

Bank Austria



Presentation to Fixed Income Investors

Investor Relations

November 2020

Banking that matters.



Opening remarks



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
Leading institution in Private Banking*

BA by far the largest bank in Austria at individual institution level

*With **assets of about € 111 bn**, largest Austrian bank on unconsolidated level*

Vienna is the CEE competence center of UniCredit Group

*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 18.2% ¹⁾



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1 UniCredit Group

2 Overview Bank Austria

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

3 Liquidity & Funding

- Funding Strategy & Position
- Cover Pool

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UniCredit, a pan-European winner in a strong position to support all stakeholders

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UniCredit at a glance

Effective business continuity measures, accelerated digitalisation, a nascent commercial recovery and stable costs put UniCredit in a **strong position** as lockdowns ease, able to seize opportunities to strengthen its client base and further support stakeholders

Active balance sheet management continues, 2021 Non-Core rundown well on track; FY20 CoR confirmed at 100-120 basis points with LLPs in coming quarters already factored in

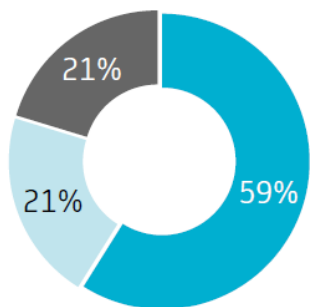
Successful execution of *Transform 2019* delivered a very strong liquidity and capital position with a high CET1 and liquidity buffers. UniCredit confirms **Team 23** capital distribution policy is to be resumed as of 2021



A simple, successful Pan-European Commercial Bank

1H20 - Commercial focus^(a)

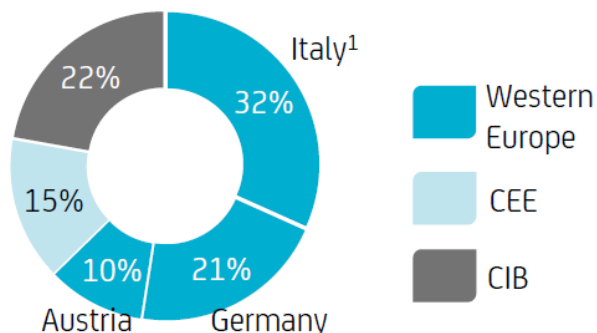
8.5 Revenues, bn



16 clients, m

#2 in loans to corporates in Europe³

431 Commercial loans, bn



#2 by total assets in CEE⁴

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

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

1. Italy including Non Core and Group Corporate Centre.

2. Including UC Luxembourg and UC Ireland. Other International branches and representative offices in Asia and Oceania, North and South America, Middle East and Africa.

3. Data as of 2Q20, where available (otherwise as of 1Q20), based on available public data; peers include: BNP, Deutsche Bank, Santander, HSBC, ISP, Société Générale. FX exchange rate at 30 June 2020.

4. Data as of 1Q20, based on available public data. For CEE, compared to Erste, KBC, Intesa Sanpaolo, OTP, RBI, Société Générale, UniCredit data excl. Yapi.



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Bank Austria Highlights as of 30 June 2020

- **Member of UniCredit since 2005**
- **Leading corporate bank and one of the largest retail banks in Austria**
- **~ 5,300 FTE and 122 branches in Austria**
- **Solid capital base (18.2% CET1 ratio)**
- **Stable liquidity with a perfect balance between customer loans and direct funding**

in € bn

	Jun-20	Dec-19
Total Assets	115.5	101.7
Customer Loans	63.8	63.3
Direct Funding	71.3	69.2
Equity	8.4	8.5

in € mn

	1H20	1H19
Operating income	850	939
Operating costs	-588	-569
LLP	-134	13
Net profit	-36	320

	Jun-20
Cost / income ratio	69.1%
CET1 capital ratio ¹⁾	18.2%
Total capital ratio ¹⁾	20.4%

Non-performing exposure ratio	2.9%
Coverage ratio	47.7%
Cost of risk	42 bp

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

Market shares loans / deposits Austria ²⁾	13.9%	12.2%
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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 May 2020



Bank Austria – strategic measures to improve profitability

Successful completion of strategic plan “*Transform 2019*”

Implementation of UniCredit's new strategic plan “*Team 23*”

- **Transform 2019** successfully completed, including:
 - **Reduction** of branch network → from 174 (Dec. 2015) to 122 (Dec. 2019)
 - **Reduction** of staff costs → FTE from 6,347 (Dec. 2015) to 5,301 (Dec. 2019)
 - **Improvement of the Cost/Income-Ratio** → from 79.4% (Dec. 2015) to 59.2% (Dec. 2019)
 - **Several revenue initiatives** (mortgage loans, consumer loans, asset management) and **product innovation** (new mobile banking, photo payment, etc.)

- UniCredit's new strategic plan *Team 23* is based on the following pillars:

Grow and
strengthen client
franchise



Transform and
maximise
productivity



Disciplined risk
management &
controls



Capital and
balance sheet
management



... Transforming Bank Austria into a bank that is even more attractive for our customers while improving its cost/income ratio and profitability!



Business Model and Market Position in Bank Austria's Home Market

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Overview Bank Austria
Business Model & Strategy

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

Corporate Banking

- **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 mn** *)
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 AG (above € 5 mn TFA)
- **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**



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P&L of Bank Austria Group – 1H20

Results reflecting COVID-19 impact

Overview Bank Austria

Profit & Loss

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(€ million)	1-6/ 2020	1-6/ 2019	y/y	2Q20	1Q20	2Q19	q/q	y/y
Operating income	850	939	-9.5%	407	443	490	-8.2%	-16.9%
Operating costs	-588	-569	3.2%	-286	-302	-269	-5.5%	6.0%
Operating profit	262	370	-29.0%	121	141	220	-14.0%	-44.9%
Net write-downs of loans	-134	13	>-100.0%	-33	-102	4	-67.6%	>-100.0%
Net operating profit	128	382	-66.6%	88	39	224	>100.0%	-60.6%
Non-operating items	-169	-34	>100.0%	-63	-106	-8	-40.4%	>100.0%
Profit (loss) before tax	-41	348	>-100.0%	25	-66	217	>-100.0%	-88.3%
Other positions	5	-29	>-100.0%	-5	10	-16	>-100.0%	-68.4%
Group Net Profit	-36	320	>-100.0%	20	-56	201	>-100.0%	-89.9%
Cost/income ratio	69.1%	60.6%	850 bp	70.2%	68.2%	55.0%	200 bp	1,517 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
- **Operating Costs +3% y/y**, 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 € -134 mn**; the COVID-19 pandemic required an update of the macro-economic scenario and the resulting calculation of risk costs (Expected Credit Loss) according to IFRS 9
- **Non-Operating Items € -169 mn**: mainly systemic charges (€ -118 mn) and impairments regarding some at-equity participations (3-Banken Group)

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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 – 1H20 in detail

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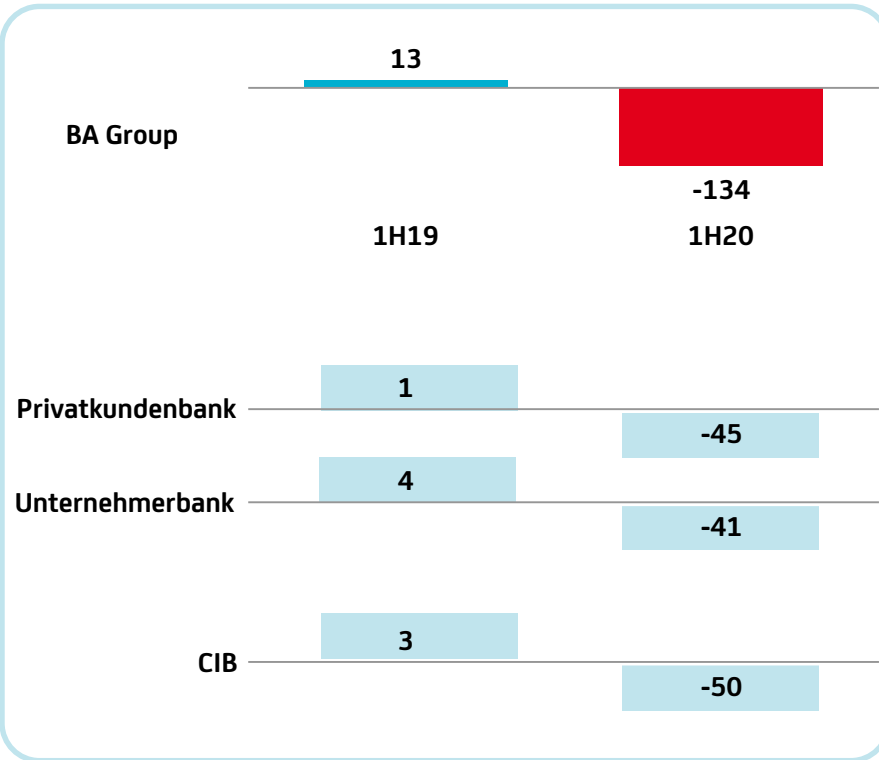
	(€ million)	1-6/2020	1-6/2019	Δ abs.	Δ in %
Net interest		460	476	-16	-3%
Dividends and other income from equity investments		23	76	-53	-69%
Net fees and commissions		328	336	-8	-2%
Net trading, hedging and fair value income/loss		15	24	-9	-38%
Net other expenses/income		24	27	-3	-11%
Operating income		850	939	-89	-9%
Payroll costs		-303	-300	-3	1%
Other administrative expenses		-262	-247	-14	6%
Depreciation		-23	-23	0	1%
Operating costs		-588	-569	-18	3%
Operating profit		262	370	-107	-29%
Net write-downs of loans and provisions for guarantees and commitments		-134	13	-147	n.s.
Net operating profit		128	382	-254	-67%
Provisions for risks and charges		6	72	-66	-92%
Systemic charges		-118	-115	-3	3%
Integration/ restructuring costs		0	1	-1	n.s.
Net income from investments		-56	8	-65	n.s.
Profit (loss) before tax		-41	348	-389	n.s.
Income tax for the period		4	-26	30	n.s.
Net profit		-37	322	-359	n.s.
Total profit or loss after tax from discontinued operations		1	3	-2	-75%
Profit (loss) for the period		-36	325	-362	n.s.
Non-controlling interests		0	-6	6	n.s.
Net Profit attrib. to the owners of the parent company		-36	320	-356	n.s.



