



# EUR 300m Social Covered Bond (ISIN: XS1645257590)

Social Asset Portfolio: Annual Reporting as of 30 June 2018

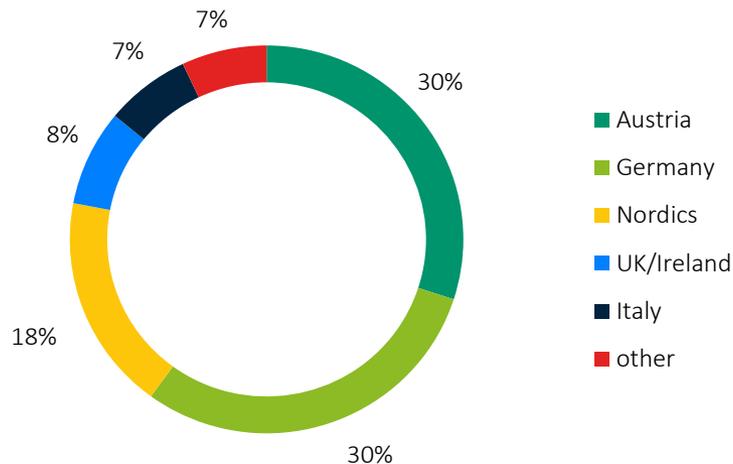
# Social Covered Bond

## Summary of the issuance

- EUR 300m Social Covered Bond (ISIN: XS1645257590)
- Term: 4 years (12 July 2017 – 12 July 2021)
- Spread: Re-offer spread of 38bps
- First publicly issued social covered bond out of Austria
- Second Opinion by Sustainalytics: „robust, credible and transparent” bond with “positive social impacts”
- Leads: Commerzbank, Deutsche Bank, Raiffeisen International, ING

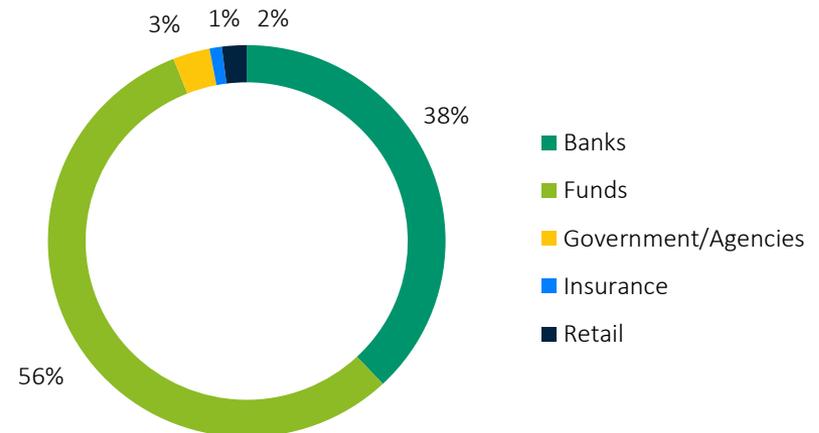
### Order book by region

in %, as at 12 July 2017



### Order book by borrower type

in %, as at 12 July 2017



Link: <https://www.kommunalkredit.at/en/investor-relations/bondholder-information-funding/kommunalkredit-covered-bonds-kacb/social-covered-bonds/>

# Social Covered Bond (cont'd)

## Confirmation by Second Opinion

Kommunalkredit's Social Covered Bond complies with the four pillars of the ICMA "Green Bond Principles and Guidance for Issuers of Social Bonds 2016" confirmed by Sustainalytics:

Use of funds	Project selection and criteria	Management of proceeds	Transparency and reporting
<p>Financing of three sectors:</p> <ul style="list-style-type: none"><li>▪ Education (schools, universities, etc.)</li><li>▪ Healthcare (hospitals, rehabilitation centres, etc.)</li><li>▪ Social housing</li></ul>	<ul style="list-style-type: none"><li>▪ Sustainability checklist obligatory in loan application – check for ecological and social impact</li><li>▪ Exclusion of controversial business sectors: weapons, nuclear power, etc.</li></ul>	<ul style="list-style-type: none"><li>▪ 100% refinancing of existing social infrastructure projects at time of issuance</li><li>▪ Investment in new projects over term of bond according to selection criteria</li></ul>	<p>Annual information on website<sup>1</sup>:</p> <ul style="list-style-type: none"><li>▪ Development of social asset portfolio and description of social impact</li><li>▪ Verification by external auditor of amount of dedicated funds in the Half Year Report</li></ul>

