ALWAYS FIRST – WITH SPEED AND PRECISION.

Half Year Financial Report
Kommunalkredit Group 2019

KOMMUNAL
KREDIT

HIGHLIGHTS OF THE FIRST HALF OF 2019

Continued transformation

61%

of gross revenues from infrastructure and energy business

Boost in profitability

RoE after tax up from 8.0% to

11,0%

Profitable growth

Gross revenues from infrastructure and energy business up by

+ 30%

More capital for growth

Capital base strengthened by EUR 50.4m

Authorised capital increased to EUR 86.3m

Capital-efficient growth

Target CET 1 ratio of 15%

17.5%
as of 30/6/2019

Improved result

Profit after tax rises from EUR 9.4m to EUR

14,6m

Awards

Two transactions crowned "Deal of the Year" for 2018

Strong funding base

+ 16,3%

Customer deposits increased to EUR 1.2bn

All figures pursuant to Austrian Commercial Code (UGB)/
Austrian Banking Act (BWG).

KOMMUNALKREDIT AT A GLANCE

KOMMUNALKREDIT GROUP
KEY PERFORMANCE INDICATORS UNDER IFRS

Selected P&L figures and other KPIs under IFRS in EUR m or %	1/1-30/6/2019	1/1-30/6/2018
Net interest income	27.9	23.7
Net fee and commission income	10.8	10.4
Result of the placement of financial assets[1]	1.7	1.9
Net provisioning for impairment losses	-0.5	0.1
General administrative expenses	-25.3	-25.0
Contributions to the Bank Resolution Fund	-1.6	-1.6
Other operating income	1.5	4.4
of which Income from services provided for KA Finanz AG	*1.8*	*4.7*
of which stability tax	*-0.3*	*-0.3*
Operating performance[2]	**14.6**	**13.8**
Restructuring expense	0.0	-2.5
Net result of asset valuation and realised gains and losses[3]	-2.5	0.2
Profit for the period before tax	**12.1**	**11.5**
Taxes on income	-0.8	-2.3
Profit for the period after tax	**11.3**	**9.2**
Adjusted profit for the period[4]	**17.2**	**7.6**
Cost/income ratio (excl. restructuring expense/asset valuation result)	65.0%	64.5%
Return on equity before tax	9.1%	9.9%
Return on equity after tax	8.5%	7.9%

[1] In the prior-year period, the result from the placement of financial assets in other comprehensive income was shown under net interest income. In the income statement this position is named “Result from the derecognition of assets at fair value through other comprehensive income”.
[2] Profit for the period before tax adjusted for net result of valuations and restructuring expense.
[3] This includes a one-off effect of EUR -5.9m from valuation changes resulting from the marked drop in long-term market interest rates: the 10-year swap rate fell from 0.81% at the end of 2018 to 0.18% as of 30 June 2019. The bank’s interest rate risk position is unchanged. This means that a scenario in which interest rates rise in the future will have a positive valuation effect. These valuation changes are only relevant under IFRS and have no impact under the Austrian Commercial Code (UGB)/Austrian Banking Act (BWG) (also referred to here as Austrian GAAP), meaning that they have no impact on the regulatory capital of Kommunalkredit Austria AG.
[4] Profit for the period adjusted to reflect changes in valuations due to interest rates (see footnote 3).

Rating	30/6/2019	31/12/2018
Long-term DBRS	BBB (low) stable outlook	BBB (low) stable outlook
Short-term DBRS	R-2 (mid)	R-2 (mid)
Covered bonds S&P	A	A

KOMMUNALKREDIT AUSTRIA AG FINANCIAL PERFORMANCE INDICATORS UNDER AUSTRIAN GAAP

Selected P&L figures and other KPIs under Austrian GAAP in EUR m or %	1/1-30/6/2019	1/1-30/6/2018
Net interest income	21.7	18.4
Net fee and commission income	6.4	8.7
Income from investments	1.6	0.6
General administrative expenses	-21.9	-23.7
of which contributions to the Bank Resolution Fund	*-1.6*	*-1.6*
of which provisions for restructuring	*0.0*	*-2.5*
Other operating income	2.9	5.8
of which income from services provided for KA Finanz AG and from services provided for Kommunalkredit Public Consulting GmbH	*2.7*	*5.7*
Other operating expenses	-0.3	-0.3
of which stability tax	*-0.3*	*-0.3*
Operating performance[1]	**12.0**	**13.5**
Operating result	**10.1**	**9.1**
Loan impairment, valuation and sales result	3.7	-0.2
Net allocation to provision (§ 57 (1) Austrian Banking Act)	0.0	0.9
Profit on ordinary activities	**13.7**	**8.9**
Income taxes	1.0	0.5
Profit for the period after tax	**14.6**	**9.4**
Cost/income ratio (excl. restructuring expense/asset valuation result)	69.1%	65.3%
Return on equity before tax	10.3%	7.6%
Return on equity after tax	11.0%	8.0%

[1] Operating performance adjusted for restructuring expense, stability tax and contribution to the Bank Resolution Fund.

Regulatory indicators in EUR m or %	30/6/2019	31/12/2018
Risk-weighted assets	1,634.8	1,334.7
Total capital	342.2	323.7
Total capital ratio	20.9%	24.3%
Common equity tier 1	286.4	265.5
CET 1 ratio	17.5%	19.9%

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LETTER BY THE CHIEF EXECUTIVE OFFICER

Dear stakeholders,

The first half of 2019 saw Kommunalkredit forging ahead resolutely with the implementation of its growth strategy as a specialist bank for infrastructure and energy. We increased the contribution made by the infrastructure and energy business to the gross revenues of the Kommunalkredit Group (IFRS) to 54%, with the contribution made to the gross revenues of Kommunalkredit Austria AG (Austrian reporting regulations) rising to 61%. Public finance remains a key component of our business, with its share of gross revenues in line with our strategy dropping back to 46% (IFRS) and 39% (Austrian reporting regulations).

When it comes to acquiring new business, we focus on clear selection criteria, with a stringent emphasis on both the efficient employment of capital as well as structure, pricing and placeability with investors. With this focus, we increased Kommunalkredit's operating earnings power in its core business yet again in the first half of 2019.

This approach is reflected in our financial results. The Kommunalkredit Group's profit for the period under IFRS grew to EUR 11.3m, up by EUR 2.1m on the year-on-year figure of EUR 9.2m. This included two special effects: firstly, income from services provided to KA Finanz AG fell by EUR 3.0m due to the discontinuation of such services with effect from 31 March 2019. Secondly, valuation changes resulting from the marked drop in long-term market interest rates had an impact of EUR -5.9m. Future rises in interest rates will have a positive valuation effect, however the bank's interest rate risk has remained unchanged, when compared to year-end 2018. After adjustments to reflect changes in valuations due to interest rates, the profit for the period rose to EUR 17.2m in the first six months of the year, as against EUR 7.6m in the previous year.

These changes in valuations due to interest rates only affect the IFRS result and have no impact on the separate financial statements. This means that the profit for the period after tax under Austrian reporting regulations rose from EUR 9.4m to EUR 14.6m. The return on equity under Austrian reporting regulations increased from 8.0% to 11.0% with a capital base that has been strengthened by around EUR 50m as against the previous year.

Building on the bank's core competencies, we will be expanding our activities in the areas of acquisition finance, hybrid/corporate finance and financial advisory services as the year progresses. The contribution made by infrastructure and energy financing to the bank's gross revenues will also grow in the second half of the year in line with our strategy.

We are confident as we look ahead to the second half of 2019. We will continue on the path we have carved out with a resolute commitment to the implementation of our growth strategy.

Best regards,

Vienna, August 2019

Kommunalkredit Austria AG

Bernd Fislage
Chief Executive Officer

GROUP MANAGEMENT REPORT

ALWAYS FOCUSSED

KOMMUNALKREDIT – THE INFRASTRUCTURE SPECIALIST

Kommunalkredit is a specialised bank for infrastructure and energy financing. We have a clear objective: We aim to establish ourselves as a leading name in the European infrastructure market. Working in partnership with our customers, we create value that sustainably improves people's lives.

Our vision

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

Our mission

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

We provide benefit to the community

- We help to create a better world by enabling the development of sustainable infrastructure that improve 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 benefits to the community:
  - Economic dynamism
  - Urban development and renewal
  - Job creation
  - Measures to combat climate change
  - Social cohesion
- We focus on providing a secure, stable and sustainable yield to our investors.
- Kommunalkredit is the partner of choice for a long-term commitment.

ALWAYS SUCCESS-DRIVEN

OUR BUSINESS MODEL

Kommunalkredit is the partner of choice for both corporate and financial sponsors active in the construction, acquisition and/or operation of infrastructure and energy projects as well as the public sector in the financing of its infrastructure investments and beyond. Our work focuses on delivering tangible benefits to smaller and larger communities by impacting key issues including economic growth, job creation, social cohesion and climate improvement.

We combine in-depth industry expertise and structuring know-how to provide tailor-made solutions for our clients with speed, precision and enthusiasm. Our strong relationships with both local communities on the one hand and international clients and investors on the other hand are firmly rooted in our ability to create sustainable value by providing flexible financing solutions across all layers of the capital structure.

We provide an extensive range of products, from financial advisory services to arranging and underwriting of senior and junior debt as well as asset management through the Fidelio KA Infrastructure Debt Fund platform.

We are an enabler in the implementation and operation of infrastructure assets by matching the financing needs of project sponsors and developers with the growing number of investors searching sustainable investment opportunities such as insurance companies, pension funds and asset managers.

What sets us apart

- Our unique combination of in-depth industry expertise and structuring know-how with the financing capabilities of a bank.
- Our access to a captive asset base and large investors.
- Our strong track record of a senior team in managing risk and growing business; investment in talent and management development.
- Our expertise in pricing risk and consistent delivery on our commitment to sponsors.
- The benefits of an agile bank: nimble, flexible, no silo mentality and commitment to success.

Our investment segments

Energy & Environment	Communication & Digitalisation	Transport	Social Infrastructure	Natural Resources
Energy supply & distribution Renewable energy Water supply & treatment Waste management & disposal	Broadband & Fibre optic Data centres	Roads, bridges, tunnels Airports, ports, waterways Rail/light rail, rolling stock	Nurseries, schools, universities Hospitals, nursing homes Court buildings and correction facilities Administrative buildings	LNG terminals Pipelines Storage

ALWAYS AMBITIOUS

50 | 50 | 10

In 2018, Kommunalkredit launched its strategic programme, setting out clear and ambitious targets for 2022: 50 I 50 I 10. We aim to increase the operating result to EUR 50m, reduce the cost/income ratio to 50% and generate a return on equity of 10% (all under local GAAP).

What is our goal?

1

We aim to establish Kommunalkredit as partner of choice for infrastructure investments and, as a result, a leading player in the European infrastructure market.

How will we achieve this goal?

We focus on our core business. We live customer centricity and concentrate on operational efficiency and clearly-defined placement criteria.

2

Where do we aim to improve in our core business?

3

We broaden the product range, grow the fee business and improve productivity and profitability. We focus strongly on risk-adjusted returns.

What do we need to achieve this?

We aim to strengthen our capital basis. This will allow us to increase our underwriting capacity and to benefit from economies of scale. We invest in talent and the digitalisation of processes. And we are committed to improving our rating.

4

Why is this attractive to our shareholders?

5

We aim to increase the operating result to EUR 50m by 2022, reduce the cost-income-ratio to 50% and generate a RoE of 10%. All these achievements will result into an attractive RoI through improvement of our P/B ratio.

Economic environment

GLOBAL ECONOMY PAINTS AN AMBIGUOUS PICTURE

Macroeconomic environment in the first half of 2019

After the global economy reached its peak in 2018 with a GDP growth of 3.5%, the picture for 2019 is an ambiguous one: although global growth appears to be stabilising at 3.2% for 2019 as a whole, a number of emerging markets are grappling with a severe recession and there are signs of a slowdown in key industrial sectors. This is particularly true for the eurozone, Japan and, more recently, for China.

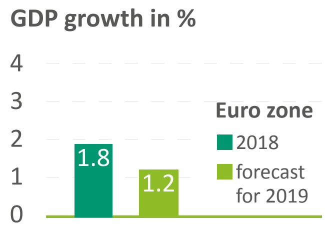
Year-on-year growth slowed down:

Global economic growth expected to stabilise at 3.2% in 2019

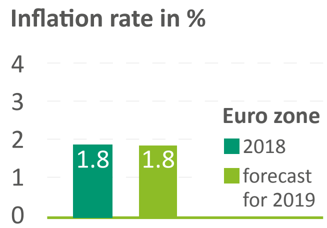
Confidence indicators have also dipped significantly in a large number of OECD countries, meaning that GDP growth for the OECD countries as a whole is tipped to come in at only 1.8% in 2019 (2018: 2.3%). By contrast, confidence levels in the corporate sector and among consumers in the US remain strong, although economic growth is also starting to wane here as fiscal policy support effects start to taper off.

Global trade is now only expected to expand by around 2% in 2019, the lowest figure witnessed since the financial crisis. The main risks hanging over global trade include the exacerbation of the trade conflict between the US and China and the imposition of new trade restrictions, in particular additional tariffs, between the US and the EU.[1]

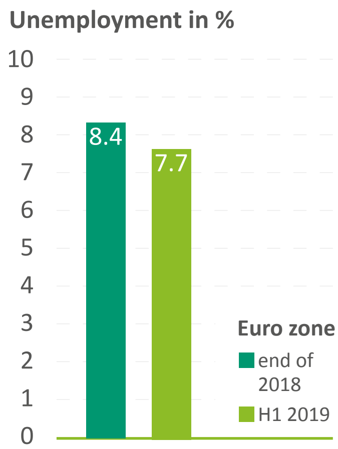
US GDP growth is only expected to drop slightly to 2.8% in 2019 as a whole (2018: 2.9%). The US economy is benefiting from solid labour market performance as well as favourable income and private consumption, supported by overall financial conditions that remain positive and an unemployment rate that is at an all-time low for the country. The European economy is showing much weaker development. GDP growth in the eurozone is tipped to fall to 1.2% in 2019 (2018: 1.8%). While Austrian GDP growth should outstrip the eurozone average in 2019 at 1.4%, this also marks a considerable drop in a year-on-year comparison (2018: 2.7%). A growth rate of only 0.7% is forecasted for Germany, as against 1.5% in the previous year, and 1.3% for France (2018: 1.6%). The UK economy is suffering increasingly as a result of the Brexit debate and the associated political turbulence, with GDP growth of only 1.2% on the cards for 2019 (2018: 1.4%).



