

Presentation to Fixed Income Investors

Bank Austria

Investor Relations

Vienna, November 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 € 113 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 20.0%** ¹⁾



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• Funding & Liquidity

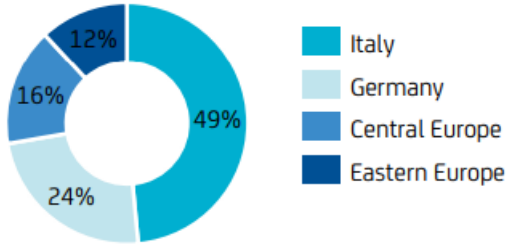
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UniCredit: a strong pan-European franchise with sizeable untapped potential

Total Revenues by Geography¹



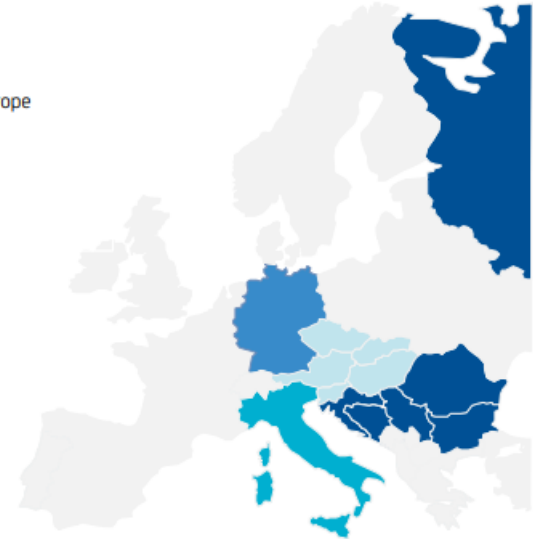
13
Countries

#3
Corporate lender in Europe

16m
Clients

Ranking²

Italy	#2
Germany	#3
Central Europe ³	#2
Eastern Europe ⁴	#1



1. Geographical representation based on 1H21 managerial figures, for illustrative purposes only.

2. Ranking by total assets.

3. The positioning vs other main Peers in CE region is as of 1Q21; UniCredit figures are excluding Profit Centre Milan; ERSTE Austria in CE perimeter ranking consists of ErsteBank Oesterreich & Subsidiaries, Savings banks and Other Austria.

4. The positioning vs other main Peers in EE region is as of 1Q21; UniCredit figures are excluding Profit Centre Milan.



Guiding principles to underpin strategy: simplification, clients and digital



Simplification

- Reducing complexity
- Simplifying working interactions
- Empowering colleagues

Clients

- Client centricity
- Clients and communities are the reason we exist
- Proximity to clients

Digital

- Make innovative technologies central
- Digitalisation as part of UniCredit's DNA
- Incorporate technology in decision making
- Enhance service to clients



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Bank Austria Highlights as of 30 June 2021

- 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
- Excellent capital base (20.0% CET1 ratio)
- Stable liquidity with a perfect balance between customer loans and direct funding

in € bn

	Jun-21	Dec-20
Total Assets	116.8	118.5
Customer Loans	61.0	60.9
Direct Funding	70.7	73.8
Equity	8.6	8.4

in € mn

	1H21	1H20
Operating income	928	846
Operating costs	-578	-583
LLP	-32	-134
Net profit	219	-36

	Jun-21
Cost / income ratio	62.3%
CET1 capital ratio ¹⁾	20.0%
Total capital ratio ¹⁾	22.2%
Non-performing exposure ratio	3.4%
Coverage ratio	46.3%
Cost of risk	10 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	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)



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^{*)} (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 **1.5 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 (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

^{*)} since 1 November 2021, combined in Division CORPORATES

^{**)} of which 1.1 mn Primary Clients



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P&L of Bank Austria Group – 1H21

Solid profitability, based on a robust operative performance

Overview Bank Austria

Profit & Loss

(€ million)	1-6/ 2021	1-6/ 2020	y/y	2Q21	1Q21	2Q20	q/q	y/y
Operating income	928	846	9.7%	452	476	405	-5.1%	11.6%
Operating costs	-578	-583	-0.9%	-298	-280	-284	6.2%	4.9%
Operating profit	350	262	33.5%	154	196	121	-21.2%	27.2%
Net write-downs of loans	-32	-134	-76.3%	-51	19	-33	>-100.0%	55.9%
Net operating profit	318	128	>100.0%	103	215	88	-52.1%	16.5%
Non-operating items	-68	-169	-59.8%	21	-89	-63	>-100.0%	>-100.0%
Profit (loss) before tax	251	-41	>-100.0%	124	126	25	-1.9%	>100.0%
Other positions	-32	5	>-100.0%	-12	-20	-5	-43.1%	>100.0%
Group Net Profit	219	-36	>-100.0%	113	106	20	6.0%	>100.0%
Cost/income ratio	62.3%	69.0%	-671 bp	65.9%	58.9%	70.0%	699 bp	-419 bp

- **Operating Income** almost 10% above last year, with increases in almost all income positions and a decrease only in net interest in the current environment impacted by extremely low interest rates
- **Operating Costs** -1% y/y, continued strong cost discipline and further FTE reduction
- **Net Write-Downs of Loans** at € -32 mn (1H20: € -134 mn), significantly below prior years' LLP which were largely driven by the COVID-19 pandemic, partly compensated by model adjustments
- **Non-Operating Items** € -68 mn: mainly systemic charges (€ -89 mn); the amount in the previous year was also impacted by impairments regarding some at-equity participations (3-Banken Group)



P&L of Bank Austria Group – 1H21 in detail

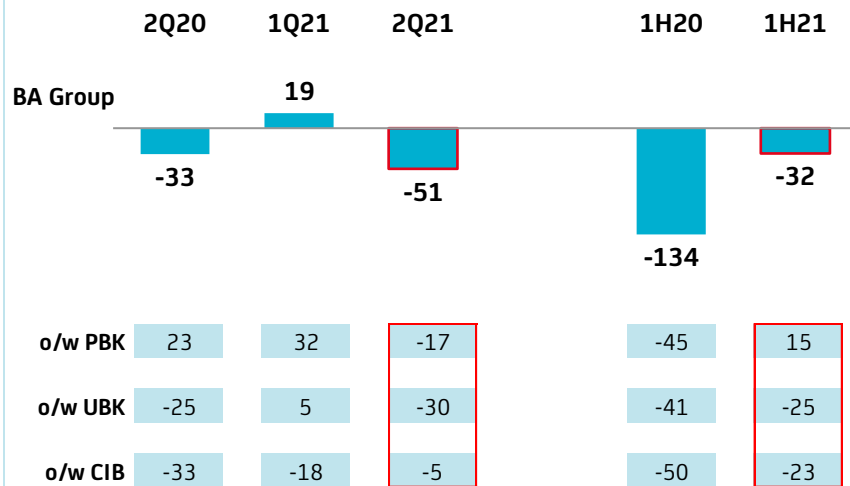
(€ million)	1-6/2021	1-6/2020	Δ abs.	Δ in %
Net interest	424	460	-36	-8%
Dividends and other income from equity investments	70	23	47	>100%
Net fees and commissions	336	324	12	4%
Net trading, hedging and fair value income/loss	81	15	66	>100%
Net other expenses/income	17	24	-7	-29%
Operating income	928	846	82	10%
Payroll costs	-290	-303	13	-4%
Other administrative expenses	-256	-258	2	-1%
Depreciation	-32	-23	-10	42%
Operating costs	-578	-583	5	-1%
Operating profit	350	262	88	33%
Net write-downs of loans and provisions for guarantees and commitments	-32	-134	103	-76%
Net operating profit	318	128	190	>100%
Provisions for risks and charges	1	6	-5	-89%
Systemic charges	-89	-118	30	-25%
Net income from investments	20	-56	77	n.m.
Profit (loss) before tax	251	-41	291	n.m.
Income tax for the period	-40	4	-43	n.m.
Net profit	211	-37	248	n.m.
Total profit or loss after tax from discontinued operations	1	1	1	74%
Profit (loss) for the period	212	-36	248	n.m.
Non-controlling interests	7	0	6	>100%
Net Profit attrib. to the owners of the parent company	219	-36	255	n.m.



