Covered Bonds follow-up Rating

UniCredit Bank Austria AG

Public Sector Covered Bond Program

Creditreform Rating

Rating Object	Rating Information	
UniCredit Bank Austria AG, Public Sector Covered Bond Program	Rating / Outlook : **AA+ / Stable**	Type: Rating Update (unsolicited)
Type of Issuance : Public Sector Covered Bond under Austrian law Issuer : UniCredit Bank Austria AG	Rating Date :	21.11.2023
	Rating Renewal until :	Withdrawal of the rating
LT Issuer Rating : BBB- (UniCredit Bank Austria) ST Issuer Rating : L3 Outlook Issuer : Stable	Maximum Validity:	01.01.2050
	Rating Methodology :	CRA „Covered Bond Ratings”

Program Overview

Bonds nominal value	EUR 3,073 m.	WAL maturity covered bonds	2.35 Years
Cover pool value	EUR 5,807 m.	WAL maturity cover pool	9.04 Years
Cover pool asset class	Public Sector	Overcollateralization (nominal/committed)	88.98%/ 2.00%
Repayment method	Hard Bullet[1]	Min. overcollateralization	2.00%
Legal framework	Mortgage Bond Act („PfandBG“)	Covered bonds coupon type	Fix (13.77%), Floating (86.23%)

Cut-off date Cover Pool information: 30.09.2023.

Content

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Rating Action

This follow-up report covers our analysis of the public sector covered bond program issued under Austrian law by UniCredit Bank Austria AG („UniCredit Bank Austria“). The total covered bond issuance at the cut-off date (30.09.2023) had a nominal value of EUR 3,073.00 m, backed by a cover pool with a current value of EUR 5,807.43 m. This corresponds to a nominal overcollateralization of 88.98%. The cover assets include Austrian public sector assets as well as obligations of regional and local authorities in Austria.

Taking into consideration the issuer rating, our analysis of the regulatory framework, liquidity- and refinancing risks, as well as our cover pool assessment and results of the cash flow analysis, Creditreform Rating AG (“Creditreform Rating” or “CRA”) affirms the covered bond program with an AA+ rating. The AA+ rating represents a very high level of credit quality, very low investment risk.

Key Rating Findings

+ Covered Bonds are subject to strict Austrian legal framework for covered bonds
+ Covered bond holders have full recourse to the issuer
+ Current high overcollateralization (OC) of 88.98% as of 30.09.2023
+ Parent company of the issuer with sustained improvements in asset quality and profitability

[1] As of the cut-off date of 30.09.2023, only covered bonds with a “hard bullet” repayment method had been issued under the public sector covered bond program before the new Mortgage Bond Act came into force on 8 July 2022. We therefore consider the entire public sector covered bond program to be "hard bullet" as long as no new covered bonds have been issued under the new framework that have included the option to defer maturity.

- Covered bond rating remains limited due to issuer rating

Table1: Overview results

Risk Factor	Result
Issuer rating	BBB- (rating as of 07.09.2023)
+ Legal and regulatory framework	+4 Notches
+ Liquidity and refinancing risk	+1 Notch
= Rating after 1st uplift	A+
Cover pool & cash flow analysis	AAA
+ 2nd rating uplift	+3 Notches
= Rating covered bond program	**AA+**

