

PRESS RELEASE

KOMMUNALKREDIT AUSTRIA AG

Driving force: Kommunalkredit leads the way in sustainable financing**Strong half-year results confirm focus on infrastructure and energy**

Vienna, 08/08/2023

- **New business volume EUR 797m**
- **EBIT + 31% | EUR 52m**
- **Cost/income ratio 42%**
- **Return on equity post tax 21%**
- **Investment grade ratings confirmed by S&P, Fitch and DBRS**

Kommunalkredit Austria AG (Kommunalkredit) today published its half-year results 2023. The results underline the growing need for infrastructure investments to meet the essential needs of society and pave the way for a green future. The bank for infrastructure and energy financing as well as public finance seamlessly continued the success of the past business year. The volume of new business in the infrastructure and energy sector was EUR 797m after the first half of the year (H1 2022: EUR 752m). Compared to the same period of the previous year, the operating result according to IFRS increased by 31% to EUR 51.6m, while the consolidated profit before tax rose to EUR 55.3m (H1 2022: EUR 52.1m). A cost/income ratio of 42.0% of the Group (including Kommunalkredit Public Consulting GmbH) and a return on equity after taxes of 20.8% was achieved. Kommunalkredit's core capital amounted to EUR 497.6m, the core capital ratio to 17.4%.

Kommunalkredit CEO Bernd Fislage: "After many years of constant economic upswing, we as a society have to live new and flexible ways of thinking. Modern, innovative technologies need to be further developed and financed. Green hydrogen, CO₂ capture and storage, sustainable fuels or new progressive technologies for clean energy production are some examples of the beginning "Decarbonisation Revolution". This is our core business. We tackle climate change action, energy diversification, decarbonisation, e-mobility, broadband and social infrastructure on a daily basis. This is the foundation of our continuous success."

Kommunalkredit's established, resilient business model with its two pillars of infrastructure and energy financing as well as public finance was confirmed at the beginning of the year: S&P Global Ratings and Fitch Ratings assigned an investment grade rating of "BBB-/A-3" and "BBB-/F3" respectively, with S&P raising the outlook to "positive"; DBRS Morningstar last assigned a "BBB/R-2" rating in September 2022; the covered bond rating was affirmed by S&P at "A+" with a stable outlook. In addition, the bank was assigned a "low risk" ESG risk rating by Morningstar Sustainalytics; ISS ESG assigned a "C rating" in the first quarter of 2023 and thus "prime status" with a transparency level of "very high".

Key points in H1 2023

At EUR 797m, the volume of new business was significantly above that of the comparable period (EUR 752m). Half of the transactions concluded were in the energy & environment sector (53%), 27% in communications & digitalisation, followed by 14% for transport. Geographically, the bank's focus is on Europe.

Kommunalkredit's funding strategy was further diversified in the first half of the year; funding sources showed an upward trend in the area of retail and wholesale deposits and direct business with corporate customers. The online investment platform for retail customers KOMMUNALKREDIT INVEST increased by 13% to EUR 1,452m, the direct investment product KOMMUNALKREDIT DIREKT for municipalities as well as the deposit business with corporate/institutional customers grew by 6% to EUR 925m.

The bank has a high-quality portfolio with an average rating of "BBB+".

Key performance indicators H1 2023 of the Kommunalkredit Group according to IFRS

The operating result (consolidated profit before tax, excluding credit risk, valuation result and operating sales result from infrastructure/energy financing) increased by 31% to EUR 51.6m (H1 2022: EUR 39.5m). The cost-income ratio was 42.0%; the return on equity after tax was 20.8%.

Net interest income rose by 52% to EUR 81.8m (H1 2022: EUR 53.8m), net fee and commission income to EUR 14.5m (H1 2022: EUR 12.2m).

Outlook

The first half of 2023 has shown that Kommunalkredit has not only proven the resilience of its business model in a challenging macroeconomic environment – inflation, fluctuating energy prices, interest rate hikes, war, geopolitical tensions – but has instead seen it as a driver and an opportunity.

Since the realignment in 2015, the bank has been growing continuously and promoting sustainable projects and investments with regard to European and national climate and energy targets as well as the rapid expansion of digitalisation/communication projects and social infrastructure. Kommunalkredit intends to take advantage of the positive momentum and, with the support of its future majority shareholder Altor (subject to regulatory approval), take the next step towards becoming the European "Green Transition Financing Champion" with the envisaged EUR 100m capital increase. "We combine sustainability and profitability: For the full year 2023 we are aiming for a return on equity after tax of over 15%, a cost/income ratio below 48% and a core capital ratio of over 15% again – with a clear focus on investments that benefit society and the environment," says Kommunalkredit CEO Bernd Fislage.

Kommunalkredit's Half Year Report 2023 is available now at <https://www.kommunalkredit.at/en/investor-relations/reports>.

Key performance indicators

Selected performance indicators according to IFRS in EUR m or %	30/6/2023	31/12/2022
Total assets	4,934.5	4,628.3
Total capital	518.1	471.9
	1/1-30/6/2023	1/1-30/6/2022
Net interest income	81.8	53.8
Net fee and commission income	14.5	12.2
General administrative expenses	-41.9	-32.9
Placement results ¹	-0.4	0.1
EBIT²	51.6	39.5
Loan impairment, valuation and realised gains	3.5	12.5
Consolidated profit for the year before tax	55.3	52.1
Income taxes	-13.6	-13.0
Consolidated profit for the year	41.7	39.1
Return on equity before tax ³	27.5%	30.3%
Return on equity after tax ⁴	20.8%	22.7%
Cost/income ratio (based on EBIT)	46.7%	47.2%
Cost/income ratio (based on EBIT) new ⁵	42.0%	41.8%
Cost/income ratio bank stand-alone	41.4%	41.4%
Selected performance indicators according to local GAAP in EUR m or %	30/6/2023	31/12/2022
Total assets	4,908.4	4,609.8
Total capital	428.3	391.3
	1/1-30/6/2023	1/1-30/6/2022
Net interest income	71.8	39.3
Net fee and commission income	12.6	6.7
General administrative expenses	-34.7	-26.6
Placement results ⁶	0.8	4.2
EBIT	50.9	33.0
Loan impairment, valuation and realised gains	-0.2	20.0
Consolidated profit for the year before tax	50.6	53.0
Income taxes	-13.7	-7.4
Consolidated profit for the year	36.9	45.6
Return on equity before tax ⁷	23.5%	30.2%
Return on equity after tax ⁸	17.1%	26.0%
Cost/income ratio bank stand-alone	41.9%	46.1%

¹ Placement result contains the result from the disposal of assets that are measured at fair value through profit or loss or not through profit or loss.

² EBIT = Profit for the period before tax, excluding credit risk result, valuation result and operating sales result from infrastructure/energy financing.

³ Return on equity = Profit for the period extrapolated to one year / common equity tier 1 capital as of 1/1.

⁴ Return on equity = Profit for the period extrapolated to one year / common equity tier 1 capital as of 1/1.

⁵ Result from subsidiary KPC (cost plus model) netted in cost/income ratio calculation to provide fair view on efficiency.

⁶ Includes the operating sales result from infrastructure/energy financing; included in the income statement in the result from valuations and realisations.

⁷ Return on equity = Profit for the period extrapolated to one year / common equity tier 1 capital as of 1/1.

⁸ Return on equity = Profit for the period extrapolated to one year / common equity tier 1 capital as of 1/1.

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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 | communication & digitalisation | transport | social infrastructure | natural resources.