



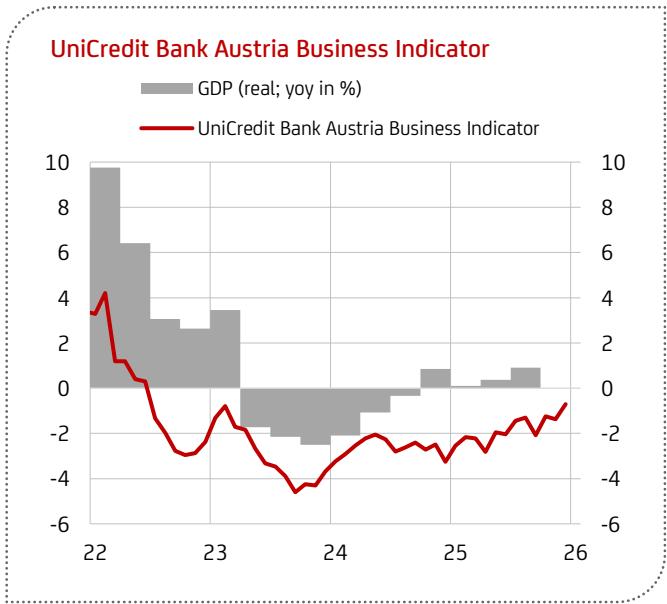
UniCredit Bank Austria Business Indicator

January 2026

Overview

AUSTRIA'S ECONOMY MAKES AN IMPROVED START TO THE NEW YEAR

- The UniCredit Bank Austria Business Indicator rose to minus 0.7 points in December, the highest value since mid-2022
- Economic sentiment improved in all economic sectors - with the exception of construction - at the turn of the year
- The revised upward trend up to the third quarter and the continuing economic upturn at the end of the year suggest economic growth of at least 0.5 per cent for 2025
- A moderate improvement in domestic demand and a more stable export economy will enable GDP growth of 1.0 per cent in 2026 and 1.5 per cent in 2027
- Turnaround on the labour market: after an average of 7.4% in 2025, the unemployment rate will fall to 7.3% in 2026 and to at least 7.2% in 2027
- Inflation will not reach the ECB's target range until 2027. At an average of 2.4 per cent, inflation is likely to be noticeably higher than in the eurozone again in 2026



| | GDP real (yoY in %) | UniCredit Bank Austria Business Indicator |
|--------|------------------------|---|
| Dec-98 | 3.3 | 3.2 |
| Dec-99 | 4.5 | 4.4 |
| Dec-00 | 2.9 | 3.9 |
| Dec-01 | 0.0 | 0.4 |
| Dec-02 | 0.8 | 1.8 |
| Dec-03 | 2.4 | 2.7 |
| Dec-04 | 2.6 | 2.8 |
| Dec-05 | 2.7 | 2.9 |
| Dec-06 | 3.5 | 3.9 |
| Dec-07 | 2.9 | 2.9 |
| Dec-08 | -1.2 | -2.0 |
| Dec-09 | -0.7 | 0.7 |
| Dec-10 | 2.6 | 2.2 |
| Dec-11 | 1.5 | 0.6 |
| Dec-12 | 0.0 | 0.6 |
| Dec-13 | 0.7 | 1.5 |
| Dec-14 | 1.0 | 0.8 |
| Dec-15 | 1.4 | 1.7 |
| Dec-16 | 2.0 | 3.1 |
| Dec-17 | 3.1 | 5.2 |
| Dec-18 | 3.1 | 3.1 |
| Dec-19 | 0.3 | 1.3 |
| Dec-20 | -4.9 | 0.0 |
| Mar-21 | -5.3 | 2.3 |
| Jun-21 | 14.3 | 7.2 |
| Sep-21 | 5.0 | 5.5 |
| Dec-21 | 6.8 | 3.4 |
| Mar-22 | 9.8 | 1.2 |
| Jun-22 | 6.4 | 0.3 |
| Sep-22 | 3.1 | -2.8 |
| Dec-22 | 2.6 | -2.4 |
| Mar-23 | 3.5 | -1.7 |
| Jun-23 | -1.7 | -3.3 |
| Sep-23 | -2.2 | -4.6 |
| Dec-23 | -2.5 | -3.7 |
| Mar-24 | -2.1 | -2.5 |
| Jun-24 | -1.1 | -2.3 |
| Sep-24 | -0.3 | -2.4 |
| Dec-24 | 0.8 | -3.3 |
| Mar-25 | 0.1 | -2.2 |
| Jun-25 | 0.4 | -2.0 |
| Sep-25 | 0.9 | -2.1 |
| Oct-25 | | -1.2 |
| Nov-25 | | -1.4 |
| Dec-25 | | -0.7 |

