

RAIFFEISEN ZENTRALBANK ÖSTERREICH AKTIENGESELLSCHAFT

EUR 5,000,000,000 Debt Issuance Programme (the "Programme")

This supplement (the "**First Supplement**") to the base prospectus dated 30 September 2014 (the "**Debt Issuance Programme Prospectus**") constitutes a supplement for the purposes of Article 13.1 of the *Loi relative aux prospectus pour valeurs mobilières* which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended, into Luxembourg Law (the "**Luxembourg Prospectus Law**") and is prepared in connection with the EUR 5,000,000,000 Debt Issuance Programme of Raiffeisen Zentralbank Österreich Aktiengesellschaft ("**RZB**" or the "**Issuer**", and together with its consolidated subsidiaries, the "**RZB Group**"). Expressions defined in the Debt Issuance Programme Prospectus shall have the same meaning when used in the First Supplement.

The First Supplement is supplemental to, and should only be read in conjunction with, the Debt Issuance Programme Prospectus.

The Issuer has requested *Commission de Surveillance du Secteur Financier* (the "**CSSF**") of the Grand Duchy of Luxembourg in its capacity as competent authority under the Luxembourg Prospectus Law, to provide the competent authority in the Republic of Austria ("**Austria**") with a certificate of approval attesting that the First Supplement has been drawn up in accordance with the Luxembourg Prospectus Law (the "**Notification**"). The Issuer may request the CSSF to provide competent authorities in additional host Member States within the European Economic Area with such a Notification.

The Issuer accepts responsibility for the information contained in the First Supplement and hereby declares, that having taken all reasonable care to ensure that such is the case, the information contained in the First Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The First Supplement has been prepared following the disclosure of the final results of the comprehensive assessment by the European Central Bank ("**ECB**") on 26 October 2014, following the implementation of the EU Bank Recovery and Resolution Directive ("**BRRD**") into Austrian law by means of the Austrian Federal Act on the Recovery and Resolution of Banks ("**BaSAG**") with effect as of 1 January 2015 and reflects further developments in the business and prospects of the RZB Group.

OVERALL AMENDMENTS

1. *If reference is made in the base prospectus dated 30 September 2014 to "Debt Issuance Programme Prospectus" or "Prospectus", then the respective reference includes all changes made by the First Supplement.*

I. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION "RISK FACTORS"

1. Supplemental Information relating to the section "Risk Factors regarding RZB"

2. *On page 8 of the Debt Issuance Programme Prospectus, the risk factor entitled "Risks of unpredictable legal, economic, political and social changes in the markets in which the RZB Group operates" shall be deleted and replaced by the following risk factor:*

"Risks of unpredictable legal, economic, political and social changes in the markets in which the RZB Group operates"

The RZB Group's business is materially dependent on the political and social stability, the performance of the economies and a sustainable development of the banking sector in the countries in which it operates. The RZB Group conducts its operations mainly in Austria and the following regions, which are collectively referred to as Central and Eastern Europe ("**CEE**"):

- Central Europe ("**CE**"): Czech Republic, Hungary, Poland, Slovakia, Slovenia;
- Southeastern Europe ("**SEE**"): Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Moldova, Romania, Serbia;
- Russia; and
- Other central and eastern European Countries ("**CEE Other**"): Belarus, Kazakhstan, Russia and Ukraine.

Furthermore, the RZB Group has operations in other parts of the world, including the United States of America and the United Kingdom as well as Asian countries.

Many of the countries in which the RZB Group operates are "emerging economies", which, compared to Western Europe, are characterized by an increased risk of unpredictable legal, economic, political and social changes and related risks, such as exchange rate volatility, exchange controls/restrictions, regulatory changes, inflation, economic recession, local market disruption, labor 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. Political and economic stability vary throughout the region in which the RZB Group operates.

In Ukraine, ongoing military conflict in the eastern part of the country could lead to violence spreading over further parts of the country. Already now the country is suffering a deep recession, depleted foreign currency reserves, high inflation and a drastically weakened currency. Any further military/political escalation would exacerbate these economic problems. Financial markets are pricing a high risk of restructuring on Ukraine's external debt. This has resulted in significantly increased risk premiums also on the debt of other Ukrainian borrowers. Any worsening or continuation of this situation may have an adverse effect on RZB Group's, and thus on RZB Group's operations in Ukraine.

In Russia, following the annexation of Crimea by Russia and the ongoing destabilization in Eastern Ukraine, geo-political risks stay elevated. Economically, the country is suffering not only from sanctions coordinated by the USA and the European Union, but also from the steep decline of the oil price, as the Russian budget and economy still rely to a high degree on oil exports. This accelerated the capital outflow and led to downgrades of the country rating as well as a steep depreciation of the Russian rouble, coupled with high currency volatility and sharply higher interest rates. The Russian economy is widely expected to register a recession in 2015, which would deepen if further escalation in eastern Ukraine leads to harsher economic sanctions by the USA and the European Union on Russia. These developments may have a significant adverse impact on RBI Group's, and thus on RZB Group's operations in Russia and the creditworthiness of its customers.

In several CEE countries, such as Hungary, Poland, Romania and Croatia, bank lending to households and companies had historically been made partially in CHF. With the recent volatility and appreciation of the CHF, which could intensify, this makes the debt more burdensome for local borrowers, which not only deteriorates loan quality but also raises the risk of new legislation detrimental to the banking sector (as already experienced in Hungary).

Future political, economic and social changes in the economies in which the RZB Group operates may have a material adverse effect on the RZB Group's business, financial position and results of operations and could adversely impact the Issuer's ability to meet its obligations under the Notes and may even result in the suspension of business in certain countries.

With respect to the current difficult situation and developments in certain CEE countries like Ukraine, Russia and Slovenia,, adverse effects of sanctions and counter-sanctions please see the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements*" in the section "*Trend Information*".

3. *On page 11 et seq. of the Debt Issuance Programme Prospectus, in the risk factor entitled "Risks relating to a decline in or negative growth rates in the countries in which the RZB Group operates and a stagnation or continued down-scaling of certain parts of RZB Group's business" the fourth paragraph prior to the bullet list shall be deleted and replaced by the following information:*

"In accordance with RZB, RBI is constantly evaluating the strategic contribution of each of its markets and will continue to evaluate underperforming and sub-scale operations on an ongoing basis. In February 2015 the board of RBI has resolved a number of measures to reduce risk-weighted assets in selected markets in order to increase capital buffers. The planned steps will affect a number of operations across RBI Group, in particular those areas which generate low returns, have high capital consumption or are of limited strategic fit. The measures to be implemented include the intended sale of operations in Poland and Slovenia, as well as the direct banking unit Zuno. In the context of the announced sale of Raiffeisen Bank Polska S.A. the Polish Financial Supervision Authority ("PFSA") informed the RBI about the initiation of an administrative proceeding claiming the potential breach of commitments towards PFSA undertaken by RBI during the approval process of the acquisition of Polbank EFG by RBI in 2012. RBI is of the opinion that the commitments have not been breached; although a potential outcome of proceedings could result in a prohibition of exercising voting rights on shares of RBI's subsidiary Raiffeisen Bank Polska S.A. until the sale of shares, RBI believes that the allegations are unsubstantiated, and such proceedings ultimately shall be dismissed. RBI believes that proceedings have no impact on day-to-day business, or the sales process.

Exposure to the Russian market is intended to be reduced, with a risk-weighted asset (RWA) reduction of approximately 20 per cent planned by end-2017 (RWA in the Russian market as at 31.12.2014: EUR 8.4 billion). A reduction in exposure is also foreseen in Ukraine, where risk-weighted assets shall be decreased by approximately 30 per cent by end-2017 (RWA as at 31.12.2014: EUR 3.0 billion). In Hungary further optimization of the operation is intended to be undertaken. As part of the drive to increase Group focus on the CEE region, operations are to be significantly scaled back or exited in Asia by end-2017 and in the US by end-2016.

The decisions are subject to approval by the Supervisory Board of RBI. The implementation of these measures is intended to result in an aggregate gross risk-weighted asset reduction in the selected markets of approximately EUR 16 billion by end-2017 (RWA as at 31.12.2014: EUR 68.7 billion). The total gross reduction from end-Q3 2014 to end-2017 is intended to amount to approximately EUR 26 billion.

The reduction is expected to be partially offset by an increase in RWA in other business areas – regulatory-driven as well as business driven.

RBI expects to continue to evaluate and, where appropriate, pursue other opportunities for the disposal of asset portfolios or business on terms it considers favorable. There are risks in connection with any dispositions RBI may pursue in the future, including the following:"

4. *On page 30 et seqq. of the Debt Issuance Programme Prospectus, the risk factor entitled "The European Commission's deliberations regarding the EU Framework for Bank Recovery and Resolution may result in regulatory consequences that could restrict RZB Group's business operations and lead to higher refinancing costs" shall be deleted and replaced by the following risk factor:*

"The European Commission's deliberations regarding the EU Framework for Bank Recovery and Resolution may result in regulatory consequences that could restrict RZB Group's business operations and lead to higher refinancing costs"

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 (...)" (the Bank Recovery and Resolution Directive, hereinafter referred to as "**BRRD**") was implemented in Austria in particular by the Federal Act on the Recovery and Resolution of Banks (*Bundesgesetz über die Sanierung und Abwicklung von Banken*; BaSAG). Furthermore, the implementation measures introduced amendments to the Federal Banking Act (*Bankwesengesetz*; BWG), the Financial Market Authority Act (*Finanzmarktaufsichtsbehördengesetz*; FMABG), the Insolvency Act (*Insolvenzordnung*; IO), the Takeover Act (*Übernahmegesetz*; ÜbG), and the Securities Supervision Act (*Wertpapieraufsichtsgesetz*; WAG), and repealed the Bank Intervention and Restructuring Act (*Bankeninterventions- und -restrukturierungsgesetz*; BIRG). The Federal Act on the Recovery and Resolution of Banks ("**BaSAG**") and the enumerated amendments entered into force and apply from 1 January 2015.

BaSAG requires that "recovery plans" be drawn up with a view to preventing resolution cases involving CRR credit institutions and CRR investment firms ("**relevant institutions**") as well as certain CRR financial institutions, certain (financial) holding companies and branches of third-country institutions, all of which are part of a group of credit institutions and to whom the following shall apply correspondingly, whereas the "**resolution plans**" to be developed by the FMA as the national resolution authority (hereinafter referred to as "**resolution authority**"; "**FMA**" refers to the function of the authority in its capacity as a supervisory authority) should identify impediments to resolvability and outline measures that can be taken to address such impediments in order to guarantee that an effective resolution can be achieved.

Furthermore, the FMA is granted powers, which it may exercise if the need arises, especially where the provisions of the CRR regarding the financial condition of the institution are infringed, authorizing it to intervene at an early stage (early intervention measures). This includes, for instance, the power to demand that measures from the recovery plan be implemented, managing directors be dismissed, creditor negotiations for debt restructuring be initiated, a shareholders' meeting be convened or changes be made to the operational or legal structures of the institution.

Most of all, BaSAG provides the resolution authority with a harmonized minimum toolset to ensure the continuity of critical banking functions, avoid significant adverse effects on financial stability, protect public funds (taxpayers' money), protect depositors covered by a deposit guarantee scheme or protect client funds and assets (resolution objectives) in case all the following conditions for resolution apply

- (i) an institution is failing or likely to fail, i.e. it
- breaches the applicable capital requirements in a way that would justify the withdrawal by the competent authority of the relevant credit institution's bank licence, or
 - is or will be, in the near future, balance sheet insolvent (i.e. the liabilities of the credit institution exceeding its assets), or
 - is or will be, in the near future, unable to pay its debts as they fall due, or
 - is about to receive certain extraordinary public financial support except when such extraordinary public financial support is provided within the EU legal framework concerning State aid in order to remedy a serious disturbance in the economy and preserve financial

stability in the form of: (i) a state guarantee to back liquidity facilities provided by central banks or for newly issued liabilities, or (ii) an injection of own funds or the purchase of capital instruments in order to address capital shortfall established in the national, Union or SSM-wide stress tests, asset quality reviews or equivalent exercises conducted by the European Central Bank, EBA or national authorities and confirmed by the FMA.

- (ii) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures, including measures by an Institutional Protection Scheme ("**IPS**"), or supervisory action, including early intervention measures or the write-down or conversion of relevant capital instruments, would prevent the failure of the institution within a reasonable timeframe; and
- (iii) a resolution action is necessary in the public interest, i.e. it is necessary and proportionate for the achievement of the resolution objectives, and the achievement of these resolution objectives could not be guaranteed to the same extent by winding up the institution under bankruptcy proceedings.

For the purposes of resolution, the resolution authority basically has the following resolution tools at its disposal ("**resolution tools**"):

- the transfer of shares or other instruments of ownership issued, other assets, rights or liabilities of an institution under resolution to a purchaser that is not a bridge institution (the "**sale of business tool**"),
- the transfer of assets, rights or liabilities of an institution to a bridge institution which is, by definition, wholly owned by public authorities (the "**bridge institution tool**"),
- the transfer of powers, assets, rights and liabilities to an independent legal entity (bad bank) which is publicly owned for the purpose of management and sale of non-performing claims and assets, to be applied in conjunction with another resolution tool (the "**asset separation tool**"), and/or
- the conversion of liabilities (including capital instruments eligible as own funds) into equity or the writing down of the principal amount or outstanding amount of the liabilities during resolution for the purpose of the recapitalisation of an institution to the extent sufficient to restore its viability, for the capitalisation of a bridge institution, or during the sale of the business, or during the separation of assets ("**creditor participation tool**" or also referred to as "**bail-in tool**").

