Third Supplement dated 4 April 2018
to the Debt Issuance Programme Prospectus dated 13 October 2017
relating to the EUR 25,000,000,000 Debt Issuance Programme

*This document constitutes a supplement (the "**Third Supplement**") for the purpose of Art. 16 of the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended (the "**Prospectus Directive**") as well as Article 13 of Chapter 1 of Part II of the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (Loi relative aux prospectus pour valeurs mobilières, the "**Luxembourg Prospectus Law**"), to the two base prospectuses for securities relating to the EUR 25,000,000,000 Debt Issuance Programme for the issue of Notes of Raiffeisen Bank International AG (the "**Issuer**" or "**RBI**"): (i) the base prospectus in respect of non-equity securities within the meaning of Art. 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended ("**Prospectus Regulation**") and (ii) the base prospectus in respect of covered notes (non-equity securities within the meaning of Art. 22 No. 6(3) of the Prospectus Regulation) (the two base prospectuses together, the "**Original Base Prospectus**"). The Original Base Prospectus in the form as supplemented by the First Supplement dated 8 November, 2017, the Second Supplement dated 22 November 2017 is hereinafter referred to as the "**Supplemented Base Prospectus**" and the Supplemented Base Prospectus in the form as supplemented by this Third Supplement is hereinafter referred to as the "**Base Prospectus**".*

RAIFFEISEN BANK INTERNATIONAL AG

EUR 25,000,000,000 Debt Issuance Programme

for the issue of Notes

This Third Supplement is supplemental to, and should only be distributed and read together with, the Supplemented Base Prospectus. Terms defined in the Supplemented Base Prospectus have the same meaning when used in this Third Supplement. To the extent that there is any inconsistency between (a) any statement in this Third Supplement and (b) any other statement prior to the date of this Third Supplement, the statements in (a) will prevail.

This Third Supplement has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") and will be published together with any documents incorporated by reference in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Raiffeisen Bank International AG (www.rbinternational.com).

Raiffeisen Bank International AG has requested the CSSF in its capacity as competent authority under the Luxembourg Prospectus Law to approve this Third Supplement and to provide the competent authorities in Germany, Austria, the Czech Republic, Slovakia, Poland, Hungary and Romania with a certificate of approval (a "**Notification**") attesting that this Third Supplement has been drawn up in accordance with the Luxembourg Prospectus Law which implements the Prospectus Directive into Luxembourg law. The Issuer may request the CSSF to provide competent authorities in additional Member States within the European Economic Area with a Notification.

By approving this Third Supplement, the CSSF shall give no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg Prospectus Law.

The Issuer is solely responsible for the information given in this Third Supplement. The Issuer hereby declares, having taken all reasonable care to ensure that such is the case, that to the best of its knowledge, the information contained in this Third Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than those contained in the Supplemented Base Prospectus or this Third Supplement in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Dealers or any of them.

This Third Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes.

IN ACCORDANCE WITH ARTICLE 16 PARAGRAPH 2 OF THE PROSPECTUS DIRECTIVE AND WITH ARTICLE 13 PARAGRAPH 2 OF THE LUXEMBOURG PROSPECTUS LAW, WHERE THE PROSPECTUS RELATES TO AN OFFER OF SECURITIES TO THE PUBLIC, INVESTORS WHO HAVE ALREADY AGREED TO PURCHASE OR SUBSCRIBE FOR ANY NOTES BEFORE THIS THIRD SUPPLEMENT IS PUBLISHED HAVE THE RIGHT, EXERCISABLE WITHIN TWO WORKING DAYS AFTER THE PUBLICATION OF THIS THIRD SUPPLEMENT, I.E. UNTIL 6 APRIL 2018, TO WITHDRAW THEIR ACCEPTANCES, PROVIDED THAT THE NEW FACTOR, MISTAKE OR INACCURACY AROSE BEFORE THE FINAL CLOSING OF THE OFFER TO THE PUBLIC AND THE DELIVERY OF THE NOTES.

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SUPPLEMENTAL INFORMATION

- **Part A – Amendments to the sections IMPORTANT NOTICE**

1) On pages 2-3 of the Supplemented Base Prospectus in the section "IMPORTANT NOTICE", the following paragraph shall be inserted at the end of the section:

„Amounts payable under the Notes may be calculated by reference to, for example, EURIBOR, which is currently provided by European Money Markets Institute (EMMI) or LIBOR, which is currently provided by ICE Benchmark Administration (IBA) (each a "Benchmark"). As at the date of this Supplemented Base Prospectus, no benchmark administrator of the relevant benchmarks which were used by RBI does appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "Benchmark Regulation"). The Final Terms will set out the name of the specific Benchmark and the relevant administrator. They will further specify if the relevant administrator appears or does not appear on the register."

- **Part B – Amendments to the section SUMMARY**

2) On page 19 of the Supplemented Base Prospectus, in the section "**Qualifications in the audit report on the historical financial information**" in the "**SUMMARY", "Section B", Element "B.10",** the following paragraph shall be added at the end:

"KPMG has also audited RBI's German language consolidated financial statements as of 31 December 2017 and has issued an unqualified auditor's report (*Bestätigungsvermerk*) for these consolidated financial statements."

3) On page 21 of the Supplemented Base Prospectus, in the section "**Selected historical key information regarding the issuer, for each financial year and any subsequent interim financial period (accompanied by comparative data)**" in the "**SUMMARY", "Section B", Element "B.12",** the following tables shall be added at the end below the existing tables, just below the last line "*Source*: Third Quarter Report 2017 (Unaudited interim consolidated financial statements of RBI for the nine months ended 30 September 2017).":

"

Income Statement in EUR million	**1-12/2017** (audited)	**1-12/2016** (audited)
Net interest income	3,208	2,935
Net provisioning for impairment losses	(287)	(754)
Net interest income after provisioning	2,921	2,181
Net fee and commission income	1,719	1,497
Net trading income	244	215
Net income from derivatives and liabilities	(41)	(189)
Net income from financial investments	(83)	153
General administrative expenses	(3,104)	(2,848)
Profit/loss before tax	1,612	886
Profit/loss after tax	1,246	574
Consolidated profit/loss	1,116	463

Balance Sheet in EUR million	**31/12/2017** (audited)	**31/12/2016** (audited)
Equity	11,241	9,232
Total assets	135,146	111,864

Selected Key Ratios	**31/12/2017** (audited)	**31/12/2016** (audited)
NPL Ratio[(1)]	5.7 per cent	9.2 per cent
NPL Coverage Ratio[(1)]	67.0 per cent	75.6 per cent

Bank Specific Information	**31/12/2017** (audited)	**31/12/2016** (audited)
Common equity tier 1 ratio (transitional)	12.9 per cent	13.9 per cent
Common equity tier 1 ratio (fully loaded)	12.7 per cent	13.6 per cent
Total capital ratio (transitional)	17.9 per cent	19.2 per cent
Total capital ratio (fully loaded)	17.8 per cent	18.9 per cent

Performance	**1-12/2017** (audited)	**1-12/2016** (audited)
Net interest margin (average interest-bearing assets)[(2)]	2.48 per cent	2.78 per cent
Return on equity before tax[(3)]	16.2 per cent	10.3 per cent
Cost/income ratio[(4)]	59.4 per cent	60.7 per cent
Earnings per share in EUR	3.34	1.58

Resources	**31/12/2017** (audited)	**31/12/2016** (audited)
Employees as at reporting date (full-time equivalents)	49,700	48,556
Business outlets	2,409	2,506

This overview includes the following Alternative Performance Measures ("**APM**"):

(1) NPL Ratio and NPL Coverage Ratio; NPL Ratio: Non-performing loans in relation to total loans and advances to customers; NPL Coverage Ratio: impairment losses on loans and advances to customers in relation to non-performing loans to customers.

(2) Net interest margin (average interest-bearing assets): Net interest income in relation to average interest-bearing assets.

(3) Return on equity before tax: Return on the total equity including non-controlling interests, i.e. profit after tax in relation to average equity on the statement of financial position. Average equity is calculated on month-end figures including non-controlling interests and does not include current year profit.

(4) Cost/income ratio: General administrative expenses in relation to operating income (less bank levies, impairments of goodwill, releases of negative goodwill and any non-recurring effects reported under sundry operating expenses).

Source: Annual Report 2017 (Audited consolidated financial statements of RBI for the fiscal year 2017)."

4) On page 22 of the Supplemented Base Prospectus, in the section **"Statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements or a description of any material adverse change)**" in the "**SUMMARY**", "**Section B**", **Element** "**B.12**", the whole paragraph shall be deleted and replaced by the following sentence:

"There have been no material adverse changes in the prospects of RBI since 31 December 2017."

5) On page 22 of the Supplemented Base Prospectus, in the section **"Significant changes in the financial or trading position of the Issuer**" in the "**SUMMARY**", "**Section B**", **Element** "**B.12**", the existing text shall be deleted and replaced by the following wording:

"No significant changes in the financial or trading position of the Issuer have occurred since 31 December 2017."

6) On page 22 of the Supplemented Base Prospectus, in the section **"Recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency**" in the "**SUMMARY**", "**Section B**", **Element** "**B.13**", the existing text shall be deleted and replaced by the following wording:

"The Issuer is not aware of any recent events particular to the Issuer (i.e. occurring after the most recent published audited consolidated financial statements of the Issuer (RBI) for the fiscal year ended 31 December 2017) in the context of its business activities that are to a material extent relevant for the evaluation of its solvency."

- **Part C – Amendments to the section GERMAN TRANSLATION OF THE SUMMARY**

7) On page 81 of the Supplemented Base Prospectus, in the section "**Art etwaiger Einschränkungen der Bestätigungsvermerke zu den historischen Finanzinformationen**" in the **"GERMAN TRANSLATION OF THE SUMMARY", "Abschnitt B", Element "B.10",** the following paragraphs shall be added:

"Die KPMG hat den in deutscher Sprache erstellten Konzernabschluss der RBI per 31. Dezember 2017 geprüft und einen uneingeschränkten Bestätigungsvermerk für diesen Konzernabschluss erteilt."

8) On page 83 of the Supplemented Base Prospectus, in the section "**Ausgewählte historische Finanzinformationen; für jedes Finanzjahr und alle folgenden Zwischenberichtsperioden (begleitet von Vergleichsdaten)**" in the **"GERMAN TRANSLATION OF THE SUMMARY", "Abschnitt B", Element "B.12",** the following tables shall be added at the end below the existing tables, just below the last line "Quelle: Zwischenbericht 1. bis 3. Quartal 2017 (Ungeprüfter Konzernfinanzbericht der RBI für die am 30. September beendeten ersten neun Monate des Jahres 2017).":

"

Erfolgsrechnung, in EUR Millionen	**1-12/2017** (geprüft)	**1-12/2016** (geprüft)
Zinsüberschuss	3.208	2.935
Nettodotierungen zu Kreditrisikovorsorgen	-287	-754
Zinsüberschuss nach Kreditrisikovorsorgen	2.921	2.181
Provisionsüberschuss	1.719	1.497
Handelsergebnis	244	215
Ergebnis aus Derivaten und Verbindlichkeiten	-41	-189
Ergebnis aus Finanzinvestitionen	-83	153
Verwaltungsaufwendungen	-3.104	-2.848
Ergebnis vor Steuern	1.612	886
Ergebnis nach Steuern	1.246	574
Konzernergebnis	1.116	463

Bilanz, in EUR Millionen	**31.12.2017** (geprüft)	**31.12.2016** (geprüft)
Eigenkapital	11.241	9.232
Bilanzsumme	135.146	111.864

Ausgewählte Kennzahlen	**31.12.2017** (geprüft)	**31.12.2016** (geprüft)
NPL Ratio(1)	5,7%	9,2%
NPL Coverage Ratio(1)	67,0%	75,6%

Bankspezifische Kennzahlen	**31.12.2017** (geprüft)	**31.12.2016** (geprüft)
Common Equity Tier 1 Ratio (transitional)	12,9%	13,9%
Common Equity Tier 1 Ratio (fully loaded)	12,7%	13,6%
Eigenmittelquote (transitional)	17,9%	19,2%
Eigenmittelquote (fully loaded)	17,8%	18,9%

Leistungskennziffern	**1-12 2017** (geprüft)	**1-12 2016** (geprüft)
Nettozinsmarge (auf durchschnittliche zinstragende Assets)(2)	2,48%	2,78%
Return on Equity vor Steuern(3)	16,2%	10,3%
Cost/Income Ratio(4)	59,4%	60,7%
Ergebnis je Aktie in EUR	3,34	1,58

Ressourcen	**31.12.2017** (geprüft)	**31.12.2016** (geprüft)
Mitarbeiter zum Stichtag (Vollzeitäquivalente)	49.700	48.556
Geschäftsstellen	2.409	2.506

Dieser Überblick beinhaltet die folgenden Alternativen Leistungskennzahlen – *Alternative Performance Measures ("**APM**")*:

(1) NPL Ratio und NPL Coverage Ratio; NPL Ratio: notleidende Kredite in Relation zu den gesamten Forderungen an Kunden; NPL Coverage Ratio: Risikovorsorgen für Forderungen an Kunden im Verhältnis zu den notleidenden Forderungen an Kunden.

(2) Nettozinsmarge (durchschnittliche verzinste Aktiva): Zinsüberschuss im Verhältnis zu durchschnittlichen zinstragenden Aktiva.

(3) Return on Equity vor Steuern: Gewinn auf das gesamte Eigenkapital, einschließlich Minderheitsanteile, d.h. Gewinn nach Steuern in Bezug auf das durchschnittliche Eigenkapital in der Bilanz. Durchschnittliches Eigenkapital wird jeweils zum Monatsende berechnet, einschließlich Minderheitsanteile und umfasst nicht den Gewinn des laufenden Jahres.

(4) Cost/Income Ratio: Allgemeine Verwaltungsausgaben in Bezug auf Betriebserträge (abzüglich Bankenabgaben, Wertminderungen von Firmenwerten, vereinnahmter passiver Unterschiedsbeträge und in den sonstigen betrieblichen

Aufwendungen ausgewiesene Einmaleffekte).

Quelle: Geschäftsbericht 2017 (Geprüfter Konzernfinanzbericht der RBI für das Geschäftsjahr 2017)“

9) On page 84 of the Supplemented Base Prospectus, in the section **“Erklärung, dass sich die Aussichten der Emittentin seit dem Datum des letzten veröffentlichten geprüften Abschlusses nicht wesentlich verschlechtert haben, oder beschreiben Sie jede wesentliche Verschlechterung)**" in the **"GERMAN TRANSLATION OF THE SUMMARY", "Abschnitt B", Element** "**B.12**"**,** the whole paragraph shall be deleted and replaced by the following sentence:

“Es gab keine wesentlichen Verschlechterungen der Aussichten der RBI seit dem 31. Dezember 2017.”

10) On page 84 of the Supplemented Base Prospectus, in the section **“Wesentliche Veränderungen der Finanzlage oder Handelsposition der Emittentin (die nach dem von den historischen Finanzinformationen abgedeckten Zeitraum eingetreten sind)** " in the **"GERMAN TRANSLATION OF THE SUMMARY", "Abschnitt B", Element** "**B.12**"**,** the existing text shall be deleted and replaced by the following wording:

"Es gab keine wesentlichen Veränderungen der Finanzlage oder Handelsposition der Emittentin seit dem 31. Dezember 2017.“

11) On page 84 of the Supplemented Base Prospectus, in the section **“Beschreibung von Ereignissen aus der Tätigkeit der Emittentin aus jüngster Zeit, die für die Bewertung ihrer Zahlungsfähigkeit in hohem Maße relevant sind)**" in the **"GERMAN TRANSLATION OF THE SUMMARY", "Abschnitt B", Element** "**B.13**"**,** the existing text shall be deleted and replaced by the following wording:

"Der Emittentin sind keine jüngst eingetretenen Ereignisse, die sich speziell auf die Tätigkeit der Emittentin beziehen (die nach dem publizierten geprüften konsolidierten Konzernabschluss der Emittentin für das am 31. Dezember 2017 endende Geschäftsjahr auftraten), bekannt, die für die Beurteilung ihrer Zahlungsfähigkeit in hohem Maße relevant sind."

- **Part D – Amendments to the section RISK FACTORS**

12) The section “RISKS RELATING TO THE ISSUER AND RBI GROUP” of the chapter “RISK FACTORS”, pages 147-168 of the Supplemented Base Prospectus, shall be fully deleted and replaced as follows, whereby added text is printed in green and underlined and deleted text is printed in ~~red and strikethrough~~:

~~A.~~ **“A. RISKS RELATING TO THE ISSUER AND RBI GROUP**

The following is a description of the risk factors, which may affect the ability of the Issuer to fulfil its obligations under the Notes. Potential investors should carefully read and consider these risk factors before deciding upon the purchase of the Notes.

Potential investors should consider these risk factors and all other information provided in this Prospectus and consult their own experts. In addition, the investors should bear in mind that several of the mentioned risks may occur simultaneously and that their implication can, possibly together with other circumstances, thus be intensified. The order in which the risks are described does neither represent a conclusion about their probability of occurrence nor the gravity or significance of the individual risks. The following information is not exhaustive. Indeed, further risks which have not been visible yet may also affect the business activities of the RBI Group and the ability of the Issuer to fulfil its obligations arising from the Notes. Due to the occurrence of each individual risk described in the following, investors could lose their invested capital in whole or in part.

An investment in the Notes comes along with accepting risks of the underlying operational business of the Issuer. As an internationally operating company the risk situation of the Issuer comprises various aspects. The overall risk situation and any of the following single risks may influence the future income, asset and liquidity situation of the Issuer negatively:

1. RBI as member of RBI Group is subject to concentration risk with respect to geographic regions and client sectors.

The business activities of RBI are pursued to a significant extent via its subsidiaries. Each of these subsidiaries can influence RBI especially via the valuation of the subsidiary, via the costs of refinancing the participation versus its dividend payments and via national regulatory burdens on the level of each subsidiary.

Furthermore, due to accounts receivable from borrowers in certain countries and/or certain industry sectors, as the case may be, RBI Group is, to varying degrees, subject to a concentration of regional as well as sectorial counterparty risks. The concentration risk with respect to geographic regions and client sectors mainly exists in Russia, Poland, Czech Republic, and~~ in~~ Austria due to RBI's exposure to the Raiffeisen banking group Austria (*Raiffeisen Bankengruppe Österreich*) (see also the risk factors "*14. Risk of disadvantages for RBI due to its membership in Raiffeisen Customer Guarantee Scheme Austria*" and "*16. RBI is exposed to risks due to its interconnectedness concerning the Institutional Protection Scheme*"). The concentration risk on an RBI Group level could increase due to insufficient diversification. Furthermore, at RBI level, the reallocation of intra-group funding in order to support particular members of RBI Group, and the resulting increase in exposure to such group members and the countries in which they are located, also constitutes a concentration risk, which may be severe in the event of a default by one or several of these subsidiaries. Additionally, a failure of one or more members of RBI Group to service their respective payment obligations under certain financing agreements could trigger group cross default clauses and thus, unforeseen short-term liquidity needs for members of RBI Group. ~~Additionally~~Moreover, concentration risks may arise out of investments in asset backed securities if such investments show a sectoral or regional concentration of the debtors. The value of asset backed securities may be reduced significantly if the asset backed securities are concentrated in debtors stemming from respective sectors or regions which are hit by economic downturns.

Furthermore~~,~~, regulatory burdens can appear at the consolidated group level forcing RBI as the group parent institution to take actions to remedy such burdens.

The realisation of any concentration risk and all of the above~~-~~-mentioned mechanisms may adversely affect RBI's ability to meet its obligations under the Notes.

2. RBI Group has been and may continue to be adversely affected by the global financial and economic crisis including the Eurozone (sovereign) debt crisis, the risk of one or more countries leaving the European Union or the Eurozone and the difficult macroeconomic and market environment and may further be required to make impairments on its exposures.

