



ALWAYS FIRST – WITH SPEED AND PRECISION.

Disclosure Report 2019
Kommunalkredit Austria AG
(Group of Credit Institutions)

Disclosure pursuant to Part 8 CRR
(as at 31 December 2019)

KOMMUNAL
KREDIT

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 (hereinafter called KI Group) whose parent is Satere Beteiligungsverwaltungs GmbH (Satere), which holds 100% of Gesona Beteiligungsverwaltung GmbH (Gesona). Gesona holds 99.80% 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**

As a matter of principle, Pillar 2 risk management (ICAAP – Internal Capital Adequacy Assessment Process and ILAAP – Internal Liquidity Adequacy Assessment Process) is conducted at CI Group level (credit institutions group level; for information on the scope of consolidation, see Art. 436 (b) CRR). The risk coverage capacity is derived from the Group's own funds and/or the Group's equity.

Besides Kommunalkredit Austria AG (Kommunalkredit) as the only credit institution of the group of credit institutions, LTI Immobilien GmbH & Co KG is another relevant entity of the CI Group with material equity. The economic risk is reflected in the investment risk through a reduction in equity. Two other entities, i.e. Kommunalkredit KBI Immobilien GmbH and Kommunalkredit KMI Immobilien GmbH & Co KG, have neither material equity nor material risks. The other members of the group of credit institutions, i.e. Satere and Gesona, apart from their participations in Kommunalkredit, are not engaged in any other business activities, and their risk position therefore is of no relevance in Pillar 2. The economic risks of participations/subsidiaries/entities which are not fully consolidated and do not belong to the group of credit institutions are taken into account in the investment risk (through a reduction in book values).

Kommunalkredit uses risk assessments and a risk map for the complete identification of the risk drivers of its business model. The main types of risk for the bank are identified within the framework of risk assessments. 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. The types of risk covered are those which are classified as material, 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, ILAAP) 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.

According to the regulatory definition, Kommunalkredit has no trading book. Trading activities aimed at generating profits from short-term price differences and from taking risk positions in the trading book are not part of Kommunalkredit's business and risk strategy and are forbidden in accordance with the Group's policies and the related organisational measures. The only transactions made are through-trading activities within the framework of the provision of customer services, which do not entail any risk positions requiring asset-backing.

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. The risk management function, which is independent of the front office, is exercised by the Chief Risk Officer (CRO) at Executive Board level. The CRO is supported, in particular, by an Executive Manager, the Risk Controlling and Credit Risk Management functions, and the Operational Risk Officer. The Executive Manager and the Operational Risk Officer have direct access to the Executive Board. Thus, the organisational structure fully meets the 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 was established, tasked to advise the management on the current and future risk appetite and risk strategy of the credit institution 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 RMC 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 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, a detailed daily liquidity monitoring process is in place.

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 aggregate bank 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.
- Kommunalkredit only takes risks in fields of business and markets for which it owns or has access to the necessary expertise. Before activities are taken up in new fields of business or new products are sold, the risks involved and the suitability of the existing methods, instruments and processes for the management of such risks are analysed. For this purpose, a product approval process has been implemented at Kommunalkredit.
- As a matter of principle, any transaction through which Kommunalkredit deliberately takes risks should, viewed from the perspective of the entire business relation with the customer, generate a gross margin that is commensurate with the risk. In its risk management, Kommunalkredit primarily focuses on covering unexpected losses, whereas expected losses are covered by the margins earned in the individual transactions.
- 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.
- 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.
- 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.

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

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 perspectives taken in analysing the risk-bearing capacity (regulatory/normative 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 concerned 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. Moreover, a report on the performance of the review and its results 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 percent 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 12%. 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 31/12/2019 in million EUR	Liquidation perspective	Going-concern perspective
Aggregate risk cover	485.9	83.8
Economic risk position	204.3	49.4
Capital buffer	281.5	34.4
Capital buffer in %	57.9%	41.0%

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 Sect. 39d of the Austrian Banking Act was met through submission of comprehensive risk reports.

The Executive Board stated that the risk-bearing capacity of the bank was adequate at any time of the business year 2019 and that it was not / is 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 31/12/2019)	
		Number of management functions	Number of supervisory functions
Dr. Patrick Bettscheider	Chairman of the Supervisory Board	5	2
Christopher Guth, MSc	Deputy Chairman of the Supervisory Board	2	1
Dipl.-Kfm. Friedrich Andrae, MSc	Member of the Supervisory Board	7	1
Diplom-Betriebswirt (FH) Jürgen Meisch	Member of the Supervisory Board	1	4
Attorney-at-law Martin Rey	Member of the Supervisory Board	3	3
Mag. Alois Steinbichler, MSc	Member of the Supervisory Board	-	2
Mag. Patrick Höller	Member of the Supervisory Board	-	1
Renate Schneider	Member of the Supervisory Board	-	1
Bernd Fislage	Chairman of the Executive Board	2	1
Jochen Lucht	Member of the Executive Board	1	-
Jörn Engelmann ¹	Member of the Executive Board	1	-

¹Jörn Engelmann resigned from the Executive Board of Kommunalkredit as of 31 January 2019

Art. 435 (2) (b) CRR

Strategy for the selection of members of the management body

Given that Kommunalkredit is not a significant credit institution pursuant to § 5(4) of the Austrian Banking Act, it was decided to abolish the Nominations Committee within the framework of a reorganisation of the Supervisory Board committees in 2018. The statutory tasks provided for by § 29 of the Austrian Banking Act are now fulfilled, *mutatis mutandis*, by the full Supervisory Board.

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 full Supervisory Board.

- 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) dated 30/08/2018, 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

Given that on account of its size, its internal organisation and the type, scope and complexity of its business activities, Kommunalkredit does not qualify as a significant credit institution (Art. 88 (2) 2013/36/EU), Kommunalkredit is not obliged to set a quota for the underrepresented gender (Art. 88 (2) point b 2013/36/EU) on its decision-making body.

Art. 435 (2) (d) CRR

Information regarding the establishment of a Risk Committee

Pursuant to § 39d of the Austrian Banking Act (as of 31/12/2019), 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 once in 2019.

Art. 435 (2) (e) CRR

Information flow on risk to the management body

See Art. 435 (1) points b and c CRR – Organizational structure of risk management and monitoring as well as scope and type of risk reporting and measuring systems.

