

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

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 & REn, Social Infra, Transport, Natural Resources, Communication & Digitalization
- 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

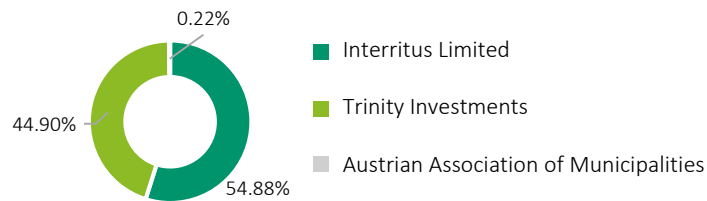
Further Improvement in Core Profitability¹

Infrastructure funding (EUR):	1.2bn
Revenues new business (YoY):	+78%
RoE post tax (at 13% CET1):	24%

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

Shareholder Structure



Clear Vision Concise Mission

- 50 | 50 | 10 – Operating result | CIR | RoE
- Authorised capital of EUR 79.4+m avail. for capital increase

¹Local GAAP preliminary results 2018

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 EUR 182.5m sold to debt fund Fidelio KA

Risk Profile

- High quality of assets
- 0% NPL ratio
- Portfolio 79% investment grade
- Rating: DBRS BBB low (stable), S&P A Covered Bonds

Profitability Profile

- Attractive return on investment
- Growing price/book value
- 2018 earnings 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

Local GAAP preliminary results 2018 in EUR m

Results (Highlights)	2018E	2017A	YoY
Revenues New Business	33	18	+78 %
Revenues "Legacy"	28	28	-2 %
Operating Result	23	14	+67 %
Extraordinaries	10	8	+33 %
Result after tax	31	19	+64 %

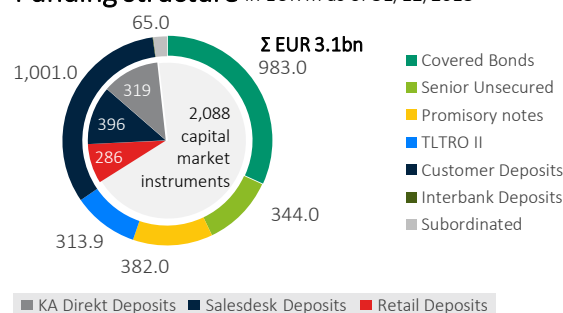
Ratios

CET1 Ratio	20%	30%
Cost/Income-Ratio	68%	79%
RoE after tax	13%	8%

Sonstiges

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

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



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	▪ Valuation not extremely cheap	●	●	●	●
Long-dated govies	▪ Deflation priced in and supply issue	●	●	●	●
Short-dated govies	▪ Reinvestment risk	●	●	●	●
Inflation linked	▪ Little inflation priced in	●	●	●	●
High grade credit	▪ Extraordinary high defaults priced in premiums	●	●	●	●
Private equity	▪ Operational control	●	●	●	●
Infrastructure	▪ Case by case	●	●	●	●
Real estate	▪ Indexed income, vacancy risk	●	●	●	●
Natural resources & commodities ex-gold	▪ Cyclical weakness in demand ▪ Emerging markets growth story	●	●	●	●
Gold & gold mines	▪ Impact of central banks' gold reserves	●	●	●	●
Cash	▪ Providing flexibility	●	●	●	●

