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***Raiffeisen Bank International AG,
Vienna***

*Audit of appropriateness of compensation
payment pursuant to §26b BWG in
conjunction with §2(3) no. 4 UmwG in
conjunction with §220b AktG*

(Redemption of participation capital)



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Redemption of participation capital by Raiffeisen Bank International AG, Vienna, amounting to a total volume of EUR 2,500,000,000 comprising ten series of EUR 250,000,000 each, divided into participation certificates of EUR 1,000.00 each as issued at 30 December 2008 and 6 April 2009 pursuant to §26b BWG in conjunction with §2(3) no. 4 UmwG in conjunction with §220b AktG

Dear Ladies and Gentlemen,

By resolution of the Commercial Court of Vienna (*Handelsgericht Wien*) dated 24 January 2014 we were appointed as auditor pursuant to §26b BWG (Austrian Banking Act) in conjunction with §2(3) no. 4 UmwG (Austrian Transformation of Companies Act) in conjunction with §220b AktG (Austrian Companies Act) with regard to the planned redemption of participation capital by Raiffeisen Bank International AG, Vienna, amounting to a total volume of EUR 2,500,000,000.

The findings of our audit are set out below:

1. Engagement and performance of the engagement

Raiffeisen Zentralbank Österreich AG, Vienna ("RZB") issued participation capital of a total volume of EUR 2,500,000,000 ("2008/2009 Participation Capital") on the basis of the "Terms and Conditions regarding the Raiffeisen 2008/2009 Participation Capital of

Raiffeisen Zentralbank Österreich AG; “Participation Terms and Conditions”). As at the value date of 30 December 2008, several shareholders, subsidiaries and associated companies of RZB (“Bidders”) subscribed to EUR 750,000,000 (“Tranche 1”) consisting of three series each with a nominal amount of EUR 250,000,000. As at the value date of 6 April 2009, the Republic of Austria subscribed to EUR 1,750,000,000 (“Tranche 2”) consisting of seven series each with a nominal amount of EUR 250,000,000. The issue of the 2008/2009 Participation Capital is therefore subdivided into a total of ten series each with a nominal amount of EUR 250,000,000. The Bidders placed Series 1 and 2 of the 2008/2009 Participation Capital – and thus participation capital of a nominal amount of EUR 500,000,000 – to private and institutional investors through public offers.

As a result of the demerger of the “commercial customer business” operations of RZB, which was incorporated within Cembra Beteiligungs AG, Vienna (“Cembra”), (previously) registered with *Handelsgericht Wien* under FN 125395 f, and the subsequent merger of Cembra into Raiffeisen Bank International AG, Vienna (“RBI”), the 2008/2009 Participation Capital passed over to RBI by way of universal succession. Given the changes in the supervisory treatment of participation capital, RBI now intends to redeem the 2008/2009 Participation Capital.

Such redemption includes the following individual series:

- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0DF21; subscribed by the Bidders and placed by them to private and institutional investors through public offer
- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0DF39; subscribed by the Bidders and placed by them to private and institutional investors through public offer
- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0DF47; subscribed by the Bidders
- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0D8Vo; subscribed by the Republic of Austria on the basis of the Austrian Financial Stability Act (Federal Legal Gazette I 136/2008, as amended) and the general agreement concluded between the Republic of Austria, represented by the Austrian Finance Minister, and the issuer as at 27 March 2009 (“General Agreement”)
- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0D8W8; subscribed by the Republic of Austria on the

basis of the Austrian Financial Stability Act (Federal Legal Gazette I 136/2008, as amended) and the General Agreement

- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0D8X6; subscribed by the Republic of Austria on the basis of the Austrian Financial Stability Act (Federal Legal Gazette I 136/2008, as amended) and the General Agreement
- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0D8Y4; subscribed by the Republic of Austria on the basis of the Austrian Financial Stability Act (Federal Legal Gazette I 136/2008, as amended) and the General Agreement
- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0D8Z1; subscribed by the Republic of Austria on the basis of the Austrian Financial Stability Act (Federal Legal Gazette I 136/2008, as amended) and the General Agreement
- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0D907; subscribed by the Republic of Austria on the basis of the Austrian Financial Stability Act (Federal Legal Gazette I 136/2008, as amended) and the General Agreement
- “2008/2009 Participation Capital”, 250,000 certificates with a nominal amount of EUR 1,000 each, ISIN AT0000A0D915; subscribed by the Republic of Austria on the basis of the Austrian Financial Stability Act (Federal Legal Gazette I 136/2008, as amended) and the General Agreement

In this context, *Handelsgericht Wien*, Department 36, appointed us, PwC Wirtschaftsprüfung GmbH, Vienna (“PwC”) by resolution dated 24 January 2014 as auditor pursuant to §26b BWG in conjunction with §2(3) no. 4 UmwG in conjunction with §220b AktG (redemption of participation capital).

