

Creating a better  
everyday life

# Kommunalkredit Austria AG

Corporate Profile

# Overview of Kommunalkredit

## Investment highlights

KOMMUNAL  
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1 Top EMEA infra funder with tailor made solutions

2 Long-term oriented strategic shareholder commitment

3 Strong mgm't with track record of creating shareholder value

4 Successful transformation of business model and sustained positive track-record of growth with well-contained risk

5 Maintaining sound capitalisation during period of growth

### Business Performance<sup>1</sup>

- H1 2020: around EUR 500m new infrastructure & energy commitments
- Placement volume of EUR 185m
- 61%<sup>1</sup> of gross revenues of the banking business generated by infrastructure and energy financing

### Specialised Infrastructure Bank

- CF-based, asset secured, predictably performing investments
- International team with outstanding industry expertise
- High “hit” ratio due to wide product ability and tapping primary markets | Client base delivering repeat deals
- Strong track record in managing risk and growing business | Attractive risk/reward profile

### Business Model

Segments  
Products  
Regions  
Clients

- Energy & Environment | Transport | Social Infrastructure | Communication & Digitalisation | Natural Resources
- Financial advisory | Senior debt | Junior funding
- Infra debt fund platform “Fidelio KA”
- Europe & selected OECD
- Corporates | Developers | Advisors | Financial investors
- Pensions & insurers | Asset managers | Banks

### Infrastructure Investment

- Sustainable infrastructure & energy will always be relevant
- Demography | Technology | Climate change | Globalisation ...
- Very low default rates
- Recovery rates not correlated with economic cycle
- High investor demand

### Vision

- 50 | 50 | 10 – Operating result | CIR | RoE

### Mission

- Providing sustainable benefits to the community

<sup>1</sup> Results H1 2020 according to IFRS, in EUR m

# Overview of Kommunalcredit (cont'd)

## Performance highlights

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### Profitability Profile

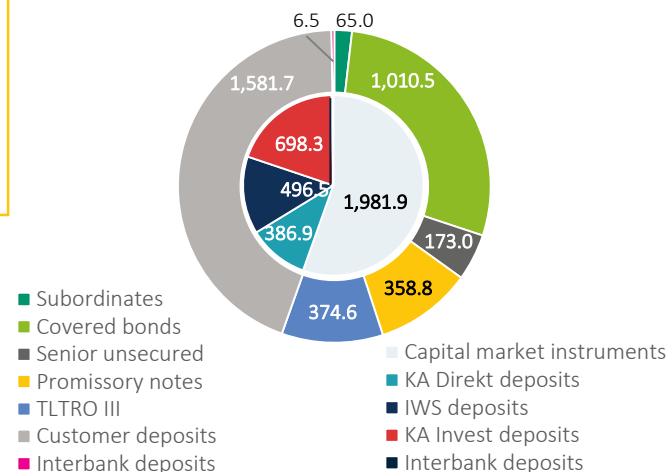
- Infrastructure & energy performance leads to improved profitability
- Attractive return on investment
- H1 2019 EUR 20m capital increase by main shareholders
- No dividend payment in 2020: net profit provisionally retained to strengthen capital

### Risk Profile

- High quality of assets
- 0% NPL ratio
- Portfolio 74% investment grade
- DBRS Morningstar ratings upgrade to BBB / R-2 (high) with stable outlook – contrary to the market trend (October 2020)

Highlights (EUR m)	IFRS				Local GAAP			
	'17	'18	'19	H1 '20	'17	'18	'19	H1 '20
Infra & Energy revenues	13	33	54	32	21	37	59	30
Other banking revenues	35	42	35	15	35	32	26	11
Operating result	8	23	33	19	14	22	27	9
Result after tax	18	14	30	12	19	30	30	11
Cost/Income ratio	88%	70%	63%	60%	83%	67%	63%	71%
RoE pre-tax	3%	14%	10%	10%	8%	13%	11%	7%
<b>Sundry (EUR m or %)</b>	<b>'17</b>	<b>'18</b>	<b>'19</b>	<b>H1 '20</b>				
Equity								
- IFRS	283	295	341	350				
- Local GAAP	245	264	314	325				
CET 1 ratio (local GAAP)	23%	20%	19%	18%				
LCR	445%	454%	765%	526%				
Headcount								
- Bank	206	174	170	179				
- Group	304	274	275	281				

