

CONDITIONS OF THE CB ACCESSION MEZZANINE IV LINKED NOTES

*The terms and conditions of this notes (the **Linked Notes** or **CB Accession Mezzanine IV Linked Notes**) are as set out below (the **Conditions**, each a **Condition**).*

The Linked Notes have the aggregate nominal value not exceeding **EUR 75.000.000**.

The Linked Notes are issued by Capital Bank – GRAWE Gruppe AG, a credit institution incorporated under the laws of Austria, having its registered office at Burgring 16, 8010 Graz (the **Issuer**).

The Linked Notes bear the **ISIN AT000B110176**.

Issue Price: 100% plus issue surcharge up to 3%.

The first Capital Call or Sale Price will involve a minimum investment amount of EUR 100.000 per Investor.

The Linked Notes are publicly offered in Austria and Germany and are exempt from the obligation to publish a prospectus in accordance with Section 3 par. 1 Nr. 9 Austrian Capital Markets Act.

1. DEFINITIONS

Business Day means a day (other than a Saturday and a Sunday) on which credit institutions are open for general business in Austria and which is also a TARGET2 Day.

Calculation and Paying Agent means Capital Bank – GRAWE Gruppe AG or its successor(s).

Calculation Day means the last day of a calendar month.

Calculation Period means, in respect of the relevant Calculation Day, the period starting (but excluding) the previous Calculation Day and ending on (and including) that Calculation Day.

Commitment Amount means the amount of the Commitment of each Commitment Holder as indicated in the respective Commitment.

Depository Bank means OeKB CSD GmbH or such other entity as the Issuer may appoint from to time to time to act as depository for the Global Linked Note(s).

Final Redemption Amount means the product of (i) the Principal Amount Outstanding and (ii) the Note Net Asset Value as of the Calculation Day immediately preceding the Maturity Date.

Final Redemption Notice has the meaning given to such term in Condition 9.1(a).

Full Repayment means, that the Issuer has paid in full to the relevant Noteholder the Final Redemption Amount, any accrued Interest Amount (if applicable) and no more amounts are expected to be paid by the Issuer in respect of the Linked Notes.

Fund Capital Proceeds means discretionary amounts in the nature of capital proceeds paid by the Reference Fund to its investors, as reported by the Reference Fund, in the amount pro rata allotted to the Issuer based on the Investment Component.

Fund Income Proceeds means discretionary amounts in the nature of income proceeds paid by the Reference Fund to its investors.

Interest Payment Date means any of the following dates: 31.05. and 30.11. of each calendar year, starting from 30.11.2017.

Issue Date means the date on which the Linked Notes will be issued as specified in the Initial Capital Call Notice or in any subsequent Capital Call Notice.

Issue Proceeds means the aggregate gross amount received by the Issuer in respect of the issue or sale of the Linked Notes.

Maturity Date means the date falling no later than five (5) Business Days after the Calculation Day immediately following the last and final distribution of Fund Capital Proceeds or Fund Income Proceeds (whichever comes last) made in connection with, and for the purpose of, the dissolution of the Reference Fund.

Net Issue Proceeds means the Issue Proceeds minus (i) already paid Structuring Fee, and (ii) amounts attributed to the Cash Component.

Note Net Asset Value means, in respect of each Linked Note, the value calculated on the relevant Calculation Day in accordance with the formula set out in Condition 7.9

Noteholders means the holders of one or more Linked Notes and **Noteholder** means any of them.

Partial Redemption Amount means the number of Linked Notes redeemed on a Partial Redemption Date multiplied by the Specified Denomination as indicated in a prior notice to investors in accordance with Condition 15, stating the number of Linked Notes redeemed on the respective Partial Redemption Date.

Partial Redemption Date means, subject to Condition 9.2(b), the date on which the Issuer performs a partial redemption of the Linked Notes.

Payable Costs means aggregated not deducted Structuring Fee, any costs, fees and disbursements that the Issuer has incurred and will incur, directly or indirectly, in connection with the enforcement of the Hedge Assets, and the making of tax claims, but excluding any direct and indirect taxes and duties

Principal Amount Outstanding means on any date (i) the aggregate amount paid by the Noteholder in connection with the issue or sale of the Linked Notes on the Issue Date or Sale Date and upon each subsequent Capital Call, minus (ii) the aggregate amount of all Partial Redemption Amounts paid in respect of that Linked Notes by the Issuer prior to such date in accordance with Condition 9.2.

