



# REDEFINING INFRASTRUCTURE

Half Year Financial Report 2022  
Kommunalkredit Group

KOMMUNAL  
KREDIT

# Kommunalkredit at a glance.

SELECTED PERFORMANCE INDICATORS in EUR m or %	IFRS				Austrian GAAP			
	H1 2019	H1 2020	H1 2021	H1 2022	H1 2019	H1 2020	H1 2021	H1 2022
EBIT	15.2	19.0	22.8	39.5	11.2	9.4	18.8	33.0
Profit for the period before tax	12.1	16.4	26.0	52.1	13.7	10.5	20.3	53.0
Profit for the period after tax	11.3	12.0	18.6	39.1	14.6	11.3	20.0	45.6
Cost/income ratio*	67.0%	59.8%	56.2%	47.2%	69.1%	71.2%	55.9%	46.1%
Return on equity before tax	9.1%	10.4%	15.1%	29.7%	10.3%	6.7%	11.8%	30.2%
Tier 1 ratio	n. a.	n. a.	n. a.	n. a.	17.5%	18.4%	21.7%	17.3%

\* Bank stand-alone cost/income ratio: according to IFRS 41.4%

## Awards 2022

**Best Sustainable Infrastructure Investment Company** (International Investor)  
**Most Sustainable Infrastructure Project Partner Central Europe** (Business Vision)  
**Highest reputation as a sustainable company** (Kurier)



# 41.4%

Bank stand-alone cost/income ratio

## PeakSun

Joint venture with eww for rooftop photovoltaic systems

## Focus on Europe

# 13

transactions in the first half of 2022

# 26

nationalities as a sign of diversity with over 300 employees

## UN Global Compact

Member of the sustainability initiative

Contribution to

# 14



Sustainable Development Goals

## Leading role

First Austrian financial institution in the European Clean Hydrogen Alliance



# H<sub>2</sub>

**Green hydrogen**

Investment in the construction of Austria's largest electrolysis plant with OMV



## Think Tank

Green Energy Transition



EUR **52.1m**

Profit for the period before taxes

**+ 100%**

**BBB+**



Average rating of  
premium-grade portfolio

**0.0%**

Non-performing loan ratio  
since privatisation in 2015

**BBB- | BBB** (Senior)

Investment grade ratings

S&P, Fitch | DBRS

EUR **250m**

Covered bond successfully placed



EUR **39.5m**

EBIT **+ 73%**

**A+**

Covered bond rating from S&P

## Clear vision. Concise mission.

What is our goal?	How will we achieve our goal?	How do we improve in terms of our core business?	What do we do to achieve this?	Why is this attractive to our shareholders?
<b>Partner of choice for infrastructure investments:</b> <ul style="list-style-type: none"> <li>Driving innovation and energy transition forward</li> <li>Applying our financing expertise as a link between sustainability &amp; profitability</li> <li>Moving the market environment towards a greater contribution to ESG/SDG</li> </ul>	<b>Concentration on our core business:</b> <ul style="list-style-type: none"> <li>Consistent customer focus</li> <li>Operational efficiency</li> <li>Future-oriented investments</li> <li>Unlock complementary revenue streams</li> <li>Stronger focus on national and international climate targets</li> </ul>	<b>Looking forward and acting decisively:</b> <ul style="list-style-type: none"> <li>Expanding the strong commission business</li> <li>Growing the product range and market presence</li> <li>Combination of bank balance sheet and asset management platform</li> <li>Targeted expansion of project development activities</li> </ul>	<b>Improve our market position:</b> <ul style="list-style-type: none"> <li>Continue to strengthen our capital base</li> <li>Divert capital flows to sustainable/green infrastructure projects</li> <li>Drive digitalisation forward</li> <li>Support and integrate the best talent</li> <li>Increase underwriting capacity</li> </ul>	<b>Create value:</b> <ul style="list-style-type: none"> <li>Tick all relevant valuation drivers</li> <li>High-velocity, low-risk balance sheet</li> <li>Continuous CAGR* outperformance (Loans   Revenues   Results)</li> <li>Double-digit return on equity</li> <li>Excellent dividend yield and attractive distribution rate</li> </ul>

\* CAGR = Compound Annual Growth Rate





**Who we are.**

# REDEFINING INFRASTRUCTURE.

Driving Innovation. With Speed and Precision.

**Half Year Financial Report 2022**  
**Kommunalkredit Group**

KOMMUNALKREDIT. Nothing else.

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# VISION. MISSION. ALWAYS FIRST.

We enable infrastructure. We help to create a better world by enabling the development of sustainable infrastructure that improves the quality of people's lives. Not just for ourselves, but also for the coming generations.



08	Infrastructure is our future
09	Infrastructure specialist
10	Our business model
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ALWAYS ESSENTIAL.

# Infrastructure is our future

Infrastructure is, by its very nature, essential to the efficient functioning of society. Its quality has a significant impact on economic growth at local, regional, national and global levels. Megatrends such as digitalisation, decarbonisation and sustainable investment for an ever-ageing population as well as additional challenges – caused by the health crisis that has now lasted two years and the need for a change in climate policy – increase the demand for infrastructure.

## Infrastructure is attractive.

Infrastructure investments are proving increasingly popular. They represent alternative investment options. They have become a separate, attractive asset class with stable rates of return.

## Infrastructure is essential.

Efficient and high-quality infrastructure has a key influence on economic growth. It is absolutely crucial for social and economic wealth and sustainably increases a society's quality of life.



## Infrastructure is crisis-proof.

Infrastructure and energy financing prove stable with recovery rates that are largely independent of economic trends and a low default risk. The focus is increasingly on telecommunications and renewable energies.

## Infrastructure is sustainable.

Climate change increases the need for sustainable energy solutions. Infrastructure relating to utilities, transport and social facilities must be modernised and implemented in order to offer adequate living conditions and prevent any crises.



**ALWAYS COMMITTED.**

# Infrastructure specialist

**Infrastructure investments are a powerful tool for responding to social and environmental needs as well as fundamentally increasing the general well-being of communities. Infrastructure bolsters economic power, encourages urban development, gives regions a new lease of life, creates jobs, supports social cohesion and is an indispensable part of the fight against climate change. In particular, in challenging times, the relevance of high-performance infrastructure is even more noticeable.**

As a specialist for infrastructure and energy financing Kommunalkredit is a strong, agile partner for businesses, innovators and the public sector when it comes to implementing economically sustainable projects in a profitable manner.

## **Our aim**

We want to establish ourselves as a leading name in the European infrastructure market in the long term.

## **Our mission**

We are a small and agile institution focusing on the implementation of sustainable financing and subsidy solutions – not only with a stable anchor in our domestic market, Austria, but also as a powerful player throughout Europe. Working in partnership with our customers, we create value that sustainably improves people's lives.

## **Our goal**

We use our business model to continuously improve the standard of living in society. At the same time, we generate attractive and sustainable returns for our investors in the long run.

The positive feedback from our business partners, customers, competitors and industry media serves as confirmation to us that we are on the right track with our focus on infrastructure and energy financing and public finance.



**MOST SUSTAINABLE  
INFRASTRUCTURE PROJECT PARTNER  
CENTRAL EUROPE**

ALWAYS SUCCESS-DRIVEN.

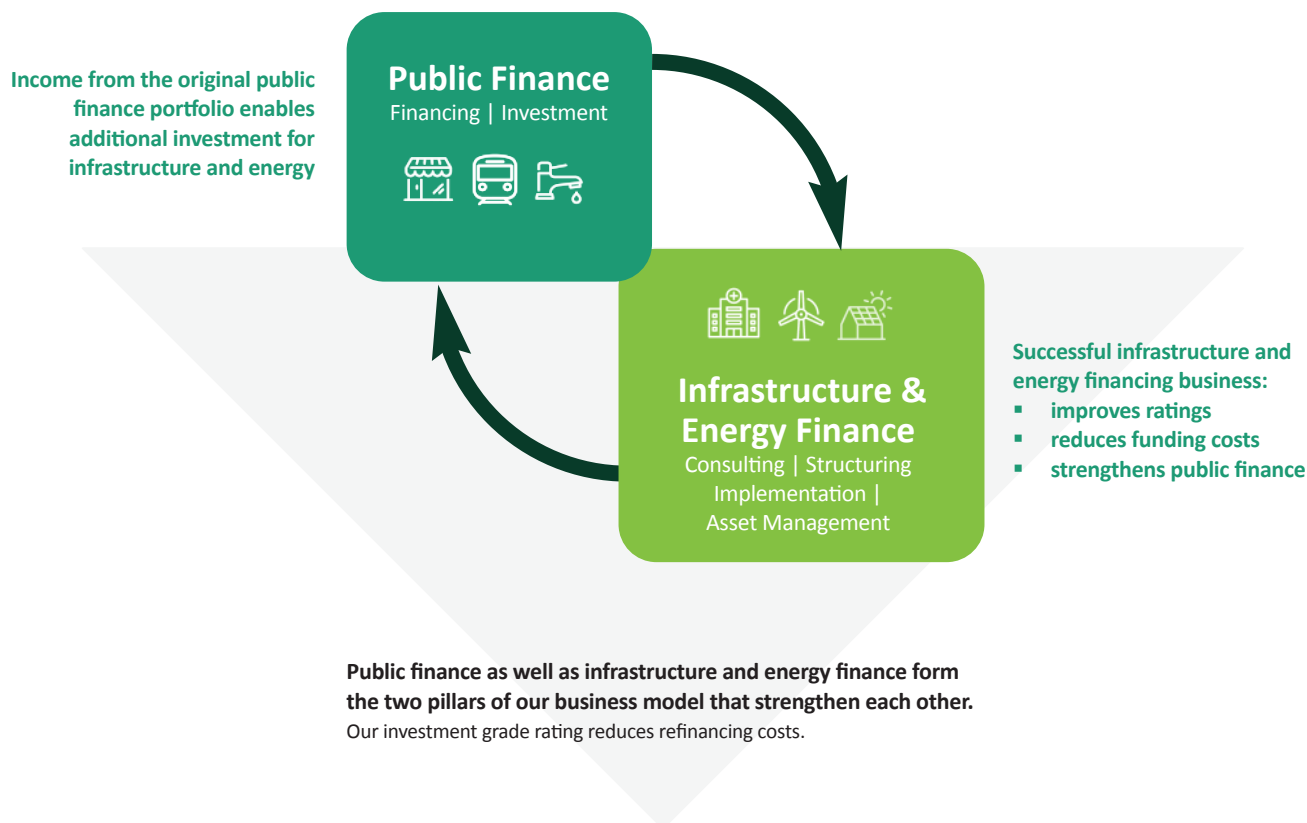
# Our business model

**Kommunalkredit's business model is associated with an attractive risk/reward profile due to its well-defined form. The bank is a partner for both corporate and financial sponsors active in the construction, acquisition and/or operation of infrastructure and energy projects, and is on hand to assist the public sector when it comes to providing advice and financing investments in the field of public finance.**

## Our focus

We help to tackle key challenges such as economic growth, regional development, job creation, social cohesion and climate protection. We enable the implementation and operation of infrastructure assets by matching the financing needs of project sponsors and developers with the growing number of investors seeking sustainable **investment opportunities** (such as insurance companies, pension funds and asset managers). We have strong relationships with international clients and investors as well as local authorities.

We offer customised **finance solutions** across the whole capital structure – from providing debt and subordinated capital, mezzanine or bridge financing to equity funding. We provide an extensive range of products, from public finance to a wide variety of financing types in the infrastructure and energy sectors such as financial advisory, corporate finance, acquisition & leverage finance, export financing and project financing, as well as asset management through our Fidelio KA Infrastructure Debt platform and equity financing for project development through our Florestan KA GmbH.



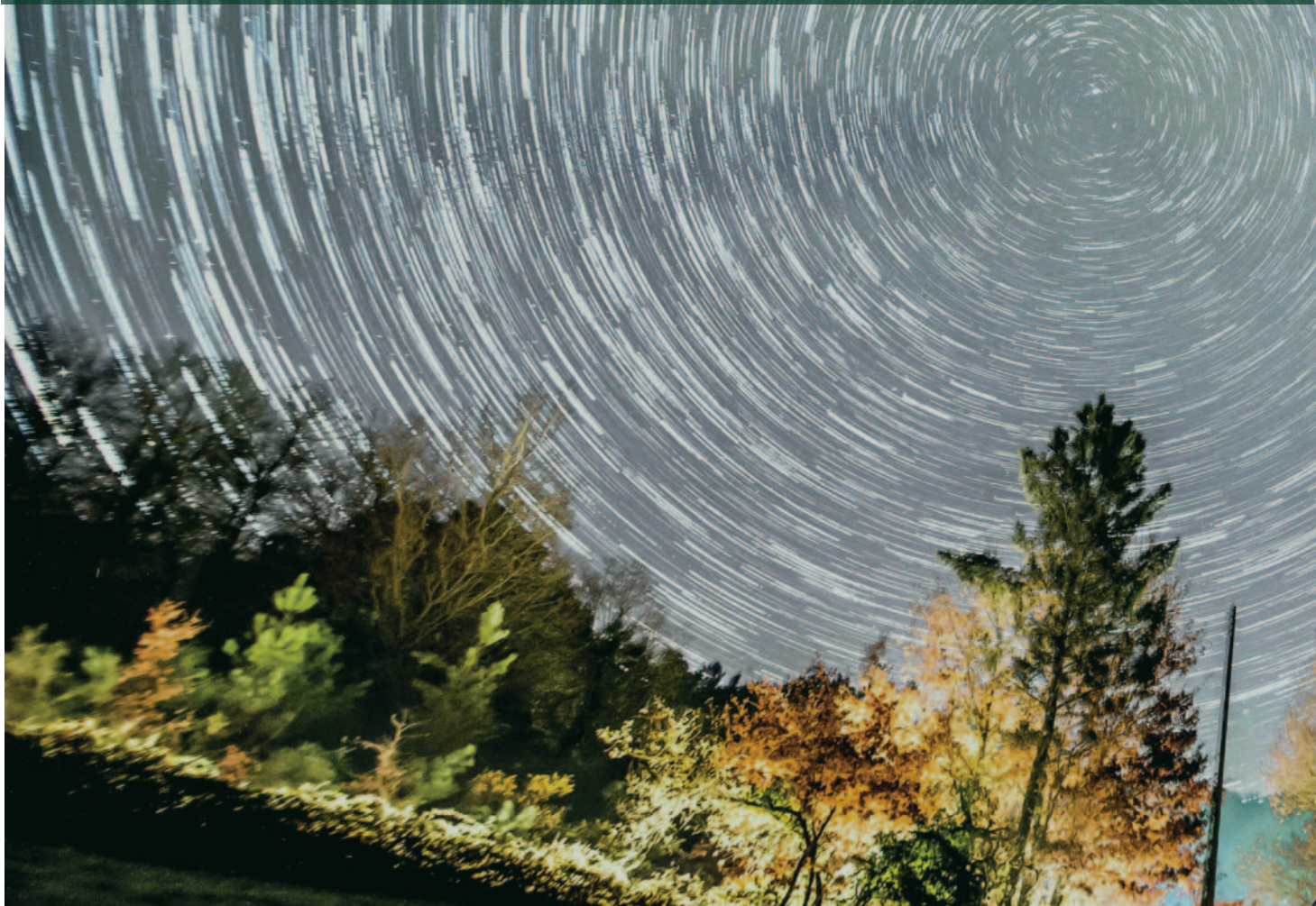






### What sets us apart from our competitors

- Our unique combination of in-depth industry expertise and structuring know-how combined with the financing capabilities of a bank.
- Our broad network of customers and investors.
- The strong track record of our senior team in managing growth and risk when it comes to expanding business.
- Our expertise in assessing risk appropriately and providing our customers with competent advice.
- Our expertise in turning economically sustainable projects into a profitable reality.
- Our investments in the development of our employees.
- The benefits of an agile bank: nimble, flexible, solution-driven and goal-oriented.

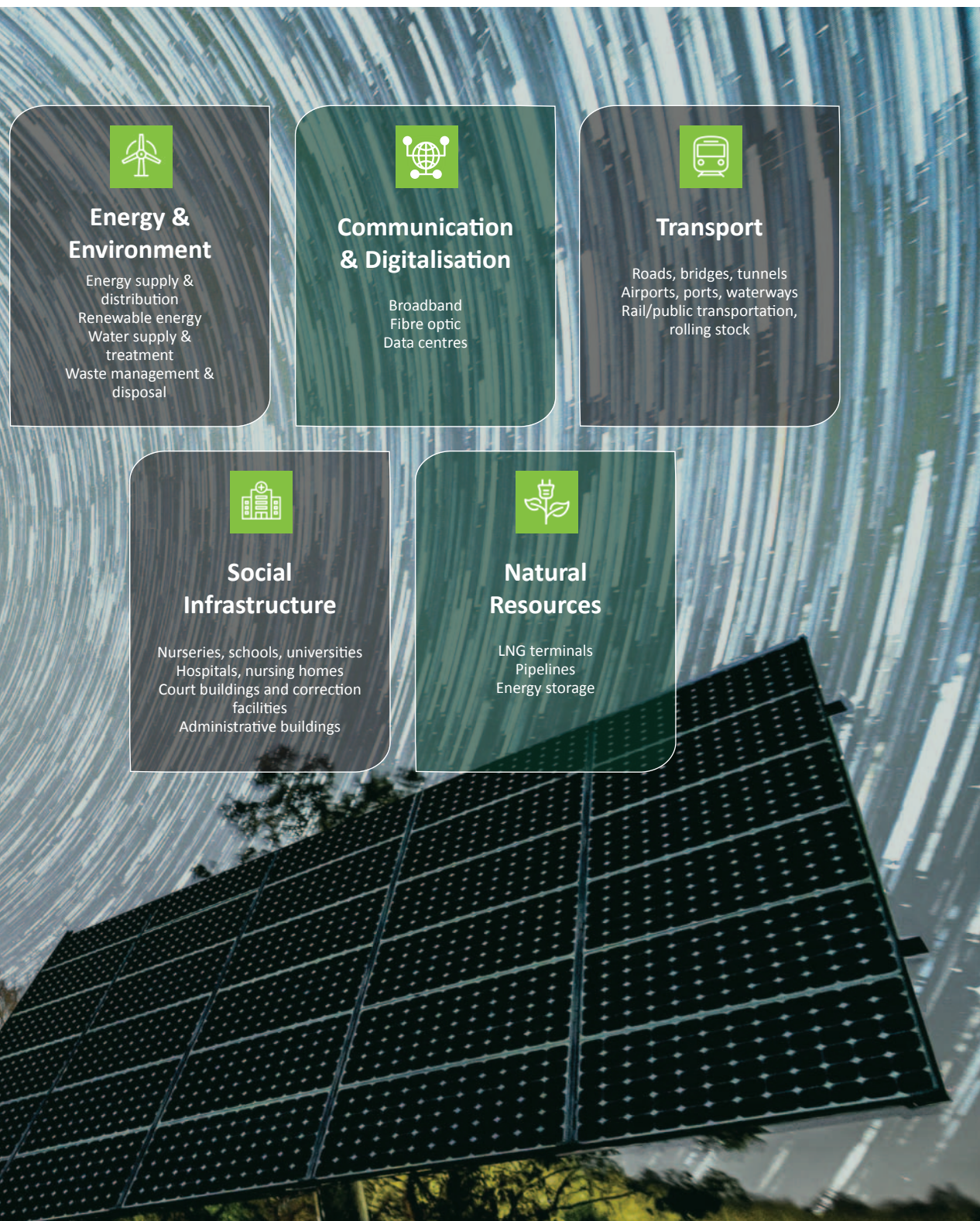




## Our sectors

We enable the development of new technologies (green hydrogen, energy storage), finance utilities, solar and wind parks, contribute to the technical infrastructure for connectivity

and e-mobility, support the modernisation of care and educational institutions.



