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Important disclosures and certifications are contained from page 39 of this report.

The Austrian banking sector in focus

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Danske Bank

The Austrian economy and its banking sector

In this overview, we focus on the Austrian economy and the banking sector and do a deep dive into selective covered bond issuers.

Macroeconomic outlook

- While Austria's budget deficit has exceeded the Eurozone average in 2023, it has fallen below in 2024. The budget deficit was 4.2% in 2025 and is expected to decline to 4% in 2026, which is above the EU average.
- The unemployment level is lower than the EU average, but inflation rates have been higher.
- Additionally, government debt as a percentage of GDP has increased in recent years, although it remains below the EU average.
- The economy is well diversified, and tourism has rebounded after Covid.
- Against the fiscal and macro backdrop, Fitch downgraded Austrian government bonds to AA, S&P changed the outlook from positive to stable, and Moody's assigned a negative outlook to the Aa1 rating in 2025. However, there have been no changes to the rating in 2026.

The Austrian banking sector is diverse and split into six sectors (see page 9 for details):

- Raiffeisen credit cooperatives
- Joint stock and private banks
- Savings banks
- State mortgage banks
- Volksbank credit cooperatives
- Other banks

The banking sector outlook

- The Austrian banking sector looks well prepared despite the uncertain economic outlook. The banking sector recorded its second highest annual profit in 2025.
- The low growth in the Austrian economy has led to a rise in NPLs, driven by SME and CRE exposure and this continued in 2025.
- Austrian banks' net interest margins are higher relative to EU banks, and their cost-income ratios have improved in comparison lately.
- Austria is among the European top in terms of absolute CRE exposure – the Austrian central bank has reacted by introducing an extra risk buffer in July 2025.
- Credit growth and mortgage lending have been subdued, but real estate prices have been rising and NPL in the CRE segment has been rising.
- The share of deposits is comparably higher than in EU, with MREL and capital optimisation adding to the funding mix.

The Austrian covered bond market (from page 15 in detail)

- The covered bond market in Austria is based on the Mortgage Bond Act (Pfandbriefgesetz – PfandBG), which came into effect on 8 July 2022. The Act was updated with the implementation of EU CBD.
- There are more than 25 issuers, but most of the market is concentrated among 10 issuers.
- The market is divided by mortgage and public sector covered bonds, with the majority in mortgage covered bonds.
- The mortgage cover pools are a mix of residential and commercial mortgage loans. There is plenty OC (overcollateralization) relative to the 2% legal requirement.
- The pools mostly consist of Austrian mortgage loans.

Source: ECBC, Austrian covered bond issuers, Danske Bank

The Austrian economy relative to the Euro area and the rating of Austrian government bonds relative to EU peers

Macroeconomic overview for Austria relative to the Euro area

in %	Austria			Euro area		
	2025	2026	2027	2025	2026	2027
Real GDP growth	0.8	0.9	1.1	1.4	0.9	1.2
Inflation (HICP)	3.6	3.2	2.4	2.1	3	2.3
Unemployment	5.7	5.9	5.6	6.3	6.4	6.4
Current account balance % GDP	1.9	1.4	1.6	2.5	1.7	1.7
Budget balance (Maastricht) % GDP	-4.2	-4.2	-3.5	-2.9	-3.3	-3.5
Debt to GDP	81.3	82.9	83.6	88.7	90.2	91.2

Rating/outlook for Austria relative to peers

Long term Rating	Austria	Germany	Netherlands	Finland
Standard & Poor's	AA+	AAA	AAA	AA+
Moody's	Aa1	Aaa	Aaa	Aa1
Fitch	AA	AAA	AAA	AA
DBRS	AA (high)	AAA	AAA	AA (high)
Scope Ratings	AA+	AAA	AAA	AA

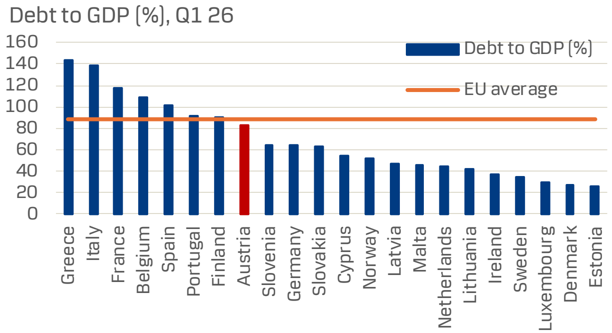
Outlook	Austria	Germany	Netherlands	Finland
Standard & Poor's	Stable	Stable	Stable	Negative
Moody's	Negative	Stable	Stable	Stable
Fitch	Stable	Stable	Stable	Stable
DBRS	Stable	Stable	Stable	Stable
Scope Ratings	Negative	Stable	Stable	Stable

Sources: Federal Ministry of Finance, June 2026 / Austrian Institute of Economic Research, June 2026 / Statistics Austria, June 2026 / Eurostat, April 2026 / European Commission Spring Forecast, May 2026

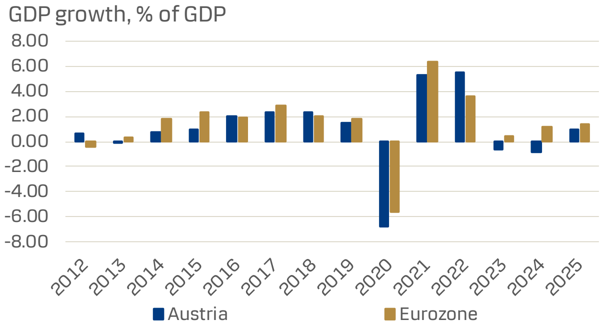
A snapshot of the Austrian economy

The Austrian economy is expected to rebound from a period of weakness

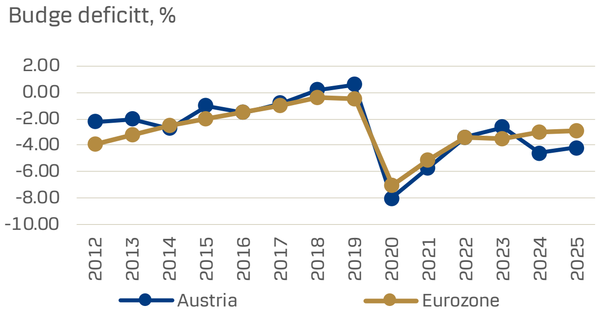
Austria's debt/GDP was slightly lower than Euro area average in Q1 26



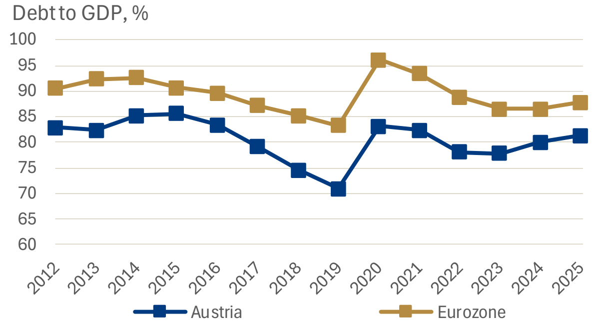
Growth in Austria has been lagging the Euro area



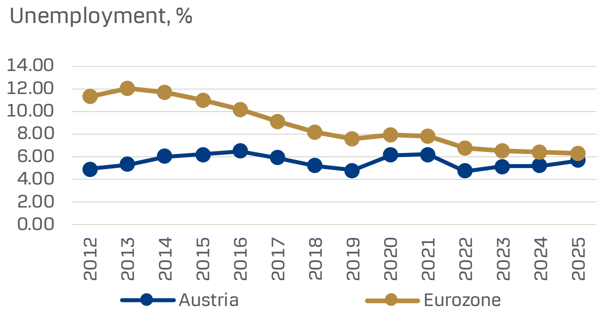
The Austrian budget deficit has slipped below that of the EU



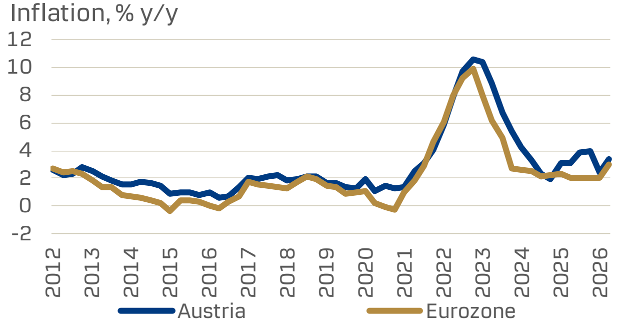
Austria has traditionally had lower debt/GDP than the EU



The unemployment rate has been below the Euro area's



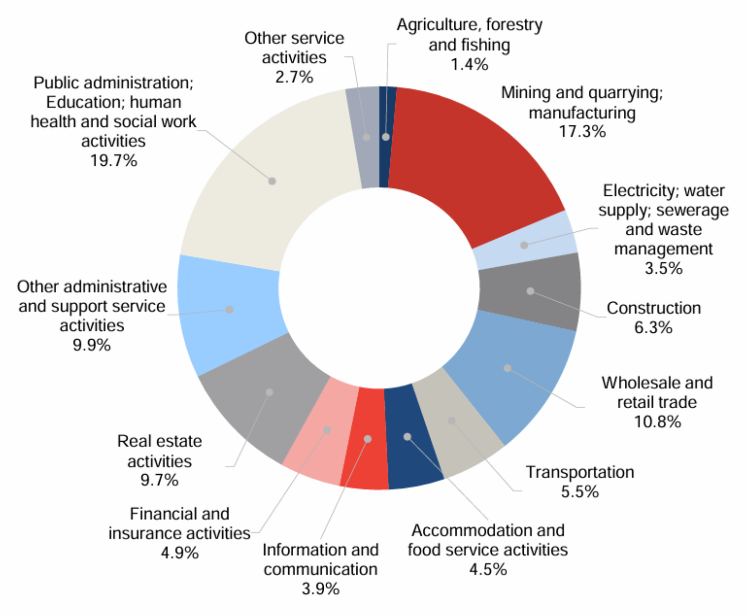
The inflation rate has been slightly higher than EU inflation



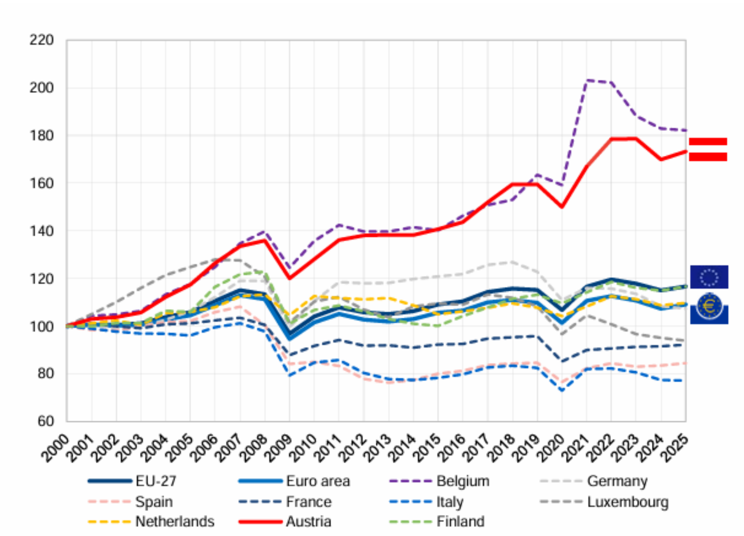
Source: Eurostat, Bloomberg, Danske Bank

The Austrian economy – high degree of diversification with a base in the industrial sector, dependent on the economic outlook for Germany

A highly developed economy with a well-balanced sectoral structure

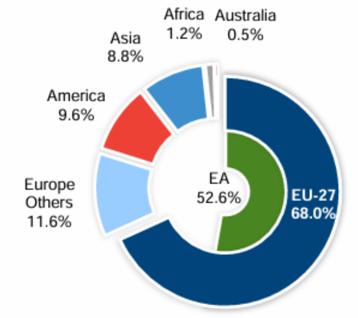


Industrial production at the core – strong performance, above-average productivity[1]



As main trading partners, the economic outlook for Germany and the Euro area matters

Country (Top-10)	Share in %	Growth in %
Germany	29.6	-1.0
USA	6.7	-21.2
Italy	6.7	7.5
Switzerland	5.2	3.8
Poland	3.8	-2.0
Czech Republic	3.8	6.5
Hungary	3.7	2.4
France	3.5	-4.4
UK	2.8	6.2
China	2.6	-5.3



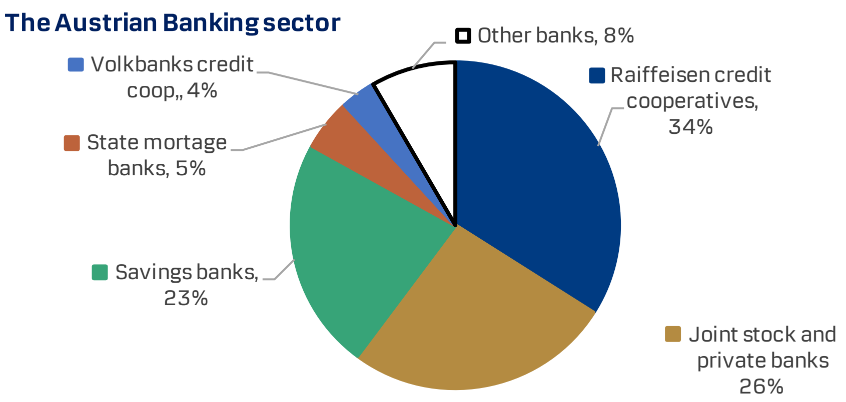
Note: Top-10 export partners in 2025 of goods; Growth in % y-o-y vs. 2024
Source: Statistics Austria, June 2026

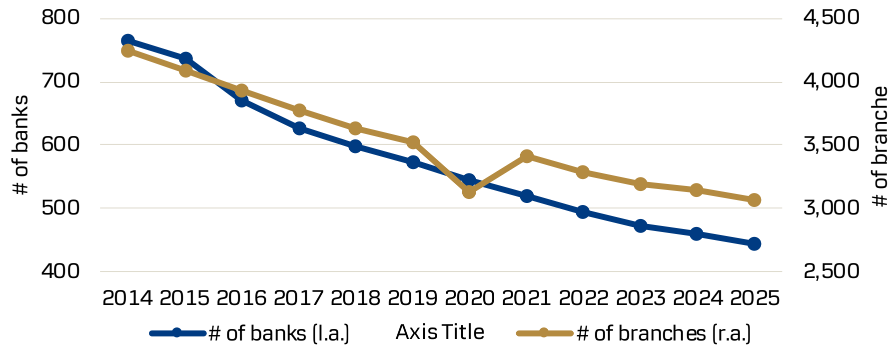
Source: OeBFA, Republic of Austria / Investor Information, July 2026 1) real per-capita labour productivity in industrial production ex construction, benchmarked against the Euro area

The Austrian banking environment

The Austrian banking sector is dominated by six sectors with an ongoing consolidation

Sectoral split of the Austrian banking sector based on total assets as per Q1 26 – aggregate figure: EUR1,075bn



