

# Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft

## EUR 150,000,000 Additional Tier 1 Notes Programme

Under this EUR 150,000,000 Additional Tier 1 Notes Programme (the "**Programme**"), Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (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 (*Capital Requirements Regulation*, as amended from time to time, the "**CRR**"), as further specified in the relevant final terms (the "**Final Terms**") in the English language (with 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types of Notes may be issued under the Programme: (i) Notes which commence with a fixed distribution rate which is superseded by a different fixed distribution rate (Option I), and (ii) Notes which commence with a fixed distribution rate which is superseded by a floating distribution rate (Option II).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 and a specified denomination of EUR 200,000 (or the equivalent in other currencies). 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 and XIII 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*, the "**FMA**") in its capacity as competent authority under the Austrian Capital Market Act (*Kapitalmarktgesetz*, the "**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 of the KMG.**

Application may be made for the Programme and/or the Notes to be admitted to the "*Amtlicher Handel*" (Official Market) and 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 ("**MiFID**"). Unlisted Notes 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, upon provision of the competent authorities in other host Member States within the European Economic Area ("**EEA**") with a certificate of approval of the FMA attesting that this Prospectus has been drawn up in accordance with Article 5(4) of the Prospectus Directive, any other market and/or stock exchange in such other Member State).

The Issuer has requested the FMA to provide the competent authority in the Federal Republic of Germany and the United Kingdom of Great Britain and Northern Ireland with a certificate of approval attesting that this Prospectus has been drawn up in accordance with Article 5(4) of the Prospectus Directive and the KMG. The Issuer may from time to time request the FMA to provide to competent authorities of Member States of the European Economic Area further notifications concerning the approval of this Prospectus.

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 depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") or with OeKB CSD GmbH ("**OeKB CSD**") or with a depositary on behalf of OeKB CSD or with or on behalf of the Issuer.

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](http://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 European Economic Area ("**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](http://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 the 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. The 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 the 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 the Prospectus or any Final Terms and other offering material relating to the Notes, in the United States of America, the European Economic Area, 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 include Notes 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. The German versions of the English language Terms and Conditions are shown in the Prospectus for additional information.

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 each prospective investor represents, warrants, agrees with and undertakes to the Issuer 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 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*", "*Vorarlberger Landes- und Hypothekbank Aktiengesellschaft 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.

## 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 regarding Hypo Landesbank Vorarlberg**

The risk related to Hypo Vorarlberg ability to fulfil its obligations as Issuer is described by reference to the ratings assigned to Hypo Vorarlberg.<sup>1</sup> The rating for a specific issue of Notes may vary. The rating for a specific issue of Notes as at the time of issue of such Notes will be set out in the respective Final Terms.

Hypo Vorarlberg 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 Hypo Vorarlberg by each Rating Agency are as follows:

#### **Moody's<sup>2</sup>:**

Bank Deposit Rating: **Baa1 / P-2**

<sup>1</sup> 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.

<sup>2</sup> Moody's and S&P are established in the European Community 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](http://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.

Outlook:	<b>Negative</b>
Baseline Credit Assessment:	<b>Baa3</b>
Senior Unsecured MTN – Dom. Curr.:	<b>Baa1</b>
Subordinate MTN – Dom. Curr.:	<b>Ba1</b>
Public Pfandbriefe:	<b>Aa1</b>
Mortgage Pfandbriefe:	<b>Aa1</b>
<b>S&amp;P<sup>2</sup>:</b>	
Long term issuer rating:	<b>A-</b>
Short term issuer rating:	<b>A-2</b>
Outlook:	<b>Stable</b>

### **General business risks**

Hypo Vorarlberg 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**

From the second half of 2007 through 2009, disruptions in global capital and credit markets coupled with the re-pricing of credit risk as well as the sovereign debt crisis, in particular within the Eurozone, created difficult conditions in financial markets and continue to have considerable effects on these markets. These conditions resulted in historically high levels of volatility across many markets (including capital markets), volatile commodity prices, decreased or no liquidity, widening of credit spreads and lack of price transparency in certain markets.

These conditions also significantly reduced the availability of private financing for both, financial institutions and their customers, compelling many financial institutions and industrial companies to turn to governments and central banks to provide liquidity. Among other factors, the imposition of higher capital and other regulatory requirements have led many financial institutions to seek additional capital, to merge or be merged with larger and stronger institutions, to be nationalised and, in some cases, to fail.

Attended by the global financial and economic crises, the sovereign debt markets in the Eurozone have experienced substantial stress in the recent years, as the financial markets have begun to perceive a

number of countries as presenting an increased credit risk. These concerns have been particularly prominent with respect to Greece, Ireland, Italy, Portugal and Spain, more recently Cyprus and Slovenia, and - in addition to the Eurozone - Ukraine and Russia, and were threatening the recovery from the global financial and economic crisis. These concerns have persisted in light of increasing public debt loads and stagnating economic growth in these and other European countries both within and outside the Eurozone.

Since the second half of 2010, the indebtedness of certain Eurozone countries has raised concerns about the stability of the European financial sector and has contributed and may continue to contribute to a slowdown in economic growth in many countries across the region. Additionally, restructuring programmes adopted by some highly indebted countries of the European Union ("**EU**"), which include cuts in governmental spending, may result in lower growth rates in these countries as well as the Eurozone in the short and medium term. In 2011, the anxieties about the Eurozone situation increased and the ratings of Eurozone countries and banks were lowered at the end of 2011 and the beginning of 2012. In 2012, such anxieties continued due to the requirement to recapitalize the Spanish banking sector and growing concerns about the effectiveness and consequences of the restructuring programmes adopted by certain Eurozone countries, as well as due to the uncertainty as to the necessity for further financial aid for certain Eurozone countries or the Eurozone banking sector.

Since September 2012, there has been an increase in the scale of global central bank intervention in an attempt to prevent further deterioration of economic growth and to respond to concerns about the effects of the European sovereign debt crisis. In 2012, the European Central Bank ("**ECB**") announced a plan to buy unlimited amounts of government bonds of distressed countries, such as Spain and Italy, partially in exchange for their request for and acceptance of a formal programme including certain austerity reforms. Since then, monetary policy objectives have decoupled significantly across countries: while the U.S. Federal Reserve Bank gradually reduced its bond-buying program (referred to as "*tapering*") and ceased its program in October 2014, eventually it is set to further increase interest rates in the near-term. On the contrary, the ECB commenced the broad-based asset purchase program in March 2015, which is currently intended to last until March 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 impact of these actions is currently unknown and they may or may not result in the expected benefits for the relevant economies or the Eurozone as a whole. Furthermore, there can be no assurances as to the actual impact that these measures and related actions will have on consumer and corporate confidence generally and on the Issuer specifically. To the contrary, despite any measures taken by European governments, the ECB, European regulators or other entity's to control and mitigate the negative effects of the crisis, the business environment in general, and the financial markets in particular, may further weaken as the uncertainty surrounding the sovereign debt crisis and EU efforts to resolve the crisis is still continuing.

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 banks 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-indebteness, 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 banks, 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 Hypo Vorarlberg'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 banks to lend to each other because of uncertainty as to the creditworthiness of the borrowing bank. 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 banks, 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.

#### **Change 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 large 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 withdraw 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 Community 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, such as S&P's downgrade of Austria in January 2012, 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**

Hypo Vorarlberg 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 banks 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.

Hypo Vorarlberg faces strong competition in Vorarlberg and Austria not only from local banks, but also from large national and international banks 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**

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

- *Basel III and CRD IV-Package.* In June 2011 and January 2013, 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. On 27 June 2013, 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**"*) transposing (main parts of) Basel III into European law, have been published.

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 as additional tier-1 capital ("**AT 1**").
- *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.
- *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 in its entirety (i.e. including the bail-in tool).

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 minimum requirements 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 as set out under the BRRD/BaSAG, 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 any credit institution in the participating Member States. 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) a 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 Fund shall be constituted by contributions of all credit institutions in the participating EU-Member States. The Fund has a target level of covering at least 1% of covered deposits which shall be reached over an eight-year period. During this transitional period, the Fund comprises national compartments corresponding to each participating EU Member State. The resources accumulated in these compartments are progressively mutualised over a period of eight years, starting with 40% of these resources in the first year (i.e. 2016).

- *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. 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. On 21 December 2015, the FMA has issued the Austrian Capital Buffers Regulation (*Kapitalpuffer-Verordnung* – "**KP-V**") which stipulates the determination and recognition of the countercyclical buffer rate pursuant to § 23a (3) BWG, the determination of the systemic risk buffer pursuant to § 23d (3) BWG and the more precise elaboration of the calculation basis pursuant to § 23a (3)(1) BWG and § 24 (2) BWG (the latter concerning the calculation of the Maximum Distributable Amount). The KP-V entered into force on 1 January 2016. Pursuant to the KP-V, the countercyclical buffer rate amounts to 0.00% for significant credit exposures located in Austria. In addition, also national countercyclical buffers determined by the designated authorities of another EU-Member State or a third country for significant credit exposures located in its territory might apply. However, if such national countercyclical buffer rates exceed

above 2.50%, a countercyclical buffer rate amounting to 2.50% is used for such credit exposures. In this regard, countercyclical buffer rates of 0.00% have also been set by the designated authorities in Slovakia and Croatia. On 3 December 2015, the Czech National Bank announced to require a 0.50% countercyclical buffer on the total risk exposure in the Czech Republic as of 1 January 2017. Furthermore, the KP-V implements the amended recommendation of the Austrian Financial Market Stability Board (*Finanzmarktstabilitätsgremium* – "**FMSG**") from 7 September 2015 for imposing a systemic risk buffer. According to the KP-V, the FMA imposes on the Group (i.e. Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft on the basis of the consolidated level of Vorarlberger Landesbank-Holding) a capital buffer rate for systemic vulnerability amounting to 1.00% (as of 1 January 2016).

- *MiFID II / MiFIR*. One of the current regulatory initiatives relates to the EU regulatory framework set by 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 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**") which will effect regulatory changes affecting derivatives and other financial instruments. As a result, there will be increased costs or increased regulatory requirements. As such changes are still in the process of being implemented, the full impact of MiFID II and MiFIR remains to be clarified. According to a press release dated 10 February 2016, the European Commission has proposed a one year extension (from 3 January 2017 to 3 January 2018) to the entry into application of MiFID II.

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, including, for example, the SSM and the Banking Union within the EU. 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 increase the risk-weighted assets (RWA) of the Issuer on an individual 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.

The Issuer may therefore need to obtain additional own funds in the future. Such funds, whether in the form of ordinary shares or other instruments recognised as own funds, 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, its ratings may drop and its cost of funding may increase, the occurrence of which could have a material adverse effect on its business, financial condition and results of operations.

**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 of the financial year ending before the calendar year in which bank tax falls due. It is reduced by secured deposits, subscribed capital and reserves, certain liabilities of 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 a guarantee and certain liabilities resulting from the holding of assets in trust. The tax rate is 0.09% for that part of the tax basis exceeding EUR 1 billion but not exceeding EUR 20 billion and 0.11% for that part exceeding EUR 20 billion. In addition, for calendar years including 2017 a surcharge to bank tax is levied.

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 in the proposed form at all. The proposed FTT has a very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. If the 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**

In line with the BRRD / BaSAG, 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 minimum requirement for own funds and eligible liabilities. Such minimum requirement 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. There is a risk that the Issuer may not be able to meet these minimum requirements for own funds and eligible liabilities which could 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 could result in additional financial burdens for the Issuer and thus, materially adversely affect the financial position of the Issuer and the results of its business, financial condition and results of operations.**

The Single Resolution Mechanism (*SRM*) includes establishing a Single Resolution Fund (*SRF*) to which all credit institutions in the participating EU 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**") for the first time since the introduction of mandatory DGS in 1994. 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 the final date (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 (final date).

In addition to *ex-ante* contributions, if necessary, credit institutions will have to pay additional (*ex-post*) contributions to a certain extent, which will be limited in order to avoid pro-cyclicality and worsening the financial situation of healthy credit institutions.

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.

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, materially 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 detriment 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 Hypo Vorarlberg'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 Hypo Vorarlberg'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 CRD III or CRR/CRD IV were to be imposed on salaries or bonuses paid to executives of Hypo Vorarlberg, 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 management board as well as of the supervisory board of the Issuer exercise numerous additional functions within the Issuer, the Vorarlberger Landesbank-Holding or other companies. It cannot be excluded that conflicts of interest may arise from such double functions of the members of the management board as well as of the supervisory board of the Issuer exercised in other organisations or companies 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**

The Issuer is subject to rules and regulations regarding money laundering, corruption and the financing of terrorism. These rules and regulations have been tightened in recent years and may be further tightened and more strictly enforced in the future. Monitoring compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules can result in a significant financial burden on banks 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, anti-corruption and anti-terrorism financing rules at all times or that its anti-money laundering, anti-corruption and anti-terrorism financing standards are being consistently applied by its employees in all circumstances. Any violation of anti-money laundering, anticorruption 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 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 negative effects on the Issuer's assets, financial position and results of operations**

The Issuer is one of the member-institutions (the "**Member-Institutions**") of the *Pfandbriefstelle der österreichischen Landes-Hypothekenbanken* (the "**Pfandbriefstelle**"). Pfandbriefstelle is the sole shareholder of the Pfandbriefbank (Österreich) AG (the "**Pfandbriefbank**"). Pursuant to § 2 (1) of the Pfandbriefstelle-Gesetz (*Bundesgesetz über die Pfandbriefstelle der österreichischen Landes-Hypothekenbanken*, as amended, the "**PfBrStG**"), the current Member-Institutions are liable jointly and severally for the obligations of Pfandbriefstelle. The respective liable public authorities (*Gewährträger*) of the Member-Institutions (i.e. the respective Austrian federal provinces where the Member-Institutions have their seats, each a "**Gewährträger**") are liable jointly and severally for any obligations of Pfandbriefbank which were incurred up to 2 April 2003. For any obligations which were incurred after 2 April 2003 up to (and including) 1 April 2007, the Gewährträger of the Member-Institutions are liable jointly and severally only 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 Gewährträger of the Member-Institutions. HETA ASSET RESOLUTION AG ("**HETA**"), the legal successor of the former (nationalised) Hypo Alpe-Adria-Bank International AG, is one of the Member-Institutions. According to HETA's consolidated annual financial statements as of 31 December 2014, HETA has obligations in an aggregate amount of approximately EUR 1.2 billion towards Pfandbriefbank for notes which Pfandbriefbank (or originally Pfandbriefstelle) issued as trustee for HETA.

On 1 March 2015, the FMA, in its capacity as the Austrian resolution authority pursuant to the BaSAG, initiated the resolution of HETA: By issuing an administrative decision - in order to prepare further resolution instruments - the FMA has imposed a temporary moratorium on certain obligations of HETA until 31 May 2016 (the "**Moratorium**") which includes HETA's obligations towards Pfandbriefbank. Until 31 May 2016, obligations of HETA towards Pfandbriefbank in the amount of approximately EUR 800 million (of the approximately total EUR 1.2 billion) would become due. HETA is not obliged to honor these payment obligations due to the Moratorium. There is a risk that Pfandbriefbank will not be able to service its payment obligations in the aggregate amount of EUR 1.2 billion under the respective notes and that as a consequence the joint and several liability of the Member-Institutions (including the Issuer) and the respective Gewährträger of the Member-Institutions for liabilities of Pfandbriefbank would become due. The Moratorium also affects a promissory note loan (*Schuldscheindarlehen*) in an aggregate principal amount of EUR 30 million granted to HETA by the Issuer.

Furthermore, there is a risk that HETA is not able to settle the part of the joint and several liability allotted to HETA in case of internal recourses (if any) of the other Member-Institutions as parties jointly and severally liable. In such case the other Member-Institutions (including the Issuer) would have to pay this amount.

There is a risk that in case of the application of the creditor bail-in tool on HETA ("**haircut**"), the receivables against HETA may be reduced in whole or in part due to recourse claims. In this case, the other Member-Institutions would be liable for such amount.

For the existing receivables towards HETA – including the liquidity expected to be made available for Pfandbriefbank – the Issuer has already made corresponding provisions in the 2014 annual financial statements. With regard to the promissory note loan (*Schuldscheindarlehen*) granted to HETA, a valuation allowance of EUR 12 million was already established in the 2014 annual financial statements of the Issuer, assuming a recovery of 60 % and a liability of the Austrian Federal Province of Vorarlberg for 50% of the amount provided for the stabilisation of Pfandbriefbank according to the PfBrStG. Furthermore, a provision of EUR 36 million was also recognised for the provision of liquidity to Pfandbriefbank. Both provisions have been further increased in the first quarter of 2015, resulting in additional risk costs of EUR 5.75 million.

Finally, there is a risk that the haircut with respect to obligations of HETA may be higher than the provisions already made for the existing receivables towards HETA and it is not clear whether and if yes, to what extent, the Federal Province of Carinthia could honor the deficiency obligation in relation to HETA debt.

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

### **Risk Factors regarding the Notes**

**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.

### **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 (each a "Holder" and together the "Holders") 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 unsecured and deeply 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 to be issued by the Issuer under the Programme are intended to qualify as Additional Tier 1 instruments pursuant to Article 52 of the CRR. They constitute direct, unsecured and deeply subordinated obligations of the Issuer. In the insolvency or liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

- junior to all present or future (a) unsubordinated instruments or obligations of the Issuer; and (b) (x) obligations under 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);

- *pari passu* (a) among themselves; and (b) with all present or future obligations ranking or expressed to rank *pari passu* with the Notes; and
- senior to all present or future (a) ordinary shares of the Issuer and any other CET 1 Instruments; and (b) 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.

Although the Notes may pay a higher rate of distributions than notes which are not subordinated, there is a substantial risk that investors in deeply 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 offset 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. 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 Commercial 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* or junior to the Notes) of the Issuer have been satisfied first.

In the Terms and Conditions, no insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Notes. 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 are dependent upon, Distributable Items, thereby reducing the amount available for distributions under the Notes. This could result in distributions on the Notes being reduced or cancelled at all.

**The Issuer may, in 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 any distribution payment date shall be cancelled, in whole or in part, if and to the extent:

- the distribution payment scheduled to be paid together with any additional amounts thereon and any further Relevant Distributions would exceed 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 and together with any additional amounts thereon on the Notes) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based;
- the Competent Authority orders the relevant distribution payment scheduled to be paid to be cancelled in whole or in part; or
- on the relevant distribution payment date such distribution payment aggregated with any other distributions of the kind referred to in § 24(2) BWG (implementing Article 141(2) CRD IV in Austria) would not be in compliance with the restrictions relating to the Maximum Distributable Amount.

Any distribution payment so cancelled will not accumulate or compound and all rights and claims in respect of such amounts will be fully and irrevocably forfeited 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 does not constitute an event of default of the Issuer and imposes no restrictions on the Issuer.

The Maximum Distributable Amount is a recently introduced concept which will apply 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 "*Many aspects of the manner in which CRR/CRD IV will be implemented remain 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 to permit full (or any) payment of distributions on the Notes.

The Distributable Items will be determined on the basis of 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. If such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant distribution payment date, the Distributable Items will be determined on the basis of 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.

As 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. Even if the Issuer was willing to make distribution payments, it could be prevented from doing so by 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 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 regulatory capital requirements with the intention and purpose of being eligible as own funds of the Issuer. The Notes shall constitute AT 1 Instruments of the Issuer, i.e. Additional Tier 1 instruments pursuant to Article 52 CRR on a solo and/or group level of the Issuer. 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 it has been determined that: (i) the Group CET 1 Capital Ratio and/or (ii) the Issuer CET 1 Capital Ratio fall to an amount that is lower than the applicable minimum trigger level (a "**Trigger Event**"), the Issuer will reduce the then Current Principal Amount (as defined in the Terms and Conditions) of the Notes by the Write-down Amount.

For the avoidance of doubt, a Trigger Event may be calculated 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 "**Write-down Amount**" shall be the higher of (i) the *pro rata* share of the Note in the Required Loss Absorption Amount and (ii) if the amount in (i) is insufficient to fully restore or maintain the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio to the Minimum Trigger Level, an amount necessary to reduce the Current Principal Amount to 0.01 or such lower amount set out in the Terms and Conditions in the Specified Currency of the Note; whereas the "**Required Loss Absorption Amount**" means the amount by which, upon the occurrence of a Trigger Event, a write-down of the aggregate Current Principal Amount of the Notes shall be effected *pro rata* with the aggregate (current) principal amount of any other AT 1 Instruments whose

trigger events for a write-down or conversion (loss absorption) pursuant to their terms have occurred and whose minimum trigger levels have not been restored, irrespective of the opening of any insolvency proceedings. For such purpose, the total amount of the write-downs to be allocated *pro rata* shall be equal to the amount required to fully restore or maintain the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio to at least the Minimum Trigger Level, as applicable, but shall not exceed the sum of the principal amounts of AT 1 Instruments whose trigger events for a write-down or conversion pursuant to their terms have occurred and whose minimum trigger levels have not been restored and which are outstanding at the time of occurrence of the Trigger Event.

To the extent the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred is not, or within one month from the determination that the relevant trigger event has occurred will not be, effective for any reason:

- the ineffectiveness of any such write-down (or write-off) or conversion into Common Equity Tier 1 instruments shall not prejudice the requirement to effect a Write-down of the Notes (loss absorption); and
- the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred which is not, or within one month from the determination that the relevant Trigger Event has occurred will not be, effective shall not be taken into account in determining such Write-down of the Notes.

During the period of any Write-down pursuant to the Terms and Conditions, distributions will accrue (subject in certain circumstances to the Maximum Distributable Amount, as defined in the Terms and Conditions) on the Current Principal Amount of the Notes, which will be lower than the Specified Denomination unless and until the Notes are subsequently written up (following a Write-up) in full.

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 will be based on the reduced Current Principal Amount of the Notes.

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 Specified Denomination, even if certain conditions (further described in the Terms and Conditions) that would permit the Issuer to do so, were met. Any Write-up of the Notes is at the full discretion of the Issuer.

Moreover, the Issuer will, *inter alia*, only have the option to Write-up the Current Principal Amount of the Notes if, at a time when the Current Principal Amount of the Notes is less than their Specified Denomination, positive Profit is recorded on an individual basis and consolidated basis, and if the Maximum Distributable Amount (if any) (when the amount of the Write-up is aggregated together with other distributions of the Issuer or the Group, as applicable, of the kind referred to in Article 141(2) CRD IV) would not be exceeded when operating a Write-up (see also the risk factor "*Many aspects of the manner in which CRR/CRD IV will be implemented remain 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 to all Notes and among the Loss Absorbing Written-down Instruments (i.e. any (directly or indirectly issued) Additional Tier 1 instrument pursuant to Article 52 of the CRR (other than the Notes) of the Issuer or, as applicable, any instrument issued by a member of the Group and qualifying as Additional Tier 1 instruments pursuant to Article 52 of the CRR of the Issuer and/or the Group, which has had all or some of its principal amount written-down on a



temporary basis, and that has terms permitting a principal write-up to occur on a basis similar to that provided herein in the circumstances existing on the date of the write-up of the Notes). A Trigger Event occurs if it has been determined that: (i) the Group CET 1 Capital Ratio; and/or (ii) the Issuer CET 1 Capital Ratio fall to an amount that is lower than the applicable minimum trigger level.

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 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.

**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 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 the Issuer's and/or the 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 behavior of the Notes may not necessarily follow the trading behavior of other types of subordinated instruments. Any indication that the Common Equity Tier 1 capital ratios of the Issuer and/or of the 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.

**Many aspects of the manner in which CRR/CRD IV will be implemented remain uncertain.**

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

CRR/CRD IV is a recently-adopted set of rules and regulations that imposes a series of new requirements, many of which will be phased in over a number of years. Although the CRR will be directly applicable in each EU-Member State, the CRR leaves a number of important interpretational issues to be resolved through binding technical standards that will be adopted in the future, and leaves certain other matters to the discretion of the Competent Authority. The manner in which many of the new concepts and requirements under CRR/CRD IV will be applied to the Issuer and the Group remains uncertain. Furthermore, at this point in time, there is no clear guidance by the ECB on the interplay between the Supervisory Review and Evaluation Process ("**SREP**") requirements and the Maximum Distributable Amount.