The rate of inflation in the eurozone countries ranged between 0.9% and 2.6% in the first half of 2019. Looking at 2019 as a whole, the average inflation rate in the eurozone is expected to come in at 1.8% (2018: 1.8%). The majority of the world's national central banks have set an inflation rate of 2.0% as their monetary policy target.



The positive labour market developments seen in 2018 continued in the first half of 2019: the unemployment rate in the eurozone fell from 8.4% at the end of 2018 to an average of 7.7% in the first six months of 2019.



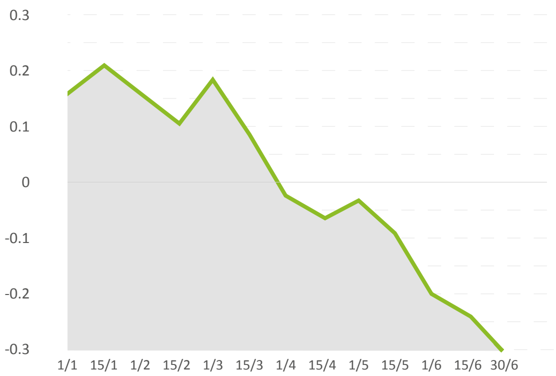
[1] OECD Economic Outlook, Volume 2019 Issue 1.

The European Central Bank (ECB) kept interest rates on its marginal lending facility and its main financing operations unchanged at 0.25% and 0.00% respectively. The interest rate on the ECB's deposit facility remained at -0.40%. On 13 December 2018, the ECB moved from the phase of extended purchases of public sector securities, covered bonds, asset-backed securities and corporate bonds as part of its Asset Purchase Programme (APP) to the reinvestment phase of the programme. The ECB intends to continue reinvesting the principal payments from maturing securities purchased under the Asset Purchase Programme (APP) for an extended period of time.

The interest rate environment in the eurozone in the first half of 2019 was characterised by forecasts of dwindling growth, core inflation that remained virtually unchanged, the expected further easing of monetary policy and another rate cut by the ECB. Yields on long-dated German Bunds, European bank bonds and corporate bonds were on a downward trajectory throughout the first half of 2019, a trend that was accelerated by supportive ECB comments at the end of the first half of 2019.

In light of the expected interest rate cuts, yields on ten-year German Bunds are expected to remain in negative territory beyond 2019.

Yields of ten year German Bunds (H1 2019)



The US central bank (Federal Reserve Bank) cut its key rate for the first time in ten years at the end of July. Further interest rate moves are possible between now and the end of the year. The Fed is currently reducing its bond investments by USD 50bn a month while reinvesting the remaining principal repayments. The Fed expects to invest at least USD 3.5 trillion by September 2019. This equates to more than four times the volume invested by the Fed more than a decade ago, just before the financial crisis hit.

The development in US government bond yields towards the end of 2018 and throughout the first half of 2019 gives cause for concern regarding an inverted yield curve, which is seen as an indicator of an impending economic downturn. The spread differential between the ten-year and the three-month bond continued to narrow in the first six months of 2019 and even slid into negative territory at times in both March and May.[2]

The European infrastructure market in the first half of 2019

It was a solid first six months of the year for the European infrastructure market with a transaction volume of EUR 71.5bn, close to the level witnessed in the boom year of 2018 (H1 2018: EUR 74.0bn).

There were major changes regarding the geographical and sector distribution, as well as in terms of the type of transaction (greenfield[3], brownfield[4], refinancing). The greenfield transaction volume dropped considerably, with brownfield and long-term refinancing transactions reaping the benefits. The GBP 2.9bn takeover of a majority stake in Gatwick Airport by the French company VINCI Airports is particularly noteworthy in this context. European public-private-partnership (PPP) projects were noticeably subdued in the first half of the year, with only 22 projects accounting for a transaction volume of EUR 3.8bn being brought to a financial close.

Major factors in these developments included slower economic growth in key countries such as Germany and political uncertainty in the run-up to Brexit and upcoming elections throughout Europe, making it more difficult to secure orders. Although none of these factors are completely new, the market has shown a strong reaction to the development in medium-term to long-term interest rates compared to the end of 2018. The significant interest rate cuts came as a favourable development for project sponsors that are aiming to achieve lower margins in connection with refinancing deals and extremely competitive conditions for brownfield acquisition liabilities. The biggest refinancing transactions included the Tours-Bordeaux high-speed railway line in France and the British Beacon Rail transaction.

The energy sector accounted for a large proportion of the total transaction volume. Conventional energy segments such as gas networks (EUR 2.2bn refinancing of Gas Natural Fenosa, Spain) and natural gas and crude oil storage (acquisitions of HES International and VTTI in the Netherlands) played a particularly dominant role. With these developments, Spain and the Netherlands rank among the three largest infrastructure markets in the eurozone in terms of volume. Major transactions were also, however, executed in the renewable energies segment, such as the refinancing of the Portuguese onshore wind platform by First State Investments, in which Kommunalkredit played a key role as mandated lead arranger.

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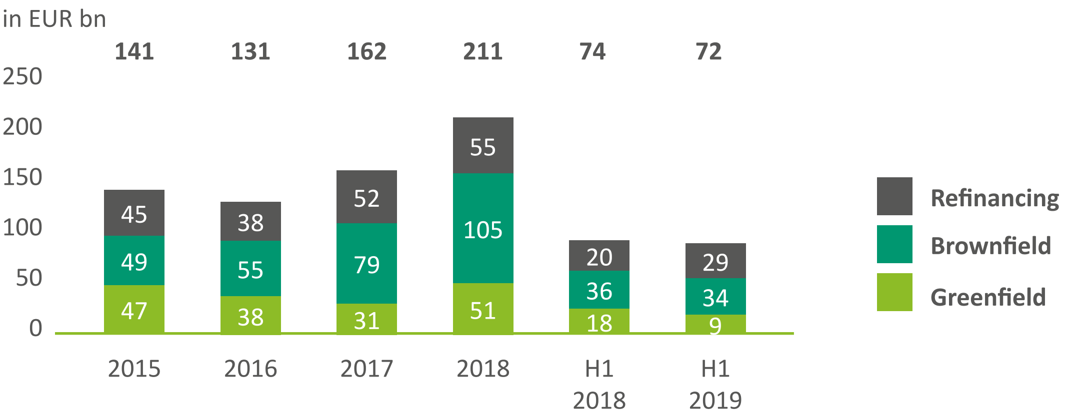
2 Federal Reserve Board of Governors – Minutes.

3 Greenfield projects are new infrastructure assets, which are characterized by various lengths of construction phases and different financing requirements, depending on their sector.

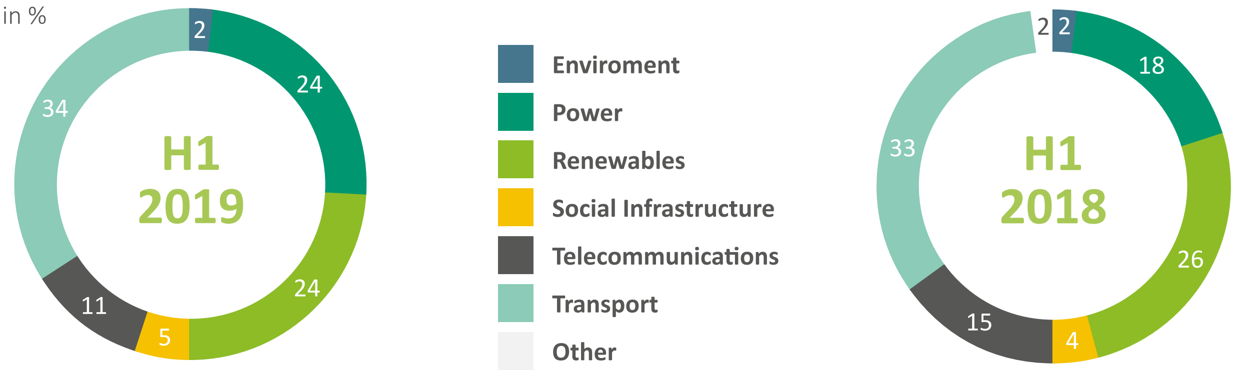
4 Brownfield projects are already existing and often already operational infrastructure, where the financing is restructured mostly through M&A transactions.

The European Infrastructure Market in the First half of 2019[5]

Transaction volume by type



Sector breakdown by value



[5] All figures according to inframation - An Acuris Company.

In addition to conventional infrastructure sectors, such as transport and energy, there was also an increasing focus on the communications and digitalisation sector. Rapid growth in global data traffic (including 5G and FTTH launches) has aroused keen interest in fibre optic networks, mobile phone base stations and data centres. By financing several data centre deals (both greenfield and brownfield projects) in the UK and the Netherlands, Kommunalkredit was able to considerably expand its portfolio in this area. In the communications sector, France was the most active infrastructure market in the first half of the year thanks to major transactions including the sale of mobile phone base stations by Altice and the carve-out of its FTTH (fibre-to-the-home) network.

In the first six months of 2019, there were notable differences compared to 2018 in terms of geographical distribution. Germany and Turkey, in particular, saw their transaction volume plummet. Whereas the situation in Turkey can be traced back to the prevailing political uncertainty, the trend in Germany is due to significant procurement delays (for example regarding the A3 concession, the country's largest PPP order), as well as a general lack, and the cancellation, of transactions in both the greenfield and the brownfield segments. By contrast, the French market remained very active, with transactions worth EUR 9.6bn being executed. The marked year-on-year increase in the transaction volume can be attributed first and foremost to major telecommunications deals (Altice FTTH) and to the up-and-coming smart metering segment (Proxiserve). It was a positive first half of the year for the Spanish infrastructure market, not only thanks to the EUR 3.2bn refinancing of Abertis – which operates motorway tollbooths – but also due to numerous renewable energy transactions.

Central and eastern Europe only executed smaller-scale transactions compared with western Europe – with the exception of the sale of the Polish cargo port in Gdansk.

From a debt investor's perspective, a large number of transaction opportunities arose in the first half of the year, albeit based on increasingly difficult competitive conditions. Institutional investors are looking to invest more in the European infrastructure market and are prepared to employ a considerable amount of capital, not just in investment grade debt, but also in sub-investment grade debt in order to compensate for the low interest rates.

Top-5 infrastructure markets in the euro zone by transaction volume[6]

EUR **10.3**bn (+ 25%)
Spain 52 transactions (+ 44%)

EUR **9.6**bn (+ 62%)
France 58 transactions (+ 76%)

EUR **5.2**bn (- 25%)
Netherlands 21 transactions (0%)

EUR **3.8**bn (- 51%)
Italy 42 transactions (0%)

EUR **3.3**bn (+ 399%)
Belgium 10 transactions (+ 67%)

[5] All figures according to inframation - An Acuris Company.

Business review for the first half of 2019

PROFITABLE NEW BUSINESS

1. Efficient employment of capital and disciplined placement

The first half of 2019 saw Kommunalkredit forge ahead resolutely with the implementation of its growth strategy as a specialist bank for infrastructure and energy financing. The contribution made by the infrastructure and energy business to gross revenues rose to 54.2% (H1 2018: 41.0%). The bank made the efficient employment of capital a top priority. With a new business volume of EUR 495.6m, down slightly year-on-year (H1 2018: EUR 532.5m), Kommunalkredit increased the gross revenues from the infrastructure and energy business significantly, namely by 44.7% to EUR 22.6m (H1 2018: EUR 15.6m). Public finance lending continues to be an important part of the bank's business. New loans were provided on a selective basis in the first half of the year. Given the profitability of the bank's new business, however, the revenue contribution made by the public finance business fell in line with the strategy to 45.8% (H1 2018: 59.0%).

In its origination activities, the bank focuses on clear selection criteria, with a stringent focus on both the efficient employment of capital as well as structure, pricing and placeability with investors. New business was well diversified in terms of asset classes, regions, products and maturities delivering attractive risk-adjusted returns. The bank was able to reap the benefits of its high level of industry expertise in the field of renewable energy: Energy & Environment accounted for 60.8% of the financing volume, with Communications & Digitalisation accounting for 20.3% and Transport accounting for 18.8%. Kommunalkredit's regional footprint was also well diversified across the EU and EU-associated countries, with Spain, the Netherlands, Portugal, Germany and the UK as the Top 5 markets.

Leveraging its successful track record in traditional project financing and its in-depth sector expertise, Kommunalkredit has stepped up its activities in the fields of acquisition finance and hybrid/corporate finance, as well as its financial advisory services.

The bank runs an originate-and-collaborate model, meaning that it places strong emphasis on its distribution capabilities. In the first half of 2019, it placed a volume of EUR 111.4m with institutional investors and banks (H1 2018: EUR 280.1m). Kommunalkredit successfully launched its own infrastructure debt platform with the first close of the first fund, Fidelio KA Infrastructure Debt Fund Europe 1, in the third quarter of 2018. This platform allows Kommunalkredit to offer business partners access to infrastructure financing via an asset management solution. A second close by Fidelio KA Infrastructure Debt Fund Europe 1 was prepared in the second quarter of 2019.

Kommunalkredit was involved in financing a number of high-profile transactions in the first half of 2019. These included, for example, financing in the amount of EUR 81.5m for the development of greenfield solar projects in Spain and the EUR 60m financing for Clean Sustainable Energy (CSE), an operator of biomass plants that also operates in Spain. Kommunalkredit acted as mandated lead arranger in both transactions – as it did in the EUR 110m financing for Hansea, a leading local public transport company in Belgium, and in the EUR 100m financing for the expansion of a fibre optic network in rural areas by the Spanish telecommunications company Adamo. Kommunalkredit played a key role as mandated lead arranger, global bookrunner, structuring coordinator and underwriter in the EUR 120m financing for the expansion of charging stations for electric vehicles by the Dutch company Allego.

Kommunalkredit acted as mandated lead arranger early on during the tender process for two transactions executed in 2018 that were awarded the title of "Deal of the Year" by the renowned international industry magazine IJ Global in the second quarter: the EUR 1bn financing of the takeover of SAUR by EQT Infrastructure in the "European Waters" category and the EUR 420m financing of the acquisition of the Nikola Tesla Airport concession in Belgrade by VINCI Airports in the "European Airports" category.

