



Hypo Vorarlberg Bank AG

EUR 150,000,000 Additional Tier 1 Notes Programme

Under this EUR 150,000,000 Additional Tier 1 Notes Programme (the "**Programme**"), Hypo Vorarlberg Bank AG (the "**Issuer**" or "**Hypo Vorarlberg**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue direct, unsecured and deeply subordinated debt securities constituting Additional Tier 1 instruments pursuant to Article 52 of 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, as amended from time to time (*Capital Requirements Regulation – "CRR"*), as further specified in the relevant final terms (the "**Final Terms**") in the English or German language (with an English or a German language translation, if so applicable) under German law (the "**Notes**"). The Programme foresees two different options of terms and conditions under which Notes may be issued depending on the type of distribution which applies to the Notes as specified in the relevant Final Terms. Accordingly, the following types of Notes may be issued under the Programme: (i) Notes which commence with a fixed distribution rate which is superseded by a different fixed distribution rate (Option I), and (ii) Notes which commence with a fixed distribution rate which is superseded by a floating distribution rate (Option II). The Notes will have a perpetual term.

In case the Notes are offered in the European Economic Area ("**EEA**") and/or admitted to trading on a regulated market in the EEA, the Notes will have a specified denomination of EUR 200,000 (or the equivalent in another currency). The aggregate principal amount of Notes outstanding (i.e. Notes not redeemed) under the Programme will not at any one time exceed EUR 150,000,000 (or the equivalent in other currencies).

This prospectus (the "**Prospectus**") has been drawn up in accordance with Annexes XI, XII, XIII, and XXII of the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, as amended (the "**Prospectus Regulation**") and has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde – "FMA"*) in its capacity as competent authority under the Austrian Capital Market Act (*Kapitalmarktgesetz – "KMG"*) for approval of this Prospectus. **The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the FMA under applicable Austrian law and the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended (the "Prospectus Directive"). The FMA has examined this Prospectus only in respect of its completeness, coherence and comprehensibility pursuant to § 8a KMG.**

Application may be made for the Programme and/or the Notes to be admitted to the "*Amtlicher Handel*" (Official Market) and/or the "*Geregelter Freiverkehr*" (Second Regulated Market) (together, the "**Markets**") of the *Wiener Börse* (the "**Vienna Stock Exchange**"). References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Markets, each of which is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments, as amended (*Markets in Financial Instruments Directive – "MiFID"*). Unlisted Notes or Notes listed on an alternative market or stock exchange may also be issued pursuant to this Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be admitted to trading on the Markets or any alternative market or stock exchange.

Each Tranche (as defined herein) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (a "**Temporary Global Note**") or a permanent global note in bearer form (a "**Permanent Global Note**" and each of the Temporary Global Note and Permanent Global Note, a "**Global Note**"). Global Notes will be deposited on the issue date with a common depository on behalf of Clearstream Banking S.A. ("**CBL**") and Euroclear Bank SA/NV ("**Euroclear**") and/or with or on behalf of OeKB CSD GmbH ("**OeKB CSD**") and/or the Issuer and/or any other agreed depository for any other clearing system, if any, all as specified in the Final Terms.

The Issuer may sell Notes to be issued under the Programme either directly to investors or to one or more dealers (the "**Dealers**") to be appointed under the Programme from time to time in connection with a specific issue of Notes for onward distribution to investors.

Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009, as amended (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website (www.esma.europa.eu) a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within 5 working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. The ESMA website is not incorporated by reference into, nor does it form part of, this Prospectus.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes, but the Issuer believes that all material risks relating to an investment in the Notes have been described.

The Notes are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, as amended or replaced from time to time, other than in circumstances that do not and will not give rise to a contravention of those rules by any person. Prospective investors are referred to the section headed "*Restrictions on Marketing and Sales to Retail Investors*" on pages 5 et seq. of this Prospectus for further information.

This Prospectus will be published in electronic form on the website of the Issuer (www.hypovbg.at). It is valid for a period of 12 months after its approval.

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NOTICE

This Prospectus should be read and understood in conjunction with any supplement hereto and with any document incorporated herein by reference. Full information on the Issuer and any Tranche of Notes is only available on the basis of the combination of this Prospectus and the relevant Final Terms.

No person has been authorised to give any information which is not contained in or not consistent with this Prospectus or any other document entered into or any other information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorised by or on behalf of the Issuer.

This Prospectus is valid for 12 months after its approval. This Prospectus and any supplement hereto as well as any Final Terms reflect the status as of their respective dates of issue. The offering, sale or delivery of any Notes may not be taken as an implication that the information contained in such documents is accurate and complete subsequent to their respective dates of issue or that there has been no adverse change in the financial condition of the Issuer since such date or that any other information supplied in connection with the Programme is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Issuer is required to supplement this Prospectus or publish a new Prospectus if and when the information herein should become materially inaccurate or incomplete, and is required to furnish a supplement to this Prospectus in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Notes.

The distribution of this Prospectus, any document incorporated herein by reference and any Final Terms and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus and any supplement (if applicable) or any Final Terms come are required by the Issuer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus or any Final Terms and other offering material relating to the Notes, in the United States of America, the EEA, the United Kingdom and Japan see "*Selling Restrictions*". In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and will be in bearer form that are subject to tax law requirements of the United States of America. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States of America or to U.S. persons. This Prospectus may only be communicated or caused to be communicated in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 ("**FSMA**") does not apply to the Issuer.

The language of this Prospectus as well as the language of the audited consolidated annual financial statements of the Issuer and of the unaudited consolidated interim financial information, all incorporated by reference herein, is English.

This Prospectus may only be used for the purpose for which it has been published.

This Prospectus and any Final Terms may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

This Prospectus and any Final Terms do not constitute an offer or an invitation by or on behalf of the Issuer to any person to subscribe for or to purchase any Notes.

RESTRICTIONS ON MARKETING AND SALES TO RETAIL INVESTORS

The Notes issued pursuant to this Prospectus are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "**PI Instrument**").

Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "**PI Rules**"):

- (i) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Notes, must not be sold to retail clients in the EEA; and
- (ii) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in the Notes) from the Issuer and/or any other person that offers, sells or delivers Notes, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each such person that:

1. it is not a retail client in the EEA (as defined in the PI Rules);
2. whether or not it is subject to the PI Rules, it will not:
 - (A) sell or offer the Notes (or any beneficial interest therein) to retail clients in the EEA; or
 - (B) communicate (including the distribution of this Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules),

in any such case other than: (i) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person; and/or (ii) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes (or such beneficial interests therein) and is able to bear the potential losses involved in an investment in the Notes (or such beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with Directive 2004/39/EC on markets in financial instruments (*Markets in*

Financial Instruments Directive - "MiFID") to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or any other person that offers, sells or delivers Notes, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "*anticipate*", "*believe*", "*could*", "*estimate*", "*expect*", "*intend*", "*may*", "*plan*", "*predict*", "*project*", "*will*" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Hypo Vorarlberg's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including Hypo Vorarlberg's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. Hypo Vorarlberg's business is also subject to a number of risks and uncertainties that could cause a forward-looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*Risk Factors*", "*Hypo Vorarlberg Bank AG as Issuer*". These sections include more detailed descriptions of factors that might have an impact on Hypo Vorarlberg's business and the markets in which it operates.

In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, the Issuer does not assume any obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

NO CONSENT TO USE THIS PROSPECTUS

The Issuer does not consent to any person using this Prospectus in respect of an offer and/or admission to trading of the Notes on a regulated market in the EEA.

SUMMARY

*This summary (the "**Summary**") is made up of disclosure requirements known as elements (the "**Elements**"). These Elements are numbered in sections A – E (A.1 – E.7).*

This Summary contains all the Elements required to be included in a summary for this type of securities and the Issuer. As some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in this Summary because of the type of securities and the Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in this Summary with the specification of "Not applicable".

[This Summary contains options, characterised by square brackets or typesetting in italics (other than the respective translations of specific legal terms), and placeholders regarding the Notes to be issued under the Programme. The summary of the individual issue of Notes will include the options relevant to this issue of Notes as determined by the applicable Final Terms and will contain the information, which had been left blank, as completed by the applicable Final Terms.]

A. INTRODUCTION AND WARNINGS

A.1 Warning: The summary (the "**Summary**") should be read as an introduction to the prospectus (the "**Prospectus**") prepared in connection with the EUR 150,000,000 Additional Tier 1 Notes Programme (the "**Programme**").

Any decision by an investor to invest in Notes issued under the Prospectus (the "**Notes**") should be based on consideration of this Prospectus as a whole by the investor.

Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Economic Area ("**EEA**"), have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Civil liability attaches only to Hypo Vorarlberg Bank AG ("**Hypo Vorarlberg**"), Hypo-Passage 1, 6900 Bregenz, Austria (the "**Issuer**") who tabled this Summary including any translation thereof, but only if this Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Notes.

A.2 Consent by the Issuer or person responsible for drawing up the Prospectus to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries and indication of the offer period within which subsequent resale or final placement of

Not applicable; no consent for the use of the Prospectus is given.

securities by financial intermediaries can be made and for which consent to use the Prospectus is given:

Any other clear and objective conditions attached to the consent which are relevant for the use of the Prospectus:

Notice in bold informing investors that, in the event of an offer being made by a financial intermediary, this financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made:

Not applicable; no consent for the use of the Prospectus is given.

Not applicable; no consent for the use of the Prospectus is given.

B. THE ISSUER

- B.1** The legal and commercial name of the Issuer: The legal name of the Issuer is "Hypo Vorarlberg Bank AG", the commercial name is "Hypo Vorarlberg".
- B.2** The domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country or incorporation: Hypo Vorarlberg is a stock corporation (*Aktiengesellschaft*) organised and operating under Austrian law, registered with the companies register (*Firmenbuch*) at the regional court (*Landesgericht*) of Feldkirch, Austria, under registration number FN 145586 y. Hypo Vorarlberg has its registered office (*Sitz*) in Bregenz, Austria and its business address (*Geschäftsanschrift*) at Hypo-Passage 1, 6900 Bregenz, Austria.
- B.4b** Any known trends affecting the Issuer and the industries in which it operates: Overall, the managing board (*Vorstand*) of the Issuer ("**Managing Board**") intends to maintain the proven, broadly based business model of Hypo Vorarlberg and to concentrate on customer business as previously. In addition, new regulations require credit institutions to further increase own funds and secure a supply of liquidity that is as cost-effective as possible, while costs, including those relating to the deposit protection and single resolution fund, are rising continuously. Operating expenses are expected to rise moderately and staff costs are also expected to increase slightly. The revision of the bank tax led to a high advance payment in 2016. The ongoing payments will be lower as of 2017, and will therefore have less negative impact on Hypo Vorarlberg's earnings in the future overall.
- The low interest rates in CHF and EUR and changing technological requirements for credit institutions and their services also present a challenge. In order to offer customers contemporary banking services, the Issuer prepares for a digital future: Currently, the Issuer switched to a new online banking system and solutions like "Hypo-Office-Banking" (HOB), which will enable corporate customers to manage all their national and

international accounts in one web-based system, are developed.

At Hypo Vorarlberg the majority of state guaranteed liabilities have expired in September 2017 and higher volumes have become due for repayment. In view of these maturities, pre-funding has already been carried out in recent years and outstanding issues prematurely have been bought back from the market. Parts of the remaining volume have already been replaced in the course of new issuing activity and refinancing via the ECB, the so-called "targeted longer-term refinancing operation" ("TLTRO").

Furthermore the valuation of securities and holdings may change the outlook for the results of Hypo Vorarlberg in 2017. As mentioned below the Issuer holds investments in HYPO EQUITY Unternehmensbeteiligungen AG ("**HUBAG**"). Due to delays occurring during the exit-process of one investment in conjunction with the liquidity requirement arising in this associated company as a result, the management of HUBAG re-measured this investment. Therefore, Hypo Vorarlberg also had to re-measure its investment in HUBAG in the first quarter of 2017.

The anticipated earnings are expected to be much lower than the previous year's. The known economic and domestic political events require increased vigilance.

- B.5** If the Issuer is part of a group, a description of the group and the Issuer's position within the group: Vorarlberger Landesbank-Holding and its (direct and indirect) subsidiaries (including the Issuer and its subsidiaries which are fully consolidated pursuant to IFRS) together constitute a group of companies (the "**Group**").
- B.9** Where a profit forecast or estimate is made, state the figure: Not applicable; no profit forecast or estimate has been made.
- B.10** A description of the nature of any qualifications in the audit report on the historical financial information: Not applicable. The auditor's reports do not include any qualifications. However, the auditor's report with respect to the consolidated financial statements of Hypo Vorarlberg as of and for the financial year ended 31 December 2015 contains the following explanatory paragraph: "Without qualifying the audit opinion, we refer to the remarks by the company's Managing Board under Note 55 to the consolidated financial statements "Significant events after the reporting date", where the potential developments in connection with Pfandbriefbank (Österreich) AG and HETA ASSET RESOLUTION AG are described."
- B.12** Selected historical key financial information:
The following tables show selected historical financial information of Hypo Vorarlberg for the first half year periods ended 30 June 2016 and 30 June 2017 and as of 31 December 2015 and 31 December 2016 extracted or derived from the unaudited interim consolidated financial statements of Hypo Vorarlberg as of and for the first half year period ended 30 June 2017. These unaudited interim consolidated financial statements have been prepared on the basis of International Financial Reporting Standards as adopted by the EU ("**IFRS**") as adopted by the EU on interim financial reporting. Furthermore, the tables show selected historical financial information of Hypo Vorarlberg as of and for the financial years ended 31 December 2015 and 31 December 2016 extracted or derived from the audited consolidated annual financial statements of Hypo Vorarlberg as of and for the financial year ended 31 December 2016 (including comparative financial information for the prior year). These audited consolidated annual

financial statements have been prepared on the basis of IFRS.

in '000 EUR	30.06.2017	31.12.2016	Change in '000 EUR	Change in %
Total Assets	14,164,936	13,324,387	840,549	6.3
Loans and advances to customers (L&R)	9,269,054	9,049,998	219,056	2.4
Amounts owed to customers (LAC)	5,404,687	5,282,097	122,590	2.3
Liabilities evidenced by certificates (LAC)	3,151,373	2,682,267	469,106	17.5
Own funds according to CRR	1,228,725	1,246,529	-17,804	-1.4
thereof Tier 1 capital	1,010,598	1,005,715	4,883	0.5
Total capital ratio according to CRR	16.32%	16.52%	-0.20%	-1.2

in '000 EUR	01.01. - 30.06.2017	01.01. - 30.06.2016	Change in '000 EUR	Change in %
Net interest income after loan loss provisions	85,835	87,881	-2,046	-2.3
Net fee and commission income	17,685	16,856	829	4.9
Net trading result (not including change in own credit risk)	9,890	1,195	8,695	>100.0
Administrative expenses	-50,594	-49,727	-867	1.7
Operating result before change in own credit risk	33,276	49,015	-15,739	-32.1
Earnings before taxes	34,519	28,879	5,640	19.5

in '000 EUR	31.12.2016	31.12.2015	Change in '000 EUR	Change in %
Total Assets	13,324,387	13,902,411	-578,024	-4.2
Loans and advances to customers (L&R)	9,049,998	9,061,358	-11,360	-0.1
Amounts owed to customers (LAC)	5,282,097	4,995,818	286,279	5.7
Liabilities evidenced by certificates (LAC)	2,682,267	2,402,602	279,665	11.6
Own funds according to CRR	1,246,529	1,160,758	85,771	7.4
thereof Tier 1 capital	1,005,715	874,848	130,867	15.0
Total capital ratio according to CRR	16.52%	14.82%	1.70%	11.5

in '000 EUR	31.12.2016	31.12.2015	Change in '000 EUR	Change in %
Net interest income after loan loss provisions	215,545	160,646	54,899	34.2

Net fee and commission income	34,027	36,566	-2,539	-6.9
Net trading result (not including change in own credit risk)	27,998	1,020	26,978	>100.0
Administrative expenses	-97,114	-92,462	-4,652	5.0
Operating result before change in own credit risk	151,574	102,910	48,664	47.3
Earnings before taxes	117,619	121,146	-3,527	-2.9

Statement with regard to 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:

Negative interest

Due to recent decisions of the Austrian Supreme Court (*Oberster Gerichtshof* – "OGH") which were rendered with regard to the consequences of negative reference interest rates to the interest payable on loans and which may have consequences for the whole Austrian credit services sector, the Issuer has taken account of negative reference interest rates in its existing business with consumers. With regard to new business from 2015 on, a minimum interest clause had been introduced and a provision in the amount of EUR 750,000 as of 30 June 2017 was formed in case of a possible invalidity of such minimum interest clause.

After the OGH has held that a minimum interest rate clause is invalid vis-à-vis consumers, the Issuer has decided to recalculate the interest rates per 30 September 2017, which has resulted in an amount of EUR 1.1 mn which is higher than the provision formed as of 30 June 2017.

HYP0 EQUITY Unternehmensbeteiligungen AG

The subordination of the private equity business under the regime of the Austrian Alternative Investmentfonds Managers Act (*Alternative Investmentfonds Manager-Gesetz – AIFMG*) is connected with higher costs and – depending on the legal form – moreover with fiscal disadvantages for the investors. For this reason the attractiveness of this business segment was diminished significantly which lead the shareholders to the decision of converting the funds into closed end funds, selling existing investments/shares and to liquidate the funds subsequently.

Due to the targeted portfolio reduction, the HUBAG's financial assets are now largely concentrated on just two investments. For those associated companies an exit strategy was prepared. The value of one investment, which undertakes research and development in the biotechnology sector, is significantly influenced by the results of the research. This gives rise to a future valuation risk. This company relies on the inflow of external funds.

The 2016/17 financial year at HUBAG will again be characterised by targeted exits from the remaining investments. There is no guarantee that the value of the investments recognised by HUBAG can actually be realised in the exit. In April 2017, the delays occurring in 2017 during the process of exiting an investment in conjunction with the liquidity requirement arising in this investment as a result led the management of HUBAG to

remeasure this investment as at 28 February 2017. Based on the figures contained in the 2016 consolidated financial statements, if HUBAG were to enter into insolvency this would lead to a write-down of the shares in companies valued at equity of up to EUR 30.4 million in 2017.

Panama Papers

Following the publication of the so-called "Panama Papers" in early April 2016, in which Hypo Vorarlberg's name appeared, the Issuer's offshore business was examined as part of a special investigation by the FMA. The proceedings are in progress and the result is still open, but the Managing Board is confident that the Issuer conducted its business within the legal framework at all times.

The former chairman of the Managing Board, Michael Grahammer, announced his resignation in April 2016 in response to the media's prejudgement of the Issuer and of himself. At the request of the supervisory board (*Aufsichtsrat*) of the Issuer ("**Supervisory Board**"), he remained available to the Issuer until the end of 2016. The former Chief Risk Officer, Michel Haller, was appointed as the designated Chairman of the Managing Board by the Supervisory Board on 10 August 2016 and assumed this role as of 1 January 2017. Wilfried Amann was appointed as new Managing Board member.

Following the debate concerning the Panama Papers, an adjustment of the strategy and business activities with offshore clients is to be developed together with the shareholders of the Issuer. The number of accounts for non-operative offshore companies had already been reduced in recent years. The low level of income attributable to these business relationships means that this change will not have a material impact on the Issuer's earnings strength.

At the end of April 2016, an opposition party called for an inquiry board to investigate the Issuer's offshore activities, which the Managing Board and the Supervisory Board felt to be an inappropriate means of addressing this issue. In autumn 2016, the inquiry board was discontinued due to a lack of results, and its last session was scheduled for 2 December 2016. In early 2017, the inquiry board issued its final report, which was supplemented by minority reports from the individual groups.

Save as disclosed above, there has been no material adverse change in the prospects of the Issuer since 31 December 2016.

Description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information:

Not applicable. There has been no significant change in the financial position of the Issuer since 30 June 2017.

B.13 Description of any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the

Save as disclosed above in B.12, there are no recent events particular to the Issuer that are to a material extent relevant to the evaluation of the Issuer's solvency.

Issuer's solvency:

- B.14** If the Issuer is part of a group, any dependency upon other entities within the group: Not applicable. The Issuer is not dependent upon other entities within the Group.
- B.15** A description of the Issuer's principal activities: Hypo Vorarlberg is a regional universal credit institution and in recent years has developed into an extensive financial services provider engaged in the Republic of Austria and in certain neighbouring countries, operating as a "one-stop shop" for a considerable range of products for its size.
- B.16** To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control: The (direct and indirect) shareholders of the Issuer are:
- Vorarlberger Landesbank Holding: 232,354 shares (76.0308%)
 - Austria Beteiligungsgesellschaft mbH: 73,251 shares (23.9692%)
 - Landesbank Baden-Württemberg: 48,834 shares (15.9795%)
 - Landeskreditbank Baden-Württemberg Förderbank: 24,417 shares (7.9897%)
- B.17** Credit ratings assigned to the Issuer or its debt securities at the request or with the cooperation of the Issuer in the rating process: Credit rating assigned to the Notes:
- [Not applicable; the Notes are not rated.] [*insert rating*]
- The Issuer is rated by Moody's Deutschland GmbH ("**Moody's**") and Standard & Poor's ("**S&P**") (each a "**Rating Agency**")¹. As of the date of the Prospectus, the ratings assigned to the Issuer by each Rating Agency are as follows:
- Moody's**²
- | | |
|-------------------------------|------------|
| Bank Deposit Rating: | Baa1 / P-2 |
| Outlook: | Stable |
| Baseline Credit Assessment: | Baa3 |
| Senior Unsecured MTN: | Baa1 |
| Subordinate MTN – Dom. Curr.: | Ba1 |
| Public Pfandbriefe: | Aa1 |
| Mortgage Pfandbriefe: | Aa1 |
- S&P**²
- | | |
|---------------------------|--------|
| Long term issuer rating: | A- |
| Short term issuer rating: | A-2 |
| Outlook: | Stable |

¹ A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

² Moody's and S&P are established in the European Union and are registered under the CRA Regulation. The European Securities and Markets Authority publishes on its website (www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 of the CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

C. SECURITIES

- C.1** Description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number: **Type and Form of Notes**
 The Notes are debt instruments issued in bearer form and are represented by a [Permanent Global Note] [Temporary Global Note exchangeable for a Permanent Global Note]. Definitive Notes and coupons will not be issued.
Security identification number
 ISIN(s): [●]
 German Security Code: [●]
 Common Code: [●]
- C.2** Currency of the securities issue: The specified Currency of the Notes is [●]
- C.5** Description of any restrictions on the free transferability of the securities: Not applicable. There are no restrictions on the free transferability of the Notes.
- C.8** Description of the rights attached to the securities including ranking and limitation to those rights: **Rights attached to the Notes**
Payment of distributions
 The Notes are notes which initially bear a fixed rate income followed by [*in case of Fixed to Fixed Distribution Rate Notes insert*: another fixed rate income which shall be determined on the basis of a reference rate prior to the date on which the distribution rate changes] [*in case of Fixed to Floating Distribution Rate Notes insert*: a floating rate income which shall be determined for each floating distribution period on the basis of a reference rate]. [In addition, [a margin [is added to]][will be deducted from] the reference rate].
 The Issuer, at its full discretion, may at all times cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis. Without prejudice to such full discretion of the Issuer, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date shall be cancelled mandatorily and automatically, in whole or in part, as described under the heading "Cancellation of Distributions".
Payment of principal
 The holders of the Notes (the "**Holders**" and each a "**Holder**") do not have a right to demand the redemption of the Notes.
 The rights of the Holders of the Notes to payment of principal on the Notes are at any time limited to a claim for the prevailing Current Principal Amount.
 Where:
"Current Principal Amount" means initially the Original Principal Amount, which from time to time, on one or more occasions, may be reduced by a Write-Down and, subsequent to any such reduction, may be increased by a Write-Up, if any (up to the Original Principal Amount).
"Original Principal Amount" or "**Specified Denomination**" means *for Notes offered in the European Economic Area*

insert: EUR 200,000] [for Notes offered only outside the European Economic Area insert specified currency and specified denomination].

Including ranking of the Notes: **Status of the Notes**

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and shall constitute AT 1 Instruments.

In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

- (a) junior to all present or future: (i) unsubordinated instruments or obligations of the Issuer; (ii) (x) any Tier 2 Instruments; and (y) all other instruments or obligations of the Issuer ranking or expressed to rank subordinated to the unsubordinated obligations of the Issuer (other than instruments or obligations ranking or expressed to rank *pari passu* with or subordinated to the Notes);
- (b) *pari passu*: (i) among themselves; and (ii) with all other present or future (x) AT 1 Instruments; and (y) instruments or obligations ranking or expressed to rank *pari passu* with the Notes; and
- (c) senior to all present or future: (i) ordinary shares of the Issuer and any other CET 1 Instruments; and (ii) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank: (x) subordinated to the obligations of the Issuer under the Notes; or (y) *pari passu* with the ordinary shares of the Issuer and any other CET 1 Instruments, including the Participation Capital Instruments.

For the avoidance of doubt, Holders will neither participate in any reserves of the Issuer nor in liquidation profits (*Liquidationsgewinn* within the meaning of § 8(3)(1) of the Austrian Corporate Income Tax Act 1988 (*Körperschaftsteuergesetz 1988*)) in the event of the Issuer's liquidation.

Where:

"AT 1 Instruments" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Additional Tier 1 instruments pursuant to Article 52 CRR, including any capital instruments that qualify as Additional Tier 1 instruments pursuant to transitional provisions under the CRR.

"CET 1 Instruments" means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 CRR, including any capital instruments that qualify as Common Equity Tier 1 instruments pursuant to transitional provisions under the CRR.

"CRR" means 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*), as amended or replaced from time to time, and in this context any references to relevant Articles of the CRR include references to any applicable provisions of law amending or replacing such Articles from time to time.

"Participation Capital Instruments" means the following (directly or indirectly issued) capital instruments of the Issuer:

"Partizipationskapital der Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft" (issue dates: 25 November 2008 and 19 December 2008).

"**Tier 2 Instruments**" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 CRR, including any capital instruments that qualify as Tier 2 instruments pursuant to transitional provisions under the CRR.

Including limitations to those rights: No Negative Equity and Waiver of Petition

The Holders will be entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital* within the meaning of § 225(1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch – UGB*)) has been removed (*beseitigt*) or if, in the event of the liquidation of the Issuer, all other creditors (other than creditors the claims of which rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first.

The Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets; therefore the obligations of the Issuer under the Notes, if any, will not contribute to the determination of over-indebtedness (*Überschuldung*) in accordance with § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung – IO*).

No Set-off, Netting or Security

Claims of the Issuer are not permitted to be set-off or netted against payment obligations of the Issuer under the Notes, and no contractual collateral may be provided by the Issuer or any third person for the liabilities constituted by the Notes. The Notes are neither secured nor subject to a guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in insolvency or liquidation.

Cancellation of Distributions

The Issuer, at its full discretion, may at all times cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis. The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due. If the Issuer makes use of such right, it shall give notice to the Holders without undue delay and in any event no later than on the relevant Distribution Payment Date.

Without prejudice to such full discretion of the Issuer, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent that:

- (i) the amount of such distribution payment scheduled to be paid together with any Additional Amounts thereon and any payments of interest, dividends or distributions made or scheduled to be made by the Issuer on all other Tier 1 Instruments in the relevant financial year of the Issuer would exceed the amount of the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments

of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions together with any Additional Amounts thereon on the Notes) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based; or

- (ii) the Competent Authority orders the relevant distribution payment scheduled to be paid to be cancelled in whole or in part; or
- (iii) the amount of such distribution payment scheduled to be paid, together with other distributions of the kind referred to in § 24(2) BWG (implementing Article 141(2) CRD IV in Austria) in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the Regulatory Group to be exceeded.

If any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date is so mandatorily and automatically cancelled, the Issuer shall give notice to the Holders without undue delay. Any failure to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose.

If a Write-Down occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date will be cancelled mandatorily and automatically in full.

Any distribution payment so cancelled will be non-cumulative and will be cancelled permanently and no payments will be made nor will any Holder be entitled to receive any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and will not impose any restrictions on the Issuer.

Where:

"**BWG**" means the Austrian Banking Act (*Bankwesengesetz*), as amended or replaced from time to time, and in this context any references to relevant provisions of the BWG include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) CRR which is responsible to supervise the Issuer and/or the Regulatory Group.

"**CRD IV**" means 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*), as implemented in Austria and as amended or replaced from time to time, and in this context any references to relevant Articles of the CRD IV include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Distributable Items**" means in respect of any payment of distributions on the Notes the distributable items as defined in Article 4(1)(128) CRR in respect of each financial year of the Issuer, as at the end of the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date for which such Relevant Financial Statements are available, all as

determined in accordance with the accounting principles applied by the Issuer and as derived from the most recent Relevant Financial Statements.

"Maximum Distributable Amount" means any maximum distributable amount (*maximal ausschüttungsfähiger Betrag*) relating to the Issuer and/or the Regulatory Group, as the case may be, that may be required to be calculated in accordance with § 24(2) BWG (implementing Article 141(2) CRD IV in Austria).

"Regulatory Group" means 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.

"Relevant Financial Statements" means: (i) the audited (*geprüft*) and adopted (*festgestellt*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant Distribution Payment Date, unaudited unconsolidated pro forma financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

"Tier 1 Instruments" means: (i) the CET 1 Instruments; (ii) the AT 1 Instruments; and (iii) any other instruments or obligations of the Issuer ranking *pari passu* with respect to payment of interest, dividends or distributions with CET 1 Instruments or AT 1 Instruments.

No Scheduled Maturity

The Notes are perpetual and have no scheduled maturity date.

No Redemption at the Option of a Holder

The Holders do not have a right to demand the redemption of the Notes.

Redemption at the Option of the Issuer

The Issuer may, upon giving notice, redeem the Notes in whole, but not in part, at the Redemption Amount on any Call Redemption Date. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions. Any such redemption shall not be possible before five years from the date of issuance and shall only be possible provided that the conditions to redemption [***if a repurchase is permissible insert: and repurchase***] are met.

The Issuer may exercise its redemption right only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

Where:

"Call Redemption Date" means [***in case of Fixed to Fixed Distribution Rate Notes insert: the First Reset Date and each***

[anniversary date thereof] [Distribution Payment Date thereafter] [Reset Date thereafter]] ***[in case of Fixed to Floating Distribution Rate Notes insert:*** (i) the Reset Date (which may not fall earlier than five years after the date of issuance of the Notes); and (ii) each Floating Rate Distribution Payment Date [thereafter] [falling 12 months after the previous Call Redemption Date].]

Redemption for Reasons of Taxation

If a Tax Event occurs, the Issuer may, upon giving notice, redeem the Notes in whole, but not in part, at the Redemption Amount [at any time on the date of redemption specified in the notice] [on the next Distribution Payment Date], provided that the conditions to redemption ***[if a repurchase is permissible insert:*** and repurchase] are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions.

Where:

A "**Gross-up Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision of the local tax authority having competence over the Issuer as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts.

A "**Tax Deductibility Event**" occurs if there is a change in the applicable tax treatment of the Notes as a result of which the Issuer, in computing its taxation liabilities in Austria, would not be entitled to claim a deduction in respect of distributions paid on the Notes, or such deductibility is materially reduced.

"**Tax Event**" means a change in, or clarification of, the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event or a Gross-up Event, which change or clarification: (x) subject to (y), becomes effective on or after the date of issuance of the Notes; or (y) in the case of a change, if such change is enacted on or after the date of issuance of the Notes.

Redemption for Regulatory Reasons

If a Regulatory Event occurs, the Issuer may, upon giving notice, redeem the Notes in whole, but not in part, at the Redemption Amount [at any time on the date of redemption specified in the notice] [on the next Distribution Payment Date], provided that the conditions to redemption ***[if a repurchase is permissible insert:*** and repurchase] are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions.

Where:

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes under the Applicable Supervisory Regulations that would be likely to result in their exclusion in full or in part from own funds (other than as a consequence of a Write-Down) or reclassification as a lower quality form of own funds (in each case, on an individual basis of the Issuer and/or on a consolidated basis of the Regulatory Group).

Conditions to Redemption **[if a repurchase is permissible insert: and Repurchase]**

Any redemption **[if a repurchase is permissible insert: and any repurchase]** is subject to:

- (a) the Issuer having obtained the prior permission of the Competent Authority for the redemption **[if a repurchase is permissible insert: or any repurchase]** in accordance with Article 78 CRR, if applicable to the Issuer at that point in time, whereas such permission may, *inter alia*, require that:
 - (i) either the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
 - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following such redemption **[if a repurchase is permissible insert: or repurchase]**, exceed the minimum capital requirements (including any capital buffer requirements) by a margin that the Competent Authority considers necessary at such time; and
- (b) in the case of any redemption prior to the fifth anniversary of the date of issuance of the Notes:
 - (i) due to a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the Notes; or
 - (ii) due to a Regulatory Event, the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the Notes.

Notwithstanding the above conditions, if, at the time of any redemption **[if a repurchase is permissible insert: or repurchase]**, the prevailing Applicable Supervisory Regulations permit the redemption **[if a repurchase is permissible insert: or repurchase]** only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal of the Competent Authority to grant permission in accordance with Article 78 CRR shall not constitute a default for any purpose.

Where:

"Redemption Amount" per Note means the Current Principal Amount per Note.

Write-Down

- (a) If a Trigger Event has occurred the Issuer will:
 - (i) immediately inform the Competent Authority that the

Trigger Event has occurred;

- (ii) determine the Write-Down Amount as soon as possible, but in any case within a maximum period of one month following the determination that a Trigger Event has occurred;
- (iii) without undue delay inform the Fiscal Agent and the Holders that a Trigger Event has occurred by publishing a notice (such notice a "**Write-Down Notice**") which will specify the Write-Down Amount as well as the new/reduced Current Principal Amount of each Note and the Effective Date, provided that any failure to provide such Write-Down Notice shall not affect the effectiveness of, or otherwise invalidate any Write-Down or give Holders any rights as a result of such failure; and
- (iv) (without the need for the consent of Holders and/or a Write-Down Notice having been published before) reduce the then prevailing Current Principal Amount of each Note by the relevant Write-Down Amount (such reduction being referred to as a "**Write-Down**", and "**Written Down**" shall be construed accordingly) without undue delay, but not later than within one month, with effect as from the Effective Date.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion, each Note may be subject to a Write-Down on more than one occasion and the Current Principal Amount of a Note may never be reduced to below [*insert Specified Currency*] [**0.01 or lower amount**].

Where:

"**Applicable Supervisory Regulations**" means, at any time, any requirements of Austrian or European law or contained in the regulations, requirements, guidelines or policies of the Competent Authority, the European Parliament and/or the European Council, then in effect in Austria and applicable to the Issuer and the Regulatory Group, including but not limited to the provisions of the BWG, the CRD IV, the CRR and the CDR in each case as amended from time to time, or such other law, regulation or directive as may come into effect in place thereof.

"**CDR**" means the Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (*Commission Delegated Regulation – CDR*), as amended or replaced from time to time, and in this context any references to relevant Articles of the CDR include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Group CET 1 Capital Ratio**" means, at any time, the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Regulatory Group on a consolidated basis, as calculated by the Issuer in accordance with the Applicable Supervisory Regulations, which determination will be binding on the Holders.

"**Issuer CET 1 Capital Ratio**" means, at any time, the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Issuer on an individual basis, as calculated by the Issuer in

accordance with the Applicable Supervisory Regulations, which determination will be binding on the Holders.

A "**Trigger Event**" occurs if at any time: (i) the Group CET 1 Capital Ratio and/or (ii) the Issuer CET 1 Capital Ratio is lower than the Trigger Level. The determination as to whether a Trigger Event has occurred shall be made by the Issuer and the Competent Authority.

"**Trigger Level**" means in respect of: (i) the Group CET 1 Capital Ratio [*insert consolidated minimum trigger level*] per cent.; and/or (ii) the Issuer CET 1 Capital Ratio [*insert individual minimum trigger level*] per cent.

"**Write-Down Amount**" means:

- (i) The aggregate reduction of the aggregate Current Principal Amount of all Notes outstanding on the Effective Date will, subject as provided below, be equal to the lower of:
 - (A) the amount necessary to generate sufficient Common Equity Tier 1 capital pursuant to Article 50 CRR that would restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio contemplated above to the lower of: (x) such Loss Absorbing Instrument's trigger level; and (y) the Trigger Level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Supervisory Regulations; and
 - (B) the amount that would result in the Current Principal Amount of a Note being reduced to [*insert Specified Currency*] 0.01.
- (ii) The aggregate reduction determined in accordance with item (i) above shall be applied to each Note *pro rata* on the basis of its Current Principal Amount prevailing immediately prior to the Write-Down, and references herein to "**Write-Down Amount**" shall mean, in respect of each Note, the amount by which the Current Principal Amount of such Note is to be Written Down accordingly.
- (iii) If, in connection with the Write-Down or the calculation of the Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only (the "**Full Loss Absorbing Instruments**"), then:
 - (A) the provision that a Write-Down of the Notes should be effected *pro rata* with the write-down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as

requiring the Notes to be Written-Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and

- (B) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a pro rata basis) as if their terms permitted partial write-down and/or conversion, such that the write-down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (x) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted pro rata (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level; and (y) second, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (x) shall be written off and/or converted, as the case may be, with the effect of increasing the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio above the Trigger Level.
- (iv) To the extent the write-down and/or conversion of any Loss Absorbing Instruments for the purpose of item (i)(A) above is not possible or not made for any reason, this shall not in any way prevent any Write-Down of the Notes. Instead, in such circumstances, the Notes will be Written-Down and the Write-Down Amount will be determined as provided above but without including for the purpose of item (i)(A) above any Common Equity Tier 1 capital in respect of the write-down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be or to the extent they are not for any reason, written-down and/or converted.
- (v) The Issuer's determination of the relevant Write-Down Amount shall be irrevocable and binding on the Holders.

Any reduction of the Current Principal Amount of a Note shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written-Down, whether in the insolvency or liquidation of the Issuer or otherwise, save to the extent (if any) such amounts are subject to a Write-Up.

The Issuer shall not give a notice of redemption after a Write-Down Notice has been given in respect of the relevant Trigger Event until the Effective Date of the Write-Down.

In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void and the relevant redemption shall not be made.

Write-Up

The Issuer may, at its sole discretion, to the extent permitted in compliance with the Applicable Supervisory Regulations, reinstate any portion of the principal amount of the Notes which has been Written Down (such portion, the "**Write-Up Amount**"), subject to the below limitations. The reinstatement of the Current Principal Amount (such reinstatement being referred to herein as a "**Write-Up**", and "**Written Up**" shall be construed accordingly) may occur on more than one occasion (and each Note may be Written Up on more than one occasion), provided that the principal amount of each Note shall never be Written Up to an amount greater than its Original Principal Amount.

Write-Ups do not have priority over dividend payments and other distributions on shares and other CET 1 Instruments of the Issuer, *i.e.* such payments and distributions are permitted even if no full Write-Up of the Notes has been effected.

There will be no obligation for the Issuer to operate or accelerate a Write-Up under any circumstances.

If the Issuer so decides in its sole discretion, the Write-Up will occur with effect as from the Write-Up Date.

In its sole discretion (without being obliged to) the Issuer may effect such Write-Up, provided that:

- (a) at the time of the Write-Up, there must not exist any Trigger Event that is continuing; any Write-Up is also excluded if such Write-Up would give rise to the occurrence of a Trigger Event;
- (b) such Write-Up is applied on a *pro rata* basis to all Notes and on a *pro rata* basis with the write-up of all Loss Absorbing Written-Down Instruments (if any); and
- (c) the sum of: (x) the aggregate amount attributed to the relevant Write-Up of the Notes on the Write-Up Date and the aggregate amount of any previous Write-Up of the Notes since the end of the then previous financial year and prior to the Write-Up Date; (y) the aggregate amount of the increase in principal amount of each Loss Absorbing Written-Down Instrument at the time of the relevant Write-Up and the aggregate amount of the increase in principal amount of each Loss Absorbing Written-Down Instrument resulting from any previous write-up since the end of the then previous financial year and prior to the time of the relevant Write-Up; and (z) the aggregate amount of any distribution and any Additional Amounts thereon paid on the aggregate Current Principal Amount of the Notes and the aggregate amount of any distribution and any additional amounts thereon paid on Loss Absorbing Written-Down Instruments as calculated at the moment the Write-Up is operated will not exceed the Maximum Write-Up Amount at any time after the end of the then previous financial year.

The amount of any Write-Up and payments of distributions on the reduced Current Principal Amount shall be treated as payment resulting in a reduction of Common Equity Tier 1 capital and shall be subject, together with other distributions on CET 1 Instruments, to any applicable restrictions relating to the Maximum Distributable Amount, including those referred to in § 24(2) BWG (implementing Article 141(2) CRD IV in Austria).

If the Issuer elects to effect a Write-Up, it will publish a notice about the Write-Up (including the amount of the Write-Up as a percentage of the Original Principal Amount and the effective date of the Write-Up (in each case a "**Write-Up Date**") no later than 10 calendar days prior to the relevant Write-Up Date to the Fiscal Agent and to the Holders. The Write-Up shall be deemed to be effected, and the Current Principal Amount shall be deemed to be increased by the amount specified in the notice, with effect as of the Write-Up Date.

Where:

"Effective Date" means the date as selected by the Issuer and specified as such in the Write-Down Notice to the Holders, but which shall be no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

"Loss Absorbing Instrument" means, at any time, any AT 1 Instrument (other than the Notes) that may have all or some of its principal amount written down (whether on a permanent or temporary basis) or converted (in each case, in accordance with its terms or otherwise) on the occurrence or as a result of the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio falling below a certain trigger level.

"Loss Absorbing Written-Down Instrument" means, at any time, any AT 1 Instrument (other than the Notes) or, as applicable, any instrument issued by a member of the Regulatory Group and qualifying as Additional Tier 1 instruments pursuant to Article 52 CRR of the Issuer and/or the Regulatory Group, that, at the point in time falling immediately prior to any Write-Up of the Notes, is outstanding and has a prevailing principal amount that is less than its original principal amount because all or some of its principal amount has been written-down on a temporary basis, and that has terms permitting a principal write-up to occur on a basis similar to that provided above in the circumstances existing on the relevant Write-Up Date.

"Maximum Write-Up Amount" means the lower of:

- (i) the consolidated Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-Down Instruments of the Regulatory Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Regulatory Group as at the date the relevant Write-Up is operated; and
- (ii) the Profit on an unconsolidated basis multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-Down Instruments of the Issuer (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Issuer as at the date the relevant Write-Up is operated;

or any higher or lower amount permitted to be used under the Applicable Supervisory Regulations in effect on the date of the relevant Write-Up.

[If Specified Currency is not Euro, insert: Any amounts in a

currency other than Euro will, for purposes of establishing the Maximum Write-up Amount be converted into Euro at the foreign exchange rate prevailing on the [third] business day prior to the Effective Date.]

"Profit" means: (i) the net income for the year (*Jahresüberschuss*) of the Issuer on an unconsolidated basis recorded in the Relevant Financial Statements; or (ii) the consolidated net income for the year (*Jahresüberschuss*) on a consolidated basis recorded in the consolidated financial statements of the Issuer, in each case after such Relevant Financial Statements or consolidated financial statements have formally been determined (*festgestellt*) by either the supervisory board (*Aufsichtsrat*) or, if so requested, the shareholders' meeting (*Hauptversammlung*) of the Issuer.

No Events of Default

The Terms and Conditions of the Notes do not provide for any events of default. Any cancellation of distributions will not constitute an event of default of the Issuer.

Limitation

The presentation period provided in § 801(1) sentence 1 BGB is reduced to [ten] [*insert other (longer) time period*] years for the Notes.

Repurchases

[If a repurchase of Notes is permissible, insert: Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the conditions to redemption and repurchase are met, the Issuer and/or any of its subsidiaries may repurchase Notes in the open market or otherwise at any price. Notes repurchased by the Issuer or any subsidiary may, at the option of the Issuer or such subsidiary, be held, resold or surrendered to the Fiscal Agent for cancellation.] **[If a repurchase of Notes is not permissible, insert:** Neither the Issuer nor its Subsidiaries may at any time repurchase Notes.]

C.9 Nominal interest rate: Notwithstanding that any payments on distributions on the Notes are fully discretionary and may at all times be cancelled at the Issuer's full discretion, see below in the item "*Where the rate is not fixed, description of the underlying on which it is based*" for a description of the applicable interest rate.

Date from which interest becomes payable and the due dates for interest:

Distribution Commencement Date

The Distribution Commencement Date of the Notes is [*insert Distribution Commencement Date*].

[First Floating Distribution Payment Date

The first Floating Distribution Payment Date of the Notes is [*insert first Floating Distribution Payment Date*].

Distribution Payment Dates

[Fixed] Distribution Payment Dates: ●

[Floating Distribution Payment Dates: ●]

Where the rate is not fixed, description of the underlying on which it is based:

[In case of Fixed to Fixed Distribution Rate Notes insert:

The Notes shall bear distributions on the Current Principal Amount at the rate of [*insert First Rate of Distributions*] per cent. per annum from and including [*insert Distribution*

Commencement Date] to but excluding **[insert First Reset Date]** (the "First Reset Date") and thereafter at the relevant Reset Rate of Distributions from and including each Reset Date to but excluding the next following Reset Date. **[In case of a short or long first distribution period insert:** With the exception of the first payment of distributions, distributions] **[in case of Notes which have only regular fixed distribution payments insert:** Distributions] shall be scheduled to be paid **[in case of quarterly fixed distribution payments insert:** quarterly] **[in case of semi-annual fixed distribution payments insert:** semi-annually] **[in case of annual fixed distribution payments insert:** annually] in arrear on **[insert Distribution Payment Dates]** in each year (each such date, a "Distribution Payment Date"), commencing on **[insert first Distribution Payment Date]**.

"Reset Date" means the First Reset Date and [each **[insert applicable number]** anniversary thereof for as long as the Notes remain outstanding] **[insert other Reset Dates]**.

The rate of distributions for each Reset Period (each a "Reset Rate of Distributions") shall be the **[insert number, term and name of relevant swap rate]** *per annum* (the "Reference Rate") **[in case of a Margin insert:** [plus] [minus] the Margin (as defined below)].

"Reset Period" means the period from and including a Reset Date to but excluding the next following Reset Date.]

[in case of Fixed to Floating Distribution Rate Notes insert:

The Notes shall bear distributions on the Current Principal Amount at the rate of **[insert Fixed Rate of Distributions]** per cent. *per annum* from and including **[insert Distribution Commencement Date]** (the "Distribution Commencement Date") to but excluding the first Fixed Rate Distribution Payment Date and thereafter from and including each Fixed Rate Distribution Payment Date to but excluding the next subsequent Fixed Rate Distribution Payment Date (each such period, a "Fixed Rate Distribution Period" and the period from and including the Distribution Commencement Date to but excluding the final Fixed Rate Distribution Payment Date (the "Reset Date") the "First Period"). **[In case of a short or long first distribution period insert:** With the exception of the first payment of distributions, distributions] **[in case of Notes which have only regular fixed rate distribution payments insert:** Distributions] for the First Period shall be scheduled to be paid **[in case of quarterly fixed rate distribution payments insert:** quarterly] **[in case of semi-annual fixed rate distribution payments insert:** semi-annually] **[in case of annual fixed rate distribution payments insert:** annually] in arrear on **[insert Fixed Rate Distribution Payment Dates]** in each year (each such date, a "Fixed Rate Distribution Payment Date"), commencing on **[insert first Fixed Rate Distribution Payment Date]** and ending on the Reset Date.

The Notes shall bear distributions on the Current Principal Amount at the Floating Rate of Distributions from and including the Reset Date to but excluding the first Floating Rate Distribution Payment Date and thereafter from and including each Floating Rate Distribution Payment Date to but excluding the next subsequent Floating Rate Distribution Payment Date (each such

period a "**Floating Rate Distribution Period**").

Distributions on the Notes shall be scheduled to be paid in arrear on each Floating Rate Distribution Payment Date. "**Floating Rate Distribution Payment Date**" means each *[insert specified Floating Rate Distribution Payment Dates]*, commencing on *[insert first Floating Rate Distribution Payment Date]*.

The floating rate of distributions (the "**Floating Rate of Distributions**") for each Floating Rate Distribution Period shall be the *[insert number, term and name of relevant Reference Rate] per annum* (the "**Reference Rate**") *[in case of a Margin insert: [plus] [minus] the Margin]*. Such Reference Rate shall be *[in case of Notes the Floating Rate of Distributions of which is linked to a Reference Rate, insert: the offered rate* (expressed as a percentage rate *per annum*) for deposits in the Specified Currency with a term, which corresponds with the Floating Rate Distribution Period, which appears on the Screen Page as of *[insert relevant time] ([insert relevant financial centre] time) on the relevant Floating Rate Determination Date, all as determined by the Calculation Agent.] [in case of Notes the Floating Rate of Distributions of which is linked to a Swap Rate, insert: the swap rate* (expressed as a percentage rate *per annum*) for swap transactions in the Specified Currency with a term of *[insert relevant term]* which appears on the Screen Page as of *[insert relevant time] ([insert relevant financial centre] time) on the relevant Floating Rate Determination Date, all as determined by the Calculation Agent.]*

[In case of a Margin, insert: "Margin" means [insert credit spread as of the pricing date (which shall not include any increase of the rate of distribution or other incentive to redeem the Notes)] per cent. per annum.]

"**Floating Rate Determination Date**" means the *[first] [second] [insert other relevant number of Business Days]* Business Day *[prior to the [commencement] [end]]* of the relevant Floating Rate Distribution Period.

"**Screen Page**" means *[insert relevant Screen Page]* or the successor page displayed by the same information provider or any other information provider nominated by the Calculation Agent as the replacement information provider for the purposes of displaying the Reference Rate.]

Maturity date and arrangements for the amortisation of the loan, including the repayment procedures: Not applicable. The Notes are perpetual and have no scheduled maturity date.

Indication of yield: Not applicable. The Notes are perpetual and have no scheduled maturity date; any payments on distributions are discretionary and are mandatorily cancelled in certain events and Any payments on distributions on the Notes are fully discretionary and may at all times be cancelled at the Issuer's full discretion.

Name of representative of debt security holders: Not applicable. No joint representative has been appointed in the Terms and Conditions.

C.10 Explanation how the value of the investment: Not applicable. The Notes do not have a derivative component in

- is affected in the case the distribution payment.
the Notes have a derivative component in the interest payment.
- C.11** Indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question: [Not applicable, this individual issue will not be listed.]
[Application has been made for the Notes to be admitted [to the "Amtlicher Handel" (Official Market)] [,] [and] [to the "Geregelter Freiverkehr" (Second Regulated Market)] of the *Wiener Börse AG (Vienna Stock Exchange)*].
- C.15** A description of how the value of the investment is affected by the value of the underlying instrument(s), unless the securities have a denomination of at least EUR 100,000. Not applicable. The Notes have no underlying instrument(s).
- C.16** The expiration or maturity date of the derivative securities - the exercise date or final reference date. Not applicable. The Notes do not have any scheduled maturity date.
- C.17** A description of the settlement procedure of the derivative securities. **Payment of Principal**
Payment of principal on the Notes shall be made, if any, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.
Payment of Distributions
Payment of distributions on the Notes shall be made, if any, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System [*in case of distribution payments on a Temporary Global Note insert;*, and in case of payment of distributions on Notes represented by a Temporary Global Note, upon due certification.]
- C.18** A description of how the return on derivative securities takes place. Payment of distributions and/or principal on the Notes should be made on their respective due dates, subject to the above limitations applicable to the payment of distributions and principal.
- C.19** The exercise price or the final reference price of the underlying. Not applicable. The Notes have no underlying instrument.
- C.20** A description of the type of the underlying and where the information on the underlying can be found. Not applicable. The Notes have no underlying instrument.

D. RISKS

D.2 Key information on the key risks that are specific to the Issuer

Risk Factors relating to the Issuer

- The Issuer is subject to different risks within its business activities. Within its business activities, the Issuer may be exposed to risks which in case of realization may affect the Issuer's ability to fulfil or timely fulfil its obligations under the Notes. These risks can cause variations of the Issuer's returns and earnings from reporting period to reporting period. Historical financial information does not allow conclusions with regard to future periods and may change significantly from one year to another.
- The global financial and economic crisis as well as the sovereign debt crisis, in particular within the Eurozone, have had material adverse effects on the Issuer's financial situation, financial condition as well as its results of operations in the past and it has to be assumed that, in particular in the case of a new aggravation of the crises, material adverse effects to the detrimental of the Issuer may also arise in the future.
- Default of payment, suspension of payment or deterioration in credit-worthiness of customers or counterparties may lead to losses (credit default risk).
- The Issuer is subject to the risk that liquidity to fulfil its payment obligations may not be available to a sufficient extent or that liquidity may only be obtained at unfavourable conditions for the Issuer (liquidity risk).
- The Issuer is exposed to the risks of changes in interest rates.
- Negative interest rates in the lending business could have a material adverse effect on the Issuer's assets, financial position and results of operations.
- Changes in exchange rates may adversely affect the Issuer (exchange rate risk).
- The suspension, downgrade or withdrawal of a rating of the Issuer might negatively affect the refinancing conditions for the Issuer, in particular its access to debt capital markets.
- Economic or political developments and/or a downturn of the economy in the core markets of the Issuer may have adverse effects on its results of operations and financial condition.
- The Issuer operates in highly competitive markets and competes against large financial institutions as well as established local competitors.
- New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could subject the Issuer to increased capital requirements or standards and require it to obtain additional capital or liquidity in the future.
- Risk of changes in the tax framework, in particular regarding bank tax and the introduction of a financial transaction tax.
- The Issuer may not be able to meet the minimum requirement for own funds and eligible liabilities.
- The Issuer is obliged to contribute amounts to the Single Resolution Fund and to *ex ante* financed funds of the deposit guarantee schemes; this results in 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 Issuer is exposed to risks which may result from the inadequacy or the failure of internal processes, employees or systems (in particular information

technologies (IT) systems) or external events being intentionally or accidentally caused or being caused by natural circumstances (operational risk).

- Conflicts of interest and double functions may lead to decisions being not in the interest of the investors.
- The Issuer is controlled by a major shareholder whose resolutions may not be in the investor's interest.
- Compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules involves significant costs and efforts and non-compliance may have severe legal and reputational consequences for the Issuer.
- If a member institution of the Pfandbriefstelle fails to meet its obligations towards Pfandbriefstelle and/or the Pfandbriefbank (Österreich) AG or if Pfandbriefbank (Österreich) AG fails to meet its obligations, this could have material adverse effects on the Issuer's assets, financial position and results of operations.

D.3
D.6

Key information on the key risks that are specific to the securities

RISK WARNING: Investors should be aware that they may lose the value of their entire investment or part of it, as the case may be.

Risk Factors relating to the Notes

Risks related to the structure of the Notes

- The Notes are complex instruments that may not be suitable for certain investors.
- Fixed to Fixed Distribution Rate Notes and Fixed to Floating Distribution Rate Notes bear distributions at a rate that converts from a fixed distribution rate to a different fixed distribution rate or from a fixed distribution rate to a floating distribution rate, respectively. A Holder of Notes bears the risk that after such conversion, the new distribution rate may be lower than the then prevailing distribution rates or the spread may be less favourable than the then prevailing spreads on comparable floating distribution rate notes relating to the same reference rate.
- In periods for which a fixed rate of distributions is applicable, Holders are exposed to the risk that the price of such Notes falls as a result of changes in the market interest rate.
- In periods for which a floating rate of distributions is applicable, Holders may be exposed to the risk of fluctuating interest rate levels which make it impossible to determine the yield of such Notes in advance, and are exposed to the risk of uncertain interest income.
- The obligations of the Issuer under the Notes constitute direct, unsecured and subordinated obligations which are subordinated to the claims of all unsubordinated and subordinated creditors (other than subordinated claims ranking *pari passu* with the Notes) of the Issuer.
- The Notes do not contribute to the determination of over-indebtedness of the Issuer.
- The Issuer is not prohibited from issuing further debt which may rank *pari passu* with or senior to the Notes.
- The Issuer may, at its full discretion, cancel payments of distributions on the Notes and may, in certain circumstances (including insufficient or no Distributable Items, order from Competent Authority or non-compliance with Maximum Distributable Amount), be required to cancel such payments. The cancellation of distribution payments will be definitive and non-cumulative.
- The regulatory classification of the Notes as Additional Tier 1 instruments may be

changed.

- The Issuer may be required to reduce the initial principal amount of the Notes to absorb losses, which would reduce any redemption amount and any distribution payable on the Notes while the Notes are written down.
- Upon the occurrence of a Trigger Event, there may be a Write-Down of the Notes even if other capital instruments of the Issuer are not written down or converted into Common Equity Tier 1 instruments.
- The Issuer is under no obligation to reinstate any written down amounts.
- The calculation of the Common Equity Tier 1 capital ratios will be affected by a number of factors, many of which may be outside the Issuer's control.
- Some aspects of the manner how CRR/CRD IV is applied and/or will be amended in the future are uncertain.
- The Notes are perpetual and may not be redeemed at the option of the Holders, any rights of the Issuer to redeem or repurchase Notes are subject to the prior permission of the competent authority, and redemption may occur at a time when the redemption proceeds are less than the market price of the Notes.
- In the event that any Notes are redeemed, a Holder of such Notes may be exposed to risks, including the risk that his investment will have a lower than expected yield (risk of redemption).
- There are no events of default under the Notes.
- The Issuer's interests may not be aligned with those of investors in the Notes.
- The Notes may be subject to write-down or conversion to equity upon the occurrence of a certain trigger event, which may result in Holders losing some or all of their investment in the Notes (statutory loss absorption).
- The Issuer may be subject to resolution powers which may also have a negative impact on the Notes.
- Credit ratings of Notes may not adequately reflect all risks of the investment in such Notes and may be suspended, downgraded or withdrawn which could have an adverse effect on the market value and trading price of the Notes.
- The Notes are governed by German law (with the provisions on status being governed by Austrian law), and changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer, the Notes and the Holders.
- The statutory presentation period provided under German law will be reduced under the Terms and Conditions applicable to the Notes in which case Holders may have less time to assert claims under the Notes.
- The Terms and Conditions may be amended by resolution of the Holders in which a Holder may be subject to the risk of being outvoted by a majority resolution of the Holders.
- Although the Terms and Conditions of the Notes exclude the applicability of the provisions of the Austrian Notes Trustee Act and the Austrian Notes Trustee Supplementation Act, it cannot be excluded that an Austrian court nevertheless appoints a trustee for the Notes to exercise the rights and represent the interests of Holders on their behalf in which case the ability of Holders to pursue their rights under the Notes individually may be limited. If the disapplication of the Austrian Notes Trustee Act is valid, investors will not be protected by it.

Risks related to the market generally

- Holders are exposed to the risk of partial or total inability of the Issuer to make

distribution and/or redemption payments under the Notes.

- Holders assume the risk that the credit spread of the Issuer widens resulting in a decrease in the price of the Notes.
- The Holder may be exposed to the risk that due to future money depreciation (inflation), the real yield of an investment may be reduced.
- There can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, a Holder may not be able to sell his Notes at fair market prices.
- There is a risk that trading in the Notes will be suspended, interrupted or terminated, which may have an adverse effect on the price of such Notes.
- Holders are exposed to the risk of an unfavourable development of market prices of their Notes which materialises if the Holder sells the Notes.
- Exchange rate risks may occur, if a Holder's financial activities are denominated in a currency or currency unit other than the Specified Currency in which the Issuer will make principal and distribution payments. Furthermore, government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate.
- If a loan or credit is used to finance the acquisition of the Notes, the loan or credit may significantly increase the amount of a loss.
- Incidental costs related in particular to the purchase and sale of the Notes may have a significant impact on the profit potential of the Notes.
- Holders have to rely on the functionality of the relevant clearing system.
- The applicable tax regime may change to the disadvantage of the Holders; therefore, the tax impact of an investment in the Notes should be carefully considered.
- Legal investment considerations may restrict certain investments, in particular as the Notes are subordinated and loss absorbing instruments.
- The Issuer is exposed to conflicts of interest which might adversely affect the Holders.

E. OFFER

- E.2b** Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks: The net proceeds from the issue of any Notes will be used by the Issuer for its general funding purposes to strengthen the capital base of the Issuer and to optimise the composition of its own funds.
- E.3** Description of the terms and conditions of the offer:
- Aggregate principal amount
[insert aggregate principal amount of the Notes]
- Issue price [plus an issue charge]
[insert issue price of the Notes plus the issue charge, if any]
- Minimum/Maximum subscription size
[insert minimum/maximum subscription size]
- Type of distribution
[insert type of distribution of the Notes]
- [Start [and end] of subscription period]

[insert start and end of subscription period (if any) of the Notes]

[insert any underwriting or distribution by dealers or distributors]

Other or further conditions

[insert other or further conditions to which the offer is subject] [Not applicable]

E.4 Description of any interest that is material to the issue/offer including conflicting interest: [Not applicable; there are no such interests.] **[Insert description of any such interests]**

E.7 Estimated expenses charged to the investor by the Issuer or the offeror: [Not applicable as no such expenses will be charged to the investor by the Issuer or the offeror/s.] **[insert description of any such costs]**

RISK FACTORS

The following is a disclosure of the principal risk factors which are material to the Notes issued under the Programme in order to assess the market risk associated with Notes. Prospective investors should consider these risk factors before deciding to purchase Notes issued under the Programme.

Prospective investors should consider all information provided in this Prospectus and consult with their own professional advisers (including their financial, accounting, legal and tax advisers) if they consider it necessary. In addition, investors should be aware that the risks described may combine and thus, intensify one another.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All/Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to predict the likelihood of such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme. However, the inability of the Issuer to pay distributions, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus carefully and reach their own views prior to making any investment decision.

Prospective investors should read the entire Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section. Investing in the Notes involves certain risks.

Prospective investors should carefully consider the following investment considerations and the other information in this Prospectus before deciding whether an investment in the Notes of the Issuer is suitable. If any of the following risks actually occurs, the trading price of the Notes of the Issuer could be negatively affected and decline and an investor could lose all or part of its investment.

Risk Factors relating to the Issuer

General business risks

The Issuer is subject to different risks within its business activities. The primary risk types are the following:

Within its business activities, the Issuer may be exposed to risks which in case of realization may affect the Issuer's ability to fulfil or timely fulfil its obligations under the Notes issued under the Programme. These risks can cause variations of the Issuer's returns and earnings from reporting period to reporting period. Historical financial information does not allow conclusions with regard to future periods and may change significantly from one year to another.

Prospective investors should note that the risks described below are not the only risks the Issuer faces. The Issuer has described only those risks relating to its business, operations, its financial condition and/or prospects that it considers to be material and of which it is currently aware. There may be additional risks that the Issuer currently considers not to be material and/or of which it is

not currently aware, and any of these risks could have negative effects regarding its results of operations and financial condition.

The global financial and economic crisis as well as the sovereign debt crisis, in particular within the Eurozone, have had material adverse effects on the Issuer's financial situation, financial condition as well as its results of operations in the past and it has to be assumed that, in particular in the case of a new aggravation of the crises, material adverse effects to the detrimental of the Issuer may also arise in the future.

As a result of the global financial crises from the second half of 2007 until 2009, levels of public sector debt around the world and the perceived and/or actual instability of numerous credit institutions in certain European countries, including, in particular Spain, Greece, Portugal, Italy, Ireland, Cyprus and Slovenia, and - in addition to the Eurozone - Ukraine and Russia, had a negative impact on macroeconomic conditions. These conditions reduced the availability of private financing for both financial institutions and their customers, compelling many financial institutions to seek liquidity from governments and central banks.

By the end of 2014, the Eurozone was close to stagnation with weaknesses apparent also in the core Euro area countries. Many European economies continued to face structural challenges as unemployment and structural debt levels remained high. With inflation expectations potentially falling further, the risk of Euro area deflation remains present.

In response to the global financial crisis, unprecedented steps have been taken to help stabilise the financial system and increase the flow of credit in the global economy. There can be no assurances as to the actual impact that these measures and related actions will have on the financial markets, on consumer and corporate confidence generally and on the Issuer specifically. In order to prevent further deterioration of economic growth and to respond to concerns about the effects of the European sovereign debt crisis, the European Central Bank ("**ECB**") (among other central banks) announced a plan to buy unlimited amounts of government bonds of distressed countries partially in exchange for their request for and acceptance of a formal programme including certain austerity reforms. However, monetary policy objectives have decoupled significantly across countries. The U.S. Federal Reserve Bank ("**FED**") gradually reduced its bond-buying program (referred to as "*tapering*") and ceased its program in October 2014. In 2015 and 2016, the FED increased the interest rate twice. This development was driven by a continuing solid growth of the U.S. economy and the recovery of the U.S. employment market. The ECB, on the other hand, commenced the broad-based asset purchase program in March 2015, which is currently intended to last until December 2017. The current ultra-low interest environment creates further pressure on the financial sectors globally. The impact of the ECB's or any other entity's actions in the future is currently unknown and these actions may or may not result in the expected benefits for the relevant economies. Variances in monetary policy may result in increased volatility in debt and foreign exchange markets. Moreover, excesses in both advanced and particularly emerging economies, may be exposed. The outlook for the European and global economy remains challenging, due to the difficult situation in the emerging economies.

During 2015 and 2016, the Eurozone economy recovered moderately, accompanied by a positive trend of leading indicators for inflation and a declining unemployment rate within the Eurozone. The major pillar for growth in the Eurozone remained private consumption, also benefiting from low energy prices. The positive development in the Eurozone is expected to continue, however, the volatility of the financial markets due to the drop in oil prices, geopolitical uncertainties over Greece, Russia, Ukraine and Syria and the slowdown in China, pose a downside risk. In 2016, together with Great Britain (keyword: "Brexit"), China's economic transformation influences the

global economy in terms of increased volatility in share prices on stock markets as well as commodity markets and results in declining foreign exchange reserves. Immediately following the U.S. presidential election, investors sold equities and other risky investments. The exchange rates of most emerging market currencies – especially the Mexican peso – and the Euro against the U.S. Dollar as well as the oil price dropped. However, within a short period of time, in particular the situation on the equity and crude oil markets improved and long-term U.S. interest rates increased in anticipation of higher future inflation rates. This global economic situation combined with increasing geopolitical challenges has implications on the Eurozone and may lead to corresponding risks within the Eurozone.

The effects of the global financial and economic as well as of the sovereign debt crises have had material adverse effects on the financial situation, the financial condition as well as to the results of operations of the Issuer. It has to be assumed that, in particular in the case of a new aggravation of the crises, material adverse effects to the detriment of the Issuer may also arise in the future. Simultaneously, it is not or only hardly possible for the Issuer to hedge itself against risks in relation to the global financial and economic crisis as well as to the sovereign debt crises.

Default of payment, suspension of payment or deterioration in credit-worthiness of customers or counterparties may lead to losses (credit default risk).

