

# Bank Austria



## Bank Austria – Cover Pool of Covered Bonds

(Mortgage Covered Bonds and Public Sector Covered Bonds)

**Investor Relations**

Vienna, 9 September 2016

Welcome to  
**Bank Austria**  
Member of  **UniCredit**

# Agenda

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1 Mortgage Covered Bonds of Bank Austria

2 Public Sector Covered Bonds of Bank Austria





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- **Aaa Rating by Moody's**
- Bank Austria decided to streamline its **Mortgage Cover Pool targeting a simple and transparent pool composition:**
  - focus on **Austrian mortgages only**
  - change to whole loan reporting instead of collateral volume
- **Benefit:**
  - **pure Austrian risk offer** to our investor base
  - no blending of risk, diversification to be decided by investor
  - simple pricing logic
- **ECBC Covered Bond Label** has been granted to the BA Mortgage Cover Pool



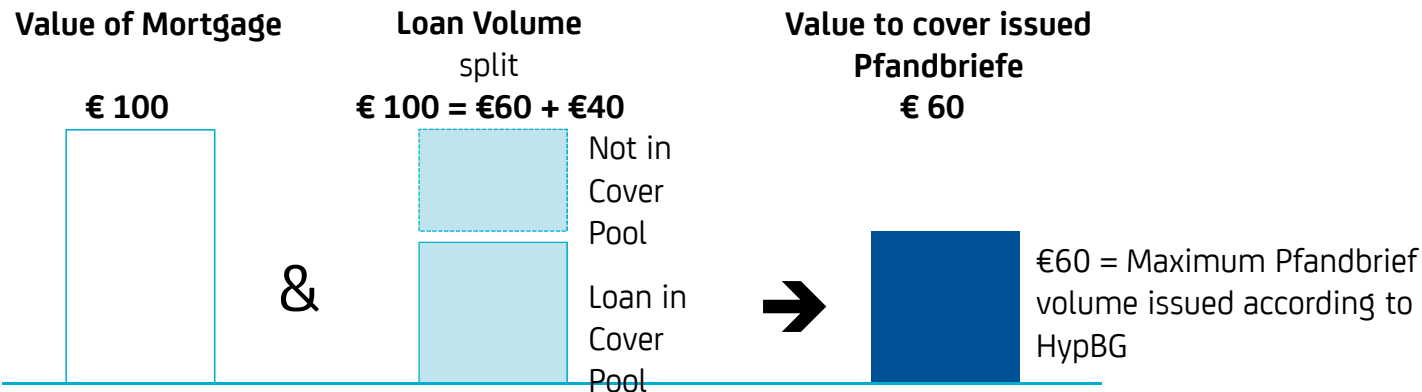
# Bank Austria's Whole Loan Approach

## Whole Loan Approach and its Benefits for Investors

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According to the Austrian Mortgage Banking Act (HypBG), the maximum coverage volume of "Beleihungswert" is 60% (maximum current outstanding of the loan)

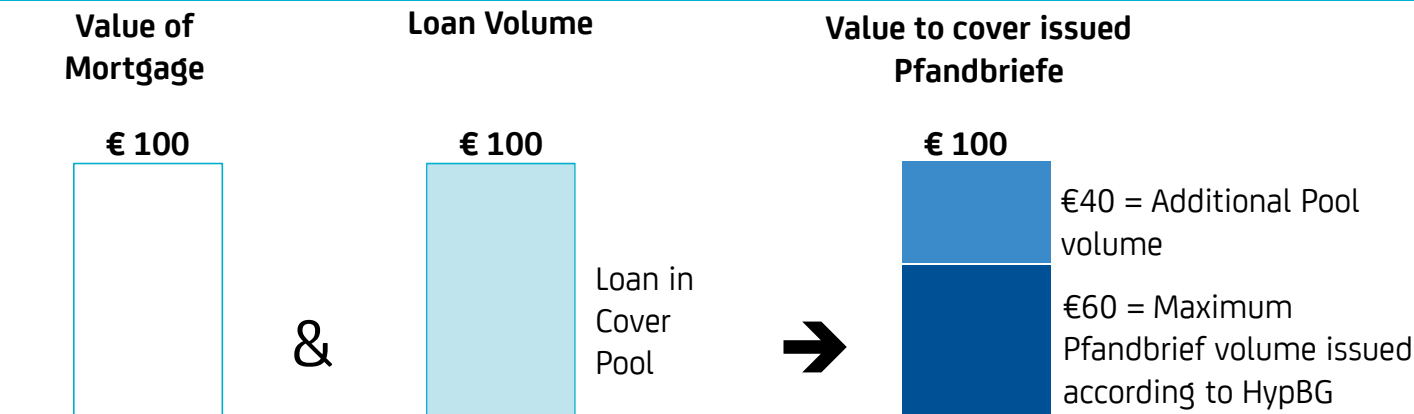
### Scenario I: Split Loan Approach = Minimum Approach