RBI's ability to fulfil its obligations under the Notes may be affected by changing conditions in the global financial markets, economic conditions generally and perceptions of those conditions and future economic prospects. The outlook for the global economy over the near to medium term remains challenging and many forecasts predict only ~~stagnant or~~ modest levels of gross domestic product ("**GDP**") growth across many of the focus areas in which~~ the Issuer and~~ RBI Group operates. Many European and other countries continue to struggle under large budget deficits, ~~heightening~~raising a concern of the market that ~~many~~some European and other countries may ~~now or~~ in the future be unable to repay outstanding debt or obtain financing on the financial markets. Economic conditions have remained below long-term trends, a development which is amplified by high and in part still rising unemployment rates and markets continue to be volatile and potentially subject to intermittent and prolonged disruptions.

Furthermore, the current low interest rate environment in many countries creates further pressure on the financial sector leading to a decrease in net interest income followed by increased pressure on the cost structure.

In recent years, in Europe, the financial and economic conditions of certain countries have been particularly negatively affected. Refinancing costs for some of these countries are still elevated in comparison to countries like Germany. The perceived risk of default on the sovereign debt of those countries had raised concerns about the contagion effect such a default would have on other European Union economies. Credit rating agencies downgraded the credit ratings of many of these countries, but have also stripped the AAA rating from certain core European countries. Sovereigns, financial institutions and other corporates may become unable to obtain refinancing or new funding and may default on their existing debt. The outcome of debt restructuring negotiations may result in RBI Group suffering additional impairments. Austerity measures to reduce debt levels and fiscal deficits may well result in a further slowdown of or negative economic development. One or more Eurozone countries could come under increasing pressure to leave the European Monetary Union, or the ~~euro~~Euro as the single currency of the Eurozone could cease to exist. The magnitude of such events is not quantifiable however it cannot be ruled out that significant systemic implications occur which could have an adverse impact on RBI's capital situation and ability to repay its obligations.

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

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

Outside the European Union, conflicts (such as in the ~~political and economic turmoil in~~ Ukraine~~, the ongoing conflict in eastern Ukraine as well as the~~) or specific economic developments ~~in Russia caused by the drop in~~(*e.g.* oil ~~prices and Western economic sanctions had and might continue to~~price drops impacting several countries) could have a negative impact on macroeconomic conditions and the financial position, results of operations and the prospects of RBI's subsidiaries~~ in Russia, the Ukraine and any related economies.~~. Further, instability and whatsoever aggravation of the ~~conflict~~aforementioned conflicts (including developments concerning certain sanctions) might lead to adverse impacts on RBI Group (*e.g.* increase of defaults, legal implications, decrease of asset prices, etc.).

These developments or the perception that any of these developments will occur or exacerbate, have and could continue to significantly affect the economic development of affected countries, lead to widespread declines in GDP growth, and jeopardize the stability of the global financial markets. If the scope and severity of the adverse economic conditions currently experienced by certain European Union member states and in the focus areas of RBI Group worsen, the risks RBI Group faces may be exacerbated. The challenging economic conditions may adversely affect the Issuer's ability to meet its obligations under the Notes.

3. RBI Group operates in several markets which are partially characterised by an increased risk of unpredictable political, economic, legal and social changes and related risks, such as exchange rate volatility, exchange controls/restrictions, regulatory changes, inflation, economic recession, local market disruptions, labour market tensions, ethnic conflicts and economic disparity.

RBI Group's business is materially dependent on political and social stability, the performance of the economies and a sustainable development of the banking sector in the countries in which it operates. It is evident that due to the nature of some main markets RBI Group is exposed to a significant extent to those risks. Some of these markets are characterised by an increased risk of unpredictable political, economic, legal and social changes and related risks, such as exchange rate volatility, exchange controls/restrictions, regulatory changes, inflation, economic recession, local market disruptions, labour market tensions, ethnic conflicts and economic disparity. The level of risk differs significantly from country to country, and generally depends on the economic and political development stage of each country. The degree of political and economic stability varies throughout the region. Future political, economic and social changes in the economies in which RBI Group operates could adversely impact RBI's ability to meet its obligations under the Notes.

4. Any further appreciation of the value of any currency in which foreign-currency loans are denominated against CEE currencies or even a continuing high value of such a currency may deteriorate the quality of foreign currency loans which RBI Group has granted to customers in CEE and also raises the risk of new forced legislation actions as well as regulatory and/or tax measures detrimental to RBI Group.

In several Central and Eastern Europe, including South Eastern Europe ("**CEE**") countries, RBI operates through a network of majority-owned subsidiary credit institutions (the "**Network Banks**") which belong to the RBI Group. RBI Group has granted loans to households and companies denominated in a foreign currency (*e.g.* Swiss francs, US Dollar and Euro). An appreciation of such a currency makes the debt more burdensome for local borrowers in CEE without income streams in the relevant currency, which not only deteriorates loan quality but also raises the risk of new legislation as well as regulatory (*e.g.* higher risk weights and minimum capital requirements for loans denominated in foreign currencies) and/or tax measures detrimental to the banking sector. RBI Group has experienced such or similar development already in Hungary, Croatia and Romania. Similar developments cannot be ruled out for other markets RBI Group is operating in.

In Poland, higher minimum capital requirements for loans denominated in foreign currencies were introduced on 1 December 2017. In this regard, the competent authorities in Poland approved a resolution of the Minister for Development and Finance regarding higher risk weights (150 per cent.) for foreign currency exposures secured by mortgages on immovable property. ~~In Poland~~The respective change led to an increase of Risk-Weighted Assets (RWA) of 2.784bn EUR. Additionally, potential measures in favour of borrowers who have taken out foreign currency-mortgage loans (the majority of which are indexed and denominated in Swiss francs), are currently being discussed. In ~~August 2016~~the middle of 2017, the Polish President ~~announced~~has proposed the ~~enactment of~~ new foreign currency ("FX") ~~rules. The~~ draft Law. The regulation provides extension of existing support program for ~~the reimbursement of exchange rate differences arising from the credit institutions applying exchange rates which differ from the relevant central bank bid/offer exchange rates.~~customers in difficulties and new restructuring scheme to convert FX and decrease outstanding exposure in FX. The estimated costs for the banking sector are ~~about 10~~up to 3 billion PLN ~~based on estimations of the Polish Central Bank and Polish financial services authority KNF (Komisja Nadzoru Finansowego).~~ yearly. Recently the Parliament bodies have started analysing it further and new Public Finance Committee expects to bring it to a closure within next months.

In addition, on 2 August 2017, the President submitted a new draft bill to the Polish parliament on amendments of the act from 2015 on support for borrowers and lenders with mortgage loans in financial difficulties (primarily extending the criteria for the application of the respective support in a manner which extends the scope of beneficiaries). ~~The draft proposes also to introduce a new institution of restructuring of FX loans based on an agreement between the borrowers and the Polish banks and to establish a separate restructuring fund within the existing support fund for lenders mainly financed by mandatory contribution payments from the Polish banks.~~

~~Moreover, additional laws~~Any of these measures and ~~a set of regulatory actions (e.g. higher minimum capital requirement for loans denominated in foreign currencies) could be introduced~~other measures which ~~may finally~~ force banks to convert FX ~~mortgage~~ loans into ~~PLN. In this regard, the competent authorities in Poland approved a resolution of the Minister for Development and Finance regarding higher risk weights (150%)~~relevant local currencies ~~for foreign currency exposures secured by mortgages on immovable property.~~ ~~The resolution will enter into force on 1 December of 2017.~~

~~Any of these measures~~, if decided and implemented, could have a material negative impact on ~~Networks~~the Network Banks ~~(including Raiffeisen Bank Polska S.A.)~~ and, thus, on the Issuer and RBI Group.

5. Developing legal and taxation systems in some of the countries in which RBI Group operates may have a material adverse effect on the Issuer.

The legal systems of many countries in which RBI Group operates, in particular in the emerging economies, have undergone dramatic changes ~~over the past two decades.~~since 1989. In many cases, the interpretation and procedural safeguards of the new legal and regulatory systems of these countries are ~~continuing to be developed~~changing coninuously, which may result in existing laws and regulations being applied inconsistently or arbitrary and onerous new laws being introduced.

Additionally, it may not be possible to obtain legal remedies in a reasonably timely manner, which could in particular have a material adverse effect on the legal enforcement of loan collateral which in many cases is mandatory. The members of RBI Group are subject to a large number of tax regulations that in some cases have only been in effect for a short period of time, are frequently amended and enforced by various political subdivisions. Thus, there are hardly any precedents for such enforcement, and administrative practices may be unpredictable. Taxpayers often have to take recourse to the courts to defend their position against the fiscal authorities.

Furthermore, the lack of collectability in some CEE countries may result in new taxes being continuously introduced in an attempt to increase tax revenues. Therefore, there is a risk that members of RBI Group may be subject to arbitrary and onerous taxation. In some CEE countries, tax returns and taxation matters are not subject to the statute of limitations and thus might be addressed by the authorities for years afterwards. Therefore, the tax risk in some CEE countries is significantly higher than in other countries whose tax systems are based on a longer historical development.

Moreover, in a number of cases the introduction of legal or tax measures is allegedly based on political or protectionist reasons and directed primarily against foreign investors, in particular credit institutions. The risks related to the development and application of the legal and tax systems in some of the countries in which RBI Group operates may have a material adverse effect on RBI's financial position and results of operations, and may affect its ability to meet its obligations under the Notes.

6. In certain of its markets, RBI Group is exposed to a heightened risk of government intervention.

Some economies are characterised by an increased risk of state and central bank intervention in response to economic crises. Governments in several economies in which RBI Group operates have taken and could further take measures to protect their national economies and/or currencies in response to political and economic developments, including, such as:

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

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

The occurrence of any of these events may adversely affect RBI Group's ability to conduct business in the affected part of these economies. The occurrence of one or more of these events may also affect the ability of RBI Group's clients or counterparties located in the affected country or region to obtain foreign exchange or credit and, therefore, to satisfy their obligations to RBI Group. If any of these events occurs, it could adversely impact RBI's ability to meet its obligations under the Notes.

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

Liquidity risk is the risk of an entity to be unable to meet its current and future financial obligations in full and/or in time. This arises, *e.g.* if refinancing can only be obtained at unfavourable terms or is entirely impossible. Liquidity risk can take various forms. For example, one or more members of RBI Group may be unable to meet their respective payment obligations on a particular day and may have to obtain liquidity from the market at short notice and on unfavourable terms, or even fail to obtain liquidity from the market and, at the same time, be unable to generate sufficient alternative liquidity through the disposing of assets. Loss of customer confidence in RBI Group's business or performance could result in unexpectedly high levels of customer withdrawals; deposits could be withdrawn at a faster rate than the rate at which any of RBI Group's borrowers repay their loans; lending commitments could be terminated; or further collateral in connection with collateral agreements for derivative transactions could be required. RBI Group's liquidity buffers may not be sufficient in every market environment or specific situation and results of RBI Group’s liquidity risk management models may lead to inadequate steering measures. All of this could negatively affect RBI's ability to fulfil its obligations under the Notes (see also the risk factor: "*22. RBI's ability to fulfil its obligations under the Notes depends in particular on its financial strength which in turn is influenced by its profitability. The following describes factors which may adversely affect RBI's profitability*.").

8. Any deterioration, suspension or withdrawal of one or more of the credit ratings of RBI or of a member of the RBI Group could result in increased funding costs, may damage customer perception and may have other material adverse effects on RBI Group.

Credit ratings represent the opinion of a rating agency on the credit standing of an entity and take into account the likelihood of delay of and default on payments. They are material to RBI Group since they affect both, the willingness of customers to do business with RBI Group at all and the terms on which creditors are willing to transact with RBI Group.

Credit ratings may be suspended, downgraded or withdrawn which may occur as a result of adverse macroeconomic developments or regulatory activities in the countries and regions in which rated entities operate, company-specific developments or the rating agencies' assessment of government support. Rating agencies also change or adjust their ratings methodologies from time to time. Any such changes to rating criteria or methodologies can result in rating changes including downgrades.

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

Rating downgrades may have a negative impact on the market price of outstanding RBI Notes as well as future funding rates. Since RBI is also dependent on the interbank and wholesale markets as a refinancing source, any funding rate increase caused by a downgrade, suspension or withdrawal of a credit rating by a rating agency may restrict its access to refinancing opportunities and have a significant effect on RBI's earnings. In particular a rating downgrade to below investment grade might restrict investors to invest in notes issued by RBI or corporate customers to place deposits with RBI, leading to a reduced funding volume.

Furthermore, a rating downgrade among others, has a material effect on RBI's business activity, *e.g.* reduce wholesale deposits, derivative business, fee business (*e.g.* custody and guarantee business), as well as might cause a severe disruption of its client base.

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

Market risk refers to the specific and general risk position assumed by RBI Group on the asset or liability side with respect to positions in any debt instruments, equity instruments, equity-index forwards and futures, investment fund units, options, foreign currencies and commodities (*e.g.* gold).

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

The performance of financial markets or financial conditions generally may cause changes in the market price of RBI Group's investment and trading portfolios. RBI Group's risk management systems for the market risks to which its portfolios are exposed contain measurement systems which may prove inadequate as it is difficult to predict changes in economic or market conditions with accuracy and to anticipate the effects that such changes could have on RBI Group's financial performance and business operations, in particular in cases of extreme and unforeseeable events. In times of market stress or other unforeseen circumstances, such as the difficult market conditions experienced in 2008 and 2009, previously uncorrelated indicators may become correlated, or previously correlated indicators may move in different directions. These changes in correlation can be exacerbated where other market participants are using risk or trading models with assumptions or algorithms that are similar to RBI Group's. In these and other cases, it may be difficult to reduce RBI Group's risk positions due to the activity of other market participants or widespread market dislocations, including circumstances where asset values are significantly declining or no market exists for certain assets.

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

The realisation of any market risk could have a material adverse effect on RBI's financial position and results of operations and could adversely affect RBI's ability to meet its obligations under the Notes.

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

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

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

In addition, RBI Group assumes open, *i.e.* unhedged, positions with respect to interest rates, foreign exchange and financial instruments either in the expectation that favourable market movements may result in profits or it considers certain positions cannot be hedged effectively or at all. These open positions are subject to the risk that changes in interest rates, foreign exchange rates or the prices of financial instruments may result in significant losses. This aspect also includes the hedging of capital positions which are not denominated in Euro (*e.g.* capital of subsidiaries).

~~Actual capital~~ Capital hedging takes place in ~~RBI's~~RBI’s head office in Vienna~~. Trading~~, based on detailed analysis of capital markets (current situation, outlook and forecast) and market ~~positioning takes place on a local level at RBI's subsidiaries and~~environment (availability of hedging instrument in ~~RBI's head office, based on market risk limits approved and monitored centrally by RBI.~~respective currencies).

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

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

The majority of RBI Group's operating income is derived from net interest ~~income. In 2016, EUR 2,935 million or 63 per cent. of RBI Group's operating income was derived from net interest income (*Source*: RBI's audited consolidated annual financial statements as per 31 December 2016). In the first half of~~incomeIn 2017, EUR ~~1,588~~ 3,208 million or 62 per cent. of RBI Group's operating income was derived from net interest income (Source: RBI's ~~reviewed interim~~audited consolidated annual financial statements ~~for the six months ended 30 June~~as per 31 December 2017). The members of RBI Group earn interest from loans and other assets, and pay interest to their depositors and other creditors.

Interest rates are highly sensitive to many factors beyond RBI Group's control, including inflation, monetary policies and domestic and international economic and political conditions. Decreasing interest rates result in decreasing margins and consequently in decreasing net interest income unless compensated by an increase in customer loan volumes. The effects of changes in interest rates on RBI Group's net interest income depend on the relative amounts of assets and liabilities that are affected by the change in interest rates. Reductions in interest rates and margins may not affect RBI Group's refinancing costs to the same extent as they affect interest rates and margins on loans granted by RBI Group, because a credit institution's ability to make a corresponding reduction in the interest rate and margin it pays to its lenders is limited, in particular when interest rates on deposits are already very low. Additionally, legal provisions may lead to restrictions on charging negative interest rates on deposit accounts and credit customers may be motivated due to low or negative interest rates to do a full repayment of their debts (*e.g.* loans with fixed interest rates) without any cost charging.

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

As a result of the above, interest rate fluctuations and, in particular, decreasing interest rate margins could negatively affect RBI Group's net interest income and have a material adverse effect on RBI's ability to fulfil its obligations under the Notes.

12. RBI Group has suffered and could continue to suffer losses as a result of the actions of or deterioration in the commercial soundness of its borrowers, counterparties and other financial services institutions (credit risk / counterparty risk).

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

RBI Group is exposed to counterparty risk in particular with respect to its lending activities with retail and corporate customers, credit institutions, local regional governments, municipalities and sovereigns, as well as other activities such as its trading and settlement activities, the risk that third parties who owe money, securities or other assets to RBI Group will not perform their obligations. This exposes RBI Group to the risk of counterparty defaults, which have historically been higher during periods of economic downturn. Furthermore, RBI is exposed to the risk of lower creditworthiness of its customers, potentially leading to higher loan loss provisions for the entire portfolio.

In the ordinary course of its business, RBI Group is exposed to a risk of non-performance by counterparties in the financial services industry. This ~~exposure~~risk can arise through trading, lending, deposit-taking, derivative business, repurchase and securities lending transactions, clearance and settlement and many other activities and relationships~~. These counterparties include~~ with financial institutions (including without limitation: brokers and dealers, custodians, commercial banks, investment banks, mutual and hedge funds, and other institutional clients~~. Many of these relationships expose RBI Group to counterparty risk.~~).

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

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

RBI Group is also exposed to counterparty risk in relation to its financial institution and sovereign portfolios which include exposures to the financial institutions, local regional governments and sovereigns of countries that recently have experienced deteriorating fiscal conditions and are considered to have an elevated risk of default.

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

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

Should actual credit risk exceed current estimates on which RBI Group's management has based net allocations to provisioning, RBI Group's loan loss provisions could be insufficient to cover losses. This would have a material adverse impact on RBI Group's financial position and results of operations and could affect RBI's ability to meet its obligations under the Notes.

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

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

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

A renewed global financial crisis might cause a substantial depreciation of ~~certain~~ CEE currencies~~, such as the Russian rouble, the Belarus rouble, the Ukrainian hryvnia, the Hungarian forint and other currencies,~~ against the ~~EUR~~Euro, which might reduce the equity of RBI Group companies denominated in local currency as measured in EUR and the goodwill of local group companies.

~~A continuation or worsening~~A reoccurrence of the financial crisis and euro zone debt crisis and its effects on CEE economies or the political and economic crisis in the Ukraine, and in particular a sovereign default, could cause the currencies in countries in which RBI Group operates to depreciate further. A devaluation of local currencies could have an adverse effect on RBI Group's revenues and profits. ~~Exchange~~Foreign currency exchange rate fluctuations may affect the regulatory capital ratios as much as the base currency mix of risk weighted assets differs from the mix of consolidated capital for RBI and RBI Group.

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

14. Risk of disadvantages for RBI due to its membership in Raiffeisen Customer Guarantee Scheme Austria.

RBI is a member of the nationwide voluntary Raiffeisen Customer Guarantee Scheme Austria (*Raiffeisen-Kundengarantiegemeinschaft Österreich* ~~–~~, "**RKÖ**"). Approximately ~~81~~83 per cent. of the Austrian Raiffeisen Banks are (directly or indirectly) members of the RKÖ.

In case of an insolvency of an RKÖ member, under certain circumstances, the other RKÖ members are contractually liable to pay extraordinary membership contributions limited by their economic reserves, in order to ensure timely payment of such claims. Customers of the insolvent RKÖ member are offered equivalent claims against other RKÖ members instead of insolvency claims. In addition, regular membership contributions to cover on-going administrative expenses may become due.

