INFRA BANKING EXPERTS
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KOMMUNAL
KREDIT

# DISCLOSURE REPORT
OF KOMMUNALKREDIT AUSTRIA AG (group of credit institutions)

2017

**Disclosure pursuant to Part 8 CRR**
(As at 31 December 2017)

BUILDING BRIDGES

WE PROVIDE TANGIBLE BENEFIT
TO THE COMMUNITY

Pursuant to Art. 431 and Art. 433 of the Capital Requirements Regulation (CRR), institutions have to publicly disclose the information specified in Title II CRR at least once a year, subject to the provisions laid down in Art. 432 CRR.

Kommunalkredit Austria AG (hereinafter called Kommunalkredit) is part of a group of credit institutions whose parent is Satere Beteiligungsverwaltungs GmbH (Satere), which holds 100% of Gesona Beteiligungsverwaltung GmbH (Gesona). Gesona holds 99.78% of Kommunalkredit. Both Satere and Gesona are to be classified as financial holding companies as defined in CRR and have no material influence on the financial indicators and the risk structure of the group of credit institutions. Kommunalkredit, being the only credit institution of the group, therefore meets the disclosure obligations on behalf of the group of credit institutions through publication of this Disclosure Report, which is published on its website at www.kommunalkredit.at.

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**Art. 435(1)(a) CRR**

**Risk management strategies and processes**

For reasons of materiality (see also Art. 436), risk management for the group of credit institutions is conducted at the level of Kommunalkredit. The economic risks of the subsidiaries are taken into account in the ICAAP of Kommunalkredit in equity exposure. Group members Satere and Gesona currently do not hold any other financial participations apart from their participation in Kommunalkredit, and are therefore not engaged in any business activities of relevance to the risk-bearing-capacity analysis within the framework of the ICAAP.

Kommunalkredit uses risk assessments and a risk map for the complete identification of the risk drivers of its business model. Within the framework of risk assessment, the main types of risk for the bank are identified through a structured analytical process. Based on the results of the assessment, a risk map is drawn up for the bank as a whole, which contains a definition of risks, broken down by risk type, and assesses the individual risks in terms of significance, risk transparency, management frequency and limitation. The risk map serves to establish a uniform understanding of the concept of risk and a uniform view of risk priorities, and to review the system for completeness and identify potential gaps in risk management. These identified types of risk covered are those which are classified as highly relevant, but are characterised by low risk transparency and low management frequency and therefore given top priority in respect of further development needs. This analysis is performed annually.

For the main types of risk (above all liquidity risk, credit default risk, market risk and syndication risk), the economic capital required to cover the risk is calculated according to recognised internal bank management procedures. In addition, a risk buffer is provided for in order to cover risks that are not sufficiently quantifiable (above all operational risk, reputational risk, legal risks and other risks) as well as potential model inaccuracies.

Within the framework of the risk strategy for the main types of risk, the Executive Board specifies the principles for the adequate management and limitation of risks and limits the economic capital allocated to each risk type, each business area and, in an integrated approach, for the bank as a whole, depending on the risk-bearing capacity (ICAAP – Internal Capital Adequacy Assessment Process and/or ILAAP – Internal Liquidity Adequacy Assessment Process) and the risk appetite of the bank. Monthly reviews are performed to check the degree of utilisation and observance of the risk budget as well as the risk appetite of the bank. Counterparty limits as well as the operational risk limits for the open FX position are reviewed on a daily basis. Kommunalkredit does not engage in any trading activities.

Kommunalkredit has a trading book, but its use is strictly limited. The transactions exclusively are risk-free through-trading activities within the framework of the provision of customer services. Within the framework of this limited use, Kommunalkredit does not engage in any activities with the intention to trade or any other activities resulting in open positions in the trading book.

**Art. 435(1)(b) and (c) CRR**

**Structure and organisation of the risk management and monitoring function, and scope and nature of risk reporting and measurement systems**

In accordance with the division of tasks within the bank, overall responsibility for the ICAAP process lies with the Executive Board. The risk-policy principles and the risk strategy are derived from Kommunalkredit's business policy strategy. The Executive Board also decides on the risk management procedures to be applied and regularly informs the Supervisory Board and/or its committees (in particular the Risk Committee, the Audit Committee and the Credit Committee) on Kommunalkredit's risk position.

As part of Kommunalkredit's organisational structure for risk management, the tasks, competences and responsibilities within the framework of the risk management process are clearly defined and set out. Risk-taking organisational units (front office) are clearly separated from organisational units in charge of the monitoring and communication of risks (back office) at all levels below the Executive Board. Chief Risk Officer (CRO) is an Executive Board function. The CRO relies on Risk Controlling and Credit Risk Management for technical and operational support. Together they perform the tasks of a risk management department as set out in §39(5) of the Austrian Banking Act, independent of Kommunalkredit's operational business, and have direct access to the Executive Board. Thus, the organisational structure fully meets the regulatory requirement of separation between front-office and back-office functions.

Pursuant to §39d of the Austrian Banking Act, a Risk Committee of the Supervisory Board is established, tasked to advise the management on the current and future risk appetite and risk strategy of the bank and to monitor implementation of this risk strategy relating to the management, monitoring and limitation of risks and the capitalisation and liquidity of the bank. The Supervisory Board is informed regularly on the risk position of the bank not only through reports submitted by the Risk Committee, but also through comprehensive quarterly risk reports and monthly data sheets illustrating the development of the most important capital, earnings and risk indicators.

Risks are managed by the Risk Management Committee, the Asset Liability Committee and the Credit Committee.

The Risk Management Committee (RMC) constitutes the central element of the comprehensive risk management process, providing information to the Executive Board on the overall risk position of the bank on a monthly basis. In organisational terms, Risk Controlling is in charge of this committee. The Risk Management Committee is responsible for the establishment of guidelines for the implementation of the risk strategy and is in charge of limit setting (except country and counterparty limits) and limit monitoring by type of risk.

The weekly Asset Liability Committee (ALCO) supports the operational management of market and liquidity risks. In organisational terms, Markets is in charge of this committee. Within the framework of its meetings, the market situation is evaluated, limits are monitored and interest-rate and liquidity risk management measures are discussed. Besides the ALCO, there is a detailed daily liquidity monitoring process.

The weekly Credit Committee (CC) meeting is the central element of the credit approval process and the continuous portfolio and single-name review process. In organisational terms, Credit Risk Management is in charge of this committee (analysis and assessment of single-name risks, second opinion in credit approval and/or review processes, management of single-name risks and/or other risks, management of non-performing loans, qualitative portfolio analyses and ratings).

Responsibility for the quantification of risks and the aggregate risk cover as well as the performance of stress tests generally lies with Risk Controlling.

The objective of integrated asset and liability management is to optimise the use of capital resources in terms of risk and return within the framework of the bank's risk appetite and risk-bearing capacity.

The strategies, methods, reporting rules and organisational responsibilities for the management of risks are documented in writing in the ICAAP manual, in risk management manuals for each type of risk and in organisational guidelines, which can be downloaded via the Intranet in their current versions at any time by all staff members concerned.

**Art. 435(1)(d) CRR**

**Risk management guidelines and policies**

*Principles of risk management*

- The limitation of risks at Kommunalkredit is commensurate with the bank's earning strength and its equity base.
- The risk culture embraced by Kommunalkredit is characterised by deliberately addressing risks in day-to-day business, permanently monitoring risk appetite, and encouraging open-mindedness in discussing risk-related issues at all levels.
- The expertise of Kommunalkredit staff and the systems in place must correspond to the complexity of the business model and have to be developed together with the core fields of business.
- In terms of organisational structure, a clear separation between risk-taking on the one hand and risk calculation and/or risk management on the other hand is essential. Conflicts of interest for staff members are avoided through a clear separation of the different fields of activity.
- Risk management is an integral component of the business process and is based on recognised methods of risk measurement, monitoring and management. For credit and market risks, this principle is applied on an economic basis (value-at-risk approach).
- All measurable risks are subject to a limit structure; regular monitoring of the observance of limits on the basis of transparent and uniform principles is obligatory. An escalation process applies in the event of limit breaches. A capital buffer is kept for risks that have been identified but are not / not yet sufficiently measurable.
- The risk measurement results have to be subjected to regular stress testing and taken into account in determining the risk-bearing capacity of the credit institution. The results of stress testing have to be related to a limit and/or a hedging target.
- Kommunalkredit's system of risk management provides for comprehensive, regular and standardised risk reporting, with reports on the risk position of Kommunalkredit produced at least once a month and, if necessary, supplemented by ad-hoc risk reports.
- An integrated IT infrastructure, as a prerequisite for the systematic reduction of risks from interfaces and data inconsistencies and as a basis for efficient reporting and data processing processes, constitutes an essential organisational and risk-policy objective.
- Outsourcing of core bank functions and important control functions is contingent on retaining an adequate amount of in-depth knowledge and experience in these areas in-house.

**Art. 435(1)(e) and (f) CRR**

**Risk declaration by the Executive Board on the adequacy of the risk management arrangements of the institution and on its risk profile**

Complete risk identification is ensured through comprehensive annual risk assessment.

The risk management system and the risk management process of the bank correspond to the relevance and materiality of risks and the complexity of the business model; they meet the general prudential risk management requirements, including the Austrian Banking Act, the Austrian Regulation on Risk Management by Financial Institutions (KI-RMVO), CRR and CRD IV.

For the purpose of limiting risks in accordance with the risk-bearing capacity of the bank, a limit system has been implemented, which covers and continuously monitors all counterparty-related limits in terms of volume and portfolio-related limits for the main types of risk. At the highest level of aggregation, the risk appetite is defined and limited as a function of the bank's risk-bearing capacity.

Kommunalkredit's risk management procedures and processes were subject to the regular comprehensive review, which is to be performed annually. The adequacy of all components of the risk management process was reviewed, including in particular

- complete coverage of all risks relevant to the business model,
- adequate strategies for the management of the main types of risk,
- adequacy of methods employed to measure and limit risks,
- adequacy of hedging targets within the framework of the three perspectives taken in analysing the risk-bearing capacity (regulatory perspective, going-concern perspective, liquidation perspective)
- adequacy of reporting frequency and content for identifiable risks,
- adequacy of the risk organisation and the management bodies.

The review process, comprising risk assessments and workshops, was coordinated and supported by Risk Controlling. The Executive Board and all units of the bank were included in the process. The results were documented in the form of a final report, a comprehensive risk map and a risk profile approved by the Executive Board. A report on the performance and the results of the review was submitted to the Supervisory Board.

For the purpose of securing and monitoring capital adequacy, the main types of risk are covered through risk-bearing-capacity analyses, quantified and compared with the bank's aggregate risk cover on a monthly basis. Risk tolerance is determined by the hedging targets defined for the different perspectives of risk-bearing capacity and subjected to monthly reviews (establishment of risk status).

From the liquidation perspective, risk tolerance is defined in terms of risk budgets (risk budget limits) for each main risk type and a minimum capital buffer in % of aggregate risk cover. The utilisation of risk limits and the amount of the actual capital buffer, compared to the minimum capital buffer, are determined and reviewed every month in absolute terms and as a percentage of the aggregate risk cover at a confidence level of 99.95%.

From the going-concern perspective, risk tolerance is defined in terms of the hedging target of a minimum tier 1 ratio of 13%. The capital buffer required to reach the hedging target is determined and reviewed every month in absolute terms and as a percentage of the aggregate risk cover at a confidence level of 95%.

| As of 31/12/2017<br>in million EUR | Liquidation perspective | Going-concern perspective |
|---|---|---|
| Aggregate risk cover | 524 | 70 |
| Economic risk position | 138 | 30 |
| **Capital buffer** | **386** | **40** |
| **Capital buffer in %** | **73.7%** | **56.9%** |

The robustness of the business model and the adequacy of own funds are verified regularly through stress tests.

The requirement to report to the Supervisory Board and to the Risk Committee set up pursuant to §39d of the Austrian Banking Act was met through submission of comprehensive risk reports.

The Executive Board and the Supervisory Board stated that the risk-bearing capacity of the bank was adequate at any time of the business year 2017 and that they were not / are not aware of any risks jeopardizing the risk-bearing capacity of the bank.