# Our markets

Whether it's supplying sustainable energy, high-speed broadband connections, vital transport routes or steps for climate change ... infrastructure knows no bounds. Successful projects in our core markets provide the foundation for our dedicated approach in the European infrastructure and energy market. We mainly operate in the member states and associated countries of the European Union.



Energy & Environment



Communication & Digitalisation



Transport



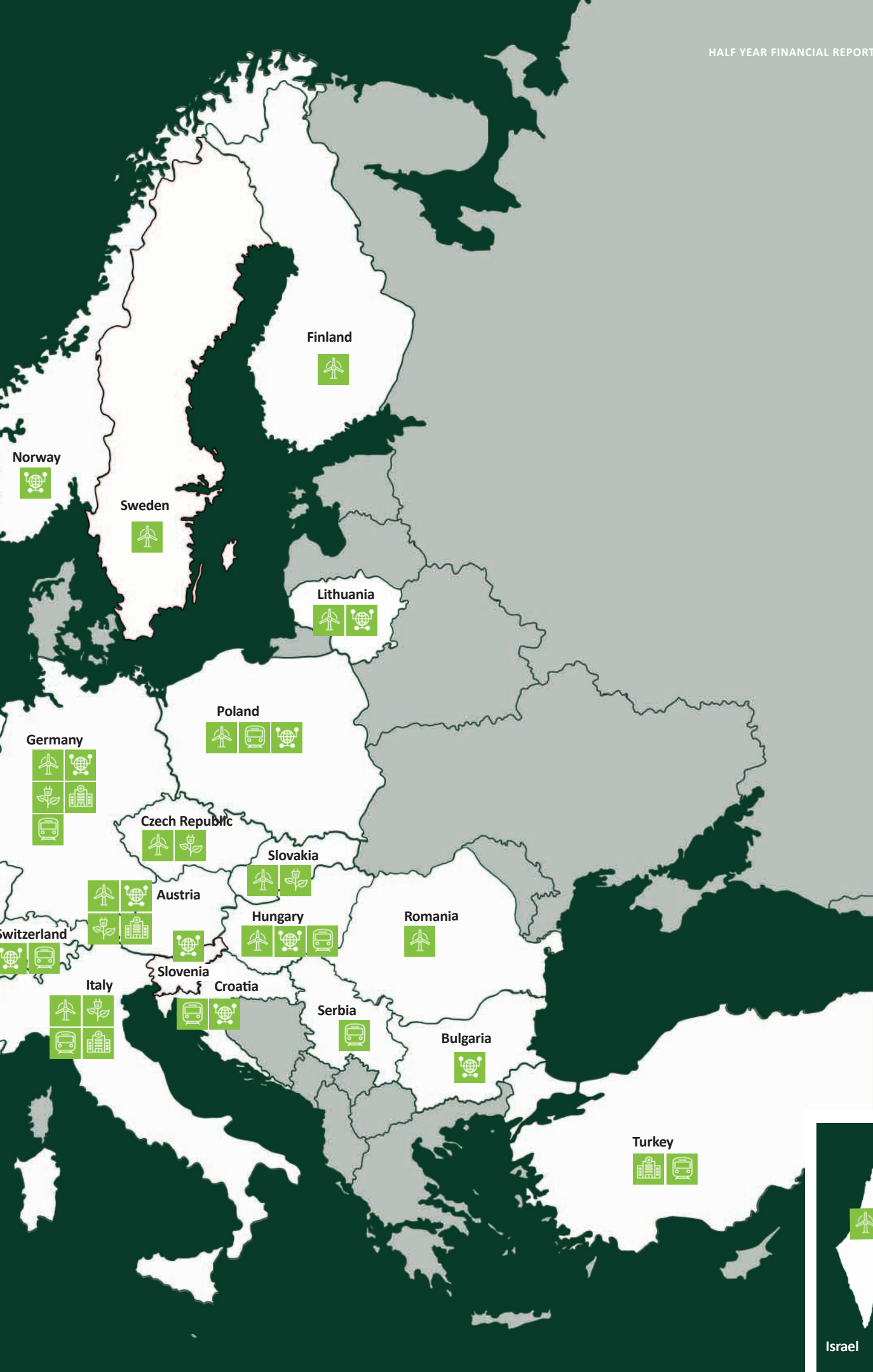
Social Infrastructure



Natural Resources







Israel

**ALWAYS AMBITIOUS.**

# Our objective – Redefining infrastructure

In 2018 Kommunalkredit started a strategy programme with clear and ambitious objectives. 50 | 50 | 10 – EUR 50m EBIT, 50% cost/income ratio, 10% return on equity – until the end of 2022. Faithful to our motto: “Always first when it comes to delivering outstanding results with speed and precision”, we have exceeded these targets one year ahead of time.

We are therefore setting new milestones: we continue to lead positive impulses in the infrastructure and energy market. Sustainable and profitable.

## 1 What is our goal?

Partner of choice for infrastructure investments:

- Driving innovation and energy transition forward
- Applying our financing expertise as a link between sustainability and profitability
- Moving the market environment towards a greater contribution to ESG/SDG

## 2 How will we achieve our goal?

Concentration on our core business:

- Consistent customer focus
- Operational efficiency
- Future-oriented investments
- Unlock complementary revenue streams
- Stronger focus on national and international climate targets

## 3 How do we improve in terms of our core business?

Looking forward and acting decisively:

- Growing the strong commission business
- Expanding the product range and market presence
- Combination of bank balance sheet and asset management platform
- Targeted expansion of project development activities

## 4 What do we do to achieve this?

Improve our market position:

- Continue to strengthen our capital base
- Divert capital flows to sustainable/green infrastructure projects
- Drive digitalisation forward
- Support and integrate the best talent
- Increase underwriting capacity

## 5 Why is this attractive to our shareholders?

Create value:

- Tick all relevant valuation drivers
- High-velocity, low-risk balance sheet
- Continuous CAGR\* outperformance:  
Loans | Revenues | Results
- Double-digit return on equity
- Excellent dividend yield and attractive distribution rate

\* CAGR = Compound Annual Growth Rate







ALWAYS SUSTAINABLE.

# Benefit to the community

Kommunalkredit is actively dealing with the global and local trends of modern infrastructure. Sustainable management – i.e. operating responsibly in economic, social and ecological terms – and core ethical values form the basis for the bank. Its focus here is on efficiency and effectiveness in accordance with the ESG (Environment, Social and Governance) and SDG (Sustainable Development Goals) criteria.

One of the biggest **challenges** facing us is climate change. In order to counter the effects, comprehensive investment is required, in particular, for infrastructure and energy. In addition, permanently dealing with sustainable energy solutions, e-mobility, digital communication platforms, and social institutions is one of the bank's strengths. Our business model has a natural approach to detecting and seizing opportunities that arise from the ESG/SDG issue at an early stage. We are focused on sustainable investments and are experts in green finance.

## Sustainability as a key component

We combine the expertise of our bank with the technical know-how of our subsidiary Kommunalkredit Public Consulting (KPC). It develops and implements national and international support programmes in the environmental and energy sector (e.g. "Climate Austria" for the voluntary compensation of CO<sub>2</sub> emissions). KPC

also provides the advisor for the Austrian representative in the Green Climate Fund (GCF) – a fund for projects to reduce greenhouse gas emissions and adapt to climate change in developing countries – and delegates a member of the Austrian negotiating team at the UN Climate Change Conference on behalf of the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK). KPC also contributes to a range of international consulting projects relating to water management, energy and climate financing to develop and implement modern environmental and technological standards.

The path taken is viewed positively by the market. We have regularly received industry awards from renowned infrastructure magazines since 2017 (cfi Capital Finance International | Business Vision). With the "**Sustainability Seal of Approval 2022**" from the Austrian daily newspaper Kurier, the sustainable standing was recently also underlined on the domestic market.

**1992**

First Austrian issuer of an environmental bond

**1997**

Introduction of annual environmental declaration | ISO14001 certification | first Austrian financial services provider with EMAS certification

**2004**

First sustainability report

**2006–2008**

Combined annual and sustainability report

**2008**



Introduction of Climate Austria for voluntary compensation of CO<sub>2</sub> emissions

**2017**

First Austrian issuer of a social covered bond



**2021**

Membership of UN Global Compact sustainability initiative

**2020**

First Austrian bank in the European Clean Hydrogen Alliance



## Sustainability as a global challenge

The “Agenda 2030 for Sustainable Development” by the United Nations comprises a political declaration, 17 Sustainable Development Goals and 169 targets for the period from 2016 to 2030, a package of measures for implementing the goals and a system for evaluating and monitoring the progress made. The Sustainable Development Goals (SDG) set out intentions that allow us to tackle the complex global challenges of our time together and leave behind a world that is worth living in for future generations. They give equal consideration to economic, social and environmental aspects.

Despite additional complications due to the COVID-19 pandemic and the effects of military tensions, **climate change** remains one of the greatest global challenges. This will require extensive investment, particularly in the areas of infrastructure and energy. The financial sector is called upon to play its part in climate protection. The aim is to redirect cash flows towards sustainable investments (green finance). At Kommunalkredit, we are taking on this challenge and seizing opportunities as they arise. We enable sustainable infrastructure projects that improve the quality of life in society.

<sup>1</sup> Contributions of the Federal Ministries to Austria’s implementation of the 2030 Agenda for Sustainable Development, March 2017.

# 1

## Where do we want to go?

The aim is to provide high-quality, dependable, sustainable and resilient infrastructure that accounts in particular for the challenges posed by climate change.

# 2

## What are we doing to this end?

We concentrate on our investment sectors:

- Energy & Environment
- Communication & Digitalisation
- Transport
- Social Infrastructure
- Natural Resources

# 3

## How do we achieve this?

We feel bound by the UN's 2030 Agenda and have integrated it into our corporate culture. For each infrastructure project, we identify how compliant it is with SDG criteria and which direct and indirect effects it will have on the environment and society.

We are currently making contributions to the following goals:

- 1 No poverty
- 2 Zero hunger
- 3 Good health and well-being
- 4 Quality education
- 5 Gender equality
- 6 Clean water and sanitation
- 7 Affordable and clean energy
- 8 Decent work and economic growth
- 9 Industry, innovation and infrastructure
- 10 Reduced inequalities
- 11 Sustainable cities and communities
- 12 Responsible consumption and production
- 13 Climate action
- 14 Life below water
- 15 Life on land
- 16 Peace, justice and strong institutions
- 17 Partnerships for the goals



# Creating a better everyday life

We connect people: in schools and universities, in hospitals and support institutions, in railway stations or on roads. We help to ensure that renewable energies are available to use in as many areas as possible. We create value.

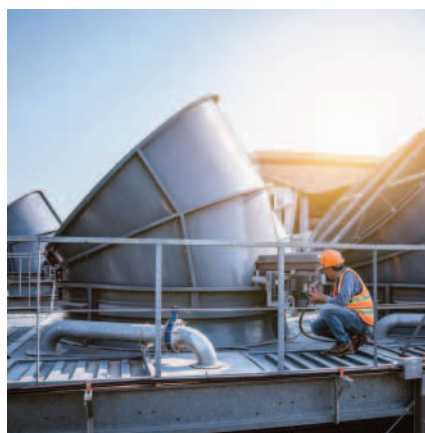
Our services allow us to...



... connect over  
**24.6 million**  
people with  
one another with  
telecommunications  
technology.



... contribute  
to the education  
of around  
**1,100**  
students.



... equip  
**five**  
highrise buildings  
with an efficient  
heating and cooling  
energy system.



... support  
infrastructure  
development,  
financing over  
**640 km**  
of roads.



... develop the  
refuelling  
infrastructure for  
electromobility  
with around  
**28,000**  
charging stations.





... enable transport solutions for  
**27 million**  
passengers  
per year.



... create support institutions for around  
**1,500**  
patients.



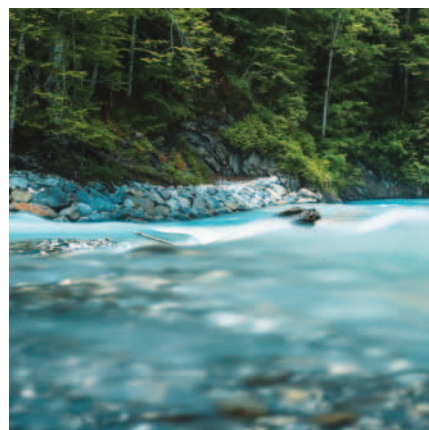
... create accommodation for more than  
**8,900**  
elderly and disabled people.



... enable around  
**4.3 million**  
households to use renewable energy each year.



... contribute to eliminating  
**3.0 million**  
tonnes of waste.



... supply drinking water to  
**9.6 million**  
people.





# MANAGEMENT REPORT ON THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS.

We invest in infrastructure. The financing of infrastructure projects has changed significantly in recent years. Let's seize the opportunity to shape this change for the better.

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## TURNING.POINT.

# Economic environment

**The infrastructure sector continued to be a growth driver in the first half of 2022, notwithstanding the pressures from the Russia-Ukraine conflict, supply chain disruptions or the ongoing COVID-19 pandemic. Rising interest rates, volatile currencies, high inflation rates – numerous question marks. Nevertheless, the market is resilient, companies are achieving strong results and important investments are being made.**

The success of the European market for infrastructure financing last year raised expectations accordingly at the beginning of 2022. The political and military unrest, increasing energy prices and associated inflationary tendencies developed into what are clearly defining issues, even in the highly crisis-resistant infrastructure sector. The first quarter brought a strong increase in inflation with corresponding effects on the interest rate environment, as evidenced by the significantly increased interest swap rates as the basis for fixed binding infrastructure loans. Energy prices, which were already on the rise at the end of the previous year, received a further boost, mainly due to the crisis in Ukraine. At the same time, this situation accelerated the need for even faster expansion of renewable energy projects.

## The European infrastructure market in H1 2022

The European infrastructure investment market grew by more than 67% year-on-year to EUR 137bn<sup>2</sup> in the first half of 2022, bearing in mind that the first half of 2021 was heavily impacted by the COVID-19 pandemic and contributed less than one-third of the total volume of almost EUR 300bn in the record-breaking year of 2021. Despite numerous global challenges, the European market for infrastructure and energy financing is developing positively. This growth is particularly evident in the digital infrastructure (32% of the volume) and renewable energy (19%) sectors, as well as through the comeback of the transport sector (28%).

Kommunalkredit's high level of expertise and steadily growing track record in these defining sectors were also successfully deployed in the first half of 2022. In the **renewable energy** sector, Kommunalkredit was increasingly active for developers and independent power producers (IPPs) in structuring and implementing bridge financing, especially in Northern Europe (on-shore wind) and on the Iberian Peninsula (photovoltaics).

The topic of energy transition, which the bank is actively promoting with its direct investment in Austria's largest electrolysis plant together with OMV, is rapidly coming into focus. Green hydrogen, e-charging stations and battery storage are becoming increasingly relevant. These technologies are fundamental in order to contribute to decarbonisation, to gradually replace fossil raw materials and to ensure the necessary grid stability and capacity.

The need for remote working and distance learning, triggered among other things by the COVID-19 pandemic, called for increased broadband expansion. **Digital infrastructure** also showed high momentum in the first half of the year. Kommunalkredit was active in Germany, France and the CEE region, among others. The expansion – especially in countries with a comparatively low penetration rate such as Austria, Germany, Great Britain – met with particularly high interest and thus corresponding liquidity on the part of banks and institutional investors. Very competitive margins – despite rising inflation – characterised this sector, especially in large transactions such as Open Fiber Italy (EUR 8bn), Deutsche Glasfaser (EUR 6bn) and City Fibre (GBP 4.9bn). The constantly rising data volumes require increased storage capacities via cloud solutions. This is accompanied by an increase in transactions in the data centre segment; Kommunalkredit has realised both "hyperscaler" and "colocation data centre" projects.

Looking at the type of transactions concluded in Europe in the first half of 2022, a noticeable increase in the volume of brownfield/M&A transactions to EUR 75.3bn (H1 2021: EUR 53.6bn) is evident. Investments in infrastructure represent attractive investment opportunities due to their stable recovery rates that are largely independent of economic trends. Increasingly, money is being allocated to this asset class and invested through infrastructure equity funds. The market for refinancing therefore grew to EUR 39.1bn in the first half of 2022 (H1 2021: EUR 23.5bn).

