

Lasting values

in dynamic times

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**RZB Group
Corporate Responsibility Report 2010**

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About this report

This Corporate Responsibility Report gives an overview of the key services and projects that reflect the RZB Group's commitment to responsible business practices. The reporting period comprises the 2009 and 2010 financial years, and follows on seamlessly from the previous Corporate Responsibility Report which covered the 2008 period. We plan to continue to report at two yearly intervals.

This report outlines strategies and management policies, and describes the Group's activities during the period under review. It also specifies targets for further improvements in the bank's sustainability performance.

This document is targeted at the RZB Group's stakeholders (see page 27), who have a history of frequent exchanges of views with the company. Many were involved in selecting the main topics covered by this report. If you have any comments, ideas and suggestions for improvements, please contact the RZB Group at corporateresponsibility@rzb.at.

Scope of this report

Raiffeisen Zentralbank Österreich AG (RZB) and Raiffeisen Bank International AG (RBI) were the organisations that compiled and published this report. RZB is the lead bank of the Austrian Raiffeisen Banking Group (RBG) and the core institution of the RZB Group, including Raiffeisen Bank International AG (RBI). Details of the RZB Group's structure can be found on pages 18 and 19. Austria is the main focus of this report and the performance indicators contained in it.

Information is also provided on the other operations of the RZB Group, including its 15 network banks in Central and Eastern Europe (CEE).

Limitations

Operational performance indicators of other RZB Group companies are not included in this report, since collecting complete and standardised information on all of the business in which RZB has an interest is currently not possible. Information relating to sustainability at selected RZB Group subsidiaries is provided on pages 10 and 11.

The scope of this report has also been adjusted due to the 2010 merger of Raiffeisen International Bank-Holding AG with the principal business areas of RZB. This means that it is not yet possible to collect and discuss information on some areas.

The RZB Group is committed to continuously improving its reporting processes, and therefore aims to progressively expand the scope of future reports. With this in mind, steps are already being taken to introduce quality assurance procedures for collection and consolidation of the relevant data.

Materiality

This report contains specific information on the impacts of the bank's operations on society and the environment. The contents were selected according to their materiality, and assessed to ensure that all of the areas covered include topics and indicators which could influence the views and decisions of both internal and external stakeholders. When determining materiality, the editorial team considered the following aspects:

- Management relevance
- Outcomes of stakeholder dialogues (see Stakeholder dialogue, pages 27ff.)
- Information required by financial analysts, rating agencies, institutional investors, etc.
- UN Global Compact principles.

This report was compiled in accordance with Global Reporting Initiative (GRI) guidelines, and conforms to Application Level B+ (see page 89).

Data collection

The environmental data contained in the report were collected and consolidated using the data collection and computation methods of the “VfU Kennzahlen Erfassungs- und Berechnungsdatei” (German Association for Environmental Protection in Banks and Insurance Companies), as amended on 18 October, 2010 (Version January 2011).

Human resources data, standardised throughout the Group, is recorded in the Cognos software program.

Other data published in this report was collected by means of standard questionnaires and face-to-face interviews.

Comparability

This is the RZB Group’s second Corporate Responsibility Report. The comparability of the two reports is limited due to the aforementioned merger.

Consequently, the quantitative information included in this report relates exclusively to 2009 and 2010. In future the Corporate Responsibility Report will contain the key sustainability indicators for the preceding three financial years. Due to the two-yearly reporting intervals there will be an overlapping year with figures which also appeared in the previous report. This will enable readers to compare and assess performance trends more effectively.

Assurance

The contents of this report were reviewed by Lloyd’s Register Quality Assurance (see page 89).

Wording

In the interests of readability, gender neutral terminology has been used wherever possible. Masculine forms also refer to the feminine.

Foreword

A handwritten signature in blue ink, which appears to be 'Peer Lohsen and Tobias Buehler', is positioned above the main text of the foreword.

in this Corporate Responsibility Report the RZB Group describes its business activities with regard to their long-term economic, ecological and social compatibility. Our traditional, time-tested self-perception based on the principles of Friedrich Wilhelm Raiffeisen, is the foundation for our commitment to sustainable business practices and social responsibility.

Our challenges

An increasingly diversified and globalised society is facing us with a host of new challenges. Within the Group our business model has sparked a process of transformation that we continue to develop in partnership with our customers. These fundamental values have always served as strong foundations for the RZB Group in times of change, and they also help us to meet our responsibilities as a business. This report shows how our commitment to social responsibility has evolved, and how it has been incorporated in the RZB Group's long-term strategy.

Our belief in responsible behaviour is a part of our corporate philosophy. We believe in fair and collaborative relationships with all of our stakeholders – our customers, shareholders, investors, suppliers, employees and other interest groups – and in a sustainable approach to the environment. We set great store by long-term, trust-based relationships with our stakeholders. Complying with stringent environmental and social standards is a matter of course, because ultimately, corporate responsibility policies are only credible if they are integral to a company's culture and communications.

Our corporate philosophy, and a business model that is also geared towards profitability are the pillars on which the RZB Group's business policies rest. This is the basis on which the RZB Group systematically pursues its goals.

Our responsibility

The RZB Group is pledged to protect the environment, prevent climate change and promote human rights in our sphere of influence. We also seek to contribute to economic stability in all of the regions where we have a presence.

In addition we are committed to implementing the ten principles of the UN Global Compact – the world's leading initiative on corporate responsibility and sustainable development. These principles have always guided our operations, so joining this initiative in 2010 was a logical move.

Our business, ethical and social standards, and legal compliance are embodied in the RZB Group Code of Conduct, which stems from Raiffeisen's core values and general social norms. The Code of Conduct is a central element of our corporate responsibility and is designed to go beyond formal and statutory standards of behaviour. Our business model puts people first, and the Code of Conduct defines the way we deal with customers, business partners and employees.

Our path

We aim to continue promoting responsible corporate behaviour within our sphere of influence. Assuming responsibility voluntarily and at the earliest possible stage is the key to achieving this. We act in a progressive and innovative way, but remain true to our guiding values: sustainable structures and targeted growth are vital for a successful future, as are fairness, open-mindedness and mutual respect. All of these factors enable us to continue generating profit and value for the benefit of our owners, employees, customers and partners.



This report outlines the current status of our performance in terms of corporate responsibility and highlights areas where there is room for improvement. In doing so, it spurs us on to further enhance our activities in this sphere. In that context I would like to thank all of the RZB Group's employees for their contributions as we continue jointly on a path of social and corporate responsibility.

A handwritten signature in blue ink, which appears to read "Walter Rothensteiner".

Dr. Walter Rothensteiner
Chairman, Raiffeisen Zentralbank Österreich AG

Raiffeisen – a history built on sound values

The values that to this day guide the operations of all Raiffeisen organisations date back to social reformer Friedrich Wilhelm Raiffeisen (1818–1888). He dedicated his life to eradicating the poverty and hardship which particularly affected rural communities.



F. W. Raiffeisen

In 1862 Friedrich Wilhelm Raiffeisen founded a credit union – laying the foundation stone for today's global organisation of Raiffeisen cooperatives.

The essence of the cooperative philosophy

1. Self-help: the willingness to provide mutual assistance.
2. Self-administration: decision-making by members on their cooperative, according to democratic principles.
3. Business ethics based on solidarity: pursuit of a common economic goal on the basis of mutual support.
4. Sustainable cooperative success: the common objective of a lasting improvement in members' economic welfare.
5. Subsidiarity: intervention by the cooperative only where individuals cannot help themselves and therefore need assistance.
6. Principle of identity: the principle that the members of the cooperative are also its customers.

Raiffeisen's model was the blueprint for cooperatives that were set up specifically to promote their members' interests. Savings deposits were distributed among the members in the form of favourable long-term loans, and this gave some people the means to invest for the first time in their lives despite harsh economic conditions.

Gable cross – symbol of protection and trademark

The gable cross was traditionally mounted on roofs as a symbol of protection, and it was chosen as the organisation's trademark when Friedrich Wilhelm Raiffeisen was still alive. It signifies the protection afforded by the combined strength of the cooperative's members.

The foundation of RZB

RZB was established as Girozentrale der österreichischen Genossenschaften in 1927. Initially it fulfilled a liquidity management function for the Raiffeisen banks. Its first decade of operations saw a rapid expansion in employee numbers and in its business activities, with a product portfolio that included foreign exchange transactions, loans, deposit accounts and investments in securities.

In the 1950s the bank began to expand its operations abroad, resulting in a sharp acceleration in growth. Towards the end of that decade, RZB began setting up and investing in a series of specialised subsidiaries.

From these beginnings RZB grew continuously to become one of Austria's leading commercial and investment banks. The process of expansion into CEE started in 1986 with the establishment of what is now Raiffeisen Bank in Budapest. RZB's operations across the region are managed by Vienna-listed Raiffeisen Bank International AG (RBI).

Today's RZB

The role of RZB

Over the years RZB has grown to become the lead bank of the Austrian Raiffeisen Banking Group (RBG), the central institution of the RZB Group and the service provider for the Austrian Raiffeisen sector.

It also leverages synergies and develops shared solutions in its function as the central hub linking RBG with RBI's international network in CEE as well as in Asia. RZB provides RBG with products and services, as well as organisational support and advice on Group-wide activities. These include collaboration in RBG's strategy and decision-making committees, assistance on joint strategic projects, and consulting services.

RZB is also the Group's public face in Austria and abroad. One of its most important functions is acting as an interface between RZB's owners in the Raiffeisen Banking Group and the largest subsidiary, RBI. RZB has a stake of around 78.5 per cent in its listed subsidiary RBI, through which it controls the largest banking network in Central and Eastern Europe. The Group is present in 15 regional markets through its network banks, or 17 when its leasing businesses and a variety of other financial service providers are included. It has around 60,000 employees and some 3,000 branches serving more than 14 million customers. In addition to its core CEE and Austrian markets, RBI also represents RZB in the Asian growth markets and in the world's leading financial centres. Risk management is a key aspect of RZB's running of the Group. Participations management activities are geared towards securing long-term strategic holdings in banks, financial institutions and other companies. Responsibility for RZB internal auditing and RZB Group auditing also rests with RZB as the central institution.

Structure and ownership

The RBG has a three-tier structure. The first tier includes the autonomous local Raiffeisen banks and their branches. The eight Regional Raiffeisen Banks, which are owned by the Raiffeisen banks in their provinces, make up the second tier. The third tier consists of RZB as the lead bank of the RBG. RBG has the most extensive branch network in Austria, and makes up about one-quarter of the entire domestic banking industry. It currently manages around € 83 billion in deposits from domestic customers (excluding home loan savings deposits) and some € 50 billion of savings deposits. Most of its lending is to small and medium-sized enterprises, and tourist and agricultural businesses.



RZB and RBI head office:
Am Stadtpark 9,
1030 Vienna

RBG's strong market share is the result of healthy, organic growth. The 527 autonomous Raiffeisen banks make up an extensive, nationwide banking network, with a total of 1,689 branches. Consequently RBG accounts for about 44 per cent of all bank branches in the country.

Sustainability highlights from the subsidiaries

RZB's portfolio of participations reflects RZB's role as the central institution of Austria's Raiffeisen Banking Group, and is supplemented by its central hub function in its home market of Austria and CEE.

Raiffeisen-Leasing

Raiffeisen Leasing is a wholly-owned subsidiary of RBG. For over 40 years it has been operating in the Austrian market and abroad.

Focus on renewable energy

Besides conventional leasing finance, Raiffeisen-Leasing is increasing its focus on renewable energy. It is currently one of the largest investors in wind power, biofuels, biomass, photovoltaic and hydro projects in Austria.

Focus on electromobility

Raiffeisen-Leasing is committed to raising awareness and promoting more widespread use of electric vehicles, including in regions with strong tourism industries and in urban transport systems. The company is currently developing specialist products in partnership with electricity suppliers and car dealers. Various towns and local authorities are also playing a key role in this process.

The aim of the recently introduced online platform www.rl-mobil.at is to conclude leasing agreements for around 600 electric vehicles in the course of 2011.

Raiffeisen evolution project development

Vienna-based real estate company Raiffeisen evolution operates in Austria and throughout the CEE and SEE region. It aims to ensure that sustainable, environmentally benign and resource-efficient methods are given priority when it comes to designing, building and managing properties.

Focus on conserving resources

The ECO-BASE® housing concept is designed to promote the construction of residential properties that meet the highest energy efficiency standards. The economy offices initiative is helping to create sustainable, resource-efficient office space and encouraging the development of environmentally friendly, cost-saving office properties in Austria, CEE and SEE. The electricity supply to Raiffeisen evolution's Vienna headquarters is provided by hydropower alone.

Focus on social engagement

The company attaches great significance to social responsibility, and each year it supports Father Georg Sporschill's (SJ) Concordia project, which benefits underprivileged children in Romania, Bulgaria and Moldova.

Sector	Projects	2010 Accumulated value as of 31 Dec 2010 in € m
Biofuels	3	90.16
Biogas	11	16.52
Biomass	9	77.46
Bio oil	6	34.25
Photovoltaic	17	54.95
Wind power	17	314.04
Total	63	587.38

Focus on stakeholder dialogue

Active dialogue with stakeholders is an important aspect of Raiffeisen-Leasing's corporate culture, and it is also a means for identifying the opportunities and risks associated with various social and environmental issues. The annual "Ökologieggespräche" discussion forum for environmental matters and the "Ökoenergie green energy blog" are ideal channels for this process.

Raiffeisen Bausparkasse

Raiffeisen Bausparkasse specialises in financing the construction, maintenance and upgrade of residential properties.

Focus on living spaces

In the half century since it was set up, Raiffeisen Bausparkasse has provided more than € 24 billion in financing, making it Austria's leading source of funds for residential construction. It has also helped over 420,000 families to build their own home.

Focus on environment

Raiffeisen Bausparkasse boosts customers' awareness of environmental issues by offering specialist information on energy saving, building renovation and green construction. Initiatives such as the "Energiespardarlehen", a loan product, are also aimed at encouraging the implementation of environmentally friendly construction projects.

Raiffeisen Bausparkasse's environment team has also introduced a number of in-house waste prevention and waste disposal initiatives. The use of foiled windows and the implementation of an energy data recording system have been important steps towards reducing energy consumption for heating and cooling. In 2009 Raiffeisen Bausparkasse was named as an ÖkoProfit business by the City of Vienna for its efforts to improve the company's environmental protection standards.

Initiatives like the "Energiespardarlehen" lead to additional constructions of ecological buildings and are a major reason for the increasing investments in thermic restoration measures by persons saving through the Raiffeisen building society. In 2010, 38 per cent of all approved loans were used for restorations and renovations - significant contributions to improve the energetic situation within the living space.

Raiffeisen Capital Management

Raiffeisen Capital Management is the RBG's asset management business, and the market leader in Austria, with € 29.1 billion in assets under management and a market share of 20.2 per cent.

In addition to a range of environmental protection measures and steps designed to build long-term relationships with employees, the company has also launched two products aimed specifically at ethical investors: Raiffeisen-Österreich-Rent and Raiffeisen-Ethik-Aktien.

"Value-driven investment is impossible unless businesses maximise sustainability and take a long-term perspective"

Klaus Glaser, Head of Product Management

Focus on ethical investing

Ethical investments are subject to far stricter criteria than the conventional variety. And in order to ensure that these criteria are observed, an ethics committee carries out a rigorous prior analysis of the investment universe.

The decisions of the Raiffeisen-Ethik equity fund managers are supported by assessments from ratings agency oekom research. oekom's ratings reflect the level of responsibility in a corporation's dealings with the people affected by its operations, with society and the various cultures in the community, and with the environment.

A man with short dark hair and a light beard, wearing a dark suit, white shirt, and blue tie, looks directly at the camera. He is in the center of a crowd of people, whose faces are blurred in the background. The background is a mix of warm and cool tones, suggesting an indoor or outdoor public space.

**In times of
constant change,**

**seizing opportunities
for the future**

Driving transformation

Central and Eastern Europe (CEE) is home to roughly 310 million people. For much of the 20th century, the former Eastern bloc was under the Soviet Union's sphere of influence. Communist rule created economies that generally failed to meet people's needs, in part by creating underdeveloped, inefficient financial sectors.

Since the wave of upheaval which started in 1989, almost all of the countries in the region have undergone a revolution in their political systems, from dictatorship to democracy. This has been accompanied by an economic transformation, from central planning to free and competitive markets.

The first part of overall systemic change, the process of political transition, is now almost complete. Today, democratically elected governments are in place in almost all countries in the region. Many of these governments have led their countries to membership of the European Union, and two (Slovakia and Slovenia) have entered the Eurozone. But even after more than two decades, the economic transition is not yet fully completed. This is especially evident in the stronger growth dynamics present in CEE's individual economies, despite the effects of the global economic crisis, compared to growth rates in Western Europe. These dynamics reflect the continuing presence of the need for CEE to catch up with the Western economies.

The role of foreign banks in CEE

Even before the fall of the Iron Curtain in 1989, which led to the end of Communism in CEE, the region was an attractive and promising market for Austrian business and Austrian banks. Austria was perfectly placed, in all senses, to form partnerships with these countries – with its geographical location and its historical ties, which formed the basis for a great deal of mutual trust, playing important roles.

Equal economic opportunities are one of the most important pillars of a stable political system. The economy, financed by a solid banking sector, is key to all developments in society.

CEE has all but finished the process of political transformation. The economic transition is, however, not yet complete

Based on these conclusions, Austrian banks have a number of roles to play in CEE. They accompany Western companies in the region, assisting with trade relationships and investments. Equity investors in particular value the presence of a reliable bank – ideally the one that is their principal bank at home – in the country where they have a stake in a company or want to start a business of their own. Trust in foreign banks thus brings capital into the productive economy, and supports the internationalisation of local companies within CEE. Qualitative improvements in the banking sector as a result of knowledge transfer in the region also contribute to economic stability, and in turn to political and social stability.

Our familiarity with the market, and our pioneering role in driving development and supporting the transformation have made the RZB Group one of the biggest and most successful foreign banking groups in CEE. The expansion of the RZB Group has alone created some 20,000 jobs – just one indication that our success has not only benefited the Group, but also the economies and thus the people of the individual countries in the region.

Redefining regional responsibility

A quarter-century after the founding of the first Raiffeisen subsidiary bank behind the Iron Curtain, RBI CEO Herbert Stepic and Krisztina Horvath, Managing Board member at Raiffeisen Bank in Hungary, talk about the transformation that has occurred in Central and Eastern Europe and how Raiffeisen was able to contribute to that process.



Photo: Franz Gruber / Kurier

What was the motivation behind opening a subsidiary behind the Iron Curtain in 1986. After all, the transition in CEE was still in its infancy at that time.

Herbert Stepic: That's right. And the decision to enter the market made us a pioneering force in the region's economic and social transformation. We were instrumental in kick-starting the process, and ultimately provided it with significant support financing. After decades without the competitive drive that privately-owned banks generate, the demand for modern, customer-friendly banking services was incredibly strong. And that is one reason why the CEE banking sector grew even

more dynamically than the region's economies as a whole. As we already had extensive knowledge of the Central European market, this was a unique opportunity to broaden the scope of our business.

If we look back to the days when Europe was still a divided continent, what role did banks play in the former Eastern bloc?

Krisztina Horvath: The banking sector in Central and Eastern Europe was organised and managed as a monopoly under Communist rule, just like the rest of the economy in the region. Most countries had a central bank with branches that performed activities usually associated with commercial banks. There were also savings banks that "administered" the population's deposits, but offered poor rates of interest. It wasn't until the 1960s and 70s that special institutions like foreign trade banks that processed credit and international transactions started springing up.

You once said: "Raiffeisen Bank in Hungary is the nucleus of our CEE network." What made Hungary the ideal springboard for RZB's pioneering eastward expansion?

Herbert Stepic: In preparation for the transition of Hungary's banking system from a single bank to multiple banks, in 1986 the Hungarian central bank invited RZB, Deutsche Genossenschaftsbank, the International Finance Corporation (IFC) – a subsidiary of the World Bank – and six other organisations to jointly establish a bank in the country. The bank opened its doors in 1987 under the name Unicbank. At that time we were really going in at the deep end! But we took to the water very quickly and posted a profit in our first year of business.

Were the historic ties between Austria and Hungary a significant factor?

Krisztina Horvath: Maybe, but more importantly, Hungary had always been one of the more liberal countries in the Eastern bloc. That made it possible to set up a bank that was not state-controlled even before the Iron Curtain came down. We launched the bank in 1986, and today we have 144 branches and over 3,200 employees servicing more than 640,000 customers. So we started off by establishing a bank with very solid foundations. That stabilised the banking sector and brought fresh impetus to the economy.

Banks had a poor public image at that time. Was that due to their reputation as the guardians of the capitalist system?

Krisztina Horvath: No, I wouldn't say that. I don't think that image had as much to do with society's Communist mindset; instead, it stemmed from the minimal level of service that bank customers were provided with – if they received any services at all. Central and Eastern European banks offered next to none of the financial products that were already well-established in Western markets. For example, buying securities was unheard of, since shares and the like were extremely rare. State-managed debt restructuring agreements did exist, for example in Southeastern Europe, but they led to severe currency deflation and many people lost all of their savings. This was certainly a bitter pill to swallow, but it also explains why a reliable brand like Raiffeisen has enjoyed so much success in the region.

How do you go about gaining and maintaining customers' trust?

Herbert Stepic: We have always highlighted our history and way of doing business. First of all, we draw attention to our strong track record in Austria, where not a single saver has lost a heller, schilling or euro through any fault of ours in 125 years. Second, there is our strong commitment to CEE. Our reputation as a trustworthy bank preceded us as we expanded from one country to the next. People quickly realised that we offered a safe haven for their savings and that we would not withdraw from the market at the first sign of trouble. The 1998 Russian financial crisis was the perfect illustration of this: customers queued outside the state-run banks to withdraw their savings, and then waited in line again to deposit that money with Raiffeisen. A long-term strategy geared towards sustainability is also part of the equation – and that benefits the bank as well, since performance driven by long-term, mainly organic growth is the key to commercial success and a sustained increase in value. And that makes for a virtuous circle: an organisation's success enhances the level of trust among its customers.

Krisztina Horvath: We also aim to incorporate a sense of social and environmental responsibility into the way we do business. Commercial activities must be ecologically and socially sustainable. In this regard our main priorities are protecting the environment, combating climate change, and promoting ongoing economic and social development.

What is your strategy for the future?

Herbert Stepic: We won't be changing our strategy. When the right opportunities present themselves, we will take advantage of them – as we did in Poland in February 2011 with our acquisition of a 70 per cent stake in Polbank. With the inclusion of Polbank, we will have a total of more than 400 branches in Poland and around a million customers. Furthermore, our internet bank, ZUNO, began operations in Slovakia in late 2010. Now we intend to launch the brand in the Czech Republic and Hungary, before moving into other markets in the region. ZUNO is mainly aimed at the rapidly expanding segment of customers who do most of their banking transactions online and only rarely visit branches. One of our guiding principles is "We are here to stay". And I think we can expand on that now. In my view, we have come to Central and Eastern Europe to make a sustainable contribution to long-term improvements in the region's economic and social conditions. Given this role, we will also have plenty to do in the coming years and decades.



Photo: Tamas Millok

The transformation of the financial markets post-Lehman Brothers

15 September 2008 represents a watershed in the recent history of the financial sector. On that day, US investment bank Lehman Brothers filed for bankruptcy, after it became clear that it would not be bailed out by the US government.

