

3. TERMS AND CONDITIONS OF THE NOTES

The following terms and conditions contain in the general conditions (the "**General Conditions**") the conditions which apply to all issues and in the issue specific conditions (the "**Issue Specific Conditions**") all variable or optional conditions which may apply for a specific issue. The Issue Specific Conditions and the General Conditions collectively form the "**Terms and Conditions**" of the respective issue. The Issuer shall determine in the Final Terms which options or variables of the Issue Specific Conditions (including all sub-options) apply to the respective issue in which all applicable provisions of the Issue Specific Conditions are repeated and all relevant gaps of the Issue Specific Conditions are completed. The General Conditions are not repeated or supplemented in the Final Terms.

A. GENERAL CONDITIONS

§ 1 FORM

(1) *Form*. The Notes are being issued in bearer form.

(2) *Permanent Global Note*. The Notes are represented by a permanent global note (the "**Permanent Global Note**" or the "**Global Note**") without coupons; the claim for interest payments under the Notes (if any) is represented by the Permanent Global Note. The Permanent Global Note shall be signed by authorised signatories of the Issuer. Definitive Notes and coupons will not be issued.

§ 2 CERTAIN DEFINITIONS

(1) *Clearing System*. The Global Note will be kept in custody by or on behalf of a Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means Oesterreichische Kontrollbank Aktiengesellschaft, Am Hof 4, 1010 Vienna, Austria ("**OeKB**") and any successor in such capacity.

(2) *Holder of Notes*. "**Holder**" means any holder of a proportionate co-ownership or other comparable right in the Global Note which may be transferred to a new Holder in accordance with the provisions of the Clearing System.

§ 3 STATUS

The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and (subject to any applicable statutory exceptions and without prejudice to the aforesaid) the payment obligations of the Issuer under the Notes rank *pari passu* with all other unsecured and unsubordinated obligations of the Issuer, present and future.

§ 4 PAYMENTS

(1) *Payments*. Payment on the Notes shall be made to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.

(2) *Default Interest.* If the Issuer fails to make payments on the Notes when due, interest shall accrue on the outstanding amount from, and including, the due date to, but excluding, the date of actual payment at the statutory default interest rate¹. This does not restrict any additional rights that might be available to the Holders.

§ 5

REDEMPTION FOR REASONS OF TAXATION

(1) *Early Redemption for Reasons of Taxation.* The Notes will be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 Business Days' nor more than 90 Business Days' prior notice of redemption to the Paying Agent and, in accordance with § 11, to the Holders (which notice shall be irrevocable), if on the next succeeding Interest Payment Date (if any) or Maturity Date, the Issuer will become obliged to pay Additional Amounts pursuant to § 7 (1) as a result of any change in, or amendment to, the laws or regulations of the Republic Austria or of any political subdivision or taxing authority thereof or therein, or as a result of any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the last tranche of this series of Notes is issued, and such amendment or change has been evidenced by the delivery by the Issuer to the Paying Agent (who shall accept such certificate and opinion as sufficient evidence thereof) of (i) a certificate signed by two authorised signatories of the Issuer on behalf of the Issuer stating that such amendment or change has occurred (irrespective of whether such amendment or change is then effective), describing the facts leading thereto and stating that such requirement cannot be avoided by the Issuer taking reasonable measures available to it and (ii) an opinion of independent legal advisers of recognised reputation to the effect that such amendment or change has occurred (irrespective of whether such amendment or change is then effective), provided that no such notice of redemption shall be given earlier than 90 calendar days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts if a payment in respect of the Notes would then be due. No such notice of redemption shall be given if at the time such notice is given, the obligation to pay such Additional Amounts does not remain in effect.

(2) *Early Redemption Amount.* For purposes of this § 5 and § 9, the early redemption amount of a Note shall be the amount determined in good faith and in a commercially reasonable manner by the Calculation Agent to be the fair market value of the Notes immediately prior to (and ignoring the circumstances leading to) such early redemption, adjusted to account fully for any reasonable expenses and costs of the Issuer and/or its affiliates of unwinding any underlying and/or related hedging and funding arrangements (including, without limitation, any equity options, equity swaps or other securities of any type whatsoever hedging the Issuer's obligations under the Notes).

§ 6

PAYING AGENT AND CALCULATION AGENT

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

Principal Paying Agent and Calculation Agent:

Erste Group Bank AG
Graben 21
1010 Vienna

¹ The statutory default interest rate amounts to 4% (§ 1000 Sec 1 of the Austrian General Civil Code (ABGB). The same percentage shall apply to Holders which are entrepreneurs within the meaning of the Austrian Commercial Code (UGB).