Issuer Risk

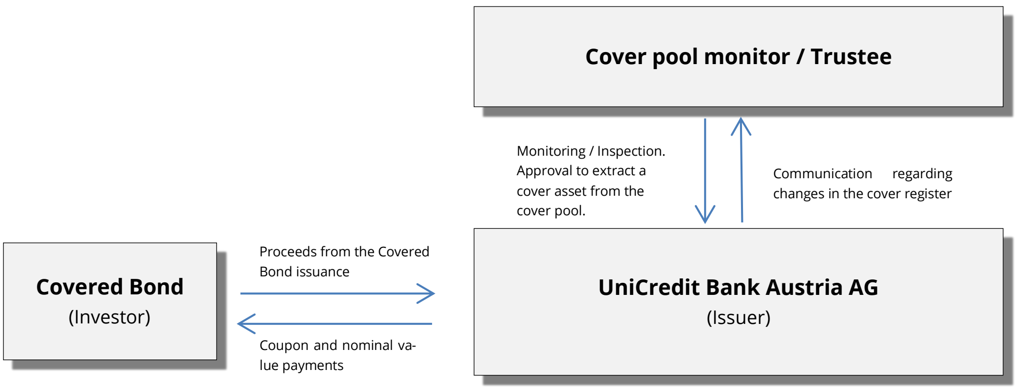
Issuer

Our rating of UniCredit Bank Austria covered bond program is reflected by our issuer rating opinion of UniCredit S.p.A. (Group) due to its group structure. CRA has affirmed the Long-term rating of UniCredit Bank Austria at BBB- in a Rating Update dated 07.09.2023. The rating outlook is stable. Due to the higher interest rate environment, UniCredit S.p.A. (Group) has reported a strengthening of its earnings power in 2022. Further improvements in profitability are expected in 2023 based on the half-year results and the increased profit guidance. The disposal of non-performing loan portfolios has led to a sustained improvement in asset quality. Regulatory capital metrics and buffers are favourable when compared to those of most European G-SIBs, allowing for generous shareholder rewards to be distributed. Nevertheless, the issuer rating is constrained by UniCredit S.p.A. (Group)'s high exposure to the Italian Republic (BBB-/stable). For a more detailed overview of the issuer rating, please refer to the webpage of Creditreform rating AG.

Structural Risk

Transaction structure

Figure1: Overview of Covered Bond emission | Source: CRA



Legal and Regulatory Framework

The new Mortgage Bond Act („PfandBG“) which entered into force on July 08, 2022 provides the legal basis for covered bonds issuances in Austria. This repealed the existing three legal frameworks for covered bonds, namely Pfandbrief Law (Pfandbriefgesetz, „PfandBG“), the Mortgage Banking Act (Hypothekenbankgesetz, „HypoBG“) and the Covered Bond Act (Gesetz über Fundierte Bankschuldverschreibungen, „CBA“).

The new PfandBG follows the EU Parliament's resolution of 27 November 2019 on the EU "Covered Bond Directive" and "Covered Bond Regulation" to harmonize European covered bond legislations. The government bill for the new PfandBG was approved by the Federal Cabinet on July 28, 2021 and passed by the National Council on November 19, 2021. The new PfandBG created a modern and uniform legal basis for covered bonds by harmonizing the content of the three existing national laws, which ensures with its transitional regulations that every Cover Pool and its associated Covered Bonds can be perpetuated safely.

In continuation of the three previous laws, only duly licensed credit institutions with the appropriate special authorization are entitled to issue covered bonds. Credit institutions that have already issued covered bonds retain their license to issue under the new law.

Bankruptcy Remoteness and Asset Segregation

Cover assets remain on the consolidated balance sheet of the issuer and are not transferred to an independent legal representative ("in-balance" transaction). The cover register in which all cover assets are entered must be identified and registered. In the event of an issuer default, the cover assets and any existing overcollateralization combined will be identified and separated from the remaining assets of the issuer. This segregation of cover assets fully complies with EBA Best Practices for structuring and harmonizing national covered bond legislation.

In the event of a default of the issuer, the registered cover assets are marked as non-insolvent part of the issuer estate and isolated from the bankruptcy estate; they form the insolvency-remote assets of the issuer and will not be affected by insolvency proceedings. If the cover pool is insufficient to fully service the claims of the covered bond creditors, the bond holders have recourse to the bank's aggregate bankruptcy estate in a *pari passu* relationship with other unsecured bond creditors. If the cover assets are not required in full to meet interest and principal payments, they are transferred to the issuer's bankruptcy estate.

Trustee

In principal, a trustee monitors the assets in the cover pool. The trustee must ensure that the cover assets are available at all times and that they are duly recorded in the cover register.

In addition to the option of an external trustee, the new law stipulates that the issuers has an option of establishing their own risk management department, independent of operations, in the function of an internal trustee to monitor the cover pool. The internal trustee must ensure the identification, assessment, management and monitoring of all risks associated with covered bonds.

Special Administrator

If an issuer defaults, the cover assets are managed by a special administrator ("besonder Verwalter") selected by the bankruptcy court and the FMA authority. The special administrator can sell assets or take out loans to increase liquidity and manages the covered bond program.

The administrator is required to find a credit institution to which the covered bonds can be transferred together with their cover assets. If such disposition does not occur, the administrator must ensure the management of the assets in the cover pool and the servicing of the outstanding covered bonds until the final payment. In addition, the special administrator must collect the cover assets in accordance with the contractual maturities and may influence the level of voluntary overcollateralization which enters into the general insolvency estate to the extent that it is evident that it will not be needed to cover the claims of the covered bond holders.

Eligibility Criteria

The PfandBG requires a separation of assets according to Art. 129 (1) of Regulation (EU) No. 575/2013 and according to other high-quality cover assets. The former asset category includes mortgage loans, public or publicly guaranteed assets and loans secured by ship liens. For each type of asset, the issuer must establish a separate cover pool. Pfandbriefe covered by first category assets also qualify for the designation "European Covered Bond (Premium)".