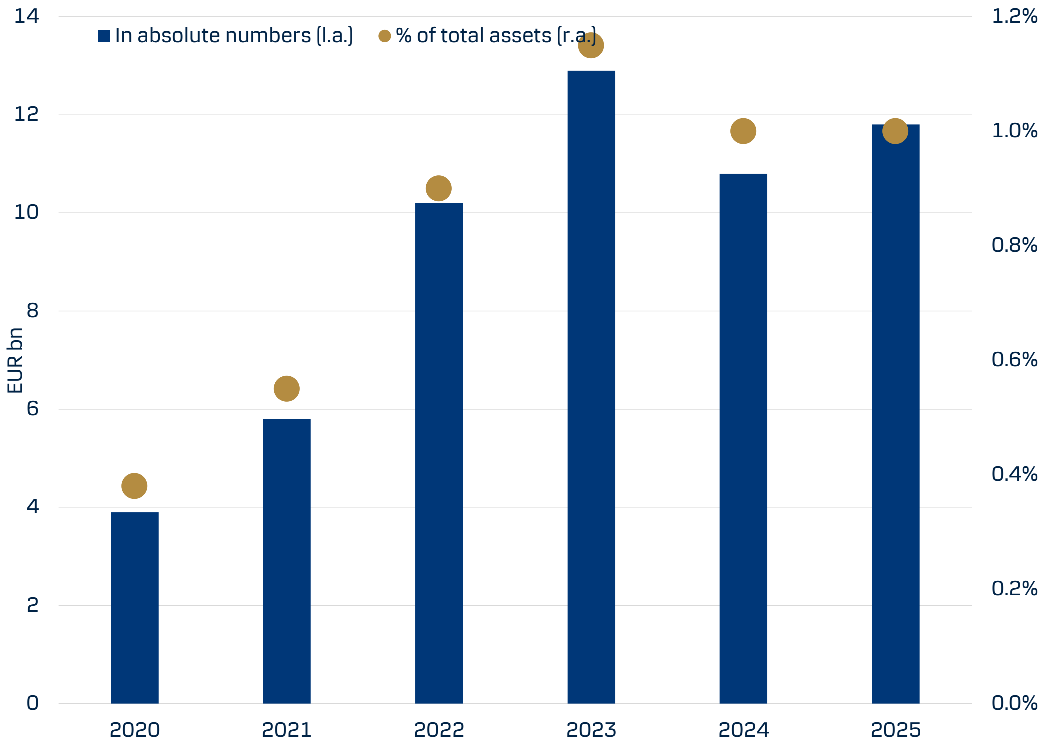


- **Raiffeisen credit cooperatives.** Austria's largest banking sector, structured across local Raiffeisenbanken, regional Raiffeisenlandesbanken (RLB), such as RLB NOE-Wien and RLB OOE as well as Raiffeisen Bank International (RBI) as the central institution. Local banks are independent cooperatives with ownership stakes in the regional banks and thus in RBI.
- **Joint stock and private banks.** Austria's most diverse banking sector, structured similar to traditional stock corporations, offering a wide range of services, including deposit-taking, lending, discounting, custody, factoring, and building savings and loans. This includes UniCredit Bank Austria, BAWAG and Oberbank.
- **The savings banks.** These include Erste Group Bank as the central institution, and 49 savings banks operating across all nine Austrian provinces, providing traditional universal banking services to private individuals and corporate clients.
- **State mortgage banks.** These include banks owned by Austria's federal states, operating as universal banks with an emphasis on real estate financing, such as HYPO NOE, Hypo Tirol and HYPO OOe. They provide lending and banking services to both private and corporate clients.
- **Volksbank credit cooperatives.** Coordinated by Volksbank Wien as the central institution. Member banks benefit from the Verbund's mutual support framework, which ensures stability and cohesion across the group, while providing financial services to retail and SME clients throughout Austria.
- **Other banks.** Includes building societies ('Bausparkassen') and special-purpose institutions such as card complete Service Bank, Österreichische Kontrollbank as well as Kommunalkredit Austria.

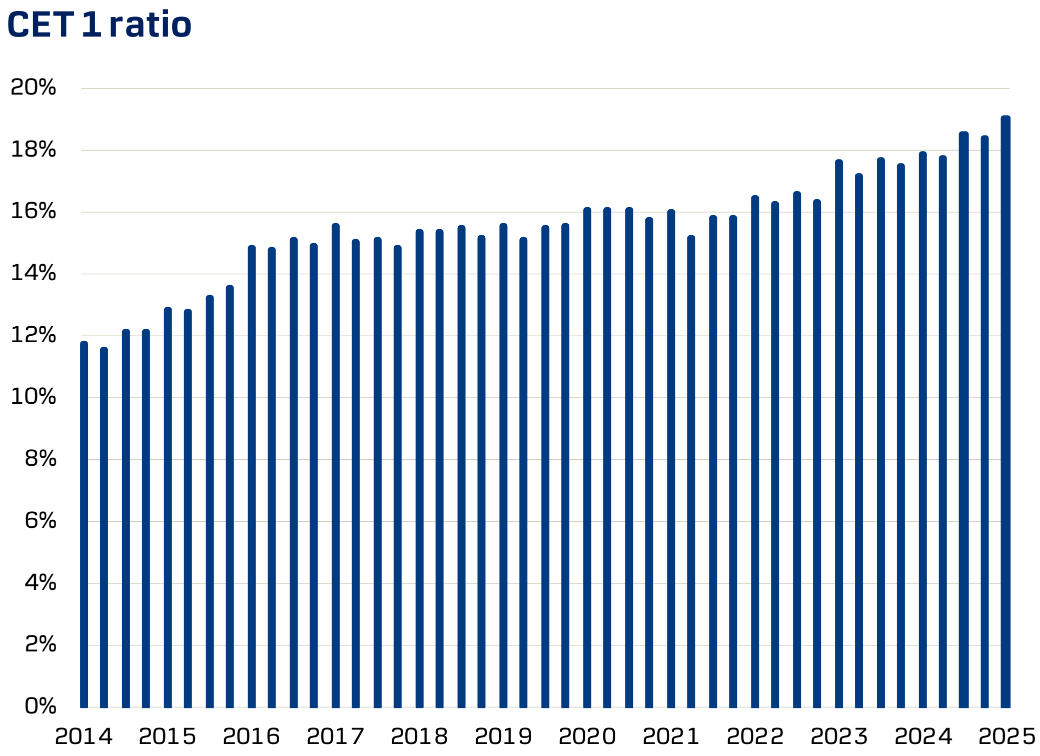
Source: OeNB, Danske Bank

The Austrian banking sector looks well positioned despite the uncertain economic outlook

Consolidated profit in 2025 near record high



CET 1 levels continue to grow

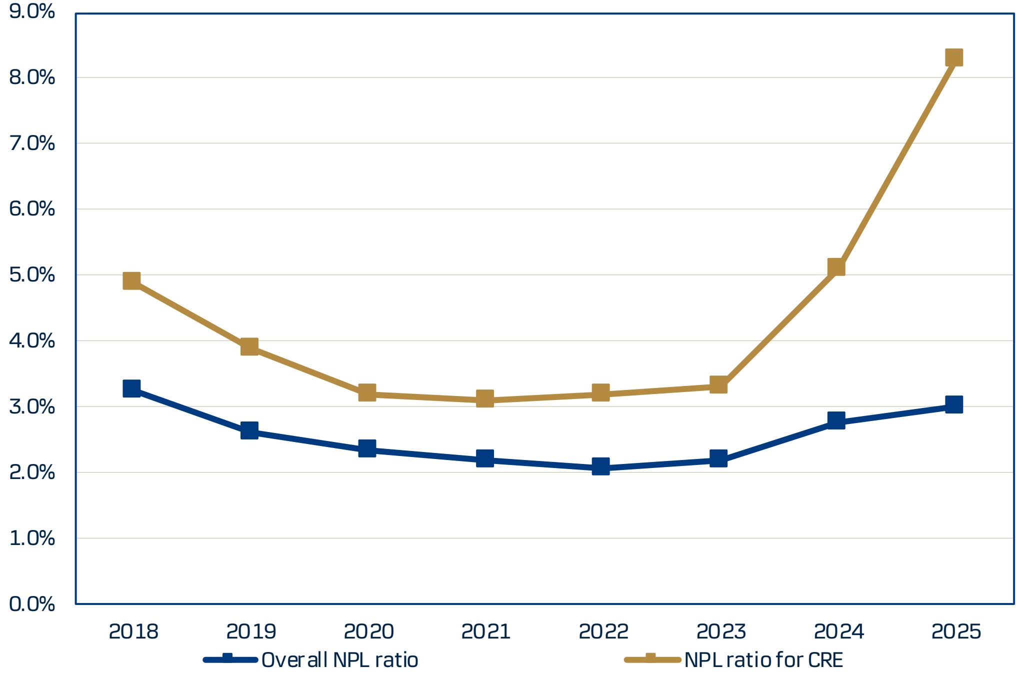


Source: OeNB, Financial Stability Report 51 - Oesterreichische Nationalbank (OeNB)

The NPL ratio has been rising especially in the CRE segment, but the LCR as well as the NSFR are well above the regulatory minimum

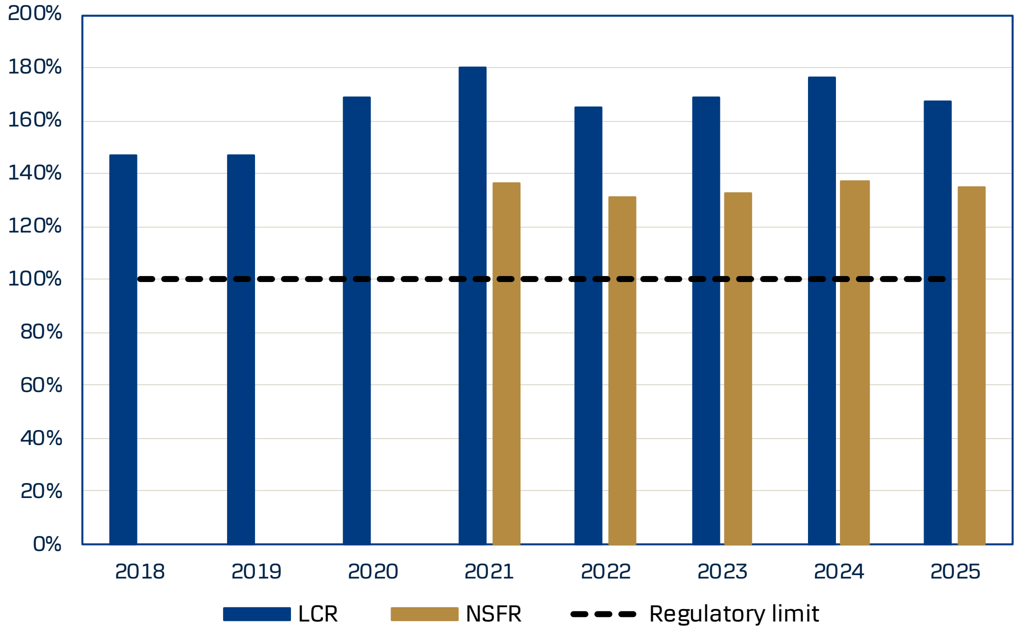
Significant rise in NPLs in the CRE segment

Non-Performaing Loan ratio . overall and CRE segment



but there is ample liqudity as well as stable funding well above the regulatory limit of 100%

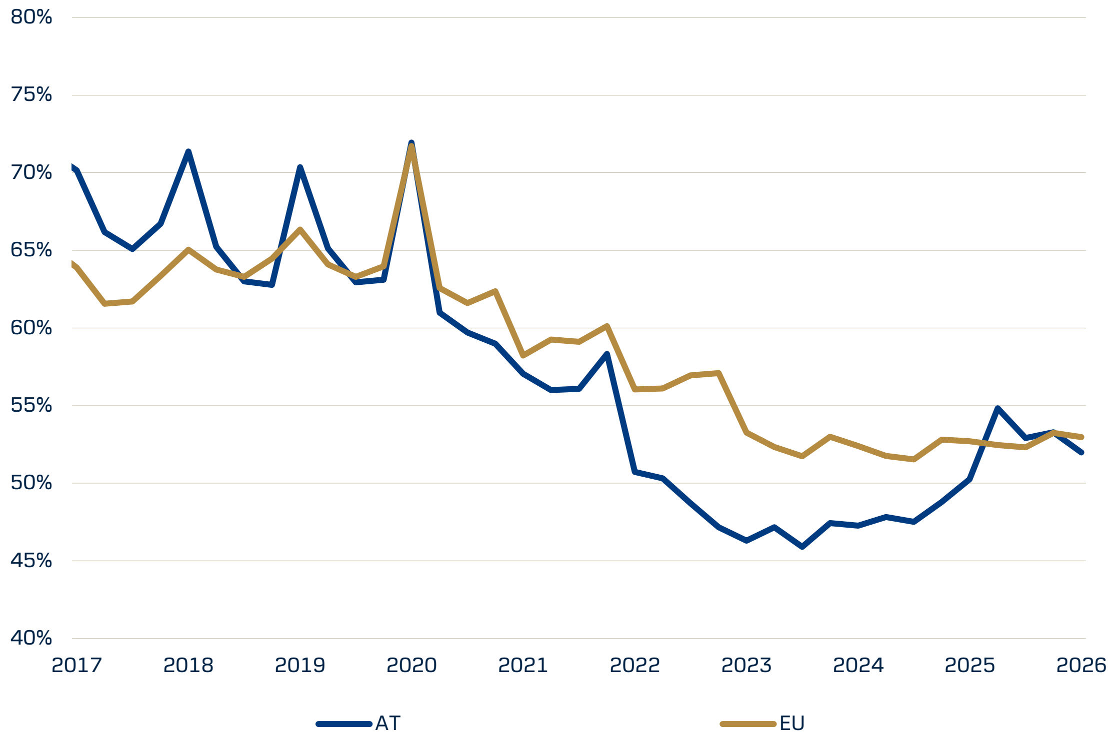
Liquidity Coverage Ratio (LCR) nd Net Stable Funding Ratio (NFSR)



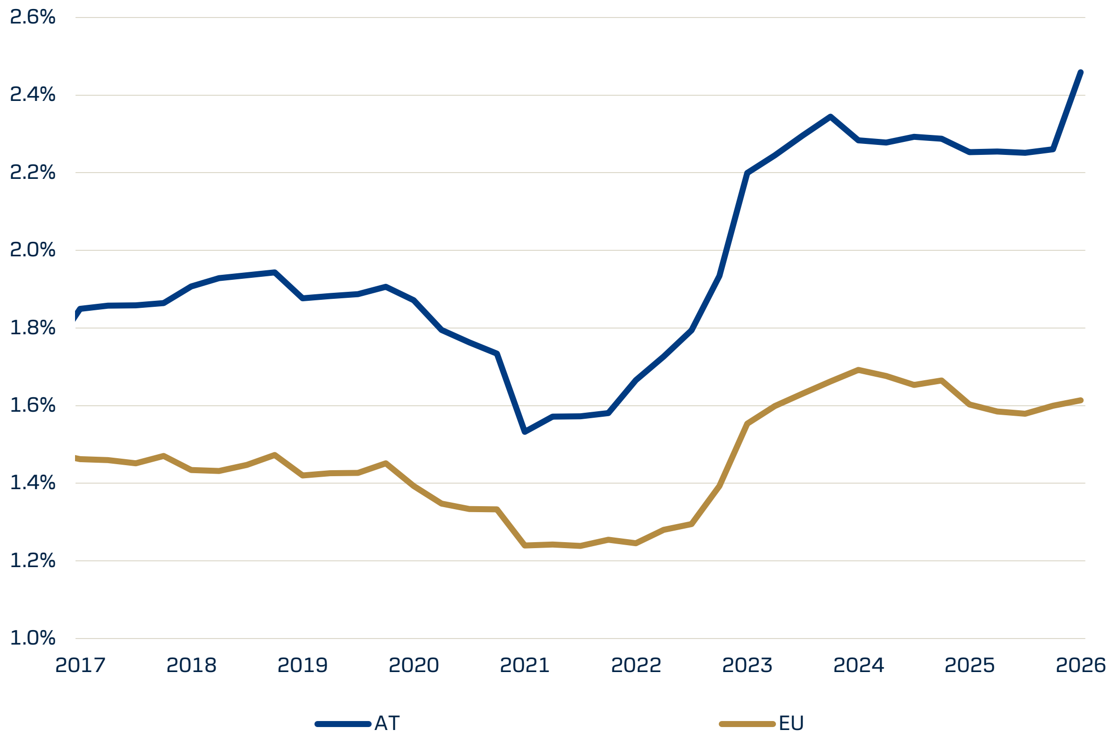
Source. Financial Stability Report - Oesterreichische Nationalbank (OeNB), Danske Bank

Are Austrian banks profitable relative to EU banks? Yes, their net interest margins are higher, and their cost-income ratios have improved in comparison

