

Presentation to Fixed Income Investors

Bank Austria

Vienna, May 2023

Empowering
Communities to Progress.

 **Bank Austria**
Member of  **UniCredit**

Agenda

- 1 **Opening Remarks**
- 2 **UniCredit Group**
- 3 **Overview of Bank Austria**
- 4 **Funding & Liquidity**
- 5 **Annex**





Opening Remarks



Bank Austria, a leading bank in the local market

Market position

- **Leading domestic bank** in **Corporate Banking** and **Wealth Management & Private Banking**
- **High client shares** in business with corporate customers and leading institution in Private Banking

Size

- Bank Austria is **by far the largest bank in Austria** at individual institution level
- With **assets of about € 104 bn** (as of 31 December 2022), largest Austrian bank on unconsolidated level

UniCredit Group

- Bank Austria is **part of UniCredit Group, with 13 core markets in Europe and worldwide presence**
- Bank Austria clients can use UniCredit's CEE network – UniCredit is market leader in the region

Capital

- Well-capitalized – with **CET1 ratio of 17.4%** ¹⁾





UniCredit Group



9th consecutive quarter of profitable growth and best 1Q ever

UNICREDIT UNLOCKED RELEASING OUR **FULL POTENTIAL**

- ✓ Consistently outstanding financial results via an optimal balance of our three levers
- ✓ Rooted in a clear vision and strategy: “phase two” of industrial transformation

POSITIONED TO DELIVER IN **ALL ENVIRONMENTS**

- ✓ Outperforming our prudent macro assumptions; taking alpha actions to keep ahead
- ✓ Strong lines of defense propelling or securing the future

UPGRADED GUIDANCE FOR 2023 GIVEN NEW RUN RATE

- ✓ Higher rates, improved trends and transformation at pace
- ✓ Set a new floor for the future



**SUSTAINABLE
COMPETITIVE
ADVANTAGE**



**RESILIENT
AND GROWING
FINANCIAL RESULTS**



**ROBUST
BALANCE
SHEET**



**An Unlocked
UniCredit**

Delivering on our commitments: relentless investment in our industrial transformation continues to propel our results



Strong franchise consistently delivering quality profitable growth

A NEW BENCHMARK FOR BANKING



9th
**CONSECUTIVE QUARTER
 OF Y/Y GROWTH**



Best
**1Q RESULTS
 EVER**



2.1bn
NET PROFIT²



+57%
 Net Revenue, Y/Y
**QUALITY DRIVEN
 GROWTH**

8^{bps}
 CoR

39.2%
 Cost / Income
**OPERATIONAL
 EXCELLENCE**

7.7%
 Net Revenue / RWA
**CAPITAL
 EXCELLENCE**

**ROBUST
 LINES OF
 DEFENCE**

**SUPERIOR
 CAPITAL POSITION**
16.1% CET1r,
 Stated¹

**STRUCTURALLY
 LOW COST OF RISK**
Solid credit portfolio

- **high** coverage
- low NPE at **2.7%**
- overlays of **1.8bn**

**STRONG LIQUIDITY
 PROFILE**

**RoTE @13%
 CET1r** **20.4%** **ORGANIC CAPITAL
 GENERATION** **111^{bps}** **3.4^{bn}**

All figures related to Group incl. Russia unless otherwise specified

1. Considering full FY22 distribution and 1Q23 Cash dividend accrual for FY23 are expected to be around 0.4bn after tax and post integration costs which for FY23 are expected to be around 0.3bn before tax

2. "Net profit" means Stated net profit adjusted for impacts from DTAs tax loss carry forward resulting from sustainability test, pre AT1 and cashes coupons which for FY23 are expected to be around 0.3bn before tax

3. Distribution subject to supervisory and shareholder approvals

Upgraded net profit² guidance to >6.5bn and distribution ≥5.75bn³

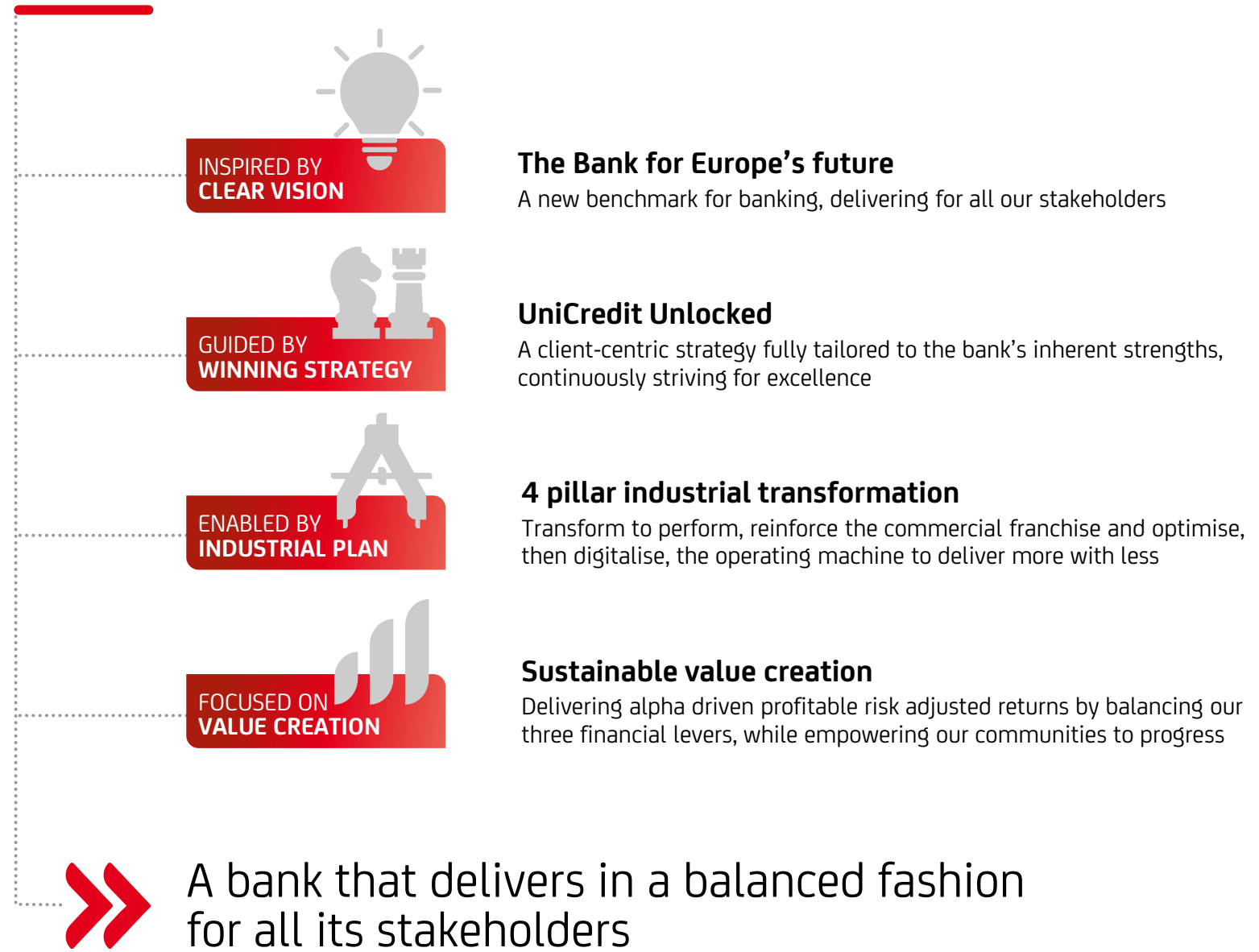


Sustainable competitive advantage

Win.
The Right Way.
Together.



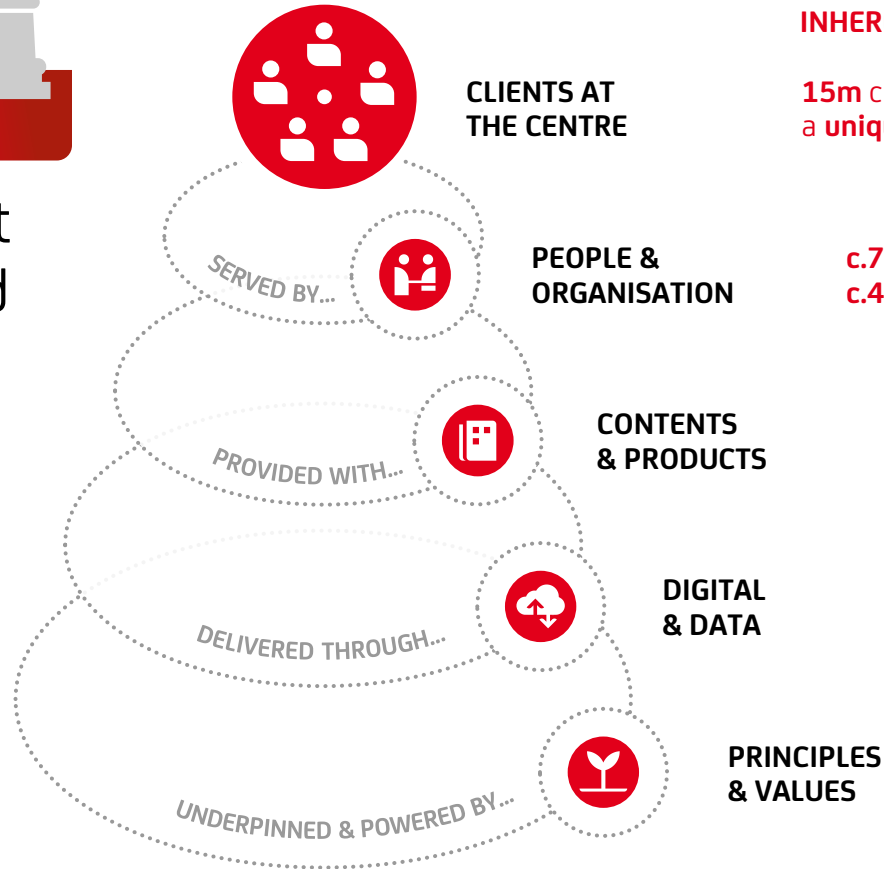
Our Value Proposition



Guided by a winning strategy



UniCredit
Unlocked



INHERENT STRENGTHS

15m clients, c.75%¹ Retail and SMEs, a **unique gateway** to Europe


c.75k people in 13 leading local banks, c.40%¹ in A or higher rated **geographies**


