

Raiffeisen Zentralbank H1/2016 Results

Disclaimer



Certain statements contained herein may be statements of future expectations and other forward-looking statements, which are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. As such, no forward-looking statement can be guaranteed. Undue reliance should not be placed on these forward-looking statements. In addition to statements which are forward-looking by reason of context, words such as "may", "will", "should", "expects", "plans", "contemplates", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions typically identify forward-looking statements.

Subject to applicable securities law requirements, we disclaim any intention or obligation to update or revise any forward-looking statements set forth herein, whether as a result of new information, future events or otherwise.

This document is for information purposes only and shall not be treated as giving any investment advice and/or recommendation whatsoever. This presentation and any information (written or oral) provided to you does not constitute an offer of securities, nor a solicitation for an offer of securities, nor a prospectus or advertisement or a marketing or sales activity for such securities. The securities of Raiffeisen Zentralbank Österreich Aktiengesellschaft ("RZB") have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") nor in Canada, U.K. or Japan. No securities may be offered or sold in the United States or in any other jurisdiction, which requires registration or qualification, absent any such registration or qualification or an exemption therefrom. These materials must not be copied or otherwise distributed to "U.S. persons" (according to the definition under Regulation S of the Securities Act as amended from time to time) or publications with general circulation in the United States. The circulation of this document may be restricted or prohibited in certain jurisdictions.

For the United Kingdom: This presentation and related material (these "Materials") are for distribution only to persons who are members of RZB falling within Article 43(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order") or who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). These Materials are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which these Materials relate is available only to relevant persons and will be engaged in only with relevant persons.

Figures shown in the presentation are based on figures disclosed in the annual reports or annual accounts as well as the interim reports of RZB or its participations. Some of these annual reports or annual accounts may be only available for physical and electronic access at the competent commercial register court. However, figures used in this document have been rounded, which could result in percentage changes differing slightly from those provided in such reports.

We have exercised utmost diligence in the preparation of this presentation. However, rounding, transmission, printing, and typographical errors cannot be ruled out. We are not responsible or liable for any omissions, errors or subsequent changes which have not been reflected herein and we accept no liability whatsoever for any loss or damage howsoever arising from any use of this document or its content or third party data or otherwise arising in connection therewith.

1-6/2016 – Financial Highlights

in EUR mn		1-6/2016	1-6/2015	y-o-y	FY/2015
Profitability	Net interest income	1,586	1,826	(13.1)%	3,623
	Net fee and commission income	773	783	(1.3)%	1,594
	Operating income	2,488	2,637	(5.7)%	5,333
	General administrative expenses	(1,541)	(1,502)	2.6%	(3,170)
	Net provisioning for impairment losses	(403)	(606)	(33.4)%	(1,259)
	Other results	(244) ¹⁾	19	-	(167)
	Profit before tax	300 ¹⁾	549	(45.3)%	737
	Profit after tax	123 ¹⁾	381	(67.8)%	465
Consolidated profit	12 ¹⁾	215	(94.6)%	237	
		30.06.2016	30.06.2015	y-o-y	31.12.2015
Asset Quality	NPL ratio	9.8%	11.2%	(1.5)PP	11.1%
	NPL coverage ratio	72.0%	66.7%	5.3PP	71.2%
	Loans to customers	80,200	85,782	(6.5)%	79,458
Regulatory Capital Ratios	Common equity tier 1 ratio (fully loaded)	10.6% ²⁾	8.7%	1.9PP	9.9%
	Common equity tier 1 ratio (transitional)	10.4% ²⁾	10.0%	0.4PP	10.4%
	Total capital ratio (fully loaded)	12.8% ²⁾	13.6%	(0.8)PP	13.2%
	Total capital ratio (transitional)	13.2% ²⁾	14.8%	(1.7)PP	13.6%

