

One Bank
One Team
One  UniCredit



Presentation to Fixed Income
Investors

Bank Austria

Investor Relations
May 2021

Banking that matters.



Agenda

● Opening remarks

● UniCredit Group

● Overview Bank Austria

- Business Model & Strategy
- Profit & Loss
- Asset Quality
- Balance Sheet & Capital Ratios

● Funding & Liquidity

- Funding Strategy & Position
- Cover Pool

● Annex



Bank Austria, a leading bank in the local market

Opening remarks

Leading domestic bank in **Corporate Banking, Corporate & Investment Banking** and **Private Banking**

High client shares in business with corporate customers and leading institution in Private Banking

Bank Austria is **by far the largest bank in Austria** at individual institution level

With **assets of about € 114 bn**, largest Austrian bank on unconsolidated level

Bank Austria is **part of UniCredit Group, with 13 core markets in Europe and worldwide presence**

Bank Austria clients can use **UniCredit's CEE network – UniCredit is market leader in the region**

Bank Austria is **one of the best capitalized large banks** in the country

Solid **CET1 ratio of 20.1%** ¹⁾



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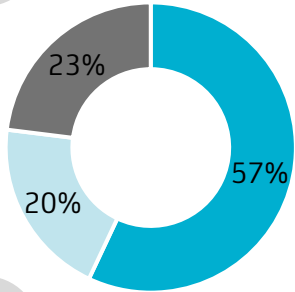
• Annex



A simple successful Pan European Commercial Bank

Commercial focus¹

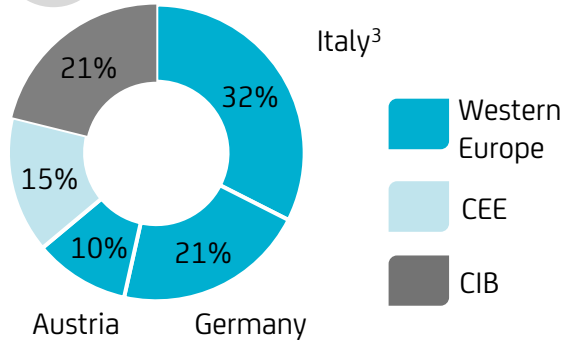
>17 Revenues, bn



16 clients, m

#2 for loans to corporates in Europe⁵

415 Customer loans², bn



Austria Germany

#2 by total assets in CEE⁶

Pan European footprint



A trusted partner for individuals, "go-to" bank for SMEs and corporates delivering a unique Western, Central and Eastern European network with a fully plugged-in CIB

Figures restated assuming new Group perimeter. New Group perimeter assumes full deconsolidation of Turkey and disposal of Fineco, Mediobanca and Ocean Breeze.

1. All data shown as of FY20. / 2. Customer loans excluding repos and IC. / 3. Italy including Non Core and Group Corporate Centre. / 4. Including UC Luxembourg and UC Ireland. Other International branches and representative offices in Asia and Oceania, North and South America, Middle East and Africa. / 5. Data as of 4Q20, where available (otherwise as of 3Q20 and FX exchange rate at 30 Sep 2020), based on available public data; peers include: BNP, Deutsche Bank, Santander, HSBC, ISP, Société Générale. / 6. Data as of 3Q20, based on available public data. For CEE, compared to Erste, KBC, Intesa Sanpaolo, OTP, RBI, Société Générale, UniCredit including Profit Centre Milan.



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Bank Austria Highlights as of 31 December 2020

- Member of UniCredit since 2005
- Leading corporate bank and one of the largest retail banks in Austria
- ~ 5,200 FTE and 122 branches in Austria
- Solid capital base (20.1% CET1 ratio)
- Stable liquidity with a perfect balance between customer loans and direct funding

in € bn

	Dec-20	Dec-19
Total Assets	118.5	101.7
Customer Loans	60.9	63.3
Direct Funding	73.8	68.9
Equity	8.4	8.5

in € mn

	FY20	FY19
Operating income	1,774	1,941
Operating costs	-1,172	-1,149
LLP	-398	-35
Net profit	20	698

	Dec-20
Cost / income ratio	66.1%
CET1 capital ratio ¹⁾	20.1%
Total capital ratio ¹⁾	22.3%

Non-performing exposure ratio	3.5%
Coverage ratio	46.5%
Cost of risk	63 bp

Moody's Deposit Rating	A3	P-2
Moody's LT Senior Unsecured	Baa1	
Moody's Counterparty Risk	A2	P-1
S&P Rating Senior Unsecured	BBB+	A-2
S&P Res. Counterparty Rating	A-	A-2

Market shares loans / deposits Austria ²⁾	12.8%	12.5%
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¹⁾ Capital ratios as of end of period, based on all risks and according to Basel 3 (transitional)

²⁾ based on data by OeNB (Austrian Central Bank) as of December 2020



Bank Austria, a leading bank in the local market

Bank Austria is one of the strongest banks in Austria

CIB

Leading corporate bank:

9 out of 10 multinational corporates (turnover > € 500 mn) in Austria are CIB customers

- **Multinational corporates in Austria, Nordics & Iberia**
- **International and institutional Real Estate customers** requiring **investment banking solutions**, especially capital markets-related products
- **Financial Institutions**

Unternehmerbank

Strong market position:

Clients of Unternehmerbank are:

- **7 out of 10 large corporates** (turnover > € 50 mn)
- **nearly 1/3 of SMEs** (€ 3-50 mn turnover)

Unternehmerbank takes care of

- **Austrian corporate clients** (>€ 3 mn turnover)
- **Commercial real estate clients**
- **Public Sector clients**

Privatkundenbank

Retail Banking

- Retail Banking covers **1.6 mn¹⁾ Retail and Small Business customers** (<€3 mn turnover)

Broad multi-channel offer via

- **Physical branch network** (with a total of 122 branches)
- **Remote Advisory:** Personal advisory services between 8.00 a.m. and 7.00 p.m., also via video telephony
- **Digital services:** Internet and Mobile Banking

Support by experts in deposit business and real estate financing business

Premium Banking & Wealth Management

- **Leading Private Banking in Austria** with every fifth Austrian High Net Worth Individual as customer of Bank Austria
- **Successful client approach** through
 - **Premium Banking Area** of Bank Austria (32 locations all over Austria; co-operation with 11 funds) and
 - **Wealth Management Area** of Schoellerbank (TFA > € 5 mn)
- **Tailor-made financial services** to High Net Worth Individuals and foundations

Fully plugged-in Corporate & Investment Banking

- Clients have **access to the UniCredit banking network** and hence to **leading banks in 13 core markets and 18 further countries**
- **Strengths of a strong local European major bank:** Innovative financing solutions incl. Leasing, Working Capital Solutions incl. Factoring, Cash Management, access to international financial markets (Equity and Debt Capital Markets)
- Support by **UniCredit International Center**

CIB = Corporate & Investment Banking
TFA = Total Financial Assets
¹⁾ of which 1.1 mn Primary Clients



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P&L of Bank Austria Group – FY20

Results reflecting COVID-19 impact

(€ million)	1-12 2020	1-12 2019	y/y	4Q20	3Q20	4Q19	q/q	y/y
Operating income	1,774	1,941	-8.6%	462	461	518	0.3%	-10.7%
Operating costs	-1,172	-1,149	2.0%	-300	-285	-294	5.2%	1.9%
Operating profit	602	792	-24.0%	163	176	224	-7.7%	-27.3%
Net write-downs of loans	-398	-35	>100.0%	-236	-27	-30	>100.0%	>100.0%
Net operating profit	203	757	-73.1%	-74	149	194	>-100.0%	>-100.0%
Non-operating items	-235	-239	-1.6%	-53	-13	-198	>100.0%	-73.3%
Profit (loss) before tax	-32	519	>-100.0%	-127	136	-4	>-100.0%	>100.0%
Other positions	52	180	-71.0%	69	-22	226	>-100.0%	-69.5%
Group Net Profit	20	698	-97.1%	-57	114	222	>-100.0%	>-100.0%
Cost/income ratio	66.1%	59.2%	688 bp	64.8%	61.8%	56.8%	303 bp	803 bp

- **Operating Income** lower than last year, mainly due to substantially lower income from equity investments and also gaps in other income positions in the current environment impacted by the COVID-19 pandemic and extremely low interest rates
- **Operating Costs** +2% y/y, increase due to a positive one-off effect in social capital in prior year (**if adjusted, costs decreasing**); continued strong cost discipline and further FTE reduction
- **Net Write-Downs of Loans** at € -398 mn; the COVID-19 pandemic required LLPs for non-performing loans as well as an update of the macro-economic scenario and the resulting calculation of risk costs (Expected Credit Loss/ECL) according to IFRS 9
- **Non-Operating Items** € -235 mn: mainly systemic charges (€ -146 mn) and impairments regarding some at-equity participations (3-Banken Group)