¹Allianz investor presentation 2009

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

Infrastructure will always be relevant

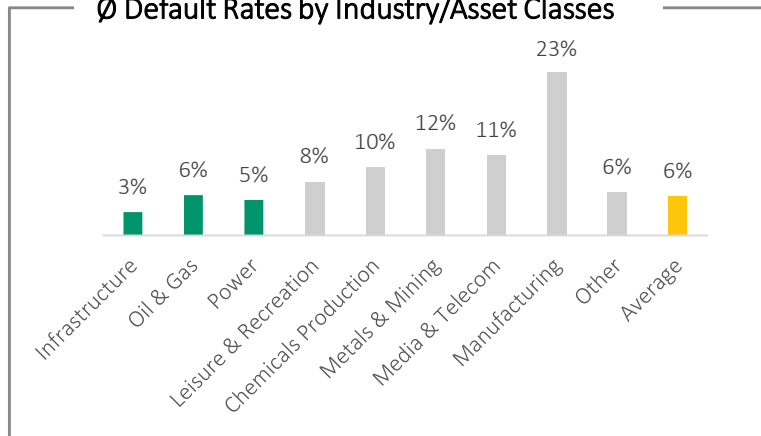
Key infrastructure drivers



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

Info credit risk | Low default & high recovery rates

Ø Default Rates by Industry/Asset Classes



- Moody's study, Default and Recovery Rates for Project Finance Bank Loans, 1983-2016, includes more than 7,000 projects, i.e. 64% of all project finance transactions during a 34-year period (1983-2016)
- KA is not active in:
 - higher default regions
 - higher default asset classes such as manufacturing, metals & mining, chemicals production and leisure & recreation
 - countries w/i regions with higher default rates (e. g. Russia)

Ø Recovery Rates by Industry

Industry	Recovery Rates
Infrastructure	60%-80%
Oil & Gas	60%-80%
Power	80%-100%
Media & Telecom	60%-80%
Leisure & Recreation	60%-80%
Chemical Production	80%-100%
Metals & Mining	60%-80%
Manufacturing	60%-80%

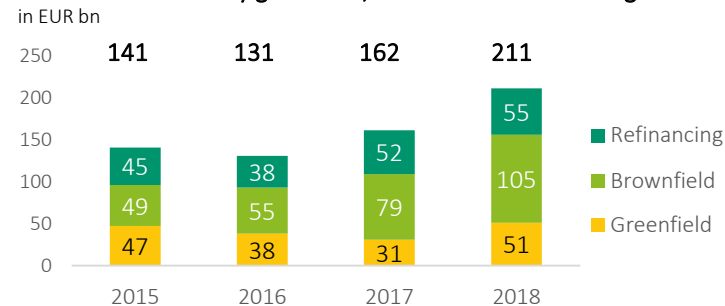
- KA's focus on infrastructure, showing low default rates of 3%
- Infrastructure loss history of Ø 1% across project-life-time
 - default rate 3%
 - LGD 20%-40% (depending on operating/construction phase)
- Overall recovery rates at 77.3%, ⅓ of defaulted projects with recovery rate of 100%, i.e. no economic 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

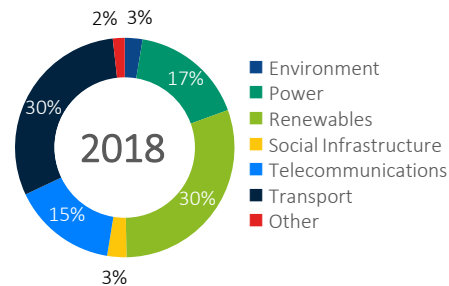
Transaction volume by greenfield, brownfield & refinancing



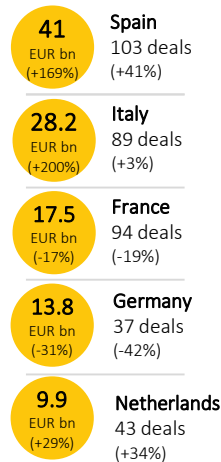
Economic Environment

- 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

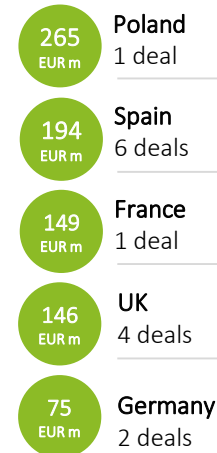
Sector breakdown by value



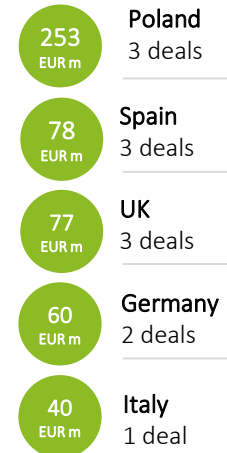
Top-5 infrastructure markets in the eurozone by deal value and number of deals



KA origination - Top-5 2018



KA placement – Top-5 2018



¹Source: Infraction – 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

1 education campus



We enabled over **10.5m people** to stay connected

8 telecom projects

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

5 highway projects



We help over **8.3m passengers** annually get there faster

2 airports



We enable over **27m passengers** annually to reach their destination

1 tram line



We created care facilities for almost **1,500 patients**

2 hospitals



We provide accommodation for about **8,300 residents**

378 care homes

We provide renewable power to about **1.4m homes** annually

12 renewable energy projects



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

5 waste to energy plants



We provide **7m people** with clean water

1 water project



01/2017 – 12/2018

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

Clear Vision. Concise Mission. (cont'd)

