

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.

A LISTING OF SECURITIES ON A REGULATED MARKET BASED ON THIS PROSPECTUS SHALL BE PROHIBITED.

CAPITAL BANK

PROSPECTUS

dated 19. July 2019

CAPITAL BANK – GRAWE GRUPPE AG

as Issuer of

CB CARDINAL POINT LINKED NOTE

**ISIN: AT000B110119
in Austria and Germany**

The Issuer is obliged by the provisions of the Prospectus Directive and section 6 of the Austrian Capital Markets Act, that if at any time during the duration of the Prospectus at which there is an ongoing 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 any Notes, the Issuer shall prepare an amendment or supplement to the Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to the FMA such number of copies of such supplement or replacement hereto as the Capital Markets Act and/or any other statute or regulation may require.

The Notes are complex financial instruments that may be hard to understand and

that bear significant risks, that may lead up to total loss of the investment.

GENERAL INFORMATION AND SELLING AND OFFER RESTRICTIONS

This Prospectus refers to CB CARDINAL POINT LINKED NOTE subject to Austrian law (the "**Notes**") issued by CAPITAL BANK – GRAWE Gruppe AG, (hereinafter referred to as "**CAPITAL BANK**" or "**Company**"). The Notes have first been issued on a continuous basis in 2012.

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.

This Prospectus (the "**Prospectus**") should be read and construed in conjunction with the supplements, if any. This Prospectus as well as the Terms and Conditions for the Notes issued under this Prospectus must not be published in any other country than Austria, 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 authorities 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, the 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 the 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 the Notes may be unlawful in certain countries. CAPITAL BANK does not guarantee that this Prospectus may be lawfully distributed or that the 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 the Notes or a distribution of this Prospectus in countries, in which specific requirements have to be complied with. Therefore, the 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 the Notes, they should rely on their own assessment of the Company including any advantages and disadvantages that are inherent in connection with an investment in the Company. Any investment decision to buy, to subscribe or purchase the Notes shall solely be based on this Prospectus together with all supplements thereto and the Terms and Conditions, 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 including any distribution partner of the Issuer is or has been authorised to give any information or to make any representation other than those contained in this Prospectus, its supplements, if any, and the Terms and Conditions. Should, however, any such information or representations be made, the Issuer does not assume any responsibility and liability in connection therewith.

The Notes of the Company 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 a competent and authorised 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 Company or its affiliates 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 the Terms and Conditions of Notes nor any other information provided for in connection with this Prospectus or the 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 the Notes that are issued under this Prospectus. Investors have to base their investment decision regarding the Notes on their own analysis of the profitability and financial situation and creditworthiness of CAPITAL BANK as well as the conditions of the Notes including the chances and risks associated therewith.

Neither CAPITAL BANK nor any third party has assumed any obligation to purchase the Notes or to provide for or maintain liquidity in the market for the Notes. There is no guarantee that a trading market will develop with respect to the 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 Company 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 Company, 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 Company. 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 Company 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 Company nor the management board assumes any responsibility for the accuracy of the opinions stated in the Prospectus or the factual occurrence of projected developments.

Declaration regarding the provision of an Index according to Art. 29 Regulation (EU) 2016/1011 ("Benchmark-Regulation")

According to the provisions of the Benchmark-Regulation, where a benchmark that is subject to the provisions of the Benchmark-Regulation is used, the Issuer has to include a clear and prominent information stating whether the benchmark in use is provided by an administrator included in the register referred to in Article 36 of the Benchmark-Regulation. As of the date of the Prospectus, Capital Bank as the administrator of the benchmark used for the Notes, is not registered or authorised under the provisions of the Benchmark-Regulation.

According to the provisions Article 51 par. 1 Benchmark-Regulation, for benchmarks that have already been provided as of June 30th, 2016, a transitional period until January 1st, 2020 applies, until which the provider of the benchmark needs to be registered or authorised under the provisions of the Benchmark-Regulation. The benchmark used for the calculation of the NAV of the Notes falls under this transitional period. The Issuer is currently assessing whether the benchmark for the Notes qualifies as a benchmark in accordance with the Benchmark-Regulation. If this is the case, the Issuer will register as administrator until the end of 2019.

In addition to the definitions above, for the purposes of this Prospectus, the following definitions shall apply:

"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.

"Banking Day", shall mean any banking day in Austria.

"Bankhaus Schelhammer", shall mean Bankhaus Schelhammer und Schattera AG, a licensed credit institution organised and existing under the laws of Austria, having its registered office at 1010 Vienna, Goldschmiedgasse 3.

"BK Immo", shall mean BK Immo Vorsorge GmbH, a limited liability corporation duly incorporated and existing under the laws of Austria, having its registered office at Burgring 16, 8010 Graz.

"Brüll Kallmus", shall mean Brüll Kallmus Bank AG, a licensed credit institution, organised and existing under the laws of Austria, having its registered office at Burgring 16, 8010 Graz.

"Calculation Agent", shall mean Capital Bank - GRAWE Gruppe AG or any other or additional calculation agent which the Issuer appoints.

"Calculation Day", shall mean the last calendar day of a calendar month; in case of redemptions the last calendar day of a calendar quartal. If such day is not a business day in the USA, the immediate business day prior to such day.

"CB GmbH", shall mean CB Family Office Service GmbH, a limited liability corporation duly incorporated and existing under the laws of Austria, having its registered office at Burgring 16, 8010 Graz.

"CF GmbH", shall mean Corporate Finance – GRAWE Group GmbH, a limited liability corporation duly incorporated and existing under the laws of Austria, having its registered office at Burgring 16, 8010 Graz.

"Company", "Issuer" and "CAPITAL BANK", shall mean CAPITAL BANK – GRAWE GRUPPE AG.

"Currency Hedge", shall mean forward currency transactions in USD/EUR concluded by the Issuer on a monthly basis in order to mitigate the currency risk arising from the "Cardinal Point Offshore Fund I Ltd.". The amount of the currency hedging transaction is based on the NAV of the "Cardinal Point Offshore Fund I Ltd." underlying the Notes, taking into account the leverage of 17 %, and is adjusted monthly by the Issuer. Positive or negative results from currency hedging transactions are taken into account in the calculation of the NAV.

"Equity Linked Notes", shall mean notes that are linked in their performance, payments of interest and redemption amounts to share companies.

"Exempted Company", shall mean a company formed under the companies law of the Cayman Islands (2012 revision, as amended), carrying its business activities outside of the Cayman Islands and that benefits from a privileged tax status within the Cayman Islands.

"GRAWE AG", shall mean Grazer Wechselfeitige Versicherung AG with its seat in Graz, registered with the companies register of the district court as commercial court Graz under FN 37748 m.

"Gross up Event", shall mean a change in laws or changes in in the interpretation of laws that were already in place at the time of the issue of the Notes (in particular, with respect to taxes, fees or other (stamp) duties) which trigger or will trigger additional payment obligations for the Issuer in connection with the Notes.

"Leverage", shall mean a factor of 17 % of the nominal value of the Notes that serves as a multiple of the performance of the Fund (in both, negative and positive performance) by means of a credit facility provided by the Issuer as a part of the Underlying. The Leverage remains constant over the entire term of the Notes, independent of the NAV. The fee for the costs of the Leverage is included entirely in the Leverage Fee.

"Madoff Case", shall mean the deceptive incidents around several investment Funds created and managed by the former Investor and Financier Bernard Madoff, who was arrested in December 2008 and meanwhile was convicted for 150 years of imprisonment.

"Market Disruption Events", shall mean an event which makes it impossible for the Issuer to calculate the value of the Underlying or make scheduled payment to the Noteholders.

"Maturity Date", shall mean the date as of which the Issuer redeems the Notes.

"Net Asset Value": The Net Asset Value of the Notes as price per unit derive from the changes in the net asset value of the Cardinal Point Offshore Fund I Ltd, as disclosed to the Issuer, starting from the net asset value as of 30.06.2014, under consideration of the Currency Hedges, a leverage of 17% and subject to deduction of costs according to par 5 of the Terms and Conditions as of the Calculation Day, divided through the number of issued and outstanding Notes at the Calculation Day according to the following formula:

$$\text{NAV new} = \text{NAV}_{t-1} * (1 + \text{FPF}) + [(\text{Leverage} * \text{FPF}) + \text{HedgeResult} - \text{Costs}] / n$$

Valuation is made according to the currency rate EUR/USD on the Calculation Day.

NAV new: current net asset value of the Notes / n.

NAV_{t-1}: Net asset value of Notes as of the previous CalculationDay / n.

FPF: Changes in the net asset value of the Cardinal Point Offshore Fund I Ltd. since the last Calculation Day under consideration of the Currency Hedges.

Leverage: AN t-1*0,17

Costs: Leverage*(EUR 1-Months Euribor + 5/8%p.a.)/12 + Structuring Fee.

Structuring Fee: 0,5 % p.a. calculated from the net asset value of the underlying, payable monthly.

n: Issued and outstanding units of Notes.

AN t-1: Issue Volume of Notes as of the previous Calculation Day.

HegdeResult: Result of the last Currency Hedge.

“Noteholder” shall mean any Investor in the Notes.

“OeKB CSD GmbH” shall mean a limited liability corporation duly incorporated and existing under the laws of Austria, having its registered office at Strauchgasse 1-3, A-1010 Wien. OeKB CSD GmbH is a subsidiary of Oesterreichische Kontrollbank AG, which has taken over the role of the domestic Central Securities Depository (CSD) from the parent company.

“Repurchase Date”, shall mean the date as of which the Issuer repurchases Notes from a Noteholder.

“SEC KAG”, shall mean Security Kapitalanlage Aktiengesellschaft, a licensed investment fund management company, organised and existing under the laws of Austria, having its registered seat at Burgring 16, 8010 Graz.

“Securities Supervision Act 2018”, or “SSA”, shall mean the Austrian securities supervision act of 2018, as amended.

“Terms and Conditions”, shall mean the terms and conditions of the Notes.

“Underlying” shall mean “Cardinal Point Offshore Fund I Ltd.”, under consideration of the Currency Hedges and a leverage of 17%.

Definitions in German language („Definitionen in deutscher Sprache)

„Bankarbeitstage“: Bankarbeitstage in Österreich.

„BANK BURGENLAND“: Hypo – Bank Burgenland Aktiengesellschaft, Kreditinstitut nach österreichischem Recht mit dem Sitz in 7000 Eisenstadt, Neusiedler Straße 33.

“BANK BURGENLAND Gruppe“: Die Gruppe von Gesellschaften, welche im Eigentum oder unter direkter oder indirekter Kontrolle der BANK BURGENLAND als Mutterinstitut steht.

“Bankhaus Schelhammer“: Bankhaus Schelhammer und Schattera AG, Kreditinstitut nach österreichischem Recht mit dem Sitz in 1010 Wien, Goldschmiedgasse 3.

„Basiswert“: Bezeichnet den „Cardinal Point Offshore Fund I Ltd.“, unter Berücksichtigung der Währungsabsicherungsgeschäfte sowie eines Hebels von 17%.

„Berechnungsstelle“: Capital Bank - GRAWE Gruppe AG oder jede andere oder weitere Berechnungsstelle, welche die Emittentin ernannt.

„Berechnungstag“: Der jeweils letzte Kalendertag eines Kalendermonats; für Rückzahlungen jedoch der letzte Kalendertag eines Kalenderquartals. Wenn der so ermittelte Tag auf einen Tag fällt, der kein Bankarbeitstag in den USA ist, so verschiebt sich der Berechnungstag auf den unmittelbar vorhergehenden Bankarbeitstag in den USA.

“BK Immo”, BK Immo Vorsorge GmbH, eine Gesellschaft mit beschränkter Haftung nach österreichischem Recht mit dem Sitz in Burgring 16, 8010 Graz.

“Brüll Kallmus“: Brüll Kallmus Bank AG, ein Kreditinstitut nach österreichischem Recht mit dem Sitz in Burgring 16, 8010 Graz.

“CB GmbH“: CB Family Office Service GmbH, eine Gesellschaft mit beschränkter Haftung nach österreichischem Recht mit dem Sitz in Burgring 16, 8010 Graz.

“CF GmbH“: Corporate Finance – GRAWE Group GmbH, eine Gesellschaft mit beschränkter Haftung nach österreichischem Recht mit dem Sitz in Burgring 16, 8010 Graz.

„Emissionsbedingungen“: die Emissionsbedingungen der Schuldverschreibungen.

„Emittentin, CAPITAL BANK“: Capital Bank – GRAWE Gruppe AG.

„Endfälligkeitstag“: Tag zu dem die Emittentin die Schuldverschreibungen zurückzahlt.

“Exempted Company“: eine nach den Bestimmungen des Unternehmensgesetzbuchs der Cayman Islands aus 2012, in der geltenden Fassung, errichtete Gesellschaft, welche ihre Geschäftstätigkeit außerhalb der Cayman Island erbringt und von einem privilegierten Steuertatus innerhalb der Cayman Islands profitiert.

“GRAWE AG”, Grazer Wechselseitige Versicherung AG mit dem Sitz in Graz, eingetragen im Firmenbuch des Landes- als Handelsgericht Graz zu FN 37748 m.

„Gross up Ereignis“: Nach Begebung der Schuldverschreibungen neu eingeführte Rechtsvorschriften oder Änderung der Anwendung der zum Zeitpunkt der Begebung bereits bestehenden Rechtsvorschriften (insbesondere zu Steuern, Abgaben oder Gebühren) aus denen eine zusätzliche Zahlungsverpflichtung der Emittentin im Zusammenhang mit der Schuldverschreibung entsteht oder entstehen wird.

„Hebel“: Ein Faktor in der Höhe von 17 % vom Nominale der Schuldverschreibungen, der zu einer Verfielfachung der Wertentwicklung des Fonds führt (in beide Richtungen, sowohl positiver als auch negativer Entwicklung), in Form einer Kreditgewährung durch die Emittentin als Teil des Basiswerts. Der Hebel bleibt über die gesamte Laufzeit der Notes konstant, unabhängig vom NAV. Die Kosten für den Hebel sind vollständig in der Leverage Fee berücksichtigt.

„Marktstörungsgründe“: Ein Ereignis das es der Emittentin unmöglich macht den Wert des Basiswertes festzustellen oder geschuldete Beträge an die Inhaber der Schuldverschreibungen zu leisten.

„Madoff Fall“: Die betrügerischen Vorgänge rund um die Fonds, welche vom Investor und Financier Bernard Madoff aufgelegt und verwaltet wurden. Dieser wurde im Dezember 2008 verhaftet und zu einer Gefängnisstrafe von 150 Jahren verurteilt.

„Nettoinventarwert“: Der Nettoinventarwert der Schuldverschreibungen als Kurs je Stück ergibt sich durch die Wertveränderung des Nettoinventarwerts (NAV) des Cardinal Point Offshore Fund I Ltd., wie er der Emittentin bekannt gegeben wird, ausgehend vom NAV am 30.06.2014, unter Berücksichtigung der Währungsabsicherungsgeschäfte, eines Hebels von 17% und unter Abzug der Kosten gemäß § 5 der Emissionsbedingungen, dividiert durch die Anzahl der ausgegebenen und noch aushaftenden Schuldverschreibungen gemäß folgender Formel:

$$\text{NAV new} = \text{NAVt-1} * (1 + \text{FPF}) + [(\text{Leverage} * \text{FPF}) + \text{HedgeResult} - \text{Costs}] / n$$

Die Bewertung erfolgt mit dem jeweiligen Fremdwährungskurs EUR/USD zum Berechnungstag.

NAV new: aktueller Nettoinventarwert der Schuldverschreibungen / n.

NAVt-1: Nettoinventarwert der Schuldverschreibungen zum letzten Berechnungstag / n.

FPF: Wertveränderung im NAV des Cardinal Point Offshore Fund I Ltd. seit dem letzten Berechnungstag nach Berücksichtigung der Währungsabsicherungsgeschäfte.

Leverage: $AN_{t-1} * 0,17$.

Costs: $\text{Leverage} * (\text{EUR 1-Months Euribor} + 5/8\% \text{ p.a.}) / 12 + \text{Strukturierungsgebühr}$.

Strukturierungsgebühr: 0,5 % p.a. vom Nettovermögenswert des Basiswerts, zahlbar monatlich.

n: Anzahl emittierter und ausstehender Zertifikate.

AN t-1: Emissionsvolumen der Schuldverschreibungen zum letzten Berechnungstag.

HedgeResult: Ergebnis des letzten Währungsabsicherungsgeschäfts.

„OeKB CSD GmbH“ mit Sitz in der Strauchgasse 1-3, A-1010 Wien ist eine Tochtergesellschaft der Oesterreichischen Kontrollbank AG, die die Rolle des heimischen Zentralverwahrers – Central Securities Depository (CSD) vom Mutterunternehmen übernommen hat.

„Prospekt“: Dieser Prospekt.

„Rückkaufstermin“ Datum zu welchem die Emittentin die Schuldverschreibungen zurückkauft.

„Schuldverschreibungen“: CB CARDINAL POINT LINKED NOTE ISIN: AT000B110119.

„Schuldverschreibungsinhaber“: Jeder Inhaber der Schuldverschreibungen.

„SEC KAG“: Security Kapitalanlage Aktiengesellschaft, eine Kapitalanlagegesellschaft nach österreichischem Recht mit dem Sitz in Burgring 16, 8010 Graz.

„Währungsabsicherungsgeschäfte“: Währungs-Forward Geschäfte durch die Emittentin zur Verringerung des aus dem „Cardinal Point Offshore Fund I Ltd.“ resultierenden Währungsrisikos auf monatlicher Basis in USD/EUR. Die Höhe des Währungsabsicherungsgeschäftes erfolgt auf Basis des NAV des den Notes zugrunde liegenden „Cardinal Point Offshore Fund I Ltd.“ unter Berücksichtigung des Hebels von 17 % und wird monatlich von der Emittentin angepasst. Positive oder negative Ergebnisse aus den Währungstermingeschäften werden in der Berechnung des NAV berücksichtigt.

Documents incorporated by reference

The Prospectus shall be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Prospectus and shall be deemed to be incorporated by reference in, and form part of, this Prospectus:

- (a) the English version of the audited annual financial statements for the business year 2018 of CAPITAL BANK;
- (b) the German version of the audited annual financial statements for the business year 2018 of CAPITAL BANK (audit certificate only);
- (c) the English version of the audited annual financial statements for the business year 2017 of CAPITAL BANK;
- (d) the German version of the audited annual financial statements for the business year 2017 of CAPITAL BANK (audit certificate only).

Any statement contained in any document incorporated by reference herein shall be deemed to be modified or superseded for the purpose of the Prospectus to the extent that such statement is inconsistent with a statement contained in this Prospectus.

The notes to the financial statements as displayed in the incorporated documents mentioned under (a) and (b) above contain all information on notes to be published in accordance with the provisions of the Austrian Banking Act (Bankwesengesetz - BWG) and the Austrian Commercial Act (Unternehmensgesetzbuch - UGB).

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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 has consented to the use of the Prospectus for the resale or placement in Austria and Germany of the Notes by credit institutions having their seat in Austria or Germany as credit institutions to sell the Notes as financial intermediaries in Austria and Germany during the term of this Prospectus. There are no further conditions attached to this consent other than those set out in this Prospectus. **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. | Legal name: Capital Bank - GRAWE Gruppe AG
Commercial name: Capital Bank |
| B.2 The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation. | The Issuer is a joint stock company (<i>Aktiengesellschaft</i>). Registered seat of the Issuer is at Burgring 16, 8010 Graz, Austria. The Issuer 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. | The investment behaviour of private banking customers continues to change, as the fees for private banking services decrease constantly. The ongoing low interest rate phase makes it more difficult for private banks find attractive (alternative) investment products for its customers with potential for higher yields. |
| 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 the parent company of Brüll Kallmus, SEC KAG (and its subsidiary), BK Immo, CF GmbH and CB GmbH. The Issuer itself is part of BANK BURGENLAND Group. The ultimate owner of the Issuer is GRAWE AG. |
| B.9 Where a profit forecast or estimate is made, state the figure. | Not applicable; the Issuer does not make any profit forecasts or estimates. |

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

Not applicable, no qualifications have been made in the audit report on the historical financial information.

B.12 Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information. A statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements or a description of any material adverse change. —

	31.12.2018	31.12.2017
	TEUR	TEUR
Total assets	964,741	935,480
Loans and advances to customers	336,928	316,520
Deposits from customers	476,493	370,669
Operating profit	14,746	14,910
Profit from ordinary activities	17,394	17,301
Total capital ratio pursuant to Art. 92 of EU Regulation No. 575/2013	26.8%	22.6%
Volume of client custody accounts	11,621,560	11,612,897
Employees (excluding subsidiaries)	165	170

Source: Excerpt from the audited Annual Financial Statements 2018 of the Issuer.

A description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information.

There has been no material adverse change in the prospects of the Issuer or in its financial or trading position since 31 December 2018.

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.

The Austrian Post and GRAWE Group have agreed to enter into a partnership to establish a focused financial services business in Austria. It is planned that Austrian Post will acquire 80% of Brüll Kallmus, part of the GRAWE Group, as part of a capital increase, thereby acquiring entrepreneurial leadership. An owner control procedure at the European Central Bank (ECB) through the FMA was launched in April 2019. Subject to regulatory approval, Austrian Post will then contribute approximately EUR 56 million as part of a capital increase. This creates the legal basis for the development of an independent range of services. According to the plan, financial services will be offered during the year 2020.

