

General Information on Transactions in Financial Instruments

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Raiffeisen Bank International AG ("RBI")

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This document serves the purpose of providing general information on circumstances that may be relevant with respect to investment services provided to clients by RBI. Additional information shall be provided to clients if necessary or upon the client's request.

The current valid version of the client information "General Information on Transactions in Financial Instruments" can be found at

<https://www.rbinternational.com/en/raiffeisen/legal/business-terms.html>.

1. Information on RBI

1.1 License

RBI is fully licensed to provide banking services, including investment services for its clients. The competent regulatory authority is the Austrian Financial Market Authority ("FMA"), Otto-Wagner-Platz 5, A-1090 Vienna, as well as the Austrian National Bank, Otto-Wagner-Platz 3, A-1090 Vienna. The scope of RBI's licenses can be retrieved from the company database maintained by FMA.

In addition, RBI is subject to the supervision of the European Central Bank ("ECB") Sonnemannstrasse 22, D-60314 Frankfurt am Main, within the scope of the Single Supervisory Mechanism ("SSM") which consists of ECB and the national competent authorities (Regulation (EU) No 1024/2013 – "SSM Regulation").

1.2 Communication between RBI and clients

RBI uses the German and English languages when communicating with its clients. Besides personal meetings with RBI staff during the usual business hours, the communication channels set out above are available to clients, except where particular means of communication have been agreed with or communicated to the clients. The means of communication available for the purpose of acceptance and transmission of orders are set out in RBI's Order Execution Policy, which is available on the RBI website at

<https://www.rbinternational.com/en/raiffeisen/legal/business-terms.html>. Legally relevant

communication between RBI and its customers will generally be in writing (thus without the use of electronic means of communication).

RBI generally fulfils its information obligations in connection with investment services and auxiliary services towards clients electronically. Clients who are classified as retail clients by RBI have the option of receiving information in paper form and free of charge upon request. Reports on services provided and statements on executed transactions with financial instruments shall be sent at least quarterly at the end of each quarter to the extent required by law, and statements of securities held in custody for the client shall be made available to the client in accordance with the provisions of the respective custody account agreement.

Settlements/confirmations of transactions in financial instruments shall be made available to the client by the means agreed with the client at the latest on the first business day following the execution of the client's order or upon receipt of a confirmation from a third party with whom the order has been executed. For information on costs and fees, see point 7.2

Due to mandatory legal requirements of the WAG, telephone conversations and electronic communications (e.g. via e-mail or chats) between RBI and its clients that lead or may lead to transactions in connection with financial instruments are recorded and kept for a period of five years (or seven years if ordered by the responsible authority). Copies of these recordings will be provided upon request. The client explicitly agrees that these records may be used as evidence in any civil litigation between the client and RBI or in connection with the initiation of any regulatory proceedings in connection with a transaction.

2. Client classification

RBI is required to classify its clients in connection with transactions in financial instruments as either retail clients, professional clients or eligible counterparties. The classification is based on the information available to RBI and is brought to the attention of the client in due course.

All clients who are not professional clients or eligible counterparties are classified as retail clients. Depending on the client category, the client is entitled to a certain level of protection, in particular information and disclosure obligations. The highest level of protection applies to retail clients, the lowest to eligible counterparties. The client is entitled to request a different classification at any time. A change in the client classification also leads to a change in the level of protection.

3. Investment services and ancillary services

3.1 Advising the client on transactions with OTC derivatives

RBI offers investment advice exclusively to professional clients and eligible counterparties. After analyzing the client's needs (in particular knowledge and experience, investment objectives, risk tolerance, financial situation and sustainability preferences), a recommendation is made for suitable OTC derivatives for the purpose of risk reduction (hedging). The client's needs are stated by the client in an investor profile. In case of professional clients and eligible counterparties, RBI is entitled to assume that the client or the person acting on behalf of the client have the necessary knowledge and experience. RBI provides dependent advice in the sense that it relates to a limited product range of derivatives issued by RBI itself. The actual circumstances of the client's arrangement originating the risk which the client wishes to hedge by entering into an OTC derivative transaction can only be taken into account in the advisory process if either RBI is itself the counterparty of the client, or the client has provided RBI with sufficient information on that arrangement. Recommendations regarding derivative transactions will not take into account any investments by the client in other types of financial instruments. When providing investment advice, the duty to provide advice ends with the execution of the order. RBI does not provide any follow-up advice.