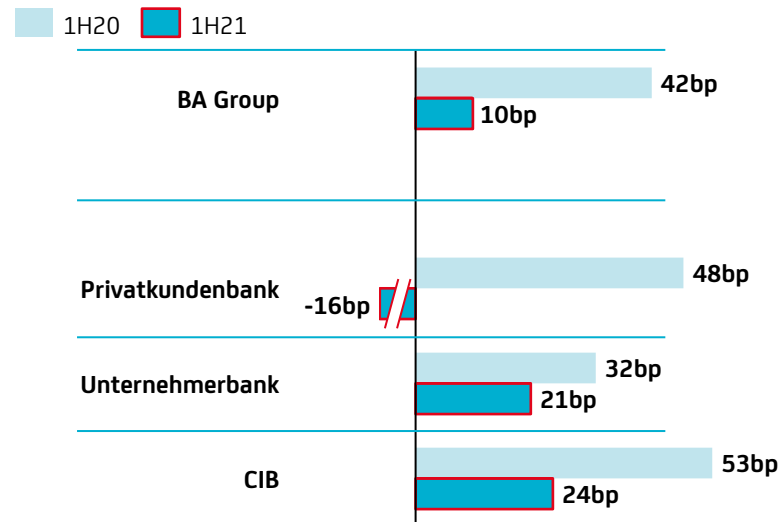
Net Write-Downs of Loans

Strong decrease in 1H21 vs. previous year

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



Cost of risk by Segment (basis points)



- **Net Write-Downs** of € -32 mn (1H20: € -134 mn), mainly due to model adjustments, which are offset by reversals for foreign currency loans (mainly due to repayments) and for non-performing loans
- **Cost of Risk** at low 10 bp for BA Group (1H21: 42 bps)

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)



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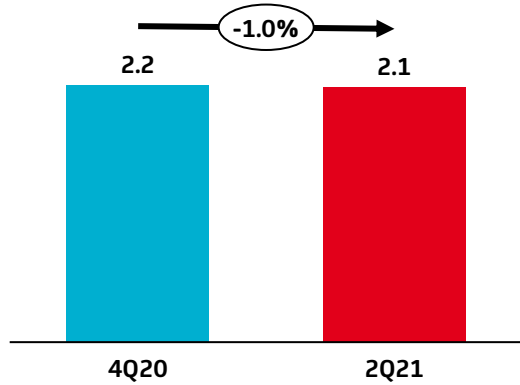
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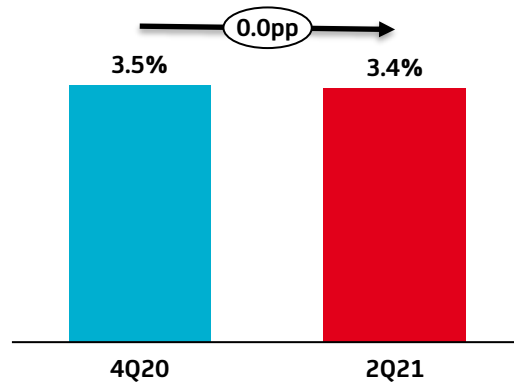
Asset Quality – 1H21

Stable asset quality KPIs in first half 2021, despite COVID-19

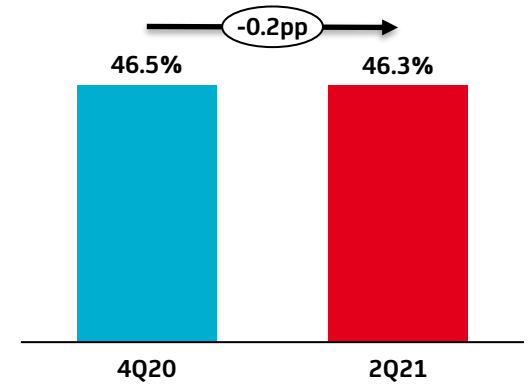
Gross NPE ¹⁾ (€ bn)



% of Gross NPE on Total Loans¹⁾



Coverage Ratio on NPE ¹⁾



- **NPE portfolio** (gross impaired loans) decreased by 1% since year-end 2020, **NPE Ratio** (gross impaired loans in % of total loans) **slightly down to 3.4%**
- **Coverage Ratio** practically stable at 46.3%