Austria

Where these Terms and Conditions refer to the term "Paying Agent(s)", such term shall include the Principal Paying Agent.

The Paying Agent(s) and the Calculation Agent reserve the right at any time to change their respective specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent or the Calculation Agent and to appoint another Calculation Agent or additional or other Paying Agents. The Issuer shall at all times maintain (i) a Calculation Agent and (ii) so long as the Notes are listed on a stock exchange, a Paying Agent with a specified office in such place as may be required by the rules of such stock exchange or its supervisory authority. The Issuer will give notice to the Holders of any variation, termination, appointment or any other change as soon as possible upon the effectiveness of such change.

The Issuer undertakes, to the extent this is possible, to maintain a Paying Agent in a member state of the European Union in which it shall not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

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

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Paying Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Paying Agents or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

§ 7 TAXATION

(1) *General Taxation.* All amounts of principal and interest payable to the Holder (or a third party on behalf of the Holder) in respect of the Notes shall be made without deduction or withholding for or on account of any present or future taxes, duties or governmental charges of any nature whatsoever (the "**Taxes**") imposed or levied by way of deduction or withholding by or on behalf of the Republic of Austria or any political subdivision or any authority thereof having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall, to the extent permitted by law, pay such additional amounts of principal and interest (the "**Additional Amounts**") as shall be necessary in order that the net amounts of principal and interest received by the Holder (or a third party on behalf of the Holder), after such deduction or withholding, shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such deduction or withholding; except that no such Additional Amounts shall be payable on account of Taxes which

(a) are deducted or withheld by reason of the Holder (or a third party on behalf of the Holder) (i) for tax purposes having, or having had at the time of acquisition of the Notes, another nexus to the Republic of Austria than merely being, or having been, the bearer of the Notes, or (ii) receiving an amount payable in respect of the Notes by, or involving an Austrian paying agent (*auszahlende Stelle*) or an Austrian custodian agent (*depotführende Stelle*; both terms as defined in sec. 95(2) of the Austrian Income Tax Act 1988 (*Einkommensteuergesetz 1988*) as amended or a subsequent legal provision, if any); Austrian withholding tax on investment income (*Kapitalertragsteuer*) shall thus not qualify as a tax for which the Issuer would be obliged to pay Additional Amounts; or

(b) are deducted or withheld pursuant to (i) any European Union directive or regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation to

which the Republic of Austria and/or the European Union is a party/are parties, or (iii) any provision of law implementing, or introduced in connection with, such directive, regulation, treaty or understanding; Austrian EU-withholding tax (*EU-Quellensteuer*) pursuant to the Austrian EU-Withholding Tax Act (*EU-Quellensteuergesetz*) shall thus not qualify as a tax for which the Issuer would be obliged to pay Additional Amounts; or

(c) are deducted or withheld pursuant to an international treaty or a civil law agreement concluded by a state and/or one of its political subdivisions and/or one of its authorities and/or a group of states on the one hand and the Republic of Austria and/or one of its political subdivisions and/or the European Union and/or the Issuer and/or an intermediary on the other hand; or

(d) are refundable or for which a relief at source is available pursuant to the laws of the Republic of Austria, a European Union directive or regulation or an international treaty or understanding to which the Republic of Austria and/or the European Union is a party/are parties; or

(e) would not have had to be deducted or withheld if the Holder (or a third party on behalf of the Holder) had duly submitted documentation or evidence to qualify for a tax exemption; or

(f) are payable in a different way than by being deducted or withheld from payments of principal or interest on the Notes; or

(g) are deducted or withheld after payment by the Issuer during the transfer to the Holder; or

(h) would not have been deducted or withheld if the Holder had duly submitted a claim for the respective payment of principal or interest within 30 days after the due date; or

(i) are deducted or withheld although such deduction or withholding could have been avoided by effecting a payment via another paying agent in an EU member state, which would not have been obliged to such deduction or withholding; or

(j) are deducted or withheld by reason of a change in law that becomes effective more than 30 days after the relevant payment of principal or interest becomes due, or is duly provided for and notice thereof is published in accordance with § 11, whichever occurs later; or

(k) are deducted or withheld pursuant to a combination of the circumstances listed in (a) to (j).