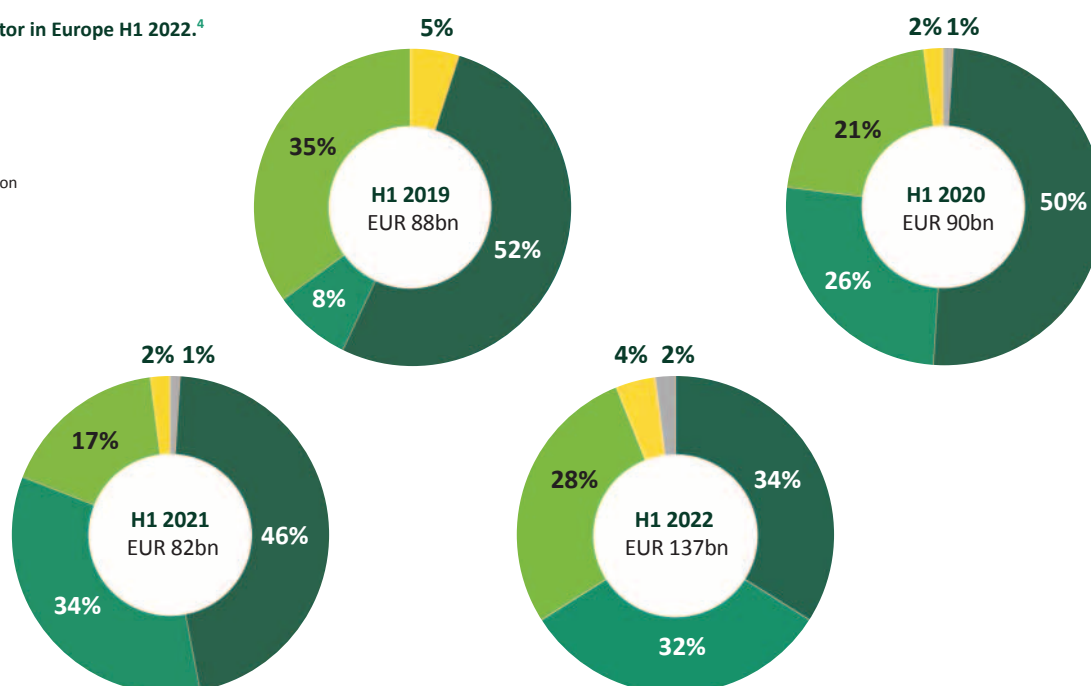
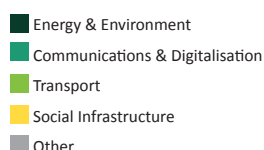
<sup>2</sup> Inframation & SparkSpread database, 2/2022.

<sup>3</sup> Brownfield projects are pre-existing (and often operational) infrastructure assets whose financing is restructured mostly through M&A transactions (mergers & acquisitions).



### Transaction volume by sector in Europe H1 2022.<sup>4</sup>

in %, as of 30/6/2022



## Economic growth shaken but not battered

The rise in the eurozone price level that started in 2021 accelerated further in the first half of 2022. The annual inflation rate in the eurozone rose to 8.8% as of June 2022. The rise in producer prices is even higher than that of consumer prices, which increased by 16%, excluding construction and energy, and, including energy, by 36.3% as of May.

The **European Central Bank (ECB)**<sup>5</sup> reacted late to the high level of inflation. At the beginning of June, it fixed the end of net of securities in the middle of the year and decided to raise key interest rates at its meeting on 21 July. The key and deposit rate will be raised by 0.50% to 0.50% and 0% respectively as of 27 July, thus ending the long period of negative interest rates. However, maturities from the purchase programmes will continue to be reinvested, so that the portfolio of almost EUR 5tn will remain a stabilising factor for the time being.

A reassessment of interest rate expectations was the main driver behind the sharp increases in euro government bond yields and swap rates. The yield on ten-year German government bonds rose by 1.56% from -0.18% to 1.38% in the first half of the year, although the yield in mid-June was significantly higher at 1.77%. The increase was even stronger for Italian government bonds. The yield on ten-year Italian government bonds rose by 2.11% from 1.17% to 3.28%, with an interim high of over 4% on 14 June, which corresponded to a spread of almost 250 basis points to ten-year German government bonds of the same maturity.

The rapid rise in government bond yields, combined with the increase in the interest rate spread between the individual eurozone countries, prompted the ECB to hold an ad hoc meeting on 15 June<sup>6</sup>. Subsequently, the ECB emphasised its intention to strategically use the reinvestment of maturities from the Pandemic Emergency Purchase Programme (PEPP) to counteract a

threatening fragmentation of the euro government bond market and to ensure the transmission of the single monetary policy in the common currency area. The ECB Council approved the Transmission Protection Instrument (TPI) on 21 July, to enable effective fulfilment of its price stability mandate.

The **Federal Reserve Bank (Fed)**<sup>7</sup> is significantly further along in its monetary tightening efforts to combat high inflation than the ECB is. The Fed has stepped up the pace after a first rate hike of 25 basis points in March, raising rates further at its May (by 50 basis points) and June (by 75 basis points) meetings.

While the strong interest rate moves by the Fed and, for instance, the Swiss National Bank, the Swedish central bank and the Bank of England have had the desired effect, the ECB's hesitation has weakened the euro. The ECB's announced interest rate hike, which itself is too low, comes late in the day and fuels discussions about inflation continuing to rise. The resulting currency devaluation of the euro will likely lead to increased investment activities in foreign currencies and regions. This trend poses risks in terms of decarbonisation, energy transition and the goals of the European Green Deal. Projects that are backed by sustainable concepts, strategies and verifiable facts and figures must be advanced. The European infrastructure market can – and must – demonstrate resilience here.

<sup>4</sup> Infraction & SparkSpread database, 2/2022. An adjustment to the measurement method may lead to changes in comparative values from the past.

<sup>5</sup> ECB – Press Release, 9/6/2022.

<sup>6</sup> ECB – Press Release, 15/6/2022.

<sup>7</sup> Fed – Press Release, 16/3/2022.

## INFRASTRUCTURE.NEEDS.

# Business review

**Megatrends such as digitalisation, decarbonisation, demographic changes and additional challenges – caused by the health crisis that has now lasted for two years, geopolitical tensions and the concomitant need for rapid solutions in energy policy – are further increasing the need for infrastructure and energy projects.**

It had seemed as if the world were just starting to overcome the effects of the COVID-19 pandemic – but with Russia's invasion of Ukraine, it suddenly faced a brand new challenge. In addition to providing humanitarian support, governments, industry and the private sector are called upon to find long-term and sustainable solutions. The quest for greater independence from Russian oil and gas supplies and the avoidance of further supply chain disruptions are in focus. What is needed now is for the public sector to join forces with the private sector.

The European Union's **Green Deal** and the goals of national and international climate and energy plans must be implemented jointly. The demand for infrastructure remains high. The money is there. However, the framework conditions require clearer and – above all – timely adaptations and improvements.

## Redefining infrastructure

Infrastructure will become even more of a focal point in future, not just as an asset class, but as an essential factor for preventing new epidemics and economic collapse, as well as for modernising and realising agendas such as digitalisation and the Green Deal. The rapid expansion of renewable energy depends, above all, on three fundamental factors: facilitation of land reallocation and approval procedures, security with regard to the corresponding grid expansion and legal framework conditions. Here, Kommunalkredit – together with its customers and partners – strives to support the implementation of necessary investments.

In its new business, Kommunalkredit has a balanced diversification in terms of asset classes, regions, maturities and product and customer segments. Business acquisitions focus on clearly defined selection criteria and efficient use of capital. In addition to the risk-and-return profile of a transaction, attention is also paid to the ability to place it among institutional investors.

Kommunalkredit seamlessly continued the success of the 2021 financial year. As of 30 June 2022, the **volume of new business** in the infrastructure and energy sector amounted to EUR 752m. Nearly half of the transactions concluded were in the energy & environment sector (49%), 21% in communications & digitalisation, followed by 14% for transport. Regionally, the bank concentrates on Europe. In all activities, the focus is on creating a benefit to the community and improving people's quality of life. Investments in infrastructure enable dynamic economic development, create jobs and strengthen social cohesion. Kommunalkredit therefore supports projects in Africa on a selective basis by structuring risk-guaranteed financing. These, in turn, favour secure export activities by European companies.

The bank conducts business in a manner that is geared towards collaborative endeavours with established partners (**originate and collaborate**). It focuses in particular on its ability to place its transactions with its business partners on the international financing market.

Thanks to its Fidelio KA Infrastructure Debt Fund Europe 1 fund, the bank is also capable of offering its business partners access to infrastructure and energy financing by means of an asset management solution.

With Florestan KA GmbH, Kommunalkredit is implementing lighthouse projects by means of equity financing in accordance with its motto "always first", in order to "walk the walk" as a pioneer and to actively promote the energy transition.

In cooperation with the Upper Austrian energy provider eww, it established PeakSun, a company specialising in the assembly of rooftop photovoltaic systems. Within the framework of a "contracting model", no initial investment is necessary for customers, as the company finances the rooftop photovoltaic systems, erects them on the roof areas provided by the customers and leases them to the customers on a long-term basis. Customers receive all the electricity generated by the system and can either use it in the building itself or feed it into the public grid.

Together with OMV, the integrated international oil, gas and chemicals company, Kommunalkredit is investing in the construction of Austria's largest electrolysis plant at the Schwechat Refinery. The plant will be operational in the second half of 2023. From that point on, the 10 MW PEM (polymer electrolyte membrane) electrolysis will produce up to 1,500 tonnes of green hydrogen a year. The green hydrogen will be used to hydrogenate bio-based and fossil fuels, substituting grey hydrogen in the refinery. This will reduce OMV's carbon footprint by up to 15,000 metric tons of fossil CO<sub>2</sub> annually and facilitate more than 17 million bus or truck kilometres driven without CO<sub>2</sub> emissions per year when using green hydrogen.

In the first half of 2022, transactions related to the achievement of climate goals and the expansion of digital communication channels were on the agenda: these included the financing of broadband initiatives in Austria, Germany, Slovenia and Croatia; expansion of photovoltaic systems and solar parks on the Iberian Peninsula and in Hungary; construction of wind farms in Scandinavia; and water treatment in Southern Europe.



## REFERENCE PROJECTS



### Kansas – Wind Power in Sweden

Kommunalkredit acted as structuring bank and bookrunner for the construction and acquisition of a 146.4 MW onshore wind farm in central Sweden, providing clean energy to supply 46,000 households. The EUR 130.7m bridge financing was structured in accordance with the Loan Market Association's Green Loan Principles, enabling Kommunalkredit to refinance through a green bond. Sweden was the most active player in the onshore wind farm boom in Europe in 2021, with 2.1 GW of new capacity\*.

\* According to [erneuerbareenergien.de](https://erneuerbareenergien.de)



### Resolar – Photovoltaik photovoltaics in Spain and Italy

Kommunalkredit structured a EUR 40m bridge financing as Sole Mandated Lead Arranger for the joint venture of three photovoltaic systems developers: Solaer Renewable Energies, Himin and Indigo. Resolar has a project pipeline of 1.4 GWp in Spain, Italy and Chile. The ground-mounted solar installations are to be expanded to "ready-to-build" status over the next few years. The funds provided by Kommunalkredit supported Resolar in the development.



### Viveracqua Hydrobond IV – water infrastructure in Italy

Alongside Cassa Depositi e Prestiti, Kommunalkredit subscribed to 50% of the notes issued by Viveracqua Hydrobond 2022 S.r.l. The issue volume was EUR 74.3m, with a maturity of 16 years. The company bundles bonds from six northern Italian water companies in Veneto and Friuli. The notes are part of a EUR 148.5m transaction, in which the European Investment Bank (EIB) is also involved. The proceeds from the note programme will be invested in the modernisation and expansion of the Venetian water network.



### Cupano – digital infrastructure in Poland

Kommunalkredit structured a EUR 200m subordinated facility for global asset manager Cordiant as Mandated Lead Arranger. The financing will be used to realise the growth plans of the company's digital infrastructure platform. The lenders will benefit from Cordiant's current asset portfolio, which includes Emitel (Polish telecom, TV and radio infrastructure operator) and CRA (the Czech Republic's leading independent digital platform for TV, radio, telecom and data centre operations).

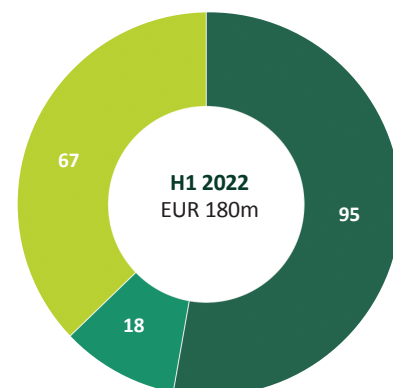
The total values stated here represent the total volume of the transaction in question.

**Public finance** has a long tradition and is a key part of the bank's business. Countries, cities and municipalities are a key economic driver. With investments in essential infrastructure that is used directly by citizens, municipalities and their public institutions create and protect jobs and help to keep the economy going.

In the first half of 2022, Kommunalkredit concluded new financing in the amount of EUR 180m, including, in particular, in the sectors of social infrastructure (schools, kindergartens, fire brigade), energy & environment (water supply and disposal) and communication & digitalisation (broadband).

**Public Finance H1 2022.**  
in EUR m, as of 30/6/2022

■ Social Infrastructure  
■ Energy & Environment  
■ Others



## Industry awards & level of recognition

The bank's success has not gone unnoticed by the market. In recent years, Kommunalkredit has successfully positioned itself in the European infrastructure and energy market. Whether in the development of new technologies in the hydrogen sector, the financing of water supply companies, the expansion of photovoltaic systems and solar parks, the construction of wind farms, the implementation of broadband projects, the provision of high-tech equipment in the health sector – Kommunalkredit is known here as a contact throughout Europe and has established itself in the rankings of the infrastructure industry media.

Kommunalkredit won its first **industry awards** in 2017. This was followed by numerous awards from renowned leading infrastructure magazines (Business Vision, cfi Capital Finance International, IJ Global, PFI Project Finance International from Thomson Reuters). At the turn of the year, the Austrian business magazine Börsianer awarded the institute three times as "Best Bank", "Best Specialised Bank" and "Best Direct Bank"; in the first half of 2022, this was followed by the award "Best Sustainable Infrastructure Investment Company" by the trade magazine International Investor.

## Total portfolio with high asset quality

Kommunalkredit's strategic sectors are distinguished by their low default rates and high recovery rates. The bank holds a total portfolio of high asset quality without a single credit loss in the first half of the 2022 financial year. As of 30 June 2022, it had an average rating of "BBB+", and just under 70% of the exposures were classified as investment grade. Since privatisation in 2015, the non-performing loan ratio (NPL) has been kept at 0.0%.

The broadly diversified credit portfolio<sup>8</sup> comprises the two pillars of the business model: infrastructure and energy financing and public finance. As of 30 June 2022, loans to municipalities accounted for 29% of the portfolio (almost exclusively Austrian municipalities), infrastructure and energy financings for 41%, while loans to public sector entities had a share of 6%.

Geographically, 31% was attributable to Austria (31/12/2021: 34%), 43% to the rest of the eurozone and 7% to other EU countries (31/12/2021: 40% and 5% respectively).

<sup>8</sup> Including disbursement obligations (21.6%) and project bonds (3.9%).

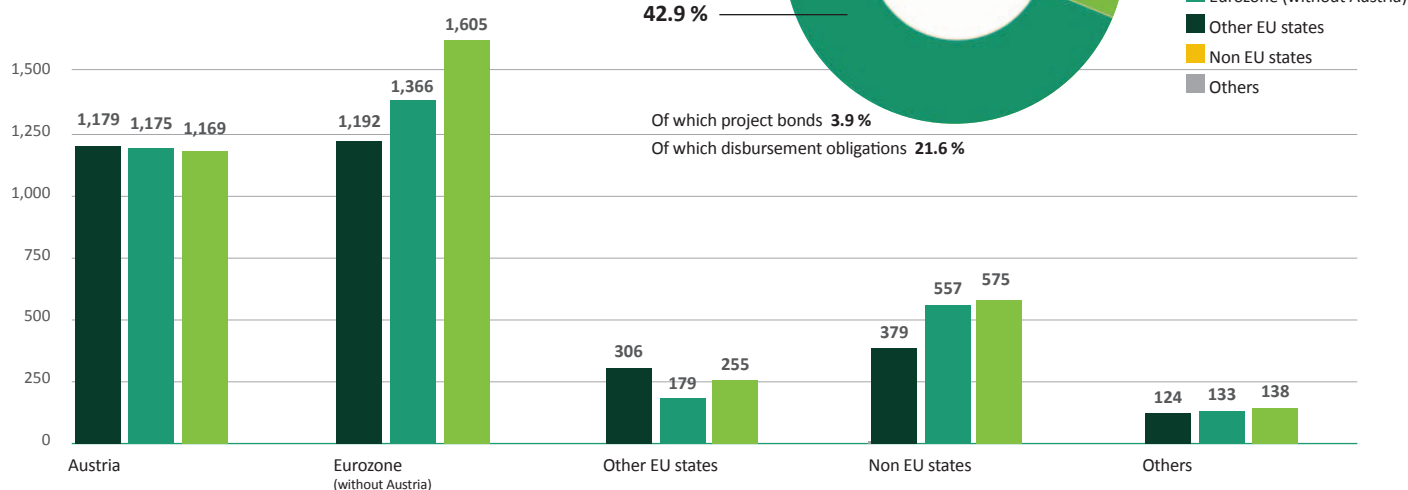




### Loan portfolio by region

in EUR m, as of 30/6/2022

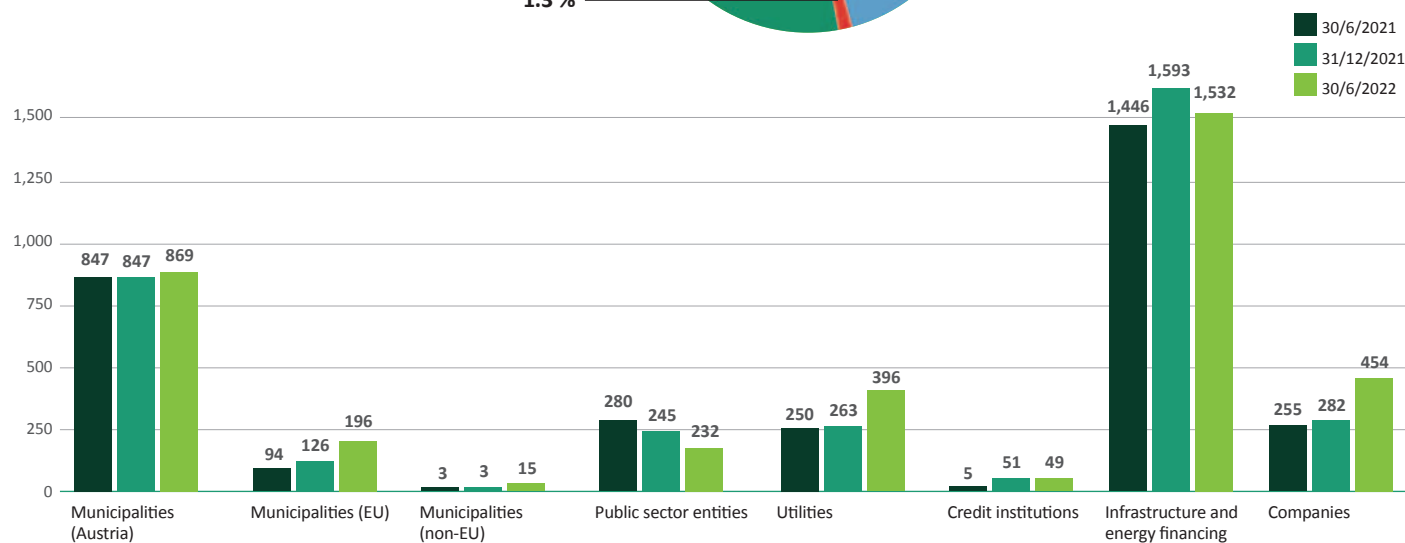
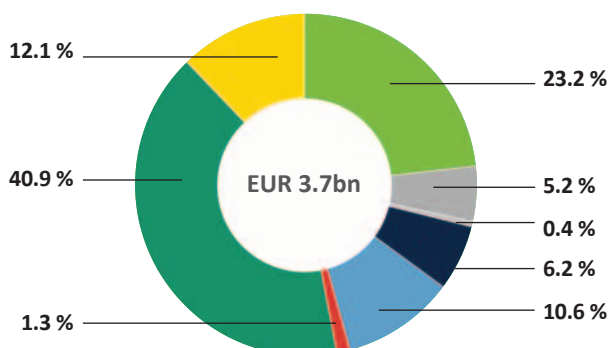
30/6/2021  
31/12/2021  
30/6/2022



