

# Corporate Governance Report 2008

Report on the voluntary external examination of  
Raiffeisen International Bank Holding AG's compliance  
with the rules of the Austrian Corporate Governance Code  
during the financial year 2008

Vienna, March 2009

@ Univ. Prof. DDr. Waldemar Jud Unternehmensforschungs GmbH

# **Corporate Governance Report 2008**

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Raiffeisen International Bank Holding AG's compliance  
with the rules of the Austrian Corporate Governance Code  
during the financial year 2008**

**Company reviewed: Raiffeisen International Bank Holding AG**

**Period reviewed: January 1 to December 31, 2008**

**Reviewing organization: Univ. Prof. DDr. Waldemar Jud Unternehmensforschungs GmbH**

**Vienna, March 2009**

## **Summary of the findings of the voluntary external examination of Raiffeisen International's compliance with the rules set out in the Austrian Corporate Governance Code 2007 during the financial year 2008**

Raiffeisen International Bank Holding AG („Raiffeisen International“) undertook to comply with the Austrian Corporate Governance Code (“Code”/“ÖCGK”) along with their quotation at the Austrian Stock Exchange in April 2005.

In compliance with the recommendation given in the preamble to the Code, the board of the Raiffeisen International commissioned us to independently monitor its compliance with the rules stipulated by the Austrian Working Group for Corporate Governance in 2007 during the financial year 2008.

The main aim of the external examination is to provide the public with an independent view on the company's compliance with the rules set out in the Code.

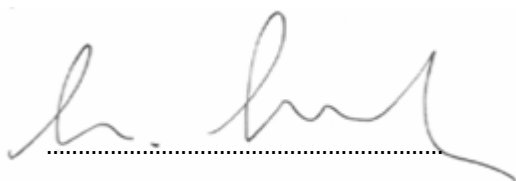
We made our examination on the basis of a questionnaire drafted by the Austrian Working Group for Corporate Governance for the voluntary external examination of compliance to the Code. Our report is primarily based on questioning company personnel and a random examination of the evidence and details provided. According to the Code, special ruling for banks has priority over that stipulated in the ÖCGK, which has to be taken into consideration when monitoring a bank's compliance.

Based on our examination we can state that Raiffeisen International has complied with the rules of the Code as far as they were agreed during the financial year 2008. Some rules were not applicable to Raiffeisen International during this year.


This statement is not an investment recommendation and should be passed over when making decisions about investments in or contracts with Raiffeisen International. We do not accept any liability against third parties.

Vienna, 6 March 2009

Univ. Prof. DDr. Waldemar Jud Unternehmensforschungs GmbH



Dr. Wolfgang Graf



o. Univ. Prof. DDr. Waldemar Jud

**QUESTIONNAIRE FOR THE VOLUNTARY EXTERNAL EVALUATION OF COMPLIANCE  
WITH THE AUSTRIAN CORPORATE GOVERNANCE CODE**

This questionnaire has been prepared by the Austrian Working Group for Corporate Governance and is designed to ensure the highest level of uniformity in the voluntary, external evaluation as a means to guarantee the highest degree of comparability of the evaluation results. The objective of the evaluation is to make available to the public an overview of the status of compliance of those companies, which have publicly declared their adherence to corporate governance principles. We would like to point out that this external evaluation is merely a recommendation in the sense mentioned in the Preamble to the Code of Corporate Governance and does not constitute a Code Rule in the narrower sense of the word (L-C-R Rules). Therefore, the use of the questionnaire is also voluntary. The questionnaire will be the basis of the evaluation, except in those cases, where the designated questions exceed the content of the rule queried. This questionnaire has been designed to give investors an easy-to-understand and quick overview of a company's corporate governance practices. Therefore, the completed questionnaires may be published by the companies to meet this end.

The questionnaire is divided into one part with the questions organized to follow the comply-or-explain principle of the C-Rules of the Code, and into a second part containing the R-Rules of the Code. The L-Rules of the Code have not been included, because law mandates compliance with these rules. The field with the heading "Notes of the reviewing organization" is for the use of the reviewer, especially for explanations as to whether a company has satisfactorily explained in an understandable manner its non-compliance with a C-Rule. When selecting a reviewing organization, please ensure that it meets at least the following requirements: It must be independent of the company being reviewed; it may not pursue any own interests; it must have the necessary expert knowledge and must observe the obligation to maintain secrecy.