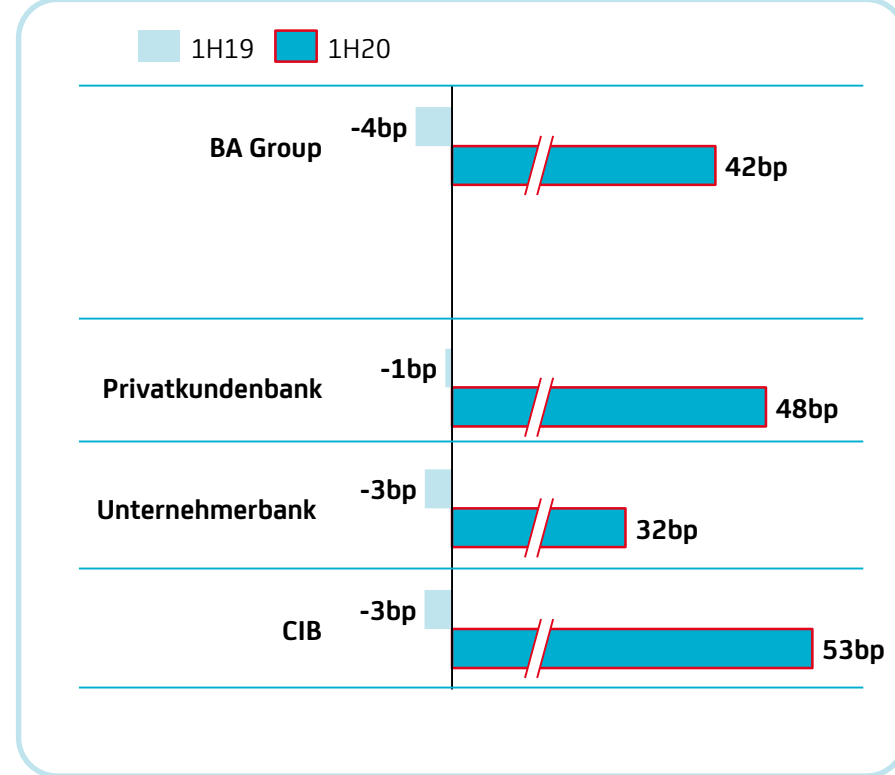
Net Write-Downs of Loans

1H20 Net Write-Downs driven by COVID-19 (mainly stage 1 and 2)

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



Cost of Risk by Segment (bp)



- **Net Write-Downs** of € -134 mn (after net releases in 1H19), mainly due to the COVID-19-driven update of the macro-economic scenario and the resulting calculation of risk costs (Expected Credit Loss) according to IFRS 9. This mainly relates to impairments for performing loans (stages 1 and 2) according to IFRS 9
- **Cost of Risk** at 42 bp for BA Group



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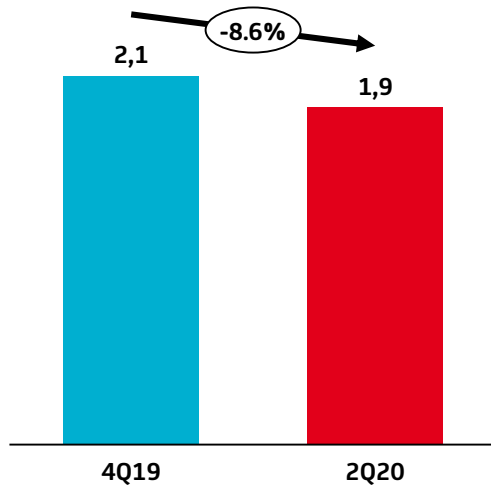


Asset Quality – 1H20

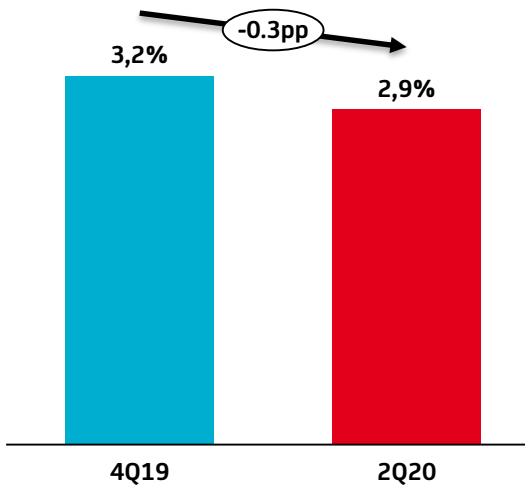
COVID-19 impact on Non-Performing Exposure not yet visible

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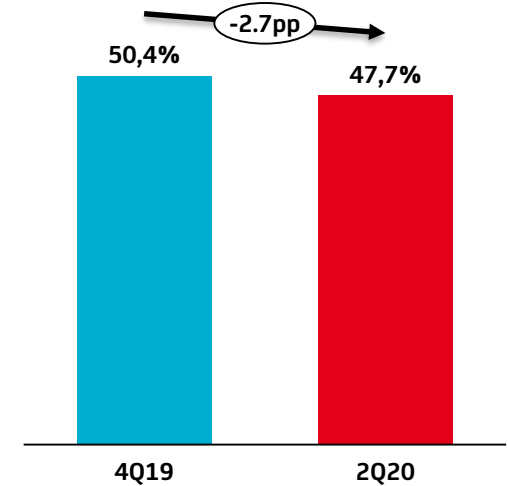
Gross NPE ¹⁾ (€ bn)



% of Gross NPE on Total Loans¹⁾



Coverage Ratio on NPE ¹⁾



- **NPE portfolio** slightly decreased since year-end 2019, **NPE Ratio** stable
- COVID-19 impact on NPE expected in future quarters
- **Coverage Ratio** slightly lower at 47.7%, due to movements in the NPE portfolio (e.g. highly collateralized new cases with resulting low provisioning requirement)



