

FINAL TERMS

18 December 2006

EUR 35,000,000 Subordinated Fixed Rate Notes due 20 December 2030

Series: 542, Tranche 1

issued pursuant to the

**Euro 20,000,000,000
Debt Issuance Programme**

dated 3 July 2006

of

Kommunalkredit Austria AG

Issue Price: **100.00** %

Issue Date: 20 December 2006

These are the Final Terms of an issue of Notes under the Euro 20,000,000,000 Debt Issuance Programme of Kommunalkredit Austria AG (the "**Programme**"). Full information on Kommunalkredit Austria AG and the offer of the Notes is only available on the basis of the combination of the Debt Issuance Programme Prospectus pertaining to the Programme dated 3 July 2006 as amended and supplemented from time to time (the "**Prospectus**") and these Final Terms. The Prospectus is available for viewing in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Kommunalkredit Austria AG (www.kommunalkredit.at/treasury/dip) and copies may be obtained free of charge from Kommunalkredit Austria AG, Tuerkenstrasse 9, A-1092 Vienna.

Part I: TERMS AND CONDITIONS

This part I of the Final Terms is to be read in conjunction with the Terms and Conditions of the Notes (the "**Terms and Conditions**") set forth in the Prospectus, as the same may be amended or supplemented from time to time. All provisions in the Terms and Conditions corresponding to items in these Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the terms and conditions applicable to the Notes (the "**Conditions**").

All references in this part of the Final Terms to numbered sections and subparagraphs are to sections and subparagraphs of the Terms and Conditions.

Capitalized Terms not otherwise defined herein shall have the meanings specified in the Terms and Conditions.

Issuer

Kommunalkredit Austria AG

Form of Conditions

Long-Form

Language of Conditions

English only

CURRENCY, DENOMINATION, CERTAIN DEFINITIONS (§ 1)

Currency and Denomination

Specified Currency Euro ("EUR")

Aggregate Principal Amount EUR 35,000,000

Specified Denomination EUR 50,000

Number of Notes to be issued in the Specified Denomination 700

New Global Note No

TEFRA C

Permanent Global Note

Certain Definitions

Clearing System

Clearstream Banking/société anonyme (CBL)
42 Avenue JF Kennedy
L-1855 Luxembourg

Euroclear Bank S.A./N.V. as operator of the Euroclear System (Euroclear)
1 Boulevard du Roi Albert II
B-1210 Brussels

Calculation Agent No

STATUS (§ 2)

Subordinated Notes

INTEREST (§ 3)

Fixed Rate Notes

Rate of Interest and Interest Payment Dates

Rate of Interest	4.44 % per annum
Interest Commencement Date	20 December 2006
Fixed Interest Date(s)	20 December, subject to adjustment for payment only in accordance with the Modified Following Business Day Convention.
First Interest Payment Date	20 December 2007, subject to adjustment for payment only in accordance with the Modified Following Business Day Convention.
Initial Broken Amount (per Specified Denomination)	Not applicable
Fixed Interest Date preceding the Maturity Date	Not applicable
Final Broken Amount (per Specified Denomination)	Not applicable
Determination Date(s)	1 in each year

Day Count Fraction

Actual/Actual (ICMA Rule 251)

PAYMENTS (§ 4)

Payment Business Day

Relevant Financial Centre(s) (specify all) London, TARGET and Vienna

REDEMPTION (§ 5)

Final Redemption

Notes other than Instalment Notes

Maturity Date 20 December 2030,
subject to adjustment for
payment only in accordance
with the Modified Following
Business Day Convention

Final Redemption Amount

Principal Amount

Early Redemption

Early Redemption at the Option of the Issuer No

Early Redemption at the Option of a Holder No

FISCAL AGENT AND PAYING AGENTS (§ 6)

Paying Agent(s)/specified office(s)

Deutsche Bank Aktiengesellschaft
Trust and Securities Services (TSS)
Grosse Gallusstrasse 10–14
60272 Frankfurt am Main
Germany

Banque de Luxembourg
14, Boulevard Royal
2449 Luxembourg
Luxembourg

TAXATION (§ 7)

Gross-up obligation of the Issuer Yes

NOTICES (§ 12)

Place and medium of publication

Luxembourg (*Tageblatt*)

Clearing System

Governing Law German Law

Part II.: OTHER INFORMATION

Interest of natural and legal persons involved in the issue/offer

- Save as discussed in the Prospectus under "Interest of Natural and Legal Persons involved in the Issue/Offer", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

Eurosystem eligibility

Intended to be held in a manner which would allow Eurosystem eligibility No

Securities Identification Numbers

ISIN XS0279423775

Common Code 027942377

German Securities Code A0G3UQ

Yield 4.44 per cent.

Selling Restrictions

The Selling Restrictions set out in the Prospectus shall apply.

- TEFRA C

Taxation

Information on taxes on the income from the Notes withheld at source in respect of countries where the offer is being made or admission to trading is being sought

None

Restrictions on the free transferability of the Notes

None

Conditions to which the offer is subject

None

Method of distribution

Non-syndicated

Management Details including form of commitment

Dealer/Management Group (specify name(s) and address(es)) Citigroup Global Markets Limited
Citigroup Centre
Canada Square, Canary Wharf
London E14 5LB
United Kingdom

firm commitment

Commissions

Management/Underwriting Commission (specify) Not applicable

Selling Concession (specify) Not applicable

Listing Commission (specify) Not applicable

Other (specify) Not applicable

Stabilising Dealer/Manager None

Listing(s) Yes

Luxembourg

Regulated Market "Bourse de Luxembourg"

Expected date of admission 20 December 2006

Estimate of the total expenses related to admission to trading EUR 6,850

Name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment

Not applicable

Rating

- Issuer Rating
see section "Risk Factors – Risk Factors regarding Kommunalkredit" in the Prospectus
- Programme Rating
see section "General Information – Programme Rating" in the Prospectus

Listing:

The above Final Terms comprise the details required to list this issue of Notes (as from 20 December 2006) pursuant to the Euro 20,000,000,000 Debt Issuance Programme of Kommunalkredit Austria AG.

The Issuer accepts responsibility for the information contained in the Final Terms as set out in the Responsibility Statement on page 2 of the Prospectus, provided that, with respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted, the omission of which would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof.

Kommunalkredit Austria AG



Thomas Fendrich



Elisabeth Potesil