Replacement cover assets in accordance with the requirements of Art. 129 (1) of Regulation (EU) No. 575/2013 may be in the cover pool, but may not exceed the limit of 15% of the outstanding Pfandbriefe.

Covered bonds backed by public sector entities (central governments, central banks, regional governments or local authorities) are referred to as “öffentliche Pfandbriefe”. The geographical scope of eligible mortgage loans and public assets is limited to the EU / EEA countries as well as Switzerland and United Kingdom.

Under the regulatory frameworks, derivatives are only permitted if they are used to hedge risks. The amount of derivatives in the cover pool is not limited, but must be adjusted if the scope of the hedged risk changes. The early termination of derivative contracts in the cover pool in the event of a bankruptcy of the issuer is not permitted under supervisory law, which corresponds to the proposals of the EBA Best Practices.

Substitute assets such as cash, bank balances and bonds issued by public issuers from EEA countries and Switzerland may be included in the cover pool but may not exceed the limit of 15% of the outstanding covered bonds. Asset Backed Securities and Mortgage Backed Securities may not be part of the cover pool. These regulations are fully in line with EBA Best Practices.

In general, we consider the structural framework in Austria under the new PfandBG as positive as it provides clear rules to mitigate risks in particular regarding insolvency remoteness, asset segregation, investor's special claim vis-à-vis other creditors, the roll and appointment of a special administrator, among other provisions. Due to those reasons we have set a rating uplift of four (+4) notches for the regulatory and structural framework for Austrian covered bond programs under PfandBG.

Liquidity- and Refinancing Risk

Minimum Overcollateralization

Under the new PfandBG, issuers must maintain a minimum level of overcollateralization (OC) of 2% of the nominal value of the outstanding covered bonds, which must be held in cover assets or in assets eligible for substitution. At the issuer's discretion, this cover may also additionally be provided on a present value basis. In order to comply with rating requirements and stress tests, issuer's may also provide higher OC level at their discretion.

Short-term Liquidity Coverage

The PfandBG provides for a mandatory liquidity buffer for the cover pool. Issuers must ensure that a liquidity buffer for the next 180 days is available to cover the maximum net liquidity outflows and that the timely repayment of liabilities from covered bonds issued after July 8, 2022 under the new PfandBG is guaranteed.

Stress Tests

Issuers may conduct voluntary stress tests to monitor the cover pool for interest rate-, currency- and other risks; however, there are no regulatory obligations that require issuers to perform specific stress tests on their covered bond programs. Derivatives can be an additional measure to hedge interest rate and currency risks.

Asset-Liability Mismatch

An asset-liability mismatch ("ALM") arises in the case of different maturities between cover assets and covered bonds. Under the new PfandBG, an option for extending the maturity of covered bonds is implemented in order to reduce potential liquidity risks. In the event of insolvency, the special administrator has the one-off option to postpone maturity by up to 12 months if there is a market disruption and the special administrator can assume with a high degree of probability that the liabilities can be serviced in full on the extended repayment date. A postponement of maturity in the event of insolvency or liquidation of the credit institution shall not change the ranking of investors or the sequence of the original schedule of maturities of the covered bond program, meaning that covered bonds issued before the new framework came into force could also be postponed. In this context, investors shall receive sufficient information on the objective triggering events, the maximum maturity postponement, interest rate agreements, the possible effects of maturity extensions and the role of the FMA, the resolution authority and the insolvency administrator. The maturity deferral is not at the discretion of the issuer, but is triggered by the insolvency administrator. Nevertheless, since the public sector program of UniCredit Bank Austria did only issued covered bonds with no option for maturity extension before the new Mortgage Bond Act came into force on 8 July 2022, we consider this program to be "hard bullet".

Refinancing costs

In the event of a bankruptcy of the issuer, the legal frameworks provide that the special administrator may sell assets of the cover pool or use them as a guarantee for liquidity operations when liquidity shortfalls are foreseeable.

CRA's analysis assumes that refinancing gaps due to ALM will be closed by a sale of assets from the cover pool. In doing so, we take into account related costs in the form of a discount to the nominal value. The quantification of this discount takes place following an analysis of relevant market data and enters into the cash flow analysis.

