

Report of the Supervisory Board

Dear shareholders,

The 2010 financial year was characterized by major strategic realignments. In order to be able to respond better to the future regulatory requirements and also in order to improve even further our products and services for our customers, a strategy project was initiated. The findings that emerged led to a fundamental restructuring and the merger of Raiffeisen International with the principal business areas of RZB.

New appointments

Subject to the suspensive condition of entering the merger in the commercial register and with effect from the time this entry was made on 10 October 2010 and their resigning their Supervisory Board posts, Patrick Butler, Karl Sevelda and Johann Strobl were appointed as members of the Management Board. Karl Sevelda was appointed Deputy Chairman.

Rainer Franz, whose post on the Management Board ended on 30 June 2010, and Heinz Wiedner, who completed his Management Board duties on 1 December 2010, resigned from the Management Board.

Also subject to the suspensive condition of entering the merger in the commercial register and with effect from the time this entry was made on 10 October 2010, Erwin Hameseder, Markus Mair, Ludwig Scharinger, Hannes Schmid, Johannes Schuster, Friedrich Sommer and Christian Teufl were elected to the Supervisory Board within the course of the Annual General Meeting on 8 July 2010. Effective at the same time, Erwin Hameseder was elected first Deputy Chairman of the Supervisory Board, Ludwig Scharinger was elected second Deputy Chairman of the Supervisory Board and Markus Mair was elected third Deputy Chairman of the Supervisory Board.

In accordance with the decision by the Works Council on 10 October 2010, Martin Prater, Peter Anzeletti-Reikl, Rudolf Kortenhof, Sabine Chadt and Helge Rechberger were delegated to the Supervisory Board.

With effect from 1 January 2011 Alfred Lejsek was appointed as State Commissioner.

Activity in 2010

In 2010, the members of the Supervisory Board and its committees were also fully informed in a timely and comprehensive manner by the Management Board during the regular meetings about all pertinent business developments, including risk management of the company and allied companies. This information was provided in writing and verbally. As well as the exchange of information in the meetings there were many informal discussions between the Management Board and Supervisory Board.

The Management Board fully and promptly informed the Supervisory Board, in particular in all matters of the company's strategic realignment so that the Supervisory Board was able to fulfill its supervisory duties conscientiously and take all its decisions in a carefully reasoned way. This also enabled it to discuss the status of the strategy implementation with the Management Board at regular intervals.

During the period under review there were four Supervisory Board meetings. All members of the Supervisory Board attended more than half of the meetings. In all the meetings the Supervisory Board performed the tasks incumbent upon it by law and pursuant to the Austrian Corporate Governance Code.

In the meetings, as well as discussions held outside the meetings, the effects of the financial and economic crisis, in particular the risk situation, were discussed at length. Thus, there were regular reports on the current earnings situation and the Group's liquidity and risk situation.

The Chairmen of the Operations Committee, Audit Committee and Personnel Committee regularly reported to the Supervisory Board about the relevant committee's work.

The Operations Committee dealt primarily with the appointment of executive members in the Group, regulations governing holdings in affiliated companies and business transactions requiring its approval.

The Audit Committee monitored the accounting process, the effectiveness of the internal control system, the internal audit system and also the risk management of the company. It monitored the annual statutory audit and the consolidated financial statement audit. It was also responsible for verifying and monitoring the independence of the statutory auditor. It audited the annual financial statements and consolidated financial statements and prepared its assessment. It also dealt with the proposed appropriation of profit, the Management Letter and corporate governance report. In addition, it made a proposal in regard to the appointment of the statutory auditor.



The Personnel Committee dealt in particular with questions concerning the remuneration of the Management Board including the bonus scheme and directors' and officers' insurance.

Annual financial statements and consolidated financial statements

These consolidated financial statements (income statement, statement of financial position and notes) and the Group Management Report, as well as the annual financial statements and Management Report for RBI have been audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The audit revealed no grounds for objections. All legislative provisions were fully satisfied. Therefore, the unqualified Auditor's Report was issued.

The consistency check of the Corporate governance report according to Section 243b of the Austrian Commercial Code (UGB) was performed by Univ.Prof.DDr. Waldemar Jud Corporate Governance Forschung CGF GmbH, and its final results yielded no significant grounds for objections.

Following an extensive audit and discussion of the consolidated financial statements and the annual financial statements in the Audit Committee and in the Supervisory Board, the Supervisory Board agreed with the proposed appropriation of profit and approved the annual financial statements of RBI. The annual financial statements have thus been adopted in accordance with Section 96 (4) of the Austrian Stock Corporation Act (AktG).

The Supervisory Board would like to thank greatly the departing members of the Supervisory Board and Management Board for their many successful years of service to the company. The Supervisory Board would also like to thank the Management Board, the Works Council and all employees for their hard work during the merger. In what constituted a challenging financial year they contributed heavily to the merger's success thanks to their outstanding commitment and dedication.

A handwritten signature in black ink, appearing to read 'W. Rothensteiner', written in a cursive style.

On behalf of the Supervisory Board
Walter Rothensteiner, Chairman