

# Presentation to Fixed Income Investors

Bank Austria

Investor Relations

Vienna, August 2021

Banking that matters.

 **Bank Austria**

Member of  **UniCredit**

# Agenda

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## ● Opening remarks

● UniCredit Group

● Overview Bank Austria

- Business Model & Strategy
- Profit & Loss
- Asset Quality
- Balance Sheet & Capital Ratios

● Funding & Liquidity

- Funding Strategy & Position
- Cover Pool

● Annex



# Bank Austria, a leading bank in the local market

Opening remarks

Leading domestic bank in **Corporate Banking, Corporate & Investment Banking and Private Banking**

**High client shares** in business with corporate customers and leading institution in Private Banking

Bank Austria is **by far the largest bank in Austria** at individual institution level

With **assets of about € 113 bn**, largest Austrian bank on unconsolidated level

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**

Bank Austria is **one of the best capitalized large banks** in the country

Solid **CET1 ratio of 20.0%** <sup>1)</sup>



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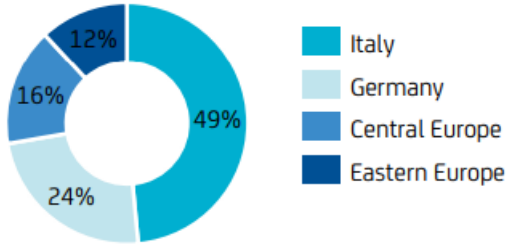
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• Annex



# UniCredit: a strong pan-European franchise with sizeable untapped potential

Total Revenues by Geography<sup>1</sup>



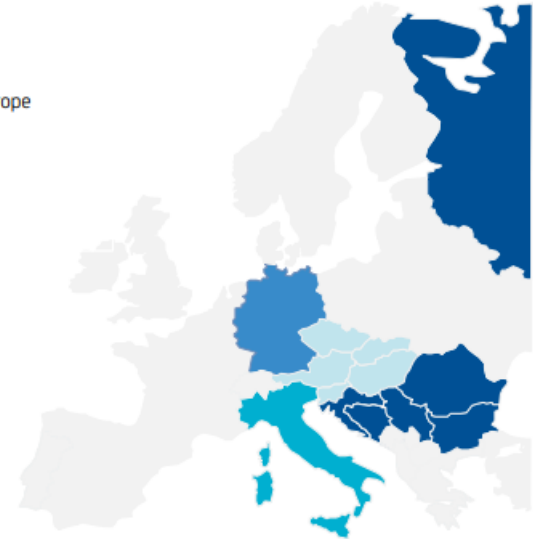
13  
Countries

#3  
Corporate lender in Europe

16m  
Clients

Ranking<sup>2</sup>

Italy	#2
Germany	#3
Central Europe <sup>3</sup>	#2
Eastern Europe <sup>4</sup>	#1



1. Geographical representation based on 1H21 managerial figures, for illustrative purposes only.

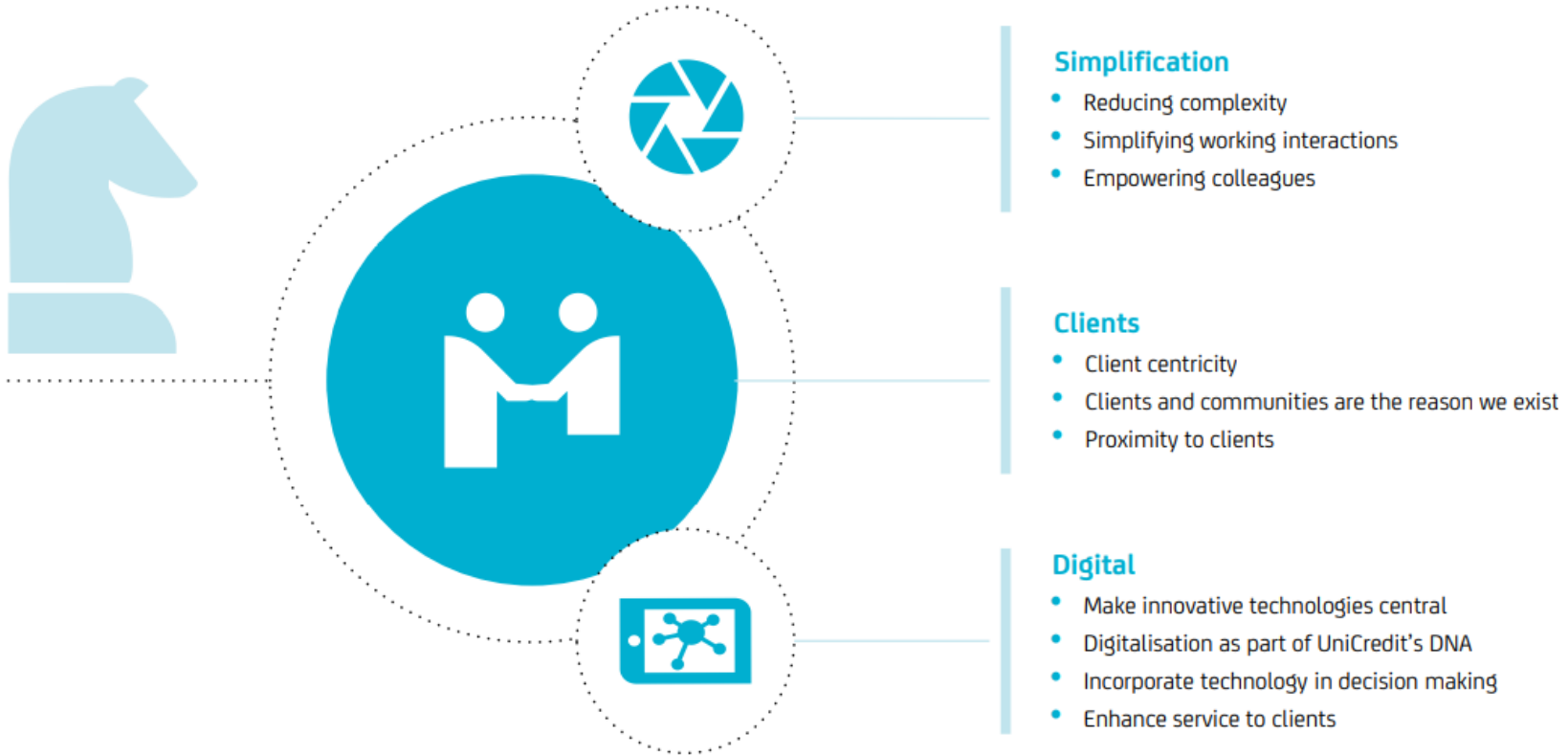
2. Ranking by total assets.

3. The positioning vs other main Peers in CE region is as of 1Q21; UniCredit figures are excluding Profit Centre Milan; ERSTE Austria in CE perimeter ranking consists of ErsteBank Oesterreich & Subsidiaries, Savings banks and Other Austria.

4. The positioning vs other main Peers in EE region is as of 1Q21; UniCredit figures are excluding Profit Centre Milan.



# Guiding principles to underpin strategy: simplification, clients and digital



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---

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## Bank Austria Highlights as of 30 June 2021

- Member of UniCredit since 2005
- Leading corporate bank and one of the largest retail banks in Austria
- ~ 5,200 FTE and 122 branches in Austria
- Excellent capital base (20.0% CET1 ratio)
- Stable liquidity with a perfect balance between customer loans and direct funding

in € bn

	Jun-21	Dec-20
Total Assets	116.8	118.5
Customer Loans	61.0	60.9
Direct Funding	70.7	73.8
Equity	8.6	8.4

in € mn

	1H21	1H20
Operating income	928	846
Operating costs	-578	-583
LLP	-32	-134
Net profit	219	-36

	Jun-21
Cost / income ratio	62.3%
CET1 capital ratio <sup>1)</sup>	20.0%
Total capital ratio <sup>1)</sup>	22.3%

Non-performing exposure ratio	3.4%
Coverage ratio	46.3%
Cost of risk	10 bp

Moody's Deposit Rating	A3	P-2
Moody's LT Senior Unsecured	Baa1	
Moody's Counterparty Risk	A2	P-1
S&P Rating	BBB+	A-2

Market shares		
loans / deposits Austria <sup>2)</sup>	12.9%	12.5%

<sup>1)</sup> Capital ratios as of end of period, based on all risks and according to Basel 3 (transitional)

<sup>2)</sup> based on data by OeNB (Austrian Central Bank) as of May 2021





# Bank Austria, a leading bank in the local market

## Bank Austria is one of the strongest banks in Austria

### CIB

#### Leading corporate bank:

9 out of 10 multinational corporates (turnover > € 500 mn) in Austria are CIB customers

- **Multinational corporates in Austria, Nordics & Iberia**
- **International and institutional Real Estate customers** requiring **investment banking solutions**, especially capital markets-related products
- **Financial Institutions**

