

INFRASTRUCTURE IS OUR FUTURE

Half Year Financial Report 2021
Kommunalkredit Group

KOMMUNAL
KREDIT

Kommunalkredit at a glance

SELECTED PERFORMANCE FIGURES in EUR m / % (as applicable)	IFRS			Austrian GAAP		
	H1 2019	H1 2020	H1 2021	H1 2019	H1 2020	H1 2021
EBIT*	15.2	19.0	22.8	11.2	9.4	18.8
Profit on ordinary activities Profit for the period before tax	12.1	16.4	26.0	13.7	10.5	20.3
Profit for the period after tax	11.3	12.0	18.6	14.6	11.3	20.0
Cost-income ratio	67.0%	59.8%	56.2%	69.1%	71.2%	55.9%
Return on equity before tax	9.1%	10.4%	15.1%	10.3%	6.7%	11.8%

*Profit for the period before tax adjusted for net result of valuations and restructuring expense.



56.2%

Cost-income ratio

21

nationalities
as a sign of diversity
among over 300 employees

A+

Covered bond rating
from S&P



Pioneer

Investing in the construction of the
largest electrolysis plant in Austria
jointly with OMV

15.1%

RoE before tax



70%

of gross revenues from
infrastructure and energy financing



BBB-

Investment grade senior
unsecured ratings
from S&P and Fitch

All performance indicators reported under IFRS, unless otherwise stated.



EUR **65m**

New ECA business (Export Credit Agency)

EUR **26.0m**

Profit on ordinary activities



EUR **300m**

Senior preferred bond issue



EUR **22.8m**

EBIT

A-

Average rating of premium-grade portfolio

21.7%

Tier 1 ratio

Contribution to

12



Sustainable Development Goals



Award

Business Vision Award

“Most Sustainable Infrastructure Project Partner”



EUR **63m**

Strengthening of capital base via AT1 issue

EUR **65m**

of gross revenues from Public Finance Business



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INFRA BANKING EXPERTS.

We live for infrastructure. Infrastructure is always relevant. It is an essential backbone of developed economies and enables the rise to prosperity of emerging markets. Demand is high – and not only in times of crisis.



06 Letter by the Chief Executive Officer

Letter by the Chief Executive Officer.

SUSTAINABILITY.PIONEER.

Dear stakeholders,

“Every obstacle and difficulty is a step on which we rise to greatness.” This quote is attributed to German philologist and philosopher Friedrich Nietzsche, and we believe that it very effectively describes the time in which we are currently living.

For a year and a half now, COVID-19 has had a constant influence over our lives. In addition to economic and social restrictions, many have also had personal challenges to deal with. During this time, we have seen how important social cohesion is, and how fundamental our dependency on reliable infrastructure is. Working from home and distance learning have impressed upon us the importance of having a powerful communications infrastructure and a dependable power supply, the increased demand for life-saving healthcare facilities has demonstrated the need for social infrastructure, and the restrictions suffered by the transport sector have underlined the importance of regional networking.

The progress of the vaccination campaign is a major factor in gradually bringing the pandemic under control. However, infection rates and mutations continue to provide us with adequate cause to exercise caution and common sense, so as to limit the further spread of the virus. A return to the “normal” life that we are accustomed to still seems far away.

In these challenging times, Kommunalkredit has managed to successfully live up to its role as a specialist for infrastructure and energy financing and public finance. The 2020 financial year demonstrated how the ongoing dialogue regarding sustainable energy solutions, e-mobility, digital communication platforms and social facilities is one of the bank’s strengths and one in which interest remains strong. In the first half of 2021, we were able to continue this success seamlessly. With new business in infrastructure and energy financing amounting to EUR 613.8m (H1 2020: EUR 490.1m), we have further expanded our expertise despite the noticeable effects of the health crisis on the European infrastructure market.

Projects in the sectors Energy & Environment (photovoltaics, wind), Communication & Digitalisation (broadband internet, data centres) and Social Infrastructure (nursing homes and healthcare institutions) have seen particularly strong demand.

EBIT increased significantly by 20% to EUR 22.8m compared to the same period in the previous year. The cost/income ratio at the half-year point was 56.2% (H1 2020: 59.8%), while return on equity before tax came to 15.1% (H1 2020: 10.4%).

As our second pillar, public finance, is a key element of our business model. We have been very active in this area in Austria in particular, supporting municipal authorities with the financing of nurseries, schools, sports facilities, tourism institutions and commercially used buildings.

Our first project in Africa is an important milestone – we partnered up with the German export credit agency (ECA) Euler Hermes to serve as the Mandated Lead Arranger in a EUR 220m social loan to the Ghana Ministry of Finance. This has been used to finance the expansion and repair of the first part of the Eastern Corridor Road (773 km), which connects the southern coast of Ghana with the regions to the north.

At the same time, we place great value in seeing innovative and sustainable infrastructure projects in our home market come to fruition. At the start of the year, we cooperated with OMV to initiate an investment in the construction of the largest electrolysis plant in Austria. Up to 1,500 tonnes of green hydrogen will be produced each year at Schwechat Refinery from 2023 onwards. We are presently committed to a project with an Austrian energy provider to construct and operate photovoltaics facilities on commercial properties.

In May 2021, we launched a company – “Florestan KA GmbH” – to provide support for and drive progress of innovative project concepts and developments with equity funding with even more focus in the future.

Our strategy was also acknowledged with a positive response by the major rating agencies at the start of the year, with S&P Global Ratings awarding an investment grade rating of “BBB-/A-3”, while the covered bond rating was raised to “A+”. Fitch Ratings awarded an investment grade rating of “BBB-/F3” for the bank. DBRS Morningstar had already raised our rating to “BBB/R-2 (high)” at the end of 2020. All ratings were awarded with a positive outlook, emphasising the increased franchise strength arising from the collaboration with our customers and institutional investors.

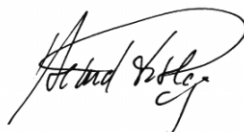
In the early months of the year, we placed additional Tier 1 capital (AT1) and a senior preferred bond. The AT1 issue with a volume of EUR 63m strengthened our capital base and optimised our capital structure. The senior preferred bond of EUR 300m was the bank’s first publicly syndicated refinancing transaction since the issue of a social covered bond in 2017. Investor interest was massive – the closed order book, amounting to EUR 700m, included investors throughout all of Europe. This has enabled us to strengthen our refinancing structure while also boosting our visibility on the market.

Looking forward to the second half of the year gives us reason to expect that the encouraging start to the year will continue. We have therefore increased our targets for 2021 and will be aiming for an increase in income of over 25% in new business and year-on-year volume growth to at least EUR 1.5bn (2020: EUR 1.1bn). Our pipeline is well-filled, and demand for infrastructure isn’t slowing down – in fact, in light of the objectives of the Green Deal and the national climate and energy plans, the coming years will see enormous change. The ambitious yet necessary climate plan can only be achieved with political consensus, legally well-defined conditions, and a common understanding.

Kommunalkredit will continue to assume responsibility and live up to its pioneering role in the implementation of sustainable infrastructure projects. To this end, we depend on our team of experts from throughout the world who apply their in-depth know-how and their wide-reaching network with a tremendous amount of commitment, for the bank and for the projects we enable. Our successful growth path has only been possible with them, and its future will only be possible with them. With our customers, our stakeholders and – in particular – our colleagues. We offer our sincerest thanks!

Let’s keep shaping the future!

Best regards,



Bernd Fislage
Chief Executive Officer
Kommunalkredit Austria AG

Vienna, August 2021



VISION. MISSION. ALWAYS FIRST.

We enable infrastructure. We help to create a better world by enabling the development of sustainable infrastructure that improves the quality of people's lives. Not just for ourselves, but also for the coming generations.



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ALWAYS COMMITTED.

The infrastructure specialist

Infrastructure investments are a powerful tool for responding to social and environmental needs and fundamentally increasing the general well-being of communities. Infrastructure bolsters economic power, encourages urban development, gives regions a new lease of life, creates jobs, supports social cohesion and is an indispensable part of the fight against climate change.

Kommunalkredit is a specialist for infrastructure and energy financing.

Our aim:

We want to establish ourselves as a leading name in the European infrastructure market in the long term.

Our mission:

We are a small institution focusing on the implementation of sustainable financing and subsidy solutions – not only as a leader in our domestic market, Austria, but also as a powerful player throughout Europe. Working in partnership with our customers, we create value that sustainably improves people’s lives.

Our goal:

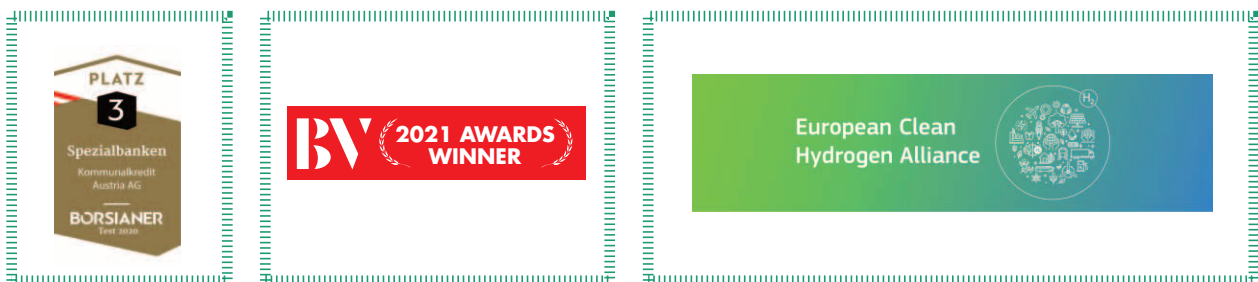
We use our business model to continuously improve the standard of living in society. At the same time, we generate substantial returns for our investors in the long run.

We are ALWAYS FIRST

when it comes to delivering outstanding results with speed and precision. We are a strong, agile partner for businesses, innovators and the public sector when it comes to implementing economically sustainable projects in a profitable manner.

We are the link between project developers on the one hand and investors on the other, combining sustainable and responsible investments with attractive returns.

The positive feedback from our business partners, customers, competitors and industry media serves as confirmation to us that we are on the right track with our focus on financing for infrastructure and energy and public finance.



ALWAYS SUCCESS-DRIVEN.

Our business model

Our business model is associated with an attractive risk/reward profile due to its specific structure. Following our “originate and collaborate” approach, we closely cooperate with customers and institutional investors such as project developers, operators and the public sector.

From underwriting debt and subordinated capital to mezzanine or bridge financing to equity investments – Kommunalkredit enables flexible, tailored **financing solutions** stretching across the entire capital structure. We offer an extensive range of products, from financial advisory and public finance to a wide variety of financing types in the infrastructure and energy sectors such as corporate finance, acquisition & leverage finance, export financing and project financing, as well as asset management solutions through our Fidelio KA Infrastructure Debt Fund platform and equity financing for project development through our Florestan KA GmbH.

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. Our infrastructure and energy portfolio spans a broad range of different sectors.

What sets us apart from our competitors

- Our unique combination of in-depth industry expertise and structuring know-how combined with the financing capabilities of a bank.
- Our broad network of customers and investors.
- The strong track record of our senior team in managing growth and risk.
- Our expertise in assessing risk appropriately and providing our customers with competent advice.
- Our expertise in turning economically sustainable projects into a profitable reality.
- Our investments in the development of our employees.
- The benefits of an agile bank: nimble, flexible, solution-driven and goal-oriented.



Energy & Environment

Energy supply & distribution
Renewable energy
Water supply & treatment
Waste management & disposal



Communication & Digitalisation

Broadband
Fibre optic
Data centres



Transport

Roads, bridges, tunnels
Airports, ports, waterways
Rail/public transportation, rolling stock



Natural Resources

LNG terminals
Pipelines
Energy storage



Social Infrastructure

Nurseries, schools, universities
Hospitals, nursing homes
Court buildings
Administrative buildings

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.



Energy & Environment



Communication & Digitalisation



Transport

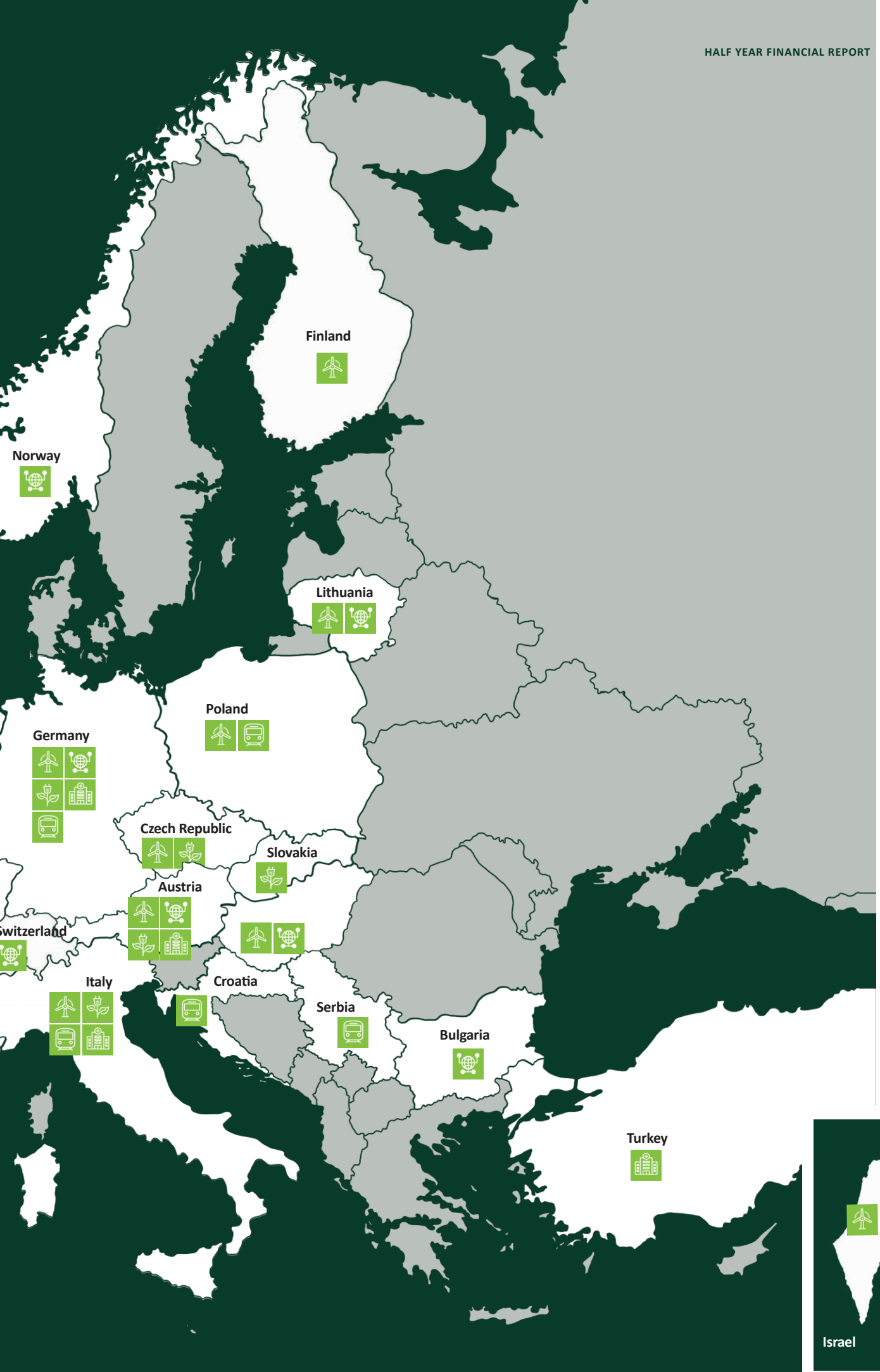


Social Infrastructure



Natural Resources





ALWAYS AMBITIOUS.

Our objectives

In 2018 we launched a strategic programme with firmly defined, ambitious objectives. With investments in sustainable infrastructure, dependable communications and energy security, we are well-positioned to develop long-term customer relationships and generate attractive returns. And we create value that benefits society.

The importance of accessible and functioning key infrastructure is never more apparent than in times of global difficulties.

1 What is our goal?

We aim to establish Kommunalkredit as the partner of choice for infrastructure investments and, with this, as a leading player in the European infrastructure market. The generation of attractive returns and the sustainable, environmentally friendly deployment of capital are two sides of the same coin for us.

