

THIS PROSPECTUS HAS BEEN APPROVED BY THE FINANZMARKTAUFSICHT ("FMA") IN ITS CAPACITY AS COMPETENT AUTHORITY UNDER THE AUSTRIAN CAPITAL MARKETS ACT 1991, AS AMENDED ("CAPITAL MARKETS ACT"). THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS DOES NOT FALL WITHIN THE SCOPE OF EXAMINATION BY THE FMA UNDER AUSTRIAN LAW AND DIRECTIVE 2003/71/EC OF THE EUROPEAN PARLIAMENT AND THE COUNCIL OF 4 NOVEMBER 2003 (THE "PROSPECTUS DIRECTIVE"), AS AMENDED. THE FMA EXAMINES THE PROSPECTUS ONLY WITH RESPECT TO ITS COMPLETENESS, COHERENCE AND COMPREHENSIBILITY PURSUANT TO SECTION 8A PARA 1 OF THE CAPITAL MARKETS ACT.

**A LISTING OF THE LINKED NOTES ON A REGULATED MARKET OR MTF BASED ON THIS PROSPECTUS SHALL BE PROHIBITED.**

# **PROSPECTUS**

**dated September 28, 2018**

for a public offering of the

**INVISION VI LINKED NOTE 2018**

**AT000B110200**

**UP TO EUR 35,000,000**

issued by

**CAPITAL BANK – GRAWE GRUPPE AG**

**in Austria and Germany**

The Issuer is obliged by the provisions of the Prospectus Directive and section 6 of the Capital Markets Act, that if at any time during the duration of a public offer under this Prospectus a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus occurs which is capable of affecting the assessment of the Invision VI Linked Notes, the Issuer shall prepare an amendment or supplement to the Prospectus and shall supply to the FMA such number of copies of such supplement hereto as the Capital Markets Act and/or any other statute or regulation may require. The Prospectus has been drafted in accordance with Annexes XI, XII, XXII, XXX of EU Reg. 809/2004, as amended.

**The Invision VI Linked Notes are a complex product, designed for the own evaluation by risk-awared investors only.**

**Investors may incur a total loss on their investment.**

## GENERAL INFORMATION AND SELLING AND OFFER RESTRICTIONS

This Prospectus has been approved by the Finanzmarktaufsicht ("**FMA**") in its capacity as competent authority under the Austrian Capital Markets Act 1991 ("**Capital Markets Act**"), as amended. The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the FMA under Austrian law and Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (the "**Prospectus Directive**"), as amended. The FMA examines the Prospectus only with respect to its completeness, coherence and comprehensibility pursuant to section 8a Para 1 of the Capital Markets Act.

Under the Prospectus, Capital Bank – GRAWE Gruppe AG, (hereinafter referred to as "**Capital Bank**" or "**Issuer**") will issue the Invision VI Linked Notes, that are subject to Austrian law (the "**Linked Notes**").

This Prospectus (the "**Prospectus**") should be read and construed in conjunction with its supplements, if any. This Prospectus must not be published in any other country than Austria or Germany, in which there are or may be regulations for the registration, admission or other provisions regarding public offers of securities, except countries where the Issuer has requested the FMA to submit a certificate of approval to. In particular, this Prospectus shall not be made publicly available or distributed in the United States, Great Britain, Canada and Japan. Any violation of these restrictions may result in the violation of US, British, Canadian or Japanese securities laws or the security regulations of other states. The Issuer has requested the FMA to provide the competent authority of the Federal Republic of Germany with a certificate of approval confirming that this Prospectus has been drawn up in accordance with Article 5.3 of the Prospectus Directive and relevant implementing legislation in Austria. Furthermore, Linked Notes should only be offered or sold in compliance with applicable national and international laws.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to purchase Linked Notes in countries, where it would be unlawful to make such an offer or solicitation. The publication or distribution of this Prospectus as well as the offer to sell or the sale of Linked Notes may be unlawful in certain countries. Capital Bank does not guarantee that this Prospectus may be lawfully distributed or that Linked Notes may be legally offered in compliance with applicable registration or approval requirements, if any, or other restrictions in the respective country or under any applicable exemptions therefrom in such country. Furthermore, Capital Bank does not assume any liability for any such distribution or offer. In particular, Capital Bank has not approved of or prompted any actions, which could constitute an offer of Linked Notes or a distribution of this Prospectus in countries, in which specific requirements have to be complied with. Therefore, Linked Notes may neither directly nor indirectly be offered or sold nor shall this Prospectus or any advertising or offer material be distributed or published, unless all applicable laws in the respective countries are complied with.

If prospective investors decide to invest in Linked Notes, they should rely on their own assessment of the Prospectus, including any advantages and disadvantages that are inherent in connection with such investment. Any investment decision to buy, to subscribe for or to purchase Linked Notes shall solely be based on this Prospectus together with all supplements thereto, provided, however, that it has to be considered that any summary or description of legal provisions, corporate structures or contracts that are included in this Prospectus shall be read as information

for the prospective investors only but does not be deemed legal or tax advice as to the interpretation or enforceability of these provisions or relationships.

**No person is or has been authorised to give any information or to make any representation other than those contained in this Prospectus and its supplements, if any. Should, however, any such information or representations be made, the Issuer does not assume any responsibility and liability in connection therewith.**

The Linked Notes of the Issuer have not been recommended by any securities commission or supervisory authority in any way. In case of doubt regarding the content or the meaning of any information contained in this Prospectus, investors should consult their investment advisor.

Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the profitability, the business and the financial situation of the Issuer since the date of the publication of the Prospectus or since the publication of any supplement or that any other information is still accurate after its publication or, if not published, after the date stated on any document, which includes the information.

Neither this Prospectus nor any supplements, if any, nor any other information provided for in connection with this Prospectus or the Linked Notes purport to be (i) the basis of a credit rating assessment or (ii) a recommendation, invitation or solicitation of Capital Bank to purchase or subscribe to Linked Notes that are issued under this Prospectus.

Neither Capital Bank nor any third party has assumed any obligation to purchase the Linked Notes or to provide for or maintain liquidity in the market for Linked Notes. There is no guarantee that a trading market will develop with respect to Linked Notes issued under the Prospectus.

This Prospectus shall not be copied or redistributed in whole or in part except within the ambit of the Issuer's consent for its use for subsequent resale and final placement. Each investor approves of this restrictive use by receipt of this Prospectus.

This Prospectus may include forward looking statements. Upon occurrence of known or unknown risks, uncertainties and other events it is possible that factual future events, the assets, financial, or profit situation, the development or the results of the Issuer may deviate from those statements that are expressly or implicitly included in this Prospectus. These include the following: competition with other banks, impact of current or future legislation, the ongoing capital needs of the Issuer, financing costs, changes of business expenses, uncertainties in connection with the business operation within and outside of Austria, material changes of applicable tax laws, riots, acts of god, wars, natural disasters and other factors mentioned in this Prospectus. Against the background of these and other general uncertainties investors are cautioned not to rely on these forward-looking statements.

The assumptions, opinions, projections and assessments regarding forecasts made in this Prospectus are exclusively such of the management board of the Issuer. Assumptions, opinions, projections and assessments regarding forecasts may, in particular, be identified by the use of terms such as "expects", "believes", "assumes", "is of the opinion that", "to the best of our knowledge" and similar terms. They reflect the current view of the management

board of the Issuer with respect to possible future events that are, however, uncertain and therefore subject to certain risks. A number of factors may cause that the actual events materially differ from the expected situation. Neither the Issuer nor the management board assumes any responsibility for the accuracy of the opinions stated in the Prospectus or the factual occurrence of projected developments

For the purpose of this Prospectus, the following definitions shall apply. Further definitions are provided in Annex 3, Conditions, page 1 ff.

**“AIF”**, shall mean an alternative investment fund within the meaning of Art. 4 par. 1 lit.a AIFMD.

**“AIFM”**, shall mean an alternative investment fund manager within the meaning of Art. 4 par. 1 lit.b AIFMD.

**“AIFMD”**, shall mean Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010.

**“Articles”**, shall mean the articles of association of Capital Bank – GRAWE Gruppe AG.

**“Austria”**, shall mean the Republic of Austria.

**“BANK BURGENLAND”**, shall mean Hypo – Bank Burgenland Aktiengesellschaft, a licensed credit institution organised and existing under the laws of Austria, having its registered office at 7000 Eisenstadt, Neusiedler Straße 33.

**“BANK BURGENLAND Group”**, shall mean the group of companies owned and controlled directly or indirectly by BANK BURGENLAND as parent institution.

**“Board”**, shall mean the board of directors of Capital Bank – GRAWE Gruppe AG.

**“Calculation Day”**, shall mean the last day of a calendar month.

**“Calculation and Paying Agent”**, shall mean Capital Bank – Grawe Gruppe AG or its successor(s).

**“Commitment”**, shall mean a separate binding contractual non-cancellable obligation according to Annex II to subscribe for and pay up the Linked Notes to the extent of the Commitment Amount, that each initial subscriber to the Linked Notes shall enter into on or prior to the Issue Date. The Commitment is not the same as the commitment that the Issuer is obliged to enter into with the Reference Fund, as envisaged in the limited partnership agreement of the Reference Fund.

**“Commitment Amount”**, shall mean the amount of the Commitment of each Commitment Holder as indicated in the respective Commitment.

**“Capital Bank”**, or **“Issuer”**, shall mean Capital Bank – GRAWE Gruppe AG, an Austrian credit institution having its registered seat at Burging 16, 8010 Graz, Austria, operating under Austrian Law, registered with the Austrian companies register under number FN 112471z.

**“Conditions”**, shall mean the terms and conditions of the Linked Notes as set out in Annex 1, and **Condition** shall mean any of them.

**“DACH”**, shall mean Germany, Austria and Switzerland.

**“EEA”**, shall mean the European Economic Area.

**“Fund”, or “Reference Fund”**, shall mean Invision VI Limited Partnership, a Jersey limited partnership registered under the Limited Partnerships (Jersey) Law 1994, set up and registered as an AIF in Jersey. The objective of the Fund is to invest in ten to twelve buyout transactions in non-listed companies with enterprise values of EUR 30 million to EUR 100 million within the DACH region. The investment period for each investment shall be four to five-years.

**“Germany”**, shall mean the Federal Republic of Germany.

**“GRAWE AG”**, shall mean Grazer Wechselseitige Versicherung AG, a stock company duly incorporated and existing under the laws of Austria, registered with the companies register of the district court as commercial court Graz under FN 37748 m.

**“Hedge Assets”**, shall mean the limited partnership interest of the Issuer in Invision VI Limited Partnership, as subscribed for by the Issuer in accordance with Condition 5.1.

**“Investor”**, or **“Noteholder”**, shall mean an investor in Linked Notes.

**“Linked Notes”** shall mean the Invision VI Linked Notes, issued by Capital Bank – GRAWE Gruppe AG in accordance with the Conditions.

**“MTF”**, shall mean a multilateral trading facility as defined in Art. 4 par 1 sublit. 22 Directive 2014/65/EU dated 15 May 2014.

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

**“Reference Portfolio”**, shall mean a portfolio composed of the Strategy Components that are weighed in accordance with the Strategy Composition, where:

**“Cash Component”**, shall mean a non-interest bearing amount in cash that reflects cash amounts (if any) relating to the Investment Component.

**“Investment Component”**, shall mean a portfolio of Hedge Assets the composition of which reflects (i) a investment by the Issuer of the amounts equivalent to the net proceeds from the issue by the Issuer of the Linked Notes in the Hedge Assets and (ii) a 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.

**“Strategy Composition”**, shall mean 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.

**“Strategy”**, shall mean a strategy that was developed and designed, and is sponsored by the Issuer and is calculated by the Calculation and Paying Agent in accordance with the strategy description as set out in Condition 7.1 to 7.5. The Strategy reflects the performance of the Reference Portfolio subject to the deduction of certain fees and costs. The Reference Portfolio (and thus also the Strategy) represents an investment of the Issuer in the Reference Fund that is periodically adjusted so as to take account of the issuance of new shares or their redemption and in accordance with the Strategy Composition.

**“Transaction Documents”**, shall mean the agreements entered into by the Issuer in connection with the issue of the Linked Notes.

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# I. SUMMARY

## *Section A — Introduction and warnings*

### **A.1 Warning:**

- **This summary should be read as introduction to the Prospectus;**
- **Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor;**
- **Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated; and**
- **Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.**

**A.2** — The Issuer, Capital Bank - GRAWE Gruppe AG, herewith consents to the use of the Prospectus for the resale of the Notes in Austria or Germany by all credit institutions which have their seat in Austria or Germany and that are duly licensed for such resale under Directive 2013/36/EU. The consent is valid for the duration of the Prospectus, starting the business day after its publication (on or about October 1<sup>st</sup>, 2018). The Issuer reserves the right to rescind the consent given at any time with respect to certain or all financial intermediaries. Such rescission will be published on its website. This consent cannot be transferred and can be revoked by the Issuer at any time. This consent does not dispense from observing the legal requirements for a public offer and the applicable selling restrictions. This consent in no way extends any liability of the Issuer.

**Information on the terms and conditions of the offer by any financial intermediary is to be provided at the time of the offer by the financial intermediary.**

## *Section B — Issuer*

- |  |  |
|--|--|
| B.1 The legal and commercial name of the issuer.   | The legal name of the Issuer is Capital Bank – GRAWE Gruppe AG.<br><br>The Issuer uses Capital Bank as its commercial name.  |
| B.2 The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation. | Capital Bank is a joint stock company. Registered seat of Capital Bank is at Burgring 16, 8010 Graz, Austria. Capital Bank operates under Austrian law. Country of incorporation is Austria. |
| B.4b A description of any known trends affecting the issuer and the industries in which it operates.                             | Not applicable. Currently, the Issuer is not aware of any recent trends affecting the Issuer and the industries in which it operates.  |

B.5 If the issuer is part of a group, a description of the group and the issuer's position within the group.

The Issuer is wholly owned by BANK BURGENLAND, the head of BANK BURGENLAND Group, which is an Austrian banking group, that itself is wholly owned by GRAWE AG, a large Austrian insurance company. Within the group of GRAWE AG, the Issuer is the private bank with strong focus on financial services for wealthy clients.

B.9 Where a profit forecast or estimate is made, state the figure.

Not applicable. The Issuer does not provide any profit forecast or estimate.

B.10 A description of the nature of any qualifications in the audit report on the historical financial information.

Not applicable. There are no qualifications in the audit reports of the Issuer.

B.12 Selected historical key financial information regarding the issuer

	31.12.2017 € '000	31.12.2016 € '000
Total assets	935,480	847,896
Loans and advances to customers	316,520	244,284
Deposits from customers	370,669	343,747
Operating profit	14,910	15,559
Profit from ordinary activities	17,301	11,110
Total capital ratio pursuant to Art. 92 of EU Regulation no. 575/2013	22.6%	15.9%
Volume of client custody accounts	11,612,897	9,798,387
Employees (excluding subsidiaries)	170	166

Source: audited annual statements of the Issuer for the business year 2017.

Since the publication of the last audited financial statements, there has been no material adverse change in the prospects of the Issuer or in its financial or trading position.

B.13 A description of any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.

Not applicable, there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

B.14 If the issuer is dependent upon other entities within the group, this must be clearly stated.

In 2010, the Austrian banking entities within BANK BURGENLAND Group decided to merge its internal departments (except the internal audit function) to the extent that only the market side departments shall remain independent from each other, whilst all internal services, such as e.g. risk management, compliance, operations, shall be performed by BANK BURGENLAND for all of its group entities within Austria. Since a significant part of its internal services, according to the group decision, is now delegated by the way of a service level agreement to the parent institution, Capital Bank is depending on BANK BURGENLAND to the extent of proper execution of all delegated tasks under the service level agreement.