### Unternehmerbank (Corporate Banking)

#### Strong market position:

Clients of Unternehmerbank are:

- **7 out of 10 large corporates** (turnover > € 50 mn)
- **nearly 1/3 of SMEs** (€ 3-50 mn turnover)

#### Unternehmerbank takes care of

- **Austrian corporate clients** (>€ 3 mn turnover)
- **Commercial real estate clients**
- **Public Sector clients**

### Privatkundenbank

#### Retail Banking

- Retail Banking covers **1.5 mn<sup>1)</sup> Retail and Small Business customers** (<€3 mn turnover)

#### Broad multi-channel offer via

- **Physical branch network** (with a total of 122 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

**Support by experts in deposit business and real estate financing business**

#### Premium Banking & Wealth Management

- **Leading Private Banking in Austria** with every fifth Austrian High Net Worth Individual as customer of Bank Austria
- **Successful client approach** through
  - **Premium Banking Area** of Bank Austria (32 locations all over Austria; co-operation with 11 funds) and
  - **Wealth Management Area** of Schoellerbank (TFA > € 5 mn)
- **Tailor-made financial services** to High Net Worth Individuals and foundations

### Fully plugged-in Corporate & Investment Banking

- Clients have **access to the UniCredit banking network** and hence to **leading banks in 13 core markets and 18 further countries**
- **Strengths of a strong local European major bank:** Innovative financing solutions incl. Leasing, Working Capital Solutions incl. Factoring, Cash Management, access to international financial markets (Equity and Debt Capital Markets)
- Support by **UniCredit International Center**

CIB = Corporate & Investment Banking  
TFA = Total Financial Assets  
<sup>1)</sup> of which 1.1 mn Primary Clients



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  - Cover Pool
- Annex



# P&L of Bank Austria Group – 1H21

## Solid profitability, based on a robust operative performance

Overview Bank Austria

Profit & Loss

(€ million)	1-6/ 2021	1-6/ 2020	y/y	2Q21	1Q21	2Q20	q/q	y/y
Operating income	928	846	9.7%	452	476	405	-5.1%	11.6%
Operating costs	-578	-583	-0.9%	-298	-280	-284	6.2%	4.9%
Operating profit	350	262	33.5%	154	196	121	-21.2%	27.2%
Net write-downs of loans	-32	-134	-76.3%	-51	19	-33	>-100.0%	55.9%
Net operating profit	318	128	>100.0%	103	215	88	-52.1%	16.5%
Non-operating items	-68	-169	-59.8%	21	-89	-63	>-100.0%	>-100.0%
Profit (loss) before tax	251	-41	>-100.0%	124	126	25	-1.9%	>100.0%
Other positions	-32	5	>-100.0%	-12	-20	-5	-43.1%	>100.0%
Group Net Profit	219	-36	>-100.0%	113	106	20	6.0%	>100.0%
Cost/income ratio	62.3%	69.0%	-671 bp	65.9%	58.9%	70.0%	699 bp	-419 bp

- **Operating Income** almost 10% above last year, with increases in almost all income positions and a decrease only in net interest in the current environment impacted by extremely low interest rates
- **Operating Costs** -1% y/y, continued strong cost discipline and further FTE reduction
- **Net Write-Downs of Loans** at € -32 mn (1H20: € -134 mn), significantly below prior years' LLP which were largely driven by the COVID-19 pandemic, partly compensated by model adjustments
- **Non-Operating Items** € -68 mn: mainly systemic charges (€ -89 mn); the amount in the previous year was also impacted by impairments regarding some at-equity participations (3-Banken Group)



# P&L of Bank Austria Group – 1H21 in detail

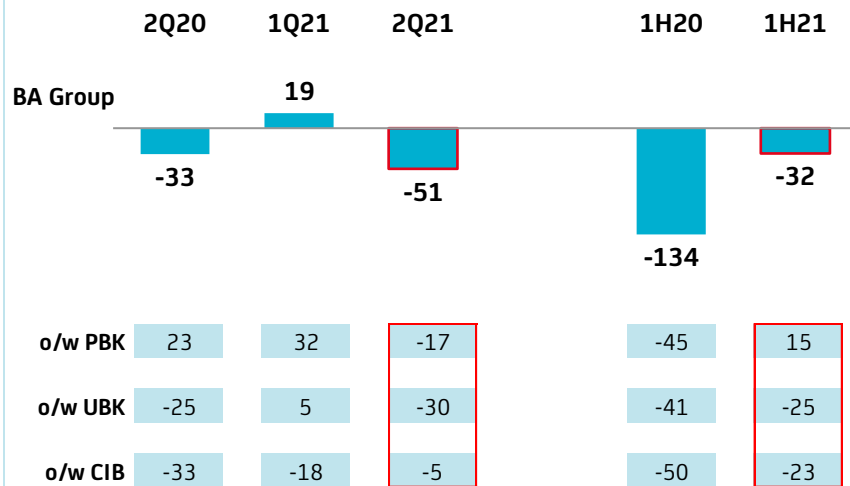
(€ million)	1-6/2021	1-6/2020	Δ abs.	Δ in %
Net interest	424	460	-36	-8%
Dividends and other income from equity investments	70	23	47	>100%
Net fees and commissions	336	324	12	4%
Net trading, hedging and fair value income/loss	81	15	66	>100%
Net other expenses/income	17	24	-7	-29%
<b>Operating income</b>	<b>928</b>	<b>846</b>	<b>82</b>	<b>10%</b>
Payroll costs	-290	-303	13	-4%
Other administrative expenses	-256	-258	2	-1%
Depreciation	-32	-23	-10	42%
<b>Operating costs</b>	<b>-578</b>	<b>-583</b>	<b>5</b>	<b>-1%</b>
<b>Operating profit</b>	<b>350</b>	<b>262</b>	<b>88</b>	<b>33%</b>
Net write-downs of loans and provisions for guarantees and commitments	-32	-134	103	-76%
<b>Net operating profit</b>	<b>318</b>	<b>128</b>	<b>190</b>	<b>&gt;100%</b>
Provisions for risks and charges	1	6	-5	-89%
Systemic charges	-89	-118	30	-25%
Net income from investments	20	-56	77	n.m.
<b>Profit (loss) before tax</b>	<b>251</b>	<b>-41</b>	<b>291</b>	<b>n.m.</b>
Income tax for the period	-40	4	-43	n.m.
<b>Net profit</b>	<b>211</b>	<b>-37</b>	<b>248</b>	<b>n.m.</b>
Total profit or loss after tax from discontinued operations	1	1	1	74%
<b>Profit (loss) for the period</b>	<b>212</b>	<b>-36</b>	<b>248</b>	<b>n.m.</b>
Non-controlling interests	7	0	6	>100%
<b>Net Profit attrib. to the owners of the parent company</b>	<b>219</b>	<b>-36</b>	<b>255</b>	<b>n.m.</b>



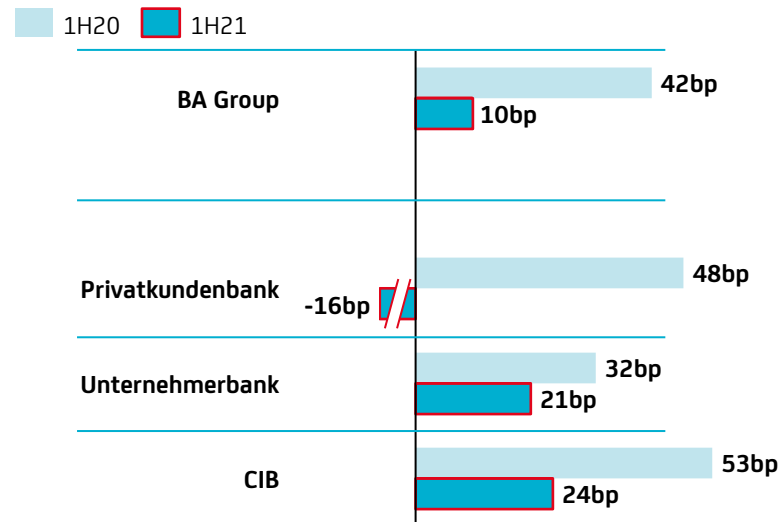
# Net Write-Downs of Loans

Strong decrease in 1H21 vs. previous year

Total Net-Write-Downs of Loans by Segment (€ million)



Cost of risk by Segment (basis points)



- **Net Write-Downs** of € -32 mn (1H20: € -134 mn), mainly due to model adjustments, which are offset by reversals for foreign currency loans (mainly due to repayments) and for non-performing loans
- **Cost of Risk** at low 10 bp for BA Group (1H21: 42 bps)

Notes:

**Net Write-Downs of Loans:** negative values represent costs, positive values represent net releases of provisions;

**Cost of Risk:** net write-downs of loans and provisions for guarantees and commitments measured against loans and receivables with customers (average for the period)



