

Bank Austria



Bank Austria – Cover Pool of Covered Bonds

(Mortgage Covered Bonds and Public Sector Covered Bonds)

Investor Relations

Vienna, 22 February 2017

Welcome to
Bank Austria
Member of  **UniCredit**

Agenda

1 Public Sector Covered Bonds of Bank Austria

2 Mortgage 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 31 December 2016 amounts to EUR 6,889 mn
- Average volume of loans is approx. € 1.8 mn
- Average seasoning is 6.6 years



Public Sector

Parameters of Cover Pool and Issues

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Liquidity & Funding

Cover Pool

- Total Value of the Cover Pool as of 31 December 2016 in EUR equivalent: 6,889 mn
 - thereof in EUR: 3,737 mn
 - thereof in CHF: 1,546 mn
 - thereof public sector bonds in EUR equivalent: 1,605 mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	6.1
Contracted Weighted Average Life (in years)	8.4
Average Seasoning (in years)	6.6
Total Number of Loans	3,828
Total Number of Debtors	1,434
Total Number of Guarantors	283
Average Volume of Loans (in EUR)	1,799,569
Stake of 10 Biggest Loans	30.4%
Stake of 10 Biggest Guarantors	29.2%
Stake of Bullet Loans	59.8%
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*): 70.3% / 59.2%
- Total Value of Sold Covered Bonds as of 31 December 2016 in EUR: 4,045 mn

Parameters of Issues:	
Total Number	34
Average Maturity (in years)	4.2
Average Volume (in EUR)	118,960,459

*) 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 6,529 mn, thus the overcollateralization is 61.4%. 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

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Liquidity & Funding
Cover Pool

Maturity of Assets in the Cover Pool	in mn EUR	in %
Maturity up to 12 months	1,501	21.8%
Maturity 12 - 60 months	1,810	26.3%
thereof Maturity 12 - 36 months	998	14.5%
thereof Maturity 36 - 60 months	812	11.8%
Maturity 60 - 120 months	793	11.5%
Maturity longer than 120 months	2,785	40.4%
Total	6,889	100.0%

Maturity of Issued Covered Bonds	in mn EUR	in %
Maturity up to 12 months	50	1.2%
Maturity 12 - 60 months	3,587	88.7%
thereof Maturity 12 - 36 months	1,585	39.2%
thereof Maturity 36 - 60 months	2,002	49.5%
Maturity 60 - 120 months	125	3.1%
Maturity longer than 120 months	283	7.0%
Total	4,045	100.0%













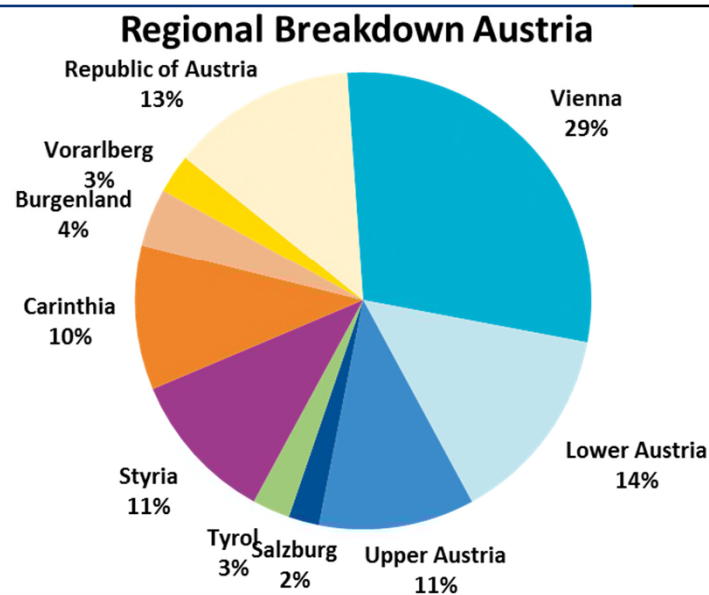
Public Sector

Regional Breakdown of Assets^{*)} in Austria

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Liquidity & Funding
Cover Pool

Regional Breakdown Austria		in mn EUR	in %
 Vienna		2,002	29.1%
 Lower Austria		973	14.1%
 Upper Austria		760	11.0%
 Salzburg		149	2.2%
 Tyrol		184	2.7%
 Styria		738	10.7%
 Carinthia		705	10.2%
 Burgenland		283	4.1%
 Vorarlberg		191	2.8%
 Republic of Austria		904	13.1%
Total Austria		6,889	100.0%