2 How will we achieve this goal?

We focus on our core business. We live customer centricity. We focus on operational efficiency and the execution of transactions in accordance with ESG (Environment, Social and Governance) and SDG (Sustainable Development Goals) criteria and clearly defined placement criteria while meeting our partners' expectations in terms of returns.

3 How are we improving in our core business?

By broadening our product range, growing our fee business and improving productivity and profitability. We focus strongly on risk-adjusted returns and sustainable investments.

4 What do we need to achieve this?

We aim to continuously strengthen our capital base. This will allow us to mobilise more capital for sustainable use in infrastructure that meets ESG criteria and to benefit from economies of scale. We invest not only in our employees, but also in process digitalisation.

5 Why is this attractive to other shareholders?

Our objective is to increase EBIT to EUR 50m, reduce the cost-income ratio to 50%, and generate a return to equity of 10% by the end of 2022.

ALWAYS ESSENTIAL.

Infrastructure is our future

Megatrends such as decarbonisation, digitalisation and investments for an ageing population have picked up pace massively and have increased the demand for infrastructure. The international and national objectives associated with the Green Deal have brought the need for sustainable investments to the fore.

Infrastructure is essential.

The quality of infrastructure has a significant impact on economic growth. It is absolutely crucial for social and economic well-being.

Infrastructure is attractive.

Infrastructure investments are proving increasingly popular and represent an asset class of their own with stable returns.



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.

Infrastructure is sustainable.

Environmentally friendly projects play a fundamental role in actively confronting the global challenges posed by climate change.

ALWAYS SUSTAINABLE.

Benefit to the community

We actively address global and local modern infrastructure trends. We have a holistic understanding of our responsibility, which is why sustainable management – i.e. operating responsibly in economic, social and environmental terms – and core ethical values form the basis for our activities.

1992
First European issuer of a green bond
Introduction of the annual environmental statement
Introduction of ISO 14001 certification

1997
First European financial services provider with EMAS certification

2004
First sustainability report

2006-2008
Combined business and sustainability report

2008
Introduction of Climate Austria for voluntary compensation of CO₂ emissions

2017
First Austrian issuer of a social covered bond

2020
First Austrian bank in the European Clean Hydrogen Alliance

As a specialist bank for infrastructure and energy financing as well as public finance, Kommunalkredit provides a tangible benefit to the community. We help our customers to develop sustainable infrastructure that improves the quality of people's lives. Powerful infrastructure bolsters economic momentum, encourages urban development, gives regions a new lease of life, creates jobs, supports social cohesion and is an indispensable part of the fight against climate change.

Sustainability as a key component

The concept of sustainability is firmly embedded in Kommunalkredit's business model and processes.

Sustainability as a contribution to the greater good



Kommunalkredit has a number of sustainability ratings from renowned agencies.

Sustainability as a global challenge

The "2030 Agenda for Sustainable Development" of the United Nations lays out 17 objectives to ensure globally sustainable development at an economic, social and environmental level. It was developed on the basis of the development process of the Millennium Development Goals (MDGs) and entered into force on 1 January 2016 with a term of 15 years (until 2030).

Kommunalkredit is making a substantial number of contributions in this regard.

1

What is our goal?

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

2

What are we doing to this end?

We concentrate on our investment sectors of

- Energy & Environment
- Communication & Digitalisation
- Transport
- Social Infrastructure
- Natural Resources

3

How do we achieve this?

We feel bound by the UN’s 2030 Agenda and have integrated it into our corporate culture. For each infrastructure project, we identify how compliant it is with SDG criteria and which direct and indirect effects it will have on the environment and society. We are currently making contributions to the following goals:



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.

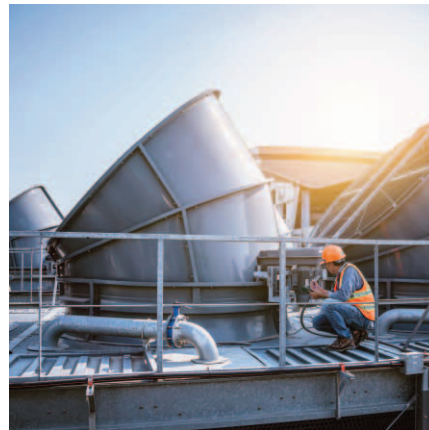
Our services allow us to ...



... connect over
17.4 million
people with
telecommunications
technology.



... contribute
to the education of
1,100
students.



... equip
five
five high-rise
buildings with an
efficient heating and
cooling energy
system.



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



... develop
the refuelling
infrastructure for
electromobility
with around
10,400
charging stations.



... enable transport solutions for **27 million** passengers each year.



... create support institutions for around **1,500** patients.



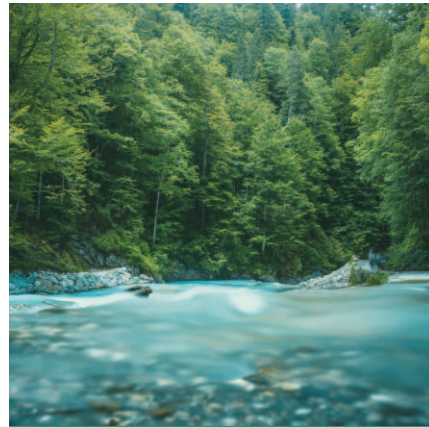
... create accommodation for more than **8,400** elderly and disabled people.



... enable around **3.7 million** households to use renewable energy each year.



... contribute to eliminating **3.0 million** tonnes of waste.




... supply drinking water to **9.3 million** people.



GROUP MANAGEMENT REPORT.

We invest in infrastructure. The financing of infrastructure projects has changed significantly over the past few years. Let's seize the opportunity to shape this change for the better.



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CRISIS.MANAGEMENT.

Economic environment

2020 was a year dominated by COVID-19. In a market environment rife with uncertainty, the infrastructure market fared relatively well – depending on which sectors were affected – despite the noticeable volatility.

Even in such a challenging environment, Kommunalkredit reported another record-breaking year for 2020, bucking the market trend. The main reason for this was the crisis-proof nature of certain sectors in which the bank operates – primarily Digital Infrastructure and Renewable Energy, the importance of which grew massively as a result of the pandemic. Kommunalkredit has managed to successfully apply its high level of expertise and continuously improving track record in these sectors in particular beyond 2020 into the first half of 2021.

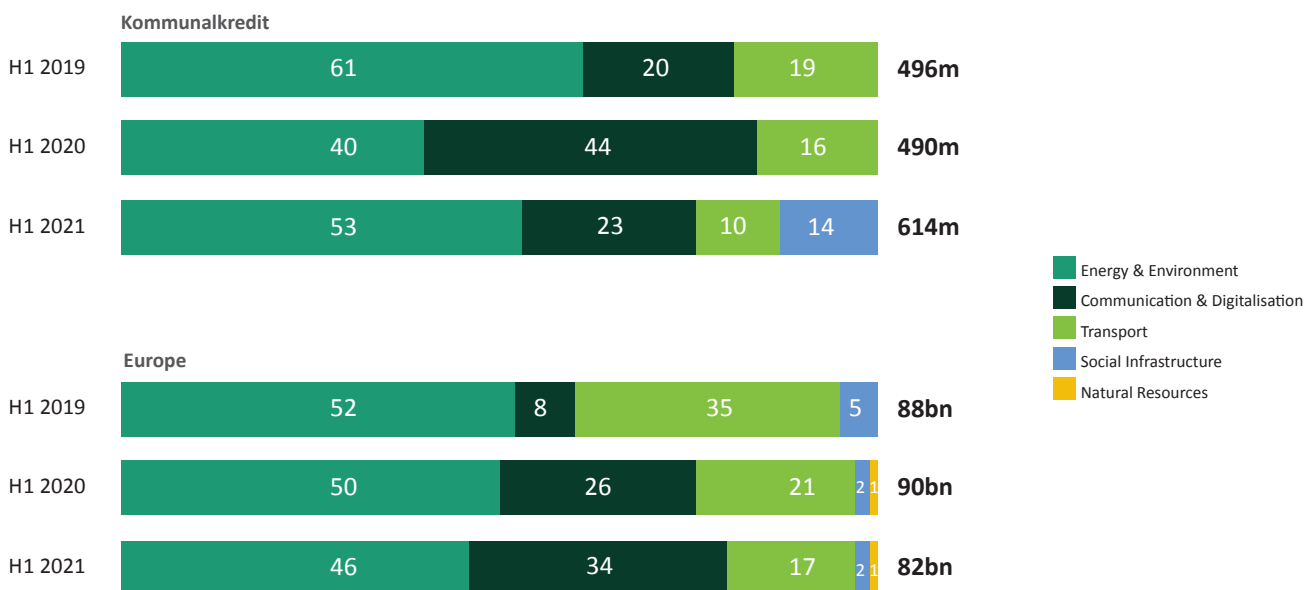
The European infrastructure market in the first half of 2021

Although the European market for infrastructure investments declined in the first half of 2021 by 14% (as against H1 2020) to

EUR 82bn, the **Digital Infrastructure** sector became the largest asset class (by volume) for the first time within this market, achieving a share of 34%, followed by Renewable Energy (29%) and the Transport sector (17%). The sheer scale of the impact of the pandemic becomes fully apparent when you consider that the Transport sector had achieved a transaction volume 4.5 times that of Digital Infrastructure in 2019.

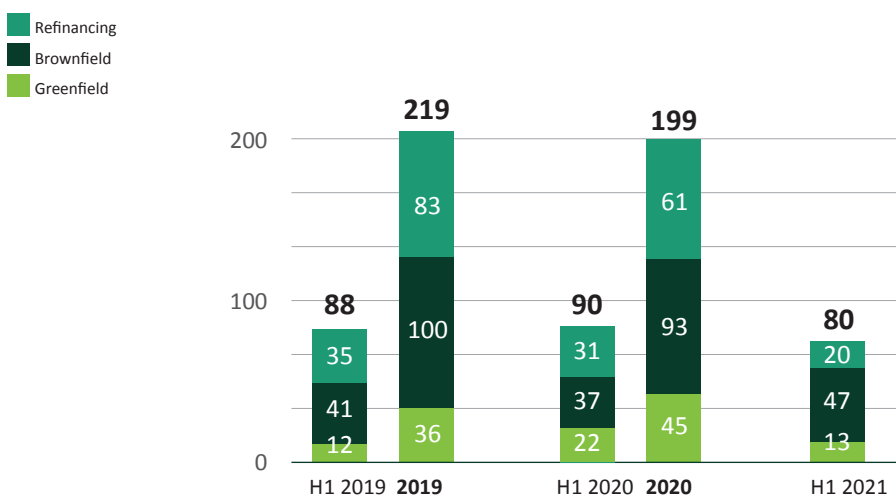
Given not only how the performance of the various sectors is diverging so heavily but also the nature of the concluded transactions in Europe in the first half of 2021, the volume of brownfield/M&A transactions¹ rose by 14% to USD 55.2bn (as against H1 2020), while the refinancing market in particular declined to USD 24.4bn (minus 31%) due to interest rates remaining low.

Transaction volume by sector in %²



The European infrastructure market in 2020:

Transaction volumes broken down into greenfield, brownfield and refinancing in EUR bn³



The ongoing boom in the Digital Infrastructure sector in the first six months included very large fibre optic projects such as the EUR 5bn joint venture between Telefónica Deutschland and Allianz. The large number of medium-sized and smaller transactions – particularly in Germany, France and the United Kingdom, where Kommunalkredit has been able to provide assistance to a number of renowned sponsors such as Antin Infrastructure, Basalt Infrastructure, Infracapital and InfraVia – is further evidence of the demand in this sector. Kommunalkredit has been able to establish itself as one of the leading European banks for financing in this sector. This expertise is also apparent in the data centre sector, which is likewise seeing strong growth, with Kommunalkredit playing a leading role in successful transactions for greenfield⁴ hyperscale data centres and conventional colocation data centres.

Due to the outstanding mega-transactions that still dominated in 2020, the greenfield **Renewable Energy** sector saw a significant year-on-year drop in volume (minus 40%).

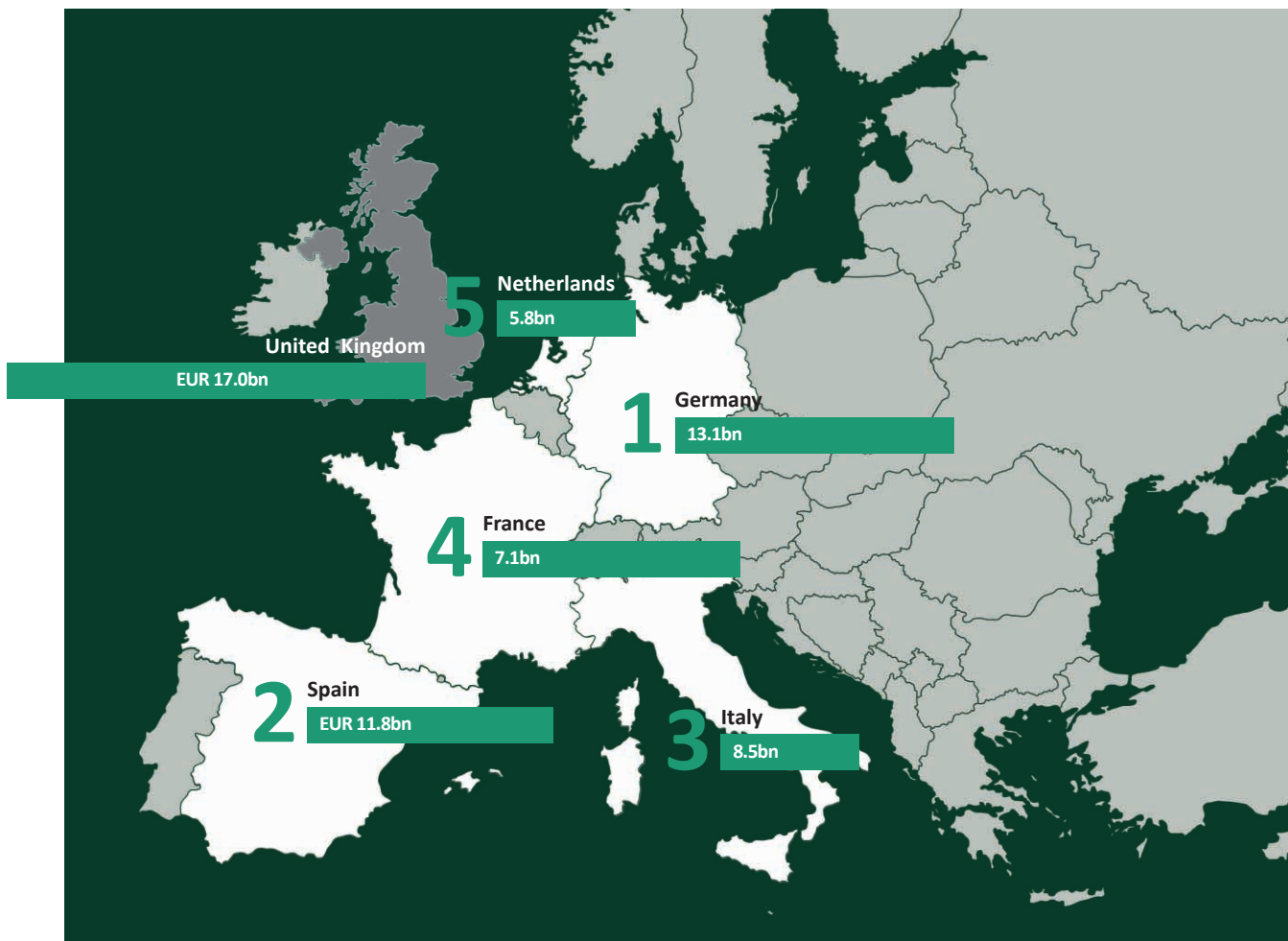
Kommunalkredit began to focus on smaller transactions structured in-house in the fields of photovoltaics/solar (Italy, Spain), biogas (Lithuania), bioethanol (France, Spain), steam power (United Kingdom) and onshore wind (Finland), all of which contribute to the wider process of decarbonisation and thus help to achieve national and international climate protection objectives.

Kommunalkredit’s high level of structuring expertise and flexibility, including in bridge financing, hedged financing and the covering of electricity price market risks, plays a key role and is viewed very positively by (project) developers and institutional investors.