## Art. 435(2)(a) CRR

### Directorships held by members of the management body

| Name | Function at Kommunalkredit Austria AG | Directorships (as of 31/12/2017) | |
|---|---|---|---|
| | | Number of management functions | Number of supervisory functions |
| Dr. Patrick Bettscheider | Chairman of the Supervisory Board | 3 | 2 |
| Christopher Guth, MSc | Deputy Chairman of the Supervisory Board | 2 | 1 |
| Dipl.-Kfm.Friedrich Andreae, MSc | Member of the Supervisory Board | 6 | 1 |
| Mag Katharina Gehra, MSc | Member of the Supervisory Board | 4 | 1 |
| Diplom-Betriebswirt (FH) Jürgen Meisch | Member of the Supervisory Board | 1 | 4 |
| Attorney-at-law Martin Rey[1] | Member of the Supervisory Board | 3 | 2 |
| Mag. Werner Muhm[2] | Member of the Supervisory Board | 1 | 5 |
| Mag. Patrick Höller | Member of the Supervisory Board | - | 1 |
| Renate Schneider[3] | Member of the Supervisory Board | - | 1 |
| Mag. Paul Matousek[4] | Member of the Supervisory Board | - | 1 |
| Franz Hofer, MSc[5] | Member of the Supervisory Board | - | 2 |
| Mag. Alois Steinbichler, MSc | Chairman of the Executive Board[6] | 1 | 1 |
| Bernd Fislage[7] | Member of the Executive Board[8] | 1 | 1 |
| Jörn Engelmann | Member of the Executive Board | 1 | - |
| Mag. Wolfgang Meister | Member of the Executive Board[9] | 1 | - |

[1] Martin Rey was newly elected to the Supervisory Board of Kommunalkredit as of 24 July 2017; he succeeds Werner Muhm.
[2] Werner Muhm resigned from the Supervisory Board of Kommunalkredit as of the end of the General Shareholders' Meeting of 10 March 2017
[3] Renate Schneider was delegated to the Supervisory Board of Kommunalkredit by the Works Council as of 20 February 2017.
[4] Paul Matousek was delegated to the Supervisory Board of Kommunalkredit by the Works Council as of 6 November 2017; he succeeds Franz Hofer.
[5] Franz Hofer resigned from the Supervisory Board of Kommunalkredit as of 6 November 2017
[6] Within the Kommunalkredit Group: Chairman of the Supervisory Board of Kommunalkredit Public Consulting GmbH and Deputy Chairman of the consortium meeting (*Syndikatsversammlung*) of Kommunalnet E-Government Solutions GmbH.
[7] As of 1 February 2017, the Executive Board of Kommunalkredit was enlarged and Bernd Fislage was appointed to the Executive Board, assuming responsibility for Banking & Markets.
[8] Within the Kommunalkredit Group: As of 20 November 2017, Deputy Chairman of the Supervisory Board of Kommunalkredit Public Consulting GmbH.
[9] Within the Kommunalkredit Group: Resigned as of 20 November 2017 as Deputy Chairman of the Supervisory Board of Kommunalkredit Public Consulting GmbH.

**Art. 435(2)(b) CRR**

**Strategy for the selection of members of the management body**

Pursuant to §29 of the Austrian Banking Act (as of 31-12-2017), Kommunalkredit has established a Nomination Committee. In compliance with its legal and statutory duties pursuant to §29 of the Austrian Banking Act, the Nomination Committee held two meeting for 2017.

Exercising its tasks pursuant to §29 points 1 to 3 of the Austrian Banking Act regarding succession planning and recruitment for vacant positions, job profiles for the Executive Board and the Supervisory Board have been established by the Nomination Committee.

- The **qualifications and competencies** required of persons selected as candidates for **Executive Board positions** are as follows:

International banking experience with a special focus on public finance; strategic and operational management experience in a market-oriented business units of comparable size and complexity with accountability for its results; profound understanding of banking processes; aptitude for the tasks assigned within the Executive Board; restructuring and portfolio management competencies; fulfilment of all regulatory fit & proper requirements: entrepreneurial personality; high level of social skills; strong implementation record; confident and self-assured manners; negotiating skills; communication skills; ability to share responsibility for the overall strategy with the other members of the Executive Board; Relevant experience; ability to lead and motivate staff.

- The **qualifications and competencies** required of persons selected as candidates for **Supervisory Board positions** are as follows:

Practice-related knowledge enabling the candidate to question Executive Board decisions; experience on supervisory boards (desirable); diversity in respect of the other Supervisory Board members; understanding of the business activities of the bank; awareness of responsibility; integrity; willingness to contribute; independence; personality; fulfilment of regulatory fit & proper requirements; practical experience with remuneration policy pursuant to §39(3) of the Austrian Banking Act (if required); requirements to be met by a financial expert pursuant to §63(a) of the Austrian Banking Act (if necessary).

The qualifications and competencies required of potential candidates for Executive Board and Supervisory Board positions are based on the bank's internal "Fit & Proper Policy" adopted to ensure compliance with the legal requirements. The Fit & Proper Policy specifies the quality requirements to be met by Kommunalkredit's Executive Board and Supervisory Board members and defines criteria for the selection and aptitude assessment of members of the management and supervisory bodies (both individually and collectively) and/or for the identification and assessment of holders of key functions and their aptitude. A special Fit & Proper Office ensures compliance with and fulfilment of these requirements. In accordance with the Fit & Proper Circular of the Financial Markets Supervisory Authority (FMA), regular fit & proper training is provided for Executive Board and Supervisory Board members and for holders of key functions.

**Art. 435(2)(c) CRR**

**Diversity strategy with regard to the selection of members of the management body**

A common target ratio of 15% for the underrepresented gender has been defined for the Executive Board and the Supervisory Board, the decisive selection criteria being the qualifications of the candidates and their suitability for the position. The target is to be reached by 31 December 2020, at the latest.

**Art. 435(2)(d) CRR**

**Information regarding the establishment of a Risk Committee**

Pursuant to §39d of the Austrian Banking Act (as of 31-12-2017), a Risk Committee of the Supervisory Board was established, tasked to advise the management on the current and future risk appetite and risk strategy of the bank and to monitor implementation of this risk strategy relating to the management, monitoring and limitation of risks and the capitalisation and liquidity of the bank.

The Risk Committee met three times in 2017.

**Art. 435(2)(e) CRR**

**Information flow on risk to the management body**

As part of Kommunalkredit's organisational structure for risk management, the tasks, competences and responsibilities within the framework of the risk management process are clearly defined and set out. Risk-taking organisational units (front office) are clearly separated from organisational units in charge of the monitoring and communication of risks (back office) at all levels below the Executive Board. The risk monitoring function, which is independent of the front office, is exercised by Credit Risk Management and Risk Controlling in close coordination and on the basis of clearly defined spheres of responsibility. Thus, the organisational structure fully meets the regulatory requirement of separation between front-office and back-office functions.

Risks are managed by the Risk Management Committee, the Asset Liability Committee and the Credit Committee.

The Risk Management Committee (RMC) constitutes the central element of the comprehensive risk management process, providing information to the Executive Board on the overall risk position of the bank on a monthly basis. In organisational terms, Risk Controlling is in charge of this committee. The Risk Management Committee is responsible for the establishment of guidelines for the implementation of the risk strategy and is in charge of limit setting (except country and counterparty limits) and limit monitoring by type of risk.

The weekly Asset Liability Committee (ALCO) supports the operational management of market and liquidity risks. In organisational terms, Risk Controlling is in charge of this committee. Within the framework of its meetings, the market situation is evaluated, limits are monitored and interest-rate and liquidity risk management measures are discussed. Besides the ALCO, there is a detailed daily liquidity monitoring process.

The weekly Credit Committee (CC) meeting is the central element of the credit approval process and the continuous portfolio and single-name review process. In organisational terms, Credit Risk Management is in charge of this committee (analysis and assessment of single-name risks, second opinion in credit approval and/or review processes, management of single-name risks and/or other risks, management of non-performing loans, qualitative portfolio analyses and ratings).

## Art. 436 CRR Scope of application

**Art. 436(a) CRR**

**Name of the institution to which the requirements of this Regulation apply**

Name of the group of credit institutions: Kommunalkredit Austria
Name of the institution: Kommunalkredit Austria AG (Kommunalkredit)

**Art. 436(b) CRR**

**Information on the scope of consolidation and entities therein**

Satere Beteiligungsverwaltungs GmbH (Satere), which holds 100% of Gesona Beteiligungsverwaltung GmbH (Gesona), is the top-level parent of the group of credit institutions. Gesona holds 99.78% of Kommunalkredit. Given that both Satere and Gesona are to be classified as financial holding companies in the meaning of CRR, Kommunalkredit – pursuant to Art. 11(2) and (3) CRR – is the only credit institution obliged to meet the requirements of Part 2 to 4 (Own Funds, Capital Requirements, Large Exposures), Part 6 (Liquidity) and Part 7 (Leverage) of CRR on a consolidated basis. Pursuant to Art. 13(2) CRR, the disclosure requirements of Part 8 also must be met on the basis of the consolidated position of the financial holding company. Kommunalkredit also meets the definition of a superordinate credit institution pursuant to §30(5) of the Austrian Banking Act, which is responsible for compliance with the provisions of the Austrian Banking Act applicable to groups of credit institutions.

Besides Satere, Gesona and Kommunalkredit, Kommunalkredit KBI Immobilien GmbH, Kommunalkredit KBI Immobilien GmbH & Co KG and Kommunalkredit TLI Immobilien GmbH & Co KG as providers of ancillary services also belong to the regulatory group of credit institutions.

Satere prepares its consolidated financial statements based on local accounting rules as laid down in the Austrian Company Code; therefore, the capital ratios of the group of financial institutions are calculated in accordance with the provisions of Austrian Company Code/Austrian Banking Act and the provision of CRR.

The table below illustrates the differences in the scope of consolidation under company law and regulatory law:

| Name of entity: | Method for Accounting consolidation | Method for regulatory consolidation | | | | Description of entity |
|---|---|---|---|---|---|---|
| | | Full consolidation | Proportionate consolidation | Neither consolidated nor deducted from own funds | Deduction from own funds | |
| Satere Beteiligungsverwaltungs GmbH | Full consolidation | x | | | | Financial holding |
| Gesona Beteiligunsverwaltung GmbH | Full consolidation | x | | | | Financial holding |
| Kommunalkredit Austria AG | Full consolidation | x | | | | Credit institution |
| Kommunalkredit KBI Immobilien GmbH | Full consolidation | x | | | | Provider of ancillary services |
| Kommunalkredit KBI Immobilien GmbH & Co KG | Full consolidation | x | | | | Provider of ancillary services |
| Kommunalkredit TLI Immobilien GmbH & Co KG | Full consolidation | x | | | | Provider of ancillary services |
| Kommunalkredit Public Consulting GmbH | Full consolidation | | | x | | Other service provider |

### Art. 436(c), (d) and (e) CRR

**Information on material practical or legal impediments to the transfer of own funds or repayment of liabilities among the parent and its subsidiaries, the aggregate amount by which the actual own funds are less than required in all subsidiaries not included in the consolidation and, if applicable, the circumstance of making use of the provisions laid down in Articles 7 and 9**

No material impediments to the transfer of own funds or repayment of liabilities within the meaning of the above exist.

