Disclosure

pursuant to Part 8 CRR

(Reporting date 31-12-2016)

Pursuant to Art.431 and Art.433 of the Capital Requirements Regulation (CRR), institutions have to publicly disclose the information specified in Part II CRR at least once a year, subject to the provisions laid down in Art.432 CRR. KA Finanz AG (hereinafter called KF) meets the disclosure requirements through publication of this Disclosure Report on its website at www.kafinanz.at, most recently as at 31 December 2015.

TABLE OF CONTENTS

Art. 435 CRR Risk management objectives and policies

Art. 435.1 (a) to (d) CRR

Risk management strategies and processes; structure and organisation of the risk management and monitoring function, and scope and nature of risk reporting and measurement systems; risk management guidelines and policies

Overview

KA Finanz AG's (KF) business purpose is to pursue targeted de-risking, while minimising the input of public resources and utilising any potential for the reversal of impairments, with the highest possible own contributions by the bank being made in accordance with EU state aid rules (burden sharing).

KF is not engaged in any new asset-side business.

Active portfolio monitoring aimed at the early identification of risks and active portfolio management, as well as active liquidity management, are therefore part of the core tasks of KF.

Organisation

The Executive Board of KF and the Risk Officer of KF are responsible for risk management, in particular for defining the bank's risk strategy, and for the adequate measurement, management and limitation of risks.

The overall management and limitation of risks is performed within the framework of the monthly meetings of the Risk Management Committee (RMC). In addition to the RMC, other committees have been established that hold weekly or – if the need arises – even more frequent meetings. These include, in particular, the Credit Committee, which focuses on portfolio monitoring and the planning of measures relating to the risk portfolio, and the Asset Liability Committee (ALCO), with its responsibility for operational liquidity, interest-rate and capital management.

In operational and administrative terms, KF's system of risk management is supported by services provided by Kommunalkredit under the service level agreement (SLA), such as the drafting of limit and risk reports as well as portfolio analyses.

Pursuant to § 39d of the Austrian Banking Act, a Risk Committee of the Supervisory Board of KF has been set up. The committee's mandate includes, in particular, advising the management on the risk strategy of KF, monitoring the implementation of this risk strategy in connection with the management, monitoring and limitation of risks, and monitoring of the capital position and the liquidity position of the bank.

Specific risks of KF

The following risks are specifically monitored at KF:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

The position of KF as regards these types of risk and the company's measurement, monitoring and management strategies are described in the following.

Credit risk

Credit risk is the risk of financial losses arising from a counterparty not meeting its payment obligations. KF distinguishes the following types of credit risk: counterparty and/or default risk, risk of rating changes, concentration risk and country risk.

KF's credit risk management is based on the following principles:

- Active credit risk monitoring is one of the core tasks of KF, especially against the background of the wind-down strategy.
- The development of existing credit risks is continuously monitored.
- The portfolio reduction measures taken include redemption upon maturity, disposals when positions reach or approach their true economic value, and the early elimination of positions to avoid foreseeable credit risks or reduce concentration risks. The bank's capital position must always be taken into account; the corresponding steps in the decision-making process are documented.

Rating procedure

Ratings by external rating agencies (Moody's, Standard & Poor's, Fitch) are available for most of the exposures, which are continuously monitored and updated. All customers without external ratings are rated internally on the basis of their most recent balance sheet figures at least once a year. On an internal rating scale (master scale) external as well as internal ratings are allocated to certain probabilities of default. The master scale is reviewed regularly for its forecasting quality and, if necessary, adjusted on the basis of unexpected losses incurred. Thus, all credit exposures can be fully classified on the basis of their probability of default and the type of collateral provided.

Credit exposure

For the on-balance-sheet portfolio, especially for securities and loans, the credit risk exposure corresponds to the book value (including accrued interest). For credit default swaps (CDS), the credit exposure corresponds to the nominal value minus credit risk provisions, and for derivatives to the positive fair value plus maturity-specific and product-specific add-on factors; CDS and derivatives are part of the off-balance-sheet portfolio.

Financial and personal forms of collateral (sureties and guarantees) are considered in credit exposures. Financial collateral taken into consideration primarily includes netting and cash collateral arrangements made to reduce the counterparty risk. Financial collateral received reduces the existing exposure. If other personal forms of collateral are available, the exposure can be counted towards the protection provider. Depending on the assessment of the risk, the exposure is transferred to the guarantor and included in the portfolio model and the limit system.

Unexpected loss – Portfolio credit risk model

A portfolio approach is essential for the quantification of credit risk. KF quantifies the economic credit risk (risk of default) as well as the risk of rating changes and the RWA risk on a quarterly basis. The calculation is based on rating and maturity dependent probabilities of default (PD) as well as average historical loss ratios (LGD).

Concentration risk

Risk concentrations are identified prior to the closing of transactions (exclusively hedging and funding transactions) and in the course of the monthly credit risk reports that are submitted to the RMC. The total portfolio is broken down according to different parameters (breakdown by country, region, top 100 borrowers, rating, sector). In addition, risk concentrations in individual sub-portfolios are identified and monitored through portfolio analyses. Portfolio analyses comprise correlating regional and/or sector-specific risks or risk concentrations and permit the early detection, limitation and management of risk portfolios under current and future conditions.

Depending on the risk assessment, reviews are performed at regular intervals. Event-triggered portfolio reviews can also be performed on an ad-hoc basis between the scheduled intervals. Given the fact that KF does not engage in any new lending business, concentration risks are limited only through country limits.

Country risk

Exposures of subsidiaries and branch offices are recognised not in the country of the parent, but in the respective country of establishment. The country risk of KF is monitored by the RMC at least on a monthly basis and quarterly reports are submitted to the Credit Committee of the Supervisory Board. For each country, information on the country rating, exposure by product type, expected and unexpected loss, and limit utilisation is reported.

Liquidity risk

Liquidity risk management

KF defines liquidity risk in the narrow sense of the term as the risk of the bank's being unable to meet its present and future payment obligations fully or on schedule (risk of insolvency). Funding risk is defined as the risk of not being able to raise additional funding at all or only at increased cost. In terms of time, KF distinguishes between short-term (up to one year) and long-term (more than one year) liquidity risk.

KF's liquidity risk management is based on the following principles:

- near-time monitoring and control of the liquidity position,
- adequate limitation of the liquidity risk,
- a clearly defined process to secure liquidity in the event of liquidity bottlenecks.

Monitoring the liquidity risk comprises:

- daily monitoring and operational management of the liquidity position by Treasury,
- dynamic liquidity forecasts (for periods of less than one year) under certain scenario assumptions, including combined stress scenarios,
- statistical analysis of liquidity gaps (for periods of more than one year),
- planning of medium- and long-term funding,
- maintenance and further development of the liquidity model.

Short-term liquidity risk (< 1 year)

For the purposes of short-term liquidity control, the management uses short- and medium-term liquidity scenarios. These scenarios include not only contractual cash flows, but also expected cash flows from new issues, money-market and repo prolongations, the termination of deals, and the expected liquidity demand for cash collaterals, i.e. under CSA/ISDA arrangements. The resulting liquidity gaps are managed daily in the short-term liquidity scenario, with subsequent monthly management.

In order to quantify and limit the short-term liquidity risk, the analysis is also performed for a combined stress scenario, and the maximum “time-to-wall” is determined for this scenario.

The following table shows the expected liquidity gaps, the additional liquidity to be raised through measures planned, and the liquidity position after such measures, as of 31 December 2016 for the next twelve months. KF's liquidity position corresponds to the funding strategy laid down in the restructuring plan for KF as a wind-down unit, i.e. funding based mostly on the money market and benefiting from the cost and flexibility advantages afforded by its being owned by the Republic of Austria, all the while aiming at maximising own contributions.

Liquidity position as at 31-12-2016

in EURmillion as at 31-12-2016	Expected liquidity gap	Additionally available liquidity	Liquidity position after measures
Up to one month	-2,546	2,925	379
More than one month up to three months	-3,183	3,705	521
More than three months up to one year	-2,039	1,215	-824
Total (cumulative up to one year)	**-7,769**	**7,845**	**76**

Liquidity position as at 31-12-2015

in EUR million as at 31-12-2015	Expected liquidity gap	Additionally available liquidity	Liquidity position after measures
Up to one month	-2,494	3,477	983
More than one month up to three months	-1,743	1,809	66
More than three months up to one year	-4,051	3,464	-588
Total (cumulative up to one year)	**-8,289**	**8,750**	**462**

Long-term liquidity risk (≥ 1 year)

For the purposes of liquidity management and the structural analysis of its liquidity position, KF performs a detailed analysis of the expected cash flows over the entire term of all on- and off-balance transactions. The overhangs from inflows and pay-outs are monitored at a periodic and cumulative level and provide the basis for strategic liquidity management within the framework of the RMC.

Organisation and reporting

The structural liquidity risk is discussed at Executive Board level within the framework of the monthly RMC meetings. At the weekly ALCO meeting, the operational liquidity risk is monitored on the basis of the dynamic liquidity forecast under different scenario assumptions and managed accordingly. Compliance with liquidity risk limits is also monitored within the framework of ALCO. Moreover, an updated liquidity forecast, including an assessment of additionally required and available liquidity, is generated and reported to the Chief Treasury Officer and the risk management unit of KF.

Basel III – Liquidity indicators

In compliance with the regulatory requirements of CRR, which entered into force in June 2013, KF reported the liquidity coverage ratio (LCR) and the net stable funding ratio (NFSR) to the regulator for the first time as at 31 March 2014 as the reporting date. As at 31 December 2016, an LCR of at least 70% has been mandatory. This requirement was consistently met by KF in 2016. The NSFR was a mere reporting requirement in 2016; minimum levels for the NSFR will presumably be mandatory as of 2020.

Market risk

Market risks arise from potential changes of risk factors, which may lead to a drop in the market value of the financial positions dependent on these risk factors.

For the valuation of the KF portfolio, the most important market risk factors by far are credit spreads and interest rates. With the restructuring plan basically providing for portfolio run-down through redemptions, a major part of the portfolio is designated as non-current assets in view of the underlying portfolio structure, which means that changes in market parameters will in most cases not impact on profit or loss.

The following market risks are specifically monitored and controlled at KF:

- Interest rate risk
- Credit spread risk
- Currency risk
- Option risk
- Basis risk

Interest rate risk

For the measurement, management and limitation of interest rate risks, KF distinguishes between the period-oriented, short-term repricing risk and the NPV-oriented, long-term risk of changing interest rates. The former is the risk of a decline in net interest income, while the latter is the risk of losses in net present value due to interest rate changes.

To ensure efficient monitoring and limitation of interest rate risks, KF uses analytical tools permitting the targeted management of the NPV risk of interest rate changes and the risk of net interest income of the period. In particular, interest gap structures (expiry of fixed interest periods) and net present value sensitivities are analysed by currency and maturity range, value-at-risk (VaR) models are calculated on the basis of historical volatilities and correlations, and different interest rate scenarios are simulated.

The following table shows the net-present-value risk of interest rate changes for KF in the event of a shift of the yield curve by 1 basis point (DV01) for the main currencies as at 31 December 2016 in TEUR. Rating- and term-dependent mean default rates were assumed in the determination of the present values.

Table: Interest rate sensitivities as at 31-12-2016, in EUR 1,000

in TEUR	EUR	USD	GBP	CHF	Other	Total
DV01	-351	-30	+254	-19	+14	**-103**

Table: Interest rate sensitivities as at 31-12-2015, in EUR 1,000

in TEUR	EUR	USD	GBP	CAD	Other	Total
DV01	+25	+15	+804	-17	+14	**+840**

Equally weighted historical volatilities and correlations (observation period 150 days) are used to calculate the interest VaR (holding period 20 trading days, confidence interval 99.9%). The VaR calculated considers KF's entire portfolio of transactions, but not its equity (paid-in capital and reserves). As at 31 December 2016, the interest VaR (confidence level 99.9%, holding period 20 trading days) stood at EUR 14.9 million (31-12-2015: EUR 45.1 million).

The interest rate risk is monitored and managed at least monthly within the framework of the RMC.

In addition to monthly reporting at the RMC, near-time operational management of the interest rate risk and the repricing risk is performed at the weekly ALCO meetings.

Credit spread risk

The credit spread risk is the risk of losses in market value due to credit spread changes. Rising credit spread result in market value losses of securities, loans and CDS. Credit spread sensitivity represents the loss in market value for the scenario of all credit spreads widening by +1bp.

