

## KA Finanz AG

## Update

## Ratings

## Foreign Currency

Long-Term IDR	A+
Short-Term IDR	F1+

Support Rating	1
Support Rating Floor	A+

## Sovereign Risk

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

## Outlooks

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

## Financial Data

## KA Finanz AG

	30 Jun 11	31 Dec 10
Total assets (USDm)	19,904	22,036
Total assets (EURm)	13,772	16,491
Total equity (EURm) <sup>a</sup>	39.2	110.5
Operating profit (EURm)	-71.3	-16.3
Net income (EURm)	-71.3	0.1
Cost/income ratio (%)	nmf	nmf
Operating ROAA (%)	-0.95	-0.08
Operating ROAE (%)	nmf	2.68
Fitch core capital/ weighted risks (%)	0.62	1.55
Tier 1 ratio (%)	7.40	7.50
Equity/assets (%)	0.28	0.67

<sup>a</sup> As calculated by Fitch

## Key Rating Drivers

**State Support:** KA Finanz AG's (KF) ratings are based on Fitch Ratings' view that the Republic of Austria would support the bank if required, given its 99.78% ownership.

**Entity in Wind-Down:** KF's sole purpose is the winding-down of the non-strategic assets of the former Kommunalkredit Austria AG (KA Old) while minimising the deployment of public resources. Consequently, Fitch has not assigned a Viability Rating to KF.

**Warranty Fee Determines Performance:** Since Q410, KF has reported solely under Austrian GAAP, insulating itself to some extent from the high volatility that affects fair-value accounting under IFRS. Consequently, the bank's performance is no longer affected by valuation swings. Given its low earnings base and growing funding cost challenges, net income is significantly burdened by the warranty payment to the Republic of Austria. Warranty payments – a means for Austria to recoup its investment in KF – will continue to dominate KF's performance.

**Wind-Down May Decelerate:** During 2010, KF successfully reduced its risk exposure, primarily through selective sales but also by maturing assets. It continued this trend into 2011, selling 7% of its end-2010 total exposure, and redeeming another 2% during H111, exceeding management targets. Fitch expects to see further improvements, although longer maturities and difficult market conditions may serve as an impediment to the planned run-off of KF's sizeable CDS and bond portfolios.

**Sizeable Greek Sovereign Exposure:** KF's aggregate CDS and bond portfolios (of which Greece accounted for 5%) accounted for almost 90% of credit exposure at end-H111. Despite their sound quality, these portfolios tend to be long-dated and carry concentration risk. This is compounded by KF's significant cumulative exposure to peripheral countries. Marking to market its Greek exposure alone would completely wipe out the bank's Fitch core capital. However, Fitch believes the Republic of Austria would be willing to recapitalise KF.

**Short-Term Funding Reliance:** KF intentionally runs a large funding gap, funding long-term assets short-term, currently largely through government-guaranteed bond issuances and repos, but the former will be gradually replaced by guaranteed commercial paper issues. As KF does not intend to replace outstanding longer-term debt, the portion of vulnerable short-term funding is likely to increase. The agency believes that despite a reduction in its asset base, KF's funding requirements will remain considerable amid increasingly demanding funding markets.

**Hybrid Capital Dominates Equity:** Participation capital from former KA shareholders – namely, Dexia Credit Local ('A+'/'Stable) and Oesterreichische Volksbanken Aktiengesellschaft ('A'/'Stable) – makes up virtually all of KF's regulatory core capital. Fitch considers this to be hybrid capital, which translates into very low Fitch core capitalisation.

The Republic of Austria has committed to maintaining a regulatory Tier 1 ratio of 7% provided the bank's former owners remain invested in KF's participation capital. Fitch does not expect the regulatory Tier 1 ratio to be significantly above the threshold during the wind-down period.

## What Could Trigger a Rating Action

**Rating Action Triggers Limited:** A change in ownership, which Fitch considers unlikely, would affect KF's IDRs. A change in the willingness or the ability of the Republic of Austria to support KF would also lead to a rating action.

## Related Research

[Kommunalkredit Austria AG \(February 2011\)](#)

## Analysts

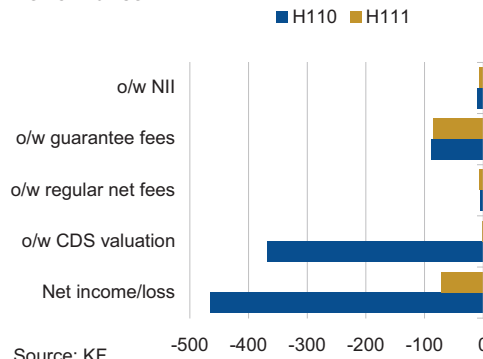
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- Wind-down of non-strategic assets of KA Old via maturing assets and selective sales
- No new asset-side business
- Low earnings potential compounded by funding cost challenges
- Net result to continue to be adversely affected by the guarantee fees paid to the Republic of Austria
- Austrian GAAP accounting largely insulates the bank from valuation swings