For optimization of its collateral value loans are split into 2 parts:

1. included in cover pool and
2. not included in cover pool

### Scenario II = Approach of Bank Austria = Whole Loan Approach



The whole loan – and not only its legally assigned value – is included in the cover pool to collateralize BA's issued Mortgage Pfandbriefe.

**Thus, investors benefit from collateralization above legal requirement in BA's cover pool.**



# CHF Loans in mortgage Cover Pool are 100% private residential financing

1 2 3

- The over-collateralization is approx. EUR 5.4 bn or 110% (as of 30<sup>th</sup> June 2016)

<b>Overview</b>		30.06.2016			
Issue volume		EUR	4.9 bn		
Over-collateralization		EUR	5.4 bn (110%)		
Total Asset Value		EUR	10.3 bn	o/w CHF	EUR 1.6 bn
Total Cover Value		EUR	7.0 bn	o/w CHF	EUR 670 mln
					EUR 1.6 bn (16% of total asset value)
					EUR 564 mln (8% of cover value / HypBG)

Changes due to CHF revaluation

- Covering of CHF risk in Cover Pool
  - FX-risks are explicitly considered in the rating process of Moody's and are reflected as part of their over-collateralization requirement
    - *Moody's currently requires an OC of 28.0%*
- Internal Risk Management of Bank Austria
  - According to the Cover Pool Regulation of Bank Austria NPLs are removed regularly (monthly).
    - *Less than 1% of the loans (175 of 26,000) were taken out in 2014 for this reason*
  - Special safety buffers are designated for CHF Loans
    - The credit rating of FX-Loans is subject to additional and stricter standards and will - as always - be evaluated regularly
      - *For CHF Loans an additional FX-buffer of 25% on the credit volume is considered, which must be covered by the credit rating of the client*
- No new CHF mortgage loans, therefore no inflows into Cover Pool since 2010



# Mortgage Cover Pool

## Parameters of the Cover Pool and Issues

### Liquidity & Funding

Cover Pool

1	2	3	■ Total Value of the Cover Pool as of 30 June 2016 in EUR equivalent:	10,269 mn
			● thereof in EUR:	8,572 mn
			● thereof in CHF:	1,569 mn
			● thereof substitute cover in EUR:	128 mn

Parameters of Cover Pool	
<b>Weighted Average Life</b> (in years incl. Amortization)	<b>9.2</b>
<b>Contracted Weighted Average Life</b> (in years)	<b>13.8</b>
<b>Average Seasoning</b> (in years)	<b>6.1</b>
<b>Total Number of Loans</b>	<b>29,814</b>
<b>Total Number of Debtors</b>	<b>27,984</b>
<b>Total Number of Mortgages</b>	<b>29,814</b>
<b>Average Volume of Loans</b> (in EUR)	<b>340,115</b>
<b>Stake of 10 Biggest Loans</b>	<b>15.1%</b>
<b>Stake of 10 Biggest Debtors</b>	<b>17.6%</b>
<b>Stake of Bullet Loans</b>	<b>37.9%</b>
<b>Stake of Fixed Interest Loans</b>	<b>15.4%</b>
<b>Amount of Loans 90 Days Overdue</b>	<b>0</b>
<b>Average Interest Rate</b>	<b>1.3%</b>