- B.15 A description of the issuer's principal activities. Capital Bank is a credit institution regulated and incorporated in Austria. Capital Bank provides a broad range of banking services, focussing on investment services to wealthy clients and the cooperation with investment firms. The geographical focus of its business is in Austria.
- B.16 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control. Capital Bank is ultimately owned by GRAWE AG, which was founded in 1828 by archduke Johann. GRAWE AG is a large Austrian insurance company. The direct and indirect shareholders may exercise their shareholder rights.
- B.17 Credit ratings assigned to an issuer or its debt securities at the request or with the cooperation of the issuer in the rating process. Not applicable, the Issuer has not obtained any rating for the securities or the Issuer.

### *Section C — Securities*

- C.1 A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number. The Invision VI Linked Notes are derivative securities.  
The ISIN is: AT000B110200
- C.2 Currency of the securities issue. The Linked Notes will be issued in Euro.
- C.5 A description of any restrictions on the free transferability of the securities. The Linked Notes which are represented by a Global Linked Note will be transferable in accordance with the rules and procedures of the Depositary Bank. References to the Depositary Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system that may be approved by the Issuer and the Calculation and Paying Agent.  
However, each subscriber to the Linked Notes or each purchaser of the Linked Notes from the Issuer will be required to also enter into a Commitment towards the Issuer stating the maximum nominal amount of Linked Notes he is willing to and, as a consequence, is also bound to subscribe or buy and pay in to, and the securities subscribed will be pledged in favour of the Issuer until all obligations arising from the Commitment have been satisfied. A transfer of the Commitment is subject to the consent of the Issuer.
- C.8 A description of the rights attached to the securities The Linked Notes carry the right to final and partial redemption payments as well as to variable interest.  
  
The Final Redemption Amount will be calculated as the product of (i) the Principal Amount Out-

standing and (ii) the Note Net Asset Value as of the Calculation Day immediately preceding the Maturity Date.

Any Partial Redemption Amount in respect of each Note will be calculated as 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 the absolute discretion of the Issuer, variable interest may be paid when the Reference Fund pays any Fund Income Proceeds to the Issuer in respect of the Reference Participation, and the Issuer determines that all or part of the Fund Income Proceeds may be available for distribution to the Noteholders.

The Investors will be obliged to enter into a Commitment with the Issuer. Investments in the Linked Notes will then be made upon a Capital Call of the Issuer only. In case of a capital call of the Fund towards the Issuer, the Issuer will make a corresponding Capital Call towards Noteholders.

including ranking

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

including limitations to those rights

In the case of a Payment Disruption Event, the due date for the payment by the Issuer of any amounts in respect of the Notes shall be postponed until the fifth (5th) Business Day after the relevant Payment Disruption Event ceased to exist.

Repayment obligation and late Capital Call: According to the obligations of Noteholders in the Commitment, the Issuer may require each Noteholder to return up to an amount equal to the lesser of (i) 25% of the aggregate amount distributed to each Noteholder and (ii) 25% of each Noteholder's respective Commitment in order to satisfy liabilities of the Issuer towards the Fund, provided that no Noteholder shall be required to return any amount following the second anniversary of the dissolution of the Fund unless the Issuer has given notice of pending proceedings prior to such time. This obligation corresponds to the obligation of the Issuer towards the Fund to potentially return received payments as a limited partner of the Fund.

C.11 An indication as to whether the securities offered are or will be the object of an application for admission to

Not applicable. The Linked Notes will not be listed.

trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question.

C.12 The minimum denomination of an issue.

Note will have a nominal value of EUR 1,- (the Specified Denomination).

C.15 A description of how the value of the investment is affected by the value of the underlying instrument(s), unless the securities have a denomination of at least EUR 100 000.

The Redemption Amount with respect to Linked Notes depends on the performance of the Strategy, see C.20 below.

C.16 The expiration or maturity date of the derivative securities – the exercise date or final reference date.

Maturity Date will be the date falling no later than five (5) Business Days after the Calculation Day immediately following the last and final distribution of the later of a. Fund Capital Proceeds or b. Fund Income Proceeds in the course of the dissolution of the Reference Fund. Usually, the Reference Fund will be dissolved ten years after its final closing, however there is the possibility to extend the maturity twice for one year each, leading up to a maximum of twelve years tenure of the Reference Fund, calculated from the final closing (being the date after which the Fund will be closed, i.e. when no further direct investments in the Fund are possible (investments in the Linked Notes will be possible, even after final closing of the Fund). From the current perspective, the final closing will be around October 2018).

In addition, partial redemptions may occur when the Issuer and/or the Calculation and Paying Agent becomes aware that the Issuer has received any Fund Capital Proceeds from the Reference Fund.

C.17 A description of the settlement procedure of the derivative securities.

The settlement of the Linked Notes will be made upon Full Repayment of the Linked Notes. 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. 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.

	Delivery of the Linked Notes shall be made against payment (including provision and fees, if applicable) within customary periods of time.
C.18 A description of how the return on derivative securities takes place.	The calculation of the redemption amount will be made by the Paying and Calculation Agent according to a formula. The yield, if any, is determined by the total amount of Redemption payments plus Interest Amounts received, less all of the payments made by the Investor towards the Issuer, including all costs to be born by Investors.
C.19 The exercise price or the final reference price of the underlying.	Not applicable. There is no final exercise price or reference price of the underlying.
C.20 A description of the type of the underlying and where the information on the underlying can be found.	<p>The Linked Notes under this Prospectus are linked to a Strategy. The Strategy opens a way for Investors to indirectly participate in the economic development of Invision VI Limited Partnership, a Jersey limited partnership registered under the Limited Partnerships (Jersey) Law 1994, set up and registered as an AIF in Jersey. The objective of the Fund is to invest in ten to twelve buyout transactions in non-listed companies with enterprise values of EUR 30 million to EUR 100 million within the DACH region. The investment period for each investment shall be four to five-years.</p> <p>To convert the performance of the Invision VI Limited Partnership into the performance of the Linked Notes, the Issuer developed a Strategy, where it is assumed that all of the issue proceeds of the Linked Notes will be invested in the Fund, to the extent not needed to pay ongoing costs. The following information</p> <p>on the Fund will be available during the term of the Linked Note at the Issuer Partnership agreement of the Fund Information Memorandum of the Fund (including details to the investment strategy) Annual statements of the Fund, starting with the business year 2018.</p>

## Section D — Risks

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

- Competition risk - Competition is increasingly high in the Austrian and international banking sector
- Risk relating to the expansion of business activities – Failure of the Issuer to expand its private banking business may negatively affect the business, financial and profit situation of the Issuer
- Risk of failure to grow or at least to defend the market share - The business of the Issuer may not develop at all or may even

decline, and this may negatively affect the financial performance of the Issuer

- Risk of break down of the Issuer's risk management - Break down of the risk management may result in a downturn of the sales and the profit and in a reputational damage of the Issuer
- Risk of dependency on qualified personnel and the risk to lose such qualified personnel - The loss of one or more members of the management or key employees may have a material adverse effect on the business, financial and profit situation of the Issuer.
- IT risk – Break down of IT systems may result in financial losses of the Issuer
- Regulatory risk – The compliance with and the implementation of MiFID II and other new regulatory policies may be costly and may have a negative effect on the Issuer's financial results
- Market risk of the Issuer – Market fluctuations could impair the value of the Issuer's assets and adversely affect its financial position and results of operations
- There is a risk of losses due to any inadequacy or failure of internal processes, people, systems, or external events, whether caused deliberately or accidentally or by natural circumstances (operational risk). The risks also include legal risks
- Risk of potential conflicts of interest of members of the administrative, managing and supervisory bodies of the Issuer

### D.3 Key information on the key risks that is specific to the securities.

- Market risk of the Fund – The change of general market conditions in or outside of the DACH region may negatively affect the value of the Linked Notes
- Cash flow risk – The actual cash flows under the Linked Notes, the (re)payment of which is linked to a Strategy, may differ from the cash flows expected by investors
- Inflation risk – Inflation may result in a lower or even negative yield
- Liquidity risk – Investors might not be able to sell the Linked Notes before maturity if no active liquid trading market develops
- Lack of information – the Issuer may not be permitted to share all information on the Fund with Noteholders
- Market price risk – Historic performance of the Linked Notes is no reliable indicator for future performance

- Risk of debt financing – Purchase of Linked Notes on credit increases the investor's risk significantly because an investor might suffer a total loss of his investment and, additionally, has to repay the loan
- Risk relating to transaction cost/charges – Transaction costs/charges may significantly reduce or eliminate the yield from the Linked Notes
- Risk relating to inconceivable and irrational factors – Such factors may negatively influence the value of Linked Notes
- Taxation risk – The tax impact of an investment in the Linked Notes shall be carefully considered
- Changes of law – Changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer and/or the Linked Notes
- Risk of no independent external evaluation
- Risks of Reference to a Strategy
- Currency risk
- Risk of obligation to return received payments
- Risk to lose key personell of the management of the Reference Fund
- Risk of no influence on the management of the Reference Fund
- Risk of wrong or delayed valuation of the Fund
- Risk of limited or delayed information about the Fund
- Risk of limited transferability of Commitments
- Risk of leverage Investment methods by the Reference Fund
- Risk of uncertainties in the evaluation of assets of the Reference Fund
- Risk of credit exposure to counterparties
- Risk of malversations in the Reference Fund or other failure in conduct of the business of the Reference Fund
- Interest rate risk
- Index or index basket risk
- Risk in connection with possible Adjustments of the Strategy Composition
- Risk of wrong data or calculation regarding the Linked Notes
- Risks in connection with statute of limitations
- General risks involved in the Commitment
- General risks of private equity funds
- Risk of depency on Capital Calls



## D.6 Warning

**Investors may lose the value of their entire investment or part of it, as the case may be**

### *Section E — Offer*

E.2b Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks.

All of the Linked Notes to be issued by the Issuer will be targeted at risk-awared institutional and (wealthy) private investors in Austria and Germany, serving as an addition for larger investment portfolios. The Issuer will apply the Net Issue Proceeds of the Linked Notes to quire a limited partnership interest in the Fund.

E.3 A description of the terms and conditions of the offer.

The Linked Notes are offered on a permanent basis without any fixed offering period during the lifetime of the Prospectus, starting one banking day after the publication of the Prospectus, which will be on or about 1<sup>st</sup> October, 2018, and ending on 27th September, 2019. The Issuer reserves its right to terminate any offer without cause at any time. Applications may be made at any time within the above mentioned period by contacting the Issuer to enter in a Commitment regarding the Linked Notes.

The Issuer will only sell Linked Notes to investors that also enter into a Commitment with the Issuer, at a minimum Commitment Amount of EUR 500.000. In the case where the Linked Notes are not subscribed via the Issuer, the respective intermediate bank will have to enter into a Commitment with the Issuer, which, in return, will be concluded between the intermediate bank and the Investor accordingly.

E.4 A description of any interest that is material to the issue/offer including conflicting interests.

The Issuer of the Linked Notes is interested in generating fees for the set-up and sale of the Linked Notes. The Issuer may have information with respect to the Fund that may be material with respect to the Linked Notes and which may not be publicly available or known by Investors, and may be prohibited from disclosing such information to investors due to secrecy obligations towards the Fund.

E.7 Estimated expenses charged to the investor by the issuer or the offeror.

The expenses charged to the investor are paid within the costs of the structuring of the Linked Notes. No extra expenses will be levied for the sale of the Linked Notes.

## **INFORMATION TO BE PROVIDED REGARDING CONSENT BY THE ISSUER OR PERSON RESPONSIBLE FOR DRAWING UP THE PROSPECTUS**

**1.1 Express consent by the issuer or person responsible for drawing up the Prospectus to the use of the Prospectus and statement that it accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of securities by any financial intermediary which was given consent to use the Prospectus.**

The Issuer, Capital Bank – GRAWE Gruppe AG, herewith consents to the use of the Prospectus for the resale of the Linked Notes in Austria or Germany by all credit institutions which have their seat in Austria or Germany and that are duly licensed for such resale under Directive 2013/36/EU. The Issuer accepts responsibility for the content of the Prospectus also with respect to subsequent resale or final placement of securities by such credit institution.

**1.2 Indication of the period for which consent to use the Prospectus is given.**

The consent is valid for the duration of the Prospectus.

**1.3 Indication of the offer period upon which subsequent resale or final placement of securities by financial intermediaries can be made.**

The offer period is during the duration of this Prospectus, starting one business day after its publication (on or about October 1<sup>st</sup>, 2018). Any end will be published by the Issuer on its website.

**1.4 Indication of the Member States in which financial intermediaries may use the Prospectus for subsequent resale or final placement of securities.**

The Prospectus may be used in Austria and Germany.

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

This consent cannot be transferred and can be revoked by the Issuer at any time. This consent does not dispense from observing the legal requirements for a public offer and the applicable selling restrictions. This consent in no way extends any liability of the Issuer. The Issuer reserves the right to rescind the consent given in 1.1. at any time with respect to certain or all financial intermediaries. Such rescission will be published on its website. In the case where the Linked Notes are not subscribed via the Issuer, the respective intermediate bank will have to enter into a Commitment with the Issuer, which, in return, will be concluded between the intermediate bank and the Investor accordingly. It is prohibited for third banks to enter into individual commitments with Investors with a commitment amount below EUR 500.000.

## **1.6 Notice to investors**

In the event of an offer being made by a financial intermediary, the financial intermediary will provide information to investors on the terms and conditions of the offer at the time the offer is made.

## **2A ADDITIONAL INFORMATION TO BE PROVIDED WHERE A CONSENT IS GIVEN TO ONE OR MORE SPECIFIED FINANCIAL INTERMEDIARIES**

**2A.1 List and identity (name and address) of the financial intermediary or intermediaries that are allowed to use the Prospectus.**

Not applicable.

**2A.2 Indication how any new information with respect to financial intermediaries unknown at the time of the approval of the Prospectus is to be published and where it can be found.**

Not applicable.

## **2B ADDITIONAL INFORMATION TO BE PROVIDED WHERE A CONSENT IS GIVEN TO ALL FINANCIAL INTERMEDIARIES**

**Any financial intermediary using the Prospectus has to state on its website that it uses the Prospectus in accordance with the consent and the conditions attached thereto.**

## II. RISK FACTORS

Prior to making any investment decision with respect to the Linked Notes, prospective investors should carefully consider in addition to other information contained in this Prospectus, in particular, the following risks, the description of which is, however, non-exhaustive. The description of risk factors is limited to the most material risk factors of which the Issuer is currently aware of and which in the Issuer's opinion could have a material adverse effect on the Issuer's business and financial situation and, therefore, could impair the ability of the Issuer to fulfil its (re)payment obligations with respect to the Linked Notes, i.e. this affects the amount of principal which Investors would receive. In addition, each of the risks below could adversely affect the market value and trading price of the Linked Notes. **As a result, the Investors could lose some or all of their investment in the Linked Notes.** The Investors should consider all information that is included in this Prospectus, in the supplements, if any, and in the respective Conditions. It has to be taken into consideration that the events described in the risk factors may occur simultaneously, which could compound the negative effects. If one or several of the risk factors below were to materialise, this might have a considerably adverse effect on the profit, the business and the financial situation of the Issuer. The investment decision should be made based on an independent consideration by the investors, if they regard this as necessary, based on professional advice, for example of financial, tax or legal advisors.

### 1. RISK FACTORS RELATING TO THE ISSUER

#### ***Competition risk - Competition is increasingly high in the Austrian and international banking sector***

The Issuer is a credit institution operating in the field of private banking, focusing on financial services to wealthy clients and in cooperation with investment firms. In this business, the Issuer is subject to strong competition by a big number of national and international major banks and investment banks. There is the risk that the competitive situation will negatively affect the business as well as the financial and profit situation of the Issuer.