Rising cost-income ratio (%)



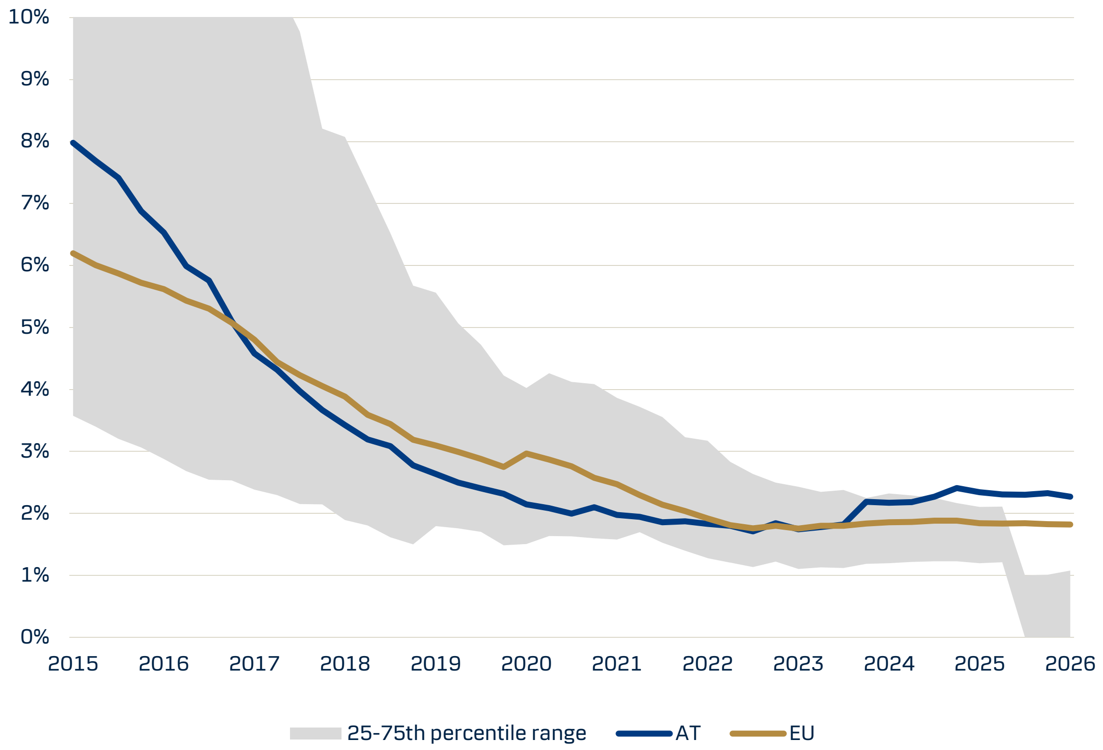
Stable net interest margin (%)



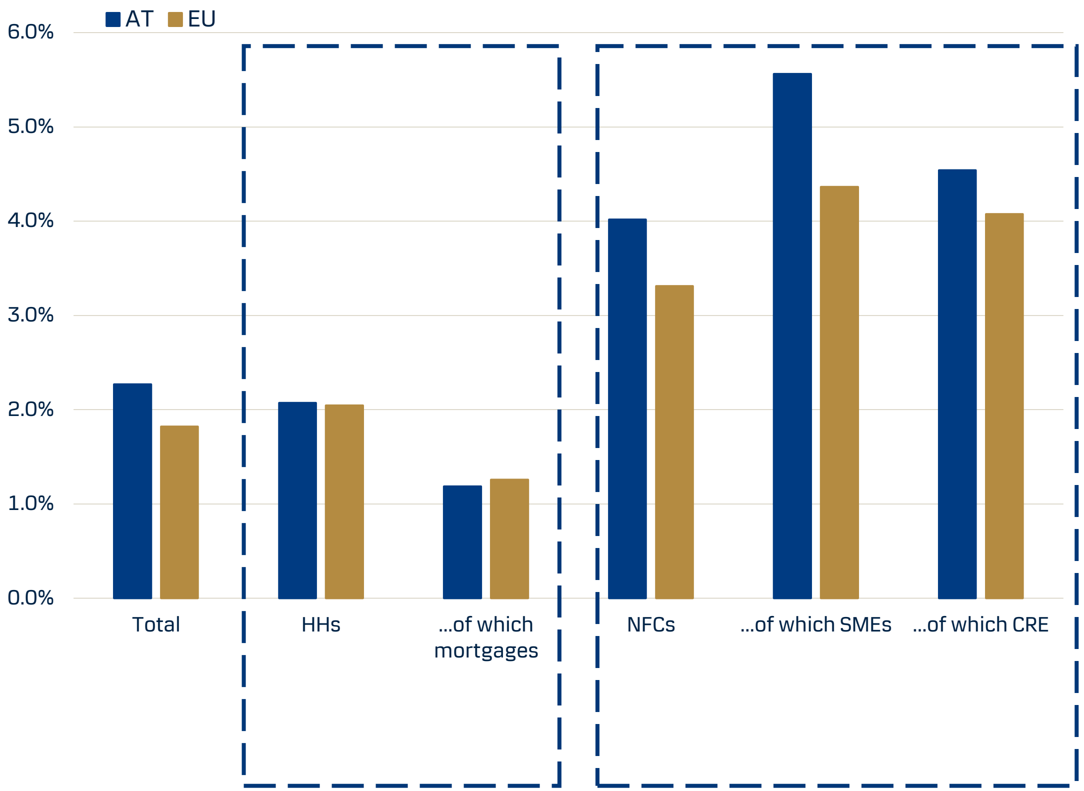
Source: EBA, Danske Bank Credit Research

The recession led to a rise in NPLs, driven by SME and CRE exposure

Austrian banks have faced above-EU-average NPL ratios for the past three years



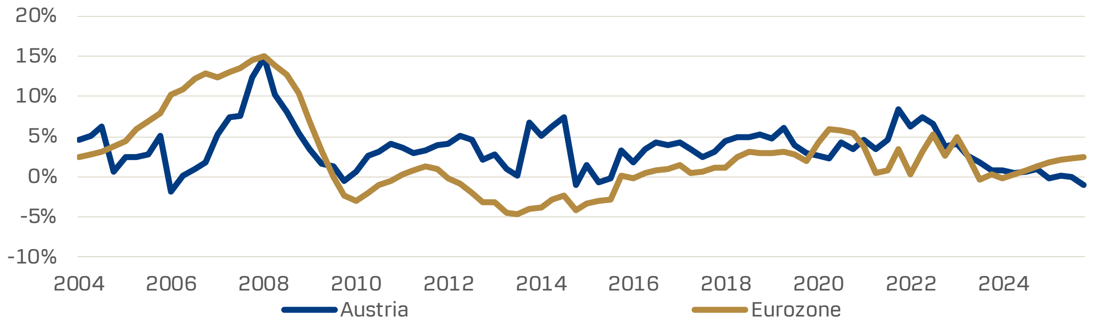
Across sub-segments, the SME and CRE exposure has been the main driver of rising NPL ratios in Austria



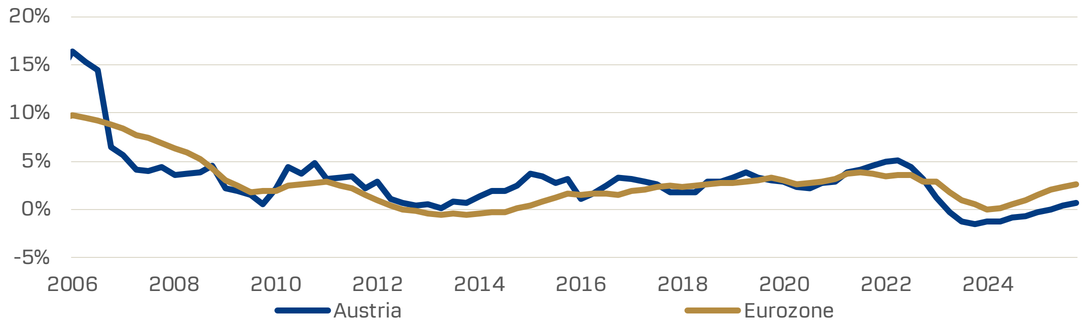
Source: EBA, Danske Bank Credit Research

Credit growth and mortgage lending have been subdued in recent years, but real estate prices have been rising, and we expect a rebound in lending

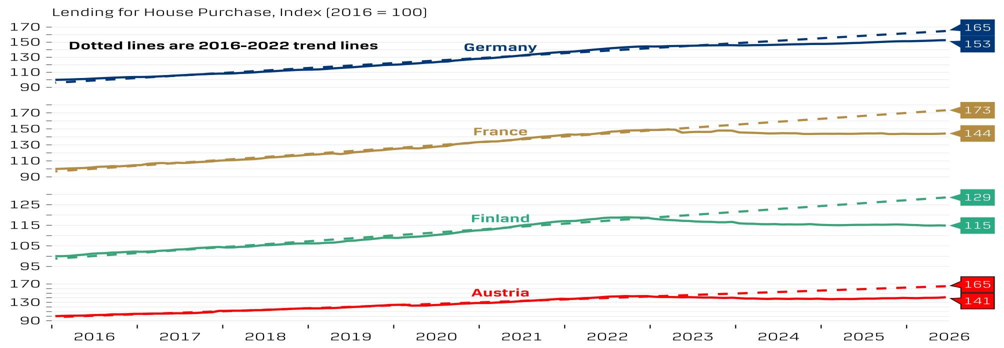
Non-financial corporates credit growth y/y



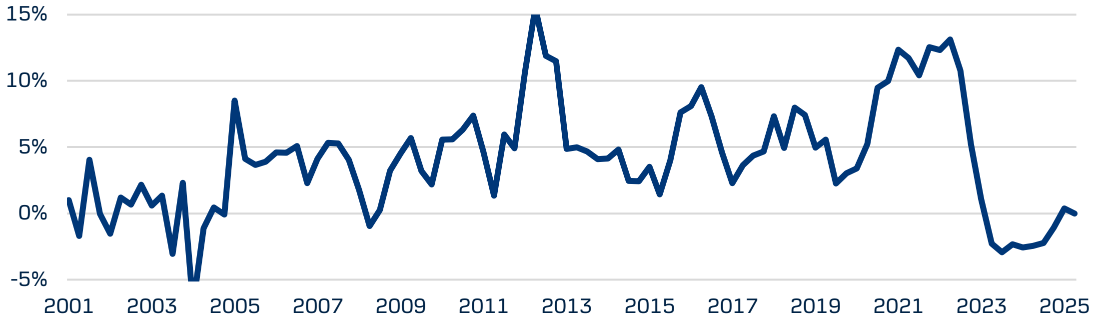
Household credit growth y/y



Lending for house purchase, Index (2016=100)



Residential real estate prices y/y



The Austrian covered bond market

Austrian covered bonds

Introduction to Austrian covered bonds

The legal framework for the issuance of covered bonds in Austria is the Mortgage Bond Act (Pfandbriefgesetz – PfandBG) that reflects the implementation of the European Covered Bond Directive (EU CBD), and which came into effect on 8 July 2022. This legislation replaced the previous frameworks for covered bonds in Austria.

Who can issue?

Under the Mortgage Bond Act, only authorised credit institutions with a special licence are permitted to issue covered bonds.

According to the ECBC, there are currently 25 covered bond issuers in Austria, of which two, Erste and Unicredit Bank Austria, are also Covered Bond Label issuers.

Three types of Austrian covered bonds

The Mortgage Bond Act establishes three distinct types of covered bonds, categorised based on the underlying collateral:

1) Hypothekenpfandbriefe (Mortgage covered bonds): Covered bonds backed by mortgage loans.
2) Öffentliche Pfandbriefe (Public sector covered bonds): Covered bonds backed by public sector or public sector-guaranteed assets.
3) Schiffspfandbriefe (Ship covered bonds): Covered bonds backed by loans secured by ship liens.

Currently, none of the Austrian issuers maintain ship cover pools. For each type, issuers must establish at least one separate cover pool. Issuers may, however, create multiple cover pools within the same category to cater to specific sub-categories, such as residential mortgage loans. For example, RLB OOE has structured its mortgage loans into two distinct pools:

- Cover Pool A, which is primarily focused on residential mortgages (70% residential / 30% commercial split).
- Cover Pool B, which is more commercially oriented (23% residential / 77% commercial split) and includes also exposure to foreign mortgage loans.

European Covered Bond (Premium)

Covered bonds that are backed by assets of the highest quality category (compliant with Article 129 of the Capital Requirements Regulation, CRR) qualify for the designation of 'European Covered Bond (Premium)'.

Cover pool assets

The primary cover assets for each type (i.e., mortgage loans, public sector debt, or ship liens) must constitute at least 85% of the collateral securing the outstanding covered bonds. The remaining 15% may consist of substitute cover assets that meet the requirements of the CRR 129. The geographical eligibility for cover assets is limited to European Economic Area (EEA) countries, Switzerland and the United Kingdom.

Loan-to-value (LTV) limits are not explicitly addressed by the Mortgage Bond Act but deduced from the CRR 129. Residential mortgage loans are subject to an 80% LTV limit while commercial mortgage loans and ship liens are each subject to a 60% LTV limit.

In addition, issuers must maintain a nominal over-collateralisation of 2% of the outstanding covered bonds.

Issuers also have the option to issue covered bonds with a potential 12-month maturity extension (soft bullet) in the event of the issuer's insolvency. However, the extension does not happen at the discretion of the issuer.

Austrian covered bonds carry a 10% risk weighting and are eligible for use in repo transactions with the European Central Bank (ECB).

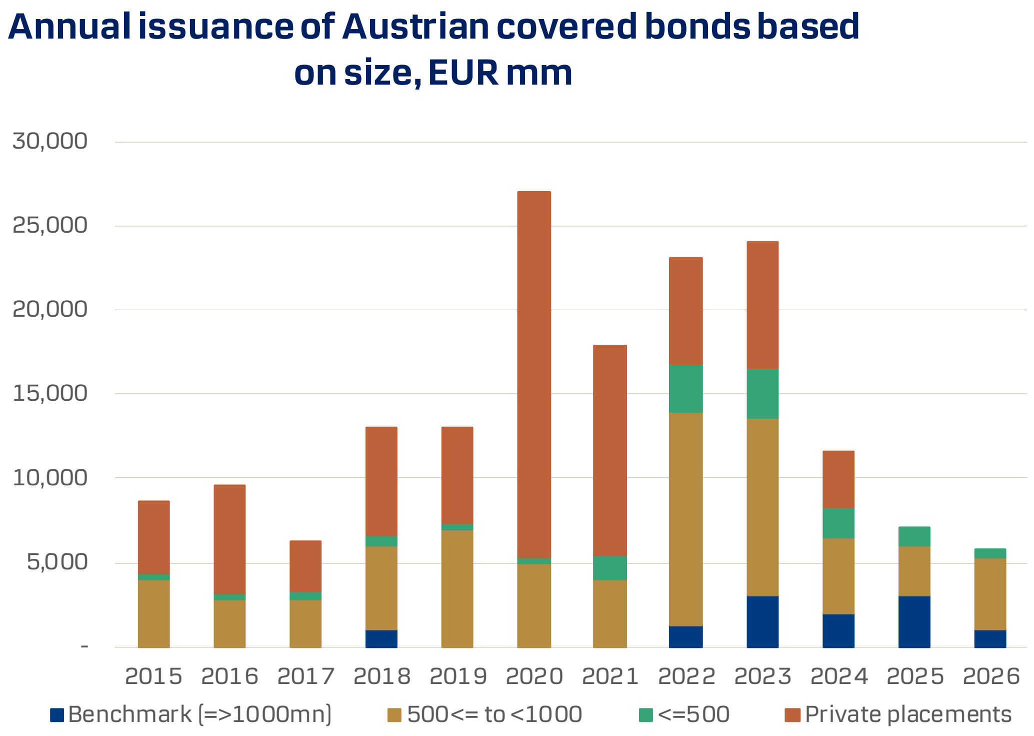
Transparency

Most Austrian issuers disclose their cover pool data using the Austrian Transparency Template (ATT), which closely resembles the Harmonised Transparency Template (HTT). Notably, Erste and UniCredit Bank Austria, as Covered Bond Label issuers, publish their data using the HTT.

