TERMS AND CONDITIONS OF THE NOTES

§ 1
CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency*, *Denomination*. This issue by KOMMUNALKREDIT AUSTRIA AG (the "**Issuer**") of Perpetual Fixed to Reset Rate Additional Tier 1 Notes of 2026 with a First Reset Date on 15 May 2032 (the "**Notes**") is being issued in Euro (the "**Specified Currency**") in the aggregate principal amount of EUR 150,000,000 (in words: one hundred fifty million) in the denomination of EUR 200,000 each (the "**Original Principal Amount**").

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

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

(4) *Clearing System*. The Global Note(s) 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 OeKB CSD GmbH, Strauchgasse 1-3, 1011 Vienna, Austria ("**OeKB CSD**") and any successor in such capacity.

(5) *Certain Definitions*. In these Terms and Conditions:

"**Applicable Supervisory Regulations**" means, at any time, any requirements under laws and any regulations, requirements, standards, guidelines, policies or other rules thereunder applicable from time to time (including, but not limited to, the guidelines, policies, decisions and recommendations of the European Banking Authority, the European Central Bank, the Competent Authority, the Single Resolution Board and/or the Resolution Authority, the administrative practice of any such authority, any applicable decision of a court and any applicable transitional provisions) relating to prudential requirements and/or resolution and applicable to the Issuer and/or the KA Regulatory Group from time to time, including but not limited to the provisions of the BWG, the CRD, the CRR, the CDR, the SSMR, the BaSAG, the BRRD and the SRMR, or such other law, regulation or directive as may come into effect in place thereof, as applicable to the Issuer and the KA Regulatory Group at the relevant time.

"**AT1 Instruments**" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Additional Tier 1 instruments pursuant to Article 52 (1) CRR, including any capital (or other) instruments that qualify as Additional Tier 1 items pursuant to transitional provisions under the CRR.

"**BRRD**" means the Directive 2014/59/EU (*Bank Recovery and Resolution Directive*), as implemented in the Republic of Austria and as amended or replaced from time to time, and any references to relevant provisions of the BRRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**BaSAG**" means the Austrian Bank Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz – BaSAG*), as amended or replaced from time to time, and any references to relevant provisions of the BaSAG in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Business Day**" means a calendar day (other than a Saturday or a Sunday) on which the Clearing System and T2 are open for the settlement of payment in euro in Vienna.

"**BWG**" means the Austrian Banking Act (*Bankwesengesetz – BWG*), as amended or replaced from time to time, and any references to relevant provisions of the BWG in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**CDR**" means the Commission Delegated Regulation (EU) No 241/2014 (*Capital Delegated Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the CDR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**CET 1 Instruments**" means any capital instruments of the Issuer that qualify as Common Equity Tier 1 instruments pursuant to Article 28 CRR, including any capital (or other) instruments that qualify as Common Equity Tier 1 items pursuant to transitional provisions under the CRR.

"**Competent Authority**" means the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SSMR, in each case, which is responsible to supervise the Issuer on an individual basis and/or the KA Regulatory Group on a consolidated basis.

"**Consolidated Profit**" means the consolidated net income for the year (*Jahresüberschuss*) on a consolidated basis recorded in the consolidated financial statements of the Issuer, after such consolidated financial statements have formally been determined (*festgestellt*) by either the supervisory board (*Aufsichtsrat*) or, if so requested, the shareholders' meeting (*Hauptversammlung*) of the Issuer.

"**CRD**" means the Directive 2013/36/EU (*Capital Requirements Directive*), as amended or replaced from time to time and any references to relevant provisions of the CRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**CRR**" means the Regulation (EU) No 575/2013 (*Capital Requirements Regulation*), as amended or replaced from time to time and any references to relevant provisions of the CRR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Current Principal Amount**" means initially the Original Principal Amount, which from time to time, on one or more occasions, may be reduced by a Write-Down (as defined in § 5(9)(a)(v)) and, subsequent to any such reduction, may be increased by a Write-Up (as defined in § 5(10)(a)), if any (up to the Original Principal Amount).

"**Distributable Items**" means in respect of any payment of distributions on the Notes the distributable items as defined in Article 4(1)(128) CRR, as interpreted and applied in accordance with the Applicable Supervisory Regulations, in respect of each financial year of the Issuer, as at the end of the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date for which such Relevant Financial Statements are available, all as determined in accordance with the accounting principles applied by the Issuer and as derived from the most recent Relevant Financial Statements.

"**Group CET 1 Capital Ratio**" means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the KA Regulatory Group on a consolidated basis, as calculated in accordance with the Applicable Supervisory Regulations.

"**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.

"**Issuer CET 1 Capital Ratio**" means the Common Equity Tier 1 capital ratio pursuant to Article 92(2)(a) CRR of the Issuer on an individual basis, as calculated in accordance with the Applicable Supervisory Regulations.

"**KA Regulatory Group**" means, from time to time, the Issuer and each entity which is part of the banking group with a parent institution and/or any banking group with a parent financial holding company: (i) to which the Issuer belongs; and (ii) to which the own funds requirements on a consolidated basis due to prudential consolidation in accordance with the Applicable Supervisory Regulations apply.

"**KA Regulatory Group Profit**" means the consolidated net income for the year on a consolidated basis of the KA Regulatory Group.

"**Loss Absorbing Instrument**" means, at any time, any AT1 Instrument (other than the Notes) or, as applicable, any instrument issued by a member of the KA Regulatory Group and qualifying as Additional Tier 1 instruments pursuant to Article 52 CRR of the Issuer and/or the KA Regulatory Group that may have all or some of its principal amount written down (whether on a permanent or temporary basis) or converted into CET 1 Instruments (in each case, in accordance with its terms or otherwise) on the occurrence or as a result of the Issuer CET 1 Capital Ratio and/or the Group CET 1 Capital Ratio falling below a certain trigger level.

"**Loss Absorbing Written Down Instrument**" means any Loss Absorbing Instrument that, immediately prior to any Write-Up of the Notes, is outstanding and has a prevailing principal amount that is less than its initial principal amount due to a write down, and that has terms permitting a principal write-up to occur on a basis similar to that provided in § 5(10) in the circumstances existing on the relevant Write-Up Effective Date.

"**Maximum Distributable Amount**" means any maximum distributable amount (*maximal ausschüttungsfähiger Betrag*) relating to the Issuer and/or the KA Regulatory Group, as the case may be, that may be required to be calculated in accordance with (i) § 24(2) BWG (implementing Article 141(2) CRD in Austria), as amended or replaced from time to time, or (ii) any successor provision thereto.

"**Maximum Write-Up Amount**" means the lower of:

(i) the Consolidated Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written Down Instruments of the KA Regulatory Group (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the KA Regulatory Group as at the date the relevant Write-Up is operated; and

(ii) the Unconsolidated Profit multiplied by the sum of the aggregate Original Principal Amount of the Notes and the aggregate initial principal amount of all Loss Absorbing Written Down Instruments of the Issuer (for the avoidance of doubt, before any write-down), and divided by the total Tier 1 capital pursuant to Article 25 CRR of the Issuer as at the date the relevant Write-Up is operated;

or any higher or lower amount permitted to be used under the Applicable Supervisory Regulations in effect on the date of the relevant Write-Up.