#### ***Risk relating to the expansion of business activities – Failure of the Issuer to expand its private banking business may negatively affect the business, financial and profit situation of the Issuer***

The Issuer has expanded its private banking business in particular by expansion and diversification of its customer base over the last years to be less dependent on nonrecurring fees generated in connection with investment banking business. If the expansion of the private banking business shall be delayed, fail or be subject to

difficulties that have not yet been identified, this may adversely affect the business, financial and profit situation of the Issuer.

***Risk of failure to grow or at least to defend the market share - The business of the Issuer may not develop at all or may even decline, and this may negatively affect the financial performance of the Issuer***

The Securities portfolio account volume of the Issuer has been on a constant level over the previous years. Because of the volatility of markets and potential insecurity of the financial system as seen several times in the last years, there is no guarantee that the Issuer will be able to grow in the future or that business results can be upheld on the level of the previous years.

***Risk of break down of the Issuer's risk management - Break down of the risk management may result in a downturn of the sales and the profit and in a reputational damage of the Issuer***

The Issuer has established a central risk management, which is responsible for the identification, calculation and supervision of risks. It may turn out that the procedure and methods of the Issuer are not effective for the elimination of such risks in a future economic environment or with respect to any risk that the Issuer has not identified or anticipated. If it turns out that the risk management of the Issuer is inadequate, higher than expected losses could result in a downturn of the sales and profits as well as in a reputational damage for the Issuer.

***Risk of dependency on qualified personnel and the risk to lose such qualified personnel - The loss of one or more members of the management or key employees may have a material adverse effect on the business, financial and profit situation of the Issuer.***

The success of the Issuer largely depends on qualified management and key personnel. Management or key employees could leave the Issuer in the future, as the case may be. The loss of one or more of the management or key employees may have a material adverse effect on the business, financial and profit situation of the Issuer.

***IT risk – Break down of IT systems may result in financial losses of the Issuer***

Interruptions or failures of the Issuers IT systems may result in sales or other losses. The business activity of the Issuer depends, as is the case with any other bank, largely on the proper functioning of communication and IT systems. Break downs, interruptions and security failures of these systems may result in the break down or interruption of systems with our customers or book keeping depositary services,

handling and/or administration of credits. The Issuer may not comply with customer requests even in case of short term interruptions and therefore lose such customers. Furthermore, the execution of the Issuers transactions can be impeded or made impossible. Despite available back-up systems and emergency plans the temporary shut down of the Issuers data processing systems may incur significant costs for the reestablishment and inspection of the affected data. There may be break downs or interruptions of the Issuer's IT systems and if they come up and are not adequately addressed this may result in an impairment of the financial situation and the results of the Issuer.

***Regulatory risk – The compliance with and the implementation of MiFID II and other new regulatory policies may be costly and may have a negative effect on the Issuer's financial results***

The activities of the Issuer are subject to national and international law and regulations as well as to review and supervision by the respective national supervisory authorities in the jurisdictions in which it is active. Changes in existing, or new, laws or regulations may materially impact the Issuer, including regulations relating to the financial services, securities products and other transactions the Issuer is conducting.

The introduction of new and stricter regulations, such as the recent introduction of a new framework for capital markets, commonly known as "MiFID II" may adversely affect the Issuer's business as its implementation and compliance may result in additional costs.

Stricter laws, regulations or regulatory policies may have an adverse effect on the Issuer's financial conditions and results of operations.

***Market risk of the Issuer – Market fluctuations could impair the value of the Issuer's assets and adversely affect its financial position and results of operations***

Fluctuation in debt and equity markets in Austria, Europe, the United States and globally have a significant impact on the business operations of the Issuer. Generally, declining financial markets may result in a considerable down turn of the Issuers operational and financial results. The decline of financial markets may not only be driven by economic factors but also by events such as wars, terrorist attacks, natural catastrophes or other similar events. Because of the Issuers own trading activities the general volatility of the financial markets may also have a material adverse impact on the results of the Issuers operations.

***There is a risk of losses due to any inadequacy or failure of internal processes, people, systems, or external events, whether caused deliberately or accidentally or by natural circumstances (operational risk). The risks also include legal risks.***

The Issuer is exposed to various risks due to potential inadequacies or failures of internal controls, processes, people, systems, or external events, whether caused deliberately or accidentally or by natural circumstances, and which may cause material losses. Such operational risks include the risk of unexpected losses incurred as a consequence of individual events resulting, among other things, from faulty information systems, inadequate organisational structures or ineffective control mechanisms. Such risks also include the risk of cost increases or profit losses due to unfavourable overall economic or trade-specific trends.

***Risk of potential conflicts of interest of members of the administrative, managing and supervisory bodies of the Issuer***

Many members of the administrative, managing and supervisory bodies of the Issuer are also members of other entities of the GRAWE Group or of entities outside the GRAWE Group. Accordingly, conflicts of interests between their duties of such administrative, managing or supervisory functions vis-à-vis the Issuer and their duties vis-à-vis other entities cannot be excluded. If members of the administrative, managing and supervisory bodies of the Issuer have such conflicts of interest, they may take decisions which are detrimental to the Issuer which could have an adverse effect on the results, financial profit or prospects of the Issuer.

## **2. RISK FACTORS RELATING TO THE NOTES**

The purchase of the Linked Notes entails significant risks. Set out below is a description of relevant and typical risks that should be taken into consideration by prospective purchasers of the Linked Notes. However, the following provisions do not cover all risks in connection with the purchase of the Linked Notes, but only typical risks to the Issuer's point of view that the Issuer is currently aware of.

Prospective investors should, in any case, consult their own financial, legal and tax advisors and other advisors in connection with the risks of an investment in the Linked Notes and with respect to the suitability of the Linked Notes in light of their particular circumstances (including without limitation their own financial circumstances and investment objectives).

If one or more of the following risk factors materialise this may result in a significant and sustainable loss regarding the value, the repayment and return of the Linked Notes and may result in a total loss of the investment made by the investor.

***Market risk of the Fund – The change of general market conditions in or outside of the DACH region may negatively affect the value of the Linked Notes***

The market for funds like the Reference Fund in the DACH region is influenced by general economic factors, by the particular market situation in the DACH region as well as by interest, currency and inflation rates in other European markets and countries. Therefore, events in the DACH region, Europe or elsewhere that change the market situation may result in an increased market volatility.

Such market volatility or other economical factors may result in spiral downward market conditions and therefore have a material adverse effect on the value of the Fund, resulting in a material adverse effect of the Linked Notes.

***Cash flow risk – The actual cash flows under the Linked Notes, the (re)payment of which is linked to a Strategy, may differ from the cash flows expected by investors***

In general, the Linked Notes shall provide for a certain cash flow, but there is no certainty for any cash flows at all. The Conditions of the Linked Notes set out under which conditions, on which dates and in which amounts redemption amounts or variable interest may be paid. Actual cash flows may differ from those expected.

The materialisation of the cash flow risk may result in the Issuer's inability to provide for payments on the Linked Notes, in whole or in part. Partial or total losses of the invested capital may occur.

***Inflation risk – Inflation may result in a lower or even negative yield***

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

The materialisation of the inflation risk may result in partial or total losses of the invested capital.



***Liquidity risk – Investors might not be able to sell the Linked Notes before maturity if no active liquid trading market develops***

Noteholders should be aware of the long-term nature of their investment in the Linked Notes. The Issuer will not provide for a liquid trading market for the Linked Notes and will not apply for listing of the Linked Notes on a regulated market or a MTF.

It is unlikely that a liquid market will develop or, even if it develops, that such market will continue. In the event that a secondary market for the Linked Notes develops, neither the price development of the Linked Notes nor the liquidity of the secondary market is foreseeable. Therefore, Investors should be aware that they might not be able to sell the Linked Notes at the desired time or at the desired price. Usually, they may be unable to sell the Linked Notes at all.

***Lack of information – the Issuer may not be permitted to share all information on the Fund with Noteholders***

The Issuer will use the proceeds resulting from the sale of the Linked Notes for hedging transactions in limited partnership interests of the Fund. As a result, the Issuer may receive non-public information regarding the Fund. The Issuer may, however, not be permitted to share such information with investors.

Noteholders therefore are exposed to the risk that they may not obtain all material information on the Fund and therefore may not be able to take their investment decision in the full possession of all available information.

***Market price risk – Historic performance of the Linked Notes is no reliable indicator for future performance***

The market price of the Linked Notes is dependent on the performance of the Reference Portfolio, a portfolio composed of the Strategy Components that are weighed in accordance with the Strategy Composition as determined by the Issuer. The Strategy Component is composed of the Investment Component and the Cash Component. Especially the Investment Component is exposed to a market price risk. Any changes in the net asset value of the Investment Component will have an impact on the market price of the Linked Notes. There does not have to be a linear relationship between the development of the Investment Component and the respective Linked Notes. The Investment Component may be subject to periodical fluctuations; such fluctuations depend on a multitude of factors, such as corporate activities, general economical factors and speculation. Thus potential profits may be offset by losses or even result in losses. It is not foreseeable whether the market price of Linked Notes will fall.

Noteholders therefore bear the risk that the price of the Strategy Components will deteriorate in future and not show the same or similar development as in the past or be in linear relation to the development of the Linked Notes.

***Risk of debt financing – Purchase of Linked Notes on credit increases the investor’s risk significantly because an investor might suffer a total loss of his investment and, additionally, has to repay the loan***

If a loan is used to finance the purchase of the Linked Notes by an investor and the Linked Notes subsequently go into default, or if the Note Net Asset Value diminishes significantly, the investor 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. Thus, a loan may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction.

Noteholders taking on loans for their investment therefore bear the risk that they are not able to pay interest on the loan, and to repay the loan when it is due, in addition to all other risks associated with the investment.

***Risk relating to product cost/charges – Product costs/charges may significantly reduce or eliminate the yield from the Linked Notes***

The structuring any ongoing gestioning of the Linked Notes generate costs that are to be paid by Noteholders as the product costs of the Linked Notes (Structuring Fee, Set-up Fee. These product costs may significantly reduce or eliminate any profit from holding the Linked Notes, even in the case of a positive performance of the Fund. 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, investors may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

Noteholders therefore bear the risk, that product costs, transactions costs and charges significantly reduce or eliminate the yield from the Linked Notes.

***Risk relating to inconceivable and irrational factors – Such factors may negatively influence the value of Linked Notes***

The value and the repayment amount of the Linked Notes may be negatively affected by inconceivable material events such as strikes, terrorist attacks as well as irrational factors (moods, opinions and rumors). Such events and irrational factors may cause partial or total losses of the invested capital.

***Taxation risk – The tax impact of an investment in the Linked Notes shall be carefully considered***

Profits realised by an investor upon the sale or repayment of Linked Notes, most likely will be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes.

The tax impact on an individual investor may also alter during the lifetime of the investment.

Investors, therefore bear the risk, that taxes levied on their investment reduce the yield of the investment, and that the applicable tax regime may change to the disadvantage of investors in the future.

***Changes of law – Changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer and/or the Linked Notes***

The Conditions of the Linked Notes will be governed by Austrian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Austrian law (or law applicable in Austria), or administrative practice after the date of this Prospectus with a consequence for the legal position of the Issuer and/or the Linked Notes.

There is the risk that future changes in Austrian laws, regulations or regulatory policies may have a negative impact on the legal situation of the Issuer and/or the Linked Notes.

***Risk of no independent external evaluation***

Under the Transaction Documents, the Issuer acts also as the Paying and Calculation Agent as well as Structuring Agent in connection with Linked Notes. No third party assurance by means of e.g. a verification of the calculations and valuations by an independent audit company will be performed.

The Investors therefore bear the risk that any mistake in the calculations and valuations with respect to the Linked Notes may not be revealed.

***Risks of reference to a Strategy***

The final and/or partial redemption payments as well as variable interest payments, if any, will be determined by reference to the Strategy, that was developed and designed, and is sponsored by the Issuer. In addition, the payment of variable interest will be determined in the sole discretion of the Issuer.

The Strategy involves risks. Such risks in particular include all risks involved in the Reference Fund as a major component of the Reference Portfolio of the Strategy.

Instead of straight repayment of the principal and payment of variable interest, the reference to the Strategy means that any redemption and interest payments depends on the performance of the Strategy.

In the worst case of a negative performance of the Strategy, a total loss of the investment will occur.

### ***Currency risk***

The Linked Notes are issued in EUR, also the Reference Fund is calculating in EUR. But, to the extent that the Linked Notes are (indirectly) linked to a foreign currency due to investments in entities not calculating in EUR (most likely CHF), the Linked Notes are subject to the exchange rate risk.

The foreign exchange rate is the relative value between two currencies. In particular, the exchange rate is the quantity of one currency required to buy or resell one unit of another currency. Typically, the exchange rate is determined by the interaction of supply and demand. However, it may also be fixed. Other material factors, which influence the exchange rate ratio of a currency, are the inflation rate, the interest rate differences between countries, the economy and international politics.

The currency risk of the Linked Notes therefore also depends on the performance of the exchange rate of such currency (most likely CHF) against the Euro. In the worst case scenario this may lead to the total loss of the invested capital.

### ***Risk of obligation to return received payments***

Due to the private equity background of the Linked Notes, an obligation to refund payments made by the Issuer to Investors, including previous redemption payments, will be a condition to subscription and therefore be part of the Commitment. Therefore, a Noteholder may have to return already received yield or principal payments in connection with a Linked Note, if the Fund needs to repay (parts of) its assets to third parties.

According to the obligations of Noteholders in the Commitment, the Issuer may require each Noteholder to return up to an amount equal to the lesser of (i) 25% of the aggregate amount distributed to each Noteholder and (ii) 25% of each Noteholder's respective Commitment in order to satisfy liabilities of the Issuer towards the Fund, provided that no Noteholder shall be required to return any

amount following the second anniversary of the dissolution of the Fund unless the Issuer has given notice of pending proceedings prior to such time.

Such obligation may have a serious negative effect on the yield of the investment, and may occur even after maturity of the Linked Notes.

***Risk to lose key personell of the management of the Reference Fund***

The success of the Strategy in substantially depends on the skills and expertise of key personnel of the management of the Fund, such as the investment individuals employed by the respective general partner or other investment manager, any investment advisor or investment sub-advisor of the respective Fund. There is the risk that such key personnel will not continue to be employed by the manager of the Fund, or otherwise maintain its function on behalf of the Fund throughout its entire life. The loss of service of one or more of such persons could have an adverse effect on the ability of the Fund to realise its investment objectives.

***Risk of no influence on the management of the Reference Fund***

The Fund is a separate legal entity. The management of the Fund will be conducted by the manager of the Fund. The Issuer is not involved in the management of the Fund. The Issuer therefore is not in the position to direct or, in general, not even to monitor the management of the Fund or the investments made by it on a timely basis, even if it is part of an investment committee. There is no obligation for the Issuer to monitor compliance of the Fund or its managers to contracts, laws or other liabilities. As a result, a negative development of the Fund or its assets - e.g. due to mismanagement in the Fund or a negative development of the investments made by it - may come to the attention of the Issuer ex post and/or at a time where there is no remedy (left) to prevent or countermand such negative developments or incidents. There is no legal claim against the Issuer by Investors in connection with any such negative development or incident as described above.

Investors therefore bear the full economical and operational risk of all negative developments, incidents or other negative influences regarding the Fund.

***Risk of wrong or delayed valuation of the Reference Fund***

Usually, the Investments made by the Fund are not into listed companies. In addition, the Fund itself has been created for specific investment purposes shortly before the time of the issue of Linked Notes and therefore is not be able to show any track record on its past development, its assets or its investments. The valuation of the Fund and its investments therefore is very difficult and will only be made by the Fund or its manager. The Issuer will adopt the valuations as submitted

by the Fund or its manager for the calculation of the Strategy Points that determine the valuation of the Linked Notes. The Issuer, though, is not in the position to trace or proof the valuation as submitted by either the Fund or its manager.