This event brought about significant changes in the financial markets, and had serious macroeconomic consequences worldwide. It marked the beginning of the biggest global economic crisis in peacetime since the 1930s. The significant slowdown in growth compared to the years leading up to the crisis is likely to have a huge impact in the decades to come.

The financial markets spiralled out of control with increasing speed

These events did not hit the CEE markets immediately, but their somewhat delayed impact was in some cases dramatic. Some countries in the region found themselves in a market environment where they could no longer meet their external financing needs via the financial markets. They had to turn to the International Monetary Fund (IMF) and other intergovernmental organisations for standby loans. Following negotiations on payment terms and the conditions with regard to budget planning and implementing necessary reforms, Ukraine, Hungary, Serbia and Romania were among the countries that received such loans, primarily from the IMF, as well as from the EU and the World Bank.

Consolidating the system

Political reactions were proportionate to the dramatic nature of these events and led in places to drastic measures. Whilst Poland was the only country in the EU to survive the crisis without entering a recession, massive austerity programmes and public sector cuts were introduced in other countries, including the Czech Republic and Romania.

In response to the effects of the global financial crisis, the Republic of Austria implemented measures as early as October 2008, including a € 100 billion package of measures to support banks. This step was not undertaken unilaterally, but as part of a coordinated plan for the whole of the Eurozone. The package comprised guarantees for bonds, as well as participation capital to shore up the banks' equity.

After the failure of Lehman Brothers and the consequent crisis of confidence, the interbank market demanded significantly higher equity ratios for interbank loans than they had before the crisis. Only banks that were sufficiently capitalised were able to obtain liquid funds from the financial markets at acceptable prices. The Europe-wide package of measures that was put together provided additional equity and created stability and trust.

In this context, RZB signed a contract with the Republic of Austria in spring 2009, whereby the state subscribed € 1.75 billion in participation capital. RZB's owners and private third parties had already subscribed € 750 million in participation capital.

New challenges

The problems some Western European banks faced with regard to refinancing and equity reserves led them to significantly tighten their lending conditions. This was certainly the case in the RZB Group's key market of Central and Eastern Europe, and the rise in borrowing is still extremely sluggish across the region. More rapid consolidation among Western European banks, combined with new structures for the financial sector, would trigger an increase in lending in CEE and thus boost regional economic growth. Promoting such a win-win process is a key challenge for the medium term.

Professor Dr. Michael Landesmann, Head of the Department of Economic Theory and Quantitative Economics at Johannes Kepler University in Linz and Director of Research at the Vienna Institute for International Economic Studies, talks about the main challenges that lie ahead for the financial sector.

What are the main challenges that financial markets will face over the next few years?

Michael Landesmann: Three years after the outbreak of the international financial crisis, the banking systems in many countries are still in a very fragile state, and the additional requirements for new regulatory mechanisms have not yet been fully agreed or implemented. The political obstacles associated with cross-border harmonisation of financial market reforms are immense due to conflicts of interest and the difficulties inherent in European and international coordination. I believe that the reforms will turn out to be a compromise, and are therefore likely to result in a suboptimal regulatory system at both the European and global level.

How can a repeat of the crisis be avoided?

Michael Landesmann: In the long run it will be essential to implement reforms that stop the build-up of the powerful forces which gave rise to the financial crisis. Cross-border cooperation between financial regulators will be hugely important in Central and Eastern Europe, since most of the banks operating in the region are multinationals. However, national regulatory authorities do not have a comprehensive insight into their business practices. As a result, and due to the current legislative situation, regulators cannot fully exercise their powers of oversight. Reforms and the introduction of European standards are the answer.

How do you rate the prospects for the international financial markets under the current regulatory framework?

Michael Landesmann: Hopefully, the rules currently in place will change as the lessons of the economic and financial crisis are learned. The problems that arose from the crisis, but which have not yet been fully overcome, need to be dealt with and incorporated into forward-looking, long-term strategies that will prevent new crises in the future. If that does not happen, crises like this will happen again and turn up the pressure on the financial system, especially in Europe. In order to minimise risks and prepare for the worst-case scenario, steps will have to be taken to complete the partially implemented process of regulatory reform, ensure that market players comply with the new regulatory regime, and introduce measures for stricter supervision of banks and closer monitoring of the financial markets.



Prof. Dr. Michael Landesmann
Photo: WIIW

Optimising the Group structure

Consultations about restructuring the RZB Group and putting the organisation on a sound footing for the operating environment of the future began even before the onset of the financial crisis. However, the economic downturn put the implementation of those measures on hold in 2009, since overcoming the challenges posed by the crisis was clearly the main priority.

In April 2010, Raiffeisen Zentralbank Österreich AG and Raiffeisen International Bank-Holding AG announced their plan to spin off RZB's principal business areas and merge them with Raiffeisen International. The aim of the merger was to combine Raiffeisen International's ties to the equity markets and RZB's access to debt finance in a single entity. The newly merged bank would also benefit from Raiffeisen International's extensive sales network in Central and Eastern Europe, and from the product portfolio offered by RZB, one of the region's leading universal banks.

“In taking this step, we optimised RZB's corporate structure and ensured that the Group as a whole is well equipped for the future”

Walter Rothensteiner, Chief Executive Officer of RZB and Chairman of the Supervisory Board of RBI

On 19 April 2010 the managing boards of both companies announced their intention to seek approval for the restructuring from their respective shareholders. At the beginning of July, shareholders at the banks' annual general meetings approved the proposals with the required three-fourths majority.

The merger – and with it one of the most far-reaching changes ever made to the RZB Group structure – became legally binding on 10 October 2010, when the newly formed

company was entered in the register of companies. RZB's principal business areas – in particular, business with corporate clients and financial institutions, product-related operations and investment banking – were spun off from RZB and merged with Raiffeisen International to create Raiffeisen Bank International AG (RBI).

The new RZB Group

The start of operations at RBI, now RZB's most important subsidiary, has strengthened the Group's market position. RBI combines the strengths of Raiffeisen International, as one of the leading banking groups in Central and Eastern Europe, with those of RZB as a product developer and leading bank for corporate customers.

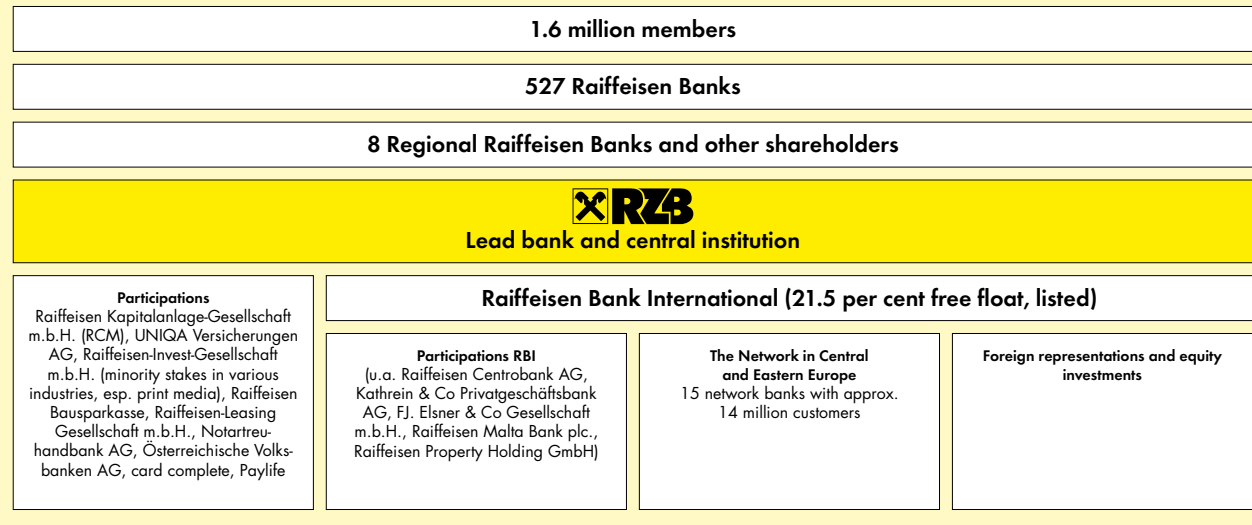
RBI covers all of the markets that Raiffeisen International and RZB served, under one roof – the commercial customer business in Austria, the extensive banking and leasing network in CEE and, in addition, the corporate customer business in Asia and in global financial centres. RBI remains part of the RZB Group, which is managed by RZB, the central institution of the Raiffeisen Banking Group Austria.

In accordance with Austrian law, as the acquiring company, RBI is the universal successor to the business areas spun off from RZB. For the customer, this means that business relationships taken over by RBI continue in their current form.

Advantages of the merger

As a listed company, Raiffeisen International was able to raise additional capital by issuing new shares. RZB, on the other hand, had excellent access to the debt capital markets. And the new Raiffeisen Bank International enjoys both of these benefits.

The new structure of the RZB Group



In addition to enhancing cost efficiency and strengthening the bank's position on its home market of Austria and CEE, the merger was also designed to generate added value for customers. RBI is now fully vertically integrated and can offer a range of services under one roof. The new structure has also helped to leverage organisational synergies between RZB and RBI. As a result of the merger, the shareholders of what used to be Raiffeisen International became shareholders in RBI. Consequently, they now have stakes in a bank whose balance sheet total is almost twice the size of RI's and that operates all over the world. All of these restructuring measures occurred within the RZB Group, and the structure of the Raiffeisen Banking Group (RBG) remained unchanged. However, RBG can now call on the support of an even more strongly focused central institution in the form of the new RZB. In addition, RBG's stake in exchange-listed Raiffeisen Bank International has increased as a consequence of a rights issue that preceded the merger.

A positive start

To mark the start of operations at RBI, its Managing Board decided to support two charitable organisations: the Austrian Red Cross, and the Little Hearts organisation, with which the H. Stepic CEE Charity has already cooperated on successful projects to help disadvantaged children in Central and Eastern Europe. Fredy Mayer, President of the Red Cross, and Pascale Vayer, Chairperson of Little Hearts, accepted a cheque for € 31,000, which the organisations will share. The number 31,000 is the old sort code of RZB, which became the new sort code for RBI and therefore symbolises continuity in customer service. Like RBI, both charities have strong Austrian roots, coupled with far-reaching international involvement. Half of the donation is being used to support the Red Cross aid campaign for Pakistan.



**A philosophy of
responsible management**

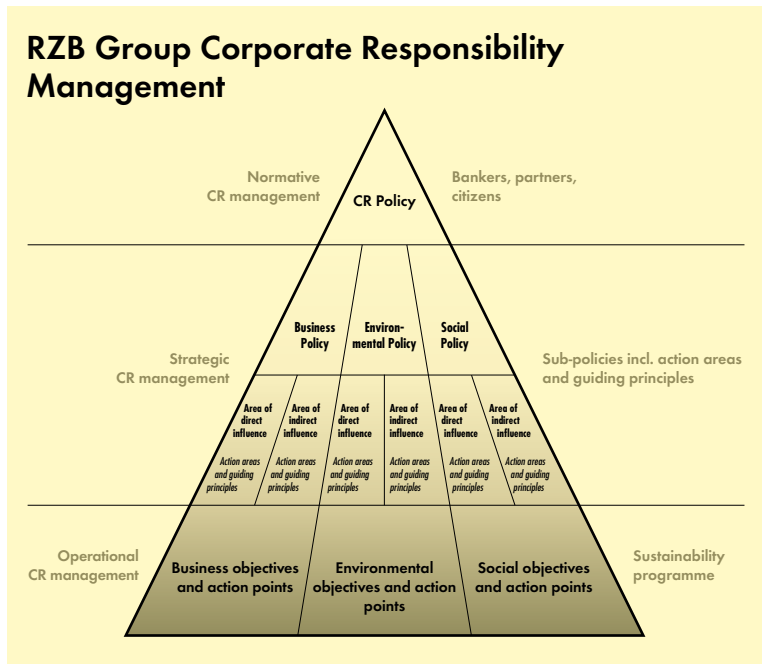
**guides our actions and
drives our strategy**

Corporate Responsibility Management

As an international bank, the RZB Group has important responsibilities to its stakeholders, society and the environment. In order to meet all aspects of those responsibilities, in 2010 work started on developing a corporate responsibility management system based on the standards set out in the Corporate Responsibility Policy. The new system intends to create a Group-wide planning and implementation framework for corporate responsibility projects and initiatives. The aim is to promote responsibility and sustainability in all of the RZB Group's activities. The Corporate Responsibility Policy is broken down into three sub-policies focusing on the business, the environment and society. Each sub-policy will contain a preamble which outlines basic approaches and attitudes to the respective focus area. The sub-policies define spheres of activity, action areas and guiding principles. Operational objectives and action points are laid out in the RZB Group sustainability programme (see pages 84-85). The implementation of these measures and regular reviews of goal attainment are intended to promote continuous improvement in the RZB Group's sustainability performance.

Sphere of activity

The RZB Group distinguishes between areas of direct and indirect influence along the triple bottom line, and between the direct and indirect responsibilities that correspond to those areas. Areas of direct influence comprise internal responsibilities associated directly with the bank's core business operations. These include human resource management, internal environmental management and business areas. In addition, the Group also exerts an indirect influence on society and the environment in the course of its core operations. Consequently, designing products and services in a way that generates added value in terms of sustainability is a key issue.



CORPORATE RESPONSIBILITY MANAGEMENT

Action areas

The sub-policies identify a number of action areas. These provide a general framework for activities aimed at maximising sustainability.

Guiding principles

Guiding principles will apply to all sub-policy areas and throughout the RZB Group. They are overriding rules of behaviour that complement the requirements set out in the RZB Group Code of Conduct.

Sustainability programme

The guiding principles are embodied in operational objectives and measures implemented at local level and in the various departments. The programme is implemented on the basis of the plan-do-check-act problem-solving cycle, and is the final key component of the stringent corporate responsibility management system.

Organisation

The development of the corporate responsibility management system was accompanied in 2010 by efforts to embed the concept of CR (corporate responsibility) management in the RZB Group's organisational structures. Overall managerial responsibility for sustainability-related issues rests with the Managing Board. The **extended CR Committee**, as the senior advisory body has the task of supporting the development of corporate responsibility across the RZB Group. The members of this committee include Walter Rothensteiner (RZB) and Herbert Stepic (RBI), as well as external experts from a range of professional backgrounds and stakeholder groups.

The **CR Team** headed by Heidrun Kopp is responsible for coordinating and implementing all of the Group's CR initiatives. The team is accountable to Managing Board member Johannes Schuster. This set-up ensures that the Raiffeisen values permeate every aspect of the RZB Group's activities.

The **CR Project Team** at the RZB Group headquarters in Vienna has over 30 members from various RZB and RBI departments, and is responsible for planning and implementing CR initiatives. As part of a recent realignment, working parties were set up to focus on

business, environmental and HR issues. The three expert working groups examine the details of issues facing the organisation, and devise and implement specific responses.

The **Environmental Committee** is primarily concerned with reviewing and implementing the bank's environmental policy. It also draws up decision-making frameworks for the Managing Board with regard to environmental strategies, plans and initiatives.

The committee's members are drawn from those parts of the organisation which have a direct influence on the bank's environmental performance. Meetings are held at least twice a year, as required. The chairman of the environmental committee is RZB Group's environmental representative Jürgen Scheicher.

Corporate Responsibility Policy

The Corporate Responsibility Policy sets out the standards used in the corporate responsibility management system.

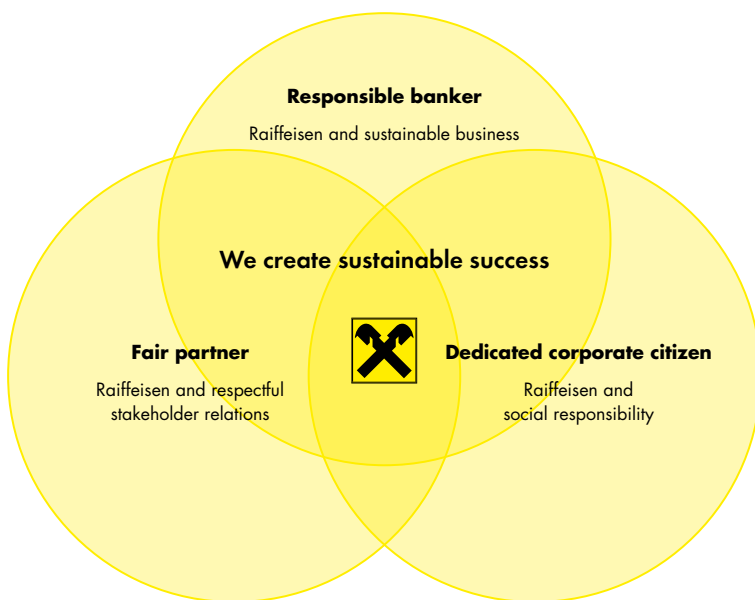
Social and corporate responsibility are an integral part of RZB's operations. Active engagement is designed to further the development of society and the company – true to our motto of "We create sustainable success".

The RZB Group aims to be a responsible bank, a fair partner and a dedicated corporate citizen in all of the sectors in which it operates.

A responsible banker

The most effective tools for promoting sustainable development can be found in the RZB Group's core business. Lending and investing require a strong sense of responsibility and are the most important action areas when it comes to generating long-term success. The RZB Group strives to eradicate social and environmental risks in all of its businesses and products, and to capitalise on opportunities to improve environmental protection and social standards.

RZB Group sustainability strategy



A fair partner

The RZB Group is a fair and respectful partner in its dealings with its employees, customers, shareholders and other stakeholders. The key to achieving this is an open and constructive dialogue, which in turn promotes mutual understanding, and helps the bank to identify and satisfy stakeholder needs at the earliest possible stage.

A dedicated corporate citizen

The RZB Group's commitment to the standards of corporate citizenship extends beyond its core business to aims such as addressing social problems and protecting the environment. Diversity, tolerance and a strong focus on people are the mainstay of the efforts to bring about positive developments in society.

As shown in the figure on page 21, the RZB Group's corporate responsibility management system rests on the three traditional pillars of sustainability – the business, the environment and society. The management principles applied in these three areas are outlined below.

Business

Financial success goes hand in hand with corporate responsibility. The RZB Group's profitability and long-term earnings growth benefit its owners and shareholders, but other stakeholders such as employees, customers, partners and suppliers also enjoy the fruits of this success. This strengthens management's resolve to be the leading banking group in Austria and CEE, and to put down even stronger roots in those markets.

Investments, engagements and transactions are geared towards boosting long-term development in the regions and economies where the bank is represented.

Securing the viability of our business is the main aim of our core banking operations and financial services. And the most effective lever of sustainable development

In addition to the binding Group-wide regulations set out in the RZB Group Code of Conduct, the bank's business policy will include the following guiding principles:

- The RZB Group's successful investments in Austria, and Central and Eastern Europe have made a major contribution to regional economic development.
- Investment is a key driver of growth, and financing for infrastructure projects is a pillar of development across the region.
- The countries where the RZB Group operates create an economic environment in which the bank can be successful. In return the Group contributes to the public authorities.
- The brain drain is one of the biggest challenges facing CEE. The RZB Group helps to lessen its impact by creating quality jobs.
- Remuneration is based on employees' tasks, qualifications and experience. At the RZB Group men and women with the same responsibilities receive equal pay.
- The RZB Group is committed to improving levels of financial education.
- The RZB Group is working closely with its stakeholders to help create a future-capable financial sector.

Environment

The RZB Group is committed to combating climate change. This represents a major environmental and financial challenge that will bring about rapid changes in the competitive and regulatory landscapes. Climate protection is the leading priority in the RZB Group's environmental policy. It entails various material risks, but also presents a range of attractive opportunities.

The company aims to actively promote environmental and climate protection, and business policies must take these aspects into account

Conserving resources and materials is a key consideration. This involves practices such as procuring and using environmentally benign materials, improving resource efficiency, and minimising waste and emissions. The bank aims to use transport as efficiently as possible. It also tries to maximise energy efficiency by using renewables for the majority of the heat and electricity that it consumes for its buildings, IT and security systems, and building services technology.

The RZB Group's environmental policy will contain the following guiding principles:

- The RZB Group complies with all of the local, national and international environmental regulations that apply to its business activities and services. It is environmentally aware and constantly strives to improve its environmental performance.
- The financing of or participation in any transactions and/or projects which have a lasting detrimental effect on the environment are not in accordance with the business policy of the RZB Group.
- Decision-making processes take into account the foreseeable effects on health, safety and the environment of processes, products and services throughout their life cycles.
- Every RZB unit has employees with specific mandates and the necessary resources to continuously improve environmental performance.
- The Group offers a range of training and development programmes in environmental protection and environmental management. This expertise enables staff to identify and minimise the potential environmental impacts of business activities.
- Employees also receive training in sustainable and environmental financing, allowing them to make responsible lending and investment decisions.
- One of the Group's main priorities is developing products and services that promote sustainable development.

Society

People are at the heart of all the RZB Group's activities, and its dedication to the unimpeachable dignity of human beings and to the goal of building respectful partnerships with all stakeholders is the cornerstone of that commitment.

As an employer, the RZB Group creates a challenging working environment that also provides staff with any support they may require. Mutual trust is the guiding principle, and that gives employees the leeway they need to take responsibility and act on their own initiative – qualities which the Group expects of all its people.

The RZB Group is fully committed to the principle of merit and to providing an open culture in which staff can develop personally and professionally. The principles of diversity, integration and equal opportunities are valuable and beneficial both inside and outside the company.

As a signatory of the UN Global Compact, the RZB Group is obliged to promote and respect human rights within its sphere of influence. The RZB Group is also a corporate citizen that promotes social development by means of charitable donations and volunteer services.

The guiding principles outlined below are contained in the social policy and are intended to complement the RZB Group Code of Conduct.

- The RZB Group offers its people attractive development opportunities, including coaching and a wide range of professional training and personality development courses.
- Every member of staff is aware of the RZB Group's quantitative and qualitative objectives, and the employees' professional and personal targets are geared towards achieving corporate goals.

- In accordance with the statutory requirements, employee representatives have been appointed at all Group units. Openness and the collaborative development of solutions to approaching difficulties are a matter of course.
- The RZB Group goes beyond its legal obligation to safeguard employee health by offering a range of voluntary services such as health check-ups, nutritional advice and fitness evaluations.
- Many employees find it hard to strike a balance between professional and family obligations. The RZB Group supports such staff by means of part-time working arrangements, teleworking and nursery facilities.
- Prejudice and discrimination against other nationalities and cultures have no place in the RZB Group. The bank's commitment to cultural diversity is reflected in the transfer of management responsibility to local staff and the drive to promote interaction between employees of different nationalities.

RZB Group aims to underscore its dedication and sense of responsibility towards the societies in which it operates by implementing initiatives and supporting efforts to address current or urgent issues

- Integration and openness are key elements of all of the RZB Group's public relations activities. This also involves emphasising the benefits of a united Europe and countering euroscepticism by educating public opinion and setting a positive example.



**Open dialogue
with stakeholders**

**is part of our
corporate culture**

Our stakeholders

The RZB Group defines as stakeholders all people and groups of people who have a valid interest in the business activities of the company. These include employees, customers, owners, subsidiaries and participations, suppliers and business partners. In addition, there are a number of other stakeholder groups with which the RZB Group has mutual relationships.