## Art. 437 CRR Own funds

### Art. 437(1)(a) and (d) CRR

**Reconciliation of the items of regulatory own funds and the balance sheet, and disclosure of the nature and amounts of the components listed under (d) i-iii**

The table below shows Kommunalkredit's own funds at consolidated level. As no transitional rules for capital instruments apply, such effects are not presented separately.

| Disclosure of components of own funds | As of 31/12/2017 in TEUR | Reference to Article in Regulation (EU) No 575/2013 |
|---|---|---|
| **Common equity tier 1 (CET1): Instruments and reserves** | | |
| Capital instruments and the related premium | 35.0 | 26 (1), 27, 28, 29, EBA list pursuant to Art. 26(3) |
| *of which subscribed capital* | *35.0* | |
| Retained earnings | 19,623.8 | 26(1)(c) |
| Cumulative other result (and other reserves) | 166,194.0 | 26(1) |
| Fund for general banking risks | 40,000.0 | 26(1)(f) |
| Common equity tier 1 (CET1) before regulatory adjustments | 225,852.8 | |
| **Common equity tier 1 (CET1) regulatory adjustments** | | |
| Intangible assets | -191.4 | 36(1)(b), 37, |
| Total regulatory adjustment of common equity tier 1 (CET1) | -191.4 | |
| Common equity tier 1 (CET1) | 225,661.4 | |
| Additional tier 1 capital (AT1) | 0.0 | |
| Tier 1 capital (T1 = CET1 + AT1) | 225,661.4 | |
| **Tier 2 capital (T2): Instruments and reserves** | | |
| Capital instruments and the related premium | 60,435.6 | 62, 63 |
| Credit risk adjustments (provision pursuant to §57(1) Austrian Banking Act) | 3,760.0 | 62(c) and (d) |
| Tier 2 capital (T2) before regulatory adjustments | 64,195.6 | |

| | | |
|---|---|---|
| **Tier 2 capital (T2): regulatory adjustments** | | |
| Total regulatory adjustments of tier 2 capital (T2) | 0.0 | |
| Tier 2 capital (T2) | 64,195.6 | |
| Total capital (TC = T1 + T2) | 289,857.0 | |
| Total risk exposure amount pursuant to Art. 92 CRR | 991,206.5 | |
| **Equity ratios and buffers** | | |
| CET1 ratio | 22.8% | 92(2)(a) |
| Tier 1 ratio | 22.8% | 92(2)(b) |
| Total capital ratio | 29.2% | 92(2)(c) |
| Institution-specific capital buffer requirement | 1.25% | |
| *of which capital conservation buffer* | *1.25%* | |
| *of which countercyclical capital buffer* | *0.00%* | |
| CET1 available to meet buffer requirements (as percentage) | 18.3% | |
| **Amounts falling below the thresholds for deductions (before risk weighting)** | | |
| Direct, indirect and synthetic holdings by the institution in capital instruments of financial sector entities where the institution does not have a significant investment in those entities | 1,669.0 | 36(1)(h), 45, 46, |
| Deferred tax assets resulting from temporary differences (below the 10% threshold) that rely on future profitability | 9,576.6 | 36(1)(c), 38, 48 |
| **Applicable upper limits for including loan loss provisions in T2** | | |
| Credit risk adjustments qualifying as Tier 2 capital for exposures to which the standardised approach applies (before application of the upper limit) | 3,760.0 | 62 |
| Cap for credit risk adjustment being recognised as Tier 2 capital under the standardised approach | 10,893.8 | 62 |

The tables below show a reconciliation of the preliminary balance sheet of Satere Beteiligungsverwaltungs GmbH based on accounting consolidation and a balance sheet for the entities contained in the scope of consolidation under CRR:

| 31/12/2017 Assets<br>in TEUR | Accounting consolidation | Adjustments for differences in scope of consolidation | Regulatory consolidation |
|---|---|---|---|
| Cash and balances with central banks | 318,109.1 | -1.0 | 318,108.1 |
| Public-sector debt instruments eligible as collateral for central bank funding | 196,613.9 | 0.0 | 196,613.9 |
| Loans and advances to banks | 146,643.5 | -713.1 | 145,930.4 |
| Loans and advances to customers | 2,441,544.5 | -2,137.7 | 2,439,406.8 |
| Bonds and other fixed-income securities | 88,805.2 | -20.3 | 88,784.9 |
| Participations | 2,014.1 | 0.0 | 2,014.1 |
| Investments in affiliated companies | 150.0 | 346.5 | 496.5 |
| Intangible non-current assets | 198.2 | -6.8 | 191.4 |
| Property, plant and equipment | 25,843.5 | 0.0 | 25,843.5 |
| Other assets | 38,229.9 | 489.4 | 38,719.3 |
| Accruals/deferrals | 7,271.2 | 0.0 | 7,271.2 |
| Deferred tax assets | 9,679.2 | -102.6 | 9,576.6 |
| **Total assets** | **3,275,102.2** | **-2,145.6** | **3,272,956.7** |

| 31/12/2017 Liabilities<br>in TEUR | Accounting consolidation | Adjustments for differences in scope of consolidation | Regulatory consolidation |
|---|---|---|---|
| Amounts owed to banks | 534,726.3 | 0.0 | 534,726.3 |
| Amounts owed to customers | 1,040,938.1 | 4,002.8 | 1,044,940.9 |
| Securitised liabilities | 1,289,836.7 | 0.0 | 1,289,836.7 |
| Other liabilities | 67,341.8 | -1,466.3 | 65,875.5 |
| Accruals/deferrals | 12,413.6 | 0.0 | 12,413.6 |
| Provisions | 23,325.3 | -3,492.0 | 19,833.3 |
| Fund for general banking risks (§57(3) Austrian Banking Act) | 40,000.0 | 0.0 | 40,000.0 |
| Tier 2 capital | 67,527.3 | 0.0 | 67,527.3 |
| Subscribed capital | 35.0 | 0.0 | 35.0 |
| Capital reserves | 137,042.9 | 0.0 | 137,042.9 |
| Revenue reserves | 50,043.4 | -927.8 | 49,115.6 |
| Statutory reserve pursuant to §57(5) Austrian Banking Act | 0.0 | 0.0 | 0.0 |
| Non-controlling interests | 603.1 | -152.8 | 450.2 |
| Group result for the year | 11,268.8 | -109.4 | 11,159.3 |
| **Total liabilities** | **3,275,102.2** | **-2,145.6** | **3,272,956.7** |

The tables below list the items relevant for determining own funds separately and broken down further, contrasting them with the corresponding own funds items:

| 31/12/2017 Assets in TEUR | Carrying amount under regulatory consolidation | Own funds items | Amount included in own funds | Comment |
|---|---|---|---|---|
| Loans and advances to customers | 2,439,406.8 | | | |
| *of which credit risk adjustments (provision pursuant to §57(1) Austrian Banking Act)* | *3,760.0* | Credit risk adjustments (provision pursuant to §57(1) Austrian Banking Act) | 3,760.0 | |
| Participations | 2,014.1 | | | |
| *of which non-material participations in financial sector entities* | *1,669.0* | Direct, indirect and synthetic holdings by the institution in capital instruments of financial sector entities where the institution does not have a significant investment in those entities | 0.0 | The value is below the applicable 10% threshold for CET1 |
| Intangible non-current assets | 191.4 | Intangible assets | -191.4 | |
| Deferred tax assets | 9,576.6 | Deferred tax assets resulting from temporary differences that rely on future profitability | 0.0 | The value is below the applicable 10% threshold for CET1 |

| 31/12/2017 Liabilities in TEUR | Carrying amount under regulatory consolidation | Own funds items | Amount included in own funds | Comment |
|---|---|---|---|---|
| Fund for general banking risks (§57(3) Austrian Banking Act) | 40,000.0 | Fund for general banking risks | 40,000.0 | |
| Tier 2 capital | 67,527.3 | Tier 2 instruments and the related premium | 60,435.6 | The difference is due to accrued interest being included in the balance sheet item on the one hand, and to amortisation of Tier 2 instruments under Art. 64 CRR on the other hand. The exact amounts qualifying for each instrument are shown in Table 1 in the Annex. |
| Subscribed capital | 35.0 | CET1 instruments and the related premium | 35.0 | |
| Capital reserves | 137,042.9 | Cumulative other result (and other reserves) | 166,194.0 | The difference corresponds to the *of which* item under profit carried forward, which is included in Retained earnings. |
| Revenue reserves | 49,115.6 | | | |
| *of which profit carried forward* | *19,964.5* | Retained earnings | 19,623.8 | The difference in the amount of TEUR 340.7 is attributable to planned profit distribution in the amount of TEUR 11,500 exceeding the result for the year in the amount of TEUR 11,159.3 |
| Non-controlling interests | 450.2 | | | Minority interests are currently not taken into account in the calculation of own funds for reasons of immateriality and conservativeness factors |
| Group result for the year | 11,159.3 | Eligible profit | 0.0 | Profit distribution for 2018 is planned to amount to TEUR 11,500, an amount that was deducted in the calculation of own funds. The excess of the dividend over the result for the year in the amount of TEUR 340.7 was deducted in the own funds item Retained earnings. |

**Art. 437(b) and (c) CRR**

**Description of the main features of the capital instruments issued by the institution and their full terms and conditions**

The main features of the common equity tier 1 items, additional tier 1 items and tier 2 items are shown in Table 1 in Annex 1. The full terms and conditions of these instruments are published on the Kommunalkredit website under “Investor Relations / Bondholder Information & Funding / Documentation”.

**Art. 437(e) CRR**

**Description of all restrictions applied to the calculation of own funds and the instruments, prudential filters and deductions to which those restrictions apply**

All components of own funds meet the requirements of CRR and are not subject to any restrictions.

**Art. 437(1)(f) CRR – Basis on which the capital ratios are calculated**

The capital ratios of Kommunalkredit are calculated on the basis laid down in CRR:

## Art. 438 CRR Capital Requirements

**Art. 438(a) and (b) CRR**

**Approach and results of internal capital adequacy assessment process**

<u>ICAAP approaches to the assessment of the capital position</u>
ICAAP (internal capital adequacy assessment process) is a core element of Pillar 2 of the Basel Accord and comprises all procedures and measures applied by a bank to secure the appropriate identification, measurement and limitation of risks, a level of capitalisation in line with the risk profile of the business model, and the use and continuous further development of suitable risk management systems.

Kommunalkredit uses the method of risk-bearing-capacity analysis for the quantitative assessment of its capital adequacy. Depending on the target pursued, two economic perspectives are applied:

- Liquidation perspective (Economic control loop)

  Target: The main focus is on the protection of creditors and on securing a level of capitalisation to ensure that, in the event of liquidation of the company, all lenders can be satisfied with a defined probability.

  Economic capital requirements (internal risk measurement) are compared with the bank's own funds, adjusted for hidden burdens and reserves. A confidence level of 99.95% is applied in determining the economic risk.

  Risk status: As at 31 December 2017, the economic risks correspond to 26.3% of the aggregate risk cover. Thus, the risk buffer amounts to 73.7%.

- Going-concern perspective (Going-concern control loop)

  Target: If the risks materialise, the survival of the bank as a going concern without additional equity is to be secured with a certain degree of probability. The defined level of protection from risk under the going-concern perspective currently is a minimum tier 1 ratio of 13%.

  All risks carrying through profit or loss must be covered by the budgeted annual result, realisable reserves, and the "free tier 1" capital. Free tier 1 is the tier 1 portion over and above the capital required to secure a tier 1 ratio of 13%. Aggregate risk cover is broken down into primary and secondary risk cover, always considering possible realisation and external effects; early warning levels are implemented. A confidence level of 95% is applied in determining the economic risk.

  Risk status: As at 31 December 2017, the economic risks correspond to 43.1% of the aggregate risk cover. Thus, the risk buffer amounts to 56.9%.

To cover other, non-quantifiable risks as well as model inaccuracies, an adequate risk buffer is provided for.

Moreover, stress tests are performed regularly to test the robustness of the business model and to ensure capital adequacy. For this purpose, two different economic scenarios (general recession scenario and portfolio-specific stress) are defined and their impact on the bank's risk-bearing capacity is quantified. In addition to the stressed risk-bearing capacity, a stressed three-year budget is drawn up for each scenario in order to test the stability of the business model over time. In addition to the macroeconomic stress tests, reverse stress tests are performed. These are intended to show the extent to which parameters and risks can be stressed before regulatory or internal minimum requirements can no longer be met.

