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RAIFFEISEN BANK INTERNATIONAL AG
Report of the Management Board pursuant to sec. 153 para. 4 of the Stock Corporation Act *(Aktiengesetz, AktG)* in conjunction with sec. 169 and sec. 170 para. 2 of the Stock Corporation Act for resolving on item 8 of the agenda of the ordinary General Meeting of shareholders to be held on 26 June 2013 (authorisation to exclude the subscription right)

With agenda item 8, the Management Board and the Supervisory Board propose to the ordinary General Meeting of shareholders of Raiffeisen Bank International AG to revoke the authorisation of the Management Board granted by the ordinary General Meeting of shareholders of the Company of 8 June 2011 for the creation of authorised capital pursuant to sec. 169 Stock Corporation Act while safeguarding subscription rights and to replace same with new authorised capital. The authorised capital resolved in 2011 was not utilised.

In the course of this ordinary General Meeting of shareholders, the Management Board shall now be authorised again pursuant to sec. 169 of the Stock Corporation Act, within five years after the entry of the relevant amendments to the articles of association into the company register to increase, with the consent of the Supervisory Board, the share capital, if necessary in several tranches, by up to EUR 298,145,314.10 by issuing up to 97,752,562 new ordinary voting bearer shares in return for contributions in cash and/or in kind (also by way of an indirect subscription right through a credit institution pursuant to sec. 153 para. 6 of the Stock Corporation Act), and to determine the issue price as well as the issue terms in agreement with the Supervisory Board. Furthermore, the Management Board is to be authorised to exclude the statutory subscription right of the shareholders with the consent of the supervisory board (i) if the capital increase is in return for a contribution in kind or (ii) if the capital increase is in return for a contribution in cash and the shares issued with an exclusion of the subscription right in total do not exceed 10% (ten per cent) of the share capital of the Company (exclusion of the subscription right).

In the opinion of the Management Board, the exclusion of the subscription right in connection with the resolution authorising the creation of authorised capital is in the predominant interest of the Company, but is also – at least indirectly – in the interest of the Company's existing shareholders.

Pursuant to the applicable legal provisions, the Management Board submits the following report with respect to the legal and commercial reasons of and justification for the exclusion of the subscription right.

1. Strengthening of the capital structure by an accelerated allotment of shares

By reason of regulatory requirements and the market environment subjected to lasting changes by the financial crisis, the matter of own funds of banks and financial institutions is being ascribed increased importance; within the different categories of own funds in the meaning of banking law, share capital as "hard equity" clearly has the most weight, since other categories of own funds are either no longer recognised at all, or only to a limited extent.

The proposed authorisation to create authorised capital in this context is to be understood as a preparatory measure to secure the further strengthening of the Company's basis of own funds. Furthermore, this authorisation serves the purpose of enabling the Company, in special circumstances and with consideration of the available options for taking action, to take up financial resources on the capital market in the short term in the form of cash contributions in return for the issue of shares. The review and exhaustion of all available possibilities for the strengthening of the share capital and of own funds required therefor, in the opinion of the Management Board, is necessary already by reason of commercial prudence in the interest of the Company and its shareholders.

The situation of the capital market requires the Company to be able to react quickly and flexibly to a favourable market environment. With the authorisation to partially exclude the subscription right in case of a capital increase in return for contributions in cash, the Company receives the required flexibility to utilise favourable market conditions for a capital increase. With a partial exclusion of the subscription right, the Company would be put in a position of utilising the advantages of accelerated bookbuilding and thereby also to significantly reduce the placement risk associated with the execution of a capital increase. With accelerated bookbuilding, the Company is able to evaluate the price expectations of the market during a short offer period more exactly and quicker as would be possible technically in the scope of a mere rights issue, in the case of which the issuer must comply with a subscription period of at least two weeks in order to comply with applicable law, with the issue price being determined only in the course of such subscription period. By reason of the processing period of a rights issue, not only may the Company thus be exposed to speculative forward sales, reducing the issue price aimed at by the Company for the capital increase, but exactly in a market environment which is unsecure and volatile with respect to macroeconomic factors, market-related price risks may result to the Company's disadvantage.