# Agenda

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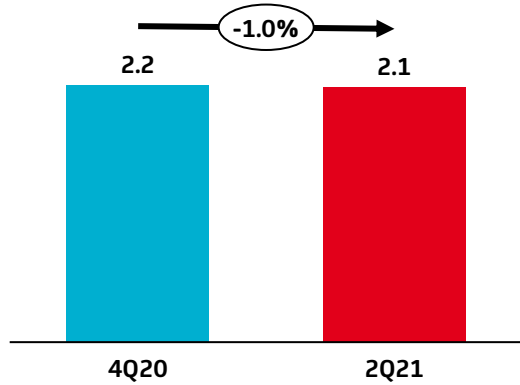
- Opening remarks
- UniCredit Group
- **Overview Bank Austria**
  - Business Model & Strategy
  - Profit & Loss
  - **Asset Quality**
  - Balance Sheet & Capital Ratios
- Funding & Liquidity
  - Funding Strategy & Position
  - Cover Pool
- Annex



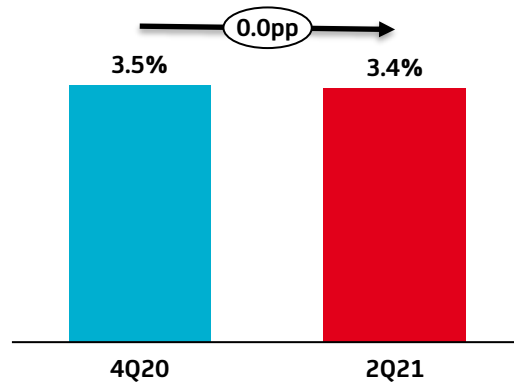
# Asset Quality – 1H21

Stable asset quality KPIs in first half 2021, despite COVID-19

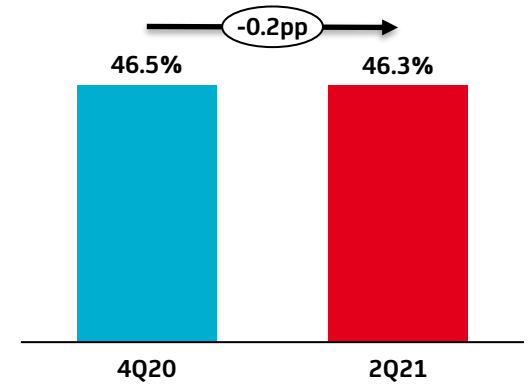
Gross NPE <sup>1)</sup> (€ bn)



% of Gross NPE on Total Loans<sup>1)</sup>



Coverage Ratio on NPE <sup>1)</sup>



- **NPE portfolio** (gross impaired loans) decreased by 1% since year-end 2020, **NPE Ratio** (gross impaired loans in % of total loans) **slightly down to 3.4%**
- **Coverage Ratio** practically stable at 46.3%

<sup>1)</sup> on-balance clients (non-banks) only, NPE = Non-Performing Exposure



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---

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• Funding & Liquidity

- Funding Strategy & Position
- Cover Pool

• Annex

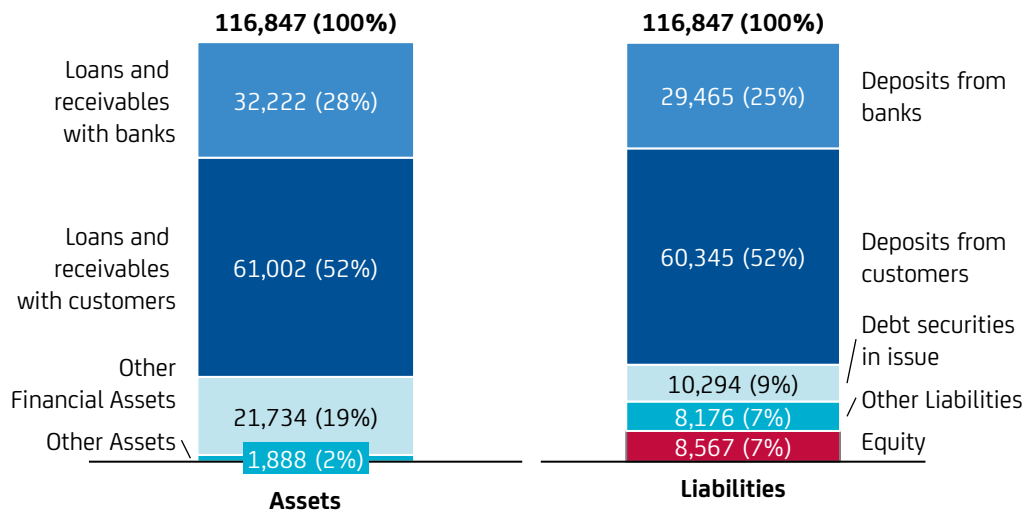




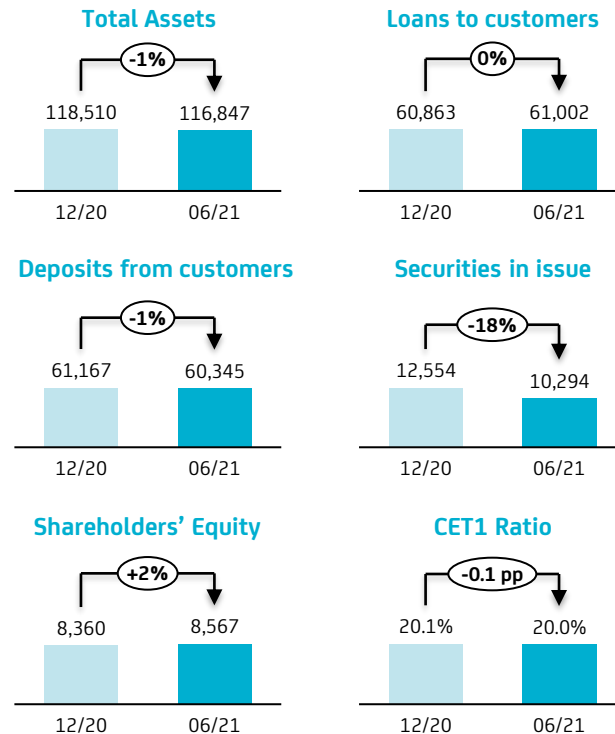
# Balance Sheet structure of Bank Austria

(as of 30 June 2021)

## Balance Sheet (€ million)



## Change vs. 31 December 2020



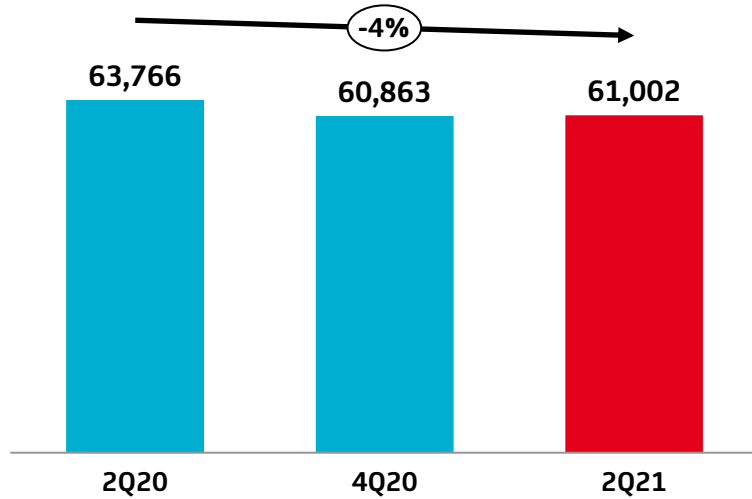
- **Balance sheet** reflects a **classical commercial bank**, with large shares of loans and deposits (details see following page)
- **Decrease of total assets** vs. YE20, with stable loans to customers and intended lower deposits from customers; strong decrease of securities in issue due to maturities and repayments, including some larger issues
- **Higher capital base** with net equity of **€ 8.6 bn**, due to 1H21 net profit
- **Excellent CET1 Ratio** at **20.0%**



