

TERMS AND CONDITIONS

EUR 150,000,000 Callable Fixed-to-Fixed Rate Reset Subordinated Notes due 24 September 2035

Kommunalkredit Austria AG
ISIN AT0000A3MQS7

§ 1

CURRENCY, PRINCIPAL AMOUNT, FORM, CERTAIN DEFINITIONS

(1) *Currency; Principal Amount.* These Callable Fixed-to-Fixed Rate Reset Subordinated Notes due 24 September 2035 (the "**Notes**") of Kommunalkredit Austria AG (the "**Issuer**") are being issued on 24 June 2025 (the "**Issue Date**") in EUR (the "**Specified Currency**") in the aggregate principal amount of EUR 150,000,000 (in words: Euro one hundred and fifty million) in denominations in the principal amount of EUR 100,000 (in words: Euro one hundred thousand) (the "**Principal Amount**").

(2) *Form.* The Notes are in bearer form.

(3) *Global Note.* The Notes are represented in full by a modifiable non-digital global note (*nicht-digitale Sammelurkunde*) (the "**Global Note**") pursuant to § 24(b) of the Austrian Securities Deposit Act, as amended without coupons which was signed by duly authorised representatives of the Issuer. Definitive Notes and interest coupons will not be issued.

(4) *Clearing System.* The Global Note will be kept in custody by or on behalf of OeKB CSD GmbH, Strauchgasse 1-3, 1010 Vienna, Austria (the "**Clearing System**").

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

(6) *Terms & Conditions.* "**Terms and Conditions**" mean these terms and conditions of the Notes.

§ 2

STATUS

(1) *Status.* The Notes constitute Tier 2 instruments pursuant to Article 63 of the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation), as amended from time to time ("**CRR**"). References to the CRR shall include the CRR, as amended from time to time as well as all applicable capital requirements provisions, which may supersede or supplement the provisions of the CRR referred to herein.

The obligations under the Notes constitute direct, unsecured and subordinated obligations of the Issuer. In the event of the liquidation or insolvency of the Issuer and to the extent that the Notes are (at least partly) recognized as own funds items, the obligations of the Issuer under the Notes will rank

(a) junior to all present or future unsecured and unsubordinated instruments or obligations of the Issuer (including, but not limited to, claims against the Issuer under its eligible liabilities instruments pursuant to Article 72b CRR) and all claims from obligations which do not qualify as own funds within the meaning of the CRR;

(b) *pari passu* (i) among themselves; and (ii) with all other present or future subordinated instruments or obligations of the Issuer which are not expressed by their terms to rank junior to the Notes; and

(c) senior to all present and future claims of shareholders, holders of (other) Common Equity Tier 1 instruments pursuant to Article 28 of the CRR as well as holders of Additional Tier 1 instruments pursuant to Article 52 of the CRR of the Issuer.

(2) *No security, no set-off claims, no acceleration.* Claims of the Issuer are not permitted to be offset against repayment obligations of the Issuer under these Notes and no contractual collateral may be provided by the Issuer or a third person for the liabilities constituted by the Notes. No subsequent agreement may limit the subordination pursuant to this § 2 or amend the maturity of the Notes. Holders are not entitled under any circumstances whatsoever to ordinary or extraordinary termination of the Notes, to demand early redemption of the Notes or to accelerate any payment in respect of the Notes. Contractual and statutory rights of the Holders to ordinary or extraordinary termination of the Notes are excluded in any respect.

(3) *Note to the Holders on the possibility of statutory resolution measures.* Prior to a potential insolvency or liquidation of the Issuer, all respective claims, rights and duties under, or arising out of, the subordinated Notes will be subject to any Regulatory Bail-in. The Holders of the subordinated Notes will not have any claim against

the Issuer in connection with or arising out of any such Regulatory Bail-in. "**Regulatory Bail-in**" means a subjection by the Resolution Authority (as defined in § 5(8)) of the claims for payment of principal, interest or other amounts under the subordinated Notes to a permanent reduction, including to zero, or a conversion of the subordinated Notes, in whole or in part, into common equity tier 1 capital of the Issuer, such as ordinary shares, in each case pursuant to Austrian law, in particular the Federal Act on Recovery and Resolution of Banks ("**BaSAG**") (including European Union law as applicable in Austria) and in the sequence for write down and conversion as set forth in Section 90 BaSAG, or apply any other resolution tool or action, including (but not limited to) any deferral or transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Notes.