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

According to service level agreements, all internal services (except the internal audit function), such as e.g. risk management, compliance, operations, are performed by BANK BURGENLAND for all of its (banking) group entities within Austria. Since a significant part of its internal services, according to the group decision, is 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 in the meaning of the Austrian Banking Act (Bankwesengesetz - BWG) and mainly offers private banking services to its clients. 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.	The Issuer is wholly owned by Bank Burgenland and indirectly by GRAWE AG, which may exercise its powers under the Austrian company law; see also B 5 and B14 above.
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; no credit ratings have been assigned to the Issuer or its securities.
<i>Section C — Securities</i>	
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 Notes are derivative securities which are linked to the performance of "Cardinal Point Offshore Fund I Ltd." as disclosed to the Issuer by Cardinal Point Offshore Fund I Ltd, under consideration of the Currency Hedge and a leverage of 17%. ISIN: AT000B110119. The Issuer will calculate the value (Net Asset Value) of the Notes for each last Day of a calendar month ("Calculation Day").
C.2 Currency of the securities issue.	The Notes are issued in Euro.
C.5 A description of any restrictions on the free transferability of the securities.	The Notes are freely transferable.
C.8 A description of the rights attached to the securities	The Notes carry the right to redemption payments. The amounts of the redemption payments are calculated by reference to the Net Asset Value. Each investor is entitled to demand repurchase of the Notes as of each 20 January, April, July and October of a calendar year ("Repurchase Date") subject to a notice period of 120 calendar days.
including ranking	The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank <i>pari passu</i> among themselves and with all other direct, unconditional and unsubordinated obligations of the Issuer.
including limitations to those rights:	The right of an Investor to demand repurchase by the Issuer is subject to a notice period of 120 cal-

endar days and can only be demanded as of each Repurchase Date. The Issuer shall provide quotations for the repurchase of the Notes during the term of the Notes. If as of the end of any calendar quarter, redemption requests received by Cardinal Point Offshore Fund I Ltd. represent, in aggregate, more than 20 per cent of the net asset value of Cardinal Point Offshore Fund I Ltd., the number of common shares permitted to be redeemed by each shareholder will be reduced by Cardinal Point Offshore Fund I Ltd on a pro rata basis, so that the value of common shares redeemed on that date will not represent more than 20 per cent of the net asset value of Cardinal Point Offshore Fund I Ltd. In such cases, the Issuer will reduce the repurchase from Noteholders accordingly.

In the case of a Market Disruption, the Issuer may reduce or even cancel repurchase requests from Noteholders.

The Calculation Day will, in case of Market Disruptions, be postponed to the next banking day at which an arithmetic or factual evening-up or liquidation of all assets and trading positions as well as the calculation of the redemption amount regarding the underlying can be performed. As soon as an evening-up or liquidation of all assets of the underlying has been concluded, the redemption amount will be computed and be paid to Noteholders two banking days after the calculation of the redemption amount.

The Issuer has an ordinary right to redeem the Notes in whole (but not in part) as of each Redemption Date subject to a notice period of 120 calendar days, starting with 20 July 2015. Furthermore, there is a right of redemption in case of a Gross Up Event.

C.9: — ‘the nominal interest rate’ —
‘the date from which interest becomes payable and the due dates for interest’
— ‘where the rate is not fixed, description of the underlying on which it is based’

Not applicable, the Notes carry no interest.

— ‘maturity date and arrangements for the amortisation of the loan, including the repayment procedures’

The Notes do not have a fixed term. However, Investors are entitled to terminate their investment as of each Redemption Date subject to a notice period of 120 calendar days. The Issuer is entitled to redeem the Notes in case of a Gross Up Event.

— ‘an indication of yield’

As the Notes are subject to the performance of the Underlying solely, no yield can be indicated. The terms and conditions of the Notes envisage a possibility for interim yield payments. So far, no

	<p>interim yield payments have distributed, as the strategy of the Fund is to retain and reinvest its profits, if any, rather than to distribute yields to investors. If yield payments would be performed by the Fund to the Issuer, such yield payments would be forwarded to Noteholders without deductions at the Calculation Date following the receipt of yield payments.</p>
<p>— ‘name of representative of debt security holders’</p>	<p>In general, all rights attached to the 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.</p> <p>To safeguard the rights of holders of, among others, bearer notes of Austrian issuers, if their rights are endangered due to a lack of common representation, in particular in case of insolvency of the Issuer, the competent court has to appoint a trustee for the Noteholders pursuant to the Trustee Act 1874 (Kuratorenengesetz 1874) and the Trustee Supplemental Act 1877 (Kuratorenenergänzungsgesetz 1877), certain acts of which require court approval and whose competences shall be specified by the court in regard of the common matters of the Noteholders. The provisions of the Trustee Act 1874 and the Trustee Supplemental Act 1877 cannot be excluded or amended by the Terms and Conditions, unless an equivalent representation will be provided for the Noteholders.</p>
<p>C.10 — ‘if the security has a derivative component in the interest payment, provide a clear and comprehensive explanation to help investors understand how the value of their investment is affected by the value of the underlying instrument(s), especially under the circumstances when the risks are most evident’</p>	<p>Not applicable, the Notes carry no interest. Any yield of the Notes is determined by the development of the net asset value of the Cardinal Point Offshore Fund I Ltd., under consideration of the Currency Hedges and a leverage of 17%.</p>
<p>C.11 An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question.</p>	<p>Not applicable. The Notes will not be listed.</p>
<p>C.12 The minimum denomination of an issue.</p>	<p>EUR 100.00.</p>
<p>C.15 A description of how the value of the investment is affected by the value</p>	<p>The redemption amount with respect to Notes depends on the performance of the Cardinal Point</p>

of the underlying instrument(s), unless the securities have a denomination of at least EUR 100 000.	Offshore Fund I Ltd., under consideration of the results of the Currency Hedges and a leverage of 17%.
C.16 The expiration or maturity date of the derivative securities – the exercise date or final reference date.	Not applicable. The Notes are perpetual. They can however be terminated by the Investor and by the Issuer, see C. 9 maturity date and arrangements for the amortisation of the loan, including the repayment procedures.
C.17 A description of the settlement procedure of the derivative securities.	The Redemption Amount shall be payable on the relevant Redemption Date. Payments shall be made through the relevant clearing system.
C.18 A description of how the return on derivative securities takes place.	In case of redemption payments, the Issuer shall pay the redemption amount as calculated for the relevant redemption date. The return on the Notes is the difference between the original price paid and the redemption amount received (after deduction of any charges).
C.19 The exercise price or the final reference price of the underlying.	Net Asset Value at each Calculation Day.
C.20 A description of the type of the underlying and where the information on the underlying can be found.	<p>Performance of the “Cardinal Point Offshore Fund I Ltd.” as disclosed to the Issuer by Cardinal Point Offshore Fund I Ltd, taking into account the Currency Hedge and a leverage of 17%.</p> <p>The Cardinal Point Offshore Fund I Ltd is an Exempted Company formed under the laws of the Cayman Islands. The Cardinal Point Offshore Fund I Ltd.’s investment objective is to invest through a master-feeder structure in the Cardinal Point Master Fund I Ltd. in order to provide investors with long-term capital appreciation, using long and/or short strategies in the securities of leveraged companies mainly in the field of the US-Dollar currency area. The investment strategy includes identifying above-average absolute investment return opportunities anywhere in the capital structure of leveraged companies, including bank-debt (e.g. institutional long-term loan tranches), bonds, convertible bonds, preferred stock and common equity.</p> <p>The following information regarding the underlying may be inspected by Noteholders at the seat of the Issuer during the term of the Notes:</p> <ul style="list-style-type: none"> • Confidential Explanatory Memorandum of Cardinal Point Offshore Fund I Ltd , as amended • Information on the economical development of Cardinal Point Offshore Fund I Ltd • General information on the Cardinal Point Offshore Fund I Ltd

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 of dependency on provision fees – The decrease of provision fees in connection with the banking business may negatively affect the business, 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
- 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
- Credit default and investment risk – Investors are subject to the credit risk of the Issuer's customers and counterparties
- Refinancing risk – Costs of refinancing may increase or refinancing may even become impossible and this may have a negative effect on the business, financial and profit situation of CAPITAL BANK
- Risk of dependency on qualified personnel and 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 CAPITAL BANK.
- Risk of consequences of the market crisis– The consequences out of the former crisis of the financial markets may cause an increase of the Issuer's refinancing costs.
- Risk of financial crime – Financial crimes like the 'Madoff Case' may result in significant losses in the Issuers profits and reputation and therefore result in significant declines in CAPITAL BANKS results of business operations.
- IT risk – Break down of IT systems may result in financial losses of the Issuer
- Regulatory risk – The compliance with Basel III capital requirements and other regulatory provisions may be costly and may have a negative effect on the Issuer's financial results
- Market risk – Market fluctuations could impair the value of the Issuer's assets and

adversely affect its financial position and results of operations.

- Risk of malpractice - If malpractice is successfully claimed against the Issuer, this may adversely affect the Issuer's business, financial and profit situation,
- 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 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 – The change of general market conditions in or outside of Austria may negatively affect the value of the Notes.
- Credit risk (of the Issuer) – Risk that the Issuer fails to make redemption payments
- Risk of redemption by Issuer –redemption of the Notes by the Issuer may result in lower than expected yields of the Investors or even in a total loss of their invested capital.
- Cash flow risk – The actual cash flows under the Notes, the (re)payment of which is linked to an underlying, 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 Notes before maturity if no active liquid trading market develops
- Market price risk – Historic performance of the Notes never guarantees a good future performance, which depends on the performance of underlyings
- Risk of debt financing – Purchase of 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 Notes
- Risk with respect to clearing systems – Investors bear the risks that the clearing systems function properly
- Risk relating to inconceivable and irrational factors – Such factors may negatively influence the value of Notes

- Taxation risk – The tax impact of an investment in the Notes shall be carefully considered
- Changes of law – Changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer, the Notes and the investors
- Risk of reduction of the general limitation period
- Risks in connection with the leverage of the Notes
- Risk of a write-down or conversion to equity of the Notes by the resolution authority of the Issuer, which may result in Noteholders losing some or all of their investment in the Notes (statutory loss absorption)
- Risk of winding down as a consequence of non-compliance with the Benchmark-Regulation

Risks connected with the Underlying

- Investment fund
- interest rates;
- Index or index basket;
- bonds, basket of bonds or common equity or non-equity securities of other issuers or the Issuer;
- Credit risk or credit risk related events of third parties;
- Shares or basket of shares;
- Derivative financial instruments;
- Money market instruments;
- Other underlyings (such as commodities or inflation).
- Foreign currency
- Leverage effect in particular by debt financing of Cardinal Point Offshore Fund I, Ltd

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.

The Notes are issued to serve as investments for investors in Capital Bank's range of private banking services. The proceeds will be invested in the Underlying for hedging purposes.

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

The Notes offered by the Issuer are perpetual, carry no interest and are linked in its performance to an Underlying. Investors may redeem Notes to the Issuer on Redemption Dates.

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

The Issuers interest is primarily to generate fees in connection with the structuring and offer of the Notes. Furthermore, the Issuer is not aware of any specific interest or any conflicting interest that is material to the offer apart from its genuine interest to sell the Notes.

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

- Structuring Fee: 0,5 % p.a. calculated from the net asset value of the underlying, payable monthly
- Hedging costs: costs for Currency Hedges at arm's length conditions for inter-bank transactions
- Costs of the leverage: 1-MON EUR + 5/8 % p.a.

The following translation of the original summary is a separate document attached to the Prospectus. It does not form part of the Base Prospectus itself and has not been approved by FMA. Further, FMA did not review its consistency with the original summary.

Die folgende Übersetzung der Originalzusammenfassung ist ein separates Dokument und bildet einen Anhang zu diesem Prospekt. Sie ist selbst kein Teil dieses Prospekts und wurde nicht von der FMA genehmigt. Auch die Übereinstimmung mit der Originalzusammenfassung wurde nicht durch die FMA geprüft.

I. ZUSAMMENFASSUNG

Abschnitt A — Einleitung und Warnhinweise

A.1 Warnhinweis

- Diese Zusammenfassung sollte als Prospekt einleitung verstanden werden
- Ein Anleger sollte sich bei jeder Entscheidung, in die Wertpapiere zu investieren, auf den Prospekt als Ganzen stützen
- Ein Anleger, der wegen der in diesem betreffenden Prospekt enthaltenen Angaben Klage einreichen will, muss nach den nationalen Rechtsvorschriften seines Mitgliedstaats möglicherweise für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eingeleitet werden kann, und
- zivilrechtlich haften nur diejenigen Personen, die die Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung verglichen mit den anderen Teilen des Prospekts irreführend, unrichtig oder inkohärent ist oder verglichen mit den anderen Teilen des Prospekts wesentliche Angaben, die in Bezug auf Anlagen in die betreffenden Wertpapiere für die Anleger eine Entscheidungshilfe darstellen, vermissen lassen.

A.2 Zustimmung zur Verwendung des Prospektes

Der Emittent hat allen Kreditinstituten als Finanzintermediären, die ihren Sitz in Österreich oder Deutschland haben und die zum Emissionsgeschäft oder zum Vertrieb von Schuldverschreibungen berechtigt sind („Finanzintermediäre“), seine Zustimmung gegeben, diesen Prospekt für den Wiederverkauf und die Platzierung der Schuldverschreibungen in Österreich und Deutschland während seiner Gültigkeit zu verwenden. Es bestehen keine Bedingungen an die diese Zustimmung gebunden ist ausgenommen die in diesem Prospekt angeführten.

Informationen über die Bedingungen des Angebots eines Finanzintermediärs sind von diesem zum Zeitpunkt der Vorlage des Angebots zur Verfügung zu stellen.

Abschnitt B — Emittent

B.1 Gesetzliche und kommerzielle Bezeichnung des Emittenten.

Gesetzliche Bezeichnung des Emittenten: Capital Bank - GRAWE Gruppe AG
Kommerzielle Bezeichnung: Capital Bank

B.2 Sitz und Rechtsform des Emittenten, das für den Emittenten geltende Recht und Land der Gründung der Gesellschaft.

Die Emittentin ist eine Aktiengesellschaft nach österreichischem Recht und wurde in Österreich gegründet. Der Sitz ist in 8010 Graz, Burgring 16, Österreich.

B.4b Alle bereits bekannten Trends, die sich auf den Emittenten und die Branchen, in denen er tätig ist, auswirken.

Das Anlageverhalten der Private-Banking-Kunden verändert sich weiter, da die Gebühren für Private Banking-Dienstleistungen stetig sinken. Die anhaltend niedrige Zinsentwicklung erschwert es Privatbanken, für ihre Kunden attraktive (alternative) Anlageprodukte mit Potenzial für höhere Renditen zu finden..

B.5 Ist der Emittent Teil einer Gruppe, Beschreibung der Gruppe und der Stellung

Die Emittentin ist Mutter der Brüll Kallmus, SEC AG (und Töchter), BK Immo, CF GmbH und CB GmbH. Die Emittentin selbst ist Teil der BANK BURGENLAND Gruppe. An der Spitze der Kontrollkette der Emittentin steht die GRAWE AG.

B.9 Liegen Gewinnprognosen oder -schätzungen vor, ist der entsprechende Wert anzugeben.

Nicht anwendbar. Die Emittentin gibt keine Gewinnprognosen oder -Schätzungen ab.

B.10 Art etwaiger Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen.

Nicht anwendbar. Die historischen Finanzinformationen erhielten uneingeschränkte Bestätigungsvermerke.

B.12 Ausgewählte historische Finanzinformationen über den Emittenten, die für jedes Geschäftsjahr des von den historischen Finanzinformationen abgedeckten Zeitraums und für jeden nachfolgenden Zwischenberichtszeitraum vorgelegt werden, sowie Vergleichsdaten aus der gleichen Periode des vorangegangenen Geschäftsjahres, es sei denn diese Anforderung ist durch Vorlage der Bilanzdaten zum Jahresende erfüllt. Eine Erklärung, dass sich die Aussichten des Emittenten seit dem Datum des letzten veröffentlichten Jahresabschlusses nicht wesentlich verschlechtert haben, oder eine Beschreibung einer wesentlichen nachteiligen Änderung.

	31.12.2018 TEUR	31.12.2017 TEUR
Bilanzsumme	964.741	935.480
Forderungen an Kunden	336.928	316.520
Verbindlichkeiten gegenüber Kunden	476.493	370.669
Betriebsergebnis	14.746	14.910
EGT	17.394	17.301
Gesamtkapitalquote gemäß Art 92 der Verordnung (EU) Nr. 575/2013	26,8%	22,6%
Kundendepotvolumen	11.621.560	11.612.897
Mitarbeiter (ohne Tochtergesellschaften)	165	170

Quelle: Auszug aus dem Jahresfinanzbericht 2018 der Emittentin.

Eine Beschreibung der wesentlichen Veränderungen der Finanz- oder Handelsposition nach Ablauf der von den historischen Finanzinformationen abgedeckten Periode.

Seit dem 31. Dezember 2018 hat es keine wesentlichen nachteiligen Veränderungen in den Aussichten der Emittentin oder ihrer Finanz- oder Handelsposition gegeben.

B.13 Beschreibung aller Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit des Emittenten, die für die Bewertung seiner Zahlungsfähigkeit in hohem Maße relevant sind.

Die Österreichische Post und der GRAWE Konzern haben eine Partnerschaft vereinbart, um ein fokussiertes Finanzdienstleistungsgeschäft in Österreich aufzubauen. Es ist geplant, dass die Österreichische Post im Rahmen einer Kapitalerhöhung 80% der zum GRAWE-Konzern gehörenden Brüll Kallmus übernimmt und damit unternehmerische Führung übernimmt. Ein Eigentümerüberwachungsverfahren bei der Europäischen Zentralbank (EZB) über die FMA wurde im April 2019 eingeleitet. Vorbehaltlich der behördlichen Genehmigung wird die Österreichische Post dann im Rahmen einer Kapitalerhöhung rund 56 Mio EUR einbringen. Damit wird die Rechtsgrundlage für die Entwicklung eines eigenständigen Leistungsangebots geschaffen. Nach dem Plan werden im Jahr 2020 Finanzdienstleistungen angeboten.

B.14 Ist der Emittent von anderen Unternehmen der Gruppe abhängig, ist dies klar anzugeben.

Gemäß Service Level Agreements werden alle internen Dienstleistungen (ausgenommen die Interne Revision), wie beispielsweise Risk Management, Compliance und Bankbetrieb von der BANK BURGENLAND wahrgenommen. Da somit ein wesentlicher Teil der internen Dienstleistungen von der Muttergesellschaft wahrgenommen wird, hängt CAPITAL BANK von der BANK BURGENLAND von der ordentlichen Durchführung von Aufgaben ab, soweit diese delegiert wurden.

B.15 Beschreibung der Haupttätigkeiten des Emittenten.

Die CAPITAL BANK ist ein Kreditinstitut im Sinne des Bankwesengesetzes (BWG) und bietet ihren Kunden hauptsächlich Private Banking-Dienstleistungen an. Der geografische Schwerpunkt des Geschäfts liegt in Österreich.

B.16 Soweit dem Emittenten bekannt, ob an ihm unmittelbare oder mittelbare Beteiligungen oder Beherrschungsverhältnisse bestehen, wer diese Beteiligungen hält bzw. diese Beherrschung ausübt und welcher Art die Beherrschung ist.

Die Emittentin steht im alleinigen Eigentum der Bank Burgenland, die ihre Rechte nach österreichischem Gesellschaftsrecht ausüben kann, siehe dazu auch B 5 und B 14.

B.17 Die Ratings, die im Auftrag des Emittenten oder in Zusammenarbeit mit ihm beim Ratingverfahren für den

Nicht anwendbar; für die Emittentin oder ihre Wertpapiere wurden keine Ratings erstellt.

Emittenten oder seine Schuldtitel erstellt wurden.

Abschnitt C — Wertpapiere

C.1 Beschreibung von Art und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere, einschließlich jeder Wertpapierkennung.

Die Angebotenen Wertpapiere sind derivative Schuldverschreibungen, verknüpft mit der Wertentwicklung des Cardinal Point Offshore Fund I Ltd., wie sie der Emittentin vom Cardinal Point Offshore Fund I Ltd. bekannt gegeben wird, unter Berücksichtigung der Währungsabsicherungsgeschäfte und eines Hebels von 17%.
ISIN: AT000B110119.

Die Emittentin wird den Wert der Schuldverschreibungen (Nettoinventarwert) jeweils zum Monatsultimo berechnen („Berechnungstag“).

C.2 Währung der Wertpapieremission.

Die Schuldverschreibungen wurden in Euro begeben.

C.5 Beschreibung von Beschränkungen in der freien Übertragbarkeit der Wertpapiere.

Die Schuldverschreibungen sind frei übertragbar.

C.8 Eine Beschreibung der mit den Wertpapieren verbundenen Rechte

Die Schuldverschreibungen verbriefen das Recht auf Rückzahlung des Tilgungsbetrages. Die Höhe der Rückzahlung hängt vom Nettoinventarwert ab. Jeder Investor kann die Rückzahlung der Schuldverschreibungen unter Einhaltung einer Kündigungsfrist von 120 Kalendertagen jeweils zum 20. Jänner, April, Juli und Oktober („Rückkauftermin“) verlangen. Die Emittentin wird während der gesamten Laufzeit Kurse für den Rückkauf der Schuldverschreibungen stellen. Falls am Ende eines Kalenderquartals beim Cardinal Point Offshore Fund I Ltd. Rücknahmeanträge vorliegen, die in Summe mehr als 20 Prozent des net asset value des „Cardinal Point Offshore Fund I Ltd.“ ausmachen, wird die Anzahl an zurückgenommenen Aktien jedes Aktionärs anteilmäßig gekürzt, sodass die tatsächliche Anzahl an Rücknahmen von Aktien nicht mehr als 20 Prozent des net asset value des „Cardinal Point Offshore Fund I Ltd.“ ausmacht. In solchen Fällen werden die Rücknahmen von Schuldverschreibungsinhabern von der Emittentin anteilmäßig gekürzt.