"**Relevant Distributions**" means the sum of:

(i) any other payments of distributions on the Notes that were made or are scheduled to be made by the Issuer in the then current financial year of the Issuer;

(ii) the amount of any Write-Up that was made in the then current financial year or is simultaneously made with the relevant distribution payment on the relevant Distribution Payment Date, if any;

(iii) any payments of interest, dividends or distributions (including any write-ups) that were made, are simultaneously made or are scheduled to be made by the Issuer on other Tier 1 Instruments in the then current financial year of the Issuer; and

(iv) any amount, payment or distribution as may be relevant under any restriction operating as a maximum distributable amount in accordance with the then Applicable Supervisory Regulations.

"**Relevant Financial Statements**" means: the audited (*geprüft*) and adopted (*festgestellt*) unconsolidated annual financial statements of the Issuer, prepared in accordance with accounting provisions applied by the Issuer and accounting regulations then in effect, for the latest financial year of the Issuer ended prior to the relevant Distribution Payment Date.

"**Resolution Authority**" means the resolution authority pursuant to Article 4(1)(130) CRR and/or Article 3(1)(3) SRMR which is responsible for recovery or resolution of the Issuer on an individual and/or consolidated basis.

"**SRMR**" means the 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 SRMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**SSMR**" means the Regulation (EU) No 1024/2013 (*Single Supervisory Mechanism Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the SSMR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**T2**" means the real-time gross settlement system operated by the Eurosystem, or any successor system.

"**Terms and Conditions**" means these terms and conditions of the Notes.

"**Tier 1 Instruments**" means: (i) CET 1 Instruments; (ii) AT1 Instruments; and (iii) any other instruments or obligations of the Issuer ranking *pari passu* with respect to payment of interest, dividends or distributions with CET 1 Instruments or AT1 Instruments.

"**Tier 2 Instruments**" means any (directly or indirectly issued) capital instruments of the Issuer that qualify as Tier 2 instruments pursuant to Article 63 CRR, including any capital (or other) instruments that qualify as Tier 2 items pursuant to transitional provisions under the CRR.

A "**Trigger Event**" occurs if at any time: (i) the Group CET 1 Capital Ratio and/or (ii) the Issuer CET 1 Capital Ratio is lower than the Trigger Level.

"**Trigger Level**" means in respect of: (i) the Group CET 1 Capital Ratio 5.125 *per cent.*; and/or (ii) the Issuer CET 1 Capital Ratio 5.125 *per cent.*

"**Unconsolidated Profit**" means the net income for the year (*Jahresüberschuss*) of the Issuer on an unconsolidated basis recorded in the Relevant Financial Statements, after such Relevant Financial Statements have formally been determined (*festgestellt*) by either the supervisory board (*Aufsichtsrat*) or, if so requested, the shareholders' meeting (*Hauptversammlung*) of the Issuer.

"**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).

"**Write-Down Effective Date**" means the date on which the Write-Down will take effect, being no later than one month (or such shorter period as the Competent Authority may require) following the occurrence of the relevant Trigger Event.

§ 2
STATUS

(1) *Ranking.* The Notes shall qualify as AT1 Instruments and constitute direct, unsecured and subordinated obligations of the Issuer. In the event of insolvency proceedings (*reguläres Insolvenzverfahren*) (bankruptcy proceedings (*Konkursverfahren*)) or the liquidation of the Issuer, the obligations of the Issuer under the Notes will rank:

(a) junior to all present or future:

(i) unsubordinated instruments or obligations of the Issuer (including, but not limited to, claims against the Issuer under its non-preferred senior debt instruments within the meaning of § 131 (3) BaSAG);

(ii) Tier 2 Instruments and instruments or obligations of the Issuer, if any, which rank *pari passu* with or senior to Tier 2 Instruments;

(iii) instruments or obligations of the Issuer that do not result from own funds items of the Issuer; and

(iv) other instruments or obligations of the Issuer, if any, ranking or expressed to rank subordinated to any unsubordinated instruments or obligations of the Issuer (other than instruments or obligations ranking or expressed to rank *pari passu* with or subordinated to the Notes);

(b) *pari passu*:

(i) among themselves;

(ii) with all other present or future AT1 Instruments; and

(iii) with all other present or future instruments or obligations of the Issuer ranking or expressed to rank *pari passu* with AT1 Instruments; and

(c) senior to all present or future:

(i) ordinary shares of the Issuer and any other CET 1 Instruments; and

(ii) other subordinated instruments or obligations of the Issuer ranking or expressed to rank: (A) subordinated to the obligations of the Issuer under the Notes; or (B) *pari passu* with the ordinary shares of the Issuer and any other CET 1 Instruments.

For the avoidance of doubt, Holders will neither participate in any reserves of the Issuer nor in liquidation profits (*Liquidationsgewinn*) within the meaning of § 8(3)(1) of the Austrian Corporate Income Tax Act 1988 (*Körperschaftsteuergesetz 1988*) in the event of the Issuer's liquidation. The rights of the Holders of the Notes to payment of principal on the Notes are at any time limited to a claim for the prevailing Current Principal Amount.

(2) *No Negative Equity and Waiver of Petition.* The Holders will be entitled to payments, if any, under the Notes only once any negative equity (*negatives Eigenkapital* within the meaning of § 225(1) of the Austrian Enterprise Code (*Unternehmensgesetzbuch – UGB*)) has been removed (*beseitigt*) or if, in the event of the liquidation of the Issuer, all other creditors (other than creditors the claims of which rank or are expressed to rank *pari passu* with or junior to the Notes) of the Issuer have been satisfied first.

No insolvency proceedings against the Issuer are required to be opened in relation to the obligations of the Issuer under the Notes. The Notes do not contribute to a determination that the liabilities of the Issuer exceed its assets; therefore the obligations of the Issuer under the Notes, if any, will not contribute to the determination of over-indebtedness (*Überschuldung*) in accordance with § 67(3) of the Austrian Insolvency Code (*Insolvenzordnung – IO*).

(3) *No Set-off/Netting; No Security/Guarantee; No Enhancement of Seniority.* The Notes are not subject to any set off or netting arrangements that would undermine their capacity to absorb losses in resolution. No collateral may be provided by the Issuer or any third person for the liabilities constituted by the Notes. The Notes are neither secured, nor subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Notes. The Notes are not subject to any arrangement, contractual or otherwise, that enhances the seniority of the claims under the Notes in insolvency or liquidation.

(4) *Note on the possibility of statutory resolution measures*. Prior to any insolvency or liquidation of the Issuer, under the Applicable Supervisory Regulations, the Resolution Authority may exercise the power to write down (including to zero) the obligations of the Issuer under the Notes, convert the Notes into shares or other instruments of ownership of the Issuer, in each case in whole or in part, 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.

(5) *Note on Payment Restrictions prior to an Insolvency*. Even prior to the imposition of any resolution measures upon the Issuer, insolvency proceedings (*reguläres Insolvenzverfahren*) (bankruptcy proceedings (*Konkursverfahren*)) or the liquidation of the Issuer, any payment of distributions on the Notes will be subject to the conditions set forth in § 3(7) being fulfilled and any redemption or repurchase of the Notes will be subject to the conditions to redemption and repurchase set forth in § 5(7) being fulfilled.

The conditions set forth in § 3(7) and the conditions to redemption and repurchase set forth in § 5(7) include the conditions that, on the date on which the relevant amount of principal or distributions is scheduled to be paid: (i) the Issuer is not insolvent; and (ii) the payment of the relevant amount would not result in the insolvency of the Issuer.

This means that irrespective of, and even prior to, the opening of any insolvency proceedings (*reguläres Insolvenzverfahren*) (bankruptcy proceedings (*Konkursverfahren*)) or the liquidation of the Issuer, the Issuer shall not make any payment of distributions or principal if: (i) the Issuer is insolvent; or (ii) the payment of the relevant amount would result in the insolvency of the Issuer. Such a prohibition on payment may be in effect for an indefinite period of time and even permanently.