1) Profit distorted by negative one-off effect from UNIQA

2) Excl. positive impact from UNIQA stake sale on regulatory capital

Capital strengthening measures incl. partial UNIQA sale

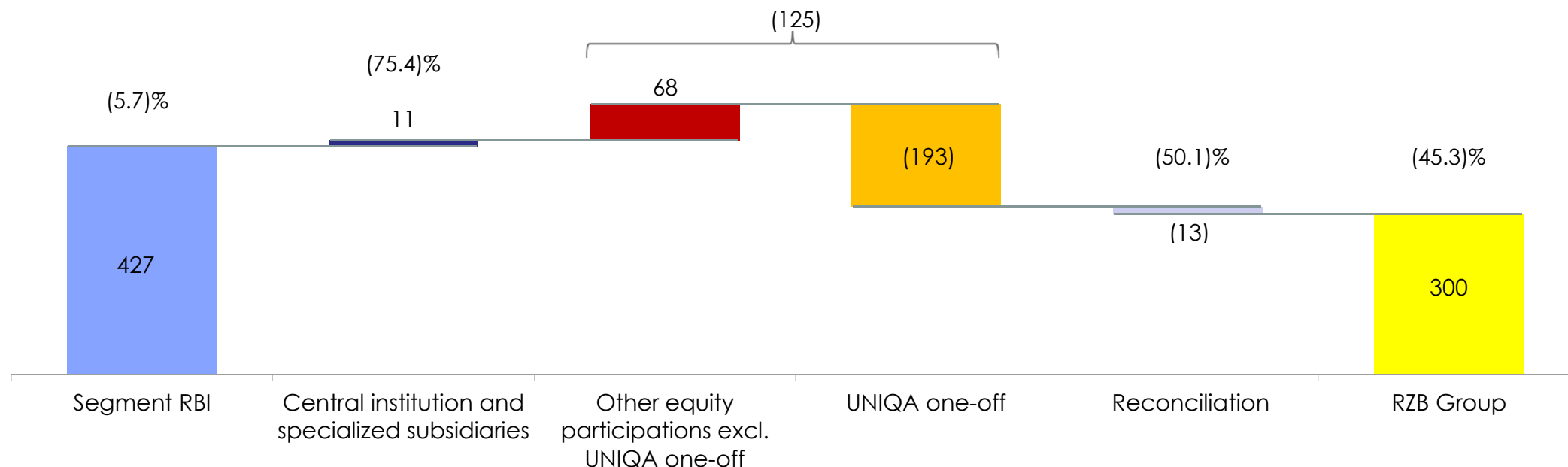


- Primary focus on capital strengthening: in addition to RWA reduction, several measures initiated in H1/2016 including merger of holding companies into RZB and partial sale of UNIQA stake
- RZB is in advanced negotiations to sell a 17.64% stake in UNIQA to UNIQA Versicherungsverein Privatstiftung. The closing should take place in 2016
- Post closing of the planned transaction, RZB will retain an 8.64% stake in UNIQA. This stake is seen as a strategic long-term investment for RZB. The preferred partnership between Raiffeisen Banking Group and UNIQA remains unaffected and will be continued
- The planned sale would result in a strengthening of RZB's H1/2016 CET1 ratio by approx. 60 bps (fully loaded) and approx. 40 bps (transitional), bringing the H1/2016 pro forma CET1 ratio (fully loaded) to 11.2% and the CET1 ratio (transitional) to 10.8%
- RZB's H1/2016 consolidated profit was impacted by this transaction with a loss of EUR 126 mn as well as an impairment of EUR 30 mn for the remaining 8.64% UNIQA stake. The effect before minorities was minus EUR 193 mn, of which EUR 109 mn was booked to "net income from financial investments" and EUR 84 mn was booked to "net income from disposal of group assets". The loss has no tax effect but was partly attributable to non-controlling interests (EUR 37 mn)

1-6/2016 Profit before Tax by Segment



in EUR mn



- **RBI:** substantial reduction of loan loss provisioning while net interest income impacted by ongoing low interest rate environment
- **Other equity participations:** profit before tax of EUR 68 mn (excluding one-off negative effects of EUR 163 mn from UNIQA stake to be sold and EUR 30 mn impairment charge on remaining UNIQA stake)
- **RZB businesses excluding RBI** benefit from
 - robust revenue streams
 - in stable markets
 - with low associated risk levels