Reference Assets means the following assets: (i) the Hedge Assets, (ii) any assets (other than cash) received by the Issuer in connection with the Hedge Assets, (iii) the Reference Cash and (iv) the rights of the Issuer under any agreements entered into in connection with the Linked Notes.

Reference Asset Value means the amount calculated by the Calculation and Paying Agent on each Calculation Day in accordance with the formula set out in Condition 7.7.

Reference Cash means any cash of the Issuer pertaining to the issue of the Linked Notes.

Reference Fund, or Fund, means AMC Capital IV S.C.Sp., a Luxembourg special limited partnership (*société en commandite spéciale*) qualifying as an alternative investment fund (AIF) within the meaning of the Directive of the European Parliament and Council 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers (AIFMD).

Reference Fund Documents, means the documents on the Fund available from the Issuer during the term of the Linked Notes, as specified in Condition 11.

Sale Date means any date on which the Issuer sells to an investor some or all of the Linked Notes held by it on its books in accordance with Condition 3.1(b).

Sale Price means, in respect of any Linked Note to be sold by the Issuer on a Sale Date in accordance with Condition 3.1(b) an amount per Linked Note equal to the sum of (a) the Reference Share Price, (b) the Equalisation Interest, (c) the Reference Cash Contribution and (d) up to 0.25% of the Specified Denomination payable in respect of the Issuer's fees and expenses incurred in connection with the issue and sale of the Linked Notes, where:

Reference Share Price means (A) multiplied by (B), where (A) is the amount per Reference Share as determined by the Reference Fund to be paid by a potential investor for the purpose of subscribing to further Reference Shares issued in addition to the existing Reference Shares and (B) is the Specified Denomination;

Equalisation Interest means (A) multiplied by (B), where (A) is the amount per Reference Share as determined; by the Reference Fund to be paid by a potential investor, in addition to the Reference Share Price, for the purpose of subscribing to further Reference Shares issued in addition to the existing Reference Shares in order to compensate, among other things, for any increase in value of the underlying assets of the Reference Fund acquired prior to the issue date of such further Reference Shares and/or to reflect any accrued but unpaid income proceeds in respect of the existing Reference Shares and (B) is the Specified Denomination; and

Reference Cash Contribution means the amount of the Reference Cash on the relevant Sale Date (but prior to the relevant sale) divided by the aggregate number of the Linked Notes outstanding and held by investors (excluding, for the avoidance of doubt, the Linked Notes held by the Issuer in accordance with Condition 3.1(b)).

Structuring Fee means an amount in EUR calculated on a monthly basis as defined in Condition 7.8. Structuring Fee covers any costs, fees and disbursements that the Issuer has incurred and will incur, directly or indirectly, in connection with the issue and sale of the Linked Notes, including but not limited to costs, fees and disbursements in connection with (i) the acquisition of the Hedge Assets, the sale and transfer of the Hedge Assets and, where applicable, enforcement of the Hedge Assets, the redemption of the Linked Notes (together, the **Transactions**) and (ii) the appointment of any agent or servicer in connection with the Transactions.

Set-up Fee means the amount of 0,25 % of the Commitment Amount that will be deducted from the Reference Cash in one or more instalments to cover the Issuer's efforts in connection with the issue and sale of the Linked Notes.

TARGET2 Day means any day on which the TARGET2 System is open.

TARGET2 System means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

Taxes means all direct and indirect taxes and duties due from the Issuer to the tax authorities in connection with the issue, redemption or repurchase of the Linked Notes, the acquisition, sale or transfer of the Hedge Assets or otherwise relating to the Reference Assets.

Tax Jurisdiction means Austria or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Linked Notes.

Undrawn Commitment means, on any date, the Commitment Amount minus the current aggregate Principal Amount Outstanding of the Linked Notes corresponding to the relevant Commitment.

2. NOTEHOLDER COMMITMENT

2.1 Commitment

- (a) On or prior to the Issue Date or any Sale Date, each subscriber to the Linked Notes or each purchaser of the Linked Notes from the Issuer in accordance with Condition 3.1(b), shall enter into a separate binding contractual non-cancellable obligation to subscribe for the Linked Notes to the extent of the Commitment Amount (the **Commitment**). A person who holds the Commitment at any given time shall be referred to herein as **Commitment Holder**. The minimum Commitment per Commitment Holder shall be EUR 500.000.
- (b) Any time until the expiry of the Commitment, the Issuer may, but is not required to, request each Commitment Holder to subscribe to the Linked Notes in one or more instalments up to the amount of the Undrawn Commitment calculated at the time of such request.
- (c) For the avoidance of doubt, if the Issuer pays Partial Redemption Amounts in respect of the Linked Notes, the relevant Undrawn Commitment will be increased by the aggregate amount of the Partial Redemption Amounts paid in respect of the Linked Notes corresponding to the Commitment.