Any insolvency of a RKÖ member may result in RBI's obligation to settle guaranteed customer claims against such insolvent member, which would likely have a negative influence upon the business, asset, financial and earnings situation of RBI and its ability to meet its obligations under the Notes.

15. The Issuer is obliged to contribute amounts to the Single Resolution Fund and to ex-ante financed funds of the deposit guarantee schemes. Changes of the contributions can lead to additional financial burdens for the Issuer and thus, adversely affects the financial position of the Issuer and the results of its business, financial condition and results of operations.

The Single Resolution Mechanism ("**SRM**") includes a Single Resolution Fund ("**SRF**") to which credit institutions and certain investment firms in the participating Member States have to contribute.

The SRF shall be composed of contributions from credit institutions and certain investment firms in the participating Member States. The SRF shall be gradually built up during the initial period of first eight years (2016 - 2023) in accordance with Article 69 SRM Regulation and shall reach the target level of at least 1 per cent. of the amount of covered deposits of all credit institutions within the Banking Union by 31 December 2023.

Furthermore, the "Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes" (*Directive on Deposit Guarantee Schemes* – "**DGSD**") stipulates financing requirements for the Deposit Guarantee Schemes ("**DGS**"). In principle, the target level of *ex ante* financed funds for DGS is 0.8 per cent. of covered deposits to be collected from credit institutions until 3 July 2024. According to the Austrian Deposit Guarantee and Investor Protection Act (*Einlagensicherungs- und Anlegerentschädigungsgesetz* – "**ESAEG**"), which implements the DGSD in Austria, the deposit guarantee fund must therefore be ~~established~~fully funded until 3 July 2024.

According to an EBA report published on 17 January 2018, its "Guidelines on methods for calculating contributions to deposit guarantee schemes (DGS)" have broadly met the aim of introducing different contribution levels for institutions according to their riskiness, but the method outlined in the guidelines, and currently in use, allows too much flexibility, and thus, may need to be reviewed in the future to ensure a more consistent approach, while still catering for national specificities.

In the past, the Austrian mandatory DGS did not require *ex~~-~~ ante* funding, but merely has obliged the respective DGS-members (*ex~~-~~ post*) to contribute after deposits of any member have become unavailable (protection event). Therefore, the implementation of the DGSD into Austrian law which stipulates *ex~~-~~ ante* contributions triggers an additional financial burden for the Issuer.

In addition to *ex~~-~~ ante* contributions, if necessary, credit institutions have to pay certain additional (*ex~~-~~ post*) contributions for resolution as well as DGS funds when funds are emptied by payments to failing institutions.

The obligation to contribute amounts for the establishment of the SRF and the *ex~~-~~ ante* funds to the DGS results in additional financial burdens for the Issuer and potentially increased contributions (*e.g.* due to regulatory reasons) can reinforce these financial burdens and therefore adversely affect the financial position of the Issuer and the results of its business, financial condition and results of operations.

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

As a consequence of an universal succession, upon the Merger 2017 RBI, has entered into RZB's place in the agreements for the establishment of an institutional protection scheme (IPS) within the meaning of Article 113 (7) of the "Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012" (*Capital Requirements Regulation* - "**CRR**") (the "**Federal IPS**"). The Federal IPS must comply with the requirements of the CRR, particularly safeguard the existence and the liquidity and solvency of its members to prevent insolvency. Beside RBI, the Federal IPS currently consists of the following institutions:

- ~~8 Raiffeisen Regional Banks;~~
- the "**Raiffeisen Regional Banks**" (i.e. RAIFFEISEN LANDESBANK NIEDERÖSTERREICH-WIEN AG, Raiffeisen-Landesbank Steiermark AG, Raiffeisen Landesbank Oberösterreich Aktiengesellschaft, Raiffeisen Landesbank Tirol AG, Raiffeisenverband Salzburg eGen, Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband regGenmbH, Raiffeisenlandesbank Burgenland und Revisionsverband regGenmbH, and Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband regGenmbH);
- Raiffeisen-Holding Niederösterreich Wien~~;~~ reg.Gen.m.b.H.;
- Posojilnica Bank eGen;
- Raiffeisen Wohnbaubank Aktiengesellschaft (a subsidiary of RBI); and
- Raiffeisen Bausparkasse Gesellschaft m.b.H. (a subsidiary of RBI).

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

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

~~Certain~~RBI has to contribute to the ex ante fund of the Federal IPS. This results in additional financial burden for the Issuer and potentially increased contributions (*e.g.* in case support for other members) can reinforce these financial burdens and therefore adversely affect the financial position of the Issuer and the results of its business, financial condition and results of operations.

17. RBI Group may be required to participate in or finance governmental support programs for credit institutions or finance governmental budget consolidation programmes, including through the introduction of banking taxes and other levies.

If an important credit institution or financial institution in Austria or the CEE markets where RBI Group has significant operations were to suffer significant liquidity problems, risk defaulting on its obligations or otherwise potentially risk declaring insolvency, the local government might require one or more members of RBI Group to provide funding or other guarantees to ensure the continued existence of such institution. This might require RBI or one of its affiliates to allocate resources to such assistance rather than using such resources to promote other business activities that may be financially more productive, which could have – rather in a situation of similar events in multiple jurisdictions – an adverse effect on RBI´s and RBI Group's business, financial condition or results of operations.

18. New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could lead to increased capital requirements and reduced profitability for RBI (Regulatory) Group.

In response to the global financial crisis and the European sovereign debt crisis, a number of initiatives relating to the regulatory requirements applicable to European credit institutions, including RBI (Regulatory) Group, have been (and are currently being) implemented, adopted, or developed. These include the following:

- **SREP requirements**. RBI Regulatory Group is subject to SREP requirements stipulated in § 70 (4a) and (4b) in connection with § 77c and § 77d of the Austrian Banking Act (*Bankwesengesetz* – "**BWG**~~") which implements~~"), implementing Articles 97, 98 and 104 (1) the "Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms" (*Capital Requirements Directive IV* – "**CRD IV**") and Article 16 of Single Supervisory Mechanism Regulation determined ~~in~~by the ~~yearly~~annual Supervisory Review and Evaluation Process ("**SREP**") ~~ruling issued~~ by the ECB. Depending on the business model, governance and risk management, capital adequacy and the liquidity situation of the credit institution, each year the ECB sets an individual additional own funds requirement for each credit institution. This requirement also takes into account results from the latest stress tests and needs to be met by the sort of capital (Common ~~equity tier~~Equity Tier 1 ~~"~~("**CET~~-~~ 1**~~"~~") capital, ~~additional tier~~Additional Tier 1 ~~"~~("**AT 1**~~"~~") capital or ~~tier~~Tier 2 ~~"**Tier 2**"~~ capital) set by the ECB. Depending on the financial situation of the credit institution group, SREP requirements may vary annually. According to the SREP methodology communicated by the ECB in July 2016, the SREP requirements ~~will be~~has been split into a hard Pillar 2 requirement located above the 4.5 per cent. CET 1 Pillar 1 requirement, but below the combined buffer requirement (capital conservation buffer plus countercyclical buffer plus systemic/G-SIB buffer, see below), thus having an impact on the Maximum Distributable Amount calculation, and a soft Pillar 2 guidance located above the combined buffer requirement. A breach of the Pillar 2 guidance ~~will~~does not necessarily have a negative impact on the Maximum Distributable Amount, but may result in increased non-public supervisory action to improve capitalization of the relevant credit institution. Increasing Pillar 2 requirements for RBI Regulatory Group or its individual members could trigger additional pressure on the capitalization of RBI Regulatory Group and/or its individual entities requiring unplanned adaptions.

- **Combined buffer requirement**. §§ 23 to 23d BWG which implement Articles 128 to 140 CRD IV into national law in Austria require institutions to maintain in addition to the CET 1 capital maintained to meet the own funds requirements imposed by the CRR and potentially any Pillar 2 additional own funds requirement specific capital buffers to be met with CET 1 capital. The Austrian Capital Buffers Regulation (*Kapitalpuffer-Verordnung* – "**KP-V**") of the FMA further stipulates the calculation, determination and recognition of the countercyclical buffer rate pursuant to § 23a (3) BWG, the determination of the capital buffer rate for systemic vulnerability and for systemic concentration risk (= systemic risk buffer) pursuant to § 23d (3) BWG and of the capital buffer for other systemically important institutions ("**O-SIIs**") pursuant to § 23c (5) BWG ~~(both to be determined on a consolidated level),~~ and the more precise elaboration of the calculation basis pursuant to § 24 (2) BWG concerning the calculation of the Maximum Distributable Amount. These buffer requirements are gradually being phased in from 1 January 2016 until 1 January 2019.

(i) § 23 (1) BWG requires credit institutions to maintain a capital conservation buffer equal to 2.5~~-~~ per cent. of their total risk exposure amount calculated in accordance with Article 92 (3) CRR and the respective phasing-in rules.

(ii) § 23a (1) BWG requires credit institutions to also maintain a countercyclical capital buffer. Pursuant to the KP-V, the countercyclical buffer rate is currently set at 0.00 per cent. for significant credit exposures located in Austria. In addition, national countercyclical buffers determined by the designated authorities of other Member States and third countries for significant credit exposures located in their respective territories apply. However, if a (national) countercyclical buffer rate has been determined in excess of 2.5 per cent., a rate of 2.5 per cent. shall apply, unless the FMA has recognised a buffer exceeding 2.5 per cent. The KP-V specifies that the institution specific countercyclical capital buffer rate is a weighted average of all applicable national countercyclical capital buffers based on the respective total risk exposure.

In this regard, as of the date of this Prospectus, the following countercyclical capital buffers above 0.00 per cent. apply to RBI Regulatory Group on the total risk exposure in the respective jurisdictions~~: 0.50 per cent. in the Czech Republic and in the Slovak Republic; 1.00 per cent. in Iceland 1.25 per cent. in Hong Kong SAR; 2.00 per cent. in Sweden; 1.50 per cent. in Norway. In addition, as of the date of this Prospectus, the following changes to counter cyclical buffers applicable to RBI Regulatory Group have been announced: as of 1 November 2017, 1.25 per cent. in Iceland; as of 31 December 2017, 2 per cent. in Norway; as of 1 January 2018, 1.875 per cent. in Hong Kong SAR.; as of 27 June 2018, 0.50 per cent. in the United Kingdom;as of 1 July 2018, 1 per cent. in the Czech Republic and as of 1 August 2018, 1.25 per cent. in the Slovak Republic.~~ or have been announced to apply:

Country	Applicable as of date of prospectus	Announced new rate	As of
Czech Republic	0.50 per cent.	1.00 per cent./1.25 per cent.	1 Jul 2018/ 1 Jan 2019
Slovak Republic	0.50 per cent.	1.25 per cent.	1 Aug 2017
Iceland	1.25 per cent.		
Lithuania		0.50 per cent.	31 Dec 2018
Hong Kong SAR	1.875 per cent.	2.50 per cent.	1 Jan 2019
Sweden	2.00 per cent.		
Norway	2.00 per cent.		
United Kingdom		0.50 per cent. / 1.00 per cent.	27 Jun 2018/ 11 Nov 2018

(iii) For RBI (~~Regulatory) Group (~~which qualifies as an O-SII~~),~~) and RBI (Regulatory) Group, the KP-V stipulates a systemic risk buffer as well as an O-SII buffer, both, to be ~~calculated~~determined on ~~the basis of its~~an individual and on a consolidated ~~situation~~level each totalling ~~0.50 per cent. (as of 1 January 2017),~~ 1.00 per cent. (~~as of~~since 1 January 2018) and 2.00 per cent. (as of 1 January 2019). According to the BWG (and therefore in the case of RBI), in general, the higher of such capital buffer rates at any given time applies.

As a result, the combined buffer requirement for RBI and RBI Regulatory Group is the total CET 1 capital required to meet the capital conservation buffer ~~(individual and consolidated basis)~~ extended by an institution-specific countercyclical buffer ~~(individual and consolidated basis),~~, an O-SII buffer ~~(consolidated basis)~~ and a systemic buffer (in each case, on an individual and on a consolidated ~~basis~~level).

Compliance with existing or increasing capital buffer requirements for RBI, RBI Regulatory Group and/or individual subsidiaries could trigger additional pressure on their capitalization requiring unplanned actions, in particular because CRR/CRD IV ~~is a complex set of rules and regulations that~~ imposes a series of new requirements, some of which are still subject to transitional provisions and others are likely to be amended in the near future. Although the CRR is directly applicable in each EU Member State, the CRR provides for important interpretational issues to be further specified through binding technical standards and/or delegated legal acts, through guidelines as well as national options and ~~leaves certain other matters~~discretions to ~~the discretion of the~~be chosen by national law makers and Competent ~~Authority~~Authorities.

- **~~BCBS' Reviews~~Reform of ~~Banking Regulatory~~the Basel III Framework**. As part of its continuous effort to enhance the banking regulatory framework, the Basel Committee of Banking Supervision ("**BCBS**") ~~is reviewing~~has reviewed different aspects and approaches under the Basel~~-~~ III framework. ~~. Originally~~In this regard, on 7 December 2017, the BCBS ~~intended~~announced to ~~finalise all revisions to~~have finalised the Basel~~-~~ III framework ~~at or around the end~~reforms. A key objective of ~~2016. However, on 3 January 2017 it was announced that more time is needed to finalise some work, including ensuring~~ the ~~framework's final calibration, and that~~revisions incorporated into the ~~BCBS is expected to complete this work in the near future. Therefore, the BCBS' final calibration and the amendments to the Basel III~~ framework is to reduce excessive variability of risk-weighted assets ("**RWA**") which will help restoring credibility in the calculation of RWA by: (i) enhancing the robustness and risk sensitivity of the standardised approaches for credit risk and operational risk, which will facilitate the comparability of credit institutions' capital ratios; (ii) constraining the use of internally modelled approaches; and ~~subsequently, its~~ (iii) complementing the risk-weighted capital ratio with a finalised leverage ratio and a revised and robust capital floor. The revised standards will take effect from 1 January 2022 (which will constitute both the implementation and regulatory reporting date for the revised framework) – parts of the reform, including the output floor, will be phased in over a period of five years commencing in 2022. As the agreed standards constitute minimum standards, jurisdictions may elect to adopt more conservative standards. Accordingly, the implementation of the amendments to the Basel III framework within the European Union ~~are still uncertain. On this basis,~~ may go beyond the Basel standards and provide for European specificities. Moreover, jurisdictions will be considered compliant with the Basel III framework if they do not implement any of the internally modelled approaches and instead implement the standardised approaches. In addition, BCBS also announced that a high-level task force set up to review the regulatory treatment of sovereign exposures in the Basel III framework and to recommend potential policy options has not reached a consensus at this stage to make any changes to the treatment of sovereign exposures, but for the time being only has published a discussion paper. Therefore, currently no firm conclusions regarding the impact on the ~~potential~~ future capital requirements and their impact on the capital requirements for RBI (Regulatory) Group~~)~~ can be made.

- **Bank Recovery and Resolution Legislation**. 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" (*Bank Recovery and Resolution Directive* - "**BRRD**") has been implemented in Austria into national law by the Austrian Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz* – "**BaSAG**"). Amongst other requirements institutions have to meet, at all times, minimum requirement for own funds and eligible liabilities ("**MREL**") set by the resolution authority on a case-by-case basis. Measures undertaken under the BRRD/BaSAG may also have a negative impact on debt instruments (in particular subordinated notes, but under certain circumstances also senior notes) by allowing resolution authorities to order the write-down of such instruments or convert them into CET 1 instruments. Where no such resolution tools and powers as set out above are applied, RBI may be subject to national insolvency proceedings.

- **Single Resolution Mechanism for European Banks.** The SRM which started operationally in January 2016 is one of the components of the Banking Union, alongside the Single Supervisory Mechanism ("**SSM**") and a common deposit guarantee scheme. It is set to centralise key competences and resources for managing the failure of a credit institution in the participating

Member States of the Banking Union. Under the SRM, the Single Resolution Board ("**SRB**") is, in particular, responsible for adopting resolution decisions in close cooperation with the ECB, the European Commission and the national resolution authorities in case of a failing (or likely failing) of a significant entity subject to direct supervision of the ECB, such as the Issuer (see also the risk factor "~~*4.*~~ *The Notes may be subject to write-down or conversion powers exercised by a resolution authority resulting in: (i) the amount outstanding to be reduced, including to zero; (ii) a conversion into ordinary shares or other instruments of ownership; or (iii) the terms of the Notes being varied (statutory loss absorption)*."). The SRM complements the SSM and aims to ensure that if a credit institution subject to the SSM faces serious difficulties, its resolution can be managed efficiently with minimal costs to taxpayers and the real economy.

The SRM is governed by: (i) the "Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010" (*Single Resolution Mechanism Regulation* – "**SRM Regulation**") covering the main aspects of the mechanism and broadly replicating the BRRD rules on the recovery and resolution of credit institutions; and (ii) an intergovernmental agreement related to some specific aspects of the SRF.

- **EU Banking Reform Package of the European Commission.** On 23 November 2016, the European Commission published proposals for the revision of the CRD IV and the CRR as well as of the BRRD and the SRM Regulation. The proposal builds on existing EU banking rules and aims to complete the post-crisis regulatory agenda of the European Commission. The consultation drafts, which have been submitted to the European Parliament and to the Council for their consideration and adoption, include the following key elements: (i) more risk-sensitive capital requirements, in particular in the area of market risk, counterparty credit risk, and for exposures to central counterparties; (ii) a binding leverage ratio to prevent institutions from excessive leverage; (iii) a binding net stable funding ratio to address the excessive reliance on short-term wholesale funding and to reduce long-term funding risk; and (iv) the total loss absorbing capacity" ("**TLAC**") requirement for global systemically important banks ("**G-SIBs**") ~~G-SIBs~~ which will be integrated into the MREL logic applicable to all credit institutions. It also proposes a harmonised national insolvency ranking of unsecured debt instruments to facilitate credit institutions' issuance of such loss absorbing debt instruments. Directive (EU) 2017/2399 amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy was published in the Official Journal of the EU on 27 December 2017 and has to be transposed into national law by the Member States by 29 December 2018.

  Currently, no firm conclusions regarding the impact on the potential future capital requirements and consequently how this will affect the capital requirements for RBI Regulatory Group can be made.

- **MREL**. In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all institutions must meet an individual MREL requirement, currently to be calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities, with effect from 1 January 2016. In this regard, the European Commission issued a Delegated Regulation supplementing the BRRD, which specifies the current criteria for setting MREL ("**MREL Delegated Regulation**"). The MREL Delegated Regulation requires each resolution authority to make a separate determination of the appropriate MREL requirement for each group or institution within its jurisdiction, depending on the institution's resolvability, risk profile, systemic importance and other characteristics. As of the date of ~~the~~this Prospectus, ~~no~~neither for RBI (Regulatory) Group nor RBI any MREL has been set ~~for RBI Group~~.

  On 9 November 2015, the Financial Stability Board ("FSB") published its final principles and term sheet containing an international standard to enhance the loss absorbing capacity of G-SIBs. In the most recent updated G-SIB list published by the FSB on 21 November ~~2016~~2017, RBI (Regulatory) Group is not included and therefore, currently would not be subject to the TLAC standard as such. However, on-going work on the EU level intended to align TLAC implementation with the existing MREL framework, may have an impact on RBI (Regulatory) Group.

