

PRESS RELEASE OF KOMMUNALKREDIT AUSTRIA AG

Kommunalkredit's annual results rise substantially contrary to market trend: Strong business year 2020 due to high demand for infrastructure

- **New business volume from infrastructure and energy financing up by 11% | EUR 1.1bn**
- **EBIT increased by 43% | EUR 47.5m**
- **Non-performing-loan-ratio remains unchanged since 2015 – despite COVID-19 | 0.0%**
- **Cost-income-ratio significantly reduced | 56.1%**
- **Return on equity improved | 15.3%**
- **Final close Fidelio KA Debt Fund 1 | EUR 354m**
- **Assignment of S&P and Fitch investment grade ratings | DBRS ratings upgraded to BBB**

(Vienna, 24/03/2021) – Kommunalkredit Austria AG (Kommunalkredit) announces its annual results for the year 2020. The results underscore the increasing demand for infrastructure in times of global challenges as an essential factor for the modernisation and realisation of critical agendas such as digitalisation, national and international climate and energy targets and the European Green Deal. At EUR 1.1bn, the volume of new business in infrastructure and energy financing is 11% above the previous year's result. EBIT rose by 43% to EUR 47.5m. The cost-income ratio reduced to 56.1% and a return on equity pre tax of 15.3% was achieved despite of a difficult market environment and continuing low interest rates. The common equity tier 1 (CET 1) capital amounts to EUR 344.0m and the CET 1 ratio improved to 20.3%. The non-performing loan ratio (NPL) has remained constant at 0.0% since the bank's privatisation in 2015.

The volume placed with insurance companies, asset managers, banks and Kommunalkredit's own asset management platform Fidelio KA grew to more than EUR 600m; the debt fund Fidelio KA 1 was closed in February 2020 with a volume of more than EUR 350m, thereby exceeding the original target volume of EUR 150m significantly. The sub-fund is almost fully invested and highlights the great interest of investors in sustainable infrastructure projects as an alternative asset class.

Kommunalkredit CEO Bernd Fislage: "These strong results underline the validity of our business model with its focus on infrastructure and energy financing as well as public finance. We are active in a sector that proved to be largely crisis-resistant and robust even before the COVID-19 pandemic. We chose to see the recent challenges as opportunities and outperformed our 2020 targets despite adverse conditions, contrary to the general market environment."

The recent ratings of international rating agencies are further confirmation of the resilience of the business model in the current challenging market environment. On 22 March 2021, Fitch Ratings assigned an investment grade rating of "BBB-/F3" (stable outlook) to Kommunalkredit. On 24 February 2021, the bank received an investment grade rating of "BBB-/A-3" with a stable outlook from S&P Global Ratings; in addition, the covered bond rating was lifted to "A+" with a stable outlook. Already in October 2020, DBRS Morningstar has upgraded the bank's rating by a notch to "BBB/R-2 (high)" with a stable outlook.

"Our strategy of sustainable and stable growth is being noticed. In addition to our continuously increased profitability, the rating agencies' assessment paid particular attention to our strengthened franchise through the cooperation with our clients and institutional investors as well as the demand for our infrastructure fund. We are pleased about the market recognising our progress, and at the same time understand this as motivation to continue advancing on our chosen path," says Fislage.

Key facts and figures 2020

- At EUR 1.1bn, **new business volume** from infrastructure and energy financing was up by 11% against the previous year. 49% of the financing volume was attributable to the Energy & Environment segment, 40% to Communications & Digitalisation and 9% to Transport. This reflects the rising need for a secure energy supply and high-performance digital infrastructure brought about by COVID-19. Geographically, business was broadly positioned across the European Union and associated EU countries. Kommunalkredit was involved in the financing of water infrastructure, biomass plants, wind and solar parks as well as broadband projects and data centres as well as financing in the health sector.
- Kommunalkredit **placed a volume** of EUR 603m of its new business with international investors. Final close of the Fidelio KA Infrastructure Debt Fund Europe 1 (established in 2018) took place in February 2020; at EUR 354m, it significantly exceeded the target volume of EUR 150m.
- The bank was **awarded** “Best ESG Infrastructure Finance Europe” by the international platform “Capital Finance International” the second year running, after 2019. The online investment portal for private customers KOMMUNALKREDIT **INVEST** won the “German Brand Award”. The Austrian business magazine “Der Börsianer” rated Kommunalkredit as the second best direct bank and third best specialised bank. Some of the projects financed by Kommunalkredit received sustainability awards from trade journals, such as Proximo, IJGlobal or the “German Renewables Award”.
- Kommunalkredit further diversified its **funding structure** and broadened its investor base. Customer deposits increased by 27% to approx. EUR 1,773m (31.12.2019: EUR 1,393m). In particular, wholesale deposits including the direct investment product KOMMUNALKREDIT **DIREKT** for municipalities (+13% to EUR 916m) and the online investment platform for private customers KOMMUNALKREDIT **INVEST** (+46% to EUR 846m) developed very positively.
- The bank's **CET 1 ratio** was 20.3% as of 31 December 2020 and the total capital ratio was 23.2%.
- Kommunalkredit maintains a **high-quality loan portfolio** with an average rating of “A-”. The non-performing loan ratio (NPL) remains at 0.0%.