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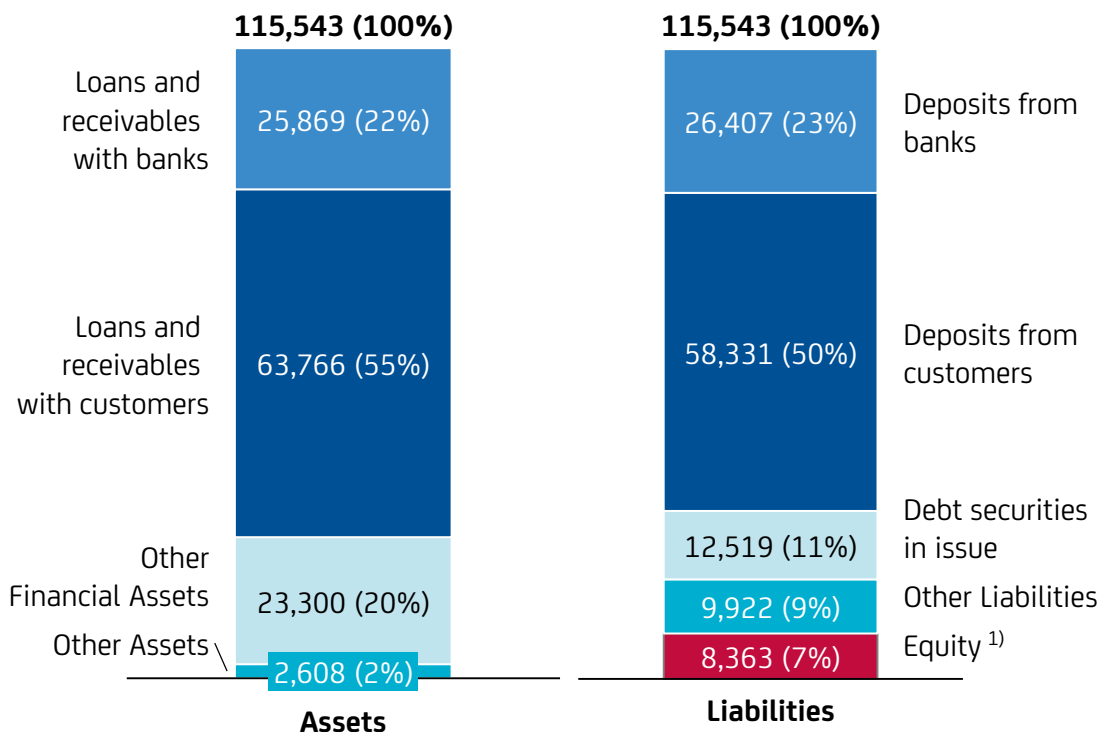


Balance Sheet structure of Bank Austria

(as of 30 June 2020)

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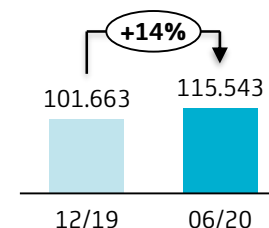
Balance Sheet (€ mn)



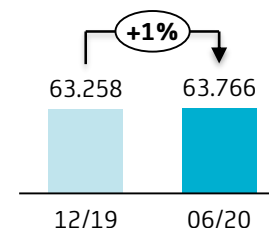
- **Balance sheet** reflects a **classical commercial bank**, with large shares of loans and deposits (details see following page)
- Growth in total assets vs. YE driven by participation in TLTRO III (refinancing operation of ECB)
- **Strong capital base with a net equity¹⁾** of € 8.4 bn
- **Excellent CET 1 Ratio at 18.2%** (decrease in 1H20 due to RWA growth)

Change vs. 31 December 2019

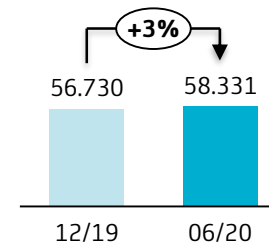
Total Assets



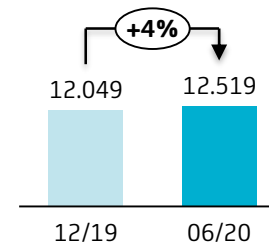
Loans to customers



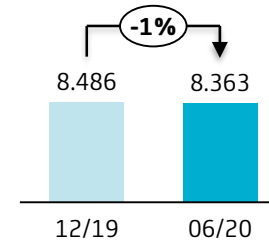
Deposits from customers



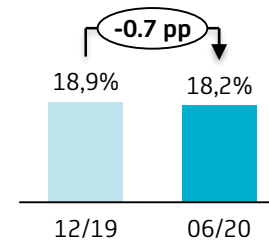
Securities in issue



Shareholders' Equity



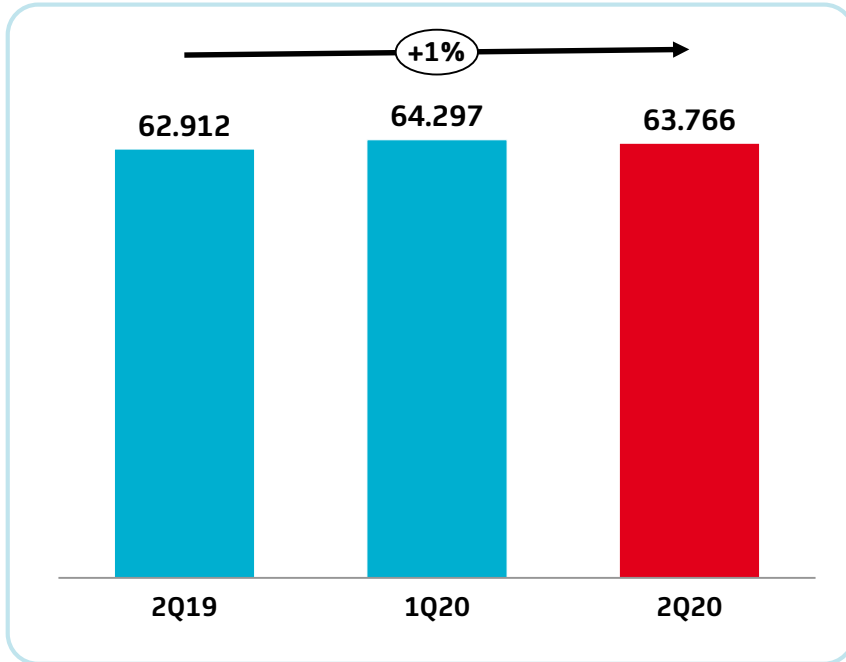
CET1 Ratio



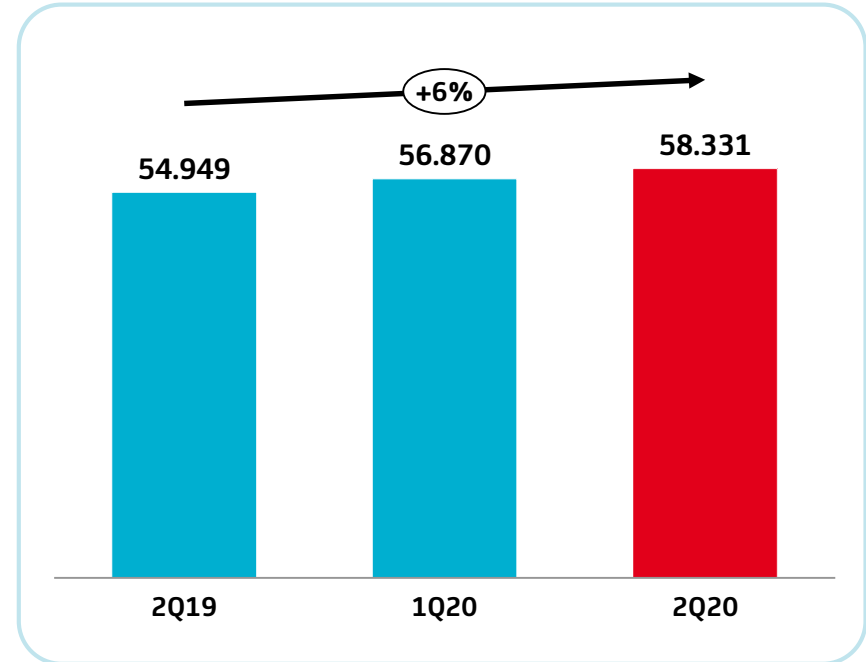
Loan and Deposit Volumes

Well-balanced development of loans and deposits

Loans to Customers¹⁾ (€ mn)



Deposits from Customers¹⁾ (€ mn)



- **Loans to customers** increased slightly y/y, driven in particular by CIB and Privatkundenbank
- **Deposits from customers** with y/y growth in all business divisions

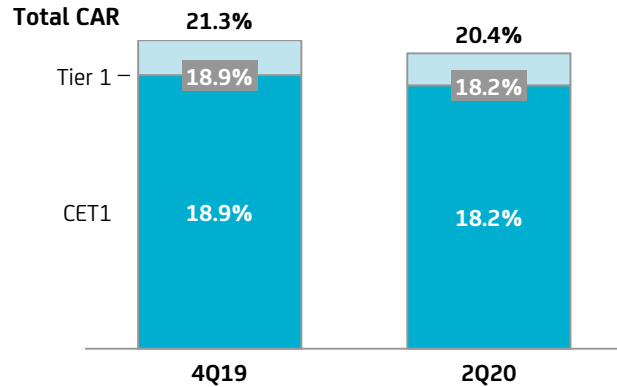


Capital position BA GROUP IFRS

Solid capital ratios

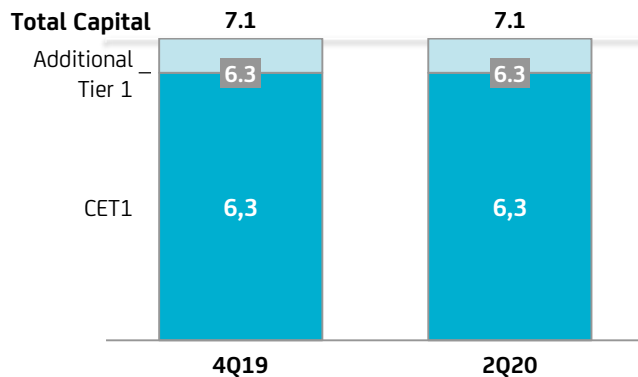
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Capital Ratios