Refinancing Structure in EUR m as of 30/06/2020



# Overview of Kommunalkredit (cont'd)

Vision | Mission | USP

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## Vision

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

## Mission

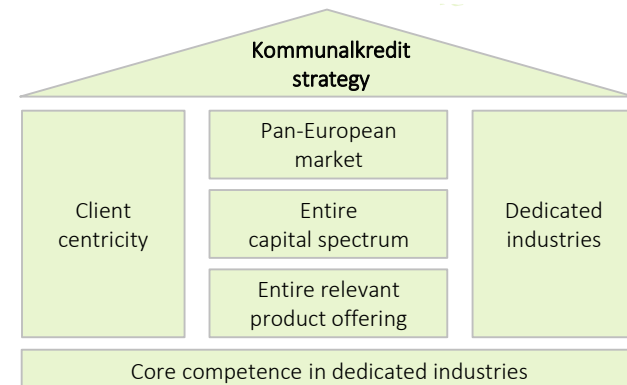
We are always first when it comes to delivering outstanding results with speed & precision. We never stand still. We take “always first” as an obligation to get better every day.

## What sets Kommunalkredit apart?

- Unique combination of in-depth industry expertise and structuring know-how with the financing ability of a bank
- Access to solid captive asset and large investor base
- Strong track record of senior team in managing risk and growing business | Investments into talent and development of management
- Ability to price risk adequately and to deliver on our commitment to the sponsors
- Benefit of an agile bank: nimble, flexible, no silo mentality and eagerness to succeed

## Benefit to the Community

- We help creating a better world by enabling sustainable infrastructure that improves the quality of people’s lives
- Infrastructure investments serve as a powerful tool for answering social needs and fundamentally increasing the general well-being of communities
- We provide tangible benefit to the community:  
Economic dynamism | Urban development and renewal | Job creation | Climate change | Social cohesion
- We focus on secure, safe and sustainable yield to our investors
- Kommunalkredit as partner of choice for long term commitment



# Why do we focus on Infrastructure & Energy?

We create value

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We contributed to the education  
of approx.

**1,100 pupils**

Schools



We equipped over  
**14.6m people**  
with high speed communication

Telecoms

We support infrastructure  
development. We financed  
over **480 km of roads**

Roads



We provided environmentally  
friendly traffic solutions for  
**27m passengers** annually

Light rail



We provide  
**7m people**  
with clean water

Water



We created care  
facilities for  
**1,500 patients**

Hospitals



We provided accommodation for  
**8,300 elderly &  
disabled people**

Care homes



We provide renewable  
power to almost  
**2.7m homes** annually

Wind/PV/WtE/Hydro&Therm

We contribute to the  
avoidance of **2.4m tonnes**  
of waste to landfill annually

Waste to energy



We expanded the electric vehicle  
charging network:  
**10,400 charging points**