In particular, the determination of the Maximum Distributable Amount is complex. The Maximum Distributable Amount imposes a cap on the Issuer's ability to pay distributions 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 that render the application of the Maximum Distributable Amount particularly complex:

- 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 purchase 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 behavior (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. At this point in time, there is no clear guidance on the interplay between SREP requirements and restrictions on payments to holders of Tier 1 instruments.
- Certain capital buffers (in any case the capital conservation buffer, but possibly also the systemic risk buffer and the countercyclical buffer) will apply from 1 January 2016 and be gradually phased in until 2019 (subject to certain discretion of the competent authorities). Whether some capital buffers will apply (either in general or at least to the Issuer and the Group) has not yet been finally determined, as this will also 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 global or other systemically important institution (in case of the global systemically important institution ("**G-SII**") buffer and the other systemically important institution ("**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. The G-SII buffer, the O-SII buffer and the systemic risk buffer (each as they will become relevant for the Issuer/the Group respectively, subject to phasing-in and discretion of the competent authorities) may be applicable on different levels (i.e. solo, consolidated, sub-consolidated). On 21 December 2015, the FMA has issued a regulation on capital buffers, the KP-V, which stipulates a systemic risk buffer of 1.00% for the Group (i.e. Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft on the basis of the consolidated level of Vorarlberger Landesbank-Holding) (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 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.
- Certain technicalities of the calculation of the Maximum Distributable Amount as referred to in Article 141(2) CRD IV have not yet been implemented into Austrian law. However, on 21 December 2015, the FMA has issued a regulation, the KP-V, stipulating further details of the calculation of the Maximum Distributable Amount pursuant to Article 141(4) CRD IV.

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.

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

The application of CRR requirements might be waived by the competent authorities. As a result of such waiver, investors may be left with Common Equity Tier 1 capital ratios on the level of the Group and interaction with buffer requirements applicable on a solo level is unclear. As a result, the operation of a Trigger Event, a Write-up and the Maximum Distributable Amount are difficult to predict under such circumstances.

**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 redeem the Notes at any time either for tax or regulatory reasons at the Redemption Amount. In addition, the Issuer may redeem the Notes, but not before five years after the date of their issuance, on specified Call Redemption Dates at the applicable Call Redemption Amount plus accrued distributions. Such optional redemption features are likely to limit the market value of the Notes, as during any period when the Issuer may decide to redeem the Notes, the market value 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) of the CRR which is responsible to supervise the Issuer and/or the 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 term 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.

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.

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 a redemption of the Notes is mandatory due to the Applicable Supervisory Regulations. Thus, without 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 value 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 Specified Denomination.

**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 Specified Denomination.

**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 under the Notes (notwithstanding that payments of distributions are at the discretion of the Issuer) investors will not have a right of acceleration of the Notes. Upon a payment default, the sole remedy available to Holders for recovery of amounts owing in respect of any payment of principal or distributions on the Notes 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 other members of the Group relating to their businesses and operations, as well as the management of their capital position. The Issuer and other members of the Group will have no obligation to consider the interests of Holder in connection with their strategic decisions, including in respect of capital management and the relationship among the various members of the Group and the Issuer's/the 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 other members of the Group relating to decisions that affect the capital position of the Issuer or the 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).**

On 12 June 2014, the Bank Recovery and Resolution Directive (*BRRD*) has been published.

The stated aim of the BRRD is to provide relevant 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 BaSAG implementing BRRD entered into force on 1 January 2015.

The powers provided to "resolution authorities" (in Austria the FMA) include write down and conversion powers to ensure that, *inter alia*, relevant capital instruments fully absorb losses at the point of non-viability (defined below) of the issuing institution and applying the bail-in tool 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 write down such capital instruments on a permanent basis, or convert them into CET 1 items (such as ordinary shares or other instruments of ownership), at the point of non-viability and before any other resolution tool (except the resolution authority decides to apply the bail-in tool) is made use of (statutory loss absorption). Resolution authorities shall exercise the write-down 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, (iii) thereafter, if CET 1 and AT 1 are not sufficient to cover the relevant losses, the principal amount of Tier 2 instruments ("**Tier 2**") being reduced; 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, 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) being reduced down to zero on a permanent basis. When the bail-in tool is applied for the purpose of restoring the capital of the institution, conversion of non-equity instruments into CET 1 items is to be made in the same order.

As safeguard, no creditor shall by use of these measures (either the bail-in tool or the write-down and conversion powers) be in a worse position than in ordinary insolvency proceedings ("no creditor worse off principle").

For the purposes of the 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.

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 respectively 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.

The resolution authorities may also amend or alter the maturity of certain instruments or the amount of interest payable under such instruments, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

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. According to the sequence of write-down and conversion under the BRRD and the BaSAG, the Notes would be subject to any such measure before instruments having a lesser degree of subordination, including Tier 2 would be affected. The exercise of any such power or any suggestion or anticipation of such exercise could, therefore, materially adversely affect the price or value of the Notes.

Besides of potentially being subject to resolution tools as set out above, the Issuer may also be subject to national insolvency proceedings.

**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. 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.

**Under the EU Savings Directive, if a payment were to be made or collected through a paying agent in a state which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax (no gross-up).**

Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments, as amended (the "EU Savings Directive") obliges EU Member States to provide to the tax authorities of other EU Member States details of payments of interest or similar income paid by a paying agent within its jurisdiction to an individual resident in that other EU Member State, except that originally Austria, Belgium and Luxembourg had instead imposed a withholding system for a transitional period (the ending of such transitional period being dependent upon the conclusion of agreements relating to information exchange with certain other countries). Belgium and Luxembourg in the meantime switched from the withholding system to the exchange of information system. A number of other non-EU countries and territories, including Switzerland, have agreed to adopt measures similar to those contained in the EU Savings Directive (a withholding system in the case of Switzerland) with effect from the adoption of the EU Savings Directive.

Pursuant to Council Directive (EU) 2015/2060 of 10 November 2015 repealing Council Directive 2003/48/EC, the EU Savings Directive shall in general be repealed with effect from 1 January 2016.

However, pursuant to detailed grandfathering provisions, Austria shall in general continue to apply it until 31 December 2016.

If a payment were to be made or collected through a paying agent in a state which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax.

**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.

**An Austrian court can appoint a trustee (*Kurator*) 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.**

Pursuant to the Austrian Notes Trustee Act (*Kuratorenengesetz*), 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. 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 and exercises the rights of Holders, this may conflict with or otherwise adversely affect the interests of individual or all Holders.

### **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, remaining term to maturity of the Notes and obligations under any collateralisation or guarantee and declarations as to any preferred payment or 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 (or more) markets (which may be regulated or unregulated), 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 Clearstream Banking S.A., Euroclear Bank SA/NV, OeKB CSD or others as defined 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.

**Holders should note that the applicable tax regime may change to the disadvantage of the Holders and therefore, the tax impact of an investment in the Notes should be carefully considered.**

Distribution payments on Notes, or profits realised by a Holder upon the sale or repayment of Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. Prospective investors should contact their own tax advisors for advice on the tax impact of an investment in the Notes. Furthermore, the applicable tax regime or the interpretation thereof by the tax authorities (e.g., if the Notes were to be qualified as equity rather than as debt for tax purposes) 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 which may affect the value of the Notes. However, it cannot be assured that the Issuer's hedging activities will not affect the value of the Notes.

**Foreign Account Tax Compliance Act withholding may apply to payments on the Notes**

While the Notes are in global form and held within Euroclear Bank SA/NV or Clearstream Banking, société anonyme (together, the "ICSDs") or OeKB CSD, in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") will affect the amount of any payment received by the ICSDs or OeKB CSD (see "*Taxation — U.S. Foreign Account Tax Compliance Act*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depository for the ICSDs (as bearer of the Notes) or OeKB CSD and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs or OeKB CSD and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

## 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, and will either be banks or other entities licensed in the EEA or another market where the Issuer is active to act as paying agents.

**Approvals.** The establishment of the Programme was authorised by the management board of the Issuer on 28 September 2015. 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 OeKB CSD, Euroclear and/or Clearstream, Luxembourg) or any other recognised clearing system 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 or as otherwise specified in the relevant Final Terms 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 or any other market or stock exchange.

**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 (or the equivalent in other currencies). The Notes are issued in the minimum denomination of EUR 200,000 (or the equivalent in other currencies).

**Method of Distribution.** The invitation to prospective investors to make offers for the subscription of Notes is 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. 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 do not foresee the representation of Holders of Notes. However, pursuant to the Austrian Notes Trustee Act (*Kuratorenengesetz*) an Austrian court can appoint a trustee (*Kurator*) for the Notes to exercise the rights and represent the interests of Holders on their behalf. 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 securities.** 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 European Economic Area, 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 TEXT OF THE CONDITIONS OF ISSUE IS LEGALLY BINDING THE 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 Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (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 EUR 200,000 (the "**Specified Denomination**").

(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; the 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 subparagraph (a) above from a date (the "**Exchange Date**") not earlier than 40 calendar days after the issue date 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 issue date of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6 (5)).]

(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, A-1010 Vienna, Austria ("**OeKB CSD**")], [and] [Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, LUX-1855 Luxembourg, Grand Duchy of Luxembourg ("**CBL**") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium ("**Euroclear**" and, together with CBL, the "**ICSDs**")], [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 constitute AT 1 Instruments.

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

- (i) junior to all present or future (a) unsubordinated instruments or obligations of the Issuer; and (b) (x) obligations under 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);
- (ii) *pari passu* (a) among themselves; and (b) with all present or future obligations ranking or expressed to rank *pari passu* with the Notes; and
- (iii) senior to all present or future (a) ordinary shares of the Issuer and any other CET 1 Instruments; and (b) 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.

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 of the CRR.

**"CET 1 Instruments"** means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 of the CRR, including any capital instruments (such as the Participation 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*), as amended 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 of the CRR, including any capital instruments that qualify as Tier 2 instruments pursuant to transitional provisions under the CRR.

For the avoidance of doubt, Holders will not participate in any reserves of the Issuer in case of its 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 below).

(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 Commercial 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* or junior to the Notes) of the Issuer have been satisfied first.

No insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Notes. The Notes do not contribute to a determination that the liabilities of the Issuer exceeds 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 or Security*. Claims of the Issuer are not permitted to be set-off against repayment obligations of the Issuer under these 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. No subsequent agreement may limit the subordination pursuant to this § 2 or amend the perpetuity of the Notes.



## § 3

## DISTRIBUTIONS

(1) *Distribution Rates and Distribution Payment Dates.* The Notes shall bear distributions on the Current Principal Amount (as defined below) 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**") (the "**First Period**") and thereafter at the relevant Reset Rate of Distributions (as determined according to § 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]**. Distribution Payment Dates are subject to adjustment in accordance with the provisions set out in § 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 in the First Period such amount of distributions shall be calculated by applying the First Rate of Distributions to the Current Principal Amount and if the amount of distributions payable under the Notes is required to be calculated for any period of time in any Reset Period such amount of distributions shall be calculated by applying the applicable Reset Rate of Distributions to the Current Principal Amount, in each case multiplying such sum by the applicable Day Count Fraction (as defined below), and rounding the resultant 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.

(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 (the "**Calculation Period**"):

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

1. 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
2. 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.

"**Determination Period**" means the period from, and including, a Determination Date 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) or Actual/365 applies, insert:** the actual number of calendar days in the Calculation Period divided by 365 (or, if any 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 [the applicable Reference Rate] **[insert other 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 [applicable Reference Rate] **[insert other 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 of the German Civil Code); the Calculation Agent shall take general market practice into account when determining such rate.

"**German Civil Code**" means the German Civil Code (*Bürgerliches Gesetzbuch - BGB*), as amended 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 interbank market]*.

*[If the Reference Rate is a Euro swap rate, insert: "Euro-zone"* means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992), the Amsterdam Treaty of 2 October 1997 and the Treaty of Lisbon of 13 December 2007, as further amended from time to time.]

(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 default rate of distributions established by law.<sup>3</sup> This does not affect any additional rights that might be available to the Holders.

(6) *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 in accordance with § 10 without undue delay and in any event no later than on the 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, in whole or in part, if and to the extent:

- (i) the distribution payment scheduled to be paid together with any Additional Amounts (as defined below) thereon and any further Relevant Distributions would exceed 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 and together with any Additional Amounts thereon on the Notes) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based;
- (ii) the Competent Authority orders the relevant distribution payment scheduled to be paid to be cancelled in whole or in part; or
- (iii) on the relevant Distribution Payment Date such distribution payment aggregated with any other distributions of the kind referred to in § 24(2) of the Austrian Banking Act (implementing Article 141(2) of the CRD IV in Austria) would not be in compliance with the restrictions relating to the Maximum Distributable Amount.

Any distribution payment so cancelled will be non-cumulative and will be cancelled definitively and no payments will be made nor will any Holder be entitled to receive any payment or indemnity in respect

<sup>3</sup> 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) of the German Civil Code.

thereof. Any such cancellation of distributions does not constitute an event of default of the Issuer and imposes no restrictions on the Issuer.

Where:

**"Austrian Banking Act"** means the Austrian Banking Act (*Bankwesengesetz – BWG*), as amended from time to time.

**"Competent Authority"** means the competent authority pursuant to Article 4(1)(40) of the CRR which is responsible to supervise the Issuer and/or the 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*), as implemented in Austria and as amended 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) of the 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.

**"Group"** means Vorarlberger Landesbank-Holding and its consolidated Subsidiaries, including the Issuer.

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

**"Relevant Distributions"** means the sum of (i) any payments of distributions on the Notes made or scheduled to be made by the Issuer in the relevant financial year of the Issuer; and (ii) any payments of interest, dividends or distributions made or scheduled to be made by the Issuer on any other Tier 1 Instruments in the relevant financial year of the Issuer, and (iii) the amount of any Write-up (as defined below) in the relevant financial year, if any.

**"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.

**"Subsidiary"** means any subsidiary of Vorarlberger Landesbank-Holding pursuant to Article 4(1)(16) of the CRR, including the Issuer.

**"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* as regards payment of interest, dividends or distributions with CET 1 Instruments or AT 1 Instruments.

**"Vorarlberger Landesbank-Holding"** means the parent undertaking of the Issuer pursuant to Article 4(1)(15) of the CRR.

#### § 4

#### PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal on the Notes shall be made, subject to paragraph (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 paragraph (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 whose Specified Currency 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 of the German Civil Code)) 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 of the German Civil Code).]

(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 Call Redemption Amount of the Notes (both as specified in § 5); 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.*

(a) The Issuer may, upon notice given in accordance with subparagraph (b), redeem the Notes in whole, but not in part, on the Call Redemption Date(s) at the applicable Call Redemption Amount together with accrued distributions, if any, and subject to cancellation of distributions pursuant to § 3 (6), to, but excluding, the (relevant) Call Redemption Date. Any such redemption pursuant to this subsection § 5 (3) shall not be possible before five years after the date of issuance and shall only be possible provided that the redemption conditions laid down in § 5 (6) are met.

"**Call Redemption Amount**" equals the Current Principal Amount.

"**Call Redemption Date**" means the First Reset Date occurring not before five years after the date of issuance of the Notes and each **[[insert applicable number]** anniversary date thereof **]** [Distribution Payment Date thereafter] **[Reset Date thereafter]**.

(b) Notice of redemption shall be given by the Issuer to the Holders in accordance with § 10. Such notice shall be irrevocable and shall specify:

- (i) the series number of the Notes;
- (ii) the Call Redemption Date which shall be 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]] after the calendar day on which notice is given by the Issuer to the Holders; and
- (iii) the Call Redemption Amount at which the Notes are to be redeemed.

(4) *Redemption for Reasons of Taxation.* The Notes may be redeemed at the option of the Issuer in whole, but not in part, **[at any time]** **[on the next Distribution Payment Date]** on giving not less than **[insert Minimum Notice Period]** nor more than **[insert Maximum Notice Period]** [calendar days] [Business Days] prior notice of redemption to the Fiscal Agent and, in accordance with § 10, to the Holders (which notice shall be irrevocable), if there is a change in the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event or a Gross-up Event, which, in the case of any redemption prior to the fifth anniversary of the date of the issuance of the Notes, the Issuer has demonstrated to the satisfaction of the Competent Authority is material and was not reasonably foreseeable as at the date of their issuance, and provided that the redemption conditions laid down in § 5 (6) are met.

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, 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.

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 would not be entitled to claim a deduction in respect of distributions paid on the Notes in computing its taxation liabilities in Austria, or such deductibility is materially reduced.

(5) *Redemption for Regulatory Reasons.* The Notes may be redeemed at the option of the Issuer in whole, but not in part, **[at any time]** **[on the next Distribution Payment Date]** on giving not less than **[insert Minimum Notice Period]** nor more than **[insert Maximum Notice Period]** [calendar days] [Business Days] prior notice of redemption to the Fiscal Agent and, in accordance with § 10, to the Holders (which notice shall be irrevocable), if there is a change in the regulatory classification of the Notes that would be likely to result in their full or partial exclusion from own funds or reclassification as a lower quality form of own funds, and provided that the following conditions are met: in the case of any redemption prior to the fifth anniversary of the date of the issuance of the Notes (i) the Competent Authority considers such change to be sufficiently certain; (ii) 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 their issuance; and (iii) the redemption conditions laid down in § 5 (6) are met.

(6) *Redemption Conditions.* Any redemption pursuant to this § 5 and any repurchase requires that the Competent Authority has granted the Issuer the prior permission in accordance with Article 78 of the CRR for the redemption, whereas such permission may, *inter alia*, require that:

- (i) earlier than or at the same time as the redemption, 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 the redemption, exceed the requirements laid down in Article 92(1) of the

CRR and the combined buffer requirement as defined in point (6) of Article 128 of the CRD IV by a margin that the Competent Authority may consider necessary on the basis of Article 104(3) of the CRD IV.

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

(7) *Redemption Amount*. In case of a redemption pursuant to § 5 (4) or § 5 (5), the Notes will be redeemed at their Current Principal Amount together with distributions, if any and subject to cancellation of distributions pursuant to § 3 (6), accrued to, but excluding, the date of redemption.

(8) *Write-down*. 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 by the Issuer that a Trigger Event has occurred; and
- (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 (as defined below);
- (iv) (without the need for the consent of Holders) reduce the Current Principal Amount of each Note by the relevant Write-down Amount (such reduction being referred to as a "**Write-down**") 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 calculated 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 and the Current Principal Amount of a Note may never be reduced to below **[insert Specified Currency] [0.01 or lower amount]**.

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

Where:

"**Applicable Supervisory Regulations**" mean the provisions of the Austrian Banking Act, the CRD IV, the CRR, and the CDR including any (existing or future) regulations and decisions issued on the basis of the afore-mentioned laws and regulations binding on the Issuer and/or the Group.

"**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 (*Capital Delegated Regulation*), as amended from time to time.

"**Current Principal Amount**" means initially the Specified Denomination, 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 (as defined below), if any (up to the Specified Denomination).

"**Effective Date**" means the date specified as such in the Write-down Notice to the Holders, being 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 the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) of the CRR of the 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 the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) of the 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.

"**Minimum 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.**

"**Required Loss Absorption Amount**" means the amount by which, upon the occurrence of a Trigger Event, a write-down of the aggregate Current Principal Amount of the Notes shall be effected *pro rata* with the aggregate (current) principal amount of any other AT 1 Instruments whose trigger events for a write-

down or conversion (loss absorption) pursuant to their terms have occurred and whose minimum trigger levels have not been restored, irrespective of the opening of any insolvency proceedings. For such purpose, the total amount of the write-downs to be allocated *pro rata* shall be equal to the amount required to fully restore or maintain the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio to at least the Minimum Trigger Level, as applicable, but shall not exceed the sum of the principal amounts of AT 1 Instruments whose trigger events for a write-down or conversion pursuant to their terms have occurred and whose minimum trigger levels have not been restored and which are outstanding at the time of occurrence of the Trigger Event.

To the extent the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred is not, or within one month from the determination that the relevant trigger event has occurred will not be, effective for any reason:

- (i) the ineffectiveness of any such write-down (or write-off) or conversion into Common Equity Tier 1 instruments shall not prejudice the requirement to effect a Write-down of the Notes (loss absorption); and
- (ii) the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred which is not, or within one month from the determination that the relevant Trigger Event has occurred will not be, effective shall not be taken into account in determining such Write-down of the Notes.

Where:

A "**Trigger Event**" occurs if it has been determined that: (i) the Group CET 1 Capital Ratio and/or (ii) the Issuer CET 1 Capital Ratio fall to an amount that is lower than the applicable Minimum Trigger Level.

"**Write-down Amount**" per Note means the amount by which the Current Principal Amount per Note is to be Written-down on an Effective Date, being the higher of (i) the *pro rata* share of the Note in the Required Loss Absorption Amount and (ii) if the amount in (i) is insufficient to fully restore or maintain the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio to the Minimum Trigger Level, the amount necessary to reduce the Current Principal Amount to **[insert Specified Currency] [insert 0.01 or lower amount]**. **[if Specified Currency is not euro, insert:** Any amounts in any currency other than euro will, for purposes of establishing the Write-down Amount be converted into euro at the foreign exchange rate prevailing on the [third] business day prior to the Effective Date; such foreign exchange rate shall be determined by the Issuer in its reasonable discretion (§ 315 of the German Civil Code).]

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).

(9) *Write-up*. The Issuer may, at its sole discretion, effect a reversal of a Write-down by writing up the Current Principal Amount in whole or in part up to a maximum of the Specified Denomination (a "**Write-up**"), provided that a positive Profit has been recorded, and subject to the below limitations. There will be no obligation for the Issuer to operate or accelerate a Write-up under any specific circumstances.

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

At its discretion (without being obliged to) the Issuer may effect such Write-up provided that:

- (i) 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;
- (ii) such Write-up is applied on a *pro rata* basis to all Notes and among Loss Absorbing Written-down Instruments; and
- (iii) the sum of (a) the aggregate amount attributed to the relevant Write-up of the Notes and (b) the aggregate amount of any distribution and any Additional Amounts thereon scheduled to be paid on the aggregate Current Principal Amount of the Notes as calculated at the moment the Write-up is operated will not exceed the Maximum Write-up Amount.

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 pursuant to Article 28 of the CRR and shall be subject, together with other distributions on CET 1 Instruments, to the restrictions relating to the Maximum Distributable Amount as referred to in § 24(2) of the Austrian Banking Act (implementing Article 141(2) of the CRD IV in Austria).

For the avoidance of doubt, a Write-up of the Notes may occur on one or more occasions until the Current Principal Amount equals the Specified Denomination. 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.

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 Specified Denomination and the effective date of the Write-up (in each case a "**Write-up Date**") no later than ten 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 at the time when the notice to the Holders is given in accordance with § 10 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:

"**Maximum Write-up Amount**" means the lower of:

- (i) the consolidated Profit multiplied by the sum of the aggregate Specified Denomination and the aggregate initial principal amount of all Loss Absorbing Written down Instruments of the Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 Capital pursuant to Article 25 of the CRR of the Group as at the date the relevant Write-Up is operated; and
- (ii) the Profit on a single institution basis multiplied by the sum of the aggregate Specified Denomination 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 of the CRR of the Issuer as at the date the relevant Write-Up is operated;

unless the Applicable Supervisory Regulations provide otherwise on the date of the relevant Write-up.

"**Loss Absorbing Written-down Instruments**" means any (directly or indirectly issued) Additional Tier 1 instrument pursuant to Article 52 of the CRR (other than the Notes) of the Issuer or, as applicable, any instrument issued by a member of the Group and qualifying as Additional Tier 1 instruments pursuant to Article 52 of the CRR of the Issuer and/or the Group, which has had all or some of its principal amount written-down on a temporary basis, and that has terms permitting a principal write-up to occur on a basis similar to that provided herein in the circumstances existing on the date of the write-up of the Notes.

**[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 individual 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 Group, 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.

## § 6

### FISCAL AGENT, PAYING AGENT[S] AND CALCULATION AGENT

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

Fiscal Agent and Principal Paying Agent:

**[In case Vorarlberger Landes- und Hypothekbank Aktiengesellschaft shall be appointed as initial Fiscal and Principal Paying Agent insert:**

Vorarlberger Landes- und Hypothekbank AG  
Hypo-Passage 1  
A-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 Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft shall be appointed as Calculation Agent insert:**

Vorarlberger Landes- und Hypothekenbank AG

Hypo-Passage 1

A-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 reserve the right at any time to change their respective specified office to some other specified office in the same city.

(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 place 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 in accordance with § 10 of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Fiscal Agent, the Paying Agents and the Calculation Agent 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 the Fiscal Agent shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, the Paying Agents, the Calculation Agent 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.

**[In case of Notes which are initially represented by a Temporary Global Note, which will be exchanged for a Permanent Global Note, or in case of Notes whose Specified Currency is U.S. dollar, insert:**

(5) *United States.* For purposes of these Terms and Conditions, "**United States**" or "**U.S.**" 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).]

## § 7

### TAXATION

(1) *General Taxation.* All payments of principal and 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, 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 or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven calendar days after that on which notice is duly given to the Holders in accordance with § 10 that, upon further presentation of the Notes being made, such payment will be made, provided that payment is in fact made upon such presentation, except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the Note for payment on the [thirtieth] **[insert other relevant number of calendar days]** such calendar day.

(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 German Civil Code is reduced to [ten] **[insert other time period]** years for the Notes.