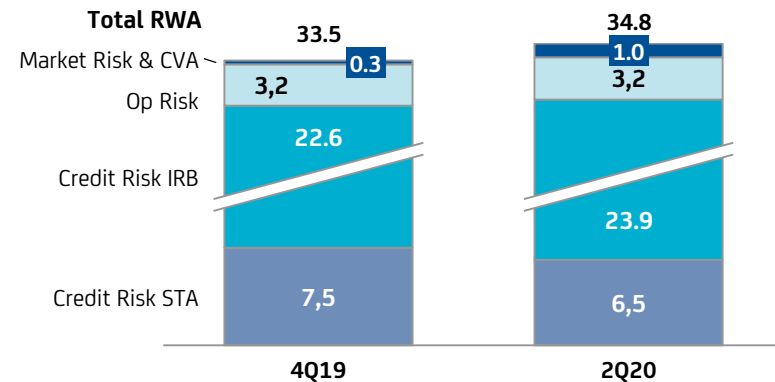


- **Total regulatory capital** flat at € 7.1 bn
- **Total RWA** increased to € 34.8 bn, mainly due to market risk
- **CET 1 Ratio at solid 18.2%** (both transitional and fully loaded)
- **Total Capital Ratio** at excellent **20.4%**
- **Leverage Ratio** at strong **5.2%**

Regulatory Capital (€ bn)



Risk-Weighted Assets (RWA, € bn)



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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

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UniCredit S.p.A. – Holding

- **UniCredit SpA** 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

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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

Bank Austria Mortgage Cover Pool



Liquidity & Funding
Cover Pool

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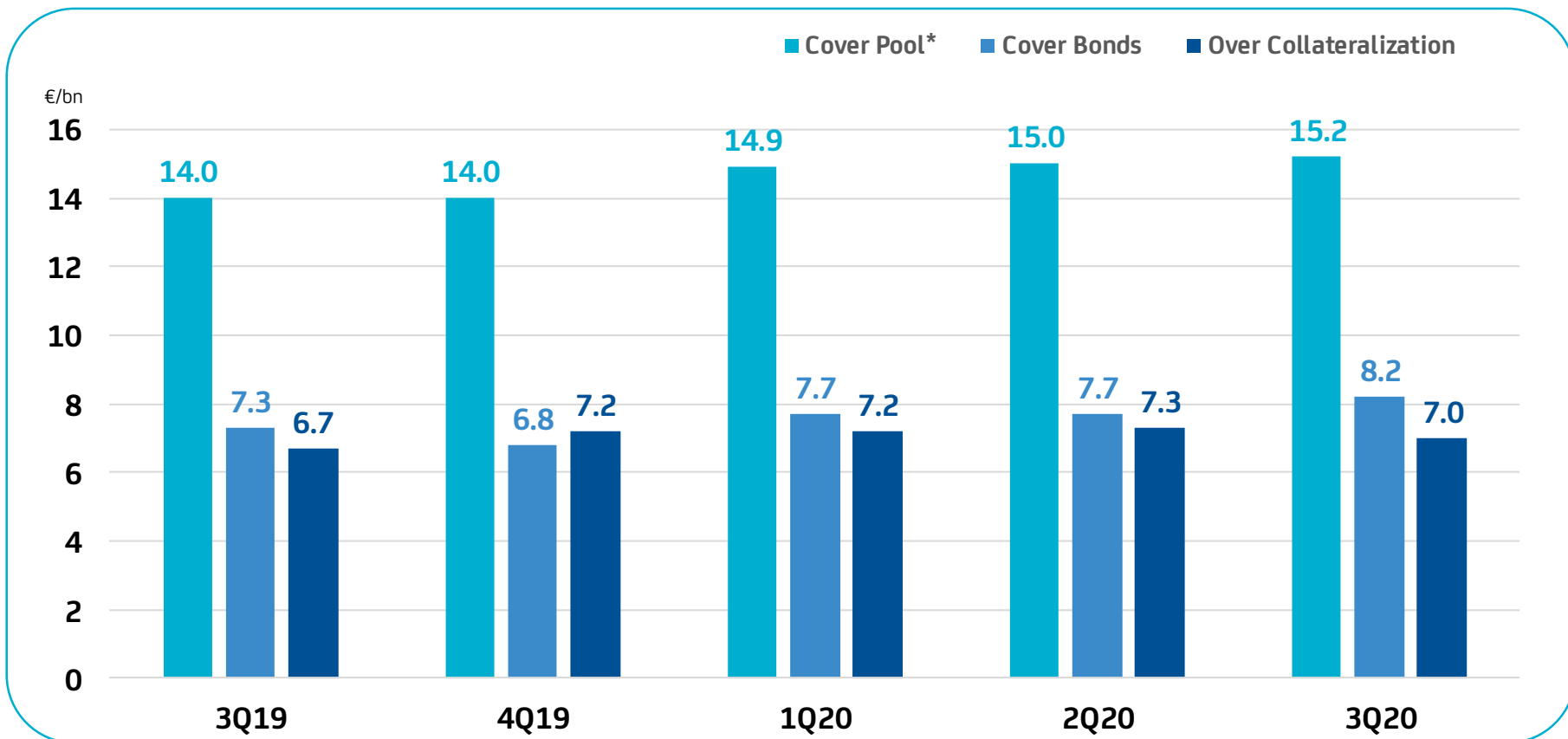
- **Aaa Rating by Moody's**
- The **Mortgage Cover Pool** is characterized by a **simple and transparent structure**:
 - focus on **Austrian mortgages only**
 - reporting based on the whole loan principal
- **Benefit:**
 - **pure Austrian risk offer** to our investor base
 - no blending of risk, diversification 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 – 3Q20: € 896 mn; no new CHF assets since 2010)
- Steady increase of the cover pool (ca. € 1,200 mn in the last year), primarily by residential mortgages
- **ECBC Covered Bond Label** has been granted to the BA Mortgage Cover Pool



Mortgage Cover Pool

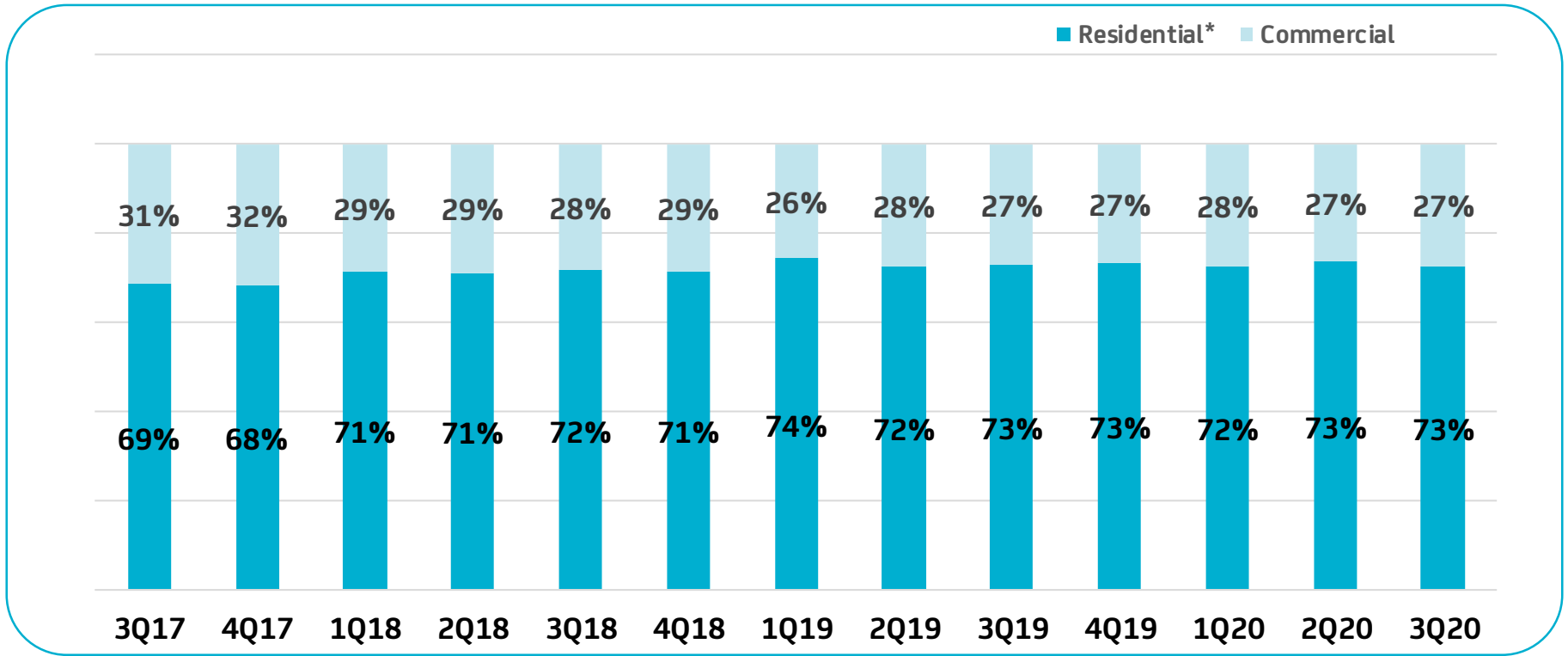
Yearly development

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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