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 99.80% 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 Parts 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 have to 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. As regards Kommunalkredit's non-consolidated participations, the portfolio – alongside Kommunalkredit Public Consulting GmbH (KPC), a specialised provider of management services for support programmes and consultancy services for international organisations and financial institutions – mainly comprises strategic participations supporting the infrastructure business.

Satere prepares its consolidated financial statements on the basis of 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.

As shown in the following table, there are no differences in the scope of consolidation under company law and regulatory law:

Name of the entity	Method of consolidation under trade law	Method of consolidation under regulatory law	Description of the entity
Satere Beteiligungsverwaltungs GmbH	fully consolidated	fully consolidated	Financial holding
Gesona Beteiligungsverwaltung GmbH	fully consolidated	fully consolidated	Financial holding
Kommunalkredit Austria AG	fully consolidated	fully consolidated	Credit institution
Kommunalkredit KBI Immobilien GmbH	fully consolidated	fully consolidated	Provider of ancillary services
Kommunalkredit KBI Immobilien GmbH & Co KG	fully consolidated	fully consolidated	Provider of ancillary services

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 Art. 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 31/12/2019 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)
<i>of which subscribed capital</i>	35.0	
Retained earnings	44,669.7	26(1)(c)
Accumulated other result (and other reserves)	223,541.2	26(1)
Fund for general banking risks	40,000.0	26(1)(f)
Common equity tier 1 (CET1) before regulatory adjustments	308,245.9	
Common equity tier 1 (CET1) regulatory adjustments		
Intangible assets	-246.6	36(1)(b), 37,
Total regulatory adjustment of common equity tier 1 (CET1)	-246.6	
Common equity tier 1 (CET1)	307,999.3	
Additional tier 1 capital (AT1)	0.0	
Core capital (T1 = CET1 + AT1)	307,999.3	
Tier 2 capital (T2): Instruments and reserves		
Capital instruments and the related premium	50,429.9	62, 63
Credit risk adjustments (provision pursuant to § 57(1) Austrian Banking Act)	2,460.0	62(c) and (d)
Tier 2 capital (T2) before regulatory adjustments	52,889.9	
Tier 2 capital (T2): regulatory adjustments		
Total regulatory adjustments of tier 2 capital (T2)	0.0	
Tier 2 capital (T2)	52,889.9	
Total equity (TC = T1 + T2)	360,889.2	
Total risk exposure amount pursuant to Art. 92 CRR	1,671,045.2	
Equity ratios and buffers		
CET1 ratio	18.4%	92(2)(a)
Core capital ratio	18.4%	92(2)(b)
Total capital ratio	21.6%	92(2)(c)
Institution-specific capital buffer requirement	2.7%	
<i>of which capital conservation buffer</i>	2.5%	
<i>of which anti-cyclical capital buffer</i>	0.2%	
CET1 available for buffers (as a percentage)	13.9%	
Amounts falling below the thresholds for deductions (before risk weighting)		
Deferred tax assets resulting from temporary differences (below the 10% threshold) that depend on future profitability (below the 10% threshold)	11,527.0	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)	2,460.0	62
Upper limit for credit risk adjustment being recognised as tier 2 capital under the standardised approach	19,248.8	62

The following tables show the consolidated balance sheet of the entities contained in the scope of consolidation under CRR. As the latter does not differ from the scope of consolidation under commercial law, reconciliation is not required.

31/12/2019 Assets in TEUR	Regulatory group
Cash and balances with central banks	462,612.8
Public-sector debt instruments eligible as collateral for central bank funding	160,039.0
Loans and advances to banks	113,400.8
Loans and advances to customers	2,577,990.5
Bonds and other fixed-income securities	322,941.4
Participations	23,964.1
Investments in affiliated companies	911.9
Shares and other variable-income securities	50,024.0
Non-current intangible assets	246.6
Property, plant and equipment	23,739.4
Other assets	40,623.5
Accruals/deferrals	5,885.5
Deferred tax assets	11,890.2
Total assets	3,794,269.8

31/12/2019 Liabilities in TEUR	Regulatory group
Amounts owed to banks	487,436.9
Amounts owed to customers	1,729,146.4
Securitised liabilities	1,137,195.5
Other liabilities	30,409.1
Accruals/deferrals	12,501.9
Provisions	21,808.8
Fund for general banking risks (§ 57(3) Austrian Banking Act)	40,000.0
Tier 2 capital	67,525.2
Subscribed capital	35.0
Capital reserves	157,183.9
Retained earnings	77,793.8
Statutory reserve pursuant to § 57 (5) Austrian Banking Act	0.0
Non-controlling interests	704.6
Group result for the year	32,528.6
Total liabilities	3,794,269.8

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

31/12/2019 Assets in TEUR	Regulatory group value	Own funds items	Value included in own funds	Comment
Loans and advances to customers <i>of which credit risk adjustments (provision pursuant to § 57(1) Austrian Banking Act)</i>	2,577,990.5 2,460.0	Credit risk adjustments (provision pursuant to § 57(1) Austrian Banking Act)	2,460.0	
Intangible non-current assets	246.6	Intangible assets	-246.6	
Deferred tax assets	11,890.2	Deferred tax assets depending on temporary differences resulting from future profitability	0.0	The value is below the applicable 10% threshold for CET1

31/12/2019 Liabilities in TEUR	Regulatory group value	Own funds items	Value 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	67,525.2	Tier 2 instruments and the related premium	50,429.9	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	CET 1 instruments and the related premium	35.0	
Capital reserves	157,183.9	Accumulated other result (and other reserves)	234,977.7	
Retained earnings	77,793.85			
Non-controlling interests	704.6	Minorities	704.6	
Group result for the year	32,528.6	Eligible profit	32,528.6	

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 (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

Securing minimum capital adequacy and results of internal capital assessment

ICAAP approaches to the assessment of the capital position

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.

For the purpose of quantitative assessment, Kommunalkredit uses the method of risk-bearing-capacity analysis. The economic risks are compared with the risk coverage potential. Depending on the hedging target pursued, two economic perspectives are applied:

- **Liquidation perspective (Economic control loop)**

Hedging 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 requirement (internal risk measurement) is compared with the bank's own funds, adjusted for hidden burdens and reserves. In this approach, the aggregate risk cover is determined on a present-value basis (“full fair value” perspective) and therefore not subject to accounting rules on recognition and measurement. A confidence level of 99.95% is applied in determining the economic risk.

