

Bank Austria



Bank Austria – Cover Pool of Covered Bonds

(Mortgage Covered Bonds and Public Sector Covered Bonds)

Investor Relations

Vienna, 17 August 2017



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 30 June 2017 amounts to EUR 6,526 mn
- Average volume of loans is approx. € 1.7 mn
- Average seasoning is 6.9 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 30 June 2017 in EUR equivalent:	6,526 mn
● thereof in EUR:	3,754 mn
● thereof in CHF:	1,235 mn
● thereof public sector bonds in EUR equivalent:	1,536 mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	6,2
Contracted Weighted Average Life (in years)	9,0
Average Seasoning (in years)	6,9
Total Number of Loans	3.731
Total Number of Debtors	1.401
Total Number of Guarantors	276
Average Volume of Loans (in EUR)	1.749.062
Stake of 10 Biggest Loans	29,3%
Stake of 10 Biggest Guarantors	28,3%
Stake of Bullet Loans	58,0%
Stake of Fixed Interest Loans	36,7%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1,4%

■ Moody's Rating:	Aaa
■ Nominal / Present Value Over-Collateralization*):	61.3% / 62.1%
■ Total Value of Sold Covered Bonds as of 30 June 2017 in EUR:	4,045 mn

Parameters of Issues:	
Total Number	34
Average Maturity (in years)	3,7
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 6,215 mn, thus the overcollateralization is 53.7%. 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	1.317	20,2%
Maturity 12 - 60 months	1.498	23,0%
thereof Maturity 12 - 36 months	945	14,5%
thereof Maturity 36 - 60 months	553	8,5%
Maturity 60 - 120 months	1.000	15,3%
Maturity longer than 120 months	2.711	41,5%
Total	6.526	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	128	3,2%
Maturity longer than 120 months	280	6,9%
Total	4.045	100,0%











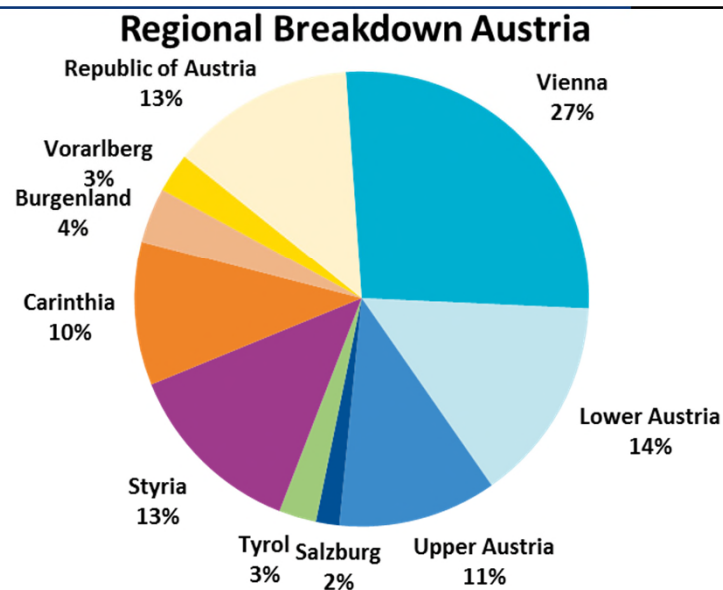
Public Sector

Regional Breakdown of Assets^{*)} in Austria

1 2

Liquidity & Funding
Cover Pool

Regional Breakdown Austria		in mn EUR	in %
 Vienna		1.751	26,8%
 Lower Austria		951	14,6%
 Upper Austria		735	11,3%
 Salzburg		108	1,7%
 Tyrol		174	2,7%
 Styria		844	12,9%
 Carinthia		665	10,2%
 Burgenland		257	3,9%
 Vorarlberg		183	2,8%
 Republic of Austria		856	13,1%
Total Austria		6.526	100,0%