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<i>Parameters of Cover Pool</i>	<i>3Q20</i>
Weighted Average Life (in years incl. Amortization)	5.7
Contracted Weighted Average Life (in years)	16.3
Average Seasoning (in years)	6.1
Total Number of Loans	54,177
Total Number of Debtors	47,047
Total Number of Mortgages	49,803
Average Volume of Loans (in €/mn)	0.3
Stake of 10 Biggest Loans	9.8%
Stake of 10 Biggest Debtors	10.9%
Stake of Bullet Loans	20.0%
Stake of Fixed Interest Loans	35.1%
Amount of Loans 90 Days Overdue (in €/mn)	-
Average Interest Rate	1.2%

<i>Parameters of Issues</i>	<i>3Q20</i>
Total Number	76
Average Residual Maturity (in years)	5.6
Average Volume (in €/mn)	107.7

- Total Value of the **Cover Pool*** as of **30 Sept. 2020** (€-equivalent): **15,235 mn**
 - thereof in €: 14,020 mn (92.0%)
 - thereof in CHF: 896 mn (5.9%)
 - thereof substitute cover in €: 319 mn (2.1%)
- **Moody's Rating: Aaa**



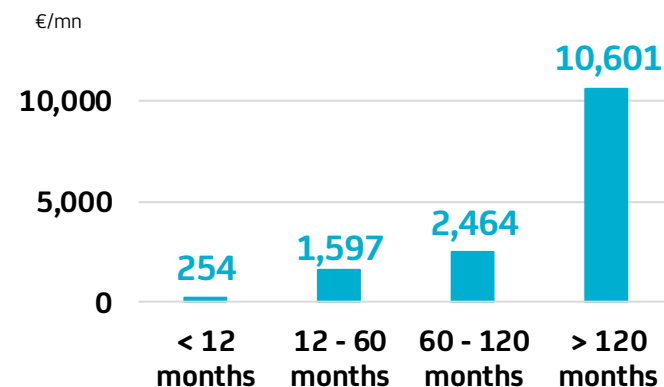
Mortgage Cover Pool

Maturity Structure of Cover Pool* and Issues

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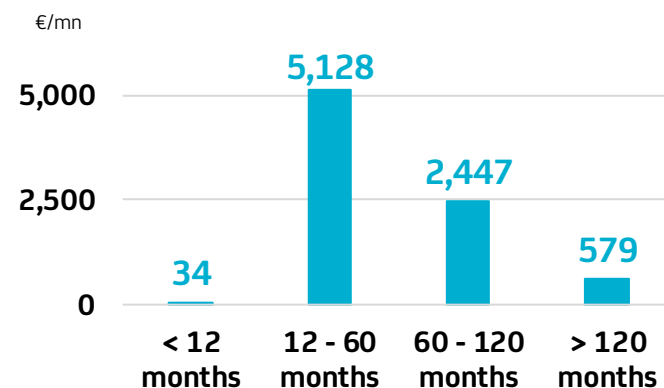
Maturity of assets in the cover pool – September 2020

Maturity of Assets in the Cover Pool**	Total		Commercial		Residential	
	€/mn	%	€/mn	%	€/mn	%
< 12 months	254	1.7%	148	3.6%	107	1.0%
12 - 60 months	1,597	10.7%	1,063	26.2%	532	4.9%
12 - 36 months	717	4.8%	454	11.2%	262	2.4%
36 - 60 months	880	5.9%	609	15.0%	270	2.5%
60 - 120 months	2,464	16.5%	1,277	31.4%	1,188	10.9%
> 120 months	10,601	71.1%	1,576	38.8%	9,025	83.2%
Total	14,916	100%	4,064	100%	10,852	100%



Maturity of issued covered bonds – September 2020

Maturity of Issued Covered Bonds	Total	
	€/mn	%
< 12 months	34	0.4%
12 - 60 months	5,128	62.6%
12 - 36 months	1,977	24.1%
36 - 60 months	3,151	38.5%
60 - 120 months	2,447	29.9%
> 120 months	579	7.1%
Total	8,188	100%

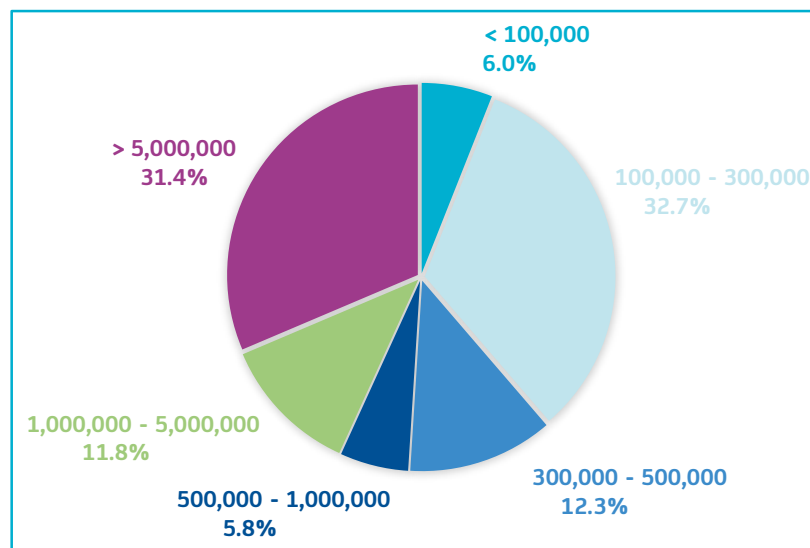


Mortgage Cover Pool

Assets Volume* Breakdown

1 2 3 4

Volume Breakdown by Size of Mortgages	Total		Commercial		Residential	
	€/mn	Number	€/mn	Number	€/mn	Number
< 300,000	5,770	42,409	86	595	5,685	41,814
< 100,000	899	15,719	12	198	887	15,521
100,000 - 300,000	4,871	26,690	74	397	4,798	26,293
300,000 - 5,000,000	4,459	7,167	589	500	3,870	6,667
300,000 - 500,000	1,829	5,003	59	148	1,770	4,855
500,000 - 1,000,000	861	1,288	103	144	758	1,144
1,000,000 - 5,000,000	1,769	876	427	208	1,342	668
> 5,000,000	4,687	227	3,389	116	1,297	111
Total	14,916	49,803	4,064	1,211	10,852	48,592



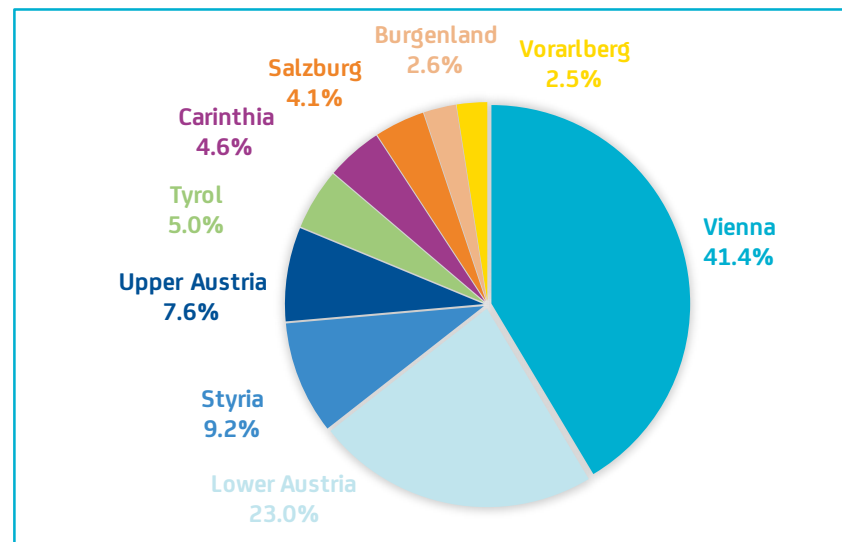
Mortgage Cover Pool

Regional Breakdown* of Mortgages in Austria

1 2 3 4

Regional Breakdown Austria – September 2020

Regional Breakdown Austria	Total	
	€/mn	%
Vienna	6,179	41.4%
Lower Austria	3,431	23.0%
Styria	1,369	9.2%
Upper Austria	1,140	7.6%
Tyrol	743	5.0%
Carinthia	680	4.6%
Salzburg	610	4.1%
Burgenland	395	2.6%
Vorarlberg	369	2.5%
Total Austria	14,916	100%