As at 31 December 2016, the credit spread sensitivity amounted to EUR -0.1 million (31-12-2015: EUR -0.2 million) for the CDS and guarantee portfolio, EUR -4.6 million (31-12-2015: EUR -4.6 million) for the securities portfolio and EUR -5.3 million (31-12-2015: EUR -5.5 million) for the loan portfolio.

Currency risk

It is KF's fundamental risk strategy not to take any open currency positions. To this end, all investments in foreign currencies are hedged by means of currency swaps or funded in matching currencies.

A system of operational management of open FX positions has been established, which considers not only disbursements and redemptions, but also interest, commission and premium accruals, as well as cash-outs from the derivatives business. The currency risk is monitored and managed daily. Exponentially weighted historical volatilities and correlations of exchange rates over a past observation period of 400 days are used to calculate the FX VaR (holding period 1 trading day, confidence interval 99%). As at 31 December 2016, the cumulative open FX position across all foreign currencies stood at TEUR 875.6 and the diversified FX VaR at TEUR 5.5 (31-12-2015: TEUR 1.5).

Operational risk

We refer to our comments under Art.446 CRR.

Art. 435.1 (e) and (f) CRR

Risk declaration by the Executive Board on the adequacy of the risk management arrangements of the institution and on its risk profile

KF's risk management systems and processes correspond to the relevance and materiality of the risks and the function of KF as a run-off facility; they meet the general, prudential risk management requirements and the standards of the banking business, including the Austrian Banking Act, the Austrian Regulation on Risk Management by Financial Institutions (KI-RMVO), CRR, CRD IV.

KF's business activities focus on the structured run-down of the existing portfolio; KF does not engage in any new asset-side business. The core tasks of KF therefore consist in active portfolio monitoring for the purpose of early identification of risks, active portfolio management, and active liquidity management.

Pursuant to § 39 (5) Austrian Banking Act, the Risk Office has been established as a risk management function independent of the institution's operational business with direct access to the Executive Board.

In 2016, KF's risk management procedures and processes were subjected to the annual comprehensive review (ICAAP review). The review focused on the adequacy of all components of the risk management process. The priority targets of the most recent review included

- the performance of the annual risk assessments and a review of the risk strategies of the institution as a whole and at single-risk level;
- the review and, if necessary, the adaptation of the perspectives of the risk-bearing-capacity analysis and the stress tests,
- the review and, if necessary, the adaptation of risk quantification methods and limits,
- the review and updating of guidelines and other documents.

The ICAAP review was coordinated by the Risk Officer of KF and supported by the KF management and the units of KA involved via the SLA. The Executive Board was involved in the process through regular information. The results were documented in a final report and approved by the Executive Board. The final report was also submitted to the Supervisory Board.

In summary, the risk assessments show that credit and liquidity risk continue to be highly relevant to KF; market risks are assessed as moderately relevant, while operational and other risks are mostly qualified as being of low relevance to KF. Moreover, the risk map was extended to include types f risks which have been included in the Austrian Banking Act or in regulatory guidelines in recent years, but are all of low relevance to KF (e.g. CVA risks).

For the purpose of securing and monitoring capital adequacy, the main types of risk are covered through risk-bearing-capacity analyses, quantified and compared with the bank's aggregate risk cover on a monthly basis. Risk tolerance is determined by the hedging targets defined for the individual perspectives of risk-bearing capacity and subjected to monthly reviews (establishment of risk status).

From the liquidation perspective, risk tolerance is defined in terms of risk limits for each main risk type and a minimum capital buffer in per cent of aggregate risk cover. The utilisation of risk limits and the amount of the actual capital buffer, compared with the minimum capital buffer, are determined and reviewed every month in absolute terms and as a percentage of the aggregate risk cover at a confidence level of 99.9%. As at 31 December 2016, the capital buffer, as seen from the liquidation perspective, amounted to EUR 204 million or 37% of own funds (31-12-2015: EUR 149 million or 23% of own funds).

From the going-concern perspective, risk tolerance is defined in terms of the hedging target of a common equity tier 1 ratio of at least 7.25% for the coming 12 months. The capital buffer required to reach the hedging target on the basis of a moderate stress scenario (risk-off scenario) is determined and reviewed every month. Based on a common equity tier 1 ratio of 17.2% as at 31 December 2016, the common equity tier 1 ratio after twelve months amounts to 14.5% in the base case and to 13.0% in the moderate stress case; this means that in both scenarios the target of a minimum CET 1 ratio 7.25% is met.

For the purpose of risk limitation, operational limits have been implemented; above all, counterparty-related exposure limits, country limits, market risk limits and liquidity risk limits are subject to continuous monitoring.

In the course of 2016, the Supervisory Board and the Risk Committee, the latter set up pursuant to § 39d Austrian Banking Act, received regular, comprehensive reports on the risk position of the bank submitted by the Executive Board and the Risk Officer of KF.

Art. 435.2 (a) and (b) CRR

Directorships held by members of the management body[1] pursuant to Art. 435.2 (a) and their actual knowledge, skills and expertise pursuant to Art.435.2 (b)

Dr. Helmut URBAN		
Function at KA Finanz AG:		Chairman of the Executive Board
Number of directorships held pursuant to Art. 435.2 (a) CRR		
	Total number of functions held	Voluntary count, limitation of number of mandates pursuant to § 28a (5) point 5 and/or § 5 (1) point 9a of the Austrian Banking Act
Supervisory functions:	0	0
Executive functions:	1	0
Knowledge, skills and experience pursuant to Art.435.2 (b)		
Education	Studies of law, University of Vienna	
Experience	Many years of national and international banking experience gained in leading positions in Vienna and London. Spokesman of the Managing Board of Constantia Privatbank member of the Managing Board of Semper Constantia Privatbank AG. From 2013 to 2015, member of the Executive Board of Kommunalkredit Austria AG until the demerger in September 2015.	

Mag. Bernhard ACHBERGER		
Function at KA Finanz AG:		Member of the Executive Board
Number of directorships held pursuant to Art. 435.2 (a) CRR		
	Total number of functions held	Voluntary count, limitation of number of mandates pursuant to § 28a (5) point 5 and/or § 5 (1) point 9a of the Austrian Banking Act
Supervisory functions:	0	0
Executive functions:	1	0
Knowledge, skills and experience pursuant to Art.435.2 (b)		
Education	Studies of international trade, Vienna University of Economics and Business	
Experience	Began his career at Kölnische Rückversicherung AG Wien in the actuarial unit. Changed over to Kommunalkredit Austria AG in 2002, Head of Participation Management until 2008. From 2007 to 2010 member of the Executive Board of Kommunalkredit International Bank Ltd. in Cyprus, Chief Risk Officer and Chief Financial Officer. From 2010 to 2015 Operating Officer of KA Finanz AG.	

[1] Composition of the management body (Executive Board, Supervisory Board) as of 31-12-2016

Dr. Stephan KOREN			
Function at KA Finanz AG:		Chairman of the Supervisory Board	
Number of directorships held pursuant to Art. 435.2 (a) CRR			
	Total number of functions held	Voluntary count, limitation of number of mandates pursuant to § 28a (5) point 5 and/or § 5 (1) point 9a of the Austrian Banking Act	
Supervisory functions:	4	1	
Executive functions:	1	1	
Knowledge, skills and experience pursuant to Art.435.2 (b)			
Education	Studies of economics, University of Vienna Dr.rer.soc.oec degree from Vienna University of Economics and Business		
Experience	Chairman of the Managing Board of immigon portfolioabbau ag		since 2012
	Member of the Managing Board of Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H.		since 2017
	Chairman of the Supervisory Board of Bausparkasse Wüstenrot AG		since 2017
	Deputy Chairman of the Supervisory Board of Wüstenrot Versicherungs-AG		since 2017

Dr. Bruno ETTENAUER			
Function at KA Finanz AG:		Deputy Chairman of the Supervisory Board	
Number of directorships held pursuant to Art. 435.2 (a) CRR			
	Total number of functions held	Voluntary count, limitation of number of mandates pursuant to § 28a (5) point 5 and/or § 5 (1) point 9a of the Austrian Banking Act	
Supervisory functions:	5	1	
Executive functions:	2	1	
Knowledge, skills and experience pursuant to Art.435.2 (b)			
Education	Studies of law, University of Vienna		
Experience	Managing Director of ETTERRA Real Estate GmbH		since 2016
	Partner of Dr. Bruno Ettenauer Besitz KG		since 2005
	Member of the Supervisory Board of Bank Austria Real Invest Immobilien – Management GmbH		since 2006
	Member of the Supervisory Board of Bank Austria Real Invest Immobilien - Kapitalanlage GmbH		since 2006
	Deputy Chairman of the Supervisory Board of HBI-Bundesholding AG		since 2014
	Deputy Chairman of the Supervisory Board of ABBAG Abbaumanagementgesellschaft des Bundes GmbH		since 2014

Mag. Werner MUHM	
Function at KA Finanz AG:	Member of the Supervisory Board

Number of directorships held pursuant to Art. 435.2 (a) CRR		
	Total number of functions held	Voluntary count, limitation of number of mandates pursuant to § 28a (5) point 5 and/or § 5 (1) point 9a of the Austrian Banking Act
Supervisory functions:	5*	4*
Executive functions:	0	0

Knowledge, skills and experience pursuant to Art.435.2 (b)		
Education	Studies of business administration, Vienna Hochschule für Welthandel	
Experience	Member of the Supervisory Board of WIENER STÄDTISCHE VERSICHERUNG AG	since 2010
	Member of the Supervisory Board of VERBUND AG	since 2015
	Member of the Supervisory Board of A.W.H. Beteiligungsgesellschaft m.b.H.	since 1993

* Mag. Werner Muhm resigned from the Supervisory Board of Kommunalkredit Austria AG as of the end of the General Shareholders‘ Meeting on 10 March 2017.

Univ.Prof. Dr. Stefan PICHLER	
Function at KA Finanz AG:	Member of the Supervisory Board

Number of directorships held pursuant to Art. 435.2 (a) CRR		
	Total number of functions held	Voluntary count, limitation of number of mandates pursuant to § 28a (5) point 5 and/or § 5 (1) point 9a of the Austrian Banking Act
Supervisory functions:	1	0
Executive functions:	0	0

Knowledge, skills and experience pursuant to Art.435.2 (b)	
Education	Studies of business management, University of Graz Post-doctoral degree from the Vienna University of Technology
Experience	Professor of Banking and Finance at the Vienna University of Economics

Brigitte MARKL	
Function at KA Finanz AG:	Member of the Supervisory Board (delegated by the Staff Council)

Number of directorships held pursuant to Art. 435.2 (a) CRR		
	Total number of functions held	Voluntary count, limitation of number of mandates pursuant to § 28a (5) point 5 and/or § 5 (1) point 9a of the Austrian Banking Act
Supervisory functions:	1	1
Executive functions:	0	0

Knowledge, skills and experience pursuant to Art.435.2 (b)	
Education	Commercial College HAK I der Wiener Kaufmannschaft
Experience	Senior Portfolio Manager

Franz HOFER, MSc.*		
Function at KA Finanz AG:	Member of the Supervisor Board (delegated by the Staff Council)	
Number of directorships held pursuant to Art. 435.2 (a) CRR		
	Total number of functions held	Voluntary count, limitation of number of mandates pursuant to § 28a (5) point 5 and/or § 5 (1) point 9a of the Austrian Banking Act
Supervisory functions:	2	2
Executive functions:	0	0
Knowledge, skills and experience pursuant to Art.435.2 (b)		
Education	MSc Course in Management & Environment, St. Pölten Secondary school leaving exam, Gänserndorf Commercial College	
Experience	Deputy Head of Internal Audit	

* Franz Hofer resigned from the Supervisory Board of KA Finanz AG as of 03-05-2017.

Art. 435.2 (b) CRR

Strategy for the selection of members of the management body

In the course of the adjustment of the Rules of Procedure of the Supervisory Board at the Supervisory Board meeting 04/2013 on 27 September 2013, a Nomination Committee pursuant to § 29 of the Austrian Banking Act was established, effective as of 1 January 2014.

In compliance with the law and the Articles of Association, the Nomination Committee held its regular annual meeting for 2016 on 6 December 2016; four additional meetings of the Nomination Committee were held in connection with the extension of an Executive Board mandate and the election of the Supervisory Board.

Exercising its tasks pursuant to § 29 points 1 to 3 of the Austrian Banking Act regarding succession planning and recruitment for vacant positions, Executive Board and Supervisory Board members have to meet the job profiles described below.