■ Moody's Rating:	Aaa
■ Nominal / Present Value Over-Collateralisation <sup>*)</sup> :	110.3% / 105.3%
■ Total Value of Issued Mortgage Pfandbriefe as of 30 June 2016 in EUR:	4,883 mn
■ Total Value of Sold Mortgage Pfandbriefe as of 30 June 2016 in EUR:	4,283 mn

Parameters of Issues:	
<b>Total Number</b>	<b>99</b>
<b>Average Maturity</b> (in years)	<b>5.3</b>
<b>Average Volume</b> (in EUR)	<b>49,319,383</b>

<sup>\*)</sup> Austrian Mortgage Banking Act requires a nominal over-collateralization of 2%. The basis for its calculation is a cover pool value reduced by legally defined haircuts. Taking these haircuts into consideration, the cover pool value amounts to EUR 6,987 mn, thus the overcollateralization is 43.1%. Additionally, in its Articles of Association, UniCredit Bank Austria commits itself to an over-collateralization on a present value basis.



# Mortgage Cover Pool

## Maturity Structure of Cover Pool and Issues

1 2 3

Liquidity & Funding  
Cover Pool

<b>Maturity of Assets in the Cover Pool</b>	<b>in mn EUR</b>	<b>in %</b>
<b>Maturity up to 12 months</b>	<b>301</b>	<b>2,9%</b>
<b>Maturity 12 - 60 months</b>	<b>1.533</b>	<b>14,9%</b>
thereof Maturity 12 - 36 months	680	6,6%
thereof Maturity 36 - 60 months	853	8,3%
<b>Maturity 60 - 120 months</b>	<b>2.201</b>	<b>21,4%</b>
<b>Maturity longer than 120 months</b>	<b>6.234</b>	<b>60,7%</b>
<b>Total</b>	<b>10.269</b>	<b>100,0%</b>
<b>Maturity of Issued Covered Bonds</b>	<b>in mn EUR</b>	<b>in %</b>
<b>Maturity up to 12 months</b>	<b>131</b>	<b>2,7%</b>
<b>Maturity 12 - 60 months</b>	<b>2.668</b>	<b>54,7%</b>
thereof Maturity 12 - 36 months	1.032	21,1%
thereof Maturity 36 - 60 months	1.636	33,5%
<b>Maturity 60 - 120 months</b>	<b>1.733</b>	<b>35,5%</b>
<b>Maturity longer than 120 months</b>	<b>350</b>	<b>7,2%</b>
<b>Total</b>	<b>4.883</b>	<b>100,0%</b>