If the creditor participation tool is not applied anyway during the course of a possible later resolution, the participation of holders of relevant capital instruments tool must be applied before use is made of any resolution tool. This means the full or partial write down of the principal amount of Common Equity Tier 1 ("**CET 1**") instruments, Additional Tier 1 ("**AT1**") instruments and Tier 2 ("**T2**") instruments or the conversion of AT1 or T2 instruments into CET 1 instruments before resolution. It should only be applied to regulatory own funds instruments (CET1, AT1 and T2 capital), whereas the creditor participation tool may also be used in the case of liabilities including regulatory own funds instruments, but also (other) subordinated debt and senior debt, subject to exceptions in respect of certain liabilities.

The sequence of write-down and/or conversion is subject to the general rule that instruments of the next rank can only be reduced or converted if the total reduction (e.g. cancellation of shares) or conversion (e.g. transfer of shares to bailed-in creditors) of their previous rank(s), could not cover the aggregate amount by which a write-down or conversion is necessary. The later any step occurs, the higher is the ranking of the relevant owner or creditor:

1. CET 1 items are reduced up to their capacity, transferred to creditors participating in the loss or at least diluted;
2. AT1 instruments are written down or converted into CET 1 items up to their capacity;
3. T2 instruments are written down or converted into CET 1 items up to their capacity;
4. Subordinated debt that is not AT1 or T2 is written down or converted into shares or other instruments of ownership up to its capacity in accordance with the hierarchy of claims in bankruptcy proceedings;
5. Other non-subordinated debt is written down or converted into instruments of ownership up to its capacity in accordance with the hierarchy of claims in bankruptcy proceedings. However, BaSAG ensures that non-covered deposits from natural persons and micro, small and medium-sized enterprises have a higher priority ranking than the claims of ordinary unsecured, non-preferred creditors. The claims of Deposit Guarantee Schemes subrogating to the rights and

obligations of covered depositors in insolvency have an even higher priority ranking before finally the preferred creditors – unless excluded – can participate in the loss.

As a principle, losses shall be allocated equally between the same rank of instruments by reducing their principal or outstanding amount to the same extent pro rata to their value, except where a different allocation is allowed pursuant to applicable exceptions for certain instruments upon discretion of the resolution authority.

In order to ensure that the creditor participation tool is effective and achieves its objectives, BaSAG calls it desirable that it can be applied to as wide a range of unsecured liabilities of a failing institution as possible which in particular includes senior debt. Nevertheless, covered deposits (i.e. deposits up to EUR 100,000 which are subject to protection as defined in the upcoming Directive on Deposit Guarantee Schemes) and secured liabilities, including covered bonds, as well as the following liabilities are excluded from bail-in: liabilities by virtue of the holding of client assets/client money, provided such client is in each case protected under applicable insolvency law, or liabilities by virtue of a fiduciary relationship provided that such client is in each case protected under applicable insolvency or civil law; liabilities to credit institutions with original maturity of less than seven days, liabilities to operators or participants of payment and securities settlement systems with a residual maturity of less than seven days, liabilities to employees in relation to accrued salary, pension benefits or other fixed remuneration, liabilities to a commercial or trade creditor for services which are critical to the daily functioning of the institution's operations, liabilities to tax and social security authorities if preferred under applicable law and liabilities to Deposit Guarantee Schemes.

If shareholders or creditors or the Deposit Guarantee Scheme incur greater losses than those they would have incurred if the institution had been wound up under bankruptcy proceedings, the shareholder or creditor or Deposit Guarantee Scheme in question is entitled to payment of the difference from the resolution financing arrangements. The Deposit Guarantee Scheme (but not covered depositors who would remain unaffected) to which the institution is affiliated would rank alongside other unsecured creditors and be liable to assume losses, up to the amount of covered deposits, for the amount that it would have had to bear if the bank had been wound up under bankruptcy proceedings.

Relevant institutions will be obliged to have sufficient eligible liabilities to ensure that, if the creditor participation tool were to be applied, losses could be absorbed and the CET 1 ratio could be restored to a level compliant with own funds requirements and sufficient to sustain market confidence in the institution. The resolution authorities are also entitled to replace the relevant institution's management and impose a temporary moratorium on the payment of claims.

Pursuant to BaSAG, any write-down (or conversion) of all or part of the principal amount of any capital or debt instruments, included accrued but unpaid interest in respect thereof, in accordance with the creditor participation tool would not constitute an event of default under the terms of the relevant instruments. Consequently, any amounts so written down would be irrevocably lost and the holders of such instruments would cease to have any claims thereunder, regardless whether or not the bank's financial position is restored. Pursuant to BaSAG, the resolution authority would ensure that, when applying the resolution tools, creditors however do not incur greater losses than those they would have incurred if the credit institution would have been wound up under bankruptcy proceedings.

Together with the other provisions of BaSAG, the creditor participation tool is applicable in Austria as of 1 January 2015, although in accordance with the BRRD, it would have been sufficient for it to be applicable from 1 January 2016.

In addition to use of the resolution tools and use of the participation of holders of relevant capital instruments tool, the resolution authority is also entitled, *inter alia*, to change the management of an institution, assume control of the institution, appoint a resolution administrator, transform the institution into a stock corporation, temporarily suspend payment and delivery obligations as well as the enforcement of security interests or close out or terminate derivative contracts.

The developments described above may result in negative consequences and charges for the RZB Group and could have a material adverse effect on the RZB Group's business, financial position and results of operations, and may affect the Issuer's ability to meet its obligations under the Notes."

5. *On page 32 of the Debt Issuance Programme Prospectus the risk factor entitled "Austrian Bank Intervention and Restructuring Act (Bankeninterventions- und Restrukturierungsgesetz – BIRG)" shall be deleted and replaced by the following risk factor:*

"Aiming at the stabilisation of the Austrian financial market and at preventing the use of public funds for rescuing credit institutions, the Austrian Parliament adopted the Austrian Bank Intervention and Restructuring Act (Bankeninterventions- und –restrukturierungsgesetz) ("BIRG") which entered into force on 1 January 2014. The BIRG anticipated parts of the then draft BRRD, in particular by obliging Austrian credit institutions to take precautions for crisis scenarios by preparing recovery and resolution plans and providing for a legal basis for an intervention of the regulator prior to manifest infringements of law or endangerments of creditors' interests (early intervention measures) to be applied in case of a significant deterioration of the assets, earnings, liquidity or funding position of a bank. In the resolution plan acc. BIRG submitted for the whole RZB Group (including RBI Group) RZB AG opted for a multiple point of entry (MPE) strategy, whereby RZB AG is single point of entry in Austria and Network Banks are single points of entry in their country of residence.

As of 1 January 2015, the BIRG was replaced by the BaSAG (Banken Sanierungs- und Abwicklungsgesetz), implementing the BRRD in Austria (see the risk factor "*The European Commission's deliberations regarding the EU Framework for Bank Recovery and Resolution may result in regulatory consequences that could restrict RZB Group's business operations and lead to higher refinancing costs*" above .).

Implementing the BRRD, the new act defines the Austrian Financial Marketing Authority (FMA) as the Austrian resolution authority, in close cooperation with the Austrian National Bank ("OeNB"), empowered with the respective recovery and resolution rights.

Among others Austrian institutions are required to set up adequate recovery plans according to the rules of BaSAG, and to keep them updated, at least once a year, whereas the FMA is in charge to check, assess and comment the presented plans. Where an institution does not present an adequate recovery plan, the FMA will be empowered to require that institution to take measures necessary to redress the material deficiencies of the plan, a requirement which may affect the freedom to conduct a specific business."

6. *On page 32 of the Debt Issuance Programme Prospectus, the risk factor entitled "The Issuer and/or the RZB Group could be qualified as a "systemically important" financial institution and thus may be subject to a surcharge on regulatory capital" shall be deleted and replaced by the following risk factor:*

"RZB Group and/or RBI Group and/or certain of its subsidiaries qualify /could be qualified as a "systemically important" financial institution (group) and thus be subject to a surcharge on regulatory capital which increases the risk that supervisory powers or intervention measures by the competent regulatory authority are exercised

RZB Group and RBI Group (and certain of its Network Banks) qualify as "systemically important" and are / will be subject to a surcharge on regulatory capital which increases the risk that supervisory powers or intervention measures by the competent regulatory authority are exercised.

Under the CRR, supervisors may impose higher capital requirements for systemically relevant banks. Additionally, there is a development on national levels in many jurisdictions to apply similar approaches to institutions considered systemic banks at such national level. Depending on whether or not a credit institution and/or credit institution group is classified as systemically important, and, if it is, on the category it is placed in, it may be affected by this regulation and therefore also by a surcharge on its regulatory capital which would lead to higher capital requirements. Following RZB Group's qualification as systemically relevant bank in spring 2014, the Austrian Financial Markets Authority (Finanzmarktaufsicht – "FMA") issued a decree imposing on RZB as superordinated credit institution of the RZB credit institution group (Kreditinstitutsgruppe) a total capital ratio requirement of 13.77 per cent. applicable from July 2014. The calculation of this ratio also includes Raiffeisen-Landesbanken-Holding GmbH as parent financial holding company. This surcharge which the RZB Group is required to fulfil limits the business activities of the RZB Group and/or requires the RZB Group to maintain additional capital buffers with associated costs or negative effects on return on equity and thereby have an adverse effect on its business, financial position and results of operations.

Following negotiations with the Austrian regulator regarding the set-up of a second level of supervision at the level of RBI Group, on 24 October 2014, RBI received notification from the FMA that it would be required to fulfil regulatory capital requirements as a separate group (i.e. RBI Group on a consolidated basis) in addition to RZB Group. RBI will be sub-consolidated and also regulated separately by the European Central Bank. As a consequence, as from 30 November 2014 RBI will be required to adhere to a SREP Ratio (Supervisory Review Evaluation Process Ratio) (i.e. a total capital ratio (transitional)) of 13.76 per cent. The volume of guarantees between RZB and RBI will have to be reduced which is expected to have a negative impact on direct business transactions between RBI and the Regional Raiffeisen Banks, i.e. the Raiffeisen-Landeszentralen, in particular as regards liquidity flows.

In order to comply with the capital requirements in the future, RZB Group and/or RBI Group may have to raise additional tier 1 or tier 2 capital or reduce risk-weighted assets.

In case RZB (Group) or RBI (Group) or any of its Network Banks, if considered to be systemically relevant, fails to satisfy the respective capital requirements, the competent regulatory authority could – among others – issue supervisory orders or initiate early intervention measures or – as ultimate measure – withdraw the authorization of an institution. Respective supervisory powers are granted to the competent regulatory authority in Austria by § 70 para. 4a BWG which implements Art. 104 CRD IV into Austrian law and by the Austrian Federal Act on the Recovery and Resolution of Banks which implements among others Article 27 BRRD into Austrian law. For details on how those supervisory powers may affect the Issuer see the risk factor *"The RZB Group and RBI Group are subject to capital requirements and stress testing and any inability or perceived inability to meet these requirements could materially adversely affect their business"* in the section "Risk Factors regarding RZB" and on how intervention measures may affect the Issuer and the Notes see the following risk factor *"Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("BaSAG"), including the write-down or conversion of equity and debt (bail in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns"* in the section "Risk Factors regarding the Notes". The failure or perceived failure of RBI Group / RZB Group to meet the regulatory or such other increased requirements in the future could have a material adverse effect on its reputation as well as its financial condition and results of operations, as it may need to sell certain assets, raise additional capital, reduce risk weighted assets and/or take other measures perhaps on terms unfavorable to it and contrary to its business plans."

7. *On page 32 et seq. of the Debt Issuance Programme Prospectus, the risk factor entitled "The RZB Group is subject to capital requirements and stress testing and any inability or perceived inability to meet these requirements could materially adversely affect their business" shall be deleted and replaced by the following risk factor:*

"The RZB Group and RBI Group are subject to capital requirements and stress testing and any inability or perceived inability to meet these requirements could materially adversely affect their business"

In order to ensure the orderly functioning and integrity of the financial markets and the stability of the financial system in the EU, supranational and national regulators including the European Banking Authority ("EBA") and the OeNB have requested and conducted stress tests analysing the banking sector and individual banks (including the Issuer and RBI) and made certain of these results available to the public.

Stress tests analysing the robustness of credit institutions are regularly carried out and published by supranational and national supervisory authorities. Any announcement by a supervisory authority that it will perform a stress test or market perception that any such test is not rigorous enough can increase uncertainty in the banking sector and lead to a loss of confidence in individual institutions, such as the Issuer / RZB Group or RBI Group, or in the banking sector as a whole. RZB Group and / or RBI Group will be subject to stress tests based on new regulations, such as those applicable as a result of the implementation of Basel III. It cannot be ruled out that future stress tests may result in the RZB Group and/ or RBI Group having to create additional or higher capital buffers or to increase liquidity. Such requirements may have a negative impact on RZB Group's and / or RBI Group's results of operations. The Issuer and RZB Group are subject to capital requirements and stress testing and any inability or perceived inability to meet these requirements could materially adversely affect their business.

In the future the RZB Group / RBI Group may not be able to maintain minimum capital requirements or other regulatory ratios or capital adequacy ratios above the required minimum levels in order to meet

expectations by supervisory authorities, market participants or rating agencies. In particular, it may not be able to raise additional capital to achieve such ratios despite significant efforts. The failure or perceived failure of RZB Group / RBI Group to meet the regulatory or such other increased requirements in the future could have a material adverse effect on its reputation as well as its financial condition and results of operations, as it may need to sell certain assets, raise additional capital, reduce risk weighted assets and/or take other measures perhaps on terms unfavorable to it and contrary to its business plans.

Effective management of a credit institution's regulatory capital is critical to its ability to operate its businesses. Any changes, including any future changes in the economic or regulatory climate which are still uncertain at present, that limit the RZB Group's / RBI Group's ability to manage its statement of financial position and regulatory capital resources effectively (including, for example, reductions in profits and retained earnings as a result of write-downs or otherwise, increases in risk-weighted assets, delays in the disposal of certain assets or the inability to syndicate loans as a result of market conditions or otherwise) or to access funding sources could have a material adverse impact on its financial position and regulatory capital position. Any breach of existing laws relating to the minimum capital adequacy and other regulatory ratios, e.g. regulatory ratios imposed by the competent authority, may result in the respective credit institution (group) being subject to administrative sanctions and in particular supervisory orders pursuant to § 70 para. 4a BWG which implements Art. 104 CRD IV into Austrian law, which may result in an increase of the operating costs or loss of reputation, and, consequently, it may have a material adverse effect on the business, financial position and results of operations.

