

EANS-Adhoc:

KA Finanz AG /

Possible future absorption of parts of the assets and liabilities of Kommunalkredit Austria AG in accordance with ad-hoc announcement dated 11 August 2014

Ad-hoc disclosure transmitted by euro adhoc with the objective of European-wide dissemination. The issuer is responsible for the content notified.

Other

13.03.2015

KA Finanz AG (**KF**), referring to the ad-hoc announcement dated 11 August 2014 and based on information just received from Finanzmarktberatung Aktiengesellschaft des Bundes (**FIMBAG**), notifies the following: In the partial sale process of KA announced on 11 August 2014, a significant interim step has been achieved as of today. FIMBAG, the joint shareholder of Kommunalkredit Austria AG (**KA**) and KF, has signed a share purchase agreement with a buyer consortium, consisting of the English Interritus Limited, initiated by Dr. Patrick Bettscheider, and the Irish Trinity Investments Limited, managed by the London-based asset manager Attestor Capital LLP, (**Consortium**), providing, inter alia, for the following:

- The entire business operations of KA, including all its subsidiaries, will be transferred to a newly incorporated company (**KA New**) by way of a proportionate demerger according to §1.2.2 First Scenario of the Austrian Demerger Act (Spaltungsgesetz). This includes loans and securities of the existing KA in the amount of approximately EUR 3.5 billion out of total assets according to the Austrian Commercial Code of approximately EUR 4.3 billion.
- The part of KA remaining after this restructuring step (**KA Residual**) with total assets of approximately EUR 7 billion will be merged into KF.
- The effectiveness of the share purchase agreement and the execution of the demerger of KA for new incorporation as well as the merger of KA Residual into KF are subject to a number of pre-conditions and approvals to be granted by the competent bodies of KF and of KA, i.e. the Supervisory Board and the Annual General Meeting, as well as the competent bank supervisory authorities, the European Commission and other authorities.

The partial sale of KA and the sale of the shares of FIMBAG in KA New are in compliance with the Amendment Decision of the European Commission dated 19 July 2013 and the public tender published by FIMBAG on 14 August 2014.

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