In the course of the harmonization of European covered bond legislation and with the implementation of the new PfandBG as of July 08, 2022, the legal and regulatory requirements, in particular for liquidity and risk management, have been significantly expanded for Austrian covered bonds. With the mandatory introduction of a liquidity buffer of 180 days and minimum overcollateralization, sufficient structural protection mechanisms have been established overall. Refinancing risks are significantly reduced structurally due to the possible postponement of maturities.

We assess the statutory regulations on risk and liquidity management for covered bond programs under the PfandBG as positive and set a rating uplift of one (+1) notch.

ESG Criteria

CRA generally takes ESG-relevant factors (environmental, social and governance) into account when assessing Covered Bond ratings. Overall, ESG factors have a significant impact on the current rating of this Covered Bond program. CRA identifies governance factors, in particular, to have a highly significant impact on Covered Bond ratings. Since Covered Bonds are subject to strict legal requirements, regulatory risk plays an important role in assessing the credit rating.

The new PfandBG provides clear rules to mitigate risks in particular regarding insolvency remoteness, asset segregation, investor's special claim vis-à-vis other creditors, the roll and appointment of a special administrator, among other provisions. Additionally, Risk management and internal controls as well as the macroeconomic factors such as hedging strategies, interest rates and yield curve are considered to have a highly significant impact on the assessment of the credit rating. Other individual factors with a potential key rating influence were not identified, and therefore did not affect the final rating.

Credit and Portfolio Risk

Cover pool analysis

The analysis of the cover pool is based on public information which has been made available by the Issuer, in particular the Harmonised Transparency Template („HTT“) as per regulatory requirements. This information was sufficient according to CRA´s rating methodology “Covered Bond Ratings”.

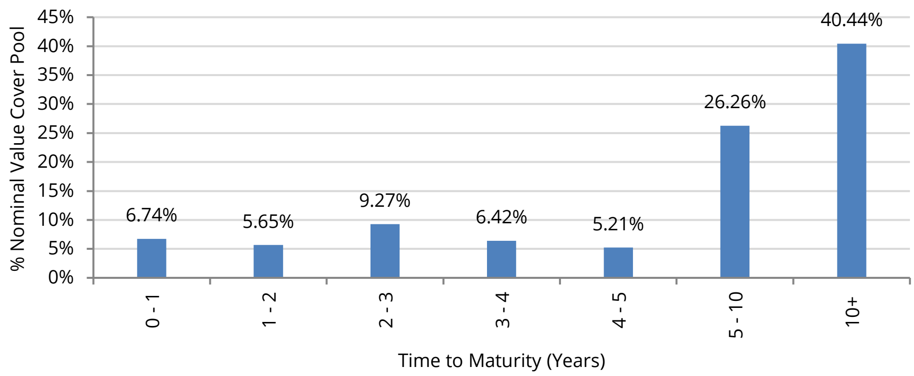
At the cut-off-date 30.09.2023, the pool of cover assets consisted of 4,327 debt receivables from 2,081 debtors, of which 100.00% are domiciled in Austria. The total cover pool volume amounted to EUR 5,807.43 m in bonds (9.53%), loans (90.47%) and others (0.00%) which have been lent to the central government, regional authorities and entities, and other debtors. The ten largest debtors of the portfolio total to 23.78%. Table 2 displays additional characteristics of the cover pool:

Table 2: Cover pool characteristics | Source: UniCredit Bank Austria

Characteristics	Value
Cover assets	EUR 5,807 m.
Covered bonds outstanding	EUR 3,073 m.
Substitute assets	EUR 0.00 m.
Cover pool composition	
Public Sector	100.00%
Substitute assets	0.00%
Other / Derivative	0.00%
Number of debtors	2,081
Bonds	9.53%
Loans	90.47%
Other	0.00%
Average asset value	EUR 1.34 k.
Non-performing loans	0.00%
10 biggest debtors	23.78%
WA seasoning	82.8 Months
WA maturity cover pool (WAL)	9.04 Years
WA maturity covered bonds (WAL)	2.35 Years

We have listed an extended view of the composition of the cover pool in the appendix section "Cover pool details". The following chart displays the maturity profile of the cover assets at the cut-off date 30.09.2023 (see figure 2):

Figure 2: Distribution by remaining time to maturity I Source: UniCredit Bank Austria



Maturity profile

The following charts present the cash flow profile of the Issuer (see figure 3 and figure 4):