RBI Group/RZB Group anticipates that regulatory authorities will continue to request and conduct similar stress tests and disclose the results or parts hereof to the public. If a member of the RBI Group fails to pass a stress test or the result is not perceived as satisfactory by regulators, market participants or rating agencies, this could trigger intervention by regulators, could require the RBI Group or any of its members to increase its regulatory capital and could have a negative effect on the RBI Group's cost of funding.

Following negotiations with the Austrian regulator regarding the set-up of a second level of supervision at the level of RBI Group, on 24 October 2014, RBI received notification from the FMA that it would be required to fulfil regulatory capital requirements as a separate group (i.e. RBI Group on a consolidated basis) in addition to RZB Group. As a consequence, RBI is and will be sub-consolidated and is regulated separately by the European Central Bank."

8. *On page 33 of the Debt Issuance Programme Prospectus, the risk factor entitled "Amendments of the supervisory practice due to the future supervision by ECB and results of the ECB asset quality review 2013/2014 could materially adversely affect the Business of RZB Group." shall be deleted and replaced by the following risk factor:*

"Amendments of the supervisory practice due to the supervision by ECB and future stress tests in particular could materially adversely affect the business of RZB Group / Single Supervisory Mechanism ("SSM") and Single Resolution Mechanism ("SRM").

The so-called EU Banking Union aims at building an integrated financial framework to safeguard financial stability and minimise the taxpayers' costs of bank failures so that the negative feedback loop between banks and sovereigns will be mitigated. The Single Resolution Mechanism (the "**SRM**"), the Single Supervisory Mechanism (the "**SSM**") and the single rulebook form a new regulatory framework with common rules for banks in all 28 Member States, building the main pillars of the EU Banking Union. The single rulebook for financial institutions in the single market provides for the EU laws which collectively govern the financial sector across the entire European Union. One part of these legislative acts is the Bank Recovery and Resolution Directive (the "**BRRD**") which establishes a framework for the recovery and resolution of credit institutions and investment firms found to be in danger of failing.

The Regulation (EU) No 1022/2013 of 22 October 2013 and the Regulation (EU) No 1024/2013 of 15 October 2013 create a single supervisory mechanism for the oversight of banks and other credit institutions ("**SSM**") for a number of EU member states including Austria. Under the SSM, the ECB has been given specific tasks related to financial stability and banking supervision and the existing Regulation (EC) No 1093/2010 on the establishment of EBA has been aligned with the modified framework for banking supervision. The SSM became fully operational on 4 November 2014. Within the SSM, ECB directly supervises significant banking groups in the euro area, including RZB Group, and in

other EU member states which decide to join this "Banking Union". Certain members of RZB Group, including the Issuer and its main subsidiary RBI, are supervised by ECB on a consolidated basis. It cannot be excluded that supervision by the ECB will de facto result in amendments of the supervisory practice and in the interpretation of applicable regulatory rules which could have adverse effects on the RZB Group.

In addition, in anticipation of the supervision by the ECB, as part of a comprehensive balance sheet assessment, the RZB Group's asset portfolio were subject to review by external auditors on behalf of the ECB in order to assess the quality of RZB Group's assets. Based on the balance sheet as of 31 December 2013, the assessment covered credit and market exposures, off-balance sheet arrangements and domestic and non-domestic exposures and included an assessment of the adequacy of the RZB Group's asset valuation, its classification of non-performing exposures, collateral valuation as well as a recalculation of the RZB Group's provisions for risk-weighted assets. The asset quality review was followed by the EU-wide stress test 2014, which builds on and complements the asset quality review.

In preparation for the asset quality review, on October 21, 2013, the EBA published draft technical standards on non-performing loans and forbearance reporting requirements, which are intended to provide consistent indicators of asset quality of banks across the EU and to harmonize the definitions of non-performing loans. While these standards do not currently allow a full assessment of the RZB Group's assets and loans, they may be an indicator that EBA may provide a broader definition of non-performing loans, which could have a significant impact on RZB Group's balance sheet, including the amount of loan loss provision, and regulatory capital requirements.

On 26 October 2014, the ECB has published the results of the comprehensive assessment. As regards RZB, no shortfall of capital in relation to the capital thresholds set (8per cent. common equity tier 1 for the baseline scenario and 5.5per cent. for the adverse scenario) has been found in the stress tests conducted as part of the Comprehensive Assessment.

The EBA has announced that it wishes to repeat such stress tests at regular intervals. The outcome of such future stress tests is uncertain; depending on the financial position of the Issuer, they may require the Issuer to increase its own funds, which would negatively affect the business, financial status and operating results of RZB. This, in turn, may have a significant negative impact on the Issuer's ability to fulfill its obligations in relation to the Notes.

The Holders or other creditors may be exposed to specific risks arising under the Single Resolution Mechanism.

A further significant component of the so-called EU Banking Union is the Single Resolution Mechanism which entered into force in August 2014. With a view to the Banking Union's aim of building an integrated financial framework to safeguard financial stability and minimise the costs of bank failures, the SRM is the EU Banking Union's second pillar. Such mechanism will allow bank resolutions in the Eurozone to be managed effectively through a Single Resolution Board and a Single Resolution Fund that is ultimately financed by the banking sector.

The SRM Regulation is to be supplemented by an intergovernmental agreement among the EU member states participating in the SRM to regulate certain aspects of the SRM, such as e.g. the transfer and gradual joint use within the SRM of Fund contributions to cover potential costs of resolving banking crises. The SRM is meant to establish a uniform procedure for the resolution of credit institutions and certain investment firms and to create the Fund. Pursuant to the SRM Regulation, a troubled bank subject to the EU single supervisory mechanism SSM is to be resolved in accordance with such single European resolution mechanism. In this context, it is also envisaged to establish a resolution committee (the "**Committee**") which would, in particular, be in charge of all banks directly subject to ECB supervision under the SSM and develop resolution plans as well as manage the actual resolution of credit institutions concerned. The ECB has announced that RZB and - later on RBI - are among a number of 130 credit institutions that are subject to its direct supervision under the SSM and therefore also potentially subject of the SRM.

The resolution procedure will be initiated by the determination – which may be made at very short notice – that a credit institution has failed or is likely to fail. Such determination may, inter alios, be made by the ECB following a hearing of the Committee. In this context, the SRM Regulation provides for detailed decision making rules and the course of the resolution procedure. Unlike in the case of liquidation or insolvency, shareholders and creditors of a credit institution (in particular the holders of Subordinated Notes) may lose all or part of their invested capital already as a result of any crisis of the credit institution concerned even though no insolvency proceedings have been initiated.

In addition, the Fund will be established with a view to, in certain circumstances, assisting in funding bank resolutions. Generally, this will, however, only be the case if the shareholders and certain creditors of the banks concerned have made a contribution towards the losses to be borne equal to at least 8 per cent. of total liabilities by virtue of the so-called bail-in instrument being applied. This may mean that the shareholders and many holders or other creditors are exposed to the risk of losing all or part of their invested capital and related rights due to the application of such resolution tool.

The Fund's target volume of EUR 55 billion is now scheduled to be achieved within 8 years. These contributions are planned to be imposed initially at the national level and invested in national sub-funds to be gradually communitized (which is also referred to as the gradual joint use within the SRM) so as to finally create a Single Resolution Fund for participating in the resolution cost of all banks covered by the SRM. At present, the details yet to be clarified include the amounts that the banks concerned will be required to contribute to the Fund, the basis on which such contributions are to be calculated or whether or not there may be an obligation to make additional ex-post contributions, if the financial means of the Fund are not sufficient to cover support measures. Such contributions might constitute a substantial financial burden for the Issuer as well as the other banks subject to the SRM."

The SRM Regulation will be closely connected with the BRRD as it will implement the new rules set for all 28 Member States by the BRRD in the Eurozone. In this respect, please see in the risk factor "*The European Commission's deliberations regarding the EU Framework for Bank Recovery and Resolution may result in regulatory consequences that could restrict RZB Group's business operations and lead to higher refinancing costs*" above."

2. Supplemental Information relating to the section "Risk Factors regarding the Notes"

9. *On page 37 et seq. of the Debt Issuance Programme Prospectus, the risk factor entitled "Resolution tools and powers of the resolution authorities, including the write-down or conversion of equity and debt under the Bank Recovery and Resolution Directive may severely affect the rights of Holders and may result in a total loss of investment and expected returns." shall be deleted and replaced by the following risk factor:*

"Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("BaSAG"), including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns

The Federal Act on the Recovery and Resolution of Banks ("BaSAG") provides the FMA as the national resolution authority with a set of resolution tools as of 1 January 2015 (for details see the risk factor "*The European Commission's deliberations regarding the EU Framework for Bank Recovery and Resolution may result in regulatory consequences that could restrict RZB Group's business operations and lead to higher refinancing costs*" in the section "Risk Factors regarding RZB"). They may be used under certain conditions for resolution, such as the imminent failure of a credit institution, to achieve one or more resolution objectives. These tools essentially are the sale of the credit institution's business to the private sector, the establishment of a bridge institution and/or an asset management vehicle (*bad bank*) or the transfer of assets, rights and liabilities to such entities.

Most of all, the resolution authority is provided with the power to write down in full or in part the principal amount of Common Equity Tier 1 ("CET 1") instruments, Additional Tier 1 ("AT1") instruments and Tier 2 ("T2") instruments or to convert AT 1 or T2 instruments into equity or other CET1 instruments before or during resolution ("**participation of holders of relevant capital instruments tool**") and to convert liabilities into equity or write down in full or in part liabilities during resolution ("creditor participation tool" or "bail-in tool"), and this also includes non-subordinated and unsecured liabilities (*senior debt*).

BaSAG stipulates a mandatory sequence of such write -down and conversion which prohibits proceeding without having completely written down or converted the equity or debt, as applicable, of the current rank. Losses should first be absorbed by regulatory capital instruments and should be allocated to shareholders either through the cancellation of shares, through their transfer to creditors participating in the loss or through severe dilution. Where the loss participation of these instruments is insufficient, subordinated debt should be converted or written down. Senior liabilities should be converted or written down if the subordinate classes have been converted or written down entirely. Consequently, CET 1, AT1 and T2, in this order, would absorb the first losses and each would have to

be written down or, in case of AT1 or T2, be converted into CET 1 in full, before the higher seniority rank can be addressed. After equity would have been written down or converted, subordinated debt would be next before other debt, including senior (but not secured) debt can be written down or converted into equity. Covered deposits and secured liabilities, including covered bonds, are generally exempt from the creditor participation tool. Non-covered deposits from natural persons and micro, small and medium-sized enterprises will have a higher priority ranking than the claims of ordinary unsecured, non-preferred creditors.

Pursuant to BaSAG, any write-down (or conversion), in accordance with the creditor participation tool, of all or parts of the principal amount of any Notes, including but not limited to Subordinated Notes, and including accrued but unpaid interest in respect thereof would not constitute an event of default under the terms of the relevant instruments. Consequently, any amounts so written down would be irrevocably lost and the holders of such instruments would cease to have any claims thereunder, regardless whether or not the bank's financial position can be restored. Pursuant to BaSAG, the resolution authority would ensure, however, that upon application of the resolution tools, creditors do not incur greater losses than those they would incur if the credit institution had been wound up under bankruptcy proceedings.

On 15 April 2014, the European Parliament has further approved a single resolution mechanism ("SRM") which is intended to provide for an integrated single system for dealing with failing banks. If the SRM were implemented as proposed, RZB might have to contribute to a joint bank resolution fund for all members of the Banking Union.

Pursuant SRM, credit institutions such as RZB / RZB Group and RBI / RBI Group are required to maintain a certain amount of own funds and eligible liabilities which can be used for bail-in. Following a reduction of Common Equity Tier 1 instruments, resolution authorities would be required to apply the bail-in tool or the write-down tool to Additional Tier 1 instruments before making any Tier 2 capital instruments or other eligible liabilities subject to bail-in.

In addition to the abovementioned bail-in tool, further resolution tools exist under the BRRD/BaSAG including the relevant entity's sale or the sale of shares in the bank being resolved, the formation of a bridge institution and the separation of valuable assets from the impaired or distressed assets of the failing institution. Such resolution tools may produce comparable results from an economic point of view for bank creditors concerned as, e.g. the bank as the creditors' original debtor is replaced by another debtor (which may differ substantially from the original status of the bank in terms of overall risk profile or creditworthiness). Alternatively, the claims of bank creditors against the institution concerned may continue to exist while the institution's assets, its business activity or creditworthiness are no longer the same and may deteriorate significantly compared to the situation prevailing prior to the application of the relevant tool.

Potential investors in Notes of the Issuer should therefore take into consideration that, in the event of a crisis of the Issuer and thus already prior to any liquidation or insolvency or such procedures being instigated, they will to a particular extent be exposed to a risk of default and that, in such a scenario, it is likely that they will suffer a partial or full loss of their invested capital, or that the Notes or other debt will be subject to a conversion into one or more equity instruments (e.g. share capital) of the Issuer.

Holders of Notes, like any other creditor of the Issuer, but in particular Holders of Subordinated Notes, should take into consideration that they may be significantly affected by such aforementioned procedures and measures. As a consequence, the ECB and any other competent supervisory or other authority might in any such situation be entitled, inter alia, to demand – for instance as a prerequisite for the granting of state or similar support – that any interest thereon not be paid and that the nominal amount in particular of subordinated debt securities such as the Subordinated Notes be reduced down to zero, or impose other regulatory measures, including, but not limited to, conversion of the Notes or any other debt into one or more equity instruments (e.g. share capital). Any such regulatory measure may release the Issuer from its obligations under the terms and conditions of the Notes or any other debt. In such circumstances, creditors would not be entitled to terminate, or otherwise demand early redemption of, the Notes or any other debt, or to exercise any other rights in this respect. In this context, in particular the liability cascade provided for by the BRRD and the bail-in system must be taken into account.

