



## Raiffeisen Bank International AG

*(Vienna, Republic of Austria)*

### EUR 500,000,000 Fixed to Reset Rate Additional Tier 1 Notes of 2020 with a First Reset Date on 15 December 2026

ISIN XS2207857421, Common Code 220785742, WKN A280C0

Issue price: 100.00 per cent.

Raiffeisen Bank International AG (the "**Issuer**" or "**RBI**") will issue on 29 July 2020 (the "**Issue Date**") EUR 500,000,000 Fixed to Reset Rate Additional Tier 1 Notes of 2020 with a First Reset Date on 15 December 2026 (the "**Notes**") in the denomination of EUR 200,000 each.

The Notes will bear distributions on the Current Principal Amount (as defined below) at the rate of 6.00 per cent. per annum (the "**First Rate of Distributions**") from and including 29 July 2020 (the "**Distribution Commencement Date**") to but excluding 15 December 2026 (the "**First Reset Date**") and thereafter at the relevant Reset Rate of Distributions from and including each Reset Date to but excluding the next following Reset Date. "**Reset Date**" means the First Reset Date and each 5th anniversary thereof for as long as the Notes remain outstanding. The "**Reset Rate of Distributions**" for each reset period will be the sum of the Reference Rate and the Margin, such sum converted from an annual basis to a semi-annual basis in accordance with market convention (both as defined in the terms and conditions of the Notes (the "**Terms and Conditions**")). Distributions will be scheduled to be paid semi-annually in arrear on 15 December and 15 June in each year, commencing on 15 December 2020 (first short coupon).

Distribution payments are subject to cancellation, in whole or in part, and, if cancelled, are non-cumulative and distribution payments in following years will not increase to compensate for any shortfall in distribution payments in any previous year.

"**Current Principal Amount**" will mean initially EUR 200,000 (the "**Original Principal Amount**") which from time to time, on one or more occasions, may be reduced upon occurrence of a Trigger Event (as defined in the Terms and Conditions) by a write-down and, subsequent to any such reduction, may be increased by a write up, if any (up to the Original Principal Amount) subject to limitations and conditions (as defined in the Terms and Conditions).

The Notes are perpetual and have no scheduled maturity date. The Notes are redeemable by the Issuer at its discretion on the First Reset Date and on each Distribution Payment Date thereafter or in other limited circumstances and, in each case, subject to limitations and conditions as described in the Terms and Conditions. The "**Redemption Amount**" per Note will be the Current Principal Amount per Note.

The Notes, as to form and content, and all rights and obligations of the holders and the Issuer will be governed by the laws of the Federal Republic of Germany ("**Germany**"). The status provisions of the Notes will be governed by, and will be construed exclusively in accordance with, the laws of the Republic of Austria ("**Austria**").

The Notes will be issued in bearer form and initially be represented by a Temporary Global Note without coupons which will be exchangeable for Notes represented by a Permanent Global Note without coupons (both as defined in the Terms and Conditions).

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 6.3 of Regulation (EU) No 2017/1129 (as amended, the "**Prospectus Regulation**"). This Prospectus, together with all documents incorporated by reference, will be published in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier*, Luxembourg ("**CSSF**") in its capacity as competent authority under the Prospectus Regulation. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should neither be considered as an endorsement of the Issuer that is subject of this Prospectus nor of the quality of the securities that are the subject of this Prospectus. The CSSF gives no undertaking as to the economic and financial soundness of the transaction or the quality or solvency of the Issuer. Investors should make their own assessment as to the suitability of investing in the Notes.

This Prospectus will be valid until 27 July 2021 and may in this period be used for admission of the Notes to trading on a regulated market. In case of a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Notes, the Issuer will prepare and publish a supplement to the Prospectus without undue delay in accordance with Article 23 of the Prospectus Regulation. The obligation of the Issuer to supplement this Prospectus will cease to apply once the Notes have been admitted to trading on a regulated market and at the latest upon expiry of the validity period of this Prospectus.

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. The regulated market of the Luxembourg Stock Exchange is a regulated market for the purposes of Directive 2014/65/EU (as amended, "**MiFID II**").

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, the Notes in any jurisdiction where such offer or solicitation is unlawful.

**The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and subject to certain exceptions, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

Further, the Notes are not intended to be sold and should not be sold to retail clients in the EEA or the UK, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, as amended or replaced from time to time, other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "**Restrictions on Marketing and Sales to Retail Investors**" on page 3 of this Prospectus for further information.

On each Reset Date the Reset Rate of Distributions payable under the Notes is calculated by reference to the annual swap rate for swap transactions denominated in Euro with a term of five years, which appears on the Reuters Screen Page ICESWAP2 under the heading "**EURIBOR BASIS – EUR**" and above the caption "**11:00 AM FRANKFURT**" as of 11.00 a.m. (Frankfurt time) on the relevant Reset Determination Date, and which is provided by ICE Benchmark Administration ("**IBA**"). As of the date of this Prospectus, IBA appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (as amended, the "**BMR**").

The annual swap rate for swap transactions denominated in Euro with a term of five years, which appears on the Reuters Screen Page ICESWAP2 under the heading "**EURIBOR BASIS – EUR**" is calculated with reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is provided by the European Money Market Institute ("**EMMI**"). As of the date of this Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the BMR.

Prospective purchasers of the Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider the suitability of the Notes as an investment in light of their own circumstances and financial condition. Investing in the Notes involves certain risks. Please review the section entitled "**Risk Factors**" beginning on page 7 of this Prospectus.

*Joint Lead Managers and Joint Structuring Advisors*

**Raiffeisen Bank International AG**

**UBS Investment Bank**

*Joint Lead Managers*

**Barclays**

**Goldman Sachs International**

**J.P. Morgan**

## RESPONSIBILITY STATEMENT

The Issuer with its registered office in Vienna, Austria, accepts responsibility for the information contained in this Prospectus and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer further confirms that (i) this Prospectus contains all information with respect to the Issuer and its subsidiaries (the Issuer and its fully consolidated subsidiaries taken as a whole, the "**RBI Group**") and to the Notes which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer and of the Notes is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Group and of the rights attached to the Notes; (ii) the statements contained in this Prospectus relating to the Issuer, the Group and the Notes are in every material particular true and accurate and not misleading; (iii) there are no other facts in relation to the Issuer, the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Prospectus misleading in any material respect; and (iv) reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements.

## NOTICE

No person is authorised to give any information or to make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or the Joint Lead Managers (as defined in the section "*Subscription and Sale of the Notes*").

This Prospectus should be read and understood in conjunction with any supplement hereto and with any documents incorporated herein or therein by reference.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer or the Joint Lead Managers to purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer or the Joint Lead Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

This Prospectus reflects the status as of its date. The offering, sale and delivery of the Notes and the distribution of this Prospectus may not be taken as an implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial condition of the Issuer since the date hereof.

To the extent permitted by the laws of any relevant jurisdiction, neither any Joint Lead Manager nor any of its respective affiliates nor any other person mentioned in this Prospectus, except for the Issuer, accepts responsibility for the accuracy and completeness of the information contained in this Prospectus or any document incorporated by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accept any responsibility for the accuracy and completeness of the information contained in any of these documents. The Joint Lead Managers have not independently verified any such information and accept no responsibility for the accuracy thereof.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. For a description of the restrictions see "*Subscription and Sale of the Notes – Selling Restrictions*".

For the avoidance of doubt the content of any website referred to in this Prospectus does not form part of this Prospectus and the information on such websites has not been scrutinised or approved by the CSSF as competent authority under the Prospectus Regulation.

In this Prospectus all references to "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European Economic and Monetary Union, and as defined in Article 2 of Council Regulation (EC) No 974/98, as amended.

### **RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS**

The Notes issued pursuant to this Prospectus are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the "FCA") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "PI Instrument"). In addition, (i) on 1 January 2018, the provisions of Regulation (EU) No. 286/2014 ("PRIIPs Regulation") became directly applicable in all member states of the EEA and the United Kingdom and (ii) Directive 2014/65/EU (as amended, "MiFID II") was required to be implemented in EEA member states and the United Kingdom by 3 January 2018. Together the PI Instrument, PRIIPs Regulation and MiFID II are referred to as the "Regulations".

The Regulations set out various obligations in relation to (i) the manufacture and distribution of financial instruments and the (ii) offering, sale and distribution of packaged retail and insurance-based investment products and certain contingent write-down or convertible securities such as the Notes. The Issuer and the Joint Lead Managers are required to comply with some or all of the Regulations. By purchasing, or making or accepting an offer to purchase any Notes (or a beneficial interest in the Notes) from the Issuer and/or the Joint Lead Managers each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Joint Lead managers that:

- (1) it is not a retail investor;
- (2) whether or not it is subject to the Regulations:
  - (A) it will not sell or offer the Notes (or any beneficial interest therein) to retail investors; or
  - (B) it will not communicate (including the distribution of this Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail investor (in each case within the meaning of MiFID II). In selling or offering the Notes or making or approving communications relating to the Notes it may not rely on the limited exemptions set out in the PI Instrument;
  - (C) if it is a person in Hong Kong, it is a "professional investor" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; and
- (3) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) MiFID II and any other such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

For the purposes of this provision: the expression "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4 (1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 ("Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4 (1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation.

## **MIFID II PRODUCT GOVERNANCE / TARGET MARKET: PROFESSIONAL INVESTORS AND ECPS ONLY**

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

### **NOTICE TO PROSPECTIVE INVESTORS IN SINGAPORE**

Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

For a further description of certain restrictions on offerings and sales of the Notes see "*Subscription and Sale – Selling Restrictions*".

### **BENCHMARK REGULATION: STATEMENT ON REGISTRATION OF BENCHMARK ADMINISTRATOR**

On each Reset Date the Reset Rate of Distributions payable under the Notes is calculated by reference to the annual swap rate for swap transactions denominated in Euro with a term of five years, which appears on the Reuters Screen Page ICESWAP2 under the heading "*EURIBOR BASIS – EUR*" and above the caption "*11:00 AM FRANKFURT*" as of 11.00 a.m. (Frankfurt time) on the relevant Reset Determination Date, and which is provided by ICE Benchmark Administration ("**IBA**"). As of the date of this Prospectus, IBA appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the BMR.

The annual swap rate for swap transactions denominated in Euro with a term of five years, which appears on the Reuters Screen Page ICESWAP2 under the heading "*EURIBOR BASIS – EUR*" is calculated with reference to the EURIBOR, which is provided by the European Money Market Institute ("**EMMI**"). As of the date of this Prospectus, EMMI appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the BMR.

### **STABILISATION**

**IN CONNECTION WITH THE ISSUE OF THE NOTES, UBS EUROPE SE (THE "STABILISING MANAGER") (OR ANY PERSON ACTING ON BEHALF OF ANY STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

## ALTERNATIVE PERFORMANCE MEASURES

Certain terms and financial measures presented in the documents incorporated by reference are not recognised financial measures under International Financial Reporting Standards as adopted by the European Union ("**IFRS**") ("**Alternative Performance Measures**") and may therefore not be considered as an alternative to the financial measures defined in the accounting standards in accordance with generally accepted accounting principles. The Issuer has provided these Alternative Performance Measures because it believes they provide investors with additional information to assess the operating performance and financial standing of RBI Group's business activities. The definition of the Alternative Performance Measures may vary from the definition of identically named alternative performance measures used by other companies. The Alternative Performance Measures for RBI Group presented by the Issuer should not be considered as an alternative to measures of operating performance or financial standing derived in accordance with IFRS. These Alternative Performance Measures have limitations as analytical tools and should not be considered in isolation or as substitutes for the analysis of the consolidated results or liabilities as reported under IFRS.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Group's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including Group's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Group's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the section "*General Information on the Issuer and the Group*" of this Prospectus. This section includes more detailed descriptions of factors that might have an impact on the Group's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, neither the Issuer nor the Joint Lead Managers assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

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## RISK FACTORS

*Before deciding to purchase the Notes, investors should carefully review and consider the following risk factors and the other information contained in this Prospectus. Should one or more of the risks described below materialise, this may have a material adverse effect on the business, prospects, shareholders' equity, assets, financial position and results of operations (Vermögens-, Finanz- und Ertragslage) or general affairs of the Issuer or the Group. Moreover, if any of these risks occur, the market value of the Notes and the likelihood that the Issuer will be in a position to fulfil its payment obligations under the Notes may decrease, in which case the holders of the Notes could lose all or part of their investments. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other unknown reasons than those described below. Additional risks of which the Issuer is not presently aware could also affect the business operations of RBI Group and have a material adverse effect on RBI Group's business activities and financial condition and results of operations. Prospective investors should read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

*Words and expressions defined in the Terms and Conditions shall have the same meanings in this section.*

*Potential investors should, among other things, consider the following:*

### **Risks relating to the Issuer and RBI Group**

The risk factors herein are organised into the following categories below depending on their nature (with the most material risk factor mentioned first in each of the following categories):

- Risks relating to the Business of RBI;
- Regulatory, Legal and Political Risks;
- Raiffeisen Banking Sector Risk; and
- General Business Risks.

The Issuer has also taken into account in respect of such assessment the principles and outcomes of its Internal Capital Adequacy Assessment Process ("ICAAP").

### ***Risks related to the business of RBI***

#### **Credit Risk**

*RBI Group is exposed to the risk of defaults by its counterparties.*

Credit risk refers to the commercial soundness of a counterparty (e.g. borrower or another market participant contracting with a member of RBI Group) and the potential financial loss that such market participant will cause to RBI Group if it does not meet its contractual obligations *vis-à-vis* RBI Group. In addition, RBI Group's credit risk is impacted by the value and enforceability of collateral provided to members of RBI Group.

RBI Group is exposed to counterparty risk in particular with respect to its lending activities with retail and corporate customers, credit institutions, local regional governments, municipalities and sovereigns, as well as other activities such as its trading and settlement activities, the risk that third parties who owe money, securities or other assets to RBI Group will not timely and in full perform their obligations. This exposes RBI Group to the risk of counterparty defaults, which have historically been higher during periods of economic downturn for example in 2020 in connection with the outbreak



of the COVID-19 pandemic. Furthermore, RBI is exposed to the risk of lower creditworthiness of its customers, potentially leading to losses which exceed loss provisions.

RBI Group is also exposed to a risk of non-performance by counterparties in the financial services industry. This risk can arise through trading, lending, deposit-taking, derivative business, repurchase and securities lending transactions, clearing and settlement of securities and many other activities and relationships with financial institutions (including without limitation: brokers and dealers, custodians, commercial banks, investment banks, mutual and hedge funds, and other institutional clients).

Downgrades in sovereign credit ratings could increase the credit risk of financial institutions based in these countries. Financial institutions are likely to be affected most by potential rating downgrade because they are affected by larger defaults or revaluations of securities, for example, or by heavy withdrawals of customer deposits in the event of a significant deterioration of economic conditions. Such adverse credit migration could result in increased losses and impairments with respect to RBI Group's exposures in these portfolios.

Defaults by, or even rumours or concerns about potential defaults or a perceived lack of creditworthiness of, one or more financial institutions, or the financial industry generally, have led and could lead to significant market-wide liquidity problems, losses or defaults by other financial institutions as many financial institutions are inter-related due to trading, funding, clearing or other relationships. This risk is often referred to as "systemic risk" and it affects credit institutions and all different types of intermediaries in the financial services industry. In addition to its other adverse effects, the realisation of systemic risk could lead to an imminent need for RBI Group members and other credit institutions in the markets in which RBI Group operates to raise additional liquidity or capital while at the same time making it more difficult to do so. Systemic risk could therefore have a material adverse effect on RBI Group's business, financial condition, results of operations, liquidity and prospects.

In the past, volatile economic conditions substantially raised the risk of defaults in the customer business and increased the amount of non-performing loans for both retail and corporate customers. If such developments were to reoccur, they might be reinforced by changes of foreign exchange rates (foreign exchange-based loans) which would negatively affect the ability of customers to repay their loans. Furthermore, the ability of customers to repay their loans may also be affected by increasing money market interest rates if the interest rate of a loan is based on floating rates. In particular if the low level of market interest rates comes to an end and interest rates increase, the rate of non-performing loans may increase, the provisioning of which would diminish RBI's Groups profits and could negatively affect the equity and the goodwill of members of RBI Group. Furthermore, RBI Group's loan portfolio and other financial assets might be impaired which might result in a withdrawal of deposits and decreased demand for RBI Group's products.

RBI Group provides for potential losses arising from counterparty default or credit risk by net allocations to provisioning for impairment losses, the amount of which depends on applicable accounting principles, risk control mechanisms and RBI Group's estimates.

Should actual credit risk exceed current estimates on which net allocations to provisioning have been made, RBI Group's loan loss provisions could be insufficient to cover losses. This would have a material adverse impact on RBI Group's financial position and results of operations.

*As member of RBI Group and as part of the Raiffeisen Banking Sector, RBI is subject to concentration risk with respect to geographic regions and client sectors and large counterparties.*

RBI's business activities are pursued to a significant extent (more than 60 per cent. of operating income and risk weighted assets) via its subsidiaries. Each of these subsidiaries can influence the profit and loss position of RBI, especially via the valuation of the subsidiary, via the costs of refinancing the participation versus its dividend payments and via national regulatory burdens on the level of each subsidiary.

Furthermore, due to accounts receivable from borrowers in certain countries and/or certain industry sectors, as the case may be, RBI Group is, to varying degrees, subject to a concentration of regional as well as sectorial counterparty risks. The concentration risk with respect to geographic regions and client sectors mainly exists in Austria (including exposures

to the Raiffeisen Banking Sector (please see risk factors in section "*Raiffeisen Banking Sector Risks*" below)), Russia and the Czech Republic, which each accounts for 10 per cent. or more of RBI's risk weighted assets. Furthermore, at RBI level, the reallocation of intra-group funding in order to support particular members of RBI Group, and the resulting increase in exposure to such group members and the countries in which they are located, also constitutes concentration risk, which may be severe in the event of a default by one or several of these group members. Additionally, a failure of one or more members of RBI Group to service their respective payment obligations under certain financing agreements could trigger group cross default clauses and thus, unforeseen short-term liquidity needs for members of RBI Group. Moreover, concentration risks may arise out of investments in asset backed securities if such investments show a sectoral or regional concentration of debtors. The value of asset backed securities may be reduced significantly if the asset backed securities are concentrated in debtors stemming from respective sectors or regions which are hit by economic downturns.

The results of any concentration risk and all of the above-mentioned mechanisms may adversely affect RBI's financial standing and liquidity position.

*Any appreciation of the value of any currency in which foreign-currency ("FX") loans are denominated against CEE currencies or even a continuing high value of such a currency may – also retroactively - deteriorate the quality of foreign currency loans which RBI Group has granted to customers in CEE.*

In several Central and Eastern European, including South Eastern European countries (together, "CEE"), RBI operates through a network of majority-owned (non-Austrian) subsidiary credit institutions (the "**Network Banks**") which are members of RBI Group. RBI Group has granted loans to households and companies denominated in foreign currencies (e.g. CHF, USD and EUR). An appreciation of such a currency against the respective borrower's home currency makes the debt more burdensome for local borrowers in CEE without income streams in the relevant currency. An appreciation of such a currency against the respective borrower's home currency affects a whole group of customers who have taken up loans in that foreign currency, thus resulting in a form of concentration risk if a larger share of those customers is unable to meet their obligations *vis-à-vis* RBI Group. The realisation of such a risk concentration could have a material adverse impact on RBI Group's financial position and results of operations.

Such situations have in the past also raised the risk of regulatory and political intervention and/or challenges in litigation proceedings, which are described in the respective risk factors below.

### **Market Risk**

*RBI Group's business, capital position and results of operations have been, and may continue to be, significantly adversely affected by market risks.*

Market risk refers to the specific and general risk position assumed by RBI Group on the asset or liability side with respect to positions in any debt instruments, equity instruments, equity-index forwards and futures, investment fund units, options, foreign currencies and commodities and in any financial instruments relating to any of the beforementioned items.

Market risk is the risk that market prices of assets and liabilities or revenues will be adversely affected by changes in market conditions and includes, but is not limited to changes of interest rates, credit spreads of issuers of securities, foreign exchange rates, equity and debt price risks or market volatility. Changes in interest rate levels, yield curves, rates and spreads may affect RBI Group's net interest income and margin. Changes in foreign exchange rates affect the market price of assets and liabilities denominated in foreign currencies as well as the capital position and the profit and loss values as measured in euro, or the respective local currency of the Network Banks whose capital is denominated in the local currency, and may affect income from foreign exchange dealing.

The performance of financial markets or financial conditions generally may cause changes in the market price of RBI Group's investment and trading portfolios. RBI Group's risk management systems for the market risks to which its portfolios are exposed contain measurement systems which may prove inadequate as it is difficult to predict changes in economic or market conditions with accuracy and to anticipate the effects that such changes could have on RBI Group's financial performance and business operations, in particular in cases of extreme and unforeseeable events. In times of market stress or other unforeseen circumstances, such as the extreme market conditions experienced for example in 2020

in connection with the outbreak of the COVID-19 pandemic, previously uncorrelated indicators may become correlated, or previously correlated indicators may move in different directions. These changes in correlation can be exacerbated where other market participants are using risk or trading models with assumptions or algorithms that are similar to RBI Group's. In these and other cases, it may be difficult to reduce RBI Group's risk positions due to the activity of other market participants or widespread market dislocations, including circumstances where asset values are significantly declining, or no market exists for certain assets.

To the extent that RBI Group makes investments directly in assets that do not have an established liquid trading market or are otherwise subject to restrictions on sale or hedging, RBI Group may not be able to reduce its positions timely or at all and therefore timely reduce its risk associated with such positions. These types of market movements have at times limited the effectiveness of RBI Group's hedging strategies and have caused RBI Group to incur significant losses, which may also happen in the future.

The realisation of market risk could have a material adverse effect on RBI's financial position and results of operations.

*Hedging measures might prove to be ineffective. When entering into unhedged positions, RBI Group is directly exposed to the risk of changes in interest rates, foreign exchange rates or prices of financial instruments.*

RBI Group utilises a range of instruments and strategies to hedge risks. Unforeseen market developments may have a significant impact on the effectiveness of hedging measures. Instruments used to hedge interest and currency risks can result in losses if the underlying financial instruments are sold or if valuation adjustments must be undertaken. Furthermore, RBI Group's hedging measures may be affected due to deterioration of hedging counterparty's creditworthiness. In a worst-case scenario, an originally hedged position may become an unhedged position due to counterparty's default.

Hedging instruments, in particular credit default swaps, could prove ineffective if restructurings of outstanding debt, including sovereign debt, avoid credit events that would trigger payment under such hedging instruments. Generally, gains and losses from ineffective risk-hedging measures can increase the volatility of the results generated by RBI Group.

In addition, RBI Group assumes open, i.e. unhedged, positions with respect to interest rates, foreign exchange and financial instruments either in the expectation that favourable market movements may result in profits or it considers certain positions cannot be hedged effectively or at all. These open positions are subject to the risk that changes in interest rates, foreign exchange rates or the prices of financial instruments may result in significant losses.

Furthermore, RBI Group has open positions with regard to its subsidiaries' capital and profit and loss positions measured in Euro. Only part of these positions can be hedged due to inadequate market developments in many of the markets in which RBI Group operates in CEE and RBI Group does not consistently close these positions. Thus, even with constant margins and profits as measured in local currencies there is a risk of material adverse effects on the accounts as measured in Euro.

*Adverse movements and volatility in foreign exchange rates had and could continue to have an adverse effect on the valuation of RBI Group's assets and on RBI Group's financial condition, results of operations, cash flows and capital adequacy.*

A large part of RBI Group's operations, assets and customers are located outside the Eurozone and RBI Group conducts its operations in many currencies other than the euro, all of which for purposes of inclusion in RBI Group's consolidated financial statements must be translated into euros at the applicable exchange rates. RBI Group also has liabilities in currencies other than the euro and trades currencies on behalf of its customers and for its own account, thus maintaining open currency positions.

Adverse movements in foreign exchange rates may affect RBI Group's cash flows as measured in euro, as well as the cash flows of RBI Group's customers, particularly if such fluctuations are unanticipated or sudden. Some of the currencies in which RBI Group operates have been highly volatile in the past.

Any new financial crisis in countries in which RBI Group operates might cause a substantial depreciation of CEE currencies against the Euro, like it was experienced during financial crises in the past, might reduce the equity of RBI Group companies denominated in local currency as measured in EUR and the goodwill of local group companies.

In addition, a devaluation of local currencies could have an adverse effect on RBI Group's revenues and profits. Foreign currency exchange rate fluctuations may affect the regulatory capital ratios as much as the base currency mix of risk weighted assets differs from the mix of consolidated capital for RBI and RBI Group.

As such, fluctuations in foreign currency exchange rates may have a material adverse effect on RBI Group's business, financial position and results of operations and, in particular, may result in fluctuations in RBI Group's consolidated capital as well as its credit risk related capital adequacy requirements.

### **Operational Risk**

*Although RBI Group is analysing operational risks on a frequent basis, it may suffer significant losses as a result of operational risk, i.e. the risk of loss due to inadequate or failed internal processes or due to external events.*

Inadequate or failed internal processes can include without limitation unauthorised actions, theft or fraud by employees, clerical and record keeping errors, business interruption and information systems malfunctions or manipulations or model risks (e.g. valuation of assets/liabilities, in terms of liquidity or market risks). External events include without limitation earthquakes, riots or terrorist attacks, cyber-attacks, bank robberies, fraud by outsiders and equipment failures, whether deliberate, accidental or natural occurrences like the outbreak of the COVID-19 pandemic (please see risk factor "*Outbreaks of diseases can have severe impacts on banking operations, the social and economic environment, and financial market developments.*" below).

*Compliance with applicable rules and regulations, in particular on anti-money laundering and anti-terrorism financing, anti-corruption and fraud prevention, sanctions, tax as well as capital markets (securities and stock exchange related), involve significant costs and efforts and non-compliance may have severe legal and reputational consequences for RBI.*

The Issuer is subject to numerous legal and regulatory provisions to avoid money laundering, corruption and terrorism financing ("**AML Rules**") which are continuously amended and tightened.

The Issuer's obligation to comply with these AML Rules causes significant costs and expenses for the Issuer. In addition, any (factual or even only alleged) breach of the AML Rules may, despite of the Issuer's full commitment, not be fully ruled out and may have also main negative legal, financial and reputational consequences for the Issuer.

This also applies to the more stringent due diligence and disclosure obligations according to the standard for automatic exchange of financial account information in tax matters (*Common Reporting Standard – "CRS"*), which has been approved by the Organisation for Economic Co-operation and Development OECD, and formally adopted by the EU through the "Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation". Therefore, RBI Group members within the EU are required to apply the CRS rules and provisions. In Austria, CRS is implemented by the Austrian Common Reporting Standard Act (*Gemeinsamer Meldestandard-Gesetz – "GMSG"*). Not complying with the provisions of the CRS and/or GMSG could lead to locally defined penalties.

According to the CRS, financial institutions in participating countries are required to apply strict due diligence rules for new, as well as for pre-existing accounts in order to identify the customer's tax residence. These strict provisions result in an annual reporting obligation to the local tax authority which exchanges data with other tax authorities.

Another due diligence and disclosure obligation derives from the Foreign Account Tax Compliance Act ("**FATCA**") provisions of the U.S., which were put in force in 2010 in order to prevent tax evasion by U.S. account holders (U.S. citizens and U.S. residents for tax purposes). In 2014, the United States and Austria entered into an intergovernmental agreement (an "**IGA Model 2**") in order to facilitate the implementation of FATCA for Austrian financial institutions. According to said agreement, all Austrian financial institutions have to implement appropriate measures in order to meet the due-diligence and reporting obligations of the FATCA.

The U.S. Treasury Department and the U.S. Internal Revenue Services (IRS) may issue additional guidance and regulations that may alter the application of FATCA to RBI Group and the Notes in the future. All FATCA reporting relevant RBI Group units (FFIs), including RBI itself, are registered with the U.S. IRS as FATCA compliant members of RBI Expanded Affiliated Group.

A similar strict U.S. regulation is the Qualified Intermediary Agreement ("**QI Agreement**"). According to the QI Agreement a compliance programme has to be created and a review with sampling has to be conducted periodically. This QI Agreement, originally from 2001, has been renewed between RBI and the U.S. IRS in 2017. RBI is obliged to make an appropriate report regarding withheld amounts for the US Treasury Department (respectively U.S. IRS). In addition, the U.S. IRS has issued detailed regulations about taxing Dividend Equivalent Payments.

Since the U.S. IRS combines both FATCA and the QI Agreement, not complying with QI regulations could result in a loss of the QI status and in a loss of the FATCA compliant status, which would lead to severe legal, monetary and reputational consequences and could have a material adverse effect on RBI Group's business, financial condition and results of operations.

Increasingly stricter EU sanctions as well as U.S. sanctions against certain countries, legal entities and individuals may restrict or prevent RBI as well as RBI Group companies not only from entering into new transactions with affected entities but also affect the settlement of existing transactions, in particular the enforcement of existing claims against customers, which could result in risks relating to law suits due to non-payment in connection with e.g. guarantees issued by RBI or members of RBI Group or letters of credit as well as significant losses. The situation will be exacerbated by legislation of affected countries countering such sanction legislation if RBI Group entities may be required to comply with contradicting acts of legislation with extra-territorial effect enacted in different jurisdictions. This risk may affect in particular RBI Group's business in Russia and with entities related to Russia.

Any breach of such regulations and even the mere suspicion of any breach may have legal consequences or have an adverse impact on the reputation of RBI Group and thus significantly affect its business, for example by the freezing of accounts with U.S. correspondent credit institutions, its financial position and results of operations. In addition, non-compliance with such regulations may also cause direct losses and damages if the purpose of such regulations is the improvement of internal control systems.

### **Macroeconomic Risk**

*RBI Group has been and may continue to be adversely affected by global financial and economic crises, like the Eurozone (sovereign) debt crisis, the risk of one or more countries leaving the European Union or the Eurozone, like the UK Brexit, and other negative macroeconomic and market environments and may further be required to make impairments on its exposures.*

RBI's ability to fulfil its obligations under its debt securities may be affected by changing conditions in the global financial markets, economic conditions generally and perceptions of those conditions and future economic prospects. The outlook for the global economy over the near to medium term remains uncertain, due to the outbreak of COVID-19 pandemic, and many forecasts predict a decrease in the levels of gross domestic product ("**GDP**") growth across many of the focus areas in which RBI Group operates. Many European and other countries continue to struggle under large budget deficits and elevated debt levels, raising a concern of the market that some European and other countries may in the future be unable to repay outstanding debt. These countries could find it difficult to obtain financing, if markets were to become volatile and potentially subject to intermittent and prolonged disruptions as experienced in the past.

Furthermore, the persisting low interest rate environment in many countries creates further pressure on the financial sector as it puts a constraint to net interest income and increased pressure on the cost structure of market participants.

Since the financial crisis in 2008 and 2009, in Europe, the financial and economic conditions of certain countries have been particularly negatively affected. Refinancing costs for some of these countries are still elevated and credit rating agencies downgraded the credit ratings of many of these countries but have also stripped the AAA rating from certain core European countries. Sovereigns, financial institutions and other corporates may become unable to obtain refinancing

or new funding and may default on their existing debt. The outcome of debt restructuring negotiations may result in RBI Group suffering additional impairments. Austerity measures to reduce debt levels and fiscal deficits in the future may well result in a slowdown of or negative economic development. One or more Eurozone countries could come under increasing pressure to leave the European Monetary Union, or the Euro as the single currency of the Eurozone could cease to exist.

The political, financial, economic and legal impact of the departure of one or more countries from the Eurozone and/or the European Union is difficult to predict. However, it can be observed using the example of the withdrawal of the United Kingdom from the European Union (so-called "**Brexit**") that unclear legal formalities and pending legal and economic frameworks lead to increased political and economic uncertainty which can entail various adverse cumulative impacts on the respective economies (e.g. investments, GDP, exchange rates, etc.).

For a country exiting the Eurozone and/or the European Union, possible consequences of such exit in a stress case include the loss of liquidity supply by the European Central Bank ("ECB"), the need to introduce capital controls and, subsequently, certificates of indebtedness or a new national currency, a possibility of a surge in inflation and, generally, a breakdown of its economy. Businesses and other debtors whose main sources of income are converted to a non-euro currency could be unable to repay their euro-denominated debts. Thus, foreign lenders and business partners including members of RBI Group would have to face significant losses. Disputes are likely to arise over whether contracts would have to be converted into a new currency or remain in euros. In the wider Eurozone, concerns over the euro's future might cause businesses to cut investment and people to cut back their spending, thus pushing the Eurozone into recession. Depositors in other struggling Eurozone countries could start withdrawing their deposits or moving them to other countries, thus provoking a banking crisis in southern Europe. The Euro could lose but also increase in value in case that exiting countries are coming from the economically weaker periphery. Depending on the exact mutual development of the FX-rates embedded in the global exchange-rate regime this might impact RBI Group's ability to repay its obligations. In addition to the risk of market contagion, there is also the potential of political repercussions such as a boost to anti-euro and anti-European political forces in other countries. Owing to the high level of interconnection in the financial markets in the Eurozone, the departure from the European Monetary Union by one or more Eurozone countries and/or the abandonment of the Euro as a currency could have material adverse effects on the existing contractual relations and the fulfilment of obligations by RBI Group and/or RBI Group's customers.

Outside the European Union, conflicts (such as in the Ukraine) or specific economic developments could have a negative impact on macroeconomic conditions and the financial position, results of operations and the prospects of RBI's subsidiaries. Furthermore, instability and whatsoever aggravation of the aforementioned conflicts (including developments concerning certain sanctions) might lead to adverse impacts on RBI Group (e.g. increase of defaults, legal implications, decrease of asset prices, etc.).

These developments or the perception that any of these developments will occur or exacerbate, have affected and could continue to significantly affect the economic development of affected countries, lead to widespread declines in GDP growth, and jeopardize the stability of financial markets. If the scope and severity of adverse economic conditions were to intensify in certain countries and in the focus areas of RBI Group, the risks RBI Group faces may be exacerbated.

### **Participation Risk**

*RBI has equity participations in legal entities that are held for operations or out of a strategic long-term nature. It is exposed to the risk that the value of those equity participations decreases.*

Apart from operatively controlled entities for which a look-through approach applies and which are consolidated in RBI's consolidated balance sheet, RBI holds equity participations in companies for the purpose of operations, like processing centres, and also in companies which are not in the focus of RBI's long-term strategy, like insurance companies or participations in non-financial sector. The respective equity participations are carried at amortized cost. Losses in the respective companies may, after a decrease of hidden reserves in these companies, lead to a depreciation of book values and have a direct impact on annual earnings of RBI. In addition, there may also be a decrease in the income from financial investments (e.g. from dividend payments).