**Sustainalytics GmbH (Sustainalytics)**, a provider of environmental, social and governance (ESG) research and analysis, evaluated Kommunalkredit's social bond transaction set forth in the Pricing Supplement and the alignment thereof with relevant industry standards, provided views on the robustness and credibility of the Social Bond within the meaning of the Social Bond Guidance for Issuers within the Green Bond Principles

<sup>1</sup> <https://www.kommunalkredit.at/en/investor-relations/bondholder-information-funding/covered-bonds/social-covered-bonds/>  
<https://www.kommunalkredit.at/en/investor-relations/financial-reports/>

# Social Asset Portfolio

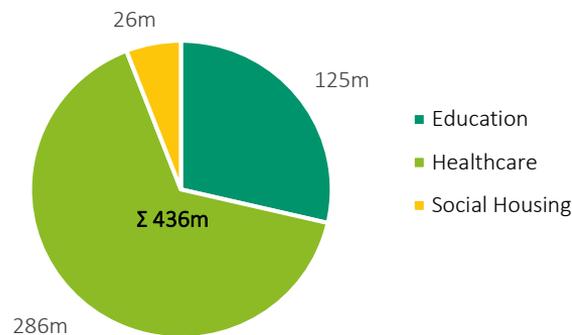
## Development of social asset portfolio

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Kommunalkredit's Social Asset Portfolio amounts to EUR 436m as of 30 June 2018 comprising 80 loans. During the first reporting period, from 2017 to 2018, Kommunalkredit financed three new social infrastructure projects amounting to approx. EUR 98m in total, replacing most of the redemptions and sales in the portfolio. The amount of dedicated funds as of 30 June 2018 will be verified by Kommunalkredit's external auditor as part of the Half Year Report, which will be made available on Kommunalkredit's website.<sup>1</sup>

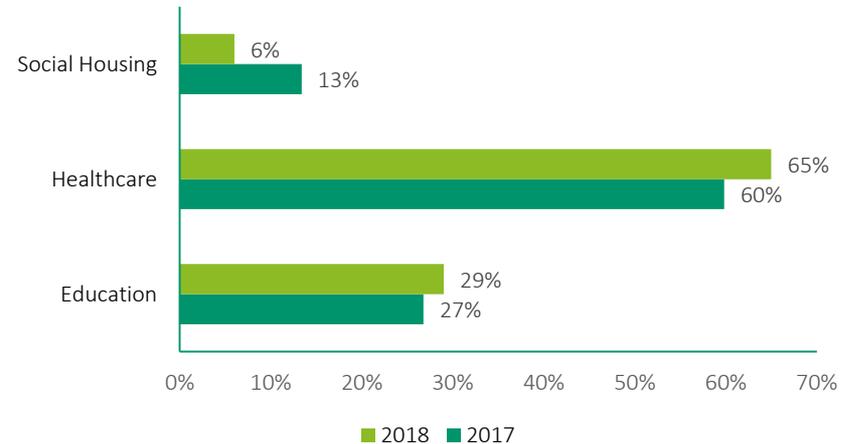
### Sector Distribution of Social Asset Portfolio

in EURm, as at 30 June 2018



### Development of Social Asset Portfolio

in %, 2018 vs. 2017



<sup>1</sup> <https://www.kommunalkredit.at/en/investor-relations/financial-reports/>

# Social Asset Portfolio (cont'd)

Newly dedicated projects and social impact

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## Project 1:

Sector: Healthcare

Geography: Germany

Volume Kommunalkredit: EUR 20m

Maturity: 2023

**Battlestar  
Nursing Homes**  
**EUR 20m**  
Real Estate Finance  
Senior Lender  
2017  
Germany

## Social Impact:

The project includes the financing of 17 healthcare assets (sixteen assisted living/nursing home properties and one rehab center) which help to improve the quality of assisted living in Western Germany responding to demographic trends (high demand for nursing home places combined with an ageing population). In total the project comprises 177.284 sqm and 2.785 beds.

