

PRESS RELEASE

KOMMUNALKREDIT AUSTRIA AG

Infrastructure successful - even in times of crises

Annual results 2022 underline importance of business model

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- **New business volume infrastructure and energy financing: EUR 1.8bn**
- **EBIT +42%: EUR 85.2m**
- **Non-performing loan ratio (NPL) constant since 2015: 0.0%**
- **Cost/income ratio bank stand-alone: 41.9%**
- **Return on equity post tax: 22.3%**
- **Investment grade ratings by S&P, Fitch & DBRS**

The need for infrastructure and energy projects has become even more important due to the prevailing challenges. The COVID pandemic, the war in Ukraine, rising energy prices, high inflation rates, upheavals in the construction industry, supply chain disruptions, shortages of skilled labour and resource scarcity have initiated change. Added to this are the goals of national and international climate and energy plans, the trajectories of which must now be determined. Under these conditions, Kommunalkredit Austria AG (Kommunalkredit) today published its annual results for 2022.

With a new business volume of EUR 1,980m, Kommunalkredit has again positioned itself strongly in the European market and demonstrated its in-depth expertise as a specialist in infrastructure and energy finance as well as public finance. 43% of the transactions are attributable to the Energy & Environment sector. The bank's cost-income ratio was further reduced to 41.9% in a still tense low-interest environment and a return on equity after tax of 22.3% was generated. The non-performing loan ratio (NPL) has remained constant at an impeccable 0.0% since privatisation in 2015.

Kommunalkredit was involved in a large number of essential projects in 2022, including water treatment plants in Italy, wind farms in Scandinavia and Germany, photovoltaic plants on the Iberian Peninsula, in Romania and Hungary, broadband initiatives in Germany, the Netherlands, Slovenia and Croatia, as well as social care facilities and services in Italy. In the home market, the focus was on kindergartens, schools, fire brigades, water supply and wastewater disposal as well as broadband expansion.

Kommunalkredit CEO Bernd Fislage: "Through our work, we actively promote the energy turnaround and help to improve people's quality of life. We see ourselves as a mediator between private capital – as a stimulus for more sustainability – and public need for faster, stronger grids and viable transition solutions to green energy. And we propagate regulatory relief and targeted subsidies so that Europe can achieve the goals imposed."

Recognition of the business model in the current challenging market environment is also provided by the ratings of the international rating agencies. The investment grade ratings from S&P Global Ratings ("BBB-/A-3"), Fitch Ratings ("BBB-/F3") and DBRS Morningstar ("BBB/R-2 high") all have a stable outlook. In addition, the covered bond rating was confirmed at "A+" with a stable outlook at the beginning of February 2023.

Key points 2022

At EUR 1,980m (including Public Finance), the volume of new business was close to the two billion mark. 43% of the financing volume was in the Energy & Environment sector, 20% each in Social Infrastructure and Communications & Digitalisation, and 13% in Transport. Geographically, business was broadly positioned across the European Union and associated EU states.

Kommunalkredit attaches particular importance to the placability of its transactions on the international debt capital market. In 2022, the volume placed with insurance companies, asset managers and banks amounted to EUR 564m. Through its infrastructure funds (Fidelio KA Infrastructure Debt Fund Europe 1 and Europe 2), the bank is also able to offer its business partners access to infrastructure and energy financing via an asset management solution. With Florestan KA GmbH, the bank implements lighthouse projects through equity financing in order to promote the energy transition.

In 2022, Kommunalkredit further expanded its capital market activities started in 2021 and strengthened its deposit base. The debt issuance programme (DIP) of EUR 800m was increased to EUR 2bn in February 2022. In the same month, a public covered bond in the amount of EUR 250m was issued in February and subsequently increased by another EUR 150m. In addition, EUR 87.5m were placed via private placements of senior preferred bonds with institutional investors.

The bank was named "Most Sustainable Infrastructure Project Partner" by the international platform Business Vision in 2022; International Investor named the bank "Best Sustainable Infrastructure Investment Company". The Austrian business magazine Börsianer awarded Kommunalkredit "Best Direct Bank" and "Second Best Specialist Bank". The daily newspaper Kurier presented the seal of approval for sustainability as well as for being a popular employer.

As of 31 December 2022, the common equity tier 1 ratio was 16.9%, the total capital ratio 21.1%. The Bank has a high quality loan portfolio with an average rating of "A-". The non-performing loan ratio (NPL) remains at 0.0 %.