## § 9

### FURTHER ISSUES OF NOTES, PURCHASES 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) *Purchases*. **[If a purchase of Notes is permissible, insert:** The Issuer and any of its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price. Notes purchased by the Issuer or the Subsidiary may, at the option of the Issuer or such Subsidiary, be held, resold or surrendered to the Fiscal Agent for cancellation. No purchase shall be possible unless all applicable regulatory and other statutory restrictions are observed and provided that the redemption conditions laid down in § 5 (6) are met.] **[If a purchase of Notes is not permissible, insert:** Neither the Issuer nor its Subsidiaries may at any time purchase 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 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*. Notices regarding the Notes which are to be given by any Holder to the Issuer shall be validly given if delivered 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

#### 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.* The [District Court (*Landgericht*) in Frankfurt am Main, Federal Republic of Germany] [**insert other German or Austrian court**], shall have non-exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in connection with the Notes. [**Insert if a German court has jurisdiction:** The Issuer appoints Kanzlei Wucher & Kollegen, Sedanstraße 4, D-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 (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b), and (ii) 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.

#### § 12

#### LANGUAGE

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.]

The following German language translation of the Terms and Conditions of the Notes has not been approved by the FMA. The FMA did not review its consistency with the English language Terms and Conditions of the Notes.

Die folgende deutschsprachige Übersetzung der Emissionsbedingungen wurde nicht von der FMA gebilligt. Auch die Übereinstimmung mit den englischsprachigen Emissionsbedingungen wurde nicht von der FMA geprüft.

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

DER ENGLISCHE TEXT DIESER ANLEIHEBEDINGUNGEN IST RECHTSVERBINDLICH, DIE 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 Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (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 EUR 200.000 (die "**Festgelegte Stückelung**") 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 Ausschüttungszahlungsanspruch 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; der Ausschüttungszahlungsanspruch 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 dem vorstehenden Unterabsatz (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 Unterabsatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 6 (5) definiert) zu liefern.]

(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, société anonyme, 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**")] [,] [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 stellen AT 1 Instrumente dar.

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

- (i) nachrangig gegenüber allen gegenwärtigen oder zukünftigen (a) nicht-nachrangigen Instrumenten oder Verbindlichkeiten der Emittentin; und (b) (x) Verbindlichkeiten aus allen Tier 2 Instrumenten; 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);
- (ii) gleichrangig (a) untereinander; und (b) mit allen gegenwärtigen oder zukünftigen Verpflichtungen, die gleichrangig mit den Schuldverschreibungen sind oder als diesen gegenüber gleichrangig bezeichnet werden; und
- (iii) vorrangig gegenüber allen gegenwärtigen oder zukünftigen (a) Stammaktien der Emittentin und allen anderen CET 1 Instrumenten; und (b) 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 sind oder als diesen gegenüber gleichrangig bezeichnet werden.

Dabei gilt:

"**AT 1 Instrumente**" bezeichnet (direkt oder indirekt begebene) Kapitalinstrumente der Emittentin, die zu Instrumenten des zusätzlichen Kernkapitals (*Additional Tier 1*) gemäß Artikel 52 CRR 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 (wie die Partizipationskapitalinstrumente), 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 Fassung.

"**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 Instrumenten des Ergänzungskapitals zählen.

Klarstellend wird festgestellt, dass die Gläubiger im Fall der Liquidation der Emittentin nicht an deren Rücklagen 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 nachstehend 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.

Wegen der Verbindlichkeiten der Emittentin aus den Schuldverschreibungen braucht kein Insolvenzverfahren gegen die Emittentin eröffnet zu werden. 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 oder Sicherheiten.* Forderungen der Emittentin dürfen nicht gegen Rückzahlungspflichten der Emittentin gemäß diesen Schuldverschreibungen aufgerechnet 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. Durch nachträgliche Vereinbarung darf weder die Nachrangigkeit gemäß diesem § 2 eingeschränkt noch die unbegrenzte Laufzeit der Schuldverschreibungen geändert werden.

### § 3 AUSSCHÜTTUNGEN

(1) *Ausschüttungssätze und Ausschüttungszahlungstage.* Auf die Schuldverschreibungen werden auf der Grundlage ihres Aktuellen Kapitalbetrags (wie nachstehend definiert) 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) (die "**Erste Periode**") 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]**. Ausschüttungszahlungstage unterliegen einer Anpassung in Übereinstimmung mit den in § 4 (4) enthaltenen Bestimmungen.

(2) *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, indem der Erste Ausschüttungssatz auf den Aktuellen Kapitalbetrag angewendet wird, und wenn der auf die Schuldverschreibungen zahlbare Ausschüttungsbetrag für einen Zeitraum in einer Neufestsetzungsperiode zu berechnen ist, erfolgt die Berechnung des Ausschüttungsbetrags, 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 Marktconvention erfolgt.

(3) *Tagesquotient.* "**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:**

1. 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 Feststellungstermine (wie nachstehend angegeben) in einem Kalenderjahr; oder
2. 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 Feststellungstermine 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 Feststellungstermine in einem Kalenderjahr.

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

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

**[Falls Actual/Actual (ISDA) oder Actual/365 anwendbar ist, einfügen:** die tatsächliche Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 365 (oder, falls ein Teil 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 einschlägig, 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 [anwendbaren Referenzsatz] [**anderen Satz 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 [anwendbaren Referenzsatzes] [**anderen Satz 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 Fassung.

"**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 das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag zur Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992), den Vertrag von Amsterdam vom 2. Oktober 1997 und den Vertrag von Lissabon vom 13. Dezember 2007, in seiner jeweils geltenden Fassung, die gemeinsame Währung eingeführt haben oder zu dem jeweiligen Zeitpunkt eingeführt haben werden.]

(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 gesetzlich verankerten Ausschüttungsverzugsatzes<sup>4</sup> verzinst. Weitergehende Ansprüche der Gläubiger bleiben unberührt.

(6) *Ausfall von Ausschüttungen*. 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 unverzüglich und in keinem Fall später als am Ausschüttungszahlungstag gemäß § 10 davon benachrichtigen.

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

- (i) die zur Zahlung vorgesehene Ausschüttungszahlung zusammen mit entsprechenden Zusätzlichen Beträgen (wie nachstehend definiert) und weiteren Relevanten Ausschüttungen die 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 und zusammen mit entsprechenden Zusätzlichen Beträgen auf die Schuldverschreibungen) bei der Berechnung des Gewinns, auf dem die verfügbaren Ausschüttungsfähigen Posten basieren, ausgewiesen wurde;
- (ii) die Zuständige Behörde anordnet, dass die jeweilige zur Zahlung vorgesehene Ausschüttungszahlung ganz oder teilweise ausfallen soll; oder
- (iii) am jeweiligen Ausschüttungszahlungstag eine solche Ausschüttungszahlung zusammen mit anderen in § 24 Abs 2 BWG (der Artikel 141 (2) CRD IV in Österreich umgesetzt) genannten Ausschüttungen nicht mit den Beschränkungen in Bezug auf den Maximal Ausschüttungsfähigen Betrag vereinbar wäre.

Jede derartig ausgefallene Ausschüttungszahlung ist nicht-kumulativ und fällt definitiv 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.

Dabei gilt:

"**BWG**" bezeichnet das österreichische Bankwesengesetz in der jeweils geltenden Fassung.

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

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

"**Gruppe**" bezeichnet die Vorarlberger Landesbank-Holding und ihre konsolidierten Tochtergesellschaften

<sup>4</sup> Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288(1), 247(1) BGB.

einschließlich der Emittentin.

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

**"Relevante Ausschüttungen"** bezeichnet die Summe aus (i) im jeweiligen Finanzjahr der Emittentin durch die Emittentin geleisteten oder zur Leistung vorgesehenen Ausschüttungszahlungen auf die Schuldverschreibungen, und (ii) Zins-, Dividenden- oder Ausschüttungszahlungen, die im jeweiligen Finanzjahr der Emittentin durch die Emittentin auf andere Tier 1 Instrumente geleistet wurden oder zur Leistung vorgesehen sind, und (iii) Beträgen von Wiederzuschreibungen (wie nachstehend definiert) im jeweiligen Finanzjahr, soweit vorhanden.

**"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 Finanzjahr 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.

**"Tochtergesellschaft"** bezeichnet jede Tochtergesellschaft der Vorarlberger Landesbank-Holding gemäß Artikel 4 (1) (16) CRR einschließlich der Emittentin.

**"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.

**"Vorarlberger Landesbank-Holding"** bezeichnet das Mutterunternehmen der Emittentin gemäß Artikel 4 (1) (15) CRR.

#### § 4 ZAHLUNGEN

(1) (a) *Zahlung von Kapital.* Die Zahlung von Kapital auf die Schuldverschreibungen erfolgt nach Maßgabe des nachstehenden Absatzes (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 Absatzes (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 Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibungen (beide wie in § 5 angegeben) 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 des Gläubigers*. Die Gläubiger haben kein Recht, die Rückzahlung der Schuldverschreibungen zu verlangen.

(3) *Rückzahlung nach Wahl der Emittentin*.

(a) Die Emittentin kann, nachdem sie gemäß Unterabsatz (b) gekündigt hat, die Schuldverschreibungen insgesamt, aber nicht teilweise an dem (den) Wahl-Rückzahlungstag(en) (Call) zu dem maßgeblichen Wahl-Rückzahlungsbetrag (Call) und vorbehaltlich des Ausfalls von Ausschüttungen gemäß § 3 (6) nebst etwaigen bis zum (jeweiligen) Wahl-Rückzahlungstag (Call) (ausschließlich) aufgelaufenen Ausschüttungen zurückzahlen. Eine solche Rückzahlung gemäß diesem § 5 (3) ist nur möglich, sofern der Zeitpunkt der Emission mindestens fünf Jahre zurückliegt und die Voraussetzungen für eine Rückzahlung nach § 5 (6) erfüllt sind.

Der "Wahl-Rückzahlungsbetrag (Call)" entspricht dem Aktuellen Kapitalbetrag.

"Wahl-Rückzahlungstag (Call)" bezeichnet den Ersten Neufestsetzungstag, der erst fünf Jahre nach dem Zeitpunkt der Emission der Schuldverschreibungen eintritt und jeden **[[maßgebliche Zahl einfügen]** Jahrestag davon] [Ausschüttungszahlungstag danach] [Neufestsetzungstag danach].

(b) Die Kündigung ist den Gläubigern durch die Emittentin gemäß § 10 bekannt zu geben. Sie ist unwiderruflich und beinhaltet die folgenden Angaben:

- (i) die Seriennummer der Schuldverschreibungen;
- (ii) den Wahl-Rückzahlungstag (Call), der nicht weniger als **[Mindestkündigungsfrist, die nicht weniger als 5 Geschäftstage betragen darf, einfügen]** [Kalendertage] [Geschäftstage] **[im Fall einer Höchstkündigungsfrist einfügen]** und nicht mehr als **[Höchstkündigungsfrist einfügen]** [Kalendertage] [Geschäftstage] nach dem Kalendertag der Kündigung durch die Emittentin gegenüber den Gläubigern liegen darf; und
- (iii) den Wahl-Rückzahlungsbetrag (Call), zu dem die Schuldverschreibungen zurückgezahlt werden.

(4) *Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können nach Wahl der Emittentin insgesamt, jedoch nicht teilweise [jederzeit] [am nächsten Ausschüttungszahlungstag] mit einer Kündigungsfrist von nicht weniger als **[Mindestkündigungsfrist einfügen]** und nicht mehr als **[Höchstkündigungsfrist einfügen]** [Kalendertagen] [Geschäftstagen] gegenüber der Emissionsstelle und gemäß § 10 gegenüber den Gläubigern gekündigt werden (wobei diese Kündigung unwiderruflich ist), wenn sich die geltende steuerliche Behandlung der Schuldverschreibungen ändert, unter anderem aber ohne darauf beschränkt zu sein, infolge eines Ereignisses der Steuerlichen Abzugsfähigkeit oder eines Aufzahlungsereignisses, und, im Fall einer Rückzahlung vor dem fünften Jahrestag des Zeitpunkts der Emission der Schuldverschreibungen, hat die Emittentin der Zuständigen Behörde hinreichend nachgewiesen, dass diese Änderung wesentlich ist und zum Zeitpunkt der Emission der Schuldverschreibungen nicht vorherzusehen war, und sofern die Voraussetzungen für eine Rückzahlung nach § 5 (6) erfüllt sind.

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, wobei alle diese Zusätzlichen Beträge jedoch nur zahlbar sind, wenn und soweit sie: (i) nicht die Ausschüttungsfähigen Posten übersteigen würden; und (ii) sich nur auf eine Quellensteuer beziehen, die auf Ausschüttungen durch oder im Namen der Emittentin anwendbar ist.

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

(5) *Rückzahlung aus regulatorischen Gründen.* Die Schuldverschreibungen können nach Wahl der Emittentin insgesamt, jedoch nicht teilweise [jederzeit] [am nächsten Ausschüttungszahlungstag] mit einer Kündigungsfrist von nicht weniger als **[Mindestkündigungsfrist einfügen]** und nicht mehr als **[Höchstkündigungsfrist einfügen]** [Kalendertagen] [Geschäftstagen] gegenüber der Emissionsstelle und gemäß § 10 gegenüber den Gläubigern gekündigt werden (wobei diese Kündigung unwiderruflich ist), wenn sich die aufsichtsrechtliche Einstufung der Schuldverschreibungen ändert, was wahrscheinlich zu ihrem gänzlichen oder teilweisen Ausschluss aus den Eigenmitteln oder ihrer Neueinstufung als Eigenmittel geringerer Qualität führen würde, und die folgenden Bedingungen erfüllt sind: im Fall einer Rückzahlung vor dem fünften Jahrestag des Zeitpunkts der Emission der Schuldverschreibungen (i) hält es die Zuständige Behörde für ausreichend sicher, dass eine solche Änderung stattfindet; (ii) hat die Emittentin der Zuständigen Behörde hinreichend nachgewiesen, dass zum Zeitpunkt der Emission der Schuldverschreibungen die aufsichtsrechtliche Neueinstufung nicht vorherzusehen war; und (iii) die Rückzahlungsbedingungen nach § 5 (6) sind erfüllt.

(6) *Voraussetzungen für eine Rückzahlung.* Eine Rückzahlung nach diesem § 5 und jeder Rückkauf setzt voraus, dass die Zuständige Behörde der Emittentin zuvor die Erlaubnis zur Rückzahlung der Schuldverschreibungen in Übereinstimmung mit Artikel 78 CRR erteilt hat, wobei diese Erlaubnis unter anderem voraussetzen kann, dass:

- (i) die Emittentin vor oder gleichzeitig mit der Rückzahlung 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 die Anforderungen nach Artikel 92 (1) CRR und die kombinierte

Kapitalpufferanforderung (wie in Artikel 128 (6) CRD IV definiert) um eine Spanne übertreffen, die die Zuständige Behörde nach Artikel 104 (3) CRD IV gegebenenfalls für erforderlich hält.

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

(7) *Rückzahlungsbetrag*. Im Fall einer Rückzahlung gemäß § 5 (4) oder § 5 (5) werden die Schuldverschreibungen zu ihrem Aktuellen Kapitalbetrag und vorbehaltlich des Ausfalls von Ausschüttungen gemäß § 3 (6) zuzüglich etwaiger bis zum Rückzahlungstag (ausschließlich) aufgelaufener Ausschüttungen zurückgezahlt.

(8) *Herabschreibung*. Wenn ein Auslöseereignis (wie nachstehend definiert) eingetreten ist, wird die Emittentin:

- (i) unverzüglich die Zuständige Behörde 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 durch die Emittentin, dass ein Auslöseereignis eingetreten ist, bestimmen; und
- (iii) die Emissionsstelle und die Gläubiger unverzüglich durch Veröffentlichung einer Mitteilung (eine solche Mitteilung ist eine "**Herabschreibungsmittteilung**"), die den Herabschreibungsbetrag sowie den neuen/verringerten Aktuellen Kapitalbetrag jeder Schuldverschreibung und den Stichtag (wie nachstehend definiert) beinhaltet, informieren, dass ein Auslöseereignis eingetreten ist;
- (iv) (ohne dass eine Zustimmung der Gläubiger erforderlich ist) den 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).

Klarstellend wird festgestellt, dass ein Auslöseereignis jederzeit berechnet werden und mehrfach eintreten kann und 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.

Die Emittentin gibt nach Bekanntgabe einer Herabschreibungsmittteilung solange keine Kündigung bekannt, bis die Herabschreibung in Bezug auf das jeweilige Auslöseereignis durchgeführt wurde. Außerdem gilt die Kündigung automatisch als widerrufen und ist nichtig und ist die jeweilige Kündigung nicht durchzuführen, falls ein Auslöseereignis nach einer Kündigung, aber vor dem Tag, an dem diese Kündigung wirksam wird, eintritt.

Dabei gilt:

"**Anwendbare Aufsichtsvorschriften**" bezeichnet die Bestimmungen des BWG, der CRD IV, der CRR und der CDR einschließlich der (bestehenden oder künftigen) auf der Grundlage der vorgenannten Gesetze und Vorschriften erlassenen Verordnungen und ergangenen Entscheidungen, die für die Emittentin und/oder die Gruppe bindend sind.

"**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 Fassung.

"**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 Wiederschreibung (wie nachstehend definiert) (bis zur Festgelegten Stückelung) erhöht werden kann.

"**Stichtag**" bezeichnet den in der Herabschreibungsmittteilung an die Gläubiger als solchen angegebenen 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 durch die 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 durch die Emittentin gemäß den Anwendbaren Aufsichtsvorschriften, deren Feststellung für die Gläubiger bindend ist.

"**Mindestauslöseschwelle**" bezeichnet in Bezug auf: (i) die CET 1 Kapitalquote der Gruppe [**konsolidierte Mindestauslöseschwelle einfügen**] % und/oder (ii) die CET 1 Kapitalquote der Emittentin [**Einzelmindestauslöseschwelle einfügen**] %.

"**Erforderlicher Verlusttragungsbetrag**" bezeichnet den Betrag, um den bei Eintritt eines Auslöseereignisses eine Herabschreibung des gesamten Aktuellen Kapitalbetrags der Schuldverschreibungen anteilig zum gesamten (aktuellen) Kapitalbetrag aller anderen AT 1 Instrumente erfolgt, bei denen Auslöseereignisse für eine Herabschreibung oder Umwandlung (Verlusttragung) gemäß ihren Bedingungen eingetreten sind und deren Mindestauslöseschwellen nicht wiederhergestellt wurden, ungeachtet der Eröffnung etwaiger Insolvenzverfahren. Dafür soll der Gesamtbetrag der anteilig zuzuweisenden Herabschreibungen dem Betrag entsprechen, der erforderlich ist, um die CET 1 Kapitalquote der Emittentin und/oder die CET 1 Kapitalquote der Gruppe, soweit erforderlich, zumindest bis zur Mindestauslöseschwelle vollständig wiederherzustellen oder auf der Mindestauslöseschwelle zu halten, jedoch darf er die Summe der Kapitalbeträge von AT 1 Instrumenten, bei denen Auslöseereignisse für eine Herabschreibung oder Umwandlung gemäß ihren Bedingungen eingetreten sind und deren Mindestauslöseschwellen nicht wiederhergestellt wurden und die zum Zeitpunkt des Eintritts des Auslöseereignisses ausstehen, nicht übersteigen.

Soweit die Herabschreibung (oder die Abschreibung) oder die Umwandlung aller anderen AT 1 Instrumente, bei denen Auslöseereignisse für eine Herabschreibung oder Umwandlung gemäß ihren Bedingungen eingetreten sind, in Instrumente des harten Kernkapitals aus irgendeinem Grund nicht wirksam ist oder nicht innerhalb eines Monats ab der Feststellung, dass das jeweilige Auslöseereignis eingetreten ist, wirksam wird:

- (i) beeinträchtigt die Unwirksamkeit einer solchen Herabschreibung (oder Abschreibung) oder Umwandlung in Instrumente des harten Kernkapitals die Anforderung, eine Herabschreibung der Schuldverschreibungen (Verlusttragung) vorzunehmen, nicht; und
- (ii) wird die Herabschreibung (oder Abschreibung) oder Umwandlung aller anderen AT 1 Instrumente, bei denen Auslöseereignisse für eine Herabschreibung oder Umwandlung gemäß ihren Bedingungen eingetreten sind, in Instrumente des harten Kernkapitals, die nicht wirksam ist oder nicht innerhalb eines Monats ab Feststellung, dass das jeweilige Auslöseereignis eingetreten ist, wirksam wird, bei der Bestimmung einer solchen Herabschreibung der Schuldverschreibungen nicht berücksichtigt.

Dabei gilt:

Ein "**Auslöseereignis**" tritt ein, wenn festgestellt wurde, dass: (i) die CET 1 Kapitalquote der Gruppe und/oder (ii) die CET 1 Kapitalquote der Emittentin unter einen Betrag fällt, der niedriger als die anwendbare Mindestauslöseschwelle ist.

"**Herabschreibungsbetrag**" je Schuldverschreibung bezeichnet den Betrag, um den der Aktuelle Kapitalbetrag je Schuldverschreibung am Stichtag herabgeschrieben werden muss und der dem höheren der folgenden Beträge entspricht: (i) dem anteiligen Betrag der Schuldverschreibung am Erforderlichen Verlusttragungsbetrag und (ii) falls der Betrag aus (i) nicht ausreichend ist, um die CET 1 Kapitalquote der Emittentin und/oder die CET 1 Kapitalquote der Gruppe bis zur Mindestauslöseschwelle vollständig wiederherzustellen oder auf der Mindestauslöseschwelle zu halten, dem Betrag, der erforderlich ist, um den Aktuellen Kapitalbetrag auf **[Festgelegte Währung einfügen] [0,01 oder geringerer Betrag]** zurückzuführen. **[Falls die Festgelegte Währung nicht Euro ist, einfügen:** Beträge in einer anderen Währung als Euro werden zur Ermittlung des Herabschreibungsbetrages zu dem am [dritten] Geschäftstag vor dem Stichtag geltenden Wechselkurs in Euro umgerechnet; dieser Wechselkurs wird durch die Emittentin nach ihrem billigen Ermessen (§ 315 BGB) festgestellt.]

Jede Reduzierung des Aktuellen Kapitalbetrags einer Schuldverschreibung gemäß dieses § 5(8) begründet in keiner Hinsicht einen Verzug durch die Emittentin, und die Gläubiger haben kein Recht, herabgeschriebene Beträge zu verlangen, ob in der Insolvenz oder Liquidation der Emittentin oder anderweitig, ausgenommen (gegebenenfalls) solche Beträge, die einer Wiederschreibung gemäß § 5(9) unterliegen.

(9) *Wiederschreibung.* Die Emittentin kann nach ihrem alleinigen Ermessen eine Rücknahme einer Herabschreibung durch Wiederschreibung auf den Aktuellen Kapitalbetrag, ganz oder teilweise, bis höchstens zur Festgelegten Stückelung (eine "**Wiederschreibung**") bewirken, vorausgesetzt, dass ein positiver Gewinn verzeichnet wurde und dass keine der nachstehenden Beschränkungen bestehen. Für die Emittentin besteht keinerlei Verpflichtung, unter bestimmten Umständen eine Wiederschreibung vorzunehmen oder zu beschleunigen.

Wenn sich die Emittentin nach ihrem billigen Ermessen entsprechend entscheidet, tritt die Wirksamkeit der Wiederschreibung mit dem Wiederschreibungstag (wie nachstehend definiert) (einschließlich) ein.

Nach ihrem Ermessen (ohne dass sie dazu verpflichtet ist) kann die Emittentin eine solche Wiederschreibung bewirken, wobei:

- (i) zum Zeitpunkt der Wiederschreibung kein Auslöseereignis bestehen und fortauern darf; jede Wiederschreibung ist auch ausgeschlossen wenn eine solche Wiederschreibung zum Eintritt eines Auslöseereignisses führen würde;

- (ii) eine solche Wiederzuschreibung anteilig für alle Schuldverschreibungen und unter den Verlustabsorbierenden Herabgeschriebenen Instrumenten erfolgen muss; und
- (iii) die Summe aus (a) dem Gesamtbetrag, welcher der jeweiligen Wiederzuschreibung der Schuldverschreibungen zugeschrieben wird, und (b) dem Gesamtbetrag einer Ausschüttung und der entsprechenden Zusätzlichen Beträge, die zur Zahlung auf den gesamten Aktuellen Kapitalbetrag der Schuldverschreibungen vorgesehen sind, die im Zeitpunkt der Durchführung der Wiederzuschreibung berechnet wurde, den Maximalen Wiederzuschreibungsbetrag nicht übersteigt.

Der Betrag von Wiederzuschreibungen und Ausschüttungszahlungen auf den verringerten Aktuellen Kapitalbetrag wird als Zahlung behandelt, die aus einer Verringerung des harten Kernkapitals gemäß Artikel 28 CRR resultiert, und unterliegt zusammen mit anderen Ausschüttungen auf CET 1 Instrumente den Beschränkungen in Bezug auf den Maximal Ausschüttungsfähigen Betrag im Sinne des § 24 Abs 2 BWG (der Artikel 141 (2) CRD IV in Österreich umsetzt).