## Art. 438(c) to (f) CRR

**Risk-weighted exposure amounts and own funds requirements in accordance with Chapter 3 of Part 3, Title II (standardised approach) and Chapter 3 of Part 3, Title II (internal ratings based approach)**
**Disclosure of own funds requirements calculated in accordance with Art. 92(3)(b) and (c) (market risk) and Chapters 2, 3 and 4 of Part 3 Title III (operational risks)**

| in TEUR | RWA 31/12/2017 | RWA 31/12/2016 | Minimum own funds requirements 31/12/2017 |
|---|---|---|---|
| Credit risk (excl. counterparty credit risk) | 835,740.6 | 486,836.8 | 66,859.3 |
| *of which standardised approach* | *835,740.6* | *486,836.8* | *66,859.3* |
| *of which F-IRB approach* | *0.0* | *0.0* | *0.0* |
| *of which A-IRB approach* | *0.0* | *0.0* | *0.0* |
| *of which IRB exposures under the simple risk weight approach or internal models* | *0.0* | *0.0* | *0.0* |
| Counterparty risk | 29,428.7 | 72,613.6 | 2,354.3 |
| *of which mark-to-market method* | *11,822.5* | *21,258.0* | *945.8* |
| *of which original exposure method* | *0.0* | *0.0* | *0.0* |
| *of which standardised method* | *0.0* | *0.0* | *0.0* |
| *of which internal model* | *0.0* | *0.0* | *0.0* |
| *of which risk exposure amounts from contributions to CCP default fund* | *104.2* | *107.7* | *8.3* |
| *of which CVA* | *17,502.1* | *51,247.8* | *1,400.2* |
| Settlement risk | 0.0 | 0.0 | 0.0 |
| Securitisation positions banking book | 0.0 | 0.0 | 0.0 |
| *of which IRB* | *0.0* | *0.0* | *0.0* |
| *of which supervisory formula method* | *0.0* | *0.0* | *0.0* |
| *of which internal assessment methodology* | *0.0* | *0.0* | *0.0* |
| *of which standardised approach* | *0.0* | *0.0* | *0.0* |
| Market risk | 0.0 | 0.0 | 0.0 |
| *of which standardised approach* | *0.0* | *0.0* | *0.0* |
| *of which internal model* | *0.0* | *0.0* | *0.0* |
| Large exposures | 0.0 | 0.0 | 0.0 |
| Operational risk | 102,095.6 | 110,737.4 | 8,167.7 |
| *of which basic indicator approach* | *0.0* | *0.0* | *0.0* |
| *of which standardised approach* | *102,095.6* | *110,737.4* | *8,167.7* |
| *of which advanced measurement approach* | *0.0* | *0.0* | *0.0* |
| Amounts falling below the thresholds for deductions (250% risk weighting) | 23,941.5 | 17,853.0 | 1,915.3 |
| Floor adjustment | 0.0 | 0.0 | 0.0 |
| **Total** | **991,206.5** | **688,040.8** | **79,296.5** |

The following table shows the risk-weighted exposure amounts and own funds requirements in accordance with the standardised approach (excl. counterparty credit risk) by exposure classes:

| in TEUR | RWA 31/12/2017 | Minimum own funds requirements 31/12/2017 |
|---|---|---|
| Exposures to central governments or central banks | 1,167.4 | 93.4 |
| Exposures to regional governments or local authorities | 2,471.5 | 197.7 |
| Exposures to public-sector entities | 29,181.0 | 2,334.5 |
| Exposures to institutions | 23,503.7 | 1,880.3 |
| Exposures to corporates[10] | 723,541.9 | 57,883.3 |
| Exposures in default | 0.0 | 0.0 |
| Exposures associated with particularly high risk | 5,728.5 | 458.3 |
| Exposures in the form of covered bonds | 703.8 | 56.3 |
| Other items | 48,601.3 | 3,888.1 |
| Equity exposures | 841.6 | 67.3 |
| **Total** | **835,740.6** | **66,859.3** |

## Art. 439 CRR Exposure to counterparty credit risk

### Art. 439(a) CRR

**Calculation of internal capital and limits for counterparty credit exposures**

The exposure to the counterparty default risk in derivative transactions, included in credit risk, is defined as the residual risk from the current replacement cost (positive market value), considering CSAs and netting agreements plus an “add on” for potential market value changes during the so-called “margin period of risk” between the counterparty default and the close-out/replacement of the derivative transaction.

Repo transactions are cleared in the form of genuine repos primarily via platforms with daily margining.

If a counterparty default risk arises from the difference between the liability/receivable and the market value of the collateral posted/received in repo transactions or securities lending transactions, this risk counts as exposure to the counterparty and is included in credit risk.

Securities transactions are cleared exclusively based on “delivery against payment” via Euroclear or Clearstream.

Counterparty default risk positions are limited in economic terms through volume-based counterparty and credit concentration limits, on the one hand, and credit VaR-based portfolio limits, on the other hand. Given the clearing and settlement principles, the counterparty default risk from derivatives, repo transactions and securities transactions is immaterial.

[10] In their majority, exposures related to infrastructure.

**Art. 439(b) CRR**

**Policies for securing collateral and establishing credit reserves**

Legally binding netting arrangements for derivatives and repo transactions have been agreed upon with all active counterparties (close-out netting). For derivatives, credit support agreements and/or collateral annexes to framework agreements (CSA) providing for daily collateral margining have been concluded with all active financial counterparties in compliance with bilateral collateralisation requirements under EMIR. The only exceptions are derivative contracts in the cover pool, for which framework contracts and netting agreements are concluded on market terms and conditions (unilateral collateralisation by the counterparty, rating trigger).

**Art. 439(c) CRR**

**Rules with respect to wrong-way risk exposures**

No such exposures exist and there are no plans to take on such exposures.

**Art. 439(d) CRR**

**Information on the amount of collateral to be provided in the event of a downgrade in the institution's credit rating**

There is no obligation to post additional collateral in the event of a downgrade of Kommunalkredit.

**Art. 439(e) to (h) CRR**

**Information on the gross positive value of contracts, netting benefits, netted current credit risk exposure, collateral held and net derivatives credit exposure, measures for exposure value as well as notional values of credit derivatives and credit derivative transactions**

The following tables show counterparty risk broken down by methods:

| in TEUR | Notional value | Replacement cost | Potential future exposure | EEPE | Multiplier | EAD after netting & CRM | RWA |
|---|---|---|---|---|---|---|---|
| Mark-to-market method | | 225,496.7 | 41,497.6 | | | 26,598.3 | 11,822.5 |
| Original exposure method | 0.0 | | | | | 0.0 | 0.0 |
| Standardised method | | 0.0 | | 0.0 | 0.0 | 0.0 | 0.0 |
| Internal model (for derivatives and SFTs) | | | | 0.0 | 0.0 | 0.0 | 0.0 |
| *of which SFTs* | | | | *0.0* | *0.0* | *0.0* | *0.0* |
| *of which derivatives and long settlement transactions* | | | | *0.0* | *0.0* | *0.0* | *0.0* |
| *of which contractual cross-product netting* | | | | *0.0* | *0.0* | *0.0* | *0.0* |
| Financial collateral simple method (SFTs) | | | | | | 0.0 | 0.0 |
| Financial collateral comprehensive method (SFTs) | | | | | | 0.0 | 0.0 |
| VaR for SFTs | | | | | | 0.0 | 0.0 |
| **Total** | **0.0** | **225,496.7** | **41,497.6** | **0.0** | **0.0** | **26,598.3** | **11,822.5** |

| in TEUR | Exposure value before netting | Netting effect | Exposure value after netting | Collateral received | EAD after netting & CRM |
|---|---|---|---|---|---|
| Derivatives | 266,994.3 | 92,541.1 | 174,453.2 | 147,854.9 | 26,598.3 |
| SFTs | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cross-product netting | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **266,994.3** | **92,541.1** | **174,453.2** | **147,854.9** | **26,598.3** |

Table 2 in the Annex provides a breakdown of counterparty risk exposure values (after netting, before CRM) by exposure classes and risk weights.

The table below shows the breakdown of methods used to calculate the CVA charge:

| in TEUR | Exposure value | RWA |
|---|---|---|
| Portfolios in advanced methods | 0.0 | 0.0 |
| *(i) VaR component (incl. 3× multiplier)* | *0.0* | *0.0* |
| *(ii) SVaR component (incl. 3× multiplier)* | *0.0* | *0.0* |
| Portfolios in standardised method | 17,480.7 | 17,502.1 |
| Based on original exposure method | 0.0 | 0.0 |
| **Total** | **17,480.7** | **17,502.1** |

As at 31 December 2017, Kommunalkredit did not hold any credit derivatives.

### Art. 439(i) CRR

### Estimate of α

No information to be provided, as the counterparty risk is not calculated on the basis of an internal model.

## Art. 440 CRR Countercyclical capital buffer

As at 31 December 2017, there were no relevant credit exposures in countries applying a countercyclical capital buffer. Countercyclical capital buffers are being reviewed on a regular basis.

Table 3 in the Annex provides a geographical breakdown of the relevant credit exposures.

## Art. 441 CRR Indicators of global systemic importance

Kommunalkredit has not been identified as a global systemically important institution pursuant to Art. 131 CRD.

## Art. 442 CRR Credit risk adjustments

**Art. 442(a) and (b) CRR**

**Approaches and methods relating to specific and general credit risk adjustments; definitions for accounting purposes of “past due” and “distressed”**

To identify defaults, Kommunalkredit uses the definition of default of an obligor of Art. 178 CRR, which covers the case of an obligor being “past due” more than 90 days (past due exposures) as well as the case of an obligor being “unlikely to pay”. Kommunalkredit’s definition of “distressed” applies to exposures classified as risk level 2 (workout – recovery) and risk level 3 (workout – resolution).

A multi-stage risk control process is used to identify, monitor and manage counterparties with increased credit risk; all exposures/counterparties are classified according to four risk classes.

- Risk class 0: Regular transaction
  Standard risk class for all exposures without irregularities and not belonging to any of the following risk classes

- Risk class 1: Intensive management – performing
  Counterparties with increased credit risk and/or other irregularities and therefore subject to close monitoring (intensive management). However, these counterparties are not considered to be at risk of default and no specific loan loss provisions need to be booked.

- Risk class 2: Workout – restructuring
  Exposures classified as restructuring cases.

- Risk class 3: Workout – resolution
  Exposures for which workout is not expected to produce the desired result and recovery measures are taken instead.

Starting from risk class 1, provisioning requirements are reviewed monthly (impairment test). Specific loan loss provisions are to be set up if partial or full recovery of an amount owed, including interest, is considered unlikely. In any case, the possibility of specific loan loss provisioning is to be examined as soon as an exposure meets at least one of the following criteria:

- Interest waived due to the counterparty’s rating
- Significant credit risk adjustment, for example:
  - Rating downgrade to B range or below
  - Default rating by an external rating agency
  - Reduction of current market price by more than 25%
  - Termination and call of receivable due to counterparty’s rating
- Concessions granted due to financial difficulties of the counterparty (forbearance)
- Insolvency proceedings or similar proceedings have been instituted, or commencement of bankruptcy proceedings has been rejected for lack of assets, or the debtor as a legal person has been wound up by decision of a court or an administrative authority.
- Material negative information available
- Payment past due in excess of 90 days, with the receivable past due exceeding the approved and communicated overall limit by more than 2.5%, but at least by EUR 250.0.

In addition, a portfolio loan loss provision is calculated. To determine the provisioning requirement, the financial assets are broken down by risk profile into comparable groups. On the basis of empirical values and the bank’s monitoring processes, portfolio loan loss provisions are set up for these groups;

the parameters considered are “loss identification period” (LIP), “probability of default” and “loss given default”.

As at 31 December 2017, Kommunalkredit’s non-performing loan ratio (NPL) was 0.0%.

| Nominal values by risk class<br>in million EUR | 31/12/2017 |
|---|---|
| 1 | 23.4 |
| 2 | 0.0 |
| 3 | 0.0 |

Credit Risk Management continuously updates the list of counterparties with increased credit risk and submits monthly reports to the Credit Committee meeting, which then decides on the measures to be taken.

### Art. 442(c) CRR

### Total amount of exposures without considering the effects of credit risk mitigation and the average amount of the exposures broken down by exposure class

| in TEUR | Exposure value before CRM<br>31/12/2017 | Exposure value before CRM<br>2017 average |
|---|---|---|
| Exposures to central governments or central banks | 501,587.0 | 421,349.4 |
| Exposures to regional governments or local authorities | 750,250.8 | 754,137.2 |
| Exposures to public-sector entities | 751,249.7 | 774,214.4 |
| Exposures to institutions | 394,209.2 | 374,032.0 |
| Exposures to corporates[11] | 1,023,874.9 | 928,962.4 |
| Exposures associated with particularly high risk | 3,819.0 | 4,704.8 |
| Exposures in the form of covered bonds | 7,038.1 | 1,759.5 |
| Other items | 841.6 | 5,960.4 |
| Equity exposures | 58,985.8 | 47,622.4 |
| **Total** | **3,491,856.0** | **3,312,742.4** |

[11] In their majority, exposures related to infrastructure.

### Art. 442(d) CRR

**Geographic distribution of the exposures broken down in significant areas by material exposure classes**

Table 4 in the Annex shows the geographic distribution of exposures before credit risk mitigation.

All countries where the exposure value exceeds a minimum of 2% of total exposures across all countries are provided separately.