^{*)} Considering Guarantors



Public Sector

Assets Volume Breakdown by Type of Debtor / Guarantor

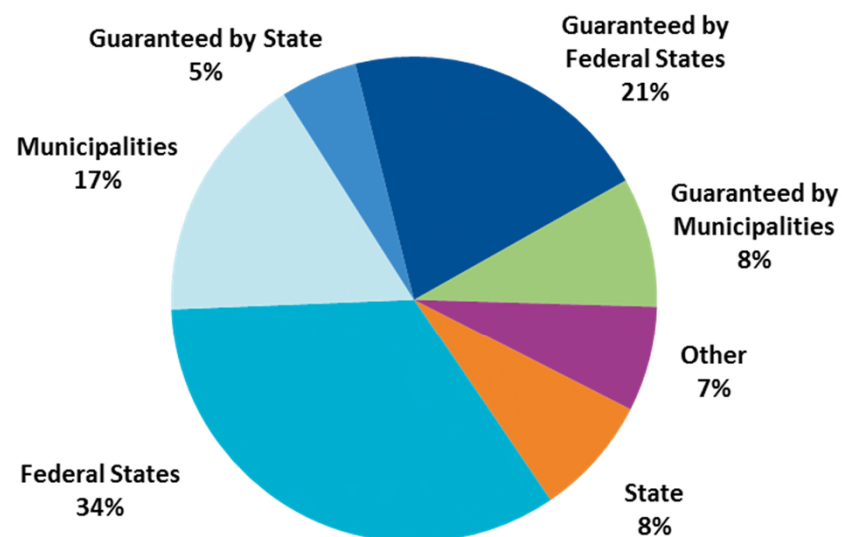
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Liquidity & Funding

Cover Pool

Assets: Type of Debtor / Guarantor	in mn EUR	Number
State	522	4
Federal States	2.210	52
Municipalities	1.085	2.215
Guaranteed by State	334	141
Guaranteed by Federal States	1.353	237
Guaranteed by Municipalities	562	429
Other	459	653
Total	6.526	3.731

Type of Debtor / Guarantor



Public Sector

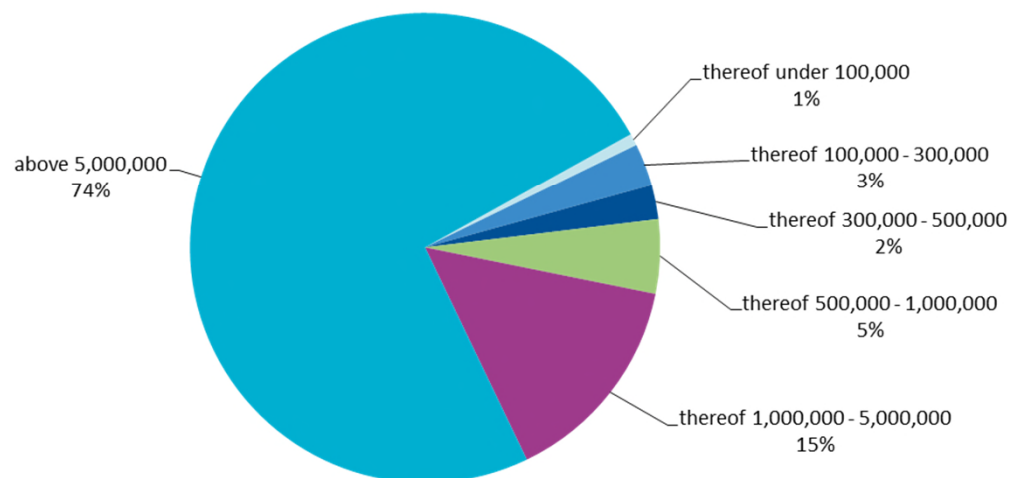
Volume Breakdown by Size of Assets

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Liquidity & Funding
Cover Pool

Volume Breakdown by Size of Assets	in mn EUR	Number
below 300,000	245	2.261
thereof under 100,000	54	1.211
thereof 100,000 - 300,000	191	1.050
300,000 - 5,000,000	1.447	1.338
thereof 300,000 - 500,000	155	399
thereof 500,000 - 1,000,000	333	461
thereof 1,000,000 - 5,000,000	960	478
above 5,000,000	4.833	132
Total	6.526	3.731

