



THERE FROM THE BEGINNING.

Integrated Annual Report
of Kommunalkredit Austria AG 2023

KOMMUNAL
KREDIT

Kommunalkredit at a glance

SELECTED PERFORMANCE INDICATORS in EUR m or %	IFRS				
	2019	2020	2021	2022	2023
Net interest income	58.6	77.1	78.9	125.7	192.4
EBIT*	33.2	47.5	60.1	85.2	134.3
Profit for the period before tax	27.3	48.0	67.1	99.3	135.7
Profit for the period after tax	29.6	36.4	48.9	78.2	100.5
Cost/income ratio**	57.9%	50.8%	47.6%	42.8%	36.7%
Return on equity before tax***	10.3%	15.3%	19.5%	28.3%	33.8%
Return on equity after tax***	11.2%	11.6%	14.2%	22.3%	25.0%

* Profit of the year before tax under IFRS, adjusted for the net provisioning for impairment losses and measurement gains/losses

** Result from subsidiary KPC (cost plus model) netted in CIR calculation to provide a fair view on efficiency of the group

*** Return on Equity = profit for the period projected to one year/common equity tier 1 capital of the group as of 1.1.

New business

EUR 

1.6bn

Volume from infrastructure and energy financing

 27

nationalities as a sign of diversity with over 400 employees

EUR

134m

EBIT + 58%



A-

Average rating of premium-grade portfolio



EUR
165m

Gross income + 19%

C

Prime Status
ISS ESG Rating

SELECTED PERFORMANCE INDICATORS in EUR m or %	Austrian GAAP				
	2019	2020	2021	2022	2023
Net interest income	45.6	57.4	55.6	94.5	173.0
EBIT*	27.0	31.9	52.5	61.2	139.1
Profit for the period before tax	28.7	32.4	56.2	68.5	135.6
Profit for the period after tax	30.3	33.6	47.1	70.2	100.4
Cost/income ratio	63.2	61.0%	51.2%	47.8%	35.1%
Return on equity before tax	10.8%	10.3%	16.3%	24.7%	31.4%
Return on equity after tax	11.4%	10.7%	13.7%	20.0%	23.3%
Tier 1 ratio	18.7%	20.3%	20.4%	19.4%	20.0%

* Operating performance as reported in accordance with Austrian Commercial Code (UGB) plus operating result from the sale of active portfolio (infrastructure & energy financing) and change in provision required under Section 57 (1) of the Austrian Banking Act (BWG)

BBB- | BBB (Senior)

Investment grade ratings

Outlook positive

S&P, Fitch | DBRS



Awards in 2023

Best Specialist Bank in Austria

(Der Börsianer magazine)

Seal of Approval for

Sustainable Commitment

(Kurier newspaper)



Commitment to the environment

Joined the Partnership for Carbon

Accounting Financials Initiative



25%

Return on equity after tax

37%

Cost/income ratio



Take a look.

“We are confident that we will be able to drive our vision as ,Green Transition Financing Champion‘ forward even further.”

THERE FROM THE BEGINNING.

Integrated Annual Report
of Kommunalkredit Austria AG 2023

KOMMUNALKREDIT. Nothing else.

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INFRA. BANKING. EXPERTS.

We live for infrastructure. It is an essential backbone of developed economies and enables the rise to prosperity. We enable sustainable energy solutions, e-mobility, digital communication platforms and social institutions. That is what sets us apart.

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Letter by the Chief Executive Officer

Dear customers,
stakeholders and colleagues,



Today's world is unlike anything we have seen before. New conflicts, challenges and upheaval seem like a daily occurrence. A complex economic environment, characterized by high inflation, climbing interest rates, volatile energy prices, capital market turmoil – and this worldwide.

Against the backdrop of Russia's ongoing war of aggression in Ukraine, Yemen's Houthi rebels targeting shipping and Hamas' terrorist attack on Israel, one thing is clear: It is up to us to take a stand for integrity, solidarity and openness. It is up to us to defend the right to freedom of thought, which is the foundation of democracy. This is a responsibility that we all share, business, finance and politics as well as individual members of society.

Kommunalkredit is committed to fairness and acceptance. We show respect and champion human dignity across national, religious and ideological dividing lines in everything we do, no matter how big or how small. From benefit concerts, donations to underprivileged groups and clear statements of solidarity with Ukraine through to #neveragainisnow. As a society, we have the ability and the duty to stand up for democracy and stand against all forms of antisemitism, xenophobia and demagoguery. Together, we can overcome any crisis.

We want to use our position as specialists in public finance and infrastructure and energy financing to make a positive impact - from developing new sustainable technologies, providing financing for utility companies and renewable energy projects, keeping people and regions connected through telecommunication or digitalisation projects to providing medical and care services and modernising how we get around and the infrastructure we use. We actively promote the energy transition and decarbonisation as well as the urgently required diversification of oil and gas.

We are convinced that now is the perfect time to invest in the energy transition and diversify our energy supply so that we can minimise our dependence on particular sources. The European infrastructure financing market underlines our efforts. Transactions in this sector came to around EUR 280bn in 2023 compared to a record-setting EUR 360bn in 2022, EUR 300bn in 2021 and EUR 200bn in 2020, illustrating that the market is continuing its excellent run since the coronavirus pandemic.

Kommunalkredit generated EUR 1,813.1m in new business (including public finance) – fresh confirmation of our comprehensive expertise in different sectors and markets. 51% of the transactions in the bank's infrastructure and energy financing business were attributable to the Energy & Environment segment, followed by Communication & Digitalisation (28%) and Transport (14%).

2023 – A year of uncertainty and challenges, which Kommunalkredit met with consistency, discipline, resilience and foresight to achieve record-high earnings. Despite the challenging macroeconomic conditions, EBIT went up by more than 58% year-on-year to EUR 134m. The cost/income ratio fell to 37% (2022: 43%) and return on equity after taxes rose to 25% (2022: 22%). We had a strong Tier 1 capital ratio of 18%. Our strategic focus on infrastructure and energy financing, and public finance, paid off once again.

We supported a wide range of projects in 2023, including water treatment plants in Italy, wind farms and photovoltaic facilities in Romania, Hungary, Finland and on the Iberian peninsula, broadband initiatives in Spain and Serbia, health facilities in the United Kingdom, and a port portfolio in Portugal.

Public finance is a key element of our business model alongside infrastructure and energy financing. In 2023, we helped municipalities, cities and states to finance projects with a volume of EUR 191m, which largely related to nurseries, schools and fire brigades, water supply and wastewater disposal, recycling centres, cycle paths and walkways. Kommunalkredit has also provided a long-term investment credit for the targeted expansion of broadband coverage in one of Austria's least networked regions.

We develop, finance and implement projects across Europe and beyond. But that's not all: we are also committed to playing an active role in the energy transition. We are there from the beginning. Kommunalkredit has a dedicated project development team providing expert support at each stage of a project. From contracts, potential rezoning, environmental appraisals and securing grid connections to the final granting of the relevant planning permission.

We set up a dedicated advisory team focused on M&A and equity & debt raising to provide our partners with even more support in the areas of acquisitions and project financing. This team of international experts already has a solid track record, from acting as Asterion's exclusive financial advisor during the purchase of Germany-based company STEAG, providing buyers with their M&A expertise as part of two A2 Motorway PPP projects in Poland and acting as the sole M&A advisor for the buyers involved in acquiring an 84 MW wind farm in Eastern Europe.

Our biggest projects in Austria include our joint investment with OMV to build Austria's largest hydrogen electrolysis plant in Schwechat and our joint venture "PeakSun" with the Upper Austrian energy supplier eww, to finance, assemble, lease out and operate photovoltaic rooftop systems on commercial real estate.

Our top priority has long been to create benefit for the community. We set two areas that we will focus on when we updated our sustainability strategy in 2022: We want to accelerate the energy transition and help improve people's quality of life.

Kommunalkredit has set itself the following targets for 2025:

- at least 40% of annual infrastructure financing is directed towards transactions related to the energy transition and environmental protection, such as renewable energies, environmentally friendly mobility and water management
- up to 10% of the annual volume will be allocated to new green solutions
- at least 30% of the annual volume of new infrastructure financing will be channelled into social infrastructure and/or digitalisation and communication projects

We made a significant impact and lived up to our responsibility to society in 2023 by implementing transparent sustainability requirements for projects and our partners and carrying out checks. EUR 880m (54%) was invested in projects contributing to the energy transition and environmental protection. EUR 44m (3%) went towards new green solutions and EUR 392m (24%) was used to finance social infrastructure and connectivity in order to improve the quality of life of both individuals and communities as a whole.

Every part of the Group – bank, asset management platform, project development company – has a strong focus on sustainability, and none more so than our subsidiary Kommunalkredit Public Consulting (KPC). KPC plays a significant role in meeting national and international climate action and energy targets with its subsidiary management and consulting business segments. It provides the Austrian Ministry of Climate Action and Energy (BMK) with climate policy advice at an EU level and in the context of UN negotiations (e.g. as part of the COP28 conference in Dubai), in addition to providing advisory services for the Austrian representative of the Federal Ministry of Finance (BMF) in the Green Climate Fund. Demand for environmental support schemes continued to go up in 2023. KPC evaluated around 633,000 climate action and environmental protection projects (2022: 414,355) over the course of the year with an investment volume in excess of EUR 7.1bn (2022: EUR 6.0bn).



The major rating agencies highlighted our well-established and resilient business model, strong asset quality and outstanding profitability. S&P Global Ratings confirmed its covered bond rating of A+ at the beginning of 2023 and revised its outlook for our investment grade rating of BBB- to positive. In September, Morningstar DBRS confirmed our BBB rating and improved its outlook to positive. Fitch Ratings affirmed our rating of BBB- in the first quarter of 2023 and judged the outlook to be stable. On 8 February 2024, Fitch reconfirmed our investment grade rating and revised the outlook to positive, largely as a result of our established infrastructure and energy financing franchise and the experience of our management team.

We bolstered our refinancing structure in 2023 and remained active in the capital market with a private placement of EUR 89.9m in senior preferred bonds and a placement of EUR 50m in covered bonds.

We are there from the beginning. Alongside every idea, every project and every innovation. We know that we have our highly motivated and committed colleagues to thank for everything we have achieved so far, as well as everything we will achieve going forward.

We have big plans. We want to continue this run of excellent performance, drive our sustainability strategy forward and get the “green revolution” started, together with you. All the talk at the moment is about achieving sustainable “transformation” – but that’s not enough. What we need is to bring about a quick and decisive revolution!

The clock is ticking for the whole world when it comes to climate change. The European Union wants to be climate-neutral by 2050. That’s 25 years away. That might sound like a long time, but it’s not. It’s 300 months; 9,100 days.

Infrastructure – all of the piping, cabling and connection points for energy, water and human beings – is the nervous system underpinning our existence. It has to function quickly, smoothly and safely – ideally while also being sustainable and environmentally friendly. We still have so much to do. We can do it, but only if we work together. It’s time for us to put out the call. We all need to stand side by side with one another for this revolution to work. Everybody needs to play their part – from politicians at a regional, national and EU level to energy companies, businesses, the financial sector and investors. Together, we have the power, the opportunity, but also the duty to play an active role in the energy transition and make a positive impact.

If history has taught us one thing, it’s that revolutions need a great deal of courage and strong partners to be successful. We need to bet big on the future with a clear conviction that we know what needs to be done. Now is the time to support new sustainable technologies. Now is the time to develop and foster innovative projects. That is exactly what we are doing. We are courageous. We are there. From the beginning.

We need to think big, and be brave enough to change our ways. Let’s take an open-minded approach and act decisively and sustainably. Our “green revolution” has a positive aim. It will create a future that’s worth living in. For us. For our children. And for the generations to come.

Best regards,



Bernd Fislage

Chief Executive Officer
Kommunalkredit Austria AG
Vienna, February 2024

“We are constantly addressing the question of how we can create a holistic system that covers all aspects of financing sustainable ideas and projects. What drives us is the desire to make the world a better place.”

Functions within the Company

Executive Board

KARL-BERND FISLAGE

Chief Executive Officer

SEBASTIAN FIRLINGER

Member of the Executive Board

CLAUDIA WIESER

Member of the Executive Board,
until 31 March 2023

Supervisory Board

PATRICK BETTSCHIEDER

Chairman of the Supervisory Board
Appointed by Satere Beteiligungsverwaltung GmbH;
Managing Director Satere Beteiligungsverwaltungs GmbH

FRIEDRICH ANDREAE

Deputy Chairman of the Supervisory Board
Appointed by Satere Beteiligungsverwaltung GmbH;
Managing Director Satere Beteiligungsverwaltungs GmbH

TINA KLEINGARN

Partner Westend Corporate Finance

JÜRGEN MEISCH

Managing Director Achalm Capital GmbH

MARTIN REY

Managing Director Maroban GmbH

ALOIS STEINBICHLER

Managing Director AST Beratungs- und Beteiligung GmbH

OLIVER FINCKE

Nominated by the Works Council,
since 3 February 2023

PETER KRAMMER

Nominated by the Works Council,
until 7 December 2023

BRIGITTE MARKL

Nominated by the Works Council,
until 31 January 2023

CLAUDIA SLAUER

Nominated by the Works Council,
since 28 December 2023

GERALD UNTERRAINER

Nominated by the Works Council

State Representative

PHILIPP SCHWEIZER

State Representative
Federal Ministry of Finance

MARKUS KROIHER

Deputy State Representative
Federal Ministry of Finance

Government Representative* for Cover Pool for Covered Bonds

KARIN FISCHER

Government Representative
Federal Ministry of Finance,
until 30 April 2023

ANNA STAUDIGL

Deputy Government Representative
Federal Ministry of Finance,
until 30 April 2023

* To enable continual monitoring of the cover pool, the Covered Bond Act (Pfandbriefgesetz) of 8 July 2022 provides for the mandatory establishment of a trustee.

Report of the Supervisory Board

The Supervisory Board of Kommunalkredit Austria AG submits its report on the 2023 financial year to the Shareholders' Meeting. Patrick Bettscheider, Managing Director of Satere Beteiligungsverwaltungs GmbH, delegated by Satere Beteiligungsverwaltung GmbH, holds the position of Chairman of the Supervisory Board. Further capital representatives are Friedrich Andrae (Deputy Chairman of the Supervisory Board, Managing Director of Satere Beteiligungsverwaltungs GmbH, delegated by Satere Beteiligungsverwaltung GmbH) Alois Steinbichler and Tina Kleingarn. Jürgen Meisch (Managing Director of Achalm Capital GmbH) and Martin Rey (Managing Director of Maroban GmbH) continue to exercise their mandates as independent members of the Supervisory Board. The Works Council delegated Brigitte Markl (stepped down from the Supervisory Board on 31 January 2023), Oliver Fincke (from 3 February 2023), Gerald Unterrainer and Peter Krammer (stepped down from the Supervisory Board on 7 December 2023). Claudia Slauer was delegated to the Supervisory Board as an employee representative on 28 December 2023. At the time of reporting, the Supervisory Board comprises four capital representatives, two independent representatives and three employee representatives. The Supervisory Board thanks all members who stepped down in the 2023 financial year for their reliable and constructive collaboration.

At the time of reporting, the Executive Board consists of Karl-Bernd Fislage (Chief Executive Officer) and Sebastian Firlinger (Chief Risk Officer and Chief Financial Officer). After spending over twenty years in a variety of executive roles at Kommunalkredit, Claudia Wieser stepped down from the Group's Executive Board and decision-making bodies on 31 March 2023.

Kommunalkredit can look back on a thoroughly successful 2023 financial year – in spite of ongoing economic challenges, tense markets and geopolitical turbulence. New business volume of EUR 1,813m in infrastructure and energy financing, as well as in public finance confirmed the focus on sustainable crisis-proof infrastructure. EBIT improved by 58%, or EUR 49m to EUR 134m. Profit for the year after tax increased by 29% compared to the previous year to EUR 101m. The significant improvement in EBIT was also reflected in a marked reduction in the cost/income ratio to 37% (2022: 43%). The return on equity after tax increased from 22% in 2022 to 25%. The bank's portfolio remained robust in 2023; the net non-performing loan (NPL) ratio came to 1.0% (after factoring in cover/guarantees from export credit agencies), with just three loans involved. This was once again well below the weighted European Banking Authority (EBA) average.

In addition to financing projects, Kommunalkredit enhanced its in-depth industry expertise and intensified its activities in the fields of acquisition finance, hybrid/corporate finance and financial advisory. The bank placed EUR 358m among insurance companies, asset managers and banks in 2023.

It provides its business partners with access to infrastructure and energy financing through an asset management solution in the form of its Fidelio KA infrastructure fund family. Kommunalkredit uses the project development company Florestan KA GmbH to provide equity funding for infrastructure and energy projects with development and growth potential.

The Supervisory Board performed its tasks, as defined in the Articles of Association and the Rules of Procedure, at four ordinary meetings and one extraordinary meeting. The committees (Audit, Remuneration and Credit Committee) also held their meetings and performed their tasks in accordance with the Articles of Association.

The Articles of Association were amended due to new legislation coming into effect to provide the option of holding general meetings virtually following the enactment of the Virtual General Meeting Act [Virtuelles Gesellschafterversammlungen-Gesetz – VirtGesG]. Amendments were also made to reflect the Federal Act on Wiener Zeitung GmbH and Establishing a Federal Electronic Publication and Information Platform [WZEVI Act]. The Rules of Procedure of the Executive Board were amended to change the powers of authorised representatives. In addition, due to the changes in the Executive Board and the consequent reorganisation of the divisions, the allocation of responsibilities of the Executive Board was redefined and approved.

In the course of the meetings of the Supervisory Board and its committees, as well as through direct information, the Supervisory Board was continuously updated on the development of business, the position and performance of the company and its business policy plans. In exercising its tasks conferred upon it by law, and under the Articles of Association and the Rules of Procedure, the Supervisory Board advised and supervised the Executive Board in the management of the company.

In accordance with the fit and proper guideline (based on the EBA/ESMA Guidelines on the assessment of the suitability of members of the management body and key function holders, version 2021/06, and the FMA fit and proper circular of March 2023), the members of the Boards of the bank underwent comprehensive fit and proper training covering regulatory changes and/or innovations in December 2023.

These annual financial statements and the management report were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The audit did not result in any findings and the statutory provisions were adhered to. As the annual financial statements present a true and fair view of the assets and financial position of the company as of 31 December 2023, the auditors issued an unqualified audit opinion.

The Supervisory Board endorsed the results of the audit and approved the 2023 annual financial statements, which were therefore formally adopted, at its meeting held on 22 February 2024. Moreover, the consolidated financial statements as of 31 December 2023, including the management report, were examined and acknowledged by the Supervisory Board.

In the 2023 financial year, Kommunalkredit Austria AG's two shareholders with indirect control – UK-based Interritus Limited and Trinity Investments Designated Activity Company, which is managed by Attestor Limited – sold their entire stake in Satere Beteiligungsverwaltungs GmbH (Kommunalkredit Austria AG's holding company) to Green Opera Finance BidCo AB, which has its registered office in Sweden. The current owners of the holding company will each hold a minority stake of at most 9.9% of the shares in the acquiring company. Green Opera Finance BidCo AB is backed by funds managed by Altor with assets under management (AuM) totalling around EUR 11bn.

The sale had been subject to competition law and regulatory approval. It was approved by the Competition Authority on 1 April 2023. At the time of publication of this report, the regulatory ownership control procedure is still ongoing.

Patrick Bettscheider
Chairman of the Supervisory Board

Vienna, 22 February 2024



THERE FROM THE BEGINNING.

We enable infrastructure. We combine industry expertise and structuring know-how with the financing capabilities of a bank. We are on hand to support our customers from the beginning: from advisory to project preparation and development to structuring, arranging and financing, all the way through to successful implementation.

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Infrastructure

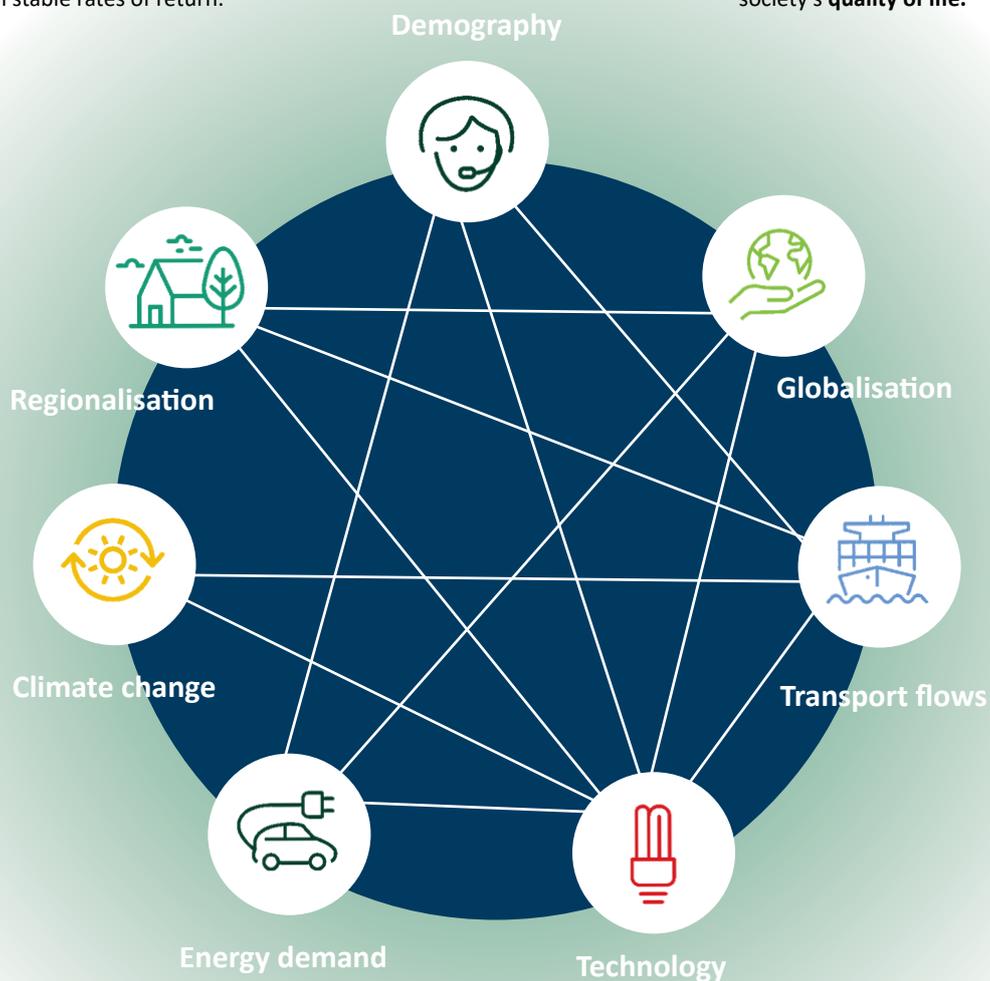
Infrastructure is, by its very nature, essential to the efficient functioning of society. Its quality has a significant impact on economic growth at local, regional, national and global levels. Megatrends such as digitalisation, decarbonisation, e-mobility and sustainable investments for an ageing population, as well as additional challenges – health crises, geopolitical tensions and the necessity for change in climate policy – increase the need for infrastructure.

Infrastructure is attractive.

Infrastructure investments are extremely popular. They increasingly represent alternative and **responsible investment options**. They are now 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 is a **stable** investment, 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 crises**.

Expertise

State-of-the-art, efficient – and, most importantly – secure infrastructure is the foundation of every society. Financing has continued to evolve in recent years. We are witnessing a shift from conventional public-sector budget financing to private investment and public-private partnerships. These interests need to be bundled so as to achieve sustainable and innovative infrastructure project implementation.

As a specialist in infrastructure and energy financing, Kommunalkredit focuses on providing benefit to the community through its projects, thereby facilitating the **development of sustainable infrastructure** and combining **responsible investment** with attractive returns.

The bank is a strong and agile partner for businesses, innovators and the public sector when it comes to implementing economically sustainable projects in a profitable manner.

Our vision

We will become the most agile and innovative infrastructure bank in Europe, helping to create a better world.

Our strategy

We are on hand to support our customers every step of the way – from advice and planning to financing, arranging collaborations, development and production. **We are there from the beginning.**



Our mission

We are always first when it comes to delivering outstanding results with speed and precision. We take “always first” as an obligation to get better every day.

Benefit to the community

- We help to create a better world by enabling the development of sustainable infrastructure that improves the quality of people’s lives.
- We see infrastructure investments as a powerful tool for responding to social needs and fundamentally increasing the general well-being of communities.
- We provide tangible benefits to the population at large: Economic dynamism | Urban development and renewal | Strengthening rural areas | Job creation | Social cohesion | Climate protection measures.
- We focus on providing a secure, stable and sustainable yield to our investors.



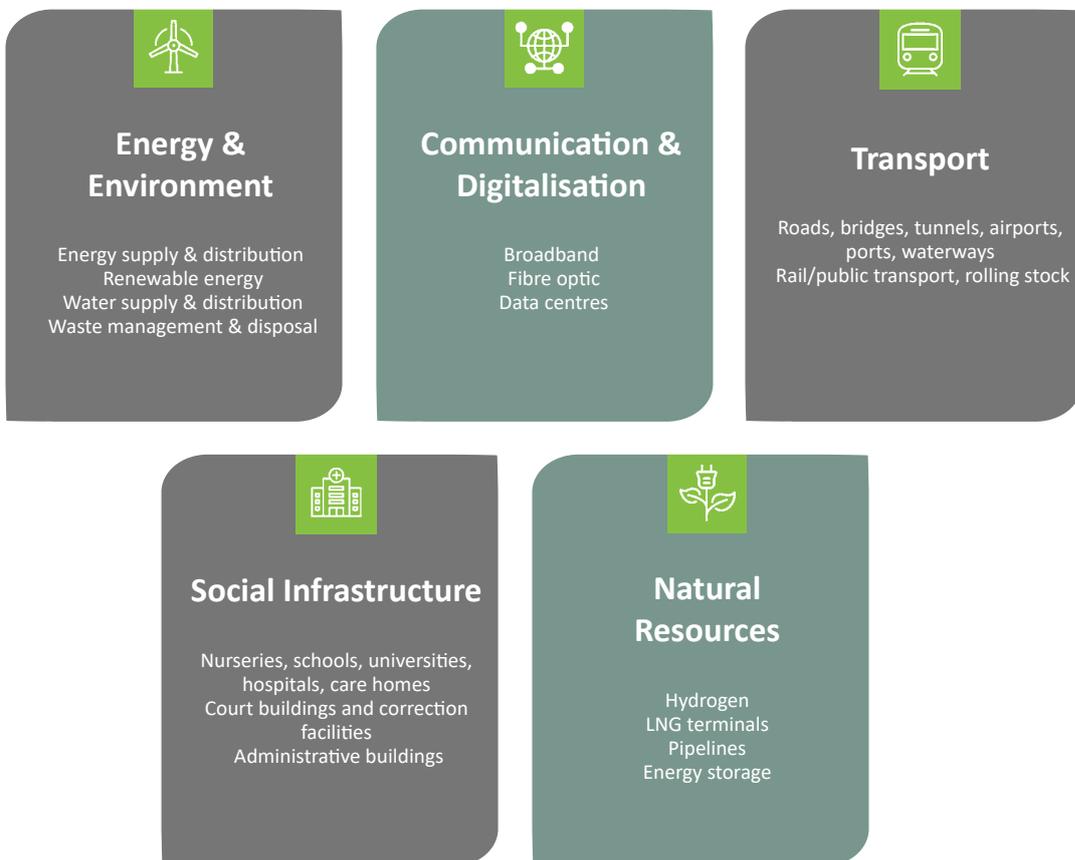
Building bridges

Kommunalkredit's business model is associated with an attractive risk/reward profile due to its solid design. 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 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.



Success factor

Kommunalkredit sets ambitious strategic objectives, creates positive impact in the infrastructure and energy market and constantly strives to reach new sustainable milestones.

What is our goal?

Partner of choice for infrastructure investments:

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

How will we achieve this 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

How are we improving in 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

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

Why is this attractive to our shareholders?

Create value:

- Tick all relevant valuation drivers
- High-velocity, low-risk balance sheet
- Continuous above-average CAGR* performance: Loans | Revenue | Profit
- Double-digit return on equity
- Excellent dividend yield and attractive distribution rate

* CAGR = Compound Annual Growth Rate

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

USA: Communication & Digitalisation, Natural Resources

Egypt*: Transport

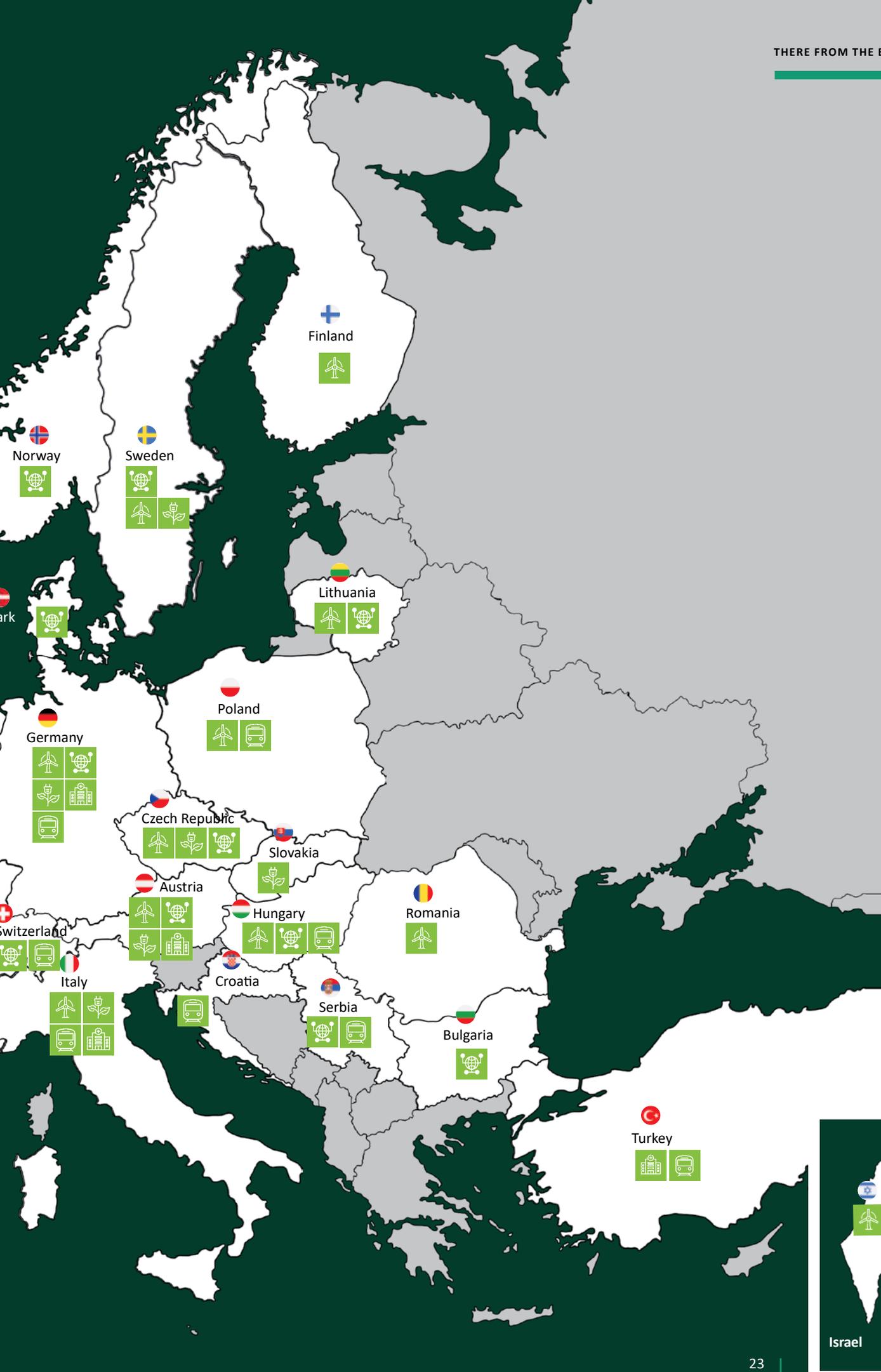
Ghana*: Transport

Ivory Coast*: Transport

Angola*: Energy & Environment, Social Infrastructure



* Selected structured export financings in Africa, collateralised by an export credit agency (ECA).



Israel



SUSTAINABILITY.

We think infrastructure. We actively address global and local modern infrastructure trends. We understand our responsibility comprehensively. This is why sustainable management and core ethical values form the basis for our activities.

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Sustainability in 2023

Kommunalkredit is actively addressing 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.

SUSTAINABILITY FRAMEWORK

Sustainability as a key component

One of the biggest challenges facing us is **climate change**. In order to counter its effects, comprehensive investment is required, in particular, for infrastructure and energy. Permanently dealing with sustainable energy solutions, e-mobility, digital communication platforms and social institutions is one of Kommunalkredit's unique selling proposition due to our specialisation.

Our dynamic business model allows us to pick up on and grasp opportunities at an early stage, particularly **with regard to the European Green Deal** and national and international climate targets. We are focused on sustainable investments and are experts and partners for all agendas related to the energy transition. 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 environmental and energy support programmes. 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.

We are focusing on **incorporating aspects related to sustainability** into our strategy and our core business and are continually enhancing our sustainability management system.



“Kommunalkredit –
the first port of call for
sustainable infrastructure.”

1992

First Austrian issuer of an environmental bond

1997

Introduction of annual environmental declaration | ISO 14001 certification | first Austrian financial services provider with EMAS certification

2004

First sustainability report

2008

Introduction of Climate Austria for voluntary compensation of CO₂ emissions

2006–2008

Combined annual and sustainability report

2012

Integration of ESG analysis into the credit process

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

2022

Sustainability focus strengthened through refreshed sustainability strategy with strong commitment

2023

Signed up to the UN Principles for Responsible Banking

2023

Joined the Partnership for Carbon Accounting Financials (PCAF) Initiative

2023

Publication of Kommunalkredit's Sustainable Funding Framework

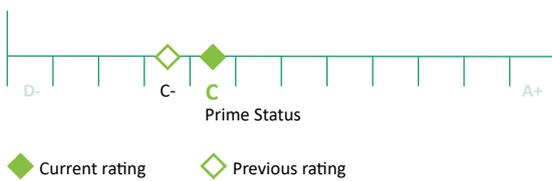
Sustainability ratings and memberships

Kommunalkredit has a number of sustainability ratings from renowned agencies. Based on its updated sustainability strategy, Kommunalkredit has stepped up its commitment and dialogue with sustainability rating agencies. Kommunalkredit was given a “low risk” **ESG risk rating** (and a score of 14.6) by Morningstar Sustainalytics¹, putting it among the top 10% in the banking industry. At the beginning of February 2024, Morningstar Sustainalytics upgraded this rating to 12.7, thereby downgrading the ESG risk once again. On 8 February 2023, ISS ESG awarded Kommunalkredit a “C” rating, meaning that it enjoys “Prime” status, and a transparency level of “very high”.

Morningstar Sustainalytics’ ESG rating



ISS ESG’s ESG rating



The path taken is viewed positively by the market. We have regularly received **industry awards** from renowned infrastructure magazines since 2017. The Austrian daily newspaper Kurier honoured Kommunalkredit with its Seal of Approval for Sustainable Commitment (2023 and 2024). This also underlined the sustainable standing on the home market.

The “Agenda 2030 for Sustainable Development” by the United Nations comprises a political declaration, 17 Sustainable Development Goals (SDGs) and 169 targets for the period leading up to 2030, a package of measures for implementing the goals and a system for evaluating and monitoring the progress made. The SDGs 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.

We are committed to the UN Sustainable Development Goals and the targets of the Paris climate agreement at international level, and to the **European Green Deal** and the Austrian government’s National Energy and Climate Plan (NEKP). Kommunalkredit has been a signatory to the UN Global Compact since 2021 and is dedicated to the ten universal principles relating to human rights, employment standards, environmental protection and the fight against corruption. 2023 also saw Kommunalkredit sign up to the **UN Principles for Responsible Banking (UN PRB)** and the **Partnership for Carbon Accounting Financials (PCAF)** initiative to further emphasise its commitment to sustainable business.

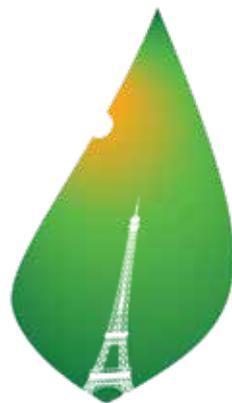
The UN Principles for Responsible Banking are part of a standardised framework for sustainable banking that has been developed in partnership between banks across the globe and the United Nations Environment Programme Finance Initiative (UNEP FI). Its purpose is to ensure that bank strategies and practices align with the vision that society has defined for the future in the UN Sustainable Development Goals and the Paris Agreement. The banks that have signed up to the principles have made a commitment to ambitious sustainability strategies and are striving to make sustainability a focal point of their business activities. They consistently aim to promote sustainable finance and offer corresponding financial products.

The Partnership for Carbon Accounting Financials (PCAF) initiative is a cooperation among global financial institutions designed to enable the standardised assessment and disclosure of greenhouse gas emissions financed by loans and investments (known as financed emissions).

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UN Sustainable Development Goals



PARIS 2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11



Sustainability policy

We facilitate the **development of sustainable infrastructure** to accelerate the energy transition and improve the quality of people's lives.

We combine sustainable and responsible investments with attractive returns. As a specialist bank for infrastructure and energy financing, Kommunalkredit provides a tangible benefit to the community. We help our customers realise projects geared towards sustainable infrastructure aimed at **enhancing quality of life**. Investments in infrastructure are a tool for addressing social needs and increasing the general well-being of society. Efficient infrastructure bolsters economic momentum, promotes urban development, creates jobs, is an indispensable part of the fight against climate change and strengthens social cohesion. It meets the needs of today's generation and creates opportunities for the generations to follow.

Our **sustainability commitments** for our own business activities and our loan portfolio are based on a materiality analysis and are geared towards international standards, as well as what our stakeholders expect of us. Whenever we grant loans, ensuring that our commitments are accepted and put into practice is a top priority for us:

- We are aware of our responsibility as regards contributing to prosperity and our society's core values. In addition to this ethical foundation, **sustainable management** – i.e. acting responsibly in economic, social and ecological terms – plus our commitment to the UN Global Compact and the UN Principles for Responsible Banking form the basis of everything we do. The obligations provide for the implementation of **due diligence** and **application of the precautionary principle**.
- Our aim is to be successful in the long run by creating **added value for the community** with our Infrastructure & Energy and Public Finance projects.

- We strive to build **long-term partnerships** with our customers. As an innovative and dynamic infrastructure bank, we aim to be the first-choice partner for our customers. Excellent problem-solving skills, quick decision-making processes and premium service for our customers, coupled with clear, transparent communication with our stakeholders, are what set us apart from our peers. Securing the **trust** of customers, employees, investors, owners and regulatory and supervisory authorities is a top priority for us. Committed and highly qualified employees are a key factor in our success. We are successful as a team.
- We make every commercially feasible effort to help **reduce the direct and indirect environmental impact of our activities on an ongoing basis**.
- We see **dialogue** with our stakeholders as a chance to exchange knowledge and evolve and as an opportunity to pass on our experience.
- Our success relies on our committed and **highly qualified employees** and is largely due to the extent to which they identify with Kommunalkredit.
- Our social commitment is something we put into practice not only in-house in our dealings with each other but also in the way we live up to our **social responsibility**.
- We strive to promote **positive ESG impacts** and mitigate any potential negative ones.
- In our efforts to enhance our sustainability management system, we focus on **incorporating sustainability aspects** into our core business areas and on transparent dialogue with our stakeholders.
- We provide the general public with information on our sustainability/ESG performance on a regular basis.

Our Code of Conduct is a key component of our sustainability policy.



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

SUSTAINABILITY STRATEGY

Sustainability is an integral part of Kommunalkredit’s strategy. **ESG agendas** are incorporated into business processes and the bank’s business focus on infrastructure and energy is naturally aligned with sustainability. In 2022, the focus was strengthened with the adoption of an updated sustainability strategy featuring specific targets. Having adopted this strategy in 2022, the Sustainability Board forged ahead with its implementation in 2023.

Sustainability strategy

Kommunalkredit’s sustainability strategy is closely correlated to its core business and has a green and a social focus:



Accelerate the energy transition

We facilitate the decarbonisation of the economy and are committed to driving it forward. Our financing activities focus on renewable energies, hydrogen and new, innovative technologies that are of crucial importance if the energy transition is to succeed.



Help improve people’s lives

A large part of our Infrastructure & Energy and Public Finance activities is dedicated to financing social infrastructure and connectivity.

“We facilitate the development of sustainable infrastructure to accelerate the energy transition and improve the quality of people’s lives.” (from our sustainability mission)

Key levers that will help us to implement our strategy are:



Integrate impact

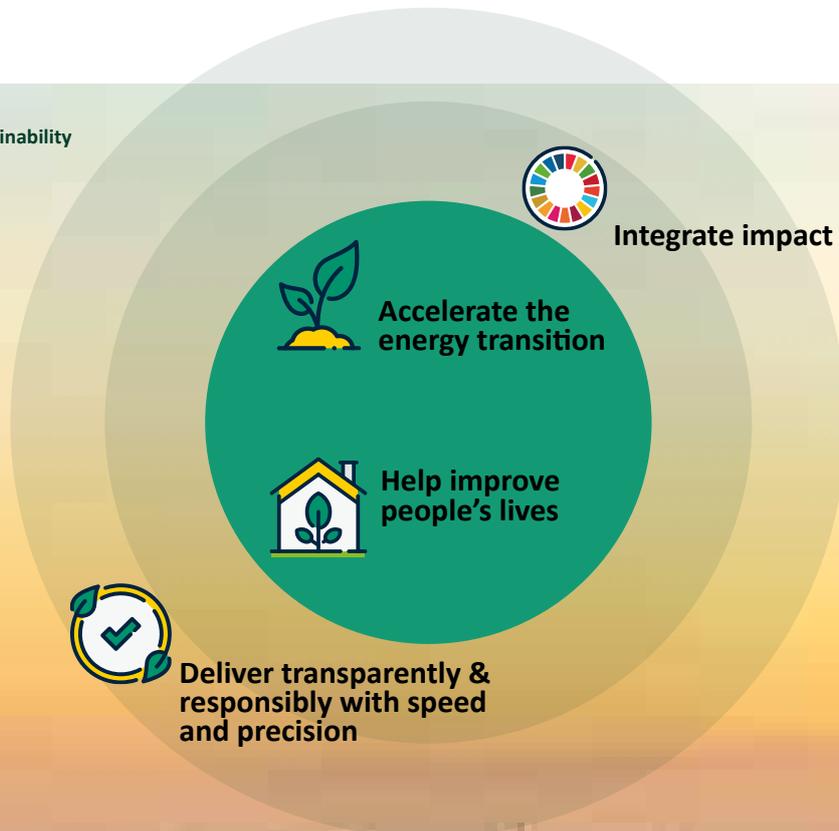
We take sustainability factors into account in each and every infrastructure project. As a company, we are committed to the UN Sustainable Development Goals (SDGs), the UN Global Compact, the UN Principles for Responsible Banking, the Paris Agreement and the European Green Deal.



Deliver transparently & responsibly with speed and precision

We are making continuous improvements to our ESG reporting and take measures to ensure that we conduct our business responsibly and with the very highest standards of integrity.

Kommunalkredit’s sustainability strategy.



Sustainable Development Goals

Kommunalkredit provides high-quality, dependable, sustainable and resilient infrastructure that accounts in particular for the challenges posed by climate change. We feel bound by the UN's 2030 Agenda and the Sustainable Development Goals (SDGs) and have **integrated them into our corporate culture.**

Every investment and financing project must contribute to at least one of the 17 UN SDGs. We have also defined nine SDGs that we prioritise when it comes to selecting projects. The weighting system, developed as part of the strategy process on the basis of interviews conducted with internal and external stakeholders, is geared towards the strategic priorities of Kommunalkredit.

SDG priority 1

Very important for Kommunalkredit **and** its stakeholders



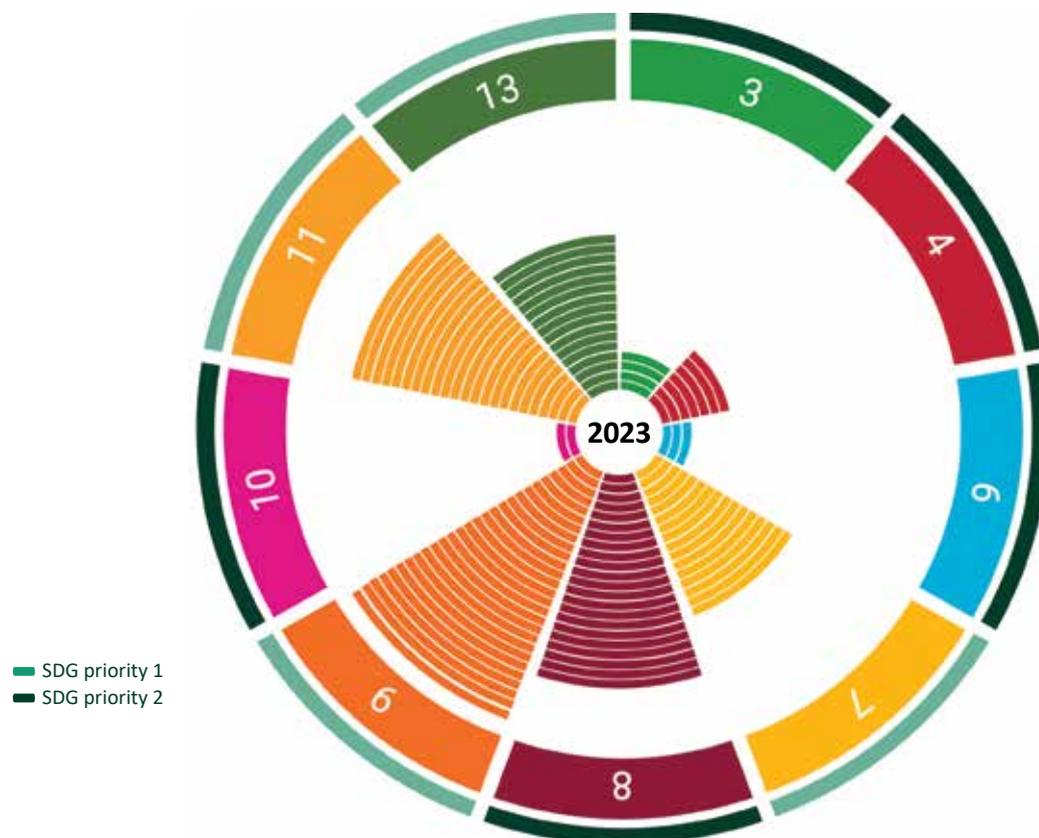
SDG priority 2

Very important for Kommunalkredit **or** its stakeholders



SDG contribution made by new I&E business in 2023.

NOTE: One bar corresponds to one project.



 <p>Accelerate the energy transition</p>	<p>≥ 40% for energy transition and environmental protection</p> <p>≤ 10% for innovative, green projects</p> <p>≥ 30% for social infrastructure or digitalisation and communication</p>	 <p>Help improve people's lives</p>
 <p>Integrate impact</p>	<p>≥ 95% of employees trained on sustainable development Impact curriculum</p> <p>KA Environmental Sustainability Ratio</p> <p>GHG measurement based on PCAF* Net zero target set</p> <p>≥ 30% of managers female by 2025</p> <p>Eliminating the gender pay gap (within the same occupational groups) by 2025</p> <p><small>* Partnership for Carbon Accounting Financials</small></p>	 <p>Deliver transparently & responsibly with speed and precision</p>

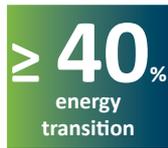
2025 sustainability commitments

Kommunalkredit concentrates on generating a **positive impact**. We use our expertise and flexibility to turn infrastructure projects into a reality in a wide range of sectors and regions. Kommunalkredit is a company that is constantly growing. Our commitment to relative targets means that the absolute funds we allocate to impact projects are consistent with our business as a whole. We manage our business in a responsible manner, which is why we have developed our sustainability commitments within the context of our lending policy to ensure highly diversified business.

Kommunalkredit has defined the following strategic targets that it is aiming to achieve by 2025:

Focal areas

- At least 40% of annual new infrastructure financing will be directed towards the **energy transition and environmental protection**, such as renewable energies, environmentally friendly mobility and water management.
- Up to 10% of the annual volume of new infrastructure financing will be allocated to state-of-the-art **green solutions** to accelerate their commercialisation and expansion. These solutions include innovative projects or projects still in their early stages. The bank is leveraging its flexibility, expertise and risk appetite to play a pioneering role in areas such as hydrogen, battery storage and new forms of renewable energy.
- At least 30% of the annual volume of new infrastructure financing will be channelled **into social infrastructure and/or digitalisation and communication projects**.



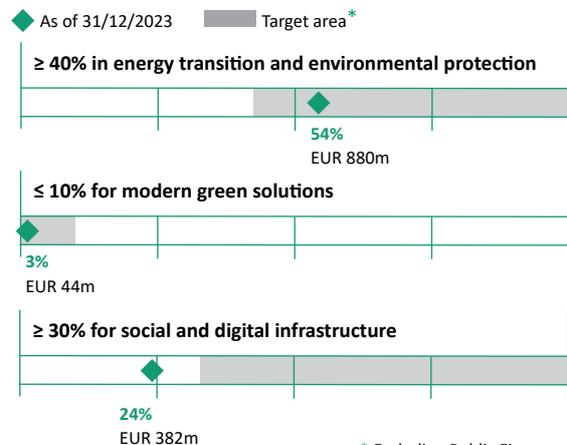
Key levers

Integrate impact

- At least 95% of our employees will undergo **sustainable development training**.
- An impact curriculum is used to train our banking staff on **impact maximisation**. By 2025, at least 95% of banking staff will have been trained accordingly.

Deliver transparently & responsibly with speed and precision

- A Kommunalkredit Environmental Sustainability Ratio (**KA Environmental Sustainability Ratio**) is being defined. This will help us to forge ahead with strategy implementation and improve transparency.
- The greenhouse gas emissions from our financing activities will be measured in accordance with the Partnership for Carbon Accounting Financials (PCAF) by 2024 and, taking this data as a basis, **net zero and reduction targets** will be set by 2025.
- At least **30% of managers** will be **female** by 2025.
- The **gender pay gap** (within the same occupational groups) will be closed by 2025.



Strategy implementation

The process involved in putting the updated sustainability strategy and commitments into effect was launched in 2022 as part of a comprehensive sustainability programme and was continued in 2023. The **Sustainable Funding Framework** was published at the start of 2023 and further measures were taken to incorporate ESG issues into risk management. As part of the 2023 ESG programme, **sustainable finance processes** were revamped and the **KA Environmental Sustainability Ratio** and other sustainability indicators were defined and calculated. The **Sustainability Check**, which assesses the impact that a project has with regard to ESG aspects, was expanded and used as the basis for developing impact training. Kommunalkredit started implementing the calculation of financed emissions when it joined the Partnership for Carbon Accounting Financials (PCAF) initiative.

Sustainability governance

The **sustainability management system** is established so as to encompass all areas of Kommunalkredit Austria AG and Kommunalkredit Public Consulting GmbH (KPC). Overall responsibility for sustainability lies with the Executive Board, which has delegated this remit to the Sustainability Board.

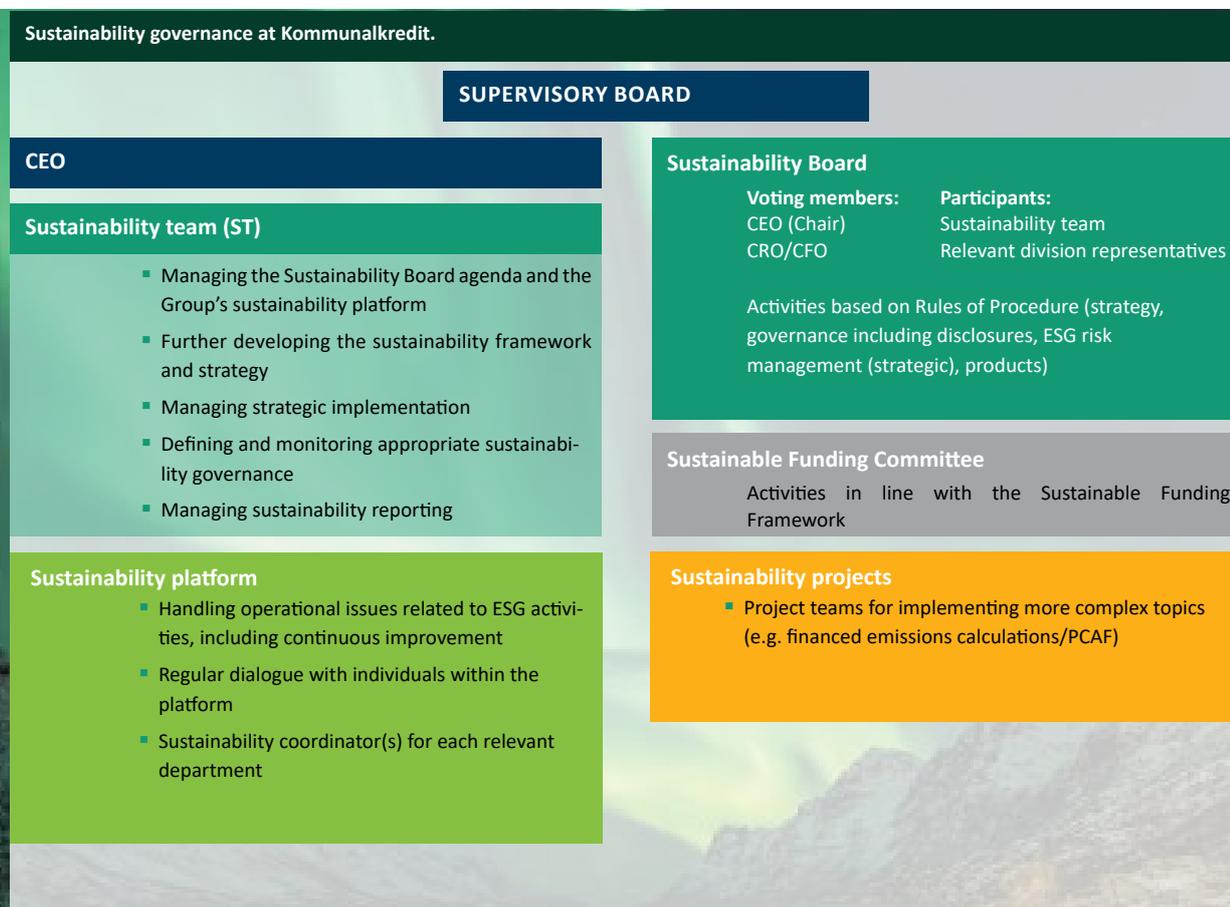
Sustainability Board

The Sustainability Board meets on a regular basis and comprises the Executive Board, the sustainability team and experts from various divisions (Banking, Compliance & Non-Financial Risk, Corporate Services, Credit Risk, Finance, Internal Audit,

The following **key topics** are planned for the sustainability programme in **2024**:

- Further implementation of PCAF (Partnership for Carbon Accounting Financials) for **calculating financed emissions** and launch of the process for setting science-based **CO₂ reduction targets**
- Measures to expand disclosures – in particular preparatory work for **implementing the requirements set out in the Corporate Sustainability Reporting Directive** and the European Sustainability Reporting Standards (ESRS)
- Gradual roll-out of the **sustainability training programme**

IT & Transformation, Markets, Risk Controlling). Working hand-in-hand with the Sustainability Board, the sustainability team is responsible for **implementing and ensuring compliance with Kommunalkredit's sustainability policy and strategy** in all areas of the Group. The Executive Board provides the Supervisory Board with information on key sustainability issues. The activities of the Sustainability Board are governed by its Rules of Procedure. The sustainability strategy was adopted by the Supervisory Board as part of the corporate strategy. As part of the Fit & Proper training for members of the Executive Board and the Supervisory Board, the programme also focused on ESG topics.



