

**Willkommen zur Hauptversammlung!**  
**Welcome to the Annual General Meeting!**

**26 June 2013**

## First item on the agenda

Presentation of the approved annual financial statements and management report, and the consolidated financial statements and consolidated management report each as at 31 December 2012, the proposal for the utilisation of profit and the report of the Supervisory Board for the 2012 financial year as well as the Management Board's corporate governance report

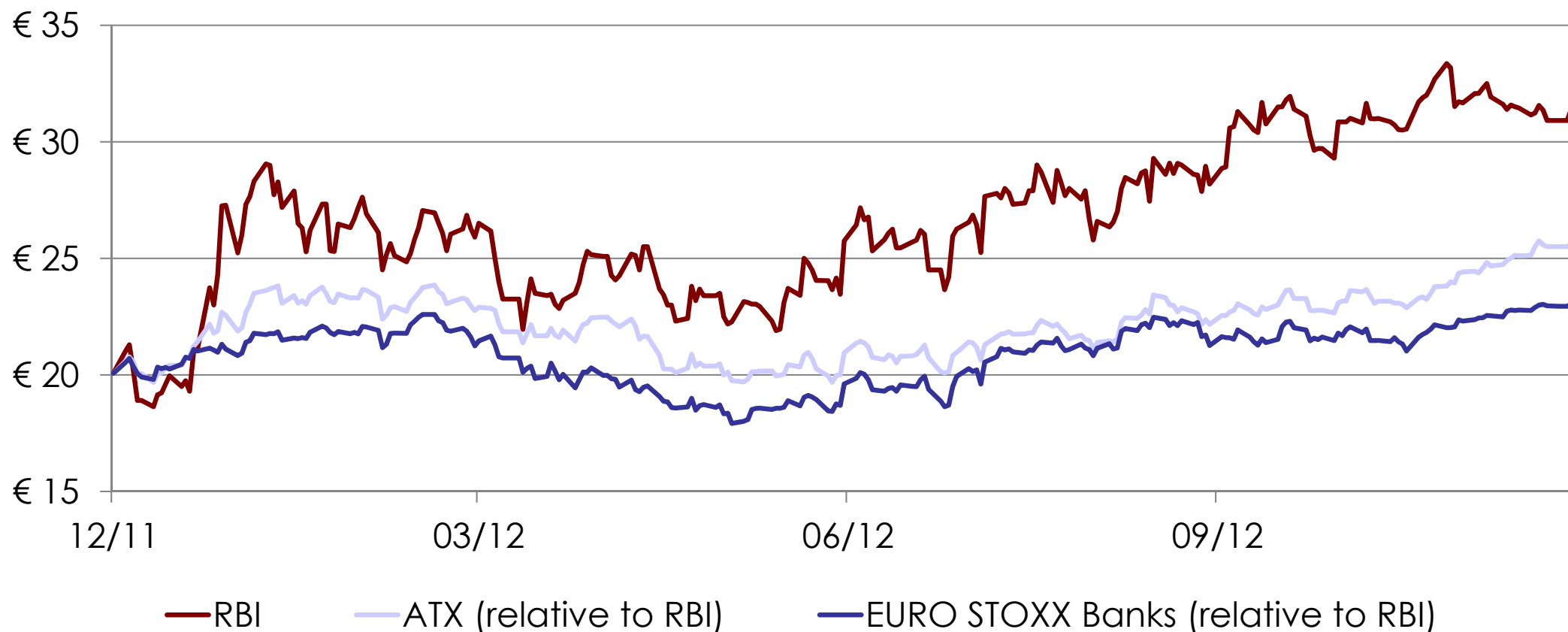
# Report of the Management Board

Karl Sevelda – Chief Executive Officer

- **EUR 3,472 mn of net interest income**  
(down 5.3% y-o-y)
- **EUR 5,140 mn of operating income (goodwill impairment excluded)**  
(down 6.1% y-o-y)
- **EUR 3,264 mn of general admin. expenses**  
(up 4.6% y-o-y)
- **EUR 1,009 mn of net provisioning for impairment losses**  
(down 5.1% y-o-y)
- **EUR 1,032 mn of profit before tax increased**  
(down 24.9% y-o-y)
- **EUR 725 mn of consolidated profit**  
(down 25.0% y-o-y)