Klarstellend wird festgelegt, dass eine Wiederzuschreibung auf die Schuldverschreibungen mehrfach vorgenommen werden kann, bis der Aktuelle Kapitalbetrag der Festgelegten Stückelung entspricht. Wiederzuschreibungen sind gegenüber Dividendenzahlungen und anderen Ausschüttungen auf Aktien und andere CET 1 Instrumente der Emittentin nicht vorrangig, das heißt solche Zahlungen und Ausschüttungen sind auch dann erlaubt, wenn keine vollständige Wiederzuschreibung auf die Schuldverschreibungen durchgeführt wurde.

Wenn die Emittentin die Durchführung einer Wiederzuschreibung beschließt, gibt sie gegenüber der Emissionsstelle und gemäß § 10 gegenüber den Gläubigern die Wiederzuschreibung (einschließlich des Wiederzuschreibungsbetrages als Prozentsatz der Festgelegten Stückelung und des Stichtags der Wiederzuschreibung (jeweils ein "**Wiederzuschreibungstag**")) spätestens zehn Kalendertage vor dem jeweiligen Wiederzuschreibungstag bekannt. Die Wiederzuschreibung gilt als wirksam erfolgt, sobald die Mitteilung den Gläubigern gemäß § 10 übermittelt wurde, und der Aktuelle Kapitalbetrag gilt als mit Wirkung vom Wiederzuschreibungstag um den in der Mitteilung festgelegten Betrag erhöht.

Dabei gilt:

"**Maximaler Wiederzuschreibungsbetrag**" bezeichnet den niedrigeren der folgenden Beträge:

- (i) den konsolidierten Gewinn multipliziert mit der Summe aus der gesamten Festgelegten Stückelung und dem gesamten anfänglichen Kapitalbetrag aller Verlustabsorbierenden Herabgeschriebenen Instrumente der Gruppe (zur Klarstellung, vor dem Zeitpunkt der Herabschreibung) und dividiert durch das gesamte Tier 1 Kapital gemäß Artikel 25 CRR der Gruppe zum Zeitpunkt der Durchführung der jeweiligen Wiederzuschreibung; oder
- (ii) den Gewinn auf Einzelinstitutsebene multipliziert mit der Summe aus der gesamten Festgelegten Stückelung und dem gesamten anfänglichen Kapitalbetrag aller Verlustabsorbierenden Herabgeschriebenen Instrumente der Emittentin (zur Klarstellung, vor dem Zeitpunkt der Herabschreibung) und dividiert durch das gesamte Tier 1 Kapital gemäß Artikel 25 CRR der Emittentin zum Zeitpunkt der Durchführung der jeweiligen Wiederzuschreibung;

sofern die Anwendbaren Aufsichtsvorschriften am Tag der jeweiligen Wiederzuschreibung nichts anderes verlangen.

"**Verlustabsorbierende Herabgeschriebene Instrumente**" bezeichnet alle (direkt oder indirekt begebenen) Instrumente des zusätzlichen Kernkapitals (*Additional Tier 1*) gemäß Artikel 52 CRR (ausgenommen die Schuldverschreibungen) der Emittentin oder, soweit anwendbar, alle Instrumente, die von einem Mitglied der Gruppe begeben wurden und zu den Instrumenten des zusätzlichen Kernkapitals (*Additional Tier 1*) gemäß Artikel 52 CRR der Emittentin und/oder der Gruppe zählen, und die den gesamten Kapitalbetrag oder Teile ihres Kapitalbetrages vorübergehend herabgeschrieben haben und die Bedingungen enthalten, die eine Kapitalwiederzuschreibung erlauben, die auf einer ähnlichen Grundlage erfolgt, wie es hier unter den Umständen vorgesehen ist, die zum Zeitpunkt der Wiederzuschreibung der Schuldverschreibungen bestehen.

**[Falls die Festgelegte Währung nicht Euro ist, einfügen:** Beträge in einer anderen Währung als Euro werden zur Ermittlung des Maximalen Wiederzuschreibungsbetrages zu dem am [dritten] Geschäftstag vor dem Stichtag geltenden Wechselkurs in Euro umgerechnet.]

"**Gewinn**" bezeichnet (i) den Jahresüberschuss der Emittentin auf Einzelinstitutsebene, der in den Relevanten Jahresabschlüssen ausgewiesen ist; oder (ii) den konsolidierten Jahresüberschuss auf konsolidierter Basis, der in den konsolidierten Jahresabschlüssen der Gruppe ausgewiesen ist, jeweils nachdem solche Relevanten Jahresabschlüsse oder konsolidierten Jahresabschlüsse entweder vom Aufsichtsrat oder, falls erforderlich, von der Hauptversammlung der Emittentin festgestellt wurden.



**§ 6  
DIE EMISSIONSSTELLE,  
DIE ZAHLSTELLE[N] UND  
DIE BERECHNUNGSSTELLE**

(1) *Bestellung; Bezeichnete Geschäftsstellen.* Die anfänglich bestellte Emissionsstelle, die anfänglich bestellte Hauptzahlstelle **[falls (eine) weitere Zahlstelle(n) bestellt werden soll(en), einfügen:]**, die anfänglich bestellte(n) Zahlstelle(n)] und die anfänglich bestellte Berechnungsstelle und ihre jeweiligen anfänglich bezeichneten Geschäftsstellen sind:

Emissionsstelle und Hauptzahlstelle:

**[Falls die Vorarlberger Landes- und Hypothekbank Aktiengesellschaft als anfängliche bestellte Emissions- und Hauptzahlstelle bestellt werden soll, einfügen:**

Vorarlberger Landes- und Hypothekbank AG  
Hypo-Passage 1  
A-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 Vorarlberger Landes- und Hypothekbank Aktiengesellschaft als Berechnungsstelle bestellt werden soll, einfügen:**

Vorarlberger Landes- und Hypothekbank 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 behalten sich das Recht vor, jederzeit ihre jeweilige bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder 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 an einem Ort unterhalten, den 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 sobald wie möglich nach Eintritt der Wirksamkeit einer solchen Veränderung gemäß § 10 informieren.

(3) *Beauftragte der Emittentin.* Die Emissionsstelle, die Zahlstellen und die Berechnungsstelle 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 der Emissionsstelle 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 Zahlstellen, die Berechnungsstelle 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.

**[Im Fall von Schuldverschreibungen, die anfänglich durch eine Vorläufige Globalurkunde verbrieft sind, die gegen eine Dauerglobalurkunde ausgetauscht werden soll, oder im Fall von Schuldverschreibungen, deren Festgelegte Währung U.S.-Dollar ist, einfügen: (5) Vereinigte Staaten.** Für die Zwecke dieser Emissionsbedingungen bezeichnet "Vereinigte Staaten" oder "U.S." 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).]

## § 7 STEUERN

(1) *Generelle Besteuerung.* Sämtliche Zahlungen von Kapital und 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 diesem Fall 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 jene der bloßen Inhaberschaft einer Schuldverschreibung verpflichtet ist; oder

(b) wenn Schuldverschreibungen mehr als [30] **[anderen Zeitraum einfügen]** Kalendertage nach dem Zeitpunkt, an dem eine Zahlung erstmals fällig wird, oder (falls ein fälliger Betrag unrechtmäßig zurückgehalten oder verweigert wird) nach dem Zeitpunkt, an dem eine vollständige Bezahlung des ausstehenden Betrags erfolgt, oder (falls früher) nach dem Zeitpunkt, der sieben Kalendertage nach jenem Kalendertag liegt, an dem eine Mitteilung an die Gläubiger ordnungsgemäß gemäß § 10 erfolgt, wonach bei weiterer Vorlage der Schuldverschreibungen die Zahlung erfolgen wird, vorausgesetzt, dass die Zahlung tatsächlich bei Vorlage durchgeführt wird, zur Zahlung vorgelegt werden, außer soweit der Gläubiger zum Erhalt Zusätzlicher Beträge bei Vorlage der Schuldverschreibung zur Zahlung am [30.] **[andere maßgebliche Zahl von Kalendertagen einfügen]** Kalendertag berechtigt gewesen wäre.

(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 Abs1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf [zehn] **[anderen Zeitraum einfügen]** Jahre abgekürzt.

## § 9 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF 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) *Ankauf.* **[Falls ein Ankauf der Schuldverschreibungen zulässig ist, einfügen:** Die Emittentin und jede ihrer Tochtergesellschaften sind berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin oder ihrer Tochtergesellschaft erworbenen Schuldverschreibungen können nach Wahl der Emittentin bzw. dieser Tochtergesellschaft gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Ein solcher Ankauf ist nur unter Beachtung aller anwendbaren aufsichtsrechtlichen und sonstigen gesetzlichen Beschränkungen und unter der Voraussetzung, dass die Bedingungen für eine Rückzahlung nach § 5 (6) erfüllt sind, möglich.] **[Falls ein Ankauf der Schuldverschreibungen nicht zulässig ist, einfügen:** Die Emittentin und ihre Tochtergesellschaften sind nicht berechtigt, zu irgendeinem Zeitpunkt Schuldverschreibungen zu kaufen.]

(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 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.* Die Schuldverschreibungen betreffende Mitteilungen der Gläubiger an die Emittentin gelten als wirksam erfolgt, wenn sie der Emittentin oder der Emissionsstelle (zur Weiterleitung an die Emittentin) 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 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.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstigen Verfahren (die **"Rechtsstreitigkeiten"**) ist das [Landgericht Frankfurt am Main, Bundesrepublik Deutschland] **[anderes deutsches oder österreichisches Gericht einfügen]**. **[Falls ein deutsches Gericht zuständig ist, einfügen:** Die Emittentin bestellt die Kanzlei Wucher & Kollegen, Sedanstraße 4, D-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: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtkapitalbetrag der Schuldverschreibungen bezeichnet, die zum Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearingsystem eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält, und (ii) 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.

## **§ 12 SPRACHE**

Diese Übersetzung der Emissionsbedingungen ist in der deutschen Sprache abgefasst. Die Emissionsbedingungen in englischer Sprache sind beigefügt. Der englische Text ist bindend und maßgeblich. Die Übersetzung in die deutsche Sprache ist unverbindlich.]

**[OPTION II – TERMS AND CONDITIONS FOR NOTES WITH A FIXED TO FLOATING DISTRIBUTION RATE]**

THE ENGLISH TEXT OF THE CONDITIONS OF ISSUE IS LEGALLY BINDING THE 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 Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (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 EUR 200,000 (the "**Specified Denomination**").

(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; the 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 subparagraph (a) above from a date (the "**Exchange Date**") not earlier than 40 calendar days after the issue date 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 issue date of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to subparagraph (b) of this § 1 (3). Any securities delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 6 (5)).]

(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, A-1010 Vienna, Austria ("OeKB CSD")] [,] [and] [Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, LUX-1855 Luxembourg, Grand Duchy of Luxembourg ("CBL") and Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium ("Euroclear" and, together with CBL, the "ICSDs")] [,] [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 constitute AT 1 Instruments.

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

- (i) junior to all present or future (a) unsubordinated instruments or obligations of the Issuer; and (b) (x) obligations under 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);
- (ii) *pari passu* (a) among themselves; and (b) with all present or future obligations ranking or expressed to rank *pari passu* with the Notes; and
- (iii) senior to all present or future (a) ordinary shares of the Issuer and any other CET 1 Instruments; and (b) 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.

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 of the CRR.

**"CET 1 Instruments"** means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 of the CRR, including any capital instruments (such as the Participation 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*), as amended 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 of the CRR, including any capital instruments that qualify as Tier 2 instruments pursuant to transitional provisions under the CRR.

For the avoidance of doubt, Holders will not participate in any reserves of the Issuer in case of its 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 below).

(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 Commercial 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* or junior to the Notes) of the Issuer have been satisfied first.

No insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Notes. The Notes do not contribute to a determination that the liabilities of the Issuer exceeds 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 or Security*. Claims of the Issuer are not permitted to be set-off against repayment obligations of the Issuer under these 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. No subsequent agreement may limit the subordination pursuant to this § 2 or amend the perpetuity of the Notes.

**§ 3  
DISTRIBUTIONS**

(1) *Fixed Rate Distributions.*

(a) *Fixed Rate of Distributions and Fixed Distribution Payment Dates.* The Notes shall bear distributions on the Current Principal Amount (as defined below) 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 Reset 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 distribution payments insert:** Distributions] for the First Period 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 Fixed Distribution Payment Dates]** in each year (each such date, a "Fixed Distribution Payment Date"), commencing on **[insert first Fixed Distribution Payment Date]**. Fixed Distributions Payment Dates are subject to adjustment in accordance with the provisions set out in § 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 applying the First Rate of Distributions to the Current Principal Amount (as defined below) multiplying such sum by the applicable Fixed Rate Day Count Fraction (as defined below), and rounding the resultant 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.

(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:**

1. 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
2. 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.

"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 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 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) or Actual/365 applies, insert:** the actual number of calendar days in the Calculation Period divided by 365 (or, if any 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 Distributions.*

(a) *Floating 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 Distribution Payment Date and thereafter from and including each Floating Distribution Payment Date to but excluding the next subsequent Floating Distribution Payment Date (each such period a "**Floating Distribution Period**").

Distributions on the Notes shall be scheduled to be paid in arrear on each Floating Distribution Payment Date. "**Floating Distribution Payment Date**" means each **[insert specified Floating Distribution Payment Dates]**, commencing on **[insert first Floating Distribution Payment Date]**. Floating Distribution Payment Dates are subject to adjustment in accordance with the provisions set out in § 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 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 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 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 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 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 such Floating 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 Distribution Period shall be deemed to be the rate determined by the Calculation Agent in its reasonable discretion (§ 315 of the German Civil Code); the Calculation Agent shall take general market practice into account when determining such rate.

"**German Civil Code**" means the German Civil Code (*Bürgerliches Gesetzbuch - BGB*), as amended 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 the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992), the Amsterdam Treaty of 2 October 1997 and the Treaty of Lisbon of 13 December 2007, as further amended from time to time.])

**[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 Distribution Period (as defined below) shall be *[insert number, term and 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 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 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 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 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 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 Distribution Period shall be deemed to be the rate determined by the Calculation Agent in its reasonable discretion (§ 315 of the German Civil Code); the Calculation Agent shall take general market practice into account when determining such rate.

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

*[If the Reference Rate is a Euro swap rate, insert: "Euro-zone"* means the region comprised of those member states of the European Union that have adopted, or will have adopted from time to time, the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992), the Amsterdam Treaty of 2 October 1997 and the Treaty of Lisbon of 13 December 2007, as further amended from time to time.]]

(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 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 sum by the applicable Floating Rate Day Count Fraction (as defined below) and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency, with half of such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(d) *Notification of Floating Rate of Distributions and Floating Amount of Distributions.* The Calculation Agent will cause the Floating Distribution Period, the Floating Rate of Distributions, the Floating Amount of Distributions and the Floating Distribution Payment Date for the relevant Floating 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 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 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, 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.

(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 Calculation Period**"):

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

1. if the Floating Calculation Period is equal to or shorter than the Floating Rate Determination Period during which the Floating Calculation Period ends, the number of calendar days in such Floating 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
2. if the Floating Calculation Period is longer than the Floating Rate Determination Period during which the Floating Calculation Period ends, the sum of
  - (A) the number of calendar days in such Floating Calculation Period falling in the Floating Rate Determination Period in which the Floating 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 first Floating Distribution Payment Date is not a Floating Rate Determination Date, the period commencing on the first Floating Rate Determination Date prior to the Floating Distribution Commencement Date, and where the final

Floating 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 Distribution Payment Date, as the case may be). The number of floating rate determination dates per calendar year (each a "**Floating Rate Determination Date**") is [*insert number of regular floating distribution payment dates per calendar year*].]

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

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

[*In case 30/360, 360/360 or Bond Basis applies, insert:* the number of calendar days in the Floating 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 Calculation Period is the 31st calendar day of a month but the first calendar day of the Floating 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 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 default rate of distributions established by law<sup>5</sup>. This does not affect any additional rights that might be available to the Holders.

(4) *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 Fixed Distribution Payment Date or Floating 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.

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, in whole or in part, if and to the extent:

- (i) the distribution payment scheduled to be paid together with any Additional Amounts (as defined below) thereon and any further Relevant Distributions would exceed 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 and together with any Additional Amounts thereon on the Notes) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based;
- (ii) the Competent Authority orders the relevant distribution payment scheduled to be paid to be cancelled in whole or in part; or
- (iii) on the relevant Distribution Payment Date such distribution payment aggregated with any other distributions of the kind referred to in § 24(2) of the Austrian Banking Act (implementing Article 141(2) of the CRD IV in Austria) would not be in compliance with the restrictions relating to the Maximum Distributable Amount.

Any distribution payment so cancelled will be non-cumulative and will be cancelled definitively 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 does not constitute an event of default of the Issuer and imposes no restrictions on the Issuer.

Where:

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<sup>5</sup> 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) of the German Civil Code.

"**Austrian Banking Act**" means the Austrian Banking Act (*Bankwesengesetz – BWG*), as amended from time to time.

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) of the CRR which is responsible to supervise the Issuer and/or the 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*), as implemented in Austria and as amended 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) of the 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.

"**Group**" means Vorarlberger Landesbank-Holding and its consolidated Subsidiaries, including the Issuer.

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

"**Relevant Distributions**" means the sum of (i) any payments of distributions on the Notes made or scheduled to be made by the Issuer in the relevant financial year of the Issuer; and (ii) any payments of interest, dividends or distributions made or scheduled to be made by the Issuer on any other Tier 1 Instruments in the relevant financial year of the Issuer, and (iii) the amount of any Write-up (as defined below) in the relevant financial year, if any.

"**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 Fixed Distribution Payment Date or Floating Distribution Payment Date, or (ii) if such audited and adopted unconsolidated annual financial statements of the Issuer are not available at the relevant Fixed Distribution Payment Date or Floating 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.

"**Subsidiary**" means any subsidiary of Vorarlberger Landesbank-Holding pursuant to Article 4(1)(16) of the CRR, including the Issuer.

"**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* as regards payment of interest, dividends or distributions with CET 1 Instruments or AT 1 Instruments.

"**Vorarlberger Landesbank-Holding**" means the parent undertaking of the Issuer pursuant to Article 4(1)(15) of the CRR.

#### § 4 PAYMENTS

(1) (a) *Payment of Principal*. Payment of principal on the Notes shall be made, subject to paragraph (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 paragraph (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 whose Specified Currency 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 of the German Civil Code)) 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 of the German Civil Code).]

(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 which falls prior to or on the Reset Date 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.]

(5) *Floating 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 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 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 Payment Business Day.]

**[In case of FRN Convention (adjusted), the following applies:**

postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (i) the Floating Distribution Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Floating Distribution Payment Date shall be the last 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 Payment Business Day.]

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

"**Floating 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 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 relevant Floating Distribution Period shall be adjusted accordingly.]

**[If the distribution amount shall not be adjusted, insert:** If a Floating 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 relevant Floating Distribution Period 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 Call Redemption Amount of the Notes (both as specified in § 5); 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.*

(a) The Issuer may, upon notice given in accordance with subparagraph (b), redeem the Notes in whole, but not in part, on the Call Redemption Date(s) at the applicable Call Redemption Amount together with accrued distributions, if any, and subject to cancellation of distributions pursuant to § 3 (4), to, but excluding, the (relevant) Call Redemption Date. Any such redemption pursuant to this subsection § 5 (3) shall not be possible before five years after the date of issuance and shall only be possible provided that the redemption conditions laid down in § 5 (6) are met.

"**Call Redemption Amount**" equals the Current Principal Amount.

"**Call Redemption Date**" means (i) each Reset Date occurring not before five years after the date of issuance of the Notes and (ii) thereafter each Floating Distribution Payment Date [falling 12 months after the previous Call Redemption Date].

(b) Notice of redemption shall be given by the Issuer to the Holders in accordance with § 10. Such notice shall be irrevocable and shall specify:

- (i) the series number of the Notes;
- (ii) the Call Redemption Date which shall be 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]] after the calendar day on which notice is given by the Issuer to the Holders; and
- (iii) the Call Redemption Amount at which the Notes are to be redeemed.

(4) *Redemption for Reasons of Taxation.* The Notes may be redeemed at the option of the Issuer in whole, but not in part, during the First Period at any time and during a Floating Distribution Period [at any time] [on the next Floating Distribution Payment Date] on giving not less than **[insert Minimum Notice Period]** nor more than **[insert Maximum Notice Period]** [calendar days] [Business Days] prior notice of redemption to the Fiscal Agent and, in accordance with § 10, to the Holders (which notice shall be irrevocable), if there is a change in the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event or a Gross-up Event, which, in the case of any redemption prior to the fifth anniversary of the date of the issuance of the Notes, the Issuer has demonstrated to the satisfaction of the Competent Authority is material and was not reasonably foreseeable as at the date of their issuance, and provided that the redemption conditions laid down in § 5 (6) are met.

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, 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.

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 would not be entitled to claim a deduction in respect of distributions paid on the Notes in computing its taxation liabilities in Austria, or such deductibility is materially reduced.

(5) *Redemption for Regulatory Reasons.* The Notes may be redeemed at the option of the Issuer in whole, but not in part, during the First Period at any time and during a Floating Distribution Period [at any time] [On the next Floating Distribution Payment Date] on giving not less than [*insert Minimum Notice Period*] nor more than [*insert Maximum Notice Period*] [calendar days] [Business Days] prior notice of redemption to the Fiscal Agent and, in accordance with § 10, to the Holders (which notice shall be irrevocable), if there is a change in the regulatory classification of the Notes that would be likely to result in their full or partial exclusion from own funds or reclassification as a lower quality form of own funds, and provided that the following conditions are met: in the case of any redemption prior to the fifth anniversary of the date of the issuance of the Notes (i) the Competent Authority considers such change to be sufficiently certain; (ii) 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 their issuance; and (iii) the redemption conditions laid down in § 5 (6) are met.

(6) *Redemption Conditions.* Any redemption pursuant to this § 5 and any repurchase requires that the Competent Authority has granted the Issuer the prior permission in accordance with Article 78 of the CRR for the redemption, whereas such permission may, *inter alia*, require that:

- (i) earlier than or at the same time as the redemption, 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 the redemption, exceed the requirements laid down in Article 92(1) of the CRR and the combined buffer requirement as defined in point (6) of Article 128 of the CRD IV by a margin that the Competent Authority may consider necessary on the basis of Article 104(3) of the CRD IV.

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

(7) *Redemption Amount.* In case of a redemption pursuant to § 5 (4) or § 5 (5), the Notes will be redeemed at their Current Principal Amount together with distributions, if any and subject to cancellation of distributions pursuant to § 3 (4), accrued to, but excluding, the date of redemption.

(8) *Write-down.* 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 by the Issuer that a Trigger Event has occurred; and
- (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 (as defined below);
- (iv) (without the need for the consent of Holders) reduce the Current Principal Amount of each Note by the relevant Write-down Amount (such reduction being referred to as a "**Write-down**") 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 calculated 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 and the Current Principal Amount of a Note may never be reduced to below [*insert Specified Currency*] [**0.01 or lower amount**].

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

Where:

**"Applicable Supervisory Regulations"** mean the provisions of the Austrian Banking Act, the CRD IV, the CRR, and the CDR including any (existing or future) regulations and decisions issued on the basis of the afore-mentioned laws and regulations binding on the Issuer and/or the Group.

**"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 (*Capital Delegated Regulation*), as amended from time to time.

**"Current Principal Amount"** means initially the Specified Denomination, 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 (as defined below), if any (up to the Specified Denomination).

**"Effective Date"** means the date specified as such in the Write-down Notice to the Holders, being 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 the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) of the CRR of the 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 the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) of the 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.

**"Minimum 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.

**"Required Loss Absorption Amount"** means the amount by which, upon the occurrence of a Trigger Event, a write-down of the aggregate Current Principal Amount of the Notes shall be effected *pro rata* with the aggregate (current) principal amount of any other AT 1 Instruments whose trigger events for a write-down or conversion (loss absorption) pursuant to their terms have occurred and whose minimum trigger levels have not been restored, irrespective of the opening of any insolvency proceedings. For such purpose, the total amount of the write-downs to be allocated *pro rata* shall be equal to the amount required to fully restore or maintain the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio to at least the Minimum Trigger Level, as applicable, but shall not exceed the sum of the principal amounts of AT 1 Instruments whose trigger events for a write-down or conversion pursuant to their terms have occurred and whose minimum trigger levels have not been restored and which are outstanding at the time of occurrence of the Trigger Event.

To the extent the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred is not, or within one month from the determination that the relevant trigger event has occurred will not be, effective for any reason:

- (i) the ineffectiveness of any such write-down (or write-off) or conversion into Common Equity Tier 1 instruments shall not prejudice the requirement to effect a Write-down of the Notes (loss absorption); and
- (ii) the write-down (or write-off) or conversion into Common Equity Tier 1 instruments of any other AT 1 Instrument whose trigger events for a write-down or conversion pursuant to their terms have occurred which is not, or within one month from the determination that the relevant Trigger Event has occurred will not be, effective shall not be taken into account in determining such Write-down of the Notes.