Note: Comparative figures for the prior period recast to reflect the current structure and methodology; Non-operating items include provisions for risks and charges, systemic charges, profit from investments and integration costs



P&L of Bank Austria Group – FY20 in detail

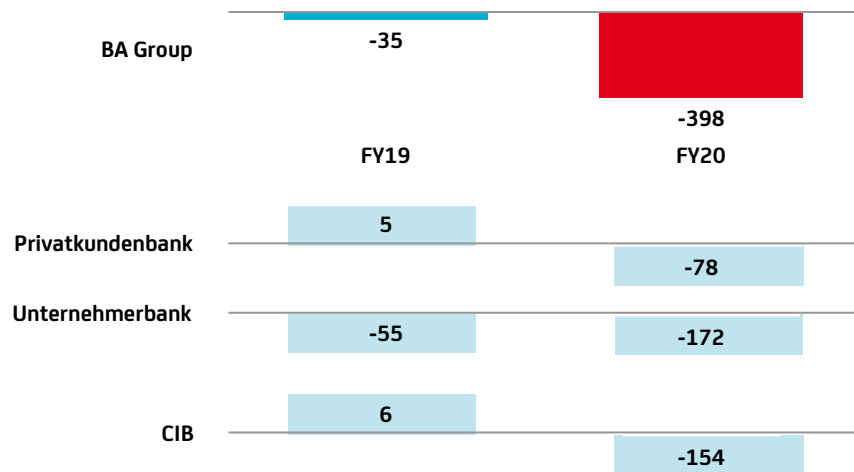
(€ million)	1-12/2020	1-12/2019	Δ abs.	Δ in %
Net interest	906	959	-53	-6%
Dividends and other income from equity investments	103	179	-76	-43%
Net fees and commissions	660	692	-31	-5%
Net trading, hedging and fair value income/loss	60	62	-2	-3%
Net other expenses/income	44	49	-5	-10%
Operating income	1,774	1,941	-168	-9%
Payroll costs	-611	-618	7	-1%
Other administrative expenses	-503	-487	-15	3%
Depreciation	-59	-44	-15	33%
Operating costs	-1,172	-1,149	-23	2%
Operating profit	602	792	-190	-24%
Net write-downs of loans and provisions for guarantees and commitments	-398	-35	-364	>100%
Net operating profit	203	757	-554	-73%
Provisions for risks and charges	2	67	-66	-98%
Systemic charges	-146	-125	-21	17%
Integration/ restructuring costs	1	-174	175	n.m.
Net income from investments	-92	-8	-85	>100%
Profit (loss) before tax	-32	519	-550	n.m.
Income tax for the period	-2	177	-180	n.m.
Net profit	-34	696	-730	n.m.
Total profit or loss after tax from discontinued operations	49	14	35	>100%
Profit (loss) for the period	15	710	-695	-98%
Non-controlling interests	6	-11	17	n.m.
Net Profit attrib. to the owners of the parent company	20	698	-678	-97%



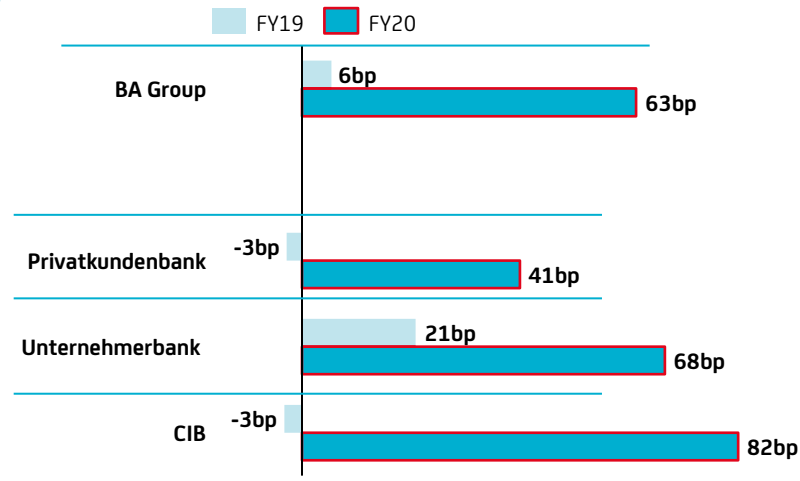
Net Write-Downs of Loans

FY20 Net Write-Downs driven by COVID-19

Total Net Write-Downs of Loans by Segment (€ million)



Cost of Risk by Segment (in basis points)



- **Net Write-Downs** of € -398 mn (2019: € -35 mn), mainly due to provisions for non-performing loans (stage 3) in the current environment as well as the COVID-19-driven update of the macro-economic scenario and the resulting calculation of risk costs (ECL) according to IFRS 9
- **Cost of Risk** at 63 bp for BA Group

Notes:

Net Write-Downs of Loans: negative values represent costs, positive values represent net releases of provisions;

Cost of Risk: net write-downs of loans and provisions for guarantees and commitments measured against loans and receivables with customers (average for the period)



Agenda

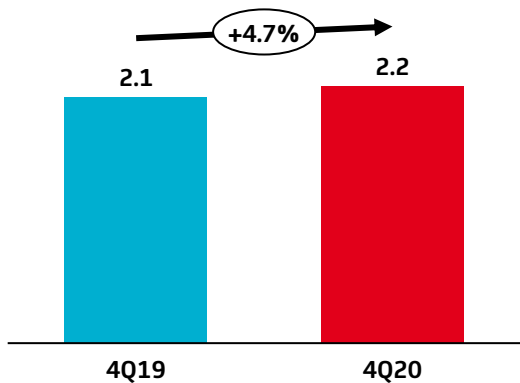
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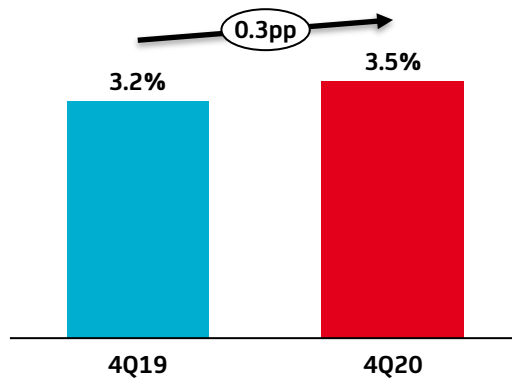
Asset Quality – FY20

COVID-19 determining factor of asset quality

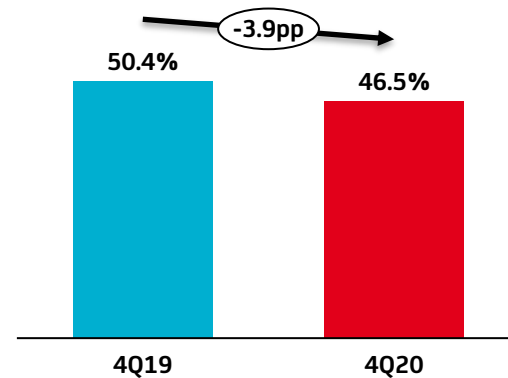
Gross NPE ¹⁾ (€ bn)



% of Gross NPE on Total Loans¹⁾



Coverage Ratio on NPE ¹⁾



- **NPE portfolio** increased by 4.7% since year-end 2019, **NPE Ratio at 3.5%**, up by 0.3pp
- **Coverage Ratio** decreased to 46.5%, due to movements in the NPE portfolio (e.g. highly collateralized new cases with resulting low provisioning requirement and write-offs of fully covered “old cases”)