— „einschließlich der Rangordnung“

Die Schuldverschreibungen begründen direkte, unbedingte und unbesicherte Verbindlichkeiten der Emittentin und sind *pari passu* untereinander und mit allen anderen direkten, unbedingten und

	nicht nachrangigen Verbindlichkeiten der Emittentin.
— „einschließlich Beschränkungen dieser Rechte“	Das Recht, die Rückzahlung von der Emittentin zu verlangen, kann nur unter Einhaltung einer Frist von 120 Kalendertagen und nur zu einem Rückkaufstermin ausgeübt werden. Bei Vorliegen einer Marktstörung kann die Emittentin Rückkaufsanträge kürzen oder sogar stornieren. Der Berechnungstag wird bei Vorliegen von Marktstörungen auf den nächstfolgenden Bankarbeitstag, an dem die rechnerische oder tatsächliche Glattstellung bzw. Liquidation aller Vermögenswerte und Handelspositionen und die Berechnung des Rückzahlungsbetrages betreffend den Basiswert durchgeführt werden können, verschoben. Sobald die Glattstellung bzw. die Liquidation aller Vermögenswerte betreffend den Basiswert durchgeführt worden ist, wird der Rückzahlungsbetrag berechnet und zwei Bankarbeitstage nach der Berechnung des Rückzahlungsbetrages zur Auszahlung gebracht. Die Emittentin hat das Recht, die Schuldverschreibungen zu jedem Rückzahlungstag unter Einhaltung einer Frist von 120 Kalendertagen zur Gänze (nicht teilweise) zu kündigen, erstmals am 20. Juli 2015. Daneben besteht das Recht der außerordentlichen Kündigung bei Tax Gross Up Ereignissen.
C.9 — „nominaler Zinssatz“ — „Datum, ab dem die Zinsen zahlbar werden und Zinsfälligkeitstermine“ — „ist der Zinssatz nicht festgelegt, Beschreibung des Basiswerts, auf den er sich stützt“ —	Nicht anwendbar, die Schuldverschreibungen sind unverzinst.
„Fälligkeitstermin und Vereinbarungen für die Darlehenstilgung, einschließlich der Rückzahlungsverfahren“	Die Schuldverschreibungen haben kein Fälligkeitsdatum. Investoren und die Emittentin haben allerdings das Recht die Schuldverschreibungen zu jedem Rückkaufstermin unter Einhaltung einer Frist von 120 Kalendertagen zu kündigen. Die Emittentin kann auch im Falle eines Gross Up Ereignisses kündigen.
— „Angabe der Rendite“	Für die Schuldverschreibungen kann keine Rendite angegeben werden, da sie vor der Wertentwicklung des Basiswerts abhängen. Die Bedingungen der Schuldverschreibungen enthalten die Möglichkeit vorzeitiger Ertragszahlungen. Bis jetzt gab es keine Ertragszahlungen, da die Stra-

ategie des Fonds die Thesaurierung und Wiederinvestition von allfälligen Erträgen anstelle von deren Ausschüttung ist. Falls Ertragszahlungen vom Fonds an die Emittentin erfolgen, würden diese zum nächsten auf den Erhalt der Ertragszahlungen folgenden Berechnungstag ohne Abzug von Kosten an die Schuldverschreibungsinhaber weitergegeben.

— „Name des Vertreters der Schuldtitelinhaber“

Grundsätzlich sind alle Rechte aus den Schuldverschreibungen der gegenständlichen Emissionen durch den einzelnen Schuldverschreibungsgläubiger selbst oder den von ihm bestellten Rechtsvertreter gegenüber der Emittentin direkt, an ihrem Sitz zu den üblichen Geschäftsstunden, sowie schriftlicher Form (eingeschrieben Postsendung empfohlen), im ordentlichen Rechtswege geltend zu machen. Eine organisierte Vertretung der Schuldverschreibungsgläubiger ist seitens der Emittentin nicht vorgesehen. Zur Wahrung der Ausübung der Rechte von Gläubigern von auf Inhaber lautenden oder durch Indossament übertragbaren (Teil-) Schuldverschreibungen österreichischer Emittenten und bestimmter anderer Schuldverschreibungen, wenn deren Rechte mangels einer gemeinsamen Vertretung gefährdet oder die Rechte des Emittenten in seinem Gange gehemmt würden, insbesondere im Konkursfall des Emittenten, ist nach den Regelungen des Kuratorengesetzes 1874 und des Kuratorenergänzungsgesetzes 1877 vom zuständigen Gericht ein Kurator für die jeweiligen Schuldverschreibungsgläubiger zu bestellen, dessen Rechtshandlungen in bestimmten Fällen einer kuratelgerichtlichen Genehmigung bedürfen und dessen Kompetenzen vom Gericht innerhalb des Kreises der gemeinsamen Angelegenheiten der Anleger näher festgelegt werden. Die Regelungen des Kuratorengesetzes 1874 und des Kuratorenergänzungsgesetzes 1877 können durch Emissionsbedingungen nicht aufgehoben oder verändert werden, es sei denn, es ist eine für die Gläubiger gleichwertige gemeinsame Interessenvertretung vorgesehen.

C.10 — „wenn das Wertpapier eine derivative Komponente bei der Zinszahlung hat, eine klare und umfassende Erläuterung, die den Anlegern verständlich macht, wie der Wert ihrer Anlage durch den Wert des Basisinstruments/der Basisinstrumente beeinflusst wird, insbesondere in Fällen, in denen die Risiken am offensichtlichsten sind“

Nicht anwendbar, die Schuldverschreibungen sind unverzinst. Jeder Ertrag der Schuldverschreibungen wird von der Wertentwicklung des Cardinal Point Offshore Fund I Ltd. bestimmt, unter Berücksichtigung der Währungsabsicherungsgeschäfte und eines Hebels von 17%.

C.11 Es ist anzugeben, ob für die angebotenen Wertpapiere ein Antrag auf Zulassung zum Handel gestellt wurde oder werden soll, um sie an einem geregelten Markt oder anderen gleichwertigen Märkten zu platzieren, wobei die betreffenden Märkte zu nennen sind.	Nicht anwendbar. Die Emittentin wird keinen Antrag auf Börsenzulassung stellen.
C.12 Mindeststückelung einer Emission.	EUR 100,00
C.15 Beschreibung, wie der Wert der Anlage durch den Wert des Basisinstruments/der Basisinstrumente beeinflusst wird, es sei denn, die Wertpapiere haben eine Mindeststückelung von 100 000 EUR.	Der Rückzahlungsbetrag ist abhängig von der Wertentwicklung des Cardinal Point Offshore Fond I Ltd. unter Berücksichtigung der Ergebnisse der Währungsabsicherungsgeschäfte und eines Hebels von 17%.
C.16 Verfalltag oder Fälligkeitstermin der derivativen Wertpapiere — Ausübungstermin oder letzter Referenztermin.	Nicht anwendbar. Die Schuldverschreibungen haben keine bestimmte Laufzeit. Sie können allerdings vom Schuldverschreibungsinhaber und dem Emittenten gekündigt werden, vgl auch C 9 „Fälligkeitstermin und Vereinbarungen für die Darlehenstilgung, einschließlich der Rückzahlungsverfahren“.
C.17 Beschreibung des Abrechnungsverfahrens für die derivativen Wertpapiere.	Der Rückzahlungsbetrag wird zum Rückzahlungstag zur Rückzahlung fällig. Die Zahlung wird über das jeweilige Clearing System veranlasst.
C.18 Beschreibung der Ertragsmodalitäten bei derivativen Wertpapieren.	Im Falle von Rückzahlungen werden die Zahlungen für den entsprechenden Rückzahlungstermin geleistet. Der Ertrag besteht daher in der Differenz zwischen dem Kaufpreis und dem Rückzahlungsbetrag (abzüglich der Kosten).
C.19 Ausübungspreis oder endgültiger Referenzpreis des Basiswerts.	Net Asset Value zu den Berechnungstagen.
C.20 Beschreibung der Art des Basiswerts und Angabe des Ortes, an dem Informationen über den Basiswert erhältlich sind.	Wertentwicklung des „Cardinal Point Offshore Fund I Ltd.“ wie er der Emittentin vom Cardinal Point Offshore Fund I Ltd. bekannt gegeben wird, unter Berücksichtigung der Währungsabsicherungsgeschäfte und eines Hebels von 17%. Der Cardinal Point Offshore Fund I Ltd. ist eine „Exempted Company“, gegründet unter dem Recht der Cayman Islands. Die Investitionsidee des Cardinal Point Offshore Fund I Ltd. ist, über eine Master-Feeder Struktur in den Cardinal Point Master Fund I Ltd. zu investieren, der seinen Investoren langfristigen Wertzuwachs verschaffen will, indem long und/oder short Strategien in Wertpapieren verschuldeter Gesellschaften hauptsächlich im US-Dollar Währungsraum umgesetzt werden. Die Investitionsstrategie um-

fasst die Identifizierung von überdurchschnittlichen Renditechancen überall in der Kapitalstruktur verschuldeter Unternehmen, wie Bankverbindlichkeiten (z.B. langfristige Kredittranchen), Anleihen, Wandelanleihen, Vorzugsaktien oder Stammaktien.

Die folgenden Informationen betreffend den Basiswert können von den Schuldverschreibungsinhabern während der Laufzeit der Schuldverschreibung am Sitz der Emittentin eingesehen werden:

- Confidential Explanatory Memorandum of Cardinal Point Offshore Fund I Ltd, in der jeweils aktuellen Fassung
- Informationen über die Wertentwicklung des Cardinal Point Offshore Fund I Ltd
- Allgemeine Informationen über die Management Gesellschaft der Cardinal Point Offshore Fund I Ltd

Abschnitt D — Risiken

D.2 Zentrale Angaben zu den zentralen Risiken, die dem Emittenten eigen sind.

- Wettbewerbsrisiko – der Wettbewerb im österreichischen und internationalen Bankensektor steigt immer mehr
- Risiko der Abhängigkeit von Provisionen – ein Rückgang an Provisionen in Zusammenhang mit dem Bankgeschäft könnte die Geschäfts-, Finanz- und Ertragslage der Emittentin negativ beeinflussen
- Risiko der Expansion von Geschäftstätigkeiten – ein Fehlschlagen der Emittentin bei der Expansion des Private Banking Geschäfts könnte die Geschäfts-, Finanz- und Ertragslage der Emittentin negativ beeinflussen
- Risiko eines Zusammenbruchs des Risikomanagements der Emittentin – Ein Zusammenbruch des Risikomanagements könnte zu einem Rückgang der Umsätze und Gewinne sowie zu einem Imageschaden der Emittentin führen
- Kreditausfalls- und Anlagerisiko – Investoren unterliegen dem Kreditrisiko der Kunden und Gegenparteien der Emittentin
- Refinanzierungsrisiko – Die Refinanzierungskosten könnten steigen oder die Refinanzierung könnte sogar unmöglich werden und das könnte die Geschäfts-, Finanz- und Ertragslage der Emittentin

negativ beeinflussen

- Risiko der Abhängigkeit von qualifiziertem Personal und das Risiko, qualifiziertes Personal zu verlieren – Der Verlust von einem oder mehreren Mitgliedern des Managements oder von Schlüsselarbeitern könnte einen erheblich nachteiligen Effekt auf die Geschäfts-, Finanz- und Ertragslage der CAPITAL BANK haben.
- Risiko der Konsequenzen der Marktkrise – die Konsequenzen der früheren Krise auf den Finanzmärkten können zu einem Anstieg der Refinanzierungskosten der Emittentin führen.
- Risiko des Finanzbetrugs – Finanzbetrüge wie z.B. der „Madoff-Fall“ könnten in erheblichen Verlusten im Ertrag des Emittenten sowie in dessen Reputation und dadurch zu erheblichem Rückgang der Ergebnisse aus dem Geschäftsbetrieb führen
- IT-Risiko – Zusammenbrüche der IT-Systeme können zu finanziellen Verlusten der Emittentin führen
- Regulatorisches Risiko – Die Einhaltung der Kapitalerfordernisse gemäß Basel III sowie andere regulatorische Bestimmungen könnten teuer werden und die Finanzergebnisse der Emittentin negativ beeinflussen
- Marktrisiko – Marktschwankungen könnten den Wert der Vermögenswerte der Emittentin schädigen und ihre finanzielle Position sowie die Ergebnisse ihrer Tätigkeiten nachteilig beeinflussen
- Risiko von Beratungsfehlern – Falls eine Fehlberatung erfolgreich gegen die Emittentin geltend gemacht wird, kann das die Geschäfts-, Finanz- und Ertragslage der Emittentin nachteilig beeinflussen
- Es besteht das Risiko von Verlusten als Folge der mangelnden Eignung oder des Ausfalls von internen Prozessen, Mitarbeitern, Systemen oder aufgrund von externen Ereignissen, - ob absichtlich oder zufällig oder aufgrund von Naturereignissen (operationales Risiko) Dieses Risiko umfasst auch das rechtliche Risiken..
- Risiko von potentiellen Konflikten von Mitgliedern von administrativen, geschäftsführenden und überwachenden Gremien der Emittentin
- Marktrisiko – Marktschwankungen könnten den Wert der Vermögenswerte der

D.3 Zentrale Angaben zu den zentralen Risiken, die den Wertpapieren eigen

sind.

Emittentin schädigen und ihre finanzielle Position sowie die Ergebnisse ihrer Tätigkeiten nachteilig beeinflussen

- Kreditrisiko (der Emittentin) – Das Risiko, dass die Emittentin keine Kapitalrückzahlungen leisten kann
- Kapitalflussrisiko – Die tatsächlichen Kapitalflüsse unter den angebotenen Wertpapieren, deren (Rück-) Zahlung an einen Basiswert geknüpft ist, können von den von den Investoren erwarteten Kapitalflüssen abweichen
- Inflationsrisiko – Die Inflation kann zu einem geringeren oder überhaupt zu einem negativen Ertrag führen
- Liquiditätsrisiko – Investoren können ihre angebotenen Wertpapiere vielleicht nicht mehr verkaufen, bevor sie fällig sind, falls sich kein liquider Handelsmarkt dafür entwickelt
- Marktpreisrisiko – Der Wertentwicklung von Strukturierten angebotenen Wertpapieren in der Vergangenheit kann niemals eine gute künftige Wertentwicklung garantieren, die von der Wertentwicklung der zugrunde liegenden Basiswerte abhängt
- Risiko der Kreditfinanzierung – Der Kauf von angebotenen Wertpapieren mittels Kredit erhöht das Risiko für den Investor erheblich, weil ein Investor zusätzlich zu einem allfälligen Totalverlust seines Investments auch noch den Kredit zurückzahlen muss
- Risiko betreffend Transaktionskosten/-gebühren – Transaktionskosten/-gebühren können die Erträge aus den angebotenen Wertpapieren signifikant verringern oder ausschalten
- Risiko in Bezug auf Abwicklungssysteme – Investoren tragen das Risiko, dass die Abwicklungssysteme nicht ordnungsgemäß funktionieren
- Risiko betreffend unvorstellbare und irrationale Faktoren – solche Faktoren können den Wert der angebotenen Wertpapiere negativ beeinflussen
- Besteuerungsrisiko – Der Einfluss der Besteuerung eines Investments in die angebotenen Wertpapiere sollte sorgfältig überlegt werden
- Gesetzesänderungen – Änderungen der anwendbaren Gesetze, Rechtsvorschriften oder in der regulatorischen Anwendungspraxis können einen erheblich nachteiligen Effekt auf die Emittentin, die

angebotenen Wertpapiere und die Investoren ausüben

- Risiko aufgrund der Herabsetzung der allgemeinen Verjährungsfrist
- Risiko der Abwicklung als Konsequenz der Nichteinhaltung der Benchmark-Verordnung

Spezifische Risiken im Zusammenhang mit dem Basiswert

- Investment Fonds
- Zinssätze
- Index oder Indexkorb
- Schuldverschreibungen, Schuldverschreibungskörbe oder sonstige Dividenden- oder Nichtdividendenwerte anderer Emittenten oder der Emittentin selbst
- Kreditrisiken von oder kreditrisikobezogene Ereignisse bei Drittschuldnern
- Aktien oder Aktienkorb
- Derivative Finanzinstrumente
- Geldmarktinstrumente
- Andere Basiswerte wie bspw Waren ("Commodities") oder Inflation
- Fremdwährungen
- "Hebeleffekt", insbesondere bei Kreditfinanzierungen durch Cardinal Point Offshore Fund I, Ltd.

WARNUNG: Der Anleger könnte seinen Kapitaleinsatz ganz oder teilweise verlieren

Abschnitt E — Angebot

E.2b Gründe für das Angebot und Zweckbestimmung der Erlöse, sofern diese nicht in der Gewinnerzielung und/oder der Absicherung bestimmter Risiken liegt.

Die Schuldverschreibungen werden Investoren im Rahmen der Private Banking Dienstleistungen der Capital Bank angeboten. Die Erlöse werden zu Absicherungszwecken im Basiswert verwendet.

E.3 Beschreibung der Angebotskonditionen.

Die von der Emittentin angebotenen Schuldverschreibungen sind unbefristet, unverzinslich und in ihrer Wertentwicklung an einen Basiswert gebunden. Die Anleger können die Schuldverschreibungen an den Rückzahlungsdaten an die Emittentin zurückzahlen.

E.4 Beschreibung aller für die Emission/das Angebot wesentlichen, auch kollidierenden Beteiligungen.

Das Interesse der Emittenten besteht in erster Linie darin, Gebühren im Zusammenhang mit der Strukturierung und dem Angebot der Schuldverschreibungen zu generieren. Darüber hinaus sind der Emittentin keine spezifischen oder widersprüchlichen Interessen bekannt, die für das Angebot wesentlich sind, abgesehen von ihrem tatsächlichen Interesse am Verkauf der Schuldverschreibungen.

E.7 Schätzung der Ausgaben, die dem Anleger vom Emittenten oder Anbieter in Rechnung gestellt werden.

- Strukturierungsgebühr: 0,5 % p.a. vom Nettoinventarwert des Basiswerts, zahlbar monatlich
- Hebelkosten: 1-MON EUR + 5/8% p.a. bezogen auf das Emissionsvolumen
- Hedging Kosten: Kosten für die Währungshedges in marktüblicher Höhe für Interbankengeschäfte

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 or placement in Austria and Germany of the Notes by all credit institutions as financial intermediaries which have their seat in Austria and Germany and are duly licensed for trading in securities under Directive 2014/65/EC. 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.

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.

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. 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 <https://www.capital-bank.at/de/privatbank/downloads/prospekte/liste> .

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. Any end will be published by the Issuer on its website <https://www.capital-bank.at/de/privatbank/downloads/prospekte/liste> .

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.

There are no further conditions attached to this consent other than those set out in this Prospectus.

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 or the filing of the final terms, as the case may be, 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 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 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 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 Notes. **As a result, the Investors could lose some or all of their investment in the Notes.** The Investors should consider all information that is included in this Prospectus, in the supplements, if any, and in the respective Terms and 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

CAPITAL BANK is a regional bank with a strong business focus on private banking. In this business, CAPITAL BANK is subject to strong competition by a big number of national and international private banks, major banks and investment banks. The financing industry is characterized by the globalisation of the markets, by a strong concentration process and by fierce predatory competition. Therefore, there is no guarantee that CAPITAL BANK will increase or even keep its current market share. There is the risk that the competitive situation will negatively affect the business as well as the financial and profit situation of CAPITAL BANK.

Risk of dependency on provision fees – The decrease of provision fees in connection with the banking business may negatively affect the business, financial and profit situation of the Issuer

The fees generated in connection with the banking business have materially contributed to the total operating income of CAPITAL BANK. In particular, the private banking sector is still exposed to the trend that provisions negotiated with clients are declining. If CAPITAL BANK is not able to further increase its banking

fees or to keep them on an economically sound level this may negatively affect the business, finance and profit situation of CAPITAL BANK.

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

CAPITAL BANK has expanded its private banking business in particular by expansion of its customer base and assets under management over the last years. 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 CAPITAL BANK.

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

CAPITAL BANK 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 CAPITAL BANK are not effective for the elimination of such risks in a future economic environment or with respect to any risk that CAPITAL BANK has not identified or anticipated. If it turns out that the risk management of the bank 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.

Credit default and investment risk – Investors are subject to the credit risk of the Issuer's customers and counterparties

As a credit institution, CAPITAL BANK is subject to the credit risk of its customers and other third parties. If the collateral ratio of the existing credit portfolio reduces (in particular if the value of the collateral declines), CAPITAL BANK would be exposed to higher credit risks and, if the credits cannot be paid back, to a higher default risk. The specific allowances in conjunction with the reserves made therefore can, however, never guarantee that all specific allowances and reserves are adequate. Therefore, CAPITAL BANK may be obliged to account for material additional reserves again for bad or doubtful debt in the future.

CAPITAL BANK is also dependent on the credit risk of its counterparties in other business operations, in particular in the security business.

The credit rating of credit institutions of the Issuer's counterparties may suffer, counterparties may fail despite good credit ratings and there may be bad debt losses in connection therewith.

The realisation of those risks may have a material negative effect on the business, finance and profit situation of CAPITAL BANK.

