

RAIFFEISEN BANK INTERNATIONAL AG**Report of the Management Board pursuant to sec. 65 para. 1b of the (Austrian) Stock Corporation Act (AktG) in conjunction with sec. 153 para. 4 of the Stock Corporation Act for resolving on item 8 of the agenda of the Annual General Meeting to be held on June 20th, 2012 (exclusion of the shareholders' subscription right in case of the alienation of own shares acquired in accordance with sec. 65 of the Stock Corporation Act)****1. Authorisation of the Management Board to acquire own shares**

At the Annual General Meeting of Raiffeisen Bank International AG ("RBI") to be held on June 20th, 2012, in item 8 of the agenda, the Management Board of RBI shall be granted the authority to acquire or, as the case may be, redeem own shares of the company in accordance with sec. 65 para. 1 sub-para. 8 of the Stock Corporation Act.

The portion of own shares to be acquired and already acquired may not exceed 10% of the then-current share capital of the company, whereas this shall also include the own shares acquired or, as the case may be, to be acquired in accordance with sec. 65 para. 1, sub-paragraphs 1, 4 and 7 of the Stock Corporation Act.

As the lowest consideration for the acquisition of own shares, EUR 1 (one) per share is proposed, and as the highest consideration to be paid upon repurchase, a value is proposed which may not be higher than 10% above the average unweighted stock exchange closing price of the 10 trading days preceding the exercise of this authorisation.

This authorisation shall be valid for 30 months as from the date of adopting the resolution at the General Meeting and shall replace the authorisation issued in this respect at the General Meeting of July 8th, 2010 to repurchase and/or use own shares, which is limited in its validity to a term of 30 months as from the date of this General Meeting.

The acquisition of own shares shall only be permissible if the company is capable of forming the reserve for own shares as prescribed by sec. 225 para. 5 of the Commercial Code (*UGB*) without the net assets falling short of the share capital and any tied reserve required by law or the Articles of Association. The issue price of any and all shares issued has been paid up in full.

2. Authorisation of the Management Board to alienate own shares in accordance with sec. 65 para. 1b of the Stock Corporation Act in a way other than by sale via the stock exchange or by public offer

The Management Board of RBI shall furthermore be authorised to resolve on a way of alienating the own shares other than by sale via the stock exchange or by public offer, while partially or entirely excluding the subscription right of the shareholders, subject to the consent of the Supervisory Board.

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For this reason, the Management Board in correspondence with the statutory provisions set out in sec. 65 para. 1b of the Stock Corporation Act in conjunction with sec. 153 para. 4 of the Stock Corporation Act renders the following report on the possible exclusion of the subscription right of the shareholders in connection with a possible alienation of any own shares permittedly acquired pursuant to sec. 65 of the Stock Corporation Act.

Alienation of own shares as consideration for a contribution in kind, in case of the acquisition of enterprises, businesses, business units or shares in one or more companies in Austria or abroad

Expansion in Central and Eastern Europe has played an important part in the company's strategy. Also, depending on the market conditions and the development of the markets, future acquisitions cannot be ruled out; this includes the acquisition of existing enterprises, businesses, business units or of shares in companies in Austria or abroad preparatory to entering the market or in order to consolidate an existing market position so as to allow establishing a presence on the respective market more quickly, by being able to build on an existing customer base and taking over staff that is familiar with the local conditions.

In case of the acquisition of enterprises, businesses, business units or shares in companies, it can be necessary or expedient to use own shares as consideration or issue own shares as consideration in order to either compensate shareholders of the respective target companies or – if the seller prefers – receive shares of RBI instead of cash.

Depending on the situation, it is therefore conceivable that by granting own shares transactions of strategic importance will either be made possible in the first place or a more favourable purchase price will be achieved as compared to cash payment. Furthermore, the liquidity requirements of such an acquisition would at any rate be reduced and the implementation of the transaction would be speeded up as existing shares could be used and new capital would not have to be obtained by means of a capital increase first of all.

Another possibility is that owners of a target company bring their stake into RBI as a contribution in kind and, as consideration for such contribution, can be compensated by means of existing own shares.

Especially the making of contributions in kind as a rule presupposes the exclusion of the shareholders' subscription rights as the assets to be contributed are in most cases unique in their composition (e.g. shares in an enterprise which is of strategic importance to the company) and cannot be contributed by all shareholders.

As part of the terms and conditions for acquiring a participation, the alienation of own shares as well as the fixing of the terms and conditions of alienation could, based on the Stock Corporation Act, the Articles of Association and the By-Laws for the Supervisory Board and the Management Board, only be made with the consent of the Supervisory Board in these cases.

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For the purpose of implementing the company's "Share Incentive Program" ("SIP") for executives and Management Board members of the company and its affiliated companies

RBI and its subsidiaries (collectively referred to as the "RBI Group") pursue a corporate strategy which is oriented towards the interests of the shareholders and aims at a long-term increase of the company's goodwill. In order to gear the actions of the Managing Board members of the RBI Group and of the executives of RBI towards this ultimate corporate goal, shares in the company will be allotted conditionally within the framework of the Share Incentive Program (SIP) to the beneficiaries of the SIP. Participating in the company will cause the beneficiaries to identify more strongly with RBI and/or the RBI Group. The equity interest represents an incentive to performance that goes beyond performance-oriented salary portions and is intended to bind key employees to the RBI Group by giving them the opportunity to profit from a positive development of the RBI Group.

