Kommunalkredit Austria AG

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	A
Short-Term IDR	F1
Viability Rating	b+
Support Rating	1
Support Rating Floor	A

Sovereign Risk

Foreign-Currency Long-Term IDR	AAA
Local-Currency Long-Term IDR	AAA

Outlooks

Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Watches

Foreign-Currency Long-Term IDR	Negative
Short-Term IDR	Negative
Support Rating	Negative
Support Rating Floor	Negative

Financial Data

Kommunalkredit Austria AG

	30 Jun 12	31 Dec 11
Total assets (USDm)	20,997.9	21,670.5
Total assets (EURm)	16,678.6	16,749.1
Total equity (EURm)[a]	121.1	101.9
Operating Profit	16.4	-157.2
Net income (EURm)	12.3	-148.4
Cost-income ratio (%)	56.78	-65.13
Operating ROAA (%)	0.26	-0.95
Operating ROAE (%)	29.58	-70.40
Tier 1 ratio (%)	12.40	12.00
Fitch core capital/ weighted risks (%)	5.44	4.35

[a]excl. participation capital

Related Research

KA Finanz (November 2012)
Austria (April 2012)

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Key Rating Drivers

Sovereign Support Drives IDRs: The Long- and Short-Term Issuer Default Ratings of Kommunalkredit Austria AG (KA) are driven by Fitch Ratings' assessment of support from the bank's owner, the Republic of Austria ('AAA'/Stable).

Challenging Public Sector Lending: KA's Viability Rating (VR) primarily reflects the bank's vulnerability to funding cost fluctuations, still large low-yield legacy public sector loan book, considerable credit risk concentration and the continued difficult operating environment for public sector financing. The VR also takes into account progress in increasing advisory-related income, generally good-quality counterparties and gradually recovering profitability.

Privatisation Process Begun: In mid-2012 the Austrian government started KA's privatisation process, aiming to complete it by mid-2013. The Rating Watch Negative (RWN) on KA's ratings (except its VR) reflects Fitch's view that if the privatisation goes ahead the creditworthiness and support propensity of the acquiring entity will be unlikely to be as strong as that of the Republic of Austria. Risks to KA's ratings are therefore clearly on the downside.

Privatisation and Other Options: Fitch considers the sale of KA challenging in the current market environment. Should no binding offers be received, the agency would expect the Austrian government to apply for an extension of the privatisation deadline.

Recovering but Modest Profitability: KA incurred a significant net loss in 2011, largely driven by a EUR176m write-down on its Greek sovereign exposure. Profitability improved in H112 despite below-plan lending volumes, and was underpinned by improving margins on new lending. Profitability, although still vulnerable to capital market sentiment, should in Fitch's view remain adequate as higher-margin exposure gradually replaces low-yielding legacy assets.

Adequate Credit Quality: KA's credit exposure is of adequate quality. It largely relates to highly rated public sector exposure in Austria, Germany and Switzerland. Concentration risk is high, reflecting its previous volume-driven business model, although it is falling gradually.

Planned Maturing Funding Replacement: KA is reliant on capital market funding, but intends to replace EUR3.9bn wholesale funding maturities in 2013-2014 with increasing institutional deposits, ECB funding and to a lesser extent covered and senior unsecured issues. It does not rely on government-guaranteed funding and manages liquidity adequately.

Tight Fitch Core Capital: Fitch considers KA's Tier 1 ratio (12.4% at end-H112) adequate. However, KA's Fitch core capital ratio is markedly lower (5.4% at end-H112), as it excludes the bank's EUR138m participation capital. KA's unweighted capital leverage remains high.

What Could Trigger a Rating Action

Watch Negative During Privatisation: KA's ratings are sensitive to a change in the state's creditworthiness, or a significant change in the nature of support to the bank. Should it be privatised in line with current plans, KA's IDRs would probably depend on the creditworthiness and rating of its new owner. Only if the owner were very committed and highly rated could KA's Long-Term IDR be affirmed at 'A'.

Successful Implementation of Strategy: A successful implementation of KA's advisory-focused business model could provide upside potential for KA's VR. A significant one-off loss or a deteriorating funding and/or liquidity profile could put the VR under pressure.

- Provider of municipal and infrastructure financing services in Austria
- Created in 2009 after effective nationalisation of KA Old
- New strategy focused on growth in less capital- and funding intensive advisory business
- Privatisation process started in mid 2012; finalisation likely in mid 2013

Profile

KA specialises in municipal and infrastructure-related financing and consultancy services, predominately in Austria, Germany, Switzerland and selected central and eastern European countries.

KA holds the strategic business of the former Kommunalkredit (KA Old), which was restructured in 2009 (see *Restructuring* below). Kommunalkredit Group is comprised principally of KA as parent and Kommunalkredit Public Consulting (KPC), which specialises in the management of federal government support programmes and consultancy services for international organisations and financial institutions. It also holds various other participations in companies related to KA's core business. KA focuses on business within Austria and its neighbouring countries, in contrast to KA Old's more geographically widespread activities.

Main Business Activities

KA's business focuses on municipal and infrastructure-related lending, including project finance and advisory services.

After the acquisition of KA by the Austrian government in 2009, KA repositioned its business model towards more lucrative and less capital/funding-intensive projects that also require advisory services. These include the social infrastructure, energy and environment and transport sectors. The bank also adjusted its margin for new lending considerably to account for the much more challenging funding environment for public sector lenders.

In light of KA Old's long-dated asset base, KA's legacy portfolio, although reducing in size since KA began operating in 2009, is still large. This leads to significant funding requirements and a depressed gross margin, despite continued re-pricing. However, as assets originated in line with the new strategic focus start forming a growing proportion of the bank's portfolio, this should gradually lead to a smaller proportion of legacy assets with a negative carry and therefore wider gross margin, improved profitability and reduced funding pressure.

Restructuring

- State rescue of KA Old in 2008 after the bank suffered a significant liquidity shortfall
- KA Old's core assets transferred to KA
- Non-core KA Old assets winding down in KF
- KA to be privatised in line with restructuring timetable

KA came to exist in its current form as a result of the state intervention in KA Old in late 2008.