The **qualifications and competencies** required of persons selected as candidates for **Executive Board positions** are as follows:

International banking experience with a special focus on public finance; strategic and operational management experience in a market-oriented business units of comparable size and complexity with accountability for its results; profound understanding of banking processes; restructuring and portfolio management competencies; fulfilment of all regulatory fit & proper requirements; entrepreneurial personality; high level of social skills; strong implementation record; confident and self-assured manners; negotiating skills; communication skills; aptitude for the assigned business areas; ability to share responsibility for overall strategy with the second Executive Board member; relevant experience; ability to lead and motivate staff.

The **qualifications and competencies** required of persons selected as candidates for **Supervisory Board positions** are as follows:

Practice-related knowledge enabling the candidate to question Executive Board decisions; experience on supervisory boards (desirable); diversity in respect of the other Supervisory Board members; understanding of the business activities of the bank; awareness of responsibility; integrity; willingness to contribute; independence; personality; fulfilment of regulatory fit & proper requirements; practical experience with remuneration policy pursuant to § 39 (3) of the Austrian Banking Act (if required); requirements to be met by a financial expert pursuant to § 63(a) of the Austrian Banking Act (if required).

The qualifications and competencies required of potential candidates for Executive Board and Supervisory Board positions are based on the bank's internal "Fit & Proper Policy" adopted to ensure compliance with the legal requirements. The Fit & Proper Policy specifies the quality requirements to be met by KF's Executive Board and Supervisory Board members and defines criteria for the selection and aptitude assessment of members of the management and supervisory bodies and/or for the identification and assessment of holders of key functions and their aptitude. Compliance with these requirements is ensured by a special Fit & Proper Office. In accordance with the Fit & Proper Circular of the Financial Markets Supervisory Authority (FMA), regular fit & proper training is provided for Executive Board and Supervisory Board members and for holders of key functions.

Art. 435.2 (c) CRR

Diversity strategy with regard to the selection of members of the management body

In 2016, the Nomination Committee defined a target ratio of 25% (Supervisory Board, Executive Board and department heads) for the underrepresented gender, qualification and occupational aptitude being crucial in the selection. Currently, the overall ratio for the underrepresented gender at KF is 27.3%.

Art. 435.2 (d) CRR

Information regarding the establishment of a separate risk committee

Pursuant to § 39d of the Austrian Banking Act, a Risk Committee of the Supervisory Board has been operational since 1 January 2014, tasked to advise the Executive Board on the risk strategy of KF and to monitor implementation of this risk strategy relating to the management, monitoring and limitation of risks and the capitalisation and liquidity of the bank.

The Risk Committee met once in 2016.

Art. 435.2 (e) CRR

Information flow on risk to the management body

The Executive Board and the Risk Officer of KA Finanz AG (KF) are responsible for risk management, in particular for defining the bank's risk strategy, and for the adequate measurement, management and limitation of risks.

The overall management and limitation of risks is performed within the framework of the monthly meetings of the Risk Management Committee (RMC). In addition to the RMC, other committees have been established that hold weekly or – if the need arises – even more frequent meetings. These include, in particular, the Credit Committee, which focuses on portfolio monitoring and the planning of measures relating to the risk portfolio, and the Asset Liability Committee (ALCO) with its responsibility for operational liquidity, interest-rate and capital management.

The RMC constitutes the central element of the comprehensive risk management process, providing information to the Executive Board on the overall risk position of the bank. The RMC is responsible for the establishment of guidelines for the implementation of the risk strategy and is in charge of limit setting (except country and counterparty limits, which are set by the Credit Committee) and limit monitoring by type of risk.

The weekly Credit Committee meeting is the central element of the credit approval process and the continuous portfolio and single-name review process. The tasks of the Credit Committee include, in particular, the analysis and assessment of single-name risks, the management of single-name risks and/or other risks, work-out cases, qualitative portfolio analyses, the assignment of ratings as well as country and counterparty limits.

The weekly ALCO is responsible for the operational management and monitoring of the interest rate and liquidity risk.

In operational and administrative terms, KF's system of risk management is supported by services provided by Kommunalkredit under the service level agreement (SLA), such as the drafting of limit and risk reports as well as portfolio analyses.

Art. 436 CRR Scope of application

Art. 436 (a) CRR

Name of the institution to which the requirements of this Regulation apply

Name of the institution: KA Finanz AG (KF)

Art. 436 (b) CRR

Information on the scope of consolidation and entities therein

As at 31 December 2016, KF holds a participation in Einlagensicherung der Banken und Bankiers Gesellschaft m.b.H, Vienna, with a book value of EUR 70.0, unchanged from the previous year, and a fully impaired participation of 1.1% (acquisition cost EUR 8,895.00) in a European infrastructure company, unchanged from the previous year.

Thus, KF does not constitute a group of credit institutions pursuant to § 30 of the Austrian Banking Act. The participations are shown under Art.447 (b) CRR.

Art. 436 (c) to (e) CRR

Information on material practical or legal impediments to the transfer of own funds or repayment of liabilities among the parent and its subsidiaries, the aggregate amount by which the actual own funds are less than required in all subsidiaries not included in the consolidation and, if applicable, the circumstance of making use of the provisions laid down in Articles 7 and 9

Currently, these provisions are not relevant to KF.

Art. 437 CRR Own funds

Art. 437.1 (a) and (d) CRR

Reconciliation of the items of regulatory own funds and the balance sheet, and disclosure of the nature and amounts of the components listed under (d) (i) – (iii)

31-12-2016

in TEUR	Eligible own funds
Capital instruments and the associated premium	389,000.0
of which subscribed capital	389,000.0
Cumulative other result (and other reserves)	-58,492.4
-Net loss	-226,700.0
-Capital reserves	74,819.0
-Statutory reserve pursuant to § 57(5) Austrian Banking Act	93.388.5
Fund for general banking risks pursuant to § 57(3) Austrian Banking Act	122,500.0
Core capital (tier 1)	**453,007.6**
Tier 2 capital	91,976.4
General credit risk adjustments (provision § 57(1) Austrian Banking Act	
Additional own funds (tier 2)	**91,976.4**
Total equity (TC = T1 + T2)	**544,984.0**

The main features of KF's capital instruments are shown in Annex 1.

Subscribed capital

The subscribed capital as at 31 December 2016, unchanged from the previous year, amounts to EUR 389,000,000.00 and is subdivided into 3,890,000 no-par-value shares. The shares are bearer shares; each no-par-value share represents a stake of EUR 100.00 in the share capital.

The Republic of Austria holds 100% of the shares in KF. Following the termination of the trustee relationship between the Republic of Austria and the Financial Markets Holding Company of the Republic of Austria (FIMBAG) by mutual consent as of 15 April 2016, the shares held in trust by FIMBAG were retransferred to the Federal Ministry of Finance.

There are no shares that have been issued but not fully paid in; there are no authorised shares. Neither as at 31 December 2016 nor during the business year, did KF hold any treasury shares.

Tier 2 capital

The tier 2 capital meets the conditions of Part 2, Title I, Chapter 4 of Regulation (EU) No 575/2013. Claims of creditors for repayment of these liabilities are subordinate to those of other creditors and must not be repaid in the event of bankruptcy or liquidation before all non-subordinated creditors have been satisfied.

As at 31 December 2016, tier 2 capital comprises the following items:

ISIN	Interest rate at reporting date in %	Maturity	Currency	Nominal in EUR	Right to call	Conversion to capital
XS0140045302	6.08	13-12-2018	EUR	19,500,000.00	Issuer	no
XS0144772927	6.46	27-03-2022	EUR	5,000,000.00	Issuer	no
XS0185015541	5.43	13-02-2024	EUR	20,000,000.00	Issuer	no
XS0257275098	4.9	23-06-2031	EUR	10,000,000.00	According to issuer's choice on 23-06-2016	no
XS0279423775	4.44	20-12-2030	EUR	35,000,000.00	Issuer in case of tax event	no
XS0255270380	6.721	07-06-2021	EUR	5,000,000.00	no	no
XS0286975973	0.278	28-02-2017	EUR	40,000,000.00	Issuer in case of tax event	no
AT0000441209	5	27-02-2024	EUR	14,400,000.00	Issuer	no

Pursuant to Article 63 CRR (supplementary capital items with incentive to redeem), one issue (AT0000441209, nominal EUR 14.4 million) does not meet all the conditions of eligibility as supplementary capital. Grandfathering pursuant to Article 484 CRR has reduced the eligibility of this issue as tier 2 capital pursuant to Article 486 in conjunction with § 20 of the FMA Regulation on CRR by 20% as of 1 January 2014 and by another 10% annually between 2015 and 2021. On the balance sheet, this issue is recognised under securitised liabilities.

Further details of these capital instruments are shown in Annex 1.

Reconciliation of all regulatory capital items with the balance sheet

31-12-2016 inTEUR	Book values pursuant to Austrian GAAP	Own funds pursuant to CRR
Common equity tier 1 (CET1): Instruments and reserves		
Capital instruments and the related premium	389,000.0	389,000.0
- of which subscribed capital	389,000.0	389,000.0
Other comprehensive income (and other reserves)	-58,492.4	-58,492.4
-Net loss	-226,700.0	-226,700.0
-Capital reserves	74,819.0	74,819.0
-Statutory reserves pursuant to § 57(5) BWG	93,388.5	93,388.5
Fund for general banking risks pursuant to § 57(3) BWG	122,500.0	122,500.0
Common equity tier 1 (CET1)		**453,007.6**
Core capital (T1 = CET1 + AT1)		**453,007.6**
Tier 2 capital (T2): Instruments and reserves		
Capital instruments and the related premium	136,058.6	91,976.4
- of which subordinated securitised liabilities	136,058.6	91,976.4
General credit risk adjustments (provision pursuant to § 57(1) BWG)		
Tier 2 capital (T2)		**91,976.4**
Total equity (TC = T1 + T2)		**544,984.0**
Total risk-weighted assets		**2,630,985.7**

	(A) Amount 31-12-2016 in TEUR	(B) Reference to Article in Regulation (EU) No 575/2013	(C) Amounts subject to treatment prior to Regulation (EU) No 575/2013 or specified amount of outstanding exposure pursuant to Regulation (EU) No 575/2013
Common equity tier 1 (CET1): Instruments and reserves			
Capital instruments and the related premium	389,000.0	26 (1), 27, 28, 29, EBA list pursuant to Art.26.3	
- of which subscribed capital	389,000.0		
Other comprehensive income (and other reserve)	-58,492.4	26 (1)	
-Net loss	-226,700.0		
-Capital reserves	74,819.0		
-Statutory reserve pursuant to § 57(5) BWG	93,388.5		
Fund for general banking risks pursuant to § 57(3) BWG	122,500.0	26 (1) (f)	
Common equity tier 1 (CET1) before regulatory adjustments	453,007.6		
Regulatory adjustments of CET 1	0.0		
Common equity tier 1 (CET1)	453,007.6		
Additional tier 1 capital (AT1)	0.0		
Core capital (T1 = CET1 + AT1)	453,007.6		
Tier 2 capital (T2): Instruments and reserves			
Capital instruments and the related premiums	91,976.4	62, 63	14,400
- of which subordinated securitised liabilities	91,976.4		
General credit risk adjustments (provision pursuant to § 57(1) BWG	0.0	62 (c) und (d)	
Tier 2 capital (T2) before regulatory adjustments	91,976.4		
Regulatory adjustments of tier 2 capital	0.0		
Tier 2 capital (T2)	91,976.4		
Total equity (TC = T1 + T2)	544,984.0		
Total risk-weighted assets	2,630,985.7		
Equity ratios and buffer			
Common equity tier 1 ratio (expressed in % of the total exposure amount)	17.22 %	92 (2) (a), 465	
Core capital ratio (expressed in % of the total exposure amount)	17.22 %	92 (2) (b), 465	
Total capital ratio (expressed in % of the total exposure amount)	20.71 %	92 (2) (c)	
Capital conservation buffer	0.625%		

	(A) Amount 31-12-2016 in TEUR	(B) Reference to article in Regulation (EU) No 575/2013	(C) Amounts subject to treatment prior to Regulation (EU) No 575/2013 or specified amount of outstanding exposure pursuant to Regulation (EU) No 575/2013
Equity ratios and buffers			
Direct, indirect and synthetic items of the institution in capital instruments of companies of the financial sector in which the institution does not hold a material stake (less than 10% and minus eligible items sold)	0	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4),	
Equity instruments for which the transitional rules apply (applicable only from 1 January 2013 to 1 January 2022)			
Current upper limit for T2 instruments for which the transitional rules apply	8,640	484 (5), 486 (4) and (5)	
Amount excluded from T2 due to upper limit (amount exceeding upper limit after redemptions and maturities)	5,760	484 (5), 486 (4) and (5)	

Art. 437 (b) and (c) CRR

Description of the main features of the instruments issued by the institution and their full terms and conditions

The main features of the common equity tier 1, additional tier 1 and tier 2 instruments are described in Annex 1. The full terms and conditions of these instruments are published on the website of KF under Investor Relations/Funding/ Documentation.