¹⁾ on-balance clients (non-banks) only, NPE = Non-Performing Exposure



Agenda

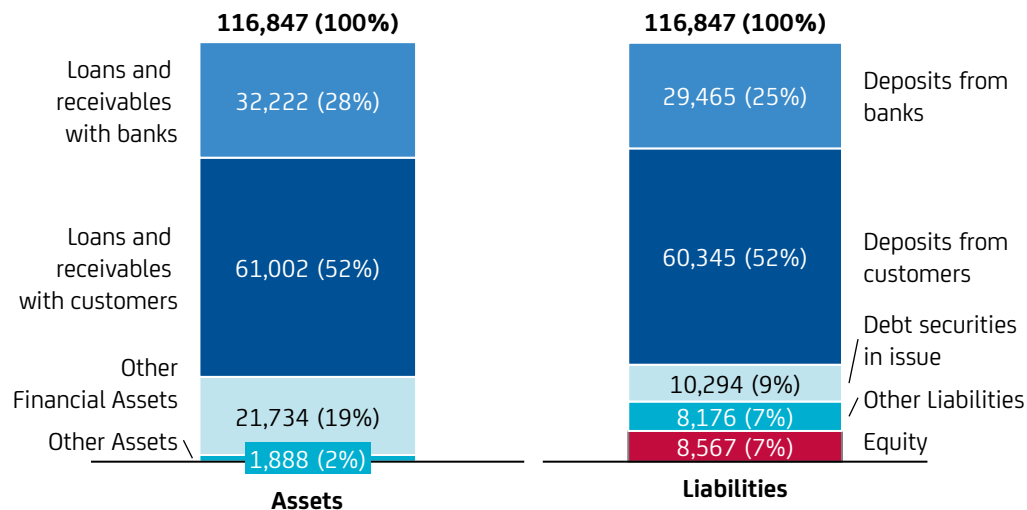
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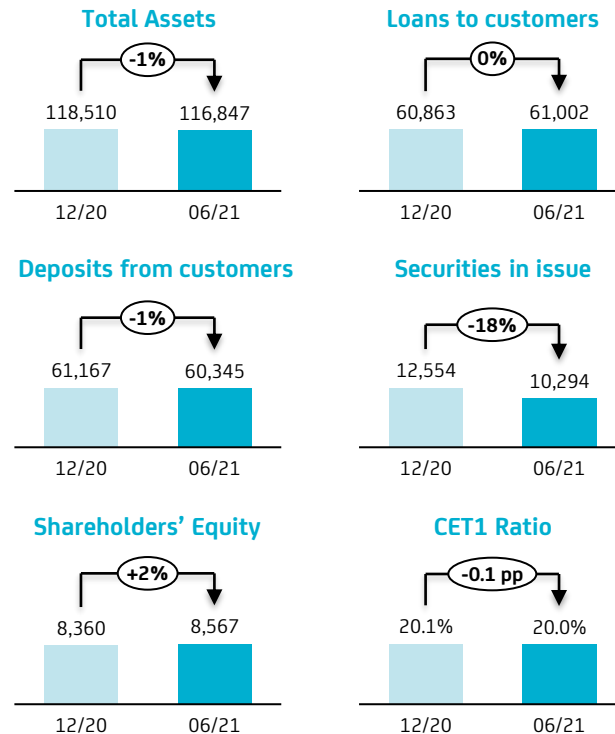
Balance Sheet structure of Bank Austria

(as of 30 June 2021)

Balance Sheet (€ million)



Change vs. 31 December 2020



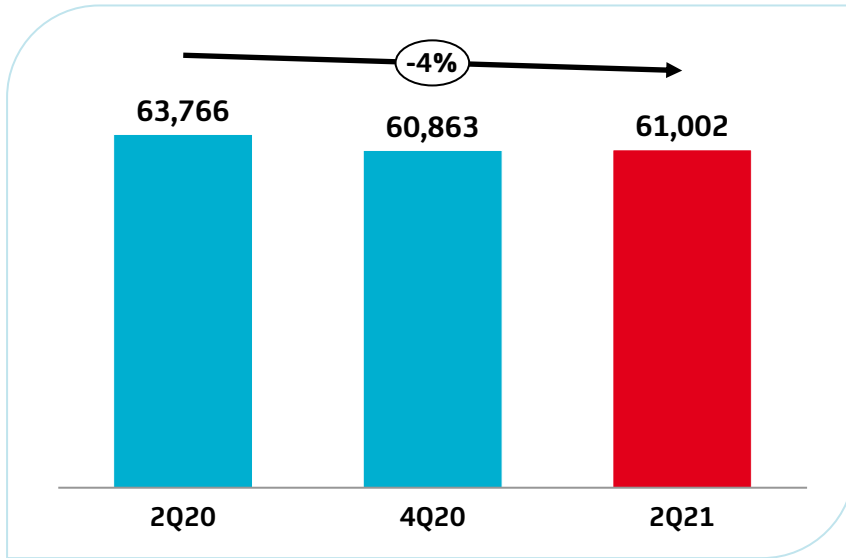
- **Balance sheet** reflects a **classical commercial bank**, with large shares of loans and deposits (details see following page)
- **Decrease of total assets** vs. YE20, with stable loans to customers and intended lower deposits from customers; strong decrease of securities in issue due to maturities and repayments, including some larger issues
- **Higher capital base** with net equity of **€ 8.6 bn**, due to 1H21 net profit
- **Excellent CET1 Ratio** at **20.0%**



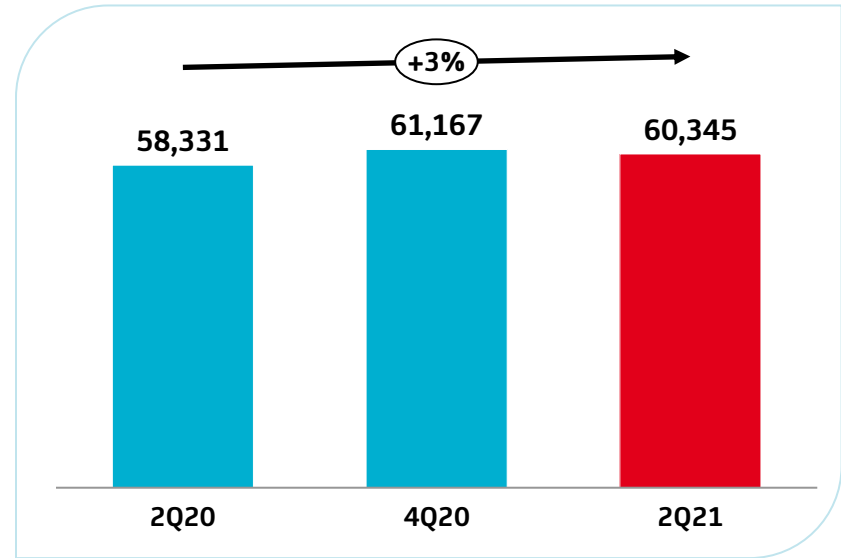
Loan and Deposit Volumes

Well-balanced development of loans and deposits

Loans to Customers (€ million)



Deposits from Customers (€ million)



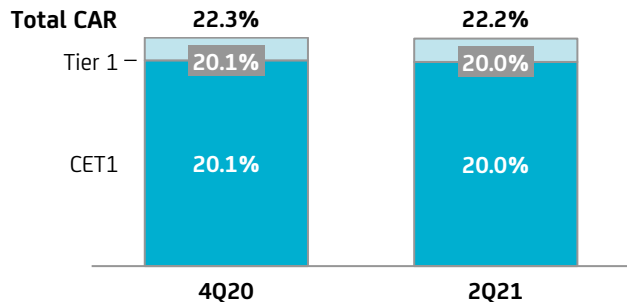
- **Loans to customers** decreased y/y by 4%, driven in particular by Unternehmerbank and CIB
- **Deposits from customers** increased y/y by 3%, due to growth in Privatkundenbank and CIB



Capital position – Bank Austria Group (according to IFRS)