Selected reference projects

Greenfield solar projects (Bonete Solar PV/Spain)

Kommunalkredit acted as mandated lead arranger in the EUR 81.5m financing for the development of a cluster of three greenfield solar projects in Albacete, Spain. Construction work on these projects has already begun. The solar installations have a combined capacity of 146.4 MWp. This was the first time that Kommunalkredit participated in a transaction that complies with the "Green Loan Principles".

Local public transport (Bus de Polder/Belgium)

Kommunalkredit played a key role as arranger for a EUR 110m financing arrangement for Hansea. Hansea is one of Belgium's leading public transport companies. It provides city and regional connections for public transport companies and offers school and passenger transport services, as well as charter services. Hansea has shown steady growth in recent years and boasts a strong market position in both Flanders and Wallonia.

Biomass power plants (Clean Sustainable Energy/Spain)

Kommunalkredit acted as mandated lead arranger for a EUR 60m financing arrangement for Clean Sustainable Energy (CSE). CSE is a leading Spanish renewable energy company that operates biomass plants in Cordoba, Malaga and Toledo. Kommunalkredit received support in the review and execution of this transaction from its subsidiary Kommunalkredit Public Consulting (KPC). KPC has extensive experience in the renewable energies sector.

Electric vehicle charging stations (Allego/Netherlands)

Kommunalkredit played a leading role as mandated lead arranger, global bookrunner, structuring coordinator and underwriter in the EUR 120m financing for the expansion of electric vehicle charging stations in Europe by the Dutch power grid company Allego. Allego currently operates over 10,000 charging stations in Germany, Belgium, the Netherlands, Luxembourg, France and the UK. These charging stations are used primarily by municipal authorities, private companies and transport companies. Allego is planning an expansion involving several thousands of new charging stations over the next three years.

Fibre optic network in rural areas (Adamo/Spain)

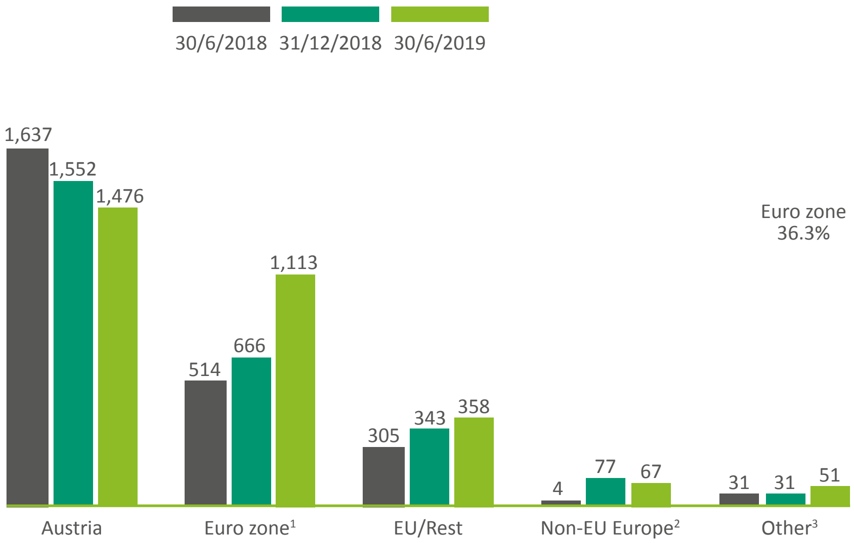
Kommunalkredit, in the capacity of mandated lead arranger, significantly contributed to the EUR 100m financing for the expansion of a fibre optic network in rural areas by the Spanish telecommunications company Adamo. This project supports the nationwide Spanish project to promote fibre-to-the-home (FTTH) broadband networks in rural regions in order to promote regional economic growth. Adamo is owned by the investment company EQT, which is also involved in fibre optics projects in other European countries.

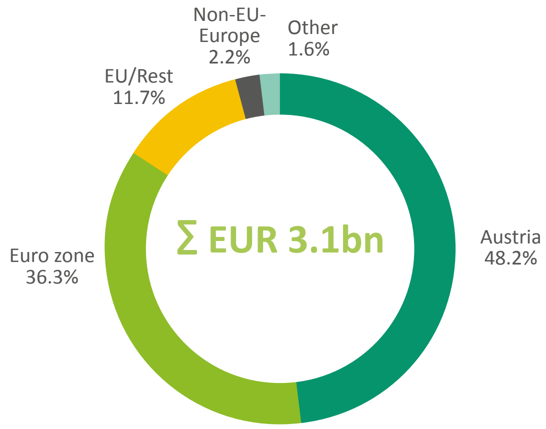
2. High-quality loan portfolio

The bank holds a loan portfolio of high asset quality without a single loan loss in the reporting period. As of 30 June 2019, the bank's portfolio had an average rating of "BBB+" with 74.3% of the loans rated as investment grade.

The non-performing-loan ratio (NPL) was maintained at 0.0% in the first half of 2019. The weighted average probability of default was 0.4% as of 30 June 2019. Kommunalkredit's loan portfolio is well balanced, comprising an increasing proportion of infrastructure and energy financing transactions and a significant public sector loan book. As of 30 June 2019, loans to municipalities accounted for 37.5% of the portfolio (with Austrian municipalities making

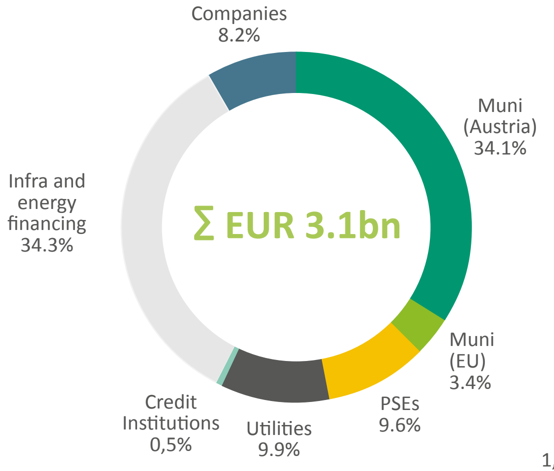
Total loan portfolio by region
in EUR m, as of 30/6/2019

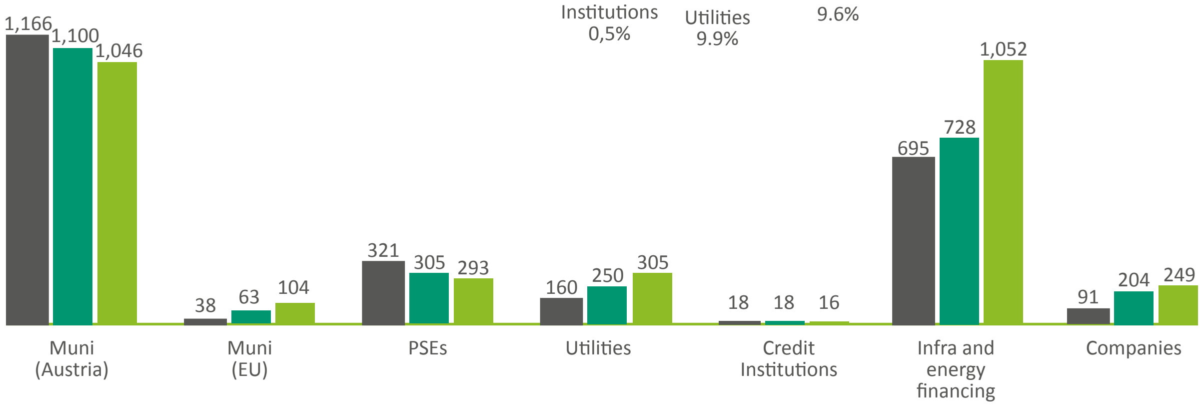




[1] Euro zone without Austria
[2] Switzerland
[3] Turkey

Total loan portfolio by borrower type
in EUR m, as of 30/6/2019





Muni: Municipalities
PSEs: Public Sector Entities

up 34.1pp), infrastructure and energy financings accounted for 34.3%, and loans to public sector enterprises had a share of 9.6%.

Geographically, Austria contributed 48.2% to the loan portfolio, followed by the rest of the eurozone with 36.3% and other EU countries with 11.7%.

3. Funding position diversified further

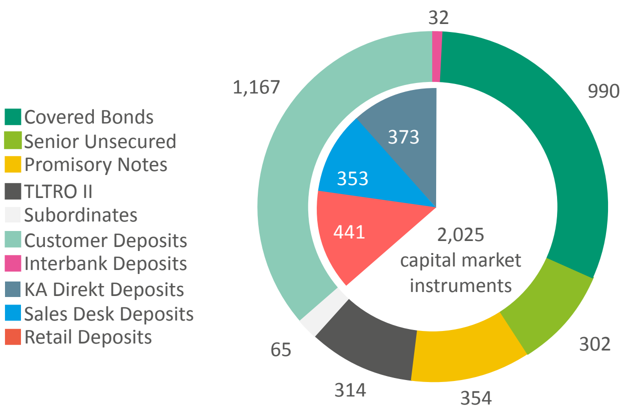
As of 30 June 2019, Kommunalkredit reported a strong liquidity position with a free liquidity reserve of EUR 294.6m (31/12/2018: EUR 278.9m). This included high-quality liquid assets (HQLA) of securities in the amount of EUR 284.5m (31/12/2018: EUR 249.0m). In addition, Kommunalkredit had cash and balances with central banks of EUR 272.8m (31/12/2018: EUR 314.4m).

The liquidity reserve contributed to a liquidity coverage ratio in excess of 733% as of 30 June 2019. The net stable funding ratio (NSFR) was at 102%.

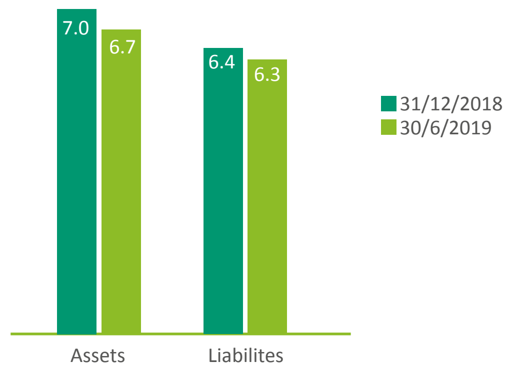
The bank succeeded in further strengthening its funding structure and broadening its investor base in the first half of 2019. Current refinancing is carried out via retail deposits (KOMMUNALKREDIT INVEST), wholesale deposits (KOMMUNALKREDIT DIREKT and direct business with corporate customers) as well as new capital market funding via senior unsecured and covered bonds.

Liabilities to customers increased to a total of EUR 1,627.0m (31/12/2018: EUR 1,456.5m). This positive development was primarily driven by the increase in customer deposits by 16.3% to EUR 1,165.9m (31/12/2018: EUR 1,002.5m). Liabilities to customers also included long-term private placements of EUR 269.1m (31/12/2018: EUR 280.1m), liabilities from collateral received in connection with derivatives of EUR 61.4m (31/12/2018: EUR 60.0m) and other long-term liabilities to customers in the amount of EUR 130.6m (31/12/2018: EUR 116.6m).

Funding structure
in EUR m, as at 30/6/2019



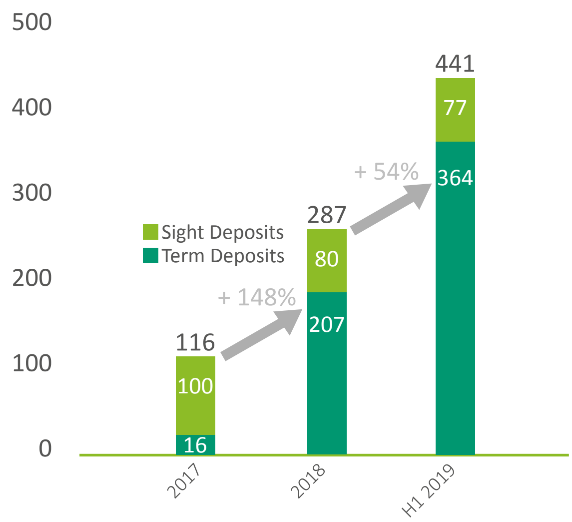
Weighted average term in years



Customer deposits up by 16.3%

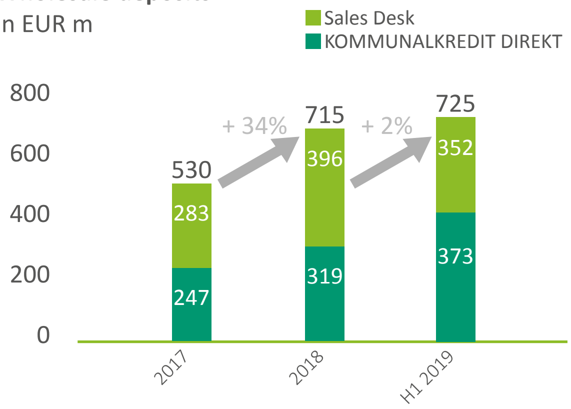
Retail deposits (KOMMUNALKREDIT INVEST): The bank conducts its retail business in Austria and Germany via its online retail platform KOMMUNALKREDIT INVEST. KOMMUNALKREDIT INVEST focuses on attaining term deposits for terms of up to ten years. As of 30 June 2019, the bank had 7,458 retail customers (31/12/2018: 5,063). Compared to the end of 2018, the volume of deposits increased by 53.7% to EUR 440.6m (31/12/2018: EUR 286.7m). The proportion of term deposits increased significantly to 82.5% (31/12/2018: 72.1%), with term deposits with maturities of up to 12 months accounting for 50.0 percentage points (31/12/2018: 48.8 percentage points) and term deposits with maturities of more than twelve months for 32.5 percentage points (31/12/2018: 23.3 percentage points).

Retail deposits (KOMMUNALKREDIT INVEST)
in EUR m



Wholesale deposits (KOMMUNALKREDIT DIREKT and direct business with corporate customers/Sales Desk): With its online platform KOMMUNAL KREDIT DIREKT, the bank offers an efficient investment and cash management tool for municipalities and corporates. The continued strong growth of the platform confirms Kommunalkredit's close connection with its traditional municipal customer base in Austria. This is also reflected by the notable number of KOMMUNALKREDIT DIREKT depositors that are customers on the lending side as well (36%). Taking deposits by corporates into account, wholesale deposits increased by a total of 1.5% to EUR 725.3m in the first half of 2019 (31/12/2018: EUR 714.7m). This means that the trend towards longer maturities has continued in 2019. With an average volume of about EUR 2.4m, wholesale deposits were highly granular.