Key performance indicators 2022 of the Kommunalkredit Group according to IFRS

EBIT (consolidated net income before taxes, excluding credit risk result, valuation result and operating sales result from infrastructure and energy financing) increased by 42% to EUR 85.2m (2021: EUR 60m). Net profit after tax increased by 60% to EUR 78.2m (2021: EUR 48.9m).

The significant improvement in EBIT – due to the continuous expansion of the core areas of infrastructure and energy financing as well as public finance – was reflected in a significant reduction in the cost/income ratio (based on operating result) to 48.3% (2021: 53.2%). The return on equity before taxes increased from 19.5% in 2021 to 28.3%.

Outlook

Despite the macroeconomic environment, the ongoing health crisis, the Russian war in Ukraine and the related need to build and expand infrastructure as well as climate change, Kommunalkredit sees one thing above all else in 2023: opportunities. And the institution will seize these opportunities: Be it by enabling the development of new technologies, financing utilities, PV and wind parks, contributing to the technical infrastructure for connectivity and e-mobility, or even supporting the modernisation of care and education facilities. Kommunalkredit is actively driving the energy transition, decarbonisation and the urgently needed diversification from oil and gas.

The specialist institution for infrastructure and energy financing as well as public finance will create benefit to the communities. In Austria, Europe and beyond. Sustainably and successfully. Because, "We are not just observers of this change. We are drivers, companions, innovators and incubators for sustainable accents. Infrastructure is part of our DNA. Through the recent majority investment by Altor, we will continue our growth trajectory to become the leading sustainable infrastructure platform in Europe", says Kommunalkredit CEO Fislage.

Kommunalkredit's Annual Report 2022 is available now at <https://www.kommunalkredit.at/en/investor-relations/reports>. (All figures reported under IFRS.)

Key performance indicators

Selected performance indicators according to IFRS in EUR m or %	2022	2021
Total assets	4,628.3	4,427.9
Total capital (subscribed capital, reserves, additional tier 1)	471.9	437.7
Net interest income	125.7	78.9
Net fee and commission income	29.9	29.4
General administrative expenses	-75.8	-63.6
Other operating income	10.2	15.5
EBIT¹	85.2	60.1
Loan impairment, valuation and realised gains	14.2	7.0
Consolidated profit for the year before tax	99.3	67.1
Income taxes	-21.1	-18.2
Consolidated profit for the year	78.2	48.9
Cost/income ratio (based on EBIT) of the Group incl. KPC	48.3%	53.2%
Cost/income ratio bank stand-alone	41.9%	47.9%
Return on equity before tax ²	28.3%	19.5%
Return on equity after tax	22.3%	14.2%

¹ EBIT = Consolidated profit for the year before tax, not including net provisioning for impairment losses, valuation gains and operating placement result from infrastructure/energy financing.

² Return on equity before tax = consolidated profit for the year before tax / common equity tier 1 capital as of 1/1.

Selected performance indicators of Kommunalkredit Austria AG according to local GAAP in EUR m or %	2022	2021
Total assets	4,608.8	4,230.4
Total capital (subscribed capital, reserves, additional tier 1)	391.3	334.1
Net interest income	94.5	55.6
Net fee and commission income	21.3	29.6
General administrative expenses	-62.0	-51.9
Other operating income	5.1	18.4
EBIT¹	61.2	52.5
Other loan impairment, valuation and sales result	7.4	3.7
Profit on ordinary activities	68.5	56.2
Result from restructuring	17.9	0.0
Income taxes	-16.2	-9.0
Profit for the year after tax	70.2	47.1
Cost/income ratio (based on EBIT)	47.8%	51.2%
Return on equity before tax	24.7%	16.3%
Return on equity after tax	16.9%	17.3%

¹ EBIT = Operating result supplemented by the operating placement result from infrastructure/energy financing and change in provisions according to § 57 para. 1 BWG.

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Kommunalkredit is a specialist for infrastructure and energy financing. Together with its customers as partners, the bank creates values that continuously improve people's lives. In doing so, it facilitates the construction and operation of infrastructure facilities by balancing the financing needs of project sponsors and developers with the growing number of investors looking for sustainable investment opportunities. Main investment segments are energy & environment | communications & digitalisation | transportation | social infrastructure | natural resources.