# Mortgage Cover Pool

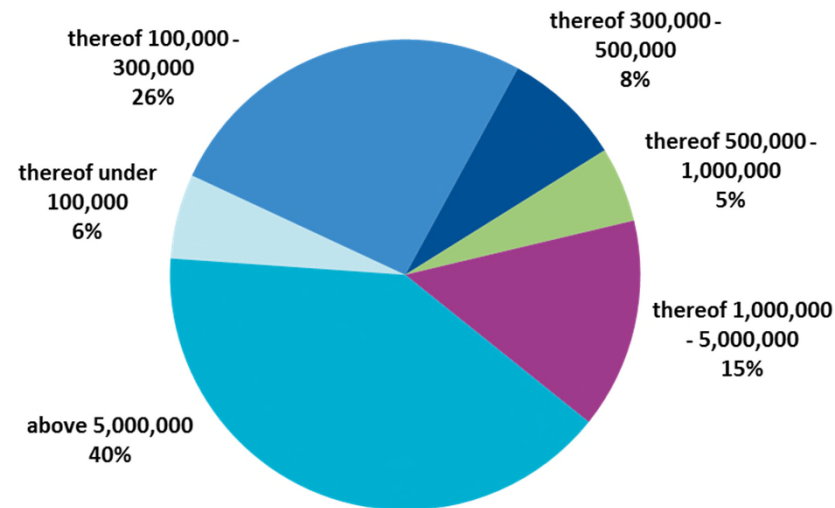
## Assets Volume Breakdown

1 2 3

Liquidity & Funding  
Cover Pool

Volume Breakdown by Size of Loans	in mn EUR	Number
<b>below 300,000</b>	<b>3,270</b>	<b>25,867</b>
thereof under 100,000	598	10,697
thereof 100,000 - 300,000	2,671	15,170
<b>300,000 - 5,000,000</b>	<b>2,855</b>	<b>3,766</b>
thereof 300,000 - 500,000	839	2,290
thereof 500,000 - 1,000,000	531	769
thereof 1,000,000 - 5,000,000	1,485	707
<b>above 5,000,000</b>	<b>4,144</b>	<b>181</b>
<b>Total</b>	<b>10,269</b>	<b>29,814</b>

Breakdown by Size of Loans










# Mortgage Cover Pool

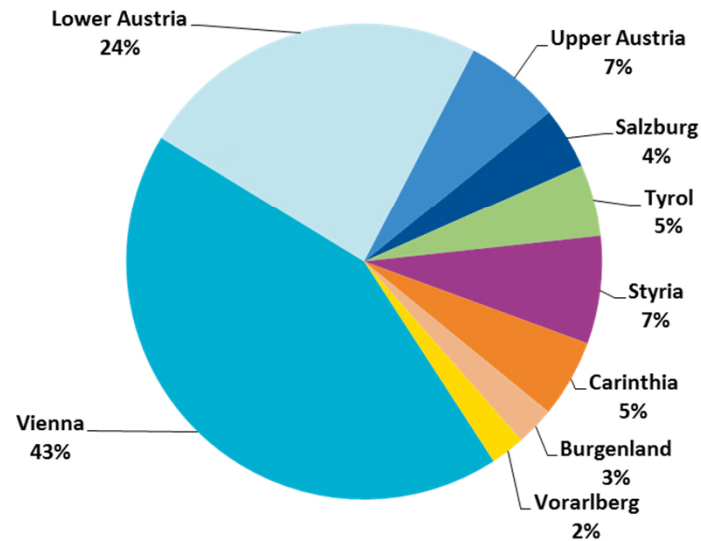
## Regional Breakdown<sup>\*)</sup> of Mortgages in Austria

1 2 3

Liquidity & Funding  
Cover Pool

Regional Breakdown Austria		in mn EUR	%
	Vienna	4,351	42.9%
	Lower Austria	2,422	23.9%
	Upper Austria	664	6.5%
	Salzburg	425	4.2%
	Tyrol	498	4.9%
	Styria	742	7.3%
	Carinthia	537	5.3%
	Burgenland	267	2.6%
	Vorarlberg	234	2.3%
<b>Total</b>		<b>10,140</b>	<b>100.0%</b>