- **9.7% ROE before tax**  
(13.7% in FY 2011)
- **9.8% NPL ratio**  
(up 1.2PP compared to FY 2011)
- **67.0% coverage ratio**  
(down 1.4PP compared to FY 2011)
- **EUR 83.3 bn Loans to customers**  
(up 2.2% compared to FY 2011)
- **10.7% Core Tier 1 ratio (total risk)**  
(up 1.6PP compared to FY 2011)
- **11.2% Tier 1 ratio (total risk)**  
(up 1.3PP compared to FY 2011)

# Share price development 2012



Index basis: EUR 20.1

■ **Dividend proposal** of EUR 1.17 per share

■ **Ex dividend date & dividend payment** on 3. July 2013

## Strategic Framework

- **Universal bank** with a large client base and a comprehensive product platform
- **Organic development** in our home market CEE (including Austria), no further regional expansion envisaged, niche player in Asia
- **Unified risk management** and **diversification** to avoid concentration risks (e.g. assets, liquidity)
- **RZB** as a dedicated **core shareholder**
- **Active management of resources**

## Business Focus

- Offering comprehensive financial services for **corporate and retail customers**
- **Corporate:** Group-wide client account planning, focusing on capital and liquidity light products
- **Retail:** Further roll out of premium and private banking solutions and standardization of mass market products
- **Capital markets:** Focus on capital light products to corporates and financial institutions. Very limited proprietary business



## A Leading Bank in CEE (incl. Austria)

- **Extensive CEE network** and **well recognised** brand
- **Strong position** in strategically important and resilient **Russian and Polish** markets
- **Diversified** and **profitable business model** with established track record