KA Old's lending was focused on high-volume, low-margin public sector activities, and funded to a high degree by short-term instruments. This strategy gave rise to a significant liquidity shortfall when access to the wholesale markets dried up after the collapse of Lehman Brothers. The problem was exacerbated by significant market-driven losses and collateral posting requirements from the bank's large securities and CDS portfolios.

As a result the Republic of Austria purchased a 99.78% stake in the bank in January 2009[1] and implemented a restructuring plan. As part of the restructuring process KA Old was split into two legal entities in November 2009. Core assets were transferred to KA, which continues to generate new business. Non-core assets – mainly the bank's bond and CDS portfolio, and much of its overseas lending activity – were kept in KA Old, which became a run-off institution and was renamed KA Finanz AG (KF; see under *Related Research*).

KA also issued a EUR1bn government-guaranteed bond maturing in June 2013, which was subsequently placed with KF. Under a debtor warrant structure this bond qualifies as regulatory capital for KF. The government has also guaranteed the repayment of the bond to KA, which eliminates KF counterparty risk. Guarantee fees paid to the state in relation to the bond are

Related Criteria

Global Financial Institutions Rating Criteria (August 2012)
Evaluating Corporate Governance (December 2011)

[1] The state's majority stake was purchased from KA Old's former majority owners, Österreichische Volksbanken AG and Dexia Crédit Local. The outstanding 0.22% continued to be held by the Association of Austrian Municipalities. Parts of the non-collateralised claims of the former owners of KA Old were transformed into participation capital

offset by interest income from KF arising from the debtor warrant. Consequently this structure has a negligible effect on KA's income and expenses.

As part of EU competition law the restructuring framework had to be approved by the European Commission; approval was granted in March 2011. A condition of the approval was that KA should be privatised by June 2013. The privatisation process formally began in July 2012. Should no suitable buyer be found – which Fitch considers a possibility in light of the challenging market environment – the agency considers it likely that the Austrian Finance Ministry will request an extension to the privatisation deadline.

A detailed overview of the restructuring plan is provided in Fitch's previously published research on the two Kommunalkredit entities (available at www.fitchratings.com).

Accounting and Corporate Governance

The group's prepares consolidated financial statements are prepared under IFRS; KA's individual financials are prepared under Austrian GAAP. Due to the relative size of the subsidiaries – KA's assets form the vast majority of the group total – the group figures are considered in this analysis unless otherwise stated.

KA Old's management came under heavy criticism after the bank's effective nationalisation. As part of the restructuring process, KA introduced more rigorous corporate governance requirements and strengthened the degree and regularity of management reporting.

Representatives of the Republic of Austria make up most of KA's supervisory board. This board is regularly informed about developments concerning the service level agreement (SLA) in place between KA and KF. Under the SLA, a small number of KA employees have been seconded to KF to ensure appropriate risk and portfolio management. There are clear policies to avoid conflicts of interest.

Performance

- Significant loss for 2011 due to Greek write-downs
- Return to profitability in H112
- H112 one-off gains used to strengthen balance sheet
- Strategy to diversify earnings away from net interest income

Due to its thin margins and still high leverage, KA's performance is susceptible to changes in funding costs and one-off items. In H112 underlying profitability improved year on year, with net interest income (still KA's most significant source of revenue) and net fee income increasing. Pre-tax profit (EUR16.4m for H112 compared with EUR1.2m for H111) was further bolstered by non-recurring gains from the buy-back of own issues, which has a gross impact of EUR27.9m.

Figure 1
Performance Indicators

	30 Jun 12	31 Dec 11	30 Jun 11
Income statement (EURm)			
Net interest income	27.2	49.1	23.7
Net gains (losses) on assets at fair value through income statement	10.9	-179.2	-9.1
Net fees and commissions	7.5	14.8	6.8
Operating profit	16.4	-157.2	1.2
Net income	12.3	-148.4	0.9
Ratios (%)			
Interest income/average earning assets	6.04	6.41	6.16
Non-interest income/gross revenue	46.56	151.41	12.87
Non-interest expense/gross revenue	56.78	-65.13	95.59
Operating profit/average equity	29.58	-70.40	0.85
Operating profit/average total assets	0.20	-0.95	0.01
Taxes/pre-tax profit	25.00	5.60	25.00
Pre-impairment operating profit/risk weighted assets	2.00	-6.75	0.09

Source: Fitch; KA

Significant losses in 2011 were due to write-downs on the bank's exposure to Greece, which totalled EUR176m. All KA's exposures to Greece are now fully provisioned, although it still has exposure to other EU periphery countries, which are vulnerable to eurozone developments.

In H112 KA used most of the gains from discounted buyback of own debt to offset the loss on the disposal of some underperforming assets, including some low-margin exposures and the Greek sovereign bonds remaining after the Greek debt was restructured. This is in line with the bank's strategy of strengthening the balance sheet where possible, and should lead to improved asset quality in the medium term.

Underlying profitability continues primarily to be driven by net interest income, which totalled EUR27.2m at H112 (H111: EUR23.7m), accounting for around 60% of revenue (including the buy-back impact). The improvement year on year predominately reflects the increased focus on higher margins for new business, which mitigated pressure on funding costs.

KA's new business is generally granted at higher margins. Nevertheless, its profitability remains burdened by long-dated, low-margin credit exposures originated before 2008.

- Increasing net fee income from advisory subsidiary KPC in line with KA's diversification strategy

Kommunalkredit Public Consulting (KPC)

The activities of KA's 90% subsidiary KPC, which focuses on advisory and management services, represents a significant component of KA's post-restructuring business strategy. KPC's net profit, driven mainly by net fee income, was EUR0.7m for 2011, but the subsidiary is growing: total revenue increased to EUR14m in 2011 from EUR12m in 2010. Net fee and commission income for the group as a whole increased from EUR12.3m in 2010 to EUR14.8m for 2011, with most commission income generated through KPC activities. Net fee income continued to grow in H112 (up 10% year on year), and Fitch expects this trend to continue in H212 and 2013.