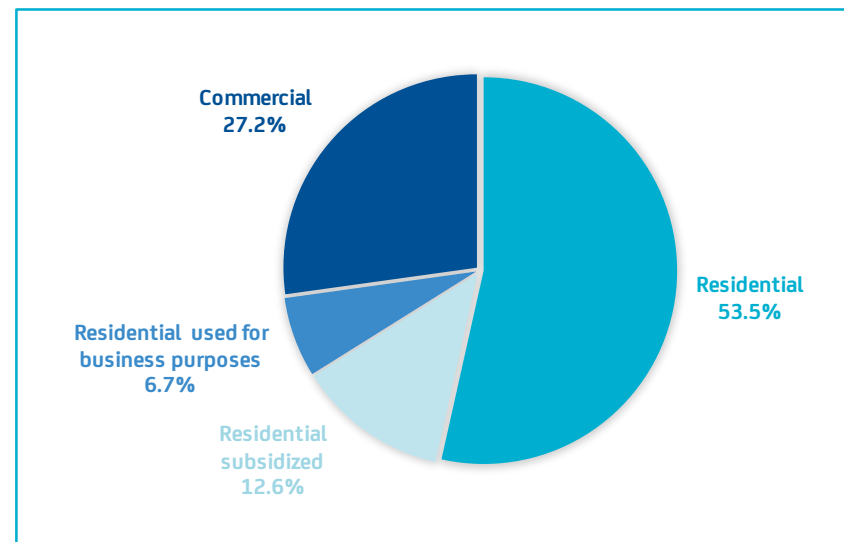
Mortgage Cover Pool

Breakdown* by Type of Use and LTV

1 2 3 4

Breakdown by type of use – September 2020

Mortgages Breakdown by Type of Use	Total	
	€/mn	Number
Residential	7,972	45,600
Residential subsidized	1,884	2,076
Residential used for business purposes	996	916
Commercial	4,064	1,211
thereof Office	1,705	181
thereof Trade	1,005	66
thereof Tourism	417	169
thereof Agriculture	60	313
thereof mixed Use / Others	877	482
Total	14,916	49,803



	Residential	Commercial	Total
Total	10,852	4,064	14,916
Weighted Average LTV	52.1%	50.6%	51.7%



Mortgage Cover Pool

Breakdown* by Type of Use

1 2 3 4

- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 14,916 mn** as of 30 September 2020 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
 - The main concentration is in the City of Vienna (41.4%) and the state of Lower Austria (23.0%)
- **Breakdown of cover pool by type of use:**
 - 72.8% residential real estate (thereof 12.6% subsidized)
 - 27.2% commercial real estate, of which:
 - Office 11.4%
 - Trade 6.7%
 - Tourism 2.8%
 - Other / Mixed use 6.3%



Executive Summary

Public Sector Cover Pool of Bank Austria



Liquidity & Funding
Cover Pool

1 2 3 4

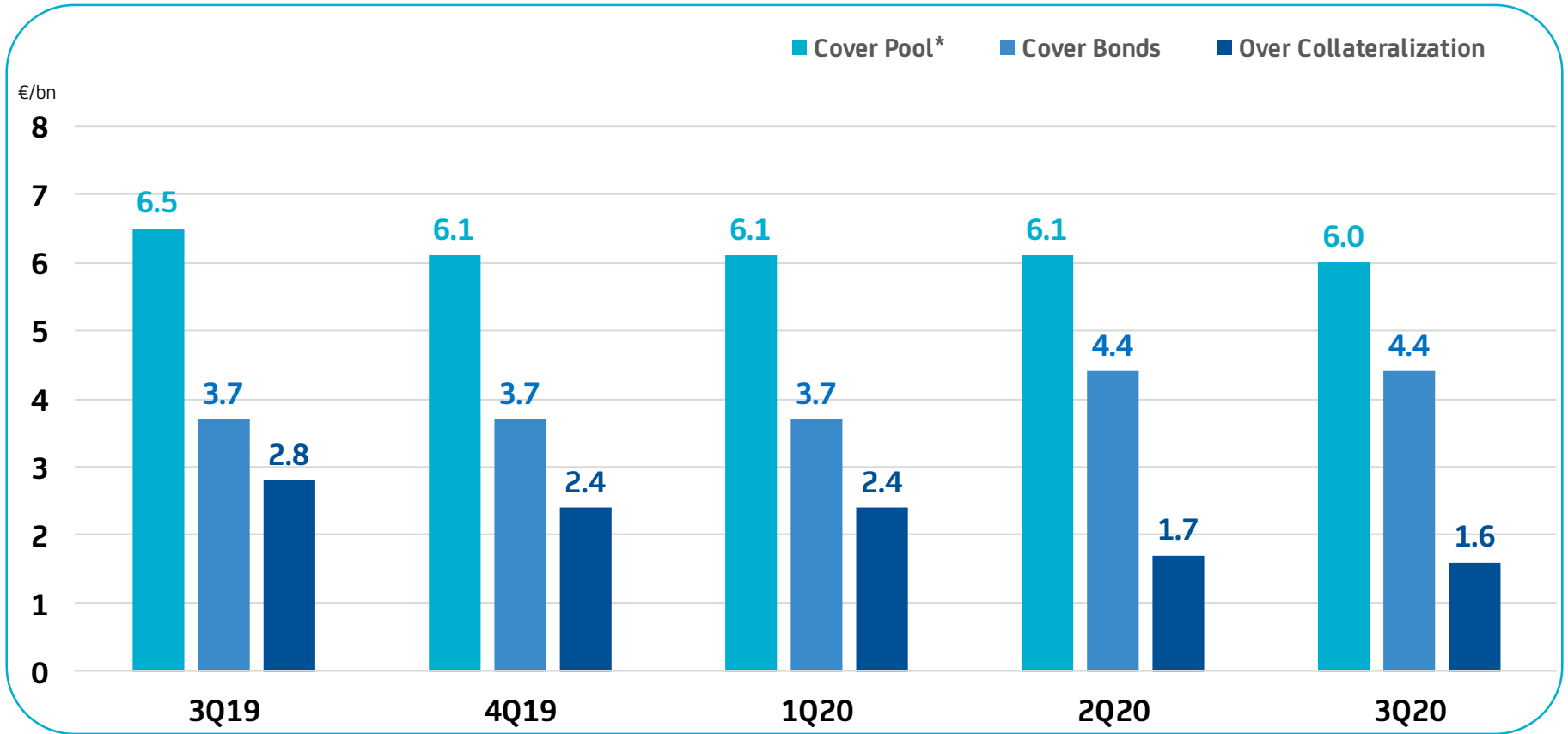
- **Aaa Rating by Moody's**
- Focus on **purely Austrian claims**
- Cover Pool Volume* as of 30 September 2020 amounts to **€ 6,023 mn**
- Average volume of loans is approx. **€ 1.2 mn**
- Average seasoning is **7.7 years**
- **ECBC Covered Bond Label** has been granted to the Public Sector Cover Pool of Bank Austria



Public Sector Cover Pool

Yearly development

1 2 3 4



Public Sector Cover Pool

Parameters of Cover Pool* and Issues

1 2 3 4

<i>Parameters of Cover Pool</i>	<i>3Q20</i>
Weighted Average Life (in years incl. Amortization)	8.2
Contracted Weighted Average Life (in years)	12.4
Average Seasoning (in years)	7.7
Total Number of Loans	4,981
Total Number of Debtors	2,265
Total Number of Guarantors	324
Average Volume of Loans (in €/mn)	1.2
Stake of 10 Biggest Loans	18.4%
Stake of 10 Biggest Guarantors	41.1%
Stake of Bullet Loans	43.0%
Stake of Fixed Interest Loans	45.7%
Amount of Loans 90 Days Overdue (in €/mn)	-
Average Interest Rate	1.3%

<i>Parameters of Issues</i>	<i>3Q20</i>
Total Number	31
Average Residual Maturity (in years)	2.2
Average Volume (in €/mn)	142.4

- Total Value of the **Cover Pool*** as of **30 Sept. 2020** (€-equivalent): **6,023 mn**
 - thereof in €: 4,665 mn (77.5%)
 - thereof in CHF: 159 mn (2.6%)
 - thereof public sector bonds* (€-equivalent): 1,199 mn (19.9%)
- **Moody's Rating: Aaa**



