

Creating a better
everyday life

Kommunalkredit Austria AG

Corporate Profile

Investment Highlights

Senior Unsecured | Deposits | Debt Fund | Capital

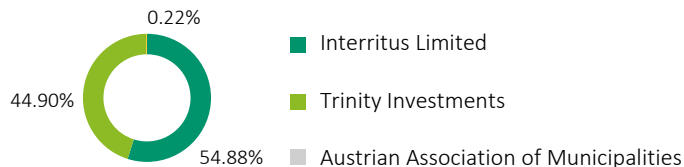
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- 1 EMEA Top 30 infra funder with tailor made solutions
- 2 Long-term oriented strategic shareholder commitment
- 3 Strong mgm't with track record of shaping shareholder value
- 4 Successful transformation of business model and sustained positive track-record of growth with well-contained risk
- 5 Maintenance of good capitalisation during period of growth

Further Improvement in Core Profitability¹

New infrastructure commitments (EUR): 1.2bn
 Revenues new business (YoY): +131%
 RoE pre tax (at 13% CET1): 25%

Shareholder Structure



Specialised Infrastructure Bank

- CF-based, asset secured, predictably performing investments
- International team with outstanding industry expertise
- High “hit” ratio due to wide product ability and tapping primary markets. Client basis delivering repeat deals
- Strong track record in managing risk and growing business. Appropriate risk/rewarded asset accumulation

Business Model

- Energy & Environment, Transport, Social Infrastructure Communication & Digitalization, Natural Resources
- Financial Advisory, Senior Debt, Junior Funding
- Infra Debt Fund Platform “Fidelio KA”
- Europe & selected OECD
- Corporates, developers, advisors, financial investors
- Pensions & Insurers, Asset Managers, Family Offices

Infrastructure Investment

- Sustainable infrastructure will always be relevant
- Demography, technology, climate change, globalisation ...
- Very low default rates
- Recovery rates not correlated with economic cycle
- Huge investor demand

Clear Vision Concise Mission

- 50 | 50 | 10 – Operating result | CIR | RoE
- Authorised capital of EUR +79.7m avail. for capital increase

¹ Results 2018 in EUR m, IFRS

Fact Sheet

Performance highlights

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New Business Performance

- ... leads to improved core profitability
- EUR 1.2bn volume new underwritings (+89% YoY)
- EUR 570m placement (+53% YoY), thereof
- 52%¹ of total revenues of the banking business generated by infrastructure and energy financing

Risk Profile

- High quality of assets
- 0% NPL ratio
- Portfolio 82% investment grade
- Rating: DBRS BBB low (stable), S&P A Covered Bonds

Profitability Profile

- Attractive return on investment
- Growing price/book value
- 2018 earnings to be retained to strengthen capital
- 2017 dividends at EUR 11.5m

Liquidity Profile

- Highly diversified, stable funding sources
- EUR 1bn deposits: Online Retail, Public Sector & Corporate Clients

Results (Highlights)	IFRS			Local-GAAP		
	2018	2017	YoY	2018	2017	YoY
Revenues New Business	30	12	+146%	37	17	+115%
Revenues "Legacy"	30	28	+9%	28	28	-2%
Operating Result	23	8	+206%	22	13	+65%
Extraordinaries	9	-1	-	10	8	+34%
Result before tax	33	7	+362%	30	18	+62%

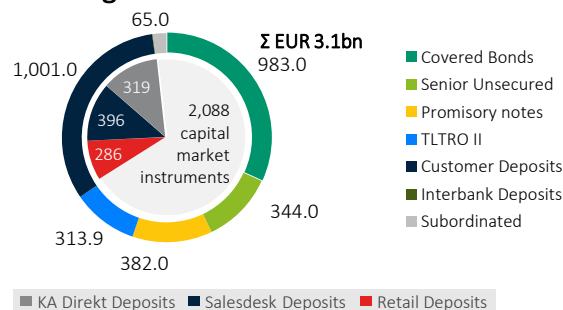
Ratios

CET1 Ratio	20%	23%	20%	23%
Cost/Income-Ratio	71%	88%	68%	79%
RoE before tax	14%	3%	13%	8%

Sundry

CET 1	265	233	265	233
LCR	454%	450%	454%	450%
FTEs	246	274	162	182

Funding structure in EUR m as of 31/12/2018



¹ Under local GAAP

Clear Vision. Concise Mission.

