Raiffeisen Bank International

- The spoken word prevails -

Speeches for Annual General Meeting

Karl Sevelda, CEO of RBI

Ladies and Gentlemen,
Valued Shareholders,

I would like to thank you for your interest, and am happy to welcome you to the Annual General Meeting of Raiffeisen Bank International AG, to inform you about the developments in 2015.

However, before I talk about the 2015 financial year, I would like to address a topic which has been prominent in the media coverage of RBI in recent weeks: the evaluation of a merger with Raiffeisen Zentralbank.

Ladies and Gentlemen,

As a listed company we were legally obliged to publish information about our strategic considerations, and this project in particular, at a very early stage - specifically, at the start of the evaluation phase - prior to any decisions being made. As a result of making the information public at this early stage, we were only able to provide very limited details. Today, we are only several weeks into an extensive evaluation process, and are not yet in a position to provide definitive answers. There have still been no resolutions passed by the respective management bodies. I would, however, like to assure you today - also on behalf of my colleagues on the Board - that we are pursuing the clear goal of increasing shareholder value for RBI shareholders. I would like to explain why we are considering a merger, and to inform you about the main processes involved in the project. In addition, I would like to provide you with an overview of the timeline for a potential merger:

I believe that a potential merger of RZB and RBI could, under certain conditions, also be in the interests of minority shareholders. It would lead to greater transparency, more efficient capital planning and better capitalization of the entire RZB credit institution group, of which RBI - and formerly RI from the beginning - is a part. Further advantages would be a more balanced business model, synergies, albeit on a limited scale, faster decision-making processes and streamlining of communications with the regulatory authorities.

In the past, RBI - as the largest holding and a fully-consolidated part of RZB Group - took the capital situation of RZB into consideration in its capital planning. A merger would considerably simplify the capital planning process. The negative impact on RZB Group capital from the minority deduction would in the medium term be substantially reduced.

This is the hypothesis with which we entered the evaluation phase. In the coming weeks, this hypothesis will be thoroughly examined. The RBI board will of course take the well-being of the company into consideration. The interests of the free float and complete transparency are key factors in the evaluation phase that is now under way.

What would be the technical process for a possible merger?
It would involve integration of RZB into RBI and would not affect RBI's stock exchange listing. The former RZB shareholders would exchange their RZB shares for RBI shares. At this point in time, the exchange ratio has not yet been determined. In order to execute a merger, there would be an increase in the capital of RBI, so that an adequate number of RBI shares could be allocated to the former RZB shareholders. This capital increase would purely be for the purpose of executing the merger. The subscription rights of the other

shareholders would therefore be excluded. The determination of the company valuations of RZB and RBI is essential for establishing the exchange ratio. In order to ensure that the valuation is carried out in a transparent way, in accordance with national standards and international valuation methods, the boards of RZB and RBI will separately employ the services of well-established external accounting firms.

The RBI Board has also engaged the services of a well-known international investment bank. This is in relation to ongoing advisory services as well as a final fairness opinion. We also know that the independent supervisory boards plan to employ the services of a separate investment bank, in order to satisfy themselves as to the fairness of the transaction. In addition to a well-established law firm, we will also engage further specialists if required, in order to ensure that the process is conducted with maximum diligence.

Following the evaluation phase, should we decide to proceed with this project in the interests of the company, subsequent to establishment of the exchange ratio for the shares and a detailed merger report by the management boards of the companies participating in the merger, the fairness of the exchange ratio for the shares will be reviewed by an independent merger auditor appointed by the court. Additionally, a review of the merger is undertaken by the supervisory boards.

We intend to bring an end to the current uncertainty as quickly as possible, and swiftly bring the evaluation phase to a conclusion. Our shareholders, customers and employees deserve clarity.

Please allow me to outline, by way of initial indication, the timeline for a potential merger.

Currently, the extensive evaluation process is under way, which we aim to conclude by September this year if possible. The evaluation phase covers examination of all transaction parameters in their entirety, including the potential financial and technical capital benefits, valuation, the legal aspects and capital market considerations, forming the decision-making basis for our committees. We will publish the result of the evaluation promptly and in a comprehensive form.

In the event that the committees of both companies conclude that a merger is in the interests of both companies concerned and their shareholders, the merger will be proposed to the respective shareholders in an extraordinary general meeting - which would be expected to take place around the year-end. Authorization of the potential merger would require a resolution to be passed by 75 per cent of the share capital present.