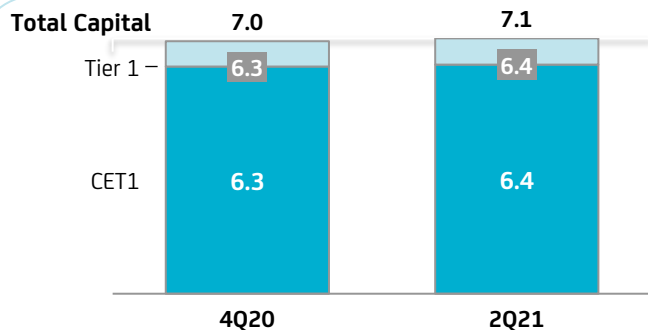
Excellent capital ratios

Capital Ratios

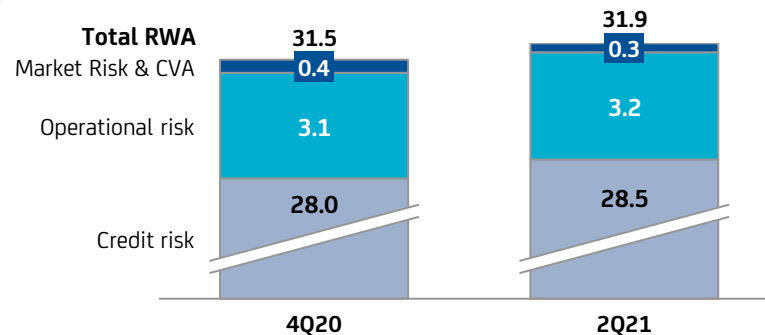


- Total regulatory capital slightly higher at € 7.1 bn
- Total RWA increased by 0.4bn to € 31.9 bn
- CET1 Ratio at 20.0%, significantly above regulatory requirements
- Total Capital Ratio at excellent 22.2%
- Leverage Ratio at strong 6.5%

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



COVERED BOND
· L A B E L ·

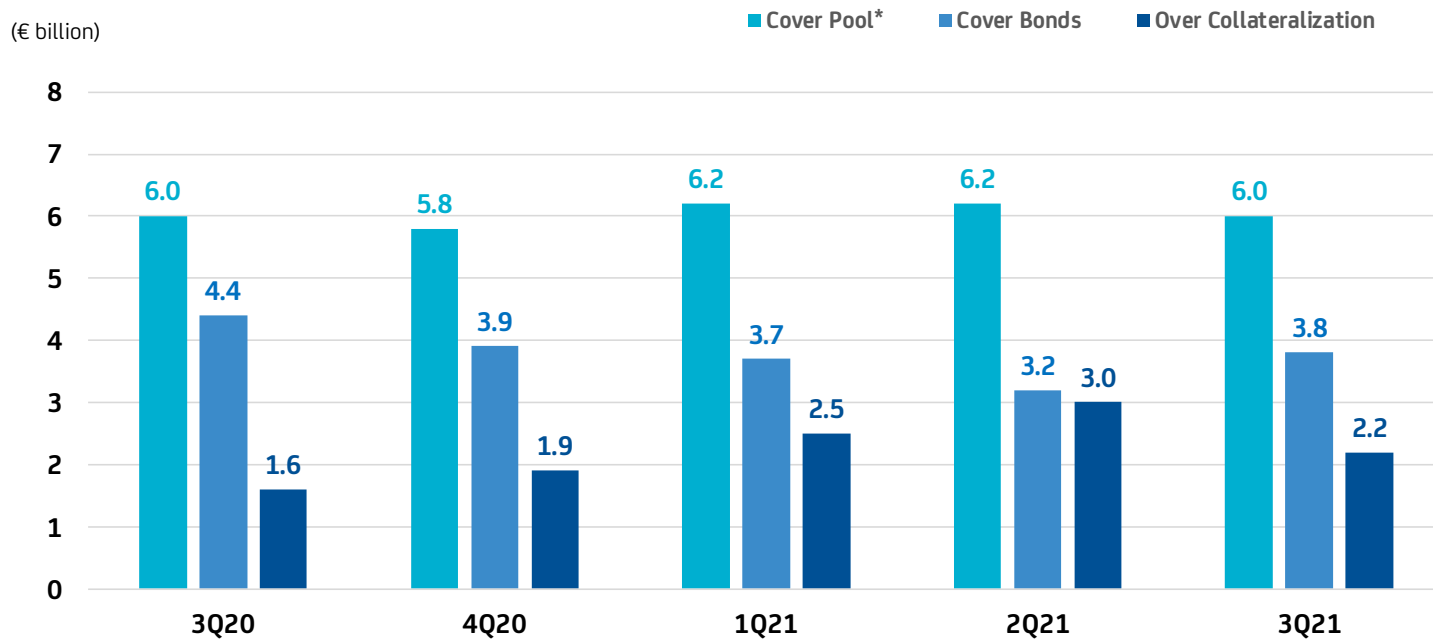
Funding & Liquidity
Public Sector Cover Pool

- **Aaa Rating by Moody's**
- Focus on **purely Austrian claims**
- Cover Pool Volume* as of 30 September 2021 amounts to **€ 6,042 mn**
- Average volume of loans is approx. **€ 1.2 mn**
- Average seasoning is **7.6 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>3Q21</i>
Weighted Average Life (in years incl. Amortization)	8.5
Contracted Weighted Average Life (in years)	13.0
Average Seasoning (in years)	7.6
Total Number of Loans	4,916
Total Number of Debtors	2,292
Total Number of Guarantors	331
Average Volume of Loans (in €/mn)	1.2
Stake of 10 Biggest Loans	17.0%
Stake of 10 Biggest Guarantors	40.7%
Stake of Bullet Loans	37.2%
Stake of Fixed Interest Loans	45.6%
Amount of Loans 90 Days Overdue (in €/mn)	-
Average Interest Rate	1.0%

<i>Parameters of Issues</i>	<i>3Q21</i>
Total Number	30
Average Residual Maturity (in years)	3.8
Average Volume (in €/mn)	127.2

- Total Value of **the Cover Pool*** as of **30 September 2021** (€-equivalent): **6,042 mn**
 - thereof in €: 4,921 mn (81.5%)
 - thereof in CHF: 119 mn (2.0%)
 - thereof public sector bonds (€-equivalent): 752 mn (12.4%)
 - thereof substitute cover in €: 250 mn (4.1%)
- **Moody's Rating: Aaa**

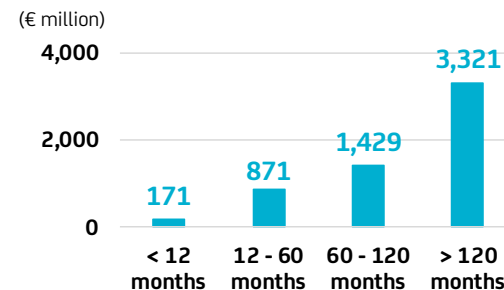


Public Sector Cover Pool

Maturity Structure of Cover Pool* and Issues

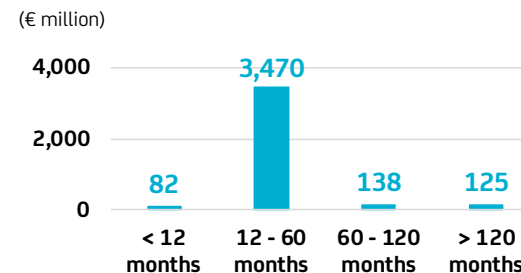
Maturity of assets in the cover pool – September 2021