Vision | Mission | USP

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Vision

We will become the most agile & nimble infrastructure bank in Europe helping to create a better world.

Mission

We are always first when it comes to delivering outstanding results with speed & precision. We never stand still. We take “always first” as an obligation to get better every day.

What sets us apart

- Unique combination of in-depth industry expertise and structuring know-how with the financing ability of a bank
- Access to solid captive asset and large investor base
- Strong track record of senior team in managing risk and growing business; investments into talent and development of management
- Ability to price risk adequately and to deliver on our commitment to the sponsors
- Benefit of an agile bank: nimble, flexible, no silo mentality and eagerness to succeed

Benefit to the community

- We help creating a better world by enabling sustainable infrastructure that improves the quality of people’s lives
- Infrastructure investments serve as a powerful tool for answering social needs and fundamentally increasing the general well-being of communities
- We provide tangible benefit to the community:
 - Economic dynamism
 - Urban development and renewal
 - Job creation
 - Climate change
 - Social cohesion
- We focus on secure, safe and sustainable yield to our investors
- KA as partner of choice for long term commitment



Why do we focus on Infrastructure?

Infrastructure is resilient to different economic cycles¹

„1930“

„Japan“

„Yes we
Keynes“

„Argentina“

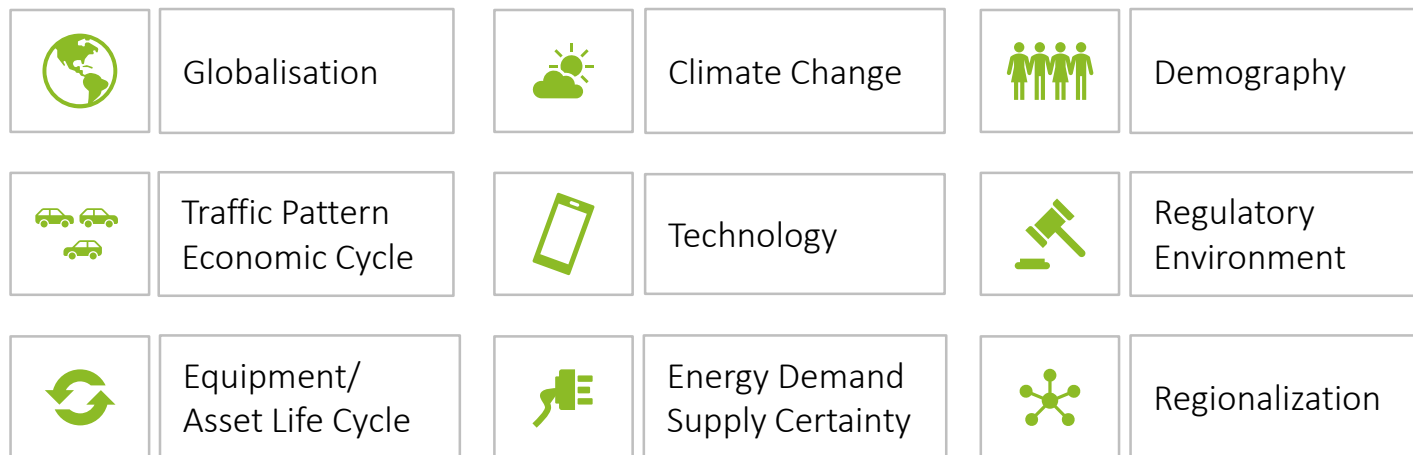
	Comments	Depression	Deflation	Reflation	(Hyper-) Inflation
Equities	<ul style="list-style-type: none"> Valuation not extremely cheap 	●	●	●	●
Long-dated govies	<ul style="list-style-type: none"> Deflation priced in and supply issue 	●	●	●	●
Short-dated govies	<ul style="list-style-type: none"> Reinvestment risk 	●	●	●	●
Inflation linked	<ul style="list-style-type: none"> Little inflation priced in 	●	●	●	●
High grade credit	<ul style="list-style-type: none"> Extraordinary high defaults priced in premiums 	●	●	●	●
Private equity	<ul style="list-style-type: none"> Operational control 	●	●	●	●
Infrastructure	<ul style="list-style-type: none"> Case by case 	●	●	●	●
Real estate	<ul style="list-style-type: none"> Indexed income, vacancy risk 	●	●	●	●
Natural resources & commodities ex-gold	<ul style="list-style-type: none"> Cyclical weakness in demand Emerging markets growth story 	●	●	●	●
Gold & gold mines	<ul style="list-style-type: none"> Impact of central banks' gold reserves 	●	●	●	●
Cash	<ul style="list-style-type: none"> Providing flexibility 	●	●	●	●