# Strong Network and Market Positions

- Central Europe (CE)
- Southeastern Europe (SEE)
- Russia
- CIS Other

Hungary  
# 5

Slovakia  
# 3

Slovenia  
# 10

Czech Republic  
# 5

Poland  
# 6

Austria  
# 3

Ukraine  
# 4

Belarus  
# 6

Russia  
# 10

Romania  
# 3

Bulgaria  
# 3

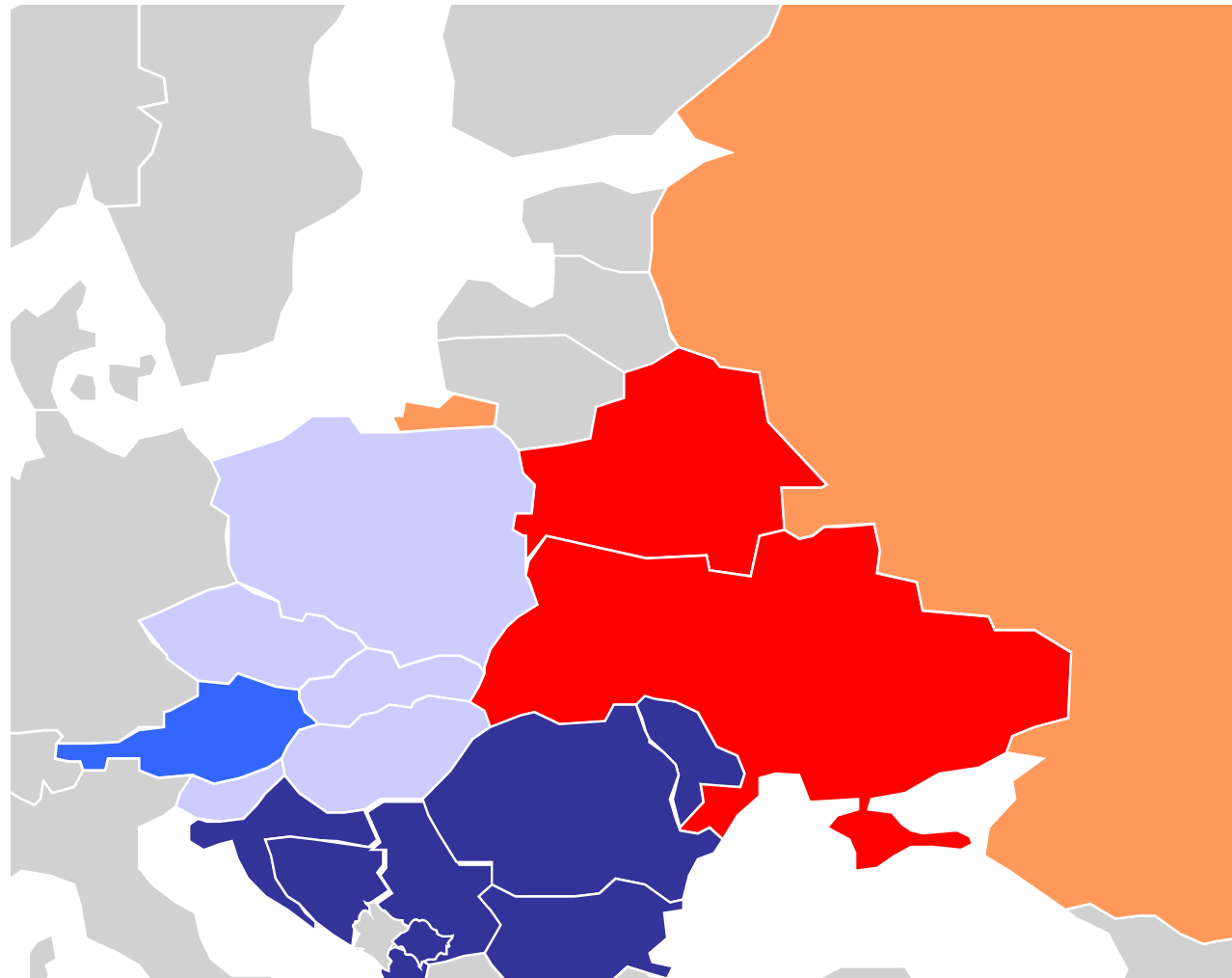
Serbia  
# 5

Kosovo  
# 2

Croatia  
# 5

Bosnia and Herz.  
# 2

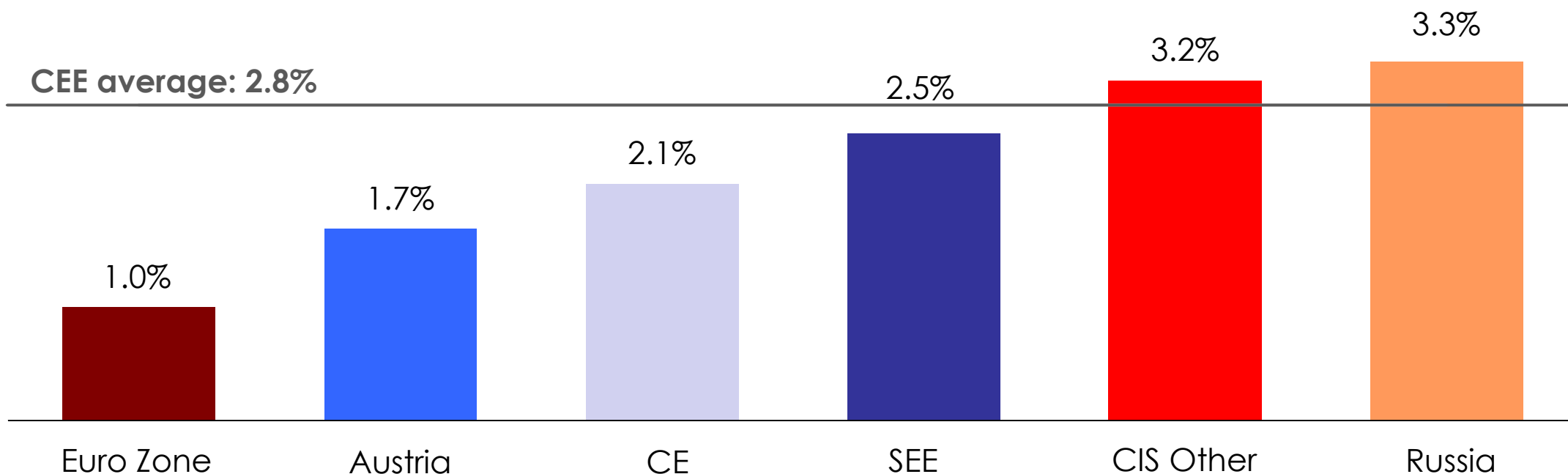
Albania  
# 1



Comment: Position based on the loans and advances to customers as of Q1 2013

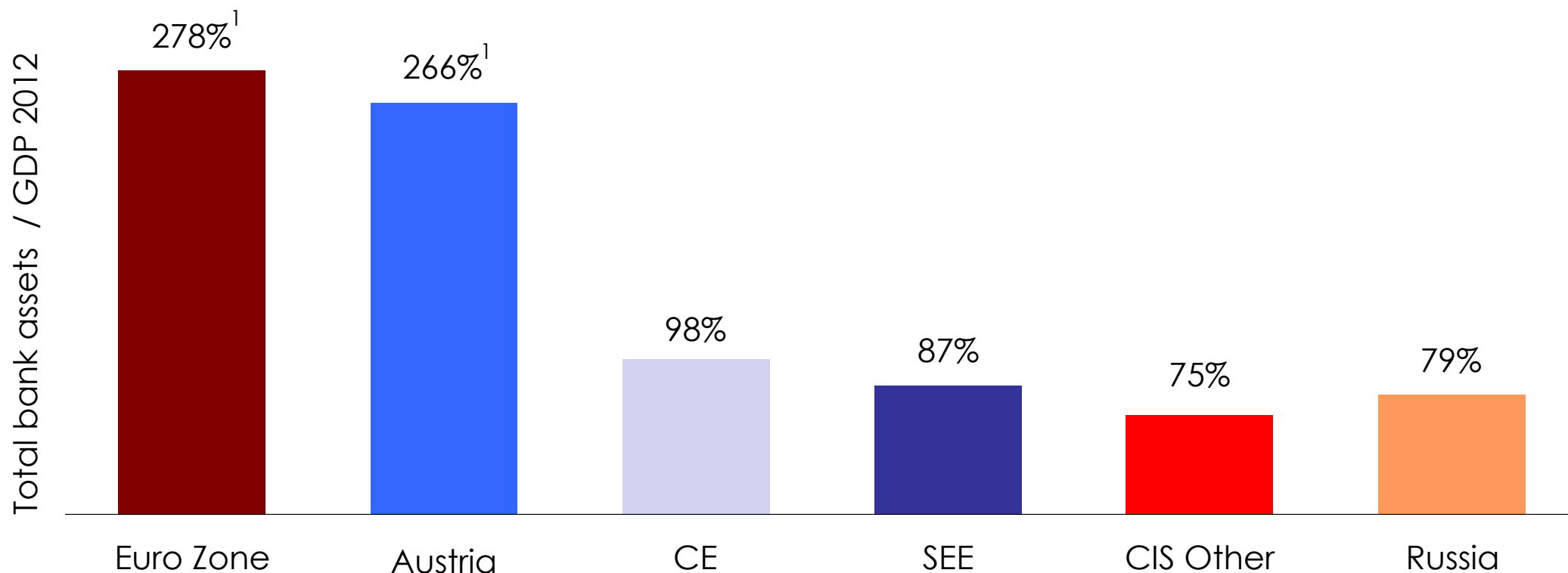
- **Gradual recovery in CEE expected in second half of 2013**, support from decreasing central bank rates and stronger-than-expected growth in Germany
- **Macro-financial position of CEE countries improved in recent years** (e.g. lower external imbalances, sound fiscal positions), **large parts of external refinancing needs for 2013 already covered**