Also, pursuant to such aforementioned measures, the initial debtor (i.e. RZB / RZB Group may be replaced by another debtor (who may have a fundamentally different risk profile or creditworthiness than RZB). Alternatively, the claims may remain with the original debtor, but the situation regarding the debtor's assets, business activity and/or creditworthiness may not be identical to the situation prior to the application of the measure.

Such regulations may / will even lead to the fact that, even if certain provisions and consequences, for example regarding loss absorbency, are not contained in the Terms and Conditions and/or Final Terms of the Notes, regulatory authorities might retroactively apply such provisions to the Notes under certain circumstances.

Such legal provisions and/or regulatory measures may severely affect the rights of the Holders, may result in the loss of the value of the entire investment in the event of non-viability or resolution and may have a negative impact on the market value of the Notes also prior to non-viability or resolution.

Further, even though such regulatory measures may not directly interfere with the creditors' rights, the mere fact that the ECB and/or another competent authority applies such measures towards a credit institution may have a negative effect, e.g. on the pricing of Notes or on RZB / RZB Group's ability to refinance itself.

Additionally, on 12 June 2014 the Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (recast) was published in the Official Journal of the European Union. The revised Directive will, amongst other things, provide for prompter payouts. Generally the funds available for reimbursing depositors in times of difficulty must reach 0.8 per cent of covered deposits by 3 July 2024, and banks will be required to contribute to the funds according to their risk profiles, with those exercising riskier activities contributing more. These changes may, once finalised and implemented in Austria, expose RZB to additional, and possibly considerable, costs, the extent of which cannot be foreseen at this time.

Lastly, additional supervisory regulations to avoid further financial crises should be expected. Ongoing reforms in respect of banks' internal governance, in particular remuneration policies, and in respect of financial market infrastructure are likely to have an impact on costs and funding models of banks.

Nevertheless, the participation of holders of relevant capital instruments tool or resolution tools provided for under BaSAG may severely affect the rights of the Holders of Notes, may result in the loss of the entire investment and its expected returns in the event of failure of the Issuer, and may have a negative impact on the market value of the Notes even prior to the determination of failure or the introduction of measures. In addition, any indication, hint or rumour that the Issuer would become subject to resolution measures could have an adverse effect on the market price of the relevant Notes."

10. *On page 42 of the Debt Issuance Programme Prospectus, in the risk factor entitled "A Holder of Subordinated Notes is exposed to a higher default risk than the Holders of Senior Notes. Furthermore Holders of Subordinated Notes also bear a termination risk and are exposed to the risk that they lack termination rights." the first two paragraphs shall be deleted and replaced by the following information:*

"The Issuer may issue subordinated Notes ("**Subordinated Notes**") under the Programme. The obligations of the Issuer in case of Subordinated Notes constitute unsecured and subordinated obligations. In the event of bankruptcy proceedings or liquidation of the Issuer, such obligations will be subordinated to the claims of all senior creditors of the Issuer so that in any such event no amounts or quota at all, could be payable until the claims of all senior creditors of the Issuer will have been satisfied in full.

In case of a write-down or conversion of equity and or debt under the BaSAG, subordinated creditors, such as the Holders of Subordinated Notes, will be among the first to absorb losses and suffer from a write down or conversion of their claims against the Issuer. Subordinated Notes can be subject to conversion into Common Equity Tier 1 ("CET 1") or write down as soon as CET 1 and Additional Tier 1 (AT1) capital "have been written down or, in the case of AT1 capital, been converted into CET 1 (for details see above the risk factor "*Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("BaSAG"), including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns*" and in the section "Risk factors regarding RZB" the risk factor "*The European Commission's deliberations regarding the EU Framework for Bank Recovery and Resolution may result in regulatory consequences that could restrict RZB Group's business operations and lead to higher refinancing costs*"). No Holder may set off its claims arising under the Notes against any claims of the Issuer. No present or future security or collateral of whatever kind is provided by the Issuer or any other person to secure the rights of the Noteholders under such Notes. No agreement may limit the subordination or shorten the maturity of the Notes."

**II. SUPPLEMENTAL INFORMATION
RELATING TO THE SECTION "TERMS AND CONDITIONS OF THE NOTES
(ENGLISH LANGUAGE VERSION)"**

*The amendments in relation to the terms and conditions of the security shall only apply to final terms, the date of which falls on or after the approval of this supplement. The amendments to the terms and conditions are limited to the "Note to the Holders" in the provisions applicable to subordinated notes and subordinated notes constituting Additional Tier 1 instruments. The amendments reflect the implementation of the BRRD into Austrian law by now taking reference to the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**") instead of to the BRRD. Further, the reference to the risk factor has been amended in order to reflect a change in the header of such risk factor.*

11. *On page 60 of the Debt Issuance Programme Prospectus in the subsection entitled "Option I – Terms and Conditions that apply to [Covered] Notes [with fixed interest rates][without periodic interest payments (Zero Coupon)]" under § 2 Status the paragraph commencing with the title "Note to the Holders:" shall be deleted and replaced by the following information:*

"Note to the Holders:

*In respect of the Status reference is made to the higher risk for Subordinated Notes of a regulatory allocation of losses by the write-down or conversion of liabilities in the context of the implementation of the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**") as more fully described in the risk factor entitled "Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**")", including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns".]*

12. *On page 80 of the Debt Issuance Programme Prospectus in the subsection entitled "Option II – Terms and Conditions that apply to [Covered] Notes with floating interest rates" under § 2 Status the paragraph commencing with the title "Note to the Holders:" shall be deleted and replaced by the following information:*

"Note to the Holders:

*In respect of the Status reference is made to the higher risk for Subordinated Notes of a regulatory allocation of losses by the write-down or conversion of liabilities in the context of the implementation of the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**") as more fully described in the risk factor entitled "Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**")", including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns".]*

13. *On page 102 of the Debt Issuance Programme Prospectus in the subsection entitled "Option III – Terms and Conditions that apply to subordinated Notes with fixed to fixed reset interest rates constituting Additional Tier 1 instruments" under § 2 Status the paragraph commencing with words "Note to the Holders:" shall be deleted and replaced by the following information:*

"Note to the Holders:

*Reference is made to the risk of a statutory loss absorption by the write-down or conversion of liabilities in the context of the implementation of the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**") as more fully described in the risk factor entitled "Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**")",*

including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns".

14. *On page 125 of the Debt Issuance Programme Prospectus in the subsection entitled "Option IV – Terms and Conditions that apply to subordinated Notes with fixed to floating interest rates constituting Additional Tier 1 instruments" under § 2 Status the paragraph commencing with the words "Note to the Holders:" shall be deleted and replaced by the following information:*

"Note to the Holders:

Reference is made to the risk of a statutory loss absorption by the write-down or conversion of liabilities in the context of the implementation of the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**") as more fully described in the risk factor entitled "Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**")", including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns".

**III. SUPPLEMENTAL INFORMATION
RELATING TO THE SECTION "ANLEIHEBEDINGUNGEN DER SCHULDVERSCHREIBUNGEN
(DEUTSCHE SPRACHFASSUNG)"**

*The amendments in relation to the terms and conditions of the security shall only apply to final terms, the date of which falls on or after the approval of this supplement. The amendments to the terms and conditions are limited to the "Note to the Holders" in the provisions applicable to subordinated notes and subordinated notes constituting Additional Tier 1 instruments. The amendments reflect the implementation of the BRRD into Austrian law by now taking reference to the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**") instead of to the BRRD. Further, the reference to the risk factor has been amended in order to reflect a change in the header of such risk factor.*

15. *On page 156 of the Debt Issuance Programme Prospectus in the subsection entitled "OPTION I – Anleihebedingungen für [Schuldverschreibungen][Fundierte Bankschuldverschreibungen] [mit fester Verzinsung][ohne periodische Zinszahlungen (Nullkupon)]" under § 2 Status the paragraph commencing with the title "Hinweis an die Gläubiger:" shall be deleted and replaced by the following information:*

"Hinweis an die Gläubiger:

In Bezug auf den Status wird auf das für nachrangige Schuldverschreibungen höhere Risiko einer regulatorischen Verlustzurechnung durch Abschreibung oder Umwandlung von Verbindlichkeiten gemäß dem Bundesgesetz über die Sanierung und Abwicklung von Banken ("**BaSAG**") hingewiesen, wie sie näher in folgendem Risikofaktor beschrieben wird: "Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**")", including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns".]"

16. *On page 178 of the Debt Issuance Programme Prospectus in the subsection entitled "OPTION II – Anleihebedingungen für [Fundierte Bankschuldverschreibungen] [Schuldverschreibungen] mit variabler Verzinsung" under § 2 Status the paragraph commencing with the title "Hinweis an die Gläubiger:" shall be deleted and replaced by the following information:*

"Hinweis an die Gläubiger:

In Bezug auf den Status wird auf das für nachrangige Schuldverschreibungen höhere Risiko einer regulatorischen Verlustzurechnung durch Abschreibung oder Umwandlung von Verbindlichkeiten gemäß dem Bundesgesetz über die Sanierung und Abwicklung von Banken ("**BaSAG**") hingewiesen, wie sie näher in folgendem Risikofaktor beschrieben wird: "Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**")", including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns".]"

17. *On page 203 of the Debt Issuance Programme Prospectus in the subsection entitled "OPTION III – Anleihebedingungen für nachrangige Schuldverschreibungen mit fester zu fester Reset-Verzinsung, die Instrumente für zusätzliches Kernkapital darstellen" under § 2 Status the paragraph commencing with words "Hinweis an die Gläubiger:" shall be deleted and replaced by the following information:*

"Hinweis an die Gläubiger:

Es wird auf die Risiken im Zusammenhang mit einer gesetzlichen Verlustübernahme durch Abschreibung oder Umwandlung von Verbindlichkeiten gemäß dem Bundesgesetz über die Sanierung und Abwicklung von Banken ("**BaSAG**") hingewiesen, wie sie näher in folgendem Risikofaktor

beschrieben wird: "Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**"), including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns"."

18. *On page 229 of the Debt Issuance Programme Prospectus in the subsection entitled "OPTION IV – Anleihebedingungen für nachrangige Schuldverschreibungen mit fester zu variabler Verzinsung, die Instrumente für zusätzliches Kernkapital darstellen" under § 2 Status the paragraph commencing with the words "Hinweis an die Gläubiger:" shall be deleted and replaced by the following information:*

"Hinweis an die Gläubiger:

Es wird auf die Risiken im Zusammenhang mit einer gesetzlichen Verlustübernahme durch Abschreibung oder Umwandlung von Verbindlichkeiten gemäß dem Bundesgesetz über die Sanierung und Abwicklung von Banken ("**BaSAG**") hingewiesen, wie sie näher in folgendem Risikofaktor beschrieben wird: "Resolution tools and powers of the resolution authority under the Federal Act on the Recovery and Resolution of Banks ("**BaSAG**"), including the write-down or conversion of equity and debt (bail-in), may severely affect the rights of Holders and may result in a total loss of investment and expected returns"."

**IV. SUPPLEMENTAL INFORMATION
RELATING TO THE SECTION "RAIFFEISEN ZENTRALBANK ÖSTERREICH
AKTIENGESELLSCHAFT"**

1. Supplemental Information relating to the section "General Information about the Issuer"

19. *On page 292 et seq. of the Debt Issuance Programme Prospectus, the section entitled "Any recent events particular to the Issuer that are to a material extent relevant for the evaluation of its solvency" shall be deleted and replaced by the following section:*

"Any recent events particular to the Issuer that are to a material extent relevant for the evaluation of its solvency"

The Issuer is not aware of any recent adverse events (i.e. occurring after the most recent published financial information of the Issuer as of 30 June 2014) in the context of its business activities that are to a material extent relevant for the evaluation of its solvency.

European Banking Authority's ("EBA") 2014 EU-wide stress test

In order to ensure the orderly functioning and integrity of financial markets and the stability of the financial system in the EU, to monitor and assess market developments as well as to identify trends, potential risks and vulnerabilities stemming from the micro-prudential level, EBA regularly conducts EU-wide stress test, using consistent methodologies, scenarios and key assumptions developed in cooperation with the European Systemic Risk Board ("**ESRB**"), the ECB and the European Commission. On 31 January 2014, the EBA announced the key components of the 2014 EU-wide stress test (the "**2014 EU-wide Stress Test**"), that has been designed also in coordination with the ECB, which in preparation of the SSM is conducting a comprehensive assessment (for details on the SSM see subsection "*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 – Banking union*" in the section "*Trend information*" below).

The 2014 EU-wide Stress Test was designed to provide supervisors, market participants and institutions with consistent data to contrast and compare EU-banks' resilience under adverse market conditions. To this end, the EBA provided competent authorities with a consistent and comparable methodology, which allowed them to undertake a rigorous assessment of banks' resilience under stress. The 2014 EU-wide Stress Test was conducted on a sample of 124 EU banks, including the Issuer, which covers at least 50per cent. of each national banking sector, and will be run at the highest level of consolidation.

The 2014 EU-wide Stress Test has been conducted under the assumption of a static balance sheet which implies no new growth and constant business mix and model throughout the time horizon of the exercise. The resilience of EU banks have been assessed under a period of three years (2014-2016). Banks were required to stress a common set of risks including: credit risk, market risk, sovereign risk, securitisation and cost of funding. Both trading and banking book assets were subject to stress, including off-balance sheet exposures. In terms of capital thresholds, 8per cent. common equity tier 1 ("**CET1**") was the capital hurdle rate set for the baseline scenario and 5.5 per cent. CET1 for the adverse scenario.