2 product factories, supported by an **ecosystem** of best-in-class partners


Resilient and secure digital **infrastructure** and strong **data-set**


Uniquely diverse **talent base**, embedded in our **communities**


AMBITION

 **Grow** client base; improve penetration by **broadening range of services**

 **Unifying** our organisation while **empowering** people to best serve clients

 Deliver **best-in-class solutions**, and an unmatched **fully-fledged** product offering

 **Optimise** digital infrastructure and operations and transit to a fully **digital and data-driven** bank

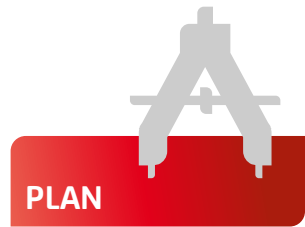
 **Unite** our people around a common ambition, strategy, set of **principles** and a **culture of excellence**, leading by example in ESG

1. Calculation based on 1Q23 gross revenue

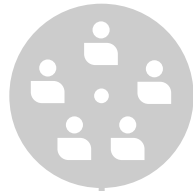
A client-centric strategy fully tailored to our inherent strengths, supported by our operating machine and deeply rooted in our values



Enabled by an industrial transformation plan



Our industrial transformation



PEOPLE & ORGANISATION



CONTENTS & PRODUCTS



DIGITAL & DATA



PRINCIPLES & VALUES

STATUS OF COMPLETION



PHASE I 2021 & BEYOND

PHASE II 2023 & BEYOND

Reinforce the **commercial machine**

- ✓ **Unify people** around a clear vision and strategy, unleashing their passion and energy
- ✓ **Empower the organisation** with a re-energised front-line, operating within a clear risk and capital framework
- ✓ Seamlessly **integrate front-line** and **product factories** offering a full service to our clients

Optimise the **operating machine**

- ✓ **Re-engineer the operating machine** with product factories delivering scale and scope
- ✓ **Simplify processes** to improve speed, efficacy, and reduce costs, while **investing in the front-line**
- ✓ **Automate, digitalise** and improve client and people experience becoming a **digital and data-driven** bank

Embedding our principles in everything we do, living our new culture

Accelerating the second phase of our industrial transformation, towards a full-service client-centric bank



Significant progress in our transformation

	<p>PEOPLE & ORGANISATION</p>	<p>I EMPOWER AND REVITALISE BUSINESSES</p>	<p>30h Training hours provided pro capita per employee</p>	<p>65% Delegations with increased thresholds within a clear framework</p>	<p>II SIMPLIFY AND DELAYER THE ORGANISATION AND PROCESSES</p>	<p>-28% Structures, bringing businesses closer to clients</p>	<p>-25% Reporting releasing resources for higher value added tasks</p>	
	<p>CONTENTS & PRODUCTS</p>	<p>I UNDERSTAND CLIENTS' NEEDS</p>	<p>From siloed CIB to set-up of two global product factories focused on product development and serving all our clients through local coverage</p>		<p>II PROVIDE BEST-IN-CLASS OFFERING</p>	<p>#3 vs. #6 in 1Q22 Improved ranking by Fees in Advisory and Capital Markets in core countries</p>	<p>Creation of an ecosystem of best-in-class partners > Azimut > Allianz > onemarkets Fund</p>	
	<p>DIGITAL & DATA</p>	<p>I RECLAIM CORE COMPETENCIES & NEW WAY OF WORKING</p>	<p>609 # new talents hired</p>	<p>c. 8x Number of DevOps onboarded applications</p>	<p>II IMPROVE DIGITAL EXPERIENCE & BECOME A DATA-DRIVEN BANK</p>	<p>c. 60% Active Digital Users</p>	<p>44% Data accessibility in global data platform</p>	
	<p>PRINCIPLES & VALUES</p>	<p>UNIFY PEOPLE AROUND A CLEAR CULTURE</p>	<ul style="list-style-type: none"> • Culture Roadshow (4 countries) • Culture Workshops • Culture Network • DE&I Global Policies & Unconscious Bias course 		<p>LEAD BY EXAMPLE</p>	<p>ESG VOLUMES Supporting our clients in a just and fair transition 61.7bn since 2022, 4.0bn in 1Q23</p>	<p>EMPOWER COMMUNITIES</p>	<p>SOCIAL Total contribution in 2022: 36.5m</p> <p>ENTREPRENEURSHIP</p> <ul style="list-style-type: none"> • 10 years of UniCredit Start Lab • 100+ startups supported in last 2 years

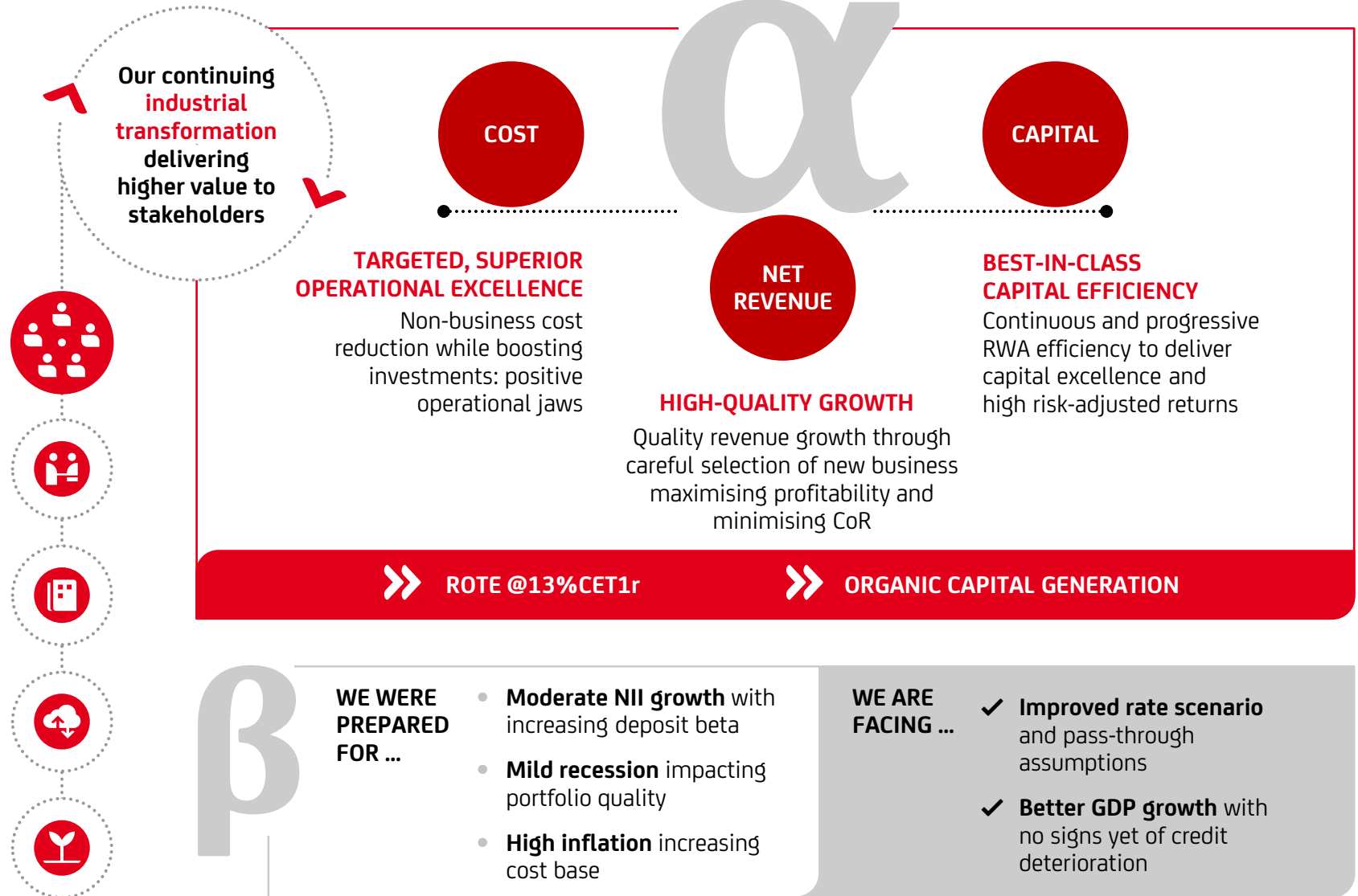
All deltas refer to 1Q23 vs UniCredit Unlocked execution plan unless otherwise specified

I Reinforce the **commercial** machine **II** Optimise the **operating** machine



Resilient and growing financial results

Our franchise aims to deliver alpha in its financial results in any macro scenario: 9 quarters of record quality growth