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

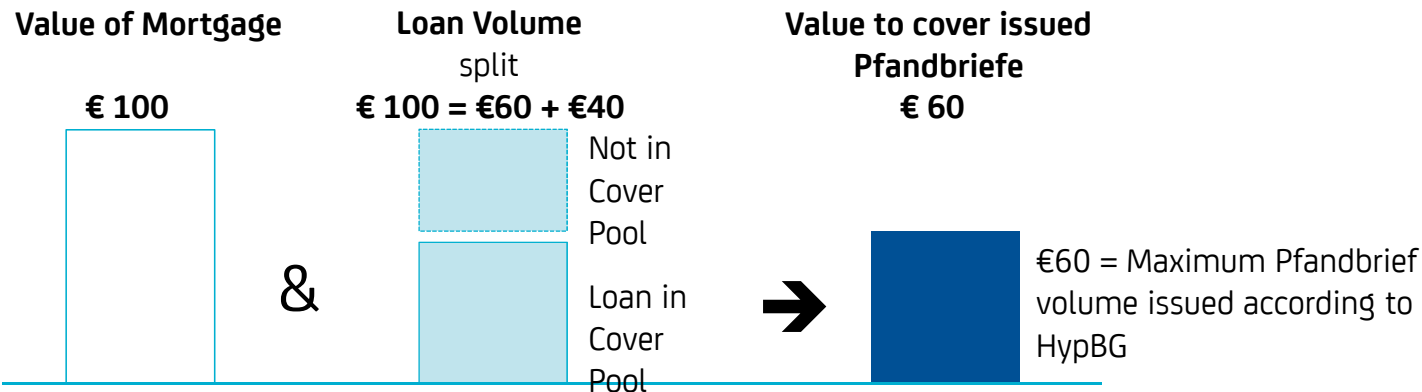
Whole Loan Approach and its Benefits for Investors

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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)

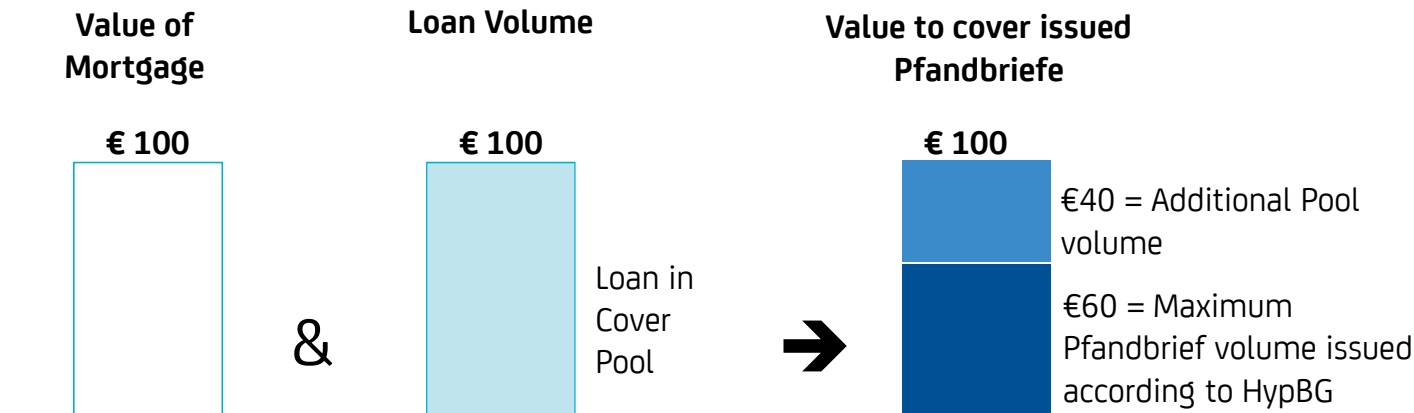
Scenario I: Split Loan Approach = Minimum Approach



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

1 2

- The over-collateralization is approx. EUR 6.1 bn or 127% (as of 30th June 2017)

<u>Overview</u>	30.06.2017				Changes due to CHF revaluation	
Issue volume	EUR	4.8 bn				
Over-collateralization	EUR	6.1 bn (127%)				
Total Asset Value	EUR	10.9 bn	o/w CHF	31.12.2014	30.06.2017	(12.8% of total asset value)
Total Cover Value	EUR	7.1 bn	o/w CHF	EUR 1.6 bn	EUR 1.4 bn	(6.6% of cover value / HypBG)
				EUR 670 mln	EUR 469 mln	

- 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 21.0%*

- 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 (122 of 26,000) were taken out in 2016 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