Art 437 (e) CRR

Description of all restrictions applied to the calculation of own funds and the instruments, prudential filters and deductions to which these restrictions apply

One issue (AT0000441209, nominal EUR 14.4 million) does not meet all the requirements to qualify as eligible supplementary capital pursuant to Article 63 CRR (tier 2 capital item with incentive to redeem). Grandfathering pursuant to Article 484 CRR has reduced the eligibility of this issue as tier 2 capital pursuant to Article 486 in conjunction with § 20 of the FMA Regulation on CRR by 20% as of 1 January 2014 and by another 10% annually between 2015 and 2021.

The main features of this instrument as well as the other capital instruments issued by KF are described in Annex 1.

Art 437 (f) CRR

Basis for the calculation of capital ratios

The capital ratios of KF are calculated on the basis laid down in CRR. The provisions of Art.437 (f) therefore do not apply.

Art. 438 CRR Capital requirements

Art. 438 (a) and (b) CRR

Securing minimum capital adequacy and results of internal capital assessment

ICAAP approaches to the assessment of the capital position
ICAAP (internal capital adequacy assessment process) is a core element of Pillar 2 of the Basel Accord and comprises all procedures and measures employed to identify, measure and manage the risks taken and to ensure an adequate level of capitalisation.

KF uses the method of risk-bearing-capacity analysis for the quantitative assessment of its capital adequacy. Depending on the target pursued, three different perspectives are applied:

- *Regulatory perspective (Scope of regulatory control)*
  The goal is to ensure compliance with the regulatory minimum capital adequacy requirements. To this end, the regulatory capital requirements are compared with regulatory own funds.

- *Liquidation perspective (Scope of economic control)*
  From this perspective, the economic risks of the bank are measured. Unlike the regulatory perspective, this perspective also considers liquidity and market risks. KF uses value-at-risk approaches to quantify the economic risk (confidence level 99.9%, holding period 1 year). The economic risk capital thus determined is compared with the aggregate risk cover, which in KF's case is equal to its regulatory own funds. As at 31 December 2016, the capital buffer from the liquidation perspective amounted to EUR 204 million or 37% of own funds (31-12-2015: EUR 149 million or 23% of own funds).

- *Going-concern perspective (Operational capital monitoring)*
  KF's operational capital monitoring from the going-concern perspective is aimed at maintaining a CET 1 capital ratio of at least 7.25%. Foreseeable losses are to be covered without the minimum core capital ratio falling below 7.25% within the next twelve months. A P&L oriented quantification of risk (credit, market and liquidity risk as well as operational risk) is used under different (stress) scenarios. Based on a common equity tier 1 ratio of 17.2% as at 31 December 2016, the common equity tier 1 ratio after twelve months will be 14.5% in the bae case and 13.0% in the moderate stress case, which means that the target of a minimum CET 1 ratio of 7.25% is met in both scenarios.

Art. 438 (c) CRR

In case of calculation of risk-weighted exposure amounts in accordance with Chapter 2 of Part 3, Title II (standardized approach), 8% of the risk-weighted exposure amounts for each exposure class

Capital requirements relative to credit risk based on the standardised approach (31-12-2016)

	Exposure classes according to CRR	Minimum own funds requirement in TEUR	Minimum own funds requirement in %
Standardised approach	Exposures to central banks or central governments	10,142.2	5.08
	Exposures to regional or local territorial authorities	23,962.9	12.00
	Exposures to public-sector bodies	19,353.6	9.69
	Exposures to multilateral development banks	0.0	0.00
	Exposures to international organisations	0.0	0.00
	Exposures to institutions	22,104.4	11.07
	Exposures to corporates	78,370.9	39.24
	Defaulted exposures	1,472.6	0.74
	Equity exposures	2,026.8	1.01
	Other items	4,936.7	2.47
	Securitisation items	37,361.8	18.71
Total own funds requirement		**199,731.8**	**100.00**

Art. 438 (d) CRR

In case of calculation of risk-weighted exposure amounts in accordance with Chapter 3 of Part 3, Title II (internal rating based approach), 8% of the risk-weighted exposure amounts for each exposure class

KF uses the standardised approach in accordance with Chapter 2 of Part 3, Title II CRR.

Art. 438 (e) CRR

Own funds requirements calculated in accordance with points (b) and (c) of Article 92.3

Own funds requirement for market risk/trading book (31-12-2016)

Total own funds requirement for market risk (in EUR 1,000)	**0.00**

Own funds requirement for currency risk (31-12-2016)

Total own funds requirement for currency risk (in EUR 1,000)	**0.00**

Art. 438 (f) CRR

Own funds requirements calculated in accordance with Part 3, Title III, Chapters 2, 3 and 4

Own funds requirement for operational risk – standardised approach (31-12-2016)

Total own funds requirement for operational risk (in EUR 1,000)	**0.00**

Art. 439 CRR Exposure to counterparty risk

Art. 439 (a) CRR

Calculation of internal capital and upper limits for counterparty credit exposures

KF regards the counterparty credit risk from derivative, repo and securities lending transactions as a component of credit risk and applies a uniform method to determine the credit-risk-related exposure, which is taken into account in limit setting.

As at 31 December 2016, the own funds requirement for the risk of credit valuation adjustment (CVA risk) pursuant to Art.384 CRR amounts to TEUR 10,735.3.

Art. 439 (b) CRR

Rules for securing collateral and establishing credit reserves

Financial and personal forms of collateral (sureties and guarantees) are considered in credit exposures. Financial collateral taken into consideration primarily includes netting and cash collateral arrangements made to reduce the counterparty risk. Financial collateral received reduces the existing exposure. If other personal forms of collateral are available, the exposure can be counted toward the protection provider. Depending on the assessment of the risk, the exposure is transferred to the guarantor and taken into account in the portfolio model and the limit system.

Art. 439 (c) CRR

Rules with respect to wrong-way risk exposures

No information to be provided, as the counterparty risk is not calculated on the basis of an internal model.

Art. 439 (d) CRR

Information on the amount of collateral to be provided by the institution in the event of a downgrade in its credit rating

Given the fact that the amount of collateral to be provided by KF for derivative, repo and securities lending transaction primarily depends on the market values of the underlying transactions, with regular cash settlement performed at market values, a downgrade of KF's rating would have no material impact on the amount of collateral.

Art. 439 (e) to (h) CRR

Information on the gross positive value of contracts, netting benefits, netted current credit risk exposure, collateral held and net derivatives credit exposure, measures for exposure value as well as notional values of credit derivatives and credit derivative transactions

The following table shows the structure of derivative transactions as at 31 December 2016:

Value in TEUR	Amount
Nominal	16,704,358,300.0
Fair value according to mark-to-market approach	**976,853,039.2**
Netting effect	783,949,575.1
Exposure value after netting	**192,903,464.0**
Effects of credit risk mitigation	23,000,000.0
Net exposure value	**169,903,464.0**

All CDS were made under ISDA contracts. Moreover, credit support annex agreements (CSA agreements) have been concluded with the counterparties, according to which the contracts are measured on a daily basis and collateralised by means of collateral payments.

KF exclusively concludes CDS contracts without trigger, which are treated as contingent liabilities in accordance with Austrian GAAP. The probability of future drawings has been examined and analysed in all CDS not intended for run-off. On the basis of these analyses, no provisions were required.

Based on ISDA/CSA arrangements, credit balances with banks in a nominal value of TEUR 2,125,997 (31-12-2015: TEUR 2,103,312.2) were provided as collateral for negative market values of derivative transactions. Loans and advances to customers (non-bank financial institutions) include cash collateral provided for negative market values under ISDA/CSA arrangements in a nominal value of TEUR 818,687 (of which central clearing TEUR 3,287) (31-12-2015: 815,020.0). Amounts owed to banks include cash collateral received for positive market values in a nominal amount of TEUR 23,000 (31-12-2015: 74,054.4). Amounts owed to customers include cash collateral received for positive market values in a nominal amount of TEUR 5,900 (31-12-2015: 4,200.0).

As at 31 December 2016, the netting effect (i.e. difference between the exposure amount before and after netting) was TEUR 783,945.

Art. 439 (i) CRR

Estimate of α

No information to be provided, as the counterparty risk is not calculated on the basis of an internal model.

Art. 440 CRR Capital buffers

As at 31 December 2016, there were no material exposures to countries of the European Union applying an anti-cyclical capital buffer. All anti-cyclical capital buffers are being reviewed on a regular basis.

Art. 442 CRR Credit risk adjustments

Art. 442 (a) and (b) CRR

Approaches and methods relating to specific and general credit risk adjustments; definitions for accounting purposes of “past due” and “impaired”

To identify defaults, KF uses the definition of default of an obligor of Article 178 CRR. Impaired exposures include the case of an obligor being “past due” more than 90 days (amounts owed past due) as well as the case of an obligor being “unlikely to pay” (impaired exposures).

The portfolio is reviewed regularly for objective indications of impairments of customer exposures or exposures to groups of related customers. Impairment tests are performed either in the course of the annual rating updates or on an event-triggered basis. Loan loss provisions are determined by the risk management unit (back office); they are subject to approval by the Executive Board and reported to the Supervisory Board.

in EUR million	31-12-2016
Specific loan loss provisions	18.4
Portfolio loan loss provisions	1.2
Provisions pursuant to § 57 (1) Austrian Banking Act	0.0
Provisions pursuant to § 57 (3) Austrian Banking Act	122.5
Total	**142.2**

Counterparties with increased credit risk (watch list)

A multi-stage risk control process is applied to identify and manage increased credit risks, with all counterparties being classified in four risk classes:

- Class 0: Standard risk class for all counterparties not belonging to any of the following risk classes
- Class 1: Counterparties with slightly increased credit risk and/or a negative trend and therefore subject to close monitoring
- Class 2: Distressed exposures (payment arrears, credit impairment), except for distressed loans for which default according to Basel III has been identified
- Class 3: Default according to Basel III (amounts owed past due more than 90 days or amounts owed complete repayment of which is unlikely – “unlikeliness to pay”)

All counterparties of classes 1 to 3 are entered in the watch list of counterparties with increased credit risk, which is continuously updated and reported quarterly to the Credit Committee and the Supervisory Board of KF. The watch list primarily serves the purpose of qualitative information on the exposure at risk. Measures to be taken are decided in consultation with the Executive Board within the framework of the Credit Committee. Counterparties for which credit risk provisions are set up are classified on the watch list as risk class 3. As described above, the credit risk exposure in the watch list classes is shown less existing credit risk provisions.

Art. 442 (c) CRR

Total amount of exposures without taking into account the effects of credit risk mitigation and the average amount of the exposures broken down by exposure class

Exposure value in TEUR (before credit risk mitigation and after value adjustment) as at 31-12-2016

Exposure value / Exposure class in TEUR	Average exposure value	Exposure value
Exposures to central banks or central governments	1,938,971.6	1,671,634.3
Exposures to regional or local territorial authorities	3,616,921.9	3,576,682.9
Exposures to public-sector bodies	1,561,514.0	1,550,187.4
Exposures to multilateral development banks	41,773.3	43,368.8
Exposures to international organisations	3,267.6	3,067.1
Exposures to institutions	4,873,537.3	4,428,171.2
Exposures to corporates	1,653,261.9	1,672,714.7
Defaulted exposures	115,604.3	13,356.6
Securitisation items	624,303.9	648,954.0
Other items	478,254.2	66,272.1
Equity exposures	6,333.8	25,335.0
Total	**14,913,743.7**	**13,699,744.1**

KF consistently uses the standardised approach to credit risk. KF has no exposures to small and medium-sized enterprises (SMEs).