### Loan portfolio by borrowers

in EUR m, as of 30/6/2022

Municipalities (Austria)  
Municipalities (EU)  
Municipalities (non-EU)  
Public sector entities  
Utilities  
Credit institutions  
Infrastructure and energy financing  
Companies



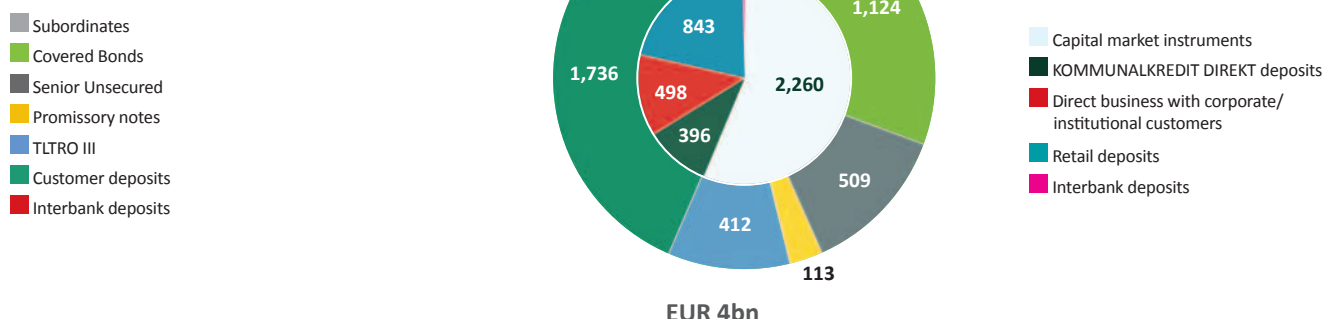
## Stable refinancing structure

As of 30 June 2022, Kommunalkredit had a stable **liquidity position** of EUR 772.5m. The bank held cash and cash equivalents and balances with central banks of EUR 644.4m (31/12/2021: EUR 543.4m). Furthermore, Kommunalkredit had access to a free liquidity reserve consisting of high-quality liquid securities (HQLA) of EUR 128.1m (31/12/2021: EUR 427.6m).

Kommunalkredit's diversified refinancing structure is particularly important in the current difficult market conditions. Gradually, existing funding sources have been expanded and new ones established over recent years. Due to its business model and in order to adequately manage liquidity risks, Kommunalkredit's priority is diversification, so as not to be dependent on any single source of funding. The increased capital market activity that started in 2021 was further expanded in 2022.

### Refinancing structure H1 2022.

in EUR m, as of 30/6/2022



## Public sector covered bonds | Cover pool

As of 30 June 2022, Kommunalkredit had a well-diversified cover pool with a value of EUR 1,256m, while public sector covered bonds denominated in EUR and CHF amounting to approximately EUR 1,124m were outstanding.

As of 30 June 2022, the cover pool included assets from Austria (88.3%), Belgium (4.4%), Portugal (2.7%), France (2.1%) and Germany (1.7%). 73.3% of the cover pool had a rating of "AAA" or "AA"; 24.0% had a rating of "A". The excess cover held as of 30 June 2022 was 11.8%.

## Rating

### S&P Global Ratings

BBB-  
A-3  
Stable

### Fitch Ratings

BBB-  
F3  
Stable

### DBRS Morningstar

BBB  
R-2 (high)  
Stable

Investment grade ratings were affirmed by S&P Global Ratings and Fitch Ratings in the first half of 2022 and by DBRS in October 2021. The rating agencies highlighted the established resilient business model, the further improved profitability and the continued strong asset quality. Furthermore, the stable liquidity, improved refinancing structure, risk-bearing capacity and capital strength were cited as key factors.

Kommunalkredit's covered bond rating by S&P Global Ratings was confirmed at "A+" with a stable outlook in January 2022.



## Capital market presence

Kommunalkredit has continuously expanded its access to the capital markets in recent years. In 2020, a new **debt issuance programme** (DIP 4) was launched with a volume of up to EUR 800m, which was increased to EUR 2bn by means of a supplement in February 2022. Under the increased programme framework, access to the capital market continues to be ensured and – after the successful 2021 financial year – sufficient flexibility is available for further issues. In the course of the annual programme update, the base prospectus was last approved by the Austrian Financial Market Authority in May 2022. Issues under this programme can be listed in Vienna and underline Kommunalkredit's commitment to the domestic capital market.

**Public covered bond:** Following the issue of a public covered bond in the amount of EUR 250m with a maturity of seven years in September 2021, another public covered bond in the amount of EUR 250m with a maturity of five years was issued in February 2022. Despite the difficult capital market environment due to increasing tensions between Russia and Ukraine, this issue was also strongly oversubscribed by investors (2.8 times). The issue was placed with 39 investors from the asset management, banking and insurance sectors, mainly from Austria, Germany and Scandinavia.

**Increases in the public covered bond:** In March and June 2022, the public covered bond issued in February 2022 was increased by EUR 50m in March and then another EUR 100m in June. Despite the fluctuating market environment, the two increases were placed on the capital market at ideal times and the total nominal value of the issue was increased to EUR 400m.

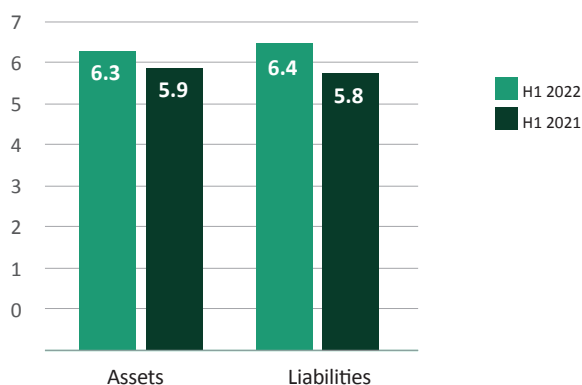
**Private placements of capital market issues:** In addition, EUR 12.5m of private placements of senior preferred bonds were also placed with institutional investors in the first half of 2022.

With the issues in the first half of 2022, Kommunalkredit seamlessly followed up on its successful capital market appearances in 2021, while further increasing its visibility in the market despite the prevailing challenges.

## Development of deposit business

The deposit business continues to show a balanced relationship between retail deposits (KOMMUNALKREDIT INVEST) and wholesale deposits (KOMMUNALKREDIT DIREKT for municipalities and public-sector companies and direct business with corporate customers and institutional clients) under the currently difficult operating conditions. In the first half of 2022, the deposit business developed stably. Retail deposits were slightly reduced in favour of wholesale deposits.

Weighted average term in years

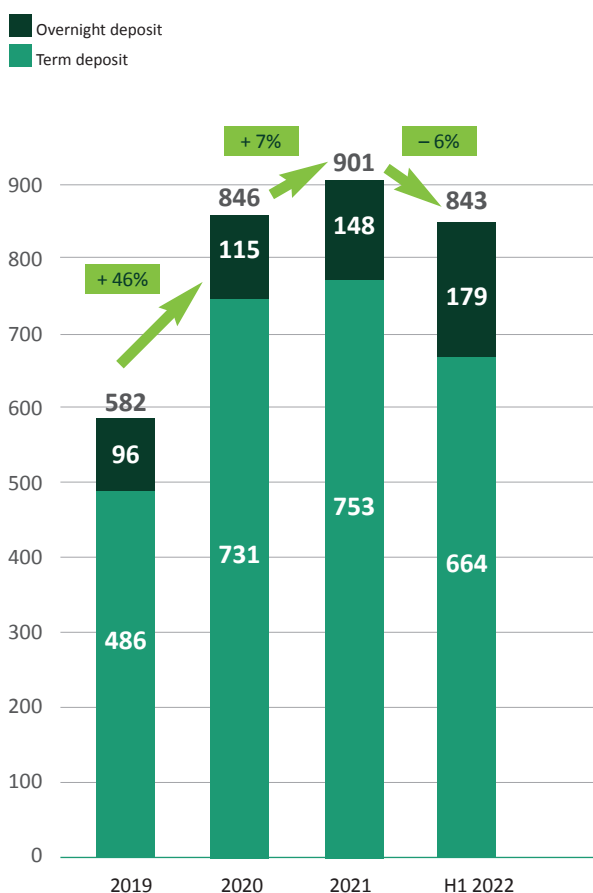


**Retail deposits (KOMMUNALKREDIT INVEST):** The bank conducts its business with private customers in Austria and Germany via its online retail platform KOMMUNALKREDIT INVEST. KOMMUNALKREDIT INVEST offers overnight and term deposits for terms of up to ten years. As of 30 June 2022, the bank had 15,988 retail customers (31 December 2021: 16,043), which represents a slight reduction of 0.3%.

The average deposit volume per customer remains at a high level at EUR 52,696 (31/12/2021: EUR 56,168). The share of term deposits as of 30 June 2022 is 79% (31/12/2021: 84%); the average maturity of term deposits is 24 months (31/12/2021: 26 months). The deposit volume amounted to EUR 843m as of 30 June 2022 (31/12/2021: EUR 901m); a decrease of 6.4%.

#### Retail deposits (KOMMUNALKREDIT INVEST)

in EUR m, as of 30/6/2022

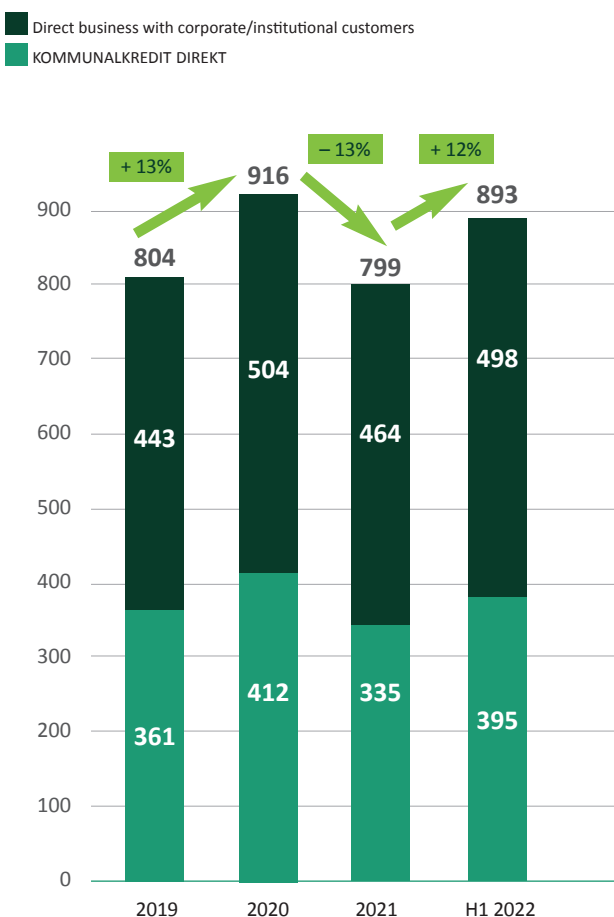


**Wholesale deposits (KOMMUNALKREDIT DIREKT and direct business with corporate/institutional customers):** With its online platform KOMMUNALKREDIT DIREKT, the bank offers an efficient investment and cash management tool for **municipalities and corporates with close ties** to municipal authorities. KOMMUNALKREDIT DIREKT provides customers with a cutting-edge platform. New customers register using a completely digital onboarding process; the clear, user-centric design allows customers to easily manage their investments (including automatic reinvestments) themselves in a transparent manner and to monitor any financing arrangements.

Wholesale deposits increased by almost 12% in the first half of 2022 and amounted to EUR 893m as of 30 June 2022 (31/12/2021: EUR 799m).

#### Wholesale deposits

in EUR m, as of 30/6/2022



### Strong liquidity ratios

The liquidity coverage ratio (LCR), in accordance with the CRR (Capital Requirements Regulation), measures the short-term resilience of a bank's liquidity risk profile over a 30-day scenario and is closely monitored as part of the bank's early warning system. With a ratio of 276% as of 30 June 2022 (31/12/2021: 735%), Kommunalkredit significantly exceeded the regulatory minimum ratio of 100%.

Banks are also required to maintain a stable long-term funding base in terms of assets and off-balance sheet activities. The net stable funding ratio (NSFR) requires banks to maintain a stable funding base across assets and off-balance sheet activities, according to the CRR. As of 30 June 2022, it was 120% (31/12/2021: 122%).







## PERFORMANCE.INDICATORS.

## Assets, financial position and income

## Financial performance indicators according to IFRS (Selected performance indicators)

in EUR m or %	30/6/2022	31/12/2021
Total assets	4,533.9	4,427.9
Total capital	432.9	437.7
	1/1-30/6/2022	1/1-30/6/2021
<b>Net interest income</b>	<b>53.8</b>	<b>36.4</b>
Net fee and commission income	12.2	11.2
General administrative expenses	-32.9	-27.9
Other operating income	8.8	0.1
Placement result*	0.1	4.7
<b>EBIT **</b>	<b>39.5</b>	<b>22.8</b>
Loan impairment, valuation and realised gains	12.5	3.2
<b>Consolidated profit for the year before tax</b>	<b>52.1</b>	<b>26.0</b>
Income taxes	-13.0	-7.3
<b>Consolidated profit for the year</b>	<b>39.1</b>	<b>18.6</b>
Return on equity before tax***	29.7%	15.1%
Cost/income ratio (based on EBIT)	47.2%	56.2%
Cost/income ratio bank stand-alone	41.4%	51.0%

\* Placement result contains the result from the disposal of assets that are measured at fair value through profit or loss or not through profit or loss.

\*\* Operating result = pre-tax result for the period excluding credit risk, valuation and operating placement result from infrastructure/energy financing.

\*\*\* Return on equity before tax = Profit for the period before tax projected to one year/common equity tier 1 capital as of 1.1.

## Regulatory performance indicators

in EUR m or %	30/6/2022	31/12/2021
Risk-weighted assets	2,407.7	2,026.5
Total capital (CET 1, additional Tier 1, Tier 2)	462.0	458.2
CET 1 ratio	14.7%	17.3%
Common equity ratio	17.3%	20.4%
Total capital ratio	19.2%	22.6%

## Rating

Issuer ratings	S&P GLOBAL RATINGS	FITCH RATINGS	DBRS MORNINGSTAR
Long-term rating	BBB-	BBB-	BBB
Short-term rating	A-3	F3	R-2 (high)
Outlook	stabil	stabil	stabil

**The business model with a focus on infrastructure and energy financing and public finance has proven to be crisis-resistant and profitable even in view of the challenges posed by the COVID-19 pandemic and geostrategic tensions.**

**Financial performance indicators according to Austrian GAAP** (Selected performance indicators)

in EUR m or %	30/6/2022	31/12/2021
Total assets	4,473.7	4.108,7
Total capital	356.8	307.4
	1/1-30/6/2022	1/1-30/6/2021
<b>Net interest income</b>	<b>39.3</b>	<b>24.8</b>
Net fee and commission income	6.7	11.2
General administrative expenses	-26.6	-23.3
Placement result*	4.2	3.3
<b>EBIT **</b>	<b>33.0</b>	<b>18.8</b>
Loan impairment, valuation and realised gains	20.0	1.5
<b>Consolidated profit for the year before tax</b>	<b>53.0</b>	<b>20.3</b>
Income taxes	-7.4	-0.3
<b>Consolidated profit for the year</b>	<b>45.6</b>	<b>20.0</b>
Return on equity before tax***	30.2%	11.8%
Cost/income ratio (based on EBIT)	46.1%	55.9%

\* Includes the operating placement result from infrastructure/energy financing; in the income statement included in the result from valuations and realisations.

\*\* Included in items 11 to 13 of the income statement.

