



Kommunalkredit Austria AG

EUR 800,000,000 Debt Issuance Programme

This supplement (the "**Supplement**") dated 28 August 2020 constitutes a supplement pursuant to Article 23 (1) of the Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and is supplemental to, and should be read in conjunction with, the base prospectus dated 30 April 2020 (the "**Original Prospectus**" and the "**Prospectus**") for the EUR 800,000,000 Debt Issuance Programme (the "**Programme**") of Kommunalkredit Austria AG (the "**Issuer**"). The Prospectus forms the base prospectus of the Issuer within the meaning of Article 8 (6) of the Prospectus Regulation.

The Original Prospectus has been approved on 30 April 2020 by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the "**FMA**").

This Supplement has been filed with and approved by the FMA in its capacity as competent authority, filed with the Vienna Stock Exchange (*Wiener Börse*) and published in electronic form on the Issuer's website under "www.kommunalkredit.at/en/investor-relations/bondholder-information-funding/debt-issuance-programme/".

Terms defined in the Prospectus shall have the same meaning when used in this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference in the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus, the statements mentioned in (a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

In accordance with Article 23 (2) of the Prospectus Regulation, investors who have already agreed to purchase or subscribe for securities issued or to be issued by the Issuer before this Supplement was published have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances until, and including 1 September 2020, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before the closing of the offer period and the delivery of the Notes, whichever occurs first. Investors may contact the relevant financial intermediary if they wish to exercise their right of withdrawal.

The accuracy of the information contained in this Supplement does not fall within the scope of examination by the FMA under the Prospectus Regulation. The FMA only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer that is the subject of this Supplement.

RESPONSIBILITY STATEMENT

The Issuer, with its registered office at Tuerkenstrasse 9, A-1090 Vienna, Austria, is responsible for the information given in this Supplement.

The Issuer hereby declares that, to the best of the knowledge of the Issuer, the information contained in this Supplement is in accordance with the facts and makes no omission likely to affect its import.

NOTICE

This Supplement shall only be distributed in connection with the Prospectus.

The Issuer confirms that the Prospectus contains all information with regard to the Issuer and any Notes which is material in the context of the Programme and the issue and offering of Notes thereunder, that the information contained therein is accurate in all material respects and is not misleading, that the opinions and intentions expressed therein are honestly held, that there are no other facts, the omission of which would make the Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect, and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained therein.

No person has been authorised to give any information which is not contained in, or not consistent with, the Prospectus or any other information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorised by or on behalf of the Issuer, Raiffeisen Bank International AG as arranger and dealer or any of them.

Neither Raiffeisen Bank International AG as arranger and dealer nor any other person mentioned in the Prospectus, excluding the Issuer, is responsible for the information contained in the Prospectus or any other document incorporated therein by reference and, accordingly, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

Significant new factors, material mistakes and/or material inaccuracies (as referred to in Article 23 (1) of the Prospectus Regulation) have arisen which in the Issuer's perception are capable of affecting the assessment of the Notes, and are thus herewith included in the Original Prospectus as follows:

- 1.1 In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 6 of the Original Prospectus, below the table regarding the English language translation of the Audited Annual Financial Report of Kommunalkredit Group for the financial year ended 31 December 2018 the following table shall be added:**

| "Document/Heading" | Page reference |
|--|-----------------------|
| English language translation of the Half Year Financial Report 2020 of Kommunalkredit Group for the financial period ending on 30 June 2020 (<i>Halbjahresfinanzbericht 2020</i>) (the "Half Year Financial Report 2020") | |
| Consolidated Statement of Financial Position | 42 |
| Consolidated Income Statement | 43 |
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| Consolidated Statement of Cash Flows | 48 |
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| Report on the Review | 62" |

- 1.2 In the section entitled "DOCUMENTS INCORPORATED BY REFERENCE" commencing on page 6 of the Original Prospectus, the first paragraph after the table regarding the English language translation of the Audited Annual Financial Report of Kommunalkredit Group for the financial year ended 31 December 2018 shall be replaced by the following paragraph:**

"For the avoidance of doubt, such parts of the Audited Annual Financial Reports 2018 and 2019 respectively, as well as the Half Year Financial Report 2020 which are not explicitly listed in the tables above, are not incorporated by reference into this Prospectus as these parts are either not relevant for the investor or covered elsewhere in this Prospectus."

- 1.3 In the section entitled "DOCUMENTS AVAILABLE FOR INSPECTION" on page 8 of the Original Prospectus after the list paragraph numbered "(vii)", the following list paragraph numbered "(viii)" shall be inserted:**

"(viii) the Half Year Financial Report 2020 incorporated by reference into this Prospectus
 ("https://www.kommunalkredit.at/fileadmin/user_upload/Kommunalkredit_HalfYearReport2020.pdf")"

- 1.4 In the section entitled "RISK FACTORS", in the subsection entitled "Risk factors regarding the Issuer" commencing on page 9 of the Original Prospectus the risk factor entitled "5. The worldwide corona virus pandemic (COVID-19) may have significant effects on the Issuer and its clients." shall be replaced by the following risk factor:**

"5. The worldwide corona virus pandemic (COVID-19) may have significant effects on the Issuer and its clients.