Maturity of Assets in the Cover Pool**	Total	
	€/mn	%
< 12 months	171	3.0%
12 - 60 months	871	15.0%
12 - 36 months	192	3.3%
36 - 60 months	679	11.7%
60 - 120 months	1,429	24.7%
> 120 months	3,321	57.3%
Total	5,792	100%



Maturity of issued covered bonds – September 2021

Maturity of Issued Covered Bonds	Total	
	€/mn	%
< 12 months	82	2.1%
12 - 60 months	3,470	91.0%
12 - 36 months	1,265	33.2%
36 - 60 months	2,205	57.8%
60 - 120 months	138	3.6%
> 120 months	125	3.3%
Total	3,815	100%



* Without substitute cover

** Without consideration of the repayment

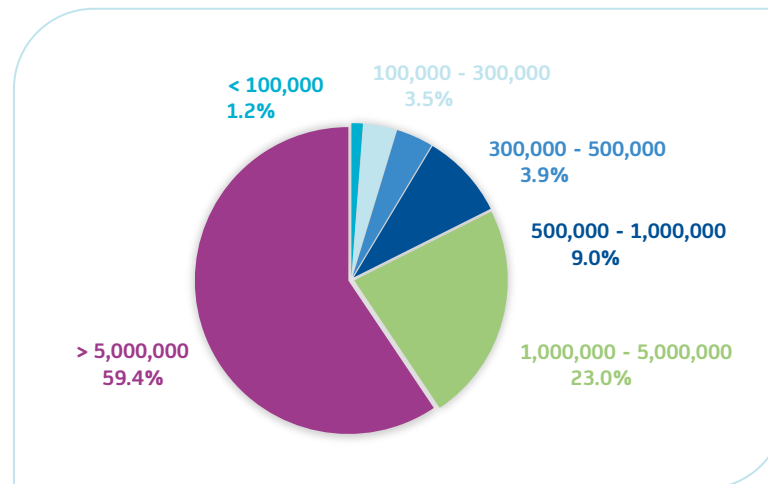


Public Sector Cover Pool

Volume* breakdown by Size of Assets

Breakdown by size of assets – September 2021

Volume Breakdown by Size of Assets	Total	
	€/mn	Number
< 300,000	269	2,772
< 100,000	69	1,685
100,000 - 300,000	200	1,087
300,000 - 5,000,000	2,078	1,992
300,000 - 500,000	227	577
500,000 - 1,000,000	519	729
1,000,000 - 5,000,000	1,332	686
> 5,000,000	3,445	152
Total	5,792	4,916

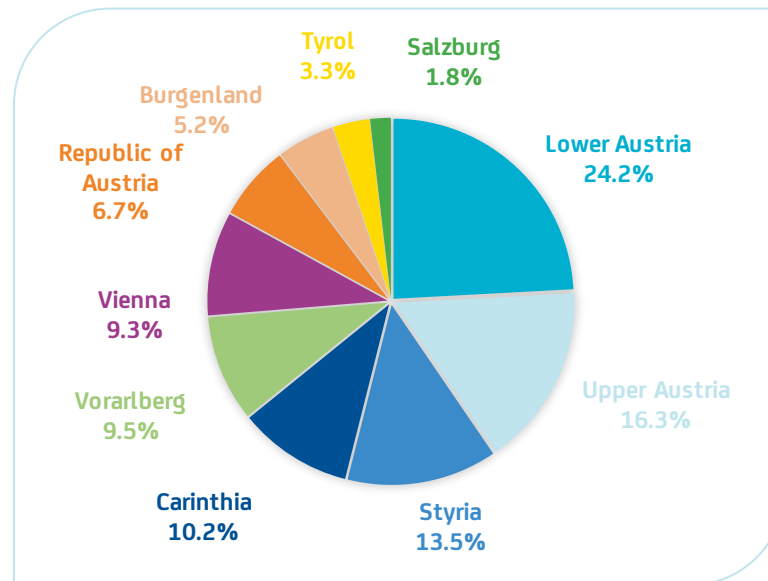


Public Sector Cover Pool

Regional Breakdown of Assets* in Austria

Regional Breakdown Austria – September 2021

Regional Breakdown Austria	Total	
	€/mn	%
Lower Austria	1,399	24.2%
Upper Austria	945	16.3%
Styria	780	13.5%
Carinthia	592	10.2%
Vorarlberg	552	9.5%
Vienna	538	9.3%
Republic of Austria	389	6.7%
Burgenland	299	5.2%
Tyrol	191	3.3%
Salzburg	107	1.8%
Total Austria	5,792	100%

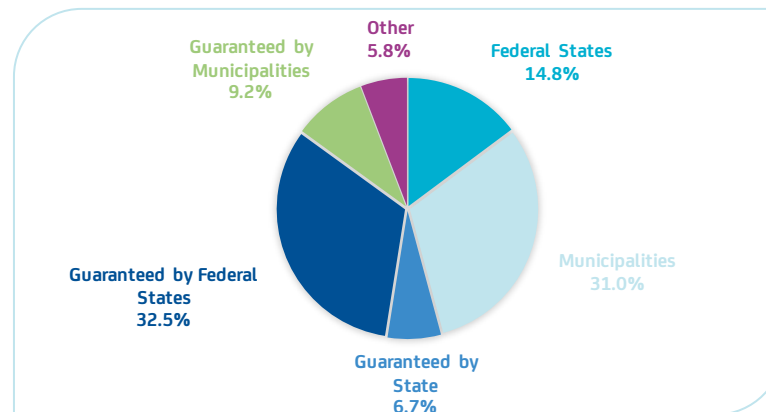


Public Sector Cover Pool

Assets Volume* Breakdown by Type of Debtor / Guarantor

Breakdown by type of debtor/guarantor – September 2021

Assets: Type of Debtor / Guarantor	Total	
	€/mn	Number
Federal States	857	22
Municipalities	1,794	2,498
Guaranteed by State	389	1,057
Guaranteed by Federal States	1,883	384
Guaranteed by Municipalities	531	515
Other	338	440
Total	5,792	4,916