Figure 3: Cover asset congruence | Source: UniCredit Bank Austria

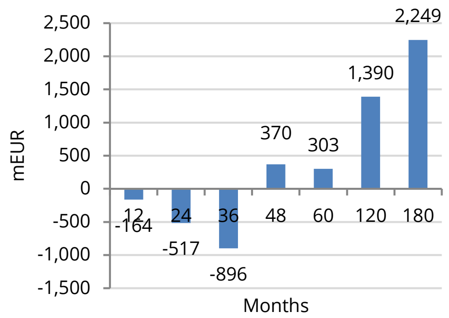
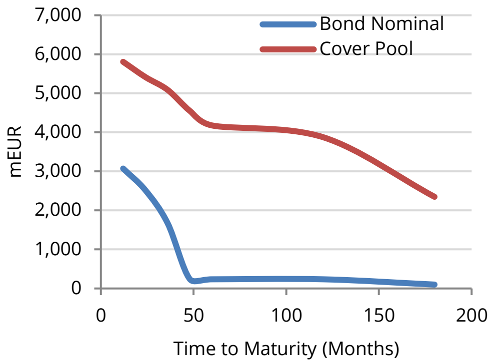


Figure 4: Amortization profile | Source: UniCredit Bank Austria



During its cash flow modelling, CRA has taken into consideration the maturity structure of cover assets and liabilities. This structure was an integral part of the cash flow analysis.

Interest rate and currency risk

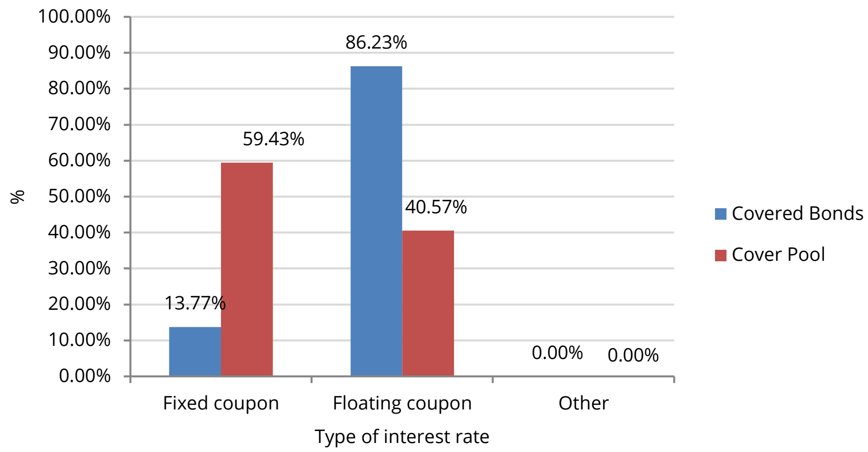
According to the PfandBG, there is no legal obligations to perform stress tests to monitor interest rate- and currency risks. However, interest rate risk could be mitigated by the 2.00% OC requirement. Additionally, this program will be benefitted from the very high current overcollateralization of 88.98%. Currency risk, on the other hand, is also limited for this program as 100.00% of the cover pool assets and 100.00% of the cover bonds are denominated mainly in Euros. Following this, we have applied interest rate stresses on the cash flows for each rating level according to our methodology.

Table 3: Program distribution by currency | Source: UniCredit Bank Austria

Currency	Volume	Share (%)
Cover Pool		
EUR	5,807 m.	100.00%
Covered Bond		
EUR	3,073 m.	100.00%

Figure 5 shows the types of interest rate used in this program.

Figure 5: Type of interest rate | Source: UniCredit Bank Austria



Credit Risk

In Covered Bond Public Sector programs, CRA assesses the credit risk of the cover assets primarily through an assessment of the creditworthiness of the obligors and their future ability to meet all payment obligations. In order to derive a base case assumption for credit risk, CRA uses the CRA Sovereign Ratings of all obligors in the portfolio, which will be taken into account pro-rata. The rating reports of relevant sovereigns can be accessed at www.creditreform-rating.de. Using all portfolio information available (number of debtors, sovereign – sub-sovereign, maturity profile, regional diversification etc.), CRA has modelled the cover asset portfolio and, using Monte Carlo simulations, derived a distribution of defaults which can be used to elicit rating-level dependent default assumptions.

Recovery and loss-severity assumptions have been determined in accordance with CRA rating methodology. This includes a differentiation of sovereign- and sub-sovereign credits in terms of loss severities, which is included using the current portfolio composition to determine a weighted average recovery rate.