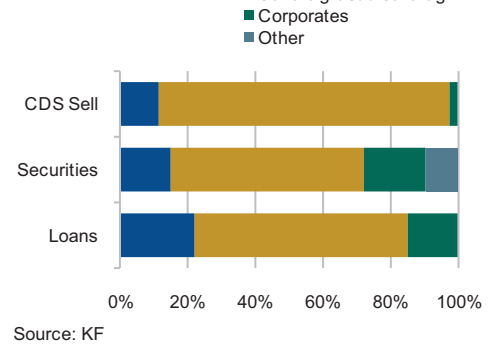
Source: Company data; Fitch.

### Performance



Source: KF

### Credit Exposure (End-H111)

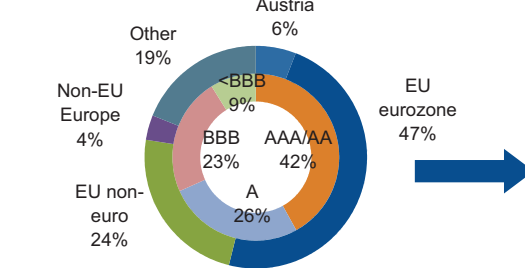


Source: KF

- CDS (50% of total credit exposure at end-H111) and bond portfolios (40%) drive credit risk
- Significant concentration of exposure to peripheral countries
- Marking to market Greek exposure alone would entirely wipe out KF's core capital
- Other credit exposures generally moderate-risk and of good quality

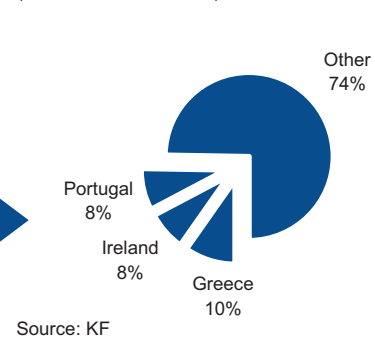
### Credit Exposure

End-H111:  
Inner ring: Rating  
Outer ring: Geography



Source: KF

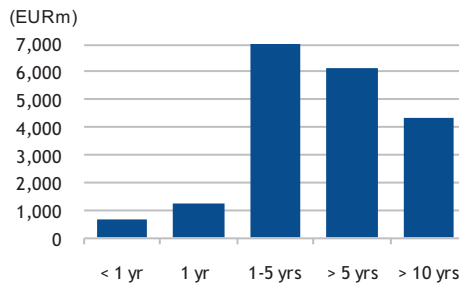
### EU Eurozone Exposure (End-H111; EUR10.2bn)



Source: KF

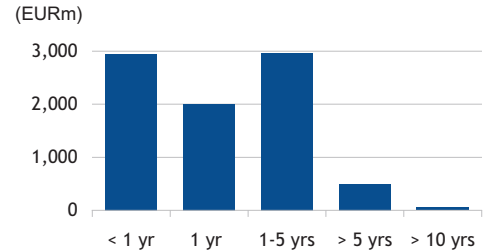
- Long-term maturities of the CDS and bond portfolios likely to serve as an impediment to the planned wind-down process amid a difficult market environment

### Asset Maturity Profile (End-H111)



Source: KF

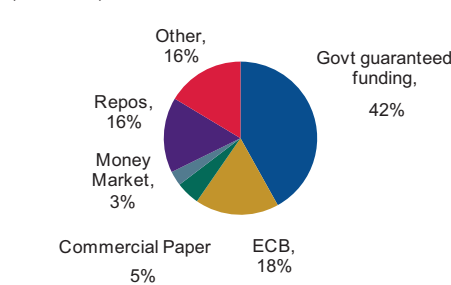
### Liabilities Maturity Profile (End-H111)



Note: Short-term refinancing and equity excluded  
Source: KF

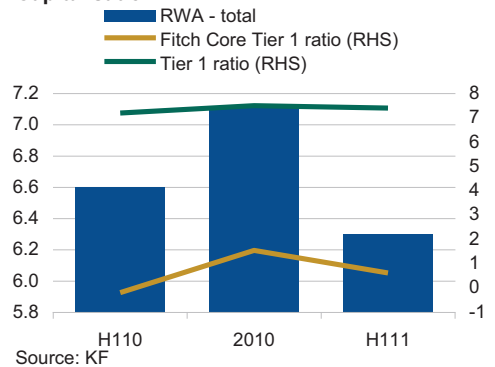
- Funding profile to be increasingly dominated by sensitive short-term funding sources (60% non-equity funding at end-H111); the high share of collateralised funding somewhat alleviates the sensitivity
- Fitch core capitalisation weak due to the exclusion of participation capital from former KA shareholders
- Republic of Austria to maintain KF's regulatory Tier 1 capital ratio at a minimum 7%; Fitch expects Tier 1 capital ratio to remain only marginally above the threshold