Executive Summary

Bank Austria Mortgage Cover Pool



COVERED BOND
· LABEL ·

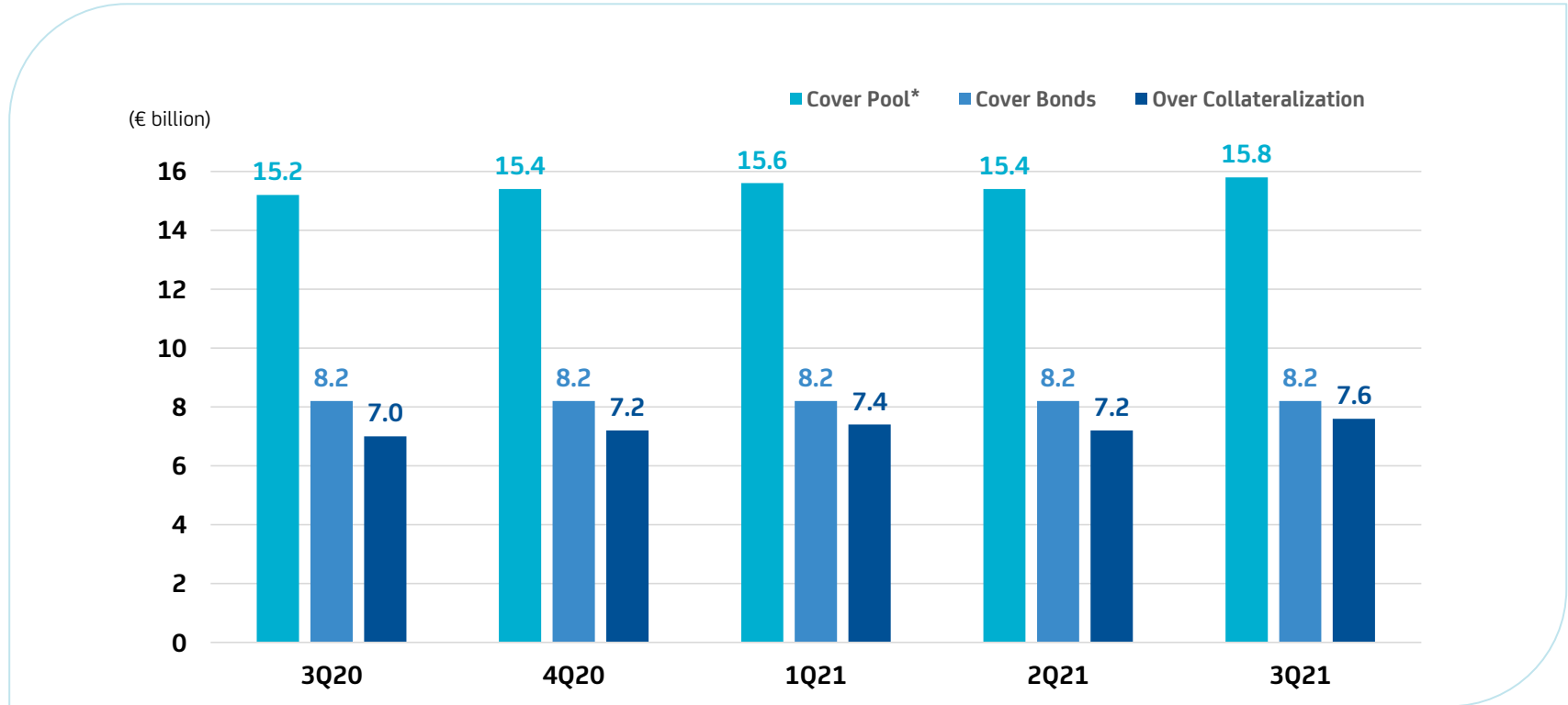
Funding & Liquidity
Mortgage Cover Pool

- **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 six years (3Q15: € 1,681 mn – 3Q21: € 743 mn; no new CHF assets since 2010)
- Increase of the cover pool (approx. € 600 mn over the last 12 months), primarily by residential mortgages
- **ECBC Covered Bond Label** has been granted to the BA Mortgage Cover Pool



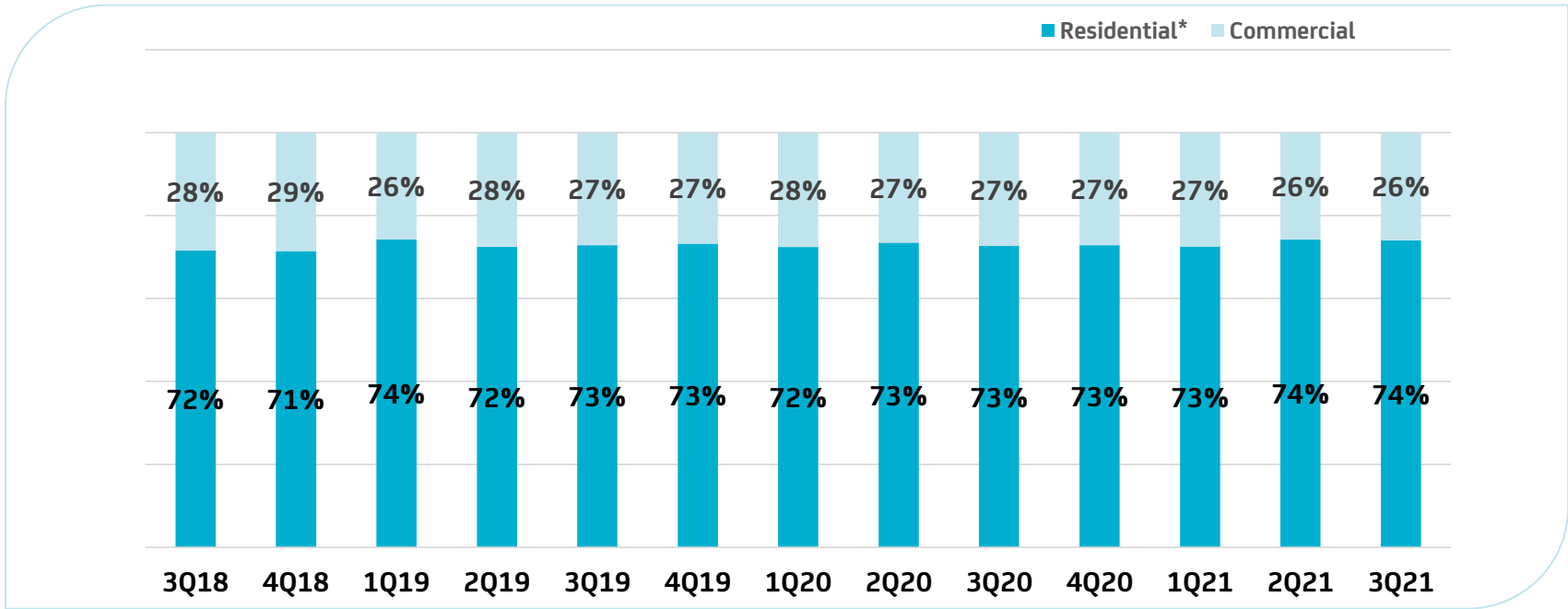
Mortgage Cover Pool

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>3Q21</i>
Weighted Average Life (in years incl. Amortization)	9.6
Contracted Weighted Average Life (in years)	16.4
Average Seasoning (in years)	6.1
Total Number of Loans	57,684
Total Number of Debtors	49,979
Total Number of Mortgages	52,859
Average Volume of Loans (in €/mn)	0.3
Stake of 10 Biggest Loans	10.0%
Stake of 10 Biggest Debtors	10.9%
Stake of Bullet Loans	17.2%
Stake of Fixed Interest Loans	34.8%
Amount of Loans 90 Days Overdue (in €/mn)	-
Average Interest Rate	1.0%

<i>Parameters of Issues</i>	<i>3Q21</i>
Total Number	76
Average Residual Maturity (in years)	4.7
Average Volume (in €/mn)	107.7