We conducted our work at the beginning of February in our offices in Vienna. Our work was essentially performed on the basis of the following documents:

- Draft of the “Plan for the Redemption of Participation Capital of Raiffeisen Bank International AG, Vienna, pursuant to §26b BWG”, adopted by resolution as at 13 February 2014 (“Redemption Plan”)

- “Report of the Management Board regarding the Redemption of Participation Capital of Raiffeisen Bank International AG, Vienna, pursuant to §26b BWG”, adopted by resolution as at 13 February 2014 (“Management Board Report”)
- Terms and Conditions of the 2008/2009 Participation Capital of Raiffeisen Zentralbank Österreich AG, Vienna, dated 5 June 2009 (“Participation Terms and Conditions”)
- Articles of Incorporation of Raiffeisen Bank International AG, Vienna, as amended pursuant to the resolution of the General Meeting held on 26 June 2013 and the resolution of the Supervisory Board of 10 February 2014
- Audit reports on the financial statements as at 31 December 2010, 2011 and 2012 as well as on the closing balance pursuant to §220(3) AktG as at 30 September 2013 compiled by KPMG Austria AG, Wirtschaftsprüfungs und Steuerberatungsgesellschaft, Vienna (“KPMG”)
- Half-Year Financial Report of Raiffeisen Bank International AG, Vienna, as at 30 June 2013

Further information was made available to us by members of the Management Board of RBI and the persons appointed by them to provide information. The Management Board of RBI has ensured us in writing that the explanations and information relevant for our audit were provided in a complete and accurate manner.

Within the meaning of §26b BWG in conjunction with §2(3) no. 4 UmwG in conjunction with §220b AktG, particular attention is to be paid to the audit of the appropriateness of the cash compensation. The Redemption Plan serves as the fundamental basis of our audit. The nature and amount of the compensation due in the event of the redemption of the participation capital being contractually and legally permissible were set out in the various terms and conditions for the subscription of participation capital. Our audit on the appropriateness of the nature and amount of the compensation is thus based on whether the Participation Terms and Conditions are adhered to.

Our Engagement as well as our responsibility, also in relation to third parties, are subject to the attached General Conditions of Contract for the Public Accounting Professions 2011.

2. Background information

The participation capital of RBI is to be redeemed because it will no longer be eligible as Common Equity Tier I capital pursuant to the Capital Requirements Regulation (“CRR”). The partial capitalisation of RBI through participation capital is to be replaced by other types of

capital which are of a higher category in accordance with the new regulatory provisions. RBI does not hold any participation capital other than the issues to be redeemed.

Pursuant to §26b(2) 2nd sentence BWG in conjunction with para. 1 BWG in conjunction with §4(7) of the Articles of Incorporation as amended, the Management Board of RBI is authorised to redeem the entire participation capital or the participation capital already subdivided into tranches at the time of issue within five years as of registration of the corresponding amendment of the Articles of Incorporation with the Company Register on 7 September 2011 upon approval of the Supervisory Board, taking into account the terms and conditions governing the issue. A partial redemption of participation capital of individual issues or tranches is permissible if the equal treatment of the parties entitled to the participation capital is ensured.

On 13 February 2014, the Management Board of RBI adopted the fundamental resolution to make use of this authorisation pursuant to §4(7) of the Articles of Incorporation as amended and to decide in favour of redeeming the entire 2008/2009 Participation Capital outstanding most likely as at 14 March 2014 based upon the corresponding application of §26b BWG in conjunction with §2(3) UmwG. Federal approval for this redemption is not required pursuant to §26b(1) 4th sentence BWG because the entire participation capital is to be redeemed.

Upon the public announcement of the resolution taken by the Management and Supervisory Boards on such redemption, most likely to take place on 15 March 2014, the entire 2008/2009 Participation Capital will be redeemed pursuant to §26b(6) BWG. This means that the holders of the participation certificates will merely be entitled to receive an adequate cash compensation. The cash compensation for the participation capital is to be paid out as at the value date of 18 March 2014.