Operating Expenses

KA's operating expenses are fairly low, reflecting the bank's business model and absence of a branch network.

Total operating expenses totalled EUR22.9m in H112 (H111: EUR22.3m), of which around two-thirds related to staff costs. The slight period-on-period increase was driven by higher processing costs for the increased number of promotional lending applications. Administrative costs are slightly distorted by the provision of services to KF by KA under the SLA. Costs incurred under the agreement are recognised in administrative expenses but reimbursements from KF, which totalled EUR5.1m in H112 (H111: EUR5.5m), are recognised under "other operating income".

Additional costs arise from the Austrian bank levy, under which KA paid EUR4.6m in H112 (H111: EUR3.7m). The tax is a levy calculated based on total assets (at end-2009) and was introduced for Austrian banks in 2011.

Operating cost efficiency, ie KA's cost/income and cost/average assets ratios, has typically compared favourably with that of most peers. However, KA's newly generated business is less volume driven and more personnel intensive. In Fitch's view this could put pressure on KA's operating efficiency.

Impairment Charges

Loan impairment charges have historically been negligible but totalled EUR5.6m in H112, reflecting a 100% write-down of a loan against debtors guaranteed by the Republic of Greece (although to date there have been no overdue payments on this). This was the only loan impairment charge in the period.

The write-down charge reflects the fact that although overall loan quality is good the potential impact of one-off charges may be significant, particularly in light of the high concentration of KA's credit exposure.

Risk Management

- Strengthened risk management functions since restructuring
- Mainly exposed to credit risk
- High concentration risk leading to risk of high one-off costs, mitigated by high asset quality

Risk management has been strengthened considerably since 2009 by measures including the introduction of more rigorous risk management and corporate governance requirements. Weekly credit committees, asset and liability committees (ALCO) and monthly risk management committees control and monitor KA's ongoing risk exposures. KA's supervisory board is regularly informed about risk exposure and risk appetite and its internal audit reports quarterly to the supervisory board.

In Fitch's view KA is predominately exposed to credit-related concentration as well as funding and liquidity risk (see *Funding* below for the last of these). As newly granted loan and bond exposures are typically smaller than KA's legacy exposures, concentration and funding/liquidity risks should improve as legacy assets are gradually replaced.

At end-2011 credit risk accounted for 95% of capital adequacy requirements under Basel II, with operational risk making up most of the rest. Market risk is limited to structural interest rate risk in the banking book that is not directly captured in Pillar 1 capital requirements.

Credit Risk

Credit risk is mitigated by the high quality of the bank's credit exposure. KA's exposures are principally to public sector institutions, which are typically highly creditworthy, although the nature of lending to such counterparties means that concentration risk is high.

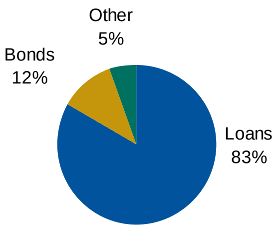
At end-H112 KA's total exposure was EUR13.5bn, including EUR11.3bn of loans (of which 26% were held at fair value), and EUR1.6bn in bonds (of which 19% were held at fair value).

In line with its restructuring strategy, KA's exposures are heavily concentrated in Austria and neighbouring countries; almost all exposures are to counterparties in Europe (see Figure 4). Many of KA Old's more geographically widespread positions are now managed by KF.

The bank's strategic focus means its exposures are dominated by local and public-sector authorities and institutions. At end-H112, 60% of KA's combined loan and bond portfolio was internally rated 'AAA'-'AA', with 96% of the portfolio investment grade. No loans were in default in H112 – the one impairment charge related to the full write-down on KA's Greek exposure.

Figure 2

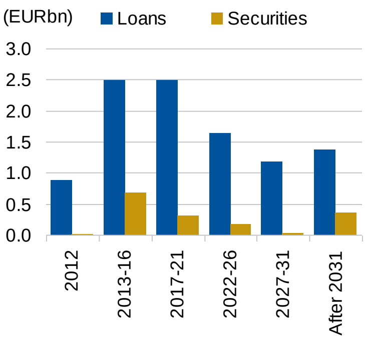
Asset Structure End-H112
Total: EUR13.5bn



Source: KA

Figure 3

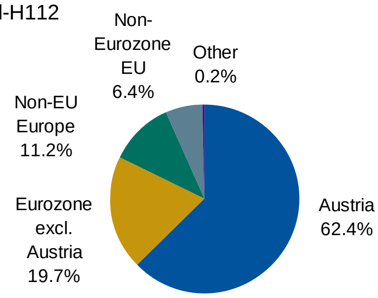
Asset Maturity Profile
By estimated due date, end-H112



Source: KA

Figure 4

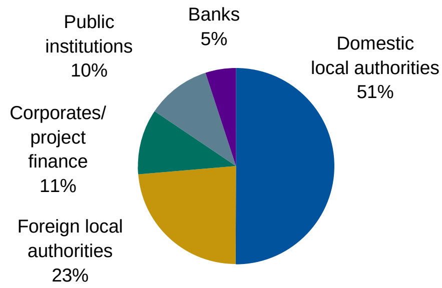
Exposure by Region
End-H112



Total exposure: EUR 13.5bn
Source: KA

Figure 5

Exposure by Sector
End-H112



Source: KA

Exposure to peripheral EU countries totalled EUR175.9m at end-H112. In line with the general composition of the banking book, almost all this exposure related to governments and local authorities with negligible exposures (EUR1m) to peripheral EU banks.

At end-2011 the largest 20 individual borrowers made up 45% of KA's total credit exposure. Almost all these large exposures are to public counterparties in highly rated countries, particularly Austria, but the top 20 also includes securities from one counterparty in Italy ('A−'/Negative) and one in Hungary ('BB+'/Negative). Each of the 20 largest exposures individually exceeded end-2011 Fitch core capital. There would therefore be a significant impact if any of these defaulted.