### Art. 442(e) CRR

**Distribution of the exposures by industry or counterparty type**

Table 5 in the Annex shows the distribution of exposures before credit risk mitigation by significant industry.

All industries where the exposure value exceeds a minimum of 2% of total exposure across all industries are provided separately. Industries are broken down by NACE codes.

Kommunalkredit has no exposures to small and medium-sized enterprises (SMEs).

### Art. 442(f) CRR

**Breakdown of all exposures by residual maturity**

The table below shows the breakdown of exposures before credit risk mitigation by residual maturity bands:

| in TEUR | Repayable on demand | <= 1 year | > 1 year <= 5 years | > 5 years | No defined maturity | Total |
|---|---|---|---|---|---|---|
| Exposures to central governments or central banks | 318,100.0 | 108,757.9 | 2,280.7 | 72,448.3 | 0.0 | 501,587.0 |
| Exposures to regional governments or local authorities | 0.0 | 9,840.2 | 66,684.2 | 673,726.3 | 0.0 | 750,250.8 |
| Exposures to public-sector entities | 0.0 | 45,315.5 | 119,523.4 | 586,410.8 | 0.0 | 751,249.7 |
| Exposures to institutions | 187,460.7 | 3,393.5 | 57,864.1 | 145,490.9 | 0.0 | 394,209.2 |
| Exposures to corporates[12] | 11,023.8 | 41,050.7 | 320,644.3 | 644,972.0 | 6,184.1 | 1,023,874.9 |
| Exposures associated with particularly high risk | 0.0 | 0.0 | 0.0 | 0.0 | 3,819.0 | 3,819.0 |
| Exposures in the form of covered bonds | 0.0 | 10.3 | 1,995.8 | 5,032.0 | 0.0 | 7,038.1 |
| Other items | 0.0 | 0.0 | 0.0 | 0.0 | 841.6 | 841.6 |
| Equity exposures | 0.0 | 0.0 | 0.0 | 0.0 | 58,985.8 | 58,985.8 |
| **Total** | **516,584.6** | **208,368.0** | **568,992.5** | **2,128,080.4** | **69,830.5** | **3,491,856.0** |

[12] In their majority, exposures related to infrastructure.

**Art. 442(g) to (h) CRR**

**Broken down by significant industry or counterparty type, the amount of i) impaired exposures and past due exposures, ii) specific and general credit risk adjustments and iii) charges for specific and general credit risk adjustments**
**Amount of impaired exposures and past due exposures broken down by significant geographic areas**

As at 31 December 2017, there were no non-performing loans or receivables past due; the NPL ratio was 0.0%.

As at 31 December 2017 there were no specific loan loss provisions; portfolio loan loss provisions amounted to TEUR 448.4.

**Art. 442(i) CRR**

**Reconciliation of changes in the specific and general credit risk adjustments for impaired exposures**

| in TEUR | Specific credit risk adjustments | General credit risk adjustments | Recognised at lower value (§57(1) Austrian Banking Act) | Fund for general banking risks (§57(3) Austrian Banking Act) | Total |
|---|---|---|---|---|---|
| **As at beginning of reporting year** | **0.0** | **148.0** | **0.0** | **40,000.0** | **40,148.0** |
| + addition | 0.0 | 300.4 | 3,760.0 | 0.0 | 4,060.4 |
| - release | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| - utilisation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| + change from currency conversion | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **As of 31-12-2017** | **0.0** | **448.4** | **3,760.0** | **40,000.0** | **44,208.4** |

## Art. 443 CRR Unencumbered assets

**Assets as at 31 December 2017**

| Values in TEUR | Carrying amount of encumbered assets | Fair value of encumbered assets | Carrying amount of unencumbered assets | Fair value of unencumbered assets |
|---|---|---|---|---|
| Assets | 1,930,328.4 | n.a. | 1,350,361.8 | n.a. |
| Equity instruments | 0.0 | 0.0 | 0.0 | 0.0 |
| Debt instruments | 407,328.5 | 423,812.2 | 135,621.8 | 153,771.5 |
| Other assets | 0.0 | n.a. | 169,601.3 | n.a. |

### Collateral received as at 31 December 2017

| in TEUR | Fair value of encumbered collateral received and/or own debt instruments issued | Fair value of collateral received and/or own debt instruments issued qualifying for encumbrance |
|---|---|---|
| Collateral received | 0.0 | 0.0 |
| Equity instruments | 0.0 | 0.0 |
| Debt instruments | 0.0 | 0.0 |
| Other collateral received | 0.0 | 0.0 |
| Other own debt instruments issued other than own covered bonds (“Pfandbriefe”) or ABS | 0.0 | 0.0 |

### Encumbered assets/collateral received and related liabilities as at 31 December 2017

| Values in TEUR | Coverage of liabilities, contingent liabilities or securities lent | Assets, collateral received and own debt instruments issued other than encumbered covered bonds (*“Pfandbriefe”)* and ABS |
|---|---|---|
| Book value | 1,350,338.5 | 1,930,328.4 |

### Information on the extent of encumbrance

The most important sources of encumbrance were covered bonds with a public cover pool and tender transactions with the Austrian National Bank.

As at 31 December 2017, the asset encumbrance ratio was 58.9%.

## Art. 444 CRR Use of ECAIs (External Credit Assessment Institutions)

### Art. 444(a) CRR

### Names of the nominated ECAIs and export credit agencies (ECAs)

Kommunalkredit uses external ratings by Moody’s, Standard & Poor’s and Fitch.

### Art. 444(b) CRR

### Exposure classes for which an ECAI or ECA is used

The rating agencies are used consistently for all exposure classes.

## Art. 444(c) CRR

### Description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book

The provisions of Art. 138 and 139 CRR are applied in determining ratings and transferring issuer ratings to issues.

## Art. 444(d) CRR

### Association of the external rating of each nominated ECAI or ECA with the credit quality steps prescribed in Part 3, Title II, Chapter 2

Kommunalkredit uses the standard association published by EBA for the association of the external ratings of the nominated ECAIs with the credit quality steps prescribed in Part 3, Title II, Chapter 2.

## Art. 444(e) CRR

### Exposure values and exposure values after credit risk mitigation associated with each credit quality step prescribed in Part 3, Title II, Chapter 2

| in TEUR | Credit quality step (CQS) | Exposure value before credit risk mitigation | Exposure value after credit risk mitigation |
|---|---|---|---|
| Exposures to central governments or central banks | not rated | 0.0 | 0.0 |
| | 1 | 318,100.0 | 335,764.6 |
| | 2 | 154,838.5 | 169,508.3 |
| | 3 | 28,648.4 | 28,648.4 |
| | 4 | 0.0 | 0.0 |
| | 5 | 0.0 | 0.0 |
| | 6 | 0.0 | 0.0 |
| Exposures to regional governments or local authorities | not rated | 0.0 | 0.0 |
| | 1 | 744,896.1 | 1,576,453.7 |
| | 2 | 0.0 | 0.0 |
| | 3 | 5,354.7 | 5,354.7 |
| | 4 | 0.0 | 0.0 |
| | 5 | 0.0 | 0.0 |
| | 6 | 0.0 | 0.0 |
| Exposures to public-sector entities | not rated | 646,959.3 | 133,013.5 |
| | 1 | 104,290.4 | 24,794.3 |
| | 2 | 0.0 | 0.0 |
| | 3 | 0.0 | 0.0 |
| | 4 | 0.0 | 0.0 |
| | 5 | 0.0 | 0.0 |
| | 6 | 0.0 | 0.0 |
| Exposures to institutions | not rated | 114,649.9 | 33,701.9 |
| | 1 | 27,056.6 | 7,075.5 |
| | 2 | 226,246.0 | 60,516.9 |
| | 3 | 26,256.7 | 3,864.9 |
| | 4 | 0.0 | 0.0 |
| | 5 | 0.0 | 0.0 |
| | 6 | 0.0 | 0.0 |
| Exposures to corporates[13] | not rated | 1,007,422.6 | 712,848.8 |
| | 1 | 3,681.1 | 3,681.1 |
| | 2 | 12,771.2 | 25,057.2 |
| | 3 | 0.0 | 0.0 |
| | 4 | 0.0 | 0.0 |
| | 5 | 0.0 | 0.0 |
| | 6 | 0.0 | 0.0 |
| Exposures associated with particularly high risk | no credit ratings applied | 3,819.0 | 3,819.0 |
| Exposures in the form of covered bonds | not rated | 0.0 | 0.0 |
| | 1 | 7,038.1 | 7,038.1 |
| | 2 | 0.0 | 0.0 |
| | 3 | 0.0 | 0.0 |
| | 4 | 0.0 | 0.0 |
| | 5 | 0.0 | 0.0 |
| | 6 | 0.0 | 0.0 |
| Other items | no credit ratings applied | 58,985.8 | 58,985.8 |
| Equity exposures | no credit ratings applied | 841.6 | 841.6 |
| **Total** | | **3,491,856.0** | **3,190,968.3** |

Table 6 in the Annex shows the distribution of exposures after credit risk mitigation by risk weights.

[13] In their majority, exposures related to infrastructure.

## Art. 445 CRR Exposure to market risk

As of 31 December 2017, Kommunalkredit has no own funds requirements to comply with under any aspect of market risk, as is also evidenced in the quantitative disclosure pursuant to Art. 438 CRR.

For this reason, no further breakdown by different trading book risk categories is provided.

## Art. 446 CRR Operational risk

Kommunalkredit uses the standardised approach to calculate the regulatory minimum own funds requirement for operational risk. With respect to the amount of the minimum own funds requirement as of 31 December 2017, reference is made to the disclosure in Art. 438.

## Art. 447 CRR Exposures in equities not included in the trading book

**Art. 447(a) CRR**

**Regarding exposures in equities, a differentiation between exposures based on their objectives and overview of the accounting techniques and valuation methodologies used**

Besides Kommunalkredit Public Consulting GmbH (KPC), a specialised provider of management services for support programmes and advisory services for international organisations and financial institutions, Kommunalkredit's portfolio of participations mainly comprises strategic participations supporting the public-sector-related infrastructure project business.

Kommunalkredit's participations and its investments in affiliated companies are measured at cost, unless persistent losses or a reduction in equity require an impairment to pro-rata equity or to the income value.

**Art. 447(b) to (e) CRR**

**Regarding exposures in equities, the balance sheet value, the fair value and, if relevant, a comparison to the market price;**
**the types, nature and amounts of exchange-traded exposures, private equity exposures, and other exposures;**
**cumulative realised gains and losses from sales and liquidations and unrealised gains or losses as well as latent revaluation gains or losses**

| in TEUR | Carrying amount 31/12/2017 | Carrying amount 31/12/2016 | Realised gain (+) or loss (-) | Unrealised gain (+) or loss (-) |
|---|---|---|---|---|
| Exchange-traded equity exposures | 0.0 | 0.0 | 0.0 | 0.0 |
| Private equity exposures | 0.0 | 0.0 | 0.0 | 0.0 |
| Other equity exposures | 2,510.6 | 3,315.6 | -2.9 | -1,181.0 |
| **Total** | **2,510.6** | **3,315.6** | **-2.9** | **-1,181.0** |

**Art. 447(c) CRR**

**Types, nature and amounts of exchange-traded exposures**

As at 31 December 2017, Kommunalkredit did not hold any exchange-traded exposures.

## Art. 448 CRR Exposure to interest rate risk on positions not included in the trading book

**Art. 448(a) and (b) CRR**

**Nature of the interest rate risk and the key assumptions, and information on variations in earnings, economic value or other relevant measure used by the management for upward and downward rate shocks**

For the measurement, management and limitation of interest rate risks on positions not included in the trading book, Kommunalkredit distinguishes between the period-oriented repricing risk and the NPV-oriented risk of changing interest rates.

For the purpose of efficiently managing the interest rate risk and net interest income, Kommunalkredit uses an analysis and simulation tool (interest rate gap structure by currency, interest rate VaR, sensitivity analyses, simulation trades), which permits the forecast and targeted management of the bank's interest rate risk on positions not included in the trading book, the P&L sensitivity of the fair value portfolio according to IFRS, and net interest income for the period. To calculate the interest rate VaR, the variance/co-variance approach with a holding period of 20 trading days and a confidence interval of 95% is used, based on equally weighted historical volatilities and correlations.

