordered by the Company. Further consulting services beyond the previous year's extent have not yet been agreed for the current year. KPMG has confirmed that it has a certificate from a quality assurance system. It has likewise been declared to Raiffeisen International that there are no grounds for exclusion or a charge of partiality. The auditor of the financial statements prepares the legally prescribed audit report and is responsible for performing the auditor's duty to report. The auditor writes a management letter to the Managing Board that also contains references to weaknesses in the Company. The letter is brought to the attention of the Chairman of the Supervisory Board, who ensures that it is dealt with in the Audit Committee and a report of that is made to the Supervisory Board.

Vienna, 26 February 2010

The Managing Board



Herbert Stepic



Martin Grill



Aris Bogdaneris



Rainer Franz



Peter Lennkh



Heinz Wiedner