Regional Breakdown Austria

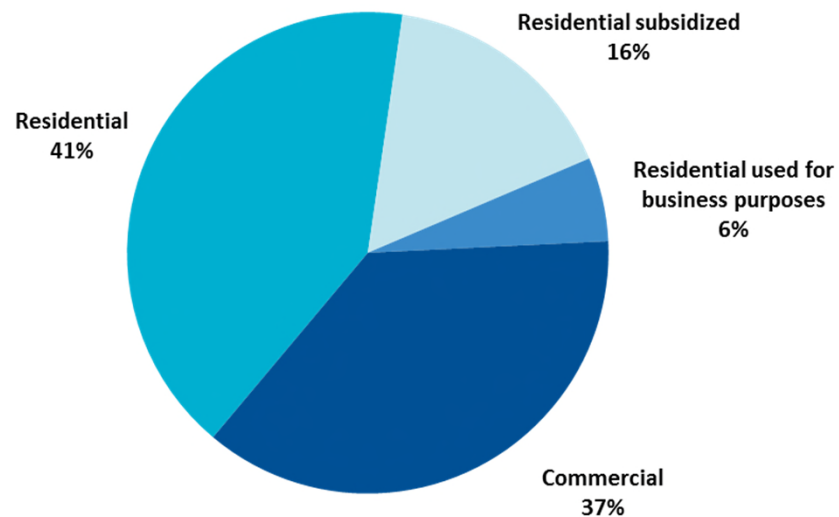


# Mortgage Cover Pool Breakdown<sup>\*)</sup> by Type of Use

1 2 3

Mortgages Breakdown by Type of Use	in mn EUR	Number
<b>Residential</b>	<b>4,177</b>	<b>25,938</b>
Residential subsidized	1,651	1,940
Residential used for business purposes	572	1,118
<b>Commercial</b>	<b>3,740</b>	<b>818</b>
thereof Office	1,661	141
thereof Trade	1,140	74
thereof Tourism	192	114
thereof Agriculture	23	104
thereof mixed Use / Others	724	385
<b>Total</b>	<b>10,140</b>	<b>29,814</b>

Mortgages / Type of Use



\*) Without substitute cover (consists of bonds)



# Mortgage Cover Pool Breakdown<sup>\*)</sup> by Type of Use

1 2 3

- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 10,140 mn** as of 30 June 2016 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
  - The main concentration is in the City of Vienna 42.9% and the state of Lower Austria 23.9%
- **Breakdown of cover pool by type of use:**
  - 63.1% residential real estate (thereof 16.3% subsidized)
  - 36.9% commercial real estate, divides as follows:
    - Office 16.4%
    - Trade 11.2%
    - Tourism 1.9%
    - Other / Mixed use 7.4%

<sup>\*)</sup> all percent Values are respective cover pool value without substitute cover



# Agenda

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1 Mortgage Covered Bonds of Bank Austria

2 Public Sector Covered Bonds of Bank Austria



# Executive Summary Bank Austria Public Sector Cover Pool

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Liquidity & Funding  
Cover Pool

- **Aaa Rating** by Moody's
- **ECBC Covered Bond Label** has been granted to the Public Sector Cover Pool of Bank Austria
- Cover Pool Volume as of 30 June 2016 amounts to EUR 7,150 mn
- Average volume of loans is approx. € 1.89 mn
- Average seasoning is 6.1 years



# Public Sector

## Parameters of Cover Pool and Issues

1 2 3

Liquidity & Funding

Cover Pool

- Total Value of the Cover Pool as of 30 June 2016 in EUR equivalent: 7,150 mn
  - thereof in EUR: 3,708 mn
  - thereof in CHF: 1,732 mn
  - thereof public sector bonds in EUR equivalent: 1,710 mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	6.1
Contracted Weighted Average Life (in years)	8.3
Average Seasoning (in years)	6.2
Total Number of Loans	3,778
Total Number of Debtors	1,427
Total Number of Guarantors	281
Average Volume of Loans (in EUR)	1,892,428
Stake of 10 Biggest Loans	29.2%
Stake of 10 Biggest Guarantors	29.9%
Stake of Bullet Loans	61.9%
Stake of Fixed Interest Loans	34.2%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1.4%

- Moody's Rating: Aaa
- Nominal / Present Value Over-Collateralization\*): 57.0% / 43.8%
- Total Value of Sold Covered Bonds as of 30 June 2016 in EUR: 4,555 mn

Parameters of Issues:	
Total Number	36
Average Maturity (in years)	4.2
Average Volume (in EUR)	126,518,211

\*) Austrian Mortgage Banking Act requires a nominal over-collateralisation of 2%. The basis for its calculation is a cover pool value reduced by legally defined haircuts. Taking these haircuts into consideration, the cover pool value amounts to EUR 6,748 mn, thus the overcollateralization is 48.2%. Additionally, in its Articles of Association, UniCredit Bank Austria commits itself to an over-collateralisation on a present value basis.