Kommunalkredit's portfolio mainly comprises positions with clearly defined interest rate and capital commitment. As a rule, non-linear risks are completely hedged. Open positions are strictly limited and monitored. Non-linear risks that are not hedged are quantified through a scenario analysis and added to the interest rate VaR. Kommunalkredit uses the fully integrated SAP/SEM-IT system for risk quantification.

For interest rate risk management by the RMC and the ALCO, the gap structures, broken down by currency, are analysed and the price sensitivity of the overall position as well as the impact of interest rate changes on the net interest income of the period (repricing risk) are quantified for different scenarios. The repricing risk is measured daily for the main currencies of Kommunalkredit (EUR, USD, CHF, JPY) and communicated to Treasury as a basis for risk management.

For risk management purposes, Kommunalkredit differentiates between the following sub-portfolios:

- less-than-twelve-months interest rate position (short-term ALM))
- more-than-twelve-months interest rate position (long-term ALM)
- equity investment portfolio ("equity book")
- IFRS fair value position

An analysis and management tool is used for the daily management of short-term, less-than-twelve-months interest-rate risk positions, which permits the efficient management of the repricing risk by currency.

- Annual net interest income effect from Kommunalkredit's repricing risk as at 31 December 2017 in EUR million in the event of a parallel shift of short term interest by +100bp:

| EUR | USD | CHF | JPY | Other | Total |
|---|---|---|---|---|---|
| +4.6 | 0.0 | -0.3 | 0.0 | 0.0 | **+4.3** |

- NPV risk of interest rate changes in Kommunalkredit's banking book as at 31 December 2017 in the event of a +25bp parallel shift in the yield curve:

| EUR | USD | CHF | JPY | Other | Total | Total VAR |
|---|---|---|---|---|---|---|
| +1.7 | 0.0 | -0.2 | +1.0 | -0.4 | **+2.1** | **-1.1** |

## Art. 449 CRR Exposure to securitisation positions

Kommunalkredit has not issued any securitisation positions and does not hold any securitisation positions as at 31 December 2017. For this reason, no further disclosures are made under Art. 449 CRR.

## Art. 450 CRR Remuneration policy

**Art. 450(a)**

**Information concerning the decision-making process used for determining the remuneration policy**

Kommunalkredit's remuneration policy was elaborated by an interdisciplinary working group with external advice, and adopted by the Executive Board and the Supervisory Board. The Remuneration Committee of the Supervisory Board monitors implementation at least once a year and reports to the Supervisory Board. Such review took place for 2017 and was approved by the Supervisory Board. As of 31 December 2017, the members of the Remuneration Committee are Katharina Gehra (Chairwoman, remuneration expert) and Christopher Guth (Deputy Chairman) as shareholder representatives and Patrick Höller as staff representative.

**Art. 450(b) to (f) CRR**

**Information on the link between pay and performance, the most important design characteristics of the remuneration system, the ratios between fixed and variable remuneration, and the performance criteria on which variable components of remuneration are based as well as their main parameters**

The performance criteria used as a basis for the variable components of remuneration are the level of the risk-adjusted financial result and the degree of individual target achievement.

Through its linkage to the achievement of the budgeted annual result and to fulfilment of the regulatory minimum own funds requirements, the financial result of the institution influences the level of the individual performance premium. Through the introduction of lower and upper limits (ceiling) regarding the financial result, a flexible policy governing the variable remuneration components is guaranteed.

The individual performance premium is calculated based on three factors: function-related individual target component, individual performance, and financial result.

Kommunalkredit takes a holistic view of performance, considering qualitative and quantitative targets agreed upon based on specified criteria (risk adjustment, long-term nature and sustainability, consideration of main tasks and day-to-day business, consideration of organisational unit), the achievement of which is verified on the basis of a five-step performance assessment scale. The system allows considerable variations, depending on individual target achievement. On the one hand, the individual performance premium is subject to an upper limit, and on the other hand, it may not be paid out at all.

As a matter of principle, a 60/40 deferral ratio is applied for all identified staff, i.e. 60% of the variable component is paid out directly, whereas 40% is deferred over five years and paid out on a pro-rata basis. Performance premiums exceeding 100% of the fixed annual salary or a particularly high amount, as defined in point 63 of the FMA Circular of January 2018, are paid out at a ratio of 40/60 in compliance with regulatory provisions.

Given Kommunalkredit's ownership situation, there are no instruments suited for use as remuneration. The variable remuneration components are therefore paid out in cash.

**Art. 450(1)(g) CRR**

**Aggregate quantitative information on remuneration, broken down by business area**

The amounts of remuneration for senior management and members of staff whose actions have a material impact on the risk profile of the institution for the business year 2017, broken down by business area, are shown in the following table:

| in EUR | Front-office | Back-office | Total |
|---|---|---|---|
| Total amount of remuneration | 2,999,721.3 | 3,027,514.5 | 6,027,235.8 |
| Number of beneficiaries | 17 | 27 | 44 |

### Art. 450(1)(h)(i) to (h)(vi) and (i) to (j) CRR and Art. 450(2) CRR

**Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution**

In accordance with the requirements of CRR, fixed and variable remuneration paid out for the business year 2017 is broken down as follows:

| in EUR | Managing Directors | Senior management | Other employees | Total |
|---|---|---|---|---|
| Number of beneficiaries | 4 | 26 | 21 | 51 |
| Sum total of remuneration | 2,673,360.5 | 3,697,377.9 | 2,329,857.9 | 8,700,596.3 |
| *of which fixed* | *1,643,360.5* | *2,743,377.9* | *1,818,857.9* | *6,205,596.3* |
| *of which variable* | *1,030,000.0* | *954,000.0* | *511,000.0* | *2,495,000.0* |
| | | | | |
| Of variable remuneration: | | | | |
| - Cash, not deferred | 358,000.0 | 605,200.0 | 311,000.0 | 1,274,200.0 |
| - Cash, deferred | 672,000.0 | 348,800.0 | 200,000.0 | 1,220,800.0 |
| Deferred remuneration | | | | |
| - Vested portions | 100,500.0 | 127,572.7 | - | 228,072.7 |
| - Unvested portions, incl. prior years | 1,007,100.0 | 587,532.6 | 200,000.0 | 1,794,632.6 |
| Deferred remuneration | | | | |
| - Awarded in 2017 | 672,000.0 | 348,800,0 | 200,000.0 | 1,220,800.0 |
| - Paid out in 2017 | 100,500.0 | 127,572,7 | - | 228,072.7 |
| - Reduced in 2017 through performance adjustments | - | - | - | - |
| | | | | |
| Severance pay | | | | |
| - Paid out in 2017 | - | - | - | - |
| - Number of beneficiaries | - | - | - | - |
| - Maximum amount awarded to an individual | - | - | - | - |
| | | | | |
| Sign-on payments | | | | |
| - Paid out in 2017 | - | 90,000.0 | - | 90,000.0 |
| - Number of beneficiaries | - | 1 | - | 1 |

At Kommunalkredit Austria AG, no individual receives a remuneration which exceeds EUR 1 million.

In 2017, no severance payments were made to the group of persons referred to above.

# Art. 451 CRR Leverage

## Art. 451(1)(a) and (b)

### Disclosure of the leverage ratio and how the institution applies Article 499 (2)

The table below shows the reconciliation of the preliminary consolidated balance sheet total of Satere Beteiligungsverwaltungs GmbH and the exposure value for the leverage ratio:

| in TEUR | Exposure values for leverage ratio |
|---|---|
| **Total of assets recognised in the annual financial statements** | **3,275,102.2** |
| Adjustment for participations which are consolidated for accounting purposes, but do not form part of the regulatory scope of consolidation. | -2,145.6 |
| Adjustments for derivative financial instruments | -174,228.1 |
| Adjustments for securities financing transactions (SFTs) | 0.0 |
| Adjustment for off-balance-sheet transactions | 89,470.1 |
| Other adjustments | 10,513.4 |
| **Total exposure measure of leverage ratio** | **3,198,712.0** |

The table below shows the composition of the exposure value for the leverage ratio, Kommunalkredit's core capital and the resulting leverage ratio.

| in TEUR | Exposure values for leverage ratio |
|---|---|
| Items recognised on the balance sheet (excl. derivatives, securities financing transactions (SFTs) and fiduciary assets, but incl. collateral) | 3,252,545.2 |
| (Assets deducted for the calculation of core capital) | -191.4 |
| **Total of on-balance-sheet exposure values (excl. derivatives, securities financing transactions (SFTs) and fiduciary assets)** | **3,252,353.8** |
| Current replacement cost for all derivative transactions | 4,761.2 |
| Amounts added for the potential future replacement value relative to all derivative transactions (mark-to-market method) | 21,835.9 |
| (Receivables deducted for additional cash payments for derivative transactions) | -169,709.0 |
| **Total exposures from derivatives** | **-143,111.9** |
| **Total exposures from securities financing transactions** | **0.0** |
| Off-balance-sheet exposure values at gross nominal value | 380,870.3 |
| (Adjustments for conversion to credit equivalent amounts) | -291,400.1 |
| **Other off-balance-sheet exposure values** | **89,470.1** |
| **Tier 1 capital** | **225,661.4** |
| **Total exposure measure of leverage ratio** | **3,198,712.0** |
| **Leverage ratio** | **7.1%** |

The discretion allowed to institutions by Art. 499(2) is not applicable to Kommunalkredit, as the transitional provisions of CRR do not apply to the capital instruments of Kommunalkredit.

The following table shows the composition of the on-balance-sheet exposures that factor into calculating the leverage ratio.

| in TEUR | Exposure values for leverage ratio |
|---|---|
| **Total on-balance-sheet exposures (excl. derivatives, securities financing transactions (SFTs) and exempted exposures)** | **3,252,353.8** |
| *of which trading book exposures* | *0.0* |
| ***of which non-trading book exposures*** | ***3,252,353.8*** |
| *of which covered bonds* | *7,038.1* |
| *of which exposures treated as exposures to central governments* | *1,239,479.6* |
| *of which exposures to regional governments, multilateral development banks, international organisations and public-sector entities NOT treated as exposures to central governments* | *763,607.4* |
| *of which institutions* | *225,845.9* |
| *of which secured by mortgages on immovable property* | *0.0* |
| *of which retail exposures* | *0.0* |
| *of which corporates*[14] | *954,886.4* |
| *of which exposures in default* | *0.0* |
| *of which other exposure classes* | *61,496.4* |

**Art. 451(1)(d)**

**Description of the processes used to manage the risk of excessive leverage**

Besides considering the regulatory perspective in the calculation of risk-bearing capacity as at the reporting date, Kommunalkredit prepares a dynamic capital forecast, including regulatory capital ratios, for the budgeting period on a quarterly basis and/or according to short-term requirements. Portfolio run-off, new business, and known or expected one-off effects are considered and differentiated for a base case and a pessimistic case. In addition to the (common equity) tier-1 ratio, the total capital ratio and the large lending limit, the leverage ratio is also included.

**Art. 451(1) (e)**

**Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers**

In 2017, the leverage ratio dropped slightly, which was due mainly to a slight increase in total assets and in off-balance-sheet exposures from new business.

## Art. 452 CRR Use of the IRB approach to credit risk

No information provided, as Kommunalkredit does not use the IRB approach.

[14] In their majority, exposures related to infrastructure.

## Art. 453 CRR Use of credit risk mitigation techniques

**Art. 453(a) CRR**

**Policies and processes for the use of on- and off-balance sheet netting**

Kommunalkredit uses netting in derivative and repo transactions; on-balance sheet netting is not used.

Legally binding framework agreements are concluded with all counterparties for derivatives and repo transactions (ISDA Master Agreement, German Framework Agreement for Financial Forward Transactions, Global Master Repurchase Agreement, German Framework Agreement for Repo Transactions, Austrian Framework Agreement for Repo Transactions), according to which netting of the receivables and liabilities of all single transactions under a framework agreement is performed in the event of default (close-out netting). Kommunalkredit ensures the enforceability and legal validity of contractual netting arrangements pursuant to Art. 297(1) CRR for derivatives and/or pursuant to Art. 194(1) CRR for repo transactions through legal opinions produced on behalf of Kommunalkredit and/or international organizations (the International Swaps and Derivatives Association ISDA) and the International Capital Market Association (ICMA) for the jurisdiction of the counterparty.