The Issuer faces multiple counterparty and credit default risks. Third parties who owe money, securities or other assets to the Issuer could not fulfil their obligations vis-à-vis the Issuer due to their inability to pay debts, a lack of liquidity, deteriorations in credit quality, economic downturns, operational problems, impairments of real estate or due to other reasons. Counterparty risk between financial institutions has increased from time to time in recent years as a result of volatility in the financial markets. Concerns about potential defaults by one financial institution can lead to significant liquidity problems, losses or defaults by other financial institutions as the commercial and financial soundness of many financial institutions is interrelated due to credit, trading and other relationships. Even a perceived lack of creditworthiness may lead to market-wide liquidity problems. 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 accordance with the provisions of the International Financial Reporting Standards ("IFRS") the Issuer accounts for potential defaults of customers or other counterparties by making loan loss provisions when there is no longer reasonable assurance that the future cash flows associated with them will be either collected in their entirety or when due. A potential loan loss is assumed when there are indications of payment delay for a specific period, forced collection measures, pending insolvency or over-indebtedness, filing or opening bankruptcy proceedings or unsuccessful restructuring. These estimates of expected credit defaults may be incorrect due to several reasons. An unforeseen downturn of the economic conditions, unanticipated political events or a lack of liquidity in the economy may lead to credit defaults exceeding the amount of provisions taken by the Issuer or the amount of ultimate losses as expected by the risk management. As the Issuer primarily operates in Vorarlberg and in other parts of Austria as well as in several neighbouring countries, it is particularly exposed to the risk of a general economic downturn or of another event, which increases the credit default risk in this region.

If the losses resulting from defaults of customers or other counterparties significantly exceed the amount of provisions taken by the Issuer or cause an increase of such provisions, such fact would have an adverse effect on the Issuer's results of operations, could lead to an increase in capital requirements limiting the Issuer's operational activities and could consequently affect the Issuer's ability to fulfil its payment obligations under the Notes and their market price.

The Issuer is subject to the risk that liquidity to fulfil its payment obligations may not be available to a sufficient extent or that liquidity may only be obtained at unfavourable conditions for the Issuer (liquidity risk).

The Issuer is statutorily obliged to have available sufficient liquid assets in order to be able to make its payments at any time. The Issuer, like many other credit institutions, relies on customer deposits to meet a substantial portion of its (statutory) funding requirements. The majority of Issuer's deposits are retail deposits, a significant proportion of which are demand deposits. Such deposits are subject to fluctuation due to factors outside the Issuer's control, and the Issuer can provide no assurances that it will not experience a significant outflow of deposits within a short period of time. Thus, as a significant portion of the Issuer's funding comes from its deposit base, any material decrease in deposits could have a negative impact on the Issuer's liquidity unless corresponding actions were taken to improve the liquidity profile of other deposits or to reduce liquid assets, which may not be possible on economically beneficial terms, if at all.

Furthermore, credit and money markets worldwide have experienced and continue to experience a reluctance of credit institutions to lend to each other because of uncertainty as to the creditworthiness of the borrowing credit institution. Even a perception among market participants that a financial institution is experiencing greater liquidity risk may cause significant damage to the institution, since potential lenders may require additional collateral or other measures that further reduce the financial institution's ability to secure funding. This increase in perceived counterparty risk has led to further reductions in the access of the Issuer, along with other credit institutions, to traditional sources of liquidity, and may be compounded by further regulatory restrictions on capital structures and calculation of regulatory capital ratios.

The Issuer's liquidity situation can be shown by way of comparison between payment obligations and payment receipts. Due to a mismatch between payment obligations and payment receipts (e.g. due to delayed repayments, unexpected high outflow of funds, failure of follow-up financing or as a result of a lack of market liquidity) a liquidity squeeze or liquidity trap may be triggered causing the Issuer's inability to fulfil its payment obligations and the Issuer's default or the necessity to acquire liquidity at worse conditions for the Issuer. This situation may have adverse effects on the earnings gained by the Issuer. It may negatively affect the Issuer's financial conditions and results of operations.

The Issuer is exposed to the risks of changes in interest rates.

The Issuer derives interest from loans and other asset and pays interest to the creditors of notes and other creditors. If the market interest rate declines, the interest derived by the Issuer from its loans or other assets as well as the interest paid to the creditors of notes or to other creditors typically decrease. A decline of the interest income may have an adverse effect on the financial situation and the results of operations of the Issuer and may therefore impact the Issuer's ability to service payments under notes. In addition, the negative short-term interest rates in Swiss franc ("CHF") and euro ("EUR") can also have negative impacts on the income of the Issuer.

Negative interest rates in the lending business could have a material adverse effect on the Issuer's assets, financial position and results of operations.

The Issuer gains a part of its operating income from net interest income. Interest for loans with variable interest rates is usually linked to reference interest rates. These reference interest rates may sensitively react to many factors, such as inflation or monetary policy of the ECB or other central banks, that the Issuer cannot influence. Certain reference interest rates have significantly decreased in recent times and partly fall below zero.

Due to recent decisions of the Austrian Supreme Court (*Oberster Gerichtshof* – "OGH") which were rendered with regard to the consequences of negative reference interest rates to the interest payable on loans and which may have consequences for the whole Austrian credit services sector, the Issuer has taken account of negative reference interest rates in its existing business with consumers. With regard to new business from 2015 on, a minimum interest clause had been introduced and a provision in the amount of EUR 750,000 as of 30 June 2017 was formed in case of a possible invalidity of such minimum interest clause.

After the OGH has held that a minimum interest rate clause is invalid vis-à-vis consumers, the Issuer has decided to re-calculate the interest rates per 30 September 2017, which has resulted in an amount of EUR 1.1 mn which is higher than the provision formed as of 30 June 2017.

Should the OGH expand its consumer-friendly decisions to loan contracts that are not subject to consumer protection legislation and should the underlying reference interest rate of the respective loans fall below zero (or has already fallen below zero), there could be a situation in which the margin charged by the Issuer to such borrowers would be reduced (or even eradicated). This could have a material adverse effect on the Issuer's assets, financial position and results of operations.

Changes in exchange rates may adversely affect the Issuer (exchange rate risk).

The exchange rate risk means the uncertainty regarding the future development of currency exchange rates. On the one hand this means the risk of an increase in foreign currency obligations and on the other hand a decrease of foreign currency claims, both caused by a change in the respective exchange rates.

As parts of the Issuer's operations as well as of its customers are located in countries outside of the Eurozone transactions in currencies other than the Euro increase the exchange rate risk. In addition, local governments may undertake measures that affect currency levels and exchange rates and impact the Issuer's credit exposure to such currencies.

Unanticipated adverse changes of exchange rates, in particular in relation to the CHF, may have adverse effects on the Issuer's results of operations, may adversely affect the Issuer's financial condition as well as its results of operations and may therefore affect the Issuer's ability to service payments under the Notes.

The suspension, downgrade or withdrawal of a rating of the Issuer might negatively affect the refinancing conditions for the Issuer, in particular its access to debt capital markets.

A rating is the opinion of a rating agency on the credit standing of an issuer, i.e., a forecast or an indicator of a possible credit loss due to insolvency, delay in payment or incomplete payment to the investors. It is not a recommendation to buy, sell or hold securities. Such credit ratings have been issued by credit rating agencies established in the European Union and registered under the CRA Regulation.

A rating agency may in particular suspend, downgrade or withdraw a rating. Changes in the Issuer's shareholder structure may lead to a downgrade of the Issuer's rating. Furthermore there is a risk that the Issuer's rating will be adversely affected by a downgrading of the ratings of the Republic of Austria, given that the Issuer's rating is capped by the rating of the Republic of Austria. A rating may also be suspended or withdrawn if the Issuer were to terminate the

agreement with the relevant rating agency or to determine that it would not be in its interest to continue to supply financial data to a rating agency.

A downgrading of the rating may lead to a restriction of access to funds and, consequently, to higher refinancing costs. A rating could also be negatively affected by the soundness or perceived soundness of other financial institutions. Moreover, if a rating agency suspends, downgrades or withdraws a rating or publishes unfavourable reports or outlooks on Austria, this could increase the funding costs of the Issuer.

Any downgrade of the credit rating of the Issuer could have a material adverse effect on its liquidity and competitive position, undermine confidence in the Issuer, increase its borrowing costs, limit its access to funding and capital markets or limit the range of counterparties willing to enter into transactions with the Issuer and would as a consequence have a material adverse effect on its business, financial condition and results of operations.

Economic or political developments and/or a downturn of the economy in the core markets of the Issuer may have adverse effects on its results of operations and financial condition.

The business activities of the Issuer and its consolidated subsidiaries are primarily concentrated on Vorarlberg, the remaining part of the Republic of Austria and certain neighbouring countries. Consequently, the Issuer is especially exposed to the political and economic developments affecting the growth of the banking sector or the credit-worthiness of its customers and other counterparties being located in these markets. The core market of the Issuer is the Austrian federal province Vorarlberg. The Issuer's business activities are therefore highly exposed to economic or other factors influencing the growth of the banking sector in Vorarlberg as well as the credit-worthiness of the Issuer's private and business customers in Vorarlberg. Such factors are for example an economic downturn (recession), a deflation, a hyperinflation, high unemployment rates, terrorist threat, financial crises, increased crude oil prices or declining real estate prices. If one or several of the above mentioned or other factors occur in the markets of the Issuer's business activities, its results of operations and financial condition may be adversely affected thereby.

The Issuer operates in highly competitive markets and competes against large financial institutions as well as established local competitors.

The Issuer faces significant competition in all aspects of its business and it is expected that competition will further increase in the future. The Issuer competes with a number of large financial institutions and local competitors. If the Issuer is unable to respond to the competitive environment with product and service offerings that are profitable, it may lose market shares in important parts of its business or incur losses on some or all of its activities.

The trend towards consolidation in the global financial services industry, which has increased due to the recent financial and economic crisis, is creating competitors with extensive ranges of product and service offerings, increased access to capital and greater efficiency and pricing power. These global financial institutions may be more appealing to customers, especially large corporate customers, because of their larger international presence or financial resources. In addition, in particular in Vorarlberg and in Austria the Issuer faces competition from established local credit institutions which operate a large number of branches, offer customers a broad range

of banking and financial products and services, and benefit from relationships with a large number of existing customers.

The Issuer faces strong competition in Vorarlberg and Austria not only from local credit institutions, but also from large national and international credit institutions and new entrants from neighbouring countries. As a result of this competition, in particular in the retail segment, net interest margins have historically been very low. Failure to maintain net interest margins at current levels may have a significant negative impact on the Issuer's financial condition and results of operations.

New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could subject the Issuer to increased capital requirements or standards and require it to obtain additional capital or liquidity in the future.

There are consistently numerous ongoing initiatives for developing new, implementing and amending existing regulatory requirements applicable to European credit institutions, including the Issuer. Such initiatives which aim to continuously enhance the banking regulatory framework (also in response to the global financial crisis and the European sovereign debt crisis), *inter alia*, include the following:

- *Basel III and CRD IV-Package.* In June 2011, January 2013 and October 2014, the Basel Committee on Banking Supervision ("**BCBS**") published its (final) international regulatory framework for credit institutions (known as "**Basel III**"), which is a comprehensive set of reform measures to strengthen the regulation, supervision and risk management of the banking sector. The main parts of Basel III have been transposed into European law by the CRD IV package, i.e. 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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (*Capital Requirements Directive IV - "CRD IV"*) and 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 CRD IV-package in particular (further) increased the qualitative and quantitative requirements for regulatory capital (own funds) and the required capital for derivative positions as well as newly introduced requirements for liquidity standards and a leverage ratio.

The CRR (an EU regulation which directly applies in all EU Member States without any national implementation) as well as the Austrian federal law implementing the CRD IV into Austrian law, which includes amendments to the Austrian Banking Act (*Bankwesengesetz - "BWG"*) (and certain related regulations), are applicable since 1 January 2014 subject to certain transitional provisions.

- *Changes in Recognition of Own Funds.* Due to regulatory changes, certain existing capital instruments (which have been issued in the past) will be subject to (gradual) exclusion from own funds (grandfathering) or reclassification as a lower category of own funds. For example, existing participation capital instruments will, over time, be phased out.

- *Capital buffers.* Articles 128 to 140 CRD IV introduce provisions that may require institutions to maintain newly defined specific capital buffers 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 requirements. In Austria, these provisions have been implemented into national law in §§ 23 to 23d BWG. Most of these buffer requirements will be gradually phased in starting from 1 January 2016 until 1 January 2019. The Austrian Capital Buffers Regulation (*Kapitalpuffer-Verordnung* – "**KP-V**") of the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde* – "**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 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.

Pursuant to the KP-V, the countercyclical buffer rate is currently set at 0.00% for significant credit exposures located in Austria. In addition, national countercyclical buffers determined by the competent authorities of another Member State or a third country for significant credit exposures located in their respective territories apply. However, if such national countercyclical buffer rates exceed 2.50%, a capped countercyclical buffer rate amounting to 2.50% is used for such credit exposures.

In this regard, as of the date of this Prospectus, the following countercyclical buffer rates above 0.00% apply to the Issuer on the total risk exposure in respective jurisdictions: 0.50% in both the Czech Republic (since 1 January 2017) and the Slovak Republic (since 31 March 2017); 1.25% in Hong Kong (since 1 January 2017); and 2.00% in both Norway and Sweden (in each case, since 31 March 2017).

The KP-V stipulates a capital buffer rate for systemic vulnerability on the Group (i.e. Hypo Vorarlberg Bank AG on the basis of the consolidated level) amounting to 1.00% since 1 January 2016, but no O-SII buffer is imposed on the Regulatory Group and/or the Issuer.

- *BCBS' Reviews of Banking Regulatory Framework.* As part of its continuous effort to enhance the banking regulatory framework, the BCBS is currently reviewing different aspects and approaches under the Basel III framework. Originally, the BCBS intended to finalise all revisions to the Basel III framework at or around the end 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 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 and subsequently, its implementation within the European Union are still uncertain. On this basis, currently no firm conclusions regarding the impact on the potential future capital requirements and their impact on the capital requirements for the Regulatory Group and the Issuer 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 and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No

1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council 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**") which entered into force on 1 January 2015. The BRRD/BaSAG establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires institutions to draw up "recovery plans" which set out certain arrangements and measures that may be taken to restore the long-term viability of the financial institution in the event of a material deterioration of its financial position. In addition, institutions have to meet, at all times, a 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, such as the Notes, but under certain circumstances also senior notes) by allowing resolution authorities to order the write-down of such instruments or convert them into Common Equity Tier 1 ("**CET 1**") instruments (see also the risk factor "*The Notes may be subject to write-down or conversion to equity upon the occurrence of a certain trigger event, which may result in Holders losing some or all of their investment in the Notes (statutory loss absorption)*"). Apart from potentially being subject to resolution tools and other powers as set out under the SRM, the Issuer may also be subject to national insolvency proceedings.

- *Single Resolution Mechanism for European Banks.* The Single Resolution Mechanism ("**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. 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 interaction and cooperation among resolution and supervisory authorities is a key element of the SRM. The SSM will assist the SRM in reviewing the resolution plans, with a view to avoiding a duplication of tasks.

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 Single Resolution Fund ("**SRF**").

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 first eight years (2016 - 2023) and shall reach the target level of at least 1% of the amount of covered deposits of all credit institutions within the Banking Union by 31 December 2023.

- *Supervisory Review Evaluation Process.* With the decision (*Bescheid*) dated 29 June 2017 of the FMA, the Issuer is instructed in accordance with § 69(2) and (3) in connection with § 70(4a)(1) BWG (implementing Articles 97, 98 and 104(1) CRD IV) as a result of the

Supervisory Review and Evaluation Process ("**SREP**"), at any time to meet a SREP total capital ratio pursuant to Article 92(2)(c) CRR. This SREP total capital ratio is at least 9.8%, consisting of: (i) at least 56% CET 1 capital (this equals to at least 5.5%) pursuant to Article 92(2)(a) CRR; and (ii) at least 75% AT 1 capital (this equals to at least 7.3%) pursuant to Article 92(2)(b) CRR at the individual level. There is the risk that the Issuer in case of higher SREP total capital ratio in the future has to issue additional own funds in order to meet such requirement.

- *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 this Prospectus, no MREL has been set for the Issuer.

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

- *EU Banking Reform Package of the European Commission*. On 23 November 2016, the European Commission published consultation drafts 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; and (iii) a binding net stable funding ratio to address the excessive reliance on short-term wholesale funding and to reduce long-term funding risk. It also proposes a harmonised national insolvency ranking of unsecured debt instruments to facilitate credit institutions' issuance of such loss absorbing debt instruments.

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

- *MiFID II and MiFIR*. The current EU regulatory framework for investment services and regulated markets set by the Directive 2004/39/EC will be 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 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**"). Due to a postponement, the (new) date of the application will be 3 January 2018. On 26 July 2017, 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 increased regulatory requirements. As such changes are still in the process of being implemented and it remains unclear how the new rules will be applied, the full impact of MiFID II and MiFIR cannot yet be assessed.

- *Stricter and Changing Accounting Standards.* Prospective changes in accounting standards as well as those imposing stricter or more extensive requirements to carry assets at fair value, could also impact the Issuer's capital needs.

Additional, stricter and/or new regulatory requirements may be adopted in the future, and the existing regulatory environment in many markets in which the Issuer operates continues to develop, implement and change. The substance and scope of any such (new or amended) laws and regulations as well as the manner in which they are (or will be) adopted, enforced or interpreted may increase the Issuer's financing costs and could have an adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Legislative and/or regulatory changes in the current definitions of what is deemed to qualify as own funds could reduce the Issuer's eligible capital and/or require reducing the risk-weighted assets (RWA) of the Issuer on an individual and/or a consolidated basis. There can be no assurance that, in the event of any further changes of the applicable rules, adequate grandfathering or transition periods will be implemented to allow the Issuer to repay or replace such derecognised own funds instruments in a timely fashion or on favourable terms. In order to meet all applicable additional capital requirements, the Issuer may be required to hold additional capital (including own funds) in the future. Such capital, whether in the form of ordinary shares or other capital instruments, may not be available on attractive terms or at all.

Further, any such regulatory development may expose the Issuer to additional costs and liabilities, may require the Issuer to change how to conduct its business 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 the Issuer would be able to increase its eligible capital (respectively its capital ratios) sufficiently or on time. If the Issuer is unable to increase its capital ratios sufficiently and/or comply with (other) regulatory requirements, its credit ratings may drop and its cost of funding may increase, and/or the competent authorities may impose fines, penalties or other regulatory measures. The occurrence of all such consequences could have a material adverse effect on its business, financial condition and results of operations.

Risk of changes in the tax framework, in particular regarding bank tax and the introduction of a financial transaction tax.

The future development of the Issuer's assets, financial and profit position, *inter alia*, depends on the tax framework. Every future change in legislation, case law and the tax authorities' administrative practice may negatively impact on the Issuer's assets, financial and profit position.

The Issuer is subject to bank tax (*Stabilitätsabgabe*) pursuant to the Austrian Bank Tax Act (*Stabilitätsabgabegesetz*). The tax basis is the average unconsolidated balance sheet total. It is reduced, *inter alia*, by secured deposits, subscribed capital and reserves, certain liabilities against credit institutions that are being wound up or that are being restructured, certain export finance related liabilities for which the Republic of Austria has posted guarantees and certain liabilities

resulting from the holding of assets in trust. The tax rate is 0.024% for that part of the tax basis exceeding EUR 300 million but not exceeding EUR 20 billion and 0.029% for that part exceeding EUR 20 billion. However, the bank tax must neither exceed certain statutorily defined limits (*Zumutbarkeitsgrenze* and *Belastungsobergrenze*) nor undercut a minimum amount. In addition, a special payment of 0.211% for that part of the tax basis exceeding EUR 300 million but not exceeding EUR 20 billion and of 0.258% for that part exceeding EUR 20 billion shall be paid generally in four instalments in the first quarters of the years 2017 to 2020.

Pursuant to the proposal by the European Commission for a "Council Directive implementing enhanced cooperation in the area of financial transaction tax" eleven EU Member States, i.e. Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, the Slovak Republic, Slovenia and Spain ("**Participating Member States**") shall charge a financial transaction tax ("**FTT**") on financial transactions as defined if at least one party to the transaction is established in the territory of a Participating Member State and a financial institution established in the territory of a Participating Member State is party to the transaction, acting either for its own account or for the account of another person, or is acting in the name of a party to the transaction (residency principle). In addition, the proposal contains rules pursuant to which a financial institution and, respectively, a person which is not a financial institution are deemed to be established in the territory of a Participating Member State if they are parties to a financial transaction in certain instruments issued within the territory of that Participating Member State (issuance principle). According to a publication by the Council of the European Union dated 8 December 2015, shares and derivatives shall be taxed initially. All Participating Member States except for Estonia have agreed on main features of the tax base, but not on the respective tax rates. It is unclear whether the FTT will be introduced at all. The FTT as proposed by the European Commission has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. If an FTT is introduced, due to higher costs for investors there is a risk that it would result in fewer transactions taking place, thereby negatively affecting the earnings of the Issuer. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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 at all times (on an individual basis and in case of EU parent undertakings 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 "*New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could subject the Issuer to increased capital requirements or standards and require it to obtain additional capital or liquidity in the future.*"). There is a risk that the Issuer may not be able to meet these minimum requirements for own funds and eligible liabilities 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 lead to losses for its creditors (including the holders of the Notes (the "**Holders**")) and materially adversely affect the Issuer's ability to make payments on the Notes.

The Issuer is obliged to contribute amounts to the Single Resolution Fund and to *ex ante* financed funds of the deposit guarantee schemes; this results in 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 SRM includes a Single Resolution Fund (SRF) to which credit institutions and certain investment firms in the participating Member States have to contribute.

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% 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 until 3 July 2024.

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.

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 thus, adversely affects the financial position of the Issuer and the results of its business, financial condition and results of operations.

The Issuer is exposed to risks which may result from the inadequacy or the failure of internal processes, employees or systems (in particular information technologies (IT) systems) or external events being intentionally or accidentally caused or being caused by natural circumstances (operational risk).

The Issuer is exposed to different risks resulting from potential inadequacies or the failure of internal control, processes, employees or systems or external events, being intentionally or accidentally caused or being caused by natural circumstances, which may lead to significant losses to the detrimental of the Issuer. The risk of unexpected losses due to single events which may be caused by erroneous information systems, inadequate organizational structures or the failure of control mechanisms is an example for such operational risks. Such risks include the risk of an increase in costs or lost profits due to adverse macroeconomic or sectoral trends. The reputational damage of the Issuer caused by the occurrence of such events falls also within the scope of this risk category.

The operational risk forms part of all of the Issuer's activities and cannot be eliminated. In particular investors should note that the Issuer relies heavily on information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in its risk management, general ledger, deposit servicing or loan origination systems. If the Issuer's information systems, including its back-up systems, were to fail, even for a short period in time, or its business continuity plans for cases of emergency would prove ineffective, it could be unable to serve some customers' needs on a timely basis and could thus lose their business. Likewise, a temporary shutdown of the Issuer's information systems could

result in costs that are required for information retrieval and verification. There can be no assurances that such failures or interruptions will not occur or that the Issuer can adequately address them if they do occur. Accordingly, the occurrence of such failures or interruptions could have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. In addition, there can be no assurances that the rollout or implementation of any new systems or processes will provide the desired benefit to the Issuer's business, or will not involve failures or business interruptions that could have a material adverse effect on its business, financial condition, results of operations and prospects.

Furthermore, the Issuer's economic development significantly depends on its ability to retain existing (key) employees and to identify and recruit additional individuals who have the necessary qualifications and level of experience in banking. Increasing competition for labour in the Issuer's core markets from other international financial institutions may also make it more difficult for the Issuer to attract and retain qualified employees and may lead to rising labour costs in the future. Moreover, if caps or further restrictions under applicable remuneration rules were to be imposed on salaries or bonuses paid to the Issuer's executives, its ability to attract and retain high-quality personnel could be limited and could result in losses of qualified personnel. If the Issuer is unable to attract and retain new talents in its core markets or if competition for qualified employees increases its labour costs, this could have a material adverse effect on the Issuer's business, financial condition and results of operations.

The lack of control of such risks may affect the Issuer's ability to fulfil its obligations under the Notes issued under this Prospectus.

Conflicts of interest and double functions may lead to decisions being not in the interest of the investors.

The members of the Issuer's managing board ("**Managing Board**") as well as its supervisory board ("**Supervisory Board**") exercise numerous additional functions within the Issuer, the Vorarlberger Landesbank-Holding or other companies. Although the Issuer is not aware of any, it cannot be excluded that conflicts of interest may arise from such double functions of the members of the Managing Board as well as of the Supervisory Board which are not in the interest of the Issuer and the investors.

The Issuer is controlled by a major shareholder whose resolutions may not be in the investor's interest.

The Austrian federal province of Vorarlberg holds via the Vorarlberger Landesbank-Holding, a special estate of the Austrian federal province Vorarlberg, 76.0308% of the Issuer's shares. Such majority allows the major shareholder, possibly by interaction with Austria Beteiligungsgesellschaft mbH, in accordance with the Austrian Stock Corporation Act (*Aktiengesetz*) to control important resolutions of the Issuer's shareholders meeting or to pass resolutions which are not in the interest of the investors.

Compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules involves significant costs and efforts and non-compliance may have severe legal and reputational consequences for the Issuer.

The Issuer is subject to rules and regulations regarding money laundering, sanctions, corruption and the financing of terrorism. These rules and regulations have been recently tightened, in 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 (so-called "4th AML-Directive"). Monitoring compliance with anti-money laundering, sanctions, anti-corruption and anti-terrorism financing rules which might be further tightened and enforced more strictly can result in a significant financial burden on credit institutions and other financial institutions and can pose significant technical problems. The Issuer cannot guarantee that it is in compliance with all applicable anti-money laundering, sanctions, anti-corruption and anti-terrorism financing rules at all times or that its anti-money laundering, sanctions, anti-corruption and anti-terrorism financing standards are being consistently applied by its employees in all circumstances. Any violation of anti-money laundering, sanctions, anti-corruption or anti-terrorism financing rules, or even alleged violations, may have severe legal, monetary and reputational consequences and could have a material adverse effect on the Issuer's business, financial condition and results of operations.

If a member institution of Pfandbriefstelle fails to meet its obligations towards Pfandbriefstelle and/or Pfandbriefbank (Österreich) AG or if Pfandbriefbank (Österreich) AG fails to meet its obligations, this could have material adverse effects on the Issuer's assets, financial position and results of operations.

The Issuer and HETA ASSET RESOLUTION AG ("**HETA**"), the wind-down company of the former HYPO ALPE-ADRIA-BANK INTERNATIONAL AG, are member-institutions (the "**Member Institutions**") of *Pfandbriefstelle der österreichischen Landes-Hypothekenbanken* ("**Pfandbriefstelle**"). Pfandbriefstelle is the sole shareholder of Pfandbriefbank (Österreich) AG ("**Pfandbriefbank**"). Pursuant to § 2(1) of the Pfandbriefstelle-Gesetz (*Bundesgesetz über die Pfandbriefstelle der österreichischen Landes-Hypothekenbanken*, the "**PfBrStG**"), the current Member Institutions are jointly and severally liable for the obligations of Pfandbriefstelle and thus, also for those of Pfandbriefbank. The respective liable public authorities (*Gewährträger*) of the Member Institutions (i.e. the respective Austrian federal provinces where each Member Institution has its seat, the "**Guarantors**", each a "**Guarantor**") are jointly and severally liable for any obligations of Pfandbriefbank pursuant to § 2(2) of the PfBrStG; however only (i) for those which were incurred up to 2 April 2003; as well as for those which were incurred after 2 April 2003 up to (and including) 1 April 2007 if the agreed maturities are no longer than until 30 September 2017. For obligations incurred after 1 April 2007 there is no liability of the respective Guarantor of the Member Institutions.

In connection with the on-going resolution of HETA, the following developments took place:

On 1 March 2015, the FMA, in its capacity as the competent resolution authority pursuant to the BaSAG, initiated the resolution of HETA (the "**HETA Resolution**") and imposed resolution measures which, *inter alia*, affected debt instruments issued by Pfandbriefbank as trustee for HETA in the amount of approximately EUR 1.2 billion. Furthermore, the HETA Resolution affected an unsubordinated promissory note loan (*Schuldscheindarlehen*) in an aggregate principal amount of EUR 30 million granted to HETA by the Issuer.

The Pfandbriefbank, the Member-Institutions and the Guarantors concluded an agreement (*Vereinbarung über die Erfüllung und Abwicklung der Solidarhaftung gemäß § 2 PfBrStG sowie die Abwicklung von Ausgleichsansprüchen im Innenverhältnis*) ("**Stabilisation Agreement**"). Pursuant to the Stabilisation Agreement approximately EUR 77.5 million were allotted to the Issuer, whereof approximately EUR 50.2 million have been paid as of 31 December 2016. As a result of the Issuer's disposal of the outstanding receivables that were already payable which were exchanged for bonds of the Kärntner Ausgleichzahlungs-Fonds ("**KAF**") at the end of 2016, the loss relating to the share of debt assumed by the Issuer amounted to EUR 5.4 million. With

regard to the promissory note loan (*Schuldscheindarlehen*) granted to HETA the loss amounted to EUR 3 million and thus, totalling to a loss of EUR 8.4 million. At the end of 2016, the Issuer met all of its payment obligations arising from HETA receivables that were already payable.

On 6 September 2016, independent from the resolution proceedings led by the FMA, the KAF published public tender offers, addressed to the creditors of HETA pursuant to § 2a of the Austrian Act on Financial Market Stability (*Finanzmarktstabilitätsgesetz – FinStaG*), offering to purchase or exchange certain debt instruments of HETA (which included claims against HETA pursuant to the above mentioned agreement with Pfandbriefbank) (the "**Tender Offer**"). The settlement of the Tender Offer occurred on 12 October 2016, after the required majorities of acceptance had been reached. The Issuer also accepted the Tender Offer and opted for the exchange into zero-coupon bonds all of which were divested at the end of 2016. As of 31 December 2016, the Issuer no longer held any HETA debt instruments and thus, income from the sale had significant effect on net gains on available-for-sale financial assets.

According to media reports, a number of creditors of HETA have announced to challenge the Tender Offer in court; if such challenge would be successful, and if, as a result, the Tender Offer is declared null and void with effect also for third parties (like the Issuer), this could have a negative effect on the Issuer's assets, financial position and results of operations. In this case, creditors of HETA that accepted the Tender Offer (including the Issuer) would then again be affected by the resolution measures imposed by the FMA in the course of the HETA Resolution.

The Issuer continues to face a general risk in case of financial difficulties of other Member-Institutions of Pfandbriefstelle due to the joint and several liability of the Issuer pursuant to § 2 PfBrStG.

All of the above could have negative effects on the Issuer's assets, financial position and results of operations.

Risk Factors relating to the Notes

Important Note:

The Notes may not be a suitable investment for investors if they do not have sufficient knowledge and/or experience in the financial markets and/or access to information and/or financial resources and liquidity to bear all the risks of an investment and/or a thorough understanding of the terms of the Notes and/or the ability to evaluate possible scenarios for economic, interest rate and other factors that may affect their investment.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- *have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement hereto;*
- *have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;*
- *have sufficient financial resources and liquidity to bear all the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or distribution payments is different from the potential investor's currency;*

- *understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and*
- *be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.*

Risks related to the Notes

The Notes are complex instruments that may not be suitable for certain investors.

The Notes are newly developed and complex financial instruments and may not be a suitable investment for certain investors. Each potential investor in the Notes should determine the suitability of such investment in light of its own circumstances and have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including the possibility that the entire principal amount of the Notes could be lost. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of cancellation of payment of principal, payment of distributions or a Write-down and the market value of the Notes, and the impact of this investment on the potential investor's overall investment portfolio.

Fixed to Fixed Distribution Rate Notes and Fixed to Floating Distribution Rate Notes bear distributions at a rate that converts from a fixed distribution rate to a different fixed distribution rate or from a fixed distribution rate to a floating distribution rate, respectively. A Holder of Notes bears the risk that after such conversion, the new distribution rate may be lower than the then prevailing distribution rates or the spread may be less favourable than the then prevailing spreads on comparable floating distribution rate notes relating to the same reference rate.

Fixed to Fixed Distribution Rate Notes and Fixed to Floating Distribution Rate Notes bear distributions at a rate that converts from a fixed distribution rate to a different fixed distribution rate or from a fixed distribution rate to a floating distribution rate, respectively. The conversion of the distribution rate will affect the market value of the Notes. If the distribution rate converts from a fixed distribution rate to a different fixed distribution rate, such fixed distribution rate may be lower than the then prevailing distribution rates payable on fixed distribution rate notes. If the distribution rate converts from a fixed distribution rate to a floating distribution rate, the spread on such Notes may be less favourable than then prevailing spreads on comparable floating distribution rate notes relating to the same reference rate(s). In addition, the new floating distribution rate may at any time be lower than the distribution rates payable on other notes.

In periods for which a fixed rate of distributions is applicable, Holders are exposed to the risk that the price of such Notes falls as a result of changes in the market interest rate.

In periods for which a fixed rate of distributions is applicable, Holders are exposed to the risk that the price of such Notes falls as a result of changes in the market interest rate. While the nominal distribution rate of Notes as specified in the applicable Final Terms is fixed for the relevant fixed distribution period, the current interest rate on the capital market for issues of the same maturity (the "market interest rate") typically changes on a daily basis. As the market interest rate changes, the market price of the Notes also changes, but in the opposite direction. If the market interest rate increases, the market price of the Notes typically falls, until the yield of such Notes is approximately equal to the market interest rate.

In periods for which a floating rate of distributions is applicable, Holders may be exposed to the risk of fluctuating interest rate levels which make it impossible to determine the yield of such Notes in advance, and are exposed to the risk of uncertain interest income.

Floating distribution rate notes tend to be volatile investments. In periods for which a floating rate of distributions is applicable, a holder of Notes is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the profitability of Notes for periods for which a floating rate of distributions is applicable in advance.

The obligations of the Issuer under the Notes constitute direct, unsecured and subordinated obligations which are subordinated to the claims of all unsubordinated and subordinated creditors (other than subordinated claims ranking *pari passu* with or junior to the Notes) of the Issuer.

The Notes to be issued by the Issuer are intended to qualify as Additional Tier 1 instruments pursuant to Article 52 CRR. They constitute direct, unsecured and subordinated obligations of the Issuer. In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

- (a) junior to all present or future: (i) unsubordinated instruments or obligations of the Issuer; (ii)(x) any Tier 2 Instruments; and (y) all other instruments or obligations of the Issuer ranking or expressed to rank subordinated to the unsubordinated obligations of the Issuer (other than instruments or obligations ranking or expressed to rank *pari passu* with or subordinated to the Notes);
- (b) *pari passu*: (i) among themselves; and (ii) with all other present or future (x) AT 1 Instruments; and (y) instruments or obligations ranking or expressed to rank *pari passu* with the Notes; and
- (c) senior to all present or future: (i) ordinary shares of the Issuer and any other CET 1 Instruments; and (ii) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank: (x) subordinated to the obligations of the Issuer under the Notes; or (y) *pari passu* with the ordinary shares of the Issuer and any other CET 1 Instruments, including the Participation Capital Instruments.

The Notes may pay a higher rate of distributions than other debt instruments which are not subordinated, and there is a substantial risk that investors in subordinated notes such as the Notes will lose all or some of their investment, should the Issuer become insolvent or, following a Write-Down, either have insufficient profit to write up the Notes or decide in its sole discretion to not (or not fully) write up its Notes at all.

Furthermore, claims of the Issuer are not permitted to be set-off or netted against payment obligations of the Issuer under the Notes which are not, and may not become secured or subject to a guarantee or any other arrangement that enhances the seniority of the claim under the Notes. A Holder should therefore not expect to be able to set off any obligations of the Issuer under the Notes against obligations of the Holder vis-à-vis the Issuer.

The Notes do not contribute to the determination of over-indebtedness of the Issuer.

The Holders are entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital*) within the meaning of § 225(1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch – UGB*) has been removed (*beseitigt*) or if, in the event of the liquidation of the Issuer, all other creditors (other than creditors whose claims rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first.

The Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets, and will therefore be disregarded for purposes of determining whether the Issuer is over-indebted (*überschuldet*) in accordance with § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung – IO*).

Holders should therefore note that their claims under the Notes, when due but unpaid, will not result in an insolvency of the Issuer, and that they have no means to request the institution of insolvency proceedings against the Issuer on the basis of any claims under the Notes.

The Issuer is not prohibited from issuing further debt which may rank *pari passu* with or senior to the Notes.

The Terms and Conditions of the Notes place no restriction on the amount of debt that the Issuer may issue or guarantee that ranks senior to, or *pari passu* with, the Notes. The Issuer may also issue debt instruments with trigger levels for write-down or conversion that are lower than those of the Notes (to the extent permitted by the Applicable Supervisory Regulations), so that such debt instruments absorb losses after the Notes.

The issue or guaranteeing of any such debt instruments may reduce the amount recoverable by Holders upon the Issuer's insolvency. If the Issuer's financial condition were to deteriorate, the Holders could suffer direct and materially adverse consequences, including cancellation of distributions and reduction of the principal amount of the Notes and, if the Issuer were liquidated, the Holders could suffer loss of their entire investment.

In addition, the Issuer is not prohibited from issuing or guaranteeing other instruments that share in, or which depend upon, Distributable Items, thereby reducing the amount available for distributions under the Notes. This could result in distributions on the Notes being either reduced or even cancelled entirely.

The Issuer may, at its full discretion, cancel payments of distributions on the Notes and may, in certain circumstances (including insufficient or no Distributable Items, order from Competent Authority or non-compliance with Maximum Distributable Amount), be required to cancel such payments. The cancellation of distribution payments will be definitive and non-cumulative.

The Issuer, at its full discretion, may, at all times cancel (in whole or in part) any payment of distributions on the Notes scheduled to be paid on any distribution payment date for an unlimited period and on a non-cumulative basis. The Issuer may use such cancelled distribution payments without restrictions to meet its obligations as they fall due.

Without prejudice to such full discretion of the Issuer, any payment of distributions on the Notes scheduled to be paid on the relevant Distribution Payment Date shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent that:

- (i) the amount of such distribution payment scheduled to be paid together with any Additional Amounts thereon and any payments of interest, dividends or distributions made or scheduled to be made by the Issuer on all other Tier 1 Instruments in the relevant financial year of the Issuer would exceed the amount of the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions together with any Additional Amounts thereon on the Notes) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based; or

- (ii) the Competent Authority orders the relevant distribution payment scheduled to be paid to be cancelled in whole or in part; or
- (iii) the amount of such distribution payment scheduled to be paid, together with other distributions of the kind referred to in § 24(2) BWG (implementing Article 141(2) CRD IV in Austria) in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the Regulatory Group to be exceeded.

If any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date is so mandatorily and automatically cancelled, the Issuer shall give notice to the Holders without undue delay. Any failure to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose.

Any distribution payment so cancelled will be non-cumulative or compounding and will be cancelled permanently and no payments will be made nor shall any Holder be entitled to any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and imposes no restrictions on the Issuer.

The Maximum Distributable Amount (the calculation thereof respectively) is a rather complex concept which applies when the combined capital buffer requirements are not (or not fully) met, and its determination is subject to considerable uncertainty (see also the risk factor "*Some aspects of the manner how CRR/CRD IV is applied and/or will be amended in the future are uncertain.*").

The Distributable Items of the Issuer will, *inter alia*, depend on its profits and those of its subsidiaries, including the dividends that it receives from its subsidiaries. If the Issuer's profits are weak, and/or if it does not receive any (or only small) dividends from its subsidiaries, the Distributable Items may not be sufficient for full (or any) payment of distributions on the Notes.

The Distributable Items will be determined on the basis of: (i) the audited (*geprüft*) and adopted (*festgestellt*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant Distribution Payment Date, unaudited unconsolidated *pro forma* financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

There is however a risk, that these *pro forma* financial statements may deviate substantially from the audited financial statements for the same accounting period, and Holders are therefore exposed to the risk that they will not receive any distributions even if the audited financial statements show sufficient Distributable Items to make payments on the Notes.

Because the Issuer is entitled to cancel distribution payments in its full discretion, it may do so even if it could make such payments without exceeding the limits described above and even if it was intrinsically profitable. Distribution payments on the Notes may be cancelled even if the Issuer's shareholders continue to receive dividends and/or distributions are made on any instruments ranking *pari passu* or junior to, the Notes. Furthermore, even if the Issuer was willing to make distribution payments, it could be prevented from doing so by mandatory and automatic cancellation due to regulatory provisions and/or regulatory action. In all such instances, Holders would receive no, or only reduced, distributions on the Notes.

Any actual or anticipated cancellation of distributions payments on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the distribution cancellation

provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which distributions accrue that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Likewise, as the Maximum Distributable Amount is linked to the combined capital buffer requirements, any indication that the Issuer may not (or not fully) meet such combined buffer capital requirement may have an adverse effect on the market price of the Notes.

Holders of Notes should be aware that there will be no circumstances under which distribution payments on the Notes will be compulsory for the Issuer. Holders should therefore not rely on receiving any distribution payments on the Notes, regardless of whether the Issuer has sufficient Distributable Items, and Holders should be aware that the market price of the Notes is subject to volatility and downturn, in particular in case of any indication that distribution payments on the Notes are or might be cancelled.

The regulatory classification of the Notes as Additional Tier 1 instruments may be changed.

In the opinion of the Issuer, the Notes shall qualify as Additional Tier 1 instruments pursuant to Article 52 CRR upon issue. During the approval process of this Prospectus, the FMA does not assess the regulatory classification of the Notes as Additional Tier 1 instruments of the Issuer. There is the risk that there is a change in the regulatory classification of Additional Tier 1 instruments that would be likely to result in the exclusion of the Notes from own funds or reclassification as a lower quality form of own funds. If that is the case, this can have a negative impact on the capitalisation of the Issuer.

The Issuer may be required to reduce the initial principal amount of the Notes to absorb losses, which would reduce any redemption amount and any distribution payable on the Notes while the Notes are written down.

The Notes are issued in order to meet prudential capital requirements with the intention and purpose of being eligible as own funds of both, the Issuer and the Regulatory Group. In the opinion of the Issuer, the Notes shall constitute AT 1 Instruments of the Issuer upon issue, *i.e.* Additional Tier 1 instruments pursuant to Article 52 CRR of the Issuer on an individual basis as well as of the Regulatory Group on a consolidated basis. Such eligibility depends on a number of statutory conditions being satisfied. One of these conditions relates to the ability of the Notes and the proceeds of their issue to be available to absorb any losses of the Issuer. Accordingly, under the Terms and Conditions of the Notes, if a Trigger Event has occurred, the Issuer will reduce the then prevailing Current Principal Amount of each Note by the relevant Write-Down Amount. Such Trigger Event occurs at any time: (i) the Group CET 1 Capital Ratio (*i.e.* the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Regulatory Group on a consolidated basis); and/or (ii) the Issuer CET 1 Capital Ratio (*i.e.* the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Issuer on an individual basis) is lower than the Trigger Level (which will be determined in the Terms and Conditions).

Holders of Notes should be aware that the composition of the Regulatory Group, which among other things is relevant for determining whether a Trigger Event has occurred, may change from time to time for reasons such as any future changes in the Applicable Supervisory Regulations dealing with the requirements for prudential consolidation or corporate actions related to the Regulatory Group.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion and each Note may be subject to a Write-Down on more than one occasion. The occurrence of a Trigger Event, which would result in a Write-Down of the Current Principal Amount of the Notes, is inherently unpredictable and depends on a number of factors, many of which may be outside the Issuer's control. A Trigger Event could occur at any time.

The aggregate reduction of the aggregate Current Principal Amount of all Notes outstanding on the Effective Date, will be equal to the lower of: (i) the amount necessary to generate sufficient Common Equity Tier 1 capital pursuant to Article 50 CRR that would restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level at the point of such reduction, after taking into account the *pro rata* write-down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the lower of: (x) such Loss Absorbing Instrument's trigger level; and (y) the Trigger Level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Supervisory Regulations; and (ii) the amount that would result in the Current Principal Amount of a Note being reduced to 0.01 in the Specified Denomination.

Such aggregate reduction shall be applied to each Note *pro rata* on the basis of its Current Principal Amount prevailing immediately prior to the Write-Down and "**Write-Down Amount**" shall mean, in respect of each Note, the amount by which the Current Principal Amount of such Note is to be written down accordingly.

If, in connection with the Write-Down or the calculation of the Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only (the "**Full Loss Absorbing Instruments**") then:

- (i) the provision that a Write-Down of the Notes should be effected *pro rata* with the write down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written-Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and
- (ii) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write down and/or conversion, such that the write down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (x) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level; and (y) second, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (x) shall be written off and/or converted, as the case may be, with the effect of increasing the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio above the Trigger Level.

To the extent the write-down and/or conversion of any Loss Absorbing Instruments is not possible or not made for any reason, this shall not in any way prevent any Write-Down of the Notes. Instead, in such circumstances, the Notes will be Written-Down and the Write-Down Amount will be determined as provided above but without including for this purpose any Common Equity Tier 1 capital in respect of the write-down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be or to the extent they are not for any reason, written-down and/or converted.

If a Write-Down pursuant to the Terms and Conditions occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date are cancelled. In accordance with the Terms and Conditions, the Notes shall bear distributions on the

adjusted Current Principal Amount from and including the Effective Date. A reduction of the Current Principal Amount of a Note pursuant to the provisions described above will not constitute a default of the Issuer for any purpose.

Holders may lose all or some of their investment as a result of a Write-Down. If the Issuer is liquidated or becomes insolvent prior to the Notes being written up in full (if at all) pursuant to the Terms and Conditions, Holders' claims for principal (and distributions, if any) will be based on the reduced Current Principal Amount of the Notes.

The market price of the Notes is expected to be affected by fluctuations in the Common Equity Tier 1 capital ratio of both the Issuer and the Regulatory Group. Any indication that the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio are approaching the level that would trigger a Trigger Event may have an adverse effect on the market price of the Notes.

Upon the occurrence of a Trigger Event, there may be a Write-Down of the Notes even if other capital instruments of the Issuer are not written down or converted into Common Equity Tier 1 instruments.

The Terms and Conditions of other capital instruments already in issue or to be issued after the date hereof by the Issuer may vary and accordingly such instruments may not be written down at the same time, or to the same extent, as the Notes, or at all. Alternatively, such other capital instruments may provide that they shall convert into Common Equity Tier 1 instruments, or become entitled to reinstatement of the principal amount of the Notes or other compensation in the event of a potential recovery of the Issuer and/or any other entity of the Regulatory Group or a subsequent change in the financial condition thereof. Such capital instruments may also provide for such reinstatement or compensation in different circumstances from those in which, or to a different extent to which, the principal amount of the Notes may be reinstated.

The Issuer is under no obligation to reinstate any written down amounts.

The Issuer is under no obligation to reinstate any principal amounts which have been subject to any Write-Down up to a maximum of the Original Principal Amount. Any Write-Up of the Notes is at the sole discretion of the Issuer.

Moreover, the Issuer will, *inter alia*, only have the option to Write-Up the Current Principal Amount of the Notes subject to certain limitations set forth in the Terms and Conditions and if the Maximum Distributable Amount (if any) would not be exceeded when operating a Write-Up (see also the risk factor "*Some aspects of the manner how CRR/CRD IV is applied and/or will be amended in the future are uncertain.*").

No assurance can be given that these conditions will ever be met or that the Issuer will ever write up (fully or partially) the principal amount (*i.e.* the then Current Principal Amount) of the Notes following a Write-Down.

Furthermore, any Write-Up must be undertaken on a *pro rata* basis with all Notes and among any Loss Absorbing Written-Down Instruments.

The calculation of the Common Equity Tier 1 capital ratios will be affected by a number of factors, many of which may be outside the Issuer's control.

The calculation of the Common Equity Tier 1 capital ratios of the Issuer and/or of the Regulatory Group could be affected by a wide range of factors, including, among other things, factors affecting the level of earnings or dividend payments, the mix of its businesses, its ability to effectively manage the risk-weighted assets in its ongoing businesses, losses in the context of its banking activities or other businesses, changes in Regulatory Group's structure or organization. The calculation of the ratios also

may be affected by changes in the applicable laws and regulations or applicable accounting rules and the manner in which accounting policies are applied, including the manner in which permitted discretion under the applicable accounting rules is exercised.

Holders are, due to the Notes being subject to Write-Down in case of the occurrence of a Trigger Event, directly exposed to any changes of the Common Equity Tier 1 capital ratios and will, unless and until the Notes are written-up, lose all or part of their investment in case of a redemption of the Notes or in the liquidation or insolvency of the Issuer.

Due to the uncertainty regarding whether a Trigger Event will have occurred, it will be difficult to predict when, if at all, the Current Principal Amount of the Notes may need to be written down. Accordingly, the trading behaviour of the Notes may not necessarily follow the trading behaviour of other types of subordinated instruments. Any indication that the Common Equity Tier 1 capital ratios of the Issuer and/or of the Regulatory Group are approaching the level that would trigger a Trigger Event may have an adverse effect on the market price and liquidity of the Notes. Under such circumstances, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to more conventional investments.

Some aspects of the manner how CRR/CRD IV is applied and/or will be amended in the future are uncertain.

Many of the provisions of the Terms and Conditions of the Notes depend on the final interpretation or even implementation of CRR/CRD IV (including any regulations promulgated thereunder).

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, and leaves certain other matters to the discretion of the Competent Authority.

The manner in which many of the concepts and requirements under CRR/CRD IV are applied to the Issuer and the Regulatory Group remains somehow uncertain.

Furthermore, the interplay between the Supervisory Review and Evaluation Process ("**SREP**") requirements and the Maximum Distributable Amount and the determination of the Maximum Distributable Amount are complex. The Maximum Distributable Amount imposes a cap on the Issuer's ability to make discretionary payments including distribution payments on the Notes, on the Issuer's ability to reinstate the Current Principal Amount of the Notes following a Write-Down and on its ability to redeem or repurchase Notes. There are a number of factors for such complexity:

- (i) It applies when certain capital buffers are not maintained. A "capital buffer" is an amount of capital that a credit institution is required to maintain beyond the minimum amount required by applicable regulations. If the institution fails to meet the capital buffer, it becomes subject to restrictions on payments and distributions on Tier 1 instruments (including its ability to make payments on and to redeem and repurchase Additional Tier 1 instruments such as the Notes), and on the payment of certain bonuses to employees. There are several different buffers, some of which are intended to encourage countercyclical behaviour (with extra capital retained when profits are robust), and others of which are intended to provide additional capital cushions for institutions whose failure would result in a significant systemic risk.
- (ii) Certain capital buffers (such as the capital conservation buffer and the systemic risk buffer) apply from 1 January 2016 and are gradually phased in until 2019 (subject to certain discretion of the competent authorities). Certain buffers rates depend and will depend on the macro-economic situation (in case of the (institution-specific) countercyclical buffer: the credit cycle

and risks due to excess credit growth in an EU Member State, taking into account specificities of the national economy), the existence of systemic risks (in case of the systemic risk buffer) or because of the assessment of a credit institution/its group as G-SII or O-SII (in case of the G-SII buffer and the O-SII buffer). As a result, it is difficult to predict when the Maximum Distributable Amount will apply to the Notes, and to what extent.

- (iii) The Issuer will have the discretion to determine how to allocate the Maximum Distributable Amount among the different types of payments contemplated in Article 141(2) CRD IV. Moreover, payments made earlier in the relevant period will reduce the remaining Maximum Distributable Amount available for payments later in the relevant period, and the Issuer will have no obligation to preserve any portion of the Maximum Distributable Amount for payments scheduled to be made later in a given period. Even if the Issuer attempts to do so, there can be no assurance that it will be successful, because the Maximum Distributable Amount will depend on the amount of profits earned during the course of the relevant period, which will necessarily be difficult to predict.

These issues and other possible issues of interpretation make it difficult to determine how the Maximum Distributable Amount will apply as a practical matter to limit distribution payments on the Notes, the reinstatement of the Current Principal Amount of the Notes following a Write-Down and the ability of the Issuer to redeem and repurchase Notes (see also the risk factor "*New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could subject the Issuer to increased capital requirements or standards and require it to obtain additional capital or liquidity in the future.*").

This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Notes.

The application of certain capital requirements on an individual level might be waived by the competent authorities. As a result, the Common Equity Tier 1 capital ratios would only apply on the level of the Regulatory Group and interaction with buffer requirements on an individual level might be unclear. As a result, the determination of a Trigger Event, a Write-up and the Maximum Distributable Amount might be difficult.

Furthermore, the European Commission's reform package of 23 November 2016 foresees a requirement for MREL to be taken into account in the calculation of the Maximum Distributable Amount (in addition to "Pillar 1", the Pillar 2 capital requirements and the combined buffer requirement), subject to a six-month grace period in case of inability to issue eligible debt, during which restrictions relating to Maximum Distributable Amounts would not be triggered, but competent authorities would be able to take other appropriate measures. The introduction of such additional capital requirements could impact the Issuer's ability to meet the combined buffer requirement, which, in turn, might impact its ability to make payments on the Notes which could affect the market value of the Notes (see also the risk factor "*New governmental or regulatory requirements and changes in perceived levels of adequate capitalisation and leverage could subject the Issuer to increased capital requirements or standards and require it to obtain additional capital or liquidity in the future.*").

The Notes are perpetual and may not be redeemed at the option of the Holders, any rights of the Issuer to redeem or repurchase Notes are subject to the prior permission of the competent authority, and redemption may occur at a time when the redemption proceeds are less than the market price of the Notes.

The Notes are perpetual and have no scheduled maturity date. The Issuer is under no obligation to redeem the Notes at any time before liquidation or insolvency.

The Issuer may at its sole discretion, redeem the Notes at any time either for tax or regulatory reasons at the Redemption Amount plus accrued distributions, if any. In addition, the Issuer may at its sole discretion redeem the Notes, but not before five years after the date of their issuance, on specified Call Redemption Dates at the applicable Redemption Amount plus accrued distributions, if any. Such optional redemption features are likely to limit the market price of the Notes, as during any period when the Issuer may decide to redeem the Notes, the market price of the Notes generally will not rise substantially above the price at which they can be redeemed (see also the risk factor "*The Issuer may be required to reduce the initial principal amount of the Notes to absorb losses, which would reduce any redemption amount and any distribution payable on the Notes while the Notes are written down.*").

Any such redemption and any repurchase of the Notes (including any repurchase for market making purposes) are subject to the prior permission of the competent authority pursuant to Article 4(1)(40) CRR which is responsible to supervise the Issuer and/or the Regulatory Group (the "**Competent Authority**") and compliance with regulatory capital rules applicable from time to time to the Issuer. Under the CRR, the Competent Authority may only permit institutions to redeem Additional Tier 1 instruments such as the Notes if certain conditions prescribed by the CRR are complied with. These conditions, as well as a number of other technical rules and standards relating to regulatory capital requirements applicable to the Issuer, should be taken into account by the Competent Authority in its assessment of whether or not to permit any redemption or repurchase. It is uncertain how the Competent Authority will apply these criteria in practice and such rules and standards may change during the maturity of the Notes. It is therefore difficult to predict whether, and if so, on what terms, the Competent Authority will grant its prior permission for any redemption or repurchase of the Notes.

The Issuer shall not give a notice of redemption after a Write-Down Notice has been given in respect of the relevant Trigger Event until the Effective Date of the Write-Down. In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void and the relevant redemption shall not be made.

Furthermore, even if the Issuer would be granted the prior permission of the Competent Authority, any decision by the Issuer as to whether it will redeem the Notes will be made at the absolute discretion of the Issuer, and the Issuer may have regard to external factors such as the economic and market impact of exercising a redemption right, regulatory capital requirements and prevailing market conditions. The Issuer disclaims, and investors should therefore not expect, that the Issuer will exercise any redemption right in relation to the Notes. Holders of the Notes should therefore be aware that they may be required to bear the financial risks of an investment in the Notes perpetually.

If not for tax or regulatory reasons, the Issuer may exercise its right to redeem the Notes at its option only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

The Holders of the Notes have no rights to call for redemption of their Notes and should not invest in the Notes in the expectation that any redemption right will be exercised by the Issuer. Excluding the Holders' right to demand for redemption of the Notes is mandatory due to the Applicable Supervisory Regulations. Thus, without the right to call for redemption by Holders being excluded, the Issuer would not be able to issue the Notes at all. Investors should therefore carefully consider whether they think that a right of redemption only for the Issuer would be to their detriment, and should, if they think that this is the case, not invest in the Notes.

Even if the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market price of the Notes, which may result in a crystallisation of a loss for the Holders, in particular if the Current Principal Amount is less than the Original Principal Amount.

In the event that any Notes are redeemed, a Holder of such Notes may be exposed to risks, including the risk that his investment will have a lower than expected yield (risk of redemption).

According to the Terms and Conditions, the Issuer has the right to call the Notes in certain circumstances. If the Issuer redeems the Notes, a Holder of such Notes is exposed to the risk that, due to such redemption, its investment will have a lower than expected yield. The Issuer might exercise its call right if the yield on comparable notes in the capital markets falls, which means that the Holder may only be able to reinvest the redemption proceeds in notes with a lower yield or with a similar yield of a higher risk, in particular if the Current Principal Amount is less than the Original Principal Amount.

There are no events of default under the Notes.

The Terms and Conditions of the Notes do not provide for events of default allowing acceleration of the Notes if certain events occur. Accordingly, if the Issuer fails to meet any obligations due and payable under the Notes (although in any case, payments of distributions are at the sole discretion of the Issuer) investors will not have a right of acceleration of the Notes. Upon a payment default relating to any obligations under the Notes, the sole remedy available to Holders for recovery of amounts owing in respect of any such payment will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the opening of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Issuer's interests may not be aligned with those of investors in the Notes.

The Issuer CET 1 Capital Ratio as well as the Group CET 1 Capital Ratio, the Distributable Items and the Maximum Distributable Amount will depend in part on decisions made by the Issuer and/or other entities of the Group relating to their businesses and operations, as well as the management of their capital position. The Issuer and/or other entities of the (Regulatory) Group will have no obligation to consider the interests of Holders in connection with their strategic decisions, including in respect of capital management and the relationship among the various entities of the (Regulatory) Group and the (Regulatory) Group's structure.

The Issuer may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Trigger Event. Moreover, in order to avoid the use of public resources, the Competent Authority may decide that the Issuer should allow a Trigger Event to occur at a time when it is feasible to avoid it.

Holders will not have any claim against the Issuer and/or other entities of the (Regulatory) Group relating to decisions that affect the capital position of the Issuer and/or the (Regulatory) Group, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause Holders to lose all or part of their investment in the Notes.

The Notes may be subject to write-down or conversion to equity upon the occurrence of a certain trigger event, which may result in Holders losing some or all of their investment in the Notes (statutory loss absorption).

The stated aim of the SRM is to provide relevant resolution authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The powers provided to such resolution authorities include write-down and conversion powers which may be used prior to or on entry into resolution to ensure that, *inter alia*, relevant capital instruments fully absorb losses at the point of non-viability (defined below) of the issuing

institution and/or the group. The relevant resolution authority may also apply the bail-in tool in resolution with the objective of restoring the capital of the failing institution to enable it to continue to operate as a going concern. Accordingly, resolution authorities will be required to order the write-down of such capital instruments on a permanent basis, or convert them into CET 1 (such as ordinary shares or other instruments of ownership), at the point of non-viability and before any resolution tool other than the bail-in tool is made use of (statutory loss absorption). Resolution authorities shall exercise the write-down or conversion in relation to statutory loss absorption in a way that results in: (i) CET 1 items being reduced first in proportion to the relevant losses; and (ii) thereafter, if CET 1 is not sufficient to cover the relevant losses, the principal amount of AT 1 instruments (such as the Notes) being reduced or converted to cover the relevant losses and recapitalise the entity; and (iii) thereafter, if CET 1 and AT 1 are not sufficient, the principal amount of Tier 2 instruments ("**Tier 2**") being reduced or converted; and in case of a bail-in tool also: (iv) thereafter, if CET 1, AT 1 and Tier 2 are not sufficient to cover the relevant losses and recapitalise the entity, other subordinated debt (in accordance with the hierarchy of claims in the normal insolvency proceedings); and (v) if still insufficient, the rest of eligible liabilities including certain senior debt (in accordance with the hierarchy of claims in the normal insolvency proceedings), including the Notes, being reduced down to zero on a permanent basis or converted. When the bail-in tool is applied for the purpose of restoring the capital of the institution, write-down or conversion of non-equity instruments into CET 1 items is to be made in the same order.

For the purposes of statutory loss absorption, the point of non-viability is the point at which the following conditions are met:

- 1) the competent authority or the resolution authority determines that the institution is failing or likely to fail, i.e.:
 - (a) the conditions for the withdrawal of the authorisation by the competent authority are met or there are objective elements to support a determination that this will be the case in the near future, including but not limited to because the institution has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds;
 - (b) the assets of the institution are or there are objective elements to support a determination that the assets of the institution will, in the near future, be less than its liabilities;
 - (c) the institution is or there are objective elements to support a determination that the institution will, in the near future, be unable to pay its debts or other liabilities as they fall due;
 - (d) extraordinary public financial support is required except when the extraordinary public financial support takes certain forms in order to remedy a serious disturbance in the economy of a Member State and preserve financial stability; and
- 2) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures, including measures by an institutional protection scheme, or supervisory action, including early intervention measures or the write-down or conversion of relevant capital instruments taken in respect of the institution, would prevent the failure of the institution within a reasonable timeframe; and
- 3) in case of the application of the bail-in tool, a resolution action is necessary in the public interest; or

- 4) in case of exercising the power to write down or conversion of capital instruments, a group shall be deemed to be failing or likely to fail where the group infringes, or there are objective elements to support a determination that the group, in the near future, will infringe, its consolidated prudential requirements in a way that would justify action by the competent authority including but not limited to because the group has incurred or is likely to incur losses that will deplete all or a significant amount of its own funds.

Any write-down or conversion of all or part of the principal amount of any instrument, including accrued but unpaid interest in respect thereof, in accordance with the bail-in tool or the write-down and conversion powers would not constitute an event of default under the terms of the relevant instruments. Consequently, any amounts so written down or converted would be irrevocably lost and the holders of such instruments would cease to have any claims thereunder, regardless whether or not the institution's financial position is restored.

Hence, the Notes may be subject to write-down or conversion into CET 1 upon the occurrence of the relevant trigger event, which may result in Holders losing some or all of their investment in the Notes. The exercise of any such power is highly unpredictable and any suggestion or anticipation of such exercise could materially adversely affect the market price of the Notes.

Apart from potentially being subject to resolution tools and powers as set out above, the Issuer may also be subject to national insolvency proceedings.

The Issuer may be subject to resolution powers which may also have a negative impact on the Notes.

Provided that the Issuer meets the applicable conditions for resolution, the resolution authority has certain resolution powers which it may exercise either individually or in any combination together with or in preparation of applying a resolution instrument. Such resolution powers in particular include:

- the power to transfer to another entity rights, assets or liabilities of the Issuer;
- the power to reduce, including to reduce to zero, the nominal value of or outstanding amount due in respect of eligible liabilities of the Issuer;
- the power to convert eligible liabilities of the Issuer into ordinary shares or other instruments of ownership of the Issuer, a relevant parent institution or a bridge institution to which assets, rights or liabilities of the Issuer are transferred;
- the power to cancel debt instruments issued by the Issuer;
- the power to require the Issuer or a relevant parent institution to issue new shares or other instruments of ownership or other capital instruments, including preference shares and contingent convertible instruments; and/or
- the power to amend or alter the maturity of debt instruments and other eligible liabilities issued by the Issuer or the amount of interest payable under such debt instruments and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

The exercise of such resolution powers could have a negative impact on the Issuer and/or the Notes.

Credit ratings of Notes may not adequately reflect all risks of the investment in such Notes and may be suspended, downgraded or withdrawn which could have an adverse effect on the market value and trading price of the Notes.

A rating of Notes may not adequately reflect all risks of the investment in such Notes. Equally, ratings may be suspended, downgraded or withdrawn. Such suspension, downgrading or withdrawal may have an adverse effect on the market value and trading price of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

The Notes are governed by German law (with the provisions on status being governed by Austrian law), and changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer, the Notes and the Holders.

The Terms and Conditions of the Notes will be governed by German law, except that the provisions on status are governed by Austrian law. Holders should thus note that the governing law may not be the law of their own home jurisdiction and that the law applicable to the Notes may not provide them with similar protection as their own law. Furthermore, no assurance can be given as to the impact of any possible judicial decision or change to German (and, in relation to the provisions on status, Austrian) law, or administrative practice after the date of this Prospectus.

The statutory presentation period provided under German law will be reduced under the Terms and Conditions applicable to the Notes in which case Holders may have less time to assert claims under the Notes.

Pursuant to the Terms and Conditions of the Notes the regular presentation period of 30 years (as provided in § 801 (1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*)) will be reduced. In case of partial or total non-payment of amounts due under the Notes the Holder will have to arrange for the presentation of the relevant Global Note to the Issuer. Due to the abbreviation of the presentation period the likelihood that the Holder will not receive the amounts due to him increases since the Holder will have less time to assert his claims under the Notes in comparison to holders of debt instruments the terms and conditions of which do not shorten the statutory presentation period at all or to a lesser degree than the Terms and Conditions of the Notes.

The Terms and Conditions may be amended by resolution of the Holders in which a Holder may be subject to the risk of being outvoted by a majority resolution of the Holders.

The Terms and Conditions may be amended by the Issuer with consent of the Holders by way of a majority resolution in a Holders Meeting or by a vote not requiring a physical meeting (*Abstimmung ohne Versammlung*) as described in §§ 5 *et seq.* of the German Act on Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – SchVG*). The Issuer may subsequently amend the Terms and Conditions with the consent of the majority of Holders as described in the Terms and Conditions, which amendment will be binding on all Holders of the relevant Series of Notes, even on those who voted against the change.

Therefore, a Holder may be subject to the risk of being outvoted by a majority resolution of the Holders. As such majority resolution is binding on all Holders of a particular Series of Notes, certain rights of such Holder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled, which may have significant negative effects on the market price of the Notes and the return from the Notes.

The Holders may by majority resolution provide for the appointment or dismissal of a joint representative. If a joint representative is appointed a Holder may be deprived of its individual

right to pursue and enforce a part or all of its rights under the Terms and Conditions against the Issuer, such right passing to the Holders' joint representative who is then exclusively responsible to claim and enforce the rights of all the Holders.

Although the Terms and Conditions of the Notes exclude the applicability of the provisions of the Austrian Notes Trustee Act and the Austrian Notes Trustee Supplementation Act, it cannot be excluded that an Austrian court nevertheless appoints a trustee for the Notes to exercise the rights and represent the interests of Holders on their behalf in which case the ability of Holders to pursue their rights under the Notes individually may be limited. If the disapplication of the Austrian Notes Trustee Act is valid, investors will not be protected by it.