§ 3 INTEREST

(1) *Fixed Rate of Interest.*

(a) *Fixed Rate of Interest and Interest Payment Dates.* The Notes shall bear interest annually on their aggregate principal amount:

(i) at the rate of 5.50 per cent *per annum* ("**First Rate of Interest**") from (and including) 24 June 2025 (the "**Interest Commencement Date**") to (but excluding) the 24 September 2030 (the "**Reset Date**") (the "**First Period**"); and

(ii) thereafter, at the Reset Rate of Interest (as defined in § 3(2)) from and including the Reset Date to but excluding the Maturity Date.

Interest shall be payable in arrears on 24 September of each year (each such date, an "**Interest Payment Date**"), commencing on 24 September 2025.

"**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 (at the latest until the Maturity Date (exclusive)).

The first interest period is short, it starts on 24 June 2025 and ends on 24 September 2025. The first payment of interest shall be made on 24 September 2025 (short first coupon).

Interest Payment Dates are subject to adjustment in accordance with the provisions set out in § 4(4).

(b) *Amount of Interest.* If the amount of interest scheduled to be paid under the Notes is required to be calculated for any period of time in the First Period, such amount of interest is calculated by applying the First Rate of Interest, and if the amount of interest payable under the Notes is required to be calculated for any period of time in the Reset Period, such amount of interest is calculated by applying the Reset Rate of Interest, in each case multiplying such sum by the applicable Day Count Fraction (as defined in § 3(1c)) to the principal amount of the Notes, whereas the resultant figure is rounded upwards or downwards to the smallest sub-unit of the Specified Currency, with 0.5 or more of such sub-units being rounded upwards.

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

(i) if the Calculation Period is equal to or shorter than the Interest Period during which it falls, the actual number of days in the Calculation Period divided by the product of (A) the actual number of days in the respective Interest Period and (B) the number of Interest Periods in one year;

(ii) if the Calculation Period is longer than an Interest Period, the sum of: (A) the actual number of days in that Calculation Period, during which the Interest Period falls, in which it started, divided by the product of (x) the actual number of days in this Interest Period and (y) the number of Interest Periods in one year, and (B) the actual number of days of that Calculation Period, during which the next Interest Period falls, divided by the product of (x) the actual number of days in this Interest Period and (y) the number of Interest Periods in one year.

(2) *Determination of the Reset Rate of Interest.*

(a) *Reset Rate of Interest.* The rate of interest for the Reset Period (the "**Reset Rate of Interest**") shall be the Reference Rate per annum plus the Margin (as defined below). The Calculation Agent (as defined in § 6(1)) will determine the Reference Rate for the Reset Period on the Interest Determination Date (as defined in this § 3(2)).

"Interest Determination Date" means the second T2 Vienna Business Day prior to the Reset Date. **"T2 Vienna Business Day"** means a day (other than a Saturday or Sunday) on which the real-time gross settlement system operated by the Eurosystem or any successor system ("**T2**") is open in **Vienna** to effect payments.

"Margin" means 3.35 per cent. *per annum*.

The **"Reference Rate"** for the Reset Period will be,

- (i) the Original Offered Quotation on the Interest Determination Date, as determined by the Calculation Agent; or
- (ii) if an Effective Date of a Benchmark Event has occurred, determined in accordance with this § 3 for the Reset Period commencing on or after the Effective Date.

"Reset Period" means the period from, and including, the Reset Date to, but excluding, the Maturity Date.

"Original Offered Quotation" means (subject to this § 3(2)) the offered swap rate (expressed as a percentage rate *per annum*) for swap transactions in the Specified Currency with a term of five years which appears on the Reuters screen page ICESWAP2 under the heading EURIBOR BASIS – EUR or any successor page ("**Screen Page**") as of 11:00 a.m. (Brussels time) on the Interest Determination Date.

If the Screen Page is not available or the Original Offered Quotation does not appear on the Screen Page as at such time, the Calculation Agent shall request each of the Reference Banks (as defined in this § 3(2)) to provide the Calculation Agent with its offered mid-market swap rate (expressed as a percentage rate *per annum*) in the Specified Currency for the Reset Period to leading banks in the interbank market of the Euro Zone at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date. Mid-market swap rate means the mean of the bid and offered rates for fixed leg of a fixed-for-floating rate swap transaction in the Specified Currency where the floating leg is equivalent to the applicable Reference Rate *per annum*, which appears on ICESWAP2 under the heading EURIBOR BASIS – EUR (or any successor page on that service or on any other service as may be nominated as the information vendor for the purposes of displaying rates or prices comparable to the relevant reference rate).