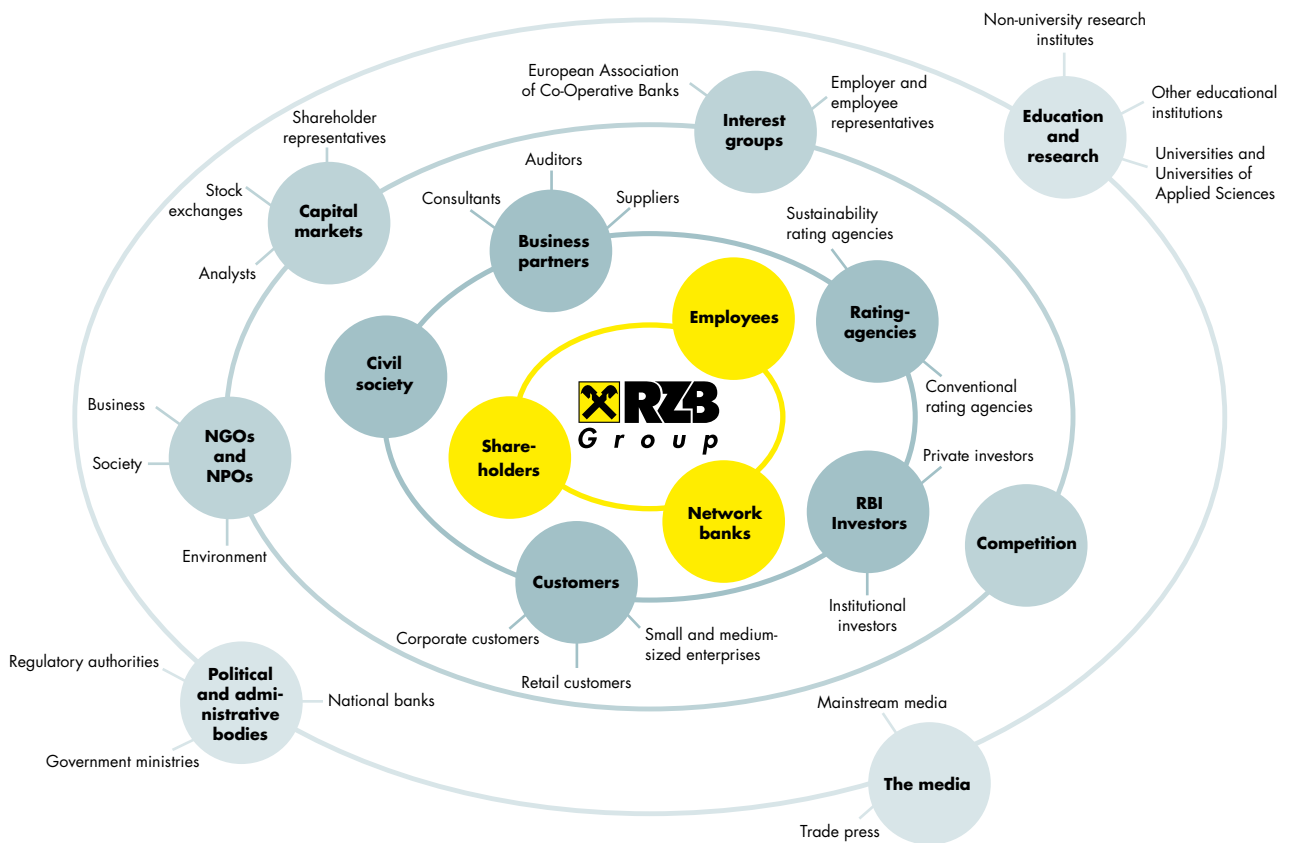
Active and open dialogue with all stakeholders gives the bank a clearer view of the big picture, and opens up new perspectives. By talking to them, the RZB Group has a better feeling for how it is perceived internally and externally. Differing expectations and points of view help in identifying important issues and challenges, and form an important basis for management decisions. At the same time,

conversations with stakeholders offer an opportunity to demonstrate and clarify the bank's own position and thinking with regard to our business activities.

Stakeholder management at the RZB Group comprises various elements. For example, the Group Meeting is held each year. All managing board members from the international Raiffeisen network are invited to Austria to discuss future strategy and current issues with representatives of the Group.

In 2010, a comprehensive survey of employees and management was carried out using the appreciative inquiry method, and the RZB Group Stakeholder Council took place for the first time in October 2010.

The RZB Group's stakeholders



Appreciative inquiry survey

Between February and August 2010, around 60 employees were surveyed for their opinion on the topic of Corporate Responsibility (CR) in the RZB Group. They were selected by the CR Project Team and individually interviewed. Interviewees were asked about their

survey generated a wealth of information for the continuation of the Group's CR work and as a basis for developing the Corporate Responsibility Management system, as well as raising awareness among employees.

Roughly 60 interviews were conducted in Austria and CEE, using the appreciate inquiry method. External stakeholders were also involved

expectations and what they would like to see with regard to the Group's environmental, social and economic responsibilities. Survey participants included the Project Team themselves, members of the managing board, department heads, participants in the Young Professional Potential programme, the CR Committee and the CEOs of the CEE network banks. The interviews were conducted by an external specialist, in order to guarantee anonymity and confidentiality. This helped to ensure that interviewees could express their opinions openly, honestly and critically. The

Those interviewed were in no doubt that companies have to incorporate responsibility for people and the environment into their activities and business dealings. They would like a consistent CR strategy for the RZB Group, which answers the question, 'What does corporate responsibility mean for RZB?' clearly and specifically. One employee stated that "CR should not just be implemented because it's fashionable, but because it really is necessary." Many of those surveyed also thought that credible sustainability management begins with core business activities, meaning that sustainable financial products need to be developed. In CEE in particular, where the RZB Group is a leading provider of financial services, stakeholders see a wide variety of opportunities to make a difference.

A majority of the interviewees saw potential for improvement in this respect, and suggested that the RZB Group should take an even broader view of its responsibilities.



Photo: Katharina Rossoth

The survey clearly showed that credible implementation of CR in the organisation should be accompanied by a process of cultural change. The bank needs to lead by example, and corporate responsibility has to be tangible for every employee. Internal communication was often highlighted in this regard, with a clear signal that "words have to be matched by actions."

Customers, business partners and NGOs were identified as the most important external stakeholder groups. The RZB Group Stakeholder Council in October 2010 followed up on this, when these specific groups, as well as representatives of other stakeholders, were asked for their perspective and opinions.

Stakeholder Council

For the RZB Group, dialogue with stakeholders goes further than exchanging information and ideas. In fact, it is about seeking deeper mutual understanding, and creating an atmosphere of respect and acceptance. This requires space for open, productive and personal dialogue with stakeholders.

Selected internal and external stakeholders were invited to the inaugural RZB Group Stakeholder Council, which took place on 27 October 2010. The afternoon was dedicated to discussion of stakeholders' expectations of the RZB Group, and to working together on road maps for the Group's future development.

Participants were drawn from seven stakeholder groups: political and administrative bodies, NGOs and NPOs, the media, the financial sector and ratings agencies, education and research, customers and business partners, and interest groups. An eighth group was composed of internal stakeholders, namely RZB Group employees. The groups were asked to discuss their expectations and concerns in small groups, and to nominate a representative to report on their discussions in a plenary session.

Topics that were aired were then grouped into three blocks: business, environment and society, and discussed further in themed roundtables. Both internal and external stakeholders were free to choose which of the three topic areas they wanted to focus on.

A task for the RZB Group

At the close of the "bold, constructive and sincere event", as one participant described it in the anonymous feedback form, RZB Board Member Johannes Schuster thanked those present for the open and honest exchange and emphasised the need for action. In the visionary words of one participant, the RZB Group should become "a pioneer in a movement for



Animated discussions at the Stakeholder Council
Photo: Katharina Rossboth

the future – the advance of which cannot be stopped." The second RZB Group Stakeholder Council is scheduled for autumn 2011.

Stakeholder recommendations

- The RZB Group should initiate and actively drive forward discussions about how well equipped the financial system is for the future.
- Sustainability should be built into the lending business and loan assessments.
- The RZB Group should pay closer attention to the ethical investments sector.
- The RZB Group should enhance communication about its economic and social responsibility measures.
- The RZB Group's corporate culture must continue to focus on equal opportunities and diversity.
- The RZB Group is an important part of the economy in its home market, and therefore has a duty to participate in social development. Greater attention should be paid to this responsibility in the future.

The contents of the discussions and the recommendations from the stakeholder groups were taken into consideration for development of the Corporate Responsibility Management System, and for the preparation of this report.



**A strong
commitment to**

**a liveable
environment**

RZB Group

Corporate governance report

The RZB Group is committed to doing business responsibly and transparently, in accordance with the cooperative principles of Raiffeisen and the Group's Code of Conduct. As a publicly listed company, RBI is also obliged to comply with the Austrian Code of Corporate Governance (ÖCGK) as amended in January 2010, and publishes its own annual corporate governance report, which can be accessed on the company's website.

The RZB Managing Board has three members: Walter Rothensteiner (Chairman), Johannes Schuster (Chief Sector Officer) and Johann Strobl (Chief Risk Officer). RBI's Managing Board consists of seven members: Herbert Stepic (Chairman), Karl Sevelda (Deputy Chairman), Aris Bogdaneris (Chief Operating Officer), Patrick Butler (Global Markets), Martin Grill (Chief Financial Officer), Peter Lennkh (Network Management) and, with a dual position, Johann Strobl (Chief Risk Officer).

Detailed information about the board members' qualifications and experience can be found on the companies' websites. The RZB and RBI managing boards manage the business of the companies in accordance with legal regulations, the articles of association and bylaws.

Weekly board meetings are organised and chaired by the chairpersons. These meetings provide for exchange of information and are the body for decisions to be made on all matters raised by staff that require approval by the respective board.

At the end of 2010, RZB's Supervisory Board consisted of 17 members, and RBI's of 15

members. All supervisory board members are independent in the sense of the criteria for the independence of board members set out in the ÖCGK (C rule 53). The bylaws for the supervisory boards and their committees contain information and reporting requirements with regard to the managing boards, and a list of transactions requiring supervisory board approval, including those carried out by subsidiaries.

The bylaws for the RZB and RBI supervisory boards also set out their structure and contain specific responsibilities for the respective working committees, audit committees and remuneration committees. The working committees are responsible for all matters transferred to them by the supervisory board, approving transactions and other decisions where approval is not required by the supervisory board itself. The remuneration committees are concerned with all matters regarding the compensation of managing board members and the conditions of managing board members' employment contracts. The audit committees monitor the financial reporting process and the effectiveness of the internal controlling systems, internal auditing systems and risk management systems of RZB and RBI.

Compensation for members of the managing board comprises fixed and performance-related pay. Further details can be found in the respective annual reports. Members of both the managing boards and the supervisory boards are obliged to declare any conflicts of interest.

An extract from the RZB Group's memberships is listed on page 91.

RZB Group Compliance

The purpose of compliance is to ensure that the RZB Group conforms to all legal regulations. The Group is a significant economic actor in its home market of Austria and CEE. The Group's responsibility to play an active role in fighting terrorism and criminal financial activity stems from this position. RZB Group does not engage in any bribery or corruption. This goes hand in hand with our strict rules for sponsoring, donations, gifts and hospitality.

Compliance is also concerned with the fairness, solidarity and trust underpinning the relationship between customers, the bank and its employees, as well as resolving conflicts of interest and conforming to applicable laws and other regulations.

RZB Group Code of Conduct

In 2009, the RZB Group Code of Conduct (CoC) was fully revised. It is available on all of the Group's websites, in the language of the respective country. The CoC sets out a series of rules and standards to be applied in the day-to-day conduct of business in the RZB Group. The compliance department fulfils a broad management function for the banking group.

Integrated into business processes

2009 and 2010 saw the execution of a programme at the Group's headquarters in Vienna and in the network banks in CEE which fully integrated the compliance rules into the company's business processes.

This also involved intensive dialogue with the management of each of the subsidiary banks. In addition, employees of the RZB Group attended courses on corruption prevention structures and systems in an extensive training initiative. These measures achieved a remarkable strengthening of the compliance culture throughout the Group.

The compliance department continually monitors the activities of all 15 network banks and their branches, via enquiries, assessments, updates and feedback. This ensures that the management of the RZB Group is always informed of steps that may need to be taken with regard to compliance in good time, and that effective measures can be implemented.

Two basic components of the compliance system are already in place: local compliance officers are confirmed in their positions by head office to ensure strong centralized steering and the optimisation of reporting procedures ensures ongoing information flow.

Focus on preventing corruption

In the current reporting period, the main focus of Compliance has been on corruption prevention. In the second half of 2010 all units were subject to a comprehensive off-site analysis, and four large network banks underwent an on-site examination focusing on corruption risk and preventative measures. Data were collected and compiled in reports which will help the compliance department to make further improvements to strategy and measures that can be taken.

In addition, in June 2010 a whistleblower hotline was set up, which offers all RZB Group employees worldwide the possibility to anonymously report breaches of the Code of Conduct.

Economic development

The RZB Group's 2010 results demonstrate that it came through the crisis with flying colours, and that its new structure has proven itself on the markets.

Increased operating income

In 2010 operating income rose by 2.1 per cent to € 5,496 million. This was mainly due to a 5 per cent jump in net interest income, to € 3,629 million, and to net fee and commission income, which improved by 4.9 per cent to reach € 1,492 million.

This strong performance more than offset the 23 per cent decline in net trading income. The increase in net fee and commission income was particularly encouraging, as it is a clear indication of the economic recovery now underway in the RZB Group's core markets. Owing to the surge in general administrative expenses, which rose by 9.8 per cent to € 3,069 million, operating profit slipped by 6.2 per cent, to € 2,427 million.

Fall in provisioning for impairment losses

Allocations to provisions for impairment losses fell from the record levels of 2009, and declined by 47 per cent in 2010, to € 1,198 million. This was attributable to improved overall conditions in most markets, which in turn slowed the growth in non-performing loans, especially in the second half of the year. In total, this development added 57 per cent or € 468 million to profit before tax, which rose to € 1,292 million.

Compared to profit before tax, profit after tax grew disproportionately, more than doubling year on year, from € 571 million in 2009 to € 1,168 million. This can be explained by a



one-off decline in income tax, which fell by 51 per cent to € 124 million in 2010 in spite of the growth in earnings. The drop was primarily due to deferred tax income resulting from the recognition of tax loss carryforwards, and amendments to the tax regime in Ukraine.

The bank's commitment to sustainable management is also part of the RZB Group strategy

Contractual participation capital requirements satisfied

In 2010 a total of € 419 million was paid out in dividends, of which € 160 million was distributed to RZB AG shareholders and € 59 million to third-party shareholders in Group companies. In addition, dividends on the participation capital issued in spring 2009 were paid out for the first time and amounted to € 200 million, including € 140 million paid to the Republic of Austria for the participation capital it provided.

A detailed Group management report, the consolidated financial statements and segment reports can be found in the 2010 Annual Report, which is available for download at <http://www.rzb.at/ar2010> and <http://ar2010.rbinternational.com>.

Sustainable business initiatives

Companies can only claim to be truly sustainable if they create added value for society and the environment in the course of conducting their core business. A number of the RZB Group's sustainable business initiatives are outlined below. In future, sustainability standards will play an even more prevalent role in the bank's core operations.

Dagachhu hydro power plant

The Dagachhu project in the Kingdom of Bhutan is part of the Green Power Development Project. It is classified as an environmentally registered export finance project by the Organisation for Economic Co-operation and Development (OECD). The RZB Group financed the construction of the plant in partnership with Oesterreichische Kontrollbank AG and the Asian Bank of Development. The high-pressure power plant will be built over a period of around four years, with Austrian engineers playing a pivotal role. A comprehensive environmental and social impact study was completed before the start of construction. This took into account the highest environmental and biodiversity standards, and the social and cultural needs of the local communities. The project is also making a significant contribution to gross national happiness, an indicator introduced by the Bhutanese government in 1999 to complement other yardsticks of economic growth. Gross national happiness measures levels of peace, prosperity and happiness.

Funding to improve water quality

In recent years, the city of Moscow has committed itself to improving water quality by modernising its water supply network. An investment loan of € 160 million from RBI has paved the way for implementation of a new water treatment process that uses sodium hypochlorite. This leads to a significant de-

crease in the amount of chlorine added to the water. The new plant has an annual capacity of 62,500 m³ of sodium hypochlorite (equivalent to around 8,000 tons of active chlorine per year). In addition to protecting the environment, this initiative will also lead to a major improvement in quality of life for the residents of the Russian capital.

Financing renewable energy

Raiffeisen Energy & Environment (REE) is the bank's renewable energy centre of excellence and has been involved in numerous projects across Europe. REE's showcase project is a series of photovoltaic power plants in the Czech Republic. A state-of-the-art photovoltaic power plant with an annual generating capacity of around 1,561 MWh is under construction in the municipality of Cekanice, and funding has also been provided for a facility with an even higher capacity in the Brno region. The latter will produce some 2,264 MWh of power per year.

Raiffeisen Climate Protection Initiative

The Raiffeisen Climate Protection Initiative is a forum for activities related to sustainability, climate change, energy efficiency and renewable resources. In 2010 a special competition was held, titled the "Raiffeisen Climate Protection Challenge". The numerous ideas submitted in the categories of Business and Working Environment reflected the high level of employee awareness of environmental protection and the impacts of climate change. The feasibility of the winning recommendations for enhancing the importance of environmental protection in the bank's core business activities is currently being analysed. In June 2010 RZB was nominated in the Emerging Markets Sustainable Bank of the Year category of the 2010 FT Sustainable Banking Awards, in recognition of the steps taken to enhance energy efficiency across the Group.

Human resources

Human resource management

Group-wide human resource (HR) management is the responsibility of the Vienna headquarters. Standardised guidelines and frameworks ensure that HR-related strategies are uniformly implemented across the Group. Operational personnel management is carried out locally at each network bank.

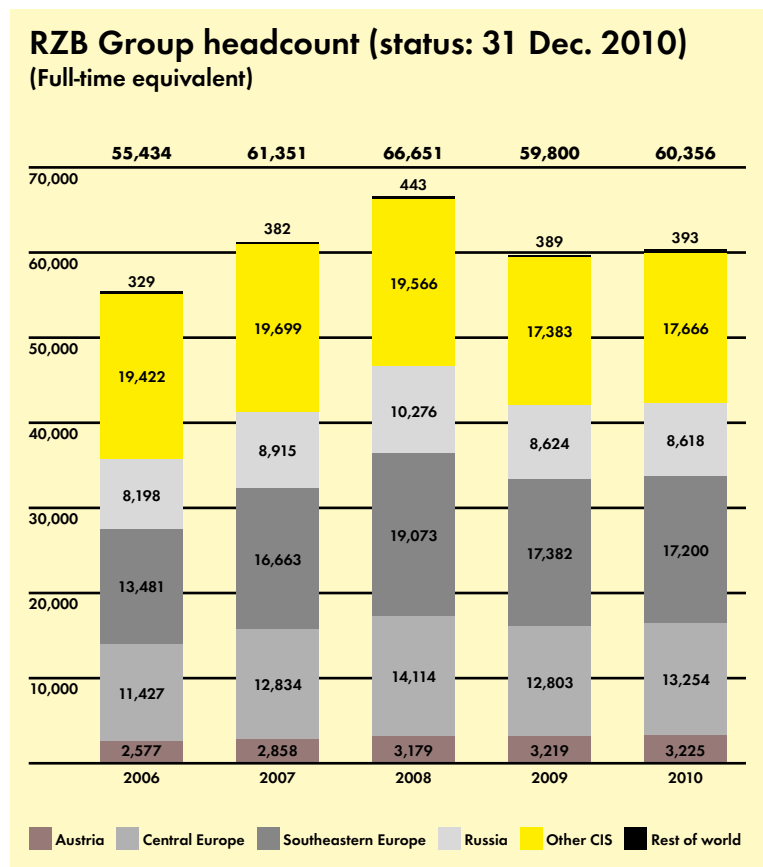
As of 31 December, the RZB Group had a total of 60,356 employees, a year-on-year increase of 556. Women accounted for an average of 66 per cent of Group staff, and the average age was 35. Some 74 per cent of employees have university degrees – a reflection of the high level of education and professional expertise of the workforce.

In 2010 labour turnover at the network banks was 13 per cent for women and 17 per cent for men. However, there were some regional disparities: in Southeastern Europe the rate was 8 per cent, in Central Europe 16 per cent and in the CIS countries 17 per cent.

Merger support

Activities at RZB's Vienna head office in 2010 were heavily influenced by preparations for and the implementation of the merger of RZB's contributed businesses with Raiffeisen International. In addition to a series of technical adjustments, it was also important to address a number of issues not directly related to core operations. These included the integration of the slightly different corporate cultures at RI and RZB.

The accompanying change process was designed to involve all employees in the change-over and secure their backing for it, as well as nurturing a new, shared culture. A group of internal and external change experts was charged with providing support throughout the merger. During the initial phase a comprehensive staff survey (Puls Check) was carried out, and the results were analysed and



discussed in a series of workshops attended by different groups of participants.

Besides its cultural implications, the merger also had an impact on the organisational structure. In response, a variety of targeted support measures were introduced, such as team building, conflict mediation and coaching. Questions related to the merger and appropriate solutions were discussed in a series of meetings, Q&A sessions with management and information events dealing with specific issues. A regular newsletter was also published throughout the merger process.

Performance management

Performance management activities in 2010 focused on the ongoing standardisation of target structures, competencies and assessment scales, with the aim of creating a transparent and fair basis for the performance-related pay system. Managers at all network banks, and the sales functions in many units, are covered by the performance management system.

