

## PRESS RELEASE OF KOMMUNALKREDIT AUSTRIA AG

### Kommunalkredit's half year results: Strong performance during challenging times

- High demand for functioning infrastructure – Green Deal brings additional opportunities
- New business volume + 25% | EUR 613.8m
- EBIT + 20% | EUR 22.8m
- Cost-income-ratio reduced | 56.2%
- Return on equity improved | 15.1%
- Assignment of S&P and Fitch investment grade ratings
- Capital market issues – AT1 & senior preferred bond

(Vienna, 19/08/2021) – Kommunalkredit Austria AG (Kommunalkredit) released its half-year results for 2021 today. In these challenging times, the bank with its focus on infrastructure and energy financing as well as public finance once again succeeded in successfully implementing sustainable projects. The new business volume was significantly expanded to EUR 613.8m (H1 2020: EUR 490.1m), despite the noticeable impact of the current health crisis on the European infrastructure market. EBIT increased by 20% to EUR 22.8m (according to IFRS) compared to the same period of the previous year. The two business pillars of infrastructure and energy financing as well as public finance contributed 69.9% and 30.1% of gross income, respectively. The cost-income ratio was reduced to 56.2% (55.9% according to the Austrian Commercial Code [UGB]) in times of unchanged tense low interest rates, and a return on equity before taxes of 15.1% was achieved (11.8% according to the Austrian Commercial Code [UGB]). Kommunalkredit's CET 1 capital amounted to EUR 346.1m, the CET 1 ratio to a solid 18.3%. The non-performing loan ratio (NPL) has remained constant at 0.0% since the banks's privatisation in 2015.

Kommunalkredit CEO Bernd Fislage: "The Energy & Environment sector continued to play a dominant role in the first half of 2021. The national and international climate protection plans must be implemented now in order to positively shape the future. Here, we have also been able to realise innovative and sustainable infrastructure projects in Austria in the recent past. We are also currently experiencing a concentration in the areas of communication & digitalisation with increased demand for broadband or data processing capacities as well as social infrastructure. This is due in particular to the challenges posed by the COVID-19 pandemic, i.a. home office, distance learning and the increased need for health and care facilities."

Kommunalkredit's business model, which focuses on infrastructure and energy financing and public finance, was also positively assessed by the major rating agencies at the beginning of the year: S&P Global Ratings assigned an investment grade rating of "BBB-/A-3"; the covered bond rating was raised to "A+". Fitch Ratings gave the bank an investment grade rating of "BBB-/F3".

The bank also expanded its capital market activities: After the first issue of a EUR 6m AT1 bond at the beginning of the year, another AT1 bond in the amount of EUR 56.8m was issued and successfully placed with investors in April. This was followed by the issue of a EUR 300m senior preferred bond in May. Due to enormous investor interest, the final issue volume was significantly oversubscribed. The closed order book of more than EUR 700m covered over 70 investors from all over Europe. With these bonds, the Kommunalkredit has strengthened and diversified its funding structure, while at the same time increasing its visibility in the market.

## Key facts and figures 2020

- At EUR 613.8m, **new business volume** was clearly above that of the comparable period (EUR 490.1m). In particular, the financing of photovoltaic plants and wind farms, the expansion of broadband networks and investments in health care facilities were in high demand. 52.6% of the financing volume was attributable to Energy & Environment, 23.1% to Communications & Digitalisation and 13.8% to Social Infrastructure. In the Transport segment, the bank was able to implement its first transaction in Africa with a social loan of EUR 220m to the Ghanaian Ministry of Finance in cooperation with the German Export Credit Agency (ECA) Euler Hermes.
- In the first two quarters, the **volume placed** with insurance companies, asset managers and banks amounted to EUR 241.9m. In addition, through its infrastructure fund (Fidelio KA Infrastructure Debt Fund Europe 1) established in 2018, Kommunalkredit is able to offer its business partners access to infrastructure and energy financing via an asset management solution. With Florestan KA GmbH, which was launched in May 2021, the bank will be able to provide even more targeted support for innovative project ideas and developments through equity financing in the future. The **capital base was strengthened** by AT1 issues with a volume of EUR 63m, and a senior preferred bond with a volume of EUR 300m.
- Kommunalkredit's **diversified funding strategy** was also expanded in the first half of the year. After focusing on building a solid deposit base in recent years, the focus in 2021 was on tapping the capital market to further diversify funding sources. Funding sources were balanced between retail and wholesale deposits and direct business with corporate customers. The online investment platform for private customers KOMMUNALKREDIT INVEST (+8.3% to EUR 916m) and the direct investment product KOMMUNALKREDIT DIREKT for municipalities as well as the deposit business with corporate/institutional customers (in total -1% to EUR 903m) showed stable development.
- Kommunalkredit maintains a **high-quality loan portfolio** with an average rating of "A-". The non-performing loan ratio (NPL) remains at 0.0%.
- **Investment grade ratings by S&P Global Ratings and Fitch Ratings** were assigned on 24 February 2021 and 22 March 2021, respectively. In addition to the continuous increase in operating profitability, special attention was paid to the strong franchise in cooperation with customers and institutional investors as well as the demand for the KA Fidelio infrastructure fund under the "originate-and-collaborate" approach. Kommunalkredit's covered bond rating from S&P Global Ratings was raised from "A" to "A+" with a stable outlook as of 4 March 2021.

