

# Bank Austria



## Bank Austria – Cover Pool of Covered Bonds

(Mortgage Covered Bonds and Public Sector Covered Bonds)

**Investor Relations**

Vienna, 15 January 2018

Welcome to  
**Bank Austria**

Member of  **UniCredit**

# 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

- **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 Sept. 2017 amounts to EUR 6,413 mn
- Average volume of loans is approx. € 1.7 mn
- Average seasoning is 7.1 years



# Public Sector

## Parameters of Cover Pool and Issues

1 2

- Total Value of the Cover Pool as of 30 September 2017 in EUR equivalent: 6,413 mn
  - thereof in EUR: 3,936 mn
  - thereof in CHF: 956 mn
  - thereof public sector bonds in EUR equivalent: 1,521mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	6,1
Contracted Weighted Average Life (in years)	8,9
Average Seasoning (in years)	7,1
Total Number of Loans	3.667
Total Number of Debtors	1.382
Total Number of Guarantors	275
Average Volume of Loans (in EUR)	1.748.874
Stake of 10 Biggest Loans	29,2%
Stake of 10 Biggest Guarantors	28,3%
Stake of Bullet Loans	58,1%
Stake of Fixed Interest Loans	40,6%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1,4%

- Moody's Rating: Aaa
- Nominal / Present Value Over-Collateralization\*): 60.5% / 63.8%
- Total Value of Sold Covered Bonds as of 30 September 2017 in EUR: 3,995 mn

Parameters of Issues:	
Total Number	33
Average Maturity (in years)	3,5
Average Volume (in EUR)	121.050.170

\*) 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 6,183mn, thus the overcollateralization is 54.8%. 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

<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>1.336</b>	<b>20,8%</b>
<b>Maturity 12 - 60 months</b>	<b>1.427</b>	<b>22,3%</b>
thereof Maturity 12 - 36 months	953	14,9%
thereof Maturity 36 - 60 months	475	7,4%
<b>Maturity 60 - 120 months</b>	<b>1.007</b>	<b>15,7%</b>
<b>Maturity longer than 120 months</b>	<b>2.642</b>	<b>41,2%</b>
<b>Total</b>	<b>6.413</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>1.005</b>	<b>25,2%</b>
<b>Maturity 12 - 60 months</b>	<b>2.587</b>	<b>64,8%</b>
thereof Maturity 12 - 36 months	580	14,5%
thereof Maturity 36 - 60 months	2.007	50,2%
<b>Maturity 60 - 120 months</b>	<b>123</b>	<b>3,1%</b>
<b>Maturity longer than 120 months</b>	<b>280</b>	<b>7,0%</b>
<b>Total</b>	<b>3.995</b>	<b>100,0%</b>

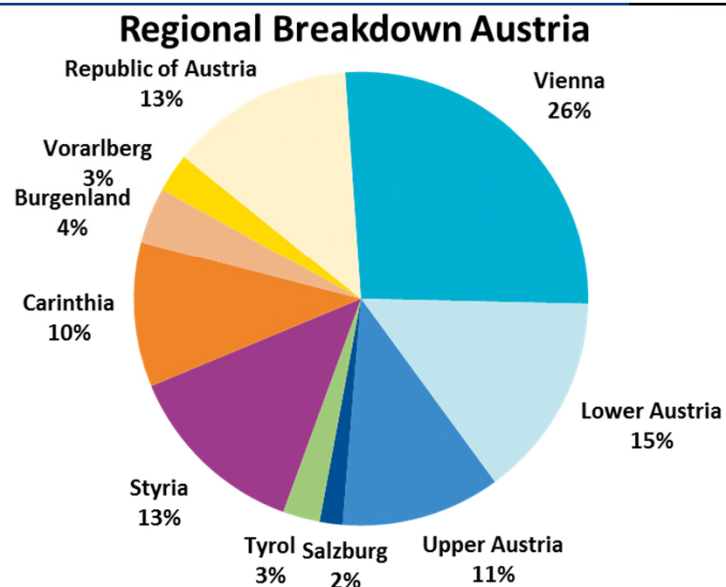


# Public Sector

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

1 2

Regional Breakdown Austria		in mn EUR	in %
 Vienna		1.698	26,5%
 Lower Austria		937	14,6%
 Upper Austria		726	11,3%
 Salzburg		105	1,6%
 Tyrol		169	2,6%
 Styria		843	13,1%
 Carinthia		663	10,3%
 Burgenland		256	4,0%
 Vorarlberg		176	2,8%
 Republic of Austria		840	13,1%
<b>Total Austria</b>		<b>6.413</b>	<b>100,0%</b>