In the **Transport sector**, which has been most heavily impacted by the pandemic, the first half of the year saw a slight shift towards a positive trend, with investors banking on freight volumes and passengers recovering in the long run as they look towards life in a post-COVID-19 world. Despite a 64% increase (as against H1 2020), the relevant transaction volume of USD 9.2bn was still around 50% of that in the first half of 2019. Three of the five largest privatisation measures in the Transport sector (among them Ardan’s acquisition of Italy’s second-largest motorway operator ASTM) were transactions where infrastructure funds acquired undervalued companies. Despite the difficult circumstances, Kommunalkredit successfully closed the financing of the acquisition of Sofia Airport and is continuously evaluating a range of medium-sized opportunities in the Transport Infrastructure sector to ensure that it is in a good position for the anticipated further recovery of the sector.

¹ Brownfield projects are pre-existing, often already-operational infrastructure assets whose financing is restructured mostly through M&A transactions (mergers & acquisitions).
² Inframation & SparkSpread database, 2/2021. An adjustment to the measurement method may lead to changes in comparative values from the past.
³ Inframation & SparkSpread database, 2/2021. An adjustment to the measurement method may lead to changes in comparative values from the past.
⁴ Greenfield projects are new infrastructure assets erected on undeveloped (“green”) land, which may involve construction phases of varying lengths and financing requirements – depending on the sector and nature of the project – before they can enter service.

The five largest infrastructure markets in the eurozone H1 2021
by volume (in EUR bn)⁵



Trends on the European infrastructure market

Realistically, 2021 is expected to remain a very bumpy and thus challenging year. The expansion of Digital Infrastructure may slow somewhat and increasingly shift from “Rollout/Capex”-dominated structures towards brownfield/M&A transactions. Expectations of high valuations will not be favourable for the IRR (internal rate of return) calculations of potential buyers, which in turn could increase pressure on margins in what is already a highly liquid market. Even so, Kommunalkredit has started the second half of the year with a very well-filled pipeline of suitable opportunities.

In addition to the aforementioned selected transactions in the Transport sector, the Renewable Energy sector is also expected to remain robust in the second half of the year, because – looking beyond the boundaries of Europe – not only has the need for developing infrastructure projects been recognised by the new US government, but the increasingly apparent impacts of climate change (extreme weather conditions such as flooding, droughts, hail, fire and similar conditions) have also illustrated the need for sustainable infrastructure. Constant and forward-looking investments must be made in relevant innovative projects to boost energy generation and more actively drive progress in related

technologies such as hydrogen, electrical charging infrastructure and battery storage. Kommunalkredit is also very well-positioned in these sectors with closed and specifically defined projects in the pipeline.

Our estimates for energy and infrastructure financing in the European market are substantially consistent with the findings of the “Lender Survey 2021” from Inframation⁶, which incorporated feedback from over 50 banks operating in this market. It showed that 91% of respondents have kept their lending stable or have grown it over the past twelve months; 45% expected margins to remain largely constant until the end of 2021. The largest risks quoted for business performance up to year-end include, after COVID-19, increased competition and growing liquidity, as well as the potential for geopolitical instability.

⁵ Inframation & SparkSpread database, 2/2021. An adjustment to the measurement method may lead to changes in comparative values from the past.

⁶ Lender Survey 2021 – Inframation, July 2021.



INFRASTRUCTURE.NEEDS.

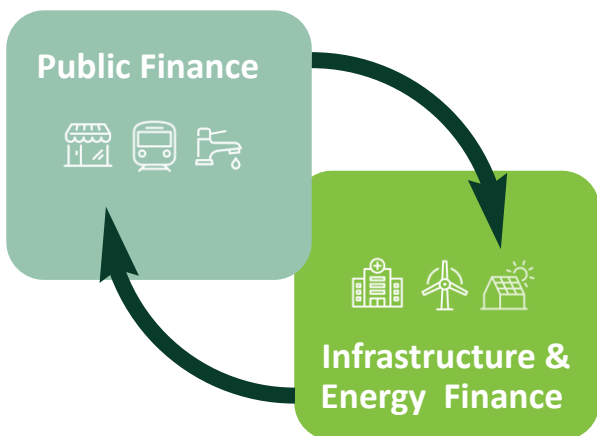
Business review

The focus on sustainable infrastructure and energy financing and on public finance has not only proven the resilience of the business model – the bank’s strong performance in the first half of 2021 also underlines the profitability of ecologically compatible and forward-looking investments.

The bank continued along its growth path unabated in the first half of 2021 in spite of the economic and social challenges of the past few months. The contribution of the core business to gross revenues rose to 69.9% (H1 2020: 67.3%). At EUR 613.8m, the volume of new business continued to grow significantly (H1 2020: EUR 490.1m) despite the noticeable impact of the health crisis on the European infrastructure market.

Kommunalkredit has a balance of diversity in its new business in terms of its investment classes, regions, terms, and product and customer segments. Business acquisitions focus on clearly defined selection criteria and efficient use of capital. These include not only the risk-and-return profile for a transaction but also an assessment of its value for positioning among institutional investors.

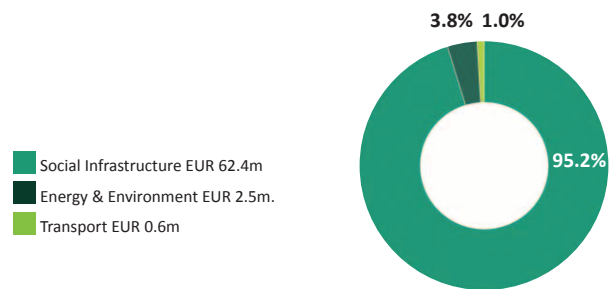
Public finance has a long tradition and is a key part of the bank’s business. Countries, federal states and municipalities are a major economic driver. With investments in essential infrastructure that is used directly by citizens, municipalities and their public institutions create and protect jobs and help to keep the economy going. In the first six months, Kommunalkredit closed new financing deals amounting to EUR 65.5m, notably in the Social Infrastructure (nurseries, schools, residential properties, commercial properties, sports facilities, tourism facilities), Energy & Environment (wastewater disposal, sewage treatment, sewer construction) and Transport (roads and pavements) sectors.



In the first six months, transaction closures concentrated mainly on the Communication & Digitalisation, Renewable Energy and Social Infrastructure sectors, with 52.6% of the financing volume going to Energy & Environment, 23.1% to Communication & Digitalisation, 13.8% to Social Infrastructure and 10.6% to Transport. Regionally, business was consistently diverse across the European Union (EU) and the EU’s associated countries, and also included a first exposure in Africa.

Public Finance H1 2021

in %



The bank conducts business in a manner that is geared towards collaborative endeavours with established partners (originate and collaborate). It therefore focuses on the ability to place its transactions with its business partners on the international financing market. The volume placed with insurers, asset managers and banks in the first two quarters was EUR 241.9m (H1 2020: EUR 185.0m). Thanks to its infrastructure fund (Fidelio KA Infrastructure Debt Fund Europe 1) established in 2018, Kommunalkredit is also capable of offering its business partners access to infrastructure and energy financing through an asset management solution. With the Florestan KA GmbH launched in May 2021, the bank will be in a position to support innovative project concepts and developments with equity funding in an even more focused way.

REFERENCE PROJECTS



Celeste

Broadband internet (France)

Kommunalkredit was the original lender in the EUR 260m senior debt financing for the network expansion of a business-to-business fibre optic network operator in France. The financing consisted of a EUR 150m term loan, a EUR 100m CAPEX facility and a EUR 10m revolving credit facility to support the owner InfraVia with their expansion plans.



Magna

Wind power (Finland)

Kommunalkredit participated in the construction and acquisition of a 154 MW onshore wind portfolio as the Sole Mandated Lead Arranger, comprising three ready-to-build onshore wind farms in the west and southwest of Finland, with a EUR 142.5m bridge loan. The loan is structured in accordance with the Green Loan Principles of the Loan Market Association, which enables Kommunalkredit to refinance this transaction with a Green bond.



Trident

Health technology (United Kingdom)

Vanguard holds and operates advanced clinical infrastructure units such as operating rooms, decontamination rooms, hospital wards and clinics. Kommunalkredit served as the Mandated Lead Arranger, providing EUR 37.5m in senior debt to refinance the healthcare provider's acquisition.



Eastern Corridor

Transport route (Ghana)

Kommunalkredit served as the Mandated Lead Arranger in the EUR 220m social loan to Ghana's Ministry of Finance, which was supported by the German Export Credit Agency (ECA) Euler Hermes. This was used to finance the expansion and repair of the first part of the Eastern Corridor Road (773 km), which connects the southern coast of Ghana with the countries to the north. The modernisation of the road ensures not only improvements in safety and reductions in traffic jams, but also satisfies the principles for social loans, as it addresses social concerns and therefore benefits local communities. This transaction is a milestone for the bank, as it is the first loan to be classified as a "social loan", the first transaction in Africa and the first ECA transaction on the primary market.

Total portfolio with high asset quality

Kommunalkredit’s strategic sectors are distinguished by their low default rates and high recovery rates. The bank holds a total portfolio of high asset quality without a single credit loss in the 2021 reporting year. As of 30 June 2021, it had an average rating of “A-”, with 71.3% of the exposure rated as investment grade.

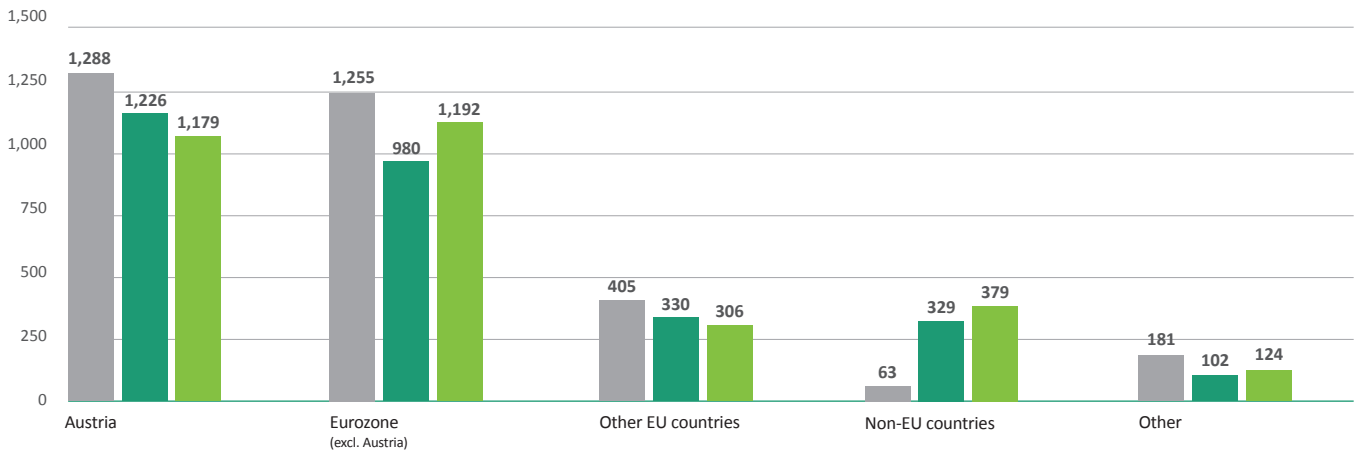
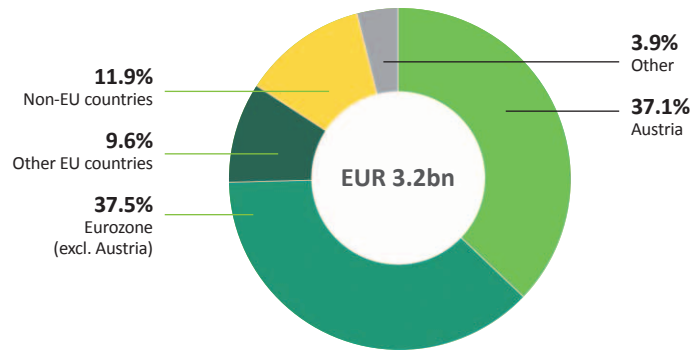
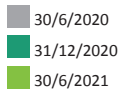
The loan portfolio is well-balanced, comprising an increasing proportion of infrastructure and energy financing transactions and a significant volume of public finance loans.

As of 30 June 2021, loans to municipalities accounted for 30% of the portfolio (almost exclusively Austrian municipalities), infrastructure and energy financings accounted for 46%, while loans to public sector entities had a share of 9%. Since privatisation in 2015, the non-performing loan ratio (NPL) has been kept at 0.0%.

Geographically, 37% was attributable to Austria (31/12/2020: 41%), followed by the rest of the eurozone (38%) and other EU countries (10%) (31/12/2020: 33% and 11% respectively).

Loan portfolio by region

in EUR m, as of 30/6/2021



Stable and diversified refinancing structure

As of 30 June 2021, Kommunalkredit reported a **strong liquidity position** with a free liquidity reserve of EUR 256.6m (31/12/2020: EUR 268.1m). This included high-quality liquid securities (HQLA) with a nominal value of EUR 251.8m (31/12/2020: EUR 255.8m). The bank also held liquid securities with a nominal value of EUR 9.0m (31/12/2020: EUR 9.0m) and cash, cash equivalents and balances with central banks of EUR 1,059.1m (31/12/2020: EUR 808.6m).

Since its privatisation in September 2015, Kommunalkredit has placed great value in ensuring great diversity in its refinancing structure. Gradually, existing funding sources have been expanded and new ones established over recent years. In order to adequately manage liquidity risks, it is important to not be dependent on any single refinancing source. As a European bank, it focuses on infrastructure and energy financing projects – many of which provide a social and/or environmental benefit to the community. This is precisely why its products appeal to investors, as they enable sustainable investments.

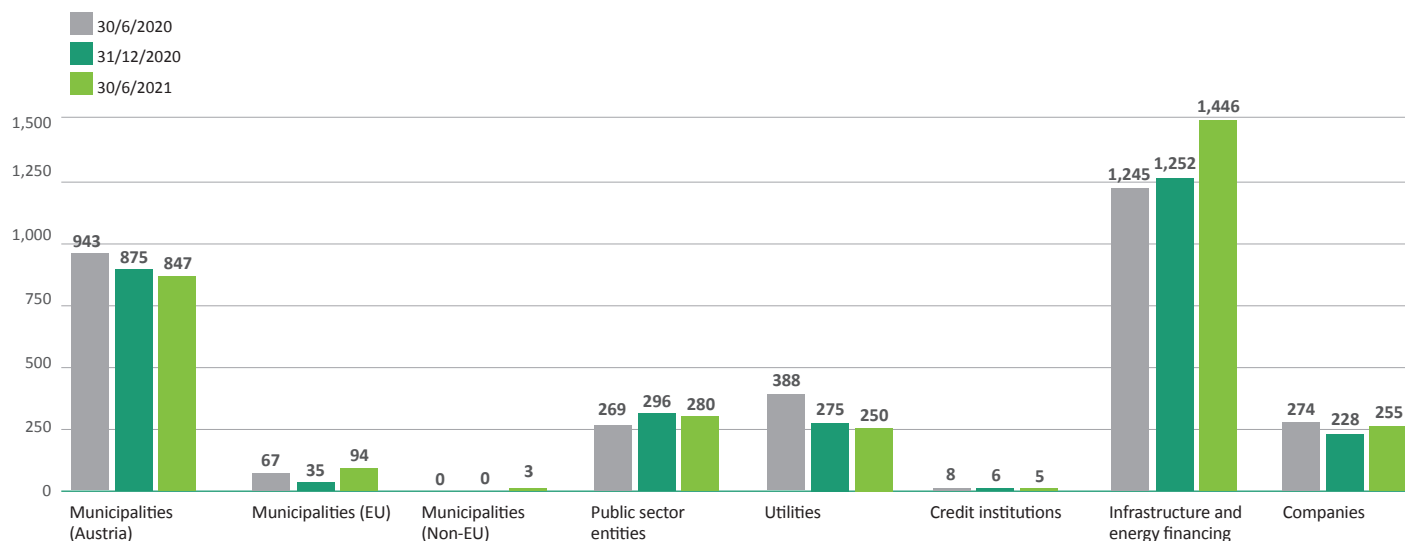
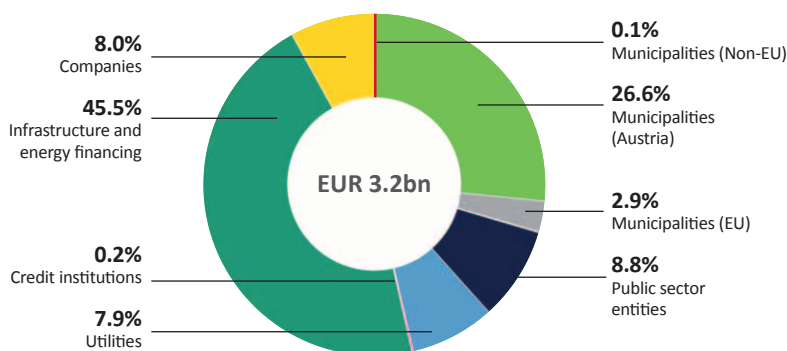
The bank continued to expand its **diversified refinancing strategy** in the first half of 2021. After spending the last few years concentrating on developing and expanding a solid deposit base, the focus in 2021 is on entering the capital market to further diversify funding sources.