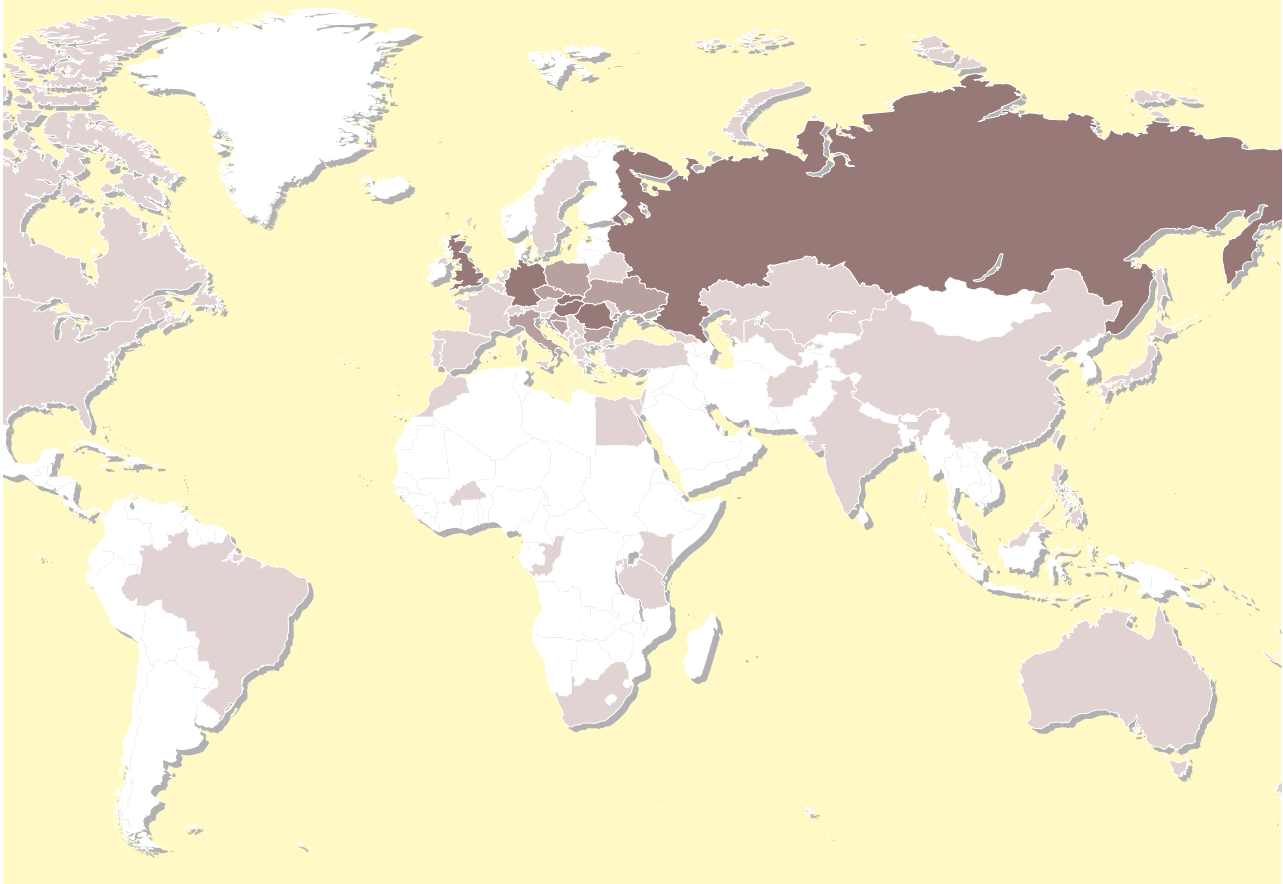
Standardised versions of these systems for those parts of the organisation based in Vienna were introduced in the months following the merger. A shared, automated performance management process has been in place since early 2010.

Structured job evaluation

Steps were also taken to boost organisational efficiency in 2010. An objective, systematic evaluation of all positions at the Vienna head office was completed using the internationally recognised Towers Watson Global Grading System. This is the foundation for implementing an objective, market-driven salary and job title structure, and drawing up development plans and career paths. Pay scales and bonus systems are being implemented that already comply with the Austrian Banking Act's new directives on principles for remuneration policies and practices.

Non-Austrian nationals at RZB Group's Vienna headquarters

- 1-10 employees
- 11-20 employees
- 21-80 employees



Managing diversity

Cultural diversity and a commitment to providing equal opportunities are core values of the RZB Group's HR policy. Multiculturalism is an integral component of the corporate culture, although the integration of employees from diverse cultural backgrounds is a major challenge.

The Group offers all staff equal opportunities for identical levels of performance. This principle applies from the recruitment stage onwards, and appropriate selection procedures are used to ensure that all applicants are evaluated against the same benchmarks. A variety of working arrangements are available that help employees to balance their family and workplace commitments, such as flexitime, part-time models and teleworking. Other initiatives include a nursery with employee-friendly opening hours at the Vienna head office, and the Raiffeisen Bank Polska Mother Care Programme, which provides support for women from pregnancy up to the child's first birthday. Alternative organisational measures can also be introduced at the discretion of the employee's line manager.

Current measures need to remain in place, and new initiatives will have to be introduced if the proportion of women in highly qualified positions is to continue rising. At present, 14 out of 80 managing board members at the RZB Group's network banks are female.

Training and development

During the period under review, HR policies concentrated on talent and staff loyalty management. Ongoing support processes for high potentials were intensified. Key positions were included in the succession planning procedure for the first time, and a compulsory, standardised process for analysing the potential of appointees to these positions was introduced.

Efforts to improve staff mobility and flexibility by means of horizontal career paths and job rotation were also stepped up. Initiatives have been introduced in several countries, with the result that high potentials are already

being trained up to take on management responsibility, and staff loyalty to the Group is increasing.

Local and Group-wide courses aimed at providing managers with additional qualifications were also offered. Following the successful implementation of a Group leadership training structure, a number of development programmes at the network banks – and, on account of the merger, at the Vienna headquarters – were adapted. Some new courses were also introduced. All of these development initiatives are derived from a single set of values and skills, and satisfy the training needs of managers at all levels. At ZAO Raiffeisenbank in Russia, over 800 managers participated in leadership training programmes.

Professional development – the key to success

The wide variety of courses offered by the RZB Group includes professional seminars and personality development programmes for staff at all locations. Professional development initiatives focus primarily on the bank's strategy and the challenges currently posed by the market. Training programmes in 2010 centred on topics such as lean management and operations, risk management and affluent customers.

Staff training in CEE by position (2010)		
B-1	B-2	Other employees
46.5 hours	38.3 hours	31.8 hours

Another vital issue covered by the professional development programmes was risk management. Many employees quickly acquired the expertise and skills required for this area. In addition, specially-designed Group-level and local training initiatives were rolled out.

E-learning is becoming an increasingly important tool at the RZB Group and has already been integrated into the Group's development programmes. This channel allows for more interactive knowledge transfer with the help of simulations, and online examinations are also held.

Company nursery

The newly expanded “Am Heumarkt 10” nursery was completed in November 2010, marking another success in the bank’s efforts to improve employees’ work-life balance. This expansive facility currently has space for around 80 children, whose development is supported by highly qualified teaching staff, some of whom also speak English.



Sabine Chadt, Rudolf Kortenhof, Christine Marek, Walter Rothensteiner and Martin Prater at the opening of the company nursery

The company nursery is open from 7.00–18.00 all year round, reducing the pressure on parents by giving them the opportunity to drop off and pick up their children whenever it suits them – and all just a short walk from their office.

Workplace health

Healthcare services are provided by the RZB company medical officer. In their own time and at their own expense, staff can take advantage of a range of treatments including acupuncture, craniosacral therapy, nutritional advice, hara shiatsu, massages, physiotherapy, resonance therapy and hypnotherapy. Support is also available for staff suffering from stress and symptoms of burnout syndrome.

Ergonomically designed offices make for a healthy workplace.

Staff can also take out subsidised health insurance with UNIQA for themselves and their dependants (spouses, partners and children).

The works council provides first aid courses for employees. Staff who are willing to act as in-house first aid officers can claim the time required to complete the course as working hours. Three types of course are offered. A 16-hour basic course and an eight-hour refresher course are compulsory for all first aid officers. The final type of course focuses on child emergencies.

Human resources marketing

The economic recovery which took root after the crisis has resulted in stronger demand for human resources. This has also intensified competition among employers to hire the best and brightest.

The RZB Group continued its HR marketing activities during the downturn and was therefore well placed to extend its successful, long-term partnerships with universities, universities of applied sciences and other educational institutions during 2009 and 2010. The Group provided sponsorship and participated in designing degree programmes. The Group’s staff also gave a number of guest lectures, supervised seminar papers and internships, and appeared at a wide range of careers fairs.

Facility management

The RZB Group aims to minimise the environmental impact of all of its facilities, and to go beyond compliance with the statutory requirements. In this regard the Vienna headquarters is a pioneer, and the environmental management systems in place there obtained ISO 14001 certification in 1998.

The RZB Group has signed up to a number of reporting and benchmarking initiatives in an effort to enhance its environmental performance.

These include membership of the finance and insurance working group of the Austrian Society for Environment and Technology (ÖGUT). This cross-party platform for environmental, business and administrative affairs works to find ways of overcoming barriers between the worlds of business and ecology.

A project on benchmarking for financial services providers is examining recent progress in environmentally sound management, and gives all market participants an insight into the approaches used. This facilitates the collection, comparison and publication of environmental performance indicators tailored to the needs of the market. Benchmarking helps the industry to identify and build on examples of best practice. In this regard, the RZB Group was able to call on the experience gained from the installation of solar collectors and photovoltaic arrays during the construction of the Sky Conference facility on the roof of the Vienna head office.

The Group's international activities include a partnership with the Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen e.V. (VfU). This German-based association focuses on the environmental management matters facing financial services providers. The collaboration gave rise to a standard for collecting and evaluating data

on the environmental impact of financial institutions. The latest international edition of these indicators was published in January 2011. The VfU methods are structured in such a way that the results meet the requirements of global environmental reporting standards such as the Global Reporting Initiative (GRI – www.globalreporting.org), the Greenhouse Gas Protocol (www.ghgprotocol.org) and the Carbon Disclosure Project (www.cdproject.net).

Environmental reporting systems are currently only in place in the Vienna office. However, steps are now being taken that will enable the network banks to implement such systems.

To this end, a pilot project began in autumn 2010, in collaboration with the Sustainable Europe Research Institute (SERI). This initiative will analyse ways of including climate-related aspects when evaluating a company's environmental performance, and examine their consumption of natural resources across the life cycle. Data on greenhouse gas emissions, the application of biotic and abiotic materials, water consumption and land use by the Vienna headquarters will be collected and evaluated.

Solar collectors on the roof of the Vienna head office



Waste

Sorting and minimising waste are particularly important considerations. Recyclable materials can be used as inputs in the production process. Collection points for plastics, metal and drinks cans, and transparent and coloured glass have been put in place to encourage waste sorting and recycling.

Total waste per year (kg)	2010	2009
Recyclables		
Paper	266,886	258,946
Cardboard	22,910	21,566
Glass	7,620	4,460
Discarded metal	1,110	575
Plastic	1,820	394
Bulk waste	84,240	127,594
Hazardous waste		
Electronic scrap	370	–
Batteries	103	180
Fluorescent tubes	86	81
Company medical centre	27	295
Other	103,501	100,930
TOTAL	488,673	515,021
Total waste per employee	162.5	227.7

The waste separation initiative led to an increase in the amount of recyclable materials collected. The rise in the quantity of bulk waste in 2009 was due to renovation of the cafeteria.

Energy consumption

Electricity and district heating account for the majority of the energy used at the Vienna headquarters. However, the energy balance for the past two years has for the first time included own-generation using solar collectors and photovoltaic arrays. Total electricity output was around 21 MWh – equivalent to the annual consumption of five Austrian households. The solar collectors provided about 40 MWh of heat, equal to the annual heating demand of ten 50-square-metre apartments in Austria.

Waste heat from the cooling systems was sufficient to cover the facility's entire service water needs outside the heating period. The jump in energy consumption per employee for district heating in the table was attributable to the newly constructed "Welle" building at the Vienna site.

Materials consumption

Almost all of the RZB Group's printed materials were replaced in the course of the merger. Since then, new environmentally friendly, fully recycled paper has been used. Production takes place in Austria and is completely carbon-neutral. Efforts to raise staff awareness and the redesign of internal processes led to a significant drop in paper consumption in 2010.

Water

Water use includes consumption in the staff canteen and for the watering of green spaces. Consumption has fallen steadily over the past few years thanks to closer monitoring of resource use and optimisation of watering procedures.

Mobility and transport

In the past few years staff have been encouraged to use video conferencing and conference calls in order to minimise the need for business trips. The RZB Group introduced internal web conferencing facilities in 2010. These do not generate any significant procurement or maintenance costs, and operating expenses are dependent on the extent to which the system is used.

The average level of CO₂ emissions from the company's vehicle fleet in the period under review was calculated at 206 g/km. It is aimed to reduce average CO₂ emissions per vehicle to 150 g/km with a more balanced mix of models in the fleet, and the use of renewable fuels.

Compliance with legal requirements

There were no environmental issues, or court or administrative proceedings in 2009/2010 relating to the operation of the Vienna offices, nor was the bank found guilty of any infringements of environmental regulations.

Upcoming initiatives and projects

Unico project "sustainability @ no additional cost"

A project designed to harmonise energy management at the Raiffeisen Banking Group in Lower Austria and Vienna was launched in January 2011. The objective is to bring about a sustainable drop in energy consumption, increase the use of alternative energy sources, cut CO₂ emissions and reduce energy costs. The project manager is Central Danube Region GmbH, a company jointly owned by Raiffeisen Holding NÖ-Wien and the City of

Vienna. Initiated by the Unico Banking Group, the project also has a European dimension.

The key activities included monthly benchmarking of energy data, an examination of energy costs, the selection of energy suppliers and staff training. These measures generated a list of recommendations for improvements at individual facilities. The rollout of the project to other federal provinces – as part of the Raiffeisen Climate Protection Initiative – and to the network banks is planned.

Introduction of an environmental reporting system

An environmental reporting system will be introduced in partnership with the various network bank headquarters, with the aim of enhancing the management of the RZB Group's environmental performance.

Use of CO₂-neutral paper

New CO₂-neutral paper for copiers and printers at the Vienna head office has been in use since the beginning of 2011.

Renewable energy use

The electricity supply to Raiffeisen's Vienna headquarters has been provided solely by hydropower since 1 January 2011. A certificate to that effect has been issued.

Use of new printers and copiers

This move is intended to further reduce energy and paper consumption. All existing equipment will be replaced with more energy-efficient models starting from early 2011. Double-sided printing is now used as standard on all printers and copiers. The copiers feature colour scanners, which should increase the number of documents transmitted electronically.

Improving energy efficiency of real estate

Threshold values for new and rental properties are set on the basis of the building's energy certificate.

Social responsibility

The RZB Group is a significant economic actor in all of the markets in which it operates. And owing to the Raiffeisen values, the Group is committed not only to sustainable business management, but also to the social responsibilities that go along with it. This commitment is realised in initiatives and projects in a number of different areas.

Business for Integration

The integration of people from other countries and cultures into Austrian society is vital for economic success and for the social development of the country. For the RZB Group, cultural diversity and social integration are part of its corporate duty and corporate culture. For this reason, RZB Group supports "Wirtschaft für Integration" (Business for Integration), and other organisations.

"Business has an important role to play in social integration. As an employer, we can create conditions that encourage people from the most diverse cultural backgrounds to come closer together, without prejudice. At our Vienna headquarters alone, we employ people from over 50 countries – a model for genuine integration. To promote this principle among businesses based in Austria, we are sponsors of the Integration Award," said Walter Rothensteiner at the awards ceremony in Vienna.

Walter Rothensteiner and Brigitte Jank present Fritz Poppmeier with the "unternehmen und arbeiten" award (entrepreneurship category)



The 2010 Austrian Awards for Integration

As part of the Business for Integration campaign, the RZB Group together with Raiffeisenlandesbank Niederösterreich-Wien supported the 2010 Austrian Integration Awards. The aim of this initiative is to create a positive change in the way integration is perceived, and to raise awareness of the potential offered by immigration.

Austrian Social Business Day

The RZB Group also supports "Austrian Social Business Day", which took place for the second year running in March 2011. Its aim is the development of sustainable business models for the 21st century. The focus is on human and environmental benefits, as well as economic and social value.

Funding for contemporary art and culture

Funding for contemporary artists is one of the central pillars of the RZB Group's support for culture and the arts on a local basis. Raiffeisen in Austria, and a number of the network banks in CEE, regularly acquire works of art, many of which are put on display in the bank's offices, making art accessible to customers and employees.

Sarajevo Film Festival

Raiffeisen BANK d.d. Bosna i Hercegovina has been one of the three main sponsors of the Sarajevo Film Festival (SFF) since 1996. SFF is the biggest film festival in SEE and one of the most important in Europe. The Sarajevo event has become an important stepping stone for films from across the region.

Koraci Nade day care centre for disabled children

Together with Hilfswerk Austria International, the bank helped the "Koraci Nade" (Steps of Hope) organisation in Bosnia and Herzegovina to build a daycare centre for children with disabilities. The building and fit-out were mainly financed by contributions from the RZB Group and other Austrian partners.

The new centre was opened on 26 July 2010. Situated in an easily-reached central location in Tuzla Ši Selo, the 700-square-metre centre is fully accessible to the disabled, and has a swimming pool for greatly needed underwater therapy. The Koraci Nade centre now offers state-of-the-art therapeutic treatment to 150 children with motor and mental handicaps, learning and speech disabilities and sensory impairments. Parents also receive professional support. In addition, the centre puts on seminars, workshops and exhibitions.

Close cooperation with the Austrian Red Cross

The RZB Group is a long-term supporter of the Austrian Red Cross, through numerous initiatives in Austria and on an international basis.

The Red Cross is active wherever people need emergency aid – both in Austria and abroad. They require strong, reliable partners to support them in their important work. The RZB Group is one of these partners, and has been for many years.

Help for earthquake victims in Haiti

Haiti was struck by a devastating earthquake on 12 January 2010. Contaminated drinking water, a dire hygiene situation and an acute lack of medical supplies put the health of survivors at risk. The RZB Group set up a special donations account for the Austrian Red Cross and invited all employees, including those in CEE, to make donations. This campaign raised more than € 90,000.

“Walther Rothensteiner’s personal commitment to the Red Cross, as Vice President, is further proof of the close and fruitful partnership between RZB and the Red Cross. For this I am truly grateful”

**Wolfgang Kopetzky,
Secretary General of the Austrian Red Cross**

Help for flood victims in Pakistan

Pakistan endured its worst floods in decades in July and August 2010. More than 14 million people were affected by the floodwaters. Many lost their homes, becoming environmental refugees, and needed immediate humanitarian aid. In response, the RZB Group launched a donations campaign, which was promoted within RBG and via the "Raiffeisenzeitung" newspaper.

€ 146,000 was raised for the Austrian Red Cross, helping to provide clean water, accommodation, food and emergency medical care.



Wolfgang Kopetzky
Secretary General of the
Austrian Red Cross
Photo: Austrian Red Cross/
Anna Stöcher

Corporate volunteering

Employees are supported in taking on voluntary work via corporate volunteering programmes. This makes an important contribution to society, as well as strengthening social and teamwork skills.



Initiated by Karl Sevelda's division, in January 2010 RBI's first Corporate Volunteering Programme got off the ground, in cooperation with the Austrian Integration Fund (ÖIF). In addition to the contribution that employees make to ÖIF projects as volunteers, the cooperation is funded by RBI.

The project enables employees to learn more about themselves by gaining experience in a context they are not used to. Prejudices are removed and awareness of potential and possibilities is sharpened

Employees have participated in numerous activities for children from the Nussdorf and Mödling integration centres, including a visit to the Essl Museum in Klosterneuburg, a sport and games afternoon with children from the district of Edelstal and an excursion to the Technical Museum in Vienna. Children received presents at Christmas and Easter, suited to their cultural background. The RZB Group's network banks also organise corporate volunteering projects. As part of the "Raiffeisen Helps" day, employees from the Czech RBI subsidiary spent a day working as volunteers for seven different aid organisations. The help they offered ranged from manual work to exchanging professional know-how, and covered activities such as gardening for a care home, and cleaning up a summer camp for children from disadvantaged families.

"Surprise in a Box" Christmas campaign

As part of a Christmas donation campaign that took place for the third year running in 2010, employees of RZB and RBI were invited to donate toys, clothing and sweets, and pack them into Christmas gift boxes together over three afternoons. The packages were given to children of needy families at the Caritas Asylum Centre and the ÖIF. The number of gifts exceeded all expectations, with about 1,000 toys and games donated, and 600 gift boxes packed. This initiative is not the only one of its kind in the RZB Group – a similar Christmas campaign has taken place in Hungary for several years.

Social sponsoring

The RZB Group in Vienna spent roughly € 1.4 million on social projects in 2010. A significant proportion of this amount went to support projects for the socially disadvantaged, such as SOS Children's Villages. Another focus area was education, for example the language centre at Vienna University of Economics and Business.



Together with the Austrian Red Cross, the H. Stepic CEE Charity supports a daycare centre in Dobrich, Bulgaria

H. Stepic CEE Charity

The H. Stepic CEE Charity is a non-profit organisation dedicated to improving quality of life for children, young people and women in Central and Eastern Europe. It was founded by Herbert Stepic in 2006. Donations are forwarded in full to social projects initiated by the charity. The projects are implemented in cooperation with partners such as Caritas, Hilfswerk and the Austrian Red Cross. By involving the Raiffeisen network, assistance is guaranteed to arrive unbureaucratically and quickly where it is needed.

In 2010, a former health care centre in Albania was converted into a day care centre which offers space and practical advice for the disabled. An orphanage was also built in Pnikut, Ukraine.

Thanks to the dedicated work of many volunteers, the charity has completed numerous projects since it was established, including an orphanage in Charkov, Ukraine; a children's holiday home in Jablunitsa, Ukraine; a house for war widows and their children in Illijas, Bosnia and Herzegovina; and the acquisition of a specially adapted bus for a children's hospice in Minsk, Belarus.

The projects give the beneficiaries new perspectives by supporting and guiding them on their way to professional and personal independence. The projects aim to set an example, be sustainable, and inspire others to help. Raiffeisen's strong roots in Central and Eastern Europe make it possible to bring about positive socio-political changes. Social responsibility and solidarity are put into practice and their implementation is broadly supported.

“Our work aims to bring hope and reduce the effects of poverty. Many of our colleagues devote a portion of their free time to help this cause. I am proud that we jointly managed to implement 11 projects by the end of 2010”

Herbert Stepic, Chairman, RBI



Information about all projects of the H. Stepic CEE Charity can be found at www.stepicceecharity.org



**Diversity
without frontiers**

**creates sustainable
benefits for society**

15 Network Banks – One Banking Group

RBI, a fully consolidated subsidiary of RZB, has around 60,000 employees servicing about 14 million customers through around 3,000 branches, the great majority of which are located in 15 countries in CEE. RBI is the only Austrian bank that, in addition to its home market of Austria and CEE, is also present in the world's leading financial centres. In addition, RBI also has branches and representative offices in Asia.

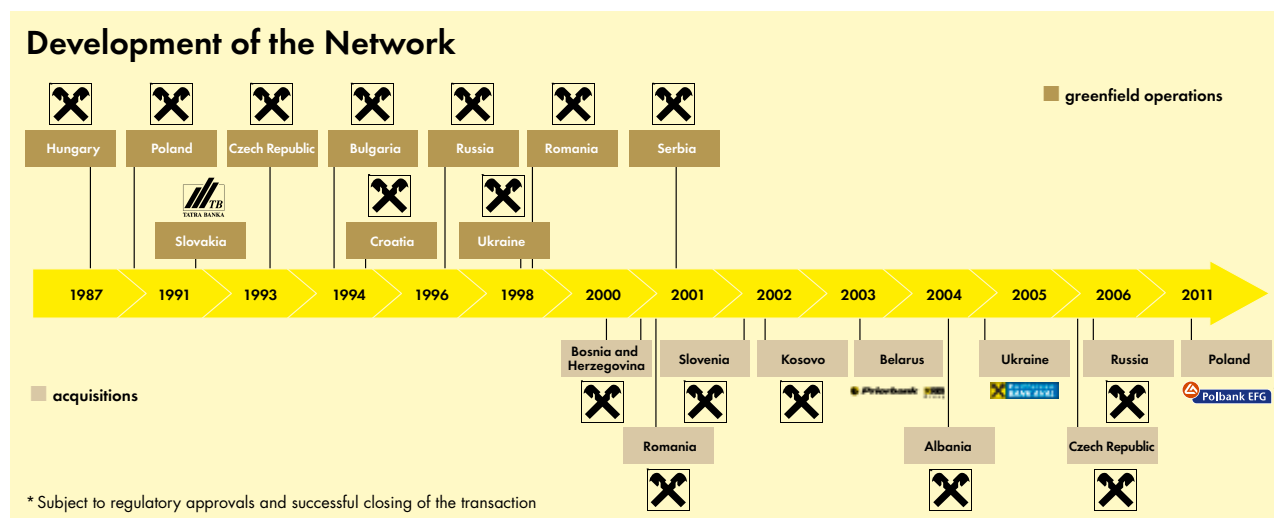
ence has smoothed the integration of those banks into the Group. Raiffeisen International was floated on the stock exchange in 2005, in a move aimed primarily at raising finance for ongoing growth. Additional shares were issued in the course of a capital increase in October 2007. The merger in 2010 of Raiffeisen International with the principal business areas of RZB and the resulting creation of RBI marked the undisputed highlight of the Group's history so far.