Refinancing risk – Costs of refinancing may increase or refinancing may even become impossible and this may have a negative effect on the business, financial and profit situation of CAPITAL BANK

Because of its business model CAPITAL BANK does not have a broad retail funding base as a cost-favourable refinancing source. CAPITAL BANK's main refinancing source is the interbank market. Because of its dependence on the interbank market, the profit situation of CAPITAL BANK could be more affected by credit spread fluctuations than in case of banks with a more diversified and broader funding base. If the refinancing becomes more expensive than it was in the past, this could have a material adverse effect on the business, financial and profit situation of CAPITAL BANK.

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 CAPITAL BANK.

The success of CAPITAL BANK largely depends on qualified management and key personnel. Management or key employees could leave CAPITAL BANK 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 CAPITAL BANK.

Risk of Consequences of the market crisis– The consequences out of the former crisis of the financial markets may cause an increase of the Issuer's refinancing costs

The last financial markets crisis caused some sustainable alteration in interbank market behaviour, resulting in a more difficult and more expensive refinancing market, especially for non-rated banks. The costs for refinancing the banks business therefore may further increase in the future. This may have a material adverse effect on the business, financial and profit situation of CAPITAL BANK.

Risk of financial crime – Financial crimes like the 'Madoff Case' may result in significant losses in the Issuers profits and reputation and therefore result in significant declines in CAPITAL BANKS results of business operations

The big financial fraud committed by the former highly reputed investor and meanwhile convicted felon Bernard Madoff presumably resulted in a total loss of

investments that were directly or indirectly invested in funds managed by Bernard Madoff (Madoff Case). Also a number of clients of CAPITAL BANK were among the victims of the fraud. In addition, CAPITAL BANK itself faced significant losses due to guarantees offered to some of its clients in connection to such funds which had a significant negative impact on the results for the business year 2008.

Also in the future, financial crimes like the 'Madoff Case' may result in significant losses in the Issuer's profits and reputation and therefore result in significant declines in CAPITAL BANKS results of business operations.

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

Interruptions or failures of CAPITAL BANK's IT systems may result in sales or other losses. The business activity of CAPITAL BANK 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 depository services, handling and/or administration of credits. CAPITAL BANK may not comply with customer requests even in case of short term interruptions and therefore lose such customers. Furthermore, the execution of CAPITAL BANK's transactions can be impeded or made impossible. Despite available back-up systems and emergency plans the temporary shut down of CAPITAL BANK's 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 CAPITAL BANK.

Regulatory risk – The compliance with Basel III capital requirements and other regulatory provisions may be costly and may have a negative effect on the Issuer's financial results

The activities of CAPITAL BANK are subject to national and international law and regulations, especially to the framework for capital adequacy, which differs from bank to bank depending on the assets held by the respective bank, commonly known as "Basel III", as well as to review and supervision by supervisory authorities. Compliance with regulatory provisions as well as the implementation of new regulatory provisions are costly and may lead to adaptations in the businesses conducted.

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

Market risk – 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 CAPITAL BANK. Generally, declining financial markets may result in a considerable down turn of CAPITAL BANK's 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. The general volatility of the financial markets may also have a material adverse impact on the results of CAPITAL BANK's operations.

Risk of malpractice - If malpractice is successfully claimed against the Issuer, this may adversely affect the Issuer's business, financial and profit situation

A significant part of CAPITAL BANK's business is related to advice with respect to wealth management. Therefore, CAPITAL BANK could be subject to damage claims because of wrongful advice. Even though CAPITAL BANK has taken out insurance there is no guarantee that this insurance coverage may be maintained at reasonable rates and conditions in the future and/or that CAPITAL BANK is adequately insured against all conceivable claims and damages and that therefore such damages and claims will not have a material adverse effect on the business, financial and profit situation of CAPITAL BANK. Furthermore, wrongful advice may materially damage the CAPITAL BANK's reputation and therefore negatively affect CAPITAL BANK's business, financial and profit situation.

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 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 managing or supervisory bodies of 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. In addition, an employee of CAPITAL BANK is also working for Cardinal Point Offshore Fund I Ltd. as a portfolio manager. In this capacity, the employee of Capital Bank examines potential investment opportunities for Cardinal Point offshore Fund I Ltd. and may suggest such opportunities to the investment committee of the manager of the fund. He is not a member of the investment committee. Although this employee is not part of the investment committee of the Manager and therefore is not entitled to (co-)decide on investment decisions of the Fund, he has to observe rights and duties for both companies which may not always be in line. If members of the administrative, managing and supervisory bodies of the Issuer or the employee of CAPITAL BANK working as portfolio manager for the Cardinal Point Offshore Fund I Ltd. 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.

2.1. RISK FACTORS RELATING TO THE NOTES

The purchase of the 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 Notes. However, the following provisions do not cover all risks in connection with the purchase of the 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 Notes and with respect to the suitability of the 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 materialize this may result in a significant and sustainable loss regarding the value, the repayment and return of the Notes and may *in extremis* result in a total loss of the investment made by the investor.

Market risk – The change of general market conditions in or outside of Austria may negatively affect the value of the Notes

The market for Notes issued by Austrian companies and banks is influenced by general economic factors and the particular market situation in Austria as well as to a varying degree the market situation, interest, currency and inflation rates in other European markets and countries. Therefore, events in Austria, Europe or elsewhere that change the market situation may result in an increased market volatility. Such market volatility may result in spiral downward market conditions and therefore have a material adverse effect on the value of the Notes or other economical factors, and may have other negative effects on the Issuer in addition (please also refer to "II. Risk Factors relating to the Issuer").

Credit risk (of the Issuer) – Risk that the Issuer fails to make redemption payments

As the proceeds of the offering of the Notes is not used as separated funds and because the Notes are not secured or guaranteed by a third party, investors are subject to the risk of partial or total failure of the Issuer to make redemption payments that the Issuer is obliged to make under the Notes (please also refer to "II. Risk Factors relating to the Issuer").

In case of bankruptcy of the Issuer the investors will most likely suffer a total loss of their investments.

Risk of redemption by Issuer – Redemption of the Notes by the Issuer may result in lower than expected yields of the Investors or even in a total loss of their invested capital

The Issuer has a right to redeem the Notes subject to a notice period of 120 calendar days as of each Issuer's redemption Date. In addition to such right of redemption, the terms and conditions of the Notes also provide for redemption for cause. This right of early redemption allows the Issuer upon occurrence of gross-up events described in the Terms and Conditions of Notes to terminate the Notes prior to maturity and make an early repayment. A gross-up event generally occurs, if since the date of the issue of the Notes newly implemented laws or changes in the interpretation of laws that were already in place at the time of the issue of the Notes (in particular, with respect to taxes, fees or other (stamp) duties) trigger or will trigger additional payment obligations for the Issuer in connection with the Notes.

As a consequence, the yields received upon redemption for or without cause may be lower than expected, and the redeemed face amount of Notes may be lower than the purchase price paid by the investor and therefore the capital invested by

the investor may be lost in whole or in part so that the investor in such case would not receive the total amount of the capital invested. In addition, a future yield expected by the investor may be lost and investors that have received monies through an early redemption and choose to reinvest such monies may be able to do so only in securities with a lower yield than the redeemed Notes.

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

In general, the Notes provide for a certain cash flow. The Terms and Conditions of Notes set out under which conditions, on which dates and in which amounts redemption amounts are paid. In the event that the agreed conditions do not occur, the actual cash flows may differ from those expected.

The materialisation of the cash flow risk may result in the Issuer's inability to redeem the 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.

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

Noteholders should be aware of the long-term nature of their investment in the Notes. The Issuer does not make any representation that there will be a liquid trading market for the Notes, and will not provide for liquidity.

Given that there is no listing on a regulated market or MTF, it is very unlikely that a liquid secondary market will develop. In the event that a secondary market for the Notes develops, neither the price development of the Notes nor the liquidity of the secondary market is foreseeable. Therefore, investors should be aware that they might not be able to sell the Notes held at the desired time or at the desired price. Usually, they may be unable to sell the Notes at all.

In addition, Section 6.2 of the Terms and Conditions of the Notes provide for a potential reduction in the possibility of repurchase of the Notes to the Issuer for a certain event: The Issuer shall provide quotations for the repurchase of the Notes during the term of the Notes. If as of the end of any calendar quarter, redemption requests received by Cardinal Point Offshore Fund I Ltd. represent, in aggregate,

more than 20 per cent of the net asset value of Cardinal Point Offshore Fund I Ltd., the number of common shares permitted to be redeemed by each shareholder will be reduced by Cardinal Point Offshore Fund I Ltd on a pro rata basis, so that the value of common shares redeemed on that date will not represent more than 20 per cent of the net asset value of Cardinal Point Offshore Fund I Ltd. In such cases, the Issuer will reduce the repurchase from Noteholders accordingly, which may lead to a (partial) impossibility to repurchase the Notes.

Market price risk – Historic performance of Notes never guarantees a good future performance, which depends on the performance of underlyings

The historic price of the Notes should not be taken as an indicator of future performance of such the Notes. Price changes in the underlyings have an impact on the market price of the Notes. There does not have to be a linear relationship between the prices of the underlyings and the respective Notes. The value of the underlyings 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. The performance of the issue or purchase price for Notes may differ from the performance of the underlyings. It is not foreseeable whether the market price of Notes will fall. If the price risk materialises, the Issuer may be unable to redeem the Notes in whole or in part. The Issuer gives no guarantee that the spread between purchase and selling prices is within a range acceptable to the Investor or remains unchanged.

Risk of debt financing – Purchase of 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 Notes by an investor and the Notes subsequently go into default, or if the trading price 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 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. Instead, investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, even in a situation where they may suffer losses instead of realising gains.

Risk relating to transaction cost/charges – Transaction costs/charges may significantly reduce or eliminate the yield from the Notes

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale

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

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

Risk with respect to clearing systems – Investors bear the risks that clearing systems function properly

The Notes are purchased and sold through different clearing systems, such as Clearstream Banking AG, Clearstream Banking S.A., Euroclear Bank S.A./N.V. or Oesterreichische Kontrollbank Aktiengesellschaft. The Issuer does not assume any responsibility as to whether the Notes are actually transferred to the securities account of the relevant investor. Investors have to rely on the functionality of the relevant clearing system.

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

The value and the repayment amount of the Notes may be negatively affected by inconceivable material events such as thunderstorms, natural disasters, wars, 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 Notes shall be carefully considered

Profits realised by an investor upon the sale or repayment of Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The tax impact on investors generally in Austria and Germany are described in the chapter on Taxation (IV. Description of the Notes - 4.2. Additional information – 3.18 Information concerning taxation of the securities); however, the tax impact on an individual investor may differ from the situation described for investors generally. Prospective investors, therefore,

should contact their own tax advisors for advice on the tax impact of an investment in the Notes. Furthermore, 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, the Notes and the Investors

The terms and conditions of the 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.

Risk of reduction of the general limitation period

The terms and conditions of the Notes provide for a limitation of ten years after the due date with respect to claims for payment of the principal, which is less than the limitation period of 30 years as generally envisaged in the Austrian Civil Code. Investors therefore face an enhanced risk of being barred in pursuing potential claims against the Issuer as compared to the general provision of the Austrian Civil Code.

Risks in connection with the Leverage of the Notes

The performance of the Notes is - under consideration of the Currency Hedges - leveraged by 17% in relation to the performance of the Cardinal Point Offshore Fund I, Ltd. Although the Leverage was designed in order to compensate the loss of net performance of the Notes in relation to the Cardinal Point Offshore Fund I, Ltd. due to the structuring costs of the Notes, the actual result of the leverage will enhance any negative performance of the Cardinal Point Offshore Fund I, Ltd. , whilst it will only mitigate or compensate the loss of performance of the Notes in relation to the performance of the Cardinal Point Offshore Fund I, Ltd. in the case of positive development of the Cardinal Point Offshore Fund I, Ltd.

Risk of a write-down or conversion to equity of the Notes by the resolution authority of the Issuer, which may result in Noteholders losing some or all of their investment in the Notes (statutory loss absorption)

The Issuer, as a credit institution, is subject to special provisions for the case of certain trigger events, where the resolution authority of the Issuer is entitled to impose measures on the Issuer, including measures that effect the legal position of Noteholders. In particular, the resolution authority may apply any of the following resolution measures (bail-in):

- (a) the amount outstanding of the Notes may be reduced, including to zero;
- (b) the Notes may be converted into ordinary shares or other instruments of ownership;
- (c) the terms may be varied (e.g. the variation of maturity of the Notes).

As a result, the Noteholder may suffer a partial or total loss of its invested capital in the Notes.

Risk of winding down as a consequence of non-compliance with the Benchmark-Regulation

According to the provisions of the Benchmark-Regulation, where a benchmark that is subject to the provisions of the Benchmark-Regulation is used, the Issuer has to include a clear and prominent information stating whether the benchmark in use is provided by an administrator included in the register referred to in Article 36 of the Benchmark-Regulation. As of the date of the Prospectus, Capital Bank as the administrator of the benchmark used for the Notes, is not registered or authorised under the provisions of the Benchmark-Regulation.

According to the provisions Article 51 par. 1 Benchmark-Regulation, for benchmarks that have already been provided as of June 30th, 2016, a transitional period until January 1st, 2020 applies, until which the provider of the benchmark needs to be registered or authorised under the provisions of the Benchmark-Regulation. The benchmark used for the calculation of the NAV of the Notes falls under the this transitional period. The Issuer is currently assessing whether the benchmark for the Notes qualifies as a benchmark in accordance with the Benchmark-Regulation. If this is the case, the Issuer will register as administrator until the end of 2019. If, for any reason, the Issuer fails to register properly until the end of 2019, as a consequence, the Issuer may be forced to wind down the Notes. In such case, Investors may lose part of their investments.

2.2. Specific risks relating to Cardinal Point Offshore Fund I, Ltd as Underlying of the Notes

Investment Fund

The redemption amount payable is linked to the performance of Cardinal Point Offshore Fund I, Ltd (which is an investment fund), under consideration of the Currency Hedges and a leverage of 17%.

The Cardinal Point Offshore Fund I Ltd is an Exempted Company formed under the laws of the Cayman Islands. The Cardinal Point Offshore Fund I Ltd.'s

investment objective is to invest through a master-feeder structure in the Cardinal Point Master Fund I Ltd. in order to provide investors with long-term capital appreciation, using long and/or short strategies in the securities of leveraged companies mainly in the field of the US-Dollar currency area. The investment strategy includes identifying above-average absolute investment return opportunities anywhere in the capital structure of leveraged companies, including bank-debt (e.g. institutional long-term loan tranches), bonds, convertible bonds, preferred stock and common equity.

(Investment) funds generally bundle monies of many investors and invest such monies in accordance with the portfolio diversification principle in stocks, bonds, real estate, money market instruments, financing instruments and other form of investments. Also by trying do diversify the risks in different kind of investments (investment) to reduce the total risk accordingly, however, there is no guarantee at all that such attempt to reduce the risk will be successful. Hence, a partial or total loss of the Noteholder's invested capital is possible.

Cardinal Point Offshore Fund I, Ltd may invest in various assets. The potential return of investment funds comprises of yearly payments and the performance of the value of the fund assets and cannot be determined in advance. The performance depends on the funds' investment policy as determined in its terms, on the market performance of the particular assets of the fund and finally also on the qualification of the portfolio manager. A total loss cannot be excluded.

The risk portfolio of each fund or basket of funds depends on whether the investment fund invests in bonds, equity, warrants, derivatives, properties or other assets. In particular cases this may lead to a total loss of the invested capital.

Investors should therefore be aware that they have to economically bear the risks which are associated with the investments made by Cardinal Point Offshore Fund I, Ltd set out in the following:

Interest rates

Investments made by Cardinal Point Offshore Fund I, Ltd may be linked to the performance of one or more interest rates. 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 return or in a total loss of the expected return. The risks and complexities are compounded by the fact that the interest of investments may be calculated in reverse proportion to the reference rate.

Index or index basket

Investments made by Cardinal Point Offshore Fund I, Ltd may be referenced to the performance of an index or basket of indices. An index is a calculated instrument that represents the performance of prices and quantities that are included in the index. The risk of any 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.

Bonds, basket of bonds or common equity or non-equity securities of other issuers or of the Issuer

Investments made by Cardinal Point Offshore Fund I, Ltd may be linked to the performance and/or the redemption or interest payments of other bonds, basket of bonds or common equity or non-equity securities of other issuers and third party debtors.

Issuers of such securities or common equity or non-equity securities or third party debtors may be the following persons:

- sovereigns (in particular states);
- regional authorities;
- federal states, local authorities;
- international organisations;
- corporations;
- fund portfolios; or
- natural or legal persons of all kind.

The creditworthiness of such third parties may and will materially differ from the Issuer or Cardinal Point Offshore Fund I, Ltd. That means that in case of insolvency or bankruptcy of such third party debtor the Investors may suffer a total loss of their invested capital.

Credit risk or credit risk related events of third parties

Investments made by Cardinal Point Offshore Fund I, Ltd may be linked to credit risk related events of one or more third party debtors. Such securities are called Credit Linked Notes. Such credit linked events are typically insolvency, late payment, moratorium, payment stop or early redemption of third party debtors' loans. The credit risk of third party debtors is typically worse than the credit risk of an issuer of non credit linked securities.

Investors therefore bear the risk that the higher credit risk of the third party debtor realises and that they therefore suffer a loss of their investment, in whole or in part.

Shares or basket of shares

A share is a security that represents an ownership right in a stock corporation. The holder or owner of a share, the so-called shareholder, is participating in the share capital of the stock corporation percentually or in the amount of the face value stated on the share. The rights represented by a share are regulated in case of Austrian shares, in particular, by the Austrian Stock Corporation Act and by the articles of association of the stock corporation. The shareholders rights include

- participation right at the general meeting
- voting right in the general meeting
- right to participate in the corporate profit
- subscription right in connection with the issue of new shares
- information right
- right to the liquidation proceeds

Shares in other jurisdictions may provide for different rights; also the enforceability of shareholder rights is not guaranteed (in particular in emerging markets).

The potential return of investments in shares results from dividend payments and an increase in the company's value (in respect of publicly traded securities from stock price gains). Both factors are related to the performance of the stock corporation and cannot be predicted. Investments in shares may result in material losses: In general, the value of shares is linked to the financial performance of the stock corporation as well as general economical and political conditions; also irrational factors (moods and opinions) may affect the value of the shares and therefore the return on the investment. In connection with shares with a low liquidity it may be possible that such shares cannot be traded or liquidated.

Securities that are linked to the performance of shares are commonly referred to as Equity Linked Notes. Equity Linked Notes (or notes which include features of Equity Linked Notes) are typically subject to the customary high price risk of stock markets, the credit risk and to the political risk of the issuer of the shares. Furthermore, depending on the specifications of the notes the investors only benefit indirectly or in a limited manner from the rights to which shareholders are entitled to (in particular the investors do not have a participation right in the general meeting). Therefore, the investors do not only bear the high risk of the shares but they also do not have the material rights of a shareholder.

Derivative financial instruments

Derivatives are financial instruments the calculation and performance of which is linked to the price development of a reference asset. Certificates, options and

futures are customary derivatives. Options and futures are traded over-the-counter (OTC) or on a regulated stock exchange.

- Certificates

Certificates represent the right to participate in the performance of an underlying asset such as a share, an index, a commodity, a currency, or combinations thereof. Certificates are typically notes issued by banks. Depending on the investors interest, market expectation, risk tolerance and investment horizon banks develop certificates with different risk profiles.

- Options

Options are rights to purchase (call option/call) or to sell (put option/put) a specified number of the underlying (e.g. shares) from a third party at an agreed upon price (during a specified period of time or on a specific date). The beneficiary of the option pays for its rights to exercise the option an option premium to the option writer. In return, the option writer has the obligation, if the option is exercised, to deliver or to take over the underlying against payment of the option price. If the optionholder does not exercise his option right, the option right expires at the end of the option period and the option lapses. Options may be issued in certificates and be traded on a stock exchange or over-the-counter (warrants).

- Futures

Futures are forward contracts, under which seller and buyer have the obligation to deliver or take over a specified number of underlyings at maturity at a specific price. Futures are typically standardized financial instruments the value of which is linked to an underlying. They are traded on future markets. There are financial futures and commodity futures. The underlyings of financial futures are indices, currencies or interest rates. Commodity futures are related to real market assets such as commodities or agricultural products. There are only two different types: a long position means the holder has to pay a specified price and has to take over the underlying asset. In case of a short position the holder has the obligation to deliver the underlying and in return receives the purchase price of the counterparty.

According to the respective derivative financial instrument the risk of the notes linked to it varies depending on the risk that is represented by such derivative financial instrument. In extremis, this may result in a total loss of the invested capital.

Money market instruments

Such instruments include short term debt instruments that may have characteristics of deposit account, such as certificates of deposit, certain bills of exchange, federal funds or commercial papers. The profit and risk components of money market instruments correspond to a large extent to such of notes of other issuers (please see above). However, there are particularities in respect of the liquidity risk: typically there are no secondary markets for money market instruments; the transferability at any time may therefore be restricted.

Depending on the money market instrument the risk of a related note may vary. In extremis, this may result in a total loss of the invested capital.

Foreign currency

If Cardinal Point Offshore Fund I, Ltd. is invested in assets which are linked to instruments in foreign currency or other payments are fixed in a foreign currency, the Notes are subject to the exchange rate risk as well.

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.

In the worst case scenario this may lead to the total loss of the invested capital.