With access to accelerated bookbuilding the risk that the conditions fixed turn out no longer to be in line with market conditions by the time of actual placement can be minimised. Experience shows that market evaluations definitely may be subject to very significant changes during the statutory two-week subscription period. In case of an issue with a partial exclusion of the subscription right, the Company on the other hand is able relatively quickly and flexibly to determine an issue price optimised as far as possible having regard to actual market conditions and to utilise same for a capital increase.

In addition, international practice has shown that with accelerated bookbuilding itself, as a rule, better conditions can be achieved as would be the case otherwise, since by reason of the immediate placement thus made possible, market risk factors are eliminated, which otherwise are taken into account by institutional investors as a price reducing factor at the Company’s expense. Furthermore, transaction security is increased additionally in such case, since for institutional investors a rights issue is associated with uncertainty with respect to the exercise of subscription rights (clawback risk), which may often put at risk a successful placement with institutional investors. In case of every purchase order made prior to the end of the subscription period, which still is subject to uncertainty as to actual allotment, institutional investors will implicitly assume an option in favour of the existing shareholders, which is expressed in a lower issue price at the Company’s expense by reason of a price reduction due to the exposure. A partial exclusion of the subscription right in case of a capital increase for contributions in cash would, however, reduce this clawback risk, since not the entire allotment would be dependent on the exercise of the subscription right, so that consequently the issue price reduction by investors would be reduced. In case of an exclusion of the subscription right, it is therefore possible with a correct evaluation of market conditions, to generate comparatively more financial resources for the Company with a lower exposure of the Company to reductions deducted from the issue price by institutional investors by reason of the clawback risk.

With a partial exclusion of subscription rights, the Company further has the possibility of contacting an institutional investor, or a selection thereof, who is/are to undertake to subscribe to a certain amount of shares (so-called "anchor investor"). By the possibility of promising a fixed allotment to these investors, the issue price realisable for the Company, as has already been shown, is increased as a rule, on the one hand; on the other hand, the positive signal effect of a fixed placement of shares with and subscription to shares by an anchor investor as a rule also will increase transaction security for a subsequent rights issue to the advantage of the Company.

In this manner, through the possibility of applying accelerated bookbuilding and/or by the fixed placement of shares with one or several anchor investor(s), the Company will be put into a position to flexibly determine attractive issue conditions at an optimal point in time from the Company’s position, and thereby to optimise the financing conditions of a capital increase in the interest of all shareholders. At the same time, a partial exclusion of subscription rights enables the Company to react relatively flexibly to the usual terms and practices of the international financial markets.

2. New circle of investors and financing character

Exactly the last years have shown that it is important and that it also may be necessary in certain factual constellations to ensure that suitable financial resources in the form of new share capital be quickly available to the Company.

A capital increase effected as a mere rights issue makes the placement of larger share packages with institutional investors significantly more difficult and can in certain circumstances also lead to required financial resources not becoming available to the Company or, at any event, not sufficiently quickly. The exclusion of the subscription right in case of a capital increase in return for cash contributions also makes it possible, however, to approach strategic or institutional financial investors prepared to make equity available quickly in order to so broaden or stabilise the Company's investor basis.

A share issue effected as a mere rights issue requires a corresponding documentation and involvement of authorities (issue and approval of a prospectus), so that a longer preparatory period is associated with the issue of new shares in the scope of a prospectus issue. Therefore, without an exclusion of the subscription right it is not possible for the Company to cover financing requirements quickly and on a short-term basis also with the supply of additional own funds. This, and also the compliance with the minimum subscription period of two weeks for the investors provided in such is an obstacle to the quick and flexible raising of financial resources.

Capital increases up to a portion of 10% of the share capital which are directed exclusively at qualified investors may, however, be issued, with appropriate structuring, also without a prospectus. With the choice of such a transaction structure directed exclusively to strategic or institutional financial investors and avoiding the issue of a prospectus, in particular considerable time and expense could be saved. A capital increase of this extent also makes it possible to admit the new shares for trading immediately following the issue, since the Austrian Stock Exchange Act (*Börsegesetz*) does not require a listing prospectus for an issue of less than 10% of the listed shares within 12 months.

Without the necessity of preparing a prospectus, the Company would be able to raise capital quickly and flexibly. By reason of there being no requirement to prepare a prospectus, furthermore the issuer's liability risks necessarily associated therewith would be reduced in comparison to a prospectus issue.