Public sector covered bonds | cover pool

As of 30 June 2021, Kommunalkredit had a well-diversified cover pool with a value of EUR 1,021.5m, while public sector covered bonds denominated in EUR and CHF amounting to approximately EUR 893.6m were outstanding. The cover pool as of 30 June 2021 consisted of assets from Austria (97.0%), Switzerland (1.8%) and Germany (1.2%). 86.7% of the cover pool had a rating of “AAA” or “AA” and 13.3% had a rating of “A”. The level of surplus cover as of 30 June 2021 was 14.3 %.

Loan portfolio by borrowers

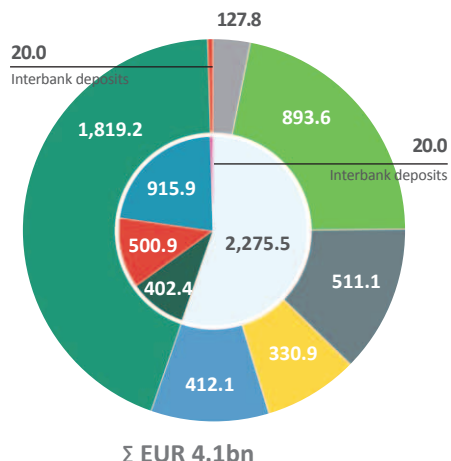
in EUR m, as of 30/6/2021



Refinancing and deposit structure

Deposit volume in EUR m,
as of 30/6/2021

- Subordinates
- Covered bonds
- Senior unsecured
- Promissory notes
- TLTRO III
- Customer deposits
- Interbank deposits



- Capital market instruments
- KOMMUNALKREDIT DIREKT deposits
- Sales desk deposits
- Retail deposits
- Interbank deposits

Kommunalkredit's strong entry into the capital market

Private placements of capital market issues: A new debt issuance programme (DIP 4) was launched in 2020 amounting to EUR 800m; this was updated in April 2021 and approved by the Financial Market Supervision in Austria (FMA). Issues under this programme are listed in Vienna and highlight Kommunalkredit's sense of solidarity with its domestic capital market. EUR 29m of privately placed senior preferred bonds were placed with institutional investors in the first half of 2021. EUR 62.8m in subordinate AT1 issues were also floated. Following the first-time issue of an AT1 bond at the start of the year, another AT1 bond of EUR 56.8m was issued and successfully placed with multiple investors following the publication of the investment grade ratings from S&P and Fitch. The issue of the AT1 bonds has strengthened and optimised the bank's capital base.

Public senior preferred bond: The bank's capital market activities were further expanded in May 2021 with the issue of Kommunalkredit's first senior preferred bond to the value of EUR 300m. It was the first publicly syndicated refinancing transaction for Kommunalkredit since the issue of a social covered bond in 2017. Due to massive investor interest, the final emission volume was significantly oversubscribed. The closed order book amounting to just under EUR 700m encompassed over 70 investors throughout Europe. In addition to the bank's home market of Austria, the issue was also placed among investors in the asset management, insurance and banking sectors in Germany, the Benelux countries, Scandinavia, the United Kingdom and southern Europe. With this bond, the bank has strengthened and diversified its refinancing structure while also increasing its visibility on the market.

The maturity and cost structure of the deposit business has also been optimised. The increase in the liquidity buffer resulting from the issues will be optimised by the repayment of the social covered bond of EUR 300m in the second half of the year and adjusted to a more efficient volume for the bank in light of liquidity risk concerns.

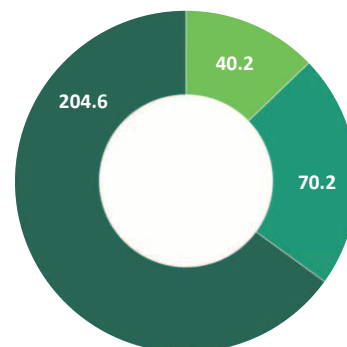
Social covered bond – social asset reporting as of 30 June 2021:

As of 30 June 2021, Kommunalkredit's social asset portfolio encompassed 42 loans with a total volume of EUR 315m in the fields of education, healthcare and social housing. The bank reports annually on the use of proceeds from the issue of its social covered bond (as of 30 June in each case).

Social Asset-Portfolio

in EUR m,
as of 30/6/2021

- Social Housing
- Education
- Health

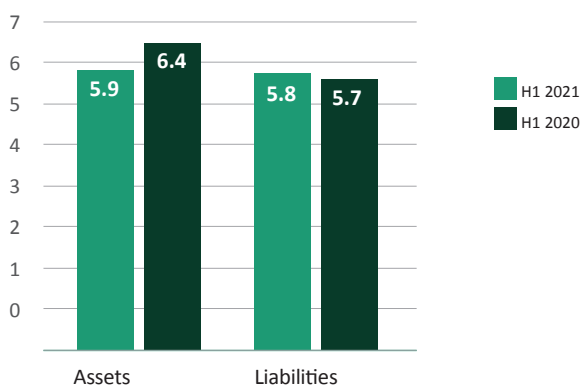


Amounts owed to customers increased to a total of EUR 2,149.9m (31/12/2020: EUR 2,115.9m). The deposits included in this amount remained stable at the half-year point at +2.8% at EUR 1,823.2m (31/12/2020: EUR 1,772.7m). Amounts owed to customers also include long-term private placements of EUR 263.8m (31/12/2020: EUR 273.2m), liabilities from collateral received in connection with derivatives of EUR 40.2m (31/12/2020: EUR 51.4m) and other long-term liabilities to customers in the amount of EUR 14.7m (31/12/2020: EUR 18.6m).

Stable development of deposit business

The deposit business continues to exhibit a good balance between retail deposits (KOMMUNALKREDIT INVEST) and wholesale deposits (KOMMUNALKREDIT DIREKT for municipalities and public sector entities or direct business with corporates and institutional customers). In the first half of 2021, all three customer refinancing sources proved to be stable.

Weighted average term in years



Retail deposits KOMMUNALKREDIT INVEST: Kommunkredit 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 30 June 2021, the bank had 15,981 private customers (31/12/2020: 14,489), which represents an increase of 10.2%.

The average deposit volume per customer of EUR 57,314 remains at a high level (31/12/2020: EUR 58,416). The share of term deposits as of 30 June 2021 was stable at 85% (31/12/2020: 86%). The average term length of term deposits remained stable at 26 months (31/12/2020: 26 months). The deposit volume as of the end of the first half of the year came to EUR 916m (31/12/2020: EUR 846m), up by 8.3%. More than half of the term deposits are invested to mature in three to ten years.

Wholesale deposits (KOMMUNALKREDIT DIREKT and direct business with corporate/institutional customers): With its online platform KOMMUNALKREDIT DIREKT, the bank offers an efficient investment and cash management tool for municipalities and corporates with close ties to municipal authorities. KOMMUNALKREDIT DIREKT provides customers with a state-of-the-art online platform. New customers register using a completely digital onboarding process. The clear, user-centric design allows customers to easily manage their investments (including automatic reinvestments) themselves in a transparent manner and to monitor any financing arrangements.

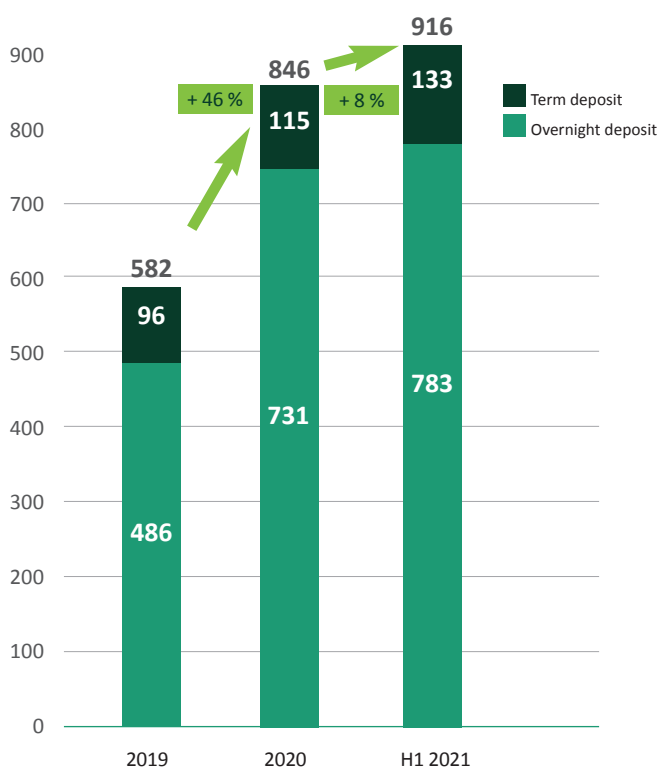
Despite the difficult economic environment resulting from COVID-19, wholesale deposits have been broadly stable at -1.4% in 2021 to date, coming to EUR 903m as of the end of the first half of the year (31/12/2020: EUR 916m).

Strong liquidity ratios

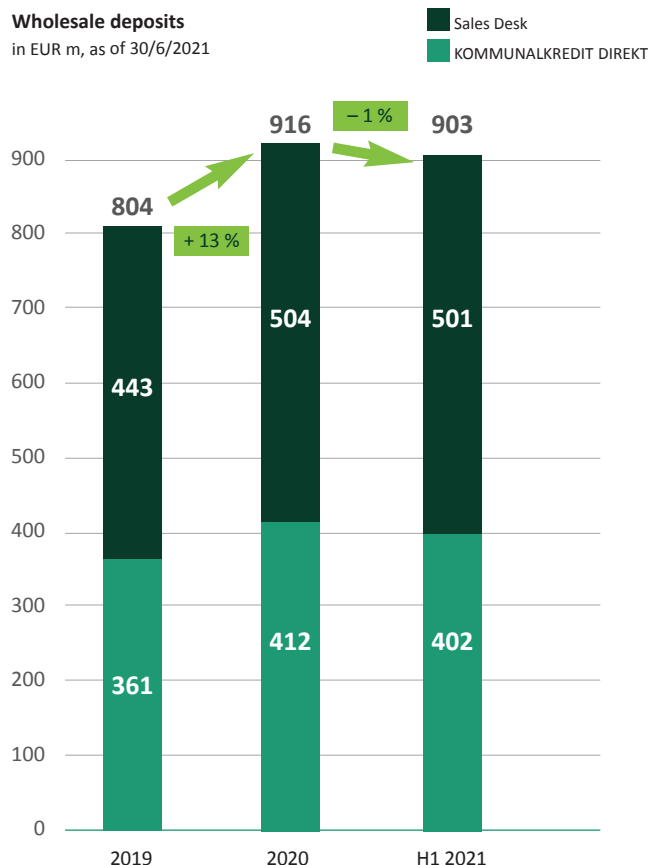
The liquidity coverage ratio (LCR) measures the short-term resilience of a bank's liquidity risk profile over a 30-day scenario and is closely monitored as part of the bank's early warning system. With a ratio of 279% as of 30 June 2021 (31/12/2020: 421%), Kommunkredit significantly exceeded the regulatory minimum ratio of 100%.

The structural liquidity ratio (net stable funding ratio, NSFR) was also increased further in 2021. According to the CRR (Capital Requirements Regulation), this requires banks to maintain a stable refinancing fund in terms of their assets and off-balance-sheet activities. As of 30 June 2021, the NSFR was 129% (31/12/2020: 118%).

Retail deposits (KOMMUNALKREDIT INVEST)
in EUR m, as of 30/6/2021



Wholesale deposits
in EUR m, as of 30/6/2021



Rating

Kommunalkredit is rated as follows for unsecured refinancing:

Issuer ratings	S&P GLOBAL RATINGS	FITCH RATINGS	DBRS MORNINGSTAR
Long-term rating	BBB-	BBB-	BBB
Short-term rating	A-3	F3	R-2 (high)
Outlook	Stable	Stable	Stable

The investment grade ratings from S&P Global Ratings and Fitch Ratings were newly awarded on 24 February 2021 and 22 March 2021 respectively. In addition to the continuously increasing operational profitability, particular attention was paid to the brand strength in partnerships with our customers and institutional investors as well as the demand for our infrastructure fund KA Fidelio based on the “originate and collaborate” approach.

Moreover, the resilience of the business model in the COVID-19 crisis and the stable liquidity, risk-bearing capacity and capital strength have been listed as major factors for the awarded ratings.

The covered bond rating for Kommunalkredit awarded by S&P Global Ratings was increased from “A” to “A+” with a stable outlook as of 4 March 2021.



PERFORMANCE INDICATORS.

Assets, financial position and income

Financial performance indicators

Selected performance indicators according to IFRS in EUR m or %	1/1–30/6/2021	1/1–30/6/2020	1/1–30/6/2019
Total assets (30/06/2021 and 30/6/2020 and 30/6/2019)	4,826.4	4,423.2	4,305.3
Total capital (30/06/2021 and 30/6/2020 and 30/6/2019)	431.7	359.4	343.2
Net interest income	36.4	33.6	27.9
Net fee and commission income	11.2	13.4	10.8
General administrative expenses	-27.9	-26.2	-25.3
Placement result ⁷	4.7	0.0	1.7
EBIT⁸	22.8	19.0	15.2
Loan impairment, valuation and realised gains	3.2	-2.7	-3.0
Profit for the period before tax	26.0	16.4	12.1
Income taxes	-7.3	-4.4	-0.8
Consolidated profit for the year	18.6	12.0	11.3
Cost/income ratio (based on EBIT)	56.2%	59.8%	67.0%
Return on equity before tax ⁹	15.1%	10.4%	9.1%

7 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.

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

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

Regulatory performance indicators of Kommunalkredit Austria AG in EUR m or %	1/1–30/6/2021	1/1–30/6/2020	1/1–30/6/2019 ¹⁰
Risk-weighted assets	1,886.3	1,692.2	1,675.7
Total capital	454.1	392.8	366.5
Total capital ratio	24.1%	23.2%	21.9%
Tier 1 capital ratio	21.7%	20.3%	18.7%
CET 1 ratio	18.3%	20.3%	18.7%

10 2019 values take into consideration the full retention of the 2019 profit for the year.

Rating	30/6/2021	30/6/2020	30/6/2019
Issuer Rating – Long-term (outlook)			
Standard & Poor's	BBB- (stable)	–	–
Fitch	BBB- (stable)	–	–
DBRS Morningstar	BBB (stable)	BBB (stable)	BBB low (positive)
Issuer Rating – Short-term (outlook)			
Standard & Poor's	A-3 (stable)	–	–
Fitch	F3 (stable)	–	–
DBRS Morningstar	R-2 (high) (stable)	R-2 (high) (stable)	R-2 (mid) (stable)
Covered bonds (outlook)			
Standard & Poor's	A+ (stable)	A (negative)	A (stable)

In the first half of 2021, we continued along our growth path despite the challenges presented by the COVID-19 pandemic. Our business model, centred around infrastructure and energy financing and public finance, thus proves itself to be a robust foundation.

Selected performance indicators 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 (30/06/2021 and 30/6/2020 and 30/6/2019)	4,570.5	4,108.7	3,802.8
Equity (30/06/2021 and 30/6/2020 and 30/6/2019)	324.0	307.4	273.9
Net interest income	24.8	23.9	21.7
Net fee and commission income	11.2	6.8	6.4
General administrative expenses	-23.3	-22.7	-21.9
Other operating income ¹¹	3.3	-0.1	1.1
EBIT	18.8	9.4	11.2
Other loan impairment, valuation and sales result ¹²	1.5	1.1	2.5
Profit on ordinary activities	20.3	10.5	13.7
Income taxes	-0.3	0.7	0.9
Profit for the year after tax	20.0	11.3	14.6
Cost/income ratio (based on EBIT)	55.9%	71.2%	69.1%
Return on equity before tax	11.8%	6.7%	10.3%

¹¹ Includes the operating sales result from infrastructure and energy financing; included in the result from valuations and realisations in the income statement.

