

# Corporate governance report

RBI attaches great importance to responsible and transparent business management in order to deepen and maintain understanding and trust with its various stakeholders, in particular capital market participants. Hence, RBI is committed to complying with the Austrian Corporate Governance Codex (ACGC, or "the Codex") as amended in July 2012. The ACGC is public and available from the website of the Austrian Working Group for Corporate Governance ([www.corporate-governance.at](http://www.corporate-governance.at)) and from the RBI website ([www.rbinternational.com](http://www.rbinternational.com) → Investor Relations → Corporate Governance).

Transparency is central to corporate governance and thus of particular importance to RBI. The Corporate Governance Report is structured following the legal guidelines of Section 243b of the Austrian Commercial Code (UGB) and is based on the structure set forth in Appendix 2 of the ACGC.

The ACGC is organized into rules L, C and R. L Rules (Legal Requirements) 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 Codex. R Rules (Recommendations) have the characteristics of recommendations; non-compliance does not need to be reported or justified.

RBI deviates from the below C Rule, but conducts itself in accordance with the Codex through the following explanation and justification:

## **C Rule 45: a non-competition clause for members of the Supervisory Board**

RBI is a company of the Austrian Raiffeisen Banking Group (RBG), which is also a majority shareholder through its central institution, RZB. Some members of the Supervisory Board therefore also hold executive roles in RBG banks. A number of members of the Supervisory Board hold executive roles with other banks and financial services institutions. Consequently, know-how and experience specific to the industry are applied in exercising the control function of the Supervisory Board, to the benefit of the company.

In regards to R Rule 62 of the ACGC, the company commissioned – as it has done in previous years – an external evaluation by the research company, Univ.Prof.DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH. The report on this external evaluation is public and available at [www.rbinternational.com](http://www.rbinternational.com) → Investor Relations → Corporate Governance → Examination of CG Codex.

## Composition of the management board

In the 2012 financial year, the Management Board consisted of seven members:

Management Board member	Year of birth	Original appointment	End of term
Herbert Stepic, Chairman	1946	14 June 2001	31 December 2015
Karl Sevelda, Deputy Chairman	1950	22 September 2010	31 December 2015
Aris Bogdaneris	1963	1 October 2004	31 December 2015
Klemens Breuer	1967	16 April 2012	31 December 2015 <sup>2</sup>
Patrick Butler	1957	22 September 2010	15 April 2012 <sup>1</sup>
Martin Grill	1959	3 January 2005	31 December 2015
Peter Lennkh	1963	1 October 2004	31 December 2015
Johann Strobl	1959	22 September 2010	31 December 2015

<sup>1</sup> Patrick Butler resigned as member of the Management Board as of 15 April 2012.

<sup>2</sup> After the resignation of Patrick Butler, the Supervisory Board appointed Klemens Breuer as his successor for the period of 16 April 2012 to 31 December 2015.

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

- Herbert Stepic                      OMV AG (Supervisory Board member)  
Oesterreichische Kontrollbank AG (Supervisory Board member)
- Karl Sevelda                        BENE AG (Supervisory Board member)  
Raiffeisen Leasing Management GmbH (Supervisory Board member)
- Aris Bogdaneris                    Visa Worldwide Pte. Limited (Advisory Council)
- Patrick Butler                      Wiener Börse AG (Supervisory Board member)  
CEESEG AG (Supervisory Board member)
- Johann Strobl                      Raiffeisen Leasing Management GmbH (Supervisory Board member)

## Composition of the supervisory board

During the 2012 financial year, the Supervisory Board comprised of:

Supervisory Board member	Year of birth	Original appointment	End of term
Walter Rothensteiner, Chairman	1953	11 May 2001	Annual General Meeting 2016
Erwin Hameseder, First Deputy Chairman	1956	8 July 2010 <sup>1</sup>	Annual General Meeting 2015
Heinrich Schaller, Second Deputy Chairman (since 20 June 2012)	1959	20 June 2012	Annual General Meeting 2017
Ludwig Scharinger, Second Deputy Chairman (until 20 June 2012)	1942	8 June 2010 <sup>1</sup>	20 June 2012
Markus Mair, Third Deputy Chairman	1964	8 June 2010 <sup>1</sup>	Annual General Meeting 2015
Stewart D. Gager	1940	24 January 2005	Annual General Meeting 2014
Kurt Geiger	1946	9 June 2009	Annual General Meeting 2014
Hannes Schmid	1953	8 June 2010 <sup>1</sup>	20 June 2012
Günther Reibersdorfer	1954	20 June 2012	Annual General Meeting 2017
Johannes Schuster	1970	8 June 2010 <sup>1</sup>	Annual General Meeting 2015
Friedrich Sommer	1948	8 June 2010 <sup>1</sup>	Annual General Meeting 2015
Christian Teufl	1952	8 June 2010 <sup>1</sup>	Annual General Meeting 2015
Martin Prater <sup>2</sup>	1953	10 October 2010	Until further notice
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
Sabine Chadt <sup>2</sup>	1970	10 October 2010	18 January 2012
Susanne Unger <sup>2</sup>	1961	18 January 2012	Until further notice
Helge Rechberger <sup>2</sup>	1967	10 October 2010	Until further notice

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

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

## Independence of the supervisory board

In accordance with C Rule 53 of the ACGC, the RBI Supervisory Board prescribed 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 company. The approval of individual contracts by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to a qualification of 'not independent'.
- Company circumstances and the mere exercise of the function of a Board member or leading employee 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 shareholder or employee of the auditing company in the previous three years.
- The Supervisory Board member shall not be a member of the Management Board of another company in which a Management Board member of the company is a member of the Supervisory Board.
- The Supervisory Board member shall not be part of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with business interests in the company, or who represent the interests of such shareholders.
- The Supervisory Board member shall not be a close family relation (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board or of persons who fill one of the positions described in the preceding points.

In accordance with the criteria listed above for the independence of Supervisory Board members, all RBI Supervisory Board members are considered independent.

Stewart D. Gager and Kurt Geiger, as 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. They are therefore 'free float representatives' according to C Rule 54 of the ACGC 2012.

Members of the Supervisory Board had the following additional Supervisory Board mandates or comparable functions in domestic and foreign companies listed on the stock exchange:

- Walter Rothensteiner      UNIQA Versicherungen AG (chairman)
- Erwin Hameseder        AGRANA Beteiligungs-AG, STRABAG SE, UNIQA Versicherungen AG, Südzucker AG, Flughafen Wien AG (chairman)
- Heinrich Schaller        voestalpine AG, Austria Metall AG
- Ludwig Scharinger       voestalpine AG, Austria Metall AG
- Johannes Schuster        UNIQA Versicherungen AG
- Günther Reibersdorfer    UNIQA Versicherungen AG
- Hannes Schmid            UNIQA Versicherungen AG
- Christian Teufl            VK Mühlen AG
- Kurt Geiger                Demir Bank OJSC

## Members of the committees

The rules of procedure of the Supervisory Board govern its organization and allocate particular tasks to the Working, Audit, Remuneration and Personnel Committees. These committees are comprised of the following members:

Supervisory Board member	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee
Walter Rothensteiner	Chairman	Chairman	Chairman	Chairman
Erwin Hameseder	First Deputy Chairman	First Deputy Chairman	First Deputy Chairman	First Deputy Chairman
Ludwig Scharinger <sup>1</sup>	Second Deputy Chairman	Second Deputy Chairman	Second Deputy Chairman	Second Deputy Chairman
Heinrich Schaller <sup>2</sup>	Second Deputy Chairman	Second Deputy Chairman	Second Deputy Chairman	Second Deputy Chairman
Markus Mair	Third Deputy Chairman	Third Deputy Chairman	Third Deputy Chairman	Third Deputy Chairman
Johannes Schuster	Member	Member	Member	Member
Martin Prater	Member	Member	-	Member
Rudolf Kortenhof	Member	Member	-	Member
Peter Anzeletti-Reikl	Member	Member	-	Member