Agenda

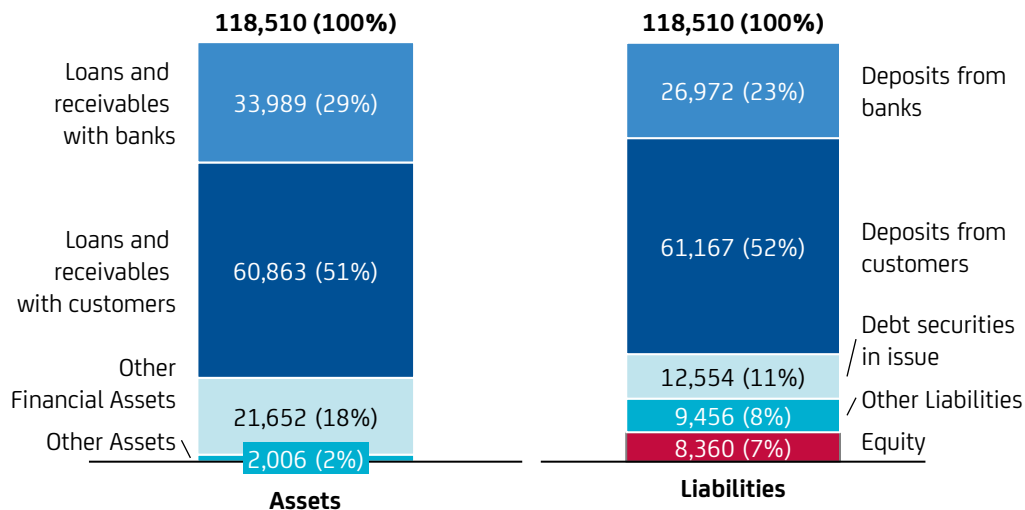
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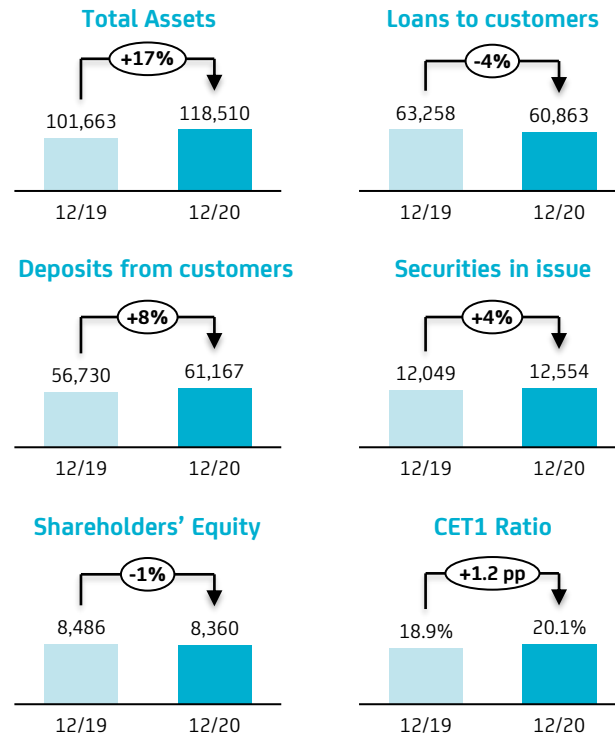
Balance Sheet structure of Bank Austria

(as of 31 December 2020)

Balance Sheet (€ million)



Change vs. 31 December 2019



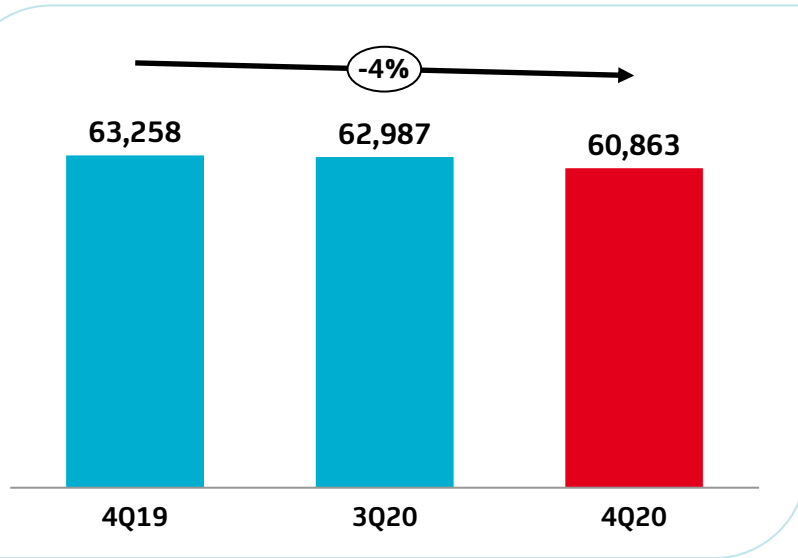
- Balance sheet reflects a **classical commercial bank**, with large shares of loans and deposits (details see following page)
- Growth in total assets** vs. YE19 driven by participation in TLTRO III (refinancing operation of ECB)
- Strong capital base** with a net equity of **€ 8.4 bn**
- Excellent CET1 Ratio** at **20.1%** (increase vs. YE19 due to RWA reduction)



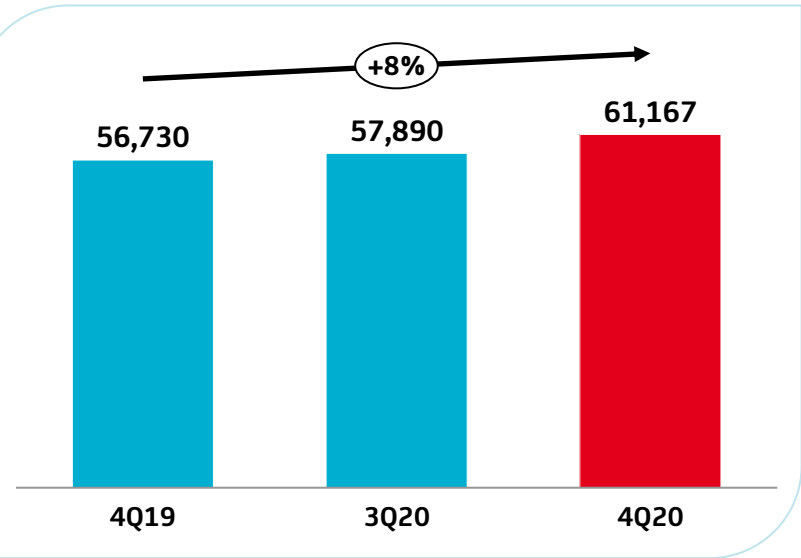
Loan and Deposit Volumes

Well-balanced development of loans and deposits

Loans to Customers¹⁾ (€ million)



Deposits from Customers¹⁾ (€ million)



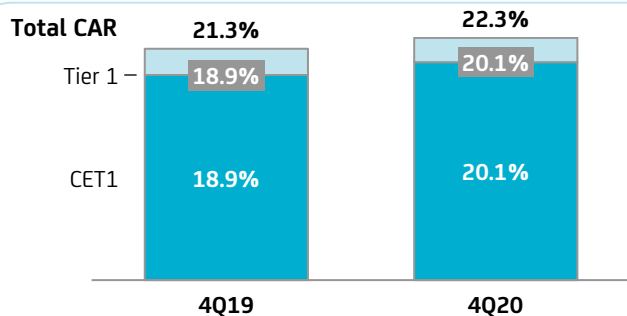
- Loans to customers decreased y/y by 4%, driven in particular by Unternehmerbank and CIB
- Deposits from customers strongly increased y/y by 8%, with growth in all business divisions



Capital position – Bank Austria Group (according to IFRS)

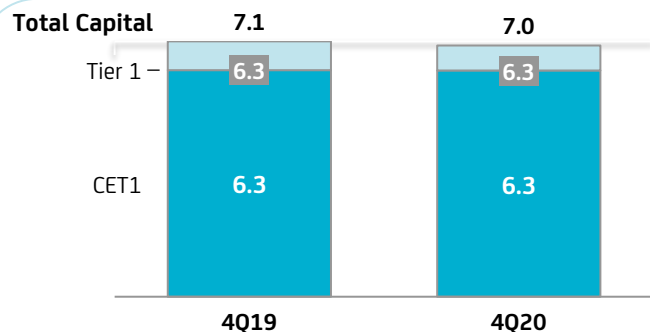
Excellent capital ratios

Capital Ratios

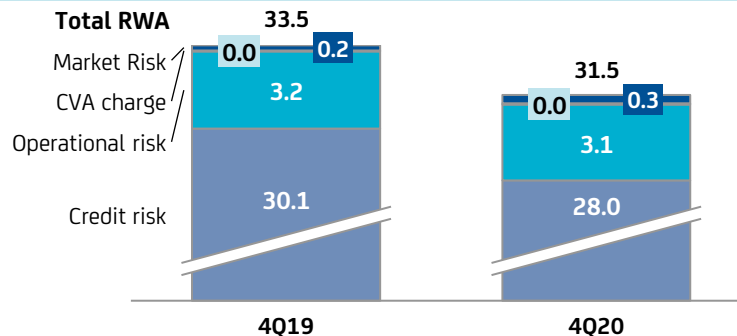


- **Total regulatory capital** at € 7.0 bn
- **Total RWA** decreased to € 31.5 bn, mainly due to lower credit risk
- **CET1 Ratio** increased to **20.1%** (both, transitional and fully loaded)
- **Total Capital Ratio** at excellent **22.3%**
- **Leverage Ratio** at strong **6.2%**

