

> Raiffeisen Centrobank AG: Structured Products Leadership

As the leading issuer in the field of structured products in Central and Eastern Europe, Raiffeisen Centrobank AG provides a comprehensive range of intelligent and high-quality products with prime focus on private and affluent clients.

CEE: A CONTINUING SUCCESS STORY

In 2006, the Vienna-based Raiffeisen Centrobank AG (RCB) started its CEE expansion in the distribution and listing of structured products in Central and Eastern Europe as well as the development of the market with a focus on local retail investors across the entire region.

RCB was the first issuer to list structured products on the Warsaw, Prague, Budapest as well as Bucharest stock exchanges, whereby it specialised in offering leveraged and investment products with a permanent secondary market. Hence, for the very first time, local investors were provided with broad local market access to indices, stocks and commodities through structured products of RCB. This cooperation remains an important pillar of the development of CEE markets and the opening of international and local capital markets to domestic retail and institutional investors. RCB also remains the largest issuer and distributor of structured products in Austria.

TAILORMADE OFFER TO RETAIL INVESTORS IN CEE

RCB's team has long experience in the production of universal and innovative structured products. The testimony to this is the firm's comprehensive range of products and services that provides real value to the entire customer value chain in terms of product innovation, safety and yield.

These tailor-made products allow investors to tap easily into exceptional investment opportunities. The majority of RCB's structured products offer built-in safety buffers that shield investors from downside market moves in the form of partial capital protection.

RCB's range of investment instruments is explained in great detail on the company website as well as in all RCB product brochures (which are provided to each client in local

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language to ensure that retail clients have clear understanding of the products they buy). This emphasis on transparency – especially the clear-cut description of pay-out profiles, in combination with attractive yield opportunities as well as the mitigated risks is the key success factor in the retail-banking area and therefore an important service feature of RCB.

As RCB provides the market making for its entire product range, all products are available via permanent secondary market. The product prices are continuously updated and displayed on RCB's website in real time and on platforms such as Bloomberg and Reuters. It is therefore possible to buy and sell them at any time during the trading week (9:00 – 20:00 for international underlyings).

In addition, RCB organises numerous training programmes and seminars for clients and bank advisers; in the last 12 months RCB organised 106 training sessions with more than 1,000 participants across 10 CEE countries.

KEY FINANCIALS AT A GLANCE

Compared to the position at 31 August 2017, this year RCB generated a record result. Turnover increased by 14% (€1,8bn in total) by month-end June 2018. The open interest increased (outstanding volume) by 17% to €4,2bn.

During the past 12 months, RCB newly issued 4,235 certificates and in total 7,026 products were listed on 7 different exchanges.

Within the general product offering of regular public issuances, RCB issued 90 tailor-made retail products for distribution in Central and Eastern Europe in seven different product currencies.

In addition, 120 public investment products have been structured for distribution in the private and affluent banking segments of local banks and insurance companies.

TAILORMADE VS. MAINSTREAM

RCB continues to act as a boutique producer of structured products rather than a supermarket. The firm strives to provide a fine selection of products and at the same time a comprehensive range of high-quality certificates to its CEE investors. The growing trend towards tailor-made products clearly demonstrates that this is the right strategy. What RCB has been observing – particularly in its core markets - is that investors, private or institutional, are looking for risk-optimisation in their investments. Clients in the private and affluent banking segment started to look for instruments that provided both performance and protection at the same time. The way RCB responded to this trend was to focus on the issuance of tailor-made risk-optimised structured products such as bonus and express certificates.

RCB'S FLAGSHIP PRODUCT SERIES: Bonus&Safety

Optimising the risk/reward ratio of an investment product and at the same time minimising insecurity for investors has certainly stood at the centre of product development in the past 12 months. Naturally, RCB's proven and very successful Bonus & Safety certificate series

"The past months have affirmed that certificates as an investment instrument open up new opportunities even in challenging market phases. That's why it is always a special honour to be awarded for our activity in the field of structured products. To receive this important award once again, for a second consecutive year, is of great importance to us and a great incentive to continue our work in the area of certificates with verve and engagement."

