

# Bank Austria



## Bank Austria – Cover Pool of Covered Bonds

(Mortgage Covered Bonds and Public Sector Covered Bonds)

**Investor Relations**

**Vienna, 2 June 2017**



# Agenda

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1 Public Sector Covered Bonds of Bank Austria

2 Mortgage Covered Bonds of Bank Austria



# Executive Summary Bank Austria Public Sector Cover Pool

1 2

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 March 2017 amounts to EUR 6,944 mn
- Average volume of loans is approx. € 1.8 mn
- Average seasoning is 6.4 years



# Public Sector

## Parameters of Cover Pool and Issues

1 2

- Total Value of the Cover Pool as of 31 March 2017 in EUR equivalent: 6,944 mn
  - thereof in EUR: 3,830 mn
  - thereof in CHF: 1,549 mn
  - thereof public sector bonds in EUR equivalent: 1,566 mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	6.2
Contracted Weighted Average Life (in years)	8.9
Average Seasoning (in years)	6.4
Total Number of Loans	3,773
Total Number of Debtors	1,412
Total Number of Guarantors	274
Average Volume of Loans (in EUR)	1,840,531
Stake of 10 Biggest Loans	30.6%
Stake of 10 Biggest Guarantors	27.2%
Stake of Bullet Loans	59.4%
Stake of Fixed Interest Loans	35.2%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1.3%

- Moody's Rating: Aaa
- Nominal / Present Value Over-Collateralization\*): 71.7% / 66.8%
- Total Value of Sold Covered Bonds as of 31 March 2017 in EUR: 4,045 mn

Parameters of Issues:	
Total Number	34
Average Maturity (in years)	3.9
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 6,569 mn, thus the overcollateralization is 62.4%. 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

1 2

Liquidity & Funding

Cover Pool

Maturity of Assets in the Cover Pool	in mn EUR	in %
<b>Maturity up to 12 months</b>	<b>1,521</b>	<b>21.9%</b>
<b>Maturity 12 - 60 months</b>	<b>1,626</b>	<b>23.4%</b>
thereof Maturity 12 - 36 months	911	13.1%
thereof Maturity 36 - 60 months	715	10.3%
<b>Maturity 60 - 120 months</b>	<b>939</b>	<b>13.5%</b>
<b>Maturity longer than 120 months</b>	<b>2,858</b>	<b>41.2%</b>
<b>Total</b>	<b>6,944</b>	<b>100.0%</b>

Maturity of Issued Covered Bonds	in mn EUR	in %
<b>Maturity up to 12 months</b>	<b>50</b>	<b>1.2%</b>
<b>Maturity 12 - 60 months</b>	<b>3,587</b>	<b>88.7%</b>
thereof Maturity 12 - 36 months	1,585	39.2%
thereof Maturity 36 - 60 months	2,002	49.5%
<b>Maturity 60 - 120 months</b>	<b>128</b>	<b>3.2%</b>
<b>Maturity longer than 120 months</b>	<b>280</b>	<b>6.9%</b>
<b>Total</b>	<b>4,045</b>	<b>100.0%</b>












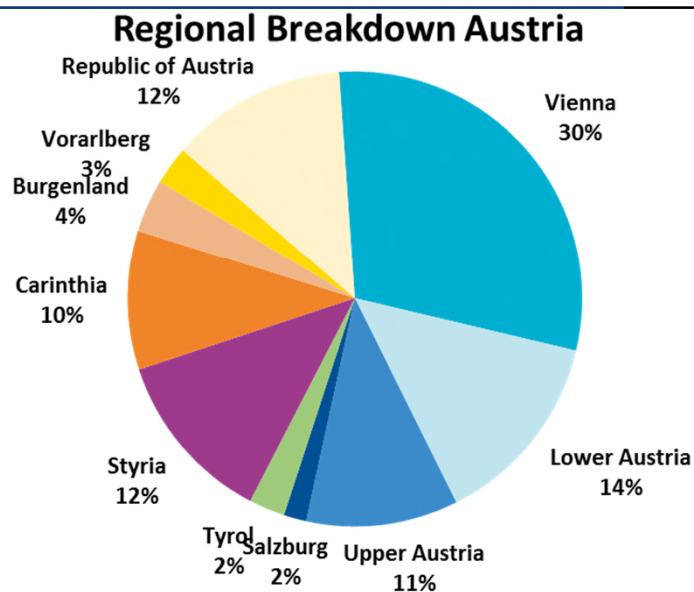
# Public Sector

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

1 2

Liquidity & Funding  
Cover Pool

Regional Breakdown Austria		in mn EUR	in %
	Vienna	2,070	29.8%
	Lower Austria	968	13.9%
	Upper Austria	751	10.8%
	Salzburg	112	1.6%
	Tyrol	178	2.6%
	Styria	856	12.3%
	Carinthia	686	9.9%
	Burgenland	262	3.8%
	Vorarlberg	190	2.7%
	Republic of Austria	872	12.6%
<b>Total Austria</b>		<b>6,944</b>	<b>100.0%</b>