2.2 Capital Call Notice

- (a) The request by the Issuer for a drawdown under the Commitment (a **Capital Call**) shall be made by way of a notice (a **Capital Call Notice**) sent to each Commitment Holder in accordance with Condition 15 and deemed delivered at least three (3) Business Days prior to the relevant payment date.
- (b) With regard to the Linked Notes to be issued on the Issue Date, a Capital Call Notice served by the Issuer prior to the issue of the Linked Notes (an **Initial Capital Call Notice**), as well as any other Capital Call Notice, shall at least specify: (i) the aggregate amount payable by the relevant Commitment Holder in respect of the Linked Notes to be subscribed by it, (ii) the relevant payment modalities, including the date by which the payment shall be made, (iii) the number of the Linked Notes to be issued to the Commitment Holder, and (iv) the Issue Date.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

- (a) The Linked Notes will be issued in bearer form. The Linked Notes may not be exchanged for Linked Notes in registered form. Each Note will have a nominal value of EUR 1,- (the **Specified Denomination**) and the aggregate nominal value of the Linked Notes outstanding at any given time shall not exceed EUR 75.000.000.
- (b) The Issuer may issue the Linked Notes for no consideration to be held by the Issuer with a view to selling such Linked Notes for the Sale Price on the secondary market. All determinations made under these Conditions will reflect the fact that such Linked Notes issued and directly held by the Issuer have been issued for no consideration (the Issue Price for those Linked Notes will be deemed to be 0). So long as any Linked Notes are held by the Issuer, any rights attached to such Linked Notes (such as financial rights and voting rights) will be suspended.
- (c) Upon issue, the Linked Notes will be represented by one or more global certificates in bearer form (each, a **Global Linked Note** and together, the **Global Linked Notes**), which will be deposited with the Depository Bank on or about the relevant Issue Date.

3.2 Transfer and Title

The Linked Notes are represented by a Global Linked Note. Each person (other than the Depository Bank) who is shown in the records (the **Records**) of the Depository Bank as the holder of a particular nominal amount of such Linked Notes shall be treated by the Issuer as the holder of such nominal amount of such Linked Notes for all purposes other than with respect to the payment of principal or interest (if any) on such nominal amount of such Linked Notes, for which purpose the bearer of the relevant Global Linked Note shall be treated by the Issuer as the holder of such nominal amount of such Linked Notes in accordance with and subject to the terms of the relevant Global Linked Note, and the expressions Noteholder and holder of the Linked Notes and related expressions shall be construed accordingly.

The Linked Notes will be transferable in accordance with the rules and procedures for the time being of the Depository Bank.

4. FURTHER CAPITAL CALLS

- 4.1 Any time after the Issuer Date but prior to the Maturity Date, the Issuer is entitled, but is not obliged, to make Capital Calls by making Capital Call Notices as described in 2.2, requesting subscription by the Commitment Holder of the Undrawn Commitment in one or more instalments. The request by the Issuer for further drawdowns under the Undrawn Commitment shall be made by way of a Capital Call Notice.
- 4.2 Upon receipt of a Capital Call Notice, each Commitment Holder will subscribe to and pay the respective amount for each of the Linked Notes corresponding to the Commitment in accordance with the payment modalities specified in the Capital Call Notice.

5. REFERENCE ASSETS

5.1 Risk hedging

In order to hedge its payment obligations in respect of the Linked Notes, the Issuer will apply the Net Issue Proceeds of the Linked Notes to actually subscribe for securities of one or more issuers of its choice (the **Hedge Assets**, which term shall include any assets or cash received

by the Issuer in connection therewith). The Issuer will endeavour to hold at any time the Hedge Assets that are, in its reasonable opinion, suitable to ensure full and punctual payment of the amounts due to the Noteholders under the Linked Notes. The Issuer shall not be obliged to invest, directly, indirectly, or synthetically, in the Reference Fund.

