

Kommunalkredit Austria AG

Update

Ratings

Foreign Currency	
Long-Term IDR	A
Short-Term IDR	F1
Support Rating	
Support Rating Floor	A

Sovereign Risk

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

Outlooks

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

Financial Data

Kommunalkredit Austria AG

	30 Jun 14	31 Dec 13
Total assets (USDm)	16,895	17,005
Total assets (EURm)	12,370	12,330
Total equity (EURm) ^a	197	186
Operating profit (EURm)	11.0	20.4
Net income (EURm)	8.0	5.0
Cost-income ratio (%)	66.7	69.6
Operating ROAA (%)	0.2	0.1
Operating ROAE (%)	11.6	12.6
Tier 1 ratio (%)	15.5	18.6
Fitch core capital/weighted risks (%)	13.6	13.1

^a Excluding participation capital

Key Rating Drivers

Support-Driven Ratings: The ratings of Kommunalkredit Austria AG (KA) reflect Fitch Ratings' view of the likely support from KA's ultimate 99.78% owner, Austria (AAA/Stable). This view is underpinned by Austria's decision in July 2013 to remain KA's owner during the wind-down process as well as by the strong track record of state support for KA.

Full Privatisation Abandoned: Fitch withdrew KA's Viability Rating in July 2013 to reflect the bank's wind-down status. Under the European Commission (EC) ruling, a partial sale of KA's assets is still possible. This largely explains why KA's Long-Term IDR is one notch below KA Finanz AG's (KF; A+/Negative), its sister bank in wind-down, for which a partial sale is excluded.

Long Wind-Down Period: KA's focus on public-sector and infrastructure finance results in very long-term average residual asset maturities (10 years). Based on contractual maturities, around two-thirds of KA's loans and securities will mature after 2017 and 40% after 2022.

Modest Profitability: KA's net interest income should shrink in line with its balance sheet, but this should be mitigated by the lower costs of managing a smaller portfolio. Small fee income from KA's advisory business will continue to support its operating income. Net interest income rose in 1H14 to EUR12.3m, from EUR3m in 2013, due to one-off effects in 2013: EUR20m cost from the debtor warrant claim against Austria, which matured in July 2013, and inflated funding costs due to plans to fully privatise KA, until the plans were abandoned in mid-2013.

Adequate Asset Quality: KA inherited in 2009 the lower-risk assets carved out of KA Old (now KF), meaning asset quality is adequate. Credit risk is falling, but high concentration means that single losses could make emergency state capital injections necessary. Most of KA's exposure is to the public sector, and two-thirds was to Austrian counterparties at end-1H14.

State Liquidity Support Available: The bank's liquidity is adequate and likely to improve as its assets shrink. KA expects to fund itself independently as it winds down, which is facilitated by the state's implicit support, now that full privatisation has been abandoned. Moreover, the EC's July 2013 decision allows KA to draw on state liquidity support if needed.

Capitalisation to Improve: KA's regulatory capitalisation is adequate including under Basel III. The bank's wind-down status allows the state to inject capital if needed. KA's high non-risk-weighted leverage is driven by the low risk weights of its public-sector lending.

Rating Sensitivities

Regulation Drives Negative Outlook: In March 2014, we revised the Outlook on KA's and 17 other EU state-sponsored banks' Long-Term IDRs to Negative from Stable. The increased likelihood of downgrade reflects the implementation of legislative and practical aspects of bank resolution frameworks, which are likely to reduce implicit sovereign support for banks in the EU.

Given KA's wind-down status and support framework agreed with the European Commission, we are likely to retain some state support in KA's ratings. Because of this, a downgrade of KA's Long-Term IDR by end-1H15 is likely to be limited to the 'BBB' range.

Partial Privatisation as Event Risk: The Austrian government's stated intention to privatise parts of KA makes it possible that some of KA's liabilities will eventually be attached to a legal entity which will no longer be owned by the Austrian state (and will thus no longer benefit from Austria's solid creditworthiness).