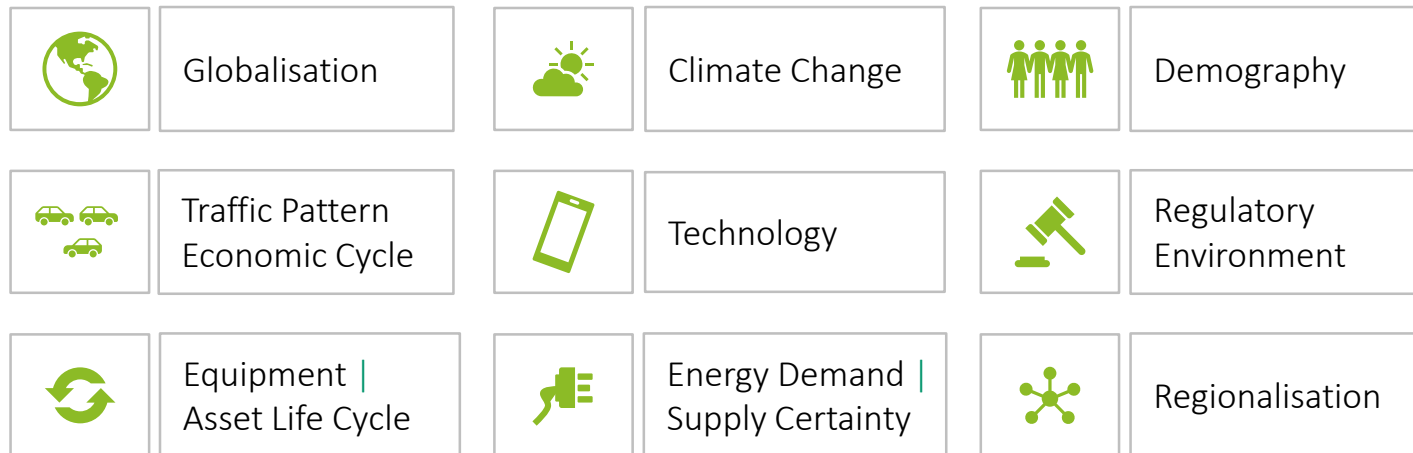
EV Charging



# Why do we focus on Infrastructure & Energy? (cont'd)

Infrastructure & energy will always be relevant

## Key Infrastructure & Energy Drivers



# Why do we focus on Infrastructure & Energy? (cont'd)

Infrastructure & energy is resilient to different economic cycles<sup>1</sup>

„1930“

„Japan“

„Yes we  
Keynes“

„Argentina“

	Comments	Depression	Deflation	Reflation	(Hyper-) Inflation
Equities	<ul style="list-style-type: none"> <li>Valuation not extremely cheap</li> </ul>	●	●	●	●
Long-dated govies	<ul style="list-style-type: none"> <li>Deflation priced in and supply issue</li> </ul>	●	●	●	●
Short-dated govies	<ul style="list-style-type: none"> <li>Reinvestment risk</li> </ul>	●	●	●	●
Inflation linked	<ul style="list-style-type: none"> <li>Little inflation priced in</li> </ul>	●	●	●	●
High grade credit	<ul style="list-style-type: none"> <li>Extraordinary high defaults priced in premiums</li> </ul>	●	●	●	●
Private equity	<ul style="list-style-type: none"> <li>Operational control</li> </ul>	●	●	●	●
Infrastructure	<ul style="list-style-type: none"> <li><b>Case by case</b></li> </ul>	●	●	●	●
Real estate	<ul style="list-style-type: none"> <li>Indexed income, vacancy risk</li> </ul>	●	●	●	●
Natural resources & commodities ex-gold	<ul style="list-style-type: none"> <li>Cyclical weakness in demand</li> <li>Emerging markets growth story</li> </ul>	●	●	●	●
Gold & gold mines	<ul style="list-style-type: none"> <li>Impact of central banks' gold reserves</li> </ul>	●	●	●	●
Cash	<ul style="list-style-type: none"> <li>Providing flexibility</li> </ul>	●	●	●	●

