

7 December 2017

Final Terms
Austrian Anadi Bank AG
CPT Pfandbrief 2017-2

Series: 2, Tranche 1

Issue Date: 21 December 2017

issued pursuant to the EUR 750,000,000 Conditional Pass-Through Covered Bonds Programme

Important Notice

These Final Terms have been prepared for the purpose of Article 5 (4) of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by Directive 2014/51/EU of the European Parliament and of the Council of 24 November 2010 and must be read in conjunction with the Prospectus pertaining to the Covered Bonds Programme (the "**Programme**") of Austrian Anadi Bank AG (the "**Issuer**"), dated 12 May 2017 (the "**Prospectus**") and all supplements to the Prospectus. The Prospectus and any supplements thereto are available for viewing in electronic form on the Issuer's website (<https://anadibank.com/en/about/investor-relations/publications>). Full information on the Issuer and the Covered Bonds is only available on the basis of the combination of the Prospectus, any supplements thereto and these Final Terms.

Warning: The Prospectus dated 12 May 2017 is expected to be valid until 11 May 2018. Thereafter the Issuer intends to publish an updated and approved prospectus on the website of the Issuer (<https://anadibank.com/en/about/investor-relations/publications>) and from that point in time, the Final Terms must be read in conjunction with the new prospectus.

PART A – TERMS AND CONDITIONS

The Terms and Conditions applicable to the Covered Bonds (the "**Terms and Conditions**") are as set out below.

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency; Denomination.* This Series of Covered Bonds (the "**Covered Bonds**") of Austrian Anadi Bank AG (the "**Issuer**") is being issued in Euro (the "**Specified Currency**") in the aggregate principal amount of EUR 30,000,000.00 (in words: Euro thirty million) in the denomination of EUR 100,000.00 (the "**Specified Denomination**").

(2) *Form.* The Covered Bonds are in bearer form and represented by one or more global notes (each a "**Global Note**").

(3) *Permanent Global Note.* The Covered Bonds are represented by a permanent Global Note (the "**Permanent Global Note**") without coupons. The Permanent Global Note shall be signed by authorised signatories of the Issuer, shall bear the necessary manual certification of the trustee (*Treuhänder*) (the "**Trustee**") pursuant to the Pfandbriefgesetz (as defined below) and shall be authenticated by or on behalf of the Fiscal Agent. Definitive Covered Bonds and interest coupons will not be issued.

(4) *Clearing System.* The Permanent Global Note representing the Covered Bonds will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Covered Bonds have been satisfied. "**Clearing System**" means the following: OeKB CSD GmbH, Strauchgasse 1-3, 1010 Vienna, Austria and any successor in such capacity.

(5) *Holder of Covered Bonds.* "**Holder**" means any holder of a proportionate co-ownership or other beneficial interest or right in the Covered Bonds.

§ 2

STATUS

The Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer ranking *pari passu* among themselves. The Covered Bonds are covered by the Cover Pool Assets registered in the Cover Pool Register in accordance with the Austrian Act concerning Pfandbriefe and Related Bonds of Public Law Credit Institutions (*Gesetz über die Pfandbriefe und verwandten Schuldverschreibungen öffentlich-rechtlicher Kreditanstalten (Pfandbriefgesetz)*) and ancillary legislation, regulation and the respective provisions of the Issuer's articles of association, together the "**Pfandbriefgesetz**") and rank at least *pari passu* with all other obligations of the Issuer under Pfandbriefe which are covered by the Cover Pool Assets.

§ 3

INTEREST

(1) *Interest Payment Dates.*

(a) The Covered Bonds shall bear interest on their aggregate principal amount from 21 December 2017 (inclusive) (the "**Interest Commencement Date**") to the first Interest Payment Date (exclusive) and thereafter from each Interest Payment Date (inclusive) to the next following Interest Payment Date (exclusive). Interest on the Covered Bonds shall be payable on each Interest Payment Date.

(b) "**Interest Payment Date**" means

each of 21 March, 21 June, 21 September and 21 December in each calendar year.

(c) If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be

postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the payment date shall be the immediately preceding Business Day (Modified Following Business Day Convention).