3.2 Non-advisory business

Advisory-free business is the execution of orders in financial instruments that are not based on a personal recommendation by RBI (investment advice). In the case of retail clients, RBI must check for each transaction whether the knowledge and experience required to understand the risks associated with the desired financial instrument are available (appropriateness test). Relevant is the knowledge and experience of the retail client or the person acting on behalf of the client (authorized signatory) who places the order with RBI on behalf and for the account of the client. However, no check is made as to whether the desired financial instrument corresponds to the investment objectives, financial circumstances and/or risk tolerance of the client. For professional clients and eligible counterparties, RBI is entitled to assume that the client or the person acting on behalf of the client have the necessary knowledge and experience. RBI expressly points out that a limited target market check is carried out in non-advisory business.

3.3 Execution or acceptance and transmission of client orders (execution only)

RBI offers its clients the possibility to buy and sell financial instruments on their own initiative (execution only). In the execution only business, only transactions with non-complex financial instruments can be executed. The execution of the corresponding order is carried out without an appropriateness check either by RBI, which itself acts as seller or buyer, or by RBI concluding the desired transaction for the account of the client with a third party, in which case the client must be forwarded to other involved financial intermediaries. Clients can also directly buy or sell RBI's own issuances. In this case, the transaction takes place directly against RBI's trading book. RBI expressly points out that no target market check is carried out in the execution only business.

3.4 Custody of securities and securities administration including management of the clearing account

Securities are held in custody on the basis of a brokerage agreement to be concluded with RBI. RBI keeps securities in safe custody for its customers, for which professional third-party custodians are used on a regular basis. In this context, RBI also provides related ancillary services (e.g. conversions for the purchase or sale of financial instruments listed in a foreign currency).

3.5 Investment services and ancillary services in connection with supporting ECM/DCM capital market transactions

RBI offers comprehensive services to companies and other legal entities such as legal entities under public law regarding the issuance, repurchase and exchange of financial instruments, capital structuring and sector-specific strategy. This includes advice on the issuance of financial instruments in public offerings or private placements (with or without a firm underwriting commitment), buyback and exchange offers, capital increases, support with takeover bids, acquisitions and privatizations. RBI also offers financial alternatives such as (syndicated) loans, promissory note loans and structured asset-based finance transactions.

3.6 Preparation, distribution or dissemination of securities or financial analyses

RBI prepares and distributes financial analyses on companies in Austria or in the Central and Eastern European region on specific sectors as well as macroeconomic financial analyses.

3.7 Execution of client orders

RBI has set out principles in the execution policy on how it will execute orders from its retail and professional clients in order to regularly achieve the best possible results for its clients. RBI will inform its clients with whom it has an ongoing business relationship of any material changes to the execution policy. The current version of RBI's execution policy is available on the website at <https://www.rbinternational.com/en/raiffeisen/legal/business-terms.html>.

3.8 Risk information

A general description of the financial instruments which may in principle be the subject of the services offered by RBI can be found in the brochure "Risk information on financial instruments", which is available on RBI's website at

<https://www.rbinternational.com/en/raiffeisen/legal/business-terms.html>. Additional special risk information is provided to clients as required or upon request.