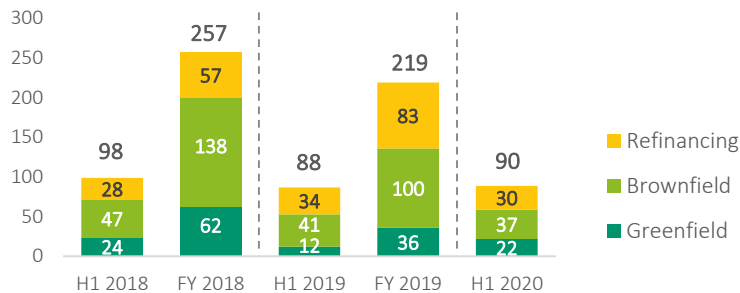
<sup>1</sup> Allianz SE

# Why do we focus on Infrastructure & Energy? (cont'd)

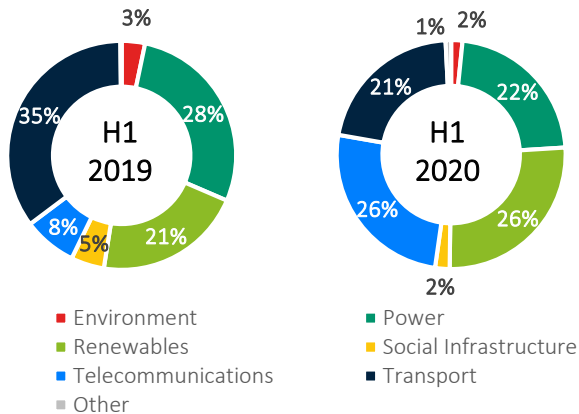
European infrastructure & energy market

## European Infrastructure & Energy Market H1 2020<sup>1</sup>

### Financing Type



### Sectoral Distribution

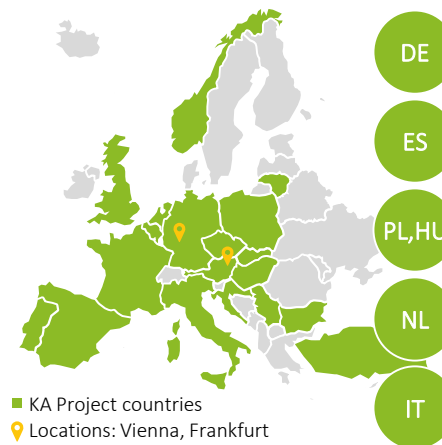


## Economic Environment

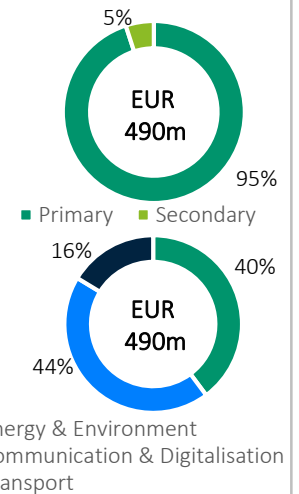
- Demand for sustainable and intact infrastructure & energy in Europe will remain high following COVID-19 crisis
- Increased relevance of e. g. digital, social and energy infrastructure
- Limited financial latitude of the public sector
- Institutional investors are looking for alternative investment opportunities due to low return environment and regulatory requirements (Solvency II)

## Kommunalkredit's Infrastructure & Energy (I&E) Business

### Top H1 2020 countries



### H1 2020 I&E Business



<sup>1</sup> Source: Inframation & Sparksread – An Acuris Company, 30/06/2020



## Awards



Best ESG Infrastructure Finance Europe 2020

Kommunalkredit Austria



Most Sustainable Infrastructure Project Partner Central Europe 2019

Kommunalkredit Austria

## Ratings



Very Positive (A) – 60.05%

Bond Performance  
Public Sector Covered Bonds



Positive (BB) – 84.02%  
8<sup>th</sup> (out of 41) in “bank type”  
29<sup>th</sup> (out of 121) in “region”

Sustainability Rating (Issuer)

## ESG Framework

- First EMAS<sup>1</sup> certified bank in Austria (since 1997)
- Profound ESG check as integrative part of credit approval process
- Annual certified sustainability report (since 2012)
- Dedicated “ESG Policy” currently being implemented
- First social covered bond issue (ICMA/Sustainalytics) in Austria (2017)
- First Austrian financial institution to join the „European Clean Hydrogen Alliance“
- KOMMUNALKREDIT DIREKT / Invest offering municipalities and retail customers deposit investments to finance ESG eligible assets

## Sustainable Development Goals



We feel bound by the UN’s 2030 Agenda and the 17 Sustainable Development Goals (SDGs). We have implemented them into our corporate culture and are already contributing to 12 goals.

<sup>1</sup> EMAS: Eco-Management and Audit Scheme of European Union

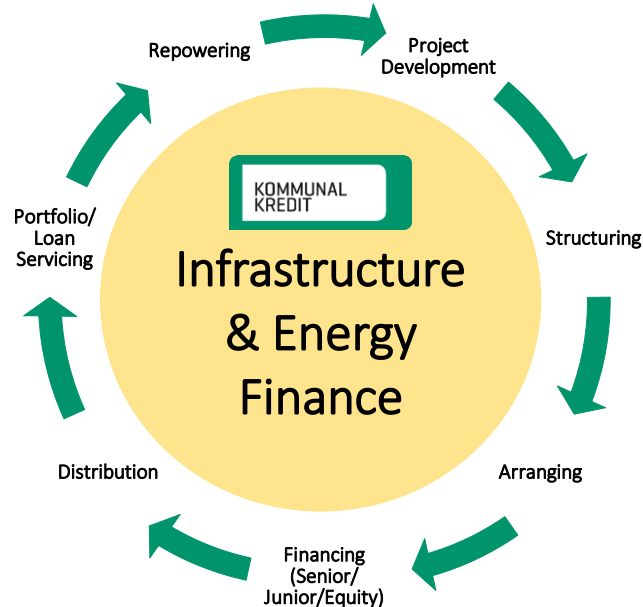
# Clear Vision. Concise Mission.