§ 3
DISTRIBUTIONS

(1) *Distribution Rates and Distribution Payment Dates*. The Notes shall bear distributions on the Current Principal Amount at a rate *per annum* equal to the applicable Rate of Distributions (as defined below) from and including 22 October 2026 (the "**Distribution Commencement Date**").

Distributions shall be scheduled to be paid semi-annually in arrear on 15 May and 15 November in each year (each such date, a "**Distribution Payment Date**"), commencing on 15 May 2027 (long first coupon).

Distributions will fall due subject to the provisions set out in § 3(7), § 4(4) and § 5(9)(a)(iv).

The applicable "**Rate of Distributions**" will be,

(i) from and including the Distribution Commencement Date to but excluding 15 May 2032 (the "**First Reset Date**"), a rate of 9.0 per cent. *per annum*; and

(ii) from and including the First Reset Date, the relevant Reset Rate (as determined according to § 3(4)(a)) for the relevant Reset Period.

(2) *Calculation of Amount of Distributions*. If the amount of distributions scheduled to be paid on the Notes is required to be calculated for any period of time, such amount of distributions for any Distribution Period shall be calculated by the Calculation Agent by applying the prevailing Rate of Distributions to the Current Principal Amount, multiplying such amount by the applicable Day Count Fraction (as defined in § 3(3)), and rounding the resultant figure to the nearest full cent with EUR 0.005 being rounded upwards.

If a Write-Down occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Write-Down Effective Date are cancelled in accordance with § 3(7)(c), the Notes shall bear distributions on the adjusted Current Principal Amount from and including the Write-Down Effective Date.

If, pursuant to § 5(10), the Current Principal Amount of the Notes is subject to a Write-Up during a Distribution Period, the amount of distributions shall be calculated by the Calculation Agent on the basis of the adjusted Current Principal Amount from time to time so that the relevant amount of distributions is determined by reference to such Current Principal Amount as adjusted from time to time and as if such Distribution Period were comprised of two or more (as applicable) consecutive distribution periods, with distribution calculations based on the number of days for which each Current Principal Amount was applicable.

"**Distribution Period**" means the period from and including the Distribution Commencement Date to but excluding the first Distribution Payment Date and each successive period from and including a Distribution Payment Date to but excluding the next succeeding Distribution Payment Date.

(3) *Day Count Fraction (Actual/Actual ICMA)*. "**Day Count Fraction**" means, in respect of the calculation of an amount of distributions on any Note for any period of time (from and including the first day of such period to but excluding the last day of such period) (the "**Calculation Period**"):

(a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of calendar days in such Calculation Period divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates (as specified below) that would occur in any year; or

(b) if the Calculation Period is longer than one Determination Period, the sum of:

(i) the number of calendar days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates that would occur in any year; and

(ii) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of: (x) the number of calendar days in such Determination Period; and (y) the number of Determination Dates that would occur in any year.

Where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"**Determination Date**" means 15 May and 15 November in each year.

(4) *Determination of the Reset Rate.*

(a) *Reset Rate.* The rate of distributions for each Reset Period (each a "**Reset Rate**") shall be the sum of

(i) the Reference Rate (as defined in § 3(4)(b)); and

(ii) the Margin (as defined in § 3(4)(b)),

subject to a minimum of 0.00 per cent. *per annum*, provided that, for purposes of the determination of the Reset Rate, if the relevant Reference Rate is not expressed as a semi-annual rate, the sum of the Reference Rate and the Margin will be converted to a semi-annual basis in a commercially reasonable manner.

The Calculation Agent will determine the relevant Reference Rate in accordance with this § 3(4) for each Reset Date on the relevant Reset Determination Date.

(b) *Reference Rate.* The "**Reference Rate**" for a Reset Period will be determined by the Calculation Agent on the relevant Reset Determination Date (as defined below) prior to the Reset Date on which the relevant Reset Period commences (the "**Reference Reset Date**") as follows:

(i) For each Reset Period beginning prior to the relevant Benchmark Replacement Effective Date (as defined in § 3(4)(d)(vii)), the following will apply:

(A) The Reference Rate will be equal to the Original Benchmark Rate on the relevant Reset Determination Date.

(B) If the Original Benchmark Rate does not appear on the Screen Page as at such time on the relevant Reset Determination Date, the "Reference Rate" will be equal to the Reference Bank Rate on that Reset Determination Date.

(C) If the Reference Bank Rate cannot be determined in accordance with the definition of such term, the "Reference Rate" shall be equal to the Original Benchmark Rate on the Screen Page on the last day preceding the Reset Determination Date on which such Original Benchmark Rate was displayed.

(ii) For each Reset Period commencing on or after the relevant Benchmark Replacement Effective Date, the "Reference Rate" on the relevant Reset Determination Date will be determined in accordance with § 3(4)(d).

Where:

"**Margin**" means 5.809 *per cent. per annum*.

"**Original Benchmark Rate**" on any T2 Business Day means the annual swap rate which is fixed at 11:00 a.m. (Frankfurt time) and is expressed as a percentage *per annum* for Euro denominated swap transactions with a maturity of 5 years which appears on the Screen Page on such T2 Business Day at or around 11:00 a.m. (Frankfurt time).

"**Reference Bank Rate**" means the percentage rate determined by the Calculation Agent on the basis of the 5-year Mid Swap Rate Quotations provided by up to five leading swap dealers in the interbank market selected by the Calculation Agent at the request of the Issuer at approximately 11:00 a.m. (Frankfurt time) on the Reset Determination Date. If at least three 5-year Mid Swap Rate Quotations are provided, the

Reference Bank Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two 5-year Mid Swap Rate Quotations are provided, the Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one 5-year Mid Swap Rate Quotation is provided, the Reference Bank Rate will be the quotation provided. For this purpose, "**5-year Mid Swap Rate Quotation**" means the arithmetic mean of the bid and offered rates for the annual fixed rate leg (calculated on a 30/360 day count basis) of a fixed-for-floating Euro interest rate swap transaction which transaction: (x) has a term of 5 years commencing on the relevant Reset Date; (y) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and (z) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis).

"**Reset Date**" means the First Reset Date and each fifth anniversary thereof for as long as the Notes remain outstanding.

"**Reset Determination Date**" means the second T2 Business Day prior to the relevant Reference Reset Date.

"**Reset Period**" means the period from and including a Reset Date to but excluding the next following Reset Date.

"**Screen Page**" means London Stock Exchange Group Screen Page "ICESWAP2" under the heading "EURIBOR BASIS" and the caption "11:00 AM Frankfurt time" (as such headings and captions may appear from time to time). If the Screen Page permanently ceases to quote the Original Benchmark Rate but such quotation is available from another page selected by the Issuer in its reasonable discretion (the "**Replacement Screen Page**"), the Replacement Screen Page must be used for the purpose of the calculation of the Original Benchmark Rate.

"**T2 Business Day**" means a day on which T2 is open.

(c) *Notification of Reset Rate*. The Calculation Agent will cause the Reset Rate to be notified to the Issuer, any stock exchange on which the Notes are from time to time listed (if required by the rules of such stock exchange) and to the Holders in accordance with § 10 as soon as possible after its determination.