4. Conflicts of interest

4.1 Guidelines for handling conflicts of interest

RBI has issued guidelines for handling conflicts of interest. These guidelines are to prevent that a conflict of interest arising between a client on the one hand and RBI or one of its employees or a company controlled by RBI or affiliated with RBI on the other hand, or also between RBI clients is detrimental to the interests of the clients. Conflicts of interest may arise out of the business activities of RBI, including where RBI:

- executes transactions in financial instruments for its own account or for the account of clients, while other clients are also active in the relevant markets at the same time.
- acts as a market maker in certain financial instruments and, in this capacity, executes transactions in these financial instruments and holds its own positions.
- enters into hedging transactions to mitigate risks arising from proprietary trading or client transactions. Hedging transactions may affect the value of financial instruments, indices or reference values.
- receives inducements from third parties or gives inducements to third parties in connection with the provision of investment services.
- pays performance-related remuneration to employees or if employees have personal relationships that could trigger conflicts of interest.
- maintains a business relationship with an issuer of financial instruments, in particular if RBI participates in the issuance of an issuer or advises on a capital market transaction.
- publishes financial analyses on issuers or financial instruments that may have an influence on the price development.
- has access to non-publicly known information about issuers or financial instruments and may not disclose such information to clients, even though such information may be relevant for business decisions of these clients.
- acts in the capacity of both manufacturer and distributor of financial instruments and pricing decisions may be influenced by these roles.

RBI has taken the following measures to identify and manage conflicts of interest:

- Prioritization of the client's interest: The client's interest is taken into account when providing investment and securities transactions. The client's interest always takes precedence over the interest of RBI and that of the employee (prioritization). If a conflict of interest cannot be prevented despite the measures taken, RBI will resolve this conflict of interest in the interest of the client. This solution can also be the disclosure of the conflict to the client or the refraining from a transaction.
- Compliance organization: RBI has established a compliance organization and appointed a compliance officer. Potential conflicts of interest are to be reported to the Compliance Officer by the business units, the Compliance Officer recognizes and deals with them, monitors the measures implemented in RBI on an ongoing basis, ensures that the investment and securities business is handled in accordance with legal regulations in the event of unavoidable conflicts of interest and reports to the Executive Board on a regular basis.
- Confidentiality areas: The establishment of confidentiality areas ensures that the disclosure of confidential information is limited to the extent necessary in the normal course of business. For example, RBI's proprietary trading is carried out separately from

client trading and financial analysts are separated from other confidentiality areas. If, in individual cases, an exchange of information between these business areas is unavoidable and could lead to a conflict of interest, this is reported to Compliance so that the appropriate measures can be taken if necessary.

- Pricing: Pricing of own products is always based on current market conditions.
- Execution policy and allocation for issues: RBI has laid down an execution policy for the execution of client orders. In the event of conflicts of interest due to scarcity (i.e. there are more client orders than can actually be fulfilled), clearly formulated principles of allocation (e.g. priority principle or allocation pro rata) are applied in accordance with the RBI guidelines established for this purpose, which prevent the unfair preferential treatment of individual clients.
- Prevention of market abuse: At RBI, all employees are subject to guidelines and standards of conduct that prevent insider trading and market manipulation (market abuse). RBI employees are trained on an ongoing basis. Furthermore, guidelines have been issued for all employees to regulate their own transactions in such a way that conflicts of interest between clients and RBI employees are avoided or resolved in the interest of the client.
- Gifts and invitations: RBI has issued internal guidelines regulating the acceptance or offering of gifts and invitations. Employees are prohibited from accepting or offering gifts or hospitality if they may lead to a conflict of interest or are inappropriate in nature.
- Financial analysis: Financial analysts are subject to specific disclosure and conduct obligations designed to provide uninfluenced and independent analysis. Financial analyses contain information on (potential) conflicts of interest.
- Product governance: RBI established a product governance process for all financial instruments manufactured and distributed by RBI. Policies and controls were issued to ensure that the pricing of such instruments is in line with their target market.

If, despite the above measures, a conflict of interest cannot be avoided, RBI will inform the client before the placing of an order either generally or with respect to a current case, so that the client can make a decision, knowing about the conflict of interest.