  The EU banking reform package of the European Commission published on 23 November 2016 also includes proposals for the revision of the CRR, the BRRD and the SRM Regulation in order to implement the TLAC standard rules by avoiding the application of two parallel requirements. Although TLAC and MREL pursue the same regulatory objective, there are some differences between them in the way they are constructed. The European Commission proposals intend to integrate the TLAC requirements into the existing MREL requirements and intend to ensure that both requirements are met with mainly similar instruments defined for TLAC and MREL in the revised CRR and via reference to the revised CRR in the revised BRRD and SRM Regulation respectively, except for the subordination requirement, which, for the purposes of MREL, will be institution-specific and determined by the resolution authority. The proposals require the introduction of limited adjustments to the existing MREL rules ensuring technical consistency with the structure of any requirements for G-SIBs. In particular, technical amendments to the existing rules on MREL are needed to align them with the TLAC standard regarding *inter alia* the denominators used for measuring loss-absorbing capacity, the interaction with capital buffer requirements, disclosure of risks to investors, and their application in relation to different resolution strategies.

  On ~~14~~ 20 December ~~2016, also~~2017, the EBA has published ~~its final~~an updated quantitative analysis on the MREL, based on the same methodology and assumptions developed in the context of its (final) MREL report ~~on MREL which is addressed to the European Commission~~published in December 2016.

  While the general goal of these proposals is now well understood, it is too early to confirm the exact amendments that will be introduced, the timing of their introduction and consequently the precise impact on the Issuer.

It is possible that the Issuer has to issue additional ~~Eligible Liabilities~~eligible liabilities, which qualify for MREL purposes (including, potentially, further Tier 2 instruments, other subordinated debt and/or certain other types of debt ranking senior to subordinated notes) in order to meet the additional requirements (see also the risk factor "*~~19.~~ The Issuer may not be able to meet the minimum requirement for own funds and eligible liabilities.*").

- **MiFID II / MiFIR**. The ~~current~~ regulatory framework for investment services and regulated markets ~~set by the Directive 2004/39/EC will be~~is updated by the "Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU" (*Markets in Financial Instruments Directive II* - "**MiFID II**") and by the "Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012" (*Markets in Financial Instruments Regulation* - "**MiFIR**~~"). The (new) date of the application has been postponed to 3~~") and applies since 3 January 2018. ~~On 26 July 2017,~~In Austria, MiFID II has been implemented by the Austrian Securities Supervision Act 2018 (*Wertpapieraufsichtsgesetz 2018 – WAG 2018*~~) for the implementation of MiFID II in Austria was published. As MiFID II and MiFIR will effect regulatory changes affecting derivatives, other financial instruments and related procedures, there will be increased costs and/or~~). Due to increased regulatory requirements~~. As such changes~~, there are ~~still in the process of being implemented and it remains~~also increased costs for the Issuer. As many issues with regard to the application of these changes currently remain unclear ~~how the new rules will be applied~~in practice, the full impact of MiFID II and MiFIR remains ~~to be clarified~~uncertain for the Issuer.

- **Stricter and Changing Accounting Standards.** Due to new and/or amended accounting standards and rules, RBI and/or RBI Group may have to revise the accounting and regulatory treatment of certain positions or transactions. Any such changes will cause implementation costs, can negatively impact estimates in financial plans for the future, may require restating previously published financial statements and/or can significantly influence the way how business and financial results are recorded. This could also impact RBI Group's capital needs. RBI Group expects that ~~prospective~~ changes in accounting standards due to International Financial Reporting Standards 9 ("**IFRS 9**") ~~may~~will have an impact on balance sheet items and measurement methods for financial instruments. On the one hand, IFRS 9 will increase the level of risk provisions. On the other hand, in the area of classification and measurement~~, RBI Group identified~~ there is a risk of increased volatility in the income statement for financial assets which have to be re-measured at fair value through profit or loss, due to the contractual cash flow characteristics which do not fulfil the criteria of mere payments of principal and interest. ~~Furthermore, impacts will occur with regard to the measurement of financial liabilities. It is expected that overall, IFRS 9 will increase the level of risk provision.~~ Complex accounting standards can increase the risk of errors, as can the use of inconsistent valuation standards, particularly in relation to RBI Group's principal financial instruments. A difficult business environment can also increase the risk of significant financial reporting errors. For the purpose of preparing the consolidated financial statements, estimates have to be made for asset and liability items for which no market ~~value~~price can be reliably determined. This is particularly relevant for ~~credit~~the lending business, ~~social capital and the intrinsic value of~~ securities, participations~~, trademark rights~~ and ~~goodwill~~intangible assets.

  Stricter and/or new regulatory requirements may be adopted in the future, and the existing regulatory environment in many markets in which RBI Group operates continues to develop, implement and change. The substance and scope of any new or amended laws and regulations as well as the manner in which they will be adopted, enforced or interpreted may increase RBI Group's financing costs and could have an adverse effect on RBI Group's business, financial condition, results of operations and prospects. In addition to complying with capital requirements on a consolidated basis, RBI itself is also subject to capital requirements on an unconsolidated basis. Furthermore, entities of RBI (Regulatory) Group which are subject to local supervision in their country of incorporation may be, on an individual and/or on a (sub-)consolidated basis, also required to comply with applicable local regulatory capital requirements. It is therefore possible that individual entities within RBI Group or sub-groups require additional capital, even though the capital of RBI (Regulatory) Group is sufficient. Legislative and/or regulatory changes in the current definitions of what is deemed to qualify as own funds could reduce RBI (Regulatory) Group's eligible capital and/or require reducing the ~~risk-weighted assets ("~~RWA~~")~~ of RBI and/or RBI (Regulatory) Group. There can be no assurance that, in the event of any further changes of the applicable rules, adequate grandfathering or transitional provisions will be implemented to allow RBI (Regulatory) Group to repay or replace such derecognised capital instruments in a timely fashion or on favourable terms. RBI (Regulatory) Group may therefore need to obtain additional capital in the future which may not be available on attractive terms or at all.

  Further, any such regulatory development may expose RBI Group to additional costs and liabilities which may require RBI Group to change its business strategy or otherwise have a negative impact on its business, the offered products and services as well as the value of its assets. There can be no assurance that RBI (Regulatory) Group would be able to increase its eligible capital (respectively its capital ratios) sufficiently or on time. If RBI (Regulatory) Group is unable to increase its capital ratios sufficiently, its credit ratings may drop and its cost of funding may increase, the occurrence of which could have a material adverse effect on its business, financial condition and results of operations and could limit its ability to fulfil its obligations under the Notes.

19. The Issuer may not be able to meet the minimum requirement for own funds and eligible liabilities.

Under the SRM, each institution has to ensure that it meets the MREL at all times (on an individual basis and in case of EU parent undertakings (such as RBI (Regulatory) Group) also on a consolidated basis~~) a MREL.~~). Such minimum requirement currently shall be determined by the resolution authority and shall be calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the institution. The scope, calculation and composition of the MREL is currently under review (see also the risk factor "*18. New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could lead to increased capital requirements and reduced profitability for RBI (Regulatory) Group.*"). There is a risk that the Issuer may not be able to meet the MREL which could result in higher refinancing costs, regulatory measures and, if resolution measures were imposed on the Issuer, could significantly affect its business operations ~~and~~, could lead to losses for its creditors (including the Holders of the Notes) and could result in restrictions on , or materially adversely affect the Issuer's ability to make payments on the Notes.

20. Adjustments to the business profile of RBI or RBI Group may lead to changes in its profitability.

Adjustments of the business profile to meet increasing capital requirements may include the attempt to sell assets including existing subsidiaries. No assurance can be given that suitable opportunities for disposals will be identified in the future, or that RBI Group will be able to complete such disposals on favourable terms or at all. Such disposals may prove difficult in the market environment as many of RBI Group's competitors may also seek to dispose of assets. It may also be difficult for RBI Group to adapt its cost structure to the smaller size of certain of its businesses or to otherwise increase the potential to retain earnings in order to build up capital internally. This may have a material adverse effect on RBI's ability to meet its obligations under the Notes.

Furthermore, strategic initiatives and efficiency programmes (including the Rightsizing Programme as defined in section "*2.2 Strategy*" in the ~~section "*General*~~section*General* *Information on the Issuer and the RBI Group*" and any restructuring activities and cost savings plans) might influence the legal form of business being pursued. In case business currently performed in a separate legal entity is merged into RBI, this could increase the economic risk of RBI versus the current structure. Moreover, RBI Group is exposed to the risk that the benefits from such initiatives and programmes, in particular any expected synergy effects and cost savings, cannot be fully achieved.

In relation to the ~~intended~~ initial public offering of Raiffeisen Bank Polska S.A. (as further set out in section "*2.2 Strategy*" in "*General Information on the Issuer and the RBI Group*"), or of a potential sale of a majority stake of Raiffeisen Bank Polska S.A., RBI is exposed to the risk that the sale of shares in the initial public offering or any other sale may result in a loss due to unfavourable pricing or demand.

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

RBI Group members are subject to rules and regulations, in particular on anti-money laundering and anti-terrorism financing, anti-corruption and fraud prevention, economic sanctions and tax as well as capital markets (securities and stock exchange related). These rules and regulations have been recently tightened particular by the implementation of the "Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC" ("4th AML Directive"), implemented in Austrian law, *inter alia*, the Austrian Financial Markets Anti-Money Laundering Act (*Finanzmarkt-Geldwäschegesetz* – "**FM-GwG**"*) and the Austrian Beneficial Ownership Register Act (Wirtschaftliches Eigentümer Registergesetz* – "**WiEReG**"*), and might be further tightened and more strictly enforced in the future. Economic sanctions, such as embargos, may impose further restrictions on the operations of RBI Group in certain countries or with certain customers, may require RBI or any member of RBI Group to terminate business relationships or to block assets such as bank accounts.*

Monitoring compliance with such rules and regulations constitutes a significant financial burden on and places technical demands on RBI Group. RBI Group cannot guarantee that it is in compliance with all applicable rules and regulations at all times or that its group standards are being consistently applied by its employees in all circumstances, despite its strict management approach. Any violation of such rules and regulations, or even alleged violations, may have severe legal, monetary and reputational consequences and could have a material adverse effect on RBI Group's business, financial condition and results of operations.

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

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

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

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

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

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

Increasingly stricter EU sanctions as well as U.S. sanctions against certain states, in particular sanctions with extra-territorial impact, for example, under the National Defense Authorisation Act ~~(NDAA),~~, the Comprehensive Iran Sanctions Accountability and Divestment Act ~~(CISADA)~~ or the Countering America's Adversaries Through Sanctions Act ~~(CAATSA)~~ addressing foreign financial institutions, restrict or prevent RBI as well as RBI Group companies not only from entering into new transactions with affected entities but also affect the settlement of existing transactions, in particular the enforcement of existing claims against customers, which could result in risks relating to law suits due to non-payment in connection with guarantees issued by RBI or members of RBI Group or letters of credit as well as significant losses.

Any breach of such regulations and even the mere suspicion of any breach may have legal consequences or have an adverse impact on the reputation of RBI Group and thus significantly affect its business, for example by the freezing of accounts with US correspondent credit institutions, its financial position and results of operations and may have an adverse effect on RBI's ability to meet its obligations under the Notes.

22. RBI's ability to fulfil its obligations under the Notes depends in particular on its financial strength which in turn is influenced by its profitability. The following describes factors which may adversely affect RBI's profitability.

- **Consumer Protection**. Changes in consumer protection laws and their application and interpretation as well as the more aggressive enforcement of such laws by consumers, regulatory authorities and consumer protection agencies can adversely affect the pricing terms of RBI Group's loans and other products and services and may allow consumers to reclaim fees, interest and principal payments previously paid.

- **Project Risk**. RBI Group carries out complex projects, *inter alia*, in the context of regulatory/legal requirements and business development bearing the risk of not fully achieving the projected targets in terms of effectiveness and efficiency but also with regards to strategic and business ambition. This might potentially increase costs of implementation and operations on one hand and missed profitability targets on the other hand. Regulatory or legal non-compliance due to materialized project risk might additionally result in severe penalties.

- **RBI's Capital Market Dependence**. RBI itself is not a retail bank and does not have a broad and diversified base of customer deposits. Accordingly, RBI's funding is dependent on the conditions of the international capital markets. Reduced access to capital market funding and increased capital market funding rates may have a stronger effect on RBI's profitability and liquidity position compared to other Austrian credit institutions with a more diversified deposit base.

- **RBI Group's Customer Deposits Dependence**. On RBI Group level, one of the principal sources of funding for RBI Group are customer deposits, with the remaining funding provided through debt issuances and interbank loans. The ongoing availability of deposits to fund RBI Group's loan portfolio is subject to potential changes in factors outside RBI Group's control, such as, *inter alia*, increased competition from other credit institutions for deposits, depositors' concerns regarding either the economy in general, the financial services industry or RBI Group, rating downgrades and the availability and extent of deposit guarantees.

- **Collateral Eligibility Criteria**. More restrictive collateral eligibility criteria for tender operations with the ECB, the Austrian National Bank (*Oesterreichische Nationalbank – OeNB*) and/or local central banks could increase RBI Group's funding costs and impair its liquidity situation.

- **Deteriorating Asset Valuations and Impairments of Collateral**. RBI Group is exposed to the risk of deteriorating asset valuations resulting from poor market conditions and impairments of collateral securing business and real estate loans.

- **Competition**. Rising levels of competition in the countries in which RBI Group operates may result in narrowing net interest margins and lower profitability. The consolidation of the worldwide financial services sector creates competitors with extensive product and service portfolios, which may have better access to liquidity or the ability to provide services at lower prices than RBI Group. Large competitors may expand or further expand their presence in the CEE region. Due to their greater international presence and their ability to provide banking services beyond the CEE markets, these competitors might appear more attractive to certain customer groups, *e.g.* multinational clients, than RBI Group.

- **Operational Risk**. Although RBI Group is analysing operational risks on a frequent basis, it may suffer significant losses as a result of operational risk, *i.e.* the risk of loss due to inadequate or failed internal processes or due to external events. Inadequate or failed internal processes include without limitation unauthorised actions, theft or fraud by employees, clerical and record keeping errors, business interruption and information systems malfunctions or manipulations or model risks (*e.g.* valuation of asstes/liabilities, in terms of liquidity or market risks). External events include without limitation earthquakes, riots or terrorist attacks, bank robberies, fraud by outsiders and equipment failures, whether deliberate, accidental or natural occurrences.

- **M&A Risks**. In connection with mergers, acquisitions and investments, RBI is exposed to previously unidentified risks and to the risk that expenses may arise (*e.g.* unexpectedly high or unforeseen costs of integration measures).
- **Litigation.** RBI Group operates in an increasingly litigious environment, potentially exposing it to liability and other costs, the amounts of which cannot be estimated and may adversely influence the results of operations.
- **Risk Management**. RBI Group's risk management strategies and its implementation may not be effective in identifying and assessing all risks and reducing the potential for significant losses in each market environment.
- **IT-Systems**. RBI Group is dependent on complex information technology systems and RBI relies heavily on such systems to conduct its business. Risks include, *inter alia*, the proper functioning and proper setup of the systems as well as correct data entries and result interpretation.
- **Conflicts of Interest**. RBI is exposed to risks in connection with potential conflicts of interest due to various business relationships.

  For example, certain of the direct or indirect shareholders of RBI are commercial banks and their managers serve – among others – on RBI's Supervisory Board. Such activities in the same or similar areas may trigger differences of opinion between RBI and such shareholders, who effectively control RBI's annual general meeting, and consequently, may either delay or prevent necessary business decisions or result in additional own or external funds being withheld by shareholders. In addition, members of the management board of RBI serving on the management boards or supervisory boards or performing any similar functions in other companies/foundations may in individual cases be confronted with conflicts of interest if the Issuer or any member of RBI Group maintains active business relations with such other companies/foundations. Such development could have a material negative impact on RBI's business, financial position and results of operations so that it may not or only to a limited extent be able to meet its obligations under the Notes.

- **Participation Risk**. RBI has equity participations in legal entities that are held for operations or out of a strategic long-term nature. It is exposed to the risk that the value of those equity participations decreases.
- **Capital Risk**~~:~~. Capital must be held for internal and regulatory capital adequacy purposes. As more advanced risk quantification models are used for quantifying the minimum required amount of risk capital, capital requirements typically also become more volatile. Furthermore, the composition of capital incorporates certain risks, reflecting eligibility rules. In particular, some types of capital might become ineligible or could not be eligible due to applicable regulatory rules. Therefore, capital risk can influence RBI Group's ability to achieve its business targets. If no additional own funds could be raised when needed, a reduction of the overall risk position would be a main option in case of a capital shortage. This can limit the growth of RBI Group, and reduce earnings of RBI Group in the future.
- **Owned Property risk**: Although a major part of RBI Group’s assets stem from financial instruments including loans, securities or money market placements, a specific part of RBI’s assets consist of owned properties including buildings, suspense accounts and other tangible assets. A permanent decline of market prices for owned properties or other assets may also affect RBI Group’s profit and therefore may affect the ability of RBI Group to fulfil its obligations.
- **Settlement risk**: Potential losses due to settlement risks arise from the time-lag between the dates of the exchange of cash, securities, or assets respectively. A counterpart might not deliver a security or its value in cash after RBI Group has already paid or delivered securities as per agreement (credit risk) or the counterpart will fulfil the respective value later on (liquidity risk). Furthermore, a delay in the settlement of the transaction may lead to trading losses due to the fact that the value of the underlying asset changed. In usual market environments, such losses are generally low. However, in stressed market conditions such losses may reinforce liquidity risks, may lead to higher losses and therefore may affect the ability of RBI Group to fulfil its obligations.

- **Part E – Amendments to the section DESCRIPTION OF THE ISSUER**

13) The chapter "DESCRIPTION OF THE ISSUER", pages 193-217 of the Supplemented Base Prospectus, shall be fully deleted and replaced as follows, whereby added text is printed in green and underlined and deleted text is printed in red and strikethrough:

"DESCRIPTION OF THE ISSUER

1. INFORMATION ABOUT **THE ISSUER**

1.1. Corporate history and development of the Issuer

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

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

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

In the beginning of July 2017, RBI issued EUR 650 million of perpetual additional tier 1 capital (AT 1).

1.1.1 *General information about the Issuer*

RBI's legal name is "Raiffeisen Bank International AG". "Raiffeisen Bank International" and "RBI" are used as commercial names. RBI is a stock corporation formed and operated under Austrian law with unlimited duration with its registered domicile in Vienna, Austria. RBI is incorporated in Austria and registered with the Austrian companies register (*Firmenbuch*) of the commercial court of Vienna (*Handelsgericht Wien*) under registration number (*Firmenbuchnummer*) FN 122119 m since 9 July 1991. RBI's head office and principle place of business is located at: Am Stadtpark 9, 1030 Vienna, Austria. RBI's general telephone number is +43 (1) 717 07 0.

1.1.2. Statutory purpose of the Issuer

The purpose of the Issuer according to its articles of association is to enter into banking transactions of the kind set out in § 1(1) BWG and into related transactions in connection therewith, with certain exceptions including without limitation the investment fund business, the building society business and the issuance of mortgage bonds and municipal bonds.

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

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

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

1.1.3. Statutory auditors

RBI's auditor is KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Porzellangasse 51, 1090 Vienna, Austria ("**KPMG**"), a member of the Austrian Chamber of Auditors (*Kammer der Wirtschaftstreuhänder*). KPMG audited RBI's German language consolidated financial statements for the years ending as of 31 December 2015 and 2016 in accordance with Austrian generally accepted auditing standards, which require KPMG to comply with the international standards on auditing as published by the international federation of accountants and issued its unqualified audit opinions on 2 March 2016 and 28 February 2017, respectively. KPMG also reviewed RBI's German language interim consolidated financial statements for the first half year 2017 ending 30 June 2017 in accordance with KFS/PG 11 "principles of engagements to review financial statements" and with the international standard on review engagements (ISRE) 2410 "review of interim financial information performed by the independent auditor of the entity and issued its review report dated 4 August 2017. The interim consolidated financials have been prepared on the basis of IFRS for interim reporting. The interim financial statements of RBI for the nine months ended 30 September 2017 have not been audited.