## IFRS key figures of the Kommunalkredit Group for 2020

- **EBIT** (net profit before tax, excluding credit risk, valuation and realisation result) increased by 20% to EUR 22.8m (2019: EUR 19m).
- The significant EBIT improvement was reflected in a reduction of the **cost-income ratio** (based on EBIT) to 56.2% (H1 2020: 59.8%). The **return on equity** before tax was 15.1% (H1 2020: 10.4%).
- **Net interest income** increased by 8.2% to EUR 36.4m (H1 2020: EUR 33.6m).
- **Net fee and commission income** amounted to EUR 11.2m (H1 2020: EUR 13.4m).
- The **non-performing loan ratio (NPL)** remained at 0.0% in the first half of 2021, despite the impact of the COVID-19 pandemic, and there were **no loan defaults**. The reported credit risk result of EUR 0.1m (H1 2020: EUR -1.0m) reflects the reduction of statistical default probabilities based on the improved macroeconomic environment.

## Outlook

Crisis-proof infrastructure will continue to be a high priority worldwide. At the same time, the global goals for the energy transition and combating climate change are at the top of the political and economic agenda. This makes Kommunalkredit confident that, with its specialisation, it will achieve a substantial increase in earnings of more than 25% in new business by year-end as compared to the already successful past business year.

Kommunalkredit's Half Year Report 2021 is now available at <https://www.kommunalkredit.at/en/investor-relations/reports>.

\* All figures reported under IFRS.

### **Further information:**

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## Selected performance indicators of Kommunalkredit Group according to IFRS

in EUR m or %	1/1-30/6/2021	1/1-30/6/2020	1/1.-30/6/2019
Total assets (30/6/2021 and 31/12/2020 and 31/12.2019)	4,826.4	4,423.2	4,305.3
Total capital (30/6/2021 and 31/12/2020 and 31/12.2019)	431.7	359.4	343.2
<b>Net interest income</b>	<b>36.4</b>	<b>33.6</b>	<b>27.9</b>
Net fee and commission income	11.2	13.4	10.8
General administrative expenses	-27.9	-26.2	-25.3
Placement result <sup>1</sup>	4.7	0.0	1.7
<b>EBIT<sup>2</sup></b>	<b>22.8</b>	<b>19.0</b>	<b>15.2</b>
Loan impairment, valuation and realised gains	3.2	-2.7	-3.0
<b>Profit for the period before tax</b>	<b>26.0</b>	<b>16.4</b>	<b>12.1</b>
Income taxes	-7.3	-4.4	-0.8
<b>Consolidated profit for the year</b>	<b>18.6</b>	<b>12.0</b>	<b>11.3</b>
Cost/income ratio (based on EBIT)	56.2%	59.8%	67.0%
Return on equity before tax <sup>3</sup>	15.1%	10.4%	9.1%

## Selected performance indicators of Kommunalkredit Austria AG according to Austrian GAAP

in EUR m or %	1/1-30/6/2021	1/1-30/6/2020	1/1.-30/6/2019
Total assets (30/6/2021 and 31/12/2020 and 31/12.2019)	4,570.5	4,108.7	3,802.8
Equity (30/6/2021 and 31/12/2020 and 31/12.2019)	324.0	307.4	273.9
<b>Net interest income</b>	<b>24.8</b>	<b>23.9</b>	<b>21.7</b>
Net fee and commission income	11.2	6.8	6.4
General administrative expenses	-23.3	-22.7	-21.9
Other operating income <sup>4</sup>	3.3	-0.1	1.1
<b>EBIT</b>	<b>18.8</b>	<b>9.4</b>	<b>11.2</b>
Other loan impairment, valuation and sales result <sup>5</sup>	1.5	1.1	2.5
<b>Profit on ordinary taxes</b>	<b>20.3</b>	<b>10.5</b>	<b>13.7</b>
Income taxes	-0.3	0.7	0.9
<b>Profit for the year after tax</b>	<b>20.0</b>	<b>11.3</b>	<b>14.6</b>
Cost/income ratio (based on EBIT)	55.9%	71.2%	69.1%
Return on equity before tax	11.8%	6.7%	10.3%

<sup>1</sup> Placement result = Result from the disposal of assets measured at amortised cost, at fair value through other comprehensive income, and at fair value through profit or loss.

<sup>2</sup> EBIT = Consolidated profit for the year before tax, not including net provisioning for impairment losses, measurement gains/losses.

<sup>3</sup> Return on equity before tax = consolidated profit for the year before tax annualised/Tier 1 capital as of 1 January.

<sup>4</sup> Includes the operating sales result from infrastructure and energy financing; included in the result from valuations and realisations in the income statement.

<sup>5</sup> Included in items 11 to 13 of the income statement.