(2) *U.S. Foreign Account Tax Compliance Act (FATCA)*. The Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required by law to withhold or deduct pursuant to the U.S. Foreign Account Tax Compliance Act ("**FATCA**") (including under a voluntary agreement entered into with a taxing authority as described in Section 1471(b) of the U.S. Internal Revenue Code (the "**FATCA Agreement**")). The Issuer will not be required to make any payment of additional amounts for or on account of any withholding tax deducted by the Issuer or an intermediary in compliance with FATCA. For the avoidance of doubt, the withholding or deduction of any amounts which are withheld or deducted pursuant to a FATCA Agreement shall be treated as being required by law.

§ 8

PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within thirty years (in the case of principal) and three years (in the case of interest, if any) upon the relevant due date.

§ 9

ACCELERATION

(1) *Events of Default*. Each Holder shall be entitled to declare its Notes due in accordance with paragraph (2) and demand immediate redemption thereof at the early redemption amount (as defined in § 5), together with accrued interest (if any) to (but excluding) the date of repayment, in the event that:

(a) default is made on the payment of interest (if any) or principal in respect of the Notes for a period of 15 calendar days (in the case of interest) or seven calendar days (in the case of principal) from (and in-

cluding) the relevant Interest Payment Date or Maturity Date; or

(b) the Issuer fails to perform or observe any covenant, condition or provision contained in the Terms and Conditions (other than any obligation for the payment of principal or interest (if any) in respect of the Notes) which it is obliged to perform and observe, which default is incapable of remedy or is not remedied within 45 calendar days after notice of such default shall have been given to the Paying Agent at its specified office by any Holder; or

(c) insolvency (bankruptcy) proceedings or special receivership proceedings (*Geschäftsaufsichtsverfahren*) pursuant to the Austrian Banking Act (or any other applicable future regulation) are commenced against assets of the Issuer, or if the Austrian Financial Markets Authority (or any other authority competent for such matters in the future) institutes regulatory measures (*aufsichtsbehördliche Maßnahmen*) with the effect of a temporary moratorium or if the Issuer shall be wound up or dissolved, otherwise than for the purposes of reconstruction, merger or amalgamation in which the successor entity assumes all the obligations of the Issuer with respect to the Notes.

(2) *Notice*. Any notice, including any notice declaring Notes due in accordance with paragraph (1), shall be made in accordance with § 11 (3).

§ 10 FURTHER ISSUES OF NOTES, PURCHASES AND CANCELLATION

(1) *Further Issues of Notes*. The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, Interest Commencement Date and/or issue price) so as to form a single series with the Notes.

(2) *Purchases*. The Issuer and any of its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price. Notes purchased by the Issuer or the Subsidiary may, at the option of the Issuer or such Subsidiary, be held, resold or surrendered to the Paying Agent for cancellation.

"**Subsidiary**" means either:

(i) any company which is then, directly or indirectly, controlled, or at least 50 *per cent.* of whose issued equity share capital (or equivalent) is then beneficially owned, by the Issuer and/or one or more of its Subsidiaries. For a company to be controlled by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the management board or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company; or

(ii) any company regarded as a subsidiary of the Issuer in accordance with International Financial Reporting Standards.

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

§ 11 NOTICES

(1) *Publication*. All notices of facts concerning the Notes shall be published on the website of the Issuer (www.erstegroup.com). Any notice so given will be deemed to have been validly given on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication). This does not affect any applicable stock exchange law publication requirements. Legally material notices shall be given to the Holders via the respective institutions which maintain the Holders' security accounts. Alternatively, the Issuer shall be entitled to send at any time notices directly to Holders known to the Issuer.

(2) *Notification to Clearing System*. If the publication of notices pursuant to paragraph (1) is no longer

required by law, the Issuer may, in lieu of publication in the media set forth in paragraph (1), deliver the relevant notices to the Clearing System, for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the seventh calendar day after the calendar day on which said notice was given to the Clearing System.

(3) *Form of Notice to Be Given by any Holder.* Notices regarding the Notes which are to be given by any Holder to the Issuer shall be validly given if delivered in writing in the German or English language to the Issuer or the Paying Agent (for onward delivery to the Issuer) by hand or mail. The Holder shall provide evidence satisfactory to the Issuer of its holding of the Notes. Such evidence may be (i) in the form of a certification from the Clearing System or the Custodian with which the Holder maintains a securities account in respect of the Notes that such Holder is, at the time such notice is given, the Holder of the relevant Notes, or (ii) in any other appropriate manner. "**Custodian**" means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

§ 12

APPLICABLE LAW AND PLACE OF JURISDICTION

(1) *Applicable Law.* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, Austrian law.

(2) *Place of Jurisdiction.* The competent Austrian courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with Notes), to the extent permissible according to applicable mandatory consumer protection legislation.