Regulatory Capital (€ billion)



Risk-Weighted Assets (RWA, € billion)



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Bank Austria Acts as Liquidity Reference Bank (LRB) for all Austrian Group Entities and is a Strategic Issuing Platform for UniCredit Group

UniCredit S.p.A. – Holding

- **UniCredit S.p.A.** is operating as the **Group Holding** as well as the Italian operating bank:
 - ✓ **TLAC/MREL issuer** assuming Single-Point of Entry (SPE)
 - ✓ **Coordinated Group-wide funding and liquidity management** to optimize market access and funding costs
 - ✓ **Diversified by geography and funding sources**



UniCredit Bank Austria AG

All Group Legal Entities to become self-funded by progressively minimizing intragroup exposures

- **Mortgage- and Public Sector Pfandbriefe**
- **Senior benchmark**
- **Housing-bank-bonds** (Wohnbaubank-Anleihen)
- **Registered secs.** (SSD, NSV*) **covered/senior**
- **Private placements**
- **Network issues**

- **Bank Austria** has its **own Issuing Programs** for the respective instruments to be issued
- **Bank Austria** continues to be **present on the local and global markets**
- **Coordinated approach within UniCredit** regarding **issuing activities** on the **global markets**



Key Pillars of Bank Austria Group Funding Strategy

- **Well-diversified funding base** due to Bank Austria's commercial banking model.

The **key pillars** are

- **strong client deposit base related to a variety of products** (sight-, savings- and term deposits)
- complemented **by medium- and long-term placements of own issues** in the capital market in order to cover the medium- and long-term funding needs
- The key pillars described are part of the **self sufficiency principle of Bank Austria's funding strategy**
 - It ensures that the proceeds are used primarily for business development of entities of Bank Austria Group
 - It enables Bank Austria to reflect its own funding costs according to its own risk profile



Liquidity and Funding Management within BA Group based on clear and strict Risk Management Principles

Clear Rules and Principles in Bank Austria for the Management of Liquidity and Funding

- **Liquidity strategy**
 - Bank Austria AG acting as an **independent Liquidity Reference Bank (LRB)** within UniCredit Group - in line with the **self-funding principle** of the Group Strategy
 - Bank Austria AG **manages the liquidity development in Austria (including all Austrian Group entities)**
- **Clear operative rules**
 - Active **liquidity and funding management** by defining short-term and structural liquidity and funding limits for all subsidiaries of BA Group
 - All national legal / regulatory constraints have to be **followed on single entity level**
 - Bank Austria AG establishes a **separate Funding and Liquidity Plan for Austria** as part of the Funding and Liquidity Plan of UniCredit Group
 - Bank Austria enjoys a **sound counter-balancing capacity** and ensuring **compliance with key liquidity indicators** (LCR >100%, NSFR >100%)



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Executive Summary

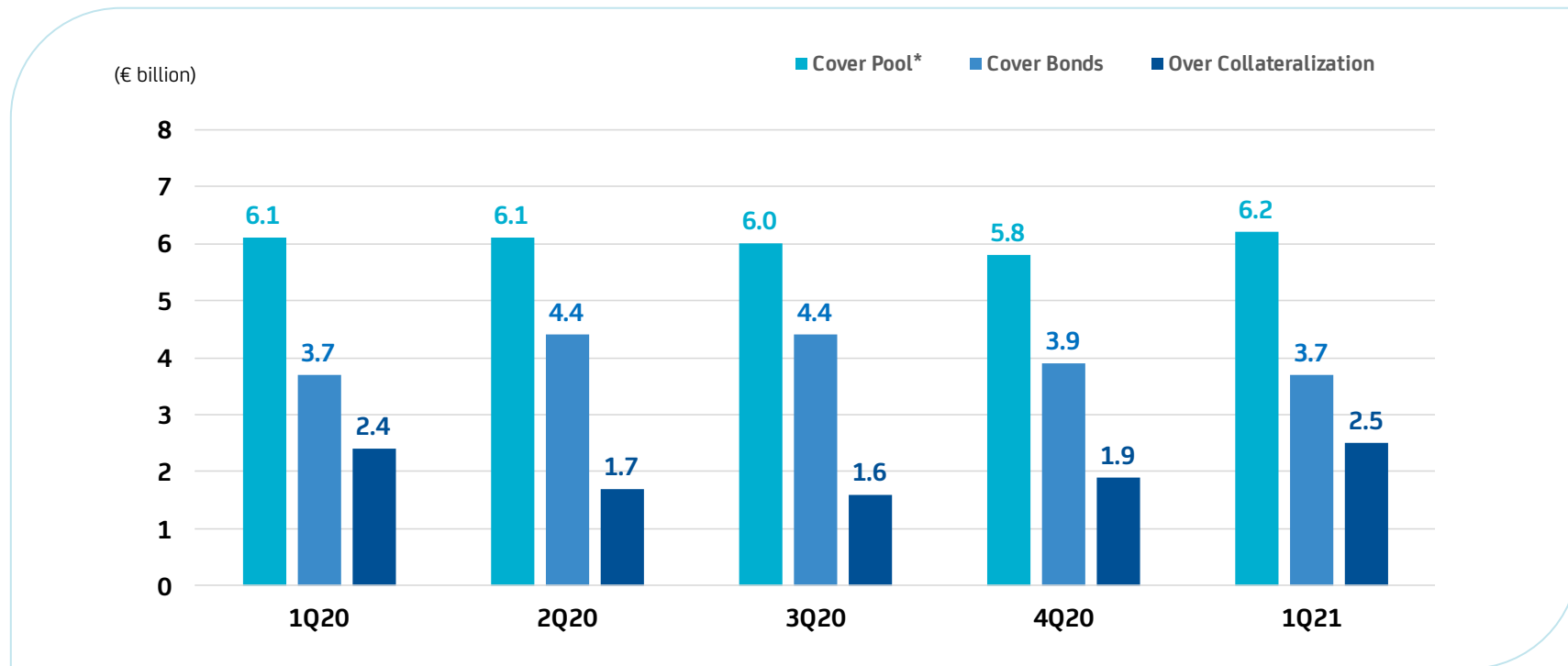
Public Sector Cover Pool of Bank Austria

- **Aaa Rating by Moody's**
- Focus on **purely Austrian claims**
- Cover Pool Volume* as of 31 March 2021 amounts to **€ 6,237 mn**
- Average volume of loans is approx. **€ 1.2 mn**
- Average seasoning is **7.5 years**
- **ECBC Covered Bond Label** has been granted to the Public Sector Cover Pool of Bank Austria



Public Sector Cover Pool

Yearly development



Public Sector Cover Pool

Parameters of Cover Pool* and Issues

<i>Parameters of Cover Pool</i>	<i>1Q21</i>
Weighted Average Life (in years incl. Amortization)	8.3
Contracted Weighted Average Life (in years)	12.6
Average Seasoning (in years)	7.5
Total Number of Loans	5,056
Total Number of Debtors	2,348
Total Number of Guarantors	331
Average Volume of Loans (in €/mn)	1.2
Stake of 10 Biggest Loans	18.3%
Stake of 10 Biggest Guarantors	42.0%
Stake of Bullet Loans	40.7%
Stake of Fixed Interest Loans	49.2%
Amount of Loans 90 Days Overdue (in €/mn)	-
Average Interest Rate	1.2%

<i>Parameters of Issues</i>	<i>1Q21</i>
Total Number	30
Average Residual Maturity (in years)	3.6
Average Volume (in €/mn)	123.8

- Total Value of **the Cover Pool*** as of **31 March 2021**
(€-equivalent): **6,237 mn**
 - thereof in €: 4,976 mn (79.8%)
 - thereof in CHF: 145 mn (2.3%)
 - thereof public sector bonds* (€-equivalent): 1,116 mn (17.9%)
- **Moody's Rating: Aaa**