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



# Public Sector

## Assets Volume Breakdown by Type of Debtor / Guarantor

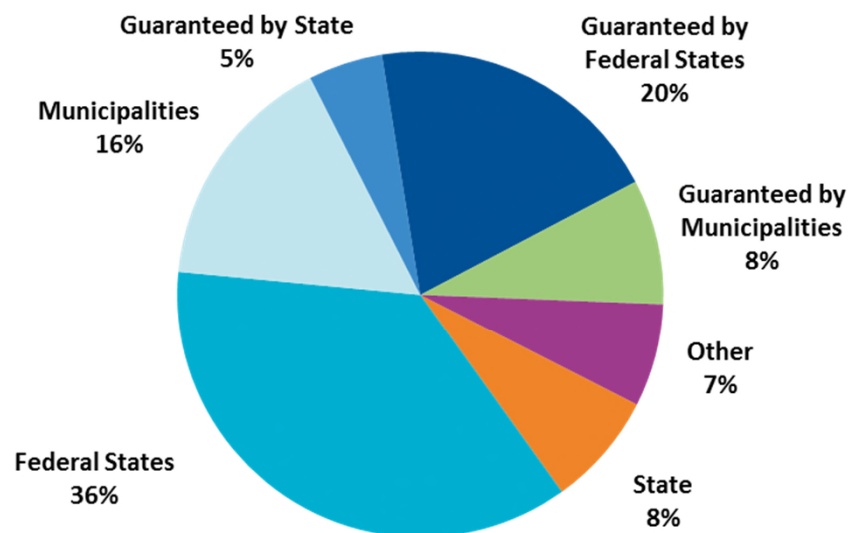
1 2

Liquidity & Funding

Cover Pool

Assets: Type of Debtor / Guarantor	in mn EUR	Number
State	528	4
Federal States	2,528	53
Municipalities	1,112	2,231
Guaranteed by State	344	148
Guaranteed by Federal States	1,377	240
Guaranteed by Municipalities	578	436
Other	477	661
<b>Total</b>	<b>6,944</b>	<b>3,773</b>

Type of Debtor / Guarantor



# Public Sector

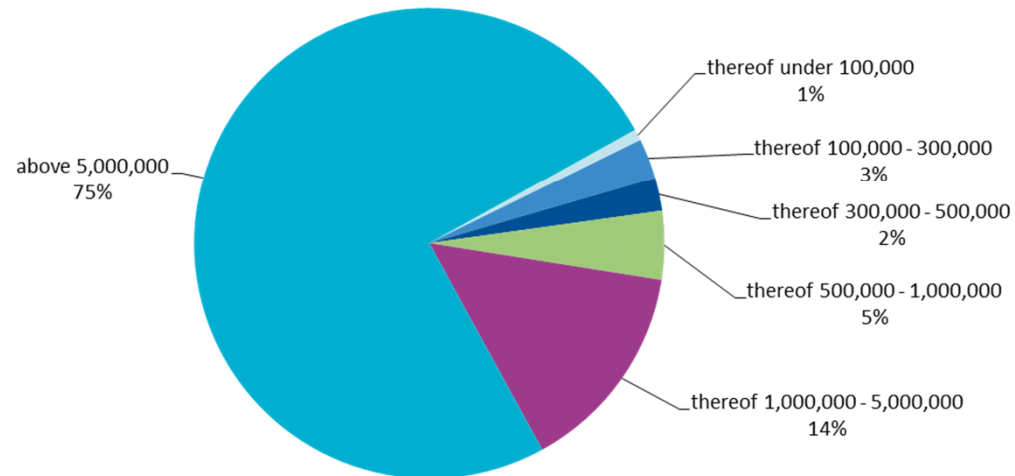
## Volume Breakdown by Size of Assets

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Liquidity & Funding  
Cover Pool

Volume Breakdown by Size of Assets	in mn EUR	Number
<b>below 300,000</b>	<b>246</b>	<b>2,265</b>
thereof under 100,000	54	1,208
thereof 100,000 - 300,000	192	1,057
<b>300,000 - 5,000,000</b>	<b>1,495</b>	<b>1,373</b>
thereof 300,000 - 500,000	159	411
thereof 500,000 - 1,000,000	328	456
thereof 1,000,000 - 5,000,000	1,008	506
<b>above 5,000,000</b>	<b>5,203</b>	<b>135</b>
<b>Total</b>	<b>6,944</b>	<b>3,773</b>