Source: UniCredit Bank Austria

In details

UNICREDIT BANK AUSTRIA BUSINESS INDICATOR INCREASED TO MINUS 0.7 POINTS IN DECEMBER

The gradual improvement in economic sentiment in Austria accelerated at the end of the year. The UniCredit Bank Austria Business Indicator rose to minus 0.7 points in December, reaching its highest level since mid-2022. The Austrian economy is thus starting the new year under much more favorable conditions than in 2025. However, in view of the continued subdued economic momentum, only cautious optimism is appropriate for the coming months. Although economic sentiment has improved in all economic sectors except construction and sentiment in the services sector even rose above the long-term average at the end of the year, the high level of geopolitical uncertainty, the aggressive US economic policy and home-made challenges due to the high cost dynamics as well as the tight budgetary room for manoeuvre limit the prospects for the Austrian economy.

SERVICE SECTOR OPTIMISTIC FOR THE FIRST TIME IN THREE YEARS

The rise in the UniCredit Bank Austria Business Indicator by 0.7 points compared to the previous month was primarily due to the improved sentiment in the service sector in December. A good booking situation in winter tourism and the positive development of Christmas business in the retail sector led to optimism among service providers for the first time in almost three years, especially as the mood among Austrian consumers also brightened somewhat. Uncertainty in domestic industry also eased somewhat towards the end of the year, supported by an improvement in the export environment. The indicator for global industrial sentiment, which is weighted with Austrian trade shares, improved slightly, supported by more favorable developments in Europe and overseas markets.

However, economic concerns due to weak order momentum combined with losses in price competitiveness as a result of comparatively high labor and energy costs continued to keep sentiment in domestic industrial companies below the long-term average. A renewed deterioration in economic expectations in the construction sector prevented an even more favorable development of the UniCredit Bank Austria Business Indicator, to which the very pessimistic order expectations in both building construction and civil engineering contributed despite the improved current business situation.

The positive trend of the UniCredit Bank Austria Business Indicator continued in December. However, the improvement in sentiment in the services sector and in industry was offset by a slight deterioration in construction. Sentiment in all sectors was noticeably more favorable than in the first half of the year. The burgeoning optimism in the service sector in particular gives us hope that the Austrian economy will get off to a good start in the new year and that the recovery that has begun will continue.

GDP GROWTH IN 2025 SLIGHTLY HIGHER THAN ORIGINALLY EXPECTED, BUT STILL A LOSS OF PROSPERITY

The latest statistical data show a slightly stronger upward trend in the Austrian economy in the first three quarters of 2025 than previously assumed. Supported by domestic demand, GDP rose by 0.5 per cent year-on-year. The further improvement in the UniCredit Bank Austria Business Indicator in the final quarter points to a continuation of the moderate recovery of the Austrian economy towards the end of the year.

We have raised our GDP estimate for 2025 from 0.3 to 0.5 per cent due to the data revision and continued good sentiment and economic data. The turnaround after two years of recession is encouraging, but real economic output in Austria is still around one per cent below the 2022 figure. As the population has also increased, real GDP per capita in Austria has actually fallen by two per cent or almost EUR 1,000 over the past three years. The past few years have therefore brought a noticeable decline in prosperity in Austria. Even if the economy continues to improve, the loss of prosperity will only be made up slowly. According to the economists at UniCredit Bank Austria, real GDP per capita should not return to the 2022 level until 2027.

There are no signs of a significant change in the economic situation at the start of 2026. However, the recovery that has begun in the Austrian economy should be able to gain stability and momentum over the course of the year, supported by a continuation of the positive trend in domestic demand. Despite wage settlements below the inflation rate, private consumption will remain the most important pillar of the economy, as a slight reduction in the high propensity to save can be expected. In addition, a similar willingness to invest as in 2025 can be expected thanks to the more favorable financing conditions, supported by an improvement in construction activity, particularly in building construction, and at least a slight boost from Germany's investment program. In addition, the export business should stabilize again in line with the USA's protectionist trade policy and the improvement in competitiveness and thus at least no longer dampen economic development as much as in 2025.