Leverage effect in particular by debt financing of Cardinal Point Offshore Fund I, Ltd

Cardinal Point Offshore Fund I, Ltd reserves its right to leverage the proceeds received in connection with its investments by borrowing and to use the proceeds of any such borrowing in the same way like the proceeds of the issue. This may result in the following negative leverage effect: In case of a negative performance of the underlying (i.e. if the performance of the underlying results in a worse return than would be required for the repayment of the interest and capital in connection with the borrowing) a part of or the whole proceeds of the issue of a series must be used for the repayment of the raised credit. Therefore, the leverage effect may cause a total loss of the investment made by the investors.

III. DESCRIPTION OF CAPITAL BANK

1. PERSONS RESPONSIBLE

- 1.1 The Issuer, Capital Bank - GRAWE Gruppe AG, Burgring 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. STATUTORY AUDITORS

- 2.1 The statutory auditor of the Issuer for the business years 2017 and 2018 was KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 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 2017 have been audited under the supervision of the chartered accountants and tax consultants Mag. Michael Schlenk and Mag. Klaus-Peter Schmidt, and the annual statements of 2018 have been audited under the supervision of the chartered accountant and tax consultant Mag. Georg Blazek, both in accordance with national legislation.
- 2.2 No auditors have resigned, been removed or have not been reappointed during the period covered by the provided historical financial information.

3. RISK FACTORS

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

4. INFORMATION

4.1 *History and development of the Issuer*

4.1.1 *Legal and commercial name of the Issuer*

The legal name of CAPITAL BANK is CAPITAL BANK – GRAWE Gruppe AG. The Issuer often uses CAPITAL BANK as its commercial name.

4.1.2 Place of registration and registration number

CAPITAL BANK with its registered seat in Graz is registered with the commercial register of the regional as commercial court Graz under FN 112471 z as a stock corporation under Austrian law.

4.1.3 Date of foundation and duration of the company

CAPITAL BANK was founded in 1922 as Lavantaler Gewerbe- und Handelsbank reg. Gen. mbH for an indefinite period of time. The company was renamed "CAPITAL BANK – GRAWE Gruppe AG" on 21.06.2001.

4.1.4 Domicile and legal form of the Issuer

CAPITAL BANK is subject to the jurisdiction of the Republic of Austria and has developed into an Austrian private bank since 2001. CAPITAL BANK is a public limited liability company (Aktiengesellschaft) under Austrian law.

The business address of the Issuer is Burgring 16, 8010 Graz, Austria; telephone number: +43 316 80 720. The internet address is as follows: [www . Capitalbank . a t](http://www.Capitalbank.at). The Company does not have any registered branch offices outside of Austria as of the date of this Prospectus. However, besides the company seat there are business offices in 1010 Vienna, Palais Esterhazy, Wallnerstraße 4, 5020 Salzburg, Linzer Gasse 4, 6370 Kitzbühl, Franz Reisch-Straße 1, as well as in 9020 Klagenfurt, Kardinalschütt 9. The registered share capital of CAPITAL BANK amounts to EUR 10,000,000.00 as of the date of the Prospectus and is divided in 1,376,030.00 shares without par value. The shares are fully paid in.

4.1.5 Material recent events

The Austrian Post and GRAWE Group have agreed to enter into a partnership to establish a focused financial services business in Austria. It is planned that Austrian Post will acquire 80% of Brüll Kallmus, part of the GRAWE Group, as part of a capital in-crease, thereby acquiring entrepreneurial leader-ship. An owner control procedure at the European Central Bank (ECB) through the FMA was launched in April 2019. Subject to regulatory approval, Austri-an Post will then contribute approximately EUR 56 million as part of a capital increase. This creates the legal basis for the development of an independent range of services. According to the plan, financial services will be offered during the year 2020.

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 is a private 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 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.
- (g) the dealing for own or foreign account in financial instruments according to Section 1 Para 1 No. 7 lit. e to g, lit j. and lit. k SSA, except the dealing by individuals according to Section 2 Para 1 No. 6, 12, and 13 SSA.
- (h) 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);
- (i) the issuing of other fixed income securities in order to invest the proceeds in other banking activities (other issuing of securities business);

- (j) participation in the underwriting of third party issues of any of the instruments listed in paragraph (f) (ii) through (vi) and the provision of services related thereto (third party issuing of securities business);
- (k) the financing business through acquisition and resale of shares (capital financing business);
- (l) 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);
- (m) money procuring in the inter bank market; and
- (n) 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 (f) (i), insofar as it concerns the foreign exchange business;
 - (iv) lit (h)

The main categories of the products sold and services performed by CAPITAL BANK may be shown based on the three principal activities, into which the business activities of CAPITAL BANK are organized:

Private banking

Investment advise and wealth management forms the first principal activity of CAPITAL BANK. The main focus of private banking services is on the protection, increase and transfer of family wealth for wealthy clients. Another focus is on the support of corporate clients and other big investors (private foundations (*Privatstiftungen*), wealthy private customers and institutions) in the field of investment of cash reserves and other company monies.

Platform business

The second principal business activity is the running of a platform for licensed investment firms that offers services in the field of technical settlement of securities transactions (execution, depositary services, providing of fee invoices and other calculations) to the clients of such investment firms, that investment firms cannot provide to their clients due to restrictions in the SSA for the business of investment firms.

5.1.2 Indication of any significant new products and activities

Not applicable. Currently there are no significant new products or activities.

5.1.3 *Principal markets*

The main field of activity of CAPITAL BANK is the Austrian private banking 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 in this Prospectus.

6. ORGANISATIONAL STRUCTURE

6.1 GRAWE-Group

General

CAPITAL BANK is ultimately owned by GRAWE AG, which was founded in 1828 by archduke Johann. GRAWE AG is a non-listed large Austrian insurance company. The main activities of GRAWE AG and its subsidiaries are in the insurance and banking business in Austria, Slovenia, Croatia, Hungary, Serbia, Montenegro, Bosnia Hercegovina, Ukraine, Bulgaria, Rumania and Moldavia.

The direct 100 % shareholder of the Issuer is BANK BURGENLAND. BANK BURGENLAND's sole shareholder is GRAWE AG.

CAPITAL BANK currently owns directly five 100 percent participations, namely in CF GmbH, CB GmbH, SEC KAG, BK Immo, and Brüll Kallmus, as well as two indirect holdings in (i) Security Finanzservice GmbH (FN 209852 g) (100 %) and (ii) in Security Finanz-Software GmbH (FN 275129b) (100 %). SEC KAG issues public and special funds. CF GmbH is also active in the investment banking business. Furthermore, CAPITAL BANK holds a 67 %-participation in CENTEC.AT Softwareentwicklungs- und Dienstleistungs GmbH (FN 279395 a) (the remaining 33 % in Centec.at are held by two natural persons).

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 to the extent that only the market side departments shall remain independent from each other, whilst all internal services (except the internal audit function), 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 date of the publication of the last annual statements, there has been no material adverse change in the prospects of the Issuer.

7.2 *Other trend information*

The investment behaviour of private banking customers continues to change, as the fees for private banking services decrease constantly. The ongoing low interest rate phase makes it more difficult for private banks find attractive (alternative) investment products for its customers with potential for higher yields.

8. PROFIT FORECAST OR ESTIMATES

In this Prospectus no profit forecasts or profit estimates are included.

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 section 8 of the Articles of Association the management board of CAPITAL BANK consists of two, three or four members that are appointed for a maximum period of five years by the supervisory board, reappointment being permissible. CAPITAL BANK 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 CAPITAL BANK consists of Christian Jauk, 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. Christian Jauk is responsible for the risk departments, Mag. Veyder-Malberg is responsible for the market business, and Wolfgang Dorner is responsible for administrative departments and IT.

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 CAPITAL BANK:

Christian Jauk is also the chairman of the management board of BANK BURGENLAND, member of the board of Aktienforum - Österreichischer Verband für Aktien-Emittenten und -Investoren, Verband österr. Banken und Bankiers, of HK Privatstiftung, and of "Communitas" Holding Gesellschaft m.b.H., chairman of the supervisory board of Bankhaus Schelhammer, of Brüll Kallmus and of SK Sturm Wirtschaftsbetriebe GmbH, Vice President and treasurer of Deutsche Handelskammer in Österreich, member of the supervisory board of Österreichische Lotterien GmbH, Österreichische Fußball-Bundesliga . In addition, Christian Jauk is president of the football club Sportklub Puntigamer Sturm Graz.

Mag. Constantin Veyder-Malberg is the chairman of the management board of Brüll Kallmus and also member of the management board of Cinderella Privatstiftung, of Amaryllis Privatstiftung and of CF GmbH. In addition, Mr. Veyder-Malber is member of the supervisory board of Bankhaus Schelhammer.

Wolfgang Dorner, CIA, is member of the management board of CENTEC.AT Softwareentwicklungs- und Dienstleistungs GmbH, and a member of the supervisory board of ARZ Allgemeines Rechenzentrum GmbH.

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

The supervisory board (Aufsichtsrat)

Pursuant to section 11 of the articles of association of CAPITAL BANK 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 CAPITAL BANK:

Mag. Dr. Othmar Ederer is member of the supervisory board since 12.04.2000 and is also chairman of the supervisory board since 22.09.2000. He is also the chairman of the management board of

GRAWE-Vermögensverwaltung, the sole shareholder of GRAWE AG . In addition to other managing director mandates Mag. Dr. Othmar Ederer is also a member or chairman of additional supervisory bodies, in particular:

- „GRAWE OSIGURANJE" d.d., Sarajevo (chairman)
- AKCIONARSKO DRUSTVO ZA OSIGURANJE GRAWE, Beograd (chairman)
- Bankhaus Schelhammer & Schattera AG (deputy chairman)
- GRAWE Bulgaria Jivotozastrahovane EAD (deputy chairman)
- GRAWE CARAT Asigurare S.a. (chairman)
- GRAWE Hrvatska d.d. (chairman)
- GRAWE Immo Holding AG (deputy chairman)
- GRAWE Romania Asigurare S.A. (chairman)
- GRAWE Eletbiztosito Zrt. (chairman)
- BANK BURGENLAND (chairman)
- HYPO-VERSICHERUNG AKTIENGESELLSCHAFT (chairman)
- Security Kapitalanlage Aktiengesellschaft (chairman)

Mag. Klaus Scheitegel is deputy chairman of the supervisory board since 23.3.2013. He is also chairman of the management board of GRAWE AG. In addition to other managing director functions Mag. Klaus Scheitegel is also a member of the following supervisory boards:

- "GRAWE OSIGURANJE" d.d. Sarajevo (deputy chairman)
- AKCIONARSKO DRUŠTVO ZA OSIGURANJE GRAWE, BEOGRAD (deputy chairman)
- GRAWE CARAT Asigurari S.A. (deputy chairman)
- GRAWE Hrvatska d.d. (deputy chairman)
- GRAWE Romania Asigurare S.A. (member)
- GRAWE zavarovalnica d.d. (chairman)
- GRAWE Életbiztosító Zrt. (member)
- PJSC GRAWE Ukraine Lebensversicherung AG (chairman)
- Private Joint-Stock Venture Insurance Company GRAWE Ukraine (member)
- Security Kapitalanlage Aktiengesellschaft (deputy chairman)
- GRAWE Immo Holding AG (member)
- SK Versicherung Aktiengesellschaft (member)

Dipl. Techn. Erik Venningdorf is a member of the supervisory board since 23.03.2013. He is also a member of the management board of

GRAWE-Vermögensverwaltung as well as of G + R Leasing Gesellschaft m.b.H.. In addition, Dipl. Techn. Erik Venningdorf is also a member of the following supervisory boards:

- Brüll Kallmus (member)
- HYPO-Versicherung Aktiengesellschaft (member)
- PJSC GRAWE Ukraine Lebensversicherung AG (member)
- Private Joint-Stock Venture Insurance Company GRAWE Ukraine (chairman)
- Hauser Kaibling Seilbahn- und Liftgesellschaft m.b.H & Co.KG

Dr. Franz Hörhager is a member of the supervisory board since 10.07.2009. He is also a member of the management board of Mezzanine Management Finanz- und Unternehmensberatungs GmbH as well as Mezzanine Capital Partners (UK) Limited, UK and Longboat Key Limited, UK. In addition Dr. Franz Hörhager is also a member of the following supervisory boards:

- HYPO-BANK BURGENLAND AG (member)
- Growth Capital Partners AG (chairman)
- Brüll Kallmus Bank AG (member)
- Secure Property Development & Investment PLC, Cyprus (member)
- Bankhaus Schelhammer & Schattera AG (member)
- Viva Telecom (Luxembourg) S.A. (member)

Rudolf Laudon and **Greimel Harald** are members delegated by the works council. They are employees of the Issuer. Rudolf Laudon, in addition, is a member of the board of SV Horn Profi Betriebs GmbH.

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

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

CAPITAL BANK 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 members of the administrative, managing and supervisory bodies of the Issuer, CAPITAL BANK is not aware of any

businesses or agreements that may cause any potential conflicts of interest between any duties to CAPITAL BANK of the members of the management board and the supervisory board and their private interests or duties.

10. MAJOR SHAREHOLDER

10.1 *Direct and indirect shareholders*

100 % of the shares in CAPITAL BANK are held by BANK BURGENLAND, which is a 100 % subsidiary of 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 ISSUERS ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

11.1 *Historical financial information*

The business year of CAPITAL BANK corresponds to the calendar year. The annual financial statements of CAPITAL BANK for the business years 2017 and 2018 together with the audit certificate have been prepared 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.

The audited annual financial statements for the business years 2017 and 2018 together with the audit findings are available at [https:// www. capital-bank.at/de/privatbank/downloads/geschaeftsberichte](https://www.capital-bank.at/de/privatbank/downloads/geschaeftsberichte) and at the corporate seat of the Issuer. Both financial statements have been deposited with the FMA and are incorporated by reference into the Prospectus.

11.2 *Financial statements*

CAPITAL BANK does not prepare consolidated financial statements but only its individual financial statements. Since the business year 2008, the consolidation for all entities belonging to BANK BURGENLAND Group is made on the level of BANK BURGENLAND.

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 Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, A-1090 Vienna, Porzellangasse 51. The certificate has been signed and provided in the English as well as in the German Language Version.

11.4 Age of the latest financial information

The most recent audited annual financial statements of CAPITAL BANK are as of 31.12.2018.

11.5 Interim and other financial information

CAPITAL BANK has not prepared any interim financial statements since the last audited annual financial statements.

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 month 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 the end of the last financial period for which audited financial information has been published (i.e. the business year 2018), 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 security holders in respect of the Notes.

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

Not applicable.

14. DOCUMENTS ON DISPLAY

The following documents are available free of charge for the life of this Prospectus at the corporate seat of the Issuer:

- (a) the Articles of Association of CAPITAL BANK;
- (b) the audited financial statements and the financial reports of CAPITAL BANK for the business years 2017 and 2018;
- (c) this Prospectus

IV. DESCRIPTION OF THE NOTES

This Prospectus relates to the issuance of the Notes on a continuous or repeated manner during a specified issuing period. The Notes have been issued since 22 June 2012. The Notes are performance linked securities that relate to the performance of the “Cardinal Point Offshore Fund I Ltd.” as disclosed to the Issuer by Cardinal Point Offshore Fund I Ltd, under consideration of the Currency Hedges and a leverage of 17%. Any yield of the Notes is determined by the development of the net asset value of the Cardinal Point Offshore Fund I Ltd., under consideration of the Currency Hedges and a leverage of 17%.

INVESTORS ARE ADVISED TO CAREFULLY CONSIDER THE TERMS AND CONDITIONS BEFORE MAKING A DECISION TO PURCHASE THE NOTES AND OBTAIN INDEPENDENT LEGAL OR TAX ADVISE.

In the following the German text constitutes a non-binding translation of the Terms and Conditions. It does not form part of the Terms and Conditions. The binding language shall be English. The translation has not been approved by the FMA. Further, the FMA did not review its consistency with the original text.

Der folgende deutsche Text ist eine nicht verbindliche Übersetzung der Emissionsbedingungen für die Schuldverschreibungen. Sie ist selbst kein Teil der Emissionsbedingungen. Die verbindliche Sprache ist Englisch. Die Übersetzung wurde nicht von der FMA gebilligt. Auch die Übereinstimmung mit dem englischen Text wurde nicht durch die FMA geprüft.

TERMS AND CONDITIONS OF NOTES

THE RISKS PERTAINING TO THE NOTES IN PARTICULAR DERIVES FROM THE UNDERLYING OF THE NOTES, WHICH BASICALLY MAPS THE PERFORMANCE OF THE “CARDINAL POINT OFFSHORE FUND I LTD” IN CONSIDERATION OF THE CURRENCY HEDGES AND A LEVERAGE OF 17%. THE “CARDINAL POINT OFFSHORE FUND I LTD.” IS A FUND THAT IS ENGAGED IN FINANCIAL TRANSACTIONS OF ALL KINDS OF ENTERPRISES IN THE HIGH-YIELD SEGMENT, BEING ALSO THE HIGH-RISK SEGMENT, IN PARTICULAR IN THE US-DOLLAR CURRENCY AREA. THE PERFORMANCE OF THE FUND IS NOT FORESEEABLE.

EMISSIONSBEDINGUNGEN FÜR SCHULDVERSCHREIBUNGEN

DAS DEN SCHULDVERSCHREIBUNGEN INHÄRENTE RISIKO LEITET SICH INSBESONDERE AUS DEM DEN SCHULDVERSCHREIBUNGEN ZUGRUNDE LIEGENDEN BASISWERT AB, WELCHER IM WESENTLICHEN DIE PERFORMANCE DES „CARDINAL POINT OFFSHORE FUND I. LTD.“ UNTER BERÜCKSICHTIGUNG DER WÄHRUNGSABSICHERUNGSGESCHÄFTE UND EINES HEBELS VON 17% ABBILDET. DER „CARDINAL POINT OFFSHORE FUND I LTD.“ IST EIN FONDS, DER VORWIEGEND IM US-DOLLAR-WÄHRUNGSRAUM DURCH TRANSAKTIONEN MIT FINANZINSTRUMENTEN ALLER ART VON UNTERNEHMEN VORRANGIG IN USD TÄTIG IST, DEREN ANLEIHEN ZUM HOCHZINSESEGMENT UND DAMIT AUCH ZUM HOCHRISIKOSEGMENT ZÄHLEN. DIE WERTENTWICKLUNG DES FONDS IST NICHT VORHERSEHBAR.

DUE TO THE "CARDINAL POINT OFFSHORE FUND I LTD" BEING ENGAGED IN THE US-DOLLAR CURRENCY AREA MAINLY, THE NOTES BEAR AN ADDITIONAL CURRENCY RISK. IN ORDER TO MITIGATE THE CURRENCY RISK FOR NOTEHOLDERS, THE ISSUER WILL ENTER INTO CURRENCY HEDGING ARRANGEMENTS ON A MONTHLY BASIS. A DISADVANTAGE OF SUCH CURRENCY HEDGES IS, THAT THE NOTEHOLDERS WILL NOT BENEFIT FROM ANY POSITIVE PERFORMANCE ARISING FROM CURRENCY FLUCTUATIONS AND CURRENCY HEDGING CAUSE COSTS.

NOTEHOLDERS ARE EXPOSED TO AN ADDITIONAL LEVERAGE RISK DUE TO THE LEVERAGE AND DUE TO THE RIGHT OF THE "CARDINAL POINT OFFSHORE FUND I LTD." TO ENTER INTO LOAN AGREEMENTS IN ORDER TO LEVERAGE ITS INVESTMENTS. AT THE DATE OF THE FIRST ISSUE OF THIS NOTES, THE LEVERAGE OF THE "CARDINAL POINT OFFSHORE FUND I LTD." IN JUNE 2012 WAS APPROXIMATELY 380%, CALCULATED ACCORDING TO THE FORMULA: $\text{TOTAL ASSETS} / \text{NET ASSET VALUE}$ (OF "CARDINAL POINT OFFSHORE FUND I LTD.")

THE "CARDINAL POINT OFFSHORE FUND I LTD." MAY ALSO ENGAGE IN SHORT SALES. SUCH TRANSACTIONS EXPOSE THE "CARDINAL POINT OFFSHORE FUND I LTD." TO THE RISK OF LOSSES HIGHER THAN THE INITIAL INVESTMENT, AND SUCH LOSSES CAN INCREASE RAPIDLY. THERE IS THE RISK THAT THE SECURITIES BORROWED BY THE "CARDINAL POINT OFFSHORE FUND I LTD." IN CONNECTION WITH A SHORT SALE WOULD NEED TO BE RETURNED TO THE SECURITIES LENDER AT SHORT NOTICE. IF SUCH REQUEST FOR RETURN OF SECURITIES OCCURS AT A TIME WHEN OTHER SHORT SELLERS OF THE SUBJECT SECURITY ARE RECEIVING SIMILAR REQUESTS, A "SHORT SQUEEZE" CAN OCCUR, WHEREIN THE

DA DER "CARDINAL POINT OFFSHORE FUND I LTD." DERZEIT VORWIEGEND IM US-DOLLAR WÄHRUNGSRaum TÄTIG IST, IST DIE ANLAGE IN DIE SCHULDVERSCHREIBUNGEN ZUSÄTZLICH MIT EINEM WÄHRUNGSRISIKO BEHAFTET. UM DIESES WÄHRUNGSRISIKO FÜR DIE SCHULDVERSCHREIBUNGSIHABER ZU VERRINGERN, WIRD DIE EMITTENTIN MONATLICH WÄHRUNGSHEDGES ABSCHLIESSEN. EIN NACHTEIL DIESER WÄHRUNGSHEDGES IST JEDOCH, DASS DIE SCHULDVERSCHREIBUNGSIHABER AN ETWAIGEN WÄHRUNGSSCHWANKUNGSBEDINGTEN KURSGEWINNEN NICHT TEILHABEN UND DIE WÄHRUNGSABSICHERUNGEN MIT KOSTEN VERBUNDEN SIND.