- **Poland and Slovakia** broadly in line with developments in “core” Eurozone countries in 2013
- **Modest recovery during 2013 in SEE** due to early structural reforms (compared to Eurozone periphery)
- **Russia:** Moderate economic growth, given fiscal tightening and limited export growth potential

# Resilient CEE Growth Despite Global Turbulence (1/2)



- **Positive growth differential between CEE and Eurozone** seen at around 2PP in the coming years with strong convergence potential
- **CEE loan growth** softened in second half of 2012 from 20% y-o-y to around 11% y-o-y (LCY-terms), however, strong outperformance vs. Eurozone loan growth (by around 10-15PP) continues

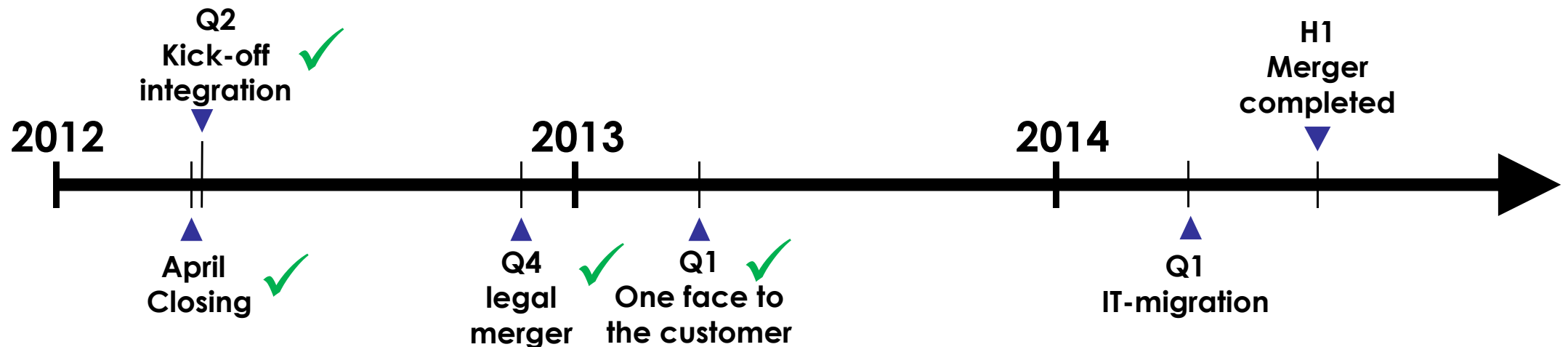
# Resilient CEE Growth Despite Global Turbulences (2/2)