Pursuant to the Austrian Notes Trustee Act (*Kuratorengesetz*), a trustee (*Kurator*) can be appointed by an Austrian court upon the request of any interested party (e.g. a Holder) or upon the initiative of the competent court, for the purposes of representing the common interests of the Holders in matters concerning their collective rights. In particular, this may occur if insolvency proceedings are initiated against the Issuer, in connection with any amendments to the Terms and Conditions of the Notes or changes relating to the Issuer, or under other similar circumstances. Even though the applicability of the Austrian Notes Trustee Act is excluded in the Terms and Conditions, it cannot be excluded that an Austrian court rejects the exclusion of the applicability of the Austrian Notes Trustee and appoints a trustee, because the Issuer is an Austrian company. If a trustee is appointed, it will exercise the collective rights and represent the interests of the Holders and will be entitled to make statements on their behalf which shall be binding on all Holders. Where a trustee represents the interests of and exercises the rights of Holders, this may conflict with or otherwise adversely affect the interests of individual or all Holders. The role of an appointed trustee may also conflict with provisions of the Terms and Conditions related to majority resolutions of the Holders pursuant to the Terms and Conditions. On the other hand, investors should not rely on the protection afforded by the Austrian Notes Trustee Act, as its application has been excluded in the Terms and Conditions and an Austrian court may give effect to such disapplication.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Holders are exposed to the risk of partial or total inability of the Issuer to make distribution and/or redemption payments under the Notes.

Holders are subject to the risk of a partial or total inability of the Issuer to make distribution and/or redemption payments that the Issuer may, subject to the limitations described in the Terms and Conditions, be obliged to make under the Notes. The worse the creditworthiness of the Issuer, the higher the risk of loss. A materialisation of the credit risk may result in partial or total inability of the Issuer to make distribution and/or redemption payments.

Holders assume the risk that the credit spread of the Issuer widens resulting in a decrease in the price of the Notes.

A credit spread is the margin payable by the Issuer to the holder of an instrument as a premium for the assumed credit risk. Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price.

Factors influencing the credit spread include, among other things, the creditworthiness and rating of the Issuer, probability of default, recovery rate, and declarations as to any subordination. The liquidity situation of the market, the general level of interest rates, overall economic developments, and the currency, in which the relevant obligation is denominated may also have a negative effect.

Holders are exposed to the risk that the credit spread of the Issuer widens resulting in a decrease in the price of the Notes.

The Holder may be exposed to the risk that due to future money depreciation (inflation), the real yield of an investment may be reduced.

Inflation risk describes the possibility that the value of assets such as the Notes or income therefrom will decrease as inflation reduces the purchasing power of a currency. Inflation causes the rate of return to decrease in value. If the inflation rate exceeds the distribution paid on any Notes (if any) the yield on such Notes will become negative.

There can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. In an illiquid market, a Holder may not be able to sell his Notes at fair market prices.

Application may be made to admit the Programme and/or Notes to the Markets, each of which appears on the list of regulated markets issued by the European Commission. In addition, the Programme provides that Notes may be listed on an alternative market or stock exchange or may not be listed at all.

Regardless of whether the Notes are listed or not, there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. If the Notes are not listed on any stock exchange, pricing information for such Notes may, however, be more difficult to obtain, which may adversely affect the liquidity of the Notes. In an illiquid market, a Holder might not be able to sell its Notes at any time at fair market prices or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. Generally, these types of Notes would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a material adverse effect on the market value of Notes. The possibility to sell the Notes might additionally be restricted by country-specific reasons.

There is a risk that trading in the Notes will be suspended, interrupted or terminated, which may have an adverse effect on the price of such Notes.

If the Notes are listed on one of the Markets, the listing of such Notes may – depending on the rules applicable to such stock exchange - be suspended or interrupted by the respective stock exchange or a competent regulatory authority upon the occurrence of a number of reasons, including violation of price limits, breach of statutory provisions, occurrence of operational problems of the stock exchange or generally if deemed required in order to secure a functioning market or to safeguard the interests of Holders. Furthermore, trading in the Notes may be terminated, either upon decision of the stock exchange, a regulatory authority or upon application by the Issuer. Holders should note that the Issuer has no influence on trading suspension or interruptions (other than where trading in the Notes is terminated upon the Issuer's decision) and

that Holders in any event must bear the risks connected therewith. In particular, Holders may not be able to sell their Notes where trading is suspended, interrupted or terminated, and the stock exchange quotations of such Notes may not adequately reflect the price of such Notes. Finally, even if trading in Notes is suspended, interrupted or terminated, Holders should note that such measures may neither be sufficient nor adequate nor in time to prevent price disruptions or to safeguard the Holders' interests; for example, where trading in Notes is suspended after price-sensitive information relating to such Notes has been published, the price of such Notes may already have been adversely affected. All these risks would, if they materialise, have a material adverse effect on the Holders.

Holders are exposed to the risk of an unfavourable development of market prices of their Notes which materialises if the Holder sells the Notes.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Instrument. The Holder is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if the Holder sells the Notes. Holders should also be aware that Notes may be issued at a price higher than the market price at issue and/or the redemption amount. This will increase the impact that unfavourable market price developments may have on the Notes. If the Holder decides to hold the Notes, the Notes will be redeemed at the amount set out in the relevant Final Terms.

Exchange rate risks may occur, if a Holder's financial activities are denominated in a currency or currency unit other than the Specified Currency in which the Issuer will make principal and distribution payments. Furthermore, government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate.

The Issuer will pay principal and distributions on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if a Holder's financial activities are denominated principally in a currency or currency unit (the "**Holder's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Holder's Currency) and the risk that authorities with jurisdiction over the Holder's Currency may impose or modify exchange controls. An appreciation in the value of the Holder's Currency relative to the Specified Currency would decrease (i) the Holder's Currency-equivalent yield on the Notes, (ii) the Holder's Currency-equivalent value of the principal payable on the Notes and (iii) the Holder's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Holders may receive less distributions or principal than expected, or no distributions or principal.

If a loan or credit is used to finance the acquisition of the Notes, the loan or credit may significantly increase the amount of a loss.

If a loan is used to finance the acquisition of the Notes by a Holder and the Issuer is subsequently unable to repay any or all of the principal and distributions otherwise payable under the Notes, or if the trading price diminishes significantly, the Holder may not only have to face a potential loss on its investment, but it will also have to repay the loan and pay interest thereon. A loan may therefore significantly increase the amount of a potential loss. Holders should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction.

Instead, Holders should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, and that they may suffer losses instead of realising gains.

Incidental costs related in particular to the purchase and sale of the Notes may have a significant impact on the profit potential of the Notes.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions as a rule charge commissions which are either fixed minimum commissions or *pro-rata* commissions, depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Potential investors should note that the purchase price applicable to the Notes on a given day will often include a bid-ask spread so that the purchase price will be higher than the price at which Holders are able to sell any such Notes on that given day.

Holders have to rely on the functionality of the relevant clearing system.

The Notes are purchased and sold through different clearing systems, such as CBL, Euroclear, OeKB CSD and/or any other clearing system, as specified in the Final Terms and any successors thereof. The Issuer does not assume any responsibility as to whether the Notes are actually transferred to the securities portfolio of the relevant investor. Holders have to rely on the functionality of the relevant clearing system.

The applicable tax regime may change to the disadvantage of the Holders; therefore, the tax impact of an investment in the Notes should be carefully considered.

Interest payments on Notes, or profits realised by a Holder upon the sale or repayment of Notes, may be subject to taxation in the Holder's state of residence or in other jurisdictions in which the Holder is subject to tax. The tax consequences which generally apply to Holders may, however, differ from the tax impact on an individual Holder. Prospective investors, therefore, should contact their own tax advisors on the tax impact of an investment in the Notes. Furthermore, the applicable tax regime or the interpretation thereof by the tax authorities may change to the disadvantage of the investors in the future.

Legal investment considerations may restrict certain investments, in particular as the Notes are subordinated and loss absorbing instruments.

The investment activities of certain Holders are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) Notes are legal investments for it; (ii) Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Furthermore, the Terms and Conditions of the Notes may contain certain exclusions or restrictions of the Issuer's or other parties' (e.g. the Calculation Agent, the Paying Agent etc.) liability for negligent acts or omissions in connection with the Notes, which could result in the Holders not being able to claim (or only to claim partial) indemnification for damage that has been caused to them. Holders should therefore inform themselves about such exclusions or restrictions of liability and consider whether these are acceptable for them.

The Issuer is exposed to conflicts of interest which might adversely affect the Holders.

The Issuer may from time to time act in other capacities with regard to the Notes, such as fiscal and principal paying agent and/or calculation agent, which allows the Issuer to make calculations in respect of the Notes (e.g. the amount of distributions to be paid) which are binding for the Holders. This fact could generate conflicts of interest and may affect the value of the Notes.

The Issuer may use all or some of the proceeds received from the sale of the Notes to enter into hedging transactions. The Issuer's hedging activities may affect the value of the Notes.

GENERAL INFORMATION AND GENERAL DESCRIPTION OF THE PROGRAMME

Agents. The Issuer may from time to time remove the fiscal agent and/or any paying agent and/or may appoint other or additional paying agents, as set out in the Final Terms. Such other paying agents will be appointed in accordance with applicable statutory requirements and/or the rules of the stock exchanges where Notes of the respective Series (as defined in the Terms and Conditions) are listed (if the Notes are listed), and will either be credit institutions or other entities licensed in the EEA or another market where the Issuer is active to act as paying agents.

Approvals. The update of the Programme was authorised by the Supervisory Board on 15 December 2016. Except as discussed in the relevant Final Terms, the Issuer will obtain from time to time additional corporate authorisations in connection with the issue and performance of the Notes up to the Programme amount of EUR 150,000,000.

Clearing systems. The relevant Final Terms will specify which clearing system or systems (including CBL, Euroclear and/or OeKB CSD) has/have accepted the relevant Notes for clearance and provide any further appropriate information.

Currency. Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency as determined by the Issuer.

Dealers. The Issuer may sell Notes to be issued under the Programme either directly to investors or to one or more Dealers to be appointed under the Programme from time to time in connection with a specific issue of Notes for onward distribution to investors.

ISIN. The International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

Listing and admission to trading. Application may be made to admit the Programme and/or Notes to the Markets and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series may, but need not be, listed on the Markets.

Maximum aggregate principal amount and specified denomination. The maximum aggregate principal amount of the Notes at any one time outstanding under the Programme will not exceed EUR 150,000,000. In case the Notes are offered in the EEA and/or admitted to trading on a regulated market in the EEA, the Notes will have a specified denomination of EUR 200,000 (or the equivalent in another currency).

Method of distribution. The invitation to prospective investors to make offers for the subscription of Notes may be carried out by the Issuer. Notes may also be sold to one or more Dealers to be appointed under the Programme from time to time in connection with a specific issue of Notes for onward distribution to investors. An offer to subscribe for Notes may be made by an investor to the Issuer on the value date. The Issuer retains the right to accept or reject subscription offers, in whole or in part. In the EEA, there will be no sale of Notes to retail investors or within the Group (as defined and described within this Prospectus).

Rating. Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Representation of Holders of Notes. The Terms and Conditions of the Notes foresee the representation of Holders of Notes pursuant to the SchVG. Even though the SchVG applies to the

Notes, it cannot be excluded that an Austrian court rejects the exclusion of the applicability of the Austrian Notes Trustee Act and appoints a trustee, because the Issuer is an Austrian company. Pursuant to the Austrian Notes Trustee Act, a trustee can be appointed by an Austrian court upon the request of any interested party (e.g. a Holder) or upon the initiative of the competent court, for the purposes of representing the common interests of the Holders in matters concerning their collective rights. In particular, this may occur if insolvency proceedings are initiated against the Issuer, in connection with any amendments to the Terms and Conditions of the Notes or changes relating to the Issuer, or under other similar circumstances.

Restrictions on the free transferability of the Notes. The Terms and Conditions of the Notes do not contain any restrictions on the free transferability of the Notes. The Notes are freely transferable in accordance with applicable law and the applicable rules of the relevant clearing system.

Selling restrictions. Selling restrictions apply for the United States of America, the EEA, the United Kingdom and Japan and such other restrictions as may be required in connection with a particular issue. See "*Selling Restrictions*". The Notes to be offered and sold will be subject to the restrictions of Category 2 for the purposes of Regulation S under the Securities Act. Notes treated as issued in bearer form for U.S. federal income tax purposes having a maturity of more than one year will be subject to the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**") and will be issued in compliance with U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) ("**TEFRA D**") unless: (i) Part B of the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) ("**TEFRA C**"); or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration-required obligations" under TEFRA, which circumstances will be referred to in Part B of the relevant Final Terms as a transaction to which TEFRA is not applicable.

Tranches and Series of Notes. Notes will be issued in tranches (each a "**Tranche**"), each Tranche consisting of Notes which are identical in all respects. One or more Tranches, which are expressed to be consolidated and forming a single series and are identical in all respects, but may have different issue dates, distribution commencement dates, issue prices and dates for first distribution payments, may form a series ("**Series**") of Notes. The specific terms of each Tranche will be set forth in the applicable Final Terms.

Type of Notes. Under the Programme, the Issuer may issue (i) Notes which commence with a fixed distribution rate which is superseded by a different fixed distribution rate; and (ii) Notes which commence with a fixed distribution rate which is superseded by a floating distribution rate. The Notes will have a perpetual term and will be issued in bearer form. Notes will be issued under the Programme as subordinated Notes.

Use of Proceeds and reasons for an offer. The net proceeds from the issue of any Notes will be used by the Issuer for its general funding purposes to strengthen the capital base of the Issuer and to optimise the composition of its own funds.

TERMS AND CONDITIONS OF THE NOTES

Introduction

The Issuer will choose the terms and conditions applicable to each particular Tranche of Notes (the "**Conditions**"). These Conditions will be constituted by the relevant set of terms and conditions set out in this section entitled "*Terms and Conditions of the Notes*" (the "**Terms and Conditions**") as further specified by the Final Terms (the "**Final Terms**") as described below.

A separate set of Terms and Conditions shall apply to each type of Notes, as set out below. The Final Terms shall provide for the Issuer to choose among the following Options:

Option I – Terms and Conditions for Notes with a fixed to fixed distribution rate; and

Option II – Terms and Conditions for Notes with a fixed to floating distribution rate.

The Final Terms shall determine whether Option I or Option II and whether certain further options contained in Option I or Option II shall be applicable to the individual issue of Notes by replicating the relevant provisions of, and completing the relevant placeholders set out in, Option I or Option II in the Final Terms. The replicated and completed provisions of the set of Terms and Conditions alone shall constitute the Conditions (the "**Integrated Conditions**"). The Integrated Conditions shall be attached to each global note representing the Notes of the relevant Tranche.

[OPTION I – TERMS AND CONDITIONS FOR NOTES WITH A FIXED TO FIXED DISTRIBUTION RATE

[THE [ENGLISH] [GERMAN] TEXT OF THE CONDITIONS OF ISSUE IS LEGALLY BINDING]

[THE [ENGLISH] [GERMAN] TRANSLATION IS FOR INFORMATION PURPOSES ONLY]

§ 1

**CURRENCY, DENOMINATION, FORM,
CERTAIN DEFINITIONS**

(1) *Currency, Denomination.* This tranche (the "**Tranche**") of subordinated notes (the "**Notes**") is being issued by Hypo Vorarlberg Bank AG (the "**Issuer**") in **[insert specified currency]** (the "**Specified Currency**") in the aggregate principal amount of **[insert specified currency and aggregate principal amount]** (in words: **[insert aggregate principal amount in words]**) in the denomination of **[for Notes offered in the European Economic Area insert: EUR 200,000] [for Notes offered only outside the European Economic Area insert specified currency and specified denomination]** (the "**Specified Denomination**" or the "**Original Principal Amount**") each.

(2) *Form.* The Notes are being issued in bearer form.

[In case of Notes which are exclusively represented by a Permanent Global Note insert:

(3) *Permanent Global Note.* The Notes are represented by a permanent global note (the "**Permanent Global Note**" or the "**Global Note**") without coupons; the claim for distribution payments under the Notes is represented by the Permanent Global Note. The Permanent Global Note shall be signed by authorised representatives of the Issuer and shall be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and coupons will not be issued.]

[In case of Notes which are initially represented by a Temporary Global Note, which will be exchangeable for a Permanent Global Note, insert:

(3) *Temporary Global Note – Exchange for Permanent Global Note.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**") without coupons; any claim for distribution payments under the Notes is represented by the relevant Global Note. The Global Notes shall each be signed by authorised representatives of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and coupons will not be issued.

(b) The Temporary Global Note shall be exchangeable for the Permanent Global Note in the form and subject to the conditions provided in § 1(3)(a) above from a date (the "**Exchange Date**") not earlier than 40 calendar days after the date of issuance of the Temporary Global Note. Such exchange shall only be made to the extent that certifications have been delivered to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is (are) not (a) U.S. person(s) (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of distributions on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of distributions. Any such certification received on or after the 40th calendar day after the date of issuance of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to § 1(3)(b) of this § 1(3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.

"**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).]

(4) *Clearing System.* The Global Note(s) will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means **[if more than one Clearing System insert: each of] [OeKB CSD GmbH, Strauchgasse 1-3, 1010 Vienna, Austria ("OeKB CSD")] [.] [and] [Clearstream Banking, S.A., Luxembourg, 42 Avenue J.F. Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg ("CBL") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium ("Euroclear" and, together with CBL, the "ICSDs")] [the Issuer] [.] [and] [specify other Clearing System]** and any successor in such capacity. **[In case of Notes to be kept in custody on behalf of the ICSDs insert: The Notes shall be kept in custody by a common depositary on behalf of both ICSDs.]**

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing

System.

(6) *Business Day*. "**Business Day**" means a calendar day (other than a Saturday or a Sunday) on which **[insert, as applicable: commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in [insert all relevant financial centres]] [insert, as applicable: [and] the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("TARGET") is open].**

§ 2

STATUS

(1) *Ranking*. The Notes constitute direct, unsecured and subordinated obligations of the Issuer and shall constitute AT 1 Instruments (as defined below).

In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

- (a) junior to all present or future: (i) unsubordinated instruments or obligations of the Issuer; (ii) (x) any Tier 2 Instruments (as defined below); and (y) all other instruments or obligations of the Issuer ranking or expressed to rank subordinated to the unsubordinated obligations of the Issuer (other than instruments or obligations ranking or expressed to rank *pari passu* with or subordinated to the Notes);
- (b) *pari passu*: (i) among themselves; and (ii) with all other present or future (x) AT 1 Instruments; and (y) instruments or obligations ranking or expressed to rank *pari passu* with the Notes; and
- (c) senior to all present or future: (i) ordinary shares of the Issuer and any other CET 1 Instruments (as defined below); and (ii) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank: (x) subordinated to the obligations of the Issuer under the Notes; or (y) *pari passu* with the ordinary shares of the Issuer and any other CET 1 Instruments, including the Participation Capital Instruments (as defined below).

For the avoidance of doubt, Holders will neither participate in any reserves of the Issuer nor in liquidation profits (*Liquidationsergebnis* within the meaning of § 8(3)(1) of the Austrian Corporate Income Tax Act 1988 (*Körperschaftsteuergesetz 1988*)) in the event of the Issuer's liquidation.

The rights of the Holders of the Notes to payment of principal on the Notes are at any time limited to a claim for the prevailing Current Principal Amount (as defined in § 5(10)).

(2) *No Negative Equity and Waiver of Petition*. The Holders will be entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital* within the meaning of § 225(1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch - UGB*)) has been removed (*beseitigt*) or if, in the event of the liquidation of the Issuer, all other creditors (other than creditors the claims of which rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first.

The Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets; therefore the obligations of the Issuer under the Notes, if any, will not contribute to the determination of over-indebtedness (*Überschuldung*) in accordance with § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung - IO*).

(3) *No Set-off, Netting or Security*. Claims of the Issuer are not permitted to be set-off or netted against payment obligations of the Issuer under the Notes, and no contractual collateral may be provided by the Issuer or any third person for the liabilities constituted by the Notes. The Notes are neither secured nor subject to a guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in insolvency or liquidation.

(4) *Definitions*. In these Terms and Conditions:

"**AT 1 Instruments**" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Additional Tier 1 instruments pursuant to Article 52 CRR, including any capital instruments that qualify as Additional Tier 1 instruments pursuant to transitional provisions under the CRR.

"**CET 1 Instruments**" means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 CRR, including any capital instruments that qualify as Common Equity Tier 1 instruments pursuant to transitional provisions under the CRR.

"**CRR**" means 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*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant Articles of the CRR include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Participation Capital Instruments**" means the following (directly or indirectly issued) capital instruments of

the Issuer: "Partizipationskapital der Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft" (Issue Dates: 25 November 2008 and 19 December 2008).

"Tier 2 Instruments" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 CRR, including any capital instruments that qualify as Tier 2 instruments pursuant to transitional provisions under the CRR.

§ 3

DISTRIBUTIONS

(1) *Distribution Rates and Distribution Payment Dates.* The Notes shall bear distributions on the Current Principal Amount at the rate of **[insert First Rate of Distributions]** per cent. *per annum* (the "**First Rate of Distributions**") from and including **[insert Distribution Commencement Date]** (the "**Distribution Commencement Date**") to but excluding **[insert First Reset Date]** (the "**First Reset Date**") and thereafter at the relevant Reset Rate of Distributions (as determined in accordance with § 3(4)) from and including each Reset Date to but excluding the next following Reset Date. **[In case of a short or long first distribution period insert:** With the exception of the first payment of distributions, distributions] **[in case of Notes which have only regular fixed distribution payments insert:** Distributions] shall be scheduled to be paid **[in case of quarterly fixed distribution payments insert:** quarterly] **[in case of semi-annual fixed distribution payments insert:** semi-annually] **[in case of annual fixed distribution payments insert:** annually] in arrear on **[insert Distribution Payment Dates]** in each year (each such date, a "**Distribution Payment Date**"), commencing on **[insert first Distribution Payment Date]**.

Distributions will fall due subject to the provisions set out in § 3(6) and § 4(4).

(2) *Calculation of Amount of Distributions.* If the amount of distributions scheduled to be paid under the Notes is required to be calculated for any period of time: (i) such amount of distributions for any Distribution Period ending prior to the First Reset Date shall be calculated by the Calculation Agent by applying the First Rate of Distributions to the Current Principal Amount; and (ii) such amount of distributions for any Distribution Period commencing on or after the First Reset Date shall be calculated by the Calculation Agent by applying the applicable Reset Rate of Distributions to the Current Principal Amount, in each case multiplying such amount by the applicable Day Count Fraction (as defined below), and rounding the resulting figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

If a Write-Down (as defined in § 5(8)) occurs during any Distribution Period as a result of which unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date (as defined in § 5(10)) are cancelled in accordance with § 3(6)(c), the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Effective Date.

If a Write-Up (as defined in § 5(9)) occurs during any Distribution Period, the amount of distributions shall be calculated by the Calculation Agent by reference to such Current Principal Amount as adjusted from time to time and as if such Distribution Period were comprised of two or (as applicable) more consecutive distribution periods, with distribution calculations based on the number of days for which each Current Principal Amount was applicable.

"**Distribution Period**" means the period from and including the Distribution Commencement Date to but excluding the first Distribution Payment Date and each successive period from and including a Distribution Payment Date to but excluding the next succeeding Distribution Payment Date.

(3) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of distributions on any Note for any period of time (including the first such day to but excluding the last) (the "**Calculation Period**"):

[In case Actual/Actual (ICMA) applies, insert:

- (i) if the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of calendar days in such Calculation Period divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates (as specified below) that would occur in one calendar year; or
- (ii) if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (A) the number of calendar days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of: (x) the number of calendar days in such Determination Period; and

(y) the number of Determination Dates that would occur in one calendar year.

Where:

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date (including, where the Distribution Commencement Date is not a Determination Date, the period commencing on the first Determination Date prior to the Distribution Commencement Date, and where the final Distribution Payment Date is not a Determination Date, the period ending on the first Determination Date falling after the final Distribution Payment Date, as the case may be).

"Determination Date" means [●] in each year. The number of Determination Dates per calendar year is **[insert number of regular fixed distribution payment dates per calendar year].**

[In case Actual/Actual (ISDA) applies, insert: the actual number of calendar days in the Calculation Period divided by 365 (or, if any calculation portion of that Calculation Period falls in a leap year, the sum of: (1) the actual number of calendar days in that portion of the Calculation Period falling in a leap year divided by 366; and (2) the actual number of calendar days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

[In case Actual/365 (Fixed) applies, insert: the actual number of calendar days in the Calculation Period divided by 365.]

[In case Actual/360 applies, insert: the actual number of calendar days in the Calculation Period divided by 360.]

[In case 30/360, 360/360 or Bond Basis applies, insert: the number of calendar days in the Calculation Period divided by 360, the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months (unless: (1) the last calendar day of the Calculation Period is the 31st calendar day of a month but the first calendar day of the Calculation Period is a calendar day other than the 30th or 31st calendar day of a month, in which case the month that includes that last calendar day shall not be considered to be shortened to a 30-calendar day month; or (2) the last calendar day of the Calculation Period is the last calendar day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-calendar day month).]

[In case 30E/360 or Eurobond Basis applies, insert: the number of calendar days in the Calculation Period divided by 360 (the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months, without regard to the date of the first calendar day or last calendar day of the Calculation Period unless, in the case of the final Calculation Period, the date of redemption is the last calendar day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-calendar day month).]

(4) *Determination of the Reset Rate of Distributions.*

(a) *Reset Rate of Distributions.* The rate of distributions for each Reset Period (each a **"Reset Rate of Distributions"**) shall be the **[insert number, term and name of relevant swap rate]** per annum (the **"Reference Rate"**) **[in case of a Margin insert: [plus] [minus] the Margin (as defined below)].**

Such Reference Rate in respect of each Reset Period shall be the swap rate (expressed as a percentage rate per annum) for swap transactions in the Specified Currency with a term [of **[insert relevant term]]** [equalling the term of the Reset Period starting on the relevant Reset Date] which appears on the Screen Page (as defined below) as of **[insert relevant time]** (**[insert relevant financial centre]** time) on the relevant Reset Determination Date (as defined below), all as determined by the Calculation Agent (as specified in § 6(1)).

[In case of a Margin insert: "Margin" means **[insert credit spread as of the pricing date (which shall not include any increase of the rate of distribution or other incentive to redeem the Notes)]** per cent. per annum.]

"Reset Date" means the First Reset Date and [each **[insert applicable number]** anniversary thereof for as long as the Notes remain outstanding] **[insert other Reset Dates].**

"Reset Period" means the period from and including a Reset Date to but excluding the next following Reset Date.

"Reset Determination Date" means the [first] [second] **[insert other relevant number of Business Days]** Business Day [(as defined in § 1(6))] prior to any Reset Date. **[if a definition is required, which differs from the "Business Day" definition applicable in § 1, insert:** For the purposes of this § 3(4) only, **"Business Day"** means a calendar day (other than a Saturday or a Sunday **[in case the Reference Rate is the USD-Swap Rate, insert:** or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities]) **[if applicable, insert:** on which **[in case TARGET shall be open, insert:** the Trans-European Automated Real-time Gross Settlement Express

Transfer System 2 or its successor ("TARGET") is open] [[and] commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert relevant financial centres]]].**

"Screen Page" means **[insert relevant Screen Page]** or the successor page displayed by the same information provider or any other information provider nominated by the Calculation Agent as the replacement information provider for the purposes of displaying the Reference Rate.

If the Screen Page is unavailable or if the Reference Rate does not appear on the Screen Page as at such time on the relevant Reset Determination Date, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-market Swap Rate (expressed as a percentage rate *per annum*) at approximately **[insert relevant time]** (**[insert relevant financial centre]** time) on the relevant Reset Determination Date.

"Mid-market Swap Rate" means the mean of the bid and offered rates for the fixed leg of a fixed-for-floating rate swap transaction in the Specified Currency where the floating leg is equivalent to **[insert number, term and name of relevant Reference Rate]** *per annum*, which appears on **[insert relevant screen page]** (or the successor page displayed by the same information provider or any other information provider nominated by the Calculation Agent as the replacement information provider for the purposes of displaying the **[insert number, term and name of relevant Reference Rate]**).

If three or more of the Reference Banks provide the Calculation Agent with such rates, the Reference Rate for the relevant Reset Period shall be deemed to be the arithmetic mean (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards) of such rates eliminating the highest rate (or, in the event of equality, one of the highest) and the lowest rate (or, in the event of equality, one of the lowest), all as determined by the Calculation Agent.

If the Reference Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Reference Rate for the relevant Reset Period shall be deemed to be the rate determined by the Calculation Agent in its reasonable discretion (§ 315 BGB); the Calculation Agent shall take general market practice into account when determining such rate.

"BGB" means the German Civil Code (*Bürgerliches Gesetzbuch – BGB*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the BGB include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Reference Banks" means **[insert relevant number]** major banks in the **[if the Reference Rate is not a Euro swap rate, insert: [insert relevant financial centre] interbank market]** **[if the Reference Rate is a Euro swap rate, insert: Euro-Zone]**.

[If the Reference Rate is a Euro swap rate, insert: "Euro-Zone" means those member states of the European Union which have adopted the Euro as their currency.])

(b) *Notification of Reset Rate of Distributions.* The Calculation Agent will cause the Reset Rate of Distributions to be notified to the Issuer, any stock exchange on which the Notes are from time to time listed (if required by the rules of such stock exchange) and to the Holders in accordance with § 10 as soon as possible after its determination.

(c) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of wilful default, bad faith, inequitableness, or manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Fiscal Agent, the Paying Agents or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(5) *Default Distributions.* The Notes shall cease to bear distributions from the expiry of the calendar day preceding the due date for redemption (if the Notes are redeemed). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the Current Principal Amount of the Notes from and including the due date for redemption to but excluding the date of actual redemption of the Notes at the applicable rate of distributions established by law.³ This does not affect any additional rights that might be available to the Holders.

(6) *Cancellation of Distributions.*

(a) The Issuer, at its full discretion, may at all times cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-

³ The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§ 288(1), 247(1) BGB.

cumulative basis. The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due. If the Issuer makes use of such right, it shall give notice to the Holders in accordance with § 10 without undue delay and in any event no later than on the relevant Distribution Payment Date.

(b) Without prejudice to such full discretion of the Issuer, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent that:

- (i) the amount of such distribution payment scheduled to be paid together with any Additional Amounts (as defined in § 7(1)) thereon and any payments of interest, dividends or distributions made or scheduled to be made by the Issuer on all other Tier 1 Instruments in the relevant financial year of the Issuer would exceed the amount of the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions together with any Additional Amounts thereon on the Notes) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based; or
- (ii) the Competent Authority orders the relevant distribution payment scheduled to be paid to be cancelled in whole or in part; or
- (iii) the amount of such distribution payment scheduled to be paid, together with other distributions of the kind referred to in § 24(2) BWG (implementing Article 141(2) CRD IV in Austria) in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the Regulatory Group to be exceeded.

If any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date is so mandatorily and automatically cancelled, the Issuer shall give notice to the Holders in accordance with § 10 without undue delay. Any failure to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose.

(c) If a Write-Down occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date will be cancelled mandatorily and automatically in full.

(d) Any distribution payment so cancelled will be non-cumulative and will be cancelled permanently and no payments will be made nor will any Holder be entitled to receive any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and will not impose any restrictions on the Issuer.

(7) *Definitions.* In these Terms and Conditions:

"**BWG**" means the Austrian Banking Act (*Bankwesengesetz – BWG*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the BWG include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) CRR which is responsible to supervise the Issuer and/or the Regulatory Group.

"**CRD IV**" means 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*), as implemented in Austria and as amended or replaced from time to time, and any references in these Terms and Conditions to relevant Articles of the CRD IV include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Distributable Items**" means in respect of any payment of distributions on the Notes the distributable items as defined in Article 4(1)(128) CRR in respect of each financial year of the Issuer, as at the end of the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date for which such Relevant Financial Statements are available, all as determined in accordance with the accounting principles applied by the Issuer and as derived from the most recent Relevant Financial Statements.

"**Maximum Distributable Amount**" means any maximum distributable amount (*maximal ausschüttungsfähiger Betrag*) relating to the Issuer and/or the Regulatory Group, as the case may be, that may be required to be calculated in accordance with § 24(2) BWG (implementing Article 141(2) CRD IV in Austria).

"**Regulatory Group**" means 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.

"**Relevant Financial Statements**" means: (i) the audited (*geprüft*) and adopted (*festgestellt*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the

relevant Distribution Payment Date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant Distribution Payment Date, unaudited unconsolidated pro forma financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

"Tier 1 Instruments" means: (i) the CET 1 Instruments; (ii) the AT 1 Instruments; and (iii) any other instruments or obligations of the Issuer ranking *pari passu* with respect to payment of interest, dividends or distributions with CET 1 Instruments or AT 1 Instruments.

§ 4

PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.

(b) *Payment of Distributions.* Payment of distributions on the Notes shall be made, subject to § 3(6) above and § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System [***in case of distribution payments on a Temporary Global Note insert.*** and in case of payment of distributions on Notes represented by a Temporary Global Note, upon due certification as provided for in § 1(3)(b)].

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

[In case of Notes the Specified Currency of which is not Euro, insert: If the Issuer determines that it is impossible to make payments of amounts due on the Notes in freely negotiable and convertible funds on the relevant due date for reasons beyond its control or that the Specified Currency or any successor currency provided for by law (the "**Successor Currency**") is no longer used for the settlement of international financial transactions, the Issuer may fulfil its payment obligations by making such payments in Euro on the relevant due date on the basis of the Applicable Exchange Rate. Holders shall not be entitled to further interest or any additional amounts as a result of such payment. The "**Applicable Exchange Rate**" shall be: (i) (if such exchange rate is available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) determined and published by the European Central Bank for the most recent calendar day falling within a reasonable period of time prior to the relevant due date; or (ii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) which the Fiscal Agent has calculated as the arithmetic mean of offered rates concerning the Specified Currency or the Successor Currency (if applicable) quoted to the Fiscal Agent by four leading banks operating in the international foreign exchange market for the most recent calendar day falling within a reasonable (as determined by the Fiscal Agent in its reasonable discretion (§ 315 BGB)) period of time prior to the relevant due date; or (iii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) as determined by the Fiscal Agent in its reasonable discretion (§ 315 BGB).]

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Fixed Payment Business Day.* If the due date for any payment in respect of the Notes would otherwise fall on a calendar day which is not a Fixed Payment Business Day (as defined below), the due date for such payment shall be:

[in case Modified Following Business Day Convention applies, insert: postponed to the next calendar day which is a Fixed Payment Business Day unless the due date for such payment would thereby fall into the next calendar month, in which event the due date for such payment shall be the immediately preceding calendar day which is a Fixed Payment Business Day.]

[in case Following Business Day Convention applies, insert: postponed to the next calendar day which is a Fixed Payment Business Day.]

[in case Preceding Business Day Convention applies, insert: moved forward to the immediately preceding calendar day which is a Fixed Payment Business Day.]

"Fixed Payment Business Day" means a calendar day (other than a Saturday or a Sunday): (i) on which the Clearing System is open; and (ii) [which is a Business Day (as defined in § 1(6))] [on which **[insert, as applicable:** commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert all relevant financial centres]]** **[insert, as applicable:** [and] the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("TARGET") is open]].

[If the distribution amount shall be adjusted, insert: If any Fixed Payment Business Day is **[in case Modified Following Business Day Convention or Preceding Business Day Convention applies, insert:**

brought forward] [or] [*in case Modified Following Business Day Convention or Following Business Day Convention applies, insert: postponed*] (as described above), the amount of distribution shall be adjusted accordingly.]

[*If the distribution amount shall not be adjusted, insert: If any Fixed Payment Business Day is [in case Modified Following Business Day Convention or Preceding Business Day Convention applies, insert: brought forward] [or] [in case Modified Following Business Day Convention or Following Business Day Convention applies, insert: postponed*] (as described above), the amount of distribution shall not be adjusted accordingly.]

If the due date for the redemption of the principal amount of the Notes is adjusted the Holder shall not be entitled to payments in respect of such adjustment.

(5) *References to Principal and Distributions.* References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Current Principal Amount; the Redemption Amount (as defined in § 5(7)) of the Notes; and any premium and any other amounts (other than distributions) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts (as defined in § 7(1)) which may be payable under § 7(1).

§ 5

REDEMPTION AND WRITE-DOWN

(1) *No Scheduled Maturity.* The Notes are perpetual and have no scheduled maturity date.

(2) *No Redemption at the Option of a Holder.* The Holders do not have a right to demand the redemption of the Notes.

(3) *Redemption at the Option of the Issuer.* The Issuer may, upon giving notice in accordance with § 5(7), redeem the Notes in whole, but not in part, at the Redemption Amount on any Call Redemption Date. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(6). Any such redemption pursuant to this § 5(3) shall not be possible before five years from the date of issuance and shall only be possible provided that the conditions to redemption [*if a repurchase is permissible insert: and repurchase*] laid down in § 5(6) are met.

"**Call Redemption Date**" means the First Reset Date and each [anniversary date thereof] [Distribution Payment Date thereafter] [Reset Date thereafter].

The Issuer may exercise its redemption right pursuant to § 5(3) only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

(4) *Redemption for Reasons of Taxation.* If a Tax Event occurs, the Issuer may, upon giving notice in accordance with § 5(7), redeem the Notes in whole, but not in part, at the Redemption Amount [at any time on the date of redemption specified in the notice] [on the next Distribution Payment Date], provided that the conditions to redemption [*if a repurchase is permissible insert: and repurchase*] laid down in § 5(6) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(6).

Where:

A "**Gross-up Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision of the local tax authority having competence over the Issuer as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts (as defined in § 7(1)).

A "**Tax Deductibility Event**" occurs if there is a change in the applicable tax treatment of the Notes as a result of which the Issuer, in computing its taxation liabilities in Austria, would not be entitled to claim a deduction in respect of distributions paid on the Notes, or such deductibility is materially reduced.

"**Tax Event**" means a change in, or clarification of, the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event or a Gross-up Event, which change or clarification: (x) subject to (y), becomes effective on or after the date of issuance of the Notes; or (y) in the case of a change, if such change is enacted on or after the date of issuance of the Notes.

(5) *Redemption for Regulatory Reasons.* If a Regulatory Event occurs, the Issuer may, upon giving notice in accordance with § 5(7), redeem the Notes in whole, but not in part, at the Redemption Amount [at any time on the date of redemption specified in the notice] [on the next Distribution Payment Date], provided that the conditions to redemption [*if a repurchase is permissible insert: and repurchase*] laid down in § 5(6) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but

excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(6).

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes under the Applicable Supervisory Regulations that would be likely to result in their exclusion in full or in part from own funds (other than as a consequence of a Write-Down) or reclassification as a lower quality form of own funds (in each case, on an individual basis of the Issuer and/or on a consolidated basis of the Regulatory Group).

(6) *Conditions to Redemption [if a repurchase is permissible insert: and Repurchase]*. Any redemption pursuant to this § 5 [if a repurchase is permissible insert: and any repurchase pursuant to § 9(2)] is subject to:

- (a) the Issuer having obtained the prior permission of the Competent Authority for the redemption [if a repurchase is permissible insert: or any repurchase pursuant to § 9(2)] in accordance with Article 78 CRR, if applicable to the Issuer at that point in time, whereas such permission may, *inter alia*, require that:
 - (i) either the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
 - (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following such redemption [if a repurchase is permissible insert: or repurchase], exceed the minimum capital requirements (including any capital buffer requirements) by a margin that the Competent Authority considers necessary at such time; and
- (b) in the case of any redemption prior to the fifth anniversary of the date of issuance of the Notes:
 - (i) due to a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the Notes; or
 - (ii) due to a Regulatory Event, the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the Notes.

Notwithstanding the above conditions, if, at the time of any redemption [if a repurchase is permissible insert: or repurchase], the prevailing Applicable Supervisory Regulations permit the redemption [if a repurchase is permissible insert: or repurchase] only after compliance with one or more alternative or additional pre-conditions to those set out above in this § 5(6), the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal of the Competent Authority to grant permission in accordance with Article 78 CRR shall not constitute a default for any purpose.

(7) *Redemption Notice; Redemption Amount*. Any notice of redemption in accordance with § 5(3), § 5(4) or § 5(5) shall be given by the Issuer to the Holders in accordance with § 10 observing a notice period of not less than [insert Minimum Notice Period, which shall not be less than 5 Business Days] [calendar days] [Business Days] [in case of a Maximum Notice Period insert: nor more than [insert Maximum Notice Period] [calendar days] [Business Days]]. Such notice shall be irrevocable (subject to § 5(8)(d)) and shall specify:

- (a) in the case of a notice of redemption in accordance with § 5(3) the Call Redemption Date or in the case of a notice of redemption in accordance with § 5(4) or § 5(5) the date of redemption; and
- (b) the Redemption Amount at which the Notes are to be redeemed.

"Redemption Amount" per Note means the Current Principal Amount per Note.

Any notice of redemption in accordance with § 5(3), § 5(4) or § 5(5) and this § 5(7) will be subject to § 5(8)(b).

(8) *Write-Down*.

(a) If a Trigger Event (as defined below) has occurred the Issuer will:

- (i) immediately inform the Competent Authority that the Trigger Event has occurred;
- (ii) determine the Write-Down Amount (as defined below) as soon as possible, but in any case within a maximum period of one month following the determination that a Trigger Event has occurred;
- (iii) without undue delay inform the Fiscal Agent and the Holders that a Trigger Event has occurred by publishing a notice (such notice a "**Write-Down Notice**") which will specify the Write-Down Amount as well as the new/reduced Current Principal Amount of each Note and the Effective Date, provided that any failure to provide such Write-Down Notice shall not affect the effectiveness of, or otherwise invalidate any Write-Down or give Holders any rights as a result of such failure; and
- (iv) (without the need for the consent of Holders and/or a Write-Down Notice having been published before) reduce the then prevailing Current Principal Amount of each Note by the relevant Write-Down

Amount (such reduction being referred to as a "**Write-Down**", and "**Written Down**" shall be construed accordingly) without undue delay, but not later than within one month, with effect as from the Effective Date.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion, each Note may be subject to a Write-Down on more than one occasion and the Current Principal Amount of a Note may never be reduced to below **[insert Specified Currency] [0.01 or lower amount]**.

(b) *Write-Down Amount.*

- (i) The aggregate reduction of the aggregate Current Principal Amount of all Notes outstanding on the Effective Date will, subject as provided below, be equal to the lower of:
 - (A) the amount necessary to generate sufficient Common Equity Tier 1 capital pursuant to Article 50 CRR that would restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio contemplated above to the lower of: (x) such Loss Absorbing Instrument's trigger level; and (y) the Trigger Level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Supervisory Regulations; and
 - (B) the amount that would result in the Current Principal Amount of a Note being reduced to **[insert Specified Currency] 0.01**.
- (ii) The aggregate reduction determined in accordance with § 5(8)(b)(i) shall be applied to each Note *pro rata* on the basis of its Current Principal Amount prevailing immediately prior to the Write-Down, and references herein to "**Write-Down Amount**" shall mean, in respect of each Note, the amount by which the Current Principal Amount of such Note is to be Written Down accordingly.
- (iii) If, in connection with the Write-Down or the calculation of the Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only (the "**Full Loss Absorbing Instruments**"), then:
 - (A) the provision that a Write-Down of the Notes should be effected *pro rata* with the write-down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written-Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and
 - (B) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down and/or conversion, such that the write-down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (x) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level; and (y) second, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (x) shall be written off and/or converted, as the case may be, with the effect of increasing the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio above the Trigger Level.
- (iv) To the extent the write-down and/or conversion of any Loss Absorbing Instruments for the purpose of § 5(8)(b)(i)(A) is not possible or not made for any reason, this shall not in any way prevent any Write-Down of the Notes. Instead, in such circumstances, the Notes will be Written-Down and the Write-Down Amount will be determined as provided above but without including for the purpose of § 5(8)(b)(i)(A) any Common Equity Tier 1 capital in respect of the write-down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be or to the extent they are not for any reason, written-down and/or converted.
- (v) The Issuer's determination of the relevant Write-Down Amount shall be irrevocable and binding on the Holders.

(c) Any reduction of the Current Principal Amount of a Note pursuant to this § 5(8) shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written-Down, whether in the insolvency or liquidation of the Issuer or otherwise, save to the extent (if any) such amounts are subject to a Write-Up in accordance with § 5(9).

(d) The Issuer shall not give a notice of redemption after a Write-Down Notice has been given in respect of the relevant Trigger Event until the Effective Date of the Write-Down.

In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void and the relevant redemption shall not be made.

(9) *Write-Up.*

The Issuer may, at its sole discretion, to the extent permitted in compliance with the Applicable Supervisory Regulations, reinstate any portion of the principal amount of the Notes which has been Written Down (such portion, the "**Write-Up Amount**"), subject to the below limitations. The reinstatement of the Current Principal Amount (such reinstatement being referred to herein as a "**Write-Up**", and "**Written Up**" shall be construed accordingly) may occur on more than one occasion (and each Note may be Written Up on more than one occasion), provided that the principal amount of each Note shall never be Written Up to an amount greater than its Original Principal Amount.

Write-Ups do not have priority over dividend payments and other distributions on shares and other CET 1 Instruments of the Issuer, *i.e.* such payments and distributions are permitted even if no full Write-Up of the Notes has been effected.

There will be no obligation for the Issuer to operate or accelerate a Write-Up under any circumstances.

If the Issuer so decides in its sole discretion, the Write-Up will occur with effect as from the Write-Up Date (as defined below).

In its sole discretion (without being obliged to) the Issuer may effect such Write-Up, provided that:

- (a) at the time of the Write-Up, there must not exist any Trigger Event that is continuing; any Write-Up is also excluded if such Write-Up would give rise to the occurrence of a Trigger Event;
- (b) such Write-Up is applied on a *pro rata* basis to all Notes and on a *pro rata* basis with the write-up of all Loss Absorbing Written-Down Instruments (if any); and
- (c) the sum of: (x) the aggregate amount attributed to the relevant Write-Up of the Notes on the Write-Up Date (as defined below) and the aggregate amount of any previous Write-Up of the Notes since the end of the then previous financial year and prior to the Write-Up Date; (y) the aggregate amount of the increase in principal amount of each Loss Absorbing Written-Down Instrument at the time of the relevant Write-Up and the aggregate amount of the increase in principal amount of each Loss Absorbing Written-Down Instrument resulting from any previous write-up since the end of the then previous financial year and prior to the time of the relevant Write-Up; and (z) the aggregate amount of any distribution and any Additional Amounts thereon paid on the aggregate Current Principal Amount of the Notes and the aggregate amount of any distribution and any additional amounts thereon paid on Loss Absorbing Written-Down Instruments as calculated at the moment the Write-Up is operated will not exceed the Maximum Write-Up Amount at any time after the end of the then previous financial year.

The amount of any Write-Up and payments of distributions on the reduced Current Principal Amount shall be treated as payment resulting in a reduction of Common Equity Tier 1 capital and shall be subject, together with other distributions on CET 1 Instruments, to any applicable restrictions relating to the Maximum Distributable Amount, including those referred to in § 24(2) BWG (implementing Article 141(2) CRD IV in Austria).

If the Issuer elects to effect a Write-Up, it will publish a notice about the Write-Up (including the amount of the Write-Up as a percentage of the Original Principal Amount and the effective date of the Write-Up (in each case a "**Write-Up Date**")) no later than 10 calendar days prior to the relevant Write-Up Date to the Fiscal Agent and, in accordance with § 10, to the Holders. The Write-Up shall be deemed to be effected, and the Current Principal Amount shall be deemed to be increased by the amount specified in the notice, with effect as of the Write-Up Date.

(10) *Definitions.* In these Terms and Conditions:

"**Applicable Supervisory Regulations**" means, at any time, any requirements of Austrian or European law or contained in the regulations, requirements, guidelines or policies of the Competent Authority, the European Parliament and/or the European Council, then in effect in Austria and applicable to the Issuer and the Regulatory Group, including but not limited to the provisions of the BWG, the CRD IV, the CRR and the CDR in each case as amended from time to time, or such other law, regulation or directive as may come into effect in place thereof.

"**CDR**" means the Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (*Commission Delegated Regulation – CDR*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant Articles of the CDR include references to any applicable provisions of law amending or replacing such

Articles from time to time.

"Current Principal Amount" means initially the Original Principal Amount, which from time to time, on one or more occasions, may be reduced by a Write-Down and, subsequent to any such reduction, may be increased by a Write-Up, if any (up to the Original Principal Amount).

"Effective Date" means the date as selected by the Issuer and specified as such in the Write-Down Notice to the Holders, but which shall be no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

"Group CET 1 Capital Ratio" means, at any time, the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Regulatory Group on a consolidated basis, as calculated by the Issuer in accordance with the Applicable Supervisory Regulations, which determination will be binding on the Holders.

"Issuer CET 1 Capital Ratio" means, at any time, the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Issuer on an individual basis, as calculated by the Issuer in accordance with the Applicable Supervisory Regulations, which determination will be binding on the Holders.

"Loss Absorbing Instrument" means, at any time, any AT 1 Instrument (other than the Notes) that may have all or some of its principal amount written down (whether on a permanent or temporary basis) or converted (in each case, in accordance with its terms or otherwise) on the occurrence or as a result of the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio falling below a certain trigger level.

"Loss Absorbing Written-Down Instrument" means, at any time, any AT 1 Instrument (other than the Notes) or, as applicable, any instrument issued by a member of the Regulatory Group and qualifying as Additional Tier 1 instruments pursuant to Article 52 CRR of the Issuer and/or the Regulatory Group, that, at the point in time falling immediately prior to any Write-Up of the Notes, is outstanding and has a prevailing principal amount that is less than its original principal amount because all or some of its principal amount has been written-down on a temporary basis, and that has terms permitting a principal write-up to occur on a basis similar to that provided in § 5(9) in the circumstances existing on the relevant Write-Up Date.

"Maximum Write-Up Amount" means the lower of:

- (i) the consolidated Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-Down Instruments of the Regulatory Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Regulatory Group as at the date the relevant Write-Up is operated; and
- (ii) the Profit on an unconsolidated basis multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-Down Instruments of the Issuer (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Issuer as at the date the relevant Write-Up is operated;

or any higher or lower amount permitted to be used under the Applicable Supervisory Regulations in effect on the date of the relevant Write-Up.

[If Specified Currency is not Euro, insert: Any amounts in a currency other than Euro will, for purposes of establishing the Maximum Write-up Amount be converted into Euro at the foreign exchange rate prevailing on the [third] business day prior to the Effective Date.]

"Profit" means: (i) the net income for the year (*Jahresüberschuss*) of the Issuer on an unconsolidated basis recorded in the Relevant Financial Statements; or (ii) the consolidated net income for the year (*Jahresüberschuss*) on a consolidated basis recorded in the consolidated financial statements of the Issuer, in each case after such Relevant Financial Statements or consolidated financial statements have formally been determined (*festgestellt*) by either the supervisory board (*Aufsichtsrat*) or, if so requested, the shareholders' meeting (*Hauptversammlung*) of the Issuer.

A **"Trigger Event"** occurs if at any time: (i) the Group CET 1 Capital Ratio and/or (ii) the Issuer CET 1 Capital Ratio is lower than the Trigger Level. The determination as to whether a Trigger Event has occurred shall be made by the Issuer and the Competent Authority.

"Trigger Level" means in respect of: (i) the Group CET 1 Capital Ratio [*insert consolidated minimum trigger level*] per cent.; and/or (ii) the Issuer CET 1 Capital Ratio [*insert individual minimum trigger level*] per cent.

§ 6
FISCAL AGENT,
PAYING AGENT[S] AND
CALCULATION AGENT

(1) *Appointment; Specified Offices.* The initial fiscal agent (the "**Fiscal Agent**"), the initial principal paying agent (the "**Principal Paying Agent**") [*in case (a) further paying agent(s) shall be appointed, insert:*, the initial paying agent(s) (the "**Paying Agent(s)**") and the initial calculation agent (the "**Calculation Agent**") and their respective initial specified offices are:

Fiscal Agent and Principal Paying Agent:

[In case Hypo Vorarlberg Bank AG shall be appointed as initial Fiscal and Principal Paying Agent insert:

Hypo Vorarlberg Bank AG
Hypo-Passage 1
6900 Bregenz
Austria]

[In case another Fiscal and Principal Paying Agent shall be appointed, insert its name and initial specified office.]

[In case an additional or other paying agent shall be appointed, insert its name and initial specified office.]

Where these Terms and Conditions refer to the term "Paying Agent(s)", such term shall include the Principal Paying Agent.

Calculation Agent:

[In case Hypo Vorarlberg Bank AG shall be appointed as Calculation Agent insert:

Hypo Vorarlberg Bank AG
Hypo-Passage 1
6900 Bregenz
Austria]

[In case another Calculation Agent shall be appointed, insert its name and initial specified office.]

The Fiscal Agent, the Paying Agent(s) and the Calculation Agent (together the "**Agents**" and each an "**Agent**") reserve the right at any time to change their respective specified office to some other specified office in the same country.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent or the Calculation Agent and to appoint another Fiscal Agent, additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Fiscal Agent [;] [and] (ii) so long as the Notes are listed on a stock exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in such country as may be required by the rules of such stock exchange or its supervisory [authority] [authorities] [*in case of payments in U.S. Dollars insert: [;] [and] (iii) if payments at or through the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. Dollars, a Paying Agent with a specified office in New York] [in case a Calculation Agent is to be appointed insert:*; and (iv) a Calculation Agent]. The Issuer will give notice to the Holders of any variation, termination, appointment of or any other change in any Agent as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Agents act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by any Agent shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, all other Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Paying Agents, the Calculation Agent or the Holders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

§ 7
TAXATION

(1) *General Taxation.* All payments of distributions by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of Austria or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

In that event, and subject to this provision, the Issuer shall pay such additional amounts (the "**Additional Amounts**") to the Holder as shall result in receipt by that Holder of such amounts as would have been received by it had no such withholding or deduction been required, provided however that any such Additional Amounts are only payable if and to the extent they: (i) would not exceed the Distributable Items; and (ii) only relate to withholding tax applicable to distributions by or on behalf of the Issuer. No such Additional Amounts shall be payable with respect to any Note:

- (a) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Austria other than the mere holding of the Note; or
- (b) presented for payment more than [30] [*insert other period*] calendar days after the date on which payment in respect of it first becomes due.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA).* The Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required by law to withhold or deduct pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental agreement thereto ("**FATCA**") (including under a voluntary agreement entered into with a taxing authority as described in Section 1471(b) of the Code (the "**FATCA Agreement**")). The Issuer will not be required to make any payment of additional amounts for or on account of any withholding tax deducted by the Issuer or an intermediary in compliance with FATCA. For the avoidance of doubt, the withholding or deduction of any amounts which are withheld or deducted pursuant to a FATCA Agreement shall be treated as being required by law.

§ 8
PRESENTATION PERIOD

The presentation period provided in § 801(1) sentence 1 BGB is reduced to [ten] [*insert other (longer) time period*] years for the Notes.

§ 9
**FURTHER ISSUES OF NOTES,
REPURCHASES AND
CANCELLATION**

(1) *Further Issues of Notes.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.

(2) *Repurchases.* [*If a repurchase of Notes is permissible, insert:* Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the conditions to redemption and repurchase laid down in § 5(6) are met, the Issuer and/or any of its subsidiaries may repurchase Notes in the open market or otherwise at any price. Notes repurchased by the Issuer or any subsidiary may, at the option of the Issuer or such subsidiary, be held, resold or surrendered to the Fiscal Agent for cancellation.] [*If a repurchase of Notes is not permissible, insert:* Neither the Issuer nor its subsidiaries may at any time repurchase Notes.]

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 10
NOTICES

(1) *Notices of the Issuer.* All notices of the Issuer concerning the Notes shall be published in [such media as determined by law] [*insert specific media*] and, additionally, in electronic form on the website of the Issuer [(www .hypovbg.at)] [●]. Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the [fifth] [●] calendar day following the date of the first such publication) [unless the notice provides for a later effective date].

(2) *Publication of Notices of the Issuer via the Clearing System.* If the publication of notices pursuant to paragraph (1) is no longer required by law, the Issuer may, in lieu of publication in the media set forth in paragraph (1), deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the [seventh] [●] calendar day after the calendar day on which said notice was given to the Clearing System.

(3) *Form of Notice to Be Given by any Holder.* Unless stipulated differently in these Terms and Conditions or required differently by law, notices regarding the Notes which are to be given by any Holder to the Issuer shall be validly given if delivered in text format (*Textform*) or in writing in [English] [or] [German] language to the Issuer or the Fiscal Agent (for onward delivery to the Issuer) and by hand or mail. The Holder shall provide evidence satisfactory to the Issuer of its holding of the Notes. Such evidence may be: (i) in the form of a certification from the Clearing System or the Custodian with which the Holder maintains a securities account in respect of the Notes that such Holder is, at the time such notice is given, the Holder of the relevant Notes; or (ii) in any other appropriate manner. "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

§ 11

AMENDMENTS TO THE TERMS AND CONDITIONS, JOINT REPRESENTATIVE

(1) *Amendment of the Terms and Conditions.* Subject to compliance with the Applicable Supervisory Regulations for the Notes to qualify as AT 1 instruments, the Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Holders pursuant to §§ 5 *et seqq.* SchVG and the consent by the Competent Authority, to the extent then required under prevailing Applicable Supervisory Regulations. There will be no amendment of the Terms and Conditions without the Issuer's consent.

In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 11(2) below. A duly passed majority resolution will be binding upon all Holders.

"**SchVG**" means the German Debt Securities Act (*Schuldverschreibungsgesetz – SchVG*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the SchVG include references to any applicable provisions of law amending or replacing such provisions from time to time.

(2) *Majority Requirements.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) no 1 through no 9 SchVG, may only be passed by a majority of at least 75 *per cent.* of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch – HGB*)) or are being held for the account of the Issuer or any of its affiliates.

(3) *Resolutions.* Resolutions of the Holders will be made either in a Holders' meeting in accordance with § 11(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 11(3)(b), in either case convened by the Issuer or a joint representative, if any.

(a) Resolutions of the Holders in a Holders' meeting will be made in accordance with §§ 9 *et seqq.* SchVG. The convening notice of a Holders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders in the agenda of the meeting.

(b) Resolutions of the Holders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance with § 18 SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders together with the request for voting.

(4) *Second Holders' Meeting.* If it is ascertained that no quorum exists for the vote without meeting pursuant to § 11(3)(b), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 SchVG.

(5) *Registration.* The exercise of voting rights is subject to the registration of the Holders. The registration must be received at the address stated in the request for voting no later than the third day prior to the meeting in the case of a Holders' meeting (as described in § 11(3)(a) or § 11(4)) or the beginning of the voting period in the case of voting not requiring a physical meeting (as described in § 11(3)(b)), as applicable. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their

respective depository bank hereof in text form and by submission of a blocking instruction by the depository bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting or day the voting period ends, as the case may be.

(6) *Joint Representative.* The Holders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Holders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent to a material change in the substance of the Terms and Conditions in accordance with § 11(1) hereof.

The joint representative shall have the duties and powers provided by law or granted by majority resolutions of the Holders. The joint representative shall comply with the instructions of the Holders. To the extent that the joint representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The joint representative shall provide reports to the Holders on its activities. The provisions of the SchVG apply with regard to the recall and the other rights and obligations of the joint representative.

(7) *Notices.* Any notices concerning this § 11 will be made in accordance with §§ 5 *et seq.* SchVG and § 10.

(8) *Exclusion of the Applicability of the Austrian Notes Trustee Act.* The applicability of the provisions of the Austrian Notes Trustee Act (*Kuratorenengesetz*) and the Austrian Notes Trustee Supplementation Act (*Kuratorenenergänzungsgesetz*) is explicitly excluded in relation to the Notes.

§ 12

APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, German law. The status provisions in § 2 shall be governed by, and shall be construed exclusively in accordance with, Austrian law.

(2) *Place of Jurisdiction.* Subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG, the courts in [Frankfurt am Main, Federal Republic of Germany] [**insert other place of jurisdiction in Germany or Austria**], shall have non-exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in connection with the Notes. [**Insert in case of a German place of jurisdiction:** The Issuer appoints Kanzlei Wucher & Kollegen, Sedanstraße 4, 88161 Lindenberg, Federal Republic of Germany, as its authorised agent for accepting service of process in connection with any Proceedings before German courts.]

(3) *Enforcement.* Any Holder of Notes may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of: (a) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes: (i) stating the full name and address of the Holder; (ii) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement; and (b) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (i) and (ii); and (c) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such Proceedings of the actual records or the Global Note representing the Notes. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.

§ 13

LANGUAGE

[**In case the Terms and Conditions are written in the English language only, insert:** These Terms and Conditions are written in the English language only.]

[**In case the English language text shall be binding and a non-binding German translation is provided, insert:** These Terms and Conditions are written in the English language and provided with a German language translation. The English text shall be prevailing and binding. The German language translation shall be non-binding.]

[**In case the German language text shall be binding and a non-binding English translation is provided, insert:** These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be prevailing and binding. The English language translation shall be non-binding.]]

**[OPTION I – EMISSIONSBEDINGUNGEN FÜR SCHULDVERSCHREIBUNGEN MIT EINEM
AUSSCHÜTTUNGSSATZ FIX ZU FIX**

[DER [ENGLISCHE] [DEUTSCHE] TEXT DIESER ANLEIHEBEDINGUNGEN IST RECHTSVERBINDLICH]
[DIE [ENGLISCHE] [DEUTSCHE] ÜBERSETZUNG DIEN LEDIGLICH INFORMATIONSZWECKEN]

§ 1

**WÄHRUNG, STÜCKELUNG, FORM,
BESTIMMTE DEFINITIONEN**

(1) *Währung, Stückelung.* Diese Tranche (die "**Tranche**") von nachrangigen Schuldverschreibungen (die "**Schuldverschreibungen**") wird von der Hypo Vorarlberg Bank AG (die "**Emittentin**") in [**Festgelegte Währung einfügen**] (die "**Festgelegte Währung**") im Gesamtkapitalbetrag von [**Festgelegte Währung und Gesamtkapitalbetrag einfügen**] (in Worten: [**Gesamtkapitalbetrag in Worten einfügen**]) in der Stückelung von jeweils [**für Schuldverschreibungen, die im EWR angeboten werden, einfügen: EUR 200.000**] [**für Schuldverschreibungen, die nur außerhalb des EWR angeboten werden, festgelegte Währung und festgelegte Stückelung einfügen**] (die "**Festgelegte Stückelung**" oder der "**Ursprüngliche Kapitalbetrag**") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

[Im Fall von Schuldverschreibungen, die ausschließlich durch eine Dauerglobalurkunde verbrieft sind, einfügen:

(3) *Dauerglobalurkunde.* Die Schuldverschreibungen sind durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**" oder die "**Globalurkunde**") ohne Zinsscheine verbrieft; der Ausschüttungsanzspruch im Zusammenhang mit den Schuldverschreibungen ist durch die Dauerglobalurkunde mitverbrieft. Die Dauerglobalurkunde wird von ordnungsgemäß bevollmächtigten Vertretern der Emittentin unterschrieben und von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.]

[Im Fall von Schuldverschreibungen, die anfänglich durch eine Vorläufige Globalurkunde verbrieft sind, die gegen eine Dauerglobalurkunde ausgetauscht werden kann, einfügen:

(3) *Vorläufige Globalurkunde – Austausch gegen Dauerglobalurkunde.*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde kann gegen Schuldverschreibungen in der Festgelegten Stückelung, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**" und, zusammen mit der Vorläufigen Globalurkunde, die "**Globalurkunden**") ohne Zinsscheine verbrieft sind, ausgetauscht werden; jeder Ausschüttungsanzspruch im Zusammenhang mit den Schuldverschreibungen ist durch die jeweilige Globalurkunde mitverbrieft. Die Globalurkunden werden jeweils von ordnungsgemäß bevollmächtigten Vertretern der Emittentin unterschrieben und werden jeweils von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die Vorläufige Globalurkunde ist ab einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde in der in § 1(3)(a) vorgesehenen Form und unter den dort aufgestellten Voraussetzungen austauschbar, der nicht weniger als 40 Kalendertage nach dem Begebungstag der Vorläufigen Globalurkunde liegt. Ein solcher Austausch darf nur in dem Umfang erfolgen, in dem Bescheinigungen vorgelegt werden, denen zufolge der oder die wirtschaftliche(n) Eigentümer der durch die Vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Person(en) ist (sind) (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Ausschüttungszahlungen auf durch eine Vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Ausschüttungszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Kalendertag nach dem Begebungstag der Vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese Vorläufige Globalurkunde gemäß § 1 (3) (b) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten zu liefern.

"**Vereinigte Staaten**" bezeichnet die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).]

(4) *Clearingsystem.* Die Globalurkunde(n) wird (werden) von einem Clearingsystem oder in Namen dessen verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "**Clearingsystem**" bezeichnet [**bei mehr als einem Clearingsystem einfügen: jeweils**] [OeKB CSD GmbH, Strauchgasse 1-3, 1010 Wien, Österreich ("**OeKB CSD**")], [,] [und] [Clearstream Banking, S.A.,

Luxembourg, 42 Avenue J.F. Kennedy, 1855 Luxemburg, Großherzogtum Luxemburg ("**CBL**") und Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brüssel, Belgien ("**Euroclear**" und, zusammen mit CBL, die "**ICSDs**") [die Emittentin] [,] [und] [**anderes Clearingsystem angeben**] und jeden Funktionsnachfolger. [**Falls die Schuldverschreibungen im Namen der ICSDs verwahrt werden, einfügen:** Die Schuldverschreibungen werden von einer gemeinsamen Verwahrstelle (*common depositary*) im Namen beider ICSDs verwahrt.]]

(5) *Gläubiger von Schuldverschreibungen*. "**Gläubiger**" bezeichnet jeden Inhaber von Miteigentumsanteilen oder anderen vergleichbaren Rechten an der Globalurkunde, die in Übereinstimmung mit den Bestimmungen des Clearingsystems auf einen neuen Gläubiger übertragen werden können.

(6) *Geschäftstag*. "**Geschäftstag**" bezeichnet einen Kalendertag (außer einem Samstag oder Sonntag), an dem [**soweit erforderlich einfügen:** Geschäftsbanken und Devisenmärkte in [**sämtliche maßgeblichen Finanzzentren einfügen**] Zahlungen abwickeln und für den allgemeinen Geschäftsverkehr (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind] [**soweit erforderlich einfügen:** [und] das Trans-European Automated Real-time Gross Settlement Express Transfer System 2 oder dessen Nachfolgesystem ("**TARGET**") geöffnet ist].

§ 2

STATUS

(1) *Rang*. Die Schuldverschreibungen begründen direkte, unbesicherte und nachrangige Verbindlichkeiten der Emittentin und sollen AT 1 Instrumente (wie nachstehend definiert) darstellen.