### **Liquidity Risk including Credit Rating Downgrades**

*RBI Group's liquidity and profitability would be significantly adversely affected should RBI's credit ratings deteriorate, or RBI Group is otherwise unable to access the capital markets, to raise deposits, to sell assets on favourable terms, or if there is a strong increase in its funding costs (liquidity risk).*

Liquidity risk is the risk of an entity to be unable to meet its current and future financial obligations in full and/or in time. This arises, e.g. if refinancing can only be obtained at unfavourable terms or is entirely impossible. Liquidity risk can take various forms. For example, one or more members of RBI Group may be unable to meet their respective payment obligations on a particular day and may have to obtain liquidity from the market at short notice and on unfavourable terms, or even fail to obtain liquidity from the market and, at the same time, be unable to generate sufficient alternative liquidity through the disposing of assets. Loss of customer confidence in RBI Group's business or performance could result in unexpectedly high levels of customer withdrawals; deposits could be withdrawn at a faster rate than the rate at which any of RBI Group's borrowers repay their loans; lending commitments could be terminated; or further collateral in connection with collateral agreements for derivative transactions could be required. RBI Group's liquidity buffers may not be sufficient in every market environment or specific situation and results of RBI Group's liquidity risk management models may lead to inadequate steering measures.

In particular, the access of RBI to liquidity is dependent on credit ratings representing the opinion of a rating agency on the credit standing of an entity and take into account the likelihood of delay of and default on payments. They are material to RBI Group since they affect both, the willingness of customers to do business with RBI Group at all and the terms on which creditors are willing to transact with RBI Group and the willingness or possibility of investors to provide funds to RBI Group in the financial market. Credit ratings may be suspended, downgraded or withdrawn which may occur as a result of adverse macroeconomic developments or regulatory activities in the countries and regions in which rated entities operate, company specific developments or changes in the rating agencies' support assumptions. Rating agencies also change or adjust their ratings methodologies from time to time. Any such changes to rating criteria or methodologies can result in rating changes including downgrades.

Furthermore, a credit rating may also be suspended or withdrawn if RBI were to terminate the agreement with a rating agency or if it were to determine that it would not be in its interest to continue to supply financial data to a rating agency.

All of this could negatively affect RBI's ability comply with regulatory and commercial liquidity requirements.

### **Regulatory, Legal and Political Risks**

*The Issuer is subject to a number of strict and extensive regulatory rules and requirements.*

As an Austrian credit institution subject to direct supervision of the ECB within the SSM, the Issuer has to comply with a number of regulatory rules and requirements at all times which continuously change and become more extensive and stricter. Compliance with these regulatory rules and requirements, in particular including the ongoing monitoring and implementation of new or amended rules and regulations cause significant costs and additional effort for the Issuer and any (factual or even only alleged) breach of such rules and requirements may cause result in major regulatory measures and bear a main legal and reputational risk.

### **EU Banking Package and Reform of the Banking Union**

The Banking Union is a system for the supervision and resolution of credit institutions (including the Issuer) on EU level which is based on EU wide rules and currently consists of the Single Supervisory Mechanism ("SSM") and the Single Resolution Mechanism ("SRM").

On 7 June 2019, a legislative package for amendments of the following EU legal acts of 20 May 2019 regarding the Banking Union ("**EU Banking Package**") was published in the Official Journal of the EU:

(i) "Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC" (*Capital Requirements Directive IV – "CRD IV"*);

(ii) "Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012" (*Capital Requirements Regulation – "CRR"*);

(iii) "Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council" (*Bank Recovery and Resolution Directive – "BRRD"*); and

(iv) "Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010" (*Single Resolution Mechanism Regulation – "SRMR"*).

The EU Banking Package, *inter alia*, includes the following measures which are a specific and material risk to the Issuer:

- a leverage ratio requirement for all institutions;
- a net stable funding requirement;
- revised rules on capital requirements for counterparty credit risk and for exposures to central counterparties;
- a revised Pillar 2 framework;
- enhanced minimum requirement for own funds and eligible liabilities ("**MREL**") subordination rules for large banks referred to as top-tier banks;
- stricter conditions for liabilities in order to qualify as eligible liabilities instruments for MREL purposes;
- a new moratorium power for the Resolution Authority; and
- restrictions to distributions in case of MREL breaches.

The EU Banking Package (i.e. the amendments of the CRR, the CRD IV, the BRRD and the SRMR which are often also named as "CRR 2", "CRD V", "BRRD II" and "SRMR 2") entered into force on 27 June 2019. Certain amendments of the CRR already apply since 27 June 2019; further amendments of the CRR shall apply from 28 December 2020 respectively 28 June 2021, those of the SRMR from 28 December 2020. The EU Member States shall implement the amendments of the BRRD and the CRD IV into national legislation by 28 December 2020.

#### Amended BCBS Standards

On 7 December 2017 and on 14 January 2019, the Basel Committee on Banking Supervision ("**BCBS**") published amended standards for its international regulatory framework for credit institutions developed by the BCBS. Within the EU, the revised standards have to be transposed into EU law for being applicable. These Basel III reforms, *inter alia*, include the following key measures which are a specific and material risk to the Issuer if transposed into EU law:

- a revised standardised approach and the internal ratings-based approach for credit risk;
- revisions to the credit valuation adjustment (CVA) framework;
- a revised standardised approach for operational risk;
- revisions to the measurement of the leverage ratio;
- an aggregate output floor, which will ensure that risk-weighted assets ("**RWA**") generated by internal models are no lower than 72.5 per cent. of RWA as calculated by the Basel III framework's standardised approaches; and
- the finalised revised market risk framework.



The revised BCBS standards will (due to a deferral because of COVID-19) take effect from 1 January 2023 and will be phased in over five years.

On 7 December 2017, the BCBS also published a discussion paper on the regulatory treatment of sovereign exposures which would result in higher risk weights for certain sovereign exposures for the Issuer.

Stricter regulatory rules and requirements, in particular the EU Banking Package and the amended BCBS standards, result in significant capital demand for the Issuer and/or result in constraints and limitations on risk related business and other business of the Issuer. The latter will negatively affect the income and revenues of the Issuer.

*The Issuer has to comply with its applicable regulatory capital requirements at any time.*

The Issuer has to comply with certain regulatory capital requirements (both, on an individual basis as well as on a consolidated basis (at the level of RBI Regulatory Group) at any time:

- In this regard, the Issuer and the RBI Regulatory Group are required to satisfy the applicable minimum capital requirements pursuant to Article 92 CRR, *i.e.* the so-called "Pillar 1 requirements", at all times. This includes a Common Equity Tier 1 ("**CET 1**") capital ratio of 4.5%, a Tier 1 capital ratio of 6% and a total capital ratio of 8%.
- In addition, the Issuer and the RBI Regulatory Group are required to satisfy at all times the capital requirements that are imposed by the ECB following the supervisory review and evaluation process ("**SREP**"), *i.e.* the so-called "Pillar 2 requirements" "**P2R**" which go beyond the Pillar 1 requirements. The P2R shall be met in the form of at least 56.25% CET 1 capital and 75% Tier 1 capital. In addition, the RBI Regulatory Group is expected to meet the so-called "Pillar 2 guidance" ("P2G"). Please also see section "*Description of the Issuer and the Group - Capital Position and Requirements*" below.
- Furthermore, the Issuer and the RBI Regulatory Group are required to satisfy at all times the combined buffer requirement within the meaning of § 2(45) of the Austrian Banking Act (*Bankwesengesetz* – "**BWG**") in the form of CET 1 capital. For the Issuer and the RBI Regulatory Group, the combined buffer requirement consists of the sum of the capital buffer requirement for compliance with the capital conservation buffer, the countercyclical capital buffer for relevant credit exposures located in different countries, the systemic risk buffer and the capital buffer requirement for other systemically important institutions ("**O-SII**" buffer), in each case, based on the total risk exposure calculated pursuant to Article 92(3) CRR.
- Furthermore, the Issuer and the RBI Resolution Group Austria shall meet the minimum requirements for own funds and eligible liabilities ("**MREL**") in accordance with the Austrian Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz* – "**BaSAG**") / the SRMR upon request of the Resolution Authority. This MREL target shall be determined by the Resolution Authority, *i.e.* the Single Resolution Board ("**SRB**"), expressed as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution.

Legislation impacting on capital requirements could be enacted with little preparatory periods as evidenced by the latest amendments amending of the CRR as regards certain adjustments in response to the COVID-19 pandemic (albeit such legislation did not result in stricter regulatory capital requirements).

Stricter regulatory capital requirements applicable to the Issuer and/or any failure to comply with such requirements may result in (unscheduled) additional (quantitative or qualitative) capital demand for the Issuer and/or result in constraints and limitations on risk related business and other business of the Issuer. The latter will negatively affect the income and revenues of the Issuer.

*The Issuer is obliged to contribute to the Single Resolution Fund and to the deposit guarantee fund.*

The Single Resolution Fund ("**SRF**") has been established by the SRMR and is composed of contributions by credit institutions (including the Issuer) and certain investment firms in the participating Member States of the Banking Union. The SRF shall be gradually built up during the initial period of eight years (2016 – 2023) and shall reach the target level

of at least 1 per cent. of the amount of covered deposits of all credit institutions (including the Issuer) within the Banking Union by 31 December 2023.

The Issuer is a member of the *Einlagensicherung AUSTRIA Ges.m.b.H.* ("ESA"), the statutory (Austrian) deposit guarantee scheme within the meaning of Austrian Deposit Guarantee and Investor Protection Act (*Einlagensicherungs- und Anlegerentschädigungsgesetz – "ESAEG"*). The ESAEG stipulates a target level of the ex-ante financed deposit guarantee fund for the ESA of 0.8 per cent. of covered deposits which shall be fully composed by contributions of its members (including the Issuer) until 3 July 2024. If (in case of a crisis of a member institution) required, the Issuer may also be obliged to make certain (ex post) contributions to the SRF and the deposit guarantee fund.

The Issuer's obligation to make such contributions may result in additional financial burden for the Issuer and may have negative impact on its financial position and results of operation.

*If the relevant conditions are met, the Resolution Authority shall apply resolution actions in relation to the Issuer.*

The BRRD and the SRMR are the main legal basis for the recovery and resolution of credit institutions (including the Issuer) within the Banking Union.

If the conditions for resolution are met, the Resolution Authority shall take resolution actions (i.e. resolution tools and resolution powers) in relation to the Issuer in order to be able to exercise an orderly resolution, if the Issuer is failing (or likely to fail) and to preserve the financial stability.

The conditions for resolution of the Issuer are:

- the determination that the Issuer is failing or likely to fail has been made by the Competent Authority or the Resolution Authority; and
- having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures, or supervisory action, including early intervention measures or the write-down or conversion of relevant capital instruments taken in respect of the Issuer, would prevent the failure of the Issuer within a reasonable timeframe; and
- a resolution action is necessary in the public interest.

The resolution tools are: (i) the sale of business tool; (ii) the bridge institution tool; (iii) the asset separation tool; and (iv) the bail-in tool.

By applying the bail-in tool, the Resolution Authority may write down eligible liabilities in a cascading contribution to loss absorption of the Issuer or convert them into instruments of ownership. Moreover, the Resolution Authority can separate the performing assets from the impaired or under-performing assets and transfer the shares in the Issuer or all or part of the assets of the Issuer to a private purchaser or a bridge institution without the consent of the shareholders.

In addition, the Resolution Authority has so-called resolution powers, which it may exercise individually or in any combination in relation to or for the preparation of the application of a resolution tool in relation to the Issuer.

The BRRD and SRMR indicate that as resolution strategies both, a single or multiple point-of-entry ("SPE" or "MPE") approach, are allowed. In an SPE approach a failing bank subsidiary is recapitalized by instruments issued by the group parent (single point of entry) the proceeds of which are down-streamed to the failing subsidiary, while in an MPE approach a failing bank subsidiary is recapitalized by instruments issued by the failing subsidiary (multiple point of entry). In the first case, the shareholder structure of the parent company may change when debt instruments are bailed-in, in the second, the shareholder structure of the subsidiary may change. RBI Regulatory Group pursues the MPE approach. In this regard, the SRB and all relevant national resolution authorities of the resolution college have reached a joint decision that an MPE approach is the preferred resolution strategy for RBI Regulatory Group.

*Risks related to unpredictable political, economic, legal and social changes and government intervention*

RBI Group's business is materially dependent on political and social stability, the performance of the economies and a sustainable development of the banking sector in the countries in which it operates. It is evident that due to the nature of some main markets, RBI Group is exposed to a significant extent to those risks. Some of these markets are characterised by an increased risk of unpredictable political, economic, legal and social changes and related risks, such as exchange rate volatility, exchange controls/restrictions, regulatory changes, inflation, economic recession, local market disruptions, labour market tensions, ethnic conflicts and economic disparity. The level of risk differs significantly from country to country, and generally depends on the economic and political development stage of each country. Also, in this respect some economies are characterised by an increased risk of state and central bank intervention in response to an economic crisis. Governments in several economies in which RBI Group operates have taken and could further take measures to protect their national economies and/or currencies in response to political and economic developments, including, such as:

- require that loans denominated in foreign currencies like EUR, USD or CHF are converted into local currencies (even in retrospect) at unfavourable rates for lenders in order to assist local consumers and/or businesses;
- require loans to be assumed by government entities, potentially involving haircuts;
- set out regulations limiting, possibly with retro-active effect, interest rates (so called "caps") or fees that can be charged on loans, leading to additional risks and lower income for RBI Group;
- require loans to be closed out at unfavourable conditions (e.g. in terms of breakage costs, mortgage/collateral evaluation);
- impose a waiver of the repayment of loans resulting in higher levels of provisions of risks;
- impose limitations on foreclosures and debt collections;
- set limitations on the repatriation of profits (either through restriction of dividend payments to parent companies or otherwise);
- require the parent company or a group member to provide funding or guarantees to support a local group member in distress;
- nationalise local members of RBI Group at less than the fair market value or without compensation;
- fix the exchange rate of the local currency against freely convertible currencies or lift any such exchange rate fixing; and
- prohibit or limit money transfers abroad or the export of, or convertibility into, foreign currency.

RBI Group has been adversely affected and has incurred losses through certain of these measures and was forced to increase loan loss provisions in the recent past.

The occurrence of any of these events may adversely affect RBI Group's ability to conduct business in the affected part of these economies. The occurrence of one or more of these events may also affect the ability of RBI Group's clients or counterparties located in the affected country or region to obtain foreign exchange or credit and, therefore, to satisfy their obligations to RBI Group. If any of these events occurs, it could adversely impact RBI's financial position and profit and loss position, and it may as a consequence of losses by members of RBI Group have also negative consequences on the equity position of RBI Group.

*Risk related to mandatory participation in or financing governmental support programs for credit institutions or generally finance governmental budget consolidation programmes, including by way of banking taxes and other levies.*

If an important credit institution or financial institution in Austria or the CEE markets where RBI Group has significant operations were to suffer significant liquidity problems or otherwise potentially risk declaring insolvency but also in cases

where budget consolidation is performed by local governments, the respective local government might (i) require one or more members of RBI Group to provide funding or guarantees to ensure the continued existence of such institution and (ii) introduce or increase taxes on banks generally which may be arbitrary and onerous. This might require RBI or one of its affiliates to allocate resources to such assistance and banking taxes rather than using such resources to promote other business activities that may be financially more productive, which could have – particularly in a situation of similar events in multiple jurisdictions – an adverse effect on RBI's and RBI Group's business, financial condition or results of operations.

### ***Raiffeisen Banking Sector Risks***

*RBI is exposed to risks due to its interconnectedness concerning the Institutional Protection Scheme.*

As a consequence of a universal succession, upon the Merger 2017 RBI, has entered into RZB's place in the agreements for the establishment of an institutional protection scheme ("**IPS**") within the meaning of Article 113(7) CRR (the "**Federal IPS**"). The Federal IPS must comply with the requirements of the CRR, particularly safeguarding the existence and the liquidity and solvency of its members to prevent insolvency. Beside RBI, the Federal IPS currently consists of the following institutions:

- the "**Raiffeisen Regional Banks**" (i.e. RAIFFEISEN LANDESBANK NIEDERÖSTERREICH-WIEN AG, Raiffeisen-Landesbank Steiermark AG, Raiffeisen Landesbank Oberösterreich Aktiengesellschaft, Raiffeisen Landesbank Tirol AG, Raiffeisenverband Salzburg eGen, Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband regGenmbH, Raiffeisenlandesbank Burgenland und Revisionsverband regGenmbH and Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband regGenmbH);
- RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung;
- Posojilnica Bank eGen;
- Raiffeisen Wohnbaubank Aktiengesellschaft (a subsidiary of RBI); and
- Raiffeisen Bausparkasse Gesellschaft m.b.H. (a subsidiary of RBI).

The Federal IPS is subject to consolidated (or extended aggregated) minimum own funds requirements.

Due to the membership of RBI in the Federal IPS, RBI can be affected in case of material economic problems within the Federal IPS. In case of liquidity and/or capital needs of one or several Federal IPS members, RBI is obliged, among other Federal IPS members, to ensure compliance with regulatory requirements of Federal IPS and its members. In case of the six Raiffeisen Regional Banks which are, in addition, also members of the so-called "**Regional IPS**" (Burgenland, Lower Austria, Styria, Tyrol, Upper Austria and Vorarlberg), the Federal IPS is only obliged to step in order to ensure regulatory requirement of the members of the Federal IPS if a Regional IPS is not able to give sufficient support. Each of the six Regional IPS consist of the relevant Raiffeisen Regional Bank and the cooperative, local Raiffeisen Banks. The only RBI subsidiaries which are members of Federal IPS are Raiffeisen Bausparkasse Gesellschaft m.b.H. and Raiffeisen Wohnbaubank Aktiengesellschaft. No other RBI subsidiary is part of this institutional protection scheme. However, the potential support of RBI for other members of the Federal IPS could affect RBI Group as a whole in terms of regulatory parameters.

RBI has to contribute to the ex-ante fund of the Federal IPS on an annual basis. This annual contribution of RBI Group members was about EUR 50 million in 2019. In total, RBI Group members have contributed more than EUR 300 million to the *ex ante* fund of the Federal IPS since 2014. In addition, RBI as a member of the Federal IPS has to make ex post contributions, if necessary. The maximum liability for support provision is capped at 25 per cent. of each member's total capital in excess of the minimum regulatory requirement (including regulatory buffers) plus a cushion of 10 per cent. This results in additional financial burden for the Issuer and potentially increased contributions (e.g. in case support for other members) can reinforce these financial burdens and therefore adversely affect the financial position of the Issuer and the results of its business, financial condition and results of operations.

RBI's membership in the Federal IPS may end, in particular it may be terminated by giving two years prior notice.

*Risk related to the Issuer's membership in the Raiffeisen Customer Guarantee Scheme.*

RBI is a member of the nationwide voluntary Raiffeisen Customer Guarantee Scheme Austria (*Raiffeisen-Kundengarantiegemeinschaft Österreich – "RKÖ"*). Approximately 82 per cent. of the Raiffeisen Banks are (directly or indirectly) members of the RKÖ.

In case of an insolvency of a scheme member, under certain circumstances, customers of that insolvent scheme member are offered in respect of claims under senior debt securities issued by the respective member prior to 1 January 2019 and all customer deposits held with the respective member prior to 1 October 2019 equivalent claims against other scheme members instead of insolvency claims. In such event, the other scheme members are contractually liable to pay extraordinary membership contributions limited by their economic reserves, in order to ensure coverage of such claims. Any insolvency of a scheme member may result in RBI's obligation to settle guaranteed customer claims against such insolvent member, which would likely have a negative influence upon the business, asset, financial and earnings situation of RBI.

### **General Business Risks**

*Potential losses due to settlement risks arise from the time-lag between the dates of the exchange of cash, securities, or assets respectively.*

A counterpart might not deliver a security or its value in cash after RBI Group has already paid or delivered securities as per agreement (credit risk) or the counterpart will fulfil the respective value later on (liquidity risk). Furthermore, a delay in the settlement of the transaction may lead to trading losses due to the fact that the value of the underlying asset changed. In usual market environments, such losses are generally low. However, in stressed market conditions such losses may reinforce liquidity risks, may lead to higher losses and therefore may affect the ability of RBI Group to fulfil its obligations.

*Increased Competition and Adjustments to the business profile of RBI or RBI Group may lead to changes in its profitability.*

Increased competition in business segments of RBI Group due to services offered by technology focussed financial service providers leads to an increased demand for RBI to review its business profile and its services. Adjustments of the business profile to meet increasing capital requirements or other business needs may include the attempt to sell assets including existing subsidiaries. No assurance can be given that suitable opportunities for disposals will be identified in the future, or that RBI Group will be able to complete such disposals on favourable terms or at all. Such disposals may prove difficult in the then current market environment as many of RBI Group's competitors may also seek to dispose of assets. It may also be difficult for RBI Group to adapt its cost structure to the smaller size of certain of its businesses or to otherwise increase the potential to retain earnings in order to build up capital internally.

Furthermore, strategic initiatives and efficiency programmes (including restructuring activities and cost savings plans) might influence the legal form of business being pursued. In case business currently performed in a separate legal entity is merged into RBI, this could increase the economic risk of RBI versus the current structure. Moreover, RBI Group is exposed to the risk that the benefits from such initiatives and programmes, in particular any expected synergy effects and cost savings, cannot be fully achieved.

*Decreasing interest rate margins may have a material adverse effect on RBI Group.*

The majority of RBI Group's operating income (more than 60 per cent.) is derived from net interest income. The members of RBI Group earn interest from loans and other assets and pay interest to their depositors and other creditors.

Interest rates are highly sensitive to many factors beyond RBI Group's control, including inflation, monetary policies and domestic and international economic and political conditions. Decreasing interest rates often result in decreasing margins and consequently in decreasing net interest income unless compensated by an increase in customer loan volumes. The

effects of changes in interest rates on RBI Group's net interest income depend on the relative amounts of assets and liabilities that are affected by the change in interest rates. Reductions in interest rates and margins may not affect RBI Group's refinancing costs to the same extent as they affect interest rates and margins on loans granted by RBI Group, because a credit institution's ability to make a corresponding reduction in the interest rate and margin it pays to its lenders is limited, in particular when interest rates on deposits are already very low. Additionally, legal provisions may lead to restrictions on charging negative interest rates on deposit accounts and credit customers may be motivated due to low or negative interest rates to do a full repayment of their debts (e.g. loans with fixed interest rates) without any cost charging.

Furthermore, a low or negative interest rate environment results in increased costs of maintaining the regulatory and prudential liquidity buffers held in cash and low yield liquid assets.

As a result of the above, interest rate fluctuations and, in particular, decreasing interest rate margins could negatively affect RBI Group's net interest income.

*Outbreaks of diseases can have severe impacts on banking operations, the social and economic environment, and financial market developments.*

Pandemics, epidemics and outbreaks of infectious diseases such as the recent outbreak of the corona virus disease (COVID-19) can have severe impacts on banking operations, the social and economic environment, and financial market developments. Forced closures of bank premises due to infection and travel restrictions and the quarantine of areas and even whole regions can have a severe impact on RBI Group's ability to maintain banking operations. Clients of RBI Group could be forced to reduce or close down their own operations or, in the case of private individuals, could lose their wage income, which would result in a material worsening of their ability to service their liabilities towards members of RBI Group. In such a situation, legislators might also enact a temporary moratorium in particular for private individuals and small companies on their credit obligations towards members of RBI Group. Governments and central banks might also restrict or inhibit dividend payments from RBI's subsidiaries to RBI. Stressed financial market conditions as a result of such an outbreak might negatively impact the liquidity situation of RBI, in particular if these conditions were to prevail for a longer time including in case of subsequent outbreaks or if the expected response from central banks and governmental authorities in such a situation were to prove ineffective.

The COVID-19 pandemic may also have a negative impact on the market value of the assets that (i) are financed by the Issuer or (ii) serve as collateral for the Issuer's repayment claims.

A characteristic of severe infection outbreaks like COVID-19 is that they can cause a shock on the social and economic environment RBI Group operates in with potentially severe impacts on many if not most business segments, its operational capabilities as well as valuation of market assets and RBI's market access to manage liquidity and funding. In particular the combination of these stress factors could have a material adverse effect on RBI's financial position and results of operations.

### **Risks relating to the Notes**

The risk factors herein are organised into the following categories below depending on their nature (with the most material risk factor mentioned first in each of the following categories):

- Risks relating to the status of the Notes and their regulatory qualification
- Risk factors relating to the structure of the rate of distributions of the Notes
- Risks relating to a redemption or repurchase of the Notes
- Risks relating to a write-down and a subsequent write-up of the Notes
- Risk factor relating to the investment in the Notes
- Risks relating to tax and legal matters

- Risks relating to certain provisions of the Terms and Conditions and conflicts of interest

***Risks relating to the status of the Notes and their regulatory qualification***

*The obligations of the Issuer under the Notes constitute direct, unsecured and subordinated obligations which are subordinated to the claims of all unsubordinated and subordinated creditors (other than subordinated claims ranking pari passu with or junior to the Notes) of the Issuer.*

The Notes are intended to qualify as AT 1 Instruments and constitute direct, unsecured and subordinated obligations of the Issuer.

In the insolvency proceedings (*reguläres Insolvenzverfahren*) (bankruptcy proceedings (*Konkursverfahren*)) or the liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

- (i) junior to all present or future: (a) unsubordinated instruments or obligations of the Issuer; and (b) any Tier 2 Instruments and any instruments or obligations of the Issuer which rank *pari passu* with or senior to Tier 2 Instruments; and (c) any other instruments or obligations of the Issuer ranking or expressed to rank subordinated to any unsubordinated instruments or obligations of the Issuer (other than instruments or obligations ranking or expressed to rank *pari passu* with or subordinated to the Notes);
- (ii) *pari passu*: (a) among themselves; and (b) with all other present or future AT 1 Instruments; and (c) with all other present or future instruments or obligations of the Issuer ranking or expressed to rank *pari passu* with AT 1 Instruments, including the Existing Hybrid Instruments (other than Existing Hybrid Instruments ranking or expressed to rank senior to the Notes);
- (iii) senior to all present or future: (a) ordinary shares of the Issuer and any other CET 1 Instruments; and (b) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank: (x) subordinated to the obligations of the Issuer under the Notes; or (y) *pari passu* with the ordinary shares of the Issuer and any other CET 1 Instruments.

In bankruptcy proceedings opened over the Issuer's assets, the insolvency hierarchy stipulated by § 131 BaSAG, applies. Therefore, in case of bankruptcy proceedings and any comparable proceedings (such as resolution proceedings) opened in relation to the Issuer, claims resulting from the Notes are junior to deposits and senior unsecured claims, but also to certain subordinated claims.

Further, Article 48(7) BRRD which has been newly introduced by the EU Banking Package provides that Member States shall ensure that all claims resulting from own funds items (such as the Notes and for as long as the Notes qualify as own funds items) have, in normal insolvency proceedings, a lower priority ranking than any claim that does not result from an own funds item. Member States shall implement into national law and apply these new rules no later than 28 December 2020. Consequently, upon entry into force of the respective Austrian provisions implementing this new rule, the Notes will have a lower priority ranking than any claim that does result from a position which at the time of the issuance of the Notes qualifies as an own funds item, but which at the time when normal insolvency proceedings are initiated against the Issuer does no longer qualify as an own funds item (for whatever reason).

For the above reasons, any payments on claims resulting from the Notes would only be made, if and to the extent any senior ranking claims have been fully satisfied.

Although the Notes may pay a higher rate of distributions than other instruments which are not (or not deeply) subordinated, there is a substantial risk that investors in subordinated notes such as the Notes will lose all or some of their investment, should the Issuer become insolvent or, following a Write-Down, either have insufficient profit to Write Up the Notes or decide in its sole discretion to not (or not fully) write up the Notes at all.

*Holders of the Notes are exposed to the risk of statutory loss absorption.*

The SRM shall provide the Resolution Authority with uniform and effective resolution tools and resolution powers in order to achieve the resolution objectives.

The main resolution tool is the bail-in tool. When applying the bail-in tool, the Resolution Authority shall exercise the write-down and conversion powers in accordance with the following sequence (also called "loss absorbing cascade"): (i) CET 1 items; (ii) Additional Tier 1 ("AT 1") instruments (such as the Notes); (iii) Tier 2 instruments; (iv) subordinated debt that is not AT 1 or Tier 2 capital; (v) unsecured claims resulting from debt instruments within the meaning of § 131(3) BaSAG; and (vi) the rest of bail-inable liabilities in accordance with the hierarchy of claims in bankruptcy proceedings, including the ranking provided for in § 131 BaSAG, to the extent required.

Furthermore, where the Issuer meets the conditions for resolution and the Resolution Authority decides to apply a resolution tool to the Issuer, the Resolution Authority shall exercise the write down or conversion power in relation to relevant capital instruments (i.e. CET 1, AT 1 and Tier 2 instruments) immediately before or together with the application of the resolution tool (other than the bail-in tool). The EU Banking Package provides that the power to write down or convert capital instruments and eligible liabilities may be exercised either independently or in combination with a resolution action.

If the power of write-down or conversion of relevant capital instruments or the bail-in tool is applied to the Issuer, the principal amount of the Notes may be fully or partially written down or converted into instruments of ownership, although claims of other creditors of the Issuer might not be affected (please also see the risk factor "*If the relevant conditions are met, the Resolution Authority shall apply resolution actions in relation to the Issuer.*" above.).

*The regulatory classification of the Notes as AT 1 Instruments may change, which may adversely impact the Issuer's capitalisation and entitle the Issuer to redeem the Notes for regulatory reasons.*

The Notes are intended to qualify as AT 1 Instruments (both an individual basis at the level as well as on a consolidated basis) upon issue.

There is a risk that there is a change in the regulatory classification of AT 1 instruments pursuant to Article 52 CRR (such as AT1 Instruments and in particular the Notes) which may result in the exclusion of the Notes (in full or in part) from own funds or reclassification as a lower quality form of own funds (in each case, on an individual basis of the Issuer and/or on a consolidated basis of the RBI Regulatory Group). If the Notes are reclassified as a lower quality form of own funds or even excluded from the own funds of the Issuer and/or of the RBI Regulatory Group, this can have a negative impact on the capitalization of the Issuer and/or of the RBI Regulatory Group, and - subject to certain conditions to be met - the Issuer may redeem the Notes for at any time for regulatory reasons (Regulatory Event) (please see risk factor "*The Notes are perpetual and may be redeemed at any time for reasons of taxation or regulatory reasons.*" below).

*Some aspects of the manner how the existing regulatory framework and any (future) amendments thereon will be applied are uncertain.*

Many of the provisions of the Terms and Conditions of the Notes depend on how the current regulatory framework (in particular the CRR/CRD IV) and any (future) amendments thereon, in particular by the EU Banking Package will be implemented, interpreted or applied (see "*The Issuer is subject to a number of strict and extensive regulatory rules and requirements.*").

The current regulatory framework applicable to the Issuer and the RBI Regulatory Group is a complex set of rules and regulations with a number of (changing) requirements, some of which are still subject to transitional provisions and others which will be amended in the near future after implementation of the EU Banking Package. Although the CRR is directly applicable in each EU Member State, the CRR provides for certain discretion and issues to be further specified, for instance through binding technical standards, delegated legal acts, guidelines and recommendations.

In addition, the RBI Regulatory Group is subject to direct supervision of the ECB. The manner in which many of the current and further regulatory framework will be applied to the RBI Regulatory Group cannot be predicted and therefore, remains somewhat uncertain.

In particular, the determination of the Maximum Distributable Amount as well as its interplay with the Pillar 2 requirements ("**P2G**") are complex. The Maximum Distributable Amount imposes some sort of a "cap" on the Issuer's legal ability to make discretionary payments including distribution payment on the Notes (see also "*Distribution payments*



are entirely discretionary and subject to the fulfilment of certain conditions."), on the Issuer's legal ability to reinstate the Current Principal Amount of the Notes following a Write-Down and, on its ability, to redeem or repurchase the Notes. There are a number of decisive factors regarding the Maximum Distributable Amount, including the following:

- The Maximum Distributable Amount framework applies when certain capital buffers are not maintained (see also "*Distribution payments may be excluded and cancelled for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, other capital requirements and eligible liabilities.*"). Certain capital buffers depend and will depend on the macro-economic situation (in the case of the (institution-specific) countercyclical buffer: the credit cycle and risks due to excess credit growth in an EU Member State, taking into account specificities of the national economy), the existence of systemic risks (in the case of the systemic risk buffer) or because of the assessment of a credit institution/its group as a global systemically important institution ("**G-SII**") or an O-SII (in the case of the G-SII buffer and the O-SII buffer). As of the date of this Prospectus, the Issuer is not identified as a G-SII, but as an O-SII. As a result, it is difficult to predict when or if the Maximum Distributable Amount will apply to the Notes, and to what extent.
- The Issuer shall have certain discretion to determine how to allocate the Maximum Distributable Amount among the different types of distributions set out in Article 141(2) CRD IV.

These and other possible issues make it difficult to determine how the Maximum Distributable Amount will apply as a practical matter to limit distribution payments on the Notes, the reinstatement of their Current Principal Amount following a Write-Down and the ability of the Issuer to redeem or repurchase the Notes.

This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Notes. See also "*Ongoing and future legislative reforms may introduce new restrictions or supervisory powers to impose restrictions with regard to distribution payments on the Notes.*" for further restrictions on distributions introduced by the EU Banking Package.

*The Notes do not contribute to the determination of over-indebtedness of the Issuer.*

The Holders are entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital*) within the meaning of § 225 (1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch – "UGB"*) has been removed (*beseitigt*) or if, in the event of the liquidation of the Issuer, all other creditors (other than creditors whose claims rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first.

Pursuant to the Terms and Conditions, no insolvency proceedings against the Issuer are required to be opened in relation to the non-performance of any obligations of the Issuer under the Notes. The Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets and will therefore be disregarded for purposes of determining whether the Issuer is over-indebted (*überschuldet*) in accordance with § 67 (3) of the Austrian Insolvency Code (*Insolvenzordnung – IO*).

Holders should therefore note that their claims under the Notes, when due but unpaid, will not result in an insolvency of the Issuer, and that they have no means to request the institution of insolvency proceedings against the Issuer on the basis of any claims under the Notes.

*Holders of the Notes are exposed to the risk that the Issuer may issue further debt instruments or incur further liabilities.*

There are no restrictions (contractual or otherwise) on the amount of (ordinary unsecured or subordinated) debt or other liabilities that the Issuer may (or may have to) issue, borrow and/or incur, ranking *pari passu* with or senior to the Notes.

Any issue of such instruments and/or any incurring such liabilities, *inter alia*, may reduce the Distributable Items of the Issuer and the amount recoverable by Holders of the Notes upon the Issuer's insolvency.

### ***Risk factors relating to the structure of the (rate of) distributions of the Notes***

*Distribution payments are entirely discretionary and subject to the fulfilment of certain conditions.*

The Issuer will pay distribution on the Current Principal Amount in accordance with their Terms and Conditions. The Terms and Conditions in particular provide for a discretionary as well as a mandatory cancellation of distributions. Therefore, in particular no distribution will be payable by the Issuer on the Notes on any Distribution Payment Date if:

- (i) the Issuer, at its full discretion, may, at all times cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis ; or
- (ii) the Issuer is insolvent, or the payment of the relevant amount would result in the insolvency of the Issuer; or
- (iii) the amount of such distribution payment and any Additional Amounts thereon together with any further Relevant Distributions would exceed the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions on the Notes and any Additional Amounts thereon) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based; or
- (iv) the Competent Authority orders the relevant distribution payment scheduled to be paid on the Notes to be cancelled in whole or in part; or
- (v) another prohibition or restriction to make a distribution on the Notes, or to make such distribution on the Notes when aggregated with any other Relevant Distributions, is imposed by Applicable Supervisory Regulations or the Competent Authority (or any other relevant supervisory authority) (please see risk factor "*Distribution payments may be excluded and cancelled for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, other capital requirements and eligible liabilities.*" below).