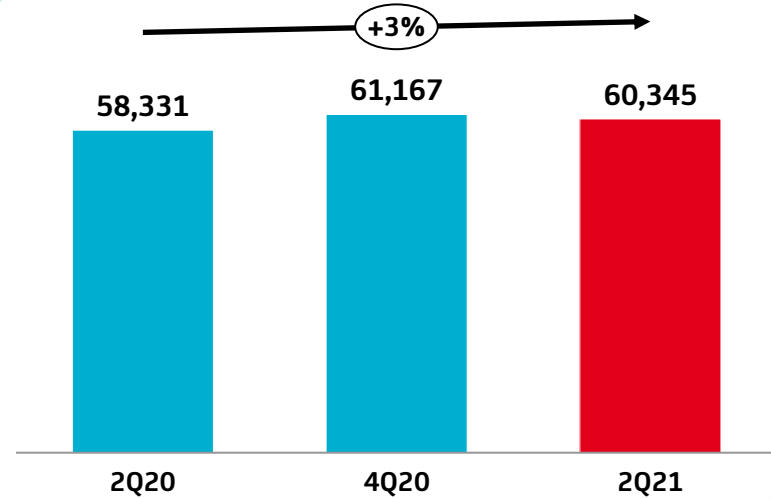
# Loan and Deposit Volumes

## Well-balanced development of loans and deposits

### Loans to Customers (€ million)



### Deposits from Customers (€ million)



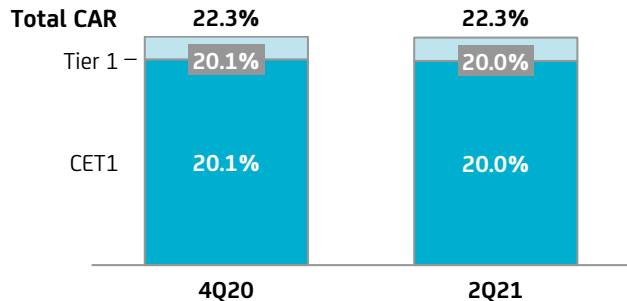
- **Loans to customers** decreased y/y by 4%, driven in particular by Unternehmerbank and CIB
- **Deposits from customers** increased y/y by 3%, due to growth in Privatkundenbank and CIB



# Capital position – Bank Austria Group (according to IFRS)

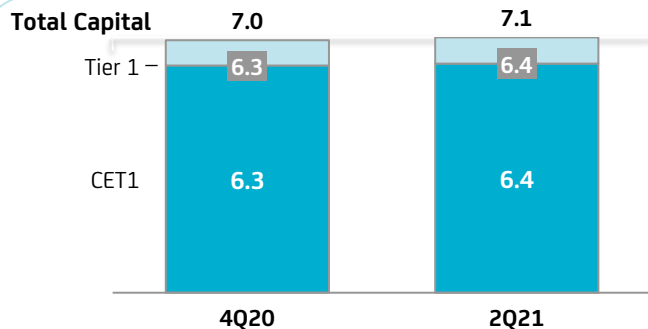
## Excellent capital ratios

### Capital Ratios

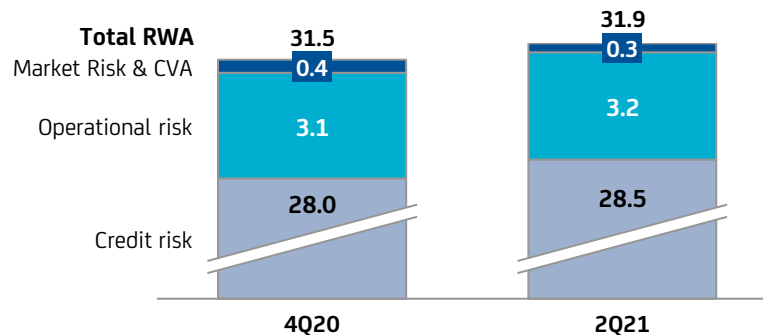


- **Total regulatory capital slightly higher** at € 7.1 bn
- **Total RWA** increased by 0.4bn to € 31.9 bn
- **CET1 Ratio** at **20.0%**, significantly above regulatory requirements
- **Total Capital Ratio** at excellent **22.3%**
- **Leverage Ratio** at strong **6.5%**

### Regulatory Capital (€ billion)



### Risk-Weighted Assets (RWA, € billion)



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  - Cover Pool
- Annex



# 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**

**All Group Legal Entities to become self-funded** by progressively minimizing intragroup exposures

## 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**



## 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 AG acting as an **independent Liquidity Reference Bank (LRB)** within UniCredit Group - in line with the **self-funding principle** of the Group Strategy
  - Bank Austria AG **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 AG 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%)



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---

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  - Profit & Loss
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  - Balance Sheet & Capital Ratios
- Funding & Liquidity
  - Funding Strategy & Position
  - **Cover Pool**
- Annex





# Executive Summary

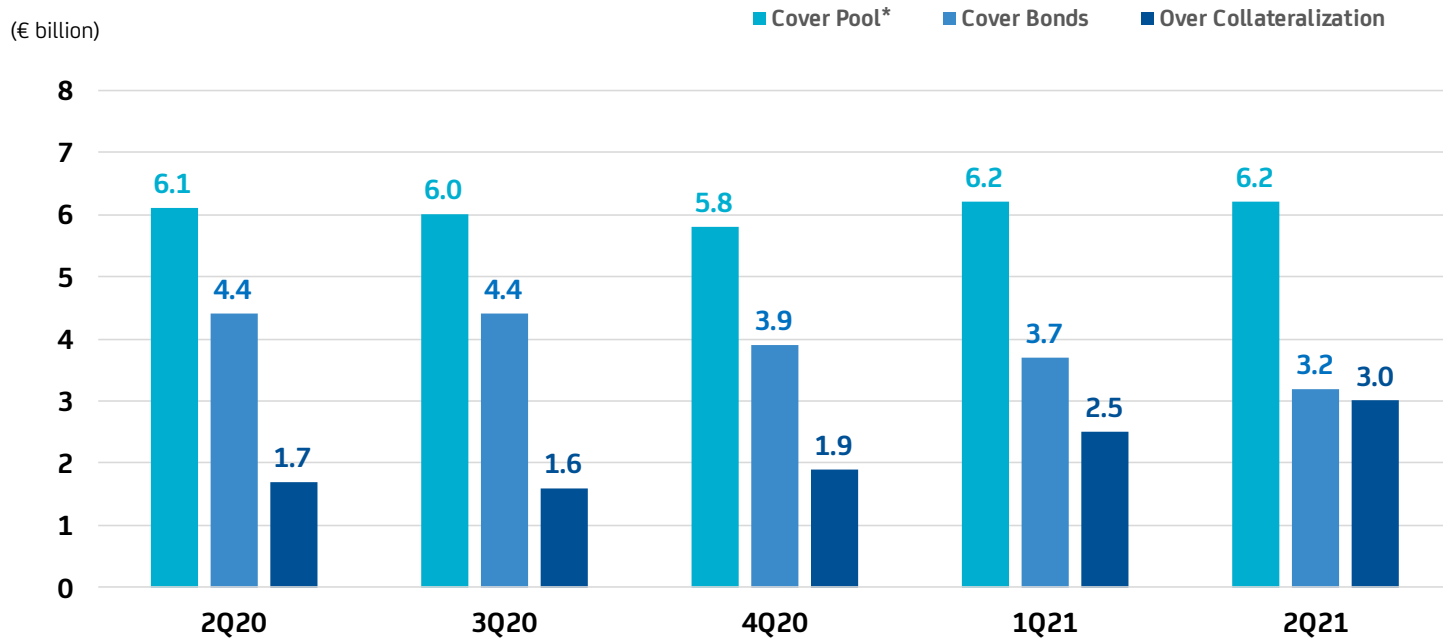
## Public Sector Cover Pool of Bank Austria

- **Aaa Rating by Moody's**
- Focus on **purely Austrian claims**
- Cover Pool Volume\* as of 30 June 2021 amounts to **€ 6,187 mn**
- Average volume of loans is approx. **€ 1.2 mn**
- Average seasoning is **7.5 years**
- **ECBC Covered Bond Label** has been granted to the Public Sector Cover Pool of Bank Austria



# Public Sector Cover Pool

## Yearly development



# Public Sector Cover Pool

## Parameters of Cover Pool\* and Issues

<i>Parameters of Cover Pool</i>	<i>2Q21</i>
Weighted Average Life (in years incl. Amortization)	8.2
Contracted Weighted Average Life (in years)	12.5
Average Seasoning (in years)	7.5
Total Number of Loans	5,040
Total Number of Debtors	2,344
Total Number of Guarantors	330
Average Volume of Loans (in €/mn)	1.2
Stake of 10 Biggest Loans	18.3%
Stake of 10 Biggest Guarantors	41.7%
Stake of Bullet Loans	40.4%
Stake of Fixed Interest Loans	50.5%
Amount of Loans 90 Days Overdue (in €/mn)	-
Average Interest Rate	1.2%

<i>Parameters of Issues</i>	<i>2Q21</i>
Total Number	29
Average Residual Maturity (in years)	3.9
Average Volume (in €/mn)	110.9

- Total Value of **the Cover Pool\*** as of **30 June 2021**  
(€-equivalent): **6,187 mn**
  - thereof in €: 4,981 mn (80.5%)
  - thereof in CHF: 119 mn (1.9%)
  - thereof public sector bonds\* (€-equivalent): 1,087 mn (17.6%)
- **Moody's Rating: Aaa**