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



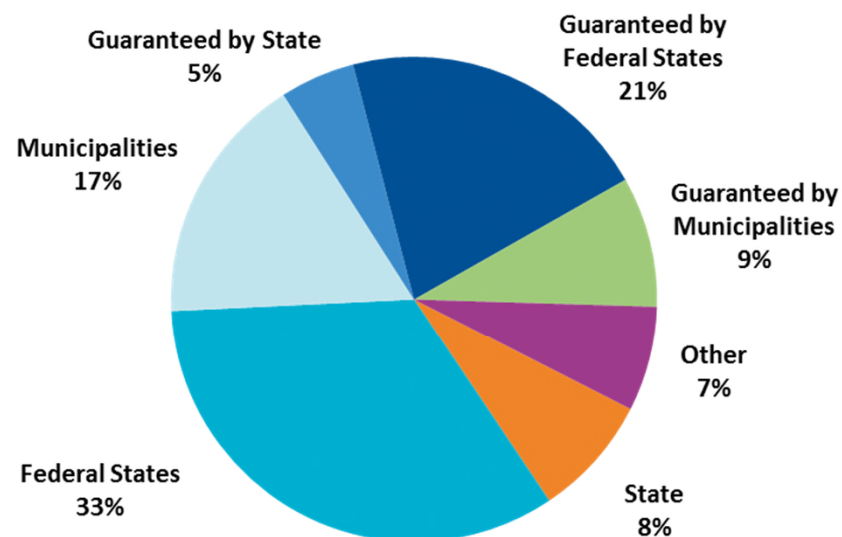
# Public Sector

## Assets Volume Breakdown by Type of Debtor / Guarantor

1 2

Assets: Type of Debtor / Guarantor	in mn EUR	Number
State	520	4
Federal States	2.157	49
Municipalities	1.073	2.187
Guaranteed by State	320	134
Guaranteed by Federal States	1.336	237
Guaranteed by Municipalities	558	428
Other	450	628
<b>Total</b>	<b>6.413</b>	<b>3.667</b>

Type of Debtor / Guarantor



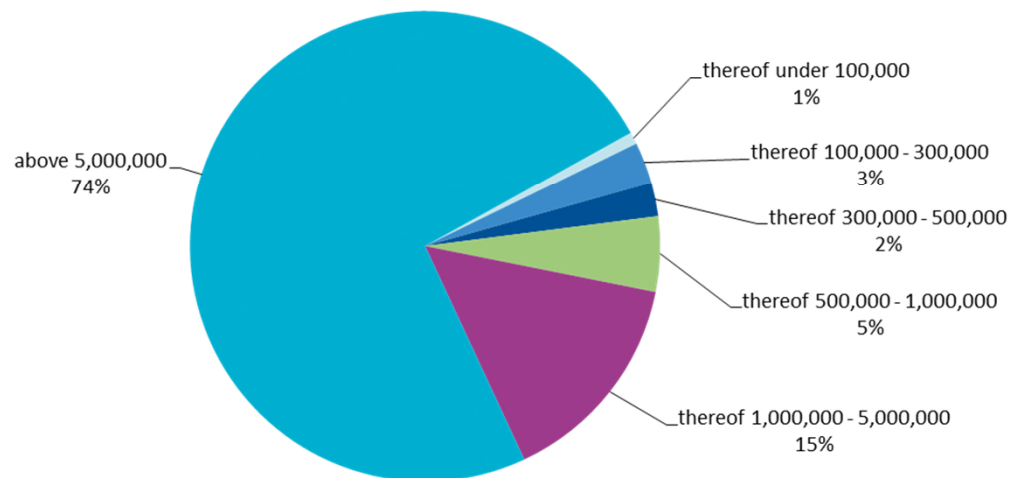
# Public Sector

## Volume Breakdown by Size of Assets

1 2

Volume Breakdown by Size of Assets	in mn EUR	Number
<b>below 300,000</b>	<b>236</b>	<b>2.215</b>
thereof under 100,000	53	1.200
thereof 100,000 - 300,000	183	1.015
<b>300,000 - 5,000,000</b>	<b>1.439</b>	<b>1.323</b>
thereof 300,000 - 500,000	150	389
thereof 500,000 - 1,000,000	332	461
thereof 1,000,000 - 5,000,000	958	473
<b>above 5,000,000</b>	<b>4.738</b>	<b>129</b>
<b>Total</b>	<b>6.413</b>	<b>3.667</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