Art. 442 (d) CRR

Geographic distribution of the exposures broken down in significant areas by material exposure classes

Exposure value in TEUR (before credit risk mitigation and after value adjustment) as at 31-12-2016

Exposure value / Exposure class in TEUR	Austria	Western Europe	Central and Eastern Europe	Rest of the world	Not allocated	Total
Exposures to central banks or central governments	893,894.7	423,503.8	173,564.4	180,671.4	0.0	1,671,634.3
Exposures to regional or local territorial authorities	1,783,090.0	1,323,854.7	22,812.9	446,925.2	0.0	3,576,682.9
Exposures to public-sector bodies	944,106.8	252,308.2	180,532.9	173,239.4	0.0	1,550,187.4
Exposures to multilateral development banks	0.0	0.0	0.0	43,368.8	0.0	43,368.8
Exposures to international organisations	0.0	3,067.1	0.0	0.0	0.0	3,067.1
Exposures to institutions	135,679.5	3,482,611.7	12,749.6	797,130.4	0.0	4,428,171.2
Exposures to corporates	209,684.0	864,914.9	66,619.3	531,496.5	0.0	1,672,714.7
Defaulted exposures	0.0	1,740.8	9,268.3	2,347.5	0.0	13,356.6
Securitisation items	0.0	25,285.6	0.0	623,668.3	0.0	648,954.0
Other items	46,734.0	14,452.0	118.0	4,968.1	0.0	66,272.1
Equity exposures	0.1	25,334.9	0.0	0.0	0.0	25,335.0
Total	**4,013,189.1**	**6,417,073.9**	**465,665.3**	**2,803,815.7**	**0.0**	**13,699,744.1**

Art. 442 (e) CRR

Distribution of the exposures by industry or counterparty type

For KF, a breakdown of exposure values by industry would result in a breakdown by exposure class, as already shown under Art.442 (d) CRR. Therefore, a separate presentation under Art.442 (e) CRR is not required.

Art. 442 (f) CRR

Breakdown of all exposures by residual maturity

Exposure value in TEUR (before credit risk mitigation and after value adjustment) as at 31-12-2016

Exposure value / Exposure class in TEUR	Repayable on demand	Up to 3 months	Up to 1 year	Up to 5 years	More than 5 years	Total
Exposures to central banks or central governments	0.0	0.0	427,127.9	202,673.5	1,041,833.0	1,671,634.3
Exposures to regional or local territorial authorities	1,569.7	27,729.4	88,073.7	316,724.4	3,142,585.6	3,576,682.9
Exposures to public-sector bodies	51,400.0	67,377.4	0.0	106,644.9	1,324,765.1	1,550,187.4
Exposures to multilateral development banks	0.0	0.0	0.0	7,293.4	36,075.4	43,368.8
Exposures to international organisations	0.0	0.0	0.0	0.0	3,067.1	3,067.1
Exposures to institutions	2,917,672.5	28,870.1	3,542.1	46,929.4	1,431,157.2	4,428,171.2
Exposures to corporates	13,200.0	1,173.0	0.0	214,549.3	1,443,792.4	1,672,714.7
Defaulted exposures	0.0	0.0	9,268.3	0.0	4,088.3	13,356.6
Securitisation items	0.0	0.0	439.6	0.0	648,514.4	648,954.0
Other items	0.0	0.0	0.0	0.0	66,272.1	66,272.1
Equity exposures	0.0	0.0	0.0	25,334.9	0.1	25,335.0
Total	**2,983,842.2**	**125,149.9**	**528,451.6**	**920,149.8**	**9,142,150.7**	**13,699,744.1**

Art. 442 (g) CRR

Broken down by significant industry or counterparty type, the amount of i) impaired exposures and past due exposures, ii) specific and general credit risk adjustments and iii) charges for specific and general credit risk adjustments

Exposure value in TEUR (before credit risk mitigation and after value adjustment) as at 31-12-2016

Exposure value/ Exposure class in TEUR	Exposures	Impaired [1]	Past due [2]	Value adjustments	LLPs set up	LLPs released[3]
Exposures to central banks or central governments	1,671,634.3	0.0	0.0	0.0	0.0	0.0
Exposures to regional or local territorial authorities	3,576,682.9	0.0	0.0	0.0	0.0	0.0
Exposures to public-sector bodies	1,550,187.4	0.0	0.0	0.0	0.0	0.0
Exposures to multilateral development banks	43,368.8	0.0	0.0	0.0	0.0	0.0
Exposures to international organisations	3,067.1	0.0	0.0	0.0	0.0	0.0
Exposures to institutions	4,428,171.2	0.0	0.0	0.0	0.0	0.0
Exposures to corporates	1,672,714.7	0.0	0.0	0.0	0.0	0.0
Defaulted exposures	31,786.9	3,627.0	14,803.3	18,430.3	935.7	67,296.8
Securitisation items	699,525.3	0.0	0.0	0.0	0.0	0.0
Other items	66,272.1	0.0	0.0	0.0	0.0	0.0
Equity exposures	25,335.0	0.0	0.0	0.0	0.0	0.0
Total	**13,768,745.6**	**3,627.0**	**14,803.3**	**18,430.3**	**935.7**	**67,296.8**

[1] Exposures at risk of default according to risk class 3 (classification: Unlikeliness to pay)
[2] Receivables past due according to risk class 3 (Classification: 90 days past due)
[3] Use/release of LLPs concerns exposures which are either no longer held in the portfolio or have been reclassified to exposures to corporates due to their return to the performing portfolio.

Art. 442 (h) CRR

Amount of impaired exposures and past due exposures broken down by significant geographic areas

Exposure value in TEUR (before credit risk mitigation and after value adjustment) as at 31-12-2016

Values in TEUR	Exposures	Impaired	Past due	Value adjustment	LLPs set up	LLPs released
Austria	4,013,189.1	0.0	0.0	0.0	0.0	16,593.3
Western Europe	6,417,073.9	0.0	1,740.8	0.0	0.0	50,702.0
Central and Eastern Europe	465,665.3	3,627.0	8,361.5	2,720.2	935.7	0.0
Rest of the world	2,803,815.7	0.0	18,057.5	15,710.0	0.0	0.0
Not allocated	0.0	0.0	0.0	0.0	0.0	0.0
Total	**13,699,744.1**	**3,627.0**	**28,159.9**	**18,430.3**	**935.7**	**67,295.4**

Art. 442 (i) CRR

Reconciliation of changes in the specific and general credit risk adjustments for impaired exposures

31-12-2016

Values in TEUR	2016	of which lending and securities transactions (specific loan loss provisions)	of which portfolio loan loss provisions	of which provision pursuant to § 57(1) BWG
As at beginning or reporting year	115,809.1	84,791.4	1,017.7	30,000.0
+ addition	1,149.4	935.7	213.7	0.0
- release	80,706.4	50,703.4	3.0	30,000.0
- utilisation	16,593.3	16,593.3	0.0	0.0
As at 31-12-2016	**19,658.7**	**18,430.3**	**1,228.4**	**0.0**

Art. 443 CRR Unencumbered assets

Assets as at 31-12-2016

Values in TEUR	Book value of encumbered assets	Fair value of encumbered assets	Book value of unencumbered assets	Fair value of unencumbered assets
Assets	8,599,698.7	n.a.	3,350,466.8	n.a.
Equity instruments	0.0	0.0	0.0	0.0
Debt instruments	1,872,837.0	2,228,941.2	1,570,916.0	1,982,857.3
Other assets	0.0	n.a.	492,009.4	n.a.

Collateral received as at 31-12-2016

Values in TEUR	Fair value of encumbered collateral received and/or own debt instruments issued	Fair value of collateral received and/or own debt istruments issued qualifying for encumbrance
Collateral received	0.0	0.0
Equity instruments	0.0	0.0
Debt instruments	0.0	0.0
Other collateral received	0.0	0.0
Own debt instruments issued other than own covered bonds (“Pfandbriefe”) or ABS	0.0	0.0

Encumbered assets/collateral received and associated liabilities as at 31-12-2016

Values in TEUR	Coverage of liabilities, contingent liabilities or securities lent	Assets, collateral received and other debt instruments issued other than encumbered covered bonds (“*Pfandbriefe*”) and ABS
Book value	7,430,363.5	8,599,698.7

Amount of encumbrance

The most important sources of encumbrance were repos and tender transactions with the Austrian National Bank OeNB).

As at 31 December 2016, the asset encumbrance ratio was 72.0 %.

Art. 444 CRR Use of ECAIs

Art. 444 (a) CRR

Names of the nominated ECAIs and export credit agencies (ECAs)

KF uses external ratings by Moody's, Standard & Poor's and Fitch.

Art. 444 (b) CRR

Exposure classes for which an ECAI or ECA is used

Rating agencies and rating agents are used for the following exposure classes:

31-12-2016

Exposure classes	Approach
Exposures to central banks and central governments	Standardised approach
Exposures to regional or local territorial authorities	Standardised approach
Exposures to corporates	Standardised approach
Exposures to multilateral development banks (MDBs)	Standardised approach
Exposures to institutions	Standardised approach
Exposures to public-sector bodies	Standardised approach
Other items	Standardised approach
Securitisation items	Standardised approach

Art. 444 (c) CRR

Description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book

If available, an issue rating by an ECAI for the exposure in question is used. An issuer rating is used if no other rating is available. In all other cases, the exposure is regarded as non-rated for the calculation of the risk-weighted exposure values. The risk weight is determined if one or several ratings are available from nominated ECAIs pursuant to Art.138 CRR.

Art. 444 (d) CRR

Association of the external rating of each nominated ECAI or ECA with the credit quality steps prescribed in Part 3, Title II, Chapter 2

KF uses the standard association published by EBA for the association of the external ratings of the nominated ECAIs with the credit quality steps prescribed in Part 3, Title II, Chapter 2.

Art. 444 (e) CRR

Exposure values and exposure values after credit risk mitigation associated with each credit quality step prescribed in Part 3, Title II, Chapter 2

As at 31 December 2016, the KF portfolio under the standardised approach is broken down into the following exposure classes:

Basel III approach/Exposure class in TEUR	Rating	Exposure value before credit risk mitigation in TEUR	Exposure value after credit risk mitigation in TEUR
Exposures to central banks or central governments	not rated	417,720.4	417,720.4
	1	581,029.9	761,019.1
	2	172,098.1	234,930.7
	3	469,217.8	469,217.8
	4	31,568.1	162,538.0
	5	0.0	0.0
	6	0.0	0.0
Exposures to regional or local territorial authorities	not rated	773,386.9	981,639.9
	1	2,148,243.1	2,883,050.0
	2	332,108.5	332,108.5
	3	202,389.9	202,389.9
	4	70,801.8	76,586.6
	5	49,752.7	49,752.7
	6	0.0	0.0
Exposures to public-sector bodies	not rated	1,166,579.1	317,095.5
	1	281,266.5	127,536.3
	2	14,907.3	14,907.3
	3	29,265.9	29,265.9
	4	58,168.5	52,468.6
	5	0.0	0.0
	6	0.0	0.0
Exposures to multilateral development banks	Rating classes not applied	43,368.8	43,368.8
Exposures to international organisations	Rating classes not applied	3,067.1	3,067.1
Exposures to institutions	not rated	214,274.2	64,479.9
	1	305,575.6	66,285.1
	2	2,565,957.9	603,184.3
	3	1,337,224.3	201,486.9
	4	5,139.3	2.3
	5	0.0	0.0
	6	0.0	0.0
Exposures to corporates	not rated	606,807.9	318,110.6
	1	355,028.9	268,940.3
	2	322,820.6	361,807.8
	3	267,598.7	267,598.7
	4	2,025.7	2,025.7
	5	118,432.8	118,432.8
	6	0.0	0.0

Basel III approach/Exposure class in TEUR	Rating	Exposure value before credit risk mitigation	Exposure value after credit risk mitigation
Defaulted exposures	Rating classes not applied	13,356.6	13,356.6
Securitisation items	not rated	0.0	0.0
	1	364,389.1	400,505.8
	2	151,520.5	151,520.5
	3	87,284.6	87,284.6
	4	38,680.0	38,680.0
	5	7,079.7	7,079.7
	6	0.0	0.0
Other items	Rating classes not applied	66,272.1	66,272.1
Equity exposures	Rating classes not applied	25,335.0	25,335.0
Total – Standardised approach		**13,699,744.1**	**10,221,052.0**

The exposure value after credit risk mitigation corresponds to the sum total of on-balance-sheet exposures, off-balance-sheet exposures and exposure amounts from derivatives, with the nominal values of off-balance-sheet exposures being multiplied by the credit conversion factor (CCF). The CCF is defined in Art.111 (1) CRR and corresponds to 100% for full-risk items (e.g. guarantees qualifying as a credit substitute), 50% for medium-risk items (e.g. unused credit facilities with an original maturity of more than one year) and 0% for low-risk items (e.g. unused credit facilities that can be withdrawn any time without restriction and period of notice or which are automatically withdrawn in the event of a rating downgrade).

It is important to note that, due to the use of credit risk mitigation techniques, an exposure can migrate from one exposure class to another. The risk weights are determined on the basis of the credit quality steps of the exposure class concerned pursuant to CRR Part 3, Title II, Chapter 2.