1) Adjusted for interbank loans

- **High potential** for increasing financial intermediation in CE and Russia, solid growth outlook for SEE and CIS Other countries

# Overview Polbank Integration Process



## Clear Integration Milestones

- Legal merger: successfully closed
- One face to the customer
- IT migration in 2014

## Execution Fully on Track

- Rebranding successfully concluded
- Optimization of distribution network
- EUR 50-60 mn of cost synergies

## Business Initiatives with Focus on Revenues

- Improve profitability of customer base
- Strengthening consumer lending as well as credit card and insurance business
- Improvement of fee income

## Hungary – Results and Main Developments in 2012

- Losses reduced by more than 50% to EUR 162 mn y-o-y. Further reduction expected for FY 2013
- Risk provisions reduced by 50% to EUR 241 mn y-o-y
- Loan to deposit ratio improved to 106% from 122% (FY 2011)
- Total loans decreased by 6%,
- Tight cost management in place: general admin expenses decreased by 9% y-o-y
- customer satisfaction increased

## Status and Outlook

- Centralization of back-office processes in a shared service center reduced respective personnel expenses by 30%
- Reduction of headcount since 2008 by 1,200 or 29%
- Corporate business to focus on export-oriented customers
- Further streamlining of retail network

- In the context of the expected overall economic developments, particularly in CEE, we are aiming for a **return on equity before tax of around 15 per cent** in the **medium term**. This is excluding any capital increases, as well as unexpected regulatory requirements from today's perspective.
- In 2013, we plan to **slightly increase loans and advances to customers**. Given the outlook for interest rates, we aim to **maintain the net interest margin at the level of the previous year**. From the customer standpoint, we plan to **retain our Corporate Customers division as the backbone** of our business and in the medium term to **expand** the proportion of business volume accounted for by **our Retail Customers division**.



- In light of the economic prospects, the situation remains tense in several of our markets. In 2013, we therefore expect a **similar net provisioning requirement** as in the **previous year**.
- In 2013, we will once again pay **increased attention to cost development**. We expect a **flat or slightly increasing cost base**, particularly due to the **first-time full year consolidation of Polbank**.
- Against the backdrop of a permanently changing regulatory environment and further strengthening of our balance sheet structure we are continuously **evaluating the level and structure of our regulatory capital** to be able to act promptly and flexibly. Depending on **market developments**, a **capital increase** also continues to be a **possible option**.