Im Falle der Insolvenz oder der Liquidation der Emittentin sind die Verpflichtungen der Emittentin aus den Schuldverschreibungen:

- (a) nachrangig gegenüber allen gegenwärtigen oder zukünftigen: (i) nicht-nachrangigen Instrumenten oder Verbindlichkeiten der Emittentin; (ii) (x) Tier 2 Instrumenten (wie nachstehend definiert); und (y) allen anderen Instrumenten oder Verbindlichkeiten der Emittentin, die nachrangig gegenüber den nicht-nachrangigen Verbindlichkeiten der Emittentin sind oder als diesen gegenüber nachrangig bezeichnet werden (ausgenommen Instrumente oder Verbindlichkeiten, die gleichrangig mit oder nachrangig gegenüber den Schuldverschreibungen sind oder als diesen gegenüber gleichrangig oder nachrangig bezeichnet werden);
- (b) gleichrangig: (i) untereinander; und (ii) mit allen anderen gegenwärtigen oder zukünftigen (x) AT 1 Instrumenten; und (y) Instrumenten oder Verpflichtungen, die gleichrangig mit den Schuldverschreibungen sind oder als diesen gegenüber gleichrangig bezeichnet werden; und
- (c) vorrangig gegenüber allen gegenwärtigen oder zukünftigen: (i) Stammaktien der Emittentin und allen anderen CET 1 Instrumenten (wie nachstehend definiert); und (ii) allen anderen nachrangigen Instrumenten oder Verbindlichkeiten der Emittentin, die (x) gegenüber den Verpflichtungen der Emittentin aus den Schuldverschreibungen nachrangig sind oder als diesen gegenüber nachrangig bezeichnet werden; oder (y) gleichrangig mit den Stammaktien der Emittentin und anderen CET 1 Instrumenten, einschließlich der Partizipationskapitalinstrumente (wie nachstehend definiert), sind oder als diesen gegenüber gleichrangig bezeichnet werden.

Klarstellend wird festgehalten, dass die Gläubiger weder an den Rücklagen der Emittentin noch am Liquidationsgewinn (iSd § 8(3)(1) des österreichischen Körperschaftsteuergesetzes 1988) im Fall der Liquidation der Emittentin beteiligt werden.

Die Rechte der Gläubiger der Schuldverschreibungen auf Zahlung des Kapitals aus den Schuldverschreibungen sind jederzeit auf einen Anspruch aus dem jeweils Aktuellen Kapitalbetrag (wie in § 5(10) definiert) beschränkt.

(2) *Kein negatives Eigenkapital und Antragsverzicht*. Die Gläubiger haben nur dann einen Anspruch auf etwaige Zahlungen aus den Schuldverschreibungen, wenn ein negatives Eigenkapital im Sinne von § 225 Abs 1 Unternehmensgesetzbuch (UGB) beseitigt wurde oder wenn im Fall der Liquidation der Emittentin alle anderen Gläubiger der Emittentin (außer Gläubigern, deren Forderungen gleichrangig mit oder nachrangig gegenüber den Schuldverschreibungen sind oder als diesen gegenüber gleichrangig oder nachrangig bezeichnet werden) zuerst befriedigt wurden.

Bei der Prüfung, ob die Passiva der Emittentin ihre Aktiva übersteigen, bleiben die Schuldverschreibungen unberücksichtigt; somit bleiben etwaige Verbindlichkeiten der Emittentin aus den Schuldverschreibungen bei der Prüfung einer Überschuldung gemäß § 67 Abs 3 Insolvenzordnung (IO) unberücksichtigt.

(3) *Keine Aufrechnung, Netting oder Sicherheiten*. Forderungen der Emittentin dürfen nicht gegen Zahlungspflichten der Emittentin gemäß den Schuldverschreibungen aufgerechnet oder genettet werden, und für die durch die Schuldverschreibungen begründeten Verbindlichkeiten dürfen keine vertraglichen Sicherheiten durch die Emittentin oder irgendeinen Dritten bestellt werden. Die Schuldverschreibungen sind weder besichert noch Gegenstand einer Garantie, die den Rang der Forderungen aus den

Schuldverschreibungen verbessert. Die Schuldverschreibungen sind nicht Gegenstand einer Vereinbarung, vertraglich oder anderweitig, die den Rang der Forderungen aus den Schuldverschreibungen in der Insolvenz oder Liquidation verbessert.

(4) *Definitionen*. In diesen Emissionsbedingungen gilt:

"**AT 1 Instrumente**" bezeichnet alle (direkt oder indirekt begebenen) Kapitalinstrumente der Emittentin, die zu Instrumenten des zusätzlichen Kernkapitals (*Additional Tier 1*) gemäß Artikel 52 CRR zählen, einschließlich aller Kapitalinstrumente, die aufgrund von CRR-Übergangsbestimmungen zu den Instrumenten des zusätzlichen Kernkapitals zählen.

"**CET 1 Instrumente**" bezeichnet alle Kapitalinstrumente der Emittentin, die zu Instrumenten des harten Kernkapitals (*Common Equity Tier 1*) gemäß Artikel 28 CRR zählen, einschließlich aller Kapitalinstrumente, die aufgrund von CRR-Übergangsbestimmungen zu den Instrumenten des harten Kernkapitals zählen.

"**CRR**" bezeichnet die Verordnung (EU) Nr. 575/2013 des Europäischen Parlaments und des Rates vom 26. Juni 2013 über Aufsichtsanforderungen an Kreditinstitute und Wertpapierfirmen und zur Änderung der Verordnung (EU) Nr. 648/2012 (*Capital Requirements Regulation – CRR*) in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Artikel der CRR beinhalten Bezugnahmen auf jede anwendbare Bestimmung, die diese Artikel jeweils ändert oder ersetzt.

"**Partizipationskapitalinstrumente**" bezeichnet die folgenden (direkt oder indirekt begebenen) Kapitalinstrumente der Emittentin: "Partizipationskapital der Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft" (Begebungstage: 25. November 2008 und 19. Dezember 2008).

"**Tier 2 Instrumente**" bezeichnet alle (direkt oder indirekt begebenen) Kapitalinstrumente der Emittentin, die zu Instrumenten des Ergänzungskapitals (*Tier 2*) gemäß Artikel 63 CRR zählen, einschließlich aller Kapitalinstrumente, die aufgrund von CRR-Übergangsbestimmungen zu den Instrumenten des Ergänzungskapitals zählen.

§ 3

AUSSCHÜTTUNGEN

(1) *Ausschüttungssätze und Ausschüttungszahlungstage*. Auf die Schuldverschreibungen werden auf der Grundlage ihres Aktuellen Kapitalbetrags zu einem Satz von [**Ersten Ausschüttungssatz einfügen**] % per annum (der "**Erste Ausschüttungssatz**") Ausschüttungen geleistet, und zwar vom [**Ausschüttungsbeginn einfügen**] (der "**Ausschüttungsbeginn**") (einschließlich) bis zum [**Erster Neufestsetzungstag einfügen**] (der "**Erste Neufestsetzungstag**") (ausschließlich) und danach zum jeweiligen Neufestsetzungsausschüttungssatz (wie gemäß § 3(4) bestimmt) von jedem Neufestsetzungstag (einschließlich) bis zum nächstfolgenden Neufestsetzungstag (ausschließlich). [**Im Fall einer kurzen oder langen ersten Ausschüttungsperiode einfügen**]: Mit Ausnahme der ersten Ausschüttungszahlung sind Ausschüttungen [**im Fall von Schuldverschreibungen, die nur reguläre fixe Ausschüttungszahlungen haben, einfügen**]: Ausschüttungen sind [**im Fall von vierteljährlichen fixen Ausschüttungszahlungen einfügen**]: vierteljährlich [**im Fall von halbjährlichen fixen Ausschüttungszahlungen einfügen**]: halbjährlich [**im Fall von jährlichen fixen Ausschüttungszahlungen einfügen**]: jährlich nachträglich am [**Ausschüttungszahlungstage einfügen**] eines jeden Jahres zur Zahlung vorgesehen (jeweils ein "**Ausschüttungszahlungstag**"), beginnend mit [**ersten Ausschüttungszahlungstag einfügen**].

Ausschüttungen werden gemäß den Bestimmungen in § 3(6) und § 4(4) fällig.

(2) *Berechnung des Ausschüttungsbetrags*. Wenn der auf die Schuldverschreibungen zur Zahlung vorgesehene Ausschüttungsbetrag für einen Zeitraum zu berechnen ist: (i) erfolgt die Berechnung des Ausschüttungsbetrags für jede Ausschüttungsperiode, die vor dem Ersten Neufestsetzungstag endet, durch die Berechnungsstelle, indem der Erste Ausschüttungssatz auf den Aktuellen Kapitalbetrag angewendet wird; und (ii) erfolgt die Berechnung des Ausschüttungsbetrags für jede Ausschüttungsperiode, die am oder nach dem Ersten Neufestsetzungstag endet, durch die Berechnungsstelle, indem der anwendbare Neufestsetzungsausschüttungssatz auf den Aktuellen Kapitalbetrag angewendet wird, jeweils durch Multiplikation dieses Betrags mit dem anwendbaren Tagesquotienten (wie nachstehend definiert) und Rundung des hieraus resultierenden Ergebnisses auf die nächste Untereinheit der Festgelegten Währung, wobei eine halbe Untereinheit aufgerundet wird oder die Rundung ansonsten gemäß der anwendbaren Marktkonvention erfolgt.

Falls eine Herabschreibung (wie in § 5(8) definiert) während einer Ausschüttungsperiode eintritt, aufgrund derer unbezahlte Ausschüttungen, die bis zum Stichtag (wie in § 5(10) definiert) (ausschließlich) auf den Aktuellen Kapitalbetrag angefallen sind, gemäß § 3(6)(c) ausfallen, werden ab dem Stichtag (einschließlich) Ausschüttungen auf die Schuldverschreibungen auf der Grundlage ihres angepassten Aktuellen Kapitalbetrags geleistet.

Falls eine Wiederzuschreibung (wie in § 5(9) definiert) während einer Ausschüttungsperiode eintritt, wird der

Ausschüttungsbetrag durch die Berechnungsstelle berechnet, so dass der relevante Ausschüttungsbetrag in Bezugnahme auf diesen jeweils angepassten Aktuellen Kapitalbetrag bestimmt wird und als ob diese Ausschüttungsperiode aus zwei oder (falls anwendbar) mehreren aufeinander folgenden Ausschüttungsperioden bestehen würde, wobei Ausschüttungsberechnungen auf der Anzahl der Tage basieren, die für den jeweiligen Aktuellen Kapitalbetrag anwendbar waren.

"**Ausschüttungsperiode**" bezeichnet den Zeitraum vom Ausschüttungsbeginn (einschließlich) bis zum ersten Ausschüttungszahlungstag (ausschließlich) und jedem nachfolgenden Zeitraum von einem Ausschüttungszahlungstag (einschließlich) bis zum nächstfolgenden Ausschüttungszahlungstag (ausschließlich).

(3) *Tagesquotient*. "**Tagesquotient**" bezeichnet in Bezug auf die Berechnung eines Ausschüttungsbetrags auf eine Schuldverschreibung für einen beliebigen Zeitraum (einschließlich des ersten, aber ausschließlich des letzten Tages) (der "**Berechnungszeitraum**"):

[falls Actual/Actual (ICMA) anwendbar ist, einfügen:

- (i) falls der Berechnungszeitraum kürzer ist als die Feststellungsperiode, in die das Ende des Berechnungszeitraums fällt, oder falls der Berechnungszeitraum der Feststellungsperiode entspricht, die Anzahl der Kalendertage in dem Berechnungszeitraum dividiert durch das Produkt aus (x) der Anzahl der Kalendertage in der Feststellungsperiode; und (y) der Anzahl der Feststellungstage (wie nachstehend angegeben) in einem Kalenderjahr; oder
- (ii) falls der Berechnungszeitraum länger ist als die Feststellungsperiode, in die das Ende des Berechnungszeitraums fällt, die Summe aus:
 - (A) der Anzahl der Kalendertage in dem Berechnungszeitraum, die in die Feststellungsperiode fallen, in welcher der Berechnungszeitraum beginnt, dividiert durch das Produkt aus: (x) der Anzahl der Kalendertage in der Feststellungsperiode; und (y) der Anzahl der Feststellungstage in einem Kalenderjahr; und
 - (B) der Anzahl der Kalendertage in dem Berechnungszeitraum, die in die nächste Feststellungsperiode fallen, dividiert durch das Produkt aus: (x) der Anzahl der Kalendertage in dieser Feststellungsperiode; und (y) der Anzahl der Feststellungstage in einem Kalenderjahr.

Dabei gilt:

"**Feststellungsperiode**" bezeichnet den Zeitraum von einem Feststellungstag (einschließlich) in jedem Jahr bis zum nächsten Feststellungstag (ausschließlich) (dies schließt dann, wenn der Ausschüttungsbeginn kein Feststellungstag ist, den Zeitraum ein, der an dem ersten Feststellungstag vor dem Ausschüttungsbeginn beginnt, und dann, wenn der letzte Ausschüttungszahlungstag kein Feststellungstag ist, den Zeitraum ein, der an dem ersten Feststellungstag nach dem letzten Ausschüttungszahlungstag endet).

"**Feststellungstag**" ist der [●] in jedem Jahr. Die Anzahl der Feststellungstage im Kalenderjahr beträgt **[Anzahl der regulären Fixausschüttungszahlungstage im Kalenderjahr einfügen]**.

[Falls Actual/Actual (ISDA) anwendbar ist, einfügen: die tatsächliche Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 365 (oder, falls ein Berechnungsteil des Berechnungszeitraums in ein Schaltjahr fällt, die Summe aus: (1) der tatsächlichen Anzahl der Kalendertage in dem Teil des Berechnungszeitraums, der in das Schaltjahr fällt, dividiert durch 366; und (2) die tatsächliche Anzahl der Kalendertage in dem Teil des Berechnungszeitraums, der nicht in das Schaltjahr fällt, dividiert durch 365).]

[Falls Actual/365 (Fixed) anwendbar ist, einfügen: die tatsächliche Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 365.]

[Falls Actual/360 anwendbar ist, einfügen: die tatsächliche Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 360.]

[Falls 30/360, 360/360 oder Bond Basis anwendbar ist, einfügen: die Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 360, wobei die Anzahl der Kalendertage auf der Grundlage eines Jahres von 360 Kalendertagen mit zwölf Monaten zu je 30 Kalendertagen zu ermitteln ist (es sei denn, (1) der letzte Kalendertag des Berechnungszeitraums fällt auf den 31. Kalendertag eines Monats, während der erste Kalendertag des Berechnungszeitraums weder auf den 30. noch auf den 31. Kalendertag eines Monats fällt, wobei in diesem Fall der den letzten Kalendertag enthaltende Monat nicht als ein auf 30 Kalendertage gekürzter Monat zu behandeln ist; oder (2) der letzte Kalendertag des Berechnungszeitraums fällt auf den letzten Kalendertag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Kalendertage verlängerter Monat zu behandeln ist).]

[Falls 30E/360 oder Eurobond Basis anwendbar ist, einfügen: die Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 360 (wobei die Anzahl der Kalendertage auf der Grundlage eines Jahres von 360 Kalendertagen mit zwölf Monaten zu je 30 Kalendertagen zu ermitteln ist, und zwar ohne

Berücksichtigung des Datums des ersten oder letzten Kalendertages des Berechnungszeitraums, es sei denn, der Fälligkeitstag ist, im Fall des letzten Berechnungszeitraums, der letzte Kalendertag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Kalendertage verlängerter Monat zu behandeln ist).]

(4) *Bestimmung des Neufestsetzungsausschüttungssatzes.*

(a) *Neufestsetzungsausschüttungssatz.* Der Ausschüttungssatz für jede Neufestsetzungsperiode (jeweils ein "**Neufestsetzungsausschüttungssatz**") ist der [**Zahl, Laufzeit und Bezeichnung des jeweiligen Swapsatzes einfügen**] *per annum* (der "**Referenzsatz**") [**im Fall einer Marge einfügen**: [zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)].

Dieser Referenzsatz in Bezug auf jede Neufestsetzungsperiode ist der Swapsatz (als Prozentsatz *per annum* ausgedrückt) für Swap-Geschäfte in der Festgelegten Währung mit einer Laufzeit [von [**maßgebliche Laufzeit einfügen**]] [die der Dauer der Neufestsetzungsperiode, die am jeweiligen Neufestsetzungstag beginnt, entspricht], der auf der Bildschirmseite (wie nachstehend definiert) am Neufestsetzungsfeststellungstag (wie nachstehend definiert) gegen [**maßgebliche Uhrzeit einfügen**] Uhr ([**maßgebliches Finanzzentrum einfügen**] Ortszeit) angezeigt wird, wobei alle Feststellungen durch die Berechnungsstelle (wie in § 6(1) angegeben) erfolgen.

[**Im Fall einer Marge einfügen**: Die "**Marge**" beträgt [**Credit Spread per Preissetzungstag (der keine Erhöhung des Ausschüttungssatzes oder andere Anreize, die Schuldverschreibungen zu tilgen, vorsieht) einfügen**] % *per annum*.]

"**Neufestsetzungstag**" bezeichnet den Ersten Neufestsetzungstag und [jeden [**maßgebliche Anzahl einfügen**] Jahrestag davon, solange die Schuldverschreibungen noch ausstehen] [**andere Neufestsetzungstage einfügen**].

"**Neufestsetzungsperiode**" bezeichnet den Zeitraum von einem Neufestsetzungstag (einschließlich) bis zum nächstfolgenden Neufestsetzungstag (ausschließlich).

"**Neufestsetzungsfeststellungstag**" bezeichnet den [ersten] [zweiten] [**andere maßgebliche Anzahl von Geschäftstagen einfügen**] Geschäftstag [(wie in § 1(6) definiert)] vor jedem Neufestsetzungstag. [**Falls eine von der in § 1 geltenden Definition des Begriffs "Geschäftstag" abweichende Definition benötigt wird, einfügen**: Nur im Rahmen dieses § 3(4) bezeichnet "**Geschäftstag**" einen Kalendertag (außer einem Samstag oder Sonntag [**falls der Referenzsatz der USD-Swapsatz ist, einfügen**: oder einem Tag, an dem die Securities Industry and Financial Markets Association (oder deren Nachfolger) empfiehlt, dass die Fixed-Income-Abteilungen ihrer Mitglieder für den Handel mit U.S.-Staatsanleihen den ganzen Tag geschlossen bleiben]) [**falls anwendbar, einfügen**: an dem [**falls TARGET geöffnet sein soll, einfügen**: das Trans-European Automated Real-time Gross Settlement Express Transfer System 2 oder dessen Nachfolger ("TARGET") geöffnet ist] [[und] Geschäftsbanken und Devisenmärkte in [**maßgebliche Finanzzentren einfügen**] Zahlungen abwickeln und für den allgemeinen Geschäftsverkehr (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind]].]

"**Bildschirmseite**" bedeutet [**maßgebliche Bildschirmseite einfügen**] oder die Nachfolgeseite, die von dem gleichen Informationsanbieter oder von einem anderen Informationsanbieter, der von der Berechnungsstelle als Ersatzinformationsanbieter für die Anzeige des Referenzsatzes benannt wird, angezeigt wird.

Sollte die Bildschirmseite nicht zur Verfügung stehen oder wird der Referenzsatz zu der genannten Zeit am jeweiligen Neufestsetzungsfeststellungstag nicht auf der Bildschirmseite angezeigt, wird die Berechnungsstelle von jeder der Referenzbanken (wie nachstehend definiert) deren jeweiligen mittleren Swapsatz (jeweils als Prozentsatz *per annum* ausgedrückt) um ca [**maßgebliche Uhrzeit einfügen**] Uhr ([**maßgebliches Finanzzentrum einfügen**] Ortszeit) am jeweiligen Neufestsetzungsfeststellungstag anfordern.

"**Mittlerer Swapsatz**" bezeichnet das Mittel der Geld- und Briefkurse für den fixverzinslichen Teil einer Zinsswaptransaktion in der Festgelegten Währung, bei der ein fixer Zinssatz gegen einen variablen Zinssatz getauscht wird, wobei der variabel verzinsliche Teil dem [**Nummer, Laufzeit und Name des Referenzsatzes einfügen**] *per annum* entspricht, der auf [**maßgebliche Bildschirmseite einfügen**] (oder der Nachfolgeseite, die von dem gleichen Informationsanbieter oder von einem anderen Informationsanbieter, der von der Berechnungsstelle als Ersatzinformationsanbieter für die Anzeige des [**Nummer, Laufzeit und Name des Referenzsatzes einfügen**] benannt wird), angezeigt wird.

Falls drei oder mehr Referenzbanken der Berechnungsstelle solche Sätze nennen, gilt als Referenzsatz für die jeweilige Neufestsetzungsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste Hunderttausendstel Prozent, wobei 0,000005 aufgerundet wird) dieser Sätze, wobei der höchste Satz (oder, falls es mehrere gleich hohe Höchstsätze geben sollte, einer dieser Höchstsätze) und der niedrigste Satz (oder, falls es mehrere gleich niedrige Niedrigstsätze geben sollte, einer dieser Niedrigstsätze) unberücksichtigt bleiben, wobei alle Feststellungen durch die Berechnungsstelle erfolgen.

Für den Fall, dass der Referenzsatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, gilt als Referenzsatz für die jeweilige Neufestsetzungsperiode der von der Berechnungsstelle nach ihrem billigen Ermessen (§ 315 BGB) bestimmte Satz; bei der Bestimmung dieses Satzes richtet sich die Berechnungsstelle nach der üblichen Marktpraxis.

"**BGB**" bezeichnet das deutsche Bürgerliche Gesetzbuch in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Paragraphen des BGB beinhalten Bezugnahmen auf jede anwendbare Gesetzesbestimmung, die diese Bestimmungen jeweils ändert oder ersetzt.

"**Referenzbanken**" bezeichnet [**maßgebliche Zahl einfügen**] Großbanken im [**falls der Referenzsatz kein Euro-Swapsatz ist, maßgebliches Finanzzentrum einfügen**] Interbankenmarkt [**falls der Referenzsatz ein Euro-Swapsatz ist, einfügen**: Interbankenmarkt der Euro-Zone.]

[**Falls der Referenzsatz ein Euro-Swapsatz ist, einfügen**: "Euro-Zone" bezeichnet jene Mitgliedstaaten der Europäischen Union, die den Euro als ihre Währung eingeführt haben.]]

(b) *Mitteilung des Neufestsetzungsausschüttungssatzes.* Die Berechnungsstelle wird veranlassen, dass der Neufestsetzungsausschüttungssatz der Emittentin, jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind (falls deren Regeln eine Mitteilung an die Börse verlangen), und den Gläubigern gemäß § 10 baldmöglichst nach seiner Bestimmung mitgeteilt werden.

(c) *Verbindlichkeit von Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern keine vorsätzliche Pflichtverletzung, kein böser Glaube, keine Unbilligkeit oder kein offensichtlicher Irrtum vorliegt) für die Emittentin, die Emissionsstelle, die Zahlstellen und die Gläubiger bindend, und sofern keiner der vorstehend genannten Umstände vorliegt, haftet die Berechnungsstelle nicht gegenüber der Emittentin, der Emissionsstelle, den Zahlstellen oder den Gläubigern im Zusammenhang mit der Ausübung oder Nichtausübung ihrer Rechte und Pflichten und ihres Ermessens gemäß dieser Bestimmungen.

(5) *Ausschüttungsverzug.* Mit Ablauf des Kalendertages, der dem Tag vorangeht, an dem die Schuldverschreibungen zur Rückzahlung fällig werden (falls die Schuldverschreibungen zurückgezahlt werden), fallen keine Ausschüttungen mehr an. Wenn die Emittentin die Schuldverschreibungen bei Fälligkeit nicht zurückzahlt, wird der Aktuelle Kapitalbetrag der Schuldverschreibungen vom Fälligkeitstag (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) weiterhin in Höhe des anwendbaren gesetzlich verankerten⁴ Ausschüttungssatzes verzinst. Weitergehende Ansprüche der Gläubiger bleiben unberührt.

(6) *Ausfall von Ausschüttungen.*

(a) Die Emittentin kann jederzeit nach ihrem eigenen vollumfänglichen Ermessen Ausschüttungszahlungen auf die Schuldverschreibungen, deren Zahlung an einem Ausschüttungszahlungstag vorgesehen ist, ganz oder teilweise für unbefristete Zeit und auf nicht kumulierter Basis ausfallen lassen. Die Emittentin kann solche ausgefallenen Zahlungen uneingeschränkt zur Erfüllung ihrer eigenen Verpflichtungen bei deren Fälligkeit nutzen. Wenn die Emittentin von diesem Recht Gebrauch macht, muss sie die Gläubiger gemäß § 10 unverzüglich und in keinem Fall später als am relevanten Ausschüttungszahlungstag davon benachrichtigen.

(b) Unbeschadet eines solchen vollumfänglichen Ermessens der Emittentin fallen Ausschüttungszahlungen auf die Schuldverschreibungen, deren Zahlung an einem Ausschüttungszahlungstag vorgesehen ist, verpflichtend und automatisch ganz oder teilweise aus, falls und soweit:

- (i) der Betrag der zur Zahlung vorgesehenen Ausschüttungszahlung zusammen mit entsprechenden Zusätzlichen Beträgen (wie in § 7(1) definiert) und alle von der Emittentin durchgeführten oder geplanten Zahlungen von Zinsen, Dividenden oder Ausschüttungen auf alle anderen Tier 1 Instrumente im relevanten Geschäftsjahr der Emittentin den Betrag der verfügbaren Ausschüttungsfähigen Posten übersteigen würde, wobei die verfügbaren Ausschüttungsfähigen Posten um einen Betrag zu erhöhen sind, der dem entspricht, was als Ausgaben für Zins-, Dividenden- oder Ausschüttungszahlungen auf Tier 1 Instrumente (einschließlich Ausschüttungszahlungen zusammen mit entsprechenden Zusätzlichen Beträgen auf die Schuldverschreibungen) bei der Berechnung des Gewinns, auf dem die verfügbaren Ausschüttungsfähigen Posten basieren, ausgewiesen wurde; oder
- (ii) die Zuständige Behörde anordnet, dass die jeweilige zur Zahlung vorgesehene Ausschüttungszahlung ganz oder teilweise ausfallen soll; oder

⁴ Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Abs 1, 247 Abs 1 BGB.

- (iii) der Betrag der geplanten Ausschüttungszahlung zusammen mit den gesamten anderen in § 24 Abs 2 BWG (der Artikel 141(2) CRD IV in Österreich umgesetzt) genannten Ausschüttungen dazu führen würde, dass ein etwaiger dann auf die Emittentin und/oder die Aufsichtsrechtliche Gruppe anwendbarer Maximal Ausschüttungsfähiger Betrag überschritten würde.

Falls eine an einem Ausschüttungszahlungstag geplante Ausschüttungszahlung auf die Schuldverschreibungen derart verpflichtend und automatisch ausfällt, wird die Emittentin die Gläubiger gemäß § 10 unverzüglich darüber benachrichtigen. Ein Ausbleiben der Benachrichtigung beeinträchtigt die Wirksamkeit des Ausfalls nicht und begründet in keiner Hinsicht einen Verzug.

(c) Falls eine Herabschreibung während eines Ausschüttungszeitraums eintritt, fallen unbezahlte Ausschüttungen, die bis zum Stichtag (ausschließlich) auf den Aktuellen Kapitalbetrag angefallen sind, verpflichtend und automatisch als Ganzes aus.

(d) Jede derartig ausgefallene Ausschüttungszahlung ist nicht-kumulativ und fällt dauerhaft aus, und es werden keine Zahlungen geleistet, und die Gläubiger haben keinen Anspruch, diesbezüglich Zahlungen oder Entschädigung zu verlangen. Jeder derartige Ausfall von Ausschüttungen stellt keine Nichterfüllung durch die Emittentin dar und erlegt der Emittentin keine Beschränkungen auf.

(7) *Definitionen.* In diesen Emissionsbedingungen gilt:

"**BWG**" bezeichnet das österreichische Bankwesengesetz in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Paragraphen des BWG beinhalten Bezugnahmen auf jede anwendbare Gesetzesbestimmung, die diese Bestimmungen jeweils ändert oder ersetzt.

"**Zuständige Behörde**" bezeichnet die zuständige Behörde gemäß Artikel 4(1)(40) CRR, die für die Beaufsichtigung der Emittentin und/oder der Aufsichtsrechtlichen Gruppe verantwortlich ist.

"**CRD IV**" bezeichnet die Richtlinie 2013/36/EU des Europäischen Parlaments und des Rates vom 26. Juni 2013 über den Zugang zur Tätigkeit von Kreditinstituten und die Beaufsichtigung von Kreditinstituten und Wertpapierfirmen (*Capital Requirements Directive IV – CRD IV*), wie in Österreich umgesetzt und in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Artikel der CRD IV beinhalten Bezugnahmen auf jede anwendbare Bestimmung, die diese Artikel jeweils ändert oder ersetzt.

"**Ausschüttungsfähige Posten**" bezeichnet in Bezug auf Ausschüttungszahlungen auf die Schuldverschreibungen die in Artikel 4(1)(128) CRR definierten ausschüttungsfähigen Posten jeweils für ein Geschäftsjahr der Emittentin, ermittelt zum Ende des letzten vor dem jeweiligen Ausschüttungszahlungstag endenden Geschäftsjahres der Emittentin, für das Relevante Jahresabschlüsse verfügbar sind, wie jeweils entsprechend den von der Emittentin angewandten Rechnungslegungsgrundsätzen festgestellt und aus den jüngsten Relevanten Jahresabschlüssen abgeleitet.

"**Maximal Ausschüttungsfähiger Betrag**" bezeichnet den maximal ausschüttungsfähigen Betrag in Bezug auf die Emittentin und/oder die Aufsichtsrechtliche Gruppe, der für die Berechnung gemäß § 24 Abs 2 BWG (der Artikel 141(2) CRD IV in Österreich umgesetzt) erforderlich ist.

"**Aufsichtsrechtliche Gruppe**" bezeichnet jede Bankengruppe: (i) zu der die Emittentin zählt; und (ii) auf die die Eigenmittelerfordernisse gemäß Teil 2 und 3 der CRR auf konsolidierter Ebene aufgrund der aufsichtsrechtlichen Konsolidierung gemäß Teil 1, Titel 2, Kapitel 2 der CRR anzuwenden sind.

"**Relevante Jahresabschlüsse**" bezeichnet: (i) die geprüften und festgestellten unkonsolidierten Jahresabschlüsse der Emittentin, die gemäß den von ihr angewandten Rechnungslegungsgrundsätzen und den damals geltenden Rechnungslegungsvorschriften für das letzte Geschäftsjahr der Emittentin, das vor dem jeweiligen Ausschüttungszahlungstag geendet hat, erstellt wurden; oder (ii) wenn solche geprüften und festgestellten unkonsolidierten Jahresabschlüsse der Emittentin zum jeweiligen Ausschüttungszahlungstag nicht verfügbar sind, die ungeprüften unkonsolidierten Pro-Forma-Jahresabschlüsse der Emittentin, die gemäß den von der Emittentin in Bezug auf ihre unkonsolidierten Jahresabschlüsse angewandten Rechnungslegungsgrundsätzen und gemäß den damals in Bezug auf ihre unkonsolidierten Jahresabschlüsse geltenden Rechnungslegungsvorschriften erstellt wurden.

"**Tier 1 Instrumente**" bezeichnen: (i) die CET 1 Instrumente; (ii) die AT 1 Instrumente; und (iii) andere Instrumente und Verbindlichkeiten der Emittentin, die in Bezug auf Zins-, Dividenden- oder Ausschüttungszahlungen mit CET 1 Instrumenten oder AT 1 Instrumenten gleichrangig sind.

§ 4

ZAHLUNGEN

(1) (a) *Zahlung von Kapital.* Die Zahlung von Kapital auf die Schuldverschreibungen erfolgt nach Maßgabe des nachstehenden § 4(2) an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems.

(b) *Zahlung von Ausschüttungen.* Die Zahlung von Ausschüttungen auf die Schuldverschreibungen erfolgt nach Maßgabe des vorstehenden § 3(6) und des nachstehenden § 4(2) an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems **[im Fall von Ausschüttungszahlungen auf eine Vorläufige Globalurkunde einfügen:** und im Falle von Ausschüttungszahlungen auf Schuldverschreibungen, die durch eine Vorläufige Globalurkunde verbrieft sind, nach ordnungsgemäßer Bescheinigung gemäß § 1(3)(b)].

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen auf die Schuldverschreibungen zu leistende Zahlungen in der Festgelegten Währung.

[Im Fall von Schuldverschreibungen, deren Festgelegte Währung nicht Euro ist, einfügen: Stellt die Emittentin fest, dass es aufgrund von Umständen, die außerhalb der Verantwortung der Emittentin liegen, unmöglich ist, auf die Schuldverschreibungen zu leistende Zahlungen am maßgeblichen Fälligkeitstag in frei handelbaren und konvertierbaren Geldern vorzunehmen, oder dass die Festgelegte Währung oder eine gesetzlich eingeführte Nachfolge-Währung (die "**Nachfolge-Währung**") nicht mehr für die Abwicklung von internationalen Finanztransaktionen verwendet wird, kann die Emittentin ihre Zahlungsverpflichtungen am maßgeblichen Fälligkeitstag durch eine Zahlung in Euro auf der Grundlage des Anwendbaren Wechselkurses erfüllen. Die Gläubiger sind nicht berechtigt, weitere Zinsen oder zusätzliche Beträge aufgrund einer solchen Zahlung zu verlangen. Der "**Anwendbare Wechselkurs**" ist: (i) (falls ein solcher Wechselkurs verfügbar ist) derjenige Wechselkurs des Euro zu der Festgelegten Währung oder gegebenenfalls der Nachfolge-Währung, der von der Europäischen Zentralbank für einen Kalendertag festgelegt und veröffentlicht wurde, der innerhalb eines angemessenen Zeitraums vor und so nahe wie möglich an dem maßgeblichen Fälligkeitstag lag; oder (ii) (falls kein solcher Wechselkurs verfügbar ist) derjenige Wechselkurs des Euro zu der Festgelegten Währung oder gegebenenfalls der Nachfolge-Währung, den die Emissionsstelle als arithmetisches Mittel aus den ihr von vier führenden, im internationalen Fremdwährungshandel tätigen Banken angebotenen Briefkursen für die Festgelegte Währung oder gegebenenfalls die Nachfolge-Währung für einen Kalendertag, der innerhalb eines von der Emissionsstelle nach ihrem billigen Ermessen (§ 315 BGB) als angemessen bestimmten Zeitraums vor und so nahe wie möglich an dem maßgeblichen Fälligkeitstag liegt; oder (iii) (falls kein solcher Wechselkurs verfügbar ist) der von der Emissionsstelle nach billigem Ermessen (§ 315 BGB) festgelegte Wechselkurs des Euro zu der Festgelegten Währung oder gegebenenfalls der Nachfolge-Währung.]

(3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.

(4) *Fixer Zahltag.* Sofern der Fälligkeitstag für eine Zahlung in Bezug auf die Schuldverschreibungen ansonsten auf einen Kalendertag fielen, der kein Fixer Zahltag (wie nachstehend definiert) ist, wird der Fälligkeitstag für die Zahlung:

[bei Anwendung der Modified Following Business Day Convention einfügen: auf den nächstfolgenden Kalendertag verschoben, bei dem es sich um einen Fixen Zahltag handelt, es sei denn, der Fälligkeitstag für diese Zahlung würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Fälligkeitstag für diese Zahlung auf den unmittelbar vorausgehenden Kalendertag vorgezogen, bei dem es sich um einen Fixen Zahltag handelt.]

[bei Anwendung der Following Business Day Convention einfügen: auf den nächstfolgenden Kalendertag verschoben, bei dem es sich um einen Fixen Zahltag handelt.]

[bei Anwendung der Preceding Business Day Convention einfügen: auf den unmittelbar vorausgehenden Kalendertag vorgezogen, bei dem es sich um einen Fixen Zahltag handelt.]

"**Fixer Zahltag**" bezeichnet einen Kalendertag (außer einem Samstag oder Sonntag): (i) an dem das Clearingsystem geöffnet ist; und (ii) [der ein Geschäftstag (wie in § 1(6) definiert) ist] [an dem **[soweit erforderlich einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche maßgebliche Finanzzentren einfügen]** Zahlungen abwickeln und für den allgemeinen Geschäftsverkehr (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind] **[soweit erforderlich einfügen:** [und] das Trans-European Automated Real-time Gross Settlement Express Transfer System 2 oder dessen Nachfolger ("**TARGET**") geöffnet ist].]

[Falls der Ausschüttungsbetrag angepasst werden soll, einfügen: Falls ein Fixer Zahltag **[falls Modified Following Business Day Convention oder Preceding Business Day Convention Anwendung finden, einfügen:** vorgezogen wird] [oder] **[falls Modified Following Business Day Convention oder Following Business Day Convention Anwendung finden, einfügen:** sich nach hinten verschiebt] (wie vorstehend beschrieben), wird der Ausschüttungsbetrag entsprechend angepasst.]

[Falls der Ausschüttungsbetrag nicht angepasst werden soll, einfügen: Falls ein Fixer Zahltag **[falls Modified Following Business Day Convention oder Preceding Business Day Convention Anwendung findet, einfügen:** vorgezogen wird] [oder] **[falls Modified Following Business Day Convention oder Following Business Day Convention Anwendung findet, einfügen:** sich nach hinten verschiebt] (wie vorstehend beschrieben), wird der Ausschüttungsbetrag nicht entsprechend angepasst.]

Falls der Fälligkeitstag der Rückzahlung des Kapitalbetrags der Schuldverschreibungen angepasst wird, ist der Gläubiger nicht berechtigt, Zahlungen aufgrund dieser Anpassung zu verlangen.

(5) *Bezugnahmen auf Kapital und Ausschüttungen.* Bezugnahmen in diesen Emissionsbedingungen auf "Kapital" hinsichtlich der Schuldverschreibungen schließen, soweit anwendbar: den Aktuellen Kapitalbetrag; den Rückzahlungsbetrag (wie in § 5(7) definiert) der Schuldverschreibungen und jeden Aufschlag sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge (ausgenommen Ausschüttungen) ein. Bezugnahmen in diesen Emissionsbedingungen auf "Ausschüttungen" hinsichtlich der Schuldverschreibungen schließen, soweit anwendbar, sämtliche gemäß § 7(1) zahlbaren Zusätzlichen Beträge (wie in § 7(1) definiert) ein.

§ 5

RÜCKZAHLUNG UND HERABSCHREIBUNG

(1) *Keine im Vorhinein bestimmte Endfälligkeit.* Die Schuldverschreibungen sind unbefristet und haben keinen im Vorhinein bestimmten Endfälligkeitstag.

(2) *Keine Rückzahlung nach Wahl der Gläubiger.* Die Gläubiger haben kein Recht, die Rückzahlung der Schuldverschreibungen zu verlangen.

(3) *Rückzahlung nach Wahl der Emittentin.* Die Emittentin kann, nachdem sie gemäß § 5(7) die Rückzahlung mitgeteilt hat, die Schuldverschreibungen insgesamt, aber nicht teilweise zum Rückzahlungsbetrag an jedem Wahl-Rückzahlungstag zurückzahlen. Darüber hinaus wird die Emittentin etwaige Ausschüttungen, die auf den Aktuellen Kapitalbetrag bis zu dem in der Mitteilung angegebenen Rückzahlungstag (ausschließlich) angefallen sind, vorbehaltlich des Ausfalls der Ausschüttungen gemäß § 3(6) zahlen. Eine solche Rückzahlung gemäß diesem § 5(3) ist nur möglich, sofern der Zeitpunkt der Emission mindestens fünf Jahre zurückliegt und die Voraussetzungen für Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: und Rückkauf]** nach § 5(6) erfüllt sind.

"**Wahl-Rückzahlungstag (Call)**" bezeichnet den Ersten Neufestsetzungstag und jeden [Jahrestag davon] [Ausschüttungszahlungstag danach] [Neufestsetzungstag danach].

Die Emittentin kann ihr Rückzahlungsrecht gemäß § 5(3) nur ausüben wenn der Aktuelle Kapitalbetrag jeder Schuldverschreibung ihrem Ursprünglichen Kapitalbetrag entspricht.

(4) *Rückzahlung aus steuerlichen Gründen.* Falls ein Steuerereignis eintritt, kann die Emittentin, nachdem sie gemäß § 5(7) die Rückzahlung mitgeteilt hat, die Schuldverschreibungen insgesamt, jedoch nicht teilweise zum Rückzahlungsbetrag [jederzeit an dem in der Mitteilung angegebenen Rückzahlungstag] [am nächsten Ausschüttungszahlungstag] zurückzahlen, vorausgesetzt, dass die Voraussetzungen für Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: und Rückkauf]** nach § 5(6) erfüllt sind. Darüber hinaus wird die Emittentin etwaige Ausschüttungen, die auf den Aktuellen Kapitalbetrag bis zu dem in der Mitteilung angegebenen Rückzahlungstag (ausschließlich) angefallen sind, vorbehaltlich des Ausfalls der Ausschüttungen gemäß § 3(6) zahlen.

Dabei gilt:

Ein "**Aufzahlungsereignis**" tritt ein, wenn sich die geltende steuerliche Behandlung der Schuldverschreibungen basierend auf einer Entscheidung der lokalen Steuerbehörde, die für die Emittentin zuständig ist, ändert, und die Emittentin infolgedessen Zusätzliche Beträge gezahlt hat oder am nächsten Ausschüttungszahlungstag zahlen muss oder müsste (wie in § 7(1) definiert).

Ein "**Ereignis der Steuerlichen Abzugsfähigkeit**" tritt ein, wenn sich die geltende steuerliche Behandlung der Schuldverschreibungen ändert und die Emittentin infolgedessen bei der Berechnung ihrer Steuerverbindlichkeiten in Österreich nicht berechtigt wäre, einen Abzug bezüglich der auf die Schuldverschreibungen gezahlten Ausschüttungen geltend zu machen oder eine solche Abzugsfähigkeit wesentlich eingeschränkt ist.

"**Steuerereignis**" bezeichnet eine Änderung oder Klarstellung der anwendbaren steuerlichen Behandlung der Schuldverschreibungen, einschließlich, aber nicht beschränkt auf ein Ereignis der Steuerlichen Abzugsfähigkeit oder ein Aufzahlungsereignis, deren Änderung oder Klarstellung: (x) – vorbehaltlich (y) – , am oder nach dem Ausgabebetrag der Schuldverschreibungen wirksam wird; oder (y) im Fall einer Änderung, falls diese Änderung am oder nach dem Ausgabebetrag der Schuldverschreibungen erlassen wird.

(5) *Rückzahlung aus aufsichtsrechtlichen Gründen.* Falls ein Aufsichtsrechtliches Ereignis eintritt, kann die Emittentin, nachdem sie gemäß § 5(7) die Rückzahlung mitgeteilt hat, die Schuldverschreibungen insgesamt, jedoch nicht teilweise zum Rückzahlungsbetrag [jederzeit an dem in der Mitteilung angegebenen Rückzahlungstag] [am nächsten Ausschüttungszahlungstag] zurückzahlen, vorausgesetzt, dass die Voraussetzungen für Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: und Rückkauf]** nach § 5 (6) erfüllt sind. Darüber hinaus wird die Emittentin etwaige Ausschüttungen, die auf den Aktuellen Kapitalbetrag bis zu dem in der Mitteilung angegebenen Rückzahlungstag (ausschließlich) angefallen sind, vorbehaltlich des Ausfalls der Ausschüttungen gemäß § 3(6) zahlen.

Ein "**Aufsichtsrechtliches Ereignis**" tritt ein, wenn sich die aufsichtsrechtliche Einstufung der Schuldverschreibungen gemäß den Anwendbaren Aufsichtsvorschriften ändert, was wahrscheinlich zu ihrem gänzlichen oder teilweisen Ausschluss aus den Eigenmitteln (ausgenommen in Folge einer Herabschreibung) oder ihrer Neueinstufung als Eigenmittel geringerer Qualität führen würde (jeweils auf unkonsolidierter Ebene der Emittentin und/oder konsolidierter Ebene der Aufsichtsrechtlichen Gruppe).

(6) *Voraussetzungen für Rückzahlung [falls ein Rückkauf zulässig ist, einfügen: und Rückkauf]*. Eine Rückzahlung nach diesem § 5 [**falls ein Rückkauf zulässig ist, einfügen:** und ein Rückkauf gemäß § 9(2)] setzt[t][en] voraus, dass:

- (a) die Emittentin zuvor die Erlaubnis der Zuständigen Behörde zur Rückzahlung [**falls ein Rückkauf zulässig ist, einfügen:** und zum Rückkauf gemäß § 9(2)] in Übereinstimmung mit Artikel 78 CRR erhalten hat, sofern dies zu diesem Zeitpunkt für die Emittentin anwendbar ist, wobei diese Erlaubnis unter anderem voraussetzen kann, dass:
 - (i) entweder die Emittentin die Schuldverschreibungen durch Eigenmittelinstrumente zumindest gleicher Qualität zu Bedingungen ersetzt, die im Hinblick auf die Ertragsmöglichkeiten der Emittentin nachhaltig sind; oder
 - (ii) die Emittentin der Zuständigen Behörde hinreichend nachgewiesen hat, dass die Eigenmittel der Emittentin nach der Rückzahlung [**falls ein Rückkauf zulässig ist, einfügen:** oder nach dem Rückkauf] die Mindestanforderungen (einschließlich aller Kapitalpufferanforderungen) um eine Spanne übertreffen, die die Zuständige Behörde zu diesem Zeitpunkt für erforderlich hält; und
- (b) im Fall einer Rückzahlung vor fünf Jahren nach dem Ausgabetag der Schuldverschreibungen:
 - (i) aufgrund eines Steuerereignisses die Emittentin der Zuständigen Behörde hinreichend nachgewiesen hat, dass die geltende Änderung der steuerlichen Behandlung wesentlich ist und zum Ausgabetag der Schuldverschreibungen nicht vorherzusehen war; oder
 - (ii) aufgrund eines Aufsichtsrechtlichen Ereignisses die Zuständige Behörde diese Änderung für ausreichend sicher hält und die Emittentin der Zuständigen Behörde hinreichend nachgewiesen hat, dass die maßgebliche Änderung der aufsichtsrechtlichen Neueinstufung der Schuldverschreibungen zum Ausgabetag der Schuldverschreibungen nicht vorherzusehen war.

Ungeachtet der oben stehenden Bedingungen, falls zum Zeitpunkt einer Rückzahlung [**falls ein Rückkauf zulässig ist, einfügen:** oder eines Rückkaufs] die geltenden Anwendbaren Aufsichtsvorschriften die Rückzahlung [**falls ein Rückkauf zulässig ist, einfügen:** oder den Rückkauf] nur nach Einhaltung von einer oder mehreren alternativen oder zusätzlichen Voraussetzungen zu den oben in § 5(6) angegebenen erlaubt ist, wird die Emittentin diese (etwaigen) anderen und/oder, falls anwendbar, zusätzlichen Voraussetzungen erfüllen.

Klarstellend wird festgehalten, dass eine Weigerung der Zuständigen Behörde, die Erlaubnis gemäß Artikel 78 CRR zu erteilen, in keiner Hinsicht einen Verzug begründet.

(7) *Rückzahlungsmittelung; Rückzahlungsbetrag*. Eine Rückzahlungsmittelung gemäß § 5(3), § 5(4) oder § 5(5) wird durch die Emittentin an die Gläubiger gemäß § 10 übermittelt, wobei eine Kündigungsfrist von nicht weniger als [**Mindestkündigungsfrist, die nicht weniger als 5 Geschäftstage betragen darf, einfügen**] [Kalendertage] [Geschäftstage] [**falls eine Höchstkündigungsfrist anwendbar ist, einfügen:** und nicht mehr als [**Höchstkündigungsfrist einfügen**] [Kalendertage] [Geschäftstage]] eingehalten wird. Diese Mitteilung ist unwiderruflich (vorbehaltlich § 5(8)(d)) und beinhaltet:

- (a) im Fall einer Rückzahlungsmittelung gemäß § 5 (3) den Wahl-Rückzahlungstag (Call) oder im Fall einer Rückzahlungsmittelung gemäß § 5 (4) oder § 5 (5) den Rückzahlungstag; und
- (b) den Rückzahlungsbetrag, zu dem die Schuldverschreibungen zurückgezahlt werden.

"**Rückzahlungsbetrag**" pro Schuldverschreibung bezeichnet den Aktuellen Kapitalbetrag pro Schuldverschreibung.

Jede Rückzahlungsmittelung gemäß § 5(3), § 5(4) oder § 5(5) und diesem § 5(7) unterliegt § 5(8)(b).

(8) *Herabschreibung*.

- (a) Wenn ein Auslöseereignis (wie nachstehend definiert) eingetreten ist, wird die Emittentin:
 - (i) unverzüglich die Zuständige Behörde darüber in Kenntnis setzen, dass das Auslöseereignis eingetreten ist;
 - (ii) den Herabschreibungsbetrag (wie nachstehend definiert) so bald wie möglich, jedenfalls aber innerhalb eines Zeitraums von maximal einem Monat nach der Feststellung, dass ein

Auslöseereignis eingetreten ist, bestimmen;

- (iii) die Emissionsstelle und die Gläubiger unverzüglich durch Veröffentlichung einer Mitteilung (eine solche Mitteilung ist eine "**Herabschreibungsmitteilung**"), die den Herabschreibungsbetrag sowie den neuen/verringerten Aktuellen Kapitalbetrag jeder Schuldverschreibung und den Stichtag beinhaltet, informieren, dass ein Auslöseereignis eingetreten ist, wobei eine Nichtbereitstellung dieser Herabschreibungsmitteilung die Wirksamkeit einer Herabschreibung weder berührt noch auf andere Weise eine Herabschreibung ungültig macht noch Gläubigern aufgrund dieses Fehlers Rechte gibt; und
- (iv) (ohne dass eine Zustimmung der Gläubiger und/oder die Veröffentlichung einer Herabschreibungsmitteilung erforderlich ist) den dann geltenden Aktuellen Kapitalbetrag jeder Schuldverschreibung um den jeweiligen Herabschreibungsbetrag unverzüglich, spätestens jedoch innerhalb eines Monats, mit Wirkung ab dem Stichtag verringern (eine solche Verringerung wird als eine "**Herabschreibung**" bezeichnet, und "**herabgeschrieben**" wird entsprechend ausgelegt).

Klarstellend wird festgehalten, dass ein Auslöseereignis jederzeit bestimmt werden und mehrfach eintreten kann, jede Schuldverschreibung mehrfach Gegenstand einer Herabschreibung sein kann, sowie dass der Aktuelle Kapitalbetrag einer Schuldverschreibung nie unter [**Festgelegte Währung einfügen**] [0,01 oder **geringerer Betrag**] verringert werden kann.

(b) *Herabschreibungsbetrag.*

- (i) Die gesamte Verringerung des gesamten Aktuellen Kapitalbetrages aller zum Stichtag ausstehenden Schuldverschreibungen entspricht, ausgenommen wie nachstehend vorgesehen, dem niedrigeren Betrag von:
 - (A) dem Betrag, der erforderlich ist, um ausreichend hartes Kernkapital gemäß Artikel 50 CRR zu generieren, um die CET 1 Kapitalquote der Gruppe und die CET 1 Kapitalquote der Emittentin auf die Auslöseschwelle zum Zeitpunkt der Verringerung anzuheben, nach Berücksichtigung (ausgenommen wie nachstehend vorgesehen) der anteiligen Herabschreibung und/oder Umwandlung des dann bestehenden Kapitalbetrages aller Verlusttragungsinstrumente (wenn solche vorhanden sind), die gleichzeitig (oder im wesentlichen gleichzeitig) mit den Schuldverschreibungen herabzuschreiben oder umzuwandeln sind, vorausgesetzt dass hinsichtlich jedes Verlusttragungsinstrumentes (wenn ein solches vorhanden ist) diese anteilige Herabschreibung und/oder Umwandlung nur insoweit zu berücksichtigen ist, als erforderlich ist, um die CET 1 Kapitalquote der Gruppe und die CET 1 Kapitalquote der Emittentin wieder auf den niedrigeren der beiden folgenden Beträge anzuheben: (x) die Auslöseschwelle des betreffenden Verlusttragungsinstrumentes; und (y) die Auslöseschwelle der Schuldverschreibungen und, in jedem der beiden Fälle, in Übereinstimmung mit den Bestimmungen der jeweiligen Verlusttragungsinstrumente und den Anwendbaren Aufsichtsvorschriften; und
 - (B) dem Betrag, der darin resultieren würde, dass der Aktuelle Kapitalbetrag einer Schuldverschreibung auf [**Festgelegte Währung einfügen**] 0,01 verringert würde.
- (ii) Die gesamte Verringerung gemäß § 5(8)(b)(i) wird auf jede Schuldverschreibung anteilig angewandt auf Basis ihres Aktuellen Kapitalbetrages, wie er unmittelbar vor der Herabschreibung bestand; Verweise hierin auf "**Herabschreibungsbetrag**" meinen, in Bezug auf jede Schuldverschreibung, den Betrag, durch den der Aktuelle Kapitalbetrag einer jeden solchen Schuldverschreibung auf diese Weise herabgeschrieben wird.
- (iii) Wenn, in Verbindung mit der Herabschreibung oder der Berechnung des Herabschreibungsbetrags Verlusttragungsinstrumente ausständig sind, deren Bedingungen vorsehen, dass sie zur Gänze und nicht nur teilweise herabgeschrieben und/oder umgewandelt werden (die "**Gänzlich Verlusttragenden Instrumente**"), dann:
 - (A) wird die Bestimmung, wonach eine Herabschreibung der Schuldverschreibungen anteilig mit der Herabschreibung und/oder der Umwandlung von Verlusttragungsinstrumenten durchzuführen ist, nicht so ausgelegt, dass die Schuldverschreibungen nur aufgrund der Tatsache, dass die Gänzlich Verlusttragenden Instrumente zur Gänze herabzuschreiben und/oder umzuwandeln sind, zur Gänze herabzuschreiben sind; und
 - (B) für Zwecke der Berechnung des Herabschreibungsbetrags werden die Gänzlich Verlusttragenden Instrumente so behandelt (aber nur zum Zwecke der Bestimmung der Herabschreibung von Kapital und/oder Umwandlung innerhalb der Schuldverschreibungen und allfälliger Verlusttragungsinstrumente auf anteiliger Basis), als ob ihre Bestimmungen eine teilweise Herabschreibung und/oder Umwandlung zulassen würden, so dass die Herabschreibung und/oder Umwandlung dieser Gänzlich Verlusttragenden Instrumente als

in zwei aufeinander folgenden Stufen erfolgend gilt: (x) erstens, der Kapitalbetrag dieser Gänzlich Verlusttragenden Instrumente wird anteilig mit den Schuldverschreibungen und allen anderen Verlusttragungsinstrumenten herabgeschrieben und/oder umgewandelt (in der oben vorgesehenen Weise), soweit dies erforderlich ist, um die CET 1 Kapitalquote der Gruppe und die CET 1 Kapitalquote der Emittentin wieder auf die Auslöseschwelle anzuheben; und (y) zweitens, der nach (x) verbleibende Restbetrag (wenn ein solcher besteht) des Kapitalbetrages dieser Gänzlich Verlusttragenden Instrumente wird herabgeschrieben und/oder umgewandelt, mit der Wirkung, dass die CET 1 Kapitalquote der Gruppe und die CET 1 Kapitalquote der Emittentin über die Auslöseschwelle angehoben wird.

- (iv) Soweit eine Herabschreibung und/oder eine Umwandlung von Verlusttragungsinstrumenten zum Zwecke von § 5(8)(b)(i)(A) nicht möglich ist oder aus irgendeinem Grund nicht erfolgt, hindert dies keinesfalls eine Herabschreibung der Schuldverschreibungen. Anstelle dessen werden in einem solchen Fall die Schuldverschreibungen herabgeschrieben und der Herabschreibungsbetrag wird wie oben bestimmt, aber für Zwecke von § 5(8)(b)(i)(A) ohne jegliches hartes Kernkapital hinsichtlich der Herabschreibung oder Umwandlung solcher Verlusttragungsinstrumente, soweit diese nicht herabgeschrieben und/oder umgewandelt werden können oder soweit dies aus irgendeinem Grund nicht erfolgt.
- (v) Die Feststellung des jeweiligen Herabschreibungsbetrags durch die Emittentin ist unwiderruflich und bindend für die Gläubiger.

(c) Jede Reduzierung des Aktuellen Kapitalbetrags einer Schuldverschreibung gemäß diesem § 5(8) begründet in keiner Hinsicht einen Verzug durch die Emittentin, und die Gläubiger haben kein Recht, die Zahlung herabgeschriebener Beträge zu verlangen, gleich ob in der Insolvenz oder Liquidation der Emittentin oder anderweitig, ausgenommen solche Beträge (wenn es solche gibt), die einer Wiederzuschreibung gemäß § 5(9) unterliegen.

(d) Die Emittentin wird bis zum Stichtag der Herabschreibung keine Rückzahlungsmitteilung abgeben, nachdem eine Herabschreibungsmitteilung hinsichtlich des betreffenden Auslöseereignisses abgegeben wurde.

Zusätzlich gilt, wenn ein Auslöseereignis nach einer Rückzahlungsmitteilung aber vor dem Tag, an dem diese Rückzahlung wirksam wird, eintritt, die Rückzahlungsmitteilung automatisch als widerrufen und ist null und nichtig und die betreffende Rückzahlung erfolgt nicht.

(9) *Wiederzuschreibung.* Die Emittentin kann in ihrem alleinigen Ermessen, soweit dies in Übereinstimmung mit den Anwendbaren Aufsichtsvorschriften erlaubt ist, im Einklang mit den nachstehenden Beschränkungen einen herabgeschriebenen Teil des Kapitalbetrages der Schuldverschreibungen wieder herstellen (ein solcher Teil ist ein "**Wiederzuschreibungsbetrag**"). Eine Wiederherstellung des Aktuellen Kapitalbetrages (eine solche Wiederherstellung wird als "**Wiederzuschreibung**" bezeichnet, und "**wiederzugeschrieben**" ist entsprechend zu interpretieren) kann mehr als einmal erfolgen (und jeder Schuldverschreibung kann mehr als einmal wiederzugeschrieben werden), wobei der Kapitalbetrag jeder Schuldverschreibung niemals über ihren Ursprünglichen Kapitalbetrag wiederzugeschrieben werden darf.

Wiederzuschreibungen haben keinen Vorrang gegenüber Dividendenzahlungen und anderen Ausschüttungen auf Aktien und andere CET 1 Instrumente der Emittentin, dh dass solche Zahlungen und Ausschüttungen erlaubt sind, auch wenn keine volle Wiederzuschreibung der Schuldverschreibungen bewirkt wurde.

Es gibt keine Verpflichtung der Emittentin, unter irgendwelchen Umständen eine Wiederzuschreibung durchzuführen oder zu beschleunigen.

Wenn sich die Emittentin in ihrem alleinigen Ermessen dazu entscheidet, erfolgt die Wiederzuschreibung mit Wirkung zum Wiederzuschreibungstag (wie nachstehend definiert).

In ihrem alleinigen Ermessen kann die Emittentin eine solche Wiederzuschreibung durchführen (aber ohne dazu verpflichtet zu sein), wenn:

- (a) zum Zeitpunkt der Wiederzuschreibung kein fortgesetztes Auslöseereignis besteht; eine Wiederzuschreibung ist außerdem ausgeschlossen, wenn eine solche Wiederzuschreibung zu einem Auslöseereignis führen würde;
- (b) eine solche Wiederzuschreibung auf anteiliger Basis auf alle Schuldverschreibungen und auf anteiliger Basis mit der Wiederzuschreibung aller Herabgeschriebenen Verlusttragungsinstrumente (wenn solche bestehen) angewandt wird; und
- (c) die Summe von: (x) dem Gesamtbetrag, der der betreffenden Wiederzuschreibung der Schuldverschreibungen am Wiederzuschreibungstag (wie nachstehend definiert) zugeordnet ist und dem Gesamtbetrag einer jeden vorherigen Wiederzuschreibung der Schuldverschreibungen seit dem

Ende des vorherigen Geschäftsjahres vor dem Wiederzuschreibungstag; (y) dem Gesamtbetrag der Erhöhung des Kapitalbetrages eines jeden Herabgeschriebenen Verlusttragungsinstruments zum Zeitpunkt der betreffenden Wiederzuschreibung und dem Gesamtbetrag der Erhöhung des Kapitalbetrages eines jeden Herabgeschriebenen Verlusttragungsinstruments aus einer vorangegangenen Wiederzuschreibung seit dem Ende des vorherigen Geschäftsjahres vor dem Zeitpunkt der jeweiligen Wiederzuschreibung; und (z) dem Gesamtbetrag einer jeden Ausschüttung und aller darauf bezahlten Zusätzlichen Beträge auf den Aktuellen Kapitalbetrag der Schuldverschreibungen und den Gesamtbetrag einer jeden Ausschüttung und darauf bezahlter zusätzlicher Beträge aus Herabgeschriebenen Verlusttragungsinstrumenten, berechnet zu dem Zeitpunkt, an dem die Wiederzuschreibung umgesetzt wird, zu keiner Zeit nach dem Ende des dann vorangegangenen Geschäftsjahres den Maximalen Wiederzuschreibungsbetrag übersteigt.

Der Betrag einer Wiederzuschreibung und die Zahlungen von Ausschüttungen auf einen verringerten Aktuellen Kapitalbetrag werden als Zahlung aus einer Verringerung von hartem Kernkapital behandelt und unterliegen, gemeinsam mit sonstigen Ausschüttungen auf CET 1 Instrumente, den anwendbaren Beschränkungen hinsichtlich des Maximal Ausschüttungsfähigen Betrags, einschließlich derer, die in § 24 Abs 2 BWG (der Artikel 141(2) CRD IV in Österreich umgesetzt) genannt sind.

Wenn die Emittentin die Durchführung einer Wiederzuschreibung beschließt, veröffentlicht sie gegenüber der Emissionsstelle und gemäß § 10 gegenüber den Gläubigern eine Mitteilung über die Wiederzuschreibung (einschließlich des Wiederzuschreibungsbetrages als Prozentsatz des Ursprünglichen Kapitalbetrages und des Wirksamkeitstages der Wiederzuschreibung (ein "**Wiederzuschreibungstag**")) spätestens zehn Kalendertage vor dem jeweiligen Wiederzuschreibungstag. Mit Wirkung zum Wiederzuschreibungstag gilt die Wiederzuschreibung als wirksam erfolgt und der Aktuelle Kapitalbetrag gilt als durch den in der Mitteilung bezeichneten Betrag erhöht.

(10) *Definitionen.* In diesen Emissionsbedingungen gilt:

"**Anwendbare Aufsichtsvorschriften**" bezeichnet zu jedem Zeitpunkt die Anforderungen österreichischen oder europäischen Rechts oder wie in Regulativen, Anforderungen, Guidelines oder Richtlinien der Zuständigen Behörde, des Europäischen Parlaments und/oder des Europäischen Rates enthalten, die zum betreffenden Zeitpunkt in Österreich in Kraft und auf die Emittentin und die Aufsichtsrechtliche Gruppe anwendbar sind, einschließlich des BWG, der CRD IV, der CRR und der CDR, in der jeweils geltenden Fassung, oder jedes andere Gesetz, Verordnung oder Richtlinie, die an deren Stelle in Kraft treten.

"**CDR**" bezeichnet die Delegierte Verordnung (EU) Nr. 241/2014 der Kommission vom 7. Januar 2014 zur Ergänzung der Verordnung (EU) Nr. 575/2013 des Europäischen Parlaments und des Rates im Hinblick auf technische Regulierungsstandards für die Eigenmittelanforderungen an Institute (*Capital Delegated Regulation*) in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Artikel der CDR beinhalten Bezugnahmen auf jede anwendbare Bestimmung, die diese Artikel jeweils ändert oder ersetzt.

"**Aktueller Kapitalbetrag**" bezeichnet anfänglich die Festgelegte Stückelung, die von Zeit zu Zeit – einmalig oder mehrfach – durch eine Herabschreibung verringert werden kann und im Anschluss an eine solche Verringerung gegebenenfalls durch eine Wiederzuschreibung (bis zur Festgelegten Stückelung) erhöht werden kann.

"**Stichtag**" bezeichnet den als solchen von der Emittentin gewählten und in der Herabschreibungsmitteilung an die Gläubiger als solchen bezeichneten Tag, der nicht später als einen Monat (oder einen gegebenenfalls von der Zuständigen Behörde vorgeschriebenen kürzeren Zeitraum) nach Eintritt des jeweiligen Auslöseereignisses liegen darf.

"**CET 1 Kapitalquote der Gruppe**" bezeichnet die harte Kernkapitalquote gemäß Artikel 92(2)(a) CRR der Gruppe auf konsolidierter Basis, berechnet von der Emittentin gemäß den Anwendbaren Aufsichtsvorschriften, deren Feststellung für die Gläubiger bindend ist.

"**CET 1 Kapitalquote der Emittentin**" bezeichnet die harte Kernkapitalquote gemäß Artikel 92(2)(a) CRR der Emittentin auf Einzelinstitutsbasis, berechnet von der Emittentin gemäß den Anwendbaren Aufsichtsvorschriften, deren Feststellung für die Gläubiger bindend ist.

"**Verlusttragungsinstrument**" bezeichnet zu jedem Zeitpunkt jedes AT 1 Instrument (ausgenommen die Schuldverschreibungen), dessen Kapitalbetrag zur Gänze oder teilweise herabgeschrieben (auf dauerhafter oder vorläufiger Basis) oder umgewandelt werden kann (in beiden Fällen im Einklang mit seinen Bestimmungen oder auf andere Weise), wenn oder falls die CET 1 Kapitalquote der Emittentin und/oder die CET 1 Kapitalquote der Gruppe unter eine bestimmte Auslöseschwelle fällt.

"**Herabgeschriebenes Verlusttragungsinstrument**" bezeichnet zu jedem Zeitpunkt jedes AT 1 Instrument (ausgenommen die Schuldverschreibungen) oder, falls anwendbar, jedes von einem Mitglied der Aufsichtsrechtlichen Gruppe begebene Instrument, das die Bedingungen gemäß Artikel 52 CRR als Instrument des zusätzlichen Kernkapitals der Emittentin und/oder der Aufsichtsrechtlichen Gruppe erfüllt,

welches zum Zeitpunkt unmittelbar vor einer Wiederzuschreibung der Schuldverschreibungen ausstehend ist und einen gegenwärtigen Kapitalbetrag aufweist, der geringer ist als sein ursprünglicher Kapitalbetrag, weil sein gesamter oder ein Teil seines Kapitalbetrages auf vorläufiger Basis herabgeschrieben wurde, und dessen Bedingungen im Falle der Umstände am jeweiligen Wiederzuschreibungstag eine Wiederzuschreibung des Kapitals auf einer Basis ähnlich wie in § 5(9) erlauben.

"**Maximaler Wiederzuschreibungsbetrag**" bezeichnet den geringeren der folgenden Beträge:

- (i) den konsolidierten Gewinn multipliziert mit der Summe des gesamten Ursprünglichen Kapitalbetrages der Schuldverschreibungen und des gesamten anfänglichen Kapitalbetrags aller Herabgeschriebenen Verlusttragungsinstrumente der Aufsichtsrechtlichen Gruppe (vor einer Herabanschreibung), dividiert durch das gesamte Kernkapital gemäß Artikel 25 CRR der Aufsichtsrechtlichen Gruppe zu dem Tag, an dem die betreffende Wiederzuschreibung durchgeführt wird;
- (ii) den Gewinn auf unkonsolidierter Basis, multipliziert mit der Summe des gesamten Ursprünglichen Kapitalbetrages der Schuldverschreibungen und des gesamten anfänglichen Kapitalbetrags aller Herabgeschriebenen Verlusttragungsinstrumente der Emittentin (vor einer Herabanschreibung), dividiert durch das gesamte Kernkapital gemäß Artikel 25 CRR der Emittentin zu dem Tag, an dem die betreffende Wiederzuschreibung durchgeführt wird;

oder jeder höhere oder niedrigere Betrag, der gemäß den am Tag der betreffenden Wiederzuschreibung in Kraft stehenden Anwendbaren Aufsichtsvorschriften verwendet werden darf.