^{*)} Considering Guarantors



Public Sector

Assets Volume Breakdown by Type of Debtor / Guarantor

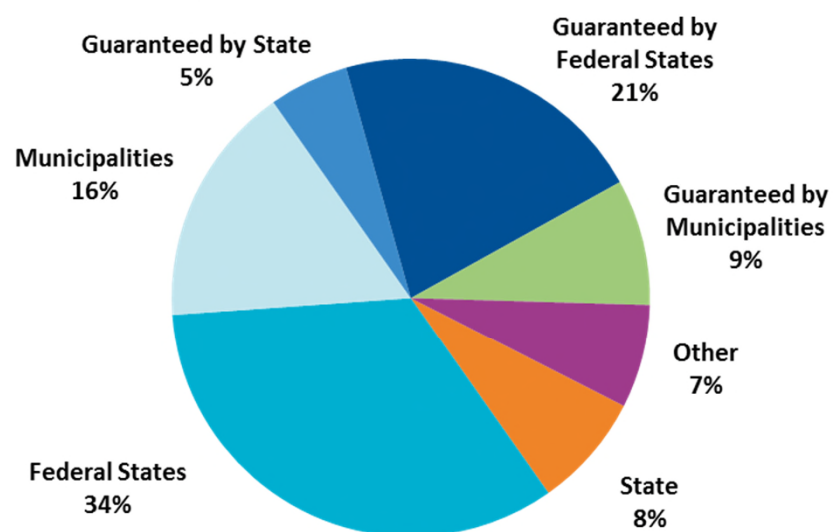
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Liquidity & Funding

Cover Pool

Assets: Type of Debtor / Guarantor	in mn EUR	Number
State	533	4
Federal States	2,317	54
Municipalities	1,129	2,253
Guaranteed by State	371	154
Guaranteed by Federal States	1,468	243
Guaranteed by Municipalities	587	445
Other	485	675
Total	6,889	3,828

Type of Debtor / Guarantor



Public Sector

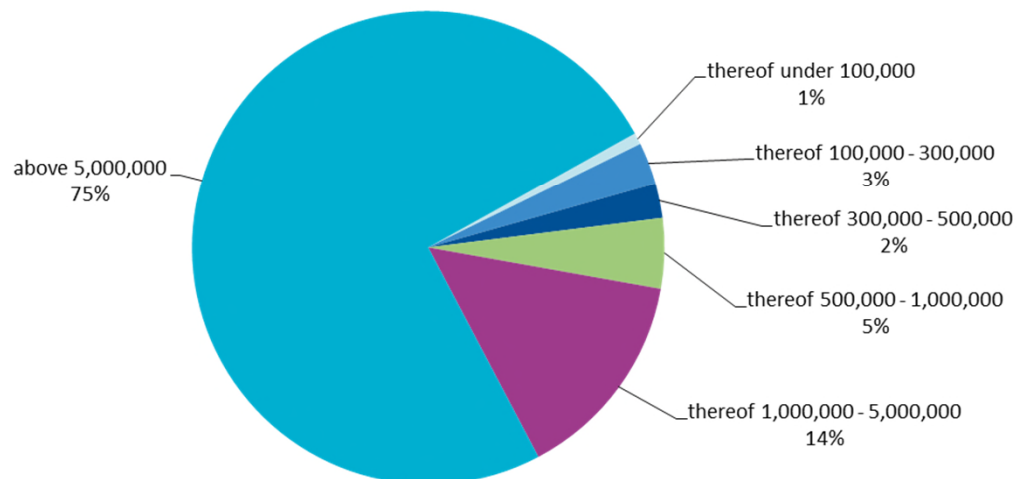
Volume Breakdown by Size of Assets

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Liquidity & Funding
Cover Pool

Volume Breakdown by Size of Assets	in mn EUR	Number
below 300,000	253	2,290
thereof under 100,000	55	1,203
thereof 100,000 - 300,000	199	1,087
300,000 - 5,000,000	1,492	1,396
thereof 300,000 - 500,000	164	423
thereof 500,000 - 1,000,000	331	465
thereof 1,000,000 - 5,000,000	997	508
above 5,000,000	5,144	142
Total	6,889	3,828