Where:

A **"Trigger Event"** occurs if it has been determined that: (i) the Group CET 1 Capital Ratio and/or (ii) the Issuer CET 1 Capital Ratio fall to an amount that is lower than the applicable Minimum Trigger Level.

**"Write-down Amount"** per Note means the amount by which the Current Principal Amount per Note is to be Written-down on an Effective Date, being the higher of (i) the *pro rata* share of the Note in the Required Loss Absorption Amount and (ii) if the amount in (i) is insufficient to fully restore or maintain the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio to the Minimum Trigger Level, the amount necessary to reduce the Current Principal Amount to [*insert Specified Currency*] [*insert 0.01 or lower amount*]. [*if Specified Currency is not euro, insert: Any amounts in any currency other than euro will, for purposes of establishing the Write-down Amount be converted into euro at the foreign exchange rate*



prevailing on the [third] business day prior to the Effective Date; such foreign exchange rate shall be determined by the Issuer in its reasonable discretion (§ 315 of the German Civil Code.) 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 Write-up in accordance with § 5(9).

(9) *Write-up*. The Issuer may, at its sole discretion, effect a reversal of a Write-down by writing up the Current Principal Amount in whole or in part up to a maximum of the Specified Denomination (a "**Write-up**"), provided that a positive Profit has been recorded, and subject to the below limitations. There will be no obligation for the Issuer to operate or accelerate a Write-up under any specific circumstances.

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

At its discretion (without being obliged to) the Issuer may effect such Write-up provided that:

- (i) 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;
- (ii) such Write-up is applied on a *pro rata* basis to all Notes and among Loss Absorbing Written-down Instruments; and
- (iii) the sum of (a) the aggregate amount attributed to the relevant Write-up of the Notes and (b) the aggregate amount of any distribution and any Additional Amounts thereon scheduled to be paid on the aggregate Current Principal Amount of the Notes as calculated at the moment the Write-up is operated will not exceed the Maximum Write-up Amount.

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 pursuant to Article 28 of the CRR and shall be subject, together with other distributions on CET 1 Instruments, to the restrictions relating to the Maximum Distributable Amount as referred to in § 24(2) of the Austrian Banking Act (implementing Article 141(2) of the CRD IV in Austria).

For the avoidance of doubt, a Write-up of the Notes may occur on one or more occasions until the Current Principal Amount equals the Specified Denomination. 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.

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 Specified Denomination and the effective date of the Write-up (in each case a "**Write-up Date**")) no later than ten 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 at the time when the notice to the Holders is given in accordance with § 10 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:

"**Maximum Write-up Amount**" means the lower of:

- (i) the consolidated Profit multiplied by the sum of the aggregate Specified Denomination and the aggregate initial principal amount of all Loss Absorbing Written-down Instruments of the Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 Capital pursuant to Article 25 of the CRR of the Group as at the date the relevant Write-Up is operated; and
- (ii) the Profit on a single institution basis multiplied by the sum of the aggregate Specified Denomination 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 of the CRR of the Issuer as at the date the relevant Write-Up is operated;

unless the Applicable Supervisory Regulations provide otherwise on the date of the relevant Write-up.

"**Loss Absorbing Written-down Instruments**" means any (directly or indirectly issued) Additional Tier 1 instrument pursuant to Article 52 of the CRR (other than the Notes) of the Issuer or, as applicable, any instrument issued by a member of the Group and qualifying as Additional Tier 1 instruments pursuant to Article 52 of the CRR of the Issuer and/or the Group, which has had all or some of its principal amount written-down on a temporary basis, and that has terms permitting a principal write-up to occur on a basis similar to that provided herein in the circumstances existing on the date of the write-up of the Notes.

**[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 individual 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 Group, 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.

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

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

Fiscal Agent and Principal Paying Agent:

***[In case Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft shall be appointed as initial Fiscal and Principal Paying Agent insert:***

Vorarlberger Landes- und Hypothekenbank AG  
Hypo-Passage 1  
A-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 Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft shall be appointed as Calculation Agent insert:***

Vorarlberger Landes- und Hypothekenbank AG  
Hypo-Passage 1  
A-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 reserve the right at any time to change their respective specified office to some other specified office in the same city.

(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 place 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 in accordance with § 10 of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer.* The Fiscal Agent, the Paying Agents and the Calculation Agent 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 the Fiscal Agent shall (in the absence of wilful default, bad faith, inequity or manifest error) be binding on the Issuer, the Paying Agents, the Calculation Agent 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.

**[In case of Notes which are initially represented by a Temporary Global Note, which will be exchanged for a Permanent Global Note, or in case of Notes whose Specified Currency is U.S. dollar, insert:**

(5) *United States*. For purposes of these Terms and Conditions, "**United States**" or "**U.S.**" 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).]

## § 7 TAXATION

(1) *General Taxation*. All payments of principal and 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, 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 or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven calendar days after that on which notice is duly given to the Holders in accordance with § 10 that, upon further presentation of the Notes being made, such payment will be made, provided that payment is in fact made upon such presentation, except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the Note for payment on the [thirtieth] **[insert other relevant number of calendar days]** such calendar day.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA)*. The Issuer is authorized 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 German Civil Code is reduced to [ten] **[insert other time period]** years for the Notes.

## § 9 FURTHER ISSUES OF NOTES, PURCHASES 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) *Purchases*. **[If a purchase of Notes is permissible, insert:** The Issuer and any of its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price. Notes purchased by the Issuer or the Subsidiary may, at the option of the Issuer or such Subsidiary, be held, resold or surrendered to the Fiscal Agent for cancellation. No purchase shall be possible unless all applicable regulatory and other statutory restrictions are observed and provided that the redemption conditions laid down in § 5 (6) are met.] **[If a purchase of Notes is not permissible, insert:** Neither the Issuer nor its Subsidiaries may at any time purchase 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 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*. Notices regarding the Notes which are to be given by any Holder to the Issuer shall be validly given if delivered 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 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*. The [District Court (*Landgericht*) in Frankfurt am Main, Federal Republic of Germany] [*insert other German or Austrian court*], shall have non-exclusive jurisdiction for any action or other legal proceedings (the "**Proceedings**") arising out of or in connection with the Notes. [*Insert if a German court has jurisdiction*: The Issuer appoints Kanzlei Wucher & Kollegen, Sedanstraße 4, D-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 (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b), and (ii) 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.

## § 12 LANGUAGE

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.]

The following German language translation of the Terms and Conditions of the Notes has not been approved by the FMA. The FMA did not review its consistency with the English language Terms and Conditions of the Notes.

Die folgende deutschsprachige Übersetzung der Emissionsbedingungen wurde nicht von der FMA gebilligt. Auch die Übereinstimmung mit den englischsprachigen Emissionsbedingungen wurde nicht von der FMA geprüft.

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

DER ENGLISCHE TEXT DIESER ANLEIHEBEDINGUNGEN IST RECHTSVERBINDLICH, DIE DEUTSCHE  
ÜBERSETZUNG DIENST LEDIGLICH INFORMATIONSZWECKEN

**§ 1  
WÄHRUNG, STÜCKELUNG, FORM,  
BESTIMMTE DEFINITIONEN**

(1) *Währung, Stückelung.* Diese Tranche (die "**Tranche**") von nachrangigen Schuldverschreibungen (die "**Schuldverschreibungen**") wird von der Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (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 EUR 200.000 (die "**Festgelegte Stückelung**") 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 Ausschüttungsanspruch 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; der 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 dem vorstehenden Unterabsatz (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 Unterabsatz (b) dieses § 1 (3) auszutauschen. Wertpapiere, die im Austausch für die Vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 6 (5) definiert) zu liefern.]

(4) *Clearingsystem.* Die Globalurkunde(n) wird (werden) von einem Clearingsystem oder in dessen Namen 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, société anonyme, 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**") [.] [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 stellen AT 1 Instrumente dar.

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

- (i) nachrangig gegenüber allen gegenwärtigen oder zukünftigen (a) nicht-nachrangigen Instrumenten oder Verbindlichkeiten der Emittentin; und (b) (x) Verbindlichkeiten aus allen Tier 2 Instrumenten; 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);
- (ii) gleichrangig (a) untereinander; und (b) mit allen gegenwärtigen oder zukünftigen Verpflichtungen, die gleichrangig mit den Schuldverschreibungen sind oder als diesen gegenüber gleichrangig bezeichnet werden; und
- (iii) vorrangig gegenüber allen gegenwärtigen oder zukünftigen (a) Stammaktien der Emittentin und allen anderen CET 1 Instrumenten; und (b) 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 sind oder als diesen gegenüber gleichrangig bezeichnet werden.

Dabei gilt:

"**AT 1 Instrumente**" bezeichnet (direkt oder indirekt begebene) Kapitalinstrumente der Emittentin, die zu Instrumenten des zusätzlichen Kernkapitals (*Additional Tier 1*) gemäß Artikel 52 CRR 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 (wie die Partizipationskapitalinstrumente), 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 Fassung.

"**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 Instrumenten des Ergänzungskapitals zählen.

Klarstellend wird festgestellt, dass die Gläubiger im Fall der Liquidation der Emittentin nicht an deren Rücklagen 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 nachstehend 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.

Wegen der Verbindlichkeiten der Emittentin aus den Schuldverschreibungen braucht kein Insolvenzverfahren gegen die Emittentin eröffnet zu werden. 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 oder Sicherheiten.* Forderungen der Emittentin dürfen nicht gegen Rückzahlungspflichten der Emittentin gemäß diesen Schuldverschreibungen aufgerechnet 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. Durch nachträgliche Vereinbarung darf weder die Nachrangigkeit gemäß diesem § 2 eingeschränkt noch die unbegrenzte Laufzeit der Schuldverschreibungen geändert werden.

### § 3 AUSSCHÜTTUNGEN

(1) *Ausschüttungen mit fixem Satz.*

(a) *Fixer Ausschüttungssatz und Fixe Ausschüttungszahlungstage.* Auf die Schuldverschreibungen werden auf der Grundlage ihres Aktuellen Kapitalbetrags (wie nachstehend definiert) zu einem Satz von **[Ersten Ausschüttungssatz einfügen]** % per annum (der "**Erste Ausschüttungssatz**") Ausschüttungen geleistet, und zwar vom **[Ausschüttungsbeginn einfügen]** (der "**Ausschüttungsbeginn**") (einschließlich) bis zum **[Neufestsetzungstag einfügen]** (der "**Neufestsetzungstag**") (ausschließlich) (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 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 für die Erste Periode zur Zahlung vorgesehen (jeweils ein "**Fixer Ausschüttungszahlungstag**"), beginnend mit **[ersten Fixen Ausschüttungszahlungstag einfügen]**. Fixe Ausschüttungstage unterliegen einer Anpassung in Übereinstimmung mit den in § 4 (4) enthaltenen Bestimmungen.

(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, indem der Erste Ausschüttungssatz auf den Aktuellen Kapitalbetrag (wie nachstehend definiert) angewendet wird, und einer solchen Summe mit dem anwendbaren Fixsatztagesquotienten (wie nachstehend definiert) multipliziert und das hieraus resultierende Ergebnis auf die nächste Untereinheit der Festgelegten Währung gerundet wird, wobei eine halbe Untereinheit aufgerundet wird oder die Rundung ansonsten gemäß der anwendbaren Marktconvention erfolgt.

(c) *Fixsatztagesquotient.* "**Fixsatztagesquotient**" bezeichnet in Bezug auf die Berechnung eines Ausschüttungsbetrags auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Berechnungszeitraum**"):

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

1. falls der Berechnungszeitraum kürzer ist als die Fixsatzfeststellungsperiode, in die das Ende des Berechnungszeitraums fällt, oder falls der Berechnungszeitraum der Fixsatzfeststellungsperiode entspricht, die Anzahl der Kalendertage in dem Berechnungszeitraum dividiert durch das Produkt aus (x) der Anzahl der Kalendertage in der Fixsatzfeststellungsperiode und (y) der Anzahl der Fixsatzfeststellungstermine (wie nachstehend angegeben) in einem Kalenderjahr; oder
2. falls der Berechnungszeitraum länger ist als die Fixsatzfeststellungsperiode, in die das Ende des Berechnungszeitraums fällt, die Summe aus
  - (A) der Anzahl der Kalendertage in dem Berechnungszeitraum, die in die Fixsatzfeststellungsperiode fallen, in welcher der Berechnungszeitraum beginnt, dividiert durch das Produkt aus (x) der Anzahl der Kalendertage in der Fixsatzfeststellungsperiode und (y) der

Anzahl der Fixsatzfeststellungstermine in einem Kalenderjahr; und

- (B) der Anzahl der Kalendertage in dem Berechnungszeitraum, die in die nächste Fixsatzfeststellungsperiode fallen, dividiert durch das Produkt aus (x) der Anzahl der Kalendertage in dieser Fixsatzfeststellungsperiode und (y) der Anzahl der Fixsatzfeststellungstermine in einem Kalenderjahr.

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

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

**[Falls Actual/Actual (ISDA) oder Actual/365 anwendbar ist, einfügen:** die tatsächliche Anzahl der Kalendertage im Berechnungszeitraum dividiert durch 365 (oder, falls ein Teil 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) *Variable Ausschüttungen.*

(a) *Variable Ausschüttungszahlungstage.*

Die Schuldverschreibungen werden auf der Grundlage ihres Aktuellen Kapitalbetrags zum Variablen Ausschüttungssatz (wie nachstehend definiert) Ausschüttungen leisten, und zwar vom Neufestsetzungstag (einschließlich) bis zum ersten Variablen Ausschüttungszahlungstag (ausschließlich) und danach von jedem Variablen Ausschüttungszahlungstag (einschließlich) bis zum nächstfolgenden Variablen Ausschüttungszahlungstag (ausschließlich) (jeweils eine **"Variable Ausschüttungsperiode"**).

Ausschüttungen auf die Schuldverschreibungen sind nachträglich an jedem Variablen Ausschüttungszahlungstag vorgesehen. **"Variabler Ausschüttungszahlungstag"** bezeichnet, abhängig von der Floating Business Day Convention (wie nachstehend definiert), jeden **[angegebene Variable Ausschüttungszahlungstage einfügen]**, beginnend mit **[ersten Variablen Ausschüttungszahlungstag einfügen]**. Variable Ausschüttungstage unterliegen einer Anpassung in Übereinstimmung mit den in § 4 (5) enthaltenen Bestimmungen.

**[Im Falle von Schuldverschreibungen, deren Variabler Ausschüttungssatz an einen Referenzsatz 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)]. Ein solcher Referenzsatz ist der angebotene Satz (als



Prozentsatz *per annum* ausgedrückt) für Einlagen in der Festgelegten Währung mit einer Dauer, die der Variablen Ausschüttungsperiode entspricht, die auf der Bildschirmseite (wie nachstehend definiert) um ca. **[maßgebliche Uhrzeit einfügen]** Uhr (**[maßgebliches Finanzzentrum einfügen]** Ortszeit) am jeweiligen Feststellungstermin des Variablen Satzes (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 Aufstockung oder andere Anreize die Schuldverschreibungen zu tilgen beinhaltet] einfügen]** % *per annum*.]

"Feststellungstermin des Variablen Satzes" 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) 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 Feststellungstag des Variablen Satzes nicht auf der Bildschirmseite angezeigt, wird die Berechnungsstelle von jeder der Referenzbanken (wie nachstehend definiert) deren Satz (jeweils als Prozentsatz *per annum* ausgedrückt), zu dem sie Einlagen in der Festgelegten Währung mit einer Dauer, die der Variablen Festlegungsperiode entspricht, anbietet, um ca. **[maßgebliche Uhrzeit einfügen]** Uhr (**[maßgebliches Finanzzentrum einfügen]** Ortszeit) am Feststellungstag des Variablen Satzes anfordern.

Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Sätze nennen, gilt als Referenzsatz für eine solche Variable Ausschüttungsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste **[falls der Referenzsatz EURIBOR ist, einfügen:** Tausendstel Prozent, wobei 0,0005 aufgerundet wird] **[falls der Referenzsatz nicht EURIBOR ist, einfügen:** Hunderttausendstel Prozent, wobei 0,000005 aufgerundet wird]) dieser Sätze, 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 relevante Variable Ausschüttungsperiode der von der Berechnungsstelle gemäß ihrem billigen Ermessen bestimmte Satz; bei der Bestimmung dieses Satzes richtet sich die Berechnungsstelle nach der üblichen Marktpraxis.

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

**[Falls der Referenzsatz EURIBOR ist, einfügen:** "Euro-Zone" bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag zur Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992), den Vertrag von Amsterdam vom 2. Oktober 1997 und den Vertrag von Lissabon vom 13. Dezember 2007, in seiner jeweils geltenden Fassung, die gemeinsame Währung eingeführt haben oder zu dem jeweiligen Zeitpunkt eingeführt haben werden.]]

**[Im Fall von Schuldverschreibungen, deren Variabler Ausschüttungssatz an einen Swapsatz gebunden ist, einfügen:**

(b) *Variabler Ausschüttungssatz.* Der variable Ausschüttungssatz (der "Variable Ausschüttungssatz") für jede Variable Ausschüttungsperiode (wie nachstehend definiert) ist der **[Zahl, Laufzeit und Bezeichnung des jeweiligen Referenzsatz einfügen]** *per annum* (der "Referenzsatz") **[im Falle einer Marge einfügen:** [zuzüglich] [abzüglich] der Marge (wie nachstehend definiert)]. Ein solcher Referenzsatz ist der Swapsatz (als Prozentsatz *per annum* ausgedrückt) für Swap-Geschäfte in der Festgelegten Währung mit einer Laufzeit von **[maßgebliche Laufzeit einfügen]**, die auf der Bildschirmseite (wie nachstehend definiert) um ca. **[maßgebliche Uhrzeit einfügen]** Uhr (**[maßgebliches Finanzzentrum einfügen]** Ortszeit) am Feststellungstermin des Variablen Satzes (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.]**

"**Feststellungstermin des Variablen Satzes**" 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 erforderlich, 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 Feststellungstag des Variablen Satzes 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 Feststellungstag des variablen Satzes 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 [**Zahl, Laufzeit und maßgeblichen Referenzsatz 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 [**Zahl, Laufzeit und maßgeblichen Referenzsatz 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 Niedrigsätze geben sollte, einer dieser Niedrigsätze) 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 Fassung.

"**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:** der Euro-Zone oder im Londoner Interbankenmarkt].

[**Falls der Referenzsatz ein Euro-Swapsatz ist, einfügen:** "**Euro-Zone**" bezeichnet das Gebiet derjenigen Mitgliedstaaten der Europäischen Union, die gemäß dem Vertrag zur Gründung der Europäischen Gemeinschaft (unterzeichnet in Rom am 25. März 1957), geändert durch den Vertrag über die Europäische Union (unterzeichnet in Maastricht am 7. Februar 1992), den Vertrag von Amsterdam vom 2. Oktober 1997 und den Vertrag von Lissabon vom 13. Dezember 2007, in seiner jeweils geltenden Fassung, die gemeinsame Währung eingeführt haben oder zu dem jeweiligen Zeitpunkt eingeführt haben werden.]]

(c) *Berechnung des Variablen Ausschüttungsbetrags.* Die Berechnungsstelle berechnet den aus den Schuldverschreibungen zahlbaren Ausschüttungsbetrag in Bezug auf den Aktuellen Kapitalbetrag für die relevante Variable Ausschüttungsperiode (der "**Variable Ausschüttungsbetrag**"). Die Berechnung des Variable Ausschüttungsbetrags erfolgt, indem der Variable Ausschüttungssatz auf den Aktuellen Kapitalbetrag angewendet wird, durch Multiplikation einer solchen Summe mit dem anwendbaren Tagesquotienten des Variablen Satzes (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.

(d) *Mitteilung des Variablen Ausschüttungssatzes und des Variablen Ausschüttungsbetrags.* Die Berechnungsstelle wird innerhalb der Variablen Ausschüttungsperiode veranlassen, dass der Variable

Ausschüttungssatz, der Variable Ausschüttungsbetrag und der Variable Ausschüttungszahlungstag für die relevante 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 Feststellung mitgeteilt werden. Jeder Variable Ausschüttungsbetrag und jeder Variabler Ausschüttungszahlungstag, die derartig mitgeteilt wurden, können nachträglich (oder durch passende alternative mittels Anpassung vorgenommene Vereinbarungen) ohne Mitteilung im Falle einer Erweiterung oder Verkürzung der Variablen Ausschüttungsperiode geändert werden. Jede dieser Änderungen ist unverzüglich jeder Börse, an der die Schuldverschreibungen zu diesem Zeitpunkt notiert sind, und den Gläubigern gemäß § 10 mitzuteilen.

(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 und 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) *Tagesquotient des Variablen Satzes.* "**Tagesquotient des Variablen Satzes**" bezeichnet in Bezug auf die Berechnung eines Ausschüttungsbetrags auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Variable Berechnungszeitraum**"):

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

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

"**Feststellungsperiode des Variablen Satzes**" bezeichnet den Zeitraum von einem Feststellungstermin des Variablen Satzes (einschließlich) bis zum nächsten Feststellungstermin eines Variablen Satzes (ausschließlich) (dies schließt dann, wenn der erste Variable Ausschüttungszahlungstag kein Feststellungstermin des Variablen Satzes ist, den Zeitraum ein, der an dem ersten Feststellungstermin des Variablen Satzes vor dem Variablen Ausschüttungsbeginn beginnt, und dann, wenn der letzte Variable Ausschüttungszahlungstag kein Feststellungstermin des Variablen Satzes ist, den Zeitraum ein, der an dem ersten Feststellungstermin des Variablen Satzes nach dem letzten Variablen Ausschüttungszahlungstag endet). Die Anzahl der Feststellungstermine des variablen Satzes im Kalenderjahr (jeweils ein "**Feststellungstermine des Variablen Satzes**") beträgt **[Zahl der regulären variablen Ausschüttungszahlungstage im Kalenderjahr einfügen].**

**[Falls Actual/Actual (ISDA) oder Actual/365 anwendbar ist, einfügen:** die tatsächliche Anzahl der Kalendertage im Variablen Berechnungszeitraum dividiert durch 365 (oder, falls ein Teil 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 Variablen 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 gesetzlich verankerten Ausschüttungsverzugssatzes<sup>6</sup> verzinst. Weitergehende Ansprüche der Gläubiger bleiben unberührt.

(4) *Ausfall von Ausschüttungen.* Die Emittentin kann jederzeit nach ihrem eigenen vollumfänglichen Ermessen Ausschüttungszahlungen auf die Schuldverschreibungen, deren Zahlung an einem Fixen Ausschüttungszahlungstag oder Variablen Ausschüttungszahlungstag (jeweils 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 unverzüglich und in keinem Fall später als am relevanten Ausschüttungszahlungstag gemäß § 10 davon benachrichtigen.

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

- (i) die zur Zahlung vorgesehene Ausschüttungszahlung zusammen mit entsprechenden Zusätzlichen Beträgen (wie nachstehend definiert) und weiteren Relevanten Ausschüttungen die 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 und zusammen mit entsprechenden Zusätzlichen Beträgen auf die Schuldverschreibungen) bei der Berechnung des Gewinns, auf dem die verfügbaren Ausschüttungsfähigen Posten basieren, ausgewiesen wurde;
- (ii) die Zuständige Behörde anordnet, dass die jeweilige zur Zahlung vorgesehene Ausschüttungszahlung ganz oder teilweise ausfallen; oder
- (iii) am jeweiligen Ausschüttungszahlungstag eine solche Ausschüttungszahlung zusammen mit anderen in § 24 Abs 2 BWG (der Artikel 141(2) CRD IV in Österreich umgesetzt) genannten Ausschüttungen nicht mit den Beschränkungen in Bezug auf den Maximal Ausschüttungsfähigen Betrag vereinbar wäre.

Jede derartig ausgefallene Ausschüttungszahlung ist nicht-kumulativ und fällt definitiv 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.

Dabei gilt:

"**BWG**" bezeichnet das österreichische Bankwesengesetz, in der jeweils geltenden Fassung.

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

"**Ausschüttungsfähige Posten**" bezeichnet in Bezug auf Ausschüttungszahlungen auf die Schuldverschreibungen die in Artikel 4 (1) (128) CRR definierten ausschüttungsfähigen Posten jeweils für

<sup>6</sup> Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 (1), 247 (1) BGB.

ein Finanzjahr der Emittentin, ermittelt zum Ende des letzten vor dem jeweiligen Ausschüttungszahlungstag endenden Finanzjahres der Emittentin, für das solche Relevanten Jahresabschlüsse verfügbar sind, wie jeweils entsprechend den von der Emittentin angewandten Rechnungslegungsgrundsätzen festgestellt und aus den jüngsten Relevanten Jahresabschlüssen abgeleitet.

"**Gruppe**" bezeichnet die Vorarlberger Landesbank-Holding und ihre konsolidierten Tochtergesellschaften, einschließlich der Emittentin.