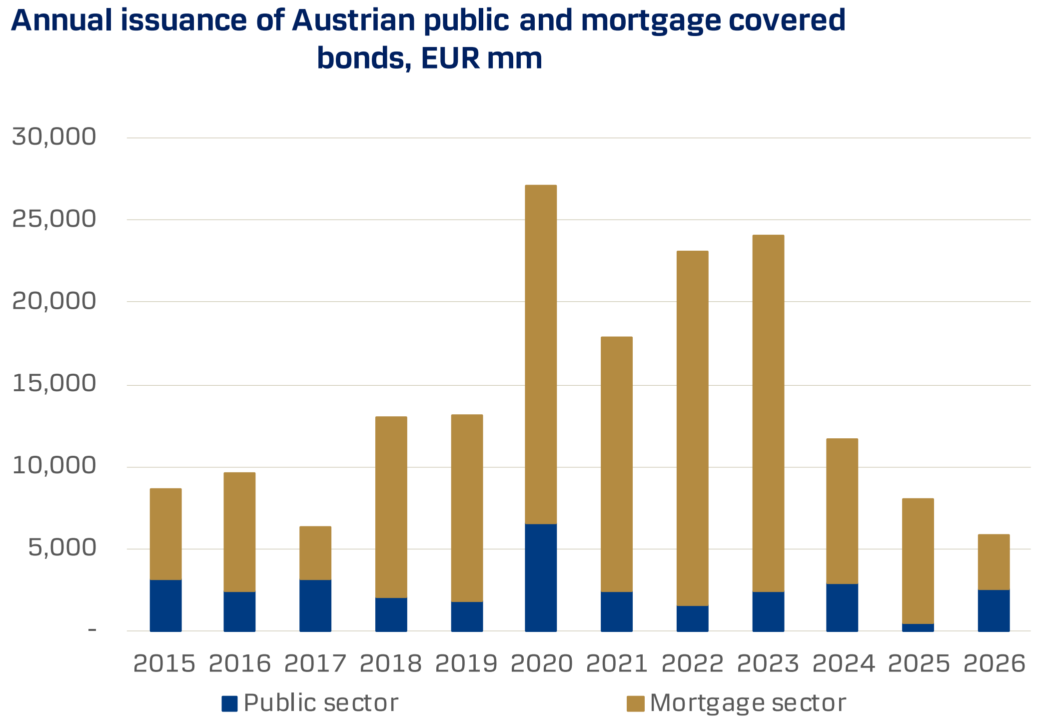
Source: ECBC, Austrian covered bond issuers, Danske Bank

The Austrian covered bond market has seen an overall decline given subdued lending growth but is expected to rebound given the rise in house prices

Annual covered bond volumes (EURm) - a blend of public benchmark and sub-benchmark issues, as well as private placements (incl. retained issues)



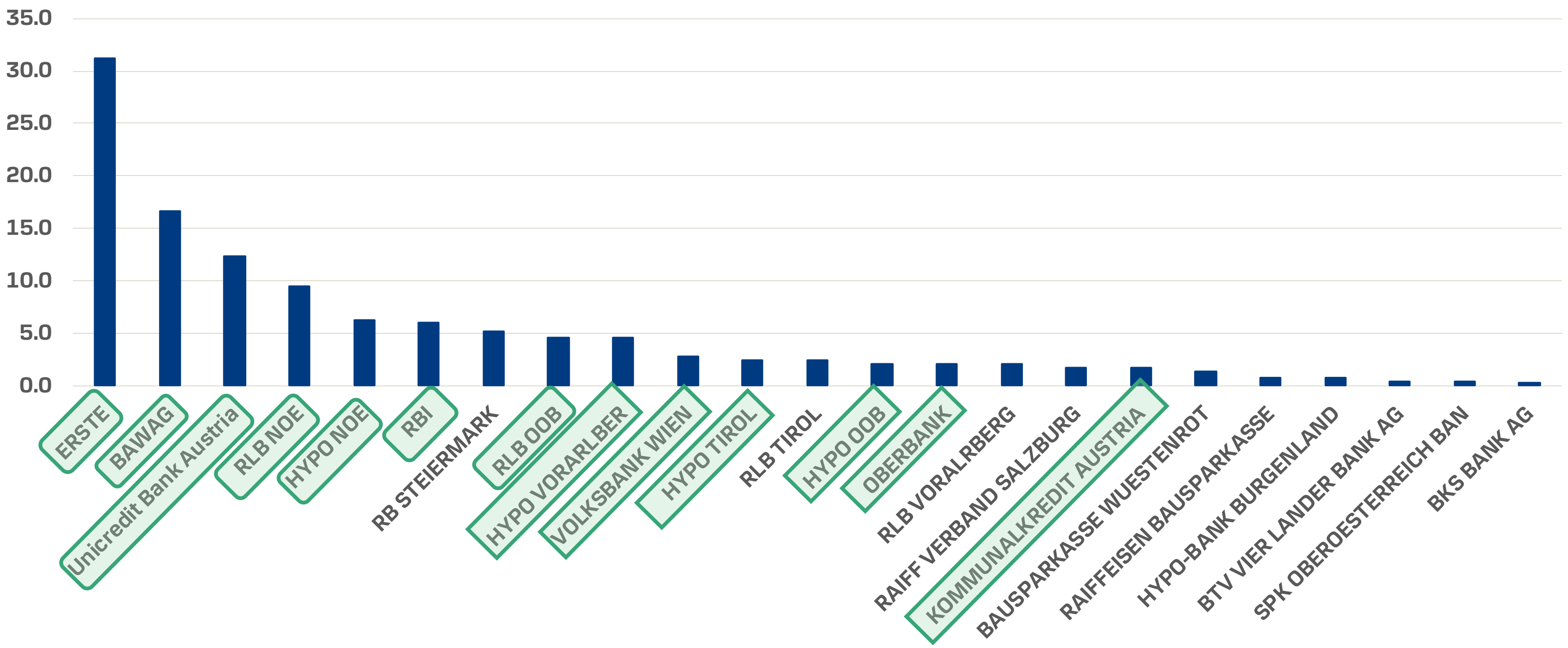
Mortgage covered bonds dominate issuance over public sector covered bonds (incl. private placements and retained issues; EURm)



Source: Bloomberg, Danske Bank

An overview of the Austrian covered bond (Pfandbrief) issuers

Outstanding amount of EUR-den. covered bonds, EUR bn



What comes next?

In the following slides, we examine a selected group of 13 Austrian covered bond issuers, including the largest issuers of both mortgage and public sector covered bonds.

In terms of public sector issuers, we have only included issuers who have covered bonds outstanding of min. EUR250m issue size.

= Issuer Included in the cover pool data analysis.

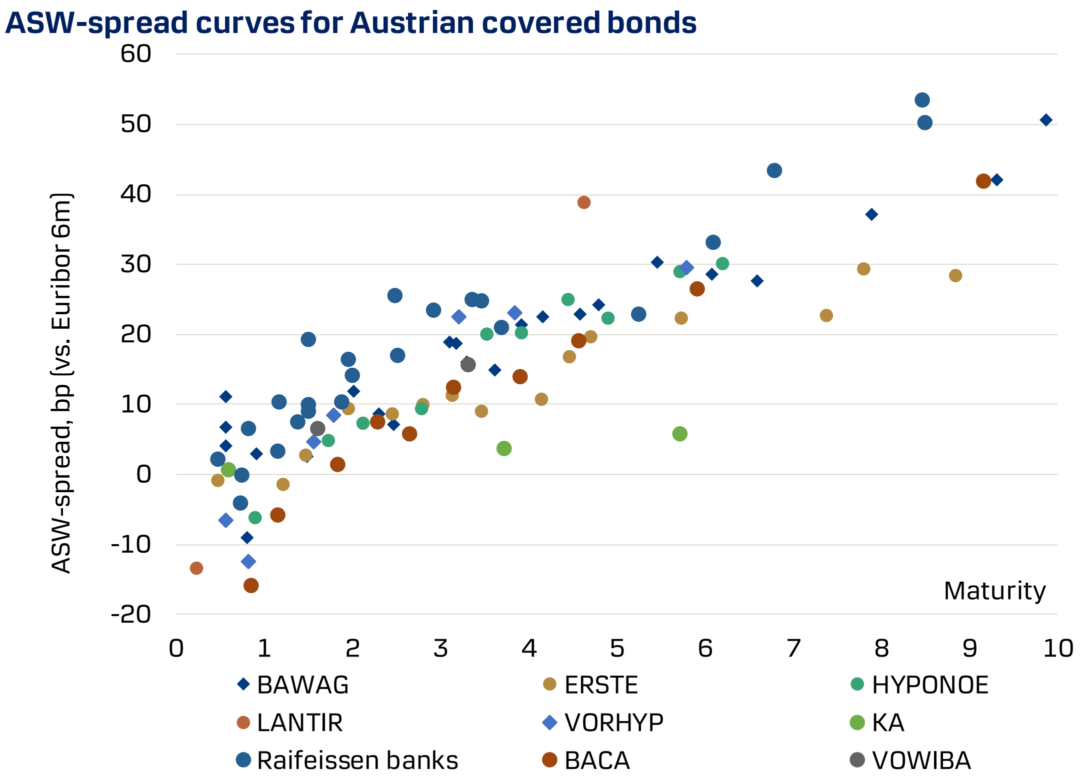
Source: Austrian covered bond issuers, Bloomberg, Danske Bank

Regulatory treatment and relative value chart including both mortgage and public sector covered bonds (sorted alphabetically)

Quick Facts

Issuer	Mortgage CB	Public Sector CB[1]	LCR status (if ≥EUR 500m)	Risk weight	Repo eligible with ECB	CBD/ CRR 129	European Covered Bond (Premium)	Covered Bond Label (ECBC)
BAWAG	✓	✓	1B	10%	✓	✓	✓	✓
Erste	✓	×	1B	10%	✓	✓	✓	✓
HYPO NOE	✓	✓	1B	10%	✓	✓	✓	×
HYPO OOE	✓	×	1B	10%	✓	✓	✓	×
Hypo Tirol	✓	✓	1B	10%	✓	✓	✓	×
Hypo Vorarlberg	✓	×	1B	10%	✓	✓	✓	×
Kommunalkredit Austria	×	✓	1B	10%	✓	✓	✓	×
Oberbank	✓	×	1B	10%	✓	✓	✓	×
RBI	✓	✓	1B	10%	✓	✓	✓	×
RLB NOE-Wien	✓	✓	1B	10%	✓	✓	✓	×
RLB OOE	✓	×	1B	10%	✓	✓	✓	×
UniCredit Bank Austria	✓	×	1B	10%	✓	✓	✓	✓
Volksbank Wien	✓	×	1B	10%	✓	✓	✓	×

EUR-denominated Austrian covered bonds ASW-spread curves – min. size EUR300m and FXD rate



Source: Austrian covered bond issuers, Bloomberg, Danske Bank

[1] Only issuers with public sector covered bonds outstanding of min. EUR250m issue size are included.

(P) Denotes a public sector covered bond

Comparison of mortgage cover pools – selected Austrian issuers

Mortgage covered bonds: selected issuers including the largest ones (sorted alphabetically)

Issuer	BBG ticker	Issuer rating (M/S&P/F)	Mortgage Covered bond rating (M/S&P/F)	Total Cover Assets (EURm)	Outstanding Covered Bonds (EURm	OC		Cover pool composition			Geography, total mortgages	
						Nominal	Legal/ regulatory	Residential	Commercial	Substitute assets	Austria	Other countries
BAWAG	BAWAG	A1 (POS) / - / -	Aaa / - / -	12,473	10,895	14%	2.00%	100%	0%	0.0%	48%	52%
Erste	ERSTBK	**A1 (POS)** / A+ (POS) / A (STABLE	Aaa / - / -	30,929	26,271	18%	2.00%	72%	27%	0.3%	100%	0%
HYPO NOE	HYNOE	A2 (STABLE)/- / -	Aa1 / - / -	3,667	2,547	44%	2.00%	74%	26%	0.1%	88%	12%
HYPO OOE	OBLB	- / A (STABLE) / -	- / AA+ / -	2,986	2,512	19%	2.00%	95%	5%	0.3%	100%	0%
Hypo Tirol	LANTIR	- / A (STABLE) / -	Aaa / - / -	2,681	2,165	24%	2.00%	69%	31%	0.8%	100%	0%
Hypo Vorarlberg	VORHYP	A3 (NEG) / - / -	Aaa / - / -	6,559	4,887	34%	2.00%	53%	47%	0.0%	71%	29%
Oberbank	OBERBK	- / A (STABLE) / -	- / AAA / -	4,363	2,091	109%	2.00%	73%	27%	0.0%	78%	22%
RBI	RBIAV	A1 (STABLE) / A- (STABLE) / -	Aa1 / - / -	5,729	3,975	44%	2.00%	29%	62%	9.3%	62%	38%
RLB NOE-Wien	RFLBNI	A2 (STABLE) / - / -	Aaa / - / -	9,983	6,827	46%	2.00%	61%	39%	0.0%	100%	0%
RLB OOE[1]	RFLBOB	A2 (STABLE) / - / -	Aaa / - / -	9,219	3,931	135%	2.00%	68%	31%	0.9%	100%	0%
UniCredit Bank Austria	BACA	A2 (STABLE) / A- (POS) / -	Aaa / - / -	17,557	7,029	150%	2.00%	82%	18%	4.2%	100%	0%
Volksbank Wien	VOWIBA	A3 (NEG) / - / BBB (STABLE)	Aaa / - / -	5,026	2,789	80%	2.00%	79%	21%	0.0%	100%	0%

Source: Austrian covered bond issuers, Rating agencies, Danske Bank [1] Cover pool A

Mortgage covered bonds: selected issuers including the largest ones (continued)

Issuer	BBG ticker	NPLs	Indexed LTV Residential	Average loan size (kEUR)		# Mortgage loans		10 largest exposures		Loan seasoning		WA Life (years)		Fixed rate	
				Residential	Commercial	Residential	commercial	Residential	Commercial	Residential	Commercial	Cover pool	Covered Bonds	Assets	bonds
BAWAG	BAWAG	0.00%	55.2%2	131,859	N/A	94,591	0	0.40%	0.00%	46%	0%	11.7	4.8	85%	100%
Erste	ERSTBK	0.00%	57.4%	201,572	635,527	111,240	13,250	0.94%	1.29%	33%	13%	11.1	3.8	63%	56%
HYPO NOE	HYNOE	0.00%	54.9%	222,468	2,173,595	12,221	435	6.22%	27.54%	45%	46%	7.8	3.2	62%	100%
HYPO OOE	OBLB	0.00%	40.0%	842,320	922,832	33,541	164	18.11%	66.74%	61%	34%	10.9	3.9	45%	93%
Hypo Tirol	LANTIR	0.00%	49.6%	180,270	677,037	10,192	1,217	4.28%	20.60%	59%	55%	10.0	3.3	34%	100%
Hypo Vorarlberg	VORHYP	0.00%	59.8%	219,930	1,614,061	15,901	1,897	4.69%	5.93%	24%	23%	15.2	3.0	44%	90%
Oberbank	OBERBK	0.00%	54.0%	178,200	1,344,400	17,806	892	6.04%	17.36%	42%	30%	16.9	5.6	52%	100%
RBI	RBIAV	0.00%	49.6%	158,658	4,195,024	10,336	847	3.52%	22.74%	58%	54%	6.5	2.8	100%	64%
RLB NOE-Wien	RFLBNI	0.00%	49.5%	167,995	1,162,783	36,449	3,319	6.56%	14.76%	33%	17%	8.4	2.6	99.69%	78%
RLB OOE[1]	RFLBOB	0.00%	56.7%	149,434	310,775	42,129	9,151	6.39%	6.16%	48%	37%	11.4	4.7	100.00%	99%
UniCredit Bank Austria	BACA	0.00%	51.0%	202,631	3,448,002	68,280	863	9.33%	29.45%			10.0	3.3	100%	86%
Volksbank Wien	VOWIBA	0.00%	51.0%	123,349	262,206	32,117	4,060	0.84%	4.91%	64%	78%	18.7	3.2	100%	53%