Growth of the network

Raiffeisen broke into the CEE market just under a quarter of a century ago, when it founded its first subsidiary in Hungary in 1987. Further banks and financial services providers soon followed in other parts of the region, and these were bundled together in a single holding company, Raiffeisen International. The company's expansion was initially driven mainly by organic growth, but in 2000 the acquisition of existing banks became the key growth driver. Raiffeisen's extensive experi-

Shareholder structure

As of year-end 2010, institutional investors held 15.4 per cent of RBI's shares. Altogether, around 21.5 per cent of the shares are in free float, with 6.1 per cent of shares being held by some 57,000 predominantly Austrian private investors. RZB holds a stake of about 78.5 per cent in RBI, which is the largest element in RZB's participations portfolio. Raiffeisen Bank International shares are traded on the Vienna Stock Exchange.



The "Facts and Figures", provided on page 48–77, refer to all business activities in the individual country as per 31 December 2010. The respective profit is after tax. GDP figures are expected; information regarding areas is taken from the CIA – The World Factbook.

Albania

Raiffeisen Bank Sh.a.

Facts and figures



European Trade Center,
Bulevardi „Bajram Curri“,
Tirane

Population	3.2 million
GDP	€ 9.356 billion
Area	28,748 km ²
Total assets	€ 2,009 million
Customer deposits	€ 1,704 million
Profit after tax	€ 39 million
Employees	1,343
Customers	635,145
Branches	105

About the bank

Raiffeisen Bank is Albania's largest bank in terms of total assets, and focuses on the retail and commercial sectors. The bank was founded in 1992 as Banka e Kursimeve e Shqipërisë. It was acquired by Raiffeisen International in 2004 and integrated into its international network. At that time the purchase price of € 106m was the biggest ever foreign investment in Albania. The loan portfolio has

grown steadily since 2004, passing the € 750 million mark at the end of 2010. The bank operates more than 100 branches across Albania, and handles monthly salary payments for over 150,000 people. As part of its responsibility towards the development of Albania's economy, the bank offers its customers the full range of products and services that would be expected in any other country.

Statement of the CEO



Christian Canacaris
CEO

Raiffeisen Bank Albania is committed to supplying its customers with outstanding modern banking products and services, and helping them to make the right financial decisions for themselves and their businesses. The bank complies fully with transparency regulations issued by the Bank of Albania and other regulatory authorities, as well as those set out in the RZB Group Code of Conduct. We take our responsibilities to our customers and employees, society at large and the environment very

seriously, and corporate responsibility is an integral part of our culture. We are continually reviewing our CSR strategy in order to fulfil our responsibilities to our 600,000 customers across the country. In 2010, we spent more than € 400,000 on social projects. We run continuous professional training and personal development programmes for our employees. In addition we offer products and services tailored to the needs of low-income groups who are particularly dependent on our support.

Community engagement

The bank has demonstrated a strong commitment to projects that improve quality of life across Albanian society. These include educational initiatives that have benefited thousands of children. Numerous community projects have received support, for example the renovation and re-stocking of school libraries, and the repair of school playgrounds in places such as Tirana, Elbasan, Berat, Shkoder, Korce and Durres. In addition, the bank has been a partner of the University of Tirana's Economics Department for the past five years. The bank is also involved in several environmental projects, such as the One Citizen – One Tree initiative in Tirana. The planting of new trees in two of the city's districts has helped to increase quality of life there in a number of ways. Raiffeisen also supports greening projects in other

towns and cities, including Berat, Kruja and Lushnja. In another project, bank employees



have helped clean up the coastal areas of Vlorë, Durres, Divjaka and Shengjin.

Employees of Raiffeisen Bank Sh.a. are cleaning the Albanian coast

Sustainable business practices

Financing renewable energy projects is a focal point of Raiffeisen's strategy. Due to its geographical position and natural resources, Albania offers excellent conditions for energy production, and in recent years the country has concentrated primarily on hydroelectric power. So far, the bank has invested in three small hydroelectric power plants, and further projects are currently under evaluation. Other renewables such as wind, solar and thermal

energy will soon be incorporated into the strategy. Another of Raiffeisen's focus areas is education. The bank offers tailor-made, low-interest loans to teachers who would otherwise be unable to borrow because of their low salaries. This gives teachers access to capital and helps them improve their living standards. The groundbreaking initiative accompanies the government's recently introduced reforms to the education system.

Responsible human resource management

The bank pays its staff competitive and fair salaries. As well as the usual preferential terms for banking services, employees receive a 13th monthly salary. There is also a sponsored maternity leave package that covers the period from 35 days before the birth to 150

days afterwards. The bank pays the portion of the employee's salary not covered by the state maternity leave allowance, up to a maximum of ALL 100,000 (€ 715). The bank also offers all staff private health insurance with various types of coverage.

Environmental actions

The bank has implemented an energy and environmental management system with the aim of using energy and resources more efficiently and, at the same time, generating savings. Developing a waste disposal system has

been another of Raiffeisen Albania's key initiatives. Beyond fulfilling legal requirements, the bank also sees it as a duty to dispose of waste in the most environmentally friendly manner possible.

Belarus Priorbank JSC

Facts and figures



31-A, V. Khoruzhey,
220002 Minsk

Population	9.5 million
GDP	€ 41.247 billion
Area	207,600 km ²
Total assets	€ 1,512 million
Customer deposits	€ 854 million
Profit after tax	€ 51 million
Employees	2,223
Customers	833,239
Branches	96

About the bank

Priorbank JSC, a commercial bank, was established in 1989 and acquired by Raiffeisen in 2003. At the end of 2010, Raiffeisen Bank International held a stake of around 88% in Priorbank with the remainder of the shares in free float. The bank is the fifth largest in Belarus in terms of total assets. It has a network of almost 100 branches and more than 820,000 customers across the country. JLLC Raiffeisen Leasing was founded in 2005 and works closely with the Priorbank branch network. In 2010 it consolidated its position as

the third largest leasing company in Belarus. As the country's biggest privately-owned bank, Priorbank offers a range of financial services for corporate customers, small and medium-sized enterprises and private individuals. The bank's service portfolio includes corporate financing, structured financing, documentary business, and domestic and international payment transfers. Priorbank is a recognised partner of several major export credit agencies throughout Europe.



Sergey Kostyuchenko
CEO

Statement of the CEO

The primary goal for Priorbank is to support its customers with local and international know-how and a full range of products and services. A healthy natural and social environment is vital to achieving sustainable economic growth. The diverse range of initiatives introduced by the bank, as well as the personal contributions of employees, mean that we play an active role in this regard. Our

activities include support for education and the arts, and rapid responses on various levels in the event of natural disasters. We take respect for our natural environment very seriously, as reflected in our financial decision making and our immediate surroundings, for example our own premises. In this way, we aim to make a positive contribution to Belarus and its people.

Community engagement

Recognising and understanding the problems faced by our fellow human beings and offering targeted assistance in times of emergency lie at the heart of Priorbank's corporate responsibility policy. The bank's charitable activities focus on areas such as education and health, the maintenance of country's cultural, historical and architectural heritage, sports sponsorship and help for the socially disadvantaged. We regularly provide financial support to children's homes and schools. Donations collected by employees and supplemented by the bank go towards essential medical equipment. The bank also makes a

contribution to boosting education levels by awarding scholarships to gifted IT and business students. Priorbank plays a vital role in preserving the country's cultural heritage by supporting the restoration of the historic Lubtchansky Castle. Since it opened the bank has purchased contemporary works by local artists. Its collection has grown significantly. The pictures are on show at the bank's headquarters and branches, making art accessible to employees and customers alike. The collection spans the period from the 1950s to the present day, and about 15 to 20 works are added every year.

Sustainable business practices

In applying the group's Code of Conduct, the bank takes special care not to finance or invest in projects which have environmentally or socially detrimental effects. The bank's risk management policy involves weighing up the op-

portunities presented by a project against any potential negative effects. This means that Priorbank's business activities promote economic development, but also avoid harmful consequences for people and the environment.

Responsible human resource management

Priorbank takes pride in offering challenging jobs in a dynamic environment, with excellent career development opportunities and fair compensation. In addition to a comprehensive range of training courses for profes-

sional and personal development, employees enjoy a number of fringe benefits. These include contributions to a voluntary pension scheme and a healthcare programme for employees' children.

Environmental actions

The bank's efforts to become more environmentally friendly include avoiding unnecessary use of energy and paper, and making sure that hazardous waste is properly disposed of. An important initiative to reduce

paper consumption has seen all customer documentation transferred to an electronic archive, as far as the statutory requirements permit. Priorbank has been a member of the Renewable Energy Association since 2010.

Bosnia and Herzegovina

Raiffeisen *BANK* d.d. Bosna i Hercegovina

Facts and figures



Zmaja od Bosne bb,
71000 Sarajevo

Population	3.8 million
GDP	€ 12.500 billion
Area	51,197 km ²
Total assets	€ 2,052 million
Customer deposits	€ 1,516 million
Profit after tax	€ 7 million
Employees	1,640
Customers	638,528
Branches	98

About the bank

Raiffeisen has been in Bosnia and Herzegovina since 2000 when it acquired Market Banka, formed in 1992. The new subsidiary, Raiffeisen Bank d.d. Bosna i Hercegovina, grew rapidly to become the country's leading bank. Market leadership brings responsibilities to society. Beyond its business activities, the bank believes that it has a duty to disadvantaged and vulnerable members of society. The same applies to organisations and businesses that depend on its support. It sees cor-

porate responsibility as more than a matter of merely supporting specific initiatives, and regards itself as a partner to its stakeholders, whilst also addressing key social issues. The bank is strongly committed to the social inclusion of disadvantaged people, respect for human rights, protection of the environment and energy efficiency. The bank was named as overall "Employer of the year" by the portal Posao.ba, and took first place in the employment of disabled people category.



Michael Müller
CEO

Statement of the CEO

Unfortunately, Bosnia and Herzegovina is still unable to adequately meet the basic needs of all sectors of society. Without help from the business community, non-governmental organisations that serve vulnerable members of the community would be unable to provide effective help. Partnering public institutions and organisations is a major plank of our CSR policy, and we actively support their ini-

tiatives and projects. In general, we set out to make people's lives easier, and I am glad that our customers and the general public recognise this, and support our approach. We try to be one step ahead of the rest of our industry when it comes to social responsibility and sustainability, and the initiatives implemented so far have helped us to become a pioneer in the Bosnian market.

Community engagement

One of the bank's top CSR priorities is supporting the Doctors for Disabled project, which provides nursing care for handicapped people and promotes their social integration. Raising awareness of the problems of people with severe disabilities is an important aspect of this work. The bank also supports fundraising campaigns on behalf of a wide variety of initiatives and projects that assist the disabled. Another project concerns the purchase and construction of playgrounds in Prijedor and Zenica. This project is being realised in collaboration with local authorities, which

provide a location on which the Bank puts special "Raffe the Giraffe" equipment for children's playgrounds. This activity is being realised on a continuous basis and to mark the World Savings Day. To support cultural projects, Raiffeisen Bank is helping the Academy of Fine Arts Sarajevo, and in particular the Raiffeisen Gallery project. This project provides young and up-and-coming artists – the Academy's students – with the opportunity to exhibit their talents. The Gallery is located at the head office.

Sustainable business practices

The bank has led the way in Bosnia and Herzegovina with energy-efficiency loans to retail and corporate customers. These financial products – developed in cooperation with the European Bank for Reconstruction and Development (EBRD), Germany's Kreditanstalt für Wiederaufbau (KfW) and clients – have been very well received. The bank also plays an active role in local government lending, and

finances many public sector infrastructure projects. It has helped local authorities throughout the country to build bridges, sports centres and other facilities, and install traffic lights. All the bank's advertising material is made using recycled paper and includes appeals to customers to play their part in protecting the environment.

Responsible human resource management

Incentives and a high level of motivation are vital to ensuring that the employees meet the goals set for them, and that the company hits its targets. Competitive pay and a wide range of training and development opportunities play an important part in this. Training averages three days per employee each year, and accounts for 2.5 per cent of total staff

costs. Proactive talent management methods based on the International Acceleration Pool enable the bank to identify high potentials who are offered personalised development plans. A healthy and productive atmosphere at work is also reinforced by sports activities, and a compassionate fund that assists the families of deceased employees.

Environmental actions

The new buildings have central energy monitoring and management systems, and central heating and air-conditioning systems also help

to cut energy use. The server room, and the building utility rooms throughout the premises are cooled by outdoor air during the winter.

Bulgaria

Raiffeisenbank (Bulgaria) EAD

Facts and figures



18/20 Ulica N. Gogol,
1504 Sofia

Population	7.5 million
GDP	€ 36.033 billion
Area	110,879 km ²
Total assets	€ 3,790 million
Customer deposits	€ 2,056 million
Profit after tax	€ 32 million
Employees	3,241
Customers	736,622
Branches	190

About the bank

Raiffeisenbank (Bulgaria) EAD is one of Bulgaria's leading banks. Founded in 1994, it is wholly owned by Raiffeisen Bank International. As at year-end 2010 the bank was ranked fourth in terms of total assets in the fiercely contested Bulgarian market. Raiffeisenbank (Bulgaria) is a universal bank that serves corporate, business and retail customers. It also has asset management, factoring, property and insurance subsidiaries. The bank aims to build up trusting, long-term relationships with customers, and deliver quality products tailored to their needs. It seeks to offer its em-

ployees a stimulating and motivating working environment that will enable it to retain top professionals. In 2010 Raiffeisenbank (Bulgaria) won a number of coveted CSR awards. For example, its Choose to Help charity appeal picked up the Most Transparent Programme award from the Bulgarian Donations Fund and the Engage award from the Bulgarian Business Leader Forum. And the bank's commitment to sustainable business practices brought it a nomination for the emerging markets category of the 2010 Financial Times Sustainable Banking Award.



Momtchil Andreev
CEO

Statement of the CEO

Corporate responsibility is integral to the management philosophy of Raiffeisenbank (Bulgaria) and its subsidiaries. Over the past decade the bank has steadily worked towards implementing environmental and social initiatives. Its sustainability policies are aimed at underpinning its image as a com-

pany that supports social projects and embraces high ethical standards. This enhances its reputation, its brand value and the loyalty of its workforce. Raiffeisenbank (Bulgaria) backs projects, events and initiatives that benefit the disabled, the environment, the arts, education and NGOs.

Community engagement

Raiffeisenbank (Bulgaria) supports many organisations that promote sustainability, and ensures that its staff are strongly involved in these efforts. In 2009 the bank ran two charity appeals under the "Choose to Help" banner. The proceeds went towards assisting the socially disadvantaged and the sick by promoting cooperation between NGOs, hospitals and public agencies in healthcare and social services, as well as initiatives related to environmental protection, the arts and education.



Дарителска кампания
ИЗБЕРИ, ЗА ДА ПОМОГНESH
www.izberi.rbb.bg

"Choose to Help" campaign

Sustainable business practices

The bank's lending policies give high priority to sustainability, focusing on finance for renewable energy, waste recycling and energy efficiency projects. It provides incentives for investment in these areas by offering preferential terms and lending additional funds. Raiffeisenbank (Bulgaria) is also committed to promoting rural development. In 2011, the bank introduced loans to retail customers for environmental investments which come at a

rate of interest two percentage points lower than the bank's standard interest rate on consumer loans. The launch of this new product was accompanied by a campaign for action on the environment. The bank uses recycled paper for the advertising campaign on this product. During the campaign it donated half of the application fee from the loans to the three environmental projects supported by the Choose to Help campaign.

Responsible human resource management

Raiffeisenbank (Bulgaria) is one of the country's most popular employers. It offers challenging and rewarding roles for well qualified staff, and excellent opportunities for career advancement in a dynamic environment. The bank establishes stable long-term relationships with its staff, and offers personalised career paths and fair pay. Staff are of-

fered a wide range of on-the-job and formalised training schemes to enhance their professional and personal abilities. The fringe benefits package for employees includes group risk insurance, meal vouchers and supplementary health insurance. Average staff turnover of around 10% illustrates the bank's success in maintaining staff loyalty.

Environmental actions

Raiffeisenbank (Bulgaria) continuously improves its products and services to conform to European environmental standards in the interests of its customers and business partners. To minimise paper use, the bank uses printers and copiers with a double-sided printing function. Its office equipment complies with the Energy Star energy efficiency standard. Raiffeisenbank (Bulgaria) has introduced

electronic bank statements, and is encouraging customers to switch to paperless banking. Waste paper, toner cartridges and other waste products are carefully collected and recycled. Most branches have automatic timer switches for their lighting. The impact of green initiatives on the bank's business processes has saved an annual 22.6 million pages of paper and 400,000 kWh of power.

Croatia

Raiffeisenbank Austria d.d.

Facts and figures



Petrinjska 59,
10000 Zagreb

Population	4.4 million
GDP	€ 45.544 billion
Area	56,594 km ²
Total assets	€ 5,858 million
Customer deposits	€ 3,102 million
Profit after tax	€ 50 million
Employees	2,216
Customers	544,239
Branches	84

About the bank

Raiffeisenbank Austria d.d. has been operating in Croatia for 15 years. During this time it has become one of the country's leading banks, and gained a reputation for remaining true to its values. It has helped drive progress in the local banking sector as a whole by pioneering the development of modern financial products. The bank has carved out a share of almost 10% of the Croatian banking market entirely by growing organically. The bank accepts its social responsibility, and contributes to the country's social and eco-

nomical development by supporting numerous initiatives. The emphasis is on humanitarian causes, projects designed to support children and young people, as well as education and research, amateur sport, culture, the environment and help for the disabled. The bank's sustainability strategy is embedded in all its business operations. Its culture is shaped by responsibility to the community and the environment, sustainable growth and good relationships with employees.



Zdenko Adrovic
CEO

Statement of the CEO

Shouldering social responsibility has been central to our company's success. We are well aware that it will be measured not just by financial indicators, but also by our willingness to engage with the community and our relationships with the people around us. Taking responsibility for social progress is one of the cornerstones of our culture. We are play-

ing an active role in creating a modern banking and financial services sector in Croatia, and are conscious of our influence on society as a whole. Our values grow from the philosophy of our owners and employees. Together, we are working for society and the planet, and in so doing we are also improving the conditions in which we work and live.

Community engagement

Social responsibility is a living reality at Raiffeisenbank Austria in Croatia, and is inseparable from its corporate culture. The bank's sponsorship and donations policy focuses on projects that benefit children and youngsters, and in particular on education, knowledge

and leisure. To improve the public's financial literacy, since 2007 the bank's staff have been participating in the free Managing Personal Finances workshops organised by the Croatian Banking Association.

Sustainable business practices

Raiffeisenbank Austria was the first bank in the local market to reduce interest rates on housing loans denominated in Swiss francs. This helped customers repay these loans, which had become more expensive as a result of the appreciation of the franc against the Croatian kuna. The bank offers pension payments and account management free of charge for the elderly. School and university

students can use FlexiSTUDENT current accounts which provide easy access to selected services. The bank also offers student loans. Women on maternity leave can open FlexiRODA current accounts that bring a number of benefits, including current account overdraft of up to 300 per cent of regular income during pregnancy and maternity leave, when financial needs are greater.

Responsible human resource management

Raiffeisenbank Austria shows the same sense of responsibility to its employees as it does to the community. For instance, the bank offers services to employees on preferential terms. In addition it provides staff members facing personal difficulties with financial assistance,

graduated according to the gravity of the situation. Support is given either directly, through other Raiffeisen Group members, or by means of beneficiary funds organised by employees themselves.

Environmental actions

One of the company's main policy milestones has been the development of a waste disposal and environmental protection system that goes considerably further than simple compliance with the legal requirements. These actions have cut waste disposal costs at the bank's largest office, in Zagreb, by about three-quarters. The remaining waste is disposed of in an environmentally sound manner. Raiffeisenbank Austria has adapted its

processes to make environmental management a top priority, and it plays a key role in the bank's sustainable growth strategy. Eco-friendly waste disposal, use of green technologies, and action to save paper and other office supplies are just some of the ways in which the bank is working to raise employees' environmental awareness. In so doing, Raiffeisen is playing its part in the global process of enhancing quality of life.

Czech Republic Raiffeisenbank a.s.

Facts and figures



Hvezdova 1716/2b,
14078 Praha 4

Population	10.5 million
GDP	€ 145.000 billion
Area	78,867 km ²
Total assets	€ 7,908 million
Customer deposits	€ 5,035 million
Profit after tax	€ 69 million
Employees	2,894
Customers	423,371
Branches	111

About the bank

Formed in 1993, Raiffeisenbank a.s. became the fifth-largest bank in the Czech Republic when it merged with eBanka a.s in 2008. The bank has over 100 branches. Its portfolio of corporate, business and retail banking products extends from conventional products to home loan saving, insurance and leasing. It has long focused on private banking and services for small and medium-sized enterprises. Raiffeisenbank's corporate responsibility activities have three main thrusts. It collects donations to good causes, made by users of the eKonto e-banking account. It also encour-

ages staff to perform voluntary work, and co-operates with external partners to promote various projects. The bank sponsors a wide range of activities in the fields of education, sport, culture and health, among others. A number of local and international awards are testimony to the high quality of the bank's products and services. For example, in 2010 the eKonto e-banking account was named Best Account for the third year in succession. Commenting on its verdict, the jury highlighted the charitable aspect of the product.



Lubor Zalman
CEO

Statement of the CEO

We form part of the international Raiffeisen banking network. Our approach to our role as a local and regional bank draws on the shared values of the Raiffeisen family. We take the needs of our customers, suppliers, employees and society at large very seriously. In line with these principles, we support a large number of

non-profit and charitable projects that benefit people facing financial hardship or health problems. Our eKonto e-banking accounts play a key role in these efforts. Working not just for our own success but also for the welfare of our customers and for good causes is central to our way of doing business.

Community engagement

Raiffeisenbank a.s. assists many local and regional projects and initiatives. The focus is mainly on education and charity, but the bank also sponsors the arts and sport. In 2009 it acted as the official banking partner of Help the Children! – one of the country's leading charities – and in 2010 the institution and its employees donated over CZK 800,000 (around € 32,000). Raiffeisenbank also supported numerous small projects last year do-

nating a total of CZK 3.5 million or nearly € 150,000. The bank encourages employees to volunteer for charity work. For example, staff members gave blood for children with diabetes as part of a pilot project. During the Volunteer Days held in 2009 and 2010, employees took part in a wide range of charity projects up and down the country, offering assistance with everything from cleaning to consultancies on PR and marketing activities.