<sup>1</sup> End of term on 20 June 2012

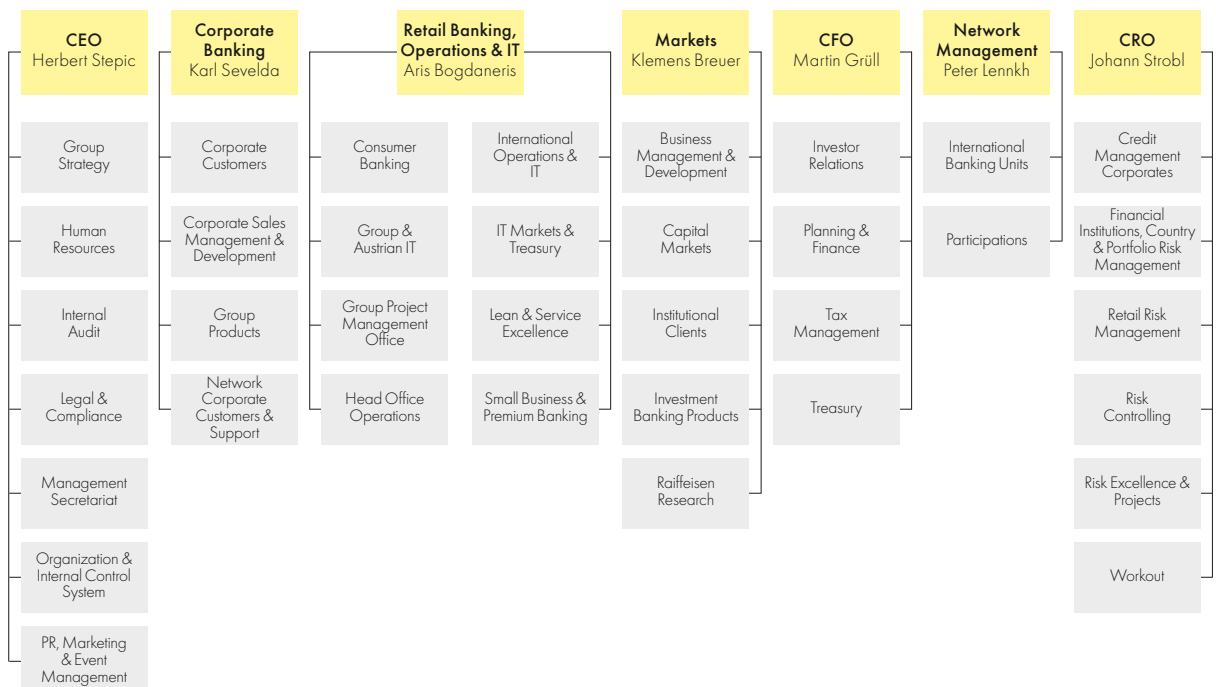
<sup>2</sup> Appointed by the Supervisory Board on 20 September 2012

## Functions of the management board and the supervisory board

### Allocation of duties and procedures/functions of the Management Board

The RBI Management Board leads the company according to clearly defined goals, strategies and guidelines on its own authority, with a focus on future-oriented business management and in line with modern business principles. In doing so, the Management Board pursues the good of the company at all times and considers the interests of shareholders and employees.

The Management Board's fields of activity have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows:



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 ensure the mutual information gathering and decision-making in all matters that require the Board's approval. The internal regulations of the Supervisory Board and the Management Board contain information and reporting duties of the Management Board as well as a catalog of measures that require the approval of the Supervisory Board.

## Decision-making authority and activities of the committees

The internal regulations of the Management Board and the Supervisory Board as well as its committees outline the business management measures that require the approval of the Supervisory Board or of the appropriate committee.

The Working Committee was responsible for all matters that are brought before it by the Supervisory Board. Thus, it was called on to approve those matters not only reserved for the Supervisory Board. In particular, these included the creation and alteration of subsidiaries as well as the acquisition of shares up to a certain book value, the execution of functions in the management bodies of other companies by members of the Management Board, or the appointment of persons to the Management Boards and supervisory bodies of banks within the Group. Furthermore, the Working Committee approved the assumption of operational banking risk above a certain level.