# Financial Data

**Martin Grüll – Chief Financial Officer**

# Overview of Key Financials

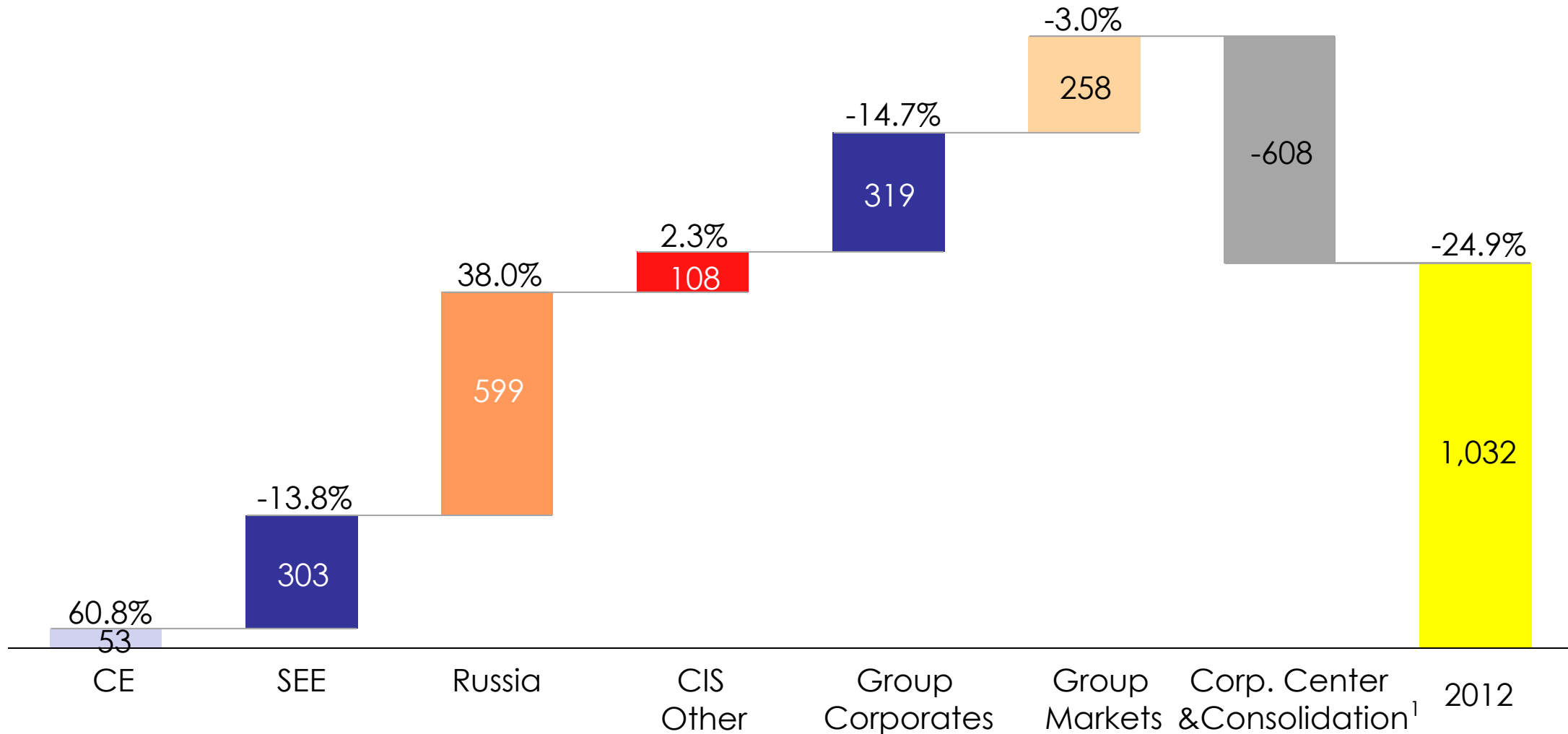
in EUR mn	FY 2011	FY 2012	y-o-y
Net interest income	3,667	3,472	-5.3%
Net fee and commission income	1,490	1,516	1.8%
Net trading income	363	215	-40.9%
<b>Operating income<sup>1</sup></b>	<b>5,475</b>	<b>5,140</b>	<b>-6.1%</b>
General admin. expenses	-3,120	-3,264	4.6%
<b>Operating result</b>	<b>2,355</b>	<b>1,876</b>	<b>-20.3%</b>
Provisioning for imp. losses	-1,064	-1,009	-5.1%
<b>Profit before tax</b>	<b>1,373</b>	<b>1,032</b>	<b>-24.9%</b>
<b>Consolidated profit</b>	<b>968</b>	<b>725</b>	<b>-25.0%</b>

- **NIM** down 24 bps y-o-y to 2.66% driven by excess liquidity especially impacting the first half of the year
- **General admin. expenses** up 4.6% due to the first time consolidation of Polbank
- **Provisioning** down another 5.1%
- **Consolidated profit** down 25.0% due to lower income and negative one-offs on the cost side

Comment: 1) Excluding goodwill impairment

# Annual profit before tax per segment

in EUR mn



Note: percentage change y-o-y

1) Due to the mostly internal nature of Corporate Center amount is netted with Reconciliation for illustration purposes

# Overview of Balance Sheet

in EUR bn	31.12.2011	31.12.2012	y-o-y
Total assets	146,985	136,116	-7.4%
Loans and advances to banks	25,748	22,323	-13.3%
Loans and advances to customers	81,576	83,343	2.2%
Deposits from banks	37,992	30,186	-20.5%
Deposits from customers	66,747	66,297	-0.7%
Equity	10,936	10,873	-0.6%

## Assets

- Strong **decline in excess liquidity**
- **Financial investments down**, driven by the sale of financial securities
- **Increase** in receivables from clients due to **retail business** (Polbank consolidation, Russia)