¹ Allianz investor presentation 2009

Why do we focus on Infrastructure? (cont'd)

Infrastructure will always be relevant

Key infrastructure drivers



Why do we focus on Infrastructure? (cont'd)

Info credit risk | Low default & high recovery rates

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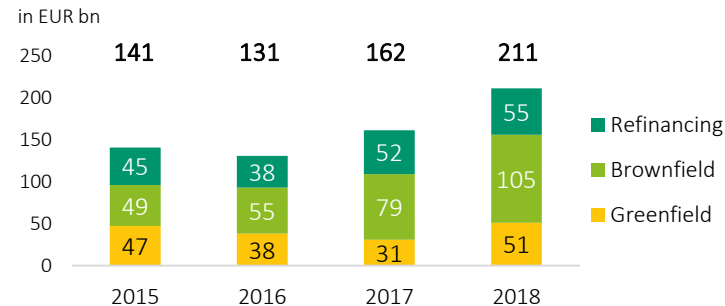
- Moody's study, Default and Recovery Rates for Project Finance Bank Loans, 1983-2017, includes more than 8,200 projects, i.e. 69% of all project finance transactions during a 35-year period (1983-2017)
- **KA is not active in:**
 - higher default regions
 - countries w/i regions with higher default rates (e. g. Russia)
 - higher default asset classes such as manufacturing, metals & mining, chemicals production and leisure & recreation
- **KA's focusses on infrastructure**
 - Infrastructure loss history of \emptyset 1% across project-life-time
 - Lowest default rates in Infrastructure: 3% (Power: 5%, Oil and Gas: 6%, Leisure & Recreation: 6%, Chemicals Production: 9%)
 - LGD 20%-40% (depending on operating/construction phase)
 - Overall recovery rates at 77.5%
 - 58% of defaulted projects with recovery rate of 100%, i.e. no economic loss
 - Recovery rates not correlated with economic cycle

Why do we focus on Infrastructure? (cont'd)

High demand for infrastructure investments in Europe

The European Infrastructure Market in 2018

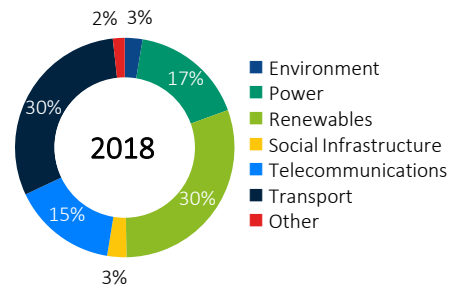
Transaction volume by greenfield, brownfield & refinancing



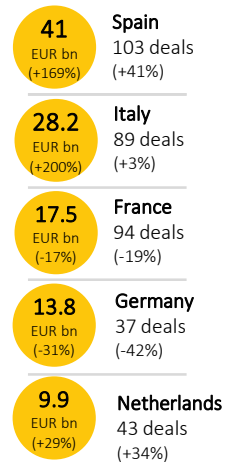
Economic Environment

- Massive demand for investments in Europe
- Limited financial latitude of the public sector
- Stringent regulatory provisions make it difficult for banks to hold long-term assets
- In an environment of historically low returns and new regulatory requirements (Solvency II), institutional investors are looking for alternative investment opportunities

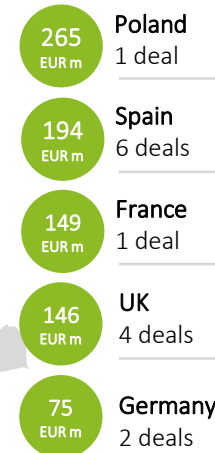
Sector breakdown by value



Top-5 infrastructure markets in the eurozone by deal value and number of deals



KA origination - Top-5 2018



KA placement - Top-5 2018



¹ Source: Inframation – An Acuris Company, 31/12/2018

Why do we focus on Infrastructure? (cont'd)

We provide tangible benefit to the community

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We contributed to the education
of approx.