- Total Value of the Cover Pool as of 30 June 2017 in EUR equivalent: 10,902 mn
 - thereof in EUR: 9,406 mn
 - thereof in CHF: 1,368 mn
 - thereof substitute cover in EUR: 129 mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	9,0
Contracted Weighted Average Life (in years)	14,4
Average Seasoning (in years)	6,1
Total Number of Loans	34.104
Total Number of Debtors	32.219
Total Number of Mortgages	34.104
Average Volume of Loans (in EUR)	315.909
Stake of 10 Biggest Loans	13,4%
Stake of 10 Biggest Debtors	15,9%
Stake of Bullet Loans	34,3%
Stake of Fixed Interest Loans	18,5%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1,3%

- Moody's Rating: Aaa
- Nominal / Present Value Over-Collateralisation*): 127.3% / 134.7%
- Total Value of Issued Mortgage Pfandbriefe as of 30 June 2017 in EUR: 4,796 mn
- Total Value of Sold Mortgage Pfandbriefe as of 30 June 2017 in EUR: 4,196 mn

Parameters of Issues:	
Total Number	94
Average Maturity (in years)	4,5
Average Volume (in EUR)	51.023.631

*) 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 7,108 mn, thus the overcollateralization is 48.2%. 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

Liquidity & Funding
Cover Pool

Maturity of Assets in the Cover Pool	in mn EUR	in %
Maturity up to 12 months	476	4,4%
Maturity 12 - 60 months	1.489	13,7%
thereof Maturity 12 - 36 months	762	7,0%
thereof Maturity 36 - 60 months	727	6,7%
Maturity 60 - 120 months	2.049	18,8%
Maturity longer than 120 months	6.889	63,2%
Total	10.902	100,0%
Maturity of Issued Covered Bonds	in mn EUR	in %
Maturity up to 12 months	202	4,2%
Maturity 12 - 60 months	2.497	52,1%
thereof Maturity 12 - 36 months	2.370	49,4%
thereof Maturity 36 - 60 months	127	2,6%
Maturity 60 - 120 months	1.735	36,2%
Maturity longer than 120 months	362	7,6%
Total	4.796	100,0%



Mortgage Cover Pool

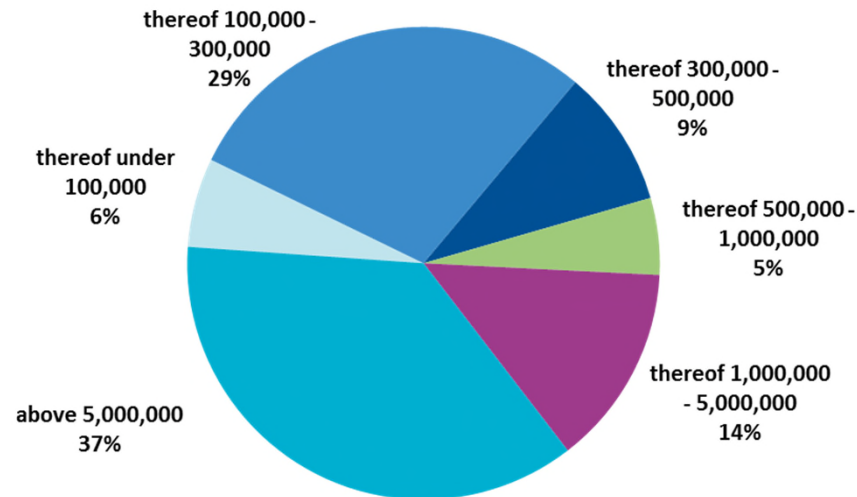
Assets Volume Breakdown

1 2

Liquidity & Funding
Cover Pool

Volume Breakdown by Size of Loans	in mn EUR	Number
below 300,000	3.816	28.886
thereof under 100,000	665	11.588
thereof 100,000 - 300,000	3.151	17.298
300,000 - 5,000,000	3.100	4.393
thereof 300,000 - 500,000	1.028	2.813
thereof 500,000 - 1,000,000	573	840
thereof 1,000,000 - 5,000,000	1.500	740
above 5,000,000	3.986	176
Total	10.902	33.455