For derivatives, Kommunalkredit usually concludes credit support agreements and/or collateral annexes to framework contracts providing for periodic (usually daily) collateral margining. As at 31 December 2017, all derivatives were included in the banking book. Collateral margining is also agreed upon for repo transactions. Kommunalkredit ensures the realisability of the collateral in the event of the counterparty filing for bankruptcy and its further utilisation through legal opinions produced on behalf of Kommunalkredit, ISDA and/or ICMA for the jurisdiction of the counterparty.

Pursuant to Art. 111(2) CRR, the calculation of the exposure value for derivatives is performed in accordance with the rules of Part 3, Title 2, Chapter 6 CRR (Art. 271 ff CRR). The reduced potential future credit exposure, i.e. the exposure value after netting, is calculated pursuant to Art. 298(1)(c) CRR for all contracts covered by netting arrangements. The effect of such netting agreements is also evidenced in the quantitative disclosure pursuant to Art. 439 CRR.

Pursuant to Art. 111(2) CRR, the calculation of the exposure value for repo transactions is performed in accordance with the rules of Part 3, Title 2, Chapter 4 CRR (Art. 192 ff CRR). The reduced potential future credit exposure, i.e. the exposure value after netting, is calculated pursuant to Art. 220 in conjunction with 223 ff CRR for all contracts covered by netting arrangements. As at 31 December 2017, there were no exposures from repo transactions.

**Art. 453(b) CRR**

**Policies and processes for collateral valuation and management**

For the purposes of credit risk mitigation, Kommunalkredit exclusively uses unfunded collateral, cash deposits with Kommunalkredit and netting agreements. Cash deposits are measured at their nominal value, with currency or maturity mismatches considered through a corresponding discount. In the case of unfunded collateral, collateral providers are subject to the same credit approval and rating process as the primary obligor, i.e. the credit standing and/or creditworthiness is assessed on a case-by-case basis and documented in the development of the exposure so that risk-limiting measures can be initiated, if necessary.

## Art. 453(c) CRR

### Main types of collateral taken

Kommunalkredit exclusively uses financial and unfunded collateral (sureties and guarantees) for credit risk mitigation. Other forms of collateral (real estate, movables, receivables, etc.) do not qualify as eligible collateral in accordance with prudential rules.

## Art. 453(d) CRR

### Main types of guarantor and credit derivative counterparty

Most of unfunded collateral used by Kommunalkredit are guarantees by central and regional governments.

| Guarantors by rating and exposure class in TEUR | | | | | | |
|---|---|---|---|---|---|---|
| Credit quality step (CQS) | Central governments and central banks | Regional governments | Public-sector entities | Institutions | Corporates | Total |
| no rating | 0.0 | 0.0 | 12,450.5 | 858.2 | 0.0 | 13,308.7 |
| 1 | 17,664.6 | 850,791.1 | 0.0 | 0.0 | 0.0 | 868,455.7 |
| 2 | 14,669.8 | 0.0 | 0.0 | 99.6 | 23,166.1 | 37,935.5 |
| 3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| 6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **32,334.4** | **850,791.1** | **12,450.5** | **957.8** | **23,166.1** | **919,699.9** |

## Art. 453(e) CRR

### Information about market or credit risk concentration within the credit mitigation taken

Given Kommunalkredit's legacy portfolio, there is a certain credit risk concentration with several Austrian provinces. There are no such risk concentrations in Kommunalkredit's international and corporate business.

**Art. 453(f) and (g) CRR**

**For each exposure class, information on the total exposure value that is covered i) by eligible financial collateral and other eligible collateral and ii) by guarantees or credit derivatives**

| in TEUR | Exposure value unsecured | Exposure value secured | of which unfunded collateral | of which financial collateral |
|---|---|---|---|---|
| Exposures to central governments or central banks | 501,587.0 | 0.0 | 0.0 | 0.0 |
| Exposures to regional governments or local authorities | 731,017.2 | 19,233.6 | 19,233.6 | 0.0 |
| Exposures to public-sector entities | 145,357.3 | 605,892.4 | 605,892.4 | 0.0 |
| Exposures to multilateral development banks | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures to international organisations | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures to institutions | 104,201.5 | 290,007.6 | 0.0 | 290,007.6 |
| Exposures to corporates[15] | 718,421.0 | 305,453.9 | 294,573.9 | 10,880.0 |
| Retail exposures | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures secured by mortgages on immovable property | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures in default | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures associated with particularly high risk | 3,819.0 | 0.0 | 0.0 | 0.0 |
| Exposures in the form of covered bonds | 7,038.1 | 0.0 | 0.0 | 0.0 |
| Exposures to institutions and corporates with a short-term credit assessment | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures in the form of units or shares in collective investment undertakings (CIUs) | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity exposures | 841.6 | 0.0 | 0.0 | 0.0 |
| Other items | 58,985.8 | 0.0 | 0.0 | 0.0 |
| **Total** | **2,271,268.4** | **1,220,587.5** | **919,699.9** | **300,887.6** |

## Art. 454 CRR Use of the advanced measurement approaches to operational risk

No information provided, as Kommunalkredit does not use the advanced measurement approach for the calculation of the minimum own funds requirement for operational risk.

## Art. 455 CRR Use of internal market risk models

No information provided, as Kommunalkredit does not use an internal model for the calculation of the minimum own funds requirement for market risk.

[15] In their majority, exposures related to infrastructure.

## ANNEX – DISCLOSURE TABLES

### Table 1: Art. 437(1)(b) CRR – Main features of capital instruments

| | | | |
|---|---|---|---|
| 1 | Issuer | Satere Beteiligungsverwaltungs GmbH | Kommunalkredit Austria |
| 2 | Uniform identifier (such as ISIN) / internal designation | Share capital | Modifiable global certificate 1 & 2 |
| 3 | Governing law of the instrument | Austrian law | Austrian law |
| | *Regulatory treatment* | | |
| 4 | Transitional CRR rules | Common equity tier 1 | Common equity tier 1 |
| 5 | Post-transitional CRR rules | Common equity tier 1 | Common equity tier 1 |
| 6 | Eligible at solo/consolidated/solo and consolidated level | Eligible at solo and consolidated level | Eligible at solo and consolidated level (included in Other reserves at consolidated level) |
| 7 | Type of instrument | Share capital | Share capital |
| 8 | Amount recognised as eligible own funds (in EUR) | 35,000 | 159,491,290 |
| 9 | Nominal amount of the instrument (in EUR) | 35,000 | 159,491,290 |
| 9a | Issue price (in %) | n.a. | n.a. |
| 9b | Redemption price (in % ) | n.a. | n.a. |
| 10 | Accounting classification | Liability - at amortised cost | Liability - at amortised cost |
| 11 | Original date of issuance | 20-01-2015 | 26-09-2015 |
| 12 | Perpetual or dated | Perpetual | Perpetual |
| 13 | Original maturity date | No maturity date | No maturity date |
| 14 | Issuer call option | No | No |
| 15 | Optional call date, contingent call dates and redemption amount | n.a. | n.a. |
| 16 | Subsequent call dates, if applicable | n.a. | n.a. |
| | *Coupons / dividends* | | |
| 17 | Fixed or floating dividend/coupon payments | Floating | Floating |
| 18 | Nominal coupon and reference interest rate, if applicable | n.a. | n.a. |
| 19 | Existence of dividend stopper | Yes | Yes |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | Fully discretionary | Fully discretionary |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary | Fully discretionary |
| 21 | Existence of step-up or other incentive to redeem | No | No |
| 22 | Non-cumulative or cumulative | Non-cumulative | Non-cumulative |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible |
| 30 | Write-down features | No | No |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type senior to instrument) | Subordinated instruments | Subordinated instruments |
| 36 | Non-compliant transitioned features | | No |

## Table 1: Art. 437(1)(b) CRR – Main features of capital instruments

| | | | | | |
|---|---|---|---|---|---|
| 1 | Issuer | Kommunalkredit Austria | Kommunalkredit Austria | Kommunalkredit Austria | Kommunalkredit Austria |
| 2 | Uniform identifier (such as ISIN) / internal designation | XS0271821513 / DIP 525 | SSD 45 | SSD 46 | SSD 47 |
| 3 | Governing law of the instrument | German law | German law,<br>subordination rules of Austrian law | German law,<br>subordination rules of Austrian law | German law,<br>subordination rules of Austrian law |
| | *Regulatory treatment* | | | | |
| 4 | Transitional CRR rules | Tier 2 capital | Tier 2 capital | Tier 2 capital | Tier 2 capital |
| 5 | Post-transitional CRR rules | Tier 2 capital | Tier 2 capital | Tier 2 capital | Tier 2 capital |
| 6 | Eligible at solo/consolidated/solo and consolidated level | Eligible at solo and consolidated level | Eligible at solo and consolidated level | Eligible at solo and consolidated level | Eligible at solo and consolidated level |
| 7 | Type of instrument | Subordinated liabilities | Subordinated liabilities | Subordinated liabilities | Subordinated liabilities |
| 8 | Amount recognised as eligible own funds (in EUR) | 3,832,877 | 10,000,000 | 10,200,000 | 800,000 |
| 9 | Nominal amount of the instrument (in EUR) | 5,000,000 | 10,000,000 | 10,200,000 | 800,000 |
| 9a | Issue price (in %) | 100 | 100 | 100 | 100 |
| 9b | Redemption price (in % ) | 100 | 100 | 100 | 100 |
| 10 | Accounting classification | Liability - at amortised cost | Liability - at amortised cost | Liability - at amortised cost | Liability - at amortised cost |
| 11 | Original date of issuance | 30-10-2006 | 07-02-2007 | 07-02-2007 | 07-02-2007 |
| 12 | Perpetual or dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | 30-10-2021 | 09-02-2037 | 09-02-2037 | 09-02-2037 |
| 14 | Issuer call option | No | Yes | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | Issuer call possible under certain conditions in case of tax event | 09-02-2017 | 09-02-2017 | 09-02-2017 |
| 16 | Subsequent call dates, if applicable | n.a. | Annually as of 09-02-2017 | Annually as of 09-02-2017 | Annually as of 09-02-2017 |
| | *Coupons / dividends* | | | | |
| 17 | Fixed or floating dividend/coupon payments | Floating | Fixed | Fixed | Fixed |
| 18 | Nominal coupon and reference interest rate, if applicable | 5.40% * n / N<br>n: Number of calendar days<br>if (30YCMS - 2YCMS) >= minus 0.05%<br>N: Total number of calendar days | 5.08% p.a. | 5.08% p.a. | 5.08% p.a. |
| 19 | Existence of dividend stopper | n.a. | n.a. | n.a. | n.a. |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | n.a. | n.a. | n.a. | n.a. |
| 20b | Fully discretionary, partially discretionary or mandatory (in terms of amount) | n.a. | n.a. | n.a. | n.a. |
| 21 | Existence of step-up or other incentive to redeem | No | No | No | No |
| 22 | Non-cumulative or cumulative | n.a. | n.a. | n.a. | n.a. |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 30 | Write-down features | No | No | No | No |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type senior to instrument) | Non-subordinated instruments | Non-subordinated instruments | Non-subordinated instruments | Non-subordinated instruments |
| 36 | Non-compliant transitioned features | No | No | No | No |