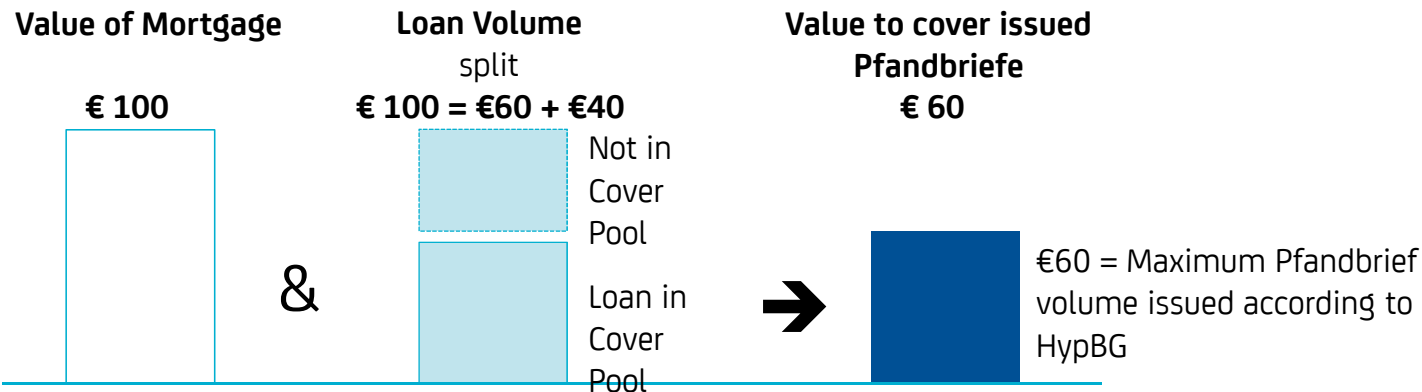
# Bank Austria's Whole Loan Approach

## Whole Loan Approach and its Benefits for Investors

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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)

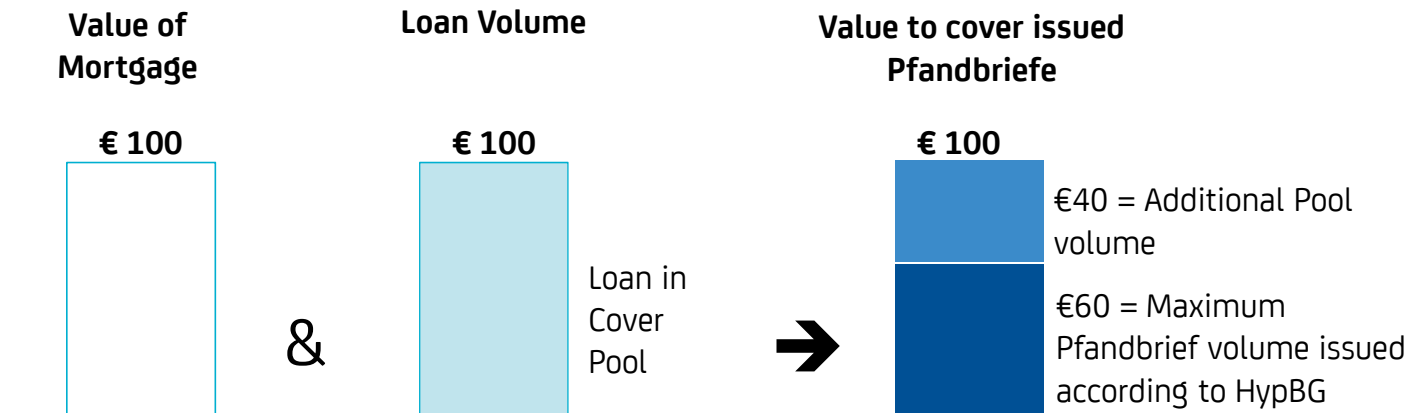
### Scenario I: Split Loan Approach = Minimum Approach



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

- The over-collateralization is approx. EUR 6.1 bn or 127% (as of 30<sup>th</sup> September 2017)

<u>Overview</u>	30.09.2017		31.12.2014		30.09.2017	
Issue volume	EUR	4.8 bn				
Over-collateralization	EUR	6.1 bn (127%)				
Total Asset Value	EUR	10.9 bn	o/w CHF	EUR 1.6 bn	EUR 1.3 bn	(11.8% of total asset value)
Total Cover Value	EUR	7.0 bn	o/w CHF	EUR 670 mln	EUR 452 mln	(6.5% 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 20.5%*
- 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 September 2017 in EUR equivalent: 10,855 mn
  - thereof in EUR: 9,462 mn
  - thereof in CHF: 1,265 mn
  - thereof substitute cover in EUR: 129 mn