5.2 Cost Payments

- (a) On each Calculation Day, the Calculation and Paying Agent will calculate the Reference Asset Value and the Structuring Fee.
- (b) The Issuer will pay any Payable Costs when due. If the Reference Cash is insufficient to pay the relevant liabilities in full, the Issuer, in its sole discretion, is entitled to make a Capital Call for the purpose of satisfying the relevant liabilities or borrow the necessary amounts pursuant to one or more short-term overdrafts of the Reference Cash account (each, a **Loan**).

6. STATUS

The Linked Notes constitute direct, unsecured and limited recourse, pass-through debt obligations of the Issuer and rank *pari passu* and rateably, without any preference among themselves, with all other existing direct, unsecured and limited recourse, pass-through indebtedness of the Issuer.

7. DESCRIPTION OF THE ACCESSION MEZZANINE IV STRATEGY AND OTHER RELEVANT FORMULAS

7.1 Basic principles of the Strategy

The Accession Mezzanine IV Strategy (the **Strategy**) is a strategy that was developed and designed, and is sponsored by the Issuer (the **Strategy Sponsor**) and is calculated by the Calculation and Paying Agent in accordance with this Strategy description (the **Strategy Description**). For the avoidance of doubt, the Strategy refers to, and is relevant for, the Linked Notes alone and not the Reference Shares, as the Strategy is used for the calculation of the Note Net Asset Value and not for the net asset value of the Fund. The Strategy reflects the performance of the notional Reference Portfolio subject to the deduction of certain fees and costs. The Reference Portfolio (and thus also the Strategy) represents a notional investment of the Issuer in the Reference Fund that is periodically adjusted so as to take account of the issuance of new Reference Shares or their redemption in accordance with the Strategy Composition (as defined below) (the **Objective of the Strategy**). The Issuer is not required to actually invest in the Reference Fund.

7.2 Composition of the Strategy

The **Reference Portfolio** is a notional portfolio composed of the Strategy Components that are weighed in accordance with the Strategy Composition, where:

- (a) **Cash Component** means a virtual non-interest bearing amount in EUR that reflects cash amounts (if any) relating to the Investment Component.
- (b) **Investment Component** means a notional portfolio of Reference Shares the composition of which reflects (i) a notional investment by the Issuer of the amounts equivalent to the Net Issue Proceeds in the Reference Shares and (ii) a notional divestment of any amounts equivalent to cash outflows as a result of redemption of the Linked Notes or the payment of costs and expenses of the Issuer, as reported by

the Issuer to the Calculation and Paying Agent immediately before each Calculation Day.

- (c) **Strategy Components** means the Investment Component and the Cash Component.
- (d) **Strategy Composition** means the respective shares of the Investment Component and the Cash Component in the Net Asset Value of the Reference Portfolio. The Calculation and Paying Agent shall calculate the actual Strategy Composition on each Calculation Day using the latest data provided by the Reference Fund prior to the relevant Calculation Day.

7.3 Calculation of the Strategy Level

- (a) The Strategy Sponsor has assigned all rights and duties with regard to the calculation of the Strategy to the Calculation and Paying Agent.
- (b) The Calculation and Paying Agent shall apply the rules and methodology described in this Strategy Description. Its application of such rules and methodology shall be conclusive and binding except in case of manifest error.
- (c) Calculation method: On each Calculation Day (t), the Calculation and Paying Agent shall calculate the level of the Strategy (the **Strategy Level**). The Strategy Level on the Issue Date is 100 Strategy Points, one Strategy Point corresponding to 1 EUR. The Strategy Points are calculated with 2 decimals, for which purpose the third decimal shall be rounded downwards.

The Strategy Level shall be calculated as follows:

$$SL_t = \frac{NAV\ RP_t}{N} \times 100$$

where:

$$NAV\ RP_t = SC_t + CC_t$$

- (d) **Publication of the Strategy Level**

The latest Strategy Level shall be published on the website of the Issuer once the calculation is made on each Calculation Day.

7.4 Strategy corrections

If the Calculation and Paying Agent determines in its reasonable discretion in respect of a Calculation Day that the net asset value of the Strategy Components used to determine the Strategy Level was incorrect, for instance, because the value of one or more Strategy Components is subsequently corrected, it may correct the relevant Strategy Level within a period of five (5) Business Days after the error became known to the Calculation and Paying Agent.