Wholesale deposits
in EUR m



Capital market funding

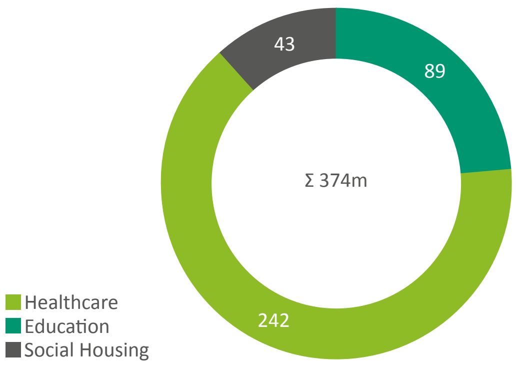
Kommunalkredit's capital market activities were focused, in particular, on a series of small private placements of senior unsecured bonds with international investors and increasing duration.

Social covered bond – social asset reporting as of 30 June 2019

As of 30 June 2019, Kommunalkredit's social asset portfolio included 62 loans (31/12/2018: 80) in the areas of education, healthcare and social housing accounting for a total volume of EUR 374m (31/12/2018: EUR 436m). During the reporting period (2018/2019), Kommunalkredit financed eight new social infrastructure projects amounting to around EUR 34m, compensating for a large part of the repayments and sales from its portfolio.

Kommunalkredit annually reports the use of proceeds from the issuance of its social covered bond (as of 30 June).

Social covered bond – Social asset reporting as at 30/6/2019
in EUR m



Strong liquidity ratios

The liquidity coverage ratio (LCR), which measures the short-term resilience of a bank's liquidity risk profile over a 30-day scenario, is closely monitored as part of the bank's early warning system. With a ratio of 733% as of 30 June 2019 (31/12/2018: 453.7%), Kommunalkredit significantly exceeded the regulatory minimum ratio of 100%.

The net stable funding ratio (NSFR), which shall require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance-sheet activities under CRR, was at 101.8% as of 30 June 2019 (31/12/2018: 104.7%).

4. Rating

Kommunalkredit's unsecured debt issues have a long-term rating of "BBB (low)" and a short-term rating of "R-2 (mid)" from DBRS. The ratings were confirmed on 18 October 2018 with the outlook being lifted to stable. On 19 February 2019, Standard & Poor's confirmed its "A" rating of Kommunalkredit's covered bonds, which reflects the high quality of the underlying cover pool.

Subsidiaries

FOCUS ON CORE BUSINESS

Kommunalkredit Austria AG has holdings in a number of affiliated companies. Kommunalkredit Public Consulting GmbH (KPC), the companies of the Fidelio KA Debt Fund platform and Kommunalnet E-Government Solutions GmbH (Kommunalnet) are strategic investments, while the holding in TrendMind IT Dienstleistung GmbH (TrendMind) and affiliated companies relating to the property of the bank (serving as head office) are primarily to support the core business.

Kommunalkredit Public Consulting GmbH (KPC)

Kommunalkredit uses the 90%-owned subsidiary Kommunalkredit Public Consulting (KPC) to manage national and EU subsidy programmes, primarily in the field of environmental protection, water management and energy, as well as to offer consultancy services for international organisations and financing institutions. Federal government and state subsidies amounting to EUR 190m were awarded in the first half of 2019. The subsidies went to 13,800 environmental and climate protection projects with a total investment volume of EUR 998m.

This will provide a key boost for economic development at regional and local level. KPC also successfully continued its international consultancy activities for international financing institutions such as the EBRD (European Bank for Reconstruction and Development). It was able to further strengthen its position in the area of climate finance/green finance.

Fidelio KA Debt Fund platform

In 2018, Kommunalkredit set up the companies Fidelio KA Beteiligung GmbH, Fidelio KA Advisory GmbH and Fidelio KA Infrastructure Opportunities Fund GP S. à r. l. to establish the structures and prerequisites for launching funds for third-party investments in infrastructure and energy projects. Following the first close for the first sub-fund, Fidelio KA Infrastructure Debt Fund Europe 1, in the third quarter of 2018, a second close was prepared in the second quarter of 2019.

Kommunalnet E-Government Solutions GmbH

Kommunalkredit has a 45% holding in Kommunalnet E-Government Solutions (Kommunalnet), which is the digital work and information portal and social network for the Austrian municipalities. As of 30 June 2019, Kommunalnet had 15,369 registered users, in particular mayors, officials and finance directors from 2,061 Austrian municipalities and municipal associations. This gives Kommunalnet a high level of market penetration in the municipality sector (96%) and, as a result, a unique position in the Austrian market.

Since July 2018, Kommunalnet has been cooperating with loanboox, a fintech company that operates an online platform for municipal loans, in the field of municipal financing. loanboox.at has been live since the end of November 2018 and 39 municipalities and banks are already represented on the platform thanks to moves to step up sales activities which began early this year. A total of over 360 municipalities were contacted, with two-thirds expressing an interest in the new service. The fact that 26 financing enquiries have already been published on the portal is particularly encouraging.

Assets, financial position and income

KOMMUNALKREDIT GROUP
FINANCIAL PERFORMANCE INDICATORS UNDER IFRS

Selected balance sheet figures under IFRS in EUR m	30/6/2019	31/12/2018
Total assets	4,182.9	3,941.8
Equity	325.5	294.8
Loans and advances to customers	1,985.3	1,969.6
Assets recognised at fair value in equity	1,295.5	1,178.9
Liabilities to banks	522.4	495.6
Liabilities to customers	1,627.0	1,456.5
Securitised liabilities	1,363.3	1,396.1

Selected P&L figures and other KPIs under IFRS in EUR m or %	1/1-30/6/2019	1/1-30/6/2018
Net interest income	27.9	23.7
Net fee and commission income	10.8	10.4
Result from the placement of financial assets[1]	1.7	1.9
Net provisioning for impairment losses	-0.5	0.1
General administrative expenses	-25.3	-25.0
Contributions to the Bank Resolution Fund	-1.6	-1.6
Other operating income	1.5	4.4
of which Income from services provided for KA Finanz AG	*1.8*	*4.7*
of which stability tax	*-0.3*	*-0.3*
Operating performance[2]	**14.6**	**13.8**
Restructuring expense	0.0	-2.5
Net result of asset valuation and realised gains and losses[3]	-2.5	0.2
Profit for the period before tax	**12.1**	**11.5**
Taxes on income	-0.8	-2.3
Profit for the period after tax	**11.3**	**9.2**
Adjusted profit for the period[4]	**17.2**	**7.6**
Cost/income ratio (excl. restructuring expense/asset valuation result)	65.0%	64.5%
Return on equity before tax	9.1%	9.9%
Return on equity after tax	8.5%	7.9%

[1] In the prior-year period, the result from the placement of financial assets in other comprehensive income was shown under net interest income. In the income statement this position is named „Result from the derecognition of assets at fair value through other comprehensive income".
[2] Profit for the period before tax adjusted for net result of valuations and restructuring expense.
[3] This includes a one-off effect of EUR -5.9m from valuation changes resulting from the marked drop in long-term market interest rates: the 10-year swap rate fell from 0.81% at the end of 2018 to 0.18% as of 30 June 2019. The bank's interest rate risk position is unchanged. This means that a scenario in which interest rates rise in the future will have a positive valuation effect. These valuation changes are only relevant under IFRS and have no impact under the Austrian Commercial Code (UGB)/Austrian Banking Act (BWG) (also referred to here as Austrian GAAP), meaning that they have no impact on the regulatory capital of Kommunalkredit Austria AG.
[4] Profit for the period adjusted to reflect changes in valuations due to interest rates (see footnote 3).

Regulatory indicators in EUR m or %	30/6/2019	31/12/2018
Risk-weighted assets	1,634.8	1,334.7
Total capital	342.2	323.7
Total capital ratio	20.9%	24.3%
Common equity tier 1	286.4	265.5
CET 1 ratio	17.5%	19.9%

Rating	30/6/2019	31/12/2018
Long-term DBRS	BBB (low) stable outlook	BBB (low) stable outlook
Short-term DBRS	R-2 (mid)	R-2 (mid)
Covered bonds S&P	A	A

Balance sheet structure

Kommunalkredit's total assets under IFRS amounted to EUR 4.183bn as of 30 June 2019 (31/12/2018: EUR 3.942bn). The securities portfolio contained EUR 355.2m in liquid assets (31/12/2018: EUR 249.0m), of which an amount of EUR 284.5m was freely available (HQLA). Securities of EUR 17.5m were also available from the investment book.

The structure of the Kommunalkredit's liabilities based on the IFRS carrying amounts can be broken down as follows:

Structure of liabilites 30/6/2019 and 31/12/2018 in EUR bn	30/6/2019	31/12/2018
Securitised liabilities	1.4	1.4
Liabilities to customers	1.6	1.5
Liabilities to banks, including ECB	0.5	0.5

The bank's main funding sources were senior and covered bonds of EUR 302.2m and EUR 989.9m, respectively (31/12/2018: EUR 344.4m and EUR 982.9m respectively). These are reported under securitised liabilities.

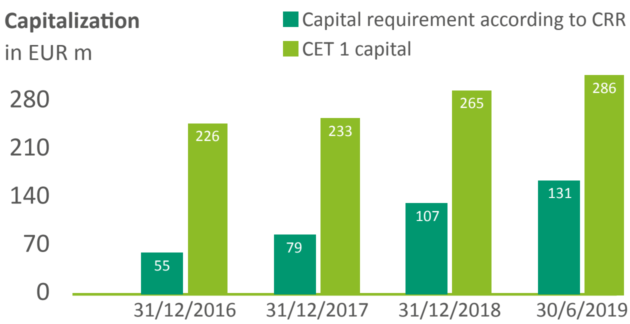
Liabilities to customers increased to a total of EUR 1,627.0m (31/12/2018: EUR 1,456.5m) in the first half of 2019. These included customer deposits of EUR 1,165.9m (31/12/2018: EUR 1,002.5m), private placements of EUR 269.1m (31/12/2018: EUR 277.4m), liabilities from collateral received in connection with derivatives of EUR 61.4m (31/12/2018: EUR 60.0m) and other long-term liabilities to customers in the amount of EUR 130.6m (31/12/2018: EUR 116.6m).

Liabilities to banks primarily comprised funds drawn by Kommunalkredit under the European Central Bank's (ECB) long-term refinancing operations (TLTRO II) in the amount of EUR 313.9m (31/12/2018: EUR 313.9m) and deposits from banks of EUR 31.5m (31/12/2018: EUR 3.0m).

Risk-weighted assets and total capital

As of 30 June 2019, Kommunalkredit reported total capital of EUR 342.2m (31/12/2018: EUR 323.7m) and common equity tier 1 capital (CET 1) of EUR 286.4m (31/12/2018: EUR 265.5m), based on the non-consolidated financial statements of Kommunalkredit pursuant to the Austrian Commercial Code/Austrian Banking Act. This amount includes a capital increase of EUR 20m that was implemented in the second quarter of 2019. Existing shareholder Gesona Beteiligungsverwaltung GmbH (Gesona) subscribed to the entirety of the newly issued shares. Combined with the retained 2018 annual profit of EUR 30.4m, this results in a strengthening of the capital base by a total of EUR 50.4m as against the previous year. Risk-weighted assets rose by 22.5% in the first half of 2019 to EUR 1,634.8m (31/12/2018: EUR 1,334.7m) as a result of new infrastructure and energy business showing a stronger increase than new public finance business with largely Austrian local authorities.

Risk-weighted assets and total capital



As of 30 June 2019, Kommunalkredit reported a total capital ratio of 20.9% (31/12/2018: 24.3%) and a CET 1 ratio of 17.5% (31/12/2018: 19.9%). The leverage ratio came to 7.7% as of 30 June 2019 (31/12/2018: 7.6%).

Kommunalkredit is subject to the capital requirements set out in Article 92 CRR and the related Supervisory Review and Evaluation Process (SREP). On the basis of these parameters, Kommunalkredit was required to maintain a minimum CET 1 ratio of 7.46%, a minimum core capital ratio of 9.06% and a minimum total capital ratio of 11.26% as of 30 June 2019. The bank significantly exceeded these requirements. Kommunalkredit's capital amounts are based on the non-consolidated financial statements of Kommunalkredit pursuant to Austrian GAAP.

Kommunalkredit is part of a group of credit institutions whose ultimate parent is Satere Beteiligungsverwaltungs GmbH (Satere). As of 30 June 2019, the consolidated total capital ratio came to 20.6% (31/12/2018: 23.8%) and the consolidated CET 1 ratio to 17.2% (31/12/2018: 19.5%).

Public sector covered bonds/cover pool

As of 30 June 2019, Kommunalkredit had a well-diversified cover pool with a value of EUR 1,154.1m, while EUR and CHF denominated public sector covered bonds in an amount of approximately EUR 989.9m were outstanding. The cover pool as of 30 June 2019 consisted of assets from Austria (94.8%), Portugal (3.4%) and Germany (1.7%). 88.0% of the pool had a rating of "AAA" or "AA" and 8.5% had a rating of "A".

Kommunalkredit has made a voluntary commitment to maintain a level of nominal surplus cover equal to approximately 10% of the redemption amount of its outstanding covered bonds. The level of surplus cover as of 30 June 2019 was 16.6%.

Income statement of the Kommunalkredit Group under IFRS

In the first half of 2019, Kommunalkredit forged ahead resolutely with the implementation of its growth strategy as a specialist bank for infrastructure and energy financing and further increased its operating earnings power in its core business. The contribution made by the infrastructure and energy business to gross revenues rose to 54.2% (H1 2018: 41.0%). The bank made the efficient employment of capital a top priority: with a financing volume of EUR 495.6m, down slightly year-on-year (H1 2018: EUR 532.5m), Kommunalkredit increased the gross revenues from the infrastructure and energy financing business by 44.7% to EUR 22.6m (H1 2018: EUR 15.6m).

The profit for the period after tax was up by 23.1% in a year-on-year comparison to EUR 11.3m (H1 2018: EUR 9.2m), while the operating result rose by 5.8% to EUR 14.6m (H1 2018: EUR 13.8m). This considerable increase in earnings in the first half of the year was achieved despite the negative impact of two special effects: Firstly, income from services provided to KA Finanz AG fell by EUR 3.0m due to the expiry of the service agreement with KA Finanz AG with effect from 31 March 2019. Kommunalkredit had terminated the service agreement in the first quarter of 2018 and used the contractually agreed notice period of one year to implement migration measures and to prepare for corresponding capacity adjustments, which were implemented in the first half of 2019. A provision for restructuring in the amount of EUR 2.5m was set up to cover this in 2018. The financial impact of these changes and adjustments will be offset in full by 2020. The termination of the KA Finanz AG services will allow Kommunalkredit to focus more closely on its core business and to reduce volatility, as it had become increasingly difficult, in the context of the de-banking of KA Finanz AG activities, to plan the demand for KA Finanz AG and keep the necessary capacities available.