[Wenn Festgelegte Währung nicht Euro ist, einfügen: Jeder Betrag in einer Währung, die nicht Euro ist, wird für Zwecke der Festlegung des Maximalen Wiederzuschreibungsbetrages zum Wechselkurs, wie er am [dritten] Geschäftstag vor dem Stichtag galt, in Euro konvertiert.]

"**Gewinn**" bezeichnet: (i) den Jahresüberschuss der Emittentin auf unkonsolidierter Basis, wie in den Relevanten Jahresabschlüssen ausgewiesen; oder (ii) den konsolidierten Jahresüberschuss auf konsolidierter Basis, wie im konsolidierten Jahresabschluss der Emittentin ausgewiesen, jeweils nachdem diese Relevanten Jahresabschlüsse oder konsolidierten Jahresabschlüsse formell durch den Aufsichtsrat oder, wenn dies verlangt wurde, von der Hauptversammlung der Emittentin, festgestellt wurden.

Ein "**Auslöseereignis**" tritt immer ein, wenn: (i) die CET 1 Kapitalquote der Gruppe; und/oder (ii) die CET 1 Kapitalquote der Emittentin unter die Auslöseschwelle fällt. Die Feststellung ob ein Auslöseereignis eingetreten ist, wird von der Emittentin und der Zuständigen Behörde durchgeführt.

"**Auslöseschwelle**" bezeichnet in Bezug auf: (i) die CET 1 Kapitalquote der Gruppe [**konsolidierte Mindestauslöseschwelle einfügen**] %; und/oder (ii) die CET 1 Kapitalquote der Emittentin [**unkonsolidierte Mindestauslöseschwelle einfügen**] %.

§ 6

EMISSIONSSTELLE, ZAHLSTELLE[N] UND BERECHNUNGSSTELLE

(1) *Bestellung; Bezeichnete Geschäftsstellen.* Die anfänglich bestellte Emissionsstelle (die "**Emissionsstelle**"), die anfänglich bestellte Hauptzahlstelle (die "**Hauptzahlstelle**") [**falls (eine) weitere Zahlstelle(n) bestellt werden soll(en), einfügen:**, die anfänglich bestellte(n) Zahlstelle(n)] und die anfänglich bestellte(n) Berechnungsstelle(n) (die "**Berechnungsstelle(n)**") und ihre jeweiligen anfänglich bezeichneten Geschäftsstellen sind:

Emissionsstelle und Hauptzahlstelle:

[Falls die Hypo Vorarlberg Bank AG als anfängliche bestellte Emissions- und Hauptzahlstelle bestellt werden soll, einfügen:

Hypo Vorarlberg Bank AG
Hypo-Passage 1
6900 Bregenz
Österreich]

[Falls eine andere Emissions- und Hauptzahlstelle bestellt werden soll, sind ihr Name und ihre anfänglich bezeichnete Geschäftsstelle einzufügen.]

[Falls eine zusätzliche oder andere Zahlstelle bestellt werden soll, sind ihr Name und ihre anfänglich bezeichnete Geschäftsstelle einzufügen.]

Soweit in diesen Emissionsbedingungen der Begriff "Zahlstelle(n)" erwähnt wird, schließt dieser Begriff die Hauptzahlstelle mit ein.

Berechnungsstelle:

[Falls die Hypo Vorarlberg Bank AG als Berechnungsstelle bestellt werden soll, einfügen:

Hypo Vorarlberg Bank AG
Hypo-Passage 1
6900 Bregenz
Österreich]

[Falls eine andere Berechnungsstelle bestellt werden soll, sind ihr Name und ihre anfänglich bezeichnete Geschäftsstelle einzufügen.]

Die Emissionsstelle, die Zahlstelle(n) und die Berechnungsstelle (zusammen die "**Beauftragten Stellen**") behalten sich das Recht vor, jederzeit ihre jeweilige bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle im selben Land zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle, einer Zahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und eine andere Emissionsstelle, zusätzliche oder andere Zahlstellen oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird jedoch jederzeit (i) eine Emissionsstelle unterhalten[,] [und] (ii) solange die Schuldverschreibungen an einer Wertpapierbörse notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in einem Land unterhalten, das die Regeln dieser Börse oder ihrer Aufsichtsbehörde[n] verlangen **[im Fall von Zahlungen in U.S.-Dollar einfügen: [,] [und] (iii) falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S.-Dollar rechtswidrig werden oder tatsächlich ausgeschlossen sind, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York unterhalten] [falls eine Berechnungsstelle bestellt werden soll, einfügen: und ([iv) eine Berechnungsstelle unterhalten].** Die Emittentin wird die Gläubiger von jeder Änderung, Abberufung, Bestellung oder jedem sonstigen Wechsel einer Beauftragten Stelle sobald wie möglich nach Eintritt der Wirksamkeit einer solchen Veränderung informieren.

(3) *Beauftragte der Emittentin.* Die Beauftragten Stellen handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

(4) *Verbindlichkeit von Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von einer Beauftragten Stelle für die Zwecke dieser Emissionsbedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern keine vorsätzliche Pflichtverletzung, kein böser Glaube, keine Unbilligkeit oder kein offensichtlicher Irrtum vorliegt) für die Emittentin, die anderen Beauftragten Stellen und die Gläubiger bindend, und sofern keiner der vorstehend genannten Umstände vorliegt, haftet die Emissionsstelle nicht gegenüber der Emittentin, den Zahlstellen, der Berechnungsstelle oder den Gläubigern im Zusammenhang mit der Ausübung oder Nichtausübung ihrer Rechte und Pflichten und ihres Ermessens gemäß diesen Bestimmungen.

§ 7

STEUERN

(1) *Generelle Besteuerung.* Sämtliche Zahlungen von Ausschüttungen in Bezug auf die Schuldverschreibungen durch die Emittentin oder in deren Namen sind frei von und ohne Einbehalt oder Abzug von Steuern, Abgaben, Veranlagungen oder öffentlichen Lasten welcher Art auch immer, die von oder innerhalb der Republik Österreich durch irgendeine Abgabenbehörde auferlegt, eingehoben, vereinnahmt, einbehalten oder veranlagt werden, zu leisten, sofern ein derartiger Einbehalt oder Abzug nicht gesetzlich vorgesehen ist.

In einem solchen Fall, und unbeschadet dieser Bestimmung, wird die Emittentin jene zusätzlichen Beträge (die "**Zusätzlichen Beträge**") an den Gläubiger zahlen, die erforderlich sind, um den Gläubiger so zu stellen, als hätte er die Beträge ohne Einbehalt oder Abzug erhalten, vorausgesetzt jedoch, dass solche Zusätzlichen Beträge nur zu zahlen sind, wenn und soweit sie: (i) die Ausschüttungsfähigen Posten nicht übersteigen würden; und (ii) nur die Quellensteuer betreffen, die auf die Ausschüttungen durch oder im Namen der Emittentin anwendbar sind. Keine Zusätzlichen Beträge sind in Bezug auf eine Schuldverschreibung zu zahlen:

- (a) wenn Zahlungen an einen Gläubiger oder an einen Dritten im Namen des Gläubigers geleistet werden, der zur Zahlung solcher Steuern, Abgaben, Veranlagungen oder öffentlichen Lasten hinsichtlich einer Schuldverschreibung aufgrund einer anderen Verbindung mit der Republik Österreich als jener der bloßen Inhaberschaft einer Schuldverschreibung verpflichtet ist; oder
- (b) die zur Zahlung mehr als [30] **[anderen Zeitraum einfügen]** Kalendertage nach dem Tag, an dem die diesbezügliche Zahlung erstmals fällig wird, zur Zahlung vorgelegt werden.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA).* Die Emittentin ist berechtigt, von den an einen

Gläubiger oder wirtschaftlich an den Schuldverschreibungen Berechtigten auf die Schuldverschreibungen zu zahlenden Beträgen diejenigen Beträge einzubehalten oder abzuziehen, die erforderlich sind, um eine etwaige Steuer zu zahlen, die die Emittentin gemäß den Artikeln 1471 bis 1474 des U.S. Internal Revenue Code von 1986 (der "**Kodex**"), etwaigen unter dem Kodex erlassenen Verordnungen oder eingegangenen Vereinbarungen, der amtlichen Auslegung des Kodex oder etwaigen Gesetzen, die der Umsetzung zwischenstaatlicher Vereinbarungen im Zusammenhang mit dem Kodex dienen, ("**FATCA**") (einschließlich aufgrund eines mit einer Steuerbehörde auf freiwilliger Basis abgeschlossenen Vertrags (wie in Artikel 1471 (b) des Kodex beschrieben) (der "**FATCA-Vertrag**")) einzubehalten oder abzuziehen gesetzlich verpflichtet ist. Die Emittentin ist nicht verpflichtet, irgendwelche zusätzlichen Beträge aufgrund einer Quellensteuer, die sie oder ein Intermediär im Rahmen der FATCA-Bestimmungen einbehält, zu zahlen. Klarstellend wird festgestellt, dass der Einbehalt oder Abzug von Beträgen, die im Zusammenhang mit einem FATCA-Vertrag einbehalten oder abgezogen werden, als kraft Gesetzes einbehalten oder abgezogen gelten.

§ 8

VORLEGUNGSFRIST

Die in § 801 Abs 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf [zehn] **[anderen (längeren) Zeitraum einfügen]** Jahre verkürzt.

§ 9

BEBEGUNG WEITERER SCHULDVERSCHREIBUNGEN, RÜCKKÄUFE UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Ausgabekurses, des Ausschüttungsbeginns und/oder des ersten Ausschüttungszahlungstags) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Rückkäufe.* **[Falls ein Rückkauf der Schuldverschreibungen zulässig ist, einfügen:** Vorausgesetzt dass alle anwendbaren und gesetzlichen Einschränkungen eingehalten werden, und weiters vorausgesetzt dass alle Voraussetzungen für Rückzahlung und den Rückkauf gemäß § 5(6) eingehalten werden, sind die Emittentin und/oder jede ihrer Tochtergesellschaften berechtigt, Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zurückzukaufen. Die von der Emittentin oder einer ihrer Tochtergesellschaften rückerworbenen Schuldverschreibungen können nach Wahl der Emittentin oder der Tochtergesellschaft gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden.] **[Falls ein Rückkauf von Schuldverschreibungen nicht zulässig ist, einfügen:** Weder die Emittentin noch ihre Tochtergesellschaften sind berechtigt, zu irgendeinem Zeitpunkt Schuldverschreibungen zurückzukaufen.]

(3) *Entwertung.* Sämtliche vollständig getilgten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 10

MITTEILUNGEN

(1) *Mitteilungen der Emittentin.* Alle die Schuldverschreibungen betreffenden Mitteilungen der Emittentin sind in [den gesetzlich bestimmten Medien] **[bestimmte Medien einfügen]** und zusätzlich in elektronischer Form auf der Internetseite der Emittentin [(www.hypovbg.at)] **[●]** zu veröffentlichen. Jede derartig erfolgte Mitteilung gilt am fünften Kalendertag nach der Veröffentlichung (oder bei mehreren Veröffentlichungen am **[fünften]** **[●]** Kalendertag nach der ersten solchen Veröffentlichung) als wirksam erfolgt [, außer die Mitteilung schreibt einen späteren Stichtag vor].

(2) *Veröffentlichung von Mitteilungen der Emittentin über das Clearingsystem.* Soweit die Veröffentlichung von Mitteilungen nach Absatz (1) rechtlich nicht mehr vorgeschrieben ist, ist die Emittentin berechtigt, eine Veröffentlichung in den in Absatz (1) genannten Medien durch Übermittlung von Mitteilungen an das Clearingsystem zur Weiterleitung durch das Clearingsystem an die Gläubiger zu ersetzen. Jede derartige Mitteilung gilt am **[siebten]** **[●]** Kalendertag nach dem Kalendertag der Mitteilung an das Clearingsystem als gegenüber den Gläubigern erfolgt.

(3) *Form der von Gläubigern zu machenden Mitteilungen.* Unbeschadet anderer Regelungen in diesen Emissionsbedingungen oder soweit gesetzlich verlangt, gelten die Schuldverschreibungen betreffende Mitteilungen der Gläubiger an die Emittentin als wirksam erfolgt, wenn sie der Emittentin oder der Emissionsstelle (zur Weiterleitung an die Emittentin) in Textform oder in schriftlicher Form in der **[englischen]** **[oder]** **[deutschen]** Sprache persönlich übergeben oder per Brief übersandt werden. Der

Gläubiger muss einen die Emittentin zufriedenstellenden Nachweis über die von ihm gehaltenen Schuldverschreibungen erbringen. Dieser Nachweis kann: (i) in Form einer Bestätigung durch das Clearingsystem oder die Depotbank, bei der der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, dass der Gläubiger zum Zeitpunkt der Mitteilung Gläubiger der betreffenden Schuldverschreibungen ist; oder (ii) auf jede andere geeignete Weise erfolgen. "**Depotbank**" bezeichnet jede Bank oder jedes sonstige anerkannte Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearingsystems.

§ 11

ÄNDERUNG DER EMISSIONSBEDINGUNGEN, GEMEINSAMER VERTRETER

(1) *Änderung der Emissionsbedingungen.* Vorbehaltlich der Einhaltung der Anwendbaren Aufsichtsvorschriften, damit die Schuldverschreibungen als AT 1 Instrumente gelten, kann die Emittentin die Emissionsbedingungen mit Zustimmung der Gläubiger aufgrund Mehrheitsbeschlusses nach Maßgabe der §§ 5 ff SchVG und mit Zustimmung der Zuständigen Behörde, soweit eine solche gemäß den dann in Kraft stehenden Anwendbaren Aufsichtsvorschriften erforderlich ist, ändern. Es erfolgt keine Änderung der Emissionsbedingungen ohne Zustimmung der Emittentin.

Die Gläubiger können insbesondere einer Änderung wesentlicher Inhalte der Emissionsbedingungen, einschließlich der in § 5 Abs 3 SchVG vorgesehenen Maßnahmen, mit den in dem nachstehenden § 11(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Gläubiger verbindlich.

"**SchVG**" bezeichnet das deutsche Gesetz über Schuldverschreibungen aus Gesamtemissionen in der jeweils geltenden Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf Bestimmungen des SchVG beinhalten Bezugnahmen auf jede anwendbare Bestimmung, die diese Bestimmungen jeweils ändert oder ersetzt.

(2) *Qualifizierte Mehrheit.* Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Gläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Emissionsbedingungen, insbesondere in den Fällen des § 5 Abs 3 Nr 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ist ausgesetzt, solange Schuldverschreibungen der Emittentin oder einem ihrer verbundenen Unternehmen (im Sinne des § 271 Abs 2 des deutschen Handelsgesetzbuches (HGB)) zuzurechnen sind oder für Rechnung der Emittentin oder einem ihr zugeordneten Unternehmen gehalten werden.

(3) *Beschlussfassung.* Beschlüsse der Gläubiger werden entweder in einer Gläubigerversammlung nach § 11(3)(a) oder im Wege der Abstimmung ohne Versammlung nach § 11(3)(b) getroffen, jeweils wie von der Emittentin oder dem gemeinsamen Vertreter einberufen.

- (a) Beschlüsse der Gläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff SchVG getroffen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Gläubigern bekannt gegeben.
- (b) Beschlüsse der Gläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Gläubigern bekannt gegeben.

(4) *Zweite Gläubigerversammlung.* Wenn festgestellt wird, dass keine Beschlussfähigkeit für eine Abstimmung ohne Versammlung gemäß § 11(3)(b) besteht, kann der Abstimmungsleiter eine Versammlung einberufen, welche eine zweite Versammlung gemäß § 15 Abs 3 Satz 3 SchVG darstellt.

(5) *Anmeldung.* Für die Ausübung der Stimmrechte ist eine Anmeldung der Gläubiger erforderlich. Die Anmeldung muss unter der in der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung (im Falle einer Gläubigerversammlung wie in § 11(3)(a) oder § 11(4) beschrieben) oder vor dem Beginn der Abstimmungsfrist (im Falle einer Abstimmung ohne Versammlung wie in § 11(3)(b) beschrieben) zugehen. Als Teil der Anmeldung haben die Gläubiger die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank in Textform und durch die Vorlage eines Sperrvermerks der Depotbank, der bestätigt dass die jeweiligen Schuldverschreibungen ab (einschließlich) dem Tag, an dem eine solche Anmeldung abgesendet wurde, bis

(einschließlich) dem angegebenen Ende des Versammlung oder dem Tag an dem die Abstimmungsfrist endet, nicht übertragbar sind, nachzuweisen.

(6) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Gläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Emissionsbedingungen gemäß § 11(1) zuzustimmen.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, die ihm von Gesetz und den Gläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbstständigen Geltendmachung dieser Rechte nicht befugt, es sei denn, der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Gläubigern zu berichten. Die Bestimmungen des SchVG sind in Bezug auf die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters anzuwenden.

(7) *Bekanntmachungen.* Alle Bekanntmachungen betreffend diesen § 11 erfolgen gemäß den §§ 5 ff. SchVG sowie nach § 10.

(8) *Ausschluss der Anwendbarkeit des österreichischen Kuratorengesetzes.* Die Anwendbarkeit der Bestimmungen des österreichischen Kuratorengesetzes und des österreichischen Kuratorenenergänzungsgesetzes wird ausdrücklich hinsichtlich der Schuldverschreibungen ausgeschlossen.

§ 12

ANWENDBARES RECHT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht und sollen ausschließlich nach deutschem Recht ausgelegt werden. Die Regelungen zum Status in § 2 bestimmen sich in jeder Hinsicht nach österreichischem Recht und sollen ausschließlich nach österreichischem Recht ausgelegt werden.

(2) *Gerichtsstand.* Unbeschadet eines allfälligen ausschließlichen Gerichtsstandes für bestimmte Verfahren im Zusammenhang mit dem SchVG sind nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstigen Verfahren (die "**Rechtsstreitigkeiten**") die Gerichte in [Frankfurt am Main, Bundesrepublik Deutschland] **[anderen deutschen oder österreichischen Gerichtsstand einfügen]**. **[Falls ein deutsches Gericht zuständig ist, einfügen:** Die Emittentin bestellt die Kanzlei Wucher & Kollegen, Sedanstraße 4, 88161 Lindenberg, Bundesrepublik Deutschland, zu ihrer Zustellungsbevollmächtigten im Zusammenhang mit etwaigen Rechtsstreitigkeiten vor deutschen Gerichten.]

(3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jeder Rechtsstreitigkeit gegen die Emittentin oder in jeder Rechtsstreitigkeit, in der der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (a) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche: (i) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält; (ii) den Gesamtkapitalbetrag der Schuldverschreibungen bezeichnet, die zum Datum der Bestätigung auf dem Wertpapierdepot verbucht sind; und (b) bestätigt, dass die Depotbank gegenüber dem Clearingsystem eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (i) und (ii) bezeichneten Informationen enthält; und (c) er legt eine Kopie der Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearingsystems oder des Verwahrers des Clearingsystems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land der Rechtsstreitigkeit prozessual zulässig ist.

§ 13

SPRACHE

[Falls die Emissionsbedingungen nur in deutscher Sprache abgefasst sind, einfügen: Diese Emissionsbedingungen sind in der deutschen Sprache abgefasst.]

[Falls der englischsprachige Text bindend sein soll und eine unverbindliche Übersetzung in die

deutsche Sprache beigefügt wird, einfügen: Diese Emissionsbedingungen sind in der englischen Sprache abgefasst. Eine Übersetzung in die deutsche Sprache ist beigefügt. Der englische Text ist bindend und maßgeblich. Die Übersetzung in die deutsche Sprache ist unverbindlich.]

[Falls der deutschsprachige Text bindend sein soll und eine unverbindliche Übersetzung in die englische Sprache beigefügt wird, einfügen: Diese Emissionsbedingungen sind in der deutschen Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.]]

[OPTION II – TERMS AND CONDITIONS FOR NOTES WITH A FIXED TO FLOATING DISTRIBUTION RATE

[THE [ENGLISH] [GERMAN] TEXT OF THE CONDITIONS OF ISSUE IS LEGALLY BINDING]
[THE [ENGLISH] [GERMAN] TRANSLATION IS FOR INFORMATION PURPOSES ONLY]

§ 1

**CURRENCY, DENOMINATION, FORM,
CERTAIN DEFINITIONS**

(1) *Currency, Denomination.* This tranche (the "**Tranche**") of subordinated notes (the "**Notes**") is being issued by Hypo Vorarlberg Bank AG (the "**Issuer**") in [*insert specified currency*] (the "**Specified Currency**") in the aggregate principal amount of [*insert specified currency and aggregate principal amount*] (in words: [*insert aggregate principal amount in words*]) in the denomination of [*for Notes offered in the European Economic Area insert: EUR 200,000*] [*for Notes offered only outside the European Economic Area insert specified currency and specified denomination*] (the "**Specified Denomination**" or the "**Original Principal Amount**") each.

(2) *Form.* The Notes are being issued in bearer form.

[In case of Notes which are exclusively represented by a Permanent Global Note insert:

(3) *Permanent Global Note.* The Notes are represented by a permanent global note (the "**Permanent Global Note**" or the "**Global Note**") without coupons; the claim for distribution payments under the Notes is represented by the Permanent Global Note. The Permanent Global Note shall be signed by authorised representatives of the Issuer and shall be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and coupons will not be issued.]

[In case of Notes which are initially represented by a Temporary Global Note, which will be exchangeable for a Permanent Global Note, insert:

(3) *Temporary Global Note – Exchange for Permanent Global Note.*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without coupons. The Temporary Global Note will be exchangeable for Notes in the Specified Denomination represented by a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**") without coupons; any claim for distribution payments under the Notes is represented by the relevant Global Note. The Global Notes shall each be signed by authorised representatives of the Issuer and shall each be authenticated by or on behalf of the Fiscal Agent. Definitive Notes and coupons will not be issued.

(b) The Temporary Global Note shall be exchangeable for the Permanent Global Note in the form and subject to the conditions provided in § 1(3)(a) above from a date (the "**Exchange Date**") not earlier than 40 calendar days after the date of issuance of the Temporary Global Note. Such exchange shall only be made to the extent that certifications have been delivered to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is (are) not (a) U.S. person(s) (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of distributions on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of distributions. Any such certification received on or after the 40th calendar day after the date of issuance of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to § 1(3)(b) of this § 1(3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States.

"United States" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).]

(4) *Clearing System.* The Global Note(s) will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means [*if more than one Clearing System insert: each of*] [OeKB CSD GmbH, Strauchgasse 1-3, 1010 Vienna, Austria ("**OeKB CSD**")] [,] [and] [Clearstream Banking, S.A., Luxembourg, 42 Avenue J.F. Kennedy, 1855 Luxembourg, Grand Duchy of Luxembourg ("**CBL**") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**" and, together with CBL, the "**ICSDs**")] [the Issuer] [,] [and] [*specify other Clearing System*] and any successor in such capacity. [*In case of Notes to be kept in custody on behalf of the ICSDs insert: The Notes shall be kept in custody by a common depository on behalf of both ICSDs.*]

(5) *Holder of Notes.* "**Holder**" means any holder of a proportionate co-ownership or other comparable right in

the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System.

(6) *Business Day*. "**Business Day**" means a calendar day (other than a Saturday or a Sunday) on which **[insert, as applicable:** commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert all relevant financial centres]] [insert, as applicable:** [and] the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("**TARGET**") is open].

§ 2 STATUS

(1) *Ranking*. The Notes constitute direct, unsecured and subordinated obligations of the Issuer and shall constitute AT 1 Instruments (as defined below).

In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

- (a) junior to all present or future: (i) unsubordinated instruments or obligations of the Issuer; (ii) (x) any Tier 2 Instruments (as defined below); and (y) all other instruments or obligations of the Issuer ranking or expressed to rank subordinated to the unsubordinated obligations of the Issuer (other than instruments or obligations ranking or expressed to rank *pari passu* with or subordinated to the Notes);
- (b) *pari passu*: (i) among themselves; and (ii) with all other present or future (x) AT 1 Instruments; and (y) instruments or obligations ranking or expressed to rank *pari passu* with the Notes; and
- (c) senior to all present or future: (i) ordinary shares of the Issuer and any other CET 1 Instruments (as defined below); and (ii) all other subordinated instruments or obligations of the Issuer ranking or expressed to rank: (x) subordinated to the obligations of the Issuer under the Notes; or (y) *pari passu* with the ordinary shares of the Issuer and any other CET 1 Instruments, including the Participation Capital Instruments (as defined below).

For the avoidance of doubt, Holders will neither participate in any reserves of the Issuer nor in liquidation profits (*Liquidationsgewinn* within the meaning of § 8(3)(1) of the Austrian Corporate Income Tax Act 1988 (*Körperschaftsteuergesetz 1988*)) in the event of the Issuer's liquidation.

The rights of the Holders of the Notes to payment of principal on the Notes are at any time limited to a claim for the prevailing Current Principal Amount (as defined in § 5(10)).

(2) *No Negative Equity and Waiver of Petition*. The Holders will be entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital* within the meaning of § 225(1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch - UGB*)) has been removed (*beseitigt*) or if, in the event of the liquidation of the Issuer, all other creditors (other than creditors the claims of which rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first.

The Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets; therefore the obligations of the Issuer under the Notes, if any, will not contribute to the determination of over-indebtedness (*Überschuldung*) in accordance with § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung - IO*).

(3) *No Set-off, Netting or Security*. Claims of the Issuer are not permitted to be set-off or netted against payment obligations of the Issuer under the Notes, and no contractual collateral may be provided by the Issuer or any third person for the liabilities constituted by the Notes. The Notes are neither secured nor subject to a guarantee that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in insolvency or liquidation.

(4) *Definitions*. In these Terms and Conditions:

"**AT 1 Instruments**" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Additional Tier 1 instruments pursuant to Article 52 CRR, including any capital instruments that qualify as Additional Tier 1 instruments pursuant to transitional provisions under the CRR.

"**CET 1 Instruments**" means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 CRR, including any capital instruments that qualify as Common Equity Tier 1 instruments pursuant to transitional provisions under the CRR.

"**CRR**" means 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*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant Articles of the CRR include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Participation Capital Instruments**" means the following (directly or indirectly issued) capital instruments of the Issuer: "Partizipationskapital der Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft" (Issue Dates: 25 November 2008 and 19 December 2008).

"**Tier 2 Instruments**" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 CRR, including any capital instruments that qualify as Tier 2 instruments pursuant to transitional provisions under the CRR.

§ 3

DISTRIBUTIONS

(1) *Fixed Rate Distributions.*

(a) *Fixed Rate of Distributions and Fixed Rate Distribution Payment Dates.* The Notes shall bear distributions on the Current Principal Amount at the rate of **[insert Fixed Rate of Distributions]** per cent. *per annum* (the "**Fixed Rate of Distributions**") from and including **[insert Distribution Commencement Date]** (the "**Distribution Commencement Date**") to but excluding the first Fixed Rate Distribution Payment Date and thereafter from and including each Fixed Rate Distribution Payment Date to but excluding the next subsequent Fixed Rate Distribution Payment Date (each such period, a "**Fixed Rate Distribution Period**" and the period from and including the Distribution Commencement Date to but excluding the final Fixed Rate Distribution Payment Date (the "**Reset Date**") the "**First Period**"). **[In case of a short or long first distribution period insert:** With the exception of the first payment of distributions, distributions] **[in case of Notes which have only regular fixed rate distribution payments insert:** Distributions] for the First Period shall be scheduled to be paid **[in case of quarterly fixed rate distribution payments insert:** quarterly] **[in case of semi-annual fixed rate distribution payments insert:** semi-annually] **[in case of annual fixed rate distribution payments insert:** annually] in arrear on **[insert Fixed Rate Distribution Payment Dates]** in each year (each such date, a "**Fixed Rate Distribution Payment Date**"), commencing on **[insert first Fixed Rate Distribution Payment Date]** and ending on the Reset Date.

Fixed Rate Distributions will fall due subject to the provisions set out in § 3(4) and § 4(4).

(b) *Calculation of Amount of Distributions.* If the amount of distributions scheduled to be paid under the Notes is required to be calculated for any period of time in the First Period such amount of distributions shall be calculated by the Calculation Agent by applying the Fixed Rate of Distributions to the Current Principal Amount multiplying such amount by the applicable Fixed Rate Day Count Fraction (as defined below), and rounding the resulting figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

If a Write-Down (as defined in § 5(8)) occurs during any Fixed Rate Distribution Period as a result of which unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date (as defined in § 5(10)) are cancelled in accordance with § 3(4), the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Effective Date.

If a Write-Up (as defined in § 5(9)) occurs during any Fixed Rate Distribution Period, the amount of distributions shall be calculated by the Calculation Agent by reference to such Current Principal Amount as adjusted from time to time and as if such Fixed Rate Distribution Period were comprised of two or (as applicable) more consecutive fixed rate distribution periods, with distribution calculations based on the number of days for which each Current Principal Amount was applicable.

(c) *Fixed Rate Day Count Fraction.* "**Fixed Rate Day Count Fraction**" means, in respect of the calculation of an amount of distributions on any Note for any period of time (the "**Calculation Period**"):

[In case Actual/Actual (ICMA) applies, insert:

- (i) if the Calculation Period is equal to or shorter than the Fixed Rate Determination Period during which the Calculation Period ends, the number of calendar days in such Calculation Period divided by the product of: (x) the number of calendar days in such Fixed Rate Determination Period; and (y) the number of Fixed Rate Determination Dates (as specified below) that would occur in one calendar year; or
- (ii) if the Calculation Period is longer than the Fixed Rate Determination Period during which the Calculation Period ends, the sum of:
 - (A) the number of calendar days in such Calculation Period falling in the Fixed Rate Determination Period in which the Calculation Period begins divided by the product of: (x) the number of calendar days in such Fixed Rate Determination Period; and (y) the number of Fixed Rate Determination Dates that would occur in one calendar year; and
 - (B) the number of calendar days in such Calculation Period falling in the next Fixed Rate Determination Period divided by the product of: (x) the number of calendar days in such Fixed Rate Determination Period; and (y) the number of Fixed Rate Determination Dates that would

occur in one calendar year.

Where:

"Fixed Rate Determination Period" means the period from and including a Fixed Rate Determination Date to but excluding the next Fixed Rate Determination Date (including, where the Distribution Commencement Date is not a Fixed Rate Determination Date, the period commencing on the first Fixed Rate Determination Date prior to the Distribution Commencement Date, and where the final Fixed Rate Distribution Payment Date is not a Fixed Rate Determination Date, the period ending on the first Fixed Rate Determination Date falling after the final Fixed Rate Distribution Payment Date, as the case may be).

"Fixed Rate Determination Date" means [●] in each year. The number of Fixed Rate Determination Dates per calendar year is [*insert number of regular fixed distribution payment dates per calendar year*].

[In case Actual/Actual (ISDA) applies, insert: the actual number of calendar days in the Calculation Period divided by 365 (or, if any calculation portion of that Calculation Period falls in a leap year, the sum of: (1) the actual number of calendar days in that portion of the Calculation Period falling in a leap year divided by 366; and (2) the actual number of calendar days in that portion of the Calculation Period falling in a non-leap year divided by 365).]

[In case Actual/365 (Fixed) applies, insert: the actual number of calendar days in the Calculation Period divided by 365.]

[In case Actual/360 applies, insert: the actual number of calendar days in the Calculation Period divided by 360.]

[In case 30/360, 360/360 or Bond Basis applies, insert: the number of calendar days in the Calculation Period divided by 360, the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months (unless: (1) the last calendar day of the Calculation Period is the 31st calendar day of a month but the first calendar day of the Calculation Period is a calendar day other than the 30th or 31st calendar day of a month, in which case the month that includes that last calendar day shall not be considered to be shortened to a 30-calendar day month, or (2) the last calendar day of the Calculation Period is the last calendar day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-calendar day month).]

[In case 30E/360 or Eurobond Basis applies, insert: the number of calendar days in the Calculation Period divided by 360 (the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months, without regard to the date of the first calendar day or last calendar day of the Calculation Period unless, in the case of the final Calculation Period, the date of redemption is the last calendar day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-calendar day month).]

(2) *Floating Rate Distributions.*

(a) *Floating Rate Distribution Payment Dates.*

The Notes shall bear distributions on the Current Principal Amount at the Floating Rate of Distributions (as defined below) from and including the Reset Date to but excluding the first Floating Rate Distribution Payment Date and thereafter from and including each Floating Rate Distribution Payment Date to but excluding the next subsequent Floating Rate Distribution Payment Date (each such period a "**Floating Rate Distribution Period**").

Distributions on the Notes shall be scheduled to be paid in arrear on each Floating Rate Distribution Payment Date. "**Floating Rate Distribution Payment Date**" means each [*insert specified Floating Rate Distribution Payment Dates*], commencing on [*insert first Floating Rate Distribution Payment Date*]. Floating rate distributions will fall due subject to the provisions set out in § 3(4) and § 4(5).

[In case of Notes the Floating Rate of Distributions of which is linked to a Reference Rate, insert:

(b) *Floating Rate of Distributions.* The floating rate of distributions (the "**Floating Rate of Distributions**") for each Floating Rate Distribution Period shall be the [*insert number, term and name of relevant Reference Rate*] *per annum* (the "**Reference Rate**") [*in case of a Margin insert: [plus] [minus] the Margin (as defined below)*]. Such Reference Rate shall be the offered rate (expressed as a percentage rate *per annum*) for deposits in the Specified Currency with a term, which corresponds with the Floating Rate Distribution Period, which appears on the Screen Page (as defined below) as of [*insert relevant time*] (*[insert relevant financial centre]* time) on the relevant Floating Rate Determination Date (as defined below), all as determined by the Calculation Agent (as specified in § 6(1)).

[In case of a Margin, insert: "**Margin**" means [*insert credit spread as of the pricing date (which shall not include any increase of the rate of distribution or other incentive to redeem the Notes)*] *per cent. per annum.*]

"Floating Rate Determination Date" means the [first] [second] [*insert other relevant number of*

Business Days Business Day [(as defined in § 1(6))] [prior to the [commencement] [end]] of the relevant Floating Rate Distribution Period. **[if a definition is required, which differs from the "Business Day" definition applicable in § 1, insert:** For the purposes of this § 3(2) only, "Business Day" means a calendar day (other than a Saturday or a Sunday) on which **[in case TARGET shall be open, insert:** the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("TARGET") is open] [[and] commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert relevant financial centres]].]**

"Screen Page" means **[insert relevant Screen Page]** or the successor page displayed by the same information provider or any other information provider nominated by the Calculation Agent as the replacement information provider for the purposes of displaying the Reference Rate.

If the Screen Page is unavailable or if the Reference Rate does not appear on the Screen Page as at such time on the relevant Floating Rate Determination Date, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its rate (expressed as a percentage rate *per annum*) at which it offers deposits in the Specified Currency with a term, which corresponds with the Floating Rate Distribution Period, at approximately **[insert relevant time]** (**[insert relevant financial centre]** time) on the Floating Rate Determination Date.

If two or more of the Reference Banks provide the Calculation Agent with such rates, the Reference Rate for the relevant Floating Rate Distribution Period shall be deemed to be the arithmetic mean (rounded if necessary to the nearest **[if the Reference Rate is EURIBOR insert:** one thousandth of a percentage point, with 0.0005 being rounded upwards] **[if the Reference Rate is not EURIBOR insert:** one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards]) of such rates, all as determined by the Calculation Agent.

If the Reference Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Reference Rate for the relevant Floating Rate Distribution Period shall be deemed to be the rate determined by the Calculation Agent in its reasonable discretion (§ 315 BGB); the Calculation Agent shall take general market practice into account when determining such rate.

"BGB" means the German Civil Code (*Bürgerliches Gesetzbuch – BGB*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the BGB include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Reference Banks" means **[insert relevant number]** major banks in the **[if the Reference Rate is not EURIBOR insert:** **[insert relevant financial centre]** interbank market] **[if the Reference Rate is EURIBOR insert:** Euro-Zone].

[if the Reference Rate is EURIBOR insert: "Euro-Zone" means those member states of the European Union which have adopted the Euro as their currency.]]

[In case of Notes the Floating Rate of Distributions of which is linked to a Swap Rate, insert:

(b) *Floating Rate of Distributions.* The floating rate of distributions (the "Floating Rate of Distributions") for each Floating Rate Distribution Period shall be the **[insert number, term and name of relevant Reference Rate]** *per annum* (the "Reference Rate") **[in case of a Margin insert:** [plus] [minus] the Margin (as defined below)]. Such Reference Rate shall be the swap rate (expressed as a percentage rate *per annum*) for swap transactions in the Specified Currency with a term of **[insert relevant term]** which appears on the Screen Page (as defined below) as of **[insert relevant time]** (**[insert relevant financial centre]** time) on the relevant Floating Rate Determination Date (as defined below), all as determined by the Calculation Agent (as specified in § 6(1)).

[In case of Notes which have a margin, insert: "Margin" means **[insert credit spread as of the pricing date (which shall not include any step-up or other incentive to redeem the Notes)]** per cent. *per annum.*]

"Floating Rate Determination Date" means the [first] [second] **[insert other relevant number of Business Days]** Business Day [(as defined in § 1(6))] [prior to the [commencement] [end]] of the relevant Floating Rate Distribution Period. **[if a definition is required, which differs from the "Business Day" definition applicable in § 1, insert:** For the purposes of this § 3(2) only, "Business Day" means a calendar day (other than a Saturday or a Sunday **[in case the Reference Rate is the USD-Swap Rate, insert:** or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities]) **[if applicable, insert:** on which **[in case TARGET shall be open, insert:** the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("TARGET") is open] [[and] commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert relevant financial centres]].]**

"Screen Page" means [insert relevant Screen Page] or the successor page displayed by the same information provider or any other information provider nominated by the Calculation Agent as the replacement information provider for the purposes of displaying the Reference Rate.

If the Screen Page is unavailable or if the Reference Rate does not appear on the Screen Page as at such time on the relevant Floating Rate Determination Date, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-market Swap Rate (expressed as a percentage rate *per annum*) at approximately [insert relevant time] ([insert relevant financial centre] time) on the Floating Rate Determination Date.

"Mid-market Swap Rate" means the mean of the bid and offered rates for the fixed leg of a fixed-for-floating rate swap transaction in the Specified Currency where the floating leg is equivalent to [insert number, term and name of relevant Reference Rate] *per annum*, which appears on [insert relevant screen page] (or the successor page displayed by the same information provider or any other information provider nominated by the Calculation Agent as the replacement information provider for the purposes of displaying the [insert number, term and name of relevant Reference Rate]).

If three or more of the Reference Banks provide the Calculation Agent with such rates, the Reference Rate for the relevant Floating Rate Distribution Period shall be deemed to be the arithmetic mean (rounded if necessary to the nearest one hundred-thousandth of a percentage point, with 0.000005 being rounded upwards) of such rates eliminating the highest rate (or, in the event of equality, one of the highest) and the lowest rate (or, in the event of equality, one of the lowest), all as determined by the Calculation Agent.

If the Reference Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Reference Rate for the relevant Floating Rate Distribution Period shall be deemed to be the rate determined by the Calculation Agent in its reasonable discretion (§ 315 BGB); the Calculation Agent shall take general market practice into account when determining such rate.

"BGB" means the German Civil Code (*Bürgerliches Gesetzbuch – BGB*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the BGB include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Reference Banks" means [insert relevant number] major banks in the [if the Reference Rate is not a Euro swap rate, insert: [insert relevant financial centre] interbank market] [if the Reference Rate is a Euro swap rate, insert: Euro-Zone].

[If the Reference Rate is a Euro swap rate, insert: "Euro-Zone" means those member states of the European Union which have adopted the Euro as their currency.]]

(c) *Calculation of Floating Amount of Distributions.* The Calculation Agent will calculate the amount of distributions payable under the Notes in respect of the Current Principal Amount for the relevant Floating Rate Distribution Period (the "**Floating Amount of Distributions**"). The Floating Amount of Distributions shall be calculated by applying the Floating Rate of Distributions to the Current Principal Amount, multiplying such amount by the applicable Floating Rate Day Count Fraction (as defined below) and rounding the resulting figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

If a Write-Down (as defined in § 5(8)) occurs during any Floating Rate Distribution Period as a result of which unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date (as defined in § 5(10)) are cancelled in accordance with § 3(4), the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Effective Date.

If a Write-Up (as defined in § 5(9)) occurs during any Floating Rate Distribution Period, the amount of distributions shall be calculated by the Calculation Agent by reference to such Current Principal Amount as adjusted from time to time and as if such Floating Rate Distribution Period were comprised of two or (as applicable) more consecutive floating rate distribution periods, with distribution calculations based on the number of days for which each Current Principal Amount was applicable.

(d) *Notification of Floating Rate of Distributions and Floating Amount of Distributions.* The Calculation Agent will cause the Floating Rate Distribution Period, the Floating Rate of Distributions, the Floating Amount of Distributions and the Floating Rate Distribution Payment Date for the relevant Floating Rate Distribution Period to be notified to the Issuer, any stock exchange on which the Notes are from time to time listed (if required by the rules of such stock exchange) and to the Holders in accordance with § 10 as soon as possible after their determination. Each Floating Amount of Distributions and Floating Rate Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Distribution Period. Any such amendment will be promptly notified to any stock exchange on which the Notes are from time to time listed and to the Holders in accordance with § 10.

(e) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3

by the Calculation Agent shall (in the absence of wilful default, bad faith, inequity or manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Fiscal Agent, the Paying Agents or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(f) *Floating Rate Day Count Fraction*. "**Floating Rate Day Count Fraction**" means, in respect of the calculation of an amount of distributions on any Note for any period of time (the "**Floating Rate Calculation Period**"):

[In case Actual/Actual (ICMA) applies, insert:

- (i) if the Floating Rate Calculation Period is equal to or shorter than the Floating Rate Determination Period during which the Floating Rate Calculation Period ends, the number of calendar days in such Floating Rate Calculation Period divided by the product of: (x) the number of calendar days in such Floating Rate Determination Period; and (y) the number of Floating Rate Determination Dates (as specified below) that would occur in one calendar year; or
- (ii) if the Floating Rate Calculation Period is longer than the Floating Rate Determination Period during which the Floating Rate Calculation Period ends, the sum of:
 - (A) the number of calendar days in such Floating Rate Calculation Period falling in the Floating Rate Determination Period in which the Floating Rate Calculation Period begins divided by the product of: (x) the number of calendar days in such Floating Rate Determination Period; and (y) the number of Floating Rate Determination Dates that would occur in one calendar year; and
 - (B) the number of calendar days in such Floating Calculation Period falling in the next Floating Rate Determination Period divided by the product of: (x) the number of calendar days in such Floating Rate Determination Period; and (y) the number of Floating Rate Determination Dates that would occur in one calendar year.

"**Floating Rate Determination Period**" means the period from, and including, a Floating Rate Determination Date to, but excluding, the next Floating Rate Determination Date (including, where the Reset Date is not a Floating Rate Determination Date, the period commencing on the first Floating Rate Determination Date prior to the Reset Date, and where the final Floating Rate Distribution Payment Date is not a Floating Rate Determination Date, the period ending on the first Floating Rate Determination Date falling after the final Floating Rate Distribution Payment Date, as the case may be).

For the purpose of this § 3(2)(f) only, "**Floating Rate Determination Date**" means [●] in each year. The number of Floating Rate Determination Dates per calendar year is [*insert number of regular floating rate distribution payment dates per calendar year*].

[In case Actual/Actual (ISDA) applies, insert: the actual number of calendar days in the Floating Rate Calculation Period divided by 365 (or, if any portion of that Floating Rate Calculation Period falls in a leap year, the sum of: (1) the actual number of calendar days in that portion of the Floating Rate Calculation Period falling in a leap year divided by 366; and (2) the actual number of calendar days in that portion of the Floating Rate Calculation Period falling in a non-leap year divided by 365).]

[In case Actual/365 (Fixed) applies, insert: the actual number of calendar days in the Floating Rate Calculation Period divided by 365.]

[In case Actual/360 applies, insert: the actual number of calendar days in the Floating Rate Calculation Period divided by 360.]

[In case 30/360, 360/360 or Bond Basis applies, insert: the number of calendar days in the Floating Rate Calculation Period divided by 360, the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months (unless: (1) the last calendar day of the Floating Rate Calculation Period is the 31st calendar day of a month but the first calendar day of the Floating Rate Calculation Period is a calendar day other than the 30th or 31st calendar day of a month, in which case the month that includes that last calendar day shall not be considered to be shortened to a 30-calendar day month; or (2) the last calendar day of the Floating Rate Calculation Period is the last calendar day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-calendar day month).]

(3) *Default Distributions*. The Notes shall cease to bear distributions from the expiry of the calendar day preceding the due date for redemption (if the Notes are redeemed). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the Current Principal Amount of the Notes from and including the due date for redemption to but excluding the date of actual redemption of the Notes at the

[applicable] rate of distributions established by law.⁵ This does not affect any additional rights that might be available to the Holders.

(4) *Cancellation of Distributions.*

(a) The Issuer, at its full discretion, may at all times cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Fixed Rate Distribution Payment Date or Floating Rate Distribution Payment Date (each such date, a "**Distribution Payment Date**") for an unlimited period and on a non-cumulative basis. The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due. If the Issuer makes use of such right, it shall give notice to the Holders in accordance with § 10 without undue delay and in any event no later than on the relevant Distribution Payment Date.

(b) Without prejudice to such full discretion of the Issuer, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent that:

- (i) the amount of such distribution payment scheduled to be paid together with any Additional Amounts (as defined in § 7(1)) thereon and any payments of interest, dividends or distributions made or scheduled to be made by the Issuer on all other Tier 1 Instruments in the relevant financial year of the Issuer would exceed the amount of the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions together with any Additional Amounts thereon on the Notes) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based; or
- (ii) the Competent Authority orders the relevant distribution payment scheduled to be paid to be cancelled in whole or in part; or
- (iii) the amount of such distribution payment scheduled to be paid, together with other distributions of the kind referred to in § 24(2) BWG (implementing Article 141(2) CRD IV in Austria) in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer and/or the Regulatory Group to be exceeded.

If any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date is so mandatorily and automatically cancelled, the Issuer shall give notice to the Holders in accordance with § 10 without undue delay. Any failure to give such notice shall not affect the validity of the cancellation and shall not constitute a default for any purpose.

(c) If a Write-Down occurs during any Fixed Rate Distribution Period or Floating Rate Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Effective Date will be cancelled mandatorily and automatically in full.

(d) Any distribution payment so cancelled will be non-cumulative and will be cancelled permanently and no payments will be made nor will any Holder be entitled to receive any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and will not impose any restrictions on the Issuer.

(5) *Definitions.* In these Terms and Conditions:

"**BWG**" means the Austrian Banking Act (*Bankwesengesetz – BWG*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the BWG include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) CRR which is responsible to supervise the Issuer and/or the Regulatory Group.

"**CRD IV**" means 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*), as implemented in Austria and as amended or replaced from time to time, and any references in these Terms and Conditions to relevant Articles of the CRD IV include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Distributable Items**" means in respect of any payment of distributions on the Notes the distributable items as defined in Article 4(1)(128) CRR in respect of each financial year of the Issuer, as at the end of the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date for which such Relevant Financial Statements are available, all as determined in accordance with the accounting principles applied

⁵ The default rate of interest established by law is five percentage points above the basic rate of interest published by Deutsche Bundesbank from time to time, §§ 288(1), 247(1) BGB.

by the Issuer and as derived from the most recent Relevant Financial Statements.

"Maximum Distributable Amount" means any maximum distributable amount (*maximal ausschüttungsfähiger Betrag*) relating to the Issuer and/or the Regulatory Group, as the case may be, that may be required to be calculated in accordance with § 24(2) BWG (implementing Article 141(2) CRD IV in Austria).

"Regulatory Group" means 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.

"Relevant Financial Statements" means: (i) the audited (*geprüft*) and adopted (*festgestellt*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date; or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant Distribution Payment Date, unaudited unconsolidated pro forma financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer in relation to its unconsolidated annual financial statements and accounting regulations then in effect in relation to the Issuer's unconsolidated annual financial statements.

"Tier 1 Instruments" means: (i) the CET 1 Instruments; (ii) the AT 1 Instruments; and (iii) any other instruments or obligations of the Issuer ranking *pari passu* with respect to payment of interest, dividends or distributions with CET 1 Instruments or AT 1 Instruments.

§ 4

PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.

(b) *Payment of Distributions.* Payment of distributions on the Notes shall be made, subject to § 3(4) above and § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System [*in case of distribution payments on a Temporary Global Note insert.*, and in case of payment of distributions on Notes represented by a Temporary Global Note, upon due certification as provided for in § 1(3)(b)].

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, payments of amounts due in respect of the Notes shall be made in the Specified Currency.

[In case of Notes the Specified Currency of which is not Euro, insert: If the Issuer determines that it is impossible to make payments of amounts due on the Notes in freely negotiable and convertible funds on the relevant due date for reasons beyond its control or that the Specified Currency or any successor currency provided for by law (the "**Successor Currency**") is no longer used for the settlement of international financial transactions, the Issuer may fulfil its payment obligations by making such payments in Euro on the relevant due date on the basis of the Applicable Exchange Rate. Holders shall not be entitled to further interest or any additional amounts as a result of such payment. The "**Applicable Exchange Rate**" shall be: (i) (if such exchange rate is available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) determined and published by the European Central Bank for the most recent calendar day falling within a reasonable period of time prior to the relevant due date; or (ii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) which the Fiscal Agent has calculated as the arithmetic mean of offered rates concerning the Specified Currency or the Successor Currency (if applicable) quoted to the Fiscal Agent by four leading banks operating in the international foreign exchange market for the most recent calendar day falling within a reasonable (as determined by the Fiscal Agent in its reasonable discretion (§ 315 BGB)) period of time prior to the relevant due date; or (iii) (if such exchange rate is not available) the exchange rate of Euro against the Specified Currency or the Successor Currency (if applicable) as determined by the Fiscal Agent in its reasonable discretion (§ 315 BGB).]

(3) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(4) *Fixed Rate Payment Business Day.* If the due date for any payment in respect of the Notes which falls prior to or on the Reset Date would otherwise fall on a calendar day which is not a Fixed Rate Payment Business Day (as defined below), the due date for such payment shall be:

[in case Modified Following Business Day Convention applies, insert: postponed to the next calendar day which is a Fixed Rate Payment Business Day unless the due date for such payment would thereby fall into the next calendar month, in which event the due date for such payment shall be the immediately preceding calendar day which is a Fixed Rate Payment Business Day.]

[in case Following Business Day Convention applies, insert: postponed to the next calendar day which

is a Fixed Rate Payment Business Day.]

[in case Preceding Business Day Convention applies, insert: moved forward to the immediately preceding calendar day which is a Fixed Rate Payment Business Day.]

"Fixed Rate Payment Business Day" means a calendar day (other than a Saturday or a Sunday): (i) on which the Clearing System is open; and (ii) [which is a Business Day (as defined in § 1(6))] [on which **[insert, as applicable:** commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert all relevant financial centres]] [insert, as applicable:** [and] the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("TARGET") is open]].

[If the distribution amount shall be adjusted, insert: If any Fixed Rate Payment Business Day is **[in case Modified Following Business Day Convention or Preceding Business Day Convention applies, insert:** brought forward] [or] **[in case Modified Following Business Day Convention or Following Business Day Convention applies, insert:** postponed] (as described above), the amount of distribution shall be adjusted accordingly.]

[If the distribution amount shall not be adjusted, insert: If any Fixed Rate Payment Business Day is **[in case Modified Following Business Day Convention or Preceding Business Day Convention applies, insert:** brought forward] [or] **[in case Modified Following Business Day Convention or Following Business Day Convention applies, insert:** postponed] (as described above), the amount of distribution shall not be adjusted accordingly.]

(5) *Floating Rate Payment Business Day.* If the due date for any payment in respect of the Notes which falls after the Reset Date would otherwise fall on a calendar day which is not a Floating Rate Payment Business Day (as defined below), the due date for such payment shall be:

[in case Modified Following Business Day Convention applies, insert: postponed to the next calendar day which is a Floating Rate Payment Business Day unless the due date for such payment would thereby fall into the next calendar month, in which event the due date for such payment shall be the immediately preceding calendar day which is a Floating Rate Payment Business Day.]

[In case of FRN Convention (adjusted), the following applies:

postponed to the next day that is a Floating Rate Payment Business Day unless it would thereby fall into the next calendar month, in which event: (i) the due date for such payment shall be brought forward to the immediately preceding Floating Rate Payment Business Day; and (ii) each subsequent due date shall be the last Floating Rate Payment Business Day of the month in which such date would have fallen had it not been subject to adjustment.]

[in case Following Business Day Convention applies, insert: postponed to the next calendar day which is a Floating Rate Payment Business Day.]

[in case Preceding Business Day Convention applies, insert: moved forward to the immediately preceding calendar day which is a Floating Rate Payment Business Day.]

"Floating Rate Payment Business Day" means a calendar day (other than a Saturday or a Sunday): (i) on which the Clearing System is open; and (ii) [which is a Business Day (as defined in § 1(6))] [on which **[insert, as applicable:** commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert all relevant financial centres]] [insert, as applicable:** [and] the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 or its successor ("TARGET") is open]].

[If the distribution amount shall be adjusted, insert: If a Floating Rate Payment Business Day is **[in case Modified Following Business Day Convention or Preceding Business Day Convention applies, insert:** brought forward] [or] **[in case Modified Following Business Day Convention or Following Business Day Convention applies, insert:** postponed] (as described above), the amount of distribution shall be adjusted accordingly.]

[If the distribution amount shall not be adjusted, insert: If a Floating Rate Payment Business Day is **[in case Modified Following Business Day Convention or Preceding Business Day Convention applies, insert:** brought forward] [or] **[in case Modified Following Business Day Convention or Following Business Day Convention applies, insert:** postponed] (as described above), the amount of distribution shall not be adjusted accordingly.]

If the due date for the redemption of the principal amount of the Notes is adjusted the Holder shall not be entitled to payments in respect of such adjustment.

(6) *References to Principal and Distributions.* References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Current Principal Amount; the Redemption Amount (as defined in § 5(7)) of the Notes; and any premium and any other amounts (other

than distributions) which may be payable under or in respect of the Notes. References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts (as defined in § 7(1)) which may be payable under § 7(1).

§ 5

REDEMPTION AND WRITE-DOWN

(1) *No Scheduled Maturity.* The Notes are perpetual and have no scheduled maturity date.

(2) *No Redemption at the Option of a Holder.* The Holders do not have a right to demand the redemption of the Notes.

(3) *Redemption at the Option of the Issuer.* The Issuer may, upon giving notice in accordance with § 5(7), redeem the Notes in whole, but not in part, at the Redemption Amount on any Call Redemption Date. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(4). Any such redemption pursuant to this § 5(3) shall not be possible before five years from the date of issuance and shall only be possible provided that the conditions to redemption [***if a repurchase is permissible insert:*** and repurchase] laid down in § 5(6) are met.

"**Call Redemption Date**" means: (i) the Reset Date (which may not fall earlier than five years after the date of issuance of the Notes); and (ii) each Floating Rate Distribution Payment Date [thereafter] [falling 12 months after the previous Call Redemption Date].

The Issuer may exercise its redemption right pursuant to this § 5(3) only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

(4) *Redemption for Reasons of Taxation.* If a Tax Event occurs, the Issuer may, upon giving notice in accordance with § 5(7), redeem the Notes in whole, but not in part, at the Redemption Amount [at any time on the date of redemption specified in the notice] [on the next Distribution Payment Date], provided that the conditions to redemption [***if a repurchase is permissible insert:*** and repurchase] laid down in § 5(6) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(4).

Where:

A "**Gross-up Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a decision of the local tax authority having competence over the Issuer as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts (as defined in § 7(1)).

A "**Tax Deductibility Event**" occurs if there is a change in the applicable tax treatment of the Notes as a result of which the Issuer, in computing its taxation liabilities in Austria, would not be entitled to claim a deduction in respect of distributions paid on the Notes, or such deductibility is materially reduced.

"**Tax Event**" means a change in, or clarification of, the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event or a Gross-up Event, which change or clarification: (x) subject to (y), becomes effective on or after the date of issuance of the Notes; or (y) in the case of a change, if such change is enacted on or after the date of issuance of the Notes.

(5) *Redemption for Regulatory Reasons.* If a Regulatory Event occurs, the Issuer may, upon giving notice in accordance with § 5(7), redeem the Notes in whole, but not in part, at the Redemption Amount [at any time on the date of redemption specified in the notice] [on the next Distribution Payment Date], provided that the conditions to redemption [***if a repurchase is permissible insert:*** and repurchase] laid down in § 5(6) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(4).

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes under the Applicable Supervisory Regulations that would be likely to result in their exclusion in full or in part from own funds (other than as a consequence of a Write-Down) or reclassification as a lower quality form of own funds (in each case, on an individual basis of the Issuer and/or on a consolidated basis of the Regulatory Group).

(6) *Conditions to Redemption [***if a repurchase is permissible insert:*** and Repurchase].* Any redemption pursuant to this § 5 [***if a repurchase is permissible insert:*** and any repurchase pursuant to § 9(2)] is subject to:

- (a) the Issuer having obtained the prior permission of the Competent Authority for the redemption [***if a repurchase is permissible insert:*** or any repurchase pursuant to § 9(2)] in accordance with Article 78 CRR, if applicable to the Issuer at that point in time, whereas such permission may, *inter alia*, require that:
 - (i) either the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms

that are sustainable for the income capacity of the Issuer; or

- (ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following such redemption [*if a repurchase is permissible insert:* or repurchase], exceed the minimum capital requirements (including any capital buffer requirements) by a margin that the Competent Authority considers necessary at such time; and
- (b) in the case of any redemption prior to the fifth anniversary of the date of issuance of the Notes:
- (i) due to a Tax Event, the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the Notes; or
 - (ii) due to a Regulatory Event, the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the Notes.

Notwithstanding the above conditions, if, at the time of any redemption [*if a repurchase is permissible insert:* or repurchase], the prevailing Applicable Supervisory Regulations permit the redemption [*if a repurchase is permissible insert:* or repurchase] only after compliance with one or more alternative or additional pre-conditions to those set out above in this § 5(6), the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal of the Competent Authority to grant permission in accordance with Article 78 CRR shall not constitute a default for any purpose.

(7) *Redemption Notice; Redemption Amount.* Any notice of redemption in accordance with § 5(3), § 5(4) or § 5(5) shall be given by the Issuer to the Holders in accordance with § 10 observing a notice period of not less than [*insert Minimum Notice Period, which shall not be less than 5 Business Days*] [calendar days] [Business Days] [*in case of a Maximum Notice Period insert:* nor more than [*insert Maximum Notice Period*] [calendar days] [Business Days]]. Such notice shall be irrevocable (subject to § 5(8)(d)) and shall specify:

- (a) in the case of a notice of redemption in accordance with § 5(3) the Call Redemption Date or in the case of a notice of redemption in accordance with § 5(4) or § 5(5) the date of redemption; and
- (b) the Redemption Amount at which the Notes are to be redeemed.

"Redemption Amount" per Note means the Current Principal Amount per Note.

Any notice of redemption in accordance with § 5(3), § 5(4) or § 5(5) and this § 5(7) will be subject to § 5(8)(b).

(8) *Write-Down.*

(a) If a Trigger Event (as defined below) has occurred the Issuer will:

- (i) immediately inform the Competent Authority that the Trigger Event has occurred;
- (ii) determine the Write-Down Amount (as defined below) as soon as possible, but in any case within a maximum period of one month following the determination that a Trigger Event has occurred;
- (iii) without undue delay inform the Fiscal Agent and the Holders that a Trigger Event has occurred by publishing a notice (such notice a "**Write-Down Notice**") which will specify the Write-Down Amount as well as the new/reduced Current Principal Amount of each Note and the Effective Date, provided that any failure to provide such Write-Down Notice shall not affect the effectiveness of, or otherwise invalidate any Write-Down or give Holders any rights as a result of such failure; and
- (iv) (without the need for the consent of Holders and/or a Write-Down Notice having been published before) reduce the then prevailing Current Principal Amount of each Note by the relevant Write-Down Amount (such reduction being referred to as a "**Write-Down**", and "**Written Down**" shall be construed accordingly) without undue delay, but not later than within one month, with effect as from the Effective Date.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion, each Note may be subject to a Write-Down on more than one occasion and the Current Principal Amount of a Note may never be reduced to below [*insert Specified Currency*] [**0.01 or lower amount**].

(b) *Write-Down Amount.*

- (i) The aggregate reduction of the aggregate Current Principal Amount of all Notes outstanding on the Effective Date will, subject as provided below, be equal to the lower of:
 - (A) the amount necessary to generate sufficient Common Equity Tier 1 capital pursuant to Article 50 CRR that would restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the

Trigger Level at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio contemplated above to the lower of: (x) such Loss Absorbing Instrument's trigger level; and (y) the Trigger Level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Supervisory Regulations; and

- (B) the amount that would result in the Current Principal Amount of a Note being reduced to [*insert Specified Currency*] 0.01.
 - (ii) The aggregate reduction determined in accordance with § 5(8)(b)(i) shall be applied to each Note *pro rata* on the basis of its Current Principal Amount prevailing immediately prior to the Write-Down, and references herein to "**Write-Down Amount**" shall mean, in respect of each Note, the amount by which the Current Principal Amount of such Note is to be Written Down accordingly.
 - (iii) If, in connection with the Write-Down or the calculation of the Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only (the "**Full Loss Absorbing Instruments**"), then:
 - (A) the provision that a Write-Down of the Notes should be effected *pro rata* with the write-down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written-Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and
 - (B) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down and/or conversion, such that the write-down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (x) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to restore the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level; and (y) second, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (x) shall be written off and/or converted, as the case may be, with the effect of increasing the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio above the Trigger Level.
 - (iv) To the extent the write-down and/or conversion of any Loss Absorbing Instruments for the purpose of § 5(8)(b)(i)(A) is not possible or not made for any reason, this shall not in any way prevent any Write-Down of the Notes. Instead, in such circumstances, the Notes will be Written-Down and the Write-Down Amount will be determined as provided above but without including for the purpose of § 5(8)(b)(i)(A) any Common Equity Tier 1 capital in respect of the write-down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be or to the extent they are not for any reason, written-down and/or converted.
 - (v) The Issuer's determination of the relevant Write-Down Amount shall be irrevocable and binding on the Holders.
- (c) Any reduction of the Current Principal Amount of a Note pursuant to this § 5(8) shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written-Down, whether in the insolvency or liquidation of the Issuer or otherwise, save to the extent (if any) such amounts are subject to a Write-Up in accordance with § 5(9).
- (d) The Issuer shall not give a notice of redemption after a Write-Down Notice has been given in respect of the relevant Trigger Event until the Effective Date of the Write-Down.

In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void and the relevant redemption shall not be made.

(9) *Write-Up.*

The Issuer may, at its sole discretion, to the extent permitted in compliance with the Applicable Supervisory Regulations, reinstate any portion of the principal amount of the Notes which has been Written Down (such portion, the "**Write-Up Amount**"), subject to the below limitations. The reinstatement of the Current Principal Amount (such reinstatement being referred to herein as a "**Write-Up**", and "**Written Up**" shall be construed accordingly) may occur on more than one occasion (and each Note may be Written Up on more than one

occasion), provided that the principal amount of each Note shall never be Written Up to an amount greater than its Original Principal Amount.

Write-Ups do not have priority over dividend payments and other distributions on shares and other CET 1 Instruments of the Issuer, *i.e.* such payments and distributions are permitted even if no full Write-Up of the Notes has been effected.

There will be no obligation for the Issuer to operate or accelerate a Write-Up under any circumstances.

If the Issuer so decides in its sole discretion, the Write-Up will occur with effect as from the Write-Up Date (as defined below).

In its sole discretion (without being obliged to) the Issuer may effect such Write-Up, provided that:

- (a) at the time of the Write-Up, there must not exist any Trigger Event that is continuing; any Write-Up is also excluded if such Write-Up would give rise to the occurrence of a Trigger Event;
- (b) such Write-Up is applied on a *pro rata* basis to all Notes and on a *pro rata* basis with the write-up of all Loss Absorbing Written-Down Instruments (if any); and
- (c) the sum of: (x) the aggregate amount attributed to the relevant Write-Up of the Notes on the Write-Up Date (as defined below) and the aggregate amount of any previous Write-Up of the Notes since the end of the then previous financial year and prior to the Write-Up Date; (y) the aggregate amount of the increase in principal amount of each Loss Absorbing Written-Down Instrument at the time of the relevant Write-Up and the aggregate amount of the increase in principal amount of each Loss Absorbing Written-Down Instrument resulting from any previous write-up since the end of the then previous financial year and prior to the time of the relevant Write-Up; and (z) the aggregate amount of any distribution and any Additional Amounts thereon paid on the aggregate Current Principal Amount of the Notes and the aggregate amount of any distribution and any additional amounts thereon paid on Loss Absorbing Written-Down Instruments as calculated at the moment the Write-Up is operated will not exceed the Maximum Write-Up Amount at any time after the end of the then previous financial year.

The amount of any Write-Up and payments of distributions on the reduced Current Principal Amount shall be treated as payment resulting in a reduction of Common Equity Tier 1 capital and shall be subject, together with other distributions on CET 1 Instruments, to any applicable restrictions relating to the Maximum Distributable Amount, including those referred to in § 24(2) BWG (implementing Article 141(2) CRD IV in Austria).

If the Issuer elects to effect a Write-Up, it will publish a notice about the Write-Up (including the amount of the Write-Up as a percentage of the Original Principal Amount and the effective date of the Write-Up (in each case a "**Write-Up Date**")) no later than 10 calendar days prior to the relevant Write-Up Date to the Fiscal Agent and, in accordance with § 10, to the Holders. The Write-Up shall be deemed to be effected, and the Current Principal Amount shall be deemed to be increased by the amount specified in the notice, with effect as of the Write-Up Date.

(10) *Definitions.* In these Terms and Conditions:

"**Applicable Supervisory Regulations**" means, at any time, any requirements of Austrian or European law or contained in the regulations, requirements, guidelines or policies of the Competent Authority, the European Parliament and/or the European Council, then in effect in Austria and applicable to the Issuer and the Regulatory Group, including but not limited to the provisions of the BWG, the CRD IV, the CRR and the CDR in each case as amended from time to time, or such other law, regulation or directive as may come into effect in place thereof.

"**CDR**" means the Commission Delegated Regulation (EU) No 241/2014 of 7 January 2014 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for Own Funds requirements for institutions (*Commission Delegated Regulation – CDR*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant Articles of the CDR include references to any applicable provisions of law amending or replacing such Articles from time to time.

