

Communication regarding the cover pool for covered bond investors of KA New

Ladies and Gentlemen,

we are pleased to inform you that, following all the necessary regulatory approvals, the entry of the newly incorporated Kommunalkredit Austria AG (KA New) in the Commercial Register, effective as of 26/09/2015, 00:00, was decided by the Commercial Court of Vienna, and that the transfer of shares (closing) took effect on 28/09/2015.

This information was communicated on 25/09/2015 through an ad-hoc disclosure of Kommunalkredit Austria AG (KA Old), which is enclosed with this letter for your personal information.

In accordance with the ad-hoc disclosure published on 13/03/2015 regarding the demerger of parts of the assets and liabilities of KA Old, we confirm that the demerger has now taken effect. The covered bonds issued by KA Old and transferred to KA New continue to be collateralized by a corresponding cover pool pursuant to the Austrian Act on Covered Bank Bonds and the Articles of Association of KA New. Pursuant to the provisions of this act, the cover pool has been verified and approved by the Government Commissioner.

The details regarding the structure of the cover pool of KA New, compared with the cover pool of KA Old, are shown in the following table:

| Cover Pool Data | Kommunalkredit (Old) 31/08/2015 | | Kommunalkredit (New) 26/09/2015 | |
|-----------------------------|---------------------------------|--------|---------------------------------|--------|
| Over-Collateralisation | | | | |
| Cover Pool in EUR mn | 5,039 | | 1,674 | |
| Covered Bonds in EUR mn | 3,874 | | 1,217 | |
| Nom. Over-Collateralisation | 1,165 | | 457 | |
| Over-Collateralisation in % | 30.1% | | 37.5% | |
| Covered Pool / Regions | % | EUR mn | % | EUR mn |
| Austria | 76.9% | 3,875 | 88.8% | 1,487 |
| Switzerland | 7.8% | 394 | 5.0% | 83 |
| Germany | 7.0% | 351 | 4.7% | 79 |
| Italy | 1.6% | 83 | | |
| Croatia | 2.9% | 144 | | |
| Slovenia | 1.4% | 70 | | |
| Poland | 1.0% | 52 | 1.5% | 25 |
| Portugal | 1.0% | 50 | | |
| Spain | 0.4% | 20 | | |
| | 100.0% | 5,039 | 100.0% | 1,674 |
| Cover Pool / Ratings | % | EUR mn | % | EUR mn |
| AAA | 6.6% | 334 | 4.0% | 67 |
| AA | 65.5% | 3,299 | 70.2% | 1,176 |
| A | 9.0% | 453 | 15.2% | 254 |
| <A | 18.9% | 953 | 10.6% | 177 |
| | 100.0% | 5,039 | 100.0% | 1,674 |

Indicative values at the respective valuation dates

For further details on the cover pool, please refer to www.kommunalkredit.at.

As shown above, KA New has a cover pool in the amount of EUR 1.67 billion, compared with a total volume of covered bonds of EUR 1.22 billion. This results in nominal over-collateralization of 37%. Most of the assets are loans with a regional focus on Austria (88.8%), Switzerland (5.0%) and Germany (4.7%). Almost 90% of the assets are rated A or higher; more than 92% of the assets are euro-denominated.

In connection with Moody's covered bond rating, the over-collateralization agreement of 27/01/2011 contains a commitment of KA Old to maintain a level of over-collateralization of 28%, which goes beyond the requirements pursuant to Section 1 (8) of the Austrian Act on Covered Bank Bonds. A decision whether or not to uphold this commitment, given the fact that termination on account of the demerger is possible, will be taken within a few days.

The following covered bonds are collateralized by the cover pool of KA New as of 26/09/2015:

| ISIN | Currency | Nominal |
|--------------|----------|-------------|
| CH0020669583 | CHF | 305,000,000 |
| CH0022280058 | CHF | 200,000,000 |
| CH0024015452 | CHF | 237,400,000 |
| CH0025662831 | CHF | 314,000,000 |
| QOXAH0900000 | EUR | 20,000,000 |
| QOXAH0900001 | EUR | 100,000,000 |
| XS0333613601 | CHF | 25,000,000 |
| XS1265773116 | EUR | 107,000,000 |