Note: Percentage changes are y-o-y

Regulatory Capital Overview



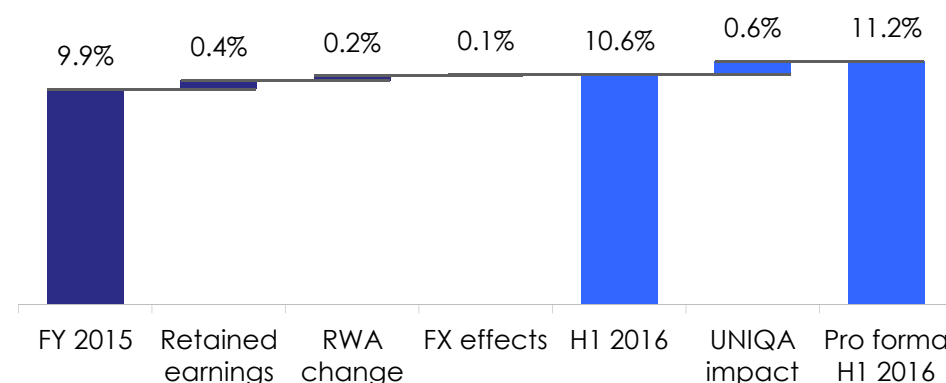
Regulatory Capital Structure

in EUR mn	Jun 2016	Dec 2015
CET1 (before deductions)	8,342	8,477
Deduction items	(1,030)	(998)
CET1 (after deductions)	7,312	7,480
Additional Tier 1 (after deductions)	0	0
Tier 1 (after deductions)	7,312	7,480
Tier 2 (after deductions)	1,926	2,340
Total capital	9,238	9,820
RWA (total)	70,120	72,038
CET 1 ratio (fully loaded)	10.6%	9.9%
CET 1 ratio (transitional)	10.4%	10.4%
Tier 1 ratio (transitional)	10.4%	10.4%
Total capital ratio (fully loaded)	12.8%	13.2%
Total capital ratio (transitional)	13.2%	13.6%

Changes in Regulatory Capital (YTD)

- **CET1 ratio** (fully loaded) at 10.6% and **CET1 ratio** (transitional) at 10.4%; including impact from partial sale of UNIQA stake, end-June 2016 pro forma ratios at 11.2% and 10.8%, respectively
- **RWA (total)** decreased by EUR 1,917 mn primarily driven by credit risk reduction of EUR 1,495 mn (volume decrease, rating improvement of Belarus, FX devaluation, partially offset by purchase of retail portfolio in Czech Republic); market risk down EUR 539 mn
- **Leverage ratio** of 4.6% (both fully loaded and transitional)

CET 1 Ratio (fully loaded)



Update on RZB/RBI Merger Evaluation (1/2)



- Objectives of merger of the businesses:
 - Improvement in overall capitalization of RZB credit institution group
 - Increased transparency and simplification of corporate structure
 - Optimization of capital planning and allocation
 - More balanced business model
 - Faster decision-making processes

- Consolidation would not affect RBI's stock exchange listing

- No decisions taken by management at this point in time

Update on RZB/RBI Merger Evaluation (2/2)



- Potential process of a merger:
 - Integration of RZB in RBI
 - RZB shareholders would become new RBI shareholders through a RBI capital increase (contribution in kind)
- Determination of company valuations of RZB and RBI will form the basis for establishing exchange ratio
- Both boards separately advised in the process by respective accounting firms
- Subsequent to decision of internal committees, review will be conducted by an independent merger auditor appointed by the court
- Resolution must be passed by 75 per cent of the share capital present at extraordinary general meeting

Update on Potential RZB/RBI Merger Timeline



26 August 2016:
RZB H1 results publication

Beginning of October 2016:
Go/No go decision

16 November 2016:
RBI Q3 results publication

Early 2017:
Extraordinary General Meeting

By end of Q1/2017:
Closing (Commercial Register entry)