Related Research

[Fitch Revises Outlooks on 18 EU State-sponsored Banks to Negative on Weakening Support \(March 2014\)](#)

[European State Sponsored Banks – Rating Action Report \(March 2014\)](#)

[Rating Paths for EU State-Sponsored Banks \(April 2014\)](#)

[KA Finanz AG \(September 2014\)](#)

[2014 Outlook: Austrian Banks \(December 2013\)](#)

[Austria \(March 2014\)](#)

Analysts

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Appendix 1: KA's Developments Since 2008

State Support Timeline

October- November 2008	<ul style="list-style-type: none"> The Austrian state bails out and takes over Kommunalkredit Austria (KA Old) following a significant financial crisis-driven liquidity shortfall as well as considerable securities valuation and impairment losses and widening credit spreads in the CDS portfolio, increased collateral posting requirements and a significant liquidity shortfall. KA Old becomes 99.78%-owned by Austria, with the remaining 0.22% held by the Association of Austrian Municipalities (AAM).
November 2009	<ul style="list-style-type: none"> KA Old is renamed KA Finanz AG (A+/Negative) and mandated to wind down non-core and high-risk assets. Core assets are transferred from KF to the newly established Kommunalkredit Austria AG (KA). The Austrian state – together with the Austrian Association of Municipalities – provides capital to KA of EUR250m. KA is permitted to conduct new public-sector lending and advisory services and is mainly active in Austria and neighbouring countries. KF must wind down its remaining portfolio and must not enter into new business.
March 2011	<ul style="list-style-type: none"> EC approval of state support for restructuring measures. There is no requirement for KF to be privatised, but KA must be sold (closing by June 2013; firm offers by October 2012; signing by December 2012) or the EC will impose a divestiture trustee mandated to sell KA at no minimum price.
July 2012	<ul style="list-style-type: none"> Kick-off of privatisation process of KA by Finanzmarktbeihilfung Aktiengesellschaft des Bundes (FIMBAG), which is responsible for managing KA's privatisation on behalf of the Republic of Austria.
December 2012	<ul style="list-style-type: none"> Austria informs the EC that it will not be possible to privatise KA within the committed timeframe and requests an extension of the signing deadline until March 2013.
May 2013	<ul style="list-style-type: none"> FIMBAG informs the EC that it has abandoned the privatisation process as a KA sale that was value-preserving for the shareholders was not deemed possible on the basis of existing offers. With a view to avoiding a divestiture trustee, KA would remain state-owned but would cease new lending (apart from existing and committed transactions and ongoing refinancing), and run down its existing portfolio.
July 2013	<ul style="list-style-type: none"> The EC approves the run-off plan and permits KA to continue its market-based refinancing activities and advisory services, but forbids new business. A partial sale of up to 50% of KA's total assets, reported as per 19 July 2013 under Austrian GAAP, is allowed.

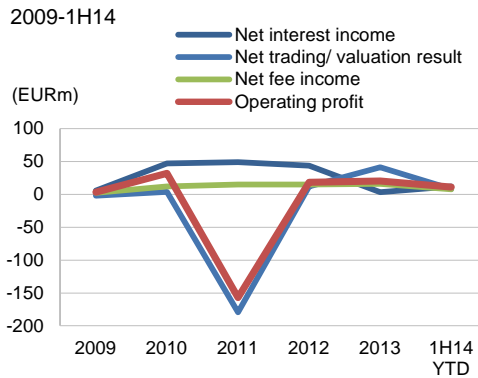
Source: KA; European Commission; Fitch

Related Criteria

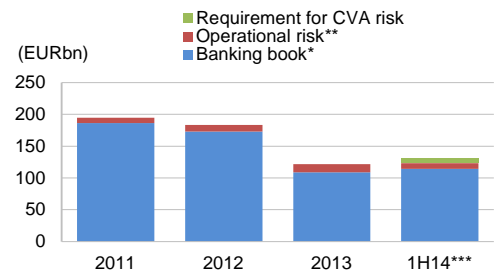
[Global Financial Institutions Rating Criteria \(January 2014\)](#)

- Modest profitability, sensitive to market fluctuations
- Main risk driver is banking book, in line with the bank's lending focus