KPMG also audited RBI's German language consolidated financial statements for the year ending as of 31 December 2017 in accordance with Austrian generally accepted auditing standards, which require KPMG to comply with the international standards on auditing as published by the international federation of accountants and issued its unqualified audit opinions on 27 February 2018.

For information purposes only: KPMG has also audited the German language consolidated financial statements of RZB (which has been merged in the meantime with the Issuer as of 18 March 2017) as of 31 December 2016 in accordance with Austrian generally accepted auditing standards, which require KPMG to comply with the international standards on auditing as published by the international federation of accountants, and issued an unqualified auditor's report (*Bestätigungsvermerk*) on 1 March 2017 thereon.

1.1.4. 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 events particular to RBI (i.e. occurring after the most recent published ~~reviewed~~unaudited interim consolidated financial statements of the Issuer as of ~~30 June~~31 December 2017) that are to a material extent relevant to the evaluation of its solvency.

2. BUSINESS OVERVIEW

2.1. Principle areas of activity

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

2.2. Strategy

RBI's business activities comprise the corporate customer business, financial services for retail customers in CEE and business with banks and other institutional clients. Ongoing changes and challenges in the business environment in which financial institutions operate – particularly tighter regulatory requirements, bank-specific taxes and politically motivated market interventions, the persistently low interest rate environment, new technological challenges and competitors – demand flexibility in adjusting structures and business models. RBI responded to these developments with two key strategic measures: on the one hand, with the transformation program, which was launched in February 2015, and on the other hand, through the Merger 2017.

This transformation program was designed to strengthen RBI's capital base – it targeted a consolidated CET 1 ratio (fully loaded) of at least 12 per cent. by 2017 – and reduce risk-weighted assets. As of 31 December 2016, RBI had a consolidated CET 1 ratio (fully loaded) of 13.6 per cent..

The focus for RBI continues to be on the CEE region, which in the view of RBI's management offers structurally higher growth rates than Western Europe and which as a result of higher levels of net interest rates offers a more attractive potential for income generation. The Merger 2017 also enlarged RBI's business portfolio by the addition of leading specialist institutions in Austria – notably a building society, an asset management company and a pension fund management company. Additionally, RBI can draw benefits from the comparably more stable development of the Austrian business areas, which further have been strengthened by the Merger 2017.

RBI's business model is based on the following core competencies:

- RBI maintains and develops a strong and reliable brand that serves as the basis for its business model.
- RBI provides all retail customer segments with comprehensive financial services through the customers' respective preferred sales and communication channel.
- RBI is a reliable business partner for corporate and institutional clients that have a link to the target region, and offers financial services of an international standard.
- RBI distinguishes itself through its strong local presence, customer focus and long-term business relationships.
- RBI utilizes the strengths of country-specific business strategies combined with central business management standards.

This business model is used as a basis by RBI in the provision of services to some ~~17~~16.4 million retail and private banking customers as well as small enterprises, roughly 90,000 corporate clients (medium-sized businesses, major local companies and international corporations) and approximately ~~8~~9,000 institutional clients (banks, insurance companies, asset managers, sovereigns and public-sector organizations). RBI aims to provide its customers comprehensive financial services to meet their needs and in this way build long-term business partnerships. RBI implements this strategy through the provision of advisory services and innovative solutions.

For corporate and institutional clients, key emphasis is placed on group-wide sales and management tools with a focus on capital- and liquidity-efficient products (particularly trade finance, capital market products and hedging of currency, interest rate and credit risks, as well as payment transfer business). At the same time, group-wide product competence centres not only enhance efficiency through the pooling of know-how, but also facilitate customer access to complex financing products (*e.g.* in the areas of project, real estate and export financing).

~~In respect of Poland, a rightsizing programme commenced in April 2017 ("**Rightsizing Programme**"), which includes~~***Preparation for the*** ~~restructuring and redesign of its branch footprint, FTE reduction, the migration of a part of its operating processes, efficient and integrated IT systems and improvements in expense management.~~

~~Initial~~initial public offering or sale of Raiffeisen Bank Polska S.A.

Raiffeisen Bank Polska S.A. ("RBPL") has been preparing for an initial public offering ("IPO") with a free float of 15 per cent. of its shares to be listed on the Warsaw Stock Exchange. This was a commitment to the Polish regulator when Polbank was acquired by RBI~~.~~ and merged into the existing Polish subsidiary of RBI. After ~~RBI decided to suspend~~suspension of the intended IPO in the beginning of July 2017, RBI ~~is~~has been in ongoing discussions with the Polish regulator regarding further steps and a new timetable for the IPO ~~(according~~. According to the announcement of the Polish regulator on 1 August 2017, the ~~IPO should~~shares in RBPL shall be ~~conducted~~introduced to trading on the Warsaw Stock Exchange by not later than 15 May 2018~~)~~.

On 17 November 2017, RBI published its intention to carve out the foreign exchange retail mortgage portfolio ("FX Portfolio") held by RBPL and eventually transfer this portfolio to RBI. RBI estimates that the gross volume of this portfolio is somewhere between EUR 3 billion and EUR 3.5 billion, but the actual gross volume could vary from this range depending on the details of the loans selected for inclusion and on future currency fluctuations. The precise volume will be determined taking into account legal (including tax) requirements.

RBI is currently preparing the listing of the shares in RBPL on the Warsaw Stock Exchange and, as an alternative to the listing is considering the sale of a majority stake in RBPL's core banking operations (with a carve-out of the FX Portfolio). RBI's commitment to the Polish regulator to list the shares in RBPL on the Warsaw Stock Exchange may be fulfilled by an IPO of at least 15 per cent. of RBPL shares to free float investors or through a sale of a majority stake in RBPL's core banking operations. No execution decision has yet been taken regarding either scenario, namely the IPO or the sale of the majority stake.

Polish Rightsizing Programme

In respect of Poland, a rightsizing program commenced in April 2017 ("**Rightsizing Program**"), which includes the restructuring and redesign of its branch footprint, staff reduction, the migration of a part of its operating processes, efficient and integrated IT systems and improvements in expense management.

2.3. Significant new products and services

Currently no significant new products and services are being introduced.

2.4. Principle markets and business segments

Segment reporting at RBI Group is based on the current organizational structure pursuant to IFRS 8. A cash generating unit within RBI Group is either a country or a business activity. Markets in CEE are thereby grouped into regional segments comprising countries with comparable economic profiles and similar long-term economic growth expectations. This results in the following segments:

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

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

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

The segment Southeastern Europe includes Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Romania and Serbia. Within these countries, RBI is represented by credit institutions, leasing companies, as well as, in some markets, by separate capital management and asset management companies and pension funds. Moldova, where RBI only owns a leasing company, is managed out of the Romanian subsidiary. Consequently and due to its close economic ties to Romania, Moldova is reported as part thereof.

- ***Eastern Europe***
  (Belarus, Russia and ~~the~~ Ukraine)

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

- ***Group Corporates & Markets***
  (business with large Austrian and multinational corporate customers as well as financial institutions and sovereigns managed from Vienna; customer and proprietary capital markets related business managed from Vienna; Raiffeisen banking group Austria; business of Austrian subsidiaries which are financial institutions and specialised companies)

The Group Corporates & Markets segment has been introduced for operative business booked in Austria. This primarily comprises financing business with Austrian and international corporate customers serviced from Vienna, Group Markets, Financial Institutions & Sovereigns, and business with entities of the Raiffeisen banking group Austria. Also included in the segment are financial service providers and specialized companies such as Raiffeisen Centrobank AG ("**RCB**"), Kathrein Privatbank Aktiengesellschaft, Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen-Leasing Ges.m.b.H., Raiffeisen Factor Bank AG and Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung.

- ***Corporate Center***
  (central management functions at RBI Group head office and other RBI Group units)

The Corporate Center segment encompasses all the services as well as the oversight function provided by RBI Group headquarters in Vienna in various divisions to implement the overall strategy and that are allocated to this segment to ensure comparability. This segment also includes liquidity management, as well as RBI's equity participation management (including holdings) and minority interests (*e.g.* UNIQA Insurance Group AG, Leipnik-Lundenburger Invest Beteiligungs AG~~.~~).

2.5. Capital ~~position and~~ requirements

Based on the ~~ECB's~~ Supervisory Review and Evaluation Process ("SREP") ~~for 2016~~in 2017, RBI Regulatory Group received a Pillar 2 requirement of 2.25 per cent. ~~that needs~~and a Pillar 2 guidance of 1.00 per cent. with both to be fulfilled by Common Equity Tier 1 ("CET 1") from 1 January ~~2017.~~ 2018. This is unchanged from the requirements imposed for 2017. Consequently, RBI Regulatory Group's consolidated ~~minimum~~ CET 1 ratio (transitional) requirement amounts to 8.~~56~~59 per cent. for ~~30 June~~31 December 2017. This is the sum of 4.5 per cent. Pillar 1 requirement plus 2.25 per cent. Pillar 2 requirement and 1.~~81~~84 per cent. combined buffer requirement ~~(including the variable countercyclical buffer of 0.06 per cent. as of 30 June 2017)~~ on a transitional basis. The combined buffer requirement of 1.~~81~~84 per cent. is the sum of 1.25 per cent. capital conservation buffer plus 0.~~50~~5 per cent. systemic risk buffer and 0.~~06~~09 per cent. countercyclical buffer (derived from the variable requirements in the various countries~~). By 2019~~) as of 31 December 2017. In 2018 the combined buffer requirement ~~will rise~~is expected to ~~4.56 per~~ increase to approximately 2.96 per cent. ~~CET~~ and in 2019 to approximately 4.59 per cent. CET 1 (assuming ~~all currently implemented buffers to be constant).~~the capital conservation buffer and the systemic risk buffer to increase at the announced levels). A breach of the combined buffer requirement would induce constraints, for example in relation to dividend distributions and coupon payments on certain capital instruments. ~~As at 30 June 2017, RBI Group's CET 1 ratio (transitional) was 12.95 per cent.~~

(Source: unaudited internal data)

2.6. Competitive position

RBI considers itself as a leading corporate bank in Austria and a leading universal credit institution in CEE.

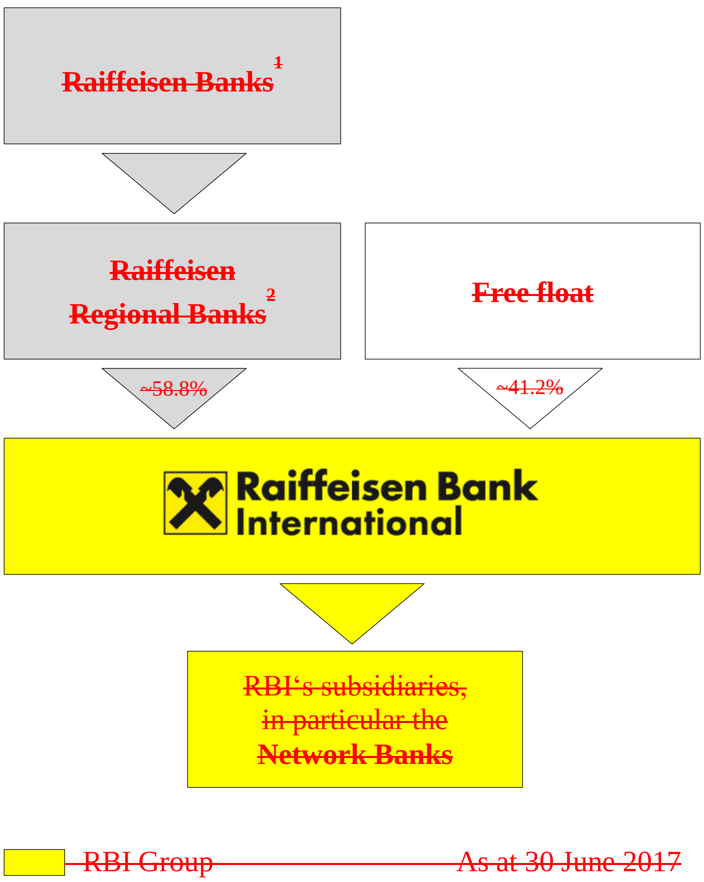
3. ORGANISATIONAL STRUCTURE

3.1. RBI is part of the Raiffeisen banking group Austria

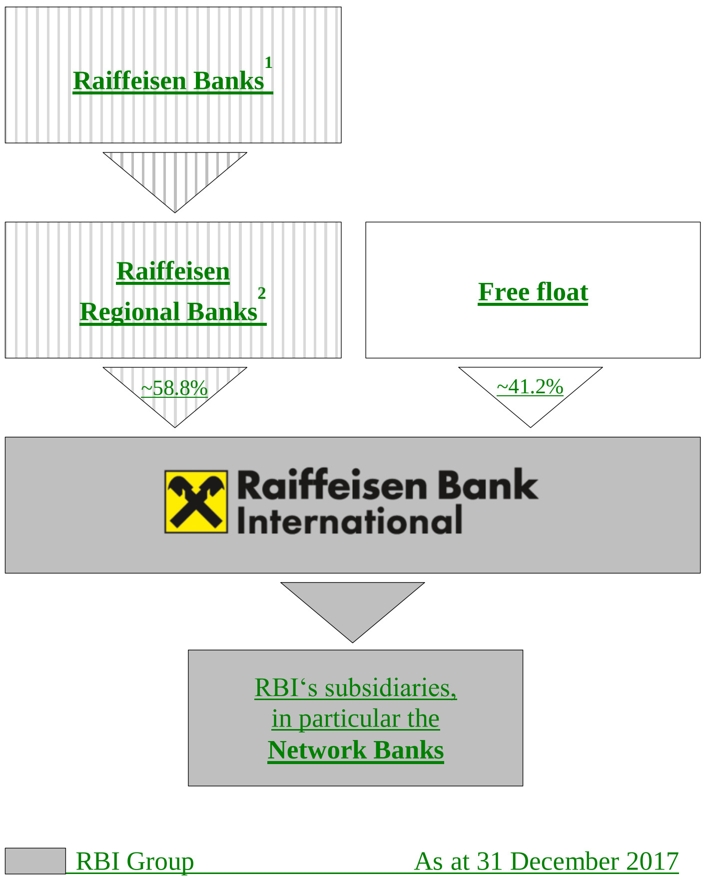
RBI's majority shareholders are jointly the Raiffeisen Regional Banks (*Raiffeisen-Landesbanken*), which directly and/or indirectly hold approximately 58.8 per cent. of RBI's shares as at ~~30 June~~ 31 December 2017. Each of the Raiffeisen Regional Bank is in turn directly and/or indirectly held by the locally operating Raiffeisen Banks (as described below) in its respective federal province of Austria. On the other hand, RBI is the central institution of the Raiffeisen Regional Banks (according to BWG, in particular § 27a BWG), functioning, *inter alia*, as the central liquidity clearing unit of the Raiffeisen Regional Banks, whereas each of the Raiffeisen Regional Banks is the central institution of the Raiffeisen Banks located in its respective Austrian federal province. RBI, Raiffeisen Regional Banks and Raiffeisen Banks, as well as most of their subsidiaries are jointly often referred to and commonly known as Raiffeisen banking group Austria (*Raiffeisen Bankengruppe Österreich*).

This group does not constitute a group of companies (*Konzern*) pursuant to § 15 of the Austrian Stock Corporation Act (*Aktiengesetz* – *"**AktG**~~)~~"*) nor a credit institution group (*Kreditinstitutsgruppe*) pursuant to § 30 BWG nor a credit institution association (*Kreditinstitute-Verbund*) pursuant to § 30a BWG.

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



Simplified scheme of RBI's direct and indirect owners



(1) The Raiffeisen Banks are located in each of Austria's federal provinces, are mainly organised as co-operatives, act in their local environment as so-called universal credit institutions (*Universalkreditinstitute*). Each of the Raiffeisen Regional Banks is collectively owned by the Raiffeisen Banks in the respective federal province. For the avoidance of doubt, the Raiffeisen Banks neither belong to RBI Group nor the RBI Regulatory Group.

(2) The Raiffeisen Regional Banks are RAIFFEISEN LANDESBANK NIEDERÖSTERREICH-WIEN AG, Raiffeisen-Landesbank Steiermark AG, Raiffeisen Landesbank Oberösterreich Aktiengesellschaft, Raiffeisen Landesbank Tirol AG, Raiffeisenverband Salzburg eGen, Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband regGenmbH, Raiffeisenlandesbank Burgenland und Revisionsverband regGenmbH, and Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband regGenmbH. They operate mainly at a regional level, render central services for the Raiffeisen Banks within their region and also operate as universal credit institutions. For the avoidance of doubt, the Raiffeisen Regional Banks neither belong to RBI Group nor the RBI Regulatory Group.

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

Due to disparities between certain regulatory and accounting provisions, RBI Group is not fully identical with RBI Regulatory Group. "**RBI Regulatory Group**" means, from time to time, any banking group: (i) to which the Issuer belongs; and (ii) to which the own funds requirements pursuant to Parts Two and Three of the CRR on a consolidated basis due to prudential consolidation in accordance with Part One, Title Two, Chapter Two of the CRR apply. For the avoidance of doubt, the Federal IPS is not such a banking group.

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

Like the Raiffeisen Banks and the Raiffeisen Regional Banks, RBI belongs to the Raiffeisen banking group Austria. Thus and due to its function as central institution of the Raiffeisen Regional Banks, RBI is a member of several joint institutions of the Raiffeisen banking group Austria, such as a statutory deposit guarantee scheme, a voluntary customer guarantee scheme and an ~~institutional protection scheme ("**IPS**").~~IPS.

3.1.1. *Österreichischer Raiffeisenverband (Austrian Raiffeisen Association) and trademarks*

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

3.1.2. Österreichische Raiffeisen-Einlagensicherung eGen (statutory deposit guarantee scheme)

Pursuant to the Austrian Deposit Guarantee and Investor Protection Act (*Einlagensicherungs- und Anlegerentschädigungsgesetz* – "**ESAEG**"), any credit institution which receives deposits or provides securities services requiring protection under applicable Austrian law must join the deposit guarantee and investor compensation scheme of its banking sector. RBI is a member of *Österreichische Raiffeisen-Einlagensicherung eGen* ("**ÖRE**"), the statutory deposit guarantor and investor compensator of the Raiffeisen banking group Austria. The amount of protected deposits with RBI is small and accordingly RBI's contributions to ÖRE are not substantial.

3.1.3. Raiffeisen-Kundengarantiegemeinschaft Österreich (voluntary customer guarantee scheme)

In addition to the statutory deposit guarantee scheme, the nationwide voluntary Raiffeisen Customer Guarantee Scheme Austria (*Raiffeisen-Kundengarantiegemeinschaft Österreich*, "**RKÖ**") shall provide supplementary protection in the event of bankruptcy of a member institution. RKÖ consists of the provincial Raiffeisen customer guarantee associations open to each of the Austrian Raiffeisen Banks and Raiffeisen Regional Banks as well as RBI. About ~~81~~83 per cent. of all Raiffeisen Banks are currently members of a customer guarantee association. RBI is also a member of RKÖ.

3.1.4. Federal Institutional Protection Scheme

RBI became a member of the Federal ~~Institutional Protection Scheme ("**Federal IPS**")~~IPS and assumed from RZB all rights and obligations under the Federal IPS agreements of RZB in the course of the Merger 2017.

Hence, the Federal IPS currently consists of RBI, all Raiffeisen Regional Banks, Raiffeisen-Holding Niederösterreich Wien, Posojilnica Bank eGen, Raiffeisen Wohnbaubank Aktiengesellschaft and Raiffeisen Bausparkasse Gesellschaft m.b.H.