Company reviewed: Raiffeisen International Bank Holding AG

Period reviewed: January 1 to December 31, 2008

Reviewing organization: Univ. Prof. DDr. Waldemar Jud Unternehmensforschungs GmbH (FN 130866a, Handelsgericht Wien)

Principles and procedure of the evaluation:

Application of the rules of the Austrian Corporate Governance Codex 2007 and analogue application of the rules issued by the International Federation of Accountants (IFAC) for projects involving an audit review of annual financial statements (ISRE 2400, former ISA 910). This Standard requires that we plan and perform the examination to obtain moderate assurance as to whether the Corporate Governance Report is free of material misstatement. Our report is primarily based on questioning company personnel and a random examination of the evidence and details provided. According to the Code, special ruling for banks has priority over that stipulated in the ÖCGK, which has to be taken into consideration when monitoring a bank's compliance.

Section I: "C" Rules

Chapter II: Shareholders and Annual General Meeting

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
			YES	YES	NO	
2	1	Does the principle of "one share, one vote" apply to your company, i.e., has the company issued only shares with one voting right per share?	X			
4	1	Was the general meeting convened at least three weeks prior to the date of the general meeting?	X			
4	2	Did the company publish the invitation on its website at least one week before the general meeting (date, place, agenda)?	X			
4	3	Were the motions and documents that must be presented to the shareholders by law published at least one week in advance of the general meeting on the website with the possibility of downloading?	X			
4	4	Were any other motions such as dividend distribution proposals, remuneration of members of the supervisory board, election of an auditor and any countermotions – insofar as notified to the company in time – published on the website at least one week in advance of the general meeting with the possibility of downloading?	X			
5	1	Have the candidates for the election of the supervisory board been announced (name, age, professional experience) one week prior to the general meeting on the condition that the company has received this information officially and in a timely manner?	X			
6	1	Have the detailed voting results as well as any changes to the articles of incorporation been published on the website immediately after the close of the general meeting?	X			

**Chapter III: Cooperation between Supervisory Board and Managing Board**

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
				YES	NO	
10	1	Does a joint statement by the supervisory board and the management board exist declaring that open discussions are conducted between supervisory board members and management board members?	X			
10	2	Does a statement of the management board exist declaring that open discussions are conducted among the members of the management board?	X			
12	1	Are the documents for supervisory board meetings made available as a rule at least one week before the respective meeting?	X			

**Chapter IV: Managing Board**

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
				YES	NO	
16	1	Does the management board consist of several persons?	X			
16	2	Is there a chairperson of the management board?	X			
16	3	Do the internal rules of procedure contain a clear distribution of responsibilities and rules for the mode of cooperation within the management board?	X			
17	1	Are communication tasks relating to major issues the direct responsibility of the management board?	X			
18	1	Has a separate staff unit to the management board been created for internal auditing or has this task been delegated to a competent external institution?	X			
18	2	Are the report on the internal auditing plan and any material findings presented to the accounting committee at least once a year?	X			

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
			YES	YES	NO	
21	1	Has the management board taken measures to ensure that the rules of the Compliance Decree for Issuers are complied with throughout the entire company group (the definition of possible confidentiality areas)?	X			
26	1	Is the consent of the management board required for senior staff members to assume functions in the corporate bodies of companies not belonging to the group and/or in which no interests are held?	X			
26	2	Has the company refrained from repealing non-competition clauses applicable to management board members and senior management staff?	X			
27	1	Is the remuneration scheme for the members of the management board linked to the scope of work and responsibility?	X			
27	2	Does the remuneration scheme for the management board contain fixed and performance-linked components?	X			
27	3	Do the performance-linked components have criteria that take account of the attainment of corporate targets and the economic situation of the company?	X			
27	4	Do the same principles apply to members of senior management?	X			
28	1	Have comparison parameters been defined for stock option plans? <sup>1</sup>				Not applicable, as no stock option plan exists.
28	2	Does the stock option plan contain criteria for achieving sustainable value creation?				Not applicable, as no stock option plan exists.
28	3	Has re-pricing in the review period been avoided, excluded or restricted to exceptional cases for which objective, well-founded reasons can be given?				Not applicable, as no stock option plan exists.
28	4	Are changes to stock option plans explained and disclosed?				Not applicable, as no stock option plan exists.
28	5	Does the stock option plan define blocking periods and exercise periods as well as the timeframe for exercising stock options?				Not applicable, as no stock option plan exists.

<sup>1</sup> Questions 1 to 6 to Rule 28 should only be answered if a stock option plan exists.