The Issuer may make the election to cancel the payment of any distribution payment (in whole or in part) on any Distribution Payment Date for any reason. In addition, the Issuer will be legally prevented from paying distributions (in whole or in part) if and to the extent any of the conditions set out under (ii) through (v) above is fulfilled.

On 27 March 2020, the ECB has recommended that at least until 1 October 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by the credit institutions subject to direct supervision of the ECB for the financial year 2019 and 2020 ("*Recommendation of the European Central Bank of 27 March 2020 on dividend distributions during the COVID-19 pandemic and repealing Recommendation ECB/2020/1*" (ECB/2020/19)). The term "dividend" used by the ECB in its recommendation refers to any type of cash pay-out that is subject to the approval of the general assembly. The ECB will further evaluate the economic situation and consider whether further suspension of dividends is advisable after 1 October 2020. It is possible that the ECB will apply this (or a make similar) recommendation for distribution payments on AT 1 instruments or require the Issuer to cancel distribution payments under the Notes.

In the legislative process preceding the amendments of the CRR as regards certain adjustments in response to the COVID-19 pandemic, there were also discussions whether the above-mentioned limitations shall be extended to distribution payments on AT 1 instruments. It became conceivable that the ECB could apply this (or a make similar) recommendation for distribution payments on AT 1 instruments or require the Issuer to cancel distribution payments under instruments such as the Notes. However, no such limitations were enacted with the above-mentioned legislation.

No election to cancel the payment of any distribution payment (or part thereof) or non-payment of any distribution payment (or part thereof) for the reasons set out under (i) to (v) above will constitute a default under the Notes for any purpose or entitle the Holders or any other person to demand such payment or to take any action to cause the liquidation, dissolution or winding-up of the Issuer.

Furthermore, if the Issuer exercises its discretion to cancel distribution payments on the Notes with respect to any Distribution Payment Date, this will not give rise to any restriction on the Issuer making dividend payments or other distributions or any other payments to the holders of any other instruments, including instruments ranking *pari passu* with, or junior to, the Notes, and the Issuer is entitled to use the funds from cancelled payments of distributions without restrictions for the fulfilment of its own obligations when due. The Issuer presently intends to give due consideration to the capital hierarchy, however the Issuer may, at its full discretion, deviate from this approach.

Investors should be aware that under no circumstances any distribution payments on the Notes will be mandatory for the Issuer.

*Distribution payments may be excluded and cancelled for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, other capital requirements and eligible liabilities.*

Distribution payments will be mandatory cancelled and excluded if such distribution payments are prohibited or restricted under statutory law or by virtue of a decision of Competent Authority, such as the following:

If the Issuer fails to meet its combined buffer requirement, which is the case if the Issuer does not comply with the applicable own funds requirement in an amount needed to meet at the same time: (i) its minimum capital requirements under the CRR; (ii) any additional capital requirements, such as the P2R; and (iii) the sum of the capital buffers applicable to it (see "*The Issuer has to comply with its applicable regulatory capital requirements at any time.*"), the Issuer will be required to calculate the Maximum Distributable Amount. Until approval of a capital conservation plan, the Issuer will be prohibited from making any distribution payments on the Notes. Upon approval of the capital conservation plan or upon specific approval of the Competent Authority to do so, the Issuer will be entitled to make distribution payments on the Notes, however only up to the amount of its Maximum Distributable Amount. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the Issuer's discretion to cancel (in whole or in part) distribution payments in respect of the Notes.

Moreover, payments made earlier in the relevant period will reduce the remaining Maximum Distributable Amount available for payments later in the relevant period, and the Issuer will not (have to) preserve any portion of the Maximum Distributable Amount for payments scheduled to be made later in a given period. In any case, the Maximum Distributable Amount will also depend on the amount of profits earned during the course of the relevant period, which will be difficult to predict.

In addition, pursuant to Article 16(2)(i) SSMR, the ECB shall have, in particular, the power to restrict or prohibit distributions by the institution to shareholders, members or holders of AT 1 instruments where the prohibition does not constitute an event of default of the institution. For example, if the Issuer does not meet the capital requirements under the CRR (so-called "Pillar 1 requirement") and/or the P2R.

In the future, under the BRRD/SRM, additional restrictions on distribution payments may be imposed in the Issuer in case it fails to comply with the MREL target (see "*Ongoing and future legislative reforms may introduce new restrictions or supervisory powers to impose restrictions with regard to distribution payments on the Notes.*").

*The Issuer's ability to make distribution payments depends, among other things, on the Issuer's available Distributable Items, which, on any or all Distribution Payment Dates, may not be sufficient.*

The distribution payments depend, among other things, on the future available Distributable Items of the Issuer. Distribution payments will not accrue if (but only to the extent that) such payment, together with any other payments of dividends or interest that are scheduled to be made or have been made on the same day or that have been made by the Issuer on other capital instruments, which, according to the CRR, qualify as Tier 1 Instruments in the then-current financial year, would exceed the available Distributable Items, provided, however, that, for the purposes of this determination, the Available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions on the Notes and any Additional Amounts thereon) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based (please see risk factor "*Distribution payments are entirely discretionary and subject to the*

*fulfilment of certain conditions.*" above). In such event, Holders would receive no, or reduced, distribution payments on the relevant Distribution Payment Date. With the annual profit and any distributable reserves with respect to AT 1 Instruments of the Issuer forming an essential part of the available Distributable Items, investors should also carefully review the risk factors under "*Risks relating to the Issuer and RBI Group*" above, since any change in the financial prospects of the Issuer or its inherent profitability may have an adverse effect on the Issuer's ability to make a payment in respect of the Notes.

In addition, when determining whether distribution payments under the Notes will or will not accrue, the available Distributable Items shall be determined on the basis of the Applicable Supervisory Regulations at the time of the determination- Accordingly, only those amounts shall be added or deducted that may be added or have to be deducted (as the case may be) for purposes of determining the amounts distributable on AT 1 Instruments under the Applicable Supervisory Regulations. The interpretation of the definition of 'distributable items' and its exact scope are, in the absence of an established supervisory practice, difficult to predict.

The Issuer's management has broad discretion within the applicable accounting principles to influence the amounts relevant for determining the available Distributable Items and the amount of the distributions will also be in the Issuer's discretion. In addition, the Issuer is not prevented from issuing further Tier 1 Instruments with distribution payments and other distributions potentially being made thereunder also prior to the Distribution Payment Date under the Notes in any financial year. This would reduce the available Distributable Items available for making distribution payments under the Notes on any Distribution Payment Date. Accordingly, the Issuer is legally capable of influencing its ability to make distribution payments to the detriment of the Holders.

*Ongoing and future legislative reforms may introduce new restrictions or supervisory powers to impose restrictions with regard to distribution payments on the Notes.*

Financial institutions, such as the Issuer, have been, and are expected to be in the future, subject to extensive regulation and it is expected that ongoing and future regulatory reforms may affect the treatment of the Notes and potentially lead to the imposition on restrictions of distribution payments on the Notes.

The EU Banking Package (please see risk factor "*The Issuer is subject to a number of strict and extensive regulatory rules and requirements.*" above) includes clarifications and amendments to the Maximum Distributable Amount framework (please see risk factor "*Distribution payments may be excluded and cancelled for regulatory reasons, including if the Issuer fails to comply with minimum requirements for own funds, capital buffer requirements, other capital requirements and eligible liabilities*" and "*Some aspects of the manner how the existing regulatory framework and any (future) amendments thereon will be applied are uncertain.*" above).

In addition, the EU Banking Package provides some amendments regarding the minimum requirement for own funds and eligible liabilities ("**MREL**"), such as certain supervisory powers for the relevant Resolution Authority. For instance, the SRB will be entitled to prohibit to make any payments on AT 1 instruments, or to distribute more than the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities ("**M-MDA**"). The prohibition under the M-MDA may be imposed if the Issuer meets the combined buffer requirement but fails to meet the combined buffer requirement when considered in addition to the MREL target, and the SRB shall exercise its power in case it finds that the Issuer still fails to meet such requirement nine months after such situation has been notified.

According to the EU Banking Package, any G-SII will be subject to a leverage buffer requirement. Any failure to meet leverage buffer requirement will require G-SII to calculate the leverage ratio related maximum distributable amount ("**L-MDA**") and will result in restrictions of the Maximum Distributable Amount. This may limit its ability to pay distributions on capital instruments (which would include, if applicable to the Issuer, the distribution payments on the Notes). As of the date of this Prospectus, the Issuer is not identified as a G-SII, but as an O-SII. The EU Commission shall review (by 30 June 2022 and every five years thereafter) whether the leverage ratio buffer requirement should be extended to O-SIIs.

The EU Banking Package, as well as further (future) amendments of the existing regulatory framework may impose or result in further restrictions on the Issuer's legal ability to make payments on the Notes or may limit the reinstatement of

their Current Principal Amount following a Write-Down, which may also have a negative impact on the market price and the liquidity of the Notes.

*Distribution payments are linked to a benchmark and are therefore exposed to the risks of financial benchmarks and reference rate continuity; a discontinuity of the original benchmark (including a material alteration of the methodology for its calculation) could affect the return under the Notes due to fall-back provisions and may adversely affect the trading market and the value of the Notes.*

From the First Reset Date, the rate of distributions payable under the Notes will be calculated by reference to the annual swap rate for Euro denominated swap transactions with a maturity of 5 years (the "**Original Benchmark Rate**"). The Original Benchmark Rate qualifies as a benchmark for the purpose of the "Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014" ("**BMR**") and is administered and provided by a regulated benchmarks administrator (the "**Administrator**"), which appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to the BMR.

The Original Benchmark Rate and other interest rates or other types of rates and indices which are deemed to be a "benchmark" ("**Benchmark**") have become the subject of regulatory scrutiny and recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause the Original Benchmark Rate to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted.

The BMR could have a material impact on the Notes, including in any of the following circumstances:

- the Administrator could lose its authorisation as an administrator under the BMR and may not be able to obtain another form of registration under the BMR; and
- the methodology or other terms of the Original Benchmark Rate could be changed in order to comply with the terms of the BMR, and such changes could have the effect of reducing or increasing the rate or level or affecting the volatility of the published rate or level, and could impact the Notes, including calculation agent determination of the rate.

Under the Terms and Conditions of the Notes, certain Benchmark fall-back provisions will apply in case of the following events (each a "**Benchmark Event**"):

- (i) the Original Benchmark Rate ceases to be published on a regular basis or ceases to exist, or
- (ii) a public statement by the Administrator of the Original Benchmark Rate is made that it has ceased or that it will cease publishing the Original Benchmark Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue the publication of the Original Benchmark Rate); or
- (iii) a public statement by the supervisor of the Administrator of the Original Benchmark Rate is made that the Original Benchmark Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the Administrator of the Original Benchmark Rate is made as a consequence of which the Original Benchmark Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to calculate or determine any distributions due to be made to any Noteholder using the Original Benchmark Rate;

If a Benchmark Events occurs, the Issuer shall endeavour to determine in its reasonable discretion whether an officially recognised successor rate to the discontinued Benchmark exists, which, possibly after application of adjustments or spreads, can replace the discontinued Benchmark.

If the Issuer determines in its reasonable discretion that there is no officially recognised successor rate to the discontinued Benchmark but that there may be an alternative rate, then the Issuer shall endeavour to appoint an independent adviser, which must be an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets. The independent adviser will attempt to find an alternative rate which, possibly after application of adjustments or spreads, can replace the discontinued Benchmark.

Any adjustments or spreads determined by the Issuer or the independent adviser, as the case may be, are intended to be applied in order to produce an industry-accepted replacement benchmark rate, however the relevant adjustments or spreads may not be successful in doing so and the Notes may still perform differently than if the original Benchmark had continued to be used.

If the Issuer determines a successor rate or the independent adviser determines an alternative rate (the "**New Benchmark Rate**"), such rate will replace the previous Benchmark for purposes of determining the relevant rate of distributions. Such determination will be binding for the Issuer, the Calculation Agent, the Paying Agents and the Holders. Any amendments pursuant to these fall-back provisions will apply with effect from the effective date specified in the Terms and Conditions.

If the Issuer does not appoint an independent adviser or if the independent adviser appointed by it does not determine a New Benchmark Rate, no Adjustment Spread or no Benchmark Amendments (if required) following a discontinuation of a relevant Benchmark, the reference rate applicable to the immediately following Reset Period shall be the reference rate determined on the last Reset Determination Date immediately preceding the relevant Benchmark Replacement Effective Date, provided, however, that in case of the first Reset Determination Date prior to the commencement of the first Reset Period, the Reference Rate applicable to the first Reset Period shall be -0.354 per cent. *per annum*.

No adjustment to the Original Benchmark Rate in case of a Benchmark Event will be made if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as AT 1 Instruments under the Applicable Supervisory Regulations.

Uncertainty as to the continuation of the Original Benchmark Rate and the rate that would be applicable in case of a Benchmark Event in relation to the Original Benchmark Rate may adversely affect the trading market and the value of the Notes. The same risks as described above may also apply to any rate qualifying as a Benchmark that would replace the Original Benchmark Rate due to the application of the fall-back provisions under the Notes. At this time, it is not possible to predict the future effect of these developments or their impact on the value of the Notes.

*The Notes bear distributions at a rate that converts from the initial fixed distribution rate to a different distribution rate. A Holder bears the risk that after such conversion, the new distribution rate may be lower than the then prevailing distribution rates or the spread may be less favourable than the then prevailing spreads on comparable floating distribution rate notes relating to the same reference rate.*

The Notes bear distributions at a rate that converts from the initial fixed distribution rate to a different distribution rate. The conversion of the distribution rate may affect the market price of the Notes. The new distribution rate may be lower than the then prevailing distribution rates or the spread may be less favourable than the then prevailing spreads on comparable floating distribution rate notes relating to the same reference rate. In addition, the new distribution rate may at any time be lower than the distribution rates payable on other notes.

*In periods for which a fixed rate of distributions is applicable, the Holders are exposed to the risk that the market price of the Notes falls as a result of changes in the market interest rate.*

In periods for which a particular fixed rate of distributions is applicable, Holders are exposed to the risk that the market price of the Notes falls as a result of changes in the market interest rate. While the nominal distribution rate of Notes is fixed for the relevant distribution period, the current interest rate on the capital market for issues of the same maturity (the "**market interest rate**") typically changes on a daily basis. As the market interest rate changes, the market price of the Notes also changes, but in the opposite direction. If the market interest rate increases, the market price of the Notes typically falls, until the yield of such Notes is approximately equal to the market interest rate. Additionally, even expected future changes of interest rates could cause a change of current market prices of the Notes.

### ***Risks relating to a redemption or repurchase of the Notes***

*The Notes are perpetual and may be redeemed at any time for reasons of taxation or regulatory reasons.*

The Notes are perpetual and have no scheduled maturity date. The Issuer is under no obligation to redeem the Notes at any time before its liquidation or insolvency.

The Issuer may at its sole discretion, redeem the Notes before their stated maturity (also before five years after the date of their issuance), at any time either for reasons of taxation.

Similarly, the Issuer may at its sole discretion, redeem the Notes before their stated maturity (also before five years after the date of their issuance), at any time either for regulatory reasons.

*Any rights of the Issuer to redeem or repurchase the Notes are subject to the prior permission of the Competent Authority.*

Potential investors should not invest in the Notes in the expectation that redemption right will be exercised by the Issuer.

The Issuer may, at its sole discretion, redeem the Notes at any time either for reasons of taxation or regulatory reasons. In addition, if such right is foreseen in the terms and conditions, the Issuer may at its sole discretion redeem the Notes before their stated maturity, but not before five years after the date of their issuance, on a specified call redemption date.

If the Issuer redeems the Notes, a Holder of the Notes is exposed to the risk that, due to such redemption, its investment may have a lower than expected yield. The Issuer might redeem the Notes if the yield on comparable notes in the capital markets falls, which means that the Holder may only be able to reinvest the redemption proceeds in notes with a lower yield or with a similar yield of a higher risk.

Any redemption and any repurchase of the Notes is subject to the prior permission of the Competent Authority, all if and as applicable from time to time to the Issuer. Under the CRR, the Competent Authority may only permit institutions to redeem or repurchase AT 1 Instruments (such as the Notes) if certain conditions prescribed by the CRR are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the Competent Authority in its assessment of whether or not to permit any redemption or repurchase. It is uncertain how the Competent Authority will apply these criteria in practice and such rules and standards may change during the maturity of the Notes. It is therefore difficult to predict whether, and if so, on what terms, the Competent Authority will grant its prior permission for any redemption or repurchase of the Notes.

Furthermore, even if the Issuer would be granted the prior permission of the Competent Authority, any decision by the Issuer as to whether it will redeem the Notes will be made at the sole discretion of the Issuer with regard to external factors (such as the economic and market impact of exercising an redemption right, regulatory capital requirements and prevailing market conditions). The Issuer disclaims, and investors should therefore not expect (and not invest in the expectation), that the Issuer will exercise any redemption right in relation to the Notes.

*The Notes do not give the right to accelerate future payments, and also may not be subject to set-off or any guarantee.*

The Terms and Conditions of the Notes do not provide for any events of default and Holders of the Notes do not have the right to accelerate any future scheduled payment of interest or principal.

Furthermore, the Notes are not subject to any set off or netting arrangements that would undermine their capacity to absorb losses in resolution and are neither secured nor subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Notes.

*The Notes may not be redeemed at the option of the Holders.*

Holders of the Notes will have no rights to call for the redemption of their Notes.

Therefore, potential investors should not invest in the Notes in the expectation that they have a redemption right. Furthermore, Holders of the Notes should be aware that they may be required to bear the financial risks of an investment in the Notes until their final maturity.

*Market making by the Issuer for the Notes is subject to the prior permission of the Competent Authority and certain conditions and thresholds.*

The Notes may be repurchased by the Issuer (also for market making purposes) only subject to certain conditions, such as the prior permission of the Competent Authority, and within certain thresholds.

These conditions and thresholds restrict the Issuer's possibility for market making for the Notes. Such restrictions may have a negative impact on the liquidity of the Notes and may lead to inadequate or delayed market prices for the Notes.

### ***Risks relating to a Write-Down and a subsequent Write-Up of the Notes***

*The Issuer may be required to reduce the initial principal amount of the Notes to absorb losses, which would reduce any redemption amount and any distribution payable on the Notes while the Notes are written down.*

The Notes are issued in order to meet prudential capital requirements with the intention and purpose of being eligible as own funds of the Issuer. In the opinion of the Issuer the Notes shall constitute AT 1 Instruments of the Issuer upon issue, i.e. AT 1 instruments pursuant to Article 52 CRR of the Issuer on an individual and consolidated basis. Such eligibility depends on a number of statutory conditions being satisfied. One of these conditions relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, under the Terms and Conditions of the Notes, if it has been determined that a Trigger Event has occurred, the Issuer will reduce the then Current Principal Amount of the Notes by the Write-Down Amount.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion and each Note may be subject to a Write-Down on more than one occasion. The occurrence of a Trigger Event, which would result in a Write-Down of the Current Principal Amount of the Notes, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. A Trigger Event could occur at any time.

The aggregate reduction of the aggregate Current Principal Amount of all Notes outstanding on the Write-Down Effective Date will, subject as provided below, be equal to the lower of: (A) the amount necessary to generate sufficient CET 1 capital pursuant to Article 50 CRR that would restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level at the point of such reduction, after taking into account (subject as provided below) the pro rata write-down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the lower of: (x) such Loss Absorbing Instrument's trigger level; and (y) the Trigger Level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Supervisory Regulations; and (B) the amount that would result in the Current Principal Amount of a Note being reduced to EUR 0.01.

The aggregate reduction determined in accordance with the above shall be applied to all of the Notes *pro rata* on the basis of their Current Principal Amount immediately prior to the Write-Down.

If a Write-Down pursuant to the Terms and Conditions occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date) are cancelled. In accordance with the Terms and Conditions, the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Effective Date.

Holder's may lose all or some of their investment as a result of a Write-Down. If the Issuer is liquidated or becomes insolvent prior to the Notes being written up in full (if at all) pursuant to the Terms and Conditions, Holder's claims for principal and distributions will be based on the reduced Current Principal Amount of the Notes.

Apart from the risk of a Write-Down upon the occurrence of a Trigger Event in accordance with the Terms and Conditions of the Notes, there is also the risk of a statutory loss absorption (please see risk factor "*Holder's of the Notes are exposed to the risk of statutory loss absorption.*") above).



*Upon the occurrence of a Trigger Event, there may be a Write-Down of the Notes even if other capital instruments of the Issuer are not written down or converted into CET 1 instruments.*

The Terms and Conditions of other capital instruments already in issue or to be issued after the date hereof by the Issuer may vary and accordingly such instruments may not be written down at the same time as the Notes if the Notes are written down, or to the same extent, as the Notes, or at all. Alternatively, such other capital instruments may provide that they shall convert into CET 1 instruments or become entitled to reinstatement of the principal amount of the Notes or other compensation in the event of a potential recovery of the Issuer and/or any other member of the RBI Regulatory Group or a subsequent change in the financial condition thereof. Such capital instruments may also provide for such reinstatement or compensation in different circumstances from those in which, or to a different extent to which, the principal amount of the Notes may be reinstated.

Upon the occurrence of a Trigger Event, to the extent that the prior or pro rata write-down or conversion of any other capital instruments issued by the Issuer is not applicable under their respective terms, or if applicable, does not occur for any reason, this shall not in any way affect the Write-Down of the Notes.

*The Issuer is under no obligation to reinstate any written down amounts.*

The Issuer is under no obligation to reinstate any principal amounts which have been subject to any Write-Down up to a maximum of the Original Principal Amount, even if certain conditions (further described in the Terms and Conditions) that would permit the Issuer to do so were met. Any Write-up of the Notes is at the sole discretion of the Issuer.

Moreover, the Issuer will only have the option to Write-up the Current Principal Amount of the Notes if, (i) at the time of the Write-Up, the Issuer is not insolvent and the Write-Up would not result in the insolvency of the Issuer; (ii) at the time of the Write-Up, there must not exist any Trigger Event that is continuing; any Write-Up is also excluded if such Write-Up would give rise to the occurrence of a Trigger Event; (iii) such Write-Up is applied on a *pro rata* basis to all Notes and among Loss Absorbing Written Down Instruments; and (iv) the sum of: (x) the aggregate amount attributed to the relevant Write-Up of the Notes and the aggregate increase in principal amount of Loss Absorbing Written Down Instruments resulting from any previous write-up since the end of the then previous financial year; and (y) the aggregate amount of any distribution and any Additional Amounts thereon paid on the aggregate Current Principal Amount of the Notes and the aggregate amount of any distribution and any additional amounts thereon paid on Loss Absorbing Written Down Instruments as calculated at the moment the Write-Up is operated will not exceed the Maximum Write-Up Amount at any time after the end of the then previous financial year.

No assurance can be given that these conditions will ever be met or that the Issuer will ever write up (fully or partially) the principal amount (i.e. the then Current Principal Amount) of the Notes following a Write-Down.

The market price of the Notes is expected to be affected by fluctuations in the CET 1 capital ratio of both, the Issuer and RBI Regulatory Group. Any indication that the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio are approaching the level that would trigger a Trigger Event may have an adverse effect on the market price of the Notes.

*The calculation of the CET 1 capital ratios will be affected by a number of factors, many of which may be outside the Issuer's control.*

The calculation of the CET 1 capital ratios of the Issuer and/or of RBI Regulatory Group could be affected by a wide range of factors, including, among other things, factors affecting the level of earnings or dividend payments, the mix of its businesses, its ability to effectively manage the risk-weighted assets in its ongoing businesses, losses in the context of its banking activities or other businesses, changes in the Issuer's or RBI Regulatory Group's structure or organization. The calculation of the ratios also may be affected by changes in the applicable laws and regulations or applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion under the applicable accounting rules is exercised.

Holder are, due to the Notes being subject to Write-Down in case of the occurrence of a Trigger Event, directly exposed to any changes of the CET 1 capital ratios and will, unless and until the Notes are written-up, lose all or part of their investment in case of a redemption of the Notes or in the liquidation or insolvency of the Issuer.

Due to the uncertainty regarding whether a Trigger Event will have occurred, it will be difficult to predict when, if at all, the Current Principal Amount of the Notes may need to be written down. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated instruments. Any indication that the CET 1 capital ratios of the Issuer and/or of RBI Regulatory Group are approaching the level that would trigger a Trigger Event may have an adverse effect on the market price and liquidity of the Notes. Under such circumstances, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

***Risk factor relating to the investment in the Notes***

*The Notes are intended to qualify as Additional Tier 1 Instruments and as such are complex instruments, which may not be a suitable investment for all investors.*

The Notes are intended to qualify as AT 1 Instruments and as such are complex instruments, in particular with regard to their deep subordination, the possibility of cancellations of distribution payments, any redemption, a Write-Down of the Notes and the imposition of Resolution Measures. Potential investors in the Notes must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of their own circumstances and the complexity of the Notes. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment it is considering, an investment in the Notes and the impact such investment will have on his/her overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including the risk not to receive any return on investment or repayment of the invested amount, and also including risks arising if the currency for principal or distribution payments on the Notes is different from the currency in which his/her financial activities are principally denominated;
- understand thoroughly the Terms and Conditions of the Notes and be familiar with the behaviour of the financial markets;
- know, that it may not be possible to dispose of the Notes for a substantial period of time, if at all; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Prior to making an investment decision, each potential investor should consider carefully, in light of its own financial circumstances and investment objectives, all the information contained in this Prospectus or incorporated by reference herein and should have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire principal amount of the Notes could be lost. A potential investor should not invest in the Notes unless he/she has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of cancellation of payment of principal, payment of distributions or a write-down and the market price of the Notes, and the impact of this investment on the potential investor's overall investment portfolio.

*Risk of a change in market value.*

The market value of the Notes is influenced by a change in the creditworthiness (or the perception thereof) of the Issuer and by the credit rating of the Issuer and a number of other factors including, but not limited to, market interest, rate of return, certain market expectations with regard to the Issuer making use of a right to call the Notes for redemption and the right not to pay distributions on the Notes.

The value of the Notes depends on a number of interacting factors. These include economic and political events in Europe or elsewhere as well as scenarios which generally affect the capital markets and the stock exchanges on which the Notes are traded. The price at which a Holder can sell the Notes might be considerably below the issue price or the purchase price paid by such Holder.

*Credit ratings of Notes (if any) may not adequately reflect all risks of the investment in such Notes, credit rating agencies could assign unsolicited credit ratings, and credit ratings may be suspended, downgraded or withdrawn, all of which could have an adverse effect on the market price and trading price of the Notes.*

A credit rating of Notes may not adequately reflect all risks of the investment in such Notes. Credit rating agencies could decide to assign credit ratings to the Notes on an unsolicited basis. Equally, credit ratings may be suspended, downgraded or withdrawn. Any such unsolicited credit rating, suspension, downgrading or withdrawal may have an adverse effect on the market price and trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the credit rating agency at any time.

*A liquid secondary market for the Notes may not develop or, if it does develop, it may not continue. In an illiquid market, a Holder may not be able to sell his Notes at fair market prices.*

The Notes constitute a new issue of securities. Application will be made to admit the Notes to the Regulated Market of The Luxembourg Stock Exchange, which appear on the list of regulated markets issued by the European Commission.

Regardless of the envisaged admission to trading of the Notes, a secondary market for the Notes may not develop or, if it does develop, it may not continue. The fact that the Notes will be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. In an illiquid market, an investor might not be able to sell his Notes at all or at any time at fair market prices. The possibility to sell the Notes might additionally be restricted due to country-specific reasons. Moreover, the liquidity and the market for the Notes can be expected to vary with changes in the securities market and economic conditions, the financial condition and prospects of the Issuer and other factors which generally influence the market prices of securities. Such fluctuations may significantly affect liquidity and market prices for the Notes. Market liquidity in hybrid financial instruments similar to the Notes has historically been limited. In addition, potential investors should note that hybrid financial instruments similar to the Notes have experienced pronounced price fluctuations in connection with the crisis of the financial markets and the banking sector since 2008. Notes denominated in different currencies may trade differently even if their terms and conditions are otherwise similar.

*Exchange rate risks may occur, if a Holder's financial activities are denominated in a currency or currency unit other than Euro in which the Issuer will make principal and distribution payments. Furthermore, government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate.*

The Issuer will pay principal and distributions on the Notes in Euro. This presents certain risks relating to currency conversions if a Holder's financial activities are denominated principally in a currency or currency unit ("**Holder's Currency**") other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Holder's Currency) and the risk that authorities with jurisdiction over the Holder's Currency may impose or modify exchange controls. An appreciation in the value of the Holder's Currency relative to the Euro would decrease (i) the Holder's Currency-equivalent yield on the Notes, (ii) the Holder's Currency-equivalent value of the principal payable on the Notes, and (iii) the Holder's Currency-equivalent market price of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Holders may receive less distributions or principal than expected, or no distributions or principal.

### ***Risks relating to tax and legal matters***

*The Notes are governed by German law (with the provisions on status being governed by Austrian law), and changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer, the Notes and the Holders.*

The Terms and Conditions of the Notes will be governed by German law, except that the provisions on status are governed by Austrian law. Holders should thus note that the governing law may not be the law of their own home jurisdiction and that the law applicable to the Notes may not provide them with similar protection as their own law. Furthermore, no assurance can be given as to the impact of any possible judicial decision or change to German (and, in relation to the provisions on status, Austrian) law, or administrative practice after the date of this Prospectus.

*There may be circumstances under which the Notes may be subject to withholding tax which will not be grossed-up, including withholding tax under FATCA.*

Investors should be aware that duties, other taxes and expenses, including any stamp duty, depositary charges, transaction charges and other charges, may be levied in accordance with the laws and practices in the countries where the Notes are transferred and that it is the obligation of an investor to pay all such duties, other taxes and expenses.

All payments made under the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes imposed by the Issuer's country of incorporation (or any authority or political subdivision thereof or therein), unless such withholding or deduction is imposed or required by law. If any such withholding or deduction is imposed and required by law, the Issuer will, in limited circumstances, be required to pay additional amounts to cover the amounts so withheld or deducted ("**Additional Amounts**") and such event will allow the Issuer to redeem them early as this would allow the Issuer to redeem the Notes in full, but not in part as further specified in the Terms and Conditions of the Notes.

In no event will Additional Amounts be payable in respect of U.S. withholding taxes pursuant to the Foreign Account Tax Compliance Act ("**FATCA**"). Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Austria) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer will not pay any additional amounts as a result of the withholding.

Investors should be aware that payments made under the Notes and capital gains from the sale or redemption of the Notes may be subject to taxation in the jurisdiction of the holder of the Notes or in other jurisdictions in which the holder of the Notes is required to pay taxes.

*Changes in tax law may negatively affect the Holders.*

Tax law and practice is subject to change, possibly with retrospective effect and this could adversely affect the market price of the Notes. Any such change may cause the tax treatment of the relevant Notes to change from what the purchaser understood the position to be at the time of purchase.

### ***Risks relating to certain provisions of the Terms and Conditions and conflicts of interest***

*The statutory presentation period provided under German law will be reduced under the Terms and Conditions applicable to the Notes in which case Holders may have less time to assert claims under the Notes.*

Pursuant to the Terms and Conditions of the Notes the regular presentation period of 30 years (as provided in § 801 (1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*)) will be reduced to ten years. In case of partial or total non-payment of amounts due under the Notes the Holder will have to arrange for the presentation of the relevant

Global Note to the Issuer. Due to the abbreviation of the presentation period the likelihood that the Holder will not receive the amounts due to him increases since the Holder will have less time to assert his claims under the Notes in comparison to holders of debt instruments the terms and conditions of which do not shorten the statutory presentation period at all or to a lesser degree than the Terms and Conditions of the Notes.

*The Terms and Conditions may be amended by resolution of the Holders in which a Holder may be subject to the risk of being outvoted by a majority resolution of the Holders.*

The Terms and Conditions may be amended by the Issuer with consent of the Holders by way of a majority resolution in a Holders Meeting or by a vote not requiring a physical meeting (*Abstimmung ohne Versammlung*) as described in §§ 5 et seq. of the German Act on Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*), the Issuer may subsequently amend the Terms and Conditions with the consent of the majority of Holders as described in the Terms and Conditions, which amendment will be binding on all Holders of the Notes, even on those who voted against the change.

Therefore, a Holder may be subject to the risk of being outvoted by a majority resolution of the Holders. As such majority resolution is binding on all Holders of the Notes, certain rights of such Holder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled, which may have significant negative effects on the market price of the Notes and the return from the Notes.

The Holders may by majority resolution provide for the appointment or dismissal of a joint representative. If a joint representative is appointed, a Holder may be deprived of its individual right to pursue and enforce a part or all of its rights under the Terms and Conditions against the Issuer, such right passing to the Holders' joint representative who is then exclusively responsible to claim and enforce the rights of all the Holders

*An Austrian court could appoint a trustee for the Notes to exercise the rights and represent the interests of Holders on their behalf in which case the ability of Holders to pursue their rights under the Notes individually may be limited.*

Pursuant to the Austrian Notes Trustee Act (*KuratorenGesetz – "KuratorenG"*), an Austrian court could appoint a trustee (*Kurator*) either upon the request of any interested person (e.g. a Holder) or *ex officio* upon the initiative of the competent court, for the purposes of representing the common interests of the Holders in matters concerning their collective rights under the Notes. In particular, this may occur if bankruptcy proceedings are opened over assets of the Issuer, in connection with any amendments to the Terms and Conditions of the Notes or changes relating to the Issuer, or under other similar circumstances.

Even though the applicability of the Austrian Notes Trustee Act is excluded in the Terms and Conditions, it cannot be excluded that an Austrian court rejects the exclusion of the applicability of the Austrian Notes Trustee and appoints a trustee, because the Issuer is an Austrian legal entity. If a trustee is appointed, it will exercise the collective rights and represent the interests of the Holders and will be entitled to make statements on their behalf which shall be binding on all Holders. Where a trustee represents the interests of Holders and exercises their rights, this may conflict with or otherwise adversely affect the interests of individual or all Holders. The role of an appointed trustee may also conflict with provisions of the Terms and Conditions related to majority resolutions of the Holders pursuant to the Terms and Conditions. On the other hand, investors should not rely on the protection afforded by the Austrian Notes Trustee Act, as its application has been excluded in the Terms and Conditions and an Austrian court may give effect to such disapplication.

*The Issuer's interests may not be aligned with those of investors in the Notes.*

The Group CET 1 Capital Ratio, the Issuer CET 1 Capital Ratio, the available Distributable Items and the Maximum Distributable Amount will depend in part on decisions made by the Issuer and/or other entities of the RBI Regulatory Group relating to their businesses and operations, as well as the management of their capital position. The Issuer and/or other entities of the RBI Regulatory Group will have no obligation to consider the interests of Holders in connection with their strategic decisions, including in respect of capital management and the relationship among the various entities of the RBI Regulatory Group and its group structure.