Sustainable business practices

Holders of Raiffeisenbank eKonto e-banking accounts receive a monthly bonus of CZK 20. The main purpose of this symbolic amount is to cement customer loyalty. The bank decided to add to the value of the bonus by offering customers the option of making a donation to a charity. Raiffeisenbank is currently cooperating with four large charities – Konto Bariéry, the Czech Red Cross, Help the Children! and

the H. Stepic CEE Charity. The donations are made via the e-banking system. Customers select one of the four organisations and the bank makes the transfer. In December 2010 these donations passed the CZK 1 million mark (around € 40,000). Raiffeisenbank won the Most Responsible Partnership with Customers category of the 2010 Top Filantrop award for the account's charity feature.

Responsible human resource management

As a socially responsible and progressive bank, Raiffeisenbank a.s. attaches great importance to staff training and development, and performance-related pay. Fair and respectful relationships at work are regarded as fundamental to successful career and personal development. The many fringe benefits

enjoyed by staff members include employer's contributions to the voluntary pension scheme, life assurance premiums and health insurance, as well as assistance with child care. The bank is the only one in the Czech Republic to provide nursery facilities.

Environmental actions

Raiffeisenbank is committed to helping to conserve energy resources. It does this internally by limiting power consumption. It also operates a comprehensive environmental management system, which has resulted in action

to cut paper consumption, and ensure that wastewater and solid waste are disposed of in an environmentally sound manner.

Hungary Raiffeisen Bank Zrt.

Facts and figures



Akademia utca 6,
1054 Budapest

Population	10.0 million
GDP	€ 98.500 billion
Area	93,028 km ²
Total assets	€ 8,534 million
Customer deposits	€ 4,785 million
Profit after tax	€ -20 million
Employees	3,244
Customers	640,806
Branches	144

About the bank

Raiffeisen Bank Zrt. began operating in 1987, before the fall of the Iron Curtain, under the name of Unicbank. The co-founding of Unicbank was the first step in RZB's expansion into Central and Eastern Europe. In a move designed to enhance the role of corporate responsibility in its culture and key divisions, the Hungarian network bank revised its CSR and sponsorship strategies in spring 2008. This was preceded by in-depth consultations focusing on the expectations and needs of all key stakeholders, including the bank's employees. The survey covered all internal processes, including product development, and investment and procurement

decision-making. Drawing up a budget that assured funding for all of the planned measures was a major step forward for the new CSR strategy. The Raiffeisen Közösen ("Together" in Hungarian) programme has been developed as the central information and coordination platform for all of the bank's CSR activities. For further information visit www.kozosen.hu (Hungarian only). Since 2008 Raiffeisen Bank has published a Good CSR report based on the Global Reporting Initiative (GRI) format. Raiffeisen Bank was named "Bank of the Year in Corporate Responsibility 2010" at the MasterCard Bank of the Year awards.



Heinz Wiedner
CEO

Statement of the CEO

Corporate responsibility starts with awareness. We are aware that our business decisions do not just affect our customers. Raiffeisen Bank's position in Hungarian society and the country's economy results in both opportunities and obligations. We are committed to responsible banking and an ethical approach to our dealings with all stakeholders,

and this is an integral part of our corporate culture. Responsible behaviour is not set in stone. It is a work in progress that involves taking account of our stakeholders' expectations and frequently subjecting our decisions to critical scrutiny. This allows us to respond quickly and proactively to social change. I am glad to report that we are on the right track.

Community engagement

The **Raiffeisen Közösen programme** focuses mainly on providing support for children's homes and children in need in the form of donations and voluntary work by Raiffeisen staff. Once a year the bank invites foundations to provide funding that assist children in care, and to support programmes aimed at developing children's financial skills. Twice a

year there is a charitable initiative under which HUF 100 from every purchase made by members of Raiffeisen Regular Savings Program is set aside for a special programme that supplies food to needy children. Employees are encouraged to take part in projects at children's homes under the Corporate Volunteering Programme launched in 2009.

Sustainable business practices

Providing customers with detailed, but easily understandable information on products and services is one of the duties of a responsible bank. Only around one-quarter of all Hungarians have savings accounts. Raiffeisen offers its customers comprehensive information on how to put money aside for a rainy day, and in 2010 launched the "I save" initiative aimed at encouraging more people to save. The **Way Out** programme is aimed at micro-enterprises with up to five employees. Raiffeisen Bank collaborates with a non-profit organisation to provide microloans of between € 700–

3,700, and the recipients are not required to pay bank charges or put up collateral. For further details visit www.kiutprogram.hu. Raiffeisen Bank is also supporting households' efforts to save energy, and has so far provided low-interest loans that have paid for the renovation of some 2,200 apartment blocks and 100,000 flats and houses. Over the past few years the bank has supplied about HUF 5 billion (approx. € 18.3 million) in loans to a number of Hungarian municipalities to pay for improvements to the energy efficiency of schools, nurseries and other public facilities.

Responsible human resource management

Employee training and development is a major priority at Raiffeisen Bank. Staff completed a total of 35,000 training days, or around 11 days per head, in 2010. A new perfor-

mance management system has been introduced to permit employee goal setting and related training activities. A career planning system is also in place.

Environmental actions

The Green Programme, Raiffeisen Bank's environmental management system, is designed to ensure that the bank complies with its statutory obligations as regards the handling and disposal of hazardous waste. The new Budapest office building makes use of geothermal energy. Video conferencing facilities have

been installed at headquarters and around one-sixth of the branches to reduce the need for travel, which in turn cuts emissions and costs. Raiffeisen Bank is also playing its part in relieving traffic congestion by offering staff living in Budapest use of a free shuttle bus.

Kosovo

Raiffeisen Bank Kosovo J.S.C.

Facts and figures



Rruga UCK, No. 51,
10000 Prishtina

Population	2.2 million
GDP	€ 4.200 billion
Area	10,887 km ²
Total assets	€ 673 million
Customer deposits	€ 550 million
Profit after tax	€ 26 million
Employees	693
Customers	266,122
Branches	52

About the bank

The full takeover of American Bank of Kosovo, founded in November 2001, and renaming to Raiffeisen Bank Kosovo J.S.C. was completed in 2003. The bank is involved in a wide range of charitable initiatives, and sponsors sport, the arts and education throughout Kosovo. Raiffeisen is the second-largest bank in Kosovo, and one of the largest employers in the country. It aims not just for a large labour force, but also for satisfied employees, and sets out to be one of the best and most popular employers in Kosovo. Be-

sides complying with its labour law obligations, Raiffeisen Bank Kosovo is strongly committed to offering all of its staff equal opportunities. In 2010 the American Chamber of Commerce in Kosovo and United Nations Development Program launched its Best Business Award, which honours enterprises that make a significant contribution to Kosovar society by adhering to CSR principles. Raiffeisen Bank Kosovo was named Best Business at the award ceremony held in Pristina in March 2011.



Robert Wright
CEO

Statement of the CEO

From the outset, the purpose of our investment in Kosovo has been to promote stable and sustainable economic growth by offering a wide portfolio of modern banking products and services. We did not come here simply to generate short-term profits, but to contribute to Kosovo's development in ways that extend beyond our core banking operations. We are one of the country's largest employers, with over 690

staff. This plays an important part in underpinning regional economic stability and underlines our credentials as a good corporate citizen. We are an international bank, but are fully committed to the Kosovo market, and this is embedded in our corporate culture. Our people are our most valuable asset. We offer equal opportunities to all of our employees, and invest heavily in their career development.

Community engagement

The Public Kitchen project, jointly sponsored by the Government of Kosovo and Raiffeisen Bank, provides free hot meals for people in need in five cities, and there are plans to expand the scheme to other towns. Raiffeisen Bank Kosovo is a major supporter of the local football federation. Besides the sporting and health-related benefits, this initiative also represents an avenue for Kosovo's integration into the international community. Cultural sponsorship is an important aspect of social development, and Raiffeisen Bank Kosovo

supports the National Library and the National Gallery in Pristina. The bank also used to sponsor the Kosovo Philharmonic Orchestra, classical music concerts (such as KamerFest, Remusica, Society of Young Musicians "New Flute"), and the Nine Eleven Film Festival. Raiffeisen Bank Kosovo makes a contribution to environmental protection by supporting the greening of public spaces. The bank provides funding and volunteer staff to tend these spaces.

Sustainable business practices

Raiffeisen Bank Kosovo is a full-service bank covering all customer and business segments, and plays a significant part in its clients' success. The bank has carried out regular customer satisfaction surveys since 2006, using the feedback to develop its business model and build on its long-term customer relationships. The loan approval process includes an assessment of potential environmental risks. In 2008 Raiffeisen Bank Kosovo and Germany's Kreditanstalt für Wiederaufbau signed

an agreement to provide loans worth a total of € 10 million to support retail and business customers' energy-saving efforts. Many people in Kosovo have no access to financial services. As a contribution towards financial inclusion, Raiffeisen Bank has launched a prepaid card which can be used for money transfers, loan applications and saving without the need for a bank account. There are currently around 8,000 cardholders.

Responsible human resource management

Raiffeisen Bank Kosovo is fully compliant with local employment legislation, and is committed to equal opportunities for its staff. The bank carries out employee satisfaction surveys, and uses the results to improve its relationships with both employees and customers. A company nursery opened in June 2008. The average age of the bank's staff is around 32. Very few employees had experience of the financial sector before joining the bank and this problem is being addressed by a

broad-based training and development programme. The bank's goal is to be seen as an attractive employer for highly qualified and motivated employees. Raiffeisen Bank Kosovo offers in-house banking courses. Staff also have the option of studying for an MBA in banking and finance from CITY College – the International Faculty of the University of Sheffield located in Greece – or from the Danube University Krems (offered at the University for Business and Technology in Pristina).

Environmental actions

Minimising energy use goes without saying at Raiffeisen Bank Kosovo. The bank's environmental management policy is aimed at pre-

venting the excessive use of energy and paper, and at environmentally friendly disposal of hazardous waste.

Poland

Raiffeisen Bank Polska S.A.

Facts and figures



Ul. Piękna 20,
00-549 Warszawa

Population	38.2 million
GDP	€ 351.900 billion
Area	312,685 km ²
Total assets	€ 6,928 million
Customer deposits	€ 3,896 million
Profit after tax	€ 60 million
Employees	3,071
Customers	242,781
Branches	122

About the bank

Raiffeisen Bank Polska S.A. commenced operations in Poland in September 1991. It was one of the country's first foreign-owned banks. The bank is mainly active in the corporate, business and private banking segments. In recent years it has maintained above-average growth rates, regardless of economic conditions. One of the bank's main customer groups is small and medium-sized enterprises. At the same time an improved and extended product range has made it one of Poland's leading credit card issuers. The bank sees social responsibility mainly as a matter of identifying with the communities it operates in. But it also recognises wider responsibilities as a part of

the financial sector, an employer and a partner for society at large. Showing sensitivity and solidarity towards employees, supporting social initiatives, the arts and education, and introducing environmental protection programmes are just some aspects of this commitment. At the start of February 2011 Raiffeisen Bank Polska's parent company, Raiffeisen Bank International, announced the acquisition of Polbank EFG. As a retail bank, Polbank is an ideal match for corporate banking specialist Raiffeisen Bank Polska. Together the two will make up the country's sixth-largest universal bank, serving about one million customers at more than 400 branches.



Piotr Czarnecki
CEO

Statement of the CEO

Corporate responsibility is one of the most important means of strengthening social cohesion. We strive to fulfil this mission by carrying out organised activities. For example, we support business start-ups as part of a contest organised in cooperation with Poland's largest daily newspaper, Gazeta Wyborcza, and also sponsor the My Future education grant

programme run by the Our Home children's welfare charity. The voluntary assistance of our staff served to ease the blow to flood victims in 2010. The initiative for this came from our people, and was purely a reflection of their personal sympathy and sensitivity – something I am particularly proud of.

Community engagement

The bank sponsors the My Future programme which gives orphans a better start in life by helping to meet their educational needs. Raiffeisen Bank Polska also assists up-and-coming entrepreneurs through "An idea for a business", a competition run in cooperation with the Gazeta Wyborcza newspaper. The best five business plans receive financial support. Staff have helped a children's hospital in War-

saw and local children's homes through the bank's corporate volunteering scheme. Employees also collected money and goods for victims of the 2010 flood disaster. The bank did its bit for financial education by holding university seminars at which experts shared their knowledge with students and young people. Staff members also give talks on how to handle money at the Warsaw Children's University.

Sustainable business practices

Raiffeisen Bank Polska is one of the country's leading financiers of renewable energy sources. For example, it is backing wind power projects which will benefit the environ-

ment and reduce the country's dependence on conventional energy. The bank's values, enshrined in its Code of Conduct, play a key role in day-to-day business activities.

Responsible human resource management

The bank sees its employees as its most valuable asset. It invests in over 16,000 training days per year, including 5,900 days of external courses and 6,000 e-learning days. To help young families, the bank has introduced a programme that enables fathers to take days off to be with their children. In addition

there are arrangements that make it easier for mothers to return to work, in the shape of part-time work, flextime and nurseries. Employees facing severe personal hardship can count on the bank and their colleagues for help. For example, staff made donations for the child of a deceased staff member.

Environmental actions

The bank's sustainability initiatives include the Go!Digital programme which promotes paper-saving digital working methods. Since October 2008 the number of printed account statements has fallen from 509,000 to 171,000. The Go!Green programme pro-

motes eco-friendly workplace conditions. Staff have been encouraged to make suggestions, and many have been implemented. Local printers have been replaced by multi-purpose devices with double-sided printing capability.

Romania Raiffeisen Bank S.A.

Facts and figures



Piața Charles de Gaulle 15,
011857 București 1

Population	21.4 million
GDP	€ 122.008 billion
Area	238,391 km ²
Total assets	€ 6,227 million
Customer deposits	€ 3,631 million
Profit after tax	€ 101 million
Employees	6,219
Customers	1,903,304
Branches	543

About the bank

Raiffeisen Bank S.A. is a leading universal bank on the Romanian market, with a presence in more than 200 towns and cities. The bank offers a wide selection of high-quality products and services for retail customers, SMEs and corporates. Corporate responsibility is central to the bank's value system. "We succeed together" is more than just a slogan for Raiffeisen Bank, and its financing of private and state enterprises means that the bank is a strong pillar of Romanian society and the economy. The bank helps to improve

the quality of life throughout the country by investing in local projects. This encourages business partners, employees and the public to also play their part in strengthening the community. Solidarity and social cohesion are key corporate concerns. Achieving these goals involves measures such as improving training and general knowledge of financial matters, supporting culture and the arts, and bettering the living conditions and the financial status of the needy. The CSR reports can be downloaded from the bank's homepage.



Steven van Groningen
CEO

Statement of the CEO

As in our core business, fulfilling our corporate responsibilities and achieving sustainable results requires tireless and patient efforts. The quality of the decisions we make today is usually only reflected in outcomes that emerge in the future. In my view, corporate responsibility above all means conducting our core business responsibly and ethically, in the best interests of all of our stakeholders, and with a minimal impact on the environment and natural re-

sources. It is also important for a company to be involved in social and charitable projects – but this cannot replace our duty to carry out our core business responsibly. Raiffeisen Bank S.A. is committed to doing both, and to transparent and comprehensive reporting on these activities. We are determined to continually improve our efforts in this area, and to be a market leader in Romania.

Community engagement

Raiffeisen Bank develops and supports numerous charitable projects and initiatives as part of its sustainability programme. The bank goes to great lengths to ensure that such projects conform with its guiding principles. It strives to build long-term partnerships with NGOs and other organisations, collaborating with them to develop solutions to social and environmental problems. Building team spirit is a key objective at Raiffeisen Bank, so the bank encourages employees to do voluntary work, in particular as part of its coopera-

tion with United Way Romania, a non-profit organisation. Highlights include the Raiffeisen Art Project, as well as a string of educational, environmental, sports and social initiatives. The Bucharest City Marathon, which was first recognised internationally in 2010, is one of the bank's leading projects. In 2009 the bank began reporting on its community engagement in accordance with the London Benchmarking Group standards. From 2010 onwards, CSR reports will also be produced using the GRI format.

Sustainable business practices

In 2010, Raiffeisen Bank put together a custom project financing package for the construction of a hydroelectric power plant on the River Sebes. The plant has a capacity of

1.6 megawatts and the renewable electricity it generates is given preferential treatment when it comes to injecting energy into the public grid.

Responsible human resource management

Each year some 70% of Raiffeisen Bank employees attend training courses provided by the human resources department. The department organises and holds professional training and skills upgrade courses. The third

round of such courses took place in 2010. The bank presents the "We Succeed Together" awards regularly to the best employee, best manager and best team in recognition of exceptional service.

Environmental actions

Since 2008, the bank has been cooperating with local non-profit organisation MediaOrg to recycle all of its waste paper. The following year saw the start of a project aimed at encouraging staff to use bicycles as an alternative mode of transport. Employees can borrow bicycles to travel to external meetings, or for private use during lunch breaks. For the wider public, the bank initiated a partnership with Green Revolution (www.greenrevolution.ro) and also launched its award-winning I Love Velo programme. This is the first free bike-sharing programme in Romania, and is currently available in five cities. In 2010 this programme received the Silver PR Award for Excellence in the Social Responsibility and Stakeholders Dialogue category. In 2011, the bank plans to further reduce its energy

consumption by setting specific targets, helping it to make a further contribution to environmental and climate protection.

Steven van Groningen
and Connie Hedegaard,
EU Commissioner for
Climate Action



Russia

ZAO Raiffeisenbank

Facts and figures



Smolenskaya-Sennaya sq., 28,
119002 Moskwa

Population	140.1 million
GDP	€ 1,104.404 billion
Area	17,098,242 km ²
Total assets	€ 12,442 million
Customer deposits	€ 6,764 million
Profit after tax	€ 214 million
Employees	8,618
Customers	1,860,036
Branches	197

About the bank

ZAO Raiffeisenbank has been operating in Russia since 1996, and offers a wide range of services for retail and corporate customers. The bank aims to build on its position as one of the country's leading universal banks. Assessments from rating agencies confirm the view that ZAO Raiffesenbank provides a high degree of safety and is considered reliable. Its solid finances reflect its socially responsi-

ble approach and commitment to sustainable business practices. The bank's approach to corporate responsibility focuses on transparency, being a good employer, and protecting vulnerable social groups. ZAO Raiffeisenbank attaches great importance to maintaining a broad-based dialogue with its business partners, customers and employees, and with politicians and government authorities.



Pavel Gurin
CEO

Statement of the CEO

ZAO Raiffeisenbank has always had a strong sense of responsibility to the local economy and host society, and acted accordingly. Its enduring commitment to the local market was demonstrated by the fact that, unlike many other foreign institutions, it did not beat a hasty retreat from Russia in the wake of the 1998 financial crisis. The bank's community investment initiatives focus on aiding the el-

derly and disabled. It makes a major effort to involve its staff in charitable activities, by encouraging voluntary work – notably through its Helping Together! programme. Taking a responsible approach to the environment is one of our key concerns. By cooperating with the WWF, we are increasingly succeeding in making our business processes more environmentally friendly.

Community engagement

ZAO Raiffeisenbank supports many charities, and other non-profit organisations in Russia, as well as engaging in arts and sport sponsorship. In 2010, with Russia marking the 65th anniversary of the end of WWII, assistance for war veterans and the elderly was a major priority. The year also saw ZAO Raiffeisenbank taking part in the Charity Instead of Souvenirs programme for the third time. As part of its efforts on behalf of children, the bank donated the money that would otherwise have gone to corporate New Year's gifts to SOS Children's Villages. It is also backing the Building Bridges – Cameras in Children's Hands project, which helps disabled children connect with the environment and society. And in spring 2010 it supported a football tournament for children with Down's syndrome. More than RUR 1.5m (approx. € 37,000) was collected to help fund teaching and psychological care for these children; about 1,800 families benefited from this assistance. The bank strives to involve its employees in working for good causes. The Help-

ing Together! programme, established over three years ago, gives all employees an opportunity to contribute time and money to charitable projects. The bank doubles the dona-



Children supported by charity projects of ZAO Raiffeisenbank

tions. Staff understand that moral support is often almost as important as financial assistance. For instance, in December 2010 they demonstrated their solidarity with the disabled by wearing white ribbons on UN International Day of Persons with Disabilities.

Sustainable business practices

The loan approval process includes an evaluation of related social and environmental risks. The environmental impact analysis looks into factors such as the project's poten-

tial burden on the soil, water and atmosphere. It is the bank's policy not to finance schemes that are harmful to human health or the environment.

Responsible human resource management

Comprehensive, ongoing staff training programmes and performance-related pay are central to ZAO Raiffeisenbank's human resource management policies. Fairness and mutual respect among employees are fundamental to successful career and personal de-

velopment. A wide range of fringe benefits, including employer's contributions to the voluntary pension plan and cut-price membership of one of Russia's top fitness chains, add to the attractions of working for the bank.

Environmental actions

The World Wildlife Fund (WWF) began advising ZAO Raiffeisenbank on its environmental impacts in 2010. Following intensive consultations with WWF experts, action has already been taken to improve the bank's environmental and climate performance. When selecting new premises, the bank opts for

buildings that meet the strictest heat insulation and energy-saving standards. Its computers and office equipment meet the Energy Star power-saving standard. In addition, changing over to electronic fax transmission has saved about half the related paper consumption.

Serbia Raiffeisen banka a.d.

Facts and figures



Bulevar Zorana Djindjića 64a,
11070 Novi Beograd

Population	7.4 million
GDP	€ 29.674 billion
Area	77,474 km ²
Total assets	€ 2,129 million
Customer deposits	€ 1,085 million
Profit after tax	€ 26 million
Employees	1,848
Customers	501,553
Branches	95

About the bank

Raiffeisen banka a.d. is one of Serbia's leading banks. When it opened for business in 2001 it was the first bank in the country to be founded solely with foreign capital. The bank offers its customers a wide range of retail, corporate, treasury and investment banking products and services. Raiffeisen banka has numerous awards to its name from financial magazines such as Euromoney, The Banker, Global Finance and Finance Central Europe.

These are testimony to the bank's record of consistent success since its establishment. Social responsibility is a key element of Raiffeisen banka's strategy. Since it began operating, the bank's processes have been geared towards the long term. Raiffeisen banka's dedication to entrepreneurial and economic sustainability is indicative of the professionalism demanded of such a major player on the Serbian market.



Oliver Rögl
CEO

Statement of the CEO

Raiffeisen banka's socially responsible business practices stem from the desire of its management and employees to work together to build relationships based on respect and solidarity. Our involvement in numerous initiatives and activities helps us to behave ethically in our dealings with our customers and indeed all members of society. The public and our business partners recognise and re-

spect these efforts to make a difference in the wider community. Raiffeisen banka is aware of the need for it to play an active role in society. Indeed, it is one of our most important obligations. Our CSR activities are not an additional endeavour, but a reflection of our principles and the high quality we expect in all of our business activities.