DIE SCHULDVERSCHREIBUNGSIHABER UNTERLIEGEN DURCH DEN HEBEL SOWIE DES RECHTS DES "CARDINAL POINT OFFSHORE FUND I LTD." SELBST KREDITE AUFZUNEHMEN UM DIE INVESTMENTS ZU HEBELN, EINEM ERHÖHTEN RISIKO. ZUM ZEITPUNKT DER ERSTEMISSION DER SCHULDVERSCHREIBUNGEN IM JUNI 2012 BETRUG DER HEBEL DES "CARDINAL POINT OFFSHORE FUND I LTD." CA. 380%, GERECHNET NACH DER FORMEL: $\text{TOTAL ASSETS} / \text{NET ASSET VALUE}$ (DES „CARDINAL POINT OFFSHORE FUND I LTD.“)

DER "CARDINAL POINT OFFSHORE FUND I LTD." KANN ZUSÄTZLICH LEERVERKÄUFE TÄTIGEN. SOLCHE GESCHÄFTE KÖNNEN DEN "CARDINAL POINT OFFSHORE FUND I LTD." EINEM VERLUSTRISIKO AUSSETZEN, DAS GRÖßER IST ALS DAS URSPRÜNGLICHE INVESTMENT, UND DIESE VERLUSTE KÖNNEN SCHNELL ANWACHSEN. ES BESTEHT DAS RISIKO, DASS DIE GELIEHENE WERTPAPIERE, DIE DER "CARDINAL POINT OFFSHORE FUND I LTD." IM ZUSAMMENHANG MIT EINEM LEERVERKAUF ERWORBEN HAT, KURZFRISTIG ZURÜCKGEGEBEN WERDEN MÜSSEN. FALLS EINE SOLCHE AUFFORDERUNG ZU EINEM ZEITPUNKT KOMMT, ZU DEM AUCH ANDERE LEERVERKÄUFER DES BETREFFENDEN WERTPAPIERS SOLCHE

“CARDINAL POINT OFFSHORE FUND I LTD.” MIGHT BE COMPELLED, AT THE MOST DISADVANTAGEOUS TIME, TO REPLACE BORROWED SECURITIES PREVIOUSLY SOLD SHORT WITH PURCHASES ON THE OPEN MARKET, POSSIBLY AT PRICES SIGNIFICANTLY IN EXCESS OF THE PROCEEDS RECEIVED EARLIER.

THE LIQUIDITY OF THE NOTES IS EXTREMELY CONSTRAINED, IN PARTICULAR BECAUSE SUBSCRIPTION AND REDEMPTION ARE ONLY POSSIBLE AT PREDEFINED DATES. IN ADDITION, IT IS NOT CLEAR WHETHER A LIQUID SECONDARY MARKET IN THE TRADING OF THE NOTES MAY DEVELOP DUE TO THE LACK OF ANY TRADING PLATFORM FOR THE NOTES.

THE NOTES ARE LINKED TO THE PERFORMANCE OF THE CARDINAL POINT OFFSHORE FUND I LTD., AND THEREFORE ECONOMICALLY REPRESENT A HEDGE FUND. ACCORDINGLY, THE INVESTMENT IN THESE NOTES CARRIES A HIGH DEGREE OF RISK.

THE ISSUER IS CONNECTED TO THE “CARDINAL POINT OFFSHORE FUND I LTD.” BY TWO MEANS: FIRST, THE ISSUER IS A MINOR SHAREHOLDER OF THE SHARES OF THE MANAGEMENT COMPANY (CARDINAL POINT CAPITAL LLC.) OF THE “CARDINAL POINT OFFSHORE FUND I LTD.”. SECOND, AN EMPLOYEE OF THE ISSUER IS ALSO EMPLOYED BY THE MANAGEMENT COMPANY, WORKING AS ONE OF ITS PORTFOLIO MANAGERS. THE EMPLOYEE EXAMINES INVESTMENT OPPORTUNITIES FOR THE FUND AND MAY SUGGEST SUCH INVESTMENT OPPORTUNITIES TO THE INVESTMENT COMMITTEE OF THE FUND MANAGER. HOWEVER, THE EMPLOYEE IS NOT PART OF THE INVESTMENT COMMITTEE OF THE MANAGEMENT COMPANY OF THE FUND AND THEREFORE IS NOT

AUFFORDERUNGEN ERHALTEN, KÖNNTE DER “CARDINAL POINT OFFSHORE FUND I LTD.” WEGEN EINES „LEERVERKAUF-DRUCKS“ GEZWUNGEN SEIN, ZUM UNGÜNSTIGSTEN ZEITPUNKT DIE ZUVOR GELIEHENEN UND LEERVERKAUFTEN WERTPAPIERE MIT KÄUFEN AUF DEM FREIEN MARKT ZU ERSETZEN, MÖGLICHERWEISE ZU PREISEN DIE WEIT ÜBER DEN ZUVOR ERHALTENEN VERKAUFSERLÖSEN LIEGEN.

DIE SCHULDVERSCHREIBUNGSINHABER WERDEN DARAUFGEWIESEN, DASS DIE LIQUIDITÄT DER SCHULDVERSCHREIBUNGEN SEHR EINGESCHRÄNKT IST, INSBESONDERE DA ZEICHNUNG UND RÜCKGABE NUR ZU VORDEFINIERTEN ZEITPUNKTEN MÖGLICH SIND. ES IST AUCH UNGEWISS, OB SICH EIN LIQUIDER SEKUNDARMARKT ENTWICKELN WIRD, INSBESONDERE MANGELS BÖRSENOTIERUNG DER SCHULDVERSCHREIBUNGEN.

DIE SCHULDVERSCHREIBUNGEN SIND AN DIE WERTENTWICKLUNG DES CARDINAL POINT OFFSHORE FUND I LTD GEKNÜPFT UND REPRÄSENTIEREN DAMIT WIRTSCHAFTLICH EINEN HEDGE FONDS. EIN INVESTMENT IN DIESE SCHULDVERSCHREIBUNGEN IST DAHER SEHR RISKANT.

DIE EMITTENTIN IST IN ZWEIFACHER HINSICHT MIT DEM “CARDINAL POINT OFFSHORE FUND I LTD.” VERBUNDEN: ERSTENS IST DIE EMITTENTIN MINDERHEITSAKTIONÄR AN DER MANAGEMENTGESELLSCHAFT (CARDINAL POINT CAPITAL LLC.) DER “CARDINAL POINT OFFSHORE FUND I LTD.”. ZWEITENS IST EIN ANGESTELLTER DER EMITTENTIN AUCH BEI DER MANAGEMENTGESELLSCHAFT BESCHÄFTIGT UND ARBEITET ALS EINER VON DEREN PORTFOLIOMANAGER. DER ANGESTELLTE EVALUIERT INVESTITIONSMÖGLICHKEITEN UND KANN DIESE DEM INVESTITIONSKOMITEE DES FONDSMANAGERS VORSCHLAGEN. DER ANGESTELLTE IST ABER NICHT MITGLIED DES INVESTITIONSKOMITEES DER MANAGEMENTGESELLSCHAFT UND KANN DAHER

ENTITLED TO (CO-) DECIDE ON INVESTMENTS
ENTERED INTO BY THE FUND.

ÜBER INVESTMENTS DES FONDS NICHT (MIT-
)ENTSCHEIDEN.

§ 1 Issue, Subscription Period, Form of Offer and of Deposit as well as Definitions

1.1 Notes ("**Notes**") are issued in bearer form by Capital Bank - Grawe Gruppe AG with its corporate seat in Graz (the "**Issuer**") in the aggregate amount or in the aggregate amount of 470.000 units (equaling a total nominal amount of EUR 47.000.000,00) in Euros (the "**Specified Currency**") as stated in these terms and conditions ("**Terms and Conditions**") of Notes whereby each Note shall be in the specified denomination of EUR 100 per Note (the "**Specified Denomination**"). The issue is a permanent issue, the total volume of which has not been determined yet. The Notes have the ISI-Number AT000B110119.

1.2 The Notes will be publicly offered from 22 June 2012 by way of a permanent issue with an open-end (unlimited) Subscription Period whereby the Notes will be issued for the first time on 22 June 2012 and are to be paid by the Noteholders for the first time on 28 June 2012 (the "**First Value Date**"). The term of the Notes begins on 28 June 2012 (the "**Issue Date**"). Additional issues

§ 1 Emission, Zeichnungsfrist, Form des Angebotes und der Hinterlegung sowie Definitionen

1.1 Die Capital Bank - Grawe Gruppe AG mit dem Sitz in Graz (die "**Emittentin**") begibt die Schuldverschreibungen ("**Schuldverschreibungen**") als auf den Inhaber lautende Schuldverschreibungen mit einer Gesamtstückzahl bis zu 470.000 Stück (entsprechend einem Gesamtnennbetrag bzw. mit einem Gesamtemissionsvolumen von EUR 47,000,000) in Euro (die "**Festgelegte Währung**") wie in diesen Emissionsbedingungen festgelegt (die "**Emissionsbedingungen**") wobei jede Schuldverschreibung auf einen Nennbetrag von je EUR 100 lautet (der "**Festgelegte Nennbetrag**"). Die Emission ist eine Daueremission, deren Gesamtvolumen derzeit nicht feststeht. Die Schuldverschreibungen haben die ISI-Nummer AT000B110119.

1.2 Die Schuldverschreibungen werden ab dem 22. Juni 2012 in Form einer Daueremission mit offener (unbegrenzter) Zeichnungsfrist öffentlich angeboten, wobei die Schuldverschreibungen erstmals zum 22. Juni 2012 begeben werden und erstmals zum 28. Juni 2012 (der "**Erstvalutatag**") von den Schuldverschreibungsinhabern zu zahlen sind. Laufzeitbeginn der Schuldverschreibungen ist der 28.

may take place as of the end of each calendar month upon respective demand, whereby the Issuer reserves its right to refrain from particular issues at any time without cause. The Issuer shall have the right to close on this issue at any time without cause.

Juni 2012 (der **“Laufzeitbeginn”**). Die weiteren Begebungen finden bei entsprechender Nachfrage zum Ende eines Kalendermonats nach freiem Ermessen der Emittentin statt, wobei die Emittentin das Recht hat, ohne Angabe von Gründen jederzeit von einzelnen Begebungen abzusehen. Die Emittentin ist berechtigt, ohne Angabe von Gründen und zu jeder Zeit diese Emission vorzeitig zu schließen.

1.3 The Notes are represented by one or more Global Note(s), which bear the signatures of the Issuer's authorised representatives, (the **“Global Note”**) and which is/are deposited with Oesterreichische Kontrollbank AG¹ (the **“Depository Bank”**). No single Notes' certificates will be issued. The Global Note will be held in custody by or on behalf of the Depository Bank until all obligations of the Issuer under the Notes have been satisfied. The Issuer shall have the right to appoint a new Depository Bank at any time and to deposit the Global Note with it.

1.3 Die Schuldverschreibungen werden in einer oder mehreren Sammelurkunde(n), die die firmenmäßige Zeichnung der Emittentin trägt, (die **“Sammelurkunde”**) verbrieft, die bei der Oesterreichischen Kontrollbank AG² (die **“Depotbank”**) hinterlegt wird/werden. Der Anspruch auf Einzelverbriefung ist ausgeschlossen. Die Sammelurkunde wird bei der Depotbank solange verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen getilgt sind. Die Emittentin ist jederzeit berechtigt, eine neue Depotbank zu benennen und dort die Sammelurkunde zu hinterlegen.

1.4 Additional Definitions:

“Net Asset Value”: The Net Asset Value of the Notes as price per unit

1.4 Weitere Begriffsbestimmungen:

„Nettoinventarwert“: Der Nettoinventarwert

¹ Seit 2018 ist die Hinterlegungsstelle in Österreich die OeKB CSD GmbH.

². Since 2018, the depository in Austria has been OeKB CSD GmbH.

derive from the changes in the net asset value of the Cardinal Point Offshore Fund I Ltd, as disclosed to the Issuer, starting from the net asset value as of 30.06.2014, under consideration of the Currency Hedges, a leverage of 17% and subject to deduction of costs according to par 5 at the Calculation Day, divided through the number of issued and outstanding Notes at the Calculation Day according to the following formula:

$$\text{NAV new} = \text{NAV}_{t-1} \cdot (1 + \text{FPF}) + [(\text{Leverage} \cdot \text{FPF}) + \text{HedgeResult} - \text{Costs}] / n$$

Valuation is made according to the currency rate EUR/USD on the Calculation Day.

NAV new: current net asset value of the Notes / n.

NAV_{t-1}: Net asset value of Notes as of the previous Calculation Day / n.

FPF: Changes in the net asset value of the Cardinal Point Offshore Fund I Ltd. since the last Calculation Day under consideration of the Currency Hedges.

Leverage: AN t-1*0,17

Costs: Leverage*(EUR 1-Months Euribor + 5/8% p.a.)/12 + Structuring Fee.

Structuring Fee: 0,5 % p.a. calculated from the net asset value of the underlying, payable monthly

n: Issued units of Notes.

Schuldverschreibungen als Kurs je Stück ergibt sich durch die Wertveränderung des Nettoinventarwerts (NAV) des Cardinal Point Offshore Fund I Ltd., wie er der Emittentin bekannt gegeben wird, ausgehend vom NAV am 30.06.2014, unter Berücksichtigung der Währungsabsicherungsgeschäfte, eines Hebels von 17% und unter Abzug der Kosten gemäß § 5 der Emissionsbedingungen, dividiert durch die Anzahl der ausgegebenen und noch aushaftenden Schuldverschreibungen gemäß folgender Formel:

$$\text{NAV new} = \text{NAV}_{t-1} \cdot (1 + \text{FPF}) + [(\text{Leverage} \cdot \text{FPF}) + \text{HedgeResult} - \text{Costs}] / n$$

Die Bewertung erfolgt mit dem jeweiligen Fremdwährungskurs EUR/USD zum Berechnungstag.

NAV new: aktueller Nettoinventarwert der Schuldverschreibungen / n.

NAV_{t-1}: Nettoinventarwert der Schuldverschreibungen zum letzten Berechnungstag / n.

FPF: Wertveränderung im NAV des Cardinal Point Offshore Fund I Ltd. seit dem letzten Berechnungstag nach Berücksichtigung der Währungsabsicherungsgeschäfte.

Leverage: AN t-1*0,17.

Costs: Leverage*(EUR 1-Months Euribor + 5/8% p.a.)/12 + Strukturierungsgebühr.

Strukturierungsgebühr: 0,5 % p.a. vom Nettovermögenswert des Basiswerts, zahlbar monatlich.

n: Anzahl emittierter Zertifikate.

AN t-1: Emissionsvolumen der

AN t-1: Issue Volume of Notes as of the previous Calculation Day.

HedgeResult: Result of the last Currency Hedge.

“Calculation Day”: The last calendar day of a calendar month; in case of redemptions the last calendar day of a calendar quarter. If such day is not a business day in the USA, the immediate business day prior to such day shall be the calculation day.

"Noteholders" shall mean any noteholder.

The **"Maturity Date"** shall be defined as follows: The Notes are issued for an indefinite period of time. The Maturity Date therefore is the Issuer's redemption date according to point 4.4 as chosen by the Issuer.

The **"Redemption Amount"** shall be determined by the calculation agent as follows: units x Net Asset Value. Payments to Noteholders will only be performed if and to the extent that the Issuer has received funds from "Cardinal Point Offshore Fund I Ltd."

There is a **"Gross up Event"**, if since the date of the issue of the Notes newly implemented laws or changes in the interpretation of laws that were already in place at the time of the issue of the Notes

Schuldverschreibungen zum letzten Berechnungstag.

HedgeResult: Ergebnis des letzten Währungsabsicherungsgeschäfts.

„Berechnungstag“: Der jeweils letzte Kalendertag eines Kalendermonats; für Rückzahlungen jedoch der letzte Kalendertag eines Kalenderquartals. Wenn der so ermittelte Tag auf einen Tag fällt, der kein Bankarbeitstag in den USA ist, so verschiebt sich der Berechnungstag auf den unmittelbar vorhergehenden Bankarbeitstag in den USA.

"Schuldverschreibungsinhaber" bezeichnet jeden Inhaber von Schuldverschreibungen.

Der **"Endfälligkeitstag"** ist wie folgt definiert: Die Schuldverschreibungen sind auf unbestimmte Zeit begeben. Der Endfälligkeitstag ist daher der von der Emittentin gewählte Emittentenkündigungs-Rückzahlungstag gemäß Punkt 4.4.

Der **"Rückzahlungsbetrag"** wird von der Berechnungsstelle wie folgt berechnet: Stücke x Net Asset Value. Zahlungen an Schuldverschreibungsinhaber werden nur geleistet, insoweit und bis zu der Höhe als die Emittentin selbst Zahlungen von der "Cardinal Point Offshore Fund I Ltd." erhalten hat.

Ein **"Gross up Ereignis"** liegt vor, wenn durch nach Begebung der Schuldverschreibungen neu eingeführte Rechtsvorschriften oder durch Änderung der Anwendung der zum Zeitpunkt der Begebung bereits

(in particular, with respect to taxes, fees or other (stamp) duties) trigger or will trigger additional payment obligations for the Issuer in connection with the Notes.

“Currency Hedges” shall mean that the Issuer will, on a monthly basis according to the respective net asset value of the “Cardinal Point Offshore Fund I Ltd.”, conclude forward transactions in USD/EUR in order to mitigate the currency risk arising from the “Cardinal Point Offshore Fund I Ltd.” securities.

bestehenden Rechtsvorschriften (insbesondere zu Steuern, Abgaben oder Gebühren) eine zusätzliche Zahlungsverpflichtung der Emittentin im Zusammenhang mit der Schuldverschreibung entsteht oder entstehen wird.

„Währungsabsicherungsgeschäfte“
„Bedeutet, dass die Emittentin zur Verringerung des Währungsrisikos der Anknüpfung im Basiswert an die „Cardinal Point Offshore Fund I Ltd.“ Wertpapiere USD/EUR auf monatlicher Basis anhand des jeweiligen NAV des “Cardinal Point Offshore Fund I Ltd.” Forward-Geschäfte zur Währungsabsicherung abschließen wird.

§ 2 Status and Issue Value(s) and Issue Price(s)

2.1 The Notes constitute direct, unconditional, unsubordinated obligations of the Issuer, which rank *pari passu* among themselves. The obligations under the Notes rank *pari passu* among all other unsecured outstanding obligations except for subordinated obligations.

2.2 The initial issue value as at 21.06.2012 was EUR 100. The issue values for issues after the initial issue shall be determined and adjusted from time to time by the Issuer in accordance with the following calculation formula: Net Asset Value. The initial issue price

§ 2 Status und Rang sowie Ausgabekurs und -preis

2.1 Die Schuldverschreibungen begründen direkte, unbedingte, nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander im gleichen Rang stehen. Die Verpflichtungen aus den Schuldverschreibungen sind mit allen anderen unbesicherten ausstehenden Verbindlichkeiten der Emittentin, mit Ausnahme von nachrangigen Verbindlichkeiten, gleichrangig.

2.2 Der Erstausgabekurs zum 21.06.2012 betrug EUR 100. Die Ausgabekurse für die der Erstausgabe folgenden Ausgaben werden von der Emittentin wie folgt festgelegt: Net Asset Value. Der Erstausgabepreis entspricht dem Erstausgabekurs zuzüglich Ausgabeaufschlag von 5%. Die

corresponds to the initial issue value plus a premium of 5%. The further issue prices for issues following the initial issue correspond to the respective issue value plus a premium of 5%.

Ausgabepreise für die der Erstausgabe folgenden Ausgaben entsprechen dem jeweiligen Ausgabekurs zuzüglich eines Aufschlages von 5%

§ 3 Interest

The Notes are bearing no interest throughout their entire term.

§ 3 Verzinsung

Die Schuldverschreibungen weisen während ihrer gesamten Laufzeit keine laufende Verzinsung auf.

§ 4 Redemption on Maturity

4.1 The Noteholders shall not be entitled to request the early redemption of the Notes from the Issuer, unless explicitly provided for otherwise below. Reference is made to § 6.

4.2 Unless previously redeemed in part or in whole, the Notes shall be redeemed at their Redemption Amount on the Maturity Date.

If at the Calculation Day the value of the underlying or of the reference assets, respectively, cannot be determined by the calculation agent for whatever reason, the following shall apply: The Calculation Day will, in case of market disruptions, be postponed to the next banking day at which an arithmetic or factual evening-up or liquidation of all assets and trading positions as well as the calculation

§ 4 Rückzahlung bei Endfälligkeit

4.1 Die Schuldverschreibungsinhaber sind nicht berechtigt, von der Emittentin eine vorzeitige Rückzahlung der Schuldverschreibungen zu verlangen, soweit im Folgenden nicht ausdrücklich anderes geregelt ist. Auf die Bestimmung des § 6 wird verwiesen.

4.2 Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am Endfälligkeitstag zurückgezahlt.