Sustainability team

The Sustainability team reports to the Sustainability Board. Its main remit includes the following:

- Managing the Kommunalkredit Group's Sustainability Board and sustainability platform
- Developing the sustainability framework and strategy
- Managing strategic implementation
- Defining and monitoring appropriate sustainability governance
- Managing sustainability reporting

Sustainability platform

The sustainability platform is a dialogue platform for sustainability issues and improvements. Each area has appointed at least one sustainability coordinator. They act as the main points of contact for the sustainability team, coordinate ESG/sustainability issues within their area of responsibility, serve as sustainability ambassadors within these areas and have relevant ESG/sustainability knowledge. In addition to direct dialogue between the sustainability team and coordinators, meetings and information events are also held with all platform members.

Sustainable Funding Committee

Kommunalkredit has set up a Sustainable Funding Committee to ensure compliance with the Sustainable Funding Framework and foster transparency. After bonds are issued, the committee meets at least once every six months and reports to the Sustainability Board. The Sustainable Funding Committee is governed by the "Sustainable Funding Committee" guidelines.

Sustainability projects

More complex issues are implemented as part of sustainability projects or programmes. In 2023, for example, all sustainable finance agendas were developed further as part of the ESG programme and the key sustainability topics were cultivated in line with the Global Reporting Initiative (GRI) Standards and European Sustainability Reporting Standards (ESRS) under the umbrella of the materiality analysis project.

Kommunalkredit's key stakeholders.



Materiality analysis

Processes and stakeholders

Since the 2017 Sustainability Report, Kommunalkredit's sustainability reporting has been based on the **Global Reporting Initiative (GRI) Standards**. 2023 saw Kommunalkredit conduct a comprehensive materiality analysis in accordance with GRI and the future requirements to apply under the European Sustainability Reporting Standards (ESRS).

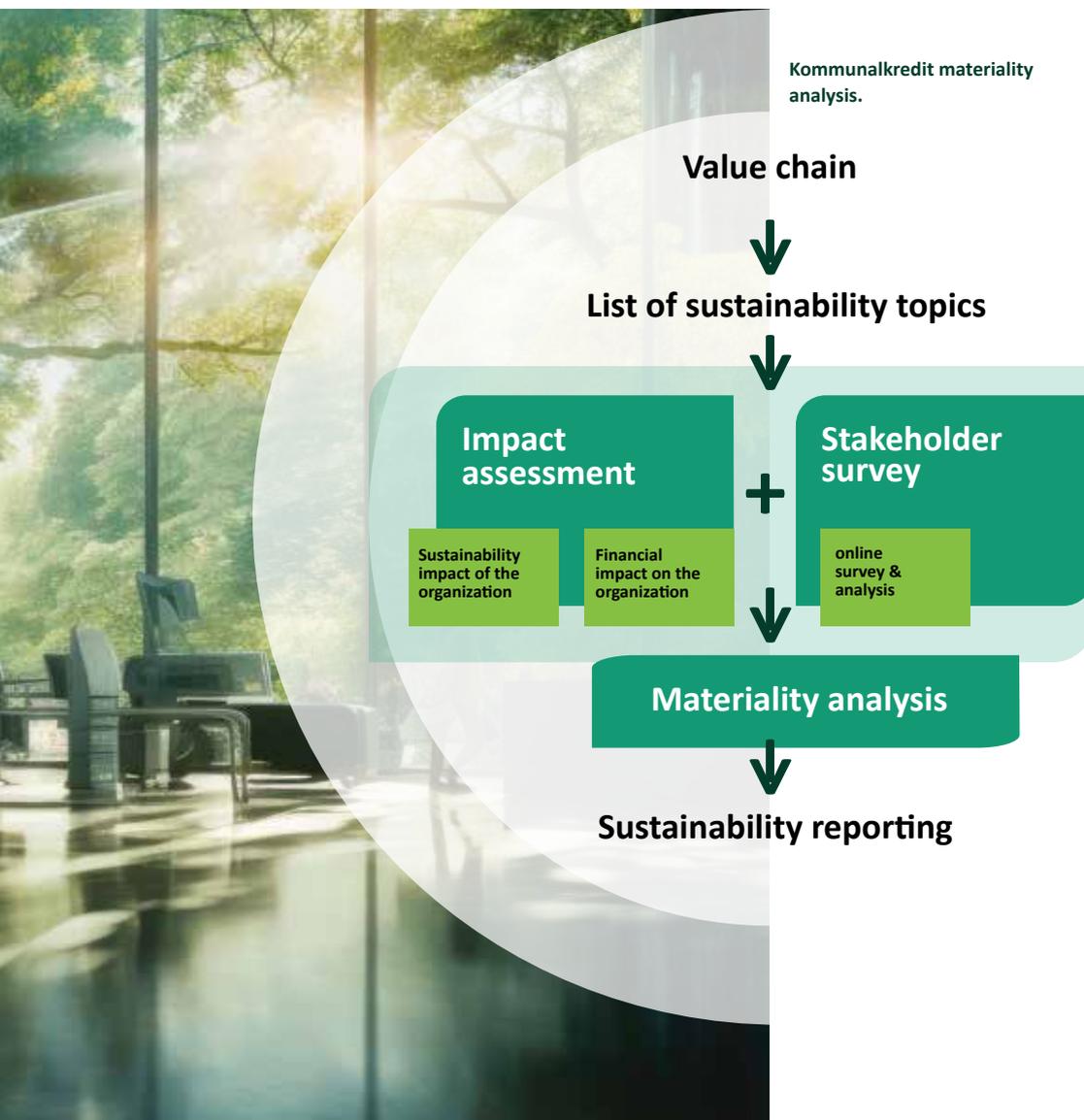


The materiality analysis was conducted by a project team comprising members of the sustainability team with support from an external sustainability consultancy firm. The process started with an analysis of Kommunalkredit Group's **value chain** and **portfolio**. Workshops were used to evaluate the granularity of the sustainability topics and a list of all topics that could potentially have an impact on the company, society or the environment was drawn up. A survey was conducted on selected sustainability topics to gain an idea of **stakeholders' views** on these issues. Relevant stakeholders were invited to rate each sustainability topic on a scale. They were also given the opportunity to select the five most important topics and use qualitative comments to express what would be important to them in terms of sustainability.

The next step involved analysing the **financial impact of sustainability issues**. A sustainability aspect is considered to be material in financial terms if it has a significant financial impact on the company or can be realistically expected to do so. Several scenarios (risks and opportunities) were defined for each sustainability topic before being evaluated by the project team and internal experts in terms of their impact scope and probability of occurrence.

The final analysis looked at **sustainability impacts**. A sustainability aspect is to be classified as material if it relates to an area in which the company has a significant actual or potential positive or negative impact on society or has a significant short-, medium- or long-term impact on the environment. The impacts include the consequences in connection with the company's operations and value chain. This involved external sustainability experts analysing and evaluating the scale, scope and reversibility of the impact concerned.

The results of the stakeholder survey and the financial and sustainability impact assessment were presented internally in a materiality matrix. The final step in the process of completing the materiality assessment involved defining the materiality threshold in order to distinguish between material and non-material topics for further processing. The results were discussed within, and confirmed by, the Sustainability Board.



Material topics for Kommunalkredit

The results of the revised materiality analysis are listed below.

MATERIAL TOPICS (pursuant to ESRS)	SUSTAINABILITY REPORTING ISSUES (pursuant to GRI)	CHAPTER OF THE SUSTAINABILITY REPORT
Climate change	<ul style="list-style-type: none"> ▪ CO₂ emissions ▪ Energy consumption 	<ul style="list-style-type: none"> ▪ Operational ecology ▪ Sustainable finance ▪ GRI indicators
Own employees	<ul style="list-style-type: none"> ▪ Employment ▪ Training and education ▪ Diversity 	<ul style="list-style-type: none"> ▪ Employees ▪ GRI indicators
Compliance	<ul style="list-style-type: none"> ▪ Fighting against corruption ▪ Human rights ▪ Socio-economic compliance 	<ul style="list-style-type: none"> ▪ Business ethics ▪ Operational ecology ▪ GRI indicators
End consumers	<ul style="list-style-type: none"> ▪ Financing ▪ Refinancing ▪ Sustainable services (KPC) ▪ Protecting customer data 	<ul style="list-style-type: none"> ▪ Sustainable finance ▪ Sustainable services ▪ Business ethics ▪ GRI indicators

Material topics for the company are assigned to the appropriate areas in accordance with **GRI Standards** and reported on the basis of indicators. The indicators include both those based on GRI Standards and company-specific indicators. The findings of the materiality analysis are reflected in the sustainability strategy and the sustainability targets and form the basis for preparing the report in accordance with the **European Sustainability Reporting Standards**.

Scope and boundaries of the report

The Sustainability Report of Kommunalkredit Group includes Kommunalkredit Austria AG and the fully consolidated subsidiaries based at the Vienna site. The branch in Frankfurt am Main, Germany, set up in 2017, is not covered by the environmental management system.

Kommunalkredit Austria AG has investments and holdings in a number of affiliated companies. Kommunalkredit Public Consulting GmbH (KPC), Florestan KA GmbH, the companies of the Fidelio KA Debt Fund platform 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 **has been publishing an environmental statement since 1997** and, in line with the shift from environmental to sustainability management, a sustainability report/integrated annual and sustainability report since 2004.

Transparent reporting is enshrined in Kommunalkredit's sustainability policy, which is why the Executive Board commissioned a voluntary **external audit of the sustainability reporting**. This report was prepared in line with the GRI Standards issued by the Global Reporting Initiative. The topics are prepared according to their materiality. The report has been subjected to an independent limited assurance review conducted by the auditing and tax consultancy firm KPMG with regard to sustainability reporting in accordance with the GRI Standards.

Sustainability risks

Sustainability risks form an integral part of the risk strategies and categories of Kommunalkredit. The **inclusion of sustainability factors** in the concepts, management and measurement methods of the credit, market, liquidity, syndication and operational risks is evaluated and expanded on an ongoing basis.

Further details on Kommunalkredit's risk management system can be found in the "Risk management" section of the consolidated financial statements.

> [Details on the internal control and risk management system page 96](#)



Creating a better everyday life

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



... connect over
33.5 million
people with one
another through
telecommunications
technology.

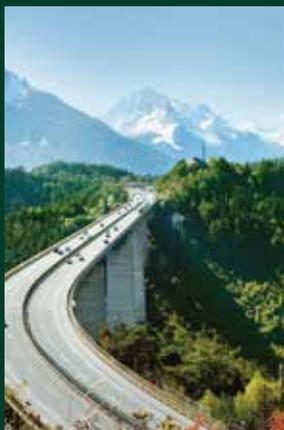
Our services allow us to ...



... contribute
to the education
of around
4,100
students.



... equip
256,000
households with
efficient heating
and cooling energy
systems.



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



... develop the
refuelling infra-
structure for
electromobility
with around
28,000
charging stations.



... connect over
33.5 million
people with one
another through
telecommunications
technology.



... create
support institutions
for around
42,500
patients.



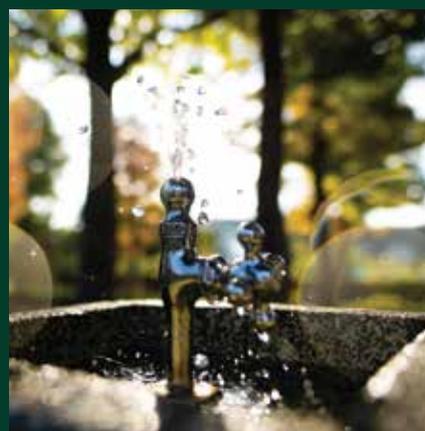
... create
accommodation for
more than
8,900
elderly and
disabled people.



... enable around
5.2 million
households
to use renewable
energy each year.



... contribute
to eliminating
4.1 million
tonnes of waste
per year.



... supply
drinking water to
17 million
people.

SUSTAINABILITY TOPICS IN THE SPOTLIGHT

Sustainable finance

Regulatory framework

Since the **UN Paris Agreement on climate change of 2015** and the EU's Agenda for Sustainable Development, calls for the financial sector to do its bit to protect the climate have become louder than ever. With the UN climate agreement, the international community has set the goal of limiting the global temperature increase to **significantly less than two degrees Celsius** by the end of the 21st century when compared to pre-industrial levels and also to make efforts to keep the increase below 1.5 degrees as far as possible.

In order to adhere to this 1.5-degree threshold, **net zero greenhouse gas emissions** (GHGe) will have to be achieved by 2050 at the latest. This will require massive investments, particularly in the infrastructure sector. The financial sector has a key role to play in contributing to this objective. Article 2 (1c) of the Paris Agreement states that "finance flows [are to be made] consistent with a pathway towards low greenhouse gas emissions and climate-resilient development".

The aim is to steer capital flows towards sustainable investments in order to achieve inclusive growth. This topic is already being implemented in the EU. Building on the work and recommendations of the high-level expert group (comprising experts from the financial sector), the European Commission has come up with its **"Financing Sustainable Growth" action plan**.

This is based on three pillars:

- Re-routing capital flows to sustainable investments
- Incorporating sustainability into risk management
- Supporting transparency and durability

The heart of the action plan is the EU Taxonomy Directive (EU) 2020/852 for the definition of ecologically sustainable economic activities. This has an impact on all three pillars. Various regulatory requirements are based on this action plan. The **Sustainable Finance Disclosure Regulation (SFDR)** includes the obligations of investors to consider the factors of environment, society and governance in their disclosure requirements. The **Corporate Sustainability Reporting Directive (CSRD)**, on the other hand, is based on the target of increasing corporate disclosures about sustainability. The introduction of an **EU Green Bond Standard (EU GBS)** and an EU label for green investments are measures related to standards and certifications. In terms of developing reference values for sustainability, the EU has initiated its Benchmark Regulation. The entire regulatory landscape has been continually adapted and expanded. In 2023, for example, the remaining four environmental targets were published as part of the EU Taxonomy and, with regard to the CSRD, the first set of European Sustainability Reporting Standards (ESRS) was developed. The regulations will apply to European companies as mandatory requirements in phases. The main regulations, such as the CSRD, will apply to Kommunalkredit for the first time in the second phase of the implementation process, namely in the 2025 financial year.

EU
taxonomy

Sustainable finance at Kommunalkredit

Sustainable finance has been implemented and further developed on an ongoing basis in the context of various projects at Kommunalkredit since 2020. Efforts began in 2021 to review the Kommunalkredit infrastructure and energy portfolio with regard to the ability of individual projects to meet taxonomy criteria, and a sustainable finance action plan was also implemented. The ESG programme involved implementing a number of aspects, including the following:

- Defining the sustainability strategy, including **commitments in the area of sustainable finance**, setting up the Sustainable Funding Framework as a prerequisite for issuing a green bond, as well as firmly establishing ESG risk scores and the EU Taxonomy assessment as components of the credit approval process.
- 2023 saw the further development of the **sustainable finance classifications**, based on which the KA Environmental Sustainability Ratio was defined and calculated.
- The relevant Kommunalkredit manuals and tools were revised based on further information and guidelines from European institutions in the field of sustainable finance.
- In 2023, the foundations were also laid for enabling the calculation of **financed emissions** (Scope 3, category 15) at Kommunalkredit.

New I&E business in strategic sustainability focal areas

Kommunalkredit's new business places a strong emphasis on sustainable infrastructure. Projects related to the "energy transition and environmental protection" area include, among others, renewable energy, water management, environmental solutions and environmentally-friendly transport solutions. The projects are categorised based on KA Sustainable Finance classifications. Projects aimed at "improving quality of life" include social infrastructure (such as hospitals, support institutions) and the communication and digitalisation sector (e.g. broadband, data centres).

In 2023, new business in the **"energy transition and environmental protection"** area was very strong, accounting for a share of 54% (2022: 41%²).

The contribution to **"improving quality of life"** was down on the impressive heights achieved in the previous year (2022: 54%²) at 24%, falling short of the commitment level. These segments were hit by the challenging market environment in 2023, which translated into a low volume of new business.

Energy transition and environmental protection*

54%
EUR 880m

Improving quality of life*

24%
EUR 382m

Innovative green solutions/early-stage green projects*

3%
EUR 44m

* Excluding Public Finance.

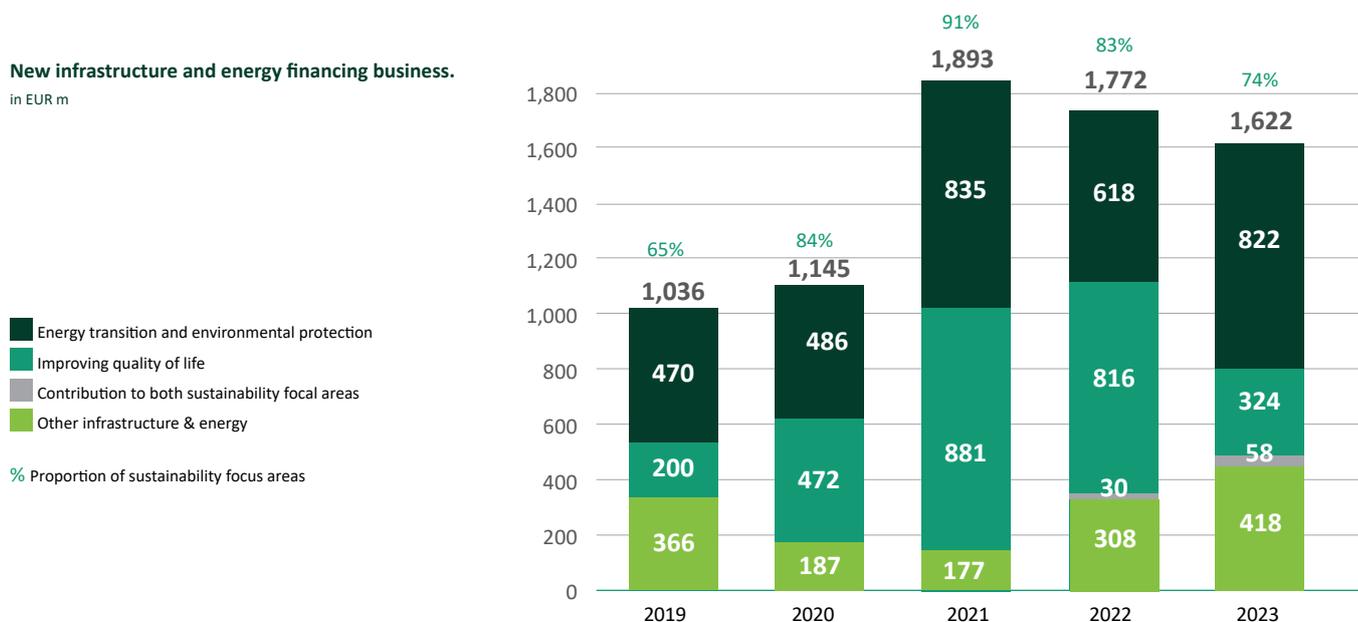
Activities related to digitalisation increased significantly during the years dominated by the pandemic and are supporting the trend towards new and flexible workplace and learning models. 2023 was a year of sector consolidation, prompting Kommunalcredit to adopt a cautious stance towards new business, which in turn led to lower volumes. The share of **innovative green solu-**

tions and early-stage green projects in relation to the total volume of new infrastructure and energy financing business was approximately 3% in 2023 (2022: 8%²).

² The figure excludes the acquisition of a loan portfolio from a third party bank.

New infrastructure and energy financing business.

in EUR m



Early-stage photovoltaic development | Poland

Kommunalcredit offers active support for the expansion of new green solutions and, together with its specialist project development team, assisted solar photovoltaics developer Pegasus Group S.A. in implementing a pipeline of six PV projects with a total capacity of 470 MWp in Poland. Consultancy activity involves providing a project with professional support through the various stages of development. The bank also acted as sole mandated lead arranger for the development financing in the amount of EUR 8.8m. In addition to this portfolio, the company has identified further PV solar projects in Poland with a capacity of more than 1.6 GWp. At only an early phase of the project, this marks the beginning of a more extensive collaboration with Pegasus Group S.A. The bank adopts a flexible approach, sharing expertise and showing a willingness to take risks so as to give customers support that is tailored to their needs at the various stages of their activities.

H2 Green Steel | Sweden

H2 Green Steel is a project that is fully committed to developing new green solutions. Kommunalcredit is involved in financing the construction of the world's first steelworks that will produce green steel— based on green hydrogen and fossil-free electricity. The fully integrated, digitalised and recycling-oriented plant, which boasts a capacity of 2.5 million tonnes, is being constructed near Boden in northern Sweden and is scheduled to be commissioned in 2025. The innovative production procedure, whose main emissions consist of water and heat and thus save around 95% of the CO₂ emissions associated with conventional steel production, will allow the project to make a significant contribution towards meeting European climate action targets. The total project costs are approximately EUR 6.5bn, with debt financing accounting for some EUR 4.2bn.

Incorporation of sustainability criteria into the credit process

Kommunalkredit introduced a mandatory sustainability check for all projects in its infrastructure and energy portfolio back in 2012. This check must be carried out prior to the credit application and includes exclusion criteria as well as the contribution towards defined ESG criteria and the Sustainable Development Goals (SDGs). It forms part of the credit risk policy.

Exclusion criteria

The following **exclusion criteria** have been defined for all new business (financing and investments) and are set out in the relevant policies:

- No financing of business or facilities associated with sustainable/material environmental hazards or the extraction of fossil fuels (coal, gas, oil).
- No financing of activities with a severe negative social impact, posing a risk to human life or health, activities pursued by countries embroiled in war, gambling or weapons trading/manufacturing, hard alcoholic beverages, tobacco or pornography (in each case where the activities concerned account for more than 5% of a borrower's revenue).
- No financing in the event of violations of national or international legislation, sanctions, human rights or ethical principles or in cases involving problematic governance issues.

- No financing provided to customers that do not supply sufficient information or that have unclear ownership structures, or for lending transactions that are not transparent/comprehensible.

A special standard of care has to be applied, also with regard to reputational risk. Projects to which these exclusion criteria apply are not financed.

Sustainability check

Each project in the portfolio is also evaluated with regard to its **impact on specific ESG criteria**. The result of this evaluation is categorised as "positive", "neutral" or "negative". If all criteria are classed as either "positive" or "neutral", the asset is deemed ESG-compliant. If one criterion is classed as "negative", corrective action must be initiated upon consultation with the client, if necessary. Each new transaction must also, at a minimum, make a positive contribution to a UN Sustainable Development Goal. The result of the review is also documented in the Sustainability Check. In 2023, the manual and templates for the sustainability check were revised as part of the ESG programme so as to meet the requirements imposed under international standards (e.g. Equator Principles or IFC Performance Standards) and the EU Taxonomy (minimum safeguards and "do no significant harm" criteria) more specifically.

Sustainability check criteria.

 Environmental aspect	<ul style="list-style-type: none"> ▪ Impact on the emissions of particulate matter (PM) and other air pollutants ▪ Impact on CO₂ emissions ▪ Impact on biodiversity, habitats and other impacts on nature ▪ Impact on soil and water and other pollution ▪ Impact on energy efficiency ▪ Impact on the circular economy ▪ Controversy: Environmental impacts ▪ Physical impacts of climate change and extreme weather events ▪ Environmental guidelines ▪ Implementation of an environmental management system
 Social dimension	<ul style="list-style-type: none"> ▪ Controversy: Diversity, equality and integration ▪ Controversy: Human or labour rights ▪ Controversy: Customer relationship management ▪ Controversy: Occupational health and safety ▪ Controversy: Health and safety in the community ▪ Impact on the local population owing to land purchase, involuntary resettlement and other negative impacts ▪ Impact on the maintenance of cultural capital and heritage ▪ Impact on economically underdeveloped regions and on the employment quota/number of jobs ▪ Impact on the level of education/training situation ▪ Impact on infrastructure as a productivity factor ▪ Impact on healthcare provision ▪ Policies and processes relating to human rights and labour rights ▪ Implementation of an occupational health and safety management system
 Governance aspect	<ul style="list-style-type: none"> ▪ Controversy: Regional corruption ▪ Controversy: Restrictions on competition or tax conduct ▪ Controversy: Corruption, bribery or other controversies related to corporate governance ▪ Good management structures (corporate governance, Code of Conduct)

A distinction was also made between screening criteria relating to controversies and impact criteria. Employees are being trained on how to use these revised documents as part of the **impact training programme**. These changes will be applied in the course of 2024.

ESG risk score

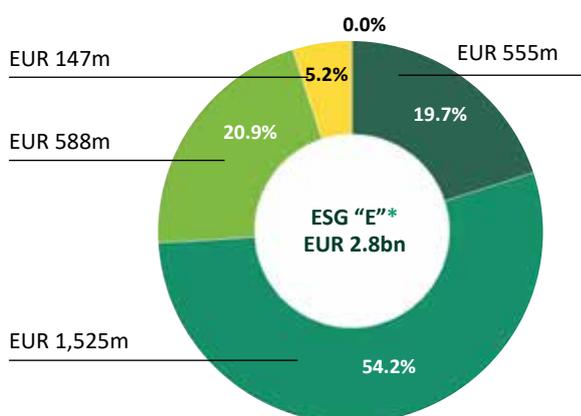
In 2022, a **risk classification of Kommunalkredit's infrastructure and energy portfolio** was implemented using a five-tier ESG scale ("category 1 to 5") at the level of financed industry sectors and sub-sectors. A low risk means that environmental, social or governance-related physical or transition risks do not aggravate the probability of default on a receivable, or do not do so to any significant extent. A moderate risk means that ESG factors have a low adverse impact on the risk profile. Classification as a high or very high risk means that potential risks which could impact the probability of default have been identified in the areas referred to above. This is reflected accordingly in the credit rating. Infrastructure and energy portfolio transactions are classified and assessed in order to obtain an overview of environmental and social sustainability credit risks in the portfolio and to ensure that the industry-related sustainability risks in the portfolio are adequately assessed. The risks are assessed over the term of each

loan including, where relevant, any risks that emerge with regard to refinancing. Physical and transition risks are included, taking mitigating factors into account in each case. External databases are used for physical risks.

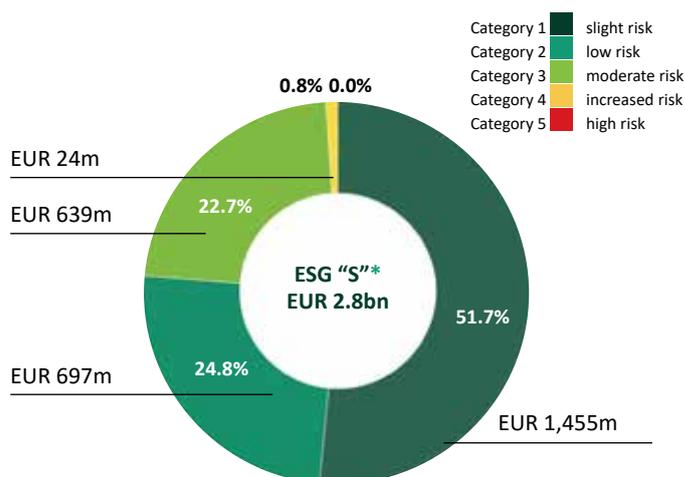
As of 31 December 2023, **in the area of environmental risks, (ESG "E") 74%** (2022: 71%) of the infrastructure and energy portfolio was assessed as **low risk** (category 1 and 2). Around 21% (2022: 21%) of the exposure indicates medium risk (category 3) and only 5% (2022: 8%) an increased risk (category 4). No exposure was assessed in risk category 5 (high risk).

As of 31 December 2023, in the area of social **sustainability risks (ESG "S")**, around **77%** (2022: 69%) of the infrastructure and energy portfolio was assessed as **low risk** (category 1 and 2). Approx. 23% (2022: 28%) has a medium risk (category 3) and only 1% (2022: 3%) an increased risk (category 4). No exposure was assessed in risk category 5 (high risk) here either. In addition, the top 20 customers in the Austrian municipality portfolio were also assessed based on the five-tier ESG scale in 2023 and were all classified as being low risk (category 1 and 2).

ESG risk classification of the infrastructure and energy finance portfolio. in %



* ESG "E" – environmental risks



* ESG "S" – social sustainability risks

Sustainable finance classifications

As part of the credit process, Kommunalkredit assesses every new financing arrangement to determine whether it can be classified as sustainable. Kommunalkredit's **sustainable finance classification system** was enhanced in 2023. Financing is reviewed with regard to the EU Taxonomy, the KA Sustainable Funding Framework and a Kommunalkredit-specific framework for further sustainable financing.

EU Taxonomy

A component used to determine sustainable activities as defined by the EU Taxonomy is the **EU Taxonomy check** on the energy and infrastructure portfolio. Existing and new exposures are checked for their relevance to the taxonomy and their taxonomy eligibility, as well as to determine whether they make a significant contribution to the environmental objectives, and compliance with the technical thresholds is analysed. A check is also performed to verify that



the projects do not impair other environmental objectives ("Do no significant harm" (DNSH) principle) and to check whether minimum social standards are met.

The results of the taxonomy check provide information on whether a particular project is taxonomy-eligible, i.e. whether the economic activity associated with the project is covered by the Taxonomy. If this is the case and the project in question meets the review criteria described, the project is considered taxonomy-aligned. Being able to use data/documents to sufficiently substantiate what are often detailed criteria according to the EU Taxonomy is a challenge. If data or information to prove taxonomy alignment is missing for individual projects, it has to be collected from the client on a case-by-case basis. Most of Kommunalkredit's customers are not subject to reporting requirements under the Non-Financial Reporting Directive (NFRD), which is why the taxonomy check is based on an analysis of data and information supplied by customers.

All projects for which a financing request is prepared are also subjected to the taxonomy check. This ensures that projects are already screened for taxonomy alignment during the application phase. The EU is issuing further provisions and guidance on how to determine taxonomy alignment on an ongoing basis. These documents form the basis for ongoing adjustments to the taxonomy check to reflect current developments and requirements. As the EU Taxonomy is continuously being supplemented and defined in further detail and can only be applied to a very limited extent to our project finance customers, Kommunalkredit will not be publishing any indicators related to the EU Taxonomy for the time being. The progress made in relation to, and status of, the EU Taxonomy are discussed with the management on an ongoing basis within the Sustainability Board. The introduction of the Corporate Sustainability Reporting Directive (CSRD) means that Kommunalkredit will be subject to mandatory reporting for the 2025 financial year.

Sustainable Funding Framework

Kommunalkredit started developing its **Sustainable Funding Framework** in 2022. This framework was completed at the start of 2023 and was subjected to a quality assurance check in the form of a **second-party opinion** prepared by the renowned ESG consultancy service provider **ISS ESG**. This framework document enables the issue of “use of proceeds” bonds (green, social, sustainability bonds), which are used to refinance assets that have been defined as eligible. Kommunalkredit pursues a dual

Sustainable Funding Framework

approach when defining eligible projects. The project categories defined based on the International Capital Market Association (ICMA) principles for green and social bonds form the basis for this approach. Based on the ICMA Green Bond Principles, renewable energy projects such as wind farms and solar parks, among other things, have been defined as eligible. The project categories based on the ICMA Social Bond Principles also include projects relating to the school and healthcare sectors. The framework also defines activities according to the EU Taxonomy Regulation (EU) 2020/852. This allows taxonomy-aligned assets to be allocated to a green bond issue. Ultimately, Kommunalkredit can issue up to 100% taxonomy-aligned bonds, for corresponding assets.

In order to identify eligible projects for refinancing under the Sustainable Funding Framework, the credit process involves conducting an assessment as to whether the asset corresponds to one of the ICMA categories defined in the Framework. If the result is positive, the asset is marked accordingly. **ESG compliance** also has to be confirmed as part of the Sustainability Check. In the event of an issue, a Sustainable Funding Committee explicitly set up under the Framework checks whether the pre-selected assets meet the eligibility criteria and decides on their possible use in the bond.



The **green category** within the Sustainable Funding Framework comprises the following activities:

- Renewable energy (e.g. wind, solar, geothermal energy)
- Energy efficiency projects (e.g. district heating, smart metering)
- Clean transport solutions (e.g. charging stations for electric cars, rail)
- Waste management solutions
- Water and wastewater management solutions

The **social category** within the Sustainable Funding Framework comprises the following activities:

- Educational facilities (e.g. schools, universities)
- Healthcare (e.g. public hospitals, nursing care facilities)
- Digital inclusion (e.g. broadband in areas with no Internet connection)
- Social housing
- Public transport in developing countries

Framework for further sustainable activities

Kommunalkredit has developed the **framework for further sustainable (green or social) activities** to provide for sustainable commitments that are not currently covered by the EU Taxonomy or the KA Sustainable Funding Framework. The framework is used to extend the defined KA Environmental Sustainability Ratio to cover the full portfolio of sustainable activities. The following areas have been defined as sustainable:

- Green technologies (in accordance with the EU Innovation Fund)
- Green, social and sustainable bonds
- Public finance commitments in green and social categories, as defined in the KA Sustainable Funding Framework
- Waste-to-energy plants that meet the best practice criteria set out by the Confederation of European Waste-to-Energy Plants. Applying these criteria mitigates the risk of a potential impact on the circular economy.
- Bioenergy projects that meet the RED II criteria for feedstock. Applying these criteria reduces the risk of a potential impairment of land use.

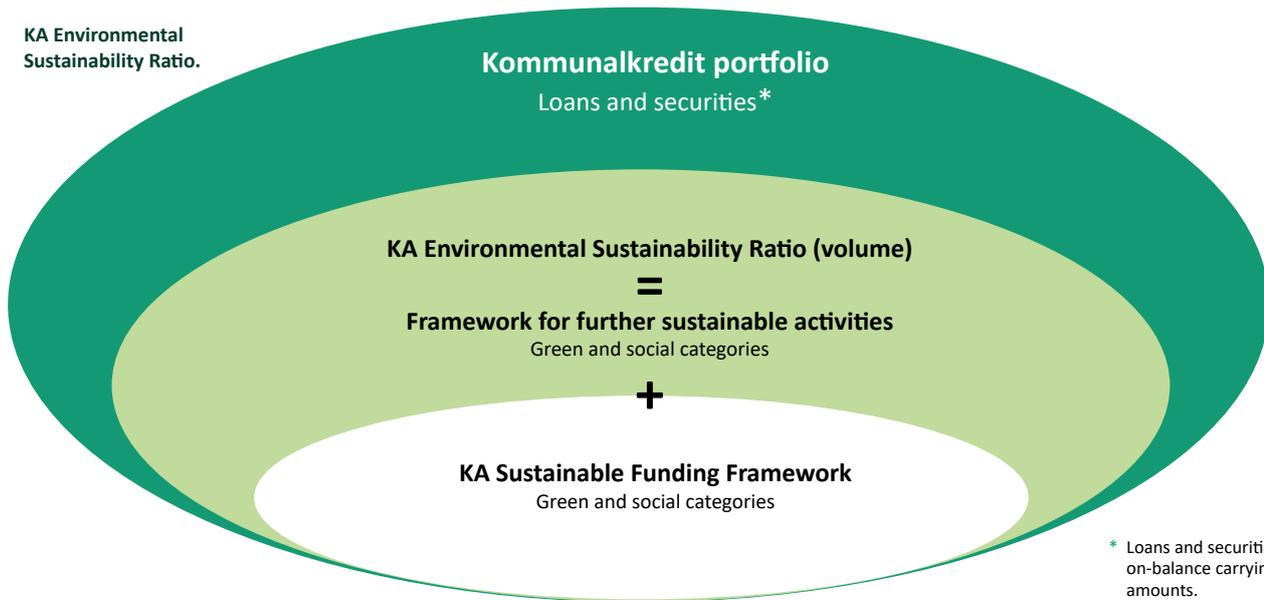
Sustainable commitments in the Kommunalkredit portfolio

In 2023, the bank developed a Kommunalkredit-specific **Environmental Sustainability Ratio (KA ESR)** as set out in the 2025 sustainability commitments. This ratio helps us to forge ahead with strategy implementation and improve transparency. This specific ratio was developed to reflect the fact that implementation of the EU Taxonomy is only at a very early stage and Kommunalkredit’s customers are not covered by a regulatory green asset ratio, particularly in the field of project finance. Moreover, an EU Taxonomy for social activities is still only in the process of being developed. This means that, for the time being, the KA ESR does not include any voluntary EU Taxonomy assessments conducted by Kommunalkredit.

KA Environmental Sustainability Ratio

The KA Environmental Sustainability Ratio (KA ESR) includes commitments that have been classified as green or social based on the Sustainable Funding Framework or the framework for further sustainable activities.

KA Environmental Sustainability Ratio.



* Loans and securities: on-balance carrying amounts.

40%
green/social

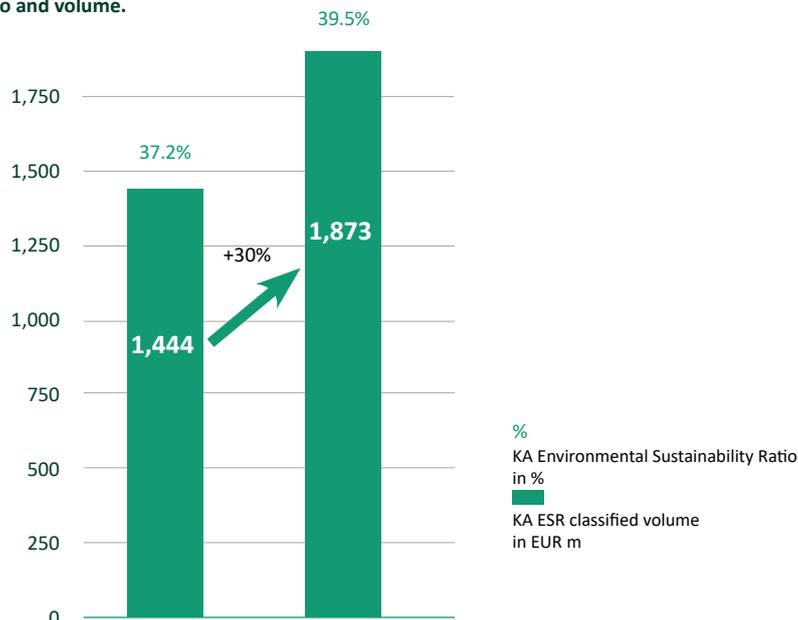
15%
digital

The initial calculation performed in 2023 reveals that the portfolio as a whole contains around **40% sustainable financing**, a volume that has increased as the overall portfolio has grown. In line with the strategic sustainability focal areas for the new I&E business – “energy transition and environmental protection” and “improving quality of life” – the volume in these areas is to be increased continuously. While the communication and digitalisation sector (e.g. broadband) is a significant one for Kommunalkredit, it is not covered in full by the current frameworks for sustainable finance classifications. In 2023, this sector accounted for around 15% of the overall portfolio.

As soon as European or international guidelines for classification in this sector are available, they will be incorporated into Kommunalkredit’s sustainable finance classification frameworks.

In 2022 and 2023, the initial classifications for the entire portfolio were carried out as part of the ESG programme. As additional customer information is required for certain categories (e.g. RED II certificates for raw materials for bioenergy), there were a number of projects that could not be definitively classified as sustainable. However, due to the general demand for additional sustainability information among a vast range of stakeholders, Kommunalkredit expects to see ongoing improvements in the information and data situation. The issue regarding additional available information is raised with customers at regular intervals so that we can update our sustainable finance classifications.

KA Environmental Sustainability Ratio and volume.



Financed emissions (PCAF)

As part of its sustainability strategy, Kommunalkredit has made a commitment to measuring the greenhouse gas emissions of its financing activities by 2024 and, taking this information as a basis, setting **net zero and reduction targets by 2025**. The financed emissions will be reported under Kommunalkredit's Scope 3 emissions (indirect greenhouse gas emissions) under category 15, "Investments". Kommunalkredit joined the **Partnership for Carbon Accounting Financials (PCAF) initiative** in 2023.

The PCAF is a global partnership of financial institutions that have joined forces to develop and implement a harmonised approach to measuring and disclosing the greenhouse gas (GHG) emissions associated with their loans and investments. The PCAF was established back in 2015, and more than 450 financial institutions had joined the initiative by the end of 2023. The harmonised accounting approach provides financial institutions with the starting point they need to set science-based targets and bring their portfolio into line with the Paris Agreement. The PCAF facilitates transparency and accountability and has developed a **global open source standard for GHG accounting for financial institutions**.

Kommunalkredit classified and analysed its portfolio on the basis of the PCAF guidelines in 2023. The PCAF classes "Business loans and unlisted equity", "Project finance" and "Sovereign debt" are the main categories to be applied due to Kommunalkredit's business model, which focuses on infrastructure and energy financing, as well as public finance. The PCAF standard also gives financial institutions the option of calculating their financed emissions in different levels of detail in terms of the data involved (known as data quality scores). For the purposes of its initial calculations, Kommunalkredit opted to analyse the level and portfolio composition on the basis of economic activity and the emission intensity factors used in the PCAF database.

This first analysis showed which sub-sectors and projects have higher emission intensities based on the initial assessment and what the composition of the overall portfolio looks like. At the end of 2023, a plan was developed to further improve the **data pool and data quality score**. The aim is to calculate a stable baseline in 2024.





Sustainable services

Project development

We set ourselves the goal of accelerating the energy transition early on and opted to play a **proactive, creative role**, involving not only the financing of projects but the planning and developing as well, i.e. supporting projects from day one. After all, for a system to be fully constructed and commissioned, a whole number of key requirements have to be met, from contracts, potential rezoning, environmental appraisals and securing grid connections to the final granting of the relevant planning permission.

Kommunalkredit's **own project development team**, which boasts long-standing international experience in activities related to renewable energy, looks primarily at wind and solar projects in Austria, but also elsewhere within the EU. A development partnership with an experienced Polish project developer was established in 2023. This cooperation involves five **photovoltaics projects** in south-western Poland that have already been defined. They have a **total capacity of 470 MWp** and both parties intend to expand this to 1 GWp. Among other measures, a corresponding loan agreement was concluded with the customer as part of this initiative. Further projects are in the initiation stages.

Kommunalkredit Public Consulting GmbH (KPC)

Kommunalkredit Public Consulting GmbH (KPC) acts as the **interface** between the funding agencies which provide financial resources and applicants. It oversees the entire project support process. Its duties also include the development and implementation of support programmes. KPC employees are sought-after keynote speakers at industry events on climate and environmental protection issues.

Due to global developments, 2023 was characterised by increased utilisation of support, as well as the creation of new support programmes. Support services were implemented to help transform industry and the economy and move towards Carbon neutrality, to help revamp cultural institutions as part of the "Klimafitte Kulturbetriebe" (Climate-friendly cultural enterprises) programme and to support thermal rehabilitation and boiler replacement in buildings for vulnerable individuals. Subsidies forming part of the Biodiversity Fund were also launched, while additional funding was made available in support of circular economy. KPC primarily manages national funds provided by Austrian ministries, as well as EU funds.

Subsidies are processed digitally, thus guaranteeing the fast, un-bureaucratic use of the instruments. Clear criteria for the subsidies ensure planning security for projects and help contribute towards customer satisfaction.

The **range of services** includes:

- Applications for funding reviewed for form and content
- Ascertaining the level of funding
- Support for applicants during the decision-making process
- Creating recommendations for funding
- Guidance for decision-making bodies
- Issuing contracts and letters of rejection
- Processing the final invoices and payment management
- Monitoring and reporting

Consultancy services were provided not only to prestigious international financing institutions such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), but also to national clients such as the Federal Ministry of Finance (BMF).

EIB
EBRD
BMF

Subsidy management in 2023

In 2023, KPC awarded subsidies of EUR 1,735m (2022: EUR 1,273m), in particular on behalf of Austria's Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK), Ministry of Agriculture, Forestry, Regions and Water Management (BML), Ministry for Arts, Culture, Civil Service and Sport (BMKÖS) and Climate and Energy Fund. The subsidies went to a total of **633,403 projects** in 2023 (2022: 414,355) with an overall investment volume of around EUR 7,100m (2022: EUR 6,015m), up by around 19% year-on-year.

Renovation support

As part of the 2023/24 renovation support programme, private individuals and businesses will again receive assistance, thanks to a record budget of EUR 940m (so far just over EUR 415m have been committed), to **replace fossil fuel heating systems** with an environmentally friendly alternative, as well as support for energy-efficient retrofitting measures in the form of a flat-rate subsidy.

EUR
940_m

The new additional "**Heating optimisation in multi-storey housing**" programme is designed to promote checks on, and the optimisation of, existing heating systems in multi-storey homes. All in all, 45,357 private households and 493 businesses received renovation support funding amounting to EUR 379.4m, which equates to annual CO₂ savings of around 303,170 tonnes. These measures make a significant contribution towards Austria achieving climate-neutral status by 2040 at the latest.

EUR
379_m

Transformation of industry and the economy

"Economic transformation" is a programme under the umbrella of the Climate and Energy Fund and is aimed at **transformative schemes to reduce emissions in the economy** that make a key contribution towards cutting greenhouse gas (GHG) emissions. These include measures that enable efficient use of energy or a switch to renewable energy sources or help to maximise the reduction in GHG emissions. The EUR 100m that has been made available for this programme is provided by the European Union's Recovery and Resilience Facility (RRF), the cornerstone of "NextGenerationEU", and embedded in the Austrian Recovery & Resilience Plan 2020-2026 (ÖARP); the funds will be awarded through competitive tenders.

EUR
100_m

As part of the support provided for the "Transformation of industry", the Federal Ministry for Climate Protection, Environment, Energy, Mobility, Innovation and Technology (BMK) is facilitating, via the Environmental Support in Austria (UFI) scheme, the maximum possible reduction in greenhouse gas emissions from the direct combustion of fossil fuels or directly from industrial production processes. The aim of this is to contribute to the decarbonisation of these sectors of the economy by 2040 and to strengthen Austria's standing as an industrial and business hub.

According to the Austrian Environmental Subsidy Act (UFG), a total of EUR 2.975bn in funding will be available for this purpose in the period leading up to 2030. The funds will be awarded in tenders based on both quantitative and qualitative criteria.

Biodiversity Fund

EUR
80_m

The new Biodiversity Fund programme was launched at the beginning of 2023. The Biodiversity Fund is aimed at preserving, improving and restoring **biodiversity** in Austria by supporting measures to implement the national biodiversity strategy. The budget amounts to EUR 80m, with EUR 50m coming from the RRF, which is set to run until 2026.

Circular economy

The Austrian circular economy strategy is aimed at reducing fossil material and energy consumption in the long run, while simultaneously replacing it with renewable raw materials. **Funding is being provided for multi-use systems, reverse vending machines and sorting plants** in a quest to deliver a boost to the circular economy in Austria and support better recycling and the avoidance of plastic waste. The “repair bonus” support programme is designed to take a decisive step away from our “throwaway society” and move towards more sustainable use of valuable resources. The aim is to reduce the volume of waste, support the domestic repair industry and kick-start a more sustainable consumer culture. A total of EUR 320m is being made available for circular economy funding from 2022 to 2026, EUR 300m of which comes from European RRF funds.

EUR
320_m

Water management

In order to protect our groundwater and keep our water bodies clean, we need functional and **high-quality water infrastructure**. The “residential water management” funding instrument bundles these endeavours and implements them at municipal level: the aim is, first of all, to ensure an uninterrupted supply of high-quality drinking water for the population and secondly, to guarantee public wastewater disposal with a view to groundwater protection and preventing water pollution. Ensuring that our water bodies have a good ecological status is another key objective. The funding for aquatic ecology serves to improve or eliminate hydromorphological measures, such as river regulation or transverse structures that are not fish-passable. Around EUR 160m was made available for residential water management in 2023, with roughly EUR 150m still available for aquatic ecology between now and 2027.

EUR
160_m

Waldfonds investment fund

The Waldfonds is an investment fund for a sustainable, future-proof forestry sector. KPC handles the funds for the sustainable construction of large-scale residential and public buildings, such as schools and municipal buildings, in this area. The prerequisite is that they feature wooden constructions with a high proportion of regenerative raw materials from sustainably managed forests. The projects receiving these funding streams in 2023 had an environment-relevant investment volume of around EUR 47.6m and save approximately 8,490 tonnes of CO₂.

EUR
47.6_m

Climate-friendly cultural enterprises

The “Climate-friendly cultural enterprises” scheme was initiated by the Austrian Ministry for Arts, Culture, Civil Service and Sport (BMKÖS) and the Climate and Energy Fund and is financed by the European Union Recovery and Resilience Facility as part of “Next-GenerationEU”. Funding is available for, among other things, projects involving a **switch to climate-friendly heating, cooling and ventilation systems**, as well as energy-efficient retrofitting and also energy-efficient indoor and outdoor lighting systems. Energy advice must be obtained before an application is submitted as a mandatory requirement. In 2023, projects receiving these funding streams had an environment-relevant investment volume of around **EUR 11.7m** and **saved approximately 1,070 tonnes of CO₂**.

Consultancy services

- International consultancy services
- National consultancy services

As a consultant, KPC successfully provides services for national and international development organisations and financial institutions. In terms of its **international consulting activities**, KPC has focussed in particular on the field of energy, climate protection and sustainable finance. It mainly provides technical and economic consultancy services, as well as conducting studies, ensuring the transfer of expertise and offering advice to policymakers. It also evaluates projects and develops sustainable credit lines.

Clients include prestigious institutions such as the World Bank, the European Commission, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Organisation for Economic Co-operation and Development (OECD) or the German Kreditanstalt für Wiederaufbau (KfW).

OECD
KfW
GCF

In terms of climate policy consultancy for the BMK, KPC provides direct support to the Austrian negotiation team for the climate negotiations at EU level and at international climate summits, including COP 28 in Dubai. KPC also acts as an advisor to the Austrian representative in the **Green Climate Fund (GCF)**, an instrument for funding for international climate projects that provides money for schemes to reduce greenhouse gas emissions and for enabling adaptation to climate change in developing countries.



In the field of bilateral climate project funding, KPC manages climate action projects funded directly by the BMK to support **climate action measures in developing countries and emerging markets**. The first programme call for climate action projects was also developed and published as part of this funding programme in 2023, resulting in EUR 10m in funding being awarded for projects in developing countries. In 2023, KPC prepared a total of 34 project applications with a potential contract volume of EUR 34.6m and submitted them to institutions inviting tenders. Eleven attractive new contracts were signed, together with extensions of existing mandates, with an overall contract volume of EUR 3.3m.

Environmental support provided.³

2023: **633,403**

Projects approved

2022: **414,355**



2023: **1,300,000**

contaminated land remediated/secured (approx. in m²)

2022: **700,000**



2023: **232**

Canals created (km)

2022: **205**

2023: **7,133**

Investments (m)

2022: **6,063**



2023: **585**

Water pipes laid (approx. in km)

2022: **302**

2023: **1,735**

Subsidies (m)

2022: **1,321**



2023: **4,618**

Connection to sewer system (properties)

2022: **3,631**



2023: **10,298**

Residents protected from flooding

2022: **8,213**

2023: **2,213,276**

Energy generated from renewable sources (MWh per year, overall subsidy business)

2022: **2,101,029**



2023: **1,094,210**

Energy saved (MWh per year, overall subsidy business)

2022: **871,626**

2023: **41,019**

Inhabitants connected to the water supply

2022: **16,102**



2023: **3,299,122**

CO₂ savings per year (approx. in t, overall subsidy business)

2022: **781,671**

³ The performance figures relate to applications for funding approved in the year concerned.

Climate Austria

The Austrian provider for voluntary carbon offsetting

KPC has been managing Climate Austria since 2008, drawing on its long-standing experience with climate protection projects in Austria and beyond. Climate Austria calculates and evaluates companies' climate-related activities and allows them to make a compensatory contribution to protecting the environment for all of the **CO₂ emissions** that cannot be avoided by their CO₂ saving drives and efficiency measures.



Voluntary climate action was a key issue again in 2023. Many companies are actively looking for opportunities to take action in this area. Climate Austria acts as a co-operation partner that supports **national and international climate action projects** in order to reduce CO₂ emissions that cannot be cut to zero within a company. As part of this cooperation model, support amounting to just under EUR 3m was provided to more than 400 national and international projects in 2023, allowing **20,000 tonnes of CO₂ to be avoided**.

**20,000 tonnes
of CO₂
avoided**

Business ethics



Code of Conduct

Responsible **business management** is the basis for our long-term success. As a result, professional standards and basic ethics are the norm in our day-to-day business and codified in our Code of Conduct. We commit to the highest compliance standards and are aware of our corporate social responsibility.

Human rights

We respect and support the safeguarding of human rights as set out in the **European Convention on Human Rights** and the **Universal Declaration of Human Rights** and conduct our business in accordance with these principles. We expect the same of all of our service providers and business partners.

Compliance and statutory requirements

We have a compliance organisation in place that has been established in accordance with the statutory provisions and its main remit is to ensure **compliance with statutory requirements and rules of conduct** on an ongoing basis.

Kommunalkredit has created a suitable compliance mechanism in line with the relevant responsibilities and policies, implements the necessary **review and training measures** on the basis of a robust risk analysis and reports regularly to the Executive Board.

Data protection

Kommunalkredit treats the personal data of employees, customers and business partners in accordance with the applicable **legal requirements governing the protection of personal data and data security**. In order to implement and monitor the regulatory requirements, Kommunalkredit and its subsidiaries have appointed decentralised data protection coordinators and an external data protection officer as well as a central coordination unit. The data protection policies that have been put in place set out regulations governing all data processing operations along with the rights of data subjects within this context.

The data protection policy is available for all employees on the intranet. All information regarding data processing and relevant data protection policies are available on the website for individuals outside of the company, and can also be accessed by employees on the intranet. All employees also receive ongoing training on these topics.

Information security

Kommunalkredit recognises the significance of information security for the **effective attainment of the organisation's targets**. By operating an information security management system (ISMS) and continually developing it, Kommunalkredit is able to live up to its commitment to implement the legal requirements. The ISMS is designed in accordance with ISO/IEC 27001 and has been certified accordingly.

All employees undergo information security training as part of a programme comprising several modules.

Preventing corruption/inducements

An internal policy setting out provisions on how to deal with inducements provided by third parties to employees, as well as inducements granted to third parties, was adopted **in line with the Austrian Anti-Corruption Act (Antikorruptionsgesetz)**. This policy applies to the entire Kommunalkredit Group.

Inducements granted or received are reported to the Compliance Office on an ongoing basis. They are also monitored and are prohibited if they give rise to a conflict of interest, are deemed inappropriate or otherwise violate Kommunalkredit policies, or if they result in reputational risks.

Employees are trained accordingly. There were no cases of corruption during the reporting period.

Combating money laundering and the financing of terrorism

For Austrian banks, the due diligence and reporting requirements apply as set out in the **Austrian Financial Markets Anti-Money Laundering Act (FM-GwG)**, as well as the provisions of the **Beneficial Owners Register Act (WiReG)** with regard to the beneficial owner. Maintaining these due diligence and reporting requirements serves, in particular, to prevent money laundering and the financing of terrorism. Banking transactions may only be processed for identifiable customers. Employees in relevant areas undergo corresponding training on an ongoing basis.