4.2 Detailed information

Upon request, RBI will personally provide the client with further details on the guidelines for dealing with conflicts of interest.

5. Financial and non-monetary benefits

The granting and acceptance of financial and non-financial benefits by RBI in connection with the provision of securities or ancillary services is permissible under certain circumstances. In general, RBI takes care that such benefits do not impair the best possible fulfilment of the duties towards the clients.

5.1 Granting of benefits

RBI regularly grants its distribution partners financial and non-financial benefits for the distribution of certificates and bonds issued by RBI. Non-financial benefits include, in particular, the provision of information materials and the implementation of training measures. This is intended to ensure the quality of the advice and information provided to the client by the sales partner. Financial benefits depend on the volume sold or held in custody and are granted by RBI as follows:

- Issue surcharge: in accordance with the cost disclosure of the respective financial instrument.
- Sales commission: between 0 and 4%.
- Trailer fee: between 0 and 2 % p.a.

Further, RBI regularly provides financial analyses, in particular macroeconomic analyses, and market commentaries free of charge to its clients and distributors, which are to be classified as minor non-monetary benefits.

5.2 Acceptance of benefits

RBI may receive financial and non-financial benefits from third parties. In any case, RBI will not accept benefits from third parties if this is contrary to the best possible protection of client interests.

Any financial benefits accepted by RBI are disclosed to retail and professional clients and regularly passed on to them. This includes, for example, sales commissions or trailer fees paid by fund companies. For participation in or support of capital market transactions, RBI may receive a sales commission from the issuer.

Furthermore, RBI may receive minor non-financial benefits from product and service providers. This includes, in particular, the provision of information and advertising materials as well as financial research free of charge or participation in training courses or conferences free of charge or at reduced rates (including appropriate hospitality services). If RBI receives non-monetary benefits that are not classified as minor, these are evaluated by RBI according to market-conform criteria and disclosed to the client.

6. Measures to protect client instruments and client funds

6.1 Third-party custody

Financial instruments that are to be held in safe custody by RBI for its customers are transferred to institutions ("sub-custodians") specializing in the safe custody of securities, in order to ensure the best possible protection of these securities. RBI uses only sub-custodians whose reputation and professionalism are beyond any doubt, and acts with the appropriate standard of professional care when selecting and regular monitoring the sub-custodians and the terms and conditions of the agreements concluded with them. RBI is liable to the client for any damage caused by the sub-custodian's unlawful, culpable actions or failures to act. However, if RBI clients order the safe custody of securities within the scope of their business enterprise, the liability of RBI is restricted to the careful selection of the sub-custodian. Custody within Austria and the countries of the European Economic Area is arranged in such manner that, should any sub-custodian become insolvent despite having been carefully selected by RBI, RBI shall have a claim for the recovery of the financial instruments held by the relevant sub-custodian. RBI's own holdings are held separately from client holdings.

6.2 Information on the possibility of individual custody or collective safe custody pursuant to Article 38 (6) of the EU CSDR Regulation

Financial instruments held in safe custody by RBI for any client are kept together with the same financial instruments of other clients ("collective safe custody"). Since (even in case of insolvency of RBI or the third-party custodian) each client has a claim for the recovery of its share of the financial instruments kept in collective safe custody even in case of an insolvency of RBI or any sub-custodian, such collective safe custody does not cause any particular risks to the client.

If RBI holds its clients' financial instruments in custody with central securities depositories in accordance with the provisions of EU Regulation No. 909/2014 ("CSDR Regulation"), RBI is generally obliged pursuant to Art 38 (6) CSDR Regulation to offer its clients the choice between individual client account segregation ("individual custody") or omnibus client account segregation ("collective safe custody"). Further general information on individual and omnibus custody and the level of protection associated with the level of segregation of the financial instruments held in custody offered in each case will be provided to the client upon request.