1,100 pupils

Schools



We equipped over
10.5m people
with high speed communication

Telecoms

We support infrastructure
development. We financed
over **400 km of roads**

Roads



We got over
8.3m passengers
home faster

Airports



We provided environmentally
friendly traffic solutions for
27m passengers annually

Light rail



We created care facilities for almost
1,500 patients

Hospitals



We provided accommodation for
8,300 elderly and disabled people

Care homes

We provide renewable
power to about
1.4m homes annually

Wind and solar energy



We contribute to the
avoidance of **2m tonnes**
of waste to landfill annually

Waste to energy



We provide
7m people
with clean water

Water



Clear Vision. Concise Mission.

Growth strategy 50|50|10 – simple, solution oriented approach

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1.

What is our goal?

Infrastructure funder of choice:

- More than double annual investments
- More than triple distribution



2.

How will we achieve this goal?

By focusing on our core business across Europe and beyond:

- Client centricity
- Operational efficiency
- Stringent placement



3.

Where do we improve in our core business?

- Widen product basis
- Grow fee business
- Increase productivity
- Enhance profitability
- Risk return oriented management



4.

What do we need to achieve this?

- Raise capital
- Invest into talent
- Invest in digitalization
- Improve rating
- Increase u/w capacity



5.

Why is this attractive to our shareholders?

50 | 50 | 10

- Improve operating result to EUR 50m
- Run the bank CIR 50%
- Deliver RoE 10%
- Deliver attractive RoI by improved P/B

Deposits



Sales Desk Deposits

Our deposit offering
for corporates & institutionals

www.kommunalkredit.at

Amount: min. EUR 500,000
Term: 3 months to 3 years
KA Volume: EUR 350-400m



KOMMUNALKREDIT DIREKT Deposits

Our deposit offering
for municipalities

www.kommunalkreditdirekt.at

Amount: min. EUR 20,000
Term: 1 month to 3 years
KA Volume: EUR 350-400m



KOMMUNALKREDIT INVEST Deposits

Our deposit offering
for retail customers

www.kommunalkreditinvest.at
www.kommunalkreditinvest.de

Amount: max. EUR 500,000
Term: up to 10 years
KA Volume: EUR 250-300m

Bonds/Loans



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Treasury Sales

Our investment offering
for corporates & institutionals

www.kommunalkredit.at

Amount: min. EUR 5m
Term: min. 3 years

Infrastructure Debt Fund



FIDELIO KA
Infrastructure Debt Fund

Fidelio KA Infrastructure Debt Fund Europe 1

Our investment offering
for institutionals

Amount: min. EUR 5m
Term: 10 years
Target Yield: $\geq E+350$

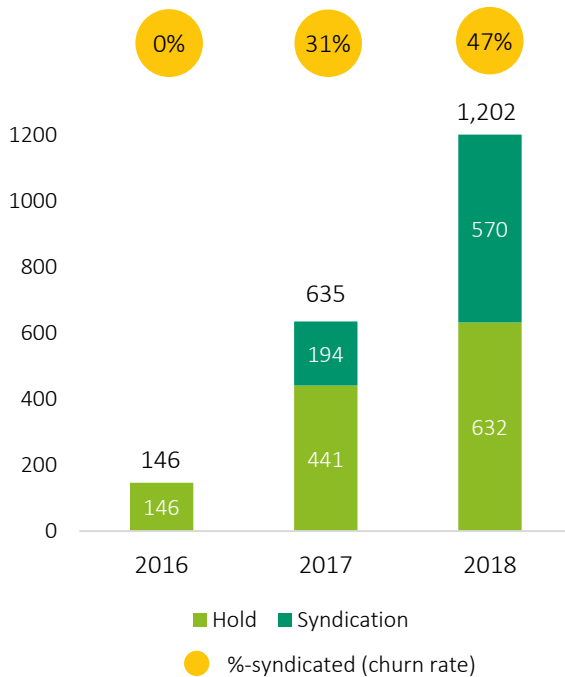
Clear Vision. Concise Mission. (cont'd)

Distribution: relationships with key partners and investors generate income, drive capital efficiency, testify market conformity of structure & pricing