### Non-equity Funding Mix (End-H111)



Source: KF

### Capitalisation



Source: KF

### Related Criteria

- [Global Financial Institutions Rating Criteria \(August 2011\)](#)
- [Treatment of Hybrids in Bank Capital Analysis \(July 2011\)](#)
- [Rating Bank Regulatory Capital and Similar Securities \(December 2011\)](#)

## Appendix

### Profile

KF, established in 2009, is the legal successor of KA Old, which was nationalised in late 2008. KF holds KA Old's non-core assets, primarily its CDS book and non-core public-sector credit exposure outside Austria. KA Old's core business was transferred to Kommunalkredit Austria AG (KA; 'A'/Stable; see *Related Research*).

While KF is a licensed bank and a separate legal entity from KA, it has the same ownership structure and, to some extent, the same management and staff on the basis of a service-level agreement between KF and KA.

Following the merger with its former Cypriot subsidiary, Kommunalkredit International Bank Ltd, KF is no longer obliged to produce consolidated accounts and reports solely under Austrian GAAP. Under these standards, KF does not have to fair-value its investments, insulating itself to some extent from high valuation volatility in the current market environment.

### European Commission Approval

The European Commission approved KA Old's restructuring plan on 31 March 2011, confirming that it meets the criteria of EU competition law. As a prerequisite, an impairment asset test was completed in July 2010, which verified that during the demerger of KA Old, all assets transferred to KF were measured according to the arms' length principle.

### Credit Exposure

KF's CDS (EUR10.4bn at end-H111) and bond portfolios (EUR8.6bn) account for over 90% of total credit exposure. Despite the generally good quality of the assets, CDS contracts and bond maturities tend to be long-dated, making the planned wind-down more challenging given the difficult market conditions. Both the CDS and bond portfolios bear concentration risks, with the 10 largest counterparties at end-H111 accounting for almost 50% and 30% of the end-H111 total CDS and bond portfolios, respectively.

Overall exposure to peripheral countries was significant at end-H111, with Greece, Ireland and Portugal accounting for around 15% of the end-H111 CDS portfolio. Combined, this equates to a significant 40 times Fitch core capital. Marking to market Greek exposure alone would entirely wipe out the bank's Fitch core capital.

According to management, KF's Greek securities portfolio eligible for the private-sector participation programme amounted to EUR8.5m at end-H111 (under 1% of total Greek securities exposure at end-H111). This is largely as a result of securities maturing by 2020 (EUR303.1m) being locked in until maturity in repo-type swap funding positions and therefore ineligible, according to management. Consequently, no provisions were made at end-H111. Irrespective of whether KF participates in the private-sector participation programme or not, Fitch believes that its sizeable GIIPS exposure will eventually have a P&L impact, and it is therefore likely that the Republic will have to recapitalise KF in the short to medium term. It is, however, in Fitch's view, unclear whether this will necessitate a second EC state aid procedure.

### Capitalisation

During the demerger, the Republic of Austria did not recapitalise KF in a traditional way, ie, via a capital injection. Instead, compliance with regulatory capital ratios is ensured via a debtor warranty structure ("Besserungsschein") with KA (see *Related Research*).

Regulatory capital compliance is further ensured by a guarantee from the Republic of Austria that it would inject up to EUR75m annually until 2013 to ensure a Tier 1 capital ratio of at least 7%. Fitch does not expect KF significantly to exceed the minimum ratio guaranteed by the Republic of Austria during the wind-down period.