¹² Included in items 11 to 13 of the income statement.

Structure of statement of financial position

Kommunalkredit's total assets under IFRS amounted to EUR 4.8bn as of 30 June 2021 (31/12/2020: EUR 4.4bn). The largest item in the statement of financial position is "loans and advances to customers" amounting to EUR 1.8bn (31/12/2020: EUR 1.8bn). A further EUR 1.1bn (31/12/2020: EUR 1.0bn) is attributable to financing transactions intended for opportunistic

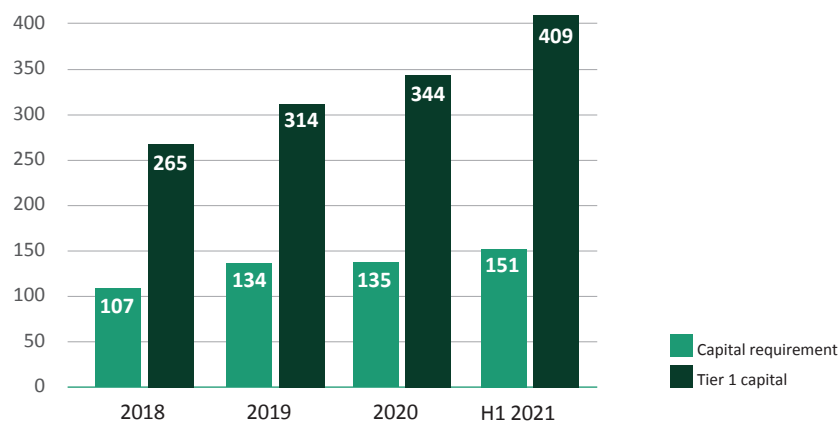
placement; these are reported under the item "Assets at fair value recognised directly in other comprehensive income". Furthermore, the bank held cash and cash equivalents of EUR 1.1bn as of 30 June 2021 (31/12/2020: EUR 0.8bn). The bank's main refinancing components were once again securitised liabilities and amounts owed to customers:

In EUR bn	30/6/2021	31/12/2020
Securitised liabilities	1.4	1.1
Amounts owed to customers	2.1	2.1
Amounts owed to banks, including ECB	0.6	0.5

In the first half of 2021, the equity of the Kommunalkredit Group under IFRS rose by EUR 72.3m to EUR 431.7m. In addition to the positive business development, the increase is primarily due to the successful issue of additional Tier 1 capital (AT 1) with a nominal value of EUR 62.8m.

Risk-weighted assets and total capital

Capital resources in EUR m



Risk-weighted assets and total capital

As of 30 June 2021, Kommunalkredit reported total capital of EUR 454.1m (31/12/2020: EUR 392.8m), Tier 1 capital of EUR 408.9m (31/12/2020: EUR 344.0m) and Common Equity Tier 1 capital (CET 1) of EUR 346.1m (31/12/2020: EUR 344.0m).

To strengthen the capital base and optimise the capital structure, additional Tier 1 capital (AT 1) amounting to EUR 62.8m was successfully placed on the capital market in the first half of 2021.

Risk-weighted assets rose slightly in the first half of 2021 to EUR 1,886.3m (31/12/2020: EUR 1,692.2m) due to the positive performance of new business.

As of 30 June 2021, Kommunalkredit therefore once again reported strong capital ratios: the total capital ratio came to 24.1% (31/12/2020: 23.2%), the Tier 1 capital ratio came to 21.7% (31/12/2020: 20.3%) and the common equity Tier 1 ratio came to 18.3% (31/12/2020: 20.3%).

The leverage ratio came to 8.8% as of 30 June 2021 (31/12/2020: 8.3%).

Kommunalkredit's capital amounts are based on the non-consolidated financial statements of Kommunalkredit pursuant to Austrian GAAP.

Income statement of the Kommunalkredit Group under IFRS

The Kommunalkredit Group increased its profit for the year after tax in the first half of 2021 by 55.7% to EUR 18.6m (H1 2020: EUR 12.0m); the return on equity before tax came to 15.1% (H1 2020: 10.4%). EBIT improved by 20.0% to EUR 22.8m (H1 2020: EUR 19.0m); the cost/income ratio based on this value was 56.2% (H1 2020: 59.8%).

This significant increase can be traced back to the continued growth in the field of infrastructure and energy, in which both financing activities and the consulting and structuring business were expanded further. The placements made in connection with the "originate and collaborate" approach also contributed to the positive development. A total of 69.9% of the gross income from the banking business came from infrastructure & energy financing (H1 2020: 60.6%).

The main income and expense items under IFRS for the first half of 2021 are shown below:

EBIT

EBIT (profit for the year before tax, not including loan impairment, valuation and sales result) of EUR 22.8m (H1 2020: EUR 19.0m) comprises the following main components:

Net interest income

Net interest income rose by 8.2% to EUR 36.4m (H1 2020: EUR 33.6m).

Net fee and commission income

Net fee and commission income was EUR 11.2m in the first half of 2021 (H1 2020: EUR 13.4m). The most important item under net fee and commission income is income from the subsidy management and consulting business of the subsidiary Kommunal-kredit Public Consulting GmbH (KPC), which was stable against the previous year at EUR 7.8m (H1 2020: EUR 7.3m). Fee and commission income from the bank's credit and services business came to EUR 4.3m (H1 2020: EUR 7.0m), while fee and commission expenses came to EUR 0.9m (H1 2020: EUR 0.9m).

Result from the placement of transactions

Income of EUR 4.5m (H1 2020: EUR 0.0m) was generated in the first half of 2021 from the placement of infrastructure and energy financing (included in the IFRS business models "hold & sell" and "sell").

General administrative expenses

The general administrative expenses of the Kommunal-kredit Group rose by 6.1% to EUR 27.9m (H1 2020: EUR 26.2m), with EUR 20.0m attributable to personnel expenses (H1 2020: EUR 18.2m) and EUR 8.0m to other administrative expenses (H1 2020: EUR 8.0m). This increase is reflective of the growth in capacity and the strategic expansion of the team with extensive, international know-how and substantial experience in the infrastructure and energy sectors resulting from the growth path taken.

Net provisioning for impairment losses

Kommunal-kredit's loan portfolio is solid despite the continuing impact of the COVID-19 pandemic; the non-performing loan ratio remained constant at 0.0% as of 30 June 2021 and there were no loan defaults. The net provisioning for impairment losses was EUR -0.1m in the first half of 2021 (H1 2020: EUR -1.0m) and reflects the change in the statistically calculated provision for expected credit losses under IFRS 9. The slight reduction in risk provisioning reflects not only the reduced statistical probability of default due to the recovery in macroeconomic parameters resulting from the progressing vaccination programmes against COVID-19 (in particular higher GDP growth) but also the performance of the new business portfolio (new deals vs. placements). Risk provisions fell to EUR 4.2m as of 30 June 2021 (31/12/2020: EUR 4.3m).

Net valuation and sales result

The net result of asset valuation and realised gains and losses was EUR 3.1m in the first half of 2021 (H1 2020: EUR -1.7m). This item reflects in particular the positive valuation effects of EUR 2.8m (H1 2020: EUR -4.7m), which are mainly the result of the increase in long-term market interest rates.

Income taxes

Income taxes of EUR -7.3m (H1 2020: EUR -4.4m) are due to the utilisation of the asset item booked for deferred tax assets from capitalised loss carryforwards.

Income statement of Kommunal-kredit Austria AG according to Austrian GAAP in the non-consolidated financial statements

Kommunal-kredit Austria AG has reported a profit for the period after tax of EUR 20.0m for the first half of 2021 under Austrian GAAP; this corresponds to an increase of 77.8% as against the result of the previous year of EUR 11.3m. The return on equity before tax rose to 11.8% (H1 2020: 6.7%).

The doubling of EBIT (which consists of the operating result supplemented by the operating sales result from infrastructure and energy financing and the change in provisions pursuant to § 5 para. 1 of the Austrian Banking Act) to EUR 18.8m (H1 2020: EUR 9.4m) illustrates the further increase in the bank's operational earnings. This results in a cost-income ratio of 55.9% (H1 2020: 71.2%).

The total assets under Austrian GAAP came to EUR 4.6bn as of 30 June 2021 (31/12/2020: EUR 4.1bn).

KNOW-HOW.PROVIDERS.

Branch office and equity investments

Vienna (headquarters) and Frankfurt (branch office) are the main hubs from which we perform our function as a specialist for infrastructure and energy financing. The 190 employees in the bank and 126 in the environmental subsidisation subsidiary are responsible for our performance.

Focus on core business

Kommunalkredit Austria AG has investments and holdings in affiliated companies. Kommunalkredit Public Consulting GmbH (KPC), the companies of the Fidelio KA Debt Fund platform, the Florestan KA GmbH 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 Public Consulting GmbH

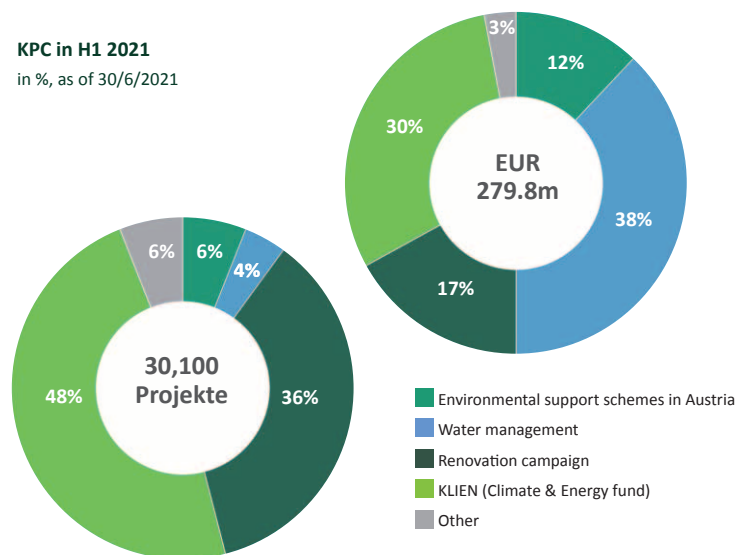
Kommunalkredit manages national and EU subsidy programmes via its 90%-owned subsidiary Kommunalkredit Public Consulting GmbH (KPC), primarily in the field of environmental protection, water management and energy. This allows KPC to act as the **point of contact** between the subsidisers, who provide the financial resources, and the applicants. It oversees the entire process of a project. It also offers consultancy services for international organisations and financing institutions and established a new "project development" division at the start of the year. In this connection, Frank Hasselwander has been appointed to the KPC Management Board since 15 March. He brings many years of experience in the acquisition, development, design and financing of renewable energy projects to the table.

As a consultancy, KPC continued to provide its services for international financing institutions such as the EBRD (European Bank for Reconstruction and Development) in the first half of the year, despite the international travel restrictions. **Green finance** is playing an increasingly important role here.

The high demand for environmental support schemes persisted in the first half of 2021, with KPC awarding European Union (EU), federal government and state subsidies amounting to EUR 286.6m (EUR 279.8m national subsidies | EUR 6.8m EU subsidies). The subsidies went to 30,100 environmental and climate protection projects with a total investment volume of EUR 1,571m. This is equivalent to an increase of over 88% against the same period in 2020. This will provide a key **boost for economic development** at a regional and local level. In keeping with the efforts made by the Austrian federal government to promote climate protection and revive the economy in times of COVID-19,

funding was increased significantly in 2020 for any climate-related subsidy instruments. There has never been more funding available for climate-related support schemes. This has had an impact on how environmental subsidies are used – by the end of May 2021, around 200% more applications had been submitted compared to the average values of previous years.

KPC in H1 2021
in %, as of 30/6/2021



1 July marked the first call for the **Waldfonds** investment fund. The Federal Ministry for Agriculture, Regions and Tourism commissioned KPC to manage the new subsidy instrument for the construction of large-scale wooden buildings for residential and public use. A total of EUR 20m is available for 2021 and 2022.

Kommunalkredit suffered a painful loss at the start of April. Alexandra Amerstorfer, who served for many years as Managing Director of KPC, passed away after falling severely ill. With her many years of expertise in the environmental and climate fields at a national and international level, she played a key role in the success of the company. She was a proven expert in governmental subsidy schemes related to the environment and energy, international carbon trading and green finance. She also served on numerous boards and committees and as a university lecturer.

Fidelio KA Debt Fund-Plattform

With the establishment of the Luxembourg Fidelio KA Infrastructure Opportunities Fund SICAV-RAIF SCA, Kommunalkredit created an infrastructure debt fund platform in 2018 that gives institutional investors diversified access to the bank’s infrastructure pipeline. The successful launch of the first infrastructure debt fund saw the bank expand its range of products to include **asset management solutions**.

Investors benefit from Kommunalkredit’s strong origination, structuring and portfolio management expertise in the field of sustainable European infrastructure and energy transactions that benefit the public. In return, the bank benefits from deeper strategic partnerships with fund investors, ultimately translating into an increased number of transactions and higher volumes. The “Fidelio KA Infrastructure Debt Fund Europe 1” sub-fund, for example, which had its final closing at the end of February 2020 with a volume of EUR 354m, outstripping the original target volume of EUR 150m by a wide margin, is already closed and fully invested. This was achieved despite the challenges of COVID-19 in 2020.

Unlike with the conventional asset management approach, the fact that Kommunalkredit makes its own investments in parallel with the fund allows it to present itself as a dependable partner with aligned interests.

Encouraged by the strong investor demand, Kommunalkredit is currently planning further fund concepts, including the launch of a second European infrastructure fund focusing on infrastructure and energy projects in Europe with average ratings of investment grade. The marketing began at the start of 2021 as planned.

Florestan KA GmbH

In May, the project development company “Florestan KA GmbH” was founded for equity investments. The aim is to provide equity funding for infrastructure and energy projects with development and growth potential.

In this connection, we are investing in the construction of the largest electrolysis plant in Austria at Schwechat Refinery jointly with OMV, Austria’s leading oil, natural gas and chemical group. With an annual production of up to 1,500 tonnes of green hydrogen, the carbon footprint is reduced by up to 15,000 tonnes per year, which corresponds to 17 million kilometres of bus or HGV travel.

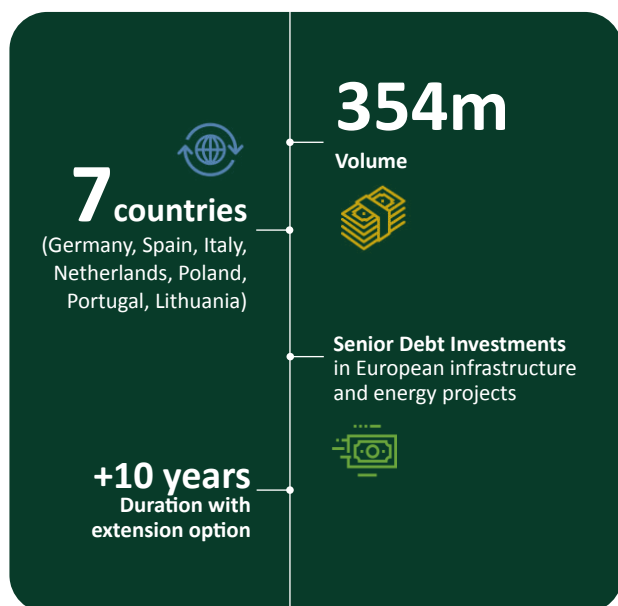
In the photovoltaics sector, the bank is involved in a project with an Austrian energy provider to construct and operate PV facilities on commercial properties, allowing for more effective use of solar power throughout all of Austria.

Kommunalnet E-Government Solutions GmbH

Kommunalkredit holds a 45% equity share in Kommunalnet E-Government Solutions GmbH (Kommunalnet). Another 45% is held by the Austrian Association of Municipalities, while the other 10% is held 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 important databases for municipal authorities, and serves as an information and communication hub for the federal, state and municipal authorities. Kommunalnet is an official component of the Austrian **eGovernment Roadmap**.