The Issuer may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Trigger Event. Moreover, in order to avoid the use of public resources, the Competent Authority may decide that the Issuer should allow a Trigger Event to occur at a time when it is feasible to avoid it.

Holders will not have any claim against the Issuer and/or other entities of RBI Regulatory Group relating to decisions that affect the capital position of the Issuer and/or RBI Regulatory Group, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Holders to lose all or part of their investment in the Notes.

## TERMS AND CONDITIONS OF THE NOTES

### § 1

#### CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency, Denomination.* This issue by RAIFFEISEN BANK INTERNATIONAL AG (the "**Issuer**") of Additional Tier 1 notes (the "**Notes**") is being issued in Euro (the "**Specified Currency**") in the aggregate principal amount of EUR 500,000,000 (in words: five hundred million) in the denomination of EUR 200,000 each (the "**Original Principal Amount**").

(2) *Form.* The Notes are being issued in bearer form.

(3) *Temporary Global Note – Exchange for Permanent Global Note.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in the Original Principal Amount represented by a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**") without coupons. The Global Notes shall each be signed by authorised representatives of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent. Definitive Notes and coupons will not be issued, and the Holders have no right to require the printing and delivery of definitive Notes and coupons.

(b) The Temporary Global Note shall be exchangeable for the Permanent Global Note in the form and subject to the conditions provided in § 1(3)(a) above from a date not earlier than 40 calendar days after the date of issuance of the Temporary Global Note. Such exchange shall only be made to the extent that certifications have been delivered to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note are not U.S. persons (other than certain financial institutions or certain persons holding Notes through such financial institutions) as required by U.S. tax law. Payment of distributions on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of distributions. Any such certification received on or after the 40th calendar day after the date of issuance of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to this § 1(3)(b). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.

(4) *Clearing System.* The Global Note(s) will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means each of Clearstream Banking, *société anonyme*, Luxembourg, 42 Avenue J.F. Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg ("**CBL**") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**" and, together with CBL, the "**ICSDs**") and any successor in such capacity. The Notes shall be kept in custody by a common depositary on behalf of both ICSDs.

(5) *Certain Definitions.* In these Terms and Conditions:

"**Applicable Supervisory Regulations**" means, at any time, any requirements under laws and any regulations, requirements, standards, guidelines, policies or other rules thereunder applicable from time to time (including, but not limited to, the guidelines, policies, decisions and recommendations of the European Banking Authority, the European Central Bank, the Competent Authority, the Single Resolution Board and/or the Resolution Authority, the administrative practice of any such authority, any applicable decision of a court and any applicable transitional provisions) relating to prudential requirements and/or resolution and applicable to the Issuer and/or the RBI Regulatory Group from time to time, including but not limited to the provisions of the BWG, the CRD IV, the CRR, the CDR, the SSMR, the BaSAG, the BRRD and the SRMR, or such other law, regulation or directive as may come into effect in place thereof, as applicable to the Issuer and the RBI Regulatory Group at the relevant time.

"**AT 1 Instruments**" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Additional Tier 1 instruments pursuant to Article 52 CRR (including, but not limited to, the Issuer's EUR 650,000,000 Fixed to Reset Rate Additional Tier 1 Notes of 2017 with a First Reset Date on 15 December 2022 (ISIN XS1640667116) and the Issuer's EUR 500,000,000 Fixed to Reset Rate Additional Tier 1 Notes of 2018 with a First Reset Date on 15 June 2025 (ISIN XS1756703275)), including any capital (or other) instruments that qualify as Additional Tier 1 items pursuant to transitional provisions under the CRR.

"**BRRD**" means the Directive 2014/59/EU (*Bank Recovery and Resolution Directive*) as amended or replaced from time to time, and any references to relevant provisions of the BRRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**BaSAG**" means the Austrian Bank Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz – BaSAG*), as amended or replaced from time to time, and any references to relevant provisions of the BaSAG in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Business Day**" means a calendar day (other than a Saturday or a Sunday) on which the Clearing System and TARGET are open.

"**BWG**" means the Austrian Banking Act (*Bankwesengesetz – BWG*), as amended or replaced from time to time, and any references to relevant provisions of the BWG in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**CDR**" means the Commission Delegated Regulation (EU) No 241/2014 (*Capital Delegated Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the CDR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**CET 1 Instruments**" means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 CRR, including any capital (or other) instruments that qualify as Common Equity Tier 1 items pursuant to transitional provisions under the CRR.

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SSMR, in each case, which is responsible to supervise the Issuer on an individual basis and/or the RBI Regulatory Group on a consolidated basis.

"**CRD IV**" means the Directive 2013/36/EU (*Capital Requirements Directive IV*), as amended or replaced from time to time, and any references to relevant provisions of the CRD IV in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**CRR**" means the Regulation (EU) No 575/2013 (*Capital Requirements Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the CRR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Current Principal Amount**" means initially the Original Principal Amount, which from time to time, on one or more occasions, may be reduced by a Write-Down (as defined in § 5(8)(a)(v)) and, subsequent to any such reduction, may be increased by a Write-Up (as defined in § 5(9)(a)), if any (up to the Original Principal Amount).

"**Distributable Items**" means in respect of any payment of distributions on the Notes the distributable items as defined in Article 4(1)(128) CRR in respect of each financial year of the Issuer, as at the end of the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date for which such Relevant Financial Statements are available, all as determined in accordance with the accounting principles applied by the Issuer and as derived from the most recent Relevant Financial Statements.

"**Existing Hybrid Instruments**" means the EUR 200,000,000 Perpetual Non-cumulative Subordinated Floating Rate Capital Notes issued by RZB Finance (Jersey) III Limited (ISIN: XS0193631040), including any obligations of the Issuer under any support agreement of the Issuer in relation to obligations under such capital instruments.



**"Group CET 1 Capital Ratio"** means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the RBI Regulatory Group on a consolidated basis, as calculated in accordance with the Applicable Supervisory Regulations.

**"Holder"** means any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System.

**"Issuer CET 1 Capital Ratio"** means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Issuer on an individual basis, as calculated in accordance with the Applicable Supervisory Regulations.

**"Loss Absorbing Instrument"** means, at any time, any AT 1 Instrument (other than the Notes) or, as applicable, any instrument issued by a member of the RBI Regulatory Group and qualifying as Additional Tier 1 instruments pursuant to Article 52 CRR of the Issuer and/or the RBI Regulatory Group that may have all or some of its principal amount written down (whether on a permanent or temporary basis) or converted (in each case, in accordance with its terms or otherwise) on the occurrence or as a result of the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio falling below a certain trigger level.

**"Loss Absorbing Written Down Instrument"** means any Loss Absorbing Instrument that, immediately prior to any Write-Up of the Notes, is outstanding and has a prevailing principal amount that is less than its initial principal amount due to a write down, and that has terms permitting a principal write-up to occur on a basis similar to that provided in § 5(9) in the circumstances existing on the relevant Write-Up Effective Date.

**"Maximum Distributable Amount"** means any maximum distributable amount (*maximal ausschüttungsfähiger Betrag*) relating to the Issuer and/or the RBI Regulatory Group, as the case may be, that may be required to be calculated in accordance with § 24(2) BWG (implementing Article 141(2) CRD IV in Austria).

**"Maximum Write-Up Amount"** means the lower of:

- (i) the consolidated Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written Down Instruments of the RBI Regulatory Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the RBI Regulatory Group as at the date the relevant Write-Up is operated; and
- (ii) the Profit on an unconsolidated basis multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written Down Instruments of the Issuer (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Issuer as at the date the relevant Write-Up is operated;

or any higher or lower amount permitted to be used under the Applicable Supervisory Regulations in effect on the date of the relevant Write-Up.

**"Profit"** means: (i) the net income for the year (*Jahresüberschuss*) of the Issuer on an unconsolidated basis recorded in the Relevant Financial Statements; or (ii) the consolidated net income for the year (*Jahresüberschuss*) on a consolidated basis recorded in the consolidated financial statements of the Issuer, in each case after such Relevant Financial Statements or consolidated financial statements have formally been determined (*festgestellt*) by either the supervisory board (*Aufsichtsrat*) or, if so requested, the shareholders' meeting (*Hauptversammlung*) of the Issuer.

**"RBI Regulatory Group"** means, from time to time, the Issuer and each entity which is part of the banking group with a parent institution and/or any banking group with a parent financial holding company: (i) to which the Issuer belongs; and (ii) to which the own funds requirements on a consolidated basis due to prudential consolidation in accordance with the Applicable Supervisory Regulations apply.

**"Relevant Distributions"** means the sum of:

- (i) any other payments of distributions on the Notes that were made or are scheduled to be made by the Issuer in the then current financial year of the Issuer;

- (ii) the amount of any Write-Up that was made in the then current financial year or is simultaneously made on the relevant Distribution Payment Date, if any;
- (iii) any payments of interest, dividends or distributions (including any write-ups) that were made, are simultaneously made or are scheduled to be made by the Issuer on other Tier 1 Instruments in the then current financial year of the Issuer; and
- (iv) any amount, payment or distribution as may be relevant under any restriction operating as a maximum distributable amount in accordance with any legal or regulatory requirements applicable to the Issuer at the time.

**"Relevant Financial Statements"** means: (i) the audited (*geprüft*) and adopted (*festgestellt*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant Distribution Payment Date, unaudited unconsolidated *pro forma* financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

**"Resolution Authority"** means the resolution authority pursuant to Article 4(1)(130) CRR and/or Article 7(1) SRMR which is responsible for recovery or resolution of the Issuer on an individual and/or consolidated basis.

**"SRMR"** means the Regulation (EU) No 806/2014, as amended or replaced from time to time, and any references to relevant provisions of the SRMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"SSMR"** means the Regulation (EU) No 1024/2013 (*Single Supervisory Mechanism Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the SSMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

**"TARGET"** means the Trans-European Automated Real-time Gross settlement Express Transfer system 2 or its successor.

**"Terms and Conditions"** means these terms and conditions of the Notes.

**"Tier 1 Instruments"** means: (i) CET 1 Instruments; (ii) AT 1 Instruments; and (iii) any other instruments or obligations of the Issuer ranking *pari passu* with respect to payment of interest, dividends or distributions with CET 1 Instruments or AT 1 Instruments.

**"Tier 2 Instruments"** means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 CRR, including any capital (or other) instruments that qualify as Tier 2 items pursuant to transitional provisions under the CRR.

A **"Trigger Event"** occurs if at any time: (i) the Group CET 1 Capital Ratio and/or (ii) the Issuer CET 1 Capital Ratio is lower than the Trigger Level.

**"Trigger Level"** means in respect of: (i) the Group CET 1 Capital Ratio 5.125 *per cent.*; and/or (ii) the Issuer CET 1 Capital Ratio 5.125 *per cent.*

**"United States"** means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

**"Write-Down Effective Date"** means the date on which the Write-Down will take effect, being no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

## § 2 STATUS

(1) *Ranking.* The Notes shall qualify as AT 1 Instruments and constitute direct, unsecured and subordinated obligations of the Issuer. In the event of insolvency proceedings (*reguläres Insolvenzverfahren*) (bankruptcy proceedings (*Konkursverfahren*)) or the liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

- (a) junior to all present or future:
  - (i) unsubordinated instruments or obligations of the Issuer; and
  - (ii) Tier 2 Instruments and instruments or obligations of the Issuer, if any, which rank *pari passu* with or senior to Tier 2 Instruments; and
  - (iii) other instruments or obligations of the Issuer, if any, ranking or expressed to rank subordinated to any unsubordinated instruments or obligations of the Issuer (other than instruments or obligations ranking or expressed to rank *pari passu* with or subordinated to the Notes);
- (b) *pari passu*:
  - (i) among themselves;
  - (ii) with all other present or future AT 1 Instruments; and
  - (iii) with all other present or future instruments or obligations of the Issuer ranking or expressed to rank *pari passu* with AT 1 Instruments, including the Existing Hybrid Instruments (other than Existing Hybrid Instruments ranking or expressed to rank senior to the Notes); and
- (c) senior to all present or future:
  - (i) ordinary shares of the Issuer and any other CET 1 Instruments; and
  - (ii) other subordinated instruments or obligations of the Issuer ranking or expressed to rank: (A) subordinated to the obligations of the Issuer under the Notes; or (B) *pari passu* with the ordinary shares of the Issuer and any other CET 1 Instruments.

For the avoidance of doubt, Holders will neither participate in any reserves of the Issuer nor in liquidation profits (*Liquidationsgewinn*) within the meaning of § 8(3)(1) of the Austrian Corporate Income Tax Act 1988 (*Körperschaftsteuergesetz 1988*) in the event of the Issuer's liquidation. The rights of the Holders of the Notes to payment of principal on the Notes are at any time limited to a claim for the prevailing Current Principal Amount.

(2) *No Negative Equity and Waiver of Petition.* The Holders will be entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital* within the meaning of § 225(1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch – UGB*)) has been removed (*beseitigt*) or if, in the event of the liquidation of the Issuer, all other creditors (other than creditors the claims of which rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first.

No insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Notes. The Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets; therefore the obligations of the Issuer under the Notes, if any, will not contribute to the determination of over-indebtedness (*Überschuldung*) in accordance with § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung – IO*).

(3) *No Set-off/Netting; No Security/Guarantee; No Enhancement of Seniority.* The Notes are not subject to any set off or netting arrangements that would undermine their capacity to absorb losses in resolution. The Notes are neither secured, nor subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Notes.

(4) *Note on the possibility of statutory resolution measures.* Prior to any insolvency or liquidation of the Issuer, under the Applicable Supervisory Regulations, the Resolution Authority may exercise the power to write down (including to zero)

the obligations of the Issuer under the Notes, convert the Notes into shares or other instruments of ownership of the Issuer, in each case in whole or in part, or apply any other resolution tool or action, including (but not limited to) any deferral or transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Notes.

(5) *Note on Payment Restrictions prior to an Insolvency.* Even prior to the imposition of any resolution measures upon the Issuer, insolvency proceedings (*reguläres Insolvenzverfahren*) (bankruptcy proceedings (*Konkursverfahren*)) or the liquidation of the Issuer, any payment of distributions on the Notes will be subject to the conditions set forth in § 3(7) being fulfilled and any redemption or repurchase of the Notes will be subject to the conditions to redemption and repurchase set forth in § 5(6) being fulfilled.

The conditions set forth in § 3(7) and the conditions to redemption and repurchase set forth in § 5(6) include the conditions that, on the date on which the relevant amount of principal or distributions is scheduled to be paid: (i) the Issuer is not insolvent; and (ii) the payment of the relevant amount would not result in the insolvency of the Issuer.

This means that irrespective of, and even prior to, the opening of any insolvency proceedings (*reguläres Insolvenzverfahren*) (bankruptcy proceedings (*Konkursverfahren*)) or the liquidation of the Issuer, the Issuer shall not make any payment of distributions or principal if: (i) the Issuer is insolvent; or (ii) the payment of the relevant amount would result in the insolvency of the Issuer. Such a prohibition on payment may be in effect for an indefinite period of time and even permanently.

### § 3

#### DISTRIBUTIONS

(1) *Distribution Rates and Distribution Payment Dates.* The Notes shall bear distributions on the Current Principal Amount at a rate *per annum* equal to the applicable Rate of Distributions (as defined below) from and including 29 July 2020 (the "**Distribution Commencement Date**").

Distributions shall be scheduled to be paid semi-annually in arrear on 15 June and 15 December in each year (each such date, a "**Distribution Payment Date**"), commencing on 15 December 2020 (short first coupon).

Distributions will fall due subject to the provisions set out in § 3(7), § 4(4) and § 5(8)(a)(iv).

The applicable "**Rate of Distributions**" will be,

- (i) from and including the Distribution Commencement Date to but excluding 15 December 2026 (the "**First Reset Date**"), a rate of 6.00 per cent. *per annum*; and
- (ii) from and including the First Reset Date, the relevant Reset Rate (as determined according to § 3(4)(a)) for the relevant Reset Period.

(2) *Calculation of Amount of Distributions.* If the amount of distributions scheduled to be paid on the Notes is required to be calculated for any period of time, such amount of distributions for any Distribution Period shall be calculated by the Calculation Agent by applying the prevailing Rate of Distributions to the Current Principal Amount, multiplying such amount by the applicable Day Count Fraction (as defined in § 3(3)), and rounding the resultant figure to the nearest full cent with EUR 0.005 being rounded upwards.

If a Write-Down occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Write-Down Effective Date are cancelled in accordance with § 3(7)(c), the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Write-Down Effective Date.

If, pursuant to § 5(9), the Current Principal Amount of the Notes is subject to a Write-Up during a Distribution Period, the amount of distributions shall be calculated by the Calculation Agent on the basis of the adjusted Current Principal Amount from time to time so that the relevant amount of distributions is determined by reference to such Current Principal Amount as adjusted from time to time and as if such Distribution Period were comprised of two or more (as applicable)

consecutive distribution periods, with distribution calculations based on the number of days for which each Current Principal Amount was applicable.

"**Distribution Period**" means the period from and including the Distribution Commencement Date to but excluding the first Distribution Payment Date and each successive period from and including a Distribution Payment Date to but excluding the next succeeding Distribution Payment Date.

(3) *Day Count Fraction (Actual/Actual ICMA)*. "**Day Count Fraction**" means, in respect of the calculation of an amount of distributions on any Note for any period of time (from and including the first day of such period to but excluding the last day of such period) (the "**Calculation Period**"):

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of calendar days in such Calculation Period divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates (as specified below) that would occur in any year; or
- (b) if the Calculation Period is longer than one Determination Period, the sum of:
  - (i) the number of calendar days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates that would occur in any year; and
  - (ii) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates that would occur in any year.

Where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**Determination Date**" means 15 June and 15 December in each year.

(4) *Determination of the Reset Rate.*

- (a) *Reset Rate.* The rate of distributions for each Reset Period (each a "**Reset Rate**") shall be the sum of
  - (i) the Reference Rate (as defined in § 3(4)(b)); and
  - (ii) the Margin (as defined in § 3(4)(b)),

subject to a minimum of 0.00 per cent. *per annum*, provided that, for purposes of the determination of the Reset Rate, if the relevant Reference Rate is not expressed as a semi-annual rate such sum will be converted to a semi-annual basis in a commercially reasonable manner.

The Calculation Agent will determine the relevant Reference Rate in accordance with this § 3(4) for each Reset Date on the relevant Reset Determination Date.

- (b) *Reference Rate.* The "**Reference Rate**" for a Reset Period will be determined by the Calculation Agent on the relevant Reset Determination Date (as defined below) prior to the Reset Date on which the relevant Reset Period commences (the "**Reference Reset Date**") as follows:
  - (i) For each Reset Period beginning prior to the relevant Benchmark Replacement Effective Date (as defined in § 3(4)(d)(vii)), the following will apply:
    - (A) The Reference Rate will be equal to the Original Benchmark Rate on the relevant Reset Determination Date.

- (B) If the Original Benchmark Rate does not appear on the Screen Page as at such time on the relevant Reset Determination Date, the "Reference Rate" will be equal to the Reference Bank Rate on that Reset Determination Date.
  - (C) If the Reference Bank Rate cannot be determined in accordance with the definition of such term, the "Reference Rate" shall be equal to the Original Benchmark Rate on the Screen Page on the last day preceding the Reset Determination Date on which such Original Benchmark Rate was displayed.
- (ii) For each Reset Period commencing on or after the relevant Benchmark Replacement Effective Date, the "Reference Rate" on the relevant Reset Determination Date will be determined in accordance with § 3(4)(d).

Where:

"**Margin**" means 6.446 *per cent. per annum*.

"**Original Benchmark Rate**" on any TARGET Business Day means the annual swap rate which is fixed at 11:00 a.m. (Frankfurt time) and is expressed as a percentage *per annum* for Euro denominated swap transactions with a maturity of 5 years which appears on the Screen Page on such TARGET Business Day at or around 11:00 a.m. (Frankfurt time).

"**Reference Bank Rate**" means the percentage rate determined by the Calculation Agent on the basis of the 5-year Mid Swap Rate Quotations provided by up to five leading swap dealers in the interbank market selected by the Issuer to the Calculation Agent at the request of the Issuer at approximately 11:00 a.m. (Frankfurt time) on the Reset Determination Date. If at least three 5-year Mid Swap Rate Quotations are provided, the Reference Bank Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two 5-year Mid Swap Rate Quotations are provided, the Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one 5-year Mid Swap Rate Quotation is provided, the Reference Bank Rate will be the quotation provided. For this purpose, "**5-year Mid Swap Rate Quotation**" means the arithmetic mean of the bid and offered rates for the annual fixed rate leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which transaction: (x) has a term of 5 years and commencing on the relevant Reset Date; (y) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and (z) has a floating leg based on the 6-months EURIBOR rate (calculated on an Actual/360 day count basis).

"**Reset Date**" means the First Reset Date and each fifth anniversary thereof for as long as the Notes remain outstanding.

"**Reset Determination Date**" means the second TARGET Business Day prior to the relevant Reference Reset Date.

"**Reset Period**" means the period from and including a Reset Date to but excluding the next following Reset Date.

"**Screen Page**" means Reuters Screen Page "ICESWAP2" under the heading "EURIBOR BASIS" and the caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time). If the Screen Page permanently ceases to quote the Original Benchmark Rate but such quotation is available from another page selected by the Issuer in its reasonable discretion (the "**Replacement Screen Page**"), the Replacement Screen Page must be used for the purpose of the calculation of the Original Benchmark Rate.

"**TARGET Business Day**" means a day on which TARGET is open.

- (c) *Notification of Reset Rate.* The Calculation Agent will cause the Reset Rate to be notified to the Issuer, any stock exchange on which the Notes are from time to time listed (if required by the rules of such stock exchange) and to the Holders in accordance with § 10 as soon as possible after its determination.

(d) *Benchmark Event.* If a Benchmark Event occurs in relation to the Original Benchmark Rate, the relevant Reference Rate and the distributions on the Notes in accordance with § 3(4)(a) and (b) will be determined as follows:

(i) *Successor Benchmark Rate or Alternative Benchmark Rate*

(A) If the Issuer determines in its reasonable discretion that there is a Successor Benchmark Rate (as defined in § 3(4)(d)(vi)), then the Issuer shall determine in its reasonable discretion such Successor Benchmark Rate, the Adjustment Spread (as defined in § 3(4)(d)(vi)) and any Benchmark Amendments (in accordance with § 3(4)(d)(iv)) as soon as this is (in the Issuer's view) required following the occurrence of the Benchmark Event and prior to the next Reset Determination Date.

(B) If the Issuer determines in its reasonable discretion that there is no Successor Benchmark Rate but that there may be an Alternative Benchmark Rate (as defined in § 3(4)(d)(vi)), then the Issuer shall endeavour to appoint an Independent Adviser, who will determine the Alternative Benchmark Rate, the Adjustment Spread and any Benchmark Amendments.

(ii) *New Benchmark Rate.*

(A) If the Issuer determines in accordance with § 3(4)(d)(i)(A) that there is a Successor Benchmark Rate, then such Successor Benchmark Rate shall subsequently be the New Benchmark Rate.

(B) If the Independent Adviser appointed by the Issuer determines in accordance with § 3(4)(d)(i)(B) that there is an Alternative Benchmark Rate, then such Alternative Benchmark Rate shall subsequently be the New Benchmark Rate.

(C) In either case the "Reference Rate" for the immediately following Reset Period and all following Reset Periods, subject to § 3(4)(d)(ix), will then be the sum of

(x) the New Benchmark Rate on the relevant Reset Determination Date; and

(y) the Adjustment Spread.

(iii) *Fallback rate.* If, prior to the 10<sup>th</sup> Business Day prior to the relevant Reset Determination Date,

(A) the Issuer does not determine a Successor Benchmark Rate, the Adjustment Spread or the Benchmark Amendments (if required) in accordance with § 3(4)(d)(i)(A) and (ii)(A); and

(B)

(I) the Issuer does not appoint an Independent Adviser in accordance with § 3(4)(d)(i)(B); or

(II) the Independent Adviser appointed by the Issuer does not determine an Alternative Benchmark Rate, the Adjustment Spread or the Benchmark Amendments (if required) in accordance with § 3(4)(d)(ii)(B),

the Reference Rate applicable to the immediately following Reset Period shall be the Reference Rate determined on the last Reset Determination Date immediately preceding the relevant Benchmark Replacement Effective Date.

If this § 3(4)(d)(iii) is to be applied on the first Reset Determination Date prior to the commencement of the first Reset Period, the Reference Rate applicable to the first Reset Period shall be -0.354 per cent. *per annum*.

If the fallback rate determined in accordance with this § 3(4)(d)(iii) is to be applied, § 3(4)(d) will be operated again to determine the Reference Rate applicable to the next subsequent (and, if required, further subsequent) Reset Period(s).

(iv) *Benchmark Amendments.* If any relevant New Benchmark Rate and the applicable Adjustment Spread are determined in accordance with this § 3(4)(d), and if the Issuer or the Independent Adviser, as applicable,

determines in its reasonable discretion that amendments to these Terms and Conditions are necessary to ensure the proper operation of such New Benchmark Rate and the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**"), then the Issuer or the Independent Adviser, as applicable, will determine the Benchmark Amendments in its reasonable discretion and the Issuer will give notice thereof in accordance with § 3(4)(d)(v).

The Benchmark Amendments may include, without limitation, the following conditions of these Terms and Conditions:

- (A) the Reference Rate including the "Screen Page" and/or (in replacement of clause (i) of the definition of the term "Reference Rate" in § 3(4)(b)) the method for determining the fallback rate in relation to the Reference Rate, including the Reference Bank Rate; and/or
  - (B) the definitions of the terms "Business Day", "Distribution Payment Date", "Reset Date", "Reset Period", "Day Count Fraction" and/or "Reset Determination Date" (including the determination whether the Reference Rate will be determined on a forward looking or a backward looking basis); and/or
  - (C) the business day convention in § 4(4).
- (v) *Notices, etc.* The Issuer will notify any New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) determined under this § 3(4)(d) to the Principal Paying Agent, the Paying Agents, the Calculation Agent and, in accordance with § 10, the Holders as soon as such notification is (in the Issuer's view) required following the determination thereof, but in any event not later than on the 10<sup>th</sup> Business Day prior to the relevant Reset Determination Date. Such notice shall be irrevocable and shall specify the Benchmark Replacement Effective Date.

The New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any), each as specified in such notice, will be binding on the Issuer, the Principal Paying Agent, the Paying Agents, the Calculation Agent and the Holders (for the avoidance of doubt: no consent of the Holders shall be required). The Terms and Conditions shall be deemed to have been amended by the New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments, if any, with effect from the Benchmark Replacement Effective Date.

On or prior to the date of such notice, the Issuer shall deliver to the Principal Paying Agent and the Calculation Agent a certificate signed by two authorized signatories of the Issuer:

- (A)
  - (I) confirming that a Benchmark Event has occurred;
  - (II) specifying the relevant New Benchmark Rate determined in accordance with the provisions of this § 3(4)(d);
  - (III) specifying the applicable Adjustment Spread and the Benchmark Amendments (if any), each determined in accordance with the provisions of this § 3(4)(d); and
  - (IV) specifying the Benchmark Replacement Effective Date; and
- (B) confirming that the Benchmark Amendments, if any, are necessary to ensure the proper operation of such relevant New Benchmark Rate and the applicable Adjustment Spread.

- (vi) *Definitions.* As used in this § 3(4)(d):

The "**Adjustment Spread**", which may be positive, negative or zero, will be expressed in basis points and means either: (a) the spread; or (b) the result of the operation of the formula or methodology for calculating the spread, which:



- (1) in the case of a Successor Benchmark Rate, is formally recommended in relation to the replacement of the Original Benchmark Rate with the Successor Benchmark Rate by any Relevant Nominating Body; or
- (2) (if no such recommendation has been made, or in the case of an Alternative Benchmark Rate) is customarily applied to the New Benchmark Rate in the international debt capital markets to produce an industry-accepted replacement benchmark rate for the Original Benchmark Rate, provided that all determinations will be made by the Issuer or the Independent Adviser, as applicable, in its reasonable discretion; or
- (3) (if the Issuer or the Independent Adviser, as applicable, in its reasonable discretion determines that no such spread is customarily applied and that the following would be appropriate for the Notes) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Benchmark Rate, where the Original Benchmark Rate has been replaced by the New Benchmark Rate, provided that all determinations will be made by the Issuer or the Independent Adviser, as applicable, in its reasonable discretion.

**"Alternative Benchmark Rate"** means an alternative benchmark or screen rate which is customarily applied in the international debt capital markets (or, alternatively, the international swap markets) for the purpose of determining floating rates of interest or mid swap rates, respectively in the Specified Currency, provided that all determinations will be made by the Independent Adviser in its reasonable discretion.

**"Benchmark Amendments"** has the meaning given to it in § 3(4)(d)(iv).

A **"Benchmark Event"** occurs if:

- (1) the Original Benchmark Rate ceases to be published on a regular basis or ceases to exist; or
- (2) a public statement by the administrator of the Original Benchmark Rate is made that it has ceased or that it will cease publishing the Original Benchmark Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue the publication of the Original Benchmark Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Benchmark Rate is made that the Original Benchmark Rate has been or will be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Benchmark Rate is made as a consequence of which the Original Benchmark Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (5) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to calculate or determine any distributions due to be made to any Noteholder using the Original Benchmark Rate.

**"Successor Benchmark Rate"** means a successor to or replacement of the Original Benchmark Rate which is formally recommended by any Relevant Nominating Body.

**"New Benchmark Rate"** means the Successor Benchmark Rate or, as the case may be, the Alternative Benchmark Rate determined in accordance with this § 3(4)(d).

**"Relevant Nominating Body"** means, in respect of the replacement of the Original Benchmark Rate:

- (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the

benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**"Independent Adviser"** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer.

- (vii) *Benchmark Replacement Effective Date.* The effective date for the application of the New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) determined under this § 3(4)(d) (the "**Benchmark Replacement Effective Date**") will be the Reset Determination Date falling on or after the earliest of the following dates:
- (A) if the Benchmark Event has occurred as a result of clause (1) of the definition of the term "Benchmark Event", the date of the occurrence of the Benchmark Event; or
  - (B) if the Benchmark Event has occurred as a result of clauses (2), (3) or (4) of the definition of the term "Benchmark Event", the date of cessation of publication of the Original Benchmark Rate or of the discontinuation of the Original Benchmark Rate, as the case may be; or
  - (C) if the Benchmark Event has occurred as a result of clause (5) of the definition of the term "Benchmark Event", the date from which the prohibition applies.
- (viii) If a Benchmark Event occurs in relation to any New Benchmark Rate, this § 3(4)(d) shall apply *mutatis mutandis* to the replacement of such New Benchmark Rate by any new Successor Benchmark Rate or Alternative Benchmark Rate, as the case may be. In this case, any reference in this § 3(4)(d) to the term Original Benchmark Rate shall be deemed to be a reference to the New Benchmark Rate that last applied.
- (ix) Any reference in this § 3(4)(d) to the term Original Benchmark Rate shall be deemed to include a reference to any component part thereof, if any, in respect of which a Benchmark Event has occurred.
- (x) No adjustment to the Original Benchmark Rate in accordance with § 3(4)(d)(i)-(ix) in case of a Benchmark Event will be made if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as AT 1 Instruments under the Applicable Supervisory Regulations.

If this § 3(4)(d)(x) were to be applied on the first Reset Determination Date prior to the commencement of the first Reset Period, the Reference Rate applicable to the first and each subsequent Reset Period would be -0.354 per cent. *per annum*.

If this § 3(4)(d)(x) were to be applied on a Reset Determination Date falling after the commencement of the first Reset Period, the Reference Rate applicable to the next and each subsequent Reset Period shall be the Original Benchmark Rate determined on the last preceding Reset Determination Date.

(5) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent or, as the case may be, any Independent Adviser or the Issuer, shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, the Principal Paying Agent, the Paying Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Principal Paying Agent, the Paying Agents or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(6) *Cessation of Interest Accrual, Default Distributions.* The Notes shall cease to bear distributions from the end of the calendar day preceding the date fixed for redemption (if any). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the Current Principal Amount of the Notes from and including the date fixed for redemption to but excluding the date of actual redemption of the Notes at the applicable rate of distributions determined pursuant to this § 3, which will fall due subject to the provisions set out in § 3(7) and § 5(8)(a)(iv). This does not affect any additional rights that might be available to the Holders.

(7) *Cancellation of Distributions.*

(a) *Discretionary Cancellation of Distributions.*

The Issuer, at its full discretion, may, at all times cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis.

If the Issuer makes use of such right, it shall give notice to the Holders in accordance with § 10. A notice which has not been given on or before the relevant Distribution Payment Date shall be given without undue delay thereafter. Any failure or delay to give any such notice shall not affect the validity of the decision on the cancellation, shall in no event result in an obligation of the Issuer to make a cancelled distribution payment at a later date and shall not constitute a default for any purpose.

(b) *Mandatory Cancellation of Distributions.*

(i) Without prejudice to such full discretion of the Issuer pursuant to § 3(7)(a), any payment of distributions scheduled to be paid on the Notes on any Distribution Payment Date and any Additional Amounts thereon shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent that:

- (A) the Issuer is insolvent or the payment of the relevant amount would result in the insolvency of the Issuer; or
- (B) the amount of such distribution payment and any Additional Amounts thereon together with any further Relevant Distributions would exceed the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions on the Notes and any Additional Amounts thereon) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based; or
- (C) the Competent Authority orders the relevant distribution payment scheduled to be paid on the Notes to be cancelled in whole or in part; or
- (D) another prohibition or restriction to make a distribution on the Notes, or to make such distribution on the Notes when aggregated with any other Relevant Distributions, is imposed by Applicable Supervisory Regulations or the Competent Authority (or any other relevant supervisory authority).

(ii) Prohibitions and restrictions of distributions pursuant to § 3(7)(b)(i)(D) may include, but are not limited to:

- (A) any restrictions of distributions as a result of non-compliance with the combined buffer requirement (howsoever defined in the Applicable Supervisory Regulations) applicable at the time;
- (B) any prohibition of distributions in connection with the calculation of the Maximum Distributable Amount;
- (C) the limit resulting from the Maximum Distributable Amount; and
- (D) any other restriction operating as maximum distributable amount in accordance with the then Applicable Supervisory Regulations requiring a maximum distributable amount to be calculated if the Issuer and/or the RBI Regulatory Group is failing to meet any applicable capital adequacy or buffer requirement, such as the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (M-MDA) and the maximum distributable amount related to the leverage ratio (L-MDA), in each case if applicable to the Issuer and/or the RBI Regulatory Group at that point in time.

(iii) If any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date is so mandatorily and automatically cancelled, the Issuer shall give notice thereof to the Holders in accordance

with § 10. A notice which has not been given on or before the relevant Distribution Payment Date shall be given without undue delay thereafter.

Any failure or delay to give any such notice shall not affect the validity of the cancellation, shall in no event result in an obligation of the Issuer to make a cancelled distribution payment at a later date and shall not constitute a default for any purpose.