7.5 Adjustments

- (a) **Adjustments of the Strategy Calculation**

The Calculation and Paying Agent calculates the Strategy in compliance with the Strategy Description on the basis of the Strategy Composition and the provisions relating to the calculation of the Strategy. If, in the reasonable discretion of the Calculation and Paying

Agent, tax, regulatory, statutory, economic or other relevant circumstances would significantly affect the calculation of the Strategy, the Calculation and Paying Agent may, in its reasonable discretion, adjust the calculation of the Strategy by deviating from, or performing changes to, the calculation method as detailed in the Strategy Description, in order to make up for the effect caused on the Strategy calculation. Any such adjustment is subject to the condition that the general concept and, in particular, the Objective of the Strategy are maintained, and provided that the financial conditions of the Noteholders should not substantially change to their disadvantage. In the event of an adjustment of the calculation of the Strategy, the Calculation and Paying Agent will, without undue delay, publish the relevant adjustment on the Issuer's website.

(b) Adjustments of the Strategy Composition

If, in the reasonable discretion of the Strategy Sponsor, regulatory, statutory, economic, tax or other relevant circumstances would require an adjustment of the Strategy Composition in order to pursue the Objective of the Strategy, the Strategy Sponsor may, in its reasonable discretion, adjust the Strategy Composition. Any such adjustment is subject to the condition that the general concept and, in particular, the Objective of the Strategy are maintained, and provided that the financial conditions of the investors who have acquired financial products linked to the Strategy should not substantially change to their disadvantage. In the event of an adjustment of the Strategy Composition, the Strategy Sponsor will, without undue delay, notify the relevant adjustments to the Noteholders in accordance with Condition 15 and publish them on the Issuer's website.

7.6 Disclaimer

The Strategy exists exclusively in the form of data records and by no means represents any legal or economic ownership in respect of the Strategy Components. Neither the Issuer nor the Calculation and Paying Agent nor the Strategy Sponsor shall be obliged to invest into the Strategy Components or to hold them.

The calculation and composition of the Strategy has and will be performed by the Calculation and Paying Agent and the Strategy Sponsor with all due care. However, neither the Strategy Sponsor nor the Calculation and Paying Agent shall give any representation or guarantee for the correctness of the calculation of the relevant market parameters. Neither the Strategy Sponsor nor the Calculation and Paying Agent shall accept any liability for any direct or indirect damage which may result from an incorrect calculation of the relevant market parameters.

7.7 Reference Asset Value

$$RAV_t = \frac{SL_t \times N}{100} + C_t$$

7.8 Structuring Fee

$$CA_t = RAV_t \times \frac{SF \times n}{365}$$

7.9 Note Net Asset Value

(a) Start figures:

$$NAV_0 = 100,00\%$$

$$SL_0 = 100$$

(b) Calculation of the Note Net Asset Value

$$NAV_t = \frac{RAV_t - CA_t}{N}$$

7.10 Applicable definitions

NAV ₀	net asset value per Note on the Issue Date expressed as a percentage of the Principal Amount Outstanding
NAV _t	net asset value per Note on the Calculation Day expressed as a percentage of Principal Amount Outstanding
RAV _t	Reference Asset Value on the Calculation Day in EUR
t	the Calculation Day
n	number of days in the Calculation Period
N	the aggregate Principal Amount Outstanding of all the outstanding Linked Notes (excluding, for the avoidance of doubt, the Notes held by the Issuer in accordance with Condition 3.1(b))
SL ₀	Strategy Level on the Issue Date (equals 100 Strategy Points)
SL _t	Strategy Level in Strategy Points (one Strategy Point corresponding to EUR) calculated in accordance with Condition Calculation of the Strategy Level
NAV RP _t	net asset value of the Reference Portfolio in EUR
SC _t	net asset value in EUR of the Investment Component (as defined in Condition Composition of the Strategy) calculated in EUR by the Calculation and Paying Agent based on the values reported by the Reference Fund to the Issuer.
CC _t	value in EUR of the Cash Component (as defined in Condition 7.2)
SF	Structuring factor equal to 0,005
CA _t	Structuring Fee
C _t	amount of the Reference Cash (excluding, for the avoidance of doubt, cash already included in the Cash Component, the Set-up Fees and the Provisions, if any) minus the sum of the accrued but unpaid (i) Taxes, (ii) Payable Costs, (iii) payments under the Loans (if any), and (iv) Interest Amounts

8. VARIABLE INTEREST

8.1 In the event that:

- (a) the Reference Fund pays any Fund Income Proceeds to its investors; and/or
- (b) the Issuer determines in its sole discretion that all or part of the available Reference Cash may be available for distribution to the Noteholders,

the Issuer will pay an Interest Amount in respect of each Note on the next Interest Payment Date. For the avoidance of doubt, the payment of an Interest Amount does not result in the reduction of the Principal Amount Outstanding of the Linked Notes.