The Personnel Committee dealt with remuneration matters of Management Board members as well as their employment contracts. In particular, it was responsible for approving bonus allocation and stock allocation to members of the Management Board through the Share Incentive Program.

The Audit Committee monitored the accounting process and the effectiveness of the company's internal control, audit and risk management systems. Its tasks included the supervision of the financial statements and the consolidated financial statements annual audit, as well as checking and supervising the independence of the Group's auditors, in particular with respect to additional work performed for the audited company. The Committee audited the annual financial statements, the management report, the consolidated financial statements and the Group management report, and is responsible for the preparation of its approval. It also audited the proposal for earnings appropriation and the Corporate Governance Report. The Audit Committee presented to the Supervisory Board a report on the results of its audits. The Committee was also responsible for preparing the recommendation of the Supervisory Board for the selection of the external auditor and bank auditor. Furthermore, the Audit Committee discussed the content of the management letter as well as the report on the effectiveness of the risk management system and the internal control system.

The Remuneration Committee's responsibilities included establishing guidelines for the company's remuneration policies and practices in compliance with the Austrian Banking Act (BWG) as well as relevant sections of the Austrian Corporate Governance Codex which also includes establishing guidelines for ensuring executives' participation in profits, revenues and pension benefits expressed within the meaning of the Austrian Stock Corporation Act, as well as approving a program for the transfer of company shares. Additional tasks included supervising and regularly reviewing the remuneration policies, practices and relevant incentive structures to ensure that all related risks were controlled, monitored and limited in accordance with the BWG, as well as the company's capitalization and liquidity, whereby the long-term interests of shareholders, investors and employees of the company were taken into account. The Remuneration Committee directly reviewed the remuneration of executives responsible for risk management and compliance.

## Number of meetings of the supervisory board and of the committees

In the period under review, the Supervisory Board held four meetings. In addition, the Management Board informed the Supervisory Board promptly and on a regular basis of all relevant matters of the company's performance, including the risk position and risk management of the company and key Group companies, in particular at important and special events.

The Working Committee held eight meetings in the 2012 financial year. The Audit and Personnel Committees each held two meetings, and the Remuneration Committee three.

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

Further information on the activities of the Supervisory Board can be found in the Report of the Supervisory Board.

## Management board and supervisory board remuneration disclosure

### Management board remuneration

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

in € thousands	2012	2011
Fixed remuneration	5,752	5,431
Bonuses	2,153	420
Share-based payments	3,835	373
Other remuneration	2,048	3,397
<b>Total</b>	<b>13,788</b>	<b>9,621</b>

The presentation of total remuneration in 2012 was restructured and for the purpose of comparison, 2011's presentation was also adapted to the new model. Fixed remuneration, as shown in the above table, includes salaries and benefits in kind.

Performance-based components of the Management Board's remuneration consist of actual bonus payments and the allocation of shares under the Share Incentive Program (SIP), tranche 2009 to 2011 (see note [34]). These are based on claims from the previous years and were actually paid out or carried over in the 2012 financial year. The Management Board's performance-based remuneration for 2012 will be paid out in the following years.

Measurement of bonuses is linked to the achievement of company goals related to profit after tax, return on risk-adjusted capital (RORAC) and cost/income ratio, as well as to consented annually agreed personal goals. Payment of bonuses is deferred as set forth in the Austrian Banking Act and implemented according to internal RBI regulations (see note [53]).

2010 bonus payments to three members of the Management Board, who had transferred from RZB to RBI, were based on return on equity (ROE) criteria defined by RZB. In regards to contractual provisions applicable to these persons up until the end of 2010, bonus commitments were made; € 297,000 were paid in 2012 and € 643,500 are due for payment in 2013. The actual payment amount is determined at the discretion of RBI's Personnel Committee.

Management Board members' contracts specify a maximum bonus. SIP includes a cap at three times the allocation value; thus, a maximum limit is in place for all variable compensation components. Other remuneration consists of compensation for board level functions in associated companies, sign-on bonuses, payments to pension funds and business insurances, as well as other insurances and benefits.