Risk status: As at 31 December 2019, the economic risks correspond to 42.1% of the aggregate risk cover. Thus, the risk buffer amounts to 57.9%.

■ 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 12%.

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 12%. Aggregate risk cover is broken down into primary and secondary risk cover, always considering possible realisation and external effects; early warning levels have been introduced. A confidence level of 95% is applied in determining the economic risk.

Risk status: As at 31 December 2019, the economic risks correspond to 59.0% of the aggregate risk cover. Thus, the risk buffer amounts to 41.0%.

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

Alongside these economic control loops, compliance with regulatory/normative minimum requirements and hedging targets is guaranteed within the framework of medium-term planning and current capital budgeting.

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 multi-year plan 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) points b and c (market risk) and Chapters 2, 3 and 4 of Part 3 Title III (operational risks)

in TEUR	RWA 31/12/2019	RWA 31/12/2018	Minimum own funds requirements 31/12/2019
Credit risk (excl. counterparty risk)	1,508,883.0	1,168,336.6	120,710.6
<i>of which standardised approach</i>	1,508,883.0	1,168,336.6	120,710.6
<i>of which F-IRB approach</i>	0.0	0.0	0.0
<i>of which A-IRB approach</i>	0.0	0.0	0.0
<i>of which IRB exposures under the simple risk weight approach or internal models</i>	0.0	0.0	0.0

Counterparty risk	21,788.1	29,890.3	1,743.1
<i>of which mark-to-market method</i>	7,215.9	11,990.7	577.3
<i>of which original exposure method</i>	0.0	0.0	0.0
<i>of which standardised method</i>	0.0	0.0	0.0
<i>of which internal model</i>	0.0	0.0	0.0
<i>of which risk exposure amounts from contributions to CCP default fund</i>	126.7	120.5	10.1
<i>of which CVA</i>	14,445.6	17,779.0	1,155.6
Settlement risk	0.0	0.0	0.0
Securitisation positions banking book	0.0	0.0	0.0
Market risk	0.0	0.0	0.0
Large exposures	0.0	0.0	0.0
Operational risk	116,693.8	107,711.1	9,335.5
<i>of which basic indicator approach</i>	0.0	0.0	0.0
<i>of which standardised approach</i>	116,693.8	107,711.1	9,335.5
<i>of which advanced measurement approach</i>	0.0	0.0	0.0
Amounts below the thresholds for deductions (250% risk weighting)	23,680.3	25,674.8	1,894.4
Floor adjustment	0.0	0.0	0.0
Total	1,671,045.2	1,331,612.9	133,683.6

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

in TEUR	RWA 31/12/2019	Minimum own funds requirements 31/12/2019
Exposures to central governments or central banks	0.0	0.0
Exposures to regional governments or local authorities	9,634.2	770.7
Exposures to public-sector entities	20,713.0	1,657.0
Exposures to institutions	26,197.1	2,095.8
Exposures to corporates	1,279,122.5	102,329.8
Exposures in default	0.0	0.0
Exposures associated with particularly high risk	44,449.0	3,555.9
Exposures in the form of covered bonds	16,990.1	1,359.2
Exposures in the form of units held in undertakings for collective investments in transferable securities (UCITS)	76,818.5	6,145.5
Other items	33,936.2	2,714.9
Equity exposures	1,022.3	81.8
Total	1,508,883.0	120,710.6

Art. 439 CRR Exposure to counterparty credit risk

Art. 439 (a) CRR

Calculation of internal capital and upper limits for counterparty credit exposures

The exposure to the counterparty default risk in derivative transactions, taken into account in credit risk, is defined as the residual risk from the current replacement cost (positive market value), taking into account 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 put up/received in repo transactions or securities lending transactions, this risk counts as exposure to the counterparty and is included in credit risk. For the time being, no repo transactions are being made.

Securities transactions are cleared primarily on the basis of “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 aforementioned clearing and settlement principles, the counterparty default risk from derivatives, repo transactions and securities transactions is immaterial.

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

In the event of a rating downgrade, Kommunalkredit is under an obligation vis-à-vis a derivative counterparty to put up additional cash collateral in the amount of EUR 10 million.

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 table shows the counterparty risk broken down by method:

in TEUR	Nominal value	Replacement cost	Potential future exposure	Effective expected positive exposure (EEPE)	Multiplier	EAD after netting & CRM	RWA
Mark-to-market method		182,174.9	39,117.9			23,106.0	7,215.9
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 securities financing transactions (SFT))				0.0	0.0	0.0	0.0
Financial collateral simple method (SFT)						0.0	0.0
Financial collateral comprehensive method (SFT)						0.0	0.0
VaR for SFT						0.0	0.0
Total	0.0	182,174.9	39,117.9	0.0	0.0	23,106.0	7,215.9

in TEUR	Exposure value before netting	Netting effect	Exposure value after netting	Collateral received	EAD after netting & CRM
Derivatives	221,292.8	85,340.0	135,952.8	112,846.8	23,106.0
SFT	0.0	0.0	0.0	0.0	0.0
Cross-product netting	0.0	0.0	0.0	0.0	0.0
Total	221,292.8	85,340.0	135,952.8	112,846.8	23,106.0

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

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
Portfolios in standardised method	17,091.0	14,445.6
Based on original exposure method	0.0	0.0
Total	17,091.0	14,445.6

As at 31 December 2019, 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 Anti-cyclical capital buffer

As at 31 December 2019, Kommunalkredit had to hold an institute-specific anti-cyclical capital buffer of 0.2%.

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

Art. 441 CRR Indicators of global systemic importance

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

Art. 442 CRR Credit risk adjustments (incl. EBA/GL/2018/10)

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 “impaired”

To identify defaults, Kommunalkredit uses the definition of default of an obligor of Article 178 CRR, which covers the case of an obligor being “past due” more than 90 days (amounts owed past due) as well as the case of an obligor being “unlikely to pay”. A case of an obligor being past due more than 90 days exists if the amount owed past due exceeds the approved and communicated overall credit line by more than 1.0%, but at least by EUR 500.00. Kommunalkredit’s definition of “non-performing” 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
Exposures with increased credit risk and/or other irregularities. These are subject to close monitoring (intensive management) and are kept on the watch list. However, these exposures are not considered to be at risk of default and no specific loan loss provisions need to be booked yet.
- Risk class 2: Workout – recovery
Exposures classified as workout cases
- Risk class 3: Workout – resolution
Exposures for which workout is not expected to produce the desired result and collection measures are taken instead.