The bank does not hold any credit default swaps, and derivative transactions largely relate to interest rate swaps, currency swaps and FX forward transactions conducted for balance-sheet management purposes. Derivative counterparties are typically rated above ‘A’.

Although KA’s lower-volume new lending will lead to better credit risk diversification over time, in Fitch’s view its focus on project finance could mean the average credit quality of KA’s credit exposures could worsen over time. Nevertheless, the growth of KA’s advisory business should allow the bank to increase its revenue base without significantly increasing its balance sheet. This benefits its credit and funding profile. The bank also expects to continue to strengthen its balance sheet through the opportunistic disposal of its weaker assets.

Market Risk

- Largely exposed to interest rate and option/credit spread risks; no proprietary trading activities
- Market risk generally lower than before crisis and adequately monitored

KA does not have a proprietary trading portfolio and market risk largely relates to banking book interest rate risk and credit spread risk. KA’s market risk appetite and exposure is subject to monthly review by the bank’s risk management committee and is monitored daily. Market risk is significantly lower under the new business model compared with KA Old, due to KA’s much smaller and less volatile securities portfolio.

Interest rate risk, KA’s main market risk, is monitored daily in the context of KA’s short-term assets and liabilities management and monthly using value-at-risk calculations. It also performs several sensitivity analyses for each major currency monthly. It assesses longer-dated interest rate risk (above one year) monthly. Non-linear interest rate positions are generally hedged. At end-2011 a 100bp upward shift in all major interest rates would have had a moderate EUR1m negative impact on KA’s net interest income. The equivalent fair-value impact on KA’s banking book would have been considerably higher (eg, a 100bp parallel upward shift of the euro interest curve at end-2011 would have resulted in a EUR69.2m negative impact).

Risk arising from FX positions is low, as open positions are largely either matched to funding currencies, or hedged. FX value at risk (one-day holding period, 99% confidence interval) was a low EUR20,000 at end-Q112.

KA monitors option risk monthly and limits it with reference to an internal worst-case scenario analysis, which measures the outcome of shifts in interest rates and volatility. The analysis estimated worst-case losses from option risk at end-Q112 at EUR4.6m, which Fitch considers manageable. Spread risks are relatively large, and KA estimated that at end-Q112 a 1bp widening of spreads would have resulted in valuation losses of EUR2.7m.

Operational and Legal Risk

Capital requirements for operational risk are calculated under Basel’s standardised approach. An operational risk officer and operational risk correspondents are in charge of mitigating all types of operational risks, including legal risks. Operational risk reports are prepared quarterly or ad hoc for assessment by the supervisory board.

In light of KA’s business model Fitch considers operational risk generally moderate and well managed. Some arises from the SLA with KF, although this is mitigated by detailed time records maintained by the employees who carry out work for both banks. Previous outstanding legal cases were resolved in 2011 and no significant new legal issues arose in H112.

Funding and Capitalisation

- Predominately wholesale funded
- Aiming to increase institutional deposit base
- Adequate liquidity
- Adequate risk-weighted capital; still high leverage due to business model

Funding and Liquidity

Fitch considers the maintenance of an adequate funding and liquidity profile one of KA’s main challenges. Although KA’s funding and liquidity position has markedly improved since 2009, funding its still large portfolio of low-yielding legacy assets remains testing in the current difficult funding environment for banks. KA's strategy is not to rely on government-guaranteed funding; nevertheless, in Fitch's view the bank's ownership clearly helps the bank access wholesale funding markets. Its privatisation may therefore make capital market funding more costly for it.

Most funding is sourced from the capital markets, although KA actively attempts to diversify wholesale funding sources and has been growing its institutional depositor base since its establishment in 2009. The deposit base continued to develop well in H112 (up 30% year on year to EUR2bn). Depositors are predominately municipalities and public sector bodies. KA aims to increase deposits by EUR500m by 2016. Fitch views this target as feasible, although the high price sensitivity and competition for institutional deposits may affect the degree to which the deposit base can grow. At end-2011, 47% of non-equity funding was made up of public sector covered bonds (not rated by Fitch), 18% senior unsecured bonds, 10% syndicated loans, 9% institutional deposits, 7% guaranteed bonds (linked to the debtor warrant, maturing in 2013), 7% ECB funding and 2% money market funding.

Figure 6

Funding Peer Group Comparison

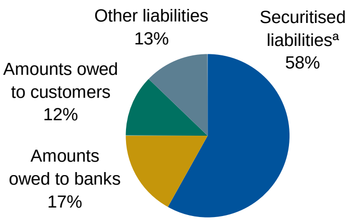
	Kommunalkredit Austria AG		Dexia Credit Local		Dexia Crediop S.p.A.	
(EURm/%)	**31 Dec 11**	**31 Dec 10**	**31 Dec 11**	**31 Dec 10**	**31 Dec 11**	**31 Dec 10**
Total customer deposits	1,530	1,581	7,172	13,457	1,862	1,963
Total long term funding	11,080	11,864	106,654	194,387	13,464	16,544
Loans/customer deposits	541.1	520.6	2,172.8	1,802.1	1,568.6	1,480.9
Interbank assets/interbank liabilities	76.7	133.8	12.4	23.4	51.9	48.3
Liquid assets/total assets	25.3	22.5	2.5	0.8	-	-

Source: Fitch; KA

Figure 7

Liability Structure End-H112

Total: EUR16.4bn



[a] Incl EUR1bn govt.-guaranteed bond
Source: KA

KA's participation in the December 2011 and February 2012 ECB Long-Term Refinancing Operations (EUR1.5bn in total) limited funding needs for 2012. Estimated refinancing needs in the year are only EUR1.9bn (EUR1.3bn maturities, EUR600m new lending).

Medium-term refinancing requirements are likely to be met through the issuance of a combination of public sector covered bonds (it issued the most recent covered bond, of EUR500m, in February 2011), senior unsecured bonds and by short-term funding, including institutional deposits, money market funding and ECB funding.