The figures shown for the fixed and performance-based remuneration are, when compared to 2011, distorted by several non-recurring items. They are: Performance criteria results well above expectations as well as share price development between issuing the SIP tranche in 2009 (issuing price: € 17.05) and allocation in 2012 (allocation price: € 26.17), resulted in an unusually high amount of share-based compensation (for details, see the subchapter SIP, as well as note [34]). On average, € 290,000 was paid out per Management Board member and year from the SIP tranches to date. Because of a valuation loss of those shares which have to be held as the personal investment for SIP, a loss arose in three tranches. Due to the merger of Raiffeisen International with the principal business areas of RZB, no SIP tranche was issued in 2010, therefore no share-based payment transactions will take place in 2013. Moreover, the maturity of the programs was extended to five years. Therefore the next SIP tranche will not mature before 2016. A distortion also occurred, because Patrick Butler will receive remuneration until 30 June 2013, despite having resigned from his position on the Management Board. In addition, Klemens Breuer, who joined RBI in April 2012, received a sign-on bonus of € 950,000 (to offset the loss of pension benefits from his previous employment). Martin Grill received an "other" payment in the amount of € 173,338 in 2012, because a 2011 payment owed had been wrongly omitted.

The Management Board's remuneration paid in 2012 is shown in detail as follows:

in € thousands	Fixed remuneration	Bonuses for 2011	Other
Herbert Stepic	1,607	611	448
Karl Sevelda	782	303	67
Aris Bogdaneris	747	231	112
Klemens Breuer	540	0	1,010
Patrick Butler <sup>1</sup>	153	280	51
Martin Grill	658	240	239
Peter Lennkh	508	169	57
Johann Strobl	757	319	64
<b>Total</b>	<b>5,752</b>	<b>2,153</b>	<b>2,048</b>

<sup>1</sup> In addition to the amounts listed above, € 511,000 consisting of fixed and other remuneration was paid from 16 April 2012 to 31 December 2012 due to contractual agreements, after the resignation of Patrick Butler.

## Principles of remuneration policy and practices in accordance with Section 39 (2) in conjunction with Section 39b of the Austrian Banking Act (BWG)

In accordance with Section 39 (2) in conjunction with Section 39b of the Austrian Banking Act (BWG) including annexes (Austrian provisions for the implementation of Article 22 (2) in conjunction with Annex V Part 11 of Directive 2006/48/EC in the version enacted by Directive 2011/89/EU), RBI's Supervisory Board approved the "General Principles of the Remuneration Policy and Practice" in 2011. The Remuneration Committee is responsible for monitoring and implementation of these policies and practices. Remuneration of the Management Board and other "risk personnel" must comply with these principles. The principles apply to bonus payments for 2011 and subsequent years.

## Share incentive program

In 2012, the fifth tranche of the SIP (SIP, 2009 tranche) matured. In accordance with the terms and conditions of the program (published by the service provider in "euro adhoc" on 20 June 2009), the number of shares actually transferred was as follows:

	Tranche 2009 Number of due shares	Tranche 2009 Number of actually transferred shares	Tranche 2009 Value at share price of € 26.165 on the allocation day (2/4/2012)	Tranche 2008 Value at share price of € 39.00 on the allocation day (12/4/2011)	Tranche 2007 Value at share price of € 31.91 on the allocation day (9/3/2010)
	in € thousands			in € thousands	in € thousands
<b>Members of the RBI Management Board</b>					
Herbert Stepic	86,217	43,109	2,256	219	80
Martin Grill	24,635	12,318	645	63	15
Peter Lennkh	17,244	8,622	451	44	13
Aris Bogdaneris	18,477	9,239	483	47	17
<b>Total (of active members of the RBI Management Board)</b>	<b>146,573</b>	<b>73,288</b>	<b>3,835</b>	<b>373</b>	<b>125</b>
Rainer Franz (former member of the Management Board, pro-rata tranche 2009)	12,317	12,317	322	39	16
Heinz Wiedner (former member of the Management Board)	-	-	-	50	15
<b>Total (of active and former members of the RBI Management Board)</b>	<b>158,890</b>	<b>85,605</b>	<b>4,157</b>	<b>462</b>	<b>156</b>
Members of the Management Boards of bank subsidiaries affiliated to RBI	289,874	248,388	7,585	833	229
Executives of RBI and other affiliated companies	99,758	52,483	2,610	215	70