Starting from risk class 1, exposures are subject to close monitoring and monthly reporting within the framework of the Credit Committee meeting. 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 taken into consideration, provided the regulatory definitions of default are met and/or if 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 for reasons of counterparty's rating (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

In addition, the expected 12-month credit loss is taken into account in the Income Statement. If the risk of default of the financial assets has increased significantly since its first-time recognition, the expected credit loss over the residual term of the instrument is taken into account.

As at 31 December 2019, Kommunalkredit had no distressed or overdue receivables and its non-performing loan ratio (NPL) was 0.00%.

Nominal values by risk class in million EUR	31/12/2019
1	6.1
2	0.0
3	0.0

Credit Risk Management submits updated monthly reports on counterparties with increased credit risk within the framework of the Credit Committee meeting, which then decides on the measures to be taken.

Art. 442 (c) CRR

Total amount of exposures without taking into account the effects of credit risk mitigation and the average amount of the exposures broken down by exposure class

in TEUR	Exposure value before CRM 31/12/2019	Exposure value before CRM 2019 average
Exposures to central governments or central banks	586,317.7	501,750.9
Exposures to regional governments or local authorities	653,295.6	672,290.8
Exposures to public-sector entities	602,853.4	638,395.4
Exposures to institutions	398,036.5	426,518.1
Exposures to corporates	1,549,949.9	1,491,190.1
Exposures associated with particularly high risk	29,632.7	20,937.3
Exposures in the form of covered bonds	126,078.5	118,952.9
Exposures in the form of units held in undertakings for collective investments in transferable securities (UCITS)	76,818.5	63,851.5
Other exposures	46,895.9	43,632.6
Equity exposures	934.9	989.7
Total	4,070,813.6	3,978,509.3

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 shown 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 shown 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 following 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	467,674.9	0.0	0.0	118,642.8	0.0	586,317.7
Exposures to regional governments or local authorities	3,187.6	5,609.3	83,731.6	560,767.0	0.0	653,295.6
Exposures to public-sector entities	3,152.2	25,060.9	100,381.2	474,259.1	0.0	602,853.4
Exposures to institutions	17,005.3	8,318.4	52,546.6	136,285.3	183,881.0	398,036.5
Exposures to corporates	5,270.8	98,110.1	694,611.4	745,946.9	6,010.6	1,549,949.9
Exposures associated with particularly high risk	269.3	2,042.0	0.0	27,291.4	30.0	29,632.7
Exposures in the form of covered bonds	499.9	0.0	37,566.7	88,011.9	0.0	126,078.5
Exposures in the form of units held in undertakings for collective investments in transferable securities (UCITS)	0.0	3,205.5	0.0	50,024.0	23,589.0	76,818.5
Other exposures	0.0	0.0	0.0	0.0	46,895.9	46,895.9
Equity exposures	0.0	0.0	0.0	0.0	934.9	934.9
Total	497,060.1	142,346.2	968,837.5	2,201,228.4	261,341.4	4,070,813.6

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 2019, there were no non-performing loans or receivables past due; the NPL ratio was 0.0%.

No specific loan loss provisions were set up as at 31 December 2019; credit risk adjustment relative to statistically calculated expected credit losses amounted to TEUR 5,455.5; the undervaluation pursuant to § 57 (1) of the Banking Act amounted to TEUR 2,460.0. The breakdown by type of counterparty is shown under EBA/GL/2018/10, template 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	1,993.6	0.0	2,860.0	40,000.0	44,853.6
+ addition	3,461.90	0.0	0.0	0.0	3,461.9
- release	0.0	0.0	-400.0	0.0	-400.0
- 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 31/12/2019	5,455.5	0.0	2,460.0	40,000.0	47,915.5

EBA/GL/2018/10 – Guidelines on the disclosure of non-performing and forborne exposures

Given Kommunalkredit's NPL ratio of 0.0%, only templates 1, 3, 4 and 9 are relevant.

Template 1 - Credit quality of forborne exposures

in TEUR	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which defaulted	Of which impaired					
Loans and advances	6,107.4	0.0	0.0	0.0	-276.2	0.0	0.0	0.0
Central banks	0.0				0.0			
General governments	0.0				0.0			
Credit institutions	0.0				0.0			
Other financial corporations	0.0				0.0			
Non-financial corporations	6,107.4				-276.2			
Households	0.0				0.0			
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loan commitments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	6,107.4	0.0	0.0	0.0	-276.2	0.0	0.0	0.0

Template 3 – Credit quality of non-performing exposures by past due days

in TEUR	Gross carrying amount/nominal amount						
	Performing exposures			Non-performing exposures			
		Nor past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or rare past due ≤ 30 days	Past due > 90 days	Of which defaulted	
Loans and advances	2,897,676.2	2,897,676.2	0.0	0.0	0.0	0.0	0.0
<i>Central banks</i>	462,713.7	462,713.7					
<i>General governments</i>	655,866.1	655,866.1					
<i>Credit institutions</i>	110,260.8	110,260.8					
<i>Other financial corporations</i>	532,737.3	532,737.3					
<i>Non-financial corporations</i>	1,091,699.9	1,091,699.9					
<i>Of which SMEs</i>	0.0	0.0					
<i>Households</i>	44,398.4	44,398.4					
Debt securities	742,995.0	742,995.0	0.0	0.0	0.0	0.0	0.0
<i>Central banks</i>	0.0	0.0					
<i>General governments</i>	414,192.5	414,192.5					
<i>Credit institutions</i>	183,688.3	183,688.3					
<i>Other financial corporations</i>	19,522.1	19,522.1					
<i>Non-financial corporations</i>	125,592.2	125,592.2					
Off-balance-sheet exposures	728,002.4	728,002.4		0.0			0.0
<i>Central banks</i>	0.0						
<i>General governments</i>	660.0						
<i>Credit institutions</i>	0.0						
<i>Other financial corporations</i>	154,090.1						
<i>Non-financial corporations</i>	573,252.3						
<i>Households</i>	0.0						
Total	4,368,673.7	4,368,673.7	0.0	0.0	0.0	0.0	0.0