The partial exclusion of subscription rights in case of a capital increase in return for contributions in cash thus enables the Company in case of financing needs to directly and quickly approach strategic investors or an entirely new circle of institutional financial investors, and to raise any required financial resources not exceeding 10% of the share capital comparatively quickly and at low expense.

In light of the liquid market for shares and the limitation of an exclusion of the subscription right to a portion of a maximum of 10% of the share capital, a dilution of shareholders in light of their share in the value of the enterprise and their voting rights would be confined to reasonable limits. The shareholders interested in maintaining the quota of their equity interest could acquire the appropriate number of shares of the Company on the stock exchange. For this reason, also German stock corporation law generally regards an exclusion of the subscription right to this extent to be admissible.

In summary it can thus be noted that without the need for the protracted and therefore also costly handling of the subscription right, a possible financing requirement of the Company – limited, however, to the volume of 10% of the share capital – may be covered very quickly and effectively, which is not only in the interest of the Company but, due to the reasons stated above, also in the interest of all shareholders.

3. More room to manoeuvre in case of contributions in kind

The Management Board also is to be authorised to exclude fully or in part, with the consent of the Supervisory Board, the subscription right of shareholders in case of a capital increase in return for contributions in kind.

The possibility of excluding the subscription right is to put the Management Board into the position to acquire, in suitable cases, enterprises, businesses, business units or shares in companies or other assets in return for a grant of shares of Raiffeisen Bank International AG.

Since the possibility of future transactions of strategic importance, depending on the market situation and the future development of the enterprise, is not to be excluded, it may be advisable or necessary in case of the acquisition of enterprises, businesses, business units or shares in companies or other assets to use, or issue, shares of the Company as consideration, in order to either pay out shareholders of the respective target company or, if the seller prefers, to receive shares of Raiffeisen Bank International AG instead of cash.

Depending on the situation it is therefore conceivable that, by granting shares of the Company, transactions of strategic importance will either be made possible in the first place or a more favourable purchase price will be achieved than with cash payment. Furthermore, the liquidity requirements of such a transaction would at any rate be reduced and the implementation of the transaction would be speeded up as new capital can be obtained quickly by means of a capital increase in return for contributions in kind with an exclusion of the subscription right.

Another possibility is that owners of a target company contribute their equity interest to Raiffeisen Bank International AG as a contribution in kind and receive new shares as consideration for such contribution.

Especially a contribution in kind as a rule requires 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.

4. Summary / balancing of interests

The proposed exclusion of the subscription right is objectively justified by the objectives aimed at, namely in particular the possibility of strengthening the capital structure through accelerated allotment of shares and thereby to ensure a further strengthening and improvement of the competitive situation of the Company in the interest of the Company and of the shareholders.

The Management Board of the Company expects that the advantage to the Company from the issue of authorised capital with a partial exclusion of the subscription right will also benefit all shareholders, since the strengthening of the capital base of the Company will have the potential of securing the value of existing investments of the shareholders in the risk capital of the Company. In addition, the exclusion of the subscription right provides the possibility of achieving a higher issue price.

Moreover, the exclusion of the subscription right is also reasonable and necessary, since without the exclusion of the subscription right the Company would not be able to receive, with comparable speed and flexibility, financial resources securing the realisation of the planned business targets for the benefit of the Company and, connected therewith, also of all shareholders. The exclusion of the subscription right also may provide the possibility for the quick execution of a capital increase without the protracted and costly preparation of a prospectus.

From the Management Board's point of view, the exclusion of the subscription right moreover is proportionate, since in case of a capital increase in return for contributions in cash, the exclusion of the subscription right would be limited to a portion of the share capital of a maximum of 10%. With that, a dilution of shareholders in relation to their equity interest in the enterprise value and their voting rights also would be limited correspondingly. With reference to German law, at this scale and in particular in case of liquid shares traded at an exchange, it is assumed that the dilution of shareholders is permissible.

In case of a capital increase in return for a contribution in kind, the exclusion of the subscription right is objectively justified, since, in case of an acquisition of a business or shares of a company, it allows the authorised capital to be used as consideration for a contribution in kind, which naturally cannot be raised in this form, in the same manner, by other shareholders.

In summary, and weighing all circumstances reviewed, it can be found that the exclusion of the subscription right within the limits described is necessary, suitable, reasonable and objectively justified and required in the prevailing interest of the Company.

Vienna, May 2013

The Management Board
of
Raiffeisen Bank International AG