Using both rating-level dependent default and recovery assumptions, the following loss assumptions have been derived for the current cover pool (see Table 4):

Table 4: Cover Pool Base case assumptions | Source: CRA

Rating	Default Rate (%)	Recoveries (%)	Expected Loss (%)
AAA	**24.16%**	**35.04%**	**15.69%**
AA+	19.95%	37.54%	12.46%
AA	18.37%	40.04%	11.01%
AA-	15.47%	41.71%	9.02%
A+	14.27%	43.38%	8.08%
A	13.41%	45.04%	7.37%
A-	12.11%	46.71%	6.45%

Cash-Flow Analysis

Model Assumptions

Based on public information and using the base case loss assumptions, we implement a scenario-based cash flow model. This model aims to test the ability of the structure to service all covered bonds according to their payment profile in diverse stress scenarios. The CRA cash flow analysis assumes that the Issuer has defaulted, i.e. all obligations will be met using cash flows from the cover pool assets only. We also assume that no additional assets will be added to the cover pool during the wind-down phase.

The cash-flow analysis considers, among other factors, asset value haircuts ("asset-sale discount"), and the possible positive yield spread between covered assets and covered bonds ("yield spreads"). To derive the asset-sale discount, CRA assumes, based on secondary market data, a rating level haircut on the asset value. Furthermore, CRA, using available public information (i.e. issuer's annual accounts), has derived estimations for yield spreads (see table 5):

Table 5: Cash-Flow Model assumptions | Source: CRA

Rating level	Asset-Sale Discount	Yield Spread
AAA	**17.01%**	**0.63%**
AA+	15.59%	0.69%
AA	14.67%	0.72%
AA-	13.80%	0.76%
A+	13.12%	0.78%
A	12.57%	0.80%
A-	11.85%	0.83%

Rating Scenarios

In our cash flow model rating scenarios have been tested considering several central input parameters, such as:

- Portfolio composition (diversification, concentration, granularity)
- Probability of default of cover assets
- Correlations of cover assets and systematic risk factors
- Recoveries
- Maturity profile of covered bonds and cover assets (ALM)

Within an AAA rating scenario, the cash flow model showed that obligations can be paid fully and in a timely manner. Overall, the cash flow analysis revealed that the portfolio, given all available information as of 30.09.2023, may ensure the repayment of bonds' nominal capital notwithstanding the occurrence of the presented stressed scenarios.

Overcollateralization Break-Even Analysis

CRA also performed a break-even OC analysis taking into considerations the following drivers: ALM, Loss level, Interest rate spreads, foreign currency mismatches and Recoveries. Performing the break-even OC analysis, we took rating-level specific stressed outcomes into account. Based on these analyses, the maximum OC required for each relevant rating level during the whole period has been presented in table 6.

Table 6: Breakeven Analysis | Source: CRA

Rating Level	Break-Even OC
AAA	**40.37%**
AA+	34.54%
AA	31.56%
AA-	27.98%
A+	26.15%
A	24.84%
A-	23.05%

Sensitivity Analysis

CRA also evaluates the sensitivity of the structure and program with respect to important input parameters. In particular, the following factors have been varied:

- Credit quality of cover assets
- Recoveries

The following table presents the rating impact of a decline in recoveries and an increase in the credit risk of single debtors (sovereigns). Starting from the best-case, which is represented by our base case assumptions, the analysis reveals the sensitivity of the rating with respect to recovery rates and credit risk. The worst-case scenario, in which we reduce recoveries by 50% and increase credit risk by 50%, the impact can be seen by no change in the implied rating scenario. (see Table 7):

Table 7: Covered Bond Program Sensitivity: Credit Quality und Recovery Rates | Source: CRA

Recovery / Defaults	Base Case	-25%	-50%
Base Case	**AAA**	AAA	AAA
+25%	AAA	AAA	AAA
+50%	AAA	AAA	AAA

In general, based on the presented cash flow analysis results, the rating of the cover pool within our covered bond program rating has been set at AA+. Consequently, the secondary rating uplift was set at three (+3) notches, which represents the maximum possible uplifts attainable based on CRA's cover-pool analysis methodology.

Counterparty Risk

Derivatives

No derivatives in use at present.

Commingling

In the event of issuer's bankruptcy, in order to avoid commingling of funds, the PfandBG stipulates that the cover assets should be isolated from the general bankruptcy estate (insolvency-free assets) and a special administrator will be appointed to manage the cover pool. Under that mandate the special administrator will have first priority on the up-coming cash flows from the cover pool assets, which in turn should be used to cover interest and principal payments of the covered bond holders in event of the Issuer’s insolvency.