# Public Sector

## Maturity Structure of Cover Pool and Issues

1 2 3

Liquidity & Funding

Cover Pool

Maturity of Assets in the Cover Pool	in mn EUR	in %
<b>Maturity up to 12 months</b>	<b>1.676</b>	<b>23,4%</b>
<b>Maturity 12 - 60 months</b>	<b>1.561</b>	<b>21,8%</b>
thereof Maturity 12 - 36 months	963	13,5%
thereof Maturity 36 - 60 months	598	8,4%
<b>Maturity 60 - 120 months</b>	<b>1.007</b>	<b>14,1%</b>
<b>Maturity longer than 120 months</b>	<b>2.905</b>	<b>40,6%</b>
<b>Total</b>	<b>7.150</b>	<b>100,0%</b>

Maturity of Issued Covered Bonds	in mn EUR	in %
<b>Maturity up to 12 months</b>	<b>510</b>	<b>11,2%</b>
<b>Maturity 12 - 60 months</b>	<b>3.635</b>	<b>79,8%</b>
thereof Maturity 12 - 36 months	1.635	35,9%
thereof Maturity 36 - 60 months	2.000	43,9%
<b>Maturity 60 - 120 months</b>	<b>127</b>	<b>2,8%</b>
<b>Maturity longer than 120 months</b>	<b>283</b>	<b>6,2%</b>
<b>Total</b>	<b>4.555</b>	<b>100,0%</b>











# Public Sector

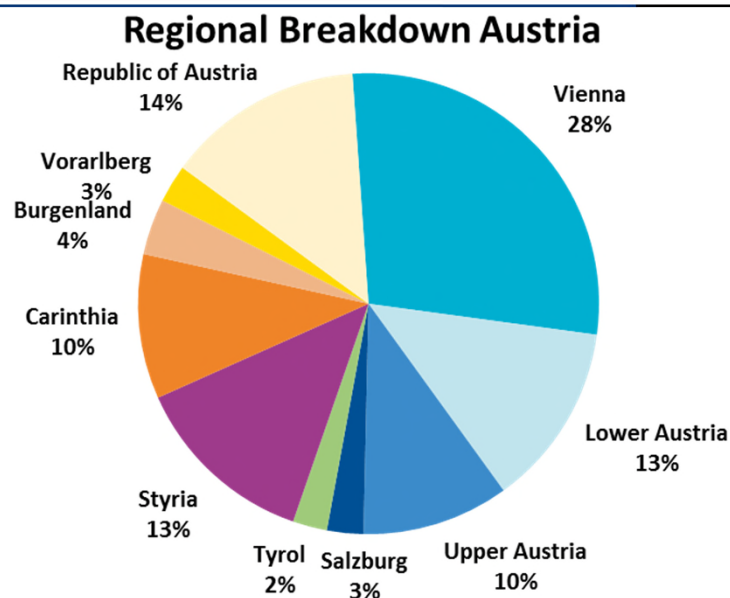
## Regional Breakdown of Assets<sup>\*)</sup> in Austria

1 2 3

Liquidity & Funding

Cover Pool

Regional Breakdown Austria		in mn EUR	in %
 Vienna		2,020	28.3%
 Lower Austria		921	12.9%
 Upper Austria		738	10.3%
 Salzburg		182	2.5%
 Tyrol		172	2.4%
 Styria		930	13.0%
 Carinthia		726	10.2%
 Burgenland		281	3.9%
 Vorarlberg		190	2.7%
 Republic of Austria		989	13.8%
<b>Total Austria</b>		<b>7,150</b>	<b>100.0%</b>