Sollte/n zum Berechnungstag der Basiswert bzw die dem Basiswert zugrunde liegenden Werte aus welchen Gründen auch immer von der Berechnungsstelle nicht ermittelt werden können, gilt folgendes: Der Berechnungstag wird bei Vorliegen von Marktstörungen auf den nächstfolgenden Bankarbeitstag, an dem die rechnerische oder tatsächliche Glattstellung bzw. Liquidation aller Vermögenswerte und

of the redemption amount regarding the Underlying can be performed. As soon as an evening-up or liquidation of all assets of the underlying have been concluded, the redemption amount will be computed and be paid to Noteholders two banking days after the calculation of the redemption amount

Handelspositionen und die Berechnung des Rückzahlungsbetrages betreffend den Basiswert durchgeführt werden können, verschoben. Sobald die Glattstellung bzw. die Liquidation aller Vermögenswerte betreffend den Basiswert durchgeführt worden ist, wird der Rückzahlungsbetrag berechnet und zwei Bankarbeitstage nach der Berechnung des Rückzahlungsbetrages zur Auszahlung gebracht.

The Issuer does not assume any liability in connection with any delay in the calculation or payment of the redemption amount in cases when acting not in negligence or for cases outside the sphere of the Issuer.

Die Emittentin übernimmt keine Haftung für nicht durch sie verschuldete oder in ihrer Sphäre liegende Verzögerungen bei der Berechnung bzw. Auszahlung des Rückzahlungsbetrages.

(b) Right of the Issuer to early redemption because of certain events

(b) Recht der Emittentin auf vorzeitige Rückzahlung aufgrund bestimmter Ereignisse

4.3 If after the issue of the Notes a Gross up Event occurs, the Issuer shall have the right to redeem the Notes (in whole but not in part) by notification to the Noteholders pursuant to § 12 subject to a term of not less than 30 and not more than 60 days and at the Net Asset Value.

4.3 Sofern nach der Begebung der Schuldverschreibungen ein Gross up Ereignis eintritt, ist die Emittentin berechtigt, die Schuldverschreibungen (insgesamt und nicht in Teilbeträgen) durch Bekanntmachung an die Schuldverschreibungsinhaber gemäß § 12 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Tagen zum Net Asste Value zu kündigen.

(c) Right of the Issuer to early redemption without any specific events

(c) Recht der Emittentin auf vorzeitige Rückzahlung ohne besondere Ereignisse

4.4 The Issuer may redeem the Notes

4.4 Die Emittentin kann nach ordentlicher

pursuant to occasions as set out below by giving notice of 120 calendar days in whole but not only in part on the Issuer's Redemption Date(s) at the Issuer's Redemption Amount(s), as stated below, together with (exclusively) any interest accrued thereupon, if any, until the Issuer's Redemption Date (excluding).

“Issuer's Redemption Date(s)”: Every 20th of January, April, July and October of a calendar year, starting with 20th of July 2015

“Issuer's Redemption Amount(s)”: Net Asset Value. Payments to Noteholders will only be performed if and to the extent that the Issuer has received funds from “Cardinal Point Offshore Fund I Ltd.”

§ 5 Costs

- Structuring fee: 0,5 % p.a. calculated from the net asset value of the Underlying, payable monthly
- Hedging costs: costs for Currency Hedges at arm's length conditions for interbank transactions
- Costs of the leverage: 1-MON EUR + 5/8 % p.a. in relation to the outstanding issue volume.

Kündigung zu unten stehenden Anlässen unter Einhaltung einer Frist von 120 Kalendertagen die Schuldverschreibungen insgesamt jedoch nicht nur teilweise am/an den Emittentenkündigungs-Rückzahlungstag(en) zum/zu den Emittentenkündigungs-Rückzahlungsbetrag/-beträgen, wie nachstehend angegeben, nebst etwaigen bis zum Emittentenkündigungs-Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen, rüchlösen.

„Emittentenkündigungs-Rückzahlungstag(e)“: Jeweils der 20. Jänner, April, Juli und Oktober eines jeden Jahres, beginnend mit 20.Juli 2015

„Emittentenkündigungs-Rückzahlungsbetrag / -beträge“: Net Asset Value. Zahlungen an Schuldverschreibungsinhaber werden nur geleistet, insoweit und bis zu der Höhe als die Emittentin selbst Zahlungen von der “Cardinal Point Offshore Fund I Ltd.” erhalten hat

§ 5 Kosten

- Strukturierungsgebühr: 0,5 % p.a. vom Nettovermögenswert des Basiswerts, zahlbar monatlich
- Hedging Kosten: Kosten für die Währungsabsicherungsgeschäfte in marktüblicher Höhe für Interbankengeschäfte
- Kosten des Hebels: 1-MON EUR + 5/8% p.a. bezogen auf das

Emissionsvolumen.

§ 6 Repurchase

6.1 The Issuer is entitled to repurchase the Notes on the market at any time and at any price. Such repurchased Notes may be cancelled, held or resold by the Issuer.

6.2 The Issuer shall provide quotations for the repurchase of the Notes during the term of the Notes. If as of the end of any calendar quarter, redemption requests received by Cardinal Point Offshore Fund I Ltd. represent, in aggregate, more than 20 per cent of the net asset value of Cardinal Point Offshore Fund I Ltd., the number of common shares permitted to be redeemed by each shareholder³ will be reduced by Cardinal Point Offshore Fund I Ltd on a pro rata basis, so that the value of common shares redeemed on that date will not represent more than 20 per cent of the net asset value of Cardinal Point Offshore Fund I Ltd. In such cases, the Issuer will reduce the repurchase from Noteholders accordingly. The repurchase of Notes shall take place in each case on every 20th of January, April, July and October of a calendar

§ 6 Rückkauf

6.1 Die Emittentin kann jederzeit Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis kaufen. Derartig erworbene Schuldverschreibungen können eingezogen, gehalten oder wieder veräußert werden.

6.2 Die Emittentin wird während der gesamten Laufzeit Kurse für den Rückkauf der Schuldverschreibungen stellen. Falls am Ende eines Kalenderquartals beim Cardinal Point Offshore Fund I Ltd. Rücknahmeanträge vorliegen, die in Summe mehr als 20 Prozent des net asset value des „Cardinal Point Offshore Fund I Ltd.“ ausmachen, wird die Anzahl an zurückgenommenen Aktien jedes Aktionärs⁴ anteilmäßig gekürzt, sodass die tatsächliche Anzahl an Rücknahmen von Aktien nicht mehr als 20 Prozent des net asset value des „Cardinal Point Offshore Fund I Ltd.“ ausmacht. In solchen Fällen werden die Rücknahmen von Schuldverschreibungsinhabern von der Emittentin anteilmäßig gekürzt. Der Rückkauf von Schuldverschreibungen erfolgt jeweils zum 20. Jänner, April, Juli und Oktober eines jeden Jahres

³ This refers to the shares in Cardinal Point Offshore Fund I Ltd. which are held by the Issuer.

⁴ Gemeint sind hier die Anteile (engl. shares) am Cardinal Point Offshore Fund I Ltd., welche von der Emittentin gehalten werden.

year subject to compliance with the notice period of 120 calendar days prior to the respective repurchase date to the extent indicated in the request for redemption. The first repurchase request may only be made after one calendar year from the purchase date elapsed. The repurchase price offered by the Issuer shall be determined as follows: Net Asset Value, Payments to Noteholders will only be performed if and to the extent that the Issuer has received funds from "Cardinal Point Offshore Fund I Ltd.". In case of Market Disruption Events pursuant to § 7.6 no repurchase by the Issuer shall be made. The repurchase shall only be resumed if all Market Disruption Events have ceased to exist.

vorbehaltlich der Einhaltung einer Benachrichtigungsfrist des jeweils rückverkaufswilligen Schuldverschreibungsinhaber an die Emittentin von 120 Kalendertagen vor dem jeweiligen Rückkaufstermin in dem im Rückkaufantrag genannten Ausmaß. Der erste Rückkaufantrag kann erst nach Ablauf eines Kalenderjahrs ab Kaufdatum erfolgen. Der von der Emittentin angebotene Rückkaufspreis berechnet sich wie folgt: Net Asset Value. Zahlungen an Schuldverschreibungsinhaber werden nur geleistet, insoweit und bis zu der Höhe als die Emittentin selbst Zahlungen von der "Cardinal Point Offshore Fund I Ltd." erhalten hat. Bei Vorliegen von Marktstörungsgründen gemäß §7.6 erfolgt kein Rückkauf durch die Emittentin. Dieser wird erst ab vollständigem Wegfall aller Marktstörungsgründe aufgenommen.

§ 7 Payments

7.1 Principal and yield payments with respect to the Notes shall be made to the account of the respective Depository Bank for transfer to the Noteholders.

7.2 Subject to applicable tax and other laws and regulations any payments to the Noteholders shall be made in a freely tradeable and convertible currency, which on the respective Maturity Date is the currency of the country of the Specified Currency. If a payment cannot be made in the Specified Currency, the Issuer shall, at its reasonable discretion, choose a

§ 7 Zahlungen

7.1 Die Zahlung von Kapital und Erträgen auf die Schuldverschreibungen erfolgt auf das Konto der jeweiligen Depotbank zur Weiterleitung an die Schuldverschreibungsinhaber.

7.2 Vorbehaltlich geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen zu leistende Zahlungen auf die Schuldverschreibungen in der frei handelbaren und konvertierbaren Währung, die am entsprechenden Fälligkeitstag die Währung des Staates der Festgelegten Währung ist. Sollte eine Zahlung in der Festgelegten Währung nicht möglich sein, wird die Emittentin nach billigem

	substitute currency.		Ermessen eine Währung auswählen.
7.3	The payment to the respective Depository Bank or to its behalf shall release the Issuer from any of its payment obligations in connection with the Notes.	7.3	Die Emittentin wird durch Leistung der Zahlung an die jeweilige Depotbank oder zu deren Gunsten von ihrer Zahlungspflicht in Zusammenhang mit den Schuldverschreibungen befreit.
7.4	Payments of the Issuer to the Noteholders shall be made within three Banking Days from the Maturity Date at the latest, without any default interest being triggered. Banking Days with respect to these Notes shall mean any banking days in Austria.	7.4	Zahlungen der Emittentin an die Schuldverschreibungsinhaber haben spätestens binnen drei Bankarbeitstagen ab dem Fälligkeitstag zu erfolgen, ohne dass Verzugszinsen anfallen. Bankarbeitstage im Sinne dieser Schuldverschreibungen sind Bankarbeitstage in Österreich.
7.5	In case of a late payment not attributable to the Issuer the Noteholders are not entitled to default interest. Default interest shall be 4% p.a.	7.5	Im Falle eines unverschuldeten Zahlungsverzuges durch die Emittentin haben die Schuldverschreibungsinhaber keinen Anspruch auf Verzugszinsen. Verzugszinsen betragen 4% p.a.
7.6	If the Issuer cannot make payments when due because the underlying of the Notes cannot be determined (e.g. because the necessary data has not been made available or submitted to the Issuer or the realisation or liquidation of the components comprised in the underlyings is not possible) or because the Issuer has not (yet) obtained payments from a hedge in the underlying or in the reference assets, of which the underlying is composed and/or which represent the underlying, (all together " Market Disruption Events "), and provided further that the Issuer did not guarantee the due payments explicitly in these Notes as	7.6	Sollte der Emittentin eine Zahlung bei Fälligkeit ohne Verschulden nicht möglich sein, weil der den Schuldverschreibungen zu Grunde liegende Basiswert nicht feststellbar ist (bspw weil die erforderlichen Daten der Emittentin nicht zur Verfügung stehen bzw gestellt werden oder die Glattstellung bzw Liquidation der dem Basiswert zugrunde liegenden Positionen nicht möglich ist) oder weil die Emittentin die Beträge aus einer Absicherung in dem Basiswert oder in die dem Basiswert zugrunde liegenden bzw diesen abbildenden Werte selbst nicht oder noch nicht erhalten hat, (alle zusammen " Marktstörungsgründe ") und hat die Emittentin die fälligen Zahlungen nicht

minimum (payment) amounts, the Maturity Date shall be the third following Banking Day, on which the Calculation Agent can determine the underlying (in particular because the Calculation Agent has received the necessary data and the realisation and liquidation of the reference assets, of which the underlying is composed of, is possible), on which the Issuer has received the amounts to from a hedge in the underlying or in the reference assets, of which the underlying is composed of or which represent the underlying).

§ 8 Taxes

All taxes, fees and public charges in connection with the issue of the Notes, and the payment of principal and/or interest to the Noteholders, shall be deducted by the Issuer pursuant to applicable provisions. In case that the amounts to be deducted by the Issuer have been miscalculated by the Issuer and/or by the Calculation Agent, respectively, the Issuer shall be entitled to demand the repayment of the overpaid amounts from the Noteholders who received such overpaid amounts or from their legal successors or assignees, including market standard interest accrued thereon.

ausdrücklich in diesen Schuldverschreibungen in Form von Mindest(rückzahlungs)beträgen garantiert, so verschiebt sich die Zahlungspflicht auf den drittfolgenden Bankarbeitstag, an dem der Berechnungsstelle die Feststellung des Basiswerts möglich ist (insbesondere weil der Berechnungsstelle die erforderlichen Daten zur Verfügung stehen bzw gestellt werden und die Glattstellung bzw Liquidation der dem Basiswert zugrunde liegenden Positionen möglich ist) und an dem der Emittentin die Beträge aus einer Absicherung in dem Basiswert und/oder in die dem Basiswert zugrunde liegenden bzw diesen abbildenden Werte zugegangen sind).

§ 8 Steuern

Alle Steuern, Gebühren und Abgaben, die im Zusammenhang mit der Emission der Schuldverschreibungen und der Auszahlung von Kapital und/oder Zinsen an die Schuldverschreibungsinhaber anfallen, werden von der Emittentin nach den anwendbaren Bestimmungen abgezogen. Sollten die von der Emittentin abzuziehenden Beträge von dieser bzw der Berechnungsstelle zu niedrig berechnet worden sein, ist die Emittentin berechtigt, von den Schuldverschreibungsinhabern, denen die überhöhten Beträge ausgezahlt wurden oder deren Rechtsnachfolgern, samt darauf zwischenzeitig angefallener marktüblicher Zinsen

zurückzuverlangen.

§ 9 Limitation

9.1 Claims for payment in respect of interest shall be time-barred three years after the due date.

9.2 Claims for payment of the principal shall be time-barred within ten years after the due date, unless the law provides for shorter limitation periods.

§ 9 Verjährung

9.1 Ansprüche auf Auszahlung der Zinsbeträge verjähren drei Jahre nach dem Fälligkeitstermin.

9.2 Ansprüche im Zusammenhang mit der Zahlung von Kapital verjähren, soweit gesetzlich nicht kürzere Verjährungsfristen zur Anwendung gelangen, nach zehn Jahren nach dem Fälligkeitstermin.

§ 10 Paying and Calculation Agent

10.1 "**Paying Agent**" shall be Capital Bank - GRAWE Gruppe AG.

10.2 "**Calculation Agent**" shall be Capital Bank - GRAWE Gruppe AG.

10.3 The Issuer shall be entitled to amend or cancel the appointment of the Paying and/or Calculation Agents at any time and to appoint additional Paying Agents and/or Calculation Agents. Any changes regarding the Paying and/or Calculation Agents shall be published without undue delay pursuant to § 12. Any Paying and/or Calculation Agent appointed will be a credit institution licensed to carry out the respective activities in Austria.

§ 10 Zahl- und Berechnungsstelle

10.1 Als „**Zahlstelle**“ fungiert die Capital Bank - GRAWE Gruppe AG

10.2 Als „**Berechnungsstelle**“ fungiert die Capital Bank - GRAWE Gruppe AG.

10.3 Die Emittentin behält sich das Recht vor, die Ernennung der Zahl- und/oder der Berechnungsstelle jederzeit anders zu regeln oder zu beenden und eine andere oder eine zusätzliche Zahl- und/oder der Berechnungsstelle zu ernennen. Bekanntmachungen hinsichtlich aller Veränderungen im Hinblick auf die Zahl- und/oder Berechnungsstelle erfolgen von der Emittentin unverzüglich gemäß § 12. Jede ernannte Zahl- oder Berechnungsstelle wird ein für die Durchführung der jeweiligen Tätigkeiten in Österreich befugtes Kreditinstitut sein.

§ 11 Further Issue of Notes

The Issuer reserves the right from time to time, without prior consent of the Noteholders, to issue additional Notes with identical terms and conditions as the Notes at any time and namely as separate Series or, as such that the newly issued Notes are consolidated with the Notes as previously issued and form a single Series with such Notes.

§ 12 Announcements

All announcements concerning the Notes shall be made at the option of the Issuer in the Official Journal of the Vienna Gazette (*Amtsblatt zur Wiener Zeitung*) or on the Issuer's website. If the Vienna Gazette is no longer published, it shall be deemed substituted by another daily newspaper having general circulation in Austria. In this regard, no particular notification of the Noteholders shall be required.

§ 13 Governing Law, Jurisdiction, Partial Invalidity

13.1 Any rights and obligations in connection with the Notes shall be governed by Austrian law with the exclusion of the Austrian conflict of law provisions. Place of performance shall be Graz.

13.2 The competent court at the

§ 11 Begebung weiterer Schuldverschreibungen

Die Emittentin behält sich das Recht vor, ohne Zustimmung der Schuldverschreibungsinhaber weitere Schuldverschreibungen mit gleicher Ausstattung wie die vorliegenden Schuldverschreibungen zu begeben und zwar als separate Serie oder, so dass die neu begebenen Schuldverschreibungen mit den gleichartigen bereits begebenen Schuldverschreibungen eine Einheit und eine einzelne Serie bilden.

§ 12 Bekanntmachungen

Alle die Schuldverschreibungen betreffenden Bekanntmachungen erfolgen nach Wahl der Emittentin im Amtsblatt zur Wiener Zeitung oder auf der Internet-Homepage der Emittentin. Sollte die Wiener Zeitung nicht mehr erscheinen, so tritt an ihre Stelle eine andere Tageszeitung mit Verbreitung in ganz Österreich. Einer besonderen diesbezüglichen Benachrichtigung an die Schuldverschreibungsinhaber bedarf es nicht.

§ 13 Anwendbares Recht, Gerichtsstand, Salvatorische Klausel

13.1 Für sämtliche Rechtsverhältnisse aus oder im Zusammenhang mit den Schuldverschreibungen gilt österreichisches Recht, mit Ausnahme der Verweisungsnormen des internationalen Privatrechts. Erfüllungsort ist Graz.

13.2 Für etwaige, nicht Verbraucher

corporate seat of the Issuer in Graz as agreed venue pursuant to § 104 Austrian Jurisdiction Act (*Jurisdiktionsnorm* - JN) shall have exclusive jurisdiction in connection with any legal disputes, unless a consumer is concerned. Any disputes with consumers arising from or in connection with the Notes shall be settled by the competent local court where the consumer has his permanent residence or, at the consumer's discretion, the competent courts of Austria in Graz.

betreffende Rechtsstreitigkeiten gilt ausschließlich das am Sitz der Emittentin in Graz sachlich zuständige Gericht als gemäß § 104 JN vereinbarter Gerichtsstand. Für alle Streitigkeiten mit Verbrauchern aus oder in Zusammenhang mit den Schuldverschreibungen ist nach Wahl des Verbrauchers das Gericht des Landes und in dem Sprengel, in dem der Verbraucher seinen Wohnsitz hat, zuständig oder das sachlich zuständige Gericht in Graz, Österreich.

13.3 The validity and enforceability of the Terms and Conditions shall not be affected should for whatever reason a clause contained in these Terms and Conditions be invalid or unenforceable. The invalid provision(s) shall be deemed to be replaced in the spirit and purpose of these Terms and Conditions by such provision(s), which come(s) closest in its/their economical effects to the invalid and unenforceable provision(s).

13.3 Sollten einzelne Bestimmungen dieser Emissionsbedingungen ganz oder teilweise rechtsunwirksam sein oder werden, so bleiben die übrigen Bestimmungen davon unberührt. Die unwirksame(n) Bestimmung(en) gelten dem Sinn und Zweck dieser Emissionsbedingungen entsprechend durch jene Bestimmung(en) ersetzt, die in ihrem wirtschaftlichen Auswirkungen denjenigen der unwirksamen Bestimmung(en) am nächsten kommen.

§ 14 Informationen regarding the Underlying(s)

§ 14 Informationen über den Basiswert

14.1 Exercise value or final reference value of the underlying: Net Asset Value as at Calculation Days

14.1 Ausübungskurs oder endgültiger Referenzkurs des Basiswerts: Nettoinventarwert zu den Berechnungstagen

14.2 Type of the underlying: Performance of the "Cardinal Point Offshore Fund I Ltd." as disclosed to the Issuer by Cardinal Point Offshore Fund I Ltd, taking into account the Currency Hedge and a

14.2 Typ des Basiswertes: Wertentwicklung des „Cardinal Point Offshore Fund I Ltd.“ wie er der Emittentin vom Cardinal Point Offshore Fund I Ltd. bekannt gegeben wird unter Berücksichtigung der

	leverage of 17%		Währungsabsicherungsgeschäfte und eines Hebels von 17%.
14.3	Sources of information regarding the underlying:	14.3	Informationsquellen über den Basiswert:
	The following information regarding the underlying may be inspected by Noteholders at the seat of the Issuer during the term of the Notes:		Folgende Informationen über den Basiswert können von den Schuldverschreibungsinhabern während der Laufzeit der Note am Sitz der Emittentin eingesehen werden:
	<ul style="list-style-type: none"> • Confidential Explanatory Memorandum of Cardinal Point Offshore Fund I Ltd , as amended • Information on the economical development of Cardinal Point Offshore Fund I Ltd • General information on the Cardinal Point Offshore Fund I Ltd 		<ul style="list-style-type: none"> • Confidential Explanatory Memorandum of Cardinal Point Offshore Fund I Ltd, in der jeweils aktuellen Fassung • Informationen über die Wertentwicklung des Cardinal Point Offshore Fund I Ltd • Allgemeine Informationen über die Management Gesellschaft der Cardinal Point Offshore Fund I Ltd
14.4	Sources of information about past and future performance of the underlying and its volatility: Not Applicable	14.4	Informationsquellen über vergangene und künftige Wertentwicklung des Basiswerts und seine Volatilität: Nicht anwendbar
14.5	Specific description of the underlying:	14.5	Nähere Beschreibung des Basiswertes:
	The underlying is a basket of financial instruments, calculated according to the performance of the “Cardinal Point Offshore Fund I Ltd.” as disclosed to the Issuer by Cardinal Point Offshore Fund I Ltd, taking into account a leverage of 17% and the Currency Hedge (“Underlying”).		Der Basiswert ist ein Korb von Finanzinstrumenten. Dieser berechnet sich in Entsprechung der Wertentwicklung des „Cardinal Point Offshore Fund I Ltd.“ wie sie der Emittentin von der Cardinal Point Offshore Fund I Ltd bekannt gegeben werden, unter eines Hebels von 17% sowie der Währungsabsicherungsgeschäfte

(„Basiswert“).