The second special effect related to the net result of asset valuation and realised gains and losses. This item was affected by EUR -5.9m in valuation changes resulting from the marked drop in long-term market interest rates: The 10-year swap rate fell from 0.81% at the end of 2018 to 0.18% as of 30 June 2019. The bank's interest rate position is unchanged. This means that a scenario in which interest rates rise in the future will have a positive valuation effect. Allowing for adjustments to reflect valuation changes due to interest rates, the profit for the period increased to EUR 17.2m (H1 2018: EUR 7.6m).

The main income and expense items under IFRS for the first half of 2019 are shown below:

Operating result

The operating result (profit for the period before tax, excluding net valuation result and restructuring costs) of EUR 14.6m (H1 2018: EUR 13.8m) consists of the following components:

Net interest income

Net interest income rose by 17.7% to EUR 27.9m (H1 2018: EUR 23.7m). EUR 14.7m was mainly generated by infrastructure and energy financing (H1 2018: EUR 10.4m) and EUR 8.4m from the public finance business (H1 2018: EUR 10.3m).

Net fee and commission income

Net fee and commission income rose by 3.9% to EUR 10.8m (H1 2018: EUR 10.4m). The contribution made by the management of support programmes and consultancy business of the subsidiary KPC came to EUR 7.3m in the first half of 2019 (H1 2018: EUR 7.0m).

Result of the placement of financial assets

In the income statement this position is named "Result from the derecognition of assets at fair value through other comprehensive income".

Kommunalkredit's business model pursues an originate-and-collaborate approach, which produced a result of EUR 1.7m in the first half of 2019 (H1 2018: EUR 1.9m).

Net provisioning for impairment losses

The non-performing loan ratio remained constant at 0.0% in the first half of 2019. There was no credit loss. The EUR -0.5m net provisioning for impairment losses reported (H1 2018: EUR 0.1m) reflects the change in the statistically calculated provision for expected credit losses under IFRS 9. This provision amounted to EUR 2.6m (31.12.2018: EUR 2.1m) as of 30 June 2019.

General administrative expenses

General administrative expenses increased slightly by 1.1% to EUR 25.3m (H1 2018: EUR 25.0m). The cost reduction effects resulting from the capacity adjustments triggered by the discontinuation of the KA Finanz AG services will have a full impact in profit or loss in 2020. General administrative expenses comprised personnel expenses of EUR 16.5m (H1 2018: EUR 16.2m) and other administrative expenses of EUR 8.8m (H1 2018: EUR 8.8m).

Contribution to the Bank Resolution Fund

In the first half of 2019, the bank made a contribution to the Bank Resolution Fund of EUR 1.6m (H1 2018: EUR 1.6m).

Other operating income

Other operating income was down by 65.9% to EUR 1.5m (H1 2018: EUR 4.4m). This drop is due to the termination of the services for KA Finanz AG with effect from 31 March 2019. The income from these services fell to EUR 1.8m in the first half of the year (H1 2018: EUR 4.7m). Another component of other operating income was the expense related to the stability tax payable by Austrian banks in the amount of EUR -0.3m (H1 2018: EUR -0.3m).

Net result of asset valuation and realised gains and losses

The net result of asset valuation and realised gains and losses was negative at EUR -2.5m (H1 2018: EUR 0.2m). This item included two effects: on the one hand, it reflects valuation changes of EUR -5.9m resulting from the marked drop in long-term market interest rates – the 10-year swap rate fell from 0.81% at the end of 2018 to 0.18% as of 30 June 2019. The bank's interest rate position is unchanged. This means that when interest rates rise in the future, this will have a positive valuation effect. On the other hand, there was a positive one-off effect resulting from the buyback of own issues in the amount of EUR 3.8m. This buyback strengthened the bank's equity and helped to reduce the foreign currency risk even further.

Income taxes

Income taxes came to EUR -0.8m in the first half of 2019 (H1 2018: EUR -2.3m).

Income statement of Kommunalkredit Austria AG in the non-consolidated financial statements under Austrian GAAP

(unaudited/not reviewed by an auditor)

The improvement in operational earnings power within the bank's core business is even more evident in the non-consolidated financial statements of Kommunalkredit Austria AG under Austrian GAAP than it is in the IFRS financial statements. Gross revenues from the infrastructure and energy business rose by 29.9% to EUR 22.5m (H1 2018: EUR 17.3m). The share of the bank's total gross revenues attributable to this area increased to 61.1% (H1 2018: 49.5%). The profitable growth in infrastructure and energy finance more than compensated for the EUR 3.0m drop in income from services provided to KA Finanz AG.

The bank reported an operating performance of EUR 10.1m (H1 2018: EUR 9.1m) and an operating result (operating performance minus restructuring expense, stability tax, contribution to the Bank Resolution Fund and income from investments) of EUR 12.0m (H1 2018: EUR 13.5m). The profit on ordinary activities rose to EUR 13.7m (H1 2018: EUR 8.9m), also thanks to the positive one-off effect resulting from the buyback of the bank's own issues. Profit for the year after tax increased to EUR 14.6m (H1 2018: EUR 9.4m). This encouraging development is reflected in the bank's key income ratios: the return on equity after tax came to 11.0% (H1 2018: 8.0%), while the cost-income ratio came in at 69.1% (H1 2018: 65.3%).

Total assets under Austrian GAAP came to EUR 3.7bn as of 30 June 2019 (31/12/2018: EUR 3.5bn). The main items on the active side of the balance sheet are loans and advances to customers in the amount of EUR 2.6bn (31/12/2018: EUR 2.5bn) and bonds and debt securities of EUR 0.5bn (31/12/2018: EUR 0.4bn).

Selected P&L figures and other KPIs under Austrian GAAP in EUR m or % (unaudited/not reviewed by an auditor)	**1/1-30/6/2019**	**1/1-30/6/2018**
Net interest income	21.7	18.4
Net fee and commission income	6.4	8.7
Income from investments	1.6	0.6
General administrative expenses	-21.9	-23.7
of which contributions to the Bank Resolution Fund	*-1.6*	*-1.6*
of which provisions for restructuring	*0.0*	*-2.5*
Other operating income	2.9	5.8
of which income from services provided for KA Finanz AG and from services provided for Kommunalkredit Public Consulting	*2.7*	*5.7*
Other operating expenses	-0.3	-0.3
of which stability tax	*-0.3*	*-0.3*
Operating performance[1]	**12.0**	**13.5**
Operating result	**10.1**	**9.1**
Loan impairment, valuation and sales result	3.7	-0.2
Net allocation to provision (§ 57 (1) Austrian Banking Act)	0.0	0.9
Profit on ordinary activities	**13.7**	**8.9**
Income taxes	1.0	0.5
Profit for the period after tax	**14.6**	**9.4**
Cost/income ratio (excl. restructuring expense/asset valuation result)	69.1%	65.3%
Return on equity before tax	10.3%	7.6%
Return on equity after tax	11.0%	8.0%

[1] Operated performance adjusted for restructuring expense, stability tax and contribution to the Bank Resolution Fund.

Other material disclosures

Changes on the Executive Board

Jörn Engelmann left the Executive Board of Kommunalkredit Austria AG on 31 January 2019 after his contract expired. Since 1 February 2019, the Executive Board has consisted of Bernd Fislage (Chief Executive Officer) and Jochen Lucht (Chief Financial Officer, Chief Risk Officer and Chief Operating Officer).

Strengthening of the senior management team

Kommunalkredit intends to further strengthen its senior management team with a focus on enhancing its expertise in the areas of risk and digitalisation. As of the autumn of 2019, two managers with vast international experience will be appointed as chief representatives (Generalbevollmächtigte) and will report to Executive Board member Jochen Lucht. One of them will be responsible for IT, banking operations and project and process management and the other for finance, credit risk and risk controlling.

Strengthening capital for further growth

As planned, the bank completed a capital increase of EUR 20m in the second quarter of 2019. Existing shareholder Gesona Beteiligungsverwaltung GmbH (Gesona) subscribed to the entirety of the newly issued shares. In combination with the retention of the 2018 annual profit in the amount of EUR 30.4m, this strengthens the bank's capital by an amount of EUR 50.4m as against the previous year. As of 30 June 2019, Kommunalkredit Austria AG had total capital of EUR 342.2m (30/6/2018: EUR 293.7m) and CET 1 capital of EUR 286.4m (30/6/2018: EUR 232.9m).

This measure is Gesona's way of sending out a clear signal: the strengthening of Kommunalkredit's capital will support its further growth. The bank's underwriting capacity is increasing and it is benefiting from economies of scale. EUR 20m of the authorised capital in the amount of EUR 79.7m was called up in connection with the implementation of the capital increase. The Annual General Meeting held on 27 June 2019 then raised the level of authorised capital to EUR 86.3m in order to create sufficient flexibility for further capital increases.

Service agreement between Kommunalkredit and KA Finanz AG

Under a service agreement that had been in place since 2009, Kommunalkredit provided operational services for the banking operations of KA Finanz AG up until 31 March 2019. Kommunalkredit's expenses under the service agreement were charged to KA Finanz AG. In addition, a small number of staff members were delegated to KA Finanz AG on a full-time basis under a staff services agreement (as of 31 March 2019, 3 employees).

These services were discontinued with effect from 31 March 2019. Kommunalkredit terminated the service agreement with KA Finanz AG in the first quarter of 2018 and used the contractually agreed notice period of one year to put migration measures in place and to prepare for corresponding capacity adjustments, which were implemented in the first half of 2019. The termination of the KA Finanz AG services will allow Kommunalkredit to focus more closely on its core business.

Outlook

Macroeconomic environment in 2019

The latest economic and financial developments point towards a subdued economic outlook. Global GDP growth is expected to fall short of the 2018 level (3.5%), coming in at 3.2% in 2019 and 3.4% in 2020. The prevailing political uncertainty is likely to continue to impact corporate investment and the trade outlook, and to slow the pace at which growth accelerates again, despite support from improved monetary and fiscal policy conditions.

Growth in the eurozone is tipped to slide to 1.2% in 2019 before stabilising at 1.5% by 2020. While wage growth and supportive macroeconomic policies, including slight fiscal relaxation, will provide a boost to private household spending, political uncertainty, weak external demand and low corporate and consumer confidence levels will put a damper on developments.[7]

The outlook for Europe is subject to additional risks, such as the uncertainty surrounding the timing and impact of Brexit. In the event of a no-deal Brexit, Kommunalkredit has received temporary approval from the Bank of England to continue its business activities temporarily for up to three years after 29 March 2019. The bank does not expect a substantial impact from Brexit on its business.

On 6 June 2019, the European Central Bank (ECB) announced that it planned to postpone its first rate hike since the outbreak of the financial crisis in 2008 to at least mid-2020. It also announced that the interest rates on its marginal lending facility and its deposit facility would remain unchanged at 0.00%, 0.25% and -0.40% respectively. In addition, the third Targeted Longer-Term Refinancing Operation (TLTRO III) will be offered to the market in the further course of 2019. As justification for these measures, the ECB has cited the ongoing uncertainty with regard to geopolitical factors, the increasing risk of protectionism, and weaknesses in the emerging markets.[8]

GDP growth in the US is expected to slow to 2.8% in 2019 and 2.3% in 2020, as the support provided by fiscal easing is gradually waning. Household incomes and spending continue to benefit from solid labour market results and positive overall financial conditions. In May 2019, the US increased tariffs on Chinese goods worth USD 200bn from 10% to 25%. Beijing reacted by imposing its own levies, which came into force on 1 June.

The US central bank (Federal Reserve Bank) cut its key rate for the first time in ten years (by 0.25 percentage points) at the end of July. Further interest rate moves are possible between now and the end of the year. As well as referring to the potential exacerbation of the trade conflict, it pointed to the economic slowdown that has already emerged and an increasingly inverted yield curve to justify its decision.[9]

[7] OECD Economic Outlook, Volume 2019 Issue 1.
[8] Minutes of the Meetings of the Governing Council and the General Council (ECB).
[9] Federal Reserve Board of Governors – Minutes.

The European infrastructure market – Trends in 2019

European transaction activity is likely to focus on refinancing and brownfield/M&A transactions in the second half of 2019, as interest rates are expected to remain at an extremely low level.

The first half of the year has already revealed pronounced differences between the individual countries due to the diverse nature of the European infrastructure market. This trend is expected to continue over the next six months, albeit with a small number of turnarounds expected to emerge. The German market, for example, is looking more promising as far as the second half of the year is concerned, with new social infrastructure projects being launched as PPPs (public-private partnerships). The country is also planning to press on with its biggest railway PPP project, the Elbe-Spree network. On the M&A side, we expect to see the closing of Bayer's sale of its majority stake in one of Germany's biggest industrial estates. The sale of a significant stake in the German multi-utility group EWE is also attracting a great deal of interest among well-known infrastructure funds. Kommunalkredit is closely involved in both transactions, a testimony to its commitment to the German market.

Given the imminent Brexit deadline, continental European investors are holding back as far as the British market is concerned. Nevertheless, the UK remains one of the most active countries in the infrastructure sector. France has already assumed a leading role in the telecommunications sector in the first half of the year and is likely to continue to do so in the future as a result of the sale of the major French broadband company Covage. The telecommunications sector will also, however, play a major role in other countries, for example in Portugal with the sale of the MEO Telecom FTTH network.

Central and eastern Europe could see the number of transactions increase due to Macquarie's plans for the imminent sale of the Czech telecommunications company Ceské Radiokomunikace and the recent launch of the disposal process for the Bulgarian telecommunications company Vivacom. Poland, on the other hand, has been very active as far as greenfield sales are concerned, for example in the onshore wind and PV solar market, which could give rise to increased greenfield financing opportunities.

Scandinavia will also remain a solid market, not only due to selected opportunities in the renewable energy segment, but also thanks to brownfield transactions – such as the acquisition of the Swedish fibre optics/broadband group IP Only by EQT and the process that is currently under way to sell the regional utilities company Öresundskraft.

From a lender's perspective, institutional investors are likely to continue to grant extensive loans in the future, albeit focusing more on non-investment grade debt in order to generate higher returns.