In addition, the valuation of the Linked Notes may contain a delay as compared to the valuation of the Fund. For example, a valuation of the Linked Notes by 31.12. of a calender year may only contain the valuation of the Fund as of 30.09 of the respective calender year or even older.

Investors therefore bear the risk that a calculation of the Strategy Points and therefore the Net Asset Value of the Linked Notes at any time may not reflect the true intrinsic value of the Fund at this time.

### ***Risk of limited or delayed information about the Reference Fund***

As mentioned above, there is not full transparency on all developments, incidents, operations or other procedures of the Fund or its investments. Due to information secrecy agreements that may be entered into between the Fund and the Issuer or the Issuer, if any, the Issuer may not be allowed to forward all information received by the Fund or its manager to the Noteholders, and may even not receive all information itself. Therefore, Noteholders bear the risk that material information on the Fund may not be obtained by the Issuer or not be forwarded to Noteholders.

### ***Risk of limited transferability of Commitments***

The Linked Notes are freely transferable in accordance with the rules and procedures of the Depositary Bank. Any transfer of the Commitment is subject to approval by the Issuer. There is no legal claim for a consent of the Issuer to such transfer. Accordingly, Noteholders bear the risk that they cannot dispose of their Commitment obligations during the entire term of the Linked Notes and therefore maybe bound to subscribe to new tranches of Linked Notes, even if they disposed of all of their Linked Notes.

### ***Risk of leverage Investment methods by the Reference Fund***

The investment strategy of the Fund also envisages the possibility to increase the risks of its investments by the use of leverage methods, where the Fund enters into loan agreements in addition to the collection of money by subscription calls from its investors in order to try to optimize its yields. Leverage risk is the risk associated with the borrowing of funds. Leverage is a speculative technique which may expose the Fund to greater risk and increase its costs. Increases and decreases in the value of the portfolio of the Fund will be magnified when the Fund uses leverage. For example, leverage may cause greater swings in the net asset value of the Fund

or cause the Fund to lose more than it had previously invested. The materialisation of leverage risks would extremely negatively affect the value of the Linked Notes.

***Risk of uncertainties in the evaluation of assets of the Reference Fund***

The Fund usually makes its investments in assets that are not publicly traded or even in start-ups with no sufficient information that enable to evaluate the investment. Investments in not publicly-traded or readily marketable assets therefore are difficult to value and are oftenly wrong. The Fund will oftenly not have access to readily-ascertainable market prices when establishing valuations of an investment. Neither the Fund, nor its manager or any independent valuer can provide assurance that a relevant investment could later be sold at a price equal or close to the market value ascribed to that investment by the Fund at the time of the investment. In addition, actual realised returns out of such investments will depend on various factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale. The materialisation of such risk would negatively affect the value of the Linked Notes.

***Risk of credit exposure to counterparties***

The Fund may have credit exposure to one or more of its counterparties by virtue of its investments. To the extent that a counterparty defaults on its obligations, the Fund may experience a significant decline in the value of its position, lose income and incur additional costs when asserting its rights. These risks will increase where the Fund uses only a limited number of counterparties (bulk risk). The materialisation of such counterparty risks would negatively affect the value of the Linked Notes.

***Risk of malversations in the Reference Fund or other failure in conduct of the business of the Reference Fund***

The Issuer does not guarantee or assume any liability with respect to the conduct of business, adherence to contracts or compliance with other obligations of the Fund, its directors or its employees. The Issuer will not verify the proper conduct of the business of the Fund, and is not obliged to do so. Investors therefore are exposed to the risk, that a negative conduct of business by the Fund leads to a total loss of the investment, and/or that such negative developments emerge retroactively, and that at the time of emerging of such facts or negative business development no effective remedy exists to prevent or restore incurred losses.

***Interest rate risk***

Investments made by the Reference Fund may be linked to the performance of one or more interest rates (e.g. where loans to firms are granted that are linked to interest rates such as the EURIBOR or LIBOR). This interest rate or these interest rates may, depending on the general interest rate level, decrease from the current applicable rate to the disadvantage of the Investors and therefore result in a lower than expected return. The interest of an investment may also be calculated in reverse proportion to the reference interest rate. In such cases, the Investor bears the risk that an increase of the reference interest rate would result in a lower than expected return.

### ***Index or index basket risk***

Investments made by the Fund may be referenced to the performance of an index or basket of indices (e.g. where loans to firms are granted that are linked to interest rates such as the consumer price index). An index is a calculated instrument that represents the performance of prices and quantities that are included in the index. The risk of any Linked Note linked to an index or to a basket of indices depends on which shares, warrants, derivatives, properties, funds or other values are represented by such index. In extremis, the investment in the index-linked securities may therefore result in a total loss.

### ***Risk in connection with possible Adjustments of the Strategy Composition***

If, in the reasonable discretion of the Issuer, 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 Issuer may, in its reasonable discretion, adjust the Strategy Composition.

Despite that such adjustment is subject to the provision 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, such adjustment possibility bears the risk that the Strategy Composition may change without any consent of the Investor.

### ***Risk of wrong data or calculation regarding the Linked Notes***

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 Strategy Sponsor nor the Calculation and Paying Agent give any representation or guarantee for the correctness of the calculation of the



relevant market parameters. For direct or indirect damages which may result from an incorrect calculation of the relevant market parameters, neither the Strategy Sponsor nor the Calculation and Paying Agent shall accept any liability.

Investors therefore bear the risk that the calculation of the relevant market parameter of the Linked Notes are based on wrong data or be performed wrongly and therefore may not show their true intrinsic value, without having any effective remedy for compensation or even detection of such failure.

### ***Risks in connection with statute of limitations***

The claims of Investors out of their investment in the Linked Notes (esp. right to redemption payments and interest payments, are subject to legal statute of limitations, which means that after a certain period of time (limitation period), the legal enforcement of claims is time-barred and no longer possible. Limitation periods run from the date when the obligation fell due. The Linked Notes are governed by Austrian law. According to the Conditions, claims of Investors regarding repayment of the principal are time-barred after a limitation period of up to 10 years, payments of interest claims are time-barred after 3 years. Investors bear the risk of being time-barred in the legal enforcement of their claims.

### **General risks involved in the Commitment**

As Investors are obliged to enter into a Commitment with the Issuer, the Investors need to hold monies up to the Commitment Amount ready for investments for the whole lifetime of the Linked Notes in order to be at any time – upon a subscription call by the Issuer, to subscribe for Linked Notes. It is therefore not possible to enter into investments (up to the amount reserve for the Commitment) that cannot be realised instantly.

### **General risks of private equity funds**

The overall purpose of the underlying Fund of the Linke Notes is to achieve higher returns on investments than mutual funds by investing in private equity instruments. In return, such investments involve higher risks than investments in mutual funds and are only suitable for Investors who are able to assess the merits and risks of Private Equity, Private Debt and Mezzanine Capital investments on their own, as Investors in the Linked Notes are fully exposed to the risks of the Fund.

### **Risk of dependency on capital calls**

The Fund only raises capital to the extent needed in order to invest in investment objects it identifies as eligible investment opportunities or to fulfill any other due

payment obligations. Therefore, it may not call all (or maybe not even any) of the investment commitments made by investors in the Fund during the lifetime of the Fund. Instead, the Fund calls investment capital from its investors up to the participation of the investor when it needs cash. If the Fund calls, the investors in the Fund are obliged to invest (up to their respective commitment amount). For investors in the Linked Notes this means, that in case of a capital call of the Fund towards the Issuer, the Issuer will make a corresponding Capital Call towards Noteholders. It may happen, that during the whole lifetime of the Fund, no commitment call will be made by the Fund, and, in return, the Issuer will also not make any Capital Call towards Noteholders.

In such case, the Linked Notes will not be issued at all.

### **III. DESCRIPTION OF CAPITAL BANK**

#### **1. PERSONS RESPONSIBLE**

- 1.1 The Issuer, Capital Bank – GRAWE Gruppe AG, having its registered office at Burgring 16, 8010 Graz, is responsible for all of the information given in this Prospectus pursuant to section 11 Capital Markets Act.
- 1.2 The Issuer declares that it has 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.

#### **2. STATUTORY AUDITORS**

- 2.1 The statutory auditor of the Issuer for the business years 2016 and 2017 was KPMG Austria GmbH, A-1090 Vienna, Porzellangasse 51. The responsible persons of the statutory auditor are members of the Austrian chamber of auditors and tax consultants. The annual statements of 2016 have been audited under the supervision of the chartered accountant and tax consultant Mag. Wilhelm Kovsca, and the annual statements of 2017 have been audited under the supervision of the chartered accountant and tax consultant Mag. Christian Grinschgl, in accordance with national legislation..
- 2.2 No auditors have resigned, been removed or have not been reappointed so far.

#### **3. RISK FACTORS**

Please refer to "II. Risk Factors - 1. Risk factors relating to the Issuer" above.

#### **4. INFORMATION ON THE ISSUER**

##### ***4.1 History and development of the Issuer***

##### ***4.1.1 Legal and commercial name of the Issuer***

The legal name of the Issuer is Capital Bank – GRAWE Gruppe AG.

The Issuer uses Capital Bank as its commercial name.

#### *4.1.2 Place of registration and registration number*

The registered seat of Capital Bank is established in Austria. Capital Bank is registered with the Austrian companies register under number FN: 112471z.

#### *4.1.3 Date of foundation and duration of the Issuer*

Capital Bank was incorporated on 28 October 1987 for an indefinite period of time.

#### *4.1.4 Domicile and legal form of the Issuer*

The Issuer has been incorporated under the laws of Austria as credit institution in the form of a joint stock company and is subject to the provisions of the Austrian Banking Act. The Issuer is subject to the jurisdiction of Austria.

The registered office of the Issuer is at Burgring 16, 8010 Graz, Austria; telephone number: +433168072-0. The Issuer does not have any registered branch offices outside of Austria as of the date of this Prospectus.

#### *4.1.5 Material recent events*

There have not been any recent events which are, to a great extent, relevant to the evaluation of the Issuer's solvency.

## **5. BUSINESS OVERVIEW**

### **5.1 Principal activities**

#### *5.1.1 Principal activities of the Issuer stating the main categories of products sold and/or services performed*

Capital Bank primarily is a private and investment bank which, based on its license, is entitled to carry out the following banking activities:

- (a) the acceptance of monies of others for administration or as deposit (deposit business);
- (b) the carrying out of non-cash payment transactions and clearing of checking accounts for others (checking account business);

- (c) the entering into money loan contracts and extension of money loans (credit business);
- (d) the purchase of checks and bills of exchange, in particular discounting of bills of exchange (discount business);
- (e) the custody and administration of securities for the account of others (custody business);
- (f) The issuance and administration of payment instruments such as credit cards, bankers' drafts and traveller's cheques, with no limitation applicable to the term of crediting in the case of credit cards;
- (g) the dealing for own or other than own account in
  - (i) foreign means of payment (foreign exchange and foreign currency business);
  - (ii) money market instruments;
  - (iii) financial future contracts (futures) including equivalent cash settled instruments and options to acquire or dispose of any instruments falling within paragraph (i) and (iv) through (vi), including equivalent cash settled instruments (futures and options business);
  - (iv) forward interest rate agreements and interest rate adjustment agreements (FRA), interest rate and currency swaps as well as equity swaps (equity swaps);
  - (v) transferable securities (securities business);
  - (vi) instruments derived from paragraph (ii) through (v) unless such dealing is done in favour of private assets.
- (h) the dealing for own or foreign account in financial instruments subject to Section 1 Para 1 No. 6 lit. e to g and lit. j SSA, except the dealing by individuals subject to Section 2 Para 1 No. 11 und 13 SSA.
- (i) the assumption of sureties, guarantees and other liabilities for others in so far as the performance assumed is to be rendered in money (guarantee business);
- (j) the issuing of other fixed income securities in order to invest the proceeds in other banking activities (other issuing of securities business);
- (k) participation in the underwriting of third party issues of any of the instruments listed in paragraph (g) (ii) through (vi) and the provision of services related thereto (third party issuing of securities business);
- (l) the financing business through acquisition and resale of shares (capital financing business);
- (m) the purchase of accounts receivable arising from delivery of goods or rendering of services, assumption of the risk of collection on such claims – excepting credit insurance – and, in connection therewith, the collection of such claims (factoring business);
- (n) money procuring in the inter bank market; and
- (o) the brokerage of transactions pursuant to
  - (i) lit (a), unless conducted by contractual insurance companies;

- (ii) lit (c), with the exception of the brokerage of mortgage and personnel loans by licensed real estate agents, personnel loan and mortgage loan brokers, and investment advisers; as well as
- (iii) lit (g) (i), insofar as it concerns the foreign exchange business;
- (iv) lit (i)

#### 5.1.2 Important new products or services

Capital Bank is a specialised bank operating in the field of private banking and cooperation with investment firms. In the last years, no new important products or services have been launched.

#### 5.1.3 Principal markets.

The main field of activity of Capital Bank is the Austrian securities market.

#### 5.1.4 Basis for any statements of the Issuer regarding its competitive position.

Not applicable. There are no statements of the Issuer regarding its competitive position contained in this Prospectus.

## 6. ORGANISATIONAL STRUCTURE

### 6.1 *Position of the Issuer in the Group*

The Issuer is wholly owned by BANK BURGENLAND, the head of BANK BURGENLAND Group, which is an Austrian banking group, that itself is wholly owned by GRAWE AG, a large Austrian insurance company. Within the group of GRAWE AG, the Issuer is the private bank with strong focus on financial services for wealthy clients.

### 6.2 *Dependency on other entities within the group*

In 2010, the Austrian banking entities within BANK BURGENLAND Group decided to merge its internal departments (except the internal audit function) to the extent that only the market side departments shall remain independent from each other, whilst all internal services, such as e.g. risk management, compliance, operations, shall be performed by BANK BURGENLAND for all of its group entities within Austria. Since a significant part of its internal services, according to the group decision, is now delegated by the way of a service level agreement to the parent

institution, Capital Bank is depending on BANK BURGENLAND to the extent of proper execution of all delegated tasks under the service level agreement.

## **7. TREND INFORMATION**

### **7.1 *No material adverse change***

Since the publication of the last audited financial statements, there has been no material adverse change in the prospects of the Issuer.

### **7.2 *Other trend information***

Not applicable. Currently, the Issuer is not aware of any recent trends affecting the Issuer and the industries in which it operates.

## **8. PROFIT FORECAST OR ESTIMATES**

Not applicable. The Issuer does not provide any profit forecast or estimate.

## **9. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**

### **9.1 *Names, and business address of the members of the administrative, management and supervisory bodies as well as their function in the Issuer including their main activities which they carry outside of the Issuer where these are significant with respect to the Issuer***

- (a) Members of the administrative, management and supervisory bodies

#### ***The management board (Vorstand)***

Pursuant to the Articles of Association the management board of the Issuer consists of two, three or four members that are appointed for a maximum period of five years by the supervisory board, reappointment being permissible. The Issuer shall be represented by two members of this management board or by one member of the management board together with an executive authorized to act jointly (*Gesamtprokurist*), or by two executives to act jointly.

Currently the management board of the Issuer consists of Christian JAUKE, MBA (chairman of the management board), who was first appointed on 03.07.2000, Mag. Constantin VEYDER-MALBERG (member of the management board), who was first appointed on 03.02.2001, and Wolfgang DORNER, CIA (member of the management board), who was first appointed on 01.10.2016 (member of the management board).

In addition to their function as members of the management board of Capital Bank they perform the following activities that are significant with respect to the Issuer:

Christian JAUKE, MBA is also the chairman of the management board of BANK BURGENLAND, as well as a member of the management board of HK Privatstiftung and of "Communitas" Holding Gesellschaft m.b.H. Christian Jauke, MBA MAS is also the chairman of the supervisory body of Bankhaus Schelhammer & Schattera Aktiengesellschaft and of Brüll Kallmus Bank AG, deputy chairman of the supervisory board SK Sturm Wirtschaftsbetriebe GmbH, and member of the supervisory board of Österreichische Lotterien Gesellschaft m.b.H..