Building an ecosystem around infrastructure & energy

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Covering and tapping the full life cycle

Platform approach with strong added value



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KREDIT

FIDELIO KA  
Infrastructure Debt Fund

KOMMUNAL  
KREDIT INVEST

KOMMUNAL  
KREDIT DIREKT

KOMMUNAL  
KREDIT  
PUBLIC CONSULTING

- Using bank capabilities to structure, arrange, finance and distribute infrastructure & energy assets
- Fidelio KA allows institutional investors to get infrastructure & energy exposure via fund vehicle | 1<sup>st</sup> fund closed in early 2020
- Online retail deposit platform as attractive non-cyclical source of funding
- Online deposit platform for municipalities | Strong historical connection to target group
- KPC: Technical experts for national and international climate projects

# Fidelio KA Debt Platform (“Fidelio”)

First fund closed, largely invested, sequel funds to be launched in H2 2020

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## Value Proposition

- **Direct access to** attractively priced **asset pipeline** originated & structured by KA
- **Fast and transparent conversion** of subscribed capital into yielding investments
- **Alignment of interest** via KA Co-investments
- Stringent & regulated investment process, **risk & portfolio mgmt.** incl. a **Solvency II compliant** reporting & valuation process
- **Experienced international team** with outstanding industry expertise and track record

## Fund Strategy

*“Fidelio KA Infrastructure seeks to provide institutional investors with steady, long-term yield from a portfolio of **private infrastructure and energy debt** investments.*

*The reason for success of Fidelio is its exclusive **symbiosis with KA**, managed and administered by an expert independent Alternative Investment Fund Manager (AIFM) in Luxembourg.”*

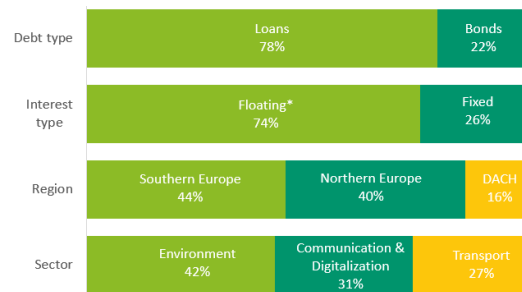
## News

- Sub-fund I closed in Q1/2020
- Five projects invested in Q2&Q3/2020
- Sub-fund I to be fully invested by H2/2020
- **Sequel fund concepts** under Luxembourg RAIF in the planning, e.g.:
  - **Senior debt fund II** | EUR ~350m+ | pre-marketing in H2/2020
  - **High Yield** | EUR ~150m | in preparation

## Why invest in this Strategy?

- **Stable returns** in all-time low interest rate environment (floored interest rate risk)
- Low observed correlations with other asset classes with **low volatility** compared to e. g. private equity
- Infrastructure loss history far below corporate history (Moody’s study: “Default and Recovery Rates for Project Finance Bank Loans, 1983-2018”)
- Fared well during Covid-19 crisis

## Current Portfolio (as per 30 Sep 2020)



\* Interest rate floors are established in most projects

## Sub-Fund I (ISIN: LU 1848860901; CLOSED)

<b>Fund Volume</b>	EUR 354m
Currency	EUR
Countries	Europe, OECD only
Fund type	LUX RAIF-SCA
Duration	10 years + ext. option
Yield target	Average yield ≈ 3%
# of Investors	6 institutionals
Portfolio rating*	Investment grade (BBB-)

\* Indicative initial internal rating, for information purposes only; based on S&P methodology

# Executive Board

Significant expansion experience

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**Bernd Fislage**  
CEO

Bernd Fislage has extensive international experience in capital-market, institutional and bank financing of i. a. infrastructure, energy and transport projects. His career in banking includes leading regional and global management positions with Deutsche Bank.

Most recently, he was responsible for Deutsche Bank's global asset finance and structured finance business (ABS, CRE, illiquid trading) in Germany, Austria and Switzerland. Previously, Bernd Fislage worked for NatWest Markets and BHF Bank. He is a graduate of the Technical University of Darmstadt.

Bernd Fislage has been a member of the Executive Board of Kommunalkredit Austria AG since February 2017 and Chief Executive Officer since September 2018.



**Jochen Lucht**  
CFO, COO

Jochen Lucht brings considerable experience in the international banking business in the areas of finance/accounting, banking operations and HR. Until recently, he was a member of the Executive Board at Hauck & Aufhäuser in Frankfurt, where he was responsible for these divisions.

Previously, he also held top management positions at BHF Bank, Fidelity International, ING Investment Management and Frankfurt-Trust Investment-Gesellschaft.

Jochen Lucht has been a member of the Executive Board of Kommunalkredit Austria AG since July 2018.