IFRS key figures of the Kommunalkredit Group for 2020

- **EBIT** (net profit before tax, excluding credit risk and valuation result) increased by 43% to EUR 48m (2019: EUR 33m).
- At EUR 36m, **net income** after tax was 23% higher than in the previous year (2019: EUR 30m).
- The significant EBIT improvement was reflected in a reduction of the **cost-income ratio** (based on EBIT) to 56.1% (2019: 63.3%).
- **Net interest income** increased by 32% to EUR 77m (2019: EUR 59m). EUR 54m of this figure resulted from the infrastructure and energy financing business (2019: EUR 33m) and EUR 23m from the public finance portfolio (2019: EUR 25m).
- **Net fee and commission income** improved by 15% to EUR 29m (2019: EUR 25m). Due to the expansion of advisory and structuring activities, Kommunalkredit was able to increase risk-free commission income from lending and service business to EUR 15m (2019: EUR 11m).

Outlook

In the wake of the COVID-19 pandemic and the adherence to climate targets, the need for sustainable and functioning infrastructure continues to gain relevance. The expansion, maintenance and modernisation of infrastructure facilities in the areas of supply, digitalisation, social infrastructure and transport is increasingly being seen as a matter of great importance by public and private decision-makers. In addition to the after-effects of the Corona virus, climate change is and will be one of the greatest global challenges. Kommunalkredit was the first financial services provider in Austria to join the “European Clean Hydrogen Alliance”, launched by the EU Commission in mid-2020. And following this commitment to climate neutrality, the bank has already taken the first concrete step at the beginning of 2021 by investing jointly with OMV in the construction of Austria's largest electrolysis plant.

Thus, Kommunalkredit is once again a pioneer in innovative, economic and sustainable projects and actively supports the global sustainability goals through its investments. With its infrastructure expertise Kommunalkredit is well positioned to tackle these complex issues and will continue to generate benefit to the community together with its network of project sponsors and investors.

Kommunalkredit's Annual Report 2020 is now available at <https://www.kommunalkredit.at/investor-relations/finanzberichte>.

* All figures reported under IFRS.

Financial performance indicators

Selected performance indicators of Kommunalkredit Group according to IFRS in EUR m or %	2020	2019
Total assets (31/12)	4,432.2	4,305.3
Total capital (31/12)	359.4	343.2
Net interest income	77.1	58.6
Net fee and commission income	28.5	24.9
General administrative expenses	-57.2	-54.6
Income from services provided to KA Finanz AG	0.0	1.7
EBIT¹	47.5	33.2
Net provisioning for impairment losses, measurement gains and losses and realised gains and losses	0.2	-5.9
Consolidated profit for the year before tax	48.0	27.3
Income taxes	-11.6	2.3
Consolidated profit for the year	36.4	29.6
Cost/income ratio (based on EBIT)	56.1%	63.3%
Return on equity before tax ²	15.3%	10.3%

¹ EBIT = Consolidated profit for the year before tax, not including net provisioning for impairment losses, measurement gains/losses.

² Return on equity before tax = consolidated profit for the year before tax annualised/Tier 1 capital as of 1 January.

Selected performance indicators of Kommunalkredit Group according to local GAAP in EUR m or %	2020	2019
Total assets (31/12)	4,108.7	3,802.8
Total capital (31/12)	307.4	273.9
Net interest income	57.4	45.6
Net fee and commission income	20.4	15.5
General administrative expenses	-47.4	-44.8
Other operating income ¹	3.0	4.8
EBIT	31.9	27.0
Other loan impairment, valuation and sales result ²	0.5	1.8
Profit on ordinary activities	32.4	28.7
Income taxes	1.2	1.6
Profit for the year after tax	33.6	30.3
Cost-income ratio (based on EBIT)	61.0%	63.2%
Return on equity before tax	10.3%	10.8%

¹ Mainly income from services provided for Kommunalkredit Public Consulting GmbH; 2019 also KA Finanz AG.

² Included in items 11-13 of the income statement.

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