"**Current Principal Amount**" means initially the Original Principal Amount, which from time to time, on one or more occasions, may be reduced by a Write-Down and, subsequent to any such reduction, may be increased by a Write-Up, if any (up to the Original Principal Amount).

"**Effective Date**" means the date as selected by the Issuer and specified as such in the Write-Down Notice to the Holders, but which shall be no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

"**Group CET 1 Capital Ratio**" means, at any time, the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Regulatory Group on a consolidated basis, as calculated by the Issuer in accordance with the Applicable Supervisory Regulations, which determination will be binding on the Holders.

"**Issuer CET 1 Capital Ratio**" means, at any time, the Common Equity Tier 1 capital ratio pursuant to

Article 92(2)(a) CRR of the Issuer on an individual basis, as calculated by the Issuer in accordance with the Applicable Supervisory Regulations, which determination will be binding on the Holders.

"Loss Absorbing Instrument" means, at any time, any AT 1 Instrument (other than the Notes) that may have all or some of its principal amount written down (whether on a permanent or temporary basis) or converted (in each case, in accordance with its terms or otherwise) on the occurrence or as a result of the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio falling below a certain trigger level.

"Loss Absorbing Written-Down Instrument" means, at any time, any AT 1 Instrument (other than the Notes) or, as applicable, any instrument issued by a member of the Regulatory Group and qualifying as Additional Tier 1 instruments pursuant to Article 52 CRR of the Issuer and/or the Regulatory Group, that, at the point in time falling immediately prior to any Write-Up of the Notes, is outstanding and has a prevailing principal amount that is less than its original principal amount because all or some of its principal amount has been written-down on a temporary basis, and that has terms permitting a principal write-up to occur on a basis similar to that provided in § 5(9) in the circumstances existing on the relevant Write-Up Date.

"Maximum Write-Up Amount" means the lower of:

- (i) the consolidated Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-Down Instruments of the Regulatory Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Regulatory Group as at the date the relevant Write-Up is operated; and
- (ii) the Profit on an unconsolidated basis multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written-Down Instruments of the Issuer (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Issuer as at the date the relevant Write-Up is operated;

or any higher or lower amount permitted to be used under the Applicable Supervisory Regulations in effect on the date of the relevant Write-Up.

[If Specified Currency is not Euro, insert: Any amounts in a currency other than Euro will, for purposes of establishing the Maximum Write-up Amount be converted into Euro at the foreign exchange rate prevailing on the [third] business day prior to the Effective Date.]

"Profit" means: (i) the net income for the year (*Jahresüberschuss*) of the Issuer on an unconsolidated basis recorded in the Relevant Financial Statements; or (ii) the consolidated net income for the year (*Jahresüberschuss*) on a consolidated basis recorded in the consolidated financial statements of the Issuer, in each case after such Relevant Financial Statements or consolidated financial statements have formally been determined (*festgestellt*) by either the supervisory board (*Aufsichtsrat*) or, if so requested, the shareholders' meeting (*Hauptversammlung*) of the Issuer.

A **"Trigger Event"** occurs if at any time: (i) the Group CET 1 Capital Ratio and/or (ii) the Issuer CET 1 Capital Ratio is lower than the Trigger Level. The determination as to whether a Trigger Event has occurred shall be made by the Issuer and the Competent Authority.

"Trigger Level" means in respect of: (i) the Group CET 1 Capital Ratio [*insert consolidated minimum trigger level*] per cent.; and/or (ii) the Issuer CET 1 Capital Ratio [*insert individual minimum trigger level*] per cent.

§ 6

FISCAL AGENT, PAYING AGENT[S] AND CALCULATION AGENT

(1) *Appointment; Specified Offices.* The initial fiscal agent (the **"Fiscal Agent"**), the initial principal paying agent (the **"Principal Paying Agent"**) [*in case (a) further paying agent(s) shall be appointed, insert:*, the initial paying agent(s) (the **"Paying Agent(s)"**)] and the initial calculation agent (the **"Calculation Agent"**) and their respective initial specified offices are:

Fiscal Agent and Principal Paying Agent:

[In case Hypo Vorarlberg Bank AG shall be appointed as initial Fiscal and Principal Paying Agent insert:

Hypo Vorarlberg Bank AG
Hypo-Passage 1
6900 Bregenz
Austria]

[In case another Fiscal and Principal Paying Agent shall be appointed, insert its name and initial specified office.]

[In case an additional or other paying agent shall be appointed, insert its name and initial specified office.]

Where these Terms and Conditions refer to the term "Paying Agent(s)", such term shall include the Principal Paying Agent.

Calculation Agent:

[In case Hypo Vorarlberg Bank AG shall be appointed as Calculation Agent insert:

Hypo Vorarlberg Bank AG
Hypo-Passage 1
6900 Bregenz
Austria]

[In case another Calculation Agent shall be appointed, insert its name and initial specified office.]

The Fiscal Agent, the Paying Agent(s) and the Calculation Agent (together the "**Agents**" and each an "**Agent**") reserve the right at any time to change their respective specified office to some other specified office in the same country.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any Paying Agent or the Calculation Agent and to appoint another Fiscal Agent, additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Fiscal Agent [;] [and] (ii) so long as the Notes are listed on a stock exchange, a Paying Agent (which may be the Fiscal Agent) with a specified office in such country as may be required by the rules of such stock exchange or its supervisory [authority] [authorities] **[in case of payments in U.S. Dollars insert: [;] [and] (iii) if payments at or through the offices of all Paying Agents outside the United States become illegal or are effectively precluded because of the imposition of exchange controls or similar restrictions on the full payment or receipt of such amounts in U.S. Dollars, a Paying Agent with a specified office in New York] [in case a Calculation Agent is to be appointed insert:; and (iv) a Calculation Agent].** The Issuer will give notice to the Holders of any variation, termination, appointment of or any other change in any Agent as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Agents act solely as agents of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by any Agent shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, all other Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Paying Agents, the Calculation Agent or the Holders shall attach to the Fiscal Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

§ 7

TAXATION

(1) *General Taxation.* All payments of distributions by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Republic of Austria or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

In that event, and subject to this provision, the Issuer shall pay such additional amounts (the "**Additional Amounts**") to the Holder as shall result in receipt by that Holder of such amounts as would have been received by it had no such withholding or deduction been required, provided however that any such Additional Amounts are only payable if and to the extent they: (i) would not exceed the Distributable Items; and (ii) only relate to withholding tax applicable to distributions by or on behalf of the Issuer. No such Additional Amounts shall be payable with respect to any Note:

- (a) to, or to a third party on behalf of, a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of its having some connection with the Republic of Austria other than the mere holding of the Note; or
- (b) presented for payment more than [30] **[insert other period]** calendar days after the date on which payment in respect of it first becomes due.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA).* The Issuer is authorised to withhold or deduct from

amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required by law to withhold or deduct pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental agreement thereto ("**FATCA**") (including under a voluntary agreement entered into with a taxing authority as described in Section 1471(b) of the Code (the "**FATCA Agreement**")). The Issuer will not be required to make any payment of additional amounts for or on account of any withholding tax deducted by the Issuer or an intermediary in compliance with FATCA. For the avoidance of doubt, the withholding or deduction of any amounts which are withheld or deducted pursuant to a FATCA Agreement shall be treated as being required by law.

§ 8

PRESENTATION PERIOD

The presentation period provided in § 801(1) sentence 1 BGB is reduced to [ten] ***[insert other (longer) time period]*** years for the Notes.

§ 9

FURTHER ISSUES OF NOTES, REPURCHASES AND CANCELLATION

(1) *Further Issues of Notes.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.

(2) *Repurchases.* ***[If a repurchase of Notes is permissible, insert:*** Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the conditions to redemption and repurchase laid down in § 5(6) are met, the Issuer and/or any of its subsidiaries may repurchase Notes in the open market or otherwise at any price. Notes repurchased by the Issuer or any subsidiary may, at the option of the Issuer or such subsidiary, be held, resold or surrendered to the Fiscal Agent for cancellation.] ***[If a repurchase of Notes is not permissible, insert:*** Neither the Issuer nor its subsidiaries may at any time repurchase Notes.]

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 10

NOTICES

(1) *Notices of the Issuer.* All notices of the Issuer concerning the Notes shall be published in [such media as determined by law] ***[insert specific media]*** and, additionally, in electronic form on the website of the Issuer [(www .hypovbg.at)] **[●]**. Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the [fifth] **[●]** calendar day following the date of the first such publication) [unless the notice provides for a later effective date].

(2) *Publication of Notices of the Issuer via the Clearing System.* If the publication of notices pursuant to paragraph (1) is no longer required by law, the Issuer may, in lieu of publication in the media set forth in paragraph (1), deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the [seventh] **[●]** calendar day after the calendar day on which said notice was given to the Clearing System.

(3) *Form of Notice to Be Given by any Holder.* Unless stipulated differently in these Terms and Conditions or required differently by law, notices regarding the Notes which are to be given by any Holder to the Issuer shall be validly given if delivered in text format (*Textform*) or in writing in [English] [or] [German] language to the Issuer or the Fiscal Agent (for onward delivery to the Issuer) and by hand or mail. The Holder shall provide evidence satisfactory to the Issuer of its holding of the Notes. Such evidence may be: (i) in the form of a certification from the Clearing System or the Custodian with which the Holder maintains a securities account in respect of the Notes that such Holder is, at the time such notice is given, the Holder of the relevant Notes; or (ii) in any other appropriate manner. "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

§ 11

**AMENDMENTS TO THE TERMS AND CONDITIONS,
JOINT REPRESENTATIVE**

(1) *Amendment of the Terms and Conditions.* Subject to compliance with the Applicable Supervisory Regulations for the Notes to qualify as AT 1 instruments, the Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Holders pursuant to §§ 5 *et seqq.* SchVG and the consent by the Competent Authority, to the extent then required under prevailing Applicable Supervisory Regulations. There will be no amendment of the Terms and Conditions without the Issuer's consent.

In particular, the Holders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) SchVG by resolutions passed by such majority of the votes of the Holders as stated under § 11(2) below. A duly passed majority resolution will be binding upon all Holders.

"SchVG" means the German Debt Securities Act (*Schuldverschreibungsgesetz – SchVG*), as amended or replaced from time to time, and any references in these Terms and Conditions to relevant paragraphs of the SchVG include references to any applicable provisions of law amending or replacing such provisions from time to time.

(2) *Majority Requirements.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Holders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) no 1 through no 9 SchVG, may only be passed by a majority of at least 75 *per cent.* of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch – HGB*)) or are being held for the account of the Issuer or any of its affiliates.

(3) *Resolutions.* Resolutions of the Holders will be made either in a Holders' meeting in accordance with § 11(3)(a) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 11(3)(b), in either case convened by the Issuer or a joint representative, if any.

- (a) Resolutions of the Holders in a Holders' meeting will be made in accordance with §§ 9 *et seqq.* SchVG. The convening notice of a Holders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders in the agenda of the meeting.
- (b) Resolutions of the Holders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance with § 18 SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Holders together with the request for voting.

(4) *Second Holders' Meeting.* If it is ascertained that no quorum exists for the vote without meeting pursuant to § 11(3)(b), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 SchVG.

(5) *Registration.* The exercise of voting rights is subject to the registration of the Holders. The registration must be received at the address stated in the request for voting no later than the third day prior to the meeting in the case of a Holders' meeting (as described in § 11(3)(a) or § 11(4)) or the beginning of the voting period in the case of voting not requiring a physical meeting (as described in § 11(3)(b)), as applicable. As part of the registration, Holders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their respective depositary bank hereof in text form and by submission of a blocking instruction by the depositary bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting or day the voting period ends, as the case may be.

(6) *Joint Representative.* The Holders may by majority resolution provide for the appointment or dismissal of a joint representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Holders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent to a material change in the substance of the Terms and Conditions in accordance with § 11(1) hereof.

The joint representative shall have the duties and powers provided by law or granted by majority resolutions of the Holders. The joint representative shall comply with the instructions of the Holders. To the extent that the joint representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The joint representative shall provide reports to the Holders on its activities. The provisions of the SchVG apply with regard to the recall and the other rights and obligations of the joint representative.

(7) *Notices.* Any notices concerning this § 11 will be made in accordance with §§ 5 *et seqq.* SchVG and § 10.

(8) *Exclusion of the Applicability of the Austrian Notes Trustee Act.* The applicability of the provisions of the Austrian Notes Trustee Act (*Kuratorenengesetz*) and the Austrian Notes Trustee Supplementation Act (*Kuratorenenergänzungsgesetz*) is explicitly excluded in relation to the Notes.

§ 12

APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, German law. The status provisions in § 2 shall be governed by, and shall be construed exclusively in accordance with, Austrian law.

(2) *Place of Jurisdiction.* Subject to any exclusive court of venue for specific legal proceedings in connection with the SchVG, the courts in [Frankfurt am Main, Federal Republic of Germany] **[insert other place of jurisdiction in Germany or Austria]**, shall have non-exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in connection with the Notes. **[Insert in case of a German place of jurisdiction:** The Issuer appoints Kanzlei Wucher & Kollegen, Sedanstraße 4, 88161 Lindenberg, Federal Republic of Germany, as its authorised agent for accepting service of process in connection with any Proceedings before German courts.]

(3) *Enforcement.* Any Holder of Notes may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under such Notes on the basis of: (a) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes: (i) stating the full name and address of the Holder; (ii) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement; and (b) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (i) and (ii); and (c) a copy of the Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such Proceedings of the actual records or the Global Note representing the Notes. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.

§ 13

LANGUAGE

[In case the Terms and Conditions are written in the English language only, insert: These Terms and Conditions are written in the English language only.]

[In case the English language text shall be binding and a non-binding German translation is provided, insert: These Terms and Conditions are written in the English language and provided with a German language translation. The English text shall be prevailing and binding. The German language translation shall be non-binding.]

[In case the German language text shall be binding and a non-binding English translation is provided, insert: These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be prevailing and binding. The English language translation shall be non-binding.]]

**[OPTION II – EMISSIONSBEDINGUNGEN FÜR SCHULDVERSCHREIBUNGEN MIT EINEM
AUSSCHÜTTUNGSSATZ FIX ZU VARIABEL**

[DER [ENGLISCHE] [DEUTSCHE] TEXT DIESER ANLEIHEBEDINGUNGEN IST RECHTSVERBINDLICH]
[DIE [ENGLISCHE] [DEUTSCHE] ÜBERSETZUNG DIENT LEDIGLICH INFORMATIONSZWECKEN]

§ 1

**WÄHRUNG, STÜCKELUNG, FORM,
BESTIMMTE DEFINITIONEN**

(1) *Währung, Stückelung.* Diese Tranche (die "**Tranche**") von nachrangigen Schuldverschreibungen (die "**Schuldverschreibungen**") wird von der Hypo Vorarlberg Bank AG (die "**Emittentin**") in [**Festgelegte Währung einfügen**] (die "**Festgelegte Währung**") im Gesamtkapitalbetrag von [**Festgelegte Währung und Gesamtkapitalbetrag einfügen**] (in Worten: [**Gesamtkapitalbetrag in Worten einfügen**]) in der Stückelung von jeweils [**für Schuldverschreibungen, die im EWR angeboten werden, einfügen**: EUR 200.000] [**für Schuldverschreibungen, die nur außerhalb des EWR angeboten werden, festgelegte Währung und festgelegte Stückelung einfügen**] (die "**Festgelegte Stückelung**" oder der "**Ursprüngliche Kapitalbetrag**") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

[Im Fall von Schuldverschreibungen, die ausschließlich durch eine Dauerglobalurkunde verbrieft sind, einfügen:

(3) *Dauerglobalurkunde.* Die Schuldverschreibungen sind durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**" oder die "**Globalurkunde**") ohne Zinsscheine verbrieft; der Ausschüttungsanzspruch im Zusammenhang mit den Schuldverschreibungen ist durch die Dauerglobalurkunde mitverbrieft. Die Dauerglobalurkunde wird von ordnungsgemäß bevollmächtigten Vertretern der Emittentin unterschrieben und von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.]

[Im Fall von Schuldverschreibungen, die anfänglich durch eine Vorläufige Globalurkunde verbrieft sind, die gegen eine Dauerglobalurkunde ausgetauscht werden kann, einfügen:

(3) *Vorläufige Globalurkunde – Austausch gegen Dauerglobalurkunde.*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**Vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die Vorläufige Globalurkunde kann gegen Schuldverschreibungen in der Festgelegten Stückelung, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**" und, zusammen mit der Vorläufigen Globalurkunde, die "**Globalurkunden**") ohne Zinsscheine verbrieft sind, ausgetauscht werden; jeder Ausschüttungsanspruch im Zusammenhang mit den Schuldverschreibungen ist durch die jeweilige Globalurkunde mitverbrieft. Die Globalurkunden werden jeweils von ordnungsgemäß bevollmächtigten Vertretern der Emittentin unterschrieben und werden jeweils von der Emissionsstelle oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die Vorläufige Globalurkunde ist ab einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde in der in § 1(3)(a) vorgesehenen Form und unter den dort aufgestellten Voraussetzungen austauschbar, der nicht weniger als 40 Kalendertage nach dem Begebungstag der Vorläufigen Globalurkunde liegt. Ein solcher Austausch darf nur in dem Umfang erfolgen, in dem Bescheinigungen vorgelegt werden, denen zufolge der oder die wirtschaftliche(n) Eigentümer der durch die Vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Person(en) ist (sind) (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Ausschüttungszahlungen auf durch eine Vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Ausschüttungszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Kalendertag nach dem Begebungstag der Vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese Vorläufige Globalurkunde gemäß § 1 (3) (b) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten zu liefern.

"**Vereinigte Staaten**" bezeichnet die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).]

(4) *Clearingsystem.* Die Globalurkunde(n) wird (werden) von einem Clearingsystem oder in Namen dessen verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "**Clearingsystem**" bezeichnet [**bei mehr als einem Clearingsystem einfügen**: jeweils] [OeKB CSD GmbH, Strauchgasse 1-3, 1010 Wien, Österreich ("**OeKB CSD**") [.] [und] [Clearstream Banking, S.A.,

Luxembourg, 42 Avenue J.F. Kennedy, 1855 Luxemburg, Großherzogtum Luxemburg ("**CBL**") und Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brüssel, Belgien ("**Euroclear**" und, zusammen mit CBL, die "**ICSDs**") [die Emittentin] [,] [und] [**anderes Clearingsystem angeben**] und jeden Funktionsnachfolger. [**Falls die Schuldverschreibungen im Namen der ICSDs verwahrt werden, einfügen:** Die Schuldverschreibungen werden von einer gemeinsamen Verwahrstelle (*common depositary*) im Namen beider ICSDs verwahrt.]]

(5) *Gläubiger von Schuldverschreibungen*. "**Gläubiger**" bezeichnet jeden Inhaber von Miteigentumsanteilen oder anderen vergleichbaren Rechten an der Globalurkunde, die in Übereinstimmung mit den Bestimmungen des Clearingsystems auf einen neuen Gläubiger übertragen werden können.

(6) *Geschäftstag*. "**Geschäftstag**" bezeichnet einen Kalendertag (außer einem Samstag oder Sonntag), an dem [**soweit erforderlich einfügen:** Geschäftsbanken und Devisenmärkte in [**sämtliche maßgeblichen Finanzzentren einfügen**] Zahlungen abwickeln und für den allgemeinen Geschäftsverkehr (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind] [**soweit erforderlich einfügen:** [und] das Trans-European Automated Real-time Gross Settlement Express Transfer System 2 oder dessen Nachfolgesystem ("**TARGET**") geöffnet ist].

§ 2

STATUS

(1) *Rang*. Die Schuldverschreibungen begründen direkte, unbesicherte und nachrangige Verbindlichkeiten der Emittentin und sollen AT 1 Instrumente (wie nachstehend definiert) darstellen.

Im Falle der Insolvenz oder der Liquidation der Emittentin sind die Verpflichtungen der Emittentin aus den Schuldverschreibungen:

- (a) nachrangig gegenüber allen gegenwärtigen oder zukünftigen: (i) nicht-nachrangigen Instrumenten oder Verbindlichkeiten der Emittentin; (ii) (x) Tier 2 Instrumenten (wie nachstehend definiert); und (y) allen anderen Instrumenten oder Verbindlichkeiten der Emittentin, die nachrangig gegenüber den nicht-nachrangigen Verbindlichkeiten der Emittentin sind oder als diesen gegenüber nachrangig bezeichnet werden (ausgenommen Instrumente oder Verbindlichkeiten, die gleichrangig mit oder nachrangig gegenüber den Schuldverschreibungen sind oder als diesen gegenüber gleichrangig oder nachrangig bezeichnet werden);
- (b) gleichrangig: (i) untereinander; und (ii) mit allen anderen gegenwärtigen oder zukünftigen (x) AT 1 Instrumenten; und (y) Instrumenten oder Verpflichtungen, die gleichrangig mit den Schuldverschreibungen sind oder als diesen gegenüber gleichrangig bezeichnet werden; und
- (c) vorrangig gegenüber allen gegenwärtigen oder zukünftigen: (i) Stammaktien der Emittentin und allen anderen CET 1 Instrumenten (wie nachstehend definiert); und (ii) allen anderen nachrangigen Instrumenten oder Verbindlichkeiten der Emittentin, die (x) gegenüber den Verpflichtungen der Emittentin aus den Schuldverschreibungen nachrangig sind oder als diesen gegenüber nachrangig bezeichnet werden; oder (y) gleichrangig mit den Stammaktien der Emittentin und anderen CET 1 Instrumenten, einschließlich der Partizipationskapitalinstrumente (wie nachstehend definiert), sind oder als diesen gegenüber gleichrangig bezeichnet werden.

Klarstellend wird festgehalten, dass die Gläubiger weder an den Rücklagen der Emittentin noch am Liquidationsgewinn (iSd § 8(3)(1) des österreichischen Körperschaftsteuergesetzes 1988) im Fall der Liquidation der Emittentin beteiligt werden.

Die Rechte der Gläubiger der Schuldverschreibungen auf Zahlung des Kapitals aus den Schuldverschreibungen sind jederzeit auf einen Anspruch aus dem jeweils Aktuellen Kapitalbetrag (wie in § 5(10) definiert) beschränkt.

(2) *Kein negatives Eigenkapital und Antragsverzicht*. Die Gläubiger haben nur dann einen Anspruch auf etwaige Zahlungen aus den Schuldverschreibungen, wenn ein negatives Eigenkapital im Sinne von § 225 Abs 1 Unternehmensgesetzbuch (UGB) beseitigt wurde oder wenn im Fall der Liquidation der Emittentin alle anderen Gläubiger der Emittentin (außer Gläubigern, deren Forderungen gleichrangig mit oder nachrangig gegenüber den Schuldverschreibungen sind oder als diesen gegenüber gleichrangig oder nachrangig bezeichnet werden) zuerst befriedigt wurden.

Bei der Prüfung, ob die Passiva der Emittentin ihre Aktiva übersteigen, bleiben die Schuldverschreibungen unberücksichtigt; somit bleiben etwaige Verbindlichkeiten der Emittentin aus den Schuldverschreibungen bei der Prüfung einer Überschuldung gemäß § 67 Abs 3 Insolvenzordnung (IO) unberücksichtigt.

(3) *Keine Aufrechnung, Netting oder Sicherheiten*. Forderungen der Emittentin dürfen nicht gegen Zahlungspflichten der Emittentin gemäß den Schuldverschreibungen aufgerechnet oder genettet werden, und für die durch die Schuldverschreibungen begründeten Verbindlichkeiten dürfen keine vertraglichen Sicherheiten durch die Emittentin oder irgendeinen Dritten bestellt werden. Die Schuldverschreibungen sind weder besichert noch Gegenstand einer Garantie, die den Rang der Forderungen aus den

Schuldverschreibungen verbessert. Die Schuldverschreibungen sind nicht Gegenstand einer Vereinbarung, vertraglich oder anderweitig, die den Rang der Forderungen aus den Schuldverschreibungen in der Insolvenz oder Liquidation verbessert.

(4) *Definitionen.* In diesen Emissionsbedingungen gilt:

"**AT 1 Instrumente**" bezeichnet alle (direkt oder indirekt begebenen) Kapitalinstrumente der Emittentin, die zu Instrumenten des zusätzlichen Kernkapitals (*Additional Tier 1*) gemäß Artikel 52 CRR zählen, einschließlich aller Kapitalinstrumente, die aufgrund von CRR-Übergangsbestimmungen zu den Instrumenten des zusätzlichen Kernkapitals zählen.

"**CET 1 Instrumente**" bezeichnet alle Kapitalinstrumente der Emittentin, die zu Instrumenten des harten Kernkapitals (*Common Equity Tier 1*) gemäß Artikel 28 CRR zählen, einschließlich aller Kapitalinstrumente, die aufgrund von CRR-Übergangsbestimmungen zu den Instrumenten des harten Kernkapitals zählen.

"**CRR**" bezeichnet die Verordnung (EU) Nr. 575/2013 des Europäischen Parlaments und des Rates vom 26. Juni 2013 über Aufsichtsanforderungen an Kreditinstitute und Wertpapierfirmen und zur Änderung der Verordnung (EU) Nr. 648/2012 (*Capital Requirements Regulation – CRR*) in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Artikel der CRR beinhalten Bezugnahmen auf jede anwendbare Bestimmung, die diese Artikel jeweils ändert oder ersetzt.

"**Partizipationskapitalinstrumente**" bezeichnet die folgenden (direkt oder indirekt begebenen) Kapitalinstrumente der Emittentin: "Partizipationskapital der Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft" (Begebungstage: 25. November 2008 und 19. Dezember 2008).

"**Tier 2 Instrumente**" bezeichnet alle (direkt oder indirekt begebenen) Kapitalinstrumente der Emittentin, die zu Instrumenten des Ergänzungskapitals (*Tier 2*) gemäß Artikel 63 CRR zählen, einschließlich aller Kapitalinstrumente, die aufgrund von CRR-Übergangsbestimmungen zu den Instrumenten des Ergänzungskapitals zählen.

§ 3

AUSSCHÜTTUNGEN

(1) *Ausschüttungen mit einem fixen Satz.*

(a) *Fixe Ausschüttungssätze und Fixe Ausschüttungszahlungstage.* Auf die Schuldverschreibungen werden auf der Grundlage ihres Aktuellen Kapitalbetrags zu einem Satz von **[Ersten Fixen Ausschüttungssatz einfügen]** % *per annum* (der "**Erste Fixe Ausschüttungssatz**") Ausschüttungen geleistet, und zwar vom **[Ausschüttungsbeginn einfügen]** (der "**Ausschüttungsbeginn**") (einschließlich) bis zum ersten Fixen Ausschüttungszahlungstag (ausschließlich) und danach von jedem Fixen Ausschüttungszahlungstag (einschließlich) bis zum nächstnächfolgenden Fixen Ausschüttungszahlungstag (ausschließlich) (jeder solche Zeitraum ist eine "**Fixe Ausschüttungsperiode**") und der Zeitraum ab dem Ausschüttungsbeginn (einschließlich) bis zum letzten Fixen Ausschüttungszahlungstag (der "**Neufestsetzungstag**") (ausschließlich) ist die "**Erste Periode**"). **[Im Fall einer kurzen oder langen ersten Ausschüttungsperiode einfügen:** Mit Ausnahme der ersten Ausschüttungszahlung sind Ausschüttungen] **[im Fall von Schuldverschreibungen, die nur reguläre fixe Ausschüttungszahlungen haben, einfügen:** Ausschüttungen für die Erste Periode sind] **[im Fall von vierteljährlichen fixen Ausschüttungszahlungen einfügen:** vierteljährlich] **[im Fall von halbjährlichen fixen Ausschüttungszahlungen einfügen:** halbjährlich] **[im Fall von jährlichen fixen Ausschüttungszahlungen einfügen:** jährlich] nachträglich am **[Fixe Ausschüttungszahlungstage einfügen]** eines jeden Jahres zur Zahlung vorgesehen (jeweils ein "**Fixer Ausschüttungszahlungstag**"), beginnend mit **[ersten Fixen Ausschüttungszahlungstag einfügen]** und endend am Neufestsetzungstag.

Fixe Ausschüttungen werden gemäß den Bestimmungen in § 3(4) und § 4(4) fällig.

(b) *Berechnung des Ausschüttungsbetrags.* Wenn der auf die Schuldverschreibungen zur Zahlung vorgesehene Ausschüttungsbetrag für einen Zeitraum in der Ersten Periode zu berechnen ist, erfolgt die Berechnung des Ausschüttungsbetrags durch die Berechnungsstelle, indem der Fixe Ausschüttungssatz auf den Aktuellen Kapitalbetrag angewendet wird und durch Multiplikation dieses Betrags mit dem anwendbaren Fixen Tagesquotienten (wie nachstehend definiert) und Rundung des hieraus resultierenden Ergebnisses auf die nächste Untereinheit der Festgelegten Währung, wobei eine halbe Untereinheit aufgerundet wird oder die Rundung ansonsten gemäß der anwendbaren Marktconvention erfolgt.

Falls eine Herabschreibung (wie in § 5(8) definiert) während einer Fixen Ausschüttungsperiode eintritt, aufgrund derer unbezahlte Ausschüttungen, die bis zum Stichtag (wie in § 5(10) definiert) (ausschließlich) auf den Aktuellen Kapitalbetrag angefallen sind, gemäß § 3(4) ausfallen, werden ab dem Stichtag (einschließlich) Ausschüttungen auf die Schuldverschreibungen auf der Grundlage ihres angepassten Aktuellen Kapitalbetrags geleistet.

Falls eine Wiederzuschreibung (wie in § 5(9) definiert) während einer Fixen Ausschüttungsperiode eintritt,

wird der Ausschüttungsbetrag durch die Berechnungsstelle berechnet, so dass der relevante Ausschüttungsbetrag in Bezugnahme auf diesen jeweils angepassten Aktuellen Kapitalbetrag bestimmt wird und als ob diese Fixe Ausschüttungsperiode aus zwei oder (falls anwendbar) mehreren aufeinander folgenden fixen Ausschüttungsperioden bestehen würde, wobei Ausschüttungsberechnungen auf der Anzahl der Tage basieren, die für den jeweiligen Aktuellen Kapitalbetrag anwendbar waren.

(c) *Fixer Tagesquotient*. "**Fixer Tagesquotient**" bezeichnet in Bezug auf die Berechnung eines Ausschüttungsbetrags auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Berechnungszeitraum**"):

[falls Actual/Actual (ICMA) anwendbar ist, einfügen:

- (i) falls der Berechnungszeitraum kürzer ist als die Fixe Feststellungsperiode, in die das Ende des Berechnungszeitraums fällt, oder falls der Berechnungszeitraum der Fixen Feststellungsperiode entspricht, die Anzahl der Kalendertage in dem Berechnungszeitraum dividiert durch das Produkt aus (x) der Anzahl der Kalendertage in der Fixen Feststellungsperiode; und (y) der Anzahl der Fixen Feststellungstage (wie nachstehend angegeben) in einem Kalenderjahr; oder
- (ii) falls der Berechnungszeitraum länger ist als die Fixe Feststellungsperiode, in die das Ende des Berechnungszeitraums fällt, die Summe aus:
 - (A) der Anzahl der Kalendertage in dem Berechnungszeitraum, die in die Fixe Feststellungsperiode fallen, in welcher der Berechnungszeitraum beginnt, dividiert durch das Produkt aus: (x) der Anzahl der Kalendertage in der Fixen Feststellungsperiode; und (y) der Anzahl der Fixen Feststellungstage in einem Kalenderjahr; und
 - (B) der Anzahl der Kalendertage in dem Berechnungszeitraum, die in die nächste Fixe Feststellungsperiode fallen, dividiert durch das Produkt aus: (x) der Anzahl der Kalendertage in dieser Fixen Feststellungsperiode; und (y) der Anzahl der Fixen Feststellungstage in einem Kalenderjahr.

Dabei gilt:

"**Fixe Feststellungsperiode**" bezeichnet den Zeitraum von einem Fixen Feststellungstag (einschließlich) bis zum nächsten Fixen Feststellungstag (ausschließlich) (dies schließt dann, wenn der Ausschüttungsbeginn kein Fixer Feststellungstag ist, den Zeitraum ein, der an dem ersten Fixen Feststellungstag vor dem Ausschüttungsbeginn beginnt, und dann, wenn der letzte Ausschüttungszahlungstag kein Fixer Feststellungstag ist, den Zeitraum ein, der an dem ersten Fixen Feststellungstag nach dem letzten Fixen Ausschüttungszahlungstag endet).

"**Fixer Feststellungstag**" ist der [●] in jedem Jahr. Die Anzahl der Fixen Feststellungstage im Kalenderjahr beträgt [**Anzahl der regulären Fixausschüttungszahlungstage im Kalenderjahr einfügen**].

[Falls Actual/Actual (ISDA) anwendbar ist, einfügen: die tatsächliche Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 365 (oder, falls ein Berechnungsteil des Berechnungszeitraums in ein Schaltjahr fällt, die Summe aus: (1) der tatsächlichen Anzahl der Kalendertage in dem Teil des Berechnungszeitraums, der in das Schaltjahr fällt, dividiert durch 366; und (2) die tatsächliche Anzahl der Kalendertage in dem Teil des Berechnungszeitraums, der nicht in das Schaltjahr fällt, dividiert durch 365).]

[Falls Actual/365 (Fixed) anwendbar ist, einfügen: die tatsächliche Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 365.]

[Falls Actual/360 anwendbar ist, einfügen: die tatsächliche Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 360.]

[Falls 30/360, 360/360 oder Bond Basis anwendbar ist, einfügen: die Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 360, wobei die Anzahl der Kalendertage auf der Grundlage eines Jahres von 360 Kalendertagen mit zwölf Monaten zu je 30 Kalendertagen zu ermitteln ist (es sei denn, (1) der letzte Kalendertag des Berechnungszeitraums fällt auf den 31. Kalendertag eines Monats, während der erste Kalendertag des Berechnungszeitraums weder auf den 30. noch auf den 31. Kalendertag eines Monats fällt, wobei in diesem Fall der den letzten Kalendertag enthaltende Monat nicht als ein auf 30 Kalendertage gekürzter Monat zu behandeln ist; oder (2) der letzte Kalendertag des Berechnungszeitraums fällt auf den letzten Kalendertag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Kalendertage verlängerter Monat zu behandeln ist).]

[Falls 30E/360 oder Eurobond Basis anwendbar ist, einfügen: die Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 360 (wobei die Anzahl der Kalendertage auf der Grundlage eines Jahres von 360 Kalendertagen mit zwölf Monaten zu je 30 Kalendertagen zu ermitteln ist, und zwar ohne Berücksichtigung des Datums des ersten oder letzten Kalendertages des Berechnungszeitraums, es sei denn, der Fälligkeitstag ist, im Fall des letzten Berechnungszeitraums, der letzte Kalendertag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Kalendertage verlängerter Monat zu behandeln ist).]

(2) Ausschüttungen mit einem variablen Satz.

(a) *Variable Ausschüttungszahlungstage*. Auf die Schuldverschreibungen werden auf der Grundlage ihres Aktuellen Kapitalbetrags zum Variablen Ausschüttungssatz (wie nachstehend definiert) Ausschüttungen geleistet, und zwar vom Neufestsetzungstag (einschließlich) bis zum ersten Variablen Ausschüttungszahlungstag (ausschließlich) und danach von jedem Variablen Ausschüttungszahlungstag (einschließlich) bis zum nächstnachfolgenden Variablen Ausschüttungszahlungstag (ausschließlich) (jeder solche Zeitraum ist eine "**Variable Ausschüttungsperiode**").

Ausschüttungen sind nachträglich an jedem Variablen Ausschüttungszahlungstag zur Zahlung vorgesehen. "**Variabler Ausschüttungszahlungstag**" meint jeden [**Variable Ausschüttungszahlungstage einfügen**], beginnend am [**ersten Variablen Ausschüttungszahlungstag einfügen**]. Variable Ausschüttungen werden gemäß den Bestimmungen in § 3(4) und § 4(5) fällig.

[Wenn der Variable Ausschüttungssatz der Schuldverschreibungen an einen Referenzsatz gebunden ist, einfügen:

(b) *Variabler Ausschüttungssatz*. Der variable Ausschüttungssatz (der "**Variable Ausschüttungssatz**") für jede Variable Ausschüttungsperiode ist [**Zahl, Laufzeit und Bezeichnung des relevanten Referenzsatzes einfügen**] *per annum*, (der "**Referenzsatz**") [**im Fall einer Marge einfügen**: [plus] [minus] der Marge (wie nachstehend definiert)]. Bei dem Referenzzinssatz handelt es sich um den Angebotssatz (ausgedrückt als Prozentsatz *per annum*) für Einlagen in der Festgelegten Währung mit einer Laufzeit, die der Variablen Ausschüttungsperiode entspricht, der auf der Bildschirmseite (wie nachstehend definiert) um [**relevante Uhrzeit einfügen**] Uhr ([**relevantes Finanzzentrum einfügen**] Ortszeit) am relevanten Variablen Feststellungstag (wie nachstehend definiert) angezeigt wird, wobei alle Festlegungen durch die Berechnungsstelle (wie in § 6(1) angegeben) erfolgen.

[Im Fall von Schuldverschreibungen, die eine Marge haben, einfügen: Die "**Marge**" meint [**Credit Spread per Preissetzungstag (der keine Erhöhung des Ausschüttungssatzes oder andere Anreize, die Schuldverschreibungen zu tilgen, vorsieht) einfügen**] % *per annum*.]

"**Variabler Feststellungstag**" bezeichnet den [ersten] [zweiten] [**andere relevante Zahl von Geschäftstagen einfügen**] Geschäftstag [(wie in § 1(6) definiert)] [vor [Beginn] [Ende]] der jeweiligen Variablen Ausschüttungsperiode. [**falls eine von der in § 1 geltenden Definition des Begriffs "Geschäftstag" abweichende Definition benötigt wird, einfügen**: Nur im Rahmen dieses § 3(2) bezeichnet "**Geschäftstag**" einen Kalendertag (außer einem Samstag oder Sonntag), an dem [**falls TARGET geöffnet sein soll, einfügen**: das Trans-European Automated Real-time Gross Settlement Express Transfer System 2 oder dessen Nachfolger ("**TARGET**") geöffnet ist] [[und] Geschäftsbanken und Devisenmärkte in [**relevante Finanzzentren einfügen**] Zahlungen abwickeln und für den allgemeinen Geschäftsverkehr (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind].]

"**Bildschirmseite**" bedeutet [**relevante Bildschirmseite einfügen**] oder die Nachfolgeside, die von dem gleichen Informationsanbieter oder von einem anderen Informationsanbieter, der von der Berechnungsstelle als Ersatzinformationsanbieter für die Anzeige des Referenzsatzes benannt wird, angezeigt wird.

Sollte die Bildschirmseite nicht mehr zur Verfügung stehen, oder wird der Referenzsatz zu der genannten Zeit am relevanten Variablen Feststellungstag nicht auf der Bildschirmseite angezeigt, wird die Berechnungsstelle von jeder Referenzbank (wie nachstehend definiert) deren jeweiligen Satz (jeweils als Prozentsatz *per annum* ausgedrückt) anfordern, zu dem sie Einlagen in der Festgelegten Währung mit einer Laufzeit, die der Variablen Ausschüttungsperiode entspricht, um ca. [**relevante Tageszeit einfügen**] Uhr ([**relevantes Finanzzentrum einfügen**] Ortszeit) am Variablen Feststellungstag anbieten.

Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Sätze nennen, gilt als Referenzsatz für die relevante Variable Ausschüttungsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste [**falls der Referenzzinssatz EURIBOR ist, einfügen**: Tausendstel Prozent, wobei 0,0005 aufgerundet wird] [**falls der Referenzzinssatz nicht EURIBOR ist, einfügen**: Hunderttausendstel Prozent, wobei 0,000005 aufgerundet wird]) dieser Sätze, wobei alle Festlegungen durch die Berechnungsstelle erfolgen.

Für den Fall, dass der Referenzsatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, gilt als Referenzsatz für die relevante Variable Ausschüttungsperiode der von der Berechnungsstelle gemäß ihrem billigen Ermessen (§ 315 BGB) bestimmte Satz; bei der Bestimmung dieses Satzes richtet sich die Berechnungsstelle nach der üblichen Marktpraxis.

"**BGB**" bezeichnet das deutsche Bürgerliche Gesetzbuch in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Paragraphen des BGB beinhalten Bezugnahmen auf jede anwendbare Gesetzesbestimmung, die diese Bestimmungen jeweils ändert oder ersetzt.

"**Referenzbanken**" bezeichnet [**maßgebliche Zahl einfügen**] Großbanken im [**falls der Referenzsatz nicht EURIBOR ist, einfügen**: [**maßgebliches Finanzzentrum**] Interbankenmarkt] [**falls der Referenzsatz**

EURIBOR ist, einfügen: Interbankenmarkt der Euro-Zone].

[Falls der Referenzsatz EURIBOR ist, einfügen: "Euro-Zone" bezeichnet jene Mitgliedstaaten der Europäischen Union, die den Euro als ihre Währung eingeführt haben.])

[Wenn der Variable Ausschüttungssatz der Schuldverschreibungen an einen Swapsatz gebunden ist, einfügen:

(b) **Variabler Ausschüttungssatz.** Der variable Ausschüttungssatz (der "**Variable Ausschüttungssatz**") für jede Variable Ausschüttungsperiode ist der **[Zahl, Laufzeit und Bezeichnung des jeweiligen Referenzsatzes einfügen]** per annum (der "**Referenzsatz**") **[im Fall einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)].

Dieser Referenzsatz ist der Swapsatz (als Prozentsatz per annum ausgedrückt) für Swap-Geschäfte in der festgelegten Währung mit einer Laufzeit [von **[maßgebliche Laufzeit einfügen]**, der auf der Bildschirmseite (wie nachstehend definiert) um **[maßgebliche Uhrzeit einfügen]** Uhr (**[maßgebliches Finanzzentrum einfügen]** Ortszeit) am relevanten Variablen Festsetzungstag (wie nachstehend definiert) angezeigt wird, wobei alle Feststellungen durch die Berechnungsstelle (wie in § 6(1) angegeben) erfolgen.

[Im Fall von Schuldverschreibungen, die eine Marge haben, einfügen: Die "Marge" beträgt **[Credit Spread per Preissetzungstag (der keine Erhöhung des Ausschüttungssatzes oder andere Anreize, die Schuldverschreibungen zu tilgen, vorsieht) einfügen]** % per annum.]

"**Variabler Feststellungstag**" bezeichnet den [ersten] [zweiten] **[andere maßgebliche Anzahl von Geschäftstagen einfügen]** Geschäftstag [(wie in § 1(6) definiert)] [vor dem [Beginn] [Ende]] der relevanten Variablen Ausschüttungsperiode. **[Falls eine von der in § 1 geltenden Definition des Begriffs "Geschäftstag" abweichende Definition benötigt wird, einfügen:** Nur im Rahmen dieses § 3(2) bezeichnet "**Geschäftstag**" einen Kalendertag (außer einem Samstag oder Sonntag **[falls der Referenzsatz der USD-Swapsatz ist, einfügen:** oder einem Tag, an dem die Securities Industry and Financial Markets Association (oder deren Nachfolger) empfiehlt, dass die Fixed-Income-Abteilungen ihrer Mitglieder für den Handel mit U.S.-Staatsanleihen den ganzen Tag geschlossen bleiben]) **[falls anwendbar, einfügen:** an dem **[falls TARGET geöffnet sein soll, einfügen:** das Trans-European Automated Real-time Gross Settlement Express Transfer System 2 oder dessen Nachfolger ("**TARGET**") geöffnet ist] [[und] Geschäftsbanken und Devisenmärkte in **[maßgebliche Finanzzentren einfügen]** Zahlungen abwickeln und für den allgemeinen Geschäftsverkehr (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind]].]

"**Bildschirmseite**" bedeutet **[maßgebliche Bildschirmseite einfügen]** oder die Nachfolgesseite, die von dem gleichen Informationsanbieter oder von einem anderen Informationsanbieter, der von der Berechnungsstelle als Ersatzinformationsanbieter für die Anzeige des Referenzsatzes benannt wird, angezeigt wird.

Sollte die Bildschirmseite nicht zur Verfügung stehen oder wird der Referenzsatz zu der genannten Zeit am jeweiligen Variablen Feststellungstag nicht auf der Bildschirmseite angezeigt, wird die Berechnungsstelle von jeder der Referenzbanken (wie nachstehend definiert) deren jeweiligen mittleren Swapsatz (jeweils als Prozentsatz per annum ausgedrückt) um ca **[maßgebliche Uhrzeit einfügen]** Uhr (**[maßgebliches Finanzzentrum einfügen]** Ortszeit) am Variablen Feststellungstag anfordern.

"**Mittlerer Swapsatz**" bezeichnet das Mittel der Geld- und Briefkurse für den fixverzinslichen Teil einer Zinsswaptransaktion in der festgelegten Währung, bei der ein fixer Zinssatz gegen einen variablen Zinssatz getauscht wird, wobei der variabel verzinsliche Teil dem **[Nummer, Laufzeit und Name des Referenzsatzes einfügen]** per annum entspricht, der auf **[maßgebliche Bildschirmseite einfügen]** (oder der Nachfolgesseite, die von dem gleichen Informationsanbieter oder von einem anderen Informationsanbieter, der von der Berechnungsstelle als Ersatzinformationsanbieter für die Anzeige des **[Nummer, Laufzeit und Name des Referenzsatzes einfügen]** benannt wird), angezeigt wird.

Falls drei oder mehr Referenzbanken der Berechnungsstelle solche Sätze nennen, gilt als Referenzsatz für die jeweilige Variable Ausschüttungsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste Hunderttausendstel Prozent, wobei 0,000005 aufgerundet wird) dieser Sätze, wobei der höchste Satz (oder, falls es mehrere gleich hohe Höchstsätze geben sollte, einer dieser Höchstsätze) und der niedrigste Satz (oder, falls es mehrere gleich niedrige Niedrigstsätze geben sollte, einer dieser Niedrigstsätze) unberücksichtigt bleiben, wobei alle Feststellungen durch die Berechnungsstelle erfolgen.

Für den Fall, dass der Referenzsatz nicht gemäß den vorstehenden Bestimmungen dieses Absatzes ermittelt werden kann, gilt als Referenzsatz für die jeweilige Variable Ausschüttungsperiode der von der Berechnungsstelle nach ihrem billigen Ermessen (§ 315 BGB) bestimmte Satz; bei der Bestimmung dieses Satzes richtet sich die Berechnungsstelle nach der üblichen Marktpraxis.

"**BGB**" bezeichnet das deutsche Bürgerliche Gesetzbuch in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Paragraphen des BGB beinhalten Bezugnahmen auf jede anwendbare Gesetzesbestimmung, die diese Bestimmungen jeweils

ändert oder ersetzt.

"Referenzbanken" bezeichnet **[maßgebliche Zahl einfügen]** Großbanken im **[falls der Referenzsatz kein Euro-Swapsatz ist, einfügen: [maßgebliches Finanzzentrum]** Interbankenmarkt **[falls der Referenzsatz ein Euro-Swapsatz ist, einfügen: Interbankenmarkt der Euro-Zone]**.

[Falls der Referenzsatz ein Euro-Swapsatz ist, einfügen: "Euro-Zone" bezeichnet jene Mitgliedstaaten der Europäischen Union, die den Euro als ihre Währung eingeführt haben. **]]**

(c) *Berechnung des Variablen Ausschüttungsbetrags.* Die Berechnungsstelle wird den auf die Schuldverschreibungen zu zahlenden variablen Ausschüttungsbetrag in Bezug auf den Aktuellen Kapitalbetrags für die relevante Variable Ausschüttungsperiode (der "**Variable Ausschüttungsbetrag**") berechnen. Der Variable Ausschüttungsbetrag wird berechnet, indem der Variable Ausschüttungssatz auf den Aktuellen Kapitalbetrag angewendet wird, dieser Betrag mit dem Variablen Tagesquotienten (wie nachstehend definiert) multipliziert und der hieraus resultierende Betrag auf die nächste Untereinheit der Festgelegten Währung gerundet wird, wobei eine halbe Untereinheit aufgerundet wird oder die Rundung ansonsten gemäß der anwendbaren Marktkonvention erfolgt.

Falls eine Herabschreibung (wie in § 5(8) definiert) während einer Variablen Ausschüttungsperiode eintritt, aufgrund derer unbezahlte Ausschüttungen, die bis zum Stichtag (wie in § 5(10) definiert) (ausschließlich) auf den Aktuellen Kapitalbetrag angefallen sind, gemäß § 3(4) ausfallen, werden ab dem Stichtag (einschließlich) Ausschüttungen auf die Schuldverschreibungen auf der Grundlage ihres angepassten Aktuellen Kapitalbetrags geleistet.

Falls eine Wiederschreibung (wie in § 5(9) definiert) während einer Variablen Ausschüttungsperiode eintritt, wird der Ausschüttungsbetrag durch die Berechnungsstelle berechnet, so dass der relevante Ausschüttungsbetrag in Bezugnahme auf diesen jeweils angepassten Aktuellen Kapitalbetrag bestimmt wird und als ob diese Variable Ausschüttungsperiode aus zwei oder (falls anwendbar) mehreren aufeinander folgenden variablen Ausschüttungsperioden bestehen würde, wobei Ausschüttungsberechnungen auf der Anzahl der Tage basieren, die für den jeweiligen Aktuellen Kapitalbetrag anwendbar waren.

(d) *Mitteilung des Variablen Ausschüttungssatzes und des Variablen Ausschüttungsbetrages.* Die Berechnungsstelle wird veranlassen, dass die Variable Ausschüttungsperiode, der Variable Ausschüttungssatz, der Variable Ausschüttungsbetrag und der Variable Ausschüttungszahlungstag für die jeweilige Variable Ausschüttungsperiode der Emittentin, jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind (falls deren Regeln eine Mitteilung an die Börse verlangen), und den Gläubigern gemäß § 10 baldmöglichst nach seiner Bestimmung mitgeteilt werden. Jeder so mitgeteilte Variable Ausschüttungsbetrag und Variable Ausschüttungszahlungstag kann nachträglich ohne Mitteilung im Falle einer Verlängerung oder Verkürzung der Variablen Ausschüttungsperiode geändert werden (oder passende alternative Vorkehrungen können im Wege einer Anpassung getroffen werden). Jede solche Änderung wird jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, und den Gläubigern gemäß § 10 baldmöglichst mitgeteilt.

(e) *Verbindlichkeit von Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern keine vorsätzliche Pflichtverletzung, kein böser Glaube, keine Unbilligkeit oder kein offensichtlicher Irrtum vorliegt) für die Emittentin, die Emissionsstelle, die Zahlstellen und die Gläubiger bindend, und sofern keiner der vorstehend genannten Umstände vorliegt, haftet die Berechnungsstelle nicht gegenüber der Emittentin, der Emissionsstelle, den Zahlstellen oder den Gläubigern im Zusammenhang mit der Ausübung oder Nichtausübung ihrer Rechte und Pflichten und ihres Ermessens gemäß dieser Bestimmungen.

(f) *Variabler Tagesquotient.* "**Variabler Tagesquotient**" bezeichnet im Hinblick auf die Berechnung eines Ausschüttungsbetrags auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Variable Berechnungszeitraum**"):

[falls Actual/Actual (ICMA) anwendbar ist, einfügen:

- (i) falls der Variable Berechnungszeitraum kürzer ist als die Variable Feststellungsperiode, in die das Ende des Variablen Berechnungszeitraums fällt, oder falls der Variable Berechnungszeitraum der Variablen Feststellungsperiode entspricht, die Anzahl der Kalendertage in dem Variablen Berechnungszeitraum dividiert durch das Produkt aus (x) der Anzahl der Kalendertage in der Variablen Feststellungsperiode; und (y) der Anzahl der Variablen Feststellungstage in einem Kalenderjahr; oder
- (ii) falls der Variable Berechnungszeitraum länger ist als die Variable Feststellungsperiode, in die das Ende des Variablen Berechnungszeitraums fällt, die Summe aus:
 - (A) der Anzahl der Kalendertage in dem Variablen Berechnungszeitraum, die in die Variable Feststellungsperiode fallen, in welcher der Variable Berechnungszeitraum beginnt, dividiert durch das Produkt aus: (x) der Anzahl der Kalendertage in der Variablen Feststellungsperiode;

und (y) der Anzahl der Variablen Feststellungstage in einem Kalenderjahr; und

- (B) der Anzahl der Kalendertage in dem Variablen Berechnungszeitraum, die in die nächste Variable Feststellungsperiode fallen, dividiert durch das Produkt aus: (x) der Anzahl der Kalendertage in dieser Variablen Feststellungsperiode; und (y) der Anzahl der Variablen Feststellungstage in einem Kalenderjahr.

Dabei gilt:

"Variable Feststellungsperiode" bezeichnet den Zeitraum von einem Variablen Feststellungstag (einschließlich) bis zum nächsten Variablen Feststellungstag (ausschließlich) (dies schließt dann, wenn der Neufestsetzungstag kein Variabler Feststellungstag ist, den Zeitraum ein, der an dem ersten Variablen Feststellungstag vor dem Neufestsetzungstag beginnt, und dann, wenn der letzte Variable Ausschüttungszahlungstag kein Variabler Feststellungstag ist, den Zeitraum ein, der an dem ersten Variablen Feststellungstag nach dem letzten Variablen Ausschüttungszahlungstag endet).

Ausschließlich für Zwecke dieses § 3(2)(f) ist der **"Variable Feststellungstag"** der [●] in jedem Jahr. Die Anzahl der Variablen Feststellungstage im Kalenderjahr beträgt **[Anzahl der regulären variablen Ausschüttungszahlungstage im Kalenderjahr einfügen].**

[Falls Actual/Actual (ISDA) anwendbar ist, einfügen: die tatsächliche Anzahl der Kalendertage im Variablen Berechnungszeitraum dividiert durch 365 (oder, falls ein Berechnungsteil des Variablen Berechnungszeitraums in ein Schaltjahr fällt, die Summe aus: (1) der tatsächlichen Anzahl der Kalendertage in dem Teil des Variablen Berechnungszeitraums, der in das Schaltjahr fällt, dividiert durch 366; und (2) die tatsächliche Anzahl der Kalendertage in dem Teil des Variablen Berechnungszeitraums, der nicht in das Schaltjahr fällt, dividiert durch 365).]

[Falls Actual/365 (Fixed) anwendbar ist, einfügen: die tatsächliche Anzahl der Kalendertage im Variable Berechnungszeitraum dividiert durch 365.]

[Falls Actual/360 anwendbar ist, einfügen: die tatsächliche Anzahl der Kalendertage im Variablen Berechnungszeitraum dividiert durch 360.]

[Falls 30/360, 360/360 oder Bond Basis anwendbar ist, einfügen: die Anzahl der Kalendertage im Variablen Berechnungszeitraum dividiert durch 360, wobei die Anzahl der Kalendertage auf der Grundlage eines Jahres von 360 Kalendertagen mit zwölf Monaten zu je 30 Kalendertagen zu ermitteln ist (es sei denn, (1) der letzte Kalendertag des Variablen Berechnungszeitraums fällt auf den 31. Kalendertag eines Monats, während der erste Kalendertag des Variablen Berechnungszeitraums weder auf den 30. noch auf den 31. Kalendertag eines Monats fällt, wobei in diesem Fall der den letzten Kalendertag enthaltende Monat nicht als ein auf 30 Kalendertage gekürzter Monat zu behandeln ist; oder (2) der letzte Kalendertag des Variablen Berechnungszeitraums fällt auf den letzten Kalendertag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Kalendertage verlängerter Monat zu behandeln ist).]

(3) *Ausschüttungsverzug.* Mit Ablauf des Kalendertages, der dem Tag vorangeht, an dem die Schuldverschreibungen zur Rückzahlung fällig werden (falls die Schuldverschreibungen zurückgezahlt werden), fallen keine Ausschüttungen mehr an. Wenn die Emittentin die Schuldverschreibungen bei Fälligkeit nicht zurückzahlt, wird der Aktuelle Kapitalbetrag der Schuldverschreibungen vom Fälligkeitstag (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) weiterhin in Höhe des anwendbaren gesetzlich verankerten⁶ Ausschüttungssatzes verzinst. Weitergehende Ansprüche der Gläubiger bleiben unberührt.

(4) *Ausfall von Ausschüttungen.*

(a) Die Emittentin kann jederzeit nach ihrem eigenen vollumfänglichen Ermessen Ausschüttungszahlungen auf die Schuldverschreibungen, deren Zahlung an einem Fixen Ausschüttungszahlungstag oder einem Variablen Ausschüttungszahlungstag (jedes solche Tag ein **"Ausschüttungszahlungstag"**) vorgesehen ist, ganz oder teilweise für unbefristete Zeit und auf nicht kumulierter Basis ausfallen lassen. Die Emittentin kann solche ausgefallenen Zahlungen uneingeschränkt zur Erfüllung ihrer eigenen Verpflichtungen bei deren Fälligkeit nutzen. Wenn die Emittentin von diesem Recht Gebrauch macht, muss sie die Gläubiger gemäß § 10 unverzüglich und in keinem Fall später als am relevanten Ausschüttungszahlungstag davon benachrichtigen.

(b) Unbeschadet eines solchen vollumfänglichen Ermessens der Emittentin fallen Ausschüttungszahlungen auf die Schuldverschreibungen, deren Zahlung an einem Ausschüttungszahlungstag vorgesehen ist, verpflichtend und automatisch ganz oder teilweise aus, falls und soweit:

- (i) der Betrag der zur Zahlung vorgesehenen Ausschüttungszahlung zusammen mit entsprechenden

⁶ Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Abs 1, 247 Abs 1 BGB.

Zusätzlichen Beträgen (wie in § 7(1) definiert) und alle von der Emittentin durchgeführten oder geplanten Zahlungen von Zinsen, Dividenden oder Ausschüttungen auf alle anderen Tier 1 Instrumente im relevanten Geschäftsjahr der Emittentin den Betrag der verfügbaren Ausschüttungsfähigen Posten übersteigen würde, wobei die verfügbaren Ausschüttungsfähigen Posten um einen Betrag zu erhöhen sind, der dem entspricht, was als Ausgaben für Zins-, Dividenden- oder Ausschüttungszahlungen auf Tier 1 Instrumente (einschließlich Ausschüttungszahlungen zusammen mit entsprechenden Zusätzlichen Beträgen auf die Schuldverschreibungen) bei der Berechnung des Gewinns, auf dem die verfügbaren Ausschüttungsfähigen Posten basieren, ausgewiesen wurde; oder

- (ii) die Zuständige Behörde anordnet, dass die jeweilige zur Zahlung vorgesehene Ausschüttungszahlung ganz oder teilweise ausfallen soll; oder
- (iii) der Betrag der geplanten Ausschüttungszahlung zusammen mit den gesamten anderen in § 24 Abs 2 BWG (der Artikel 141(2) CRD IV in Österreich umsetzt) genannten Ausschüttungen dazu führen würde, dass ein etwaiger dann auf die Emittentin und/oder die Aufsichtsrechtliche Gruppe anwendbarer Maximal Ausschüttungsfähiger Betrag überschritten würde.

Falls eine an einem Ausschüttungszahlungstag geplante Ausschüttungszahlung auf die Schuldverschreibungen derart verpflichtend und automatisch ausfällt, wird die Emittentin die Gläubiger gemäß § 10 unverzüglich darüber benachrichtigen. Ein Ausbleiben der Benachrichtigung beeinträchtigt die Wirksamkeit des Ausfalls nicht und begründet in keiner Hinsicht einen Verzug.

(c) Falls eine Herabschreibung während eines Fixen Ausschüttungszeitraums oder eines Variablen Ausschüttungszeitraums eintritt, fallen unbezahlte Ausschüttungen, die bis zum Stichtag (ausschließlich) auf den Aktuellen Kapitalbetrag angefallen sind, verpflichtend und automatisch als Ganzes aus.

(d) Jede derartig ausgefallene Ausschüttungszahlung ist nicht-kumulativ und fällt dauerhaft aus, und es werden keine Zahlungen geleistet, und die Gläubiger haben keinen Anspruch, diesbezüglich Zahlungen oder Entschädigung zu verlangen. Jeder derartige Ausfall von Ausschüttungen stellt keine Nichterfüllung durch die Emittentin dar und erlegt der Emittentin keine Beschränkungen auf.

(5) *Definitionen.* In diesen Emissionsbedingungen gilt:

"BWG" bezeichnet das österreichische Bankwesengesetz in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Paragraphen des BWG beinhalten Bezugnahmen auf jede anwendbare Gesetzesbestimmung, die diese Bestimmungen jeweils ändert oder ersetzt.

"Zuständige Behörde" bezeichnet die zuständige Behörde gemäß Artikel 4(1)(40) CRR, die für die Beaufsichtigung der Emittentin und/oder der Aufsichtsrechtlichen Gruppe verantwortlich ist.

"CRD IV" bezeichnet die Richtlinie 2013/36/EU des Europäischen Parlaments und des Rates vom 26. Juni 2013 über den Zugang zur Tätigkeit von Kreditinstituten und die Beaufsichtigung von Kreditinstituten und Wertpapierfirmen (*Capital Requirements Directive IV – CRD IV*), wie in Österreich umgesetzt und in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Artikel der CRD IV beinhalten Bezugnahmen auf jede anwendbare Bestimmung, die diese Artikel jeweils ändert oder ersetzt.

"Ausschüttungsfähige Posten" bezeichnet in Bezug auf Ausschüttungszahlungen auf die Schuldverschreibungen die in Artikel 4(1)(128) CRR definierten ausschüttungsfähigen Posten jeweils für ein Geschäftsjahr der Emittentin, ermittelt zum Ende des letzten vor dem jeweiligen Ausschüttungszahlungstag endenden Geschäftsjahres der Emittentin, für das Relevante Jahresabschlüsse verfügbar sind, wie jeweils entsprechend den von der Emittentin angewandten Rechnungslegungsgrundsätzen festgestellt und aus den jüngsten Relevanten Jahresabschlüssen abgeleitet.

"Maximal Ausschüttungsfähiger Betrag" bezeichnet den maximal ausschüttungsfähigen Betrag in Bezug auf die Emittentin und/oder die Aufsichtsrechtliche Gruppe, der für die Berechnung gemäß § 24 Abs 2 BWG (der Artikel 141(2) CRD IV in Österreich umsetzt) erforderlich ist.

"Aufsichtsrechtliche Gruppe" bezeichnet jede Bankengruppe: (i) zu der die Emittentin zählt; und (ii) auf die die Eigenmittelerfordernisse gemäß Teil 2 und 3 der CRR auf konsolidierter Ebene aufgrund der aufsichtsrechtlichen Konsolidierung gemäß Teil 1, Titel 2, Kapitel 2 der CRR anzuwenden sind.

"Relevante Jahresabschlüsse" bezeichnet: (i) die geprüften und festgestellten unkonsolidierten Jahresabschlüsse der Emittentin, die gemäß den von ihr angewandten Rechnungslegungsgrundsätzen und den damals geltenden Rechnungslegungsvorschriften für das letzte Geschäftsjahr der Emittentin, das vor dem jeweiligen Ausschüttungszahlungstag geendet hat, erstellt wurden; oder (ii) wenn solche geprüften und festgestellten unkonsolidierten Jahresabschlüsse der Emittentin zum jeweiligen Ausschüttungszahlungstag nicht verfügbar sind, die ungeprüften unkonsolidierten Pro-Forma-Jahresabschlüsse der Emittentin, die gemäß den von der Emittentin in Bezug auf ihre unkonsolidierten Jahresabschlüsse angewandten

Rechnungslegungsgrundsätzen und gemäß den damals in Bezug auf ihre unkonsolidierten Jahresabschlüsse geltenden Rechnungslegungsvorschriften erstellt wurden.

"**Tier 1 Instrumente**" bezeichnen: (i) die CET 1 Instrumente; (ii) die AT 1 Instrumente; und (iii) andere Instrumente und Verbindlichkeiten der Emittentin, die in Bezug auf Zins-, Dividenden- oder Ausschüttungszahlungen mit CET 1 Instrumenten oder AT 1 Instrumenten gleichrangig sind.

§ 4

ZAHLUNGEN

(1) (a) *Zahlung von Kapital.* Die Zahlung von Kapital auf die Schuldverschreibungen erfolgt nach Maßgabe des nachstehenden § 4(2) an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems.

(b) *Zahlung von Ausschüttungen.* Die Zahlung von Ausschüttungen auf die Schuldverschreibungen erfolgt nach Maßgabe des vorstehenden § 3(6) und des nachstehenden § 4(2) an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems **[im Fall von Ausschüttungszahlungen auf eine Vorläufige Globalurkunde einfügen:** und im Falle von Ausschüttungszahlungen auf Schuldverschreibungen, die durch eine Vorläufige Globalurkunde verbrieft sind, nach ordnungsgemäßer Bescheinigung gemäß § 1(3)(b)].

(2) *Zahlungsweise.* Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen auf die Schuldverschreibungen zu leistende Zahlungen in der Festgelegten Währung.

[Im Fall von Schuldverschreibungen, deren Festgelegte Währung nicht Euro ist, einfügen: Stellt die Emittentin fest, dass es aufgrund von Umständen, die außerhalb der Verantwortung der Emittentin liegen, unmöglich ist, auf die Schuldverschreibungen zu leistende Zahlungen am maßgeblichen Fälligkeitstag in frei handelbaren und konvertierbaren Geldern vorzunehmen, oder dass die Festgelegte Währung oder eine gesetzlich eingeführte Nachfolge-Währung (die "**Nachfolge-Währung**") nicht mehr für die Abwicklung von internationalen Finanztransaktionen verwendet wird, kann die Emittentin ihre Zahlungsverpflichtungen am maßgeblichen Fälligkeitstag durch eine Zahlung in Euro auf der Grundlage des Anwendbaren Wechselkurses erfüllen. Die Gläubiger sind nicht berechtigt, weitere Zinsen oder zusätzliche Beträge aufgrund einer solchen Zahlung zu verlangen. Der "**Anwendbare Wechselkurs**" ist: (i) (falls ein solcher Wechselkurs verfügbar ist) derjenige Wechselkurs des Euro zu der Festgelegten Währung oder gegebenenfalls der Nachfolge-Währung, der von der Europäischen Zentralbank für einen Kalendertag festgelegt und veröffentlicht wurde, der innerhalb eines angemessenen Zeitraums vor und so nahe wie möglich an dem maßgeblichen Fälligkeitstag lag; oder (ii) (falls kein solcher Wechselkurs verfügbar ist) derjenige Wechselkurs des Euro zu der Festgelegten Währung oder gegebenenfalls der Nachfolge-Währung, den die Emissionsstelle als arithmetisches Mittel aus den ihr von vier führenden, im internationalen Fremdwährungshandel tätigen Banken angebotenen Briefkursen für die Festgelegte Währung oder gegebenenfalls die Nachfolge-Währung für einen Kalendertag, der innerhalb eines von der Emissionsstelle nach ihrem billigen Ermessen (§ 315 BGB) als angemessen bestimmten Zeitraums vor und so nahe wie möglich an dem maßgeblichen Fälligkeitstag liegt; oder (iii) (falls kein solcher Wechselkurs verfügbar ist) der von der Emissionsstelle nach billigem Ermessen (§ 315 BGB) festgelegte Wechselkurs des Euro zu der Festgelegten Währung oder gegebenenfalls der Nachfolge-Währung.]