If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Original Offered Quotation for such Reset Period shall be determined by the Calculation Agent on the basis of 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.

If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Original Offered Quotation for the Reset Period shall be determined by the Calculation Agent on the basis of the arithmetic mean (rounded as provided above) of the offered swap rates for swap transactions in the Specified Currency for the Reset Period, at which, on the Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Calculation Agent and the Issuer suitable for such purpose) inform(s) the Calculation Agent it is or they are quoting to leading banks in the interbank market of the Euro Zone (or, as the case may be, the quotations of such bank or banks to the Calculation Agent). If the Original Offered Quotation cannot be determined in accordance with the foregoing provisions of this paragraph, the Original Offered Quotation shall be equal to the offered quotation on the Screen Page on the last day preceding the Interest Determination Date on which such swap rates were offered.

Any reference in this § 3(2) to the term Original Offered Quotation shall be deemed to include a reference to any component part thereof, if any, in respect of which a Benchmark Event (as defined in this § 3(2)) has occurred.

"Reference Banks" means those offices of four such banks in the interbank market of the Euro Zone whose offered rates were used to determine such quotation when such quotation last appeared on the Screen Page.

"Euro Zone" means the region comprised of those member states of the European Union that have adopted the euro as their primary currency and sole legal tender.

In the event of the Issuer determining the occurrence of a Benchmark Event (as defined in this § 3(2)), (i) the Issuer shall, as soon as this is (in the Issuer's view) required following the occurrence of the Benchmark Event and prior to the Interest Determination Date, use reasonable endeavours to appoint an Independent Advisor (as defined in this § 3(2)) to determine in the Independent Advisor's reasonable discretion (acting in good faith and a commercially reasonable manner (the **"Substitution Objective"**)) a Substitute Offered Quotation (as defined in this § 3(2)) which shall replace the Original Offered Quotation, affected by the Benchmark Event, the Adjustment Spread (as defined in this § 3(2)) and the Benchmark Amendments (as defined in this § 3(2)) (if required); or (ii) if, prior to the 10th Business Day prior to the Effective Date (as defined below), no Independent Advisor is or can be appointed by the Issuer or if an Independent Advisor is appointed by the

Issuer, but fails to determine a Substitute Offered Quotation, the Adjustment Spread and/or the Benchmark Amendments (if required), then the Issuer (in consideration of the Substitute Objective) may determine the Substitute Offered Quotation, which shall replace the Original Offered Quotation, affected by the Benchmark Event, the Adjustment Spread and the Benchmark Amendments (if required).

Any Substitute Offered Quotation, the Adjustment Spread and any Benchmark Amendments shall apply from (and including) the Interest Determination Date determined by the Independent Advisor or the Issuer (as the case may be) in its due discretion, which shall be no earlier than the Interest Determination Date falling on or immediately following the date on which the Benchmark Event becomes effective (the "**Effective Date**").

The "**Substitute Offered Quotation**" shall be a rate (expressed as a percentage rate *per annum*) which corresponds to an alternative offered quotation provided by a third party and meeting any applicable legal requirements for being used for determining the payment obligations under the Notes determined by the Independent Advisor or the Issuer (as the case may be) in its due discretion.

Notwithstanding the generality of the foregoing, the Independent Advisor or the Issuer (as the case may be) shall, when making any determination in accordance with this § 3(2), take into consideration any Official Substitution Concept, any Industry Solution or any Generally Accepted Market Practise.

The Independent Advisor or the Issuer (as the case may be) shall determine in its due discretion the Adjustment Spread (as defined below), and such Adjustment Spread shall be applied to the Substitute Offered Quotation.

If the Independent Advisor or the Issuer (as the case may be) determines a Substitute Offered Quotation, the Issuer shall also be entitled to make, in its due discretion, such adjustments relating to the determination of the Original Offered Quotation (including, without limitation, the interest determination date, the day count fraction, the business days, the business day convention, the relevant time, the relevant screen page for obtaining the Substitute Offered Quotation and the fallback provisions in the event that the relevant screen page is not available) which in the opinion of the Independent Advisor or the Issuer (as the case may be) are necessary or expedient to make the substitution of the Original Offered Quotation by the Substitute Offered Quotation operative (such amendments, the "**Benchmark Amendments**").