Breakdown by Size of Assets



Agenda

1 Public Sector Covered Bonds of Bank Austria

2 Mortgage 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

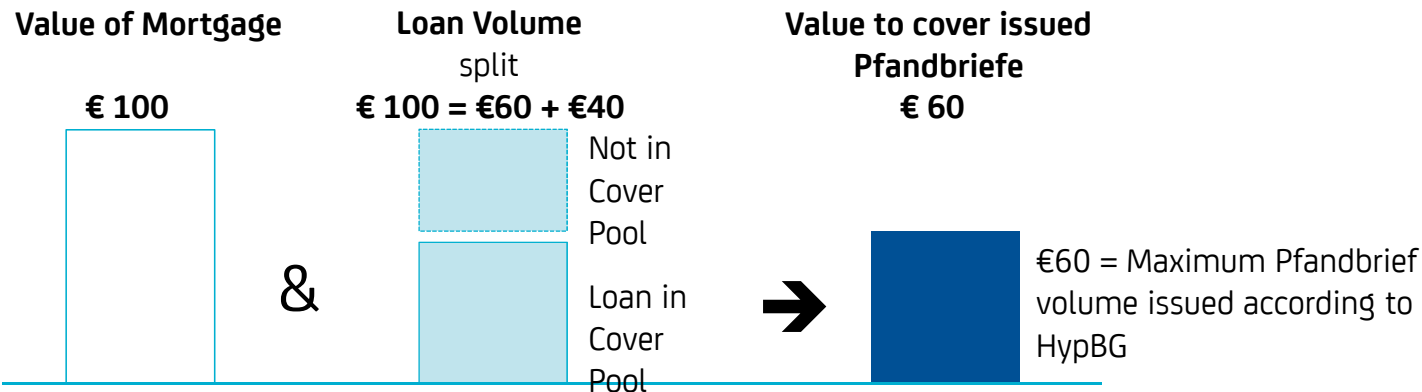
Whole Loan Approach and its Benefits for Investors

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Liquidity & Funding
Cover Pool

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

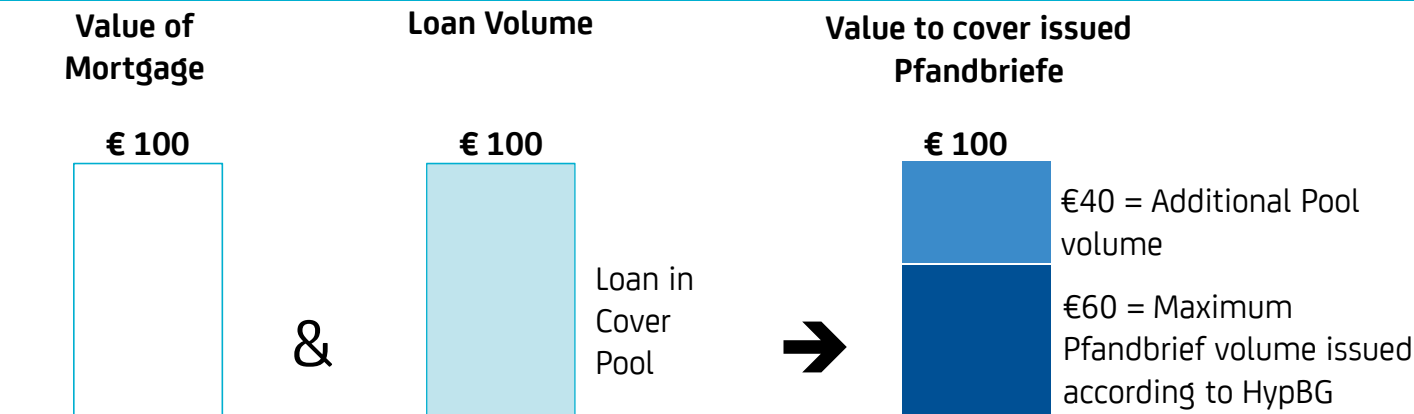
Scenario I: Split Loan Approach = Minimum Approach



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

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- The over-collateralization is approx. EUR 5.9 bn or 122% (as of 31st December 2016)

Overview	31.12.2016		31.12.2014		31.12.2016	
Issue volume	EUR	4.9 bn				
Over-collateralization	EUR	5.9 bn (122%)				
Total Asset Value	EUR	10.8 bn	o/w CHF	EUR 1.6 bn	EUR 1.5 bn	(13.9% of total asset value)
Total Cover Value	EUR	7.2 bn	o/w CHF	EUR 670 mln	EUR 522 mln	(7.3% 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