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

"**Relevante Ausschüttungen**" bezeichnet die Summe aus (i) im jeweiligen Finanzjahr der Emittentin durch die Emittentin geleisteten oder zur Leistung vorgesehenen Ausschüttungszahlungen auf die Schuldverschreibungen, und (ii) Zins-, Dividenden- oder Ausschüttungszahlungen, die im jeweiligen Finanzjahr der Emittentin durch die Emittentin auf andere Tier 1 Instrumente geleistet wurden oder zur Leistung vorgesehen sind, und (iii) Beträgen von Wiederzuschreibungen (wie nachstehend definiert) im jeweiligen Finanzjahr, soweit vorhanden.

"**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 Finanzjahr der Emittentin, das vor dem relevanten Fixen Ausschüttungszahlungstag oder jeweiligen Variablen Ausschüttungszahlungstag geendet hat, erstellt wurden, oder (ii) wenn solche geprüften und festgestellten unkonsolidierten Jahresabschlüsse der Emittentin zum jeweiligen Fixen Ausschüttungszahlungstag oder relevanten Variablen 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.

"**Tochtergesellschaft**" bezeichnet jede Tochtergesellschaft der Vorarlberger Landesbank-Holding gemäß Artikel 4 (1) (16) CRR einschließlich der Emittentin.

"**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.

"**Vorarlberger Landesbank-Holding**" bezeichnet das Mutterunternehmen der Emittentin gemäß Artikel 4 (1) (15) CRR.

#### § 4 ZAHLUNGEN

(1) (a) *Zahlung von Kapital.* Die Zahlung von Kapital auf die Schuldverschreibungen erfolgt nach Maßgabe des nachstehenden Absatzes (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 (4) und des nachstehenden Absatzes (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 fällt, 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.]

**[Im Falle der FRN Convention (angepasst) gilt Folgendes:**

auf den nächstfolgenden Tag verschoben, bei dem es sich um einen Geschäftstag handelt, es sei denn, er würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird (i) der Variable Ausschüttungszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen und (ii) jeder folgende Variable Ausschüttungszahlungstag ist der letzte Geschäftstag des Monats, in den dieser Tag gefallen wäre, wenn er nicht Gegenstand einer Änderung gewesen wäre.]

**[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 dem Neufestsetzungstag liegt, ansonsten auf einen Kalendertag fielen, 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 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 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 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 die relevante Variable Ausschüttungsperiode 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 die relevante Variable Ausschüttungsperiode 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 Wahl-Rückzahlungsbetrag (Call) der Schuldverschreibungen (beide wie in § 5 angegeben) 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 des Gläubigers.* Die Gläubiger haben kein Recht, die Rückzahlung der Schuldverschreibungen zu verlangen.

(3) *Rückzahlung nach Wahl der Emittentin.*

(a) Die Emittentin kann, nachdem sie gemäß Unterabsatz (b) gekündigt hat, die Schuldverschreibungen insgesamt, aber nicht teilweise an dem (den) Wahl-Rückzahlungstag(en) (Call) zu dem maßgeblichen Wahl-Rückzahlungsbetrag (Call) und vorbehaltlich des Ausfalls von Ausschüttungen gemäß § 3 (4) nebst etwaigen bis zum (jeweiligen) Wahl-Rückzahlungstag (Call) (ausschließlich) aufgelaufenen Ausschüttungen zurückzahlen. Eine solche Rückzahlung gemäß diesem § 5 (3) ist nur möglich, sofern der Zeitpunkt der Emission mindestens fünf Jahre zurückliegt und die Voraussetzungen für eine Rückzahlung nach § 5 (6) erfüllt sind.

Der "**Wahl-Rückzahlungsbetrag (Call)**" entspricht dem Aktuellen Kapitalbetrag.

"**Wahl-Rückzahlungstag (Call)**" bezeichnet (i) jeden Neufestsetzungstag, der erst fünf Jahre nach dem Zeitpunkt der Emission der Schuldverschreibungen eintritt und (ii) danach jeden Variablen Ausschüttungszahlungstag[, der 12 Monate nach den vorherigen **Wahl-Rückzahlungstag (Call)** fällt].

(b) Die Kündigung ist den Gläubigern durch die Emittentin gemäß § 10 bekannt zu geben. Sie ist unwiderruflich und beinhaltet die folgenden Angaben:

- (i) die Seriennummer der Schuldverschreibungen;
- (ii) den Wahl-Rückzahlungstag (Call), der nicht weniger als **[Mindestkündigungsfrist, die nicht weniger als 5 Geschäftstage betragen darf, einfügen]** [Kalendertage] [Geschäftstage] **[im Fall einer Höchstkündigungsfrist einfügen:** und nicht mehr als **[Höchstkündigungsfrist einfügen]** [Kalendertage] [Geschäftstage]] nach dem Kalendertag der Kündigung durch die Emittentin gegenüber den Gläubigern liegen darf; und
- (iii) den Wahl-Rückzahlungsbetrag (Call), zu dem die Schuldverschreibungen zurückgezahlt werden.

(4) *Rückzahlung aus steuerlichen Gründen.* Die Schuldverschreibungen können nach Wahl der Emittentin insgesamt, jedoch nicht teilweise während der Ersten Periode jederzeit und während einer Variablen Ausschüttungsperiode [jederzeit] [am nächsten Variablen Ausschüttungszahlungstag] mit einer Kündigungsfrist von nicht weniger als **[Mindestkündigungsfrist einfügen]** und nicht mehr als

**[Höchstkündigungsfrist einfügen]** [Kalendertagen] [Geschäftstagen] gegenüber der Emissionsstelle und gemäß § 10 gegenüber den Gläubigern gekündigt werden (wobei diese Kündigung unwiderruflich ist), wenn sich die geltende steuerliche Behandlung der Schuldverschreibungen ändert, unter anderem aber ohne darauf beschränkt zu sein, infolge eines Ereignisses der Steuerlichen Abzugsfähigkeit oder eines Aufzahlungsereignisses, und, im Fall einer Rückzahlung vor dem fünften Jahrestag des Zeitpunkts der Emission der Schuldverschreibungen, hat die Emittentin der Zuständigen Behörde hinreichend nachgewiesen, dass diese Änderung wesentlich ist und zum Zeitpunkt der Emission der Schuldverschreibungen nicht vorherzusehen war und sofern die Voraussetzungen für eine Rückzahlung nach § 5 (6) erfüllt sind.

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, wobei alle diese Zusätzlichen Beträge jedoch nur zahlbar sind, wenn und soweit sie: (i) nicht die Ausschüttungsfähigen Posten übersteigen würden; und (ii) sich nur auf eine Quellensteuer beziehen, die auf Ausschüttungen durch oder im Namen der Emittentin anwendbar ist.

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

(5) *Rückzahlung aus regulatorischen Gründen.* Die Schuldverschreibungen können nach Wahl der Emittentin insgesamt, jedoch nicht teilweise während der Ersten Periode jederzeit und während einer Variablen Ausschüttungsperiode [jederzeit] [am nächsten Variablen Ausschüttungszahlungstag] mit einer Kündigungsfrist von nicht weniger als **[Mindestkündigungsfrist einfügen]** und nicht mehr als **[Höchstkündigungsfrist einfügen]** [Kalendertagen] [Geschäftstagen] gegenüber der Emissionsstelle und gemäß § 10 gegenüber den Gläubigern gekündigt werden (wobei diese Kündigung unwiderruflich ist), wenn sich die aufsichtsrechtliche Einstufung der Schuldverschreibungen ändert, was wahrscheinlich zu ihrem gänzlichen oder teilweisen Ausschluss aus den Eigenmitteln oder ihrer Neueinstufung als Eigenmittel geringerer Qualität führen würde, und die folgenden Bedingungen erfüllt sind: im Fall einer Rückzahlung vor dem fünften Jahrestag des Zeitpunkts der Emission der Schuldverschreibungen (i) hält es die Zuständige Behörde für ausreichend sicher, dass eine solche Änderung stattfindet; (ii) hat die Emittentin der Zuständigen Behörde hinreichend nachgewiesen, dass zum Zeitpunkt der Emission der Schuldverschreibungen die aufsichtsrechtliche Neueinstufung nicht vorherzusehen war; und (iii) die Rückzahlungsbedingungen nach § 5 (6) sind erfüllt.

(6) *Voraussetzungen für eine Rückzahlung.* Eine Rückzahlung nach diesem § 5 und jeder Rückkauf setzt voraus, dass die Zuständige Behörde der Emittentin zuvor die Erlaubnis zur Rückzahlung der Schuldverschreibungen in Übereinstimmung mit Artikel 78 CRR erteilt hat, wobei diese Erlaubnis unter anderem voraussetzen kann, dass:

- (i) die Emittentin vor oder gleichzeitig mit der Rückzahlung 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 die Anforderungen nach Artikel 92 (1) CRR und die kombinierte Kapitalpufferanforderung (wie in Artikel 128 (6) CRD IV definiert) um eine Spanne übertreffen, die die Zuständige Behörde nach Artikel 104 (3) CRD IV gegebenenfalls für erforderlich hält.

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

(7) *Rückzahlungsbetrag.* Im Fall einer Rückzahlung gemäß § 5 (4) oder § 5 (5) werden die Schuldverschreibungen zu ihrem Aktuellen Kapitalbetrag und vorbehaltlich des Ausfalls von Ausschüttungen gemäß § 3 (4) zuzüglich etwaiger bis zum Rückzahlungstag (ausschließlich) aufgelaufener Ausschüttungen zurückgezahlt.

(8) *Herabschreibung.* Wenn ein Auslöseereignis (wie nachstehend definiert) eingetreten ist, wird die Emittentin:

- (i) unverzüglich die Zuständige Behörde 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 durch die Emittentin, dass ein Auslöseereignis eingetreten ist, bestimmen; und



- (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 (wie nachstehend definiert) beinhaltet, informieren, dass ein Auslöseereignis eingetreten ist;
- (iv) (ohne dass eine Zustimmung der Gläubiger erforderlich ist) den 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).

Klarstellend wird festgestellt, dass ein Auslöseereignis jederzeit berechnet werden und mehrfach eintreten kann und 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.

Die Emittentin gibt nach Bekanntgabe einer Herabschreibungsmitteilung solange keine Kündigung bekannt, bis die Herabschreibung in Bezug auf das jeweilige Auslöseereignis durchgeführt wurde. Außerdem gilt die Kündigung automatisch als widerrufen und ist nichtig und ist die jeweilige Kündigung nicht durchzuführen, falls ein Auslöseereignis nach einer Kündigung, aber vor dem Tag, an dem diese Kündigung wirksam wird, eintritt.

Dabei gilt:

"**Anwendbare Aufsichtsvorschriften**" bezeichnet die Bestimmungen des BWG, der CRD IV, der CRR und der CDR einschließlich der (bestehenden oder künftigen) auf der Grundlage der vorgenannten Gesetze und Vorschriften erlassenen Verordnungen und ergangenen Entscheidungen, die für die Emittentin und/oder die Gruppe bindend sind.

"**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 Fassung.

"**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 (wie nachstehend definiert) (bis zur Festgelegten Stückelung) erhöht werden kann.

"**Stichtag**" bezeichnet den in der Herabschreibungsmitteilung an die Gläubiger als solchen angegebenen 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 durch die 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 durch die Emittentin gemäß den Anwendbaren Aufsichtsvorschriften, deren Feststellung für die Gläubiger bindend ist.

"**Mindestauslöseschwelle**" bezeichnet in Bezug auf: (i) die CET 1 Kapitalquote der Gruppe [**konsolidierte Mindestauslöseschwelle einfügen**] % und/oder (ii) die CET 1 Kapitalquote der Emittentin [**Einzelmindestauslöseschwelle einfügen**] %.

"**Erforderlicher Verlusttragungsbetrag**" bezeichnet den Betrag, um den bei Eintritt eines Auslöseereignisses eine Herabschreibung des gesamten Aktuellen Kapitalbetrags der Schuldverschreibungen anteilig zum gesamten (aktuellen) Kapitalbetrag aller anderen AT 1 Instrumente erfolgt, bei denen Auslöseereignisse für eine Herabschreibung oder Umwandlung (Verlusttragung) gemäß ihren Bedingungen eingetreten sind und deren Mindestauslöseschwellen nicht wiederhergestellt wurden, ungeachtet der Eröffnung etwaiger Insolvenzverfahren. Dafür soll der Gesamtbetrag der anteilig zuzuweisenden Herabschreibungen dem Betrag entsprechen, der erforderlich ist, um die CET 1 Kapitalquote der Emittentin und/oder die CET 1 Kapitalquote der Gruppe, soweit erforderlich, zumindest bis zur Mindestauslöseschwelle vollständig wiederherzustellen oder auf der Mindestauslöseschwelle zu halten, jedoch darf er die Summe der Kapitalbeträge von AT 1 Instrumenten, bei denen Auslöseereignisse für eine Herabschreibung oder Umwandlung gemäß ihren Bedingungen eingetreten sind und deren Mindestauslöseschwellen nicht wiederhergestellt wurden und die zum Zeitpunkt des Eintritts des Auslöseereignisses ausstehen, nicht übersteigen.

Soweit die Herabschreibung (oder die Abschreibung) oder die Umwandlung aller anderen AT 1 Instrumente, bei denen Auslöseereignisse für eine Herabschreibung oder Umwandlung gemäß ihren Bedingungen eingetreten sind, in Instrumente des harten Kernkapitals aus irgendeinem Grund nicht wirksam ist oder nicht

innerhalb eines Monats ab der Feststellung, dass das jeweilige Auslöseereignis eingetreten ist, wirksam wird:

- (i) beeinträchtigt die Unwirksamkeit einer solchen Herabschreibung (oder Abschreibung) oder Umwandlung in Instrumente des harten Kernkapitals die Anforderung, eine Herabschreibung der Schuldverschreibungen (Verlusttragung) vorzunehmen, nicht; und
- (ii) wird die Herabschreibung (oder Abschreibung) oder Umwandlung aller anderen AT 1 Instrumente, bei denen Auslöseereignisse für eine Herabschreibung oder Umwandlung gemäß ihren Bedingungen eingetreten sind, in Instrumente des harten Kernkapitals, die nicht wirksam ist oder nicht innerhalb eines Monats ab Feststellung, dass das jeweilige Auslöseereignis eingetreten ist, wirksam wird, bei der Bestimmung einer solchen Herabschreibung der Schuldverschreibungen nicht berücksichtigt.

Dabei gilt:

Ein "**Auslöseereignis**" tritt ein, wenn festgestellt wurde, dass: (i) die CET 1 Kapitalquote der Gruppe und/oder (ii) die CET 1 Kapitalquote der Emittentin unter einen Betrag fällt, der niedriger als die anwendbare Mindestauslöseschwelle ist.

"**Herabschreibungsbetrag**" je Schuldverschreibung bezeichnet den Betrag, um den der Aktuelle Kapitalbetrag je Schuldverschreibung am Stichtag herabgeschrieben werden muss und der dem höheren der folgenden Beträge entspricht: (i) dem anteiligen Betrag der Schuldverschreibung am Erforderlichen Verlusttragungsbetrag und (ii) falls der Betrag aus (i) nicht ausreichend ist, um die CET 1 Kapitalquote der Emittentin und/oder die CET 1 Kapitalquote der Gruppe bis zur Mindestauslöseschwelle vollständig wiederherzustellen oder auf der Mindestauslöseschwelle zu halten, dem Betrag, der erforderlich ist, um den Aktuellen Kapitalbetrag auf [**Festgelegte Währung einfügen**] [**0,01 oder geringerer Betrag**] zurückzuführen. [**Falls die Festgelegte Währung nicht Euro ist, einfügen:** Beträge in einer anderen Währung als Euro werden zur Ermittlung des Herabschreibungsbetrages zu dem am [dritten] Geschäftstag vor dem Stichtag geltenden Wechselkurs in Euro umgerechnet; dieser Wechselkurs wird durch die Emittentin nach ihrem billigen Ermessen (§ 315 BGB) festgestellt.]

Jede Reduzierung des Aktuellen Kapitalbetrags einer Schuldverschreibung gemäß dieses § 5(8) begründet in keiner Hinsicht einen Verzug durch die Emittentin, und die Gläubiger haben kein Recht, herabgeschriebene Beträge zu verlangen, ob in der Insolvenz oder Liquidation der Emittentin oder anderweitig, ausgenommen (gegebenenfalls) solche Beträge, die einer Wiederschreibung gemäß § 5(9) unterliegen.

(9) *Wiederschreibung.* Die Emittentin kann nach ihrem alleinigen Ermessen eine Rücknahme einer Herabschreibung durch Wiederschreibung auf den Aktuellen Kapitalbetrag, ganz oder teilweise höchstens zur der Festgelegten Stückelung (eine "**Wiederschreibung**") bewirken, vorausgesetzt, dass ein positiver Gewinn verzeichnet wurde und dass keine der nachstehenden Beschränkungen bestehen. Für die Emittentin besteht keinerlei Verpflichtung, unter bestimmten Umständen eine Wiederschreibung vorzunehmen oder zu beschleunigen.

Wenn sich die Emittentin nach ihrem billigen Ermessen entsprechend entscheidet, tritt die Wirksamkeit der Wiederschreibung mit dem Wiederschreibungstag (wie nachstehend definiert) (einschließlich) ein.

Nach ihrem Ermessen (ohne dass sie dazu verpflichtet ist) kann die Emittentin eine solche Wiederschreibung bewirken, wobei:

- (i) zum Zeitpunkt der Wiederschreibung kein Auslöseereignis bestehen und fort dauern darf; jede Wiederschreibung ist auch ausgeschlossen wenn eine solche Wiederschreibung zum Eintritt eines Auslöseereignisses führen würde;
- (ii) eine solche Wiederschreibung anteilig für alle Schuldverschreibungen und unter den Verlustabsorbierenden Herabgeschriebenen Instrumenten erfolgen muss; und
- (iii) die Summe aus (a) dem Gesamtbetrag, welcher der jeweiligen Wiederschreibung der Schuldverschreibungen zugeschrieben wird, und (b) dem Gesamtbetrag einer Ausschüttung und der entsprechenden Zusätzlichen Beträge, die zur Zahlung auf den gesamten Aktuellen Kapitalbetrag der Schuldverschreibungen vorgesehen sind, die im Zeitpunkt der Durchführung der Wiederschreibung berechnet wurde, den Maximalen Wiederschreibungsbetrag nicht übersteigt.

Der Betrag von Wiederschreibungen und Ausschüttungszahlungen auf den verringerten Aktuellen Kapitalbetrag wird als Zahlung behandelt, die aus einer Verringerung des harten Kernkapitals gemäß Artikel 28 CRR resultiert, und unterliegt zusammen mit anderen Ausschüttungen auf CET 1 Instrumente den Beschränkungen in Bezug auf den Maximal Ausschüttungsfähigen Betrag im Sinne des § 24 Abs 2 BWG (der Artikel 141 (2) CRD IV in Österreich umsetzt).

Klarstellend wird festgelegt, dass eine Wiederschreibung auf die Schuldverschreibungen mehrfach vorgenommen werden kann, bis der Aktuelle Kapitalbetrag der Festgelegten Stückelung entspricht. Wiederschreibungen sind gegenüber Dividendenzahlungen und anderen Ausschüttungen auf Aktien und

andere CET 1 Instrumente der Emittentin nicht vorrangig, das heißt solche Zahlungen und Ausschüttungen sind auch dann erlaubt, wenn keine vollständige Wiederzuschreibung auf die Schuldverschreibungen durchgeführt wurde.

Wenn die Emittentin die Durchführung einer Wiederzuschreibung beschließt, gibt sie gegenüber der Emissionsstelle und gemäß § 10 gegenüber den Gläubigern die Wiederzuschreibung (einschließlich des Wiederzuschreibungsbetrages als Prozentsatz der Festgelegten Stückelung und des Stichtags der Wiederzuschreibung (jeweils ein "**Wiederzuschreibungstag**")) spätestens zehn Kalendertage vor dem jeweiligen Wiederzuschreibungstag bekannt. Die Wiederzuschreibung gilt als wirksam erfolgt, sobald die Mitteilung den Gläubigern gemäß § 10 übermittelt wurde, und der Aktuelle Kapitalbetrag gilt als mit Wirkung vom Wiederzuschreibungstag um den in der Mitteilung festgelegten Betrag erhöht.

Dabei gilt:

**"Maximaler Wiederzuschreibungsbetrag"** bezeichnet den niedrigeren der folgenden Beträge:

- (i) den konsolidierten Gewinn multipliziert mit der Summe aus der gesamten Festgelegten Stückelung und dem gesamten anfänglichen Kapitalbetrag aller Verlustabsorbierenden Herabgeschriebenen Instrumente der Gruppe (zur Klarstellung, vor dem Zeitpunkt der Herabschreibung) und dividiert durch das gesamte Tier 1 Kapital gemäß Artikel 25 CRR der Gruppe zum Zeitpunkt der Durchführung der jeweiligen Wiederzuschreibung; oder
- (ii) den Gewinn auf Einzelinstitutsebene multipliziert mit der Summe aus der gesamten Festgelegten Stückelung und dem gesamten anfänglichen Kapitalbetrag aller Verlustabsorbierenden Herabgeschriebenen Instrumente der Emittentin (zur Klarstellung, vor dem Zeitpunkt der Herabschreibung) und dividiert durch das gesamte Tier 1 Kapital gemäß Artikel 25 CRR der Emittentin zum Zeitpunkt der Durchführung der jeweiligen Wiederzuschreibung;

sofern die Anwendbaren Aufsichtsvorschriften am Tag der jeweiligen Wiederzuschreibung nichts anderes verlangen.

**"Verlustabsorbierende Herabgeschriebene Instrumente"** bezeichnet alle (direkt oder indirekt begebenen) Instrumente des zusätzlichen Kernkapitals (*Additional Tier 1*) gemäß Artikel 52 CRR (ausgenommen die Schuldverschreibungen) der Emittentin oder, soweit anwendbar, alle Instrumente, die von einem Mitglied der Gruppe begeben wurden und zu den Instrumenten des zusätzlichen Kernkapitals (*Additional Tier 1*) gemäß Artikel 52 CRR der Emittentin und/oder der Gruppe zählen, und die den gesamten Kapitalbetrag oder Teile ihres Kapitalbetrages vorübergehend herabgeschrieben haben und die Bedingungen enthalten, die eine Kapitalwiederzuschreibung erlauben, die auf einer ähnlichen Grundlage erfolgt, wie es hier unter den Umständen vorgesehen ist, die zum Zeitpunkt der Wiederzuschreibung der Schuldverschreibungen bestehen.

**[Falls die Festgelegte Währung nicht Euro ist, einfügen:** Beträge in einer anderen Währung als Euro werden zur Ermittlung des Maximalen Wiederzuschreibungsbetrages zu dem am [dritten] Geschäftstag vor dem Stichtag geltenden Wechselkurs in Euro umgerechnet.]

**"Gewinn"** bezeichnet (i) den Jahresüberschuss der Emittentin auf Einzelinstitutsebene, der in den Relevanten Jahresabschlüssen ausgewiesen ist oder (ii) den konsolidierten Jahresüberschuss auf konsolidierter Basis, der in den konsolidierten Jahresabschlüssen der Gruppe ausgewiesen ist, jeweils nachdem solche Relevanten Jahresabschlüsse oder konsolidierten Jahresabschlüsse entweder vom Aufsichtsrat oder, falls erforderlich, von der Hauptversammlung der Emittentin festgestellt wurden.

## § 6

### DIE EMISSIONSSTELLE, DIE ZAHLSTELLE[N] UND DIE BERECHNUNGSSTELLE

(1) *Bestellung; Bezeichnete Geschäftsstellen.* Die anfänglich bestellte Emissionsstelle, die anfänglich bestellte Hauptzahlstelle **[falls (eine) weitere Zahlstelle(n) bestellt werden soll(en), einfügen:]**, die anfänglich bestellte(n) Zahlstelle(n)] und die jeweiligen anfänglich bestellte Berechnungsstelle und ihre anfänglich bezeichneten Geschäftsstellen sind:

Emissionsstelle und Hauptzahlstelle:

**[Falls die Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft als anfängliche bestellte Emissions- und Hauptzahlstelle bestellt werden soll, einfügen:**

Vorarlberger Landes- und Hypothekenbank AG  
Hypo-Passage 1  
A-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 Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft als Berechnungsstelle bestellt werden soll, einfügen:**

Vorarlberger Landes- und Hypothekenbank 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 behalten sich das Recht vor, jederzeit ihre jeweilige bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Emissionsstelle oder 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 an einem Ort unterhalten, den 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 sobald wie möglich nach Eintritt der Wirksamkeit einer solchen Veränderung gemäß § 10 informieren.

(3) *Beauftragte der Emittentin.* Die Emissionsstelle, die Zahlstellen und die Berechnungsstelle 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 der Emissionsstelle 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 Zahlstellen, die Berechnungsstelle 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.

