



UniCredit Bank Austria AG

(Incorporated as a joint stock company in the Republic of Austria under registered number FN 150714p)

relating to the

€40,000,000,000

EURO MEDIUM TERM NOTE PROGRAMME

FOR THE ISSUE OF NOTES INCLUDING PFANDBRIEF, JUMBO-PFANDBRIEF AND COVERED BANK BONDS

DUE FROM ONE MONTH TO 40 YEARS FROM THE DATE OF ISSUE

This supplement (the "Supplement") constitutes a prospectus supplement pursuant to Art 16 (1) of the Directive 2003/71/EC (the "Prospectus Directive") and Article 13.1 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities (the "Prospectus Act") and is supplemental to, and should be read in conjunction with, the base prospectus dated 9 June 2016 (the "Original Prospectus") relating to a €40,000,000,000 Euro Medium Term Note Programme (the "Programme") of UniCredit Bank Austria AG (the "Issuer" or "Bank Austria"), as amended and supplemented by the prospectus supplement dated 29 June 2016 (the "First Supplement") and the prospectus supplement dated 12 August 2016 (the "Second Supplement", and together with the First Supplement and the Original Prospectus, the "Prospectus").

The Original Prospectus was approved on 9 June 2016 by the Commission de Surveillance du Secteur Financier ("CSSF") and published on 9 June 2016 by making it available in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Bank Austria (<https://www.bankaustria.at/en/about-us-investor-relations-information-on-bonds-issues-under-base-prospectuses-base-prospectuses-base-prospectus-dated-9-june-2016.jsp>). The First Supplement was approved on 29 June 2016 by the CSSF and published on 29 June 2016 by making it available in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Bank Austria (<https://www.bankaustria.at/en/about-us-investor-relations-information-on-bonds-issues-under-base-prospectuses-base-prospectuses-base-prospectus-dated-9-june-2016.jsp>). The Second Supplement was approved on 12 August 2016 by the CSSF and published on 12 August 2016 by making it available in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Bank Austria (<https://www.bankaustria.at/en/about-us-investor-relations-information-on-bonds-issues-under-base-prospectuses-base-prospectuses-base-prospectus-dated-9-june-2016.jsp>).

This Supplement has been filed for approval with the CSSF in its capacity as competent authority in Luxembourg for approving this Supplement and to provide the Financial Markets Authority (Finanzmarktaufsicht) ("FMA"), being the competent authority in the Republic of Austria, as well as the respective competent authorities in each of the United Kingdom and the Federal Republic of Germany with a certificate of approval attesting that this Supplement has been drawn up in accordance with the Prospectus Directive. This Supplement has been filed with and approved by the CSSF on the date first above written and has been published on or about such date by making it available in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of Bank Austria (<https://www.bankaustria.at/en/about-us-investor-relations-information-on-bonds-issues-under-base-prospectuses-base-prospectuses-base-prospectus-dated-9-june-2016.jsp>).

Terms defined in the Prospectus shall have the same meaning when used in this Supplement.

This Supplement does not constitute an offer of, or an invitation by or on behalf of any of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

To the extent that there is any inconsistency between a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and b) any other statement in or incorporated by reference in the Prospectus, the statements in a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

In accordance with Art 16 of the Prospectus Directive and Article 13.2 of Chapter 1 of Part II of the Prospectus Act, investors who have already agreed to purchase or subscribe for the securities before this Supplement is published have the right, exercisable within two working days after the publication of this Supplement, to withdraw their acceptances. Thus, the last date for such withdrawal is 6 October 2016.

The Issuer accepts responsibility for the information contained in this Supplement. Having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of the knowledge of the Issuer, in accordance with the facts and contains no omission likely to affect its import.

No person has been authorised to give any information or to make any representation other than those contained in this Supplement in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or UniCredit Bank AG (the "Arranger"). Neither the delivery of this Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Bank Austria Group since the date hereof or that there has been no adverse change in the financial position of the Issuer or the Bank Austria Group since the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restrictions. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and may include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to US persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Supplement, see "Subscription and Sale" of the Prospectus.