Performance Drivers



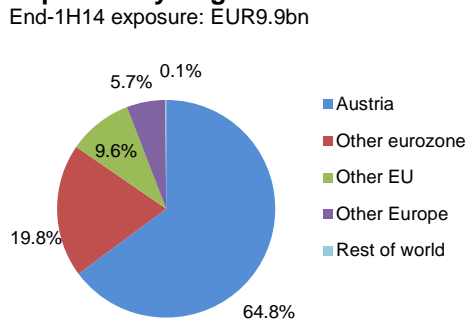
Capital requirement by type 2011-1H14



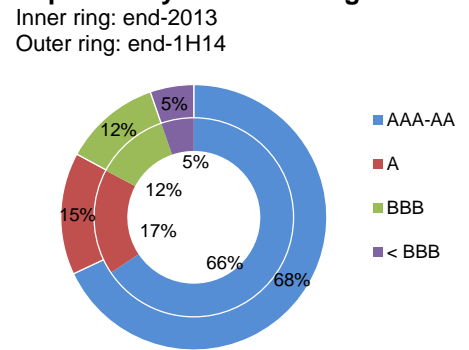
¹ 8% of assessment base
² Standard approach
³ Basel III

- Main focus on Austria; significant presence in neighbouring EU countries
- Adequate asset quality, but high loan concentration

Exposure by Region

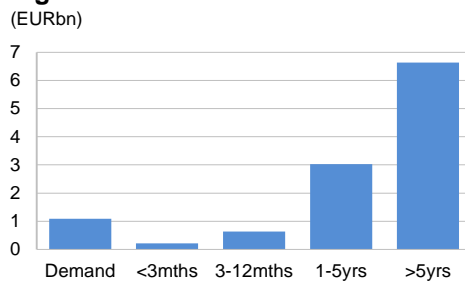


Exposure by internal rating



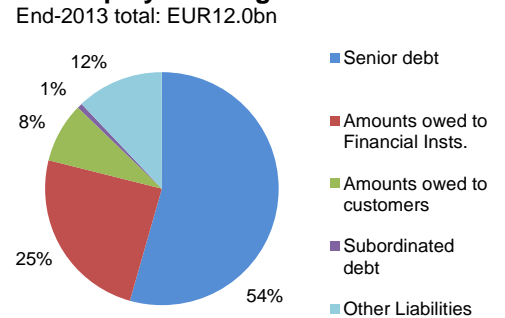
- Long-term asset maturities (particularly legacy assets) reflect public sector focus
- Capital market funding dominates; benefits from implicit state support
- Allowed to receive state funding if needed

Maturity Profile Significant assets end-2013¹



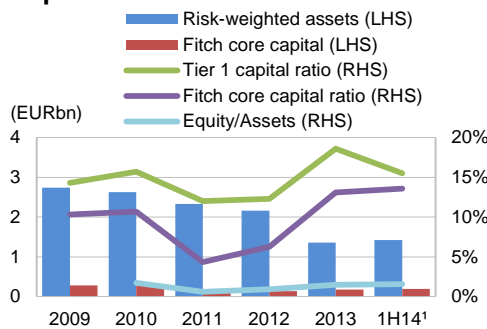
¹ Contractual maturity; chart reflects 94% of balance sheet volume

Non-Equity Funding



- Adequate risk-adjusted capitalisation
- The bank's Fitch Core Capital (FCC) ratio of 13.6% at end-1H14 is below its Tier 1 ratio as FCC excludes EUR138m of participation capital.
- Falling, but still high exposure to the eurozone periphery. With 1.6% equity/total assets at end-1H14 (end-2013: 1.5%) based on Fitch calculations, KA's leverage remains challenging but is improving