8.2 On the fifth (5th) Business Day preceding the relevant Interest Payment Date (an **Interest Calculation Date**), the Calculation Agent will calculate, in respect of each Linked Note, an interest amount (the **Interest Amount**) that shall be equal to (A) divided by (B), where:

(A) is the sum of (i) the aggregate amount of the Fund Income Proceeds minus the accrued but unpaid Payable Costs, payments under the Loans (if any) and Taxes, and (ii) such amount of the Reference Cash (if any) as the Issuer may determine in its sole discretion to be available for distribution to the Noteholders;

and

(B) is the aggregate number of the outstanding Linked Notes.

8.3 If the Reference Fund pays any Fund Income Proceeds to its investors on or after the Interest Calculation Date preceding the relevant Interest Payment Date, such Fund Income Proceeds will not be reflected in the calculation of the Interest Amounts payable on that Interest Payment Date, but will be taken into account for the purpose of the payment of the Interest Amounts on the next succeeding Interest Payment Date.

8.4 If accrued Interest Amounts were to be paid by the Issuer on the Interest Payment Date that falls after the Maturity Date, any amounts due under Condition 8 would be included as part of the Final Redemption Amounts payable in respect of the outstanding Linked Notes on the Maturity Date.

9. REDEMPTION

9.1 Final redemption of the Linked Notes

- (a) Subject to Condition 9.1(d) below, the Issuer will redeem all of the outstanding Linked Notes on the Maturity Date by giving to the Noteholders, in accordance with Condition 15 not less than five (5) days' notice (a **Final Redemption Notice**) (which notice shall be irrevocable) expiring on the Maturity Date specified in such Final Redemption Notice.
- (b) If the Final Redemption Notice has been given to the Noteholders, the Issuer shall redeem each Linked Note by paying the Final Redemption Amount to the holder of such Linked Note on the Maturity Date (subject to Condition 9.1(d) below).
- (c) If no distribution has been made by the Reference Fund to its investors in connection with, or for the purpose of, the dissolution of the Reference Fund (excluding, for the avoidance of doubt, the Fund Capital Proceeds and/or Fund Income Proceeds that have already resulted in payments being made by the Issuer under these Conditions) and no such distribution is expected to be made in the future, it cannot be excluded that the Final Redemption Amount in respect of the outstanding Linked Notes will be equal to zero. In such a case, a Full Repayment shall be deemed to have occurred in respect of the Linked Notes.
- (d) If the Final Redemption Amount is not available on the Maturity Date, the Issuer undertakes to use all reasonable means to promptly realise the Hedge Assets and achieve a Full Repayment. No Noteholder will be entitled to any additional interest or other payment for the delay in receiving the Final Redemption Amount.
- (e) Following the occurrence of the Full Repayment, the obligations of the Issuer under these Conditions shall be fully discharged and the Noteholders shall have no further claim or recourse against the Issuer.

9.2 **Partial redemption of the Linked Notes**

- (a) If the Reference Fund pays any Fund Capital Proceeds to its investors other than in connection with, or for the purpose of the final dissolution of the Reference Fund, the Issuer will (i) pay a Partial Redemption Amount to the relevant Noteholder on the Partial Redemption Date and (ii) reduce the number of outstanding Linked Notes accordingly.
- (b) If the Partial Redemption Amount is not available on the relevant Partial Redemption Date, the Issuer undertakes to use all reasonable means to promptly realise the Hedge Assets and pay the Partial Redemption Amount. No Noteholder will be entitled to any additional interest or other payment for the delay in receiving the Partial Redemption Amount.
- (c) The Issuer shall promptly notify the Noteholders in accordance with Condition 15 of the reduced Principal Amount Outstanding resulting from the payment of a Partial Redemption Amount.

9.3 **No redemption at the option of the Noteholder**

The Linked Notes cannot be redeemed early, whether in whole or in part, at the option of the Noteholders.

9.4 **Cancellation**

Upon Full Repayment, the Linked Notes will be cancelled forthwith by the Issuer and may not be reissued or resold and the obligations of the Issuer in respect of the Linked Notes shall be discharged.

10. **PAYMENTS**

10.1 **Payments**

Subject as provided below, payments in respect of the Linked Notes will be made in EUR.