The Dealers and the Arranger have not separately verified the information contained in this Supplement. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Supplement. Neither this Supplement nor any financial statements supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Dealers or the Arranger that any recipient of this Supplement or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Supplement or any financial statements and its purchase of Notes should be based upon any such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Bank Austria Group during the life of the arrangements contemplated by this Supplement or to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

The following significant new factors (as referred to in Art 16 (1) of the Prospectus Directive and Article 13.1 of Chapter 1 of Part II of the Prospectus Act) relating to the information included in the Prospectus which is capable of affecting the assessment of the Notes, have arisen:

On 1 October 2016, the demerger of the Issuer's CEE business and its subsequent cross-border merger with a subsidiary of UniCredit S.p.A. became effective. Consequently, the following changes to the Prospectus shall be made:

1. On pages 2-3 of the Prospectus, item B.5 of the English summary, *Organizational structure*, shall be replaced in its entirety to read as follows:

“The Issuer is a direct subsidiary of UniCredit S.p.A., Vienna branch, which directly holds a 99.996% share in the Issuer. The Issuer is the parent company of the Bank Austria Group, which directly and indirectly holds equity participations in various companies, the most important of these being Schoellerbank AG, Vienna, and UniCredit Leasing (Austria) GmbH, Vienna.

In the course of 2015, UniCredit S.p.A. began deliberations with respect to the implementation of possible reorganizational measures to achieve greater savings, improve efficiency and increase the overall profitability of its banking group. These deliberations also encompass the Bank Austria Group and its business activities. On 11 November 2015, UniCredit S.p.A. announced its “2018 strategic plan” in which it communicated its financial targets and contemplated measures to achieve such financial targets. These include, among others, a reduction in group staff by approximately 18,200, the restructuring of underperforming assets, such as the Issuer's retail banking operations in Austria, and the elimination of the Issuer's function as sub-holding of the CEE subsidiaries, with UniCredit S.p.A. assuming direct control of such subsidiaries. On 5 August 2016, the shareholders of the Issuer unanimously approved the demerger of the Issuer's CEE subsidiaries, along with the associated business, a portfolio of CEE credit clients booked on accounts of the Issuer and CEE-related staff and functions (the "CEE Business"), into UCG Beteiligungsverwaltung GmbH, an Austrian company wholly owned by UniCredit S.p.A. On the same day, the shareholders' meeting of UCG Beteiligungsverwaltung GmbH approved the demerger of the CEE Business and the cross-border merger of UCG Beteiligungsverwaltung GmbH into UniCredit S.p.A. The transfer of the CEE Business became effective as of 1 October 2016.”

2. On page 4, in item B.12 of the English summary, *Selected key financial information and No material adverse change/ significant changes in financial or trading position*, the final paragraph shall be replaced in its entirety to read as follows:

“Not applicable. There has been no significant change in the financial or trading position of the Bank Austria Group since 30 June 2016. However, as a result of the transfer of the CEE Business effective as of 1 October 2016, Bank Austria Group's Central Eastern Europe division will no longer be accounted for as part of Bank Austria Group. Consequently, Bank Austria Group's total assets will be reduced by approximately 50%. Furthermore, following the demerger, the Issuer can be expected to have decreased, but more stable revenues due to reduced business volumes and an improved risk profile.”

3. On page 4, item B.13 of the English summary, *Recent developments*, shall be replaced in its entirety to read as follows:

“On 1 October 2016, the demerger of the Issuer's CEE Business into an Austrian subsidiary of UniCredit S.p.A. and the subsequent cross-border merger of such subsidiary into UniCredit S.p.A. became effective. As a result of the transfer of the CEE Business effective as of 1 October 2016, Bank Austria Group's Central Eastern Europe division will no longer be accounted for as part of Bank Austria Group. Consequently, Bank Austria Group's total assets will be reduced by approximately 50%. Furthermore, following the demerger, the Issuer can be expected to have decreased, but more stable revenues due to reduced business volumes and an improved risk profile. The following tables present certain income statement figures, the volume figures and key performance indicators of the Issuer's Austrian business (to be understood as consolidated income statement figures, volume figures and key performance indicators of Bank Austria Group's Retail & Corporates division, Private Banking division, Corporate & Investment Banking division and Corporate Center division, but not including the respective income statement figures, volume figures and key performance indicators relating to its former Central Eastern Europe division). The following information is solely provided for illustration purposes, is based on historic figures and the prior business structure and performance of Bank Austria Group. No inference should be made that the future business structure of the reorganized Bank Austria Group will produce similar results to those achieved in the past and therefore the information below should not be deemed to provide an accurate approximation of possible future results of Bank Austria Group.

in EUR million	30 June 2016 (consolidated) (unaudited)	30 June 2016 (Austrian business only) (unaudited)	Percentage of Austrian business
<i>Income statement figures*</i>			
Operating income	3,036	988	33%
Operating costs.....	-1,495	-756	51%
Net operating profit	1,252	272	22%
<i>Volume figures</i>			
Loans and receivables with customers	118,178	58,936	50%
Direct funding	140,070	74,430	55%
Risk-weighted assets (overall).....	129,330	32,920	25%
<i>Key performance indicators</i>			
Cost / income ratio	49.2%	76.6%	–
Cost of risk (provisioning charge/avg. lending volume)...	0.49%	-0.14%	–
Loans and receivables with customers/direct funding	84.4%	79.2%	–

* The income statement figures are for the six-month period ending 30 June 2016.”

4. On pages 4-5, item B.15 of the English summary, *Issuers principal activities*, shall be replaced in its entirety to read as follows:

“The Issuer operates as a universal bank in Austria and is one of the largest providers of banking services in Austria with market shares in total loans of 15% and total deposits of 14%. In addition, it provides its customers access to the international network of the UniCredit S.p.A. banking group in Central and Eastern Europe (“CEE”) and the world’s key financial centres.”

5. On page 10, in item D.2 of the English summary, *Key risks specific to the Issuer*, the risk factor beginning with “Risks related to Bank Austria’s status...” shall be replaced in its entirety to read as follows:

“*Risks related to Bank Austria’s status as a subsidiary of UniCredit S.p.A. including on account of group reorganization and optimization measures:* UniCredit S.p.A. holds 99.996% of the shares in Bank Austria. Consequently, and subject to any necessary approvals, UniCredit S.p.A. could take actions that may have a strong impact on the long-term business, while promoting its strategy of improving the overall profitability of UniCredit S.p.A., may conflict with the interests, and have an adverse effect on the long-term business, of Bank Austria and/or Bank Austria Group. The Issuer is therefore exposed to the risk that, as part of efforts by UniCredit S.p.A. to optimize operations, the scope of its business activities could be further reduced with a corresponding effect on its revenues, its business could be impaired and it could be required to divest additional assets or cease additional operations. This could, in turn, have a material adverse effect on the Issuer’s and/or Bank Austria Group’s results of operations and financial condition.

Moreover, although current optimization efforts are being implemented, the substantial associated costs of implementation, such as the costs related to the transfer of the Issuer’s employees from its private pension plan to the Austrian national pension scheme, which have increased due to legislative measures, cannot be accurately determined in advance. In addition, creditors or other stakeholders of Bank Austria, such as the pensioners of Bank Austria, may allege and/or assert claims, including claims for the provision of security, against Bank Austria in connection with and related to the transfer of the CEE Business. Substantial unexpected costs relating to the implementation of the transfer of the CEE Business, such as litigation costs, costs related to the envisaged reduction of the number of employees and costs related to the future IT systems of the Issuer, could also negatively affect the Issuer’s and/or Bank Austria Group’s results of operations and financial condition.”