- Total Value of the **Cover Pool*** as of **30 September 2021** (€-equivalent): **15,806 mn**
 - thereof in €: 14,713 mn (93.1%)
 - thereof in CHF: 743 mn (4.7%)
 - thereof substitute cover in €: 350 mn (2.2%)
- **Moody's Rating: Aaa**

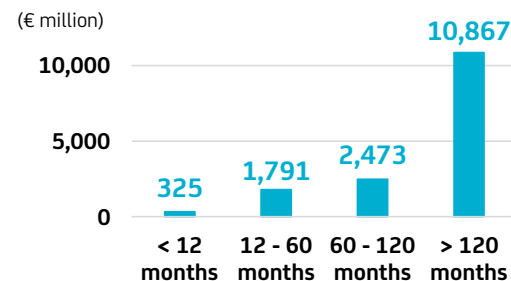


Mortgage Cover Pool

Maturity Structure of Cover Pool* and Issues

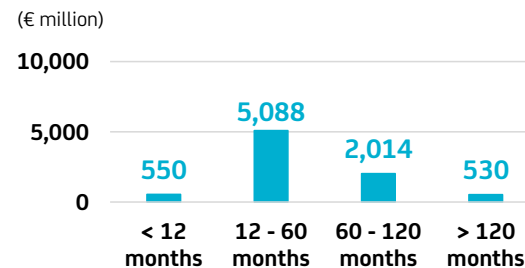
Maturity of assets in the cover pool – September 2021

Maturity of Assets in the Cover Pool**	Total		Commercial		Residential	
	€/mn	%	€/mn	%	€/mn	%
< 12 months	325	2.1%	262	6.5%	63	0.5%
12 - 60 months	1,791	11.6%	1,201	29.7%	589	5.2%
12 - 36 months	775	5.0%	433	10.7%	342	3.0%
36 - 60 months	1,016	6.6%	768	19.0%	247	2.2%
60 - 120 months	2,473	16.0%	1,125	27.9%	1,348	11.8%
> 120 months	10,867	70.3%	1,446	35.9%	9,422	82.5%
Total	15,456	100%	4,034	100%	11,422	100%



Maturity of issued covered bonds – September 2021

Maturity of Issued Covered Bonds	Total	
	€/mn	%
< 12 months	550	6.7%
12 - 60 months	5,088	62.2%
12 - 36 months	2,447	29.9%
36 - 60 months	2,641	32.3%
60 - 120 months	2,014	24.6%
> 120 months	530	6.5%
Total	8,183	100%



* Without substitute cover (consists of cash deposit)

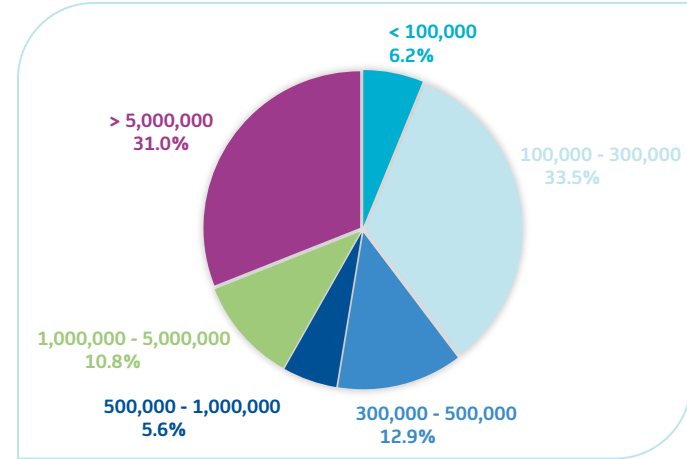
** Without consideration of the repayment



Mortgage Cover Pool

Assets Volume* Breakdown

Volume Breakdown by Size of Mortgages	Total		Commercial		Residential	
	€/mn	Number	€/mn	Number	€/mn	Number
< 300,000	6,136	45,063	73	525	6,063	44,538
< 100,000	951	16,698	10	180	941	16,518
100,000 - 300,000	5,185	28,365	63	345	5,122	28,020
300,000 - 5,000,000	4,525	7,574	499	437	4,026	7,137
300,000 - 500,000	1,987	5,439	51	131	1,936	5,308
500,000 - 1,000,000	864	1,302	95	133	769	1,169
1,000,000 - 5,000,000	1,674	833	353	173	1,321	660
> 5,000,000	4,795	222	3,462	115	1,333	107
Total	15,456	52,859	4,034	1,077	11,422	51,782



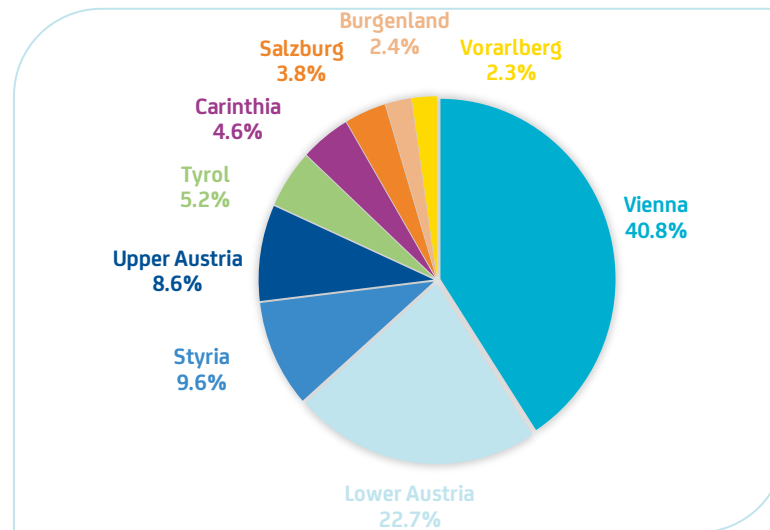
Mortgage Cover Pool

Regional Breakdown* of Mortgages in Austria

Funding & Liquidity
Mortgage Cover Pool

Regional Breakdown Austria – September 2021

Regional Breakdown Austria	Total	
	€/mn	%
Vienna	6,342	40.8%
Lower Austria	3,501	22.7%
Styria	1,477	9.6%
Upper Austria	1,331	8.6%
Tyrol	798	5.2%
Carinthia	703	4.6%
Salzburg	581	3.8%
Burgenland	370	2.4%
Vorarlberg	352	2.3%
Total Austria	15,456	100%