Scalable Model

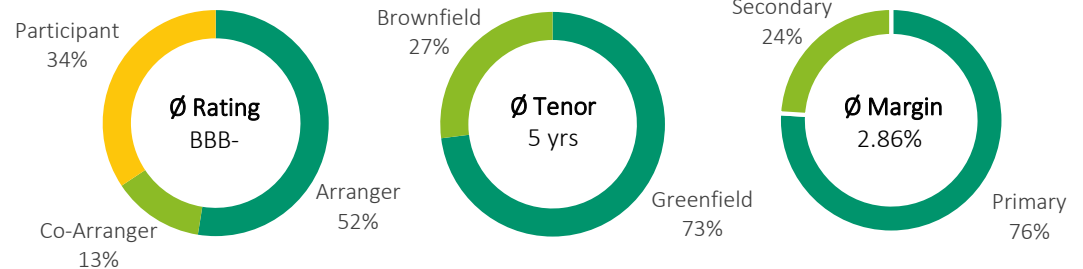
New business gross volumes 2016-2018

in EUR m

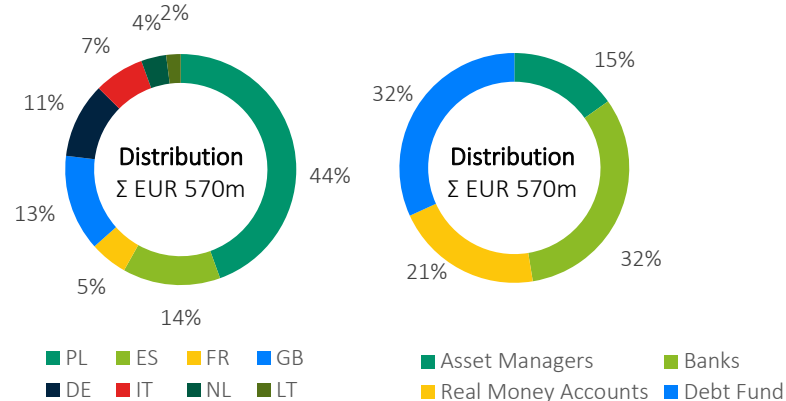


Value Proposition

New business 2018

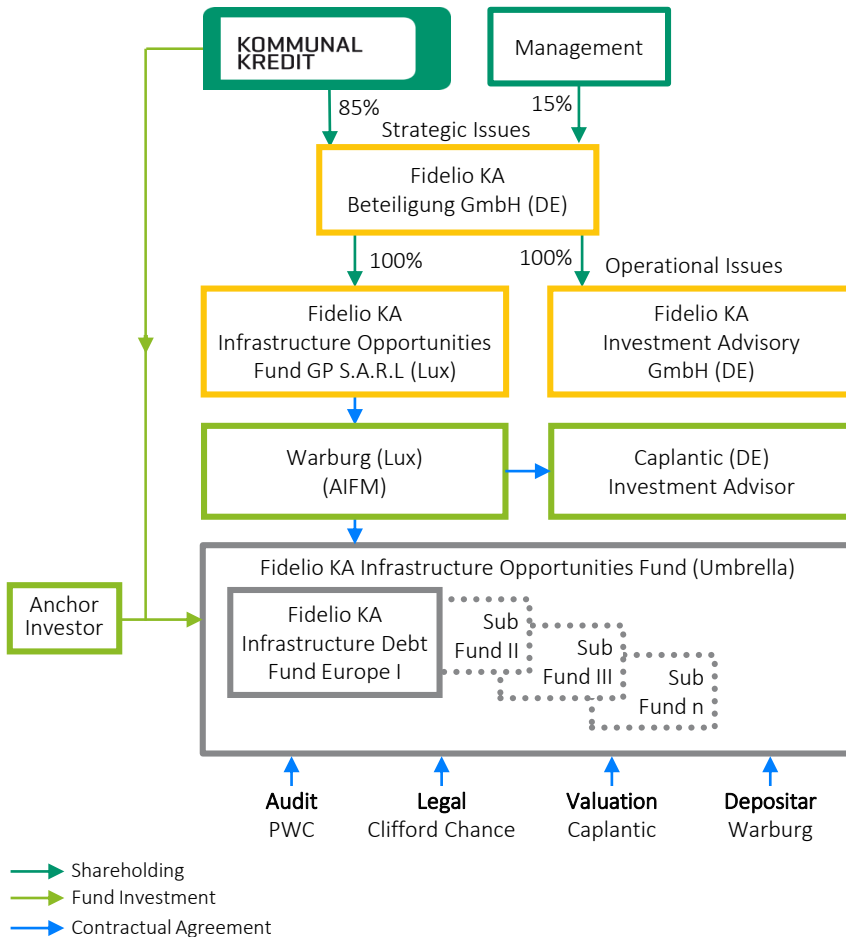


Distribution 2018



Clear Vision. Concise Mission. (cont'd)