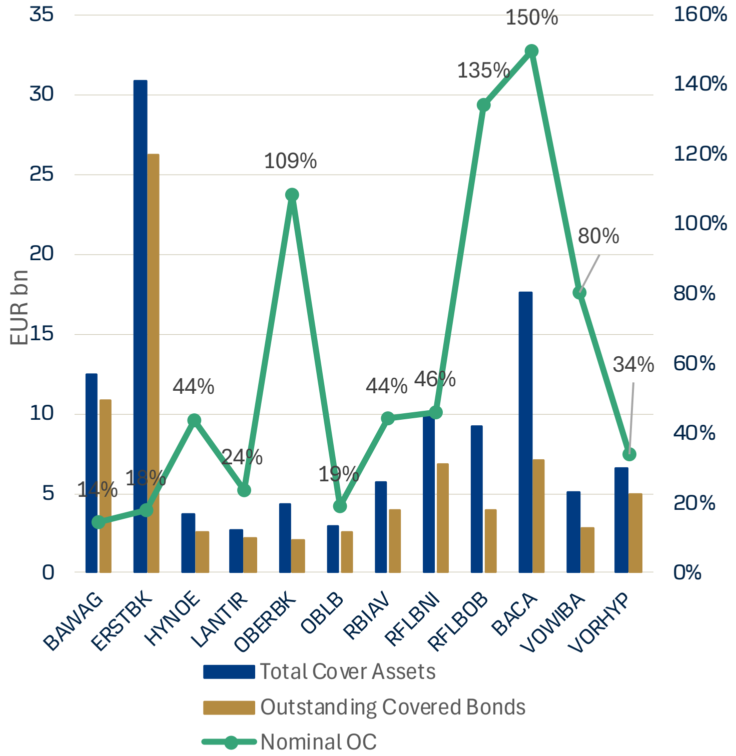
Source: Austrian covered bond issuers, Danske Bank

[1] Cover pool A, [2] Unindexed

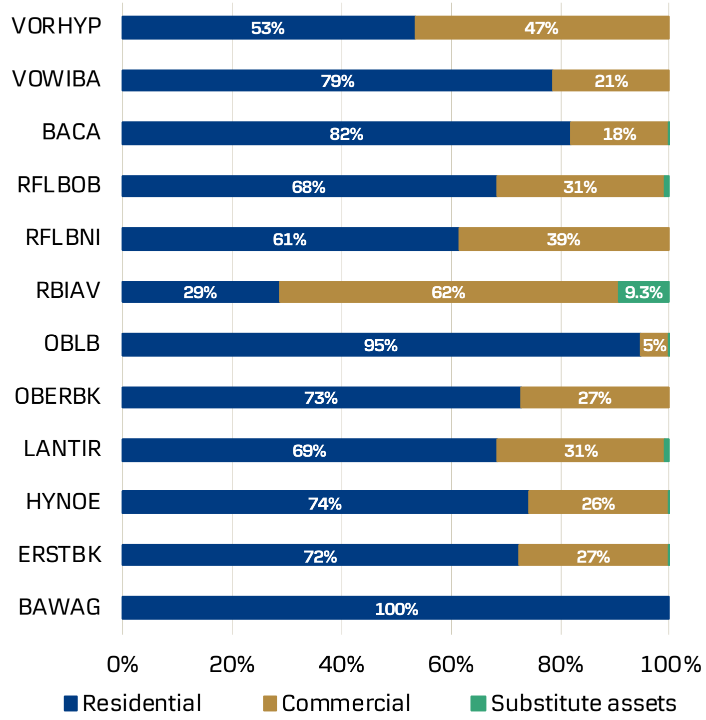
Cover pool data as of 30-03-2026/30-06-2026

Mortgage covered bonds

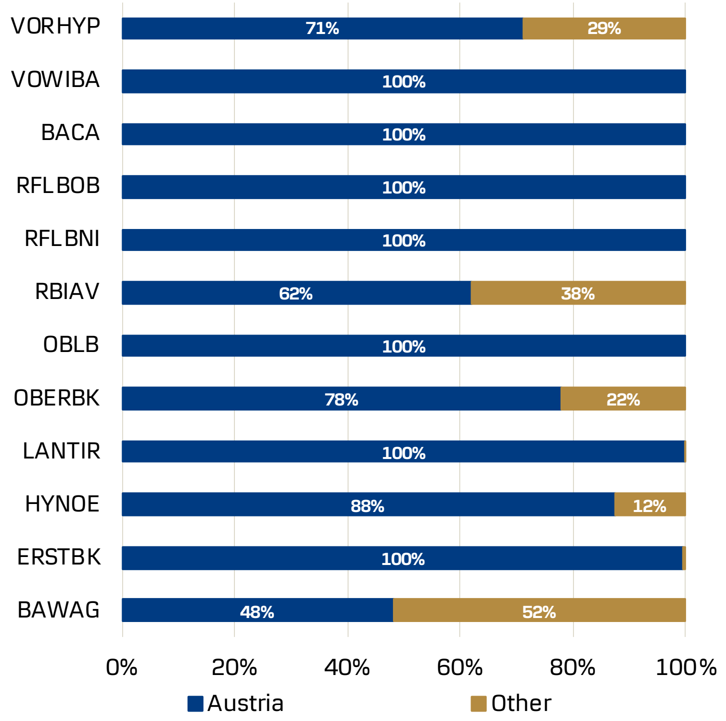
Cover pool, covered bonds, and nominal over-collateralisation across issuers



Cover pool composition – 15% limit for substitute assets



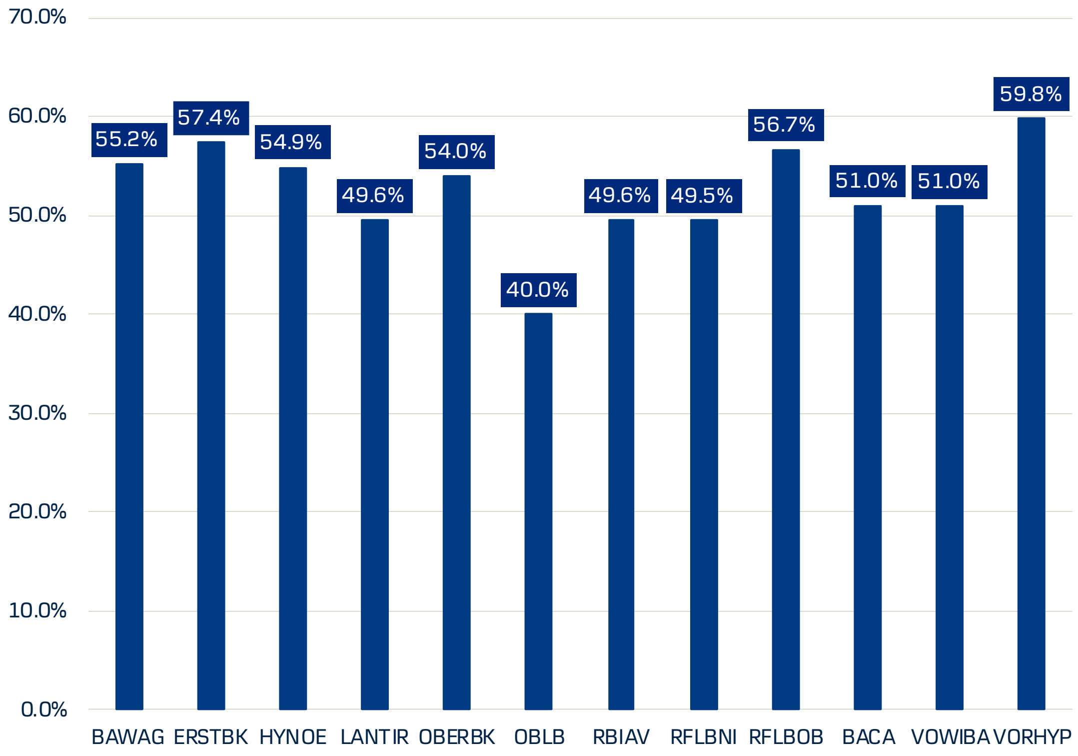
Mortgage assets by geography – only EEA + Switzerland and the UK are eligible



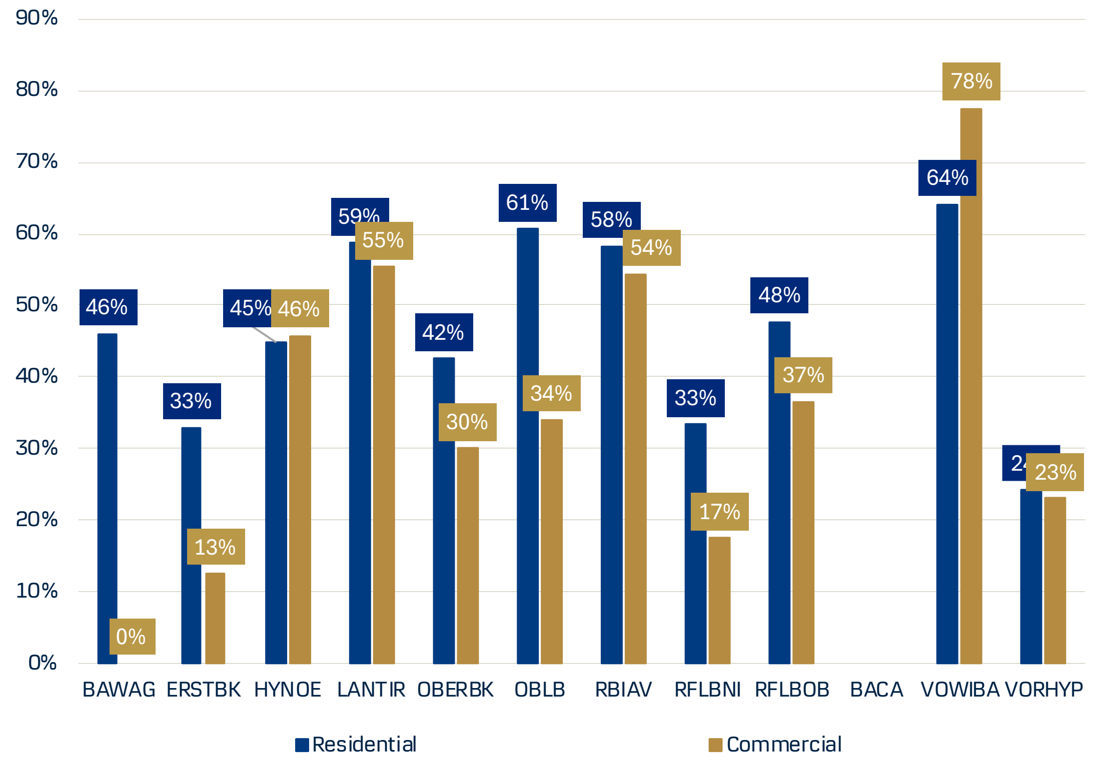
Source: Austrian covered bond issuers, Danske Bank

Mortgage covered bonds

Indexed LTV (residential)



