

# 6.5% GERMANY PROTECT REVERSE CONVERTIBLE BOND 2

**INVESTMENT PRODUCT** WITHOUT CAPITAL PROTECTION  
REVERSE CONVERTIBLE BOND

- Underlying: Deutsche Telekom AG, Munich Re AG and Volkswagen AG pref.
- 6.5% fixed annual interest rate
- Redemption of the nominal value or physical delivery of shares
- Barrier at 59% of each share
- Full market risk if barrier is violated, issuer risk
- Further information on opportunities/risks on the following pages
- Term of 2 years



*Certificates by*



# ATTRACTIVE FIXED INTEREST RATE ABOVE MARKET LEVEL

## In short:

The 6.5% Germany Protect Reverse Convertible Bond 2 provides for an attractive fixed interest rate: the interest amount is paid out annually, regardless of the performance of the three underlying shares. At the end of the term, depending on the performance of the shares, either the nominal value is paid out or shares are delivered. In the event of a barrier violation at the final valuation date, the investor is entirely subject to market risk.

### KEY FACTS

Issuer*	Raiffeisen Centrobank AG
Offer	continuous issuing
ISIN	AT0000A2BSWO
Issue price	100%
Nominal value	EUR 1,000
Subscription period <sup>1</sup>	Dec 3, 2019 - Jan 7, 2020
Initial valuation date	Jan 8, 2020
Issue value date	Jan 9, 2020
Final valuation date	Jan 4, 2022
Maturity date	Jan 10, 2022
Strike	Closing price of each share at the initial valuation date
Barrier	59% of the respective strike
Observation	daily (closing price)
Observation period	Jan 9, 2020 - Jan 4, 2022
Fixed interest rate	6.5% annually
Interest rate payout dates	Jan 8, 2021; Jan 10, 2022
Amount of shares	= (nominal value/strike)
Redemption	If the daily closing prices of the three underlying shares Deutsche Telekom AG, Munich Re AG and Volkswagen AG pref. always quote above the respective barrier of 59% during the observation period, or if the closing prices of each shares quote at or above their respective strike at the final valuation date, the certificate is redeemed at 100% of the nominal value. Otherwise, physical delivery of shares is effected according to the amount predefined. Redemption is dependent on the solvency of RCB*.
Listing	Vienna, Frankfurt, Stuttgart
Quotes	<a href="http://www.rcb.at">www.rcb.at</a>

\* Raiffeisen Centrobank AG is a 100% owned subsidiary of Raiffeisen Bank International AG – rating of RBI: [www.rbiinternational.com/ir/ratings](http://www.rbiinternational.com/ir/ratings)

<sup>1</sup> Early closing or extension of the subscription period is within the sole discretion of Raiffeisen Centrobank AG.

Attractive yields in a low interest rate environment, partial protection against price slumps and a short term are convincing arguments for many investors. The new **6.5% Germany Protect Reverse Convertible Bond 2** combines all these features in one product. The investment product without capital protection provides for a fixed annual interest payment of 6.5% with a partial protection up to the barrier of 59% of the starting value as safety mechanism. The certificate has a term of two years. Further details regarding opportunities and risks are listed on the next page.

### SHARE BASKET

The **share basket** of the Protect Reverse Convertible Bond consists of three German blue chips:

- **Deutsche Telekom AG** is Europe's leading telecommunications provider and present in more than 50 countries. The core business is the operation and sale of telecommunication networks and connections.
- **Munich Re AG** is one of the top providers of reinsurance, primary insurance, and insurance-related risk solutions in the world. Munich Re has a diversified organization structure and offices across more than 50 countries.
- **Volkswagen AG** develops and produces passenger cars of the brands Audi, Bentley, Bugatti, Lamborghini, Porsche, Seat, Skoda and VW. Volkswagen AG is also the main shareholder of Traton SE, one of the world's leading commercial vehicle manufacturers with its brands Scania, MAN and Volkswagen Caminhões e Ônibus.

### FUNCTIONALITY

Reverse Convertible Bonds have a predefined **maturity date**, a **fixed interest rate** and a **strike**, set at the initial valuation date. Moreover, **Protect Reverse Convertible Bonds** issued by Raiffeisen Centrobank AG are equipped with a **barrier** set below the **strike**, which serves as an additional safety mechanism. These parameters remain unchanged during the term. The interest rate, which is above market level, provides investors with an attractive yield if the Protect Reverse Convertible Bond is redeemed at 100% of the nominal value. In case of **physical delivery of the shares**, the interest amount mitigates or may even overcompensate the loss incurred from the delivery of shares.

At the initial valuation date, the closing prices of the three underlying shares are fixed as **strikes** and the number of shares for potential physical delivery is determined. Additionally, the **respective barriers** (59% of each respective strike) are set.

- The **fixed interest rate** of 6.5% is **paid out** annually regardless of the performance of the three underlying shares (equals two times EUR 65 per nominal value during the term).
- **Redemption** of the nominal value at the end of the term depends on the performance of the three underlying shares. During the observation period the closing prices of the shares are compared with their respective barrier on a daily basis.

## DEFINED NUMBER OF SHARES

The number of shares to be delivered is determined as follows: **Number of shares = nominal value/starting value**

Usually this does not result in whole numbers. Due to the fact that shares are traded in whole numbers only, in the event of physical delivery the residual value is paid out in cash (=cash settlement) according to the market value: **Fraction of the shares x closing price of the share at the final valuation date = cash settlement**

The 6.5% Germany Protect Reverse Convertible Bond 2 provides for **physical delivery** of shares. In the most unfavourable case, the investor gets the worst performing share in the amount predefined delivered.