Prepare the Bank to deliver resiliently in all environments

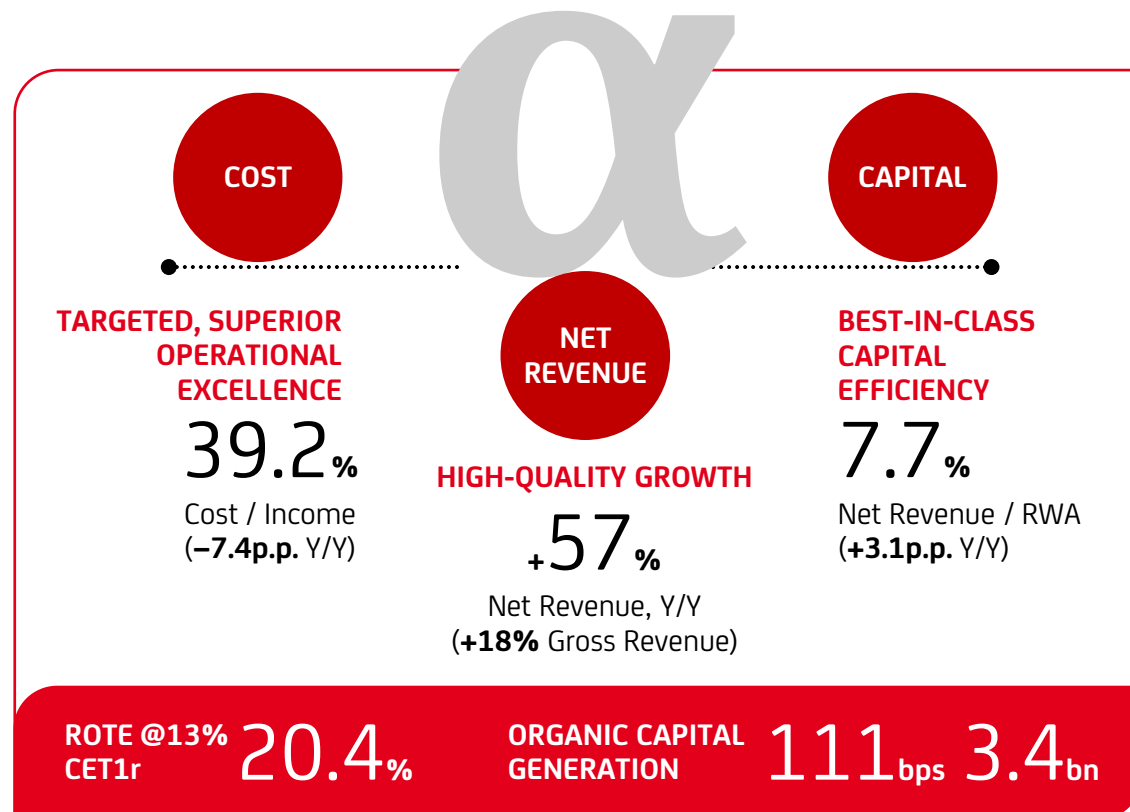
OUR APPROACH



RESILIENT AND GROWING FINANCIAL RESULTS

1Q23 – 9th consecutive quarter of outstanding results

3 LEVERS BALANCED IN AN OPTIMAL WAY TO DELIVER OUR RESULTS



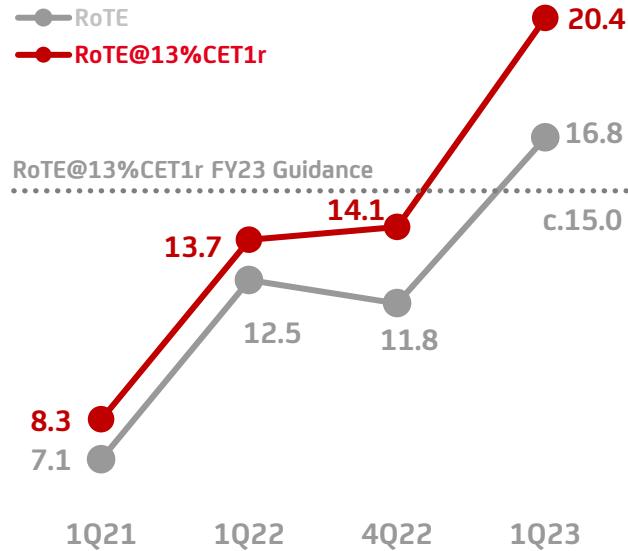
1Q23 KEY METRICS

In million	1Q23	Y/Y	Q/Q
Net Revenue	5,837	+57%	+13%
o/w NII	3,298	+44%	-3%
o/w Fees	1,996	-2%	11%
o/w LLP	-93	-93%	-82%
Total Costs	-2,327	-0.6%	-5.8%
GOP	3,603	+35%	+11%
Net Profit¹	2,064	n.m.	+28%
C/I Ratio	39.2%	-7.4p.p.	-4.0p.p.
CET1r Stated²	16.1%		



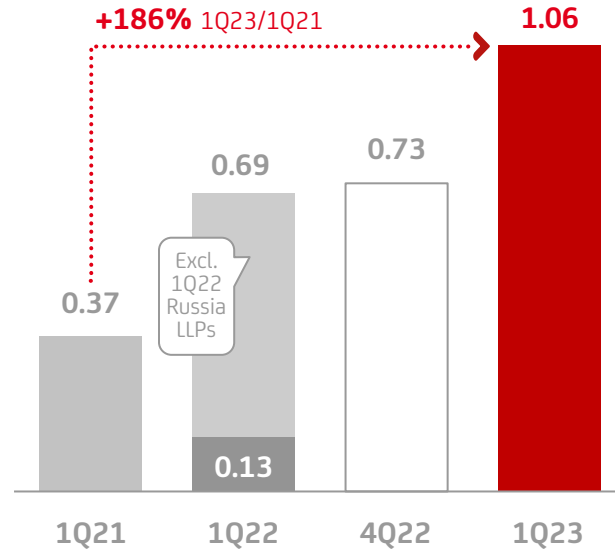
Exceptional shareholder value creation continues

ROTE (%)¹



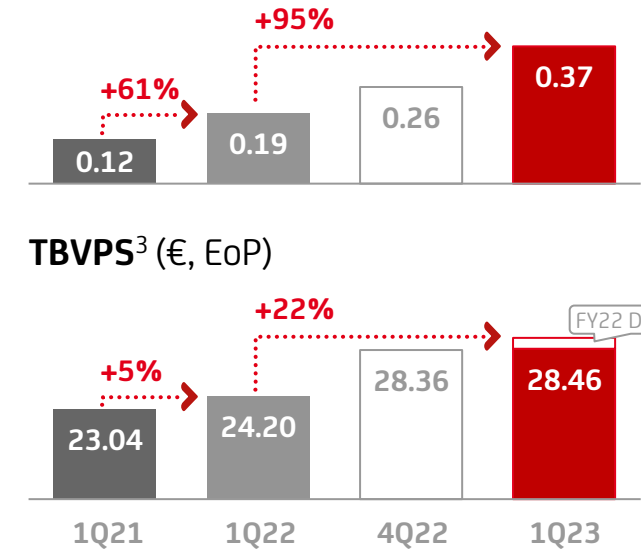
Continuing to improve our profitability **confirming strong ROTE trajectory**

EPS (€)²

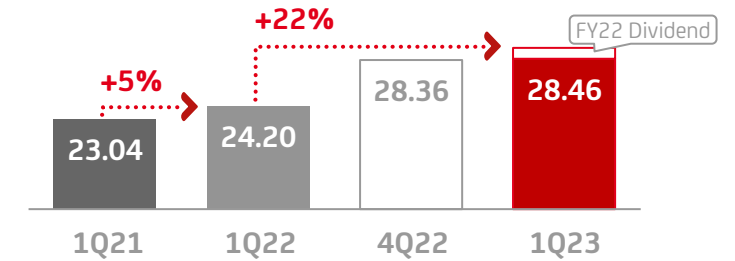


Further enhancing growth through share buy-backs, with significant share count reduction expected in 2023

ACCRUED DPS (€)



TBVPS³ (€, EoP)



Delivering on our clear commitment to **shareholder value creation** with progressive cash dividend and SBB to propel the future

Y/Y>

All figures related to Group incl. Russia unless otherwise specified

1. RoTE calculated with UniCredit Unlocked methodology; 1Q22 RoTE and RoTE@13%CET1r based on 1Q22 net profit excluding Russia LLPs of € 1.2bn

2. Diluted Earnings per Share (EPS)

3. Y/Y delta of 22% is growth rate between 1Q23 Tangible Book Value per Share (TBVPS) of 28.46 plus 0.99 FY22 cash Dividend per Share (DPS) and 1Q22 TBVPS (including FY21 cash DPS)

Currently executing on 2022 share buy-back programme of 3.34bn, to further propel future value





3

Overview of Bank Austria



Bank Austria – at a glance

Key information

- **Member of UniCredit since 2005**
- **Leading corporate bank and one of the largest retail banks in Austria**
- **~ 4,900 FTE and 106 branches** in Austria
- **Excellent capital base** (17.4% CET1 ratio¹⁾)
- **Stable liquidity** with a perfect balance between customer loans and direct funding
- **High market shares²⁾** in Austria (Loans: 12%, Deposits: 12%)
- Issuer/Deposit **Ratings** at Baa1/A3 (Moody's) and BBB+ (S&P); Counterparty Ratings at A2 (Moody's) and A- (S&P)

Income Statement

(in € million)	1Q23	1Q22
Operating income	602	429
Operating costs	-255	-266
LLP	8	52
Net profit	223	86
Cost/income ratio	42.5%	62.0%
Cost of risk	-5 bp	-32 bp

Volumes

(in € billion)	1Q23	1Q22
Customer Loans (excl. Repos and Intercompanies)	65.7	63.8
Customer Deposits (excl. Repos and Intercompanies)	61.0	62.6

Other Figures

(Full-time equivalents in units, RoAC in %)	1Q23	1Q22
FTE (100%)	4,939	5,332
Return on Allocated Capital (RoAC)	17.1%	6.6%



Business Model and Market Position in Austria

RETAIL

Retail Banking

- Covers **1.5m^{*)} Retail & Small Business customers** (<€ 1m turnover)
- **Broad multi-channel offer** via **physical branch network** (with a total of 106 branches), **remote advisory** (personal advisory services between 8.00 a.m. and 7.00 p.m., also via video telephony), **digital services** (internet and mobile banking) and **support by experts** in deposit business and real estate financing business

WEALTH MANAGEMENT & PRIVATE BANKING

Wealth Management & Private Banking

- **Leading Private Banking in Austria** with every fifth Austrian High Net Worth Individual (HNWI) as customer of Bank Austria
- **Successful client approach**
 - via **Private Banking Area** (15 locations all over Austria, cooperation with 11 funds),
 - **Wealth Management Area** of Schoellerbank (8 branches all over Austria and own Schoeller Invest KAG) and
 - **Tailor-made financial services** to HNWI and foundations (Wealth Planning, Special Funds Solutions, Generation Planning)

CORPORATES

Corporate coverage: Large corporates (turnover > € 1bn), **Medium corporates** (turnover > € 50m) and **Small corporates** (€ 1 – 50m turnover)