The Issuer is directly and through its clients exposed to certain risks in relation to the pandemic caused by the corona virus SARS CoV-2 ("**COVID-19**") and the measures taken by sovereigns, companies and others to prevent the spread of COVID-19. The worldwide rapid spread of the COVID-19 pandemic, the interim lockdown and the resulting recession can lead to further deterioration than observed so far of financial conditions of the Issuer's customers, in general, and certain businesses, e.g. transportation infrastructure and energy in particular where these are exposed to market risks, and to a lesser extent public sector entities. As a result, the Issuer's loan

portfolio might experience further credit rating downgrades or payment delays, or subject to the duration of the COVID-19 pandemic, its quality could deteriorate, because the Issuer's customers may not be able to repay their loans as planned. If the economic conditions and the financial position of some individual borrowers worsen significantly, this could result in the booking of loan loss provisions or actual credit losses.

In response to the COVID-19 pandemic and its expected economic impact, governments in countries in which the Issuer operates have already taken or are likely to take state intervention measures, such as imposing payment moratoria, caps on interest rates, etc. to protect their citizens, national economies, currencies or fiscal income. Any of these or similar state intervention measures could have a material adverse effect on the Issuer's business, financial condition and results of operations through any individual or a combination of less interest income, higher risk costs or higher other costs.

The COVID-19 pandemic may also have a negative effect on the funding of the Issuer as municipalities, public sector entities and wholesale customers affected by the developments relating to the COVID-19 pandemic, may need to withdraw funds deposited with the Issuer, or may choose to extend their deposits but with shorter maturities. Retail customers who are faced with the effects of job loss, short-time work or loss of their business basis often have to access their savings earlier than expected. Such events might limit the access of the Issuer to the short-term funding sources it currently utilises. The COVID-19 pandemic can also trigger further credit rating reviews by credit rating agencies across all sectors, including the banking sector. Potential credit rating adjustments might affect the investment grade credit rating of the Issuer, a loss of such credit rating might lead to deposit outflows by some of the Issuer's wholesale customers."

- 1.5 In the section entitled "KOMMUNALKREDIT AUSTRIA AG", in the subsection entitled "General Information about the Issuer - *Credit Ratings*" commencing on page 78 of the Original Prospectus the first line of the table shall be replaced by the following line:**

| | | | |
|----------------------------|-------------|----------------------------|----|
| " Covered Bonds | Bank | A (outlook negative) | -" |
|----------------------------|-------------|----------------------------|----|

- 1.6 In the section entitled "KOMMUNALKREDIT AUSTRIA AG" the information in the subsection entitled "Significant Changes and Material Adverse Changes" on page 82 of the Original Prospectus shall be replaced by the following information:**

"There has been no material adverse change in the prospects of the Issuer since 31 December 2019 and no significant change in the financial performance and in the financial position of the Kommunalkredit Group since 30 June 2020."

- 1.7 In the section entitled "GLOSSARY AND LIST OF ABBREVIATIONS" commencing on page 84 of the Original Prospectus after the line regarding "FMA", the following line shall be inserted:**

| | |
|---|--|
| "Half Year Financial Report 2020 | English language translation of the Half Year Financial Report 2020 of Kommunalkredit Group for the financial period ending on 30 June 2020 (<i>Halbjahresfinanzbericht 2020</i>)" |
|---|--|

| | | |
|---|--|--|
| Signaturwert | XzKjENBGxGE/GmUWJ5j67AeRd50Talg+f08OyeVUBhS5TW8zuXaG00EF0Dji4tKZ3G0Ia/z2d5JN6qoAwQU45cD3zSaVqfJ4dNW+Xbkzi8kFCPAkztggyA8MahtMLiW2PsNEwYUgqx6TOXuyVjFpfUPFAIyTZWuSiPzGFL/Yd5qoHDl4NYuIsnHk3IpgYfeDtG5HG8Mx/e7bY4BgadXk9fjvUGEIUI1tEV4ALr2VsggV/zeA5K+57FMFj9hH/6W5G0QFoPmHft3F32mchFpi+0jJqbK6/ZPWxfLPLF2F8vty5kPDHeC3tJXS3Xz04+HlBkQaEHyh1ZrmmVN9UU8n0g== | |
|  | Unterzeichner | Österreichische Finanzmarktaufsichtsbehörde |
| | Datum/Zeit-UTC | 2020-08-28T08:48:58Z |
| | Aussteller-Zertifikat | CN=a-sign-corporate-light-02,OU=a-sign-corporate-light-02,O=A-Trust Ges. f. Sicherheitssysteme im elektr. Datenverkehr GmbH,C=AT |
| | Serien-Nr. | 532114608 |
| | Methode | urn:pdfsigfilter:bka.gv.at:binaer:v1.1.0 |
| Prüfinformation | Informationen zur Prüfung des elektronischen Siegels bzw. der elektronischen Signatur finden Sie unter: 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. | |