Appendix

Rating History

Event	Rating Date	Publication Date	Result
Initial Rating	21.12.2018	11.01.2019	AA+ / Stable
Rating Update	03.12.2019	06.12.2019	AA+ / Stable
Monitoring	24.03.2020	28.03.2020	AA+ / Watch Negative
Rating Update	15.10.2020	21.10.2020	AA+ / Stable
Monitoring	05.07.2021	06.07.2021	AA+ / Watch Unknown
Rating Update	25.10.2021	29.10.2021	AA+ / Watch Unknown
Monitoring	17.12.2021	22.12.2021	AA+ / Stable
Monitoring	15.03.2022	17.03.2022	AA+ / Watch Unknown
Rating Update	20.10.2022	26.10.2022	AA+ / Stable
Rating Update	21.11.2023	24.11.2023	AA+ / Stable

Details Cover Pool

Table 8: Characteristics of Cover Pool | Source: UniCredit Bank Austria

Characteristics	Value
Cover Pool Volume	EUR 5,807 m.
Covered Bonds Outstanding	EUR 3,073 m.
Substitute Assets	EUR 0 m.
Share Derivatives	0.00%
Share Other	0.00%
Substitute Assets breakdown by asset type	
Cash	0.00%
Guaranteed by Supranational/Sovereign agency	0.00%
Central bank	0.00%
Credit institutions	0.00%
Other	0.00%
Substitute Assets breakdown by country	
Issuers country	0.00%
Eurozone	0.00%
Rest European Union	0.00%
European Economic Area	0.00%
Switzerland	0.00%
Australia	0.00%
Brazil	0.00%
Canada	0.00%
Japan	0.00%
Korea	0.00%
New Zealand	0.00%

Singapore	0.00%
US	0.00%
Other	0.00%
Cover Pool Composition	
Public Sector	100.00%
Total Substitute Assets	0.00%
Other / Derivatives	0.00%
Number of Debtors	2,081
Distribution by debtor type	
Central Government	2.03%
Regional authorities	50.71%
Municipal authorities	40.17%
Other	7.09%
Distribution by asset type	
Loans	90.47%
Bonds	9.53%
Other	0.00%
Average asset value	EUR 1.34 k.
Share of Non-Performing Loans	0.00%
Share of 10 biggest debtors	23.78%
WA Maturity (months)	108.47
WAL (months)	108.47
Distribution by Country (%)	
Austria	100.00
Distribution by Region (%)	
Niederösterreich	18.70
Wien	17.90
Oberösterreich	15.30
Steiermark	13.40
Vorarlberg	10.00
Kärnten	8.60
Republik Österreich	2.00
Burgenland	7.00
Tirol	2.90
Salzburg	4.20

Table 9: Participant counterparties | Source: UniCredit Bank Austria

Role	Name	Legal Entity Identifier
Issuer	UniCredit Bank Austria	D1HEB8VEU6D9M8ZUXG17

Figure 6: Arrears Distribution | Source: UniCredit Bank Austria

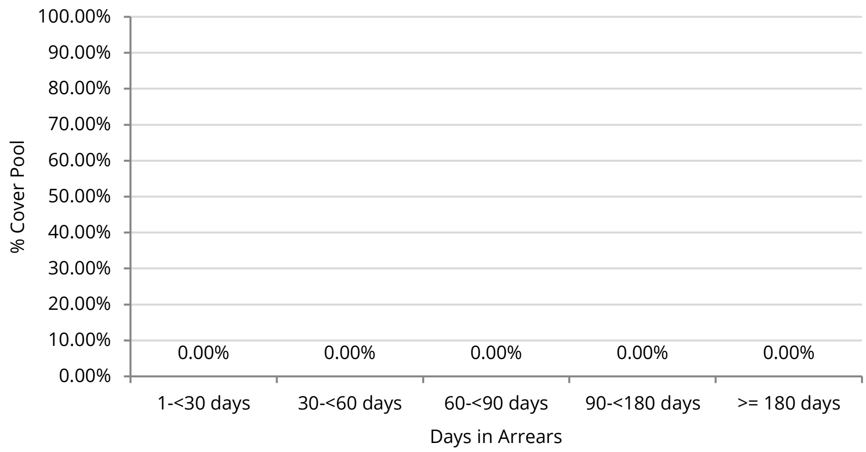
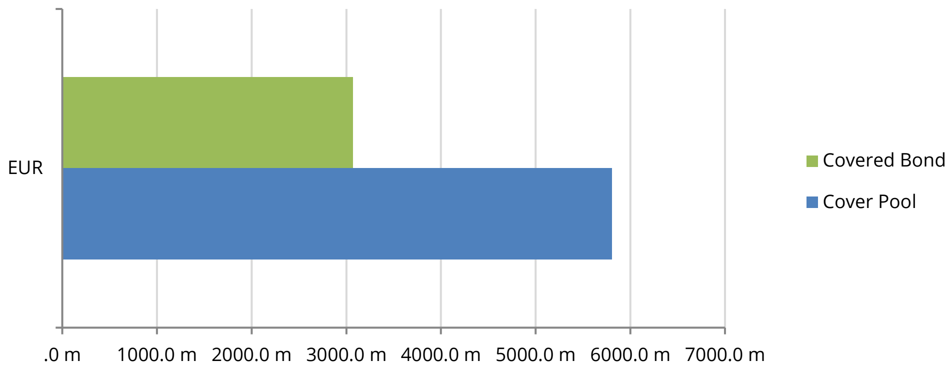