Corporate governance

In 2023, the Supervisory Board performed its tasks, as defined in the Articles of Association and the Rules of Procedure, at four ordinary meetings and one extraordinary meeting. The Audit, Remuneration and Credit Committees also held their meetings and performed their tasks in accordance with the Articles of Association. > [Report of the Supervisory Board, page 14](#)

The allocation of responsibilities and the collaboration within the Executive Board are governed by the Rules of Procedure for the Executive Board. Executive Board meetings are held on a weekly basis with agendas for resolutions to be passed and for reporting. Minutes are taken at these meetings and any agreed follow-up points are recorded and closely monitored. The members of the Executive Board also maintain ongoing dialogue both with each other and with the responsible managers.

There is **regular dialogue** between the chair of the Supervisory Board and the Executive Board in the interests of proper corporate governance. In particular, this process defines the corporate

strategy (including the sustainability strategy) and addresses business development and risk management. The Executive Board provides the Supervisory Board with timely and comprehensive information on all issues relevant to business development, including the risk situation and risk management within the company and at its major subsidiaries. Further information can be found in the separately published **Corporate Governance Handbook on Kommunalkredit's website**.

Internal control and risk management system (ICS and RMS)

The ICS and RMS are designed to ensure that **risks** in relevant business processes **are identified quickly** and that appropriate measures are then taken to mitigate them. In order to achieve this, control points, controls and control officers are defined, specifying which core risks are to be reduced or avoided.

Whistleblowing and complaints management system

The **whistleblower system** (as per Section 99g Austrian Banking Act, BWG) was adapted in 2023 to reflect the requirements as set out in the Austrian Whistleblower Protection Act (HSchG). A corresponding reporting channel is available on the website of the relevant Kommunalkredit Group companies. No reports pursuant to this Act were made in the reporting period.

This system is set out in an internal policy and in the Code of Conduct, and every new employee is made aware of it. The documents are available in German and in English.

There is also a complaints management mechanism (as per Section 39e Austrian Banking Act, BWG) in place at Kommunalkredit.

Procurement management

Within Kommunalkredit, provisions governing various aspects of procurement are set out in a central "Procurement Handbook". Goods and services for business purposes must be selected and purchased **based on the principles of cost-effectiveness, appropriateness, economy and sustainability**. The "Sustainable procurement" work instruction has been in use for over 15 years now in order to ensure the sustainable procurement of products essential to business operations. This was incorporated into the central set of rules in 2023 and supplemented to include a **code of conduct for suppliers** and service providers.

A distinction is made between three main product groups in the context of sustainable procurement:

- Office supplies, printed forms and advertising material
- Office furniture
- IT products

Kommunalkredit uses and consumes materials based on the **principle of resource conservation**. This means that the best possible conservation and use of materials is already taken into account when materials are used/consumed by the company's employees.

Supplier screening

Irrespective of the three main product groups, suppliers are screened before a decision is made on a specific product so as to guarantee **compliance with the procurement policy**.

Kommunalkredit selects suppliers based on the following sustainability criteria over and above economic and content-related criteria:

- Ecological principles (certificates, environmental management systems, environmental and sustainability reports)
- Social and sustainability principles (child labour, forced labour, health and safety, working hours, salaries, discrimination)
- Choice of materials used in product design
- Optimisation of delivery logistics, taking back recycling material at the same time if needed
- Repairability of the products thanks to modular design
- Resource efficiency in the everyday use of the product (energy consumption)
- Durability
- Local/regional products

The results of the supplier screening process are a decisive factor when selecting suppliers and result in an alternative supplier being chosen if serious doubts arise. No new key suppliers were selected in the year under review.

Services

Construction work:

The **"Guidelines for Construction Work"** (work instructions) apply both to refurbishment work and the construction of new office space. Ecological, economic and social aspects are taken into account when planning measures like these. The aim is to ensure that users' current needs are met and that no disposal problems arise in the future by ensuring an adequate level of ecological quality.

In-house and external events:

Regulations governing procurement activities relating to services and materials for in-house and external events are set out in a separate work instruction, the **"Guidelines for Events"**. Before an event is organised, a check is performed to see whether it is consistent with the company's guiding philosophy and principles. **Particular attention is paid to ecological aspects** such as electronic communication, accessibility using public transport, organic catering by regional providers and waste management. At the same time, **social aspects** such as the involvement of local and regional target groups and participation by social project sponsors are also taken into account. In cases involving in-house events organised by third parties, reference is made – to the greatest extent possible – to the principles set out above, to sustainable suppliers and to our "house caterers" (some of these providers are certified, including with the Austria Bio Garantie (Austria's leading inspection body), the Austrian Eco-label, and the Fairtrade label).



Operational ecology

Taking responsibility for the environment has a long tradition at Kommunalkredit, with the **EMAS environmental management system** introduced back in 1997. The company has been using recycled paper since 1997, exclusively green electricity since 2003 and a pellet heating system since 2005. An integral part of our employees' identity and day-to-day routine is the careful use of resources.

Energy efficiency measures are currently being implemented on an ongoing basis as part of the renovation of the main building in Vienna. In order to achieve the ecological objectives, the building has been connected to the **district heating system**, a **100 KWp photovoltaics system** has been installed on the roof and the windows have been refurbished.

Energy consumption

The main building's total energy consumption comprises its **electricity consumption** and **heating energy consumption**. The figures have decreased steadily in recent years and came to around 1.36m kWh in 2023 (2022: 1.39m kWh), corresponding to a further **year-on-year reduction** of approximately **2%**. The large proportion of renewable energy sources (2023: 66%, 2022: 62%) is explained by the purchase of green electricity (100%) and the fact that heating for part of the building is supplied by a pellet boiler. **Total energy consumption per employee has fallen by a further 9,3% to 3,361 kWh** (2022: 3,706 kWh).

Electricity consumption

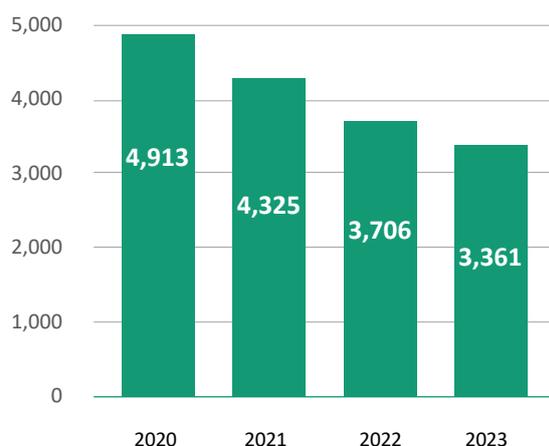
Kommunalkredit has been purchasing **only green electricity** for years now. Ongoing optimisation measures have resulted in a constant reduction in electricity consumption in recent years. In 2023 (637,887 kWh), electricity consumption increased by 7,6% against 2022 (592,617 kWh). Calculated at 1,575 kWh per employee (2022: 1,580 kWh), the relative **electricity consumption** remained almost the same in 2023.

Heating energy consumption

The building's heating energy was provided by pellets and gas in 2023. Heating energy consumption amounted to approximately 720,477 kWh in 2023 (2022: approx. 794,516 kWh). Consumption per m² comes in at 93.3 kWh/m², with 1,779 kWh (2022: 2,119 kWh) consumed per employee, **down by 16% year-on-year**. We can expect to see further improvements in subsequent years as a result of the **retrofitting measures that are currently being carried out and the commissioning of a PV system**. District heating went into operation back in December 2023 and gas and pellet heating was partly decommissioned.

Total energy consumption per employee.

in kWh



Transport

Business travel:

At Kommunalkredit, business trips are made by car, train and plane. The kilometres covered per employee rose in 2023 to 2,988 km (2022: 2,228 km). Kommunalkredit is constantly growing and supports all of its international clients from offices in Vienna and Frankfurt. The increase in business travel can be traced back to a **normalisation in travel activity** following the pandemic, as well as to business growth. Around 98% of the trips taken were by air, with 1% taken by train and 1% by car. The in-house business travel policy requires ecological aspects to be taken into account when planning and organising business travel.

Vehicle fleet:

Kommunalkredit's fleet comprises one **hybrid vehicle**. A total of 8,193 kilometres was covered in 2023.

CO₂ emissions

The higher number of business trips also led to an increase in emissions generated by total business activity (heating, electricity, vehicle fleet, business trips) in 2023 to around 1,340 tonnes of CO₂ equivalents (2022: 969 tonnes). Scope 1 emissions (heating and vehicle fleet) fell by around 11% compared to previous years, at around 123 tonnes of CO₂ equivalents in 2023 (2022: 139 tonnes); Scope 2 emissions came to 9 tonnes of CO₂ equivalents (2022: 0 tonnes), because 100% green electricity was purchased; Scope 3 emissions (business travel) amounted to 1,208 tonnes of CO₂ equivalents in 2023 (2022: 831 tonnes).

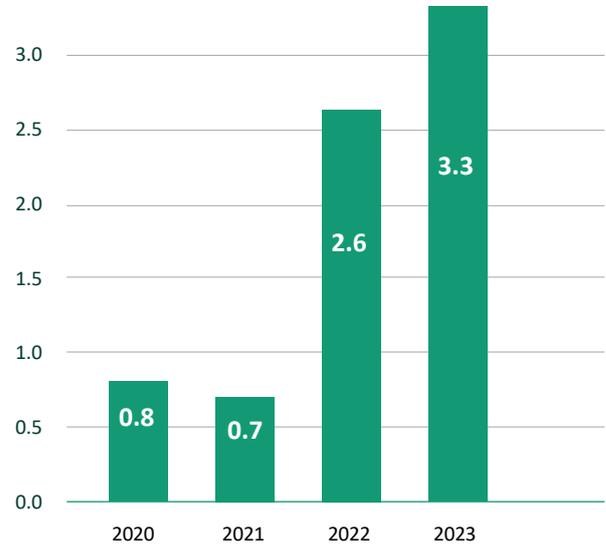
The total carbon emissions per employee generated as a result of our business activities increased when compared with 2022 levels due to business travel (2023: 3.3 tonnes, 2022: 2.6 tonnes).

The total CO₂ emissions that Kommunalkredit Group was unable to avoid came to 1,339 tonnes of CO₂ in 2023. **Austrian climate protection projects are supported by way of a voluntary contribution via Climate Austria.** This contribution matches the scope of these unavoidable emissions.

The graph below shows the development in CO₂ emissions per employee (in kg CO₂ equivalent) over the past few years.

CO₂ emissions per employee.

In tonnes of CO₂ equivalents



Resource consumption and waste management

Paper consumption:

Consumption of photocopying and printer paper increased in 2023 as against 2022, but was down considerably on the long-term average at 2,000 kg (2022: 1,123 kg, average for the period from 2019 to 2021: 2,583 kg). Since the introduction of the environmental management system in 1997, photocopying and printer paper made from **100% recycled paper** has been used.

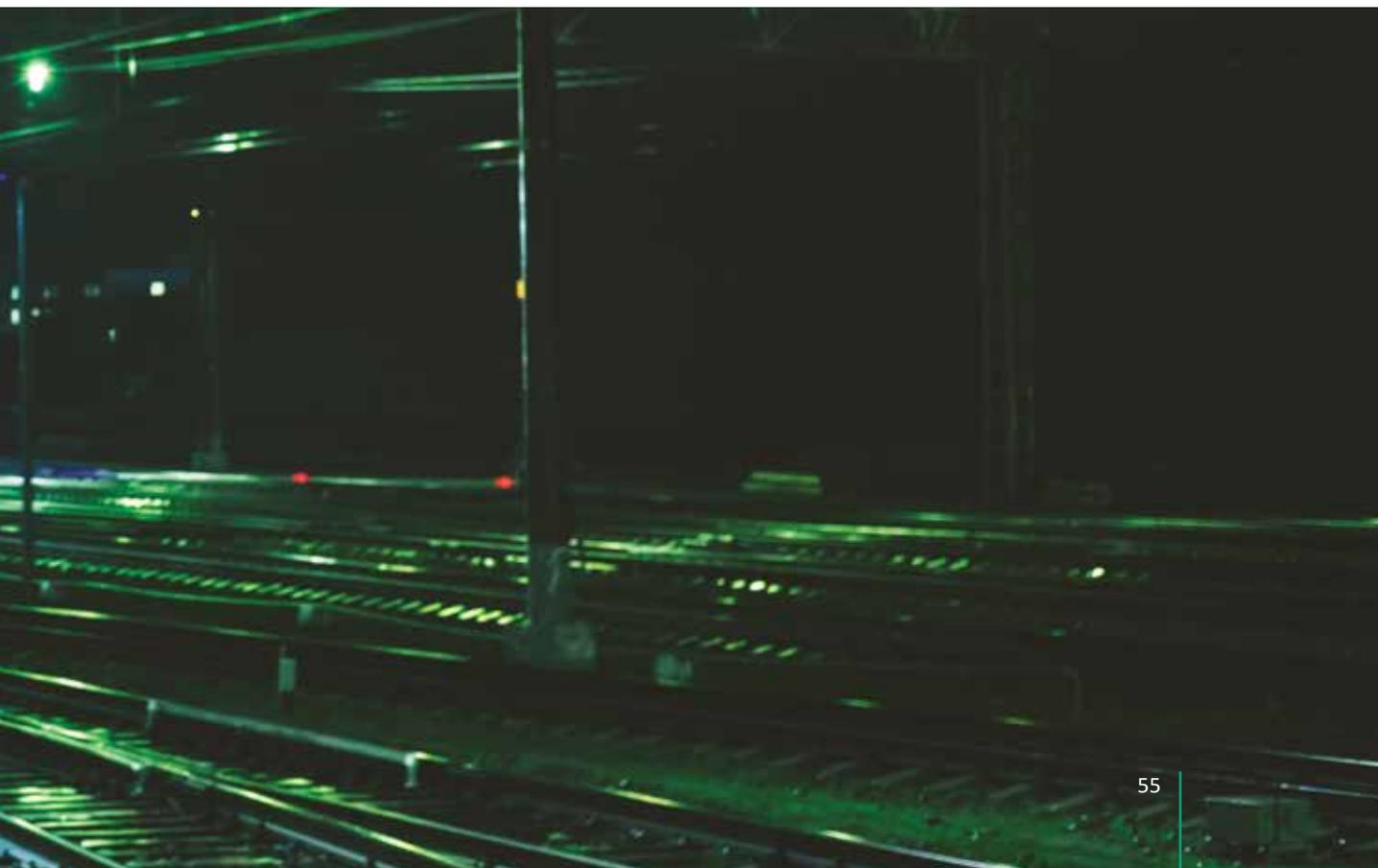
Waste:

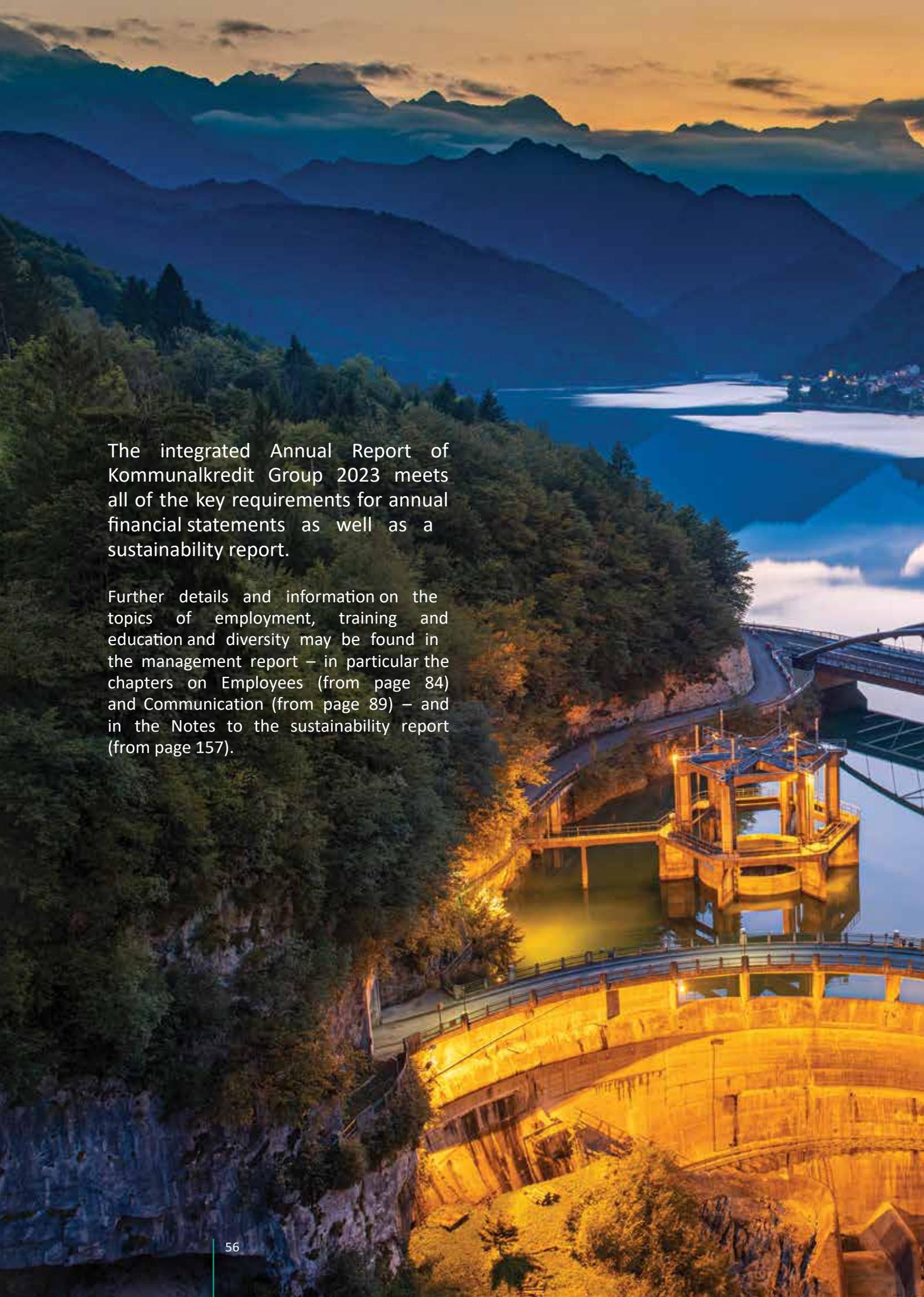
In 2023, Kommunalkredit's total annual waste volume (around 31 tonnes) increased only slightly compared to 2022 (around 30 tonnes). By contrast, Kommunalkredit's total annual **waste volume per employee fell by approximately 3%** in 2023 to around 77 kg (2022: 80 kg). The majority of this was domestic-type commercial waste (46%) and waste paper (36%). A correction was made to the data collected on the volume of waste paper and this was applied to the environmental performance figures for 2019 to 2022 to improve comparability.

Total mass flow:

Total mass flow, i.e. the annual mass flow of the various input materials (excluding energy sources and water), results from paper consumption and the total volume of waste (the overlap between paper consumption and waste paper is negligible). In 2023, this amounted to around 82 kg per employee (2022: 83 kg).

Kommunalkredit has made **continual improvements** almost across the board when it comes to operational ecology and remains committed to minimising our environmental footprint. Over the next few years, the retrofitting measures being carried out in the main building will be the main contributing factor.



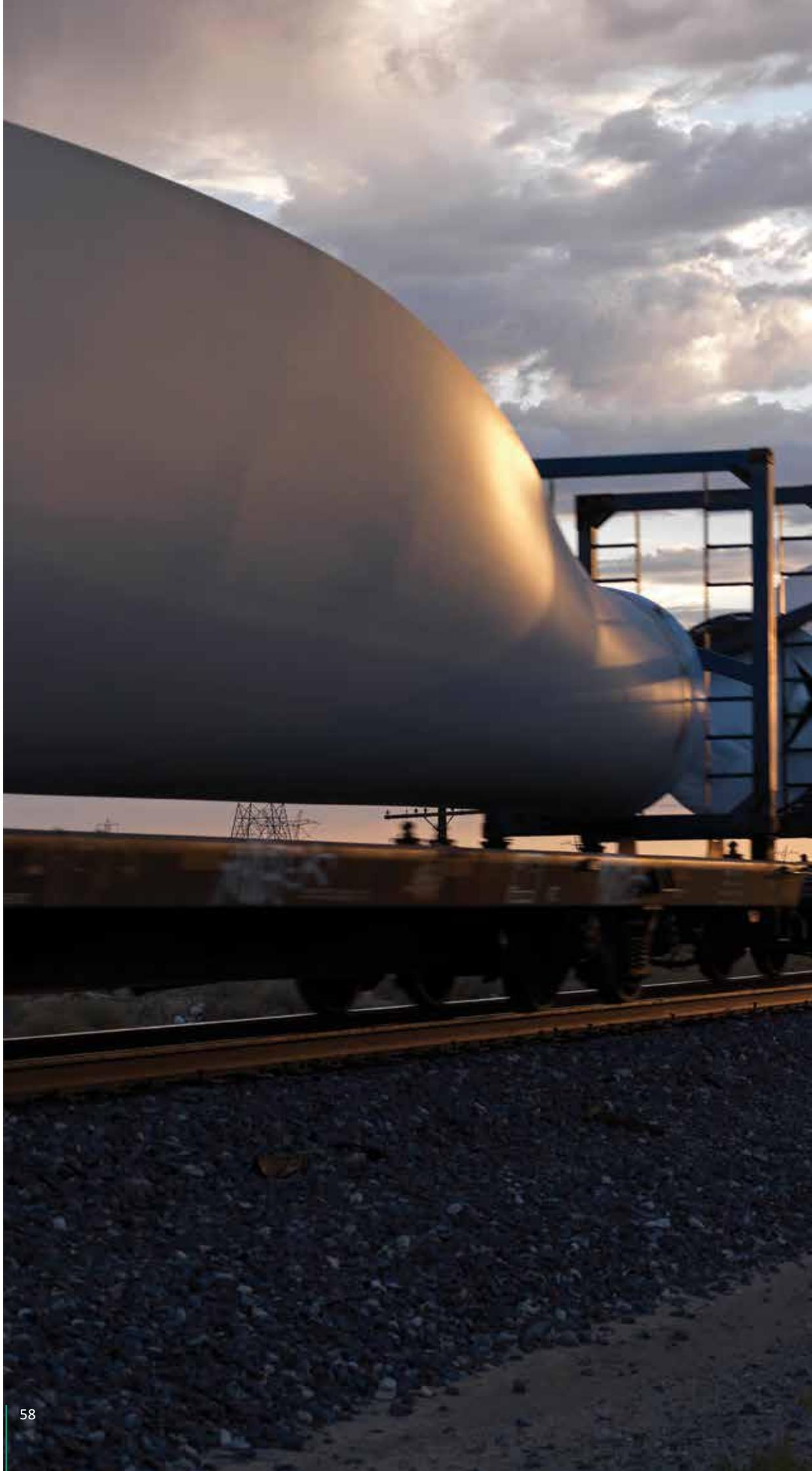


The integrated Annual Report of Kommunalkredit Group 2023 meets all of the key requirements for annual financial statements as well as a sustainability report.

Further details and information on the topics of employment, training and education and diversity may be found in the management report – in particular the chapters on Employees (from page 84) and Communication (from page 89) – and in the Notes to the sustainability report (from page 157).



**“We are more than a bank:
we are a partner for a whole
range of solutions around
sustainable infrastructure –
always with positive impact.”**



MANAGEMENT REPORT.

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

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Economic environment

Characterised by economic uncertainty due to high inflation, drastic interest rises and volatile energy prices, 2023 was no less challenging than the year before. Turmoil on capital markets was accompanied by the collapse of Silicon Valley Bank and First Republic Bank in the USA, plus the necessary takeover of Crédit Suisse by UBS in Europe. The geopolitical crisis between Russia and Ukraine was accompanied by the Hamas attack in Israel and ongoing tensions in the China Sea. There were massive supply chain problems, the collapse of Ukrainian grain exports (especially to Africa), drastic crop failures and extreme weather conditions – a stark reminder of the need for a change in climate policy.

2023 – Sentiment continues to fluctuate

2023 got off to a turbulent start. In the spring, fluctuations in the banking industry prompted uncertainty. The USA saw the collapse of first Silicon Valley Bank, then First Republic Bank. In Europe, the Swiss National Bank was forced to intervene in the market in order to prevent Crédit Suisse from going under.

At the **geopolitical level**, Russia’s invasion of Ukraine continued. Besides the human suffering, this affected the food and energy markets in particular. On the African contingent – which is rapidly gaining in importance not only for Europe, but for China too, in view of its high development potential – the political instability in some countries is driving strong migratory movements. Most transactions in the Arab region have been put on hold following Hamas’ attack on Israel and Israel’s response. It remains to be seen whether this war will develop into a wider conflagration and what consequences this may entail. The attacks by Yemeni Houthi rebels represents another threat to international shipping.

The price of gold rose sharply in 2023 while the appreciating dollar weighed on the oil price. Global growth held up surprisingly well in this environment, and in the face of the drastic tightening of monetary policy by central banks in response to above-target inflation.

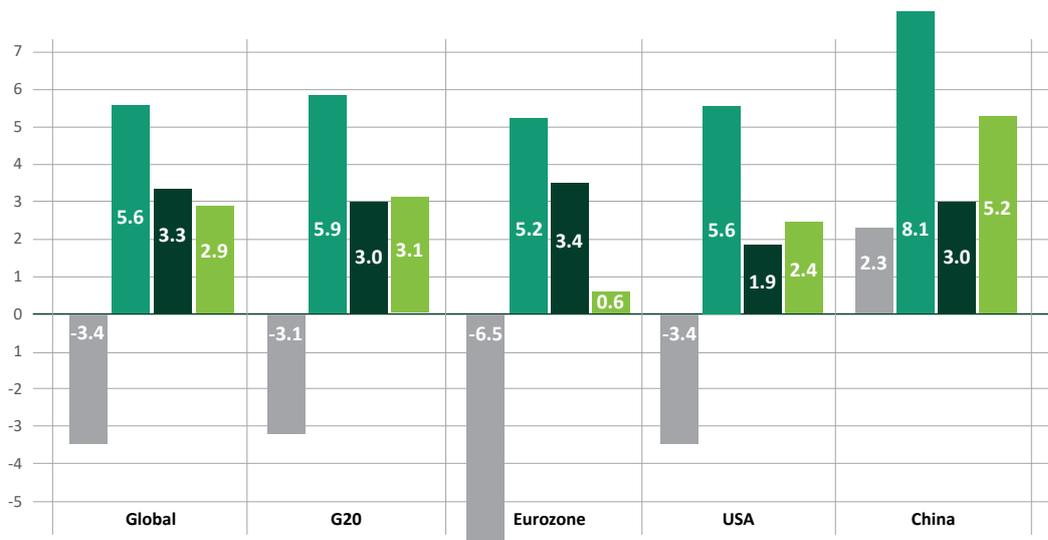
Nonetheless, the **global economy** continues to face challenges associated with ongoing inflation and a dampened growth outlook. Global GDP growth in 2023 was stronger than expected but dropped off towards the end of the year, with the effects of the more stringent financial conditions, weak trade growth and the low level of business and consumer confidence increasingly making themselves felt.

Overall inflation has fallen in almost all of the world’s economies, which is reducing pressure on private households’ incomes. Nonetheless, core inflation remains high. Global GDP growth of 2.9% (2023), 2.7% (2024) and 3.0% (2025) is predicted.

**GDP growth/
Decline in %.**⁴
Source: OECD

- 2020
- 2021
- 2022
- 2023

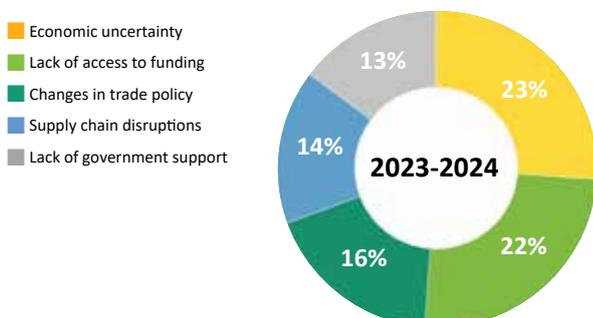
An adjustment to the measurement method may lead to changes in comparative historical figures.



⁴ OECD – Economic outlook, Issue 2/2023, November 2023.

Obstacles to trade growth 2023-2024 in %.⁵

Source: OECD



A further increase in trade restrictions, restructuring of global value chains and greater emphasis on countries' national interests might give rise to a headwind. Ongoing cost pressure, a further rise in energy and food prices or indications of the inflation outlook trending upwards might force the central banks to adjust their key interest rate policy, which would adversely impact the financial markets.

To date, the global economy and the financial markets have proven relatively resilient in the face of tighter monetary policy. The eurozone's economy has posted only marginal growth of 0.1%, while countries in central and eastern Europe registered declines in output in the same period. GDP growth fared better in the USA and in commodity-producing economies; emerging markets and developing countries maintained their pre-COVID growth rates. Japan has not tightened up its monetary policy and posted above-average growth in spite of higher energy prices. Following the reopening of its economy in early 2023, China was volatile on account of the pressure affecting its real estate sector, but stabilised over the course of the year as the Chinese government tightened policy.

2023 – A year which marked a turning point

The **European Central Bank** (ECB) increased key interest rates by 200 basis points in six steps in 2023: the ECB's deposit facility climbed from 2.0% at the start of the year to 4.0% while its main refinancing operations rate rose from

4.5%
refinancing rate

2.5% to 4.5% at the end of the year.⁶ In view of the central bank's assessment that it will reach its inflation target of 2.0% in 2025, capital markets do not anticipate further interest rate hikes in 2024.

4%
deposit facility rate

In the USA, increasing signs of an economic slowdown and a significant downward trend for inflation prompted the **Federal Reserve Bank** (Fed) to refrain from raising interest rates any further, following a final key interest rate hike in July 2023 (to a target range of between 5.25% and 5.5%).⁷

target range of up to **5.5%**

In conjunction with an economic slowdown, the measures taken by the central banks – in particular the raising of key rates and reductions in the volume of their asset purchase programmes – have resulted in a sharp decline in inflation. Within a one-year period, it had fallen from 10.6% to 2.4% in Europe and from just under 7.0% to 3.1% in the USA.⁸ As a result, long-term interest rates, taking the 10-year swap rate in the eurozone as an example, fell by more than 80 basis points to below 2.7%, following the rise of up to 3.5% in October 2023. The euro swap curve is therefore inverted across almost the entire maturity range.

The first six months of 2023 were highly successful for Austria's banks. Bank earnings rose by 28% thanks to the turnaround in interest rates and despite falling demand for loans. In spite of the inflation-related increase in administrative expenses, net profits reached record levels in overall terms. On the refinancing side, covered bonds remained a key refinancing instrument in 2023. Since 2018, the volume of outstanding covered bonds from Austrian issuers has nearly doubled, with the proportion of mortgage-backed cover pools climbing to over 80%.

2023 – The infrastructure market defies the times

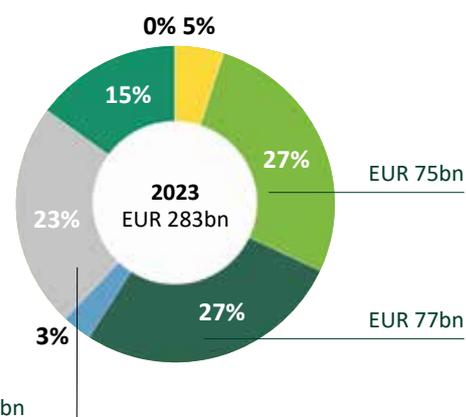
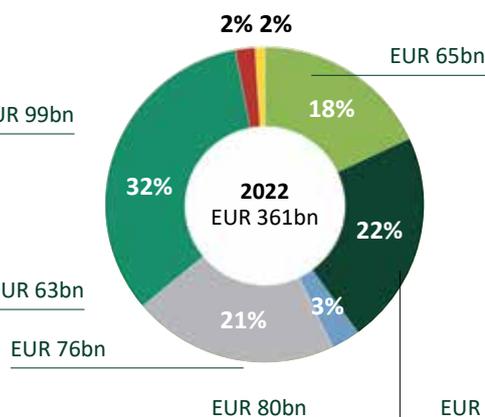
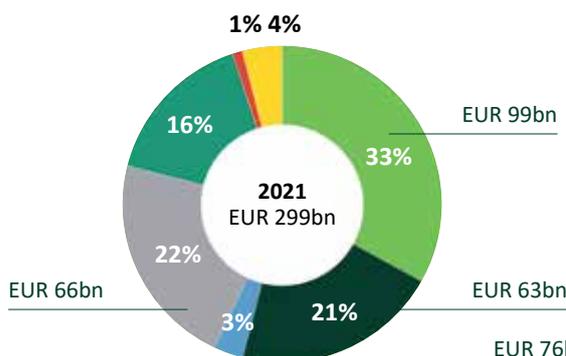
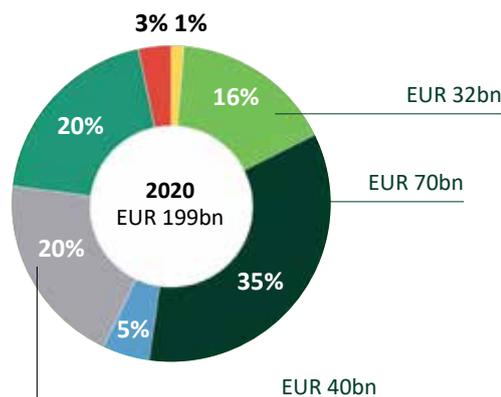
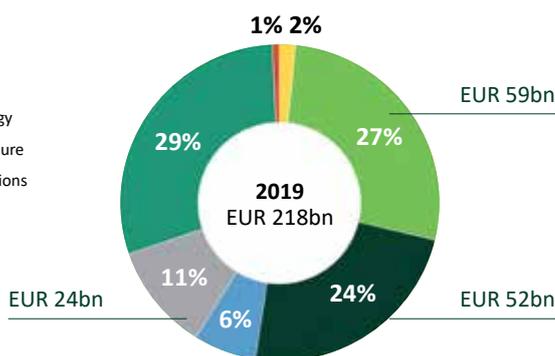
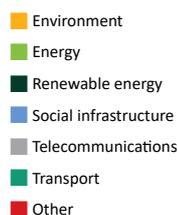
The particular **robustness** of the global market, and especially the European market for infrastructure financing which is relevant to Kommalkredit, is a great strength given the ongoing negative influences on international economic growth. Neither the COVID pandemic nor geopolitical conflicts have shaken this resilience, which was underlined by the volume of EUR 283bn for the European market as a whole (including the United Kingdom) in 2023 (equity and debt).⁹

Political and macroeconomic conditions failed to improve in 2023. The main focus was on inflation and the resulting trend in interest rates. While this creates a favourable environment for loans in relative terms, it can have a marked impact on absolute volumes – particularly when it comes to refinancing. Although the megatrends such as decarbonisation and digitalisation, which are still highly relevant, counteracted these negative influences in 2022, this will not be the case in 2023 despite positive developments in the infrastructure asset class.

⁵ OECD – Economic outlook, Issue 2/2023, November 2023.
⁶ European Central Bank – Monetary policy decisions, press release, 14/9/2023.
⁷ Federal Reserve – FOMC statement, press release, 13/12/2023.
⁸ Eurostat – Inflation rate from December 2021 to December 2023, Statista, 17/1/2024.
⁹ Inframation & Sparksread Database, 18/1/2024.

The European infrastructure market 2019 to 2023: Transaction volumes by sector.¹⁰

in EUR bn / %

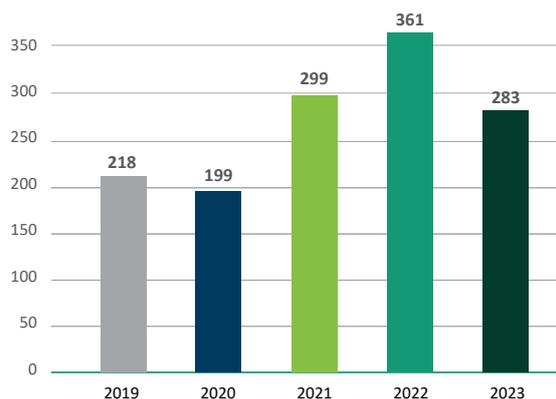


The high base rates certainly left their mark on the European market for infrastructure financing. In early December, at around 3.6% the 1-year swap rate was at the top of a yield curve which remained inverted, albeit at a somewhat lower level compared to the mid-year point. On the other hand, the 3M Euribor, which is significant for floating rates, remained at the 400 basis point mark. It comes as no surprise that the European market for infrastructure and energy investments which is relevant for Kommunalkredit has not achieved a new record volume (2022: EUR 361bn). The “greenfield”¹¹ segment, which is particularly important to Kommunalkredit, has exceeded its 2022 level, particularly in the **renewable energy sector** (which increasingly encompasses new fields such as battery storage, e-mobility and EV charging as well as traditional areas such as solar installations and wind farms). This has laid the foundations for another successful year for Kommunalkredit, and for its positioning as a leading energy transition bank.

The era of cheap loans came to an end in 2023, especially in the “brownfield/M&A”¹² segment. Price expectations

In a period of geopolitical and economic uncertainty, buyers’ and sellers’ price expectations are increasingly diverging, leading to lengthier sales processes or else prompting vendors to postpone sales. Kommunalkredit has also noticed these challenges. Thanks to its broad geographical positioning and its focus on **customer-oriented financing solutions and consulting services**, the bank embraced these as an opportunity in its M&A and debt advisory segment in particular. Kommunalkredit successfully completed a series of mandates in its consulting business. An analysis of the various sub-sectors shows that the renewable energy sources (27% market share) and conventional energy production and distribution segments (jointly 27%) are the driving forces shaping the European financing market. Kommunalkredit has closed transactions in high-growth fields such as biogas/biomethane, EV charging and battery storage in particular, and it has a strong pipeline for 2024.

Transaction volumes in the European infrastructure market 2019-2023.¹⁰ in EUR bn



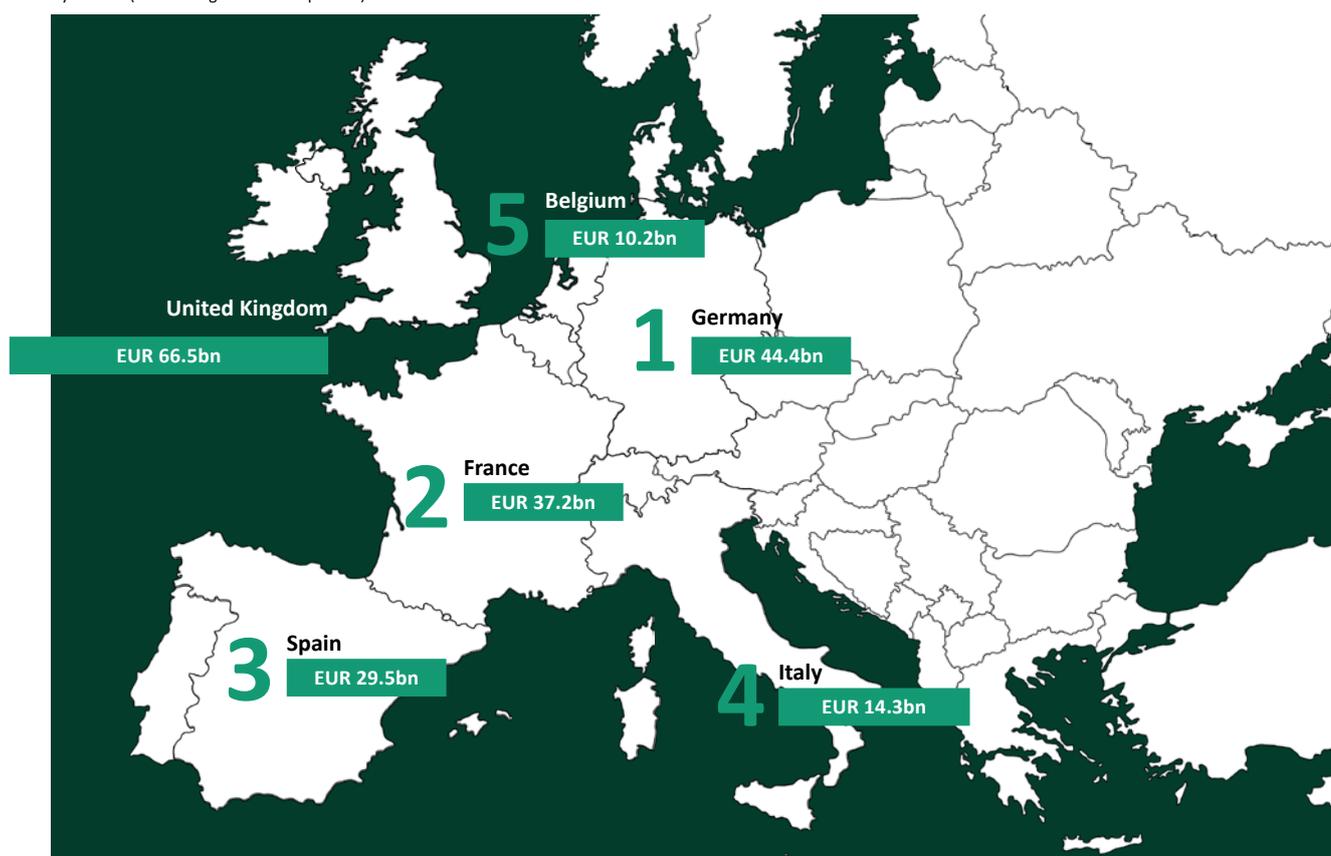
¹⁰ Inframation & Sparksread Database, 18/1/2024. An adjustment to the measurement method may lead to changes in comparative values from the past.

¹¹ Greenfield projects are new infrastructure assets erected on undeveloped (“green”) land. Depending on the sector and nature of the project, these may involve construction phases of varying lengths and different financing requirements before they can enter service.

¹² Brownfield projects involve existing infrastructure assets, most of which are usually in operation, and the financing of which is generally reorganised in the context of M&A transactions.

The largest infrastructure markets in the eurozone 2023.¹⁰

by volume (United Kingdom for comparison)¹³



59%
energy

Looking beyond energy production alone in relation to the energy transition and reducing CO₂, it is clear that even switching to 100% renewable energy will only eliminate roughly a third of greenhouse gases. (Heavy) industry accounts for a significant proportion of these (around 20%). It requires a very large volume of financing, for instance in the areas of green steel, aluminium and cement production. Kommunalkredit has made a significant financing contribution to the H2 Green Steel greenfield project in Sweden with the aim of implementing hydrogen-based steel production (enabled by 100% wind power-based renewable energy). Preparations are currently under way for similar projects in the transport and agriculture (hydrogen-based ammonium production) sectors.

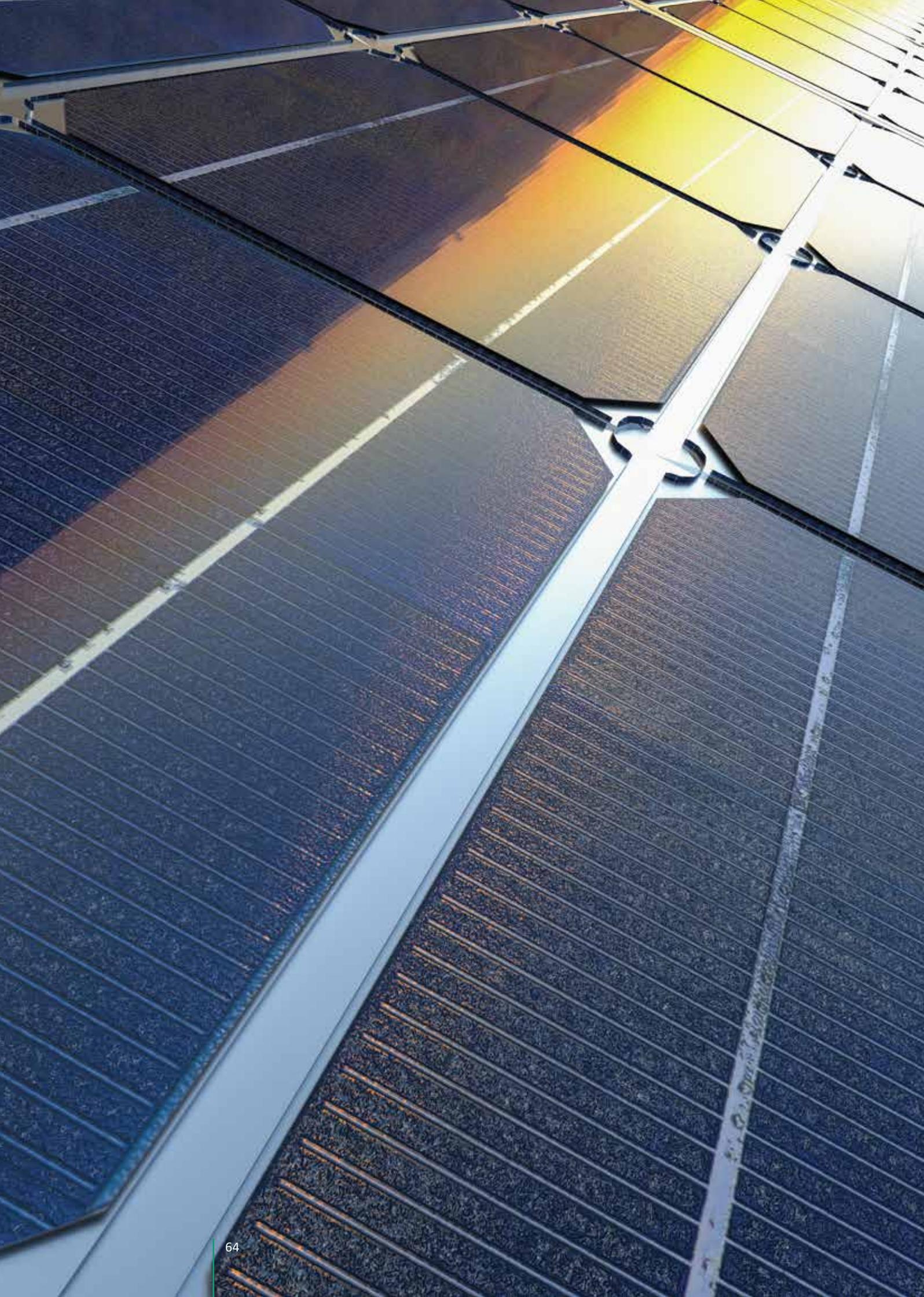
23%
digital
infrastructure

In the **digital infrastructure** sector (23%), data centres account for a heightened level of investor interest in the fibre-optic field. While some fibre-optic projects (in the United Kingdom in particular) are behind schedule due to increased construction costs and growing competition, and in many cases insufficient attention is given to connecting customers up to laid-out grids, data centres are essential for the transfer and storage of data volumes which are growing exponentially, and they require rapid expansion of capacities. Kommunalkredit was able to build on its impressive track record here, especially in Sweden, Norway and the Netherlands. Aside from large hyperscaler data centres for Google, Amazon and Microsoft, the bank also entered into attractive transactions with small and medium-sized colocation data centres.

In 2024, this asset class will remain an important element in Kommunalkredit's further positive development. In the **transport** sector, which is recovering strongly from the COVID crisis, the bank was involved in a series of attractive transactions throughout Europe in 2023. Among other projects, Kommunalkredit supported a portfolio of six Portuguese container ports and is currently working on toll roads, seaports and more.

The **social infrastructure** sector is increasingly responding to the trend of a continuously ageing overall population, combined with medical achievements in the field of diagnostics. For this reason, there is a growing volume of investment in care homes for elderly people, but above all in private clinics and diagnostic centres, which are benefiting from long-term contracts with government institutions and insurers. While this sector is comparatively niche, in 2023 Kommunalkredit successfully completed transactions such as refinancing Inframedica, a platform in this field developed by the leading infrastructure investor DWS.

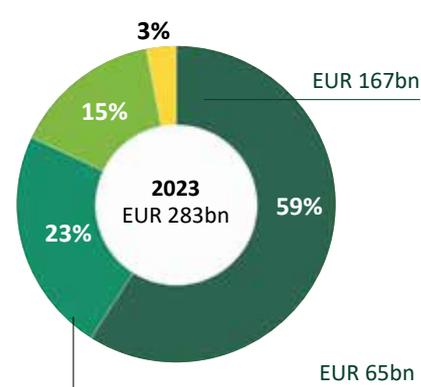
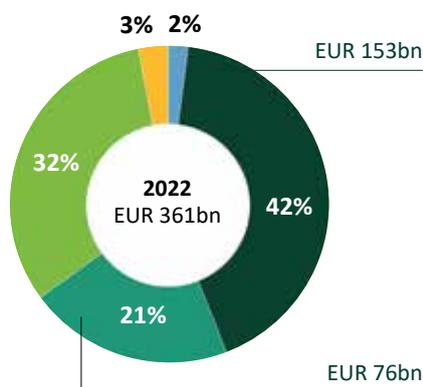
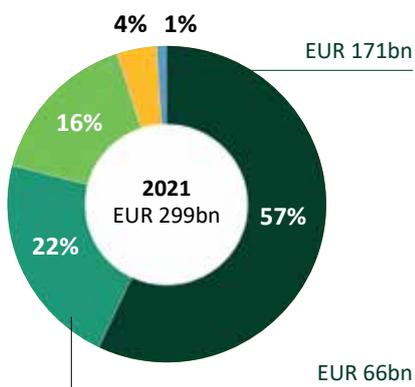
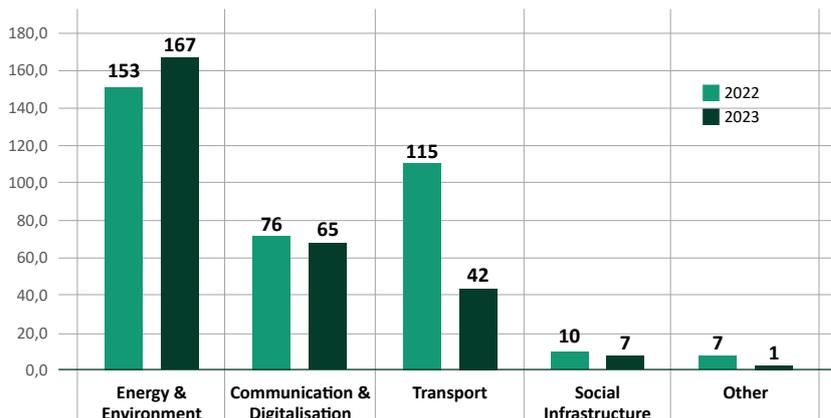
¹³ Poland (EUR 13.0bn) and Sweden (EUR 12.1bn) are both ahead of the fifth-placed eurozone country.



Transaction volumes by sector.¹⁴
in EUR bn or %

EUROPE

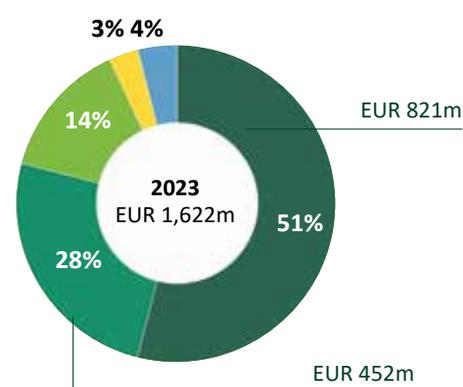
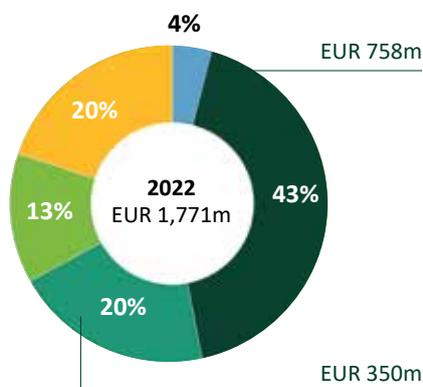
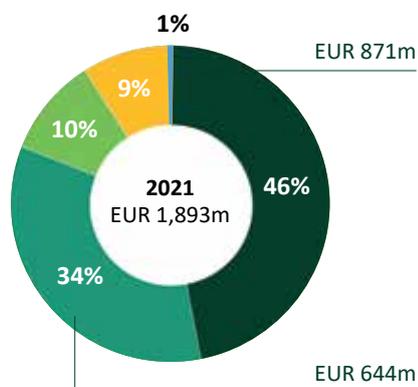
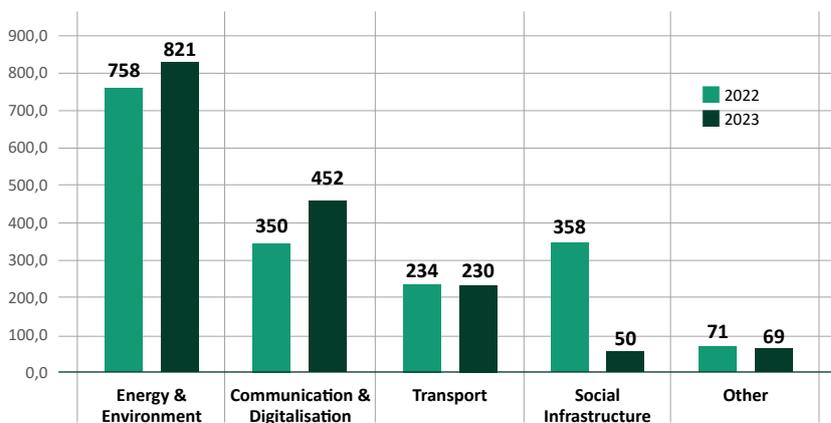
- Energy & Environment
- Communication & Digitalisation
- Transport
- Social infrastructure
- Other



Transaction volumes by sector.
in EUR m or %

KOMMUNALKREDIT

- Energy & Environment
- Communication & Digitalisation
- Transport
- Social infrastructure
- Other



¹⁴ Inframation & Sparkspread Database, 18/1/2024. An adjustment to the measurement method may lead to changes in comparative values from the past.

Business review

The clock is ticking. And mercilessly so in terms of the climate action we are still able to take. Yet there is no alternative in view of the economic impact of climate change. In these challenging times, we need to close ranks and join forces to build a better and more sustainable future. In this context, infrastructure represents the nervous system which underpins our existence.

Redefining infrastructure

Investing in infrastructure addresses key social needs and paves the way to a green future. The past few years have been shaped by manifold crises and challenges: supply chain disruptions, soaring energy costs and high inflation. The climate crisis is increasingly making itself felt, as environmental disasters are occurring ever more frequently. All of this points to the fact that projects involving green and renewable energy sources must be rapidly realised and that they need to be easier to implement. Energy costs must be brought down and energy dependencies reduced, while at the same time action must be taken to counter climate change.

Our experience of the industrial and information revolutions and their implications has taught us that not only do innovative, state-of-the-art technologies require (further) development, but they also need financing. Green hydrogen, carbon capture and storage, sustainable and/or synthetic fuels and new and progressive clean energy technologies are just a few examples of the green revolution that is now on the horizon.

Infrastructure is set to become even more of a focal point in future – not just as an asset class, but as a major factor in preventing new epidemics and economic collapse, and for modernisation and the realisation of important schemes such as digitalisation and the Green Deal.

Together with its clients and partners, the bank strives to support the implementation of necessary investments. Essential changes must be initiated in order to achieve goals rapidly and efficiently. Kommunalkredit has set out five propositions on this subject:

- **The use of private capital as a stimulus for greater sustainability.** The demand is there, as is the money. Now straightforward processes with clear regulatory timelines are needed.
- **Faster, stronger, more decentralised networks.** These are crucial. They are the only way to transport ever-increasing volumes of energy safely and quickly.
- **Openness to viable transitional solutions.** We need to switch over to green, independent energy sources. In the meantime, we must rely on transitional solutions.
- **Regulations that create security and freedom.** The application of practical, reasonable and time-sensitive requirements with streamlined processes is vital, even if this means restrictions are imposed.
- **Ways out of expensive dependency.** We can no longer afford to rely on certain energy sources – neither from an economic nor a political and moral perspective.