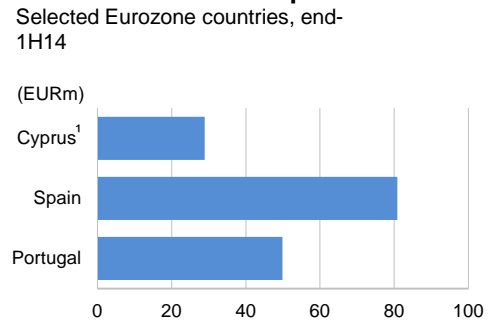
Capitalisation 2009-1H14



¹ Basel III

Source: KA; Fitch

Public Sector Risk Exposure



¹ of which EUR28m amortised in July 2014

Kommunalkredit Austria AG
Income Statement

	30 Jun 2014			31 Dec 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010	
	6 Months - Interim		As % of Earning Assets	Year End EURm	As % of Earning Assets	Year End EURm	As % of Earning Assets	Year End EURm	As % of Earning Assets	Year End EURm	As % of Earning Assets
	USDm	EURm									
1. Interest Income on Loans	n.a.	n.a.	-	294.2	2.42	373.7	2.62	415.4	2.74	399.4	2.66
2. Other Interest Income	379.0	277.5	4.62	356.7	2.94	467.6	3.28	556.4	3.67	537.9	3.59
3. Dividend Income	n.a.	n.a.	-	0.1	0.00	0.8	0.01	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	379.0	277.5	4.62	651.0	5.36	842.1	5.91	971.8	6.42	937.3	6.25
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	27.1	0.22	35.8	0.25	67.1	0.44	46.1	0.31
6. Other Interest Expense	362.2	265.2	4.42	620.6	5.11	761.7	5.35	855.6	5.65	844.1	5.63
7. Total Interest Expense	362.2	265.2	4.42	647.7	5.34	797.5	5.60	922.7	6.09	890.2	5.94
8. Net Interest Income	16.8	12.3	0.20	3.3	0.03	44.6	0.31	49.1	0.32	47.1	0.31
9. Net Gains (Losses) on Trading and Derivatives	11.7	8.6	0.14	4.6	0.04	0.0	0.00	(0.1)	(0.00)	0.0	0.00
10. Net Gains (Losses) on Other Securities	0.4	0.3	0.00	20.1	0.17	22.6	0.16	n.a.	-	n.a.	-
11. Net Gains (Losses) on Assets at FV through Income Statement	(0.8)	(0.6)	(0.01)	16.6	0.14	(10.6)	(0.07)	(179.2)	(1.18)	3.7	0.02
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	10.5	7.7	0.13	15.8	0.13	15.0	0.11	14.8	0.10	12.3	0.08
14. Other Operating Income	6.4	4.7	0.08	7.0	0.06	(0.5)	(0.00)	19.9	0.13	15.1	0.10
15. Total Non-Interest Operating Income	28.3	20.7	0.34	64.1	0.53	26.5	0.19	(144.6)	(0.95)	31.1	0.21
16. Personnel Expenses	20.1	14.7	0.24	30.1	0.25	28.3	0.20	28.1	0.19	27.7	0.18
17. Other Operating Expenses	10.0	7.3	0.12	16.8	0.14	16.4	0.12	34.1	0.23	19.7	0.13
18. Total Non-Interest Expenses	30.0	22.0	0.37	46.9	0.39	44.7	0.31	62.2	0.41	47.4	0.32
19. Equity-accounted Profit/ Loss - Operating	(0.1)	(0.1)	(0.00)	0.3	0.00	0.2	0.00	0.5	0.00	1.0	0.01
20. Pre-impairment Operating Profit	14.9	10.9	0.18	20.8	0.17	26.6	0.19	(157.2)	(1.04)	31.8	0.21
21. Loan Impairment Charge	(0.1)	(0.1)	(0.00)	0.4	0.00	8.2	0.06	0.0	0.00	0.0	0.00
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	15.0	11.0	0.18	20.4	0.17	18.4	0.13	(157.2)	(1.04)	31.8	0.21
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	15.0	11.0	0.18	20.4	0.17	18.4	0.13	(157.2)	(1.04)	31.8	0.21
30. Tax expense	3.6	2.6	0.04	15.3	0.13	0.2	0.00	(8.8)	(0.06)	7.0	0.05
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	11.5	8.4	0.14	5.1	0.04	18.2	0.13	(148.4)	(0.98)	24.8	0.17
33. Change in Value of AFS Investments	6.7	4.9	0.08	30.5	0.25	30.9	0.22	(29.8)	(0.20)	(26.9)	(0.18)
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)	(1.6)	(1.2)	(0.02)	(0.3)	(0.00)	(1.0)	(0.01)	n.a.	-	n.a.	-
37. Fitch Comprehensive Income	16.5	12.1	0.20	35.3	0.29	48.1	0.34	(178.2)	(1.18)	(2.1)	(0.01)
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	11.5	8.4	0.14	5.1	0.04	18.2	0.13	(148.4)	(0.98)	24.8	0.17
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 = EURO.73220 USD1 = EURO.72510 USD1 = EURO.75790 USD1 = EURO.77290 USD1 = EURO.74840