RZB has passed the European Central Bank's (ECB) stress test based on the balance sheet figures as at 31.12.2013, whose results were announced on 26 October 2014. RZB surpassed the required capital ratios in both the baseline and adverse scenarios of the stress test. In the baseline scenario, RZB reached a common equity tier1 ratio (CET 1 ratio), including AQR adjustments, of 9.48 per cent (requirement: 8.0 per cent). In the adverse scenario, the CET 1 ratio of RZB, including AQR adjustments, is 7.77 per cent (requirement: 5.5 per cent). The ECB's Asset Quality Review, which preceded the stress test, brought about adjustments to the common equity tier 1 ratio, used by the ECB in its stress test for RZB, in the amount of 0.65 percentage points. These adaptations are mainly due to the fact that the ECB employs a different approach to RZB for portfolio-based loan loss provisions. Moreover, the AQR does not account for provisions which were established in the current financial year.

RBI Capital Increase 2014

In February 2014, RBI completed its EUR 2.78 billion capital increase, which led to an increase in free

float to approximately 39.3per cent.. RZB continues to be the majority shareholder of RBI with approximately 60.7per cent.. The total share capital of RBI after the capital increase amounts to EUR 893,586,065.90 and is divided into 292,979,038 ordinary bearer shares with voting rights.

The purpose of the capital increase was to strengthen and improve RBI's capital base in light of the changed regulatory requirements and to redeem the outstanding EUR 2.5 billion participation capital issued 2008/2009 in full or in part. After FMA granted the respective approvals, RBI on 6 June 2014 repaid the EUR 1,750 million tranche subscribed by the Republic of Austria and on 10 September 2014 paid back the EUR 750 million tranche held by private investors.

ÖVAG portfolio purchase

RZB Group and Österreichische Volksbanken-Aktiengesellschaft ("**ÖVAG**") agreed in 2012 on the purchase of loan portfolios with credit claims of domestic and international corporate customers from ÖVAG by RZB. Currently, assets with a total nominal value of EUR 940 million were taken over mostly by RBI. Further assets will be taken over in order to fulfill the agreement.

Further recent developments and trend information

For further information on recent developments see in the section "Trend Information" below, in particular concerning preliminary unaudited results of RBI see the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements – Preliminary Unaudited Results for the full year 2014 of RBI Group*" below, concerning the RBI Group's CHF exposure see the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements – RBI Group's CH exposure*" below, concerning exchange rate depreciations and its impact on RBI's and RZB's CET 1 ratio see the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements – Exchange rates - sharp depreciation of Ukrainian hryvnia and Russian rouble / RBI's and RZB's CET 1 ratio*" below, concerning recent developments in the Ukraine see the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements – Recent developments / political and economic turbulence in Ukraine*" below, concerning recent developments in Russia see the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements – Recent developments in Russia*" below, and concerning recent developments in Hungary see the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements – Developments in Hungary*" below."

2. Supplemental Information relating to the section "Business Overview"

20. *On page 294 of the Debt Issuance Programme Prospectus, in the section entitled "Principal areas of activity" in the subsection "Strategy" the first two paragraphs shall be deleted and replaced by the following information:*

"RZB Group, through RBI has a strong regional focus in its home markets in CEE and Austria and the target of a customer oriented business model fulfilling all banking product requirements of these customers. A significant branch network in CEE strengthens the embedding in local economies via a retail banking presence and secures local funding. As the banking environment continues to be challenging, RBI will continue its efforts throughout the RBI Group to rescale or exit business activities which are not sufficiently profitable or tie up too much capital."

3. Supplemental Information relating to the section "Organisational Structure"

21. *On page 303 et seq. of the Debt Issuance Programme Prospectus, in the section entitled "Institutional protection scheme" the second paragraph shall be deleted and replaced by the following information:*

"According to § 103q/3 of the Austrian Banking Act (as amended by Federal Law Gazette I 2013/184) the FMA by procedural decree temporarily approved the Bundes-IPS on 19 December 2013 after the participating members have obtained all necessary corporate bodies resolutions and have signed the contracts. On the basis of the procedural decree of the FMA pursuant to § 103q/3 of the Austrian Banking Act, the members of the Bundes-IPS are able to make use of the legal effects of the requested authorization of Article 49 paragraph 3 and Article 113 paragraph 7 CRR for the first time as from 1 January 2014 on and for the duration of the authorization procedure. It is, however, not possible to

derive from such temporary approvals a definitive legal entitlement of authorization in relation to the Bundes-IPS. The temporary authorizations expire when the FMA issues its final decisions in the pending authorization procedures (but not later than 12 months after the CRR became effective). On 31 October 2014, the FMA issued definitive approval for the Bundes-IPS."

4. Supplemental Information relating to the section "Trend Information"

22. *On page 304 et seqq. of the Debt Issuance Programme Prospectus, the section entitled "Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements" shall be deleted and replaced by the following section:*

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

A negative statement to the effect that there has been no material adverse change in the prospects of the Issuer since 31 December 2013 cannot be given in the view of the fact that the difficult overall macroeconomic environment with decreasing growth rates and negative forecasts, exchange rate volatility as well as the continuing tense situation on the financial and capital markets and the developments in some CEE countries (e.g. Ukraine and Russia) had and may continue to have a negative impact on the Issuer's business activity and results of operations, in particular also on the Issuer's capital costs.

Negative impacts with regard to the Issuer include the following:

Preliminary Unaudited Results for the full year 2014 of RBI Group

A difficult environment in 2014 characterized by high risk costs and one-off effects led to negative impacts in the third and fourth quarter of RBI and its consolidated subsidiaries (the "**RBI Group**"). In particular, for the 2014 financial year no equity dividend will be paid. For details see the RBI March 2015 Supplement as incorporated by reference (see the subsection "*Documents incorporated by Reference*" in the Section "General Information" below).

Measures in the course of a strategic review

On 9 February 2015, RBI has resolved to take a number of steps to increase its capital buffers. The measures are intended to facilitate an improvement in the CET1 ratio (fully loaded) to 12 per cent by end-2017, compared to 10 per cent at end-2014. The planned steps will affect a number of operations across the RBI Group, in particular those areas which generate low returns, have high capital consumption or are of limited strategic fit.

The measures to be implemented include the intended sale of the operations in Poland and Slovenia, as well as the direct banking unit Zuno.

In the context of the announced sale of Raiffeisen Bank Polska S.A., the Polish Financial Supervision Authority ("PFSA") informed RBI about the initiation of an administrative proceeding claiming the potential breach of commitments towards PFSA undertaken by RBI during the approval process of the acquisition of Polbank EFG by RBI in 2012. The Issuer is of the opinion that the commitments have not been breached; although a potential outcome of proceedings could result in a prohibition of exercising voting rights on shares of RBI's subsidiary Raiffeisen Bank Polska S.A. until the sale of shares, the Issuer believes that the allegations are unsubstantiated, and such proceedings ultimately shall be dismissed. The Issuer believes that proceedings have no impact on day-to-day business, or the sales process.

Exposure to the Russian market is intended to be reduced, with a risk-weighted asset (RWA) reduction of approximately 20 per cent planned by end-2017 (RWA in the Russian market as at 31.12.2014: EUR 8.4 billion). A reduction in exposure is also foreseen in Ukraine, where risk-weighted assets shall be decreased by approximately 30 per cent by end-2017 (RWA as at 31.12.2014: EUR 3.0 billion). In Hungary, further optimization of the operation is intended to be undertaken. As part of the drive to increase Group focus on the CEE region, operations are to be significantly scaled back or exited in Asia by end-2017 and in the US by end-2016.

The decisions are subject to approval by the Supervisory Board. The implementation of these measures is intended to result in an aggregate gross risk-weighted asset reduction in the selected markets of approximately EUR 16 billion by end-2017 (RWA as at 31.12.2014: EUR 68.7 billion). The total gross reduction from end-Q3 2014 to end-2017 is intended to amount to approximately EUR 26

billion.

The reduction is expected to be partially offset by an increase in RWA in other business areas – regulatory-driven as well as business driven.

RBI Group's CHF exposure

RBI Group's CHF exposure is mainly in Poland (approximately EUR 2.8 billion) as well as in Romania (approximately EUR 350 million), Croatia (approximately EUR 270 million) and Serbia (approximately EUR 80 million) as at 31 December 2014. In Hungary, CHF loans have been mostly addressed by the recent agreement between the government, the banks and the central bank, however there is a remaining position of approximately EUR 130 million (mainly corporate loans) at the end of 2014.

In the wake of the Swiss National Bank decision to abandon the CHF's peg to the EUR in January 2015, the Croatian government decided at the end of January 2015 to fix the CHF / HRK exchange rate at 6.39 HRK for the next twelve months which corresponds to the exchange rate before the decision of the Swiss National Bank. At this point of time and based on current conditions, RBI Group expects a negative influence in the mid single digit million range for the business year 2015 as clients should be able to pay back their regular maturing annuities (only those are in scope of the decision) based on the fixed exchange rate in the law.

Exchange rates - sharp depreciation of Ukrainian hryvnia and Russian rouble / RBI's and RZB's CET 1 ratio

The political and economic developments in the Ukraine and in Russia since the beginning of the year 2014 (see in the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements – Recent developments / political and economic turbulence in Ukraine*" and the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements – Recent developments in Russia*" in the section "Trend Information") have led to a sharp depreciation of the Ukrainian hryvnia ("**UAH**") and the Russian rouble ("**RUB**"). Since the beginning of the year 2014, the UAH has devaluated 68.4 per cent. against the US dollar and 61.8 per cent. against the Euro. The devaluation of the RUB amounted to 48 per cent. against the US dollar and 37.1 per cent. against the Euro versus the beginning of the year 2014 (all as at 13 February 2015).

The foreign currency ("**FCY**") devaluations have had a negative impact on RBI Group's capital. From the total FCY impact of minus 0.94 per cent on the fully-loaded common equity tier one ratio ("**CET 1 ratio**") for the year 2014 a minus of 0.47 per cent results from the devaluation of the RUB and a minus of 0.19 per cent. results from the devaluation of the UAH. The rest results in a minus of 0.13 per cent. from US dollars as well as from a split across other currencies having no larger single effects. Given the currency devaluations, in particular of RUB and UAH, a further negative impact on the capital ratios of RZB cannot be excluded.

Recent developments / political and economic turbulence in Ukraine

The political turmoil in the Ukraine, in particular the ensuing political crisis in Crimea, resulted in the annexation of Crimea by the Russian Federation as well as an armed conflict between the Ukrainian government and pro-Russian separatists in the Eastern regions of the Ukraine. Thus, the political situation in the Ukraine has become extremely unstable and serious geopolitical tensions have arisen between Russia and the west.

The political crisis in the Ukraine has aggravated the country's long standing economic problems, and the falling value of the currency as described above (see in the subsection "*Any recent events particular to the Issuer that are to a material extent relevant for the evaluation of its solvency – Exchange rates - sharp depreciation of Ukrainian hryvnia and Russian rouble / RBI's and RZB's CET 1 ratio*" in the section "*General Information about the Issuer*") is one of the consequences. The outlook of the currency remains highly uncertain. Additionally, foreign exchange controls were introduced by Ukraine's central bank.

Possible adverse impact from very recent legal draft acts on FX mortgage settlements is under investigation.

The depreciation of the UAH already led and could further lead to higher provisioning needs due to increased risk costs and credit default rates. In particular, provisioning needs have increased and might further increase for loans in foreign currencies, which are predominantly denominated in USD. EUR 861 million or 58.4 per cent. of loans and advances to corporate customers and EUR 683 million or 56.3 per cent. of loans and advances to retail customers of RBI's Ukrainian subsidiaries were denominated in foreign currency as of 31 December 2014. Apart from the higher provisioning needs,

the UAH depreciation also has an adverse impact on RZB Group's capitalization ratios due to the fact that RBI's equity capital investments in its Ukrainian subsidiaries are held in UAH.

RBI Group operates a number of network units in the Ukraine which comprise, among others, the Raiffeisen Bank Aval as well as a leasing company. As of the end of 2014, there were 671 branches. In Eastern Ukraine, the number of branches had been reduced to 80 and the majority of them has been closed.

Due to the annexation of Crimea, Aval Bank's 32 local branches, including their infrastructure, were sold. The corporate business was transferred to ZAO Raiffeisenbank, Moscow. The economic and political outlook of the Ukraine has led to downgrades of its sovereign credit ratings by Standard and Poor's, Moody's and Fitch and another rating agency.

The high sovereign foreign exchange refinancing needs and the low foreign exchange reserves of the Ukraine have intensified concerns about a sovereign default/moratorium. As of the end of 2014, RBI Group's government bond holdings, which are predominantly denominated in UAH and held at local level, amounted to approximately EUR 242 million.

Furthermore, the funding extended by RBI head office in Vienna to its Ukrainian subsidiaries amounted to approximately EUR 520 million as of 31 December 2014. The equity of RBI's Ukrainian subsidiaries amounted to approximately EUR 218 million as of 31 December 2014.

The development might be exacerbated by repercussions of the current crisis on the political situation, the economies and foreign exchange rates of other countries in which the Issuer operates. Although it is difficult to evaluate the extent of the negative impact at this point of time or the one resulting from ongoing escalation of the political as well as economic situation in the Ukraine or neighbouring countries or from military actions in the region, the Issuer could be materially affected.

Ukraine peace summit

On 12 February 2015, a peace plan was agreed by the political leaders of Ukraine, Russia, France and Germany and also signed by pro-Russian separatists in Minsk. The agreement contains the following commitments: general ceasefire as from 15 February 2015; withdrawal of heavy weapons to be monitored by OSCE; reinstatement of a law granting special status, including more autonomy, to the eastern regions, ie regions controlled by separatists in Donetsk and Luhansk; local elections; amnesty granted to separatists; exchange of prisoners and hostages; humanitarian aid; restoration of social and economic connections in the affected eastern regions, in particular regarding pension and other payments as well as restoration of the banking system; full control over the state border to Russia by the Ukrainian government in the whole conflict zone starting on the first day after local elections until a full political regulation by the end of 2015; pullout of all foreign armed formations; constitutional reform in Ukraine to come into effect by the end of 2015. The key element of this reform is decentralisation and approval of permanent legislation on the special status of particular districts of Donetsk and Luhansk, including the right to raise their own police, chose an official regional language and conclude cross border deals with neighbouring regions in Russia.