Short-term liquidity is monitored daily to identify and manage any gaps, and long-term liquidity is monitored with reference to expected cash flows from the bank's transactions. Structural liquidity is adequate, with manageable liquidity gaps supported by a stagnant loan book, increasing deposits and access to central bank funding. At end-Q312 unencumbered ECB-eligible liquid assets totalled EUR300m. However, KA's covered bonds have significant overcollateralisation (45% at end-Q312). Reducing this could generate substantial additional ECB eligible assets.

Capitalisation

- Adequate capitalisation despite 2011 losses
- Participation capital due to be phased out under Basel III rules included in regulatory capital
- Leverage still high

KA's risk-weighted capitalisation is adequate, reflected in a Tier 1 ratio of 12.4% at end-H112. Due to the low risk weighting of its public sector loan portfolio, the bank is highly leveraged (tangible common equity/tangible assets ratio of 0.72% at end-H112). Its capital structure is similar to that of peers with similar business models (see Appendix 1).

Capitalisation deteriorated in 2011 due to the net loss of EUR148.8m incurred for the year, driven by the EUR176m write-down in the bank's Greek sovereign exposure. However, improved profitability meant that capitalisation levels began to recover gradually in H112.

Figure 8

Capitalisation and Leverage

	30 Jun 2012	31 Dec 2011	31 Dec 2010
Fitch core capital ratio (%)	5.44	4.35	10.67
Tier 1 regulatory capital ratio (%)	12.40	12.00	15.70
Loans/customer deposits	412.80	541.09	520.60

Source: Fitch; KA

Regulatory capital ratios are calculated in line with Austrian GAAP, as for other Austrian banks, meaning that the ratios are subject to less volatility due to fair-value fluctuations than they would be under IFRS.

The Fitch core capital ratio differs from the regulatory ratio as its calculation excludes the EUR138m of participation capital held by the bank's former owners. Under Basel III capital requirements, Fitch expects participation capital to be phased out by 2018. Fitch estimates that KA's "fully loaded" Basel III common equity Tier 1 ratio would be around 6% at end-H112 (around 11% if participation capital is included). Assuming participation capital is gradually phased out and in light of KA's moderate profitability and high leverage, improving the Basel III CET1 ratio will be a key medium-term challenge for the bank.

Appendix 1: Peer Comparison

Peer Comparison

	Kommunalkredit Austria AG		KA Finanz AG		Dexia Credit Local		Dexia Crediop S.p.A.	
Country	**Austria**		**Austria**		**France**		**Italy**	
Long-Term IDR	**A (RWN)**		**A+**		**A+**		**BBB+**	
Short-term IDR	**F1 (RWN)**		**F1+**		**F1+**		**F2**	
Support Rating	**1 (RWN)**		**1**		**1**		**2**	
Support Rating Floor	**A (RWN)**		**A+**		**A+**		**n.a.**	
Viability Rating	**b+**		**n.a.**		**n.a.**		**n.a.**	
(EURm/%)	**31 Dec 11**	**31 Dec 10**	**31 Dec 11**	**31 Dec 10**	**31 Dec 11**	**31 Dec 10**	**31 Dec 11**	**31 Dec 10**
Total assets	16,749	16,271	14,901	16,492	362,083	360,858	48,832	44,209
Operating profit/average equity	-70	12	-391	-64	-189	-392	-1	-2
Operating profit/average total assets	-1	0	-7	0	0	0	0	0
Operating profit	-157	32	-1,144	-16	-1,698	-697	-16	-30
Net income	-148	25	-534	0	-2,723	-727	-23	-34
Fitch core capital/weighted risks	4	11	7	...	1	-3	15	15
Tier 1 ratio	12.0	15.7	7.3	7.5	16.4	9.4	15.9	15.1

Source: Fitch; KA

Kommunalkredit Austria AG
Income Statement

	30 Jun 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009		31 Dec 2008	
	6 Months - Interim USDm Unqualified	6 Months - Interim EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Unqualified	As % of Earning Assets	Year End EURm Audited/Report not seen	As % of Earning Assets
1. Interest Income on Loans	n.a.	n.a.	-	415.4	2.74	399.4	2.66	35.4	0.21	0.0	0.00
2. Other Interest Income	570.6	453.2	6.06	556.4	3.67	537.9	3.59	47.7	0.28	3.0	5.43
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	**570.6**	**453.2**	**6.06**	**971.8**	**6.42**	**937.3**	**6.25**	**83.1**	**0.48**	**3.0**	**5.43**
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	67.1	0.44	46.1	0.31	5.6	0.03	2.0	3.62
6. Other Interest Expense	536.3	426.0	5.70	855.6	5.65	844.1	5.63	71.6	0.42	0.4	0.72
7. Total Interest Expense	**536.3**	**426.0**	**5.70**	**922.7**	**6.09**	**890.2**	**5.94**	**77.2**	**0.45**	**2.4**	**4.35**
8. Net Interest Income	**34.2**	**27.2**	**0.36**	**49.1**	**0.32**	**47.1**	**0.31**	**5.9**	**0.03**	**0.6**	**1.09**
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	-0.1	0.00	0.0	0.00	-0.1	0.00	n.a.	-
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Net Gains (Losses) on Assets at FV through Income Statement	13.7	10.9	0.15	-179.2	-1.18	3.7	0.02	-1.7	-0.01	0.4	0.72
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	9.4	7.5	0.10	14.8	0.10	12.3	0.08	2.2	0.01	0.9	1.63
14. Other Operating Income	6.7	5.3	0.07	19.9	0.13	15.1	0.10	1.1	0.01	0.0	0.00
15. Total Non-Interest Operating Income	**29.8**	**23.7**	**0.32**	**-144.6**	**-0.95**	**31.1**	**0.21**	**1.5**	**0.01**	**1.3**	**2.36**
16. Personnel Expenses	18.0	14.3	0.19	28.1	0.19	27.7	0.18	0.6	0.00	0.3	0.54
17. Other Operating Expenses	18.4	14.6	0.20	34.1	0.23	19.7	0.13	4.2	0.02	0.6	1.09
18. Total Non-Interest Expenses	**36.4**	**28.9**	**0.39**	**62.2**	**0.41**	**47.4**	**0.32**	**4.8**	**0.03**	**0.9**	**1.63**
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	0.5	0.00	1.0	0.01	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	**27.7**	**22.0**	**0.29**	**-157.2**	**-1.04**	**31.8**	**0.21**	**2.6**	**0.02**	**1.0**	**1.81**
21. Loan Impairment Charge	7.1	5.6	0.07	0.0	0.00	0.0	0.00	-0.7	0.00	n.a.	-
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	**20.6**	**16.4**	**0.22**	**-157.2**	**-1.04**	**31.8**	**0.21**	**3.3**	**0.02**	**1.0**	**1.81**
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	**20.6**	**16.4**	**0.22**	**-157.2**	**-1.04**	**31.8**	**0.21**	**3.3**	**0.02**	**1.0**	**1.81**
30. Tax expense	5.2	4.1	0.05	-8.8	-0.06	7.0	0.05	0.3	0.00	0.2	0.36
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	**15.5**	**12.3**	**0.16**	**-148.4**	**-0.98**	**24.8**	**0.17**	**3.0**	**0.02**	**0.8**	**1.45**
33. Change in Value of AFS Investments	n.a.	n.a.	-	-29.8	-0.20	-26.9	-0.18	0.7	0.00	n.a.	-
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	**15.5**	**12.3**	**0.16**	**-178.2**	**-1.18**	**-2.1**	**-0.01**	**3.7**	**0.02**	**0.8**	**1.45**
38. Memo: Profit Allocation to Non-controlling Interests	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	15.5	12.3	0.16	-148.8	-0.98	24.8	0.17	3.0	0.02	0.8	1.45
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Exchange rate	USD1 = EUR0.79430			USD1 = EUR0.77290		USD1 = EUR0.74840		USD1 = EUR0.69416		USD1 = EUR0.71855	