## Table 1: Art. 437(1)(b) CRR – Main features of capital instruments

| | | | | | |
|---|---|---|---|---|---|
| 1 | Issuer | Kommunalkredit Austria | Kommunalkredit Austria | Kommunalkredit Austria | Kommunalkredit Austria |
| 2 | Uniform identifier (such as ISIN) / internal designation | SSD 48 | SSD 49 | SSD 50 | SSD 51 |
| 3 | Governing law of the instrument | German law,<br>subordination rules of Austrian law | German law,<br>subordination rules of Austrian law | German law,<br>subordination rules of Austrian law | German law,<br>subordination rules of Austrian law |
| | *Regulatory treatment* | | | | |
| 4 | Transitional CRR rules | Tier 2 capital | Tier 2 capital | Tier 2 capital | Tier 2 capital |
| 5 | Post-transitional CRR rules | Tier 2 capital | Tier 2 capital | Tier 2 capital | Tier 2 capital |
| 6 | Eligible at solo/consolidated/solo and consolidated level | Eligible at solo and consolidated level | Eligible at solo and consolidated level | Eligible at solo and consolidated level | Eligible at solo and consolidated level |
| 7 | Type of instrument | Subordinated liabilities | Subordinated liabilities | Subordinated liabilities | Subordinated liabilities |
| 8 | Amount recognised as eligible own funds (in EUR) | 8,301,370 | 8,301,370 | 10,000,000 | 9,000,000 |
| 9 | Nominal amount of the instrument (in EUR) | 10,000,000 | 10,000,000 | 10,000,000 | 9,000,000 |
| 9a | Issue price (in %) | 100 | 100 | 100 | 100 |
| 9b | Redemption price (in % ) | 100 | 100 | 100 | 100 |
| 10 | Accounting classification | Liability - at amortised cost | Liability - at amortised cost | Liability - at amortised cost | Liability - at amortised cost |
| 11 | Original date of issuance | 23-02-2007 | 23-02-2007 | 07-03-2007 | 07-03-2007 |
| 12 | Perpetual or dated | Dated | Dated | Dated | Dated |
| 13 | Original maturity date | 23-02-2022 | 23-02-2022 | 07-03-2047 | 07-03-2047 |
| 14 | Issuer call option | No | No | Yes | Yes |
| 15 | Optional call date, contingent call dates and redemption amount | No | No | 07-03-2017 | 07-03-2017 |
| 16 | Subsequent call dates, if applicable | n.a. | n.a. | Annually from 07-03-2017 | Annually from 07-03-2017 |
| | *Coupons / dividends* | | | | |
| 17 | Fixed or floating dividend/coupon payments | Fixed | Fixed | Fixed | Fixed |
| 18 | Nominal coupon and reference interest rate, if applicable | 4.67% p. a. | 4.67% p. a. | 5.0175% p. a. | 5.0175% p. a. |
| 19 | Existence of dividend stopper | n.a. | n.a. | n.a. | n.a. |
| 20a | Fully discretionary, partially discretionary or mandatory (in terms of timing) | n.a. | n.a. | n.a. | n.a. |
| 20b | Fully discretionary, partially discretionary or mandatory<br>(in terms of amount) | n.a. | n.a. | n.a. | n.a. |
| 21 | Existence of step-up or other incentive to redeem | No | No | No | No |
| 22 | Non-cumulative or cumulative | n.a. | n.a. | n.a. | n.a. |
| 23 | Convertible or non-convertible | Non-convertible | Non-convertible | Non-convertible | Non-convertible |
| 30 | Write-down features | No | No | No | No |
| 35 | Position in subordination hierarchy in liquidation<br>(specify instrument type senior to instrument) | Non-subordinated instruments | Non-subordinated instruments | Non-subordinated instruments | Non-subordinated instruments |
| 36 | Non-compliant transitioned features | No | No | No | No |

## Table 2: Art. 439(e) to (h) CRR – Exposure to counterparty risk by exposure classes and risk weights

| in TEUR | 0% | 2% | 10% | 20% | 50% | 100% | 150% | Total |
|---|---|---|---|---|---|---|---|---|
| Exposures to central governments or central banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures to regional governments or local authorities | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.4 |
| Exposures to public-sector entities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures to institutions | 0.0 | 56,995.5 | 0.0 | 4,048.5 | 107,319.3 | 0.0 | 0.0 | 168,363.3 |
| Exposures to corporates | 0.0 | 0.0 | 0.0 | 0.0 | 1,891.2 | 4,198.3 | 0.0 | 6,089.5 |
| Exposures in default | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures associated with particularly high risk | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures in the form of covered bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity exposures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Total** | **0.4** | **56,995.5** | **0.0** | **4,048.5** | **109,210.5** | **4,198.3** | **0.0** | **174,453.2** |

## Table 3: Art. 440 – Geographic distribution of exposures relevant for countercyclical capital buffer calculation

| in TEUR | General credit exposures | | Exposure in trading book | | Exposure from securitisation | | Minimum own funds requirements | | | | Weighting of own funds requirements | Countercyclical capital buffer ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Exposure value (SA) | Exposure value (IRB) | Sum total of long and short positions in trading book | Exposure value in trading book (internal models) | Exposure value (SA) | Exposure value (IRB) | Of which: General credit exposures | Of which: Exposures in trading book | Of which: Exposures from securitisation positions | Total | | |
| Austria | 412,829.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 180,309.9 | 0.0 | 0.0 | 180,309.9 | 22.3% | 0.0% |
| Bulgaria | 7,709.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7,709.8 | 0.0 | 0.0 | 7,709.8 | 1.0% | 0.0% |
| Switzerland | 18,915.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 1,251.2 | 0.0 | 0.0 | 1,251.2 | 0.2% | 0.0% |
| Germany | 157,342.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 152,391.3 | 0.0 | 0.0 | 152,391.3 | 18.8% | 0.0% |
| Spain | 111,388.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 111,388.3 | 0.0 | 0.0 | 111,388.3 | 13.8% | 0.0% |
| Finland | 1,996.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 199.6 | 0.0 | 0.0 | 199.6 | 0.0% | 0.0% |
| France | 10,855.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 10,855.4 | 0.0 | 0.0 | 10,855.4 | 1.3% | 0.0% |
| United Kingdom | 93,592.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 92,647.2 | 0.0 | 0.0 | 92,647.2 | 11.5% | 0.0% |
| Gibraltar | 8,418.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 8,418.5 | 0.0 | 0.0 | 8,418.5 | 1.0% | 0.0% |
| Croatia | 19,795.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 19,795.6 | 0.0 | 0.0 | 19,795.6 | 2.4% | 0.0% |
| Hungary | 25,011.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 25,011.2 | 0.0 | 0.0 | 25,011.2 | 3.1% | 0.0% |
| Italy | 9,100.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9,100.1 | 0.0 | 0.0 | 9,100.1 | 1.1% | 0.0% |
| Jersey | 3,819.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5,728.5 | 0.0 | 0.0 | 5,728.5 | 0.7% | 0.0% |
| Netherlands | 88,309.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 88,309.2 | 0.0 | 0.0 | 88,309.2 | 10.9% | 0.0% |
| Poland | 94,491.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 75,283.7 | 0.0 | 0.0 | 75,283.7 | 9.3% | 0.0% |
| Turkey | 20,102.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 20,102.3 | 0.0 | 0.0 | 20,102.3 | 2.5% | 0.0% |
| United States of America | 2.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 | 0.5 | 0.0% | 0.0% |
| **Total** | **1,083,679.3** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **808,502.4** | **0.0** | **0.0** | **808,502.4** | **100.0%** | **0.0%** |

## Table 4: Art. 442(d) – Geographic distribution of the exposures broken down in significant areas by material exposure classes

| | | Western Europe | | | | | | Central and Eastern Europe | | | Other regions | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in TEUR | Austria | Germany | Spain | United Kingdom | Netherlands | Others | Total | Poland | Others | Total | Total | Total |
| Exposures to central governments or central banks | 318,100.0 | 0.0 | 15,994.5 | 0.0 | 0.0 | 20,567.4 | 36,561.9 | 82,391.8 | 64,533.2 | 146,925.0 | 0.0 | **501,587.0** |
| Exposures to regional governments or local authorities | 725,292.6 | 7,245.8 | 5,354.7 | 0.0 | 0.0 | 0.0 | 12,600.5 | 0.0 | 0.0 | 0.0 | 12,357.7 | **750,250.8** |
| Exposures to public-sector entities | 748,006.0 | 3,243.7 | 0.0 | 0.0 | 0.0 | 0.0 | 3,243.7 | 0.0 | 0.0 | 0.0 | 0.0 | **751,249.7** |
| Exposures to institutions | 6,792.5 | 54,493.5 | 1,241.7 | 277,828.7 | 0.0 | 52,268.5 | 385,832.4 | 1,002.9 | 26.0 | 1,028.9 | 555.4 | **394,209.2** |
| Exposures to corporates[16] | 353,004.2 | 157,342.3 | 111,388.3 | 104,472.8 | 88,309.2 | 47,289.8 | 508,802.4 | 89,449.3 | 52,516.6 | 141,966.0 | 20,102.3 | **1,023,874.9** |
| Exposures associated with particularly high risk | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3,819.0 | **3,819.0** |
| Exposures in the form of covered bonds | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 5,041.8 | 1,996.3 | 7,038.1 | 0.0 | **7,038.1** |
| Other items | 841.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **841.6** |
| Equity exposures | 58,983.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.3 | **58,985.8** |
| **Total** | **2,211,020.4** | **222,325.4** | **133,979.2** | **382,301.5** | **88,309.2** | **120,125.7** | **947,041.0** | **177,885.7** | **119,072.1** | **296,957.9** | **36,836.7** | **3,491,856.0** |

[16] In their majority, exposures related to infrastructure.

## Table 5: Art. 442(e) CRR – Distribution of exposures by industry

| in TEUR | Public administration | Financial activities | Real estate activities | Water supply | Energy supply | Healthcare | Transportation and storage | Construction | Others | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Exposures to central governments or central banks | 183,486.9 | 318,100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 501,587.0 |
| Exposures to regional governments or local authorities | 731,527.7 | 0.0 | 0.0 | 0.0 | 0.0 | 15,406.3 | 0.0 | 0.0 | 3,316.8 | 750,250.8 |
| Exposures to public-sector entities | 9,533.6 | 154,965.1 | 167,181.0 | 261,525.1 | 0.0 | 148,448.3 | 869.3 | 0.0 | 8,727.2 | 751,249.7 |
| Exposures to institutions | 0.0 | 394,209.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 394,209.2 |
| Exposures to corporates[17] | 0.0 | 78,244.9 | 246,039.0 | 76,190.2 | 234,821.3 | 62,611.3 | 151,120.6 | 131,114.5 | 43,733.1 | 1,023,874.9 |
| Exposures associated with particularly high risk | 0.0 | 3,819.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3,819.0 |
| Exposures in the form of covered bonds | 0.0 | 7,038.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7,038.1 |
| Other items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 58,985.8 | 58,985.8 |
| Equity exposures | 0.0 | 1.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 840.5 | 841.6 |
| **Total** | **924,548.2** | **956,377.4** | **413,220.0** | **337,715.4** | **234,821.3** | **226,465.9** | **151,989.9** | **131,114.5** | **115,603.3** | **3,491,856.0** |

[17] In their majority, exposures related to infrastructure.

## Table 6: Art. 444(e) CRR – Distribution of exposure values after credit risk mitigation in exposure classes and risk weights

| in TEUR | 0% | 2% | 10% | 20% | 50% | 100% | 150% | 250% | Total |
|---|---|---|---|---|---|---|---|---|---|
| Exposures to central governments or central banks | 531,586.6 | 0.0 | 0.0 | 0.0 | 2,334.7 | 0.0 | 0.0 | 0.0 | 533,921.4 |
| Exposures to regional governments or local authorities | 1,569,450.6 | 0.0 | 0.0 | 12,357.7 | 0.0 | 0.0 | 0.0 | 0.0 | 1,581,808.4 |
| Exposures to public-sector entities | 0.0 | 0.0 | 0.0 | 157,807.8 | 0.0 | 0.0 | 0.0 | 0.0 | 157,807.8 |
| Exposures to multilateral development banks | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures to international organisations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures to institutions | 0.0 | 31,307.8 | 0.0 | 23,926.9 | 49,924.6 | 0.0 | 0.0 | 0.0 | 105,159.3 |
| Exposures to corporates[18] | 0.0 | 0.0 | 0.0 | 3,681.1 | 25,057.2 | 712,848.8 | 0.0 | 0.0 | 741,587.1 |
| Retail exposures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures secured by mortgages on immovable property | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures in default | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures associated with particularly high risk | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 3,819.0 | 0.0 | 3,819.0 |
| Exposures in the form of covered bonds | 0.0 | 0.0 | 7,038.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 7,038.1 |
| Exposures to institutions and corporates with a short-term credit assessment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exposures in the form of units or shares in collective investment undertakings (CIUs) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity exposures | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 841.6 | 0.0 | 0.0 | 841.6 |
| Other items | 8.1 | 0.0 | 0.0 | 999.7 | 0.0 | 48,401.4 | 0.0 | 9,576.6 | 58,985.8 |
| **Total** | **2,101,045.4** | **31,307.8** | **7,038.1** | **198,773.2** | **77,316.6** | **762,091.7** | **3,819.0** | **9,576.6** | **3,190,968.3** |

[18] In their majority, exposures related to infrastructure.

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