

RAIFFEISEN BANK INTERNATIONAL AG
Report of the Management Board
pursuant to sec. 153 para. 4 of the Stock Corporation Act (*Aktiengesetz*)
in conjunction with sec. 169 and sec. 170 para. 2 of the Stock Corporation Act
for resolving on item 11 of the agenda of the Annual General Meeting
to be held on 4 April 2024 (authorization to exclude the subscription right)

With agenda item 11, the Management Board and the Supervisory Board propose to the Annual General Meeting of Raiffeisen Bank International AG to revoke the authorization of the Management Board granted by the Annual General Meeting of the Company on 13 June 2019 for the creation of authorized capital pursuant to sec. 169 of the Stock Corporation Act, also with exclusion of subscription rights, and to replace it with new authorized capital. The authorized capital resolved upon in 2019 was not utilized.

At this Annual General Meeting, the Management Board shall now be re-authorized pursuant to sec. 169 of the Stock Corporation Act, to increase the share capital - if necessary in several tranches - by up to EUR 501,632,920.50 by issuing up to 164,469,810 new, ordinary voting bearer shares in return for contributions in cash and/or in kind (including through an indirect subscription rights through a credit institution pursuant to sec. 153 para. 6 of the Stock Corporation Act) within five years of registration of the corresponding amendment to the Articles of Association in the commercial register, as proposed by the Annual General Meeting on 4 April 2024 and to determine the issue price as well as the issuance terms in agreement with the Supervisory Board. Furthermore, the Management Board is to be authorized, with the approval of the Supervisory Board, to exclude the statutory subscription right of shareholders (i) if the capital increase is in return for a contribution in kind and/or (ii) if the capital increase is in return for a contribution in cash and the shares issued under the exclusion of the subscription right do not in total exceed 10% (ten per cent) of the Company's share capital (exclusion of the subscription right).

The utilization of (i) the authorized capital under the exclusion of the statutory subscription right for a capital increase against cash contributions and (ii) the implementation of the conditional capital resolved at the Annual General Meeting on 20 October 2020, for the granting of conversion and subscription rights to creditors of convertible bonds must not exceed 10% of the company's share capital in total. The utilization of the authorized capital in the form of a capital increase against non-cash contributions is not subject to this limitation.

In the opinion of the Management Board, the exclusion of the subscription right in connection with the resolution authorizing the creation of authorized capital is in the best 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 for and justification for the exclusion of the subscription right.



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

The proposed authorization to create authorized capital is intended as a preparatory measure to strengthen the Company's capital base in the event of future capital requirements arising from regulatory requirements or changes in the economic situation. Furthermore, this authorization serves the purpose of enabling the Company, in specific circumstances and with consideration of the available options for taking action, to raise funds on the capital market at short notice in the form of cash contributions in return for the issue of shares.

With the authorization to partially exclude the subscription right in the event of a capital increase in return for contributions in cash, the Company gains the necessary flexibility to utilize favorable market conditions for a capital increase. A partial exclusion of the subscription right would enable the Company to utilize the advantages of accelerated bookbuilding and thereby also significantly reduce the placement risk associated with the execution of a capital increase. With an accelerated bookbuilding process, the Company is able to evaluate the price expectations of the market during a short offer period more precisely and quickly than would be technically possible within the scope of a straightforward rights issue, in the case of which the issuer must comply with a subscription period of at least two weeks under the applicable law, with the issue price only being determined in the course of this subscription period. As a result of the execution time required for a rights issue, the Company may not only be exposed to speculative "short sales" which reduce the issue price the Company is aiming for in the capital increase, but there may also be unfavorable market-driven price risks for the Company depending on the market environment.

With access to accelerated bookbuilding, the risk that the conditions set are no longer in line with market conditions by the time of actual placement can be minimized. Experience shows that market evaluations may well be subject to very significant changes during the statutory two-week subscription period. Issuance with partial exclusion of the subscription right, however, enables the Company to determine an optimized issue price relatively quickly and flexibly, taking into account current market conditions as far as possible, and to use this for a capital increase.

In addition, international practice has shown that with accelerated bookbuilding, as a rule, better conditions can be achieved than would be the case otherwise, since due to the immediate placement thus made possible, market risk factors are eliminated, which otherwise would be taken into account by institutional investors as a price discount factor to the detriment of the Company. Furthermore, transaction security is also increased in this situation, since for institutional investors a rights issue is associated with uncertainty with respect to the exercise of subscription rights (clawback risk), which may often jeopardize a successful placement with institutional investors. For every purchase order made prior to the end of the subscription period, which is still subject to uncertainty as to actual allotment, institutional investors implicitly assume an option in favor of the existing shareholders, which is expressed as a discount due to uncertainty and is reflected in a lower issue price to the detriment of the Company. A partial exclusion of the subscription right in the case of a capital increase for contributions in cash would, however, reduce this clawback risk, since the entire allotment would not be dependent on the exercise of the subscription right, and consequently the discount applied by investors to the issue price would be reduced. With 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 negative effect on the Company from discounts applied to the issue price by institutional investors due to clawback risk.