Breakdown by Size of Assets





# Agenda

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1 Public Sector Covered Bonds of Bank Austria

2 Mortgage Covered Bonds of Bank Austria





1 2

- **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

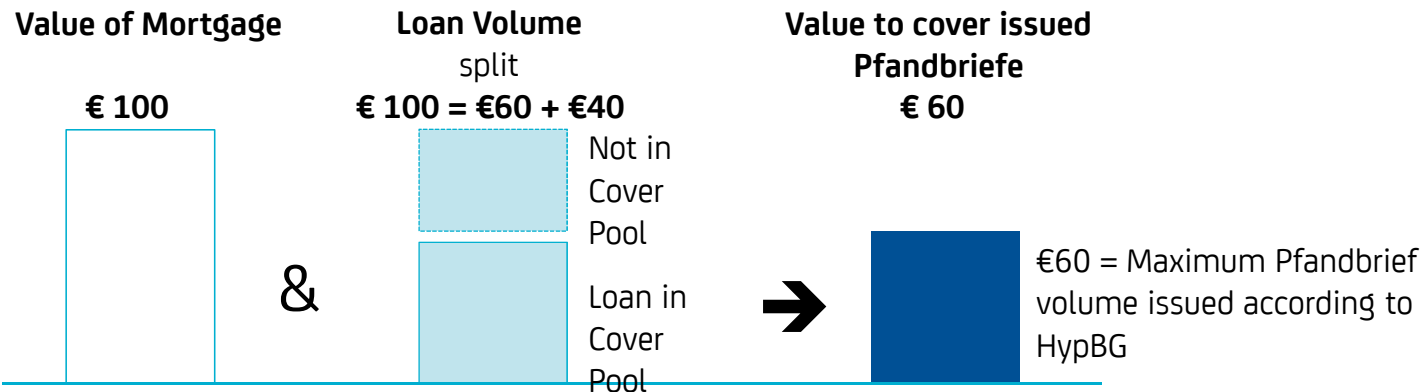
## Whole Loan Approach and its Benefits for Investors

1 2

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)

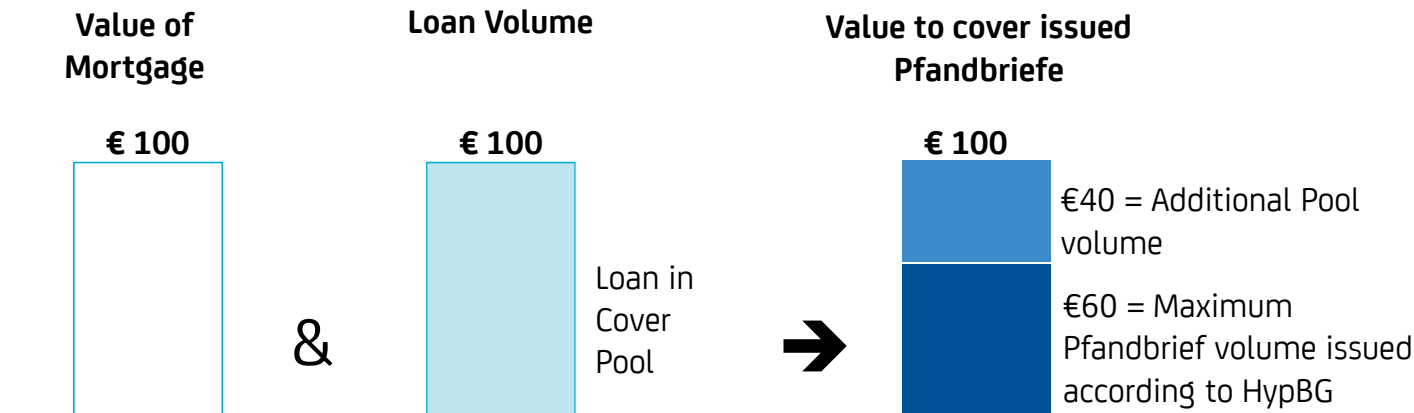
### Scenario I: Split Loan Approach = Minimum Approach



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 126% (as of 31<sup>st</sup> March 2017)