(d) *Benchmark Event*. If a Benchmark Event occurs in relation to the Original Benchmark Rate, the relevant Reference Rate and the distributions on the Notes in accordance with § 3(4)(a) and (b) will be determined as follows:

(i) *Independent Adviser Determination or Issuer Determination*

(A) The Issuer shall, as soon as this is (in the Issuer's view) required following the occurrence of a Benchmark Event and prior to the next Reset Determination Date, use reasonable endeavours to appoint an Independent Adviser (as defined in § 3(4)(d)(vi)), who shall determine in its reasonable discretion a New Benchmark Rate (as defined in § 3(4)(d)(vi)) which shall replace the Original Benchmark Rate affected by the Benchmark Event, the Adjustment Spread (as defined in § 3(4)(d)(vi)) and any Benchmark Amendments (in accordance with § 3(4)(d)(iv)).

(B) If, prior to the 10th Business Day prior to the relevant Reset Determination Date, no Independent Adviser is or can be appointed by the Issuer or if an Independent Adviser is appointed by the Issuer but has not determined a New Benchmark Rate, has not determined the Adjustment Spread and/or has not determined the Benchmark Amendments (if

required), then the Issuer shall determine in its reasonable discretion a New Benchmark Rate which shall replace the Original Benchmark Rate affected by the Benchmark Event, the Adjustment Spread and the Benchmark Amendments (if required).

(ii) *New Benchmark Rate*.

(A) If the Independent Adviser (in the case of § 3(4)(d)(i)(A)) or the Issuer (in the case of § 3(4)(d)(i)(B)) determines that there is a Successor Benchmark Rate (as defined in § 3(4)(d)(vi)), then such Successor Benchmark Rate shall subsequently be the New Benchmark Rate.

(B) If the Independent Adviser (in the case of § 3(4)(d)(i)(A)) or the Issuer (in the case of § 3(4)(d)(i)(B)) determines that there is no Successor Benchmark Rate but that there is an Alternative Benchmark Rate (as defined in § 3(4)(d)(vi)), then such Alternative Benchmark Rate shall subsequently be the New Benchmark Rate.

(C) In either case the "Reference Rate" for the immediately following Reset Period and all following Reset Periods, subject to § 3(4)(d)(x), will then be the sum of

(x) the New Benchmark Rate on the relevant Reset Determination Date; and

(y) the Adjustment Spread.

(iii) *Fallback rate*. If, prior to the 10th Business Day prior to the relevant Reset Determination Date,

(A)

(I) the Issuer does not appoint an Independent Adviser in accordance with § 3(4)(d)(i)(A); or

(II) the Independent Adviser appointed by the Issuer does not determine a New Benchmark Rate, the Adjustment Spread or the Benchmark Amendments (if required) in accordance with § 3(4)(d)(i)(A); and

(B) the Issuer does not determine a New Benchmark Rate, the Adjustment Spread or the Benchmark Amendments (if required) in accordance with § 3(4)(d)(i)(B),

the Reference Rate applicable to the immediately following Reset Period shall be the Reference Rate determined on the last Reset Determination Date immediately preceding the relevant Benchmark Replacement Effective Date.

If this § 3(4)(d)(iii) is to be applied on the Reset Determination Date prior to the commencement of the first Reset Period, the Reference Rate applicable to the first Reset Period shall be 3.390 per cent. *per annum*.

If the fallback rate determined in accordance with this § 3(4)(d)(iii) is to be applied, § 3(4)(d) will be operated again to determine the Reference Rate applicable to the next subsequent (and, if required, further subsequent) Reset Period(s).

(iv) *Benchmark Amendments*. If any relevant New Benchmark Rate and the applicable Adjustment Spread are determined in accordance with this § 3(4)(d), and if the Independent Adviser or the Issuer, as applicable, determines in its reasonable discretion that amendments to these Terms and Conditions are necessary to ensure the proper operation of such New Benchmark Rate and the applicable Adjustment Spread (such amendments, the

"**Benchmark Amendments**"), then the Independent Adviser or the Issuer, as applicable, will determine the Benchmark Amendments in its reasonable discretion and the Issuer will give notice thereof in accordance with § 3(4)(d)(v).

The Benchmark Amendments may include, without limitation, the following conditions of these Terms and Conditions:

(A) the Reference Rate including the "Screen Page" and/or (in replacement of clause (i) of the definition of the term "Reference Rate" in § 3(4)(b)) the method for determining the fallback rate in relation to the Reference Rate, including the Reference Bank Rate; and/or

(B) the definitions of the terms "Business Day", "Distribution Payment Date", "Reset Date", "Reset Period", "Day Count Fraction" and/or "Reset Determination Date" (including the determination whether the Reference Rate will be determined on a forward looking or a backward looking basis); and/or

(C) the business day convention in § 4(4).

(v) *Notices, etc*. The Issuer will notify any New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) determined under this § 3(4)(d) to the Principal Paying Agent, the Paying Agents, the Calculation Agent and, in accordance with § 10, the Holders as soon as such notification is (in the Issuer's view) required following the determination thereof, but in any event not later than on the 10th Business Day prior to the relevant Reset Determination Date. Such notice shall be irrevocable and shall specify the Benchmark Replacement Effective Date.

The New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any), each as specified in such notice, will be binding on the Issuer, the Principal Paying Agent, the Paying Agents, the Calculation Agent and the Holders (for the avoidance of doubt: no consent of the Holders shall be required). The Terms and Conditions shall be deemed to have been amended by the New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments, if any, with effect from the Benchmark Replacement Effective Date.

On or prior to the date of such notice, the Issuer shall deliver to the Principal Paying Agent and the Calculation Agent a certificate signed by two authorized signatories of the Issuer:

(A)

(I) confirming that a Benchmark Event has occurred;

(II) specifying the relevant New Benchmark Rate determined in accordance with the provisions of this § 3(4)(d);

(III) specifying the applicable Adjustment Spread and the Benchmark Amendments (if any), each determined in accordance with the provisions of this § 3(4)(d); and

(IV) specifying the Benchmark Replacement Effective Date; and

(B) confirming that the Benchmark Amendments, if any, are necessary to ensure the proper operation of such relevant New Benchmark Rate and the applicable Adjustment Spread.

(vi) *Definitions*. As used in this § 3(4)(d):

The "**Adjustment Spread**", which may be positive, negative or zero, will be expressed in basis points and means either: (a) the spread; or (b) the result of the operation of the formula or methodology for calculating the spread, which:

(1) in the case of a Successor Benchmark Rate, is formally recommended in relation to the replacement of the Original Benchmark Rate with the Successor Benchmark Rate by any Relevant Nominating Body; or

(2) (if no such recommendation has been made, or in the case of an Alternative Benchmark Rate) is customarily applied to the New Benchmark Rate in the international debt capital markets to produce an industry-accepted replacement benchmark rate for the Original Benchmark Rate, provided that all determinations will be made by the Issuer or the Independent Adviser, as applicable, in its reasonable discretion; or

(3) (if the Independent Adviser or the Issuer, as applicable, in its reasonable discretion determines that no such spread is customarily applied and that the following would be appropriate for the Notes) is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Benchmark Rate, where the Original Benchmark Rate has been replaced by the New Benchmark Rate, provided that all determinations will be made by the Independent Adviser or the Issuer, as applicable, in its reasonable discretion.

"**Alternative Benchmark Rate**" means an alternative benchmark or screen rate which is customarily applied in the international debt capital markets (or, alternatively, the international swap markets) for the purpose of determining floating rates of interest or mid swap rates, respectively in the Specified Currency, provided that all determinations will be made by the Independent Adviser or the Issuer, as applicable, in its reasonable discretion.

"**Benchmark Amendments**" has the meaning given to it in § 3(4)(d)(iv).