Pursuant to Article 113(7) CRR an Institutional Protection Scheme is required to ensure the solvency and liquidity of its members. Along with the Federal IPS, within the Raiffeisen banking group Austria there are six ~~regional institutional protection schemes ("~~Regional IPS~~")~~ formed by the respective Raiffeisen Regional Bank and its local Raiffeisen Banks as members. There are no Regional IPS in Salzburg and Carinthia. The Raiffeisen Regional Banks and Raiffeisen Banks situated in these federal provinces operate regional voluntary solidarity schemes instead. A Raiffeisen Regional Bank shall be supported in the first instance, by the Regional IPS or solidarity scheme, as the case may be; if there is insufficient capacity on regional level, Federal IPS steps in.

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

The Federal IPS is required by the regulator to set up an ex ante fund by contributions of its members. The Federal IPS fund's current target volume is EUR ~~827~~592 million, to be reached by end of 2022~~; it~~. It is based on the ~~results~~result of an annual stress test ~~and confirmed~~or the minimum requirement of 0.5 per cent. of the aggregated RWA set by the regulator. The fund size was EUR 187 million as of 31 December 2016~~.~~ and was increased to about EUR 262 million as of 31 December 2017. In ~~2016, RZB~~2017, RBI Group's contribution was approximately EUR ~~75~~46 million.

Under the Federal IPS agreements, ÖRE is mandated to invest the resources of the Federal IPS fund as a trustee and to operate the Federal IPS' security schemes.

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

3.2. Dependencies from other entities within RBI Group

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

4. TREND INFORMATION

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

There have been no material adverse changes in the prospects of RBI since 31 December ~~2016~~2017.

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

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

- ***Continuing increase in governmental and regulatory requirements. Under the SSM, the ECB is given specific tasks related to financial stability and banking supervision, among others empowering the ECB to directly supervise significant banks such as RBI (both, on an individual level as well a as on the consolidated level of RBI Regulatory Group). The ECB is,*** *inter alia, empowered to require significant credit institutions to comply with additional individual own funds and liquidity adequacy requirements in particular as part of the* supervisory review and evaluation process (**SREP**") (which may exceed regular regulatory requirements) or take early correction measures to address potential problems. The new supervisory regime and the SSM's supervisory new procedures and practices are not yet fully established and/or disclosed and it is expected that these will be subject to constant scrutiny, change and development. A further pillar of the Banking Union is the SRM which is meant to establish a uniform procedure for the resolution of credit institutions that are subject to the SSM. As a result of a resolution measure under the SRM, a creditor of RBI may already be exposed to the risk of losing part or all of the invested capital prior to the occurrence of insolvency or a liquidation of RBI. These developments may result in negative consequences and charges for RBI (Regulatory) Group and could have a material adverse effect on RBI Group's prospects. Furthermore, full implementation of the capital and liquidity requirements introduced by Basel III (as implemented by the CRD IV and CRR), as well as any stress tests that the ECB may conduct in its capacity as the European banking supervisor, could lead to even more stringent requirements being imposed on RBI and the RBI (Regulatory) Group with regard to capital adequacy and liquidity planning and this in turn may restrict RBI´s margin and potential for growth. The implementation of multifaceted regulatory requirements will also put pressure on RBI in the years to come. (See the risk factor "*New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could lead to increased capital requirements and reduced profitability for RBI Group.*").

- ***General trends regarding the financial industry.*** The trends and uncertainties affecting the financial sector in general and consequently also RBI Group continue to include the macroeconomic environment. The financial sector as a whole, but in particular also RBI Group, is affected by the related instability of and increased volatility on the financial markets. RBI Group will not be able to escape the effects of corporate insolvencies, deteriorations in the creditworthiness of borrowers and valuation uncertainties due to the volatile securities market. Likewise, the extraordinarily low interest rate level could affect the behaviour of investors and clients alike, which may lead to weaker provisioning and/or pressure on the interest rate spread. In 2017 and 2018, RBI Group therefore faces a difficult environment once again.

4.3. Profit Forecasts or Estimates

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

5. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

5.1. Members of the administrative, management and supervisory bodies of RBI

The members of the RBI's management board ("**Management Board**") and RBI's supervisory board ("**Supervisory Board**") may be contacted at RBI's business address at Am Stadtpark 9, A-1030 Vienna, Austria.

The current members of the Management Board and the Supervisory Board listed below have extensive experience in the Austrian banking market and the Raiffeisen banking group Austria and hold the following additional supervisory board mandates or similar functions in various companies as of the date of this ~~Base~~ Prospectus.

Body (members)	Major functions outside RBI (functions within RBI Group are marked with *)
Members of ~~RBI's~~RBI's Management Board	
~~**Johann Strobl** (Chairman)~~	~~Raiffeisen Bank Polska S.A., Poland (*chairman*)*~~ ~~AO Raiffeisenbank, Moscow, Russia (*chairman*)*~~ ~~Raiffeisen Bank S.A., Bucharest, Romania (*chairman*)*~~ ~~Tatra banka, a.s., Bratislava, Slovakia*~~
~~**Klemens Breuer** (Deputy Chairman) (until 31 October 2017)~~	
Johann Strobl *(Chairman)*	***Supervisory Board*** - Raiffeisen Bank Polska S.A., Poland *(Chairman)** - AO Raiffeisenbank, Moscow, Russia *(Chairman)** - Raiffeisen Bank S.A., Bucharest, Romania *(Chairman)** - Raiffeisenbank a.s., Prague, Czech Republic* ~~*(chairman)*~~ ~~Raiffeisen (Beijing) Investment Management Co., Ltd., Beijing, China (*chairman*)*~~ ~~Raiffeisen Centrobank AG (*chairman*)*~~ Tatra banka, a.s., Bratislava, Slovakia* ~~*(chairman)*~~ ~~Kathrein Privatbank Aktiengesellschaft*~~ ~~Raiffeisen Bank Polska S.A, Warsaw, Poland*~~ ~~Raiffeisen Bank S.A., Bucharest, Romania*~~ ~~AO Raiffeisenbank, Moscow, Russia*~~ ~~***Administrative Council***~~ ~~FMS Wertmanagement AöR, Munich, Germany *(vice chairman)*~~
~~**Martin Grüll**~~	
Martin Grüll	***Supervisory Board*** - Raiffeisen Bank Aval JSC, ~~Kiew~~Kiev, Ukraine *(~~chairman~~Chairman)** - Priorbank JSC, Minsk, Belarus *(~~chairman~~Chairman)** - ~~Raiffeisenbank (Bulgaria) EAD,~~Raiffeisenbank (Bulgaria) EAD, Sofia, Bulgaria* *(~~chairman~~Chairman)* - AO Raiffeisenbank, Moscow, Russia* - Raiffeisenbank Polska S.A., Warsaw, Poland* - Raiffeisenbank a.s., Prague, Czech Republic* - Raiffeisen Bank S.A., Bucharest, Romania* - Tatra banka, a.s., Bratislava, Slovakia* ***Advisory Board*** - Raiffeisen Property Holding International GmbH* ***Managing*** Director - Raiffeisen CEE Region Holding GmbH* - Raiffeisen CIS Region Holding GmbH* - Raiffeisen RS Beteiligungs GmbH* - Raiffeisen SEE Region Holding GmbH*
	~~Raiffeisen Property Holding International GmbH (*First Vice Chairman*)*~~
~~**Andreas Gschwenter**~~	
Andreas Gschwenter	***Supervisory Board*** - Raiffeisenbank Austria d.d., Zagreb, Croatia *(~~chairman~~Chairman)** - Raiffeisen Bank Zrt., Budapest, Hungary *(~~chairman~~Chairman)** - AO Raiffeisenbank, Moscow, Russia* - Raiffeisenbank a.s., Prague, Czech Republic*

- Raiffeisen Bank Polska S.A., Poland*
- Raiffeisen Bank S.A., ~~Burcharest~~Bucharest, Romania*
- Tatra banka, a.s., Bratislava, Slovakia*

RSC Raiffeisen Service Center GmbH*

Łukasz Januszewski

~~*chairman)*~~
~~*chairman)* *~~
~~AO Raiffeisenbank, Moscow, Russia*~~
~~Raiffeisenbank a.s., Prague, Czech Republic*~~

Peter Lennkh

Supervisory Board
- Raiffeisen Bank Sh.a., Tirana, Albania *(Chairman)**
- Raiffeisen banka a.d., Belgrad, Serbia *(Chairman)**
- AO Raiffeisenbank, Moscow, Russia*
- Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo, Bosnia and Herzegovina*
- Raiffeisenbank a.s., Prague, Czech Republic*
- Raiffeisen Bank Polska S.A., Poland*
- Raiffeisen Bank S.A., Bucharest, Romania*
- Tatra banka a.s., Bratislava, Slovakia*
- Oesterreichische Kontrollbank Aktiengesellschaft

Advisory Board
- RBI LGG Holding GmbH *(~~chairman)*~~*
- *Chairman)**

~~**Hannes Mösenbacher**~~

~~Bosna i Hercegovina, Sarajevo, Bosnia and Herzegovina *(chairman)**~~
~~Raiffeisen Centrobank AG*~~

Hannes Mösenbacher

Supervisory Board
- Raiffeisen Bank d.d. Bosna i Hercegovina, Sarajevo, Bosnia and Herzegovina *(Chairman)**
- Raiffeisen Centrobank AG *(Chairman)**
- Raiffeisen Bank Polska S.A., Warsaw, Poland*
- Raiffeisenbank a.s., Prague, Czech Republic*
- AO Raiffeisenbank, Moscow, Russia*
- Tatra banka a.s., Bratislava, Slovakia*
- Raiffeisenbank Bank S.A., Bucharest, Romania*

Members of ~~RBI's~~RBI's Supervisory Board

~~**Erwin Hameseder** *(Chairman)*~~

~~RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung (*chairman*)~~
~~AGRANA Beteiligungs-Aktiengesellschaft (*chairman*)~~

Erwin Hameseder
(Chairman)

Management Board
- RAIFFEISEN HOLDING NIEDERÖSTERREICH WIEN registrierte Genossenschaft mit beschränkter Haftung *(Chairman)*

Supervisory Board
- AGRANA Beteiligungs-Aktiengesellschaft *(Chairman)*
- LEIPNIK- LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft *(~~chairman~~Chairman)*
- Kurier Redaktionsgesellschaft m.b.H. *(~~chairman~~Chairman)*
- KURIER Zeitungsverlag und Druckerei Gesellschaft m.b.H. *(Chairman)*
- Mediaprint Zeitungs und Zeitschriftenverlag Gesellschaft m.b.H. *(Chairman)*
- RAIFFEISEN LANDESBANK NIEDERÖSTERREICH WIEN AG *(Chairman)*
- RWA Raiffeisen Ware Austria Aktiengesellschaft
- Südzucker AG, Mannheim, Deutschland
- STRABAG SE
- UNIQA Insurance Group AG

Managing Director
- Medicur Holding Gesellschaft m.b.H.

- Printmedien Beteiligungsgesellschaft m.b.H.

Shareholders' committee

- Kurier Redaktions GmbH& Co KG~~chairman)~~

~~Mediaprint Zeitungs- und Zeitschriftenverlag Gesellschaft m.b.H. (*chairman*)~~

~~RAIFFEISEN LANDESBANK NIEDERÖSTERREICH-WIEN AG (*chairman*)~~

~~UNIQA Insurance Group AG~~

~~Medicur - Holding Gesellschaft m.b.H.~~

~~***Shareholders' committee***~~

~~**Martin Schaller**~~
~~*(First Deputy Chairman)*~~

~~Raiffeisen-Landesbank Steiermark AG (chairman)~~

~~Landes-Hypothekenbank Steiermark Aktiengesellschaft (chairman)~~

~~GRAWE-Vermögensverwaltung~~

Martin Schaller *(First Deputy Chairman)*	***Management Board*** - Raiffeisen-Landesbank Steiermark AG *(Chairman)* ***Supervisory Board/Advisory Board*** - Landes Hypothekenbank Steiermark Aktiengesellschaft *(Chairman)* - GRAWE Vermögensverwaltung - Grazer Wechselseitige Versicherung Aktiengesellschaft - ÖWGES Gemeinnützige Wohnbaugesellschaft m.b.H - Comm-Unity EDV GmbH - Raiffeisen Informatik Center Steiermark GmbH - Raiffeisen Software GmbH ***Managing Director*** - RLB-Stmk Verbund eGen - RLB-Stmk Verwaltung eGen - RLB-Stmk Holding eGen

~~**Heinrich Schaller**~~
~~*(Second Deputy Chairman)*~~

~~Raiffeisenlandesbank Oberösterreich Aktiengesellschaft (*chairman*)~~

~~OÖ Wohnbau Gesellschaft für den Wohnungsbau, gemeinnützige GmbH (*chairman*)~~

~~OÖ Wohnbau gemeinnützige Wohnbau- und Beteiligung GmbH (*chairman*)~~

~~Salzburger Landeshypothekenbank Aktiengesellschaft (*chairman*)~~

Heinrich Schaller *(Second Deputy Chairman)*	***Management Board*** - Raiffeisenlandesbank Oberösterreich Aktiengesellschaft *(Chairman)* ***Supervisory Board*** - OÖ Wohnbau Gesellschaft für den Wohnungsbau, gemeinnützige GmbH *(Chairman)* - OÖ Wohnbau gemeinnützige Wohnbau und Beteiligung GmbH *(Chairman)* - Salzburger Landeshypothekenbank Aktiengesellschaft *(Chairman)* - AMAG Austria Metall AG - Energie AG Oberösterreich - Oberösterreichische Landesbank Aktiengesellschaft - Raiffeisen Software GmbH - Salinen Austria Aktiengesellschaft - Österreichische Salinen Aktiengesellschaft

- voestalpine AG
- VIVATIS Holding AG

	~~Oesterreichische Kontrollbank Aktiengesellschaft~~
	~~RLB Holding reg. Gen.m.b.H OÖ~~ ~~RBG OÖ Verbund eGen~~
~~Bettina Selden~~	
~~Birgit Noggler~~	~~*Managing Director*~~ ~~BIN Beteiligungsverwaltungs GmbH~~ ~~NOE Immobilien Development AG~~
~~Eva Eberhartinger~~	~~Österreichische Bundesfinanzierungsagentur~~ ~~maxingvest ag, Hamburg, Deutschland~~
~~Klaus Buchleitner~~	~~*Management Board*~~ ~~RAIFFEISEN LANDESBANK NIEDERÖSTERREICH-WIEN AG (*chairman*)~~ ~~*Supervisory Board*~~ ~~NÖM AG (*chairman*)~~ ~~Raiffeisen Software GmbH (*chairman*)~~ ~~LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft~~

Klaus Buchleitner

Management Board
- RAIFFEISEN LANDESBANK NIEDERÖSTERREICH-WIEN AG (*Chairman*)

Supervisory Board
- NÖM AG (*Chairman*)
- Raiffeisen Software GmbH (*Chairman*)
- Z&S Zucker und Stärke Holding AG (*Chairman*)
- BayWa Aktiengesellschaft, München, Deutschland
- LEIPNIK LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft
- Niederösterreichische Versicherung AG
- Saint Louis Sucre S.A., Paris, France
- Süddeutsche Zuckerrübenverwertungs-Genossenschaft e.G., Ochsenfurt, Deutschland
- AGRANA Beteiligungs-Aktiengesellschaft
- AGRANA Zucker, Stärke und Frucht Holding AG

Managing Director
- RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung

Shareholders' committee
- Austria Juice GmbH

Eva Eberhartinger

Supervisory Board
- ~~***Corporate Management***~~Österreichische Bundesfinanzierungsagentur
- maxingvest ag, Hamburg, Deutschland

	~~RAIFFEISEN-HOLDING NIEDERÖSTERREICH-WIEN registrierte Genossenschaft mit beschränkter Haftung~~
	~~*Shareholders' committee*~~ ~~Austria Juice GmbH~~

Peter Gauper

Management Board
- Raiffeisenlandesbank Kärnten - Rechenzentrum und Revisionsverband reg. Gen.m.b.H. (~~chairman~~*Chairman*)
- Raiffeisen-Bezirksbank Klagenfurt

Managing Director
- Raiffeisen-Vermögensverwertungs GmbH
- RB Verbund GmbH

- RBK GmbH
- RLB Beteiligungsmanagement GmbH
- RLB Verwaltungs GmbH
- RS Beteiligungs GmbH
- RLB Unternehmensbeteiligungs GmbH
- RLB Innopart Beteiligungs GmbH

Wilfried Hopfner

Management Board
- Raiffeisenlandesbank Vorarlberg Waren- und Revisionsverband reg. Gen.m.b.H. (chairman)
- Haberkorn GmbH
- Haberkorn Holding AG

Rudolf Könighofer

Management Board
- Raiffeisenlandesbank Burgenland und Revisionsverband ~~reg. Gen.m.b.H.~~*(Chairman)*
- Raiffeisen Einkaufs- und Beschaffungsgenossenschaft Burgenland eGen (chairman)
- Raiffeisenbezirksbank Güssing eGen
- Raiffeisenbezirksbank Oberpullendorf eGen
- Raiffeisenbezirksbank Oberwart eGen

Supervisory Board
- Raiffeisen Informatik GmbH
- UNIQA Insurance Group AG
- Neue Eisenstädter gemeinnützige Bau-, Wohn-, und Siedlungsgesellschaft mbH

~~Shareholder's~~Shareholder's committee~~:~~
- Raiffeisen Software GmbH
-

Birgit Noggler

Managing Director
- BIN Beteiligungsverwaltungs GmbH

Supervisory Board
- NOE Immobilien Development AG *(Chairman)*
- Immigon portfolioabbau ag
- B&C Industrieholding GmbH
- B&C LAG Holding GmbH

Johannes Ortner

Management Board
- Raiffeisen-Landesbank Tirol AG (chairman)

Supervisory Board
- Raiffeisen Software GmbH

Managing Director
- Livera Raiffeisen Immobilien Leasing GmbH
-

Günther Reibersdorfer

Management Board
- Raiffeisenverband Salzburg eGen

Supervisory Board
- GEISLINGER GmbH
- Porsche Bank Aktiengesellschaft

Managing Director
- Agroconsult Austria Gesellschaft m.b.H.
-

Bettina Selden -

Members of the Supervisory Board delegated by the Staff Council

Rudolf Kortenhof (Chairman of the Staff Council) -

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

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

Gebhart Muster -

(Third Deputy to the Chairman of the Staff Council)

Natalie Egger Grunicke	-
Helge Rechberger	-

Other / state commissioners *(Staatskommissäre)* and government commissioners *(Regierungskommissäre)*

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

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

~~**Members of the Supervisory Board delegated by the Staff Council:**~~

~~**Rudolf Kortenhof**~~ ~~(*Chairman of the Staff Council*)~~	~~–~~
~~**Peter Anzeletti-Reikl**~~ ~~(*1st Deputy to the Chairman of the Staff Council*)~~	~~–~~
~~**Susanne Unger**~~ ~~(*2nd Deputy to the Chairman of the Staff Council*)~~	~~–~~
~~**Gebhart Muster**~~ ~~(*3rd Deputy to the Chairman of the Staff Council*)~~	~~–~~
~~**Natalie Egger Grunicke**~~	~~–~~
~~**Helge Rechberger**~~	~~–~~

Source: Internal data.

~~**Other / state commissioners (*Staatskommissäre*) and government commissioners (*Regierungskommissäre*)**~~

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

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

On 7 Dezember 2017, RBI announced a decision of its Supervisory Board that **Andrii Stepanenko** was appointed to become Member of RBI's Management Board. His appointment is still subject to the approval of the supervisory authorities.