6. On page 18 of the Prospectus, item B.5 of the German summary, *Konzernstruktur*, shall be replaced in its entirety to read as follows:

“Die Emittentin ist eine direkte Tochter der UniCredit S.p.A., Wiener Filiale, welche 99,996% der Anteile an der Emittentin direkt hält. Die Emittentin ist Konzernmutter der Bank Austria Gruppe, die

direkt oder indirekt Kapitalbeteiligungen an einer Reihe von Unternehmen hält, die wichtigsten davon sind die Schoellerbank AG, Wien, und UniCredit Leasing (Austria) GmbH, Wien.

Im Laufe des Jahres 2015 führte UniCredit S.p.A. Diskussionen bezüglich der Implementierung möglicher organisatorischer Maßnahmen zur Verbesserung von Einsparungspotentialen und zur Steigerung der Effizienz und Profitabilität der Bankengruppe. Diese Diskussionen umfassen auch die Bank Austria Gruppe und ihre Geschäftstätigkeit. Am 11. November 2015 veröffentlichte die UniCredit S.p.A. ihren „Strategischen Plan 2018“ und informierte über ihre Zielkennzahlen und angedachte Maßnahmen zur Erreichung dieser Ziele. Diese umfassen, unter anderem, eine Reduzierung der Anzahl der Mitarbeiter um ca. 18.200, die Restrukturierung von Geschäftsteilen mit zu geringer Profitabilität, wie zum Beispiel das Retail Banking-Geschäft der Emittentin in Österreich, und die Übertragung der Subholding-Funktion der Emittentin in Bezug auf die CEE Tochtergesellschaften an die UniCredit S.p.A. Am 5. August 2016 haben die Aktionäre der Emittentin einstimmig der Abspaltung der CEE Tochtergesellschaften, zusammen mit dem damit verbundenen Geschäft, einem Portfolio an CEE-Kreditkunden, die auf Konten der Emittentin gebucht sind, und CEE-verbundenem Personal und Funktionen (das "CEE Geschäft") in die UCG Beteiligungsverwaltung GmbH, eine österreichische hundertprozentige Tochtergesellschaft der UniCredit S.p.A., zugestimmt. Am gleichen Tag hat der Gesellschafter der UCG Beteiligungsverwaltung GmbH der Abspaltung und der darauffolgenden Übertragung des CEE Geschäfts an UniCredit S.p.A. im Wege einer grenzüberschreitenden Verschmelzung zugestimmt. Die Übertragung des CEE Geschäfts trat am 1. Oktober 2016 in Kraft.”

7. On page 19, in item B.12 of the German summary, *Ausgewählte wesentliche historische Finanzinformationen* and *Keine signifikanten Veränderungen in der Finanz- bzw. Handelsposition*, the final paragraph shall be replaced in its entirety to read as follows:

“Entfällt. Es ist seit dem 30. Juni 2016 keine wesentliche Veränderung in der Finanzlage oder Handelsposition der Bank Austria Gruppe eingetreten. Aufgrund der Übertragung des CEE Geschäfts, die am 1. Oktober 2016 wirksam wurde, umfasst die Bank Austria Gruppe künftig jedoch das Segment „Central Eastern Europe“ nicht mehr. Daher werden die Vermögenswerte der Bank Austria Gruppe um ungefähr 50% reduziert. Nach der Abspaltung ist auch zu erwarten, dass die Emittentin einen geringeren, aber stabileren Umsatz aufgrund des reduzierten Geschäftsvolumens gekoppelt mit einem verbesserten Risikoprofil haben wird.”

8. On page 19, item B.13 of the German summary, *Aktuelle Entwicklungen*, shall be replaced in its entirety to read as follows:

“Am 1. Oktober 2016 wurde die Abspaltung des CEE Geschäfts der Emittentin in eine österreichische Tochtergesellschaft der UniCredit S.p.A. und die darauffolgende grenzüberschreitende Verschmelzung dieser Tochtergesellschaft mit der UniCredit S.p.A. wirksam. Aufgrund der am 1. Oktober 2016 wirksam gewordenen Übertragung des CEE Geschäfts wird Bank Austria Gruppe jedoch das Segment „Central Eastern Europe“ nicht mehr ausweisen. Daher werden die Vermögenswerte der Bank Austria Gruppe um ungefähr 50% reduziert. Nach der Abspaltung ist zu erwarten, daß die Emittentin einen geringeren, aber stabileren Umsatz aufgrund des reduzierten Geschäftsvolumens gekoppelt mit einem verbesserten Risikoprofil haben wird. Die nachfolgende Tabelle zeigt gewisse Erfolgszahlen, Volumenzahlen und Kennzahlen des „österreichischen Geschäfts“ der Emittentin (d.h. die konsolidierten Erfolgszahlen, Volumenzahlen und Kennzahlen des Retail & Corporates Segments, Private Banking Segments, Corporate & Investment Banking Segments und Corporate Center Segments der Bank Austria Gruppe, ohne die korrespondierenden Erfolgszahlen, Volumenzahlen und Kennzahlen des ehemaligen Central Eastern Europe Segments). Die nachfolgenden Informationen dienen ausschließlich Veranschaulichungszwecken, basieren auf Finanzzahlen, die die historische Geschäftsstruktur und Ergebnisse der Bank Austria Gruppe reflektieren. Die historischen Darstellungen erlauben keine Rückschlüsse, dass die Geschäftsstrukturen der neuorganisierten Bank Austria Gruppe ähnliche Ergebnisse wie in der Vergangenheit erzielen wird und es darf daher nicht davon ausgegangen werden, dass die untenstehende Informationen eine Indikation künftiger Ergebnisse der Bank Austria darstellen.

in EUR Mio	30. Juni 2016 (konsolidiert) (ungeprüft)	30. Juni 2016 (nur österr. Geschäft) (ungeprüft)	Prozentsatz des österr. Geschäfts
Erfolgszahlen*			
Betriebsserträge	3,036	988	33%
Betriebsaufwendungen	-1.495	-756	51%
Betriebsergebnis nach Kreditrisikoaufwand.....	1.252	272	22%

Volumenzahlen			
Forderungen an Kunden.....	118.178	58.936	50%
Primärmittel	140.070	74.430	55%
Risikogewichtete Aktiva insgesamt.....	129.330	32.920	25%
Kennzahlen			
Aufwand/Ertrag-Koeffizient (Cost/Income-Ratio).....	49,2%	76,6%	–
Kreditrisiko/Ø Kreditvolumen (Cost of Risk).....	0,49%	-0,14%	–
Kundenforderungen/ Primärmittel	84,4%	79,2%	–

* Die Erfolgswahlen betreffen die am 30. Juni 2016 endende Sechsmonatsperiode.”

9. On page 20, item B.15 of the German summary, *Geschäftstätigkeit der Emittentin*, shall be replaced in its entirety to read as follows:

“Die Emittentin ist als Universalbank in Österreich tätig und ist einer der größten Anbieter von Bankdienstleistungen in Österreich mit Marktanteilen von 15% nach ausstehenden Krediten und 14% nach Einlagen. Darüber hinaus bietet sie ihren Kunden Zugang zum internationalen Netzwerk der UniCredit S.p.A. Bankengruppe in Zentral- und Osteuropa ("CEE") und an den wichtigsten Finanzplätzen der Welt.”

10. On page 27, in item D.2 of the German summary, *Wesentliche Risiken in Bezug auf die Emittentin*, the risk factor beginning with “Risiken aufgrund der Stellung...” shall be replaced in its entirety to read as follows:

“Risiken aufgrund der Stellung als Tochtergesellschaft der UniCredit S.p.A. einschließlich aufgrund der Reorganisations- und Optimierungsmaßnahmen: UniCredit S.p.A. hält 99,996% der Anteile an Bank Austria. Daher könnte die UniCredit S.p.A., vorbehaltlich allfälliger notwendiger Zustimmungen, Maßnahmen mit dem Ziel einer Profitabilitätsverbesserung der UniCredit S.p.A. ergreifen, die auf die Interessen und die langfristige Geschäftsentwicklung der Bank Austria und/oder der Bank Austria Gruppe einen nachteiligen Einfluss haben könnten. Die Emittentin ist daher dem Risiko ausgesetzt, dass aufgrund von Maßnahmen der UniCredit S.p.A. zur Optimierung des Geschäfts, der Umfang der Geschäftstätigkeiten der Emittentin reduziert werden könnte, was zu einem Rückgang des Umsatzes und einer Beeinträchtigung des Geschäfts führen könnte. Auch könnte die Emittentin verpflichtet sein, gewisse Aktiva zu veräußern oder einzelne Geschäftstätigkeiten zu beenden. Dies könnte einen wesentlichen negativen Einfluss auf die Vermögens-, Finanz- und Ertragslage der Emittentin und/oder der Bank Austria Gruppe haben.