A "**Benchmark Event**" occurs if:

(1) the Original Benchmark Rate ceases to be published on a regular basis or ceases to exist; or

(2) a public statement by the administrator of the Original Benchmark Rate is made that a material change in the methodology of determination or calculation has occurred or that it has ceased or that it will cease publishing the Original Benchmark Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue the publication of the Original Benchmark Rate); or

(3) a public statement by the supervisor of the administrator of the Original Benchmark Rate is made that the Original Benchmark Rate has been or will be permanently or indefinitely discontinued; or

(4) a public statement by the supervisor of the administrator of the Original Benchmark Rate is made as a consequence of which the Original Benchmark Rate will be prohibited from being used either generally, or in respect of the Notes; or

(5) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or any other party to calculate or determine any distributions due to be made to any Holder using the Original Benchmark Rate.

"**Successor Benchmark Rate**" means a successor to or replacement of the Original Benchmark Rate which is formally recommended by any Relevant Nominating Body.

"**New Benchmark Rate**" means the Successor Benchmark Rate or, as the case may be, the Alternative Benchmark Rate determined in accordance with this § 3(4)(d).

"**Relevant Nominating Body**" means, in respect of the replacement of the Original Benchmark Rate:

(1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(2) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Issuer.

(vii) *Benchmark Replacement Effective Date*. The effective date for the application of the New Benchmark Rate, the Adjustment Spread and the Benchmark Amendments (if any) determined under this § 3(4)(d) (the "**Benchmark Replacement Effective Date**") will be the Reset Determination Date falling on or after the earliest of the following dates:

(A) if the Benchmark Event has occurred as a result of clause (1) of the definition of the term "Benchmark Event", the date of the occurrence of the Benchmark Event; or

(B) if the Benchmark Event has occurred as a result of clauses (2), (3) or (4) of the definition of the term "Benchmark Event", the date of cessation of publication of the Original Benchmark Rate or of the discontinuation of the Original Benchmark Rate, as the case may be; or

(C) if the Benchmark Event has occurred as a result of clause (5) of the definition of the term "Benchmark Event", the date from which the prohibition applies.

(viii) If a Benchmark Event occurs in relation to any New Benchmark Rate, this § 3(4)(d) shall apply *mutatis mutandis* to the replacement of such New Benchmark Rate by any new Successor Benchmark Rate or Alternative Benchmark Rate, as the case may be. In this case, any reference in this § 3(4)(d) to the term Original Benchmark Rate shall be deemed to be a reference to the New Benchmark Rate that last applied.

(ix) Any reference in this § 3(4)(d) to the term Original Benchmark Rate shall be deemed to include a reference to any component part thereof, if any, in respect of which a Benchmark Event has occurred.

(x) No adjustment to the Original Benchmark Rate in accordance with § 3(4)(d)(i)-(ix) in case of a Benchmark Event will be made if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as AT1 Instruments under the Applicable Supervisory Regulations.

If this § 3(4)(d)(x) were to be applied on the first Reset Determination Date prior to the commencement of the first Reset Period, the Reference Rate applicable to the first and each subsequent Reset Period would be 3.390 per cent. *per annum*.

If this § 3(4)(d)(x) were to be applied on a Reset Determination Date falling after the commencement of the first Reset Period, the Reference Rate applicable to the next and each subsequent Reset Period shall be the Original Benchmark Rate determined on the last preceding Reset Determination Date.

(5) *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 or, as the case may be, any Independent Adviser or the Issuer, shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, the Principal Paying Agent, the Paying Agents and the Holders and, in the absence of the aforesaid, no liability to the Issuer, the Principal Paying Agent, 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.

(6) *Cessation of Distribution Accrual, Default Distributions*. The Notes shall cease to bear distributions from the end of the calendar day preceding the date fixed for redemption (if any). If the Issuer fails to redeem the Notes when due, distributions shall continue to accrue on the Current Principal Amount of the Notes from and including the date fixed for redemption to but excluding the date of actual redemption of the Notes at the applicable rate of distributions determined pursuant to this § 3, which will fall due subject to the provisions set out in § 3(7) and § 5(9)(a)(iv). This does not affect any additional rights that might be available to the Holders.

(7) *Cancellation of Distributions*.

(a) *Discretionary Cancellation of Distributions.*

The Issuer, at its full discretion, may, at all times, cancel, in whole or in part, any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date for an unlimited period and on a non-cumulative basis.

If the Issuer makes use of such right, it shall give notice to the Holders in accordance with § 10. A notice which has not been given on or before the relevant Distribution Payment Date shall be given without undue delay thereafter. Any failure or delay to give any such notice shall not affect the validity of the decision on the cancellation, shall in no event result in an obligation of the Issuer to make a cancelled distribution payment at a later date and shall not constitute a default for any purpose.

(b) *Mandatory Cancellation of Distributions.*

(i) Without prejudice to such full discretion of the Issuer pursuant to § 3(7)(a), any payment of distributions scheduled to be paid on the Notes on any Distribution Payment Date and any Additional Amounts thereon shall be cancelled mandatorily and automatically, in whole or in part, if and to the extent that:

(A) the Issuer is insolvent or the payment of the relevant amount would result in the insolvency of the Issuer; or

(B) the amount of such distribution payment and any Additional Amounts thereon together with any further Relevant Distributions would exceed the available Distributable Items, provided that, for such purpose, the available Distributable Items shall be increased by an amount equal to what has been accounted for as expenses for payments of interest, dividends or distributions on Tier 1 Instruments (including payments of distributions on the Notes and

any Additional Amounts thereon) in the calculation of the profit (*Gewinn*) on which the available Distributable Items are based; or

(C) the Competent Authority orders the relevant distribution payment scheduled to be paid on the Notes to be cancelled in whole or in part; or

(D) another prohibition or restriction to make a distribution on the Notes, or to make such distribution on the Notes when aggregated with any other Relevant Distributions, is imposed by Applicable Supervisory Regulations or the Competent Authority (or any other relevant supervisory authority).

(ii) Prohibitions and restrictions of distributions pursuant to § 3(7)(b)(i)(D) may include, but are not limited to:

(A) any restrictions of distributions as a result of non-compliance with the combined buffer requirement (howsoever defined in the Applicable Supervisory Regulations) applicable at the time;

(B) any prohibition of distributions in connection with the calculation of the Maximum Distributable Amount;

(C) the limit resulting from the Maximum Distributable Amount; and

(D) any other restriction operating as maximum distributable amount in accordance with the then Applicable Supervisory Regulations requiring a maximum distributable amount to be calculated if the Issuer and/or the KA Regulatory Group is failing to meet any applicable capital adequacy or buffer requirement, such as the maximum distributable amount related to the minimum requirement for own funds and eligible liabilities (M-MDA) and the maximum distributable amount related to the leverage ratio (L-MDA), in each case if applicable to the Issuer and/or the KA Regulatory Group at that point in time.

(iii) If any payment of distributions on the Notes scheduled to be paid on any Distribution Payment Date is so mandatorily and automatically cancelled, the Issuer shall give notice thereof to the Holders in accordance with § 10. A notice which has not been given on or before the relevant Distribution Payment Date shall be given without undue delay thereafter.

Any failure or delay to give any such notice shall not affect the validity of the cancellation, shall in no event result in an obligation of the Issuer to make a cancelled distribution payment at a later date and shall not constitute a default for any purpose.

(c) If a Write-Down occurs during any Distribution Period, unpaid distributions accrued on the Current Principal Amount to but excluding the Write-Down Effective Date will be cancelled mandatorily and automatically in full (see also § 5(9)(a)(iv)).