With 16,345 registered users from 2,078 Austrian municipalities and municipality associations, Kommunalnet has an exceptionally large market share in the municipal sector (97%) and thus enjoys a **unique position** in the Austrian market.

Facts on Fidelio KA Infrastructure Debt Fund Europe 1



In the first half of 2021, and in spite of the COVID-19 crisis, numerous projects were launched and have already been implemented to provide municipal authorities with even better assistance in their day-to-day tasks, to further expand the business segment and to leverage growth potential. The most important project has been “GemNet Salzburg” in collaboration with the Salzburg provincial government – a pioneer in integrating federal states.

Thanks to the partnership with Regionalmedien Austria, regional news has been exported automatically to kommunalnet.at since the middle of this year via an interface. This enables Kommunalnet to provide optimum coverage of relevant regional news in its communications and offers users digital access to regional information tailored to their needs.

ID Austria will provide a special means of identity for digital applications and services in the future. It represents an evolution of the smartphone signature and the Citizen Card and is currently undergoing a pilot trial (until autumn 2021). This means that in future, Kommunalnet users will have the ability to use all applications via this platform.

Regarding loanboox, the online platform implemented in 2018 for local authority loans, over 950 municipal authorities have been contacted to date, and two-thirds have expressed interest. It is especially encouraging that 46 financing enquiries with a volume of EUR 43m have already been published via the portal so far this year.

Kommunalkredit TLI Immobilien GmbH & Co KG

Kommunalkredit TLI Immobilien GmbH & Co KG holds and manages the properties at Tuerkenstrasse 9 and Liechtensteinstrasse 13. The office premises of the properties are mainly leased to Group companies.

Kommunalleasing GmbH

Kommunalleasing GmbH is a joint venture with BAWAG P.S.K. (with each holding 50%). This company finances a portfolio of around EUR 59m in the municipal leasing sector. The company does not engage in any new business due to changes in municipal tax law.

LEADERSHIP.EXPERTISE.

Other material disclosures

Clearly defined structures and short decision-making processes within the organisation help drive our forward-looking development. The first half of the year saw Management broaden its horizons somewhat.

Strengthening the company’s top management

As of 1 January 2021, Sebastian Firlinger has been appointed to the Kommunalkredit Executive Board as Chief Risk Officer (CRO). His in-depth industry experience will benefit the top management, as he joins Bernd Fislage (CEO) and Jochen Lucht (CFO, COO).

Broadening the KPC Management Board’s horizons

Due to the loss of Alexandra Amerstorfer, who served as Managing Director of Kommunalkredit Public Consulting (KPC) for many years, and due to the growth in the obligations of Kommunalkredit’s subsidiaries, the organisational structures have been

broadened. Frank Hasselwander has been on the Management Board since 15 March. He is responsible for Consulting and Project Development. Christopher Giay, who has served as Managing Director for many years, remains responsible for Subsidy Management, with the exception of Climate & Environment. Gerlinde Mayerhofer-Fras will head up Climate & Environment and Central Services with effect from 1 October and will be the main person responsible for the progress and implementation of ESG/SDG and sustainability-related topics. With effect from 1 July, Klaus Frühmann was appointed as an Executive Vice President of KPC and is therefore part of the broader Management Board.

Significant events after the reporting date

There were no significant events after the reporting date of 30 June 2021 and the publication of the half year financial report.

FUTURE.FOCUS.

Outlook

The global economy is currently recovering better than expected. The economic downturn caused by the COVID-19 crisis seems to have been overcome, with rising demand and rapidly progressing vaccination campaigns providing cause for optimism. That said, the risk of viral mutations and, with them, the risk of new restrictions lend economic forecasts an air of uncertainty. It is therefore apparent that crisis-proof infrastructure will remain one of the most important topics on the agenda.

For 2021, a robust recovery of the global economy is expected. All forecasts (IWF, OECD, European Commission) show a significant upwards trend and growth rates of up to 6.0%. Most of the industrialised nations will therefore achieve their real GDP levels from 2019 by the end of 2022.

Average growth in real GDP in % ¹³	2021	2022
Eurozone	4.3	4.2
United Kingdom	5.8	5.3
USA	6.5	3.6
Japan	3.0	2.3
China	8.3	5.6
World total	5.8	4.4

Growth of between 3.9% and 4.2% is also expected for Austria – Kommunalkredit's home market – for the years 2021 and 2022 respectively. Given the high global demand, industrial output, goods exports and investments will see strong growth. The decline in the savings ratio will contribute significantly to the growth in consumption.

At the start of June, the European Central Bank (ECB)¹⁴ decided to pursue its existing accommodative monetary policy. In this connection, net purchases in relation to the pandemic emergency purchase program (PEPP) will be much higher not only during the second quarter, but also during the third quarter.

That said, despite all of these encouraging forecasts, caution is still advised for the second half of the year. Supply shortages may be a burden on goods manufacturing, an overhasty expiry of government assistance may bring about a wave of bankruptcies, and a renewed flare-up of the "delta" variant or other mutations may slow the process of reopening.

Infrastructure 2021

The total value of infrastructure investments worldwide fell by 18.4% in the first six months of 2021 compared to the same period in 2020. Global infrastructure financing declined by more than a quarter in the first half of the year, coming in at USD 66bn as of the end of June. Even so, USD 269bn was invested in this asset class during this time, which proves that infrastructure remains an important investment even in this difficult phase.¹⁵

In the EMEA region (Europe, Middle East, Africa), the infrastructure and energy market remained stable (USD 124.8bn | H1 2020 USD 126.5bn). While investments in infrastructure and energy declined by 14% to USD 96.8bn in Europe, M&A¹⁶ activities also saw growth, with the transaction volume rising year on year by 14% to USD 55.2bn.¹⁷

Demand for infrastructure funds (in particular focusing on fibre optic, telecommunications, data centres) remained stable and strong, despite COVID-19 – or perhaps even because of it, given the increased need for such infrastructure. Telecom transactions accounted for more than a quarter of the market in the first half of the year, as against just 7% in 2019.

¹³ Konjunktur aktuell – Oesterreichische Nationalbank, 21. Juni 2021.

¹⁴ Konjunktur aktuell – Oesterreichische Nationalbank, 21. Juni 2021.

¹⁵ All figures quoted provided by Inframation.

¹⁶ Mergers & Acquisitions.

¹⁷ All figures quoted provided by Inframation.

Kommunalkredit 2021

The year 2020 has shown how quickly the demand for crisis-resistant infrastructure can develop and how important functioning infrastructure is to the survival of society. Hospitals, nursing homes, energy providers and telecommunications services have been put in the spotlight, and will remain there in the future. At the same time, the global goals of setting the course for the energy transition and combating climate change are at the top of the political and economic agenda.

As a specialist institution for infrastructure and energy financing, Kommunalkredit prepared for exactly these challenges several years ago. The bank arranges, finances and consults on sustainable projects in the Energy & Environment, Communication & Digitalisation, Transport, Social Infrastructure and Natural Resources sectors. In the first half of the year alone, the projects that we have enabled include photovoltaics facilities in Italy, solar parks in Spain, wind farms in Finland, broadband infrastructure in France, data centres in Switzerland, hospitals in the United Kingdom and transport routes in Ghana. In our domestic market, we are partners to the Soravia Group in Project Triple, while together with OMV we are investing in the largest electrolysis plant in Austria.

A glance at our pipeline for the second half of the year fills us with confidence that we will not only be able to seamlessly sustain the success of the previous year, but also forecast an increase in income of over 25% in new business compared to the previous successful financial year, together with a significant growth in volume to EUR 1.5bn (2020: EUR 1.1bn).

The EU's Green Deal as well as national climate and energy targets require us all to develop and invest substantially in the infrastructure and energy sector in particular. Constant and forward-looking funding must be provided for relevant innovative projects to boost energy generation and more actively drive progress in related technologies such as hydrogen, electrical charging infrastructure and battery storage. Kommunalkredit is also very well-positioned in these sectors with already closed and specifically defined projects in the pipeline.

With our "Fidelio KA Infrastructure Debt Fund Europe 1", we have succeeded in specifically addressing investors in sustainable infrastructure and encouraging their interest in us. With our new "Florestan KA GmbH", we will enable progress in infrastructure and energy projects with development and growth potential by providing equity funding.

On that note, we'd like to remind you of our slogan: "Infrastructure is our future". We aim to continue playing an active role in shaping this future and providing a benefit to the community.

Vienna, August 2021

The Executive Board of
Kommunalkredit Austria AG



Sebastian Firlinger
Member of the Executive Board



Bernd Fislage
Chief Executive Officer



Jochen Lucht
Member of the Executive Board

CONSOLIDATED INTERIM FINANCIAL STATEMENTS.

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Consolidated statement of financial position

ASSETS in EUR 1,000	30/6/2021	31/12/2020
Cash and cash equivalents	1,059,111.1	808,622.3
Assets at amortised cost	2,203,024.7	2,170,020.8
<i>of which loans and advances to banks</i>	370,163.0	329,388.6
<i>of which loans and advances to customers</i>	1,832,861.7	1,840,632.3
Assets recognised at fair value through other comprehensive income	1,077,576.1	973,903.7
Assets at fair value through profit or loss	328,501.9	295,196.1
Derivatives	119,709.2	135,924.0
Portfolio hedge	2,650.8	4,336.5
Property, plant and equipment	23,908.7	24,430.9
Intangible assets	706.5	489.5
Current tax assets	22.5	1,352.5
Deferred tax assets	2,212.7	4,005.2
Other assets	8,984.4	4,882.1
Assets	4,826,408.5	4,423,163.6

LIABILITIES AND EQUITY in EUR 1,000	30/6/2021	31/12/2020
Liabilities at amortised cost	4,173,300.7	3,802,220.0
<i>of which amounts owed to banks</i>	572,655.6	520,329.1
<i>of which amounts owed to customers</i>	2,141,855.6	2,115,908.8
<i>of which securitised liabilities</i>	1,393,662.2	1,097,679.7
<i>of which subordinated liabilities</i>	65,127.3	68,302.4
Derivatives	185,878.7	222,959.7
Provisions	6,230.4	6,846.0
Current tax liabilities	4,492.9	489.8
Other liabilities	24,782.8	31,266.6
Equity	431,723.1	359,381.4
<i>of which subscribed capital</i>	172,659.5	172,659.5
<i>of which fixed reserves</i>	33,319.8	31,298.5
<i>of which reserves for assets at fair value through other comprehensive income</i>	84,395.7	89,341.1
<i>of which other reserves</i>	78,976.5	65,900.1
<i>of which additional Tier 1 capital</i>	62,250.2	0.0
<i>of which non-controlling interests</i>	121.4	182.2
Liabilities and equity	4,826,408.5	4,423,163.6

Consolidated income statement

INCOME STATEMENT in EUR 1,000	1/1 – 30/6/2021	1/1 – 30/6/2020
Net interest income	36,379.2	33,633.4
Interest income	45,078.8	38,840.2
<i>of which calculated using the effective interest method</i>	34,522.9	29,149.8
Interest expenses	-8,699.5	-5,206.7
Net fee and commission income	11,161.7	13,388.4
Fee and commission income	12,049.9	14,237.8
Fee and commission expenses	-888.2	-849.3
Result from the disposal of assets at fair value through other comprehensive income	1,867.5	23.4
Net provisioning for impairment losses	100.9	-1,011.9
General administrative expenses	-27,908.2	-26,213.3
Personnel expenses	-19,957.9	-18,187.4
Other administrative expenses	-7,950.3	-8,026.0
Contributions to the Bank Resolution Fund	-1,002.6	-1,764.8
Income from investments	0.0	302.0
Other operating result	-319.2	-345.0
Other operating income	105.3	84.8
Other operating expenses	-424.5	-429.9
Net result of asset valuation and realised gains and losses	5,390.9	-1,656.9
Result from the disposal of financial assets measured at amortised cost	299.1	0.0
Profit for the period before tax	25,969.4	16,355.3
Income taxes	-7,326.5	-4,381.9
Profit for the period after tax	18,642.9	11,973.4
<i>of which attributable to owners and additional equity components</i>	18,625.1	11,950.0
<i>of which attributable to non-controlling interests</i>	17.8	23.4



Consolidated statement of comprehensive income

COMPREHENSIVE INCOME in EUR 1,000	1/1 – 30/6/2021	1/1 – 30/6/2020
Consolidated profit for the period after tax	18,642.9	11,973.4
Items to be recycled to the Income Statement	-4,945.4	-5,056.2
Changes in debt capital instruments at fair value through other comprehensive income	-4,945.4	-5,056.2
Valuation of debt capital instruments at fair value through other comprehensive income	-7,218.9	-6,831.4
Recycled to the Income Statement	625.0	89.8
Deferred tax on debt capital instruments at fair value through other comprehensive income	1,648.5	1,685.4
Items not to be recycled to the Income Statement	-36.1	-249.8
Change in actuarial gains/losses	-36.1	0.0
Actuarial result from pension provisions	-48.2	0.0
Deferred tax on actuarial result from pension provisions	12.0	0.0
Changes in equity instruments at fair value through other comprehensive income	0.0	-249.8
Valuation of equity instruments at fair value through other comprehensive income	0.0	-333.0
Deferred tax on changes in equity instruments at fair value through other comprehensive income	0.0	83.3
Capital increase	13,661.3	6,667.4
<i>of which attributable to owners and additional equity components</i>	<i>13,638.0</i>	<i>6,644.0</i>
<i>of which attributable to non-controlling interests</i>	<i>23.2</i>	<i>23.4</i>

Consolidated statement of changes in equity

STATEMENT OF CHANGES IN EQUITY 1/1-30/06/2021 in EUR 1,000	Subscribed capital	Fixed reserves ¹	Retained earnings and other reserves (incl. profit for the period)
as of 1/1/2020	172,659.5	31,298.5	64,664.0
Profit for the period	0.0	0.0	18,625.1
Changes in debt capital instruments at fair value	0.0	0.0	0.0
<i>Valuation of debt capital instruments at fair value</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Recycling of debt capital instruments at fair value</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Changes in equity instruments at fair value through other comprehensive income	0.0	0.0	0.0
Total	0.0	0.0	18,625.1
Profit distribution	0.0	0.0	-3,384.4
Appropriation to fixed reserves	0.0	2,021.3	-2,021.3
AT1 capital	0.0	0.0	0.0
AT1 coupon	0.0	0.0	-101.4
as of 30/6/2020	172,659.5	33,319.8	77,782.0

¹ The fixed reserves include statutory retained earnings of TEUR 8,955.2, liability reserves of the parent company in line with § 57 (5) of the Austrian Banking Act (BWG) of TEUR 17,532.8 and fixed capital reserves of the parent company of TEUR 6,831.8.

STATEMENT OF CHANGES IN EQUITY 1/1-30/6/2020 in EUR 1,000	Subscribed capital	Fixed reserves ¹	Retained earnings and other reserves (incl. profit for the period)
as of 1/1/2020	172,659.5	29,620.4	29,975.5
Profit for the period	0.0	0.0	11,950.0
Changes in assets at fair value through other comprehensive income	0.0	0.0	0.0
<i>Valuation of assets at fair value through other comprehensive income</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Recycling of assets at fair value through other comprehensive income</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Change in actuarial gains/losses	0.0	0.0	0.0
Changes in equity instruments at fair value through other comprehensive income	0.0	0.0	0.0
Total	0.0	0.0	11,950.0
Capital increase	0.0	0.0	0.0
Profit distribution	0.0	0.0	0.0
Appropriation to fixed reserves	0.0	62.2	-62.2
as of 30/6/2020	172,659.5	29,682.6	41,863.4

¹ The fixed reserves include statutory retained earnings of TEUR 7,277.1, liability reserves of the parent company in line with § 57 (5) of the Austrian Banking Act (BWG) of TEUR 15,573.7 and fixed capital reserves of the parent company of TEUR 6,831.8.