(d) In this § 3 "**Business Day**" means

a day on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET**") are open to effect payments in euro.

(2) *Rate of Interest.* The rate of interest (the "**Rate of Interest**") for each Interest Period (as defined below) will, except as provided below, be the offered quotation (expressed as a percentage rate *per annum*) for deposits in the Specified Currency for that Interest Period which appears on the Screen Page as of 11:00 a.m. (Brussels time) on the Interest Determination Date (as defined below) plus the Margin (as defined below), all as determined by the Calculation Agent.

"**Interest Period**" means each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and from (and including) each Interest Payment Date to (but excluding) the following Interest Payment Date.

"**Interest Determination Date**" means the second TARGET Business Day prior to the commencement of the relevant Interest Period. "**TARGET Business Day**" means a day which is a day on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET**") are open to effect payments in euro.

"**Margin**" means 0.27 per cent. *per annum*.

"**Screen Page**" means Reuters screen page EURIBOR01 (3M EURIBOR) or any successor page.

If the Screen Page is not available or if no such quotation appears as at such time, the Calculation Agent shall request the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for deposits in the Specified Currency for the relevant Interest Period and in a representative amount to leading banks in the Euro-Zone interbank market at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date. If two or more of the selected Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of such offered quotations plus the Margin, all as determined by the Calculation Agent.

If on any Interest Determination Date only one or none of the Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by major credit institutions in the Euro-zone interbank market, selected by the Calculation Agent acting in good faith, at which such credit institutions were offered, as at 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for the relevant Interest Period and in a representative amount to leading European credit institutions plus the Margin.

If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be the offered quotation or the arithmetic mean of the offered quotations on the Screen Page, as described above, on the last day preceding the Interest Determination Date on which such quotations were offered plus the Margin (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest

Period in place of the Margin relating to that last preceding Interest Period).

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

"**representative amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time.

As used herein, "Reference Banks" means four major credit institutions in the interbank market in the Euro-Zone.

(3) *Minimum Rate of Interest.* If the Rate of Interest in respect of any Interest Period determined in accordance with the above provisions is less than 0 (zero) *per cent.*, the Rate of Interest for such Interest Period shall be 0 (zero) *per cent.*

(4) *Interest Amount.* The Calculation Agent will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest (the "**Interest Amount**") payable on the Covered Bonds in respect of the Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest and the Day Count Fraction (as defined below) to the Specified Denomination and rounding the resultant figure to the nearest unit of the Specified Currency, with 0.5 of such unit being rounded upwards.

(5) *Notification of Rate of Interest and Interest Amount.* The Calculation Agent will cause the Rate of Interest, each Interest Amount for each Interest Period, each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agent(s) and to the Holders in accordance with § 12 as soon as possible after their determination, but in no event later than the fourth TARGET Business Day (as defined in § 3(1)(d)) thereafter, and, if required by the rules of any stock exchange on which the Covered Bonds are from time to time listed, to such stock exchange, as soon as possible after their determination, but in no event later than the first day of the relevant Interest Period. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Covered Bonds are then listed, the Paying Agent(s) and to the Holders in accordance with § 12.

(6) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agent(s) and the Holders.

(7) *Accrual of Interest.* The Covered Bonds shall cease to bear interest from the expiry of the day preceding the day on which they are due for redemption. If the Issuer shall fail to redeem the Covered Bonds when due, interest shall continue to accrue on the outstanding aggregate principal amount of the Covered Bonds beyond the due date until actual redemption of the Covered Bonds. Interest shall continue to accrue on the outstanding aggregate principal amount of the Covered Bonds from the due date (inclusive) until the date of redemption of the Covered Bonds (exclusive) at the default rate of interest established by law.¹ This does not affect other rights that might be available to the Holders.

¹ The default interest rate by law is 4% *per annum* as per § 1000 (1) of the Austrian General Civil Code (*Allgemeines Bürgerliches Gesetzbuch – ABGB*). In commercial transactions between undertakings the default interest is 9.2 percentage points over the base interest rate as per § 456 of the Austrian Commercial Code (*Unternehmensgesetzbuch – UGB*).

(8) *Day Count Fraction*. "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Covered Bond for any period of time (the "**Calculation Period**"):

The actual number of days in the Calculation Period divided by 360.