Offering the full range of investment banking products, from simple, standardized products to highly complex tailor-made structures, depending on client structure and client needs

- **Multinational corporates in Austria, Nordics & Iberia**
- **Financial Institutions, Public Sector clients and Commercial real estate clients**
- **Leading role as strategic financial partner in client coverage** which we strive to continuously improve.
For most of the Austrian Large Corporates, we are the **main banking connection** with a wide range of product offering among all product lines
- **Member of UniCredit**, a pan-European Commercial Bank with a unique franchise in **Italy, Germany, Central Europe/CE and Eastern Europe/EE**
 - Unparalleled access to market leading products and services in **13 core markets** through our European banking network
 - Leveraging on an international network of representative offices and branches, UniCredit serves clients in **another 15 countries worldwide**



P&L of Bank Austria Group

Excellent profitability, based on a robust operative performance

Profit & Loss Development

- **Operating income** +40% y/y, driven by strong net interest, overcompensating slightly lower fee and trading income
- **Operating costs** -4% lower y/y, due to continued strong cost discipline and further FTE reduction; significant improvement of cost/income ratio to 42.5%
- **Net write-downs of loans** positive (due to releases) at € +8m (1Q22: € +52m)
- **Non-operating items** decreased to € -59m, of which € - 73m systemic charges, partially compensated by positive net income from investments
- **1Q23 Group Net Profit** at strong € 223m (vs. € 86m in 1Q22)
- **Cost/income ratio:** improved by about 20 p.p. to 42.5%
- **RoAC** at excellent 17.1%

Bank Austria Group

(€ million)

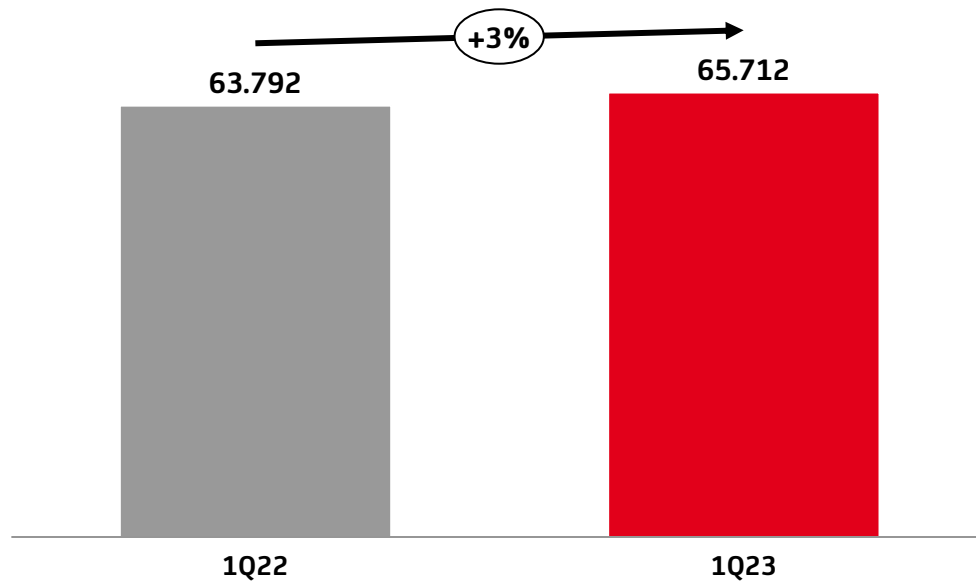
	1-3/ 2023	1-3/ 2022	y/y
Operating income	602	429	40.1%
Operating costs	-255	-266	-4.1%
Operating profit	346	163	>100%
Net write-downs of loans	8	52	-84.0%
Net operating profit	354	215	64.9%
Non-operating items	-59	-109	-45.6%
Profit (loss) before tax	295	106	>100%
Group Net Profit	223	86	>100%
Cost/income ratio	42.5%	62.0%	-19.6 p.p.
Return on Allocated Capital (RoAC)	17.1%	6.6%	+10.5 p.p.



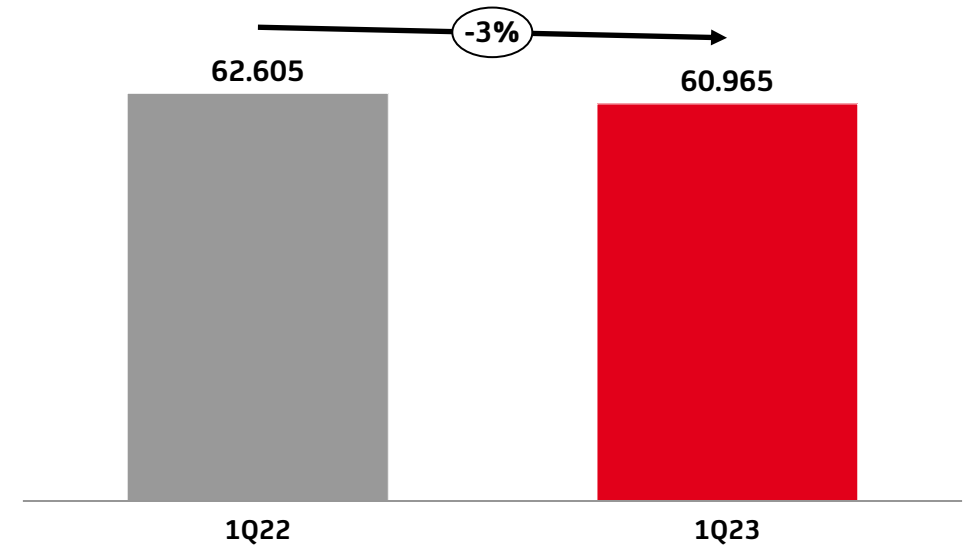
Loans and Deposit Volumes

Well-balanced development of loans and deposits

Loans to Customers (€ m)



Deposits from Customers (€ m)



- **Loans to customers** increased y/y by 3% to € 65.7bn, mainly driven by Corporates – with Retail stock remaining relatively stable, new loans affected by macroeconomic environment and more restrictive regulation
- **Deposits from customers** decreased by 3% to € 61bn, with reductions in Corporates and WM & PB, while Retail increased





4

Funding & Liquidity



Bank Austria Acts as Liquidity Reference Bank (LRB) for all Austrian Group Entities and is a Strategic Issuing Platform for UniCredit Group

UniCredit S.p.A. – Holding

- **UniCredit S.p.A.** is operating as the **Group Holding** as well as the Italian operating bank:
 - ✓ **TLAC/MREL issuer** assuming Single-Point of Entry (SPE)
 - ✓ **Coordinated Group-wide funding and liquidity management** to optimize market access and funding costs
 - ✓ **Diversified by geography and funding sources**

UniCredit Bank Austria AG

- **Mortgage- and Public Sector Pfandbriefe**
- **Senior benchmark**
- **Housing bank bonds** (Wohnbaubank-Anleihen)
- **Registered secs. (SSD, NSV*) covered/senior**
- **Private placements**
- **Network issues**

- **Bank Austria** has its **own Issuing Programs** for the respective instruments to be issued
- **Bank Austria** continues to be **present on the local and global markets**
- **Coordinated approach within UniCredit** regarding **issuing activities** on the **global markets**



Funding Strategy Bank Austria Group – Self-Sufficiency Principle

Key Pillars of Bank Austria Group Funding Strategy

- Well-diversified funding base due to Bank Austria's commercial banking model

The key pillars are

- strong client deposit base related to a variety of products (sight-, savings- and term deposits)
- complemented by medium- and long-term placements of own issues in the capital market in order to cover the medium- and long-term funding needs

The key pillars described are part of the **self sufficiency principle of Bank Austria's funding strategy**

- It ensures that the proceeds are used primarily for business development of entities of Bank Austria Group
- It enables Bank Austria to reflect its own funding costs according to its own risk profile



Liquidity and Funding Management within BA Group based on clear and strict Risk Management Principles

Clear Rules and Principles in Bank Austria for the Management of Liquidity and Funding

- **Liquidity strategy**
 - Bank Austria acting as an independent Liquidity Reference Bank (LRB) within UniCredit Group - in line with the self-funding principle of the Group Strategy
 - Bank Austria manages the liquidity development in Austria (including all Austrian Group entities)
- **Clear operative rules**
 - Active liquidity and funding management by defining short-term and structural liquidity and funding limits for all subsidiaries of BA Group
 - All national legal / regulatory constraints have to be followed on single entity level
 - Bank Austria establishes a separate Funding and Liquidity Plan for Austria as part of the Funding and Liquidity Plan of UniCredit Group
 - Bank Austria enjoys a sound counter-balancing capacity and ensuring compliance with key liquidity indicators (LCR >100%, NSFR >100%)