Kommunalkredit's deposit offerings

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Deposits



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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



KOMMUNAL
KREDIT DIREKT

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



KOMMUNAL
KREDIT INVEST

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

Clear Vision. Concise Mission. (cont'd)

Kommunalkredit's investment offerings

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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: $\geq E+350$

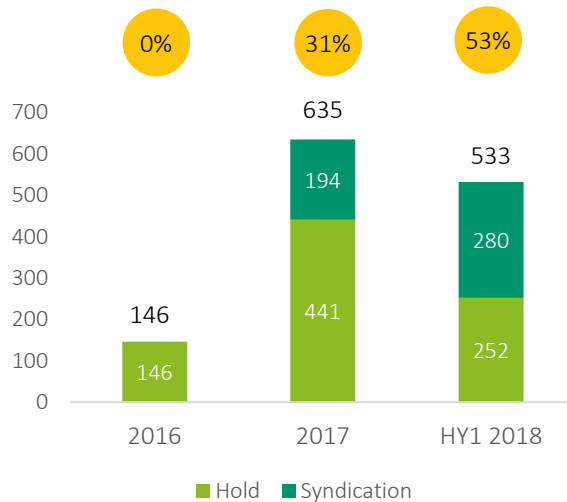
Clear Vision. Concise Mission. (cont'd)

Distribution: relationships with key partners and investors generate

income, drive capital efficiency, testify market conformity of structure & pricing

Scalable Model

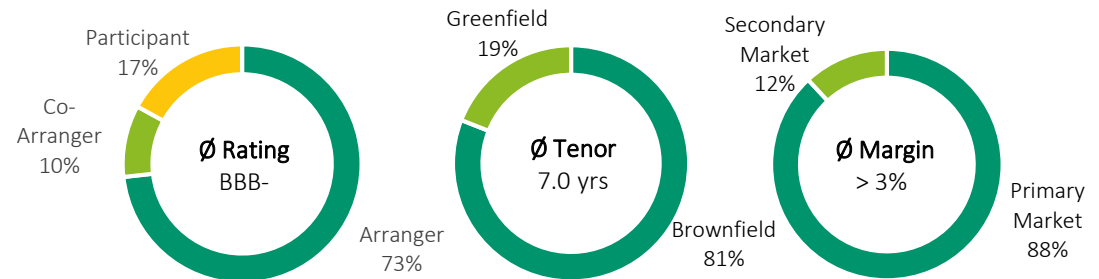
New business gross volumes 2016-2018 ytd
in EURm



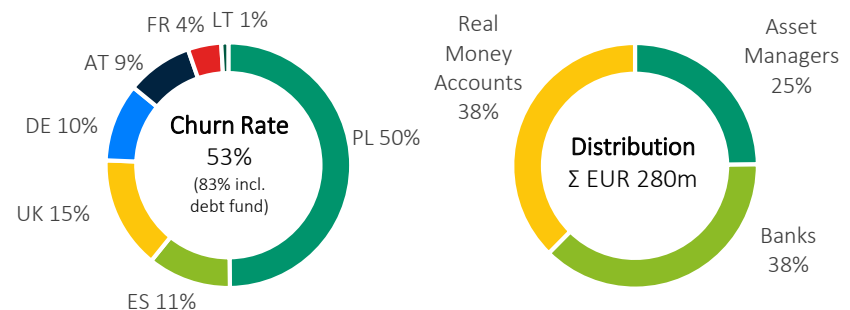
● %-syndicated (churn rate)