§ 4 PAYMENTS

(1)(a) *Payment of Principal*. Payment of principal in respect of Covered Bonds shall be made, subject to subparagraph (2) below, to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System outside the United States.

(b) *Payment of Interest*. Payment of interest on Covered Bonds shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the relevant account holders of the Clearing System.

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

(3) *United States*. For purposes of subparagraph (1) of this § 4, "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

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

(5) *Payment Business Day*. If the date for payment of any redemption amount in respect of any Covered Bond is not a Payment Business Day then the Holder shall not be entitled to payment until the next such day and shall not be entitled to further interest or other payment in respect of such delay. "**Payment Business Day**" means a Business Day (as defined in § 3(1)).

(6) *References to Principal*. Reference in these Terms and Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable: the Final Redemption Amount of the Covered Bonds; and any premium and any other amounts which may be payable under or in respect of the Covered Bonds.

(7) *Deposit of Principal and Interest*. The Issuer may pursuant to § 1425 of the Austrian General Civil Code deposit with the competent court principal or interest not claimed by Holders within 12 months after the Maturity Date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected, made public and the rights of withdrawal and revocation are waived, the respective claims of such Holders against the Issuer shall cease.

§ 5 REDEMPTION

(1) *Redemption at Maturity*. Unless previously redeemed or purchased and cancelled, the Covered Bonds shall be redeemed at their Final Redemption Amount on 21 December 2022 (the "**Maturity Date**"). The "**Final Redemption Amount**" in respect of each Covered Bond shall be its principal amount. Unless stated herein, neither the Issuer nor the Holders have a right to redeem the Covered Bonds prior to the Maturity Date.

(2) *Extended Maturity*.

(a) If the Issuer has failed to pay the Final Redemption Amount on the Maturity Date, then (subject as provided below) payment of the unpaid amount by the Issuer shall be deferred until the fiftieth anniversary of the Maturity Date (the "**Extended Maturity Date**") and references in § 3 and § 4 to "Maturity Date" shall be replaced by references to "Extended Maturity Date", provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date shall be paid by the Issuer on any Cover Pool Payment Date occurring thereafter up to (and including) the relevant Extended Maturity Date if and to the extent Covered Bonds Available Funds are available for the purpose in

accordance with and subject to the Priority of Payments.

- (b) The Issuer shall confirm to the Fiscal Agent and the Paying Agent as soon as reasonably practicable and in any event at least four Payment Business Days prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of the Covered Bonds on the Maturity Date. Any failure by the Issuer to notify the Fiscal Agent and the Paying Agent shall not affect the validity of effectiveness of the extension.
- (c) Such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment (but, for the avoidance of doubt, such failure to pay shall constitute an Issuer Default of Payment Event if not paid within a period of seven Payment Business Days from the due date thereof).

§ 6

FISCAL AGENT, PAYING AGENT, CALCULATION AGENT AND SERVICER

(1) *Appointment; Specified Offices.* The initial Fiscal Agent and Paying Agent and their respective initial specified offices are:

Fiscal Agent: Austrian Anadi Bank AG
Domgasse 5
A-9020 Klagenfurt am Wörthersee
Austria

Paying Agent: Austrian Anadi Bank AG
Domgasse 5
A-9020 Klagenfurt am Wörthersee
Austria

The Fiscal Agent shall also act as Calculation Agent.

Each of the Fiscal Agent, the Paying Agent and the Calculation Agent reserve the right at any time to change their respective specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or the Paying Agent or the Calculation Agent and to appoint another Fiscal Agent or additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Fiscal Agent and (ii) a Calculation Agent. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 12.

(3) *Agents of the Issuer.* The Fiscal Agent, the Paying Agent and the Calculation Agent act solely as agent of the Issuer and do not have any obligations towards or relationship of agency or trust to any Holder.