A "**Benchmark Event**" occurs if

- (i) a public statement or publication of information by or on behalf of the regulatory supervisor of the Original Offered Quotation administrator is made, stating that said administrator has ceased or will cease to provide the Original Offered Quotation permanently or indefinitely, unless there is a successor administrator that will continue to provide the Original Offered Quotation; or
- (ii) a public statement or publication of information by or on behalf of the Original Offered Quotation administrator is made, stating that said administrator has ceased or will cease to provide the Original Offered Quotation permanently or indefinitely, unless there is a successor administrator that will continue to provide the Original Offered Quotation; or
- (iii) a public statement by the regulatory supervisor of the Original Offered Quotation administrator is made that, in its view, the Original Offered Quotation is no longer, or will no longer be, representative of the underlying market it purports to measure and no action to remediate such a situation is taken or expected to be taken as required by the supervisor of the Original Offered Quotation administrator; or
- (iv) it has become, for any reason, unlawful under any law or regulation applicable to any Paying Agent, the Calculation Agent, the Issuer or any other party to use the Original Offered Quotation; or
- (v) the Original Offered Quotation is permanently no longer published without a previous official announcement by the competent authority or the administrator; or
- (vi) a material change is made to the Original Offered Quotation methodology.

"**Adjustment Spread**" means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Advisor or the Issuer (as the case may be) determines in its reasonable discretion is required to be applied to the Substitute Offered Quotation which:

- (i) is formally recommended in relation to the replacement of the Original Offered Quotation with the Substitute Offered Quotation by any Official Substitution Concept or, failing which, any Industry Solution or, if there is more than one such formal recommendation, such recommendation as selected by the Independent Advisor or the Issuer (as the case may be) in its reasonable discretion; or
- (ii) if no such recommendation has been made, which the Independent Advisor or the Issuer (as the case may be) determines in its reasonable discretion is otherwise recognised or acknowledged as being the industry

standard for over-the-counter derivative transactions or customarily applied or is market practice to apply in the international debt capital markets for other bonds which in either case reference the Original Offered Quotation, where such rate has been replaced by the Substitute Offered Quotation (or, alternatively, in the international swap markets); or

(iii) if the Independent Advisor or the Issuer (as the case may be) determines that also no such other industry standard is recognised or acknowledged, the Independent Advisor or the Issuer (as the case may be) determines in its reasonable discretion to be appropriate.

"Official Substitution Concept" means any binding or non-binding public statement by (A) the EU Commission or any EU Member State taking into account, where available, the recommendation by an alternative reference rate working group operating under the auspices of the central bank responsible for the currency in which the interest rates of the replacement benchmark are denominated or (B) any of the following entities, provided that they are competent to make such statement: a central bank, a supervisory authority or a supervisory or expert body of the financial sector established under public law or composed of publically appointed members pursuant to which a certain reference rate, subject to certain adjustments (if any), should or could be used to replace the Original Offered Quotation or pursuant to which a certain procedure should or could be used in order to determine payment obligations which would otherwise be determined by reference to the Original Offered Quotation.

"Industry Solution" means any statement by the International Swaps and Derivatives Association (ISDA), the International Capital Markets Association (ICMA), the Association for Financial Markets in Europe (AFME), the Securities Industry and Financial Markets Association (SIFMA), the SIFMA Asset Management Group (SIFMA AMG), the Loan Markets Association (LMA), the Bundesverband für strukturierte Wertpapiere (BSW), the Zertifikate Forum Austria or any other private association of the financial industry pursuant to which a certain reference rate, subject to certain adjustments (if any), should or could be used to replace the Original Offered Quotation or pursuant to which a certain procedure should or could be used in order to determine payment obligations which would otherwise be determined by reference to the Original Offered Quotation.

"Generally Accepted Market Practise" means the use of a certain reference rate, subject to certain adjustments (if any), as substitute rate for the Original Offered Quotation or of provisions, contractual or otherwise, providing for a certain procedure to determine payment obligations which would otherwise have been determined by reference to the Original Offered Quotation in a material number of bond issues following the occurrence of a Benchmark Event, or any other generally accepted market practise (taking into account the operational requirements of the Calculation Agent) to replace the Original Offered Quotation as reference rate for the determination of payment obligations.

For the purposes of this subparagraph **"Independent Advisor"** means an independent financial institution of international repute or other independent financial advisor experienced in the international capital markets, in each case appointed by the Issuer at its own expense.