Appendix

Overview RZB Group



in EUR mn	1-6/2016	1-6/2015	y-o-y	FY/2015
Net interest income	1,586	1,826	(13.1)%	3,623
Net fee and commission income	773	783	(1.3)%	1,594
Net trading income	88	(6)	–	16
Recurring other net operating income	41	34	19.7%	100
Operating income	2,488	2,637	(5.7)%	5,333
General administrative expenses	(1,541)	(1,502)	2.6%	(3,170)
Operating result	947	1,135	(16.6)%	2,163
Net provisioning for impairment losses	(403)	(606)	(33.4)%	(1,259)
Other results	(244)	19	–	(167)
Profit/loss before tax	300	549	(45.3)%	737
Income taxes	(177)	(167)	6.0%	(272)
Profit/loss after tax	123	381	(67.8)%	465
Profit attributable to non-controlling interests	(111)	(166)	(33.2)%	(228)
Consolidated profit/loss	12	215	(94.6)%	237
Risk-weighted assets (credit risk)	58,000	66,444	(12.7)%	59,495
Risk-weighted assets (total RWA)	70,120	79,542	(11.8)%	72,038
Total capital requirement	5,610	6,363	(11.8)%	5,763
Assets	137,677	142,950	(3.7)%	138,426
Risk/revenue ratio	25.4%	33.2%	(7.8)PP	34.7%
Cost/income ratio	61.9%	57.0%	5.0PP	59.4%
Average equity	9,451	9,565	(1.2)%	9,704
Return on equity before tax	6.3%	11.5%	(5.1)PP	7.6%
Business outlets	2,658	2,797	(5.0)%	2,722

Overview Segment RBI



Financials				
in EUR mn	1-6/2016	1-6/2015	y-o-y	FY/2015
Net interest income	1,448	1,674	(13.5)%	3,311
Net fee and commission income	723	749	(3.5)%	1,527
Net trading income	84	2	>500.0%	16
Recurring other net operating income	32	21	52.9%	77
Operating income	2,286	2,445	(6.5)%	4,931
General administrative expenses	(1,436)	(1,407)	2.1%	(2,964)
Operating result	851	1,038	(18.0)%	1,967
Net provisioning for impairment losses	(403)	(605)	(33.4)%	(1,264)
Other results	(21)	19	-	(45)
Profit/loss before tax	427	452	(5.7)%	659
Income taxes	(179)	(153)	16.8%	(261)
Profit/loss after tax	248	299	(17.1)%	397
Profit attributable to non-controlling interests	(140)	(147)	(4.9)%	(196)
Consolidated profit/loss	108	152	(29.0)%	201
Risk-weighted assets (credit risk)	50,396	57,942	(13.0)%	51,459
Risk-weighted assets (total RWA)	61,821	69,950	(11.6)%	63,275
Total capital requirement	4,946	5,596	(11.6)%	5,062
Assets	114,240	119,714	(4.6)%	114,588
Risk/revenue ratio	27.8%	36.1%	(8.3)PP	38.2%
Cost/income ratio	62.8%	57.5%	5.3PP	60.1%
Average equity	8,315	8,493	(2.1)%	8,591
Return on equity before tax	10.3%	10.7%	(0.4)PP	7.7%
Business outlets	2,641	2,781	(5.0)%	2,705

Description

- This segment comprises the profit of the Raiffeisen Bank International AG group (RBI) and includes expenses at RZB AG level from various group functions, such as audit or risk management
- RBI AG is by far the largest participation of RZB. As the lead bank in the RZB credit institution group, RZB AG has corresponding management and control responsibilities
- Together with representatives of its owners, RZB AG appoints eight of the ten RBI Supervisory Board members
- The segment's consolidated profit is net of RBI's non-controlling interest

Commentary on Financials (y-o-y)

- Operating income: Net interest income down EUR 226 mn due to historical low market interest rate levels, excess liquidity and decline of interest income from derivatives; decrease in net fee and commission income FX-driven; net trading income up EUR 83 mn due to smaller currency devaluation and improved foreign currency positioning in Ukraine; recurring other net operating income up EUR 11 mn due to sale of card acquiring business in Czech Republic
- General administrative expenses up EUR 29 mn due to higher staff expenses caused by salary increases; EUR 76 mn bonus provision release in 2015
- Net provisioning for impairment losses improved EUR 202 mn mainly driven by lower allocations in most markets especially in Ukraine and Russia
- Other results fell EUR 40 mn to minus EUR 21 mn: valuation results from derivatives and liabilities down EUR 74 mn; gain of EUR 132 mn from sale of Visa Europe shares; EUR 43 mn charge for Romanian "Walkaway Law"; bank levies up EUR 14 mn (driven by new levy in Poland); in 2015 release of provisions related to Hungarian Settlement Act of EUR 33 mn
- Income tax up EUR 26 mn due to tax provision for previous periods and one-off effect from group internal sale of leasing business in Poland

