

INVESTOR RELATIONS UPDATE

KOMMUNALKREDIT AUSTRIA AG

S&P revises Kommunalkredit's rating; NPL reduction ahead of plan

Rating lowered to BBB- with stable outlook; faster-than-expected NPL reduction, strong capitalization and solid cost efficiency underpin positive trajectory

Vienna, 06/10/2026

S&P Global Ratings has lowered Kommunalkredit Austria AG's ("Kommunalkredit") long-term issuer credit rating by one notch to 'BBB-' from 'BBB' and revised the outlook to stable from negative. S&P attributed the action to its expectation that the Bank's future profitability will be more closely aligned with peers and has removed the one-notch uplift that had previously reflected the Bank's earnings outperformance against peers.

The move to a stable outlook reflects S&P's expectation that Kommunalkredit will continue to reduce non-performing loans toward approximately 3.5% of the portfolio by 2028, while restoring profitability and maintaining strong capital ratios.

The Bank's elevated NPL levels have been previously driven by exposures in the fibre sector, which has faced broader challenges. S&P acknowledged the Bank's faster-than-anticipated NPL reduction, strong capitalization and solid cost efficiency. Its capital and earnings assessment remains unchanged at "very strong", with a risk-adjusted capital ratio of 17.5%–18.5% forecast through 2028, well above S&P's 15% threshold. Assessments of Kommunalkredit's risk position, funding and liquidity also remain unchanged. The Bank reported a Tier 1 ratio of 16.9% on a bank standalone basis at mid-year 2026.

Asset quality reduction running ahead of plan

Kommunalkredit's management has implemented a comprehensive plan to reduce stressed assets through active portfolio management. The measures include restructurings, intensive management of individual exposures and selected asset sales, with the objective of sustainably improving the Bank's asset-quality profile.

Consequently, Kommunalkredit has further reduced its non-performing loan portfolio. As of August 2026, the gross NPL ratio had improved to 5.9% from 6.8%, while the net NPL ratio declined to 5.1% from 6.0%. Both ratios are already below the Bank's year-end guidance, confirming that the reduction in NPLs is progressing faster than anticipated.

Record origination and continued strong margins

Kommunalkredit's specialized positioning in infrastructure and energy, combining deep sector expertise with tailored financing solutions for complex transactions, supports attractive risk-adjusted returns. Demand across its target markets remains strong, with a robust transaction pipeline.

In H1 2026, Kommunalkredit achieved record first-half origination of more than EUR 1.0 billion (EUR 1.1 billion including Public Finance), up approximately 60% year-on-year, across a record 27 transactions (+50%). The Bank continued to achieve strong margins in its new business portfolio.

Operating efficiency has also improved significantly, with the Bank's cost-income ratio (CIR) expected to be around 43% in 2026, reflecting continued cost discipline.

Increasingly diversified earnings base

The Bank's earnings base continues to broaden beyond traditional lending, with Structured Export Finance (SEF), ECA-related business and Advisory making a growing contribution to profitability. Additional initiatives, including Project Development and Asset Management, are expected to further support earnings growth and diversification over time.

Jacques Ripoll, Chief Executive Officer of Kommunalkredit, said:

"We deliberately accelerated the de-risking of our portfolio and accepted the associated near-term impact on profitability. NPLs are declining ahead of plan, new business is at record levels, and our capital position remains very strong. Our current profitability reflects these deliberate actions, not where the business is heading."

"Our specialized expertise, strong client demand and robust pipeline allow us to remain selective and focus on transactions offering an appropriate balance of risk and return. At the same time, we are broadening our earnings base and continuing to invest in our people, technology and operational infrastructure."

About Kommunalkredit

Kommunalkredit is a pan-European Infrastructure & Energy bank with a strong presence in Central and Eastern Europe. Active across the core sectors Energy & Environment, Communication & Digitalization, Transport and Social Infrastructure, the bank enables essential infrastructure projects for communities that strengthen European resilience, support sustainable growth, and accelerate the green and industrial transition. The bank specializes in complex mid-market transactions, combining advisory, lending, distribution and investment to deliver financing solutions beyond standard lending approaches. Since 2020, Kommunalkredit has enabled EUR 12.5 billion in new Infrastructure and Energy financing. The bank's majority shareholder is Altor, a European private equity firm focused on innovation and the green transition, with more than EUR 12 billion raised since inception.

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