Our new business is characterised by balanced diversification in terms of asset classes, regions, terms and product and customer segments. Business acquisitions focus on clearly defined selection criteria and efficient use of capital. In addition to the risk-return profile of a transaction, attention is also paid to the ability to place it with institutional investors and the contribution it will make to the company's sustainability targets.

The last three years were particularly challenging for the world. But they have also shown the importance of economic cooperation, social responsibility and breaking dependencies. In this environment, Kommunalkredit generated a **new business volume** in its infrastructure and energy segment (including public finance) of EUR 1,813.1m (2022: EUR 1,980.5m). 51% of the transactions in the bank's infrastructure and energy financing business were attributable to its Energy & Environment sector, followed by Communication & Digitalisation (28%) and Transport (14%). Geographically, the focus is on Europe, where Germany, Finland and the United Kingdom in particular were important markets for the bank in the 2023 financial year. Kommunalkredit's core business is closely correlated with its sustainability strategy.



“What is needed is a financial sector which assumes responsibility and steers capital flows towards sustainable and forward-looking investments.”

54%
energy
transition

Around EUR 880m (54%) of new business directly supports the acceleration of the energy transition, while 24% (or EUR 382m) of our project volume helps to improve people's quality of life.

Kommunalkredit's investment decisions not only focus on sustainability aspects but also on attractive risk-return profiles, high-quality assets and future-oriented business models. In all activities, providing **benefit to the community** and improving people's quality of life are key. Investing in infrastructure creates economic momentum, contributes to urban development and regeneration, strengthens rural areas, creates jobs, reinforces social cohesion and supports climate protection measures. Kommunalkredit therefore also 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 pursues a business approach of originate and collaborate that is geared towards collaborative endeavours with established partners, focusing in particular on its ability to place transactions on the international financing market. The volume placed with insurers, asset managers and banks in 2023 stood at EUR 358m (2022: EUR 564m). Thanks to its Fidelio KA Infrastructure Debt Fund Europe 1 and Europe 2 infrastructure funds, the bank is also capable of offering business partners access to infrastructure and energy financing with asset management solutions. With Florestan KA GmbH, Kommunalkredit implements lighthouse projects (hydrogen production with OMV, rooftop photovoltaic systems with eww) using equity financing to drive the energy transition forward.

Kommunalkredit's activities in 2023 mainly encompassed transactions aimed at achieving climate targets, the expansion of digital communication channels and the improvement of social services: these include the financing of water treatment plants in Italy; the construction of wind farms and photovoltaic systems on the Iberian peninsula and in Romania, Hungary and Finland; the transition to sustainable electricity production in Germany; the expansion of broadband initiatives in Spain and Serbia; the development of healthcare facilities in the United Kingdom; and the expansion of the port portfolio in Portugal.

24%
quality of life



REFERENCE PROJECTS

TRIUMPH

Expanded port portfolio | Portugal



Yilport has five port concessions in the Lisbon region as well as the north of the country. The ports boast a combined container capacity of 2.1 million containers equal to 1 TEU (6.1 m long | 2.4 m wide | up to 2.9 m high). Kommunalkredit acted as the mandated lead arranger and structuring bank for the EUR 198m facility to refinance the acquisition costs.

ACE

Fibre-to-the-home | Spain



The Spanish fibre-optic operator Adamo focuses on rural regions with low population densities. It runs an open high-speed access grid which is available to the retail and wholesale sectors as well as private households. As the mandated lead arranger, Kommunalkredit continued to cultivate its fruitful relationship with Adamo with this transaction.

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

GRETCHEN

Transformation of renewable power generation technologies | Germany



Steering the transformation of our energy system towards sustainable power generation requires new and improved technologies. Officium Holding specialises in smart metering devices that measure and process data on different types of consumption (e.g. water, gas, steam), making them part of the solution for a climate-conscious, sustainable energy concept. Kommunalkredit was involved in the financing of the EUR 83.5m package for Germany's leading water and heat meter company as the mandated lead arranger.

CURA

Largest pan-European provider of cancer treatment | United Kingdom



Through the merger of the Italian company Medipass (Advanced Medical Services), the German radiotherapy provider RON and the UK's Althea Group (Integrated Healthcare Technology), Germany's DWS has accumulated a vast wealth of medical knowledge in the fight against cancer. To refinance the biggest pan-European provider in this segment, Kommunalkredit was involved in the EUR 576m package as the arranger.

WHITE GOLD Broadband expansion | Germany



NFH Northern Fiber Holding focuses on the large-scale expansion of fibre-optic networks in northern Germany. As the digital infrastructure platform of UBS AM in Germany, it secured debt capital of EUR 240m in the spring of 2023 in order to finance fibre-optic connections for 350,000 households. Kommunalkredit acted as the mandated lead arranger for this transaction, once again highlighting its leading role in the implementation of digital infrastructure in Germany and across Europe.

SUNRISE – Consulting mandate for Steag transaction | Germany & Spain



Steag's Iqony subsidiary focuses on renewable energy production and related services. Its new owner – the Spanish investor Asterion Industrial Partners – intends to significantly expand its business activities by investing in green technologies such as hydrogen, batteries, solar and wind energy and district heating. Kommunalkredit acted as the sole M&A and financial advisor for this EUR 2.6bn transaction.

TWISTER Waste disposal | Italy



Italy's leading waste disposal company Eco Eridania SpA is mainly active in two key segments: sanitary waste and special industrial waste. To enable the further expansion of its activities throughout the waste value chain – from collection to transport and disposal – Kommunalkredit provided substantial support for this project as the mandated lead arranger, contributing EUR 70m of a EUR 340m financing package.

THOR Data centre | Sweden



Data centres in Nordic countries are increasingly attracting interest due to their competitive electricity costs, thanks to the high proportion of renewable energy sources in the energy mix. Driven by the rising demand for public cloud services, the Swedish company EcoDataCenter has expanded its capacities. This firm uses a unique heat recovery solution in the operation of its data centres. Kommunalkredit acted as the global coordinator and mandated lead arranger for this EUR 170m CAPEX facility.

SENYÖ Solar PV system | Hungary



As the sole mandated lead arranger, Kommunalkredit supplied interim financing of EUR 37.5m to build a 63 MWp solar PV system. This transaction is seen as a flagship project in the Hungarian energy sector due to its innovative "merchant" structure, which offers and sells the energy generated on the free market instead of using fixed offtake agreements.

Public finance in Austria.
Kommunalkredit in 2023



A partner for towns, cities, and municipalities

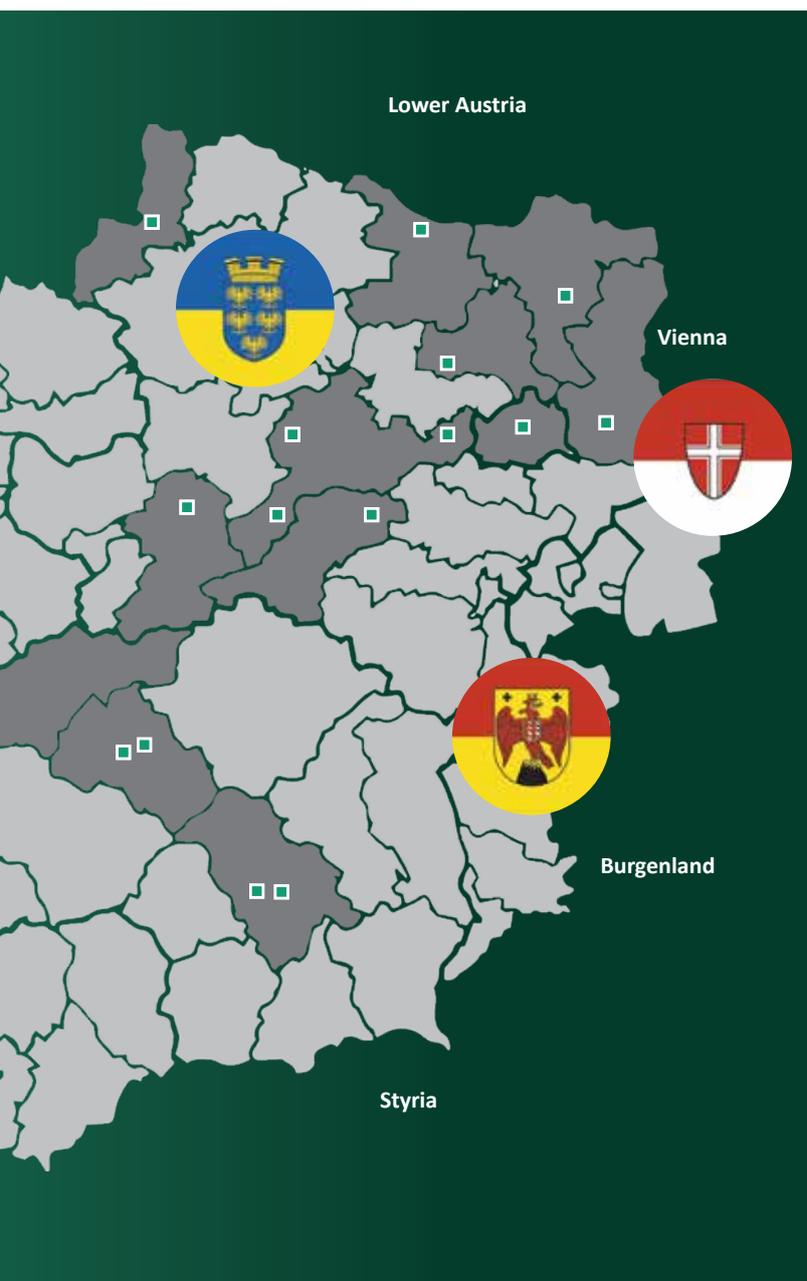
Public finance has a long tradition and remains a significant part of the bank's business. Countries, cities and municipalities are key economic drivers that are supported with financing solutions from Kommunalkredit. By investing in essential infrastructure that is used directly by citizens, municipalities and their public institutions create and protect jobs and help to stimulate the economy, especially in economically challenging times. In 2023, Kommunalkredit concluded new financing in the amount of **EUR 191m** (of which EUR 163m in Austria), mainly in the sectors of Social Infrastructure (schools, kindergartens, fire brigade, housing), Energy & Environment (water supply and disposal) and Traffic & Transport (cycle and footpaths, trams), among others. Kommunalkredit has also provided a long-term investment credit for the targeted expansion of broadband coverage in one of Austria's least networked regions.

EUR
191m
public finance

Recognition and awards

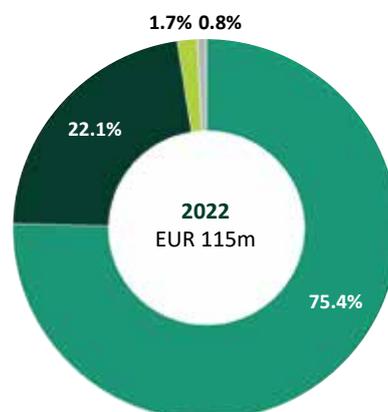
In recent years, Kommunalkredit has successfully positioned itself in the European infrastructure and energy market. Whether in developing new technologies in the hydrogen sector, financing water utilities, expanding photovoltaic systems and solar parks, building wind farms, implementing broadband projects, providing high-tech equipment in the healthcare sector or developing important transport solutions – Kommunalkredit is known and respected as a point of contact throughout Europe.

In 2023 (as in 2022), the Austrian daily newspaper Kurier awarded the bank its "Quality seal for sustainability". The business magazine Börsianer once again ranked it in first place in its "Best specialist bank" category.



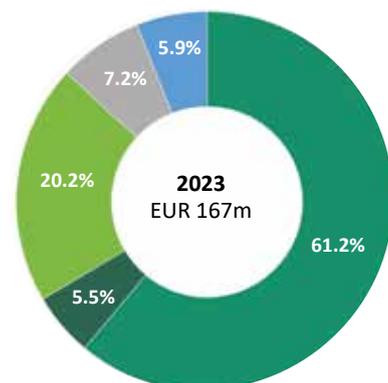
Public finance in Austria.

Kommunkredit's activities in 2022 and 2023 in EUR m / %



2022

- Social Infrastructure EUR 87m
- Energy & Environment EUR 25m
- Transport EUR 2m
- Communication & Digitalisation EUR 1m



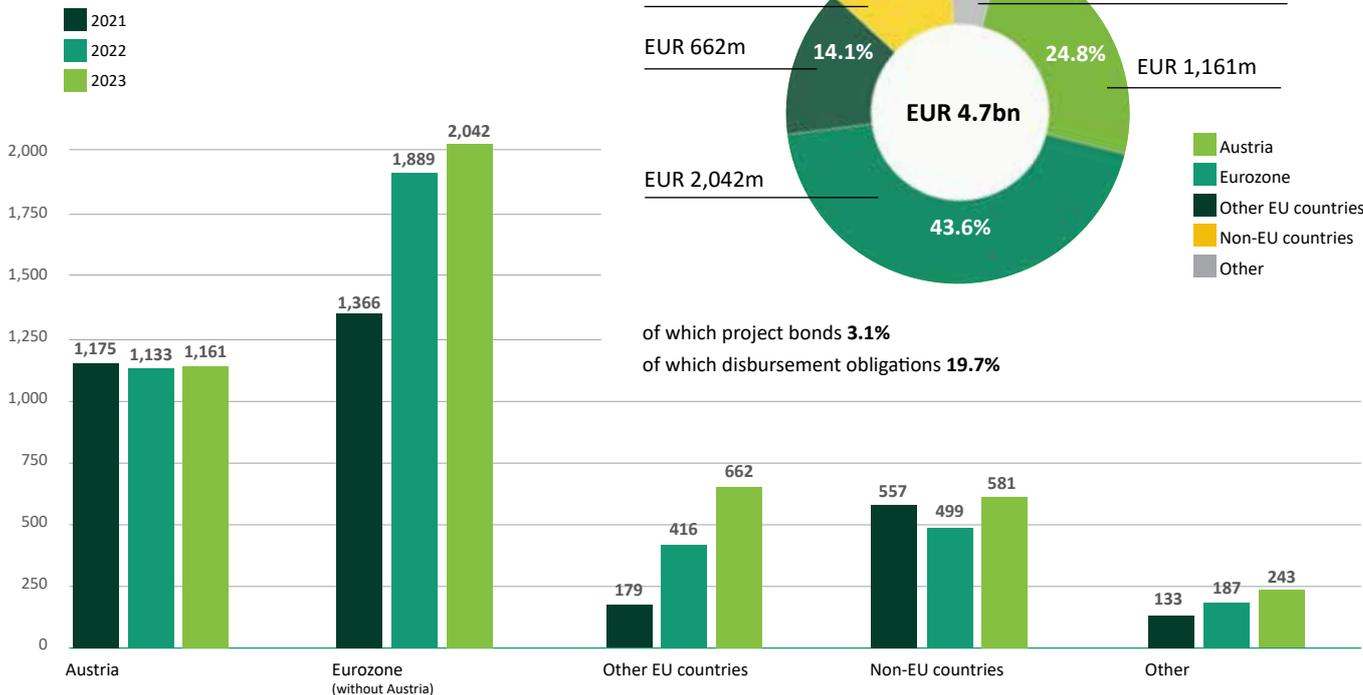
2023

- Social Infrastructure EUR 102m
- Energy & Environment EUR 9m
- Transport EUR 34m
- Communication & Digitalisation EUR 12m
- Other EUR 10m (civil protection, maintenance, etc.)

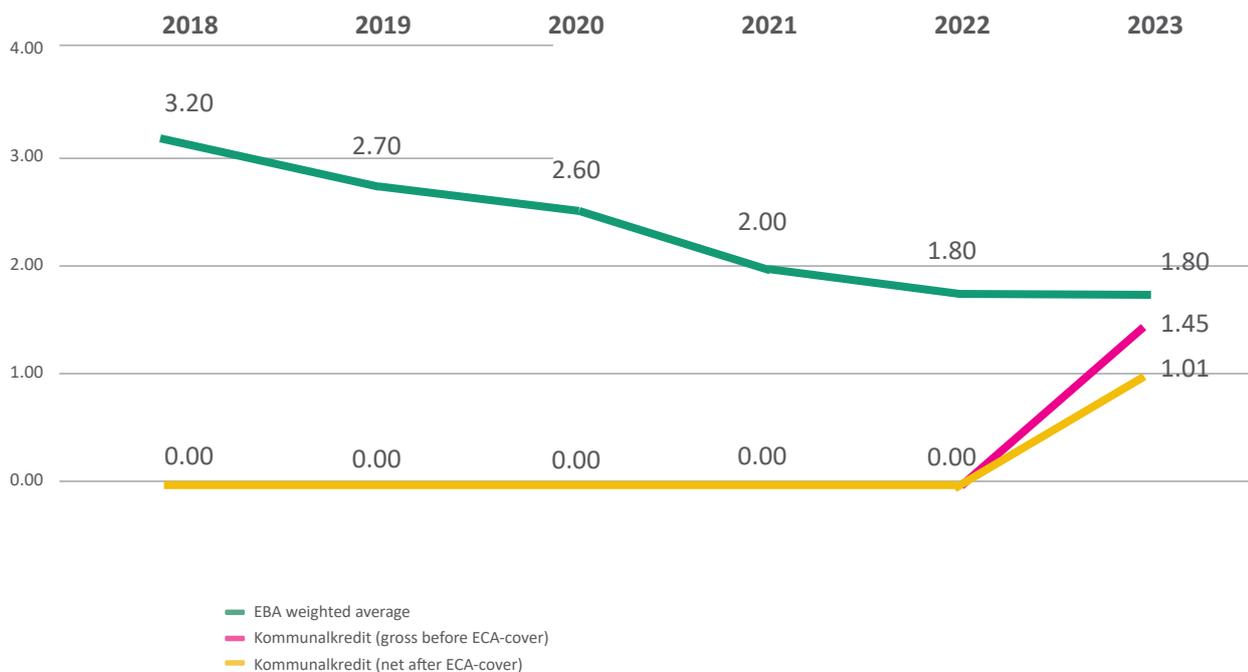
Public Finance International EUR 24m



Loan portfolio by region.
in EUR m, as of 31/12/2023



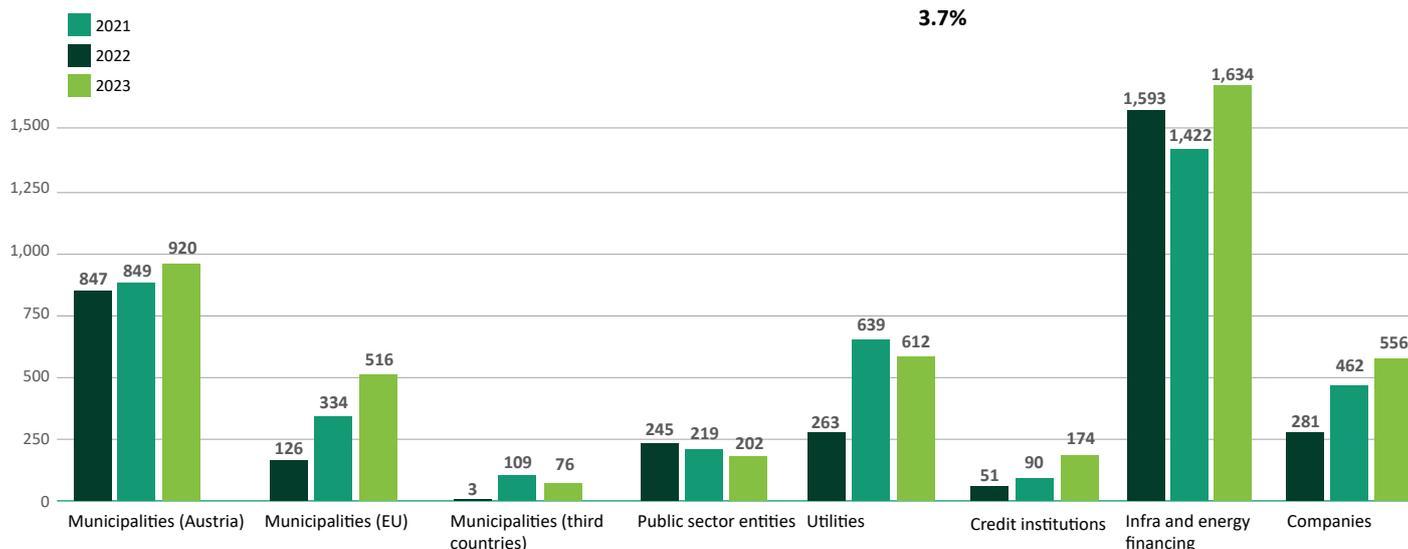
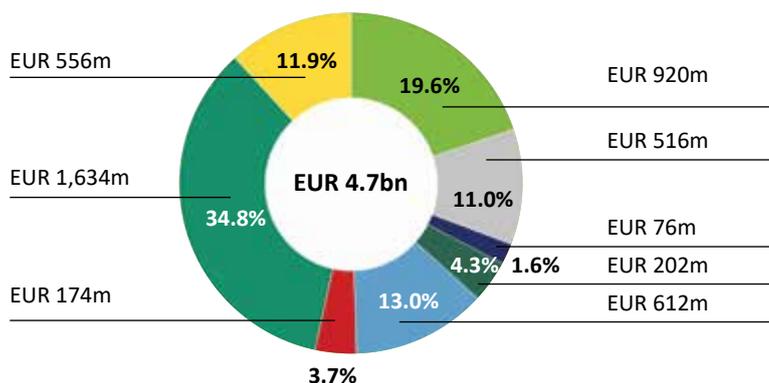
NPL ratio 2108-2023.
in %, as of 31/12



Loan portfolio by borrower.

in EUR m, as of 31/12/2023

- Municipalities (Austria)
- Municipalities (EU)
- Municipalities (third countries)
- Public sector entities
- Utilities
- Credit institutions
- Infra and energy financing
- Companies



Overall portfolio characterised by high asset quality

Kommunalkredit’s strategic sectors are distinguished by their low default rates and high recovery rates. The bank’s **overall portfolio** is characterised by a high level of asset quality. As of 31 December 2023, it had an average rating of “A-” and 66% of the exposures were classified as investment grade.



The non-performing loan ratio (NPL) is 1.5%. Taking guarantees (cover from export credit agencies with the highest credit rating of 90-95%) into consideration, its adjusted net NPL ratio is 1.0%, well below the weighted EBA average.

The broadly diversified **credit portfolio** comprises the two pillars of the business model: infrastructure and energy financing, plus public finance. As of 31 December 2023, the public sector accounted for 32% of the loan portfolio (mostly Austrian municipalities) and infrastructure and energy financing accounted for 35% while loans to public sector entities had a share of 4%. Geographically, 25% was attributable to Austria (31/12/2022: 28%), 44% to the rest of the eurozone and 14% to other EU countries (31/12/2022: 46% and 10% respectively).

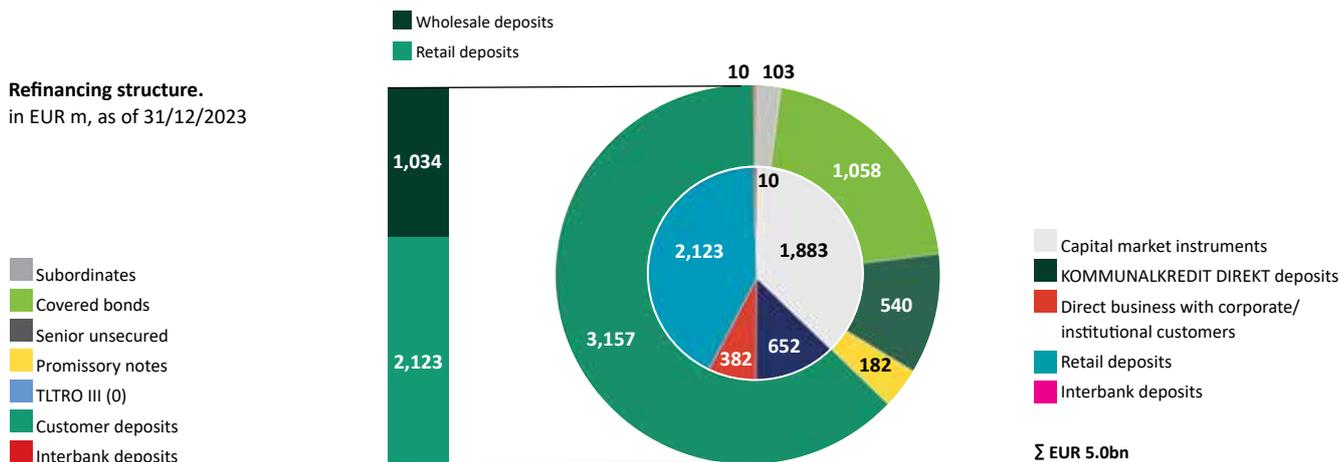
Stable refinancing structure

As of 31 December 2023, Kommunalkredit reported a **strong liquidity position** of EUR 1,752m. The bank held cash and cash equivalents and balances with central banks of EUR 888m (31/12/2022: EUR 503m). Furthermore, Kommunalkredit had access to a free liquidity reserve consisting of high-quality liquid securities (HQLA) of EUR 864m (31/12/2022: EUR 639m).



Kommunalkredit’s **diversified refinancing structure** is particularly important in the difficult capital market conditions which prevailed in 2023. In recent years, existing funding sources have been gradually expanded and new ones established. Due to its business model and in order to adequately manage liquidity risks, Kommunalkredit’s strategic priority is diversification, so as not to be dependent on any single source of funding. Following strong issuing activity in 2021 and 2022, Kommunalkredit increased its focus on its deposit business for retail customers and corporates in 2023. At the same time, the bank continues to issue private placements for international investors.

Refinancing structure.
in EUR m, as of 31/12/2023



Public sector covered bonds | Cover pool

As of 31 December 2023, Kommunalcredit had a well-diversified cover pool with a volume of EUR 1,196m, while public sector covered bonds denominated in EUR and CHF in an amount of approximately EUR 1,058m were outstanding.

The cover pool as of 31 December 2023 consisted of assets from Austria (87.8%), France (4.9%), Portugal (2.7%), Belgium (2.5%) and Germany (2.1%). 79.1% of the positions in the cover pool have a rating of “AAA” or “AA”; 18.2% have an “A” rating. The level of surplus cover as of 31 December 2023 was 13.1%.



Rating

The **investment grade ratings** were affirmed by S&P Global Ratings (BBB- | outlook lifted to “positive”) and Fitch Ratings (BBB- | stable outlook) in September 2023, and by DBRS Morningstar (BBB | outlook lifted to “positive”) in September 2023. On 8 February 2024, Fitch once again verified our investment grade rating and raised the outlook to positive. The improved outlooks from S&P and DBRS reflect our very good business development combined with strict risk discipline. The rating agencies have

- established and resilient business model,
- high level of profitability and
- continuously strong asset quality.
- Furthermore, the bank’s stable liquidity, diversified refinancing structure and capital strength were cited as key factors.

The rating agencies also mention the bank’s growth trajectory, the planned increase in its capital base and its strategic focus on further diversifying its product and service portfolio as positive aspects.



S&P Global Ratings confirmed its **covered bond rating** for Kommunalcredit as “A+” with a stable outlook in February 2023. S&P pointed to the bank’s portfolio, with a high level of credit quality from largely Austrian and German public sector assets, as a strength.

Capital market presence

Kommunalcredit has continuously expanded its access to the capital markets in recent years. In 2020, the bank launched a new debt issuance programme (DIP 4) with a volume of up to EUR 800m. This was increased to EUR 2bn by means of a supplement in February 2022. Within the scope of the annual programme update, the base prospectus was last approved by the Austrian Financial Market Authority on 24 February 2023, with a supplement dated 31 August 2023. Issues under this programme can be listed in Vienna and underline Kommunalcredit’s commitment to its domestic capital market. EUR 89.9m of privately placed senior preferred bonds were issued in 2023 and placed with institutional investors, together with a EUR 50m covered bond.

Development of deposit business

Kommunalcredit’s deposit business consists of retail deposits (KOMMUNALKREDIT INVEST) and wholesale deposits (KOMMUNALKREDIT DIREKT for municipalities and public sector entities and direct business with corporates and institutional customers). Wholesale deposit business was **further expanded** in 2023, as was the retail deposit business. Customer behaviour in the first six months of 2023 remained largely shaped by expectations of higher interest rates and uncertainty arising from high inflation, rising living costs, geopolitical tensions and waning economic momentum. This led to demand for shorter maturities for investment products in both the retail and wholesale segments. In the second half of 2023, the prospect of interest rates having peaked resulted in longer maturities for investments. A positive development is that the proportion of term deposits relative to overnight deposits was gradually increased in 2023.

Retail deposits | KOMMUNALKREDIT INVEST: Kommunalkredit 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 31 December 2023, the bank had 36,452 active retail customers (31/12/2022: 22,351), which equates to an increase of 63.1%. The average deposit volume per customer of EUR 58,249 remained largely unchanged (31/12/2022: EUR 57,598). The share of term deposits had increased as of 31 December 2023 to 89.7% (31/12/2022: 66%); the average maturity of term deposits is 28 months (31/12/2022: 21 months). The deposit volume amounted to EUR 2,123m as of 31 December 2023 (31/12/2022: EUR 1,287m) – an increase of 65%.

28 months
average maturity

+19%
wholesale

Wholesale deposits | (KOMMUNALKREDIT DIREKT and direct business with corporate/institutional customers): With KOMMUNALKREDIT DIREKT, the bank offers a state-of-the-art online platform for efficient investment and cash management for municipalities and related entities. The platform allows customers to easily monitor and manage their investments themselves. Wholesale deposits increased by 19% in 2023 to EUR 1,034m as of 31 December 2023 (31/12/2022: EUR 869m).

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 an LCR of 542% as of 31 December 2023 (31/12/2022: 348%), Kommunalkredit comfortably exceeded the regulatory minimum ratio of 100%.

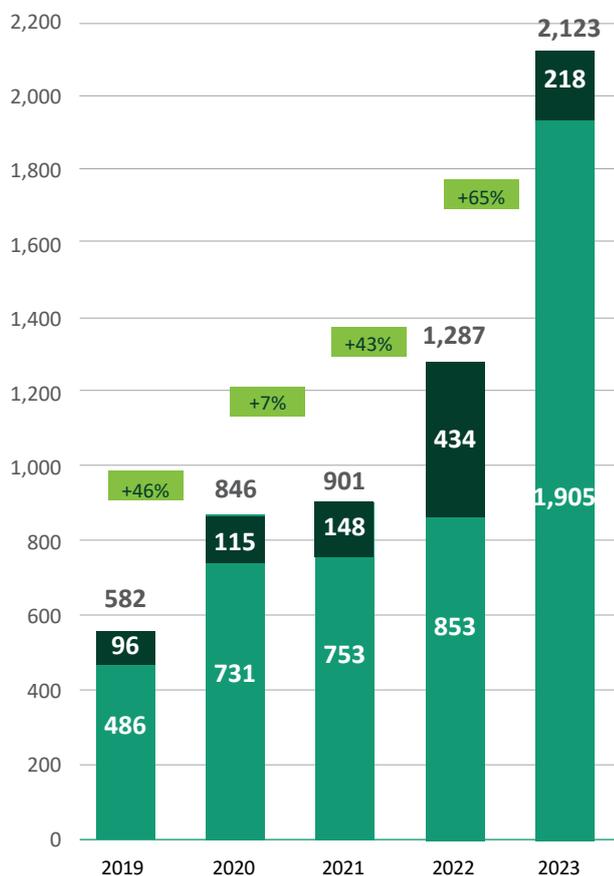
Banks are also required to maintain a stable long-term funding base in terms of assets and off-balance sheet activities. Kommunalkredit's net stable funding ratio (NSFR) was a comfortable 135% as of 31 December 2023 (31/12/2022: 129%).

LCR
542 %

NSFR
135 %

Retail deposits (KOMMUNALKREDIT INVEST).
in EUR m, as of 31/12/2023

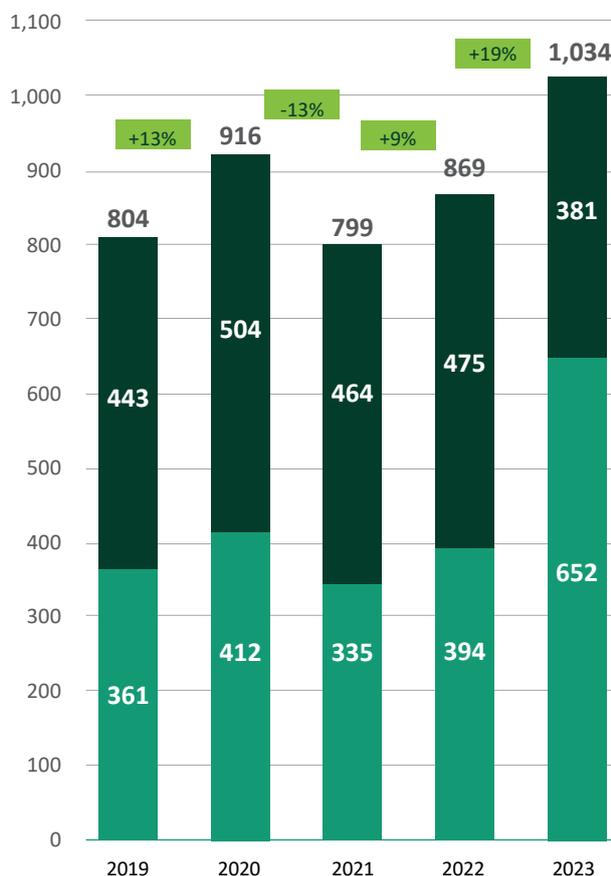
Overnight deposits
Term deposits



Wholesale deposits.

in EUR m, as of 31/12/2023

Direct business with corporate/institutional customers
KOMMUNALKREDIT DIREKT



Assets, financial position and income

2023 – another record year. Despite difficult macroeconomic conditions, profit for the year increased by 43% to EUR 100.4m. Our strategic focus on infrastructure and energy financing, and public finance, paid off once again.

Financial performance indicators according to Austrian GAAP

in EUR m or %	31/12/2023	31/12/2022
Total assets	5,833.6	4,609.8
Total capital	491.7	391.3
Net interest Income	173.0	94.5
Net fee & commission income	32.2	21.3
General administrative expenses	-73.0	-62.0
Other operating income	5.4	5.1
Placement result*	1.0	5.4
Net allocation to provision (§57 (1) Austrian Banking Act)	3.3	-0.9
EBIT**	139.1	61.2
Loan impairment, valuation and realised gains	-3.6	7.4
Profit for the year before tax	135.6	68.5
Result from restructuring	0.0	17.9
Income taxes	-35.1	-16.2
Profit for the year	100.4	70.2
Cost/income ratio bank standalone	35.1%	47.8%
Return on equity before tax***	31.4%	24.7%
Return on equity after tax	23.3%	20.0%

* 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.

Regulatory performance indicators of Kommunalkredit Austria AG according to Austrian GAAP

in EUR m or %	31/12/2023	31/12/2022
Risk weighted assets	2,965.7	2,552.5
Total capital (CET 1, additional Tier 1, Tier 2)	635.6	538.9
CET 1 ratio	17.9%	16.9%
Common equity ratio	20.0%	19.4%
Total capital ratio	21.4%	21.1%

Rating

Issuers rating	S&P GLOBAL RATINGS	FITCH RATINGS	MORNINGSTAR DBRS
Long term rating	BBB-	BBB-	BBB
Short term rating	A-3	F3	R-2 (high)
Outlook	positive	stable	positive

Structure of statement of financial position

Total assets in accordance with Austrian GAAP amounted to EUR 5.8bn as of 31 December 2023 (31/12/2022: EUR 4.6bn). The main asset items in the statement of financial position were loans and advances to customers in the amount of EUR 3.8bn (31/12/2022: EUR 3.0bn). The EUR 714m increase in receivables from customers was mainly attributable to the continued growth in infrastructure and energy finance. In 2023, new payouts reflected in the statement of financial position of EUR 1.6bn were made. The placement volume stood at EUR 0.4bn. Bonds and debt securities, which mainly comprise securities from the liquidity book, amounted to EUR 0.9bn as of 31 December 2023 (31/12/2022: EUR 0.8bn).

EUR
5.8_{bn}
Total assets

Customer liabilities of EUR 3.3bn (31/12/2022: EUR 2.3bn) and securitised liabilities of EUR 1.6bn (31/12/2022: EUR 1.5bn) are the largest refinancing items under equity and liabilities. Capital market activities comprised EUR 89.9m of private placements of senior preferred bonds and a EUR 50m public sector covered bond transaction. Kommunalkredit's equity amounted to EUR 491.7m as of 31 December 2023 (31/12/2022: EUR 391.3m). In addition, the bank still has EUR 40.0m from a fund for general bank risks according to § 57 (3) of the Austrian Banking Act.

EUR
492_m
equity

Income

Kommunalkredit Austria AG has reported an operating result of EUR 135.9m for 2023 in accordance with Austrian GAAP (2022: EUR 57.5m). EBIT, which adds the operating result from the sale of assets and infrastructure/energy and the change in the provision pursuant to § 57 (1) of the Austrian Banking Act (BWG), underlined the changes in the bank's operating earning strength in the 2023 financial year with an impressive increase of 127% or EUR 77.9m to EUR 139.1m (2022: EUR 61.2m). Based on EBIT, this results in a markedly reduced cost/income ratio of 35.1% (2022: 47.8%).

EUR
136_m
operating result

The other loan impairment, valuation and sales result amounted to EUR -3.6m (2022: EUR 7.4m). The statistically calculated provisions for expected credit losses increased by EUR 0.9m and came to EUR 8.3m as of 31 December 2023. There is also a general risk provision according to § 57 (1) BWG amounting to EUR 1.7m (31/12/2022: € 5.0m).

+98_%

At EUR 135.6m, the profit on ordinary activities was 98%, or EUR 67.1m, above the previous year's figure of EUR 68.5m.

Tax expenses in 2023 were EUR 35.1m (2022: EUR 16.2m). The profit for the year after taxes increased by 43% to EUR 100.4m (2022: EUR 70.2m).

The main income and expense items in detail were as follows:

Net interest income

Net interest income was EUR 173.0m (2022: EUR 94.5m). The increase on the previous year is mainly due to the further increase in income from the infrastructure and energy portfolio and the higher interest rate environment.

Net fee and commission income

Net fee and commission income stood at EUR 32.2m (2022: EUR 21.3m). The main activities of the continually expanding range of services of Kommunalkredit include arranging and structuring infrastructure and energy financing as well as consulting and service activities. Fee and commission income of EUR 35.1m (2022: EUR 27.5m) is offset by fee and commission expenses of EUR 2.9m (2022: EUR 6.2m).

General administrative expenses

General administrative expenses increased by 17% to EUR 73.0m (2022: EUR 62.0m). Of this, EUR 46.6m (2022: EUR 40.0m) was attributable to personnel expenses, EUR 24.7m (2022: EUR 19.7m) to other administrative expenses and EUR 1.8m (2022: EUR 2.3m) to the Bank Resolution Fund contribution. The increase reflects the growth in capacity and the strategic expansion of the team, both in the front and back office, with the continued growth course and the broadening of the product range resulting in international expertise and substantial experience in the infrastructure and energy sectors. In spite of higher general administrative expenses, the cost/income ratio decreased from 47.8% in the previous year to 35.1%.

35_%
CIR

Other operating income

Other operating income in 2023 amounted to EUR 5.4m (2022: EUR 5.1m). It mainly consisted of income from the provision of operational services for Kommunalkredit Public Consulting GmbH of EUR 4.5m (2022: EUR 4.3m).

Other operating expenses

Other operating expenses amounting to EUR 1.0m (2022: EUR 1.2m) mainly comprised the contribution to the deposit guarantee fund and stability tax paid by Austrian banks.

Result from the sale of assets/infrastructure and energy finance

Income of EUR 0.5m was realised from the sale of assets as well as infrastructure and energy financing (2022: EUR 4.6).

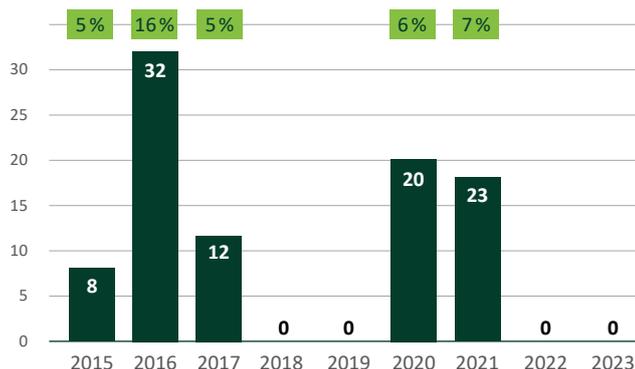
Loan impairment, valuation and sales result

The other loan impairment, valuation and sales result amounted to EUR -3.6m (2022: EUR 7.4m). Net provisioning for impairment losses resulting from the change in the individual valuation allowance of EUR -4.3m (31/12/2022: EUR 0.0m), the statistically calculated provisions for expected credit losses of EUR -0.9m (31/12/2022: EUR -1.2m) and the change in provision under § 57 (1) Austrian Banking Act amounted to EUR -1.9m (31/12/2022: EUR -1.2m). The statistically calculated provisions for expected credit losses amounted to EUR 8.3m as of 31 December 2023 (31/12/2022: EUR 7.5m). Furthermore, the bank has a general risk provision pursuant to § 57 (1) of the Austrian Banking Act of EUR 1.7m (31/12/2022: EUR 5.0m).

Distribution of dividends since 2015.

in EUR m

■ Dividend yield



Development in risk provisions, taking the current macroeconomic developments into account

In accordance with IFRS 9, the risk provisions for statistically expected credit losses are considered on the basis of a risk provisioning model with statistically calculable empirical values. The expected loss is determined as the product of the probability of default (PD), taking into account forward-looking information, the loss given default and the exposure at the time of default (EAD). Kommunalkredit uses specific PDs for the Specialised Lending, Corporates and Financial Institutions portfolios and the “All Sectors” PDs for all other exposures. One of the key drivers of these PDs is changes in macroeconomic input parameters. Slightly improved economic growth compared to 2023 is forecast for the eurozone in 2024. By contrast, the rating migration trend is less positive than in the previous period, with positive momentum slowing, even though the number of positive rating changes still exceeds the number of rating downgrades.

The bank’s portfolio is solid due to the contractual and structural risk mitigation factors that are typical of infrastructure financing. Much project financing benefits from availability models, fixed feed-in tariffs or long-term contracts, and contains additional risk-mitigating contractual agreements such as extensive disbursement checks, restrictive financial covenants and reserve accounts. Based on sensitivity analyses, the financing structures and the repayment profiles are defined so as to ensure there are sufficient reserves in place for servicing loans in a due and proper manner. Despite this, a default occurred in three cases. Two of these cases involve government guarantees of 90-95% via export credit agencies (credit rating of the Federal Republic of Germany with only a small residual exposure). This means that repayment of most of the amount is guaranteed in both cases. In the third case, measures are also being taken to ensure the amount is repaid in full, or at least to a significant extent, in the future. All in all, an exposure volume of EUR 53.4m is in default (non-performing loan ratio of 1.5%, or a net ratio 1.0% taking account of the ECA cover). Specific valuation allowances of EUR 4.3m have been set up for these cases.



There were no new forbearance cases in 2023. Two cases from 2022 are still in the two-year forbearance probation period, with one of these assets indirectly held by Kommunalkredit via a fund participation. As of 31 December 2023, there were no receivables in default for more than 30 days, with the exception of the receivables in default as referred to above.

As of 31 December 2023, a total of four exposures from the bank’s loan portfolio with an exposure amounting to EUR 47m were recognised in ECL 2 (lifetime ECL). This includes (on a pro rata basis) an exposure indirectly held by Kommunalkredit through a fund participation. Net provisioning for impairment losses amounted to EUR -1.9m for the period from 1 January to 31 December 2023. This was the result of new business, rating changes, level transfers, the recognition of new valuation allowances and the PD update.



Risk-weighted assets and total capital

As of 31 December 2023, Kommunalkredit individually had common equity tier 1 capital (CET 1) of EUR 531.1m (31/12/2022: EUR 431.2m), core capital (tier 1) of EUR 593.9m (i.e. CET 1 plus EUR 62.8m of additional tier 1 – AT1) (31/12/2022: EUR 494.0m) and total capital of EUR 635.6m (i.e. tier 1 plus EUR 41.7m tier 2; 31/12/2022: EUR 538.9m). The difference between the regulatory total capital individually (EUR 635.6m) and at Group level (EUR 573.4m) largely results from the imputation restriction pursuant to Article 81 ff CRR (“minority deduction”). In the 2023 financial year, risk-weighted assets rose to EUR 2,965.7m (31/12/2022: EUR 2,552.5m) due to the positive performance of new business.

As of 31 December 2023, therefore, Kommunalkredit once again reported strong capital ratios: the total capital ratio was 21.4% (31/12/2022: 21.1%), the tier 1 capital ratio was 20.0% (31/12/2022: 19.4%) and the common equity tier 1 ratio was 17.9% (31/12/2022: 16.9%). The values shown reflect the total capital performance indicator basis of Kommunalkredit’s separate financial statements according to Austrian GAAP, taking into account the profit for the year in 2023.





Branch office and equity investments

Vienna (headquarters) and Frankfurt am Main (branch office) are the hubs from which Kommunalkredit operates as an infrastructure and energy financing specialist focusing on Europe. 240 employees at the bank and 161 at its environmental subsidies and consulting subsidiary are responsible for its 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 classified as strategic investments or shares in affiliated companies. The companies associated with the bank's real estate (which serves as its corporate headquarters) are mainly held to support its core business.

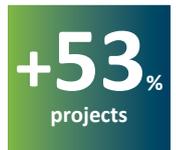
Kommunalkredit Public Consulting GmbH

Investments in infrastructure and measures to combat climate change are essential for our society. Kommunalkredit Public Consulting GmbH (KPC) makes a material contribution to these goals with its **subsidy management** and **consulting** business segments. It is an expert and competent partner for climate action and environmental protection projects in the fields of renewable energy, energy efficiency, climate-friendly mobility, urban and protective water management, the circular economy, biodiversity and remediation of contaminated sites. With its broad and in-depth knowledge of topics relating to the environment, climate and energy, KPC is also a recognised partner in the field of **sustainable finance**, particularly at an international level. 90% of its shares are held by Kommunalkredit.

Subsidy management

Demand for environment-related subsidies remained high in 2023. KPC awarded subsidies with a volume of EUR 1,735m (2022: EUR 1,273m), in particular on behalf of Austria's Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK), Ministry of Agriculture, Forestry, Regions and Water Management (BML), Climate and Energy Fund and Ministry for Arts, Culture, Civil Service and Sport (BMKÖS).

Overall in 2023, a total of 633,403 climate action and environmental protection projects (2022: 414,355) were evaluated, with an investment volume in excess of EUR 7.1bn (2022: EUR 6.0bn). This is equivalent to an **increase of around 53%** against the same period in 2022.

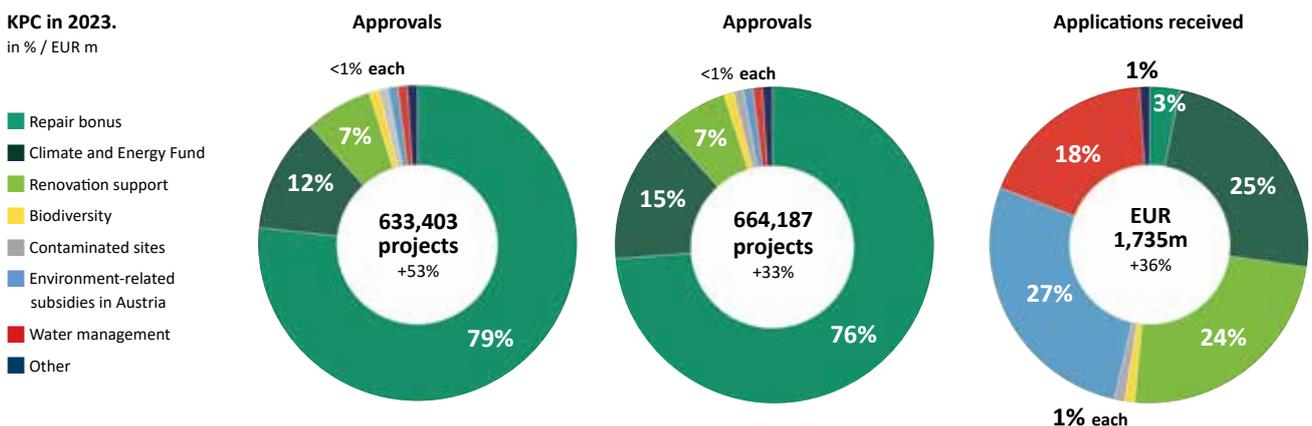


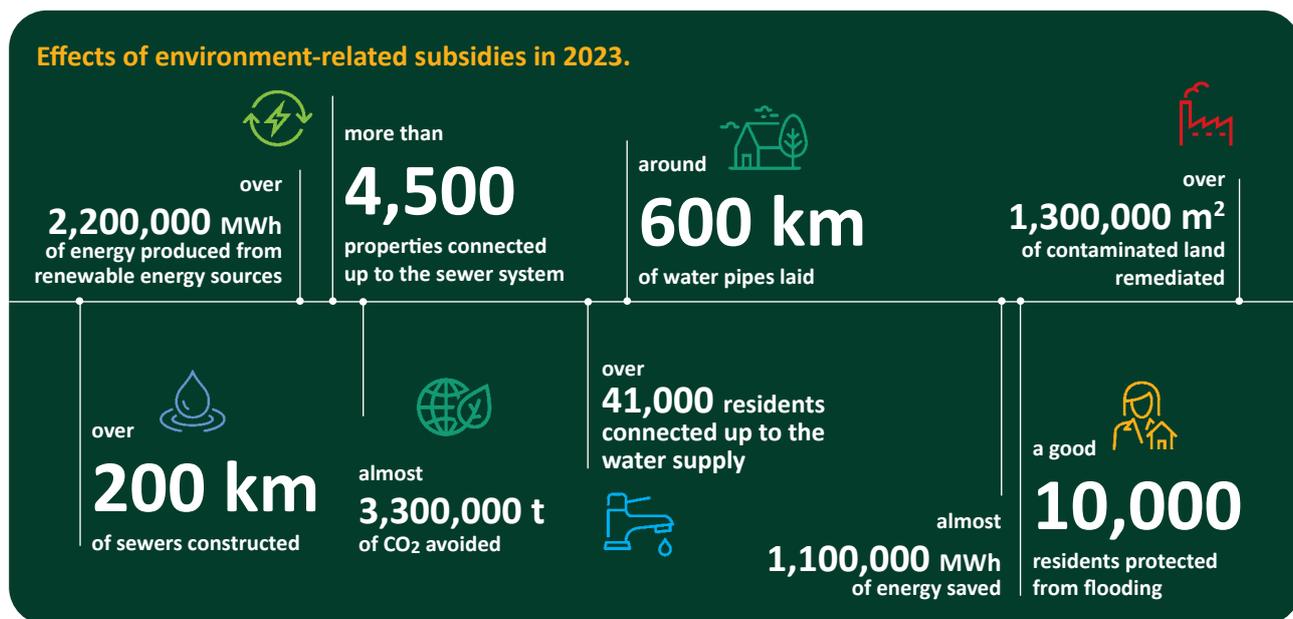
To assist with the Austrian government's climate action efforts and the revival of the regional and local economy, **subsidies** for all climate-related funding instruments were **significantly increased** in 2023, reaching an unprecedented volume. Consequently, demand for subsidies rocketed: around 33% more applications were submitted than in the previous year. KPC acts as the **interface** between the funding agencies which provide financial resources and applicants. It oversees a project throughout the financial support process. Its duties also include the development and implementation of subsidy programmes. In 2023 these included, for example, subsidy programmes aimed at transforming industry and the economy in order to achieve carbon neutrality, revamping cultural institutions as part of the "Klimafitte Kulturbetriebe" (Climate-friendly cultural enterprises) programme and supporting thermal upgrade measures and boiler replacements in buildings for vulnerable individuals. In addition, a subsidy scheme was launched as part of the Biodiversity Fund, while further funding was made available for circular economy-related subsidies.

Consultancy services

As a consultant, KPC successfully provides services for national and international development organisations and financial institutions. In terms of its international consulting activities, KPC focuses in particular on the fields of energy, climate action and sustainable finance. Its core tasks here comprise **technical and**

KPC in 2023.
in % / EUR m





economic consulting, studies, transfer of know-how and policy advice as well as project evaluation services and the development of sustainable credit facilities. Clients include prestigious institutions such as the World Bank, the European Commission, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Organisation for Economic Co-operation and Development (OECD) or Germany's Kreditanstalt für Wiederaufbau (KfW).

In 2023, KPC prepared a total of 34 project applications with a potential contract volume of EUR 34.6m and submitted them to institutions inviting tenders. Twelve attractive new contracts were signed, together with extensions of existing mandates, with an overall contract volume of EUR 4.3m.

Climate Austria

Voluntary climate action remained a key issue for the general public in 2023, and many companies are actively seeking opportunities to implement voluntary climate action measures. KPC has been managing Climate Austria since 2008, drawing on its long-standing experience of climate action projects in Austria and beyond. Climate Austria calculates and evaluates companies' climate-related activities and allows them to make an **active contribution to climate action** for all of their carbon emissions that cannot be avoided through carbon saving and efficiency measures.

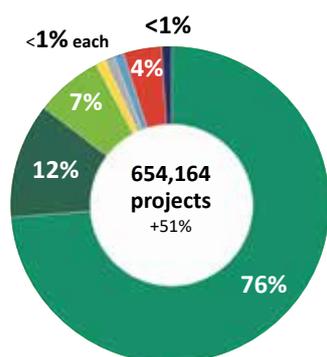
To date, more than 400 national and international climate action projects have received support totalling around EUR 3m via this cooperation model. In 2023 alone, almost 20,000 tonnes of CO₂ were avoided thanks to national and international climate action schemes.

COP28 participant

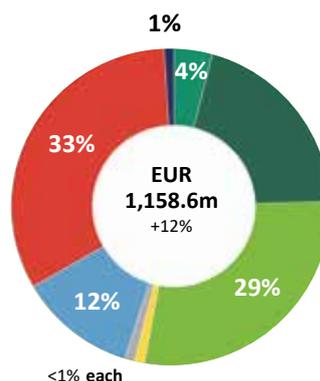
In terms of **climate policy consultancy** for the BMK, KPC provides direct support to the Austrian negotiation team for the climate negotiations at EU level and at international UN climate summits (such as COP 28 in Dubai). KPC also acts as an advisor to the Austrian **representative to the Green Climate Fund (GCF)**, a funding instrument for international climate projects that provides money for schemes to reduce greenhouse gas emissions and enable adaptation to climate change in developing countries.

In the field of bilateral climate project funding, KPC manages climate action projects funded directly by the BMK to support climate action measures in developing countries and emerging markets. **The first programme call for climate action projects** was drafted and published as part of this funding programme in 2023, resulting in nearly EUR 10m in funding being awarded for projects in developing countries.

Settlements/outflows from projects



Settlement/outflow volume



Fidelio KA Infrastructure Opportunities Fund platform

With the Luxembourg Fidelio KA Infrastructure Opportunities Fund SICAV-RAIF SCA, Kommunalkredit offers an infrastructure debt fund platform that gives professional investors **diversified access to the bank's infrastructure pipeline**. Investors can make use of Kommunalkredit's strong acquisition, structuring and portfolio management expertise in the field of sustainable European infrastructure and energy projects that benefit the public. In return, the bank derives advantages from in-depth strategic partnerships with the fund investors. The fact that Kommunalkredit enters into its own investments in parallel with the fund allows it to present itself as a dependable partner with aligned interests.