Darüber hinaus können, obwohl Optimierungsmaßnahmen derzeit implementiert werden, die erheblichen damit verbundenen Kosten, wie etwa die Kosten der Übertragung der Mitarbeiter der Emittentin von ihrem eigenen Pensionssystem in das der allgemeinen Sozialversicherung, die aufgrund jüngster gesetzlicher Maßnahmen substantiell gestiegen sind, vorab nicht abschließend vorhergesagt werden. Auch könnten Kreditgeber oder andere Gläubiger der Bank Austria, wie beispielsweise die Pensionisten der Bank Austria, in Verbindung mit der Übertragung des CEE Geschäfts Forderungen gegenüber der Bank Austria behaupten und/oder geltend machen, inklusive Sicherstellungsansprüche. Erhebliche Verzögerungen oder unerwartete Kosten im Hinblick auf die Implementierung der Übertragung des CEE Geschäfts, wie Prozesskosten, Kosten aufgrund der angedachten Verringerung der Anzahl an Mitarbeitern und Kosten in Verbindung mit den zukünftigen IT Systemen der Emittentin, könnten ebenfalls einen wesentlichen negativen Einfluss auf die Vermögens-, Finanz- und Ertragslage der Emittentin und/oder der Bank Austria Gruppe haben.”

11. On page 35 of the Prospectus, the second and third paragraphs of the risk factor entitled “Risks related to the implementation of Bank Austria Group’s business focus” shall be replaced in their entirety to read as follows:

“On 11 November 2015, UniCredit S.p.A. announced its "2018 strategic plan" in which it communicated its financial targets and contemplated measures to achieve such financial targets. These include, among others, the elimination of the Issuer’s function as sub-holding of the CEE subsidiaries, with UniCredit S.p.A. assuming direct control of such subsidiaries as of 1 October 2016. As the business in CEE so far has been a major contributor to the financial results of the Issuer, its transfer to UniCredit S.p.A. could have a material adverse effect on Bank Austria Group’s business, results of operations and financial

condition, in particular due to the loss of revenues and profits generated by the Issuer's Central Eastern Europe division, but also due to the potential negative impact on Bank Austria Group's business with Austrian corporate customers with business interests in CEE. Adverse effects could also result from complexities in the transaction structure of the transfer of Bank Austria Group's CEE activities to UniCredit S.p.A., particularly as regards, among others, organisational, technical, IT, human resources and legal aspects."

12. On page 38 of the Prospectus, the second paragraph of the risk factor entitled "Risks related to increased regulation and public sector influence" shall be replaced in its entirety to read as follows:

"Bank Austria Group's operations also expose it to increasing requirements and scrutiny under a range of both domestic and international regulatory regimes. As a result, Bank Austria Group is and may become involved in regulatory inquiries covering various areas including economic sanctions and anti-money-laundering regulations. Such inquiries may continue over significant periods of time before being closed and may result in sanctions, fines or other judicial or regulatory actions. There is a risk that in the case of a repeated violation of regulatory requirements, the banking license granted to Bank Austria will be revoked or limited, which could have a material adverse effect on Bank Austria Group."

13. On page 38 of the Prospectus, the first paragraph of the risk factor entitled "*Risk of violation of international financial sanctions*" shall be replaced in its entirety to read as follows:

"Bank Austria Group is obliged or encouraged to observe and comply with international financial sanctions. Such financial sanctions, like freezing of funds of sanctioned persons, may be imposed by the United Nations or the European Union but also by national authorities relevant for the Issuer, such as the US Treasury Department's Office of Foreign Assets Control ("OFAC"). They are, in particular, intended to fight the financing of terrorism or to enforce country-specific sanctions."