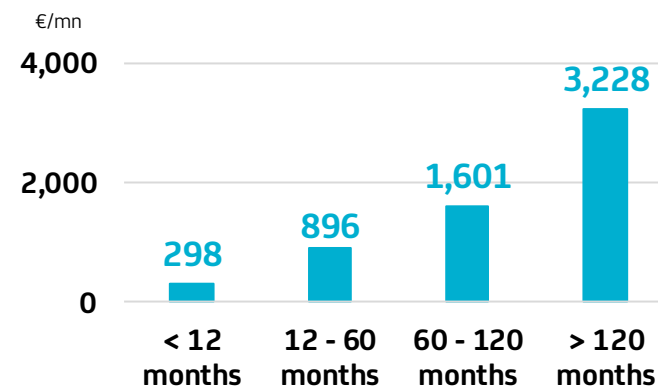
Public Sector Cover Pool

Maturity Structure of Cover Pool* and Issues

1 2 3 4

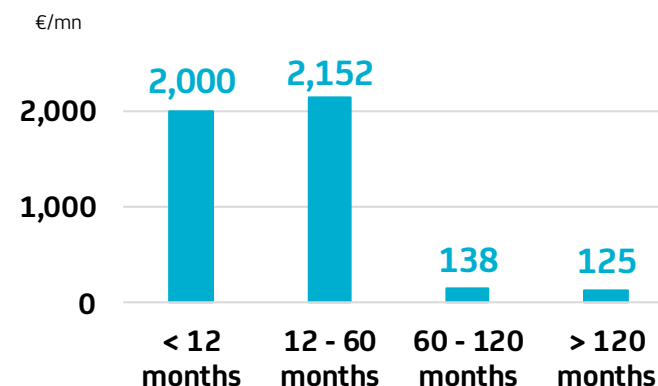
Maturity of assets in the cover pool – September 2020

Maturity of Assets in the Cover Pool**	Total	
	€/mn	%
< 12 months	298	4.9%
12 - 60 months	896	14.9%
12 - 36 months	449	7.5%
36 - 60 months	447	7.4%
60 - 120 months	1,601	26.6%
> 120 months	3,228	53.6%
Total	6,023	100%



Maturity of issued covered bonds – September 2020

Maturity of Issued Covered Bonds	Total	
	€/mn	%
< 12 months	2,000	45.3%
12 - 60 months	2,152	48.8%
12 - 36 months	792	18.0%
36 - 60 months	1,360	30.8%
60 - 120 months	138	3.1%
> 120 months	125	2.8%
Total	4,415	100%



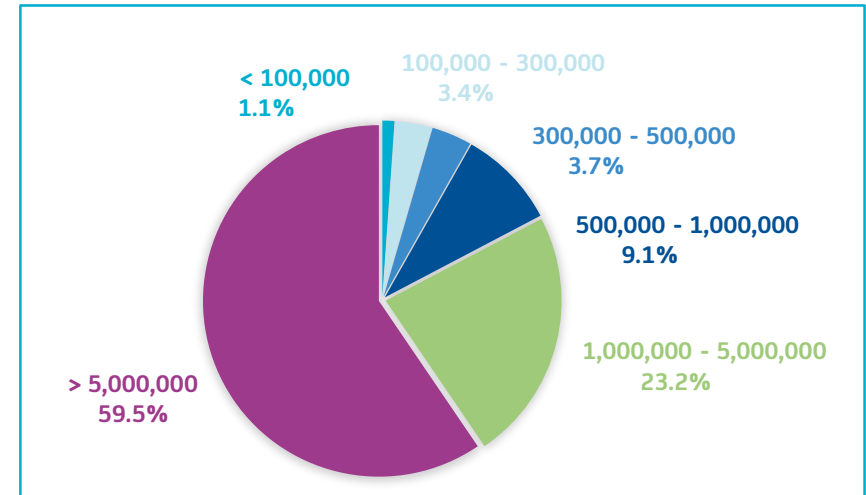
Public Sector Cover Pool

Volume* breakdown by Size of Assets

1 2 3 4

Breakdown by size of assets – September 2020

Volume Breakdown by Size of Assets	Total	
	€/mn	Number
< 300,000	273	2,772
< 100,000	68	1,638
100,000 - 300,000	205	1,134
300,000 - 5,000,000	2,165	2,067
300,000 - 500,000	219	566
500,000 - 1,000,000	549	782
1,000,000 - 5,000,000	1,397	719
> 5,000,000	3,585	142
Total	6,023	4,981



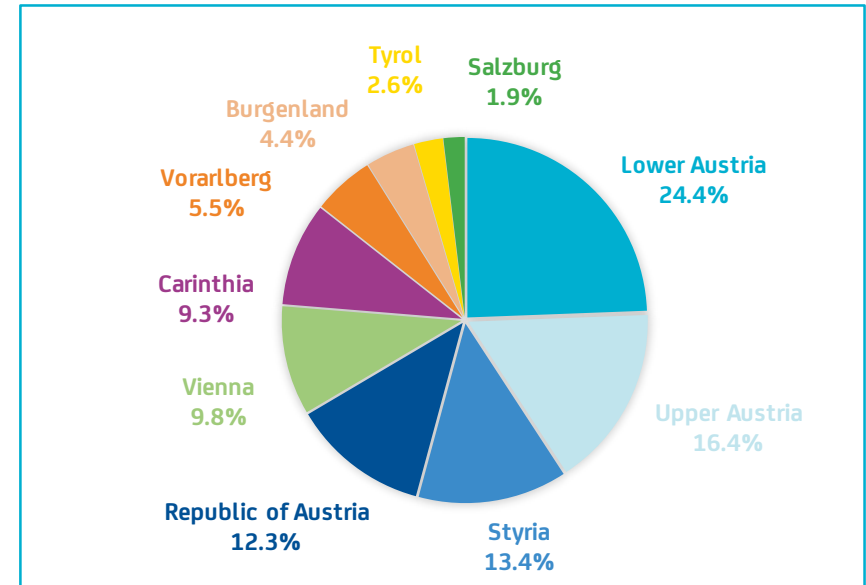
Public Sector Cover Pool

Regional Breakdown of Assets* in Austria

1 2 3 4

Regional Breakdown Austria – September 2020

Regional Breakdown Austria	Total	
	€/mn	%
Lower Austria	1,470	24.4%
Upper Austria	988	16.4%
Styria	807	13.4%
Republic of Austria	740	12.3%
Carinthia	591	9.8%
Vienna	563	9.3%
Vorarlberg	329	5.5%
Burgenland	268	4.4%
Tyrol	154	2.6%
Salzburg	113	1.9%
Total Austria	6,023	100%

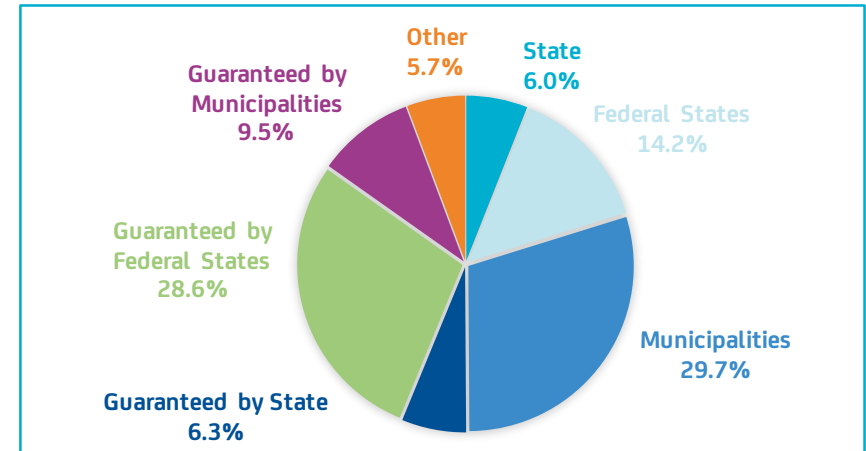


Public Sector Cover Pool

Assets Volume* Breakdown by Type of Debtor / Guarantor

Breakdown by type of debtor / guarantor – September 2020

Assets: Type of Debtor / Guarantor	Total	
	€/mn	Number
State	360	3
Federal States	858	22
Municipalities	1,789	2,600
Guaranteed by State	379	966
Guaranteed by Federal States	1,721	377
Guaranteed by Municipalities	570	534
Other	346	479
Total	6,023	4,981



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- Ratings Overview
- Real Estate Market Austria
- Legal Situation – Austrian Covered Bonds



Overview of outstanding Pfandbrief Benchmark Issues since 2019

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Annex
Liquidity & Funding Transactions

