Express Certificates

With regard to Express Certificates, there are several opportunities for early redemption at a predefined payout price during the term. The underlying asset must be quoted at or above the fixed payout level on the reference date.

If the underlying is quoted below the defined payout level, the term is extended by a further period and the possible payout price increases.

Classification by Zertifikate Forum Austria:
Investment Products without Capital Protection

- The **underlying** of an Express Certificate is usually a share or an index.
- The **term** of an Express Certificate is made up of several maturity periods, usually annual periods. The minimum term is the time until the first periodic (usually: annual) valuation date and the maximum term extends up to the last valuation date (or the respective redemption date) of the certificate.
- The **termination level** is the price threshold that is decisive for (early) redemption: if the price of the underlying closes at or above the payout level on a valuation date, the term ends early and redemption takes place.
- The **termination amount** is the amount at which the express certificate is repaid on the respective (early) redemption date.
- The **barrier** is the price threshold of the underlying that should neither be touched nor undercut. In the case of our Express Certificates, the barrier is only compared with the closing price of the underlying on the last valuation date. If the barrier is violated on the reference date, redemption is made on the regular valuation date.

Do you want to reach your goal earlier? The combination of interesting returns in stable market phases with the chance of early redemption is the special feature of Express certificates.

The price of the Express Certificate is calculated one-to-one according to the performance of the underlying or by delivering shares („physical delivery") and is therefore lower than the nominal value invested. Disproportionate price movements of the certificate may also occur close to the barrier during the term.

Express Certificates
Reach Your Target by Express

The Idea Behind

The wish of many investors is: short term, attractive returns. Investors can achieve this goal with Express Certificates. A sideways or slightly rising underlying price is sufficient for early redemption with an attractive yield. In addition, Express Certificates with an additional safety mechanism at maturity (barrier) - this creates partial protection for the capital invested.

The Express Certificate is therefore suitable for investors who assume a stable or slightly rising market phase. If the expected market scenario materialises, the investor will quickly have the invested capital available again due to the early redemption. At the same time, a solid return could be achieved during the sideways phase. A variant of Express Certificates are so-called step-down Express Certificates. These allow attractive returns even if the underlying price falls slightly.

Basic Functionality

In the case of an Express Certificate, the certificate is issued at the beginning of the term, on the first valuation date, the closing price of the underlying is set as the starting value and the barrier is determined. The so-called payout level is also fixed, which generally corresponds to the starting value. This price level is relevant for early redemption of the Express Certificate.

There are periodic valuation dates during the term. On each of these dates, the closing price of the underlying is compared with the payout level:

- If the closing price of the underlying is at or above the redemption level, the certificate is redeemed early at the payout price defined at the start of the term. The term of the certificate therefore ends early.

Express Certificates are especially suitable for the following market development of the underlying:

↓	↘	→	↗	↑
~~declining~~	slightly declining[1]	sideways trending	slightly rising	~~rising~~

1 ... see product variant Step-Down Express Certificate

- If the underlying quotes below the termination level, the term is automatically extended by a further period, for example a further year, whereby the possible payout price - and the associated earnings opportunity - increases in each case (e.g. 1st year 10%, 2nd year 20%, 3rd year 30%, ...). This means that the longer the term, the higher the corresponding payout price.

Provided that the certificate was not redeemed prior to maturity and the underlying quotes below the termination level at the final valuation date, an additional safety mechanism applies: the barrier. At the final valuation date the underlying's closing price is compared to the barrier:

- If the underlying is priced above the barrier, the nominal value is repaid at 100% on the redemption date.

- If the price of the underlying is at or below the barrier, the redemption is made according to the performance of the underlying (percentage performance of the underlying from the starting value to the closing price on the last valuation date). If the underlying is a share, the redemption is usually made as a share delivery. In both cases, this results in a loss for the investor.

  Further information on share delivery is explained in example 2.