§ 7

TAXATION

All amounts payable in respect of the Covered Bonds shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Republic of Austria or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

The Issuer is authorised to withhold or deduct from amounts payable under the Covered Bonds funds for the payment of any tax that it is required to withhold or deduct pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

§ 8
ISSUER EVENTS

(1) *Issuer Events.*

Prior to a Notice of Termination, if any of the following events (the "**Issuer Events**" and each, an "**Issuer Event**") occurs and is continuing:

- (a) an Issuer Bankruptcy Event; and/or
- (b) an Issuer Default of Payment Event; and/or
- (c) a Breach of Asset Cover Test.

then:

- (i) no further Covered Bonds or Other Covered Bonds will be issued by the Issuer; and
- (ii) (A) in case of an Issuer Bankruptcy Event, the Cover Pool Assets shall constitute a special fund (*Sondermasse*) for the claims of the Holders and the holders of the Other Covered Bonds pursuant to § 48 of the Austrian Insolvency Code (*Insolvenzordnung - IO*), and the bankruptcy court (*Konkursgericht*) shall without delay appoint a Special Receiver for the administration of the Cover Pool Assets. The Special Receiver shall, in accordance with § 6 of the Pfandbriefgesetz, pay all due claims of the Holders out of the Cover Pool Assets, and shall transfer the Cover Pool Assets to a credit institution (which shall then, for the purposes hereof, become the "Issuer") which assumes the liabilities under the Covered Bonds and the Other Covered Bonds (a "**Cover Pool Transfer**"). Upon a Cover Pool Transfer being effective, all Covered Bonds that are Pass-Through Covered Bonds (if any) will cease to be Pass-Through Covered Bonds and will be due and payable for repayment in accordance with their initial terms and conditions. Should a Cover Pool Transfer not be possible, and as long as no Issuer Event other than an Issuer Bankruptcy Event occurs, the Special Receiver shall continue, in accordance with § 6 of the Pfandbriefgesetz, to pay all due claims of the Holders out of the Cover Pool Assets;

(B) in case of an Issuer Default of Payment Event, the Covered Bonds shall become Pass-Through Covered Bonds which shall be due and payable for repayment, to the extent Covered Bonds Available Funds are available for the purpose in accordance with and subject to the Priority of Payments on each Cover Pool Payment Date until (x) the Pass-Through Covered Bonds are redeemed in full or, if earlier, (y) an Issuer Bankruptcy Event occurs and a Cover Pool Transfer becomes effective, in which case the Covered Bonds shall cease to be Pass-Through Covered Bonds, provided that no Issuer Event (other than an Issuer Bankruptcy Event) has occurred after the Cover Pool Transfer became effective; and/or

(C) in case of a Breach of Asset Cover Test, the Covered Bonds shall become Pass-Through Covered Bonds, and such Pass-Through Covered Bonds shall be due and payable for repayment, to the extent Covered Bonds Available Funds are available for the purpose in accordance with and subject to the Priority of Payments on each Cover Pool Payment Date until (x) the Pass-Through Covered Bonds are redeemed in full or, if earlier, (y) an Issuer Bankruptcy Event occurs and a Cover Pool Transfer becomes effective, in which case the Covered Bonds shall cease to be Pass-Through Covered Bonds, provided that no Issuer Event (other than an Issuer Bankruptcy Event) has occurred after the Cover Pool Transfer became effective.

For the avoidance of doubt, Holders shall have no claim for payments under the Pass-Through Covered Bonds for Cover Pool Assets that would exceed Covered Bonds Available Funds in accordance with and subject to the Priority of Payments, and in the event that payments under the Pass-Through Covered Bonds have not been made out of Covered Bonds Available Funds in accordance with and subject to the Priority of Payments until the Extended Maturity Date, Holders of Pass-Through Covered Bonds shall have no further claim for Cover Pool Assets in respect of such unpaid amounts. However, for the avoidance

of doubt, Holders shall remain to have a claim against the Issuer in respect of such unpaid amounts.

(2) *Early Redemption at the Option of the Issuer for Pass-Through Covered Bonds.*

- (a) The Issuer (or, as the case may be, the Special Receiver) may, upon notice given in accordance with subparagraph (b), redeem Pass-Through Covered Bonds (in whole but not in part) on each Cover Pool Payment Date at par together with accrued interest, if any, to (but excluding) the respective Cover Pool Payment Date, provided that such repayment does not cause a Breach of Asset Cover Test.
- (b) Notice of redemption shall be given by the Issuer (or, as the case may be, the Special Receiver) to the Holders of the Pass-Through Covered Bonds in accordance with § 12, specifying the securities identification numbers of the Pass-Through Covered Bonds subject to redemption.