- (c) If a Write-Down occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Write-Down Effective Date will be cancelled mandatorily and automatically in full (see also § 5(8)(a)(iv)).
- (d) Any distribution payment cancelled in accordance with § 3(7)(a) to (c) will be non-cumulative and will be cancelled permanently and no payments will be made nor will any Holder be entitled to receive any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and will not impose any restrictions on the Issuer.

The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due.

#### **§ 4**

#### **PAYMENTS**

- (1) (a) *Payment of Principal.* Payment of principal on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.
- (b) *Payment of Distributions.* Payment of distributions and any Additional Amounts on the Notes shall be made, subject to § 3(7) above and § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System, and in case of payment of distributions on Notes represented by a Temporary Global Note, upon due certification as provided for in § 1(3)(b).
- (2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.
- (3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (4) *Business Day Convention.* If the due date for any payment of any amount in respect of the Notes would otherwise fall on a calendar day which is not a Business Day, then the due date for such payment will be postponed and the Holders will not be entitled to such payment until the next calendar day which is a Business Day. In such case the Distribution Period will not be adjusted and the Holders will not be entitled to any compensation for any such delay.
- (5) *References to Principal and Distributions.* References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Current Principal Amount; and the Redemption Amount of the Notes (as defined in § 5(7)). References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts (as defined in § 7(1)) which may be payable under § 7(1).

#### **§ 5**

#### **REDEMPTION AND WRITE-DOWN**

- (1) *No Scheduled Maturity.* The Notes are perpetual and have no scheduled maturity date and shall not be redeemed by the Issuer other than in the cases provided for in § 5(3), § 5(4) or § 5(5) (in each case in connection with § 5(6)) or (and subject to the ranking of the Issuer's obligations under the Notes as set out in § 2(1)) in the event of insolvency proceedings (bankruptcy proceedings) or liquidation of the Issuer.
- (2) *No Redemption at the Option of a Holder.* The Holders do not have a right to demand the redemption of the Notes.
- (3) *Redemption at the Option of the Issuer.* The Issuer may, upon giving notice in accordance with § 5(7), redeem the Notes in whole, but not in part, at the Redemption Amount on any Optional Redemption Date (as defined below). In

addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the Optional Redemption Date specified in the notice, subject to cancellation of distributions pursuant to § 3(7). Any such redemption pursuant to this § 5(3) shall only be possible provided that the conditions to redemption and repurchase laid down in § 5(6) are met.

**"Optional Redemption Date"** means:

- (i) each Business Day during the period from and including 15 June 2026 to but excluding the First Reset Date; and
- (ii) the First Reset Date; and
- (iii) each Distribution Payment Date following the First Reset Date.

The Issuer may exercise its redemption right pursuant to this § 5(3) only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

(4) *Redemption for Reasons of Taxation.* If a Tax Event occurs, the Issuer may, upon giving notice in accordance with § 5(7), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5(6) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(7).

Where:

A **"Gross-up Event"** occurs if there is a change in the applicable tax treatment of the Notes based on a decision of the local tax authority having competence over the Issuer as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts.

A **"Tax Deductibility Event"** occurs if there is a change in the applicable tax treatment of the Notes as a result of which the Issuer, in computing its taxation liabilities in Austria, would not be entitled to claim a deduction in respect of distributions paid on the Notes, or such deductibility is materially reduced.

**"Tax Event"** means a change in, or amendment to, or clarification of, the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event or a Gross-up Event, which change or amendment or clarification: (x) subject to (y), becomes effective on or after the date of issuance of the Notes; or (y) in the case of a change, if such change is enacted on or after the date of issuance of the Notes.

(5) *Redemption for Regulatory Reasons.* If a Regulatory Event occurs, the Issuer may, upon giving notice in accordance with § 5(7), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5(6) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(7).

A **"Regulatory Event"** occurs if there is a change in the regulatory classification of the Notes under the Applicable Supervisory Regulations that would be likely to result in their exclusion in full or in part from own funds (other than as a consequence of a Write-Down) or reclassification as a lower quality form of own funds (in each case, on an individual basis of the Issuer and/or on a consolidated basis of the RBI Regulatory Group).

(6) *Conditions to Redemption and Repurchase.* Any redemption pursuant to this § 5 and any repurchase pursuant to § 9(2) is subject to:

- (a) (i) the Issuer not being insolvent; and (ii) the payment of the relevant amount not resulting in the insolvency of the Issuer; and
- (b) the Issuer having obtained the prior permission of the Competent Authority for such redemption or any repurchase pursuant to § 9(2) in accordance with Articles 77, 78 CRR, if applicable to the Issuer at that point in time, whereas such permission may, *inter alia*, require that:

- (i) either, before or at the same time as the redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
  - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds and eligible liabilities of the Issuer would, following such redemption or repurchase, exceed the requirements for own funds and eligible liabilities laid down in the CRD IV, the CRR and the BRRD by a margin that the Competent Authority considers necessary; and
- (c) in the case of any redemption or repurchase during the five years following the date of issuance of the Notes, in addition, if applicable to the Issuer at that point in time:
- (i) in the case of any redemption due to a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the Notes; or
  - (ii) in the case of any redemption due to a Regulatory Event, the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the Notes; or
  - (iii) in the case of any redemption in circumstances other than those described in clause (i) or (ii), either before or at the same time as such action, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority has permitted that action based on the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances.

Notwithstanding the above conditions, if, at the time of any redemption or repurchase, the prevailing Applicable Supervisory Regulations permit the redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal of the Competent Authority (or any other relevant supervisory authority) to grant any permission, approval or other authorisation required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.

(7) *Redemption Notice; Redemption Amount.* Any notice of redemption in accordance with § 5(3), § 5(4) or § 5(5) shall be given by the Issuer to the Holders in accordance with § 10 observing a notice period of not less than 15 calendar days nor more than 60 calendar days. Such notice shall specify:

- (a) the description of the Notes including the securities codes;
- (b) in the case of a notice of redemption in accordance with § 5(3), the Optional Redemption Date or, in the case of a notice of redemption in accordance with § 5(4) or § 5(5), the date fixed for redemption; and
- (c) the Redemption Amount at which the Notes are to be redeemed.

**"Redemption Amount"** per Note means the Current Principal Amount per Note.

Any notice of redemption in accordance with § 5(3), § 5(4) or § 5(5) and this § 5(7) will be subject to § 5(8)(e)(ii).

(8) *Write-Down.*

- (a) If, at any time, it is determined (as provided in § 5(8)(b) below) that a Trigger Event has occurred:
  - (i) the Issuer will immediately inform the Competent Authority of the occurrence of the Trigger Event;

- (ii) the Issuer will determine the Write-Down Amount (as defined in § 5(8)(c)(ii)) as soon as possible, but in any case before the Write-Down Effective Date;
  - (iii) the Issuer will, without undue delay, inform the Principal Paying Agent and the Holders in accordance with § 10 that a Trigger Event has occurred by publishing a notice (such notice a "**Trigger Event Notice**") which will specify the Write-Down Amount as well as the new/reduced Current Principal Amount of each Note and the Write-Down Effective Date; and
  - (iv) unpaid distributions accrued on the Current Principal Amount to but excluding the Write-Down Effective Date will be cancelled in accordance with § 3(7)(c); and
  - (v) the then prevailing Current Principal Amount of each Note will be automatically and irrevocably reduced (without the need for the consent of Holders) by the relevant Write-Down Amount (such reduction being referred to as a "**Write-Down**", and "**Written Down**" shall be construed accordingly) with effect as from the Write-Down Effective Date.
- (b) The determination as to whether a Trigger Event has occurred shall be made by the Issuer or the Competent Authority or any agent appointed for such purpose by the Competent Authority. Any such determination shall be binding on the Issuer and the Holders.

For the purposes of determining whether a Trigger Event has occurred, the Group CET 1 Capital Ratio and/or the Issuer CET 1 Capital Ratio may be calculated at any time based on information (whether or not published) available to the Issuer, including information internally reported within the Issuer pursuant to its procedures for monitoring the Group CET 1 Capital Ratio and/or the Issuer CET 1 Capital Ratio.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion, each Note may be Written Down on more than one occasion, provided however, that the Current Principal Amount of a Note may never be reduced to below EUR 0.01 under this § 5(8).

- (c) *Write-Down Amount.*
- (i) The aggregate reduction of the aggregate Current Principal Amount of all Notes outstanding on the Write-Down Effective Date will, subject as provided below, be equal to the lower of:
    - (A) the amount necessary to generate sufficient Common Equity Tier 1 capital pursuant to Article 50 CRR that would restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the lower of: (x) such Loss Absorbing Instrument's trigger level; and (y) the Trigger Level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Supervisory Regulations; and
    - (B) the amount that would result in the Current Principal Amount of a Note being reduced to EUR 0.01.
  - (ii) The aggregate reduction determined in accordance with § 5(8)(c)(i) shall be applied to all of the Notes *pro rata* on the basis of its Current Principal Amount immediately prior to the Write-Down, and references herein to "**Write-Down Amount**" shall mean, in respect of each Note, the amount by which the Current Principal Amount of such Note is to be Written Down accordingly.
  - (iii) If, in connection with the Write-Down or the calculation of the Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only (the "**Full Loss Absorbing Instruments**"), then:

- (A) the provision that a Write-Down of the Notes should be effected *pro rata* with the write-down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and
- (B) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down and/or conversion, such that the write-down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages:
  - (I) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level; and
  - (II) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (I) shall be written off and/or converted, as the case may be, with the effect of increasing the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio above the Trigger Level.
- (iv) To the extent the write-down and/or conversion of any Loss Absorbing Instruments for the purpose of § 5(8)(c)(i)(A) is not possible or not made for any reason, this shall not in any way prevent any Write-Down of the Notes. Instead, in such circumstances, the Notes will be Written Down and the Write-Down Amount determined as provided above but without including for the purpose of § 5(8)(c)(i)(A) any Common Equity Tier 1 capital in respect of the write-down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be or they are not for any reason, written down and/or converted.
- (v) The Issuer's determination of the relevant Write-Down Amount shall be irrevocable and binding on the Holders.
- (d) Any failure by the Issuer to give the notice pursuant to § 5.8(a)(i) and/or a Trigger Event Notice will not affect the effectiveness of, or otherwise invalidate, any Write-Down, or give Holders any rights as a result of such failure. Any such notice which has not been given shall be given without undue delay.
- (e)
  - (i) The Issuer shall not give a notice of redemption after a Trigger Event has occurred until the Write-Down has been effected in respect of the relevant Trigger Event.
  - (ii) In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void, the relevant redemption shall not be made and the rights and obligations in respect of the Notes shall remain unchanged.
- (f) Any Write-Down pursuant to this § 5(8) shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written Down, whether in the insolvency or liquidation of the Issuer or otherwise, save to the extent (if any) such amounts are subject to a Write-Up in accordance with § 5(9).
- (9) *Write-Up.*
  - (a) The Issuer may, at its sole discretion, effect a reversal of a Write-Down by writing up the Current Principal Amount in whole or in part up to a maximum of the Original Principal Amount (a "**Write-Up**"), provided that a positive Profit has been recorded for each of the Issuer and the RBI Regulatory Group, and subject to the below limitations. There will be no obligation for the Issuer to operate or accelerate a Write-Up under any circumstances.



If the Issuer so decides in its sole discretion, the Write-Up will occur with effect from and including the Write-Up Effective Date.

- (b) At its discretion (without being obliged to) the Issuer may effect such Write-Up provided that:
- (i) at the time of the Write-Up, the Issuer is not insolvent and the Write-Up would not result in the insolvency of the Issuer;
  - (ii) at the time of the Write-Up, there must not exist any Trigger Event that is continuing; any Write-Up is also excluded if such Write-Up would give rise to the occurrence of a Trigger Event;
  - (iii) such Write-Up is applied on a *pro rata* basis to all Notes and among Loss Absorbing Written Down Instruments; and
  - (iv) the sum of: (x) the aggregate amount attributed to the relevant Write-Up of the Notes and the aggregate increase in principal amount of Loss Absorbing Written Down Instruments resulting from any previous write-up since the end of the then previous financial year; and (y) the aggregate amount of any distribution and any Additional Amounts thereon paid on the aggregate Current Principal Amount of the Notes and the aggregate amount of any distribution and any additional amounts thereon paid on Loss Absorbing Written Down Instruments as calculated at the moment the Write-Up is operated will not exceed the Maximum Write-Up Amount at any time after the end of the then previous financial year.
- (c) The amount of any Write-Up shall be subject to the restrictions relating to any applicable Maximum Distributable Amount and to any other restriction operating as maximum distributable amount as described in § 3(7)(b)(ii)(D), as at the time of the Write-Up.

For the avoidance of doubt, a Write-Up of the Notes may occur on one or more occasions until the Current Principal Amount equals the Original Principal Amount. Write-Ups do not have priority over dividend payments and other distributions on shares and other CET 1 Instruments, i.e. such payments and distributions are permitted even if no full Write-Up of the Notes has been effected.

- (d) If the Issuer elects to effect a Write-Up, it will publish a notice about the Write-Up (including the amount of the Write-Up as a percentage of the Original Principal Amount and the effective date of the Write-Up (in each case a "**Write-Up Effective Date**") no later than 10 calendar days prior to the relevant Write-Up Effective Date to the Principal Paying Agent and, in accordance with § 10, to the Holders. The Write-Up shall be deemed to be effected and the Current Principal Amount shall be deemed to be increased by the amount specified in the notice, with effect as of the Write-Up Effective Date.

(10) *Records of the Clearing Systems.* Any Write-Down or Write-Up shall be reflected in the records of CBL and Euroclear as a pool factor.

## § 6

### PRINCIPAL PAYING AGENT AND CALCULATION AGENT

(1) *Appointment; Specified Offices.* The initial Principal Paying Agent and the initial Calculation Agent and their respective initial specified offices are:

Principal Paying Agent:

**CITIBANK N.A, London Branch**

Citigroup Centre

Canada Square

Canary Wharf

London E14 5LB

United Kingdom

Where these Terms and Conditions refer to the term "**Paying Agent(s)**", such term shall include the Principal Paying Agent.

Calculation Agent:

**CITIBANK N.A, London Branch**

Citigroup Centre

Canada Square

Canary Wharf

London E14 5LB

United Kingdom

The Paying Agent(s) and the Calculation Agent (together the "**Agents**" and each an "**Agent**") reserve the right at any time to change their respective specified office to some other specified office in the same country.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint another Principal Paying Agent, additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain: (i) a Principal Paying Agent; (ii) so long as the Notes are listed on a stock exchange, a Paying Agent (which may be the Principal Paying Agent) with a specified office in such country as may be required by the rules of such stock exchange or its supervisory authorities; and (iii) a Calculation Agent. The Issuer will give notice to the Holders of any variation, termination, appointment of or any other change in any Agent as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Agents act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by any Agent shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, all other Agents and the Holders.

(5) If the Issuer appoints an Independent Adviser in accordance with § 3(4), the provisions in § 6(3) and (4) shall apply mutatis mutandis to the Independent Adviser.

**§ 7**

**TAXATION**

(1) *General Taxation.* All payments in respect of the Notes will be made by the Issuer free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Republic of Austria or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. If the Issuer is required by law to make any withholding or deduction for any Taxes from any payment of distributions in respect of the Notes, the Issuer will pay such additional amounts in relation to distributions (but not principal) as will be necessary in order that the net amounts received by the Holders after such withholding or deduction will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction (the "**Additional Amounts**"). However, no such Additional Amounts will be payable on account of any Taxes which:

- (a) are payable by any person (including the Issuer) acting as custodian bank or collecting agent on behalf of a Holder, or by the Issuer if no custodian bank or collecting agent is appointed or otherwise in any manner which does not constitute a withholding or deduction by the Issuer from payments of principal or distributions made by it; or
- (b) are payable by reason of the Holder having, or having had, some personal or business connection with the Republic of Austria; or

- (c) are withheld or deducted pursuant to: (i) any European Union directive concerning the taxation of distributions income; or (ii) any international treaty or understanding relating to such taxation and to which the Republic of Austria or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, treaty or understanding; or
- (d) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction; or
- (e) are payable by reason of a change in law that becomes effective more than 30 days after the relevant distribution becomes due; or
- (f) would not be payable if the Holder can avoid such a withholding or deduction providing a certificate of residence, certificate of exemption or any other similar documents required according to the respective applicable regulations.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA)*. The Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required to withhold or deduct pursuant an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or that is otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

## § 8

### PRESENTATION PERIOD

The presentation period provided in § 801(1) sentence 1 German Civil Code is reduced to ten years for the Notes.

## § 9

### FURTHER ISSUES OF NOTES, REPURCHASES AND CANCELLATION

(1) *Further Issues of Notes*. The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the date of issuance, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.

(2) *Repurchases*. Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the conditions to redemption and repurchase laid down in § 5(6) are met, the Issuer and any of its subsidiaries may repurchase Notes in the open market or otherwise. Notes repurchased by the Issuer or any of its subsidiaries may, at the option of the Issuer or such subsidiary, be held, resold or surrendered to the Principal Paying Agent for cancellation.

(3) *Cancellation*. All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

## § 10

### NOTICES

(1) *Notices of the Issuer*. All notices of the Issuer concerning the Notes shall be published in electronic form on the website of the Issuer ([www.rbinternational.com](http://www.rbinternational.com)) and, as long as the Notes are listed on the Luxembourg Stock Exchange, on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or on such other website or other medium for the publication of notices as is required by the rules and regulations of the Luxembourg Stock Exchange. Any notice so given will be deemed to have been validly given on the third calendar day following the date of such publication.

(2) *Publication of Notices of the Issuer via the Clearing System*. In addition to the publication of notices pursuant to § 10(1) the Issuer will deliver the relevant notices to the Clearing System, for communication by the Clearing System to

the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh calendar day after the calendar day on which said notice was given to the Clearing System.

(3) Any notice so given pursuant to § 10(1) and (2) above will be deemed to have been given, if published more than once, on the day following the date on which the first such publication is deemed to be made.

## § 11 AMENDMENTS TO THE TERMS AND CONDITIONS, JOINT REPRESENTATIVE

(1) *Amendment of the Terms and Conditions.* Subject to compliance with the Applicable Supervisory Regulations for the Notes to qualify as AT 1 instruments, the Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Holders pursuant to §§ 5 *et seqq.* of the SchVG and the consent by the Competent Authority (or any other relevant supervisory authority), to the extent then required under prevailing Applicable Supervisory Regulations. There will be no amendment of the Terms and Conditions without the Issuer's consent.

In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 11(2) below. A duly passed majority resolution will be binding upon all Holders.

"**SchVG**" means the German Debt Securities Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the SchVG include references to any applicable provisions of law amending or replacing such provisions from time to time.

(2) *Majority requirements.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3)(1) through (9) of the SchVG, may only be passed by a majority of at least *75 per cent.* of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch - HGB*)) or are being held for the account of the Issuer or any of its affiliates.

(3) *Resolutions.* Resolutions of the Holders will be made either in a Holders' meeting in accordance with § 11(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 11(3)(b), in either case convened by the Issuer or a joint representative, if any.

(a) Resolutions of the Holders in a Holders' meeting will be made in accordance with §§ 9 *et seqq.* of the SchVG. The convening notice of a Holders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders in the agenda of the meeting.

(b) Resolutions of the Holders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance with § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders together with the request for voting.

(4) *Second Holders' meeting.* If it is ascertained that no quorum exists for the vote without meeting pursuant to § 11(3)(b), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG.

(5) *Registration.* The exercise of voting rights is subject to the registration of the Holders. The registration must be received at the address stated in the request for voting no later than the third day prior to the meeting in the case of a

Holders' meeting (as described in § 11(3)(a) or § 11(4)) or the beginning of the voting period in the case of voting not requiring a physical meeting (as described in § 11(3)(b)), as the case may be. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their respective depositary bank hereof in text form and by submission of a blocking instruction by the depositary bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting or day the voting period ends, as the case may be.

(6) *Joint representative.* The Holders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Holders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent to a material change in the substance of the Terms and Conditions in accordance with § 11(1) hereof.

The joint representative shall have the duties and powers provided by law or granted by majority resolutions of the Holders. The joint representative shall comply with the instructions of the Holders. To the extent that the joint representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The joint representative shall provide reports to the Holders on its activities. The provisions of the SchVG apply with regard to the recall and the other rights and obligations of the joint representative.

Unless the joint representative is liable for wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*), the joint representative's liability shall be limited to ten times the amount of its annual remuneration.

(7) *Notices.* Any notices concerning this § 11 will be made in accordance with §§ 5 *et seqq.* of the SchVG and § 10.

(8) *Exclusion of the Applicability of the Austrian Notes Trustee Act.* The applicability of the provisions of the Austrian Notes Trustee Act (*Kuratorenengesetz*) and the Austrian Notes Trustee Supplementation Act (*Kuratorenenergänzungsgesetz*) is explicitly excluded in relation to the Notes.

## § 12 APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, German law, save for the status provisions in § 2(1)-(4) which shall be governed by, and shall be construed exclusively in accordance with, Austrian law.

(2) *Place of Jurisdiction.* Subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG, the District Court (*Landgericht*) in Frankfurt am Main, Federal Republic of Germany, shall have exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in connection with the Notes.

(3) *Enforcement.* Any Holder may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of: (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes: (a) stating the full name and address of the Holder; (b) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement; and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b); and (ii) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depositary of the Clearing System, without the need for production in such Proceedings of the actual records or the Global Note representing the Notes. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.

"**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

## **USE OF PROCEEDS**

The net proceeds from the issue and sale of the Notes will amount to approximately EUR 496,500,000.

The Issuer intends to use the net proceeds from the issue and sale of the Notes for its general funding purposes.

## DESCRIPTION OF THE ISSUER AND THE GROUP

### Information about the Issuer

#### *Corporate history and development of the Issuer*

Raiffeisen Bank International AG ("**RBI**") was established in 1991 under the name of DOIRE Handels- und Beteiligungsgesellschaft mbH as a holding company for bundling investments and interests in CEE by Raiffeisen Zentralbank Österreich Aktiengesellschaft ("**RZB**"), which was founded 1927, originally under the name "Girozentrale der österreichischen Genossenschaften Aktiengesellschaft". The holding company was renamed several times and operated under the name of "Raiffeisen International Bank-Holding AG" ("**RI**") from 2003 until 2010, when its name was ultimately changed to Raiffeisen Bank International AG. RBI's initial public offering and stock exchange listing on the Vienna Stock Exchange (*Wiener Börse*) occurred in 2005, secondary public offerings took place in 2007 and 2014.

In 2010, major parts of RZB's banking business were spun-off and merged with RI (the "**Merger 2010**"). As a consequence of the Merger 2010, the commercial banking business and associated equity participations of RZB were transferred to RI. With effective date of the Merger 2010, RI changed its name to Raiffeisen Bank International AG and took over RZB's Austrian credit institution license pursuant to the Austrian Banking Act (*Bankwesengesetz* – "**BWG**").

In March 2017, RBI merged with its parent company RZB (the "**Merger 2017**"). RBI was the absorbing company and therefore, the legal successor (*Rechtsnachfolger*) of RZB. Due to the Merger 2017, RBI became the central institution of the Raiffeisen Regional Banks and holder of the liquidity reserve pursuant to § 27a BWG. Therefore, RBI acts as central liquidity clearing unit of the Raiffeisen Regional Banks. RBI's shares continue to be listed on the Vienna Stock Exchange after the Merger 2017.

#### *General information about the Issuer*

RBI's legal name is "Raiffeisen Bank International AG". "Raiffeisen Bank International" and "RBI" are used as commercial names. RBI is established in the legal form of an Austrian stock corporation (*Aktiengesellschaft*) under Austrian law with unlimited duration with its registered office (*Sitz*) in Vienna, Austria and its business address at Am Stadtpark 9, 1030 Vienna, Austria. RBI is incorporated in Austria and registered with the Austrian companies register (*Firmenbuch*) of the commercial court of Vienna (*Handelsgericht Wien*) under registration number (*Firmenbuchnummer*) FN 122119 m since 9 July 1991. RBI's head office and principle place of business is located at: Am Stadtpark 9, 1030 Vienna, Austria. RBI's general telephone number is: +43 (1) 717 07 0. RBI's website is "www.rbinternational.com". The information on the Issuer's website does not form part of this Prospectus unless that information is incorporated by reference into this Prospectus.

The Issuer's legal entity identifier (LEI) is: 9ZHRYM6F437SQJ6OUG95

#### *Articles of Association and statutory purpose of the Issuer*

The objects of the Issuer, which are also stated in section 2 of its articles of association (*Satzung*) (the "**Articles of Association**"), are in particular as follows:

The purpose of the Issuer according to its Articles of Association is to enter into banking transactions of the kind set out in § 1(1) BWG and into related transactions in connection therewith, with the exception of the investment fund business, the real estate investment fund business, the participation fund business, the severance and retirement fund business, the building society business and the issuance of mortgage bonds and municipal bonds.

In addition, the Issuer is authorized to engage in all activities that become incumbent on it as the central institution of the Raiffeisen Banking Sector, which shall include in particular: (a) administration of and investing the liquid funds made available to the Issuer, including in particular the liquidity reserves of the Raiffeisen Banking Sector; (b) facilitating financial and business transactions of enterprises of the Raiffeisen Banking Sector, irrespective of their legal form, with each other and with third parties, and granting loans and liquidity assistance to such enterprises; and (c) ensuring consistency of advertising and organization, and the training of the employees of such enterprises.



Further purposes of the Issuer are: (a) consultancy and management services of any kind for the business enterprises in which the Issuer holds a participation or which are otherwise linked to the Issuer; and (b) activities and services of any kind which are directly or indirectly connected with the banking business, including in particular the activities set out in § 1(2) and (3) BWG, the performance of management consulting services, including company organisation services and services in the field of automatic data processing and information technology.

For the financing of its corporate purpose, the Issuer is authorised in compliance with applicable law to raise own funds as defined in the CRR or subordinated and non-subordinated debt capital represented by securities or otherwise.

The Issuer is authorised to acquire real estate, to establish branches and subsidiaries in Austria and elsewhere, and to acquire shareholdings in other companies. Moreover, the Issuer is entitled to engage in any and all transactions and to take all measures which are deemed necessary or expedient for the fulfilment of the Issuer's purposes, including without limitation in areas that are similar or related to such purposes.

### ***Statutory auditors***

RBI's statutory external auditor is KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, 1090 Vienna, Austria ("**KPMG**"), a member of the Austrian Chamber of tax advisors and auditors (*Kammer der Steuerberater und Wirtschaftsprüfer*).

KPMG audited RBI's German language consolidated financial statements for the years ending as of 31 December 2018 and 31 December 2019 in accordance with the EU Regulation (EU) 537/2014<sup>1</sup> and with current Austrian Standards on Auditing which require the audit to be performed in accordance with International Standards on Auditing (ISA), published by the International Federation of Accountants (IFAC), and issued an unqualified auditor's report (*Bestätigungsvermerk*) on 27 February 2019 and on 28 February 2020, respectively.

RBI's statutory external auditor for the audit of the annual financial statements of RBI and the consolidated financial statements of RBI Group will change, starting with the beginning of the business year 2021. It is intended to replace KPMG with Deloitte Audit Wirtschaftsprüfungs GmbH. RBI's supervisory board (the "**Supervisory Board**") has approved a respective proposal from RBI's management board (the "**Management Board**") for a corresponding resolution to be made by the ordinary general meeting (*Hauptversammlung*) scheduled for October 2020.

### ***Any recent events particular to the Issuer and which are to a material extent relevant for the evaluation of its solvency***

The Issuer is not aware of any recent events particular to RBI (i.e. occurring after the most recent published unaudited interim consolidated financial statements of the Issuer as of 31 March 2020) that are to a material extent relevant to the evaluation of its solvency.

### ***Other recent events particular to the Issuer***

On 18 June 2020, RBI issued "EUR 500,000,000 Subordinated Callable Fixed-to-Fixed Rate Reset Notes due 2032" which qualify as Tier 2 instruments of the Issuer.

### ***Credit ratings***

The Issuer has obtained ratings for the Issuer from Moody's Investors Service ("**Moody's**")<sup>2</sup> and Standard & Poor's Global Ratings ("**S&P**").<sup>7</sup>

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<sup>1</sup> Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.

<sup>2</sup> Both, Moody's Deutschland GmbH, An der Welle 5, 2nd Floor, 60322 Frankfurt, Germany, and Standard & Poor's Global Ratings Europe Limited (Niederlassung Deutschland), Bockenheimer Landstraße 2, 60306 Frankfurt am Main, Germany, are established in the European Union, are registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") and are included in the list of credit rating agencies registered in accordance with the CRA Regulation published by the European Securities and Markets Authority ("**ESMA**") on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

As of the date of this Prospectus such ratings are as follows:

Agency	Long-Term Rating (senior)	Short-Term Rating (senior)	Junior Subordinated (AT 1) <sup>3</sup>	Outlook
Moody's <sup>4</sup>	A3	P-2	Ba3	stable
S&P <sup>5</sup>	A-	A-2	BB+	negative

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

#### ***Material changes in the Issuer's borrowing and funding structure***

There have been no material changes in the Issuer's borrowing and funding structure since the Issuer's last financial year.

#### ***Expected financing of the Issuer's activities***

RBI is mainly funded by wholesale funding followed by corporate deposits and interbank deposits whereas RBI Group is mainly funded by corporate and retail deposits followed by wholesale funding and interbank deposits.

### **Business Overview**

#### ***Principle areas of activity***

RBI Group is a universal banking group offering banking and financial products as well as services to retail and corporate customers, financial institutions and public sector entities predominantly in or with a connection to Austria and CEE. In CEE, RBI operates through its Network Banks, leasing companies and numerous specialized financial service providers. RBI Group's products and services include loans, deposits, payment and account services, credit and debit cards, leasing and factoring, asset management, distribution of insurance products, export and project financing, cash management, foreign exchange and fixed income products as well as investment banking services. RBI's specialist institutions provide Raiffeisen Banks and Raiffeisen Regional Banks with retail products for distribution.

#### ***Strategy***

RBI considers itself as a leading corporate and investment bank in Austria and a leading universal credit institution group in CEE. It provides financial services to retail and corporate customers, as well as to banks and other institutional clients. RBI Group will continue to concentrate its core business activities in the CEE region, which offers structurally higher growth rates than Western Europe and therefore more attractive potential returns. Complemented by specialised institutions in Austria, RBI is broadly diversified and also benefits from the opportunities of the Austrian market.

After the conclusion of a transformation program, which was aimed at exiting non-core operations, a strategic repositioning in selected markets and a significant reduction in risk and complexity, RBI has turned its focus back on growth, digitalization and innovation. In response to the profound and fast-paced industry dynamics and ever-changing

<sup>3</sup> The term used by Moody's for this rating is "Non-cumulative bank preference share"

<sup>4</sup> Moody's appends long-term obligation ratings at the following levels: Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C. To each generic rating category from Aa to Caa Moody's assigns the numerical modifiers "1", "2" and "3". The modifier "1" indicates that the bank is in the higher end of its letter-rating category, the modifier "2" indicates a mid-range ranking and the modifier "3" indicates that the bank is in the lower end of its letter-rating category. Moody's short-term ratings are opinions of the ability of issuers to honour short-term financial obligations and range from P-1, P-2, P-3 down to NP (Not Prime).

<sup>5</sup> S&P assign long-term credit ratings on a scale from AAA (best quality, lowest risk of default), AA, A, BBB, BB, B, CCC, CC, C, SD to D (highest risk of default). The ratings from AA to CCC may be modified by the addition of a "+" or "-" to show the relative standing within the major rating categories. S&P may also offer guidance (termed a "credit watch") as to whether a rating is likely to be upgraded (positive), downgraded (negative) or uncertain (developing). S&P assigns short-term credit ratings for specific issues on a scale from A-1 (particularly high level of security), A-2, A-3, B, C, SD down to D (highest risk of default).

customer expectations, RBI has determined a new strategic direction focusing on strong growth through customer centricity and digital transformation.

To achieve these targets, RBI is pursuing a strategy aiming at "superior customer experience and providing a stress-free, effortless banking experience, as well as excellent products and services". In addition to leveraging RBI's already established competitive strengths (customer focus, extensive local presence, strong brand, long-term relationships, as well as a comprehensive product and service offering across all channels), efforts are being intensified in the following strategic areas:

- Sales & service model: transformation of branches, redesign of sales & service models for large corporate and institutional clients, set-up of dedicated customer experience management across all business lines;
- Digital operational excellence: improved efficiency and effectiveness through digitalization and automation; redesign of critical customer touchpoints and processes;
- Group-wide innovation process: strengthening of payments and FX capabilities with scalable group solutions, development of innovative digital lending propositions;
- Data & analytics capabilities: leveraging artificial intelligence and advanced analytics to develop new business opportunities and improve existing processes;
- IT architecture: transformation of core IT into lean and scalable architecture, evaluation of greenfield infrastructure, especially for digital retail banking; and
- Adaptive organizational set-up: transformation of culture, organization and processes enabling higher responsiveness, improved collaboration and new ways of working.

Ultimately, the strategic initiatives are aimed at creating customer and revenue growth across all business lines and markets. This will be based on improved digital customer acquisition, as well as further leveraging RBI's broad CEE coverage. Each client segment is following individual business strategies aimed at differentiating RBI in terms of customer experience, which are to support RBI's aim to be the most recommended financial services group, as measured by the so-called "Net Promoter Score" (NPS).

### ***Significant new products and services***

Currently, no significant new products and services are being introduced. However, in the ordinary course of business new products and services are introduced on a regular basis, most of all in the area of digital banking.

### ***Principle markets and business segments***

As a general rule, internal management reporting at RBI is based on the current organisational structure. This matrix structure means that each member of the Management Board is responsible both for individual countries and for specific business activities (country and functional responsibility model). A cash generating unit within RBI Group is a country. The presentation of the countries includes not only subsidiary banks, but all operating units of RBI in the respective countries (such as leasing companies). Accordingly, the RBI management bodies – i.e. the Management Board and the Supervisory Board – make key decisions that determine the resources allocated to any given segment based on its financial strength and profitability, which is why these reporting criteria are an essential component in the decision-making process. The division into segments was also undertaken in accordance with IFRS 8. The reconciliation contains mainly the amounts resulting from the elimination of intra-group results and consolidation between the segments. This results in the following segments:

#### *Central Europe (Czech Republic, Hungary, Poland, Slovakia and Slovenia)*

RBI's segment Central Europe comprises the Czech Republic, Hungary, Poland, Slovakia and Slovenia. In each of these countries, RBI is represented by a credit institution (except Slovenia) or a branch in the case of Poland, leasing companies (except Poland) and other specialised financial institutions.

### Branch of RBI in Poland

On 31 October 2018, RBI closed the sale of the core banking operations of its former Polish subsidiary Raiffeisen Bank Polska S.A. ("**RBPL**") by way of demerger to Bank BGZ BNP Paribas S.A., a subsidiary of BNP Paribas S.A.