Pursuant to §26b(8) BWG, participation capital is as a matter of principle to be redeemed against the net profit or loss for the year resulting from the annual balance sheet or against an unappropriated reserve. However, it may also be redeemed if capital of the same or a higher category is provided. By means of the increase in share capital of the company completed as at 12 February 2014, higher category capital within the meaning of §26b(8) BWG was provided as a replacement amounting to EUR 2,778,006,549.00.

3. Audit

a) Brief description of the Participation Terms and Conditions

100% of the nominal amount of the 2008/2009 Participation Capital was issued. It carries profit entitlements for the first time with respect to Financial Year 2009. The dividend entitlements associated with the participation certificates ("Participation Dividend") amount in principle to 8% p.a. of the nominal amount ("Basic Profit Entitlement"). For full financial years after the 5th full financial year for which an entitlement to a Participation Dividend exists, such Participation Dividend is increased on a cumulative basis by the following premiums:

- By 50 basis points each for Financial Years 2014 and 2015
- By 75 basis points for Financial Year 2016
- By 100 basis points for Financial Year 2017 and each successive financial year

If, as a result of such premiums, the Participation Dividend exceeds the arithmetic average of the 12-month EURIBOR plus 1,000 basis points ("Benchmark Value") in the financial year for which an entitlement to a Participation Dividend exists, then the Benchmark Value – but at least the Basic Profit Entitlement – is to be regarded as the upper limit for the calculation of the Participation Dividend.

The Participation Dividend is payable annually for the previous year and falls due at the same time as the dividends payable for the issuer's shares. If no dividends are paid out with respect to the issuer's shares, the due date for the Participation Dividend is the 30th calendar day after the ordinary general meeting during which the financial statements are approved by the issuer's Supervisory Board for the financial year to which the profit entitlement refers.

The participation certificates evidence the right to profit-dependent yields, with the net profit or loss for the year after movements in reserves being considered as profit. Compensation for participation certificates is not carried out on a cumulative basis. If the issuer, on the basis of the provisions set out above, does not pay out any Participation Dividend for a financial year, the entitlement to the payment of a Participation Dividend lapses. If a partial Participation Dividend is paid out, no subsequent payment is to be made for the difference resulting from a proportional reduction for the financial year in question, even if a Participation Dividend is paid out for a later financial year.

To the same extent as share capital, the 2008/2009 Participation Capital is exposed to losses under company law up to the full nominal amount. To the extent that such losses exist, they

are to be deducted on a proportional basis from the participation certificates in case of repayment before liquidation or from the nominal amount in the course of capital reduction measures or during the calculation of liquidation revenues.

In case of liquidation, dissolution or insolvency of the issuer or other procedures designed to prevent the issuer's insolvency, the holders of participation certificates rank equally when it comes to sharing in the liquidation revenues among each other and among securities with an equal liquidation-related ranking once all creditors from non-subordinate or subordinate liabilities (with the exception of securities with an equal liquidation-related ranking) have been satisfied or their satisfaction has been ensured.

The 2008/2009 Participation Capital may only be redeemed under corresponding application of the provisions of the AktG on capital reduction or in compliance with §26b BWG or pursuant to other applicable legal provisions. Redemption of participation certificates pursuant to §26b BWG is only possible if the following applies to the repayment claim from participation certificates:

1. It corresponds to the nominal amount of the participation certificates and
2. It is increased to 150% of the nominal amount of the participation certificates after the 10th full financial year for which an entitlement to a Participation Dividend exists (i.e. after the financial year ending on or after 31 December 2018) if and only to the extent to which this increased repayment amount is covered by a corresponding increase in the entity value.

In addition to the values applicable according to Points 1) and 2) above, the repayment amount is in any case to be increased by the number of percentage points by which the Participation Dividend promised according to the "profit entitlement" provision was fallen short of if distributable profits were retained in the financial years in question and if there was no legal requirement or supervisory decree to do so.

The issuer's repayment right is void if the repayment claim would not reach the nominal amount of the participation certificates as a result of the consideration of losses according to the "loss exposure" provision and if this shortfall is not covered by additional payments made by third parties.

The issuer retains the right to redemption and/or other repayment of individual tranches or series to the extent that this will be legally permissible in the future.

b) Brief description of the Terms and Conditions of the Redemption Plan

On the basis of the interim financial statements of the company as at 30 September 2013, bearing the unqualified auditor's certificate, which serve as the closing balance, the redemption pursuant to §26b BWG is to include the entire 2008/2009 Participation Capital amounting to a total of EUR 2,500,000,000, i.e. a total of 2,500,000 participation certificates with a nominal value of EUR 1,000 each, in accordance with the Participation Terms and Conditions as issued in 10 series.