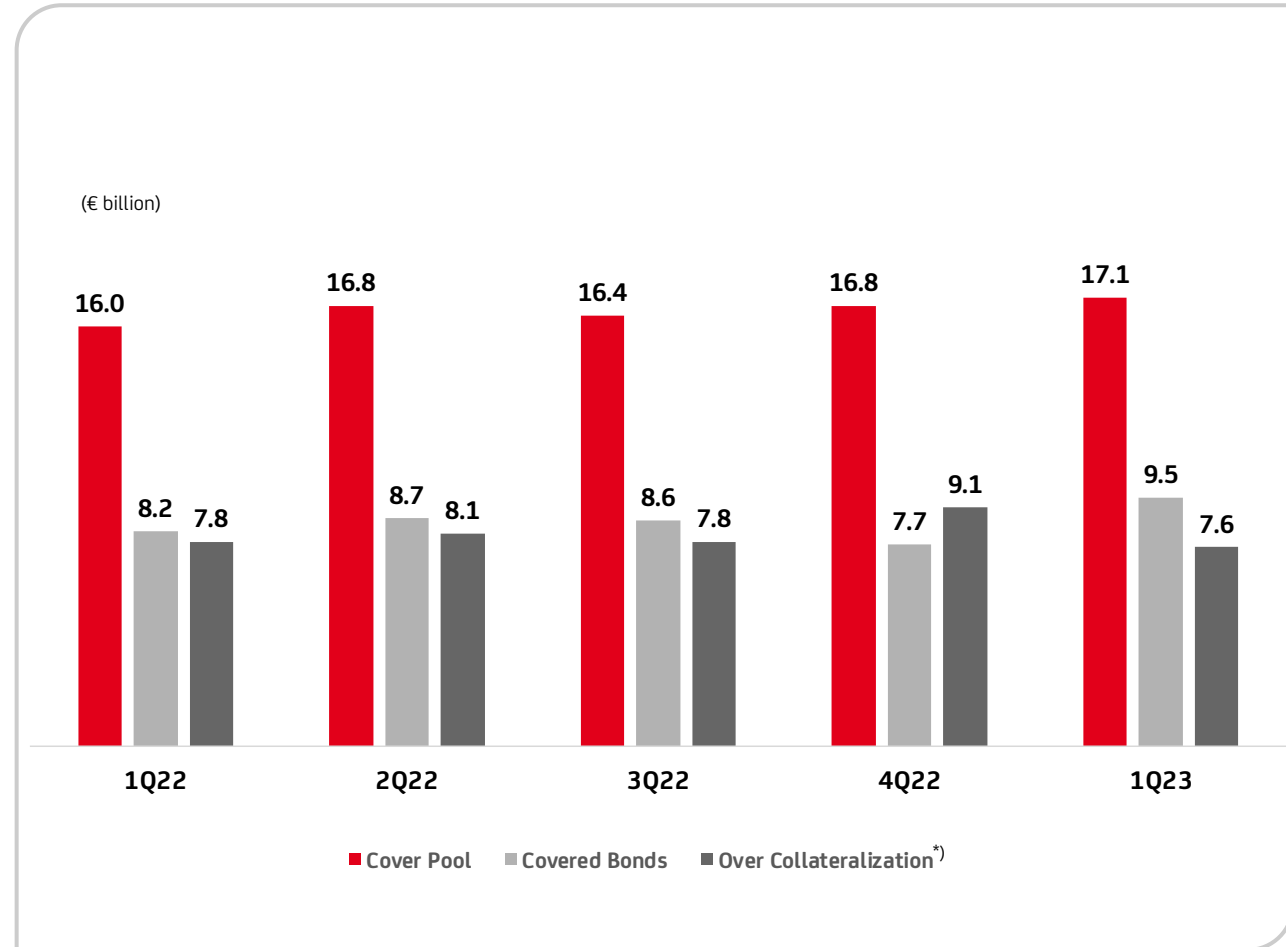
Mortgage Cover Pool

Overview and Yearly development

Total Value of the Cover Pool (Primary Coverage) as of 31 March 2023 (€-equivalent): 17,135 million

- thereof in €: 16,510 million (96.4%)
- thereof in CHF: 625 million (3.6%)

- Focus on **Austrian mortgages**
- **Moody's-Rating: Aaa**
- **ECBC Covered Bond Label**)**
- **Decrease of total value of CHF cover assets** over the last six years (1Q17: € 1,453 million – 1Q23: € 625 million; no new CHF assets since 2010)



^{*)} Contains 2% legal overcollateralisation of the notional amount of the covered bonds, the remaining part is not bound

^{**)} <https://www.coveredbondlabel.com/issuer/60-unicredit-bank-austria-ag>



Mortgage Cover Pool

Parameters of Cover Pool and Issues

Parameters of Cover Pool

Weighted Average Life (in years including Amortization)	10.3
Contracted Weighted Average Life (in years)	17.0
Average Seasoning (in years)	6.1
Total Number of Loans	64,577
Total Number of Debtors	56,226
Total Number of Properties	48,915
Average Volume of Loans (€ million)	0.3
Stake of 10 Biggest Loans	9.0%
Stake of 10 Biggest Debtors	9.6%
Stake of Bullet Loans	21.5%
Stake of Fixed Interest Loans	42.2%
Average Interest Rate	2.6%
Average Loan-to-Value	48.1%
Stake of Defaulted Loans	0.0%
Stake of Loans 90 Days Overdue	0.0%

Liquiditybuffer

Covered Liquidity buffer requirement (€ million)	0.0
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Parameters of Issues

Total Number	69
Average Residual Maturity (in years)	4.3

LTV = Loan-to-Value

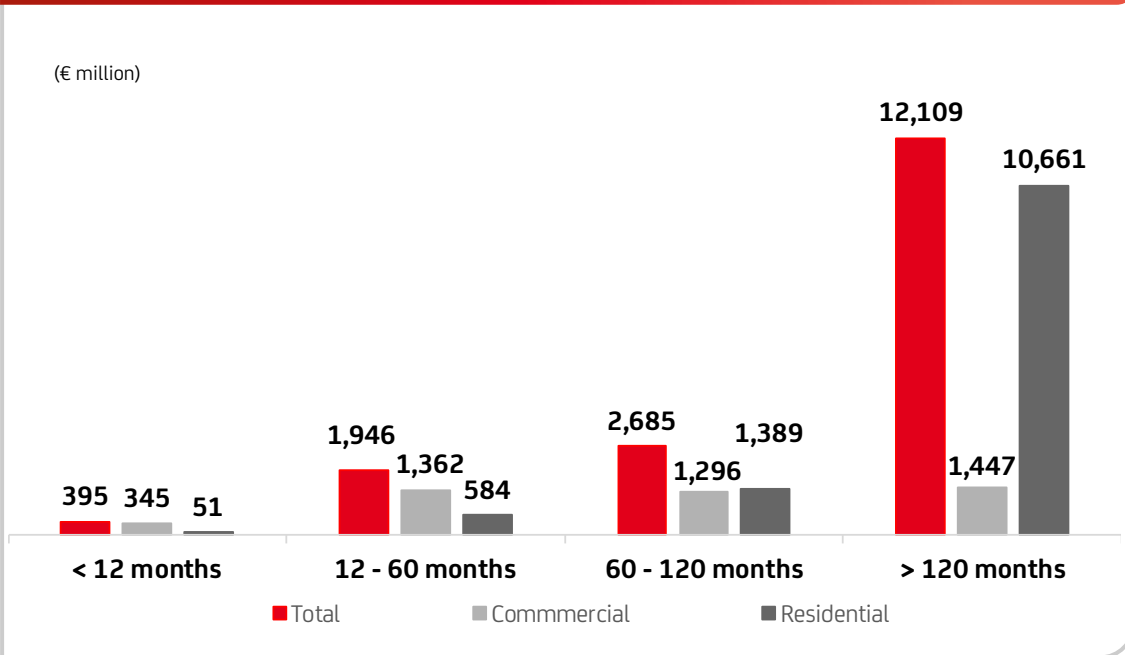
The valuation method for the cover assets is in accordance with § 6 (4) PfandBG