The Independent Advisor or the Issuer (as the case may be) is entitled, but not obliged, to determine, in its due discretion, a Substitute Offered Quotation pursuant to the provisions of this subparagraph several times in relation to the same Benchmark Event, provided that each later determination is better suitable than the earlier one to realise the Substitution Objective. The provisions of this subparagraph shall also apply mutatis mutandis in the event of a Benchmark Event occurring in relation to any Substitute Offered Quotation previously determined by the Independent Advisor or the Issuer (as the case may be).

Following the occurrence of a Benchmark Event, the Issuer will give notice of the occurrence of the Benchmark Event, the Substitute Offered Quotation determined by the Independent Advisor or the Issuer (as the case may be) the Adjustment Spread and any Benchmark Amendments (if required) and the Effective Date to the Calculation Agent in text format (*Textform*, e.g. e-mail or fax) and to the Holders in accordance with § 10 as soon as possible, but in no event later than the fourth Business Day following the determination of the Substitute Offered Quotation and, if required by the rules of the Vienna Stock Exchange on which the Notes are from time to time listed, to the Vienna Stock Exchange as soon as possible, but in no event later than the first day of the Reset Period to which the Substitute Offered Quotation applies for the first time.

(b) *Notification of Reset Rate of Interest.* The Calculation Agent will cause the Reset Rate of Interest to be notified to the Holders in accordance with § 10 and, if required by the rules of the Vienna Stock Exchange on which the Notes are from time to time listed, to the Vienna Stock Exchange, as soon as possible after their determination.

(c) *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 Issuer and/or the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Paying Agent

and the Holders.

(3) *Default Interest.* If the Issuer does not make a payment due on the Notes for any reason, interest shall continue to accrue on the outstanding amount from the due date (including) until the date of the full payment to the Holder (excluding) at the respective Rate of Interest specified. Further claims by the Holders remain unaffected.

§ 4 PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal in respect of Notes 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.

(b) *Payment of Interest.* Payment of interest on Notes shall be made, subject to subparagraph (2), to the Clearing System or to its order for credit to the accounts of 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 Notes shall be made in the Specified Currency.

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

(4) *Business Day Convention.* If the due date for any payment in respect of the Notes would otherwise fall on a day which is not a Business Day (as defined in this § 4(4)), then the due date for the payment shall be postponed to the next Business Day.

"Business Day" means a day (other than a Saturday or a Sunday) on which the real-time gross settlement system operated by the Eurosystem or any successor system ("**T2**") is open in Vienna to effect payments.

If the Maturity Date (as defined in § 5(1)) in relation to a Note falls on a day, which is not a Business Day, then the Holder is not entitled to payment prior to the next Business Day at the relevant business place. The Holder shall not be entitled to demand further interests or other payments due to this adjustment.

(5) *References to Principal and Interest.* Reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable: the Final Redemption Amount, the Early Redemption Amount, the Call Redemption Amount and any premium and any other amounts which may be payable under or in respect of the Notes. Reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts which may be payable under § 7.

§ 5 REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or repurchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on 24 September 2035 (the "**Maturity Date**"). The "**Final Redemption Amount**" in respect of each Note shall be the principal amount of the Notes.

(2) *Early Redemption for Reasons of Taxation.* The Notes may be redeemed, in whole but not in part, at the option and in the sole discretion of the Issuer, by not more than 60 days' nor less than 30 days' prior Notice of Redemption to the Holders, at their Early Redemption Amount (each as defined in § 5(8)), together with interest accrued to the date fixed for redemption, if there is a change in the applicable tax treatment of the Notes and provided that the conditions laid down in § 5(7) are met.

However, no Notice of Redemption may be given (i) earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due, or (ii) if at the time such notice is given, such obligation to pay such Additional Amounts or make such deduction or withholding does not remain in effect.

Any Notice of Redemption shall be irrevocable.

(3) *Early Redemption at the Option of the Issuer.*

(a) The Issuer may in its sole discretion, by not less than 15 nor more than 30 Business Days prior Notice of Redemption (as defined in § 5(8)) to the Holders redeem the Notes (in whole but not in part) on the Call Redemption Date at the Principal Amount together with accrued interest, if any, to (but excluding) the Call Redemption Date.

Call Redemption Date means each Business Day during the period from and including 24 June 2030 to but excluding the Reset Date.