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
			YES	YES	NO	
28	6	Does the general meeting decide on stock option plans for the management board and on any changes to such plans?				Not applicable, as no stock option plan exists.
30	1	Are the principles of the performance-linked components of the management board payments (especially the criteria for the performance-linked component) disclosed in the annual report as well as any changes versus the previous year?	X			
30	2	Is the ratio between the fixed and performance-linked components of the total remuneration of the management board members published in the annual report?	X			
30	3	Are the principles governing the company retirement plan for management board members and its conditions published in the annual report?	X			
30	4	Are the principles governing any entitlements of management board members in the event of termination of their function published in the annual report?	X			



## Chapter V: Supervisory Board

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
			YES	YES	NO	
34	1	Has the supervisory board adopted internal rules of procedure for its work?	X			
34	2	Do these rules of procedure contain the information and reporting obligations of the management board insofar as they are not already defined in the articles of incorporation and in the internal rules of procedure of the management board?	X			
34	3	Does the reporting obligation apply to subsidiaries as well?	X			
34	4	Do the internal rules of procedure define the establishment of committees and their scope of competence?	X			
35	5	Are the sections of the internal rules of procedure relating to the establishment of committees published on the website?	X			
36	1	Have, if necessary, additional supervisory board meetings been held in addition to the statutory number of meetings?	X			
37	1	Does the chairperson of the supervisory board regularly communicate with the chairperson of the management board and discuss the strategy, the course of business and the risk management of the company?	X			
38	1	Does a pre-defined (structured) appointment procedure exist for the appointment of management board members? <sup>2</sup>	X			

<sup>2</sup> Only complete if a management board member was appointed during the reporting period.

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
			YES	YES	NO	
38	2	Has a job specification been defined for the management board that takes into account the company's business focus and situation? <sup>3</sup>	X			
38	3	Does the supervisory board or a committee pay due attention to the issue of successor planning in their deliberations?	X			
38	4	Has an age limit been defined in the articles of incorporation for management board members or has such a limit been defined in the internal rules of procedure?	X			
39	1	Do committee chairpersons report regularly to the supervisory board?	X			
39	2	Does a committee exist that has the authorisation to take decisions in urgent cases?	X			
39	3	Are there a sufficient number of independent members on the committees (C Rule 53)?	X			
39	4	Does the report of the supervisory board discuss the activities of the committees?	X			
39	5	Does the annual report name the members of the committees?	X			
41	1	Has a nomination committee been set up if the supervisory board has more than six members?	X			
43	1	If the supervisory board has more than six members, has a remuneration committee been set up or have these matters been delegated to the nomination committee?	X			
45	1	Do supervisory board members refrain from assuming functions on boards of other companies, which are competitors?	X			

<sup>3</sup> Only complete if a management board member was appointed during the reporting period.

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
			YES	YES	NO	
46	1	Were any conflicts of interest immediately disclosed to the chairperson of the supervisory board or do other relevant provisions for such cases exist?	X			
47	1	Has the company, which has no banking license, not granted any loans (goods or cash) that are beyond the scope of routine daily business transactions?	X			
49	1	Are contracts subject to approval pursuant to the L-Rule 48 and the respective remuneration published in the annual report?	X			
51	1	Is a remuneration schedule for supervisory board members defined and published in the annual report?	X			
52	1	Is the number of supervisory board members exclusive of works' council representatives at the maximum 10?	X			
53	1	Does the supervisory board (exclusive of works' council representatives) have a sufficient number of members independent of the company and the management board in its opinion?	X			
53	2	Has the supervisory board defined criteria for the independence and published these criteria on the website?	X			
53	3	Does the annual report name the independent members?	X			

Rule	Question No.	Question	COMPLY		EXPLAIN		Notes of the reviewing organization
			YES	NO	YES	NO	
54	1	If the free float is over 20%: Is there at least one independent member pursuant to C-Rule 53, who is not a shareholder with a stake of more than 10% or who represents such a shareholder's interests? In the case of a free float of over 50%: Are there at least two independent members pursuant to C-Rule 53 who are not shareholders with a stake of more than 10% or who represent such a shareholder's interests?	X				
55	1	Is the chairperson of the supervisory board not a former chairperson of the management board unless a period of two years has expired between the termination of and the start of the functions?	X				
57	1	Do persons on the management board of a listed company hold more than 4 positions on the supervisory board (position of chairperson counts double) of stock corporations not belonging to the group?	X				
57	2	Has an age limit been defined for supervisory board members in the articles of incorporation or the internal rules of procedure?	X				
58	1	Does the annual report contain the date of the first appointment of every supervisory board member and the end of the current period of office?	X				
58	2	Are the other supervisory board mandates or similar functions in Austrian or foreign listed companies published in the annual report or on the website of the company for every supervisory board member?	X				
58	3	When a supervisory board member fails to personally attend more than half of the meetings, is this fact stated in the report of the supervisory board? <sup>4</sup>					Not applicable, as no such absences occurred during the reporting period.