Loan seasoning over 60 months – residential and commercial

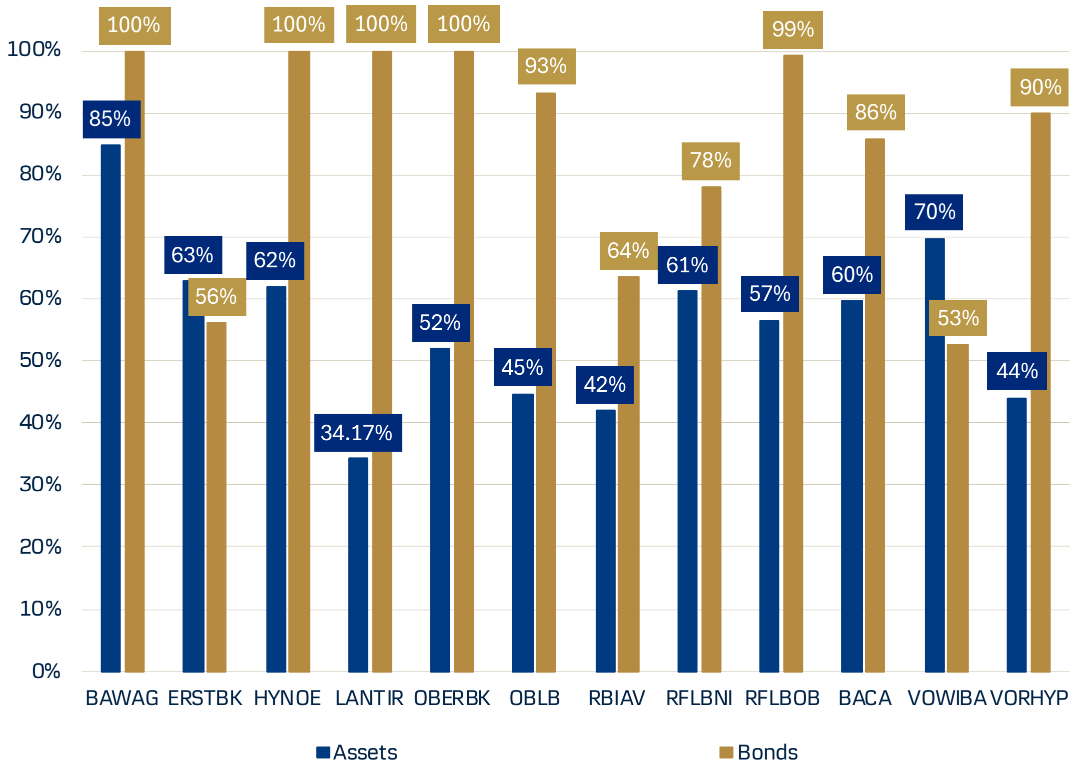


Source: Austrian covered bond issuers, Danske Bank

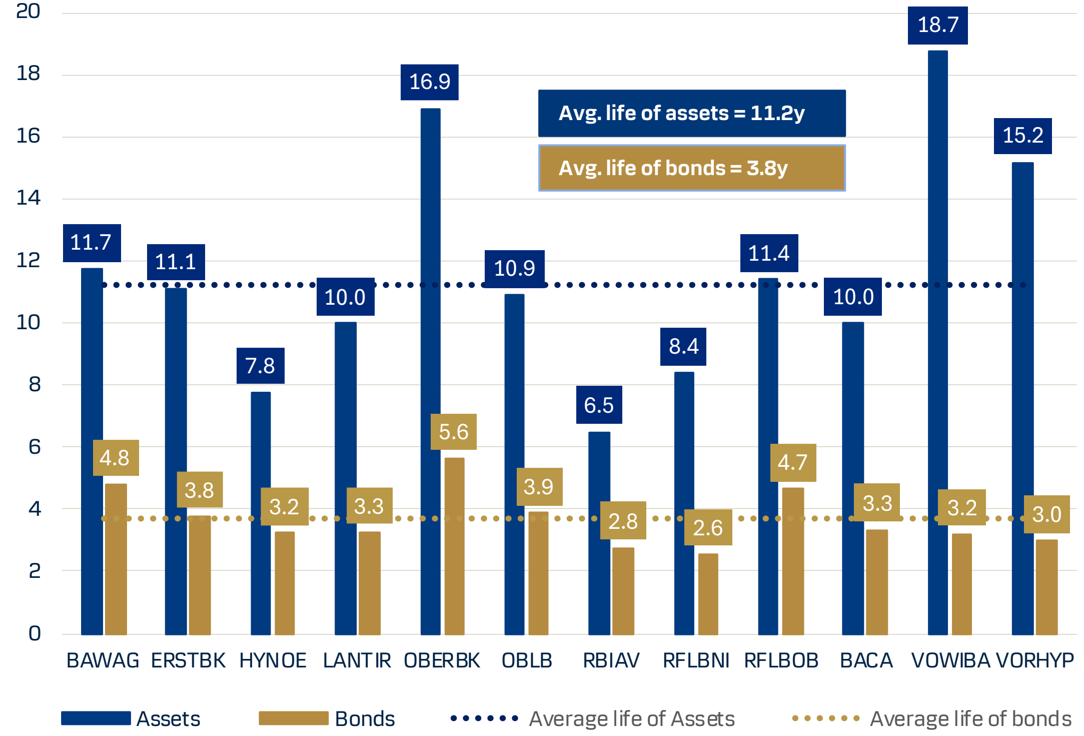
*BAWAG's LTV is unindexed

Mortgage covered bonds

Fixed rate – assets vs bonds



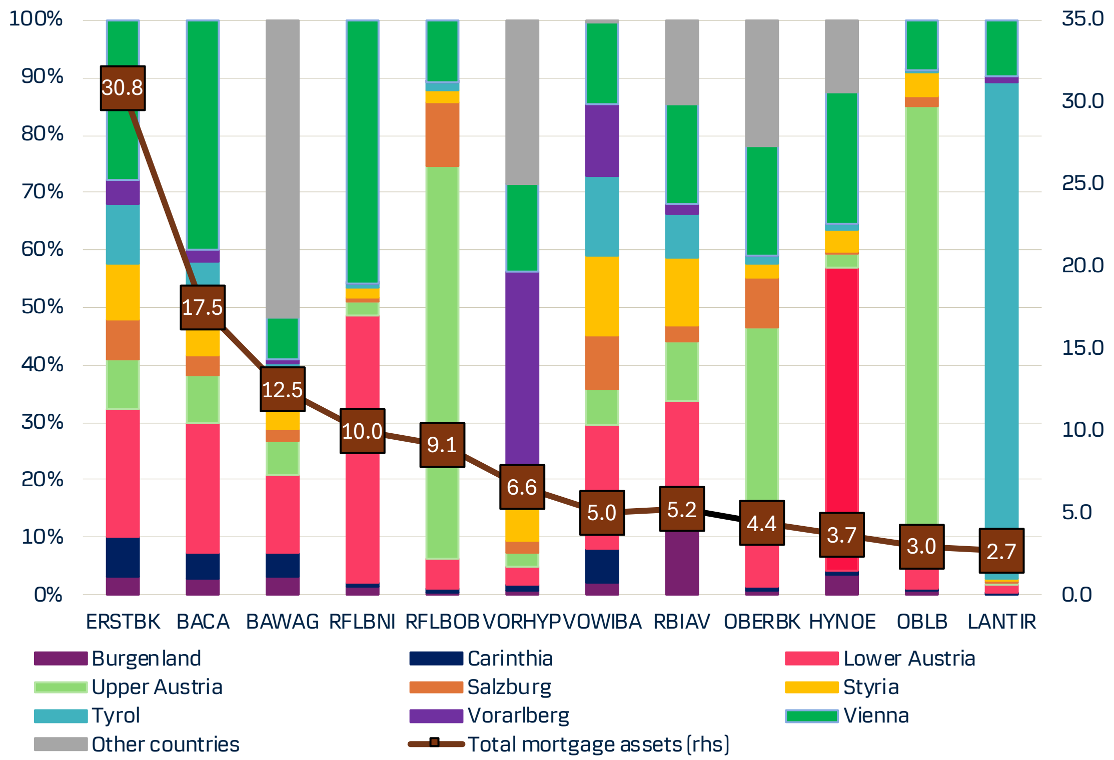
WA life (years) – assets vs bonds



Source: Austrian covered bond issuers, Danske Bank

Geographical distribution of mortgage assets differs quite a bit: some are more regionally focused such as Oberbank and Hypo Tirol, while BAWAG and RBI have a significant part of their mortgage assets abroad

Distribution of mortgage assets by region



Source: Austrian covered bond issuers, Danske Bank

Comparison of public sector cover pools – selected Austrian issuers

Public sector covered bonds (sorted alphabetically)

Issuer	BBG ticker	Issuer rating (M/S&P/F)	Public Sector Covered bond rating (M/S&P/F)	Total Cover Assets (EURm)	Outstanding Covered Bonds (EURm	OC		Cover pool composition		Geography, total mortgages	
						Nominal	Legal/ regulatory	Public sector	Substitute assets	Austria	Other countries
BAWAG	**BAWAG**	**A1 (POS) / - / -**	Aaa / - / -	2,812	2,300	22%	2.00%	100%	0%	87%	13%
HYPO NOE	HYNOE	- / A2 (STABLE) / -	Aa1 / - / -	5,337	4,100	30%	2.00%	99%	1%	100%	0%
Hypo Tirol	LANTIR	Aa2(**POS**) / **A** (**Stable**) / -	Aaa / - / -	1,049	333	215%	2.00%	98%	2%	100%	0%
Kommunalkredit Austria	KA	- / BBB **(NEG)** -	- / **AA+** / -	1,623	1,410	15%	2.00%	95%	5%	72%	28%
RBI	RBIAV	A1 (STABLE) / A- (STABLE) / -	Aa1 / - / -	1,138	800	42%	2.00%	100%	0%	78%	22%
RLB NOE-Wien	RFLBNI	A2 (STABLE) / - / -	Aaa / - / -	2,489	1,705	46%	2.00%	98%	2%	100%	0%

Source: Austrian covered bond issuers, Danske Bank

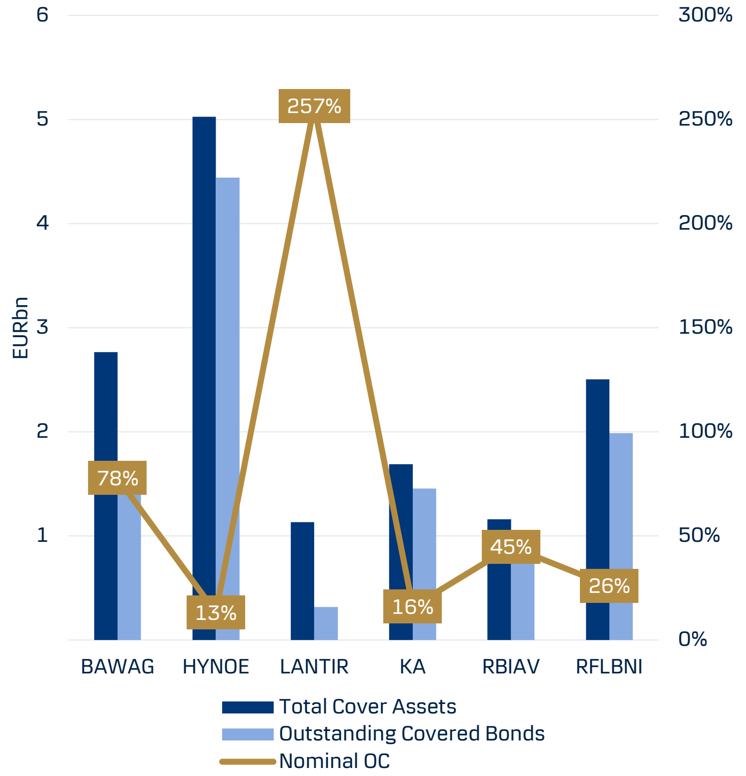
Public sector covered bonds (continued)

Issuer	BBG ticker	NPLs	Average exposure (kEUR)	# Public Sector exposures	10 largest exposures	Assets by borrower type				WA Life (years)		Fixed rate	
						Local/ municipal	Regional/ federal	Sovereign	Other	Cover pool	Covered Bonds	Assets	bonds
BAWAG	BAWAG	0.00%	598,538	4,698	20.2%	76%	13%	0%	12%	11.0	4.8	61.3%	100%
HYPO NOE	HYNOE	0.00%	113,467	46,671	29.9%	18%	80%	0%	2%	10.1	4.5	46.8%	100%
Hypo Tirol	LANTIR	0.00%	1,410,956	1,033	63.7%	52%	48%	0%	0%	6.4	2.9	32.5%	100%
Kommunalkredit Austria	KA	0.00%	899,294	1,805	20.2%	59%	24%	16%	0%	8.0	2.3	75.6%	99%
RBI	RBIAV	0.00%	569,500	1,998	37.9%	67%	11%	22%	0%	13.0	3.8	30.4%	0%
RLB NOE-Wien	RFLBNI	0.00%	877,407	2,837	38.5%	25%	75%	0%	0%	16.2	3.6	24.7%	29%

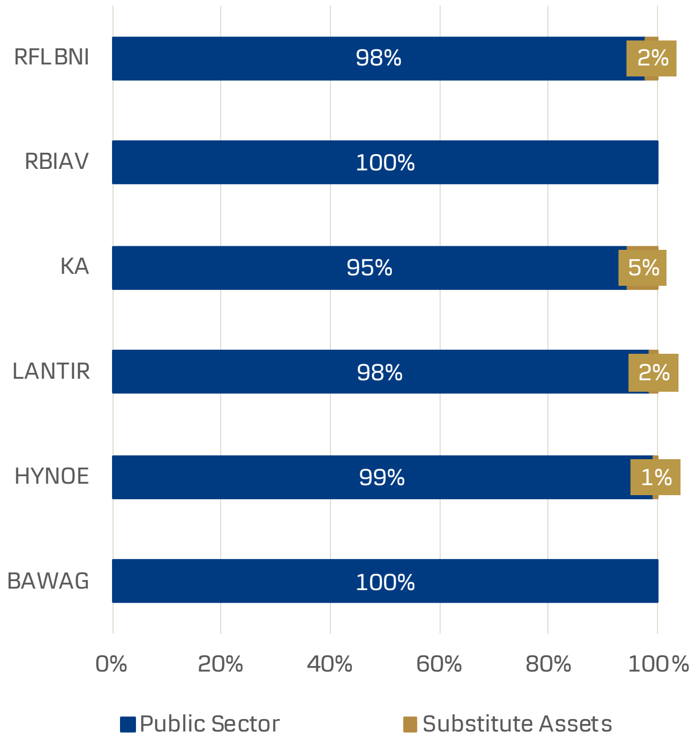
Source: Austrian covered bond issuers, Danske Bank

Public sector covered bonds

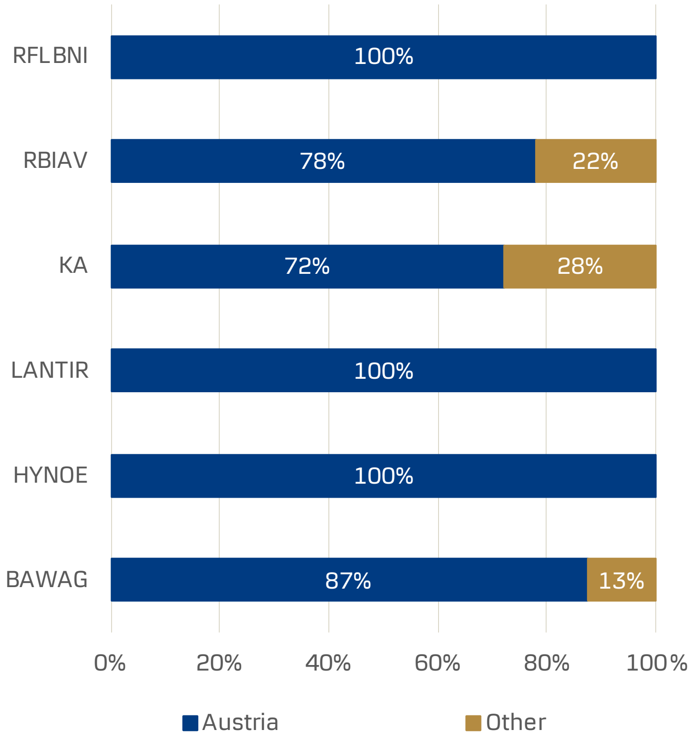
Cover pool, covered bonds, and nominal over-collateralisation across issuers



Cover pool composition – 15% limit for substitute assets



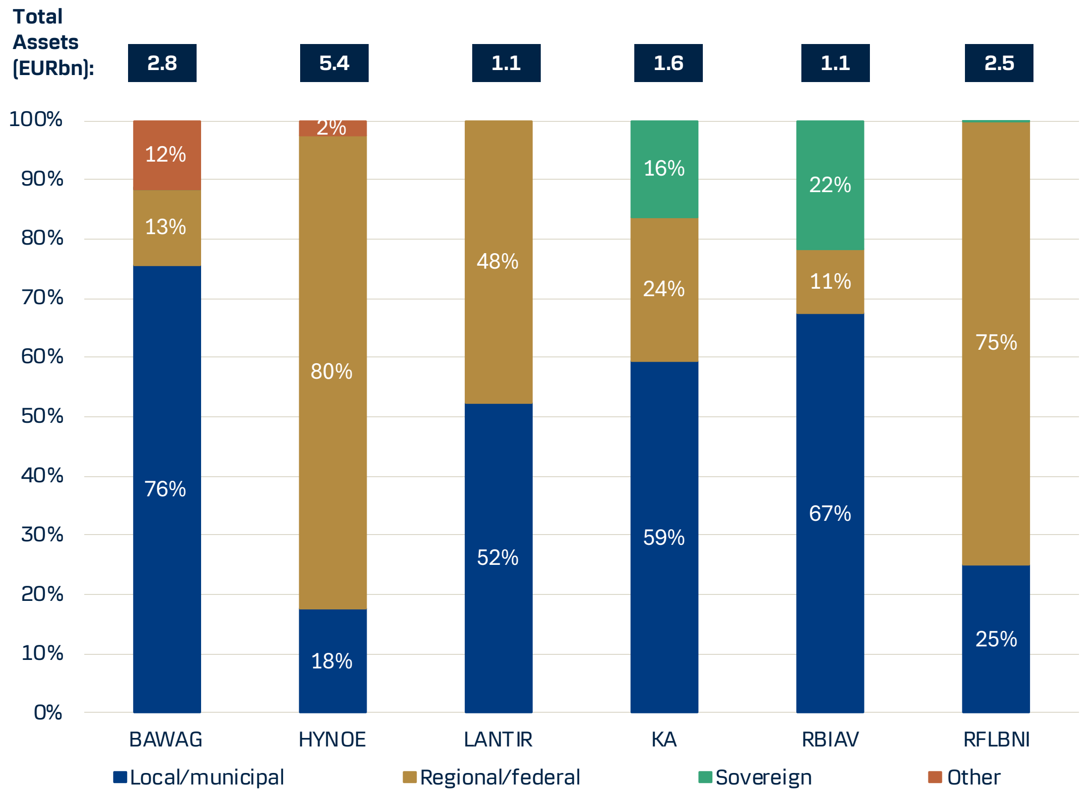
Public sector loans by geography – only EEA + Switzerland and the UK are eligible