The Cardinal Point Offshore Fund I Ltd is an Exempted Company formed under the laws of the Cayman Islands. The Cardinal Point Offshore Fund I Ltd.'s investment objective is to invest through a master-feeder structure in the Cardinal Point Master Fund I Ltd. in order to provide investors with long-term capital appreciation, using long and/or short strategies in the securities of leveraged companies mainly in the field of the US-Dollar currency area. The investment strategy includes identifying above-average absolute investment return opportunities anywhere in the capital structure of leveraged companies, including bank-debt (e.g. institutional long-term loan tranches), bonds, convertible bonds, preferred stock and common equity.

Der Cardinal Point Offshore Fund I Ltd. ist eine *“Exempted Company”* gegründet unter dem Recht der Cayman Islands. Das Investmentziel der Cardinal Point Offshore Fund I Ltd. ist, über eine Master-Feeder Struktur in den Cardinal Point Offshore Master Fund I Ltd. zu investieren, um den Investoren langfristigen Vermögenszuwachs zu ermöglichen, in dem long und/oder short Strategien in Wertpapieren von verschuldeten Unternehmen hauptsächlich im US-Dollar Raum genützt werden. Die Investmentstrategie umfasst das Erkennen überdurchschnittlicher Rendite Möglichkeiten in der Kapitalstruktur von verschuldeten Unternehmen, wie Bankverbindlichkeiten (z.B. langfristige Kredittranchen), Anleihen, Wandelanleihen, Vorzugsaktien und Stammaktien.

14.6 Possible market disruptions at settlement that may affect the underlying: cf point 4.2.

14.6 Etwaige Störungen des Marktes bei der Abrechnung, die den Basiswert beeinflussen:siehe Punkt 4.2.

14.7 Adjustments with respect to events that may affect the underlying: not applicable

14.7 Korrekturvorschriften in Bezug auf Vorfälle, die den Basiswert beeinflussen: nicht anwendbar.

§ 15. Other important Information

§ 15. Sonstige wichtige Informationen

15.1 Interests of third parties involved in the issue(s): Not applicable

15.1 Interessen von Dritten, die an den Emissionen beteiligt sind: Nicht anwendbar

15.2 Procedure for the implementation of

15.2 Prozess für Umsetzung des

	the offer: Permanent Issue		Angebotes: Daueremission
15.3	Underwriting agreement and the date of announcement of the Aggregate Issue Volume: Not Applicable	15.3	Vereinbarungen über die Plazierung und Zeitpunkt der Bekanntgabe des Gesamtemissionsvolumens: Nicht anwendbar
15.4	Lead manager and dealer(s): Not Applicable	15.4	Lead Manager und Dealer: Nicht anwendbar
15.5	Underwriting guarantee: Not Applicable	15.5	Übernahmegarantie: Nicht anwendbar
15.6	Rating: Not Applicable	15.6	Rating: Nicht anwendbar
15.7	Miscellaneous: Not Applicable	15.7	Sonstiges: Nicht anwendbar
15.8	Place and date of the preparation of the original Terms and Conditions: Graz, June 2012	15.8	Ort und Datum der Erstellung der ursprünglichen Emissionsbedingungen: Graz, Juni 2012
15.9	Date of filing/submission of the original Terms and Conditions with the competent authority: 20 June 2012	15.9	Datum der Hinterlegung/Einreichung der ursprünglichen Emissionsbedingungen bei der zuständigen Behörde: 20. Juni 2012

IV.2 Additional Information

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 KMG 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 Notes in Germany.

1. PERSONS RESPONSIBLE

Please refer to "III. Description of CAPITAL BANK – 1. Persons Responsible".

2. RISK FACTORS

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

3. KEY INFORMATION

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

CAPITAL BANK is the only person involved in the issue and, subject to any sale of Notes by financial intermediaries in accordance with this Prospectus, the offer of the Notes. Its interest is primarily to generate fees in connection with the structuring and offer of the Notes. CAPITAL BANK is not aware of any conflicts of interest involved in the issue or offering aside from the situations described below.

CAPITAL BANK and its affiliated companies are entitled to purchase and sell the Notes for their own account or for the account of third parties. CAPITAL BANK and its affiliates are trading on a daily basis on international and Austrian securities and currency markets. They can, therefore, enter into transactions for their own account or for the account of their customers that involve directly or indirectly assets, which are being used as underlyings in respect of the Notes, and they can act with respect to such transactions in the same way, as if the Notes had not been issued.

The Issuer is connected to the "Cardinal Point Offshore Fund I Lt.d" by two means. First, the Issuer is a minor shareholder of the shares of the management company (Cardinal Point Capital LLC.) of the "Cardinal Point Offshore Fund I Ltd.". Second, an employee of the Issuer is also employed by the management company working as one of its portfolio managers. The employee examines investment opportunities for the Fund and may suggest such investment opportunities to the investment committee of the Fund manager. However, the

employee is not part of the investment committee of the management company of the Fund and therefore is not entitled to (co-)decide on investments entered into by the Fund. CAPITAL BANK may have information on the issue date of the Notes or thereafter with respect to the Cardinal Point Offshore Fund I Ltd. or its manager that may be material with respect to the Notes and which may not be publicly available or known by Investors.

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

The Notes are issued to serve as investments for investors in Capital Bank's range of private banking services. The Issuer will invest the proceeds of the issue in the Underlying for hedging activities.

3.3 *An indication of yield*

As the Notes are subject to the Underlying, no yield can be indicated. The terms and conditions of the Notes envisage a possibility for interim yield payments. So far, no interim yield payments have been distributed, as the strategy of the Fund is to retain and reinvest its profits, if any, rather than to distribute yields to investors. If yield payments would be performed by the Fund to the Issuer, such yield payments would be forwarded to Noteholders without deductions at the Calculation Date following the receipt of yield payments.

3.4 *Name of representative of debt security holders*

In general, all rights attached to the 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.

To safeguard the rights of holders of, among others, bearer notes of Austrian issuers, if their rights are endangered due to a lack of common representation, in particular in case of insolvency of the Issuer, the competent court has to appoint a trustee for the Noteholders pursuant to the Trustee Act 1874 (Kuratorensgesetz 1874) and the Trustee Supplemental Act 1877 (Kuratorenenergänzungsgesetz 1877) certain acts of which require court approval and whose competences shall be specified by the court in regard of the common matters of the noteholders. The provisions of the Trustee Act 1874 and the Trustee Supplemental Act 1877 cannot be excluded or amended by the Terms and Conditions, unless an equivalent representation will be provided for the Noteholders.

3.5 Expiry date, maturity date and exercise date and final reference date

Not applicable. The Notes are offered without maturity date (open end). They can however be resold by an Investor with effect as of each Repurchase Date and be redeemed by the Issuer as of the Maturity Date.

3.6 Settlement procedure and transferability

Any payments pursuant to the Terms and Conditions of Notes will be credited on the Maturity Date in accordance with the Terms and Conditions of the Notes to the account of the respective depository for transfer to the Investors. CAPITAL BANK shall be released from any of its payment obligations in respect of the Notes by payment to the respective depository.

The paying agent is CAPITAL BANK.

All payments are subject to applicable tax or other laws, regulations and directives.

The Notes are freely transferable.

3.7 Payment or delivery date, way of calculation, delivery of Notes

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

In case of early redemption, the payment date shall be provided for in the respective termination terms according to § 4 and § 6 of the Terms and Conditions of the Notes. On the payment date the Investors shall be entitled to the payment of the redemption amount, which may be below the issue value.

The delivery of the Notes shall be made against payment of the price of the Notes at the respective sale date (see 3.10 below) within customary periods of time in accordance with the Terms and Conditions.

3.8 Post issuance Information

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

3.9. *Placing and underwriting*

The Notes are directly placed by CAPITAL BANK – GRAWE Gruppe AG, 8010 Graz, Burgring 16, Austria. CAPITAL BANK – GRAWE Gruppe AG will act as Paying Agent (under the Terms and Conditions other paying agents may be appointed as well). The depository is OeKB CSD GmbH.

No banks or other investment service providers have been appointed as underwriters or traders in connection with the subscription of the Notes.

3.10. *Sale and price of the Notes*

The Notes described in this Prospectus were issued for the first time on 22 June 2012 with approval of Issuer's Supervisory Board. As indicated in the Terms and Conditions, § 1.4, the NAV of the Notes is calculated on a monthly basis since the date of first issue of the Notes. The current price of the Note as at the date of the Prospectus per unit is EUR 128,26 plus a premium of 5%.

The current nominal amount of Notes issued is EUR 27,540,000.

The Offer of the Notes is made on a permanent basis, starting one business day after the publication of this Prospectus. Upon every sale of Notes, the Issuer will – until the maximum nominal amount of EUR 47,000,000 is reached, issue new Notes for the Noteholder at the nominal value of EUR 100, and sell it at the current price of the sale date, as calculated in accordance with the Terms and Conditions, § 1.4.

3.11 *Information with respect to product governance*

The Issuer is a credit institution, and therefore *inter alia* subject to provisions of product governance with respect to financial instruments it has created. In fulfilling these requirements, the Issuer has performed a conflicts of interest check prior regarding the Notes and defined a target market, which is the pool of potential investors for which the Issuer deems the Notes to be suitable (or, in the case of a “negative target market”, deems to be not suitable at all), taking into account mandatory criteria. The table below shows the criteria and the results of the assessment:

Criteria	Target market	Negative target market
Client category	<input checked="" type="checkbox"/> 1 retail client <input checked="" type="checkbox"/> 2 professional client <input checked="" type="checkbox"/> 3 eligible counterparty	<input type="checkbox"/> 1 retail client <input type="checkbox"/> 2 professional client <input type="checkbox"/> 3 eligible counterparty
Investment purpose	<input type="checkbox"/> 1 specific provision for pension <input type="checkbox"/> 2 general gain of wealth <input checked="" type="checkbox"/> 3 above average participation in price changes <input type="checkbox"/> 4 Hedging	<input type="checkbox"/> 1 specific provision for pension <input type="checkbox"/> 2 general gain of wealth <input type="checkbox"/> 3 above average participation in price changes <input type="checkbox"/> 4 Hedging
Term of investment	<input type="checkbox"/> 1 short term <input type="checkbox"/> 2 mid term <input checked="" type="checkbox"/> 3 long term	<input type="checkbox"/> 1 short term <input type="checkbox"/> 2 mid term <input type="checkbox"/> 3 long term
Risk indicator	Up to: <input type="checkbox"/> 1 risk category 1 (less risk) <input type="checkbox"/> 2 risk category 2 <input type="checkbox"/> 3 risk category 3 <input type="checkbox"/> 4 risk category 4 <input checked="" type="checkbox"/> 5 risk category 5 <input type="checkbox"/> 6 risk category 6 <input type="checkbox"/> 7 risk category 7 (high risk)	Up to: <input type="checkbox"/> 1 risk category 1 (less risk) <input type="checkbox"/> 2 risk category 2 <input type="checkbox"/> 3 risk category 3 <input type="checkbox"/> 4 risk category 4 <input type="checkbox"/> 5 risk category 5 <input type="checkbox"/> 6 risk category 6 <input type="checkbox"/> 7 risk category 7 (high risk)
Risk/return profile	Up to: <input type="checkbox"/> 1 risk category 1: Sicherheitsorientiert/sehr geringe Risikobereitschaft, low yield expectation <input type="checkbox"/> 2 risk category 2 <input type="checkbox"/> 3 risk category 3 <input type="checkbox"/> 4 risk category 4 <input checked="" type="checkbox"/> 5 risk category 5 <input type="checkbox"/> 6 risk category 6 <input type="checkbox"/> 7 risk category 7: high risk appetite; highest yield potential	Up to: <input type="checkbox"/> 1 risk category 1: Sicherheitsorientiert/sehr geringe Risikobereitschaft, low yield expectation <input type="checkbox"/> 2 risk category 2 <input type="checkbox"/> 3 risk category 3 <input type="checkbox"/> 4 risk category 4 <input type="checkbox"/> 5 risk category 5 <input type="checkbox"/> 6 risk category 6 <input type="checkbox"/> 7 risk category 7: high risk appetite; highest yield potential
Ability to bear losses	<input type="checkbox"/> 1 Investor may not bear losses or only to a n <input checked="" type="checkbox"/> 2 Investor may bear losses up to the amount invested <input type="checkbox"/> 3 Investor may bear losses exceeding its investment	<input type="checkbox"/> 1 Investor may not bear losses or only to a n <input type="checkbox"/> 2 Investor may bear losses up to the amount invested <input type="checkbox"/> 3 Investor may bear losses exceeding its investment
Special requirements	<input type="checkbox"/> 1 Green Investment <input type="checkbox"/> 2 Ethical Investment <input type="checkbox"/> 3 Islamic Banking <input checked="" type="checkbox"/> 9 No specification	<input type="checkbox"/> 1 Green Investment <input type="checkbox"/> 2 Ethical Investment <input type="checkbox"/> 3 Islamic Banking <input type="checkbox"/> 9 No specification
Required knowledge and investment experience	<input type="checkbox"/> 1 basis knowledge of financial products, eventually experience <input type="checkbox"/> 2 extended knowledge of investment products and eventually experience <input checked="" type="checkbox"/> 3 extensive knowledge of investment products and eventually experience <input type="checkbox"/> 4 special knowledge of investment products and eventually experience	<input type="checkbox"/> 1 basis knowledge of financial products, eventually experience <input type="checkbox"/> 2 extended knowledge of investment products and eventually experience <input type="checkbox"/> 3 extensive knowledge of investment products and eventually experience <input type="checkbox"/> 4 special knowledge of investment products and eventually experience
Distribution strategy	<input checked="" type="checkbox"/> 1 Execution only <input checked="" type="checkbox"/> 2 advice-free business <input checked="" type="checkbox"/> 3 investment advice	<input type="checkbox"/> 1 Execution only <input type="checkbox"/> 2 advice-free business <input type="checkbox"/> 3 investment advice

The Issuer monitors on a continuous basis the eligibility of the target market it has created.

In addition, as the Notes qualify as a packaged retail investment product (PRIIP), for which a mandatory key information document according to Regulation (EU) Nr.

1286/2014 needs to be prepared and submitted to each Investor prior to its investment decision, the Issuer has prepared such key information document. From the start of the public offer, the key information document for the Notes may be obtained at the corporate seat of the Issuer, or via Internet at <https://www.Capitalbank.at/de/privatbank/downloads/basisinformationsblaetter/liste>.

4. Admission to trading and dealing arrangements

4.1 *Contemplated admission to trading*

Listing of any of the Notes on a regulated market shall be prohibited.

4.2 *Regulated markets or equivalent markets on which securities of the same class of the securities to be offered or admitted to trading are already admitted to trading*

Not applicable.

4.3 *Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment*

Currently, there are no firm commitments of any entities to act as intermediaries in secondary trading, providing liquidity through bid and offer rates with respect to current issues or issues to be made and no such intermediaries / market maker are currently appointed.

4.4 *Advisors*

No advisors have been appointed.

4.5 *Information audited and reviewed by statutory auditor in the Securities description*

There is no information in the Notes which has been audited or reviewed by statutory auditors and where auditors have produced a report.

4.6 *Statement or report attributed to a person as an expert*

There is no statement or report attributed to a person as an expert included in the Notes.

4.7 Information sourced of a third party

There is no third party information in the Notes.

4.8 Credit Rating

There is no rating of CAPITAL BANK or of the Notes issued by CAPITAL BANK. CAPITAL BANK would disclose such rating together with a summary of its significance on its website.

4.9 Information concerning taxation of the securities

AUSTRIA

General

This section provides a brief summary of some important principles that are related to the acquisition, holding and sale of 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 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 Notes

Interest payments on 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.

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, 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.

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

The realisation of capital gains on the 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 securitised derivatives (e.g. the 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

Investors from countries taking part on automatical exchange of information:

- a) Costumer-relationship befor 1.1.2017: No withholding tax will be levied.
- b) Costumer-relationship beginning after 1.1.2017 with certificate of fiscal residence: No withholding tax will be levied.
- c) Costumer-relationship beginning after 1.1.2017 without certificate of fiscal residence: a withholding tax at the rate of 27,5% will be levied on Austrian sourced income.

Investors from countries not taking part on automatical exchange of information:

a withholding tax at the rate of 27,5% will be levied on Austrian sourced income.

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

Taxation of Notes

I. Investment income and capital gains

Investment income and capital gains which may result from the 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) 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 a Note, 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 depositary, 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) 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 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) 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) Notes held by a German individual as private assets

If the 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 proceeds from the sale or redemption of the 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 Note 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 Note.

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 Notes (§ 43a (2) German Income Tax Act).

In general, no flat tax will be withheld if the holder of a Note 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 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) Notes held by a German individual as business assets

The flat rate withholding in general also applies to investment income and capital gains from 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 Notes provided the German investor gives notice on official form vis-à-vis the “German Paying Agent” (Deutsche Zahlstelle) that he holds the Notes as business assets (§ 43 (2) German Income Tax Act).

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

(3) Notes held by a German corporate entity

The flat rate withholding in general also applies to investment income and capital gains from 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 Notes (§ 43 (2) German Income Tax Act).

If the 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 Note 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 Note 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 Notes. Currently, net worth tax is not levied in Germany.

V. German Investment Tax Act

The acquisition and ownership of the 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.

V. LIST OF CROSS REFERENCES

The following reference list shows where the information incorporated into the Prospectus in other documents can be found.


As to the availability of these specific documents also refer to paragraph III. 14. (Documents on Display) of this Prospectus

Document	Publication	Incorporated Pages
English Version of the Audited Annual Financial Statements for the business year 2017 of Capital Bank – GRAWE Gruppe AG	May be obtained free of charge at Capital Bank – GRAWE Gruppe AG, Burgring 16, 8010 Graz, as well as on the website https://www.capitalbank.at/media/file/1143_Ansicht_gesamt_ENG_Capital_Bank_GB_2017_V03_20180601.pdf	31-161
German Version of the Audited Annual Financial Statements for the business year 2017 of Capital Bank – GRAWE Gruppe AG	May be obtained free of charge at Capital Bank – GRAWE Gruppe AG, Burgring 16, 8010 Graz, as well as on the website https://www.capitalbank.at/media/file/1098_Ansicht_Gesamt_GER_Capital_Bank_GB_2017_V12_20180420.pdf	144-164
English Version of the Audited Annual Financial Statements for the business year 2018 of Capital Bank – GRAWE Gruppe AG	May be obtained free of charge at Capital Bank – GRAWE Gruppe AG, Burgring 16, 8010 Graz, as well as on the website https://www.capitalbank.at/media/file/1414_Ansicht_ENG_Gesamt_Capital_Bank_GB_2018_V02_20190521.pdf	29-145
German Version of the Audited Annual Financial Statements for the business year 2018 of Capital Bank – GRAWE Gruppe AG	May be obtained free of charge at Capital Bank – GRAWE Gruppe AG, Burgring 16, 8010 Graz, as well as on the website https://www.capitalbank.at/media/file/1403_Ansicht_GER_Gesamt_Capital_Bank_GB_2018_V11_20190429.pdf	128-142

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 Graz, 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

Capital Bank – GRAWE Gruppe AG
as Issuer

Signaturwert	vlgVUyFTV7TqOfOsZA4DrKOrC7N5y/JgQik8O+XC240146LfjoSsmLWupNSFuavQELUvC5o2smEQC6rqovv9LVm7YrFa0wNAf2wmXAnyuKHvd6DXuHh3y7tvwD+tMfJYw0vrjF/Lz6VB1Y19D7CCPhDYxuMn9MIqt9YjfjrFIEExHXghnuwY1lJbnALatIIItiQDquWigBMFvqEsbJb87rFEGL5cO5wF0Ju4qT7/7nIC4B18qIkpRM/ucFtZohfGWYIfK6VA+cHd4Pom6huHb2YM6gzklib87BNgD57eR24oYLn/V07ihsvvV1IxSAmFOfqwLjZpwOzqE9hPao t5/YCQ==	
	Unterzeichner	Österreichische Finanzmarktaufsichtsbehörde
	Datum/Zeit-UTC	2019-07-19T10:29:40Z
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	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: http://www.signaturpruefung.gv.at	
Hinweis	Dieses Dokument wurde amtssigniert. Auch ein Ausdruck dieses Dokuments hat gemäß § 20 E-Government-Gesetz die Beweiskraft einer öffentlichen Urkunde.	