The "Fidelio KA Infrastructure Debt Fund Europe 1" sub-fund has been fully invested since late 2021 and is now mature. The fund combines a **broad range of sustainable projects linked to infrastructure and energy investments** that deliver a significant contribution to the Sustainable Development Goals (SDGs). Its investments have registered a stable performance throughout the persistent challenges and crises of the past few years. At the end of 2023, the bank invested a further EUR 172.4m in infrastructure and energy transactions alongside the first sub-fund's investments in the same transactions. Kommunalkredit is also a shareholder in the fund. The second sub-fund, "Fidelio KA Infrastructure Debt Fund Europe 2", is an Article 8 fund under the Sustainable Finance Disclosure Regulation (SFDR) and was launched in August 2022. This fund also concentrates on structured infrastructure and energy projects in Europe which are classified as "investment grade" in terms of their weighted average. This sub-fund places even greater emphasis on **ecological and social issues** in its asset selection.

"Fidelio enables diversified access to our infrastructure pipeline."



This assessment is based on a rigorous three-stage evaluation: (i) SDG screening, (ii) exclusion criteria and (iii) ESG analysis. This allows us to support the EU's goal of redirecting capital flows towards sustainable investments. As of 31 December 2023, the bank had invested EUR 78.9m in infrastructure and energy transactions in parallel with this second sub-fund.

While investors worldwide remain circumspect about entering into new infrastructure debt investments due to the difficult market environment, Kommunalkredit regularly holds discussions with potential institutional clients regarding further fund concepts. Sustainability and green transition issues are particularly strong areas of focus. As the exclusive asset sourcer for the fund platform, Kommunalkredit regularly acquires and structures attractive new projects related to this. We focus on a combination of financial success and positive social and ecological impacts. By making targeted investments in sustainable projects and technologies, we create added value for our investors and for society.

We are infrastructure experts. As a bank. As a fund platform. But best of all as both.



Curtain up. Fidelio's composition.

FIDELIO KA
Infrastructure Debt Fund

ACT 1

What.

Focus on European I & E sector. Low level of volatility. High level of resilience.

ACT 2

How.

Exclusive access to attractive project pipeline. Clear price/risk discipline. Stringent risk assessment. Alignment of interests through bank's co-investment.

ACT 3

Who.

Excellent teams. High level of expertise. Strong service focus.



Florestan KA GmbH

The project development company Florestan KA GmbH pursues the goal of driving forward infrastructure and energy projects with development and growth potential. It does so by providing equity funding. For example, Kommunalkredit is investing in the construction of the **largest electrolysis plant in Austria** at Schwechat

Refinery in a joint scheme with OMV, Austria's leading oil, natural gas and chemical group. With an annual output of up to 1,500 tonnes of green hydrogen, the refinery's carbon footprint will be reduced by up to 15,000 tonnes per year. The plant is expected to enter into service in 2024.

15,000_t
of CO₂ per year

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% 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 relevant databases for municipal authorities and serves as an information and communication hub for the federal, provincial and municipal authorities. Kommunalnet is an official component of the Austrian eGovernment Roadmap.

On 31 December 2023, **the network incorporated 18,414 registered users** representing 2,107 Austrian municipalities and municipal associations. This gives Kommunalnet a unique position in the municipal sector and an exceptionally large market share of 98%. Accessed almost 10 million times, the portal is a sought-after source of information for representatives of municipalities.

Kommunalkredit TLI Immobilien GmbH & Co KG

Kommunalkredit TLI Immobilien GmbH & Co KG owns and manages the properties at Tuerkenstrasse 9 and Liechtensteinstrasse 13. The offices on these properties are mainly leased to Group companies.

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 any initial investment, as the company itself finances the rooftop photovoltaic systems, erects them on the roof areas provided and leases them on a long-term basis. Customers receive all of the electricity generated by the system and can either use it in their building or else feed it into the public grid. This model allows the bank to provide direct support for the climate targets of the Austrian government.

2023 saw the further expansion of direct sales activities for Loanbox (for municipal financing) and Reisswolf (digitalisation of construction files), as well as the expansion of the "Tatort Gemeinde" ("The municipality is where it all happens") and "Expertentalk" ("Expert talk") video formats. The expiry of the login function for Austria's "Citizen Card" at the end of November 2023 meant that the implementation of ID Austria, a replacement for the Citizen Card and mobile phone-based signature scheme, was on the agenda. In addition, a new forum was launched. 2,700 municipal employees discussed a wide range of issues up to the end of the year.

In the fourth quarter, preparatory work began for two new products in the IoT (Internet of Things) and AI (artificial intelligence) fields. These are to be rolled out in 2024.

98%
market share

Employees

Kommunalkredit's most important asset is its employees. Their satisfaction and the bank's success go hand in hand. The bank's excellent performance largely depends on collective commitment and achievement. We can only attain our goals by working as a team.

The individual expertise and personal abilities of our employees are every bit as diverse as the sustainable infrastructure sector. The **diversity** of our employees is indicative of a modern, dynamic business. As of 31 December 2023, 27 nationalities contributed to our strong corporate culture. Respect and appreciation, fairness and acknowledgement of each other's skills, privacy and individual needs – all these are key. Discrimination due to gender, origin, nationality, skin colour, sexual identity, age, disability, religion or world view and any form of bullying have no place at Kommunalkredit.

The **principle of sustainability** in our business strategy is also reflected in the bank's internal organisation. The procurement and care of materials, the supply of working resources, the handling of company property and proper disposal of waste must satisfy the high standards of environmental protection and sustainability. The sustainability team promotes understanding and ensures compliance with the internal catalogue of criteria.

The advantages of our location

Vienna, a city rich in history and stories, has topped the worldwide ranking for the most liveable city for years. In Mercer's international comparative study for 2023, Vienna was ranked first for the eleventh time. It also came first in the Economist and Monocle rankings. Trend-setting events big and small have defined the history of Kommunalkredit's headquarters in the Alsergrund district of Vienna. The building derives its **special appeal** from the famous personalities, residents and visitors from diverse backgrounds who have passed through its doors. The bank has maintained its headquarters in the Gründerzeit-era palace located in the heart of the city for 30 years now, having consciously opted for this location.



In order to provide the bank's 400 or so employees with appropriate working conditions, the **building** has been undergoing a full-scale renovation since the start of 2023: façades and windows have been refreshed; alongside the renovation of the roof, a new photovoltaics system (100 kWp) has been installed, which will supply green energy in future and has been connected up to the district heating system; all of the building services have been modernised as part of the upgrade of the meeting, event and office areas. The installation created by Viennese light artist Brigitte Kowanz in 2006 has been given new, sustainable illuminants and shines brightly every evening, serving as a **landmark** along the façade of the Türkenstrasse/Liechtensteinstrasse buildings which is visible from far and wide.

These upgrades are set to continue in 2024. Modern cooling and ventilation equipment will provide fresh air, while new furniture will offer an enhanced level of comfort during everyday work. The banking area is being expanded to increase the range of options available for work and meeting spaces. In future, the bank will have its own café and lounge as areas for its employees to relax, while a gym will be provided to help them keep fit.

27
nationalities

We abide by the fundamental principles of the International Labour Organization (ILO), paying particular attention to the basic rights of freedom from discrimination and work safety, which are also reflected in our **Code of Conduct**. > [Business ethics page 51](#)

Responsible business management underpins our long-term success. Professional standards and basic ethics are the norm in our day-to-day business and are laid down in our Code of Conduct. Compliance with them is essential for us: they safeguard the reputation and continued existence of the company and make a positive contribution to the public image of the financial industry. Appreciation, problem-solving, performance and innovation – both internally and externally – are key pillars of how we engage with one another every single day. Respectful interaction, transparency and mutual courtesy are fundamental.

Passion drives our success

As an employer, we offer attractive employment opportunities in a dynamic and exciting environment. We realise infrastructure projects every day, which improve the quality of people's lives and provide tangible benefits for society. **Creativity**, initiative and personal development are encouraged in order to provide top-class results with speed and precision.

Having the trust of customers, partner banks, investors, owners, regulatory as well as supervisory authorities, as well as all of our colleagues, is important to us. We continually engage in proactive and transparent **dialogue** with our stakeholders. We see it as a chance to exchange knowledge and evolve, and as an opportunity to pass on our experience. The primary objective is to foster and strengthen trust in our company. Internal governance encourages and ensures fair competition and protects our customers' interests.



“Our employees are contributors and shapers of our joint success.”

Diversity as a fundamental principle

For several years now, Kommunalkredit has honed in on the topic of gender equality, particularly in terms of equal pay (“**gender pay gap analysis**”). In accordance with EBA/GL/2021/04, remuneration policies must be designed in a gender-neutral manner. This principle of equal pay for work that is equal or of equal value is enshrined in Article 157 of the Treaty on the Functioning of the European Union (TFEU). Based on the results of internal findings regarding the gender pay gap, evidence-based discussions were held and specific steps taken in order to remedy potential unequal

45%
female
employees

treatment and increase awareness of equal opportunities. We have set ourselves the target of eliminating the gender pay gap within equal professional groups by 2025. Reporting and developments relating to diversity issues fall within the remit of the Sustainability Board. > [Sustainability governance page 33](#)

In addition to our focus on gender equality, we are paying greater attention to diversity both in our recruitment activities and in our succession planning. The goal is that by 2025 at least 30% of managers at the bank will be female and our talent and junior managers will likewise be drawn from a diverse range of backgrounds. Any service providers (headhunters) we engage are always required to ensure gender equality in their recruitment communication. The proportion of women in Kommunalkredit Group was 45% (and had already reached 34% for management positions) as of 31 December 2023.

34%
female
managers

Kommunalkredit once again took part in the Wiener Töchertag [Vienna Daughters’ Day] in 2023, having done so for the first time in 2022. Our female managers presented the entire group of companies and its diverse range of sectors and business activities to girls and young women from outside the bank, in order to demonstrate the attractiveness of jobs in the STEM (science, technology, engineering, maths) sector. We also focus on gender-neutral communication and the promotion of women (especially in male-dominated fields) when we attend trade fairs (such as the WU Career Fair). Our female colleagues help to provide reassurance and build confidence in this respect.



Training and education as factors for success

We have a top-class team with extensive international know-how and a broad **range of experience** in the infrastructure business. This dynamic, entrepreneurial environment offers a varied range of employment opportunities with room for ideas, impetus and development. We invest specifically in talent to build on our competitive advantage.

Recruiting and retaining talented and motivated employees and ensuring their continued development is something that we see as an essential aspect of our management duties. Face-to-face communication is just as important to us as a quick, digital point of contact for those interested.

Training, education and personnel development play a significant role in ensuring that employees can identify with the company and thus also in ensuring the success of Kommunalkredit itself. We focus on realising professional and personal potential – not only by holding specialist workshops but also through practical courses for everyday situations designed to boost participants’ personal development – across all management levels. As a company operating on an international scale with a multicultural workforce, this includes language courses and work-life balance programmes as well as insights into project financing, financial models and legal and GDPR issues. All of the bank’s employees have access to its online learning platform **KA Akademie**, where they receive training on general rules and regulations as well as compliance issues (i.e. working hours, internet safety, business continuity management, information management, combating financial crime, the internal control system, conflicts of interest, operational risk).

For us, personnel development means helping employees in a targeted manner to do their jobs as best they can and to overcome potential challenges that they encounter in their working environment. We also understand personnel development to be a link between our corporate strategy and our workforce. Its purpose is to encourage **commitment** and to **drive development** among our employees and managers. It plays an important role in ensuring that, together, we remain true to our vision and our mission and achieve our goals. Together with education, these form part of the regular target-setting meetings between employees and their managers.



Our top priority is to support and encourage our young employees. A networking platform was created in order to successfully integrate young talent into our company. The **Junior Transactor Pool** is a group of young specialists who undergo a six-year training programme to develop the relevant hard and soft skills for our lending business. The duration of this programme may be shortened if participants acquire these skills more rapidly. Upon completing this training, employees may aim to secure a place on our Senior Transactor Team. Moreover, we continued to pursue our **trainee programme** in 2023 and expanded it. The aim of this company-wide training initiative is to find young, committed individuals and train them to become the managers of tomorrow. Thanks to a regular job rotation scheme, they become intimately familiar with how our business operates. The pace of this programme challenges them to do their best across a range of different roles.

The working environment should be challenging and performance-centric, but also positive, respectful and healthy.

Our approach also involves commitment to a sound work-life balance. This allows employees to maintain the necessary level of distance and provides the potential to generate momentum, produce ideas and foster creativity.

In 2024, we will continue to focus on expanding knowledge in relation to sustainability issues. The foundations for this were laid by a **strategic training programme**, which will be rolled out and developed further over the next few years. 95% of our employees are to receive training on the topic of “sustainable development”; in our Banking division, awareness will also be raised in relation to the issue of “maximising impact”.



Stanford

Facts 2023



High-potential managers regularly take part in seminars to assess their development prospects. Some of them are subsequently given the opportunity to enrol in management training programmes at prestigious schools and universities (INSEAD, St. Gallen Institute of Management, Stanford etc.). Partnerships with educational institutions and joint training programmes are currently being evaluated. Kommunalkredit employees completed 751 training days in 2022 and 700 days of training in 2023.

Prevention as a safety factor

The health and safety of our employees are top priorities. Current risks and health burdens are identified, assessed and quickly dealt with. This guarantees continuous improvement in the workplace and provides a **high level of safety** for the people in our company.

In 2023, **healthcare services** provided for our employees included vaccinations and nutritional and ergonomic advice in addition to an annual health check-up. Practice in the use of defibrillators and resuscitation training takes place annually and is intended to improve workplace protection for our employees in the event of emergencies. True to the vision of a modern workplace, when the company purchases new office furniture it now always opts for height-adjustable workstations and ergonomic chairs. Counselling for employees who find themselves in situations that are difficult to cope with psychologically is provided via an external service provider. To ensure safety at our premises, inspections are carried out with our safety specialist, and evacuation drills and CO₂ measurements to ensure indoor air quality are likewise implemented.



Our organisational structure is built on sturdy foundations and solid supporting pillars, as well as overarching responsibility and accountability. Our members of staff should not only see themselves as employees, but also as contributors and shapers. Our common goal is to create an environment where people can develop and apply their talents and gifts to the full.

Collective bargaining agreement, working hours models and the Works Council

Employment contracts at Kommunalkredit are subject to the Austrian collective bargaining agreement for bank employees and bankers (Kollektivvertrag für Angestellte der Banken und Bankiers). The collective agreement for employees in the information and consulting fields applies for Kommunalkredit Public Consulting (KPC). All of our employees are covered by a collective bargaining agreement.

As an Austrian bank, Kommunalkredit is required to observe the principles for variable remuneration at banks, as set out in the Austrian Banking Act (BWG) and other legislation. In order to adhere to these legal requirements and to document them in a transparent way, Kommunalkredit has drawn up a remuneration policy that is based on a **remuneration and performance management** system (performance-related bonuses) which complies with the applicable legal framework. Variable remuneration is only paid in line with the principles and processes described within this policy. Qualitative and quantitative targets are set for the year in question at regular target meetings. All employees must fill in and sign a form agreeing on targets. The system is designed such that sustainability, business success and risk assumption are all taken into account. **Flexitime and part-time working models**, as well as opportunities to work from home, help employees to strike a balance between professional challenges and family and other interests.

Kommunalkredit and KPC each have a Works Council at our Vienna site. These two bodies are **committees representing the workforce**, established in order to safeguard and promote the economic, social, health and cultural interests of our employees (Section 38 of the Austrian Labour Relations Act, ArbVG). The fact that the Works Councils are represented on the Supervisory Board means that they are always kept abreast of current business activities. The Works Councils are responsible for doing more than just actively fulfilling their statutory obligations. They engage in a broad range of activities, by organising presentations and cultural events and supporting participation in sporting events, as well as encouraging employees' own initiatives. Any grievances can be raised with the Works Councils. Concerns can also be raised in person or anonymously via an internal mailbox or digitally through the internal reporting channel, in accordance with the Austrian Act on the Protection of Whistleblowers (HSchG), within the scope of our **complaints management system**; alternatively, the ombudsman offices of Kommunalkredit or KPC are available. Employees' direct supervisors and the Human Resources division are naturally also on hand to provide advice.

Benefits for employees

Since January 2014, Kommunalkredit has provided its employees with a tax-free "Zone 100" **public transport ticket** (Jobticket), which is valid in Vienna. This supports the Austrian government's initiative to promote the use of public transport. Other ticket types have been added to the programme since 2021: for example, the company now pays a contribution towards the "climate ticket" ("Klima-Ticket"). 224 employees had taken up the bank's "Jobticket" or "Klima-Ticket" scheme as of the end of 2022, and 286 employees at the end of 2023.

Kommunalkredit promotes employees' **occupational health** in cooperation with the Health Consult health centre. Fixed components of this programme include annual vaccination campaigns (protection against the tick-borne encephalitis virus, hepatitis A and B, diphtheria and tetanus/polio/whooping cough and flu protection) and an annual health check-up, as well as regular occupational health advisory sessions. The bank's occupational health programme also offered eye tests, body fat measurement/BMI calculation, audiometry (hearing test), an "MFT S3 check", a coordination test and a lung function test. In 2023, employees made use of the bank's occupational psychology services and their level of commitment and psychological well-being were assessed.



In the Christmas season, we surprised our colleagues with a large Advent calendar that stretched up through the entire stairwell and contained more than 400 presents. Politically, economically and in view of the energy-related situation, 2023 was just as challenging as the year before. It was marked by inflation, interest rate hikes and rising energy prices – and Kommunalkredit employees were not immune. Although collective bargaining agreements are not automatically adjusted for inflation, the commitment of bank employees was recognised for the second time in succession with a tax-exempt cost-of-living bonus up to the statutory maximum of EUR 3,000 to cushion price increases.

Development in figures

The company's employees are the engine that drives it. As of 31 December 2023, the number of employees of Kommunalkredit Group was 394 full-time equivalents (31/12/2022: 364). Of these, 236 worked at Kommunalkredit Austria AG (31/12/2022: 224), while 158 worked for Kommunalkredit Public Consulting GmbH (31/12/2022: 140). Of the 236 banking employees, 13 (plus one on paternity leave) were based at the branch office in Frankfurt am Main.

Our employees' average age was 40. The share of university graduates remained at a high level of 62%. Six women were on parental leave as of 31 December 2023; during the year, two employees took paternity leave and two took a "dad month" – as provided for in the collective bargaining agreements for births since 1 July 2011 – or "family leave" – which has been granted for births since 1 March 2017.

> GRI indicators on page 158

40
is the
average age

The Performance Management Tool which was implemented in 2022 paid off in 2023 and represents a milestone in the digital activities of the Human Resources division. This transparent, fully automated, paperless, GDPR-compliant and user-friendly tool has taken annual and semi-annual appraisals to a new level for employees and supervisors alike, with accelerated and integrated processes. In the context of fact-based HR management, Kommunalkredit analyses the key performance indicators and is thus able to provide targeted recommendations for action.

Vienna on the Danube



Halyna | Structuring & Execution

Frankfurt on the Main



Andrea | Vorstandsassistentz



Guillaume | Human Resources



Yigit | Risk Controlling

Spatial security

100% Green power



Jose | Structuring & Execution

Flexible working time models

Expertise



Barbara | Finance

45% Share of women



Jovan | Credit Risk



Christian | Banking

394 employees



Jacek | Credit Risk



Angela | Banking

Sustainability in our DNA



Moemen | Traineeship

Occupational health care

700 Training days



Philipp | Legal Counsel

62% Share of academics



Shega | Finance



Roman | Banking

27 Nationalities

Young Network



Olavi | Banking



Dmitrii | Structuring & Execution



Karin | Markets



Elisabeth | Stakeholder Coverage



Gülhan | Banking Operations

40 Average Age

Infra Think Tank



Roland | IT

Communication

In a constantly changing world, open dialogue is fundamental to responsible governance. Kommunalkredit carefully cultivates its relationships with society, customers, business partners, investors, the media, regulatory authorities, shareholders and, of course, its employees.

Kommunalkredit is not a traditional bank: it is a **think tank** in the universe of sustainable infrastructure, aiming to link complex relationships and initiate projects that provide benefit to the community. This allows Kommunalkredit to appeal strongly to partners, potential colleagues, competitors and the media.

The subsidiary Kommunalkredit Public Consulting (KPC), which has expertise in energy and energy efficiency, climate and environmental protection, water management and development finance, plays an important role as a hub for environmentally relevant subsidies and consulting, is increasingly the focus of interest, especially given the climate targets we are aiming for.



Kommunalkredit CEO Bernd Fislage on the KroneHit-Studiostunde radio programme.

Promoting engagement

As a **specialist** for infrastructure and energy finance as well as public finance, Kommunalkredit is a sought-after advisor and a provider of public finance. It acts as a point of contact for both companies and investors active in the construction, acquisition and/or operation of infrastructure and energy projects. It is also a pioneer in sustainable approaches throughout Europe, far beyond its home market of Austria.

To engage with our stakeholders, we rely on a broad **spectrum of communication channels**. These include personal communication methods as well as digital media, conventional PR work and direct marketing. We report on completed transactions, sustainability-related achievements, exciting infrastructure facts and interesting events through our online channels. We also offer insights into the genesis of the bank and the DNA of our employees.

For our **podcast series “Stadt | Land | Fluss”**, we invite national and international experts to take the microphone and talk and answer questions on sustainable infrastructure. Through social media and our website, we invite interested persons into the world of Kommunalkredit, where we are working daily on solutions for a sustainable future.



In 2023, supporting the implementation of national and international climate targets and reinforcing regions in the area of infrastructure switched the emphasis to the personal approach, long-term contact with partners and transparent relationships with the media. As a bearer of know-how and sparring partner, we were able to apply our **expertise** to press meetings, events and day-to-day business. Our experts also attended numerous events in Austria and abroad, from the PV Kongress and CSR Day (both held in Vienna) to the ESG Congress (Berlin) to the Kommunalwirtschaftsforum [Municipal Economic Forum] and Young Mayors' Meeting, infrastructure, technology and environmental forums and the international climate conference in Dubai (COP28).

Our proximity to the towns and cities of Austria has a long tradition. Advising on and financing public sector infrastructure investments (**public finance**) and advising on **subsidy schemes** through KPC are important components of our business model. Cooperation with the two main municipal decision makers continued in 2023; Kommunalkredit was represented both at the Congress of City and Town Authorities held by the Austrian Association of Cities and Towns in Bad Ischl and at the Congress of Municipalities held by the Austrian Association of Municipalities in Innsbruck.

Activities were also undertaken for the two online investment platforms KOMMUNALKREDIT DIREKT (for municipal authorities and businesses) and KOMMUNALKREDIT INVEST (for retail customers). The website hosted by KPC (www.umweltfoerderung.at) was massively expanded in response to the increase in the subsidy budget for renewable energies and retrofitting measures by the Austrian government.



Kommunalkredit CEO Bernd Fislage (left) with Thierry Déau, CEO of global infrastructure investor Meridiam, at the MUNICIPAL SUMMER TALKS.



Networking at our own events: host Bernd Fislage (right) with Palfinger CEO Andreas Klausner.

“Our World. Balancing Solidarity and Resilience” was the slogan for the **2023 MUNICIPAL SUMMER TALKS** held in Ausseerland, to which we welcomed more than 350 national and international representatives from politics, industry, science and the media. This event format, which was initiated in 2005 together with the Austrian Association of Municipalities, has evolved into a high-level international forum.

In the course of our investor relations activities, we are in close contact with investors, analysts and business partners, providing them with up-to-date information on our finances and sustainability activities. In the process, we offer our stakeholders a continuous overview of the current performance of Kommunalkredit. Furthermore, **investor and analyst webcasts** were held in 2023 along with a large number of face-to-face discussions and meetings.

Sharing the success

When the last COVID-19 measures ended mid-2023, the focus switched back to social events. In addition to our in-house summer party, Kommunalkredit supported the 195th anniversary of piano manufacturer **Bösendorfer** (Ignaz Bösendorfer acquired the bank’s current offices in the mid-19th century), which it celebrated with a **charity concert** organised by Plan International for young women in Africa and the **Kindernothilfe** project. In keeping with the slogan “Be a secret Santa and make children happy”, the Works Council bought 50 gifts and made a financial contribution to an **SOS Children’s Village** in Vienna. We supported the Austrian **Wald4Leben reforestation project** through the purchase of 1,000 trees.

In our internal communications, we set great store by an open flow of information and respectful conduct within the company. Regular and transparent information as part of scheduled town hall meetings (live or online) and newsletters as well as information from the Executive Board and the intranet complement our communication flow to our employees. Information from the Sustainability Team and the Works Council has helped to drive active exchanges.



“We are actively promoting dialogue towards a sustainable infrastructure ... across all our communication channels.”



MUNICIPAL SUMMER TALKS 2023

SNIPPETS



“In our globalised world, in an era of multiple crises, our planet, our society and our economy are facing unprecedented challenges. A paradigm shift is inevitable. In a world that until recently was still striving for permanent efficiency, we are now in a time of comprehensive resilience and the postulate of solidarity.”



“One technical challenge is to store summer electricity for use in winter. This will be achieved with hydrogen and other technologies. We also need to convert daytime electricity for use at night, for example using lithium-ion batteries. Storage is a very important topic.”

Martin Graf,
CFO Energie Steiermark

“Empty buildings must be revitalized. Since this involves such issues as densification, regional building materials and power storage facilities, municipalities will constitute an important hub in terms of linking supply and demand.”

Theresa Mai,
Managing Director WW Wohnwagen



“Solidarity as practised in local communities is visible and tangible, particularly in times of crisis.”

Erwin Dirnberger,
Vice President of the Austrian
Association of Municipalities



“It is very difficult for individual industries to make additional energy savings. We need to extend electricity price compensation to 2030, as we have seen in other countries.”

Peter Koren,
Deputy Director General of the Federation of Austrian
Industries



“The grids are no longer strong enough. Electricity generated from the numerous wind farms and solar installations are now making a difference. The generation side has been converted much faster than the grid.”

Gerhard Christiner,
Chief Technical Officer of APG Austrian Power Grid



“We are living in very exciting and challenging times, in which we have to deal with a simultaneous wealth of breakthroughs that provoke and even overwhelm us at times. ... the Europe of old is history, and the new Europe has not quite emerged.”

Wolfgang Schüssel,
former Federal Chancellor of Austria



“We already have the technical conditions in place, such as suitable pipelines for transporting pure hydrogen. We need to put in place the right regulatory measures and establish investment security to implement actual projects.”

Bernhard Painz,
Executive Board Member at Austrian Gas Grid
Management



“Given that carbon dioxide cannot be ruled out of every process, it is all the more important that we use it efficiently. We are therefore combining it with renewable H₂. The ‘synthetic oil’ we derive from this can be used in the production of commodities.”

Sorin Ivanovici,
OMV Refining & Marketing





“We are seeing more and more topics on which we need to collaborate, yet our ability to cooperate is declining. The three Cs – cooperation, competition and confrontation – will have to define the foreign policy strategy of the future.”

Sigmar Gabriel,
Chairman of Atlantik-Brücke e. V., former German foreign minister



“The older generations will also have to embrace new trends. New technology, in particular, opens up great opportunities for the future.”

Claudia Plakolm,
State Secretary for Youth and Civilian Service in the Federal Chancellery



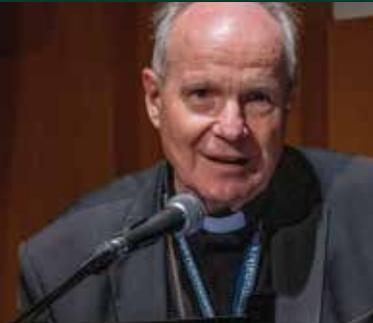
“We all have to commit to working together to achieve a carbon neutral economy and society. Climate protection and growth are not mutually exclusive [...] but it will take time.”

Walter Oblin,
CFO and future CEO of Österreichische Post



“The reality of the green transition is plain to see, but there is a huge gap between what we say and what we do...We need good ideas, exciting innovations and brave people to create this green revolution.”

Bernd Fislage,
CEO Kommunalkredit



“Our grandparents’ generations survived two world wars. Why should today’s young people be unable to tackle the challenges we are facing?”

Cardinal Christoph Schönborn,
Archbishop of Vienna



“Everything that is happening now in our world and in our society directly affects the municipalities. We only realise how good the social cohesion is when things get difficult.”

Andrea Kaufmann,
Vice President of the Austrian Association of Municipalities

“A great deal of reform is needed to create resilience in the electricity market. We urgently need to expand the electricity grids in particular. Boosting investment will benefit the overall economic situation.”

Gabriel Felbermayr,
Director of the Austrian Institute of Economic Research



“The global order is changing. Europe is facing major upheavals. It is not just about climate change. It is also about the fundamental change in the continent’s industrial strategy and social balance.”

Wilhelm Molterer,
Chairman of the GlobSec Board of Directors, former Director of EFSI



“Speed is of the essence to achieve carbon neutrality. We can’t wait for the politicians to do something.”

Gabriele Maria Straka,
Chairwoman of RespACT & UN Global Compact, Member of the Executive Board of Brau Union Österreich

Research and development

Through its activity as a bank specialising in infrastructure and energy financing, the bank has focused on the transformation of the energy system – and has clearly transcended the role of a funding provider in doing so. No research activities are conducted within the meaning of Section 243 (3) no. 3 of the Austrian Commercial Code (UGB).

In order to counter the effects of climate change, comprehensive investment is required in the fields of infrastructure and energy in particular. Piping, cabling and wiring and connection points for energy, water and human beings must operate sustainably. In the high-growth infrastructure finance market, Kommunalkredit acts as a **bridge** between project sponsors (infrastructure constructors and/or operators) and institutional investors such as insurers or pension funds, **with the aim of moving forward with projects designed to meet climate goals**. In doing so, we not only perform the normal role of a bank as a funding provider; together with our partners and customers, we also develop tailored, individual solutions for implementing sustainable projects – all the way from when an idea first takes shape through to its ultimate realisation. We combine industry expertise with structuring know-how, the financing opportunities of a bank and the technical background of our subsidiary specialising in environmental support schemes.

User-friendliness

This area of operations also encompasses investment opportunities for municipalities, businesses and institutional and retail customers, as well as the inclusion of funding schemes. User-friendly, GDPR-compliant **online platforms** play an important role here. In 2023, the bank renewed its strategic partnership with flatexDEGIRO as the basis for its retail deposits platform KOMMUNALKREDIT INVEST. The focus on our business model and our related innovations were once again recognised by the Austrian trade magazine “Der Börsianer” in 2023.



Sustainable focus

Kommunalkredit has a comprehensive **internal management information system (MIS)**, which enables a quick and reliable 360° view of the bank's figures and the underlying detailed information. This is based on a data warehouse which collects all the data, structures it and provides a full detailed history. Profitability management in the infrastructure and energy segment has been automated and is now an integral part of our MIS, which is based on the Tableau software package. As part of our ESG activities, we have added relevant classification information to our data universe. We are thus able to measure our portfolio's sustainability in a targeted manner. > Sustainability page 40

In 2023, we sharpened the target vision for our future **IT and application architecture** in relation to our core banking system and decentralised IT landscape, as well as our corresponding new operating models (Cloud first). Over the next few years, we will be switching over to S/4HANA with SAP's core banking system and developing new processes for our Customer Engagement and Deal & Pipeline Management activities, thus laying the technical foundations for our growth strategy.



Other material disclosures

Change of control of Kommunalkredit Austria's owners

The envisaged change of control of the owners of Kommunalkredit Austria AG was announced on 7 February 2023 and approved by the Austrian Federal Competition Authority on 1 April 2023. At the time of publication of this report, the regulatory ownership control procedure is still pending at the European Central Bank (ECB).



Internal control and risk management system

Business activities are developed in line with Kommunalkredit’s corporate objectives, taking risk strategy into account and paying particular attention to risk-bearing capacity. The bank places special focus on the risk-income calculation and a sustained increase in aggregate risk cover.

Organisation of the risk management system

Risk drivers within the business model are identified and measured using annual assessments, from which Kommunalkredit derives a risk map. The risk map serves to establish a uniform understanding of risk, support bank-wide identification and assessment of risk drivers in the business model, review the risk management system data for completeness and identify potential control gaps to be closed.

The economic capital required for the main types of risk (in particular credit risk, liquidity risk and market risk) is calculated using internal methods based on generally accepted principles of bank management. Additionally, a risk buffer is available for risks that cannot be sufficiently quantified (in particular operational risk, but also reputational risk, legal risks and other risks). All material risks at Kommunalkredit are subject to a bank-wide limit structure that is continually monitored.

A prompt, regular and complete risk reporting system is implemented in the form of risk reporting. In addition to the monthly risk management report (RMC Report), which provides a detailed

view of all substantive risks and their coverage with the available aggregate risk cover, regular reports are provided to the Executive Board concerning single exposures with increased risk profile (monitoring or watchlist). Furthermore, the Supervisory Board (in particular the Audit Committee and the Credit Committee) is supplied with comprehensive information in the form of regular reports on the latest risk-related developments.

Kommunalkredit has established an organisational structure for risk management which clearly defines and sets out the tasks, competences and responsibilities in the risk management process. Risk-taking organisational units (front office) are thereby clearly separated from organisational units in charge of monitoring and communicating risks (back office) at all levels up to the Executive Board. As a member of the Executive Board, the Chief Risk Officer (CRO) is responsible for the risk management function, which is independent of the front office.

The CRO receives technical and operational support from the Risk Controlling (RCON), Credit Risk (CR) and Compliance and Non-Financial Risk (CNFR) departments in particular.



A formalised and structured approval and implementation procedure has been set up for the introduction of new fields of business, new markets and new products, ensuring these are adequately reflected in all areas of settlement, risk management and reporting as well as accounting and financial reporting.

Risks are managed and monitored by the following committees:

- The **Risk Management Committee (RMC)** constitutes the central element of the comprehensive risk monitoring and steering process, providing information to the Executive Board on the bank's overall risk position on a monthly basis.
- The **Asset Liability Committee (ALCO)** supports the operational management of market and liquidity risks. At its meetings, the committee evaluates the market situation and discusses the management of interest rate and liquidity risks.
- The **Credit Committee (CC)** approves individual transactions and new business (unless a resolution of the Supervisory Board is provided for in accordance with the authorisation process) while reviewing portfolios and single names from the portfolio.
- The **regular assessment meeting** deals with valuation issues and spread assessments of portfolio positions and new business, especially in relation to project financing.

Risk Controlling is responsible for the quantification of risks and aggregate risk cover as well as the performance of stress tests (RCON). This department is also responsible for assessing risk positions and validating the risk measurement methods used by the bank.

Credit Risk (CR) handles the analysis and assessment of single-name risks, the casting of a second vote on credit approval and/or review, rating awards, limitation of industry and country risks, monitoring and management of exposures with increased risk profile (in particular exposures on the monitoring and watch list) and qualitative portfolio analyses.

Compliance & Non-Financial Risk (CNFR) is responsible for anti-money laundering (AML & CTF Management), capital market and regulatory compliance and the non-financial risk management (in particular OpRisk and information security) of the bank.

Main principles of risk management

As part of the risk strategy for the main types of risk, the Executive Board specifies the principles for their adequate management and limitation. Economic risk is limited and monitored in accordance with the defined risk appetite for the bank as a whole in conjunction with the risk-bearing capacity (ICAAP – Internal Capital Adequacy Assessment Process and/or ILAAP – Internal Liquidity Adequacy Assessment Process) and the bank's willingness to assume risk.

In addition, the following main principles apply to Kommunalkredit's risk management:

- Kommunalkredit does not incur risk as an end in itself but to create sustainable benefits.
- The limitation of risks by the bank is commensurate with the bank's earning strength and its equity base.
- Kommunalkredit supports a risk culture characterised by the deliberate management of risks at all levels.
- The bank only takes risks where it possesses or has access to the necessary expertise.
- The introduction of new products or markets is contingent on an appropriate analysis of the business-specific risks.
- All measurable risks are subject to a limit structure. The observance of limits must be continually monitored, and any failures to observe such limits must be escalated.
- Risk measurement results have to be subjected to regular stress testing.
- Outsourcing of core bank functions is only permissible where adequate skills and expertise are in place.

Overall bank management process and risk-bearing capacity

The objective of the overall bank management process is to optimise the use of capital resources in terms of risk and return within the limits of the bank's risk appetite and risk-bearing capacity.

At Kommunalkredit, the following risks have been identified as of the reporting date and are monitored on an ongoing basis in the context of the risk-bearing capacity calculation:

CREDIT RISK	
▪ Default and counterparty risk	▪ Country and/or transfer risk
▪ Replacement risk in the event of counterparty default	▪ Settlement risk
▪ Rating migration risk (= migration risk)	▪ Cluster risk
▪ Investment risk	▪ Residual risk from credit risk mitigation techniques

LIQUIDITY RISK	
▪ Structural liquidity risk	▪ Market liquidity risk
▪ Funding risk	

MARKET RISK	
▪ Interest rate risk – banking book	▪ Basis spread risk
▪ Foreign currency risk	▪ Option risk
▪ Credit spread risk	▪ OIS risk

OPERATIONAL RISK	
▪ Outsourcing risk	▪ Legal risk
▪ People, process and system risks and external risks	▪ Information and communication technology (ICT) risk

FUNDING RISK	
▪ BCVA risk*	▪ Replacement risk through rating trigger

OTHER RISKS	
▪ Strategic risk	▪ Excessive debt risk
▪ Risk from demerger liability	▪ Risk of money laundering and terrorism financing
▪ Equity risk	▪ Systemic risk from a financial institution
▪ Reputational risk	▪ Macroeconomic risk
▪ Business risk	▪ Placement and syndication risk

* Comprises CVA risk and DVA risk and is allocated in its entirety to the funding risk.

Depending on the hedging target pursued, two economic control loops are applied in the risk-bearing capacity calculation:

Liquidation perspective (economic control loop based on the principle of creditor protection)

- Hedging objective: the main focus is on securing a level of capitalisation to ensure that, in the event the company is liquidated, all lenders can have their claims satisfied with a defined level of probability (creditor protection).
- Economic capital requirements (internal risk measurement) are compared with the economic capital/aggregate risk cover. Both economic capital requirements and aggregate risk cover are determined on the basis of its present value ("full fair value" approach). A confidence level of 99.95% is applied in determining the economic risk.
- Risk status as of 31 December 2023 (and/or previous year):

Economic risks as % of the aggregate risk cover	Risk buffer as % of the aggregate risk cover
55.2% (59.9%)	44.8% (40.1%)

Going concern perspective (economic control loop based on the going-concern principle)

- Hedging objective: if the risks materialise, the survival of the bank as a going concern without additional equity is to be ensured with a defined degree of probability. All risks impacting on profit and loss must be covered by the budgeted profit for the year, realisable reserves and "free capital". Free capital is the capital which exceeds the internally defined hedging objective, expressed through a minimum T1 rate and a minimum total capital rate. The hedging objectives are preceded by corresponding early warning levels. A confidence level of 95% is applied in determining the economic risk.
- Risk status T1 ratio as of 31 December 2023 (and previous year):

Economic risks as % of the aggregate risk cover	Risk buffer as % of the aggregate risk cover
47.8% (39.8%)	52.2% (60.2%)

- Risk status TC ratio as of 31 December 2023 (and previous year):

Economic risks as % of the aggregate risk cover	Risk buffer as % of the aggregate risk cover
66.8% (57.5%)	33.2% (42.5%)

Alongside these economic control loops, compliance with regulatory/statutory minimum requirements and hedging objectives as part of medium-term planning and current capital budgeting is guaranteed.

Stress tests are also performed on a regular basis to test the robustness of the business model and to ensure capital adequacy. This essentially involves defining two different economic scenarios (general recession scenario and idiosyncratic stress scenario) and quantifying their impact on the bank's risk-bearing capacity.

In addition to the stressed risk-bearing capacity, a stressed multi-year plan is drawn up for each scenario in order to test the stability of the business model over time. Reverse stress tests are performed alongside the macroeconomic stress tests. These are intended to show the extent to which parameters and risks can be stressed until regulatory or internal minimum requirements can no longer be met.

Credit risk Fundamentals

Credit risk is the risk of financial losses arising where a counterparty fails to meet its contractual payment obligations.

Based on the current CRR standardised approach for all classes of receivables, Kommunalkredit primarily uses external ratings where available. If no external ratings are available, ratings are derived from internal scoring and/or rating models for internal risk control. All active customers are assigned an external or internal rating, which is updated at least once a year. On the basis of an internal rating scale (master scale), the probabilities of default are grouped in categories to which external ratings can be assigned. The effectiveness and discriminatory power of the rating procedures and their ability to forecast defaults are reviewed regularly and adjusted as necessary.

Kommunalkredit takes two types of credit collateral into account: financial collateral and personal collateral. Financial collateral uses netting arrangements and cash collateral to reduce counterparty risk. While financial collateral received reduces the existing exposure, the exposure is not reduced by personal collateral (guarantees and liabilities). If personal collateral is available, the exposure can be counted towards the collateral giver (depending on the assessment of the risk) and included in both the portfolio model and the limit system. In addition, market-compliant collateral packages exist for financing by Kommunalkredit; while these potentially have a loss-reducing effect in practice, they are not eligible from a regulatory perspective (for example, company shares, asset pledges without valuations) and are therefore not recognised. Overall, based on the values derived from external studies for losses in the event of default (loss given default), these are indirectly included in the determination of the bank's risk costs.

Unexpected loss

To quantify the unexpected loss from credit risks, monthly credit VaR calculations are performed in order to manage and limit risk and to determine the economic capital required as part of risk-bearing capacity analyses. Kommunalkredit applies a default model based on the CreditRisk+ approach to quantify the risk of unexpected default for credit risks. Rating-dependent one-year probabilities of default (PD) and regional and sector-specific loss ratios (LGD) are applied to calculate the credit VaR. The model used is based on statistical methods and assumptions. These parameters are reviewed and updated at least once a year and documented in a validation report.

From the liquidation perspective, the potential unexpected loss from credit defaults for a holding period of one year as of 31 December 2023 was 11.5% (31/12/2022: 15.2%) relative to the economic aggregate risk cover; from the going concern perspective, the potential unexpected loss from credit defaults for a holding period of one year as of 31 December 2023 amounted to 10.9% (31/12/2022: 13.2%) relative to the economic aggregate risk cover (T1) and, as of 31 December 2023, to 15.2% (31/12/2022: 19.1%) relative to the economic aggregate risk cover (total capital).

Rating distribution, portfolio quality and concentration risk

The total exposure amounting to EUR 5,731m (31/12/2022: EUR 5,018 m) by rating is concentrated in the top rating categories; as of 31 December 2023, 37.9% (31/12/2022: 35.6%) of the exposure was rated "AAA"/"AA"; 65.8% (31/12/2022: 68.4%) was rated investment grade.

Overall, the Kommunalkredit portfolio has a high asset quality; the exposure-weighted average rating of the total exposure is "A-" according to the Standard & Poor rating scale. Given the high proportion of investment grade credit ratings and the good degree of portfolio diversification, the portfolio quality is sound. This is reflected in the moderate non-performing-loan ratio of 1.5% as of 31 December 2023 (31/12/2022: 0.0%). Taking guarantees (ECA cover) into consideration, its adjusted net NPL ratio is just 1.0%. Kommunalkredit monitors overdue receivables in accordance with the regulatory requirements. Apart from one receivable in default, which has been reported as part of the NPL ratio, no payment was in default for more than 30 days as of the reporting date.

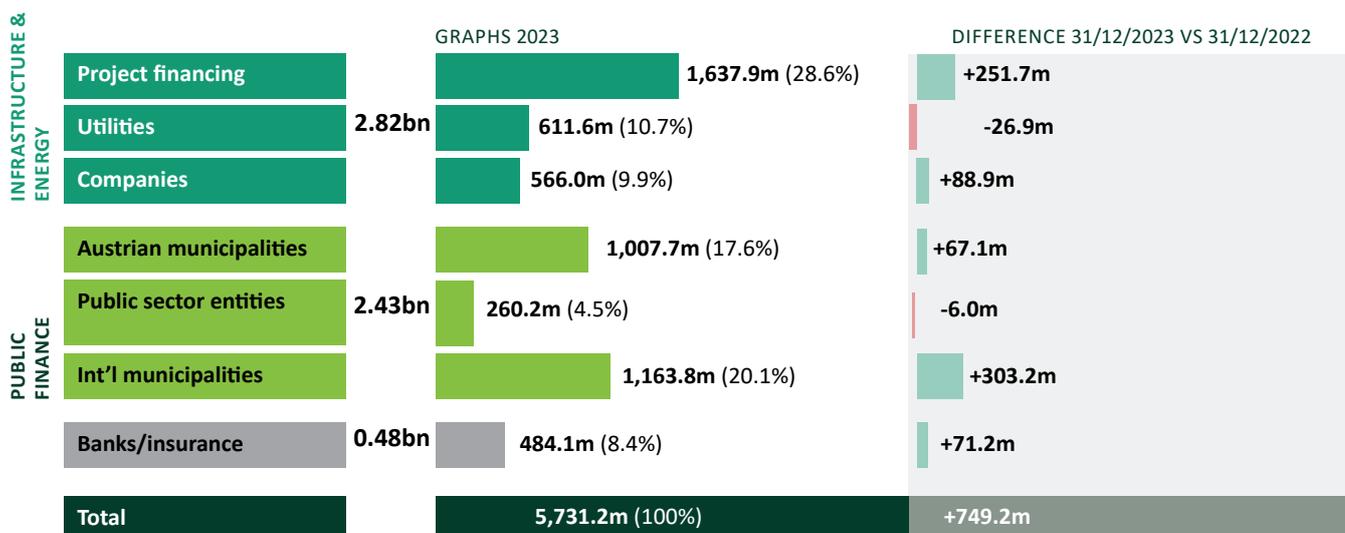
Risk concentrations are taken into account in the process of loan origination, monitored in the course of the monthly credit risk reports submitted to the RMC and shown in reports submitted to the Credit Committee and the Supervisory Board/Credit Committee. The total portfolio is broken down according to different parameters (by sub-portfolio, country, region, top 20 "group of related customers", rating, segment and more); limits are set according to main risk drivers, sectors, geographic distribution, countries and foreign currencies. Similarly, the Total ECL and the ECL from the top 15 risk drivers are limited and monitored. Further limitations are also defined to limit the overall exposure with a higher level of risk (e.g. IFRS 9 High Risk Exposure, Single-B Exposures). Depending on the risk assessment, reviews are performed at different intervals, and at least once a year.

Breakdown by rating 31/12/2023. Exposure in EUR m or %

AAA	AAA		743.1m (13.0%)
	Total		EUR 743.1m (13.0%)
AA	AA+		411.0m (7.2%)
	AA		520.9m (9.1%)
	AA-		497.3m (8.7%)
	Total AA		1,429.3m (24.9%)
A	A+		159.8m (2.8%)
	A		241.4m (4.2%)
	A-		245.1m (4.3%)
	Total A		646.2m (11.3%)
BBB	BBB+		89.4m (1.6%)
	BBB		247.3m (4.3%)
	BBB-		616.0m (10.7%)
	Total BBB		952.7m (16.6%)
BB	BB+		804.4m (14.0%)
	BB		662.0m (11.6%)
	BB-		260.5m (4.5%)
	Total BB		1,726.8m (30.1%)
B	B+		47.9m (0.8%)
	B		117.9m (2.1%)
	B-		30.4m (0.5%)
	Total B		196.1m (3.4%)
D	D1		0.9m (0.0%)
	D2		36.1m (0.6%)
Total *			5,731.2m

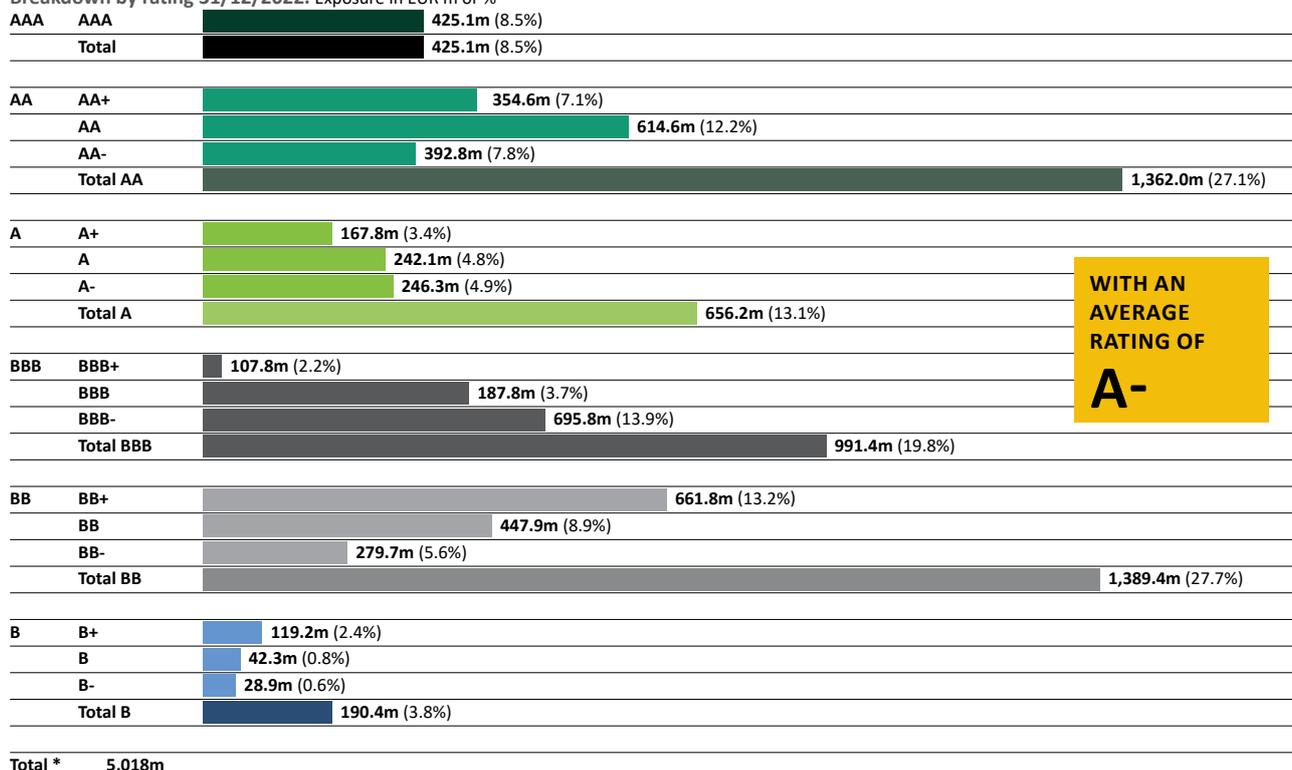
WITH AN
AVERAGE
RATING OF
A-

As of 31 December 2023, the overall exposure, broken down by sub-portfolio, is as follows (in EUR or %):



“We place special focus on the risk-income calculation and a sustained increase in the aggregate risk cover.”

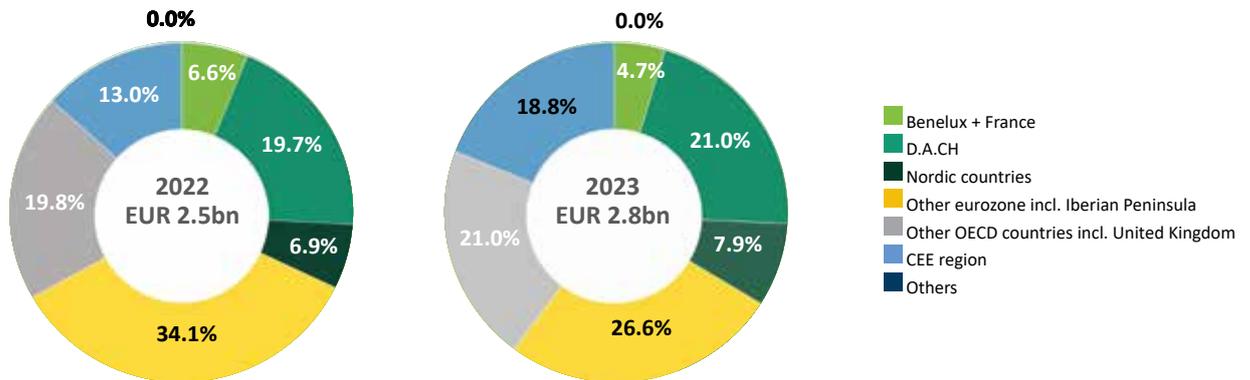
Breakdown by rating 31/12/2022. Exposure in EUR m or %



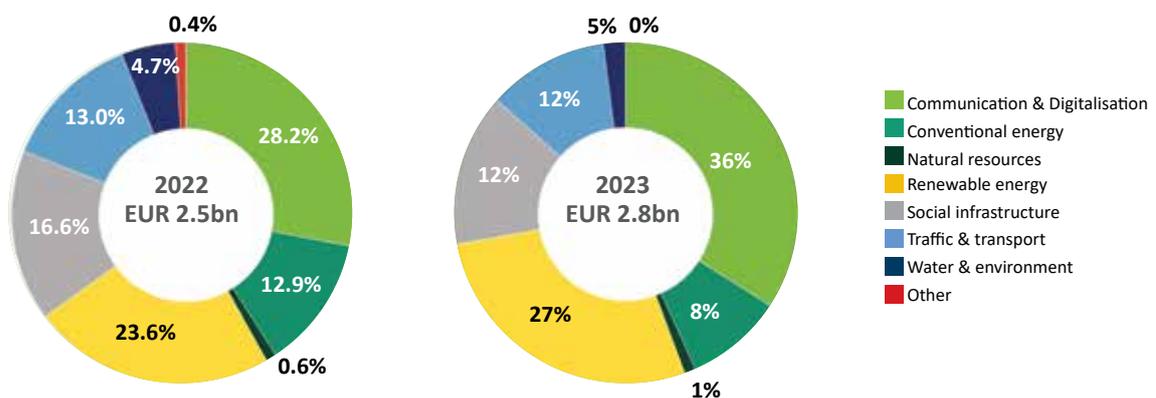
WITH AN AVERAGE RATING OF **A-**

*including EUR 3.6m exposure <B.

Exposure of infrastructure and energy financing portfolio by regions.
as of 31/12/2023 and 31/12/2022



Exposure of infrastructure and energy financing portfolio by sectors.
as of 31/12/2023 and 31/12/2022



Credit risk analysis and monitoring

The lending business is a key element of Kommunalkredit’s core business. Taking and managing credit risks is therefore one of the bank’s key competencies, the focus being on project financing in the infrastructure sector and financial support for public sector projects. The tasks of operational credit risk management (CR) include all activities aimed at reviewing, monitoring and limiting risks linked to individual transactions.

The granting of loans, the valuation of any collateral and the creditworthiness assessment are subject to clear regulations that are documented in the relevant regulations and working directives of Kommunalkredit. Apart from the awarding criteria (“credit risk strategy”), this includes the authorisation process, guidelines for creditworthiness assessment and rating determination.



For transactions in infrastructure, the bank follows a three-tier process aimed at making the risk-income profile transparent to the required extent:

- 1 **Initial assessment of a potential transaction** through the front and back offices with a clear recommendation regarding follow-up (under special circumstances if necessary) or rejection by the competent party;
- 2 **Due diligence phase** with a focus on economic, financial, technical, legal and insurance-specific aspects as a basis for the application and risk assessment;
- 3 **Submitting the transaction as part of a credit application** (front office), including a risk statement (back office), for approval by the competent party (Supervisory Board Credit Committee).