Art. 445 CRR Market risk

KF has no trading book; therefore, the minimum own funds requirement for risk types of the trading book was TEUR 0 as at 31 December 2016. The own funds requirement for the commodities risk and the foreign-exchange risk (including gold) as well was TEUR 0 as at 31 December 2016.

The minimum own funds requirement for the specific interest rate risk of securitisation positions was TEUR 0 as at 31 December 2016.

Art. 446 CRR Operational risk

The standardised approach is used to calculate the regulatory minimum own funds requirement for operational risk.

For a future-oriented consideration of operational risk within the framework of the institution's operational risk-bearing capacity, the risk is quantified – similar to an advanced measurement approach – as the sum total of a parameter derived from the default database (scaled according to VaR) and an expert estimate for scenarios not covered by historical data. The operational risk also covers the outsourcing risk under the SLA.

KF defines operational risk as the possibility of losses occurring due to the inadequacy or failure of internal processes, people and systems or as a result of external events. The legal risk is part of the operational risk. External events classified as pure credit risk, market risk, liquidity risk or other types of risk with no operational background are not covered by this definition. Operational risk management (ORM) is intended to generate added value for the bank through the ORM process.

Responsibility for the ORM process lies with KF's Operational Risk Officer. Operational Risk Correspondents (ORCs) in the various units, appointed by the management after consultation with the Operational Risk Officer, act as points of contact and interfaces to operational risk management and support the ORM process. In addition, the Operational Risk Officer of KF receives regular reports on operational risk events in accordance with the provisions of the service level agreement.

An operational default database and risk & control self-assessments are the instruments available for the management of operational risks. The operational default database shows the profits/losses generated by operational events. These are recorded in the database and reported to the Executive Board on a monthly basis after assessment by the line managers in charge. Operational risk & control self-assessments represent a prospective, future-oriented view. Risks are identified and assessed subjectively for their severity. At KF, these assessments are performed as coached self-assessments, i.e. individual risks are assessed and evaluated by the departments concerned. The results from the operational default database serve as input and provide feedback for the revaluation of risks.

Within the framework of the monthly RMC meetings and quarterly Executive Board meetings, the management is informed about operational risks.

KF's Business Continuity Management (BCM) ensures adequate, comprehensive and efficient operational continuity management. This includes the drafting and management of continuity and start-up plans as well as the implementation of measures designed to minimise interruptions of critical business processes. Alternative workplaces are made available in the event of KF's office premises being out of order. The annual resource assessment to identify the resources required in the event of a crisis was performed in the summer of 2016.

The annual business impact analysis (BIA), which is intended to analyse business processes and IT services for their criticality and to verify the time to full restoration of services, was also performed within the framework of the resource assessment. The annual emergency exercise was performed in October.

KF has outsourced essential parts of its organisation to KA under the service level agreement (SLA). Any risks arising on that basis are covered through the assumption of liability by KA (for losses in excess of EUR 10,000 in the event of gross negligence) in accordance with the SLA. The own funds requirement for operational risk was TEUR 0 as at 31 December 2016.

Art. 447 CRR Exposures in equities not included in the trading book

Art. 447 (a) and (b) CRR

Regarding exposures in equities, a differentiation between exposures based on their objectives and overview of the accounting techniques and valuation methodologies used (pursuant to Art.447 (a) and the balance sheet value, the fair value and, if relevant, a comparison to the market price (pursuant to Art.447 (b)

As at 31 December 2016, the “Equity exposures” class of exposures comprises KF’s stake in Einlagensicherung der Banken und Bankiers GmbH, Vienna, with a book value of EUR 70.0, unchanged from the previous year, and a fully impaired participation of 1.1% (acquisition cost EUR 8,895.00) in a European infrastructure company.

This exposure class also comprises subordinated loans and securities with a balance sheet value of TEUR 25,334.9 and a fair value of TEUR 23,391.0.

Participations are measured at cost, unless persistent losses or a reduction in equity require a write-down to pro-rata equity or to the income value.

Art. 447 (c) CRR

Types, nature and amounts of exchange-traded exposures

No information to be provided, as this provision is not relevant to KF.

Art. 447 (d) and (e) CRR

Information on cumulative realised gains and losses from sales and liquidations and on unrealised gains or losses as well as latent revaluation gains or losses

Neither sales nor liquidations of the equity exposures presented were reported in 2016. No unrealised gains or losses, latent revaluation gains or losses, or other items of this type were included in common equity tier 1 capital.

Art. 448 CRR Exposure to interest rate risk on positions not included in the trading book

Art. 448 (a) and (b) CRR

Nature of the interest rate risk and the key assumptions, and information on variations in earnings, economic value or other relevant measure used by the management for upward and downward rate shocks

For the measurement, management and limitation of interest rate risks, KF distinguishes between the period-oriented, short-term repricing risk and the NPV-oriented, long-term risk of changing interest rates. The former is the risk of declining net interest income, while the latter is the risk of net present value losses due to interest rate changes.

To ensure efficient monitoring and limitation of interest rate risks, KF uses analytical tools permitting the targeted management of the NPV risk of interest rate changes and the net interest income risk of the period. In particular, interest gap structures (expiry of fixed interest periods) and net present value sensitivities are analysed by currency and maturity range, value-at-risk (VaR) models are calculated on the basis of historical volatilities and correlations, and different interest rate scenarios are simulated.

The interest rate risk is monitored and managed at least monthly within the framework of the Risk Management Committee (RMC).

In addition to monthly reporting at the RMC, near-time operational management of the interest rate risk and the repricing risk is performed at the weekly meetings of the Asset Liability Committee (ALCO).

KF's portfolio primarily comprises positions with clearly defined interest rate and capital commitments. KF has no private customer deposits or loans that would require modelling of replication assumptions.

Net-present-value sensitivities are calculated within the framework of the interest rate risk analysis. In particular, parallel shifts of the yield curves (+1bp, +25bp, +50bp) are analysed by currency, both with and without current credit spreads.

Equally weighted historical volatilities and correlations (observation period 150 days) are used to calculate the interest VaR (holding period 20 trading days, confidence interval 99.9%). The VaR calculated takes into account KF's entire portfolio of transactions, but not its equity (paid-in capital and reserves). As at 31 December 2016, the interest VaR (confidence level 99.9%, holding period 20 trading days) stood at EUR 14.9 million (31-12-2015: EUR 45.1 million).

Art. 449 CRR Risk from securitisation positions

Art. 449 (a), (d), (g) and (j) CRR

The institution's objective in relation to securitisation activity and its roles in the securitisation process

KF itself has not performed any securitisations and, for the time being, exclusively acts as an investor in structured securitisations aimed at generating interest income. Disclosures regarding the size and structure of the portfolio are made under Art.449 (n) (ii) CRR. Apart from that, KF has no other function in securitisation transactions.

Art. 449 (b) CRR

Nature of other risks, including liquidity risk, inherent in securitised assets

KF's securitisation portfolio mainly comprises securitisations of US government-guaranteed student loans, US military housing transactions and European ABS. The material credit risk factors are due to the nature of the securitised assets, such as servicer quality in student loan securitisations or home price developments and the strategic orientation of the US Army in military housing transactions. Besides credit risk, the most important types of risk for the securitisation portfolio are market risks, especially interest rate risk and credit spread risk.

Art. 449 (c) CRR

Type of risks in terms of seniority of underlying securitisation positions and in terms of assets underlying those latter securitisation positions assumed and retained with re-securitisation activity

KF does not hold any re-securitisation positions.

Art. 449 (e) CRR

Extent of the institution's involvement in each of the roles referred to in point (d)

As stated under Art.449 (a), (d), (g), and (j) CRR, KF only acts as an investor in securitisations. The extent of KF's securitisation involvement as an investor is described under Art.449 (n) (ii) CRR.

Art. 449 (f) CRR

Processes in place to monitor the credit and market risk of securitisation positions and to assess how the behaviour of the underlying assets impacts securitisation exposures

Cash-flow models based on the modelling of the underlying transactions and the transaction structure are used to quantify market and credit risks. Stress tests are performed on a quarterly basis, which assess, inter alia, the real economic value per transaction for different scenarios.

Art. 449 (h) CRR

Approaches to calculating risk-weighted exposure amounts in securitisation activities, broken down by types of securitisation exposure

31-12-2016

Exposure class	Approach
Residential mortgage-backed securities	Standardised approach
Commercial mortgage-backed securities	Standardised approach
Military housing	Standardised approach
Student loans	Standardised approach
Other ABS	Standardised approach

Art. 449 (i) CRR

Types of SSPE that the institution, as sponsor, uses to securitise third-party exposures, as well as a list of the entities that the institution manages or advises and that invest in either the securitisation positions that the institution has securitised or in SSPEs that the institution sponsors

No information to be provided, as KF does not act as a sponsor or originator of securitisations.

Art. 449 (j) CRR

Summary of the institution's accounting policies for securitisation activities, including:

i) information as to whether the transactions are treated as sales or financings

No information to be provided, as KF has not performed any securitisations.

ii) the recognition of gains on sales

No information to be provided, as KF has not performed any securitisations.

iii) the methods, key assumptions, inputs and changes from the previous period for valuing securitisation positions

The market value is measured on the basis of quotes, if available, or on the basis of comparable transactions or model valuations. The major part of the securitisation portfolio is classified as non-current assets and therefore recognised at amortised cost according to the mitigated lower-of-cost-or-market principle.

iv) the treatment of synthetic securitisations if not covered by other accounting policies

No information to be provided, as KF does not hold any synthetic securitisations.

v) the method of valuation of assets awaiting securitisation

No information to be provided, as KF does not hold any assets awaiting securitisation.

vi) policies for recognising liabilities on the balance sheet for arrangements that could require the institution to provide financial support for securitised assets

No information to be provided, as KF has not performed any securitisations.

Art. 449 (k) CRR

Names of the ECAIs used for securitisations and types of exposure for which each agency is used

The weighted exposure amounts for securitisation positions are calculated according to the standardised approach; ratings of the three rating agencies specified under Art.444 (a) CRR are used.

Art. 449 (l) CRR

Description of the Internal Assessment Approach as set out in Part 3, Title II, Chapter 5, Section 3

No information to be provided, as KF does not use the Internal Assessment Approach for the calculation of weighted exposure amounts.

Art. 449 (m) CRR

Explanation of significant changes to any of the quantitative disclosures in points (n) to (q) since the last reporting period

No significant changes to the quantitative disclosures in points (n) to (q) have occurred since the last disclosure date of 31 December 2015.

Art. 449 (n) CRR

i) Total amount of outstanding exposures securitised by the institution

No information to be provided, as KF has not performed any securitisations.

ii) Aggregate amount of on-balance sheet securitisation positions retained or purchased and off-balance sheet securitisation exposures

The structure of KF's securitisation portfolio, broken down by types of securitisation and relevant risk weights, is shown in the table below. All securitisations are held in the banking book.

Exposure values in TEUR (31-12-2016)

Type of securitisation	20%	50%	100%	350%	1,250%	Total
Residential mortgage-backed securities	0.0	0.0	0.0	0.0	0.0	0.0
Commercial mortgage-backed securities	0.0	0.0	11,870.7	12,975.3	0.0	24,846.0
Military housing	0.0	151,520.5	66,779.3	25,704.7	7,079.7	251,084.3
Student loans	400,066.1	0.0	8,634.6	0.0	0.0	408,700.7
Other ABS	439.6	0.0	0.0	0.0	0.0	439.6
Total	**400,505.8**	**151,520.5**	**87,284.6**	**38,680.0**	**7,079.7**	**685,070.6**

iii) Aggregate amount of assets awaiting securitisation

As a wind-down unit, KF does not engage in any new asset-side business; there are no new securitisations.

iv) Details on securitised facilities subject to early amortisation treatment

No information to be provided, as KF has no securitisation facilities.

v) Amount of securitisation positions that are deducted from own funds or risk-weighted at 1,250%

As at 31 December 2016, the total amount of exposures weighted at 1,250% was TEUR 7,079.7; there are no positions to be deducted from own funds.

vi) Summary of the securitisation activity of the current period

KF has not engaged in any securitisation activity in the reporting period.

Art. 449 (o) CRR

i) Aggregate amount of securitisation positions retained or purchased, including the associated capital requirements, broken down into risk-weight bands

All securitisations are held in the non-trading book.