Fidelio KA: Kommunkredit's infrastructure debt fund platform



Fidelio KA Infrastructure Debt Fund Europe I

- Identified portfolio. No blind pool
- Size: EUR 250m targeted (First Close: EUR 191m)
- Well diversified over industries
 - 9 investments
 - DACH 13%, CEE 14%, North Europe 16% and South Europe 57%
 - Greenfield 56% | Brownfield 44%

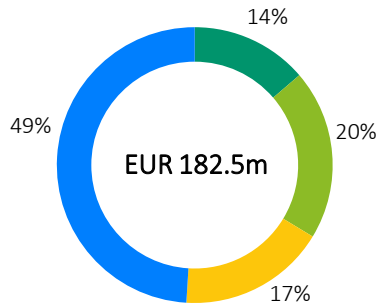
- High quality infra debt (avg. rating BBB-)¹
- Financing essential infrastructure
- Attractive risk return profile ≥ E+350
- Ready to invest/ immediate yield
- Visible & transparent
- Strong alignment of interest
- Industry leading team
- Efficient & proven investment format
- Best-in-class reporting services
- Solvency II optimised

¹ No external rating; internal rating methodology in accordance with S&P

Clear Vision. Concise Mission. (cont'd)

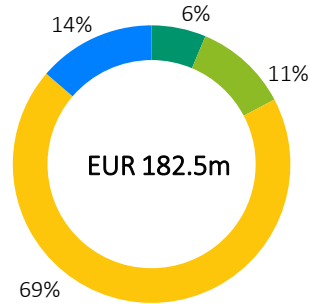
Fidelio KA: diversification of First Close seed portfolio

Geographic Allocation



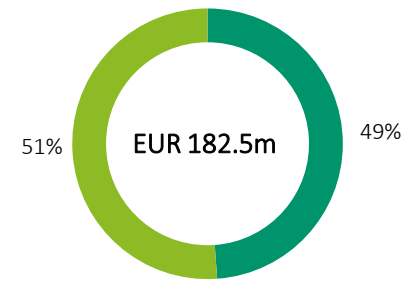
■ DACH ■ CEE ■ North Europe ■ South Europe

Sector Diversification



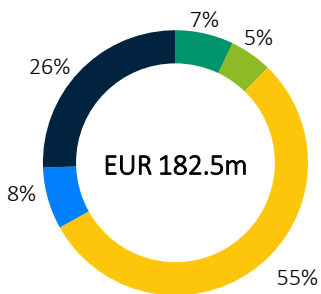
■ Social Infra ■ Power ■ Transport ■ Digitalization & Communication

Interest Term



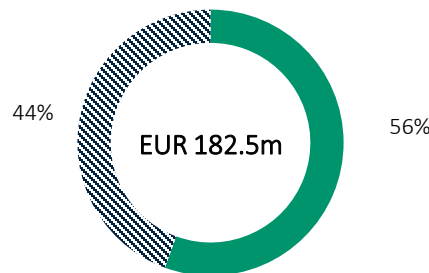
■ Fixed ■ Floating

Synthetic Credit Profile¹



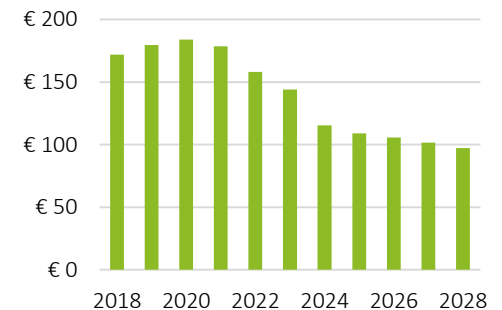
■ A- ■ BBB+ ■ BBB- ■ BB ■ BB-

Project Status



■ in Operation ■ under Construction

Amortisation Profile



■ Outstanding notional amount

¹ No external rating; internal rating methodology in accordance with S&P

Clear Vision. Concise Mission. (cont'd)