\*\*\* Return on equity before tax = Profit for the period before tax projected to one year/common equity tier 1 capital as of 1.1.

in EUR bn	30/6/2022	30/6/2021
Securitised liabilities	1.5	1.4
Amounts owed to customers	1.9	1.9
Amounts owed to banks, including ECB	0.5	0.5



## Structure of statement of financial position of Kommunalkredit Group under IFRS

Kommunalkredit's total assets according to IFRS amounted to EUR 4.5bn as of 30 June 2022 (31/12/2021: EUR 4.4bn). The largest item in the statement of financial position is "loans and advances to customers" amounting to EUR 1.9bn (31/12/2021: EUR 2.0bn). A further EUR 1.2bn (31/12/2021: EUR 1.1bn) represents financing with an opportunistic placement intention, which is shown in the statement of financial position under "Assets at fair value through other comprehensive income".

Furthermore, the bank held cash and cash equivalents of EUR 0.7bn as of 30 June 2022 (31/12/2021: EUR 0.5bn).

Customer liabilities of EUR 1.9bn (31/12/2021: EUR 1.9bn) and securitised liabilities of EUR 1.5bn (31/12/2021: EUR 1.4bn) were the largest refinancing items under equity and liabilities.

### Risk-weighted assets and total capital

As of 30 June 2022, Kommunalkredit held common equity tier 1 capital of EUR 354.7m (31/12/2021: EUR 350.8m), tier 1 capital of EUR 417.5m (31/12/2021: EUR 413.6m) and total capital of EUR 462.0m (31/12/2021: EUR 458.2m).

Risk-weighted assets rose slightly in the first half of 2022 to EUR 2,407.7m (31/12/2021: EUR 2,026.5m) due to the positive performance of new business.

Kommunalkredit thus continued to show strong capital ratios as of 30 June 2022: the total capital ratio was 19.2% (31/12/2021: 22.6%), the tier 1 capital ratio 17.3% (31/12/2021: 20.4%) and the common equity tier 1 ratio 14.7% (31/12/2021: 17.3%).

Kommunalkredit's capital amounts are based on the non-consolidated financial statements of Kommunalkredit pursuant to Austrian GAAP.

## Income statement of Kommunalkredit Group under IFRS

The Kommunalkredit Group increased its profit for the year after tax in the first half of 2022 to EUR 39.1m (H1 2021: EUR 18.6m); the return on equity before tax came to 29.7% (H1 2021: 15.1%). EBIT improved by 73.2% to EUR 39.5m (H1 2021: EUR 22.8m); the cost/income ratio based on this value was 47.2% (H1 2021: 56.2%).

This significant increase can be traced back to the continued growth in the field of infrastructure and energy, in which both financing activities and the consulting and structuring business were expanded further. A total of 80% of the gross income from the banking business comes from infrastructure & energy financing (H1 2021: 70%).

The main income and expense items under IFRS for the first half of 2022 are shown below:

### EBIT

EBIT (consolidated profit for the period before tax, not including loan impairment, valuation and operating result from the sale of infrastructure/energy financing) came to EUR 39.5m (H1 2021: EUR 22.8m) and comprises the following main components:

#### Net interest income

Net interest income rose by 47.8% to EUR 53.8m (H1 2021: EUR 36.4m).

#### Net fee and commission income

Net fee and commission income from the range of services that are continually expanded by Kommunalkredit in the credit and service business as well as from the subsidy management and consulting/project development business of the subsidiary Kommunalkredit Public Consulting GmbH (KPC) increased to EUR 12.2m (H1 2021: EUR 11.2m). This includes EUR 14.0m (H1 2021: EUR 12.0m) in fee and commission income and EUR 1.8m (H1 2021: EUR 0.9m) in fee and commission expenses.

### General administrative expenses

The general administrative expenses of the Kommunalkredit Group rose to EUR 32.9m (H1 2021: EUR 27.9m), with EUR 23.9m attributable to personnel expenses (H1 2021: EUR 20.0m) and EUR 8.9m to other administrative expenses (H1 2021: EUR 8.0m). The increase in general administrative expenses is reflective of the growth in capacity and the strategic expansion of the team to include additional top performers, both in the front and back office, with international know-how and substantial experience in the infrastructure and energy sectors in order to secure the growth path taken and broaden the product range. At Kommunalkredit, employees are rewarded for the constantly rising success and profits of recent years through performance-based payment and profit participation.

### Loan impairment, valuation and realised gains

Kommunalkredit's loan portfolio remains solid: the non-performing loan ratio remained constant at 0.0% as of 30 June 2022 and there were no loan defaults. The net provisioning for impairment losses was EUR 0.5m in the first half of 2022 (H1 2021: EUR 0.1m) and reflects the change in the statistically calculated provision for expected credit losses under IFRS 9.

The drop in risk provisions reflects, in particular, the reduced statistical probabilities of default, which are due on the one hand to what remain solid growth rates for the current year; on the other, the historical development in rating migrations between the crisis year of 2020 and 2021, the latter being characterised by the economic upswing, also has a positive effect. Risk provisions fell to EUR 4.0m as of 30 June 2022 (31/12/2021: EUR 4.4m).

The net result of asset valuation and realised gains and losses, excluding the operating result from the sale of infrastructure/energy financing, amounted to EUR 12.0m in the first half of 2022 (H1 2021: EUR 3.1m). This item reflects in particular the positive valuation effects of EUR 12.2m (H1 2021: EUR 2.8m), which are mainly the result of the increase in long-term market interest rates.

### Income taxes

The tax expense came to EUR 13.0m (H1 2021: EUR 7.3m) and includes, in addition to the current tax expense, the release of deferred tax assets from temporary differences between the values recognised according to IFRS and the amounts calculated for tax purposes.

### Income statement of Kommunalkredit Austria AG in the non-consolidated financial statements according to Austrian GAAP

Kommunalkredit Austria AG has reported a profit for the period after tax of EUR 45.6m for the first half of 2022 under Austrian GAAP; this corresponds to an increase of EUR 25.6m as against the result of the previous year of EUR 20.0m. The return on equity before tax rose to 30.2% (H1 2021: 11.8%).

EBIT, which adds the operating result from the sale of infrastructure/energy financing and the change in the provision pursuant to § 57 (1) of the Austrian Banking Act (BWG), illustrates the development in the bank's operating earnings power, with a further increase of EUR 14.2m to EUR 33.0m (H1 2021: EUR 18.8m). Due to the restructuring of Kommunalkredit's real estate companies in the first half of 2022, the value of the bank's operating properties was increased and led to a positive contribution to earnings before tax of EUR 17.9m. Based on EBIT, the cost/income ratio comes to 46.1% (H1 2021: 55.9%).

The total assets in accordance with Austrian GAAP came to EUR 4.5bn as of 30 June 2022 (31/12/2021: EUR 4.2bn). The main asset items in the statement of financial position were loans and advances to customers amounting to EUR 3.0bn (31/12/2021: EUR 2.7bn). Bonds and debt securities, which mainly include securities from the liquidity book, amounted to EUR 0.6bn as of 30 June 2022 (31/12/2021: EUR 0.7bn). Customer liabilities of EUR 1.9bn (31/12/2021: EUR 1.9bn) and securitised liabilities of EUR 1.5bn (31/12/2021: EUR 1.3bn) are the largest refinancing items under equity and liabilities. Kommunalkredit's equity amounted to EUR 356.8m as of 30 June 2022 (31/12/2021: EUR 334.2m). The bank also still has EUR 40.0m from a fund for general bank risks according to § 57 (3) of the Austrian Banking Act.

## KNOW-HOW.PROVIDERS.

# Branch office and equity investments

**Vienna (headquarters) and Frankfurt (branch office) are Kommunalkredit's main hubs from which it performs its function as a specialist for infrastructure and energy financing. The company operates throughout Europe from these two economic hubs. As of 30 June, the 193 employees in the bank and 127 in the environmental subsidisation and consultancy subsidiary are responsible for performance.**

Kommunalkredit Austria AG has investments and holdings in a number of affiliated companies. Kommunalkredit Public Consulting GmbH (KPC), the companies of the Fidelio KA Debt Fund platform, Florestan KA GmbH and Kommunalnet E-Government Solutions GmbH are strategic investments or investments in affiliated companies, while the companies relating to the bank's real estate (serving as head office) primarily serve to support the core business.

### Kommunalkredit Public Consulting GmbH

Investments in infrastructure and measures to combat climate change are essential for our society. Kommunalkredit Public Consulting GmbH (KPC) makes a substantial contribution to these targets by focusing on **subsidy management, consulting** and **project development**. It is an expert and competent partner for climate and environmental protection projects in the fields of renewable energy, energy efficiency, climate-friendly mobility, urban water management, protective water management and remediation of contaminated sites. 90% of its shares are owned by Kommunalkredit.

With its broad and specific knowledge of topics regarding the environment, climate and energy, KPC is a recognised partner in the field of sustainable finance and for the recognition of ESG and SDG criteria in daily business. Bundling KPC's technical expertise with the bank's strong capital resources facilitates the development of sustainable energy projects in Austria and beyond.

As the point of contact between the subsidisers who provide the financial resources – primarily the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and the Federal Ministry of Agriculture, Regions and Tourism (BMLRT) – and applicants, KPC oversees the entire project support process. As a consultancy, it continued to provide its services for international financing institutions such as the EBRD (European Bank for Reconstruction and Development) in the first half of the year. Green finance is playing an increasingly important role here. In the first half of 2022, KPC received new attractive commissions as well as extensions for existing appointments to support green financing facilities in the energy efficiency segment.

In the context of the international climate negotiations in Glasgow (COP 26), KPC again sent a member of the Austrian negotiation team on behalf of the BMK. The KPC also acts as an advisor to the Austrian representative in the **Green Climate Fund** (GCF), an international climate project funding instrument that provides money for projects to reduce greenhouse gas emissions and for enabling adjustments to climate change in developing countries.



**114,099**  
Project assessments



EUR **2,410**<sub>m</sub>  
Investment volume



EUR **439.5**<sup>\*</sup><sub>m</sub>  
Subsidy volume

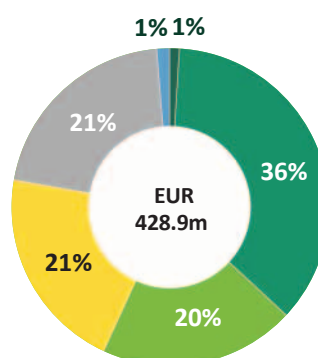
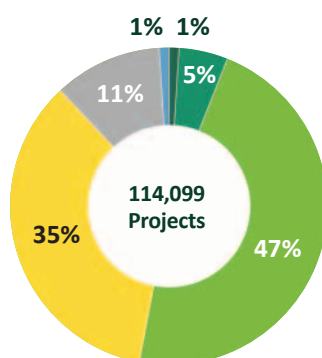
\* EUR 428.9m national funding +  
EUR 10.6m EU funding



**KPC in H1 2022.**  
in %, as of 30/6/2022

**Subsidy schemes**

- Repair bonus
- Climate and energy fund
- Renovation campaign
- Environmental promotion in Austria
- Water management
- Other



## Environmental support schemes in figures

In keeping with the efforts made by the Austrian federal government to promote climate protection and revive the economy in times of COVID-19, funding had already been increased significantly in 2021 for any climate-related subsidy instruments. This has had an impact on how environmental subsidies are used – looking at the period leading up to the end of June 2022 alone, around 280% more applications had been submitted compared to the same period of the previous year.

The amendment to the Austrian Environmental Support Act (UFG) at the start of this year and the new subsidy guidelines for environmental support in Austria (UFI) laid the foundation for the use of around EUR 650m from the Austrian Recovery and

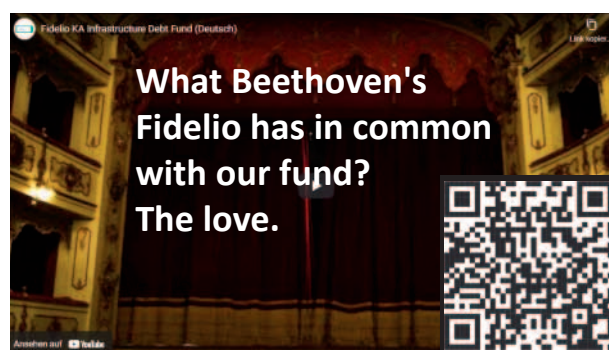
Resilience Plan (ÖARP) and the subsidy areas defined therein (support for economic transformation measures, renovation support, climate-friendly town centres, measures to combat energy poverty, reverse vending systems, repair bonus, biodiversity). The guidelines also provide for extended scope for levels of funding and options for subsidising operating costs subject to defined framework conditions. A separate subsidy for “land recycling” has been created to combat the increasing need for land. Through its activities as a manager of support campaigns on a broad scale, such as the “oil and gas phase-out” bonus, the renovation cheque and the “Clean heating for all” campaign, KPC makes a key contribution to the achievement of Austria’s heat strategy.

## Fidelio KA Infrastructure Opportunities Fund platform

With the establishment of the Luxembourg Fidelio KA Infrastructure Opportunities Fund SICAV-RAIF SCA, Kommunalkredit created an infrastructure debt fund platform in that gives institutional investors diversified access to the Bank’s infrastructure pipeline. The first infrastructure debt fund and the operational launch of Fidelio KA Investment Advisory GmbH saw the bank expand its range of products to include **asset management solutions**.

Investors benefit from Kommunalkredit’s strong acquisition, structuring and portfolio management expertise in the field of sustainable European infrastructure and energy transactions that benefit the public. In return, the bank benefits from deeper strategic partnerships with fund investors, ultimately translating into an increased number of transactions and higher volumes. The sub-fund “Fidelio KA Infrastructure Debt Fund Europe 1” is fully invested and the investments showed stable performance in the face of the COVID-19 challenges witnessed in 2020 and 2021. There are currently no signs that the Russia-Ukraine crisis, which began in February 2022, is having any direct impact. The fund combines a broad range of sustainable projects linked to infrastructure and energy investments that make a significant contribution to the Social Development Goals.

Unlike with the conventional asset management approach, the fact that Kommunalkredit makes its own investments in parallel with the fund allows it to present itself as a dependable partner with aligned interests. At the end of 2021, the bank invested EUR 268.5m in infrastructure and energy transactions in parallel with the first sub-fund. Encouraged by the strong investor demand, Kommunalkredit is currently developing further fund concepts, including the launch of a second European infrastructure fund focusing on infrastructure and energy projects in Europe with average ratings of investment grade. The seed close for the next sub-fund is planned for the second half of 2022.



## Florestan KA GmbH

In May 2021, the project development company Florestan KA GmbH was founded for equity investments with the aim of providing equity funding for infrastructure and energy projects with development and growth potential.

In this context, Kommunalkredit is investing in the construction of the largest electrolysis plant in Austria at Schwechat Refinery jointly with OMV, Austria's leading oil, natural gas and chemical group. With an annual production of up to 1,500 tonnes of green hydrogen, the carbon footprint is reduced by up to 15,000 tonnes per year.

Kommunalkredit has a joint venture with the Austrian energy provider eww for the development, construction and operation of rooftop photovoltaic systems in Austria. As part of the proposed "contracting model", customers do not need to make an initial investment, as the company finances the rooftop photovoltaic systems erected on the roof areas provided by the customers and leased to the customers. Customers receive all the electricity generated by the system and can either use it in the building itself or feed it into the public grid. This model allows the bank to provide direct support for the climate targets of the Austrian federal government.

## Kommunalnet E-Government Solutions GmbH

Kommunalkredit holds a 45% equity share in Kommunalnet E-Government Solutions GmbH (Kommunalnet); 45% is held by the Austrian Association of Municipalities and 10% is held by three state associations of the Austrian Association of Municipalities. Kommunalnet is the digital work and information portal for Austrian municipalities, mayors and municipal civil servants. It offers the latest news for municipalities and access to important databases for municipal authorities, and serves as an information and communication hub for the federal, state and municipal authorities. Kommunalnet is an official component of the Austrian **eGovernment Roadmap**.

At the end of the first half of 2022, 17,218 registered users from 2,081 Austrian municipalities and municipality associations were represented in the network. This gives Kommunalnet a unique position in the municipal sector and an exceptionally large market share of 96.95%. Accessed 4.6 million times (as of 30 June 2022), the portal is a sought-after source of information within the community.

The first six months of the year saw the further expansion of the cooperation with the fintech company Loanboox (for municipal financing) and the expansion of the "Tatort Gemeinde" (the municipality is where it all happens) and "Expertentalk" (expert talk) video formats. With the login function for the Citizen Card set to expire at the end of October, the implementation of ID Austria, a further development of the Citizen Card and mobile phone signature, is currently on the agenda.

## Kommunalkredit TLI Immobilien GmbH & Co KG

Kommunalkredit TLI Immobilien GmbH & Co KG holds and manages the properties at Tuerkenstrasse 9 and Liechtensteinstrasse 13. The office premises of the real estate are mainly leased to Group companies.

**STRUCTURE. STRENGTH.**

## Other material disclosures

**Clearly defined structures and short decision-making processes within the organisation help drive forward-looking development.**

**Expanded management team**

Claudia Wieser was appointed to the Executive Board as Chief Financial Officer (CFO) from 1 April 2022. She has been working at Kommunalkredit in various capacities for more than 20 years, most recently as Executive Vice President – and boasts a wealth of experience.

This means that the Executive Board now consists of three members, with Bernd Fislage as Chief Executive Officer (CEO) and Sebastian Firlinger as Chief Risk Officer (CRO).

## Significant events after the reporting period

No significant events arose between the reporting date of 30 June 2022 and the publication of this half-yearly financial report.



## FUTURE. THINKING.

# Outlook

**The aftermath of the COVID-19 pandemic – and the uncertainty surrounding the potential for a new wave of the pandemic – high inflation rates and the Russia-Ukraine conflict continue to pose major challenges for the global economy.**

Before the outbreak of the war, global growth was expected to bounce back to pre-COVID levels<sup>9</sup> in 2023. The new situation makes it difficult to predict developments in commodity prices and the financial markets. Inflation rates will be highly volatile with differences from currency area to currency area. Targeted fiscal measures could help alleviate the negative impact on growth.