**Sebastian Firlinger**  
CRO

Sebastian Firlinger has held various management positions in the financial industry in the D.A.CH. region for over fifteen years. He has extensive experience in the areas of credit risk management, risk controlling and finance. Most recently, he was also a member of the Executive Board at Südwestbank with these responsibilities.




























Previously Sebastian Firlinger worked for BAWAG P.S.K. and Hypo Alpe-Adria Bank. He is a graduate of the Vienna University of Economics and Business Administration and holds a PhD in Management Sciences from the Vienna University of Technology.

Sebastian Firlinger has been a member of the Executive Board of Kommunalkredit Austria AG since January 2021.

# Credentials

## Selected reference projects

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 <b>Alizarsun Solar PV</b>  <b>EUR 37m</b>  Project Finance Sole MLA, Senior & Mezzanine 2020 Spain	 <b>Medipass Social Infra</b>  <b>EUR 122.5m</b>  Project Finance MLA, Senior Lender  2020 Italy	 <b>Trinity Broadband</b>  <b>GBP 525m</b>  Project Finance Lead Arranger, Senior Lender 2020 UK	 <b>Global Tech One Offshore Wind</b>  <b>EUR 520m</b>  Project Finance MLA, Senior Lender  2020 Germany	 <b>Viveracqua Water Utility</b>  <b>EUR 248m</b>  Medium Term Note Sole Underwriter  2020 Italy	 <b>Solara4 Solar PV</b>  <b>EUR 72.5m</b>  Project Finance MLA, Senior Lender  2020 Portugal	 <b>A 49 Road</b>  <b>EUR 613.5m</b>  PPP Financial Advisor  2020 Germany	 <b>STEAG Waste to Energy</b>  <b>EUR 20m</b>  Project Finance Arranger, Lender  2020 Germany	 <b>Green Source Solar PV</b>  <b>EUR 66m</b>  Project Finance MLA, Senior Lender  2020 Hungary
 <b>Reconnect Broadband</b>  Project Finance MLA, Majority Lender  2020 Germany	 <b>Intertoll Transport</b>  <b>EUR 80 m</b>  Acquisition Finance MLA, Sole Underwriter  2020 Poland & Hungary	 <b>Manzanares Solar PV</b>  Project Finance Participant  2020 Spain	 <b>Eurofiber Telecom</b>  <b>EUR 850m</b>  Corporate Finance Senior Lender  2020 The Netherlands	 <b>Dt. Glasfaser Broadband</b>  <b>EUR 1.8bn</b>  Project Finance MLA, Senior Lender  2020 Germany	 <b>Adamo Broadband</b>  <b>EUR 250m</b>  Project Finance MLA, Global Coordinator  2020 Spain	 <b>Hampstead CCGT</b>  <b>EUR 194.3m</b>  Project Finance MLA, Senior Lender  2020 The Netherlands	 <b>Eclipse Solar PV</b>  <b>EUR 56.3m</b>  Project Finance MLA, Sole Underwriter  2020 CZ & SK	 <b>ARK Data Centre</b>  <b>GBP 450m</b>  Project Finance Lead Arranger  2019 UK
 <b>RPI Renewables</b>  <b>EUR 74m</b>  Project Finance MLA, Senior Lender  2019 Spain & Portugal	 <b>Allego EV CPO</b>  <b>EUR 120m</b>  Project Finance MLA, Senior Lender  2019 The Netherlands	 <b>Solaer PV</b>  <b>EUR 69.5m</b>  Project Finance & Corporate Finance Sole MLA 2019 Israel	 <b>Curry Industry</b>  <b>EUR 1.1bn</b>  Acquisition Finance MLA, Senior Lender  2019 Germany	 <b>Bonete Solar PV</b>  <b>EUR 81.5m</b>  Project Finance MLA, Senior Lender  2019 Spain	 <b>CSE Group Biomass</b>  <b>EUR 60m</b>  Project Finance MLA, Senior Lender  2019 Spain	 <b>Jackson Wind Onshore</b>  <b>EUR 70m<sup>1</sup></b>  Project Finance MLA, Senior Lender  2019 Portugal	 <b>Galaxy &amp; Neutral Data Centre</b>  <b>EUR 65m<sup>1</sup></b>  Project Finance MLA, Senior Lender  2019 The Netherlands	 <b>Brebemi Road</b>  <b>EUR 1.8bn</b>  Project Finance Bookrunner  2019 Italy

<sup>1</sup> Kommunalcredit's ticket

# Awards

Confirming the right track

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