## RELEVANT STOCK EXCHANGE

Deutsche Telekom AG: XETRA Frankfurt

Munich Re AG: XETRA Frankfurt

Volkswagen AG: XETRA Frankfurt

## SUITED MARKET EXPECTATION

declining

sideways

rising

## YOUR INVESTMENT HORIZON

< 3 years

3 to 5 years

> 5 years

## NOTE

The referenced opportunities and risks represent a selection of the most important facts regarding the product.

You are about to purchase a product that is not easy and difficult to understand.

For further information see the Base Prospectus (including possible amendments) – approved by the Austrian Financial Market Authority (FMA), deposited at the Oesterreichische Kontrollbank AG and published at [www.rcb.at/en/securitiesprospectus](http://www.rcb.at/en/securitiesprospectus) (we recommend reading the prospectus before making an investment decision), in the key information document and among „Customer Information and Regulatory Issues“ at [www.rcb.at/en/customerinformation](http://www.rcb.at/en/customerinformation)

At the final valuation date, **one of the following scenarios** will apply:

### SCENARIO 1: All shares quoted daily ABOVE their barrier

If the daily closing prices of Deutsche Telekom AG, Munich Re AG AND Volkswagen AG pref. are always above their **barrier of 59%** during the observation period, **redemption** is effected **at 100% of the nominal value**. Provided that none of the three shares ever closes 41% or more below its respective strike, investors obtain the nominal amount of EUR 1,000 at the maturity date. This amount represents the maximum payout.

### SCENARIO 2: Barrier was TOUCHED/UNDERCUT by at least one of the shares

If the barrier of 59% of the respective strike is touched or undercut by the closing price of **one or more** of the underlying shares (Deutsche Telekom AG, Munich Re AG, Volkswagen AG pref.) during the observation period, the investor receives the worst performing share (percentage change from strike to closing price at the final valuation date) in the **amount predefined at the initial valuation date**. The difference to the next whole number is paid out. If the closing prices of all shares quote at or above their strikes at the final valuation date, the investor obtains the nominal value of EUR 1,000 at the end of the term. Even if the barrier was touched or undercut, this amount represents the maximum payout.

**EXAMPLE – assumption:** if the initial valuation date had been November 19, 2019

SHARE	STRIKE* 100%	BARRIER 59%	NUMBER OF SHARES (NOMINAL VALUE / STRIKE)
Deutsche Telekom AG	EUR 15.156	EUR 8.9420	65.9805 shares**
Munich Re AG	EUR 256.700	EUR 151.4530	3.8956 shares**
Volkswagen AG pref.	EUR 177.320	EUR 104.6188	5.6395 shares**

\* ... exemplary strike in relation to the closing price of the respective share on November 19, 2019. \*\* the fraction of the shares is paid out  
Source: Reuters DTEGn.DE (ISIN: DE0005557508), MUVGn.DE (ISIN: DE0008430026), VOWG\_p.DE (ISIN: DE0007664039)

## OPPORTUNITIES

- **Attractive fixed interest rate:** The fixed annual interest amount (6.5% p.a.) is paid out regardless of the performance of the three underlying shares.
- **Safety buffer:** Attractive yield in sideways moving and slightly decreasing markets due to the partial protection against falling prices down to the barrier of 59%
- **Flexibility:** Tradability on the secondary market, no management fees

## RISKS

- **Barrier violation:** If the respective barrier is touched or undercut by the closing price of at least one of the three shares, the investor is entirely subject to market risk, without any protective mechanism. In the event of a physical delivery, the market value of the delivered shares will be below the nominal value. Close to the barrier, disproportionate price movements of the Protect Reverse Convertible Bond may occur.
- **Limited yield opportunity:** The opportunity for yields is in any case limited to the fixed interest rate (2 x 6.5% during the term). Investors do not participate in price increases of the underlyings beyond their respective strikes.
- **Issuer risk / Bail-in:** Certificates are not covered by the Deposit Protection Scheme. Investors are exposed to the risk that Raiffeisen Centrobank AG might be unable to fulfil its payment obligations in respect of the described financial instrument such as in the event of insolvency (issuer risk) or an official directive (Bail-in). A total loss of the capital invested is possible.

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Issuer Risk/Creditor Participation ("bail-in"): Any payments for structured securities during the term or at the end of the term depend on the solvency of the issuer (issuer risk). Investors are exposed to the risk that Raiffeisen Centrobank AG as an issuer might be unable to fulfil its obligations in respect of the described financial instruments, such as in the event of insolvency (inability to pay/over-indebtedness) or a legal order to initiate resolution measures. The resolution authority may also issue such an order before any insolvency proceedings if the issuer is judged to be in crisis. Under these circumstances the resolution authority has wide-ranging powers to take action (so-called "bail-in instruments"). For example, it can reduce the claims of investors in respect of the described financial instruments to zero, terminate the described financial instruments, or convert them into shares of the issuer and suspend investors' rights. A total loss of the capital invested is possible. More detailed information is available at [www.rcb.at/en/basag](http://www.rcb.at/en/basag). Under certain circumstances, the issuer has the right to redeem the certificate prior to the maturity date. A total loss of the capital invested is possible.

Past performance is no reliable indicator of future results. Please refer to the Base Prospectus for additional disclosures on risks as well as further information. The information presented does not constitute binding tax advice. Tax treatment of investments is dependent on the personal situation of the investor and may be subject to change. As regards tax treatment and impact on the investor's individual tax situation, the investor is advised to consult with a tax advisor. This report is based on the knowledge of the persons preparing the document have obtained up to the date of creation. Please note that the legal situation may change due to legislative amendments, tax directives, opinions of financial authorities, jurisdiction etc.

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