Value Proposition

New business HY1 2018

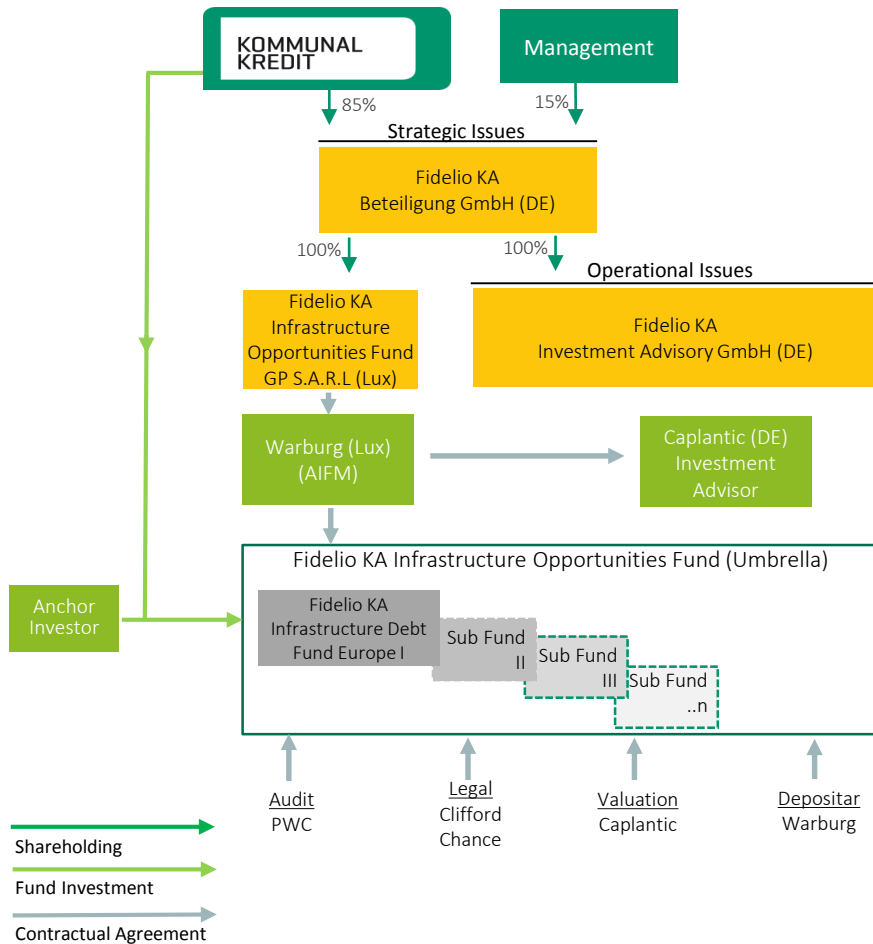


Distribution HY1 2018



Clear Vision. Concise Mission. (cont'd)

Fidelio KA: Kommunalkredit'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%

- | | |
|---|---|
| <ol style="list-style-type: none"> 1 High quality infra debt (avg. rating BBB-)¹ 2 Financing essential infrastructure 3 Attractive risk return profile ≥ E+350 4 Ready to invest/ immediate yield 5 Visible & transparent | <ol style="list-style-type: none"> 6 Strong alignment of interest 7 Industry leading team 8 Efficient & proven investment format 9 Best-in-class reporting services 10 Solvency II optimised |
|---|---|

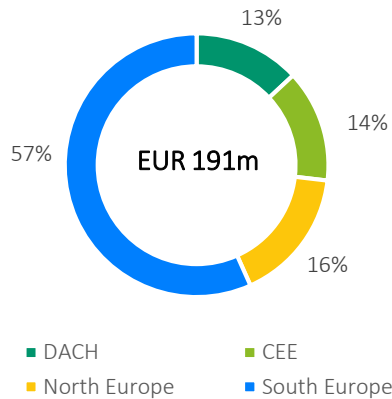
¹no external rating; internal rating methodology in accordance with S&P

Clear Vision. Concise Mission. (cont'd)

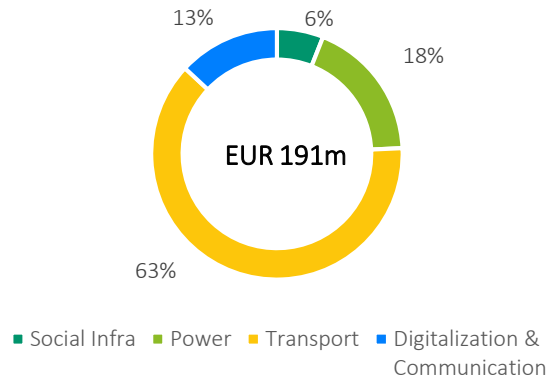
Fidelio KA: diversification of First Close seed portfolio