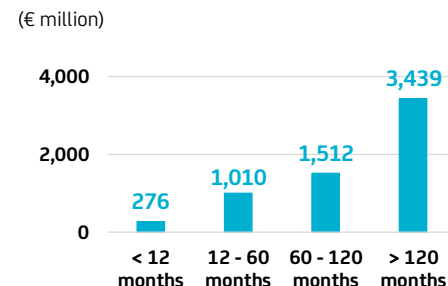


Public Sector Cover Pool

Maturity Structure of Cover Pool* and Issues

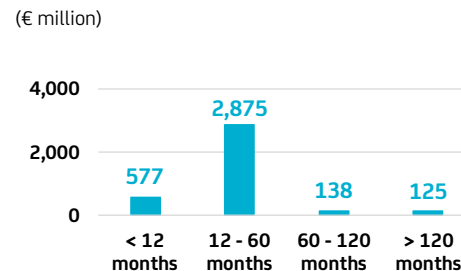
Maturity of assets in the cover pool – March 2021

Maturity of Assets in the Cover Pool**	Total	
	€/mn	%
< 12 months	276	4.4%
12 - 60 months	1,010	16.2%
12 - 36 months	401	6.4%
36 - 60 months	609	9.8%
60 - 120 months	1,512	24.2%
> 120 months	3,439	55.2%
Total	6,237	100%



Maturity of issued covered bonds – March 2021

Maturity of Issued Covered Bonds	Total	
	€/mn	%
< 12 months	577	15.5%
12 - 60 months	2,875	77.4%
12 - 36 months	1,270	34.2%
36 - 60 months	1,605	43.2%
60 - 120 months	138	3.7%
> 120 months	125	3.4%
Total	3,715	100%



27 * Including substitute cover
 ** Without consideration of the repayment



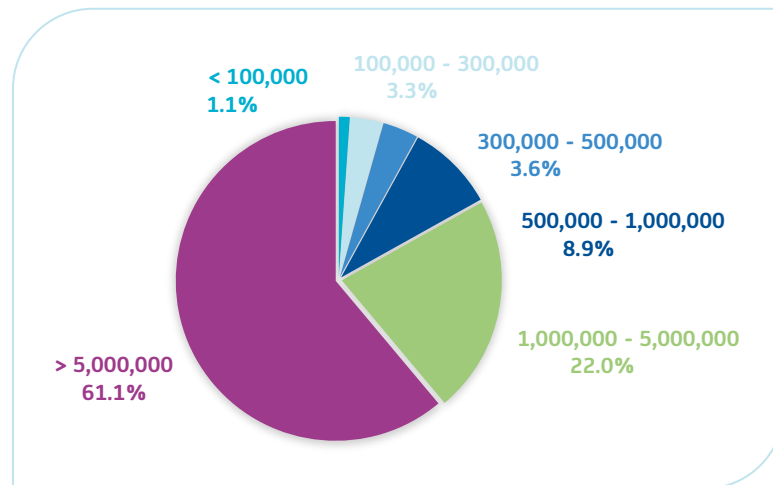
Public Sector Cover Pool

Volume* breakdown by Size of Assets

Public Sector CB

Breakdown by size of assets – March 2021

Volume Breakdown by Size of Assets	Total	
	€/mn	Number
< 300,000	275	2,831
< 100,000	68	1,686
100,000 - 300,000	207	1,145
300,000 - 5,000,000	2,153	2,072
300,000 - 500,000	225	578
500,000 - 1,000,000	554	790
1,000,000 - 5,000,000	1,374	704
> 5,000,000	3,809	153
Total	6,237	5,056



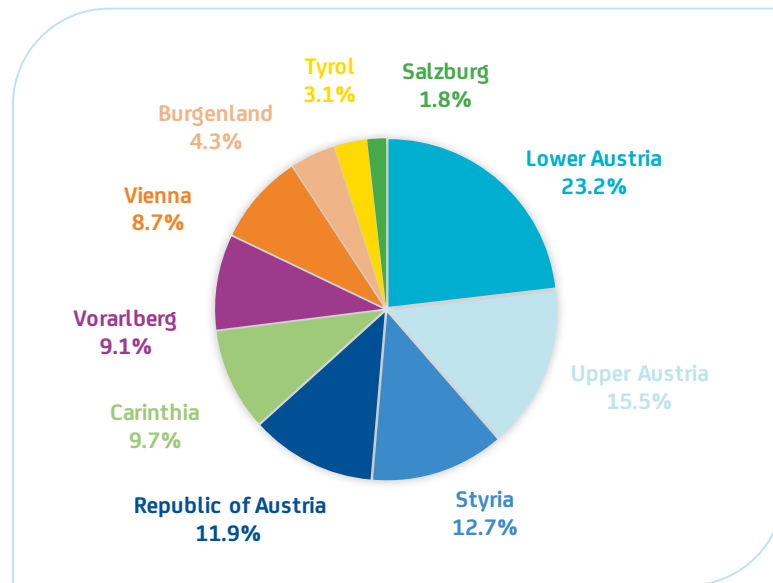
Public Sector Cover Pool

Regional Breakdown of Assets* in Austria

Public Sector CB

Regional Breakdown Austria – March 2021

Regional Breakdown Austria	Total	
	€/mn	%
Lower Austria	1,444	23.2%
Upper Austria	965	15.5%
Styria	794	12.7%
Republic of Austria	744	11.9%
Carinthia	607	9.7%
Vorarlberg	567	9.1%
Vienna	540	8.7%
Burgenland	268	4.3%
Tyrol	196	3.1%
Salzburg	112	1.8%
Total Austria	6,237	100%



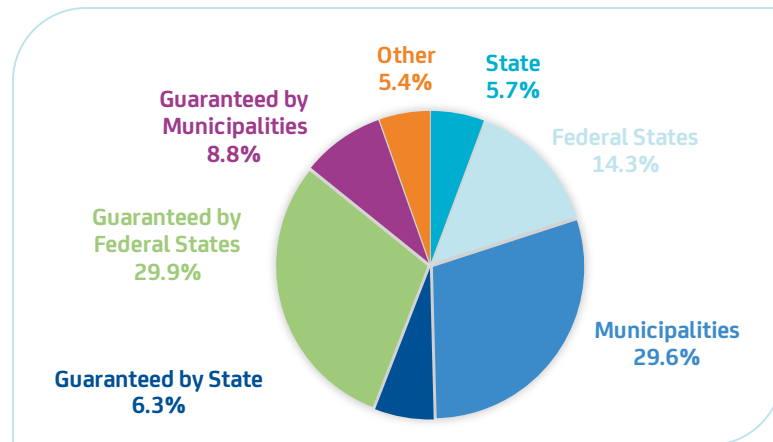
Public Sector Cover Pool

Assets Volume* Breakdown by Type of Debtor / Guarantor

Public Sector CB

Breakdown by type of debtor/guarantor – March 2021

Assets: Type of Debtor / Guarantor	Total	
	€/mn	Number
State	354	3
Federal States	894	23
Municipalities	1,844	2,576
Guaranteed by State	390	1,087
Guaranteed by Federal States	1,866	379
Guaranteed by Municipalities	550	524
Other	339	464
Total	6,237	5,056