**[Im Fall von Schuldverschreibungen, die anfänglich durch eine Vorläufige Globalurkunde verbrieft sind, die gegen eine Dauerglobalurkunde ausgetauscht werden soll, oder im Fall von Schuldverschreibungen, deren Festgelegte Währung U.S.-Dollar ist, einfügen:**

(5) *Vereinigte Staaten.* Für die Zwecke dieser Emissionsbedingungen bezeichnet "**Vereinigte Staaten**" oder "**U.S.**" 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).]

## § 7 STEUERN

(1) *Generelle Besteuerung.* Sämtliche Zahlungen von Kapital und 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 diesem Fall 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 jene der bloßen Inhaberschaft einer Schuldverschreibung verpflichtet ist; oder

(b) wenn Schuldverschreibungen mehr als [30] **[anderen Zeitraum einfügen]** Kalendertage nach dem Zeitpunkt, an dem eine Zahlung erstmals fällig wird, oder (falls ein fälliger Betrag unrechtmäßig zurückgehalten oder verweigert wird) nach dem Zeitpunkt, an dem eine vollständige Bezahlung des ausstehenden Betrags erfolgt, oder (falls früher) nach dem Zeitpunkt, der sieben Kalendertage nach jenem Kalendertag liegt, an dem eine Mitteilung an die Gläubiger ordnungsgemäß gemäß § 10 erfolgt, wonach bei weiterer Vorlage der Schuldverschreibungen die Zahlung erfolgen wird, vorausgesetzt, dass die Zahlung tatsächlich bei Vorlage durchgeführt wird, zur Zahlung vorgelegt werden, soweit der Gläubiger zum Erhalt Zusätzlicher Beträge bei Vorlage der Schuldverschreibung zur Zahlung am [30.] **[andere maßgebliche Zahl von Kalendertagen einfügen]** Kalendertag berechtigt gewesen wäre.

(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 Abs1 Satz 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf [zehn] **[anderen Zeitraum einfügen]** Jahre abgekürzt.

## § 9 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF 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) *Ankauf*. **[Falls ein Ankauf der Schuldverschreibungen zulässig ist, einfügen]**: Die Emittentin und jede ihrer Tochtergesellschaften sind berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin oder ihrer Tochtergesellschaft erworbenen Schuldverschreibungen können nach Wahl der Emittentin bzw. dieser Tochtergesellschaft gehalten, weiterverkauft oder bei der Emissionsstelle zwecks Entwertung eingereicht werden. Ein solcher Ankauf ist nur unter Beachtung aller anwendbaren aufsichtsrechtlichen und sonstigen gesetzlichen Beschränkungen und unter der Voraussetzung, dass die Bedingungen für eine Rückzahlung nach § 5 (6) erfüllt sind, möglich.] **[Falls ein Ankauf der Schuldverschreibungen nicht zulässig ist, einfügen]**: Die Emittentin und ihre Tochtergesellschaften sind nicht berechtigt, zu irgendeinem Zeitpunkt Schuldverschreibungen zu kaufen.]

(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 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.* Die Schuldverschreibungen betreffende Mitteilungen der Gläubiger an die Emittentin gelten als wirksam erfolgt, wenn sie der Emittentin oder der Emissionsstelle (zur Weiterleitung an die Emittentin) 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 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.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstigen Verfahren (die "**Rechtsstreitigkeiten**") ist das [Landgericht Frankfurt am Main, Bundesrepublik Deutschland] [**anderes deutsches oder österreichisches Gericht einfügen**]. [**Falls ein deutsches Gericht zuständig ist, einfügen:** Die Emittentin bestellt die Kanzlei Wucher & Kollegen, Sedanstraße 4, D-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: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtkapitalbetrag der Schuldverschreibungen bezeichnet, die zum Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearingsystem eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält, und (ii) 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.

## § 12 SPRACHE

Diese Übersetzung der Emissionsbedingungen ist in der deutschen Sprache abgefasst. Die Emissionsbedingungen in englischer Sprache sind beigelegt. Der englische Text ist bindend und maßgeblich. Die Übersetzung in die deutsche Sprache ist unverbindlich.]

## FORM OF FINAL TERMS

### FORM OF THE FINAL TERMS MUSTER DER ENDGÜLTIGEN BEDINGUNGEN

The German language parts of the 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 their consistency with the original (English language) Final Terms.

THE ENGLISH TEXT OF THE FORM OF FINAL TERMS IS LEGALLY BINDING THE GERMAN  
TRANSLATION IS FOR INFORMATION PURPOSES ONLY

**[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]**

[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 Programme**

of  
der

**Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft**

Issue Price: [ ] per cent. [plus the issue charge mentioned in Part B.]  
Ausgabekurs: [ ] % [zuzüglich des in Teil B. genannten Ausgabeaufschlags.]

Issue Date: [ ]<sup>7</sup>  
Begebungstag: [ ]<sup>7</sup>

Series No.: [ ]  
Serien-Nr.: [ ]

Tranche No.: [ ]  
Tranchen-Nr.: [ ]

<sup>7</sup> 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.

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 Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (the "**Issuer**"), dated 30 March 2016 (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](http://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 Programme (das "**Programm**") der Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (die "**Emittentin**") vom 30.3.2016 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](http://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 each prospective investor represents, warrants, agrees with and undertakes to the Issuer 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 the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.]<sup>8</sup>

#### **[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*

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<sup>8</sup> Insert if required by the Issuer.

*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 gibt jeder potenzielle Anleger gegenüber der Emittentin 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 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.]<sup>9</sup>*

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<sup>9</sup> Einfügen, wenn von der Emittentin verlangt.

**PART A. – TERMS AND CONDITIONS**  
**TEIL A. – EMISSIONSBEDINGUNGEN**

The Conditions applicable to the Notes [and a German language translation thereof] are set out below.

*Die für die Schuldverschreibungen geltenden Bedingungen [sowie eine deutschsprachige 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 ZUZULASSENEN 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* [ ]

**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 Stock Exchange [ ]  
Andere Wertpapierbörse

**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 Community 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 Gemeinschaft 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.]

VORARLBERGER LANDES- UND HYPOTHEKENBANK AKTIENGESELLSCHAFT

\_\_\_\_\_  
[Names and titles of signatories]

[Namen und Titel der Unterzeichnenden]

## VORARLBERGER LANDES- UND HYPOTHEKENBANK AKTIENGESELLSCHAFT AS ISSUER

### Statutory Auditors

Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H., Wagramer Straße 19, IZD-Tower, A-1220 Vienna, Republic of Austria ("**Ernst & Young**") has audited by Mag. Ernst Schönhuber and Mag. Wolfgang Tobisch as auditors Hypo Landesbank Vorarlberg's consolidated annual financial statements as of and for the fiscal years ending 31 December 2013 and 31 December 2014 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 Landesbank Vorarlberg as of and for the financial year ended 31 December 2014 contains the following explanatory paragraph: "Without qualifying the audit opinion, we refer to the Managing Board's commentary in the Notes regarding developments in connection with Pfandbriefbank (Österreich) AG and HETA ASSET RESOLUTION AG." Ernst & Young are a member of *Kammer der Wirtschaftstrehänder* and of the *Institut der Wirtschaftsprüfer*.

### Information about the Issuer

#### **Legal Name, Registration, Date of Incorporation**

The Issuer's legal name is "Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft", the commercial names are "Hypo Vorarlberg" and "Hypo Landesbank Vorarlberg".

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  
A-6900 Bregenz  
Republic of Austria  
Tel: +43 (0) 50 414 – 1000  
[www.hypovbg.at](http://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 2014, the Issuer has total assets of EUR 14,185.5 million and a cost income ratio on a consolidated basis of 49.42% as of 31 December 2014 and 49.20% as of 31 December 2013. It has 17 branches in Vorarlberg and additional branches in Vienna, Graz, Wels and St. Gallen (CH), as well as a leasing subsidiary with seat in Bolzano (Italy) with additional branches in Treviso and Como (both Italy). Hypo Vorarlberg has 723 employees on average in 2014.



## **Business Overview**

### ***Principal Activities***

Hypo Vorarlberg is a regional universal bank 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 (CH), a competence centre for real estate and leasing - Hypo Immobilien & Leasing GmbH, the insurance expert Hypo Versicherungsmakler GmbH, the leasing specialist Hypo Vorarlberg Leasing AG in Bolzano (IT) and also the subsidiary HYPO EQUITY Unternehmensbeteiligungen AG specialising in venture capital and equity financing.

### ***Main categories of products sold and/or services offered***

#### *Corporate bank in Vorarlberg*

Corporate services represent an important pillar of the Issuer's activities. Being an universal bank, 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 2014 (shown as loans and advances to corporate customers as shown in the respective consolidated annual financial statements) amounted to EUR 5,240.7 million (31 December 2013: EUR 4,985.2 million).

#### *Residential real estate bank*

The lending volume to private customers as of 31 December 2014 (shown as loans and advances to private customers as shown in the respective consolidated annual financial statements) has been increased by 6.0% compared to 31 December 2013. It amounted to EUR 1,774.6 million as of 31 December 2014. 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*

As of 31 December 2014, assets under management of Hypo Vorarlberg totalled EUR 759.4 million (31 December 2013: EUR 677.5 million). Hypo Vorarlberg's Asset Management is well-positioned in Vorarlberg.

At the end of the year 2014, Hypo Vorarlberg acted as a custodian for 64 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 2014, Hypo Vorarlberg administered 508 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 2014 the unit administered 387 mandates in total.

*Significant new products and/or activities*

Thanks to the introduction of the international "GIPS®<sup>10</sup>"-Standard (Global Investment Performance Standards) in Private Banking in 2005, Hypo Vorarlberg is able to offer comparable performance results. The quality standard and the transparency toward the Issuer's customers resulting from Global Investment Performance Standards was audited and attested by PricewaterhouseCoopers in March 2015 as of 31 December 2014.

**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, where it has considerable potential for growth.

*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 banks. In Switzerland, Hypo Vorarlberg has expanded its territorial reach towards Zurich and promoted private 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:

<b>Company Name, Place</b>	<b>Share Capital</b>
"Hypo-Rent" Leasing- und Beteiligungsgesellschaft mbH, Bregenz	100.00%
LD-Leasing GmbH, Dornbirn	100.00%

<sup>10</sup> The centralised asset management of Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft having registered offices in Bregenz qualifies as a firm within the meaning of the Global Investment Performance Standards (GIPS®). The firm comprises all asset management mandates of private and institutional customers as well as public funds that are managed in the context of the bank's centralised investment process. It does not include decentralised organisational units and other units of the group that operate independently. The firm is in compliance with the GIPS®.

Hypo Vorarlberg Leasing AG, IT-Bolzano	100.00%
Hypo Vorarlberg Holding (Italien) – GmbH, IT-Bolzano	100.00%
Hypo Vorarlberg Immo Italia srl, IT-Bolzano	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., CZ-Prague	100.00%
Inprox Praha Letnany – HIL s.r.o., CZ-Prague	100.00%
Inprox GY – HIL Kft., HU-Budapest	100.00%
HSL Logisztika Hungary Kft., HU-Budapest	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":

<b>Company Name, Place</b>	<b>Percentage of Capital</b>
HTV KAPPA Immobilienleasing GmbH, Dornbirn	50.00%
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.bH, 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 2014. The annual financial statements of HYPO EQUITY Unternehmensbeteiligungen AG were prepared as of 30 September 2014 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.

## Management, Supervisory Bodies and Annual Meeting of Shareholders

Hypo Vorarlberg has three bodies: a management board, a supervisory board and the annual meeting of shareholders.

### Management Board

	Principal activities performed outside Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft
<p><b>Michael Grahammer</b>            CEO, Chairman Managing Board            Corporate Customers Sales            Treasury            Accounting Human Resources            Participation Administration            Hypo Immobilien &amp; Leasing GmbH            Hypo Versicherungsmakler GmbH            Public Relations</p>	<p>Chairman Managing Board of Vorarlberger Landesbank-Holding</p> <p>Chairman Supervisory Board of HYPO EQUITY Beteiligungs AG</p> <p>Chairman Supervisory Board of HYPO EQUITY Unternehmensbeteiligungen AG</p> <p>Member Supervisory Board of Hypo-Wohnbaubank Aktiengesellschaft</p> <p>Chairman Supervisory Board of Hypo Immobilien &amp; Leasing GmbH</p> <p>Member Supervisory Board of Hypo-Banken-Holding Gesellschaft m.b.H.</p> <p>Chairman Supervisory Board of Hypo-Haftungs-Gesellschaft m.b.H.</p> <p>Managing Director of "Hypo-Rent" Leasing- und Beteiligungsgesellschaft mbH</p> <p>Deputy Chairman Supervisory Board of Pfandbriefbank (Österreich) AG</p> <p>Member of Managing Board of Bregenzer Festspiele Foundation</p>
<p><b>Johannes Hefel</b>            Member Managing Board            Private Customers Sales            Private Banking            Asset Management            Logistics            Marketing</p>	<p>Member Managing Board of Vorarlberger Landesbank-Holding</p> <p>Deputy Chairman Supervisory Board of "Wirtschafts-Standort Vorarlberg" Betriebsansiedlungs GmbH</p> <p>Member Supervisory Board of HYPO EQUITY Unternehmensbeteiligungen AG</p> <p>Member Supervisory Board of HYPO EQUITY Beteiligungs AG</p> <p>Shareholder and Member Supervisory Board of Hefel Realvermögen AG</p> <p>Shareholder of Hefel Textil GmbH</p> <p>Managing Director of "Hypo-Rent" Leasing- und Beteiligungsgesellschaft mbH</p> <p>Shareholder and Chairman Supervisory Board of Tourismusbetriebe Warth Holding GmbH</p>

<p><b>Michel Haller</b>  Member Managing Board  Credit Management Corporate Customers Credit Management Private Customers  Group Risk Controlling  Law  Compliance  Audit  Hypo Vorarlberg, Italy  Fund Service  Securities Settlement</p>	<p>Member Managing Board of Vorarlberger Landesbank-Holding</p> <p>Managing Director of "Hypo-Rent" Leasing- und Beteiligungsgesellschaft mbH</p> <p>Member Supervisory Board of "Wirtschafts-Standort Vorarlberg" Betriebsansiedlungs GmbH</p> <p>Member Supervisory Board of Hypo Immobilien &amp; Leasing GmbH</p> <p><b>Foreign activities:</b></p> <p>President Board of Directors of Hypo-Vorarlberg Immo Italia GmbH, Bolzano</p> <p>President Board of Directors of Hypo Vorarlberg Holding (Italy) GmbH, Bolzano</p> <p>President Board of Directors of Hypo-Vorarlberg Leasing A.G., Bolzano</p> <p>Member Supervisory Board of Internationales Bankhaus Bodensee AG, Friedrichshafen</p>
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### **Supervisory Board**

The supervisory board consists of 14 members who are the following:

	<b>Principal activities performed outside Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft</b>
<p><b>Jodok Simma</b>  Chairman Supervisory Board</p>	<p>Deputy Chairman Supervisory Board of Fohrenburg Beteiligungs-Aktiengesellschaft</p> <p>Deputy Chairman Supervisory Board of Hypo Immobilien &amp; Leasing GmbH</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 &amp; R Privatstiftung</p> <p>Member Managing Board Rätikon Privatstiftung</p>
<p><b>Alfred Geismayr</b>  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 &amp; Co OEG</p> <p>Member Managing Board of Achim Doppelmayr Privatstiftung</p> <p>Managing Director of PricewaterhouseCoopers Vorarlberg</p>

	<p>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><b>Friedrich Amann</b> Member Supervisory Board</p>	<p>Shareholder of "PROTEC" Steuerungen + Prozesstechnik GmbH</p> <p>Shareholder of SUPERGAU NETWORK Vermögensberatung GmbH</p>
<p><b>Astrid Bischof</b> 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><b>Michael Horn</b> Member Supervisory Board</p>	<p>Deputy Chairman Managing Board of Landesbank Baden-Württemberg</p> <p>Deputy Chairman Supervisory Board of Siedlungswerk GmbH, Wohnungs- und Städtebau, Stuttgart</p> <p>Member Supervisory Board of Grieshaber Logistik GmbH, Weingarten</p> <p>President of the Board of Directors of LBBW (Schweiz) AG, Zurich</p>
<p><b>Dr. Ulrich Theileis</b> Member Supervisory Board</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><b>Nicolas Stieger</b> Member of Supervisory Board</p>	<p>General Partner of Summer, Schertler, Stieger OEG</p> <p>Shareholder and Managing Director of "GANYMED" Grundstücksverwaltungs GmbH</p> <p>Limited Partner and function owner of "GANYMED" Grundstücksverwaltung GmbH &amp; Co KG</p> <p>Shareholder and Managing Director of Summer Schertler Stieger Kaufmann Droop Rechtsanwälte GmbH</p>
<p><b>Karl Fenkart</b> 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><b>Karlheinz Rudisser</b> 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 Olympisches Jugendfestival Vorarlberg-Liechtenstein 2015 GmbH</p> <p>Chairman Supervisory Board of Vorarlberger Informatik- und Telekommunikationsdienstleistungsgesellschaft mbH</p> <p>Chairman Supervisory Board of Vorarlberg Tourismus GmbH</p> <p>Member Supervisory Board of Vorarlberger Energienetze GmbH</p>
<p><b>Elmar Köck,</b> Member of Supervisory Board, Works Council delegate</p>	<p>Shareholder of Dornbirner Seilbahn GmbH</p>
<p><b>Dr. Gerhard Köhle</b> Member of Supervisory Board, Works Council delegate</p>	-
<p><b>Bernhard Köb</b> Member of Supervisory Board, Works Council delegate</p>	-
<p><b>Veronika Moosbrugger</b> Member of Supervisory Board, Works Council delegate</p>	-
<p><b>Peter Niksic</b> Member of Supervisory Board, Works Council delegate</p>	-

The business address of the members of the management board and supervisory board is Hypo Vorarlberg, Hypo-Passage 1, A-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
MR Mag. Dr. Josef Nickerl	Vice State Commissioner
Dr. Heinz Bildstein	Trustee
MR Mag. Helmut Schamp	Deputy Trustee

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 management board and the supervisory board.

### **Major Shareholders**

As of the date of the 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 the 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 the Prospectus, the voting rights of the subscribed capital are as follows:

Shareholders	Total Shares	Voting Rights
<b>Vorarlberger Landesbank-Holding – federal state Vorarlberg</b>	<b>76.0308%</b>	<b>76.0308%</b>
<b>Austria Beteiligungsgesellschaft mbH</b>	<b>23.9692%</b>	<b>23.9692%</b>
- Landesbank Baden-Württemberg	15.9795%	-
- Landeskreditbank Baden-Württemberg Förderbank	7.9897%	-
<b>Share Capital</b>	<b>100.0000%</b>	<b>100.0000%</b>

The Vorarlberger Landesbank-Holding (which is ultimately owned by the Austrian federal province 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 nine-month period ended 30 September 2014 and 30 September 2015 and as of 31 December 2014 and 30 September 2015 extracted or derived from the unaudited interim consolidated financial statements of the Issuer as of and for the nine-month period ended 30 September 2015. These unaudited interim consolidated financial statements have been prepared on the basis of IFRS as adopted by the EU on interim financial reporting. Furthermore, the tables show selected historical financial information of the Issuer as of and for the financial years ended 31 December 2013 and 31 December 2014 extracted or derived from the audited consolidated

annual financial statements of the Issuer as of and for the financial year ended 31 December 2014 (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	30.09.2015	31.12.2014	Change in '000 EUR	Change in %
Total assets	13,711,946	14,185,492	-473,546	-3.3
Loans and advances to customers (L&R)	9,171,476	8,954,412	217,064	2.4
Amounts owed to customers (LAC)	4,787,143	4,662,797	124,346	2.7
Liabilities evidenced by certificates (LAC)	2,203,926	2,313,778	-109,852	-4.7
Own funds	1,074,423	1,091,473	-17,050	-1.6
thereof Tier 1 capital	822,955	807,813	15,142	1.9
Total capital ratio in accordance with CRR	13.52%	13.27%	0.25%	1.9

in '000 EUR	01.01. - 30.09.2015	01.01. - 30.09.2014	Change in '000 EUR	Change in %
Net interest income after loan loss provisions	110,420	103,237	7,183	7.0
Net fee and commission income	26,725	25,876	849	3.3
Net trading result	-6,044	14,190	-20,234	-
Administrative expenses	-72,277	-69,446	-2,831	4.1
Operating result before change in own credit risk	62,382	58,404	3,978	6.8
Earnings before taxes	97,035	58,212	38,823	66.7

Key Figures	01.01. - 30.09.2015	01.01. - 30.09.2014	Change absolute	Change in %
Cost-Income-Ratio (CIR)	45.46%	48.72%	-3.27%	-6.7
Return on Equity (ROE)	9.43%	9.25%	0.18%	2.0
Average number of Employees	731	718	13	1.8

in '000 EUR	31.12.2014	31.12.2013	Change in '000 EUR	Change in %
Total assets	14,185,492	14,145,177	40,315	0.3
Loans and advances to customers (L&R)	8,954,412	8,485,284	469,128	5.5

Amounts owed to customers (LAC)	4,662,797	4,815,650	-152,853	-3.2
Liabilities evidenced by certificates (LAC)	2,313,778	1,894,590	419,188	22.1
Capital resources in accordance with BWG/CRR*	1,091,473	1,199,302	-107,829	-9.0
thereof core capital / Tier 1 capital*	807,813	804,590	3,223	0.4
Total capital ratio in accordance with BWG/CRR*	13.27%	15.42%	-2.15%	-13.9

in '000 EUR	31.12.2014	31.12.2013	Change in '000 EUR	Change in %
Net interest income after loan loss provisions	95,719	130,092	-34,373	-26.4
Net fee and commission income	35,624	36,956	-1,332	-3.6
Net trading result	30,664	22,943	7,701	33.6
Administrative expenses	-92,101	-91,172	-929	1.0
Operating result before change in own credit risk	54,278	94,908	-40,630	-42.8
Earnings before taxes	53,979	96,134	-42,155	-43.9

Key figures	31.12.2014	31.12.2013	Change absolute	Change in %
Cost/Income ratio (CIR)	49.42%	49.20%	0.22%	0.5
Return on Equity (ROE)	6.45%	12.41%	-5.97%	-48.1
Average number of Employees	723	724	-1	-0.1

\* As of 31 December 2014, the capital ratios are based on the CRR. The comparative figures are based on the provisions of the BWG, which were applicable until 31 December 2013.

### 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 September 2015.

### 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 member of the management board 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 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.

### **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.

#### ***Pfandbriefstelle / Pfandbriefbank – HETA***

On 1 March 2015, the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde* - "**FMA**"), in its capacity as the Austrian resolution authority pursuant to the Austrian Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz* - "**BasAG**"), initiated the resolution of HETA ASSET RESOLUTION AG ("**HETA**"): By issuing an administrative decision - in order to prepare further resolution instruments - the FMA has imposed a temporary moratorium on certain obligations of HETA until 31 May 2016 (the "**Moratorium**") which includes HETA's obligations towards Pfandbriefbank (Österreich) AG ("**Pfandbriefbank**"). Hence, there is a risk that the joint and several liability of the member institutions of the *Pfandbriefstelle der österreichischen Landes-Hypothekenbanken* (the "**Pfandbriefstelle**") (including the Issuer) and the respective liable public authorities (*Gewährträger*) of the member institutions (i.e. the respective states where the member institutions have their seats, each a "**Gewährträger**") for notes which Pfandbriefbank (or originally Pfandbriefstelle) issued as trustee for HETA in the amount of EUR 1.2 billion towards Pfandbriefbank becomes due. This also affects a promissory note loan of EUR 30 million granted to HETA by the Issuer.

All member institutions of the Pfandbriefstelle and their Gewährträger are jointly liable for the liabilities of Pfandbriefbank and also required to offset any liquidity squeezes and to provide the required funds for servicing Pfandbriefbank and have therefore decided to provide Pfandbriefbank with the necessary liquidity and thereby ensure proper servicing of its obligations. Operational implementation is the responsibility of Pfandbriefbank, which organises the payment channels by which the funds provided are to be repaid to the bond holders at maturity.

For the existing receivables towards HETA - including the liquidity expected to be made available for Pfandbriefbank - the Issuer has already made corresponding provisions in the 2014 annual financial statements. With regard to the promissory note loan granted to HETA, a valuation allowance of EUR 12 million was already established in the 2014 annual financial statements of the Issuer, assuming a recovery of 60 % and a liability of the Austrian Federal Province of Vorarlberg for 50 % of the amount provided for the stabilisation of Pfandbriefbank according to the PBrStG. Furthermore, a provision of EUR 36 million was also recognised for the provision of liquidity to Pfandbriefbank. Both provisions have been further increased in the first quarter of 2015, resulting in additional risk costs of EUR 5.75 million.

### **Effects on the rating of the Issuer**

On 7 May 2015, Moody's lowered the Issuer's rating for unsecured long-term liabilities from A2 negative to Baa1 negative. On 16 October 2015, S&P assigned a 'A-/A-2' long- and short-term counterparty credit rating to Hypo Vorarlberg. The outlook is stable.