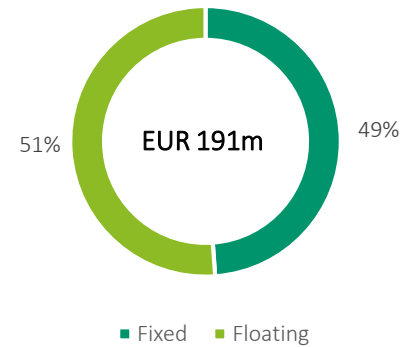
Geographic Allocation



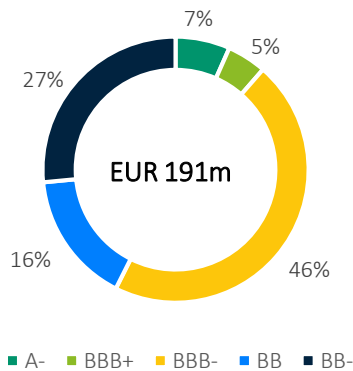
Sector Diversification



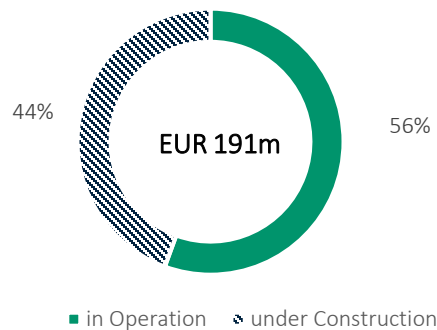
Interest Term



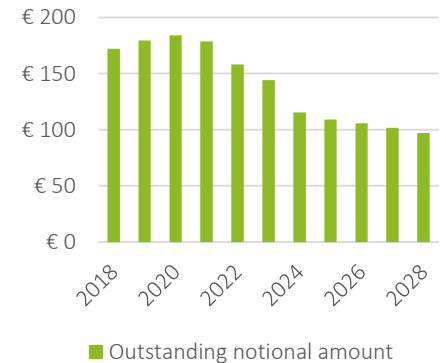
Synthetic Credit Profile¹



Project Status



Amortisation Profile



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

Clear Vision. Concise Mission. (cont'd)

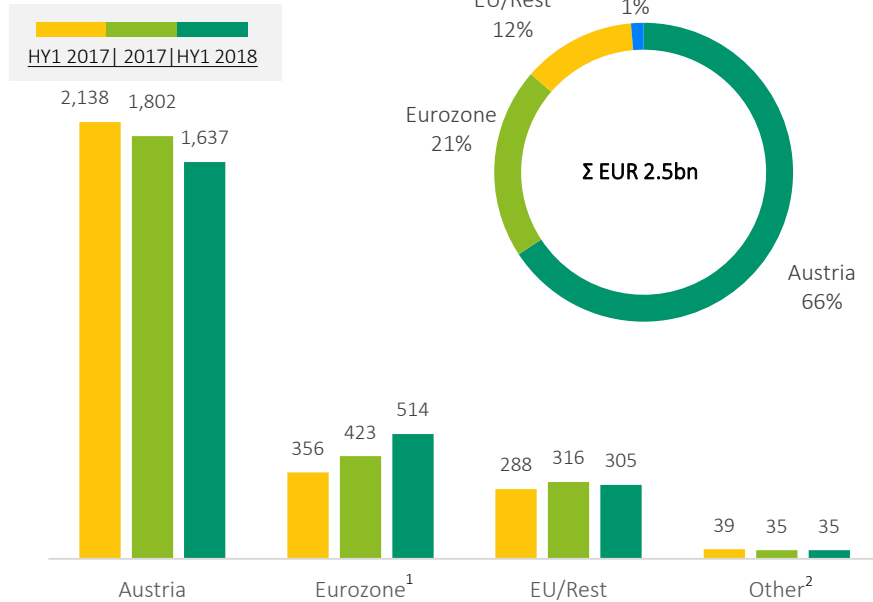
Credit risk: Austria (66%) and public sector (62%)