Template 4 – Performing and non-performing exposures and related provisions

in TEUR	Gross carrying amount/nominal amount		Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures	Non-performing exposures	Performing exposures – accumulated impairment and provisions	Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		On performing exposures	On non-performing exposures
Loans and advances	2,897,676.2	0.0	-5,894.7	0.0	0.0	627,452.9	0.0
Central banks	462,713.7		0.0			0.00	
General governments	655,866.1		-26.1			126,594.1	
Credit institutions	110,260.8		-1,504.1			77,430.6	
Other financial corporations	532,737.3		-1,865.5			85,218.5	
Non-financial corporations	1,091,699.9		-2,495.1			295,500.8	
Of which SMEs	0.0		0.0			0.0	
Households	44,398.4		-4.0			42,709.0	
Debt securities	742,995.0	0.0	-1,164.8	0.0	0.0	300,243.9	0.0
Central banks	0.0		0.0			0.0	
General governments	414,192.5		-50.4			231,469.7	
Credit institutions	183,688.3		-66.8			0.0	
Other financial corporations	19,522.1		-24.2			0.0	
Non-financial corporations	125,592.2		-1,023.4			68,774.2	
Off-balance-sheet exposures	728,002.4	0.0	-856.0	0.0		3,729.0	0.0
Central banks	0.0		0.0			0.0	
General governments	660.0		0.0			0.0	
Credit institutions	0.0		0.0			0.0	
Other financial corporations	154,090.1		-49.5			3,729.0	
Non-financial corporations	573,252.3		-806.5			0.0	
Households	0.0		0.0			0.0	
Total	4,368,673.7	0.0	-7,915.5	0.0	0.0	931,425.8	0.0

Template 9 – Collateral obtained by taking possession and execution processes

Kommunalkredit has no collateral obtained by taking possession and execution processes.

Art. 443 CRR Unencumbered assets

Assets as at 31 December 2019

Values in TEUR	Book values of encumbered assets	Fair value of encumbered assets	Book value of unencumbered assets	Fair value of unencumbered assets
Assets	1,829,142.2	n. a.	1,973,376.8	n. a.
Equity instruments	0.0	0.0	50,024.0	50,024.0
Debt instruments	565,200.4	613,995.0	154,132.8	165,822.9
Other assets	0.0	n. a.	117,153.8	n. a.

Collateral received as at 31 December 2019

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 2019

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	1,349,440.6	1,829,142.2

Amount 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 2019, the asset encumbrance ratio was 48.1%.

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 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 reconciling 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 ECAs with the credit quality steps prescribed in Part 3, Title II, Chapter 2.

Art. 444 (e) CRR

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

in TEUR	Rating	Exposure value before credit risk mitigation	Exposure value after credit risk mitigation
Exposures to central governments or central banks	No rating	0.0	0.0
	1	466,754.7	501,860.2
	2	119,563.0	119,563.0
	3	0.0	10,235.4
	4	0.0	0.0
	5	0.0	0.0
	6	0.0	0.0
Exposures to regional governments or local authorities	No rating	0.0	0.0
	1	645,994.5	1,272,246.0
	2	0.0	0.0
	3	7,301.1	27,061.7
	4	0.0	0.0
	5	0.0	19,658.0
	6	0.0	0.0
Exposures to public bodies	No rating	472,109.4	103,565.1
	1	100,850.6	2,507.0
	2	0.0	0.0
	3	29,893.4	0.0
	4	0.0	0.0
	5	0.0	0.0
	6	0.0	0.0

	No rating	0.0	658.9
	1	176,569.1	93,510.1
	2	190,698.5	43,854.2
Exposures to institutions	3	30,768.9	12,353.8
	4	0.0	0.0
	5	0.0	0.0
	6	0.0	0.0
	No rating	1,485,780.8	1,221,303.5
	1	10,003.3	50,175.7
	2	13,582.6	18,363.5
Exposures to corporates ²	3	8,011.0	8,011.0
	4	32,572.2	32,572.2
	5	0.0	0.0
	6	0.0	0.0
Exposures associated with particularly high risk	No credit rating applied	29,632.7	29,632.7
	No rating	69,620.1	69,620.1
	1	42,296.1	42,296.1
	2	14,162.3	14,162.3
Exposures in the form of covered bonds	3	0.0	0.0
	4	0.0	0.0
	5	0.0	0.0
	6	0.0	0.0
Exposures in the form of units held in undertakings for collective investments in transferable securities (UCITS)	No credit rating applied	76,818.5	76,818.5
Other exposures	No credit rating applied	46,895.9	46,895.9
Equity exposures	No credit rating applied	934.9	934.9
Total		4,070,813.6	3,817,859.8

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

Art. 445 CRR Exposure to market risk

As of 31 December 2019, 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 2019, 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

² In their majority, exposures related to infrastructure

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 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 a write-down 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	Book value 31/12/2019	Book value 31/12/2018	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	934.9	899.4	0.0	0.0
Total	934.9	899.4	0.0	0.0

Art. 447 (c) CRR

Types, nature and amounts of exchange-traded exposures

As at 31 December 2019, 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, statistical shifts, sensitivity analyses, simulation trades), which permits the forecast and targeted management of the bank's aggregate interest rate risk on positions not included in the trading book, the interest rate sensitivity of the IFRS portfolio, and net interest income for the period.

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. Retail deposits (repayable on demand) include positions without clearly defined interest rate and capital commitment. In principle, the interest rate commitment of funds repayable on demand is modelled in accordance with the pricing strategy. Non-linear risks that are not hedged are quantified through a scenario analysis. Kommunalkredit uses the fully integrated SAP/SEM-IT system and the Numerix software for risk quantification.

For interest rate risk management by the RMC, 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 can be measured daily for the main currencies of Kommunalkredit (EUR, USD, CHF, JPY) and is communicated to Markets 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
- IFRS OCI value position

- Annual net interest income effect from Kommunalkredit's repricing risk as at 31 December 2019 in EUR million in the event of a parallel shift of short term interest by +100bp:

EUR	USD	CHF	JPY	Other	Total
+1.8	0.0	-1.0	0.0	0.0	+0.8

- NPV risk of interest rate changes in Kommunalkredit's banking book as at 31 December 2019 in the event of a +30bp parallel shift in the yield curve:

EUR	USD	CHF	JPY	Other	Total	Total VAR
-0.2	+0.0	-0.8	-0.1	-0.1	-1.2	-11,4

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 2019. 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 2019 and was approved by the Supervisory Board.