(d) Any distribution payment cancelled in accordance with § 3(7)(a) to (c) will be non-cumulative and will be cancelled permanently and no payments will be made nor will any Holder be entitled to receive any payment or indemnity in respect thereof. Any such cancellation of distributions will not constitute an event of default of the Issuer and will not impose any restrictions on the Issuer.

The Issuer may use such cancelled payments without restrictions to meet its obligations as they fall due.

§ 4
PAYMENTS

(1) (a) *Payment of Principal*. Payment of principal on the Notes shall be made, subject to § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders of the Clearing System.

(b) *Payment of Distributions*. Payment of distributions and any Additional Amounts on the Notes shall be made, subject to § 3(7) above and § 4(2) below, to the Clearing System or to its order for credit to the accounts of the relevant accountholders 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 of any amount in respect of the Notes would otherwise fall on a calendar day which is not a Business Day, then the due date for such payment will be postponed and the Holders will not be entitled to such payment until the next calendar day which is a Business Day. In such case the Distribution Period will not be adjusted and the Holders will not be entitled to any compensation for any such delay.

(5) *References to Principal and Distributions*. References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include, as applicable: the Current Principal Amount; and the Redemption Amount of the Notes (as defined in § 5(8)). References in these Terms and Conditions to "distributions" in respect of the Notes shall be deemed to include, as applicable, any Additional Amounts (as defined in § 7(1)) which may be payable under § 7(1).

§ 5
REDEMPTION AND WRITE-DOWN

(1) *No Scheduled Maturity.* The Notes are perpetual and have no scheduled maturity date and shall not be redeemed by the Issuer other than in the cases provided for in § 5(3), § 5(4), § 5(5) or § 5(6) (in each case in connection with § 5(7)) or (and subject to the ranking of the Issuer's obligations under the Notes as set out in § 2(1)) in the event of insolvency proceedings (bankruptcy proceedings) or liquidation of the Issuer.

(2) *No Redemption at the Option of a Holder*. The Holders do not have a right to demand the redemption of the Notes.

For the avoidance of doubt and without limiting the generality of the foregoing, the Holders shall have no right to terminate or otherwise accelerate the redemption of the Notes if the Resolution Authority writes down the obligations of the Issuer under the Notes, converts them into shares or other instruments of ownership of the Issuer, in each case in whole or in part, or applies any other resolution measure as described in § 2(4) above.

(3) *Redemption at the Option of the Issuer*. The Issuer may, upon giving notice in accordance with § 5(8), redeem the Notes in whole, but not in part, at the Redemption Amount on any Optional Redemption Date (as defined below). In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the Optional Redemption Date specified in the notice, subject to cancellation of distributions pursuant to § 3(7). Any such redemption pursuant to this § 5(3) shall only be possible provided that the conditions to redemption and repurchase laid down in § 5(7) are met.

"**Optional Redemption Date**" means:

(i) each Business Day during the period from and including 15 November 2031 to but excluding the First Reset Date; and

(ii) the First Reset Date; and

(iii) each Distribution Payment Date following the First Reset Date.

The Issuer may exercise its redemption right pursuant to this § 5(3) only if the Current Principal Amount of each Note is equal to its Original Principal Amount.

(4) *Redemption for Reasons of Taxation*. If a Tax Event occurs, the Issuer may, upon giving notice in accordance with § 5(8), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5(7) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(7).

Where:

A "**Gross-up Event**" occurs if there is a change in the applicable tax treatment of the Notes based on a change in, or an amendment to, or clarification of, the laws or regulations of Austria or of any political subdivision or tax authority of or in Austria, or as a result of a change in, or amendment to, an official interpretation or application of such laws or regulations, as a result of which the Issuer has paid, or will or would on the next Distribution Payment Date be required to pay, any Additional Amounts.

A "**Tax Deductibility Event**" occurs if there is a change in the applicable tax treatment of the Notes as a result of which the Issuer, in computing its taxation liabilities in Austria, would not be entitled to claim a deduction in respect of distributions paid on the Notes, or such deductibility is materially reduced.

"**Tax Event**" means a change in, or amendment to, or clarification of, the applicable tax treatment of the Notes, including without limitation, a Tax Deductibility Event or a Gross-up Event, which change or amendment or clarification: (x) subject to (y), becomes effective on or after the date of issuance of the Notes; or (y) in the case of a change, if such change is enacted on or after the date of issuance of the Notes, in each case which cannot be avoided by the Issuer taking such measures it deems reasonable and appropriate.

(5) *Redemption for Regulatory Reasons.* If a Regulatory Event occurs, the Issuer may, upon giving notice in accordance with § 5(8), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice, provided that the conditions to redemption and repurchase laid down in § 5(7) are met. In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(7).

A "**Regulatory Event**" occurs if there is a change in the regulatory classification of the Notes under the Applicable Supervisory Regulations that would be likely to result in their exclusion in full or in part from own funds under the CRR (other than (i) as a consequence of a Write-Down, or (ii) as a result of the Notes not being, or ceasing to be, included in whole or in part in the consolidated own funds of the KA Regulatory Group through the application of Articles 81 to 88 CRR as in force on the date of issuance of the Notes, in particular resulting from changes in the risk exposure amounts, own funds, own funds requirements or buffer requirements of the Issuer or the KA Regulatory Group) or reclassification as a lower quality form of own funds than on the issue date (in each case, on an individual basis of the Issuer and/or on a consolidated basis of the KA Regulatory Group).

(6) Early Redemption for Minimal Outstanding Aggregate Principal Amount. The Issuer may, upon giving notice

in accordance with § 5(8), redeem the Notes in whole, but not in part, at the Redemption Amount at any time on the date of redemption specified in the notice (which must be a Business Day), if at any time the number of Notes outstanding (calculated by dividing the aggregate Current Principal Amount of the Notes outstanding and held by persons other than the Issuer and its subsidiaries by the Current Principal Amount) has fallen to 25 per cent. or less of the number of Notes originally issued (calculated by dividing the aggregate principal amount of Notes (including any Notes additionally issued in accordance with § 9(1)) originally issued by the Original Principal Amount). In addition, the Issuer will pay distributions, if any, accrued on the Current Principal Amount to but excluding the date of redemption specified in the notice, subject to cancellation of distributions pursuant to § 3(7). Any such redemption pursuant to this § 5(6) shall only be possible provided that the conditions to redemption and repurchase laid down in § 5(7) are met.

(7) *Conditions to Redemption and Repurchase*. Any redemption pursuant to this § 5 and any repurchase pursuant to § 9(2) is subject to:

(a) (i) the Issuer not being insolvent; and (ii) the payment of the relevant amount not resulting in the insolvency of the Issuer; and

(b) the Issuer having obtained the prior permission of the Competent Authority for such redemption or any repurchase pursuant to § 9(2) in accordance with Articles 77, 78 CRR, if applicable to the Issuer at that point in time, whereas such permission may, *inter alia*, require that:

(i) either, 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 and eligible liabilities of the Issuer would, following such redemption or repurchase, exceed the requirements for own funds and eligible liabilities laid down in the CRD, the CRR and the BRRD by a margin that the Competent Authority considers necessary;

with the Competent Authority having the power to grant the Issuer a general prior permission to make a redemption or a repurchase during a specified period, which shall not exceed one year, after which it may be extended and in a certain predetermined amount as set by the Competent Authority, subject to criteria that ensure that any such future redemption or repurchase will be in accordance with the conditions set out in points (i) and (ii) above, if the Issuer provides sufficient safeguards to ensure it operates with own funds above the amounts required by the Applicable Supervisory Regulations;

and

(c) in the case of any redemption or repurchase during the five years following the date of issuance of the Notes, in addition, if applicable to the Issuer at that point in time:

(i) in the case of any redemption due to a Tax Event, 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) in the case of any redemption due to a Regulatory Event, the Competent Authority considers such change to be sufficiently certain and the Issuer has demonstrated to the satisfaction of the Competent Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the date of issuance of the Notes; or

(iii) in the case of any redemption in circumstances other than those described in clause (i) or (ii), either before or at the same time as such action, the Issuer either 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 action based on the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or repurchases the Notes for market making purposes within the limits permitted by the Competent Authority.