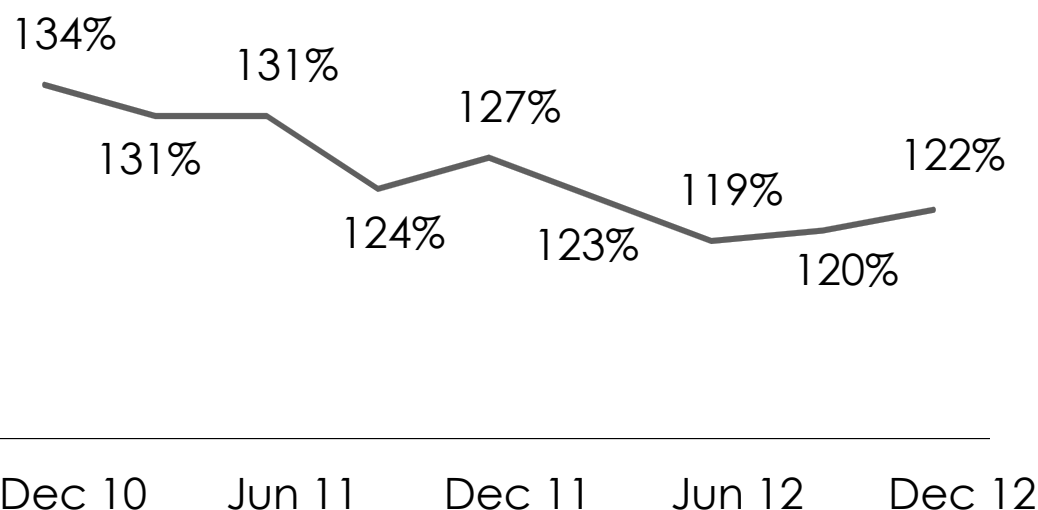
## Liabilities

- **Interbank business** strongly decreased
- **Deposits from customers down** EUR 0.5 bn due to lower volumes in the Repo business

	31.12. 2011	31.12. 2012
Tier 1 ratio (total risk)	9.9%	11.2%
Core Tier 1 ratio (total risk)	9.0%	10.7%

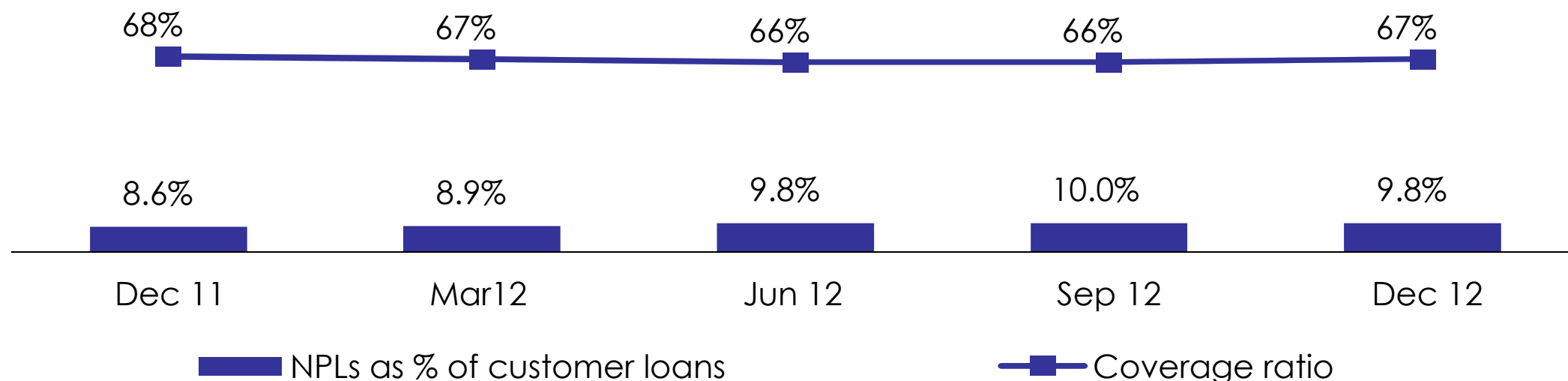
- **Core Tier 1 ratio** increased to 10.7% mainly due to lower total own funds requirement
- **IFRS equity** down EUR 63 mn or 0.6% due to minority buyouts
- Good **access to capital markets**
- **Loan-to-Deposit ratio** improved from 127% to 122%

## Loan-to-Deposit Ratio



# NPL Ratio Development in FY 2012

## NPLs as % of Customer Loans and Coverage Ratio



- **NPLs** up by 1.2PP since end of 2011
- **Coverage ratio** down 1.4PP to 67.0% y-o-y
- **Net provisioning ratio** improved from 1.34% to 1.21% y-o-y
- **Loan loss provisioning** down 5.1% or EUR 55 mn y-o-y