Under the terms of the agreement with the buyer, total assets of approximately EUR 9.5 billion have been allocated to the core banking operations. Following the transaction, RBI transferred the remaining RBPL operations, mainly comprising the foreign currency retail mortgage loan portfolio, to a Polish branch of RBI. The total assets of the Polish branch of RBI amounted to approximately EUR 3 billion as of 31 March 2020.

### *Southeastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania, Serbia)*

The segment Southeastern Europe includes Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia. Within these countries, RBI is represented by credit institutions, leasing companies, as well as, in some markets, by separate capital management and asset management companies and pension funds.

### *Eastern Europe (Belarus, Russia and Ukraine)*

The Eastern Europe segment comprises Belarus, Russia and Ukraine. The Network Bank in Russia is one of the largest foreign credit institutions in Russia. RBI also offers leasing products to its Russian clients through a leasing company. In Belarus and Ukraine RBI Group is represented by credit institutions, leasing companies and other financial service companies.

### *Group Corporates & Markets (business booked in Austria)*

Operating business at head office divided into subsegments: Austrian and international corporate customers, Markets, Financial Institutions & Sovereigns, business with the Raiffeisen Banking Sector, as well as specialized subsidiaries providing services in the financial sector, e.g. Raiffeisen Centrobank AG, Kathrein Privatbank Aktiengesellschaft, Raiffeisen Leasing Group, Raiffeisen Factor Bank AG, Raiffeisen Bausparkasse Österreich Gesellschaft mbH, Valida Group (pension fund business) and Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung. Furthermore, companies with banking activities valued at equity are allocated to this segment.

### *Corporate Center*

Central group management functions at head office (e.g. treasury) and other group units (participation companies and joint service companies), minority interests as well as companies with non-banking activities valued at equity.

## **Capital Position and Requirements**

Based on the Supervisory Review and Evaluation Process ("**SREP**") in 2019 and the ECB decision dated 8 April 2020, both, RBI and RBI Regulatory Group, shall meet a Pillar 2 requirement ("**P2R**") of 2.25 per cent., while RBI Regulatory Group shall additionally meet a Pillar 2 guidance ("**P2G**") of 1.00 per cent. The P2R shall be met with at least 56.25 per cent. Common Equity Tier 1 ("**CET 1**") capital and 75 per cent. Tier 1 capital. Furthermore, the P2G of 1.00 per cent. shall be met with 100 per cent. CET 1 capital.

As of 31 March 2020, the following capital requirements apply to RBI Regulatory Group and to RBI:

	<b>RBI Regulatory Group</b>	<b>RBI</b>
CET 1 Pillar 1 requirement (Article 92 CRR)	4.50 per cent.	4.50 per cent.
CET 1 Pillar 2 requirement	1.27 per cent.	1.27 per cent.
Capital buffers:		
<i>Countercyclical capital buffer</i>	0.34 per cent.	0.05 per cent.
<i>Capital conservation buffer</i>	2.50 per cent.	2.50 per cent.
<i>the higher of the following: *</i>		
<i>Other systemically important institution buffer</i>	2.00 per cent.	2.00 per cent.
<i>Systemic risk buffer</i>	2.00 per cent.	2.00 per cent.
Combined buffer requirement	4.84 per cent.	4.55 per cent.
<b>CET 1 requirement (incl. capital buffers)</b>	<b>10.60 per cent.</b>	<b>10.32 per cent.</b>

	<b>RBI Regulatory Group</b>	<b>RBI</b>
AT 1 requirement (Article 92 CRR)	1.50 per cent.	1.50 per cent.
AT 1 Pillar 2 requirement	0.42 per cent.	0.42 per cent.
<b>Tier 1 requirement (incl. capital buffers)</b>	<b>12.52 per cent.</b>	<b>12.24 per cent.</b>

	<b>RBI Regulatory Group</b>	<b>RBI</b>
Tier 2 requirement (Article 92 CRR)	2.00 per cent.	2.00 per cent.
Tier 2 Pillar 2 requirement	0.56 per cent.	0.56 per cent.
<b>Total capital requirement (incl. capital buffers)</b>	<b>15.09 per cent.</b>	<b>14.80 per cent.</b>

	<b>RBI Regulatory Group</b>	<b>RBI</b>
Pillar 2 guidance	1.00 per cent.	0.00 per cent.
<b>CET 1 requirement (incl. capital buffers &amp; P2G)</b>	<b>11.60 per cent.</b>	<b>10.32 per cent.</b>

(Source for table above: unaudited internal data)

\*) With the implementation of the EU Banking Package into Austrian law (until 28 December 2020 at the latest), the way of applying these two buffers will change insofar as these buffers will be cumulative in general. However, no impact is expected on the capital requirements as the Austrian Financial Market Stability Board (*Finanzmarktstabilitätsgremium – "FMSG"*), which has been established to strengthen cooperation in the field of macroprudential supervision and to promote financial market stability, proposed adjusting the systemic risk buffer and the other systemically important institution (O-SII) buffer as of 29 December 2020.

The countercyclical capital buffer is calculated on an average basis derived from the respective buffer rate requirements in the various countries and the exposure split per country of the relevant entity or consolidation layer.

Furthermore, the Issuer shall meet the minimum requirements for own funds and eligible liabilities ("**MREL**") in accordance with the Austrian Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz – "BaSAG"*) / the SRMR upon request of the Resolution Authority. This MREL target shall be determined by the Resolution Authority, i.e. the

Single Resolution Board ("**SRB**"), and shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the Issuer.

On 24 April 2020, RBI received the formal decision of the FMA on MREL for the RBI Resolution Group Austria (please see section "*RBI is part of the Raiffeisen Banking Sector*" below), based on the amounts of the balance sheet as of 31 December 2018. The FMA decision represents the formal implementation of the joint decision made by the SRB, the FMA and other relevant resolution authorities dated 27 February 2020 under Austrian law.

According to this FMA decision, the Issuer shall comply with an MREL of 17.66 per cent. of total liabilities and own funds ("**TLOF**") as of 31 December 2021. This requirement translates into 29.91 per cent. of the total risk exposure amount ("**TREA**").

For the RBI Regulatory Group (please see section "*RBI is part of the Raiffeisen Banking Sector*" below), the multiple point of entry ("**MPE**") approach is the designated resolution strategy. Thus, this MREL target applies to the RBI Resolution Group Austria with the Issuer as the resolution entity only, but not to the RBI Regulatory Group.

As of 31 March 2020, CET 1 ratio was 12.7 per cent., the Tier 1 ratio was 14.1 per cent. and the total capital ratio was 16.5 per cent., in each case, on a consolidated and fully loaded basis for RBI Regulatory Group. When including the first quarter 2020 interim results, the CET 1 ratio was 13.0 per cent., the Tier 1 ratio was 14.5 per cent. and the total capital ratio was 16.8 per cent., all ratios on a fully loaded basis.

The CET 1 ratio on an individual and fully loaded basis for RBI was 19.0 per cent. as of 31 March 2020. When including the first quarter 2020 interim results the CET1 ratio was 19.1 per cent.

The available Distributable Items of the Issuer in accordance with Article 4(1)(128) CRR as of 31 December 2019 amounted to EUR 7.009 billion according to unaudited internal data. This figure is calculated based on audited accounts in accordance with the Austrian Enterprise Code (*Unternehmensgesetzbuch* – "**UGB**") and BWG (local Austrian accounting standard). The Distributable Items of the Issuer as of 31 March 2020 amount to EUR 7.065 billion based on unaudited accounts in accordance with UGB/BWG (local Austrian accounting standard) (including first quarter 2020 interim results, excluding RBI's contribution to the Federal IPS determined by year-end by the competent authority/ies. The respective figures are based on internal data of the Issuer.

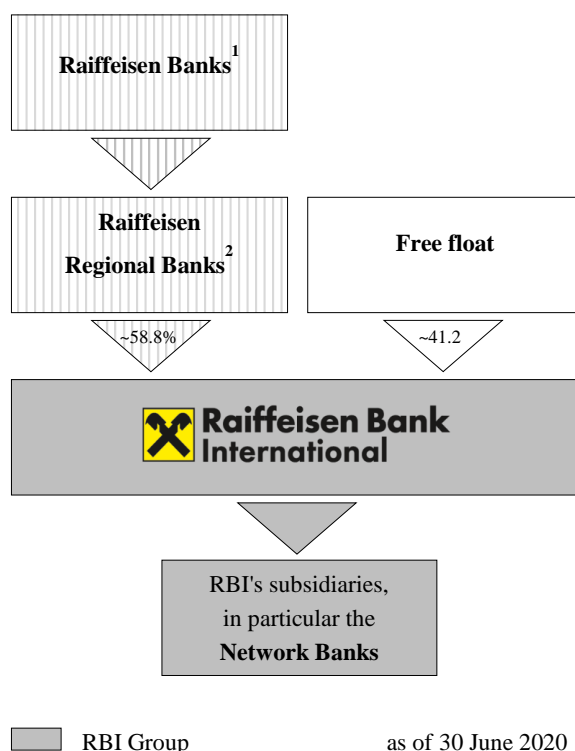
## **Organisational Structure**

### ***RBI is part of the Raiffeisen Banking Sector***

RBI's majority shareholders are jointly the Raiffeisen Regional Banks (*Raiffeisen-Landesbanken*), which directly and/or indirectly hold approximately 58.8 per cent. of RBI's shares as of 31 March 2020. Each of the Raiffeisen Regional Banks is in turn directly and/or indirectly held by the locally operating Raiffeisen Banks (as described below) in its respective federal province of Austria. RBI is the central institution of the Raiffeisen Regional Banks (in particular for purposes of the § 27a BWG), functioning, *inter alia*, as the central liquidity clearing unit of the Raiffeisen Regional Banks, whereas each of the Raiffeisen Regional Banks is the central institution of the Raiffeisen Banks located in its respective Austrian federal province. "**Raiffeisen Banking Sector**" means RBI, the Raiffeisen Regional Banks and Raiffeisen Banks, as well as most of their subsidiaries, which are jointly also referred to and commonly known as "Raiffeisen Banking Group Austria" ("**Raiffeisen Bankengruppe Österreich**").

For the avoidance of doubt, this group does not constitute a group of companies (*Konzern*) pursuant to § 15 of the Austrian Stock Corporation Act (*Aktiengesetz* – "**AktG**") nor a credit institution group (*Kreditinstitutsgruppe*) pursuant to § 30 BWG nor a credit institution association (*Kreditinstitute-Verbund*) pursuant to § 30a BWG, but it is also not identical with the different IPS (please see section "*Federal Institutional Protection Scheme*" below).

### Simplified scheme of RBI's direct and indirect owners



- (1) The Raiffeisen Banks are located in each of Austria's federal provinces, are mainly organized as co-operatives, act in their local environment as so-called universal credit institutions. Each of the Raiffeisen Regional Banks is collectively owned by the Raiffeisen Banks in the respective federal province. For the avoidance of doubt, the Raiffeisen Banks neither belong to RBI Group nor the RBI Regulatory Group.
- (2) The Raiffeisen Regional Banks are RAIFFEISEN LANDESBANK NIEDERÖSTERREICH-WIEN AG, Raiffeisen-Landesbank Steiermark AG, Raiffeisen Landesbank Oberösterreich Aktiengesellschaft, Raiffeisen Landesbank Tirol AG, Raiffeisenverband Salzburg eGen, Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband regGenmbH, Raiffeisenlandesbank Burgenland und Revisionsverband regGenmbH, and Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband regGenmbH. They operate mainly at a regional level, render central services for the Raiffeisen Banks within their region and also operate as universal credit institutions. For the avoidance of doubt, the Raiffeisen Regional Banks neither belong to RBI Group nor the RBI Regulatory Group nor the RBI Resolution Group Austria.

RBI is the parent undertaking of RBI Group and pursuant to § 30 BWG also the superordinate credit institution (*übergeordnetes Kreditinstitut*) of the RBI group of credit institutions (*Kreditinstitutsgruppe*), which comprises all credit institutions, financial institutions, securities companies and enterprises offering banking related support services in which RBI holds an indirect or direct majority interest or exerts a controlling influence. The BWG requires RBI in its function as superordinate credit institution for the RBI credit institution group to control among other things risk management, accounting and control processes as well as the risk strategy for the entire RBI Group.

Due to disparities between certain regulatory and accounting provisions, RBI Group is not fully identical with RBI Regulatory Group. "**RBI Regulatory Group**" means, from time to time, any banking group: (i) to which the Issuer belongs; and (ii) to which the own funds requirements pursuant to Parts Two and Three of the CRR on a consolidated basis due to prudential consolidation in accordance with Part One, Title Two, Chapter Two of the CRR apply. For the avoidance of doubt, the Federal IPS (please see section "*Federal Institutional Protection Scheme*" below) is not such a banking group. "**RBI Resolution Group Austria**" means, from time to time, RBI and certain fully consolidated (direct and indirect) subsidiaries of RBI, namely: (i) all (direct and indirect) Austrian subsidiaries of RBI; (ii) all (direct) non-Austrian subsidiaries of RBI which are not a credit institution; and (iii) all (direct and indirect) subsidiaries of such RBI subsidiaries mentioned in items (i) and (ii).

The term "RBI Group" therefore refers to the scope of consolidation in accordance with IFRS, while the term "RBI Regulatory Group" refers to the scope of prudential consolidation of own funds which does not include all legal entities

which are part of RBI Group. Contrary to that, the "RBI Resolution Group Austria" only refers to RBI and such legal entities within RBI Group which are subject to the same resolution strategy as RBI and therefore, in particular does not include the Network Banks and their subsidiaries.

Like the Raiffeisen Banks and the Raiffeisen Regional Banks, RBI belongs to the Raiffeisen Banking Sector. Thus, and due to its function as central institution of the Raiffeisen Regional Banks, RBI is a member of several joint institutions of the Raiffeisen Banking Sector, such as Österreichischer Raiffeisenverband, a voluntary customer guarantee scheme and an IPS.

#### ***Österreichischer Raiffeisenverband and trademarks***

By virtue of RBIs membership in the Austrian Raiffeisen Association (*Österreichischer Raiffeisenverband* - "ÖRV"), RBI is entitled to use the name "Raiffeisen" and a logo element of the Raiffeisen organization, the so-called "gable cross" (*Giebelkreuz*). These are registered trademarks of the ÖRV. However, the name and logo "Raiffeisen Bank International" are a registered combined trademark of RBI in Austria, and their protection has been expanded to all relevant countries where relevant units of RBI Group presently operate.

#### ***Raiffeisen-Kundengarantiegemeinschaft Österreich (RKÖ)***

In addition to the statutory deposit guarantee scheme, the nationwide voluntary Raiffeisen Customer Guarantee Scheme Austria (*Raiffeisen-Kundengarantiegemeinschaft Österreich (RKÖ)* - "RKÖ") shall provide supplementary protection in the event of bankruptcy of a member institution. RKÖ consists of the provincial Raiffeisen customer guarantee associations open to each of the Raiffeisen Banks and Raiffeisen Regional Banks as well as RBI. About 82 per cent. of all Raiffeisen Banks are currently members of a customer guarantee association. RBI is also a member of RKÖ.

In view of the change in the legal and regulatory framework and the implementation of the institutional protection schemes (please see section "*Federal Institutional Protection Scheme*" below), the participants of RKÖ have decided to discontinue the scheme for new transactions. The supplementary protection by RKÖ is therefore only granted in relation to claims under senior debt instruments issued by participants of RKÖ prior to 1 January 2019 and in respect of all customer deposits held with participants of RKÖ prior to 1 October 2019. Respective transactions entered into thereafter will not be protected any more by the RKÖ.

#### ***Federal Institutional Protection Scheme***

RBI became a member of the federal institutional protection scheme within the Raiffeisen Banking Sector ("**Federal IPS**") and assumed from RZB all rights and obligations under the Federal IPS agreements of RZB in the course of the Merger 2017.

The Federal IPS currently consists of RBI, all Raiffeisen Regional Banks, RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Posojilnica Bank eGen, Raiffeisen Wohnbaubank Aktiengesellschaft and Raiffeisen Bausparkasse Gesellschaft m.b.H.

Pursuant to Article 113(7) CRR, an institutional protection scheme ("**IPS**") is required to ensure the solvency and liquidity of its members. In addition to the Federal IPS, there are six so-called "**Regional IPS**" within the Raiffeisen Banking Sector, currently formed by the respective Raiffeisen Regional Bank and all or most of its local Raiffeisen Banks as members. As of the date of this Prospectus, there are no Regional IPS in Salzburg and Carinthia. The Raiffeisen Regional Banks and Raiffeisen Banks situated in these federal provinces operate regional voluntary solidarity schemes instead. A Raiffeisen Regional Bank shall be supported in the first instance, by the Regional IPS or solidarity scheme, as the case may be; if support on regional level is insufficient, Federal IPS will step in. Support on regional level may be insufficient, in case support has been granted to local Raiffeisen Banks before.

All IPS of the Raiffeisen Banking Sector are based on and are constituted under civil law agreements. Each member of the Federal IPS may terminate its membership of the Federal IPS with two years' notice by the end of each calendar quarter. However, for a period of three years from the Merger 2017, the Issuer has waived its right to give notice of termination.



The Federal IPS is required by the competent authority/ies to set up an ex ante fund by contributions of its members. The Federal IPS fund's current target volume is EUR 636 million, to be reached by end of 2022. It is based on the result of an annual stress test or the minimum requirement of 0.5 per cent. of the aggregated risk weighted assets ("**RWA**") set by the competent authority/ies. The fund size was about EUR 403 million as of 31 March 2020. In 2019, the total amount of the contributions of RBI Group members was approximately EUR 50 million.

Under the Federal IPS agreements, Sektorrisiko eGen (former "*Österreichische Raiffeisen-Einlagensicherung eGen*") is mandated to keep the resources of the Federal IPS fund as a trustee and to operate the Federal IPS' risk assessment schemes.

Financial support to members may take various forms including guarantees, liquidity support, loans and/or equity subscriptions. Financial resources for such support are primarily taken from the ex-ante fund. If necessary, additional resources will be provided by ex post contributions going up to 50 per cent. of the average operating income of a member of the last three business years, however limited by the preservation of the respective minimum regulatory capital requirements plus a 10 per cent. buffer. Additional contributions may be requested from members up to 25 per cent. of their remaining capital in excess of its minimum regulatory capital requirement (plus 10 per cent. buffer), if any. Further contributions may be made on a voluntary basis or if required by the competent authority/ies.

#### ***Dependencies from other entities within RBI Group***

RBI is dependent from valuations of and dividends from its subsidiaries. RBI is further dependent from outsourced operations, in particular in the areas of back-office activities as well as IT.

#### **Trend Information**

##### ***Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements***

Save as disclosed in the section "*Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year - Outbreak of the corona virus disease (COVID-19)*" below, there have been no material adverse changes in the prospects of RBI since 31 December 2019.

##### ***Significant change in the financial performance of RBI Group since the end of the last financial period for which financial information has been published***

Save as disclosed in the section "*Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year - Outbreak of the corona virus disease (COVID-19)*" below, there has been no significant change in the financial performance of RBI Group since 31 March 2020.

##### ***Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year***

RBI has identified the following trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on its prospects for at least the current financial year:

###### *Outbreak of the corona virus disease (COVID-19).*

The changed circumstances affecting the daily environment and the global economy as a result of the measures being taken to limit the spread of COVID-19 are likely to result in a severe global recession with negative repercussions for RBI's markets (for further details see in the section Risk Factors under "*Outbreaks of diseases can have severe impacts on banking operations, the social and economic environment, and financial market developments.*"). Thus, as of the date of this Prospectus, RBI expects modest loan growth in 2020 and the provisioning ratio for the full year 2020 to rise to around 75 basis points, depending on the length and severity of disruption. Furthermore, RBI, based on current estimates, expects a consolidated return on equity in the mid-single digits for 2020. Also, as of the date of this Prospectus, with

regard to RBI Group's credit risk exposure towards non-retail clients amounting to a total of approximately EUR 150 billion, the Issuer based on internal assessment regards 1.5 % to qualify as "high risk", 9.2 % as "moderate risk" and 89.3 % as "lower risk". According to the Issuer's determination the "high-risk" sector comprises companies engaged in tourism, leisure facilities, airlines and airport services, the "moderate-risk" sector companies engaged in oil & gas business, automotive, air freight & logistics and the "lower risk" sector includes inter alia sovereigns, financial institutions and companies engaged in construction, engineering, food, agriculture, healthcare, telecommunication, retail wholesales.

#### *Continuing increasing regulatory requirements.*

The SSM – i.e. the system of banking supervision in Europe – is one of the pillars of the EU Banking Union. Under the SSM the ECB has certain tasks and in particular directly supervise significant banks such as RBI (both, on an individual basis as well as on a consolidated basis at the level of RBI Regulatory Group). The ECB is, *inter alia*, entitled to require RBI and the RBI Regulatory Group to hold additional own funds and comply with specific liquidity requirements, in particular as part of the SREP and/or impose (other) supervisory measures to address potential problems.

The SRM which shall ensure an orderly resolution of failing banks with minimal costs for taxpayers and to the real economy is a further pillar of the EU Banking Union. In case of a resolution imposed against RBI and/or the RBI Resolution Group Austria, their creditors may suffer losses of their investments even without the opening of normal insolvency/bankruptcy proceedings or liquidation of RBI. In addition, under the SRM, RBI and its resolution group shall meet, at all times, the MREL set by the Resolution Authority.

The regulatory requirements (as implemented by the CRR, CRD IV, BRRD and SRMR) and the respective amendments (in particular the EU Banking Package and the Basel III reforms (for further details see also in the section Risk Factors under "*The Issuer is subject to a number of strict and extensive regulatory rules and requirements.*")), as well as any stress tests conducted by the competent authorities, quite likely will result in increased requirements for the RBI Regulatory Group, RBI, and/or the RBI Resolution Group Austria – in particular on their capital and liquidity planning – which may restrict RBI's margin and potential for growth.

#### *General trends regarding the financial industry.*

The trends and uncertainties affecting the financial sector in general and consequently also RBI Group continue to include the macroeconomic environment. The financial sector as a whole, but in particular also RBI Group, is affected by the related instability of and volatility on the financial markets, including a potential general economic downturn. Thus, RBI Group will not be able to escape the effects of corporate insolvencies, deteriorations in the creditworthiness of borrowers and valuation uncertainties. Likewise, the extraordinarily low interest rate level could affect the behaviour of investors and clients alike, which may lead to weaker fee income and/or pressure on the interest rate spread. In 2020 – and by considering COVID-19 impacts - RBI Group therefore faces a difficult environment once again.

#### ***Profit Forecasts or Estimates***

Not applicable. This Prospectus does not contain profit forecasts or estimates.

#### **Administrative, Management and Supervisory Bodies**

##### ***Members of the Administrative, Management and Supervisory Bodies of RBI***

The members of the Management Board and the Supervisory Board may be contacted at RBI's business address at Am Stadtpark 9, 1030 Vienna, Austria.

The current members of the Management Board and the Supervisory Board listed below hold the following additional supervisory board mandates or similar functions in various companies as of the date of this Prospectus.

**Major functions outside RBI**

**Member** (functions within RBI Group are marked with \*)

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**Johann Strobl**  
(Chairman)

Supervisory board functions

- AO Raiffeisenbank, Moscow, Russia (Chairman)\*
  - Raiffeisen Bank S.A., Bucharest, Romania (Chairman)\*
  - Raiffeisenbank a.s., Prague, Czech Republic\*
  - Tatra banka, a.s., Bratislava, Slovakia\*
  - UNIQA Insurance Group AG, Vienna, Austria\*
  - UNIQA Österreich Versicherungen AG, Vienna, Austria\*
- 

**Andreas Gschwenter**

Supervisory board functions

- Raiffeisenbank Austria d.d., Zagreb, Croatia (Chairman)\*
  - Raiffeisen Bank Zrt., Budapest, Hungary (Chairman)\*
  - AO Raiffeisenbank, Moscow, Russia\*
  - Raiffeisenbank a.s., Prague, Czech Republic\*
  - Raiffeisen Bank S.A., Bucharest, Romania\*
  - Tatra banka, a.s., Bratislava, Slovakia\*
  - RSC Raiffeisen Service Center GmbH, Vienna, Austria\*
  - Raiffeisen Informatik Geschäftsführungs GmbH, Vienna, Austria\*
- 

**Lukasz Januszewski**

Supervisory board functions

- Raiffeisen Centrobank AG, Vienna, Austria (Chairman)\*
  - AO Raiffeisenbank, Moscow, Russia\*
  - Raiffeisen Bank S.A., Bucharest, Romania\*
  - Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, Austria\*
- 

**Peter Lennkh**

Supervisory board functions

- Raiffeisen Bank Sh.a., Tirana, Albania (Chairman)\*
  - Raiffeisen banka a.d., Belgrade, Serbia (Chairman)\*
  - Raiffeisen Bank Kosovo J.S.C., Prishtina, Kosovo (Chairman)\*
  - AO Raiffeisenbank, Moscow, Russia\*
  - Raiffeisenbank a.s., Prague, Czech Republic\*
  - Raiffeisen Bank S.A., Bucharest, Romania\*
  - Tatra banka, a.s., Bratislava, Slovakia\*
  - Oesterreichische Kontrollbank Aktiengesellschaft, Vienna, Austria
  - Raiffeisenbank (Bulgaria) EAD, Sofia, Bulgaria\* (Chairman)
- 

**Hannes Mösenbacher**

Supervisory board functions

- Raiffeisen Centrobank AG, Vienna, Austria\*
- Raiffeisenbank a.s., Prague, Czech Republic\*
- AO Raiffeisenbank, Moscow, Russia\*
- Tatra banka, a.s., Bratislava, Slovakia\*
- Raiffeisen Bank S.A., Bucharest, Romania\*

## Major functions outside RBI

### Member

(functions within RBI Group are marked with \*)

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#### Andrii Stepanenko

##### Supervisory board functions

- Raiffeisen Centrobank AG, Vienna, Austria\*
  - Raiffeisen Bank Aval JSC, Kyiv, Ukraine\*
  - Raiffeisenbank a.s., Prague, Czech Republic\*
  - Tatra banka, a.s., Bratislava, Slovakia\* (Chairman)
  - AO Raiffeisenbank, Moscow, Russia\*
  - Kathrein Privatbank Aktiengesellschaft, Vienna, Austria\*
  - Raiffeisen Bank S.A., Bucharest, Romania\*
  - Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Vienna, Austria\*
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### Supervisory Board

## Major functions outside RBI

### Member

(functions within RBI Group are marked with \*)

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#### Erwin Hameseder (Chairman)

##### Management board function

- RAIFFEISEN-HOLDING NIEDERÖSTERREICH WIEN registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria (Chairman)

##### Supervisory board functions

- AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria (Chairman)
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna, Austria (Chairman)
- Kurier Redaktionsgesellschaft m.b.H., Vienna, Austria (Chairman)
- KURIER Zeitungsverlag und Druckerei Gesellschaft m.b.H., Vienna, Austria (Chairman)
- Mediaprint Zeitungs- und Zeitschriftenverlag Gesellschaft m.b.H., Vienna, Austria (Chairman)
- RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, Vienna, Austria (Chairman)
- RWA Raiffeisen Ware Austria Aktiengesellschaft, Vienna, Austria
- Südzucker AG, Mannheim, Germany
- STRABAG SE, Villach, Austria

##### Managing director functions

- Medicur – Holding Gesellschaft m.b.H., Vienna, Austria
- Printmedien Beteiligungsgesellschaft m.b.H., Vienna, Austria

##### Shareholders' committee function

- Kurier Redaktionsgesellschaft m.b.H. & Co. Kommanditgesellschaft, Vienna, Austria

## Major functions outside RBI

### Member

*(functions within RBI Group are marked with \*)*

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#### **Martin Schaller**

(First Deputy Chairman)

##### Management board function

- Raiffeisen-Landesbank Steiermark AG, Graz, Austria (Chairman)

##### Supervisory board/advisory board functions

- Landes Hypothekenbank Steiermark Aktiengesellschaft, Graz, Austria (Chairman)
- GRAWE-Vermögensverwaltung, Graz, Austria
- Grazer Wechselseitige Versicherung Aktiengesellschaft, Graz, Austria
- ÖWGES Gemeinnützige Wohnbaugesellschaft m.b.H., Graz, Austria
- Comm-Unity EDV GmbH, Lannach, Austria
- Raiffeisen Informatik Center Steiermark GmbH, Graz, Austria
- Raiffeisen Software GmbH, Linz, Austria

##### Managing director functions

- RLB-Stmk Verbund eGen, Graz, Austria
- RLB-Stmk Verwaltung eGen, Graz, Austria
- RLB-Stmk Holding eGen, Graz, Austria

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#### **Heinrich Schaller**

(Second Deputy Chairman)

##### Management board function

- Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, Linz, Austria (Chairman)

##### Supervisory board functions

- OÖ Wohnbau Gesellschaft für den Wohnungsbau, gemeinnützige GmbH, Linz, Austria (Chairman)
- OÖ Wohnbau gemeinnützige Wohnbau und Beteiligung GmbH, Linz, Austria (Chairman)
- SALZBURGER LANDES-HYPOTHEKENBANK AKTIENGESELLSCHAFT, Salzburg, Austria (Chairman)
- AMAG Austria Metall AG, Ranshofen, Austria
- Energie AG Oberösterreich, Linz, Austria
- Oberösterreichische Landesbank Aktiengesellschaft, Linz, Austria
- Raiffeisen Software GmbH, Linz, Austria
- Salinen Austria Aktiengesellschaft, Ebensee, Austria
- Österreichische Salinen Aktiengesellschaft, Ebensee, Austria
- voestalpine AG, Linz, Austria
- VIVATIS Holding AG, Linz, Austria

## Major functions outside RBI

### Member

(functions within RBI Group are marked with \*)

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#### Klaus Buchleitner

##### Management board function

- RAIFFEISENLANDESBANK NIEDERÖSTERREICH-WIEN AG, Vienna, Austria (Chairman)

##### Supervisory board functions

- NÖM AG, Baden bei Wien, Austria (Chairman)
- Raiffeisen Software GmbH, Linz, Austria (Chairman)
- Z&S Zucker und Stärke Holding AG, Vienna, Austria (Chairman)
- BayWa Aktiengesellschaft, Munich, Germany
- LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Vienna, Austria
- Niederösterreichische Versicherung AG, St. Pölten, Austria
- Saint Louis Sucre S.A., Paris, France
- Süddeutsche Zuckerrübenverwertungs Genossenschaft e.G., Ochsenfurt, Germany
- AGRANA Beteiligungs-Aktiengesellschaft, Vienna, Austria
- AGRANA Zucker, Stärke und Frucht Holding AG, Vienna, Austria

##### Managing director functions

- RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Vienna, Austria

##### Shareholders' committee function

- Austria Juice GmbH, Allhartsberg, Austria
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#### Eva Eberhartinger

##### Supervisory board functions

- Österreichische Bundesfinanzierungsagentur, Vienna, Austria
  - maxingvest ag, Hamburg, Germany
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#### Andrea Gaal

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#### Peter Gauper

##### Management board function

- Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband, registrierte Genossenschaft mit beschränkter Haftung, Klagenfurt, Kärnten (Chairman)

##### Managing director functions

- RAIFFEISEN-VERMÖGENSVERWERTUNGS GMBH, Klagenfurt, Austria
- RBK GmbH, Klagenfurt, Austria
- RLB Beteiligungsmanagement GmbH, Klagenfurt, Austria
- RLB Verwaltungs GmbH, Klagenfurt, Austria
- RS Beteiligungs GmbH, Klagenfurt, Austria

## Major functions outside RBI

### Member

(functions within RBI Group are marked with \*)

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#### Wilfried Hopfner

##### Management board functions

- Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung, Bregenz, Austria (Chairman)
  - Haberkorn GmbH, Wolfurt, Austria
  - Haberkorn Holding AG, Wien, Austria
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#### Rudolf Könighofer

##### Management board functions

- Raiffeisenlandesbank Burgenland und Revisionsverband eGen, Eisenstadt, Austria (Chairman)
- Raiffeisen Einkaufs- und Beschaffungsgenossenschaft Burgenland eGen, Eisenstadt, Austria (Chairman)
- Raiffeisenbezirksbank Güssing eGen, Güssing, Austria
- Raiffeisenbezirksbank Oberwart eGen, Oberwart, Austria

##### Supervisory board functions

- UNIQA Insurance Group AG, Vienna, Austria
  - Neue Eisenstädter gemeinnützige Bau-, Wohn-, und Siedlungsgesellschaft m.b.H., Eisenstadt, Austria
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#### Birgit Noggler

##### Managing director function

- BIN Beteiligungsverwaltungs GmbH, Vienna, Austria

##### Supervisory board functions

- NOE Immobilien Development GmbH, St. Pölten, Austria (Chairman)
  - immigon portfolioabbau ag, Vienna, Austria
  - B & C Industrieholding GmbH, Vienna, Austria
  - B & C LAG Holding GmbH, Vienna, Austria
  - Semperit Aktiengesellschaft Holding, Vienna, Austria
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#### Johannes Ortner

##### Management board function

- Raiffeisen-Landesbank Tirol AG, Innsbruck, Austria (Chairman)
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#### Heinz Konrad

##### Management board function

- Raiffeisenverband Salzburg eGen, Salzburg, Austria

##### Supervisory board functions

- GEISLINGER GmbH, Hallwang, Austria
- Porsche Bank Aktiengesellschaft, Salzburg, Austria

##### Managing director function

- Agroconsult Austria Gesellschaft m.b.H., Salzburg, Austria

## Major functions outside RBI

Member (functions within RBI Group are marked with \*)

### Members of the Supervisory Board delegated by the works council (Betriebsrat)

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**Rudolf Korten** –  
(Chairman of the Staff Council)

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**Peter Anzeletti-Reikl** –  
(First Deputy to the Chairman of the Staff Council)

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**Susanne Unger** –  
(Second Deputy to the Chairman of the Staff Council)

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**Gebhard Muster** –  
(Third Deputy to the Chairman of the Staff Council)

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**Natalie Egger Grunicke** –

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**Helge Rechberger** –

#### *Other / state commissioners and government commissioners*

According to § 76 BWG and unless otherwise provided for by law, a state commissioner (Staatskommissär) and a deputy must be appointed for a term of office of no more than five years by the Austrian Federal Minister of Finance (*Bundesminister für Finanzen*) with respect to credit institutions whose balance sheet total exceeds EUR 1 billion. Re-appointments are permissible. The roles are currently filled by Alfred Lejsek as state commissioner and Anton Matzinger as deputy state commissioner.

A government commissioner (*Regierungskommissär*) and a deputy are appointed by the Austrian Federal Ministry of Finance for a period of no more than five years. Re-appointments are permissible. It is their task to audit cover pools according to the Austrian Act on Covered Bank Bonds (*Gesetz betreffend fundierte Bankschuldverschreibungen – "FBSchVG"*). The roles are currently filled by Dietmar Schuster as government commissioner and Josef Dorfinger as deputy government commissioner.

#### *Administrative, Management and Supervisory bodies' Potential Conflicts of Interest*

RBI is not aware of any undisclosed respectively unmanaged conflicts of interest between the obligations of the Supervisory Board members and/or the Management Board members and their private or other interests.