Notwithstanding the above conditions, if, at the time of any redemption or repurchase, the prevailing Applicable Supervisory Regulations permit the redemption or repurchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-conditions, if any.

For the avoidance of doubt, any refusal of the Competent Authority (or any other relevant supervisory authority) to grant any permission, approval or other authorisation required in accordance with the Applicable Supervisory Regulations shall not constitute a default for any purpose.

(8) *Redemption Notice; Redemption Amount.* Any notice of redemption in accordance with § 5(3), § 5(4), § 5(5) or § 5(6) shall be given by the Issuer to the Holders in accordance with § 10 observing a notice period of not less than 15 Business Days nor more than 45 Business Days between the date of such notice (not considering any time lags as set out in § 10(1) or §10(2)) and the date selected for redemption. Any such notice of redemption shall be irrevocable, subject to § 5(9)(e). Such notice shall specify:

(a) the description of the Notes including the securities codes;

(b) in the case of a notice of redemption in accordance with § 5(3), the Optional Redemption Date or, in the case of a notice of redemption in accordance with § 5(4), § 5(5) or § 5(6), the date fixed for redemption; and

(c) the Redemption Amount at which the Notes are to be redeemed.

"**Redemption Amount**" per Note means the Current Principal Amount per Note.

Any notice of redemption in accordance with § 5(3), § 5(4), § 5(5) or § 5(6) and this § 5(8) will be subject to § 5(9)(e)(ii).

(9) *Write-Down*.

(a) If, at any time, it is determined (as provided in § 5(9)(b) below) that a Trigger Event has occurred:

(i) the Issuer will immediately inform the Competent Authority of the occurrence of the Trigger Event;

(ii) the Issuer will determine the Write-Down Amount (as defined in § 5(9)(c)(ii)) as soon as possible, but in any case before the Write-Down Effective Date;

(iii) the Issuer will, without undue delay, inform the Principal Paying Agent, the stock exchange, on which the Notes are listed, and the Holders in accordance with § 10 that a Trigger Event has occurred by publishing a notice (such notice a "**Trigger Event Notice**") which will specify the Write-Down Amount as well as the new/reduced Current Principal Amount of each Note and the Write-Down Effective Date; and

(iv) unpaid distributions accrued on the Current Principal Amount to but excluding the Write-Down Effective Date will be cancelled in accordance with § 3(7)(c); and

(v) the then prevailing Current Principal Amount of each Note will be automatically and irrevocably reduced (without the need for the consent of Holders) by the relevant Write-Down Amount (such reduction being referred to as a "**Write-Down**", and "**Written Down**" shall be construed accordingly) with effect as from the Write-Down Effective Date.

(b) The determination as to whether a Trigger Event has occurred shall be made by the Issuer or the Competent Authority or any agent appointed for such purpose by the Competent Authority. Any such determination shall be binding on the Issuer and the Holders.

For the purposes of determining whether a Trigger Event has occurred, the Group CET 1 Capital Ratio and/or the Issuer CET 1 Capital Ratio may be calculated at any time based on information (whether or not published) available to the Issuer, including information internally reported within the Issuer pursuant to its procedures for monitoring the Group CET 1 Capital Ratio and/or the Issuer CET 1 Capital Ratio.

For the avoidance of doubt, a Trigger Event may be determined at any time and may occur on more than one occasion, each Note may be Written Down on more than one occasion, provided however, that the Current Principal Amount of a Note may never be reduced to below EUR 0.01 under this § 5(9).

(c) *Write-Down Amount*.

(i) The aggregate reduction of the aggregate Current Principal Amount of all Notes outstanding on the Write-Down Effective Date will, subject as provided below, be equal to the lower of:

(A) the amount necessary to generate sufficient Common Equity Tier 1 capital pursuant to Article 50 CRR that would restore each of the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore each of the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the lower of: (x) such Loss Absorbing Instrument's trigger level; and (y) the Trigger Level and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Supervisory Regulations; and

(B) the amount that would result in the Current Principal Amount of a Note being reduced to EUR 0.01.

(ii) The aggregate reduction determined in accordance with § 5(9)(c)(i) shall be applied to all of the Notes *pro rata* on the basis of their respective Current Principal Amounts immediately prior to the Write-Down, and references herein to "**Write-Down Amount**" shall mean, in respect of each Note, the amount by which the Current Principal Amount of such Note is to be Written Down accordingly.

(iii) If, in connection with the Write-Down or the calculation of the Write-Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall

be written down and/or converted in full and not in part only (the "**Full Loss Absorbing Instruments**"), then:

(A) the provision that a Write-Down of the Notes should be effected *pro rata* with the write-down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Notes to be Written Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and

(B) for the purposes of calculating the Write-Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write-down of principal and/or conversion, as the case may be, among the Notes and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write-down and/or conversion, such that the write-down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages:

(I) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Notes and all other Loss Absorbing Instruments to the extent necessary to restore each of the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio to the Trigger Level; and

(II) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (I) shall be written off and/or converted, as the case may be, with the effect of increasing each of the Group CET 1 Capital Ratio and the Issuer CET 1 Capital Ratio above the Trigger Level.

(iv) To the extent the write-down and/or conversion of any Loss Absorbing Instruments for the purpose of § 5(9)(c)(i)(A) is not possible or not made for any reason, this shall not in any way prevent any Write-Down of the Notes. Instead, in such circumstances, the Notes will be Written Down and the Write-Down Amount determined as provided above but without including for the purpose of § 5(9)(c)(i)(A) any Common Equity Tier 1 capital in respect of the write-down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be or they are not for any reason, written down and/or converted.

(v) The Issuer's determination of the relevant Write-Down Amount shall be irrevocable and binding on the Holders.

(d) Any failure by the Issuer to give the notice pursuant to § 5(9)(a)(i) and/or a Trigger Event Notice will not affect the effectiveness of, or otherwise invalidate, any Write-Down, or give Holders any rights as a result of such failure. Any such notice which has not been given shall be given without undue delay.

(e)

(i) The Issuer shall not give a notice of redemption after a Trigger Event has occurred until the Write-Down has been effected in respect of the relevant Trigger Event.

(ii) In addition, if a Trigger Event occurs after a notice of redemption but before the date on which such redemption becomes effective, the notice of redemption shall automatically be deemed revoked and shall be null and void, the relevant redemption shall not be made and the rights and obligations in respect of the Notes shall remain unchanged.

(f) Any Write-Down pursuant to this § 5(9) shall not constitute a default by the Issuer for any purpose, and the Holders shall have no right to claim for amounts Written Down, whether in the insolvency or liquidation of the Issuer or otherwise, save to the extent (if any) such amounts are subject to a Write-Up in accordance with § 5(10).

(10) *Write-Up*.