- **EUR 157 mn of consolidated profit for the period**  
(down 71.0% y-o-y)
- **EUR 865 mn of net interest income**  
(down 1.2% y-o-y)
- **EUR 1,302 mn of operating income**  
(up 0.5% y-o-y)
- **EUR 788 million general admin. expenses**  
(up 4.6% y-o-y)
- **EUR 220 mn of net provisioning for impairment losses**  
(up 43.7% y-o-y)
- **EUR 251 mn of profit before tax for the period**  
(down 63.4% y-o-y)



- **9.2% ROE before tax**  
(down 15.9PP y-o-y)
- **60.5% Costs/income ratio**  
(up 2.3PP y-o-y)
- **10.6% Core Tier 1 ratio (total risk)**  
(down 0.1PP compared to FY 2012)
- **9.9% NPL ratio**  
(plus 0.1PP compared to FY 2012)
- **67.5% Coverage ratio**  
(up 0.5PP compared to FY 2012)

## Second item on the agenda

Resolution on the utilisation of net profit,  
as shown in the annual financial statements  
as at 31 December 2012

## Third item on the agenda

Resolution on the release of the members  
of the Management Board from liability  
for the 2012 financial year

## Fourth item on the agenda

Resolution on the release of the members  
of the Supervisory Board from liability  
for the 2012 financial year

## **Fifth item on the agenda**

Resolution on the amount of remuneration  
to be paid to members of the Supervisory Board  
for the 2012 financial year

## **Sixth item on the agenda**

Appointment of an auditor (bank auditor)  
for the audit of the annual financial statements  
and consolidated financial statements  
for the 2014 financial year

# Seventh item on the agenda

Elections to the Supervisory Board

## **Eighth item on the agenda**

Resolution on revoking the authorisation pursuant to sec. 169 of the Stock Corporation Act (authorised capital) granted to the Management Board, and on the authorisation to create new authorised capital in return for contributions in cash and/or in kind and to exclude the subscription right, and on the relevant amendments to the Articles of Association



## Ninth item on the agenda

Resolution on granting a new authorisation to issue convertible bonds pursuant to sec. 174 para. 2 of the Stock Corporation Act and excluding the subscription right

## Tenth item on the agenda

Resolution on revoking the conditional increase of capital (conditional capital) and on creating new conditional capital and on the relevant amendments to the Articles of Association

## **Eleventh item on the agenda**

Resolution on granting authorisation for a  
Share Transfer Programme for the members  
of the Management Board

# Questions and Answers

**26 June 2013**

## Contact Details

### Susanne E. Langer

Head of Group Investor Relations  
Spokesperson

Raiffeisen Bank International AG

A-1030 Vienna, Am Stadtpark 9

Tel.: +43 1 71707 2089

Fax: +43 1 71707 2138

[ir@rbinternational.com](mailto:ir@rbinternational.com)

[www.rbinternational.com](http://www.rbinternational.com)

## Financial Calendar

Date	Event
3 July 2013	Ex-Dividend and Dividend Payment Date
8 August 2013	Start of Quiet Period <sup>1</sup>
22 August 2013	Semi-Annual Report, Conference Call
13 November 2013	Start of Quiet Period <sup>1</sup>
27 November 2013	Third Quarter Report, Conference Call

1) Quiet Period: Two-week period before the publication of the quarterly financial statements and a four-week period before the publication of the annual report. During this period we do not hold investor or analyst meetings.

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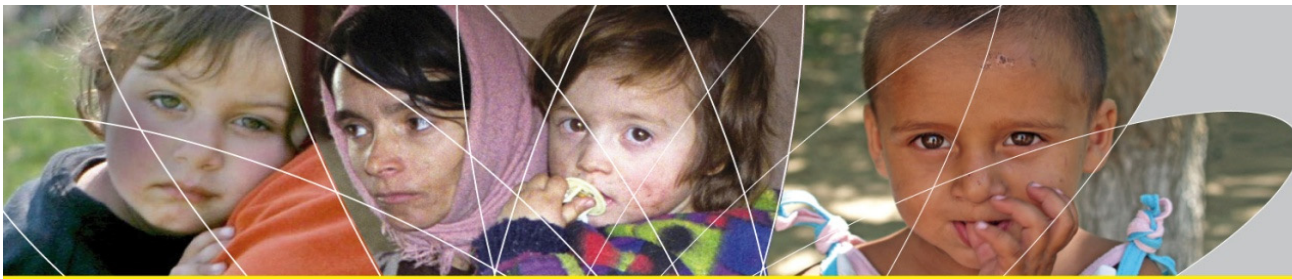
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