- (a) Payments in respect of Linked Notes represented by a Global Linked Note will be made against presentation or surrender, as the case may be, of such Global Linked Note at the specified office of the Issuer. A record of each payment made against presentation or surrender (or, in the case of part payment of any sum due, endorsement) of any Global Linked Note will be made on such Global Linked Note by the Issuer to which it was presented or surrendered and such record shall be prima facie evidence that the payment in question has been made.
- (b) The bearer of a Global Linked Note shall be the only person entitled to receive payments in respect of Linked Notes represented by such Global Linked Note and the Issuer's payment obligations in respect thereof will be discharged *pro tanto* by payment to, or to the order of, the bearer of such Global Linked Note in respect of each amount so paid. Each of the persons shown in the records of the Depositary Bank as the beneficial holder of a particular principal amount of Linked Notes represented by such Global Linked Note must look solely to the Depositary Bank for his or her share of each payment made by the Issuer to, or to the order of, the bearer of such Global Linked Note. Such persons shall have no claim directly against the Issuer in respect of payments due on the Linked Notes for so long as such Global Linked Note is outstanding and the Issuer will be discharged by payment to the bearer of such Global Linked Note in respect of each amount so paid.

10.2 **General provisions applicable to payments**

Every payment in respect of the Linked Notes to or to the account of the Calculation and Paying Agent in the manner provided in the Agency Agreement shall operate in satisfaction *pro tanto* of the relevant obligation of the Issuer in respect of such Linked Notes except to the extent that there is default in the subsequent payment thereof in accordance with the Conditions to the Noteholders.

10.3 **Determinations**

All calculations to be made under these Conditions will be made by the Calculation and Paying Agent. Such calculations will (in the absence of wilful misconduct, bad faith or manifest error) be binding on the Issuer and the Noteholders.

10.4 **Fractions**

When making payments to the Noteholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

10.5 **Payments subject to fiscal laws**

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment. The payment made in accordance with the provisions of Conditions 10.1 to 10.6 (inclusive) above shall be a good discharge for the Issuer.

10.6 **Payment Disruption Event**

If for reasons beyond the Issuer's control (i) data required to calculate any amounts payable by the Issuer under these Conditions is unavailable, (ii) the Issuer is unable to redeem, dispose of or otherwise realise the Hedge Assets (if any) or the relevant part thereof or (iii) the Issuer has not received any amounts due in respect of the realisation of the Hedge Assets (if any) (each such event, a **Payment Disruption Event**) and, as a result, the payment by the Issuer of any amounts in respect of the Linked Notes under these Conditions has been delayed, the due date for such payment shall be postponed until the fifth (5th) Business Day after the relevant Payment Disruption Event ceased to exist. For the avoidance of doubt, the Noteholders will not be entitled to any interest or other payment for the delay in receiving the relevant amounts and any such delay shall not constitute a breach of these Conditions.

10.7 **Delay in payment and default interest**

- (a) The Noteholders will not be entitled to any interest or any other payment for any delay after the due date under the Linked Notes in receiving the amount due as a result of the due date not being a Business Day or if the Noteholders are late in surrendering or presenting the relevant Linked Notes.
- (b) If the Issuer fails to pay any amount payable by it under the Linked Notes on the relevant due date and such delay has been caused by wilful misconduct or gross negligence of the Issuer, interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate of 4 % per annum.

10.8 **Business Days**

If a payment date referred to in these Conditions above falls on a day which is not a Business Day, such payment date shall be brought forward to the immediately preceding day which is a Business Day.

11. INFORMATION ON THE REFERENCE FUND

The Reference Fund is a Luxembourg single legal entity and is registered with the Luxembourg Trade and Companies Register since March 22, 2017 under number B213476.

The Reference Fund aims to build a portfolio of 15 to 18 investee companies, diversified by sector and geography, with typical ticket sizes between EUR 8 million and EUR 30 million in any one portfolio company. As part of this investment strategy, the Reference Fund aims the approach of staged investments – especially in sponsorless deals – which provides the Reference Fund with capital control and limits the transaction risk.

The investments of the Reference Fund will focus on investments in conservative deal structures involving subordinated debt tranches up to EUR 30 m with warrants and equity co-investments, generally to provide growth and expansion capital and to support private-equity-backed acquisitions and capital restructurings. The Reference Fund will aim to be the sole junior lender, thereby having the ability to control the capital layer.