## Project 2:

Sector: Healthcare

Geography: United Kingdom (UK)

Volume Kommunalkredit: GBP 24m

Maturity: 2023

**Healthcare  
Nursing Homes**  
**GBP 24m**  
Real Estate Finance  
Senior Lender  
2018  
United Kingdom

## Social Impact:

The project includes the financing of 22 healthcare assets (elderly care homes offering residential, dementia and nursing care services) which help to improve the quality of care homes for the elderly and physically disabled in the UK, also responding to the demographic changes in the country. The whole portfolio of the holding company consists of 35 homes (2.877 beds in total) located all across the United Kingdom.

# Social Asset Portfolio (cont'd)

Newly dedicated projects and social impact

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## Project 3:

Sector: Healthcare

Geography: United Kingdom (UK)

Volume Kommunalkredit: GBP 45m

Maturity: 2023



## Social Impact:

The project includes the financing of a group, being the fourth largest UK social services provider for individuals with learning disabilities, mental health needs and acquired brain injuries responding to the continued growth in the number of people with such disabilities. The portfolio consists of a total of 137 healthcare assets and 1.063 beds. Services are located in England and Wales.

All newly dedicated projects comply with the thematic, exclusionary and sustainability criteria as described in Kommunalkredit's Social Covered Bond Framework<sup>1</sup>.

<sup>1</sup> <https://www.kommunalkredit.at/en/investor-relations/bondholder-information-funding/kommunalkredit-covered-bonds-kacb/social-covered-bonds/>

# Sustainability Ratings

«Most sustainable public covered bond programme in Austria» (imug)

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Kommunalkredit has a long track record in sustainability ratings



## Very positive (A) for public sector covered bonds

With their “very positive” rating, public sector covered (PSC) bonds of Kommunalkredit are rated as being particularly good at achieving sustainable financing.

- With 79.51 %, PSC bonds enjoy the best rating of all 12 Austrian issuers of PSC bonds rated
- Third-best rating of all 44 issuers of public covered bonds rated



## Positive (Rating B) for (senior) uncovered bonds

With their “positive” rating, uncovered bonds of Kommunalkredit are rated as being well established.

- With 48.78 %, senior bonds enjoy the best rating of all 8 Austrian issuers
- Fifth-best rating of all 52 issuers of senior bonds rated in the Region Austria/Germany/Switzerland



## Above-average: 57 points (out of a maximum of 100)

Sustainalytics rates the sustainability of Kommunalkredit as being above-average.

# Sustainability Ratings (cont'd)

Kommunalkredit is very well prepared for further ESG bond issuances

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Kommunalkredit is awarded with in total 4 sustainability ratings



## Prime status (C) – a precondition for green bond issues

Ratings agency oekom currently rates Kommunalkredit as “Prime”, or a leading company in its industry. oekom prime status entitles the company to describe its issues as “green”.



## „rfu Qualified“ (Rating ba)

The Austrian rating agency rfu rated Kommunalkredit with the status "rfu Qualified" (rating result: ba). The "rfu Qualified" status is awarded to the best companies in the industry, which have also been included in the sustainable investment univers of rfu.

Rfu is an Austrian company specializing in sustainable investment and, in particular, sustainability analysis.

# Kommunalkredit At A Glance

Specialised & real asset dedicated bank with pure infrastructure focus

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## Kommunalkredit At A Glance

- Kommunalkredit covers the entire life cycle of a project
- We offer management of assets over the long term
- Kommunalkredit provides tangible benefit to the community:
  - Economic dynamism
  - Urban development and renewal
  - Job creation
  - Climate change
  - Social cohesion
- We enable sustainable infrastructure investments that improve the quality of people's lives
- Infrastructure investments can serve as a powerful tool for answering social needs and fundamentally increasing the general well-being of communities
- We focus on secure, safe and sustainable yield to our investors
- Kommunalkredit as partner of choice for long term commitment

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## Kommunalkredit Austria AG

Tuerkenstrasse 9, 1092 Vienna

Phone: +43 (0)1/31 6 31-678

[investorrelations@kommunalkredit.at](mailto:investorrelations@kommunalkredit.at)

[www.kommunalkredit.at](http://www.kommunalkredit.at)