Overview Segment Central Institution and Specialized Subsidiaries



Financials				
in EUR mn	1-6/2016	1-6/2015	y-o-y	FY/2015
Net interest income	88	100	(11.9)%	188
Net fee and commission income	51	36	43.6%	66
Net trading income	0	1	(68.3)%	2
Recurring other net operating income	22	20	8.4%	57
Operating income	161	156	3.1%	313
General administrative expenses	(118)	(100)	18.2%	(232)
Operating result	43	56	(23.8)%	80
Net provisioning for impairment losses	1	(2)	-	3
Other results	(33)	(9)	256.5%	(31)
Profit/loss before tax	11	45	(75.4)%	53
Income taxes	2	(15)	-	(12)
Profit/loss after tax	13	30	(55.7)%	41
Profit attributable to non-controlling interests	(3)	(16)	(79.6)%	(16)
Consolidated profit/loss	10	14	(28.3)%	25
Risk-weighted assets (credit risk)	5,791	6,860	(15.6)%	5,858
Risk-weighted assets (total RWA)	6,439	8,380	(23.2)%	6,520
Total capital requirement	515	670	(23.2)%	522
Assets	24,385	23,600	3.3%	26,120
Risk/revenue ratio	(1.2)%	2.1%	(3.4)PP	(1.7)%
Cost/income ratio	73.5%	64.2%	9.3PP	74.3%
Average equity	910	1,000	(9.0)%	982
Return on equity before tax	2.4%	8.9%	(6.5)PP	5.4%
Business outlets	16	15	6.7%	16

Description

- This segment consolidates those activities that enable RZB AG to perform its tasks as the central institution of the RBG
- This segment accordingly reports all the net income from the banking business of RZB AG within the RBG
- In addition, it shows the net income of the specialized subsidiaries which operate in building society, factoring and fund management business as well as in the leasing business with numerous companies in Austria and abroad
- In the financial year, the pension fund business was added to the segment due to the purchase of the majority of shares in Valida Vorsorge Management
- Allocated expenses from Group-wide services are also attributed to this segment. These include Group services such as Marketing

Commentary on Financials (y-o-y)

- Operating income slightly increased: Net interest income decreased EUR 12 mn due to difficult interest rate environment for Bausparkasse; net fee and commission income up EUR 16 mn due to consolidation of VALIDA-Group
- General administrative expenses increased EUR 18 mn mainly driven by consolidation of VALIDA-Group and higher administrative expenses in Bausparkasse
- Net provisioning for impairment losses improved EUR 3 mn mainly driven by Raiffeisen Leasing (releases in 2016)
- Other results down EUR 24 mn to minus EUR 33 mn:
 - Results from derivatives declined due to the valuation losses of macro-hedging IRS in Bausparkasse of minus EUR 37 mn
 - Net income from disposal of group assets improved resulting from the sale of a real estate project in Czech Republic (plus EUR 7 mn)

Overview Segment Other Equity Participations



Financials				
in EUR mn	1-6/2016	1-6/2015	y-o-y	FY/2015
Net interest income	67	69	(3.1)%	143
Net fee and commission income	0	0	26.7%	0
Net trading income	0	0	–	0
Recurring other net operating income	23	18	28.6%	44
Operating income	90	87	3.5%	187
General administrative expenses	(22)	(23)	(0.2)%	(48)
Operating result	68	65	4.8%	140
Net provisioning for impairment losses	0	0	–	0
Other results	(193)	13	–	(62)
Profit/loss before tax	(125)	77	–	78
Income taxes	(1)	1	–	2
Profit/loss after tax	(126)	78	–	80
Profit attributable to non-controlling interests	32	(8)	–	(17)
Consolidated profit/loss	(94)	70	–	64
Risk-weighted assets (credit risk)	1,822	1,945	(6.3)%	2,576
Risk-weighted assets (total RWA)	1,864	2,005	(7.0)%	2,621
Total capital requirement	149	160	(7.0)%	210
Assets	1,552	1,996	(22.2)%	1,801
Risk/revenue ratio	–	–	–	–
Cost/income ratio	24.9%	25.8%	(0.9)PP	25.4%
Average equity	277	248	11.4%	290
Return on equity before tax	–	62.3%	–	27.0%
Business outlets	0	0	–	0