However, the measures agreed upon are yet to be implemented and the risks in connection therewith remain. It is still uncertain whether the sanctions against Russia, which would otherwise end automatically in March, April and July 2015 respectively, will be prolonged or whether additional sanctions will be required. All in all, a return to political and economic normality is expected to be difficult and challenging.

Recent developments in Russia

The developments in the Ukraine and the political turmoil in the region have had an impact on Russia, where uncertainties resulted in a sharp devaluation of the Russian rouble ("RUB") as described above (see in the subsection "*Any recent events particular to the Issuer that are to a material extent relevant for the evaluation of its solvency – Exchange rates - sharp depreciation of Ukrainian hryvnia and Russian rouble / RBI's and RZB's CET 1 ratio*" in the section "*General Information about the Issuer*"). The outlook on the currency remains highly uncertain. Moreover, the sanctions imposed in the course of the crisis as outlined below, the sharp devaluation of the Russian rouble, the decline in the oil prices as well as an increasingly critical risk perception in the international capital markets towards Russia adversely affected and will continue to affect the economy in Russia.

The massive devaluation of the Russian rouble in the fourth quarter 2014 showed substantial impact on RBI's Russian operations' balance sheets, risk weighted assets and results. The much stronger negative impact on the profit is mainly due to higher risk costs, but also almost all income as well as expense positions show impacts. Lower assets lead to lower income and despite a tough cost reduction program this may not be compensated. The devaluation of the Russian currency had an

adverse impact on RBI Groups capital ratios due to a reduction of the RUB-denominated equity position which was not fully compensated by the currency-driven reduction of RUB-denominated risk weighted assets.

As a consequence of the developments in Russia, a review of the mid-term planning for the Russian unit of RBI has become necessary. The RBI Board of Management decided to rescale the Russian operations by approximately 20 per cent. until 2017 and the business plans will be adjusted accordingly.

Possible adverse impact may also arise from a current draft law allowing Russian banks to open their branches in Eastern Ukraine without approval by the Ukrainian regulator similar to Crimea.

Also, the latest offshore law in Russia is expected to have a long-term negative impact on the local investor climate: Russian-controlled offshore companies shall be taxed under the Russian tax code from now on, a measure caused by increasing capital outflow and closed external markets. Concealing offshore assets from Russian authorities will be persecuted from 2017; the respective threshold for corporates is 25 per cent. ownership in an offshore vehicle and for individuals 50per cent., from 2017 also 25 per cent..

Sanctions

As a consequence of the political developments in Ukraine and Russia, the European Union as well as the United States and other countries and international organisations implemented measures of sanctions (travelling restrictions / visa bans, asset freezing, etc.) on certain named companies and individuals, deemed to be responsible for threats to the territorial integrity of Ukraine. As a practical matter, the foregoing measures restrict most business activities with the designated individuals and may also restrict dealing with entities that are owned or controlled by those individuals.

As the unrest expanded into other parts of Southern and Eastern Ukraine, and escalated into ongoing war in the Eastern Ukraine, the scope of measures of sanctions increased causing restrictions in the business of the Issuer's Group associated with high costs of implementation: The European Union and United States took coordinated steps to expand sanctions targeting the Russian financial services, energy, and defense sectors, including restrictions on certain oil exploration equipment exports to Russia. The EU also prohibited imports of goods originated in Crimea and took steps to limit certain types of trade and investment in Crimea, while both the EU and United States identified additional parties subject to asset-freezing measures. The increased measures have broad implications for trade and investment activities in the region, and Russia is threatening to retaliate against U.S. and EU firms.

Specifically, the EU Council agreed to impose a range of import and export restrictions relating to arms, dual-use goods and technologies, as well as certain equipment and technologies for the Russian oil industry that are not classified as dual-use items. Those restrictions apply only to new contracts and are implemented by a Council Regulation. As part of these restrictions, the EU Council prohibited activities associated with issuing and transacting in certain transferrable securities, such as bonds and equity, and money market instruments with a maturity of more than 90 days issued by five Russian state-owned banks after 1 August 2014. These measures were published and entered into force late in the day on 31 July 2014.

Since 16 July 2014, the US has limited the access of certain Russian banks and energy companies to equity and new medium and long term debt by implementing the Sectoral Sanctions Identifications List. As of 12 September 2014, the US restricted dealings in new debt of certain Russian banks and defense companies, with maturity over 30 days, while expanding to additional energy companies the restrictions on dealings in new debt with maturity over 90 days. Restrictions on dealings in new equity remained in force for certain Russian banks. Restrictions on the supply by US persons of goods, non-financial services, and technology to certain Russian oil-related projects were also imposed on September 12, and complementary controls on exports of US-origin items for such projects were imposed effective September 17.

As of 12 September 2014 Council Regulation (EU) No 960/2014 has entered into force. The regulation adopted by the EU on 8 September 2014 amends the sectoral sanctions of 31 July 2014, imposing further restrictions on Russia's access to EU capital markets. Council Regulation (EU) No 960/2014 added three major Russian defence companies as well as three major energy companies to the five banks subject to the prohibitions relating to the issue of transferrable securities and money market instruments. At the same time, the sanctioning of activities associated with issuing and transacting in transferrable securities and money market instruments were tightened by reducing the allowed maturity of such instruments to 30 days. In addition, certain products and services necessary for deep water oil exploration and production, arctic oil exploration or production and shale oil projects in Russia may no more be supplied. In parallel, the ban on exporting dual use goods and technology for military use in

Russia has been extended to also include a list of nine mixed defence companies that must not receive dual use goods from the EU. Additionally, under Council Regulations (EU) No 959/2014 and No 961/2014 24 persons were added to the list of those subject to a travel ban and an asset freeze, and the legal basis has been widened to allow imposing asset freezes and travel bans on persons or entities conducting transactions with separatist groups in the Donbass region.

In the course of the second half of 2014 the European Union, the United States as well as other countries (i.e. Japan, Australia, Canada, Norway, Switzerland) decided to expand sanctions or adopt tougher sanctions against Russia and may impose additional sanctions if the situation in Eastern Ukraine deteriorates further, in particular if it expands into other parts of Russian-speaking Ukraine or if the European Union or the United States come to the conclusion that Russia tries to unduly influence the political developments in Ukraine. In reaction to US and EU measures, counter-sanctions, in particular restricting the import into Russia of particular kinds of agricultural products, raw materials and foodstuffs have been decided by the President of Russia; further measures are expected to follow.

Developments in Hungary

The market environment in Hungary continues to be difficult and is currently under special review. Restructuring of Raiffeisen Bank in Hungary (Raiffeisen Bank Zrt.) is in progress, involving selective portfolio reductions and a strong focus on collection and work-out. Moreover, a further optimization of the Hungarian unit will be undertaken

In December 2011, the National Debt Management Agency (*Államadósság Kezelo Központ* - "**AKK**") took over the financing and cash management of the county municipalities. Starting in 2012, the municipalities of towns and villages were gradually included in the debt takeover by the central government as well. The take-over of the last tranche of Raiffeisen Bank Zrt.'s total exposure of EUR 635 million municipal debt, about 70 per cent. of which were denominated in CHF and EUR, by the Hungarian state under the aforementioned initiative was completed by the end of February 2014. The claims under municipal debt will be exchanged for long-term loans to the Hungarian state, thus increasing RZB Group's sovereign exposure to Hungary accordingly.

Following the "Home Protection Law"-scheme in 2011, which had resulted in significant losses for the RZB Group, a new programme in favor of foreign exchange mortgage debtors was prepared and will be continued in an amended form. The exchange rate protection scheme so far was open to performing foreign exchange debtors only whereas according to an amendment to the respective legislation, which entered into force in November 2013, also non-performing foreign exchange debtors overdue more than 90 days may participate in the programme. The only prerequisite still in place for joining the programme foresees that there should not be any enforcement procedure against the residential property, whereas all other prerequisites have been cancelled. For all debtors who opted or opt for this scheme, the amount of the monthly instalment (principal and interest) will be fixed at 250 EUR/HUF and 180 CHF/HUF. The portion of the monthly instalments above the fixed exchange rate will go to a buffer account. The principal part on the buffer account still needs to be paid by the customer. The interest on the buffer account will be split equally between the government and the banks. If exchange rates go above 340 EUR/HUF and 270 CHF/HUF, the government will pay 100 per cent. of the capital and interest for the portion of the monthly instalments that exceeds the mentioned exchange rates. The expected negative impact on the Issuer amounts to a total of approximately EUR 6.2 million for the years 2014 and 2015, but cannot yet be evaluated for the whole period until expiration of this programme in 2018.

New legislation has been passed by the Hungarian parliament on 4 July 2014 relating to (a) the foreign exchange ("**FX**") margins which can be applied to foreign currency loan disbursement and instalments as well as to (b) unilateral rate changes on consumer loans. The new law has become effective by end of July 2014, it applies to all banks operating in Hungary and requires retroactive modifications to margins and potentially to rates. The legal scope of the new law applies to all foreign currency ("**FCY**") and HUF consumer loans (mortgage loans, home equity, credit cards, overdrafts and leasing deals) as of 1 May 2004 until the effective date of law. Early prepaid deals and deals which have been purchased by the National Asset Management Company (NET Zrt.) have been excluded.

The FX margins applied by banks are considered void. For disbursement and monthly instalments banks have to apply the Central Bank of Hungary ("**MNB**") official rate. If banks have applied their own mid-rate or the MNB rate from December 2010 onwards, then the FX margin invalidity is not applicable for this period. RZB Group has been applying own mid-rates on FCY loans since December 2010 and therefore FX margins for this period should not be affected by the new law. Until the end of September 2014 banks have to calculate the FX margin difference and submit results to MNB. Banks have to provide MNB within 60 days with the methodology of calculations. MNB has the authority to check the legality of the calculation method.

The possible one-sided changes (by banks) of conditions included in the banks' General Terms of Conditions (interest rate increase, fee increase) are presumed to be "unfair" due to violation of the Hungarian Curia's requirement of transparency, equivocality etc. However if banks are of the opinion that their terms and conditions meet these criteria and are "fair" then they have the right to turn to court asking for judicial determination. Otherwise all these terms are considered void. Such litigations concerning FCY loans have to be initiated against the State and within 30 days after the effective date of the new law. With respect to HUF loans, litigations have to be initiated between 90-120 days after the effective date of the new law. Once the new law is in force, financial institutions have no right to increase unilaterally interest rates or fees. Within 30 days the banks have to examine all their General Terms and Conditions which are applicable to consumer loan deals including all possibilities for one sided change of conditions and have to provide them to MNB.

As a result of such legislation RBI expects to incur total costs of EUR 272 million related to foreign currency loans and unilateral rate changes on retail loans which were booked in the second and third quarter 2014. It should be noted, that this amount does not include any effects relating to potential future conversion of foreign currency loans into local currency.

Due to amended local accounting standards the Hungarian National Bank started a local review, among others with respect to the RBI's Network Bank in Hungary and including the Network Bank's commercial real estate portfolio, having a net exposure of about EUR 275 million. The process and its outcome is not yet finally negotiated with the Hungarian authorities and may result in additional impairment requirements of up to EUR 51 million to be potentially booked in the financial statements of the Network Bank in Hungary according to Hungarian Accounting Standards still in 2014.

In light of the current political and economic developments in Hungary, the RZB Group considers the risk that additional legislative measures, which adversely affect the banking sector as a whole and foreign banks in particular, are taken by the Hungarian government to be significant.

Developments in Slovenia

The Slovenian market is currently under special review and an intended withdrawal from this market was resolved by RBI in February 2015 (see below subsection "*Markets under review*").

Developments in Croatia

Amendments to the Consumer Loans Act (the "**Amendments Act**") were approved by the Croatian parliament in November 2013, published on 2 December 2013 and came into force on 1 January 2014.

The Amendments Act will have an impact on future lending business as well as on existing loans. It authorizes the Ministry of Finance to determine the fees which may be charged by the banks in connection with consumer loans, defines the criteria for the setting of interest rates and imposes maximum interest rates as well as additional information requirements on banks.

As regards existing floating interest rate consumer loans except FX-linked housing loans, interest rates will have to be restated in a way that the currently charged gross interest rates will be split into two components – a variable component chosen from a number of authorized parameters (e.g. a reference interest rate like EURIBOR) and a fixed margin. The chosen "parameter" will be deducted from the currently charged gross interest rate. The remainder will represent the fixed margin. From then onwards, the total interest rate may increase or decrease reflecting increases or decreases of the applicable parameter but the fixed margin may not change without prior consent of the borrower. The aforementioned reformulating of floating interest rates as well as caps on consumer loans apply both to new and existing consumer loans.

In case of FX-linked consumer housing loans, the Amendments Act specifies the method of calculation of a maximum fixed interest rate which may be charged in case the foreign currency appreciates by more than 20per cent. from the day of the loan disbursement. This currently applies to Swiss franc-linked mortgage loans ("**CHF loans**") and the relevant maximum interest rate so fixed would amount to 3.23per cent. on CHF loans. Should the difference between the current foreign currency/Croatian Kuna exchange rate and the exchange rate from the day the foreign exchange loan agreement was entered into fall below 20per cent., a conversion of the foreign exchange-loan into Croatian Kuna or into a EUR-linked loan shall be offered to the consumers at then prevailing market conditions. Currently, 75,000 loans in Swiss francs totaling 28 billion Croatian Kuna are estimated to be outstanding in Croatia. The Amendments Act is expected to affect the Issuer's net interest margin on loans. For 2014 the estimated negative impact amounts to EUR 3.2 million and up to EUR 36 million over the whole duration of the CHF-loan portfolio (until 2048).