(b) Any such early redemption shall only be possible at least five years after the date of issuance and where the conditions laid down in § 5(7) are met.

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules of the relevant Clearing System.

(4) *No Early Redemption at the Option of a Holder.* The Holder has no right to redeem the Notes early.

(5) *Early Redemption for Regulatory Reasons.* The Notes may be redeemed at the option and in the sole discretion of the Issuer in whole, but not in part, at any time by not more than 60 days' nor less than 30 days' prior Notice of Redemption to the Holders (which notice shall be irrevocable), at their Early Redemption Amount (each as defined in § 5(8)), together with interest accrued to (but excluding) the date fixed for redemption if there is a change in the regulatory classification of the Notes that would be likely to result in their exclusion from own funds or reclassification as own funds of lower quality (in each case, on an individual basis of the Issuer and/or on a consolidated basis of the Issuer's Regulatory Group) and provided that the conditions laid down in § 5(7) are met.

"Issuer's Regulatory Group" means, from time to time, each and every/any banking group (i) to which the Issuer belongs; and (ii) to which the own funds requirements pursuant to Parts Two and Three of the CRR apply on a (sub-) consolidated basis due to prudential consolidation in accordance with Part One, Title Two, Chapter Two of the CRR.

(6) *Early Redemption for Reason of Minimal Outstanding Aggregate Principal Amount.* The Issuer may, upon not more than 60 days' nor less than 30 days' prior Notice of Redemption to the Holders (which notice shall be irrevocable) redeem the Notes, in whole but not in part, at their Early Redemption Amount (each as defined in § 5(8)), together with interest (if any) accrued to the date fixed for redemption, if at any time the aggregate principal amount of the Notes outstanding and held by persons other than the Issuer and its subsidiaries is equal to or less than 25% of the aggregate principal amount of the Notes of this series originally issued (including any Notes additionally issued in accordance with § 9(1)), and the conditions laid down in § 5(7) are met. Any such notice shall be irrevocable and must specify the date fixed for redemption.

(7) *Conditions for Early Redemption and Repurchase.* Any early redemption pursuant to this § 5 and any repurchase pursuant to § 9 (2) are subject to

(a) the Issuer having obtained the prior permission of the Competent Authority (as defined in § 5(8)) for the early redemption and the repurchase, in accordance with Articles 77 and 78 CRR or any successor provision for the early redemption or the repurchase (if and to the extent such a permission is required) whereas such permission may, *inter alia*, require that

(i) before or at the same time as the redemption or repurchase, the Issuer replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

(ii) the Issuer has demonstrated to the satisfaction of the Competent Authority that the own funds of the Issuer would, following such early redemption or repurchase, exceed the minimum capital requirements (including any capital buffer requirements) by a margin that the Competent Authority considers necessary at such time; and

(b) in addition, in the case of any early redemption prior to the fifth anniversary of the date of issuance of the Notes:

(i) for reasons of taxation pursuant to § 5 (2) such permission may further require that the Issuer has demonstrated to the satisfaction of the Competent Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the date of issuance of the Notes; or

(ii) for due to regulatory reasons pursuant to § 5 (5), the Competent Authority considers such change to be sufficiently certain; and the Issuer has demonstrated to the satisfaction of the Competent Authority that the regulatory classification of the Notes was not foreseeable for the Issuer as at the date of issuance of the Notes; or

(iii) in the case of any early redemption or repurchase of the Notes, (x) the Issuer, earlier than or at the same time as the early redemption or the repurchase, replaces the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the Competent Authority has permitted that early redemption or repurchase based on the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or (y) the Notes are repurchased for market making purposes within the limits permitted by the Competent Authority.

For the avoidance of doubt, any refusal of the Competent Authority to grant the permission shall not constitute a default for any purpose.

(8) *Definitions.*

"Competent Authority" means the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SRM Regulation, in each case, which is responsible to supervise the Issuer on an individual basis and/or (sub-) consolidated basis.

"Early Redemption Amount" means with respect to a Note its Final Redemption Amount.

"Notice of Redemption" means any notice of the Issuer to the Holders in accordance with § 10 for the purposes of redeeming (in parts or in full) the Notes and specifying:

- (i) the series of Notes subject to redemption;
- (ii) whether such series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Notes which are to be redeemed;
- (iii) the Call Redemption Amount at which such Notes are to be redeemed;
- (iv) the Call Redemption Date; and
- (v) the details in summary form of the facts constituting the basis for the right of the Issuer to redeem.