14. On page 39 of the Prospectus, the risk factor entitled "*Taxation risk*" shall be replaced in its entirety to read as follows:

"Bank Austria Group is subject to the tax laws in Austria and those adopted at an EU level. A number of double taxation agreements entered between two countries also impact on the taxation of Bank Austria Group. Tax risks include the risk associated with changes in tax laws, including the introduction of new tax laws, such as the Austrian banking levy that took effect in January 2011 or the currently discussed introduction of financial transaction taxes, or in the interpretation of tax law. It also comprises the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. The introduction of new tax laws or a failure to manage tax risks could lead to an additional tax charge. It could also result in a financial penalty for failure to comply with required tax procedures or other aspects of tax law. The materialisation of any of the aforementioned taxation risks, including changes in the tax regimes or tax costs associated with particular transactions being greater than anticipated, could adversely affect the profitability of those transactions or have a material adverse effect on the Bank Austria Group's business, results of operations and financial condition."

15. On page 39 of the Prospectus, the first paragraph of the risk factor entitled "*Risks related to an increase in competition*" shall be replaced in its entirety to read as follows:

"Large banks, such as Bank Austria Group, are subject to intense competition, which is expected to grow further in the future. Increased competition or changes in laws, regulations or regulatory policy may have an adverse effect on Bank Austria Group's financial conditions and results of operations."

16. On page 39 of the Prospectus, the risk factor entitled "*Risk of instability in foreign jurisdictions*" shall be replaced in its entirety to read as follows:

"Bank Austria Group provides credit to a number of its former subsidiaries in the emerging markets of CEE, where rapid political, economic and social changes may occur and in which a fragile political environment and wide economic imbalances between population groups or regions may lead to political unrest, disputes between different nationalities or regions, territorial disputes and conflicts between political groups, all of which can result in currency fluctuations, inflation, economic recession, local market disruption, legislative changes, labour unrest, social unrest, political turmoil and even armed conflict. The occurrence of one or more of these events could adversely affect the business and operations of such former subsidiaries of Bank Austria Group and could thus, in turn, adversely affect their ability to satisfy their obligations towards Bank Austria Group."

17. On page 40 of the Prospectus, the risk factor entitled “*Risks related to Bank Austria’s status as a subsidiary of UniCredit S.p.A.*” shall be replaced in its entirety to read as follows:

“Risks related to Bank Austria’s status as a subsidiary of UniCredit S.p.A. including on account of group reorganization and optimization measures

UniCredit S.p.A. holds 99.996% of the shares in Bank Austria. Consequently, and subject to any necessary approvals, UniCredit S.p.A. could take actions that may have a strong impact on the long-term business, while promoting its strategy of improving the overall profitability of UniCredit S.p.A., may conflict with the interests, and have an adverse effect on the long-term business, of Bank Austria and/or Bank Austria Group. The Issuer is therefore exposed to the risk that, as part of efforts by UniCredit S.p.A. to optimize operations, the scope of its business activities could be further reduced with a corresponding effect on its revenues, its business could be impaired and it could be required to divest additional assets or cease additional operations. This could, in turn, have a material adverse effect on the Issuer’s and/or Bank Austria Group’s results of operations and financial condition.

Moreover, although current optimization efforts are being implemented, the substantial associated costs of implementation, such as the costs related to the transfer of the Issuer’s employees from its private pension plan to the Austrian national pension scheme, which have increased due to legislative measures, cannot be accurately determined in advance. In addition, creditors or other stakeholders of Bank Austria, such as the pensioners of Bank Austria, may allege and/or assert claims, including claims for the provision of security, against Bank Austria in connection with, and related to, the transfer of the CEE Business and/or the optimization efforts. Substantial unexpected costs relating to the implementation of the transfer of the CEE Business and/or the optimization measures, such as litigation costs, costs related to the envisaged reduction of the number of employees and costs related to the future IT systems of the Issuer, could also negatively affect the Issuer’s and/or Bank Austria Group’s results of operations and financial condition.”