I will keep you fully informed about the evaluation phase that is under way and its results, and maintain a dialog with you as shareholders. As some of you may be less familiar with RZB than with RBI, I would like to give you an overview of RZB:

RZB is the largest shareholder of RBI, with a stake of approximately 60.7 per cent. It is the central institution of the Raiffeisen Banking Group Austria and acts as the central holding company of the RZB Group subsidiaries. RZB's largest holding is RBI. As of the end of 2015, RZB also held around one third of the shares in UNIQA, the second-largest insurance group in Austria. Other large RZB equity participations include Raiffeisen Capital Management, Raiffeisen Leasing, Raiffeisen Bausparkasse and a range of other companies. As of the end of 2015, RZB had 235 employees in Vienna. The main business areas of RZB comprise the management of its equity participations, provision of services to the Raiffeisen Banking Group and liquidity management. RZB AG is majority owned by the Raiffeisen Regional Banks, which hold around 90 per cent of the shares. Its largest shareholder is Raiffeisenlandesbank Niederösterreich-Wien, which directly and indirectly holds approximately 34.7 per cent.

Total assets of RZB AG stood at around 18.3 billion euros as of the end of 2015. Over half of the assets were made up of cash reserves, liquid securities and loans to banks. Shares in subsidiary companies accounted for 5.4 billion euros of total assets. Loans to customers primarily comprise loans to entities within the RZB Group, and only equate to around 6 per cent of total assets. Detailed information on RZB is provided in a fact book which can be found on RZB's home page.

Ladies and Gentlemen,

I will now move on to the summary of the last financial year.

In the face of a difficult operating environment, the financial year was satisfactory. We returned to profitability, significantly increased capitalization levels and improved the risk profile of RBI. The majority of our markets have stabilized, resulting in a substantial reduction in risk costs on a year-on-year basis. We have made good overall progress with our transformation program, which we introduced last year. In Poland, it is unfortunately a difficult environment in which to execute a sale, but I am confident that we will also arrive at a good solution there. I will go into more details about our transformation program later. But beforehand, I would like to give you an overview of the annual results and the key figures.

As you will have seen in our annual results publication, in 2015 RBI underwent a routine examination by the Austrian Financial Reporting Enforcement Panel. The examination covered the RBI 2014 consolidated financial statements and the 2015 semi-annual report. The reallocation of 124 million euros in expenses led to a restatement of the 2014 consolidated loss to 617 million euros. Consequently, these expenses were not included in the 2015 consolidated financial statements. When I refer to the 2014 financial year, this always relates to the restated numbers.

.

- Net interest income was down significantly year-on-year, by 12 per cent to 3,327 million euros. This was primarily due to the interest rate environment, under which all European banks are suffering. But of course the planned reductions in assets in countries where there is an increased level of political and economic risk also contributed.
- Operating income declined 8 per cent, to 4,929 million euros.
- We were able to reduce general administrative expenses by 4 per cent, to 2,914 million euros.
- Net provisioning for impairment losses fell significantly, by 28 per cent to 1,264 million euros.
- Profit before tax was 711 million euros. Consolidated profit rose by almost one billion euros and amounted to 379 million euros.
- The NPL ratio increased 0.5 percentage points year-on-year, to 11.9 per cent.
- The NPL coverage ratio was up by 3.8 percentage points year-on-year, to 71.3 per cent.
- The customer loans volume declined year-on-year by 10 per cent, to 69.9 billion euros.
- The transitional common equity tier 1 ratio rose 1.3 percentage points, to 12.1 per cent and the fully loaded common equity tier 1 ratio, incorporating all Basel 3 requirements, stood at 11.5 per cent.

- The spoken word prevails -

The development of our share price was unfortunately again unsatisfactory in the past year. After opening in 2015 at 12.54 euros, RBI shares recorded their lowest closing price of 9.01 euros shortly afterwards in January. The main trigger for this development was the situation in Ukraine and Russia, as well as the decline in oil prices. The latter signified additional negative pressure on the Russian economy in particular. With the announcement of RBI's strategic review, and the emergence of some relaxation of the geopolitical situation during the course of the year, the share price recovered and reached a high of 15.69 euros on 23 November. At the end of the year, RBI shares were trading at 13.61 euros, an increase of 9 per cent over the year. This increase was slightly less than that of the ATX, which was up by 11 per cent, but better than that of the Euro Stoxx Banks, which was down by 5 per cent.