Parameters of Cover Pool	
<b>Weighted Average Life</b> (in years incl. Amortization)	<b>9,1</b>
<b>Contracted Weighted Average Life</b> (in years)	<b>14,8</b>
<b>Average Seasoning</b> (in years)	<b>6,1</b>
<b>Total Number of Loans</b>	<b>37.391</b>
<b>Total Number of Debtors</b>	<b>33.252</b>
<b>Total Number of Mortgages</b>	<b>35.173</b>
<b>Average Volume of Loans</b> (in EUR)	<b>304.963</b>
<b>Stake of 10 Biggest Loans</b>	<b>12,1%</b>
<b>Stake of 10 Biggest Debtors</b>	<b>15,1%</b>
<b>Stake of Bullet Loans</b>	<b>29,5%</b>
<b>Stake of Fixed Interest Loans</b>	<b>22,0%</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\*): 127.5% / 136.6%
- Total Value of Issued Mortgage Pfandbriefe as of 30 September 2017 in EUR: 4,771 mn
- Total Value of Sold Mortgage Pfandbriefe as of 30 September 2017 in EUR: 4,171 mn

Parameters of Issues:	
<b>Total Number</b>	<b>93</b>
<b>Average Maturity</b> (in years)	<b>4,3</b>
<b>Average Volume</b> (in EUR)	<b>51.296.475</b>

\*) 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 7,047 mn, thus the overcollateralization is 47.7%. 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

<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>269</b>	<b>2,5%</b>
<b>Maturity 12 - 60 months</b>	<b>1.360</b>	<b>12,5%</b>
thereof Maturity 12 - 36 months	717	6,6%
thereof Maturity 36 - 60 months	644	5,9%
<b>Maturity 60 - 120 months</b>	<b>2.132</b>	<b>19,6%</b>
<b>Maturity longer than 120 months</b>	<b>7.094</b>	<b>65,3%</b>
<b>Total</b>	<b>10.855</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>872</b>	<b>18,3%</b>
<b>Maturity 12 - 60 months</b>	<b>2.317</b>	<b>48,6%</b>
thereof Maturity 12 - 36 months	1.732	36,3%
thereof Maturity 36 - 60 months	584	12,2%
<b>Maturity 60 - 120 months</b>	<b>1.250</b>	<b>26,2%</b>
<b>Maturity longer than 120 months</b>	<b>332</b>	<b>7,0%</b>
<b>Total</b>	<b>4.771</b>	<b>100,0%</b>

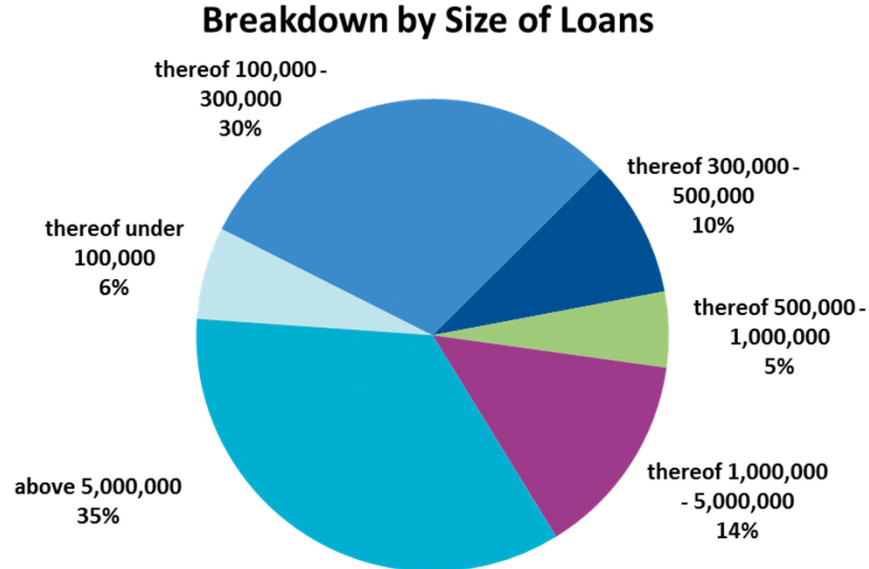


# Mortgage Cover Pool

## Assets Volume Breakdown

1 2









Volume Breakdown by Size of Mortgages	in mn EUR	Number
<b>below 300,000</b>	<b>3.955</b>	<b>30.615</b>
thereof under 100,000	687	12.156
thereof 100,000 - 300,000	3.269	18.459
<b>300,000 - 5,000,000</b>	<b>3.113</b>	<b>4.386</b>
thereof 300,000 - 500,000	1.028	2.819
thereof 500,000 - 1,000,000	561	829
thereof 1,000,000 - 5,000,000	1.524	738
<b>above 5,000,000</b>	<b>3.786</b>	<b>172</b>
<b>Total</b>	<b>10.855</b>	<b>35.173</b>