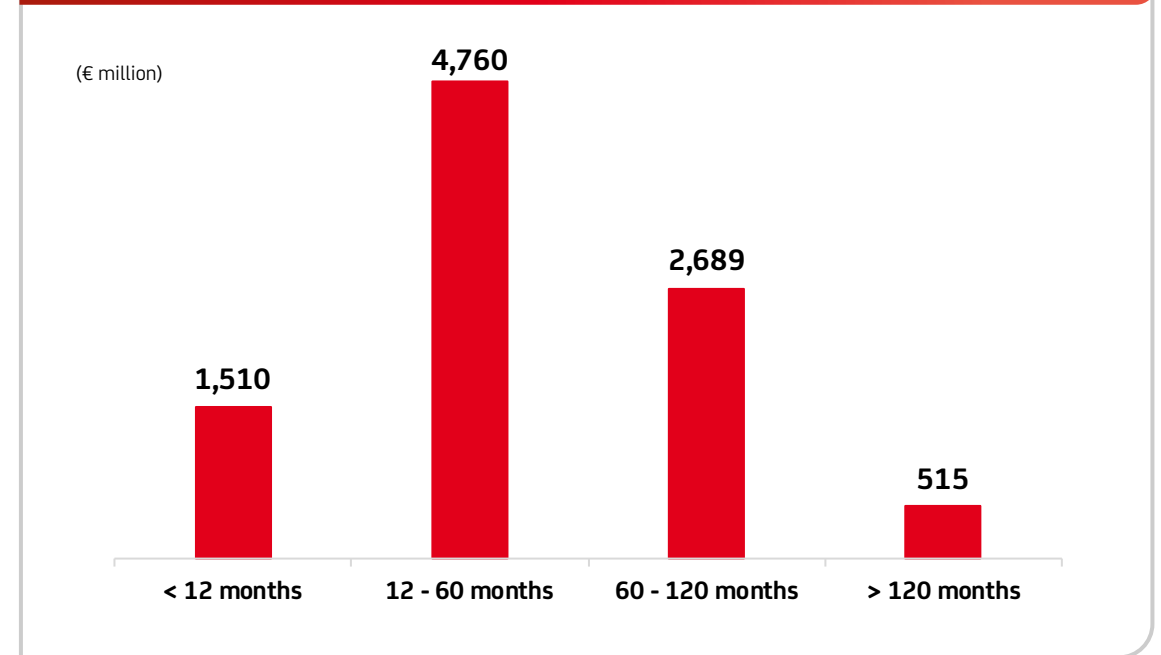
Mortgage Cover Pool

Maturity Structure of Cover Pool and Issues

Maturity of assets in the cover pool^{*)}



Maturity of issued covered bonds^{**)}



^{*)} Without consideration of the repayment

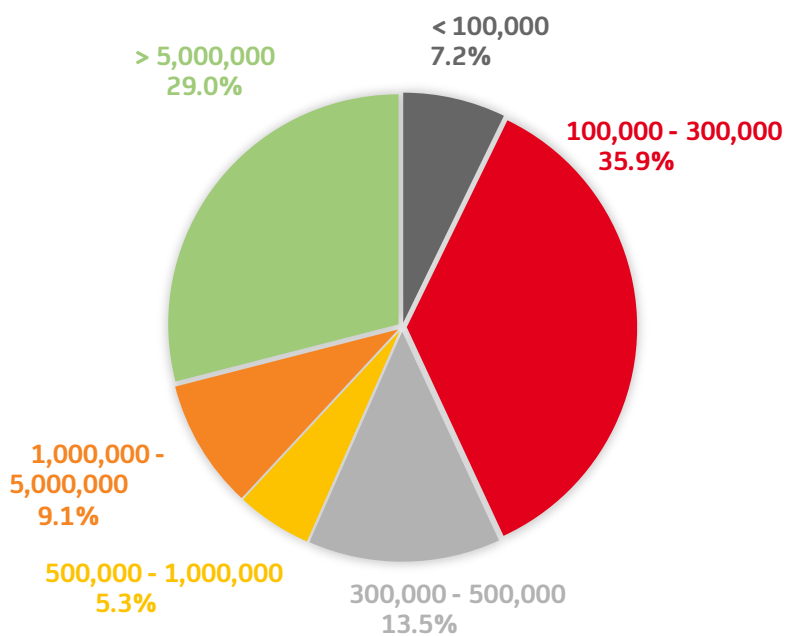
^{**)} A list of Pfandbriefe and covered bonds of UniCredit Bank Austria AG (including the ISINs of all issues and information on the soft/hard bullet structure) can be found on the Covered Bond Label website (<https://www.coveredbondlabel.com/issuer/60-unicredit-bank-austria-ag>). The base prospectus for the EMTN program, including the conditions of a potential postponement of maturity, is available on the UniCredit Bank Austria website (<https://www.bankaustria.at/en/about-us-issues-under-base-prospectuses-base-prospectuses.jsp>). A list of covered bonds with the designation "European Covered Bonds (Premium)" can be found on the website of the Austrian Financial Market Authority (<https://www.fma.gv.at/en/banks/fma-disclosure/other-disclosure-items/>).



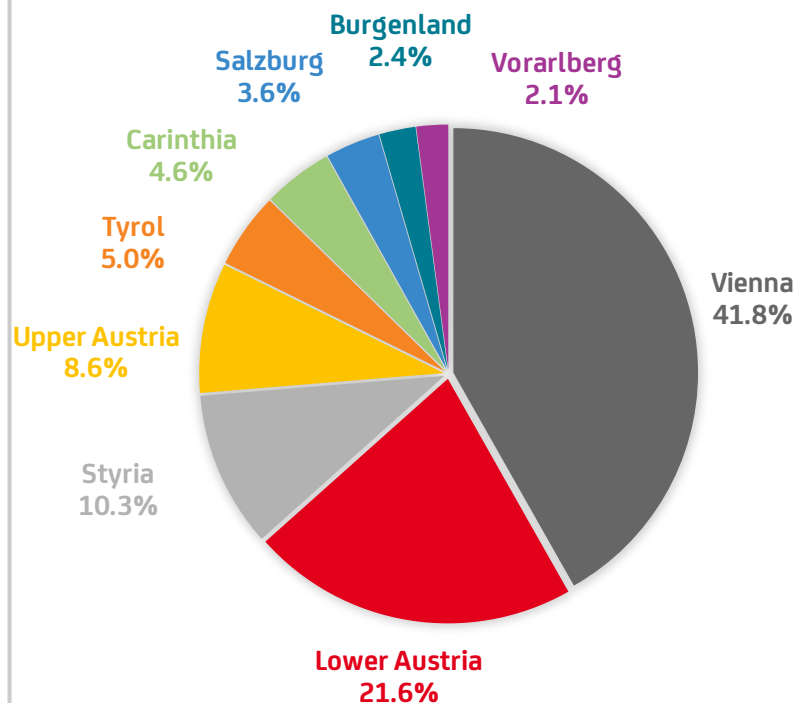
Mortgage Cover Pool

Breakdown of Mortgages by Size, Region and Type of Use

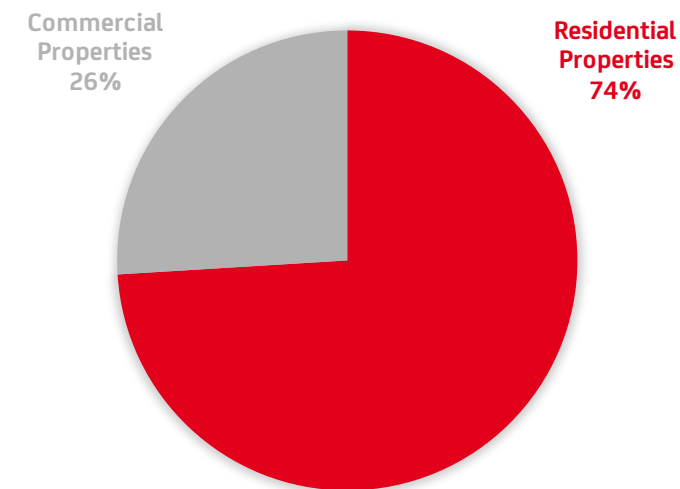
Breakdown by size of assets



Regional Breakdown Austria



Breakdown by type of use

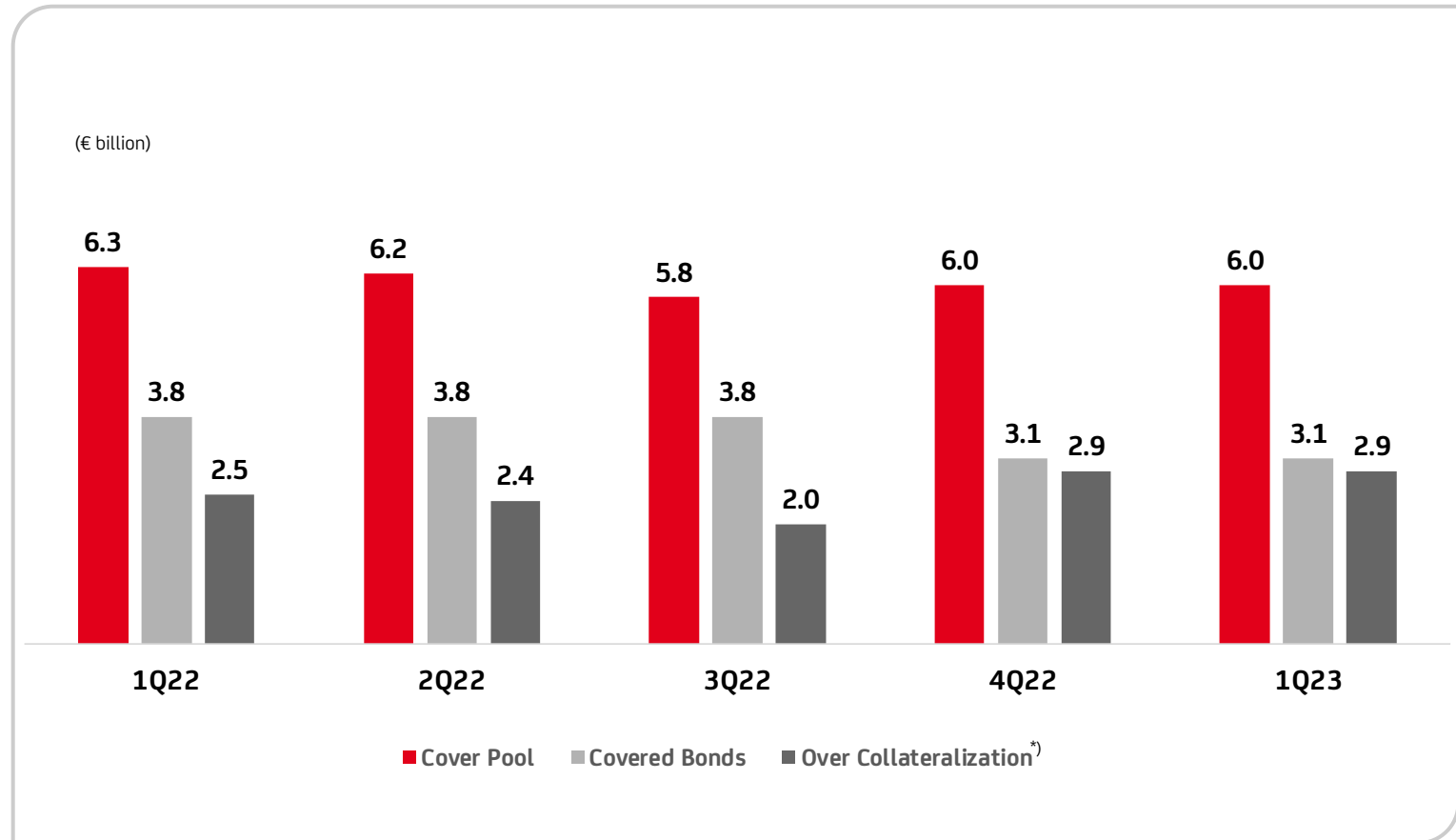


Public Sector Cover Pool

Overview and Yearly Development

Total Value of the Cover Pool (Primary Coverage) as of 31 March 2023 (€-equivalent): 6,038 million

- thereof in €: 5,348 million (88.6%)
 - thereof in CHF: 106 million (1.7%)
 - thereof public sector bonds (€-equivalent): 584 million (9.7%)
- Focus on **purely Austrian claims**
 - **Moody's-Rating: Aaa**
 - **ECBC Covered Bond Label**)**



^{*)} Contains 2% legal overcollateralisation of the notional amount of the covered bonds, the remaining part is not bound

^{**)} <https://www.coveredbondlabel.com/issuer/60-unicredit-bank-austria-ag>



Public Sector Cover Pool

Parameters of Cover Pool and Issues

Parameters of Cover Pool

Weighted Average Life (in years including Amortization)	9.1
Contracted Weighted Average Life (in years)	14.4
Average Seasoning (in years)	7.0
Total Number of Loans	4,555
Total Number of Debtors	2,174
Total Number of Guarantors	312
Average Volume of Loans (€ million)	1.3
Stake of 10 Biggest Loans	23.2%
Stake of 10 Biggest Guarantors	31.5%
Stake of Bullet Loans	32.0%
Stake of Fixed Interest Loans	58.3%
Average Interest Rate	2.3%
Stake of Defaulted Loans	0.0%
Stake of Loans 90 Days Overdue	0.0%