Mag. Constantin Veyder-Malberg is member of the management board of Brüll Kallmus Bank AG, and also member of the management board of Cinderella Privatstiftung and of Amaryllis Privatstiftung, as well as of CF GmbH. He is also member of the supervisory board of Bankhaus Schelhammer & Schattera Aktiengesellschaft.

Wolfgang DORNER is holder of statutory proxy of BANK BURGENLAND as well as of Brüll Kallmus Bank AG and of Bankhaus Schelhammer & Schattera Aktiengesellschaft.

The business address for the members of the management board is the business address of the Issuer, namely Burgring 16, A-8010 Graz.

### ***The supervisory board (Aufsichtsrat)***

Pursuant to section 11 of the articles of association of the Issuer, the supervisory board consists of at least four and not more than eight members. The following persons are currently members of the supervisory board of the Issuer:

**Dr. Othmar Ederer** is chairman of the supervisory board since 05.10.2000. He is also the chairman of the management board of GRAWE AG and



chairman or member of the supervisory board of several entities within GRAWE AG.

**Mag. Klaus Scheitegel** is deputy chairman of the supervisory board since 26.04.2018. He is a member of the management board of GRAWE AG and chairman or member of the supervisory board of several entities within GRAWE AG.

**Dr. Franz Hörhager** is a member of the supervisory board since 29.06.2009. Dr. Franz Hörhager is also a member of the supervisory boards of Brüll Kallmus Bank AG, BANK BURGENLAND, and Growth Capital Partners Aktiengesellschaft (chairman).



**Dipl. Techn. Erik Venningdorf** is a member of the supervisory board since 21.03.2013. He is a member of the management board of GRAWE AG and chairman or member of the supervisory board of several entities within GRAWE AG.

**Rudolf Laudon**, is a member of the supervisory board since 27.06.2001. He is delegated from the workers council.

**Harald Greimel**, is a member of the supervisory board since 28.11.2009. He is delegated from the workers council.

The business address for the members of the supervisory board is the business address of the Issuer, namely Burgring 16, A-8010 Graz.

- (b) Partners with unlimited liability (in case of an association limited by shares – *Kommanditgesellschaft auf Aktien*)

The Issuer does not have any partners with unlimited liability.

## **9.2 Administrative management and supervisory bodies conflict of interests**

In addition as stated under Section II.1. RISK FACTORS – Risk Factors relating to the Issuer - Risk of potential conflicts of the Issuer, its Agents, or of the members of the administrative and managing bodies of the Issuer, Capital Bank is not aware of any businesses, facts or agreements that may cause any potential conflicts of interest between any duties to Capital Bank of any member of the Board and his or her private interests or other duties.

## **10. MAJOR SHAREHOLDER**

### **10.1 Direct and indirect shareholders**

100 % of the shares in Capital Bank are held by BANK BURGENLAND. BANK BURGENLAND itself is ultimately owned by GRAWE AG.

### **10.2 Changes in control**

Capital Bank is not aware of any arrangements, the operations of which may at a subsequent date result in a change of control regarding Capital Bank.

## **11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### **11.1 *Historical financial information***

The business year of the Issuer corresponds to the calendar year. The annual financial statements of the Issuer for the business years 2016 and 2017 together with the audit finding have been made in compliance with Austrian law pursuant to the regulations of the Austrian Banking Act (Bankwesengesetz – "BWG"), and, to the extent applicable, of the Austrian Commercial Act (Unternehmensgesetzbuch – "UGB"). No preparation (or deviation) pursuant to the International Accounting Standards (IAS) has been made.

### **11.2 *Financial statements***

The Issuer does not prepare consolidated financial statements. The consolidation for the whole BANK BURGENLAND Group is made at the level of BANK BURGENLAND.

The audited annual financial statements for the business years 2016 and 2017 together with the audit finding are available free of charge at the corporate seat of the Issuer as well as in the internet under [https://www.capitalbank.at/media/file/1143\\_Ansicht\\_gesamt\\_ENG\\_Capital\\_Bank\\_GB\\_2017\\_V03\\_20180601.pdf](https://www.capitalbank.at/media/file/1143_Ansicht_gesamt_ENG_Capital_Bank_GB_2017_V03_20180601.pdf) (2017) and [https://www.capitalbank.at/media/file/880\\_GB2016\\_EN\\_Gesamt.pdf](https://www.capitalbank.at/media/file/880_GB2016_EN_Gesamt.pdf) (2016).

Both financial statements have been deposited with the FMA and are incorporated by reference into the Prospectus.

### **11.3 *Auditing of historical annual financial statements***

The above mentioned annual financial statements have been issued with an unqualified audit certificate by the statutory auditor KPMG Austria GmbH, A-1090 Vienna, Porzellangasse 51. The certificate has been signed and provided in the English as well as in the German Language Version.

No other information in this Prospectus has been audited.

#### **11.4 Age of the latest financial information**

The most recent audited annual financial statements of Capital Bank are as of 31.12.2017.

#### **11.5 Interim and other financial information**

Not applicable. The issuer did not prepare any interim financial information so far.

#### **11.6 Legal and arbitration proceedings**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Capital Bank is aware) during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on Capital Bank or on its financial position or profitability.

#### **11.7 Significant change in the Issuer's financial position**

Since 31.12.2017, no significant change in the financial position of the Issuer occurred.

### **12. MATERIAL CONTRACTS**

There are no material contracts that were not entered into in the ordinary course of the Issuer's business and which could result in Capital Bank being under an obligation or entitlement that is material to its ability to meet its obligation to Noteholders.

### **13. THIRD PARTY INFORMATION STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST**

Not applicable, no third party statements have been included in the Prospectus.

### **14. DOCUMENTS ON DISPLAY**

The following documents may be inspected for the life of this Prospectus at the corporate seat of the Issuer:

- (a) the Articles of Association of the Issuer;
- (b) the audited financial statements and the financial reports of the Issuer for the business years 2016 and 2017, also available at

[https://www.capitalbank.at/media/file/1143\\_Ansicht\\_gesamt\\_ENG\\_Capital\\_Bank\\_GB\\_2017\\_V03\\_20180601.pdf](https://www.capitalbank.at/media/file/1143_Ansicht_gesamt_ENG_Capital_Bank_GB_2017_V03_20180601.pdf) (2017) and  
[https://www.capitalbank.at/media/file/880\\_GB2016\\_EN\\_Gesamt.pdf](https://www.capitalbank.at/media/file/880_GB2016_EN_Gesamt.pdf) (2016);

(c) this Prospectus including all supplements, which the Issuer will issue pursuant to section 6 Austrian Capital Markets Act.

The Prospectus will be made available at the website of the Issuer under

URL: [https:// www. capitalbank.at/de/ downloads/ prospekte/ liste](https://www.capitalbank.at/de/downloads/prospekte/liste)

## **IV DESCRIPTION OF THE LINKED NOTES**

This Prospectus relates to the public offer of Invision VI Linked Notes, issued by Capital Bank.

Capital Bank which is responsible for the information given in the Prospectus (pls. refer to "paragraph III. Description of Capital Bank – 1. Persons Responsible ") has submitted this Prospectus pursuant to section 8a of the Austrian Capital Markets Act to the Austrian Financial Market Supervisory Authority (hereinafter referred to as "FMA") for approval and has informed FMA that it intends to also publicly offer the Linked Notes in Germany.

### **1. PERSONS RESPONSIBLE**

- 1.1 The Issuer, Capital Bank – GRAWE Gruppe AG, having its registered office at Burgrin 16, 8010 Graz, Austria, is responsible for all of the information given in this Prospectus pursuant to section 11 Capital Markets Act.
- 1.2 The Issuer declares that it has 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.

### **2. RISK FACTORS**

Please refer to "II. Risk Factors – 2. Risk Factors relating to the Linked Notes".

### **3. ESSENTIAL INFORMATION**

#### **3.1 *Interest of natural and legal persons involved in the issue/offer***

The Issuer of the Linked Notes is interested in generating fees for the set-up, structuring and sale of the Linked Notes, as well as for its activities as Calculation and Paying Agent. The Issuer may have information with respect to the Fund that may be material with respect to the Linked Notes and which may not be publicly available or known by Investors, and may be prohibited from disclosing such information to investors due to secrecy obligations towards the Fund. As a result, the Investor may not be in the possession of all information on the Fund that is accessible to the Issuer.

### **3.2 *Reasons for the offer and use of proceeds (when different from making profits and/or hedging certain risks)***

Not applicable, the reasons for the offer are not different from making profits.

## **4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED**

### **4.1 *Information concerning the securities***

#### **4.1.1 *Type and class of securities, ISIN***

The securities offered are derivative securities. The respective ISIN is: AT000B110200

#### **4.1.2 *Impact of Underlying on the investment***

The Conditions of the Linked Notes provide that the performance of the Linked Notes, any redemption amount as well as any variable interest payable with respect to the Linked Notes will be determined by the Strategy as determined in the Conditions.

General information in respect of the Strategy is shown in the description of the securities below in "4.2 Information concerning the underlying".

#### **4.1.3 *Legislation under which the securities have been created***

All provisions and regulations with respect to the Linked Notes included in this Prospectus including its supplements and the Conditions of Linked Notes as well as any rights and obligations of the creditors of the Linked Notes on the one hand and of the Issuer on the other hand shall be exclusively governed by Austrian law.

In general, the courts competent for Austria shall have exclusive jurisdiction, unless a consumer is concerned. Any disputes with consumers shall be settled by the competent local court where the consumer has his permanent residence, or, at the consumer's sole discretion, by the competent courts of Austria.

#### **4.1.4 *Form of securities***

The Linked Notes are issued in bearer form and will, in the case of definitive Linked Notes, be serially numbered. The Linked Notes may not be exchanged for Linked Notes in registered form.



For so long as the Linked Notes are represented by a Global Linked Note held by or on behalf of Depositary Bank, each person (other than the Depositary Bank) who is for the time being shown in the Records of the Depositary Bank as the holder of a particular nominal amount of such Linked Notes (in which regard any certificate or other document issued by the Depositary Bank as to the nominal amount of such Linked Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of a manifest error) shall be treated by the Issuer and the Calculation and Paying Agent 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 details see Annex 1, Condition 3.2 – Transfer and Title).

The Linked Notes which are represented by a Global Linked Note will be transferable only in accordance with the rules and procedures of the Depositary Bank. References to the Depositary Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system that may be approved by the Issuer and the Calculation and Paying Agent.

#### *4.1.5 Currency*

The currency of the Linked Notes will be EUR.

#### *4.1.6 Ranking of securities*

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

#### *4.1.7 Description of rights attached to the securities and limitations thereto*

In general, all rights attached to the Linked Notes must be asserted by the Noteholders or their representatives directly vis-à-vis the Issuer at its seat during usual business hours or in writing (registered letter is recommended) or before the competent courts. A representation of the Noteholders will not be organized by the Issuer.

The Linked Notes carry the right to final and partial redemption payments in accordance with Conditions 9.1 and 9.2 (see Annex 1, Condition 9 for details) as well as to variable interest in accordance with Condition 8 (see Annex 1, Condition 8 for details). All payments will be made in EUR and in accordance with Condition 10 (see Annex 1, Condition 10 for details).

The Final Redemption Amount will be calculated as 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.

In the absolute discretion of the Issuer, variable interest may be paid when the Reference Fund pays any Fund Income Proceeds to the Issuer in respect of the Reference Participation, and the Issuer determines that all or part of the Fund Income Proceeds 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.

In the case of a Payment Disruption Event, the due date for the payment by the Issuer of any amounts in respect of the Linked Notes shall be postponed until the fifth (5th) Business Day after the relevant Payment Disruption Event ceased to exist.

#### *4.1.8 Statement of necessary resolutions of the Issuer*

The Issuer has made the necessary Board resolutions in order to issue the Linked Notes and approved the issue of the Linked Notes, the Conditions and the filing of this Prospectus on June 11, 2018.

#### *4.1.9 Issue Date*

The Linked Notes will be issued upon the Initial Capital Call Notice or in any subsequent Capital Call Notice of the Issuer in accordance with Annex 1, Condition 2.2(b) on the Issue Date, which will – from the current perspective, be on or about October 10, 2018.

#### *4.1.10 Restrictions on free transferability*

The Linked Notes which are represented by a Global Linked Note will be transferable in accordance with the rules and procedures of the Depositary Bank. References to the Depositary Bank shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system that may be approved by the Issuer and the Calculation and Paying Agent.

However, each subscriber to the Linked Notes or each purchaser of the Linked Notes from the Issuer will be required to also enter into a Commitment towards the Issuer stating the maximum nominal amount of Linked Notes he is willing to and, as a consequence, is also bound to subscribe or buy and pay in to, and the securities subscribed will be pledged in favour of the Issuer until all obligations

arising from the Commitment have been satisfied. A transfer of the Commitment is subject to the consent of the Issuer.

#### *4.1.11 Maturity Date*

Maturity Date will be the date falling no later than five (5) Business Days after the Calculation Day immediately following the last and final distribution of the later of a. Fund Capital Proceeds or b. Fund Income Proceeds in the course of the dissolution of the Reference Fund. Usually, the Reference Fund will be dissolved ten years after its final closing, however there is the possibility to extend the maturity twice for one year each, leading up to a maximum of twelve years tenure of the Reference Fund (being the date after which the Fund will be closed, i.e. when no further investments in the Fund are possible. From the current perspective, the final closing will be around October 2018).

In addition, partial redemptions may occur when the Issuer and/or the Calculation and Paying Agent becomes aware that the Issuer has received any Fund Capital Proceeds from the Reference Fund.

#### *4.1.12 Settlement procedure*

The settlement of the Linked Notes will be made upon Full Repayment of the Linked Notes in accordance with Annex 1, Condition 9.

#### *4.1.13 Description of return on securities, delivery date and way of calculation*

Delivery of the Linked Notes shall be made against payment (including provision and fees, if applicable) within customary periods of time.

The way of calculation of the redemption amount and its payment is set forth in Annex 1, Conditions 7, 9 and 10. The payment of Interest Amounts is set forth in Annex 1, Conditions 8 and 10. The yield, if any, is determined by the total amount of Redemption payments plus Interest Amounts received, less all of the payments made by the Investor towards the Issuer, including all costs to be born by Investors.

#### *4.1.14 Tax information*

The Issuer accepts responsibility for retention and removal of withholding taxes as described herein, if it is the Issuer, that pays interest to the coupon holder at the time of maturity and proportional capital gains at the occasion of the sale of the Notes, or if, pursuant to sec 95 para 2 No 2 Letter a) Income Tax Act as amended, it is the domestic custodian for capital gains realised out of capital assets or derivatives.

## **AUSTRIA**

### **General**

This section provides a brief summary of some important principles that are related to the acquisition, holding and sale of Linked Notes in Austria for tax purposes. It is not a comprehensive evaluation of all tax considerations associated with it, neither does it deal with specific situations that may be crucial for individual potential investors. Potential investors are therefore strongly recommended to contact a tax advisor prior to investing in the Linked Notes.

Individuals resident in Austria are subject to income tax (*Einkommensteuer*) on their worldwide income (unlimited income tax liability; *unbeschränkte Einkommensteuerpflicht*). Non-resident individuals are subject to income tax only on income from certain Austrian sources (limited income tax liability; *beschränkte Einkommensteuerpflicht*). Corporations resident in Austria are subject to corporate income tax (*Körperschaftsteuer*) on their worldwide income (unlimited corporate income tax liability; *unbeschränkte Körperschaftsteuerpflicht*). Non-resident corporations are subject to corporate income tax only on income from certain Austrian sources (limited corporate income tax liability; *beschränkte Körperschaftsteuerpflicht*). In either case, Austria's right to tax may be restricted by a tax treaty.