Values in TEUR (31-12-2016)

Type of securitisation	20%	50%	100%	350%	1,250%	Total
Securitisation exposures	400,505.8	151,520.5	87,284.6	38,680.0	7,079.7	685,070.6
– Risk-weighted exposure values	80,101.2	75,760.3	87,284.6	135,380.0	88,496.6	467,022.7
Total own funds requirement for securitisations	**6,408.1**	**6,060.8**	**6,982.8**	**10,830.4**	**7,079.7**	**37,361.8**

ii) Aggregate amount of re-securitisation exposures retained or purchased

No information to be provided, as KF has no re-securitisation exposures.

Art. 449 (p) CRR

Amount of impaired/past due assets securitised and the losses recognised by the institution during the current period, broken down by exposure type

There were no impaired/past due assets from securitised risk positions in the current period.

Art. 449 (q) CRR

For the trading book, the total outstanding exposures securitised by the institution and subject to a capital requirement for market risk

No information to be provided, as KF has not issued any securitisations.

Art. 449 (r) CRR

Disclosure as to whether the institution has provided support within the terms of Art. 248 (1)

No information to be provided, as KF has not issued any securitisations.

Art. 450 CRR Remuneration policy

Art. 450 (a)

Information concerning the decision-making process used for determining the remuneration policy

KF's remuneration policy was elaborated by an interdisciplinary working group comprising representatives of KF (Operating Officer) and Kommunalkredit via the SLA as well as a representative of Deloitte Consulting GmbH as an external advisor, and subsequently laid down by the Executive Board. The remuneration policy is adopted and monitored by the Supervisory Board. The Remuneration Committee set up by KF regularly monitors implementation of the remuneration policy and reports to the Supervisory Board. A at 31 December 2016, the members of the Remuneration Committee were Stephan Koren (Chairman, remuneration expert), Bruno Ettenauer (Deputy Chairman), Werner Muhm and Stefan Pichler as capital representatives, and Franz Hofer and Brigitte Markl as employee representatives. The Remuneration Committee met once in 2016.

Art. 450 (b) to (f)

Information on the link between pay and performance, the most important design characteristics of the remuneration system, the ratios between fixed and variable remuneration, and the performance criteria on which variable components of remuneration are based as well as their main parameters

The performance criteria on which the variable components of remuneration are based are the level of the risk-adjusted financial result and the degree of individual target achievement. Through its linkage to the achievement of the budgeted annual result and to fulfilment of the regulatory minimum own funds requirements, the financial result of the institution influences the amount of the individual performance premium. Risk adjustment of the financial result is ensured through a linkage to the nominal run-off targets of KF. Through the introduction of lower and upper limits (ceiling) depending on the financial result, a flexible policy governing the variable remuneration components is guaranteed.

The individual performance premium is calculated on the basis of three factors: function, individual performance and financial result.

KF takes a holistic view of performance, considering qualitative and quantitative targets agreed upon on the basis of specified criteria (risk adjustment, long-term nature and sustainability, consideration of main tasks and day-to-day business, consideration of organisational unit), the achievement of which is verified on the basis of a four-step performance assessment scale. The system allows considerable variations, depending on individual target achievement. On the one hand, the individual performance premium is subject to an upper limit, and on the other hand, it may not be paid out at all.

As a matter of principle, a 60/40 deferral ratio is applied for all identified staff, i.e. 60% of the variable component is paid out directly, whereas 40% is deferred over 5 years and paid out on a pro-rata basis.

Given KF's ownership situation, there are no instruments suited for use as remuneration. The variable remuneration components are therefore paid out in cash.

Art. 450.1 (g) CRR

Aggregate quantitative information on remuneration, broken down by business area

Given the purpose of the company, KF has only one business area. A breakdown of remuneration by business area is therefore not required.

Art. 450.1 (h) (i) to (h) (vi) CRR and Art. 450.2 CRR

Aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution

As of 31 December 2016, KF does not employ staff of its own. Instead, certain employees of KA are delegated to KF and work exclusively for KF. The amounts of senior management remuneration shown below concern these delegated employees. However, in KF's annual financial statements these amounts are recognised not as personnel expenses, but as other administrative expenses.

The total remuneration paid out in 2016 to the Executive Board members and to delegated members of staff at senior management level is shown in the following table. Apart from these individuals, KF has no other delegated members of staff whose action have a material impact on the risk profile of the institution. There is no individual in KF receiving remuneration in excess of EUR 1 million.

In accordance with the requirements of CRR, the fixed and variable remuneration for the business year 2016 is broken down as follows:

in EUR	Top Management	Senior Management	Total
Number of beneficiaries	3	7	10
Total of remuneration	610,988.8	692,876.6	1,303,865.4
of which fixed	*610,988.8*	*567,976.6*	*1,178,965.4*
of which variable	-	*124,900.0*	*124,900.0*
Of variable remuneration *- Cash, not provisioned* *- Cash, provisioned*	 - -	 *95,380.0* *29,520.0*	 *95,380.0* *29,520.0*
Provisioned remuneration - Vested portions - Non-vested portions, incl. prior years	 *19,200.0* *51,200.0*	 *44,148.0* *137,891.2*	 *63,348.0* *189,091.2*
Provisioned remuneration - awarded in 2016 - paid out in 2016 - reduced due to performance adjustments in 2016	 - *19,200.0* -	 *29,520.0* *44,148.0* -	 *29,520.0* *63,348.0* -

Art. 451 CRR Leverage

Credit institutions have to have principles and procedures in place to determine, manage and monitor the risk of excessive leverage. The leverage ratio determined in accordance with Art. 429 of Regulation (EU) No 575/2013 and incongruences between assets and liabilities are to be referred to as indicators of excessive leverage. The leverage ratio is calculated as the institution's capital measure (tier 1) divided by the institution's total exposure measure (total assets plus defined portions of off-balance-sheet positions).

Information regarding the leverage ratio calculated in accordance with Art. 429 CRR and the procedures in place to monitor the risk of excessive leverage are disclosed in the following:

Art. 451.1 (a) and (b)

Leverage ratio and how the institution applies Art. 499.2

As at the reporting date of 31 December 2016, the leverage ratio was 4.4%.

The option allowed to institutions by Art. 499.2 is not applicable to KF, as the transitional provisions of CRR do not apply to capital instruments of common equity tier 1.

Pursuant to Implementing Regulation (EU) 2016/200, the leverage ratio is disclosed as follows:

Summary reconciliation of accounting assets and leverage ratio exposures		Applicable amounts
1	Total of assets as shown in the annual financial statements	11,949,560
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure pursuant to Art.429.13 of Regulation (EU) No 575/2013)	0
4	Adjustments for derivative financial instruments	(1,812,551)
5	Adjustments for securities financing transactions (SFT)	0
6	Adjustment for off-balance-sheet items (i.e. conversion of off-balance-sheet exposures to credit equivalent amounts)	115,672
EU-6a	(Adjustments for intragroup exposures excluded from the leverage ratio exposure measure pursuant to Art.429.7 of Regulation (EU) No 575/2013)	
EU-6b	(Adjustments for exposures excluded from the leverage ratio exposure measure pursuant to Art.429.14 of Regulation (EU) No 575/2013)	
7	Other adjustments	0
8	**Total leverage ratio exposure measure**	**10,252,681**

Common disclosure regime for the leverage ratio		CRR leverage ratio exposure valuers
On-balance-sheet exposures (excl. derivatives and securities financing transactions (SFT))		
1	On-balance-sheet items (excl. derivatives, securities financing transactions (SFTs) and fiduciary assets, but incl. collateral)	11,974,298
2	(Asset amounts deducted in determining tier 1 capital)	0
3	Total balance sheet exposures (excl. derivatives, securities financing transactions (SFT) and fiduciary assets (total of lines 1 and 2)	11,974,298

Derivative exposures		
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	498,093
5	Add-on amounts for the potential future replacement value associated with all derivative transactions (mark-to-market method)	123,381
EU-5a	Exposure determined according to original exposure method	
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	
7	(Deductions of receivables for cash variation margin provided in derivative transactions)	(2,458,763)
8	(Exempted exposures from transactions cleared for customers via a qualified central counterparty (QCCP))	
9	Adjusted effective notional offsets and add-on deductions for written credit derivatives	
10	(Adjusted effective notional offsets and add-on deductions for credit derivatives issued)	
11	Total derivative exposures (sum of lines 4 to 10)	(1,837,289)
Securities financing transaction (SFT) exposures		
12	Gross SFT assets (with no recognition of netting), after adjustment for transactions accounted for as sales	
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	
14	Counterparty credit risk exposure for SFT assets	
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and Article 222 of Regulation (EU) No 575/2013	
15	Agent transaction exposures	
EU-15a	(Exempted exposures from transactions cleared for customers via a qualified central counterparty (QCCP))	
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	
Other off-balance-sheet exposures		
17	Off-balance-sheet exposures at gross notional amount	126,697
18	(Adjustments for conversion to credit equivalent amounts)	(11,025)
19	Other off-balance sheet exposures (sum of lines 17 to 18)	115,672
Exempted exposures pursuant to Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	(Exemption of intragroup exposures (solo basis) pursuant to Article 429 (7) of Regulation (EU) No 575/2013)	0
EU-19b	(Exposures exempted pursuant to Article 429 (14) of Regulation (EU) N 575/2013 (on and off balance sheet)	0
Capital and total exposures		
20	Tier 1 capital	453,008
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	10,252,681
Leverage ratio		
22	Leverage ratio	4.42%
Use of transitional arrangements and amount of derecognised fiduciary items		
EU-23	Use of transitional arrangements for the definition of the capital measure	0
EU-24	Amount of derecognised fiduciary items pursuant to Article 429.13 of Regulation (EU) No 575/2013	0

	Breakdown of balance sheet exposures (excl. derivatives, SFTs and exempted exposures)	CRR leverage ratio exposures
EU-1	Total on-balance-sheet exposures (excl. derivatives, SFTs and exempted exposures), of which:	11,974,298
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which	11,974,298
EU-4	*Covered bonds*	
EU-5	*Exposures treated as sovereigns*	*4,942,310*
EU-6	*Exposures to regional territorial authorities, multilateral development banks, international organisations and public-sector bodies NOT treated as sovereigns*	*1,748,022*
EU-7	*Institutions*	*3,277,468*
EU-8	*Secured by mortgages of immovable properties*	
EU-9	*Retail exposures*	
EU-10	*Corporates*	*1,216,518*
EU-11	*Exposures in default*	*13,357*
EU-12	*Other exposure classes (e.g. equity exposures, securitisations and other non-credit-obligation assets*	*776,623*

Art. 451.1 (d)

Description of the processes used to manage the risk of excessive leverage

Besides considering the regulatory perspective in its risk-bearing-capacity calculation as at the reporting date, KF prepares monthly capital budgets, if necessary on a dynamic basis, including the regulatory capital ratios for the budgeting period concerned. Portfolio runoff and known or expected special effects are taken into consideration; a distinction is made between a base case and a pessimistic case. Besides the CET 1 ratio, the total capital ratio and the large exposure limit, the leverage ratio is also taken into consideration.

Art. 451.1 (e)

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

The positive development of the leverage ratio is due to the reduction of the total exposure as a result of the scheduled run-down of assets in the year under review. Moreover, cash collateral pursuant to Art.429a CRR was recognised for the first time in the calculation of the exposure value of derivative transactions.

Art. 452 CRR Use of the IRB approach to credit risk

No information to be provided, as KF does not use the IRB approach.

Art. 453 CRR Use of credit risk mitigation techniques

Art. 453 (a) CRR

Policies and processes for the use of on- and off-balance sheet netting

KF uses netting in derivative and repo transactions; on-balance sheet netting is not used.

Legally binding framework agreements are concluded with all counterparties for derivatives and repo transactions (ISDA Master Agreement, German Framework Agreement for Financial Forward Transactions, Global Master Repurchase Agreement, German Framework Agreement for Repo Transactions, Austrian Framework Agreement for Repo Transactions), according to which netting of the receivables and liabilities of all single transactions under a framework agreement is performed in the event of default (close-out netting). KF ensures the enforceability and legal validity of contractual netting arrangements pursuant to Art.297 (1) CRR for derivatives and/or pursuant to Art.194 (1) CRR for repo transactions through legal opinions produced on behalf of Kommunalkredit and/or international organizations (in particular the International Swaps and Derivatives Association ISDA) and the International Capital Market Association (ICMA)) for the jurisdiction of the counterparty.

On 15 December 2016, the Delegated Regulation with regard to regulatory technical standards for non-centrally cleared derivatives was published. The regulation provides, inter alia, for the exchange of variation margins, daily margining and a further standardisation of collateral annexes. Any non-centrally cleared OTC derivative transaction made by registered counterparties on or after 1 March 2017 must be collateralised, unless an exemption from the duty of collateralisation applies.