The target market includes any privately held SME or lower mid-cap enterprise in need of growth and a change in the ownership of any privately held SME or lower mid-cap enterprise (minority shareholder buy-outs, management buy-outs or buy-ins, buy-outs led by PE funds seeking to increase returns by using more debt).

The management is not directly involved in managing the operations of its portfolio company but it will usually seek to obtain a non-executive board seat (at least observer status)/supervisory board in its investments and stay in frequent contact with the management. (addition standard credit monitoring through monthly/quarterly/annual reports and financial covenant testing). The management also provides valuable support to the company including strengthening of the management as well as identifying new customers, suppliers, etc.

The Issuer will provide Noteholders with information on the Reference Fund to the extent permitted by the Reference Fund. At the seat of the Issuer, the following information on the Reference Fund may be obtained or inspected during the term of the Linked Notes:

- AMC Investment Proposal dated March 2017
- Limited Partnership Agreement of the Fund, as amended
- Audited Annual Statements of the Reference Fund, starting from the business year 2017.

12. TAXATION

All payments in respect of the Linked Notes by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessment or governmental charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In the event that any withholding tax or deduction for tax is imposed on payments of interest on the Linked Notes, the holders of such Linked Notes will not be entitled to receive grossed-up amounts to compensate for such withholding tax.

13. PRESCRIPTION

Claims against the Issuer for payment in respect of the principal of the Linked Notes shall be prescribed and become void unless made within ten years from the date on which the relevant payments were due.

14. MODIFICATION

The Issuer may make, without the consent of the Noteholders, any modification to the Conditions which is of a formal or technical nature.

Any such modification shall be binding on the Noteholders and any such modification shall be notified to the Noteholders by way of a written notice in accordance with Condition 15.

15. NOTICES

15.1 Form of notice

A notice:

- (i) must be in the English or German language; and
- (ii) may be given by the addressor itself, or on behalf of the addressor by a solicitor, director or company secretary of the addressor, or in the case of the Issuer by the Calculation and Paying Agent on the Issuer's behalf.

15.2 Notices to the Noteholders

All notices will be deemed to be validly given if delivered to the Depositary Bank for communication by it to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the third (3rd) Business Day after the delivery of the said notice by the Issuer to the Depositary Bank.

15.3 Notices to the Issuer

All notices to the Issuer will be deemed to be validly given if sent by registered mail to the Issuer at its registered office and will be deemed to have been given on the fifth (5th) Business Day after mailing. Such notice may also be given by the Noteholders to the Calculation and Paying Agent through the Depositary Bank in such manner as the Calculation and Paying Agent or the Depositary Bank, as the case may be, may approve for this purpose.

16. AGENTS

Agents appointed from the Issuer act solely as agents of the Issuer and do not assume any obligation or duty to, or any relationship of agency or trust for or with, the Noteholders. The Issuer reserves the right at any time, without the prior approval of the Noteholders, to vary or terminate the appointment of any of the agents. Notice of any such change will promptly be given to the Noteholders in accordance with Condition 15.

All determinations (including, in the case of the Calculation and Paying Agent, calculations) of the agents made in respect of the Linked Notes shall be made in their sole and absolute discretion and shall be final, conclusive and binding on the Issuer and the Noteholders in the absence of a manifest error. In particular, the Calculation and Paying Agent, in making any determination, adjustment or calculation in relation to the Linked Notes, shall at all times act in good faith and in a commercially reasonable manner. The Noteholders shall (in the absence of a manifest error as aforesaid) not be entitled to proceed against any of the agents in connection with the exercise or non-exercise by it of its obligations, duties and discretions in connection with the Linked Notes.

Any of the agents may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

17. GOVERNING LAW AND JURISDICTION

17.1 Governing Law

The Linked Notes are governed by, and shall be construed in accordance with, Austrian law.

17.2 Jurisdiction

The Austrian district courts are to have jurisdiction to settle any disputes which may arise out of or in connection with the Linked Notes and accordingly any legal action or proceedings arising out of or in connection with the Linked Notes (Proceedings) may be brought in such courts. To the extent permitted by law, each of the Issuer and the Noteholders irrevocably submit to the jurisdiction of the Austrian district courts and waive any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

Notwithstanding the foregoing, if the Noteholders are consumers to whom the offer of Linked Notes is deemed to have been directed for the purposes of article 15 of the Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, they may bring a claim to enforce their consumer protection rights in connection with the Linked Notes in Austria or in the country of the European Union in which they are domiciled.