To avoid legal uncertainties and in accordance with the program's terms and conditions, eligible employees in two countries were given a cash settlement instead of an allocation of shares. In Austria, eligible parties were granted the option of accepting a cash settlement in lieu of half of the matured shares in order to offset the wage tax payable at the time of transfer. Therefore, fewer shares were actually transferred than the number that had matured. The portfolio of own shares was subsequently reduced by the lower number of shares actually transferred.

Under the SIP, new tranches have been issued each year – including also in 2011 and 2012. However, because of the merger of Raiffeisen International with the principal business areas of RZB, no SIP tranche was issued in 2010. There will therefore be no share-based remuneration transactions in 2013. This means that on the reporting date, contingent shares for only two tranches were allocated. As of 31 December 2012, the number of these contingent shares was 675,059 (of which 227,161 were attributable to the 2011 allocation and 447,898 to the 2012 allocation). The number of contingently allocated shares originally announced changed due to various personnel alterations within Group units and maturing of the 2009 SIP tranche. It is aggregated in the following table:

SIP 2011 and 2012			
Group of persons	Number of contingently allocated shares as of 31/12/2012	Minimum allocation of shares	Maximum allocation of shares
Members of the Management Board of RBI	245,205	73,562	367,808
Members of the Management Boards of bank subsidiaries and branches affiliated to RBI	282,218	84,665	423,327
Executives of RBI and other affiliated companies	147,636	44,921	221,454

No shares were repurchased for SIP in 2012.

## Expenditure for severance payments and pensions

For six members of the Management Board the same rules essentially apply as for employees, which provide for a basic contribution to a pension fund on the part of the company and an additional contribution, if the employee makes his/her own contributions in the same amount. One member of the Management Board has a defined benefit pension plan. Additional individual pension benefits, which are financed by a reinsurance policy, apply to four members of the Management Board.

In the event of function or contract termination, two members of the Management Board are entitled to severance payments in accordance with the Salaried Employees Act and the Banking Sector Tariff Agreement, two members in accordance with contractual agreements and three members in accordance with the Employee Benefit Act. In principle, the severance payment claims under the Salaried Employees Act or contractual agreements expire, with the exception of one Management Board member, if the employee terminates the employment relationship. In the course of merger-related changes to contractual agreements with the CEO, existing severance payment claims were converted. Corresponding payments were made in part in 2011 and in 2012. In financial year 2012, these payments amounted to € 822,559. A pre-merger severance payment claim that had been taken over also led to a one-off payment of € 225,000 to Peter Lennkh.

Furthermore, protection against occupational disability risk is provided by a pension fund and/or on the basis of an individual pension benefit, which is secured 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 the case of early termination of Management Board mandates are based on the principles stipulated by the Austrian Corporate Governance Codex; likewise, RBI adheres to the stipulated maximum limits (a maximum of two years' total annual remuneration for early termination without serious cause and in any case no longer than the remaining term. No remuneration is given for terminations for serious reasons caused by the Board member).

## Supervisory board remuneration

The Annual General Meeting on 20 June 2012 passed a resolution concerning the annual remuneration for members of the Supervisory Board for financial year 2011 totaling € 550,000. Attendance fees were not paid.



in €	2011
Chairman of the Supervisory Board	70,000
Deputy Chairman of the Supervisory Board	60,000
Member of the Supervisory Board	50,000

## D&O insurance

In the 2012 financial year, a D&O (directors and officers) pecuniary damage and liability policy was signed with UNIQA Sachversicherung AG for the Supervisory Board, the Management Board and key executives, the cost of which will be carried by the company.