"Resolution Authority" means the authority pursuant to Article 4(1)(130) CRR which is responsible for recovery or resolution of the Issuer on an individual and/or consolidated basis.

"SRM Regulation" means Regulation (EU) No 806/2014 (Single Resolution Mechanism Regulation), as amended or replaced from time to time, and any references to relevant provisions of the SRM Regulation in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

§ 6

THE PAYING AGENT AND THE CALCULATION AGENT

(1) *Appointment; Specified Offices.* The initial Paying Agent as well as the initial Calculation Agent and their initial specified office is:

"Paying Agent":

Kommunalkredit Austria AG
Tuerkenstrasse 9
A-1090 Vienna
Austria

The Paying Agent shall also act as **"Calculation Agent"**.

The Paying Agent as well as the Calculation Agent reserve the right at any time to change their specified office to some other specified office in the same country.

(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 any Calculation Agent and to appoint additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain (i) a Paying 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 § 10.

(3) *Agents of the Issuer.* The Paying Agent as well as 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 these Terms and Conditions by the Issuer and/or the Paying Agent shall (in the absence of manifest error) be binding on the Issuer, the Paying Agent and the Holders.

§ 7

TAXATION

Additional Amounts. All amounts of 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 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 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) presenting the Notes for payment of interest in the Republic of Austria or if payments of interest are effected in the Republic of Austria; or
- (b) 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 § 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
- (c) 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; 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 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 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 to the extent required pursuant to Sections 1471 through 1474 of the Internal Revenue Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Internal Revenue Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any of the foregoing or under any intergovernmental agreement entered into in connection with the implementation of such Sections of the Internal Revenue Code; or
- (k) are deducted or withheld by reason of a change in law that becomes effective more than 30 days after the relevant payment of interest becomes due, or is duly provided for and notice thereof is published in accordance with § 10, whichever occurs later; or
- (l) are deducted or withheld pursuant to a combination of the circumstances listed in (a) to (k).

§ 8 PRESCRIPTION

Claims against the Issuer for payment with respect to the Notes lapse unless they have been filed with court within ten years (in case of principal) and within three years (in case of interest) after the due date.

§ 9 FURTHER ISSUES, REPURCHASES AND CANCELLATION

(1) *Further Issues.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms and conditions 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.

The term "Notes" shall, in the event of such increase, also comprise such additionally issued Notes.

(2) *Repurchases.* Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the conditions laid down in § 5(7) are met, the Issuer may at any time repurchase Notes in the open market or otherwise at any price. Notes repurchased by the Issuer may, at the option of the Issuer, be held, resold or cancelled. If repurchases are made by tender, tenders for such Notes must be made available to all Holders of such Notes alike.

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

§ 10 NOTICES

(1) *Publication.* If the rules of the Vienna Stock Exchange otherwise so permit all notices concerning the Notes shall be published on the website of the Issuer ("www.kommunalkredit.at"). Any notice so given will be deemed to have been validly given on the third day following the date of such publication.

(2) *Notification to Clearing System.* If the rules of the Vienna Stock Exchange otherwise so permit, the Issuer may replace a publication as set forth in subparagraph (1) by a notice to the Clearing System for communication to the Holder; any such notice shall be deemed to have been validly given to the Holders on the seventh day after the day on which the notice was given to the Clearing System.

(3) *Form of Notice.* Notices to be given by any Holder shall be made by means of a declaration in written form to be sent together with a certificate of the Custodian (as defined in § 11(3)) in accordance with § 11(3) or any other appropriate evidence of the Holder's ownership to the Issuer or the Paying Agent (for transmission to the Issuer). Such notice may be given through the Clearing System in such manner as the Clearing System may approve for such purpose.

§ 11 APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT

(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, excluding its conflict of law rules as far as such rules would lead to the application of foreign law.

(2) *Submission to Jurisdiction.* The competent court in Vienna shall have exclusive jurisdiction for any action or other legal proceedings arising out of or in connection with the Notes.

(3) *Enforcement.* Any Holder of Notes 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 Notes on the basis of (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of Notes credited to such securities account on the date of such statement and (c) if applicable, confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b) and (ii) an excerpt from the electronic data record in relation to the Global Note representing the relevant Notes certified by a duly authorised officer of the central securities depository, the Clearing System or a depository of the Clearing System. For purposes of the foregoing, "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, if applicable, includes the Clearing System. Each Holder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted in the country of the proceedings.