At the end of 2015, the market capitalization stood at 4.0 billion euros, with the number of shares issued unchanged compared to the start of the year at approximately 293 million.

For the sake of good order, I would also like to briefly speak about the individual financial statements: RBI AG reported a profit of 189,775,251.93 euros for the 2015 financial year. Netted against the 2014 loss carried forward of 801,181,134.04 euros, this amounts to a loss of 611,405,882.11 euros as at 31.12.2015. This loss is carried forward to the next accounting period. Consequently, no dividend can be distributed to Raiffeisen Bank International AG's ordinary shareholders for the financial year 2015.

Ladies and Gentlemen,

I am of course dissatisfied with the development of our share price. Be assured that the Board and all RBI employees are working intensively to markedly and sustainably increase the share price and to be able to pay dividends again. I am convinced that we can expect positive share price performance when the results of our transformation program become more visible. I would, therefore, now like to give you a detailed overview of the status of this major project.

As you can see from the slide, we have already made good progress. The overall objective is the strengthening of our capital ratios. We plan to reach a CET1 ratio of above 12 per cent by the end of 2017. We are already close to achieving this goal. Currently, the ratio stands at 11.5 per cent. In order to reach our overall capital target, we have resolved to significantly reduce risk-weighted assets, especially in markets with a high degree of political risk such as Ukraine and Russia, and to withdraw from several markets such as Slovenia, Poland, Asia and the US. We have also made good progress towards achieving this goal.

Thirdly, we plan to increase profitability, in particular by reducing our risk costs and general administrative expenses. Since the end of 2013, we have lowered our general administrative expenses by around 400 million euros. Nevertheless, there is still work to do, as we must time and again make savings to offset the continually increasing costs arising from excessive regulation and special governmental measures such as bank levies, mandatory conversion programs, etc. Cost reduction will remain at the top of the RBI Board's agenda in the coming two years. Overall, we are well under way to becoming a more focused and more stable universal bank in CEE. There is no reason to deviate from our path or to reduce the speed of execution.

I would now like to give an overview of individual parts of our transformation program.

- The spoken word prevails -

Developments in Poland are of particular interest. The overall circumstances are certainly not the simplest for a sale. Nevertheless, we continue to pursue our disposal plans and have made considerable headway in recent weeks. The Polish regulatory authorities will view the IPO commitment as fulfilled, if the sale - including the spin-off of the Swiss franc portfolio - is executed by the end of 2016. The fact that we do not have to undertake an IPO this year has made the sales process a great deal more straightforward. We plan to spin off the Polish banking operations (excluding the Swiss franc portfolio) to a locally listed bank. The retained Swiss franc portfolio is to subsequently be transferred to a Polish branch of RBI by means of a cross-border merger.

We are at a very advanced stage with the sale of our Slovenian subsidiary bank. We expect closing in the first half of 2016 - so within the coming days.

There is good news from Hungary and Ukraine. Both of these countries were, unfortunately, recently somewhat problematic. In Hungary, we have completed the rightsizing of the branch network. Last year, and in the first quarter of 2016, we returned to profitability and will again generate a profit for full-year 2016 - provided there are no political curve balls. We also expect the same in Ukraine. The employees in Ukraine have achieved an enormous amount in the last two years, in reducing the risks for the RBI Group and limiting the negative impact on RBI to the greatest degree possible. The fact that we can expect a profit in Ukraine this year, despite the severe damage resulting from the war in the eastern part of the country and the collapse in the economy, is an outstanding accomplishment.

The employees in Russia have also delivered outstanding achievements for years. As you can see from the slide, from 2013 to the end of 2015, in Russia we generated total profit before tax of 1.5 billion euros. We continue to believe in the Russian market and our positioning there is excellent. Nevertheless, it is our responsibility as the Board of RBI to react to the political risks in Russia. We have, therefore, significantly reduced our exposure in Russia. We have optimized our branch network and withdrawn from business activities where the risk/reward ratio is no longer attractive for us.