### **Taxation of Linked Notes**

Interest payments on Linked Notes are subject to the general 27,5% withholding tax when paid to individuals, irrespective of whether they will be kept private or for business purposes.

Individuals who have a residence or their habitual residence in Austria, and entities which have top management or registered office in Austria, shall be subject to income tax or corporation tax (unlimited income or corporation tax liability) in Austria on their worldwide income.

Natural persons who are neither resident nor have an ordinary residence in Austria, and entities being not registered and not having top management within the country, are only subject to certain domestic income tax liability (limited income or corporation tax liability).

The corporate tax rate is at uniform 25%, income tax rate is progressive, with a maximum tax rate of 55%. If there is a capital gains tax liability, a uniform tax rate of 27,5% is applied.

### **Taxation of resident taxpayers subject to unlimited tax liability**

## 1. Taxation of interest

Interest payments on the Linked Notes to taxpayers in Austria with unlimited income tax liability are strictly subject to a tax rate of 27,5%. In case of private individuals, tax will be deducted at source if interest are paid by a domestic paying agent. If interest are not paid by any domestic paying agent, the 27,5% final taxation is also applied, in this case on application by the investor. In the private sector, the 27,5% withholding tax enjoys final compensation for income tax purposes if the Linked Notes are offered on the primary market in both legal and factual terms to an indefinite number of persons.

## 2. Capital gains tax liability and exemptions

The realisation of capital gains on the Linked Notes is subject to a tax of 27,5%.

In case of payment or realisation of the capital gain via a domestic custodian or paying agent the realized income (profits from the sale, redemption or stratification) or the income from the Linked Notes are subject to a 27,5 % tax deduction held at source. The income derived from increases in value include accrued interest (accrued interest paid to increase the cost; received accrued interest are part of the sale proceeds).

### **Taxation of foreign natural persons in Austria regarding income tax**

Individuals and corporations subject to limited (corporate) income tax liability in Austria are taxable on income from the Notes if they have a permanent establishment in Austria and the Notes as well as the income resulting therefrom are attributable to such permanent establishment (cf. § 98(1)(3) of the Austrian Income Tax Act, § 21(1)(1) of the Austrian Corporate Income Tax Act). In addition, individuals subject to limited income tax liability in Austria are also taxable on interest in the sense of § 27(2)(2) of the Austrian Income Tax Act and accrued interest (including from zero coupon bonds) in the sense of § 27(6)(5) of the Austrian Income Tax Act from the Notes if the (accrued) interest has an Austrian nexus and if withholding tax is levied on such (accrued) interest. This does not apply to individuals being resident in a state with which automatic exchange of information in tax matters exists and they have submitted a certificate from the tax administration of the jurisdiction of residence for tax purposes.

Interest with an Austrian nexus is interest the debtor of which has its place of management and/or its legal seat in Austria or is an Austrian branch of a non-Austrian credit institution; accrued interest with an Austrian nexus is accrued interest from securities issued by an Austrian issuer (§ 98(1)(5)(b) of the Austrian Income Tax Act). Under applicable double taxation treaties, relief from Austrian

income tax might be available. However, Austrian credit institutions must not provide for such relief at source; instead, the investor may file an application for repayment of tax with the competent Austrian tax office.

### ***Taxation of corporations***

If current interest income and a possibly taxable difference amount represent income incurred by companies within their business, such current interest income or difference income is subject to corporation tax; the obligation to deduct a withholding tax may be waived if all conditions according to § 94 Z 5 Income Tax Act are met, including, in particular, if an exemption statement according to § 94 para 5 lit a EStG has been submitted to the bank at which the securities are deposited.

### ***Taxation of Austrian private foundations***

- a) Private foundations (*Privatstiftung*) in terms of the Austrian Private Foundations Act (*Privatstiftungsgesetz*), which meet the requirements of Sec. 13(6) of the Austrian Corporate Income Tax Act (*Körperschaftsteuergesetz*) and hold the Linked Notes in a private portfolio, are subject to corporate income tax (interim taxation; *Zwischenbesteuerung*) on interest, including the positive difference between the redemption price and the issue price (Sec. 13(3)(1) of the Austrian Corporate Income Tax Act) at a rate of 25 % provided that the bonds are, in legal terms and actually, offered in a public placement procedure. Otherwise, interest payments are subject to corporate income tax at a rate of 25%. Under the conditions of Sec. 94(12) of the Austrian Income Tax Act as amended, no withholding tax is levied, in particular, if an exemption statement according to § 94 para 12 EStG has been submitted to the bank at which the securities are deposited.

The realization of capital gains from the sale of Linked Notes is subject to the corporate income tax of 25%.

### **Inheritance and gift tax**

In Austria, currently no inheritance or gift tax is being levied. However, a certain amount of free transfers are subject to notification requirements under the Gift Notification Act.

## **GERMANY**

### ***Taxation of German investors***

The following is a general discussion of certain German tax consequences of the acquisition, ownership and disposal of Linked Notes by a German investor resident in Germany for tax purposes. It does not purport to be a comprehensive description of all German tax considerations, which may be relevant for a decision to purchase Linked 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 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. Neither the Issuer nor the management board assumes any obligation to give notice to investors of any change of such basis or to update this summary.

Prospective purchasers of Linked Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposal of Linked Notes, including the effect of any state or local taxes under the tax laws of Germany.

### ***Taxation of Linked Notes***

#### **I. Investment income and capital gains**

Investment income and capital gains which may result from the Linked Notes under the Prospectus are subject to a uniform taxation, i.e. the respective type and arrangement of the capital investment would not result in a different taxation. However, depending on the type of the investor, different tax consequences may arise.

##### **(1) Linked Notes held by a German individual as private assets**

Investment income and capital gains realised by individuals from capital assets held as private property are subject to flat rate tax of 25% (plus 5.5% solidarity surcharge thereon). Church tax, if applicable, is levied as an additional tax and its deductibility as special expense for income tax purposes is considered by way of using a modified flat tax rate. Church tax will not be considered further in this tax section.

The flat tax is, in principle, levied as a withholding tax on the basis of the gross amount of investment income and capital gains, i.e. expenses related to such income – except for a standard lump sum (Sparer-Pauschbetrag) of €801 (€1.602 for married couples filing jointly) – will not be deductible. By calculating the capital gain from the sale or redemption of Linked Notes, however, ancillary acquisition costs and costs of sale may be considered. If these costs will not be considered by the “German Paying Agent” (Deutsche Zahlstelle, within the meaning of § 44 (1) German Income Tax Act) when assessing the flat tax liability, these costs may be considered by way of an applied tax assessment (§ 32d (4) German Income Tax Act).

The flat tax will in general satisfy the income tax liability of the investor in respect of such investment income or capital gains. However, a taxpayer will be able to apply for a tax assessment if his or her expected personal income tax rate is lower than the flat tax rate (§ 32d (6) German Income Tax Act), whereby related expenses – except for a standard lump sum (Sparer-Pauschbetrag) of €801 (€ 1.602 for married couples filing jointly) – will also not be deductible within such a tax assessment.

In case no withholding tax on the investment income or the capital gains has been retained (e.g. in case of a foreign depository, where no “German Paying Agent” (Deutsche Zahlstelle) exists), the investor is required to declare the investment income or capital gains within its German individual income tax return (tax assessment).

According to the flat rate taxation regime current investment losses and losses from the sale or redemption of securities may only be offset against other investment income including capital gains. If the loss off-setting is not possible in the assessment period in which the respective loss has been realised, such loss can be carried forward into future assessment periods and can be offset against investment income and capital gains generated in these future assessment periods. A loss carry back is not allowed.

#### (2) Linked Notes held by a German individual as business assets

The new German flat rate taxation regime is not applicable to a German individual holding its capital assets as business assets. If the Linked Notes are held in custody with or are administered by a “German Paying Agent” (Deutsche Zahlstelle) the investment income and capital gains realised by such an investor will generally be subject to a withholding tax at a rate of 25% (plus 5.5% solidarity surcharge thereon). However, this withholding tax will not satisfy the income tax liability of the investor in respect of such investment income or capital gains. In fact, the investor is bound to declare such investment income and capital gains as trade income within its German individual and trade tax return, i.e. the respective income will be subject to trade tax and income tax at standard rates. The retained withholding tax will be credited against the resulting income tax liability or will be reimbursed.

#### (3) Linked Notes held by a German corporate entity

The new flat rate taxation regime is also not applicable to investors in the legal form of a German corporate entity. German corporate entities are obliged to declare such investment income and capital gains as trade income within their annual German tax returns, i.e. the respective income will be subject to trade tax and corporate income tax at standard rates. In case withholding tax has been retained on



investment income or capital gains, such withholding tax will be credited against the resulting corporate income tax liability or will be reimbursed.

## *II. Withholding Tax*

### (1) Linked Notes held by a German individual as private assets

If the Linked Notes are held in a custody with or are administrated by a German credit institution, a German financial services institution (including a German permanent establishment of such foreign institution), a German securities trading company or a German securities trading bank (a "German Paying Agent" - Deutsche Zahlstelle), the flat tax of 25% (plus 5.5% solidarity surcharge thereon) will be withheld by the "German Paying Agent" (Deutsche Zahlstelle) upon interest payments and proceeds from the sale or redemption of the Linked Notes in favour of the German investor. The "German Paying Agent" (Deutsche Zahlstelle) will provide for the set-off of losses with current investment income and capital gains from other securities. Foreign taxes withheld will be credited to a certain extent against the flat tax liability by the "German Paying Agent" (Deutsche Zahlstelle), if the foreign tax withheld is comparable to the German income tax. The holder of the Linked Notes generally does not have to file an individual German tax return in order to obtain the loss off-setting or the foreign tax credit from the respective Linked Notes.

If the custody has changed since the acquisition and the original acquisition costs may not be proved, a flat tax of 25% (plus 5.5% solidarity surcharge thereon) will be imposed on an amount equal to 30% of the proceeds from the sale or redemption of the Linked Notes (§ 43a (2) German Income Tax Act).

In general, no flat tax will be withheld if the holder of Linked Notes filed a withholding exemption certificate (Freistellungsauftrag) with the "German Paying Agent" (Deutsche Zahlstelle) (up to the maximum amount of the standard lump sum of €801 (€1.602 for married couples filing jointly)) to the extent the income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Furthermore, no withholding will apply if the respective investor has applied for a non-assessment certificate (Nichtveranlagungsbescheinigung) with the German tax authorities.

If the Linked Notes are not held in custody with or are not administered by a "German Paying Agent" (Deutsche Zahlstelle), no flat tax will be withheld either. In this case, the German investor is required to declare the investment income or capital gains within its German individual income tax return and the respective investment income and capital gains will be subject to a flat rate taxation of 25% (plus 5.5% solidarity surcharge thereon) upon assessment.

## (2) Linked Notes held by a German individual as business assets

The flat rate withholding in general also applies to investment income and capital gains from Linked Notes held as business assets, if the capital assets are held in custody with or are administered by a “German Paying Agent” (Deutsche Zahlstelle). However, an exemption from the withholding tax applies on capital gains resulting from the sale or redemption of the Linked Notes provided the German investor gives notice on official form vis-à-vis the “German Paying Agent” (Deutsche Zahlstelle) that he holds the Linked Notes as business assets (§ 43 (2) German Income Tax Act).

If the Linked Notes are not held in custody with or are administered by a “German Paying Agent” (Deutsche Zahlstelle), no flat tax will be withheld.

## (3) Linked Notes held by a German corporate entity

The flat rate withholding in general also applies to investment income and capital gains from Linked Notes held by a German corporate entity, if the capital assets are held in custody with or are administered by a “German Paying Agent” (Deutsche Zahlstelle). However, an exemption from the withholding tax applies on capital gains resulting from the sale or redemption of the Linked Notes (§ 43 (2) German Income Tax Act).

If the Linked Notes are not held in custody with or are not administered by a “German Paying Agent” (Deutsche Zahlstelle), no flat tax will be withheld. Potentially foreign taxes withheld will be credited to a certain extent against the flat tax liability by the “German Paying Agent” (Deutsche Zahlstelle), if the foreign tax withheld is comparable to the German income tax (except for withholding taxes on investment income in terms of § 8b German Corporate Income Tax Act).

### *III. Inheritance and Gift Tax*

Inheritance or gift taxes with respect to the gratuitous transfer of any Linked Notes will arise under the laws of Germany, if, in the case of inheritance tax, the decedent or the beneficiary, or, in the case of gift tax, the donor or the donee, is tax resident in Germany or such Linked Notes is attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany.

### *IV. Other Taxes*

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

#### *V. German Investment Tax Act*

The acquisition and ownership of Linked Notes under the Prospectus by a German investor will not qualify as the acquisition or ownership of a unit in a foreign collective investment scheme (Ausländischer Investmentanteil). Hence, the special tax regime of the German Investment Tax Act will not apply with respect to these investments.

## **4.2 Information concerning the underlying**

### *4.2.1 Exercise price or final reference price*

Not applicable. There is no final exercise price or reference price of the underlying.

### *4.2.2 Type of underlying and its description*

#### **Description overview (the Strategy)**

The Linked Notes under this Prospectus is linked to a Strategy. The Strategy opens a way for Investors to indirectly participate in the economic development of Invision VI Limited Partnership, a Jersey limited partnership registered under the Limited Partnerships (Jersey) Law 1994, set up and registered as an AIF in Jersey.

To convert the performance of the Invision VI Limited Partnership into the performance of the Linked Notes, the Issuer developed a Strategy, composed of a Reference Portfolio that is a portfolio composed of the Strategy Components that are weighed in accordance with the Strategy Composition, with a Cash Component that means a non-interest bearing amount in EUR that reflects cash amounts (if any) relating to the Investment Component, and an Investment Component, that means a portfolio of Hedge Assets the composition of which reflects (i) a investment by the Issuer of the amounts equivalent to the Net Issue Proceeds in the Hedge Assets and (ii) a 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.

The following information on the Fund will be available during the term of the Linked Notes at the seat of the Issuer:

- Private Placement Memorandum of the Fund,
- Limited Partnership Agreement of the Fund,
- Audited Annual Statements of the Reference Fund, starting from the business year 2018.

The Strategy reflects the performance of a Reference Portfolio, subject to the deduction of certain fees and costs. The Reference Portfolio contains the following components (Strategy Components):

- Investment Component: a portfolio of Hedge Assets the composition of which reflects (i) a investment by the Issuer of the amounts equivalent to the Net Issue Proceeds in the Hedge Assets and (ii) a divestment of any amounts equivalent to cash out-flows 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,
- Cash Component: a non-interest bearing amount in EUR, that reflects cash amounts (if any) relating to the Investment Component (Cash Component)

A further specific characteristic of an investment in the Linked Notes is, that there is usually no fixed or ex ante predictable investment amount for each investor, but a Commitment, including a Commitment Amount, instead. The Commitment Amount is the maximum amount that an investor in the Linked Notes is willing to invest, i.e. the maximum nominal amount of Linked Notes an investor is willing to subscribe or to pay up to, once they are issued. The Commitment Amount, in any way, must be at least EUR 500.000.

In addition to the basic overview of the investment structure as set out above, the following provides for a more detailed description as to the key components of the Strategy. Please also refer to the risks involved as described in Section II - Risk Factors - Risk Factors relating to the Linked Notes.

### **The Fund (Investment Component)**

The Fund is a Private Equity fund set up as an AIF in the legal form of a limited partnership in Jersey. The objective of the Fund is to invest in ten to twelve buyout transactions in non-listed companies with enterprise values of EUR 30 million to EUR 100 million within the DACH region. The investment period for each investment of the Fund shall be four to five-years.

The Fund may acquire its participations or assets directly or indirectly through other vehicles, funds or participations, either on the primary or on the secondary capital markets, or directly from the seller, in auctions or by any other means. In addition,

the Fund may leverage its investments by taking loans or by acquiring other financial instruments. The overall purpose of the Fund is to achieve higher returns on investments than mutual funds. In return, such investments involve higher risks than investments in mutual funds and are only suitable for Investors who are able to assess the merits and risks of Private Equity, Private Debt and Mezzanine Capital investments on their own. The Fund will not use any of its capital to invest in the Issuer or in any affiliated company of the Issuer.