Reserve for debt capital instruments at fair value through other comprehensive income ²	Reserve for equity instruments at fair value through other comprehensive income	Actuarial gains/losses IAS 19	Equity attributable to Kommunkredit shareholders	Additional Tier 1 capital ⁴	Non-controlling interests	Equity
88,619.8	721.3	1,236.1	359,199.2	0.0	182.2	359,381.4
0.0	0.0	0.0	18,625.1	0.0	17.8	18,642.9
-4,945.4	0.0	0.0	-4,945.4	0.0	0.0	-4,945.4
-5,414.2	0.0	0.0	-5,414.2	0.0	0.0	-5,414.2
468.7	0.0	0.0	468.7	0.0	0.0	468.7
0.0	0.0	-41.6	-41.6	0.0	5.5	-36.1
-4,945.4	0.0	-41.6	13,638.0	0.0	23.2	13,661.3
0.0	0.0	0.0	-3,384.4	0.0	-84.0	-3,468.4
0.0	0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	62,250.2	0.0	62,250.2
0.0	0.0	0.0	-101.4	0.0	0.0	-101.4
83,674.4	721.3	1,194.5	369,351.4	62,250.2	121.4	431,723.1

² As of 30/6/2021, the reserves for debt capital instruments at fair value through other comprehensive income included deferred taxes of TEUR 27,891.5.

³ As of 30/6/2021, the reserves for equity instruments at fair value through other comprehensive income included deferred taxes of TEUR 240.4.

⁴ Includes additional AT 1 bonds, unsecured and subordinated bonds issued by Kommunkredit and are classified as equity under IFRS.

Reserve for assets at fair value through other comprehensive income ²	Actuarial gains/losses IAS 19	Equity attributable to Kommunkredit shareholders	Non-controlling interests	Total capital
109,611.9	1,151.3	343,018.6	164.2	343,182.8
0.0	0.0	11,950.0	23.4	11,973.4
-5,056.2	0.0	-5,056.2	0.0	-5,056.2
-5,123.5	0.0	-5,123.5	0.0	-5,123.5
67.3	0.0	67.3	0.0	67.3
0.0	0.0	0.0	0.0	0.0
-249.8	0.0	-249.8	0.0	-249.8
-5,306.0	0.0	6,644.0	23.4	6,667.4
0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	-51.4	-51.4
0.0	0.0	0.0	0.0	0.0
104,305.9	1,151.3	349,662.6	136.2	349,798.8

² As of 30/6/2020, the reserves for assets at fair value through other comprehensive income included deferred taxes of TEUR -34,768.6.

Consolidated statement of cash flows

The consolidated statement of cash flows shows the status quo and the change of cash items of the Kommunalkredit Group. The cash and

cash equivalents reported include, clearly differentiated, the cash on hand and balances with central banks.

CONSOLIDATED STATEMENT OF CASH FLOWS in EUR 1,000	1/1 – 30/6/2021	1/1 – 30/6/2020
Consolidated profit for the year after tax	18,642.9	11,973.4
<i>Non-cash items included in the profit for the year and reconciliation to cash flow from operating activities</i>		
Depreciation and amortisation/reversals of depreciation and amortisation on property, plant and equipment and intangible assets	780.9	707.9
Appropriation to/release of provisions and risk provisions	-873.9	883.3
Non-realised gains/losses from exchange rate fluctuations	22.6	-4.9
Gains/losses from the valuation of financial assets and gains from the buyback of own issues	-5,390.9	1,656.9
Income tax deferrals	8,089.7	5,611.5
Non-cash deferrals/accruals and other adjustments	-2,368.6	4,024.1
Sub-total	18,902.7	24,852.2
<i>Change in assets and liabilities from operating activities after correction for non-cash items</i>		
<i>Assets at amortised cost</i>		
<i>of which loans and advances to banks</i>	-40,251.8	-63,607.3
<i>of which loans and advances to customers</i>	7,157.8	-75,529.0
Assets recognised at fair value through other comprehensive income	-106,571.3	79,640.4
Assets at fair value through profit or loss	-33,448.1	-36,861.9
Derivatives and portfolio hedge	-27,427.6	31,781.8
Other assets from operating activities	-4,102.3	-7,347.7
Amounts owed to banks	55,752.2	28,608.2
Amounts owed to customers	25,859.6	267,655.4
Securitised liabilities	300,896.1	-71,812.4
Other liabilities from operating activities	-6,483.7	-4,858.1
Cash flow from operating activities	190,283.4	172,521.6
Payments for the acquisition of property, plant and equipment and intangible assets	-623.0	-87.7
Cash flow from investing activities	-623.0	-87.7
Cash inflow from capital increases / cash outflow from capital reductions	-84.0	-51.4
Dividend payments attributable to the owners of the parent	-1,689.4	454.3
Dividend payments attributable to non-controlling interests	62,800.0	0.0
Change in funds from other financing activities (subordinated capital)	-101.4	0.0
Cash outflow from repayments on lease liabilities	-96.8	-7.9
Cash flow from financing activities	60,828.4	395.1
Cash and cash equivalents at the end of the previous period	808,622.3	462,613.8
Cash flow from operating activities	190,283.4	172,521.6
Cash flow from investing activities	-623.0	-87.7
Cash flow from financing activities	60,828.4	395.1
Cash and cash equivalents at the end of the period	1,059,111.1	635,442.7



Selected explanatory notes on the consolidated interim financial statements

1. General principles

These interim consolidated financial statements of the Kommunalkredit Group were produced based on all obligatory International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and interpretations of IFRS Interpretations Committees (IFRICs and SICs) approved and published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU).

These interim consolidated financial statements for the period from 1 January until 30 June 2021 are compliant with IAS 34 ("Interim Financial Reporting") and have undergone a review by the auditor. The interim consolidated financial statements do not contain all the information and disclosure requirements required by the consolidated financial statements and must therefore be read in conjunction with the consolidated financial statements of the Kommunalkredit Group for 2020. The accounting and valuation methods used in the consolidated interim financial statements are consistent with those used for the 2020 consolidated financial statements.

2. Other information

a. Scope of consolidation

The scope of consolidation of the Kommunalkredit Group encompasses, as of 30 June 2021, the following companies in addition to the parent company Kommunalkredit:

NAME AND REGISTERED OFFICE	FINANCIAL STATEMENT DISCLOSURES			
	Investment		Share in capital 30/6/2021 in %	Share in capital 31/12/2020 in %
	direct	indirect		
1. Affiliated companies				
Fully consolidated affiliated companies				
Kommunalkredit Public Consulting GmbH, Vienna	x		90.0%	90.0%
Kommunalkredit KBI Immobilien GmbH, Vienna	x		100.0%	100.0%
Kommunalkredit KBI Immobilien GmbH & Co KG, Vienna	x		100.0%	100.0%
Kommunalkredit TLI Immobilien GmbH & Co KG, Vienna		x	100.0%	100.0%
Fidelio KA Beteiligung GmbH, Germany	x		75.0%	75.0%
Fidelio KA Infrastructure Opportunities Fund GP S. à r. l., Luxembourg		x	75.0%	75.0%
Fidelio KA Investment Advisory GmbH, Germany		x	75.0%	75.0%
Florestan KA GmbH, Vienna*	x		100.0%	-
2. Associates**				
Associates included using the equity method				
Kommunalleasing GmbH, Vienna	x		50.0%	50.0%

* founded in H1 2021

** For reasons of materiality, Kommunalkredit's 45.0% investment in Kommunalnet E-Government Solutions GmbH is not recognised as an associate using the equity method, but is reported under assets recognised at fair value through other comprehensive income.

Florestan KA GmbH, which has its registered office in Vienna, was founded in the first half of 2021. The main purpose of this company is the development and support of infrastructure and energy projects with equity funding.

b. Securitised liabilities

In the reporting period, Kommunalkredit redeemed securitised liabilities in the amount of TEUR 12,537.3 (1/1–30/6/2020: TEUR 50,100.4) at maturity according to schedule; there were no buy-backs/premature redemptions of securitised liabilities (1/1–30/6/2020: TEUR 19,761.4).

c. AT1 capital

In February 2021, Kommunalkredit issued additional Tier 1 capital (AT1) with a volume of TEUR 6,000.0. In April 2021, there was another AT1 issue with a volume of TEUR 56,800.0.

In line with the contractual terms & conditions, both issues were reported under equity in accordance with the provisions of IAS 32. Costs incurred in connection with the issue of the additional Tier 1 capital were deducted from equity. Coupon payments were also deducted from equity and not recognised through profit or loss.

d. Equity

A dividend payment of TEUR 3,384.4 was made in the first half of 2021 and is reported separately in the statement of changes in equity.

e. Development of result

The profit for the period after tax was up significantly in a year-on-year comparison to TEUR 18,642.9 (H1 2020: TEUR 11,973.4). This increase is largely due to an improvement in net interest income and an increase in income from the placement of energy and infrastructure financing, a natural element of the business model. The latter is reflected in the income statement under “result from the disposal of assets at fair value through other comprehensive income” and “net result of asset valuation and realised gains and losses”. General administrative expenses increased slightly by 6.5% to TEUR 27,908.2 (H1 2020: TEUR 26,213.3) and reflect the growth path taken by the Kommunalkredit Group.

The Kommunalkredit Group’s net provisioning for impairment losses came to TEUR 100.9 (H1 2020: TEUR -1,011.9) and reflects the drop in loan loss provisions on the basis of the statistically calculated provisions for expected losses (refer to item h. for details).

The positive development of the net result of asset valuation and realised gains and losses (TEUR 5,390.9 after TEUR -1,656.9 in H1 2020) is due in particular to the aforementioned contribution of the sales of energy and infrastructure financing allocated to the “sell” business model. Moreover, this item included positive valuation effects in the first half of 2021, due mainly to the increase in long-term market interest rates.

Further details on the development of the result are set out in the management report.

f. Interest income from TLTRO III

Kommunalkredit has financial liabilities from targeted longer-term refinancing operations of the ECB (TLTRO III) in the amount of TEUR 412,070.0 (31/12/2020: TEUR 374,610.0). Expectations of achieving the lending targets under this programme were taken into account when defining the effective interest rate.

The estimate of how lending targets would be achieved and the resultant allowances were adjusted in the first half of 2021. Given the adjustment of the expected cash flows, there was a TEUR 2,110.5 adjustment in the estimate in accordance with the provisions of IFRS 9; this was recognised through profit or loss under net interest income.

A total of TEUR 3,445.6 (H1 2020: TEUR 31.2) was collected as interest income in connection with TLTRO III in the first half of 2021.

g. Revenue from contracts with customers

IFRS 15 “Revenue from Contracts with Customers” uses a five-step model to govern whether or not, when and in what amount revenue from contracts with customers is recognised. Based on this model, revenue from fees and commissions is recognised in the statement of financial position when control over the services is passed, meaning that the contractual performance obligations to the customer have been met. If services are provided over a certain period, the fees and commissions are realised for the specific period when these services are provided. If the customer is responsible for monitoring the service at a certain time, the revenue is realised for a specific period.

Of the fee and commission income totalling TEUR 12,049.9 for the first half of 2021 (H1 2020: TEUR 14,237.8), the largest share of TEUR 7,792.9 (H1 2020: TEUR 7,277.7) was attributable to revenue from Kommunalkredit Public Consulting GmbH (KPC) in the subsidy management and consulting business. Fee and commission income from Kommunalkredit’s lending business came to TEUR 2,230.9 (H1 2020: TEUR 5,516.4) and mostly includes fees related to the new lending business. These primarily include commission and transaction-related fees concerning financial instruments measured at fair value through profit or loss. Income from other service business in the amount of TEUR 2,026.1 (H1 2020: TEUR 1,443.7) is also included.

h. Impact of COVID-19 on risk provisions

Kommunalkredit’s loan portfolio was solid despite the continuing impact of the COVID-19 pandemic; the non-performing loan ratio remained constant at 0.0% as of 30 June 2021 and there were once again no loan defaults in the first half of 2021.

The net provisioning for impairment losses was TEUR 100.9 (H1 2020: TEUR -1,011.9) and includes the change in the statistically calculated provision for expected credit losses under IFRS 9. The reduction in risk provisioning reflects not only the reduced statistical probability of default due to the recovery in macroeconomic parameters resulting from the progressing vaccination campaigns against COVID-19 (in particular higher GDP growth) but also the performance of the new infrastructure and energy portfolio (new deals vs. placements). As of 30 June 2021, risk provisions came to TEUR 4,171.3 (31/12/2020: TEUR 4,272.3).

i. Contingent liabilities and other off-balance-sheet liabilities

Contingent liabilities and other off-balance-sheet liabilities were as follows as of 30 June 2021:

in EUR 1,000	30/6/2021	31/12/2020
Contingent liabilities: Sureties and guarantees	2,271.9	2,783.5
Other obligations: Credit lines and promissory notes	625,471.1	469,197.7

j. Legal risks

Immediately prior to the spin-off of Kommunalkredit to form a new company on 26 September 2015 and the merger of the remaining part of the former Kommunalkredit Austria AG (formerly KA) with KA Finanz AG (as the absorbing company), compensation was paid to the holders of participation capital at Kommunalkredit. A former holder of participation capital claims that this constitutes the unlawful termination of participation capital and is seeking from KA Finanz AG and Kommunalkredit as jointly and severally liable parties, in a legal dispute pending in the first instance, the granting of commercially equivalent rights since 26 September 2015, or a ruling establishing the continuation of the participation capital. The outcome of these proceedings is not expected to have any major negative impact on Kommunalkredit's financial position or income. Furthermore, KA Finanz AG, which is wholly owned by the Republic of Austria, has entered into an irrevocable obligation to compensate for any entitlements and losses that could result from the assertion of claims by former holders of participation capital.

A claim was brought against Kommunalkredit in December 2020 for payment of a recovery receivable that could result from a possible future loss of the plaintiff in the lawsuit. The plaintiff itself is the defendant (since 2010) in proceedings that have not yet been concluded. These involve the reversal of a transaction by the buyer which is linked to participation capital that was issued by the former Kommunalkredit (formerly KA) in 2006/2007.

However, the motion involves having payment of the amount claimed enforced (only) as a provisional substitute, with the primary aim being to have the decision suspended pending a final decision in the proceedings with the buyer. The outcome of these proceedings is not expected to have any major negative impact on Kommunalkredit's financial position or income. Furthermore, KA Finanz AG, which is wholly owned by the Republic of Austria, has entered into an irrevocable obligation to compensate for any entitlements and losses that could result from the assertion of claims by former holders of participation capital.

Furthermore, Kommunalkredit is the defendant in proceedings linked to the negative development of the interest rate benchmark EURIBOR. The outcome of these proceedings is not expected to have any major negative impact on Kommunalkredit's financial position or income.

k. Other obligations

Relative to the 2020 interim period, there have been no relevant changes in other obligations.

I. Fair value of financial assets and liabilities

In accordance with the requirement to distinguish between groups of financial instruments, the Kommunalkredit Group categorises financial instruments as presented in the following table. The carrying amounts and attributable fair values per category can also be found in the table.

The fair values of financial instruments not recognised at fair value are calculated based on the fair value hierarchy described below. The calculation of fair value uses maturity-, rating- and instrument-specific measurement parameters in connection with standard valuation methods in line with IFRS 13.

The maximum credit risk for each category of financial instruments matches the carrying amounts shown in the table. The maximum credit risk for financial guarantees and irrevocable credit commitment corresponds to the nominal values of TEUR 2,271.9 (31/12/2020: TEUR 2,783.5) and TEUR 625,471.1 (31/12/2020: TEUR 469,197.7) respectively.