## Macroeconomic environment in 22 | 23

The economic environment in the eurozone has recently clouded over due to the **Russia-Ukraine conflict**, in particular the associated significant increase in inflation due to high energy prices. The biggest risk hanging over future development is a possible interruption in the gas supply, which could lead to bottlenecks in European industry and associated standstills. The failure to align climate targets with the energy and oil industries will push energy prices up further, creating mounting cost pressure for businesses and consumers alike.

The second half of 2022 and 2023 will prove challenging for eurozone banks as weaker economic activity collides with the start of a **cycle of interest rate hikes**. Although higher interest rates have a positive effect on interest income, high inflation and increased refinancing costs have a negative impact on expenses. This could well be compounded by higher risk provisions and valuation allowances. More stringent lending guidelines, higher nominal interest rates and rising real estate prices are also likely to put a damper on credit growth.

On 21 July, the **European Central Bank (ECB)**<sup>10</sup> announced a first 50 basis points increase in key interest rates with effect from 27 July, with indications of further rate hikes in the coming months to achieve the ECB's inflation target of 2% in the medium term. By the end of 2023, the rate hike cycle should ultimately be completed.

Further action by the ECB will depend on inflation expectations. The monetary guardian currently expects inflation to come to 6.8% in 2022, 3.5% in 2023 and 2.1% in 2024. According to ECB estimates<sup>11</sup>, economic growth is tipped to come in at 2.8% (2022) and 2.1% (2023 and 2024).

In the US, on the other hand, concerns are already being voiced that the **Federal Reserve Bank** (the Fed) could raise interest rates too quickly and miss its goal of a “soft landing”. Worries about an economic slump and even a recession in 2023 have therefore triggered a slight decline in medium-term US key rate expectations.

## Infrastructure in 22 | 23

2022 will remain challenging. In economic terms, the war in Ukraine and the sharp rise in inflation will continue to keep policymakers, companies and consumers on tenterhooks. The resilience of the **infrastructure sector** in the face of crisis will be confirmed yet again, as the heavy reliance on Russian oil and gas is a pattern that can only be broken in the medium and long term by expanding renewable energy. Alongside the scaling of corresponding capacities – especially in the PV solar and wind sectors – niche areas such as biogas or geothermal energy will play an increasing role.

Establishing clean and affordable energy infrastructure will boost demand for other commodities. Huge volumes of iron, copper, lithium and other metals are needed to construct turbine systems and electric vehicles to match the performance of fossil fuels. Climate risk is an investment risk and the increasingly elusive window of opportunity open to governments to meet their net zero emissions targets means that this transformation should be factored into any investment strategy.

The gradual expansion of digital Infrastructure will slow and increasingly shift from “Rollout/Capex”-dominated structures towards brownfield/M&A transactions<sup>12</sup>. In order to avoid potential “overbuild” situations (i.e. networks being constructed in parallel), we expect market consolidation to occur. In Central Europe, however, broadband networks are still very much in need of expansion, unlike in Northern Europe or Asia, which translates into a considerable need to implement broadband and data centre projects.

<sup>9</sup> OECD – Economic Outlook, Volume 2/2022, March 2022.

<sup>10</sup> ECB – Press Release, 9 June 2022.

<sup>11</sup> ECB – Press Release, 9 June 2022.

<sup>12</sup> Brownfield projects are pre-existing (and often operational) infrastructure assets whose financing is restructured mostly through M&A transactions (mergers & acquisitions).

<sup>13</sup> Moody's Default and Recoveries: COVID-19 – One year on infrastructure proves its resilience, May 2021.

The rising yield curve will push costs for borrowers up. Demand, in the form of capital ready to be invested, is too low to match the supply on the market. By contrast, the market for infrastructure loans remains very liquid: on the one hand due to new players on the market, and on the other hand due to increased allocations by established institutional investors. A clear trend towards higher key interest rates (Euribor, swap rates) was already as clear as day by the second quarter. An adjustment in credit spreads also appears to be on the cards. According to Moody's<sup>13</sup>, from a global perspective, only 11% of infrastructure assets were downgraded during the COVID-19 crisis (with a much lower figure in Europe), compared to 26% for corporate bonds. There were no defaults in Europe from April 2020 to March 2021, demonstrating how robust infrastructure is compared to other asset classes.

## Kommunalkredit 22 | 23

The biggest challenge facing the economy is the prevailing uncertainty. Nevertheless, the infrastructure sector is proving resilient. Supply chain disruptions, rising commodity prices and mounting inflation are not having any immediate impact on investment volumes. Rather, the latest experience and climate policy goals underscore just how important functioning infrastructure is. The focus has moved to hospitals, nursing homes, energy suppliers and telecommunication service providers, and they will continue to play a key role. The necessary steps for the energy transition and to prevent climate change must be undertaken quickly despite – or precisely because of – the reliance on fossil raw materials.

As a special bank for infrastructure and energy finance as well as public finance, Kommunalkredit will continue to use its expertise to benefit society at large. The bank arranges, finances and consults on sustainable projects in the Energy & Environment, Communication & Digitalisation, Transport, Social Infrastructure and Natural Resources sectors. Wind farms in Scandinavia, photovoltaic plants on the Iberian Peninsula, broadband projects in Germany and the UK, and water treatment plants in Italy and Austria, are just a few examples of our commitment to sustainability in the first half of the year.

We continue to devote a great deal of attention to our domestic market in Austria: the joint project with OMV for Austria's largest electrolysis plant is making progress; our PeakSun joint venture with the Upper Austrian energy provider eww for rooftop photovoltaic systems is on the market; our proximity to Austrian cities and municipalities allows us to engage in direct dialogue on upcoming municipal issues.

Infrastructure will play a central role, particularly in these turbulent times and beyond. Not only as an asset class but above all as the essential factor for implementing the Green Deal to achieve national and international climate and energy targets. Funding must be provided for relevant innovative projects in a constant and forward-looking manner to boost energy generation and related technologies such as hydrogen, electrical charging infrastructure and battery storage.

The first half of the year serves as both confirmation and mandate to continue on the path we have carved out. We do not see ourselves merely as providers of support, but rather as innovators and incubators for new sustainable approaches. We are redefining infrastructure.

Vienna, 8 August 2022

The Executive Board  
of Kommunalkredit Austria AG



**Sebastian Firlinger**  
Member of the Executive Board



**Bernd Fislage**  
Chief Executive Officer



**Claudia Wieser**  
Member of the Executive Board





# CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF KOMMUNALKREDIT GROUP, VIENNA, FOR THE FIRST HALF OF 2022.



## Consolidated statement of financial position

ASSETS in EUR 1,000	30/6/2022	31/12/2021
Cash and balances with central banks	667,569.5	543,366.7
Assets at amortised cost	2,234,217.1	2,393,909.5
Assets at fair value through other comprehensive income	1,207,755.6	1,085,203.8
Assets at fair value through profit or loss	218,861.4	244,590.9
Derivatives	161,263.8	128,390.9
Portfolio hedge	0.0	1,225.3
Property, plant and equipment	23,114.2	23,733.5
Intangible assets	3,859.5	848.8
Current tax assets	1,193.5	0.0
Other assets	16,108.8	6,581.5
<b>Assets</b>	<b>4,533,943.3</b>	<b>4,427,851.0</b>

LIABILITIES AND EQUITY in EUR 1,000	30/6/2022	31/12/2021
Liabilities at amortised cost	3,854,278.8	3,772,808.5
<i>of which amounts owed to banks</i>	470,290.6	480,764.6
<i>of which amounts owed to customers</i>	1,865,160.7	1,861,048.3
<i>of which securitised liabilities</i>	1,488,393.5	1,370,698.7
<i>of which subordinated liabilities</i>	30,434.0	60,296.9
Derivatives	164,123.5	168,930.9
Portfolio hedge	5,001.8	0.0
Provisions	4,166.5	5,547.7
Deferred tax liabilities	0.0	1,552.8
Current tax liabilities	17,508.6	9,045.3
Other liabilities	56,009.0	32,223.6
Equity	432,855.2	437,742.2
<i>of which subscribed capital</i>	172,659.5	172,659.5
<i>of which fixed reserves</i>	39,364.3	35,657.5
<i>of which reserves for assets at fair value through other comprehensive income</i>	59,382.4	79,043.6
<i>of which other reserves</i>	99,053.7	87,990.9
<i>of which additional Tier 1 capital</i>	62,243.7	62,243.7
<i>of which non-controlling interests</i>	151.7	146.9
<b>Liabilities and equity</b>	<b>4,533,943.3</b>	<b>4,427,851.0</b>

## Consolidated income statement

CONSOLIDATED INCOME STATEMENT in EUR 1,000	1/1 – 30/6/2022	1/1 – 30/6/2021
Net interest income	53,795.2	36,379.2
Interest income	63,340.3	45,078.8
<i>of which calculated using the effective interest method</i>	55,130.5	34,552.9
Interest expenses	-9,545.0	-8,699.5
Net fee and commission income	12,169.9	11,161.7
Fee and commission income	14,000.8	12,049.9
Fee and commission expenses	-1,830.9	-888.2
Result from the disposal of assets at fair value through other comprehensive income	498.8	1,867.5
Net provisioning for impairment losses	468.9	100.9
General administrative expenses	-32,920.7	-27,908.2
Personnel expenses	-23,934.3	-19,957.9
Other administrative expenses	-8,986.5	-7,950.3
Contributions to the Bank Resolution Fund	-1,154.5	-1,002.6
Other operating result	7,549.7	-319.2
Other operating income	9,307.4	105.3
Other operating expenses	-1,757.8	-424.5
Net result of asset valuation and realised gains and losses	11,154.3	5,390.9
Result from the disposal of financial assets measured at amortised cost	489.6	299.1
<b>Consolidated profit for the year before tax</b>	<b>52,051.0</b>	<b>25,969.4</b>
Income taxes	-12,980.8	-7,326.5
<b>Profit for the period after tax</b>	<b>39,070.2</b>	<b>18,642.9</b>
<i>of which attributable to owners and additional equity components</i>	39,085.2	18,625.1
<i>of which attributable to non-controlling interests</i>	-15.0	17.8





## Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME in EUR 1,000	1/1 – 30/6/2022	1/1 – 30/6/2021
<b>Consolidated profit for the year</b>	<b>39,070.2</b>	<b>18,642.9</b>
<b>Items to be recycled to the Income Statement</b>	<b>-19,661.2</b>	<b>-4,945.4</b>
<b>Changes in debt capital instruments at fair value through other comprehensive income</b>	<b>-19,661.2</b>	<b>-4,945.4</b>
Valuation of debt capital instruments at fair value through other comprehensive income	-26,244.8	-7,218.9
Recycled to the Income Statement	29.9	625.0
Deferred tax on debt capital instruments at fair value through other comprehensive income	6,553.7	1,648.5
<b>Items not to be recycled to the Income Statement</b>	<b>756.3</b>	<b>-36.1</b>
<b>Change in actuarial gains/losses</b>	<b>756.3</b>	<b>-36.1</b>
Actuarial result from pension provisions	1,008.4	-48.2
Deferred tax on actuarial result from pension provisions	-252.1	12.0
<b>Total</b>	<b>20,165.3</b>	<b>13,661.3</b>
<i>of which attributable to owners and additional equity components</i>	<i>20,160.6</i>	<i>13,638.0</i>
<i>of which attributable to non-controlling interests</i>	<i>4.7</i>	<i>23.2</i>

## Consolidated statement of changes in equity

STATEMENT OF CHANGES IN EQUITY 1/1-30/6/2022 in EUR 1,000	Subscribed capital	Fixed reserves <sup>1</sup>	Other retained earnings (incl. consolidated profit for the year)
<b>as of 1/1/2022</b>	<b>172,659.5</b>	<b>35,657.5</b>	<b>86,422.1</b>
Profit for the period	0.0	0.0	39,085.2
Changes in debt capital instruments at fair value through other comprehensive income	0.0	0.0	0.0
<i>Measurement of debt capital instruments at fair value through other comprehensive income</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Recycling of debt capital instruments at fair value through other comprehensive income</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Changes in equity instruments at fair value through other comprehensive income	0.0	0.0	0.0
Change in actuarial gains/losses	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>39,085.2</b>
Profit distribution	0.0	0.0	-23,000.0
Appropriation to fixed reserves	0.0	3,706.8	-3,706.8
AT1 capital	0.0	0.0	0.0
AT1 vouchers	0.0	0.0	-2,052.3
<b>as of 30/6/2022</b>	<b>172,659.5</b>	<b>39,364.3</b>	<b>96,748.3</b>

<sup>1</sup> The fixed reserves include statutory retained earnings of TEUR 10,434.1, liability reserves of the parent company in line with § 57 (5) of the Austrian Banking Act (BWG) of TEUR 22,098.4 and fixed capital reserves of the parent company of TEUR 6,831.8.

STATEMENT OF CHANGES IN EQUITY 1/1-30/6/2021 in EUR 1,000	Subscribed capital	Fixed reserves <sup>1</sup>	Other retained earnings (incl. consolidated profit for the year)
<b>as of 1/1/2021</b>	<b>172,659.5</b>	<b>31,298.5</b>	<b>64,664.0</b>
Profit for the period	0.0	0.0	18,625.1
Changes in debt capital instruments at fair value through other comprehensive income	0.0	0.0	0.0
<i>Measurement of debt capital instruments at fair value through other comprehensive income</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Recycling of debt capital instruments at fair value through other comprehensive income</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Changes in equity instruments at fair value through other comprehensive income	0.0	0.0	0.0
Change in actuarial gains/losses	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>18,625.1</b>
Profit distribution	0.0	0.0	-3,384.4
Appropriation to fixed reserves	0.0	2,021.3	-2,021.3
AT1 capital	0.0	0.0	0.0
AT1 vouchers	0.0	0.0	-101.4
<b>as of 30/6/2021</b>	<b>172,659.5</b>	<b>33,319.8</b>	<b>77,782.0</b>

<sup>1</sup> The fixed reserves include statutory retained earnings of TEUR 8,955.2, liability reserves of the parent company in line with § 57 (5) of the Austrian Banking Act (BWG) of TEUR 17,532.8 and fixed capital reserves of the parent company of TEUR 6,831.8.



Reserve for debt capital instruments at fair value through other comprehensive income <sup>2</sup>	Reserve for equity instruments at fair value through other comprehensive income <sup>3</sup>	Actuarial gains/losses IAS 19	Equity attributable to Kommunalkredit shareholders	Additional equity component <sup>4</sup>	Non-controlling interests	Equity
78,608.1	435.5	1,568.8	375,351.6	62,243.7	146.9	437,742.2
0.0	0.0	0.0	39,085.2	0.0	-15.0	39,070.2
-19,661.2	0.0	0.0	-19,661.2	0.0	0.0	-19,661.2
-19,683.6	0.0	0.0	-19,683.6	0.0	0.0	-19,683.6
22.4	0.0	0.0	22.4	0.0	0.0	22.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	736.6	736.6	0.0	19.7	756.3
-19,661.2	0.0	736.6	20,160.6	0.0	4.7	20,165.3
0.0	0.0	0.0	-23,000.0	0.0	0.0	-23,000.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	-2,052.3	0.0	0.0	-2,052.3
58,946.9	435.5	2,305.4	370,459.9	62,243.7	151.7	432,855.2

<sup>2</sup> As of 30/6/2022, the reserves for debt capital instruments at fair value through other comprehensive income included deferred taxes of TEUR 19,649.0.

<sup>3</sup> As of 30/6/2022, the reserves for equity instruments at fair value through other comprehensive income included deferred taxes of TEUR 145.2.

<sup>4</sup> Includes additional AT1 bonds that represent unsecured and subordinated bonds of Kommunalkredit and are classified as equity under IFRS.