Kommunalkredit Austria AG
Balance Sheet

	30 Jun 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009		31 Dec 2008	
	6 Months - Interim USDm	6 Months - Interim EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
Assets											
A. Loans											
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	10,359.3	8,228.4	49.34	8,279.7	49.43	8,228.6	50.57	7,668.9	41.95	0.3	0.51
6. Less: Reserves for Impaired Loans/ NPLs	n.a.	n.a.	-	0.1	0.00	84.0	0.52	0.0	0.00	0.0	0.00
7. Net Loans	**10,359.3**	**8,228.4**	**49.34**	**8,279.6**	**49.43**	**8,144.6**	**50.06**	**7,668.9**	**41.95**	**0.3**	**0.51**
8. Gross Loans	**10,359.3**	**8,228.4**	**49.34**	**8,279.7**	**49.43**	**8,228.6**	**50.57**	**7,668.9**	**41.95**	**0.3**	**0.51**
9. Memo: Impaired Loans included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets											
1. Loans and Advances to Banks	2,186.7	1,736.9	10.41	1,518.3	9.06	1,458.7	8.96	4,352.9	23.81	49.2	84.39
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	4,039.9	3,208.9	19.24	3,291.1	19.65	3,316.4	20.38	3,363.4	18.40	1.5	2.57
4. Derivatives	1,286.9	1,022.2	6.13	1,180.4	7.05	982.9	6.04	728.4	3.98	4.2	7.20
5. Available for Sale Securities	563.0	447.2	2.68	443.1	2.65	590.1	3.63	608.1	3.33	n.a.	-
6. Held to Maturity Securities	478.0	379.7	2.28	426.9	2.55	497.2	3.06	486.2	2.66	n.a.	-
7. At-equity Investments in Associates	2.0	1.6	0.01	1.6	0.01	1.5	0.01	1.2	0.01	n.a.	-
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	**6,369.9**	**5,059.6**	**30.34**	**5,343.1**	**31.90**	**5,388.1**	**33.11**	**5,187.3**	**28.37**	**5.7**	**9.78**
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	7.3	5.8	0.03	5.7	0.03	5.9	0.04	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	**18,923.2**	**15,030.7**	**90.12**	**15,146.7**	**90.43**	**14,997.3**	**92.17**	**17,209.1**	**94.13**	**55.2**	**94.68**
C. Non-Earning Assets											
1. Cash and Due From Banks	562.1	446.5	2.68	419.3	2.50	163.6	1.01	2.7	0.01	1.6	2.74
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	38.0	30.2	0.18	30.9	0.18	31.2	0.19	38.3	0.21	n.a.	-
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	n.a.	-
6. Other Intangibles	0.8	0.6	0.00	0.7	0.00	0.2	0.00	0.1	0.00	n.a.	-
7. Current Tax Assets	44.4	35.3	0.21	40.7	0.24	21.1	0.13	17.3	0.09	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	1,429.3	1,135.3	6.81	1,110.8	6.63	1,057.7	6.50	1,015.7	5.56	1.5	2.57
11. Total Assets	**20,997.9**	**16,678.6**	**100.00**	**16,749.1**	**100.00**	**16,271.1**	**100.00**	**18,283.2**	**100.00**	**58.3**	**100.00**
Liabilities and Equity											
D. Interest-Bearing Liabilities											
1. Customer Deposits - Current	2,509.5	1,993.3	11.95	1,530.2	9.14	1,580.6	9.71	1,046.1	5.72	46.3	79.42
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	**2,509.5**	**1,993.3**	**11.95**	**1,530.2**	**9.14**	**1,580.6**	**9.71**	**1,046.1**	**5.72**	**46.3**	**79.42**
5. Deposits from Banks	3,532.2	2,805.6	16.82	1,980.6	11.83	1,090.1	6.70	2,307.7	12.62	0.2	0.34
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Deposits, Money Market and Short-term Funding	**6,041.7**	**4,798.9**	**28.77**	**3,510.8**	**20.96**	**2,670.7**	**16.41**	**3,353.8**	**18.34**	**46.5**	**79.76**
9. Senior Debt Maturing after 1 Year	12,001.3	9,532.6	57.15	10,994.7	65.64	11,780.3	72.40	13,284.1	72.66	n.a.	-
10. Subordinated Borrowing	109.5	87.0	0.52	85.7	0.51	83.2	0.51	101.3	0.55	n.a.	-
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	**12,110.8**	**9,619.6**	**57.68**	**11,080.4**	**66.16**	**11,863.5**	**72.91**	**13,385.4**	**73.21**	**n.a.**	**-**
13. Derivatives	2,468.8	1,961.0	11.76	1,884.7	11.25	1,287.4	7.91	1,043.1	5.71	4.2	7.20
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	**20,621.3**	**16,379.5**	**98.21**	**16,475.9**	**98.37**	**15,821.6**	**97.24**	**17,782.3**	**97.26**	**50.7**	**86.96**
E. Non-Interest Bearing Liabilities											
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	11.3	9.0	0.05	9.0	0.05	8.7	0.05	9.2	0.05	0.1	0.17
4. Current Tax Liabilities	2.9	2.3	0.01	0.4	0.00	3.1	0.02	0.7	0.00	0.0	0.00
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	35.6	28.3	0.17	23.5	0.14	18.8	0.12	69.8	0.38	0.6	1.03
10. Total Liabilities	**20,671.2**	**16,419.1**	**98.44**	**16,508.8**	**98.57**	**15,852.2**	**97.43**	**17,862.0**	**97.70**	**51.4**	**88.16**
F. Hybrid Capital											
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	174.2	138.4	0.83	138.4	0.83	138.4	0.85	138.4	0.76	0.0	0.00
G. Equity											
1. Common Equity	254.7	202.3	1.21	190.0	1.13	338.8	2.08	314.2	1.72	6.9	11.84
2. Non-controlling Interest	0.1	0.1	0.00	0.1	0.00	0.1	0.00	0.1	0.00	n.a.	-
3. Securities Revaluation Reserves	-102.4	-81.3	-0.49	-88.2	-0.53	-58.4	-0.36	-31.5	-0.17	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	**152.5**	**121.1**	**0.73**	**101.9**	**0.61**	**280.5**	**1.72**	**282.8**	**1.55**	**6.9**	**11.84**
7. Total Liabilities and Equity	**20,997.9**	**16,678.6**	**100.00**	**16,749.1**	**100.00**	**16,271.1**	**100.00**	**18,283.2**	**100.00**	**58.3**	**100.00**
8. Memo: Fitch Core Capital	151.7	120.5	0.72	101.2	0.60	280.3	1.72	282.7	1.55	n.a.	-
9. Memo: Fitch Eligible Capital	216.7	172.1	1.03	144.6	0.86	400.4	2.46	403.9	2.21	n.a.	-
Exchange rate	USD1 = EUR0.79430			USD1 = EUR0.77290		USD1 = EUR0.74840		USD1 = EUR0.69416		USD1 = EUR0.71855	