Executive Summary

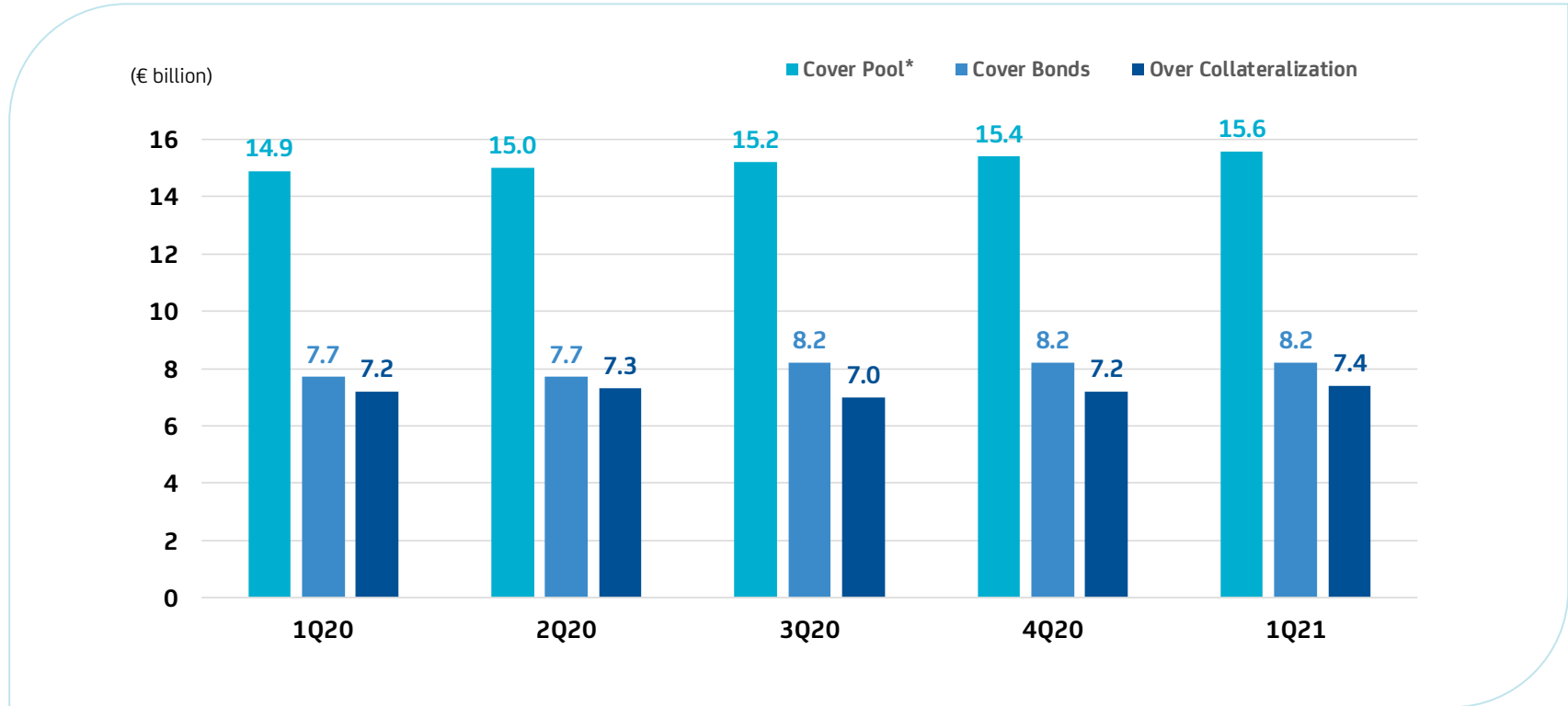
Bank Austria Mortgage Cover Pool

- **Aaa Rating by Moody's**
- The **Mortgage Cover Pool** is characterized by a **simple and transparent structure**:
 - focus on **Austrian mortgages only**
 - reporting based on the whole loan principal
- **Benefit:**
 - **pure Austrian risk offer** to our investor base
 - no blending of risk, diversification to be decided by investor
 - simple pricing logic and valuation
- **Decrease of total value of CHF cover assets** over the last five years (2Q15: € 1,796 mn – 1Q21: € 788 mn; no new CHF assets since 2010)
- Steady increase of the cover pool (approx. € 700 mn over the last 12 months), primarily by residential mortgages
- **ECBC Covered Bond Label** has been granted to the BA Mortgage Cover Pool



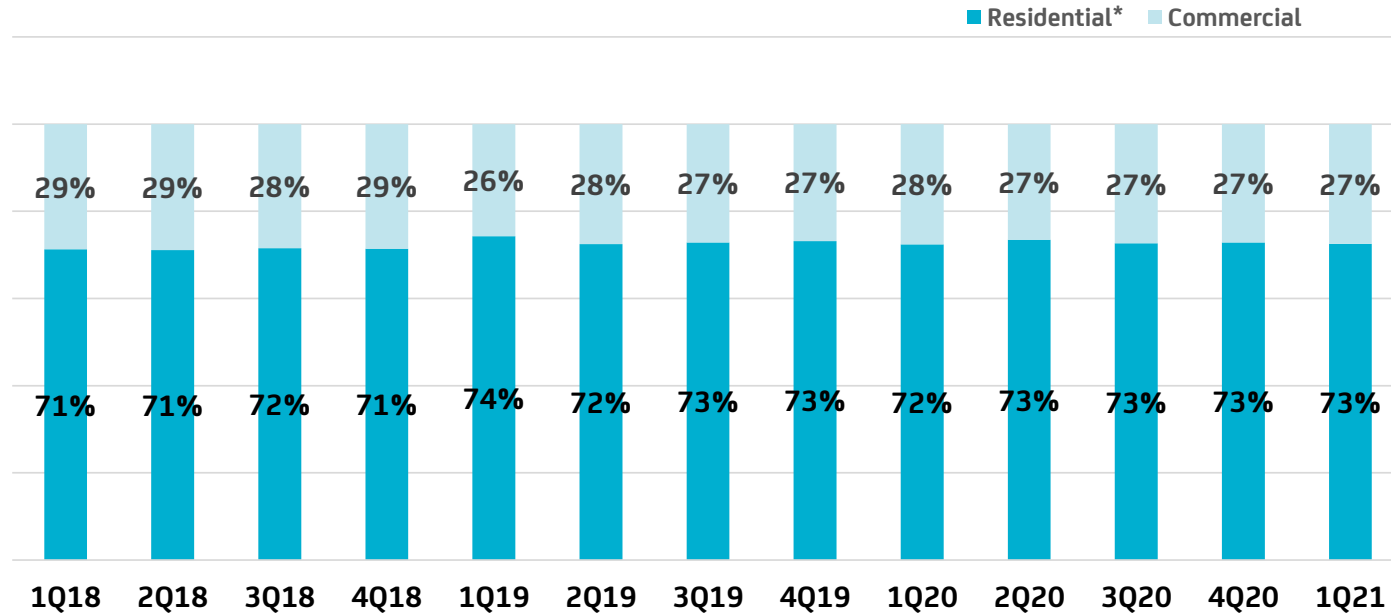
Mortgage Cover Pool

Yearly development



Mortgage Cover Pool

Breakdown by type of use - Historical trend



- Majority of cover pool consists of residential mortgages which increased steadily during the last three years



Mortgage Cover Pool

Parameters of Cover Pool* and Issues

<i>Parameters of Cover Pool</i>	<i>1Q21</i>
Weighted Average Life (in years incl. Amortization)	9.4
Contracted Weighted Average Life (in years)	16.2
Average Seasoning (in years)	6.2
Total Number of Loans	55,774
Total Number of Debtors	48,407
Total Number of Mortgages	51,175
Average Volume of Loans (in €/mn)	0.3
Stake of 10 Biggest Loans	10.5%
Stake of 10 Biggest Debtors	11.1%
Stake of Bullet Loans	19.5%
Stake of Fixed Interest Loans	35.9%
Amount of Loans 90 Days Overdue (in €/mn)	-
Average Interest Rate	1.0%

<i>Parameters of Issues</i>	<i>1Q21</i>
Total Number	75
Average Residual Maturity (in years)	5.1
Average Volume (in €/mn)	108.7

- Total Value of the **Cover Pool*** as of **31 March 2021** (€-equivalent): **15,604 mn**
 - thereof in €: 14,497 mn (93.0%)
 - thereof in CHF: 788 mn (5.0%)
 - thereof substitute cover in €: 319 mn (2.0%)
- **Moody's Rating: Aaa**

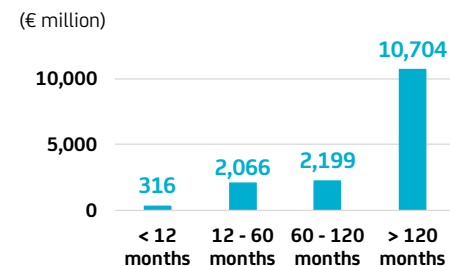


Mortgage Cover Pool

Maturity Structure of Cover Pool* and Issues

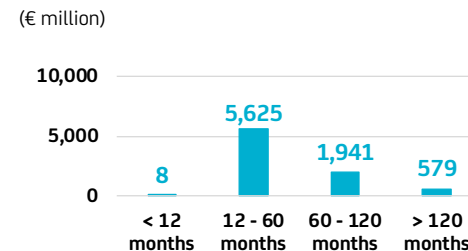
Maturity of assets in the cover pool – March 2021

Maturity of Assets in the Cover Pool**	Total		Commercial		Residential	
	€/mn	%	€/mn	%	€/mn	%
< 12 months	316	2.1%	182	4.4%	134	1.2%
12 - 60 months	2,066	13.5%	1,499	35.9%	568	5.1%
12 - 36 months	924	6.0%	605	14.5%	320	2.9%
36 - 60 months	1,142	7.5%	894	21.4%	248	2.2%
60 - 120 months	2,199	14.4%	983	23.5%	1,215	10.9%
> 120 months	10,704	70.0%	1,512	36.2%	9,192	82.8%
Total	15,285	100%	4,176	100%	11,109	100%