Example 1: **Express Certificate on an Index**

Ben invests 1,000 euros in an Express Certificate with the following key figures:

Underlying		XY index
Term of the Express Certificate		1 to 5 years
Issue price		100%
Starting value = closing price of the index		3,000 points
Barrier		60% (corresponds to 1,800 points)
Valuation days		annually
Term	**Payout level**	**Payout price**
1st year	100%	107%
2nd year	100%	114%
3rd year	100%	121%
4th year	100%	128%
5th year	100%	135%

The minimum term of the certificate is one year, the maximum term is five years. The potential return is between 7% and 35%. The payout level of 100% is constant over the term. This means: In order to trigger an (early) redemption in the amount of the respective payout price, the index must be unchanged or have risen compared to the starting value on one of the annual valuation days.

Assumption 1A: The term ends EARLY, after two years.

→ After one year, the index stands at 2,880 index points. The index is therefore below the payout level. This extends the term by a further year.

→ After two years, the index stands at 3,045 index points. The index is therefore quoted above the termination level. Early redemption takes place:

Ben receives on the early redemption date 1,140 euros paid out.

→ The return achieved - based on the issue price - corresponds to 14% in two years.

Assumption 1B: The REGULAR end of the term of five years is reached.

→ On the first, second, third and fourth annual valuation date, the index is quoted below the payout level. The certificate therefore runs until the fifth and last valuation date.

→ On the fifth and final valuation day, the index closing price is again compared with the payout level, whereby one of the following scenarios occurs:

- **Scenario 1:** Index quotes AT/ABOVE the termination level of 3,000 points
  → The redemption is made in the amount of 135%, which means a 35% return in five years.
  Ben receives a payout in the amount of 1,350 euros.

- **Scenario 2:** Index quotes BELOW the payout level of 3,000 points
  → The index closing price is also compared with the barrier.

  2A: Index closing price ABOVE the barrier
  → The Express Certificate is redeemed at the nominal value of EUR 1,000.
  Ben generates neither income nor loss.

  2B: Index closing price UP/ DOWN the barrier
  → Payment on the redemption date is made in accordance with the index performance.
  For example, Ben receives:

Index level	≙ Performance	Redemption
1,800 points	- 40%	EUR 600
1,500 points	- 50%	EUR 500
900 points	- 70%	EUR 300

Example 2: **Physical Delivery of Shares**

Underlying	XZ shares
Term of the Express Certificate	1 to 5 years
Nominal value	EUR 1,000
Starting value = closing price of the share	EUR 20
Termination level	100% of the starting value = EUR 20
Barrier	60% f the starting value = EUR 12
Valuation dates	annuanlly

Nominal value / Starting value = Number of shares
EUR 1,000 / EUR 20 = 50 shares

If a physical delivery of shares occurs at the end of the term, this corresponds to 50 XZ shares per EUR 1,000 nominal value.

Assuming that the share is quoted below the payout level of EUR 20 on the first, second, third and fourth valuation date and the closing price on the fifth and last valuation date ...

- ... is at EUR 14 - and thus ABOVE the barrier:
  → The redemption of the Express Certificate is paid back at the nominal value of EUR 1,000.
- ... is at EUR 11 - and therefore BELOW the barrier:
  → For each nominal value, 50 XZ shares are booked into the securities deposit of the investors

What is Share Delivery?

Express Certificates from Raiffeisen with shares as the underlying usually structured with physical delivery of the shares. This means certificate investors become shareholders in the following scenarios:

If no early redemption has occured and the underlying share is quoted at or below the barrier on the last valuation day, investors receive shares booked into the securities deposit.

The potential number of shares is already determined at the beginning of the term of the Express Certificate:

Number of shares = nominal value / starting value

In practice, this usually does not result in whole numbers of shares, but only whole shares are tradable. Therefore, the market value of the fraction exceeding this is paid out:

Cash settlement =
Fraction x closing share price on the last valuation day

The value oft he shares delivered will be less than the nominal value of the Express Certificate.

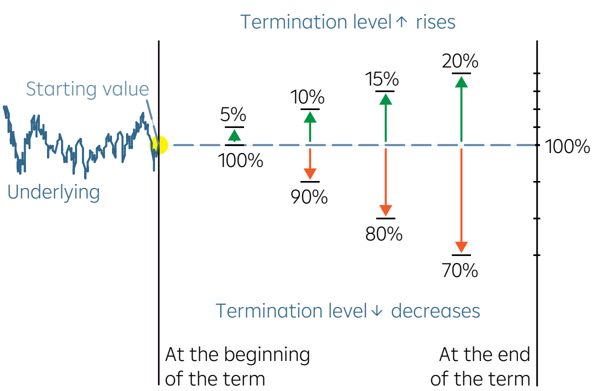
Product Version

- **Step-Down Express Certificate**

In the case of the Step-Down Express Certificate, the payout level defined at the beginning of the term is not constant, but decreases with each further term period.