The organic separation of front office and back office is always observed.

Early credit risk detection and risk provisions

The portfolio is reviewed regularly for objective indications of impairments of customer exposures. Impairment assessments are performed in the course of the annual rating/review process or as needed. Exposures with elevated credit risk or anomalies as part of an “early warning” are also monitored at the monthly portfolio monitoring meeting. To that end, Kommunalkredit uses specific early warning indicators for each segment. These identify exposures based on qualitative and quantitative features subject to increased monitoring frequency.

As of the reporting date of 31 December 2023, the exposure on the watchlist amounted to EUR 27.1m (31/12/2022: EUR 97.8m). There were four exposures in the amount of EUR 53.4m in restructuring (31/12/2022: EUR 0.0m).

EARLY WARNING SIGNALS / TRIGGERS					
QUANTITATIVE TRIGGERS			QUALITATIVE TRIGGERS		
ENTERPRISES / UTILITIES¹					
Internal rating deterioration	Covenant breach	Country risk downgrade	Management reports	Press & industry reports	External rating report
30 days past due	Reporting delay > 3 months		Ad hoc publicity	Individual analysis	
PROJECT FINANCING (SPECIALISED LENDING)					
Internal rating deterioration	Covenant breach	Country risk downgrade	Management reports	Industry reports	
30 days past due	Reporting delay > 3 months	Lock-up ratio breach	Exercise of PIK interest option	Individual analysis	
PUBLIC SECTOR, SOVEREIGN & SUPRANATIONAL ORGANISATIONS					
Internal rating deterioration	Country risk downgrade		External rating report	Press & industry reports	
30 days past due	Credit spread ²		Ad hoc publicity	Individual analysis	
FINANCIAL INSTITUTIONS					
Internal rating deterioration	Country risk downgrade		External rating report	Press & industry reports	
30 days past due	Credit spread ²		Ad hoc publicity	Individual analysis	

1 Incl. enterprises with significant public support.
2 If available / publicly listed.

Credit Risk (CR) continuously updates the list of counterparties with increased credit risk and submits monthly reports to the Credit Committee meeting, which then decides on measures to be taken.

Impairments to be recognised for defaulting loans are determined by Risk Management, subject to approval by the Credit Committee.

Counterparty default risk from derivatives, repurchase transactions and securities business

Legally binding netting arrangements for derivatives and repurchase transactions (close-out netting) have been concluded with all active counterparties of Kommunalkredit. In the case of derivatives, credit support annexes and/or collateral annexes to framework contracts providing for daily collateral margining in accordance with the bilateral collateralisation requirement set out in the European Market Infrastructure Regulation (EMIR) have been concluded with all active financial counterparties. The only exceptions are derivative agreements in the cover pool for which framework agreements and netting arrangements have been made at standard market conditions. Clearing framework agreements are also in place in line with the clearing obligation under EMIR. Kommunalkredit has no repurchase transactions at present.

Exposure to the counterparty default risk of derivatives, which is taken into account in credit risk, is defined as the residual risk from the current replacement cost, taking account of CSAs and netting arrangements, plus an “add-on” for potential current value changes during the “residual period of risk” between the default of the counterparty and the closing out/replacement of the derivative transaction.

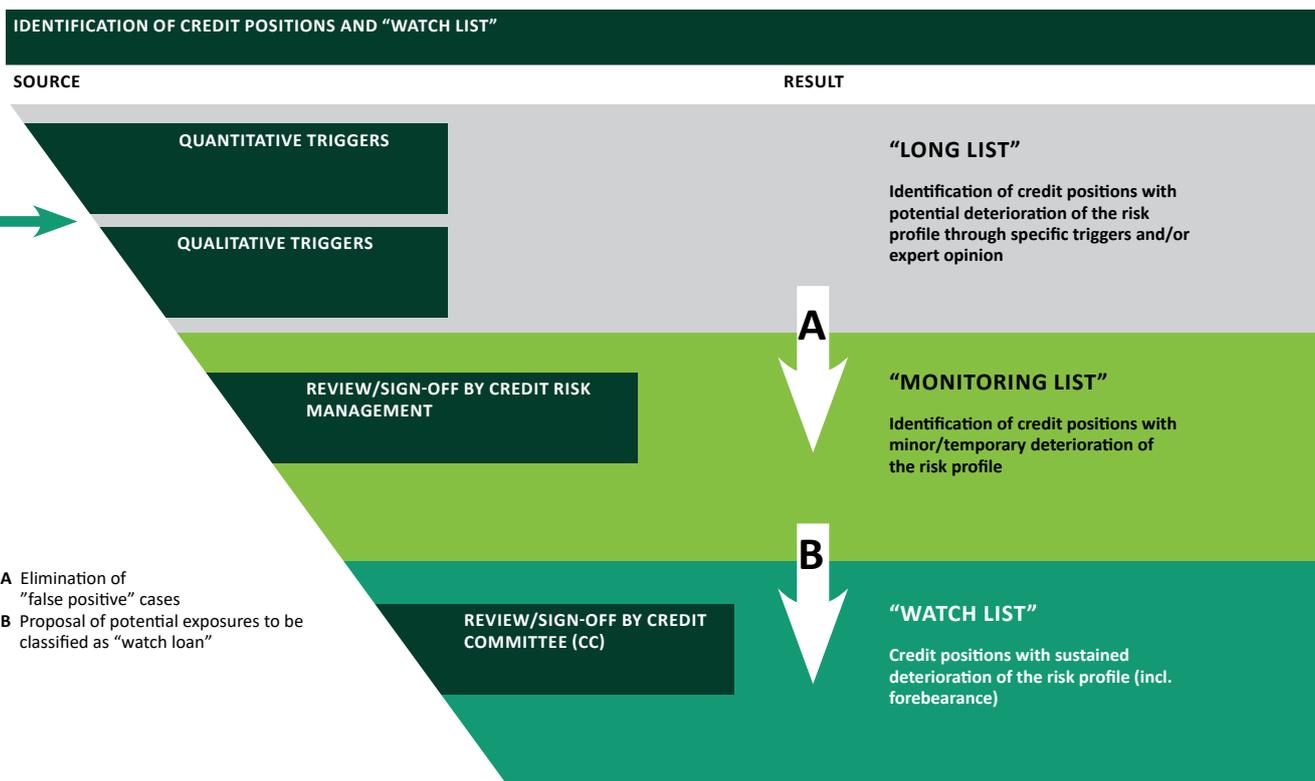
Securities business is cleared mainly on the basis of “delivery against payment” via Euroclear and/or Clearstream.

Counterparty default risk positions are limited through volume-based counterparty and credit concentration limits on the one hand, and through the economic credit risk in the credit VaR calculation of the risk-bearing capacity calculation on the other.

The counterparty default risk from derivatives is calculated as a credit valuation adjustment (CVA) according to IFRS 13. Kommunalkredit calculates CVA and DVA (debt valuation adjustment), aggregated as BCVA (bilateral CVA), according to the potential future exposure method by means of Monte Carlo simulations. The risk of BCVA fluctuations (BCVA risk) is determined by means of a VaR-based approach.

Investment risk

Given the nature of the participations held, the investment risk is of minor importance. As of 31 December 2023, the carrying amount of investments in associates (at equity) was EUR 2.6m (31/12/2022: EUR 0.0m). The carrying amount of investments, which are reported under assets at fair value through other comprehensive income, amounted to EUR 1.6m (31/12/2022: EUR 0.9m).



Liquidity risk management

The task of liquidity risk management at Kommunalkredit is to identify, analyse and manage the liquidity risk position of the bank with a view to guaranteeing cost-effective and adequate liquidity cover at all times.

The strategic framework of liquidity risk management is defined by the ILAAP, which forms an integral part of the more comprehensive ICAAP. To that end, the bank has implemented extensive policies, working directives and methods such as its liquidity risk strategy, ICS framework, funding and/or contingency plans.

Central elements of liquidity risk management include the fol-



* The derivatives are not formally embedded in a micro hedge as defined in IFRS but serve risk management at portfolio level.

Analysis of the liquidity position [element 1]

The following table shows the maturities for contractual, non-discounted cash flows of financial liabilities. The figures for interest swaps, cross-currency swaps and currency swaps are shown in gross terms, meaning only the cash outflows for the derivative in question are shown. The nominal amount of interest-rate and cross-currency swaps as of 31 December 2023 was EUR 3.7bn (31/12/2022: EUR 3.1bn). Besides principal repayments, cash flows also comprise interest payments. For liabilities with variable cash flows, future cash flows are determined on the basis of forward rates.

As a matter of principle, amounts are allocated on the basis of their contractual rather than expected residual maturity. This means that demand deposits and cash collateral received from collateral margining for derivatives are shown as repayable on demand. If the date of repayment is at the lender's discretion, the amount is allocated to the maturity range with the earliest possible redemption. If the date of repayment is at the discretion of Kommunalkredit, a conservative view is taken. Payments that have been pledged but not yet called as well as guarantee lines granted (if any) are also shown with the earliest possible call date. Kommunalkredit does not engage in any trading activities.

Cash flows as of 31/12/2023 (and 2022)

in EUR m	Liabilities at amortised cost		Derivatives designated as hedging instruments		Trading*	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Up to one month	533.9	292.9	1.2	1.2	119.3	128.8
More than one month, up to three months	284.4	265.9	19.4	7.7	118.4	35.9
More than three months, up to one year	1,602.5	976.1	41.4	36.0	5.6	112.0
More than one year, up to five years	2,593.8	2,204.7	126.0	151.8	16.2	21.0
More than five years	1,059.1	1,092.6	105.9	87.1	2.0	3.8
Total	6,073.6	4,832.2	293.9	283.8	261.3	301.5

Reporting to the Executive Board and the Supervisory Board [element 2]

An operational projection of liquidity calculation for a period of one year and a time-to-wall stress scenario are prepared weekly. In addition, operational and strategic liquidity issues are discussed in the monthly ALCO. Liquidity risk is also monitored in the monthly RMC and reported to the Supervisory Board at quarterly meetings.

Liquidity contingency plan [element 3]

Kommunalkredit's liquidity emergency plan specifies the tasks and the composition of emergency units to be set up in a crisis, internal and external communication channels and, if necessary, the measures to be taken. The emergency plan facilitates efficient liquidity management in a market environment in a state of crisis. It is activated by clearly defined events and/or early warning indicators. In the event of an emergency, responsibility for liquidity management is assumed by the emergency unit, which then decides on the specific measures to be taken.

Management of operational and structural liquidity risk [elements 4 to 8]

For the purposes of short-term liquidity steering (<1 year), the management applies short- and medium-term liquidity scenarios. These scenarios include not only contractually determined cash flows but also expected cash flows from new issues, the termination of existing business, cash outflows from new transactions, cash inflows from syndication agreements, retail deposits repayable on demand, repurchase prolongations and liquidity demand for cash collateral received (under credit support agreements/ISDA arrangements). The resulting liquidity gaps are available daily in the short-term liquidity scenario.

The following table shows the expected liquidity gaps after the measures planned, the free liquidity reserve and the net liquidity position resulting from the liquidity gap and the liquidity reserve:

Liquidity as of 31/12/2023 (and 2022)

in EUR m	Expected liquidity gap		Available liquidity		Liquidity position	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Up to one month	1,091.3	366.5	529.2	499.6	1,620.6	866.1
More than one month, up to three months	309.6	56.2	1.1	-75.3	310.6	-19.2
More than three months, up to one year	495.4	118.5	34.5	12.8	460.9	131.4
Total	905.5	541.2	564.8	437.1	1,470.3	978.3

For the purposes of managing the structural liquidity risk position (≥ 1 year), Kommunalkredit analyses expected capital flows over the entire term of all on-balance and off-balance sheet transactions.

Overhangs from capital inflows and capital outflows, monitored by maturity range and at cumulative level, provide the basis for strategic liquidity management.

Market risk management

Market risks refer to potential risk exposures to balance sheet and off-balance sheet positions arising from market price movements which have an adverse impact on the bank. The bank-specific market risks mainly comprise interest rate risk, currency exchange risk, credit spread risk, basis spread risk and option price risk.

Interest rate risk

When it comes to the measurement, management and limitation of interest rate risks from positions not held in the trading book, Kommunalkredit generally distinguishes between the period-oriented repricing risk and the NPV-oriented risk of changing interest.

For the purpose of efficiently managing the interest rate risk and net interest income, Kommunalkredit uses an analysis and simulation tool (interest rate gap structure by currency, interest rate VaR, sensitivity analyses, simulation trades). This enables the forecast and targeted management of the bank's overall interest rate risk from positions not held in the trading book, the P&L sensitivity of the fair value portfolios according to IFRS and net interest income for the period. To calculate the interest rate VaR, an internal model based on historical interest rate movements is applied.

The Kommunalkredit portfolio mainly comprises positions with clearly defined interest rate and capital commitment. As a rule, non-linear risks are completely hedged and quantified in a scenario analysis; open positions are strictly limited and monitored. Retail deposits include positions without clearly defined interest rate and capital commitment (deposits repayable on demand). In principle, the interest rate commitment of deposits repayable on demand is modelled as a function of the pricing strategy.

In the case of interest rate risk measurement by the RMC, the gap structures are analysed and the price sensitivity of the overall position as well as the impact of interest rate changes on the net interest income of the period (repricing risk) are quantified for different scenarios. The repricing risk is measured for the currencies EUR, USD, CHF, GBP and JPY.

For risk management purposes, Kommunalkredit differentiates between the following sub-portfolios:

- less-than-twelve-months interest-rate position (short-term ALM)
- more-than-twelve-months interest-rate position (long-term ALM)
- equity investment portfolio ("equity book")
- IFRS fair value position
- IFRS OCI value position

An analysis and steering tool is used for the management of short-term, less-than-twelve-months interest risk positions, permitting the efficient management of repricing risk by currency.

The annual net interest income effect from Kommunalkredit's repricing risk as of 31 December 2023 in the event of a parallel rise in short-term interest rates by +100 basis points amounts to EUR +3.3m (31/12/2022: EUR +0.7m).

As of 31 December 2023, the NPV risk of interest rate changes in the banking book and of the IFRS interest rate risk position impacting on P&L in the event of a +30 basis point parallel shift amounts to EUR +8.1m and EUR +0.0m (31/12/2022: EUR +1.5 and EUR +1.1m); that of the IFRS interest rate risk position with an impact on OCI stands at EUR -4.9m (31/12/2022: EUR -4.3m).

Currency exchange risk

The currency exchange risk is the risk of losses in foreign currency positions caused by unfavourable changes in the exchange rate, the open FX position being the difference between the sum total of asset positions and the sum total of liability positions, including foreign currency derivatives, in a given currency.

To measure the risk, a VaR of the open foreign currency position, according to the Austrian Commercial Code (UGB), is determined daily in line with a variance/co-variance approach with a holding period of one trading day and a confidence interval of 99%, thereby using exponentially weighted historical volatilities and correlations. Except for small residual positions, the open FX position according to the Austrian Commercial Code (UGB) is closed daily. The FX VaR as of 31 December 2023 was TEUR 0.3 (31/12/2022: TEUR 4.5).

Credit spread risk

The credit spread risk is the risk of losses in value due to market-related changes in credit spreads, although there is no deterioration in the rating of the issuing group. Credit spreads refer to the risk premiums allocated by the market, an issuer or an issuing group which are priced-in when determining the market value of a financial instrument.

As of 31 December 2023, the credit spread risk in the event of credit spreads widening by +20 basis points was EUR -1.9m (31/12/2022: EUR -1.3m) in the IFRS P&L position and EUR -13.2m (31/12/2022: EUR -10.6m) in the IFRS-OCI position.

Basis spread risk

The basis spread risk is the risk resulting from a change in basis spread, factored into the variable interest rate conditions for non-standard reference interest rates and payment frequencies. Except for residual risks in the individual currencies, the basis spread risk relevant under IFRS is hedged.

As of 31 December 2023, the basis spread risk in the event of basis spreads widening by one basis point was EUR +0.0m (31/12/2022: EUR +0.0m).

Option price risk

The option price risk for Kommunalkredit is the risk of changes in the market values of open option positions. To measure the option price risk, a scenario matrix is used to determine interest rate shifts (-/+30bp), volatility shifts (-/+30%) and combined shifts. The option price risk in the banking book, calculated on the basis of the scenario matrix, amounted to EUR -0.0m as of 31 December 2023 (31/12/2022: EUR -0.1m based on a -/+30bp interest rate shift). The open option price risk in the banking book is the exclusive result of the unilateral call rights of Kommunalkredit for own issues (i.e. Kommunalkredit has the right to call). As of 31 December 2023, there were no P&L-relevant option price risks.

Operational risk

Kommunalkredit defines operational risk as the possibility of losses due to the inadequacy or failure of internal procedures (processes), people and systems, or as a result of external events. Legal risk is part of operational risk. External events classified as pure credit risk, market risk, liquidity risk or other types of risk with no operational background are not covered by this definition. The aim of Operational Risk Management (ORM) is to reduce the probability of occurrence of operational risks and their potential to impact the bank adversely. Compliance & Non-Financial Risk (CNFR) is responsible for operational risk management. The operational risk correspondents (ORC) departments, appointed in consultation with CNFR, act as points of contact, establishing a link to operational risk management and supporting the ORM process.

An operational default database along with risk and control self-assessments are the key instruments for the management of operational risks. The database represents a retrospective view: in other words, it records realised gains/losses from past operational events with the involvement of the line managers in charge. By contrast, risk and control self-assessments represent a prospective, future-oriented view. Risks are identified and their severity is assessed. Kommunalkredit performs assessments as coached self-assessments, i.e. individual risks are assessed and evaluated by the units concerned under the guidance of CNFR. The entries made in the operational default database serve as input and provide feedback for the reassessment of risks.



Source: OeNB, Guidelines on "Operational Risk Management", 2005

High-risk topics are discussed, analysed and evaluated at divisional level with the responsible division heads, with the main risks presented on an internal OpRisk risk map. To mitigate these risks, additional measures need to be defined and a coordinated plan of action prepared. To provide an overview of relevant risks, OpRisk risk maps for the divisions are condensed into a single OpRisk risk map for the bank as a whole.

Every six months, a consultation headed by the Credit Risk Officer (CRO) takes place with significant internal stakeholders regarding operational risks within the Operational Coordination Committee (OCC). The Executive Board and senior management are informed about operational risks at the monthly RMC meetings.

Kommunalkredit uses a standardised approach to quantify its total capital requirements. The total capital held on this basis significantly exceeds the actual losses suffered in the past.

1

Risk identification at process group level

2

Risk assessment at process group level

3

Risk consolidation at divisional level

4

Detailed analysis of the main risks at divisional level

5

Consolidation of cross-divisional risks at company level

6

Detailed analysis of the main risks at company level

7

Options for risk management

Business Continuity Management

The established business continuity management (BCM) system ensures the adequate, comprehensive and efficient management of business continuity. Continuity management includes the elaboration and management of continuity and recovery plans as well as the allocation of resources to manage any business interruptions effectively and keep interruption times to a minimum. This includes physical measures such as providing a crisis room or ensuring that an emergency power system is available. Manual work steps or alternative IT services are available for critical IT-supported processes, depending on the scenario.

The annual resource assessment was performed, with the resources required in the event of a crisis determined. The annual business impact analysis (BIA), performed within the framework of the resource assessment, served to assess the criticality of business processes as well as information and communication technology (ICT) services, and to verify the time to full restoration of services. The emergency plans were revised at the same time. In the first half of 2023, a comprehensive emergency exercise regarding energy shortages/blackouts was planned and carried out throughout the bank. Furthermore, KA.IT (and therefore the bank's BCM) were successfully certified according to ISO 27001

Policy management

All Kommunalkredit operating procedures (policies, work instructions, manuals, works agreements) are stored in a policy overview on the intranet and can be accessed by all employees. This defines the formal minimum requirements that policies/work instructions have to meet, and sets out responsibilities for updating, approving and distributing policies and work instructions.



Sustainability risks

Sustainability risks form an integral part of the risk strategies and risk categories of Kommunalkredit. The inclusion of sustainability factors in the concepts, management and measurement methods of the credit, market, liquidity, syndication and operational risks is continually evaluated and expanded.

Kommunalkredit primarily finances the public sector in Austria as well as projects in Europe in the areas of renewable energy, telecommunications and social infrastructure. ESG risks in the

portfolio are therefore assessed as generally low on the basis of the analyses carried out. In the process of loan origination, any risks are taken into account and appropriately reflected in the planning assumptions for borrowers and the established ratings.

To assess whether investments in infrastructure and energy projects meet the sustainability requirements set by Kommunalkredit, an internally developed, three-stage “ESG/Sustainability Check” has been applied for many years.

1 Contribution to UN Sustainable Development Goals (SDG) | Review of SDG criteria: each new transaction must make a positive contribution to at least one SDG.



2 Total exclusion in the event of human rights violations, and for certain industries and sectors such as the gambling industry, coal, pornography and armaments.



3 Review of up to 20 qualitative ESG criteria: in terms of environmental criteria, the criteria catalogue includes an assessment of the impact on CO₂ emissions, biodiversity, water and soil, energy and resource consumption at transaction level; in terms of social criteria, the impact on diversity, equality, labour market, the healthcare system, provision of green energy, clean water and transport is assessed. In terms of governance, the assessment covers corruption, corporate governance and other environmental standards.

In 2023, a risk classification of Kommunalkredit’s infrastructure and energy portfolio was implemented using a five-tier ESG scale (“categories 1 to 5”) at the level of financed industry sectors and sub-sectors. Infrastructure and energy portfolio transactions are classified and assessed in order to obtain an overview of environmental and social sustainability risks in the portfolio, and to ensure the industry-related sustainability risks in the portfolio are adequately assessed. As of 31 December 2023, 74% of the infrastructure and energy portfolio was assessed as low risk (categories 1 and 2) in the area of environmental risks. Around 21% of the exposure indicates a medium risk (category 3) and only around 5% a higher risk (category 4). No exposure was classified in risk category 5 (high risk). In the area of social sustainability risks, approximately 77% of the infrastructure and energy portfolio was rated as low risk (categories 1 and 2) as of 31 December 2023. 23% of the exposure indicates a medium risk (category 3) and only around 3% an increased risk (category 4). No exposure was classified in risk category 5 (high risk).

Sector limits in the infrastructure and energy sectors are used to limit risk systematically in line with the bank’s strategic orientation. In addition to the sector limit, the share of exposures in categories 4 and 5 in the infrastructure and energy portfolio is also limited. These limits form an integral part of monthly risk reporting to the management team.

Moreover, when deriving the liquidity buffer, ESG risks are included as a distinct component, with the customer and maturity structure of the liabilities, among other factors, analysed for this purpose. Threats to the bank’s in-house infrastructure posed by climate and environmental events are also evaluated as part of information security risk management and OpRisk management. ESG-related risks and issues are marked individually in the OpRisk event database, and were included in the risk & control self-assessments of Kommunalkredit.

Report on key features of the internal control system and risk management system in relation to the accounting process

The Executive Board of Kommunalcredit is responsible for establishing and structuring an internal control system and risk management system that meets the needs of the company with respect to the accounting process. The Audit Committee monitors the accounting process in general as well as the effectiveness of the internal control system.

The Kommunalcredit internal control system (ICS) is a component of the company's risk management and serves to help attain the company's objectives. The ICS is integrated in the processes and plays a role in the accounting process.

Risks that could jeopardise the company's objectives need to be identified quickly, and the appropriate measures then taken. To do this, controls are defined in order to minimise or avoid core risks and to safeguard the achievement of the principal business objectives to the greatest extent possible.

Kommunalcredit bases its ICS management approach on the five-component model provided by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) from 2013:

- Control environment
- Risk assessment
- Control measures
- Information and communication
- Monitoring

Control environment

Kommunalcredit's control environment is shaped by its general **Code of Conduct** as well as specific **policies** and **work instructions**. These are supplemented by a formal organisational structure and procedural organisation (the latter within the scope of an overall process map).

The implementation of the ICS with regard to the accounting process is defined in specific internal policies and regulations. These ensure that transactions and the sale of company assets are disclosed correctly, compliantly and in sufficient detail.



Functions that play a key role in the accounting process – Finance and Risk Accounting – are organised into separate divisions. Executive, transactional and administrative activities are clearly separated from one another or are subject to the two-person-review principle. Within the procedural organisation in Finance, standard software is generally used for making entries, cross-checking, controls and reporting. Data and IT systems are protected from unauthorised access. Relevant information is only provided to those employees who actually require it for their work, in line with a “need to know” principle. Results are discussed between divisions where necessary. Internal Audit independently and regularly reviews compliance with internal regulations relating to the accounting process. The Internal Audit management reports directly to the Executive Board and Supervisory Board.

Risk assessment

A two-step risk assessment process is implemented at Kommunalcredit – on the one hand, in order to **define ICS-relevant processes** within the framework of “scoping”, and on the other via **analysis of the individual processes** described in the overall process map. At Kommunalcredit, accounting processes are classified as ICS-relevant processes in line with a rule-based approach.

The main risk in the accounting process is that circumstances may not be accurately represented in keeping with the company's net assets, financial position and results of operations due to errors or wilful misconduct.

Control measures

Relevant risks are identified on the basis of the individual processes and control points, the respective control objectives, the type of control and the control officer are defined. In a **risk-control matrix** (RCM), the controls allocated to the process in question are defined and assigned to a control officer.

All control measures are applied to current business processes to ensure that potential errors or deviations in financial reporting are prevented or identified and eliminated early on. The software used for accounting and reporting is market-standard software (SAP). As well as automated controls (validations) which are implemented in SAP, manual controls are performed by employees.

Control measures relating to accounting and IT security are a cornerstone of the ICS. Separation of sensitive activities by restrictively assigning IT rights and strict observance of the two-person-review principle are closely monitored.

Information and communication

Within the scope of the ICS management, the division heads provide semi-annual confirmation of the orderly implementation and documentation of **key controls**.

In addition, all of Kommunalkredit's divisions – in particular, Finance and Risk Controlling within the scope of the accounting process – regularly report to the Executive Board in the form of **monthly and quarterly reports**. The Executive Board is in turn required to report to

Kommunalkredit's Supervisory Board. The individual reports include the calculated data for the company (statement of financial position, statement of profit or loss, budget and capital planning statements, target/actual comparisons, including comments on major developments), a quarterly risk report, reports and analyses on liquidity risk for the Markets division, and reports and analyses on the Banking division's operating activities.

The owners, investors and market partners, as well as the public, are comprehensively informed via a half-year report and the annual financial report. The requirements laid out by statutory provisions regarding ad hoc disclosures are also satisfied.

Monitoring

Monitoring activities within the scope of the ICS are implemented by means of a **structural audit** and a **functional audit**. This includes an appropriate link between the respective risk, control objective and control activity as well as a **spot check audit** of whether controls are actually implemented and documented in an orderly fashion.

The active monitoring of compliance with all rules aims to ensure that all operating processes are as reliable as possible and to ensure compliance with internal and statutory regulations. In case of shortcomings in the control system, remedial and preventative measures will be developed within the scope of the ICS management system and their implementation will be monitored.

To ensure compliance with banking regulations and requirements, compliance is also reviewed based on the annual audit plan laid out by Internal Audit.

“We have defined controls to avoid core risks as far as possible and to optimally ensure the achievement of key business objectives.”



“We are not simply observers. We are driving things forward, we are an innovator and an incubator for sustainable approaches. We are there from the beginning.”

Risk trends in 2024.¹⁵

¹⁵ S&P Global Ratings – risk trends for 2024 and beyond, www.spglobal.com/ratings/en/research-insights/special-reports/global-credit-outlook-2024, 18/1/2024.

Headwinds for loans



Higher interest rates in the long-term and recession risk
Real estate

Capital flows



Private Markets
Market liquidity and fragmentation

Outlook

We are living through a turning point in history. We expect 2024 to be another challenging year. Geopolitical developments, trade relations and technological advances are all certain to influence the global economic outlook.

Meanwhile, Europe's economic situation is poised for a cautious recovery against a distinctly positive background. Real income, and therefore disposable private consumer spending, are likely to increase while the employment quota is expected to rise again over the years ahead. Approx. four billion people – roughly half the world's population – will elect their governments in 2024 and thereby chart the course for the years ahead; elections will be held in Europe as well as the US, India, a dozen African states, the United Kingdom and Austria.

Macroeconomic environment in 2024

Inflation could remain a key issue in 2024. The slowdown that started in 2023 is expected to continue, with the 2.0% inflation target of the European Central Bank (ECB)¹⁶ unlikely to be reached in 2024; as things stand, this will not happen until 2025. After interest rates peaked at 4.0% (ECB deposit facility) or 4.5% (ECB main refinancing rate), the sharp decline in inflation since September fuelled market speculation that interest rates could be cut as early as the first half of 2024. Although ECB representatives were reluctant to make concrete statements on possible rate cuts in 2024, market rates are now anticipating a first 25 basis point rate cut in April 2024. All in all, as many as five rate cuts of 25 basis points each are expected. The ECB also announced its intention to reduce the purchase programmes in the second half of 2024. From today's point of view, the bank is likely to cease reinvesting the proceeds of maturing bonds completely at the end of 2024.

In the US, the financial markets¹⁷ are currently factoring in an initial easing for May 2024, followed by a total of four to five **rate cuts** of 25 basis points each.

According to market players, the key risks to the economic outlook are associated with geopolitical disruption and tighter central bank policy. The threat of a downturn on the real estate market,

the decline in private consumption and stricter monetary policy are seen as other sources of risk. Climate risks will also become increasingly important in the medium term (i.e. over the next five years)

The Austrian banking sector also faces major challenges from geopolitical tensions, inflation and, not least, the significant slowdown in the economy that is expected. These challenges can now be addressed with greater resilience thanks to higher capitalisation since the global financial crisis and substantially increased profitability in the course of the interest rate turnaround. While the funding base will also be largely covered by **stable sources of refinancing** such as deposits and covered bonds, above all the high net supply of covered bonds from Austrian issuers in recent years may prove challenging when placing further issues on the market in the new year. Growing competitive pressure on the deposit side might reduce the interest margin in future.

The European infrastructure market in 2024

2023 was a demanding year for the European market for infrastructure investment. Although most sectors were very stable, transaction volumes for financing operations were lower. Ultimately, this was a comparatively weak year for fundraising activities by infrastructure funds, on both the equity and the debt side. Higher interest rates and inflation, uncertain economic outlooks and geopolitical tensions will continue to play a role in 2024.

On a macroeconomic level, it was clear at the end of 2023 that the era of interest rate rises by central banks is over, with inflation induced by high energy prices now under control. It is therefore reasonable to assume that this could trigger a marginally positive trend, at least for refinancing volumes, which had fallen sharply in 2022 and 2023.

¹⁶ European Central Bank – Monetary policy decisions, press release, 14/12/2023.

¹⁷ Federal Reserve Bank – FOMC statement, press release, 13/12/2023.

Geopolitical uncertainties



Increasing conflicts
Emerging markets

Energy and climate resilience



Physical climate risk
Energy transition

Crypto, cyber- und tech-disruption



Artificial intelligence
Digital Assets

All in all, **the crisis-resistant nature of the infrastructure sector as a whole** will continue to ensure a continuous flow of deals: in particular, the **success of a rapid energy transition** can only be achieved through private financing for the expansion of renewable energies in the medium to long term. Despite all the criticism, this was evident in the final statement at the closing of COP28 conference in December 2023. Aside from the expansion of corresponding capacities, especially in the area of PV solar and wind, momentum is noticeably building in highly promising areas such as biogas/biomethane, EV charging, battery storage etc. With **(heavy) industry** in the areas of steel, cement, aluminium and the agricultural and fertiliser industry making a particularly huge contribution to CO₂ reductions in the future, the sector will be central to **decarbonisation efforts** without being part of the traditional infrastructure sector. Flexible (financing) solutions are needed here to speed up the transition beyond the traditional infrastructure sector. Kommunalkredit is already working on specific projects in the areas of “green steel” and “green aluminium”.

The further expansion of **digital infrastructure** is expected to slow down in the broadband segment, increasingly shifting from rollout/capex-dominated structures towards brownfield¹⁸/M&A situations. Consolidation trends are already evident in some countries, such as the United Kingdom and Germany, where momentum will pick up in the next 6-18 months. However, given that penetration rates remain low in many European countries compared to Northern Europe and Asia, the focus will increasingly be on connecting customers and, to a lesser extent, on expanding the network infrastructure. The infrastructure market also remains very positively inclined to the issue of data centres; a significant increase in transaction numbers across Europe is expected here, which will attract great interest from investors and asset managers.

Kommunalkredit’s experience throughout Europe puts it in an excellent position to consolidate its success in M&A advisory.

With regard to **the most important European markets** for infrastructure financing,¹⁹ the following trends are apparent: Italy was less active in 2023 compared to 2022 (the acquisition of Atlantia

and the stake in Autostrade per l’Italia in particular had an impact here). Nonetheless, the Italian market remains very positive, especially in the renewable energy sector. The outlook for Spain is even better: recent approvals for a further 40 GW of new projects mean that corresponding financing volumes will be required. The UK market, which has assumed a leading role in pioneering areas such as EV charging and battery storage, remains extremely turbulent. An upward trend is likely in France and Germany in particular, driven by the energy transition in general and the significant expansion of capacities in renewable energies and data centres.

The outlook on the infrastructure market is once again defined by a measure of uncertainty. In spite of this, with its expertise and steadily growing track record, Kommunalkredit enters 2024 with a busy pipeline of suitable opportunities.

Kommunalkredit in 2024

All social and economic activities depend on infrastructure, the essential backbone of the world’s developed markets. Our living and working spaces are increasingly urban and global and ever more flexible. Energy and transport networks, care facilities, education centres, utilities and leisure facilities underpin the way of life we are accustomed to. The demographic trend, geopolitical uncertainties and the process of structural transformation are creating additional challenges for us. **Forging ahead with climate protection** remains the utmost priority; rethinking our mobility, pursuing new digitalisation avenues and seeking out innovative solutions for energy use and generation are the new imperative. This requires structural change, shorter communication channels and quick decision-making, plus the will to make a difference and belief in the power of change.

These requirements underline the **value of functioning, modern and sustainable infrastructure**. Energy suppliers, telecommunication service providers, hospitals, nursing homes, alternative drive systems and local public transport will continue to play a key role. The steps necessary to support the energy transition and prevent climate change must be undertaken quickly despite – or because of – the reliance on fossil raw materials.

¹⁸ Brownfield projects are existing infrastructure assets, often already operational, with financing restructured mainly through M&A transactions (mergers and acquisitions).

¹⁹ Inframation & Sparkspread Database, 18/1/2024.

As a specialist for infrastructure and energy finance as well as public finance, Kommunalkredit will continue to use its expertise to benefit society at large. The infrastructure and energy financing market will continue to play a key role going forward. The bank arranges, finances and consults on sustainable projects in the Energy & Environment, Communication & Digitalisation, Social Infrastructure, Transport and Natural Resources sectors.

Throughout Europe, we are involved in water treatment plants, wind farms, photovoltaic systems, heat generation and distribution, broadband, e-mobility and hydrogen. Naturally, we continue to focus on our home market of Austria, where we are involved in the generation of green hydrogen and the transition to photovoltaics. We also act as a financing and funding partner for Austrian cities and municipalities.

We are not mere observers of this process of change. We are driving things forward, we are an innovator and an incubator for sustainable approaches. Infrastructure is part of our DNA; we live and breathe infrastructure in our daily work – and beyond. We are committed to our slogan **“THERE FROM THE BEGINNING.”** From project planning through development to financing and realisation.

We will continue to pursue our chosen strategy. Our results are testament to our highly efficient business model and stringent risk management as well as our refreshingly innovative entrepreneurial spirit. We are confident of driving forward our **vision of being the “Green Transition Financing Champion”** even more systematically in future. All to make the future a little more green. Together with you. For the good of us all.

Vienna, 14 February 2024

The Executive Board of
Kommunalkredit Austria AG

Bernd Fislage
Chief Executive Officer

Sebastian Firlinger
Member of the Executive
Board

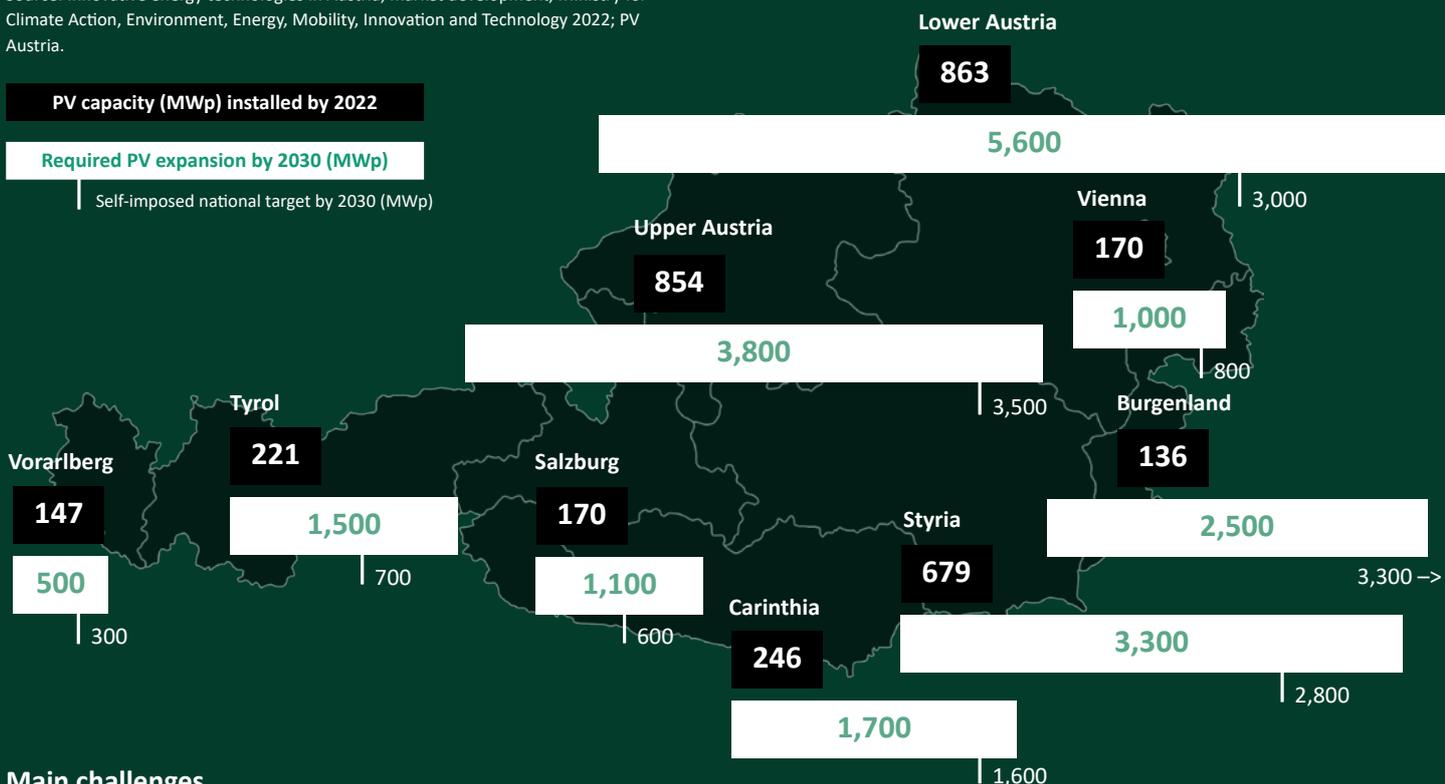
**THERE
FROM THE BEGINNING.**

Infra facts

The world of infrastructure is multifaceted. The energy transition will be the defining topic of the coming decades. The switch to a sustainable energy supply is now a stated global goal. We are ready to continue to assume responsibility in this context and make our contribution to society. Here we take a look at our Austrian home market.

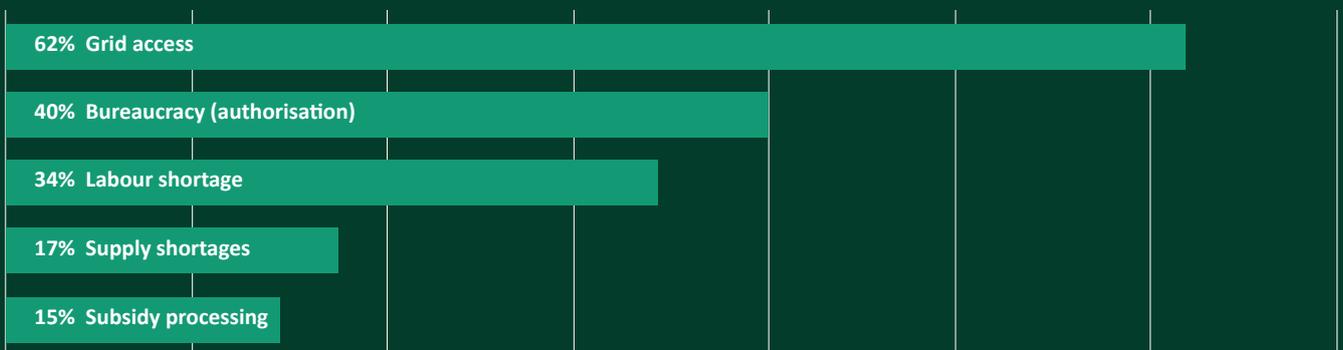
Current and necessary PV output by 2030.

Source: Innovative energy technologies in Austria, market development, Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology 2022; PV Austria.



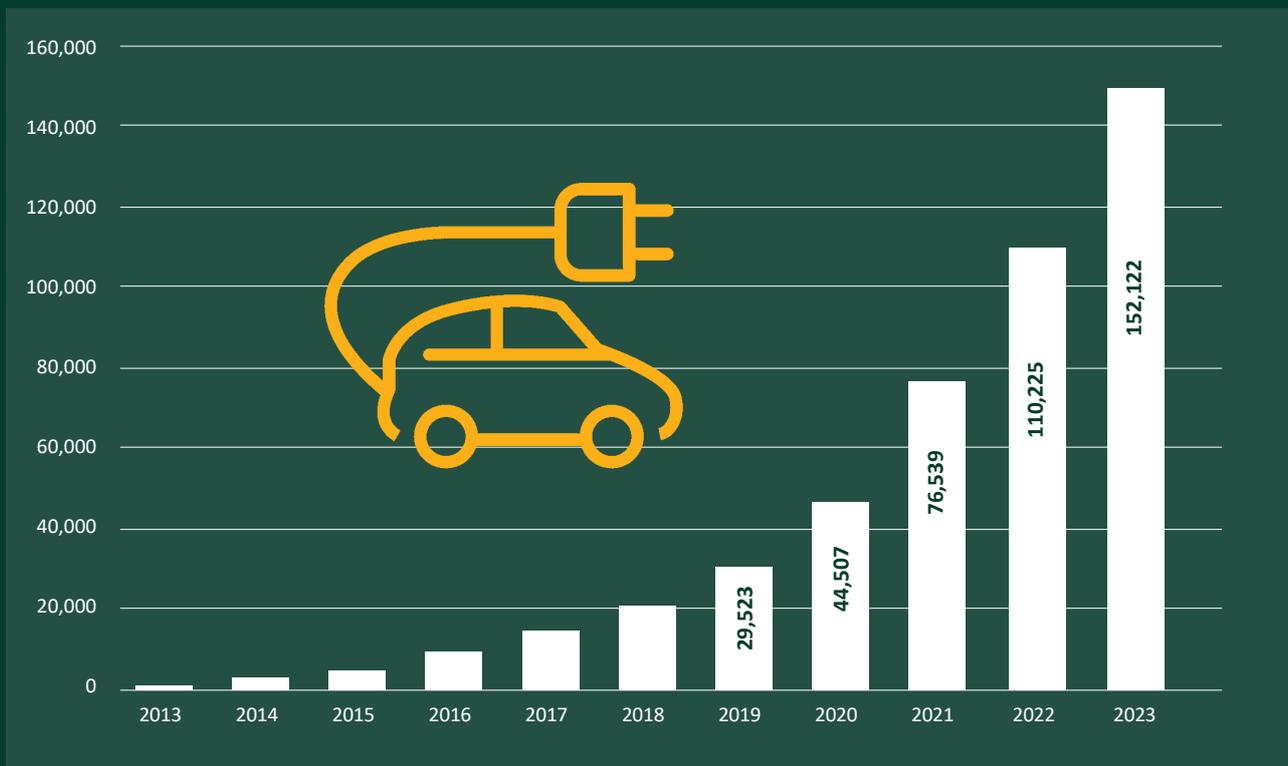
Main challenges to PV expansion by 2030

Source: BEÖ – Austrian Federal Association for Electric Mobility



According to the integrated Austrian network infrastructure plan (ÖNIP), we need 21 TWh (terawatt hours) of solar power per annum by 2030 and 41 TWh by 2040 to cover all of Austria. This means that all federal states will quickly have to mobilise and realise their existing PV potential.

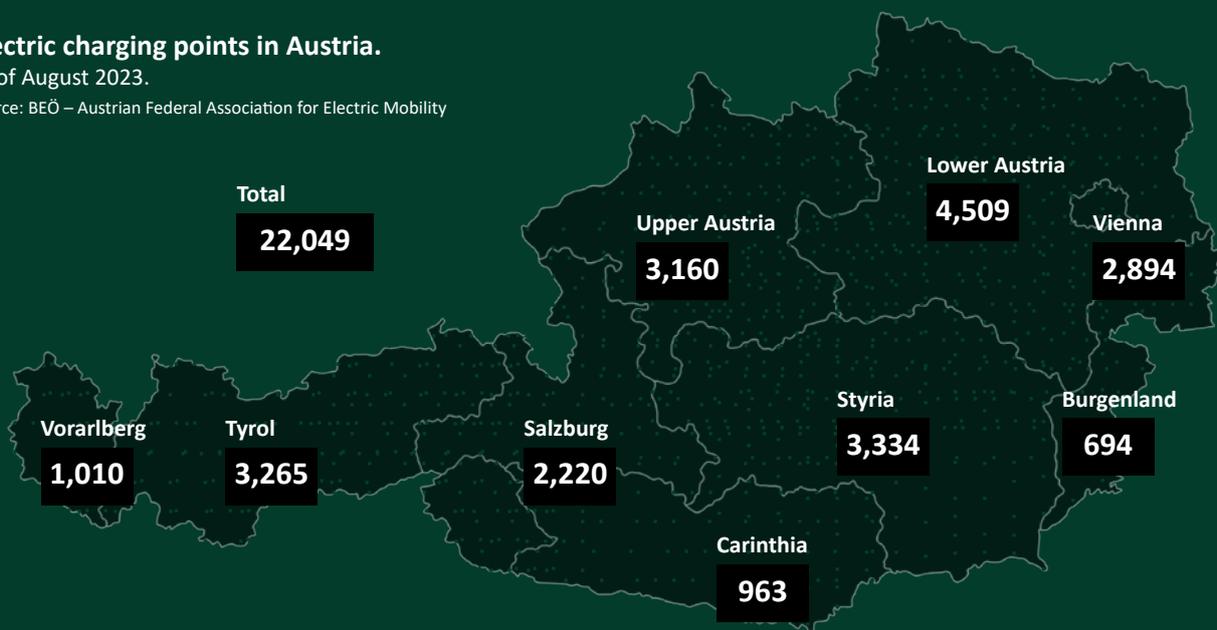
Electric cars in Austria. Stock as of November 2023. Source: BEÖ – Austrian Federal Association for Electric Mobility



Electric charging points in Austria.

As of August 2023.

Source: BEÖ – Austrian Federal Association for Electric Mobility



At the end of November 2023, there were 152,122 purely electric passenger cars in Austria. There were 43,602 new registrations, equivalent to 19.8% of all new registrations and a 44.4% increase on the previous year. New petrol car registrations have fallen by 2.5% and diesel-powered vehicles by 3.4%. At the end of July 2023, 22,049 public charging points were available; this compares with around 13,800 in the same period in 2022.

Did you know that ...

... 3,151 hydro power plants were in operation in Austria at the end of 2022? These have a total output of around 14.9 GW.

... 80% of wastewater worldwide is not adequately treated, while many regions suffer from water scarcity?

... at 68.6%, Sweden has the largest share of renewable energy in the heating/cooling sector in the EU?

... investment in clean energy has increased by 40% worldwide since 2020?

... “sponge cities” mimic the natural water cycle to cool buildings and improve air quality by absorbing rainwater through green roofs, building facades and other green spaces?

... Europe generates almost 26 million tons of plastic waste every year? Less than 30% of this waste is collected and recycled.

... at least 3,000 GW of renewable energy projects are waiting to be connected up to the grid? This is five times the PV and wind power capacities added worldwide in 2022.

... the cost of converting gas pipelines to hydrogen pipelines is only around 10–15% of the cost of new piping?

... 75% of the energy and raw material requirements of the iron and steel industries are currently met by coal? The innovative technologies of low temperature electrolysis (LTE) and molten oxide electrolysis (MOE) present an opportunity to decarbonise steel production.



SEPARATE FINANCIAL STATEMENTS OF KOMMUNALKREDIT AUSTRIA AG, VIENNA, FOR THE 2023 FINANCIAL YEAR.



Statement of financial position (under the Austrian Banking Act)

ASSETS in EUR	Note		31/12/2023	31/12/2022
1. Cash on hand and balances with central banks			887,662,512.14	503,202,095.08
2. Debt securities from public issuers that are eligible for refinancing at the central bank	4.1.		531,396,603.47	391,602,047.10
Debt securities from public issuers		531,396,603.47		391,602,047.10
3. Loans and advances to credit institutions	4.2.		92,236,833.39	150,450,702.30
a) repayable on demand		63,489,339.06		101,560,123.17
b) other loans and advances		28,747,494.33		48,890,579.13
4. Loans and advances to customers	4.3.		3,758,904,891.33	3,044,665,463.21
5. Bonds and other fixed-income securities	4.4.		394,469,691.96	373,152,005.23
a) of public issuers		78,374,590.80		81,784,021.90
b) of other issuers		316,095,101.16		291,367,983.33
<i>including own bonds</i>		<i>0.00</i>		<i>0.00</i>
6. Investments	4.5.		34,471,508.64	32,501,875.00
<i>of which in credit institutions</i>		<i>0.00</i>		<i>0.00</i>
7. Investments in affiliated companies	4.5.		50,444,044.81	50,420,153.81
<i>of which in credit institutions</i>		<i>0.00</i>		<i>0.00</i>
8. Intangible non-current assets	4.6.		602,671.90	885,631.06
9. Property, plant and equipment	4.6.		2,719,987.12	2,726,080.44
<i>of which land and buildings used by the credit institution within the framework of its own activities</i>		<i>0.00</i>		<i>0.00</i>
10. Other assets	4.7.		52,464,758.63	32,613,662.70
11. Prepaid expenses	4.8.		17,381,790.92	14,352,941.71
12. Deferred tax assets	4.9.		10,846,892.19	13,205,900.12
Total assets			5,833,602,186.50	4,609,778,557.76
Off-balance-sheet items				
1. Foreign assets			3,524,468,226.22	2,721,728,545.81

EQUITY AND LIABILITIES in EUR	Note		31/12/2023	31/12/2022
1. Amounts owed to credit institutions	4.10.		121,997,942.47	156,635,753.17
a) repayable on demand		31,711,175.37		32,585,942.13
b) with fixed maturity or period of call		90,286,767.10		124,049,811.04
2. Amounts owed to customers	4.11.		3,327,904,027.84	2,304,981,932.85
a) other liabilities				
aa) repayable on demand		253,504,085.49		537,392,024.22
bb) with fixed maturity or period of call		3,074,399,942.35		1,767,589,908.63
3. Securitised liabilities	4.12.		1,610,978,801.70	1,504,818,327.42
a) bonds issued		1,439,294,246.78		1,329,312,052.93
b) other securitised liabilities		171,684,554.92		175,506,274.49
4. Other liabilities	4.13.		39,455,671.20	26,998,951.67
5. Deferred income	4.14.		29,244,583.47	30,039,213.17
6. Provisions	4.15.		67,246,912.56	49,909,627.05
a) provisions for severance pay		744,193.41		754,913.50
b) provisions or pensions		787,177.43		941,949.10
c) tax provisions		32,616,588.92		17,984,608.46
d) other		33,098,952.80		30,228,155.99
6A. Fund for general banking risks (§ 57 (3) Austrian Banking Act)	4.16.		40,000,000.00	40,000,000.00
7. Tier 2 Capital	4.17.		41,728,699.63	41,730,833.35
8. Additional Tier 1 capital under Part 2 Title I chapter 3 of Regulation (EU) No. 575/2013	4.18.		63,318,700.55	63,321,566.30
9. Subscribed capital	4.19.		177,017,120.82	177,017,120.82
10. Capital reserves			12,479,260.88	12,479,260.88
a) restricted	4.20.	12,479,260.88		12,479,260.88
b) non-restricted	4.20.	0.00		0.00
11. Retained earnings			130,452,739.73	130,452,739.73
a) statutory reserves	4.21.	10,434,104.73		10,434,104.73
b) other reserves (non-restricted reserves)	4.21.	120,018,635.00		120,018,635.00
12. Liability reserve pursuant to § 57 (5) Austrian Banking Act	4.22.		28,017,949.75	22,291,911.08
13. Net profit	4.23.		143,759,775.90	49,101,320.27
Total equity and liabilities			5,833,602,186.50	4,609,778,557.76
Off-balance-sheet items				
1. Contingent liabilities	5.1.		6,783,675.00	9,342,247.00
<i>of which liabilities from sureties and guarantees from the assignment of collateral</i>		6,783,675.00		9,342,247.00
2. Credit risk	5.2.		928,842,653.19	1,074,036,434.92
<i>of which liabilities from repurchase transactions</i>		0.00		0.00
3. Liabilities from fiduciary transactions	5.3.		193,259,302.21	248,474,098.08
4. Eligible capital pursuant to Part 2 of Regulation (EU) No. 575/2013	6.1.		635,574,175.18	538,939,435.11
<i>of which Tier 2 capital pursuant to Part 2 title I Chapter 4 of Regulation (EU) No. 575/2013</i>		41,650,000.00		44,950,000.00
5. Capital requirements pursuant to Art.92 of Regulation (EU) No. 575/2013	6.1.		2,965,650,700.99	2,552,491,163.35
<i>of which capital requirements pursuant to Art. 92 para. 1 (a) of Regulation (EU) No. 575/2013 CET 1 ratio</i>	6.1.	17.9%		16.9%
<i>of which capital requirements pursuant to Art. 92 para. 1 (b) of Regulation (EU) No. 575/2013 Tier 1 capital ratio</i>	6.1.	20.0%		19.4%
<i>of which capital requirements pursuant to Art. 92 para. 1 (c) of Regulation (EU) No. 575/2013 Total capital ratio</i>	6.1.	21.4%		21.1%
6. Foreign liabilities			2,657,006,567.02	2,025,317,144.84

Income Statement (under the Austrian Banking Act)

in EUR	Note			1/1-31/12/2023	1/1-31/12/2022
1. Interest and similar income <i>of which from fixed-income securities</i>			11,904,032.27	311,079,425.22	123,371,009.55 7,392,191.64
2. Interest and similar expenses				-138,047,653.18	-28,822,412.05
I. NET INTEREST INCOME	7.1.1.			173,031,772.04	94,548,597.50
3. Income from securities and investments	7.1.2.			233,100.00	478,387.50
a) income from investments			40,500.00		45,000.00
b) income from investments in affiliated companies			192,600.00		433,387.50
4. Fee and commission income	7.1.3.			35,066,528.94	27,452,170.47
5. Fee and commission expenses	7.1.3.			-2,867,161.60	-6,180,476.36
6. Income/expenses from financial transactions				10,169.33	3,033.28
7. Other operating income	7.1.5.			5,380,714.02	5,141,613.92
II. OPERATING INCOME				210,855,122.73	121,443,326.31
8. General administrative expenses	7.1.4.			-73,029,678.06	-61,987,982.22
a) Personnel expenses	7.1.4.1.		-46,572,272.22		-40,004,010.67
aa) salaries		-40,007,074.42			-35,100,033.18
bb) expenses for statutory social charges, salary-dependent charges and compulsory contributions		-4,947,628.19			-4,157,851.38
cc) other social expenses		-630,976.04			-483,081.99
dd) expenses for pension costs		-499,525.17			-479,070.01
ee) allocations to/cancellation of pension provision		154,771.67			5,265.97
ff) expenses for severance pay and contributions to company pension plans		-641,840.07			210,759.9
b) other administrative expenses (other non-personnel administrative expenses)	7.1.4.2.		-26,457,405.84		-21,983,971.55
9. Valuation allowances to assets reported under asset items 9 and 10				-876,511.37	-743,402.28
10. Other operating expenses	7.1.6.			-1,025,120.12	-1,202,735.20
III. OPERATING EXPENSES				-74,931,309.55	-63,934,119.70
IV. OPERATING RESULT				135,923,813.18	57,509,206.61
11. Income from the valuation allowance of receivables and allocations to provisions for contingent liabilities and credit risks <i>of which change in provision under § 57 (1) Austrian Banking Act</i>	7.1.7.		3,300,000.00	-1,889,730.51 3,300,000.00	-3,146,178.93 -900,000.00
12. Income from the valuation allowance of receivables and allocations to provisions for contingent liabilities and credit risks	7.1.7.			1,123,778.14	13,209,740.47
13. Expenses from the valuation allowance of securities measured as financial assets and of investments and shares in affiliated companies	7.1.7.			478,793.49	999,434.30
V. PROFIT ON ORDINARY ACTIVITIES				135,636,654.30	68,572,202.45
14. Reorganization result				0.00	17,918,635.00
15. Taxes on Income	7.1.8.			-35,121,280.87	-16,242,317.79
16. Other taxes not reported under item 15	7.1.8.			-130,879.13	-60,968.97
VI. PROFIT FOR THE YEAR	7.1.9.			100,384,494.30	70,187,550.69
17. Appropriation to and release of reserves				-5,726,038.67	-21,818,943.81
a) liability reserve pursuant to § 5 (5) Austrian Banking Act		-5,726,038.67	0.00		-3,900,308.81
b) statutory reserve		0.00	0.00		0.00
c) non-statutory reserve		0.00	0.00		-17,918,635.00
18. Profit carried forward				49,101,320.27	732,713.39
VII. NET PROFIT				143,759,775.90	49,101,320.27

NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF KOMMUNALKREDIT AUSTRIA AG FOR THE 2023 FINANCIAL YEAR.