The total cost of custody depends on several factors, in particular whether the client requests individual or collective custody, the number of custody accounts requested by the client and the associated operational costs for setting up and managing the custody structure. In general, it should be noted that as a result of the increased operational expenses of RBI and the central securities depositories, the costs will be considerably higher for individual custody than for collective custody. RBI will provide clients with specific information on the costs of collective or overall custody upon request.

6.3 Safe custody abroad

It may be necessary for financial instruments to be kept in safe custody by sub-custodians in countries abroad, in particular outside of the European Economic Area. These securities are thus subject to the legal provisions of the state in which they are kept in safe custody. These legal provisions might differ considerably from those in force in Austria and do not necessarily provide the same level of protection. RBI uses sub-custodians in such jurisdictions in which the custody of financial instruments on behalf of other persons is subject to special requirements and supervision, and where the relevant sub-custodians are subject to such requirements and supervision. Financial instruments will only be held in a country where such requirements or supervision do not exist if necessary and to the extent permitted by law.

6.4 Deposit insurance and investor compensation

RBI is a member of Österreichische Raiffeisen-Einlagensicherung eGen Am Stadtpark 9, A-1030 Wien, +43 1 71707 1884, office@raiffeisen-einlagensicherung.at, www.raiffeisen-einlagensicherung.at, which is responsible for the statutory deposit guarantee for client funds held by RBI.

Detailed information on the applicable deposit guarantee and investor compensation scheme is available on RBI's website at <https://www.rbinternational.com/en/raiffeisen/legal/business-terms.html>.

RBI's own issuances (bonds, certificates, etc.) differ fundamentally from a bank deposit in terms of return, risk, liquidity and level of protection. In particular, unlike deposits, RBI's own issuances are not subject to deposit guarantee schemes. Further information on the risks associated with investments in financial instruments can be found in the brochure "Risk information on financial instruments", which is available on the RBI website at <https://www.rbinternational.com/en/raiffeisen/legal/business-terms.html>.

6.5 Rights of lien and retention

Clients' assets held by RBI are subject to a lien and retention right of RBI to secure claims of RBI towards clients, and when held with a sub-custodian, may be subject to such liens and retention rights securing claims of the sub-custodian related to its custodial services.

7. Other conditions for the provision of investment services and investment activities

7.1 Key Information Documents (KIDs)

RBI shall provide its clients with key information documents for packaged retail investment products and insurance investment products ("PRIIPs KIDs") distributed by RBI. PRIIPs KIDs for RBI's own issuances are made available on the website <https://priips.rbinternational.com>.

7.2 Costs and fees

Retail clients receive in advance information on costs and fees of securities services and

transactions in financial instruments in an individual or standardized manner and afterwards at least annually at the end of the year. Upon request, professional clients shall be provided annually at the end of the year with information on the costs and fees of securities services and transactions in financial instruments provided by RBI. If investment advice is provided to professional clients, they receive information on costs and fees from RBI in advance and afterwards.

When you enter into transactions with RBI on the telephone or via other means of telecommunication (e.g. platforms) and thus it is not technically possible to provide the client with a cost information before the transaction, RBI can send the cost information on a durable medium after the transaction is agreed. For this the prior consent of the client is required. The client has the option to postpone the transaction in order to receive the cost information before the transaction.

If, within the scope of an order placed with RBI, it is necessary to make payments in foreign currency or to convert payments received in foreign currency into euro, the conversion shall be carried out by RBI on the basis of the market-conforming exchange rate which RBI generally charges its clients at the time of settlement. The further fees of RBI incurred on the occasion of the conversion can be found in the relevant conditions sheet.

In addition to the fees of RBI, cash expenses may incur for transactions in financial instruments which RBI has to pay to third parties in the execution of client orders (in particular third-party fees of stock exchanges or financial intermediaries). These cash expenses are also to be borne by the client.

Any product costs to be disclosed by RBI that arise in the distribution of financial instruments issued by RBI can generally be found in the PRIIP KIDs, which RBI makes available for download on the website <https://priips.rbinternational.com>.