Community engagement

The bank supports a number of medical and social facilities in Serbia, as well as people in need. Three humanitarian projects known collectively as Teleton have been implemented in cooperation with Radio-Television Serbia and the National People's Office of the President of Serbia. The first project provided medical equipment for paediatric and maternity wards at children's hospitals throughout Serbia, and the second involved donations towards renovating and outfitting primary school sports halls. The third scheme focused on supporting disabled children. In addition, the bank installed 28 children's playgrounds and nine basketball courts around the country. Raiffeisen banka also supported UNICEF's 'School without Violence' project. A further initiative, Silent Society, aims at increasing public awareness of the needs of children with physical disabilities. In addition, an or-

phanage in Pancevo now has a state-of-the-art computer room thanks to Raiffeisen banka. A number of projects have been imple-



Playgrounds and basketball courts equipped within the Teleton projects

mented with the support of the H. Stepic CEE Charity and the Budimir Boško Kostic Fund. The latter was established in February 2008, in memory of the former CEO of Raiffeisen banka. The fund aims to provide financial assistance, food, medicine and heating to disadvantaged children.

Sustainable business practices

A focus on the requirements of the local market is central to Raiffeisen banka's drive towards success. Transparency and ethics are the basis of fair, professional relationships with the bank's employees, customers, com-

petitors, suppliers and various other stakeholders. Raiffeisen banka's high quality expectations of its comprehensive range of modern products and services reinforce this approach.

Responsible human resource management

The bank aims to create a working environment where employees are satisfied and work in positions that suit their skills and expertise. Employees have access to a host of training and development programmes. Raiffeisen banka conforms to all environmental, health and safety standards, and strives to foster a positive atmosphere in the workplace. The

bank makes contributions to an employee pension fund and offers financial assistance in the event of illness or accidents. Staff also have the opportunity of regular medical check-ups, and employees' children receive special New Year gifts. Each year Raiffeisen banka awards prizes for outstanding employee performance in a number of categories.

Environmental actions

Raiffeisen banka aims to strike a balance between its business activities and the need to protect the environment. Examples of environmental initiatives include re-using printer cartridges and waste paper, and recycling all

electronic waste. Environmental protection is also a core consideration in the construction of the bank's new head office, renewable energy sources and energy-saving heating and cooling appliances will be installed.

Slovakia

Tatra banka a.s.

Facts and figures



Hodžovo namestie 3,
81106 Bratislava 1

Population	5.4 million
GDP	€ 65.906 billion
Area	49,035 km ²
Total assets	€ 8,972 million
Customer deposits	€ 6,816 million
Profit after tax	€ 93 million
Employees	3,693
Customers	735,722
Branches	158

About the bank

Tatra banka was the first private bank in Slovakia when it opened in 1991. It is now the country's third-largest bank. The Tatra banka Foundation was set up in 2004. Its philanthropic activities focus on two main pillars – support for education and for the arts. The foundation identifies projects that stand out for their artistic value and also take social factors into account. The events that have received support range from small-scale initiatives to theatre performances by well-known groups of artists and exhibitions in some of Slovakia's leading galleries. Funding for education is directed towards university research projects with a specialised focus, in particular on economics, finance and science. One of the beneficiaries was the University of Eco-

nomics in Bratislava, which received assistance for developing a new library system. The Tatra banka Foundation also funds the Bratislava Open Lectures series, which helps the university to build long-term relationships with visiting academics, such as Nobel Prize winners Robert J. Aumann, Edward C. Prescott, Edmund S. Phelps and Robert A. Mundell. The foundation sponsors several awards aimed at promoting the development of education and the arts, including the Awards in Art, the Award for the Best Business Plan and the Award for the Best Final Thesis. Since 2010 students have been able to take part in the new Inspiring Idea Forum. In total, the Tatra banka Foundation provided € 773,000 in funding for 189 projects in 2010.



Igor Vida
CEO

Statement of the CEO

Social responsibility is one of Tatra banka's core values. Our commercial success depends not only on the way we do things, but also on the community in which we operate. As a result, corporate responsibility is central

to our mindset. And I am especially proud that Tatra banka was the first bank in Slovakia to offer ethical investors a socially responsible investment (SRI) fund.

Community engagement

Tatra banka is a partner of Pontis Engage, a platform for businesses that encourage their employees to do voluntary work. The bank is involved in the Naša Bratislava, Naše Košice and Naša Žilina projects, which are aimed at encouraging volunteering among Tatra banka employees in particular regions. The bank donates its old computers, equipment and furniture to schools and charities. The DOBRÉ SRDCE programme gives staff the opportunity to present NGO projects to the Tatra banka Foundation and request funding. Tatra banka works together with NGO Divé maky to support talented youngsters, in particular those from the Roma community. The bank also co-

operates regularly with universities, giving guest lectures and offering training programmes and internships for students.



Nobel Prize winner
Edmund S. Phelps

Sustainable business practices

In September 2010 Tatra banka launched its first ever SRI fund. The portfolio comprises shares in businesses that are dedicated to promoting social and environmental sustainability, and listed on the EURO STOXX Sustainability Index. The value of the assets under management grew by around 23 per cent in the space of just a few months – this is equivalent to a share of over 80 per cent of the Slovak SRI fund market. The bank also

supports a project introduced by the charity INTEGRA. It is designed to give socially disadvantaged people and those at risk of sliding into poverty the skills they need to better manage their finances and evaluate their financial situation. The project also aims to help individuals and families shake off the constant sense of vulnerability, improving their quality of life and giving them the opportunity to improve their social standing.

Responsible human resource management

The bank offers its staff a range of benefits, including contributions to a company pension scheme and financial support for employees facing difficult situations and acute hardship.

Staff suggestions are collected and implemented with the help of regular surveys. In addition, the bank offers an extensive selection of training and development programmes.

Environmental actions

Professional environmental management is a major priority at Tatra banka. This is reflected in its use of recycled paper, measures directed at reducing paper consumption and a sophisticated waste management system. All waste is separated and steps are taken to

ensure that hazardous waste is properly handled and disposed of. A state-of-the-art, environmentally friendly lighting system has been installed to reduce energy use, and monthly reports ensure effective management of the bank's power and water consumption.

Slovenia

Raiffeisen Banka d.d.

Facts and figures



Zagrebska cesta 76,
2000 Maribor

Population	2.0 million
GDP	€ 36.560 billion
Area	20,273 km ²
Total assets	€ 1,611 million
Customer deposits	€ 447 million
Profit after tax	€ 3 million
Employees	352
Customers	66,899
Branches	17

About the bank

Krekova banka was founded in 1992 and acquired by Raiffeisen ten years later. In 2007 it was renamed Raiffeisen Banka d.d. It is a universal bank, offering customers a comprehensive range of financial services. Following a successful pilot programme in 2008, Raiffeisen Banka began stepping up its efforts to attract high net worth individuals in 2009. It is also focusing more closely on small and medium-sized enterprises. The bank is fully aware of its responsibilities towards society, and its national branch net-

work enables Raiffeisen Banka to play a key role in local projects all over the country. This involves providing sponsorship and donations in support of cultural and sports projects, as well as a range of charitable initiatives. When dealing with specialist NGOs and NPOs, the bank aims to build up sustainable, long-term and mutually beneficial partnerships. In 2010 Raiffeisen Banka published the first ever report on its CSR activities, entitled Actions That Matter.



Klemens Nowotny
CEO

Statement of the CEO

Raiffeisen Banka is a trusted organisation and its success is based on a commitment to long-term improvements in the environment in which it operates. Supporting charitable, cultural, sports and social projects is one of our leading priorities, and we also aim to play our part in enhancing Slovenia's standing on

the international scene. We help to raise quality of life for individuals and specific sections of the community by providing donations to key social projects. Of course, we do not lose sight of the needs of our staff and provide them with every assistance in their professional and personal development.

Community engagement

Raiffeisen Banka supports numerous projects and organisations devoted to caring for the socially disadvantaged, the disabled and the seriously ill, especially women and children. Thanks to the bank, the general hospital in Murska Sobota acquired new magnetic resonance therapy apparatus, and a partnership with the Red Cross has given socially disadvantaged families the chance to go on holiday. The bank is a long-standing supporter of the international Mirno morje project. The initiative organises week-long sailing trips on the Adriatic for children and youngsters from deprived households, and children with physical and learning disabilities. Raiffeisen Banka also sponsored Slovenia's biggest environmental project, entitled Let's Clean up Slovenia in One Day. The bank's employees work as volunteers on various Raiffeisen-funded initiatives. In 2010 staff collected books for children and adults which were then donated to a crisis centre, a women's refuge and a care home for the elderly.



Sustainable business practices

A commitment to sustainability and social responsibility is a vital aspect of Raiffeisen Banka's business policies. This is reflected in an emphasis on financing for sustainable products, renewable energy sources and investments in energy efficiency. The bank assesses all loan applications in terms of their potential

impact on climate and the environment, in accordance with the RZB Group Code of Conduct. Raiffeisen Banka has implemented a series of measures that demonstrate its strong sense of social responsibility, such as waiving all fees on transfers of charitable donations.

CSR-report „Actions that matter“

Responsible human resource management

The bank takes a strong interest in the professional and personal development of its staff. Staff also have the option of taking additional days of leave for training purposes. Flexible working time arrangements help employees to balance their work and family commitments. The company canteen serves a wide range of healthy meals and snacks, and the bank organises sports activities and offers access to gyms. Staff are encouraged to participate in a

variety of sporting competitions, such as the winter and summer banking games, and can also borrow equipment for personal use. Raiffeisen Banka also supports staff involved in culture and the arts. The bank organises a number of in-house events, including a New Year party, a company picnic in the spring, and an annual Christmas party to which the employees' children are also invited.

Environmental actions

The warm air generated by the Raiffeisen Banka data centre is used to heat the bank's premises in winter, cutting its consumption of gas and electricity. Energy-saving bulbs and dimmer switches have been installed in all offices, which also helps to save energy. The bank separates used printer cartridges and

plastic from other types of residual waste, and also insists that environmentally friendly means of transport are used in the disposal process. Shared printing rooms have been set up, and double-sided printing is used to minimise paper and energy consumption.

Ukraine

Raiffeisen Bank Aval JSC

Facts and figures



Vul Leskova, 9,
01011 Kyiv

Population	45.8 million
GDP	€ 103.030 billion
Area	603,550 km ²
Total assets	€ 5,544 million
Customer deposits	€ 2,555 million
Profit after tax	€ 28 million
Employees	15,432
Customers	3,902,438
Branches	932

About the bank

Bank Aval was founded as a universal bank in 1992. It was acquired by Raiffeisen International in 2005, and subsequently renamed Raiffeisen Bank Aval. The bank offers a wide range of services through its nationwide network of over 900 outlets. It is the largest foreign bank in Ukraine, and the country's fourth largest by total assets. In 2008, Raiffeisen Bank Aval initiated a raft of measures to combat the economic and financial crisis in Ukraine. These included an optimisation programme for the branch network. The risk management system was also expanded and

adapted to the challenging operating environment. Corporate responsibility is part and parcel of the bank's strategy. This means maintaining transparency in all of its business relationships, behaving with the utmost integrity and providing a social safety net for employees. Charitable contributions and sponsorship are fundamental to the bank's sense of corporate responsibility, and are closely connected to its corporate goals. In 2010, support for charities and welfare organisations was a major priority.



Volodymyr Lavrenchuk
CEO

Statement of the CEO

Transparent business practices are essential to achieving sustainable economic and social development in Ukraine. Our bank applies and promotes international standards of transparency in all areas of activity. In this regard, our contribution to the Ukrainian banking sector

has been recognised through a series of prestigious awards that bear testimony to our excellent reputation. Our experience shows that having a transparent business model is best suited to supporting sustainable economic and social development in the country.

Community engagement

Raiffeisen Bank Aval's charitable work and donations are aimed at benefiting children, healthcare facilities, veterans, care-dependent elderly people and the disabled. The bank also runs long-term sponsorship projects to support Ukrainian arts and culture, education, science and sports. Numerous employee projects have been implemented to generate support for the H. Stepic CEE Charity in Ukraine. One example is a bakery that has been built in the village of Pnikut in the Lviv region, and supplies free bread to the neighbouring orphanage. Financial support for orphanages, children's homes and children's

hospitals is one of the bank's priorities. Employees help to clean up orphanages, playgrounds and parks as part of an in-house volunteering programme. Staff from the bank's head office and from regional offices in Ivano-Frankivsk, Cherkasy, Rivne, Sumy, Zhytomyr, Ternopil, Chernivtsi and other large cities have been involved in such initiatives. Under a scheme called Saturday Working Day, the CEO and other employees regularly give up their free time to work in orphanages and children's hospitals. The work they do extends from cleaning to repairing refrigerators and children's bicycles.

Sustainable business practices

The bank's senior managers play an active role in public life, by participating in financial, banking sector and economic associations. Raiffeisen Bank Aval CEO Volodymyr Lavrenchuk is Chairman of the Forum for Leading International Financial Institutions, and a board member of the European Business Association. The bank's regional directors frequently support the activities of local business people, helping to further economic development in the community. The bank's financing policy is aligned with the principles of the Raiffeisen Group. Financing for pro-

jects linked to nuclear power generation, arms or gambling is strictly prohibited. Raiffeisen Bank Aval plays a significant role in providing funds for various parts of the economy and vital social service providers. In 2010, with assistance from the Raiffeisen Group, the bank developed special products and processes that have allowed it to continue providing loans tailored to the needs of agricultural enterprises. In the first half of 2010, lending to such enterprises accounted for 17 per cent of the bank's loan book.

Responsible human resource management


Ongoing education and training, and fair pay are both very important to the bank. In addition, the bank believes that a culture of fairness and mutual respect is fundamental to its employees' career and personal develop-

ment. A raft of fringe benefits, including contributions to a voluntary pension scheme and assistance with childcare, means that staff are well taken care of.

Environmental actions

A responsible attitude towards energy consumption helps to protect the environment and save costs. Careful use of energy is very important to the bank and its employees. Other

actions include an environmental management concept geared towards reducing paper consumption and promoting the environmentally benign disposal of wastewater and refuse.



**Transparency
and monitoring –**

**the key to trust
and motivation**

Annex

Unless otherwise indicated, status is as of 31 December 2010

Shareholder structure

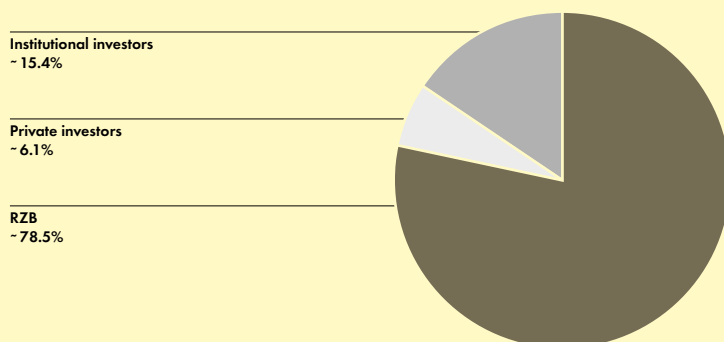
RZB Shareholders

Shareholder	Interest in % ¹
Raiffeisenlandesbank NÖ-Wien	31.41
Raiffeisen-Landesbank Steiermark	14.94
Raiffeisenlandesbank OÖ	14.94
Raiffeisen-Landesbank Tirol	5.85
Raiffeisenverband Salzburg	5.80
Raiffeisenlandesbank Kärnten	5.63
Raiffeisenlandesbank Burgenland	4.63
Raiffeisenlandesbank Vorarlberg	4.59
Zveza Bank	0.04
Total, Regional Raiffeisen Banks²	87.83
Österreichische Volksbanken AG	5.15
UNIQA Versicherungen AG	2.64
RWA Raiffeisen Ware Austria AG	2.58
HYPO Investmentbank AG	1.17
Landeshypothekenbank Steiermark AG	0.63
Total of other shareholders	12.17
Total	100.00

¹ Directly and indirectly held ordinary and preference shares

² 81.35 percentage points held by R-Landesbanken-Beteiligung GmbH

RBI Shareholder structure



Major shareholdings and ratings

Selected direct and indirect shareholdings of the RZB Group

Company	Location	RZB total share in %
Kathrein & Co. Privatgeschäftsbank Aktiengesellschaft	Vienna	78.9
Raiffeisen Bank International AG	Vienna	78.5
Raiffeisen Bausparkasse Gesellschaft m.b.H.	Vienna	37.0
Raiffeisen Centrobank AG	Vienna	78.9
Raiffeisen evolution project development GmbH	Vienna	40.0
Raiffeisen Informatik GmbH	Vienna	47.8
Raiffeisen Investment Aktiengesellschaft	Vienna	78.9
Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung	Vienna	50.0
Raiffeisen Wohnbaubank Aktiengesellschaft	Vienna	25.0
Raiffeisen-Leasing Gesellschaft m.b.H.	Vienna	51.0
UNIQA Versicherungen AG	Vienna	45.7
ZHS Office- & Facilitymanagement GmbH	Vienna	99.8
ZUNO BANK AG	Vienna	78.9

Overview of RZB and RBI ratings

RZB and RBI are rated by international leading agencies.

RZB ratings			
	Long-term rating	Short-term rating	Outlook
Moody's Investor Service (30 Nov 2010)	A2	P-1	Stable
Standard & Poor's (1 Mar 2011)	A	A-1	Negative

RBI ratings (as of December 2010)					
	Long-term	Outlook	Short-term	Individual/BFSR	Outlook
Standard & Poor's	A	Negative	A1	-	-
Moody's Investors Service	A1	Stable	P1	D+	Positive
Fitch	A	Stable	F1	C/D	-

Key financial data

Key data of RBI by segment

€ million	Total assets 2010	Changes versus previous year	Total assets 2009 pro forma	Profit after tax 2010	Customers	Branches	Number of employees	Customer deposits
Czech Republic	7,908	2.2%	7,739	69	423,371	111	2,894	5,035
Hungary	8,534	-2.8%	8,778	-20	640,806	144	3,244	4,785
Slovakia	8,972	-3.8%	9,324	93	735,722	158	3,693	6,816
Slovenia	1,611	1.8%	1,583	3	66,899	17	352	447
Poland	6,928	11.0%	6,241	60	242,781	122	3,071	3,896
Reconciliation	-25	-126.7%	93	0	-	-	-	-
Segment Central Europe	33,928	0.5%	33,757	204	-	552	13,254	20,979
Albania	2,009	9.1%	1,842	39	635,145	105	1,343	1,704
Bosnia-Herzegovina	2,052	-11.8%	2,325	7	638,528	98	1,640	1,516
Bulgaria	3,790	-5.2%	3,998	32	736,622	190	3,241	2,056
Croatia	5,858	-0.7%	5,900	50	544,239	84	2,216	3,102
Kosovo	673	0.1%	672	26	266,122	52	693	550
Romania (incl. Moldova)	6,227	1.0%	6,164	101	1,903,304	543	6,219	3,631
Serbia	2,129	-22.9%	2,762	26	501,553	95	1,848	1,085
Reconciliation	-42	-36.8%	-67	-16	-	-	-	-
Segment South-eastern Europe	22,697	-3.8%	23,596	266	-	1,167	17,200	13,644
Segment Russia	12,442	6.5%	11,681	214	1,860,036	197	8,618	6,764
Belarus	1,512	23.5%	1,224	51	833,239	96	2,223	854
Ukraine	5,544	11.3%	4,983	28	3,902,438	932	15,432	2,555
Kazakhstan	75	1.4%	74	4	52	1	11	0
Reconciliation	-	-	-	0	-	-	-	-
CIS other segment	7,131	13.5%	6,281	82	-	1,029	17,666	3,409
Group corporate segments	23,478	5.8%	22,197	230	-	-	-	-
Group market segments	27,217	-41.7%	46,667	187	-	-	-	-
Corporate center segments	27,178	-9.9%	30,177	292	-	-	-	-
Reconciliation	-22,898	-20.3%	-28,718	297	-	16	3,044	-
Total	131,173	-9.9%	145,638	1,177	13,930,857	2,961	59,782	57,633

The segments reflect the organisational structure as well as responsibilities for regions and business fields.

Financial flows of the RZB Group to stakeholders

in € million	2010	2009
Shareholders: dividends (RBI AG only)	160	272
Employees: wages and salaries	1,156	1,052
Economy: investment and operating costs	1,200	1,101
State		
Taxes on income	124	254
Social security contributions	273	258
Equity	11,251	10,307

Development of taxes on RZB Group income and revenue

in € million	2010	2009
Taxes on income and revenue	124	254
Annual profit before tax	1,292	824

Key personnel data

Due to the merger and subsequent segmentation, a comparison with key data from 2009 is not possible or reasonable. For a breakdown of labour costs by business segment, please consult the 2010 annual reports.

Talent management of the RZB Group and distribution by region

Full-time equivalent	2010	2009
Austria	3,225	3,219
Central Europe	13,254	12,803
Southeastern Europe	17,200	17,382
Russia	8,618	8,624
CIS other	17,666	17,383
Rest of the world	393	389
Total	60,356	59,800

Days of sick leave per employee

	2010	2009
RZB	8.2	6.71
RBI	6.8	–

Part-time employees

%	2010	2009
RZB	7.1	12.14
RBI	11.3	–

Average age of staff

in years	Network banks	RBI	RZB
employees under 30	37.6%	16.5%	7.4%
employees between 31 and 50	53.8%	75.2%	72.8%
employees over 51	8.6%	8.3%	19.8%

The average age of the RZB Managing Board is 50, the average age of the RBI Managing Board is 53.25.

Share of women in leadership positions and comparison of salaries

Management level beneath the Managing Board	Share of women in %	Salaries of women:men
RZB		
B-1	–	–
B-2	16.7	1:1.11
B-3	–	–

Management level beneath the Managing Board	Share of women in %	Salaries of women:men
RBI		
B-1	7.9	1:1.46
B-2	26.1	1:1.09
B-3	24.8	1:1.29

Key environmental data

Key data for RZB and RBI in Vienna

		2010	2010 absolute	2009
Electricity in kWh per employee and year		5,677.00	10,764.00	5,760.00
Heating in kWh per employee and year		2,333.86		1,780.00
Heating in kWh per m ² and year		126.87	4,425.00	80.00
Paper consumption: print and copy paper in kg per employee and year		28.69	86,297.68	47.46
Paper sheets per employee/per day		22.77	17,122,556.00	37.67
Water consumption in liter per employee and year		59.62	28,258.00	61.74
Waste arisings per kg, employee and year:	Residual waste	36.10	95,480.00	47.43
	Waste paper and cardboard as resource	96.34	289,796.00	124.01
Waste category in percentage of total amount:	Waste paper and cardboard as resource	57.84		51.02
	Other potential recyclable waste	21.23		28.83
	Residual waste	20.24		19.51
	Hazardous waste	0.69		0.64
CO ₂ emissions in kg per employee and year		2,191.00	4,153,323.00	2,146.00

Sustainability programme

The RZB Group's sustainability programme comprises all of the bank's sustainability-related objectives and the actions designed to achieve them. The programme was restructured in the course of developing the corporate responsibility management system. All objectives and actions are now split into three categories – business, environment and society – and are no longer categorised according to

the Group's five guiding principles, as in the previous CR report. This structure will also be used in future reports. The objectives contained in the sustainability programme apply in essence to all parts of RZB Group. Initiatives aimed at fulfilling those targets are developed and initially implemented by the Vienna head office. Actions that have the desired effect are subsequently rolled out to the network banks.