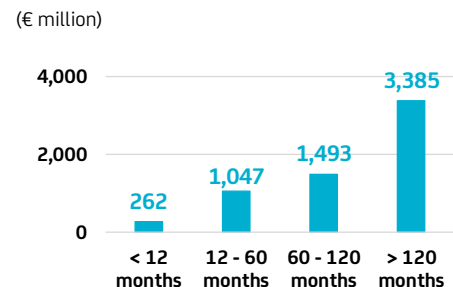


# Public Sector Cover Pool

## Maturity Structure of Cover Pool\* and Issues

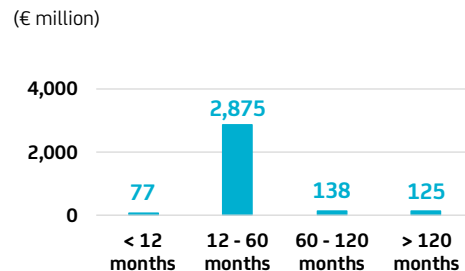
### Maturity of assets in the cover pool – June 2021

Maturity of Assets in the Cover Pool**	Total	
	€/mn	%
< 12 months	262	4.2%
12 - 60 months	1,047	16.9%
12 - 36 months	397	6.4%
36 - 60 months	650	10.5%
60 - 120 months	1,493	24.1%
> 120 months	3,385	54.8%
<b>Total</b>	<b>6,187</b>	<b>100%</b>



### Maturity of issued covered bonds – June 2021

Maturity of Issued Covered Bonds	Total	
	€/mn	%
< 12 months	77	2.4%
12 - 60 months	2,875	89.4%
12 - 36 months	1,270	39.5%
36 - 60 months	1,605	49.9%
60 - 120 months	138	4.3%
> 120 months	125	3.9%
<b>Total</b>	<b>3,215</b>	<b>100%</b>



28 \* Including substitute cover  
 \*\* Without consideration of the repayment



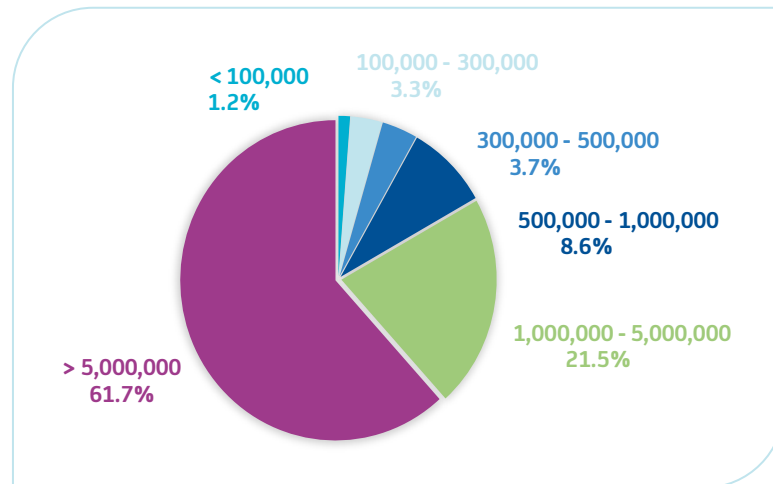
# Public Sector Cover Pool

## Volume\* breakdown by Size of Assets

Public Sector CB

### Breakdown by size of assets – June 2021

Volume Breakdown by Size of Assets	Total	
	€/mn	Number
< 300,000	275	2,876
< 100,000	72	1,772
100,000 - 300,000	203	1,104
300,000 - 5,000,000	2,090	2,009
300,000 - 500,000	227	579
500,000 - 1,000,000	533	749
1,000,000 - 5,000,000	1,330	681
> 5,000,000	3,822	155
<b>Total</b>	<b>6,187</b>	<b>5,040</b>



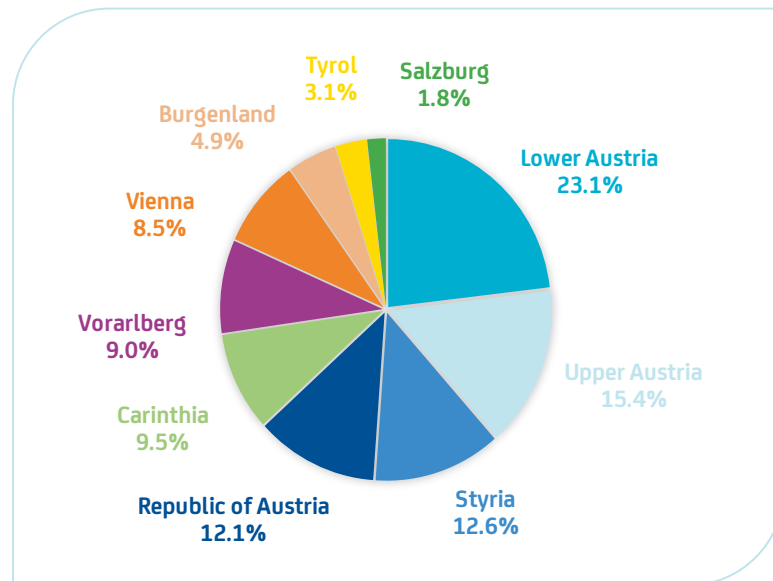
# Public Sector Cover Pool

## Regional Breakdown of Assets\* in Austria

Public Sector CB

### Regional Breakdown Austria – June 2021

Regional Breakdown Austria	Total	
	€/mn	%
Lower Austria	1,430	23.1%
Upper Austria	952	15.4%
Styria	781	12.6%
Republic of Austria	747	12.1%
Carinthia	588	9.5%
Vorarlberg	555	9.0%
Vienna	527	8.5%
Burgenland	301	4.9%
Tyrol	192	3.1%
Salzburg	114	1.8%
<b>Total Austria</b>	<b>6,187</b>	<b>100%</b>



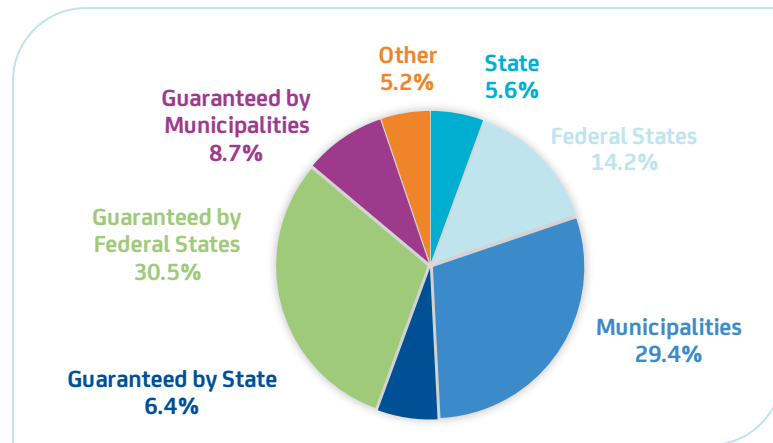
# Public Sector Cover Pool

## Assets Volume\* Breakdown by Type of Debtor / Guarantor

Public Sector CB

### Breakdown by type of debtor/guarantor – June 2021

Assets: Type of Debtor / Guarantor	Total	
	€/mn	Number
State	348	3
Federal States	881	23
Municipalities	1,813	2,569
Guaranteed by State	399	1,086
Guaranteed by Federal States	1,885	384
Guaranteed by Municipalities	538	518
Other	323	457
<b>Total</b>	<b>6,187</b>	<b>5,040</b>