Liquiditybuffer

Covered Liquidity buffer requirement (€ million)	0.0
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Parameters of Issues

Total Number	25
Average Residual Maturity (in years)	2.8

The valuation method for the cover assets is in accordance with § 6 (4) PfandBG

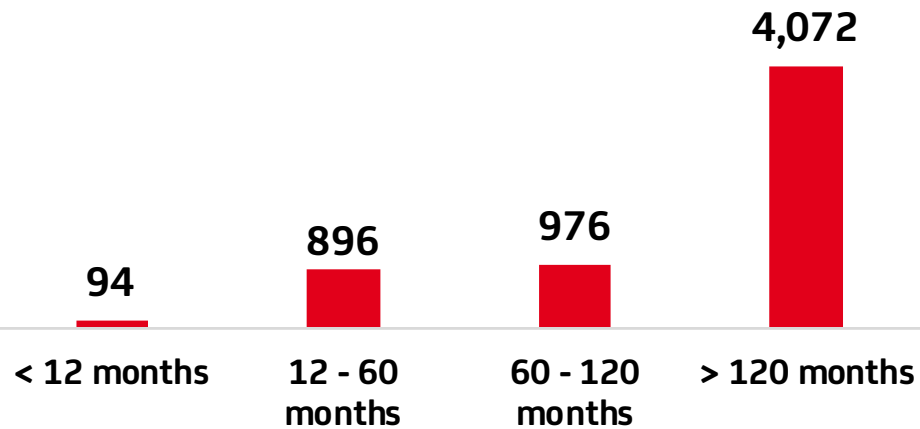


Public Sector Cover Pool

Maturity Structure of Cover Pool and Issues

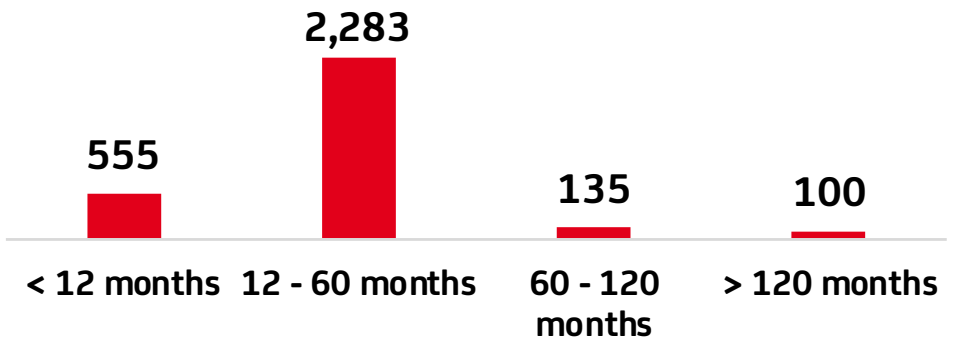
Maturity of assets in the cover pool^{*)}

(€ million)



Maturity of issued covered bonds^{**)}

(€ million)



^{*)} Without consideration of the repayment

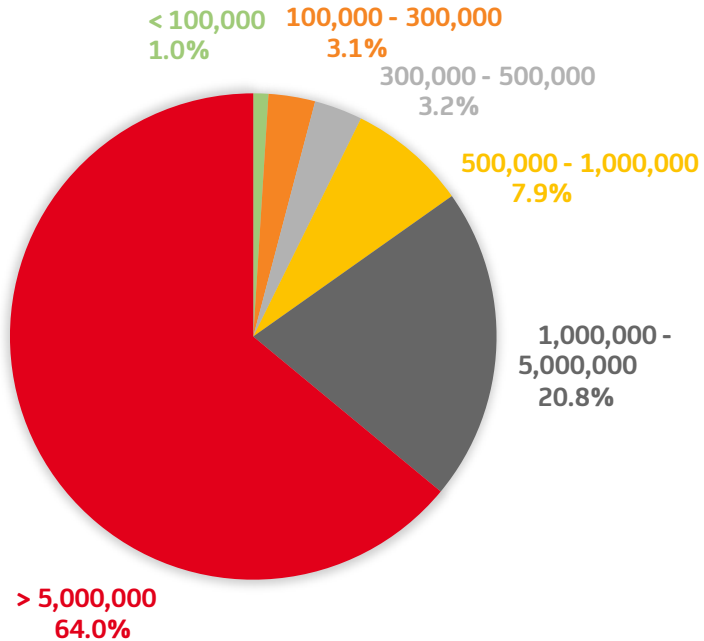
^{**)} A list of Pfandbriefe and covered bonds of UniCredit Bank Austria AG (including the ISINs of all issues and information on the soft/hard bullet structure) can be found on the Covered Bond Label website (<https://www.coveredbondlabel.com/issuer/60-unicredit-bank-austria-ag>). The base prospectus for the EMTN program, including the conditions of a potential postponement of maturity, is available on the UniCredit Bank Austria website (<https://www.bankaustria.at/en/about-us-issues-under-base-prospectuses-base-prospectuses.jsp>). A list of covered bonds with the designation "European Covered Bonds (Premium)" can be found on the website of the Austrian Financial Market Authority (<https://www.fma.gv.at/en/banks/fma-disclosure/other-disclosure-items/>).



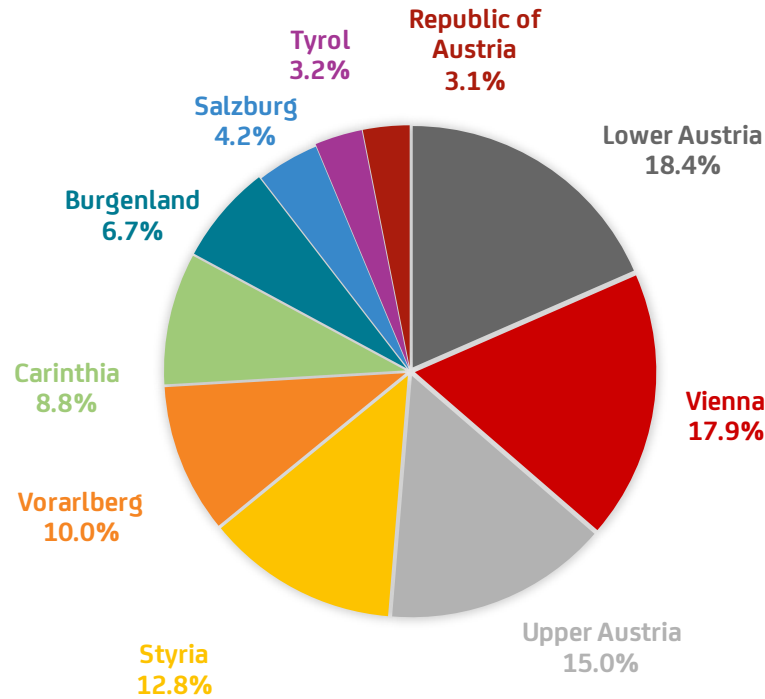
Public Sector Cover Pool

Breakdown of Assets by Size, Region and Type of Debtor / Guarantor

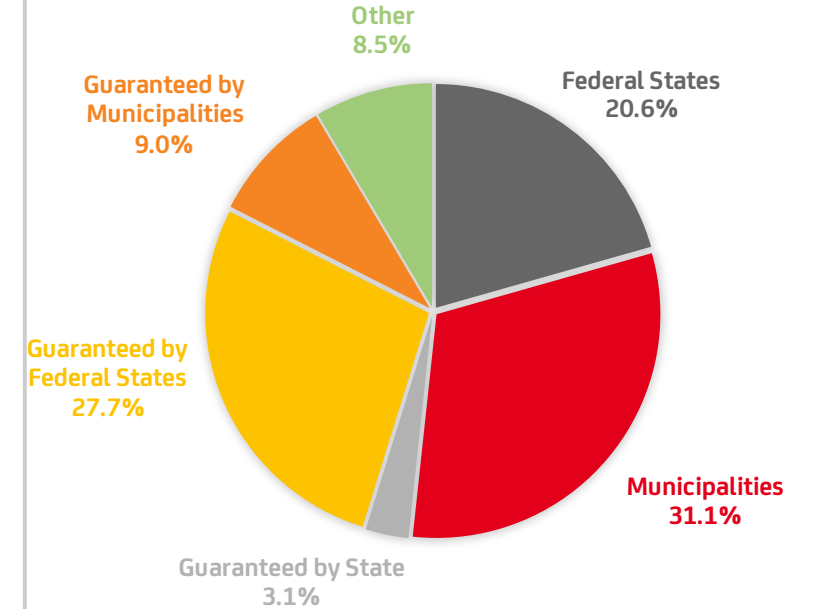
Breakdown by size of assets



Regional Breakdown Austria^{*)}



Breakdown by type of debtor/guarantor



^{*)} Considering Guarantors





5

Annex

- Liquidity & Funding Transactions**
- Ratings Overview**
- Real Estate Market**
- Legal Situation – Austrian Covered Bonds**