<u>Overview</u>	31.03.2017		31.12.2014		31.03.2017	
Issue volume	EUR	4.8 bn				
Over-collateralization	EUR	6.1 bn (126%)				
Total Asset Value	EUR	10.9 bn	o/w CHF	EUR 1.6 bn	EUR 1.5 bn	(13.8% of total asset value)
Total Cover Value	EUR	7.1 bn	o/w CHF	EUR 670 mln	EUR 491 mln	(6.9% 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 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 31 March 2017 in EUR equivalent:	10,905 mn
● thereof in EUR:	9,323 mn
● thereof in CHF:	1,453 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)	14.2
Average Seasoning (in years)	6.0
Total Number of Loans	33,455
Total Number of Debtors	31,549
Total Number of Mortgages	33,455
Average Volume of Loans (in EUR)	322,133
Stake of 10 Biggest Loans	13.4%
Stake of 10 Biggest Debtors	16.2%
Stake of Bullet Loans	34.6%
Stake of Fixed Interest Loans	18.0%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1.3%

■ Moody's Rating:	Aaa
■ Nominal / Present Value Over-Collateralisation*):	125.6% / 134.7%
■ Total Value of Issued Mortgage Pfandbriefe as of 31 March 2017 in EUR:	4,834 mn
■ Total Value of Sold Mortgage Pfandbriefe as of 31 March 2017 in EUR:	4,234 mn

Parameters of Issues:	
Total Number	95
Average Maturity (in years)	4.7
Average Volume (in EUR)	50,883,091

\*) 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 7,103 mn, thus the overcollateralization is 46.9%. 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

1 2

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>478</b>	<b>4.4%</b>
<b>Maturity 12 - 60 months</b>	<b>1,344</b>	<b>12.3%</b>
thereof Maturity 12 - 36 months	610	5.6%
thereof Maturity 36 - 60 months	734	6.7%
<b>Maturity 60 - 120 months</b>	<b>2,285</b>	<b>20.9%</b>
<b>Maturity longer than 120 months</b>	<b>6,798</b>	<b>62.3%</b>
<b>Total</b>	<b>10,905</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>193</b>	<b>4.0%</b>
<b>Maturity 12 - 60 months</b>	<b>2,532</b>	<b>52.4%</b>
thereof Maturity 12 - 36 months	2,428	50.2%
thereof Maturity 36 - 60 months	104	2.2%
<b>Maturity 60 - 120 months</b>	<b>1,746</b>	<b>36.1%</b>
<b>Maturity longer than 120 months</b>	<b>362</b>	<b>7.5%</b>
<b>Total</b>	<b>4,834</b>	<b>100.0%</b>



# Mortgage Cover Pool

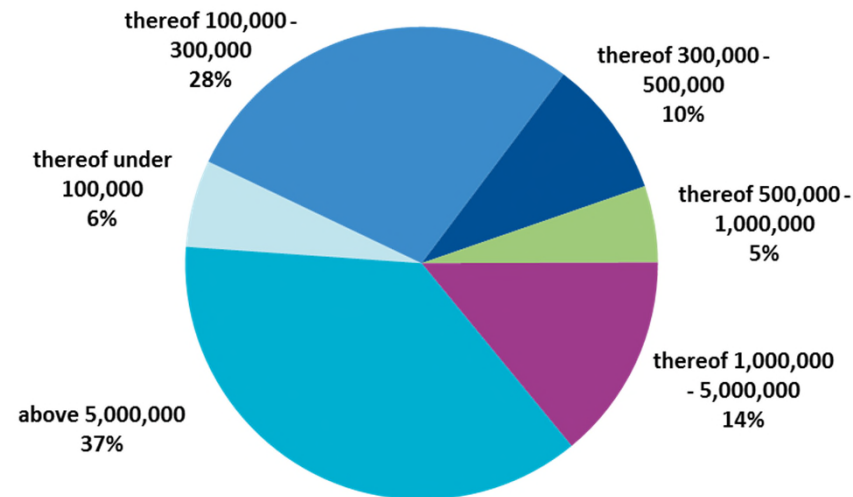
## Assets Volume Breakdown

1 2

Liquidity & Funding  
Cover Pool

Volume Breakdown by Size of Loans	in mn EUR	Number
<b>below 300,000</b>	<b>3,725</b>	<b>28,886</b>
thereof under 100,000	651	11,588
thereof 100,000 - 300,000	3,074	17,298
<b>300,000 - 5,000,000</b>	<b>3,139</b>	<b>4,393</b>
thereof 300,000 - 500,000	1,030	2,813
thereof 500,000 - 1,000,000	570	840
thereof 1,000,000 - 5,000,000	1,538	740
<b>above 5,000,000</b>	<b>4,042</b>	<b>176</b>
<b>Total</b>	<b>10,905</b>	<b>33,455</b>