Kommunalkredit Austria AG
Summary Analytics

	30 Jun 2012 6 Months - Interim	31 Dec 2011 Year End	31 Dec 2010 Year End	31 Dec 2009 Year End	31 Dec 2008 Year End
A. Interest Ratios					
1. Interest Income on Loans/ Average Gross Loans	n.a.	5.07	4.96	0.92	n.a.
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	4.04	3.34	1.03	n.a.
3. Interest Income/ Average Earning Assets	6.04	6.41	5.83	0.96	n.a.
4. Interest Expense/ Average Interest-bearing Liabilities	5.21	5.72	5.26	0.87	n.a.
5. Net Interest Income/ Average Earning Assets	0.36	0.32	0.29	0.07	n.a.
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.29	0.32	0.29	0.08	n.a.
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	0.36	0.32	0.29	0.07	n.a.
B. Other Operating Profitability Ratios					
1. Non-Interest Income/ Gross Revenues	46.56	151.41	39.77	20.27	68.42
2. Non-Interest Expense/ Gross Revenues	56.78	-65.13	60.61	64.86	47.37
3. Non-Interest Expense/ Average Assets	0.35	0.38	0.27	0.05	n.a.
4. Pre-impairment Op. Profit/ Average Equity	39.68	-70.40	11.80	1.79	n.a.
5. Pre-impairment Op. Profit/ Average Total Assets	0.26	-0.95	0.18	0.03	n.a.
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	25.45	0.00	0.00	-26.92	n.a.
7. Operating Profit/ Average Equity	29.58	-70.40	11.80	2.28	n.a.
8. Operating Profit/ Average Total Assets	0.20	-0.95	0.18	0.04	n.a.
9. Taxes/ Pre-tax Profit	25.00	5.60	22.01	9.09	20.00
10. Pre-Impairment Operating Profit / Risk Weighted Assets	2.00	-6.75	1.21	n.a.	n.a.
11. Operating Profit / Risk Weighted Assets	1.49	-6.75	1.21	n.a.	n.a.
C. Other Profitability Ratios					
1. Net Income/ Average Total Equity	22.18	-66.46	9.20	2.07	n.a.
2. Net Income/ Average Total Assets	0.15	-0.90	0.14	0.03	n.a.
3. Fitch Comprehensive Income/ Average Total Equity	22.18	-79.80	-0.78	2.55	n.a.
4. Fitch Comprehensive Income/ Average Total Assets	0.15	-1.08	-0.01	0.04	n.a.
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	1.12	-6.37	0.94	n.a.	n.a.
7. Fitch Comprehensive Income/ Risk Weighted Assets	1.12	-7.65	-0.08	n.a.	n.a.
D. Capitalization					
1. Fitch Core Capital/Weighted Risks	5.44	4.35	10.67	n.a.	n.a.
2. Fitch Eligible Capital/ Weighted Risks	7.76	6.21	15.24	14.74	n.a.
3. Tangible Common Equity/ Tangible Assets	0.72	0.60	1.72	1.55	11.84
4. Tier 1 Regulatory Capital Ratio	12.40	12.00	15.70	14.30	84.50
5. Total Regulatory Capital Ratio	16.90	15.00	19.70	17.70	84.50
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	0.73	0.61	1.72	1.55	11.84
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.	n.a.
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	n.a.	n.a.	n.a.	n.a.
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	20.43	-145.63	8.84	1.06	11.59
E. Loan Quality					
1. Growth of Total Assets	-0.42	2.94	-11.01	31,260.55	n.a.
2. Growth of Gross Loans	-0.62	0.62	7.30	2,556,200.00	n.a.
3. Impaired Loans(NPLs)/ Gross Loans	n.a.	n.a.	n.a.	n.a.	n.a.
4. Reserves for Impaired Loans/ Gross loans	n.a.	0.00	1.02	0.00	0.00
5. Reserves for Impaired Loans/ Impaired Loans	n.a.	n.a.	n.a.	n.a.	n.a.
6. Impaired Loans less Reserves for Imp Loans/ Equity	n.a.	n.a.	n.a.	n.a.	n.a.
7. Loan Impairment Charges/ Average Gross Loans	0.14	0.00	0.00	-0.02	n.a.
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	n.a.	n.a.	n.a.	n.a.	n.a.
F. Funding					
1. Loans/ Customer Deposits	412.80	541.09	520.60	733.09	0.65
2. Interbank Assets/ Interbank Liabilities	61.91	76.66	133.81	188.63	24,600.00
3. Customer Deposits/ Total Funding excl Derivatives	13.82	10.49	10.88	6.25	99.57