Ladies and Gentlemen,

The reduction of risk-weighted assets is not an end in itself. It is a means to an end. We are reducing our risk-weighted assets in order to improve the risk profile of our bank and to strengthen its capitalization. From this slide you can see that in the past year we significantly strengthened our CET1 ratio, by 1.5 percentage points. The majority of this - 1.3 percentage points - was due to risk-weighted asset reduction. Retained earnings contributed a further 0.5 percentage points. This was partly offset by regulatory effects, currency effects and business growth in selected markets. What is more important for you are the prospects for the future. The following slide shows the route to our capital target.

As I mentioned, we are starting at 11.5 per cent. We plan to gain a further 2.4 percentage points through risk-weighted asset reduction. As we would like to grow in selected markets, such as the Czech Republic, Slovakia and Romania, we expect a counter-effect in the amount of one percentage point. We will lose a further 0.8 percentage points due to regulatory effects. We have not included any retained earnings in this planning. It is, therefore, very conservative.

Ladies and Gentlemen,

I'll come now to the outlook for the 2016 financial year.

We target a CET1 ratio (fully loaded) of at least 12 per cent and a total capital ratio (fully loaded) of at least 16 per cent by the end of 2017.

- The spoken word prevails -

After the implementation of the strategic measures defined at the beginning of 2015, the cost base should be approximately 20 per cent below the level of 2014 (general administrative expenses 2014: 3,024 million euros).

We aim for a return on equity before tax of approximately 14 per cent and a consolidated return on equity of approximately 11 per cent in the medium term.

We aim to achieve a cost/income ratio of between 50 and 55 per cent in the medium term.

We expect net provisioning for impairment losses for 2016 to be below the level of 2015 (1,264 million euros).

General administrative expenses for 2016 should be slightly below the level of the previous year (2015: 2,914 million euros).

Ladies and Gentlemen,

2015 was a year of strategic realignment for Raiffeisen Bank International. The past year has shown that the path we are on is the right one. In 2015, we executed the turnaround. We reduced risk on the one hand and strengthened our capitalization on the other. And we are reducing the complexity of our Group. We have not yet reached the end of the process and therefore have no cause to become complacent. But we also have no reason for doubts. The past year has shown what our employees are able to accomplish. We can achieve our objectives on the basis of our own resources.

- The spoken word prevails -

It would, however, be better if political obstacles were not continually placed in our way. Whether it be anachronistic bank levies or the various mandatory conversion programs in a number of CEE countries. Since 2010, when the bank levy was introduced in Hungary - Austria unfortunately followed in 2011 - to the end of 2016, these will result in costs for RBI alone amounting to almost 1.5 billion euros. This calculation only includes bank levies and costs arising from populist conversion programs. These populist actions not only negatively affect our bank and our competitors, but also undermine investor confidence. This can most certainly not be in the interest of responsible, future-oriented politics.

Ladies and Gentlemen,

I can assure you that in this respect we will resolutely defend ourselves against what are in our view illegitimate, retroactive encroachments on freedom of contract. We will do everything to protect our - and therefore also your - investments.

I would like to ask that you, our shareholders, continue to place confidence in Raiffeisen Bank International.

Thank you for your attention - I will now hand over to the Chief Financial Officer, Martin Grüll.

- The spoken word prevails -

Martin Grüll, RBI Chief Financial Officer

Ladies and Gentlemen,

A warm welcome to our annual general meeting from my side.

Karl Sevelda has already gone over the main highlights and addressed the merger topic. I would like to add the main financial data to his presentation.

- Net interest income declined significantly, by 12 per cent. The reasons for this were the low interest rate environment, along with currency effects and the reduction in credit volumes.
- We reported a small decrease of 4 per cent in net fee and commission income.
- The development of the general administrative expenses was encouraging - these were down by 4 per cent - as was the 28 per cent reduction in net provisioning for impairment losses. We booked significantly lower individual loan loss provisions in most of our markets compared to the prior year.
- The bottom line was a consolidated profit of 379 million euros.

On a segment level, the developments in Central Europe and Eastern Europe in particular should be highlighted.

In Central Europe, after the loss incurred in the prior year, we returned to generating a significant level of profit before tax. This was primarily due to the absence of the negative prior year one-off effect in Hungary from the Settlement Act, as well as lower bank levies and net provisioning for impairment losses. Profit before tax in the segment rose by 443 million euros to 310 million euros.