Kommunalkredit Austria AG
Balance Sheet

	30 Jun 2014			31 Dec 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010	
	6 Months - Interim	Interim	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	EURm	Assets	EURm	Assets	EURm	Assets	EURm	Assets	EURm	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	9,392.1	6,876.9	55.59	6,907.1	56.02	8,021.8	50.60	8,279.7	49.43	8,228.6	50.57
6. Less: Reserves for Impaired Loans	n.a.	n.a.	-	0.7	0.01	8.3	0.05	0.1	0.00	84.0	0.52
7. Net Loans	9,392.1	6,876.9	55.59	6,906.4	56.01	8,013.5	50.55	8,279.6	49.43	8,144.6	50.06
8. Gross Loans	9,392.1	6,876.9	55.59	6,907.1	56.02	8,021.8	50.60	8,279.7	49.43	8,228.6	50.57
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	1,383.9	1,013.3	8.19	892.2	7.24	1,169.7	7.38	1,518.3	9.06	1,458.7	8.96
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	4,060.9	2,973.4	24.04	2,945.6	23.89	3,210.2	20.25	3,291.1	19.65	3,316.4	20.38
4. Derivatives	992.5	726.7	5.87	686.1	5.56	1,011.3	6.38	1,180.4	7.05	982.9	6.04
5. Available for Sale Securities	700.4	512.8	4.15	435.6	3.53	474.4	2.99	443.1	2.65	590.1	3.63
6. Held to Maturity Securities	0.0	0.0	0.00	271.5	2.20	363.7	2.29	426.9	2.55	497.2	3.06
7. Equity Investments in Associates	2.7	2.0	0.02	2.1	0.02	1.8	0.01	1.6	0.01	1.5	0.01
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	5,756.5	4,214.9	34.07	4,340.9	35.21	5,061.4	31.93	5,343.1	31.90	5,388.1	33.11
10. Memo: Government Securities included Above	n.a.	n.a.	-	842.6	6.83	997.8	6.29	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	n.a.	n.a.	-	0.0	0.00	5.5	0.03	5.7	0.03	5.9	0.04
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	16,532.5	12,105.1	97.86	12,139.5	98.45	14,250.1	89.89	15,146.7	90.43	14,997.3	92.17
C. Non-Earning Assets											
1. Cash and Due From Banks	311.4	228.0	1.84	142.4	1.15	393.5	2.48	419.3	2.50	163.6	1.01
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	38.9	28.5	0.23	29.2	0.24	30.2	0.19	30.9	0.18	31.2	0.19
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	0.3	0.2	0.00	0.4	0.00	0.5	0.00	0.7	0.00	0.2	0.00
7. Current Tax Assets	0.0	0.0	0.00	0.2	0.00	0.0	0.00	40.7	0.24	21.1	0.13
8. Deferred Tax Assets	4.9	3.6	0.03	7.0	0.06	32.3	0.20	n.a.	-	n.a.	-
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	6.6	4.8	0.04	11.4	0.09	1,145.8	7.23	1,110.8	6.63	1,057.7	6.50
11. Total Assets	16,894.6	12,370.2	100.00	12,330.1	100.00	15,852.4	100.00	16,749.1	100.00	16,271.1	100.00
Liabilities and Equity											
