

Report of the supervisory board

Dear shareholders,

Although 2011 brought relief to some areas of the economy, the recession in the Eurozone's periphery over the course of 2012 caused an ever increasing downturn in the rest of Europe as well. Similar to Germany, economic growth in Austria shrank to below 1 per cent in 2012. CEE also saw a considerable drop in real GDP growth in 2012, but with the region as a whole reporting 2.0 per cent growth, still well ahead of the Eurozone's (minus 0.5 per cent).

Surely the greatest challenge faced by the Group in the first six months of 2012 was the high capital ratio requirement set by the Austrian and European banking supervisory authorities, which had to be implemented within a very short time frame. Apart from meeting the requirement, the Group was focusing on tightening internal processes and increasing efficiency in order to improve its cost structures. Various measures were implemented in several areas of the company, allowing first success in cost reduction.

Activity in 2012

Similar to previous years, the members of the Supervisory Board and its committees were fully informed, in a timely and comprehensive manner, by the Management Board during regular meetings about all pertinent business developments, including risk management of the bank and subsidiaries. Information was provided verbally as well as in writing.

At each meeting, the Management Board reported to the Supervisory Board on business developments in the various business divisions and explained current risk developments. In addition to regular meetings, the Supervisory Board had many opportunities to hold discussions with the Management Board. The collaboration between Management Board and Supervisory Board was characterized by open and active communication.

The new and stricter capital ratio requirements for banks announced in 2011 necessitated an adjustment of strategy and business policy, which the Management Board discussed with the Supervisory Board. Several reports were prepared and resolutions were approved on the new regulation under banking law concerning remuneration policy.

Overall, the Supervisory Board conscientiously fulfilled its supervisory duties and took all its decisions in a careful and thorough manner.

The Chairman of the Working Committee, Audit Committee, Remuneration Committee and Personnel Committee regularly reported to the Supervisory Board on the relevant committee's work.

New appointments

As of 16 April 2012, the Supervisory Board appointed Klemens Breuer responsible for the Board Division Markets. In this function he succeeded Patrick Butler, who left the Group at his own will.

At the Annual General Meeting held on 20 June 2012, Heinrich Schaller and Günther Reibersdorfer were elected to the Supervisory Board. Supervisory Board members Ludwig Scharinger and Hannes Schmid resigned from their respective positions effective 20 June 2012. Furthermore, Heinrich Schaller was elected Second Deputy Chairman by the Supervisory Board. In addition to Alfred Leysek, the Austrian Finance Minister appointed Anton Matzinger as Deputy State Commissioner.

Annual financial statements and consolidated financial statements

The consolidated financial statements (income statement, statement of financial position, statement of changes in equity, cash flow statement and notes) as well as the annual financial statements for RBI AG have been audited by KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft. 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 as well as 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 AG. The annual financial statements have thus been adopted in accordance with Section 96 (4) of the Austrian Stock Corporation Act.

In conclusion I would like to express, on behalf of the Supervisory Board, our gratitude to the Management Board, the Works Council and all employees for their high commitment in the past year.



On behalf of the Supervisory Board
Walter Rothensteiner, Chairman