The values as of 30 June 2021 are as follows:

CATEGORIES 30/6/2021 in EUR 1,000	At amortised cost	Through other comprehensive income*	Through profit or loss*	Carrying amount	Fair value
Cash and balances with central banks	1,059,111.1	0.0	0.0	1,059,111.1	1,059,111.1
Loans and advances to banks	370,163.0	0.0	0.0	370,163.0	371,113.6
Loans and advances to customers	1,832,861.7	0.0	0.0	1,832,861.7	1,879,458.9
Assets recognised through other comprehensive income*	0.0	1,077,576.1	0.0	1,077,576.1	1,077,576.1
Assets through profit or loss*	0.0	0.0	328,501.9	328,501.9	328,501.9
Derivatives	0.0	0.0	119,709.2	119,709.2	119,709.2
Total	3,262,135.8	1,077,576.1	448,211.1	4,787,922.9	4,835,470.8
Amounts owed to banks	572,655.6	0.0	0.0	572,655.6	571,225.6
Amounts owed to customers	2,141,855.6	0.0	0.0	2,141,855.6	2,133,738.2
Derivatives	0.0	0.0	185,878.7	185,878.7	185,878.7
Securitised liabilities	1,393,662.2	0.0	0.0	1,393,662.2	1,391,206.5
Subordinated liabilities	65,127.3	0.0	0.0	65,127.3	66,941.2
Total	4,173,300.7	0.0	185,878.7	4,359,179.4	4,348,990.3

* At fair value

The values as of 31 December 2020 are as follows:

CATEGORIES 31/12/2020 in EUR 1,000	At amortised cost	Through other comprehensive income*	Through profit or loss*	Carrying amount	Fair value
Cash and balances with central banks	808,622.3	0.0	0.0	808,622.3	808,622.3
Loans and advances to banks	329,388.6	0.0	0.0	329,388.6	330,151.6
Loans and advances to customers	1,840,632.3	0.0	0.0	1,840,632.3	1,905,234.0
Assets recognised through other comprehensive income*	0.0	973,903.7	0.0	973,903.7	973,903.7
Assets through profit or loss*	0.0	0.0	295,196.1	295,196.1	295,196.1
Derivatives	0.0	0.0	135,924.0	135,924.0	135,924.0
Total	2,978,643.1	973,903.7	431,120.1	4,383,666.8	4,449,031.6
Amounts owed to banks	520,329.1	0.0	0.0	520,329.1	520,192.3
Amounts owed to customers	2,115,908.8	0.0	0.0	2,115,908.8	2,097,329.7
Derivatives	0.0	0.0	222,959.7	222,959.7	222,959.7
Securitised liabilities	1,097,679.7	0.0	0.0	1,097,679.7	1,088,857.1
Subordinated liabilities	68,302.4	0.0	0.0	68,302.4	65,052.4
Total	3,802,220.0	0.0	222,959.7	4,025,179.8	3,994,391.2

* At fair value

m. Disclosures relating to fair value measurement (fair value hierarchy)

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

Level 1: There are quoted prices in an active market for identical financial instruments. The bid quotes for assets in this hierarchy level 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
- Price determination through spreads derived from market data (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. The Level 3 financial instruments recognised at fair value refer exclusively to infrastructure and energy financing. Level 3 financial instruments are measured by means of an internal model based on the present value method. Cash flows are discounted on the basis of current yield curves, taking credit spreads into account.

Financial instruments recognised at fair value

The following table shows the breakdown of financial instruments recognised at fair value by category of financial instruments according to the fair value hierarchy:

CARRYING AMOUNTS amounts for financial instruments recognised at fair value in EUR 1,000	30/6/2021		
	Level 1	Level 2	Level 3
Assets			
At fair value through other comprehensive income	22,615.9	642,813.8	412,146.5
At fair value through profit or loss	0.0	55,980.3	272,521.6
Derivatives	0.0	119,709.2	0.0
Liabilities			
Derivatives	0.0	185,878.7	0.0

As of 30 June 2021, Kommunalkredit had Level 3 financial assets measured at fair value in the amount of TEUR 684,688.1 (31/12/2020 TEUR 500,090.6). The Level 3 classification concerns infrastructure and energy financing and is based on the non-ob-

servability of the credit spreads required for the discounted cash flow method.

The values compared to the previous year are as follows:

CARRYING AMOUNTS amounts for financial instruments recognised at fair value in EUR 1,000	31/12/2020		
	Level 1	Level 2	Level 3
Assets			
At fair value through other comprehensive income	26,248.0	671,954.0	275,701.6
At fair value through profit or loss	0.0	70,907.1	224,389.0
Derivatives	0.0	135,924.0	0.0
Liabilities			
Derivatives	0.0	218,983.6	3,976.1

The following table shows a reconciliation table of financial instruments recognised at fair value included in Level 3 of the valuation hierarchy::

RECONCILIATION of financial instruments measured at fair value in EUR 1,000	1/1 – 30/6/2021
as of 1/1/2021	500,090.6
Additions/disbursements	189,748.4
Additions from Level 2	31,781.0
Sold/redeemed	-35,773.2
Total gains and losses	
recognised in other comprehensive income	-1,843.9
recognised in profit or loss (net interest income)	1,490.9
recognised in profit or loss (net result of asset valuation and realised gains and losses)	-825.7
as of 30/6/2021	684,668.1

In the period under review, there were changes to the position of financial instruments measured at fair value along the valuation hierarchy. The changes in loans include the reclassification of a Level 2 facility to Level 3 in the amount of TEUR 31,829.2. The changes in level classification are mainly due to the modified ob-

servability of credit spreads as input parameters in the period under review. Reclassifications to Level 3 are performed if spreads from comparable bonds or portfolios are no longer available on the market for transactions.

The values compared to the previous year are as follows:

RECONCILIATION of financial instruments measured at fair value in EUR 1,000	1/1 – 31/12/2020
as of 1/1/2020	667,908.9
Additions/disbursements	103,977.8
Additions from Level 2	88,726.1
Sold/redeemed	-280,307.5
Disposals to Level 2	-84,369.0
Total gains and losses	
recognised in other comprehensive income	-760.9
recognised in profit or loss (net interest income)	3,087.8
recognised in profit or loss (net result of asset valuation and realised gains and losses)	1,832.5
as of 30/6/2020	500,090.6

Financial instruments not recognised at fair value

The breakdown of categories of fair values of financial instruments not recognised at fair value is as follows:

FAIR VALUES of financial instruments not recognised at fair value in EUR 1,000	30/6/2021		
	Level 1	Level 2	Level 3
Assets at amortised cost			
Loans and advances to banks	171,411.6	199,702.1	0.0
Loans and advances to customers	260,150.5	1,142,086.5	477,221.9
Liabilities at amortised cost			
Amounts owed to banks	0.0	559,473.6	11,752.0
Amounts owed to customers	0.0	2,133,738.2	0.0
Securitised liabilities	0.0	1,391,206.5	0.0
Subordinated liabilities	0.0	66,941.2	0.0

The values compared to the previous year are as follows:

FAIR VALUES of financial instruments not recognised at fair value in EUR 1,000	31/12/2020		
	Level 1	Level 2	Level 3
Assets at amortised cost			
Loans and advances to banks	176,710.4	153,441.2	0.0
Loans and advances to customers	225,749.1	1,180,692.1	498,792.8
Liabilities at amortised cost			
Amounts owed to banks	0.0	507,739.3	12,453.0
Amounts owed to customers	0.0	2,097,329.7	0.0
Securitised liabilities	0.0	1,088,857.1	0.0
Subordinated liabilities	0.0	65,052.4	0.0

n. Significant events after the reporting period

No significant events arose between the reporting date of 30 June 2021 and the publication of this half-year report.

o. Related party disclosures

Ownership structure

Name of the company	Relationship with Kommunalkredit	Registered office	Shares held
Gesona Beteiligungsverwaltung GmbH	Direct parent	Vienna, Austria Comp.Reg.no 428969m	99.80 % in Kommunalkredit
Satere Beteiligungsverwaltungs GmbH	Controlling parent company	Vienna, Austria Comp.Reg.no 428981f	100 % in Gesona

Satere Beteiligungsverwaltungs GmbH (Satere) is owned by Interritus Limited (Interritus) and Trinity Investments Designated Activity Company (Trinity), who hold 55% and 45%, respectively, unchanged as of 31 December 2020; the two companies exercise joint control over Satere through contractual agreements. Satere thus qualifies as a joint venture according to IFRS 11 and is classified as the controlling parent company of the Kommunalkredit Group.

Kommunalkredit assumes the fiduciary administration of loans for a related party of Trinity under a framework agreement. As of 30 June 2021, positions of TEUR 299,012.1 (31/12/2020: TEUR 324,551.2) are held in trust on the basis of a trust agreement; as Kommunalkredit has no rights or obligations relative to the underlying lending business, the criteria for balance sheet recognition do not apply. In the interim period, the fiduciary administration of these transactions generated fee and commission income of TEUR 396.3 (1/1-30/6/2020: TEUR 592.0). As of 30 June 2021, there are open balances of TEUR 410.3 (31/12/2020: TEUR 970.1) resulting from this contract, which are reported under "other assets".

Tax group

Effective as of 2016, a tax group pursuant to § 9 of the Austrian Corporate Income Tax Act was formed, with Satere as the group parent. The group members as of 30 June 2021 include Gesona, Kommunalkredit and Kommunalkredit Public Consulting GmbH (KPC).

Relationships with associates

The following positions exist for communal lending using the equity method:

- Loans receivable of TEUR 25,293.2 (31/12/2020: TEUR 26,536.3); these resulted in interest income of TEUR 12.8 (H1 2020: TEUR 15.4)
- Contingent liabilities in the form of liabilities in the unchanged amount of TEUR 1,350.0
- Other off-balance sheet liabilities in the form of promissory notes of TEUR 1,265.0 (31/12/2020: TEUR 1,265.8)

Transactions with key management personnel

Key management personnel are people with direct or indirect authority and responsibility for the planning, management and supervision of activities at Kommunalkredit. Kommunalkredit considers the members of the Executive Board and the Supervisory Boards to be key management personnel.

There is a company that holds a capital interest of 25% (unchanged as of 31/12/2020) in Fidelio KA Beteiligung GmbH; this company is within the range of influence of an Executive Board member of Kommunalkredit and a close relative. Fidelio KA Beteiligung GmbH was established for the purpose of acquiring and holding participating interests, among others in the fields of business of alternative investment funds, asset management and advisory; it holds participating interests in Fidelio KA Investment Advisory GmbH and Fidelio KA Infrastructure Opportunities Fund GB S. à r. l.

As of 30 June 2021, just like as of 31 December 2020, there were no outstanding loans/advances to members of the Executive Board or to members of the Supervisory Board, and there were no liabilities with Kommunalkredit for them either.

3. Segment reporting

The business activities of the Kommunalkredit Group unfold primarily in the area of municipal and infrastructure-related project financing as well as in the management of support programmes for the Republic of Austria. The bank's activities are concentrated in a single business segment, the results of which are reported

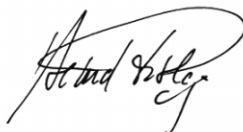
regularly to the Executive Board and the Supervisory Board in the form of the consolidated financial statements prepared according to IFRS. The disclosures relating to the business segment are presented in the statement of financial position (IFRS) and the income statement of the Group. Reconciliation is therefore not required.

Vienna, 18 August 2021

The Executive Board of
Kommunalkredit Austria AG



Sebastian Firlinger
Member of the Executive Board



Bernd Fislage
Chief Executive Officer



Jochen Lucht
Member of the Executive Board

STATEMENT BY THE LEGAL REPRESENTATIVES


We hereby **confirm** to the best of our knowledge that the **consolidated interim financial statements** 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 Group, and that the Group Management Report for the first half of the year conveys a true and fair view of the assets, the financial position and the income of the Group with regard to the main events during the first six months of the financial year and their impact on the consolidated financial statements, as well as with regard to the essential risks and uncertainties for the remaining six months of the financial year.

Vienna, 18 August 2021

The Executive Board of
Kommunalkredit Austria AG



Sebastian Firlinger
Member of the Executive Board



Bernd Fislage
Chief Executive Officer



Jochen Lucht
Member of the Executive Board

Translation of the Report on the Review of the condensed Interim Consolidated Financial Statements

Translation of the Report on the Review of the condensed Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of Kommunalkredit Austria AG, Vienna for the period from 1 January 2021 to 30 June 2021. These condensed interim consolidated financial statements comprise the consolidated statement of financial position as of 30 June 2021 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statements of cash flows and consolidated statement of changes in equity for the period from 1 January 2021 to 30 June 2021 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. Our liability towards the Company and towards third parties is limited in accordance with § 275 par. 2 of the Austrian Commercial Code (UGB).

Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 „Principles of Engagements to Review Financial Statements“, International Standard on Review Engagements (ISRE 2410) „Review of Interim Financial Information Performed by the Independent Auditor of the Entity“. A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Statement on the consolidated interim management report for the 6 month period ended 30 June 2021 and on management's statement in accordance with § 125 Austrian Stock Exchange Act (BörseG)

We have read the consolidated interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed interim consolidated financial statements. Based on our evaluation, the consolidated interim management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

The interim financial information contains the statement by management in accordance with § 125 par. 1 subpar. 3 Austrian Stock Exchange Act.

The interim consolidated financial statements together with our review report may be published or transmitted only as agreed by us. Any versions deviating from the one agreed by us (e.g. condensed version or translation into another language) are subject to § 281 par. 2 UGB.

Vienna, 18 August 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Bernhard Mechtler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

APPENDIX:

Figures of Kommunalkredit Austria AG according to Austrian Reporting Regulations

Statement of financial position of Kommunalkredit Austria AG according to Austrian reporting regulations

Assets in EUR 1,000	30/6/2021	31/12/2020
Cash on hand, balances with central banks	1,059,110.4	808,621.4
Debt securities from public issuers that are eligible for refinancing at the central bank	174,906.5	156,650.1
Loans and advances to banks	203,769.1	156,748.8
Loans and advances to customers	2,715,050.2	2,564,698.0
Bonds and other fixed-income securities	318,906.5	320,808.0
Investments	26,185.0	25,065.0
Investments in affiliated companies	32,501.5	32,501.5
Non-current intangible assets	701.7	483.6
Property, plant and equipment	2,606.8	2,602.9
Other assets	18,393.8	24,240.6
Deferred income	7,425.0	5,111.5
Deferred tax assets	10,946.1	11,196.1
Total assets	4,570,502.5	4,108,727.4

Equity and liabilities in EUR 1,000	30/6/2021	31/12/2020
Amounts owed to banks	574,160.4	523,822.4
Amounts owed to customers	2,137,866.9	2,104,558.0
Securitised liabilities	1,304,206.0	1,001,140.4
Other liabilities	22,415.4	26,029.1
Deferred income	18,499.8	9,865.5
Provisions	19,768.9	28,355.3
Fund for general banking risks	40,000.0	40,000.0
Tier 2 capital under Part 2 Title I Chapter 4 of Regulation (EU) No 575/2013	66,042.0	67,527.6
Additional Tier 1 capital under Part 2 Title I Chapter 3 of Regulation (EU) No. 575/2013	63,496.6	0.0
Subscribed capital	172,659.5	172,659.5
Fixed capital reserves	6,831.8	6,831.8
Retained earnings	92,055.2	92,055.2
Risk reserve under § 57 (5) Austrian Banking Act	17,532.8	15,511.5
Net profit	34,967.1	20,371.1
<i>of which profit carried forward</i>	16,986.7	10,587.7
<i>of which profit for the period (after appropriation to reserves)</i>	17,980.4	9,783.4
Total equity and liabilities	4,570,502.5	4,108,727.4

Kommunalkredit Austria AG financial performance indicators

in EUR 1,000	30/6/2021	31/12/2020
Total risk exposure amount pursuant to Art. 92 CRR	1,886,310.5	1,692,204.9
Common equity tier 1 (CET 1)	346,066.0	344,044.6
CET 1 ratio	18.3%	20.3%
Common equity (tier 1)	408,866.0	344,044.6
Common equity ratio	21.7%	20.3%
Total capital (tier 1 and tier 2)	454,116.8	392,773.6
Total capital ratio	24.1%	23.2%

Income statement of Kommunalkredit Austria AG according to Austrian reporting regulations

in EUR 1,000	1/1 – 30/6/2021	1/1 – 30/6/2020
Net interest income	24,769.2	23,902.8
Income from investments	756.0	764.5
Net fee and commission income	11,195.2	6,779.2
Income from financial transactions	-8.2	12.1
Other operating income	1,620.8	1,302.9
Operating income	38,332.9	32,761.5
General administrative expenses	-23,299.5	-22,706.9
Personnel expenses	-14,995.3	-13,705.6
Other administrative expenses (non-personnel)	-8,304.2	-9,001.3
Depreciation of property, plant and equipment	-254.7	-181.7
Other operating expenses	-321.2	-327.3
Operating expenses	-23,875.4	-23,215.8
Operating result	14,457.5	9,545.7
Net result of valuations and realised gains and losses	5,843.6	985.0
<i>of which realised from the early redemption of own issues</i>	<i>0.0</i>	<i>3,209.0</i>
<i>of which realised / valuation from securities, loans and derivatives</i>	<i>3,959.4</i>	<i>-1,198.1</i>
<i>of which change in provision under § 57 (1) Austrian Banking Act</i>	<i>1,000.0</i>	<i>0.0</i>
<i>of which change in valuation allowances</i>	<i>884.2</i>	<i>-1,025.9</i>
Profit on ordinary activities	20,301.1	10,530.7
Taxes on income	-272.0	742.6
Other taxes	-27.3	-20.5
Net profit for the period	20,001.7	11,252.7

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