5.2. Administrative, Management and Supervisory bodies' Potential Conflicts of Interest

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

In addition, the Issuer has internal guidelines pursuant to the Austrian Securities Supervision Act ~~2007~~2018 (*Wertpapieraufsichtsgesetz ~~2007~~2018 – WAG ~~2007~~2018*) as well as compliance rules in place regulating the management of conflicts of interest and the ongoing application of such guidelines and rules. Their objective is to prevent conflicts of interests which may adversely affect the interests of customers or of the Issuer. If any conflicts of interest are identified with respect to the members of the Management Board, Supervisory Board or the upper management level, procedures will be in place or measures will be taken in order to cope with and in particular to disclose such conflicts of interest:

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

Such close relationship may arise from a contractual relationship exceeding the scope of everyday transactions or from a direct or indirect shareholding in excess of 5 per cent. of the share capital (on an accumulated basis in case of an indirect holding), membership of any managing or supervisory body (Managing Director, Management Board or Supervisory Board member, etc.), any other opportunity, as determined by the relevant person, to exert a material influence on management or under a general commercial power of attorney (*Prokura*).

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

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

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

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

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

Members of the Management Board of RBI serving on the management boards or supervisory boards of or performing any similar functions in other companies/foundations (see section 5.1. "*Members of the administrative, management and supervisory bodies of RBI*" above) may in individual cases be confronted with conflicts of interest arising in the context of RBI Group's banking operations if the Issuer maintains active business relations with such other companies.

~~The Supervisory Board of RBI is exclusively composed of qualified banking experts (see section 5.1. *Members of the administrative, management and supervisory bodies of RBI* above).~~ Conflicts of interest may also arise if Supervisory Board members of RBI are members of the supervisory boards or management boards of companies competing with RBI.

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

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

6. MAJOR SHAREHOLDERS

6.1. Shareholders of RBI

RBI is majority-owned by the Raiffeisen Regional Banks which jointly hold approximately 58.8 per cent. of RBI's issued shares as of ~~30 June~~31 December 2017. The free float is 41.2 per cent. of RBI's issued shares.

RBI's nominal share capital consists of 328,939,621 shares, all of which are outstanding with equal voting rights. The following table sets forth the ~~number of shares and the~~ percentage of outstanding shares beneficially owned by RBI's principal shareholders, the Raiffeisen Regional Banks. To RBI's knowledge, no other shareholder beneficially owns more than 4 per cent. of RBI's shares. Raiffeisen Regional Banks do not have voting rights that differ from other shareholders.

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

*) excluding 394.942 treasury shares
Source: Internal data, as of ~~30 June~~31 December 2017

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

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

7. FINANCIAL INFORMATION AND DOCUMENTS INCORPORATED BY REFERENCE

The specified pages of the following documents which have been previously published or are simultaneously published with this Base Prospectus and which have been filed with the CSSF are incorporated by reference into and form part of this Base Prospectus.

The financial information of RBI for the fiscal years 2015 and 2016 and RZB for the fiscal year 2016 incorporated by reference does not yet reflect the Merger 2017. The Merger 2017 is reflected in the reviewed consolidated financial statements of RBI for the six months ended 30 June 2017.

In the information extracted from RBI's Semi-annual Report as of 30 June 2017, RBI's Annual Report 2016, RBI's Annual Report 2015 and RZB's Annual Report 2016 pursuant to sub-sections a) to d) below,

(i) ~~(i)~~ the terms "Raiffeisen Bank International (RBI)" or "RBI" refer to "RBI Group" as defined in this Base Prospectus;

(ii) the term "RBI AG" refers to "the Issuer" or "RBI" as defined in this Base Prospectus;

(iii) the term "RZB AG" refers to "RZB" as defined in this Base Prospectus and

(iv) the term "RZB" refers to "RZB Group".

a. Translations of the reviewed interim consolidated financial statements of RBI for the six months ended 30 June 2017 and of the report on the review

Extracted from RBI's Semi-Annual Financial Report as of 30 June 2017

– Statement of Comprehensive Income	pages 34 – 36
– Statement of Financial Position	page 37
– Statement of Changes in Equity	page 38
– Statement of Cash Flows	page 39
– Segment Reporting	pages 39 – 43
– Notes	pages 44 – 93
– Report on the Review	Pages 94 – 95

The Semi-Annual Financial Report 2017 of RBI containing the reviewed consolidated financial statements of RBI for the fiscal year 2016 is made available on the website of the Issuer under

http://qr022017.rbinternational.com (in English) and
http://zb022017.rbinternational.com (in German).

The German language condensed interim consolidated financial statements of RBI as of and for the period ended 30 June 2017 were reviewed by the Issuer's auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

a.1. Translations of the unaudited interim consolidated financial statements of RBI for the nine months ended 30 September 2017
Extracted from RBI's Third Quarter Report as of 30 September 2017

The Third Quarter Report as of 30 September 2017 of RBI containing the unaudited interim consolidated financial statements of RBI for the nine months ended 30 September 2017 is made available on the website of the Issuer under

http://qr032017.rbinternational.com (in English) and
http://zb032017.rbinternational.com (in German).

a.2. Translations of the audited consolidated financial statements of RBI for the fiscal year 2017 and of the auditor's report
Extracted from RBI's Annual Report 2017

The Annual Report 2017 of RBI containing the audited consolidated financial statements of RBI for the fiscal year 2017 is made available on the website of the Issuer under

http://ar2017.rbinternational.com (in English) and
http://gb2017.rbinternational.com (German)

b. Translations of the audited consolidated financial statements of RBI for the fiscal year 2016 and of the auditor's report
Extracted from RBI's Annual Report 2016

The Annual Report 2016 of RBI containing the audited consolidated financial statements of RBI for the fiscal year 2016 is made available on the website of the Issuer under

http://ar2016.rbinternational.com (in English) and
http://gb2016.rbinternational.com (German)

c. Translations of the audited consolidated financial statements of RBI for the fiscal year 2015 and of the auditor´s report

Extracted from RBI's Annual Report 2015

– Statement of Comprehensive Income	pages 78 – 80
– Statement of Financial Position	page 81
– Statement of Changes in Equity	page 82
– Statement of Cash Flows	pages 83 – 84
– Segment Reporting	pages 85 – 91
– Notes	pages 92 – 223
– Auditor´s report	pages 224 – 225

The Annual Report 2015 of RBI containing the audited consolidated financial statements of RBI for the fiscal year 2015 is made available on the website of the Issuer under

http://ar2015.rbinternational.com (in English) and
http://gb2015.rbinternational.com (German).

The auditor's reports dated 2~~-~~ March 2016 and 28~~-~~ February 2017, respectively, regarding the German language annual consolidated financial statements of RBI for the fiscal years 2015 and 2016 do not contain any qualifications. RBI is responsible for the non-binding English language convenience translation of its audited annual consolidated financial statements for the financial years ended 31~~-~~ December 2015 and 2016 and the related audit opinions. RBI is also responsible for the non-binding English language convenience translation of its reviewed interim consolidated financial statements for the six months ended 30 June 2017~~."~~ and the related report on the review as well as of its unaudited interim consolidated financial statements for the nine months ended 30 September 2017. The auditor's reports dated 27 February 2018 regarding the German language annual consolidated financial statements of RBI for the fiscal year 2017 does not contain any qualifications. RBI is responsible for the non-binding English language convenience translation of its audited annual consolidated financial statements for the financial year ended 31 December 2017 and the related audit opinions.

As of 31 December 2016, RBI Group was still a sub-group of RZB Group. However, RZB merged into RBI as of 18 March 2017, therefore this Base Prospectus also incorporates by reference the specified pages of RZB's Annual Report 2016 – which have been published prior to this Base Prospectus and which have been filed with the CSSF – into this Base Prospectus and form part of it. RBI is responsible for the non-binding English language convenience translation of the audited annual consolidated financial statements of RZB for the financial year ended 31 December 2016 and the related audit opinion.

d. Translations of the audited consolidated financial statements of RZB for the fiscal year 2016 and of the auditor's report

Extracted from RZB's Annual Report 2016

– Statement of Comprehensive Income	pages 26 – 28
– Statement of Financial Position	page 30
– Statement of Changes in Equity	page 31
– Statement of Cash Flows	pages 32f
– Segment Reporting	pages 34 – 36
– Notes	pages 37 – 179
– Auditor's Report	pages 180 – 185

The Annual Report 2016 of RZB containing the audited consolidated financial statements of RZB for the fiscal year 2016 is made available on the website of the Issuer under

rzbgb2016.rbinternational.com (German) and
rzbar2016.rbinternational.com (English)

The documents incorporated by reference include the following Alternative Performance Measures ("**APM**"):

~~"**Return on Equity**Return on Equity is a useful measure to easily compare the profitability of a bank with other financial institutions.~~

~~*ROE (before/after tax)*; Return on equity~~

Consolidated ~~*Return*~~return on ~~*Equity*~~equity – consolidated profit in relation to average consolidated equity, i.e. the equity attributable to the shareholders of RBI. Average equity is based on month-end figures excluding non-controlling interests and does not include current year profit.

~~"~~Cost/income ratio~~"~~ is an economic metric and shows the ~~company's~~company’s costs in relation to its income. The ratio gives a clear view of operational efficiency. Banks use the ~~Cost~~cost/income ratio as an efficiency measure for steering the bank and for easily comparing its efficiency with other financial institutions. General administrative expenses in relation to operating income are calculated. General administrative expenses comprise staff expenses, other administrative expenses and depreciation/amortization of intangible and tangible fixed assets. Operating income comprises net interest income, net fee and commission income, net trading income and recurring other net operating income (i.e. other net operating income less bank levies, impairments of goodwill, releases of negative goodwill, and profit/loss from banking business due to governmental measures).

~~*Cost/income ratio* – General administrative expenses in relation to operating income (less bank levies, impairments of goodwill, releases of negative goodwill and any non-recurring effects reported under sundry operating expenses).~~

~~The "**loan**~~Effective tax rate (ETR) gives a good understanding of the tax rate the company faces and simplifies comparison among companies. It will often differ from the company´s jurisdictional tax rate due to many accounting factors. The effective tax rate of a company is the average rate at which its pre-tax profits are taxed. It is calculated by dividing total tax expense (income taxes) by profit before tax. Total tax expense includes current income taxes and deferred taxes.

Loan/deposit ratio~~"~~ indicates a bank's ability to refinance its loans by deposits rather than wholesale funding.

~~*Loan/deposit ratio (net)* – Loans~~ It is calculated with loans and advances to customers less impairment losses, in relation to deposits from customers (in each case less claims and obligations from (reverse) repurchase agreements and securities lending).

Loan to local stable funding ratio (LLSFR) – This ratio includes a ~~wider~~wide range of refinancing ~~considering further stable funding~~options and informs on the extent to which a bank can continue to be stably funded. LLSFR is used as a measure for the prudence of a bank indicating the local refinancing structure of subsidiary banks. ~~The~~It is calculated with the sum of total loans and advances to customers less impairment losses on loans and advances to customers, divided by the sum of deposits from non-banks, funding from supranational institutions, capital from third parties and the total outstanding bonds (with an original maturity of at least one year issued by a subsidiary bank to investors outside the bank`s consolidated group).

~~"~~Net interest margin~~"~~ is used for external comparison with other banks as well as an internal profitability measurement of products and segments. It is calculated with net interest income set in relation to average interest-bearing assets (total assets less trading assets and derivatives, intangible fixed assets, tangible fixed assets, and other assets).

~~*Net interest margin (average interest-bearing assets)* – Net interest income in relation to average interest-bearing assets.~~

~~*Interest-bearing assets* – Total assets less trading assets and derivatives (as interest income disclosed under net trading income), intangible fixed assets, tangible fixed assets, and other assets.~~

~~"**NPL ratio**" is an economic ratio to demonstrate the proportion of loans that have been classified as non-performing in relation to the entire loan portfolio. The definition of non-performing has been adopted from regulatory standards and guidelines and comprises in general those customers where repayment is doubtful, a realization of collaterals is expected and which thus have been moved to a defaulted customer rating segment. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank's credit risk management.~~

NPE – Non-performing exposure. Non-performing loans according to the applicable definition of the EBA document ‘Implementing Technical Standard (ITS) on Supervisory Reporting (Forbearance and non-performing exposures)’.

NPL – Non-performing loans. A loan is classified as non-performing when it is expected that a specific debtor is unlikely to pay its credit obligations to the bank in full, or the debtor is overdue by 90 days or more on any material credit obligation to the bank (RBI has defined twelve default indicators).

~~*NPL ratio* – Non~~NPE ratio is an economic ratio to demonstrate the proportion of non-performing ~~loans~~ exposure according to the applicable EBA definition in relation to ~~total~~the entire loan portfolio of customers and banks. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank’s credit risk management.

NPL ratio is an economic ratio to demonstrate the proportion of loans that have been classified as non-performing in relation to the entire loan portfolio of customers. The ratio reflects the quality of the loan portfolio of the bank and provides an indicator for the performance of the bank’s credit risk management.

NPE coverage ratio describes to which extent non-performing exposure have been covered by impairments thus expressing also the ability of a bank to absorb losses from its non-performing exposure. It is calculated with individual impairment losses on loans and advances to customers~~. –~~ and banks set in relation to non-performing exposure to customers and banks.

~~"~~NPL coverage ratio~~"~~ describes to which extent non-performing loans have been covered by impairments thus expressing also the ability of a bank to absorb losses from its NPL. It is calculated with impairment losses on loans and advances to customers set in relation to non-performing loans to customers.

~~*NPL coverage ratio* – Impairment losses on loans and advances to customers in relation to non-performing loans to customers.~~

~~"~~Operating result~~"~~ is used to describe the operative performance of a bank for the reporting period.

~~*Operating result* – Consists~~ It consists of operating income less general administrative expenses.

Operating income ~~– Comprises~~comprises net interest income, net fee and commission income, net trading income and other net operating income (less bank levies, impairments of goodwill, releases of negative goodwill and ~~any non-recurring effects reported under sundry operating expenses~~profit/loss from banking business due to governmental measures).

Other results ~~– Consists~~consists of net income from derivatives and liabilities, net income from financial investments, expenses for bank levies, impairment of goodwill, releases of negative goodwill, net income from disposal of Group assets and ~~any non-recurring effects~~profit/loss from banking business due to governmental measures reported under ~~sundry~~other net operating ~~expenses~~income.

~~**e. Base Prospectus dated as of 14 October 2016**~~

Provisioning ratio is an indicator for development of risk costs and provisioning policy of an enterprise. It is computed by dividing net provisioning for impairment losses by average loans and advances to customers.

Return on assets (ROA before/after tax) is a profitability ratio and measures how efficiently a company can manage its assets to produce profits during a period. It is computed by dividing profit before tax/after tax by average assets (based on total assets, average means the average of year-end figure and the relevant month´s figures).

Return on equity (ROE before/after tax) provides a profitability measure for both management and investors by expressing the net profit for the period as presented in the income statement as a percentage of the respective underlying (either equity related or asset related). Return on equity demonstrates the profitability of the bank on the capital invested by its shareholders and thus the success of their investment. Return on equity is a useful measure to easily compare the profitability of a bank with other financial institutions. Return on the total equity including non-controlling interests, i.e. profit before tax respectively after tax in relation to average equity on the statement of financial position. Average equity is calculated on month-end figures including non-controlling interests and does not include current year profit.

Return on risk-adjusted capital (RORAC) is a ratio of a risk-adjusted performance management and shows the yield on the risk-adjusted capital (economic capital). The return on risk-adjusted capital is computed by dividing consolidated profit by the risk-adjusted capital (i.e. average economic capital). This capital requirement is calculated within the economic capital model for credit, market and operational risk.

Return on tangible equity (ROTE) is used to measure the rate of return on the tangible common equity. It is computed by dividing consolidated profit less depreciation of intangible assets and less impairment of goodwill by average consolidated equity less intangible assets. Average equity is calculated using month-end figures for the period.

e. Base Prospectus dated as of 14 October 2016

Terms and Conditions of the notes	Pages 187 - 431
– Option I	pages 189 – 274
– Option II	pages 275 – 352
– Option III	pages 353 – 431
– Form of Final Terms	pages 432 – 500

Any information not listed in the cross-reference list above but contained in one of the documents mentioned as source documents in such cross-reference list is pursuant to Article 28(4) of the Prospectus Regulation not incorporated by reference as it is either not relevant for the investor or covered in another part of this Base Prospectus.

Documents incorporated by reference have been published on RBI's website www.rbinternational.com. Copies of all of the documents which are incorporated herein by reference will be available free of charge at the office of RBI at Am Stadtpark 9, 1030 Vienna, Austria. The latest audited financial information covers the business year ending on 31 December 2016.

8. LEGAL AND ARBITRATION PROCEEDINGS

From time to time, the Issuer and members of the RBI Group are party to certain legal, governmental or arbitration proceedings before various courts and governmental agencies arising in the ordinary course of business involving contractual, labour and other matters. There is also a tendency, in particular in the aftermaths of the financial market and economic crisis, towards a more aggressive behaviour on the part of competitors in the context of legal or other disputes. This also applies to credit institutions with whom an agreement could be reached in the past as well as to credit institutions with whom RBI Group maintains business relationships in connection with syndicated loan facilities where it acts, *inter alia*, as co-manager or agent.

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

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

8.2. 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 asserted that a repayment under a syndicated loan agreement was made to RZB and/or RBI prior to its agreed maturity date by a borrower who afterwards was declared insolvent. A court action was instigated by the insolvency administrator. The first instance court issued a judgment upholding the claim, but RBI filed an appeal. ~~The judgment of the appeal court is to be expected by the end of 2017.~~ As at the end of ~~June~~December 2017, the total amount in dispute including accrued interest amounted to approximately EUR ~~48~~51 million. In March 2018, the relevant Supreme Court judged in favour of RBI and reversed the decision of the first instance, rejecting all claims of borrower. The judgment of the Supreme Court is non-appealable ruling, the decision therefore final.

8.3. In September 2014, the administration of an insolvent counterparty instigated litigation proceedings against RBI in England. The counterparty's administration asserted a claim of approximately EUR 16 million plus interest resulting from incorrect calculation of the termination value of repurchase and securities lending transactions. The judgment issued in March 2017 rejected the asserted claim. The plaintiff has appealed against such judgment.

8.4. ~~Administrative penalty proceedings are pending against RBI based on alleged non-compliance with certain know-your-customer requirements. RBI takes the view that it has duly complied with all respective requirements.~~ In March 2018, an administrative fine of EUR 2.7 million (which has been calculated by reference to the annual consolidated turnover of RBI and constitutes 0.06 per cent. of the last available annual consolidated turnover) was imposed on RBI in the course of administrative proceedings based on alleged non-compliance with formal documentation requirements relating to the know-your-customer principle. According to the interpretation of the Austrian Financial Market Authority ("FMA") RBI failed to comply with these administrative obligations in a few individual cases. RBI takes the view that it has duly complied with all due diligence obligations regarding know-your-customer requirements and will appeal against the fining order in its entirety. FMA does not state that any money laundering or other crime had occurred, or that there was any suspicion of, or any relation to, any criminal act.

8.5. RBI was served with a lawsuit by the Romanian Ministry of Finance against RBI and Banca de Export Import a Romaniei Eximbank SA ("**EximBank**") regarding payment of EUR 10 million in May 2017. According to the lawsuit, in the year 2013, RBI issued a letter of credit on the amount of EUR 10 million for the benefit of the Romanian Ministry of Traffic on the request of a Romanian customer of RBI's Romanian Network Bank Raiffeisen Bank S.A., Bucharest. EximBank acted as advising bank of RBI in Romania. The Romanian Ministry of Traffic had sent a payment request under the mentioned letter of credit in March 2014 which had been denied by RBI as having been received after termination date thereof.

8.6. In May 2017, a subsidiary holding company of RBI has been sued for an amount of approximately EUR 12 million in Austria for breach of warranties under a share purchase agreement relating to a real estate company. The claimant, i.e. the purchaser under the share purchase agreement, alleges the breach of a warranty, more precisely it alleges the defendant warranted that the company sold under the share purchase agreement had not waived potential rental payment increases to which it may have been entitled.