(3) *Priority of Payments.*

Upon the Covered Bonds becoming Pass-Through Covered Bonds, the Covered Bonds Available Funds shall be applied on each Cover Pool Payment Date in making the following payments and provisions in the following order of priority (the "**Priority of Payments**") (in each case only if and to the extent that payments of a higher priority have been made in full and provided that any such payment does not cause an Issuer Event, and subject to, and to the extent permissible by, the Pfandbriefgesetz):

- (a) *first, pari passu and pro rata* according to the respective amounts thereof to pay any fees, costs, expenses and taxes incurred under or in connection with the Pass-Through Covered Bonds and the Other Covered Bonds and/or the management of the Cover Pool Assets and/or the administration of the Cover Pool Assets (including costs of the Special Receiver and costs pursuant to § 49 of the Austrian Insolvency Code, if any) due and payable on the Cover Pool Payment Date or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date, to the extent such fees, costs, expenses and taxes are not payable or have not been paid by the Issuer or any other third party;
- (b) *second, pari passu and pro rata*, according to the respective amounts thereof (i) to pay all amounts of interest due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date on any Pass-Through Covered Bonds and Other Covered Bonds, and (ii) to pay any amounts due and payable on the Cover Pool Payment Date, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date under any Hedging Agreement;
- (c) *third, pari passu and pro rata*, to pay all amounts of principal due and payable on the Cover Pool Payment Date in respect of any Pass-Through Covered Bonds and Other Covered Bonds, or to provide for all such amounts that will become due and payable prior to the next Cover Pool Payment Date (if any) on any Pass-Through Covered Bonds and Other Covered Bonds;
- (d) *fourth*, to release any excess to the Issuer.

(4) *Definitions.*

"Asset Cover Test" means that the Cover Pool Balance is, calculated with effect as of the Asset Cover Test Calculation Date, an amount at least equal to the product of (i) the Asset Cover Test Percentage, multiplied by (ii) the aggregate outstanding principal amount of the Covered Bonds and the Other Covered Bonds.

"Asset Cover Test Calculation Date" means (i) in relation to items (a) and (b) of the definition of "A" in "Cover Pool Balance" the last day of each calendar month, and (ii) in relation to item (c) of the definition of "A" in "Cover Pool Balance" any day, provided that in any instance for purposes of remedying a Breach of Asset Cover Test, the Issuer may calculate the Cover Pool Balance on any day(s) during the applicable remedy period, which day(s) shall then be an Asset

Cover Test Calculation Date.

"Asset Cover Test Percentage" means the higher of (i) the sum, expressed as a percentage, of (x) 100%, plus (y) the OC; and (ii) 102%.

"Breach of Asset Cover Test" means that the Asset Cover Test is continuously breached, and remains unremedied, for a period of one (1) month.

"Calculation Date" means, in relation to a Cover Pool Payment Date, the day falling five Payment Business Days prior to such Cover Pool Payment Date.

"Cover Pool Assets" means the Mortgage Loans, the Substitute Cover Pool Assets and the Hedging Agreements which are designated to cover the Covered Bonds, the Other Covered Bonds and the claims of the hedging partners under the Hedging Agreements, all of which are registered in the Cover Pool Register.

"Cover Pool Balance" is calculated as follows:

$$A+B$$

Where:

A = the sum of the outstanding nominal values of all Mortgage Loans, provided that the nominal value is, for each Mortgage Loan, deemed to be the lower of: (a) the nominal value of the Mortgage Loan; (b) the nominal (or maximum) value of the corresponding Mortgage; and (c) 60% of the Mortgaged Property Value,

multiplied by M,

where M = 100 per cent. if such Mortgage Loan is not a Defaulted Loan and M = 0 per cent. if such Mortgage Loan is a Defaulted Loan,

provided that in the case of any Mortgage Loan that is subject to a prior ranking encumbrance, such encumbrance shall be taken into consideration;

B = the sum of the balances of the Substitute Cover Pool Assets and Hedging Agreements

"Cover Pool Payment Date" means the 20th day of each month and if such day is not a Payment Business Day, the first Payment Business Day thereafter;

"Cover Pool Register" means the cover pool register (*Deckungsregister*) pursuant to § 3 (1) of the Pfandbriefgesetz for mortgage covered bonds.