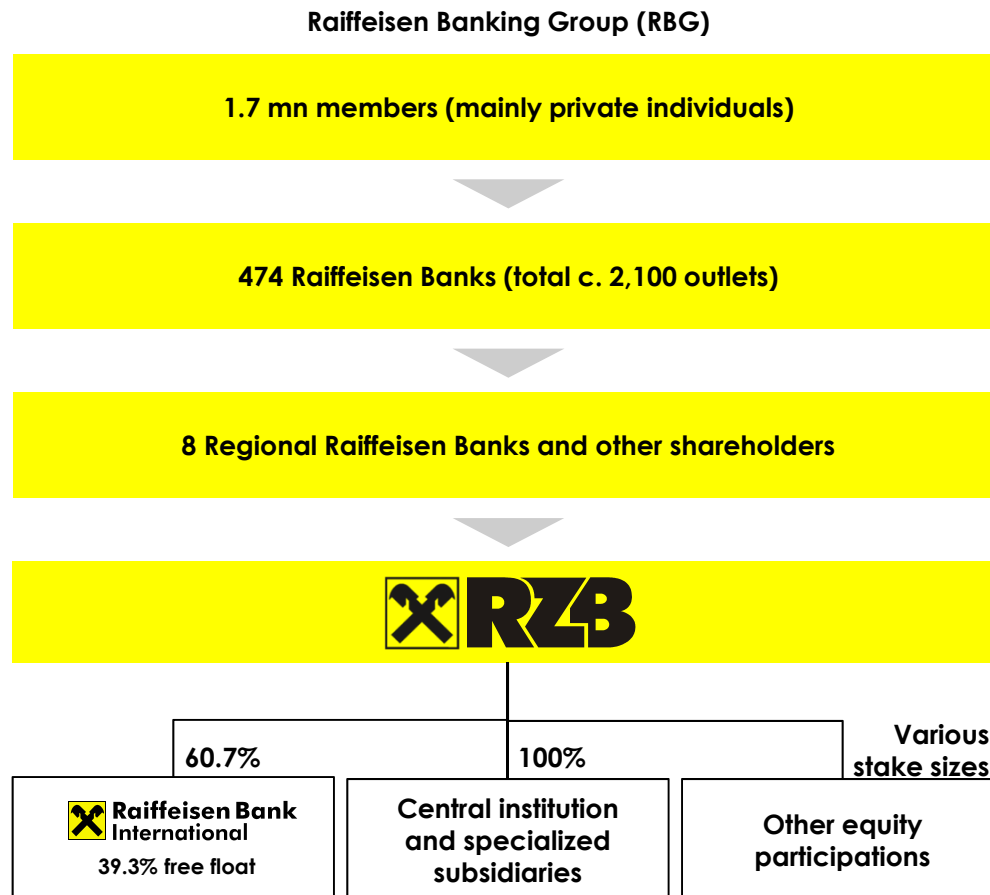
Description

- The segment Other Equity Participations shows profit from participations not connected with the function of RZB AG as the central institution of the RBG
- This equity participation portfolio contains predominantly non-controlling interests from the non-banking industries, with income from companies valued at equity
- These include inter alia investments in UNIQA Insurance Group AG, Leipnik-Lundenburger Invest Beteiligungs AG (holding company with investments in flour and milling industries and vending) and Raiffeisen evolution project development GmbH (development of high-quality residential and commercial property). Additionally, the investment in Notartreuhandbank AG is reported in this segment
- The segment Other Equity Participations also reports the expenses and income from internal allocation and netting

Commentary on Financials (y-o-y)