### **Regulation of the FMA on capital buffers**

On 21 December 2015, the FMA has issued the Austrian Capital Buffers Regulation (*Kapitalpuffer-Verordnung* – "KP-V") which stipulates the determination and recognition of the countercyclical buffer rate pursuant to § 23a (3) BWG, the determination of the systemic risk buffer pursuant to § 23d (3) BWG and the more precise elaboration of the calculation basis pursuant to § 23a (3)(1) BWG and § 24 (2) BWG (the latter concerning the calculation of the Maximum Distributable Amount). The KP-V entered into force on 1 January 2016. Pursuant to the KP-V, for a credit institution with its seat in Austria, the countercyclical buffer rate amounts to 0.00% for significant credit exposures situated in Austria. If the competent authority of another EU-Member State or a third country determines a national countercyclical buffer rate above 2.50%, in case of a credit institution with its seat in Austria, a countercyclical buffer rate amounting to 2.50% is used for significant credit exposures situated in its EU-Member State or third country. Furthermore, the KP-V implements the amended recommendation of the Austrian Financial Market Stability Board (*Finanzmarktstabilitätsgremium* – "FMSG") from 7 September 2015 for imposing a systemic risk buffer. According to the KP-V, the FMA imposes on the Group (i.e. Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft on the basis of the consolidated level of Vorarlberger Landesbank-Holding) a capital buffer rate for systemic vulnerability amounting 1.00% (as of 1 January 2016).

### **Bank Tax**

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 of the financial year ending before the calendar year in which bank tax falls due. It is reduced by secured deposits, subscribed capital and reserves, certain liabilities of 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 a guarantee and certain liabilities resulting from the holding of assets on trust. The tax rate is 0.09% for that part of the tax basis exceeding EUR 1 billion but not exceeding EUR 20 billion and 0.11% for that part exceeding EUR 20 billion. In addition, for calendar years up to and including 2017 a surcharge to bank tax is levied.

### **Trends**

There are risks that may change the outlook for the results of Hypo Vorarlberg in 2016. These risks originate from the fragile situation of the Italian real estate market. In addition, the negative short-term interest rates in CHF and EUR lead to certain risks as well as the valuation of securities and holdings.

The Moratorium has led to a temporary deferral of HETA liabilities to its creditors until 31 May 2016. On 21 January 2016, the Carinthian Compensation Payment Fund (*Kärntner Ausgleichszahlungs-Fonds* - KAF) submitted an offer to assume the HETA liabilities against a reduction. The creditors of HETA liabilities for which the Federal Province of Carinthia is liable were offered a rate of 75%, whereas creditors holding subordinated securities would have received 30%. The Federal Province of Vorarlberg accepted the offer and the owners of Hypo Vorarlberg also approved it by a majority vote.

At the beginning of March, the Austrian Minister of Finance improved the offer: creditors who would have accepted the repurchase offer for state-guaranteed HETA bonds could have invested the 75% in a zero coupon government bond that would pay out 100% after 18 years. The offer period ended on 11 March 2016. The offer would only have been successful if at least two thirds (as measured by the total amount of claims) had agreed. The offer was rejected by the majority of creditors. The Issuer's managing board now

expects that further work will be done on finding a solution to continue until the end of the Moratorium on 31 May 2016. A haircut by the FMA is expected in the near future, which will trigger the liability of the Federal Province of Carinthia. Hypo Vorarlberg is also prepared for this situation, as it has sufficient liquidity sources and has already established appropriate risk provisions for HETA in the 2014 and 2015 annual financial statements. For the time being, the Issuer's managing board does not expect any effects on the 2016 results as a result thereof.

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 bank tax and the resolution fund, are rising continuously. The low interest rates and ever changing technological requirements for credit institutions and their services also present a challenge.

Overall, the Issuer's managing board intends to maintain the proven, broadly based business model of Hypo Vorarlberg and to concentrate on customer business as previously. The Issuer's managing board continues to pursue a prudent risk and accounting policy and will allocate appropriate amounts to the provisions for credit risk.

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 2014.

### **Documents on Display**

The following documents are available and may be inspected on the website of the Issuer (<http://www.hypovbg.at>):

- 1) the articles of association;
- 2) the consolidated annual financial statements for the fiscal years ending on 31 December 2013 and 31 December 2014;
- 3) the unaudited interim financial information for the nine-month period ending 30 September 2015;
- 4) the Prospectus and any supplement thereto;
- 5) each set of Final Terms admitted to trading on a Market or on any other market or stock exchange; and
- 6) any document incorporated herein by reference.

## TAXATION

*The following is a general discussion of certain Austrian, German and United Kingdom 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, Germany, the United Kingdom 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, GERMANY, THE UNITED KINGDOM 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 (e.g., it does not address potential capital contribution tax aspects of the issuance of the Notes) 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 of the Notes**

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 sec 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 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;
- 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; 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.

Also the withdrawal of the Notes from a bank deposit (*Depotentnahme*) and circumstances leading to a loss 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) 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. In case of 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*), the income is subject to withholding tax (*Kapitalertragsteuer*) at a rate of 25% before 1 January 2016 and at a rate of 27.5% after 31 December 2015; 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). In case of investment income from the Notes without an Austrian nexus, the income must be included in the investor's income tax return and is subject to income tax at the flat rates mentioned above. In both cases upon application the option exists to tax all income subject to income tax at the flat rates mentioned above at the lower progressive income tax rate (option to regular taxation pursuant to § 27a(5) of the Austrian Income Tax Act). § 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 (as of 1 January 2016, 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 the flat rates mentioned above 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.

Pursuant to § 93(6) of the Austrian Income Tax Act, the Austrian custodian agent is obliged to automatically offset negative investment income against positive investment income, taking into account all of a taxpayer's bank deposits with the custodian agent. If negative and at the same time or later positive income is earned, then the negative income is to be offset against the positive income. If positive and later negative income is earned, then withholding tax on the positive income is to be credited, with such tax credit being limited to 25% of the negative income before 1 January 2016 and to 27.5% of the negative income after 31 December 2015. In certain cases the offsetting is not permissible. The custodian agent has to issue a written confirmation on each offsetting of losses to the taxpayer.

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. In case of investment income from the Notes with an Austrian nexus, the income is subject to withholding tax at a rate of 25% before 1 January 2016 and at a rate of 27.5% after 31 December 2015. 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 rates mentioned above). In case of investment income from the Notes without an Austrian nexus, the income must always be included in the investor's income tax return (generally income tax at the flat rates mentioned above). In both cases upon application the option exists to tax all income subject to income tax at the flat rates mentioned above at the lower progressive income tax rate (option to regular taxation pursuant to § 27a(5) of the Austrian Income Tax Act). 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 rates mentioned above, 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; only parts of the remaining negative difference (namely 50% before 1 January 2016 and 55% after 31 December 2015) 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%. In the case of income in the sense of § 27(1) of the Austrian Income Tax Act from the Notes with an Austrian nexus, the income is subject to withholding tax at a rate of 25% before 1 January 2016 and at a rate of 27.5% after 31 December 2015. However, the previous 25% rate may pursuant to § 93(1a) of the Austrian Income Tax Act also be applied by the withholding agent after 31 December 2015, 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). Interim tax does not fall due insofar as distributions subject to withholding tax are made to beneficiaries in the same tax period. In case of investment income from the Notes with an Austrian nexus, the income is in general subject to withholding tax at a rate of 25% before 1 January 2016 and at a rate of 27.5% after 31 December 2015. However, the previous 25% rate may pursuant to § 93(1a) of the Austrian Income Tax Act also be applied by the withholding agent after 31 December 2015, 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 investment 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). Individuals subject to limited income tax liability in Austria are also taxable on interest in the sense of the Austrian EU Withholding Tax Act (*EU-Quellensteuergesetz*, see below) from the Notes if withholding tax is levied on such interest (this does not apply, *inter alia*, to individuals falling within the scope of the Austrian EU Withholding Tax Act; *cf.* § 98(1)(5)(b) of the Austrian Income Tax Act).

### **EU withholding tax**

§ 1 of the Austrian EU Withholding Tax Act – implementing Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments – provides that interest payments paid or credited by an Austrian paying agent (*Zahlstelle*) to a beneficial owner who is an individual resident in another EU Member State (or in certain dependent or associated territories, which currently include Anguilla, Aruba, the British Virgin Islands, Curaçao, Guernsey, the Isle of Man, Jersey, Montserrat, Sint Maarten and the Turks and Caicos Islands) are subject to EU withholding tax (*EU-Quellensteuer*) of 35%. § 10 of the Austrian EU Withholding Tax Act provides for an exemption from EU withholding tax if the beneficial owner presents to the paying agent a certificate drawn up in his/her name by the competent authority of his/her state of residence for tax purposes, indicating the name, address and tax or other identification number or, failing such, the date and place of birth of the beneficial owner, the name and address of the paying agent, and the account number of the beneficial owner or, where there is none, the identification of the security; such certificate shall be valid for a period not exceeding three years.

Pursuant to Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, interest, dividends and similar types of income as well as account balances and sales proceeds from financial assets shall in general be

automatically exchanged as of 1 January 2016 with respect to taxable periods as from that date. Although Austria only will have to apply these provisions from 1 January 2017 with respect to taxable periods as from that date, it announced that it will not make full use of the derogation and will already exchange information on new accounts opened during the period 1 October 2016 to 31 December 2016 by 30 September 2017. Pursuant to Council Directive (EU) 2015/2060 of 10 November 2015 repealing Council Directive 2003/48/EC, the latter shall in general be repealed with effect from 1 January 2016. However, pursuant to detailed grandfathering provisions, Austria shall in general continue to apply it until 31 December 2016.

### **Tax treaties Austria/Switzerland and Austria/Liechtenstein**

The Treaty between the Republic of Austria and the Swiss Confederation on Cooperation in the Areas of Taxation and Capital Markets and the Treaty between the Republic of Austria and the Principality of Liechtenstein on Cooperation in the Area of Taxation provide that a Swiss, respectively Liechtenstein, paying agent has to withhold a tax amounting to 25% (regarding the Treaty with Switzerland, this rate will be changed to the rates of 25% and 27.5%, as the case may be, under an adjustment mechanism as of 1 January 2016, which is also to be expected regarding the Treaty with Liechtenstein) on, *inter alia*, interest income, dividends and capital gains from assets booked with an account or deposit of such Swiss, respectively Liechtenstein, paying agent if the relevant holder of such assets (*i.e.* in general individuals on their own behalf and as beneficial owners of assets held by a domiciliary company (*Sitzgesellschaft*)) is tax resident in Austria. The same applies to such income from assets managed by a Liechtenstein paying agent if the relevant holder of the assets (*i.e.* in general individuals as beneficial owners of a transparent structure) is tax resident in Austria. For Austrian income tax purposes this withholding tax has the effect of final taxation regarding the underlying income if the Austrian Income Tax Act provides for the effect of final taxation for such income. The treaties, however, do not apply to interest covered by the agreements between the European Community and the Swiss Confederation, respectively the Principality of Liechtenstein, regarding Council Directive 2003/48/EC on taxation of savings income in the form of interest payments. The taxpayer can opt for voluntary disclosure instead of the withholding tax by expressly authorising the Swiss, respectively Liechtenstein, paying agent to disclose to the competent Austrian authority the income, which subsequently has to be included in the income tax return.

### **Austrian inheritance and gift tax**

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 the flat rates mentioned above. 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 a higher rate of 25% applying in special cases. Special provisions apply to transfers of assets to entities falling within the scope of the tax treaty between Austria and Liechtenstein.

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) of the Austrian Income Tax Act (see above).

## Germany

***The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes, and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of Germany currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive or retrospective effect.***

***As each Series or Tranche of Notes may be subject to a different tax treatment due to the specific terms of such Series or Tranche of Notes as set out in the relevant Final Terms, the following section only provides some general information on the possible tax treatment.***

***Prospective purchasers of Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.***

### German Tax Residents

This section "German Tax Residents" refers to persons who are tax residents of Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

#### *Withholding tax on ongoing payments and capital gains*

Ongoing payments received by a private Holder of the Notes will be subject to German withholding tax if the Notes are kept or administrated in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a "Disbursing Agent", *auszahlende Stelle*). The tax rate is 25% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%). For individual Holders who are subject to church tax an electronic information system for church withholding tax purposes applies in relation to investment income, with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor will be assessed to church tax.

The same treatment applies to capital gains (i.e. the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition) derived by a private Holder provided the Notes have been kept or administrated in a custodial account with the same Disbursing Agent since the time of their acquisition. If similar Notes kept or administrated in the same custodial account were acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. Where Notes are acquired and/or sold or redeemed in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively with the result that any currency gains or losses are part of the capital gains. If distribution claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to withholding

tax. The same applies to proceeds from the payment of distribution claims if the Notes have been disposed of separately.

To the extent the Notes have not been kept or administered in a custodial account with the same Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 26.375% (including solidarity surcharge, plus church tax, if applicable) on 30% of the disposal proceeds (plus interest accrued on the Notes ("**Accrued Interest**", *Stückzinsen*), if any), unless the current Disbursing Agent has been notified of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution from another Member State of the European Union or the European Economic Area or from certain other countries in accordance with Article 17 (2) of the Council Directive 2003/48/EC on the taxation of savings income (e.g. Switzerland or Andorra).

Pursuant to a tax decree issued by the German Federal Ministry of Finance dated 9 October 2012 a bad debt-loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden capital contribution, shall not be treated like a disposal. Accordingly, losses suffered upon such bad debt-loss or waiver shall not be tax-deductible. The same rules should be applicable according to the said tax decree, if the Notes expire worthless so that losses may not be tax-deductible at all. A disposal of the Notes will only be recognised according to the view of the tax authorities, if the received proceeds exceed the respective transaction costs.

In computing any German tax to be withheld, the Disbursing Agent generally deducts from the basis of the withholding tax negative investment income realised by a private Holder of the Notes via the Disbursing Agent (e.g. losses from the sale of other securities with the exception of shares). The Disbursing Agent also deducts Accrued Interest on the Notes or other securities paid separately upon the acquisition of the respective security by a private Holder via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent credits foreign withholding taxes levied on investment income in a given year regarding securities held by a private Holder in the custodial account with the Disbursing Agent.

Private Holders are entitled to an annual allowance (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) for all investment income received in a given year. Upon the private Holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take the allowance into account when computing the amount of tax to be withheld. No withholding tax will be deducted if the Holder of the Notes has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporation and, subject to further requirements being met, where the Notes form part of a trade or business. Furthermore, the same may apply with regard to the taxation of ongoing payments, such as distributions, received by the relevant holders, provided that the Notes have to be regarded as equity style *jouissance* rights (*eigenkapitalähnliche Genussrechte*) for German tax purposes.

#### *Taxation of current income and capital gains*

The personal income tax liability of a private Holder deriving income from capital investments under the Notes is, in principle, settled by the tax withheld, unless the Notes have to be regarded as equity style *jouissance* rights (*eigenkapitalähnliche Genussrechte*) for German tax purposes. To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or if no Disbursing Agent is involved in the payment process, the private Holder must report his or her income and capital gains derived from the Notes on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable). If the withholding tax on a disposal, redemption, repayment or

assignment has been calculated from 30% of the disposal proceeds (rather than from the actual gain), a private Holder may and in case the actual gain is higher than 30% of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. Further, a private Holder may request that all investment income of a given year is taxed at his or her lower individual tax rate based upon an assessment to tax with any amounts over withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted. Losses incurred with respect to the Notes can only be off-set against investment income of the private Holder realised in the same or the following years.

In case the Notes have to be regarded as equity style *jouissance* rights (*eigenkapitalähnliche Genussrechte*) for German tax purposes, current income received from the Notes by private Holders may be taxed with the applicable progressive tax rate based upon an assessment to tax and taxes actually withheld will be credited against the income tax liability of the Holder.

Where Notes form part of a trade or business, the withholding tax, if any, will not settle the (corporate) income tax liability. Where Notes form part of a trade or business, interest (accrued), if any, must be taken into account as income. The respective Holder will have to report income and related (business) expenses on the tax return and the balance will be taxed at the Holder's applicable (corporate) income tax rate. Withholding tax levied, if any, will be credited against the (corporate) income tax liability of the Holder. Where Notes form part of a German trade or business, income from the Notes may also be subject to German trade tax.

In case the Notes have to be regarded as equity style *jouissance* rights (*eigenkapitalähnliche Genussrechte*) for German tax purposes, capital gains from the disposal, redemption, repayment or assignment of Notes may be partially tax exempt at the level of the Holder. On the other hand, in these cases any losses from the disposal, redemption, repayment or assignment of Notes may in parts or in full not be tax deductible for the relevant Holder.

### **Non-German Tax Residents**

Interest and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Holder or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a tax regime similar to that explained above under "*German Tax Residents*" applies.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and capital gains. However, where the income is subject to German taxation as set forth in the preceding paragraph and the Notes are kept or administrated in a custodial account with a Disbursing Agent, withholding tax may be levied under certain circumstances.

### **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

### **Other Taxes**

No stamp, issue or registration taxes or such duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

The European Commission and certain EU Member States (including Germany) are currently intending to introduce a financial transactions tax ("**FTT**") (presumably on secondary market transactions involving at

least one financial intermediary). It is currently uncertain when the proposed FTT will be enacted by the participating EU Member States and when the FTT will enter into force with regard to dealings with the Notes.

## **United Kingdom**

**The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs ("HMRC") practice relating only to United Kingdom withholding tax treatment of payments of distributions in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Holders depends on their individual circumstances and may be subject to change in the future. Prospective Holders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.**

### **Payment of Distributions on the Notes**

Payments of distributions on the Notes that do not have a United Kingdom source may be made without withholding on account of United Kingdom income tax.

Payments of distributions on Notes that are interest (as that term is understood for United Kingdom tax purposes) and have a United Kingdom source may be made without deduction of or withholding on account of United Kingdom income tax provided the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**"). The Vienna Stock Exchange is a recognised Stock Exchange. Securities will be treated as listed on the Vienna Stock Exchange if they are listed and admitted to the *Amtlicher Handel* (Official Market) and the *Geregelter Freiverkehr* (Second Regulated Market).

Payments of distributions on Notes that are interest (as that term is understood for United Kingdom tax purposes) and that have a United Kingdom source may also be made without deduction of or withholding on account of United Kingdom income tax if the Notes qualify, or have qualified, as Additional Tier 1 instruments under Article 52 or Tier 2 instruments under Article 63 of CRR and form, or have formed, a component of Additional Tier 1 capital or Tier 2 capital for those purposes. This is subject to there being no arrangements the main purpose or one of the main purposes, of which is to obtain a tax advantage (as defined in section 1139 of the Corporation Tax Act 2010) for any person as a result of the application of the Taxation of Regulatory Capital Securities Regulations 2013 in respect of the Notes.

In other cases, an amount must generally be withheld from payments of distributions on the Notes that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs.

## **U.S. Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Issuer is classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2019.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Austria have entered into an agreement (the "**U.S.-Austria IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-Austria IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

While the Notes are in global form and held within the ICSDs or OeKB CSD GmbH, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs or OeKB CSD GmbH is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**



## SELLING RESTRICTIONS

### General

The Issuer and any other person that purchases, offers, sells or delivers Notes or possess or distributes the 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 from it 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

In relation to each member state of the European Economic Area 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 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 2014 (English Version) included in the Annual Report 2014 of Hypo Vorarlberg  
[https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre\\_Landesbank/Hypo\\_Landesbank\\_Vorarlberg/Investor\\_Relations/Finanzkennzahlen/Geschaeftsberichte/2014/Annual\\_Report\\_2014.pdf](https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre_Landesbank/Hypo_Landesbank_Vorarlberg/Investor_Relations/Finanzkennzahlen/Geschaeftsberichte/2014/Annual_Report_2014.pdf));
- Consolidated Annual Financial Statements 2013 (English Version) included in the Annual Report 2013 of Hypo Vorarlberg  
[https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre\\_Landesbank/Hypo\\_Landesbank\\_Vorarlberg/Investor\\_Relations/Finanzkennzahlen/Geschaeftsberichte/2013/Annual\\_Report\\_2013.pdf](https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre_Landesbank/Hypo_Landesbank_Vorarlberg/Investor_Relations/Finanzkennzahlen/Geschaeftsberichte/2013/Annual_Report_2013.pdf)); and
- Consolidated Interim Financial Statements for the nine-month period of 2015 (English Version) included in the Quarterly Report as of 30 September 2015 of Hypo Vorarlberg  
[https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre\\_Landesbank/Hypo\\_Landesbank\\_Vorarlberg/Investor\\_Relations/Finanzkennzahlen/Geschaeftsberichte/2015/Quarterly\\_Report\\_September\\_2015.pdf](https://www.hypovbg.at/fileadmin/Hypovbg/Content/Ihre_Landesbank/Hypo_Landesbank_Vorarlberg/Investor_Relations/Finanzkennzahlen/Geschaeftsberichte/2015/Quarterly_Report_September_2015.pdf)).

### Comparative Table of Documents Incorporated by Reference

(page numbers refer to the Annual/Interim Reports)

<u>Pages</u>	<u>Section of Prospectus</u>		<u>Documents Incorporated by Reference</u>
121 <i>et seq.</i>	Hypo Vorarlberg, Financial Information	Historical	<p><b>Unaudited consolidated interim financial information as of and for the nine-month period ending 30 September 2015 (English Version) of Hypo Vorarlberg included in the Quarterly Report as of 30 September 2015</b></p> <p>Statement of Comprehensive Income (<i>Gesamtergebnisrechnung</i>) for the period of 1 January to 30 September 2015 (pages 10-11)</p> <p>Balance sheet (<i>Bilanz</i>) dated 30 September 2015 (page 12)</p> <p>Statement of changes in shareholders' equity (<i>Eigenkapitalveränderungsrechnung</i>) (page 13)</p> <p>Condensed Cashflow statement (<i>verkürzte Geldflussrechnung</i>) (page 13)</p> <p>Notes (<i>Erläuterungen/Notes</i>) (pages 13-24)</p> <p><b>Consolidated Annual Financial Statements 2013 (English Version) of Hypo Vorarlberg included in the Annual Report 2013</b></p> <p>Statement of Comprehensive Income (<i>Gesamtergebnisrechnung</i>) for the period of 1 January to 31 December 2013 (page 56)</p> <p>Balance sheet (<i>Bilanz</i>) dated 31 December 2013 (page 57)</p>

Statement of changes in shareholders' equity (*Eigenkapitalveränderungsrechnung*) (page 58)

Cash flow statement (*Geldflussrechnung*) (page 59)

Notes (*Erläuterungen/Notes*) (pages 60-123)

Auditor's report (*Bestätigungsvermerk*)<sup>(1)</sup> (pages 130-131)

**Consolidated Annual Financial Statements 2014 (English Version) of Hypo Vorarlberg included in the Annual Report 2014**

Statement of Comprehensive Income (*Gesamtergebnisrechnung*) for the period 1 January to 31 December 2014 (page 54)

Balance sheet (*Bilanz*) dated 31 December 2014 (page 55)

Statement of changes in shareholders' equity (*Eigenkapitalveränderungsrechnung*) (page 56)

Cash flow statement (*Geldflussrechnung*) (page 57)

Notes (*Erläuterungen/Notes*) (pages 58-126)

Auditor's report (*Bestätigungsvermerk*)<sup>(1)</sup> (pages 136-137)

<sup>(1)</sup> The auditor's report is a translation of the German language auditor's report (*Bestätigungsvermerk*) which refers to the respective German language consolidated annual financial statements.

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Prospectus Regulation.

## **RESPONSIBILITY STATEMENT**

Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft with its registered office at Hypo-Passage 1, A-6900 Bregenz, the 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.

Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft  
as Issuer pursuant to § 8 KMG

Bregenz, 30 March 2016

**DR. MICHAEL GRAHAMMER**

as collectively authorised chairman of the management board (*Vorsitzender des Vorstandes*)

**MAG. FLORIAN GORBACH, MSC**

as collectively authorised signatory (*Prokurist*)

## **ADDRESSES**

### **Issuer**

Vorarlberger Landes- und Hypothekenbank  
Aktiengesellschaft  
Hypo-Passage 1  
A-6900 Bregenz  
Republic of Austria

### **Legal Advisers to the Issuer**

*as to German law*

Allen & Overy LLP  
Haus am OpernTurm  
Bockenheimer Landstraße 2  
D-60306 Frankfurt am Main  
Germany

*as to Austrian law*

WOLF THEISS  
Rechtsanwälte GmbH & Co KG  
Schubertring 6  
A-1010 Vienna  
Republic of Austria

### **Auditors to the Issuer**

For the fiscal years ended 31 December 2013 and 31 December 2014

Ernst & Young  
Wirtschaftsprüfungsgesellschaft m.b.H.,  
Wagramer Straße 19, IZD-Tower,  
A-1220 Vienna,  
Republic of Austria