Overall outlook

Kommunalkredit has a healthy project pipeline and confidently looks ahead to the second half of 2019. The fact that its capital base has been strengthened by EUR 50.4m as against the previous year will bolster growth: the bank's underwriting capacity is increasing and it is benefiting from economies of scale. As it continues to expand its infrastructure and energy business, Kommunalkredit will retain a tight focus on the price, structure and placeability of transactions, as well as on the efficient employment of capital. It is aiming to have achieved a CET 1 ratio of around 15% by the end of the year.

The tense economic relationship between the USA and China, a possible no deal scenario by the British government within the framework of Brexit and other international economic policy considerations are contributing to possible uncertainties during the second half of the year. Specific risks for the bank are not foreseeable from today's perspective.

Public sector financing will continue to be an integral part of the bank's business. The contribution made by infrastructure and energy financing to the bank's gross revenues, however, will continue to grow in line with its strategy. In conjunction with a high level of discipline in placing new business volumes with investors and in the area of cost management, it is expected that this will lead to a marked improvement in operational earnings power within our core business.

Vienna, 22 August 2019

The Executive Board of
Kommunalkredit Austria AG

Bernd Fislage
Chief Executive Officer

Jochen Lucht
Member of the Executive Board

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated statement of financial position

Assets in EUR 1,000	**30/6/2019**	**31/12/2018**
Cash and balances with central banks	272,907.6	314,408.9
Loans and advances to banks	266,856.6	218,561.5
Loans and advances to customers	1,985,257.1	1,969,637.9
Assets at fair value through profit or loss	100,420.1	0.0
Assets at fair value through other comprehensive income	1,295,464.3	1,178,939.7
Derivatives	222,241.1	220,886.0
Portfolio hedge	4,530.1	808.0
Property, plant and equipment	24,243.2	24,831.8
Intangible assets	158.4	203.9
Current tax assets	744.9	258.6
Deferred tax assets	6,031.4	6,183.3
Other assets	4,087.2	7,040.8
Assets	**4,182,941.9**	**3,941,760.3**

Liabilities and equity in EUR 1,000	**30/6/2019**	**31/12/2018**
Amounts owed to banks	522,397.5	495,569.2
Amounts owed to customers	1,627,025.4	1,456,472.9
Derivatives	235,777.9	200,976.4
Securitised liabilities	1,363,252.2	1,396,053.7
Subordinated liabilities	68,745.7	69,074.4
Provisions	9,433.3	8,917.0
Current tax liabilities	740.2	1,135.8
Other liabilities	30,096.2	18,798.9
Equity	325,473.4	294,762.0
of which subscribed capital	*172,659.5*	*159,491.3*
of which fixed reserves	*27,646.0*	*17,868.2*
of which reserves for assets at fair value through other comprehensive income	*110,302.8*	*110,364.1*
of which other reserves (incl. profit for the period)	*14,732.4*	*6,873.4*
of which non-controlling interests	*132.9*	*164.9*
Liabilities and equity	**4,182,941.9**	**3,941,760.3**

Consolidated income statement

Income statement in EUR 1,000	1/1–30/6/2019	1/1–30/6/2018
Net interest income	27,880.9	23,693.2
Interest income	*83,032.0*	*83,739.9*
Income similar to interest income	*100.4*	*0.0*
Interest expenses	*-53,882.6*	*-58,577.6*
Expenses similar to interest expenses	*-1,369.0*	*-1,469.1*
Net fee and commission income	10,788.9	10,381.4
Fee and commission income	*11,775.1*	*11,009.4*
Fee and commission expenses	*-986.2*	*-627.9*
Result from the derecognition of assets at fair value through other comprehensive income	1,708.1	1,855.9
Net provisioning for impairment losses	-535.3	49.6
General administrative expenses	-25,281.7	-24,996.1
Personnel expenses	*-16,457.2*	*-16,167.7*
Other administrative expenses	*-8,824.5*	*-8,828.4*
Contributions to the Bank Resolution Fund	-1,614.8	-1,571.0
Income from investments	216.1	0.0
Other operating result	1,487.0	4,367.1
Other operating income	*1,886.1*	*4,800.4*
of which services invoiced to KA Finanz AG	*1,764.6*	*4,717.4*
Other operating expenses	*-399.1*	*-433.3*
of which bank stability tax	*-302.4*	*-288.0*
Restructuring expenditure	0.0	-2,500.0
Net result of asset valuation and realised gains and losses	-2,542.7	233.1
Result from the derecognition of financial assets measured at amortised cost	0.0	-21.5
Profit for the period before tax	**12,106.4**	**11,491.7**
Income taxes	-799.7	-2,307.4
Profit for the period after tax	**11,306.7**	**9,184.4**
of which attributable to owners	*11,271.0*	*9,163.8*
of which attributable to non-controlling interests	*35.8*	*20.5*

Consolidated statement of comprehensive income

Total comprehensive income in EUR 1,000	1/1–30/6/2019	1/1–30/6/2018
Profit for the period after tax	**11,306.7**	**9,184.4**
Items to be recycled to the Income Statement	**-61.3**	**-5,144.9**
Change in assets at fair value through other comprehensive income	**-61.3**	**-5,144.9**
Assets at fair value through other comprehensive income	*-1,276.8*	*-8,833.2*
Change in credit risk provision	*31.3*	*-39.1*
Recycled to the Income Statement	*885.4*	*2,012.3*
Deferred tax on assets at fair value through other comprehensive income	*298.7*	*1,715.0*
Items not to be recycled to the Income Statement	**-478.2**	**0.0**
Change in actuarial gains/losses	**-478.2**	**0.0**
Actuarial result from pension provisions	*-637.6*	*0.0*
Deferred tax on actuarial result from pension provisions	*159.4*	*0.0*
Total	**10,767.2**	**4,039.5**
of which attributable to owners	*10,743.4*	*4,018.9*
of which attributable to non-controlling interests	*23.9*	*20.5*

Consolidated statement of changes in equity

Statement of changes in equity in EUR 1,000	Subscribed capital	Fixed reserves[1]	Retained earnings and other reserves (incl. profit for the period)	Reserve for assets at fair value through other comprehensive income[2]	Actuarial gains/losses IAS 19	Equity excl. non-controlling interests	Non-controlling interests	Equity
as of 1/1/2019	**159,491.3**	**17,868.2**	**5,367.9**	**110,364.1**	**1,505.8**	**294,597.2**	**164.8**	**294,762.0**
Profit for the period	0.0	0.0	11,271.0	0.0	0.0	11,271.0	35.8	11,306.7
Changes in assets at fair value through other comprehensive income	0.0	0.0	0.0	-61.3	0.0	-61.3	0.0	-61.3
Valuation of assets at fair value through other comprehensive income	*0.0*	*0.0*	*0.0*	*-957.6*	*0.0*	*-957.6*	*0.0*	*-957.6*
Recycling of assets at fair value through other comprehensive income	*0.0*	*0.0*	*0.0*	*664.1*	*0.0*	*664.1*	*0.0*	*664.1*
Change in credit risk provision	*0.0*	*0.0*	*0.0*	*232.2*	*0.0*	*232.2*	*0.0*	*232.2*
Change in actuarial gains/losses	0.0	0.0	0.0	0.0	-466.3	-466.3	-11.9	-478.2
Changes in equity instruments at fair value through other comprehensive income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**11,271.0**	**-61.3**	**-466.3**	**10,743.4**	**23.9**	**10,767.2**
Capital increase	13,168.2	6,831.8	0.0	0.0	0.0	20,000.0	0.0	20,000.0
Profit distribution	0.0	0.0	0.0	0.0	0.0	0.0	-55.9	-55.9
Appropriation to fixed reserves	0.0	2,946.0	-2,946.0	0.0	0.0	0.0	0.0	0.0
as of 30/6/2019	**172,659.5**	**27,646.0**	**13,692.8**	**110,302.8**	**1,039.5**	**325,340.5**	**132.9**	**325,473.4**

[1] The fixed reserves refer to statutory retained earnings of TEUR 5,761.9, liability reserves of the parent company in line with § 57 (5) of the Austrian Banking Act (BWG) of TEUR 15,052.2 and fixed capital reserves of the parent company of TEUR 6,831.8.
[2] As of 30 June 2019, the reserves for assets at fair value through other comprehensive income included deferred taxes of TEUR 36,119.7.

Statement of changes in equity in EUR 1,000	Subscribed capital	Fixed reserves[1]	Retained earnings and other reserves (incl. profit for the period)	Reserve for assets at fair value through other comprehensive income[2]	Available for sale reserve	Actuarial gains/losses IAS 19	Equity excl. non-controlling interests	Non-controlling interests	Equity
as of 1/1/2018	**159,491.3**	**14,241.5**	**107,416.0**	**0.0**	**892.4**	**923.7**	**282,964.9**	**160.2**	**283,125.0**
Changes resulting from first-time adoption of IFRS 9	0.0	0.0	-101,203.9	115,512.1	-892.4	0.0	**13,415.8**	0.0	**13,415.8**
restated as of 1/1/2018	**159,491.3**	**14,241.5**	**6,212.1**	**115,512.1**	**0.0**	**923.7**	**296,380.7**	**160.2**	**296,540.8**
Profit for the period	0.0	0.0	9,163.8	0.0	0.0	0.0	**9,163.8**	20.5	**9,184.4**
Changes in assets at fair value through other comprehensive income	0.0	0.0	0.0	-5,144.9	0.0	0.0	**-5,144.9**	0.0	**-5,144.9**
Valuation of assets at fair value through other comprehensive income	*0.0*	*0.0*	*0.0*	*-6,624.9*	*0.0*	*0.0*	*-6,624.9*	*0.0*	*-6,624.9*
Recycling of assets at fair value through other comprehensive income	*0.0*	*0.0*	*0.0*	*1,509.3*	*0.0*	*0.0*	*1,509.3*	*0.0*	*1,509.3*
Change in credit risk provision	*0.0*	*0.0*	*0.0*	*-29.3*	*0.0*	*0.0*	*-29.3*	*0.0*	*-29.3*
Change in actuarial losses	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	0.0	**0.0**
Total	**0.0**	**0.0**	**9,163.8**	**-5,144.9**	**0.0**	**0.0**	**4,018.9**	**20.5**	**4,039.5**
Profit distribution	0.0	0.0	-11,500.0	0.0	0.0	0.0	**-11,500.0**	-61.7	**-11,561.7**
Changes in the scope of consolidation through first-time consolidation	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**	15.3	**15.3**
as of 30/6/2018	**159,491.3**	**14,241.5**	**3,876.0**	**110,367.2**	**0.0**	**923.7**	**288,899.7**	**134.3**	**289,033.9**

[1] The fixed reserves include statutory retained earnings of TEUR 4,241.5 and liability reserves of the parent company in line with § 57 (5) of the Austrian Banking Act (BWG) of TEUR 10,000.0.
[2] As of 30 June 2018, the reserves for assets at fair value through other comprehensive income included deferred taxes of TEUR 36,789.1.

Consoldated cash flow statement

The consolidated cash flow statement shows the status quo and the change of cash items of the Kommunalkredit Group. The cash equivalents include the cash balance and balances with central banks.

in EUR 1,000	1/1–30/6/2019	1/1–30/6/2018
Profit for the period after tax	**11,306.7**	**9,184.4**
Non-cash items included in profit for the period and reconciliation to cash flow from operating activities		
Depreciation and amortisation of property, plant and equipment and intangible assets	677.3	764.7
Appropriation to/release of provisions	1,051.6	2,130.3
Non-realised gains/losses from exchange rate fluctuations	-4.0	0.5
Gains/losses from the valuation of financial assets and gains from the buyback of own issues	1,932.3	-233.1
Income tax deferrals	-730.0	1,869.9
Non-cash deferrals/accruals and other adjustments	-2,295.5	-1,869.5
Sub-total	**11,938.4**	**11,847.3**
Change in assets and liabilities from operating activities after correction for non-cash items		
Loans and advances to banks	-48,059.5	-12,975.7
Loans and advances to customers	-15,128.2	89,551.2
Assets at fair value through profit or loss	-100,179.6	0.0
Assets at fair value through other comprehensive income	-116,205.2	35,860.8
Derivatives	25,774.3	-44,356.8
Other assets from operating activities	2,953.5	-6,074.4
Amounts owed to banks	27,509.4	-11,490.1
Amounts owed to customers	173,391.7	234,810.0
Securitised liabilities	-37,356.8	41,953.4
Other liabilities from operating activities	11,297.9	-3,660.6
Cash flow from operating activities	**-64,064.0**	**335,465.1**
Proceeds from the sale/redemption of		
Property, plant and equipment and intangible assets	0.0	0.6
Payments for the acquisition of		
Property, plant and equipment and intangible assets	-43.2	-269.7
Cash flow from investing activities	**-43.2**	**-269.1**
Cash inflow from capital increases	20,000.0	0.0
Dividend payments attributable to the owners of the parent	0.0	-11,500.0
Dividend payments attributable to non-controlling interests	0.0	-61.7
Change in funds from other financing activities	2,661.8	-272.4
Cash flow from financing activities	**22,605.9**	**-11,834.1**

Cash and cash equivalents at the end of the previous period	**314,408.9**	**318,109.1**
Cash flow from operating activities	-64,064.0	335,465.1
Cash flow from investing activities	-43.2	-269.1
Cash flow from financing activities	22,605.9	-11,834.1
Cash and cash equivalents at the end of the period	**272,907.6**	**641,471.0**
of which cash flows contained in cash flow from operating activities:		
Interest received	*79,047.8*	*68,561.9*
Interest paid	*-48,971.8*	*-55,485.7*
Income taxes paid	*77.5*	*136.3*

Selected explanatory notes on the consolidated interim financial statements

1. General principles

These consolidated interim financial statements of the Kommunalkredit Group were produced based on all obligatory International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and interpretations of IFRS Interpretations Committees (IFRICs and SICs) approved and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

These consolidated interim financial statements for the period from 1 January to 30 June 2019 are in line with IAS 34 ("Interim Financial Reporting") and were subject to review by the auditor. The consolidated interim financial statements do not contain all the information and disclosure requirements required by the consolidated financial statements and must therefore be read in conjunction with the consolidated financial statements of the Kommunalkredit Group for 2018. The accounting and valuation methods used in the consolidated interim financial statements are consistent with those used for the 2018 consolidated financial statements, up to the changes detailed as follows under point 2.