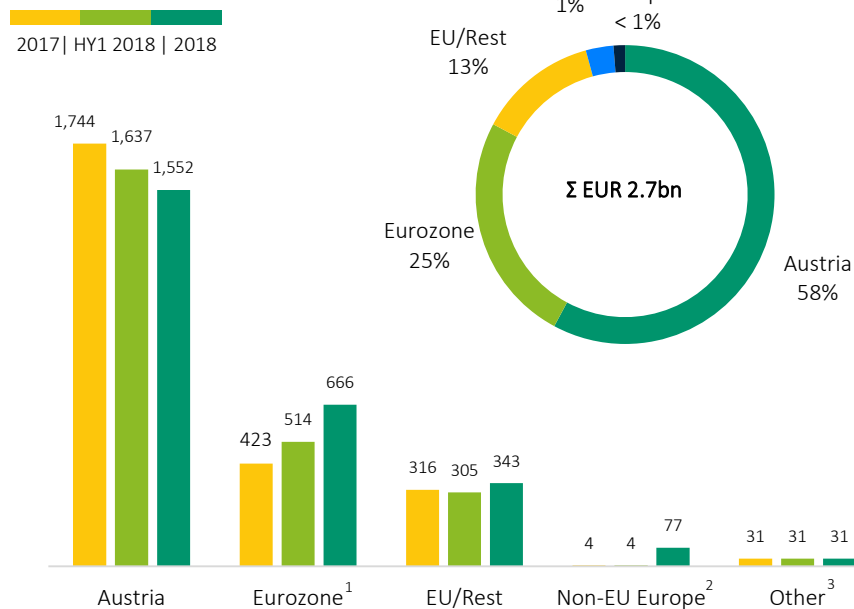
Credit Risk: Austria (58%) and public sector (55%)



- Well balanced portfolio with increasing project finance share
- Prevailing Austrian and public sector exposure (municipalities and public sector entities)

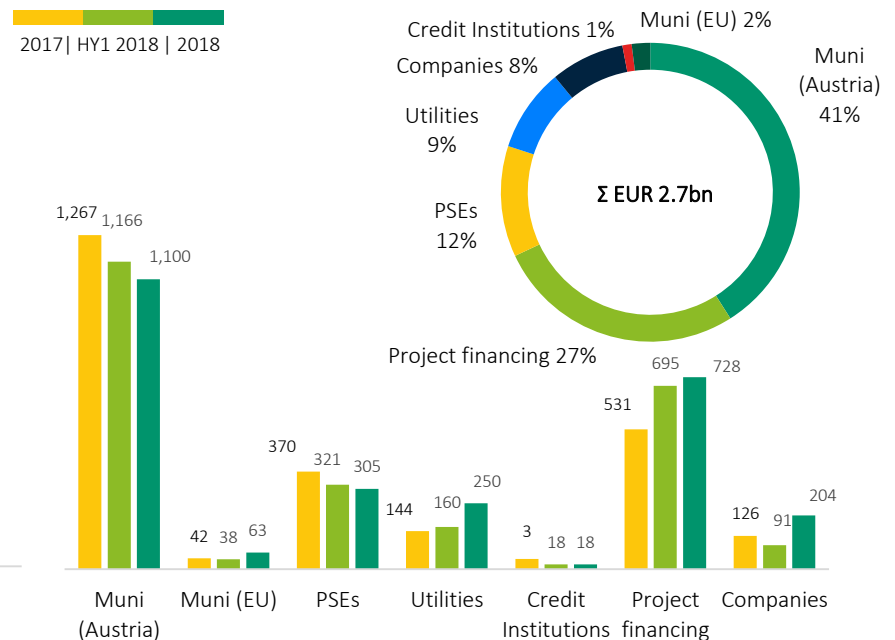
Total loan portfolio by region

in EUR m, as at 31/12/2018



Total loan portfolio by borrower type

in EUR m, as at 31/12/2018



Muni: Municipalities; PSEs: Public Sector Entities

¹ Eurozone without Austria

² Switzerland

³ Turkey

Executive Board

Significant Expansion Experience

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Bernd Fislage

CEO

Bernd Fislage looks back on three decades of international experience in capital-market, institutional and bank financing of i. a. infrastructure, energy and transport projects. His career in banking spans more than 25 years, including 18 years in leading regional and global management positions with Deutsche Bank.