"Covered Bonds Available Funds" means, at any time upon or after the Covered Bonds become Pass-Through Covered Bonds, in respect of any Cover Pool Payment Date, as the case may be, the aggregate of:

- (i) all cash amounts being part of the Cover Pool Assets at the immediately preceding Calculation Date;
- (ii) all amounts of interest paid on or in relation to Cover Pool Assets during the Interest Period immediately preceding such Cover Pool Payment Date;
- (iii) all amounts deriving from repayment at maturity of any Cover Pool Asset on or prior to such Cover Pool Payment Date;
- (iv) all amounts deriving from a (full or partial) sale or other means of liquidation or monetarisation of any Cover Pool Asset on or prior to such Cover Pool Payment Date;
- (v) all amounts (if any) paid or to be paid on or prior to such Cover Pool Payment Date by the hedging counterparties pursuant to the Hedging Agreement(s), but excluding any collateral or security received thereunder.

For the avoidance of doubt should there be any duplication in the amounts included in the different items of the Covered Bonds Available Funds above, such duplication shall be avoided when calculating the Covered Bonds Available Funds.

"Defaulted Loan" means any Mortgage Loan included in the Cover Pool Assets which is more than 90 days in arrears.

"Hedging Agreements" means the hedging agreements (*Sicherungsgeschäfte / Derivativerträge*) that are registered in the Cover Pool Register which have been concluded to reduce interest rate, foreign exchange or creditor risks pursuant to § 2 (5) of the Pfandbriefgesetz.

"Interest Reserve" means an amount equal to the Interest Reserve Amount which is part of the over-collateralisation (*sichernde Überdeckung*) pursuant to § 2 (1) of the Pfandbriefgesetz and which is part of, and constituted by (or by parts of), the Substitute Cover Pool Assets. The Interest Reserve is, subject to the Pfandbriefgesetz, to be used by the Issuer (or the Special Receiver, as the case may be) to pay (or provide for, as the case may be) interest payments in accordance with the Priority of Payments in relation to the Covered Bonds and the Other Covered Bonds and will, subject to the Pfandbriefgesetz, be maintained following all Issuer Events.

"Interest Reserve Amount" means an amount, calculated with effect as of the Asset Cover Test Calculation Date, equal to the aggregate of all interest payment amounts that will become payable within three months following the Asset Cover Test Calculation Date in relation to the Covered Bonds and the Other Covered Bonds.

"Issuer Bankruptcy Event" means that bankruptcy (*Konkurs*) is instituted over the assets of the Issuer as set forth in § 6 (1) of the Pfandbriefgesetz.

"Issuer Default of Payment Event" means that the Issuer (or the Special Receiver, as the case may be) fails to pay (i) any principal on the Maturity Date, or (ii) after having used the Interest Reserve, if applicable, any interest on the respective Interest Payment Date, each in respect of the Covered Bonds within a period of seven Payment Business Days from the due date thereof.

"Mortgages" means the mortgages (*Hypotheken*) in relation to the Mortgaged Property that secure the Mortgage Loans in accordance with the Pfandbriefgesetz, and **"Mortgage"** means any of them.

"Mortgage Loans" means the mortgage loan receivables registered in the Cover Pool Register which are secured by the Mortgages in accordance with the Pfandbriefgesetz, and **"Mortgage Loan"** means any of them.

"Mortgaged Property" means the real estate property (including building rights (*Baurechte*)) that is subject to the Mortgages.

"Mortgaged Property Value" means the total value of all the Mortgaged Property as determined by the Issuer in accordance with the Issuer's articles of association, applicable laws (in particular the Austrian Real Estate Valuation Act, *Liegenschaftsbewertungsgesetz*), as well as other generally common rules and methods and internal rules for valuation of the Mortgaged Property. The Issuer must, subject to the foregoing, determine the Mortgaged Property Value using the current market price and with special regard to: (a) characteristics of the Mortgaged Property which are sustainable on a permanent or a long-term basis; (b) income achievable by a third party operating the Mortgaged Property with due care; (c) rights and encumbrances attached to the Mortgaged Property; and (d) conditions prevailing on the local real property market and anticipated development of that market. The Mortgaged Property Value cannot be higher than the current market price of the Mortgaged Property.