D. Interest-Bearing Liabilities											
1. Customer Deposits - Current	1,596.7	1,169.1	9.45	997.8	8.09	1,625.6	10.25	1,530.2	9.14	1,580.6	9.71
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	1,596.7	1,169.1	9.45	997.8	8.09	1,625.6	10.25	1,530.2	9.14	1,580.6	9.71
5. Deposits from Banks	4,236.1	3,101.7	25.07	2,943.3	23.87	3,001.5	18.93	1,980.6	11.83	1,090.1	6.70
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.	-	1,522.0	12.34	2,503.2	15.79	n.a.	-	n.a.	-
8. Total Deposits, Money Market and Short-term Funding	5,832.8	4,270.8	34.52	5,463.1	44.31	7,130.3	44.98	3,510.8	20.96	2,670.7	16.41
9. Senior Debt Maturing after 1 Year	8,211.3	6,012.3	48.60	5,010.1	40.63	6,281.1	39.62	10,994.7	65.64	11,780.3	72.40
10. Subordinated Borrowing	115.4	84.5	0.68	85.1	0.69	88.3	0.56	85.7	0.51	83.2	0.51
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Total Long Term Funding	8,326.7	6,096.8	49.29	5,095.2	41.32	6,369.4	40.18	11,080.4	66.16	11,863.5	72.91
13. Derivatives	2,235.2	1,636.6	13.23	1,420.7	11.52	2,034.8	12.84	1,884.7	11.25	1,287.4	7.91
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Funding	16,394.7	12,004.2	97.04	11,979.0	97.15	15,534.5	97.99	16,475.9	98.37	15,821.6	97.24
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	16.8	12.3	0.10	10.7	0.09	10.2	0.06	9.0	0.05	8.7	0.05
4. Current Tax Liabilities	3.6	2.6	0.02	1.0	0.01	2.7	0.02	0.4	0.00	3.1	0.02
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	21.0	15.4	0.12	15.5	0.13	16.6	0.10	23.5	0.14	18.8	0.12
10. Total Liabilities	16,436.1	12,034.5	97.29	12,006.2	97.37	15,564.0	98.18	16,508.8	98.57	15,852.2	97.43
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	189.0	138.4	1.12	138.4	1.12	138.4	0.87	138.4	0.83	138.4	0.85
G. Equity											
1. Common Equity	299.2	219.1	1.77	212.1	1.72	207.2	1.31	190.0	1.13	338.8	2.08
2. Non-controlling Interest	0.1	0.1	0.00	0.2	0.00	0.1	0.00	0.1	0.00	0.1	0.00
3. Securities Revaluation Reserves	(29.9)	(21.9)	(0.18)	(26.8)	(0.22)	(57.3)	(0.36)	(88.2)	(0.53)	(58.4)	(0.36)
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	269.5	197.3	1.59	185.5	1.50	150.0	0.95	101.9	0.61	280.5	1.72
7. Total Liabilities and Equity	16,894.6	12,370.2	100.00	12,330.1	100.00	15,852.4	100.00	16,749.1	100.00	16,271.1	100.00
8. Memo: Fitch Core Capital	264.3	193.5	1.56	178.1	1.44	135.6	0.86	101.2	0.60	280.3	1.72
9. Memo: Fitch Eligible Capital	264.3	193.5	1.56	178.1	1.44	135.6	0.86	101.2	0.60	280.3	1.72