7.3 Additional taxes and expenses

In addition to any fees and expenses, the client may be subject to, further costs and taxes (e.g. Austrian or other capital yields taxes) that are not necessarily paid via RBI or invoiced by RBI. Customers are themselves responsible for meeting their tax obligations, in particular when arising in their home country.

7.4 Client payments

Amounts payable to RBI by the client in connection with transactions in financial instruments shall be charged to the customer's account with RBI, unless otherwise agreed.

7.5 Information on standard market fees

The FMA publishes ranges for standard market fees on its website. Further information can be found at <https://www.fma.gv.at/en/financial-service-providers/investment-service-providers/market-standard-fees/>.

7.6 Banking secrecy

RBI is required by law to comply with Austrian banking secrecy laws. However, due to the Austrian implementation of the Shareholder Rights Directive II (Directive (EU) 2017/828), Austrian listed companies have the right to identify their shareholders if they hold at least 0.5% of the shares or voting rights in the company. For requests from listed companies from other EU member states, the respective threshold of the respective state applies. Upon request, RBI is obliged to disclose the required client data to listed companies if the client's shareholding reaches or exceeds the legal threshold. Under foreign law, when trading financial instruments on

foreign stock exchanges or holding financial instruments in custody with foreign third-party custodians, it may be required by law to disclose client data to the competent supervisory authorities, tax authorities, stock exchanges or central securities depositories for regulatory or tax reasons. This data includes, in particular, client name, address, holdings on the reporting date and type of client.

8. Information on creditor participation ("Bail-in") in bank resolution and recovery proceedings

On 1 January 2015 the European Bank Recovery and Resolution Directive ("BRRD") and the European Regulation 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 ("SRM Regulation") entered into force. They were introduced to provide a uniform framework for all EU Member States within the European Union for the prevention of banking crisis and the management of distressed banks. The BRRD was implemented in Austria via the Federal Act on the Recovery and Resolution of Banks ("BaSAG"). The BRRD inter alia requires each EU member state to establish a national resolution authority which is empowered with specific rights for the recovery and resolution of credit institutions. The details of the measures the resolution authorities may take on a national level may differ. Below, we explain possible resolution measures that may be applied in Austria as an example. Resolution procedures in other countries, in particular in countries outside Europe, may deviate and be more drastic.

When will I be affected?

You may be affected as a **shareholder or creditor** of an Austrian or EU -bank if you hold financial instruments issued by the bank (e.g. shares, bonds or certificates) or have claims against the bank as a contracting party (e.g. transactions subject to a master agreement for financial derivatives transactions). But also banks outside the EU (e.g. USA, Switzerland, UK) may be subject to similar provisions.

Deposits of a bank's customer which are protected by the deposit guarantee scheme are not affected by the bail-in

Securities, held in a custody account and not issued by the custodian bank, are not subject to a resolution measure against this bank. In the case of the resolution of such a custodian bank, your proprietary rights in these financial instruments (provided that they are not issued by the custodian bank) which are booked in the securities account remain unaffected.

Who is the resolution authority?

In order to ensure a controlled resolution in the event of a crisis, resolution authorities have been established. The Single Resolution Board ("SRB", in German "**Einheitlicher Abwicklungsausschuss**") and the Austrian Financial Market Authority ("FMA") are the responsible resolution authorities in Austria. For ease of reference, we will not differentiate between the SRB and the FMA hereinafter. Under certain resolution conditions, the resolution authority responsible for the affected bank has the power to order resolution measures.

When will there be a bank resolution and when will there be an insolvency?

The resolution authority may order certain resolution measures in the event of the following resolution conditions:

- The affected bank's **existence is endangered**. This assessment is made in accordance with legal requirements; this may occur, e.g., when the bank no longer meet the legal requirements for operating as a duly licensed credit institution due to financial losses it has incurred.
- There is **no prospect of preventing** the bank's default with alternative measures taken by either the private sector or the resolution authorities.