~~8.7.~~8.7. In 2017, a client of an indirect subsidiary of Raiffeisen-Leasing GmbH ("**RL Subsidiary**") launched a claim for damages in the amount of approximately EUR 10.8 million and alleged that damage was caused by RL Subsidiary's breach of duties under a leasing contract. According to the assessment of RL Subsidiary and its lawyers, these claims are not justified in substance and, in addition, already became time-barred in 2011.

8.8. In September 2017, RBI, together with Raiffeisenbank Austria, d.d., Croatia ("**RBHR**"), filed a request for arbitration with the International Centre for Settlement of Investment Disputes in Washington, DC against the Republic of Croatia. The claimants, RBI and RBHR, have initiated this arbitration against Croatia to obtain relief under the Austrian-Croatian investment protection treaty for ~~Croatia's~~Croatia's breaches of its obligations under that treaty in connection with legislation concerning the conversion of CHF loans. Among other things the claimants argue that Croatia has failed to afford the claimants fair and equitable treatment and has breached its obligation to treat foreign investors and investments no less favourably than its own national investors and investments.

8.~~8.~~9. In December 2016, a French company filed a law suit at the commercial court in Paris against Raiffeisen Bank Polska S.A. ("**RBPL**") and RBI. The French company ~~claims~~claimed damages from both banks in the aggregate amount of EUR 15.3 million alleging that RBPL failed to comply with duties of care when opening an account for a certain customer and executing money transfers through this account, and that RBI acted as a correspondent bank in this context and failed to comply with duties of care when doing so. According to the current state of knowledge, the lawsuit was withdrawn by the plaintiff for reasons of jurisdiction of court. However, RBI has not yet received an official notice of such withdrawal.

In December 2017, a lawsuit of the same content as set out above was filed against RBPL and RBI at the commercial court in Warsaw.

8.~~9~~10. In June 2012, a client (the "**Slovak Claimant**") of the Issuer's subsidiary in Slovakia, Tatra banka, a.s. ("**Tatra banka**") filed a petition for compensation of damage and lost profits in the amount of approximately EUR 71 million. The lawsuit is connected with certain credit facilities agreements entered into between Tatra banka and the Slovak Claimant. The Slovak Claimant claims that Tatra banka breached its contractual obligations by refusing to execute payment orders from the Slovak Claimant´s accounts without cause and by not extending the maturity of facilities despite a previous promise to do so, which led to non-payment of the Slovak Claimant's obligations towards its business partners and the termination of the Slovak Claimant´s business activities. In February 2016, the Slovak Claimant filed a petition for increasing the claimed amount by EUR 50 million but the court refused this petition. A constitutional appeal was filed regarding this court's decision. The constitutional court refused this appeal and rejected the proposed increase of the claimed amount. In December 2017, Tatra banka was delivered a new claim amounting to EUR 50 million, based on the same grounds as the increasing petition from February 2016. This new claim was joined to the original claim. Thus, the Slovak Claimant in this lawsuit demanded compensation of damage and lost profits in the amount of approximately EUR 121 million. In February 2018, the court of first instance rejected the petition in full. The Slovak Claimant launched an appeal against the rejection.

Furthermore, a Cypriot company (the "**Cypriot Claimant**") filed a separate action for damages in the amount of approximately EUR 43.1 million. In January 2016, the Cypriot Claimant filed a petition for increasing the claimed amount by EUR 84 million and the court approved this petition. It means that the total claimed amount in this lawsuit is approximately EUR 127 million. This lawsuit is connected with the proceeding of the Slovak Claimant above because the Cypriot Claimant having filed the action had acquired the claim from a shareholder of the holding company of the Slovak Claimant. Subject matter of the claim is the same as in the proceeding above. According to the Cypriot Claimant, this had caused damage to the Slovak Claimant and, thus, also to the shareholder of the holding company in the form of a loss of value of its shares. Subsequently, said shareholder assigned his claim to the Cypriot Claimant. The Cypriot Claimant claims that Tatra banka acted contrary to the good morals as well as contrary to fair business conduct and requires Tatra banka to pay part of its claims corresponding to the loss in value of the holding company's shares. The proceeding was interrupted until the final decision in the EUR ~~71~~121 million case above is issued.

8.~~10~~11. Following an assignment of Tatra banka's receivable (approximately EUR 3.5 million) against a corporate customer to an assignee, two lawsuits in the total amount of approximately EUR 18.6 million were filed by the original shareholders of the corporate customer against Tatra banka. Their shares in the corporate customer had been pledged as security for a financing provided by Tatra banka to the corporate customer. The claims are claims for compensation of damages which were incurred by the original shareholders as a consequence of an alleged late notification of the assignment to the original shareholders, the fact that the assignee had realized the pledge over the shares and, thus, the original shareholders ceased to be the shareholders of the corporate customer as well as the fact that the assignee had realized a mortgage over real estates of the corporate customer (which had also been created as a security for the financing provided by Tatra banka to the corporate customer). The original shareholders claimed that the value of the corporate customer was EUR 18.6 million and that this amount would represent the damage incurred by them due to the assignment of Tatra ~~banka´s~~banka's claim against the corporate customer.

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

8.~~11~~12. In 2011, a client of Raiffeisenbank Austria, d.d., Croatia ("**RBHR**") launched a claim for damages in the amount of approximately HRK 143.5 million ~~(equals approximately EUR 19.2 million)~~ and alleged that damages have been caused by an unjustified termination of the loan. In February 2014, the commercial court in Zagreb issued a judgment by which the claim was declined. The plaintiff launched an appeal against this judgment which is not finally decided.

8.~~12~~13. In 2015, a former client of RBHR launched a claim for damages in the amount of approximately HRK 181 million ~~(equals approximately EUR 24.2 million)~~ based on the allegation that RBHR had acted fraudulently by terminating loans, which had been granted for the financing of the client's hotel business, without justification. In previous court proceedings in respect of the termination of the loans as well as the enforcement over the real estate, all final judgments were in favor of RBHR. Several hearings were held as well as submissions exchanged. So far, no ruling was passed.

8.~~13~~14. In 2014, a group of former clients of RBHR launched several claims for damages in the amount of approximately HRK 120.7 million ~~(equals approximately EUR 17 million)~~ based on the allegation that RBHR had acted fraudulently by terminating and collecting loans. In some of the court proceedings the court issued a judgment by which the claims were declined. The plaintiffs launched an appeal against the judgments which are not finally decided.

8.~~14~~15. In 2015, various plaintiffs launched two lawsuits against the Issuer's Romanian Network Bank Raiffeisen Bank S.A., Bucharest, claiming damages in the amount of RON 45 million and RON 35 million, respectively, based on the allegation that unfair terms in credit agreements had been used. According to the defendant's assessment, the RON 45 million claim was filed outside legal deadlines. In late 2015, the RON 45 million claim was split into over 180 separate litigations and the RON 35 million claim was also split into over 160 individual cases. A major part of the individual litigations were won by Raiffeisen Bank S.A. on the merits meanwhile, part of them are already finally closed.

8.~~15~~16. In 2015, a former client of the Issuer's Network Bank in the Czech Republic, Raiffeisenbank a.s. ("**RBCZ**"), launched a lawsuit against RBCZ claiming damages in the amount of approximately CZK 371 million based on the allegation that RBCZ caused damage to him by refusing to provide further financing to him. Owing to the non-payment of court fees by the claimant, a court ruling on dismissal of the lawsuit was issued but has been appealed by the claimant.

8.~~16~~17. In May 2017, RBCZ and Raiffeisen - Leasing, s.r.o. have been approached by a Czech leasing company ("**Czech Leasing**") demanding CZK 1,057,114,000 ~~(approximately EUR 40,000,000)~~ on the basis that RBCZ and Raiffeisen - Leasing, s.r.o. had allegedly: (i) contrived and fundamentally contributed to a mass leaving of Czech Leasing employees; and (ii) organized the setting up of a new company where most of the leaving employees of the Czech Leasing have found a new job; and (iii) had been poaching customers from the Czech Leasing. In June 2017, a lawsuit for such claim in the above-mentioned amount was filed by Czech Leasing against RBCZ and Raiffeisen - Leasing, s.r.o. at the City Court of Prague.

8.~~17~~18. In March 2017, the liquidation manager in a bankruptcy case in Russia filed a claim for approximately RUB 1.5 billion with the Arbitration court of Moscow against the Issuer's Network Bank in Russia, AO Raiffeisenbank. The claim ~~is~~was based on the liquidation manager's opinion that the transfer of funds by AO Raiffeisenbank as repayment of a loan had been unlawful. According to practice, bankruptcy managers dispute debtors' transactions in order to return the funds to the debtor and thus increase the size of the bankruptcy estate. The disputed transaction in this case was made over one year before bankruptcy and with no signs of insolvency of the client. In August 2017, the arbitration court refused the liquidation ~~manager's~~manager's claim as unlawful and ungrounded. The liquidation manager filed an appeal against the decision. In January 2018, the court of appeal decided in favour of AO Raiffeisenbank and refused the liquidation manager's appeal.

Save as disclosed in this section "*8. Legal and Arbitration Proceedings*" and based on the ~~Issuer´s~~Issuer's and RBI Group's current assessment of the facts and legal implication, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months prior to the date of this Base Prospectus, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or RBI Group.

9. SIGNIFICANT CHANGE IN THE FINANCIAL POSITION OF THE GROUP

No significant change in the financial position of ~~the~~ RBI Group has occurred since ~~30 June~~31 December 2017.

10. MATERIAL CONTRACTS

The Raiffeisen Regional Banks and direct and indirect subsidiaries of the Raiffeisen Regional Banks are parties to a syndicate agreement regarding RBI. As a result of the syndicate agreement, the voting rights in relation to shares in RBI (corresponding to approximately 58.8 per cent. of the issued shares) are mutually attributable to the Raiffeisen Regional Banks and their subsidiaries as acting in concert (§ 1(6) Austrian Takeover Act (*Übernahmegesetz* – *"**ÜbG**~~)~~"*) pursuant to §§ 91, 92(7) of the Austrian Stock Exchange Act (*Börsegesetz* – "**BörseG**"). A corresponding attribution to the controlling shareholders of individual Raiffeisen Regional Banks pursuant to §§ 91, 92(4) BörseG is made.

The terms of the syndicate agreement include a block voting agreement in relation to the agenda of the shareholders' meeting of RBI, preemption rights and a contractual restriction on sales of the RBI shares held by the Raiffeisen Regional Banks (with a few exceptions) for a period of three years from the effective date of the Merger 2017 between RZB and RBI if the sale would directly and/or indirectly reduce the Raiffeisen Regional Banks' aggregate shareholding in RBI to less than 50 per cent. of the share capital plus one share (after expiry of the three-year period, to be reduced to 40 per cent. of RBI's share capital). Further, the Raiffeisen Regional Banks are entitled to nominate nine members of the RBI Supervisory Board.

RBI is a member of an institutional protection scheme ("**IPS**"), the Federal IPS, which besides RBI comprises of the Raiffeisen Regional Banks, Raiffeisen-Holding Niederösterreich Wien, Posojilnica Bank eGen as well as RBI's subsidiaries Raiffeisen Wohnbaubank Aktiengesellschaft and Raiffeisen Bausparkasse Gesellschaft m.b.H. Pursuant to Article 113(7) and Article 49(3) of the CRR an IPS is required to ensure the solvency and liquidity of its members. For further details of the Federal IPS reference is made to the section 3.1.4. "*Federal Institutional Protection Scheme* ".

With respect to the RBI's membership in the RKÖ and ÖRE, reference is made to the sections 3.1.2. "*Österreichische Raiffeisen-Einlagensicherung eGen* (*statutory guarantee scheme*)" and 3.1.3. "*Raiffeisen-Kundengarantiegemeinschaft Österreich (voluntary guarantee scheme*)".

In 2004~~ and 2006~~, RZB had issued hybrid capital via a special purpose ~~vehicles~~vehicle incorporated in Jersey. The issue proceeds were on-lent in the form of supplementary capital (*Ergänzungskapital)* by the Jersey special purpose ~~vehicles~~vehicle originally to RZB, which - as the superordinated credit institution (*übergeordnetes Kreditinstitut*) of the RZB credit institution group - was entitled to show the hybrid capital in its consolidated accounts. In connection with the Merger 2010, the supplementary capital subscribed by the Jersey special purpose ~~vehicles~~vehicle was transferred to RBI. In connection with the Merger 2017, RBI as RZB's universal successor and new superordinated credit institution (*übergeordnetes Kreditinstitut*) assumed all of RZB's rights and liabilities under the hybrid capital, including RZB's obligations under the support ~~agreements~~agreement entered into between RZB and the Jersey special purpose ~~vehicles~~vehicle for the benefit of the holders of the hybrid capital notes. The outstanding aggregate principal amount of the hybrid capital was approximately EUR ~~396.8 million as of 30 June 2017. The issue by RZB Finance (Jersey) IV lost recognition as capital instrument at its first possible call date in May 2016. Thus, in September 2017, RZB Finance (Jersey) IV Limited has announced its intention to redeem its hybrid capital issue in whole in the currently outstanding amount of approximately EUR 306 million.~~90.5 million as of 31 December 2017.

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

11. THIRD PARTY INFORMATION

If and to the extent information contained in this Base Prospectus, as supplemented from time to time, has been sourced from a third party, RBI confirms that to the best of its knowledge this information has been accurately reproduced and that, so far as RBI is aware and able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

12. DOCUMENTS ON DISPLAY

This Base Prospectus, any supplements hereto and the documents incorporated herein by reference are available on RBI's website (www.rbinternational.com) and on the website of the Luxembourg Stock Exchange (www.bourse.lu). The day of such first publication is deemed to be the valid day of publication.

This Base Prospectus is valid for a period of twelve months from the date of its approval. For the period of validity of this Base Prospectus all documents mentioned above and RBI's Articles of Association (*Satzung*) are available free of charge at RBI's registered office~~.~~."

- **Part F – Amendments to the section FINAL TERMS NOT SUPERSEDED BY THE APPROVAL OF THIS BASE PROSPECTUS - DURCH DIE BILLIGUNG DIESES BASISPROSPEKT NICHT ERSETZTE ENDGÜLTIGE BEDINGUNGEN**

14) On page 562 of the Supplemented Base Prospectus the table shall be deleted and replaced by the following table:

"

This Base Prospectus incorporates by reference the form of final terms and the terms and conditions of the base prospectus dated 14 October 2016, as supplemented (the "Initial Base Prospectus"). The Notes issued under the Initial Base Prospectus as specified in Annex I below are continuously offered and will remain subject to the terms and conditions of the Initial Base Prospectus (the "Continuously Offered Notes")	Dieser Basisprospekt bezieht das Formular der Endgültigen Bedingungen und die Anleihebedingungen aus dem Basisprospekt vom 14. Oktober 2016, wie nachgetragen (der „Ursprüngliche Basisprospekt") per Verweis ein. Die in der nachstehenden Tabelle bezeichneten und unter dem Ursprünglichen Basisprospekt begebenen Wertpapiere werden fortlaufend angeboten und bleiben weiterhin den in dem Ursprünglichen Basisprospekt festgelegten Emissionsbedingungen unterworfen (die „Fortlaufend Angebotenen Wertpapiere").

"

- **Part G – Amendments to to the section FORM OF FINAL TERMS / FORMULAR – ENDGÜLTIGE BEDINGUNGEN**

15) On page 568 before the third paragraph starting with "[In case of Continuously Offered Notes: …] the following paragraphs should be added:

"[*In the case of a Series of Notes issued under the base prospectus dated 14 October 2016 insert:* These Final Terms must be read in conjunction with the Base Prospectus, save in respect of the Terms and Conditions which are extracted from the Terms and Conditions contained in the base prospectus dated 14 October 2016, as supplemented (the "Initial Base Prospectus"), which have been incorporated by reference into this Base Prospectus.]

[*Im Falle einer Serie von Schuldverschreibungen, die unter dem Basisprospekt vom 14. Oktober 2016 begegeben wurden, einfügen: Diese Endgültigen Bedingungen sind in Verbindung mit dem Basisprospekt zu lesen, mit Ausnahme der Anleihebedingungen, die den in dem Basisprospekt vom 14. Oktober 2016, wie nachgetragen (der "Ursprüngliche Basisprospekt"), enthaltenen Anleihebedingungen entnommen wurden, und die per Verweis in diesen Basisprospekt einbezogen wurden.*]"

16) On page 568 the third and forth paragraph starting with "[In case of Continuously Offered Notes: …" and "Im Falle von fortlaufend Angebotenen Schuldverschreibungen…" shall be deleted and replaced by the following paragraphs, whereby added text is printed in green and underlined and deleted text is printed in red and strikethrough:

"[In case of Continuously Offered Notes: The Base Prospectus under which the Notes specified in these Final Terms are issued loses its validity on 12 October 2018 or the approval of a new base prospectus succeeding this Base Prospectus (the "New Base Prospectus"), depending on which event occurs earlier (the "Expiry Date of the Base Prospectus"). Notwithstanding the above, the Notes specified in these Final Terms shall continue to be subject to the terms and conditions of [the Base Prospectus] [the Initial Base Prospectus incorporated by reference into the Base Prospectus]. From the Expiry Date of the Base Prospectus, these Final Terms must be read in conjunction with the New Base Prospectus. The New Base Prospectus will be available (no later than the Expiry Date of the Base Prospectus) on the website of the Issuer https://www.rbinternational.com/Investors/Information for Debt Investors/Debt Issuance Programmes and also on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Im Falle von fortlaufend Angebotenen Schuldverschreibungen: Der Basisprospekt, unter dem die in diesen Endgültigen Bedingungen bezeichneten Schuldverschreibungen begeben ~~wurden~~ werden, verliert am 12. Oktober 2018 oder mit der Billigung eines neuen, unmittelbar auf den Basisprospekt nachfolgenden Basisprospekts (der "Neue Basisprospekt"), je nachdem welches Ereignis früher eintritt, seine Gültigkeit (das "Ablaufdatum des Basisprospekts"). Ungeachtet der vorstehenden Ausführungen sollen die in diesen Endgültigen Bedingungen bezeichneten Schuldverschreibungen weiterhin den [im Basisprospekt festgelegten] [im Ursprünglichen Basisprospekt festgelegten und per Verweis in den Basisprospekt einbezogenen] Emissionsbedingungen unterliegen. Ab dem Ablaufdatum des Basisprospekts sind diese Endgültigen Bedingungen im Zusammenhang mit dem neuen Basisprospekt zu lesen. Der Neue Basisprospekt wird (nicht später als am Ablaufdatum des Basisprospekts) auf der Internetseite der Emittentin https://www.rbinternational.com/Investoren/Infos für Fremdkapitalgeber/ Debt-Issuance-Programmesowie auf der Internetseite der Wertpapierbörse Luxemburg (www.bourse.lu) verfügbar sein.]

- **Part H – Amendments to the section GENERAL INFORMATION**

17) On pages 683 and 684 of the Supplemented Base Prospectus, in the chapter "**GENERAL INFORMATION**" the last paragraph under the heading "**Authorisation**" shall be deleted and replaced by the following paragraph:

„The issuance of Notes thereunder is covered by the Issuer's Board of Management's and Supervisory Board's approval of an annual funding plan determining the total annual issuance volume. The latest approvals are dated 16 November 2015 (decision of Board of Management) and 11 December 2015 (approval of Supervisory Board) for the business year 2016. The approvals for the business year 2017 are dated 21 November 2016 and 22 May 2017 (decisions of Board of Management) as well as 7 December 2016 and 1 June 2017 (approval of Supervisory Board) for the business year 2017. The latest approvals are dated 22 May 2017 (decision of Board of Management) and 1 June 2017 (approvals of Supervisory Board). The latest approvals are dated 20 November 2017 (decision of Board of Management) and 7 December 2017 (approval of Supervisory Board) for the business year 2018."