Reserve for debt capital instruments at fair value through other comprehensive income <sup>2</sup>	Reserve for equity instruments at fair value through other comprehensive income <sup>3</sup>	Actuarial gains/losses IAS 19	Equity attributable to Kommunalkredit shareholders	Additional equity component <sup>4</sup>	Non-controlling interests	Equity
88,619.8	721.3	1,236.1	359,199.2	0.0	182.2	359,381.4
0.0	0.0	0.0	18,625.1	0.0	17.8	18,642.9
-4,945.4	0.0	0.0	-4,945.4	0.0	0.0	-4,945.4
-5,414.2	0.0	0.0	-5,414.2	0.0	0.0	-5,414.2
468.7	0.0	0.0	468.7	0.0	0.0	468.7
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	-41.6	-41.6	0.0	5.5	-36.1
-4,945.4	0.0	-41.6	13,638.0	0.0	23.2	13,661.3
0.0	0.0	0.0	-3,384.4	0.0	-84.0	-3,468.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	62,250.2	0.0	62,250.2
0.0	0.0	0.0	-101.4	0.0	0.0	-101.4
83,674.4	721.3	1,194.5	369,351.4	62,250.2	121.4	431,723.1

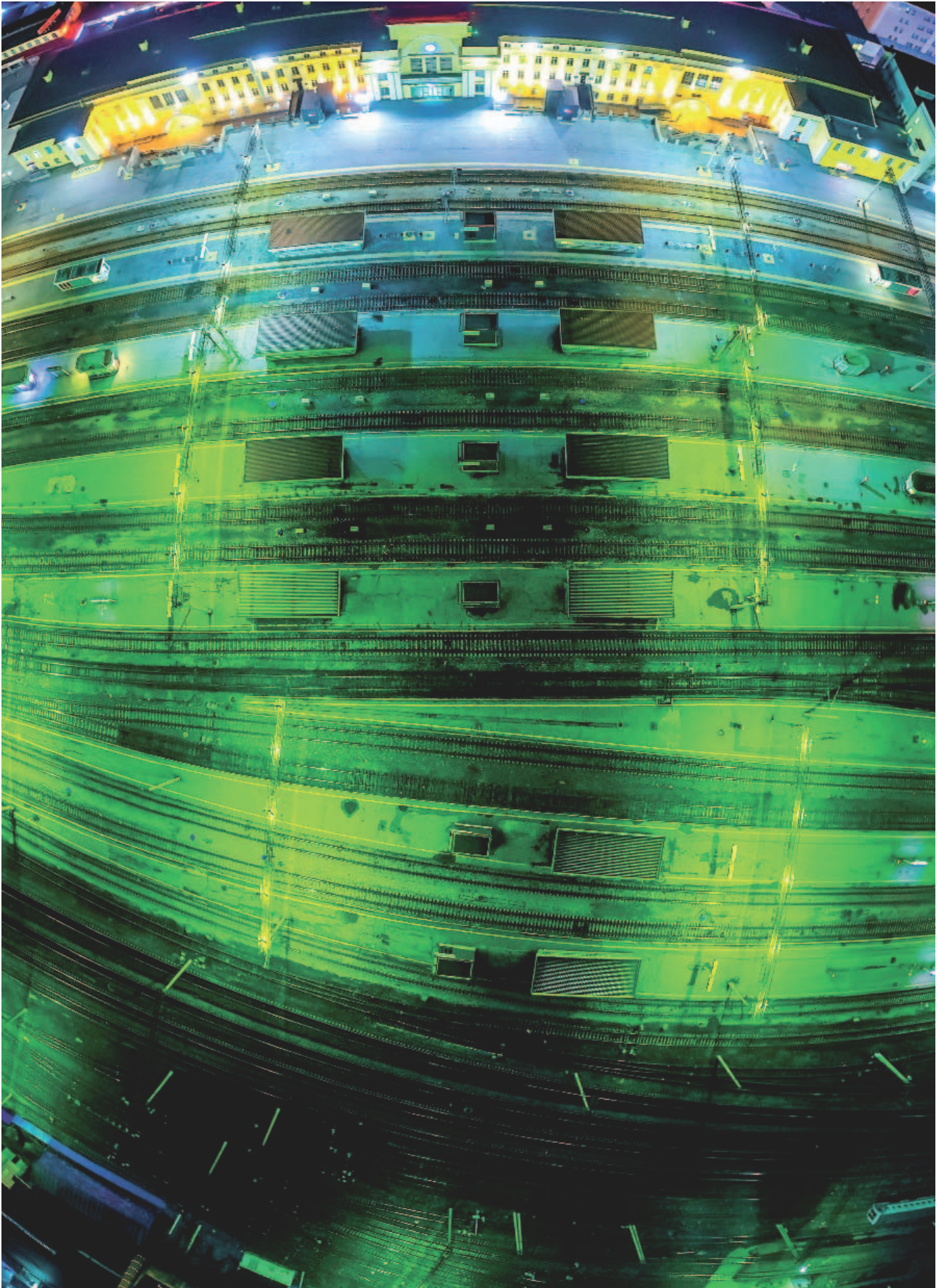
<sup>2</sup> As of 30/6/2021, the reserves for debt capital instruments at fair value through other comprehensive income included deferred taxes of TEUR 27,891.5.

<sup>3</sup> As of 30/6/2021, the reserves for equity instruments at fair value through other comprehensive income included deferred taxes of TEUR 240.4.

<sup>4</sup> Includes additional AT1 bonds that represent unsecured and subordinated bonds of Kommunalkredit and are classified as equity under IFRS.

## Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS in EUR 1,000	1/1-30/6/2022	1/1-30/6/2021
<b>Profit for the period after tax</b>	<b>39,070.2</b>	<b>18,642.9</b>
<i>Non-cash items included in the profit for the year and reconciliation to cash flow from operating activities</i>		
Depreciation and amortisation/reversals of depreciation and amortisation on property, plant and equipment and intangible assets	830.7	780.9
Appropriation to/release of provisions and risk provisions	-1,850.1	-873.9
Non-realised gains/losses from exchange rate fluctuations	7.6	22.6
Gains/losses from the valuation of financial assets and gains from the buyback of own issues	-11,154.3	-5,390.9
Income tax deferrals	5,717.0	8,089.7
Non-cash deferrals/accruals and other adjustments	-2,622.5	-2,368.6
<b>Sub-total</b>	<b>29,998.7</b>	<b>18,902.7</b>
<i>Change in assets and liabilities from operating activities after correction for non-cash items</i>		
Assets at amortised cost		
<i>of which loans and advances to banks</i>	20,187.3	-40,251.8
<i>of which loans and advances to customers</i>	138,182.5	7,157.8
Assets recognised at fair value through other comprehensive income	-121,739.9	-106,571.3
Assets at fair value through profit or loss	24,478.7	-33,448.1
Derivatives and portfolio hedge	-34,638.4	-27,427.6
Other assets from operating activities	-9,527.3	-4,102.3
Liabilities at amortised cost		
<i>of which amounts owed to banks</i>	-11,821.2	55,752.2
<i>of which amounts owed to customers</i>	3,729.0	25,859.6
<i>of which securitised liabilities</i>	108,018.4	300,896.1
Other liabilities from operating activities	22,866.9	-6,483.7
Income taxes paid	-157.1	0.0
<b>Cash flow from operating activities</b>	<b>169,577.6</b>	<b>190,283.4</b>
Proceeds from the sale of property, plant and equipment and intangible assets	-224.0	-623.0
<b>Cash flow from investing activities</b>	<b>-224.0</b>	<b>-623.0</b>
Dividend payments attributable to the owners of the parent	-23,000.0	0.0
Dividend payments attributable to non-controlling interests	0.0	-84.0
Change in funds from other financing activities (subordinated capital)	-20,000.0	-1,689.4
Cash inflows from the issue of AT1 capital	0.0	62,800.0
AT1 vouchers	-2,052.3	-101.4
Cash outflow from repayments on lease liabilities	-98.5	-96.8
<b>Cash flow from financing activities</b>	<b>-45,150.7</b>	<b>60,828.4</b>
Cash and cash equivalents at the end of the previous period	<b>543,366.7</b>	<b>808,622.3</b>
Cash flow from operating activities	169,577.6	190,283.4
Cash flow from investing activities	-224.0	-623.0
Cash flow from financing activities	-45,150.7	60,828.4
<b>Cash and cash equivalents at the end of the period</b>	<b>667,569.5</b>	<b>1,059,111.1</b>





# Selected explanatory notes to the consolidated interim financial statements

## 1. General principles

These interim consolidated financial statements of the Kommunalkredit Group were produced based on all obligatory International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and interpretations of IFRS Interpretations Committees (IFRICs and SICs) approved and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

These consolidated interim financial statements for the period from 1 January until 30 June 2022 are compliant with IAS 34 ("Interim Financial Reporting") and have undergone a review by the auditor. The interim consolidated financial statements do not contain all the information and disclosure requirements required by the consolidated financial statements and must therefore be read in conjunction with the consolidated financial statements of the Kommunalkredit Group for 2021. The accounting and valuation methods used in the consolidated interim financial statements are consistent with those used for the 2021 consolidated financial statements.

## 2. Other information

### a. Scope of consolidation

In accordance with the provisions of IFRS 10, the scope of consolidation of the Kommunalkredit Group comprises the following

companies in addition to the parent company Kommunalkredit as of 30 June 2022:

NAME AND REGISTERED OFFICE	Investment		Share in capital 30/6/2022 in %	Share in capital 31/12/2021 in %
	direct	indirect		
<b>1. Affiliated companies</b>				
<b>Fully consolidated affiliated companies</b>				
Kommunalkredit Public Consulting GmbH, Vienna	x		90.0%	90.0%
Kommunalkredit KBI Immobilien GmbH, Vienna	x		100.0%	100.0%
Kommunalkredit KBI Immobilien GmbH & Co KG, Vienna		x	100.0%	100.0%
Kommunalkredit TLI Immobilien GmbH & Co KG, Vienna		x	100.0%	100.0%
Fidelio KA Beteiligung GmbH (DE)	x		75.0%	75.0%
Fidelio KA Infrastructure Opportunities Fund GP S. à r. l. (LUX)		x	75.0%	75.0%
Fidelio KA Investment Advisory GmbH (DE)		x	75.0%	75.0%
Florestan KA GmbH, Vienna	x		100.0%	100.0%
Florestan KA Hydrogen GmbH, Vienna		x	100.0%	100.0%
4OG Immobilien GmbH & Co KG	x		100.0%	—
<b>2. Associates*</b>				
<b>Associates included using the equity method</b>				
PeakSun Holding GmbH Wels		x	40.0%	40.0%

\* For reasons of materiality, Kommunalkredit's 45.0% stake in Kommunalnet E-Government Solutions GmbH is not accounted for as an associated company at equity, but is shown under assets at fair value without recognition through profit or loss.

4OG Immobilien GmbH & Co KG, which was newly included in the scope of consolidation in the reporting period, was founded in connection with a restructuring of Kommunalkredit's real estate companies.

#### **b. Securitised liabilities**

In the reporting period, Kommunalkredit redeemed securitised liabilities in the amount of TEUR 173,842.3 (H1 2021: TEUR 12,537.3) at maturity according to schedule, and prematurely redeemed securitised liabilities with a value of TEUR 8,407.6 (H1 2021: TEUR 0.0).

#### **c. Equity**

A dividend payment of TEUR 23,000.0 was made in the first half of 2022 and is reported separately in the statement of changes in equity. The distributable profit for 2021 as reported in Kommunalkredit's individual financial statements prepared under Austrian GAAP, and thus as applied for the calculation of the dividend, was TEUR 23,732.7. The balance sheet profit of TEUR 732.7 remaining after the distribution was carried forward to new account.

#### **d. Development of result**

The profit for the period after tax increased by 109.6% to TEUR 39,070.2 (H1 2021: TEUR 18,642.9) compared to the previous year; EBIT increased by 73.2% to TEUR 39,535.0 (H1 2021: TEUR 22,821.6). This significant increase is mainly due to the improvement in the interest and other result (for details see point g), which resulted primarily from the further expansion of the infrastructure and energy financing business.

Another significant contribution to the increase in earnings is due to the positive development in the valuation and realisation result (TEUR 11,154.3 after TEUR 5,390.9 in H1 2021). This item reflects, in particular, positive valuation effects resulting from an increase in long-term market interest rates. General administrative expenses rose by 18.0% to TEUR 32,920.7 (H1 2021: TEUR 27,908.2), reflecting the growth course pursued by the Kommunalkredit Group.

The Kommunalkredit Group's net provisioning for impairment losses amounted to TEUR 468.9 (H1 2021: TEUR 100.9) and reflects the decline in loan loss provisions based on the statistically calculated provision for expected losses. The decline in risk provisions reflects, in particular, the reduced probabilities of default, which are mainly due to the historical development of rating migrations between the crisis year 2020 and the year 2021, which is marked by the economic upswing.

Further details on the development of the result are set out in the management report.

#### **e. Interest income from TLTRO III**

Kommunalkredit has financial liabilities from Targeted Longer-Term Refinancing Operations (TLTRO III) of the ECB amounting to TEUR 404,588.8 (31 December 2021: TEUR 405,935.3). Expectations of achieving the lending targets under this programme were taken into account when defining the effective interest rate.

A total of TEUR 1,346.5 (H1 2021: TEUR 3,445.6) was received in interest income under TLTRO III in the first half of 2022 (including present value effect from changes in estimates).

#### **f. Interest income from day-one gains**

In the first half of 2022, Kommunalkredit acquired several loans at a significant discount to nominal value, where the transaction price (purchase price) at the time of purchase did not correspond to the fair value of the underlying loans. The positive difference between fair value at initial recognition and purchase price is referred to as a day-one gain. A day-one gain is recognised immediately in Kommunalkredit's income statement if the valuation of the financial asset is based on price quotations in active markets, or on a valuation technique that primarily takes into account data from observable markets. If parameters not observable on the market are used to a significant extent for the valuation, a systematic deferral of the day-one gain is made over the term of the asset or until the point in time at which observable market information is expected to be available (depending on which period is shorter). From an economic perspective, Kommunalkredit earns higher margins on the acquired loans through purchases of loans where the purchase price at the time of purchase is lower than the fair value. Accordingly, Kommunalkredit reports income from day-one gains in net interest income. As of 30 June 2022, the day-one gains not yet accrued amounted to TEUR 26,884.2. The acquired loans meet the SPPI criterion and are recognised at amortised cost or at fair value through equity in accordance with the intention to hold.

#### **g. Other operating result**

In the reporting period, a significant modification occurred in the course of restructuring a customer exposure, which resulted in the de-recognition and re-recognition of the asset. The re-recognition was made at the fair value of the exposure. The difference to the book value of the old exposure in the amount of TEUR 8,721.0 was recognised as a restructuring gain in other operating income.

#### **h. Revenue from contracts with customers**

IFRS 15 "Revenue from Contracts with Customers" uses a five-step model to regulate whether, when and in what amount revenue from contracts with customers is recognised. Based on this model, revenue from fees and commissions is recognised in the statement of financial position when control over the services is passed, meaning that the contractual performance obligations to the customer have been met. If services are provided over a certain period, the fees and commissions are realised for the specific period when these services are provided. If the customer is responsible for monitoring the service at a certain time, the revenue is realised for a specific period.

Fee and commission income in the first half of 2022 totalling TEUR 14,000.8 (H1 2021: TEUR 12,049.9) was largely determined by the sales revenues of Kommunalkredit Public Consulting GmbH (KPC) from subsidy management and consulting business at TEUR 8,893.0 (H1 2021: TEUR 7,792.9). Commission income from Kommunalkredit's lending business amounted to TEUR 1,471.0 (H1 2021: TEUR 2,230.9) and mainly includes fees in connection with new lending business. These are mainly transaction-related fees from financial instruments measured at fair value through profit or loss. Furthermore, income from other service business of TEUR 3,636.7 (H1 2021: TEUR 2,026.1) is included.

### i. Contingent liabilities and other off-balance-sheet liabilities

Contingent liabilities and other off-balance-sheet liabilities were as follows as of 30 June 2022:

in EUR 1,000	30/6/2022	31/12/2021
<b>Contingent liabilities:</b> Sureties and guarantees	1,760.4	1,760.4
<b>Other obligations:</b> Credit lines and promissory notes	814,517.7	730,055.5

### j. Russia/Ukraine conflict

The development of the conflict between Russia and Ukraine, as well as the sanctions adopted by the European Union in response, have no direct material impact on Kommunalkredit. Except for one project with a net exposure of EUR 0.4m, Kommunalkredit has no direct exposure to the two relevant countries. However, possible indirect effects cannot be ruled out for the further course of business. Indirect consequences include, for example, negative economic developments, uncertainty on the financial markets, supply and energy bottlenecks, and the occurrence of deposit insurance cases. Due to Kommunalkredit's business model, no significant negative effects on the net assets, financial position and results of operations are expected.

### k. Legal risks

Immediately prior to the spin-off of Kommunalkredit to form a new company on 26 September 2015 and the merger of the remaining part of the former Kommunalkredit Austria AG (formerly KA) with KA Finanz AG (as the absorbing company), compensation was paid to the holders of participation capital at Kommunalkredit. A former holder of participation capital claims that this constitutes the unlawful termination of participation capital and is seeking from KA Finanz AG and Kommunalkredit as jointly and severally liable parties, in a legal dispute pending in the first instance, the granting of commercially equivalent rights since 26 September 2015, or a ruling establishing the continuation of the participation capital. The outcome of these proceedings is not expected to have any major negative impact on Kommunalkredit's financial position or income. Furthermore, KA Finanz AG, which is wholly owned by the Republic of Austria, has entered into an irrevocable obligation to compensate for any entitlements and losses that could result from the assertion of claims by former holders of participation capital.

A claim was brought against Kommunalkredit in December 2020 for payment of a recovery receivable that could result from a possible future loss of the plaintiff in the lawsuit. The plaintiff itself is the defendant (since 2010) in proceedings that have not yet been concluded. These involve the reversal of a transaction by the buyer which is linked to participation capital that was issued by the former Kommunalkredit (formerly KA) in 2006/2007. However, the motion involves having payment of the amount claimed enforced (only) as a provisional substitute, with the primary aim being to have the decision suspended pending a final decision in the proceedings with the buyer. The outcome of these proceedings is not expected to have any major negative impact on Kommunalkredit's financial position or income. Furthermore, KA Finanz AG, which is wholly owned by the Republic of Austria, has entered into an irrevocable obligation to compensate for any entitlements and losses that could result from the assertion of claims by former holders of participation capital.

On 2 July 2021, proceedings were initiated against Kommunalkredit Public Consulting GmbH (KPC) by the data protection authority following a report by an affected party. The proceedings are currently suspended as the data protection authority awaits a preliminary ruling by the European Court of Justice on § 30 of the Data Protection Act. It can be assumed to be more likely than not that there will be no penalty for KPC.

### l. Other obligations

Relative to the 2021 interim period, there have been no relevant changes in other obligations.



### m. Fair value of financial assets and liabilities

In accordance with the requirement to distinguish between groups of financial instruments, the Kommunalkredit Group categorises financial instruments as presented in the following table. The carrying amounts and attributable fair values per category can also be found in the table. The fair values of financial instruments not recognised at fair value are calculated based on the fair value hierarchy described below. The calculation of fair value uses maturity, rating- and instrument-specific measurement parameters in connection with standard valuation methods in line with IFRS 13.

The maximum credit risk for each category of financial instruments matches the carrying amounts shown in the table. The maximum credit risk for financial guarantees and irrevocable credit commitment corresponds to the nominal values of TEUR 1,760.4 (31/12/2021: TEUR 1,760.4) and TEUR 815,435.8 (31/12/2021: TEUR 730,055.5) respectively.