Developments in Asia

The Asian business has been negatively impacted by lower commodity prices, which have affected the debt servicing capability of borrowers in the Asia-Pacific region. As a consequence the increase in the non-performing loans ("NPLs") reported in the Group Corporates segment mainly relates to Asia (EUR 734 million as of year-end 2014) and hereof mainly to Indonesia from several clients operating in the raw material and mining business.

Given the RBI Group's total assets in Asia of approximately EUR 6 billion as of 31 December 2014, RBI intends to significantly scale back or exit its business in Asia by end-2017.

Bank levies and specific taxes

Various countries have already implemented bank specific taxes or levies.

In Hungary, a bank levy was introduced in 2010 and is calculated on the basis of total assets. The bank levy for 2014 is expected to amount to EUR 44 million for RZB Group. Additionally, a financial transaction tax was introduced in Hungary in 2013 on financial transactions, with certain exemptions, which is expected to have a negative impact on RZB Group of EUR 45 million in 2014. It is expected that a certain part of such financial transaction tax can be passed on to customers. In February 2015 the Hungarian government announced a reduction of bank levies which could lead to a lower future tax burden for banks operating in Hungary.

In Austria, a bank levy was introduced in December 2010 and has been effective as of 1 January 2011. The Austrian bank levy is deductible from corporate income tax and is levied on total assets less certain exceptions. Beginning with 1 April 2014, the average derivative volumes in the trading book are no longer included in the tax base of the bank levy. The total amount of the Austrian bank levy is expected to negatively impact the RZB Group's 2014 results by EUR 90 million.

Moreover, Slovakia introduced a bank levy effective as of 2012. The negative impact resulting from the bank levy in Slovakia is expected at approximately EUR 26 million in 2014.

Slovenia has also introduced a bank levy at a rate of 0.1 per cent. of total assets (with certain exceptions) expected to have a negative impact on RZB Group of less than EUR 1 million in 2014.

Other countries in which the RZB Group operates are currently discussing or planning the implementation of similar bank levies.

Bank Recovery and Resolution Regime

An Austrian Recovery and Resolution Law came into force as of 1 January 2015 (the Federal Act on the Recovery and Resolution of Banks; Bundesgesetz über die Sanierung und Abwicklung von Banken; "**BaSAG**"). Payments under this law refer to European rules implementing the Bank Recovery and Resolution Directive ("BRRD"), which are not yet adopted (expected to happen sometime in 2015) and which foresee a contribution payment mechanism starting in 2015. Starting from 2016 the Austrian Resolution Fund, like all other EURO-zone-resolution funds will be transferred to the Single Resolution Fund, being in process of establishment for all EU-Eurozone members (on an optional basis also for other EU members).

The concrete amount of overall payments (with respect to RBI Group members, payments based on their respective national laws) can only be determined once the respective EU regulation /national laws have been passed and EU wide data are available. Using external benchmark estimates, however the contributions for a bank of the size of RZB Group might be in the range of approx. EUR 40 million from 2015.

Regulatory capital requirement of RZB

In spring 2014, the Austrian Financial Markets Authority (Finanzmarktaufsicht – "**FMA**") issued a decree imposing on RZB as superordinated credit institution of the RZB credit institution group (Kreditinstitutsgruppe) a total capital ratio requirement of 13.77 per cent. applicable from July 2014. The calculation of this ratio also includes Raiffeisen-Landesbanken-Holding GmbH as parent financial holding company.

The European Central Bank ("ECB") assumed its role as consolidating supervisor for RZB as from 4 November 2014. It is expected that the ECB as the currently responsible supervisor will issue a decision in the course of the first quarter of 2015 replacing the above capital requirement.

Following the Austrian regulator's decision to set-up a second level of supervision at the level of RBI Group, on 24 October 2014, RBI received notification from the FMA that it would be required to fulfil regulatory capital requirements as a separate group (i.e. RBI Group on a consolidated basis) in addition to RZB Group. Thus, RBI is sub-consolidated and also regulated separately by the European Central Bank. As a consequence, as from 30 November 2014 RBI is required to adhere to a SREP Ratio

(Supervisory Review Evaluation Process Ratio) (i.e. a total capital ratio (transitional)) of 13.76 per cent. Furthermore, the volume of guarantees between RZB and RBI will have to be reduced which is expected to have a negative impact on direct business transactions between RBI and the Regional Raiffeisen Banks, i.e. the Raiffeisen-Landeszentralen, in particular as regards liquidity flows. As part of the measures relating to organisational and functional separation, respectively the unbundling of bank-specific operations between RZB and RBI, it is also required to discontinue identical board functions such as RBI's chief risk officer acting also as a member of the management board of RZB. Thus, Mr. Strobl's position as chief risk officer of RZB will terminate prior to or on 30 June 2015 at the latest.

The European Central Bank ("ECB") assumed its role as competent authority for RBI as from 4 November 2014. It is expected that the ECB as the currently competent authority will issue a decision in the course of the first quarter of 2015 replacing the above capital requirement.

In order to comply with capital requirements in the future, RZB Group and/or RBI Group may have to raise additional tier 1 or tier 2 capital or reduce its risk-weighted assets. (for risks related to this see in the Section "*Risk Factors regarding RZB*" the risk factor "*RZB Group and/or RBI Group and/or certain of its subsidiaries qualify /could be qualified as a "systemically important" financial institution (group) and thus be subject to a surcharge on regulatory capital which increases the risk that supervisory powers or intervention measures by the competent regulatory authority are exercised*"). All of this could negatively affect RZB Group or its business.

As part of RBI's strategic priority of strengthening capital, the bank is actively managing the securitization of assets. By the end of 2014 the RBI closed a securitization that resulted in a reduction of Risk Weighted Assets (RWAs) by around EUR 500 million and CET1 relief of around EUR 50 million or 0.07 per cent. Going forward, the RBI aims to securitize assets on a regular basis generating around 0.20 per cent of CET1 capital relief p.a.

Stagnation or continued down scaling of certain parts of RZB Group's business

In response to the financial crisis and the above mentioned changes in the business and regulatory environment, RZB Group in 2012 began moving away from an expansion and general growth strategy towards a more distinct approach with a focus on certain key markets and business areas, particularly capital-light products, such as cash management and treasury services, private wealth management and investment banking, and has down scaled certain of its activities. In relation to measures of RBI in the course of a strategic review see above the subsection "*Material adverse changes in the prospects of the Issuer since the date of its last published audited financial statements – Measures in the course of a strategic review*" in the section "Trend Information".

5. Supplemental Information relating to the section "Historical Financial Information"

23. *On page 325 et seqq. of the Debt Issuance Programme Prospectus, the list of proceedings in which the RZB Group is currently involved described in the section entitled "Legal and arbitration proceedings" the following paragraph shall be replaced by the following list:*

- "- Legal action was filed against RZB (prior to the Merger) and Raiffeisen Investment AG ("RIAG") (prior to the Merger) 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. 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 is currently pending.
- Following the insolvency of Alpine Holding GmbH ("Alpine") in 2013, eleven lawsuits in the total amount of approximately EUR 800,000 were filed by retail investors in Austria against RBI and another bank in connection with a bond which had been issued by Alpine in 2012 in the amount of EUR 100 million. 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 bond in due course. The claim alleges that the capital market prospectus in relation to the bond issue was misleading and incomplete and that the banks, which were also involved in the preparation of the prospectus, were aware of that fact. It is to

be expected that similar lawsuits are being prepared against the banks, among them RBI, involved in the bond issue and it might be possible that bondholders are also represented by a "class action association".

- Particularly in connection with its lending activities, RBI Group is from time to time subject to claims from insolvency administrators or similar persons or authorities, seeking to recover assets of insolvent borrowers. In February 2012 a claim was submitted to RZB and RBI in which it was alleged that a borrower made a voluntary repayment under a syndicated loan agreement to RZB and/or RBI in the amount of EUR 75 million prior to its maturity date. The borrower became insolvent and it is now claimed that RZB and/or RBI has to repay a part of this amount, namely EUR 25 million.
- By the end of September 2014, the administration of an insolvent counterparty has instigated pre-litigation proceedings against RBI in England. The counterparty's administration asserts a claim of approximately EUR 24 million plus interest resulting from incorrect calculation of the termination value of repurchase and securities lending transactions. RBI has rejected the asserted claim.
- In March 2014 the RZB Group's participation in F.J. Elsner Trading Gesellschaft m.b.H. ("FJ Elsner"), a commodities trader, was sold and transferred to MFC Commodities GmbH. Liability was assumed for certain lawsuits of FJ Elsner including a law suit of a U.S. company from August 2011 with the Commercial Court in Vienna. According to the claimant, FJ Elsner delivered steel coils that did not satisfy the agreed upon quality criteria, so that the claimant was not able to use such steel coils for further processing. The claimant claims damages of USD 41.9 million and further requests a declaratory judgment that FJ Elsner has to hold it harmless from any third-party claims resulting from the delivery of the steel coils. The Commercial Court and the Court of Appeals denied the claims. A further appeal to the Austrian Supreme Court would be possible.
- In June 2012, a client (the "Client") of the RBI'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 some credit facilities agreements entered into between Tatra banka and the Client. The Client claims that Tatra banka breached its contractual obligations by refusing to execute payment orders from the Client'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 Client's obligations towards its business partners and the termination of the client's business activities.

Furthermore, a Cypriot company filed a separate action for damages in the amount of approximately EUR 43.1 million. This lawsuit is connected with the proceeding above because the company having filed the action had acquired the claim from a shareholder of the holding company of the Client. Subject matter of the claim is the same as in the proceeding above. According to the claimant, this had caused damage to the Client 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 claimant.

The 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. A first judgment is expected within 2 years.

- Following an assignment of Tatra banka's receivable (approx. 3.5 million EUR) against a client (the "Company") to an assignee, two lawsuits in the total amount of approximately EUR 18.5 million were filed by the original shareholders of the Company against Tatra banka, a.s. ("Tatra banka"). Their shares in the Company had been pledged as a security for a financing provided by Tatra banka to the Company. The claims are claims for compensation of a damage which incurred 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 Company as well as the fact that the assignee had realized a mortgage over real estates of the Company (which had also been created as a security for the financing provided by Tatra banka to the Company). The original shareholders claimed that the value of the Company was 18.5 million EUR and that this amount would represent the damage incurred by them due to the assignment of Tatra banka's claim against the Company.

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 with good faith principles and that it had breached an

obligation arising from the Slovak Civil Code. A first judgment is expected within 2 years.

- The Antimonopoly Office of Slovakia carried out an inspection at the premises of Tatra banka, a.s. ("Tatra banka") and certain other banks in Slovakia in relation to the suspicion of exchange of sensitive information and coordination of behaviour in the setting of charges for private individuals which would constitute a breach of national as well as European competition law. The maximum possible fine could have reached 10 per cent. of the turnover of Tatra banka, which - based on the figures for 2013 - would amount to approximately EUR 42.5 million. On 26 January 2015, Tatra banka received the notice of termination of the investigation of the Antimonopoly Office of Slovakia. After the assessment of all documents and information the Antimonopoly Office concluded that it currently did not have sufficient documents and information which would justify the commencement of the administrative proceedings against infringement of competition in the respective matter and therefore terminated the investigation.
- Various claims for the repayment of deducted loan account maintenance fees have been filed against ZAO Raiffeisenbank, Russia, ("ZAO Raiffeisenbank") by a number of its clients based upon a decision of an arbitration court in Russia in 2009. Currently, claims amounting to a repayment of estimated EUR 1.5 million are pending. Due to the fact that all retail commissions have been cancelled and are no longer charged by ZAO Raiffeisenbank and that the limitation of action period for any claim set by the Civil Code of Russia is three years and has already expired for the majority of possible claims, new claims are unlikely to be initiated against ZAO Raiffeisenbank in the future. Moreover, ZAO Raiffeisenbank has initiated a voluntary repayment policy for the purpose of settling any such new claim in order to avoid unnecessary court proceedings. According to retail lending terms, the client must first file a pre-trial complaint with the relative claim of repayment before applying directly to court. Russia procedural law stipulates that without observing prejudicial procedure, the client will not be able to apply to court. Considering that such commission fees will no longer be claimed through court proceedings and will be repaid by ZAO Raiffeisenbank voluntarily in response to the relative prejudicial claims from clients, it is estimated at this point of time that the maximum possible loss will not exceed the EUR 1.5 million amount of cases already pending.
- In 2011, the Hungarian Competition Office ("HCO") launched a competition supervision proceeding against various financial institutions, including the Raiffeisen Bank in Hungary ("Raiffeisen Bank Zrt."). The HCO assumed that the banks were offering HUF loan products with higher interest rates and were limiting access to lower interest rate products in connection with the early repayment of foreign currency loans. In November 2013 the HCO issued its final decision and levied a fine on Raiffeisen Bank Zrt. in the amount of HUF 583 million (which equals approximately EUR 2 million). Raiffeisen Bank Zrt. has contested the decision at the Metropolitan Court of Hungary. The final judgment is expected in 2 years. At first instance the court rejected the claim of Raiffeisen Bank Zrt.
- Furthermore, the Hungarian Competition Office ("HCO") launched a competition supervision proceeding against the Banking Association and Institute for Training and Consulting in Banking (Bankárképző). The HCO alleges that the establishment and the maintenance of the interbank database (BankAdat) being regularly updated by banks and containing partly non-public data may qualify as an information cartel. The database was available free of charge and contained quarterly updated data about the member banks and their performance uploaded by the banks themselves. Since 2000 and until recently the data uploaded were accessible on principle reciprocity basis (banks uploading data could see equivalent types of data uploaded by other banks). Subsequently, the HCO extended the ongoing proceeding to all participant commercial banks and financial institutions including Raiffeisen Bank Zrt. The amount of the fine cannot be estimated yet, but based on the relevant regulation, on the guideline issued by HCO relating to its imposing policy and on the practice of the HCO in similar matters the fines may reach 2-3 per cent. and will not exceed 10 per cent. of the net turnover in the calendar year preceding the adoption of the HCO decision. At this point of time it is not possible to evaluate the potential financial impact of this proceeding. The HCO procedure is still ongoing.
- Raiffeisen Bank in Hungary (Raiffeisen Bank Zrt), as many other banks in Hungary, is involved in a number of lawsuits (up to and including February 1, 2015: 500 individual lawsuits) with respect to foreign currency loan agreements in which claimants seek declaratory judgments that such contracts are void. Based on guidelines recently issued by the Supreme Court a new legislation has been passed by the Hungarian parliament on 4 July 2014. The new legislation relates to (a) the foreign exchange ("FX") margins which can be

applied to foreign currency loan disbursement and instalments as well as to (b) unilateral rate changes on consumer loans and requires retroactive modifications to margins and potentially to rates. The new law came into effect on 26 July 2014 and applies to all banks operating in Hungary. The legal scope of the new law applies to all foreign currency and HUF consumer loans as of 1 May 2004 until the effective date of the law (concerning the new law see Trend information - Recent developments in Hungary). A separate law – the Settlement Act – was accepted on 24 September 2014 followed by decrees of the National Bank of Hungary which determine and clarify the settlement methodology, basically by requiring the banks to take into account mandatory refunds to borrowers relating to such FX margins and unilateral interest rate changes in the calculation of the outstanding claim of the affected loans. In case of loans that already expired or were repaid, the settlement would be in cash. Thus, all individual lawsuits with respect to FX margins and unilateral rate changing clauses in foreign currency loan agreements have been suspended until the date of the final settlement of the respective loan.