KA Finanz AG  
Income Statement

	30 Jun 2011		31 Dec 2010		31/12/2009 <sup>(1)</sup>		31/12/2008 <sup>(1)</sup>		31/12/2007 <sup>(1)</sup>		
	6 Months - Interim	6 Months - Interim	As % of	Year End	As % of	Year End	As % of	Year End	As % of	Year End	
	USDm	EURm	Earning	EURm	Earning	EURm	Earning	EURm	Earning	EURm	
	Unqualified	Unqualified	Assets	Unqualified	Assets	Unqualified	Assets	Unqualified	Assets	Unqualified	
1. Interest Income on Loans	n.a.	n.a.	-	125.5	0.78	492.0	2.37	768.3	2.07	640.8	1.96
2. Other Interest Income	n.a.	n.a.	-	1,298.3	8.06	2,055.4	9.92	2,428.0	6.54	2,203.1	6.75
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>4. Gross Interest and Dividend Income</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-</b>	<b>1,423.8</b>	<b>8.84</b>	<b>2,547.4</b>	<b>12.29</b>	<b>3,196.3</b>	<b>8.61</b>	<b>2,843.9</b>	<b>8.72</b>
5. Interest Expense on Customer Deposits	n.a.	n.a.	-	1.6	0.01	237.2	1.14	488.2	1.32	224.0	0.69
6. Other Interest Expense	9.4	6.5	0.10	1,438.7	8.93	2,271.6	10.96	2,618.3	7.06	2,534.1	7.77
<b>7. Total Interest Expense</b>	<b>9.4</b>	<b>6.5</b>	<b>0.10</b>	<b>1,440.3</b>	<b>8.94</b>	<b>2,508.8</b>	<b>12.11</b>	<b>3,106.5</b>	<b>8.37</b>	<b>2,758.1</b>	<b>8.45</b>
<b>8. Net Interest Income</b>	<b>-9.4</b>	<b>-6.5</b>	<b>-0.10</b>	<b>-16.5</b>	<b>-0.10</b>	<b>38.6</b>	<b>0.19</b>	<b>89.8</b>	<b>0.24</b>	<b>85.8</b>	<b>0.26</b>
9. Net Gains (Losses) on Trading and Derivatives	-1.4	-1.0	-0.02	-17.1	-0.11	548.5	2.65	-1,087.2	-2.93	-1.5	0.00
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	-6.7	-0.03	-15.1	-0.04	1.6	0.00
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	83.6	0.40	-201.4	-0.54	2.1	0.01
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	-131.7	-91.1	-1.39	-195.4	-1.21	-150.3	-0.73	20.6	0.06	15.8	0.05
14. Other Operating Income	0.4	0.3	0.00	0.5	0.00	-6.3	-0.03	1.1	0.00	4.1	0.01
<b>15. Total Non-Interest Operating Income</b>	<b>-132.7</b>	<b>-91.8</b>	<b>-1.40</b>	<b>-212.0</b>	<b>-1.32</b>	<b>468.8</b>	<b>2.26</b>	<b>-1,282.0</b>	<b>-3.45</b>	<b>22.1</b>	<b>0.07</b>
16. Personnel Expenses	0.0	0.0	0.00	0.5	0.00	25.6	0.12	21.7	0.06	21.7	0.07
17. Other Operating Expenses	16.3	11.3	0.17	25.7	0.16	24.6	0.12	18.0	0.05	18.3	0.06
<b>18. Total Non-Interest Expenses</b>	<b>16.3</b>	<b>11.3</b>	<b>0.17</b>	<b>26.2</b>	<b>0.16</b>	<b>50.2</b>	<b>0.24</b>	<b>39.7</b>	<b>0.11</b>	<b>40.0</b>	<b>0.12</b>
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>20. Pre-Impairment Operating Profit</b>	<b>-158.4</b>	<b>-109.6</b>	<b>-1.68</b>	<b>-254.7</b>	<b>-1.58</b>	<b>457.2</b>	<b>2.21</b>	<b>-1,231.9</b>	<b>-3.32</b>	<b>67.9</b>	<b>0.21</b>
21. Loan Impairment Charge	-50.3	-34.8	-0.53	-152.4	-0.95	196.1	0.95	41.4	0.11	-6.5	-0.02
22. Securities and Other Credit Impairment Charges	-5.1	-3.5	-0.05	-86.0	-0.53	643.4	3.11	24.6	0.07	n.a.	-
<b>23. Operating Profit</b>	<b>-103.0</b>	<b>-71.3</b>	<b>-1.09</b>	<b>-16.3</b>	<b>-0.10</b>	<b>-382.3</b>	<b>-1.85</b>	<b>-1,297.9</b>	<b>-3.50</b>	<b>74.4</b>	<b>0.23</b>
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	114.5	0.71	n.a.	-	0.0	0.00	0.6	0.00
26. Non-recurring Expense	n.a.	n.a.	-	95.0	0.59	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	829.9	4.01	n.a.	-	1.2	0.00
<b>29. Pre-tax Profit</b>	<b>-103.0</b>	<b>-71.3</b>	<b>-1.09</b>	<b>3.2</b>	<b>0.02</b>	<b>447.6</b>	<b>2.16</b>	<b>-1,297.9</b>	<b>-3.50</b>	<b>76.2</b>	<b>0.23</b>
30. Tax expense	0.0	0.0	0.00	3.1	0.02	12.6	0.06	-25.7	-0.07	7.6	0.02
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	0.0	0.00	-176.5	-0.48	n.a.	-
<b>32. Net Income</b>	<b>-103.0</b>	<b>-71.3</b>	<b>-1.09</b>	<b>0.1</b>	<b>0.00</b>	<b>435.0</b>	<b>2.10</b>	<b>-1,448.7</b>	<b>-3.90</b>	<b>68.6</b>	<b>0.21</b>
33. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	n.a.	-	-353.4	-0.95	-57.0	-0.17
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	-4.7	-0.01	0.5	0.00
36. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>37. Fitch Comprehensive Income</b>	<b>-103.0</b>	<b>-71.3</b>	<b>-1.09</b>	<b>0.1</b>	<b>0.00</b>	<b>435.0</b>	<b>2.10</b>	<b>-1,806.8</b>	<b>-4.87</b>	<b>12.1</b>	<b>0.04</b>
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
39. Memo: Net Income after Allocation to Non-controlling Interests	-103.0	-71.3	-1.09	0.1	0.00	435.0	2.10	-1,448.7	-3.90	68.6	0.21
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	0.0	0.00	3.1	0.01	10.5	0.03
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = EUR0.69190