- The measure is **required in the public interest**, i.e. it is necessary and proportionate, and liquidation in regular insolvency proceedings is no viable alternative.
- The resolution authority determines on a case-by-case basis whether the resolution measures are indeed in the public interest based on criteria defined by law (that is, *inter alia*, in consideration of whether such resolution is required to prevent negative implications on the financial stability, the protection of the depositors, protection of public finances).
- In case the resolution authority decides against taking resolution measures, receivership proceedings will be initiated against the bank in case of the insolvency or over-indebtedness of the bank is deemed to be only temporary. Such receivership proceedings result in you being able to assert your unsecured claims against the bank concerned only after the state of insolvency or over-indebtedness of the bank has been remedied.
- In case it must be assumed that the state of insolvency or over-indebtedness cannot be remedied, bankruptcy proceedings will be initiated against the assets of the bank. As the result of such bankruptcy, you shall receive only the recovery percentage corresponding to your claim from financial instrument issued by the bank that you are holding. In case your claims are secured by collateral (e.g. in the form of a dedicated cover pool reserve), your claims take priority to be satisfied from such collateral.

Which measures may the resolution authority take?

If all resolution conditions are met, the resolution authority can adopt – normally prior to initiating the insolvency – comprehensive resolution measures that may have a **negative effect** on the bank's shareholders and creditors:

- By means of a **sale of business**: The resolution authority may transfer shares, assets, rights or liabilities of the failing institution as a whole or in parts to a third party. To the extent shareholders and creditors are affected by the sale of business, their new counterparty will be another existing institution.
- By means of a **bridge institution**: The resolution authority may transfer shares in the bank or parts or the whole of the bank's assets or liabilities to a so-called bridge institution. This may affect the bank's capability to meet its payment and delivery obligations vis-à-vis the creditors and it may reduce the value of shares in the bank.
- By means of an **asset separation**: Assets, rights or liabilities are transferred to an asset management vehicle. Assets are to be managed with the objective of maximizing their value until their future sale or liquidation. Similar to the sale of business tool, the creditor will have to deal with a new debtor after the transfer.
- By means of a "**bail-in**": The resolution authority may, as a whole or in parts, write down and / or convert into common equity (stocks or other company shares) certain financial instruments or liabilities of the bank in order to stabilise the bank.

The resolution authority may amend the terms and conditions of financial instruments issued by the bank by means of an official order as well as existing receivables, for example due to a change in the maturity date or the interest rates at the expense of the creditor. Furthermore, payment and delivery obligations may be modified so that they can be temporarily suspended. Termination and other contractual rights that arise for creditors from financial instruments or liabilities may also be temporarily suspended.

In which case does bail-in affect me as a creditor?

Whether you as a creditor are affected by the bail-in resolution tool depends on the scope of the ordered measure and on the category your financial instrument or liability can be allocated to.

Certain types of financial instruments and liabilities are legally exempted from bail-in:

These include deposits of up to EUR 100,000 covered by the statutory deposit protection scheme and secured liabilities (e.g. covered bonds). In case of a bail-in, financial instruments and liabilities

are divided in different categories. The assumption of losses takes place in separate stages, that is, the creditors of the respective categories are usually only called upon in accordance with **specific ranking order** (the so-called "**liability cascade**").

For the shareholders and creditors involved in the respective categories, the following principles apply: Only if a category of liabilities has been used completely and this is insufficient to compensate for losses in order to stabilise the bank, the next category in the liability cascade may be written down or converted:

1. The resolution measures first apply to the **Common Equity** capital and thus the bank's shareholders (hence owners of stocks and other company shares – "**Common Equity Tier 1**").
2. Then, creditors of **Additional Tier 1 capital** are being called upon (such as owners of unsecured indefinite subordinated bonds with conversion or write-down clauses).
3. This is followed by **Tier 2 capital**. This applies to creditors of subordinated liabilities (e.g. owners of subordinated loans).
4. In the liability cascade, **unsecured subordinated financial instruments /receivables** that do not meet the Additional Tier 1 capital or Tier 2 capital requirements are the next to be called upon.
5. These are followed by **unsecured non-subordinated and non-structured debt instruments** (such as "Senior Non-Preferred Bonds", Senior-Non Preferred debt instruments ("Schuldscheindarlehen") which have an original minimum maturity of one year. The respective contract documents (prospectus) of these instruments must expressly mention the lower ranking compared to the next class.
6. Subsequently the next category in the liability cascade are other **unsecured non-subordinated financial instruments and liabilities** (such as bearer bonds, derivatives) as well as time deposits and fixed term depositions exceeding EUR 100,000,-- held by enterprises with annual sales of or above EUR 50 Mio.
7. Finally, deposits held by natural persons or small and medium size enterprises (that is by enterprises with annual sales of up to EUR 50 Mio.) may also be called upon if such deposits exceed the statutory deposit protection scheme of generally EUR 100,000 – ([Österreichische Raiffeisen-Einlagensicherung eGen](#)).

Which consequences may the resolution measures have for me as a creditor?

If the resolution authority orders or takes a measure following these rules, creditors are not permitted to terminate the financial instruments and liabilities based on this measure alone or claim any other contractual rights.

This applies as long as the bank complies with its substantive contractual obligations from the terms and conditions of financial instruments and liabilities, including payment and delivery obligations.

If the resolution authority takes the measures described above, a **total loss** of affected shareholders' and creditors' investment is **possible**.

Shareholders and creditors of financial instruments and liabilities may therefore **completely lose the price paid for the purchase of financial instruments and liabilities plus other costs related to the purchase ("Total loss risk")**.

The sole possibility that resolution measures may be ordered **may complicate** the sale of a financial instrument or a liability on the **secondary market**. This could mean that the shareholder and creditor can only sell the financial instrument or liability at a considerable discount. Even with existing repurchase obligations from the issuing bank, there is the risk of a significant discount in the event of a sale of such financial instruments ("**liquidity risk**").

The risk of a loss increases the more securities of the bank concerned are held by the individual investor ("**concentration risk**")

In the event of bank resolution, shareholders and creditors are not to be placed in a less favourable position than in normal insolvency proceedings affecting the bank.

If resolution measures nonetheless lead to a situation where a shareholder or creditor is placed in a worse position than would have been the case in the bank's normal insolvency proceedings, the shareholder or creditor is entitled to compensation.

Where can I get more information?

The Austrian National Bank and the Austrian Financial Market Authority published information on the recovery and resolution rules applicable in Austria:

Austrian National Bank

Recovery and Resolution of Banks: <https://www.oenb.at/en/financial-market/three-pillars-banking-union/single-resolution-mechanism.html>

Austrian Financial Market Authority:

Recovery and Resolution in Austria: <https://www.fma.gv.at/en/resolution-in-general/>

9. Complaints

RBI takes all required measures to offer adequate solutions and to perform its services in the best possible manner. The client's satisfaction is RBI's foremost goal. In the event that a client is of the opinion that RBI did not fulfill the client's expectations or that it has a reason to complain, the client is asked to send a written statement specifying in detail of possible causes for a complaint to the address set out below, and RBI will promptly deal with the matter.

Raiffeisen Bank International AG
Complaint Management (716B)
Am Stadtpark 9, A-1030 Vienna
complaints@rbinternational.com

Information on RBI's Complaints Management is available on RBI's website:
<https://complaints.rbinternational.com>

If no agreement can be reached in an individual case, the Joint Conciliation Board of the Austrian banking industry is available to the complainant. More information can be found at www.bankenschlichtung.at.

Joint Conciliation Board of the Austrian Banking Industry
(Gemeinsame Schlichtungsstelle der Österreichischen Kreditwirtschaft)
Wiedner Hauptstraße 63, A-1045 Vienna
office@bankenschlichtung.at

The client also has the possibility of contacting the FMA with his complaint.