## Annual general meeting

The Annual General Meeting for financial year 2011 was held on 20 June 2012 at the Austria Center Vienna. The Annual General Meeting for the financial year under review will take place on 26 June 2013. The convening notice will be published in electronic form and in the Wiener Zeitung's official register 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 principle of 'one share one vote' applies on principle. Accordingly, there are no restrictions on voting rights and all shareholders have equal rights. Every share confers one vote; registered shares have not been issued. Shareholders may exercise their voting rights themselves or by means of an authorized agent. RZB has not exercised its right to nominate up to one third of the Supervisory Board members to be elected by the Annual General Meeting, as per Articles of Association. As a result, the principle of 'one share one vote' applies. The opening session and the Management Board's speeches are streamed live on the Internet at [www.rbiinternational.com](http://www.rbiinternational.com) → Investor Relations → Events → Annual General Meeting, and can also be replayed at a later time. This creates maximum transparency also for those shareholders who are unable to attend the Annual General Meeting in person.

## Report on measures taken by the company to promote women to the management board, the supervisory board and into executive positions (Section 80 of the Austrian Stock Corporation Act [AktG]) as laid down in Section 243b (2) 2 of the Austrian Commercial Code (UGB)

One of Raiffeisen's fundamental values has always been to offer equal opportunities for equal performance regardless of gender or other factors. For this reason, it is important to take suitable measures already during recruitment to ensure that the same standards are always applied in staff selection. The relatively high proportion of 67 per cent of female employees at RBI underscores the activities' efficacy. A corresponding framework has been established within the company and is being regularly refined to continue promoting the advancement of women. These programs seek to particularly improve the balance of family and work. Other benefits include flexible working hours, part-time models and home office. These models are implemented in nearly all countries the Group is active in, and in accordance with the local statutory provisions. The measures are supplemented with further national initiatives, such as the company's kindergarten with employee-friendly operating hours at the Vienna site, and the "Mother Care" program at Raiffeisenbank Polska S.A.. The program supports women from the first announcement of pregnancy until the child's first birthday.

The Management Board is committed to continuously promoting the existing initiatives as well as maintaining its openness to new initiatives in order to further increase the percentage of women in highly qualified positions as well as encouraging women to take advantage of these opportunities.

As of year-end 2012, approximately 43 per cent of functions with staff responsibility in the RBI Group were held by women. In the case of tier 2 and tier 3 management, this figure is around 41 and 52 per cent, respectively. Training and continuing education programs are specifically being offered to promote management skills, which meet with favorable response. 28 per cent of the participants in the Group-wide top-management program "Execute" were women. Female employees accounted for about 50 per cent of the restructured Advanced Leadership Training program for middle management. Currently, around 15 per cent of Board positions within RBI Group are held by women.

## Transparency

The company website as well as websites of its network units play an important role for RBI with regard to open communication with shareholders, their representatives, customers, analysts, employees, and the interested public. As a result, the website, among other information, offers regularly updated information on the following topics: annual and interim reports, company presentations, archived telephone conference webcasts, ad-hoc releases, press releases, investor relations releases, share price information and stock data, information for external creditors, financial calendar with advanced notice of important dates, securities transactions of Management Board and Supervisory Board subject to reporting requirements (directors' dealings), RBI's Articles of Association, the Corporate Governance Report, analysts' research and recommendations, as well as ordering services for written information and registration for the automatic delivery of investor relations news by e-mail.

## Conflicts of interest

Both the Management Board and the Supervisory Board of RBI 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. 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 their duty on the Supervisory Board (Section 228(3) 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 Section 28 of the Austrian Banking Act (BWVG) require the approval of the Supervisory Board.

## 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 Austrian Banking Act in conjunction with the Austrian Commercial Code 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 year under review. Interim reports are published no later than 56 days after the end of the respective period under review.

The Annual General Meeting selected KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna as its external auditor and bank auditor for the 2012 financial year. KPMG has confirmed to RBI 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 efficiency of the company's risk management in accordance with the Austrian Corporate Governance Codex, based on the documents submitted to him and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board who is responsible for addressing the report in the Audit Committee and for reporting thereon in the Supervisory Board.

The Management Board



Herbert Stepic



Aris Bogdaneris



Martin Grill



Peter Lennkh



Karl Sevelda



Klemens Breuer



Johann Strobl