As of 31 December 2019, the members of the Remuneration Committee are Patrick Bettscheider (Chairman), Christopher Guth (Deputy Chairman) and Frank Hoyck (remuneration expert) as well as 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 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) with regard to the financial result, a flexible policy governing the variable remuneration components is guaranteed.

The individual performance premium is calculated on the basis of 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 on the basis of 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 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 2019, broken down by business area, are shown in the following table:

in EUR	Front office	Back office	Total
Total amount of remuneration	3,842,398.7	3,436,278.0	7,278,676.7
Number of beneficiaries	15	26	41

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 2019 is broken down as follows:

in EUR	Managing Directors	Senior management	Other employees	Total
Number of beneficiaries	4	30	14	48
Sum total of remuneration	2,550,174.4	4,974,903.3	2,303,773.5	9,828,851.2
<i>of which fixed</i>	850,174.4	3,353,153.3	1,643,023.5	5,846,351.2
<i>of which variable</i>	1,700,000.0	1,621,750.0	660,750.0	3,982,500.0
Of variable remuneration:				
- Cash, non-provisioned	501,500.0	889,350.0	340,750.0	1,731,600.0
- Cash, provisioned	1,198,500.0	732,400.0	320,000.0	2,250,900.0
Deferred remuneration				
- Vested portions	162,700.0	281,947.9	90,800.0	535,447.9
- Unvested portions, incl. prior years	2,827,800.0	1,788,899.9	647,200.0	5,263,899.9
Deferred remuneration				
- Awarded in 2019	1,198,500.0	742,800.0	320,400.0	2,261,700.0
- Paid out in 2019	162,700.0	266,322.3	90,800.0	519,822.3
- Reduced in 2019 due to performance adjustments	-	-	-	-
Severance pay				
- Paid out in 2019	-	1,666,918.0	204,719.0	1,871,637.0
- Number of beneficiaries	-	4	1	5
- Maximum amount awarded to an individual	-	591,401.3	204,719.0	796,120.3
Sign-on payments				
- Paid out in 2019	-	41,000.0	-	41,000.0
- Number of beneficiaries	-	1	-	1
Number of persons receiving remuneration of more than EUR 1 million	1	-	-	1
Number of persons receiving remuneration of more than EUR 1.5 million	1	-	-	1

Art. 451 CRR Leverage

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

Disclosure of the leverage ratio and how the institution applies Art.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	3,794,269.8
Adjustment for participations which are consolidated for accounting purposes, but do not form part of the regulatory scope of consolidation	0.0
Adjustments for derivative financial instruments	-190,754.9
Adjustments for securities financing transactions (SFTs)	0.0
Adjustment for off-balance-sheet transactions	196,433.2
Other adjustments	10,753.3
Total exposure measure of leverage ratio	3,810,701.3

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)	3,771,619.7
(Assets deducted for the calculation of core capital)	-246.6
Total of on-balance-sheet exposure values (excl. derivatives, securities financing transactions (SFTs) and fiduciary assets)	3,771,373.1
Current replacement cost for all derivative transactions	2,376.0
Amounts added for the potential future replacement value relative to all derivative transactions (mark-to-market method)	20,730.0
(Receivables deducted for additional cash payments for derivative transactions)	-180,211.0
Total exposures from derivatives	-157,105.0
Total exposures from securities financing transactions	0.0
Off-balance-sheet exposure values at gross nominal value	728,002.4
(Adjustments for conversion to credit equivalent amounts)	-531,569.3
Other off-balance-sheet exposure values	196,433.2
Core capital	307,999.3
Total exposure measure of leverage ratio	3,810,701.3
Leverage ratio	8.1%

The choice 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 enter 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)	3,771,619.7
<i>of which trading book exposures</i>	<i>0.0</i>
<i>of which non-trading book exposures</i>	<i>3,771,619.7</i>
<i>of which covered bonds</i>	<i>126,078.5</i>
<i>of which exposures treated in the same way as exposures to central governments</i>	<i>1,233,367.9</i>
<i>of which exposures to regional governments, multilateral development banks, international organisations and public-sector entities NOT treated in the same way as exposures to central governments</i>	<i>609,098.8</i>
<i>of which institutions</i>	<i>269,141.5</i>
<i>of which secured by mortgages on immovable property</i>	<i>0.0</i>
<i>of which retail exposures</i>	<i>0.0</i>
<i>of which corporates³</i>	<i>1,412,442.4</i>
<i>of which exposures in default</i>	<i>0.0</i>
<i>of which other exposure classes</i>	<i>121,490.6</i>

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-carrying capacity as at the reporting date, Kommunalkredit prepares a dynamic capital budget, including regulatory equity ratios,

³ In their majority, exposures related to infrastructure.

for the budgeting period on a quarterly basis and/or according to requirements. Portfolio run-off, new business, and known or expected special effects are considered 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 taken into account.

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 2019, the leverage ratio increased slightly due to profit retention and the EUR 20 million capital increase which more than offset the increase of the total risk position.

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

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

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 (in particular 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 2019, all derivatives were included in the banking book. Collateral margining is also agreed upon for repo transactions. Kommunalkredit ensures that the collateral can be realised 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 et seq. 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 arrangements 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 et seq. CRR). The reduced potential future credit exposure, i.e. the exposure value after netting, is calculated pursuant to Art.220 in conjunction with Art.223 et seq. CRR for all contracts covered by netting arrangements. As at 31 December 2019, 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 personal collateral, cash deposits with Kommunalkredit and netting framework arrangements. Cash deposits are measured at their nominal value, with currency or maturity mismatches taken into account through a corresponding discount. In the case of personal collateral, collateral givers 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 takes financial collateral and personal forms of 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 guarantors and credit derivative counterparties

Most of the personal forms of collateral available to Kommunalkredit are guarantees of central governments and regional governments.