Kommunalkredit Austria AG
Reference Data

	30 Jun 2012			31 Dec 2011		31 Dec 2010		31 Dec 2009		31 Dec 2008	
	6 Months - Interim USDm	6 Months - Interim EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
A. Off-Balance Sheet Items											
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Business Volume	20,997.9	16,678.6	100.00	16,749.1	100.00	16,271.1	100.00	18,283.2	100.00	58.3	100.00
8. Memo: Total Weighted Risks	2,791.0	2,216.9	13.29	2,328.7	13.90	2,627.3	16.15	2,740.2	14.99	n.a.	-
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Weighted Risks	2,791.0	2,216.9	13.29	2,328.7	13.90	2,627.3	16.15	2,740.2	14.99	n.a.	-
B. Average Balance Sheet											
Average Loans	10,391.7	8,254.1	49.49	8,196.7	48.94	8,047.7	49.46	3,834.6	20.97	n.a.	-
Average Earning Assets	18,996.2	15,088.7	90.47	15,159.1	90.51	16,070.5	98.77	8,632.2	47.21	n.a.	-
Average Assets	21,042.3	16,713.9	100.21	16,514.3	98.60	17,387.0	106.86	9,170.8	50.16	n.a.	-
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	20,682.0	16,427.7	98.50	16,122.4	96.26	16,917.6	103.97	8,916.5	48.77	n.a.	-
Average Common equity	247.0	196.2	1.18	289.5	1.73	323.0	1.99	160.6	0.88	n.a.	-
Average Equity	140.4	111.5	0.67	223.3	1.33	269.6	1.66	144.9	0.79	n.a.	-
Average Customer Deposits	2,218.1	1,761.8	10.56	1,662.6	9.93	1,378.8	8.47	546.2	2.99	n.a.	-
C. Maturities											
Asset Maturities:											
Loans & Advances < 3 months	n.a.	n.a.	-	171.0	1.02	171.0	1.05	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	364.7	2.18	413.4	2.54	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	2,288.0	13.66	2,157.9	13.26	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	5,346.9	31.92	5,402.3	33.20	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	770.8	4.60	168.0	1.03	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	550.0	3.28	527.0	3.24	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	137.7	0.82	668.6	4.11	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	59.8	0.36	95.1	0.58	n.a.	-	n.a.	-
Liability Maturities:											
Retail Deposits < 3 months	n.a.	n.a.	-	743.4	4.44	771.8	4.74	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	299.1	1.79	365.9	2.25	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	63.4	0.38	81.1	0.50	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	424.2	2.53	361.7	2.22	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	1,252.2	7.48	412.4	2.53	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	110.6	0.66	167.2	1.03	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	372.5	2.22	214.7	1.32	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	245.3	1.46	295.7	1.82	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	109.5	87.0	0.52	85.7	0.51	83.2	0.51	101.3	0.55	n.a.	-
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Equity Reconciliation											
1. Equity	152.5	121.1	0.73	101.9	0.61	280.5	1.72	282.8	1.55	6.9	11.84
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	174.2	138.4	0.83	138.4	0.83	138.4	0.85	138.4	0.76	0.0	0.00
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	6.9	11.84
E. Fitch Eligible Capital Reconciliation											
1. Total Equity as reported (including non-controlling interests)	152.5	121.1	0.73	101.9	0.61	280.5	1.72	282.8	1.55	6.9	11.84
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
5. Other intangibles	0.8	0.6	0.00	0.7	0.00	0.2	0.00	0.1	0.00	n.a.	-
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fitch Core Capital	**151.7**	**120.5**	**0.72**	**101.2**	**0.60**	**280.3**	**1.72**	**282.7**	**1.55**	**n.a.**	**-**
10. Eligible weighted Hybrid capital	65.0	51.6	0.31	43.4	0.26	120.1	0.74	121.2	0.66	0.0	0.00
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
12. Fitch Eligible Capital	**216.7**	**172.1**	**1.03**	**144.6**	**0.86**	**400.4**	**2.46**	**403.9**	**2.21**	**n.a.**	**-**
13. Eligible Hybrid Capital Limit	65.0	51.6	0.31	43.4	0.26	120.1	0.74	121.2	0.66	n.a.	-
Exchange Rate	USD1 = EUR0.79430			USD1 = EUR0.77290		USD1 = EUR0.74840		USD1 = EUR0.69416		USD1 = EUR0.71855	

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.