(a) The Issuer may, at its sole discretion, effect a reversal of a Write-Down by writing up the Current Principal Amount in whole or in part up to a maximum of the Original Principal Amount (a "**Write-Up**"), provided that a positive Consolidated Profit and Unconsolidated Profit has been recorded for the Issuer and a positive KA Regulatory Group Profit, and subject to the below limitations. There will be no obligation for the Issuer to operate or accelerate a Write-Up under any circumstances.

If the Issuer so decides in its sole discretion, the Write-Up will occur with effect from and including the Write-Up Effective Date.

(b) At its discretion (without being obliged to) the Issuer may effect such Write-Up provided that:

(i) at the time of the Write-Up, the Issuer is not insolvent and the Write-Up would not result in the insolvency of the Issuer;

(ii) at the time of the Write-Up, there must not exist any Trigger Event that is continuing; any Write-Up is also excluded if such Write-Up would give rise to the occurrence of a Trigger Event;

(iii) such Write-Up is applied on a *pro rata* basis to all Notes and among Loss Absorbing Written Down Instruments; and

(iv) the sum of: (x) the aggregate amount attributed to the relevant Write-Up of the Notes and the aggregate increase in principal amount of Loss Absorbing Written Down Instruments resulting from any previous write-up since the end of the then previous financial year; and (y) the aggregate amount of any distribution and any Additional Amounts thereon paid on the aggregate Current Principal Amount of the Notes and the aggregate amount of any distribution and any additional amounts thereon paid on Loss Absorbing Written Down Instruments as calculated at the moment the Write-Up is operated will not exceed the Maximum Write-Up Amount at any time after the end of the then previous financial year.

(c) The amount of any Write-Up shall be subject to the restrictions relating to any applicable Maximum Distributable Amount and to any other restriction operating as maximum distributable amount as described in § 3(7)(b)(ii)(D), as at the time of the Write-Up.

For the avoidance of doubt, a Write-Up of the Notes may occur on one or more occasions until the Current Principal Amount equals the Original Principal Amount. Write-Ups do not have priority over dividend payments and other distributions on shares and other CET 1 Instruments, i.e. such payments and distributions are permitted even if no full Write-Up of the Notes has been effected.

(d) If the Issuer elects to effect a Write-Up, it will publish a notice about the Write-Up (including the amount of the Write-Up as a percentage of the Original Principal Amount and the effective date of the Write-Up (in each case a "**Write-Up Effective Date**")) no later than 10 calendar days prior to the relevant Write-Up Effective Date to the Principal Paying Agent, the stock exchange, on which the Notes are listed, and, in accordance with § 10, to the Holders. The Write-Up shall be deemed

to be effected and the Current Principal Amount shall be deemed to be increased by the amount specified in the notice, with effect as of the Write-Up Effective Date.

(11) *Records of the Clearing System.* Any Write-Down or Write-Up shall be reflected in the records of the Clearing System.

§ 6
PRINCIPAL 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:

KOMMUNALKREDIT AUSTRIA AG
Türkenstrasse 9
1090 Vienna
Austria

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

Calculation Agent:

KOMMUNALKREDIT AUSTRIA AG
Türkenstrasse 9
1090 Vienna
Austria

The Paying Agent(s) and the Calculation Agent (together the "**Agents**" and each an "**Agent**") reserve the right at any time to change their respective 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 Agent and to appoint another Principal Paying Agent, additional or other Paying Agents or another Calculation Agent. The Issuer shall at all times maintain: (i) a Principal Paying Agent; (ii) so long as the Notes are listed on a stock exchange, a Paying Agent (which may be the Principal Paying Agent) with a specified office in such country as may be required by the rules of such stock exchange or its supervisory authorities; and (iii) a Calculation Agent. The Issuer will give notice to the Holders of any variation, termination, appointment of or any other change in any Agent as soon as possible upon the effectiveness of such change.

(3) *Agents of the Issuer*. The Agents 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 any Agent shall (in the absence of wilful default, bad faith, inequitableness or manifest error) be binding on the Issuer, all other Agents and the Holders.

(5) If the Issuer appoints an Independent Adviser in accordance with § 3(4), the provisions in § 6(3) and (4) shall apply mutatis mutandis to the Independent Adviser.

§ 7
TAXATION

(1) *General Taxation.* All payments in respect of the Notes will be made by the Issuer free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by 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. If the Issuer is required by law to make any withholding or deduction for any Taxes from any payment of distributions in respect of the Notes, the Issuer will pay such additional amounts in relation to distributions (but not principal) as will be necessary in order that the net amounts received by the Holders after such withholding or deduction will equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction (the "**Additional Amounts**"). However, no such Additional Amounts will be payable on account of any Taxes which:

(a) are payable by any person (including the Issuer) acting as custodian bank or collecting agent on behalf of a Holder, or by the Issuer if no custodian bank or collecting agent is appointed or otherwise in any manner which does not constitute a withholding or deduction by the Issuer from payments of principal or distributions made by it; or

(b) are payable by reason of the Holder having, or having had, some personal or business connection with the Republic of Austria; or

(c) are withheld or deducted pursuant to: (i) any European Union directive or regulation concerning the taxation of distributions income; or (ii) any international treaty, agreement or understanding relating to such taxation and to which the Republic of Austria or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty, agreement or understanding; or

(d) are withheld or deducted by a Paying Agent from a payment if the payment could have been made by another Paying Agent without such withholding or deduction; or

(e) are payable by reason of a change in law that becomes effective more than 30 days after the relevant distribution becomes due; or

(f) would not be payable if the Holder can avoid such a withholding or deduction by providing a certificate of residence, certificate of exemption or any other similar documents required according to the respective applicable regulations.

(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 to withhold or deduct pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or that is otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of a FATCA Withholding.

§ 8
PRESENTATION PERIOD

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 distributions) upon the relevant due date.

§ 9
FURTHER ISSUES OF NOTES, REPURCHASES 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 date of issuance, issue price, Distribution Commencement Date and/or first Distribution Payment Date) so as to form a single series with the Notes.

(2) *Repurchases*. Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the conditions to redemption and repurchase laid down in § 5(7) are met, the Issuer and any of its subsidiaries may repurchase Notes in the open market or otherwise. Notes repurchased by the Issuer or any of its subsidiaries may, at the option of the Issuer or such subsidiary, be held, resold or surrendered to the Principal Paying Agent for cancellation.

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

§ 10
NOTICES

(1) *Notices of the Issuer*. All notices of the Issuer concerning the Notes shall be published in electronic form on the website of the Issuer (www.kommunalkredit.at). 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.

(2) *Notification to Clearing System.* If the publication of notices pursuant to § 10(1) is no longer required by law or the rules of any stock exchange on which the Notes are from time to time listed at the initiative of the Issuer, the Issuer may replace a publication as set forth in subparagraph (1) by a notice to the Clearing System for communication to the Holders; any such notice shall be deemed to have been validly given to the Holders on the fifth calendar day after the day on which the 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 German or English language to the Issuer or the Principal Paying Agent (for onward delivery to the Issuer) and 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.

§ 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 except for its conflict of law rules.

(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 the Notes), to the extent permissible according to applicable mandatory consumer protection legislation.

(3) *Enforcement*. Any Holder of Notes may in any legal proceedings (the "**Proceedings**") against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its 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 the Notes 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 Global Note certified as being a true copy by a duly authorised officer of the Clearing System or a depositary of the Clearing System, without the need for production in such Proceedings of the actual records or the Global Note representing the Notes. Each Holder may, without prejudice to the foregoing, protect and enforce its rights under the Notes also in any other way which is admitted in the country of the Proceedings.