Guarantors by rating and exposure class in TEUR						
Regulatory rating	Central governments and central banks	Regional governments	Public-sector entities	Institutions	Corporates	Total
non-rated	0.0	0.0	11,837.3	658.9	0.0	12,496.2
1	35,105.5	643,040.3	0.0	0.0	40,172.4	718,318.2
2	0.0	0.0	0.0	0.0	9,416.4	9,416.4
3	10,235.4	19,760.6	0.0	0.0	0.0	29,996.0
4	0.0	0.0	0.0	0.0	0.0	0.0
5	0.0	19,658.0	0.0	0.0	0.0	19,658.0
6	0.0	0.0	0.0	0.0	0.0	0.0
Total	45,340.9	682,458.9	11,837.3	658.9	49,588.8	789,884.8

Art. 453 (e) CRR

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

Given Kommunalkredit's portfolio, there is a certain credit risk concentration with a number of 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 through personal collateral	Of which through financial collateral
Exposures to central governments or central banks	586,317.7	0.0	0.0	0.0
Exposures to regional governments or local authorities	636,506.8	16,788.8	16,788.8	0.0
Exposures to public-sector entities	94,234.7	508,618.7	508,618.7	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	149,718.2	248,318.3	0.0	248,318.3
Exposures to corporates ⁴	1,279,403.1	270,546.8	265,911.2	4,635.5
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	29,632.7	0.0	0.0	0.0
Exposures in the form of covered bonds	126,078.5	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 in undertakings for collective investments in transferable securities (UCITS)	76,818.5	0.0	0.0	0.0
Equity exposures	934.9	0.0	0.0	0.0
Other exposures	46,895.9	0.0	0.0	0.0
Total	3,026,541.0	1,044,272.6	791,318.8	252,953.8

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.

⁴ 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 AG
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
<i>Regulatory treatment</i>			
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	172,659,453
9	Nominal amount of the instrument (in EUR)	35,000	172,659,453
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.
<i>Coupons / dividends</i>			
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
N	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 AG	Kommunalkredit Austria AG	Kommunalkredit Austria AG	Kommunalkredit Austria AG
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, subordination pursuant to Austrian law	German law, subordination pursuant to Austrian law	German law, subordination pursuant to Austrian law
<i>Regulatory treatment</i>					
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)	1,831,873	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/-022017	Annually as of 09/02/2017
<i>Coupons / dividends</i>					
17	Fixed or floating dividend/coupon payments	Floating	Fixed	Fixed	Fixed
18	Nominal coupon and reference interest rate, if applicable	5.40% * n / N n: Number of calendar days if (30YCMS - 2YCMS) >= minus 0.05% 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 AG	Kommunalkredit Austria AG	Kommunalkredit Austria AG	Kommunalkredit Austria AG
2	Uniform identifier (such as ISIN) / internal designation	SSD 48	SSD 49	SSD 50	SSD 51
3	Governing law of the instrument	German law, subordination pursuant to Austrian law	German law, subordination pursuant to Austrian law	German law, subordination pursuant to Austrian law	German law, subordination pursuant to Austrian law
<i>Regulatory treatment</i>					
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)	4,299,014	4,299,014	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
<i>Coupons / dividends</i>					
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 (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 2: Art. 439 (e) to (h) CRR – Exposure to counterparty risks by exposure class and risk weight

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	39,187.1	0.0	6,319.3	88,778.6	0.0	0.0	134,285.1
Exposures to corporates	0.0	0.0	0.0	0.0	1,667.8	0.0	0.0	1,667.8
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
Exposures in the form of units in undertakings for collective investments in transferable securities (UCITS)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other exposures	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	0.0	39,187.1	0.0	6,319.3	90,446.4	0.0	0.0	135,952.8

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			Total	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			
Austria	361,231.8	0.0	0.0	0.0	0.0	0.0	11,814.0	0.0	0.0	11,814.0	10.8%	0.0 %
Belgium	16,588.6	0.0	0.0	0.0	0.0	0.0	1,327.1	0.0	0.0	1,327.1	1.2%	0.5 %
Bulgaria	32,572.2	0.0	0.0	0.0	0.0	0.0	2,605.8	0.0	0.0	2,605.8	2.4%	0.0 %
Switzerland	14,393.5	0.0	0.0	0.0	0.0	0.0	76.2	0.0	0.0	76.2	0.1%	0.0 %
Czech Republic	18,357.2	0.0	0.0	0.0	0.0	0.0	1,550.3	0.0	0.0	1,550.3	1.4%	1.5%
Germany	200,136.8	0.0	0.0	0.0	0.0	0.0	15,818.1	0.0	0.0	15,818.1	14.4%	0.0 %
Denmark	4,875.6	0.0	0.0	0.0	0.0	0.0	39.0	0.0	0.0	39.0	0.0%	0.0 %
Spain	223,074.0	0.0	0.0	0.0	0.0	0.0	17,845.9	0.0	0.0	17,845.9	16.3%	1.0 %
Finland	1,998.0	0.0	0.0	0.0	0.0	0.0	16.0	0.0	0.0	16.0	0.0%	0.0 %
France	109,662.1	0.0	0.0	0.0	0.0	0.0	5,511.3	0.0	0.0	5,511.3	5.0%	0.3 %
Great Britain	149,599.0	0.0	0.0	0.0	0.0	0.0	11,551.9	0.0	0.0	11,551.9	10.5%	1.0 %
Gibraltar	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0 %
Croatia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0 %
Italy	21,755.6	0.0	0.0	0.0	0.0	0.0	1,740.4	0.0	0.0	1,740.4	1.6%	0.0 %
South Korea	5,006.0	0.0	0.0	0.0	0.0	0.0	80.1	0.0	0.0	80.1	0.1%	0.0 %
Luxembourg	151,880.1	0.0	0.0	0.0	0.0	0.0	12,151.6	0.0	0.0	12,151.6	11.1%	0.0 %
Netherlands	171,537.6	0.0	0.0	0.0	0.0	0.0	12,491.9	0.0	0.0	12,491.9	11.4%	0.0 %
Norway	39,252.2	0.0	0.0	0.0	0.0	0.0	2,779.7	0.0	0.0	2,779.7	2.5%	2.5 %

New Zealand	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0 %
Poland	103,116.3	0.0	0.0	0.0	0.0	0,0	6,472.0	0.0	0.0	6,472.0	5.9%	0.0 %
Portugal	33,184.4	0.0	0.0	0.0	0.0	0,0	1,390.1	0.0	0.0	1,390.1	1.3%	0.0 %
Serbia	25,344.9	0.0	0.0	0.0	0.0	0,0	2,027.6	0.0	0.0	2,027.6	1.8%	0.0 %
Turkey	29,668.6	0.0	0.0	0.0	0.0	0,0	2,373.5	0.0	0.0	2,373.5	2.2%	0.0 %
United States of America	0.0	0.0	0.0	0.0	0.0	0,0	0.0	0.0	0.0	0.0	0.0%	0.0 %
Total	1,713,234.6	0.0	0.0	0.0	0.0	0.0	109,662.4	0.0	0.0	109,662.4	100.0%	0.2%