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

1 2 3 4

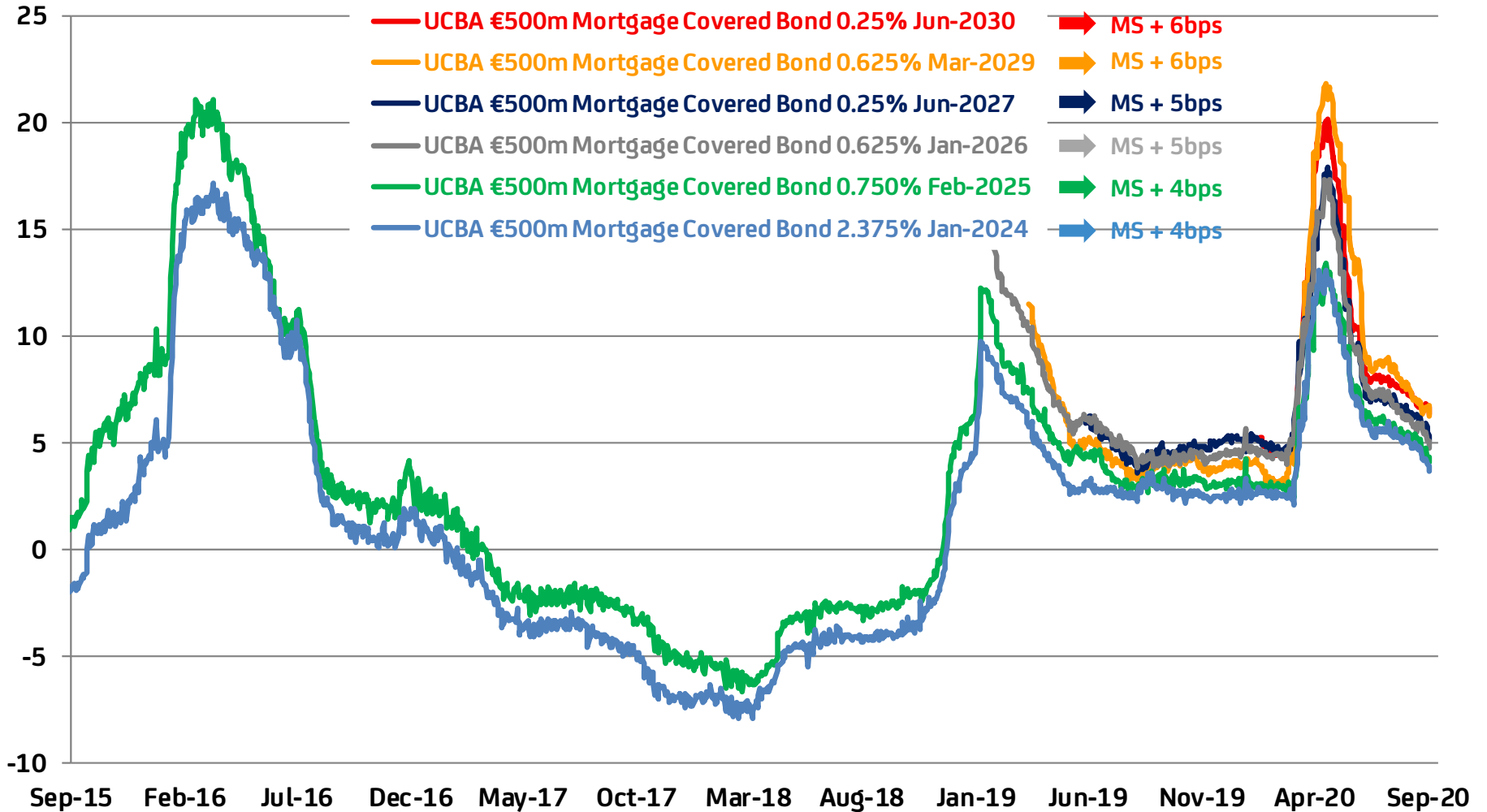
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Liquidity & Funding Transactions

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 Public Sector 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
Bank Austria Public Sector Pfandbrief	1.875%	29/10/2020	€ 500 mn	Oct. 2013	Mid-Swap +25
Bank Austria Public Sector Pfandbrief	4.125%	24/02/2021	€ 1 bn	Feb. 2011	Mid-Swap +69



UniCredit Bank Austria Covered Bond Spread Comparison



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Rating Overview

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	Moody's					S&P			
	Long-Term Deposits	Long-Term Senior Unsecured	Short-Term	Subordinated ¹⁾	Counterparty Risk	Long-Term	Short-Term	Subordinated ¹⁾	Counterparty Risk
Bank Austria ²⁾	A3	Baa1 Negative	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	Baa1 Stable	P-2	Baa3	Baa1 / P-2	BBB Negative	A-2	BB+	BBB+

(as of 16 November 2020)

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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Austrian Real Estate Market

Overview

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- **2019** was an **absolute record year for commercial real estate investments** in Austria. 2019 ended with a record **investment volume of approx. € 5.9 billion**. The first quarter of 2020 started just as strongly as some transactions could not be completed in 2019. Then, the COVID-19 pandemic resulted in a lock-down. In 2019, **office properties** were by far the most important asset class, accounting for around 46% percent of the total investment volume: The high demand, with limited supply, led to consistently low returns in all office 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%**
- **Residential property** prices in Vienna have increased significantly in the past 5 years. Prices rose continuously from the first half year to the end of 2019 well into the first quarter of 2020. Price development in Austria (excluding Vienna) continues more steadily than in the capital city
- Due to the COVID-19 pandemic, **further development** of real estate prices in 2020 is still uncertain. Residential real estate seems to remain unaffected, 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

1 2 3 4

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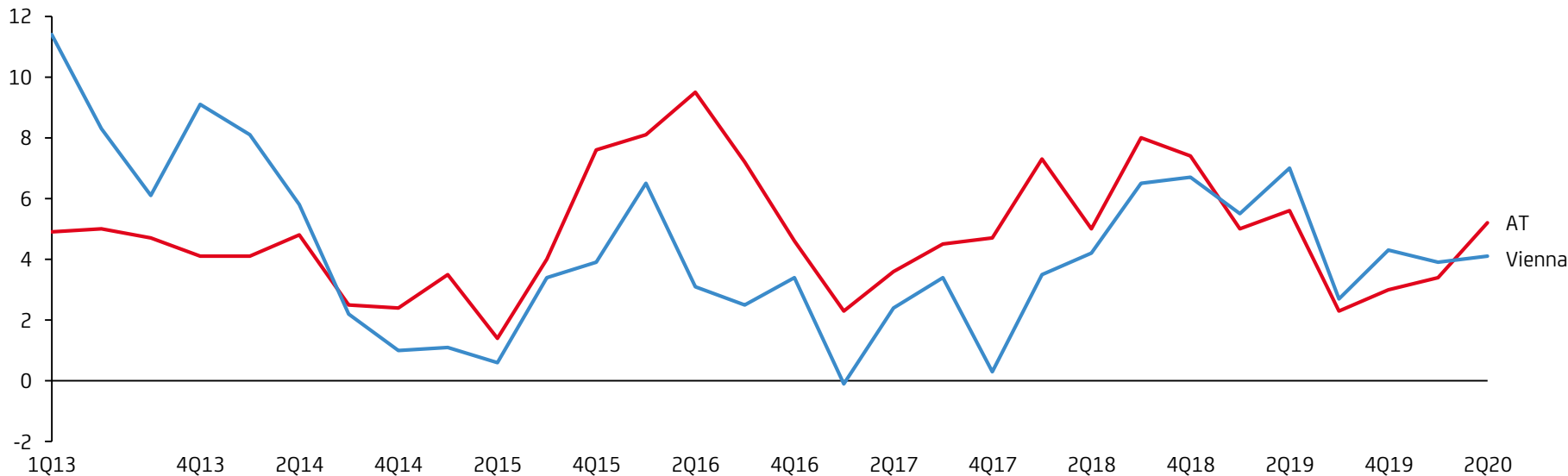
Real Estate Market Austria

- After an increase in prices in 2019 of approx. 4.6%, there was a further increase in property prices of approx. 4.5% in 1Q20. In the first half year 2020, price curve flattened altogether. Professional forecaster predict a slight decrease in prices until year-end 2020
- Residential property prices in Austria (excluding Vienna) developed continuously in 2019 with approx. 2.7%, significantly weaker than in Vienna

Source: OeNB, Technical University Vienna, Department für Raumplanung

Annual change in %

Residential property price index



Austrian Real Estate Market

Investment Property Databank (IPD)

1 2 3 4

- 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 2019 | 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

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Legal situation – Austrian covered bonds

Austrian Covered Bonds

Pfandbriefe

Fundierte Schuldverschreibungen

Hypothekbankgesetz
(Mortgage Banking Act 1899)

Pfandbriefgesetz
(Pfandbrief Law 1938)

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

1 2 3 4

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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UniCredit Bank Austria AG, Vienna
as of November 16, 2020

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