(3) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.

(4) *Fixer Zahltag.* Sofern der Fälligkeitstag für eine Zahlung in Bezug auf die Schuldverschreibungen, der vor oder auf den Neufestsetzungstag fiel, ansonsten auf einen Kalendertag fiel, der kein Fixer Zahltag (wie nachstehend definiert) ist, wird der Fälligkeitstag für die Zahlung:

[bei Anwendung der Modified Following Business Day Convention einfügen: auf den nächstfolgenden Kalendertag verschoben, bei dem es sich um einen Fixen Zahltag handelt, es sei denn, der Fälligkeitstag für diese Zahlung würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Fälligkeitstag für diese Zahlung auf den unmittelbar vorausgehenden Kalendertag vorgezogen, bei dem es sich um einen Fixen Zahltag handelt.]

[bei Anwendung der Following Business Day Convention einfügen: auf den nächstfolgenden Kalendertag verschoben, bei dem es sich um einen Fixen Zahltag handelt.]

[bei Anwendung der Preceding Business Day Convention einfügen: auf den unmittelbar vorausgehenden Kalendertag vorgezogen, bei dem es sich um einen Fixen Zahltag handelt.]

"**Fixer Zahltag**" bezeichnet einen Kalendertag (außer einem Samstag oder Sonntag): (i) an dem das Clearingsystem geöffnet ist; und (ii) [der ein Geschäftstag (wie in § 1(6) definiert) ist] [an dem **[soweit erforderlich einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche maßgebliche Finanzzentren einfügen]** Zahlungen abwickeln und für den allgemeinen Geschäftsverkehr (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind] **[soweit erforderlich einfügen:** [und] das Trans-

European Automated Real-time Gross Settlement Express Transfer System 2 oder dessen Nachfolger ("TARGET") geöffnet ist]].

[Falls der Ausschüttungsbetrag angepasst werden soll, einfügen: Falls ein Fixer Zahltag **[falls Modified Following Business Day Convention oder Preceding Business Day Convention Anwendung finden, einfügen:** vorgezogen wird] [oder] **[falls Modified Following Business Day Convention oder Following Business Day Convention Anwendung finden, einfügen:** sich nach hinten verschiebt] (wie vorstehend beschrieben), wird der Ausschüttungsbetrag entsprechend angepasst.]

[Falls der Ausschüttungsbetrag nicht angepasst werden soll, einfügen: Falls ein Fixer Zahltag **[falls Modified Following Business Day Convention oder Preceding Business Day Convention Anwendung findet, einfügen:** vorgezogen wird] [oder] **[falls Modified Following Business Day Convention oder Following Business Day Convention Anwendung findet, einfügen:** sich nach hinten verschiebt] (wie vorstehend beschrieben), wird der Ausschüttungsbetrag nicht entsprechend angepasst.]

(5) *Variabler Zahltag.* Sofern der Fälligkeitstag für eine Zahlung in Bezug auf die Schuldverschreibungen, der nach den Neufestsetzungstag fele, ansonsten auf einen Kalendertag fele, der kein Variabler Zahltag (wie nachstehend definiert) ist, wird der Fälligkeitstag für die Zahlung:

[bei Anwendung der Modified Following Business Day Convention einfügen: auf den nächstfolgenden Kalendertag verschoben, bei dem es sich um einen Variablen Zahltag handelt, es sei denn, der Fälligkeitstag für diese Zahlung würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Fälligkeitstag für diese Zahlung auf den unmittelbar vorausgehenden Kalendertag vorgezogen, bei dem es sich um einen Variablen Zahltag handelt.]

[bei Anwendung der Floating Rate Note Convention ("FRN Convention") einfügen: auf den nächstfolgenden verschoben, bei dem es sich um einen Variablen Zahltag handelt, es sei denn, der Fälligkeitstag für diese Zahlung würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall (i) wird der Fälligkeitstag auf den unmittelbar vorausgehenden Variablen Zahltag vorgezogen, und (ii) jeder nachfolgende Fälligkeitstag ist der letzte Variable Zahltag des Monats, in welchen dieser Tag gefallen wäre, wenn er nicht angepasst worden wäre.]

[bei Anwendung der Following Business Day Convention einfügen: auf den nächstfolgenden Kalendertag verschoben, bei dem es sich um einen Variablen Zahltag handelt.]

[bei Anwendung der Preceding Business Day Convention einfügen: auf den unmittelbar vorausgehenden Kalendertag vorgezogen, bei dem es sich um einen Variablen Zahltag handelt.]

"**Variabler Zahltag**" bezeichnet einen Kalendertag (außer einem Samstag oder Sonntag): (i) an dem das Clearingsystem geöffnet ist; und (ii) [der ein Geschäftstag (wie in § 1(6) definiert) ist] [an dem **[soweit erforderlich einfügen:** Geschäftsbanken und Devisenmärkte in **[sämtliche maßgebliche Finanzzentren einfügen]** Zahlungen abwickeln und für den allgemeinen Geschäftsverkehr (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind] **[soweit erforderlich einfügen:** [und] das Trans-European Automated Real-time Gross Settlement Express Transfer System 2 oder dessen Nachfolger ("TARGET") geöffnet ist].]

[Falls der Ausschüttungsbetrag angepasst werden soll, einfügen: Falls ein Variabler Zahltag **[falls Modified Following Business Day Convention oder Preceding Business Day Convention Anwendung finden, einfügen:** vorgezogen wird] [oder] **[falls Modified Following Business Day Convention oder Following Business Day Convention Anwendung finden, einfügen:** sich nach hinten verschiebt] (wie vorstehend beschrieben), wird der Ausschüttungsbetrag entsprechend angepasst.]

[Falls der Ausschüttungsbetrag nicht angepasst werden soll, einfügen: Falls ein Variabler Zahltag **[falls Modified Following Business Day Convention oder Preceding Business Day Convention Anwendung findet, einfügen:** vorgezogen wird] [oder] **[falls Modified Following Business Day Convention oder Following Business Day Convention Anwendung findet, einfügen:** sich nach hinten verschiebt] (wie vorstehend beschrieben), wird der Ausschüttungsbetrag nicht entsprechend angepasst.]

Falls der Fälligkeitstag der Rückzahlung des Kapitalbetrags der Schuldverschreibungen angepasst wird, ist der Gläubiger nicht berechtigt, Zahlungen aufgrund dieser Anpassung zu verlangen.

(6) *Bezugnahmen auf Kapital und Ausschüttungen.* Bezugnahmen in diesen Emissionsbedingungen auf "Kapital" hinsichtlich der Schuldverschreibungen schließen, soweit anwendbar: den Aktuellen Kapitalbetrag; den Rückzahlungsbetrag (wie in § 5(7) definiert) der Schuldverschreibungen und jeden Aufschlag sowie sonstige auf oder in Bezug auf die Schuldverschreibungen zahlbaren Beträge (ausgenommen Ausschüttungen) ein. Bezugnahmen in diesen Emissionsbedingungen auf "Ausschüttungen" hinsichtlich der Schuldverschreibungen schließen, soweit anwendbar, sämtliche gemäß § 7(1) zahlbaren Zusätzlichen Beträge (wie in § 7(1) definiert) ein.

§ 5

RÜCKZAHLUNG UND HERABSCHREIBUNG

(1) *Keine im Vorhinein bestimmte Endfälligkeit.* Die Schuldverschreibungen sind unbefristet und haben keinen im Vorhinein bestimmten Endfälligkeitstag.

(2) *Keine Rückzahlung nach Wahl der Gläubiger.* Die Gläubiger haben kein Recht, die Rückzahlung der Schuldverschreibungen zu verlangen.

(3) *Rückzahlung nach Wahl der Emittentin.* Die Emittentin kann, nachdem sie gemäß § 5(7) die Rückzahlung mitgeteilt hat, die Schuldverschreibungen insgesamt, aber nicht teilweise zum Rückzahlungsbetrag an jedem Wahl-Rückzahlungstag zurückzahlen. Darüber hinaus wird die Emittentin etwaige Ausschüttungen, die auf den Aktuellen Kapitalbetrag bis zu dem in der Mitteilung angegebenen Rückzahlungstag (ausschließlich) angefallen sind, vorbehaltlich des Ausfalls der Ausschüttungen gemäß § 3(6) zahlen. Eine solche Rückzahlung gemäß diesem § 5(3) ist nur möglich, sofern der Zeitpunkt der Emission mindestens fünf Jahre zurückliegt und die Voraussetzungen für Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: und Rückkauf]** nach § 5(6) erfüllt sind.

"Wahl-Rückzahlungstag (Call)" bezeichnet: (i) den Neufestsetzungstag (der nicht früher als fünf Jahre nach dem Tag der Begebung der Schuldverschreibungen sein darf); und (ii) jeden Variablen Ausschüttungszahlungstag [danach] [der 12 Monate nach dem vorherigen Wahl-Rückzahlungstag fällt].

Die Emittentin kann ihr Rückzahlungsrecht gemäß diesem § 5(3) nur ausüben wenn der Aktuelle Kapitalbetrag jeder Schuldverschreibung ihrem Ursprünglichen Kapitalbetrag entspricht.

(4) *Rückzahlung aus steuerlichen Gründen.* Falls ein Steuerereignis eintritt, kann die Emittentin, nachdem sie gemäß § 5(7) die Rückzahlung mitgeteilt hat, die Schuldverschreibungen insgesamt, jedoch nicht teilweise zum Rückzahlungsbetrag [jederzeit an dem in der Mitteilung angegebenen Rückzahlungstag] [am nächsten Ausschüttungszahlungstag] zurückzahlen, vorausgesetzt, dass die Voraussetzungen für Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: und Rückkauf]** nach § 5(6) erfüllt sind. Darüber hinaus wird die Emittentin etwaige Ausschüttungen, die auf den Aktuellen Kapitalbetrag bis zu dem in der Mitteilung angegebenen Rückzahlungstag (ausschließlich) angefallen sind, vorbehaltlich des Ausfalls der Ausschüttungen gemäß § 3(4) zahlen.

Dabei gilt:

Ein **"Aufzahlungsereignis"** tritt ein, wenn sich die geltende steuerliche Behandlung der Schuldverschreibungen basierend auf einer Entscheidung der lokalen Steuerbehörde, die für die Emittentin zuständig ist, ändert, und die Emittentin infolgedessen Zusätzliche Beträge gezahlt hat oder am nächsten Ausschüttungszahlungstag zahlen muss oder müsste (wie in § 7(1) definiert).

Ein **"Ereignis der Steuerlichen Abzugsfähigkeit"** tritt ein, wenn sich die geltende steuerliche Behandlung der Schuldverschreibungen ändert und die Emittentin infolgedessen bei der Berechnung ihrer Steuerverbindlichkeiten in Österreich nicht berechtigt wäre, einen Abzug bezüglich der auf die Schuldverschreibungen gezahlten Ausschüttungen geltend zu machen oder eine solche Abzugsfähigkeit wesentlich eingeschränkt ist.

"Steuerereignis" bezeichnet eine Änderung oder Klarstellung der anwendbaren steuerlichen Behandlung der Schuldverschreibungen, einschließlich, aber nicht beschränkt auf ein Ereignis der Steuerlichen Abzugsfähigkeit oder ein Aufzahlungsereignis, deren Änderung oder Klarstellung: (x) – vorbehaltlich (y) – , am oder nach dem Ausgabetag der Schuldverschreibungen wirksam wird; oder (y) im Fall einer Änderung, falls diese Änderung am oder nach dem Ausgabetag der Schuldverschreibungen erlassen wird.

(5) *Rückzahlung aus aufsichtsrechtlichen Gründen.* Falls ein Aufsichtsrechtliches Ereignis eintritt, kann die Emittentin, nachdem sie gemäß § 5(7) die Rückzahlung mitgeteilt hat, die Schuldverschreibungen insgesamt, jedoch nicht teilweise zum Rückzahlungsbetrag [jederzeit an dem in der Mitteilung angegebenen Rückzahlungstag] [am nächsten Ausschüttungszahlungstag] zurückzahlen, vorausgesetzt, dass die Voraussetzungen für Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: und Rückkauf]** nach § 5 (6) erfüllt sind. Darüber hinaus wird die Emittentin etwaige Ausschüttungen, die auf den Aktuellen Kapitalbetrag bis zu dem in der Mitteilung angegebenen Rückzahlungstag (ausschließlich) angefallen sind, vorbehaltlich des Ausfalls der Ausschüttungen gemäß § 3(4) zahlen.

Ein **"Aufsichtsrechtliches Ereignis"** tritt ein, wenn sich die aufsichtsrechtliche Einstufung der Schuldverschreibungen gemäß den Anwendbaren Aufsichtsvorschriften ändert, was wahrscheinlich zu ihrem gänzlichen oder teilweisen Ausschluss aus den Eigenmitteln (ausgenommen in Folge einer Herabschreibung) oder ihrer Neueinstufung als Eigenmittel geringerer Qualität führen würde (jeweils auf unkonsolidierter Ebene der Emittentin und/oder konsolidierter Ebene der Aufsichtsrechtlichen Gruppe).

(6) *Voraussetzungen für Rückzahlung [falls ein Rückkauf zulässig ist, einfügen: und Rückkauf].* Eine Rückzahlung nach diesem § 5 **[falls ein Rückkauf zulässig ist, einfügen: und ein Rückkauf gemäß § 9(2)]** setzt[t][en] voraus, dass:

- (a) die Emittentin zuvor die Erlaubnis der Zuständigen Behörde zur Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: und zum Rückkauf gemäß § 9(2)]** in Übereinstimmung mit Artikel 78 CRR erhalten hat, sofern dies zu diesem Zeitpunkt für die Emittentin anwendbar ist, wobei diese Erlaubnis unter anderem voraussetzen kann, dass:
- (i) entweder die Emittentin die Schuldverschreibungen durch Eigenmittelinstrumente zumindest gleicher Qualität zu Bedingungen ersetzt, die im Hinblick auf die Ertragsmöglichkeiten der Emittentin nachhaltig sind; oder
 - (ii) die Emittentin der Zuständigen Behörde hinreichend nachgewiesen hat, dass die Eigenmittel der Emittentin nach der Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: oder nach dem Rückkauf]** die Mindestanforderungen (einschließlich aller Kapitalpufferanforderungen) um eine Spanne übertreffen, die die Zuständige Behörde zu diesem Zeitpunkt für erforderlich hält; und
- (b) im Fall einer Rückzahlung vor fünf Jahren nach dem Ausgabetag der Schuldverschreibungen:
- (i) aufgrund eines Steuerereignisses die Emittentin der Zuständigen Behörde hinreichend nachgewiesen hat, dass die geltende Änderung der steuerlichen Behandlung wesentlich ist und zum Ausgabetag der Schuldverschreibungen nicht vorherzusehen war; oder
 - (ii) aufgrund eines aufsichtsrechtlichen Ereignisses die Zuständige Behörde diese Änderung für ausreichend sicher hält und die Emittentin der Zuständigen Behörde hinreichend nachgewiesen hat, dass die maßgebliche Änderung der aufsichtsrechtlichen Neueinstufung der Schuldverschreibungen zum Ausgabetag der Schuldverschreibungen nicht vorherzusehen war.

Ungeachtet der oben stehenden Bedingungen, falls zum Zeitpunkt einer Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: oder eines Rückkaufs]** die geltenden Anwendbaren Aufsichtsvorschriften die Rückzahlung **[falls ein Rückkauf zulässig ist, einfügen: oder den Rückkauf]** nur nach Einhaltung von einer oder mehreren alternativen oder zusätzlichen Voraussetzungen zu den oben in § 5(6) angegebenen erlaubt ist, wird die Emittentin diese (etwaigen) anderen und/oder, falls anwendbar, zusätzlichen Voraussetzungen erfüllen.

Klarstellend wird festgehalten, dass eine Weigerung der Zuständigen Behörde, die Erlaubnis gemäß Artikel 78 CRR zu erteilen, in keiner Hinsicht einen Verzug begründet.

(7) *Rückzahlungsmittelung; Rückzahlungsbetrag.* Eine Rückzahlungsmittelung gemäß § 5(3), § 5(4) oder § 5(5) wird durch die Emittentin an die Gläubiger gemäß § 10 übermittelt, wobei eine Kündigungsfrist von nicht weniger als **[Mindestkündigungsfrist, die nicht weniger als 5 Geschäftstage betragen darf, einfügen]** [Kalendertage] [Geschäftstage] **[falls eine Höchstkündigungsfrist anwendbar ist, einfügen: und nicht mehr als [Höchstkündigungsfrist einfügen]** [Kalendertage] [Geschäftstage]] eingehalten wird. Diese Mittelung ist unwiderruflich (vorbehaltlich § 5(8)(d)) und beinhaltet:

- (a) im Fall einer Rückzahlungsmittelung gemäß § 5 (3) den Wahl-Rückzahlungstag (Call) oder im Fall einer Rückzahlungsmittelung gemäß § 5 (4) oder § 5 (5) den Rückzahlungstag; und
- (b) den Rückzahlungsbetrag, zu dem die Schuldverschreibungen zurückgezahlt werden.

"Rückzahlungsbetrag" pro Schuldverschreibung bezeichnet den Aktuellen Kapitalbetrag pro Schuldverschreibung.

Jede Rückzahlungsmittelung gemäß § 5(3), § 5(4) oder § 5(5) und diesem § 5(7) unterliegt § 5(8)(b).

(8) *Herabschreibung.*

(a) Wenn ein Auslöseereignis (wie nachstehend definiert) eingetreten ist, wird die Emittentin:

- (i) unverzüglich die Zuständige Behörde darüber in Kenntnis setzen, dass das Auslöseereignis eingetreten ist;
- (ii) den Herabschreibungsbetrag (wie nachstehend definiert) so bald wie möglich, jedenfalls aber innerhalb eines Zeitraums von maximal einem Monat nach der Feststellung, dass ein Auslöseereignis eingetreten ist, bestimmen;
- (iii) die Emissionsstelle und die Gläubiger unverzüglich durch Veröffentlichung einer Mitteilung (eine solche Mitteilung ist eine **"Herabschreibungsmittelung"**), die den Herabschreibungsbetrag sowie den neuen/verringerten Aktuellen Kapitalbetrag jeder Schuldverschreibung und den Stichtag beinhaltet, informieren, dass ein Auslöseereignis eingetreten ist, wobei eine Nichtbereitstellung dieser Herabschreibungsmittelung die Wirksamkeit einer Herabschreibung weder berührt noch auf andere Weise eine Herabschreibung ungültig macht noch Gläubigern aufgrund dieses Fehlers Rechte gibt; und

- (iv) (ohne dass eine Zustimmung der Gläubiger und/oder die Veröffentlichung einer Herabschreibungsmitteilung erforderlich ist) den dann geltenden Aktuellen Kapitalbetrag jeder Schuldverschreibung um den jeweiligen Herabschreibungsbetrag unverzüglich, spätestens jedoch innerhalb eines Monats, mit Wirkung ab dem Stichtag verringern (eine solche Verringerung wird als eine "**Herabschreibung**" bezeichnet, und "**herabgeschrieben**" wird entsprechend ausgelegt).

Klarstellend wird festgehalten, dass ein Auslöseereignis jederzeit bestimmt werden und mehrfach eintreten kann, jede Schuldverschreibung mehrfach Gegenstand einer Herabschreibung sein kann, sowie dass der Aktuelle Kapitalbetrag einer Schuldverschreibung nie unter [**Festgelegte Währung einfügen**] [0,01 oder **geringerer Betrag**] verringert werden kann.

(b) *Herabschreibungsbetrag.*

- (i) Die gesamte Verringerung des gesamten Aktuellen Kapitalbetrages aller zum Stichtag ausstehenden Schuldverschreibungen entspricht, ausgenommen wie nachstehend vorgesehen, dem niedrigeren Betrag von:
- (A) dem Betrag, der erforderlich ist, um ausreichend hartes Kernkapital gemäß Artikel 50 CRR zu generieren, um die CET 1 Kapitalquote der Gruppe und die CET 1 Kapitalquote der Emittentin auf die Auslöseschwelle zum Zeitpunkt der Verringerung anzuheben, nach Berücksichtigung (ausgenommen wie nachstehend vorgesehen) der anteiligen Herabschreibung und/oder Umwandlung des dann bestehenden Kapitalbetrages aller Verlusttragungsinstrumente (wenn solche vorhanden sind), die gleichzeitig (oder im wesentlichen gleichzeitig) mit den Schuldverschreibungen herabzuschreiben oder umzuwandeln sind, vorausgesetzt dass hinsichtlich jedes Verlusttragungsinstrumentes (wenn ein solches vorhanden ist) diese anteilige Herabschreibung und/oder Umwandlung nur insoweit zu berücksichtigen ist, als erforderlich ist, um die CET 1 Kapitalquote der Gruppe und die CET 1 Kapitalquote der Emittentin wieder auf den niedrigeren der beiden folgenden Beträge anzuheben: (x) die Auslöseschwelle des betreffenden Verlusttragungsinstrumentes; und (y) die Auslöseschwelle der Schuldverschreibungen und, in jedem der beiden Fälle, in Übereinstimmung mit den Bestimmungen der jeweiligen Verlusttragungsinstrumente und den Anwendbaren Aufsichtsvorschriften; und
- (B) dem Betrag, der darin resultieren würde, dass der Aktuelle Kapitalbetrag einer Schuldverschreibung auf [**Festgelegte Währung einfügen**] 0,01 verringert würde.
- (ii) Die gesamte Verringerung gemäß § 5(8)(b)(i) wird auf jede Schuldverschreibung anteilig angewandt auf Basis ihres Aktuellen Kapitalbetrages, wie er unmittelbar vor der Herabschreibung bestand; Verweise hierin auf "**Herabschreibungsbetrag**" meinen, in Bezug auf jede Schuldverschreibung, den Betrag, durch den der Aktuelle Kapitalbetrag einer jeden solchen Schuldverschreibung auf diese Weise herabgeschrieben wird.
- (iii) Wenn, in Verbindung mit der Herabschreibung oder der Berechnung des Herabschreibungsbetrags Verlusttragungsinstrumente ausständig sind, deren Bedingungen vorsehen, dass sie zur Gänze und nicht nur teilweise herabgeschrieben und/oder umgewandelt werden (die "**Gänzlich Verlusttragenden Instrumente**"), dann:
- (A) wird die Bestimmung, wonach eine Herabschreibung der Schuldverschreibungen anteilig mit der Herabschreibung und/oder der Umwandlung von Verlusttragungsinstrumenten durchzuführen ist, nicht so ausgelegt, dass die Schuldverschreibungen nur aufgrund der Tatsache, dass die Gänzlich Verlusttragenden Instrumente zur Gänze herabzuschreiben und/oder umzuwandeln sind, zur Gänze herabzuschreiben sind; und
- (B) für Zwecke der Berechnung des Herabschreibungsbetrags werden die Gänzlich Verlusttragenden Instrumente so behandelt (aber nur zum Zwecke der Bestimmung der Herabschreibung von Kapital und/oder Umwandlung innerhalb der Schuldverschreibungen und allfälliger Verlusttragungsinstrumente auf anteiliger Basis), als ob ihre Bestimmungen eine teilweise Herabschreibung und/oder Umwandlung zulassen würden, so dass die Herabschreibung und/oder Umwandlung dieser Gänzlich Verlusttragenden Instrumente als in zwei aufeinander folgenden Stufen erfolgend gilt: (x) erstens, der Kapitalbetrag dieser Gänzlich Verlusttragenden Instrumente wird anteilig mit den Schuldverschreibungen und allen anderen Verlusttragungsinstrumenten herabgeschrieben und/oder umgewandelt (in der oben vorgesehenen Weise), soweit dies erforderlich ist, um die CET 1 Kapitalquote der Gruppe und die CET 1 Kapitalquote der Emittentin wieder auf die Auslöseschwelle anzuheben; und (y) zweitens, der nach (x) verbleibende Restbetrag (wenn ein solcher besteht) des Kapitalbetrages dieser Gänzlich Verlusttragenden Instrumente wird herabgeschrieben und/oder umgewandelt, mit der Wirkung, dass die CET 1 Kapitalquote der Gruppe und die CET 1 Kapitalquote der Emittentin über die Auslöseschwelle angehoben wird.

- (iv) Soweit eine Herabschreibung und/oder eine Umwandlung von Verlusttragungsinstrumenten zum Zwecke von § 5(8)(b)(i)(A) nicht möglich ist oder aus irgendeinem Grund nicht erfolgt, hindert dies keinesfalls eine Herabschreibung der Schuldverschreibungen. Anstelle dessen werden in einem solchen Fall die Schuldverschreibungen herabgeschrieben und der Herabschreibungsbetrag wird wie oben bestimmt, aber für Zwecke von § 5(8)(b)(i)(A) ohne jegliches hartes Kernkapital hinsichtlich der Herabschreibung oder Umwandlung solcher Verlusttragungsinstrumente, soweit diese nicht herabgeschrieben und/oder umgewandelt werden können oder soweit dies aus irgendeinem Grund nicht erfolgt.
- (v) Die Feststellung des jeweiligen Herabschreibungsbetrags durch die Emittentin ist unwiderruflich und bindend für die Gläubiger.

(c) Jede Reduzierung des Aktuellen Kapitalbetrags einer Schuldverschreibung gemäß diesem § 5(8) begründet in keiner Hinsicht einen Verzug durch die Emittentin, und die Gläubiger haben kein Recht, die Zahlung herabgeschriebener Beträge zu verlangen, gleich ob in der Insolvenz oder Liquidation der Emittentin oder anderweitig, ausgenommen solche Beträge (wenn es solche gibt), die einer Wiederzuschreibung gemäß § 5(9) unterliegen.

(d) Die Emittentin wird bis zum Stichtag der Herabschreibung keine Rückzahlungsmitteilung abgeben, nachdem eine Herabschreibungsmitteilung hinsichtlich des betreffenden Auslöseereignisses abgegeben wurde.

Zusätzlich gilt, wenn ein Auslöseereignis nach einer Rückzahlungsmitteilung aber vor dem Tag, an dem diese Rückzahlung wirksam wird, eintritt, die Rückzahlungsmitteilung automatisch als widerrufen und ist null und nichtig und die betreffende Rückzahlung erfolgt nicht.

(9) *Wiederzuschreibung.* Die Emittentin kann in ihrem alleinigen Ermessen, soweit dies in Übereinstimmung mit den Anwendbaren Aufsichtsvorschriften erlaubt ist, im Einklang mit den nachstehenden Beschränkungen einen herabgeschriebenen Teil des Kapitalbetrages der Schuldverschreibungen wieder herstellen (ein solcher Teil ist ein "**Wiederzuschreibungsbetrag**"). Eine Wiederherstellung des Aktuellen Kapitalbetrages (eine solche Wiederherstellung wird als "**Wiederzuschreibung**" bezeichnet, und "**wiederzugeschrieben**" ist entsprechend zu interpretieren) kann mehr als einmal erfolgen (und jeder Schuldverschreibung kann mehr als einmal wiederzugeschrieben werden), wobei der Kapitalbetrag jeder Schuldverschreibung niemals über ihren Ursprünglichen Kapitalbetrag wiederzugeschrieben werden darf.

Wiederzuschreibungen haben keinen Vorrang gegenüber Dividendenzahlungen und anderen Ausschüttungen auf Aktien und andere CET 1 Instrumente der Emittentin, dh dass solche Zahlungen und Ausschüttungen erlaubt sind, auch wenn keine volle Wiederzuschreibung der Schuldverschreibungen bewirkt wurde.

Es gibt keine Verpflichtung der Emittentin, unter irgendwelchen Umständen eine Wiederzuschreibung durchzuführen oder zu beschleunigen.

Wenn sich die Emittentin in ihrem alleinigen Ermessen dazu entscheidet, erfolgt die Wiederzuschreibung mit Wirkung zum Wiederzuschreibungstag (wie nachstehend definiert).

In ihrem alleinigen Ermessen kann die Emittentin eine solche Wiederzuschreibung durchführen (aber ohne dazu verpflichtet zu sein), wenn:

- (a) zum Zeitpunkt der Wiederzuschreibung kein fortgesetztes Auslöseereignis besteht; eine Wiederzuschreibung ist außerdem ausgeschlossen, wenn eine solche Wiederzuschreibung zu einem Auslöseereignis führen würde;
- (b) eine solche Wiederzuschreibung auf anteiliger Basis auf alle Schuldverschreibungen und auf anteiliger Basis mit der Wiederzuschreibung aller Herabgeschriebenen Verlusttragungsinstrumente (wenn solche bestehen) angewandt wird; und
- (c) die Summe von: (x) dem Gesamtbetrag, der der betreffenden Wiederzuschreibung der Schuldverschreibungen am Wiederzuschreibungstag (wie nachstehend definiert) zugeordnet ist und dem Gesamtbetrag einer jeden vorherigen Wiederzuschreibung der Schuldverschreibungen seit dem Ende des vorherigen Geschäftsjahres vor dem Wiederzuschreibungstag; (y) dem Gesamtbetrag der Erhöhung des Kapitalbetrages eines jeden Herabgeschriebenen Verlusttragungsinstrumentes zum Zeitpunkt der betreffenden Wiederzuschreibung und dem Gesamtbetrag der Erhöhung des Kapitalbetrages eines jeden Herabgeschriebenen Verlusttragungsinstrumentes aus einer vorangegangenen Wiederzuschreibung seit dem Ende des vorherigen Geschäftsjahres vor dem Zeitpunkt der jeweiligen Wiederzuschreibung; und (z) dem Gesamtbetrag einer jeden Ausschüttung und aller darauf bezahlten Zusätzlichen Beträge auf den Aktuellen Kapitalbetrag der Schuldverschreibungen und den Gesamtbetrag einer jeden Ausschüttung und darauf bezahlter zusätzlicher Beträge aus Herabgeschriebenen Verlusttragungsinstrumenten, berechnet zu dem Zeitpunkt, an dem die Wiederzuschreibung umgesetzt wird, zu keiner Zeit nach dem Ende des dann vorangegangenen Geschäftsjahres den Maximalen Wiederzuschreibungsbetrag übersteigt.

Der Betrag einer Wiederzuschreibung und die Zahlungen von Ausschüttungen auf einen verringerten Aktuellen Kapitalbetrag werden als Zahlung aus einer Verringerung von hartem Kernkapital behandelt und unterliegen, gemeinsam mit sonstigen Ausschüttungen auf CET 1 Instrumente, den anwendbaren Beschränkungen hinsichtlich des Maximal Ausschüttungsfähigen Betrags, einschließlich derer, die in § 24 Abs 2 BWG (der Artikel 141(2) CRD IV in Österreich umgesetzt) genannt sind.

Wenn die Emittentin die Durchführung einer Wiederzuschreibung beschließt, veröffentlicht sie gegenüber der Emissionsstelle und gemäß § 10 gegenüber den Gläubigern eine Mitteilung über die Wiederzuschreibung (einschließlich des Wiederzuschreibungsbetrages als Prozentsatz des Ursprünglichen Kapitalbetrages und des Wirksamkeitstages der Wiederzuschreibung (ein "**Wiederzuschreibungstag**")) spätestens zehn Kalendertage vor dem jeweiligen Wiederzuschreibungstag. Mit Wirkung zum Wiederzuschreibungstag gilt die Wiederzuschreibung als wirksam erfolgt und der Aktuelle Kapitalbetrag gilt als durch den in der Mitteilung bezeichneten Betrag erhöht.

(10) *Definitionen.* In diesen Emissionsbedingungen gilt:

"**Anwendbare Aufsichtsvorschriften**" bezeichnet zu jedem Zeitpunkt die Anforderungen österreichischen oder europäischen Rechts oder wie in Regulativen, Anforderungen, Guidelines oder Richtlinien der Zuständigen Behörde, des Europäischen Parlaments und/oder des Europäischen Rates enthalten, die zum betreffenden Zeitpunkt in Österreich in Kraft und auf die Emittentin und die Aufsichtsrechtliche Gruppe anwendbar sind, einschließlich des BWG, der CRD IV, der CRR und der CDR, in der jeweils geltenden Fassung, oder jedes andere Gesetz, Verordnung oder Richtlinie, die an deren Stelle in Kraft treten.

"**CDR**" bezeichnet die Delegierte Verordnung (EU) Nr. 241/2014 der Kommission vom 7. Januar 2014 zur Ergänzung der Verordnung (EU) Nr. 575/2013 des Europäischen Parlaments und des Rates im Hinblick auf technische Regulierungsstandards für die Eigenmittelanforderungen an Institute (*Capital Delegated Regulation*) in der jeweils geltenden oder ersetzten Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf die maßgeblichen Artikel der CDR beinhalten Bezugnahmen auf jede anwendbare Bestimmung, die diese Artikel jeweils ändert oder ersetzt.

"**Aktueller Kapitalbetrag**" bezeichnet anfänglich die Festgelegte Stückelung, die von Zeit zu Zeit – einmalig oder mehrfach – durch eine Herabschreibung verringert werden kann und im Anschluss an eine solche Verringerung gegebenenfalls durch eine Wiederzuschreibung (bis zur Festgelegten Stückelung) erhöht werden kann.

"**Stichtag**" bezeichnet den als solchen von der Emittentin gewählten und in der Herabschreibungsmitteilung an die Gläubiger als solchen bezeichneten Tag, der nicht später als einen Monat (oder einen gegebenenfalls von der Zuständigen Behörde vorgeschriebenen kürzeren Zeitraum) nach Eintritt des jeweiligen Auslöseereignisses liegen darf.

"**CET 1 Kapitalquote der Gruppe**" bezeichnet die harte Kernkapitalquote gemäß Artikel 92(2)(a) CRR der Gruppe auf konsolidierter Basis, berechnet von der Emittentin gemäß den Anwendbaren Aufsichtsvorschriften, deren Feststellung für die Gläubiger bindend ist.

"**CET 1 Kapitalquote der Emittentin**" bezeichnet die harte Kernkapitalquote gemäß Artikel 92(2)(a) CRR der Emittentin auf Einzelinstitutsbasis, berechnet von der Emittentin gemäß den Anwendbaren Aufsichtsvorschriften, deren Feststellung für die Gläubiger bindend ist.

"**Verlusttragungsinstrument**" bezeichnet zu jedem Zeitpunkt jedes AT 1 Instrument (ausgenommen die Schuldverschreibungen), dessen Kapitalbetrag zur Gänze oder teilweise herabgeschrieben (auf dauerhafter oder vorläufiger Basis) oder umgewandelt werden kann (in beiden Fällen im Einklang mit seinen Bestimmungen oder auf andere Weise), wenn oder falls die CET 1 Kapitalquote der Emittentin und/oder die CET 1 Kapitalquote der Gruppe unter eine bestimmte Auslöseschwelle fällt.

"**Herabgeschriebenes Verlusttragungsinstrument**" bezeichnet zu jedem Zeitpunkt jedes AT 1 Instrument (ausgenommen die Schuldverschreibungen) oder, falls anwendbar, jedes von einem Mitglied der Aufsichtsrechtlichen Gruppe begebene Instrument, das die Bedingungen gemäß Artikel 52 CRR als Instrument des zusätzlichen Kernkapitals der Emittentin und/oder der Aufsichtsrechtlichen Gruppe erfüllt, welches zum Zeitpunkt unmittelbar vor einer Wiederzuschreibung der Schuldverschreibungen ausstehend ist und einen gegenwärtigen Kapitalbetrag aufweist, der geringer ist als sein ursprünglicher Kapitalbetrag, weil sein gesamter oder ein Teil seines Kapitalbetrages auf vorläufiger Basis herabgeschrieben wurde, und dessen Bedingungen im Falle der Umstände am jeweiligen Wiederzuschreibungstag eine Wiederzuschreibung des Kapitals auf einer Basis ähnlich wie in § 5(9) erlauben.

"**Maximaler Wiederzuschreibungsbetrag**" bezeichnet den geringeren der folgenden Beträge:

- (i) den konsolidierten Gewinn multipliziert mit der Summe des gesamten Ursprünglichen Kapitalbetrages der Schuldverschreibungen und des gesamten anfänglichen Kapitalbetrags aller Herabgeschriebenen Verlusttragungsinstrumente der Aufsichtsrechtlichen Gruppe (vor einer Herabschreibung), dividiert durch das gesamte Kernkapital gemäß Artikel 25 CRR der Aufsichtsrechtlichen Gruppe zu dem Tag, an dem die betreffende Wiederzuschreibung durchgeführt wird;

- (ii) den Gewinn auf unkonsolidierter Basis, multipliziert mit der Summe des gesamten Ursprünglichen Kapitalbetrages der Schuldverschreibungen und des gesamten anfänglichen Kapitalbetrags aller Herabgeschriebenen Verlusttragungsinstrumente der Emittentin (vor einer Herabschreibung), dividiert durch das gesamte Kernkapital gemäß Artikel 25 CRR der Emittentin zu dem Tag, an dem die betreffende Wiederschreibung durchgeführt wird;

oder jeder höhere oder niedrigere Betrag, der gemäß den am Tag der betreffenden Wiederschreibung in Kraft stehenden Anwendbaren Aufsichtsvorschriften verwendet werden darf.

[Wenn Festgelegte Währung nicht Euro ist, einfügen: Jeder Betrag in einer Währung, die nicht Euro ist, wird für Zwecke der Festlegung des Maximalen Wiederschreibungsbetrages zum Wechselkurs, wie er am [dritten] Geschäftstag vor dem Stichtag galt, in Euro konvertiert.]

"**Gewinn**" bezeichnet: (i) den Jahresüberschuss der Emittentin auf unkonsolidierter Basis, wie in den Relevanten Jahresabschlüssen ausgewiesen; oder (ii) den konsolidierten Jahresüberschuss auf konsolidierter Basis, wie im konsolidierten Jahresabschluss der Emittentin ausgewiesen, jeweils nachdem diese Relevante Jahresabschlüssen oder konsolidierten Jahresabschlüsse formell durch den Aufsichtsrat oder, wenn dies verlangt wurde, von der Hauptversammlung der Emittentin, festgestellt wurden.

Ein "**Auslöseereignis**" tritt immer ein, wenn: (i) die CET 1 Kapitalquote der Gruppe; und/oder (ii) die CET 1 Kapitalquote der Emittentin unter die Auslöseschwelle fällt. Die Feststellung ob ein Auslöseereignis eingetreten ist, wird von der Emittentin und der Zuständigen Behörde durchgeführt.

"**Auslöseschwelle**" bezeichnet in Bezug auf: (i) die CET 1 Kapitalquote der Gruppe [**konsolidierte Mindestauslöseschwelle einfügen**] %; und/oder (ii) die CET 1 Kapitalquote der Emittentin [**unkonsolidierte Mindestauslöseschwelle einfügen**] %.

§ 6

EMISSIONSSTELLE, ZAHLSTELLE[N] UND BERECHNUNGSSTELLE

(1) *Bestellung; Bezeichnete Geschäftsstellen.* Die anfänglich bestellte Emissionsstelle (die "**Emissionsstelle**"), die anfänglich bestellte Hauptzahlstelle (die "**Hauptzahlstelle**") [**falls (eine) weitere Zahlstelle(n) bestellt werden soll(en), einfügen:**, die anfänglich bestellte(n) Zahlstelle(n)] und die anfänglich bestellte(n) Berechnungsstelle(n) (die "**Berechnungsstelle(n)**") und ihre jeweiligen anfänglich bezeichneten Geschäftsstellen sind:

Emissionsstelle und Hauptzahlstelle:

[Falls die Hypo Vorarlberg Bank AG als anfängliche bestellte Emissions- und Hauptzahlstelle bestellt werden soll, einfügen:

Hypo Vorarlberg Bank AG
Hypo-Passage 1
6900 Bregenz
Österreich]

[Falls eine andere Emissions- und Hauptzahlstelle bestellt werden soll, sind ihr Name und ihre anfänglich bezeichnete Geschäftsstelle einzufügen.]

[Falls eine zusätzliche oder andere Zahlstelle bestellt werden soll, sind ihr Name und ihre anfänglich bezeichnete Geschäftsstelle einzufügen.]

Soweit in diesen Emissionsbedingungen der Begriff "Zahlstelle(n)" erwähnt wird, schließt dieser Begriff die Hauptzahlstelle mit ein.

Berechnungsstelle:

[Falls die Hypo Vorarlberg Bank AG als Berechnungsstelle bestellt werden soll, einfügen:

Hypo Vorarlberg Bank AG
Hypo-Passage 1
6900 Bregenz
Österreich]

[Falls eine andere Berechnungsstelle bestellt werden soll, sind ihr Name und ihre anfänglich bezeichnete Geschäftsstelle einzufügen.]

Die Emissionsstelle, die Zahlstelle(n) und die Berechnungsstelle (zusammen die "**Beauftragten Stellen**") behalten sich das Recht vor, jederzeit ihre jeweilige bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle im selben Land zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle, einer Zahlstelle oder der Berechnungsstelle zu ändern oder zu beenden und eine andere Emissionsstelle, zusätzliche oder andere Zahlstellen oder eine andere Berechnungsstelle zu bestellen. Die Emittentin wird jedoch jederzeit (i) eine Emissionsstelle unterhalten[,] [und] (ii) solange die Schuldverschreibungen an einer Wertpapierbörse notiert sind, eine Zahlstelle (die die Emissionsstelle sein kann) mit bezeichneter Geschäftsstelle in einem Land unterhalten, das die Regeln dieser Börse oder ihrer Aufsichtsbehörde[n] verlangen [**im Fall von Zahlungen in U.S.-Dollar einfügen:** [,] [und] (iii) falls Zahlungen bei den oder durch die Geschäftsstellen aller Zahlstellen außerhalb der Vereinigten Staaten aufgrund der Einführung von Devisenbeschränkungen oder ähnlichen Beschränkungen hinsichtlich der vollständigen Zahlung oder des Empfangs der entsprechenden Beträge in U.S.-Dollar rechtswidrig werden oder tatsächlich ausgeschlossen sind, eine Zahlstelle mit bezeichneter Geschäftsstelle in New York unterhalten] [**falls eine Berechnungsstelle bestellt werden soll, einfügen:** und (iv) eine Berechnungsstelle unterhalten]. Die Emittentin wird die Gläubiger von jeder Änderung, Abberufung, Bestellung oder jedem sonstigen Wechsel einer Beauftragten Stelle sobald wie möglich nach Eintritt der Wirksamkeit einer solchen Veränderung informieren.

(3) *Beauftragte der Emittentin.* Die Beauftragten Stellen handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und den Gläubigern begründet.

(4) *Verbindlichkeit von Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von einer Beauftragten Stelle für die Zwecke dieser Emissionsbedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern keine vorsätzliche Pflichtverletzung, kein böser Glaube, keine Unbilligkeit oder kein offensichtlicher Irrtum vorliegt) für die Emittentin, die anderen Beauftragten Stellen und die Gläubiger bindend, und sofern keiner der vorstehend genannten Umstände vorliegt, haftet die Emissionsstelle nicht gegenüber der Emittentin, den Zahlstellen, der Berechnungsstelle oder den Gläubigern im Zusammenhang mit der Ausübung oder Nichtausübung ihrer Rechte und Pflichten und ihres Ermessens gemäß diesen Bestimmungen.

§ 7

STEUERN

(1) *Generelle Besteuerung.* Sämtliche Zahlungen von Ausschüttungen in Bezug auf die Schuldverschreibungen durch die Emittentin oder in deren Namen sind frei von und ohne Einbehalt oder Abzug von Steuern, Abgaben, Veranlagungen oder öffentlichen Lasten welcher Art auch immer, die von oder innerhalb der Republik Österreich durch irgendeine Abgabenbehörde auferlegt, eingehoben, vereinnahmt, einbehalten oder veranlagt werden, zu leisten, sofern ein derartiger Einbehalt oder Abzug nicht gesetzlich vorgesehen ist.

In einem solchen Fall, und unbeschadet dieser Bestimmung, wird die Emittentin jene zusätzlichen Beträge (die "**Zusätzlichen Beträge**") an den Gläubiger zahlen, die erforderlich sind, um den Gläubiger so zu stellen, als hätte er die Beträge ohne Einbehalt oder Abzug erhalten, vorausgesetzt jedoch, dass solche zusätzlichen Beträge nur zu zahlen sind, wenn und soweit sie: (i) die Ausschüttungsfähigen Posten nicht übersteigen würden; und (ii) nur die Quellensteuer betreffen, die auf die Ausschüttungen durch oder im Namen der Emittentin anwendbar sind. Keine Zusätzlichen Beträge sind in Bezug auf eine Schuldverschreibung zu zahlen:

- (a) wenn Zahlungen an einen Gläubiger oder an einen Dritten im Namen des Gläubigers geleistet werden, der zur Zahlung solcher Steuern, Abgaben, Veranlagungen oder öffentlichen Lasten hinsichtlich einer Schuldverschreibung aufgrund einer anderen Verbindung mit der Republik Österreich als jener der bloßen Inhaberschaft einer Schuldverschreibung verpflichtet ist; oder
- (b) die zur Zahlung mehr als [30] [**anderen Zeitraum einfügen**] Kalendertage nach dem Tag, an dem die diesbezügliche Zahlung erstmals fällig wird, zur Zahlung vorgelegt werden.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA).* Die Emittentin ist berechtigt, von den an einen Gläubiger oder wirtschaftlich an den Schuldverschreibungen Berechtigten auf die Schuldverschreibungen zu zahlenden Beträgen diejenigen Beträge einzubehalten oder abzuziehen, die erforderlich sind, um eine etwaige Steuer zu zahlen, die die Emittentin gemäß den Artikeln 1471 bis 1474 des U.S. Internal Revenue Code von 1986 (der "**Kodex**"), etwaigen unter dem Kodex erlassenen Verordnungen oder eingegangenen Vereinbarungen, der amtlichen Auslegung des Kodex oder etwaigen Gesetzen, die der Umsetzung zwischenstaatlicher Vereinbarungen im Zusammenhang mit dem Kodex dienen, ("**FATCA**") (einschließlich aufgrund eines mit einer Steuerbehörde auf freiwilliger Basis abgeschlossenen Vertrags (wie in Artikel 1471 (b) des Kodex beschrieben) (der "**FATCA-Vertrag**")) einzubehalten oder abzuziehen gesetzlich verpflichtet ist. Die Emittentin ist nicht verpflichtet, irgendwelche zusätzlichen Beträge aufgrund einer Quellensteuer, die sie oder ein Intermediär im Rahmen der FATCA-Bestimmungen einbehält, zu zahlen. Klarstellend wird festgestellt, dass der Einbehalt oder Abzug von Beträgen, die im Zusammenhang mit einem FATCA-Vertrag einbehalten oder abgezogen werden, als kraft Gesetzes einbehalten oder abgezogen

gelten.

§ 8

VORLEGUNGSFRIST

Die in § 801 Abs 1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf [zehn] **[anderen (längeren) Zeitraum einfügen]** Jahre verkürzt.

§ 9

BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, RÜCKKÄUFE UND ENTWERTUNG

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Ausgabekurses, des Ausschüttungsbeginns und/oder des ersten Ausschüttungszahlungstags) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden.

(2) *Rückkäufe.* **[Falls ein Rückkauf der Schuldverschreibungen zulässig ist, einfügen:** Vorausgesetzt dass alle anwendbaren und gesetzlichen Einschränkungen eingehalten werden, und weiters vorausgesetzt dass alle Voraussetzungen für Rückzahlung und den Rückkauf gemäß § 5(6) eingehalten werden, sind die Emittentin und/oder jede ihrer Tochtergesellschaften berechtigt, Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zurückzukaufen. Die von der Emittentin oder einer ihrer Tochtergesellschaften rückerworbenen Schuldverschreibungen können nach Wahl der Emittentin oder der Tochtergesellschaft gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden.] **[Falls ein Rückkauf von Schuldverschreibungen nicht zulässig ist, einfügen:** Weder die Emittentin noch ihre Tochtergesellschaften sind berechtigt, zu irgendeinem Zeitpunkt Schuldverschreibungen zurückzukaufen.]

(3) *Entwertung.* Sämtliche vollständig getilgten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

§ 10

MITTEILUNGEN

(1) *Mitteilungen der Emittentin.* Alle die Schuldverschreibungen betreffenden Mitteilungen der Emittentin sind in [den gesetzlich bestimmten Medien] **[bestimmte Medien einfügen]** und zusätzlich in elektronischer Form auf der Internetseite der Emittentin [(www.hypovbg.at)] **[●]** zu veröffentlichen. Jede derartig erfolgte Mitteilung gilt am fünften Kalendertag nach der Veröffentlichung (oder bei mehreren Veröffentlichungen am **[fünften]** **[●]** Kalendertag nach der ersten solchen Veröffentlichung) als wirksam erfolgt [, außer die Mitteilung schreibt einen späteren Stichtag vor].

(2) *Veröffentlichung von Mitteilungen der Emittentin über das Clearingsystem.* Soweit die Veröffentlichung von Mitteilungen nach Absatz (1) rechtlich nicht mehr vorgeschrieben ist, ist die Emittentin berechtigt, eine Veröffentlichung in den in Absatz (1) genannten Medien durch Übermittlung von Mitteilungen an das Clearingsystem zur Weiterleitung durch das Clearingsystem an die Gläubiger zu ersetzen. Jede derartige Mitteilung gilt am **[siebten]** **[●]** Kalendertag nach dem Kalendertag der Mitteilung an das Clearingsystem als gegenüber den Gläubigern erfolgt.

(3) *Form der von Gläubigern zu machenden Mitteilungen.* Unbeschadet anderer Regelungen in diesen Emissionsbedingungen oder soweit gesetzlich verlangt, gelten die Schuldverschreibungen betreffende Mitteilungen der Gläubiger an die Emittentin als wirksam erfolgt, wenn sie der Emittentin oder der Emissionsstelle (zur Weiterleitung an die Emittentin) in Textform oder in schriftlicher Form in der **[englischen]** **[oder]** **[deutschen]** Sprache persönlich übergeben oder per Brief übersandt werden. Der Gläubiger muss einen die Emittentin zufriedenstellenden Nachweis über die von ihm gehaltenen Schuldverschreibungen erbringen. Dieser Nachweis kann: (i) in Form einer Bestätigung durch das Clearingsystem oder die Depotbank, bei der der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, dass der Gläubiger zum Zeitpunkt der Mitteilung Gläubiger der betreffenden Schuldverschreibungen ist; oder (ii) auf jede andere geeignete Weise erfolgen. "**Depotbank**" bezeichnet jede Bank oder jedes sonstige anerkannte Finanzinstitut, das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearingsystems.

§ 11

**ÄNDERUNG DER EMISSIONSBEDINGUNGEN,
GEMEINSAMER VERTRETER**

(1) *Änderung der Emissionsbedingungen.* Vorbehaltlich der Einhaltung der Anwendbaren Aufsichtsvorschriften, damit die Schuldverschreibungen als AT 1 Instrumente gelten, kann die Emittentin die Emissionsbedingungen mit Zustimmung der Gläubiger aufgrund Mehrheitsbeschlusses nach Maßgabe der §§ 5 ff SchVG und mit Zustimmung der Zuständigen Behörde, soweit eine solche gemäß den dann in Kraft stehenden Anwendbaren Aufsichtsvorschriften erforderlich ist, ändern. Es erfolgt keine Änderung der Emissionsbedingungen ohne Zustimmung der Emittentin.

Die Gläubiger können insbesondere einer Änderung wesentlicher Inhalte der Emissionsbedingungen, einschließlich der in § 5 Abs 3 SchVG vorgesehenen Maßnahmen, mit den in dem nachstehenden § 11(2) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Gläubiger verbindlich.

"SchVG" bezeichnet das deutsche Gesetz über Schuldverschreibungen aus Gesamtemissionen in der jeweils geltenden Fassung, und Bezugnahmen in diesen Emissionsbedingungen auf Bestimmungen des SchVG beinhalten Bezugnahmen auf jede anwendbare Bestimmung, die diese Bestimmungen jeweils ändert oder ersetzt.

(2) *Qualifizierte Mehrheit.* Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Gläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Emissionsbedingungen, insbesondere in den Fällen des § 5 Abs 3 Nr 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ist ausgesetzt, solange Schuldverschreibungen der Emittentin oder einem ihrer verbundenen Unternehmen (im Sinne des § 271 Abs 2 des deutschen Handelsgesetzbuches (HGB)) zuzurechnen sind oder für Rechnung der Emittentin oder einem ihr zugeordneten Unternehmen gehalten werden.

(3) *Beschlussfassung.* Beschlüsse der Gläubiger werden entweder in einer Gläubigerversammlung nach § 11(3)(a) oder im Wege der Abstimmung ohne Versammlung nach § 11(3)(b) getroffen, jeweils wie von der Emittentin oder dem gemeinsamen Vertreter einberufen.

- (a) Beschlüsse der Gläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff SchVG getroffen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Gläubigern bekannt gegeben.
- (b) Beschlüsse der Gläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Gläubigern bekannt gegeben.

(4) *Zweite Gläubigerversammlung.* Wenn festgestellt wird, dass keine Beschlussfähigkeit für eine Abstimmung ohne Versammlung gemäß § 11(3)(b) besteht, kann der Abstimmungsleiter eine Versammlung einberufen, welche eine zweite Versammlung gemäß § 15 Abs 3 Satz 3 SchVG darstellt.

(5) *Anmeldung.* Für die Ausübung der Stimmrechte ist eine Anmeldung der Gläubiger erforderlich. Die Anmeldung muss unter der in der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung (im Falle einer Gläubigerversammlung wie in § 11(3)(a) oder § 11(4) beschrieben) oder vor dem Beginn der Abstimmungsfrist (im Falle einer Abstimmung ohne Versammlung wie in § 11(3)(b) beschrieben) zugehen. Als Teil der Anmeldung haben die Gläubiger die Berechtigung zur Teilnahme an der Abstimmung zum Zeitpunkt der Stimmabgabe durch besonderen Nachweis der Depotbank in Textform und durch die Vorlage eines Sperrvermerks der Depotbank, der bestätigt dass die jeweiligen Schuldverschreibungen ab (einschließlich) dem Tag, an dem eine solche Anmeldung abgesendet wurde, bis (einschließlich) dem angegebenen Ende des Versammlung oder dem Tag an dem die Abstimmungsfrist endet, nicht übertragbar sind, nachzuweisen.

(6) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss die Bestellung und Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Gläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Emissionsbedingungen gemäß § 11(1) zuzustimmen.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, die ihm von Gesetz und den Gläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbstständigen Geltendmachung dieser Rechte nicht befugt, es sei denn, der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Gläubigern zu berichten. Die Bestimmungen des SchVG sind in Bezug auf die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters anzuwenden.

(7) *Bekanntmachungen.* Alle Bekanntmachungen betreffend diesen § 11 erfolgen gemäß den §§ 5 ff. SchVG sowie nach § 10.

(8) *Ausschluss der Anwendbarkeit des österreichischen Kuratorengesetzes.* Die Anwendbarkeit der Bestimmungen des österreichischen Kuratorengesetzes und des österreichischen Kuratorenenergänzungsgesetzes wird ausdrücklich hinsichtlich der Schuldverschreibungen ausgeschlossen.

§ 12

ANWENDBARES RECHT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht und sollen ausschließlich nach deutschem Recht ausgelegt werden. Die Regelungen zum Status in § 2 bestimmen sich in jeder Hinsicht nach österreichischem Recht und sollen ausschließlich nach österreichischem Recht ausgelegt werden.

(2) *Gerichtsstand.* Unbeschadet eines allfälligen ausschließlichen Gerichtsstandes für bestimmte Verfahren im Zusammenhang mit dem SchVG sind nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstigen Verfahren (die "**Rechtsstreitigkeiten**") die Gerichte in [Frankfurt am Main, Bundesrepublik Deutschland] [**anderen deutschen oder österreichischen Gerichtsstand einfügen**]. [**Falls ein deutsches Gericht zuständig ist, einfügen:** Die Emittentin bestellt die Kanzlei Wucher & Kollegen, Sedanstraße 4, 88161 Lindenberg, Bundesrepublik Deutschland, zu ihrer Zustellungsbevollmächtigten im Zusammenhang mit etwaigen Rechtsstreitigkeiten vor deutschen Gerichten.]

(3) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen ist berechtigt, in jeder Rechtsstreitigkeit gegen die Emittentin oder in jeder Rechtsstreitigkeit, in der der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (a) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche: (i) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält; (ii) den Gesamtkapitalbetrag der Schuldverschreibungen bezeichnet, die zum Datum der Bestätigung auf dem Wertpapierdepot verbucht sind; und (b) bestätigt, dass die Depotbank gegenüber dem Clearingsystem eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (i) und (ii) bezeichneten Informationen enthält; und (c) er legt eine Kopie der Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearingsystems oder des Verwahrers des Clearingsystems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre. Unbeschadet des Vorstehenden kann jeder Gläubiger seine Rechte aus den Schuldverschreibungen auch auf jede andere Weise schützen oder geltend machen, die im Land der Rechtsstreitigkeit prozessual zulässig ist.

§ 13

SPRACHE

[**Falls die Emissionsbedingungen nur in deutscher Sprache abgefasst sind, einfügen:** Diese Emissionsbedingungen sind in der deutschen Sprache abgefasst.]

[**Falls der englischsprachige Text bindend sein soll und eine unverbindliche Übersetzung in die deutsche Sprache beigefügt wird, einfügen:** Diese Emissionsbedingungen sind in der englischen Sprache abgefasst. Eine Übersetzung in die deutsche Sprache ist beigefügt. Der englische Text ist bindend und maßgeblich. Die Übersetzung in die deutsche Sprache ist unverbindlich.]

[**Falls der deutschsprachige Text bindend sein soll und eine unverbindliche Übersetzung in die englische Sprache beigefügt wird, einfügen:** Diese Emissionsbedingungen sind in der deutschen Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.]]

FORM OF FINAL TERMS

FORM OF THE FINAL TERMS MUSTER DER ENDGÜLTIGEN BEDINGUNGEN

The German language parts of this Form of Final Terms do not form part of the Prospectus itself and have not been approved by the FMA. The FMA did not review the consistency of the German language parts with the English language parts of this Form of Final Terms.

Die deutschsprachigen Teile dieses Musters der Endgültigen Bedingungen sind nicht selbst Teil des Prospekts und wurden von der FMA nicht gebilligt. Die FMA hat die Übereinstimmung der deutschsprachigen Teile mit den englischsprachigen Teilen dieses Musters der Endgültigen Bedingungen nicht geprüft.

[SET OUT BELOW IS THE FORM OF FINAL TERMS WHICH WILL BE COMPLETED FOR EACH TRANCHE OF NOTES TO BE ISSUED UNDER THE ADDITIONAL TIER 1 NOTES PROGRAMME]

[DAS NACHSTEHENDE MUSTER DER ENDGÜLTIGEN BEDINGUNGEN WIRD FÜR JEDE TRANCHE VON SCHULDVERSCHREIBUNGEN, DIE UNTER DEM ADDITIONAL TIER 1 NOTES PROGRAMME BEGEBEN WERDEN, AUSGEFÜLLT]

[THE [ENGLISH] [GERMAN] LANGUAGE TEXT OF THIS FORM OF FINAL TERMS IS LEGALLY BINDING] [THE [ENGLISH] [GERMAN] LANGUAGE TRANSLATION IS FOR INFORMATION PURPOSES ONLY]

[DER [ENGLISCH][DEUTSCH]SPRACHIGE TEXT DIESES MUSTERS DER ENDGÜLTIGEN BEDINGUNGEN IST RECHTLICH BINDEND] [DIE [ENGLISCH][DEUTSCH]SPRACHIGE ÜBERSETZUNG DIEN NUR ZU INFORMATIONSZWECKEN]

[insert date]
[Datum einfügen]

Final Terms Endgültige Bedingungen

[insert title of relevant Tranche of Notes] (the "Notes")
[Bezeichnung der relevanten Tranche der Schuldverschreibungen einfügen]
(die "Schuldverschreibungen")

issued pursuant to the
begeben aufgrund des

EUR 150,000,000 Additional Tier 1 Notes Programme
EUR 150.000.000 Additional Tier 1 Notes Programm

of
der

Hypo Vorarlberg Bank AG

Issue Price: [] per cent. [plus the issue charge mentioned in Part B.]
Ausgabekurs: [] % [zuzüglich des in Teil B. genannten Ausgabeaufschlags.]

Issue Date: []⁷
Begebungstag: []⁷

⁷ The Issue Date is the date of issue and payment of the Notes. In the case of free delivery, the Issue Date is the delivery date.

Series No.: []
Serien-Nr.: []

Tranche No.: []
Tranchen-Nr.: []

Der Tag der Begebung ist der Tag, an dem die Schuldverschreibungen begeben und bezahlt werden. Bei freier Lieferung ist der Tag der Begebung der Tag der Lieferung.

IMPORTANT NOTICE

These Final Terms have been prepared for the purpose of Article 5(4) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 and must be read in conjunction with the relevant prospectus pertaining to the EUR 150,000,000 Additional Tier 1 Notes Programme (the "**Programme**") of Hypo Vorarlberg Bank AG (the "**Issuer**"), dated 2 October 2017 (the "**Prospectus**") and all supplements to the Prospectus. The Prospectus and any supplements thereto are available for viewing in electronic form on the website of the Issuer (www.hypovbg.at). Full information on the Issuer and the Notes is only available on the basis of the combination of the Prospectus, any supplements thereto and these Final Terms.

WICHTIGER HINWEIS

*Diese Endgültigen Bedingungen wurden für die Zwecke des Artikels 5 (4) der Richtlinie 2003/71/EG des Europäischen Parlaments und des Rates vom 4. November 2003, in der durch die Richtlinie 2010/73/EU des Europäischen Parlaments und des Rates vom 24. November 2010 geänderten Fassung, abgefasst und müssen in Verbindung mit dem maßgeblichen Prospekt (der "**Prospekt**") über das EUR 150.000.000 Additional Tier 1 Notes Programm (das "**Programm**") der Hypo Vorarlberg Bank AG (die "**Emittentin**") vom 2.10.2017 einschließlich aller Nachträge zum Prospekt gelesen werden. Der Prospekt sowie etwaige Nachträge zum Prospekt können in elektronischer Form auf der Internetseite der Emittentin (www.hypovbg.at) eingesehen werden. Vollständige Informationen über die Emittentin und die Schuldverschreibungen sind nur in der Zusammenschau des Prospekts, etwaiger Nachträge zum Prospekt sowie dieser Endgültigen Bedingungen erhältlich.*

[Restrictions on Marketing and Sales to Retail Investors

The Notes issued pursuant to the Prospectus are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes to retail investors.

In particular, in June 2015, the U.K. Financial Conduct Authority (the "**FCA**") published the Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015, which took effect from 1 October 2015 (the "**PI Instrument**").

Under the rules set out in the PI Instrument (as amended or replaced from time to time, the "**PI Rules**"):

- (i) certain contingent write-down or convertible securities (including any beneficial interests therein), such as the Notes, must not be sold to retail clients in the EEA; and
- (ii) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the

meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in the Notes) from the Issuer and/or any other person that offers, sells or delivers Notes, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each such person that:

1. it is not a retail client in the EEA (as defined in the PI Rules);
2. whether or not it is subject to the PI Rules, it will not:
 - (A) sell or offer the Notes (or any beneficial interest therein) to retail clients in the EEA; or
 - (B) communicate (including the distribution of the Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case within the meaning of the PI Rules),

in any such case other than (i) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale or offer to sell Notes (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Notes (or such beneficial interests therein) and is able to bear the potential losses involved in an investment in the Notes (or such beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with Directive 2004/39/EC (*Markets in Financial Instruments Directive - "MiFID"*) to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and

3. it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Notes (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) by investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Notes (or any beneficial interests therein) from the Issuer and/or any other person that offers, sells or delivers Notes the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.]⁸

⁸ Insert if required by the Issuer.

[Vertriebs- und Verkaufsbeschränkungen in Bezug auf Privatanleger

Bei den unter dem Prospekt begebenen Schuldverschreibungen handelt es sich um komplexe Finanzinstrumente, die nicht für alle Anleger eine geeignete oder angemessene Anlageform darstellen. In einigen Rechtsordnungen sind von den Aufsichtsbehörden Gesetze, Verordnungen oder Leitlinien erlassen oder veröffentlicht worden, die auf das Angebot oder den Verkauf von Wertpapieren wie die Schuldverschreibungen an Privatanleger Anwendung finden.

Insbesondere hat die britische Finanzaufsichtsbehörde (Financial Conduct Authority; "**FCA**") im Juni 2015 das Produktinterventionsinstrument 2015 (Bedingte Pflichtwandelanleihen und Instrumente mit Herabschreibungsmöglichkeit sowie Anteile an Versicherungsvereinen auf Gegenseitigkeit) (Product Intervention (Contingent Convertible Instruments and Mutual Society Shares) Instrument 2015) erlassen, das am 1. Oktober 2015 in Kraft trat (das "**PI-Instrument**").

Die Vorschriften des PI-Instruments (in der jeweils geänderten oder ersetzten Fassung, die "**PI-Vorschriften**") sehen vor, dass:

- (i) bestimmte Wertpapiere, die eine Herabschreibung oder Umwandlung vorsehen (contingent write-down or convertible securities) (einschließlich wirtschaftlicher Eigentumsrechte daran), wie diese Schuldverschreibungen, nicht an Privatanleger im Europäischen Wirtschaftsraum ("**EWR**") verkauft werden dürfen; und
- (ii) eine Aufforderung oder einen Anreiz zur Beteiligung an solchen Wertpapieren (oder wirtschaftlichen Eigentumsrechten daran) oder zum Erwerb oder zur Zeichnung solcher Wertpapiere (oder wirtschaftlicher Eigentumsrechte daran) unzulässig ist, wenn die Aufforderung oder der Anreiz so adressiert ist oder verbreitet wird, dass diese Aufforderung oder dieser Anreiz wahrscheinlich von einem Privatanleger im EWR empfangen wird (jeweils im Sinne der PI-Vorschriften), mit Ausnahme der im Rahmen der PI-Vorschriften vorgesehenen beschränkten Ausnahmeregelungen.