This makes Express Certificates of this type attractive even for moderately falling market phases. The increase in the payout price also occurs per maturity period, but not to the same extent as with the "normal" Express Certificate. Investors accept a somewhat lower yield opportunity with the higher probability of early redemption.

Step-Down Express Certificate

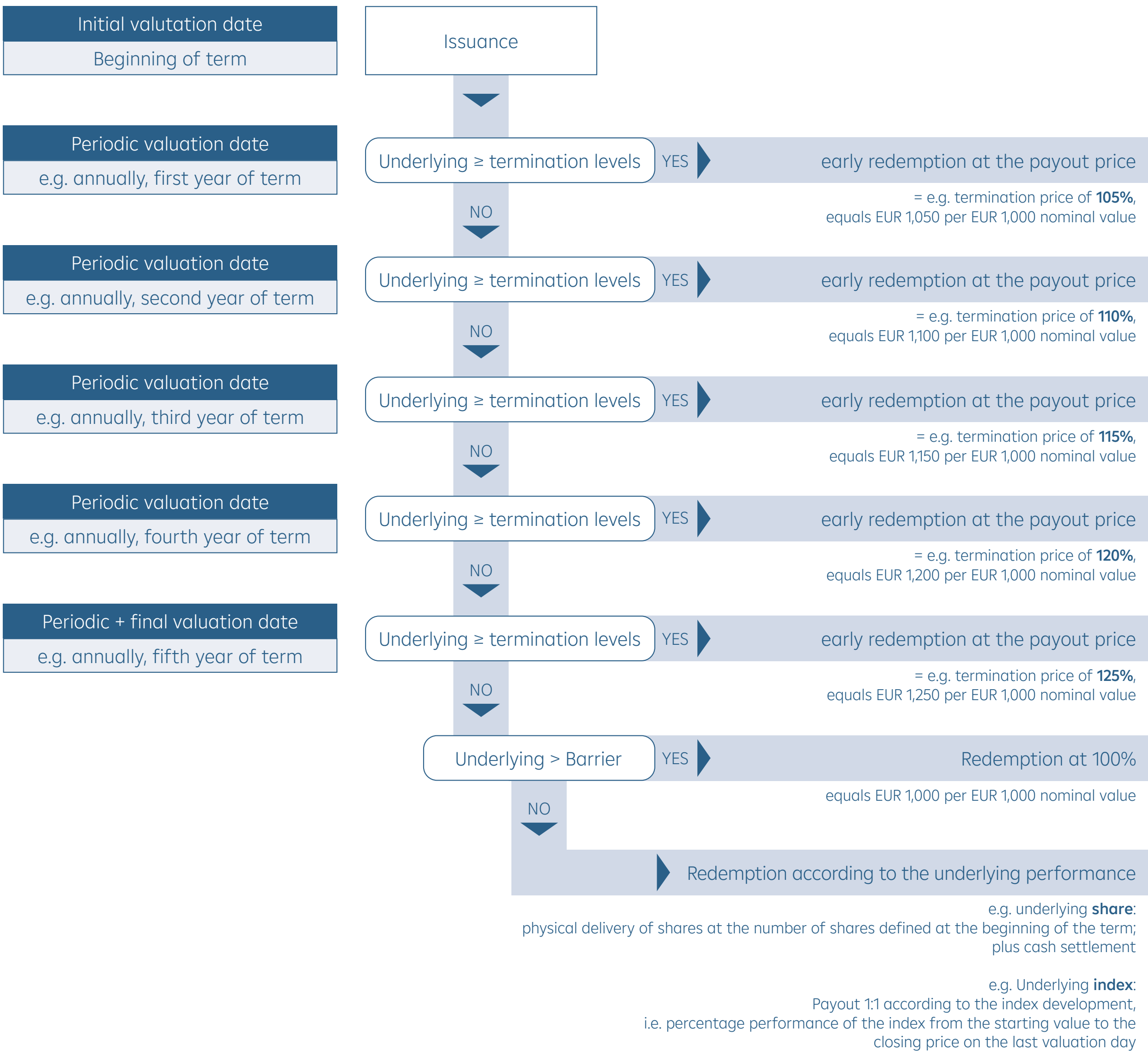


Express Certificates over Time

The following illustration shows possible scenarios during the term of an Express Certificate.