<sup>4</sup> Only complete if such absences occurred.

## Chapter VI: Transparency and Audit

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
				YES	NO	
60	1	Does the annual report contain a declaration of commitment to comply with the Austrian Code of Corporate Governance?	X			
60	2	Has such declaration been disclosed on the website of the company?	X			
60	3	Has the annual compliance declaration including deviations therefrom been published?	X			
62	1	Has the company disclosed on its website and in the annual report – if it has knowledge thereof – the current shareholder structure broken down by geographical origin and type of investor, any cross-holdings, the existence of syndicate agreements, restrictions to voting rights, registered shares and their related rights and restrictions?	X			
62	2	Were the latest changes to voting rights disclosed on the website?	X			
62	3	Have the articles of incorporation of the company been disclosed on the website of the company?	X			
64	1	Were the quarterly reports prepared in accordance with International Financial Reporting Standards (IAS 34)?	X			
64	2	Have material deviations in the course of the year from previously published targets been explained in the company's regular disclosures and reports <sup>5</sup>	X			
65	1	Has capital market relevant information from presentations and analysts conferences been made available to all shareholders at the same time?	X			

<sup>5</sup> Only complete if deviations of this type occurred during the reporting period.

Rule	Question No.	Question	COMPLY	EXPLAIN		Notes of the reviewing organization
			YES	YES	NO	
66	1	Have the reports been made available in English as well?	X			
66	2	Have the reports been made available on the company's website?	X			
66	3	Have the individual financial statements required by the Austrian Commercial Code been made available at the same time as the consolidated financial statements?	X			
67	1	Do the consolidated financial statements contain pertinent information on the significant risks and the principle risk management instruments applied?	X			
69	1	Has a contact person for investor relations been appointed and such person's contact details published on the company's website?	X			
70	1	Are any reported director's dealing immediately disclosed on the company's website and is such information kept on the website for at least three months, or has a reference (link) been made to the corresponding website of the Financial Market Authority?	X			
71	1	Has a calendar of corporate financial events for the coming business year that includes the content stipulated in the Code been prepared at the latest by the end of the business year and published immediately on the company's website?	X			
71	2	Has this calendar of corporate financial events also been included in the annual report?	X			
74	1	Does the auditor's report on the consolidated financial statements state the application of internationally recognised auditing principles?	X			

Rule	Question No.	Question	COMPLY	EXPLAIN	Notes of the reviewing organization
78	1	Before presenting a proposal for the appointment of an auditor (L-Rule 77), has the audit committee requested the relevant declaration from the auditor?	X		
78	2	Does the declaration explain which other services- especially consulting services - were provided in the current business year and state the services contractually agreed on for the following year?	X		
78	3	Has the supervisory board proposed only such auditors for appointment that have a valid certificate pursuant to the quality assurance system?	X		
79	1	Has the auditor submitted a management letter to the management board?	X		
79	2	Has the management letter been brought to the notice of the chairperson of the supervisory board?	X		
79	3	Was the management letter dealt with by the audit committee and reported on to the supervisory board?	X		
80	1	Has the auditor reported on the effectiveness of the company's risk management to the management board?	X		
80	2	Has this report been brought to the notice of the chairperson of the supervisory board?	X		
80	3	Was the report dealt with by the accounting committee and reported on to the supervisory board?	X		

Section II: "R" Rules

Rule	Question No.	Question	Compliance Yes	Notes of the reviewing organization
7	1	Does the company support shareholders in participating in the annual general meetings and in exercising their rights as best as possible?	X	
31	1	Are the fixed and performance-linked components of the remuneration of management board members published for each member?		No.
72	1	Does the company regularly organise information events, and if demand is high every quarter, for analysts and investors and does it make the documents used at these events available on its website?	X	
73	1	Does the company simultaneously make available on its website all financial information on the company that has been published through other media?	X	
73	2	Does the company follow the applicable rules for publication on the website?		No, as the documents published on the website do not bear the date on which they were posted on the Internet.