- Operating income slightly increased: Net interest income down EUR 2 mn due to lower result from companies valued at-equity; recurring other net operating income improved due to higher income arising from non-banking activities
- General administrative expenses remained stable
- Other results down EUR 205 mn to minus EUR 193 mn
 - Net income from financial investments down EUR 122 mn to minus EUR 108 mn mainly due to goodwill impairment on UNIQA Insurance Group AG
 - Net income from disposal of group assets down EUR 84 mn resulting from devaluation of UNIQA shares expected to be sold in H2/2016

Overview Description of RBG



Raiffeisen Banking Group: the number 1 in Austria

- Raiffeisen Zentralbank Österreich AG (RZB) is the core company of the RZB Group. Founded in 1927, RZB is Austria's third-largest bank and the lead institute of the Austrian Raiffeisen Banking Group (RBG), making it the largest banking group in the country in terms of balance sheet total.
- The RBG represents about one quarter of the domestic banking market, has the densest network of banks in the country, with c. 2,100 outlets, and employs about 29,000 people.
- The RBG has a three-tier structure comprising the Raiffeisen banks, the Raiffeisen regional banks at provincial level and RZB. The Raiffeisen banks are private cooperative banks and owners of the Raiffeisen regional banks of their respective province. These in turn together hold around 90 per cent of the RZB common shares.

The three tiered Raiffeisen Banking Group (RBG):

- 1st tier: The 474 independent and locally active Raiffeisen banks and their c. 1,587 outlets form the first tier.
- 2nd tier: The Raiffeisen banks of a province are owners of their respective Raiffeisen regional banks, which form the second tier. These are responsible for balancing liquidity and other central services for the Raiffeisen banks within their area of operation and also act as independent universal banks.
- 3rd tier: RZB is the lead institute of the Raiffeisen Banking Group and forms the third tier in this function, together with central service tasks.

Note: Data as of 12/2015

Shareholder Information Overview



Contact Details

Susanne E. Langer

Head of Group Investor Relations
Spokesperson

Raiffeisen Zentralbank Österreich AG

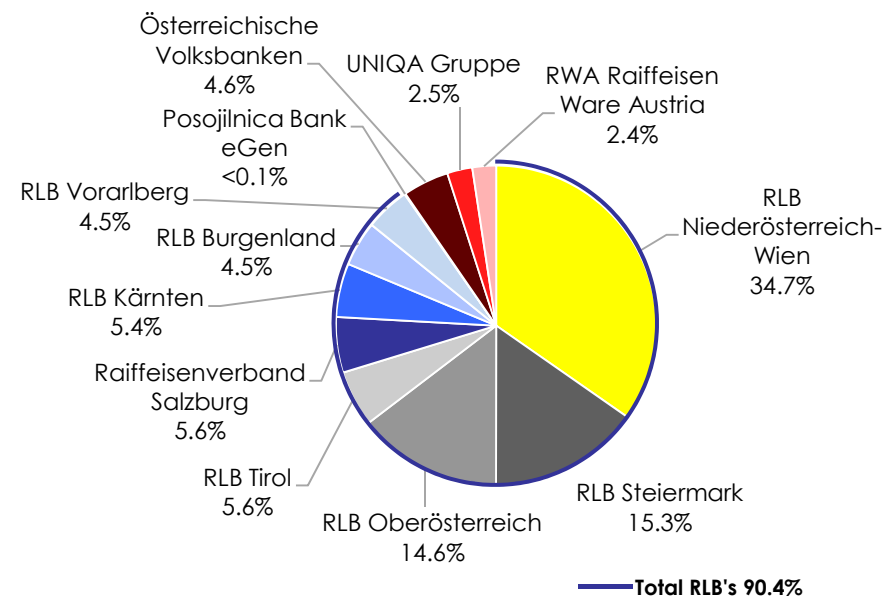
Am Stadtpark 9
1030 Vienna
Austria

Tel.: +43 1 71 707 2089
Fax: +43 1 71 707 2138

ir@rzb.com

www.rzb.at

Shareholder Structure 30.06.2016



RZB Ratings

	Long-term	Outlook	Short-term
Moody's	Baa2	Positive	P-2
Standard & Poor's	BBB+	Negative	A-2