



EUR 300m Social Covered Bond (ISIN: XS1645257590)

Social Asset Portfolio: Annual Reporting as of 30 June 2019

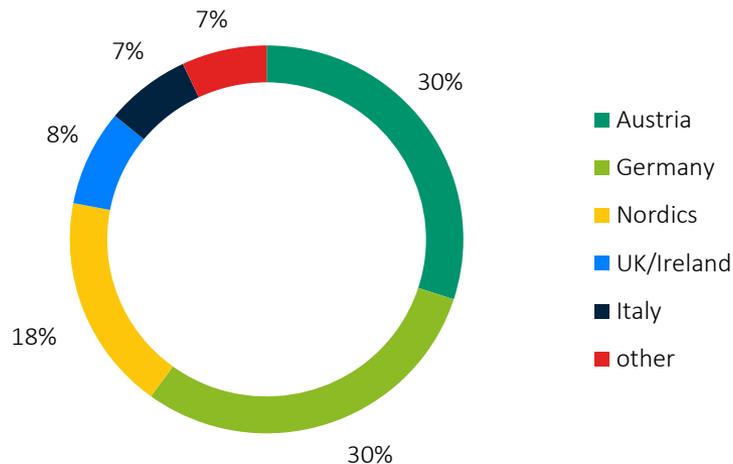
Social Covered Bond

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

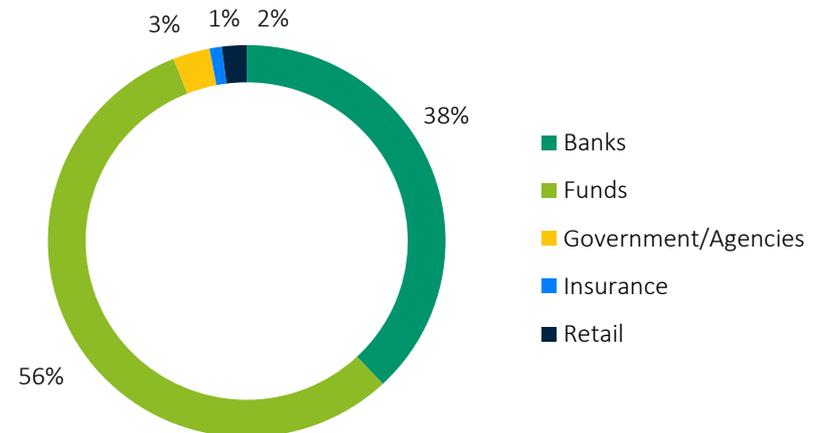
Order book by region

in %, as of 12 July 2017



Order book by borrower type

in %, as of 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

Financing of three sectors:

- Education (schools, universities, etc.)
- Healthcare (hospitals, rehabilitation centres, etc.)
- Social housing

Project selection and criteria

- Sustainability checklist obligatory in loan application – check for ecological and social impact
- Exclusion of controversial business sectors: weapons, nuclear power, etc.

Management of proceeds

- 100% refinancing of existing social infrastructure projects at time of issuance
- Investment in new projects over term of bond according to selection criteria

Transparency and reporting

Annual information on website¹:

- Development of social asset portfolio and description of social impact
- Verification by external auditor of amount of dedicated funds in the Half Year Report

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

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

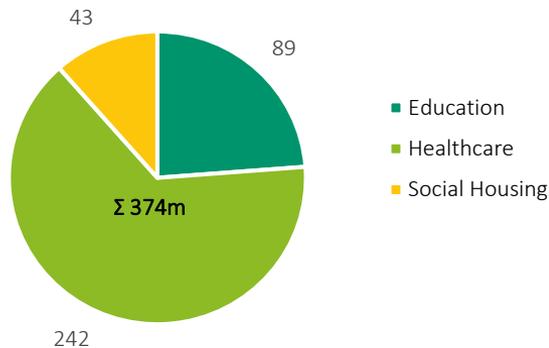
Social Asset Portfolio

Development of Social Asset Portfolio

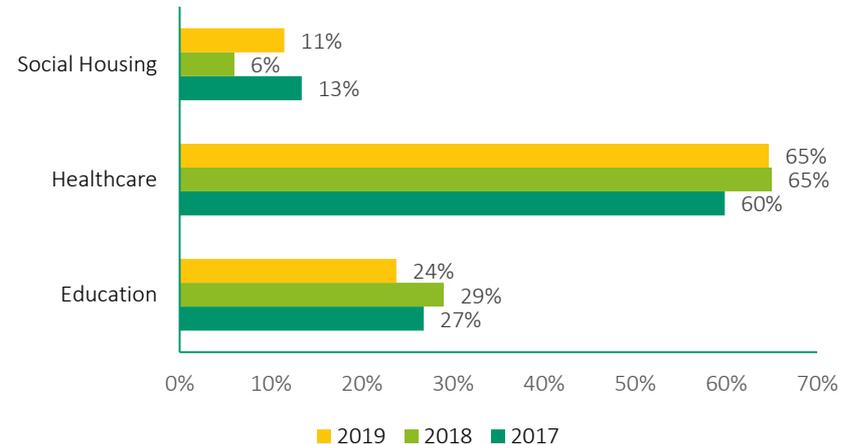
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Kommunalkredit's Social Asset Portfolio amounts to EUR 374m (2018: 436m) as of 30 June 2019 comprising 62 (2018: 80) loans. During the current reporting period (2018|2019) Kommunalkredit financed eight new social infrastructure projects amounting to approx. EUR 34m in total, replacing most of the redemptions and sales in the portfolio. The amount of dedicated funds as of 30 June 2019 will be verified by Kommunalkredit's external auditor as part of the Half Year Report, which will be made available on Kommunalkredit's website.¹