After a moderate start to the year, the Austrian economy should be able to pick up speed in the following months. Following the 0.5 per cent increase in GDP in 2025, we expect economic growth to accelerate slightly to 1.0 per cent in 2026 and 1.5 per cent in 2027. Domestic demand will make the biggest contribution to the upward trend in the domestic economy, but also a more stable development in foreign trade.

SEASONALLY ADJUSTED UNEMPLOYMENT RATE AT THE END OF 2025 DOWN FOR THE FIRST TIME IN THREE YEARS

The improvement in the Austrian economy in the second half of the year is now having a positive impact on the labour market. The seasonally adjusted data for December already shows a slight decrease in the number of jobseekers with a slight increase in employment. The seasonally adjusted unemployment rate fell to 7.4 per cent. The annual average unemployment rate for 2025 was also 7.4 per cent.

The positive trend on the labor market should continue in the coming months. The recovery of the domestic economy will continue to ensure a slight increase in employment, which is

even likely to intensify somewhat later in the year. In addition, the decline in the number of jobseekers will continue, supported by demographic effects such as the slower increase in the working-age population and the decline in the average working hours of employees in Austria. The increase in the retirement age for women and the reform of the corridor pension will at least partially counteract this effect.

With the more favorable economic development, the trend reversal on the domestic labor market began just before the turn of the year. However, this has not yet arrived in all sectors of the economy, because while employment is rising in the service sector, especially in the public sector, industry is still reducing its workforce. However, the positive trend should prevail in all sectors over the course of 2026. After the rise in the unemployment rate to 7.4 per cent in 2025, we expect it to fall to 7.3 per cent in 2026 and then to at least 7.2 per cent in 2027.

INFLATION IS FALLING

Inflation in Austria remained high until the end of 2025 due to the lifting of the electricity price brake and the high momentum in some service sectors, such as catering and accommodation in particular, to compensate for wage increases. However, dampened by lower fuel prices, inflation in December fell below the 4 per cent mark for the first time in five months at 3.8 per cent. On average for 2025, inflation thus rose to 3.5 per cent after 2.9 per cent in the previous year.

For 2026, we expect inflation to fall to an average of 2.4 per cent, mainly due to the elimination of the effect of the expiry of the electricity price brake from the calculation. However, after the sharp decline at the start of the year due to this base effect, inflation will only move downwards slightly, burdened by fee increases and continued strong momentum in service and food prices. We are assuming average inflation of 2.4 per cent in 2026 and only expect inflation in Austria to reach the European

Central Bank's target range of 2.0 per cent in 2027 - after six years of significantly higher values.