The values as of 30 June 2022 are as follows:

<b>CATEGORIES 30/6/2022</b> in EUR 1,000	<b>Amortised cost</b>	<b>At fair value through other comprehensive income</b>	<b>At fair value through profit or loss</b>	<b>Carrying amount</b>	<b>Fair value</b>
Cash and balances with central banks	667,569.5	0.0	0.0	667,569.5	667,569.5
Loans and advances to banks	325,852.9	0.0	0.0	325,852.9	324,993.1
Loans and advances to customers	1,908,364.1	0.0	0.0	1,908,364.1	1,932,207.6
Assets recognised at fair value through other comprehensive income	0.0	1,207,755.6	0.0	1,207,755.6	1,207,755.6
Assets at fair value through profit or loss	0.0	0.0	218,861.4	218,861.4	218,861.4
Derivatives	0.0	0.0	161,263.8	161,263.8	161,263.8
<b>Total</b>	<b>2,901,786.6</b>	<b>1,207,755.6</b>	<b>380,125.2</b>	<b>4,489,667.4</b>	<b>4,512,651.0</b>
Amounts owed to banks	470,290.6	0.0	0.0	470,290.6	461,953.0
Amounts owed to customers	1,865,160.7	0.0	0.0	1,865,160.7	1,852,232.9
Securitised liabilities	1,488,393.5	0.0	0.0	1,488,393.5	1,482,623.2
Subordinated liabilities	30,434.0	0.0	0.0	30,434.0	27,085.3
Derivatives	0.0	0.0	164,123.5	164,123.5	164,123.5
<b>Total</b>	<b>3,854,278.8</b>	<b>0.0</b>	<b>164,123.5</b>	<b>4,018,402.3</b>	<b>3,988,017.9</b>

The values as of 31 December 2021 are as follows:

<b>CATEGORIES 31/12/2021</b> in EUR 1,000	<b>Amortised cost</b>	<b>At fair value through other comprehensive income</b>	<b>At fair value through profit or loss</b>	<b>Carrying amount</b>	<b>Fair value</b>
Cash and balances with central banks	543,366.7	0.0	0.0	543,366.7	543,366.7
Loans and advances to banks	345,989.6	0.0	0.0	345,989.6	348,085.0
Loans and advances to customers	2,047,919.9	0.0	0.0	2,047,919.9	2,104,970.7
Assets recognised at fair value through other comprehensive income	0.0	1,085,203.8	0.0	1,085,203.8	1,085,203.8
Assets at fair value through profit or loss	0.0	0.0	244,590.9	244,590.9	244,590.9
Derivatives	0.0	0.0	128,390.9	128,390.9	128,390.9
<b>Total</b>	<b>2,937,276.3</b>	<b>1,085,203.8</b>	<b>372,981.8</b>	<b>4,395,461.9</b>	<b>4,454,608.1</b>
Amounts owed to banks	480,764.6	0.0	0.0	480,764.6	481,912.9
Amounts owed to customers	1,861,048.3	0.0	0.0	1,861,048.3	1,865,137.6
Securitised liabilities	1,370,698.7	0.0	0.0	1,370,698.7	1,369,931.4
Subordinated liabilities	60,296.9	0.0	0.0	60,296.9	59,905.2
Derivatives	0.0	0.0	168,930.9	168,930.9	168,930.9
<b>Total</b>	<b>3,772,808.5</b>	<b>0.0</b>	<b>168,930.9</b>	<b>3,941,739.5</b>	<b>3,948,252.2</b>

**n. Disclosures relating to fair value measurement (fair value hierarchy)**

In general, the methods used to measure fair value can be classified into three categories:

**Level 1:** There are quoted prices in an active market for identical financial instruments. The bid quotes for assets in this hierarchy level are obtained from Bloomberg or Reuters.

**Level 2:** The input factors for the valuation can be observed in the market. This category includes the following price determination methods:

- Price determination based on comparable securities
- Price determination through spreads derived from market data (benchmark spreads)

**Level 3:** The input factors cannot be observed in the market. This includes, in particular, prices based mainly on the estimates of experts and/or that contain non-observable data. The Level 3 financial instruments recognised at fair value refer exclusively to infrastructure and energy financing. Level 3 financial instruments are measured by means of an internal model based on the present value method. Cash flows are discounted on the basis of current yield curves, taking credit spreads into account.

**Financial instruments recognised at fair value**

The following table shows the breakdown of financial instruments recognised at fair value by category of financial instruments according to the fair value hierarchy:

CARRYING AMOUNTS for financial instruments recognised at fair value in EUR 1,000	30/6/2022		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Assets at fair value through other comprehensive income	12,956.1	554,045.3	640,754.0
Assets at fair value through profit or loss	0.0	27,977.3	190,884.1
Derivatives	0.0	161,263.8	0.0
<b>Liabilities</b>			
Derivatives	0.0	164,123.5	0.0

As of 30 June 2022, Kommunalkredit had Level 3 financial assets measured at fair value in the amount of TEUR 831,638.1 (31/12/2021 TEUR 675,952.6). The Level 3 classification concerns infrastructure and energy financing and is based on the non-

observability of the credit spreads required for the discounted cash flow method.

The values compared to the previous year are as follows:

CARRYING AMOUNTS for financial instruments recognised at fair value in EUR 1,000	31/12/2021		
	Level 1	Level 2	Level 3
<b>Assets</b>			
Assets at fair value through other comprehensive income	13,540.2	583,277.2	488,386.4
Assets at fair value through profit or loss	0.0	57,024.7	187,566.3
Derivatives	0.0	128,390.9	0.0
<b>Liabilities</b>			
Derivatives	0.0	168,930.9	0.0

The following tables show a reconciliation of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income in Level 3 of the fair value hierarchy:

<b>RECONCILIATION OF ASSETS at fair value through other comprehensive income</b> in EUR 1,000	<b>1/1/-30/6/2022</b>	<b>1/1-31/12/2021</b>
Opening balances	5488,386.4	275,701.6
Additions/disbursements	285,450.7	308,358.6
Additions from Level 2	0.0	24,486.8
Sold/redeemed	-131,182.4	-122,977.8
<b>Total gains and losses</b>		
recognised in profit or loss (net interest income)	1,749.3	2,674.9
recognised in other comprehensive income	-3,649.9	142.1
<b>Closing balance at the reporting date</b>	<b>640,754.0</b>	<b>488,386.4</b>

<b>RECONCILIATION OF ASSETS at fair value through profit or loss</b> in EUR 1,000	<b>1/1/-30/6/2022</b>	<b>1/1-31/12/2021</b>
Opening balances	187,566.3	224,389.0
Additions/disbursements	51,094.1	125,259.5
Additions from Level 2	0.0	6,952.1
Sold/redeemed	-45,127.0	-167,017.9
<b>Total gains and losses</b>		
recognised in profit or loss (net interest income)	0.0	1.1
recognised in profit or loss (net result of asset valuation and realised gains and losses)	-2,649.2	-2,017.5
<b>Closing balance at the reporting date</b>	<b>190,884.1</b>	<b>187,566.3</b>



### Financial instruments not recognised at fair value

The breakdown of categories of fair values of financial instruments not recognised at fair value is as follows:

FAIR VALUES of financial instruments not recognised at fair value in EUR 1,000	30/6/2022		
	Level 1	Level 2	Level 3
<b>Assets at amortised cost</b>			
Loans and advances to banks	189,739.0	107,708.1	27,546.0
Loans and advances to customers	219,822.4	1,174,516.9	537,868.3
<b>Liabilities at amortised cost</b>			
Amounts owed to banks	0.0	457,240.6	4,712.4
Amounts owed to customers	0.0	1,852,232.9	0.0
Securitised liabilities	0.0	1,482,623.2	0.0
Subordinated liabilities	0.0	27,085.3	0.0

The values compared to the previous year are as follows:

FAIR VALUES of financial instruments not recognised at fair value in EUR 1,000	31/12/2021		
	Level 1	Level 2	Level 3
<b>Assets at amortised cost</b>			
Loans and advances to banks	169,354.4	178,730.6	0.0
Loans and advances to customers	399,627.3	1,232,228.1	473,115.3
<b>Liabilities at amortised cost</b>			
Amounts owed to banks	0.0	476,728.5	5,184.4
Amounts owed to customers	0.0	1,865,137.6	0.0
Securitised liabilities	0.0	1,369,931.4	0.0
Subordinated liabilities	0.0	59,905.2	0.0

#### o. Significant events after the reporting period

No significant events arose between the reporting date of 30 June 2022 and the publication of this half-year report.

#### p. Related party disclosures

##### Ownership structure

Name of the company	Relationship with Kommunalkredit	Registered office	Shares held
Satere Beteiligungsverwaltungs GmbH	Direct parent company	Vienna, Austria, Comp.Reg. no 428981f	99,80% in Kommunalkredit

In the period under review, the previously existing two-tier ownership structure of Kommunalkredit in Austria was simplified. For this purpose, Gesona Beteiligungsverwaltung GmbH was merged into Satere Beteiligungsverwaltungs GmbH.

Satere Beteiligungsverwaltungs GmbH (Satere) is owned by Interitus Limited and Trinity Investments Designated Activity Company (Trinity), which hold 55% and 45%, respectively; the two companies exercise joint control over Satere through contractual agreements. Satere thus qualifies as a joint venture according to IFRS 11 and is classified as the controlling parent company of Kommunalkredit.

Kommunalkredit has concluded framework agreements for the fiduciary management of loans with Trinity Investments Designated Activity Company (Trinity) and a company related to Trinity; Kommunalkredit has no rights or obligations whatsoever with regard to the underlying lending business, which means that the criteria for balance sheet recognition are not met. As of 30 June 2022, positions amounting to TEUR 248,493.3 (31/12/2021: TEUR 313,040.0) are held in trust for Trinity in fiduciary funds; there are no transactions as of the reporting date for the related party of Trinity. Fee and commission income of TEUR 481.4 (1/1.-30/6/2021: TEUR 396.3) was generated from the fiduciary management of these transactions in the interim reporting period; of this amount, there are outstanding balances of TEUR 556.4 (31/12/2021: TEUR 1,066.7) as of 30 June 2022, reported under other assets.

**Tax group**

Effective as of 2016, a tax group pursuant to § 9 of the Austrian Corporate Income Tax Act was formed, with Satere as the group parent. The group members as of 30 June 2022 include Kommunalkredit and Kommunalkredit Public Consulting GmbH (KPC).

**Relationships with associates**

The following relationships exist with PeakSun Holding GmbH, an associate included at equity:

- Loans receivable in the amount of TEUR 1,282.9 (31/12/2021: TEUR 1,116.0); this resulted in interest income in the amount of TEUR 190.6 (H1 2021: TEUR 0.0)
- Other off-balance-sheet liabilities in the form of promissory commitments of TEUR 18,377.1 (31/12/2021: TEUR 18,544.0)

**Transactions with key management personnel**

Key management personnel are people with direct or indirect authority and responsibility for the planning, management and supervision of activities at Kommunalkredit. Kommunalkredit considers the members of the Executive Board and the Supervisory Boards to be key management personnel.

There is a company that holds a capital interest of 25% (unchanged as of 31/12/2021) in Fidelio KA Beteiligung GmbH; this company is within the range of influence of an Executive Board member of Kommunalkredit and a close relative. Fidelio KA Beteiligung GmbH was established for the purpose of acquiring and holding participating interests, among others, in the fields of business of alternative investment funds, asset management and advisory; it holds participating interests in Fidelio KA Investment Advisory GmbH and Fidelio KA Infrastructure Opportunities Fund GB S. à r. l.

As of 30 June 2022, just like as of 31 December 2021, there were no outstanding loans/advances to members of the Executive Board or to members of the Supervisory Board, and there were no liabilities with Kommunalkredit for them either.

**3. Segment reporting**

The business activities of the Kommunalkredit Group unfold primarily in the area of municipal and infrastructure-related project financing as well as in the management of support programmes for the Republic of Austria. The bank's activities are concentrated in a single business segment, the results of which are reported

regularly to the Executive Board and the Supervisory Board in the form of the consolidated financial statements prepared according to IFRS. The disclosures relating to the business segment are presented in the statement of financial position (IFRS) and the income statement of the Group. Reconciliation is therefore not required.

Vienna, 8 August 2022

The Executive Board  
of Kommunalkredit Austria AG



**Sebastian Firlinger**  
Member of the Executive Board



**Bernd Fislage**  
Chief Executive Officer



**Claudia Wieser**  
Member of the Executive Board

## STATEMENT BY THE LEGAL REPRESENTATIVES

We **confirm** to the best of our knowledge that the condensed **Interim Consolidated Financial Statements** give a true and fair view of financial statements of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards, and that the management report on the condensed interim consolidated financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group with respect to important events that have occurred during the first six months of the the condensed consolidated interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year.

Vienna, 8 August 2022

The Executive Board  
of Kommunalkredit Austria AG



**Sebastian Firlinger**  
Member of the Executive Board



**Bernd Fislage**  
Chief Executive Officer



**Claudia Wieser**  
Member of the Executive Board

# **Report on the Review of the condensed Interim Consolidated Financial Statements**



# Report on the Review of the condensed Interim Consolidated Financial Statements

## Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Kommunalkredit Austria AG, Vienna, for the period from 1 January 2022 to 30 June 2022. These condensed interim consolidated financial statements comprise the condensed consolidated statement of financial position as of 30 June 2022 and the condensed consolidated statement of comprehensive income, the condensed consolidated statements of cash flows and condensed consolidated statement of changes in equity for the period from 1 January 2022 to 30 June 2022 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. Our liability towards the Company and towards third parties is limited in accordance with § 275 par. 2 of the Austrian Commercial Code (UGB).

## Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements to Review Financial Statements", and International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

## Statement on the consolidated interim management report and on management's statement in accordance with § 125 Austrian Stock Exchange Act (BörseG)

We have read the consolidated interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed interim consolidated financial statements. Based on our evaluation, the consolidated interim management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

The interim financial information contains the statement by management in accordance with § 125 par. 1 subpar. 3 Austrian Stock Exchange Act.

The interim condensed consolidated financial statements together with our review report may be published or transmitted only as agreed by us. Any versions deviating from the one agreed by us (e.g. condensed version or translation into another language) are subject to § 281 par. 2 UGB.

Vienna, 9 August 2022

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

*signed*  
**Bernhard Mechtler**  
Engagement Partner  
Wirtschaftsprüfer  
(Austrian Chartered Accountant)

## APPENDIX

# Figures of Kommunalkredit Austria AG according to Austrian reporting regulations

## Statement of financial position of Kommunalkredit Austria AG according to Austrian reporting regulations

ASSETS in EUR 1,000	30/6/2022	31/12/2021
Cash on hand, balances with central banks	644,358.6	543,366.0
Debt securities from public issuers that are eligible for refinancing at the central bank	216,383.0	335,889.1
Loans and advances to banks	136,063.6	178,518.5
Loans and advances to customers	2,954,881.5	2,727,598.3
Bonds and other fixed-income securities	373,711.0	316,133.0
Investments	32,501.9	27,799.0
Investments in affiliated companies	50,420.2	32,501.5
Non-current intangible assets	835.7	845.3
Property, plant and equipment	2,788.9	2,885.6
Other assets	31,960.1	46,980.5
Deferred income	16,470.4	6,436.7
Deferred tax assets	13,360.9	11,402.7
<b>Total assets</b>	<b>4,473,735.8</b>	<b>4,230,356.1</b>

LIABILITIES in EUR 1,000	30/6/2022	31/12/2021
Amounts owed to banks	470,027.0	482,336.4
Amounts owed to customers	1,881,510.9	1,866,853.8
Securitised liabilities	1,528,728.7	1,303,738.8
Other liabilities	18,600.6	24,402.0
Deferred income	33,086.4	19,628.0
Provisions	40,979.4	33,398.6
Fund for general banking risks	40,000.0	40,000.0
Tier 2 capital under Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013	40,712.5	62,527.3
Additional Tier 1 capital under Part 2 Title I Chapter 3 of Regulation (EU) No. 575/2013	63,313.1	63,321.6
Subscribed capital	172,659.5	172,659.5
Fixed capital reserves	6,831.8	6,831.8
Retained earnings	112,534.1	112,534.1
Risk reserve under § 57 (5) Austrian Banking Act	22,098.4	18,391.6
Net profit	42,653.4	23,732.7
<i>of which profit carried forward</i>	732.7	0.0
<i>of which profit for the period (after appropriation to reserves)</i>	41,920.7	23,732.7
<b>Total equity and liabilities</b>	<b>4,473,735.8</b>	<b>4,230,356.1</b>

## Kommunalkredit Austria AG financial performance indicators

in EUR 1,000	30/6/2022	31/12/2021
Total risk exposure amount pursuant to Art. 92 CRR	2,407,673.5	2,026,456.0
Common equity tier 1 (CET 1)	354,749.6	350,793.9
CET 1 ratio	14.7%	17.3%
Common equity (tier 1)	417,549.6	413,593.9
Common equity ratio	17.3%	20.4%
Total capital (tier 1 and tier 2)	461,999.6	458,235.4
Total capital ratio	19.2%	22.6%

# Income statement of Kommunalkredit Austria AG according to Austrian reporting regulations

in EUR 1,000	1/1 – 30/6/2022	1/1 – 30/6/2021
<b>Net interest income</b>	<b>39,317.4</b>	<b>24,769.2</b>
Income from investments	0.0	756.0
Net fee and commission income	6,677.6	11,195.2
Income from financial transactions	10.2	-8.2
Other operating income	2,427.2	1,620.8
<b>Operating income</b>	<b>48,432.4</b>	<b>38,332.9</b>
<b>General administrative expenses</b>	<b>-26,623.6</b>	<b>-23,299.5</b>
Personnel expenses	-17,468.0	-14,995.3
Other administrative expenses (non-personnel)	-9,155.6	-8,304.2
Depreciation of property, plant and equipment	-305.5	-254.7
Other operating expenses	-1,272.6	-321.2
<b>Operating expenses</b>	<b>-28,201.7</b>	<b>-23,875.4</b>
<b>Operating result</b>	<b>20,230.7</b>	<b>14,457.5</b>
Net result of valuations and realised gains and losses	14,881.7	5,843.6
<i>of which realised from the early redemption of own issues</i>	<i>579.0</i>	<i>0.0</i>
<i>of which realised / valuation from securities, loans and derivatives</i>	<i>13,310.1</i>	<i>3,959.4</i>
<i>of which change in provision under § 57 (1) Austrian Banking Act</i>	<i>-400.0</i>	<i>1,000.0</i>
<i>of which change in valuation allowances</i>	<i>1,392.5</i>	<i>884.2</i>
<b>Profit on ordinary activities</b>	<b>35,112.4</b>	<b>20,301.1</b>
Restructuring result	17,918.6	0.0
Taxes on income	-7,362.4	-272.0
Other taxes	-41.1	-27.3
<b>Net profit for the period</b>	<b>45,627.5</b>	<b>20,001.7</b>



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