

# Commitment

## Commitment regarding an Over-Collateralisation of Covered Bonds

Covered bonds (further the "Notes" or "Covered Bonds") issued by Kommunalkredit Austria AG ("Kommunalkredit") are secured by a cover pool pursuant to (i) the Austrian Law on Covered Bonds of Banks (Gesetz über fundierte Bankschuldverschreibungen, "FBSchVG") dated 27 December 1905, RGBI 1905/213 (as amended) and (ii) paragraphs 22 – 24 of the Articles of Association of Kommunalkredit. Kommunalkredit is obliged to designate assets to cover the Covered Bonds and to satisfy claims arising out of these Notes from the designated assets (security) ahead of other claims.

By virtue of a contract, dated 27 January 2011, (the "Agreement") Kommunalkredit has committed to provide an over-collateralisation of its outstanding Covered Bonds which exceeds the requirements of paragraph 1 section 8 of the FBSchVG. Kommunalkredit has decided to take this step in order to meet the requirements of Moody's Investors Services Inc. ("Moody's") for maintaining the "Aa1" rating. By means of the over-collateralisation Kommunalkredit further strengthens security of its Covered Bonds. However, Kommunalkredit is convinced that even without such a commitment Kommunalkredit's Covered Bonds grant a high extend of security to its investors.

### The Agreement substantially stipulates the following provisions:

Kommunalkredit undertakes for the benefit of the holders of the Notes, that for as long as the rating of the long-term, unsecured, unsubordinated debt obligations of Kommunalkredit as assigned by Moody's Investors Services Inc. ("Moody's") is less than "A3", it will within 90 Business Days upon execution of this Agreement ensure that the nominal value of the assets in the cover pool shall exceed the aggregate principal amount of the Notes in circulation, for which cover is to be provided in accordance with the FBSchVG, by an agreed minimum percentage of 28 per cent. For the avoidance of doubt, the nominal value of the assets in the cover pool will thus equal 128 per cent. of the aggregate principal amount of the Notes in circulation.

Upon availability of a rating agency confirmation by Moody's, Kommunalkredit may reduce the over-collateralisation percentage accordingly provided that the Notes are assigned a rating of "Aa1" or better at the time of such reduction. For the avoidance of doubt, Kommunalkredit is under no obligation to maintain the current rating of the Notes of "Aa1".

In addition, Kommunalkredit is entitled to increase the maximum over-collateralisation percentage of 28 per cent. unilaterally at any time.

The Agreement shall automatically lapse in the event that the rating of the long-term, unsecured, unsubordinated debt obligations of Kommunalkredit as assigned by Moody's is at least "A3" or the Covered Bonds of Kommunalkredit cease to be rated by Moody's.

In the case of any merger, de-merger or transfer to another party (save where such transfer is made to a party which is an affiliate) of all or substantial parts of Kommunalkredit's assets or business, Kommunalkredit shall have the right to terminate the Agreement with a notice period of 3 months.

The Agreement is a genuine agreement for the benefit of third parties within the meaning of paragraph 881 of the Austrian General Civil Code (Allgemeines Bürgerliches Gesetzbuch) entered into for the benefit of the holders of the Notes. Each noteholder is entitled to assert claims under the Agreement against the issuer Kommunalkredit.

All notices concerning the Agreement, in particular notices with regard to a lapse of this Agreement, shall be published by Kommunalkredit on its webpage.

The German text of this notice shall be controlling and binding. The English language translation is provided for convenience only.

Vienna, 27 January 2011

KOMMUNALKREDIT AUSTRIA AG