Business

Area of application	Objectives	Actions
Operating activities	Fair salaries/equal pay for equal work	<ul style="list-style-type: none"> Evaluate and, where necessary, adapt in line with the new remuneration structure
	Fair amounts in tax	<ul style="list-style-type: none"> Timely and transparent implementation of national tax regulations
	Ensure sustainable procurement and tendering practices	<ul style="list-style-type: none"> Revise existing procurement directives (Code of Conduct for Suppliers)
	Maximise customer satisfaction	<ul style="list-style-type: none"> Carry out customer satisfaction analyses and develop appropriate responsive actions
	Transparent product information	<ul style="list-style-type: none"> Continuously improve quality of advisory services
	Design sustainable financial products	<ul style="list-style-type: none"> Develop sustainability standards in core businesses Devise procedures and processes to implement these standards Define monitoring and evaluation processes
	Combat bribery, corruption and market abuse	<ul style="list-style-type: none"> Emphasis on fighting corruption: strengthen focus on prevention of corruption in staff training programmes Constantly evaluate and adapt the Code of Conduct, and monitor compliance
Financial education	Improve levels of financial literacy	<ul style="list-style-type: none"> Explain the workings of the financial system to various target groups
Development of a sustainable financial system	Participate in the development of a sustainable financial system	<ul style="list-style-type: none"> Enter into dialogue with economic and financial experts Introduce the Raiffeisen Climate Protection Initiative in Central and Eastern Europe

Environment

Area of application	Objectives	Actions
Group-wide environmental monitoring	Standardise Group-wide collection and consolidation of environmental data	<ul style="list-style-type: none"> • Define responsibilities • Establish solid organisational structures • Select and roll out software applications • Define performance indicators • Introduce a research project to examine collection of environmental data across the life cycle “footprint” and develop appropriate initiatives
Environmental protection and climate change	Improve energy efficiency of buildings	<ul style="list-style-type: none"> • Participate in pilot projects aimed at developing examples of best practice • Design reference projects for Group-wide knowledge transfer • Specify minimum requirements/targets for overall energy efficiency of buildings/rental properties, based on the EU directive on the energy performance of buildings
	Sustainable transport and travel systems	<ul style="list-style-type: none"> • Overhaul the Travel Policy on the basis of environmental criteria • Develop an in-house mobility management system
	Take steps to enhance employees awareness	<ul style="list-style-type: none"> • Integrate environmental topics into training programmes (e.g. introductory events, e-learning modules)

Society

Area of application	Objectives	Actions
Education and career development	Promote staff training and development	<ul style="list-style-type: none"> • Roll out the enhanced Group-wide management training structures developed in 2010 • Increase frequency of training and development modules for all staff • Ensure broad levels of qualification to improve staff employability • Deepen cooperation between RBG and the RZB Group on training and development initiatives
	Improve the performance management process	<ul style="list-style-type: none"> • Extend staff appraisal system – goal-setting and assessment interviews with 90 per cent of staff, and development interviews with 80 per cent of staff
	Raise management awareness of corporate responsibility activities	<ul style="list-style-type: none"> • Integrate sustainability into training courses and events • Strengthen the focus on sustainability in internal communications • Managers set at least one sustainability-related target
Work-life balance	Continue improvements in ensuring equal opportunities	<ul style="list-style-type: none"> • Raise awareness of and heighten sensitivity to equal opportunities within the RZB Group • Take a determined stand against all forms of discrimination in the workplace • Increase the proportion of female executives in the RZB Group • Support women returning to work after maternity leave, e.g. by providing company nursery facilities • Offer flexitime and part-time working arrangements, or teleworking options
	Promote workplace health	<ul style="list-style-type: none"> • Offer health check-ups, nutritional advice, vaccination programmes • Provide ergonomically designed offices
	Support the post-merger change process	<ul style="list-style-type: none"> • Assist staff with targeted interventions in areas where change processes have not yet been completed • Reinforce the sense of Group identity by promoting subject-specific job rotation programmes inside the Group
Role in society	Encourage exchange of information and development in partnership with stakeholders	<ul style="list-style-type: none"> • Stage regular events with internal and external stakeholder groups • Organise annual Stakeholder Council and implement proposals put forward at the event
	Support employees’ voluntary social activities	<ul style="list-style-type: none"> • Promote corporate volunteering schemes within all board areas • Allow employees to take time off for voluntary work, e.g. following natural disasters or accidents • Organise special days for voluntary activities
	Improve public welfare	<ul style="list-style-type: none"> • Help fringe groups in society by sponsoring the association Wirtschaft für Integration and supporting the Austrian Integration Awards • Support culture and artists • Support research and educational institutes

GRI Content Index

Description	Status	Cross-reference	UNGC	Statement/Commentary
Profile Disclosures				
1. Strategy and Analysis				
1.1	■	p. 6–7	Statement of Continuing Support	
1.2	■	p. 22		The allocation of loans and financial investments has a major impact on a sustainable development. This activity also entails the core risks and opportunities facing the RZB Group, and involves a significant level of responsibility.
2. Organizational Profile				
2.1	■	Front cover inside		
2.2	■	p. 8–9, 18–19		
2.3	■	p. 9, 18–19		
2.4	■	Front cover inside		
2.5	■	p. 47		
2.6	■	p. 19, 47, 79		
2.7	■	p. 9, 47		The home market of the RZB Group is Austria and the 15 locations of the RBI network banks are in CEE.
2.8	■	p. 9, AR report RZB as well as RBI front cover inside		Scale details (total assets, customer deposits, profit after tax, number of employees, customers and branches.) of the network banks can be found on pages 48–77 under “Facts and figures” as well as in the Annex.
2.9	■	p. 18–19; annual report RZB and RBI		
2.10	■			Some network banks received national and/or international awards within the reference period. See pages 54, 56, 72 under “About the bank”.
3. Report Parameters				
3.1	■	p. 4–5		
3.2	■	p. 4–5		
3.3	■	p. 4–5		
3.4	■	Front cover inside		
3.5	■	p. 4–5		
3.6	■	p. 4–5		
3.7	■	p. 4–5		
3.8	■	p. 4–5		
3.9	■	p. 4–5		
3.10	■	p. 4–5		
3.11	■	p. 4–5		
3.12	■	p. 86–88		
3.13	■	p. 89, 90		
4. Governance, Commitments, and Engagement				
4.1	■	p. 31	Actions taken to implement principles 1–10	
4.2	■	p. 31		
4.3	n.a.			RZB and RBI both have a supervisory board.
4.4	■	p. 31		RZB and RBI both have a works council that promotes employee interests in its dealings with the managing board. Representatives of the works council are also members of the supervisory board. The shareholders of RBI have the opportunity to participate in decision making at the annual general meeting.

Description	Status	Cross-reference	UNGC	Statement/Commentary		
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	■	p. 31, 36; annual report RBI p. 45–47	Actions taken to implement principles 1–10	Senior managers' performance-based compensation was standardised in the course of the Performance Management Process in 2010. As with the remuneration of board members, it is based on corporate objectives.		
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	■	p. 31				
4.7 Expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	■				The membership of the supervisory board is based on the shareholder structure, in accordance with the legal regulations. The names of the supervisory board members are listed on the company's website. They include members of the Raiffeisen Climate Protection Initiative, which ensures a high degree of awareness and expertise when it comes to the ecological aspects of banking.	
4.8 Mission statements, codes of conduct, sustainability principles.	■	p. 21–25, 31; CoC			The CR policy and the policies for the areas of business, environment and society are broadly outlined on pages 21-25. The RZB Group Code of Conduct (CoC) defines the Group's core values and provides the basis for company culture geared towards ethical behaviour and respect for the law.	
4.9 Procedures for overseeing the organization's sustainability management.	■				The supervisory board can intervene with regulations and regulatory deals with aspects of sustainability.	
4.10 Evaluation of the highest governance body's own performance, particularly with respect to sustainability.	n.a.				The evaluation of the highest governance body's performance is not a responsibility of the reporting organisation, according to Austrian company law.	
4.11 Precautionary approach addressed by the organization.	■	annual report RZB p. 78–83, RBI p. 77–87			Actions taken to implement principle 7	The evaluation of ecological and social risks is a central element of the credit approval process at both RBI and the network banks.
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives.	■				Actions taken to implement principles 1–10	As a signatory of the UN Global Compact, the RZB Group is committed to fulfilling its ten principles in the core areas of human rights, labour, the environment and anti-corruption.
4.13 Memberships in associations and advocacy organizations.	■	p. 91				
4.14 List of stakeholder groups engaged by the organization.	■	p. 27			Forwarding information about improvements to stakeholders of the company	
4.15 Basis for identification and selection of stakeholders with whom to engage.	■		Representatives of all of the RZB Group's key stakeholders were invited to take part in the Stakeholder Council. Important decision makers from all management levels (board members (B), B-1, B-2, B-3) and selected external stakeholders participated in an appreciative inquiry survey.			
4.16 Approaches to stakeholder engagement.	■	p. 27–29				
4.17 Key topics and concerns of stakeholders.	■	p. 29				

Disclosures on Management Approach

DMA EC	Disclosure on Management Approach-Economy	■	p. 23; CoC	Actions taken to implement principles 1, 4, 6 and 7	
DMA EN	Disclosure on Management Approach-Environment	■	p. 24; CoC	Actions taken to implement principles 7, 8 and 9	
DMA LA	Disclosure on Management Approach-Labor Relations and Employment Conditions	■	p. 25; CoC	Actions taken to implement principles 1, 3 and 6	
DMA HR	Disclosure on Management Approach-Human Rights	■	CoC	Actions taken to implement principles 1, 2, 3, 4, 5 and 6	A management policy guideline on human rights is currently being drawn up. The regulation of the CoC are also applicable.
DMA SO	Disclosure on Management Approach-Society	■	p. 25; CoC	Actions taken to implement principles 10	
DMA PR	Disclosure on Management Approach-Product Responsibility	■	CoC	Actions taken to implement principles 1 and 8	A management policy guideline on product responsibility is currently being drawn up. The regulation of the CoC are also applicable.

Performance Indicators

Economic Performance Indicators

EC1	Direct economic value generated and distributed.	■	p. 81–82		
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	■	p. 24	Actions taken to implement principle 7	The risks of climate change for the RZB Group are the result of rapid changes in competition and the regulative framework. Opportunities are the rising investments in projects and measures for environmental protection. An estimation of the financial impact of climate change on the RZB Group is not possible.
EC3	Coverage of the organization's defined benefit plan obligations.	■	p. 65, 67, 69, 73, 75		This indicator is not standardised for the RZB Group, but individually regulated, depending on the social environment and legal framework of the countries of location. Some of the network banks provide voluntary pension schemes for their employees.
EC8	Services provided primarily for public benefit.	■	p. 42–45		In addition to the projects and initiatives of the RZB Group described on the pages 42-45, the network banks and their employees support various community projects aimed at raising living standards within the respective countries of location (see pages 48-77).

Description	Status	Cross-reference	UNGC	Statement/Commentary
Environmental Performance Indicators				
EN1 Materials used by weight or volume.	■	p. 40, 83	Results of implementation of principle 8	
EN2 Percentage of materials used that are recycled input materials.	■	p. 40	Results of implementation of principles 8 and 9	100% recycled paper
EN4 Indirect energy consumption by primary source.	■	p. 83		Energy mix electricity in 2010: renewable energy 55.59% and fossil energy 44.41%. Energy mix district heating in 2010: waste incineration 23%, combined heat and power (CHP) 71% and gas/oil 6%.
EN6 <i>Initiatives to provide energy-efficient and renewable energybased products and services.</i>	■	p. 40	Results of implementation of principles 8 and 9	
EN8 Total water withdrawal by source.	■	p. 83	Results of implementation of principle 8	The water supply is provided in its entirety by Wiener Wasserwerke.
EN16 Total direct and indirect greenhouse gas emissions by weight.	■	p. 83		
EN18 <i>Initiatives to reduce greenhouse gas emissions and reductions achieved.</i>	■	p. 40–41	Measures and results of implementation of principles 7, 8 and 9.	
EN22 Total weight of waste by type and disposal method.	■	p. 40		
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	■	p. 41	Results of implementation of principle 8	
EN29 <i>Significant environmental impacts of transport.</i>	■	p. 41		
Social Performance Indicators: Labor Practices and Decent Work				
LA1 Total workforce by employment type, employment contract, and region.	■	p. 35, 82–83		Currently it is not possible to report on different employment contracts in greater detail.
LA2 Rate of employee turnover.	■	p. 35	Results of implementation of principle 6	Labour turnover by age groups is currently not recorded and therefore can not be reported.
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and work-related fatalities.	■	p. 82		There is no explicit collection of data about work-related diseases. According to AUVA, no work-related diseases exist in the banking sector. The number of days of sick leave has been reported.
LA8 Risk-control programs in place to assist workforce members regarding serious diseases.	■	p. 38		
LA10 Average hours of training per year per employee by employee category.	■	p. 37		Data broken down by employee category is currently not being collected.
LA13 Composition of governance bodies and breakdown of employees in terms of diversity.	■	p. 35–37, 82–83	Results of implementation of principles 1 and 6	Indicators relating to minority groups are not used for legal reasons.
LA14 Ratio of basic salary of men to women by employee category.	■	p. 23, 83		The basic principle of equal payment for equal work applies to both women and men. The compensation of employees depends on their function, the hierarchy level as well as on their skills and expert knowledge.
Social Performance Indicators: Human Rights				
HR5 Right to exercise freedom of association and collective bargaining.	■			Both works councils (of RZB and RBI) represent employees in all matters of labour legislation and are committed to representing staff interests. They act as a link between the managing board and the employee representatives. Also, all legal requirements are followed.
Social Performance Indicators: Society				
SO2 Business units analyzed for risks related to corruption.	■	p. 32	Results of implementation of principle 10	
SO3 Employees trained in organization's anti-corruption procedures.	■	p. 32		Between September and November 2009, together with the implementation of new anti-corruption regulations, an intensive training was conducted for top management. All board members of RZB and RI, as well as those of the network banks – a total of 119 people – received training over four months. Since then training has taken place whenever there has been a change in management. All new employees have to undergo compliance training, which has included information on anti-corruption measures since 1 January 2010. Broad-based training programmes have taken place at all network banks, although the exact number of participants has been recorded locally and not at the head office.
Social Performance Indicators: Product Responsibility				
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	■			In the area of advertising and marketing, we adhere to the ethical guidelines contained in the self-regulatory code of the Austrian Advertising Council. No violations occurred within the reporting period.

Legend:

EC1 core indicators

■ Fully reported

EC5 additional indicators

■ Partly reported

AR RZB RZB Annual Report (link: <http://www.rzb.at/ar2010>)

AR RBI RBI Annual Report (link: ar2010.rbiinternational.com)

n.a. Not applicable

CoC Code of Conduct of the RZB Group (link: www.rzb.at/coc/en)



Assurance Statement

Terms of engagement

Lloyd's Register Quality Assurance Limited (LRQA) was commissioned by Raiffeisen Zentralbank Österreich AG (RZB) to assure its environmental and social data and information of the corporate responsibility report "RZB Group 2010" for the period beginning 1st January 2009 and ending 31st December 2010. From a geographical standpoint the Report covers Austria and Eastern Europe subsidiaries with focus on environmental data of Austrian activities.

The assurance was undertaken against the Global Reporting Initiative's Sustainability Reporting Guidelines 2006 (GRI G3).

The objectives of the assurance engagement were to validate data and information covered in the Report as well as confirming the GRI Level B+ as within the defined boundaries of this Report, for the Austrian activities and site.

Ultimately, the Report has been approved by, and remains the responsibility of Raiffeisen Zentralbank Österreich AG. The RZB Group was also responsible for the collection and presentation of information within the Report. LRQA's responsibility was to carry out an assurance engagement on the Report, in accordance with our contract with Raiffeisen Zentralbank Österreich AG.

LRQA's approach

To form our conclusions, the assurance was undertaken as a sampling exercise and covered the following activities:

- Reviewing the stakeholder engagement processes to determine whether RZB Group understands, responds and reports on its material issues.
- Evaluating RZB Group's material issues against our own independent analysis of stakeholder issues.
- Interviewing key people responsible for the collation of data and information disclosed in the Report.
- Validating RZB Group's self-declaration for GRI G3's application level B+.
- Obtaining sufficient evidence, that we consider necessary for us, to give a limited¹ level of assurance. The assurance undertaken by LRQA did not verify data and information back to its original source(s) nor did it assess its accuracy and completeness. LRQA sampled data and information available only at RZB Group's headquarter.

¹ Definition of limited level of assurance is from the AA1000 Assurance Standard 2008



LRQA's conclusions² and findings

Based on LRQA's approach, nothing has come to our attention that would cause us not to believe that environmental and social data and information as presented in the Report are not materially correct with the exception that environmental data of Eastern Europe sites was not reported.

RZB Group, within the defined boundaries of this Report i.e. the Austrian activities and site, has met the conditions for GRI Level B+ as we found nothing that would cause us to contradict this conclusion.

LRQA's recommended improvements

With respect to the sphere of influence RZB Group should:

- Extend their environmental data and information to Eastern Europe sites under control of the RZB Group.
- Reflect the GRI financial services sector supplement.

The above is an excerpt from our management letter to RZB Group detailing areas for continual improvement. However, these do not affect our conclusions.

Harald Ketzer, Lead Verifier

24. Mai 2011

Johann Kitzweger, Verifier

**On behalf of Lloyd's Register Quality Assurance Ltd.,
Lloyd's Register EMEA Vienna, Austria
LRQA Ref.: VNA6012526**

This document is subject to the provisions below:

This document is valid for one year from the date of verification. This Assurance Statement is only valid when published with the 2010 Report to which it refers.

Lloyd's Register Quality Assurance Limited has not been involved in the preparation of any material included in the CSR Report of RZB Group and does not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the environmental indicators is entirely at its own risk.

Lloyd's Register Quality Assurance Limited, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the 'Lloyd's Register Group'. The Lloyd's Register Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has signed a contract with the relevant Lloyd's Register Group entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

Because of the inherent limitations in any internal control it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate. The English and German version of this statement is the only valid version. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.

² Conclusions given are based upon full disclosure by RZB of all relevant data and information

Domestic memberships



Austrian Society for Environment and Technology (ÖGUT)

ÖGUT's objective is to break down the barriers to communication between business and ecology. The organisation is now firmly established as a forum for in-house environmental protection measures for the finance and insurance industry.

www.oegut.at



Wirtschaft für Integration

A platform promoting the integration of foreign workers into the Austrian economy.

www.vwfi.at



ARGE DATEN

ARGE DATEN's activities focus on freedom of information, data protection, telecommunications and the responsible application of new communication technologies.

www.argedaten.at



Raiffeisen Climate Protection Initiative (RKI)

RKI bundles all relevant environmental activities of the Raiffeisen organisations.

www.raiffeisen-klimaschutz.at



respAct – austrian business council for sustainable development

respACT is Austria's leading platform for corporate social responsibility and sustainable development.

www.respect.at

International memberships

United Nations Global Compact (UNGC)

The aim of the UN Global Compact is to ensure that globalisation generates benefits for people and the environment. This global network provides information on topics that are not among the core competences of most businesses.

Global Reporting Initiative (GRI)

The GRI draws up guidelines for compiling sustainability reports.

Transparency International

Transparency International is the leading non-governmental organisation in the fight against corruption all over the world.

United Nations Environment Programme Finance Initiative (UNEP FI)

The UNEP FI is the world's largest network of banks with a focus on sustainability and the environment. The RZB Group is also closely involved in the UNEP FI CEE Task Force which promotes sustainable development in Central and Eastern Europe.

Glossary

Appreciative inquiry method	A participative management method that focuses attention on a company's strengths by means of structured interviews. It points out potential improvements in behaviours and the performance of a system, and outlines scenarios for the future.
Austrian Code of Corporate Governance	A set of rules that establish standards of corporate governance for Austrian companies and meet international standards.
Bank Financial Strength Rating (BFSR)	BSFR measures the likelihood that a bank can handle its liabilities without the support of a third party.
CEE	Abbreviation for Central and Eastern Europe. In this report, CEE and Austria are seen as RBI's home market.
Code of Conduct (CoC)	A set of Group-wide decision-making guidelines.
Compliance	Compliance relates to legal and ethical conduct in banking. It concerns issues such as avoiding conflicts of interest, handling market-sensitive information, fulfilling duties of care with regard to preventing fraud, money laundering and the financing of terrorism, as well as environmental and social aspects of corporate behaviour.
Corporate governance	Corporate governance comprises the rules and values that make for responsible business leadership. A useful source on this subject is the Austrian Code of Corporate Governance (www.wienerborse.at/corporate/index.htm).
Corporate responsibility (CR)	Corporate responsibility, in the sense of sustainable business ethics, has economic, environmental and social dimensions.
Due diligence	The comprehensive duty of care of banks when valuing potential acquisition targets ahead of the actual acquisitions.
Environmental footprint	The area of land that an individual requires to meet his/her personal needs. It includes energy generation, production of food and clothing, the amount of CO ₂ emissions resulting from such activities, and other indicators expressed in terms of natural resources and the global population. Currently, each of us claims 2.2 hectares (ha), but only 1.8 ha are actually available. This translates into a 23 per cent overuse of the planet's resources.
Financial education	Measures aimed at enabling individuals to improve their understanding of financial products and concepts.
Full-time equivalent (FTE)	A unit that compares an employee's average number of hours worked to the average number of hours of a full-time worker.
Global Reporting Initiative (GRI)	The GRI publishes voluntary sustainability reporting guidelines (www.globalreporting.org) which are widely used around the world.
Network banks	RBI's banking subsidiaries in CEE.
Non-governmental organisation (NGO)	Usually a civil society interest group that operates independently of political parties and public authorities.
Non-profit organisation (NPO)	A charitable organisation that does not work to generate profit, but concentrates on social, environmental or cultural objectives.
Plan-do-check-act	A four-stage problem-solving cycle used in quality management. Firstly, potential quality improvements are identified and a plan to achieve them is drawn up. The plan is then tested and the results analysed, and finally the new quality standard is implemented.
Raiffeisen Bank International AG (RBI)	A universal bank with a focus on corporate and retail customers in Austria and the CEE region. RBI also has relationships with selected financial institutions which support its core business and are intended primarily to contribute to net fee and commission income.
Raiffeisen Climate Protection Initiative	The Raiffeisen organisations' platform for activities in the field of sustainability, climate change and energy efficiency.
Raiffeisen International Bank-Holding AG (RI)	A former RZB subsidiary for the Central and Eastern Europe section. Within the merger with the major business areas of the RZB in 2010 RI has been fully absorbed by the newly formed RBI.
Raiffeisen Zentralbank Österreich AG (RZB)	The core company of the RZB Group and the lead institute of the Austrian Raiffeisen Banking Group (RBG).
RZB Group	RZB Group comprises RZB and its equity investments, including RBI.
Stakeholders	Internal and external groups that are linked to and collaborate with an organisation.
Sustainability rating agencies	Sustainability rating agencies analyse and evaluate businesses' commitment to social and environmental principles, and their level of social responsibility.
Triple bottom line	The triple bottom line or three-pillar model is a concept related to sustainable development. It is based on the idea that a company's performance can only be improved in the long term if it focuses simultaneously on environmental, economic and social objectives.
UN Global Compact (UNGC)	The world's largest corporate social responsibility (CSR) and sustainable development initiative. Participating organisations voluntarily commit to adhere to a series of minimum environmental and social standards.
Whistleblower	A person who provides anonymous tip-offs about improper behaviour, abuses, illegal practices or the risk of such activities.
Young Professional Potentials Programme (YPP)	A joint RZB/RBI initiative designed to enhance the professional and social skills of high potential staff.

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