Most recently, he was responsible for Deutsche Bank's global asset finance and structured finance business (ABS, CRE, illiquid trading) in Germany, Austria and Switzerland. Previously, Bernd Fislage worked for NatWest Markets and BHF Bank. He is a graduate of the Technical University of Darmstadt.

Bernd Fislage has been a member of the Executive Board of Kommunalkredit Austria AG since 1 February 2017 and CEO since September 2018.



Jochen Lucht

CFO, CRO, COO

Jochen Lucht looks back on 38 years of experience in the international banking business. He has gained extensive experience in the areas of finance/accounting, banking operations and HR. Until recently, he was a member of the Executive Board at Hauck & Aufhäuser in Frankfurt, where he was responsible for these divisions.



























Previously, he also held top management positions at BHF Bank, Fidelity International, ING Investment Management and Frankfurt-Trust Investment-Gesellschaft.

Jochen Lucht has been a member of the Executive Board of Kommunalkredit Austria AG since 1 July 2018.

Credentials

Selected reference projects 2017 & 2018

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 <p>Europe Data Center EUR 300m¹ Project Finance Senior Lender 2018 Netherlands</p>	 <p>Bus de Polder Transportation EUR 75m Aquisition Finance Senior Lender 2018 Belgium</p>	 <p>Cobra EUR 32.5m Corporate Finance Sole MLA 2018 Spain</p>	 <p>Mula Solar PV EUR 360m Project Finance Senior Lender 2018 Spain</p>	 <p>Belgrade Airport EUR 1 bn Project Finance Senior Lender 2018 Serbia</p>	 <p>Mirror Solar CSP EUR 650m¹ Project Finance Senior Lender 2018 Spain</p>	 <p>Oban Healthcare Aquisition Finance MLA, Senior Lender 2018 UK</p>	<p>Belmont Telecom EUR 350m¹ Project Finance MLA, Senior Lender 2018 Portugal</p>	 <p>Autopista Guadalmedina EUR 385m Project Finance Sole Junior Underwriter 2018 Spain</p>
 <p>Axion Telecom EUR 68 m¹ Aquisition Finance Senior Lender 2018 Spain</p>	 <p>NÖGIG Telecom EUR 111m Project Finance MLA, Sole Lender 2018 Austria</p>	 <p>A2 - Autostrada Wielkopolska EUR 540m Project Finance MLA, Senior Lender 2018 Poland</p>	 <p>Dt. Glasfaser Telecom EUR 650m¹ Project Finance MLA, Senior Lender 2018 Germany</p>	 <p>Tranvia Zaragoza Light Rail EUR 165m¹ Project Finance MLA, Senior Lender 2018 Spain</p>	 <p>Dt. Glasfaser Business EUR 78m Project Finance Senior Lender 2017 Germany</p>	 <p>Pedemontana Veneta Road EUR 1.22bn Project Finance Joint Bookrunner, Underwriter 2017 Italy</p>	 <p>Berresgasse School Campus EUR 46m PPP Advisor of the winning consortium 2017 Austria</p>	 <p>Invitel Telecom EUR 217m Acquisition Finance MLA, Senior Lender 2017 Hungary</p>
 <p>Zagreb Airport EUR 195m Project Finance Senior Lender 2017 Croatia</p>	 <p>A2 - Autostrada Wielkopolska II EUR 400m Project Finance MLA, Senior Lender 2017 Poland</p>	 <p>ELCH - East Lothian Hospital GBP 78m Project Finance Senior Lender 2017 UK</p>	 <p>Gipuzkoa Waste to Energy EUR 240m Project Finance MLA, Senior Lender 2017 Spain</p>	 <p>Bursa Healthcare Campus EUR 503m Project Finance MLA, EBRD B-Loan Participant 2017 Turkey</p>	 <p>BNRG Solar PV Portfolio GBP 19.8m Project Finance MLA, Sole Mezzanine Lender 2017 UK</p>	 <p>Parc Adfer Limited Waste to Energy GBP 179m Project Finance Senior Lender 2017 UK</p>	 <p>K3 CHP Limited Waste to Energy GBP 468.5m Project Finance Senior Lender 2017 UK</p>	 <p>A15 Road EUR 883m Project Finance Senior Lender 2017 Netherlands</p>

¹ Total debt

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