"OC" means the overcollateralization level (expressed as a percentage) which is published from time to time by the Rating Agency on the OC Source. In case no (or no timely) publication takes place, the most recently published overcollateralization level shall be used. The Issuer may, by notice pursuant to § 12, increase or decrease from time to time the overcollateralization level, but only if the Rating Agency has been notified thereof and by the seventh day after such notification, the Rating Agency has not communicated that any such change will have a negative effect on the then current ratings assigned by it on the Covered Bonds.

"OC Source" means www.globalcreditportal.com or any other source the Issuer may designate, in its sole discretion, from time to time by way of a notice in accordance with § 12.

"Other Covered Bonds" means all other bonds or notes issued by the Issuer which are secured by the same Cover Pool Assets and which are subject to a pass-through structure (but regardless, for the avoidance of doubt, of whether they have become pass-through bonds in accordance with their terms or not).

"Other Pass-Through Covered Bonds" means the Other Covered Bonds once they become pass-through bonds in accordance with their terms.

"Pass-Through Covered Bonds" means the Covered Bonds once an Issuer Event other than Issuer Bankruptcy has occurred and is continuing pursuant to § 8 (1) (ii).

"Rating Agency" means Standard & Poor's.

"Special Receiver" means a special receiver (*besonderer Verwalter*) appointed upon an Issuer Bankruptcy in respect of the Cover Pool Assets according to § 6 (2) of the Pfandbriefgesetz.

"Substitute Cover Pool Assets" means substitute cover assets (*Ersatzdeckungswerte*) eligible pursuant to § 2 (3) of the Pfandbriefgesetz which are registered in the Cover Pool Register, including the Interest Reserve.

§ 9 TERMINATION

(1) *Notice of Termination.* If, upon an Issuer Bankruptcy Event, a Cover Pool Transfer is not possible and the Cover Pool Assets are not sufficient to satisfy the current and future claims of the Holders and the holders of the Other Covered Bonds, then the Special Receiver shall publish a notice (a "**Notice of Termination**") pursuant to § 12.

For the avoidance of doubt, when determining whether the Cover Pool Assets are sufficient to satisfy the current and future claims of the Holders and the holders of the Other Covered Bonds, the Special Receiver shall take into account that the Covered Bonds will, upon the occurrence of an Issuer Event other than an Issuer Bankruptcy Event which is continuing, become Pass-Through Covered Bonds in accordance with § 8 and that Holders shall have no claim for payments under the Pass-Through Covered Bonds against the Cover Pool Assets that would exceed Covered Bonds Available Funds in accordance with and subject to the Priority of Payments, and in the event that payments under the Pass-Through Covered Bonds have not been made out of Covered Bonds Available Funds in accordance with and subject to the Priority of Payments until the Extended Maturity Date, Holders of Pass-Through Covered Bonds shall have no further claim against the Cover Pool Assets in respect of such unpaid amounts. However, for the avoidance of doubt, Holders shall remain to have a claim against the Issuer in respect of such unpaid amounts.

(2) Following the publication of a Notice of Termination, the Covered Bonds shall become immediately due and payable, and the Special Receiver shall, upon the approval of the court, liquidate all Cover Pool Assets and use the proceeds to satisfy, *pari passu* and *pro rata*, the claims of the Holders and the holders of Other Covered Bonds in accordance with the Pfandbriefgesetz.

§ 10 PRESCRIPTION, PRECLUSION

(1) *Interest.* A claim for payment of interest shall by statute be barred after expiry of three years.

(2) *Principal.* The right to claim payment of principal shall lapse ten years after the respective due date unless such claim has been filed with court before such time.