2. Changes to the accounting and valuation methods

a. Changes in disclosure of the result from the derecognition of financial assets at fair value through other comprehensive income

The sale of financial assets in the IFRS 9 "hold to collect and sell" portfolio represents an integral part of the Kommunalkredit Group's business model. Due to this importance, the result from the derecognition of financial assets at fair value through other comprehensive income as of 1 January 2019 will be reported under the special item "Result from the derecognition of financial assets at fair value through other comprehensive income" of the income statement.

The comparative figure from the previous year was adjusted and TEUR 1,855.9 from net interest income recycled to the new item mentioned above.

b. Leases – IFRS 16

Kommunalkredit has been using the new standard for leases since the compulsory first-time application period, 1 January 2019. Kommunalkredit is subject to no significant leases that are affected by IFRS 16, meaning that the first-time application of IFRS 16 had no impact on the Kommunalkredit Group.

3. Other information

a. Scope of consolidation

The scope of consolidation of the Kommunalkredit Group has not changed since 31 December 2018 and encompasses, as of 30 June 2019, the following companies in addition to the parent company Kommunalkredit:

Name and registered office	Investment		Share in capital 30/6/2019 in %	Share in capital 31/12/2018 in %	Financial statement disclosures (IFRS)			
	direct	indirect			Last financial statements	Total assets in EUR 1,000	Equity in EUR 1,000	Profit/loss for the year in EUR 1,000
1. Subsidiaries								
Fully consolidated subsidiaries								
Kommunalkredit Public Consulting GmbH, Vienna	x		90.0%	90.0%	31/12/2018	7,099.1	1,599.0	412.3
Kommunalkredit KBI Immobilien GmbH, Vienna	x		100.0%	100.0%	31/12/2018	49.9	49.9	15.0
Kommunalkredit KBI Immobilien GmbH & Co KG, Vienna	x		100.0%	100.0%	31/12/2018	32,068.5	32,068.5	-12.8
KOMMUNALKREDIT TLI Immobilien GmbH & Co KG, Vienna		x	100.0%	100.0%	31/12/2018	32,992.5	32,967.6	948.6
Fidelio KA Beteiligung GmbH, Germany	x		85.0%	85.0%	31/12/2018	62.8	61.0	-4.5
Fidelio KA Infrastructure Opportunities Fund GP S. à r. l., Luxembourg		x	85.0%	85.0%	31/12/2018	17.4	12.0	0.0
Fidelio KA Investment Advisory GmbH, Germany		x	85.0%	85.0%	31/12/2018	24.9	25.0	-2.3
Fidelio KA Infrastructure Opportunities Fund SICAV-RAIF, Luxembourg		x	85.0%	85.0%	31/12/2018	138,750.3	30.0	99.1
2. Associates								
Associates included using the equity method								
Kommunalleasing GmbH, Vienna	x		50.0%	50.0%	31/12/2018	72,194.0	5,716.9	567.6

b. Securitised liabilities

In the reporting period, Kommunalkredit redeemed securitised liabilities with a value of EUR 29.6m (1/1-30/6/2018: EUR 13.9m) at maturity according to schedule, and bought back/prematurely redeemed securitised liabilities with a value of EUR 21.5m (1/1-30/6/2018: EUR 0.0m).

c. Equity

As planned, the bank completed a capital increase of EUR 20.0m in the second quarter of 2019. The Gesona Beteiligungsverwaltung GmbH (Gesona) subscribed to the entirety of the newly issued shares. There was no distribution of dividends in the first half of 2019. In order to further strengthen the capital base, Kommunalkredit's profit for the year in 2018 under Austrian GAAP of TEUR 30,409.3 was retained in its entirety to increase the total capital.

d. Development of result

The profit for the period after tax was up by 23.1% in a year-on-year comparison to EUR 11.3m (H1 2018: EUR 9.2m), while the operating result rose by 5.8% to EUR 14.6m (H1 2018: EUR 13.8m). This considerable increase in earnings in the first half of the year was achieved despite the negative impact of two special effects: Firstly, income from services provided to KA Finanz AG fell by EUR 3.0m due to the expiry of the service agreement with KA Finanz AG with effect from 31 March 2019. Kommunalkredit had terminated the service agreement in the first quarter of 2018 and used the contractually agreed notice period of one year to implement migration measures and to prepare for corresponding capacity adjustments, which were implemented in the first half of 2019. A provision for restructuring in the amount of EUR 2.5m was set up to cover this in 2018. The financial impact of these changes and adjustments will be offset in full by 2020. The termination of the KA Finanz AG services will allow Kommunalkredit to focus more closely on its core business and to reduce volatility, as it had become increasingly difficult, in the context of the de-banking of KA Finanz AG activities, to plan the demand for KA Finanz AG and keep the necessary capacities available.

The second special effect related to the net result of asset valuation and realised gains and losses. This item was affected by EUR -5.9m in valuation changes resulting from the marked drop in long-term market interest rates: The 10-year swap rate fell from 0.81% at the end of 2018 to 0.18% as of 30 June 2019. The bank's interest rate position is unchanged. This means that a scenario in which interest rates rise in the future will have a positive valuation effect. Allowing for adjustments to reflect valuation changes due to interest rates, the profit for the period increased to EUR 17.2m (H1 2018: EUR 7.6m).

e. Contingent liabilities

Contingent liabilities as of 30 June 2019 are presented as follows:

in EUR 1,000	30/6/2019	31/12/2018
Contingent liabilities		
Sureties and guarantees	4,693.0	5,129.5
Other obligations		
Credit lines and promissory notes	375,803.2	215,407.4

The increase of the credit line and promissory notes item mainly comprises credit commitments that have not yet been disbursed resulting from the origination of infrastructure projects in the first half of 2019.

f. Legal risks

A former holder of participation capital in the former Kommunalkredit (prior to the 2015 spin-off) has made a claim against KA Finanz AG (the demerged company) and the current Kommunalkredit for the alleged unlawful termination of participation capital as part of the 2015 restructuring. The claimant is seeking payment of EUR 33.8m or the granting of commercially equivalent rights in Kommunalkredit of EUR 22.3m in eventu continuation of the participation capital. Kommunalkredit considers the claims raised against it to be unfounded. Furthermore, the assumption by KA Finanz AG of all economic risks and necessary costs of legal action was outlined in the spin-off plan.

g. Other obligations

As opposed to the 2018 interim period, there were no relevant changes in other obligations.

h. Development of own funds

Kommunalkredit is subject to the capital requirements set out in Article 92 CRR (common equity tier 1 ratio of 4.5%, a core capital ratio of 6% and a total capital ratio of 8%), unchanged as of 31 December 2018. Taking into account the capital maintenance and low cyclicality buffers as well as the premium from the supervisory review and evaluation process (SREP), the requirements for common equity tier 1 ratio increase to 7.46%, for core capital ratio to 9.06% and for total capital ratio to 11.26%. The statutory requirements were always adhered to in the reporting period.

Regulatory group of credit institutions

Kommunalkredit is part of a group of credit institutions whose ultimate parent is Satere Beteiligungsverwaltungs GmbH (Satere), which holds 100% of Gesona. Following the capital increase completed in the second quarter of 2019, Gesona owns 99.80% of Kommunalkredit. Given that both Satere and Gesona are classified as financial holding companies as defined by CRR, Kommunalkredit – as per article 11 (2) and (3) CRR – is the only credit institution obliged to fulfil the requirements of consolidated position specified in Parts 2 to 4 (Own Funds, Own Fund Requirements, Large Exposures), Part 6 (Liquidity) and Part 7 (Leverage) of CRR. Kommunalkredit also meets the definition of a superordinate credit institution pursuant to § 30 (5) of the Austrian Banking Act, which is responsible for compliance with the provisions of the Austrian Banking Act applicable to groups of credit institutions.

In addition to Satere, Gesona and Kommunalkredit, the regulatory group of credit institutions includes Kommunalkredit KBI Immobilien GmbH, Kommunalkredit KBI Immobilien GmbH & Co KG and KOMMUNALKREDIT TLI Immobilien GmbH & Co KG as providers of additional services.

Own funds and own fund requirements of the group of credit institutions pursuant to the Austrian reporting regulations, calculated in accordance with CRR, show the following structure and development; interim results from the first half of 2019 were not included.

Basis for calculation in EUR 1,000	pursuant to Art. 92 CRR 30/6/2019	pursuant to Art. 92 CRR 31/12/2018
Total risk exposure amount pursuant to Art. 92 CRR	1,631,407.3	1,331,612.9
of which credit risk	*1,500,550.2*	*1,206,002.3*
of which operational risk	*116,693.8*	*107,711.1*
of which CVA charge	*14,040.9*	*17,779.0*
of which default fund of a qualifying counterparty	*122.4*	*120.5*

Own funds – Actual in EUR 1,000 or %	30/6/2019	31/12/2018
Common equity tier 1 after deductible items (CET 1)	279,941.0	259,263.9
Additional tier 1 capital after deductible items	55,809.1	58,287.2
Own funds (tier 1 and tier 2)	**335,750.1**	**317,551.1**
Total capital ratio	20.6%	23.8%
CET 1 ratio	17.2%	19.5%

Regulatory own funds of Kommunalkredit Austria AG

The total capital reported according to the requirements set out by CRR and the capital requirements pertaining to the income statement of Kommunalkredit as per the Austrian reporting regulations show the following structure and development; interim results from the first half of 2019 were not included:

Basis for calculation in EUR 1,000	pursuant to Art. 92 CRR 30/6/2019	pursuant to Art. 92 CRR 31/12/2018
Total risk exposure amount pursuant to Art. 92 CRR	1,634,841.1	1,334,717.6
of which credit risk	*1,505,097.4*	*1,210,502.1*
of which operational risk	*115,580.3*	*106,315.9*
of which CVA charge	*14,040.9*	*17,779.0*
of which default fund of a qualifying counterparty	*122.4*	*120.5*

Own funds – Actual in EUR 1,000 or %	30/6/2019	31/12/2018
Common equity tier 1 after deductible items (CET 1)	286,352.0	265,454.1
Additional tier 1 capital after deductible items	55,809.1	58,287.2
Own funds (tier 1 and tier 2)	**342,161.1**	**323,741.3**
Total capital ratio	20.9%	24.3%
CET 1 ratio	17.5%	19.9%

i. Information on the calculation of fair value

The methods to calculate fair value are different depending on the available market data:

Level 1: There are quoted prices in an active market for identical financial instruments. The bid quotes for assets in this hierarchy level are obtained from Bloomberg or Reuters.

Level 2: The input factors for the valuation can be observed in the market.
This category includes the following price determination methods:
- Price determination based on comparable securities
- Price determination through spreads derived from market data (benchmark spreads)

Level 3: The input factors cannot be observed in the market. This includes, in particular, prices based mainly on the estimates of experts and/or that contain non-observable data. Level 3 financial instruments are measured by means of an internal model based on the present value method. Cash flows are discounted on the basis of current yield curves, taking credit spreads into account.

Financial instruments recognised at fair value

The following table shows the breakdown of financial instruments recognised at fair value by category of financial instruments according to the fair value hierarchy:

in EUR 1,000	30/6/2019		
	Level 1	Level 2	Level 3
At fair value through other comprehensive income	25,979.8	791,274.2	478,210.2
At fair value through profit or loss (from asset-side positions)	0.0	104,793.7	19.406,2
At fair value through profit or loss (from liability-side positions)	0.0	-129,919.5	0.0
Derivatives designated as hedging instruments (from asset-side positions)	0.0	198,461.3	0.0
Derivatives designated as hedging instruments (from liability-side positions)	0.0	-105,858.4	0.0

The Level 3 financial instruments recognised at fair value refer to project financing. Taking into consideration that there are no observable parameters (such as benchmark spreads) in the market for these complex financial instruments, they have been assigned to Level 3.

The values compared to the previous year are as follows:

in EUR 1,000	31/12/2018		
	Level 1	Level 2	Level 3
At fair value through other comprehensive income	20,418.6	786,027.9	372,493.3
At fair value through profit or loss (from asset-side positions)	0.0	22,650.8	0.0
At fair value through profit or loss (from liability-side positions)	0.0	-39,071.4	0.0
Derivatives designated as hedging instruments (from asset-side positions)	0.0	198,235.1	0.0
Derivatives designated as hedging instruments (from liability-side positions)	0.0	-161,905.0	0.0

In the current interim period, there was no migration between levels with respect to financial instruments recognised at fair value.

The following table shows a reconciliation table of financial instruments recognised at fair value included in Level 3 of the valuation hierarchy:

in EUR 1,000	At fair value through other comprehensive income	At Fair Value through Profit or Loss: Held-for-Trading
as of 1/1/2019	372,493.3	0.0
Migration to Level 3	0.0	0.0
Migration from Level 3	0.0	0.0
Additions/Disbursements	163,713.0	19,742.6
Sold/Redeemed	-57,382.9	0.0
At fair value through profit or loss	176.8	-336.4
of which realised (net interest income)	*176.8*	*0.0*
of which unrealised (net trading and valuation result)	*0.0*	*-336.4*
At fair value through other comprehensive income	-789.9	0.0
as of 30/6/2019	**478,210.2**	**19,406.2**

Financial instruments not recognised at fair value

The breakdown of categories of fair values of financial instruments not recognised at fair value is as follows:

in EUR 1,000	30/6/2019		
	Level 1	Level 2	Level 3
Assets at amortised cost	568,945.6	1,312,365.2	451,775.6
Liabilities at amortised cost	0.0	-3,410,993.6	0.0

The Level 3 financial instruments not recognised at fair value also refer to project financing.

The values compared to the previous year are as follows:

in EUR 1,000	31/12/2018		
	Level 1	Level 2	Level 3
Assets at amortised cost	416,166.4	1,450,692.8	390,657.7
Liabilities at amortised cost	0.0	-3,344,054.7	0.0

In the current interim period, there was no migration between levels with respect to financial instruments not recognised at fair value.

j. Categories of financial instruments

In accordance with requirement to distinguish between groups of financial instruments, the Kommunalkredit Group categorises financial instruments as presented in the following table. The book values and attributive fair values per category can also been found in the table.

The calculation of the fair values of financial instruments not recognised at fair value takes place based on the fair value hierarchy described above. The calculation of fair value uses maturity-, rating- and instrument-specific measurement parameters in connection with standard valuation methods in line with IFRS 13.