USD1 = EUR0.74840

USD1 = EUR0.69416

USD1 = EUR0.71855

USD1 = EUR0.67930

Note 1) Financial data prior to demerger, hence not comparable

KA Finanz AG  
Balance Sheet

	30 Jun 2011			31 Dec 2010		31/12/2009 <sup>(1)</sup>		31/12/2008 <sup>(1)</sup>		31/12/2007 <sup>(1)</sup>	
	6 Months - Interim USDm	6 Months - Interim EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
<b>Assets</b>											
<b>A. Loans</b>											
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	4,312.6	2,983.9	21.67	3,547.0	21.51	6,535.2	30.53	18,157.5	48.48	13,518.3	41.21
6. Less: Reserves for Impaired Loans/ NPLs	n.a.	n.a.	-	23.0	0.14	230.3	1.08	53.4	0.14	1.7	0.01
<b>7. Net Loans</b>	<b>4,312.6</b>	<b>2,983.9</b>	<b>21.67</b>	<b>3,524.0</b>	<b>21.37</b>	<b>6,304.9</b>	<b>29.45</b>	<b>18,104.1</b>	<b>48.33</b>	<b>13,516.6</b>	<b>41.21</b>
<b>8. Gross Loans</b>	<b>4,312.6</b>	<b>2,983.9</b>	<b>21.67</b>	<b>3,547.0</b>	<b>21.51</b>	<b>6,535.2</b>	<b>30.53</b>	<b>18,157.5</b>	<b>48.48</b>	<b>13,518.3</b>	<b>41.21</b>
9. Memo: Impaired Loans included above	n.a.	n.a.	-	41.3	0.25	n.a.	-	63.8	0.17	3.9	0.01
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>B. Other Earning Assets</b>											
1. Loans and Advances to Banks	5,434.2	3,759.9	27.30	3,958.3	24.00	6,177.7	28.86	8,537.8	22.79	6,709.2	20.45
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	0.0	0.00	16.4	0.04	18.2	0.06
4. Derivatives	n.a.	n.a.	-	731.0	4.43	3,462.2	16.17	3,285.6	8.77	1,797.1	5.48
5. Available for Sale Securities	3,721.3	2,574.8	18.70	7,895.7	47.88	2,164.9	10.11	2,711.3	7.24	9,086.5	27.70
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	650.8	3.04	1,262.8	3.37	1,421.8	4.33
7. At-equity Investments in Associates	3.9	2.7	0.02	3.4	0.02	0.8	0.00	1.8	0.00	73.9	0.23
8. Other Securities	5,584.9	3,864.2	28.06	n.a.	-	1,959.2	9.15	3,188.6	8.51	n.a.	-
<b>9. Total Securities</b>	<b>9,310.2</b>	<b>6,441.7</b>	<b>46.78</b>	<b>8,630.1</b>	<b>52.33</b>	<b>8,237.9</b>	<b>38.48</b>	<b>10,466.5</b>	<b>27.94</b>	<b>12,397.5</b>	<b>37.80</b>
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	6.1	0.02
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	0.3	0.00
<b>15. Total Earning Assets</b>	<b>19,056.9</b>	<b>13,185.5</b>	<b>95.74</b>	<b>16,112.4</b>	<b>97.70</b>	<b>20,720.5</b>	<b>96.79</b>	<b>37,108.4</b>	<b>99.07</b>	<b>32,629.7</b>	<b>99.48</b>
<b>C. Non-Earning Assets</b>											
1. Cash and Due From Banks	163.9	113.4	0.82	317.0	1.92	559.7	2.61	171.1	0.46	28.1	0.09
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	0.1	0.1	0.00	0.1	0.00	5.8	0.03	39.8	0.11	38.3	0.12
5. Goodwill	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00	0.8	0.00
6. Other Intangibles	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.3	0.00	0.3	0.00
7. Current Tax Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	59.5	0.28	115.4	0.31	2.8	0.01
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	683.0	472.6	3.43	61.9	0.38	61.8	0.29	21.7	0.06	100.6	0.31
<b>11. Total Assets</b>	<b>19,904.0</b>	<b>13,771.6</b>	<b>100.00</b>	<b>16,491.4</b>	<b>100.00</b>	<b>21,407.3</b>	<b>100.00</b>	<b>37,456.7</b>	<b>100.00</b>	<b>32,800.6</b>	<b>100.00</b>
<b>Liabilities and Equity</b>											
<b>D. Interest-Bearing Liabilities</b>											