We also generated a good result in Southeastern Europe. However, the law on mandatory conversion of Swiss franc loans in Croatia had a substantial negative impact on pre-tax profit. On the other hand, there was a positive effect from the notable improvement in the credit risk situation in most of the markets.

The Eastern Europe segment was, as in the previous year, impacted by a high level of currency volatility in 2015. The average exchange rates of the Russian rouble, the Ukrainian hryvnia and the Belarus rouble were significantly below the comparable levels of the prior year. In Ukraine, the risk situation improved significantly, after very high provisions for loan losses were necessary in the previous year due to the political situation in the Donbass region. Russia posted a 16 per cent increase in profit before tax, despite the currency-driven reduction in net interest income. In Belarus, profit more than doubled.

The 15 per cent, or 18 million euro, reduction in profit before tax to 103 million euros reported by the Group Corporates segment was primarily a result of lower net fee and commission income and an increase in general administrative expenses, which were however to a large extent offset by a decrease in net provisioning for impairment losses.

In the Group Markets segment, the 10 per cent, or 11 million euro, decline in profit before tax was driven by lower business volumes as well as the generally difficult market environment.

The Corporate Center segment predominantly comprises net income from the governance functions of Group head office, and net income from other Group units. Consequently, its net income is generally more volatile. In 2015, pre-tax profit improved by 42 per cent, or 177 million euros, compared to the prior year.

The Non-Core segment contains those business areas which are to be reduced or sold, in line with our strategy review. In this segment, the pre-tax loss increased by 109 per cent, to 263 million euros. This development was mainly due to lower operating income resulting from the systematic reduction in volumes, as well as the low level of interest rates in Poland. Additionally, general administrative expenses increased in Poland due to higher deposit insurance contributions and the impairment of the Polbank brand. Net provisioning for impairment losses remained at the elevated level of the prior year and primarily related to loans in Asia.

I would now like to briefly provide some additional information on the statement of financial position.

Overall, total assets declined by 6 per cent. Loans and advances to customers were down by 8 billion euros. On the liabilities side, deposits from customers increased by 2.9 billion euros.

This brings me to the subject of capital and funding.

- Our CET1 ratio stood at 11.5 per cent at year-end on a fully loaded basis.
- The leverage ratio, the ratio of total assets to regulatory capital, stood at 5.4 per cent, significantly above the minimum level of 3 per cent currently being discussed by the regulatory authorities.
- Furthermore, the loan to deposit ratio improved to 92 per cent.

I would like to give you a short overview of the reduction in our risk-weighted assets. As you know, we are decreasing these in order to strengthen our capital ratios. From end-2014 to end-2015 we brought down risk-weighted assets by approximately 5.4 billion euros. This was primarily achieved through volume reductions in Asia, the US, Hungary, Ukraine and Russia, as well as in the Group Corporates and Group Markets segments.

With respect to non-performing loan development, we saw an easing in the past year. Non-performing customer loans declined by 548 million euros in the course of the year, to 8,328 million euros. Non-performing loans increased primarily in Asia, Russia and Croatia.

Finally, to take a look at the results from the first quarter of 2016:

- Net interest income amounted to 718 million euros, a reduction of 12 per cent compared to the same period of 2015.
- Operating income declined 1 per cent, to 1,104 million euros.
- We reported a 4 per cent increase in general administrative expenses year-on-year, to 718 million euros.
- Net provisioning for impairment losses was down compared to the first quarter of 2015, by 59 per cent to 106 million euros.
- Profit before tax for the quarter rose compared to the first quarter of the prior year, by 22 per cent to 229 million euros.
- First quarter consolidated profit was up by 31 million euros to 114 million euros.
- The NPL ratio fell by 0.5 percentage points from the end of 2015, to 11.4 per cent.
- The NPL coverage ratio was 1.1 percentage points lower than at end-2015, and stood at 70.2 per cent.
- The volume of customer loans rose by one per cent compared to end-2015, to 70.9 billion euros.
- The common equity tier 1 ratio (transitional) was down by 0.1 percentage point from its end-2015 level.

Raiffeisen Bank International

- The spoken word prevails -

- The fully loaded common equity tier 1 ratio stood at 11.5 per cent at the end of the first quarter, unchanged from the end of 2015.