1	2	3	■ Total Value of the Cover Pool as of 31 December 2016 in EUR equivalent:	10,748 mn
			● thereof in EUR:	9,121 mn
			● thereof in CHF:	1,498 mn
			● thereof substitute cover in EUR:	129 mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	9.2
Contracted Weighted Average Life (in years)	14.0
Average Seasoning (in years)	6.0
Total Number of Loans	32,161
Total Number of Debtors	30,293
Total Number of Mortgages	32,161
Average Volume of Loans (in EUR)	330,189
Stake of 10 Biggest Loans	14.4%
Stake of 10 Biggest Debtors	16.7%
Stake of Bullet Loans	35.5%
Stake of Fixed Interest Loans	17.0%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1.3%

■ Moody's Rating:	Aaa
■ Nominal / Present Value Over-Collateralisation*):	121.5% / 121.6%
■ Total Value of Issued Mortgage Pfandbriefe as of 31 December 2016 in EUR:	4,852 mn
■ Total Value of Sold Mortgage Pfandbriefe as of 31 December 2016 in EUR:	4,252 mn

Parameters of Issues:	
Total Number	97
Average Maturity (in years)	4.9
Average Volume (in EUR)	50,016,974

*) 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 7,175 mn, thus the overcollateralization is 47.9%. 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

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Liquidity & Funding
Cover Pool

Maturity of Assets in the Cover Pool	in mn EUR	in %
Maturity up to 12 months	535	5.0%
Maturity 12 - 60 months	1,416	13.2%
thereof Maturity 12 - 36 months	567	5.3%
thereof Maturity 36 - 60 months	848	7.9%
Maturity 60 - 120 months	2,210	20.6%
Maturity longer than 120 months	6,587	61.3%
Total	10,748	100.0%
Maturity of Issued Covered Bonds	in mn EUR	in %
Maturity up to 12 months	139	2.9%
Maturity 12 - 60 months	2,609	53.8%
thereof Maturity 12 - 36 months	1,465	30.2%
thereof Maturity 36 - 60 months	1,144	23.6%
Maturity 60 - 120 months	1,730	35.7%
Maturity longer than 120 months	373	7.7%
Total	4,852	100.0%



Mortgage Cover Pool

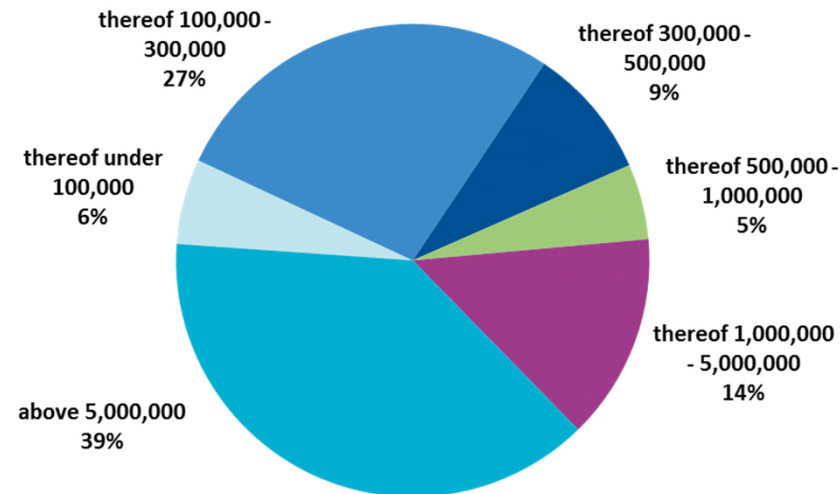
Assets Volume Breakdown

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Liquidity & Funding
Cover Pool

Volume Breakdown by Size of Loans	in mn EUR	Number
below 300,000	3,575	27,796
thereof under 100,000	628	11,175
thereof 100,000 - 300,000	2,947	16,621
300,000 - 5,000,000	3,042	4,190
thereof 300,000 - 500,000	970	2,646
thereof 500,000 - 1,000,000	554	816
thereof 1,000,000 - 5,000,000	1,518	728
above 5,000,000	4,130	175
Total	10,748	32,161