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	-	2.5	0.01	10.2	0.03	14.1	0.04
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	135.4	93.7	0.68	121.2	0.73	44.3	0.21	991.5	2.65	645.6	1.97
<b>4. Total Customer Deposits</b>	<b>135.4</b>	<b>93.7</b>	<b>0.68</b>	<b>121.2</b>	<b>0.73</b>	<b>46.8</b>	<b>0.22</b>	<b>1,001.7</b>	<b>2.67</b>	<b>659.7</b>	<b>2.01</b>
5. Deposits from Banks	9,275.0	6,417.4	46.60	6,375.2	38.66	9,596.6	44.83	14,509.9	38.74	8,636.4	26.33
6. Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>8. Total Deposits, Money Market and Short-term Funding</b>	<b>9,410.5</b>	<b>6,511.1</b>	<b>47.28</b>	<b>6,496.4</b>	<b>39.39</b>	<b>9,643.4</b>	<b>45.05</b>	<b>15,511.6</b>	<b>41.41</b>	<b>9,296.1</b>	<b>28.34</b>
9. Senior Debt Maturing after 1 Year	8,623.1	5,966.3	43.32	8,283.5	50.23	6,850.2	32.00	16,686.6	44.55	19,675.9	59.99
10. Subordinated Borrowing	248.3	171.8	1.25	202.7	1.23	346.8	1.62	437.3	1.17	427.8	1.30
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>12. Total Long Term Funding</b>	<b>8,871.4</b>	<b>6,138.1</b>	<b>44.57</b>	<b>8,486.2</b>	<b>51.46</b>	<b>7,197.0</b>	<b>33.62</b>	<b>17,123.9</b>	<b>45.72</b>	<b>20,103.7</b>	<b>61.29</b>
13. Derivatives	n.a.	n.a.	-	668.6	4.05	4,783.4	22.34	5,855.0	15.63	2,605.2	7.94
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	0.0	0.00	14.9	0.04	n.a.	-
<b>15. Total Funding</b>	<b>18,281.8</b>	<b>12,649.2</b>	<b>91.85</b>	<b>15,651.2</b>	<b>94.91</b>	<b>21,623.8</b>	<b>101.01</b>	<b>38,505.4</b>	<b>102.80</b>	<b>32,005.0</b>	<b>97.57</b>
<b>E. Non-Interest Bearing Liabilities</b>											
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	n.a.	n.a.	-	n.a.	-	1.7	0.01	18.5	0.05	17.2	0.05
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	76.5	0.46	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	891.5	616.8	4.48	182.5	1.11	32.7	0.15	32.4	0.09	99.2	0.30
<b>10. Total Liabilities</b>	<b>19,173.3</b>	<b>13,266.0</b>	<b>96.33</b>	<b>15,910.2</b>	<b>96.48</b>	<b>21,658.2</b>	<b>101.17</b>	<b>38,556.3</b>	<b>102.94</b>	<b>32,121.4</b>	<b>97.93</b>
<b>F. Hybrid Capital</b>											
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	61.8	0.16	81.7	0.25
2. Pref. Shares and Hybrid Capital accounted for as Equity	674.1	466.4	3.39	470.7	2.85	434.1	2.03	200.0	0.53	207.7	0.63
<b>G. Equity</b>											
1. Common Equity	56.7	39.2	0.28	110.5	0.67	-492.5	-2.30	-947.9	-2.53	445.2	1.36
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	-192.5	-0.90	-413.5	-1.10	-60.0	-0.18
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00	4.6	0.01
<b>6. Total Equity</b>	<b>56.7</b>	<b>39.2</b>	<b>0.28</b>	<b>110.5</b>	<b>0.67</b>	<b>-685.0</b>	<b>-3.20</b>	<b>-1,361.4</b>	<b>-3.63</b>	<b>389.8</b>	<b>1.19</b>
<b>7. Total Liabilities and Equity</b>	<b>19,904.0</b>	<b>13,771.6</b>	<b>100.00</b>	<b>16,491.4</b>	<b>100.00</b>	<b>21,407.3</b>	<b>100.00</b>	<b>37,456.7</b>	<b>100.00</b>	<b>32,800.6</b>	<b>100.00</b>
8. Memo: Fitch Core Capital	56.7	39.2	0.28	110.5	0.67	-744.5	-3.48	-1,361.7	-3.64	n.a.	-
9. Memo: Fitch Eligible Capital	56.7	39.2	0.28	157.9	0.96	-1,063.6	-4.97	-1,945.3	-5.19	n.a.	-

Exchange rate USD1 = EUR0.69190 USD1 = EUR0.74840 USD1 = EUR0.69416 USD1 = EUR0.71855 USD1 = EUR0.67930  
 Note 1) Financial data prior to demerger, hence not comparable