- The National Bank of Hungary (MNB) investigated the price-increase practice of various financial institutions, including the Raiffeisen Bank in Hungary in 2013. As a closing of these procedures in March 2014 MNB fined 35 banks and financial institutions a total of 1.2 billion forints (\$USD 5.32 million) for unlawful hikes in fees and costs and ordered them to reimburse their clients. In the case of Raiffeisen Bank Zrt. MNB found that the bank introduced new fees for earlier "free" transactions and with this action violated the relevant section of the Banking Act. Thus Raiffeisen Bank Zrt received a HUF 98 million fine and additional refund obligation. Raiffeisen Bank Zrt. has contested the decision and also initiated the suspension of the resolution's execution relating to the refund obligation at the Metropolitan Court of Hungary. The court suspended the execution of the resolution accordingly. Raiffeisen Bank Zrt. is not obliged to fulfill its refund obligation towards the customers until the court decides the issue on the merits. The lawsuit is still ongoing at first instance.
- At the end of 2013, Raiffeisen Bank Zrt. has reclaimed approximately HUF 4.5 billion from the bank tax liability of approximately HUF 11.8 billion paid for the 2012 tax year. The tax reclaim was based on an amendment to the legislation on the bank surtax (effective from 20th June 2012), that stipulates that 30 per cent. of the losses incurred by banks resulting from the cancellation of 25per cent. of the borrowers' debt arising from foreign exchange mortgage loans where the borrower's payments had been overdue for at least 90 days can reduce the bank tax, if the release is agreed with the clients, and executed by 15 September 2012. The Bank informed the concerned clients about the debt release offer via registered mail, claiming that should the clients disagree with the offer, they need to refuse it in writing, otherwise the offer would be considered to be accepted and executed accordingly. All customers except for one accepted the offer and the Bank executed the debt release in case of the non-protesting customers within the deadline set by the law.

During a tax audit commenced at the beginning of 2014, the Tax Authority challenged the reclaim of the above mentioned bank tax at Raiffeisen Bank Zrt., claiming that the Bank's practice was not eligible for the tax reclaim governed by the law. The Tax Authority argued that the one-side offer cannot be regarded as 'agreement', (as it is required by the law). The Tax Authority established a tax shortage of approximately HUF 4.5 billion, plus 50 per cent. penalty. Raiffeisen Bank Zrt. filed its appeal against the decree of the Tax Authority together with documentary evidence supporting the Bank's arguments. Final decision of the Tax Authority is expected by the end of March 2015.

- There is a tendency in CEE countries towards a more aggressive behavior on the part of customers and consumer protection associations in the context of legal disputes in relation to consumer protection. For instance, in July 2013 based on a claim brought by a consumer rights protection association, the Zagreb Commercial Court issued a judgment against several Croatian banking subsidiaries of European banks, including RBI's Network Bank in Croatia, Raiffeisenbank Austria d.d., finding that the banks violated Croatian consumer protection laws and the Croatian civil code in connection with Swiss franc-linked loans to retail customers between 2004 and 2008. According to the judgment, the banks used dishonest and unfair business practices and illegal contractual clauses in linking the loans' principal amounts to Swiss francs and by providing for variable interest rates that may be unilaterally reset by the respective banks without sufficiently informing customers of all parameters. The judgment requires the banks to offer affected customers to amend their loan agreements to adjust the principal amount of the respective loan linked to Swiss franc to the Croatian kuna at the exchange rate applicable of the respective disbursement date and to reset the respective interest rate on the loans to the rate in effect at the time the loan was extended, which interest

rate shall prevail until new transparent interest rate reset mechanisms are in place. Raiffeisenbank Austria d.d. and all other defendants have appealed the court decision on procedural and substantive grounds. In July 2014, the final decision of the High Commercial Court of Croatia was issued. The judgment was upheld in part, namely regarding contractual clauses in consumer loans providing for variable interest rates that may be unilaterally reset by the respective banks without sufficiently informing customers of all parameters. In relation to the clauses in linking consumer loan's principal amounts to Swiss francs the claim was rejected by the court. The court ruling is of declaratory nature and does not address the practices of individual banks. Based on this declaratory ruling, customers of Raiffeisenbank Austria d.d. who have consumer loans providing for variable interest rates and who had previously made payments on loans covered by the judgment could sue for repayment of overpaid interest, subject to a five year statute of limitations. In such individual law suits Raiffeisenbank Austria d.d. intends to prove that any change in such variable interest rates was based on fair and profound grounds. The court ruling affects the current outstanding loans as well as loans redeemed in the period of five years preceding the date of the ruling. If all borrowers under the loans covered by the judgment were to reclaim successfully in application of the terms of the judgment, the potential negative impact on Raiffeisenbank Austria d.d., and therefore on the Issuer, could be significant. In any case, the potential negative impact would finally depend on the actual number of claims to be launched by customers based on the final ruling. Moreover, both, the consumer rights protection association as well as the banks, including Raiffeisenbank Austria d.d. will file a motion to revise with the Supreme Court of Croatia. However such motion has no suspensive effect on the High Commercial Court's ruling.

- In 2011 a client of Raiffeisenbank Austria, d.d., Croatia launched a claim for damages in the amount of approximately EUR 19.2 million and alleged that damages have been caused by an unjustified termination of the loan. In February 2014, the Zagreb Commercial Court issued a judgment by which the claim was declined. The plaintiff launched an appeal against this judgment which is not finally decided.
- In 2014 a group of plaintiffs launched a lawsuit against Raiffeisenbank Austria, d.d., Croatia claiming damages in the amount of approximately EUR 17 million based on the allegation that negotiations in connection with the financing of a real estate project had been conducted in bad faith by Raiffeisenbank Austria, d.d., Croatia and finally terminated. According to the defendant's assessment the claim is unfounded.
- Proceedings against RBI's subsidiary in Ukraine, Raiffeisen Bank Aval JSC ("RBA"), were initiated by a Gibraltar-based company in the courts of the Republic of Moldova. The amount of the claim against RBA, including damages as well as default interest, currently constitutes USD 15.1 million. The claim is based on the fact that the claimant allegedly incurred damages due to the non-performance by RBA of a ruling issued by a district court in the Republic of Moldova in 2004. According to said ruling, the district court seized USD 5 million on the correspondent and other accounts of RBA which should have been used to pay off the indebtedness of one of RBA's Ukrainian clients towards the claimant. Over the years, RBA unsuccessfully tried to repeal this ruling in various courts of the Republic of Moldova and, in view of the lack of any further perspectives to settle this dispute in the courts of the Republic of Moldova, RBA lodged an application to the European Court of Human Rights against the Republic of Moldova in early 2013 which was registered in April 2013.

In 2014, after a long-term trial, the Moldovan district court refused the claim for USD 15.1 million. The claimant appealed and the case is currently considered by the appellate court. At this point of time, the outcome of the proceeding cannot be estimated.

- Procedures launched against board members of RBI by the Austrian Financial Market Authority (FMA):

In the course of the administrative penal procedure, the FMA imposed a fine of EUR 120,000 against all members of the former board of management of RBI's predecessor RI, three of which are currently members of the management board of RBI, which was confirmed by the appeal decision of the independent administrative panel (UVS, Unabhängiger Verwaltungssenat) in October 2012. The FMA accused the board members that preparations pertaining to the Merger of RZB and RI had not been made public in time via an ad-hoc release and the FMA as well as the Vienna Stock Exchange had not been informed in time prior to this ad-hoc release. The affected board members lodged a complaint at the Austrian Higher Administrative Court (Verwaltungsgerichtshof) as a court of last instance in December 2012. End of May 2014, the Austrian Higher Administrative Court revoked the decision of the

lower administrative instances in one of the cases and similar decisions in favour of the other three affected board members were issued in July 2014, which now constitutes the final outcome of these proceedings, once the closing decision of the administrative penal procedure is delivered. In one of the cases, the final closing decision was issued on August 4, 2014. The other final closing decisions were issued on 11 August 2014.

- The office of the public prosecutor in Austria carries out investigations concerning corruption allegations in which Raiffeisen-Leasing GmbH is involved. Raiffeisen-Leasing GmbH, as one of several project partners, participated in a project to finance and construct an office center. The public authority claims that bribes were paid by the project partners to a public authority in order to facilitate the rental of the office building to a public institution. Former managers as well as two employees of Raiffeisen-Leasing GmbH are alleged to have participated in this corruption. A decision on whether a charge will be brought against the above mentioned persons has not yet been taken by the prosecutor's office. In case of a conviction, besides a reputational damage a potential risk remains that a fine might be imposed on Raiffeisen-Leasing GmbH.
- The Austrian public prosecutor carries out investigations suspecting former members of the management board of Raiffeisen Centrobank AG, an integrated investment bank directly owned by RBI, of breach of trust and participating in bribery. Allegedly, Raiffeisen Centrobank AG retained a lobbyist company in connection with the privatization of the Österreichische Post Aktiengesellschaft (Austrian Post) in 2006 and former members of the management board of Raiffeisen Centrobank AG are suspected to have bribed person(s) holding public functions via such lobbyist firm. A decision on whether a charge will be brought against the managers has not yet been taken by the prosecutor's office. In case of a conviction, Raiffeisen Centrobank AG might suffer a reputational damage.
- In the context of the announced sale of Raiffeisen Bank Polska S.A. the Polish Financial Supervision Authority ("PFSA") informed RBI about the initiation of an administrative proceeding claiming the potential breach of commitments towards PFSA undertaken by RBI during the approval process of the acquisition of Polbank EFG by RBI in 2012. The RBI is of the opinion that the commitments have not been breached; although a potential outcome of proceedings could result in a prohibition of exercising voting rights on shares of RBI's subsidiary Raiffeisen Bank Polska S.A. until the sale of shares, the Issuer believes that the allegations are unsubstantiated, and such proceedings ultimately shall be dismissed. The Issuer believes that proceedings have no impact on day-to-day business, or the sales process."

**V. SUPPLEMENTAL INFORMATION
RELATING TO THE SECTION "GENERAL INFORMATION"**

1. Supplemental Information relating to the section "Rating"

24. *On page 348 et seq. of the Debt Issuance Programme Prospectus, in the section "Rating" the second paragraph shall be deleted and replaced by the following information:*

"Among others in connection with the recent full implementation of the EU Bank Recovery and Resolution Directive in Austria and the deteriorating operating environment in Russia, and in Central, Eastern, and South-Eastern Europe Standard & Poor's Ratings Services placed the long- and short-term ratings assigned to the Issuer to a "CreditWatch with negative implications" on 3 February 2015."

2. Supplemental Information relating to the section "Documents incorporated by Reference"

25. *On page 349 of the Debt Issuance Programme Prospectus, in the section "Documents incorporated by Reference" the following paragraph shall be inserted at the end of the section:*

"(d) the Fourth Supplement dated 5 March 2015 to the Debt Issuance Programme Prospectus dated 19 August 2014 relating to the EUR 25,000,000,000 Debt Issuance Programme of Raiffeisen Bank International AG (the "**RBI March 2015 Supplement**")."

26. *On page 350 of the Debt Issuance Programme Prospectus, in the section "Comparative Table of Documents incorporated by reference" the following information shall be added:*

<u>"Page</u>	<u>Section of Prospectus</u>	<u>Document incorporated by reference</u>
304 et seq.	Raiffeisen Zentralbank Österreich Aktiengesellschaft	<u>RBI March 2015 Supplement</u> <ul style="list-style-type: none">• Preliminary Unaudited Results for the full year 2014 of RBI Group (page 17 et seq) "

To the extent that there is any inconsistency between any statement in the First Supplement and any other statement in or incorporated in the Debt Issuance Programme Prospectus, the statements in the First Supplement will prevail.

The First Supplement is available for viewing in electronic form at the website of the Luxembourg Stock Exchange (www.bourse.lu) and at the website of the Issuer (www.rzb.at) and copies may be obtained free of charge from RAIFFEISEN ZENTRALBANK ÖSTERREICH AKTIENGESELLSCHAFT, Am Stadtpark 9, 1030 Vienna, Austria.

Save as disclosed in the First Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Debt Issuance Programme Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

In accordance with Article 13 paragraph 2 of the Luxembourg Prospectus Law, investors who have already agreed to purchase or subscribe for Notes to be issued under the Programme before the First Supplement is published have the right, exercisable within two working days after the publication of the First Supplement, to withdraw their acceptances. The final date of the right of withdrawal will be 18 March 2015.