Breakdown by Size of Loans







Mortgage Cover Pool

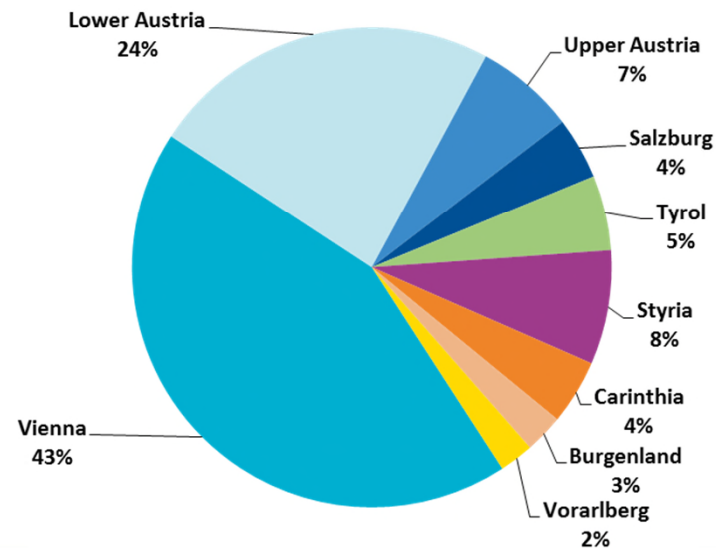
Regional Breakdown^{*)} of Mortgages in Austria

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Liquidity & Funding
Cover Pool

Regional Breakdown Austria		in mn EUR	%
	Vienna	4,608	43.4%
	Lower Austria	2,514	23.7%
	Upper Austria	715	6.7%
	Salzburg	443	4.2%
	Tyrol	538	5.1%
	Styria	817	7.7%
	Carinthia	464	4.4%
	Burgenland	276	2.6%
	Vorarlberg	245	2.3%
Total		10,619	100.0%

Regional Breakdown Austria



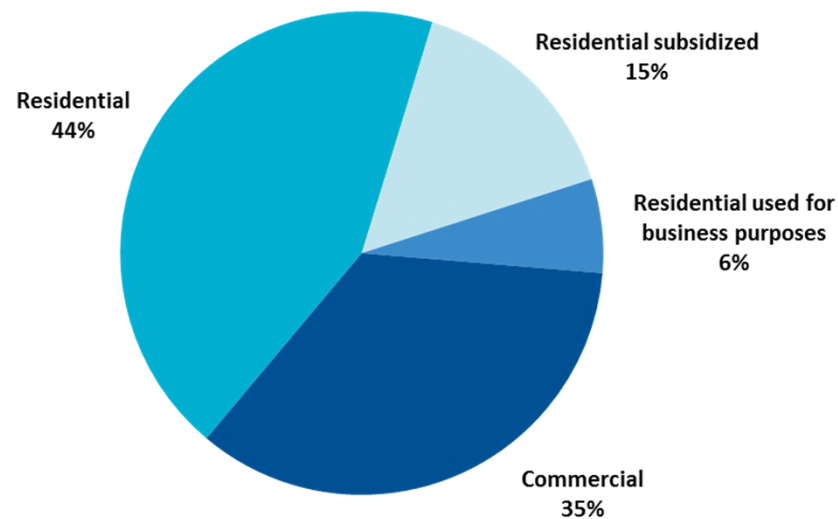
Mortgage Cover Pool Breakdown^{*)} by Type of Use

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Liquidity & Funding
Cover Pool

Mortgages Breakdown by Type of Use	in mn EUR	Number
Residential	4,632	28,278
Residential subsidized	1,626	1,903
Residential used for business purposes	666	1,162
Commercial	3,695	818
thereof Office	1,601	140
thereof Trade	979	72
thereof Tourism	205	96
thereof Agriculture	22	99
thereof mixed Use / Others	888	411
Total	10,619	32,161

Mortgages / Type of Use



^{*)} Without substitute cover (consists of bonds)



Mortgage Cover Pool Breakdown^{*)} by Type of Use

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- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 10,619 mn** as of 31 December 2016 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
 - The main concentration is in the City of Vienna 43.4% and the state of Lower Austria 23.7%
- **Breakdown of cover pool by type of use:**
 - 65.2% residential real estate (thereof 15.3% subsidized)
 - 34.8% commercial real estate, divides as follows:
 - Office 15.1%
 - Trade 9.2%
 - Tourism 1.9%
 - Other / Mixed use 8.6%

^{*)} all percent Values are respective cover pool value without substitute cover



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