Exchange rate USD1 = EUR0.73220 USD1 = EUR0.72510 USD1 = EUR0.75790 USD1 = EUR0.77290 USD1 = EUR0.74840

Kommunalkredit Austria AG Summary Analytics

	30 Jun 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
	6 Months - Interim	Year End	Year End	Year End	Year End
A. Interest Ratios					
1. Interest Income on Loans/ Average Gross Loans	n.a.	3.96	4.57	5.07	4.96
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	1.87	2.09	4.04	3.34
3. Interest Income/ Average Earning Assets	4.62	4.99	5.69	6.41	5.83
4. Interest Expense/ Average Interest-bearing Liabilities	4.46	4.65	4.94	5.72	5.26
5. Net Interest Income/ Average Earning Assets	0.20	0.03	0.30	0.32	0.29
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.21	0.02	0.25	0.32	0.29
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Asset	0.20	0.03	0.30	0.32	0.29
B. Other Operating Profitability Ratios					
1. Non-Interest Income/ Gross Revenues	62.73	95.10	37.27	151.41	39.77
2. Non-Interest Expense/ Gross Revenues	66.67	69.58	62.87	(65.13)	60.61
3. Non-Interest Expense/ Average Assets	0.36	0.33	0.27	0.38	0.27
4. Pre-impairment Op. Profit/ Average Equity	11.48	12.86	21.40	(70.40)	11.80
5. Pre-impairment Op. Profit/ Average Total Assets	0.18	0.15	0.16	(0.95)	0.18
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	(0.92)	1.92	30.83	0.00	0.00
7. Operating Profit/ Average Equity	11.59	12.62	14.80	(70.40)	11.80
8. Operating Profit/ Average Total Assets	0.18	0.14	0.11	(0.95)	0.18
9. Taxes/ Pre-tax Profit	23.64	75.00	1.09	5.60	22.01
10. Pre-Impairment Operating Profit / Risk Weighted Assets	1.54	1.53	1.23	(6.75)	1.21
11. Operating Profit / Risk Weighted Assets	1.55	1.50	0.85	(6.75)	1.21
C. Other Profitability Ratios					
1. Net Income/ Average Total Equity	8.85	3.15	14.64	(66.46)	9.20
2. Net Income/ Average Total Assets	0.14	0.04	0.11	(0.90)	0.14
3. Fitch Comprehensive Income/ Average Total Equity	12.75	21.83	38.70	(79.80)	(0.78)
4. Fitch Comprehensive Income/ Average Total Assets	0.20	0.25	0.29	(1.08)	(0.01)
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	1.19	0.37	0.84	(6.37)	0.94
7. Fitch Comprehensive Income/ Risk Weighted Assets	1.71	2.60	2.22	(7.65)	(0.08)
D. Capitalization					
1. Fitch Core Capital/ Risk Weighted Assets	13.56	13.09	6.27	4.35	10.67
2. Fitch Eligible Capital/ Risk Weighted Assets	13.56	13.09	6.27	4.35	10.67
3. Tangible Common Equity/ Tangible Assets	1.56	1.45	0.86	0.60	1.72
4. Tier 1 Regulatory Capital Ratio	15.50	18.60	12.30	12.00	15.70
5. Total Regulatory Capital Ratio	22.10	25.80	17.40	15.00	19.70
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	1.59	1.50	0.95	0.61	1.72
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. Internal Capital Generation	8.59	2.75	12.13	(145.63)	8.84
E. Loan Quality					
1. Growth of Total Assets	0.33	(22.22)	(5.35)	2.94	(11.01)
2. Growth of Gross Loans	(0.44)	(13.90)	(3.11)	0.62	7.30
3. Impaired Loans/ Gross Loans	n.a.	n.a.	n.a.	n.a.	n.a.
4. Reserves for Impaired Loans/ Gross Loans	n.a.	0.01	0.10	0.00	1.02
5. Reserves for Impaired Loans/ Impaired Loans	n.a.	n.a.	n.a.	n.a.	n.a.
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	n.a.	n.a.	n.a.	n.a.	n.a.
7. Impaired Loans less Reserves for Impaired Loans/ Equity	n.a.	n.a.	n.a.	n.a.	n.a.
8. Loan Impairment Charges/ Average Gross Loans	0.00	0.01	0.10	0.00	0.00
9. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.	n.a.
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Ass	n.a.	n.a.	n.a.	n.a.	n.a.
F. Funding					
1. Loans/ Customer Deposits	588.22	692.23	493.47	541.09	520.60
2. Interbank Assets/ Interbank Liabilities	32.67	30.31	38.97	76.66	133.81
3. Customer Deposits/ Total Funding (excluding derivatives)	11.28	9.45	12.04	10.49	10.88