**KA Finanz AG**  
**Summary Analytics**

	30 Jun 2011	31 Dec 2010	31/12/2009 <sup>(1)</sup>	31/12/2008 <sup>(1)</sup>	31/12/2007 <sup>(1)</sup>
	6 Months - Interim	Year End	Year End	Year End	Year End
<b>A. Interest Ratios</b>					
1. Interest Income on Loans/ Average Gross Loans	n.a.	2.18	3.51	5.06	5.08
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	2.29	29.94	53.13	39.44
3. Interest Income/ Average Earning Assets	n.a.	7.73	8.70	9.42	9.89
4. Interest Expense/ Average Interest-bearing Liabilities	0.09	7.96	8.36	9.24	9.87
5. Net Interest Income/ Average Earning Assets	-0.09	-0.09	0.13	0.26	0.30
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.39	0.74	-0.54	0.14	0.32
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	-0.09	-0.09	0.13	0.26	0.30
<b>B. Other Operating Profitability Ratios</b>					
1. Non-Interest Income/ Gross Revenues	93.39	92.78	92.39	107.53	20.48
2. Non-Interest Expense/ Gross Revenues	-11.50	-11.47	9.89	-3.33	37.07
3. Non-Interest Expense/ Average Assets	0.15	0.13	0.16	0.11	0.14
4. Pre-impairment Op. Profit/ Average Equity	-295.08	41.83	-44.12	748.42	16.74
5. Pre-impairment Op. Profit/ Average Total Assets	-1.46	-1.27	1.48	-3.53	0.23
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	34.95	93.60	183.62	-5.36	-9.57
7. Operating Profit/ Average Equity	-191.96	2.68	36.89	788.52	18.34
8. Operating Profit/ Average Total Assets	-0.95	-0.08	-1.24	-3.72	0.25
9. Taxes/ Pre-tax Profit	0.00	96.88	2.82	1.98	9.97
10. Pre-Impairment Operating Profit / Risk Weighted Assets	-3.51	-3.58	n.a.	n.a.	0.84
11. Operating Profit / Risk Weighted Assets	-2.28	-0.23	n.a.	n.a.	0.92
<b>C. Other Profitability Ratios</b>					
1. Net Income/ Average Total Equity	-191.96	n.a.	n.a.	n.a.	16.91
2. Net Income/ Average Total Assets	-0.95	0.00	1.41	-4.15	0.23
3. Fitch Comprehensive Income/ Average Total Equity	-191.96	-0.02	-41.98	1,097.69	2.98
4. Fitch Comprehensive Income/ Average Total Assets	-0.95	0.00	1.41	-5.17	0.04
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	-2.28	0.00	n.a.	n.a.	0.85
7. Fitch Comprehensive Income/ Risk Weighted Assets	-2.28	0.00	n.a.	n.a.	0.15
<b>D. Capitalization</b>					
1. Fitch Core Capital/Weighted Risks	0.62	1.55	n.a.	n.a.	n.a.
2. Fitch Eligible Capital/ Weighted Risks	0.62	2.22	-17.97	-21.18	n.a.
3. Tangible Common Equity/ Tangible Assets	0.28	0.67	-3.49	-3.64	1.19
4. Tier 1 Regulatory Capital Ratio	7.40	7.50	7.20	5.00	9.40
5. Total Regulatory Capital Ratio	12.40	12.70	14.30	8.50	13.20
6. Core Tier 1 Regulatory Capital Ratio	n.a.	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	0.28	0.67	-3.20	-3.63	1.19
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	0.00	-0.21	15.31
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	n.a.	0.00	-0.17	86.78
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	-366.79	0.09	-63.50	106.64	14.91
<b>E. Loan Quality</b>					
1. Growth of Total Assets	-16.49	-22.96	-42.85	14.20	22.11
2. Growth of Gross Loans	-15.88	-45.72	-64.01	34.32	12.92
3. Impaired Loans(NPLs)/ Gross Loans	n.a.	1.16	n.a.	0.35	0.03
4. Reserves for Impaired Loans/ Gross loans	n.a.	0.65	3.52	0.29	0.01
5. Reserves for Impaired Loans/ Impaired Loans	n.a.	55.69	n.a.	83.70	43.59
6. Impaired Loans less Reserves for Imp Loans/ Equity	n.a.	16.56	n.a.	-0.76	0.56
7. Loan Impairment Charges/ Average Gross Loans	-2.15	-2.64	1.40	0.27	-0.05
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	n.a.	1.16	n.a.	0.35	0.03
<b>F. Funding</b>					
1. Loans/ Customer Deposits	3,184.53	2,926.57	13,964.10	1,812.67	2,049.16
2. Interbank Assets/ Interbank Liabilities	58.59	62.09	64.37	58.84	77.69
3. Customer Deposits/ Total Funding excl Derivatives	0.74	0.81	0.28	3.07	2.24