The Fund only raises capital to the extent needed in order to invest in investment objects it identifies as eligible investment opportunities or to fulfill any other due payment obligations. Therefore, it may not call all (or maybe not even any) of the investment commitments made by investors in the Fund during the lifetime of the Fund. Instead, the Fund calls investment capital from its investors up to the participation of the investor when it needs cash. If the Fund calls, the investors in the Fund are obliged to invest (up to their respective commitment amount). For investors in the Linked Notes this means, that in case of a capital call of the Fund towards the Issuer, the Issuer will make a corresponding Capital Call towards Noteholders. It may happen, that during the whole lifetime of the Fund, no commitment call will be made by the Fund, and, in return, the Issuer will also not make any Capital Call towards Noteholders. In such case, the Linked Notes will not be issued at all.

As the Fund will make its investments in the first five years only, if any, the first five years of the investment will show to what extent the Fund will make capital calls towards Capital Bank, and, in return, to what extent the Issuer will make Capital Calls towards Investors.

The Fund is established for a definite period of time not exceeding 10 years, including a possibility to extend the life of the Fund twice for one year each. After this period, the Fund will be liquidated and its assets be distributed to its investors according to their respective share or other investment in the Fund. During the life of the Fund, payments may be made to investors either as variable interest payments (Variable Interest; see Annex 1, Condition 8, for further details) or as partly redemption amounts (Partial redemption; see Annex 1, Condition 9.2, for further details) depending on the decision and at the discretion of the manager or the Fund.

The Fund is entitled to call any outstanding commitment during the lifetime of the Fund, up to the commitment amount of the investors in the Fund, even if such commitment already has been called once and been returned as redemption or other payment by the Fund (revolving nature of commitments). Such calls may be used by the Fund in order to collect investment capital to invest in an identified business object or to fulfill any other payment obligations of the Fund, and

consequently, will reduce its return or even lead to a loss for investors. Capital Calls after liquidation of the Fund may occur as a result of legal proceedings against the Fund and may lead to repayment of already received redemption or interest payments out of the investment, if the Fund, as former Private Equity investor in an investment objective, is obliged to return any payments made to the Fund by the former investment objective due to corporate law violations or other damage claims. The Issuer is obliged to perform such payments even after maturity of the Fund on the basis of its commitment towards the Fund. The Issuer will enter into a separate agreement (i.e. the Commitment) with Investors to envisage such repayment obligations also for Investors in the Linked Notes (see below “Commitment” for more details).

### **The Commitment**

Each subscriber to the Linked Notes or each purchaser of the Linked Notes from the Issuer will be required to make a binding contractual, non-withdrawable Commitment to the Issuer in accordance with Annex 1, Condition 2.1(a) – Commitment, up to a Commitment Amount which the Investor may determine in its own discretion (subject to a minimum Commitment Amount of EUR 500.000). Unlike the Linked Notes, the Commitment may only be transferred to other persons with the prior written consent of the Issuer. The Commitment will be concluded in the form as attached to this Prospectus as specimen in Annex II.

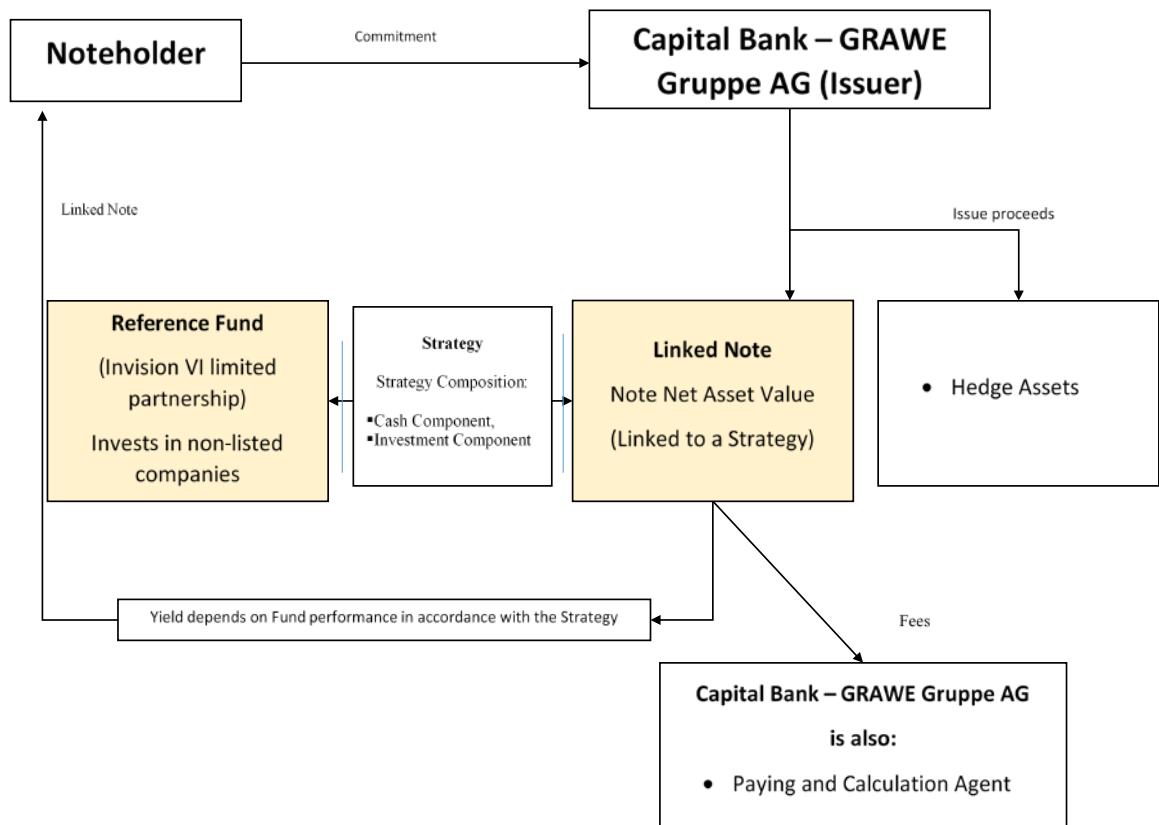
For the avoidance of doubt, the Commitment is not a transferable security within the meaning of Art. 1 par 1 Nr. 4 Austrian Capital Market Act. The specimen as provided for information purposes only in Annex II has not been reviewed or approved by the FMA.

The Commitment works independently from the Linked Notes. While the Linked Notes can be transferred freely in accordance with the rules and procedures of the Depositary Bank, any transfer of the Commitment is subject to approval by the Issuer. The Commitment is revolving (i.e. the Issuer may, up to the Commitment Amount, recall any redemption or other payment previously made during the lifetime of the Linked Notes).

Repayment obligation and late Capital Call: According to the obligations of Noteholders in the Commitment, the Issuer may require each Noteholder to return up to an amount equal to the lesser of (i) 25% of the aggregate amount distributed to each Noteholder and (ii) 25% of each Noteholder’s respective Commitment in order to satisfy liabilities of the Issuer towards the Fund, provided that no Noteholder shall be required to return any amount following the second anniversary

of the dissolution of the Fund unless the Issuer has given notice of pending proceedings prior to such time. This obligation corresponds to the obligation of the Issuer towards the Fund to potentially return received payments as a limited partner of the Fund.

The currency of the Linked Notes will be EUR. The following chart illustrates the investment structure of the Linked Notes:



#### 4.2.3 Market disruption or settlement disruption events

Annex 1, Condition 10.6 – Payment Disruption Event contains provisions on market disruption events. Please refer to Annex 1, Condition 10.6 – Payment Disruption Event for details.

#### 4.2.4 Adjustment rules to events concerning the underlying

Annex 1, Condition 7.5 – Adjustments, provides for adjustment rules in the reasonable discretion of the Calculation and Paying Agent in the case of tax,

regulatory, statutory, economic or other relevant circumstances that would significantly affect the calculation of the Strategy. Please refer to Annex 1, Condition 7.5 – Adjustments, for further details.

Annex 1, Condition 10.6 – Payment Disruption Event, provides for provisions for exceptional circumstances, called a Payment Disruption Event. Please refer to Annex 1, Condition 10.6 for further details.

Annex 1, Condition 10.7 provides for provisions regarding delay in payment and default interest. Please refer to Annex 1, Condition 10.7 – Delay in payment and default interest for further details.

## **5. TERMS AND CONDITIONS OF THE OFFER**

### **5.1 *Conditions, offer statistics, expected timetable and action required to apply for the offer***

#### *5.1.1 Conditions to which the offer is subject*

The Linked Notes will be issued at once upon prior notice by the Issuer (Initial Capital Call Notice) at the Issue Date as specified in the Initial Capital Call Notice.

Each subscriber to the Linked Notes or each purchaser of the Linked Notes from the Issuer in accordance with Condition 2.1(b) (as applicable) will be invited to give binding Commitments to the Issuer to subscribe to or to buy Linked Notes. Such Commitments will be binding upon the Investor and may not be transferred to third persons without the consent of the Issuer. A specimen of the Commitment is provided as Annex II to the Prospectus.

In the case of onselling of Linked Notes, the obligations arising from the Commitment (up to the Commitment Amount) shall not be ceased, until the Issuer releases the Investor from its obligation in writing.

#### *5.1.2 Total amount of the issue/offer*

The Linked Notes have the aggregate nominal value not exceeding EUR 35.000.000.

#### *5.1.3 Offer period and application process*

The Linked Notes are offered on a permanent basis without any fixed offering period during the lifetime of the Prospectus, starting one banking day after the publication of the Prospectus, which will be on or about 1<sup>st</sup> October, 2018, and ending on 27<sup>th</sup>



September, 2019. The Issuer reserves its right to terminate any offer without cause at any time. Applications may be made at any time within the above mentioned period by contacting the Issuer to enter in a Commitment regarding the Linked Notes. The Issuer will only sell Linked Notes to investors that also enter into a Commitment with the Issuer, at a minimum Commitment Amount of EUR 500.000. In the case where the Linked Notes are not subscribed via the Issuer, the respective intermediate bank will have to enter into a Commitment with the Issuer, which, in return, will be concluded between the intermediate bank and the Investor accordingly. It is prohibited for third banks to enter into individual commitments with Investors with a commitment amount below EUR 500.000.

#### *5.1.4 Maximum and/or minimum amount of application*

The minimum Commitment Amount, that determines the minimum amount of application, is EUR 500.000.

The maximum Commitment Amount for the Linked Notes, that determines the maximum amount of application, corresponds to the maximum issue volume of the Linked Notes, which is EUR 35.000.000.

#### *5.1.5 Methods and time limit for paying up and delivery*

Delivery of the Linked Notes shall be made against payment (including provision and fees, if applicable) within customary periods of time upon a (Initial) Subscription Call by the Issuer. The Linked Notes will be issued in bearer form and be represented by one or more global certificates. Delivery of the Linked Notes will therefore be performed in book-entry form only. The Linked Notes may not be exchanged for Linked Notes in registered form.

#### *5.1.6 Publication of results of offer*

The Issuer will not make any publication on the results of the offer.

### **5.2 Plan of distribution and allotment**

#### *5.2.1 Categories of investors and markets*

The Linked Notes are issued as investment for risk-aware institutional and (wealthy) private investors in Austria and Germany, serving as an addition for larger investment portfolios, in the form of a permanent issue.

There are no tranches reserved for specific countries or categories of investors.

The Linked Notes may be purchased by any person, subject to general legal restrictions. A public offer outside Austria and Germany may only occur after a supplement to and successful notification of the Prospectus in this country.

#### **5.2.2** *Process of notification*

Allotment of the Linked Notes will be made to Investors upon the Initial Capital Call Notice on the Issue Date. The Linked Notes will be delivered to the deposit accounts of the Noteholders in electronic form.

No dealing of securities may be made before notification respectively allotment.

### **5.3** *Pricing*

The Issue Price will be at 100%. The expenses charged to the investor are paid within the costs of the structuring of the Linked Notes. No extra expenses will be levied for the sale of the Linked Notes.

### **5.4** *Placing and underwriting*

#### **5.4.1** *Coordinators of the offer*

There is no coordinator appointed for the offer. The Linked Notes may be placed by all credit institutions in Austria and Germany which have their seat in Austria or Germany and are duly licensed for such resale or final placement under Directive 2013/36/EU. In the case where the Linked Notes are not subscribed via the Issuer, the respective intermediate bank will have to enter into a Commitment with the Issuer, which, in return, will be concluded between the intermediate bank and the Investor accordingly.

#### **5.4.2** *Paying agent and depository bank*

The Paying and Calculation Agent is CAPITAL BANK – GRAWE Gruppe AG. The depository bank will be OeKB CSD GmbH or such other entity as the Issuer may appoint from time to time to act as depository for the Global Linked Note(s).

#### **5.4.3** *Underwriters*

Not applicable. The Issuer does not intend to enter into underwriting agreements.

#### **5.4.4** *Underwriting agreement*

Not applicable. The Issuer does not intend to enter into underwriting agreements.

#### **5.4.5 *Name and adress of calculation agent***

The Paying and Calculation agent is Capital Bank – GRAWE Gruppe AG, 8010 Graz, Burgring 16.

## **6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

### **6.1 *Indication of listing***

The Issuer will not apply for listing or trading on a regulated market or MTF for the Linked Notes. In addition, a listing or trading of the Linked Notes on a regulated market or MTF based on this Prospectus shall be prohibited.

### **6.2 *List of regulated markets***

No securities of the Issuer are listed on a regulated market or MTF.

### **6.3 *Intermediaries***

There are no entities that made firm commitments to act as intermediaries in the second market trading regarding the Linked Notes.

## **7. ADDITIONAL INFORMATION**

### **7.1 *Advisors***

No advisors have been appointed.

### **7.2 *Auditors involvement***

There is no information in this chapter IV of the Prospectus – Description of the Linked Notes – which has been audited or reviewed by statutory auditors and where auditors have produced a report.

### **7.3 *Expert opinions***

There is no statement or report attributed to a person as an expert included in this chapter IV of the Prospectus – Description of the Linked Notes.

### **7.4 *Third party information***

There is no third party information in this chapter IV of the Prospectus – Description of the Linked Notes.

### **7.5 *Post-issuance information***

No post issuance information will be made. The Issuer will, however, make all legally required publications, such as e.g. supplements to the Prospectus and announcements to Investors in accordance with the Conditions of Linked Notes.

**DECLARATION SUBJECT TO COMMISSION REGULATION (EC) NR.  
809/2004 AS OF 29. APRIL 2004, AS AMENDED**

Capital Bank – GRAWE Gruppe AG with its corporate seat in Austria, is responsible for the information in this Prospectus and declares that, having taken all reasonable steps 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.

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# ANNEX 1 : Conditions of the Linked Notes

## CONDITIONS OF THE CB INVISION VI LINKED NOTES

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

The Linked Notes have the aggregate nominal value not exceeding **EUR 35,000,000**.

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 AT000B110200**

Issue Price: 100%

The Linked Notes are publicly offered in Austria and Germany.

### 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 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 the Issuer.

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

**Hedge Assets**, means the limited partnership interest of the Issuer in Invision VI Limited Partnership, as subscribed for by the Issuer in accordance with Condition 5.1.

**Interest Payment Date** means any of the following dates: 31.05. and 30.11. of each calendar year, starting from 31.05.2019.

**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, which will be on or about October 10.

**Issue Proceeds** means the aggregate gross amount received by the Issuer in respect of the issue 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 the later of a. Fund Capital Proceeds or b. Fund Income Proceeds in the course of the dissolution of the Reference Fund. Usually, the Reference Fund will be dissolved ten years after its final closing, however there is the possibility to extend the maturity twice for one year each, leading up to a maximum of twelve years tenure of the Reference Fund (being the date after which the Fund will be closed, i.e. when no further investments in the Fund are possible. From the current perspective, the final closing will be around October 2018).