# Executive Summary

## Bank Austria Mortgage Cover Pool

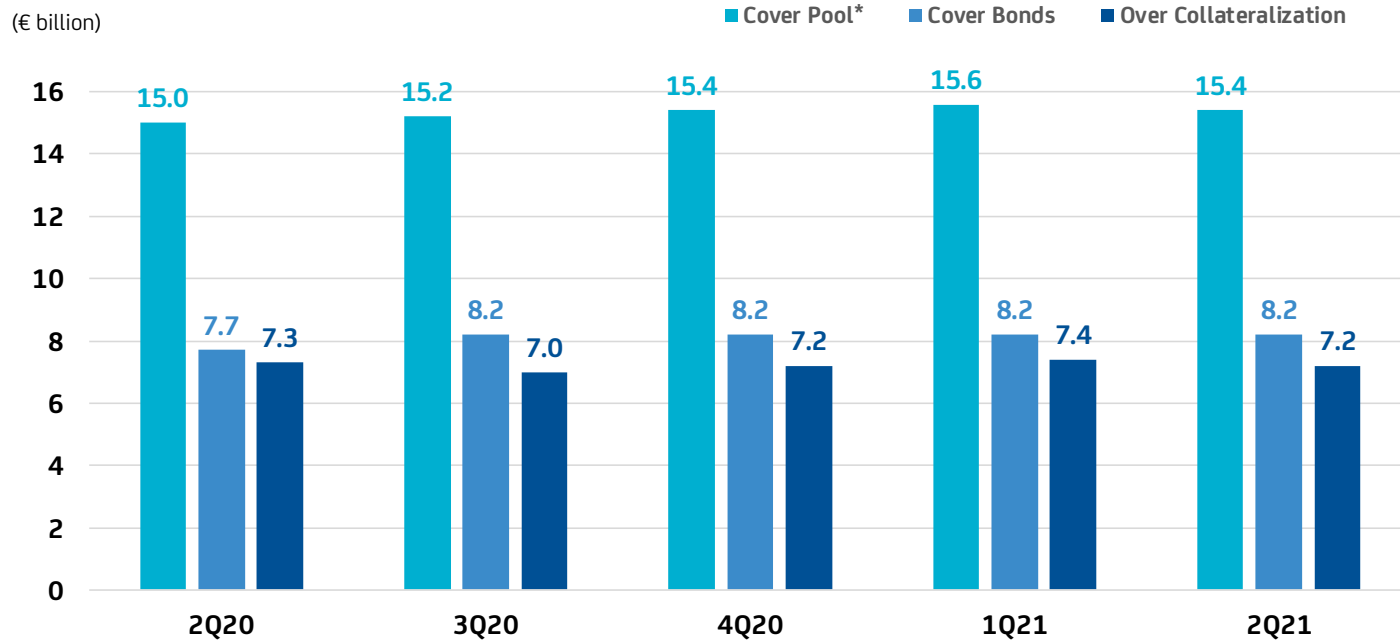
- **Aaa Rating by Moody's**
- The **Mortgage Cover Pool** is characterized by a **simple and transparent structure**:
  - focus on **Austrian mortgages only**
  - reporting based on the whole loan principal
- **Benefit:**
  - **pure Austrian risk offer** to our investor base
  - no blending of risk, diversification to be decided by investor
  - simple pricing logic and valuation
- **Decrease of total value of CHF cover assets** over the last six years (2Q15: € 1,796 mn – 2Q21: € 760 mn; no new CHF assets since 2010)
- Increase of the cover pool (approx. € 400 mn over the last 12 months), primarily by residential mortgages
- **ECBC Covered Bond Label** has been granted to the BA Mortgage Cover Pool





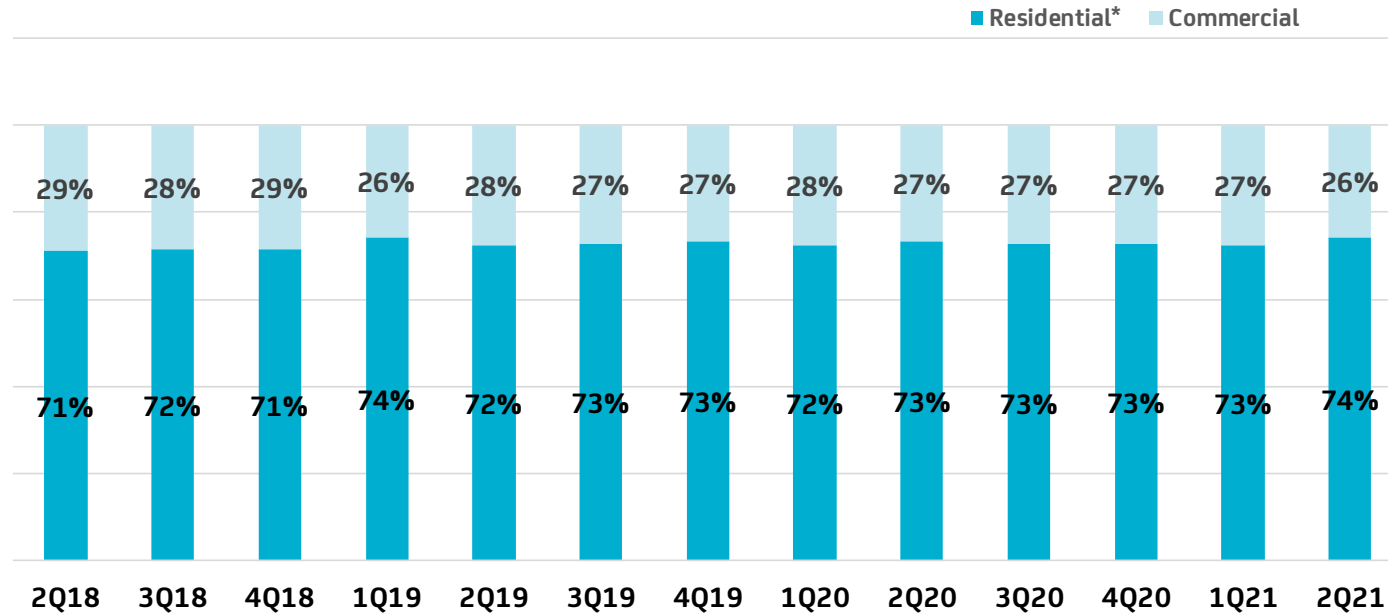
# Mortgage Cover Pool

## Yearly development



# Mortgage Cover Pool

## Breakdown by type of use - Historical trend



- Majority of cover pool consists of residential mortgages which increased steadily during the last three years



# Mortgage Cover Pool

## Parameters of Cover Pool\* and Issues

<i>Parameters of Cover Pool</i>	<i>2Q21</i>
Weighted Average Life (in years incl. Amortization)	9.5
Contracted Weighted Average Life (in years)	16.5
Average Seasoning (in years)	6.2
Total Number of Loans	56,823
Total Number of Debtors	49,260
Total Number of Mortgages	52,106
Average Volume of Loans (in €/mn)	0.3
Stake of 10 Biggest Loans	10.7%
Stake of 10 Biggest Debtors	11.2%
Stake of Bullet Loans	18.2%
Stake of Fixed Interest Loans	36.8%
Amount of Loans 90 Days Overdue (in €/mn)	-
Average Interest Rate	1.0%

<i>Parameters of Issues</i>	<i>2Q21</i>
Total Number	76
Average Residual Maturity (in years)	4.9
Average Volume (in €/mn)	107.7

- Total Value of the **Cover Pool\*** as of **30 June 2021**  
(€-equivalent): **15,369 mn**
  - thereof in €: 14,290 mn (93.0%)
  - thereof in CHF: 760 mn (4.9%)
  - thereof substitute cover in €: 319 mn (2.1%)
- **Moody's Rating: Aaa**

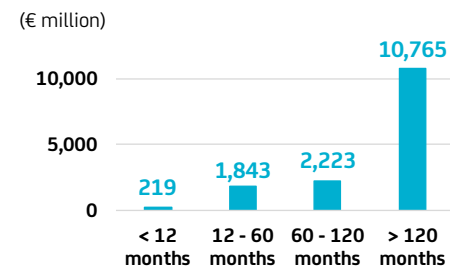


# Mortgage Cover Pool

## Maturity Structure of Cover Pool\* and Issues

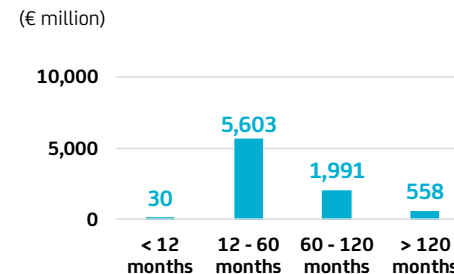
### Maturity of assets in the cover pool – June 2021

Maturity of Assets in the Cover Pool**	Total		Commercial		Residential	
	€/mn	%	€/mn	%	€/mn	%
< 12 months	219	1.5%	152	3.9%	67	0.6%
12 - 60 months	1,843	12.3%	1,281	33.1%	562	5.0%
12 - 36 months	944	6.3%	619	16.0%	325	2.9%
36 - 60 months	899	6.0%	662	17.1%	237	2.1%
60 - 120 months	2,223	14.8%	968	25.0%	1,255	11.2%
> 120 months	10,765	71.4%	1,472	38.0%	9,293	83.2%
<b>Total</b>	<b>15,050</b>	<b>100%</b>	<b>3,873</b>	<b>100%</b>	<b>11,177</b>	<b>100%</b>



### Maturity of issued covered bonds – June 2021

Maturity of Issued Covered Bonds	Total	
	€/mn	%
< 12 months	30	0.4%
12 - 60 months	5,603	68.5%
12 - 36 months	2,954	36.1%
36 - 60 months	2,649	32.4%
60 - 120 months	1,991	24.3%
> 120 months	558	6.8%
<b>Total</b>	<b>8,183</b>	<b>100%</b>



\* Without substitute cover (consists of bonds)