Figure 7: Program currency mismatches | Source: UniCredit Bank Austria



Key Source of Information

Documents (Date: 30.09.2023)
Issuer ▪ Audited consolidated annual reports of UniCredit S.p.A. (Group) 2019-2022 ▪ Final Rating report as of 07.09.2023 ▪ Miscellaneous Investor Relations Information and Press releases ▪ Other relevant rating data from the CRA/ eValueRate databank
Covered Bond and Cover Pool ▪ HTT Reporting from UniCredit Bank Austria as of 30.09.2023 ▪ Covered bond presentation from UniCredit Bank Austria as of 30.09.2023 ▪ Base Prospectus for the UniCredit Bank Austria EUR 40bn EMTN Program dated 23.03.2023 ▪ Market data of Public Sector Covered Bond Program

Regulatory and Legal Disclosures

Creditreform Rating AG was neither commissioned by the rating object nor by any other third parties for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The rating was conducted on the basis of Creditreform Rating´s "Covered Bond Ratings" methodology (v1.2, July 2023) and "Technical Documentation Portfolio Loss Distributions" (v.1.0, July 2018) in conjunction with Creditreform`s basic document "Rating Criteria and Definitions" (v1.3, January 2018). On the subject of ESG (environment, social and governance), Creditreform Rating AG has published the basic document "The Impact of ESG Factors on Credit Ratings" (March 2020).

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

The rating is based on publicly available information and internal evaluation methods for the rated bank and program. The issuer's quantitative analysis is based mainly on the latest annual accounts, interim reports, other information of the bank pertaining to investor relations, and key figures calculated by CRA/eValueRate. The cover pool's quantitative analysis for the rated Covered Bond Program was based on the "Harmonised Transparency Template" (HTT) published by UniCredit Bank Austria.

Information on the meaning of a rating category, definition of default and sensitivity analysis of relevant key rating assumptions can be found at "Creditreform Rating AG, Rating Criteria and Definitions":

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

This rating was carried out by analysts Philip Michaelis (Senior Analyst) und Qinghang Lin (Analyst) both based in Neuss/Germany. On 21.11.2023, the rating was presented to the rating committee by the analysts and adopted in a resolution. The function of Person Approving Credit Ratings (PAC) was performed by Artur Kapica (Senior Analyst).

On 21.11.2023, the rating result was communicated to UniCredit Bank Austria, and the preliminary rating report was made available. The Issuer and all relevant parties examined the rating report prior to publication and were given at least one full working day to appeal the rating committee decision and provide additional information. The rating decision was not amended following this examination.

The rating is subject to one-year monitoring from the creation date (see cover sheet). Within this period, the rating can be updated. After one year at the latest, a follow-up is required to maintain the validity of the rating.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is permitted to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Endorsement

Creditreform Rating did not endorse the rating according Article 4 (3), CRA-Regulation.

Conflict of Interests

Creditreform Rating AG ensures that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final ratings reports any ancillary services provided for the rated entity or any related third party. The following ancillary services were provided for the rated entity or for third parties associated with the rated entity:

In the case of the provision of ancillary services to the rated entity or a related third party, CRA will disclose all ancillary services in the credit rating report of the issuer.

For the complete list of provided rating and credit service ancillaries please refer to the Creditreform Rating AG's website: https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html#non-core-business-activities.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Transaction structure and participants

2. Transaction documents

3. Issuing documents

4. Other rating relevant documentation

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore, CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The rating report and/or the press release indicate the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology, or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies and other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery, and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings, are explained.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks, is indicated clearly and prominently in the rating report and/or the press release as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the rating report and/or the press release.

In accordance to Article 11 (2) EU-Regulation (EC) No 1060/2009 registered or certified credit rating agency shall make available in a central repository established by ESMA information on its historical performance data, including the ratings transition frequency, and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

An explanatory statement of the meaning of Creditreform`s default rates are available in the credit rating methodologies disclosed on the website.

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