In addition, the Issuer has internal guidelines pursuant to the Austrian Securities Supervision Act 2018 (*Wertpapieraufsichtsgesetz 2018 – "WAG 2018"*) as well as internal compliance rules (which take into account relevant applicable Austrian law, the "Guidelines on the assessment of suitability of members of the management body and key function holders" (EBA/GL/2017/12) of the European Banking Authority ("**EBA**") and the European Securities and Markets Authority ("**ESMA**"), "Guidelines for internal governance" (EBA/GL/2017/11) of the EBA, the "ECB Guide to fit and proper assessments" of the European Central Bank ("**ECB**") and the "Fit & Proper Circular" of the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde – "FMA"*) in place regulating the management of conflicts of interest and the ongoing application of such guidelines and rules. Their objective is to prevent conflicts of interests which may adversely affect the interests of customers or of the Issuer. If any conflicts of interest are identified with respect to the members of the Management Board, Supervisory Board or the upper management level, procedures will be in place or measures will be taken in order to cope with and in particular to disclose such conflicts of interest:



The guidelines and rules relate to potential or actual conflicts which may affect RBI Group, the employees themselves (including management), their spouses/partners, children or other family members living in the same household to the extent that these persons have a close relationship with customers or other contractual partners (in particular suppliers) or issuers of financial instruments.

Such close relationship may arise from a contractual relationship exceeding the scope of everyday transactions or from a direct or indirect shareholding equal to or exceeding 1 per cent. of the share capital or representing a value of EUR 100,000 or more (on an accumulated basis in case of an indirect holding), membership of any managing or supervisory body, any other opportunity, as determined by the relevant person, to exert a material influence on management or under a general commercial power of attorney (*Prokura*).

Each member of the Management Board must – according to the Austrian Corporate Governance Code – immediately disclose any conflict of interest to the Supervisory Board and inform the other members of the Management Board of the conflict. Management Board members may hold offices, including supervisory board positions in unrelated companies, subject only to the approval of the working committee (*Arbeitsausschuss*) of the Supervisory Board.

The various functions held by the members of the Supervisory Board might cause a potential conflict of interest in specific circumstances. However, the members of the Supervisory Board are required to disclose immediately any conflict of interest to the chairman of the Supervisory Board, especially if such conflicts may arise as a result of consultancy services or by holding a board position with a business partner. In the event that the chairman himself should encounter a conflict of interest, he/she must report this immediately to the deputy chairman.

No family ties between the members of the Management Board or Supervisory Board or any senior managers of the Issuer exist, except for Heinrich Schaller and Martin Schaller who are brothers.

No potential conflict of interests exists in respect of any member of the Management Board or Supervisory Board between his duties to the Issuer and his private or other duties. Members of the Management Board or Supervisory Board may enter into business transactions with RBI Group in the ordinary course of business on an arm's length basis.

Individual members of the Management and the Supervisory Board own capital stock of the Issuer or of its subsidiaries.

Members of the Management Board serving on the management or supervisory boards of or performing any similar functions in other companies/foundations (please see section "*Members of the Administrative, Management and Supervisory bodies of RBI*" above) may in individual cases be confronted with conflicts of interest arising in the context of RBI Group's banking operations, if the Issuer maintains active business relations with such other companies.

Conflicts of interest may also arise if members of the Supervisory Board are members of the supervisory or management boards of companies competing with RBI.

Generally, members of the Management Board and Supervisory Board serving on management or supervisory boards outside RBI Group, including customers of and investors in RBI Group as well as companies of the Raiffeisen Banking Sector not related on a group level with RBI Group, may, in individual cases, be confronted with potential conflicts of interest if the Issuer maintains active business relations with said companies.

To the extent that members of the Management Board and Supervisory Board simultaneously serve on the management or supervisory boards of companies outside RBI Group, such companies (including customers of and investors in RBI Group as well as companies of the Raiffeisen Banking Sector not related on a group level with RBI Group) may also compete with RBI.

## **Share Capital and Major Shareholder**

### ***Share capital of RBI***

As of the date of this Prospectus, RBI's nominal share capital amounts to EUR 1,003,265,844.05 and is fully paid. It is divided into 328,939,621 ordinary bearer shares with equal voting rights. The shares are issued in the form of no-par value shares and are listed on the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange.

## **Shareholders of RBI**

RBI is majority-owned by the Raiffeisen Regional Banks which jointly hold approximately 58.8 per cent. of RBI's issued shares as of 30 June 2020. The free float is 41.2 per cent. of RBI's issued shares.

The following table sets forth the percentage of outstanding shares beneficially owned by RBI's principal shareholders, the Raiffeisen Regional Banks. To RBI's knowledge, no other shareholder beneficially owns more than 4 per cent. of RBI's shares. Raiffeisen Regional Banks do not have voting rights that differ from other shareholders.

<b>Shareholders of RBI*</b> (ordinary shares held directly and/or indirectly)	<b>Per cent. of share capital</b>
RAIFFEISEN LANDESBANK NIEDERÖSTERREICH-WIEN AG	22.6 per cent.
Raiffeisen-Landesbank Steiermark AG	10.0 per cent.
Raiffeisen Landesbank Oberösterreich Aktiengesellschaft	9.5 per cent.
Raiffeisen Landesbank Tirol AG	3.7 per cent.
Raiffeisenverband Salzburg eGen	3.6 per cent.
Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband regGenmbH	3.5 per cent.
Raiffeisenlandesbank Burgenland und Revisionsverband regGenmbH	3.0 per cent.
Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband regGenmbH	2.9 per cent.
<b>Sub-total Raiffeisen Landesbanken</b>	<b>58.8 per cent.</b>
<b>Sub-total free float</b>	<b>41.2 per cent.</b>
<b>Total</b>	<b>100 per cent.</b>

\*) excluding 322,204 treasury shares

Source: Internal data, as of 30 June 2020

## ***Arrangements, known to RBI, the operation of which may at a subsequent date result in a change in control of RBI***

At the date of this Prospectus, there are no arrangements, known to RBI, the operation of which may at a subsequent date result in a change in control of RBI.

## **Legal and Arbitration Proceedings**

From time to time, the Issuer and other members of RBI Group are party to certain legal, governmental or arbitration proceedings before various courts and governmental agencies arising in the ordinary course of business involving contractual, labour and other matters.

The following is a description of the most significant proceedings in which RBI Group is currently involved:

- Following the insolvency of Alpine Holding GmbH ("**Alpine**") in 2013, a number of lawsuits were filed by retail investors in Austria against RBI and another credit institution in connection with a bond which had been issued by Alpine in 2012 in an aggregate principal amount of EUR 100 million. The claims against RBI, filed either directly or by investors represented by a "class action association", amount to approximately EUR 10 million of value in dispute. Among others, it is claimed that the banks acted as joint lead managers of the bond issue and were or at least should have been aware of the financial problems of Alpine at the time of the issue. Thus, they should have known that Alpine was not in a position to redeem the bonds as set forth in the terms and conditions of the bonds. It is alleged that the capital market prospectus in relation to the bond issue was misleading and incomplete and that the joint lead managers including RBI, which were also involved in the preparation of the prospectus, were aware of that fact.

- RBI has been a member of two bank consortiums which granted loans to Alpine Bau GmbH in 2009 and 2010. These credit claims are partly secured by payment guarantees issued by the Republic of Austria. After the opening of insolvency proceedings over the borrower the guarantee holders requested payment under the guarantees, but the Republic of Austria refused to pay. Thus, the banks initiated lawsuits against the issuer of the guarantees in August 2013. In these litigations, RBI claims payments of the Republic of Austria in the aggregate amount of approximately EUR 20.3 million. The lawsuits are, in different stages, still pending.
- March 2018, an administrative fine of EUR 2.7 million (which was calculated by reference to the annual consolidated turnover of RBI and constitutes 0.06 per cent. of the last available annual consolidated turnover) was imposed on RBI in the course of administrative proceedings based on alleged non-compliance with formal documentation requirements relating to the know-your-customer principle. According to the interpretation of the FMA, RBI had failed to comply with these administrative obligations in a few individual cases. FMA did not state that any money laundering or other crime had occurred, or that there was any suspicion of, or any relation to, any criminal act. RBI took the view that it had duly complied with all due diligence obligations regarding know-your-customer requirements and appealed against the fining order in its entirety. The administrative court of first instance confirmed FMA's decision and – again – RBI appealed against this decision in its entirety. In December 2019, the Austrian Supreme Administrative Court (*Verwaltungsgerichtshof*) revoked the decision of the lower administrative instances and referred the case back to the administrative court of first instance.
- In 2018, RBI instigated legal proceedings in London, United Kingdom, against, *inter alia*, a company and a law firm, primarily based on claims of RBI for performance of contractual obligations, or for damages due to non-performance of contractual obligations, in an amount of approximately USD 70 million plus interest, costs and expenses. The proceedings are pending.
- Legal action was filed against RZB (prior to the Merger 2010) and Raiffeisen Investment AG ("**RIAG**") (prior to the Merger 2010) in New York. The claimant alleged that RBI, in its capacity as universal successor to RZB, had unlawfully paid USD 150,000 on a bid bond and that RIAG had been involved in a fraud committed by the Serbian privatization agency resulting in a damage in the range of USD 31 million to USD 52 million. At a later point in time, the alleged damage was reduced to USD 30.5 million. According to the defendants' and Issuer's assessment the claim is unfounded and very unlikely to succeed. In February 2014, the action was dismissed and the plaintiff filed a Motion for Reconsideration with the court which was pending for several years. In 2018 this case has been assigned to a new judge and is now again pending in New York. The defendants' and Issuer's assessment of the claim remains unchanged.
- RBI was served with a lawsuit by the Romanian Ministry of Traffic against RBI and Banca de Export Import a Romaniei Eximbank SA ("**EximBank**") regarding payment of EUR 10 million in May 2017. According to the lawsuit, in the year 2013, RBI issued a letter of credit on the amount of EUR 10 million for the benefit of the Romanian Ministry of Traffic on the request of a Romanian customer of RBI's Romanian Network Bank Raiffeisen Bank S.A., Bucharest. EximBank acted as advising bank of RBI in Romania. The Romanian Ministry of Traffic had sent a payment request under the mentioned letter of credit in March 2014 which had been denied by RBI as having been received after termination date thereof. In April 2018, the lawsuit has been rejected as unfounded by the court of first instance which was confirmed by the Bucharest Court of Appeal in October 2019.
- In July 2019, a former corporate customer (the "**Claimant**") of RBI filed a request for arbitration with the International Court of Arbitration of the International Chamber of Commerce, claiming from RBI payment of USD 25 million plus damages, interest and costs. The dispute relates to a guarantee of a third party, which served as a security for a loan granted by RBI to the Claimant in 1998. The Claimant defaulted under the loan, whereupon RBI claimed payment under the guarantee. In 2015, a settlement was reached between RBI and the guarantor as to the claims of RBI under the guarantee. RBI applied all monies received from the guarantor towards payment by the Claimant under the loan. In its request for arbitration, the Claimant, *inter alia*, alleges that the settlement was detrimental to it, and that RBI would be obliged to transfer the monies received from the guarantor to the Claimant. RBI takes the view that the claims raised by the Claimant are baseless. In June 2020,

the arbitral tribunal issued an award holding that it has no jurisdiction over the claims and disputes raised by Claimant. This arbitral award and the question of jurisdiction could still be challenged before English courts.

- In May 2017, a subsidiary holding company of RBI has been sued in Austria for an amount of approximately EUR 12 million for breach of warranties under a share purchase agreement relating to a real estate company. The claimant, i.e. the purchaser under the share purchase agreement, alleges the breach of a warranty, more precisely it alleges the defendant warranted that the company sold under the share purchase agreement had not waived potential rental payment increases to which it may have been entitled.
- In February 2020, Raiffeisen-Leasing GmbH ("**RL**") was served with a lawsuit in Austria for an amount of approximately EUR 43 million. The plaintiff claims damages alleging that RL had breached its obligations under a real estate development agreement. According to the assessment of RL and its lawyers, this claim is very unlikely to succeed, in particular given the fact that a similar claim of the plaintiff was rejected by the Austrian Supreme Court (Oberster Gerichtshof) in a previous legal dispute. In this case already two applications for legal aid filed by the plaintiff have been rejected by the Commercial Court (Handelsgericht) of Vienna because of malicious abuse of right.
- A claim for damages filed against RBI Leasing GmbH ("**RBIL**") in August 2019 in the original preliminary amount of EUR 70,000 plus interest was increased to an amount of approximately EUR 16.2 million in March 2020. The claimant argues that RBIL sold an object financed by RBIL below its market value to a third party after termination of the financing agreement, whereas he could have obtained a considerably higher price. RBIL claims that the financed object had been offered to the claimant before the final sales agreement was concluded between RBIL and the third party.
- In September 2017, RBI, together with Raiffeisenbank Austria, d.d., Croatia ("**RBHR**"), filed a request for arbitration with the International Centre for Settlement of Investment Disputes in Washington, DC against the Republic of Croatia. The claimants, RBI and RBHR, have initiated this arbitration against Croatia to obtain relief under the Austrian-Croatian investment protection treaty for Croatia's breaches of its obligations under that treaty in connection with legislation concerning the conversion of CHF loans. Among other things the claimants argue that Croatia has failed to afford the claimants fair and equitable treatment and has breached its obligation to treat foreign investors and investments no less favourably than its own national investors and investments.

In June 2019, RBI and RBHR filed (with the Commercial Court of Zagreb) a joint lawsuit against the Republic of Croatia, claiming essentially compensation for damages in the amount of EUR 60 million (plus interest and costs) resulting from Croatia's breaches of its obligation under EU law in connection with the Croatian legislation concerning the conversion of CHF-loans.

On 14 February 2020, RBI and RBHR have initiated another arbitration proceeding against Croatia arguing violations in respect of the so-called "Lex Agrokor", FX loans and court practice. This time under the UNCITRAL arbitration rules.

- In 2011, a client of RBHR filed a claim for damages in the amount of approximately HRK 143.5 million and alleged that damages have been caused by an unjustified termination of the loan. In February 2014, the commercial court in Zagreb issued a judgment by which the claim was declined. The plaintiff launched an appeal against this judgment which is not finally decided. In the meantime, the plaintiff went through bankruptcy proceedings and the bankruptcy trustee has filed to the Commercial court a request for withdrawal of the claim. A ruling on the termination of the lawsuit against RBHR has not yet been issued by the Commercial court in Zagreb.
- In 2015, a former client of RBHR filed a claim for damages in the amount of approximately HRK 181 million based on the allegation that RBHR had acted fraudulently by terminating loans, which had been granted for the financing of the client's hotel business, without justification. In previous court proceedings in respect of the termination of the loans, as well as the enforcement over the real estate, all final judgments were in favour of

RBHR. Several hearings were held as well as submissions exchanged. To the date of this Prospectus, no ruling was passed.

- From 2014 onwards, a group of former clients of RBHR filed several claims for damages in the amount of approximately HRK 120.7 million based on the allegation that RBHR had acted fraudulently by terminating and collecting loans. In some of the court proceedings the final court decisions were issued by which the claims (in the amount of approximately HRK 20 million) were declined.
- In spring 2018, Raiffeisen Factoring Ltd. ("**RFHR**"), then a subsidiary of RBHR, sued a client for payment of approximately HRK 131.4 million. RFHR claimed that the client had factored its trade receivables with RFHR on a recourse factoring basis but failed to pay when its recourse obligation fell due. In October 2019, the legal dispute was settled out-of-court. In November 2019, RFHR (by then re-named into Raiffeisen Services Ltd.) was merged into RBHR, which became its legal successor.
- In Croatia, following litigation initiated by a Croatian Consumer Association against RBHR and other Croatian banks, two contractual clauses used in consumer loan agreements between 2003/2004 and 2008. were declared null and void: an interest change clause and a CHF index clause. The decision on the interest change clause cannot be challenged anymore. The decision on the nullity of the CHF index clause was confirmed by the Croatian Supreme Court but was challenged by RBHR at the Croatian Constitutional Court. A final decision by this court may have an impact on the relevant CHF index clause. However, based on the decisions already rendered on the nullity of the interest change clause and/or the CHF index clause, borrowers – subject to the statute of limitation – raise claims against RBHR already now. Given current legal uncertainties relating to the statute of limitations, the validity of the CHF index clause, the appropriate further procedures, the final outcome of the constitutional court challenge and the number of borrowers raising such claims, a quantification of the financial impact and the possible damage is not possible at this point of time.
- In June 2012, a client (the "**Slovak Claimant**") of the Issuer's subsidiary in Slovakia, Tatra banka, a.s. ("**Tatra banka**") filed a petition for compensation of damage and lost profits in the amount of approximately EUR 71 million. The lawsuit is connected with certain credit facilities agreements entered into between Tatra banka and the Slovak Claimant. The Slovak Claimant claims that Tatra banka breached its contractual obligations by refusing to execute payment orders from the Slovak Claimant's accounts without cause and by not extending the maturity of facilities despite a previous promise to do so, which led to non-payment of the Slovak Claimant's obligations towards its business partners and the termination of the Slovak Claimant's business activities. In February 2016, the Slovak Claimant filed a petition for increasing the claimed amount by EUR 50 million, but the court refused this petition. A constitutional appeal was filed regarding this court's decision. The constitutional court refused this appeal and rejected the proposed increase of the claimed amount. In December 2017, Tatra banka was delivered a new claim amounting to EUR 50 million, based on the same grounds as the increasing petition from February 2016. This new claim was joined to the original claim. Thus, the Slovak Claimant in this lawsuit demanded compensation of damage and lost profits in the amount of approximately EUR 121 million. In February 2018, the court of first instance rejected the petition in full. The Slovak Claimant, which by law is now the trustee in the Slovak Claimant's bankruptcy proceedings, as the Slovak Claimant has become bankrupt, filed an appeal against the rejection. In September 2018, the appellate court upheld the decision of the first-instance court and confirmed the rejection of the claim in full. In January 2019, the Slovak Claimant filed an extraordinary appeal with the Supreme Court of the Slovak Republic but the extraordinary appeal was refused by the Supreme Court in April 2019. The Slovak Claimant filed a constitutional appeal with respect to the Supreme Court ruling in July 2019. The Constitutional Court's decision to reject the constitutional appeal in October 2019 was received by Tatra banka in March 2020 and, thus, the lawsuit is definitively terminated.

Furthermore, a Cypriot company (the "**Cypriot Claimant**") filed a separate action for damages in the amount of approximately EUR 43.1 million. In January 2016, the Cypriot Claimant filed a petition for increasing the claimed amount by EUR 84 million and the court approved this petition. It means that the total claimed amount in this lawsuit is approximately EUR 127 million. This lawsuit is connected with the proceeding of the Slovak

Claimant above because the Cypriot Claimant having filed the action had acquired the claim from a shareholder of the holding company of the Slovak Claimant. Subject matter of the claim is the same as in the proceeding above. According to the Cypriot Claimant, this had caused damage to the Slovak Claimant and, thus, also to the shareholder of the holding company in the form of a loss of value of its shares. Subsequently, said shareholder assigned his claim to the Cypriot Claimant. The Cypriot Claimant claims that Tatra banka acted contrary to the good morals as well as contrary to fair business conduct and requires Tatra banka to pay part of its claims corresponding to the loss in value of the holding company's shares. In November 2019, the claim was rejected in full by the first-instance court. The Cypriot Claimant filed an appeal against this first-instance judgement in January 2020.

- Following an assignment of Tatra banka's receivable (approximately EUR 3.5 million) against a corporate customer to an assignee, two lawsuits in the total amount of approximately EUR 18.6 million were filed by the original shareholders of the corporate customer against Tatra banka. Their shares in the corporate customer had been pledged as security for a financing provided by Tatra banka to the corporate customer. The claims are claims for compensation of damages which were incurred by the original shareholders as a consequence of an alleged late notification of the assignment to the original shareholders, the fact that the assignee had realized the pledge over the shares and, thus, the original shareholders ceased to be the shareholders of the corporate customer as well as the fact that the assignee had realized a mortgage over real estates of the corporate customer (which had also been created as a security for the financing provided by Tatra banka to the corporate customer). The original shareholders claimed that the value of the corporate customer was EUR 18.6 million and that this amount would represent the damage incurred by them due to the assignment of Tatra banka's claim against the corporate customer.

Subsequently, the original shareholders assigned their claims under the lawsuits mentioned above to a Panamanian company which is now the plaintiff. The plaintiff claims that Tatra banka had acted in contradiction of good faith principles and that it had breached an obligation arising from the Slovak Civil Code.

In June 2019, the court entirely rejected the claim. The plaintiff filed an appeal against the judgment of the first-instance court in August 2019.

- In 2015, a former client of the Issuer's Network Bank in the Czech Republic, Raiffeisenbank a.s. ("**RBCZ**"), filed a lawsuit against RBCZ claiming damages in the amount of approximately CZK 371 million based on the allegation that RBCZ caused damage to him by refusing to provide further financing to him. Owing to the non-payment of court fees by the claimant, a court ruling on dismissal of the lawsuit was issued but has been appealed by the claimant. In the meantime, the court has united two proceedings launched by the claimant against RBCZ and therefore the sued amount has increased to approximately CZK 494 million. After the first instance court decision was revoked by the High Court and the claimant finally paid the court fee, the first instance court was able to issue a verdict on the core matter of the dispute in which the court dismissed the claimant's claims in September 2019. The claimant has appealed that decision. In June 2020, the lawsuit was dismissed by the second instance court. The decision is in legal force, however under certain circumstances, the plaintiff may still appeal to the Supreme Court.
- In May 2017, RBCZ and Raiffeisen – Leasing, s.r.o. were approached by a Czech leasing company ("**Czech Leasing**") demanding CZK 1,057,114,000 on the basis that RBCZ and Raiffeisen - Leasing, s.r.o. had allegedly: (i) contrived and fundamentally contributed to a mass leaving of Czech Leasing employees; and (ii) organized the setting up of a new company where most of the leaving employees of the Czech Leasing have found a new job; and (iii) had been poaching customers from the Czech Leasing. In June 2017, a lawsuit for such claim in the above-mentioned amount was filed by Czech Leasing against RBCZ and Raiffeisen - Leasing, s.r.o. at the City Court of Prague. In January 2019 the court announced a judgment in which all claims of Czech Leasing were dismissed. Czech Leasing filed an appeal against this judgment. In December 2019 the legal dispute was resolved by way of out-of-court settlement and Czech Leasing formally withdrew its appeal. Thus, the judgment of the City Court of Prague has become final.

- In December 2017, a French company filed a lawsuit at the commercial court in Warsaw against Raiffeisen Bank Polska S.A. ("**RBPL**"), the former Polish subsidiary of RBI, and RBI. The French company claimed damages from both banks in the aggregate amount of EUR 15.3 million alleging that RBPL failed to comply with duties of care when opening an account for a certain customer and executing money transfers through this account, and that RBI acted as a correspondent bank in this context and failed to comply with duties of care when doing so. As regards the lawsuit against RBI, the commercial court in Warsaw declined jurisdiction in May 2019. The decision has been appealed.

In the course of the sale of the core banking operations of RBPL by way of demerger to Bank BGZ BNP Paribas S.A. in 2018 (for further details see chapter "*Principle markets and business segments - Branch of RBI in Poland*"), the lawsuit against RBPL was allocated to Bank BGZ BNP Paribas S.A. However, RBI agreed to fully indemnify Bank BGZ BNP Paribas S.A. for any negative financial consequences in connection with said proceedings.

- In April 2018, Raiffeisen Bank Polska S.A. ("**RBPL**"), the former Polish subsidiary of RBI, obtained the lawsuit filed by a former client claiming an amount of approximately PLN 203 million. According to the plaintiff's complaint, RBPL blocked the client's current overdraft credit financing account for 6 calendar days in 2014 without the formal justification. The plaintiff claims that the blocking of the account resulted in losses and lost profits due to a periodic disruption of the client's financial liquidity, the inability to replace loan-based funding sources with financing streams originating from other sources on the blocked account, a reduction in inventory and merchant credits being made available and generally a resulting deterioration of the client's financial results and business reputation. RBPL contended that the blocking was legally justified and implemented upon the information obtained.

In the course of the sale of the core banking operations of RBPL by way of demerger to Bank BGZ BNP Paribas S.A. in 2018 (please see section "*Principle markets and business segments - Branch of RBI in Poland*"), the lawsuit against RBPL was allocated to Bank BGZ BNP Paribas S.A. However, RBI remains commercially responsible for negative financial consequences in connection with said proceeding.

- A German client had instructed RBI with the issuance of guarantees for the benefit of a Polish entity and a Polish municipality (together, the "**Plaintiffs**"). RBI instructed RBPL with such issuance in Poland and provided respective counter-guarantees to RBPL. RBI itself had received a declaration of full indemnification from the German client. The Plaintiffs demanded payment under the guarantees from Bank BGZ BNP Paribas S.A. ("**BNP**") which - with respect to said guarantees - is the legal successor to RBPL (please see section "*Principle markets and business segments - Branch of RBI in Poland*"). BNP rejected such request due to abusive exercise. In March 2019 BNP was served with a lawsuit by the Plaintiffs for payment of approximately PLN 50.3 million plus interest against BNP by the Commercial Court of Warsaw. RBI remains commercially responsible for negative financial consequences in connection with said proceedings and was invited by BNP to join the lawsuit in November 2019.
- In September 2018, two administrative fines of total PLN 55 million (one for PLN 5 million and one for PLN 50 million, together approximately EUR 13.12 million) were imposed on RBPL in the course of administrative proceedings based on alleged non-performance of the duties as the depository and liquidator of certain investment funds. RBPL as custodian of investment funds assumed the role as liquidator of certain funds in spring 2018. According to the interpretation of the Polish Financial Supervision Authority ("**PFSA**") RBPL failed to comply with certain obligations in its function as depository bank and liquidator of the funds. In the course of the transactions related to the sale of RBPL (please see section "*Principle markets and business segments - Branch of RBI in Poland*"), the responsibility for said administrative proceedings and related fines was assumed by RBI. RBI filed appeals against these fines in their entirety. In September 2019, in relation to the PLN 5 million fine regarding RBPL's duties as depository bank, the Voivodship Administrative Court approved RBI's appeal and overturned the PFSA's decision entirely. However, the PFSA appealed such decision. In relation to the PLN 50 million fine regarding RBPL's function as liquidator, the Voivodship Administrative Court decided to dismiss

the appeal and uphold the PFSA decision entirely. RBI has raised appeal to the Supreme Administrative Court because it takes the view that RBPL has duly complied with all its duties.

- RBI as a legal successor to RBPL and currently operating in the territory of Poland through a branch, is defendant in a number of ongoing civil lawsuits concerning mortgage loans denominated in or indexed to Swiss Franc and Euro. As of the end of June 2020, the total amount of disputes is in the region of approximately PLN 480 million and the number of such lawsuits is still increasing.

In this context, the District Court in Warsaw requested the Court of Justice of the European Union ("ECJ") to issue a preliminary ruling regarding the consequences of considering the contractual provisions which stipulate the amount and manner of performance of an obligation by the parties to be unfair in case of a consumer mortgage loan denominated in Polish zloty ("PLN") but indexed to foreign currency. Due to the request for a preliminary ruling, in many cases, similar proceedings in regional and district courts in Poland have been suspended until the preliminary ruling of the ECJ is issued.

On 3 October 2019, the ECJ announced its judgment in this case. It does not qualify any contract clauses as unfair or invalid. This is, according to the ECJ, a matter to be decided by Polish courts under Polish law. In its judgment the EJC rather provides guidance on principles of European law to be applied by Polish courts if they consider contract clauses as being unfair. According to previous case law, the EJC ruled that the contract shall remain valid without an unfair term, if this is legally possible under national law. The ultimate objective of this rule is to restore in substance balance (equality) between the lender and the borrower. If the contract cannot remain valid without the unfair term, the entire contract will be annulled. This needs to be decided objectively, taking the situation of both the lender and the borrower into account. If the annulment of the entire contract triggers material negative consequences for the borrower, the Polish courts can replace the unfair term by a valid term in accordance with national law. On the basis of the ECJ judgment, it appears unlikely that any loan be qualified as a PLN loan bearing interest at CHF LIBOR. Otherwise, at this point of time, a meaningful assessment of the outcome and economic impact on foreign currency consumer loans in Poland is not possible. It remains to be seen how this will be decided by Polish courts under Polish law on a case-by-case basis.

A significant increase of inflow of new cases has been observed since the beginning of 2020 which is caused by the ECJ preliminary ruling and intensified marketing activity of law firms acting on behalf of borrowers. Such increased inflow of new cases has not only been observed by the Issuer's Polish branch but by all banks handling currency loan portfolios in Poland.

Furthermore, Polish common courts decided to approach the ECJ with requests for a preliminary ruling in other three civil proceedings which could lead to the provision on further ECJ's clarifications and may influence on how court cases concerning currency loans are decided by national Polish courts. However, proceedings before the ECJ are currently at a very early stage. RBI is directly involved in one of these proceedings.

The impact assessment may also be influenced in relation to affected FX-indexed or FX-denominated loan agreements by the outcome of ongoing administrative proceedings concerning, *inter alia*, practice infringing the collective consumer interests and the classification of clauses in standard agreements as unfair, carried out by the President of the Office of Competition and Consumer Protection ("UOKiK") against the Issuer's Polish branch. As of the date of this Prospectus, it is uncertain if any administrative decisions would be made in these proceedings by the President of UOKiK and what could be their potential impact on said FX-indexed or FX-denominated loan agreements and the Issuer.

Apart from the above, a number of further administrative proceedings in connection with FX-indexed or FX-denominated credit or loan agreements is currently carried out by the President of the UOKiK against the Issuer's Polish branch based on the alleged practice of infringement of collective consumer interests and the classification of clauses in standard agreements as unfair/abusive. Such proceedings may result in administrative fines imposed on the Issuer's Polish branch – and in case of appeals – in administrative court proceedings.



- Following an audit review of the Romanian Court of Auditors regarding the activity of Aedificium Banca Pentru Locuinte S.A. (former "Raiffeisen Banca pentru Locuinte S.A.") ("**RBL**"), a building society and subsidiary of Raiffeisen Bank S.A., Bucharest, the Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for payment by RBL of the state premiums on savings have not been met. Thus, allegedly, such premiums may have to be repaid. Should RBL not succeed in reclaiming said amounts from its customers or providing satisfactory documentation, RBL would be liable for the payment of such funds. RBL has initiated a court dispute against the findings of the Romanian Court of Auditors. RBL has won the court dispute on the merits in what concerns the most relevant alleged deficiencies. The case is now in appeal at the High Court of Cassation and Justice. Given current uncertainties, an exact quantification of the negative financial impact is not possible, however, repayment of premiums and potential penalty payments are not expected to exceed EUR 48 million.
- In October 2017, the Romanian consumer protection authority ("**ANPC**") has issued an order for the Issuer's Romanian Network Bank Raiffeisen Bank S.A., Bucharest to stop its alleged practice of "not informing its customers about future changes in the interest rate charged to the customers". The order does not imply any monetary restitution or payment from Raiffeisen Bank S.A., Bucharest. However, the possibility of any monetary restitution claims instigated by customers cannot be excluded. The Issuer's Romanian Network Bank Raiffeisen Bank S.A., Bucharest has disputed this order, having also obtained a final stay of its enforcement pending a final solution. These proceedings are currently in the appeal phase, the first ruling on merits having been in favour of ANPC. Given current uncertainties, an exact quantification of the negative financial impact is not possible, however, estimation of Raiffeisen Bank S.A., Bucharest, based on the current known elements is that such impact is not expected to exceed EUR 20 million.
- In July 2014, the ANCP had issued a decision applicable to Raiffeisen Bank S.A., Bucharest, asking the bank to stop the practice of including the credit management commission in the interest margin on the occasion of the restructuring of consumer loans. Although, provisions describing that method were included in the respective agreements, ANCP has the opinion that those provisions were not clear enough. Initially, the way how the ANCP decision should be implemented was not clear, however, after a dispute in court that was lost by Raiffeisen Bank S.A. in June 2020, it is now understood that the implementation would mean returning a portion of the interest rate to all consumers to whom such practice had been applied, at least for the period starting from July 2014 until either the point of time such borrowers entered into a new agreement on the interest rate or the point of time Raiffeisen Bank S.A. actually implements the court decision. This also applies to originally affected loans that were repaid in the meantime. Given current uncertainties, at this stage, an exact quantification of the negative financial impact is not possible, but based on early estimates a negative impact of approximately EUR 17,000,000 may be expected.
- On 11 November 2019, the chairman of the Board of Raiffeisen Bank Aval, Ukraine, was questioned in connection with investigations by the National Anti-Corruption Bureau of Ukraine. The reason for the action is not related to the performance of the chairman's duties as chairman of the Board of Raiffeisen Bank Aval.
- RBI and members of RBI Group were involved in various tax audits, tax reviews and tax proceedings.

In Germany, a tax review and tax proceedings led to or may lead to an extraordinary tax burden of approximately EUR 27 million. Additionally, late payment interest and penalty payments may be imposed.

In Romania, this has resulted in an extraordinary tax burden in an aggregate amount of approximately EUR 33.1 million plus EUR 22.2 million penalty payments. Following an administrative appeal by Raiffeisen Bank S.A., Bucharest, the tax burden was reduced to EUR 29.9 million plus related penalty payments of estimated EUR 22 million.

In Russia, the tax audit has resulted in or may result in an extraordinary tax burden in an aggregate amount of approximately EUR 9 million plus EUR 2.6 million late payment interest. Additionally, penalty payments may be imposed in an amount of up to EUR 3.5 million.

In the vast majority of the aforementioned amounts, the decision of the respective tax authorities is or will be challenged.

Save as disclosed in this section "*Legal and Arbitration Proceedings*" and based on the Issuer's and RBI Group's current assessment of the facts and legal implication, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months prior to the date of this Prospectus, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

### **Significant Change in the Financial Position of RBI Group**

Save as disclosed in section "*Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year - Outbreak of the corona virus disease (COVID-19)*" above, there has been no significant change in the financial position of RBI Group since 31 March 2020.

### **Material Contracts**

#### ***Syndicate Agreement***

The Raiffeisen Regional Banks and certain subsidiaries of the Raiffeisen Regional Banks are parties to a syndicate agreement regarding RBI. As a result of the syndicate agreement, the voting rights in relation to shares in RBI (corresponding to approximately 58.8 per cent. of the issued shares) are mutually attributable to the Raiffeisen Regional Banks and their subsidiaries as acting in concert (§ 1(6) of the Austrian Takeover Act (*Übernahmegesetz – "ÜbG"*) pursuant to §§ 130, 133(7) of the Austrian Stock Exchange Act 2018 (*Börsegesetz 2018 – "BörseG 2018"*). A corresponding attribution to the controlling shareholders of individual Raiffeisen Regional Banks pursuant to §§ 130, 133(4) BörseG 2018 is made.

The terms of the syndicate agreement include a block voting agreement in relation to the agenda of the shareholders' meeting of RBI, pre-emption rights and a contractual restriction on sales of the RBI shares held by the Raiffeisen Regional Banks (with a few exceptions) if the sale would directly and/or indirectly reduce the Raiffeisen Regional Banks' aggregate shareholding in RBI to less than 40 per cent. of the share capital. Further, the syndicate agreement provides for an arrangement amongst the Raiffeisen Regional Banks to nominate nine members of the RBI Supervisory Board.