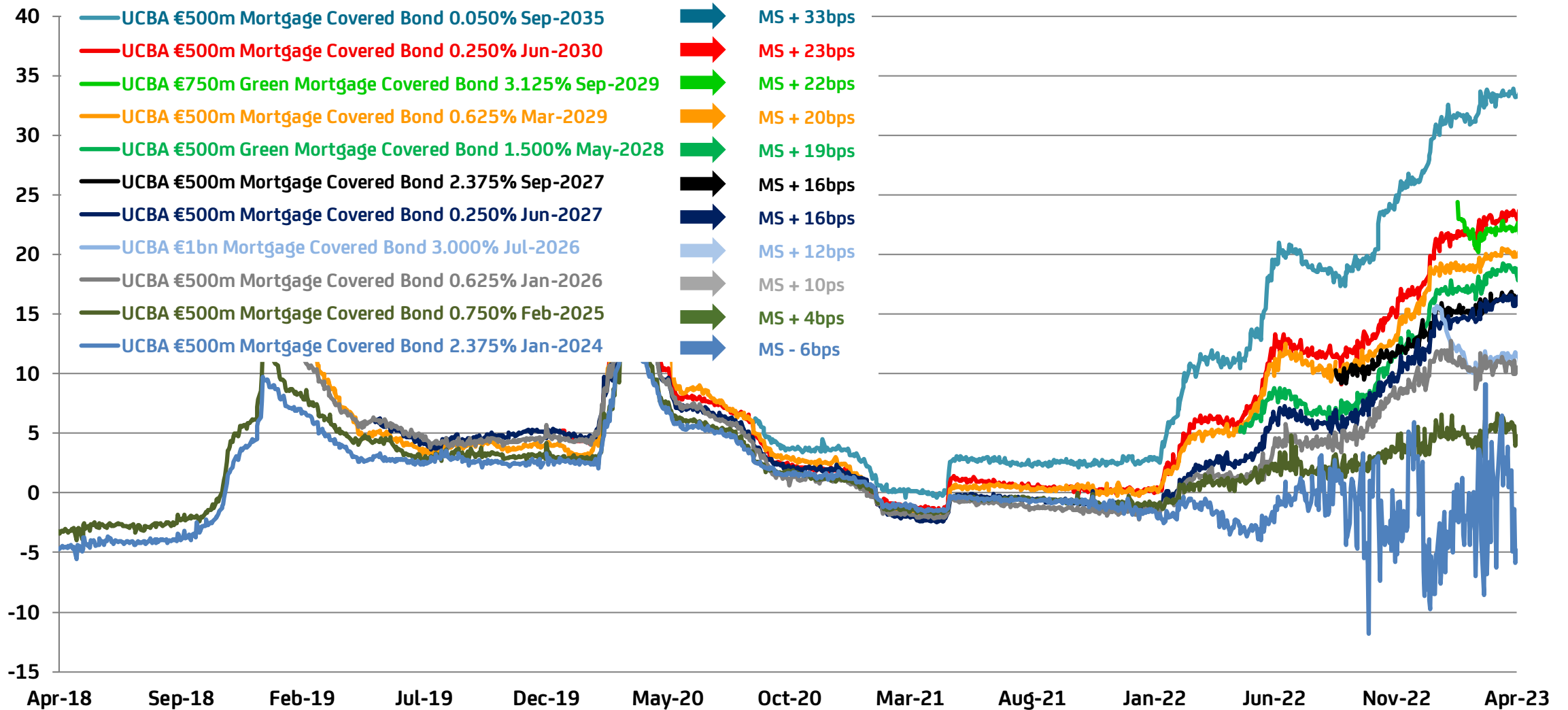


Overview of Bank Austria's outstanding Pfandbrief Benchmark Issues

Type of Pfandbrief	Interest rate	Due date (dd/mm/yyyy)	Volume	Date of issuance	Mid Swap + number of basis points
Green Mortgage Pfandbrief: AT000B049945	3.125%	21/09/2029	€ 750m	Feb. 2023	MS + 26bps
Mortgage Pfandbrief : AT000B049937	3.00%	31/07/2026	€ 1 bn	Jan. 2023	MS + 17bps
Mortgage Pfandbrief: AT000B049929	2.375%	20/09/2027	€ 500m	Sept. 2022	MS + 10bps
Green Mortgage Pfandbrief: AT000B049911	1.50%	24/05/2028	€ 500m	May 2022	MS + 6bps
Mortgage Pfandbrief: AT000B049846	0.05%	21/09/2035	€ 500m	Sept. 2020	MS + 9bps
Mortgage Pfandbrief: AT000B049796	0.25%	21/06/2030	€ 500m	Jan. 2020	MS + 6bps
Mortgage Pfandbrief: AT000B049788	0.25%	04/06/2027	€ 500m	June 2019	MS + 7bps
Mortgage Pfandbrief: AT000B049754	0.625%	20/03/2029	€ 500m	March 2019	MS + 15bps
Mortgage Pfandbrief: AT000B049739	0.625%	16/01/2026	€ 500m	Jan. 2019	MS + 18bps
Mortgage Pfandbrief: AT000B049572	0.75%	25/02/2025	€ 500m	Feb. 2015	MS + 3bps
Mortgage Pfandbrief: AT000B049465	2.375%	22/01/2024	€ 500m	Jan. 2014	MS + 35bps



UniCredit Bank Austria Covered Bond Spread Comparison



Rating Overview

	Moody's					S&P				Fitch		
	Long-Term Deposits	Long-Term Senior Unsecured	Short-Term	Subordinated ¹⁾	Counterparty Risk	Long-Term	Short-Term	Subordinated ¹⁾	Counterparty Risk	Long-Term	Short-Term	Subordinated ¹⁾
Bank Austria ²⁾	A3	Baa1 Negative	P-2	Baa3	A2 / P-1	BBB+ Stable	A-2	BBB- Stable	A- Stable	- Stable	- Stable	- Stable
Public Sector Covered Bond	Aaa					-				-		
Mortgage Covered Bond	Aaa					-				-		
UniCredit S.p.A.	Baa1	Baa1 Negative	P-2	Baa3	Baa1 / P-2	BBB Stable	A-2	BB+ Stable	BBB+ Stable	BBB Stable	F2	BB+ Stable

(as of 12 May 2023)

¹⁾ Subordinated (Lower Tier II)

35 ²⁾ Securities issued before 31 Dec. 2001 which benefit from a secondary liability by the City of Vienna (grandfathered debt) are exclusively subordinated and are also rated as shown above by Standard & Poor's, while by Moody's the corresponding subordinated securities are rated Baa2



Austrian Real Estate Market Overview

- **2022**, the **investment volume** in Austria was approx. **€ 4.1 billion** (-13% vs. previous year). Even though the forecast value of € 4.5 billion could not be realized, it is a very solid result in view of the market conditions, which continue to be impacted by economic and political uncertainties, and is still above the 10-year-average
- The focus was again on the asset classes **Residential** with 27%, **Office** with 26% and **Logistics** with 16% of the total investment volume
- The change in interest rate policy resulting from the high inflation rate has caused increasing restraint on the Austrian real estate market, which has intensified in the second half of 2022. Many investors have adopted a wait-and-see attitude
- The trend of rising **residential real estate prices** was interrupted in the **4th quarter of 2022**, with prices registering a **downward trend** across Austria in comparison with the previous quarter **for the first time in a long period** (-2%). For **2022 in total**, prices increased by **+10.3%** Austria-wide compared with the previous year 2021. Construction costs have risen by a total of about 21% since 2020
- In 2023, the Austrian economy is facing a recession. While the inflation rate is expected to stabilize again and unemployment to develop stably, an overall economic downturn is forecasted
- The **further development** of real estate prices in 2023 has to be regarded in a differentiated manner due to the noticeable rise in interest rates, the credit policy restrictions, and the Russia-Ukraine war. In **Office** real estate, the focus will be on **ESG-compliant buildings** with modern space in prime locations. In the **Retail** sector, further **optimization of space** will take place, and the **winners** will primarily be **A-locations** and **good local supply locations**. For the Austrian **Logistics** market, the **positive tendency** of 2022 **continues**, with prime yields of 4.4% at year-end (vs. 2021 +0,6%). The city **Hotel** industry is still struggling with occupancy, which remains below 2019 levels. The **trend** is towards **mixed-use buildings** (serviced apartments). The **Residential** market is impacted by **rising interest rates, inflation**, and the more **restrictive financing policy**. Strategic challenges such as **ESG** and **construction costs** are also influencing market activities



Austrian Real Estate Market

Prices for residential real estate

- The trend of increasing prices was interrupted in the 4th quarter of 2022, when price increases declined for the first time after a long period. After a slight increase of 0.3% in the 3rd quarter of 2022, the prices nationwide fell by 2%. Higher interest rates and stricter lending guidelines for loans are likely to lead to a further flattening of real estate prices
- In 2022, compared with the previous year, in Austria (excluding Vienna) Residential property prices developed slightly stronger, at around +10.8%, than in Vienna, at around +9,7%

Source: OeNB, Technical University Vienna, Department für Raumplanung



Austrian Real Estate Market

Investment Property Databank (IPD)

- The adjusted interest rate policy has triggered a repricing process that has led to rising yields in all asset classes, some of which are now up to 80 basis points higher than in the 4th quarter of 2021
- As long as the yields achievable with real estate are attractive in comparison with alternative investments such as government bonds, real estate will remain in demand. However, the outlook for continued interest rate increases is slowing investment appetite to a certain extent. The 1st half of 2023 will be even more tempered, but the situation is expected to improve in the 2nd half of 2023
- ESG will play a more significant impact in real estate business in the future. – Many investors are willing to pay a price premium for ESG-compliant properties

Top yields for real estate investments vs. yields for Austrian government bonds

- | | |
|--|-------|
| • Office top yield in 2021 | 3.90% |
| • Yield of Austrian Government Bonds (10Y) | 3.16% |
| • Spread | 0.74% |



Austrian Covered Bond Law

Mortgage and Public Sector Covered Bonds

- On 8 July 2022, the **new Covered Bond Law** (*Pfandbriefgesetz - PfandBG*) entered into force in Austria. The Covered Bond Law is based on an EU Directive, which harmonized the rules for Covered Bonds within the EU
- The Covered Bond Law offers investors in Mortgage and Public Covered Bonds a **safety net** by i.a. the following provisions:
 - The issuer has to maintain an **overcollateralization** of at least 2 % of the nominal amount of the Covered Bonds issued at all times
 - The credit institution must at any time maintain a **liquidity buffer**, which covers the net liquidity outflows of the respective Covered Bond Program over the next 180 days
 - Each credit institution, which issues covered bonds, is obligated to appoint an internal or external **Trustee**
 - In case of insolvency of the issuer, the **assets in the Cover Pool are being separated** from the rest of the assets and the holders of Public Covered Bonds or Mortgage Covered Bonds have a preferential claim on the cover assets. A special cover pool administrator will then be appointed to manage the cover pools
- Covered Bonds are declared as **gilt-edged** under Austrian Civil Law



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UniCredit Bank Austria AG, Vienna
as of May 16, 2023