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

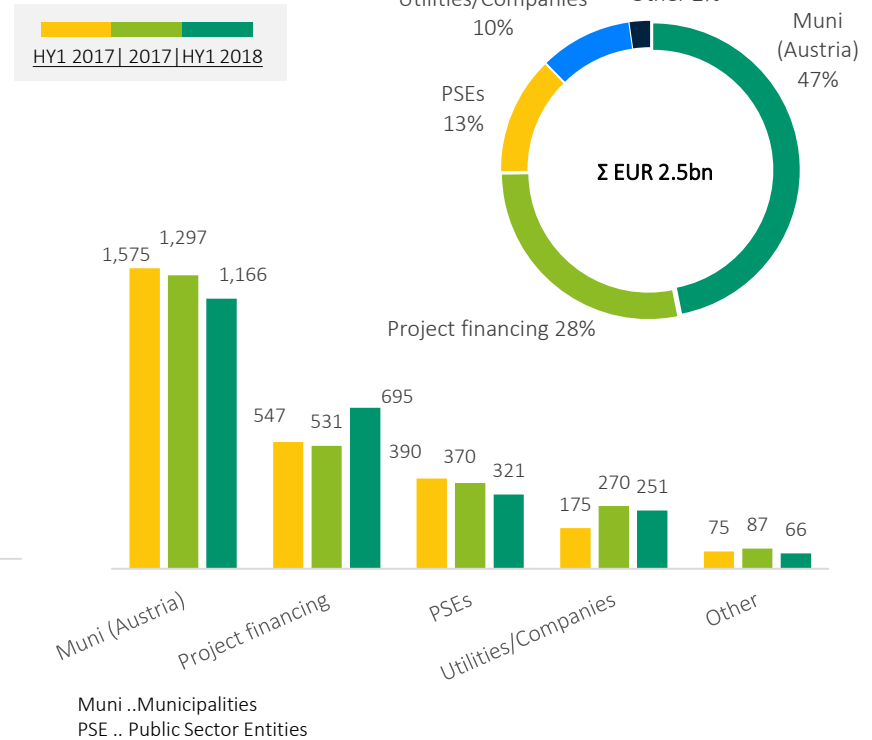
Total Loan Portfolio by Region

in EURm, as at 30/06/2018



Total Loan Portfolio by Borrower Type

in EURm, as at 30/06/2018



¹Eurozone without Austria; ²Switzerland/Turkey

Executive Board

Significant Expansion Experience



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, COO, CRO

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>Belgrade Airport EUR 1 bn Project Finance Senior Lender 2018 Serbia</p>	 <p>Mirror Solar CSP EUR 650m* Project Finance Senior Lender 2018 Spain</p>	 <p>Oban Healthcare Aquisition Finance MLA, Senior Lender 2018 UK</p>	<p>Belmont Telecom EUR 350m* Project Finance MLA, Senior Lender 2018 Portugal</p>	 <p>Autopista Guadalmedina EUR 385 m Project Finance Sole Junior Underwriter 2018 Spain</p>	 <p>Axion Telecom EUR 68 m* Aquisition Finance Senior Lender 2018 Spain</p>	 <p>NÖGIG Telecom EUR 111 m Project Finance MLA, Sole Lender 2018 Austria</p>	 <p>Regard Healthcare GBP 131,5 m* Project Finance MLA, Senior Lender 2018 UK</p>
<p>A2 - Autostrada Wielkopolska EUR 540 m Project Finance MLA, Senior Lender 2018 Poland</p>	 <p>Dt. Glasfaser Telecom EUR 650m* Project Finance MLA, Senior Lender 2018 Germany</p>	 <p>Tranvia Zaragoza Light Rail EUR 165m* Project Finance MLA, Senior Lender 2018 Spain</p>	 <p>Dt. Glasfaser Business EUR 78 m 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 Great Britain</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 Great Britain</p>	 <p>Parc Adfer Limited Waste to Energy GBP 179m Project Finance Senior Lender 2017 Great Britain</p>	 <p>K3 CHP Limited Waste to Energy GBP 468.5m Project Finance Senior Lender 2017 Great Britain</p>	 <p>A15 Road EUR 883m Project Finance Senior Lender 2017 Netherlands</p>

* Total debt

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Kommunalkredit Austria AG

Tuerkenstrasse 9, 1092 Vienna

Phone: +43 (0)1/31 6 31-0

Fax: +43 (0)1/31 6 31-105

www.kommunalkredit.at