Heike Arbter, after RCB is named *Best Structured Products Bank CEE* by CFI.co



Certificates in the Bonus&Safety Series of Raiffeisen Centrobank feature a barrier of 49% or lower.



Average
Performance
Bonus&Safety
Series

5.55% p.a.

partial protection against falling markets

Average
Performance
Underlying/
Benchmark

1.86% p.a.

full exposure to the market

0.00% 1.00% 2.00% 3.00% 4.00% 5.00% 6.00% 7.00%



5 years
average term



71 issued
Certificates
since 2010



always a well-
diversified index as
underlying e.g. ESX50

As of: September 14, 2018

“Certificates provide an attractive investment alternative in the current interest environment. At RCB, we started to build up a market for structured products in the CEE region more than twelve years ago and ever since have worked intensely to bring the advantages of this still relatively new asset category closer to both customer service representatives as well as to end consumers. To see that our efforts yield fruit and that more and more people invest in our certificates is one way of measuring our success.”

Stefan Neubauer

(which comprises both, safety and yield) had to be continued and developed even further.

SIMPLE AND TRANSPARENT PAY-OUT PROFILE

RCB's Bonus & Safety (B&S) certificate series is suitable for a very broad spectrum of retail customers, both in terms of risk appetite and market expectations. The B&S product series enables conservative investors to benefit from a risk-reduced investment vehicle, providing at least a 51% risk buffer against market drops and an above-average yield potential.

RCB DIGITAL FOOTPRINT

RCB has taken account of its role as leading certificates issuer with a brand-new online information tool.

In tandem with the re-launch of its website (*rcb.at*) in a modern responsive design, RCB now offers an innovative tool that provides for an easy-to-understand and intuitive search tool in the universe of RCB certificates.

The Certificate Finder introduces investors to the world of certificates and enables them to select the appropriate product that best suits their investment objectives (as one of the main tasks of digitalisation is to facilitate adequate choice for the user from a multitude of information).

Customers expect convenience and digital advantages in the banking business equal to those they are offered in other areas of life.

Customers frequently search online for attractive investment opportunities – and this can be tedious and does not always promote a better understanding. Complicated search filters may overstrain users and are thus not suited for certificate novices.

This is where RCB's Certificate Finder steps in. At rcb.at/en/zertifikatefinder an introduction to the world of certificates is given and the investor is asked to choose from a few key criteria. Further to the investor's selection, the available products with the most matches are sorted. Only three to four clicks are necessary to get to one's certificate choice. Moreover, investors may trade the product directly via a link to the broker's website.

“The Certificate Finder enables a wide audience to immerse themselves in the world of certificates - in a straightforward, practical and easy-to-manage way. It is a great opportunity to provide, by digital means, the interested investor uninterrupted accurate information and to get more people interested in investments”, stresses Stefan Neubauer, Head of Sales CEE.

MANAGEMENT

Wilhelm Celeda

For more than 30 years, Wilhelm Celeda has been active in the equities and derivatives business and is one of Austria's leading and most experienced experts in this field. Celeda has spent almost 25 years of his career at Raiffeisen

Centrobank AG, which he has been heading as CEO since 2015. Raiffeisen Centrobank AG is the competence centre for equities and derivatives and is leading in company research, equities trading and sales as well as in issuing certificates both in Austria and the CEE region. Recognising his long-standing expertise, Celeda was also appointed Member of the Supervisory Board of Wiener Börse AG and of CEESEG AG in 2015.

Heike Arbter

Since 1997, Heike Arbter has been head of the Structured products Department of Raiffeisen Centrobank.

She is also the President of EUSIPA (European Structured Investment Products Association) and

- Member of the Exchange Council of Baden Wuerttembergische Wertpapierboerse, Stuttgart
- Member of the Arbitral Court of Vienna Exchange
- Member of the General Assembly of EUSIPA; Member of the Categorisation Committee
- Head of Managing Board Zertifikateforum Austria
- Member of the Board Zertifikateforum Austria

Stefan Neubauer

Stefan Neubauer, at RCB since 2006, is Head of Structured Products Sales in Central and Eastern Europe and, since 2017, Head of RCB Slovak branch in Bratislava. ❄