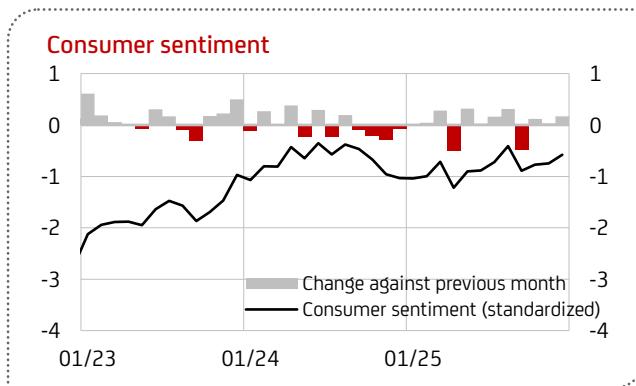
Economic Forecast

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | estimate | forecast | UCBA |
|---|-------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Real change in % | | | | | | | | | 2025 | 2026 | 2027 |
| GDP | 2.3 | 2.5 | 1.8 | -6.3 | 4.9 | 5.3 | -0.8 | -0.7 | 0.5 | 1.0 | 1.5 |
| Private consumption | 1.9 | 0.8 | 0.7 | -7.6 | 4.9 | 5.4 | -0.2 | 1.0 | 0.6 | 1.0 | 1.3 |
| Public consumption | 0.6 | 1.0 | 1.3 | -0.8 | 7.7 | 0.0 | 0.6 | 3.8 | 2.8 | 0.8 | 0.5 |
| Gross fixed capital formation*) | 4.2 | 4.4 | 4.3 | -5.3 | 6.0 | -0.3 | -1.3 | -4.1 | 1.6 | 1.8 | 2.2 |
| Investments in plant and machinery | 7.7 | 1.3 | 1.0 | -8.2 | 8.8 | -1.7 | 1.2 | -4.4 | 3.8 | 2.5 | 3.0 |
| Investments in construction | 2.5 | 5.6 | 3.5 | -3.5 | 4.3 | -2.1 | -4.5 | -5.9 | -1.5 | 0.5 | 1.5 |
| Exports | 4.9 | 5.2 | 4.0 | -10.5 | 9.5 | 9.4 | -0.6 | -2.3 | -1.5 | 0.5 | 3.0 |
| Imports | 5.3 | 5.1 | 2.4 | -9.6 | 14.1 | 6.9 | -4.3 | -2.6 | 1.2 | 1.6 | 2.9 |
| CPI (change in %) | 2.1 | 2.0 | 1.5 | 1.4 | 2.8 | 8.6 | 7.8 | 2.9 | 3.5 | 2.4 | 2.0 |
| HCPI (change in %) | 2.2 | 2.1 | 1.5 | 1.4 | 2.8 | 8.6 | 7.7 | 2.9 | 3.6 | 2.4 | 2.1 |
| Saving ratio (in %) | 7.1 | 7.7 | 7.2 | 13.6 | 11.3 | 9.1 | 8.6 | 11.7 | 11.2 | 10.3 | 9.5 |
| Current account (in euro bn) | 4.6 | 3.2 | 9.4 | 12.8 | 7.0 | -5.8 | 7.7 | 7.5 | 5.0 | 4.5 | 5.5 |
| Current account (in % of GDP) | 1.3 | 0.8 | 2.4 | 3.4 | 1.7 | -1.3 | 1.6 | 1.5 | 1.0 | 0.8 | 1.0 |
| Employment (in 1,000)**) | 3,573 | 3,661 | 3,720 | 3,644 | 3,734 | 3,845 | 3,889 | 3,898 | 3,902 | 3,916 | 3,935 |
| Employment (change in %) **) | 2.0 | 2.5 | 1.6 | -2.0 | 2.5 | 3.0 | 1.2 | 0.2 | 0.1 | 0.4 | 0.5 |
| Unemployment rate (nat. def.) | 8.5 | 7.7 | 7.4 | 9.9 | 8.0 | 6.3 | 6.4 | 7.0 | 7.4 | 7.3 | 7.2 |
| Unemployment rate (EU def.) | 5.9 | 5.2 | 4.8 | 6.0 | 6.2 | 4.8 | 5.1 | 5.2 | 5.6 | 5.6 | 5.3 |
| Unemployed (annual average in 1,000) | 340 | 312 | 301 | 410 | 332 | 263 | 271 | 298 | 318 | 314 | 308 |
| General gov. balance (in % of GDP) | -0.8 | 0.2 | 0.5 | -8.2 | -5.7 | -3.4 | -2.6 | -4.7 | -4.5 | -4.2 | -3.5 |
| Public-sector debt (in % of GDP) | 79.1 | 74.6 | 71.0 | 83.2 | 82.4 | 78.1 | 77.8 | 79.9 | 81.6 | 83.1 | 83.7 |
| Nominal GDP (in euro bn) | 367 | 383 | 396 | 380 | 406.2 | 449.4 | 477.8 | 494.1 | 513.7 | 531.3 | 550.0 |

*) excluding changes in inventory **) excluding persons drawing maternity benefits, military service and training