1. GENERAL INFORMATION

Kommunalkredit Austria AG (Kommunalkredit), which has its registered office in Vienna, at Tuerkenstrasse 9, is a specialist bank for infrastructure and energy financing as well as public finance; it forms the bridge between project sponsors (infrastructure constructors and/or operators) and institutional investors such as insurers or pension funds. It is registered with the Commercial Court (Handelsgericht) of Vienna under Companies Register number 439528s.

Satere Beteiligungsverwaltung GmbH (Satere) owns 99.80% of Kommunalkredit, with a stake of 0.20% held by the Association of Austrian Municipalities. Satere is a holding company through which Interritus Limited (Interritus) and Trinity Investments Designated Activity Company (Trinity) hold their participations in Kommunalkredit; Interritus and Trinity respectively hold 55% and 45% of Satere.

The consolidated financial statements of Kommunalkredit, based on the IFRS, are prepared pursuant to § 59a of the Austrian Banking Act (BWG) in conjunction with § 245a of the Austrian Commercial Code (UGB). As an issuer of exchange-listed securities, Kommunalkredit publishes an annual financial report pursuant to § 124 of the Austrian Stock Exchange Act (BörseG) of 2018.

The consolidated financial statements of Kommunalkredit, which prepares the consolidated financial statements for the smallest consolidated group of companies, are registered with the Commercial Court of Vienna under Companies Register number 439528s. Kommunalkredit is an affiliated company of Satere, which has its registered office in Vienna and prepares the consolidated financial statements for the largest scope of consolidation. The consolidated financial statements of Satere are deposited with the Companies Register of the Commercial Court of Vienna under Companies Register number 428981f.

2. ACCOUNTING STANDARDS APPLIED

These financial statements were prepared in accordance with the relevant provisions of the Austrian Banking Act (Bankwesengesetz – BWG) and the provisions of the Austrian Commercial Code (Unternehmensgesetzbuch – UGB) applicable to financial institutions.

3. ACCOUNTING AND MEASUREMENT RULES

3.1. General remarks

The annual financial statements were prepared in compliance with generally accepted accounting principles and the general standard requiring the presentation of a true and fair view of the assets, the financial position and the income of the company.

The principle of completeness was complied with in the preparation of the financial statements. The assets and liabilities were measured on an item-by-item basis on the assumption of a going concern. The principle of prudence, considering the specificities of the banking business, was observed insofar as only profits realised on the reporting date were recognised and all identifiable risks and impending losses were taken into account.

Income and expenses are accrued/deferred pro rata temporis and are recognised in the period to which they are attributable in economic terms. Interest is recognised as it accrues in net interest income, considering all contractual arrangements made in connection with the financial assets or liabilities. Dividend income is only booked when a corresponding legal claim to payment arises.

Fees and commissions for services provided over a certain period of time are recognised over the period of service provision. Fees related to the completion of a specific service are booked as income at the time of completion of the service. Contingent commissions are recognised when the required performance criteria are met.

All purchases and sales of financial instruments are recognised on the trade date.

3.2. Currency translation

The reporting and functional currency is the euro. Assets and liabilities denominated in foreign currencies are translated at the rates notified by the European Central Bank (ECB) on the reporting date pursuant to § 58 (1) of the Austrian Banking Act. Forward transactions not yet settled are translated at the forward rate on the reporting date.

3.3. Receivables

Receivables purchased from third parties are recognised at amortised cost. All other loans and advances to credit institutions and loans and advances to customers are recognised at their nominal value. For receivables with an intention of syndication, the carrying amount is reduced by the expected syndication expenses.

Risk provisions

Statistically expected credit losses are taken into account based on a risk provisioning model with statistically calculated empirical values (by analogy with IFRS 9). The valuation allowance is calculated either as the expected 12-month credit loss (level 1) or the expected credit loss over the residual term until maturity, depending on whether the risk of default has increased significantly since the initial recognition of the financial asset (level 2). The expected loss for levels 1 and 2 is determined as the product of the probability of default (PD) over 12 months (level 1) or the residual term until maturity (level 2), the loss given default (LGD) and the exposure at the time of default (EAD).

In order to assess whether the risk of default has increased significantly (level transfer), Kommunalkredit takes quantitative and qualitative factors into account, covering the 16 indicators according IFRS 9/B5.5.17 a-p. These include, in particular:

- Absolute amount of the credit risk ("low credit risk" criterion), the expected 12-month credit loss (level 1) being generally recognised for financial assets rated investment grade. A qualitative review is carried out to identify significant increases in the credit risk for all financial assets in the investment grade segment as part of the regular rating and review process.
- Relative change in credit risk on the basis of the probability of default (rating).
- Changes in internal price indicators with terms and conditions remaining the same.
- Possible significant changes in contractual terms if the financial instrument had been newly issued.
- Changes in external market indicators of a financial instrument with an equivalent structure.
- Where arrears of more than 30 days have developed, an individual analysis is performed to establish if this leads to a significant increase in credit risk.

If the (quantitative or qualitative) circumstances that necessitated a downgrade in the exposure cease to apply, the exposure is transferred back after a corresponding recovery period.

Probabilities are factored into the calculation of the valuation allowances for level 1 and level 2, also taking into account all expected disbursements and repayments in the period under review as well as the maximum contract term during which Kommunalkredit is exposed to a risk of default. Input parameters for the calculation of the expected credit losses such as the exposure at default (EAD), probability of default (PD) and the loss-given-default ratio (LGD) are determined from a combination of internal and external data. The (statistically) expected credit loss calculated for the future is discounted on the reporting date and aggregated; the discount rate is equal to the interest rate effective. The inclusion of forward-looking information in input parameters is based on a macro-economic model that incorporates factors such as GDP growth, unemployment rates and changes to the two share indices S&P 500 and STOXX Europe 50. The derivation of macro-economic scenarios as a basis for the probability-weighted calculation of expected credit losses takes into account the specifics of Kommunalkredit's portfolio and undergoes regular validation.

Valuation allowance requirements (level 3) are evaluated within Kommunalkredit for individual transactions for borrowers that are in default according to the regulatory criteria, with financial assets and their associated credit commitments being individually taken into account for each transaction. Cash flow estimates for the individual transaction are used to determine the valuation allowance requirements.

To define default events, Kommunalkredit applies the definition of a default as laid down by Art. 178 CRR. This includes both receivables that are more than 90 days in default (overdue receivables) and the criterion "unlikeliness to pay". A receivable is deemed to be 90 days in default if the overdue receivable exceeds the outstanding loans and advances by more than 1.0%, and is at least EUR 500.00. As part of the "unlikeliness to pay" review, receivables pursuant to Art. 178 CRR are also subject to a qualitative review to determine whether it is unlikely that the debtor can meet its obligations in full. The assessment criteria are specified in more detail by the EBA and ECB. However, a distinction should be made between such criteria which, if met, must generally lead to a default status being assigned and those which must be seen as an indication of the potential non-recoverability of the entire receivable. These must then be examined, and may not necessarily lead to a default status being assigned.

At Kommunalkredit, there is a multi-stage risk control process in which all exposures/partners are classified into six risk levels:

- **Risk level 1a: Normal care**
Standard risk level for all exposures in normal care that are not subject to a higher risk level.
- **Risk level 1b: Monitoring list**
Exposures in normal care but which are subject to monitoring and on the monitoring list because they exhibit temporary anomalies and are being monitored for various reasons. However, there is no elevated risk (yet) in the sense of a significant deterioration of the probability of default.
- **Risk level 2a: Watchlist/intensive care**
Includes those exposures that are classified as watchlist partners due to material or credit-related anomalies and elevated risk. They are therefore subject to close monitoring and care (intensive care). These exposures are already recorded at valuation allowance level 2 (expected credit loss over the residual term of the exposure). However, they do not yet exhibit any need for individual valuation allowances.
- **Risk level 2b: Work out/no default**
Exposures in risk level 2b are already classified as potential distressed loans. Regardless of any default, risk level 2b includes those exposures that must be classified as "risk positions with a significant need for restructuring" but that are not in default.
- **Risk class 3: Work out/default, resolution**
Restructuring cases in default or for which an individual valuation allowance has been recognised must be classified in risk level 3a, provided no resolution measures are planned. In case of resolution measures (immediate demand for payment and collection of the receivable by realising collateral through judicial or non-judicial measures), the receivable is reclassified to risk level 3b.

From risk level 1b, close monitoring and monthly reporting are performed in the Credit Committee. Individual valuation allowances must be formed where it is expected that a receivable – including interest – cannot be collected in full or at all. The need to form an individual valuation allowance is also reviewed if the regulatory default definitions are met (90 days in default and/or unlikeliness-to-pay).

Individual valuation allowances and expected credit losses are subject to estimation uncertainties, especially in relation to the amount and the time of the estimated cash flows, the estimated probabilities of default and the loss ratio.

Development in risk provisions

A half-year evaluation and an update of the probabilities of default (“PD”)¹, and were used as a basis for the ECL² calculation. Kommunalkredit uses the PD rating system bought from S&P. Through-the-cycle PDs are bought from S&P. They are updated annually and transformed into point-in-time PDs every six months using an S&P model (specific PDs for the Specialised Lending, Corporates and Financial Institutions portfolios and the “All Sectors” PDs for all other exposures).

For the PD model, one of the key drivers of the PDs is changes in macroeconomic input parameters. The through-the-cycle PDs fell slightly recently, while slightly improved economic growth as against 2023 is forecast for the eurozone in 2024. Both factors have a positive impact on the point-in-time PDs in the model. By contrast, however, the rating migration trend is less positive than in the previous period (slowdown in positive momentum), even though the number of positive rating changes still exceeds the number of rating downgrades.

The bank’s portfolio is solid due to the contractual and structural risk mitigation factors that are typical for infrastructure and energy financing. Much of the project financing benefits from availability models, fixed feed-in tariffs or long-term contracts and also contains additional risk-mitigating contractual agreements such as extensive disbursement checks, restrictive financial covenants and reserve accounts. Based on sensitivity analyses, the financing structures and the repayment profiles are defined so as to ensure that there are sufficient reserves in place for servicing loans in a due and proper manner.

Nevertheless, a default occurred in three cases. Two of these cases feature government guarantees of 90%-95% via export credit agencies (credit rating of the Federal Republic of Germany with only a small residual exposure). All in all, an exposure volume of EUR 53.4m is in default (non-performing loan ratio of 1.5%, or a net ratio of 1.0% taking account of the ECA cover).

Specific valuation allowances of EUR 4.3m have been set up for these three cases. There were no new forbearance cases in 2023. Two cases from 2022 are still in the two-year forbearance probation period, with one of these assets indirectly held by Kommunalkredit via a fund participation. As of 31 December 2023, there were no receivables that had been in default for more than 30 days, with the exception of the receivables in default as referred to above.

As of 31 December 2023, a total of four exposures from the bank’s loan portfolio with an exposure amounting to EUR 46,502,049.17 were recognised in ECL 2 (lifetime ECL). The value for level 2 exposure includes (on a pro rata basis) an exposure that Kommunalkredit holds indirectly through a fund participation.

Net provisioning for impairment losses recognised an expense of EUR 1,889,730.51 for the period from 1 January to 31 December 2023 (2022: expense of EUR 2,139,564.91). This was a result of new business, rating changes, level transfers, the recognition of new valuation allowances and the PD update.

EUR
4.3_m
Individual valuation allowance for 3 NPEs

Moreover, for reasons of prudence and in view of the specific risks associated with the banking business, there is a provision pursuant to § 57 (1) of the Austrian Banking Act (reported under loans and advances to customers) amounting to EUR 1,650,000.00 as of 31 December 2023 (31 December 2022: EUR 4,950,000.00).

Contractual amendments

If a contract is adjusted without such an adjustment being having been provided for beforehand in the contract, this is referred to as a contractual amendment (modification). Each contractual amendment is assessed to determine whether it is a significant contractual amendment or an insignificant contractual amendment from an economic perspective. This involves assessing and comparing qualitative and quantitative aspects of the contract before and after the amendment. If a significant amendment is found after performing the qualitative and/or quantitative assessment, it is considered to be a significant contractual adjustment which substantially changes the economic substance of the asset and results in the derecognition of the old asset and the recognition of the new one. If the fair value of the new asset differs from the previous carrying amount of the old asset, the difference will be realised in the “loan impairment, valuation and sales result”.

EUR
>1.9_m
Net provisioning for impairment losses

Losses from non-material contract amendments are recorded in the income statement under “loan impairment, valuation and sales result” and amortised in net interest income over the remaining term of the contract.

¹ The PDs are determined by applying the provisions of IFRS 9, taking into account forward-looking information.

² ECL = Expected Credit Loss.

3.4. Securities

Securities to be held for the company's business operations on a permanent basis are classified as non-current assets. Securities acquired with the intention to trade are assigned to the trading book. Securities that are neither classified as non-current assets nor assigned to the trading portfolio are classified as current assets. For the time being, Kommunalkredit has no securities in the trading book.

Securities are recognised at cost, based on the less stringent variant of the lower-of-cost-or-market principle for non-current assets and the strict variant of the lower-of-cost-or-market principle for current assets. Securities in the trading portfolio are recognised at their market value on the reporting date.

DIFFERENCES PURSUANT TO § 56 (2) + § 56 (3) AUSTRIAN BANKING ACT in EUR	31/12/2023	31/12/2022
Difference pursuant to § 56 (2) Austrian Banking Act (Difference between the higher acquisition cost and the amount repayable for the securities)	15,660,555.60	18,184,009.20
Difference pursuant to § 56 (2) Austrian Banking Act (Difference between the lower acquisition cost and the amount repayable for the securities)	2,827,289.55	2,072,084.51

Moreover, securities classified as non-current assets include the following hidden reserves and/or hidden liabilities (without taking the related interest rate swaps into account):

CALCULATION OF HIDDEN RESERVES in EUR	31/12/2023	31/12/2022
Carrying amount	478,630,203.66	110,439,453.42
Fair value	486,432,848.81	114,374,246.59
Hidden reserves	7,802,645.15	3,934,793.17

CALCULATION OF HIDDEN LIABILITIES in EUR	31/12/2023	31/12/2022
Carrying amount	629,712,828.55	845,017,492.51
Fair value	570,094,037.33	752,720,172.94
Hidden liabilities	-59,618,791.22	-92,297,319.57

Hidden liabilities mainly result from fixed-income securities, the low fair value being due to the sharp rise in interest rate. Hidden reserves and hidden liabilities are booked against the fair values of interest rate derivatives concluded for hedging purposes.

Securities with hidden liabilities are regularly analysed and measured with a view to credit risk.

On the basis of these analyses, a write-down pursuant to § 204 (1) (2) of the Austrian Commercial Code (UGB) was not required, as the impairment is assumed not to be permanent.

Fair value measurement

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

Level 1: There are quoted prices in an active market for identical financial instruments. Bid quotes for this category 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
- Pricing on the basis of market-derived spreads (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.

Broken down by the above categories, the temporary differences between the fair values and the carrying amounts of securities reported under non-current assets are as follows:

TEMPORARY DIFFERENCES OF SECURITIES 31/12/2023 in EUR	Level 1	Level 2	Level 3
Fair value	734,896,892.00	243,028,332.87	78,601,661.27
Book value	764,872,814.32	262,604,627.06	80,865,590.83
Temporary difference	-29,975,922.32	-19,576,294.19	-2,263,929.56

TEMPORARY DIFFERENCES OF SECURITIES 31/12/2022 in EUR	Level 1	Level 2	Level 3
Fair value	575,079,807.00	239,537,365.39	52,477,247.14
Book value	626,597,684.17	270,052,343.17	58,806,918.59
Temporary difference	-51,517,877.17	-30,514,977.78	-6,329,671.45

3.5. Investments and shares in affiliated companies

Investments and shares in affiliated companies are measured at cost, unless a write-down to their fair value is required; the analysis is performed annually on the basis of projections or by comparing the carrying amount of the investment against the investment equity.

3.6. Intangible assets

Intangible assets exclusively comprise purchased software. Amortisation is based on an assumed useful life of three or five years.

3.7. Property, plant and equipment

Property, plant and equipment comprise buildings on third-party land, office furniture and equipment, and works of art. Property, plant and equipment are measured at cost following deductions for scheduled depreciation accrued in prior years and in the reporting year. The period of depreciation is three years for technical equipment and either five or ten years for other movable assets. Investments in third-party buildings are depreciated over 15 or 20 years. Works of art are not subject to scheduled depreciation. The discretionary right in § 204 (1a) of the Austrian Commercial Code (UGB) is used for assets with single-item acquisition costs of up to EUR 1,000.00. These low-value assets are reported in the Schedule of Non-current Asset Transactions as additions and are depreciated in full in the year of acquisition. Their disposal occurs after three years. The discretionary right to immediate depreciation in § 204 (1a) of the Austrian Commercial Code (UGB) for the procurement of similar assets with single-item acquisition costs of up to EUR 1,000.00 (2022: EUR 800.00), but totalling over EUR 50,000.00, is not be used; such assets are capitalised in property, plant and equipment and depreciated over three years.

3.8. Deferred tax assets

Deferred tax from timing differences between the corporate and fiscal law carrying amounts is capitalised. Pursuant to § 235 (2) of the Austrian Commercial Code (UGB), the capitalised amount of EUR 10,846,892.19 is subject to a dividend ban.

Kommunalkredit did not elect to capitalise tax loss carryforwards (tax loss carryforward of Kommunalkredit as of 31 December 2023: EUR 0.00 [31/12/2022: EUR 0.00]).

3.9. Liabilities

Liabilities are recognised at the amount repayable. Differences between the issuing amount and the repayable amount (discount/premium) are recognised as prepaid expenses/deferred income and are distributed on a linear basis as an interest component within net interest income over the term of the liability. Net interest income from the TLTRO (Targeted Longer-Term Refinancing Operations) programme is based on the defined base interest rate.

3.10. Securitised liabilities

Securitised liabilities are recognised at the amount repayable. Costs incurred through an issuance that are directly related to funding are recognised as fee and commission expenses. The remaining difference between the proceeds from the issuance and the amount repayable (premium/discount) is recognised as prepaid expenses/deferred income and distributed as an interest component on a linear basis within net interest income over the term of the liability.

3.11. Provisions

Provisions for pensions, severance pay and jubilee bonus obligations are calculated annually by an independent actuary according to the projected-unit-credit method pursuant to § 211 (1) of the Austrian Commercial Code (UGB) in accordance with IAS 19. The "AVÖ 2018-P calculation bases for pension insurance – Pagler & Pagler", in their version for salaried employees, are used as a biometric basis. The actuarial discount rate was determined on the basis of the yields of prime fixed-income corporate bonds, with due consideration given to the terms of the obligations to be met.

The most important parameters underlying the calculation are:

- an actuarial discount rate of 3.25% (2022: 3.75%) for pensions and 3.00% (2022: 3.50%) for obligations from severance pay;
- a rate of increase in the relevant basis for calculation during the vesting period of 3.40% in the first year and of 3.35%, 3.30% and 3.25% (2022: 3.30%; 3.25%) in subsequent years for severance pay; a rate of increase in the relevant basis for calculation during the vesting period of 2.00% (2022: 2.00%) for pensions;
- assumed pensionable ages of 65 for women and men, taking into account the transitional provisions of the 2003 Austrian Budget Framework Act (Budgetbegleitgesetz) and the provisions on age limits for women of the Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG Altersgrenzen);

- a personnel turnover discount for severance pay obligations calculated on the basis of statistically derived rates of early termination of employment with or without severance pay, depending on the length of service.

All pension obligations towards active employees have been transferred to a pension fund. The provisions reported therefore only contain entitlements from defined-benefit pension obligations not covered by the pension fund for eight employees, resulting from direct commitments within the framework of the collective bargaining agreement (1961 pension reform, as amended on 1 January 1997) made prior to the transfer to the pension fund, or from individual contracts. The pension plan is a defined-benefit plan under which benefits for active staff, relative to the risk of death and invalidity, depend on the salary earned. Benefits for employees reaching retirement age are already fixed and therefore only subject to adjustment in line with the annual increase agreed upon through collective bargaining. As the defined-benefit components are fully funded, subsequent adjustments will only be required in the event of underperformance or “premature” payment of benefits. The full actuarial obligation for pensions amounts to EUR 1,332,152.77 (31/12/2022: EUR 941,949.10), of which entitlements in the amount of EUR 544,975.34 (31/12/2022: EUR 456,471.64) have been outsourced to the pension fund. The resulting provision requirement amounts to EUR 787,177.43 (31/12/2022: EUR 485,477.46). Provisions for entitlements to severance pay amount to EUR 744,193.40 (31/12/2022: EUR 754,913.49); provisions for jubilee bonuses amount to EUR 0.00 (31/12/2022: EUR 23,833.50).

All actuarial gains and losses are recognised directly in profit or loss. The development in provisions for severance pay in 2023 includes actuarial losses of EUR 12,797.10 (2022: gains of EUR 767,004.68). The change in pension provisions includes actuarial losses of EUR 401,452.67 (2022: gains of EUR 394,916.58). The change in plan assets includes valuation-related gains of EUR 60,298.73 (2022: valuation-related losses of EUR 44,570.18).

Other provisions were set up in the amount of their expected use in accordance with the principle of prudence, based on all identifiable risks and on liabilities that are not yet quantifiable. Provisions set up for periods of more than one year are discounted.

3.12. Fund for general banking risks pursuant to § 57 (3) Austrian Banking Act

EUR
40_m
§ 57 (3) Austrian
Banking Act

As of 31 December 2023, the fund for general banking risks amounted to EUR 40,000,000.00, unchanged from the previous year. Changes in the provisions set up pursuant to § 57 (3) of the Austrian Banking Act are recognised in the extraordinary result, as required under the Austrian Banking Act.

3.13. Derivatives

Swap transactions in the banking book are generally executed by Kommunalkredit to hedge interest rate and/or currency risks, with the hedges accounted for either at single-transaction level (recognition as micro hedges) or at aggregate level (recognition as macro hedges). The principle of single measurement applies for derivatives that are neither micro hedges nor macro hedges, with a provision for impending losses set up in the event of a negative fair value on the day of closing and recognised under other provisions.

Micro hedges

For hedge accounting (micro hedges), AFRAC (Austrian Financial Reporting and Auditing Committee) Opinion 15 on “Derivatives and Hedging Instruments (Austrian Commercial Code) (version dated December 2023)” contains provisions aimed at avoiding economically unjustified effects on the income statement (P&L) due to the different measurement of hedged underlying transactions and hedging instruments. Underlying transactions are individually recognised assets and liabilities at fixed interest rates as well as pending transactions already concluded at the time of classification. The rules on micro hedges serve to allow the changes in the value of hedging instruments and the hedged transactions to be recognised mostly as mutually offsetting. Proof of an effective hedging relationship between the underlying transaction and the hedging transaction is required in order to apply these micro hedge rules. A hedging relationship is considered effective if the results from the hedging instrument and the compensatory results from the hedged underlying transaction – relative to the hedged risk – offset each other within a range of 80% to 125%. Kommunalkredit verifies compliance with these requirements through prospective (matching of the components determining the market value) and retrospective effectiveness tests. Prospective effectiveness testing involves a comparison or review of all parameters of the hedged item and the hedge itself affecting the scope of the hedged value change to determine whether the hedge will be fully or largely effective. If all parameters of the underlying transaction and the hedging transaction determining the amount of the hedged value change are identical but compensatory (critical terms match“), this is taken as an indicator of an effective hedging relationship (simplified determination of effectiveness). If the hedged fair value of the structure (underlying and hedging transactions) fluctuates within a range of 80% to 125%, this is an indicator that the hedge is largely effective. However, this is allowed only if there is no doubt as to the creditworthiness of the hedge provider and the recoverability of the underlying transaction, apart from the hedged risk. A retrospective effectiveness test verifies whether the hedged fair value of the structure (underlying and hedging transactions) have actually fluctuated between two specified dates and whether the hedge has been fully or largely effective. The ineffective part of a derivative with a negative fair value will be recorded as an impending loss provision; at Kommunalkredit it essentially relates to differences from the application of different interest rates when discounting an underlying and hedging transaction. Hedging transactions at Kommunalkredit are concluded for the term of the underlying transaction.

Macro hedges

Interest rate derivatives serving to manage the interest rate risk of the banking book and/or a clearly defined sub-portfolio (macro hedge) are accounted for according to the “FMA circular letter on accounting issues relating to interest rate derivatives and valuation adjustments of derivatives pursuant to § 57 of the Austrian Banking Act” (version dated December 2012). As an exception to the principle of individual measurement, compensatory interest-induced earning effects or value increases from the hedged underlying transactions are taken into account in the assessment of provisioning requirements. If negative swap market values are not fully offset by the compensatory interest-induced earning effects of the underlying transactions, a provision for impending losses is set up for the remaining negative value. As a basis for decisions on risk management and risk limitation concerning the interest rate risk in the banking book, the fixed-interest gap and

its sensitivity to interest rate changes affecting the market value of the banking book position are identified. The risk of fixed-interest gaps is highlighted through gap analyses and sensitivity analyses with annual maturity bands. Based on the information obtained, the risk of interest rate changes is assessed, managed and mitigated for assets and liabilities in keeping with the risk appetite and the risk-bearing capacity of the bank as a whole, or a management instrument is designated. When a new interest rate derivative contract is concluded, the quantitative suitability of the derivative as an instrument to hedge and limit the risk of interest rate changes for the bank as a whole is verified through a prospective test of the hedging effect using scenario analyses. The net present value risk of the total position as well as for each currency is quantified for a parallel shift and for two turn-around scenarios (steeper – flatter).

Owing to its exceptional character, application of this measurement method is conditional on compliance with formal and substantive requirements, such as:

- a need for hedging in view of fixed-interest gaps
- the existence of a hedging strategy and proof of compliance with this strategy
- the qualitative suitability of the derivative as a hedging instrument

The above prerequisites are met and documented by Kommunalkredit.

If fixed-interest gaps are closed through derivatives at macro level, prospective scenario analyses (net present value changes in the event of changes in interest level) are performed to determine the hedging effect and the effectiveness of the derivative and therefore its suitability for allocation to the macro position. On account of the net present value approach, the hedging period extends over the entire term of the underlying transaction. The interest claims related to the swap contracts and payments made to compensate for contracts not in accordance with prevailing market terms are accrued at matching maturities. Net interest income from derivatives in hedges is shown as the net value under the item in which the net interest income for the corresponding underlying transactions is reported (deal balance). Net interest income from other derivatives is reported in gross terms under swap income/swap expenses.

Derivatives are measured by means of an internal model based on the discounted cash flow method, taking current yield and basis spread curves into account. Embedded options are measured by means of commonly used option pricing models. For the measurement of interest-sensitive products with variable indicators, yield curves with different spread premiums are used, depending on the indicator (e.g. 3-month Libor, 12-month Libor). These refer to the respective indicator and are used to derive forward rates for cash flow determination. For derivatives in several currencies (e.g. cross-currency swaps), a cross-currency basis is used in line with prevailing market standards, alongside the adaptation of forwards via basis swap spreads. Cash flows from derivatives (settled over-the-counter (OTC) or via a central counterparty) are discounted using OIS curves (overnight index swaps at the overnight rate in line with the collateral rate, in EUR depending on the current collateral agreement – EONIA or ESTR). To determine the fair value of derivatives, counterparty default and own credit risks (credit value adjustment [CVA] and debt value adjustment [DVA]) are also taken into account. To this end, the net present value is adjusted by the BCVA (bilateral CVA adjustment). Kommunalkredit determines the BCVA for all derivatives without daily margin calls at counterparty level. A provision for impending losses is set up for negative BCVAs, whereas positive BCVAs are not taken into account. The BCVA is considered to be immaterial for collateralised derivatives with daily margin calls. The BCVA is calculated using the potential exposure method.

Swap transactions in the trading book, if any, are measured at their fair values, determined according to the principles outlined above, and recognised under other receivables and other liabilities. At present, Kommunalkredit has no swap transactions in the trading book.

3.14. Residual maturities

Residual maturity is defined as the period of time between the balance sheet date and the contractual maturity of the receivable or liability; in the case of partial amounts, residual maturity is shown for each partial amount. Collateral for market values from derivatives is shown under “repayable on demand” (daily payment dates); interest accruals/deferrals are shown under “up to 3 months”.

3.15. Fiduciary transactions

Fiduciary loans for which Kommunalkredit has no rights or obligations to the underlying loan transactions are recognised under liabilities from fiduciary transactions in the statement of financial position.

4. NOTES TO THE STATEMENT OF FINANCIAL POSITION

4.1. Public-sector debt instruments eligible as collateral for central bank funding

DEBT SECURITIES FROM PUBLIC ISSUERS in EUR	31/12/2023	31/12/2022
Securities in non-current assets	531,433,658.08	391,615,143.64
Securities in current assets	0.00	0.00
Expected credit loss (ECL)	-37,054.61	-13,096.54
Total	531,396,603.47	391,602,047.10

Securities of public bodies eligible as collateral for funding from the European Central Bank (ECB) are shown under this item.

Debt securities with carrying amounts (incl. interest deferral and accounting for ECL) of EUR 299,546,706.95 are due in 2024 (2023: EUR 169,830,930.90).

4.2. Loans and advances to credit institutions

Loans and advances to credit institutions include the following:

LOANS AND ADVANCES TO CREDIT INSTITUTIONS in EUR	31/12/2023	31/12/2022
Collateral for negative market values from derivative transactions	31,449,421.48	38,468,879.77
Non-listed securities	28,814,853.53	47,187,667.81
Credit balances with credit institutions	28,474,364.39	60,524,541.52
Collateral for loan disbursement obligations	1,141,026.39	1,835,950.88
Expected credit loss (ECL)	-71,085.86	-140,840.32
Other	2,428,253.46	2,574,502.64
Total	92,236,833.39	150,450,702.30

As in the previous year, loans and advances to credit institutions do not include any bills receivable or subordinated claims held

against credit institutions. Broken down by (residual) maturity, loans and advances to credit institutions are as follows:

LOANS AND ADVANCES TO CREDIT INSTITUTIONS BY RESIDUAL MATURITY in EUR	31/12/2023	31/12/2022
Loans and advances repayable on demand	63,489,339.06	101,560,123.17
Other loans and advances		
a) up to 3 months	1,025,370.44	1,086,751.82
b) more than 3 months up to 1 year	0.00	1,829,191.68
c) more than 1 year up to 5 years	27,793,209.75	46,115,475.95
d) more than 5 years	0.00	0.00
	28,818,580.19	49,031,419.45
	92,307,919.25	150,591,542.62
Expected credit loss (ECL)	-71,085.86	-140,840.32
Total	92,236,833.39	150,450,702.30

4.3. Loans and advances to customers

Loans and advances to customers include the following:

LOANS AND ADVANCES TO CUSTOMERS in EUR	31/12/2023	31/12/2022
Loans	3,578,832,742.34	2,871,581,775.96
Non-listed securities	161,349,302.23	149,287,250.69
Collateral for negative market values from derivative transactions	31,946,974.54	34,759,778.49
Specific valuation adjustment	-4,323,682.41	0.00
Provision pursuant to § 57 (1) Austrian Banking Act	-1,650,000.00	-4,950,000.00
Expected credit loss (ECL)	-7,250,445.37	-6,013,341.92
Total	3,758,904,891.33	3,044,665,463.21
<i>of which loans and advances to affiliated companies</i>	<i>0.00</i>	<i>0.00</i>
<i>of which loans and advances to companies in which an equity investment is held</i>	<i>0.00</i>	<i>0.00</i>

On the reporting date, all securities with a nominal value of EUR 159,487,090.83 were classified as non-current assets (31/12/2022: EUR 147,895,668.83).

Details on the calculation of the ECL are contained in Note 3.3.

Loans and advances to customers include subordinated claims with a carrying amount of EUR 165,996,022.66 (31/12/2022: EUR 146,870,841.39).

Broken down by maturity (residual maturity), loans and advances to customers are as follows:

LOANS AND ADVANCES TO CUSTOMERS BY RESIDUAL MATURITY in EUR	31/12/2023	31/12/2022
Loans and advances repayable on demand	49,116,535.45	51,844,036.93
Other loans and advances		
a) up to 3 months	148,781,543.38	49,345,117.59
b) more than 3 months up to 1 year	346,022,082.30	172,356,970.67
c) more than 1 year up to 5 years	1,987,717,615.24	1,684,508,668.74
d) more than 5 years	1,240,491,242.74	1,097,574,011.20
	3,723,012,483.66	3,003,784,768.20
Provision pursuant to § 57 (1) Austrian Banking Act, expected credit loss (ECL) and specific valuation adjustment	-13,224,127.78	-10,963,341.92
Total	3,758,904,891.33	3,044,665,463.21

4.4. Bonds and other fixed-income securities

BONDS in EUR	31/12/2023	31/12/2022
Securities of public issuers	78,379,184.94	81,785,602.89
Expected credit loss (ECL)	-4,594.14	-1,580.99
Total public issuers	78,374,590.80	81,784,021.90
Securities of other issuers	316,121,565.48	291,393,335.77
<i>of which own issues</i>	0.00	0.00
Expected credit loss (ECL)	-26,464.32	-25,352.44
Total other issuers	316,095,101.16	291,367,983.33
Total	394,469,691.96	373,152,005.23

All instruments reported under bonds and other fixed-income securities are exchange-listed. In 2024, bonds issued by public issuers with carrying amounts (incl. interest accruals/deferrals and ECL) of EUR 2,251,612.41 (2023: EUR 0.0) and bonds issued by other issues with carrying amounts (incl. interest accruals/deferrals and ECL) of EUR 40,442,470.40 will fall due (2023: EUR 23,549,263.78).

As in the previous year, all securities reported under this item were classified as non-current assets at the reporting date and none of the bonds or other fixed-income securities held in the portfolio are subordinated instruments.

4.5. Investments and shares in affiliated companies

As of 31 December 2023, the carrying amount of investments amounted to EUR 34,471,508.64 (31/12/2022: EUR 32,501,875.00). As of 31 December 2023, investments in affiliated companies amounted to EUR 50,444,044.81 (31/12/2022: EUR 50,420,153.81). The composition of investments and shares in affiliated companies (all of them non-listed), including their financial position, is shown in Annex 1.

4.6. Non-current intangible assets and property, plant and equipment

Changes in intangible assets and property, plant and equipment are shown in the Schedule of Non-current Asset Transactions (Annex 2).

4.7. Other assets

OTHER ASSETS in EUR	31/12/2023	31/12/2022
Interest accruals/deferrals from derivatives in the banking book	31,929,593.74	18,245,411.99
Foreign currency valuation of derivatives in the banking book	11,693,196.08	7,190,297.34
Receivables from deferred interest	1,119,542.51	1,205,103.69
Claims against the tax authorities	565,520.75	937,154.04
Other	7,156,905.55	5,035,695.64
Total	52,464,758.63	32,613,662.70
<i>of which recognised as cash items after the closing date</i>	<i>40,771,562.55</i>	<i>25,423,365.36</i>

The foreign currency valuation of derivatives in the banking book is based on exchange-rate fluctuations between the closing date of currency swaps and the reporting date. This valuation is booked against foreign currency valuations of assets and liabilities as well as positive/negative foreign currency valuations of derivatives shown under other assets/liabilities.

Kommunalkredit's open foreign currency position is continuously monitored and strictly limited; therefore, there are no material currency risks. The "Other" item mainly includes receivables from Group companies and receivables from services rendered.

The residual maturity of other assets is presented as follows:

OTHER ASSETS ACCORDING TO RESIDUAL MATURITY in EUR	31/12/2023	31/12/2022
Loans and advances repayable on demand	0.00	0.00
Other loans and advances		
a) up to 3 months	51,108,979.10	31,281,068.85
b) more than 3 months up to 1 year	0.00	0.00
c) more than 1 year up to 5 years	210,249.02	101,502.16
d) more than 5 years	1,145,530.51	1,231,091.69
	52,464,758.63	32,613,662.70
Total	52,464,758.63	32,613,662.70

4.8. Prepaid expenses

Prepaid expenses include the following:

PREPAID EXPENSES in EUR	31/12/2023	31/12/2022
Deferred fees from derivative transactions	9,096,721.36	4,245,956.08
Capitalised offering discounts of bond issues	7,273,069.70	8,852,384.88
Other	1,011,999.86	1,254,600.74
Total	17,381,790.92	14,352,941.70

4.9. Deferred tax assets

Assets of EUR 10,846,892.19 resulted from the capitalisation of deferred taxes from timing differences between corporate law and fiscal law carrying amounts as of 31 December 2023 (31/12/2022: EUR 13,205,900.12). For Kommunalkredit, temporary differences between corporate law and fiscal law primarily result from the fund for general banking risks pursuant to § 57 (3) of the Austrian Banking Act, the general risk provision pursuant to § 57 (1) of the Austrian Banking Act, personnel provisions

and the allocation of fundraising costs over the term of the issue. General valuation allowances (ECL) of receivables calculated in accordance with the Austrian Commercial Code (UGB) can also be deducted for tax purposes for financial years that begin after 31 December 2020. The ECL status as of 31 December 2020 (EUR 6,368,242.45) must be made up to five years from a tax perspective. The remaining temporary difference as of 31 December 2023 amounts to EUR 2,547,296.98.

4.10. Amounts owed to credit institutions

Amounts owed to credit institutions include the following:

AMOUNTS OWED TO CREDIT INSTITUTIONS in EUR	31/12/2023	31/12/2022
Other loans	76,101,662.50	75,653,200.00
Cash collateral received for positive market values of derivatives	29,985,836.69	31,612,643.21
Money market trade	10,289,189.67	7,000,000.00
Collateralised loans received of the European Investment Bank	3,920,078.24	4,352,011.58
TLTRO III programme (Targeted Longer Term Refinancing Operation) of ECB	0.00	37,061,956.25
Other (pending monetary transactions)	1,701,175.37	955,942.13
Total	121,997,942.47	156,635,753.17

Broken down by maturity (residual maturities), amounts owed to credit institutions are as follows:

AMOUNTS OWED TO CREDIT INSTITUTIONS BY RESIDUAL MATURITY in EUR	31/12/2023	31/12/2022
Liabilities repayable on demand	31,711,175.37	32,585,942.13
Other liabilities		
a) up to 3 months	11,108,697.28	7,657,385.51
b) more than 3 months up to 1 year	434,783.00	434,783.00
c) more than 1 year up to 5 years	77,004,158.36	113,783,731.46
d) more than 5 years	1,739,128.46	2,173,911.07
	90,286,767.10	124,049,811.04
Total	121,997,942.47	156,635,753.17

4.11. Amounts owed to customers

Amounts owed to customers include the following:

AMOUNTS OWED TO CUSTOMERS in EUR	31/12/2023	31/12/2022
Deposits by retail customers - KOMMUNALKREDIT INVEST	2,150,208,989.12	1,297,156,257.67
Deposits by corporates, municipalities and municipal-related enterprises – KOMMUNALKREDIT DIREKT	1,048,705,820.98	880,327,151.64
Cash collateral received for positive market values of derivatives	25,176,619.05	23,682,093.28
Other long-term liabilities to customers	103,812,598.69	103,816,430.26
Total	3,327,904,027.84	2,304,981,932.85

Broken down by maturity (residual maturities), amounts owed to customers are as follows:

AMOUNTS OWED TO CUSTOMERS BY RESIDUAL MATURITY in EUR	31/12/2023	31/12/2022
Liabilities repayable on demand	253,504,085.49	537,392,024.22
Other liabilities		
a) up to 3 months	598,616,022.42	328,116,892.78
b) more than 3 months up to 1 year	1,149,753,405.03	718,839,471.58
c) more than 1 year up to 5 years	1,040,877,125.35	542,983,707.81
d) more than 5 years	285,153,389.55	177,649,836.46
	3,074,399,942.35	1,767,589,908.63
Total	3,327,904,027.84	2,304,981,932.85

4.12. Securitised liabilities

Securitised liabilities are broken down as follows:

SECURITISED LIABILITIES in EUR	31/12/2023	31/12/2022
Bonds issued	1,439,294,246.78	1,329,312,052.93
Other securitised liabilities	171,684,554.92	175,506,274.49
Total	1,610,978,801.70	1,504,818,327.42

The bonds issued are exchange-listed; the securities reported under other securitised liabilities are non-listed.

The increase in securitised liabilities reflects the increased issue activities in 2023 to diversify the funding sources and was mainly reflected in EUR 89.9m private placements of senior preferred bonds and EUR 50m covered bond transactions. Bonds issued

with carrying amounts (incl. interest accruals/deferrals) of EUR 300,473,360.66 (2023: EUR 47,117,118.36) and other securitised liabilities in the amount of EUR 5,000,000.00 (2023: EUR 0.00) will fall due in 2024. As in the previous year, securitised liabilities do not include any subordinated liabilities.

EUR
140_m
Private
placements

4.13. Other liabilities

OTHER LIABILITIES in EUR	31/12/2023	31/12/2022
Interest accruals/deferrals from derivatives	30,595,268.86	17,942,843.33
Foreign currency valuation of derivatives in the banking book	3,321,575.09	3,068,460.59
Accruals/deferrals between the spot rate and forward rate of FX swaps	2,409,881.90	3,414,375.90
Other	3,128,945.35	2,573,271.85
Total	39,455,671.20	26,998,951.67
<i>of which recognised as cash items after the closing date</i>	<i>33,724,214.21</i>	<i>20,515,500.98</i>

The foreign currency valuation of derivatives in the banking book is based on exchange-rate fluctuations between the closing date of currency swaps and the reporting date. This valuation is booked against foreign currency valuations of assets and liabilities as well as positive/negative foreign currency valuations of derivatives

shown under other assets/liabilities. Kommunalkredit's open foreign currency position is continuously monitored and strictly limited; therefore, there are no material currency risks. Other liabilities have residual maturities of up to three months, as in the previous year.

4.14. Deferred income

DEFERRED INCOME in EUR	31/12/2023	31/12/2022
Deferred fees from derivative transactions	27,779,499.44	29,003,424.37
Issuing premiums of issued bonds	508,234.11	663,328.77
Loan fees deferred over the term	956,849.92	372,460.03
Total	29,244,583.47	30,039,213.17

4.15. Provisions

Details on the personnel provisions are listed under 3.11. Provisions.

OTHER PROVISIONS in EUR	31/12/2023	31/12/2022
Provisions for personnel-related expenses	26,628,920.80	23,202,111.59
Provisions for outstanding incoming invoices	6,154,214.30	5,401,111.60
Provisions relating to derivatives	606,556.27	1,685,008.74
Provisions expected credit loss (ECL)	952,582.22	1,268,714.56
Other provisions	288,050.05	368,072.10
Total	34,630,323.64	31,925,018.59

4.16. Fund for general banking risks pursuant to § 57 (3) Austrian Banking Act

For prudential reasons and to cover special banking risks, Kommunalkredit appropriated provisions to the fund for general banking risks; it amounts to an unchanged EUR 40,000,000.00 as of 31 December 2023.

4.17. Additional tier 2 capital under Part 2 Title I Chapter 4 of Regulation (EU) No. 575/2013

As of 31 December 2023, tier 2 capital items comprised five (31/12/2022: five) EUR-denominated issues in a total nominal amount of EUR 40,000,000.00 (31/12/2022: EUR 40,000,000.00). With residual maturities of up to 23 years. None of these issues will fall due in 2024 (2023: none; nominal value of EUR 0.00).

The tier 2 capital items meet the conditions of Part 2, Title I, Chapter 4 of the Regulation (EU) No. 575/2013:

ISIN	Interest rate as of 31/12/2023	Maturity	Currency	Nominal in EUR	Right to call	Conversion to capital
Subordinated liabilities pursuant to § 23 (8) of the Austrian banking Act, old version						
Subordinated bonded loan 2007–2037	5.08	9/2/2037	EUR	10,000,000.00	Issuer	No
Subordinated bonded loan 2007–2037	5.08	9/2/2037	EUR	800,000.00	Issuer	No
Subordinated bonded loan 2007–2037	5.08	9/2/2037	EUR	10,200,000.00	Issuer	No
Subordinated bonded loan 2007–2047	5.0175	7/3/2047	EUR	10,000,000.00	Issuer	No
Subordinated bonded loan 2007–2047	5.0175	7/3/2047	EUR	9,000,000.00	Issuer	No

The expenses for subordinated additional tier 2 capital under Part 2 Title I Chapter 4 of Regulation (EU) No. 575/2013 amounted to EUR 2,017,991.28 in the 2023 reporting year (2022: EUR 2,157,630.56).

4.18. Additional tier 1 capital under Part 2 Title I Chapter 3 of Regulation (EU) No. 575/2013

As of 31 December 2023, additional tier 1 capital comprised two (31/12/2022: two) EUR-denominated issues in a total nominal amount of EUR 62,800,000.00 (31/12/2022: EUR 62,800,000.00). They have an indefinite term and may be terminated by the issuer for the first time after five years.

Expenses for (subordinated) additional tier 1 capital in 2023 amounted to EUR 4,101,634.25 (2022: EUR 4,104,500.00).

2024
No issues maturing

ISIN	Interest rate as of 31/12/2023 in %	Maturity	Currency	Nominal in EUR	Right to call
Additional tier 1 capital under Part 2 Title I Chapter 3 of Regulation (EU) No. 575/2013					
Fixed to Reset Rate AT1 Notes	6.875	Perpetual NC 2026	EUR	6,000,000.00	Issuer
Fixed to Reset Rate AT1 Notes	6.5	Perpetual NC 2026	EUR	56,800,000.00	Issuer

EUR
177_m
Share
capital

4.19. Subscribed capital

The share capital as of 31 December 2023 was unchanged at EUR 177,017,120.82 (31/12/2022: EUR 177,017,120.82).

Satere Beteiligungsverwaltungs GmbH holds 34,343,928 no-par-value shares, i.e. 99.80% of the shares; 70,367 no-par-value shares, i.e. 0.20% of the shares, are held by the Association of Austrian Municipalities.

Each no-par-value share represents an equal part of the share capital. There are no shares that have been issued but not fully paid up. Each no-par-value share represents a share of EUR 5.14 in the share capital. By way of a resolution passed by the Annual General Meeting held on 22 February 2023, the Executive Board was authorised to increase the share capital of the company through the issue of new no-par-value registered shares by a maximum amount of EUR 88,508,560.41 (authorised capital), subject to approval by the Supervisory Board, within a period of five years following registration of the amendment to the Articles of Association. No shares were issued in the 2023 financial year. This means that authorised capital of EUR 88,508,560.41 is still freely available.

EUR
89_m
Authorised
capital

4.20. Capital reserves

The capital reserve as of 31 December 2023 was unchanged at EUR 12,479,260.88 (31/12/2022: EUR 12,479,260.88).

5. OFF-BALANCE-SHEET ITEMS

5.1. Contingent liabilities

The contingent liabilities reported in the statement of financial position of EUR 6,783,675.00 (31/12/2022: EUR 9,342,247.00) a letter of comfort of EUR 6,783,675.00 (31/12/2022: EUR 9,342,247.00), with which Kommunalkredit is obligated to provide an affiliated company with financial resources to enable it to meet its obligations to the liability taker. As of 31 December 2023, there is no liability (31/12/2022: EUR 0.00) to companies in which an equity investment is held.

4.21. Retained earnings

a) Statutory reserves

The statutory reserves as of 31 December 2023 amounted to EUR 10,434,104.73 (31/12/2022: EUR 10,434,104.73).

b) Other reserves

The value of these reserves is unchanged at EUR 120,018,635.00 (as of 31/12/2022: EUR 120,018,635.00).

4.22. Liability reserve pursuant to § 57 (5) Austrian Banking Act

As of the balance sheet date, the liability reserve stood at EUR 28,017,949.75 (31/12/2022: EUR 22,291,911.08), thus meeting the legal requirements.

4.23. Net profit/profit distribution

The profit for the year reported by Kommunalkredit for 2023 amounts to EUR 100,384,494.30. Following the reserve allocation of EUR 5,726,038.67, this results in retained profit of EUR 143,759,775.90. The Executive Board will propose to the Annual Shareholders' Meeting on 22 February 2024 that the retained profit be carried forward to a new account.

EUR
144_m
Net
profit

5.2. Credit risks

Credit risks in the amount of EUR 928,842,653.19 (31/12/2022: EUR 1,074,036,434.92) relate, as in the previous year, in their entirety to loan commitments and unused lines from the current lending business. As of the reporting date, unused credit lines of EUR 0.00 were granted to companies in which an equity investment is held (31/12/2022: EUR 0.00).

5.3. Fiduciary transactions

Kommunalkredit has concluded framework contracts for the fiduciary management of loans with Trinity Investments Designated Activity Company (Trinity) and a related party of Trinity. Kommunalkredit has no rights or obligations relating to the underlying loan transactions, which means that the criteria for recognition in the statement of financial position do not apply. As of 31 December 2023, positions amounting to EUR 193,259,302.21 (31/12/2022: EUR 248,474,098.08) are held in trust for Trinity in fiduciary funds; there are no transactions as of the reporting date for the related party of Trinity.

6. SUPPLEMENTARY DISCLOSURES

6.1. Equity capital and capital requirements

The equity capital and capital requirements calculated in accordance with CRR rules, as reported in the separate financial statements of Kommunalkredit pursuant to the Austrian Commercial Code/Austrian Banking Act, show the following composition and changes:

The total capital shown takes into account the profit for the year in 2023 of EUR 100,384,494.30 (2022: EUR 70,187,550.699).

BASIC FOR CALCULATION in EUR	31/12/2023	31/12/2022
Total risk exposure amount pursuant to Art. 92 CRR	2,965,650,700.99	2,552,491,163.35
<i>of which credit risk</i>	2,722,046,382.41	2,347,897,551.96
<i>of which operational risk</i>	229,147,570.52	187,554,061.06
<i>of which CVA charge</i>	14,131,401.80	16,873,993.13
<i>of which default fund of a qualifying counterparty</i>	325,346.27	165,557.20

TOTAL CAPITAL – ACTUAL in EUR	31/12/2023	31/12/2022
Common equity tier 1 (CET 1)	531,124,175.18	431,189,435.11
Additional tier 1 (AT1)	62,800,000.00	62,800,000.00
Common equity tier 1	593,924,175.18	493,989,435.11
Tier 2 capital	41,650,000.00	44,950,000.00
Total capital	635,574,175.18	538,939,435.11
Common equity tier 1 ratio (CET 1)	17.9%	16.9%
Common equity ratio	20.0%	19.4%
Total capital ratio	21.4%	21.1%

6.2. Total of assets and liabilities denominated in foreign currencies

Assets denominated in foreign currencies in the amount of EUR 382,143,911.52 (31/12/2022: EUR 360,052,908.34) were shown in the statement of financial position. As of 31 December 2023, liabilities denominated in foreign currencies amounted to EUR 286,270,456.77 (31/12/2022: EUR 283,050,029.66).

Open currency positions are closed through corresponding swap contracts. Kommunalkredit's open foreign currency position is continuously monitored and strictly limited; therefore, there are no material currency risks.

6.3. Derivative transactions not yet settled as of the reporting date

To hedge currency and interest rate risks, the following derivative transactions have been made in the banking book (fair values

including interest accruals/deferrals) and had not yet been settled on the reporting date:

31/12/2023 in EUR	Nominal	Positive fair value	Negative fair value
Interest rate swaps	3,612,208,903.24	169,406,032.56	-160,129,092.06
<i>of which for macro hedges</i>	551,361,905.48	21,808,786.93	-28,049,355.80
<i>of which for micro hedges</i>	3,060,846,997.76	147,597,245.63	-132,079,736.26
FX forward transactions	736,250,384.19	11,685,918.69	-5,705,619.94
Total	4,348,459,287.43	181,091,951.25	-165,834,712.00

31/12/2022 in EUR	Nominal	Positive fair value	Negative fair value
Interest rate swaps	3,103,569,228.51	194,671,411.61	-183,946,057.60
<i>of which for macro hedges</i>	396,737,868.90	21,201,519.62	-23,610,246.03
<i>of which for micro hedges</i>	2,706,831,359.61	173,469,891.99	-160,335,811.57
FX forward transactions	597,822,027.10	6,709,608.92	-6,877,879.74
Total	3,701,391,255.61	201,381,020.53	-190,823,937.34

Interest accruals/deferrals, foreign currency valuations and accrued/deferred fees from derivative transactions in the amount of EUR 52,719,511.18 (31/12/2022: EUR 29,681,665.41) are reported under other assets and prepaid expenses on the assets side, and EUR 64,106,225.29 (31/12/2022: EUR 53,429,104.19) under other liabilities and deferred income on the liabilities side of the statement of financial position. Moreover, provisions in the amount of EUR 606,556.27 (31/12/2022: EUR 1,685,008.74) relating to derivatives are recognised under other provisions. As in the previous year, no provision for impending losses from macro swaps was required as of 31 December 2023.

6.4. Trading book

In line with its business strategy, Kommunalkredit does not engage in trading activities. Therefore, as in the previous year, Kommunalkredit had no trading portfolio as of 31 December 2023.