With a partial exclusion of subscription rights, the Company further has the possibility of contacting an institutional investor or a selection of institutional investors in advance, with the intention that they undertake to subscribe to a certain quantity of shares (so-called "anchor investor"). Due to the possibility of promising a fixed allotment to these investors, as a rule the issue price realizable for the Company, as already demonstrated, is increased. Also, the positive signal provided by a fixed placement of shares with, and subscription to shares by, an anchor investor will also as a rule increase transaction security in a subsequent rights issue to the advantage of the Company.

In this manner, through the possibility of utilizing accelerated bookbuilding and/or the fixed placement of shares with one or several anchor investor(s), the Company will be able to flexibly determine attractive issue conditions at an optimal point in time from the Company's perspective, and thereby optimize financing conditions for 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 in the international financial markets.

2. New circle of investors and financing characteristics

In the opinion of the Management Board, in the interest of the Company and its shareholders it is necessary on the basis of commercial diligence to examine and utilize all available possibilities for strengthening the share capital and the capital injection required for this purpose.

A capital increase effected as a straightforward rights issue makes the placement of larger blocks of shares with institutional investors significantly more difficult and can in certain circumstances also lead to financial resources, if required, not becoming available to the Company or, at any event, not sufficiently quickly. The exclusion of the subscription right in 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 broaden or stabilize the Company's investor base.

A share issue effected as a straightforward rights issue requires corresponding documentation and involvement of the authorities (issue and approval of a prospectus), so that a longer preparatory period is associated with the issuance of new shares within the context of a prospectus. Therefore, without an exclusion of the subscription right it is not possible for the Company to use a capital injection to cover potential financing requirements quickly and on a short-term basis. This, along with compliance with the minimum subscription period of two weeks for investors that is stipulated in these instances, presents an obstacle to the quick and flexible raising of financial resources.

Capital increases up to a proportion of 10% of the share capital which are directed exclusively at qualified investors may, however, with appropriate structuring also be issued without a prospectus. The choice of such a transaction structure directed exclusively at strategic or institutional financial investors and avoiding prospectus issuance would also result, in particular, in considerable time and expense savings. A capital increase of this size also facilitates admission of the new shares for trading immediately following issuance, since the Prospectus Regulation (Regulation (EU) 2017/1129) does not require a listing prospectus for an issue of less than 20% 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. As a result of there being no requirement to prepare a prospectus, the issuer's liability risks necessarily associated therewith would furthermore be reduced in comparison to issuance with a prospectus.

The partial exclusion of subscription rights in 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.

Given the liquid market for shares and the limitation of an exclusion of the subscription right to a maximum proportion of 10% of the share capital, a dilution of shareholders with respect to their share in the value of the enterprise and their voting rights would be confined to reasonable limits. Shareholders interested in maintaining their proportional equity interest could acquire the corresponding number of shares in the Company on the stock exchange. For this reason, German stock corporation law also generally regards an exclusion of the subscription right to this extent to be acceptable.

In summary, it can thus be stated that without the need for the protracted and therefore also costly handling of the subscription right, a possible financing requirement on the part of the Company – limited, however, to the amount 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. Greater scope in the event of contributions in kind

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

The possibility of excluding the subscription right is intended to enable the Management Board to acquire, where appropriate, enterprises, businesses, business units or shares in companies or other assets in return for a grant of shares in Raiffeisen Bank International AG.

Since the possibility of future transactions of strategic importance, depending on the market situation and the future development of the business, is not to be excluded, it may be advisable or necessary in the event 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 to shareholders of the respective target company or if the seller prefers to receive shares in Raiffeisen Bank International AG instead of cash.



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

It is also possible 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 the contribution.

A contribution in kind in particular 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 goals pursued, namely in particular the possibility of strengthening the capital structure through accelerated allotment of shares and thereby of ensuring a further strengthening and improvement of the competitive position of the Company in the interest of the Company and of the shareholders.

The Management Board of Raiffeisen Bank International AG expects that the advantage to the Company from the issue of authorized 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 to safeguard the value of shareholders' existing investments 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 realization of the planned business targets for the benefit of the Company and, connected therewith, also of all shareholders. The exclusion of the subscription right may also allow for the possibility of swift execution of a capital increase without the protracted and costly preparation of a prospectus.

In the view of the Management Board, the exclusion of the subscription right is moreover proportionate, since in the event of a capital increase in return for contributions in cash, the exclusion of the subscription right would be limited to a maximum proportion of 10% of the share capital. A dilution of shareholders in relation to their equity interest in the enterprise value and their voting rights would thereby also be limited correspondingly. In this order of magnitude - with reference to German law - and particularly in the case of liquid shares traded on an exchange, a permissible dilution of shareholders can be assumed.

In the event of a capital increase in return for a contribution in kind, the exclusion of the subscription right is objectively justified, as it allows the authorized capital to be used as consideration for a contribution in kind in the event of an acquisition of a business or shares in a company, which by nature cannot be contributed 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, March 2024

The Management Board
of
Raiffeisen Bank International AG