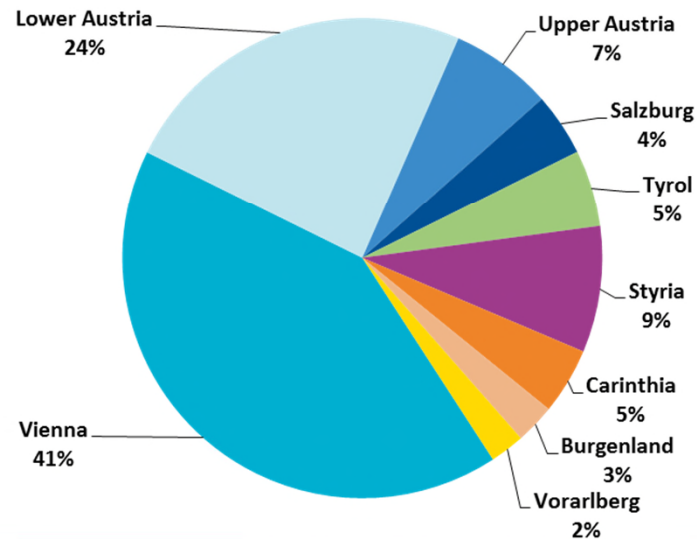
# Mortgage Cover Pool

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

1 2

Regional Breakdown Austria		in mn EUR	%
	Vienna	4.447	41,5%
	Lower Austria	2.603	24,3%
	Upper Austria	738	6,9%
	Salzburg	454	4,2%
	Tyrol	558	5,2%
	Styria	912	8,5%
	Carinthia	479	4,5%
	Burgenland	287	2,7%
	Vorarlberg	249	2,3%
<b>Total</b>		<b>10.726</b>	<b>100,0%</b>

Regional Breakdown Austria



\*) Without substitute cover (consists of bonds)



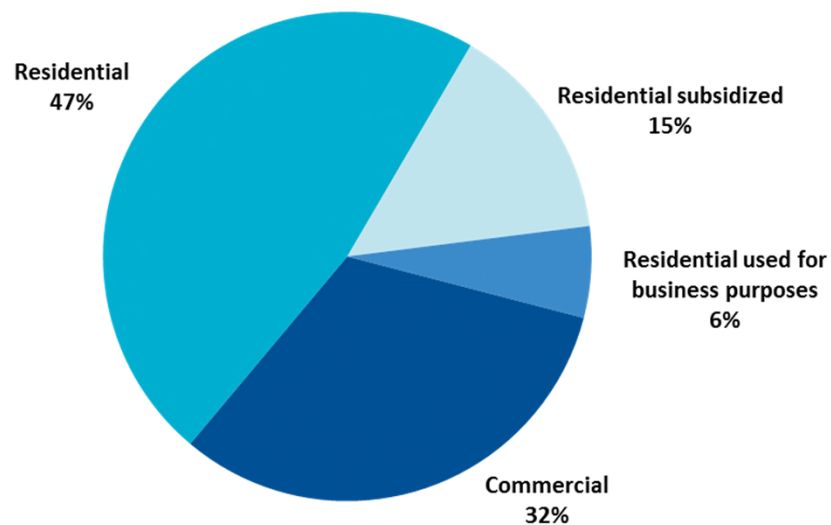


# Mortgage Cover Pool Breakdown<sup>\*)</sup> by Type of Use

1 2

Mortgages Breakdown by Type of Use	in mn EUR	Number
<b>Residential</b>	<b>5.076</b>	<b>31.251</b>
Residential subsidized	1.563	1.846
Residential used for business purposes	648	1.151
<b>Commercial</b>	<b>3.439</b>	<b>925</b>
thereof Office	1.494	144
thereof Trade	913	71
thereof Tourism	198	127
thereof Agriculture	31	153
thereof mixed Use / Others	803	430
<b>Total</b>	<b>10.726</b>	<b>35.173</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 **€ 10,726 mn** as of 30 September 2017 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
  - The main concentration is in the City of Vienna 41.5% and the state of Lower Austria 24.3%
- **Breakdown of cover pool by type of use:**
  - 67.9% residential real estate (thereof 14.6% subsidized)
  - 32.1% commercial real estate, divides as follows:
    - Office 13.9%
    - Trade 8.5%
    - Tourism 1.9%
    - Other / Mixed use 7.8%

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



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