The values as of 30 June 2019 are as follows:

30/6/2019 Categories – IFRS 9 in EUR m	Cash and balances with central banks	At fair value through profit or loss: held for trading[1]	At fair value through profit or loss: mandatory	Assets at amortised cost	At fair value through other comprehensive income	Liabilities at amortised cost	Derivates designated as hedging instruments	Book value	Fair value
Cash and balances with central banks	272.9	0.0	0.0	0.0	0.0	0.0	0.0	272.9	272.9
Loans and advances to banks	0.0	0.0	0.0	266.9	0.0	0.0	0.0	266.9	259.5
Loans and advances to customers	0.0	0.0	0.0	1,985.3	0.0	0.0	0.0	1,985.3	2,073.6
Financial assets at fair value through profit or loss	0.0	0.0	100.4	0.0	0.0	0.0	0.0	100.4	100.4
Financial assets at fair value through other comprehensive income	0.0	0.0	0.0	0.0	1,295.5	0.0	0.0	1,295.5	1,295.5
Derivatives	0.0	23.8	0.0	0.0	0.0	0.0	198.5	222.2	222.2
Amounts owed to banks	0.0	0.0	0.0	0.0	0.0	522.4	0.0	522.4	522.6
Amounts owed to customers	0.0	0.0	0.0	0.0	0.0	1,627.0	0.0	1,627.0	1,483.5
Derivates	0.0	129.9	0.0	0.0	0.0	0.0	105.9	235.8	235.8
Securitised liabilities	0.0	0.0	0.0	0.0	0.0	1,363.3	0.0	1,363.3	1,343.7
Subordinated liabilities	0.0	0.0	0.0	0.0	0.0	68.7	0.0	68.7	61.2

[1] This refers to interest rate swaps and currency forwards concluded, in particular, to hedge interest rate and foreign currency risks. The bank does not have a proprietary trading portfolio.

The values as of 31 December 2018 are as follows:

31/12/2018 Classes – IFRS 9 in EUR m	Cash and balances with central banks	At fair value through profit or loss: held for trading[1]	At fair value through profit or loss: mandatory	Assets at amortised cost	At fair value through other comprehensive income	Liabilities at amortised cost	Derivates designated as hedging instruments	Book value	Fair value
Cash and balances with central banks	314.4	0.0	0.0	0.0	0.0	0.0	0.0	314.4	314.4
Loans and advances to banks	0.0	0.0	0.0	218.6	0.0	0.0	0.0	218.6	214.1
Loans and advances to customers	0.0	0.0	0.0	1,969.6	0.0	0.0	0.0	1,969.6	2,043.4
Financial assets at fair value through profit or loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets at fair value through other comprehensive income	0.0	0.0	0.0	0.0	1,178.9	0.0	0.0	1,178.9	1,178.9
Derivatives	0.0	22.7	0.0	0.0	0.0	0.0	198.2	220.9	220.9
Amounts owed to banks	0.0	0.0	0.0	0.0	0.0	495.6	0.0	495.6	495.4
Amounts owed to customers	0.0	0.0	0.0	0.0	0.0	1,456.5	0.0	1,456.5	1,419.9
Derivates	0.0	39.1	0.0	0.0	0.0	0.0	161.9	201.0	201.0
Securitised liabilities	0.0	0.0	0.0	0.0	0.0	1,396.1	0.0	1,396.1	1,369.2
Subordinated liabilities	0.0	0.0	0.0	0.0	0.0	69.1	0.0	69.1	59.5

[1] This refers to interest rate swaps and currency forwards concluded, in particular, to hedge interest rate and foreign currency risks. The bank does not have a proprietary trading portfolio.

k. Related party disclosures

Transactions with affiliated companies and people are executed under the same conditions as transactions with independent business partners.

Ownership structure

Name of the company	Relationship with Kommunalkredit	Registered office	Shares held
Gesona Beteiligungsverwaltung GmbH	Direct parent	Vienna, Austria Comp.Reg.no 428969m	99.80% in Kommunalkredit
Satere Beteiligungsverwaltungs GmbH	Controlling parent	Vienna, Austria Comp.Reg.no 428981f	100% in Gesona

Satere Beteiligungsverwaltungs GmbH (Satere) is owned by Interritus Limited (Interritus) and Trinity Investments Designated Activity Company (Trinity), who hold 55% and 45%, respectively, unchanged as of 31 December 2018; the two companies exercise joint control over Satere through contractual agreements. Satere thus qualifies as a joint venture according to IFRS 11 and is classified as the controlling parent company of the Kommunalkredit Group.

Kommunalkredit assumes the fiduciary administration of loans for a related party of Trinity under a framework agreement. As of 30 June 2019, positions of EUR 458.8m (31/12/2018: EUR 432.7m) are held in trust on the basis of an trust agreement; as Kommunalkredit has no rights or obligations relative to the underlying lending business, the criteria for balance sheet recognition do not apply. In the interim period, the fiduciary administration of these transactions generated fee and commission income of TEUR 552.1 (1/1-30/6/2018: TEUR 562.0). As of 30 June 2019, there are open balances of TEUR 582.1 (31/12/2018: TEUR 935.3) resulting from this contract, which are reported under "Other assets".

Tax group

Effective from 2016, a tax group in accordance with § 9 of the Corporate Income Tax Act (KStG) was formed with Satere Beteiligungsverwaltungs GmbH as the group parent and Gesona Beteiligungsverwaltung GmbH, Kommunalkredit, KBI, KPC and TrendMind IT Dienstleistung GmbH (TrendMind) as group members.

Relationships with associates

The following positions exist for communal lending using the equity method:

- Loans receivable of TEUR 31,920.1 (31/12/2018: TEUR 34,855.2)
- Contingent liabilities in the form of liabilities in the unchanged amount of TEUR 1,350.0
- Other off-balance sheet liabilities in the form of promissory notes of TEUR 1,374.2 (31/12/2018: TEUR 0.0)

Transactions with key management personnel

Key management personnel are people with direct or indirect authority and responsibility for the planning, management and supervision of activities at Kommunalkredit. Kommunalkredit considers the members of the Executive Board and the Supervisory Boards to be key management personnel.

There is a company that holds a capital interest of 15% in Fidelio KA Beteiligung GmbH; this company is within the range of influence of an Executive Board member of Kommunalkredit and a close relative. Fidelio KA Beteiligung GmbH holds an interest in Fidelio KA Investment Advisory GmbH and Fidelio KA Infrastructure Opportunities Fund GP S. à r. l.

As of 30 June 2019, just like as of 31 December 2018, there were no outstanding loans/advances to members of the Executive Board or to members of the Supervisory Board, and there were no liabilities with Kommunalkredit for them either.

Furthermore, there were no business relationships nor balances open during the interim period between Kommunalkredit and the members of the Executive and Supervisory Boards as of the reporting date.

l. Relationship with KA Finanz AG

Under a service agreement that had been in place since 2009, Kommunalkredit provided operational services for the banking operations of KA Finanz AG up until 31 March 2019. From this contract, services of TEUR 1,764.6 (1/1-30/6/2018: TEUR 4,717.4) were allocated to KA Finanz AG in the first half of the year. Loans and services allocated to KA Finanz AG of TEUR 198.6 (31/12/2018: TEUR 1,222.7) are included in "Other assets".

4. Segment reporting

The business activities of the Kommunalkredit Group unfold primarily in the area of municipal and infrastructure-related project financing as well as in the management of support programmes for the Republic of Austria. The bank's activities are concentrated in a single business segment, the results of which are reported regularly to the Executive Board and the Supervisory Board by way of the consolidated financial statements prepared according to IFRS. The disclosures relating to the business segment are presented in the statement of financial position and the income statement of the Group. Reconciliation is therefore not required.

Vienna, 19 August 2019

The Executive Board of
Kommunalkredit Austria AG

Bernd Fislage
Chief Executive Officer

Jochen Lucht
Member of the Executive Board

Statement by the legal representatives

We hereby **confirm** to the best of our knowledge that the consolidated interim **financial statements** prepared in accordance with the relevant accounting standards present a true and fair view of the assets, the financial position and the income of the Group, and that the Group Management Report for the first half of the year conveys a true and fair view of the assets, the financial position and the income of the Group with regard to the main events during the first six months of the financial year and their impact on the consolidated financial statements, as well as with regard to the essential risks and uncertainties for the remaining six months of the financial year.

Vienna, 19 August 2019

The Executive Board of
Kommunalkredit Austria AG

Bernd Fislage
Chief Executive Officer

Jochen Lucht
Member of the Executive Board

REPORT ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS OF JUNE 30, 2019 (TRANSLATION)

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of Kommunalkredit Austria AG, Vienna, for the period from January 1, 2019 to June 30, 2019. The condensed consolidated interim financial information comprises the consolidated balance sheet as of June 30, 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from January 1, to June 30, 2019, and selected explanatory notes.

The Company's management is responsible for the preparation of these condensed consolidated interim financial information in accordance with International Financial Reporting Standards on Interim Reporting, as adopted by the EU.

Our responsibility is to provide a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

In performing the review, we adhered to the relevant expert opinions and standards in accordance with laws and regulations applicable in Austria, in particular the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We draw attention to the fact that a review is significantly less in scope than an audit and requires less evidence, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Review summary

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards applicable to Interim Reporting, as adopted by the EU.

Comment on the Interim Group Management Report and the Declaration of the Company´s legal representatives pursuant to Section 125 of the Austrian Stock Exchange Act (BörseG)

We have read the Interim Group Management Report in order to conclude whether it is not obviously inconsistent with the condensed consolidated interim financial information. In our opinion, the Interim Group Management Report is not obviously inconsistent with the condensed consolidated interim financial information.

The Interim Group Management Report includes the declaration of the Company's legal representatives required by Sect. 125 para. 1 fig. 3 of the Austrian Stock Exchange Act (BörseG).

Vienna, 19 August 2019
PwC Wirtschaftsprüfung GmbH

signed:
Dorotea-E. Rebmann
Austrian Certified Public Accountant

We draw attention to the fact that the English translation of this review report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

APPENDIX

FIGURES OF KOMMUNALKREDIT AUSTRIA AG ACCORDING TO AUSTRIAN REPORTING REGULATIONS

Statement of financial position of Kommunalkredit Austria AG according to Austrian reporting regulations

Assets in EUR 1,000	30/6/2019	31/12/2018
Cash on hand, balances with central banks	272,906.7	314,408.0
Debt securities from public issuers that are eligible for refinancing at the central bank	162,041.6	149,345.0
Loans and advances to banks	111,127.1	97,807.9
Loans and advances to customers	2,648,099.1	2,520,817.7
Bonds and other fixed-income securities	294,847.2	268,834.4
Shares and other non-fixed-income securities	51,059.5	0.0
Equity participations	22,245.1	22,215.1
Shares in subsidiaries	32,670.7	32,700.7
Non-current intangible assets	158.4	203.9
Property, plant and equipment	2,653.8	2,809.1
Other assets	47,976.7	52,096.9
Accruals/deferrals	12,575.6	9,355.4
Deferred tax assets	9,131.1	8,170.1
Total assets	**3,667,492.5**	**3,478,764.1**

Equity and liabilities Equity and liabilities	30/6/2019	31/12/2018
Amounts owed to banks	528,380.0	496,040.1
Amounts owed to customers	1,505,519.4	1,348,284.4
Securitised liabilities	1,208,002.4	1,237,950.1
Other liabilities	23,414.1	26,402.2
Accruals/deferrals	16,449.8	17,309.3
Provisions	21,476.8	21,686.1
Fund for general banking risks	40,000.0	40,000.0
Additional tier 1 capital under Part 2 Title I Chapter 4 of Regulation (EU) No. 575/2013	66,041.1	67,527.3
Subscribed capital	172,659.5	159,491.3
Fixed capital reserves	6,831.8	0.0
Retained earnings	51,761.9	51,761.9
Risk reserve under § 57 (5) Austrian Banking Act	15,052.2	12,106.2
Net profit	11,903.5	205.0
of which profit carried forward	*205.0*	*19,422.4*
of which profit for the period (after appropriation to reserves)	*11,698.4*	*-19,217.4*
Total equity and liabilities	**3,667,492.5**	**3,478,764.1**

Income statement of Kommunalkredit Austria AG according to Austrian reporting regulations

in EUR 1,000	1/1–30/6/2019	1/1–30/6/2018
Interest and similar income	76,140.7	77,702.2
Interest and similar expenses	-54,449.8	-59,294.2
Net interest income	**21,690.9**	**18,408.0**
Income from investments	1,609.4	630.4
Net fee and commission income	6,379.5	8,703.8
Income from financial transactions	-4.0	0.5
Other operating results	2,869.6	5,768.7
of which general administrative expenses re-invoiced to KA Finanz AG/ Kommunalkredit Public Consulting GmbH	*2,720.4*	*5,673.5*
Operating income	**32,545.4**	**33,511.4**
General administrative expenses	**-21,947.3**	**-23,680.2**
Personnel expenses	-12,758.8	-14,685.5
of which provision for restructuring	*0.0*	*-2,500.0*
Other administrative expenses (non-personnel)	-7,573.7	-7,423.7
Bank Resolution Fund	-1,614.8	-1,571.0
Depreciation of property, plant and equipment	-244.0	-378.8
Other operating expenses	-302.4	-334.7
of which bank stability tax	*-302.4*	*-288.0*
Operating expenses	**-22,493.7**	**-24,393.8**
Operating performance	**10,051.7**	**9,117.6**
Net result of valuations and realised gains and losses	3,655.6	-226.7
of which realised from the early redemption of own issues	*4,098.9*	*131.3*
of which realised from securities, loans and derivatives	*1,454.9*	*-316.0*
of which change in provision under § 57 (1) Austrian Banking Act	*0.0*	*900.0*
of which valuation of securities classed as current assets	*146.4*	*0.0*
of which change in valuation allowances	*-2,044.7*	*-942.0*
Profit on ordinary activities	**13,707.3**	**8,890.9**
Taxes on income	952.4	505.3
Other taxes	-15.3	-20.7
Net profit for the period	**14,644.4**	**9,375.6**

Regulatory capital ratios of Kommunalkredit Austria AG according to CRR

in EUR 1,000 or %	30/6/2019	31/12/2018
Total risk exposure amount pursuant to Art. 92 CRR	1,634,841.1	1,334,717.6
Common equity tier 1 after deductible items (CET 1)	286,352.0	265,454.1
Own funds (tier 1 and tier 2)	342,161.1	323,741.3
Total capital ratio	20.9%	24.3%
CET 1 ratio	17.5%	19.9%

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