\*\* Without consideration of the repayment

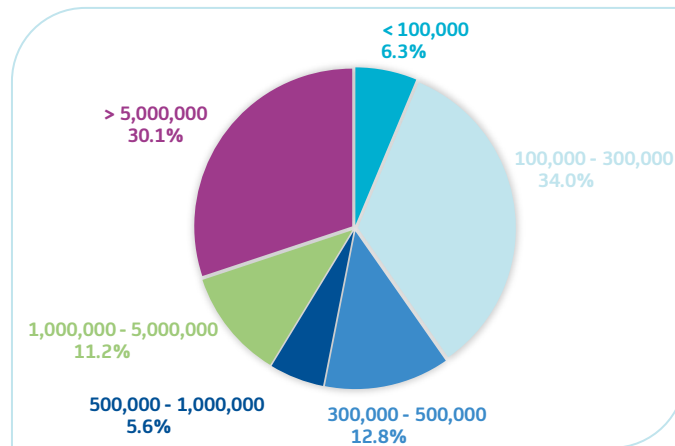


# Mortgage Cover Pool

## Assets Volume\* Breakdown

Mortgage CB

Volume Breakdown by Size of Mortgages	Total		Commercial		Residential	
	€/mn	Number	€/mn	Number	€/mn	Number
< 300,000	6,059	44,507	73	527	5,983	43,980
< 100,000	944	16,529	11	188	934	16,341
100,000 - 300,000	5,115	27,978	62	339	5,049	27,639
300,000 - 5,000,000	4,468	7,388	515	453	3,955	6,935
300,000 - 500,000	1,933	5,283	54	139	1,880	5,144
500,000 - 1,000,000	843	1,264	96	134	748	1,130
1,000,000 - 5,000,000	1,692	841	365	180	1,327	661
> 5,000,000	4,523	211	3,285	110	1,239	101
<b>Total</b>	<b>15,050</b>	<b>52,106</b>	<b>3,873</b>	<b>1,090</b>	<b>11,177</b>	<b>51,016</b>



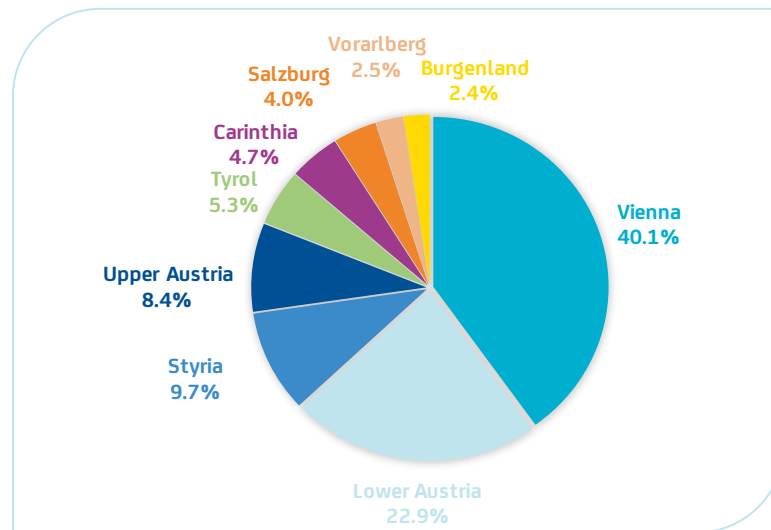
# Mortgage Cover Pool

## Regional Breakdown\* of Mortgages in Austria

Mortgage CB

### Regional Breakdown Austria – June 2021

Regional Breakdown Austria	Total	
	€/mn	%
Vienna	6,036	40.1%
Lower Austria	3,444	22.9%
Styria	1,464	9.7%
Upper Austria	1,258	8.4%
Tyrol	801	5.3%
Carinthia	707	4.7%
Salzburg	602	4.0%
Vorarlberg	369	2.5%
Burgenland	368	2.4%
<b>Total Austria</b>	<b>15,050</b>	<b>100%</b>

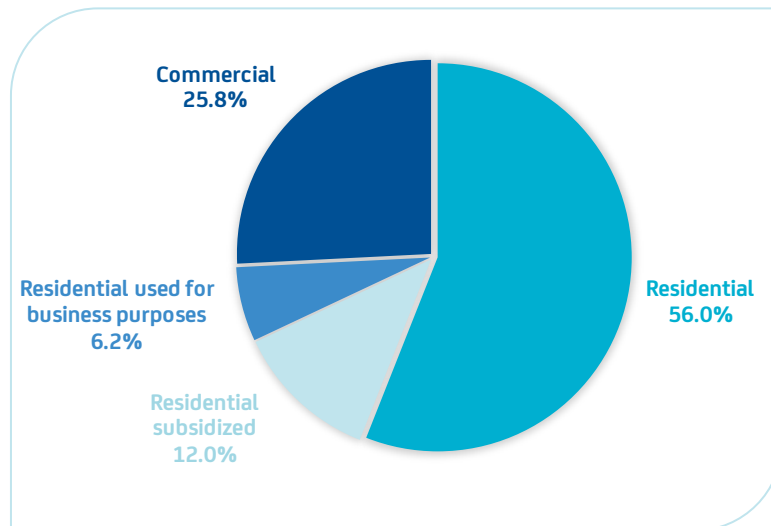


# Mortgage Cover Pool

## Breakdown\* by Type of Use and LTV

### Breakdown by type of use – June 2021

Mortgages Breakdown by Type of Use	Total	
	€/mn	Number
Residential	8,430	47,872
Residential subsidized	1,810	2,028
Residential used for business purposes	937	1,116
Commercial	3,873	1,090
thereof Office	1,580	171
thereof Trade	1,033	58
thereof Tourism	398	140
thereof Agriculture	60	292
thereof mixed Use / Others	802	429
<b>Total</b>	<b>15,050</b>	<b>52,106</b>



	Residential	Commercial	Total
Total	11,177	3,873	15,050
Weighted Average LTV	49.0%	48.5%	48.9%

\* Without substitute cover (consists of bonds)  
LTV = Loan-to-Value (ratio)



# Mortgage Cover Pool

## Breakdown\* by Type of Use

- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 15,050 mn** as of 30 June 2021 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
  - The main concentration is in the City of Vienna (40.1%) and the state of Lower Austria (22.9%)
- **Breakdown of cover pool by type of use:**
  - 74.2% residential real estate (thereof 12.0% subsidized)
  - 25.8% commercial real estate, of which:
    - Office 10.6%
    - Trade 6.9%
    - Tourism 2.6%
    - Other / Mixed use 5.7%





# Agenda

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- Opening remarks
- UniCredit Group
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  - Profit & Loss
  - Asset Quality
  - Balance Sheet & Capital Ratios
- Funding & Liquidity
  - Funding Strategy & Position
  - Cover Pool
- Annex
  - **Liquidity & Funding – Transactions**
  - Ratings Overview
  - Real Estate Market Austria
  - Legal Situation – Austrian Covered Bonds



# Overview of outstanding Pfandbrief Benchmark Issues since 2019

Bank Austria Mortgage Pfandbrief	0.05%	21/09/2035	€ 500 mn	Sept. 2020	MS + 9bps
Bank Austria Mortgage Pfandbrief	0.25%	21/06/2030	€ 500 mn	Jan. 2020	MS + 6bps
Bank Austria Mortgage Pfandbrief	0.25%	04/06/2027	€ 500 mn	June 2019	MS + 7bps
Bank Austria Mortgage Pfandbrief	0.625%	20/03/2029	€ 500 mn	March 2019	MS + 15bps
Bank Austria Mortgage Pfandbrief	0.625%	16/01/2026	€ 500 mn	Jan. 2019	MS + 18bps