For derivatives, KF usually concludes credit support agreements and/or collateral annexes to framework contracts providing for periodic (usually daily) collateral margining. As at 31 December 2016, all derivatives were including in the banking book. Collateral margining is also agreed upon for repo transactions. KF ensures the realisability of the collateral in the event of the counterparty filing for bankruptcy and its further utilisation through legal opinions produced on behalf of KF, ISDA and/or ICMA for the jurisdiction of the counterparty.

Compliance with the requirements set out in Art.296.2 (b) and Art.297.2 CRR as at 31 December 2016 was confirmed in the annex to the audit report of the statutory auditor (audit and report on compliance with the legal provisions relevant to banks pursuant to § 63 (4) ff Austrian Banking Act annexed to the audit report).

Pursuant to Art.111.2 CRR, the calculation of the exposure value for derivatives is performed in accordance with the rules of Part 3, Title 2, Chapter 6 CRR (Art.271 ff CRR). The reduced potential future credit exposure, i.e. the exposure value after netting, is calculated pursuant to Art.298.1 (c) CRR for all contracts with netting arrangements. As at 31 December 2016, the netting effect (i.e. difference between exposure value before and after netting) amounted to TEUR 782,975.

Pursuant to Art.111.2 CRR, the calculation of the exposure value for repo transactions is performed in accordance with the rules of Part 3, Title 2, Chapter 4 CRR (Art.192 ff CRR). The exposure value after netting is calculated pursuant to Art.220 in conjunction with Art.223 ff CRR for all contracts with netting arrangements. As at 31 December 2016, the netting effect (i.e. difference between exposure value before and after netting) amounted to TEUR 929,742.

Art. 453 (b) CRR

Policies and processes for collateral valuation and management

For the purposes of credit risk mitigation, KF exclusively uses personal collateral, cash deposits with the institution and netting framework arrangements. Cash deposits are measured at their nominal value, with currency or maturity mismatches taken into consideration with a corresponding discount. In the case of personal collateral, collateral providers are subject to the same credit approval and rating process as primary obligors; the credit standing and/or creditworthiness is assessed on a case-by-case basis.

Art. 453 (c) CRR

Main types of collateral taken

KF primarily takes financial collateral and personal forms of collateral (sureties and guarantees) for credit risk mitigation. Other forms of collateral (real estate, movables, receivables, etc.) are rarely taken and do not qualify as eligible collateral in accordance with prudential rules.

Art. 453 (d) CRR

Main types of guarantor and credit derivative counterparty

The personal forms of collateral available to KF are guarantees of sovereigns and other guarantors.

The breakdown of personal forms of collateral by types of guarantor and rating is as follows:

in TEUR (31-12-2016)

Regulatory rating	Central governments and central banks	Regional territorial authorities	Public-sector bodies	Institutions	Corporates	Total
1	0.0	220,220.6	111,795.7	0.0	0.0	332,016.3
2	179,989.2	739,630.6	0.0	0.0	0,.0	919,619.8
3	62,832.6	0.0	0.0	0.0	52,819.8	115,652.4
4	0.0	0.0	0.0	4,196.1	0.0	4,196.1
5	130,969.9	5,784.9	0.0	0.0	0.0	136,754.7
6	0.0	0.0	0.0	0.0	0.0	0.0
Summe	**373,791.7**	**965,636.0**	**111,795.7**	**4,196.1**	**52,819.8**	**1,508,239.3**

Art. 453 (e) CRR

Information about market or credit risk concentration within the credit mitigation taken

Within the credit risk mitigation taken, there are no material risk concentrations relating to countries, sectors or single names.

Art. 453 (f) and (g) CRR

For each exposure class, information on the total exposure value that is covered i) by eligible financial collateral and other eligible collateral and ii) by guarantees or credit derivatives

in TEUR (31-12-2016)

Basel III approach / Exposure class	Financial collateral	Personal collateral	Total
Exposures to central banks or central governments	0.0	373,791.7	373,791.7
Exposures to regional territorial authorities and recognised religious communities	0.0	965,636.0	965,636.0
Exposures to public-sector bodies, administrative bodies and corporates	51,400.0	111,795.7	163,195.7
Exposures to multilateral development banks	0.0	0.0	0.0
Exposures to institutions	3,437,958.9	4,196.1	3,442,155.0
Exposures to corporates	13,200.0	52,819.8	66,019.8
Overdue exposures	0.0	0.0	0.0
Securitisation items	0.0	0.0	0.0
Other items	0.0	0.0	0.0
Equity exposures	0.0	0.0	0.0
Total – Standardised approach	**3,502,558.9**	**1,508,239.3**	**5,010,798.2**

The own funds requirement for credit risk is calculated in accordance with the standardised approach.

Art. 454 CRR Use of the advanced measurement approaches to operational risk

No information to be provided, as KF does not use the advanced measurement approach for the calculation of the minimum own funds requirement for operational risk.

Art. 455 CRR Use of internal market risk models

No information to be provided, as KF does not use an internal model for the calculation of the minimum own funds requirement for market risks; an internal model is used exclusively for risk management purposes.

Publication concerning the deposit business of KF

The deposit business of KF is limited to those institutional investors which, between the State Aid Decision of 31 March 2011 and the time of the merger of the non-sold portfolio of Kommunalkredit Austria AG into KF as of 26 September 2015, already had business relationships with either one of the financial institutions. KF does not accept client deposits in excess of the upper limits shown in the following table:

Customer deposits	2016-2020	2021-2025	2026-2030	2031-2035	2036-2040
In EUR million	1,200	800	600	400	200

The Executive Board of
KA Finanz AG

Dr. Helmut Urban
Chairman of the Executive Board

Mag. Bernhard Achberger
Member of the Executive Board

Annex 1 - KA Finanz AG: Main Features of Capital Instruments pursuant to Art.437.1 (b) CRR)

1	Issuer	KA Finanz AG	KA Finanz AG	KA Finanz AG	KA Finanz AG
2	Unique identifier (such as ISIN) / internal designation	AT0000A0V883	XS0140045302 / DIP 34	XS0144772927 / DIP 39	XS0185015541 / DIP 179
3	Governing law of the instrument	Austrian law	German law	German law	German law
	Regulatory treatment				
4	Transitional CRR rules	Common equity tier 1	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Post-transitional CRR rules	Common equity tier 1	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	Eligible at solo/consolidated/solo and consolidated level	n.a.	n.a.	n.a.	n.a.
7	Type of instrument	Share capital	Subordinated liability	Subordinated liability	Subordinated liability
8	Amount recognised as eligible own funds (in EUR, as at last reporting date)	389.000.000	7.607.671	5.000.000	20.000.000
9	Nominal amount of the instrument (in EUR)	389.000.000	19.500.000	5.000.000	20.000.000
9a	Issue price	n.a.	100	99.80	99.84
9b	Redemption price	n.a.	100	100	100
10	Accounting classification	Liability - at amortised cost	Liability - at amortised cost	Liability - at amortised cost	Liability - at amortised cost
11	Original date of issuance	04.03.1959	13.12.2001	27.03.2002	13.02.2004
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity date	13.12.2018	27.03.2022	13.02.2024
14	Issuer call option with prior regulatory approval	No	Yes	Yes	Yes
15	Optional call date, contingent call date and redemption amount	n.a.	13.12.2009 and 13.12.2011; Issuer call possible under certain conditions in case of tax event	27.03.2012; Issuer call possible under certain conditions in case of tax event	13.02.2014; Issuer call possible under certain conditions in case of tax event
16	Subsequent call dates, if applicable	n.a.	n.a.	Annually from 27.03.2012	n.a.
	Coupons / dividents				
17	Fixed or floating dividend/coupon payments	Floating	Fixed	Fixed	Fest
18	Nominal coupon and reference interest rate, if applicable	n.a.	6.08 % p.a.	6.46 % p.a.	5.43 % p.a.
19	Existence of dividend stopper	Yes	n.a.	n.a.	n.a.
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	n.a.	n.a.	n.a.
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	n.a.	n.a.	n.a.
21	Existence of step-up or other incentive to redeem	No	No	No	No
22	Non-cumulative or cumulative	Non-cumulative	n.a.	n.a.	n.a.
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible: conversion trigger	n. a.	n. a.	n. a.	n. a.
25	If convertible: partially or fully	n. a.	n. a.	n. a.	n. a.
26	If convertible: conversion rate	n. a.	n. a.	n. a.	n. a.
27	If convertible: mandatory or optional conversion	n. a.	n. a.	n. a.	n. a.
28	If convertible: instrument type convertible into	n. a.	n. a.	n. a.	n. a.
29	If convertible: issuer of instrument it converts into	n. a.	n. a.	n. a.	n. a.
30	Write-down features	No	No	No	No
31	If write-down: trigger for write-down	n. a.	n. a.	n. a.	n. a.
32	If write-down: partial or full	n. a.	n. a.	n. a.	n. a.
33	If write-down: permanent or temporary	n. a.	n. a.	n. a.	n. a.
34	If temporary write-down: mechanism of write-up	n. a.	n. a.	n. a.	n. a.
35	Position in subordination hierarchy in liquidation (specify instrument type senior to instrument)	Subordinated instruments	Non-subordinated instruments	Non-subordinated instruments	Non-subordinated instruments
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	n. a.	n. a.	n. a.	n. a.

1	KA Finanz AG	KA Finanz AG	KA Finanz AG	KA Finanz AG	KA Finanz AG
2	AT0000441209 / DIP 183	XS0255270380 / DIP 486	XS257275098 / DIP 492	XS0279423775 / DIP 542	XS0286975973 / DIP 561
3	German law	German law	German law	German law	German law
4	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
5	Non-eligibility	Tier 2 capital	Tier 2 capital	Tier 2 capital	Tier 2 capital
6	n.a.	n.a.	n.a.	n.a.	n.a.
7	Subordinated liability	Subordinated liability	Subordinated liability	Subordinated liability	Subordinated liability
8	8.640.000	4.435.616	10.000.000	35.000.000	1.293.151
9	19.000.000	5.000.000	10.000.000	35.000.000	40.000.000
9a	100	100	100	100	100
9b	100	100	100	100	100
10	Liability - at amortised cost	Liability - at amortised cost	Liability - at amortised cost	Liability - at amortised cost	Liability - at amortised cost
11	27.02.2004	07.06.2006	23.06.2006	20.12.2006	01.03.2007
12	Dated	Dated	Dated	Dated	Dated
13	27.02.2024	07.06.2021	23.06.2031	20.12.2030	28.02.2017
14	Yes	No	Yes	No	No
15	27.02.2014; Issuer call possible under certain conditions in case of tax event	Issuer call possible under certain conditions in case of tax event	23.06.2016; Issuer call possible under certain conditions in case of tax event	Issuer call possible under certain conditions in case of tax event	Issuer call possible under certain conditions in case of tax event
16	n.a.	n.a.	n.a.	n.a.	n.a.
17	Fixed	Floating	Fixed	Fixed	Floating
18	6 % p.a.	4.25 % * n / N + Max (10YCMS advance - 4.25 %; 0) + Max (4.25 % - 10YCMS advance; 0); n: number of business days if (10YCMS - 2YCMS) > 0.20 % N: total number of business days	4.90 % p.a.	4.44%	3MEuribor + 20 basis points
19	n.a.	n.a.	n.a.	n.a.	n.a.
20a	n.a.	n.a.	n.a.	n.a.	n.a.
20b	n.a.	n.a.	n.a.	n.a.	n.a.
21	Yes	No	No	No	No
22	n.a.	n.a.	n.a.	n.a.	n.a.
23	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	n. a.	n. a.	n. a.	n. a.	n. a.
25	n. a.	n. a.	n. a.	n. a.	n. a.
26	n. a.	n. a.	n. a.	n. a.	n. a.
27	n. a.	n. a.	n. a.	n. a.	n. a.
28	n. a.	n. a.	n. a.	n. a.	n. a.
29	n. a.	n. a.	n. a.	n. a.	n. a.
30	No	No	No	No	No
31	n. a.	n. a.	n. a.	n. a.	n. a.
32	n. a.	n. a.	n. a.	n. a.	n. a.
33	n. a.	n. a.	n. a.	n. a.	n. a.
34	n. a.	n. a.	n. a.	n. a.	n. a.
35	Non-subordinated instruments	Non-subordinated instruments	Non-subordinated instruments	Non-subordinated instruments	Non-subordinated instruments
36	No	No	No	No	No
37	n. a.	n. a.	n. a.	n. a.	n. a.