Maturity of issued covered bonds – March 2021

Maturity of Issued Covered Bonds	Total	
	€/mn	%
< 12 months	8	0.1%
12 - 60 months	5,625	69.0%
12 - 36 months	2,976	36.5%
36 - 60 months	2,649	32.5%
60 - 120 months	1,941	23.8%
> 120 months	579	7.1%
Total	8,154	100%



* Without substitute cover (consists of bonds)

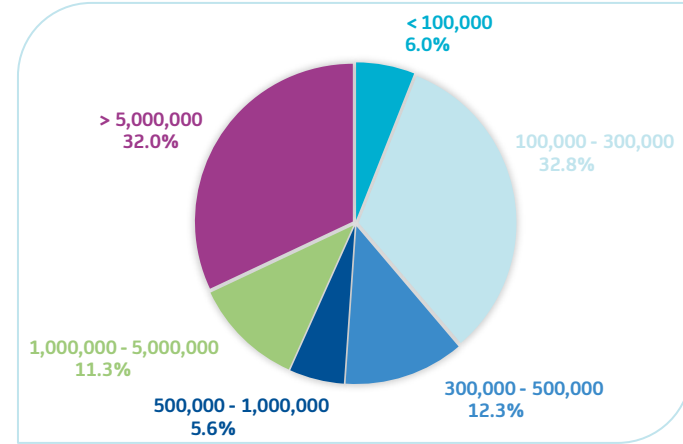
** Without consideration of the repayment



Mortgage Cover Pool

Assets Volume* Breakdown

Volume Breakdown by Size of Mortgages	Total		Commercial		Residential	
	€/mn	Number	€/mn	Number	€/mn	Number
< 300,000	5,941	43,699	80	567	5,861	43,132
< 100,000	930	16,237	11	185	919	16,052
100,000 - 300,000	5,011	27,462	69	382	4,942	27,080
300,000 - 5,000,000	4,448	7,252	525	471	3,923	6,781
300,000 - 500,000	1,877	5,133	59	151	1,818	4,982
500,000 - 1,000,000	849	1,269	96	133	753	1,136
1,000,000 - 5,000,000	1,722	850	370	187	1,352	663
> 5,000,000	4,896	224	3,571	116	1,325	108
Total	15,285	51,175	4,176	1,154	11,109	50,021



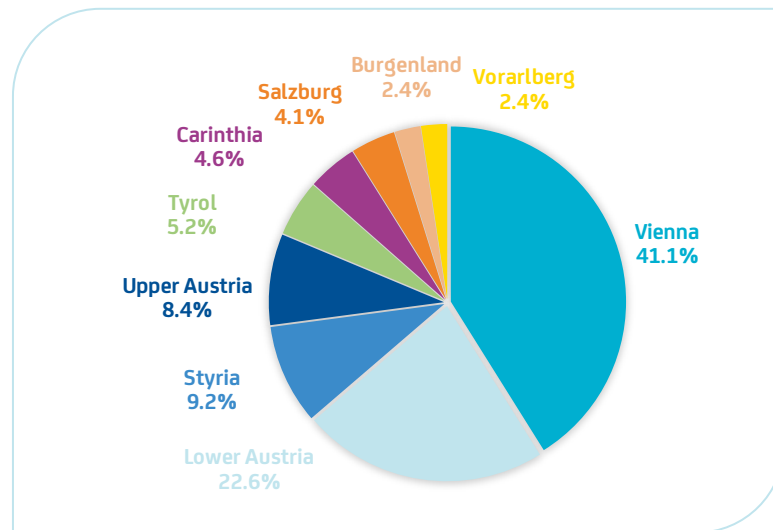
Mortgage Cover Pool

Regional Breakdown* of Mortgages in Austria

Mortgage CB

Regional Breakdown Austria – March 2021

Regional Breakdown Austria	Total	
	€/mn	%
Vienna	6,296	41.1%
Lower Austria	3,447	22.6%
Styria	1,405	9.2%
Upper Austria	1,284	8.4%
Tyrol	789	5.2%
Carinthia	698	4.6%
Salzburg	630	4.1%
Burgenland	370	2.4%
Vorarlberg	367	2.4%
Total Austria	15,285	100%

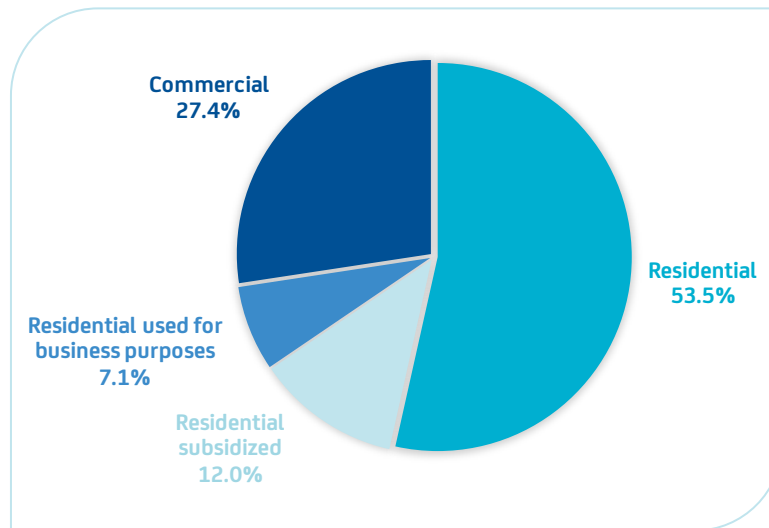


Mortgage Cover Pool

Breakdown* by Type of Use and LTV

Breakdown by type of use – March 2021

Mortgages Breakdown by Type of Use	Total	
	€/mn	Number
Residential	8,183	46,872
Residential subsidized	1,839	2,028
Residential used for business purposes	1,087	1,121
Commercial	4,176	1,154
thereof Office	1,694	175
thereof Trade	1,109	59
thereof Tourism	470	145
thereof Agriculture	64	313
thereof mixed Use / Others	839	462
Total	15,285	51,175



	Residential	Commercial	Total
Total	11,109	4,176	15,285
Weighted Average LTV	49.5%	51.2%	50.0%

* Without substitute cover (consists of bonds)
LTV = Loan-to-Value (ratio)



Mortgage Cover Pool

Breakdown* by Type of Use

- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 15,285 mn** as of 31 March 2021 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
 - The main concentration is in the City of Vienna (41.1%) and the state of Lower Austria (22.6%)
- **Breakdown of cover pool by type of use:**
 - 72.6% residential real estate (thereof 12.0% subsidized)
 - 27.4% commercial real estate, of which:
 - Office 11.1%
 - Trade 7.3%
 - Tourism 3.1%
 - Other / Mixed use 5.9%



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Overview of outstanding Pfandbrief Benchmark Issues since 2019

Bank Austria Mortgage Pfandbrief	0.05%	21/09/2035	€ 500 mn	Sept. 2020	MS + 9bps
Bank Austria Mortgage Pfandbrief	0.25%	21/06/2030	€ 500 mn	Jan. 2020	MS + 6bps
Bank Austria Mortgage Pfandbrief	0.25%	04/06/2027	€ 500 mn	June 2019	MS + 7bps
Bank Austria Mortgage Pfandbrief	0.625%	20/03/2029	€ 500 mn	March 2019	MS + 15bps
Bank Austria Mortgage Pfandbrief	0.625%	16/01/2026	€ 500 mn	Jan. 2019	MS + 18bps