Table 4: Art. 442 (d) – Geographic distribution of the exposures by significant area and material exposure class

in TEUR	Western Europe								Total	Central and Eastern Europe			Other region			Sum total
	Austria	Germany	Spain	France	United Kingdom	Luxembourg	Netherlands	Other		Poland	Other	Total	Israel	Other	Total	
Exposures to central governments or central banks	466,339.6	415.1	15,780.2	0.0	0.0	0.0	0.0	25,367.5	41,562.8	0.0	78,415.3	78,415.3	0.0	0.0	0.0	586,317.7
Exposures to regional governments or local authorities	599,124.7	4,903.7	7,301.1	0.0	0.0	0.0	0.0	0.0	12,204.8	0.0	0.0	0.0	0.0	41,966.1	41,966.1	653,295.6
Exposures to public-sector entities	570,453.0	0.0	0.0	0.0	0.0	0.0	0.0	32,400.4	32,400.4	0.0	0.0	0.0	0.0	0.0	0.0	602,853.4
Exposures to institutions	18,967.9	66,855.4	330.1	14,287.2	219,600.8	12.5	0.0	38,477.7	339,563.6	2.0	4,273.9	4,275.9	0.0	35,229.1	35,229.1	398,036.5
Exposures to corporates ⁵	264,356.1	200,066.3	223,074.0	87,713.6	154,234.5	75,031.6	158,063.6	85,922.1	984,105.7	45,895.0	108,478.2	154,373.2	112,440.3	34,674.6	147,114.9	1,549,949.9
Exposures associated with particularly high risk	0.0	0.0	0.0	0.0	0.0	30.0	0.0	0.0	30.0	27,560.7	2,042.0	29,602.7	0.0	0.0	0.0	29,632.7
Exposures in the form of covered bonds	49,115.4	0.0	0.0	21,948.5	0.0	0.0	13,474.0	4,875.6	40,298.1	29,660.6	7,004.4	36,665.0	0.0	0.0	0.0	126,078.5
Exposures in the form of units in undertakings for collective investments (UCI)	0.0	0.0	0.0	0.0	0.0	76,818.5	0.0	0.0	76,818.5	0.0	0.0	0.0	0.0	0.0	0.0	76,818.5
Other exposures	46,883.8	12.2	0.0	0.0	0.0	0.0	0.0	0.0	12.2	0.0	0.0	0.0	0.0	0.0	0.0	46,895.9
Equity exposures	876.6	58.3	0.0	0.0	0.0	0.0	0.0	0.0	58.3	0.0	0.0	0.0	0.0	0.0	0.0	934.9
Total	2,016,117.0	272,310.9	246,485.4	123,949.3	373,835.3	151,892.6	171,537.6	187,043.2	1,527,054.4	103,118.4	200,213.7	303,332.1	112,440.3	111,869.9	224,310.1	4,070,813.6

⁵ In their majority, exposures related to infrastructure.

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

in TEUR	Provision of financial and insurance services	Public administration, defence; social security	Land and residential real estate	Water supply; wastewater and waste disposal, remediation of contaminated sites	Health care and social affairs	Construction industry	Energy supply	Information and communication	Provision of free-lance, scientific and technical services	Other	Total
Exposures to central governments or central banks	466,754.7	119,563.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	586,317.7
Exposures to regional governments or local authorities	0.0	636,922.9	0.0	0.0	14,004.6	0.0	0.0	0.0	0.0	2,368.1	653,295.6
Exposures to public-sector entities	79,186.5	76,322.6	61,576.2	221,004.5	111,254.1	21,664.1	19,658.0	0.0	0.0	12,187.4	602,853.4
Exposures to institutions	397,897.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	139.1	398,036.5
Exposures to corporates ⁶	384,992.2	11.1	208,082.3	38,301.9	96,999.7	109,252.2	314,704.4	219,621.5	104,748.9	73,235.8	1,549,949.9
Exposures associated with particularly high risk	30.0	0.0	0.0	0.0	0.0	27,560.7	2,042.0	0.0	0.0	0.0	29,632.7
Exposures in the form of covered bonds	126,078.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	126,078.5
Exposures in the form of units in undertakings for collective investments (UCI)	76,818.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	76,818.5
Other exposures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	46,895.9	46,895.9
Equity exposures	0.1	1.0	35.0	0.0	0.0	0.0	0.0	494.0	404.3	0.0	934.9
Total	1,531,758.0	832,820.6	269,693.5	259,306.3	222,258.5	158,476.9	336,404.3	220,115.6	105,153.6	134,826.2	4,070,813.6

⁶ In their majority, exposures related to infrastructure.

Table 6: Art. 444 (e) CRR – Distribution of exposure values after credit risk mitigation by exposure class and risk weight

in TEUR	0%	2%	10%	20%	50 %	100%	150%	250%	Total
Exposures to central governments or central banks	631,658.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	631,658.6
Exposures to regional governments or local authorities	1,270,794.7	0.0	0.0	48,171.0	0.0	0.0	0.0	0.0	1,318,965.7
Exposures to public-sector entities	2,507.0	0.0	0.0	103,565.1	0.0	0.0	0.0	0.0	106,072.0
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	43,856.0	0.0	71,861.9	34,659.1	0.0	0.0	0.0	150,377.1
Exposures to corporates ⁷	0.0	0.0	0.0	51,609.7	18,363.5	1,260,452.7	0.0	0.0	1,330,425.9
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	29,632.7	0.0	29,632.7
Exposures in the form of covered bonds	0.0	0.0	82,255.6	43,822.9	0.0	0.0	0.0	0.0	126,078.5
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 in undertakings for collective investments in transferable securities (UCITS)	0.0	0.0	0.0	0.0	0.0	76,818.5	0.0	0.0	76,818.5
Equity exposures	0.0	0.0	0.0	0.0	0.0	876.6	0.0	58.3	934.9
Other exposures	3,908.8	0.0	0.0	3,326.5	0.0	28,133.6	0.0	11,527.0	46,895.9
Total	1,908,869.1	43,856.0	82,255.6	322,357.0	53,022.6	1,366,281.4	29,632.7	11,585.3	3,817,859.8

⁷ In their majority, exposures related to infrastructure.

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