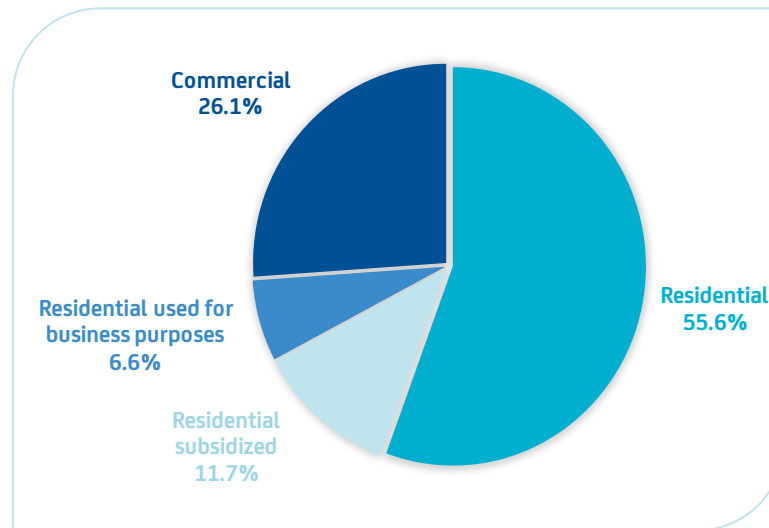


Mortgage Cover Pool

Breakdown* by Type of Use and LTV

Breakdown by type of use – September 2021

Mortgages Breakdown by Type of Use	Total	
	€/mn	Number
Residential	8,596	48,641
Residential subsidized	1,800	2,010
Residential used for business purposes	1,026	1,131
Commercial	4,034	1,077
thereof Office	1,767	177
thereof Trade	1,021	61
thereof Tourism	368	124
thereof Agriculture	54	281
thereof mixed Use / Others	824	434
Total	15,456	52,859



	Residential	Commercial	Total
Total	11,422	4,034	15,456
Weighted Average LTV	49.0%	50.1%	49.3%

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



Mortgage Cover Pool

Breakdown* by Type of Use

- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 15,456 mn** as of 30 September 2021 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
 - The main concentration is in the City of Vienna (40.8%) and the state of Lower Austria (22.7%)
- **Breakdown of cover pool by type of use:**
 - 73.9% residential real estate (thereof 11.7% subsidized)
 - 26.1% commercial real estate, of which:
 - Office 11.4%
 - Trade 6.6%
 - Tourism 2.4%
 - Agriculture 0.4%
 - Other / Mixed use 5.3%



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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

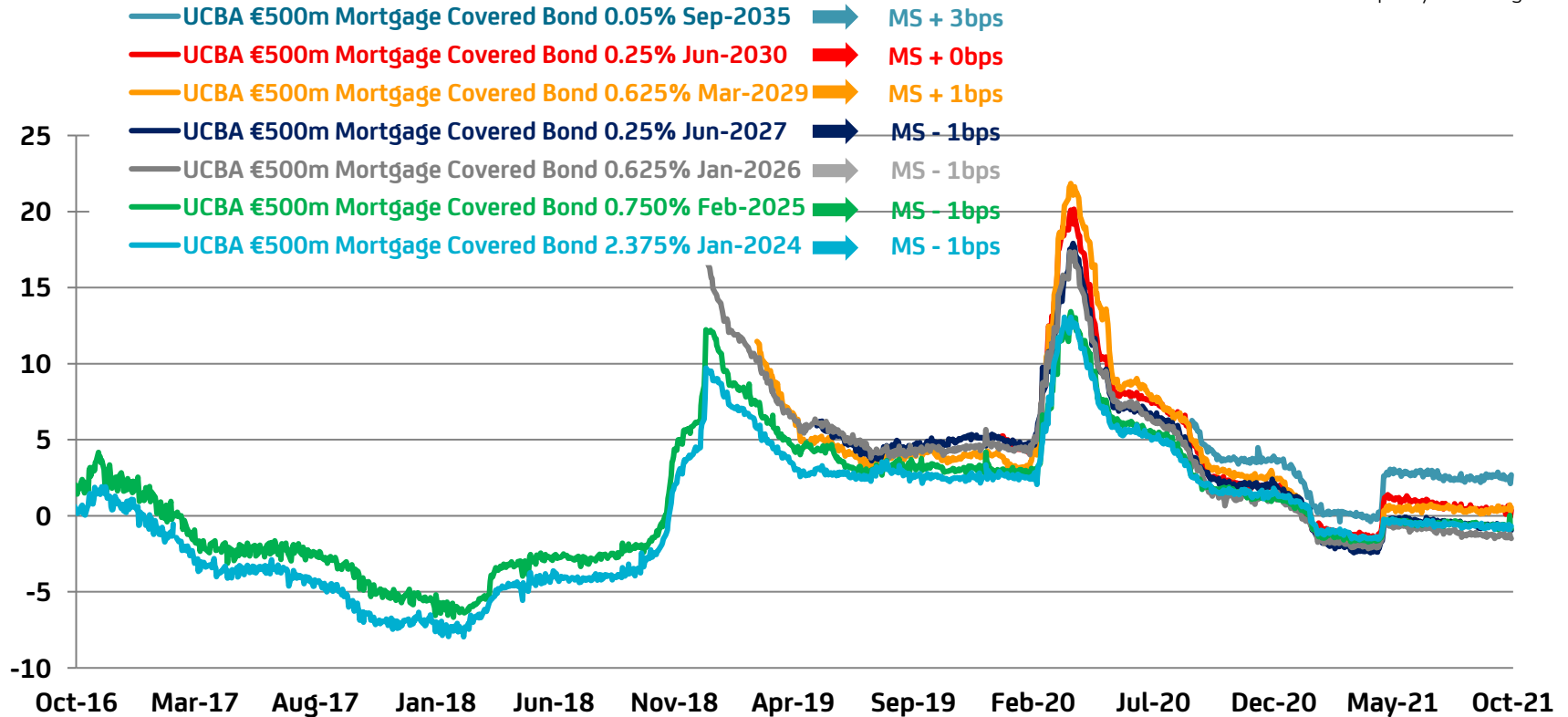


Overview of outstanding Pfandbrief Benchmark Issues until 2015

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	2.375%	22/01/2024	€ 500 mn	Jan. 2014	MS + 35bps



UniCredit Bank Austria Covered Bond Spread Comparison



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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 Stable	A-2	BB+	BBB+	BBB- Stable	F3	BB

(as of 16 November 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 half of 2021 started stable as some transactions could not be completed in 2020. The forecast for 2021 is approx. € 4.0 billion. In 2021 to date, **residential properties** were the most popular asset class with around 32% of the total investment volume, followed by Logistics6 Industry with 29% and office properties with around 21%. The high demand - with limited supply - led to price increases for residential real estate and falling yields for residential and more differentiated yields for office properties.
- 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 also significantly in 2021. Across Austria they increased in **the first half of 2021** by 5% after 7% in 2020. This was primarily due to the rise in prices for single family homes. Apartment prices in Vienna rose by an average of 3%. Price development in Austria excluding Vienna was very different, with house prices rising significantly faster than apartment prices. Also construction prices for residential purposes rose approx. 13% on a year to year comparison.
- 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 7% in 2020, the price curve continued to rise sharply until **mid 2021** into the 5%-plus region. Professional forecasters predict a further price increase until year-end. Mostly affected by sharply rising construction prices at a rate of approx. 13% over 2020.
- 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) | -0.32% |
| ▪ Spread | 2.93% |



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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*). (A draft of the new Pfandbrief Act was adopted by the Council of Ministers in July 2021 and is expected to be referred to the Parliament for consideration in September 2021. The new Covered Bond Act will enter into force on 8 July 2022).

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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