<sup>\*)</sup> Considering Guarantors





# Public Sector

## Assets Volume Breakdown by Type of Debtor / Guarantor

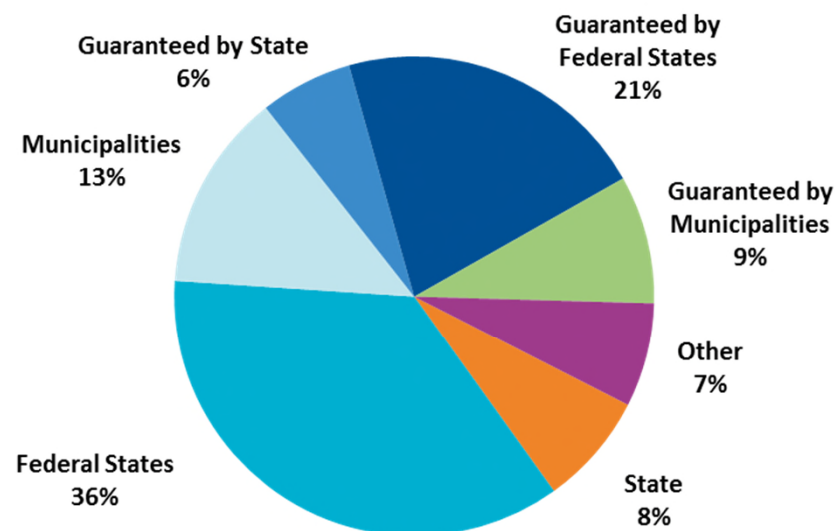
1 2 3

Liquidity & Funding

Cover Pool

Assets: Type of Debtor / Guarantor	in mn EUR	Number
State	544	6
Federal States	2,570	60
Municipalities	954	2,164
Guaranteed by State	445	161
Guaranteed by Federal States	1,515	248
Guaranteed by Municipalities	618	446
Other	504	693
<b>Total</b>	<b>7,150</b>	<b>3,778</b>

Type of Debtor / Guarantor



# Public Sector

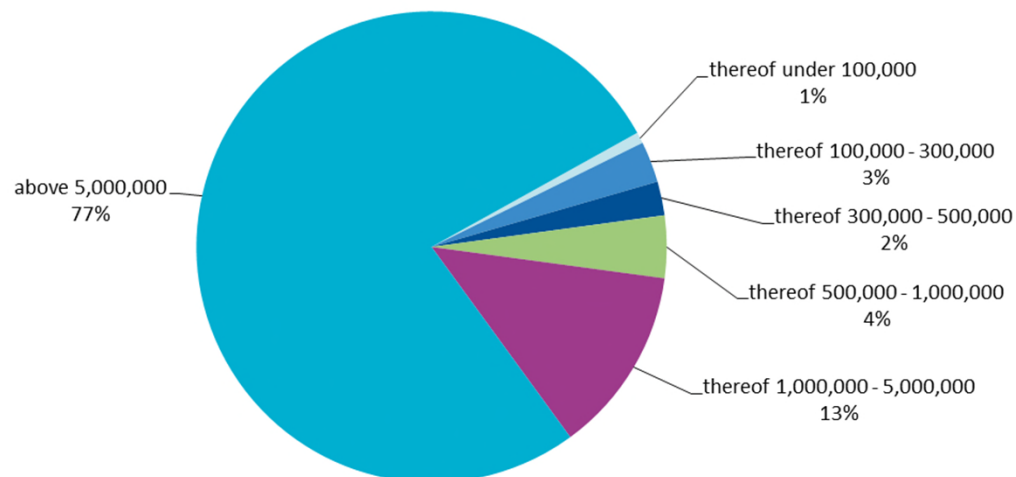
## Volume Breakdown by Size of Assets

1 2 3

Liquidity & Funding  
Cover Pool

Volume Breakdown by Size of Assets	in mn EUR	Number
<b>below 300,000</b>	<b>256</b>	<b>2,303</b>
thereof under 100,000	55	1,198
thereof 100,000 - 300,000	202	1,105
<b>300,000 - 5,000,000</b>	<b>1,389</b>	<b>1,331</b>
thereof 300,000 - 500,000	166	432
thereof 500,000 - 1,000,000	306	432
thereof 1,000,000 - 5,000,000	917	467
<b>above 5,000,000</b>	<b>5,504</b>	<b>144</b>
<b>Total</b>	<b>7,150</b>	<b>3,778</b>

Breakdown by Size of Assets



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