Note 1) Financial data prior to demerger, hence not comparable

## KA Finanz AG Reference Data

	30 Jun 2011		As % of Assets	31 Dec 2010		31/12/2009 <sup>(1)</sup>		31/12/2008 <sup>(1)</sup>		31/12/2007 <sup>(1)</sup>	
	6 Months - Interim USDm	6 Months - Interim EURm		Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
<b>A. Off-Balance Sheet Items</b>											
1. Managed Securitizated Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Contingent Liabilities	n.a.	n.a.	-	10,704.1	64.91	n.a.	-	n.a.	-	n.a.	-
7. Total Business Volume	19,904.0	13,771.6	100.00	27,195.5	164.91	21,407.3	100.00	37,456.7	100.00	32,800.6	100.00
8. Memo: Total Weighted Risks	9,105.4	6,300.0	45.75	7,113.5	43.13	5,920.3	27.66	9,186.0	24.52	8,059.4	24.57
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Fitch Adjusted Weighted Risks	9,105.4	6,300.0	45.75	7,113.5	43.13	5,920.3	27.66	9,186.0	24.52	8,059.4	24.57
<b>B. Average Balance Sheet</b>											
Average Loans	4,719.6	3,265.5	23.71	5,764.1	34.95	14,005.7	65.42	15,186.7	40.54	12,621.7	38.48
Average Earning Assets	21,172.1	14,649.0	106.37	18,421.9	111.71	29,269.0	136.72	33,943.7	90.62	28,752.6	87.66
Average Assets	21,869.5	15,131.5	109.87	19,995.4	121.25	30,800.0	143.88	34,930.6	93.26	29,516.8	89.99
Average Managed Securitizated Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	20,451.2	14,150.2	102.75	18,099.7	109.75	30,022.4	140.24	33,615.8	89.75	27,944.2	85.19
Average Common equity	108.3	74.9	0.54	-432.6	-2.62	-722.2	-3.37	44.6	0.12	423.6	1.29
Average Equity	108.3	74.9	0.54	-608.9	-3.69	-1,036.3	-4.84	-164.6	-0.44	405.6	1.24
Average Customer Deposits	155.4	107.5	0.78	69.9	0.42	792.3	3.70	918.9	2.45	567.9	1.73
<b>C. Maturities</b>											
<b>Asset Maturities:</b>											
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	319.4	0.97
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	407.5	1.24
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	2,609.4	7.96
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	10,182.0	31.04
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	104.5	0.32
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	78.4	0.24
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	1,565.7	4.77
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	907.0	2.77
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	3,662.7	11.17
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	220.6	0.67
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	1,250.5	3.81
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	1,575.4	4.80
<b>Liability Maturities:</b>											
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	143.8	0.44
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	103.9	0.32
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	412.0	1.26
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	6,345.2	19.34
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	1,541.6	4.70
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	749.7	2.29
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	6,711.7	20.46
Senior Debt Maturing 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	13,473.7	41.08
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	20,185.4	61.54
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1 - 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	248.3	171.8	1.25	202.7	1.23	346.8	1.62	437.3	1.17	427.8	1.30
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>D. Equity Reconciliation</b>											
1. Equity	56.7	39.2	0.28	110.5	0.67	-685.0	-3.20	-1,361.4	-3.63	389.8	1.19
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	674.1	466.4	3.39	470.7	2.85	434.1	2.03	200.0	0.53	207.7	0.63
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>E. Fitch Eligible Capital Reconciliation</b>											
1. Total Equity as reported (including non-controlling interests)	56.7	39.2	0.28	110.5	0.67	-685.0	-3.20	-1,361.4	-3.63	389.8	1.19
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.8	0.00
5. Other intangibles	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.3	0.00	0.3	0.00
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	59.5	0.28	0.0	0.00	n.a.	-
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
<b>9. Fitch Core Capital</b>	<b>56.7</b>	<b>39.2</b>	<b>0.28</b>	<b>110.5</b>	<b>0.67</b>	<b>-744.5</b>	<b>-3.48</b>	<b>-1,361.7</b>	<b>-3.64</b>	<b>n.a.</b>	<b>-</b>
10. Eligible weighted Hybrid capital	0.0	0.0	0.00	47.4	0.29	-319.1	-1.49	-583.6	-1.56	289.4	0.88
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
<b>12. Fitch Eligible Capital</b>	<b>56.7</b>	<b>39.2</b>	<b>0.28</b>	<b>157.9</b>	<b>0.96</b>	<b>-1,063.6</b>	<b>-4.97</b>	<b>-1,945.3</b>	<b>-5.19</b>	<b>n.a.</b>	<b>-</b>
13. Eligible Hybrid Capital Limit	24.3	16.8	0.12	47.4	0.29	-319.1	-1.49	-583.6	-1.56	n.a.	-

Exchange Rate

USD1 = EURO.69190

USD1 = EURO.74840

USD1 = EURO.69416

USD1 = EURO.71855

USD1 = EURO.67930

Note 1) Financial data prior to demerger, hence not comparable

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