6.5. Legal risks

Kommunalkredit Austria AG is not currently involved in any pending court proceedings on either the assets or the liabilities side.

6.6. Other obligations

a. Liability arising from the demerger

As collateral for the liability arising from the demerger for KA Finanz AG, which is liable jointly and severally with Kommunalkredit for the obligations which arose prior to the entry of the demerger in the Companies Register on 26 September 2015 and were transferred to Kommunalkredit, Kommunalkredit had issued a covered bond with a nominal value of EUR 107,000,000.00 and pledged it to KA Finanz AG. KA Finanz AG declared the release of the pledge on 26 September 2023. The bond was subsequently terminated on 4 October 2023 on the instructions of Kommunalkredit Austria AG.

b. Other obligations

Obligations in the amount of EUR 1,887,100.00 arise from rental contracts – including those relating to our Germany branch – in 2024 (of which towards affiliated companies: EUR 1,592,100.00). The corresponding obligations for the years 2024 to 2028 are expected to total EUR 9,435,290.00 (of which towards affiliated companies EUR 7,960,290.00). Pursuant to § 2 (3) of the Austrian Deposit Guarantee and Depositor Indemnification Act, Kommunalkredit is obliged to provide proportional contributions to the deposit guarantee regime of Einlagensicherung der Banken und Bankiers Gesellschaft mbH, Vienna.

6.7. Asset items pledged as collateral

The following asset items have been pledged as collateral for liabilities reported under amounts owed to credit institutions: To participate in open market operations, Kommunalkredit pledged securities and loans with a volume of EUR 827,948,433.18 (31/12/2022: EUR 631,787,718.36) as collateral with the national central bank as of 31 December 2023. Utilisation as collateral is based on the respective utilisation of the aforementioned transactions and amounted to EUR 0.00 (31/12/2022: EUR 37,007,238.73) as of 31 December 2023. The collateral taker has the right to realise the collateral only in the event of the debtor's default.

Kommunalkredit has assigned assets in the form of securities in a nominal amount of EUR 6,000,000.00 (31/12/2022: EUR 6,000,000.00) as collateral for global loans and other funding from the European Investment Bank in Luxembourg. The collateral taker has the right to realise the collateral only in the event of the debtor's default.

As of 31 December 2023, no collateral was pledged for amounts owed to customers (31/12/2022: EUR 0.00).

For public sector covered bonds issued by Kommunalkredit with a nominal value of EUR 1,058,347,732.18 (31/12/2022: EUR 994,139,331.77) as of 31 December 2023, which are reported under securitised liabilities, loans with a nominal value of EUR 1,157,729,480.86 (31/12/2022: EUR 1,091,290,799.73), securities with a nominal value of EUR 38,769,500.00 (31/12/2022: EUR 122,963,750.24) and cash and cash equivalents with a nominal value of EUR 0.00 (31/12/2022: EUR 35,000,000.00) were appropriated to a cover pool which requires the approval of a trustee to drawn. Credit balances with banks with a nominal value of EUR 31,449,421.48 (31/12/2022: EUR 38,468,879.77) and credit balances with customers (central counterparties and/or non-bank financial institutions) with a nominal value of EUR 31,946,974.54 (31/12/2022: EUR 34,759,778.49) were pledged as collateral for negative market values from bilateral and cleared derivative contracts. Amounts owed to credit institutions include collateral received with a nominal value of EUR 29,985,836.69 (31/12/2022: EUR 31,612,643.21). Amounts owed to customers include collateral received with a nominal value of EUR 25,176,619.05 (31/12/2022: EUR 23,682,093.28).

6.8. Frankfurt branch office

Alongside its headquarters in Vienna, Kommunalkredit also has a branch office in Frankfurt am Main, Germany. The branch office generated profit for the year before tax of EUR 396,443.89 in the 2023 financial year (2022: EUR 383,071.91). Operating income amounted to EUR 6,441,777.03 (2022: EUR 5,838,425.00), while operating expenses totalled EUR 6,045,333.14 (2022: EUR 5,455,353.09). Taxes on income came to EUR 156,981.45 (2022: EUR 135,071.16). The branch office employed 14 people as of 31 December 2023 (31/12/2022: 14 people).



7. NOTES TO THE INCOME STATEMENT

7.1. Presentation of material income statement items

7.1.1. Net interest income

INTEREST AND SIMILAR INCOME in EUR	2023	2022
Lending business	246,923,012.03	136,103,513.21
Investments in banks	25,901,470.85	2,031,691.60
Fixed-income securities	11,904,032.27	7,392,191.64
Result from swaps in hedges	26,350,910.07	-22,156,386.90
Total interest income	311,079,425.22	123,371,009.55

INTEREST AND SIMILAR EXPENSES in EUR	2023	2022
Deposit business	-76,190,206.10	-17,117,391.78
Own issues	-32,382,015.99	-30,131,036.09
Result from swaps in hedges	-29,475,431.09	18,426,015.82
Total interest expenses	-138,047,653.18	-28,822,412.05
Net interest income	173,031,772.04	94,548,597.50

Net interest income in 2023 amounted to EUR 173,031,772.04 (2022: EUR 94,548,597.50). The rise compared to the previous year is mainly due to the increase in new business and market interest rates; in 2023, negative interest in the amount of EUR 693.15 (2022: EUR 1,731,465.55) was paid for credit balances with banks, which is recognised in interest income under investments in banks.

Interest income and interest expenses are recognised on the accruals basis. Net interest income from derivatives in hedges is shown as the net value under the item in which the net interest income for the corresponding underlying transactions is reported (deal balance).

7.1.2. Income from securities and investments

INCOME FROM SECURITIES AND INVESTMENTS in EUR	2023	2022
a) Income from investments		
Kommunalnet E-Government Solutions GmbH distribution	40,500.00	45,000.00
Total income from investments	40,500.00	45,000.00
b) Income from investments in affiliated companies		
Kommunalkredit Public Consulting GmbH (KPC) distribution	192,600.00	411,300.00
Fidelio KA Beteiligungs GmbH advance distribution	0.00	22,087.50
Total income from investments in affiliated companies	192,600.00	433,387.50

7.1.3. Net fee and commission income

FEE AND COMMISSION INCOME in EUR	2023	2022
Lending business	30,060,581.04	21,771,689.94
Securities business	214,285.71	114,091.27
Other service business	4,791,662.19	5,566,389.26
Total fee and commission income	35,066,528.94	27,452,170.47

FEE AND COMMISSION EXPENSES in EUR	2023	2022
Lending business	-2,204,263.73	-2,129,217.18
Securities business	-385,800.63	-1,432,079.83
Money and FX trading	-276,947.07	-284,855.28
Other service business	-150.17	-2,334,324.07
Total fee and commission expenses	-2,867,161.60	-6,180,476.36
Net fee and commission income	32,199,367.34	21,271,694.11

In 2023, fee and commission income amounted to EUR 35,066,528.94 (2022: EUR 27,452,170.47) and was mainly due to arranging and structuring infrastructure and energy finance as well as consulting and service activities.

Fee and commission expenses of EUR 2,867,161.60 (2022: EUR 6,180,476.36) essentially result from paid guarantee fees and costs relating to the issuing of public capital market issues.

7.1.4. General administrative expenses

GENERAL ADMINISTRATIVE EXPENSES in EUR	2023	2022
Personnel expenses	-46,572,272.22	-40,004,010.67
Other administrative expenses	-26,457,405.84	-21,983,971.55
General administrative expenses	-73,029,678.06	-61,987,982.22

7.1.4.1. Personnel expenses

PERSONNEL EXPENSES in EUR	2023	2022
Salaries	-40,007,074.42	-35,100,033.18
Expenses for statutory social security contributions and salary-dependent charges and compulsory contributions	-4,947,628.19	-4,157,851.38
Voluntary social contributions	-630,976.04	-483,081.99
Expenses for pension costs	-499,525.17	-479,070.01
Cancellation of/allocations to pension provisions	154,771.67	5,265.97
Expenses for severance pay (including changes in provisions for severance pay) and contributions to company pension funds	-641,840.07	210,759.92
Total personnel expenses	-46,572,272.22	-40,004,010.67

Personnel expenses increased by EUR 6,568,261.55 compared to the previous year; this reflects the targeted expansion of the team – both in front office and back office – and also an increased participation in the bank's success.

Personnel expenses include expenses for contributions to company pension plans in the amount of EUR 460,117.16 (2022: EUR 361,956.59), expenses for severance pay of EUR 192,443.00 (2022: EUR 513,340.20) and income resulting from the change in the provision for jubilee bonuses in the amount of EUR 23,833.50 (2022: income of EUR 4,519.26).

7.1.4.2. Other administrative expenses

Other administrative expenses increased by EUR 4,473,434.29 compared to the previous year and amounted to EUR 26,457,405.84 (2022: EUR 21,983,971.55). They comprise the following:

Pursuant to § 238 (1) (18) of the Austrian Commercial Code (UGB), expenses for the statutory auditor for the financial year under review are not reported here, as Kommunalkredit is included in the consolidated financial statements and audit expenses are reported therein.

OTHER ADMINISTRATIVE EXPENSES in EUR	2023	2022
Third-party services	-5,946,386.50	-4,995,440.93
Consulting and auditing fees	-5,392,248.26	-3,447,667.30
Data processing	-4,256,994.68	-3,582,852.04
Occupancy costs	-2,366,939.42	-2,445,010.58
Advertising and representation	-1,987,759.49	-1,787,327.43
Bank Resolution Fund	-1,761,228.51	-2,309,052.24
Information services	-1,177,147.16	-1,573,171.84
Other non-personnel administrative expenses	-3,568,701.82	-1,843,449.19
Total of other administrative expenses	-26,457,405.84	-21,983,971.55

7.1.5. Other operating income

OTHER OPERATING INCOME in EUR	2023	2022
Income from services charged to KPC	4,517,997.08	4,295,287.03
Other	862,716.94	846,326.89
Total other operating income	5,380,714.02	5,141,613.92

7.1.6. Other operating expenses

OTHER OPERATING EXPENSES in EUR	2023	2022
Contributions to deposit guarantess regime	-323,382.55	-507,196.38
Stability tax payable by Austrian banks	-701,737.57	-695,538.82
Total other operating expenses	-1,025,120.12	-1,202,735.20

7.1.7. Loan impairment, valuation and sales result

The loan impairment, valuation and sales result (items 11 to 13 of the income statement) comprises the following items:

LOAN IMPAIRMENT, VALUATION AND SALES RESULT in EUR	2023	2022
a) Income	1,602,571.63	14,243,789.39
Provision for impending losses for derivatives	1,078,452.47	-1,006,614.02
Result from the sale of assets/infrastructure and energy finance	524,119.16	4,646,149.90
Income from significant contract modifications	0.00	9,018,633.14
Proceeds from the buyback of own issues	0.00	579,006.35
b) Expenses	-1,889,730.51	-3,180,793.55
Changes of specific valuation adjustment	-4,310,430.76	0.00
Change in provision pursuant to § 57 (1) of the Austrian Banking Act	3,300,000.00	-900,000.00
Change in provision for expected credit losses	-879,299.75	-1,239,564.91
Expenses due to contract modifications	0.00	-31,914.62
Expenses due to customer swaps	0.00	-2,700.00
Total	-287,158.88	11,062,995.84

The loan impairment, valuation and sales result shows income of EUR 1,602,571.63 (2022: EUR 14,243,789.39) in 2023, of which EUR 1,078,452.47 related to the reversal of a provision for impending losses for derivatives. Income of EUR 524,119.16 (2022: EUR 4,646,149.90) was generated from the sale of infrastructure and energy financing or other loans, respectively.

An individual valuation allowance of EUR 4,310,430.76 (2022: EUR 0.00) has been recognised for three cases. The change in risk provisions for expected credit losses resulted in expenses of EUR 879,299.75 in 2023 (2022: EUR 1,239,564.91); details on the development in risk provisions are listed in Note 3.3.

General risk provisions according to § 57 (1) of the Austrian Banking Act increased by EUR 3,300,000.00 in 2023 (2022: addition

of EUR 900,000.00), representing an additional risk buffer for the bank.

7.1.8. Taxes on income

Taxes on income relate exclusively to the company's ordinary business operations and comprise the following items:

TAXES ON INCOME in EUR	2023	2022
Corporate income tax/trade tax expense for the financial year	-32,750,228.67	-18,034,024.39
Corporate income tax/trade tax expense for previous years	-12,044.27	-11,526.00
Deferred tax income	-2,359,007.93	1,803,232.60
Total	-35,121,280.87	-16,242,317.79

This results in corporate income tax and trade tax expenses of EUR 32,750,228.67 (2022: EUR 18,034,024.39), of which EUR 158,508.28 (2022: EUR 122,885.62) arise from the Germany branch. Deferred tax expense results from the change in deferred tax assets (depicted in the statement of financial position item "Deferred tax assets") for temporary differences between the accounting principles under corporate and fiscal law. With effect from 2016, a tax group pursuant to § 9 of the Austrian Corporate Income Tax Act was formed, with Satere as the group parent. As of 31 December 2023, group members include Kommunalkredit and KPC, Florestan KA GmbH as well as Florestan KA Hydrogen GmbH.

On the basis of a group and tax contribution agreement, the stand-alone method was chosen for the calculation of the tax contributions. According to this method, the amount of the tax

contributions of the group members depends on the amount of corporate income tax the group member would have had to pay if its tax result had not been counted toward the group parent. If a group member's negative income is counted toward the group parent, this tax loss is kept on record for the group member (internal loss carryforward) and offset against the positive income of the group member in subsequent years up to 100%. Upon termination of the tax group or elimination of a group member, a final compensation has to be paid for tax losses not yet offset, multiplied by the corporate tax rate applicable at the time of termination of the agreement. Tax loss carryforwards of a group member from periods prior to the formation of the group (pre-group losses) are credited up to the amount of the profit of the group member and result in a reduction in the tax contribution of the group member.

7.1.9. Profit for the year and return on assets

Kommunalkredit closed the 2023 financial year with a net profit of EUR 100,384,494.30 (2022: EUR 70,187,550.69). The return on

assets, a ratio calculated by dividing the profit for the year by the total assets as of the reporting date, stood at 1.72% (31/12/2022: 1.52%).

7.2. Presentation of revenues by geographic market (§ 240 Austrian Commercial Code)

INTEREST AND SIMILAR INCOME in EUR	2023	2022
Austria	85,021,272.62	23,761,305.72
Western Europe	164,676,592.04	77,162,024.88
Central and Eastern Europe	49,235,666.37	20,817,404.71
Rest of world	12,145,894.19	1,630,274.24
	311,079,425.22	123,371,009.55

FEE AND COMMISSION INCOME in EUR	2023	2022
Austria	1,035,071.70	196,310.49
Western Europe	27,970,777.18	24,035,495.73
Central and Eastern Europe	5,597,647.56	2,689,490.23
Rest of world	463,032.50	530,874.03
	35,066,528.94	27,452,170.47

OTHER OPERATING INCOME in EUR	2023	2022
Austria	5,262,192.02	5,010,449.92
Western Europe	118,522.00	131,164.00
Central and Eastern Europe	0.00	0.00
Rest of world	0.00	0.00
	5,380,714.02	5,141,613.92

8. DISCLOSURE PURSUANT TO PART 8 CRR

In accordance with the requirements of Part 8 CRR, material qualitative and quantitative information relating to the bank is published in a separate Disclosure Report, which can be accessed on the kommunalkredit website (www.kommunalkredit.at) under "Investor Relations / Financial Information & Reports".

9. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

10. DISCLOSURES REGARDING THE BOARDS OF THE BANK AND ITS EMPLOYEES

10.1. Employees during the financial year

As of 31 December 2023, Kommunalkredit had a weighted workforce of 227 employees (31/12/2022: 218), including the branch in Germany. The average number of employees during the year under review was 225 (2022: 200), including three (2022: three)

Executive Board members and excluding employees on leave; part-time employees are weighted according to the extent of employment.

10.2. Remuneration, advances and loans to Executive Board and Supervisory Board members, guarantees provided for Board members

TOTAL EXECUTIVE BOARD AND SUPERVISORY BOARD REMUNERATION in EUR	2023	2022
Active Executive Board members	4,892,419.49	3,762,686.88
Active Supervisory Board members	282,500.00	227,897.26
	5,174,919.49	3,990,584.14

As of 31 December 2023, and as in the previous year, there were no outstanding loans to members of the Executive Board or members of the Supervisory Board. No guarantees were provided by Kommunalkredit for Board members either.

As of 31 December 2023, the outstanding volume of loans to employees of the company amounted to EUR 194,134.79 (31/12/2022: EUR 157,911.53).

10.3. Expenses for severance pay and pensions

Expenses for severance pay and pensions include pension and severance payments, changes in provisions for severance pay and

pensions, statutory contributions to a pension plan and payments into a pension fund:

EXPENSES FOR SEVERANCE PAY AND PENSION in EUR	2023	2022
Executive Board members and senior employees	325,335.25	360,123.51
Other employees	661,258.32	217,183.17
	986,593.57	577,306.68

10.4. Related party disclosures

Tax group

With effect from 2016, a tax group pursuant to § 9 of the Austrian Corporate Income Tax Act was formed, with Satere as the group parent. As of 31 December 2023, group members include Kommunalkredit, KPC, Florestan KA GmbH and Florestan KA Hydrogen GmbH (see 7.1.9. for details).

Transactions with affiliated companies

Transactions with affiliated companies are recognised under the balance sheet items concerned. All transactions with affiliated companies are made in accordance with the arm's length principle.

10.5. Disclosures relating to the Boards of the bank

Members of the Executive Board

Karl-Bernd Fislage

Chief Executive Officer

Sebastian Firlinger

Member of the Executive Board

Claudia Wieser

Member of the Executive Board,
until 31 March 2023

Members of the Supervisory Board

Patrick Bettscheider

Chairman of the Supervisory Board
appointed by Satere Beteiligungsverwaltung GmbH;
Managing Director Satere Beteiligungsverwaltungs GmbH

Friedrich Andreae

Deputy Chairman of the Supervisory Board
appointed by Satere Beteiligungsverwaltung GmbH;
Managing Director Satere Beteiligungsverwaltungs GmbH

Tina Kleingarn

Partner Westend Corporate Finance

Juergen Meisch

Managing Director Achalm Capital GmbH

Martin Rey

Managing Director Maroban GmbH

Alois Steinbichler

Managing Director AST Beratungs- und Beteiligung GmbH

Oliver Fincke

nominated by the Works Council
since 3 February 2023

Peter Krammer

nominated by the Works Council
until 7 December 2023

Brigitte Markl

nominated by the Works Council
until 31 January 2023

Claudia Slauer

nominated by the Works Council
since 28 December 2023

Gerald Unterrainer

nominated by the Works Council

10.6. State Representative

Philip Schweizer

State Representative, Federal Ministry of Finance

Markus Kroiher

Deputy State Representative,
Federal Ministry of Finance

10.7. Government Commissioner³

Appointed to serve as Government Commissioner of the cover pool for covered bonds in 2023:

Karin Fischer

Government Commissioner, Federal Ministry of Finance
until 30 April 2023

Anna Staudigl

Deputy Government Commissioner,
Federal Ministry of Finance
until 30 April 2023

Vienna, 14 February 2024

The Executive Board of
Kommunalkredit Austria AG



Bernd Fislage
Chief Executive Officer



Sebastian Firlinger
Member of the Executive Board

³ To enable continual monitoring of the cover pool, the Covered Bond Act (Pfandbriefgesetz) of 8 July 2022 provides for the mandatory establishment of a trustee.

Schedule of Participations and Investments in Affiliated Companies as of 31 December 2023 (Annex 1)

Pursuant to § 238 (2) of the Austrian Commercial Code, the Schedule of Participations shows all direct participations

NAME AND REGISTERED OFFICE in EUR	Investment in % 2023	Investment in % 2022	Total capital	Acquisition cost
I. Participations				
Kommunalnet E-Government Solutions GmbH, Vienna	45.00%	45.00%	1,233,598.53	344,025.00
Florestan KA GmbH, Vienna	100.00%	100.00%	10,896,924.76	94,000.00
Fidelio KA Infrastructure Opportunities Fund SICAV-RAIF SCA ²	8.49%	8.49%	280,276,618.63	28,200,000.00
Einlagensicherung AUSTRIA Ges.m.b.H., Vienna	n.a.	n.a.	n.a.	1,000.00
II. Investments in affiliated companies				
Kommunalkredit Public Consulting GmbH, Vienna	90.00%	90.00%	2,097,602.00	346,500.00
Kommunalkredit KBI Immobilien GmbH, Vienna	100.00%	100.00%	77,939.25	35,000.00
Kommunalkredit 4OG Immobilien GmbH & Co KG, Vienna	100.00%	0.00%	49,999,724.78	50,000,000.00
Fidelio KA Beteiligung GmbH, Frankfurt am Main	74.90%	75.00%	90,116.19	72,490.02

1 Preliminary unaudited figures.

2 Kommunalkredit subscribed to 8,49% of shares in the Fidelio KA Infrastructure Debt Funds 1 sub-fund.

Schedule of Non-Current Asset Transactions pursuant to § 226 (1) of the Austrian Commercial Code as of 31 December 2023 (Annex 2)

NON-CURRENT ASSETS in EUR	Acquisition costs			
	as of 1/1/2023	Additions	Disposals	as of 31/12/2023
Debt securities from public issuers	391,413,813.00	324,053,997.95	184,794,768.00	530,673,042.95
Loans and advances to credit institutions	48,622,500.00	0.00	18,292,500.00	30,330,000.00
Loans and advances to customers	147,844,116.25	23,427,181.89	12,272,998.72	158,998,299.42
Bonds and other fixed-income securities	373,195,612.80	47,698,040.00	26,803,428.61	394,090,224.19
Investments	32,501,875.00	6,923,621.18	4,953,987.54	34,471,508.64
Investments in affiliated companies	50,453,990.02	25,000.00	1,109.00	50,477,881.02
Non-current intangible assets	5,878,765.76	-47,738.62	0.00	5,831,027.14
Land and buildings, incl. buildings on third-party land	957,904.28	0.00	0.00	957,904.28
Office furniture and equipment *)	7,973,064.95	635,955.80	35,652.26	8,573,368.49
Total	1,058,841,642.06	402,716,058.20	247,154,444.13	1,214,403,256.13
<i>*) of which low-value assets as defined by § 226 (3) of the Austrian Commercial Code (UGB)</i>	<i>361,690.88</i>	<i>352,862.54</i>	<i>33,552.96</i>	<i>681,000.46</i>

Carrying amount 31/12/2023	Carrying amount 31/12/2022	Cumulative amortisation	Profit for the period after tax	Latest annual financial statements
344,025.00	344,025.00	0.00	110,984.63	31.12.2023 ¹
10,880,471.18	3,956,850.00	0.00	-36,118.26	31/12/2023
28,200,000.00	28,200,000.00	0.00	12,378,408.00	31.12.2023 ¹
1,000.00	1,000.00	0.00	n.a.	n.a.
346,500.00	346,500.00	0.00	1,071,801.60	31/12/2023
35,000.00	35,000.00	0.00	911.13	31/12/2023
50,000,000.00	50,000,000.00	0.00	-5,275.22	31/12/2023
37,544.81	38,653.81	33,836.21	-5,097.76	31/12/2023

	Cumulative depreciation and amortisation			Residual carrying amounts		Amortisation and deprecia- tion 2023	Reversals 2023	
	as of 1/1/2023	Additions	Disposals	as of 31/12/2023	Carrying amount 31/12/2023			Carrying amount 31/12/2022
	906,189.12	215,130.90	-366,861.04	754,458.98	529,918,583.97	390,507,622.42	215,130.90	0.00
	2,507,024.05	908,663.75	-878,897.55	2,536,790.25	27,793,209.75	46,115,475.95	908,663.75	0.00
	982,414.67	0.00	-162,888.46	819,526.21	158,178,773.21	146,861,701.56	0.00	0.00
	2,257,434.72	775,205.39	-86,563.54	2,946,076.57	391,144,147.62	370,938,177.92	775,205.39	0.00
	0.00	0.00	0.00	0.00	34,471,508.64	32,501,875.00	0.00	0.00
	33,836.21	0.00	0.00	33,836.21	50,444,044.81	50,420,153.81	0.00	0.00
	4,993,134.70	235,220.54	0.00	5,228,355.24	602,671.90	885,631.06	235,220.54	0.00
	580,105.56	53,354.84	0.00	633,460.40	324,443.88	377,798.72	53,354.84	0.00
	5,624,783.23	587,935.99	-34,893.97	6,177,825.25	2,395,543.24	2,348,281.72	587,935.99	0.00
	17,884,922.26	2,775,511.41	-1,530,104.56	19,130,329.11	1,195,272,927.02	1,040,956,718.16	2,775,511.41	0.00
	361,690.88	352,862.54	-33,552.96	681,000.46	0.00	0.00	352,862.54	0.00

AUDITOR'S REPORT

REPORT OF THE FINANCIAL STATEMENTS

Audit Opinion

We have audited the financial statements of

**Kommunalkredit Austria AG,
Vienna,**

which comprise the Balance Sheet as at 31 December 2023, the Income Statement for the year then ended, and the Notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2023, and its financial performance for the year then ended in accordance with the Austrian commercial and banking law.

Basis for our Opinion

We conducted our audit in accordance with Regulation (EU) 537/2014 ("AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

Valuation of Loans and Advances to Customers

The Management Board explains the procedure for recognizing loan loss provisions in the notes to the financial statements section 3. "Accounting and Measurement Rules".

Risk to the Financial Statements

The loans and advances to customers amount to EUR 3.8 bn and are mainly comprised of the segments "Project Finance", "Utilities", "Corporate" and "Public Finance".

The bank evaluates in the context of credit risk management whether default events exist, and specific loan loss provisions (Stage 3) need to be recognized. This includes an assessment whether customers are able to fully meet their contractual liabilities.

The calculation of the loan loss provisions for defaulted customers – if any – is based on an analysis of the estimated future recoveries. This analysis reflects the assessment of the economic situation and development of the individual customer and the valuation of collateral.

For all non-defaulted loans and advances to customers a loan loss provision for expected credit losses ("ECL") is recognized. The loan loss provision is generally based on the 12-month-ECL (Stage 1). In case of a significant increase in the credit risk (Stage 2), the ECL is calculated on a lifetime basis.

The calculation of ECLs is dependent on assumptions and estimates, which include rating-based probabilities of default and loss given default that are derived from current and forward-looking information.

The risk to the financial statements arises from the fact that the stage transfers and the determination of the loan loss provisions are based on assumptions and estimates. This may lead to a margin of discretion and estimation uncertainties regarding to the amount of the loan loss provisions. These estimation uncertainties are particularly influenced by the negative economic environment as of the reporting date.

Our Audit Approach

We have performed the following audit procedures with the involvement of our Financial Risk Management and IT specialists in respect to the valuation of loans and advances to customers:

- We have analyzed the existing documentation of the processes of monitoring and risk provisioning for loans and advances to customers and assessed whether these processes are suitable to identify stage transfers including impairment triggers and to adequately reflect the valuation of loans and advances to customers. Moreover, we have tested key controls with regard to their design and implementation, among other things, by inspecting the IT systems, and tested their effectiveness in samples.
- We have examined whether there were any indicators of default on a sample basis of different loan portfolios. The selection of the sample was performed risk-oriented with special regard to ratings, regionality and customer segment.
- In the case of defaults on individually significant loans, the assumptions made by the bank were analyzed with regard to conclusiveness, consistency and the timing and amount of the assumed recoveries.
- For all loans, for which the loan loss provision was calculated based on ECL (Stage 1 and 2), we analyzed the bank's documentation of methodology for consistency with the requirements of IFRS 9. Furthermore, based on internal model validations, we have checked the models and the parameters used to determine whether they are suitable for calculating the loan loss provisions in an appropriate amount. In addition, we analyzed the selection and assessment of forward-looking information and scenarios and their consideration in the used parameters.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the financial statements, the management report and the auditor's report.

Our opinion on the financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information and to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the financial statements or any apparent material misstatement of fact.

If we conclude that there is a material misstatement of fact in other information, we must report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles and other legal or regulatory requirements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.— We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal Requirements

Management Report

In accordance with Austrian company law, the management report is to be audited as to whether it is consistent with the financial statements and prepared in accordance with legal requirements.

Management is responsible for the preparation of the management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of management reports as applied in Austria.

Opinion

In our opinion, the management report is consistent with the financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the financial statements and our understanding of the Company and its environment, we did not note any material misstatements in the management report.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on 30 March 2022 and were appointed by the supervisory board on 7 June 2022 to audit the financial statements of Company for the financial year ending on 31 December 2023.

In addition, during the Annual General Meeting on 22 February 2023, we have been elected as auditors for the financial year ending 31 December 2024 and appointed by the supervisory board on 4 May 2023.

We have been auditors of the Company since the financial statements at 31 December 2020.

We declare that our opinion expressed in the “Report on the Financial Statements” section of our report is consistent with our additional report to the audit committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Company.

Engagement Partner

The engagement partner is Mr. Bernhard Mechtler.

Vienna, 14th February 2024

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Bernhard Mechtler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This English language audit report is a translation provided for information purposes only. The original German text shall prevail in the event of any discrepancies between the English translation and the German original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

STATEMENT BY THE LEGAL REPRESENTATIVES

KOMMUNALKREDIT AUSTRIA AG

Annual Financial Statements 2023

We hereby **confirm** to the best of our knowledge that the **financial statements** of the parent company, prepared in accordance with the relevant accounting standards, present a true and fair view of the assets, the financial position and the income of the company, that the Management Report presents the development of business, the results and the position of the company in such a way that it conveys a true and fair view of the assets, the financial position and the income of the company, and that the Management Report describes the material risks and uncertainties to which the company is exposed.

Vienna, 14 February 2024

The Executive Board of
Kommunalkredit Austria AG



Bernd Fislage
Chief Executive Officer



Sebastian Firlinger
Member of the Executive Board

NOTES TO THE SUSTAINABILITY REPORT.

- 158 GRI indicators
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GRI indicators

Environmental performance figures

Definition	Unit	2020	2021	2022	2023	Change 2022-2023
Employees (including Executive Board) ¹		298	327	375	405	8.0%
Total assets	in EUR m	4,423	4,428	4,628	5,871	
Office space used	m ²	7,722	7,722	7,722	7,722	0.0%
Office space used per employee	m ² /employee	25.9	23.6	20.6	19.1	-7.4%
Energy consumption						
Total energy consumption	kWh	1,463,973	1,414,196	1,389,730	1,361,010	-2.1%
Total energy consumption per employee	kWh/employee	4,913	4,325	3,706	3,361	-9.3%
Total consumption from renewable sources	kWh	977,438	877,495	865,250	894,267	3.4%
Total consumption from non-renewable sources	kWh	486,536	536,701	524,480	466,743	-11.0%
Electricity (100% green electricity)	kWh	677,479	583,459	592,617	637,887	7.6%
Electricity per employee	kWh/employee	2,273	1,784	1,580	1,575	-0.3%
Diesel consumption ²	kWh	1,950	2,500	2,597	2,646	1.9%
Biomass consumption (pellets)	kWh	299,958	294,036	272,633	256,380	-6.0%
Gas consumption	kWh	484,586	534,201	521,883	464,097	-11.1%
Total heating energy consumption	kWh	784,544	828,237	794,516	720,477	-9.3%
Heating energy consumption (per m ²)	kWh/m ²	101.6	107.3	102.9	93.3	-9.3%
Heating energy consumption per employee	kWh/employee	2,633	2,533	2,119	1,779	-16.0%
Share of renewable energy sources in relation to total energy consumption (biomass and green electricity)	%	66.8	62.0	62.3	65.7	5.5%
Water and paper						
Water consumption in m³ ³	m³	2,883	2,773	2,586	2,878	11.3%
Water consumption in litres per employee and day	l/employee/day	39	34	28	28	3.1%
Paper consumption (in kg)	kg	2,500	2,500	1,123	2,000	78.1%
Paper consumption (in kg) per employee	kg/employee	8	8	3	5	64.9%
Paper consumption (in kg) per employee and day	kg/employee/day	0.03	0.03	0.01	0.02	64.9%
Paper consumption (in sheets) per employee and day	sheets/employee/day	7	6	2	4	64.9%
Share of recycled paper	%	100.0	100.0	100.0	100.0	0.0%
Transport						
Total business travel	km	185,847	156,217	835,329	1,210,152	44.9%
Total energy consumption for transport	kWh	142,028	132,775	1,095,780	1,571,831	43.4%
Total business travel per employee	km/employee	624	478	2,228	2,988	34.1%
Kilometres travelled by rail	km	10,038	16,243	48,240	9,636	-80.0%
Share of kilometres travelled by rail in relation to total distance travelled	%	5.4	10.4	5.8	0.8	-86.2%
Kilometres travelled by rail per employee	km/employee	34	50	129	24	-81.5%

Definition	Unit	2020	2021	2022	2023	Change 2022-2023
Kilometres travelled by car	km	25,210	26,247	52,120	16,041	-69.2%
Share of kilometres travelled by car in relation to total distance travelled	%	13.6	16.8	6.2	1.3	-78.8%
Kilometres travelled by car per employee	km/em- ployee	85	80	139	40	-71.5%
Kilometres travelled by air	km	150,599	113,728	734,969	1,184,475	61.2%
Share of kilometres travelled by air in relation to total distance travelled	%	81.0	72.8	88.0	97.9	11.2%
Kilometres travelled by air per employee	km/em- ployee	505	348	1,960	2,925	49.2%
CO₂ emissions ⁴						
CO₂ emissions caused by business activities	t	230	235	969	1,340	38.2%
Scope 1 (direct emissions)	t	127	139	139	123	-11.3%
<i>thereof fossil emissions</i>	t	122	134	134	118	-11.9%
<i>thereof biogenic emissions</i>	t	5.1	5.0	4.6	4.0	-13.7%
Scope 2 (green electricity market-based) ⁵	t	0.0	0.0	0.0	9.0	
Scope 2 (electricity location-based) ⁵	t	156	134	136	144	5.6%
Scope 3 (business travel) ⁶	t	103	96	831	1,208	45.4%
CO ₂ emissions caused by business activities per employee	t/em- ployee	0.8	0.7	2.6	3.3	28.0%
Waste ⁷						
Total annual waste volume	kg	27,682	30,029	29,892	31,147	4.2%
Total annual waste volume per employee	kg/em- ployee	92.9	91.8	79.7	76.9	-3.5%
Waste paper	kg	8,240	11,246	11,246	11,246	0.0%
Waste paper (share of total volume of waste)	%	29.8	37.5	37.6	36.1	-4.0%
Waste paper per employee	kg/em- ployee	28	34	30	28	-7.4%
Domestic-type commercial waste	kg	16,773	14,448	14,448	14,448	-0.0%
Domestic-type commercial waste (share of total volume of waste)	%	60.6	48.1	48.3	46.4	-4.0%
Domestic-type commercial waste per employee	kg/em- ployee	56	44	39	36	-7.4%
Hazardous waste	kg	8	43	0	185	330.2%
Hazardous waste (share of total volume of waste)	%	0.0	0.1	0.0	0.6	-
Hazardous waste (in kg) per employee	kg/em- ployee	0.03	0.13	0.00	0.46	-

1 Employees (headcount) including Executive Board and excluding those on leave; the figures for 2020–2022 were adjusted due to the updated definition in 2023.

2 Totals based on emissions calculation using the factor 1L=9.8 kWh; the data for 2022 was corrected in 2023.

3 All water was withdrawn from the municipal water supply. No water was withdrawn from areas under water stress.

4 All data refers to carbon dioxide equivalents (CO₂e). Emission factors based on OIB Guideline 6 (2019): 1 kWh electricity mix in Austria: 227 g CO₂e, 1 kWh green electricity in Austria: 14 g CO₂e, 1 kWh natural gas: 247 g CO₂e, 1 kWh crude oil: 310 g CO₂e

5 In accordance with the GRI Standards, emissions from the purchase of electricity are to be shown based on both the market-based and location-based methods. The market-based method shows emissions from the electricity that an organisation chose in a targeted manner. Emission factors were calculated based on OIB Guideline 6 (2019).

6 The emissions calculation for business travel is based on data from the Environmental Agency Austria, July 2023, for total emissions per passenger kilometre. 1 passenger kilometre by rail: 19.2 g CO₂e; 1 passenger kilometre by air (domestic): 1,997.9 g CO₂e; 1 passenger kilometre by air (abroad): 607.3 g CO₂e; 1 passenger kilometre by car (petrol): 251.1 g CO₂e; 1 passenger kilometre by car (diesel): 238 g CO₂e.

7 Waste paper and domestic-type commercial waste are calculated using the number of corresponding containers with allocated filling levels and the collection interval notified by MA48. Due to the unchanged situation, the figures for 2021–2023 are identical. Due to a correction made in calculating the volume of waste paper, the figures for 2020–2022 were adjusted. The significant increase in the volume of hazardous waste is attributable to the disposal of screens in 2023.

Social performance figures

Definition	Unit	2020	2021	2022	2023
Number of employees					
Employees including Executive Board and those on leave – as of 31 December		307	337	389	416
<i>thereof women</i>		144 (47%)	147 (44%)	167 (43%)	185 (44%)
<i>thereof employees aged under 30</i>		35 (11%)	54 (16%)	52 (13%)	63 (15%)
<i>thereof employees aged 30–50</i>		211 (69%)	215 (64%)	238 (61%)	249 (60%)
<i>thereof employees aged over 50</i>		61 (20%)	68 (20%)	99 (26%)	104 (25%)
Executive Board		2	3	3	2
<i>thereof women</i>		0	0	1	0
Employees excluding Executive Board and those on leave – as of 31 December		296	324	372	403
Average workforce in full-time equivalents		261	293	327	373
Average workforce		293	334	353	394
Full-time equivalents (FTE) excluding Executive Board and those on leave – as of 31 December		270	290	348	381
Active employees as of 31 December in full-time equivalents (including Executive Board)		272	301	364	394
Agency workers – as of 31 December		2	1	0	0
Full-time/part-time split					
Part-time employees		82 (36%)	86 (26%)	76 (20%)	78 (19%)
<i>thereof women</i>		65	65	52	54
<i>thereof part-time employees aged under 30</i>		8	10	11	8
<i>thereof part-time employees aged 30–50</i>		53	54	44	50
<i>thereof part-time employees aged over 50</i>		21	22	21	20
Full-time employees		226	251	313	338
<i>thereof women</i>		79	82	115	131
<i>thereof full-time employees aged under 30</i>		27	44	41	55
<i>thereof full-time employees aged 30–50</i>		158	161	194	199
<i>thereof full-time employees aged over 50</i>		41	46	78	84
Average age structure					
Age (in years)		42	42	41	40
Length of service (in years)		9	8	5	5
Employees with a university degree					
In total in relation to the number of employees (including Executive Board and employees on leave)		204 (66%)	224 (66%)	256 (66%)	259 (62%)
<i>thereof women with a university degree</i>		78 (38%)	84 (38%)	96 (38%)	111 (43%)
Management positions¹					
Employees in management positions		55	55	61	61
<i>thereof employees aged under 30</i>		0	4	1	0
<i>thereof employees aged 30–50</i>		36	34	36	32
<i>thereof employees aged over 50</i>		19	17	24	29
Full-time employees in management positions		51	50	57	56
<i>thereof women</i>		17	13	15	16
Part-time employees in management positions		4	5	4	5
<i>thereof women</i>		3	5	4	5
Total number of women in management positions ^{1, 2}		20 (36%)	18 (33%)	19 (31%)	21 (34%)
Staff turnover					
Total staff turnover		36 (14%)	49 (17%)	73 (19%)	89 (22%)
<i>thereof women</i>		18 (6%)	19 (6%)	36 (9%)	42 (10%)
<i>thereof employees aged under 30</i>		4 (11%)	4 (7%)	13 (18%)	23 (26%)
<i>thereof employees aged 30–50</i>		23 (64%)	36 (74%)	46 (63%)	37 (42%)
<i>thereof employees aged over 50</i>		9 (25%)	10 (19%)	14 (19%)	29 (33%)

Definition	Unit	2020	2021	2022	2023
Annual total compensation ratio					
Annual total compensation ratio ³		n/a	n/a	9%	12.3%
Employees on leave					
Employees on leave – as of 31 December ⁴		22	14	12	7
<i>thereof women</i>		13	11	9	6
Total number of employees on parental leave		n/a	n/a	16	17
<i>thereof women</i>		n/a	n/a	9	13
Employees that returned to work after parental leave ended ⁵		90%	100%	100%	100%
Total number of employees who came back from parental leave		10	15	7	11
<i>thereof women</i>		3	7	3	7
Rates of retention of employees after parental leave ⁶		100%	100%	100%	86%
Total number of employees that remained with the company after parental leave ended ⁶		10	7	10	6
<i>thereof women</i>		3	4	7	3
Number of employees entitled to parental leave		21	19	17	17
<i>thereof women</i>		11	11	10	10
New hires					
New hires last year		64	90 (27%)	111 (29%)	117 (29%)
<i>thereof women</i>		32	32 (36%)	46 (41%)	60 (51%)
<i>thereof employees aged under 30</i>		19	35 (39%)	24 (21%)	30 (26%)
<i>thereof employees aged 30–50</i>		40	46 (51%)	74 (67%)	33 (28%)
<i>thereof employees aged over 50</i>		5	9 (10%)	13 (12%)	54 (46%)
Training and education					
Expenditure on training and education	EUR	255,852	296,090	316,992	810,459
Total number of training and education days	days	406	506	751	700
Training and education days per employee	days/employee	1.4	1.8	2.1	1.8
Training and education days per senior employee	days/employee	1.6	1.8	1.9	3.9
Total number of training and education days	hours	2,842	3,539	5,258	4,900
<i>thereof completed by women</i> ⁷	hours	1,080	1,351	1,993	-
Training and education days per employee	hours/employee	10	11	15	12
Training and education days per senior employee	hours/employee	11	12	13	28
Sick days					
Total sick days	days	2,184	2,468	3,458	2,907
Sick days per employee	days/employee	7.5	7.4	9.8	7,4
Supervisory Board members KA and KPC					
Number of members		13	12	14	14
<i>thereof women</i>		1 (7,7%)	1 (8,3%)	3 (21,4%)	1 (7,1%)
<i>thereof Supervisory Board members aged under 30</i>		0	0	1 (7,1%)	1 (7,1%)
<i>thereof Supervisory Board members aged 30–50</i>		3 (23,1%)	3 (25,0%)	5 (35,7%)	7 (50,0%)
<i>thereof Supervisory Board members aged over 50</i>		10 (76,9%)	9 (75,0%)	8 (57,1%)	6 (42,9%)

1 Management positions refer to the management team, division heads, departmental heads and team leaders.

2 Percentage refers to full-time equivalents, excluding the Executive Board and employees on leave.

3 Compares the median total compensation paid to all employees (excluding the highest paid employee) with the total compensation paid to the highest paid employee. This is based on the extrapolated total annual salaries for full-time equivalents, including the bonus (KA only) for which provisions were set up in the statement of financial position. Executive Board members and employees who left in the course of the year were excluded. The highest-earning employee is a member of the management.

4 Includes all types of leave (such as educational or parental leave).

5 Proportion of employees set to return from parental leave in the reporting period who actually returned to work.

6 Employees that remained with the company for at least 12 months after their parental leave ended.

7 The breakdown by gender could not be determined in 2023.

GRI content index

Kommunalkredit Austria AG has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2023. Statement of use: GRI 1 used; available GRI sector standard(s): N/A

GRI STANDARD	GRI DISCLOSURE	UNGC	REFERENCE	REASON FOR OMISSION EXPLANATION
General Disclosures				
GRI 2: General Disclosures 2021	2-1 Organisational profile		Chapter Sustainability Strategy	
	2-2 Entities included in the organisation's sustainability reporting		Chapter Sustainability Strategy Chapter Material Topics, Boundaries and Scope of the Report	
	2-3 Reporting period, frequency and contact point		Chapter Sustainability Strategy, Impressum	
	2-4 Rectification or restatement of information		Chapter Sustainability topics in the spotlight - Operational ecology	
	2-5 External assurance		Chapter Sustainability Strategy	
	2-6 Activities, value chain and other business relationships	Principle 1, principle 2, principle 4, principle 5, principle 6, principle 7, principle 9	Chapter Infrastructure, Chapter Expertise, Chapter Building bridges, Chapter Material Topics, Boundaries and Scope of the Report, Chapter Success factor, Chapter Sustainability topics in the spotlight - Sustainable finance, Sustainable services	
	2-7 Employees	Principle 6	Chapter Employees Chapter GRI indicators	As of 31.12.2023 there was one employee on a fixed term contract.
	2-8 Workers who are not employees	Principle 6		As of 31.12.2023 there were no workers who are not employees.
	2-9 Governance structure and composition		Chapter Sustainability strategy - Sustainability governance https://www.kommunalkredit.at/fileadmin/user_upload/Processed/Wer-wir-sind/Governance/Corporate-Governance-Report-EN.pdf	
	2-10 Nomination and selection of the highest governance body		Corporate Governance Handbook: https://www.kommunalkredit.at/fileadmin/user_upload/Processed/Wer-wir-sind/Governance/Corporate-Governance-Report-EN.pdf	
	2-11 Chair of the highest governance body		Corporate Governance Handbook: https://www.kommunalkredit.at/fileadmin/user_upload/Processed/Wer-wir-sind/Governance/Corporate-Governance-Report-EN.pdf	In Austria, the two-tier system applies, i.e. separation between the Supervisory Board (non-executive) and the Management Board (executive). Incompatibility of simultaneous membership to the Management Board and the Supervisory Board, pursuant to Section 90 AktG (Austrian Stock Corporations Act).
	2-12 Role of the highest governance body in overseeing the management of impacts		Chapter Sustainability strategy - Sustainability governance	
	2-13 Delegation of responsibility for managing impacts		Chapter Sustainability strategy - Sustainability governance	
	2-14 Role of the highest governance body in sustainability reporting		Chapter Sustainability strategy - Sustainability governance	There is currently no legal requirement.

GRI STANDARD	GRI DISCLOSURE	UNGC	REFERENCE	REASON FOR OMISSION EXPLANATION
	2-15 Conflicts of interest		Chapter Sustainability topics in the spotlight - Business Ethics Corporate Governance Handbook: https://www.kommunalkredit.at/fileadmin/user_upload/Processed/Wer-wir-sind/Governance/Corporate-Governance-Report-EN.pdf Notes to the Consolidated Financial Statements - Note 71.	
	2-16 Communication of critical concerns		Chapter Sustainability topics in the spotlight - Business ethics	There were a total of 29 notifications to the OeNB in 2023 (complaint handling pursuant to Article 5 para. 1 no. 4 VERA-V), all of which concerned the category "Online Retail". No other reports/notifications.
	2-17 Collective knowledge of the highest governance body		Chapter Sustainability strategy Corporate Governance Handbook: https://www.kommunalkredit.at/fileadmin/user_upload/Processed/Wer-wir-sind/Governance/Corporate-Governance-Report-EN.pdf Chapter Sustainability Governance	
	2-18 Evaluation of the performance of the highest governance body		Chapter Sustainability Strategy Corporate Governance Handbook: https://www.kommunalkredit.at/fileadmin/user_upload/Processed/Wer-wir-sind/Governance/Corporate-Governance-Report-EN.pdf Report of the Supervisory Board	
	2-19 Remuneration policies		Disclosure reports: https://www.kommunalkredit.at/en/investor-relations/reports	
	2-20 Process to determine remuneration		Corporate Governance Handbook: https://www.kommunalkredit.at/fileadmin/user_upload/Processed/Wer-wir-sind/Governance/Corporate-Governance-Report-EN.pdf	
	2-21 Annual total compensation ratio		Chapter Employees Chapter GRI indicators	
	2-22 Statement on sustainable development strategy		Chapter Letter by the Chief Executive Officer	
	2-23 Policy commitments		Chapter Sustainability Governance Chapter Sustainability framework, Chapter Sustainability topics in the spotlight - Business ethics	
	2-24 Embedding policy commitments		Chapter Sustainability topics in the spotlight - Business ethics	
	2-25 Processes to remediate negative impacts		Chapter Sustainability topics in the spotlight - Business ethics Chapter Report on key features of the internal control system and risk management system in relation to the accounting process (management report)	
	2-26 Mechanisms for seeking advice and raising concerns		Chapter Sustainability topics in the spotlight - Business ethics	
	2-27 Compliance with laws and regulations			There were no penalties or fines in the reporting period.

GRI STANDARD	GRI DISCLOSURE	UNGC	REFERENCE	REASON FOR OMISSION EXPLANATION	
	2-28 Membership of associations	Principle 1, principle 8, principle 9	Bankenschlichtung Österreich, BPPP Bundesverband Public Private Partnership, Bundesverband deutscher Banken e.V., BWG Österreichische Bankwissenschaftliche Gesellschaft, Deutsche Handelskammer (DHK), Dienstleister Energieeffizienz und Contracting Austria, DSAG Deutsche SAP, Einlagensicherung AUSTRIA Ges.m.b.H., Energieforum Österreich, Eurex Clearing AG, Eurex Repo GmbH, European Clean Hydrogen Alliance, IIA Austria Institut für Interne Revision Austria, Industriellenvereinigung, International Capital Markets Association, IPFA International Project Finance Association, ISDA International Swaps and Derivatives Association, ISDA International Swaps and Derivatives Association, Österreichische Energieagentur, ÖVA Österreichischer Verein für Altlastenmanagement, ÖWAV Österreichischer Wasser- und Abfallwirtschaftsverband, Partnership for Carbon Accounting Financials (PCAF), Pfandbrief- & Covered Bond-Forum Austria, The Loan Market Association / Banking, The Loan Market Association / Recht, TMA Austria – The Treasury Markets Association, UN Environmental Programme for Financial Institutions (Principles for Responsible Banking), UN Global Compact, Verband Österreichischer Banken und Bankiers, Wiener Börse, WKO Wirtschaftskammer Österreich		
	2-29 Approach to stakeholder engagement		Chapter Sustainability strategy Chapter Communication		
	2-30 Collective bargaining agreements		Chapter Employees	All employees are covered by collective bargaining agreements.	
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics		Chapter Sustainability strategy		
	3-2 List of material topics		Chapter Sustainability strategy		
Sustainable Finance					
GRI 3: Material Topics 2021	3-3 Management of material topics		Chapter Sustainability topics in the spotlight - Sustainable finance Chapter Business Ethics - Corporate Governance, Data Protection Chapter Sustainability Strategy - 2025 Sustainability Commitments Chapter Employees		
Financing					
GRI G4: FS7 2014	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose		Chapter Sustainability topics in the spotlight - Sustainable finance Chapter Sustainability topics in the spotlight - Sustainable services		
GRI G4: FS8 2014	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	Principle 7, principle 8, principle 9	Chapter Sustainability topics in the spotlight - Sustainable finance Chapter Sustainability topics in the spotlight - Sustainable services		

GRI STANDARD	GRI DISCLOSURE	UNGC	REFERENCE	REASON FOR OMISSION EXPLANATION
Refinancing				
Kommunalkredit indicator	Refinancing share according to the "Sustainable funding framework" relative to the total refinancing volume			The "Sustainable Funding Framework" was implemented in the reporting year. No securities in line with the Sustainable Funding Framework were issued in the reporting year.
Sustainable services				
GRI 3: Material Topics 2021	3-3 Management of material topics		Chapter Sustainability topics in the spotlight - Sustainable services	
Consultancy services				
Kommunalkredit indicator	Total subsidies processed		Chapter Sustainability topics in the spotlight - Sustainable services	
Business Ethics				
GRI 3: Material Topics 2021	3-3 Management of material topics		Chapter Sustainability topics in the spotlight - Business ethics	
Fighting against corruption				
GRI 205: AntiCorruption 2016	205-1 Operations assessed for risks related to corruption	Principle 10		Operations: 2 Assessed: 2 (100%)
	205-2 Communication and training about anticorruption policies and procedures	Principle 10	Chapter Sustainability topics in the spotlight - Business ethics	
	205-3 Confirmed incidents of corruption and actions taken	Principle 10	Chapter Sustainability topics in the spotlight - Business ethics	
Protecting customer data				
GRI 418: Customer privacy, 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			During the reporting period, one enquiry by the Austrian Data Protection Authority was successfully answered. There were no substantiated complaints during the reporting period.
Human rights				
Kommunalkredit indicator	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Principle 1, principle 2, principle 3, principle 4, principle 5	Chapter Sustainability topics in the spotlight - Sustainable finance	The Sustainability Check involves a review of all investment agreements and contracts from a human rights perspective.
Employees				
GRI 3: Material Topics 2021	3-3 Management of material topics		Chapter Employees	
Employment				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Principle 6	Chapter Employees Chapter GRI indicators	
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	Principle 6	Chapter Employees	All basic benefits are provided to all employees.
	401-3 Parental leave	Principle 6	Chapter Employees Chapter GRI indicators	

GRI STANDARD	GRI DISCLOSURE	UNGC	REFERENCE	REASON FOR OMISSION EXPLANATION
Training and education				
GRI 404: Training and education 2016	404-1 Average hours of training and education per year		Chapter Employees Chapter GRI indicators	
	404-2 Programmes for upgrading employee skills and transition assistance programmes		Chapter Employees	
	404-3 Percentage of employees receiving regular performance and career development reviews		Chapter Employees	
Diversity				
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity of governance bodies and employees	Principle 6	Chapter Employees Chapter GRI indicators	
	405-2 Ratio of basic salary and remuneration of women to men	Principle 6	Chapter Employees	The collective agreement does not differentiate based on gender.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Principle 6		There were no cases of discrimination in the reporting period.
Operational ecology				
GRI 3: Material Topics 2021	3-3 Management of material topics		Chapter Sustainability topics in the spotlight - Operational ecology	
Emissions				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Principle 7, principle 8, principle 9	Chapter Sustainability topics in the spotlight - Operational ecology Chapter GRI indicators	
	305-2 Energy indirect (Scope 2) GHG emissions	Principle 7, principle 8, principle 9	Chapter Sustainability topics in the spotlight - Operational ecology Chapter GRI indicators	
	305-3 Other indirect (Scope 3) GHG emissions	Principle 7, principle 8, principle 9	Chapter Sustainability topics in the spotlight - Operational ecology Chapter GRI indicators	The calculation of financed emissions is part of the implementation of the sustainability strategy and is scheduled to be completed by 2024.
	305-4 GHG emissions intensity	Principle 7, principle 8, principle 9	Chapter Sustainability topics in the spotlight - Operational ecology Chapter GRI indicators	
	305-5 Reduction of GHG emissions	Principle 7, principle 8, principle 9	Chapter Sustainability topics in the spotlight - Operational ecology Chapter GRI indicators	
	305-6 Emissions of ozone-depleting substances (ODS)	Principle 7, principle 8, principle 9		No ozone-depleting substances were emitted in the reporting period.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Principle 7, principle 8, principle 9		No significant air emissions were emitted in the reporting period.
Socioeconomic compliance				
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Principle 1, principle 2, principle 3, principle 4, principle 5	Chapter Sustainability topics in the spotlight - Operational ecology	All major new suppliers are screened on the basis of criteria relating to their impact on society.
	414-2 Negative social impacts in the supply chain and actions taken	Principle 1, principle 2, principle 3, principle 4, principle 5	Chapter Sustainability topics in the spotlight - Operational ecology	

STATEMENT BY THE LEGAL REPRESENTATIVES

KOMMUNALKREDIT GROUP

The Integrated Annual Report covers the sustainability activities of the Kommunalkredit Group for the 2023 financial year.

Vienna, 14 February 2024

The Executive Board of
Kommunalkredit Austria AG



Bernd Fislage
Chief Executive Officer



Sebastian Firlinger
Member of the Executive Board

Imprint

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