Sector Distribution of Social Asset Portfolio in EURm, as of 30 June 2019



Development of Social Asset Portfolio in %, 2017 - 2019



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

Social Asset Portfolio (cont'd)

2018|2019: Newly dedicated projects and social impact

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2018| 2019

Project 1:

Sector: Healthcare

Geography: United Kingdom (UK)

Volume Kommunalkredit: GBP 10m

Maturity: 2023

Healthcare
Care Homes
GBP 10m
Real Estate Finance
Senior Lender
2018
United Kingdom

Social Impact:

The project finances one of the leading UK specialist care provider across the areas of residential learning disabilities (387 beds), residential mental health care and support for mental health disorders, e.g. self-harm, drug & alcohol abuse and schizophrenia (14 homes & 121 beds) and supported living (116 serviced persons & 290'000 hours). The homes are located in England southwest of London.

Project 2 (two loans):

Sector: Healthcare

Geography: United Kingdom (UK)

Volume Kommunalkredit: GBP 5.1m

Maturity: 2023

Healthcare
Care Homes
GBP 5.1m
Real Estate Finance
Senior Lender
2018/2019
United Kingdom

Social Impact:

The facility is dedicated for the expansion of one of the leading UK specialist care providers across the areas of residential learning disabilities, residential mental health and supported living. Management considers an organic roll out of 133 additional beds (16 learning disability and 117 mental health) over the next 5 years. Until June 2019, four care homes are currently under development, with a capacity of 31 residents in learning disabilities and 12 in residential mental health.

Social Asset Portfolio (cont'd)

2018 | 2019: Newly dedicated projects and social impact

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2018 | 2019

Project 3:

Sector: Education

Geography: Austria

Volume Kommunalkredit: EUR 1.3m

Maturity: 2020

Education
Kindergarten
EUR 1.3m
Real Estate Finance
Senior Lender
2019
Austria

Social Impact:

Extension of a provincial subsidized kindergarten of an Austrian municipality by a day care group (maximum 16 children) and an additional kindergarten group (maximum 25 children), providing further subsidized capacities in a region with growing population.

Project 4:

Sector: Education

Geography: Austria

Volume Kommunalkredit: EUR 1.1m

Maturity: 2029

Education
Primary School
EUR 1.1m
Real Estate Finance
Senior Lender
2019
Austria

Social Impact:

Construction of a new primary school (12 classes) of an Austrian municipality, providing further subsidized capacities in a region with growing population.

Project 5:

Sector: Education

Geography: Austria

Volume Kommunalkredit: EUR 0.3m

Maturity: 2029

Education
Kindergarten
EUR 0.3m
Real Estate Finance
Senior Lender
2019
Austria

Social Impact:

Renovation and extension (by two further groups) of an existing subsidized kindergarten of an Austrian municipality.

Social Asset Portfolio (cont'd)

2018 | 2019: Newly dedicated projects and social impact

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2018 | 2019

Project 6:

Sector: Social Housing

Geography: Austria

Volume Kommunalkredit: EUR 0.4m

Maturity: 2029

Social Housing
Renovation
EUR 0.4m
Real Estate Finance
Senior Lender
2019
Austria

Social Impact:

Renovation of municipal residential buildings eligible to socially disadvantaged groups constructed in the 1950s & 1980s. Eligibility is mainly based on combined household income and number of children. The residential buildings are consisting of approx. 20 apartments.

Project 7 / Project 8:

Sector: Social Housing

Geography: Austria

Volume Kommunalkredit: EUR 18.5m

Maturity: 2053/2055

Social Housing
Construction
EUR 18.5m
Real Estate Finance
Senior Lender
2019
Austria

Social Impact:

Housing subsidy: Funding will be provided to social cooperative housing associations for the construction of residential buildings. Eligibility is mainly based on combined household income and number of children.

All newly dedicated projects comply with the thematic, exclusionary and sustainability criteria as described in Kommunalkredit's Social Covered Bond Framework¹.

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

Social Asset Portfolio (cont'd)

2017|2018: Dedicated projects and social impact

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2017| 2018

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)

2017|2018: Dedicated projects and social impact

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2017| 2018

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 dedicated projects comply with the thematic, exclusionary and sustainability criteria as described in Kommunalkredit's Social Covered Bond Framework¹.

¹ <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 (Rating 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.

- Kommunalkredit’s PSC bond performance enjoys a score of 74.48%



Positive (Rating B) for issuer sustainability

With its “positive” rating, Kommunalkredit’s issuer performance is rated as being well established.

- With 36.21%, Kommunalkredit is ranked 8th out of 47 in terms of Bank type and
- 25th out of 132 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.

Clear Vision. Concise Mission.

Vision | Mission | USP

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Vision

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

Mission

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

What sets us apart

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

Benefit to the community

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



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Kommunalkredit Austria AG

Tuerkenstrasse 9, 1092 Vienna

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

investorrelations@kommunalkredit.at

www.kommunalkredit.at