Breakdown by Size of Loans












Mortgage Cover Pool

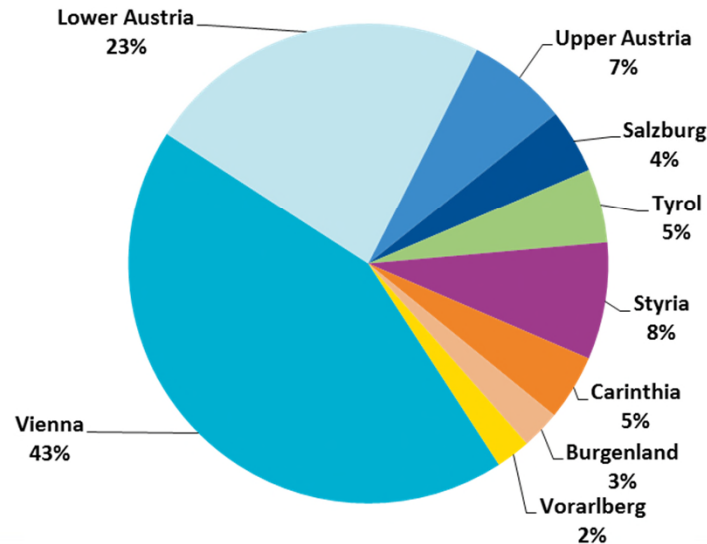
Regional Breakdown^{*)} of Mortgages in Austria

1 2

Liquidity & Funding
Cover Pool

Regional Breakdown Austria		in mn EUR	%
 Vienna		4.665	43,3%
 Lower Austria		2.516	23,3%
 Upper Austria		729	6,8%
 Salzburg		465	4,3%
 Tyrol		540	5,0%
 Styria		851	7,9%
 Carinthia		477	4,4%
 Burgenland		282	2,6%
 Vorarlberg		249	2,3%
Total		10.774	100,0%

Regional Breakdown Austria



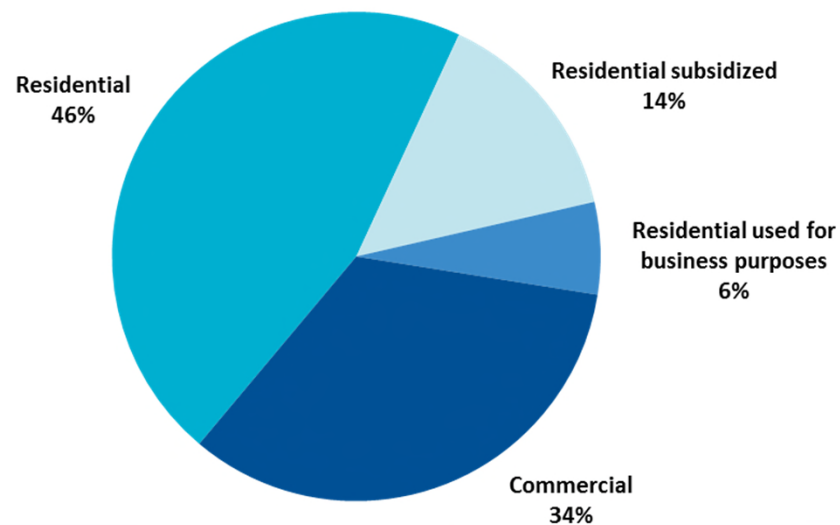
Mortgage Cover Pool Breakdown^{*)} by Type of Use

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Liquidity & Funding
Cover Pool

Mortgages Breakdown by Type of Use	in mn EUR	Number
Residential	4.934	30.160
Residential subsidized	1.563	1.869
Residential used for business purposes	656	1.170
Commercial	3.621	905
thereof Office	1.665	141
thereof Trade	955	70
thereof Tourism	164	121
thereof Agriculture	28	142
thereof mixed Use / Others	808	431
Total	10.774	34.104

Mortgages / Type of Use



*) Without substitute cover (consists of bonds)



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

1 2

- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 10,774 mn** as of 30 June 2017 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
 - The main concentration is in the City of Vienna 43.3% and the state of Lower Austria 23.3%
- **Breakdown of cover pool by type of use:**
 - 66.4% residential real estate (thereof 14.5% subsidized)
 - 33.6% commercial real estate, divides as follows:
 - Office 15.5%
 - Trade 8.9%
 - Tourism 1.6%
 - Other / Mixed use 7.6%

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



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