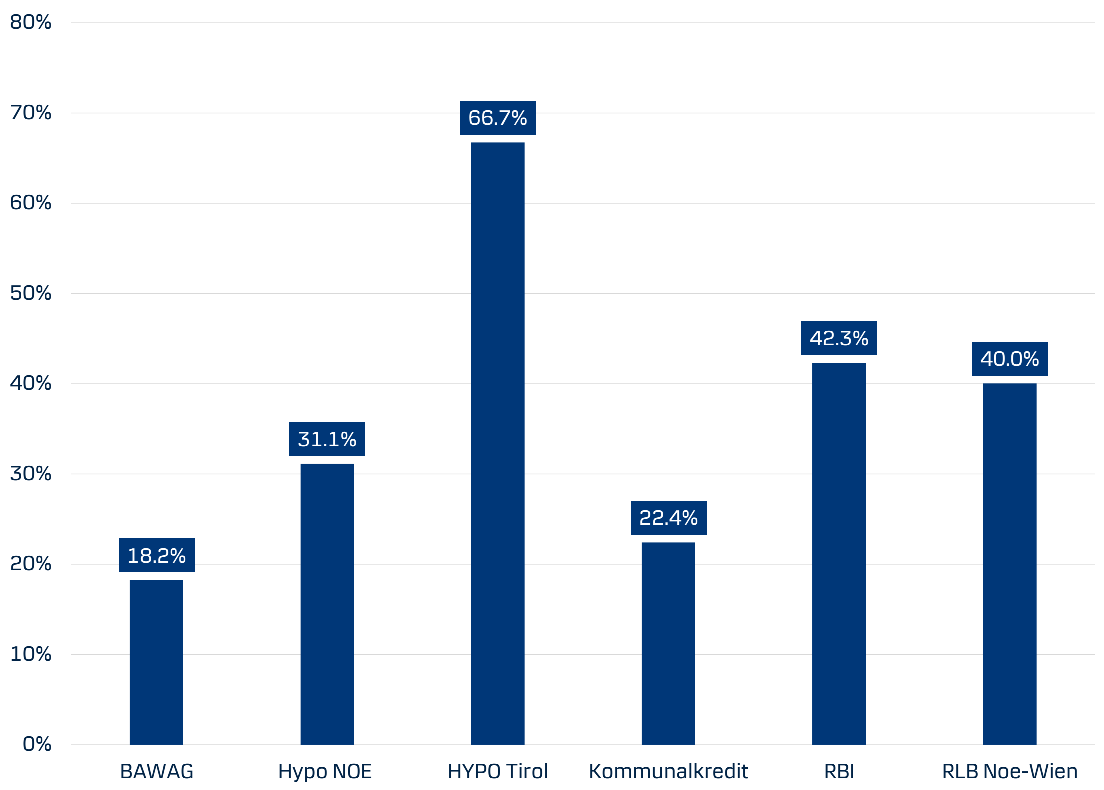
Source: Austrian covered bond issuers, Danske Bank

Public sector covered bonds: assets by borrower type and 10 largest exposures (%)

Assets by borrower type



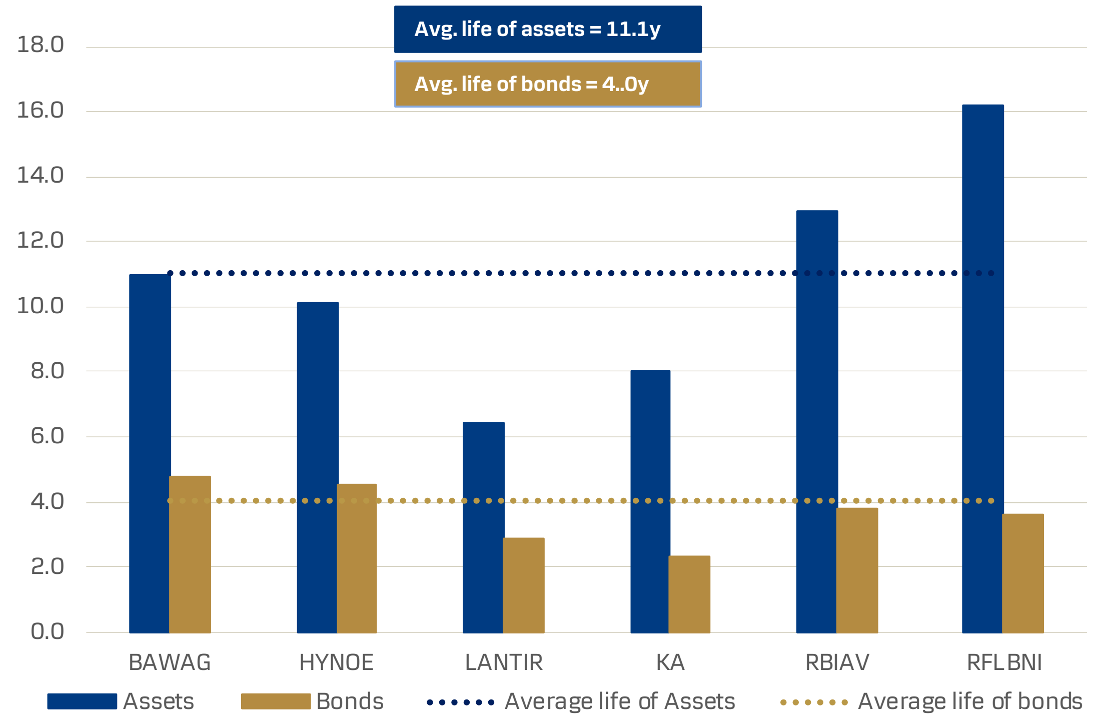
10 largest exposures (%)



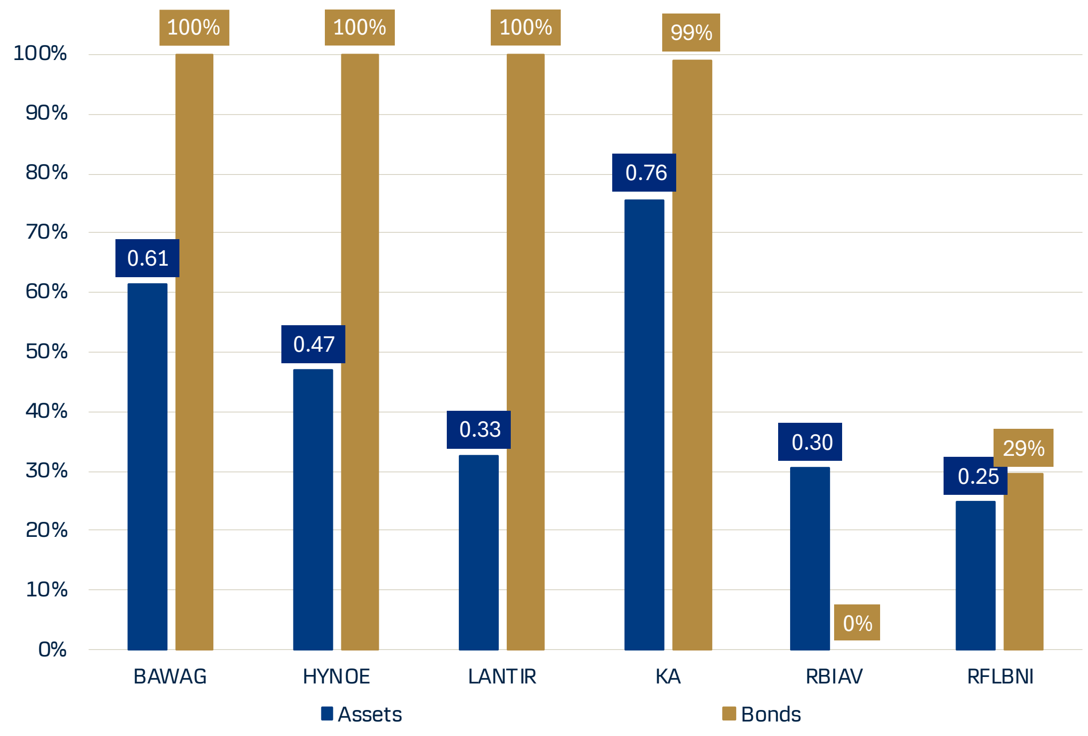
Source: Austrian covered bond issuers, Danske Bank

Public sector covered bonds: WA life and share of fixed interest rate in assets and bonds

WA life (years) – assets vs bonds



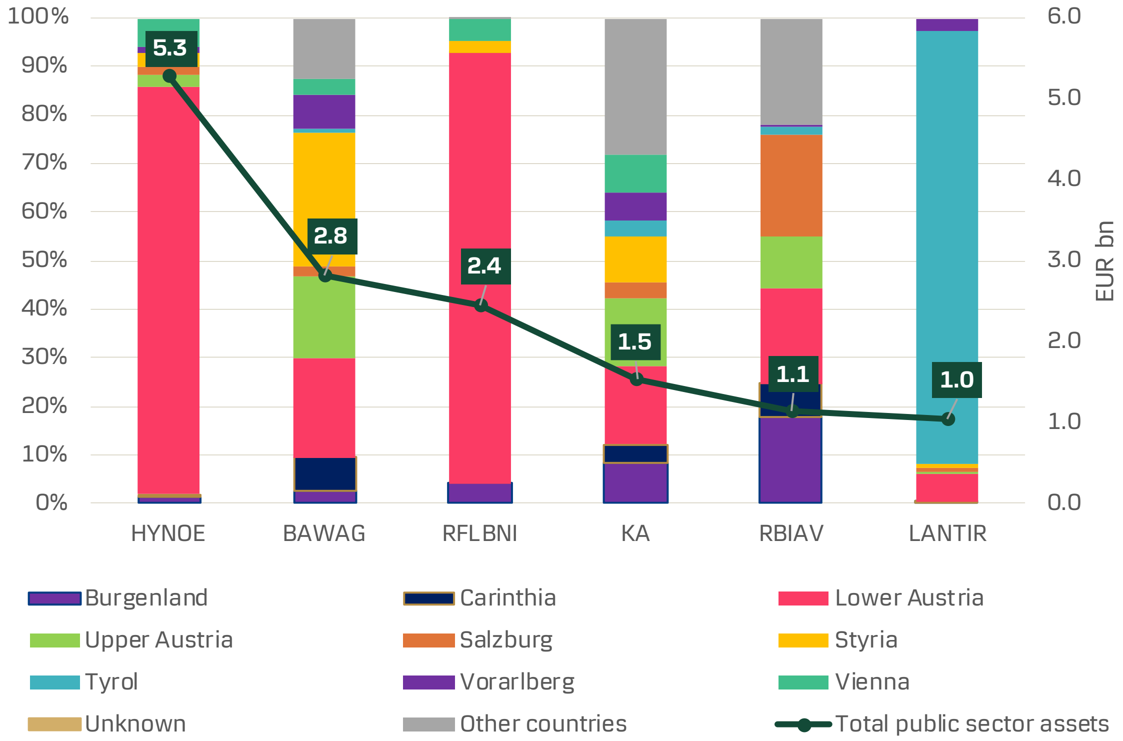
Fixed rate – assets vs bonds



Source: Austrian covered bond issuers, Danske Bank

Geographical distribution of public assets: Hypo Tirol, RLB NOE-Wien and HYPO NOE are largely regional players while BAWAG, Kommunalkredit Austria and RBI have well diversified assets including some exposure to foreign countries

Distribution of public sector assets by region



Source: Austrian covered bond issuers, Danske Bank

Changes in the ratings/outlook for selected covered bond issuers

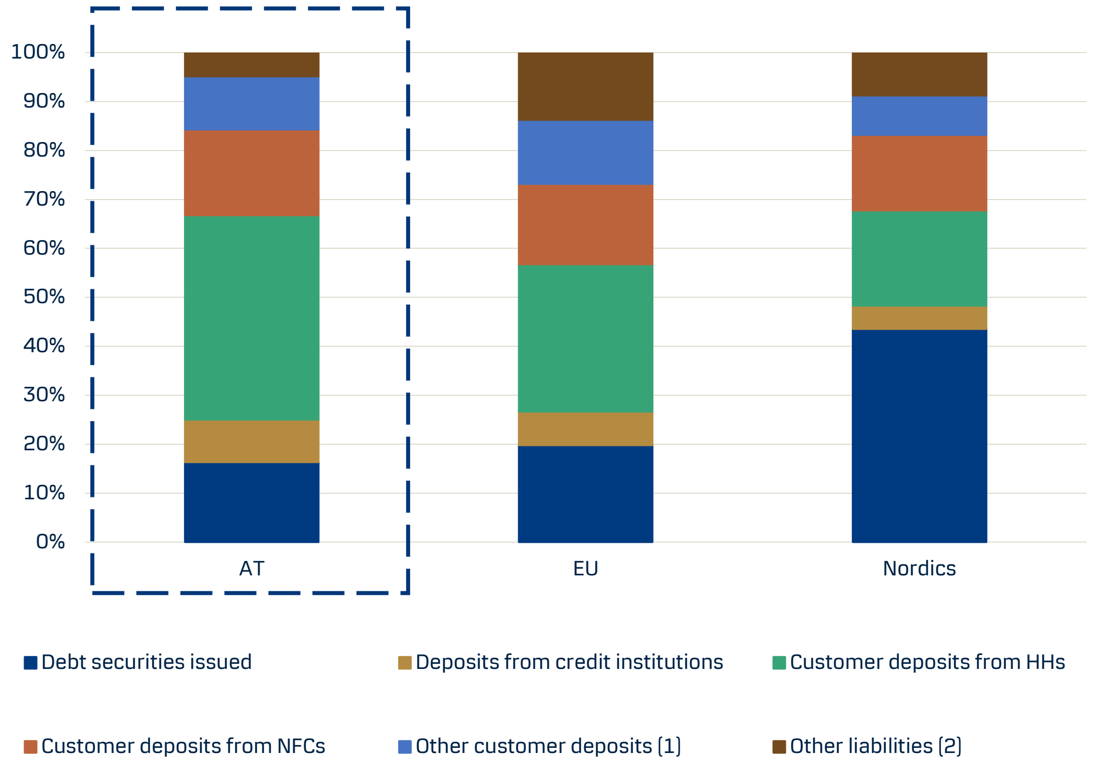
Issuer	BBG ticker	Issuer rating (M/S&P/F)	Mortgage Covered bond rating (M/S&P/F)	Changes since October 2025
BAWAG	BAWAG	A1 (POS) / - / -	Aaa / - / -	
Erste	ERSTBK	**A1 (POS)** / A+ (POS) / A (STABLE	Aaa / - / -	Placed on positive outlook in April
HYPO NOE	HYNOE	A2 (STABLE)/- / -	Aa1 / - / -	Changed from S&P to Moody'
HYPO OOE	OBLB	**- / A (STABLE) / -**	- / AA+ / -	Downgrade of senior rating
Hypo Tirol	LANTIR	Aa2(NEG)**/ A (STABLE) / -**	Aaa / - / -	downgrade of senior from S&P
Hypo Vorarlberg	VORHYP	A3 (NEG) / - / -	Aaa / - / -	
Oberbank	OBERBK	**- / A (STABLE) / -**	- / AAA / -	Downgrade of Senior from S&P
RBI	RBIAV	A1 (STABLE) / A- (STABLE) / -	Aa1 / - / -	
RLB NOE-Wien	RFLBNI	A2 (STABLE) / - / -	Aaa / - / -	
RLB OOE[1]	RFLBOB	A2 (STABLE) / - / -	Aaa / - / -	
UniCredit Bank Austria	BACA	**A2 (STABLE) / A- (POS) / -**	Aaa / - / -	Upgrade of senior debt by Moodys
Volksbank Wien	VOWIBA	**A3 (NEG) / - / BBB (STABLE)**	Aaa / - / -	downgrade of senior debt from Moody's and S&P
Kommunalkredit Austria	KA	- / BBB (NEG) -	**- / AA+ / -**	upgrade of covered bond rating by S&P