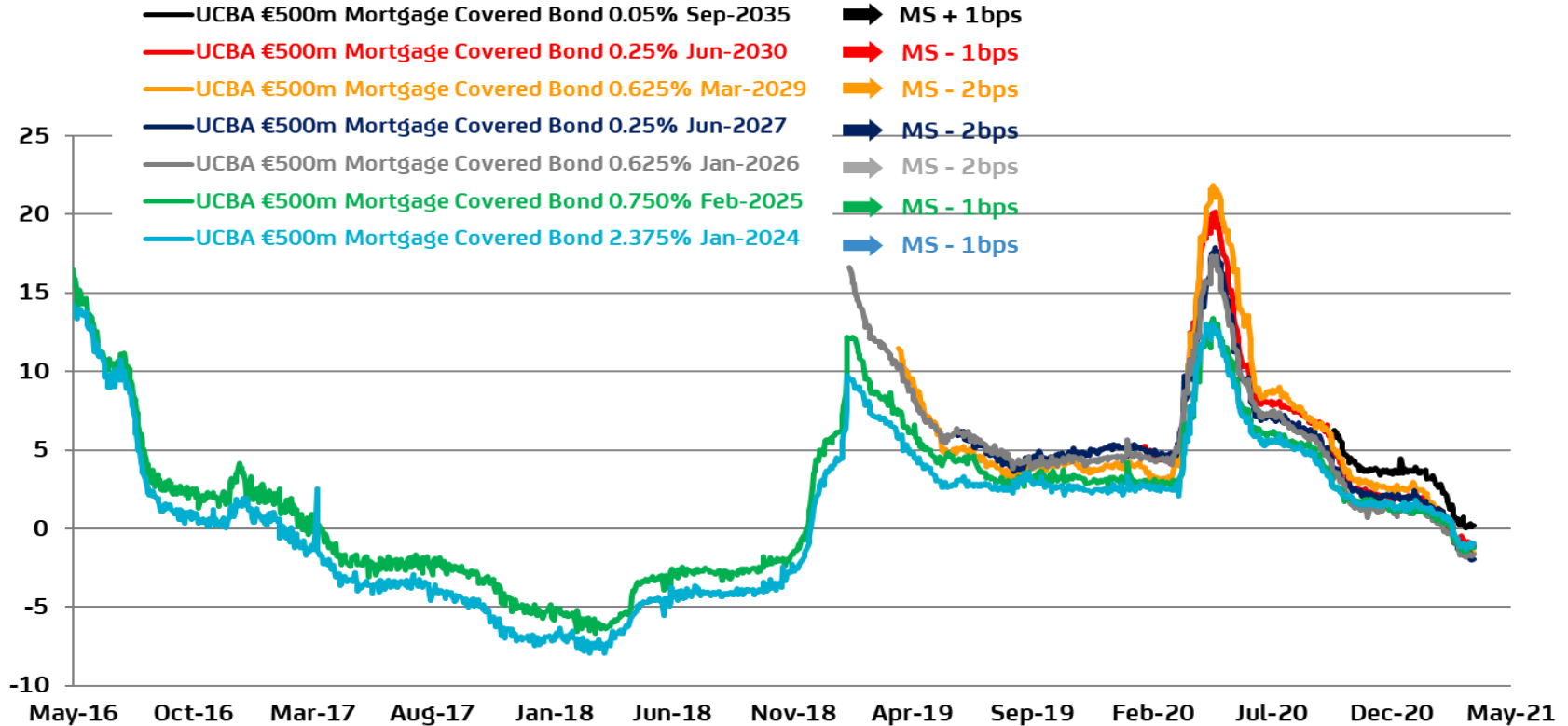


Overview of outstanding Pfandbrief Benchmark Issues until 2015

Bank Austria Mortgage Pfandbrief	0.75%	08/09/2022	€ 500 mn	Sept. 2015	MS + 5bps
Bank Austria Mortgage Pfandbrief	0.75%	25/02/2025	€ 500 mn	Feb. 2015	MS + 3bps
Bank Austria Mortgage Pfandbrief	1.375%	26/05/2021	€ 500 mn	May 2014	MS + 25bps
Bank Austria Mortgage Pfandbrief	2.375%	22/01/2024	€ 500 mn	Jan. 2014	MS + 35bps



UniCredit Bank Austria Covered Bond Spread Comparison



Source: Bloomberg; Data as of 17 May 2021

Disclaimer: Historical trends are no indication for future performances



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Rating Overview

	Moody's					S&P				Fitch		
	Long-Term Deposits	Long-Term Senior Unsecured	Short-Term	Subordinated	Counterparty Risk	Long-Term	Short-Term	Subordinated	Counterparty Risk	Long-Term	Short-Term	Subordinated
Bank Austria	A3	Baa1 Stable	P-2	Baa3	A2 / P-1	BBB+ Negative	A-2	BBB-	A-	- -	-	-
Public Sector Covered Bond	Aaa					-				-		
Mortgage Covered Bond	Aaa					-				-		
UniCredit S.p.A.	Baa1 Stable	Baa1 Stable	P-2	Baa3	Baa1 / P-2	BBB Negative	A-2	BB+	BBB+	BBB- Stable	F3	BB

(as of 17 May 2021)

¹⁾ Subordinated (Lower Tier II)

²⁾ Securities issued before 31 Dec. 2001 which benefit from a secondary liability by the City of Vienna (grandfathered debt) are exclusively subordinated and are also rated as shown above by Standard & Poor's, while by Moody's the corresponding subordinated securities are rated Baa2



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- **2020** was an exceptional year for commercial real estate investments in Austria due to the pandemic. The investment volume fell by -48% compared to the record year 2019 to a **total volume of approx. € 3.3 billion**. The first quarter of 2021 started stable as some transactions could not be completed in 2020. The forecast for 2021 is approx. € 4.0 billion. In 2020, **residential properties** were the most popular asset class with around 37% of the total investment volume, followed by office properties with around 33%. The high demand - with limited supply - led to price increases for residential real estate and falling yields for residential and office properties in very good locations.
- The Austrian real estate market has the **well-earned reputation as a relatively stable market**. Real estate analyst IPD/MSCI annually analyses an Austrian portfolio consisting of office, retail, residential, logistics and other properties. Though **annual total return** has never achieved double digit growth since the beginning of the analysis, it has also never dropped into negative growth. Even in the crisis years 2008/2009, annual total return amounted to **around 4%**
- The prices for residential real estate rose significantly in the Corona year 2020. Across Austria they increased by 7% in the previous year, after 3.90% in 2019. This was primarily due to the rise in prices for single family homes. Apartment prices in Vienna rose by an average of 7.40%. Price development in Austria excluding Vienna was very different, with house prices rising significantly faster than apartment prices.
- Due to the COVID-19 pandemic, **further development** of real estate prices in 2021 is still uncertain. Residential real estate seems to remain unaffected, the office market will adapt in the mid term. Most affected by high vacancies are the city hotel segment and short-stay apartments.



Austrian Real Estate Market

Prices for residential real estate

- After an increase in prices of around 3.90% in 2019, the price curve continued to rise sharply until the end of 2020 into the 7%-plus region. Professional forecasters predict a further price increase until year-end.
- In the pandemic year 2020, residential property prices in Austria (excluding Vienna) developed continuously with approx. 7%, somewhat stronger than in Vienna at around 6.70%

Source: OeNB, Technical University Vienna, Department für Raumplanung



Source: OeNB, DataScience Service GmbH (DSS), TU-Wien, Prof. Feilmayr



Austrian Real Estate Market

Investment Property Databank (IPD)

- Real estate remains attractive for investors looking for yield
- As long as property investments offer higher yields than alternatives such as government bonds, demand for real estate will remain high

Top yields for real estate investments vs. yields for Austrian government bonds

- | | |
|---|--------|
| ▪ Office top yield in 2020 | 3.25% |
| ▪ Yield for Austrian Government Bonds (10Y) | -0.10% |
| ▪ Spread | 3.35% |



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Austrian Legal Framework

Mortgage and Public Sector Pfandbriefe

Austrian Covered Bonds

Pfandbriefe

Hypothekbankgesetz
(Mortgage Banking Act 1899)

Pfandbriefgesetz
(Pfandbrief Law 1938)

Fundierte Schuldverschreibungen

Law of 1905

Bank Austria

Outlook: The existing national laws are to be harmonized in terms of content and replaced by a uniform Covered Bond Act (*Pfandbriefgesetz*) (transposition into national law by 8 July 2021).

The underlying EU requirements (EU Directive 2019/2162 and EU Regulation amending CRR 2019/2160) were published in the Official Journal of the EU in December 2019.



Comparison Austria vs. Germany

Criteria of Pfandbrief law / Hypothekbankgesetz	Austria	Germany
Pfandbrief law in place	YES	YES
Mortgage and public sector collateral assets in separate pools	YES	YES
Cover register	YES	YES
Collateral assets limited to Europe	YES	X
Legally required minimum over-collateralization	YES	YES
Cover pool monitoring (Trustee)	YES	YES
Special proceedings in case of insolvency	YES	YES
Pfandbriefe remain outstanding in case of issuer's bankruptcy	YES	YES
NPV matching	YES ^{*)}	YES

- Austrian „Hypothekbankgesetz“ was initially based on the German legislation
- Important changes to the German "Pfandbrief" - legislation were followed by the Austrian "Hypothekbankgesetz", which continues to reflect the principal features of the German "Pfandbriefgesetz"
- Main differences in the current version are:
 - German law also allows collateral assets from non-European countries
 - German law includes compulsory NPV-matching, whereas in Austria a voluntary commitment is foreseen to be stipulated in the articles of association. Bank Austria, accordingly, included such clause in its articles of association



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