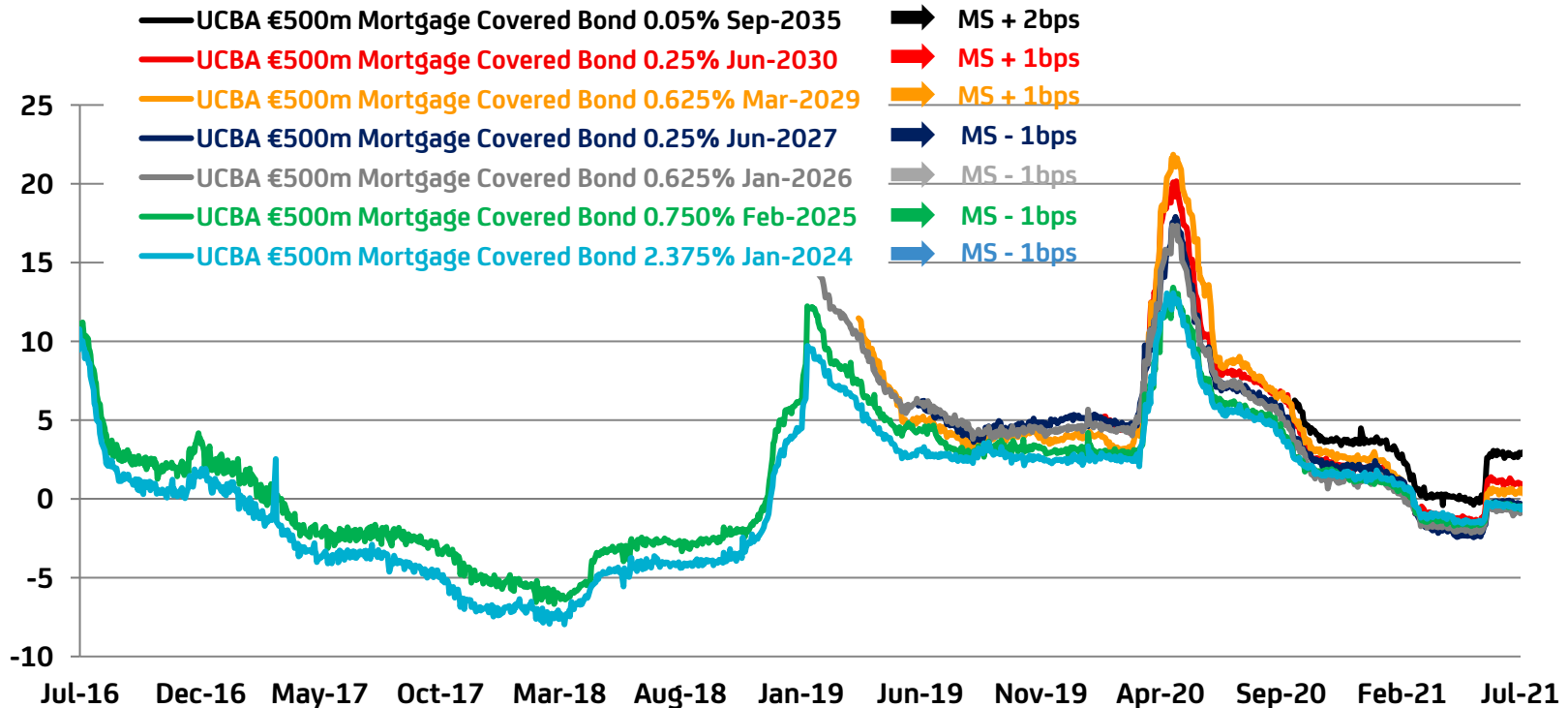


# Overview of outstanding Pfandbrief Benchmark Issues until 2015

Bank Austria Mortgage Pfandbrief	0.75%	08/09/2022	€ 500 mn	Sept. 2015	MS + 5bps
Bank Austria Mortgage Pfandbrief	0.75%	25/02/2025	€ 500 mn	Feb. 2015	MS + 3bps
Bank Austria Mortgage Pfandbrief	2.375%	22/01/2024	€ 500 mn	Jan. 2014	MS + 35bps



# UniCredit Bank Austria Covered Bond Spread Comparison



Source: Bloomberg; Data as of 31 July 2021

Disclaimer: Historical trends are no indication for future performances



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# Rating Overview

	Moody's					S&P				Fitch		
	Long-Term Deposits	Long-Term Senior Unsecured	Short-Term	Subordinated	Counterparty Risk	Long-Term	Short-Term	Subordinated	Counterparty Risk	Long-Term	Short-Term	Subordinated
<b>Bank Austria</b>	<b>A3</b>	<b>Baa1</b> Stable	<b>P-2</b>	<b>Baa3</b>	<b>A2 / P-1</b>	<b>BBB+</b> Negative	<b>A-2</b>	<b>BBB-</b>	<b>A-</b>	-	-	-
Public Sector Covered Bond	<b>Aaa</b>					-				-		
Mortgage Covered Bond	<b>Aaa</b>					-				-		
<b>UniCredit S.p.A.</b>	<b>Baa1</b>	<b>Baa1</b> Stable	<b>P-2</b>	<b>Baa3</b>	<b>Baa1 / P-2</b>	<b>BBB</b> Negative	<b>A-2</b>	<b>BB+</b>	<b>BBB+</b>	<b>BBB-</b> Stable	<b>F3</b>	<b>BB</b>

(as of 25 August 2021)

<sup>1)</sup> Subordinated (Lower Tier II)

<sup>2)</sup> 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



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- **2020** was an exceptional year for commercial real estate investments in Austria due to the pandemic. The investment volume fell by -48% compared to the record year 2019 to a **total volume of approx. € 3.3 billion**. The first half of 2021 started stable as some transactions could not be completed in 2020. The forecast for 2021 is approx. € 4.0 billion. In 2021 to date, **residential properties** were the most popular asset class with around 32% of the total investment volume, followed by Logistics6 Industry with 29% and office properties with around 21%. The high demand - with limited supply - led to price increases for residential real estate and falling yields for residential and more differentiated yields for office properties.
- The Austrian real estate market has the **well-earned reputation as a relatively stable market**. Real estate analyst IPD/MSCI annually analyses an Austrian portfolio consisting of office, retail, residential, logistics and other properties. Though **annual total return** has never achieved double digit growth since the beginning of the analysis, it has also never dropped into negative growth. Even in the crisis years 2008/2009, annual total return amounted to **around 4%**
- The prices for residential real estate rose also significantly in 2021. Across Austria they increased in **the first half of 2021** by 5% after 7% in 2020. This was primarily due to the rise in prices for single family homes. Apartment prices in Vienna rose by an average of 3%. Price development in Austria excluding Vienna was very different, with house prices rising significantly faster than apartment prices. Also construction prices for residential purposes rose approx. 13% on a year to year comparison.
- Due to the COVID-19 pandemic, **further development** of real estate prices in 2021 is still uncertain. Residential real estate seems to remain unaffected, the office market will adapt in the mid term. Most affected by high vacancies are the city hotel segment and short-stay apartments.





# Austrian Real Estate Market

## Prices for residential real estate

- After an increase in prices of around 7% in 2020, the price curve continued to rise sharply until **mid 2021** into the 5%-plus region. Professional forecasters predict a further price increase until year-end. Mostly affected by sharply rising construction prices at a rate of approx. 13% over 2020.
- In the pandemic year 2020, residential property prices in Austria (excluding Vienna) developed continuously with approx. 7%, somewhat stronger than in Vienna at around 6.70%

Source: OeNB, Technical University Vienna, Department für Raumplanung



Source: OeNB, DataScience Service GmbH (DSS), TU-Wien, Prof. Feilmayr



# Austrian Real Estate Market

## Investment Property Databank (IPD)

- Real estate remains attractive for investors looking for yield
- As long as property investments offer higher yields than alternatives such as government bonds, demand for real estate will remain high

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

- |   |        |
|---|--------|
| ▪ Office top yield in 2020                  | 3.25%  |
| ▪ Yield for Austrian Government Bonds (10Y) | -0.32% |
| ▪ Spread                                    | 2.93%  |



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# Austrian Legal Framework

## Mortgage and Public Sector Pfandbriefe

### Austrian Covered Bonds

#### Pfandbriefe

**Hypothekendarbankgesetz**  
(Mortgage Banking Act 1899)

**Pfandbriefgesetz**  
(Pfandbrief Law 1938)

#### Fundierte Schuldverschreibungen

**Law of 1905**

**Bank Austria**

**Outlook:** The existing national laws are to be harmonized in terms of content and replaced by a uniform Covered Bond Act (*Pfandbriefgesetz*). (A draft of the new Pfandbrief Act was adopted by the Council of Ministers in July 2021 and is expected to be referred to the Parliament for consideration in September 2021. The new Covered Bond Act will enter into force on 8 July 2022).

The underlying EU requirements (EU Directive 2019/2162 and EU Regulation amending CRR 2019/2160) were published in the Official Journal of the EU in December 2019.



# Comparison Austria vs. Germany

Criteria of Pfandbrief law / Hypothekbankgesetz	Austria	Germany
Pfandbrief law in place	YES	YES
Mortgage and public sector collateral assets in separate pools	YES	YES
Cover register	YES	YES
Collateral assets limited to Europe	YES	X
Legally required minimum over-collateralization	YES	YES
Cover pool monitoring (Trustee)	YES	YES
Special proceedings in case of insolvency	YES	YES
Pfandbriefe remain outstanding in case of issuer's bankruptcy	YES	YES
NPV matching	YES <sup>*)</sup>	YES

- Austrian „Hypothekbankgesetz“ was initially based on the German legislation
- Important changes to the German "Pfandbrief" - legislation were followed by the Austrian "Hypothekbankgesetz", which continues to reflect the principal features of the German "Pfandbriefgesetz"
- Main differences in the current version are:
  - German law also allows collateral assets from non-European countries
  - German law includes compulsory NPV-matching, whereas in Austria a voluntary commitment is foreseen to be stipulated in the articles of association. Bank Austria, accordingly, included such clause in its articles of association



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## CFO Division

UniCredit Bank Austria AG, Vienna  
as of August 25, 2021

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