#### ***Membership in the IPS***

RBI is a member of an IPS, the Federal IPS, which besides RBI comprises of the Raiffeisen Regional Banks, RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Posojilnica Bank eGen as well as RBI's subsidiaries Raiffeisen Wohnbaubank Aktiengesellschaft and Raiffeisen Bausparkasse Gesellschaft m.b.H. Pursuant to Article 113(7) and Article 49(3) of the CRR an IPS is required to ensure the solvency and liquidity of its members. For further details of the Federal IPS reference is made to the section "*Federal Institutional Protection Scheme*".

#### ***Membership in the RKÖ***

With respect to RBI's membership in the RKÖ, reference is made to the section "*Raiffeisen-Kundengarantiegemeinschaft Österreich (RKÖ)*".

#### ***Commitment Agreement***

RBI is party to an agreement with the Raiffeisen Regional Banks and Posojilnica Bank eGen pursuant to which each Raiffeisen Regional Bank and Posojilnica Bank eGen committed on an individual basis to subscribe at the request of RBI for ordinary senior debt securities and/or ordinary senior eligible debt securities (which do not meet the criteria for debt instruments pursuant to § 131(3)(1) to (3) BaSAG) provided that the total volume of the relevant issuance of debt securities amounts at least to EUR 500,000,000 (five hundred million) or its equivalent in other currencies. The aggregate

amount of all commitments pursuant to the respective agreement is capped with EUR 250,000,000 (two hundred fifty million) per year.

In the ordinary course of its business, members of RBI Group enter into a variety of contracts with various other entities. Other than set forth above, RBI has not entered into any material contracts outside the ordinary course of its business which could result in any group member being under an obligation or entitlement that has a material adverse impact on RBI's ability to meet its obligations under RBI's debt securities.

## TAXATION

**The tax legislation applicable to prospective investors in the Notes and the Issuer's country of incorporation may have an impact on the income received from the Notes.**

**Prospective holders of Notes (the "Holders" and each a "Holder") should consult their own tax advisers as to the particular tax consequences of subscribing, purchasing, holding and disposing the Notes, including the application and effect of any federal, state or local taxes, under the tax laws of each country of which they are residents or citizens.**

The following is a general overview of certain tax considerations relating to the purchasing, holding and disposing of Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular Holder. The discussions that follow for each jurisdiction are based upon the applicable laws in force and their interpretation on the date of this Prospectus. These tax laws and interpretations are subject to change that may occur after such date, even with retroactive effect.

The information contained in this section is limited to taxation issues and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Responsibility of the Issuer for the withholding of taxes at source:

The Issuer does not assume any responsibility for the withholding of taxes at source.

### **Austria**

This section on taxation contains a brief summary of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This summary is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as equity for tax purposes instead of debt) shall in any case be borne by the investor. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons in the sense of § 27a(2)(2) of the Austrian Income Tax Act (*Einkommensteuergesetz*).

#### **General remarks**

Individuals having a domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*), both as defined in § 26 of the Austrian Federal Fiscal Procedures Act (*Bundesabgabenordnung*), in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*), both as defined in § 27 of the Austrian Federal Fiscal Procedures Act, in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of management nor their legal seat in Austria are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

### ***Income taxation of the Notes***

Austrian statutory law does not contain specific provisions on the qualification of Additional Tier 1 instruments for Austrian (corporate) income tax purposes. However, pursuant to § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*), which is typically applied for purposes of qualifying hybrid instruments either as equity or as debt for Austrian (corporate) income tax purposes, *jouissance* rights and other financial instruments (*Genussrechte und sonstige Finanzierungsinstrumente*) granting a right to participate in both the current profits and the liquidation profits of the issuer are to be qualified as equity instruments. In contrast thereto, *jouissance* rights and other financial instruments granting a right to participate either in the current profits or in the liquidation profits of the issuer or in neither of the two categories are to be qualified as debt instruments. In addition, reference has to be made to jurisprudence of the Austrian Supreme Administrative Court (*Verwaltungsgerichtshof*) pursuant to which the qualification of hybrid instruments, such as *jouissance* rights, has to be based on whether typical equity-like criteria outweigh typical debt-like criteria from a quantitative and qualitative perspective, thereby taking into account the instrument's term, the profit dependency of distributions, the participation in the issuer's substance/liquidation profit, the granting of securities, a potential subordination and the lack of typical shareholder control and voting rights.

The Austrian Ministry of Finance (*Bundesministerium für Finanzen*) stated the following in the Austrian Corporate Income Tax Guidelines (*Körperschaftsteuerrichtlinien*):

Instruments qualify as equity-type *jouissance* rights and other financial instruments in the meaning of § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act if they grant a right to participate in the current profits and the liquidation profits of a corporation. Both prerequisites mentioned in the statute must be fulfilled. In case no participation in the current profits, in the liquidation profits, or in both types of profits exists, an instrument qualifies as a debt-type *jouissance* right (*i.e.*, as debt); consequently, payments under such an instrument are tax deductible. *Jouissance* rights and other financial instruments fulfilling the prerequisites of § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act are to be qualified as equity for income tax purposes; all kinds of distributions under such instruments qualify as tax-neutral use of income. Additional Tier-1 instruments and Tier-2 instruments in the meaning of Articles 51 and 62 CRR, are to be qualified as equity or debt for tax purposes in line with the criteria outlined in § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act; on this basis, according to the Austrian Corporate Income Tax Guidelines, usually such instruments would qualify as debt for tax purposes.

For purposes of the following, the Issuer assumes that the Notes qualify as debt for Austrian (corporate) income tax purposes. In case of a qualification of the Notes as equity, the tax consequences would substantially differ from those described below.

Pursuant to § 27(1) of the Austrian Income Tax Act, the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- income from the granting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to § 27(2) of the Austrian Income Tax Act, including dividends and interest; the tax basis is the amount of the earnings received (§ 27a (3)(1) of the Austrian Income Tax Act);
- income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to § 27(3) of the Austrian Income Tax Act, including gains from the alienation, redemption and other realisation of assets that lead to income from the granting of capital (including zero coupon bonds); the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs, in each case including accrued interest (§ 27a(3)(2)(a) of the Austrian Income Tax Act); and
- income from derivatives (*Einkünfte aus Derivativen*) pursuant to § 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates (the mere exercise of an option

does not trigger tax liability); *e.g.*, in the case of index certificates, the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs (§ 27a(3)(3)(c) of the Austrian Income Tax Act).

Also, the withdrawal of the Notes from a securities account (*Depotentnahme*) and circumstances leading to a restriction of Austria's taxation right regarding the Notes vis-à-vis other countries, *e.g.* a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (cf. § 27(6)(1) and (2) of the Austrian Income Tax Act). The tax basis amounts to the fair market value minus the acquisition costs (§ 27a(3)(2)(b) of the Austrian Income Tax Act). In case of a restriction of Austria's taxation right vis-à-vis an EU Member State or a state of the European Economic Area, the taxpayer may apply for a payment of the triggered income tax in instalments in accordance with (§ 27(6)(1)(d) in connection with) § 6(6) Austrian Income Tax Act or – pursuant to the restrictive requirements of § 27(6)(1)(a) of the Austrian Income Tax Act – for a deferral of taxation until the actual disposal of the Notes.

Individuals subject to unlimited income tax liability in Austria holding the Notes as non-business assets are subject to income tax on all resulting investment income pursuant to § 27(1) of the Austrian Income Tax Act. In case of investment income from the Notes with an Austrian nexus for withholding tax purposes (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), the income is subject to withholding tax (*Kapitalertragsteuer*) at a flat rate of 27.5 per cent.; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to § 97(1) of the Austrian Income Tax Act). In case of investment income from the Notes without such Austrian nexus for withholding tax purposes, the income must be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5 per cent. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation (*Regelbesteuerungsoption*) pursuant to § 27a(5) of the Austrian Income Tax Act). The acquisition costs must not include ancillary acquisition costs (*Anschaffungsnebenkosten*; § 27a (4)(2) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (§ 20(2) of the Austrian Income Tax Act); this applies irrespective of whether the option to regular taxation is exercised. § 27(8) of the Austrian Income Tax Act, *inter alia*, provides for the following restrictions on the offsetting of losses: negative income from realised increases in value and from derivatives may neither be offset against interest from bank accounts and other non-securitized claims vis-à-vis credit institutions (except for cash settlements and lending fees) nor against income from private foundations, foreign private law foundations and other comparable legal estates (*Privatstiftungen, ausländische Stiftungen oder sonstige Vermögensmassen, die mit einer Privatstiftung vergleichbar sind*); income subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income and may not be carried forward to subsequent tax periods. The Austrian custodian agent has to effect the offsetting of losses by taking into account all of a taxpayer's securities accounts with the custodian agent, in line with § 93(6) of the Austrian Income Tax Act, and to issue a written confirmation to the taxpayer to this effect.

Individuals subject to unlimited income tax liability in Austria holding the Notes as business assets are subject to income tax on all resulting investment income in the meaning of § 27(1) of the Austrian Income Tax Act. In case of investment income from the Notes with an Austrian nexus for withholding tax purposes as described above, the income is subject to withholding tax at a flat rate of 27.5 per cent. While withholding tax has the effect of final taxation for income from the granting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return (nevertheless such income is taxed at the flat rate of 27.5 per cent.). In case of investment income from the Notes without an Austrian nexus for withholding tax purposes, the income must always be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5 per cent. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to § 27a(5) of the Austrian Income Tax Act). The flat tax rate does not apply to income from realised increases in value and income from derivatives if realizing these types of income constitutes a key area of the respective investor's business activity (§ 27a(6) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (§ 20(2) of the Austrian Income Tax Act); this also applies if the option to regular taxation is exercised. Pursuant to § 6(2)(c) of the Austrian Income Tax Act, depreciations

to the lower fair market value and losses from the alienation, redemption and other realisation of financial assets and derivatives in the meaning of § 27(3) and (4) of the Austrian Income Tax Act, which are subject to income tax at the flat rate of 27.5 per cent., are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets within the same business unit (*Wirtschaftsgüter desselben Betriebes*); only 55 per cent. of the remaining negative difference may be offset against other types of income (but it may be fully carried forward to subsequent tax periods).

Pursuant to § 7(2) of the Austrian Corporate Income Tax Act, corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on income in the meaning of § 27(1) of the Austrian Income Tax Act from the Notes at a rate of 25 per cent. In the case of income in the meaning of § 27(1) of the Austrian Income Tax Act from the Notes with an Austrian nexus for withholding tax purposes, the income is subject to withholding tax at a flat rate of 27.5 per cent. However, pursuant to § 93(1a) of the Austrian Income Tax Act, a 25 per cent. rate may be applied by the withholding agent, if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the corporate income tax falling due and, as far as exceeding, be refunded. Under the conditions set forth in § 94(5) of the Austrian Income Tax Act withholding tax is not levied in the first place. Losses from the alienation of the Notes can be offset against other income.

Pursuant to § 13(3)(1) in connection with § 22(2) of the Austrian Corporate Income Tax Act, private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in § 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as non-business assets are subject to interim taxation at a rate of 25 per cent. on interest income, income from realised increases in value and income from derivatives (*inter alia*, if the latter are in the form of securities). Pursuant to the Austrian tax authorities' view, the acquisition costs must not include ancillary acquisition costs. Expenses such as bank charges and custody fees must not be deducted (§ 12(2) of the Austrian Corporate Income Tax Act). Interim tax does generally not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. In case of investment income from the Notes with an Austrian nexus for withholding tax purposes, the income is in general subject to withholding tax at a flat rate of 27.5 per cent. However, pursuant to § 93(1a) of the Austrian Income Tax Act, a 25 per cent. rate may be applied by the withholding agent if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the corporate income tax falling due and, as far as exceeding, be refunded. Under the conditions set forth in § 94(12) of the Austrian Income Tax Act withholding tax is not levied.

Individuals and corporations subject to limited (corporate) income tax liability in Austria are taxable on income from the Notes if they have a permanent establishment (*Betriebsstätte*) in Austria and the Notes are attributable to such permanent establishment (cf. § 98(1)(3) of the Austrian Income Tax Act, § 21(1)(1) of the Austrian Corporate Income Tax Act). In addition, individuals subject to limited income tax liability in Austria not having such permanent establishment in Austria are also taxable on interest in the meaning of § 27(2)(2) of the Austrian Income Tax Act and accrued interest (including from zero coupon bonds) in the meaning of § 27(6)(5) of the Austrian Income Tax Act from the Notes if the (accrued) interest has an Austrian nexus and if withholding tax is levied on such (accrued) interest. This does not apply to individuals being resident in a state with which automatic exchange of information exists (which fact must be proven by provision of a certificate of residence to the withholding agent on the form IS-QU1, "*Declaration by individuals for the purpose of unilateral tax relief at source*"). Interest with such Austrian nexus is interest the debtor of which has its place of management and/or its legal seat in Austria or is an Austrian branch of a non-Austrian credit institution; accrued interest with such Austrian nexus is accrued interest from securities issued by an Austrian issuer (§ 98(1)(5)(b) of the Austrian Income Tax Act). Under applicable double taxation treaties, relief from Austrian income tax might be available. However, Austrian credit institutions must not provide for such relief at source; instead, the investor may file an application for repayment of tax with the competent Austrian tax office.

If the Notes were not legally or factually offered to an indefinite number of persons in the sense of § 27a(2)(2) of the Austrian Income Tax Act, then tax consequences deviating from those outlined above would apply: Regarding individuals holding the Notes, no withholding tax would be deducted and the special tax rate of 27.5 per cent. would not apply; rather, investment income from the Notes would have to be included in the investor's income tax return and would be subject to

the progressive income tax rate of up to 55 per cent. Also in the case of corporations and private foundations holding the Notes no withholding tax would be deducted and income would be subject to corporate income tax.

### ***Inheritance and gift taxation***

Austria does not levy inheritance or gift tax.

Certain gratuitous transfers of assets to private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Transfer Tax Act (*Stiftungseingangssteuergesetz*) if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat and/or their place of management in Austria. Certain exemptions apply in cases of transfers mortis causa of financial assets within the meaning of § 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate generally is 2.5 per cent., with higher rates applying in special cases.

In addition, there is a special notification obligation for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles if the donor and/or the donee have a domicile, their habitual abode, their legal seat and/or their place of management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Transfer Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may trigger fines of up to 10 per cent. of the fair market value of the assets transferred.

Further, gratuitous transfers of the Notes may trigger income tax at the level of the transferor pursuant to § 27(6)(1) and (2) of the Austrian Income Tax Act (see above).



## SUBSCRIPTION AND SALE OF THE NOTES

### General

Pursuant to a subscription agreement dated 27 July 2020 (the "**Subscription Agreement**") among the Issuer and Barclays Bank Ireland PLC, Goldman Sachs International, J.P. Morgan Securities plc, Raiffeisen Bank International AG (acting as manager) and UBS Europe SE (the "**Joint Lead Managers**"), the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed, subject to certain customary closing conditions, to purchase, the Notes on 29 July 2020. The Issuer has furthermore agreed to pay certain fees to the Joint Lead Managers and to reimburse the Joint Lead Managers for certain expenses incurred in connection with the issue of the Notes.

The Subscription Agreement provides that the Joint Lead Managers under certain circumstances will be entitled to terminate the Subscription Agreement. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

The Joint Lead Managers or their respective affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Joint Lead Managers or their respective affiliates have received or will receive customary fees and commissions. In addition, the Joint Lead Managers or their respective affiliates may be involved in financing initiatives relating to the Issuer. Furthermore, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Joint Lead Managers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### Selling Restrictions

#### *General*

Each Joint Lead Manager has acknowledged that other than explicitly mentioned in this Prospectus no action is taken or will be taken by the Issuer in any jurisdiction that would permit a public offering of the Notes, or possession or distribution of any offering material relating to them, in any jurisdiction where action for that purpose is required.

Each Joint Lead Manager has represented and agreed that it will comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes any offering material relating to them.

#### *Prohibition of Sales to EEA and UK Retail Investors*

Each Joint Lead Managers has represented and agreed that it has not offered, sold, or delivered and will not offer, sell or deliver any of the Notes directly or indirectly, or distribute this Prospectus or any other offering material relating to the Notes, (i) to any retail client in the EEA or in the UK (see "*NOTICE—RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS*").

For the purposes of this provision: the expression "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4 (1) of MiFID II; (ii) a customer within the meaning of the Insurance Distribution

Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4 (1) of MiFID II.

### ***United States of America and its territories***

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or to the account of benefit of, U.S. persons except in transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by the U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager has represented and agreed that except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver any Notes (i) as part of their distribution and any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, for the account of benefit of, U.S. persons, and will have sent to each dealer to which it sells the Notes and any related guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### ***United Kingdom***

Each Joint Lead Manager has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer, and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

### ***Singapore***

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

### ***Hong Kong***

Each Joint Lead Manager has represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia ("**Corporations Act**")) in relation to the Programme or any Notes has been or will be lodged with the Australian Securities and Investments Commission ("**ASIC**"). Each Joint Lead Manager has represented and agreed that it:

- (i) has not (directly or indirectly) offered, and will not offer for issue or sale and has not invited, and will not invite, applications for issue, or offers to purchase, the Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (ii) has not distributed or published, and will not distribute or publish, any prospectus, advertisement or other offering material relating to the Notes in Australia,

unless,

- (1) the aggregate consideration payable by each offeree or invitee is at least AUD 500,000 (or its equivalent in other currencies, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act,
- (2) the offer or invitation is not made to a person who is a “retail client” within the meaning of section 761G of the Corporations Act,
- (3) such action complies with all applicable laws, regulations and directives, and
- (4) such action does not require any document to be lodged with ASIC.

## Italy

No application has been or will be made by any person to obtain an authorization from Commissione Nazionale per le Società e la Borsa ("**CONSOB**") for the public offering ("**offerta al pubblico**") of the Notes in the Republic of Italy. Accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors ("*investitori qualificati*"), pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and as defined in Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time ("**Regulation No. 11971**"); or
- (ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and the relevant implementing regulations including Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made only by an investment firms ("*imprese di investimento*"), banks or financial intermediary permitted to conduct such activities in Italy in accordance with the Italian Legislative Decree no. 385 of 1 September 1993 (the "**Banking Act**") as amended, the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and any other applicable law and regulations;
- (b) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, in relation to certain reporting obligations to the Bank of Italy on the issue or the offer of securities in Italy; and
- (c) in compliance with all applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy, or any other Italian authority.

## Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in any Notes. Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and may only be offered in Switzerland pursuant to an exception from the prospectus requirements under the FinSA. No application has been or will be made to admit the Notes to trading on any trading venue (SIX Swiss Exchange Ltd. or on any other exchange or any multilateral trading facility) in Switzerland.

Neither this Prospectus, nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA or pursuant to the Swiss Code of Obligations (as in effect immediately prior to the entry into force of the FinSA) or pursuant to the listing rules of the SIX Swiss Exchange Ltd. or any other trading venue in Switzerland.

Neither this Prospectus, nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. No "*Key Information Document*" according to the FinSA or any other equivalent document under the FinSA has been prepared in relation to the Notes.

## GENERAL INFORMATION

1. **Authorisations:** The creation and issue of the Notes is covered by the approval of an annual funding plan by the Issuer's Board of Management (reflected in approvals dated 18 November 2019 and 23 June 2020) and by the Supervisory Board (dated 10 December 2019) determining the total annual issuance volume and has been authorised by a resolution of the Board of Management of the Issuer on 14 July 2020.
3. **Legal Entity Identifier:** The legal entity identifier (LEI) of the Issuer is: 9ZHRYM6F437SQJ6OUG95.
4. **Expenses related to Admission to Trading:** The total expenses related to the admission to trading of the Notes are expected to amount to approximately EUR 15,000.
5. **Clearing Systems:** Payments and transfers of the Notes will be settled through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium and Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

The Notes have the following securities codes:

ISIN: XS2207857421

Common Code: 220785742

German Securities Code (WKN): A280C0

6. **Listing and Admission to Trading:** Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market (which is a regulated market for the purposes of MiFID II) and to be listed on the Official List of the Luxembourg Stock Exchange on or around the Issue Date.
7. **Documents on Display:** Electronic versions of the following documents are available on the Issuer's website (<https://www.rbinternational.com>):
  - (a) the articles of association of the Issuer are available under on the Issuer's website under: <https://www.rbinternational.com/en/investors/corporate-governance.html>; and
  - (b) the documents incorporated by reference into this Prospectus (accessed by using the hyperlinks set out in the section "*Documents Incorporated by Reference*" below).

This Prospectus and any supplement to this Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

8. **Third Party Information:** With respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted the omission of which would render the reproduced information inaccurate or misleading and (ii) neither the Issuer nor any Joint Lead Manager has independently verified any such information and neither the Issuer nor any Joint Lead Manager accepts any responsibility for the accuracy thereof.
9. **Yield:** For the investors, the yield of the Notes until the First Reset Date is 6.092 per cent. *per annum*, calculated on the basis of the Issue Price. Such yield is calculated in accordance with the ICMA (International Capital Markets Association) Method. The ICMA method determines the effective interest rate on Notes by taking into account accrued interest on a daily basis.

The yield of the Notes for the period after the First Reset Date cannot be determined as of the date of this Prospectus.

10. **Ratings of the Notes:**

The Notes are expected to be rated "BB+"<sup>6</sup> by S&P.

Standard & Poor's Global Ratings Europe Limited (Niederlassung Deutschland), Bockenheimer Landstraße 2, 60306 Frankfurt am Main, Germany, is established in the European Union, are registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**") and is included in the list of credit rating agencies registered in accordance with the CRA Regulation published by the European Securities and Markets Authority ("**ESMA**") on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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<sup>6</sup> S&P defines "BB" as follows: "An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation". S&P assigns long-term credit ratings on a scale from AAA (best quality, lowest risk of default), AA, A, BBB, BB, B, CCC, CC, C, SD to D (highest risk of default). The ratings from AA to CCC may be modified by the addition of a "+" or "-" to show the relative standing within the major rating categories

## DOCUMENTS INCORPORATED BY REFERENCE

The specified pages of the following documents which have been previously published or are simultaneously published with this Prospectus and which have been filed with the CSSF are incorporated by reference into and form part of this Prospectus.

Any information not incorporated by reference into this Prospectus but contained in one of the documents mentioned as source documents in the cross-reference list below is either not relevant for the investor or covered in another part of this Prospectus.

In the information extracted from RBI's financial reports which have been incorporated by reference pursuant to the subsections below,

- (i) the terms "Raiffeisen Bank International (RBI)" or "RBI" refer to "RBI Group" as defined in this Prospectus; and
- (ii) the term "RBI AG" refers to the "Issuer" or "RBI" as defined in this Prospectus.

(1) **Translation of the Unaudited Interim Consolidated Financial Statements of RBI for the three Months ended 31 March 2020**

**Extracted from RBI's First Quarter Report as of 31 March 2020**

Statement of comprehensive income .....	pages 39-40
Statement of financial position .....	page 41
Statement of changes in equity .....	page 42
Statement of cash flows .....	pages 43-44
Segment reporting.....	page 45-49
Notes .....	page 50-131

(2) **Translations of the Audited Consolidated Financial Statements of RBI for the Fiscal Year 2019 and of the Auditor's Report**

**Extracted from RBI's Annual Report 2019**

Statement of comprehensive income .....	page 89-90
Statement of financial position .....	page 91
Statement of changes in equity .....	page 92
Statement of cash flows .....	pages 93-94
Segment reporting.....	page 95-101
Notes .....	pages 102-274
Audit report .....	pages 276-281

(3) **Translations of the audited consolidated financial statements of RBI for the fiscal year 2018 and of the auditor's report**

**Extracted from RBI's Annual Report 2018**

Statement of comprehensive income .....	page 87-89
Statement of financial position .....	page 90
Statement of changes in equity .....	page 91-92
Statement of cash flows .....	pages 93-94
Segment reporting.....	page 95-101
Notes .....	pages 102-267
Audit report .....	pages 268-273
Alternative Performance Measures.....	page 278-279

RBI is responsible for the non-binding English language convenience translation of all financial information incorporated by reference as well as any related auditor's reports.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer and the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

Electronic versions of the documents incorporated by reference are also available on the website of the Issuer (<https://www.rbinternational.com/en/investors.html>) and can be accessed by using the following hyperlinks:

**(1) RBI's First Quarter Report as of 31 March 2020:**

<http://qr012020.rbinternational.com/>

**(2) RBI's Annual Report 2019:**

<http://ar2019.rbinternational.com/>

**(3) RBI's Annual Report 2018:**

<http://ar2018.rbinternational.com/>



## GLOSSARY AND LIST OF ABBREVIATIONS

For ease of reference, the glossary and list of abbreviations below sets out certain abbreviations and meanings of certain terms used in this Prospectus (other than in the section "*Terms and Conditions of the Notes*"), but it does not include all definitions. Readers of the Prospectus should always have regard to the full description of a term contained in this Prospectus.

For the avoidance of doubt, any abbreviation of (and reference to) any legal acts set out below also include the relevant legal acts as amended or superseded from time to time.

<b>AktG</b>	means the Austrian Stock Corporation Act ( <i>Aktiengesetz – AktG</i> ).
<b>APM</b>	means Alternative Performance Measures.
<b>Articles of Association</b>	means the articles of association ( <i>Satzung</i> ) of the Issuer.
<b>AT 1</b>	means Additional Tier 1 pursuant to the relevant provisions in the CRR.
<b>Austria</b>	means the Republic of Austria.
<b>Banking Union</b>	means a system for the supervision and resolution of credit institutions established in the participating countries (including the Issuer) on an EU level which is based on EU wide rules which (currently) has two pillars, i.e. the SSM and the SRM.
<b>BaSAG</b>	means the Austrian Recovery and Resolution Act ( <i>Sanierungs- und Abwicklungsgesetz – BaSAG</i> ).
<b>BCBS</b>	means the Basel Committee on Banking Supervision.
<b>BörseG 2018</b>	means the Austrian Stock Exchange Act 2018 ( <i>Börsegesetz 2018 – BörseG 2018</i> ).
<b>BRRD</b>	means the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council ( <i>Bank Recovery and Resolution Directive</i> ).
<b>BWG</b>	means the Austrian Banking Act ( <i>Bankwesengesetz – BWG</i> ).
<b>CEE</b>	means Central and Eastern Europe including Southeastern Europe.
<b>CET 1</b>	means Common Equity Tier 1 pursuant to the relevant provisions in the CRR.
<b>CHF</b>	means Swiss francs.
<b>CRA Regulation</b>	means the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies ( <i>Credit Rating Agencies Regulation</i> ).
<b>CRD IV</b>	means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC ( <i>Capital Requirements Directive IV</i> ).

<b>CRR</b>	means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 ( <i>Capital Requirements Regulation</i> ).
<b>CSSF</b>	means the <i>Commission de Surveillance du Secteur Financier</i> .
<b>CZK</b>	means Czech koruna.
<b>EBA</b>	means the European Banking Authority.
<b>ECB</b>	means the European Central Bank.
<b>ESAEG</b>	means the Austrian Deposit Guarantee and Investor Protection Act ( <i>Einlagensicherungs- und Anlegerentschädigungsgesetz – ESAEG</i> ).
<b>ESMA</b>	means the European Securities and Markets Authority.
<b>EU Banking Package</b>	means a legislative package for amendments of certain EU legal acts regarding the Banking Union i.e. the CRR, the CRD IV, the BRRD and the SRMR of 20 May 2019 (often also named as "CRR 2", "CRD V", "BRRD II" and "SRMR 2").
<b>EUR</b>	means Euro.
<b>FATCA</b>	means Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended, and the U.S. Treasury regulatory and other administrative guidance promulgation thereunder, the provisions commonly referred to as the U.S. Foreign Account Tax Compliance Act or FATCA.
<b>FBSchVG</b>	means the Austrian Act on Covered Bank Bonds ( <i>Gesetz betreffend fundierte Bankschuldverschreibungen – FBSchVG</i> ).
<b>Federal IPS</b>	means the federal IPS within the Raiffeisen Banking Sector, currently consisting of RBI, all Raiffeisen Regional Banks, RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung, Posojilnica Bank eGen, Raiffeisen Wohnbaubank Aktiengesellschaft and Raiffeisen Bausparkasse Gesellschaft m.b.H.
<b>FMA</b>	means the Austrian Financial Market Authority ( <i>Finanzmarktaufsichtsbehörde – FMA</i> ).
<b>FMSG</b>	means the Austrian Financial Market Stability Board ( <i>Finanzmarktstabilitätsgremium – FMSG</i> ).
<b>FX</b>	means foreign currency.
<b>GDP</b>	means gross domestic product.
<b>Germany</b>	means the Federal Republic of Germany.
<b>HRK</b>	means Croatian kuna.
<b>IFRS</b>	means the International Financial Reporting Standards as adopted by the European Union.
<b>IPS</b>	means an institutional protection scheme within the meaning of Article 113(7) CRR.

<b>Issuer</b>	means the Raiffeisen Bank International AG, also referred to as "RBI".
<b>IT</b>	means information technology.
<b>Luxembourg Prospectus Law</b>	means the Luxembourg act relating to prospectuses for securities dated 16 July 2019 ( <i>Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en oeuvre du règlement (UE) 2017/1129</i> ).
<b>KPMG</b>	means KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.
<b>Management Board</b>	means the management board ( <i>Vorstand</i> ) of the Issuer.
<b>Member States</b>	means the Member States of the European Economic Area (excluding the United Kingdom).
<b>Merger 2010</b>	means the 2010 spin-off and merger of major parts of RZB's banking business with Raiffeisen International Bank-Holding AG described in section 1.1 under " <i>Description of the Issuer</i> ".
<b>Merger 2017</b>	means the merger of RBI with its parent company RZB in March 2017.
<b>Moody's</b>	means Moody's Investor Service.
<b>MREL</b>	means the minimum requirement for own funds and eligible liabilities.
<b>Network Banks</b>	means a network of majority owned (non-Austrian) subsidiary banks of RBI through which RBI operates in CEE.
<b>Notes</b>	EUR 500,000,000 Fixed to Reset Rate Additional Tier 1 Notes of 2020 with a First Reset Date on 15 December 2026
<b>NPL</b>	means non-performing loans.
<b>ÖRV</b>	means the Österreichischer Raiffeisenverband.
<b>P2G</b>	means Pillar 2 guidance.
<b>P2R</b>	means Pillar 2 requirement.
<b>Prospectus</b>	means this document, a prospectus within the meaning of Article 6.3 of Regulation (EU) No 2017/1129.
<b>Prospectus Regulation</b>	means the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
<b>Raiffeisen Regional Banks</b>	means the banks listed in in the section " <i>Description of the Issuer</i> " under " <i>3.1 RBI is part of the Raiffeisen Banking Sector</i> " currently holding approximately 58.8 per cent. of RBI's share capital.
<b>Raiffeisen Banking Sector</b>	means RBI, Raiffeisen Regional Banks and Raiffeisen Banks, as well as most of their subsidiaries, which are also jointly referred to and commonly known as "Raiffeisen Banking Group Austria" ( <i>Raiffeisen Bankengruppe Österreich</i> ).
<b>Raiffeisen Banks</b>	means the Austrian Raiffeisen banks described in the section " <i>Description of the Issuer</i> " under " <i>3.1 RBI is part of the Raiffeisen Banking Sector</i> ".

<b>RBI</b>	means the Issuer. For the avoidance of doubt, all references in this Prospectus to "RBI" and the "Issuer" relating to periods prior to 18 March 2017 are references to RBI prior to the Merger 2017.
<b>RBI Group</b>	means the Issuer and its fully consolidated subsidiaries taken as a whole. For the avoidance of doubt, all references in this Prospectus to "RBI Group" relating to periods prior to 18 March 2017 are references to RBI and its fully consolidated subsidiaries taken as a whole prior to the Merger 2017.
<b>RBI Regulatory Group</b>	means, from time to time, any banking group: (i) to which the Issuer belongs; and (ii) to which the own funds requirements pursuant to Parts Two and Three of the CRR on a consolidated basis due to prudential consolidation in accordance with Part One, Title Two, Chapter Two of the CRR apply.
<b>RBI Resolution Group Austria</b>	means, from time to time, RBI and certain fully consolidated (direct and indirect) subsidiaries of RBI, namely: (i) all (direct and indirect) Austrian subsidiaries of RBI; (ii) all (direct) non-Austrian subsidiaries of RBI which are not a credit institution; and (iii) all (direct and indirect) subsidiaries of such RBI subsidiaries mentioned in items (i) and (ii).
<b>RBPL</b>	means Raiffeisen Bank Polska S.A., Poland.
<b>Regional IPS</b>	means any regional IPS within the Raiffeisen Banking Sector.  Currently, there are six Regional IPS formed by the respective Raiffeisen Regional Bank (Burgenland, Lower Austria, Styria, Tyrol, Upper Austria and Vorarlberg) and its local Raiffeisen Banks as members. As of the date of this Prospectus, there is no Regional IPS in Salzburg and Carinthia.
<b>Resolution Authority</b>	means the resolution authority pursuant to Article 4(1)(130) CRR and/or Article 7(1) SRMR which is responsible for recovery or resolution of the Issuer on an individual and/or consolidated basis.
<b>RKÖ</b>	means the nationwide voluntary Raiffeisen customer guarantee scheme ( <i>Raiffeisen-Kundengarantiegemeinschaft Österreich (RKÖ)</i> ).
<b>RWA</b>	means risk weighted assets.
<b>RZB</b>	means Raiffeisen Zentralbank Österreich Aktiengesellschaft. For the avoidance of doubt, all references in this Prospectus to "RZB" relating to periods prior to 18 March 2017 are references to RZB prior to the Merger 2017.
<b>Slovakia</b>	means the Slovak Republic.
<b>SRB</b>	means the Single Resolution Board.
<b>SREP</b>	means the Supervisory Review and Evaluation Process.
<b>SRF</b>	means the Single Resolution Fund.
<b>SRM</b>	means the Single Resolution Mechanism.

<b>SRMR</b>	means the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010 ( <i>Single Resolution Mechanism Regulation</i> ).
<b>SSM</b>	means the Single Supervisory Mechanism.
<b>S&amp;P</b>	means Standard & Poor's Credit Market Services Europe Limited.
<b>Supervisory Board</b>	means the supervisory board ( <i>Aufsichtsrat</i> ) of the Issuer.
<b>Tatra banka</b>	means Tatra banka, a.s., Slovakia.
<b>Tier 2</b>	means Tier 2 pursuant to the relevant provisions in the CRR.
<b>TLOF</b>	means the total liabilities and own funds.
<b>TREA</b>	means the total risk exposure amount.
<b>ÜbG</b>	means the Austrian Takeover Act ( <i>Übernahmegesetz – ÜbG</i> ).
<b>UGB</b>	means the Austrian Enterprise Code ( <i>Unternehmensgesetzbuch – UGB</i> ).
<b>USD</b>	means US dollar.
<b>WAG 2018</b>	means the Austrian Securities Supervision Act 2018 ( <i>Wertpapieraufsichtsgesetz 2018 – WAG 2018</i> ).

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