Assumptions – as exemplary features for the Express Certificate are assumed:

- Term at least 1 to maximum 5 years
- Starting value closing share price on the first valuation day = 100
- Payout level 100%, Annual valuation days
- Barrier 60% of the start value, observation only at the end of the term



- **What Should You Pay Attention to with All Certificate Types?**

Issuer Risk:
As a bearer bond, a certificate is not subject to Austria's deposit protection. If, in the event of insolvency, the issuer is unable to meet its obligations from the certificate, or is only able to meet them in part, certificate holders may lose a substantial part of the capital invested, or even a total loss. This risk is often also referred to as "issuer risk" or "creditworthiness risk".

Possibility of Bail-in:
The Federal Act on the Recovery and Resolution of Banks ("BaSAG") applies. The BaSAG regulates the possibility of the regulatory resolution of banks that have run into difficulties. Holders of certificates may be affected by such a regulatory measure with their claims to payment(s) (the so-called "bail-in"), and this may result in the loss of a substantial part of the invested capital or even a total loss for all types of certificates.

What You Should Concider Before the Purchase of Express Certificates:

- **Market risk:** The value of the Express Certificate depends on the value of the underlying asset. Unfavourable developments of the underlying can therefore cause fluctuations in the value of the Express Certificate. This can lead to the loss of part of the invested capital or even to a total loss.

- **Barrier event:** If the barrier of the Express Certificate is touched or undercut on the last valuation date, the protection mechanism is suspended. In this case, the investor(s) is/are exposed to the market risk on a 1:1 basis and a substantial loss of capital is possible. Redemption at the end of the term is then usually 1:1 to the underlying performance, or in the case of Express Certificates on individual shares, in the form of physical delivery of shares. The market value of delivered shares will be below the nominal value of the certificate.

- **Price performance:** The price of the Express Certificate depends on several influencing factors during the term and does not exclusively follow the performance of the underlying. Such influencing factors are, for example, volatility (intensity of value fluctuations), the interest rate level or the remaining term, as well as the credit rating of the issuer. If the Express Certificate is sold before the end of the term, this can lead to the loss of part of the capital invested or even to a total loss.

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- **Currency risk:** If the underlying asset is quoted in a different currency than the Express Certificate and the product does not provide for currency hedging, developments in the exchange rate during the term of the Express Certificate will also have an impact on the value of the certificate. This can additionally increase the loss from the Express Certificate due to the market risk.

- **Payouts of the underlying:** Dividends and comparable claims from the ownership of the underlying are taken into account in the certificate's structure and are not paid out.

Please also note our comprehensive information on our website raiffeisencertificates.com/kundeninformation and raiffeisencertificates.com/basag.

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Under certain circumstances the issuer is authorized to redeem the certificates prior to the agreed repayment date.

Issuer Risk/Creditor Participation ("bail-in"): Any payments during or at the end of the term of the certificates depend on the solvency of the issuer ("issuer risk"). Investors are therefore exposed to the risk that Raiffeisen Bank International AG might be unable to fulfil its payment obligations in respect of the described financial instrument such as in the event of insolvency ("issuer risk") or an official directive ("bail-in"). The resolution authority may also issue such an order before any insolvency proceedings if the issuer is judged to be in crisis. Under these circumstances the resolution authority has wide-ranging powers to take action (so-called "bail-in instruments"). For example, it can reduce the claims of investors in respect of the described financial instruments to zero, terminate the described financial instruments, or convert them into shares of the issuer and suspend investors' rights. More detailed information is available at raiffeisencertificates.com/basag. Further important risk information - see base prospectus.

The information presented does not constitute binding tax advice. Tax treatment of investments is dependent on the personal situation of the investor and may be subject to change. As regards tax treatment and impact on the investor's individual tax situation, the investor is advised to consult with a tax advisor.

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