§ 11 FURTHER ISSUES, PURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue

further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the issue date, interest commencement date and/or issue price) so as to form a single Series with the Covered Bonds, provided that (i) no Covered Bonds or Other Covered Bonds have become Pass-Through Covered Bonds or Other Pass-Through Covered Bonds, and (ii) the Rating Agency has been notified of such issuance and the Rating Agency shall have confirmed that such issuance will not negatively impact the then current rating of any Covered Bonds or Other Covered Bonds then outstanding.

(2) *Purchases.* The Issuer may at any time purchase Covered Bonds in the open market or otherwise and at any price. Covered Bonds purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Fiscal Agent for cancellation. If purchases are made by tender, tenders for such Covered Bonds must be made available to all Holders of such Covered Bonds alike.

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

§ 12 NOTICES

(1) *Publication.* All notices concerning the Covered Bonds shall be published on the website of the Issuer (<https://anadibank.com/en/about/investor-relations/publications>). Any notice so given will be deemed to have been validly given on the third day following the date of such publication.

(2) *Form of Notice.* Notices to be given by any Holder shall be made by means of a written declaration to be sent together with an evidence of the Holder's entitlement in accordance with § 13 (3) to the Fiscal Agent. Such notice may be given through the Clearing System in such manner as the Fiscal Agent and the Clearing System may approve for such purpose.

§ 13 APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(1) *Applicable Law.* The Covered Bonds, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by Austrian law excluding its conflict of laws rules where their application would lead to the applicability of a foreign law.

(2) *Submission to Jurisdiction.* The competent court in Klagenfurt shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Covered Bonds. The submission to the jurisdiction of the courts of Klagenfurt shall not (and shall not be construed so as to) limit the right of any Holder to take proceedings in any other court of competent jurisdiction (in particular, and as far as mandatorily competent, a place of consumer jurisdiction).

(3) *Enforcement.* Any Holder of Covered Bonds may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in his own name his rights arising under such Covered Bonds on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Covered Bonds (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Covered Bonds credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) a copy of the Covered Bond in global form certified as being a true copy by a duly authorised officer of the Clearing System or a depository of the Clearing System, without the need for production in such proceedings of the actual records or the global note representing the Covered Bonds.

For purposes of the foregoing, "**Custodian**" means any credit institution or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Covered Bonds and includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Covered Bonds also in any other way which is admitted in the country of the

Proceedings.

PART B – OTHER INFORMATION

ESSENTIAL INFORMATION

Interests of Natural and Legal Persons Involved in the Issue or the Offering

- So far as the Issuer is aware, no person involved in the issue or offering of the Covered Bonds has an interest, including a conflicting one, material to the issue or the offering.
- Other Interests, including conflicting ones

INFORMATION CONCERNING THE SECURITIES TO BE OFFERED OR ADMITTED TO TRADING

Security Codes

- ISIN AT0000A1Z5L0
- Any Other Security Code

Estimated Total Expenses

Estimate of total expenses related to the admission to trading EUR 1,300

PLACING AND UNDERWRITING

Method of Distribution

- Non-Syndicated
- Syndicated

Subscription Agreement

Date of Subscription Agreement Not applicable

General Features of the Subscription Agreement Not applicable

Details with Regard to the Managers

Managers Not applicable

- Firm Commitment
- Without Firm Commitment

Stabilising Manager Not applicable

LISTING / ADMISSION TO TRADING

Listing

- Vienna Stock Exchange

Yes

- Official Market
- Second Regulated Market
- Third Market
- Luxembourg Stock Exchange
- Regulated Market

Date of Admission

21 December 2017

ADDITIONAL INFORMATION

Rating

The Covered Bonds have been rated as follows:

Standard & Poor's: AA

Standard & Poor's is established in the European Union and is registered (pursuant to the current list of registered and certified credit rating agencies dated 16 July 2017, published on the website of the European Securities and Markets Authority (www.esma.europa.eu)) pursuant to Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009, as amended.

Selling Restrictions

TEFRA

TEFRA D

Additional Selling Restrictions

Not applicable

New Global Note

No

Third Party Information

The rating set out above has been extracted from Standard & Poor's. The Issuer confirms that such information has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by Standard & Poor's, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer

By: REINHARD FUCHS

Duly authorised

By: FERDINAND BUCHER

Duly authorised