Source. Rating agencies, Danske Bank

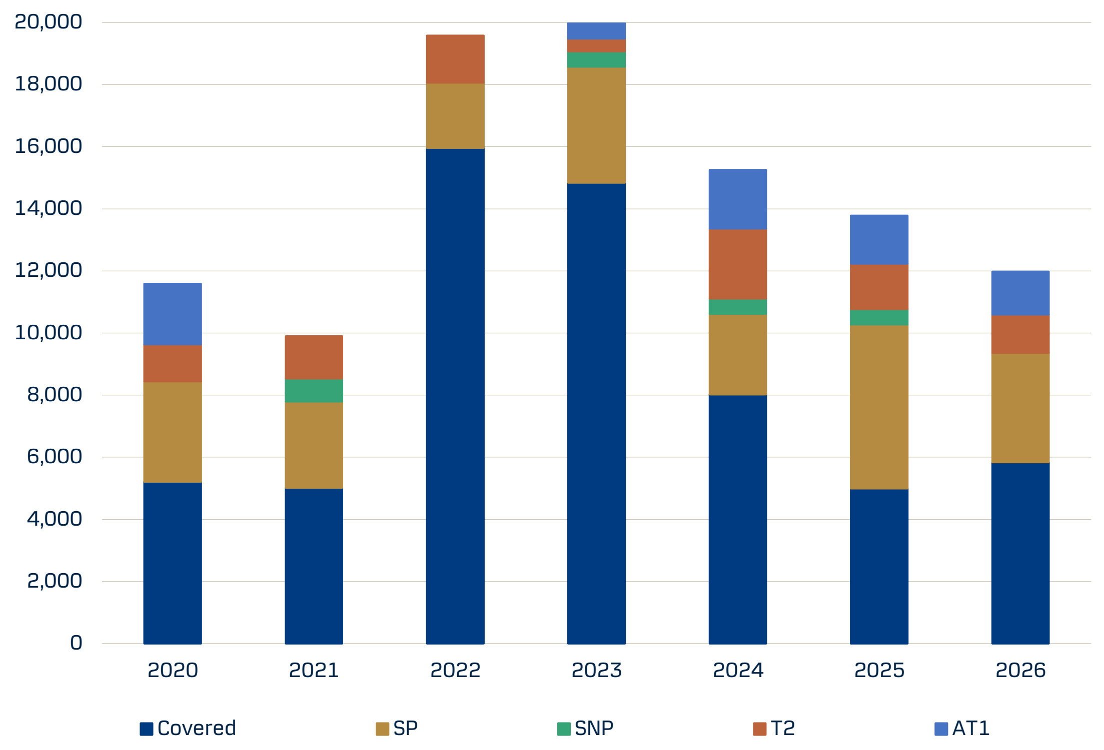
The Austrian banking sector – issuance dynamics and regulatory requirements

Deposits are comparably higher, with MREL paper and capital optimisation adding to the covered bond-driven funding mix

Share of total funding (Q1 2026)



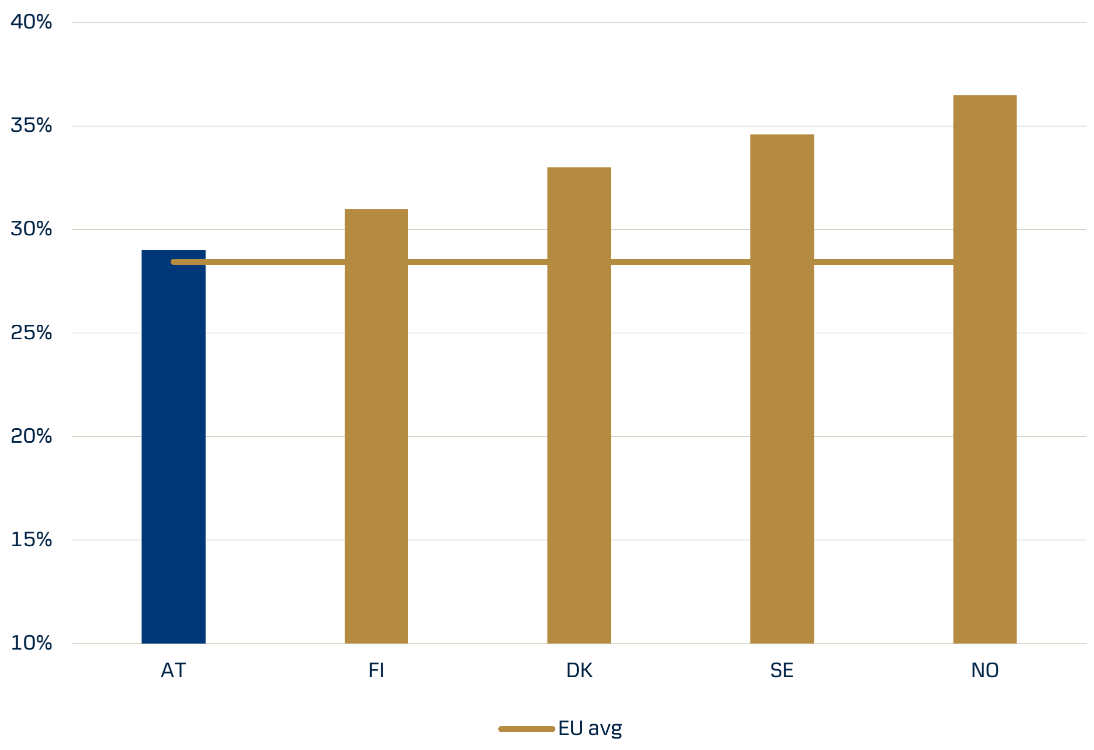
Syndicated transactions of Austrian issuers (2026, EURm)



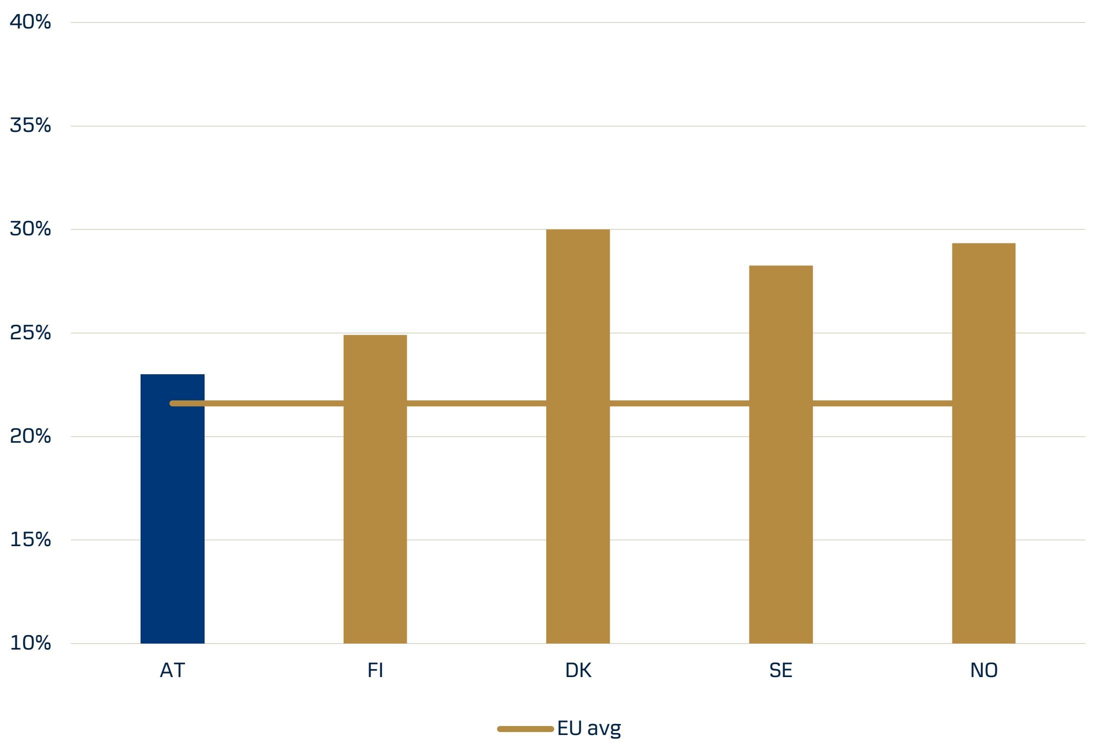
Source: BondRadar, Bloomberg, Danske Bank (1) Customer deposits include deposits from other financial institutions and general governments (2) Also includes deposits from central banks

MREL and subordination requirements on par with European average but lower than in the Nordics

MREL requirements (% of TREA)



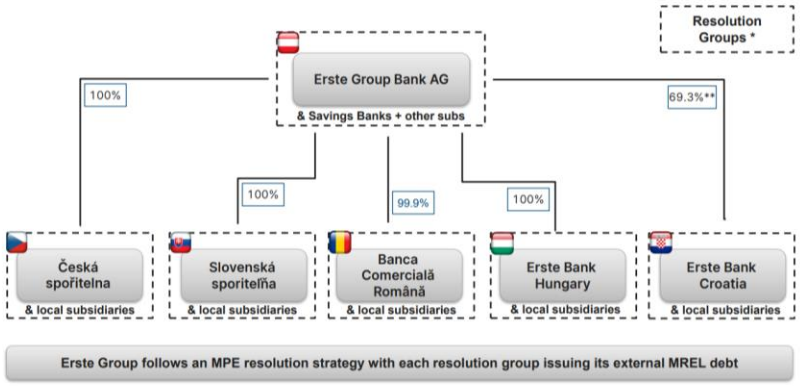
Subordination requirement (% of TREA)



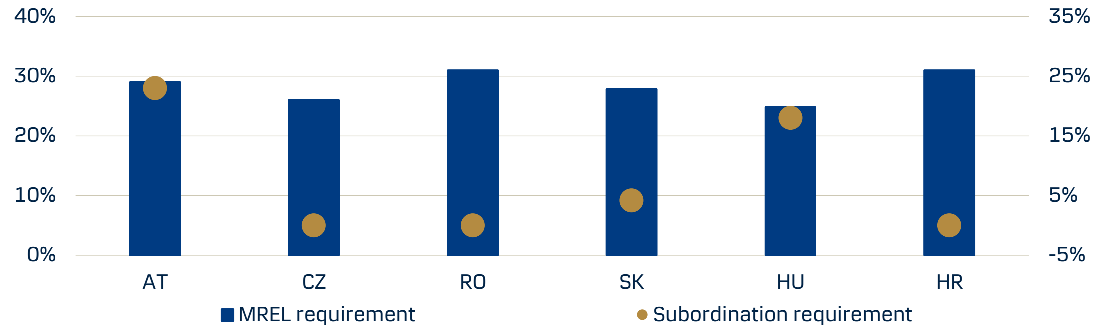
Source: EBA, Danske Bank

Low SNP needs explained – Erste as an example (2026)

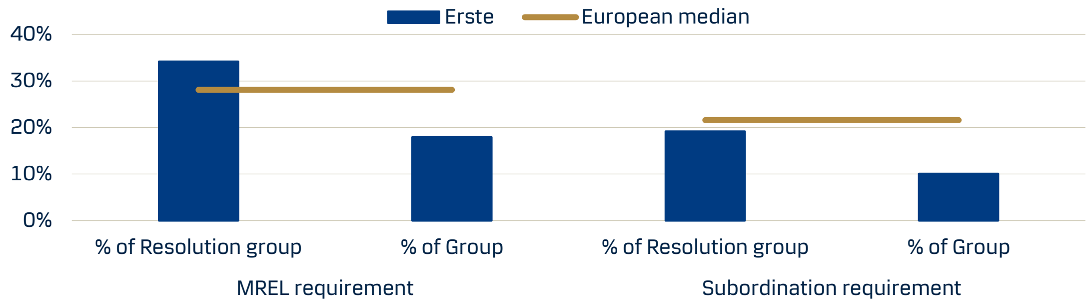
Austrian resolution



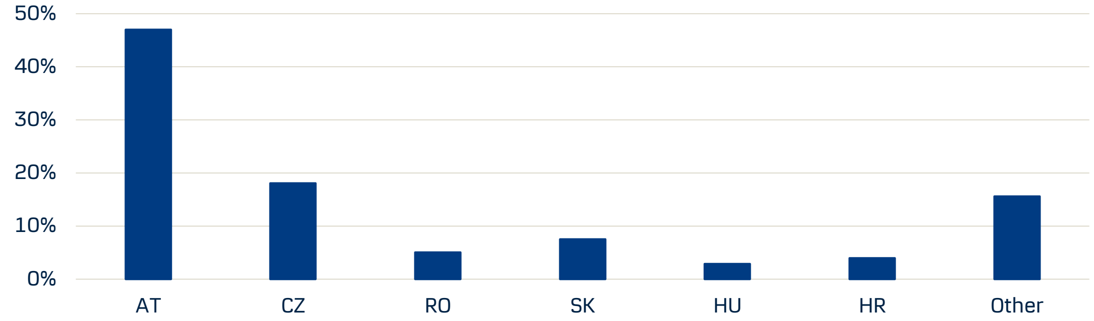
MREL and subordination requirements in select EU member states



Resulting in a low SNP need



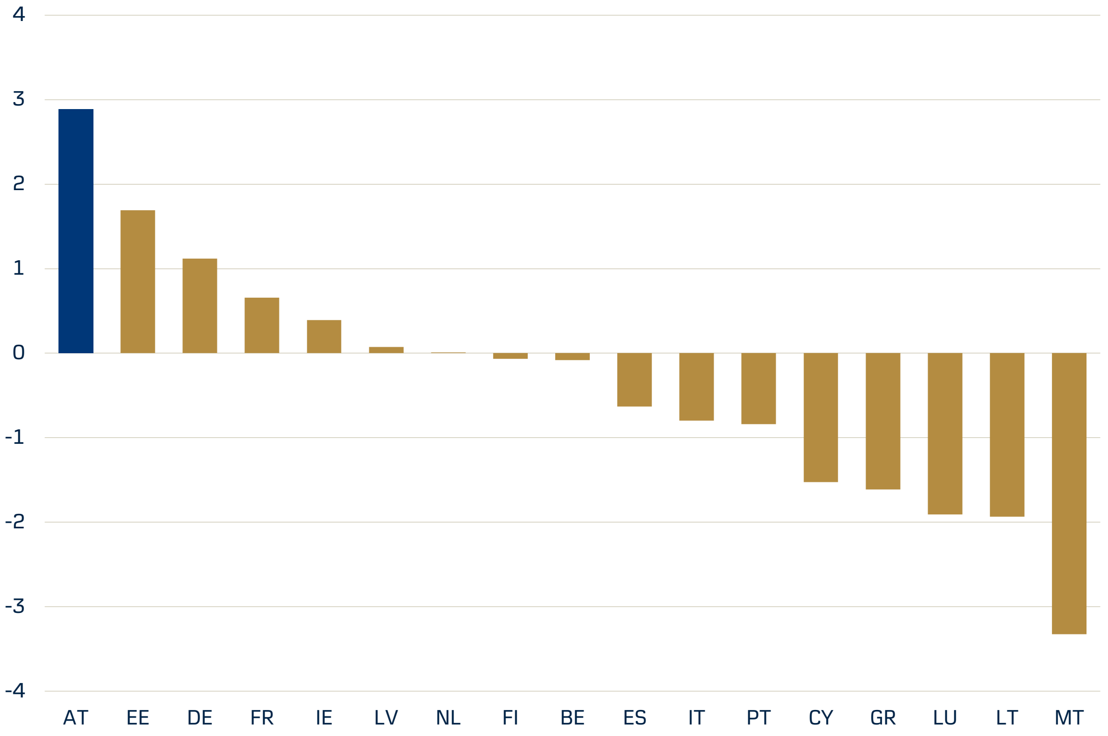
Loan book split by geography



Source: Erste Bank Group, EBA, Danske Bank

Austria sits at the European top in terms of absolute CRE exposure – the Austrian central bank has reacted by introducing an extra risk buffer

Austria is the country with the largest increase in the NPL ratio for CRE (change in pct. points from YE '23 to H2 '25)



The sectoral systemic risk buffer (sSyRB) introduced in July 2025 has been lifted to 2% and is set to rise further

July 1, 2026	CCoB	CCyB	O-SII buffer	SyRB	sSyRB	BBM (residential real estate)
Calibration in %	2.5	0	0.45-1.75	0.5-1.0	2.0 for CRE exposure (3.5 effective July-27)	Guideline: 90% LTC, 40% DSTI, max. maturity of 35 years
Number of banks	All banks	n.a.	7 (consolidated) 8 (unconsolidated)	12 (consolidated) 11 (unconsolidated)	All banks	All banks

Note: CCoB = capital conservation buffer; CCyB = countercyclical capital buffer; O-SII buffer = capital buffer for other systemically important institutions; SyRB = systemic risk buffer; sSyRB = sectoral systemic risk buffer; BBM = borrower-based measures; LTC = loan-to-collateral ratio; DSTI = debt service-to-income ratio. Source: OeNB, FMSG.

Source: EBA, Danske Bank
Note: The definition of commercial real estate (CRE) is based on a sectoral perspective.

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