**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 in connection with the Currency Hedge, 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 of the Linked Note on the Issue Date and upon each subsequent Capital Call, minus (ii) the aggregate amount of all Partial Redemption Amounts paid in respect of that Linked Note 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 held by the Issuer but pertaining to the Linked Notes in the course of the issue and ongoing structuring of the Linked Notes (other than cash attributable to the Issuer, such as the Set-up Fee and the Structuring Fee).

**Reference Fund, or Fund,** means Invision VI Limited Partnership, a Jersey limited partnership registered under the Limited Partnerships (Jersey) Law 1994, set up and registered as an AIF in Jersey. The objective of the Fund is to invest in ten to twelve buyout transactions in non-listed companies with enterprise values of EUR 30 million to EUR 100 million within the DACH region. The investment period for each investment shall be four to five-years.

**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.

**Structuring Factor** means 0.5% p.a. of the Reference Asset Value, calculated in accordance with the formula set out in Condition 7.8.

**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 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 issue of the Linked Notes, 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 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 each subscriber to the Linked Notes, 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**). The Commitment is not the same as the commitment that the Issuer is obliged to enter into with the Reference Fund, as envisaged in the limited partnership agreement of the Reference Fund. 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, thereby reducing their Principal Amount Outstanding, 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, which may be made during the whole term of the Linked Notes (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**, which will – from the current perspective, most likely be in October 2018), 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 35,000,000.
- (b) 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.
- 4.2 Upon receipt of a Capital Call Notice, each Commitment Holder has to 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 **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.

#### 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. As an alternative, the Issuer may 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 and unsecured, senior debt obligations of the Issuer and rank *pari passu* and rateably, without any preference among themselves, with all other existing direct and unsecured indebtedness of the Issuer.

## 7. DESCRIPTION OF THE INVISION VI STRATEGY AND OTHER RELEVANT FORMULAS

### 7.1 Basic principles of the Strategy

The Invision VI 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**). The Strategy reflects the performance of the Reference Portfolio subject to the deduction of certain fees and costs. The Reference Portfolio (and thus also the Strategy) represents a investment of the Issuer in the Reference Fund that is periodically adjusted so as to take account of the issuance of new shares or their redemption in accordance with the Strategy Composition (as defined below) (the **Objective of the Strategy**).

### 7.2 Composition of the Strategy

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

**Cash Component** means a non-interest bearing amount in EUR that reflects cash amounts (if any) relating to the Investment Component.

**Investment Component** means a portfolio of Hedge Assets the composition of which reflects (i) a investment by the Issuer of the amounts equivalent to the Net Issue Proceeds in the Hedge Assets and (ii) a 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.

**Strategy Components** means the Investment Component and the Cash Component

**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. 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 to the Strategy**

If the Issuer determines in its reasonable discretion that adjustments must be made to the composition of the Strategy as set out in Condition 7.4 above and/or the provisions relating to the calculation of the Strategy as set out in Condition 7.3 above, such adjustments must be approved by the Noteholders. Any adjustment of the calculation of the Strategy duly approved by the Noteholders will promptly be on the Issuer's website.

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.

#### **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

Start figures:

$$NAV_0 = 100,00\%$$

$$SL_0 = 100$$

Calculation of the Note Net Asset Value

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

### 7.10 Applicable definitions

NAV <sub>0</sub>	net asset value per Note on the Issue Date expressed as a percentage of the Principal Amount Outstanding
NAV <sub>t</sub>	net asset value per Note on the Calculation Day expressed as a percentage of Principal Amount Outstanding
RAV <sub>t</sub>	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
SL <sub>0</sub>	Strategy Level on the Issue Date (equals 100 Strategy Points)
SL <sub>t</sub>	Strategy Level in Strategy Points (one Strategy Point corresponding to one EUR) calculated in accordance with Condition Calculation of the Strategy Level
NAV RP <sub>t</sub>	net asset value of the Reference Portfolio in EUR
SC <sub>t</sub>	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 <sub>t</sub>	value in EUR of the Cash Component (as defined in Condition 7.2)
SF	Structuring factor equal to 0.005
CA <sub>t</sub>	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

At the absolute discretion of the Issuer, in the event that:

- (a) the Reference Fund pays any Fund Income Proceeds to the Issuer; and
- (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.

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.

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.

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 and the Principal Amount Outstanding of each Note shall be reduced to zero on the Maturity Date.
- (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 the Issuer 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) 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 in the amount of of such payments 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 Depository Bank as the beneficial holder of a particular principal amount of Linked Notes represented by such Global Linked Note must look solely to the Depository 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 to the extent 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**

- (c) 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.
- (d) 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 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:

- Private Placement Memorandum of the Fund,
- Limited Partnership Agreement of the Fund,
- Audited Annual Statements of the Reference Fund, starting from the business year 2018.

### **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.

**For the avoidance of doubt, the Commitment is not a transferable security within the meaning of Art. 1 par 1 Nr. 4 Austrian Capital Market Act. The specimen as provided for information purposes only in Annex II has not been reviewed or approved by the FMA.**

## **ANNEX 2 : Commitment form template (German language only)**

# VERPFLICHTUNGSERKLÄRUNG (Commitment)

Zur Capital Bank – Invision VI Linked Notes ISIN: AT000B110200 („Linked Notes“)

an die Capital Bank - GRAWE Gruppe AG („Capital Bank“)

Sofern nicht in dieser Verpflichtungserklärung anders verwendet, gelten die Begriffe der Bedingungen der Linked Notes auch für diese Verpflichtungserklärung (Definitionen siehe unten).

Hiermit verpflichte(n) ich mich (wir uns):  
[Investor]

im Sinne von Pkt. 2.1 und 2.2. der Bedingungen der Linked Notes, für die Dauer der Laufzeit der Linked Notes (wie unten definiert) zur unwiderruflichen und revolvingen Übernahme von Anteilen an

**Capital Bank – Invision VI Linked Notes**

**ISIN AT000B110200**

**Emittent: Capital Bank GRAWE Gruppe AG**

(„Commitment“, oder „Verpflichtungserklärung“) zum Ausgabekurs von 100 % zuzüglich \_% Effektenprovision bis zu einem Betrag in Höhe von

**EUR** \_\_\_\_\_  
(„Commitment Amount“, oder „Verpflichtungsbetrag“)

Diesbezüglich erteile(n) ich (wir) der Capital Bank – GRAWE Gruppe AG für die Laufzeit der Linked Notes den unwiderruflichen Auftrag, im Falle der Ausgabe von Tranchen der Linked Notes, den jeweils auf meinen (unseren) Verpflichtungsanteil in Relation zu allen anderen

Verpflichteten an einer neuen Tranche entfallenden Anteil für mich (uns) zu zeichnen, bis zum maximalen oben angeführten Verpflichtungsbetrag.

Paraphe \_\_\_\_\_

Mir (uns) ist bekannt, dass dieser Zeichnungsauftrag unwiderruflich ist und ich (wir) ermächtige(n) die Capital Bank, die Zeichnung bzw. Weiterverkauf von Anteilen an der Linked Notes über mein (unser) bei Ihnen geführtes

Depot Nummer \_\_\_\_\_ und das dazugehörige

Verrechnungskonto Nummer \_\_\_\_\_ abzurechnen.

Ich (wir) nehme(n) zur Kenntnis, dass meine (unsere) Verpflichtungen aus dieser Verpflichtungserklärung ohne schriftliche Zustimmung der Capital Bank nicht schuldbefreiend auf Dritte übertragbar sind, auch wenn bereits erworbene Tranchen der Linked Notes an Dritte verkauft oder übertragen werden.

Ausdrücklich bestätige(n) ich (wir), dass ich (wir) über die allgemeinen und speziellen Risiken der Veranlagung in die Linked Notes informiert wurde(n) und den von der Capital Bank – GRAWE Gruppe AG erstellten *Basisinformationsblatt, fact-sheet* samt der in englischer Sprache erstellten *Emissionsbedingungen* und *Risikofaktoren*, das in englischer Sprache verfasste *Limited Partnership Agreement des Reference Fund*, sowie den ebenfalls in englischer Sprache verfassten *Private Placement Memorandum des Reference Fonds* rechtzeitig erhalten, gelesen und verstanden habe(n).

Die Weitergabe der bereits erhaltenen Unterlagen sowie weiterer während der Laufzeit übermittelten Informationen zu dem Investment ist an die schriftliche Zustimmung der Capital Bank gebunden.

Die Capital Bank übernimmt keine Haftung für die steuerliche Behandlung der Linked Notes. Jede im Zusammenhang mit den Linked Notes anfallende Steuer ist vom Anleihehaber zu tragen. Dies gilt insbesondere auch für den Fall einer nachträglichen Vorschreibung einer Steuer aufgrund einer Änderung oder erstmaliger Festlegung der Verwaltungspraxis von Finanzbehörden betreffend die steuerliche Behandlung der Linked Notes.

Für den Fall, dass der Reference Fund persönliche Daten zu den Inhabern der Linked Notes verlangt, erteile(n) ich (wir) schon jetzt unter ausdrücklichem Verzicht auf das Bankgeheimnis meine (unsere) Zustimmung zur Übermittlung der jeweils angeforderten persönlichen Daten an den Reference Fund.

Rückzahlungsverpflichtung und später Capital Call: Die Capital Bank ist berechtigt, bis zum zweiten Jahrestag der Auflösung des Reference Fund, von den Anleihehabern Gelder zurückzufordern oder einen neuen Capital Call vorzunehmen, um Verpflichtungen gegenüber dem Reference Fund aus Ihrer Stellung als Limited Partner im Fund nachzukommen. Die Verpflichtung besteht nur bis zum zweiten Jahrestag der Auflösung des Reference Fund (bzw. Darüber hinaus, wenn die Emittentin bis dahin über schwebende Verfahren berichtet hat) und nur bis zum geringeren der beiden folgenden Beträge: (i) 25% des gesamten an die Noteholder ausgeschütteten Betrags, oder (ii) 25% des Verpflichtungsbetrags.

**Sämtliche im Rahmen dieser Verpflichtungserklärung gezeichneten Anteile an den Linked Notes sind zur Sicherstellung der Ansprüche aus dieser Verpflichtungserklärung zugunsten der Capital Bank verpfändet und erliegen auf Depots, die bei der Capital Bank geführt werden. Depotführungen bei anderen Instituten erfordern die Zustimmung der Capital Bank.**

## Hinweise zum Rücktrittsrecht:

### Konsumentenschutzgesetz

Hat der Kunde, der Verbraucher im Sinne des § 1 KSchG ist, seine Vertragserklärung weder in von der Bank für ihre geschäftlichen Zwecke dauernd benützten Räumen noch bei einem von ihr dafür auf einer Messe oder einem Markt benützten Stand abgegeben, so kann er von seinem Vertragsantrag oder vom Vertrag zurücktreten. Dieser Rücktritt kann bis zum Zustandekommen des Vertrags oder danach binnen einer Woche erklärt werden; die Frist beginnt mit der Ausfolgung einer Urkunde, die zumindest den Namen und die Anschrift der Bank, die zur Identifizierung des Vertrags notwendigen Angaben sowie eine Belehrung über das Rücktrittsrecht enthält, an den Kunden, frühestens jedoch mit dem Zustandekommen des Vertrags zu laufen. Diese Belehrung ist dem Kunden anlässlich der Entgegennahme seiner Vertragserklärung auszufolgen. Das Rücktrittsrecht erlischt spätestens einen Monat nach der vollständigen Erfüllung des Vertrags durch beide Vertragspartner.

Das Rücktrittsrecht besteht auch dann, wenn die Bank oder ein mit ihr zusammenwirkender Dritter den Kunden im Rahmen einer Werbefahrt, einer Ausflugsfahrt oder einer ähnlichen Veranstaltung oder „durch persönliches, individuelles Ansprechen auf der Straße“ in die von der Bank für ihre geschäftlichen Zwecke benützten Räume gebracht hat.

Das Rücktrittsrecht steht dem Kunden nicht zu,

- wenn er selbst die geschäftliche Verbindung mit der Bank oder dessen Beauftragten zwecks Schließung dieses Vertrages angebahnt hat
- oder
- wenn dem Zustandekommen des Vertrages keine Besprechungen zwischen den Beteiligten oder ihren Beauftragten vorausgegangen sind.

Der Rücktritt bedarf zu seiner Rechtswirksamkeit der Schriftform. Es genügt, wenn der Kunde ein Schriftstück, das seine Vertragserklärung oder die der Bank enthält, der Bank oder deren Beauftragten, die an den Vertragsverhandlungen mitgewirkt haben, mit einem Vermerk zurückstellt, der erkennen lässt, dass der Kunde das Zustandekommen oder die Aufrechterhaltung des Vertrags ablehnt. Es genügt, wenn die Erklärung innerhalb des oben genannten Zeitraumes abgesendet wird.

Gemäß § 63 (2) WAG 2007 steht dem Kunden das Rücktrittsrecht auch dann zu, wenn er die geschäftliche Verbindung angebahnt hat; im Übrigen gilt analog dazu der oben beschriebene § 3 KSchG.

### Fernfinanzdienstleistungsgesetz


Hat der Kunde, der Verbraucher im Sinne des § 1 KSchG ist, seine Vertragserklärung unter ausschließlicher Verwendung eines oder mehrerer Fernkommunikationsmittel im Rahmen eines für den Fernabsatz organisierten Vertriebs- oder Dienstleistungssystems des Unternehmers abgeschlossen, dann kann er vom Vertrag oder seiner Vertragserklärung binnen 14 Tagen zurücktreten. Die Frist ist jedenfalls gewahrt, wenn der Rücktritt schriftlich oder auf einem anderen, dem Empfänger zur Verfügung stehenden und zugänglichen dauerhaften Datenträger erklärt und diese Erklärung vor dem Ablauf der Frist abgesendet wird.

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Ort, Datum

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Konto-/Depotinhaber

Signaturwert	VqNlUm+k16my/qzDSRt0jLb9tK49/ASY6GZlqo0Bj8CgJEkhbkUPn2TPdoTgEDL7uHmD24Iqm5yGYzrZT2mRCk8oGp4uixlfzYQYyqUeQdUIJSsfuMUv60XsJVbrL5dLmGuTPJkHCpPkp4SJoil0sj3qTvMwgVD7i+HxBID8aziw4saKD+gs3QD8S1PxJ8JHocBZqeU208Q2G6FsmTumpsxMKg/Pp43HvmIsxeQ1c/U8eaVrA4j5zH8KDTOnaqfVQFzt2sleWJ5wK4vUJ8/09FIPzeakpE2QTdh39ET8x0Bq72V0pSeod/ZDHoKgtzahf9NyureixCUPz1u+D31g==		
	Unterzeichner	Österreichische Finanzmarktaufsichtsbehörde	
	Datum/Zeit-UTC	2018-09-28T08:35:27Z	
	Aussteller-Zertifikat	CN=a-sign-corporate-light-02,OU=a-sign-corporate-light-02,O=A-Trust Ges. f. Sicherheitssysteme im elektr. Datenverkehr GmbH,C=AT	
	Serien-Nr.	532114608	
	Methode	urn:pdfsigfilter:bka.gv.at:binaer:v1.1.0	
Prüfinformation	Informationen zur Prüfung des elektronischen Siegels bzw. der elektronischen Signatur finden Sie unter: <a href="http://www.signaturpruefung.gv.at">http://www.signaturpruefung.gv.at</a>		
Hinweis	Dieses Dokument wurde amtssigniert. Auch ein Ausdruck dieses Dokuments hat gemäß § 20 E-Government-Gesetz die Beweiskraft einer öffentlichen Urkunde.		