For this reason, the Management Board of RBI with the consent of the Supervisory Board established a so-called "Share Incentive Program" already in August 2005 and prolonged this Program accordingly for the years 2006, 2007, 2008, 2009 and 2011 with tranches that were geared to the new framework. The SIP grants the beneficiaries the right to be allotted a specific number of RBI shares by RBI after a tying-up period, conditional on their making a self-financed investment and achieving the performance criteria fixed in the SIP from time to time.

The detailed terms and conditions of the SIP were most recently published via euro adhoc for the 2011 tranche on September 14th, 2011 in accordance with sec. 95 para. 6 in conjunction with sec. 159 para. 2 sub-para. 3 of the Stock Corporation Act (sec. 82 para. 9 of the Stock Exchange Act [BörseG]).

The Management Board proceeds from the assumption that implementing the SIP or similar programmes will also make sense in the future and intends to also prolong the SIP with a new tranche in the business year 2012; all terms and conditions of alienation and/or allotment on account of the SIP may only be fixed with the consent of the Supervisory Board or of a committee authorised thereto by the Supervisory Board.

For the servicing of the rights to conditional allotment of RBI shares granted to the beneficiaries by the SIP (or under similar future programmes) it is appropriate, and perhaps even economically advisable – to the extent that the company does not want to exercise its right to proceed to settlement in cash – that the company acquire own shares for the purpose of passing them on to the group of beneficiaries. The Management Board was therefore authorised at the General Meeting of July 8th, 2010 to acquire own shares in accordance with sec. 65 para. 1 sub-para. 8 of the Stock Corporation Act.

Although the alienation and/or allotment of RBI shares acquired in this manner to executives and Management Board members of the company and its affiliated companies is indirectly accompanied by an effect that is comparable to an exclusion of shareholders' subscription rights, it nevertheless in accordance with sec. 153 para. 5 of the Stock Corporation Act constitutes, by virtue of the law, sufficient grounds for alienating shares in a way "other than by sale via the stock exchange or by public offer". Under the SIP, 415.614 own shares have been allotted to

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executives and Management Board members of the company and its affiliated companies since the authorisation was granted on July 8th, 2010.

For all these reasons, the Management Board regards the exclusion of subscription rights and/or the alienation of own shares in a way other than by sale via the stock exchange or by public offer as commensurate and justified.

In the event of convertible bonds being issued in correspondence with the authorisation, adopted at the General Meeting of June 10th, 2008, to issue shares to creditors of convertible bonds who make use of the privilege of exchange for or subscription to shares

Furthermore, the Management Board at the General Meeting held on June 10th, 2008 was authorised to issue convertible bonds (possibly by way of a company directly or indirectly wholly owned by the company), within a period of 5 years as from adoption of the resolution, thus until June 9th, 2013, which convertible bonds shall confer a privilege of exchange for or subscription to ordinary shares of the company.

This authorisation has not been made use of to date. Provided that the Management Board makes use of the authorisation and convertible bonds are issued on the basis of the resolution adopted by the General Meeting on June 10th, 2008 and the holders of the convertible bonds make use of the privilege granted to them to convert their bonds into shares of the company, the convertible bonds grant the right *vis-à-vis* the company to subscribe to shares of the company.

This subscription entitlement (which is conditional on the exercise of the conversion right or a conversion obligation) of the holders of convertible bonds is to be "covered" first and foremost by contingent capital according to the resolutions adopted at the General Meeting of June 10th, 2008. However, this does not exclude that the shares for "covering" the subscription rights arising under the issued convertible bonds will not (only) be obtained by means of a capital increase from the applied-for contingent capital but own shares of the company will also be used for this purpose (entirely or in part). From the company's perspective, the use of own shares can be advantageous in cases where, for example, the capital effects of carrying out a (contingent) capital increase are relatively negligible and the use of already existing own shares for other purposes is not foreseeable.

The holders of the convertible bonds entitled to subscribe to shares are as a matter of fact not "in the same position" as the shareholders of the company such that equal treatment of the shareholders and of the holders of convertible bonds entitled to subscribe to shares appears neither appropriate nor necessary either from the economic viewpoint or from the legal viewpoint. In fact, the different treatment of existing shareholders and the holders of convertible bonds presents itself merely as the consequence of the right to subscribe to shares of the company that is granted by convertible bonds. Therefore, the carrying out of a contingent capital increase for the purpose of "covering" the subscription rights attaching to the issued convertible bonds is mandatorily connected with an intrinsic exclusion of the subscription rights of the shareholders.

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The use of own shares for issuing them to creditors of convertible bonds that have made use of a privilege granted to them to exchange them for or to subscribe to shares of the company, and the exclusion of the subscription rights of the shareholders that is indirectly connected therewith is therefore justified in the opinion of the Management Board as an alternative to the carrying out of a contingent capital increase.

Summary:

Subject to the conditions described in this report being met, the exclusion of subscription rights effected indirectly by the alienation of own shares is necessary, justified and commensurate in the opinion of the Management Board.

For the reasons set forth above, the Management Board shall therefore be authorised by the General Meeting in accordance with sec. 65 para. 1b of the Stock Corporation Act to alienate own shares in a way other than by sale via the stock exchange or by public offer or otherwise dispose of such own shares of the company in the way shown in this report (as consideration for a contribution in kind, in case of the acquisition of enterprises or shares in companies, by offering and allotting shares to executives and Management Board members of the company and its affiliated companies or by issuing them to holders of convertible bonds).

Vienna, May 2012