Kommunalkredit Austria AG

Reference Data

	30 Jun 2014			31 Dec 2013		31 Dec 2012		31 Dec 2011		31 Dec 2010	
	6 Months - Interim	Interim	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	EURm	Assets	EURm	Assets	EURm	Assets	EURm	Assets	EURm	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	43.8	32.1	0.26	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	183.4	134.3	1.09	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	17,121.8	12,536.6	101.35	12,330.1	100.00	15,852.4	100.00	16,749.1	100.00	16,271.1	100.00
8. Memo: Risk Weighted Assets	1,948.8	1,426.9	11.53	1,360.2	11.03	2,164.1	13.65	2,328.7	13.90	2,627.3	16.15
9. Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Risk Weighted Assets	1,948.8	1,426.9	11.53	1,360.2	11.03	2,164.1	13.65	2,328.7	13.90	2,627.3	16.15
B. Average Balance Sheet											
Average Loans	9,412.7	6,892.0	55.71	7,431.6	60.27	8,176.6	51.58	8,196.7	48.94	8,047.7	49.46
Average Earning Assets	16,556.0	12,122.3	98.00	13,056.4	105.89	14,809.2	93.42	15,159.1	90.51	16,070.5	98.77
Average Assets	16,867.2	12,350.2	99.84	14,255.6	115.62	16,426.7	103.62	16,514.3	98.60	17,387.0	106.86
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	16,377.5	11,991.6	96.94	13,925.5	112.94	16,130.0	101.75	16,122.4	96.26	16,917.6	103.97
Average Common equity	294.5	215.6	1.74	203.2	1.65	199.8	1.26	289.5	1.73	323.0	1.99
Average Equity	261.4	191.4	1.55	161.7	1.31	124.3	0.78	223.3	1.33	269.6	1.66
Average Customer Deposits	1,479.8	1,083.5	8.76	1,452.6	11.78	1,716.4	10.83	1,662.6	9.93	1,378.8	8.47
C. Maturities											
Asset Maturities:											
Loans & Advances < 3 months	n.a.	n.a.	-	269.1	2.18	434.0	2.74	171.0	1.02	171.0	1.05
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	303.4	2.46	415.7	2.62	364.7	2.18	413.4	2.54
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	2,071.6	16.80	2,267.8	14.31	2,288.0	13.66	2,157.9	13.26
Loans & Advances > 5 years	n.a.	n.a.	-	4,262.3	34.57	4,896.0	30.88	5,346.9	31.92	5,402.3	33.20
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.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	787.8	6.39	1,012.3	6.39	770.8	4.60	168.0	1.03
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	0.2	0.00	49.3	0.31	550.0	3.28	527.0	3.24
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	53.6	0.43	45.7	0.29	137.7	0.82	668.6	4.11
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	50.6	0.41	62.4	0.39	59.8	0.36	95.1	0.58
Liability Maturities:											
Retail Deposits < 3 months	n.a.	n.a.	-	398.3	3.23	952.6	6.01	743.4	4.44	771.8	4.74
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	137.3	1.11	205.1	1.29	299.1	1.79	365.9	2.25
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	62.4	0.51	33.2	0.21	63.4	0.38	81.1	0.50
Retail Deposits > 5 Years	n.a.	n.a.	-	399.8	3.24	434.7	2.74	424.2	2.53	361.7	2.22
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.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	745.6	6.05	753.1	4.75	1,252.2	7.48	412.4	2.53
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	290.2	2.35	145.6	0.92	110.6	0.66	167.2	1.03
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	1,729.5	14.03	1,854.1	11.70	372.5	2.22	214.7	1.32
Deposits from Banks > 5 Years	n.a.	n.a.	-	178.0	1.44	248.7	1.57	245.3	1.46	295.7	1.82
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	115.4	84.5	0.68	85.1	0.69	88.3	0.56	85.7	0.51	83.2	0.51
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Equity Reconciliation											
1. Equity	269.5	197.3	1.59	185.5	1.50	150.0	0.95	101.9	0.61	280.5	1.72
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	189.0	138.4	1.12	138.4	1.12	138.4	0.87	138.4	0.83	138.4	0.85
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	458.5	335.7	2.71	323.9	2.63	288.4	1.82	n.a.	-	n.a.	-
E. Fitch Eligible Capital Reconciliation											
1. Total Equity as reported (including non-controlling interests)	269.5	197.3	1.59	185.5	1.50	150.0	0.95	101.9	0.61	280.5	1.72
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	0.0	0.00
5. Other intangibles	0.3	0.2	0.00	0.4	0.00	0.5	0.00	0.7	0.00	0.2	0.00
6. Deferred tax assets deduction	4.9	3.6	0.03	7.0	0.06	13.9	0.09	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	264.3	193.5	1.56	178.1	1.44	135.6	0.86	101.2	0.60	280.3	1.72
10. Eligible weighted Hybrid capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	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	264.3	193.5	1.56	178.1	1.44	135.6	0.86	101.2	0.60	280.3	1.72

Exchange Rate USD1 = EUR0.73220 USD1 = EUR0.72510 USD1 = EUR0.75790 USD1 = EUR0.77290 USD1 = EUR0.74840

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