Breakdown by Size of Loans












# Mortgage Cover Pool

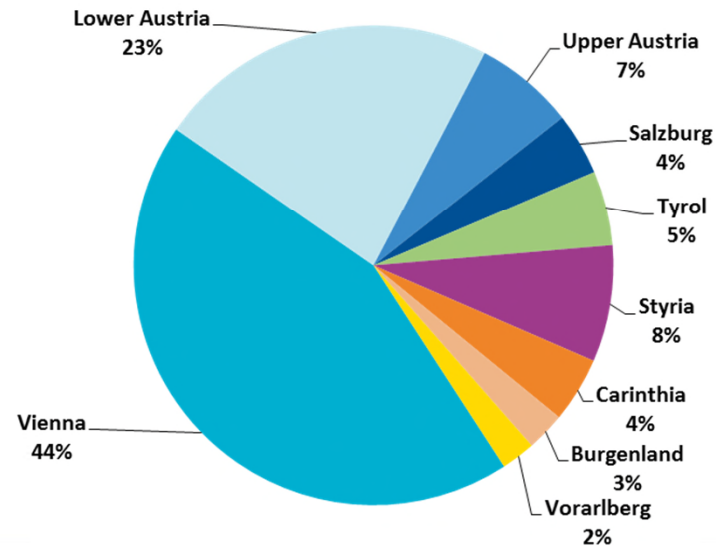
## Regional Breakdown<sup>\*)</sup> of Mortgages in Austria

1 2

Liquidity & Funding  
Cover Pool

Regional Breakdown Austria		in mn EUR	%
	Vienna	4,720	43.8%
	Lower Austria	2,483	23.0%
	Upper Austria	725	6.7%
	Salzburg	452	4.2%
	Tyrol	544	5.0%
	Styria	848	7.9%
	Carinthia	475	4.4%
	Burgenland	281	2.6%
	Vorarlberg	248	2.3%
<b>Total</b>		<b>10,777</b>	<b>100.0%</b>

Regional Breakdown Austria





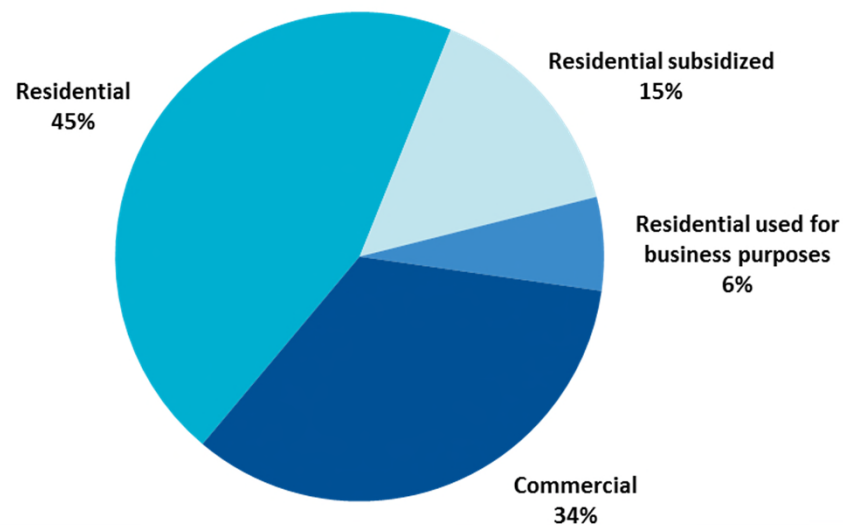
# Mortgage Cover Pool Breakdown<sup>\*)</sup> by Type of Use

1 2

Liquidity & Funding  
Cover Pool

Mortgages Breakdown by Type of Use	in mn EUR	Number
<b>Residential</b>	<b>4,847</b>	<b>29,486</b>
Residential subsidized	1,615	1,886
Residential used for business purposes	665	1,187
<b>Commercial</b>	<b>3,650</b>	<b>896</b>
thereof Office	1,652	145
thereof Trade	880	70
thereof Tourism	218	124
thereof Agriculture	26	131
thereof mixed Use / Others	873	426
<b>Total</b>	<b>10,777</b>	<b>33,455</b>

Mortgages / Type of Use



\*) Without substitute cover (consists of bonds)



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

1 2

- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 10,777 mn** as of 31 March 2017 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
  - The main concentration is in the City of Vienna 43.8% and the state of Lower Austria 23.0%
- **Breakdown of cover pool by type of use:**
  - 66.1% residential real estate (thereof 15.0% subsidized)
  - 33.9% commercial real estate, divides as follows:
    - Office 15.3%
    - Trade 8.2%
    - Tourism 2.0%
    - Other / Mixed use 8.4%

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



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