The Redemption Plan includes a cash compensation amounting to the nominal value of the participation certificates, i.e. EUR 1,000 per participation certificate. The Participation Dividend for Financial Year 2013 falls due at the same time as the dividends for Financial Year 2013 payable for the company shares. For the period between 1 January 2014 and the effective redemption date (probably 15 March 2014), a proportional Participation Dividend is to be distributed if and to the extent to which such distribution is covered by the net profit or loss for the Financial Year 2014 after movements in reserves and there are no opposing legal provisions or other mandatory measures imposed by the Austrian Financial Market Authority ("FMA") or other supervisory authorities relevant to the company. In accordance with the Participation Terms and Conditions, the proportional Participation Dividend for Financial Year 2014 amounts to 8.5% p.a. of the nominal amount of the participation certificate. The Participation Dividend for Financial Year 2014 falls due at the same time as the dividends for Financial Year 2013 payable for the company shares.

c) Assessment of appropriateness of the cash compensation

By taking the resolution on 13 February 2014 to redeem the entire 2008/2009 Participation Capital outstanding by corresponding application of §26b BWG in conjunction with §2(3) UmwG probably as at 14 March 2014, the Management Board of RBI has in principle laid the foundations for a redemption of the 2008/2009 Participation Capital pursuant to §26b(2) BWG. The actual redemption of the 2008/2009 Participation Capital within the meaning of §26b BWG still requires the approval of the FMA in Vienna, pursuant to Article 77 of Regulation (EU) No. 575/2013. This approval was still outstanding at the time of our audit. In case such approval has not been granted by 15 March 2014 at the latest, the proposed value date of the payment of the cash compensation will be moved to the second banking day after receipt of the approval. Federal approval for this redemption is not required pursuant to §26b(1) 4th sentence BWG because the entire participation capital is to be withdrawn.

In principle, the proposed cash compensation meets the requirements of §26b(4) BWG.

Since the 2008/2009 Participation Capital is not listed, an offer for compensation in RBI shares within the meaning of §26b(3) BWG is not required.

Pursuant to the Participation Terms and Conditions, the amount of the cash compensation depends on the time of redemption and the amount of the annually paid out Participation Dividend, which in turn depends on the issuer's net profit or loss for the year after movements in reserves. Since the repayment is set to take place before 31 December 2018, a cash compensation is to be made in the amount of the nominal value of the participation certificates in accordance with the Participation Terms and Conditions if the Participation Dividend has been paid out in full since the issue of the participation certificates in accordance with the Participation Terms and Conditions or if it has been paid out to a limited extent in the event that the Participation Dividend was not fully covered by the issuer's net profit or loss for the year after movements in reserves. According to the audit reports on the financial statements as at 31 December 2010, 2011 and 2012 compiled by KPMG, the Participation Dividend has been paid out in the amount of 8.0% p.a. since the issue of the 2008/2009 Participation Capital, as set out in the Participation Terms and Conditions. For Financial Year 2013, a dividend of 8.0% of the nominal amount will be distributed as well. For the period between 1 January 2014 and the effective redemption date, a proportional Participation Dividend is to be distributed if and to the extent to which such distribution is covered by the net profit or loss for the Financial Year 2014 after movements in reserves and there are no opposing legal provisions or other mandatory measures imposed by the FMA or other supervisory authorities relevant to the company. In accordance with the Participation Terms and Conditions, the proportional Participation Dividend for financial year 2014 amounts to 8.5% p.a. of the nominal amount of the participation certificate.

In summary, we are therefore able to state that the compensation as set out in the Redemption Plan is adequate for the entitled parties of the 2008/2009 Participation Capital.

4. Summary

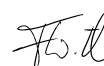
We, PwC Wirtschaftsprüfung GmbH, Vienna, were appointed as auditor pursuant to §26b BWG in conjunction with §2(3) no. 4 UmwG in conjunction with §220b AktG (redemption of participation capital) in connection with the redemption of participation capital planned by Raiffeisen Bank International AG, Vienna, amounting to a total volume of EUR 2,500,000,000 (“2008/2009 Participation Capital”) against cash compensation pursuant to §26b BWG by *Handelsgericht Wien*, Department 36, by letter dated 24 January 2014.

Upon review of all the documents and information made available to us, we come to the conclusion that the compensation payment for the 2008/2009 Participation Capital as set out in the draft of the Redemption Plan dated 13 February 2014 is adequate.

Yours faithfully,



Dorotea Rebmann
Auditor



Felix Wirth
Auditor

PwC Wirtschaftsprüfung GmbH