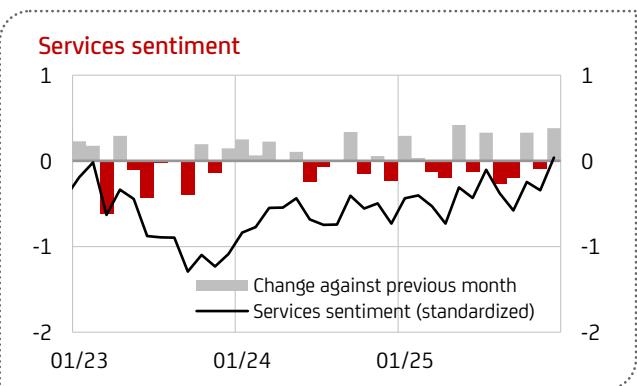
Source: UniCredit Bank Austria

Consumer sentiment slightly better again



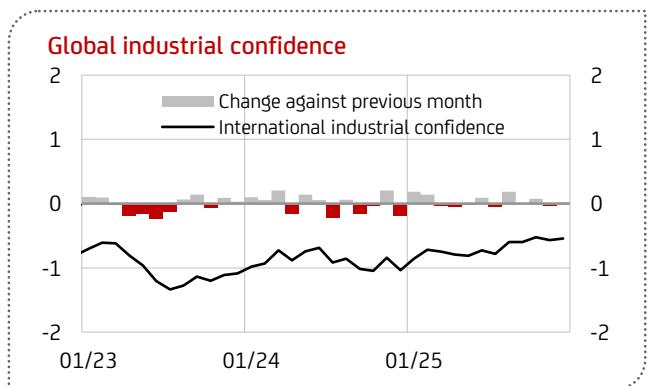
Domestic consumer sentiment rose slightly again after the slump in November, supported by a stabilization of inflation.

Service sentiment decreased

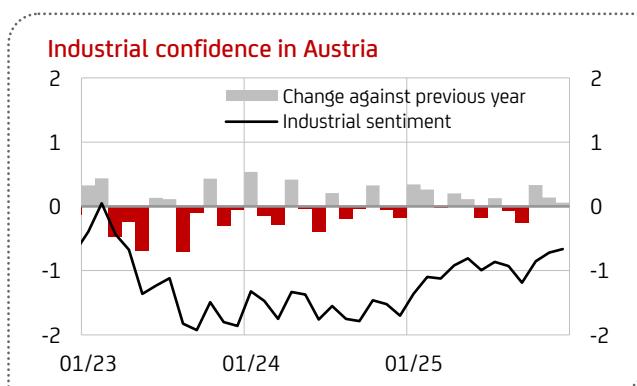


Sentiment in the service sector deteriorated somewhat in November, weighed down by less favorable new orders.

Stabilization global industrial sentiment supports sentiment in Austria's industry

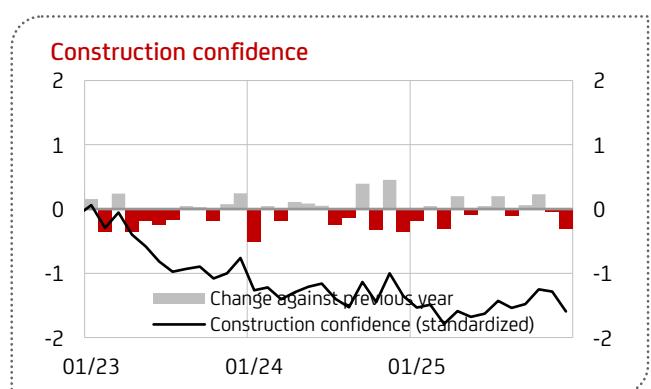


The indicator for global industrial sentiment stabilized in November near the previous month's value and remains below the long-term average.



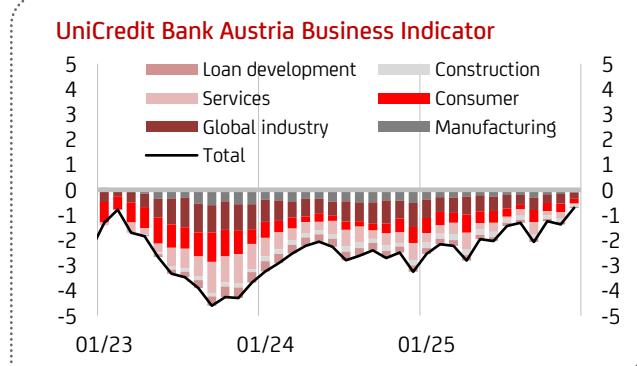
Despite the tense competitive situation and the headwind in exports due to US tariff policy, the mood in the domestic industry increased.

Slight downward trend in construction



In the construction industry, a less favorable new business caused a worse assessment of the economic situation. Economic worries increased especially in civil engineering.

UCBA Business Indicator fell to minus 1.4 points in November



The decline of 0.1 points in the UniCredit Bank Austria Business Indicator in November compared to October was mainly due to the deterioration in sentiment in the service sector.

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