Mit dem Kauf oder der Abgabe oder Annahme eines Angebots zum Kauf von Schuldverschreibungen (oder wirtschaftlichen Eigentumsrechten daran) von der Emittentin und/oder jeder anderen Person, die Schuldverschreibungen anbietet, verkauft oder liefert, gibt jeder potenzielle Anleger gegenüber der Emittentin und jeder solchen Person die folgenden Zusicherungen, Gewährleistungen und Verpflichtungserklärungen ab und vereinbart mit ihnen, dass:

1. er kein Privatanleger im EWR (wie in den PI-Vorschriften definiert) ist;
2. er, unabhängig davon, ob er den PI-Vorschriften unterliegt oder nicht, jeweils Folgendes unterlassen wird:
 - (A) den Verkauf oder das Angebot der Schuldverschreibungen (oder wirtschaftlicher Eigentumsrechte daran) an Privatanleger im EWR; oder
 - (B) eine Aufforderung oder einen Anreiz (einschließlich durch die Verbreitung des Prospekts) zur Beteiligung an den Schuldverschreibungen (oder wirtschaftlicher Eigentumsrechte daran) oder zum Erwerb oder zur Zeichnung der Schuldverschreibungen (oder wirtschaftlicher Eigentumsrechte daran) abzugeben beziehungsweise zu geben, wenn diese Aufforderung oder dieser Anreiz so adressiert ist oder verbreitet wird, dass diese Aufforderung oder dieser Anreiz

wahrscheinlich von einem Privatanleger im EWR empfangen wird (jeweils im Sinne der PI-Vorschriften),

außer (i) im Zusammenhang mit dem Verkauf oder dem Angebot zum Verkauf der Schuldverschreibungen (oder wirtschaftlicher Eigentumsrechte daran) an einen Privatanleger im oder mit Ansässigkeit im Vereinigten Königreich unter Umständen, die weder jetzt noch künftig eine Zuwiderhandlung einer Person gegen die PI-Vorschriften begründen, und/oder (ii) im Zusammenhang mit dem Verkauf oder dem Angebot zum Verkauf von Schuldverschreibungen (oder wirtschaftlicher Eigentumsrechte daran) an einen Privatanleger in einem anderen EWR-Mitgliedstaat als dem Vereinigten Königreich, sofern (a) er eine Bewertung vorgenommen hat und zu dem Schluss gekommen ist, dass der betreffende Privatanleger die mit der Anlage in die Schuldverschreibungen (oder die jeweiligen wirtschaftlichen Eigentumsrechte daran) verbundenen Risiken versteht und imstande ist, die potenziellen Verluste aus einer solchen Anlage in die Schuldverschreibungen (oder die jeweiligen wirtschaftlichen Eigentumsrechte daran) zu tragen, und (b) er im Zusammenhang mit einem solchen Verkauf oder einem solchen Angebot jederzeit im Einklang mit der Richtlinie 2004/39/EG über Märkte für Finanzinstrumente (Markets in Financial Instruments Directive - "**MiFID**") gehandelt hat, soweit diese auf ihn Anwendung findet, oder anderenfalls in einer Weise gehandelt hat, die im Einklang mit der MiFID stünde, wenn diese auf ihn anwendbar wäre; und

3. er jederzeit alle geltenden Gesetze, Verordnungen und aufsichtsrechtlichen Leitlinien (sei es innerhalb oder außerhalb des EWR) im Zusammenhang mit der Vermarktung, dem Angebot, dem Vertrieb und/oder dem Verkauf der Schuldverschreibungen (oder wirtschaftlicher Eigentumsrechte daran) einhalten wird, einschließlich (ohne jedoch hierauf beschränkt zu sein) solcher Gesetze, Verordnungen und aufsichtsrechtlicher Leitlinien, welche die Feststellung der Eignung und/oder Angemessenheit einer Anlage in die Schuldverschreibungen (oder wirtschaftliche Eigentumsrechte daran) durch Anleger in der maßgeblichen Rechtsordnung betreffen.

Soweit ein Dritter als Vertreter für einen ihm bekannten oder unbekanntem Anleger beim Kauf oder bei der Abgabe oder Annahme eines Angebots zum Kauf der Schuldverschreibungen (oder wirtschaftlicher Eigentumsrechte daran) von der Emittentin und/oder jeder anderen Person, die Schuldverschreibungen anbietet, verkauft oder liefert, handelt, gelten die vorstehenden Zusicherungen, Gewährleistungen, Vereinbarungen und Verpflichtungserklärungen als sowohl von dem beauftragten Dritten als auch von dem beauftragenden Anleger als abgegeben bzw. getroffen und sind für beide verbindlich.⁹

⁹ Einfügen, wenn von der Emittentin verlangt.

PART A. – TERMS AND CONDITIONS
TEIL A. – EMISSIONSBEDINGUNGEN

The Conditions applicable to the Notes [and a[n] [English][German] language translation thereof] are set out below.

Die für die Schuldverschreibungen geltenden Bedingungen [sowie eine [englisch][deutsch]sprachige Übersetzung] sind nachfolgend aufgeführt.

[In the case of Notes with a fixed distribution rate which is superseded by another fixed distribution rate the relevant provisions of Option I (including relevant further options set out therein) shall be replicated and relevant placeholders shall be completed.

Im Fall von Schuldverschreibungen mit einem fixen Ausschüttungssatz, der durch einen anderen fixen Ausschüttungssatz ersetzt wird, sind die maßgeblichen Angaben der Option I (einschließlich der darin enthaltenen maßgeblichen weiteren Optionen) zu wiederholen und maßgebliche Leerstellen zu vervollständigen.]

[In the case of Notes which commence with a fixed distribution rate which is superseded by a floating distribution rate the relevant provisions of Option II (including relevant further options set out therein) shall be replicated and relevant placeholders shall be completed.

Im Fall von Schuldverschreibungen, die mit einem fixen Ausschüttungssatz beginnen, der durch einen variablen Ausschüttungssatz ersetzt wird, sind die maßgeblichen Angaben der Option II (einschließlich der darin enthaltenen maßgeblichen weiteren Optionen) zu wiederholen und maßgebliche Leerstellen zu vervollständigen.]

TEIL B. – ZUSÄTZLICHE INFORMATIONEN
PART B. – OTHER INFORMATION

ESSENTIAL INFORMATION
GRUNDLEGENDE INFORMATIONEN

Interests of Natural and Legal Persons Involved in the Issue or the Offering

Interessen von Seiten natürlicher oder juristischer Personen, die an der Emission bzw. dem Angebot beteiligt sind

- So far as the Issuer is aware, no person involved in the issue or offering of the Notes has an interest, including a conflicting one, material to the issue or the offering.
Die an der Emission bzw. dem Angebot der Schuldverschreibungen beteiligten Personen haben – soweit die Emittentin hiervon Kenntnis hat – kein materielles Interesse, einschließlich eines Interessenskonflikts, an der Emission bzw. dem Angebot.
- Other interests, including conflicting ones **[specify details]**
Andere Interessen, einschließlich Interessenskonflikte **[Einzelheiten angeben]**

INFORMATION CONCERNING THE SECURITIES TO BE OFFERED OR ADMITTED TO TRADING

INFORMATIONEN ÜBER DIE ANZUBIETENDEN BZW. ZUM HANDEL ZUZULASSENDE WERTPAPIERE

Security Codes

Wertpapierkennnummern

- ISIN []
ISIN
- German Security Code []
Wertpapierkennnummer (WKN)
- Common Code []
Common Code
- Any Other Security Code []
Sonstige Wertpapierkennnummer

Resolutions, authorisations and approvals by virtue of which the Notes will be created and/or issued **[specify details]**

Beschlüsse, Ermächtigungen und Billigungen, welche die Grundlage für die Schaffung/Emission der Schuldverschreibungen bilden **[Einzelheiten angeben]**

Issue charge **[Not applicable] [[] per cent.]**

Ausgabeaufschlag **[Nicht anwendbar] [[] %]**

Estimated Total Expenses

Geschätzte Gesamtkosten

Estimate of total expenses related to the admission to trading []

Geschätzte Gesamtkosten für die Zulassung zum Handel []

Minimum / Maximum subscription size []

Mindest- / Höchstbetrag der Zeichnung []

TERMS AND CONDITIONS OF THE OFFER
BEDINGUNGEN UND KONDITIONEN DES ANGEBOTS

The time period, including any possible amendments, during []
 which the offer will be open and description of the application
 process.

Frist - einschließlich etwaiger Ergänzungen/Änderungen - []
während derer das Angebot gilt und Beschreibung des
Antragverfahrens.

Process for notification to applicants of the amount allotted and []
 indication whether dealing may begin before notification is made.

Verfahren zur Meldung des den Zeichnern zugeteilten Betrags []
und Angabe, ob eine Aufnahme des Handels vor dem
Meldeverfahren möglich ist.

Indication of the expected price at which the Notes will be offered. []

Angabe des erwarteten Preises, zu dem die []
Schuldverschreibungen angeboten werden.

The method of determining the price and the process for its []
 disclosure.

Methode zur Preisfestsetzung und des Verfahrens für seine []
Veröffentlichung.

Indication of the amount of any expenses and taxes specifically []
 charged to the subscriber or purchaser.

Angabe des Betrags etwaiger Kosten und Steuern, die dem []
Zeichner oder Käufer speziell in Rechnung gestellt werden.

LISTING, ADMISSION TO TRADING
BÖRSENNOTIERUNG, ZULASSUNG ZUM HANDEL

Listing[s]

[Yes] [No]

Börsenzulassung[en]

[Ja] [Nein]

Vienna
Wien

Official Market
Amtlicher Handel

Second Regulated Market
Geregelter Freiverkehr

Other
Andere

**[insert other market
 or stock exchange]
 [anderen Markt oder
 Börse einfügen]**

Expected Date of Admission[s]

[]

Erwarteter Termin der Zulassung[en]

All the regulated markets or equivalent markets on which, to the []
 knowledge of the issuer, securities of the same class of the Notes
 to be offered or admitted to trading are already admitted to
 trading.

Angabe sämtlicher geregelter oder gleichwertiger Märkte, auf []
denen nach Kenntnis des Emittenten der gleichen Kategorie wie
die Schuldverschreibungen, die zum Handel angeboten oder
zugelassen werden sollen, bereits zum Handel zugelassen sind

ADDITIONAL INFORMATION
ZUSÄTZLICHE INFORMATIONEN

Rating[s]
Rating[s]

- The Notes have not been rated.
Die Schuldverschreibungen haben kein Rating.
- The Notes have been rated as follows:
Die Schuldverschreibungen haben [das folgende Rating] [die folgenden Ratings]:

[Insert details on whether the relevant rating agency is established in the European Union and is registered (pursuant to the current list of registered and certified credit rating agencies published on the website of the European Securities and Markets Authority (www.esma.europa.eu)) pursuant to Regulation (EC) no 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EC) no 513/2011 of the European Parliament and of the Council of 11 March 2011 or has applied for registration.]

[Einzelheiten darüber einfügen, ob die jeweilige Ratingagentur ihren Sitz in der Europäischen Union hat und gemäß Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, geändert durch Verordnung (EU) Nr. 513/2011 des Europäischen Parlaments und des Rates vom 11. Mai 2011, registriert ist (gemäß dem aktuellen Verzeichnis der registrierten Ratingagenturen, das auf der Internetseite der Europäischen Wertpapier- und Marktaufsichtsbehörde (www.esma.europa.eu) veröffentlicht ist) oder die Registrierung beantragt hat.]

Selling Restrictions
Verkaufsbeschränkungen

TEFRA
TEFRA

- TEFRA C
TEFRA C
- TEFRA D
TEFRA D
- Neither TEFRA C nor TEFRA D
Weder TEFRA C noch TEFRA D

Additional Selling Restriction

Weitere Verkaufsbeschränkungen

[Not applicable]
[specify details]
[Nicht anwendbar]
[Einzelheiten einfügen]

[Third Party Information
Informationen von Seiten Dritter

[specify relevant information] has been extracted from **[specify relevant source of information]**. The Issuer confirms that such information has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by **[specify relevant source of information]**, no facts have been omitted which would render the reproduced information inaccurate or misleading.

[relevante Informationen angeben] wurde[n] aus ***[relevante Informationsquelle angeben]*** exzerpiert. Die Emittentin bestätigt, dass diese Angaben korrekt wiedergegeben wurden und nach Wissen der Emittentin und – soweit für sie aus den von ***[relevante Informationsquelle angeben]*** veröffentlichten Angaben ersichtlich – keine Auslassungen beinhaltet, die die wiedergegebenen Angaben inkorrekt oder irreführend gestalten würden.]

[Benchmark Regulation status:

[The **[insert benchmark index]** (the "**Index**"), to which interest payments under the Notes are linked, is provided by an administrator, which is included in the public register required to be maintained by the European Securities and Markets Authority under the EU Regulation 2016/1011 in indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmark Regulation**").] [Not applicable]]

[Benchmark Verordnungsstatus

*[Der **[Benchmark Index einfügen]** (der "**Index**"), der der Verzinsung der Schuldverschreibungen zugrunde liegt, wird von einem Administrator bereitgestellt, der in dem öffentlichen Register genannt ist, welches von der Europäischen Wertpapieraufsichtsbehörde gemäß der Verordnung (EU) 2016/1011 des Europäischen Parlaments und des Rates vom 8. Juni 2016 über Indizes, die bei Finanzinstrumenten und Finanzkontrakten als Referenzwert oder zur Messung der Wertentwicklung eines Investmentfonds verwendet werden (die "**Benchmark Verordnung**") geführt wird.] [Nicht anwendbar]]*

Hypo Vorarlberg Bank AG

[Names and titles of signatories]
[Namen und Titel der Unterzeichnenden]

HYPO VORARLBERG BANK AG AS ISSUER

Statutory Auditors

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Wagramer Straße 19, IZD-Tower, 1220 Vienna, Republic of Austria ("**Ernst & Young**") has audited by Mag. Andrea Stippl and Mag. Wolfgang Tobisch as auditors Hypo Vorarlberg's consolidated annual financial statements as of and for the fiscal years ending 31 December 2015 and 31 December 2016 pursuant to the banking and company law provisions applicable in accordance with the International Financial Reporting Standards ("**IFRS**") and pursuant to § 59a BWG and has, in each case, issued an unqualified auditor's report thereon. However, the auditor's report with respect to the consolidated annual financial statements of Hypo Vorarlberg as of and for the financial year ended 31 December 2015 contains the following explanatory paragraph: "Without qualifying the audit opinion, we refer to the remarks by the company's Managing Board under Note 55 to the consolidated financial statements "Significant events after the reporting date", where the potential developments in connection with Pfandbriefbank (Österreich) AG and HETA ASSET RESOLUTION AG are described." Ernst & Young is a member of *Kammer der Wirtschaftstreuhänder* and of the *Institut der Wirtschaftsprüfer*.

Information about the Issuer

Legal Name, Registration, Date of Incorporation

The Issuer's legal name is "Hypo Vorarlberg Bank AG", the commercial name is "Hypo Vorarlberg". Before 1 October 2017, the Issuer's legal name was "Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft".

Hypo Vorarlberg is registered as a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Austria and registered with the Austrian companies register (*Firmenbuch*) at the regional court (*Landesgericht*) of Feldkirch, Republic of Austria, under registration number FN 145586 y, operating under the legislation of the Republic of Austria.

The Issuer's headquarters and domicile are in Bregenz, Republic of Austria.

The registered office is located at:

Hypo-Passage 1

6900 Bregenz

Austria

Tel: +43 (0) 50 414 – 1000

www.hypovbg.at

Hypo Vorarlberg was established by the Austrian federal province of Vorarlberg in 1897 for an indefinite period of time. The Issuer is a medium-size Austrian regional bank that started its operations on 1 January 1899. In 1996, Hypo Vorarlberg was transformed into a stock corporation. In 1998, the Austria Beteiligungsgesellschaft mbH (founded by the Landesbank Baden-Württemberg and Landeskreditbank Baden-Württemberg Förderbank) became a strategic partner and new shareholder of Hypo Vorarlberg. Today the Austrian federal province of Vorarlberg holds 76.0308% of the voting rights of Hypo Vorarlberg via Vorarlberger Landesbank-Holding, the remaining of the voting rights (23.9692%) are held by Austria Beteiligungsgesellschaft mbH.

According to its consolidated annual financial statements as of 31 December 2016, the Issuer has total assets of EUR 13,324.4 million and a cost income ratio on a consolidated basis of 55.27% as

of 31 December 2016 and 45.34% as of 31 December 2015. It has 17 branches in Vorarlberg and additional branches in Vienna, Graz, Wels and St. Gallen (Switzerland), as well as a leasing subsidiary with seat in Bolzano (Italy) with additional branches in Treviso and Como (both Italy). Hypo Vorarlberg has 725 employees on average in 2016.

Business Overview

Principal Activities

Hypo Vorarlberg is a regional universal credit institution and in recent years has developed into an extensive financial services provider engaged in the Republic of Austria and in certain neighbouring countries, operating as a "one-stop shop" for a considerable range of products for its size: a branch office in St. Gallen (Switzerland), a centre for real estate and leasing - Hypo Immobilien & Leasing GmbH, the insurance broker Hypo Versicherungsmakler GmbH and also the leasing company Hypo Vorarlberg Leasing AG in Bolzano (Italy).

Main categories of products sold and/or services offered

Corporate credit institution in Vorarlberg

Corporate services represent an important pillar of the Issuer's activities. Being an universal credit institution, Hypo Vorarlberg offers its corporate customers traditional banking products as well as other bank-related services such as leasing, real-estate services, and insurances through its subsidiaries. The range of financing portfolio products offered by Hypo Vorarlberg also includes equity financing as well as advice and support in connection with subsidy programmes and institutions.

Hypo Vorarlberg's lending volume to corporate customers as of 31 December 2016 (shown as loans and advances to corporate customers as shown in the respective consolidated annual financial statements) amounted to EUR 5,403.9 million (31 December 2015: EUR 5,282.2 million).

Residential real estate credit institution

The lending volume to private customers as of 31 December 2016 (shown as loans and advances to private customers as shown in the respective consolidated annual financial statements) amounts to EUR 1,928.8 million and has been increased by 2.2% compared to 31 December 2015. The Issuer will further focus on this traditional important pillar and offers special products like "Hypo-Lebenswert-Kredit" (a financing product in particular for seniors after retirement to maintain their living standard) and "Hypo-Klima-Kredit" (supports energy saving investments).

Private Banking

The Issuer operates separate private banking centres in all large branch offices in Vorarlberg, Graz, Wels, and Vienna. Hypo Vorarlberg plans to continue expanding the top segment in the investment business (i.e. wealth management). In this regard, the wealth management teams in Vorarlberg and Vienna have already been expanded.

Asset Management

Hypo Vorarlberg's Asset Management is well-positioned in Vorarlberg.

At the end of the year 2016, Hypo Vorarlberg acted as a custodian for 70 investment funds. The fund service division's core competence is to act as depositary for Austrian investment funds.

Apart from its custodian role for investment funds, Hypo Vorarlberg also supports foreign fund providers acting as a tax representative and paying agent in the Republic of Austria. In 2016, Hypo Vorarlberg administered 120 foreign tranches and classes of fund in its role as paying

agent. In its role as a tax representative responsible for calculating and reporting dividend-equivalent income and capital gains, in 2016 the unit administered 457 mandates in total.

Significant new products and/or activities

The years 2015 and 2016 were a major challenge for quantitatively oriented investment strategies, since the usual market trends were overridden by interventions by central banks. In response to changing market conditions, the Issuer's experts in asset management continued to develop the investment approach in 2016. The core of the new "Hypo Vermögensoptimierung" (Hypo Asset Optimisation) is, on the one hand, an ongoing optimisation of the customer's investment portfolio and, on the other, an expanded investment spectrum. For the customer, this means a timely adjustment of the asset classes to their investment objectives and the current market environment. A variety of investment classes provide flexibility in investments and a risk-optimised achievement of the target yield.

As a founding member of the Klimaneutralitätsbündnis (Climate Neutrality Alliance), Hypo Vorarlberg is constantly striving to reduce CO2 emissions. Unavoidable CO2 emissions are offset by climate-protection certificates of the highest standard, including reforestation and the construction of wind parks. According to the criteria of the alliance, the Issuer is already climate neutral for 2016 as well as 2017. In order to embed the topic into Hypo Vorarlberg, a sustainability programme has been started. The Issuer has improved its sustainability rating with oekom research AG.

Hypo Vorarlberg intends to develop solutions to support its customers. As an uncomplicated banking software for payment transactions, Hypo Vorarlberg developed its new "Hypo-Office-Banking" ("**HOB**"). An important characteristic of the new application is the multibank capacity, which means that not only Austrian but also international accounts of the companies can be integrated.

Principal Markets

Core Market Vorarlberg

The Austrian federal province of Vorarlberg is the Issuer's core market with a well-equipped branch network.

Republic of Austria

In order to be present in large business centres, the Issuer operates branch offices in Vienna, Graz and Wels.

Federal Republic of Germany

The Issuer serves the German market from Bregenz and Riezlern (Kleinwalsertal).

Switzerland

The Issuer has established itself in eastern Switzerland as an alternative to the major and cantonal credit institutions. In Switzerland, Hypo Vorarlberg has expanded its territorial reach towards Zurich and offers property financing as well as services for SME/corporate customers and private banking customers.

CEE (Central and Eastern Europe)

To serve this market, the CEE desk was established in the Vienna branch office.

Italy

Hypo Vorarlberg has a leasing company in Bolzano with branches in Treviso and Como.

Organisational Structure

Vorarlberger Landesbank-Holding and its (direct and indirect) subsidiaries (including Hypo Vorarlberg and its subsidiaries which are fully consolidated under IFRS and form the Hypo Vorarlberg group) together form a group (the "**Group**"). Hypo Vorarlberg is a private stock corporation and is part of the Group. Investments in associates are accounted for "at equity". The Issuer is not dependent upon other entities within the Group.

Consolidated Companies of Hypo Vorarlberg

Consolidation took place on the basis of uniform group financial statements. The fully consolidated companies of Hypo Vorarlberg include the following:

Company Name, Place	Share Capital
"Hypo-Rent" Leasing- und Beteiligungsgesellschaft mbH, Bregenz	100.00%
LD-Leasing GmbH, Dornbirn	100.00%
Hypo Vorarlberg Leasing AG, Bolzano (Italy)	100.00%
Hypo Vorarlberg Holding (Italien) – GmbH, Bolzano (Italy)	100.00%
Hypo Vorarlberg Immo Italia srl, Bolzano (Italy)	100.00%
IMMOLEAS Grundstücksverwaltungsgesellschaft m.b.H., Dornbirn	100.00%
Hypo Immobilien Besitz GmbH, Dornbirn	100.00%
"Immoleas IV" Leasinggesellschaft m.b.H., Dornbirn	100.00%
Hypo Immobilienleasing Gesellschaft m.b.H., Dornbirn	100.00%
"HERA" Grundstücksverwaltungsgesellschaft m.b.H., Dornbirn	100.00%
Hypo Informatikgesellschaft m.b.H., Bregenz	100.00%
Hypo Immobilien Bankgebäudemanagement GmbH, Dornbirn	100.00%
Hypo Versicherungsmakler GmbH, Dornbirn	100.00%
Hypo Immobilien Investment GmbH, Dornbirn	100.00%
Hypo Immobilien & Leasing GmbH, Dornbirn	100.00%
HIL Mobilienleasing GmbH & Co KG, Dornbirn	100.00%
HIL Immobilien GmbH, Dornbirn	100.00%
HIL BETA Mobilienverwaltung GmbH, Dornbirn	100.00%
HIL EPSILON Mobilienleasing GmbH, Dornbirn	100.00%
HIL Baumarkt Triester Straße Immobilienleasing GmbH, Dornbirn	100.00%
HIL Real Estate alpha GmbH, Dornbirn	100.00%
HIL Real Estate International Holding GmbH, Dornbirn	100.00%
"Mongala" Beteiligungsverwaltung GmbH, Dornbirn	100.00%
Inprox Praha Michle – HIL s.r.o., Prague (Czech Republic)	100.00%
Inprox Praha Letnany – HIL s.r.o., Prague (Czech Republic)	100.00%
"HO-IMMOTREU" Grundstücksverwaltungsgesellschaft m.b.H., Dornbirn	100.00%
"POSEIDON" Grundstücksverwaltungsgesellschaft m.b.H., Dornbirn	100.00%
Hypo Immobilien Cinemabetriebs GmbH, Dornbirn	100.00%
Edeltraut Lampe GmbH & Co KG, Dornbirn	100.00%
D. TSCHERNE Gesellschaft m.b.H., Vienna	100.00%
"HSL-Lindner" Traktorenleasing GmbH, Dornbirn	76.00%

Source: Internal figures as of the date of this Prospectus

The following companies of Hypo Vorarlberg were accounted for "at equity":

Company Name, Place	Percentage of Capital
Silvretta-Center Leasing GmbH, Bregenz	50.00%
HYPO EQUITY Unternehmensbeteiligungen AG, Bregenz	43.29%
MASTERINVEST Kapitalanlage GmbH, Vienna	37.50%
Vorarlberger Kommunalgebäudeleasing Gesellschaft m.b.H., Dornbirn	33.33%
VKL II Grundverwertungsgesellschaft m.b.H., Dornbirn	33.33%
VKL III Gebäudeleasing-Gesellschaft m.b.H., Dornbirn	33.33%
VKL IV Leasinggesellschaft m.b.H., Dornbirn	33.33%
VKL V Immobilien Leasinggesellschaft m.b.H., Dornbirn	33.33%
'Seestadt Bregenz' Besitz- und Verwaltungsgesellschaft mbH, Dornbirn	20.00%

Source: Internal figures as of the date of this Prospectus

With the exception of HYPO EQUITY Unternehmensbeteiligungen AG, all companies of Hypo Vorarlberg accounted for "at equity" are based on separate annual financial statements as of 31 December 2016. The annual financial statements of HYPO EQUITY Unternehmensbeteiligungen AG were prepared as of 30 September 2016 and included in the consolidated annual financial statements of Hypo Vorarlberg on this basis, since this company's financial year differs from the calendar year. Preparation of interim financial statements was waived.

Managing, Supervisory Bodies and Annual Meeting of Shareholders

Hypo Vorarlberg has three bodies: a managing board, a supervisory board and the annual meeting of shareholders.

Managing Board

The Managing Board currently consists of the following three members:

	Principal activities performed outside of Hypo Vorarlberg
<p>Michael Haller CEO, Chairman Managing Board Credit Management Corporate Customers Credit Management Private Customers Group Risk Controlling Law Human Resources Public Relations Compliance Mid- and Backoffice Funds, Securities and Derivatives IT/Organization Branch St. Gallen, Switzerland (Risk Management) Hypo Vorarlberg, Italy (Risk Management and Real Estates)</p>	<p>Chairman Managing Board of Vorarlberger Landesbank-Holding Managing Director of "Hypo-Rent" Leasing- und Beteiligungsgesellschaft mbH Deputy Chairman Supervisory Board of Hypo Immobilien & Leasing GmbH Member Supervisory Board of Hypo-Banken-Holding Gesellschaft m.b.H. Chairman Supervisory Board of Hypo-Haftungs-Gesellschaft m.b.H. Deputy Chairman Supervisory Board of Pfandbriefbank (Österreich) AG Vice President of the Association of the Austrian "Landes-Hypothekenbanken" Member Supervisory Board of Hypo-Wohnbaubank Aktiengesellschaft Foreign activities: Member Supervisory Board of Internationales Bankhaus Bodensee AG</p>
<p>Johannes Hefel Member Managing Board Private Customers Sales Private Banking Wealth Management Asset Management Group and Internal Audit Logistics Marketing</p>	<p>Member Managing Board of Vorarlberger Landesbank-Holding Deputy Chairman Supervisory Board of "Wirtschafts-Standort Vorarlberg" Betriebsansiedlungs GmbH Member Supervisory Board of HYPO EQUITY Unternehmensbeteiligungen AG Member Supervisory Board of HYPO EQUITY Beteiligungs AG Shareholder and Member Supervisory Board of Hefel Realvermögen AG Shareholder of Hefel Textil GmbH Managing Director of "Hypo-Rent" Leasing- und Beteiligungsgesellschaft mbH Shareholder and Chairman Supervisory Board of Tourismusbetriebe Warth Holding GmbH</p>
<p>Wilfried Amann Member Managing Board</p>	<p>Member Managing Board of Vorarlberger Landesbank-Holding</p>

<p>Corporate Customers Sales Treasury Strategic Bank Management Accounting Participation Administration Branch St. Gallen, Switzerland (Sales) Hypo Vorarlberg Leasing, Italy (Sales) Hypo Immobilien & Leasing GmbH Hypo Versicherungsmakler GmbH</p>	<p>Managing Director of "Hypo-Rent" Leasing- und Beteiligungsgesellschaft mbH</p> <p>Member Supervisory Board of "Wirtschafts-Standort Vorarlberg" Betriebsansiedlungs GmbH</p> <p>Chairman Supervisory Board of Hypo Immobilien & Leasing GmbH</p> <p>Foreign activities:</p> <p>Member Board of Directors of Hypo-Vorarlberg Immo Italia GmbH</p> <p>President Board of Directors of Hypo Vorarlberg Holding (Italy) GmbH</p> <p>President Board of Directors of Hypo-Vorarlberg Leasing A.G.</p>
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Supervisory Board

The Supervisory Board currently consists of the following 14 members:

	Principal activities performed outside of Hypo Vorarlberg
<p>Jodok Simma Chairman Supervisory Board</p>	<p>Deputy Chairman Supervisory Board of Fohrenburg Beteiligungs-Aktiengesellschaft</p> <p>Member Supervisory Board of Management Trust Holding Aktiengesellschaft</p> <p>Chairman Managing Board of BGU Privatstiftung</p> <p>Chairman Managing Board of JHD Privatstiftung</p> <p>Chairman Managing Board of LD Privatstiftung</p> <p>Member Managing Board of R & R Privatstiftung</p> <p>Member Managing Board Rätikon Privatstiftung</p> <p>Foreign activities:</p> <p>Member Board of Directors of BENDURA Bank AG</p>
<p>Alfred Geismayr Deputy Chairman Supervisory Board</p>	<p>Shareholder and Managing Director of RTG Dr. Rummele Treuhand GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft</p> <p>Limited partner of Kögl & Co OEG</p> <p>Deputy Chairman Managing Board of Achim Doppelmayr Privatstiftung</p> <p>Division Manager of PricewaterhouseCoopers Vorarlberg Wirtschaftsprüfungs GmbH</p> <p>Managing Director of RTG Riezler Steuerberatung GmbH</p> <p>Managing Director of RTG Dr. Fritz Steuerberatung OG</p> <p>Member Foundation Board Österreichischer Rundfunk</p>
<p>Astrid Bischof Member of Supervisory Board</p>	<p>Shareholder and Managing Director of BISCHOF HOLDING GMBH</p>

	<p>Managing Director of Otto Bischof Transport-Gesellschaft m.b.H.</p> <p>Foreign activities:</p> <p>Managing Director and President Board of Directors of Bischof Lagerhaus AG</p>
<p>Michael Horn Member Supervisory Board</p>	<p>Foreign activities:</p> <p>Deputy Chairman Managing Board of Landesbank Baden-Württemberg</p> <p>Deputy Chairman Supervisory Board of Siedlungswerk GmbH, Wohnungs- und Städtebau</p> <p>Member Supervisory Board of Grieshaber Logistik GmbH</p> <p>President of the Board of Directors of LBBW (Schweiz) AG</p> <p>Member Supervisory Board of the German Sparkassenverlag</p>
<p>Dr. Ulrich Theileis Member Supervisory Board</p>	<p>Foreign activities:</p> <p>Deputy Chairman Managing Board of L-Bank</p> <p>Member Board of Directors of Sächsischen Aufbaubank (SAB)</p> <p>Member Supervisory Board of Baden-Württemberg International – Gesellschaft für internationale wirtschaftliche und wissenschaftliche Zusammenarbeit mbH</p>
<p>Nicolas Stieger Member of Supervisory Board</p>	<p>Shareholder of KH2 Beteiligungs GmbH</p> <p>Shareholder and Managing Director of Stieger Rechtsanwalt GmbH</p>
<p>Karl Fenkart Member of Supervisory Board</p>	<p>Managing Director of Landesvermögen-Verwaltungsgesellschaft m.b.H.</p> <p>Member Supervisory Board of Messe Dornbirn GmbH</p> <p>Member Supervisory Board of Medizinisches Zentrallaboratorium Gesellschaft m.b.H.</p> <p>Member Supervisory Board of Vorarlberg Tourismus GmbH</p> <p>Member Supervisory Board of Vorarlberger Krankenhaus- Betriebsgesellschaft mit beschränkter Haftung</p> <p>Member Supervisory Board of Vorarlberger Kulturhäuser-Betriebsgesellschaft mbH</p> <p>Member Supervisory Board of Vorarlberger gemeinnützige Wohnungsbau- und Siedlungsgesellschaft mbH</p>
<p>Karlheinz Rüdisser Member of Supervisory Board</p>	<p>Chairman Supervisory Board of "Wirtschafts-Standort Vorarlberg" Betriebsansiedlungs GmbH</p> <p>Member Supervisory Board of Messe Dornbirn GmbH</p> <p>Member Supervisory Board of Europäisches</p>

	Olympisches Jugendfestival Vorarlberg-Liechtenstein 2015 GmbH Chairman Supervisory Board of Vorarlberger Informatik- und Telekommunikationsdienstleistungsgesellschaft mbH Chairman Supervisory Board of Vorarlberg Tourismus GmbH Member Supervisory Board of Vorarlberger Energienetze GmbH
Eduard Fischer Member of Supervisory Board	Shareholder of Skilifte Schröcken Strolz GmbH Managing Director of Offsetdruckerei Schwarzach Gesellschaft mbH
Albert Büchele Member of Supervisory Board	-
Elmar Köck, Member of Supervisory Board, Works Council delegate	Shareholder of Dornbirner Seilbahn GmbH
Gerhard Köhle Member of Supervisory Board, Works Council delegate	-
Andreas Hinterauer Member of Supervisory Board, Works Council delegate	-
Veronika Moosbrugger Member of Supervisory Board, Works Council delegate	-
Peter Niksic Member of Supervisory Board, Works Council delegate	-

The business address of the members of the Managing Board and the Supervisory Board is Hypo Vorarlberg, Hypo-Passage 1, 6900 Bregenz, Republic of Austria.

Representatives of the Supervisory Authorities

Pursuant to the BWG, the Austrian Minister of Finance is required to appoint representatives, who monitor the Issuer's compliance with certain legal requirements. The current representatives are listed below:

Name	Position
MR Mag. Gabriele Petschinger	State Commissioner (<i>Staatskommissär</i>)
MR Mag. Matthias Ofner	Deputy State Commissioner (<i>stv Staatskommissär</i>)
Dr. Heinz Bildstein	Trustee (<i>Treuhänder</i>)
MR Mag. Helmut Schamp	Deputy Trustee (<i>stv Treuhänder</i>)

Source: Internal information of the Issuer

Conflicts of Interest

There are no conflicts of interests between any duties regarding the Issuer and the private interests or any other duties of the above mentioned persons of the Managing Board and the Supervisory Board.

Major Shareholders

As of the date of this Prospectus, the subscribed capital of the Issuer consists of share capital of EUR 156.5 million that, like the participation capital, is fully paid in. As of the date of this Prospectus, 305,605 shares and 1,000,000 participation certificates with a nominal value of EUR 9.00 were issued. As of the date of this Prospectus, the (directly and indirectly held) shares as well as the voting rights of the subscribed capital are as follows:

Shareholders	Total Shares	Voting Rights
Vorarlberger Landesbank-Holding	76.0308%	76.0308%
Austria Beteiligungsgesellschaft mbH	23.9692%	23.9692%
- Landesbank Baden-Württemberg	15.9795%	-
- Landeskreditbank Baden-Württemberg Förderbank	7.9897%	-
Share Capital	100.0000%	100.0000%

The Vorarlberger Landesbank-Holding (which is ultimately owned by the Austrian federal state of Vorarlberg) and the Austria Beteiligungsgesellschaft mbH are direct shareholders of the Issuer. Landesbank Baden-Württemberg and Landeskreditbank Baden-Württemberg-Förderbank are indirect shareholders of the Issuer through Austria Beteiligungsgesellschaft mbH and do not have any voting rights in the Issuer.

The Vorarlberger Landesbank-Holding as majority shareholder of the Issuer is able to adopt majority resolutions and to control the Issuer.

The Issuer does not consider it necessary to keep in place measures to ensure that such control is not abused.

The Issuer is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Issuer.

Selected Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses

Selected Historical Financial Information

The following tables show selected historical financial information of the Issuer for the first half year periods ended 30 June 2016 and 30 June 2017 and as of 31 December 2015 and 31 December 2016 extracted or derived from the unaudited interim consolidated financial statements of the Issuer as of and for the first half year period ended 30 June 2017. These unaudited interim consolidated financial statements have been prepared on the basis of IFRS as adopted by the EU on interim financial reporting and have not been reviewed by an auditor. Furthermore, the tables show selected historical financial information of the Issuer as of and for the financial years ended 31 December 2015 and 31 December 2016 extracted or derived from the audited consolidated annual financial statements of the Issuer as of and for the financial year ended 31 December 2016 (including comparative financial information for the prior year). These audited consolidated annual financial statements have been prepared on the basis of IFRS.

in '000 EUR	30.06.2017	31.12.2016	Change in '000 EUR	Change in %
Total assets	14,164,936	13,324,387	840,549	6.3
Loans and advances to customers (L&R)	9,269,054	9,049,998	219,056	2.4
Amounts owed to customers (LAC)	5,404,687	5,282,097	122,590	2.3
Liabilities evidenced by certificates (LAC)	3,151,373	2,682,267	469,106	17.5
Own funds according to CRR	1,228,725	1,246,529	-17,804	-1.4
thereof Tier 1 capital	1,010,598	1,005,715	4,883	0.5
Total capital ratio according to CRR	16.32%	16.52%	-0.20%	-1.2

in '000 EUR	01.01. - 30.06.2017	01.01.- 30.06.2016	Change in '000 EUR	Change in %
Net interest income after loan loss provisions	85,835	87,881	-2,046	-2.3
Net fee and commission income	17,685	16,856	829	4.9
Net trading result (not including change in own credit risk)	9,890	1,195	8,695	>100.0
Administrative expenses	-50,594	-49,727	-867	1.7
Operating result before change in own credit risk	33,276	49,015	-15,739	-32.1
Earnings before taxes	34,519	28,879	5,640	19.5

in '000 EUR	31.12.2016	31.12.2015	Change in '000 EUR	Change in %
Total assets	13,324,387	13,902,411	-578,024	-4.2
Loans and advances to customers (L&R)	9,049,998	9,061,358	-11,360	-0.1
Amounts owed to customers (LAC)	5,282,097	4,995,818	286,279	5.7
Liabilities evidenced by certificates (LAC)	2,682,267	2,402,602	279,665	11.6
Own funds according to CRR	1,246,529	1,160,758	85,771	7.4
thereof Tier 1 capital	1,005,715	874,848	130,867	15.0
Total capital ratio according to CRR	16.52%	14.82%	1.70%	11.5

in '000 EUR	31.12.2016	31.12.2015	Change in '000 EUR	Change in %
Net interest income after loan loss provisions	215,545	160,646	54,899	34.2
Net fee and commission income	34,027	36,566	-2,539	-6.9
Net trading result (not including change in own credit risk)	27,998	1,020	26,978	>100.0
Administrative expenses	-97,114	-92,462	-4,652	5.0
Operating result before change in own credit risk	151,574	102,910	48,664	47.3
Earnings before taxes	117,619	121,146	-3,527	-2.9

Key figures	31.12.2016	31.12.2015	Change absolute	Change in %
Cost-Income-Ratio (CIR)*	55.27%	45.34%	9.93%	21.9
Return on Equity (ROE)*	16.14%	11.67%	4.47%	38.3
Employees	725	729	-4	-0.5

* Calculation Cost-Income-Ratio (CIR): The sum of administrative expenses and other expenses minus other tax expenses (by reason of the stability fee being independent from the operating results) divided by the sum of operating income consisting of net interest income, net fee and commission income, other income as well as the trading result from the valuation of financial instruments-HFT.

CIR 2016:

$$\frac{97,114+64,830-36,651}{167,838+34,027+21,010+3,781+49} = 55.27\%$$

These figures are rounded and extracted from the audited consolidated annual financial statements for the financial year ended 31 December 2016.

CIR 2015:

$$\frac{92,462+37,981-13,551}{183,461+36,566+17,509+20,316+(-16)} = 45.34\%$$

These figures are rounded and extracted from the audited consolidated annual financial statements for the financial year ended 31 December 2015.

Cost-Income-Ratio is an indicator of how efficiently the bank is being managed, and it is an important way of determining a bank's efficiency. It is calculated as described above whereas a low ratio means the bank is in good standing.

Calculation Return on Equity (ROE): Operating result before change in own credit risk divided by the total shareholder's equity as of 1 January of the reporting period minus accumulated profits available for appropriation (unappropriated surplus reported in the separate financial statements according to the Austrian Banking Act (*Bankwesengesetz – BWG*) and Austrian Enterprise Code (*Unternehmensgesetzbuch - UGB*) for the previous financial year.

ROE 2016:

$$\frac{151,574}{969,141-30,000} = 16.14\%$$

These figures are rounded and extracted from the audited consolidated annual financial statements for the financial year ended 31 December 2016.

ROE 2015:

$$\frac{102,910}{886,856-5,000} = 11.67\%$$

These figures are rounded and extracted from the audited consolidated annual financial statements for the financial year ended 31 December 2016.

Return on equity is a measure of profitability of a credit institution that reveals how much net income a bank earns as a percent of the amount shareholders invest. It is a measure of how well a credit institution uses investments to generate earnings growth. Both are important and in the banking sector customary benchmarks.

Significant Change in the Issuer's Financial or Trading Position

There have been no significant changes in the financial or trading positions of the Issuer since 30 June 2017.

Legal and Arbitration Proceedings

The civil proceedings in South Tyrol against Hypo Vorarlberg were concluded by means of settlement agreements. The Issuer has been accused of having participated in a delayed commencement of bankruptcy proceedings and of being required to assume liability for this. In relation to the same matter, criminal proceedings against a former Managing Board member were also concluded.

Unless otherwise stated in this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

Material Contracts

There are no material contracts which are not entered into within the ordinary course of the business of the Issuer.

Credit Ratings

The Issuer is rated by Moody's Deutschland GmbH ("**Moody's**") and Standard & Poor's ("**S&P**") (each a "**Rating Agency**"). As of the date of this Prospectus, the ratings assigned to the Issuer by each Rating Agency are as follows:

Moody's¹⁰:

Bank Deposit Rating:	Baa1 / P-2
Outlook:	Stable
Baseline Credit Assessment:	Baa3
Senior Unsecured MTN – Dom. Curr.:	Baa1
Subordinate MTN – Dom. Curr.:	Ba1
Public Pfandbriefe:	Aa1
Mortgage Pfandbriefe:	Aa1

S&P¹⁰:

Long term issuer rating:	A-
Short term issuer rating:	A-2
Outlook:	Stable

¹⁰ Moody's and S&P are established in the European Union and are registered under the CRA Regulation. The European Securities and Markets Authority publishes on its website (www.esma.europa.eu/page/List-registered-and-certified-CRAs) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 of the CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

The rating for a specific issue of Notes, if any, may vary. The rating for a specific issue of Notes as at the time of issue of such Notes, if any, will be set out in the respective Final Terms.

Recent Developments and Outlook

The business model of the Issuer does not require any major adaption in view of business strategy already in place. The entire market territory is viewed as an expanded home market, operating essentially in Vorarlberg, the Lake Constance region, and the Republic of Austria, as well as on a highly selective basis in bordering eastern Switzerland, southern Germany and northern Italy.

Negative interest

Due to recent decisions of the OGH which were rendered with regard to the consequences of negative reference interest rates to the interest payable on loans and which may have consequences for the whole Austrian credit services sector, the Issuer has taken account of negative reference interest rates in its existing business with consumers. With regard to new business from 2015 on, a minimum interest clause had been introduced and a provision in the amount of EUR 750,000 as of 30 June 2017 was formed in case of a possible invalidity of such minimum interest clause.

After the OGH has held that a minimum interest rate clause is invalid vis-à-vis consumers, the Issuer has decided to re-calculate the interest rates per 30 September 2017, which has resulted in an amount of EUR 1.1 mn which is higher than the provision formed as of 30 June 2017.

HYPO EQUITY Unternehmensbeteiligungen AG

The subordination of the private equity business under the regime of the Austrian Alternative Investmentfonds Managers Act (*Alternative Investmentfonds Manager-Gesetz – AIFMG*) is connected with higher costs and – depending on the legal form – moreover with fiscal disadvantages for the investors. For this reason the attractiveness of this business segment was diminished significantly which lead the shareholders to the decision of converting the funds into closed end funds, selling existing investments/shares and to liquidate the funds subsequently.

Due to the targeted portfolio reduction, the financial assets of HYPO EQUITY Unternehmensbeteiligungen AG of ("**HUBAG**") are now largely concentrated on just two investments. For those associated companies an exit strategy was prepared. The value of one investment, which undertakes research and development in the biotechnology sector, is significantly influenced by the results of the research. This gives rise to a future valuation risk. This company relies on the inflow of external funds.

The 2016/17 financial year at HUBAG will again be characterised by targeted exits from the remaining investments. There is no guarantee that the value of the investments recognised by HUBAG can actually be realised in the exit. In April 2017, the delays occurring in 2017 during the process of exiting an investment in conjunction with the liquidity requirement arising in this investment as a result led the management of HUBAG to re-measure this investment as at 28 February 2017. Based on the figures contained in the 2016 consolidated financial statements, if HUBAG were to enter into insolvency this would lead to a write-down of the shares in companies valued at equity of up to EUR 30.4 million in 2017.

Panama Papers

Following the publication of the so-called "Panama Papers" in early April 2016, in which Hypo Vorarlberg's name appeared, the Issuer's offshore business was examined as part of a special

investigation by the FMA. The proceedings are in progress and the result is still open, but the Managing Board is confident that the Issuer conducted its business within the legal framework at all times.

The chairman of the Managing Board, Michael Grammer, announced his resignation in April 2016 in response to the media's prejudgement of the Issuer and of himself. At the request of the Supervisory Board, he remained available to the Issuer until the end of 2016. The former Chief Risk Officer, Michel Haller, was appointed as the designated Chairman of the Managing Board by the Supervisory Board on 10 August 2016 and assumed this role as of 1 January 2017. Wilfried Amann was appointed as a new member of the Issuer's Managing Board.

Following the debate concerning the Panama Papers, an adjustment of the strategy and business activities with offshore clients is to be developed together with the shareholders of the Issuer. The number of accounts for non-operative offshore companies had already been reduced in recent years. The low level of income attributable to these business relationships means that this change will not have a material impact on the Issuer's earnings strength.

At the end of April 2016, an opposition party called for an inquiry board to investigate the Issuer's offshore activities, which the Managing Board and Supervisory Board of the Issuer felt to be an inappropriate means of addressing this issue. In autumn 2016, the inquiry board was discontinued due to a lack of results, and its last session was scheduled for 2 December 2016. In early 2017, the inquiry board issued its final report, which was supplemented by minority reports from the individual groups.

Trends

Overall, the Managing Board intends to maintain the proven, broadly based business model of Hypo Vorarlberg and to concentrate on customer business as previously. In addition, new regulations require credit institutions to further increase own funds and secure a supply of liquidity that is as cost-effective as possible, while costs, including those relating to the deposit protection and single resolution fund, are rising continuously. Operating expenses are expected to rise moderately and staff costs are also expected to increase slightly. The revision of the bank tax led to a high advance payment in 2016. The ongoing payments will be lower as of 2017, and will therefore have less negative impact on Hypo Vorarlberg's earnings in the future overall.

The low interest rates in CHF and EUR and changing technological requirements for credit institutions and their services also present a challenge. In order to offer customers contemporary banking services, the Issuer prepares for a digital future: Currently, the Issuer switched to a new online banking system and solutions like "Hypo-Office-Banking" (HOB), which will enable corporate customers to manage all their national and international accounts in one web-based system, are developed.

At Hypo Vorarlberg the majority of state guaranteed liabilities have expired in September 2017 and higher volumes have become due for repayment. In view of these maturities, pre-funding has already been carried out in recent years and outstanding issues prematurely have been bought back from the market. Parts of the remaining volume have already been replaced in the course of new issuing activity and refinancing via the ECB (the so-called "targeted longer-term refinancing operation", "TLTRO").

Furthermore the valuation of securities and holdings may change the outlook for the results of Hypo Vorarlberg in 2017. As mentioned above the Issuer holds investments in HUBAG. Due to delays occurring during the exit-process of one investment in conjunction with the liquidity requirement arising in this associated company as a result, the management of HUBAG re-

measured this investment. Therefore, Hypo Vorarlberg also had to re-measure its investment in HUBAG in the first quarter of 2017.

The anticipated earnings are expected to be much lower than the previous year's. The known economic and domestic political events require increased vigilance.

Save as disclosed above, there has been no material adverse change in the prospects of the Issuer since the date of its last published audited consolidated annual financial statements as of 31 December 2016.

Documents on Display

The following documents are available and may be inspected on the website of the Issuer ([www .hypovbg.at](http://www.hypovbg.at)):

- 1) the articles of association;
- 2) the consolidated annual financial statements for the fiscal years ending on 31 December 2015 and 31 December 2016 in the German and English language (please see the pdf links in section "DOCUMENTS INCORPORATED BY REFERENCE" below);
- 3) the unaudited interim financial information for the first half year period ending 30 June 2017;
- 4) this Prospectus and any supplement hereto; and
- 5) each set of Final Terms admitted to trading on one of the Markets.

TAXATION

The following is a general discussion of certain Austrian tax consequences of the acquisition and ownership of Notes and certain aspects of the U.S. Foreign Account Tax Compliance Act. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Austria and the United States of America currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.

The Issuer assumes no responsibility with respect to taxes withheld at source.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES UNDER THE TAX LAWS OF AUSTRIA AND THE UNITED STATES OF AMERICA AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS.

Austria

This section on taxation contains a brief summary of the Issuer's understanding with regard to certain important principles which are of significance in connection with the purchase, holding or sale of the Notes in Austria. This summary does not purport to exhaustively describe all possible tax aspects and does not deal with specific situations which may be of relevance for certain potential investors. The following comments are rather of a general nature and included herein solely for information purposes. They are not intended to be, nor should they be construed to be, legal or tax advice. This summary is based on the currently applicable tax legislation, case law and regulations of the tax authorities, as well as their respective interpretation, all of which may be amended from time to time. Such amendments may possibly also be effected with retroactive effect and may negatively impact on the tax consequences described. It is recommended that potential investors in the Notes consult with their legal and tax advisors as to the tax consequences of the purchase, holding or sale of the Notes. Tax risks resulting from the Notes (in particular from a potential qualification as equity for tax purposes instead of debt) shall in any case be borne by the investor. For the purposes of the following it is assumed that the Notes are legally and factually offered to an indefinite number of persons.

General remarks

Individuals having a domicile (*Wohnsitz*) and/or their habitual abode (*gewöhnlicher Aufenthalt*), both as defined in §. 26 of the Austrian Federal Fiscal Procedures Act (*Bundesabgabenordnung*), in Austria are subject to income tax (*Einkommensteuer*) in Austria on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Individuals having neither a domicile nor their habitual abode in Austria are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*).

Corporations having their place of management (*Ort der Geschäftsleitung*) and/or their legal seat (*Sitz*), both as defined in § 27 of the Austrian Federal Fiscal Procedures Act, in Austria are subject to corporate income tax (*Körperschaftsteuer*) in Austria on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Corporations having neither their place of management nor their legal seat in Austria are subject to corporate income

tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*).

Both in case of unlimited and limited (corporate) income tax liability Austria's right to tax may be restricted by double taxation treaties.

Income taxation

Austrian statutory law does not contain specific provisions on the qualification of Additional Tier 1 instruments for Austrian (corporate) income tax purposes. However, pursuant to § 8(3)(1) item 2 of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*), which is typically applied for purposes of qualifying hybrid instruments either as equity or as debt for Austrian (corporate) income tax purposes, *jouissance* rights and other financial instruments (*Genussrechte und sonstige Finanzierungsinstrumente*) granting a right to participate in both the current profits and the liquidation profits of the issuer are to be qualified as equity instruments. In contrast thereto, *jouissance* rights and other financial instruments granting a right to participate either in the current profits or in the liquidation profits of the issuer or in neither of the two categories are to be qualified as debt instruments. In addition, reference has to be made to jurisprudence of the Austrian Supreme Administrative Court (*Verwaltungsgerichtshof*), pursuant to which the qualification of hybrid instruments, such as *jouissance* rights, has to be based on whether typical equity-like criteria outweigh typical debt-like criteria from a quantitative and qualitative perspective, thereby taking into account the instrument's term, the profit dependency of distributions, the participation in the issuer's substance/liquidation gain, the granting of securities, a potential subordination and the lack of typical shareholder control and voting rights.

In April 2014, a professional interest association submitted to its members a statement received from the Austrian Ministry of Finance (*Bundesministerium für Finanzen*) which confirms that due to its structural elements, Additional Tier 1 instruments within the meaning of Article 52 of the CRR can be qualified as debt for Austrian (corporate) income tax purposes based on sec 8(3)(1) item 2 of the Austrian Corporate Income Tax Act. As a result of this qualification, distributions effected by the issuer under Additional Tier 1 instruments are generally deductible at the level of the issuer for corporate income tax purposes (unless general restrictions – which are applicable to any debt instruments – apply). This statement of the Austrian Ministry of Finance does not address any other potential Austrian tax aspects in the context of the issuance of Additional Tier 1 instruments. It has to date not yet been reflected in the Austrian Corporate Income Tax Guidelines (*Körperschaftsteuerrichtlinien*). For purposes of the following, the Issuer assumes that the Notes qualify as debt for Austrian (corporate) income tax purposes. In case of a qualification of the Notes as equity the tax consequences would substantially differ from those described below.

Pursuant to § 27(1) of the Austrian Income Tax Act (*Einkommensteuergesetz*), the term investment income (*Einkünfte aus Kapitalvermögen*) comprises:

- 1) income from the letting of capital (*Einkünfte aus der Überlassung von Kapital*) pursuant to § 27(2) of the Austrian Income Tax Act, including dividends and interest; the tax basis is the amount of the earnings received (§ 27a(3)(1) of the Austrian Income Tax Act);
- 2) income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*) pursuant to § 27(3) of the Austrian Income Tax Act, including gains from the alienation, redemption and other realisation of assets that lead to income from the letting of capital, zero coupon bonds and broken-period interest; the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs, in each case including accrued interest (§ 27a(3)(2)(a) of the Austrian Income Tax Act); and

- 3) income from derivatives (*Einkünfte aus Derivaten*) pursuant to § 27(4) of the Austrian Income Tax Act, including cash settlements, option premiums received and income from the sale or other realisation of forward contracts like options, futures and swaps and other derivatives such as index certificates (the mere exercise of an option does not trigger tax liability); e.g., in the case of index certificates, the tax basis amounts to the sales proceeds or the redemption amount minus the acquisition costs (§ 27a(3)(3)(c) of the Austrian Income Tax Act).

Also the withdrawal of the Notes from a securities account (*Depotentnahme*) and circumstances leading to a restriction of Austria's taxation right regarding the Notes *vis-à-vis* other countries, e.g. a relocation from Austria (*Wegzug*), are in general deemed to constitute a sale (*cf.* § 27(6)(1) and (2) of the Austrian Income Tax Act). The tax basis amounts to the fair market value minus the acquisition costs (§ 27a(3)(2)(b) of the Austrian Income Tax Act).

Individuals subject to unlimited income tax liability in Austria holding the Notes as non-business assets are subject to income tax on all resulting investment income pursuant to § 27(1) of the Austrian Income Tax Act. Investment income from the Notes with an Austrian nexus (*inländische Einkünfte aus Kapitalvermögen*), basically meaning income paid by an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*), is subject to withholding tax (*Kapitalertragsteuer*) at a flat rate of 27.5%; no additional income tax is levied over and above the amount of tax withheld (final taxation pursuant to § 97(1) of the Austrian Income Tax Act). Investment income from the Notes without an Austrian nexus must be included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to § 27a(5) of the Austrian Income Tax Act). The acquisition costs must not include ancillary acquisition costs (*Anschaffungsnebenkosten*; § 27a(4)(2) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (§ 20(2) of the Austrian Income Tax Act); this also applies if the option to regular taxation is exercised. § 27(8) of the Austrian Income Tax Act, *inter alia*, provides for the following restrictions on the offsetting of losses: negative income from realised increases in value and from derivatives may be neither offset against interest from bank accounts and other non-securitized claims *vis-à-vis* credit institutions (except for cash settlements and lending fees) nor against income from private foundations, foreign private law foundations and other comparable legal estates (*Privatstiftungen, ausländische Stiftungen oder sonstige Vermögensmassen, die mit einer Privatstiftung vergleichbar sind*); income subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act may not be offset against income subject to the progressive income tax rate (this equally applies in case of an exercise of the option to regular taxation); negative investment income not already offset against positive investment income may not be offset against other types of income. The Austrian custodian agent has to effect the offsetting of losses by taking into account all of a taxpayer's securities accounts with the custodian agent, in line with § 93(6) of the Austrian Income Tax Act, and to issue a written confirmation to the taxpayer to this effect.

Individuals subject to unlimited income tax liability in Austria holding the Notes as business assets are subject to income tax on all resulting investment income pursuant to § 27(1) of the Austrian Income Tax Act. Investment income from the Notes with an Austrian nexus is subject to withholding tax at a flat rate of 27.5%. While withholding tax has the effect of final taxation for income from the letting of capital, income from realised increases in value and income from derivatives must be included in the investor's income tax return (nevertheless income tax at the flat rate of 27.5%). Investment income from the Notes without an Austrian nexus must always be

included in the investor's income tax return and is subject to income tax at the flat rate of 27.5%. In both cases upon application the option exists to tax all income subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act at the lower progressive income tax rate (option to regular taxation pursuant to § 27a(5) of the Austrian Income Tax Act). The flat tax rate does not apply to income from realised increases in value and income from derivatives if realizing these types of income constitutes a key area of the respective investor's business activity (§ 27a(6) of the Austrian Income Tax Act). Expenses such as bank charges and custody fees must not be deducted (§ 20(2) of the Austrian Income Tax Act); this also applies if the option to regular taxation is exercised. Pursuant to § 6(2)(c) of the Austrian Income Tax Act, depreciations to the lower fair market value and losses from the alienation, redemption and other realisation of financial assets and derivatives in the sense of § 27(3) and (4) of the Austrian Income Tax Act, which are subject to income tax at the flat rate of 27.5%, are primarily to be offset against income from realised increases in value of such financial assets and derivatives and with appreciations in value of such assets within the same business unit (*Wirtschaftsgüter desselben Betriebes*); only 55% of the remaining negative difference may be offset against other types of income.

Pursuant to § 7(2) of the Austrian Corporate Income Tax Act, corporations subject to unlimited corporate income tax liability in Austria are subject to corporate income tax on income in the sense of § 27(1) of the Austrian Income Tax Act from the Notes at a rate of 25%. Income in the sense of § 27(1) of the Austrian Income Tax Act from the Notes with an Austrian nexus is subject to withholding tax at a flat rate of 27.5%. However, a 25% rate may pursuant to § 93(1a) of the Austrian Income Tax Act be applied by the withholding agent if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the corporate income tax liability. Under the conditions set forth in § 94(5) of the Austrian Income Tax Act withholding tax is not levied in the first place. Losses from the alienation of the Notes can be offset against other income.

Pursuant to § 13(3)(1) in connection with § 22(2) of the Austrian Corporate Income Tax Act, private foundations (*Privatstiftungen*) pursuant to the Austrian Private Foundations Act (*Privatstiftungsgesetz*) fulfilling the prerequisites contained in § 13(3) and (6) of the Austrian Corporate Income Tax Act and holding the Notes as non-business assets are subject to interim taxation at a rate of 25% on interest income, income from realised increases in value and income from derivatives (*inter alia*, if the latter are in the form of securities). Pursuant to the Austrian tax authorities' view, the acquisition costs must not include ancillary acquisition costs. Expenses such as bank charges and custody fees must not be deducted (§ 12(2) of the Austrian Corporate Income Tax Act). Interim tax does generally not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. Investment income from the Notes with an Austrian nexus is in general subject to withholding tax at a flat rate of 27.5%. However, a 25% rate may pursuant to § 93(1a) of the Austrian Income Tax Act be applied by the withholding agent if the debtor of the withholding tax is a corporation. Such withholding tax can be credited against the tax falling due. Under the conditions set forth in § 94(12) of the Austrian Income Tax Act withholding tax is not levied.

Individuals and corporations subject to limited (corporate) income tax liability in Austria are taxable on income from the Notes if they have a permanent establishment (*Betriebsstätte*) in Austria and the Notes are attributable to such permanent establishment (*cf.* § 98(1)(3) of the Austrian Income Tax Act, § 21(1)(1) of the Austrian Corporate Income Tax Act). In addition, individuals subject to limited income tax liability in Austria are also taxable on interest in the sense of § 27(2)(2) of the Austrian Income Tax Act and accrued interest (including from zero coupon bonds) in the sense of § 27(6)(5) of the Austrian Income Tax Act from the Notes if the (accrued)

interest has an Austrian nexus and if withholding tax is levied on such (accrued) interest. This does not apply to individuals being resident in a state with which automatic exchange of information exists. Interest with an Austrian nexus is interest the debtor of which has its place of management and/or its legal seat in Austria or is an Austrian branch of a non-Austrian credit institution; accrued interest with an Austrian nexus is accrued interest from securities issued by an Austrian issuer (§ 98(1)(5)(b) of the Austrian Income Tax Act). Under applicable double taxation treaties, relief from Austrian income tax might be available. However, Austrian credit institutions must not provide for such relief at source; instead, the investor may file an application for repayment of tax with the competent Austrian tax office.

Inheritance and gift taxation

Austria does not levy inheritance or gift tax.

Certain gratuitous transfers of assets to private law foundations and comparable legal estates (*privatrechtliche Stiftungen und damit vergleichbare Vermögensmassen*) are subject to foundation transfer tax (*Stiftungseingangssteuer*) pursuant to the Austrian Foundation Transfer Tax Act (*Stiftungseingangssteuergesetz*) if the transferor and/or the transferee at the time of transfer have a domicile, their habitual abode, their legal seat or their place of management in Austria. Certain exemptions apply in cases of transfers *mortis causa* of financial assets within the meaning of § 27(3) and (4) of the Austrian Income Tax Act (except for participations in corporations) if income from such financial assets is subject to income tax at a flat rate pursuant to § 27a(1) of the Austrian Income Tax Act. The tax basis is the fair market value of the assets transferred minus any debts, calculated at the time of transfer. The tax rate generally is 2.5%, with higher rates applying in special cases.

In addition, there is a special notification obligation for gifts of money, receivables, shares in corporations, participations in partnerships, businesses, movable tangible assets and intangibles if the donor and/or the donee have a domicile, their habitual abode, their legal seat or their place of management in Austria. Not all gifts are covered by the notification obligation: In case of gifts to certain related parties, a threshold of EUR 50,000 per year applies; in all other cases, a notification is obligatory if the value of gifts made exceeds an amount of EUR 15,000 during a period of five years. Furthermore, gratuitous transfers to foundations falling under the Austrian Foundation Transfer Tax Act described above are also exempt from the notification obligation. Intentional violation of the notification obligation may trigger fines of up to 10% of the fair market value of the assets transferred.

Further, gratuitous transfers of the Notes may trigger income tax at the level of the transferor pursuant to § 27(6)(1) and (2) of the Austrian Income Tax Act (see above).

U.S. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Austria) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether

withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SELLING RESTRICTIONS

General

The Issuer and any other person that purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus or any offering material in relation to this Prospectus or the Notes will comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus or any offering material in relation to this Prospectus or the Notes and will obtain any consent, approval or permission required for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries of Notes.

Neither the Issuer nor any other person represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such sale.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. In addition, until 40 days after the commencement of the offering of the Notes of the relevant Tranche, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Bearer Notes which are subject to U.S. tax law requirements may not be offered, sold or delivered in the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

European Economic Area

Only Notes with a specified denomination of EUR 200,000 (or the equivalent in another currency) may be offered in the EEA and/or admitted to trading on a regulated market in the EEA.

Subject to the foregoing, in relation to each member state of the EEA which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), and with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") neither the Issuer nor any other person may make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation hereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive or pursuant to any applicable national law of any Relevant Member State,

provided that no such offer of Notes shall require the Issuer or any other person to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in that Relevant Member State.

United Kingdom

The Issuer or any other person that offers, sells or delivers Notes will have to represent and agree that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948 as amended, the "**FIEA**") and may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other applicable laws and regulations of Japan.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated into this Prospectus by reference:

- **Consolidated Annual Financial Statements 2016 (German Version) of Hypo Vorarlberg included in the Annual Report 2016⁽¹⁾**

(https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre_Landesbank/Hypo_Landesbank_Vorarlberg/Investor_Relations/Finanzkennzahlen/Geschaeftsberichte/2016/Geschaeftsbericht-2016_Hypo-Vorarlberg.pdf)

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- **Consolidated Annual Financial Statements 2016 (English Version) of Hypo Vorarlberg included in the Annual Report 2016⁽²⁾**

(https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre_Landesbank/Hypo_Landesbank_Vorarlberg/Investor_Relations/Finanzkennzahlen/Geschaeftsberichte/2016/Annual-Report-2016_Hypo-Vorarlberg.pdf)

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- **Consolidated Interim Financial Statements for the period ending on 30 June 2017 (German Version) of Hypo Vorarlberg included in the Half Year Report as of 30 June 2017**

(https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre_Landesbank/Hypo_Landesbank_Vorarlberg/Investor_Relations/Finanzkennzahlen/Geschaeftsberichte/2017/Halbjahresfinanzbericht_2017_Hypo-Vorarlberg.pdf)

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- **Consolidated Interim Financial Statements for the period ending on 30 June 2017 (English Version) of Hypo Vorarlberg included in the Half Year Report as of 30 June 2017**

(https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre_Landesbank/Hypo_Landesbank_Vorarlberg/Investor_Relations/Finanzkennzahlen/Geschaeftsberichte/2017/Quarterly-Report-Q2-2017_Hypo-Vorarlberg.pdf)

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⁽¹⁾ The officially signed German language versions of the Issuer's Consolidated Annual Financial Statements 2016 and 2015 are solely legally binding and definitive. For the purposes of this Prospectus the defined term "Consolidated Annual Financial Statements 2016" shall also include the English language translation of the Consolidated Annual Financial Statements of the Issuer for the financial year ended 31 December 2016.

⁽²⁾ The English language translations of the Issuer's Consolidated Annual Financial Statements for the financial years ended 31 December 2015 and 31 December 2016 are not legally binding and are incorporated into this Prospectus by reference for convenience purposes only.

For the avoidance of doubt, such parts of the Consolidated Annual Financial Statements 2016 and 2015, respectively, as well as of the Consolidated Interim Financial Statements for the period ending on 30 June 2017 which are not explicitly listed in the tables above, are not incorporated by reference into this Prospectus as these parts are either not relevant for the investor or covered elsewhere in this Prospectus.

Any information not listed above but included in the documents incorporated by reference is given for information purposes only.

Such parts of the documents which are explicitly listed above shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in such a document shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

RESPONSIBILITY STATEMENT

Hypo Vorarlberg Bank AG with its registered office at Hypo-Passage 1, 6900 Bregenz, Republic of Austria, is solely responsible for the information given in this Prospectus and for the information which will be contained in the relevant Final Terms. The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Hypo Vorarlberg Bank AG
as Issuer pursuant to § 8 KMG

Bregenz,

MAG. MICHEL HALLER

as collectively authorised chairman of the managing board (*Vorsitzender des Vorstandes*)

DR. WILFRIED AMANN

as collectively authorised member of the managing board (*Mitglied des Vorstandes*)

ADDRESSES

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For the fiscal years ended 31 December 2015 and 31 December 2016

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