18. On page 246, under the heading “*Business Overview*”, the first paragraph under the sub-heading “*General*” shall be replaced in its entirety to read as follows:

“Bank Austria is one of the largest financial services providers in the Republic of Austria, where it has a workforce of approx. 6,700 FTE (full-time equivalents) and maintains a network of about 170 branches. Bank Austria is also a member of UniCredit since 2005, thereby offering its customers access to international financial markets.”

19. On page 246, under the heading “*Business Overview*”, the entire subsection “*Reorganization measures*” shall be replaced in its entirety to read as follows:

“Reorganization of Bank Austria Group

Reorganization Measures

In the course of 2015, UniCredit S.p.A. began deliberations with respect to the implementation of possible reorganizational measures to achieve greater savings, improve efficiency and increase the overall profitability of its banking group. These deliberations also encompassed the Bank Austria Group and its business activities. On 11 November 2015, UniCredit S.p.A. announced a strategic plan in which it communicated financial targets and contemplated measures to achieve such financial targets. These include, among others, a reduction in group staff by approximately 18,200, the restructuring of underperforming assets, such as the Issuer’s retail banking operations in Austria, and the transfer of the Issuer’s function as sub-holding of the CEE subsidiaries, with UniCredit S.p.A. assuming direct control of such subsidiaries effective as of 1 October 2016. In particular, the following CEE subsidiaries and assets of the Issuer, along with the associated business, a portfolio of CEE credit clients booked on accounts of the Issuer and CEE-related staff and functions (the “CEE Business”), were transferred to UniCredit S.p.A.: AO UniCredit Bank, Moscow (Russia), Yapi ve Kredi Bankasi A.S., Istanbul (Turkey), UniCredit Bank Czech Republic and Slovakia, a.s., Prague (Czech Republic with foreign branch in Slovakia), Zagrebacka Banka d.d., Zagreb (Croatia), UniCredit Bulbank AD, Sofia (Bulgaria), UniCredit Bank S.A., Bucharest (Romania), UniCredit Bank Hungary Zrt., Budapest (Hungary), UniCredit Bank Serbia JSC, Belgrade (Serbia), UniCredit Bank d.d., Mostar (Bosnia and Hercegovina), UniCredit Bank a.d., Banja Luka (Bosnia and Hercegovina), UniCredit Banka Slovenija d.d., Ljubljana (Slovenia), and Public Joint Stock Company Ukrspbank, Kiev (Ukraine).

Subsequent thereto, on 15 December 2015, the Issuer specified its own plans relating to its retail banking operations, which include a series of fundamental restructuring measures, such as the reduction of payroll costs and other administrative expenses, the adjustment of the size of the branch network and a reduction of back office and support functions, all with a view to achieving greater savings by 2018. The Issuer will thus continue to operate as a universal bank providing banking and advisory services through a complete range of sales channels, including through retail operations.

In addition, as part of the implementation of the transfer of the CEE Business, UniCredit S.p.A. made a cash contribution in the amount of EUR 1 billion to the Issuer on 4 August 2016. Furthermore, in connection with the transfer of the CEE Business, UniCredit S.p.A. made certain commitments in favour of the Issuer relating to the Issuer's future business activities and capital structure; the majority of UniCredit S.p.A.'s commitments will lapse at the end of June 2024.

Implementation of the reorganization measures

The transfer of the CEE Business was structured as a demerger by absorption (*Abspaltung zur Aufnahme*) in accordance with the Austrian Demerger Act (*Spaltungsgesetz*) from the Issuer to UCG Beteiligungsverwaltung GmbH, a wholly-owned subsidiary of UniCredit S.p.A. and a subsequent cross-border merger of UCG Beteiligungsverwaltung GmbH into UniCredit S.p.A., which took effect simultaneously. On 5 August 2016, the shareholders of the Issuer unanimously approved the demerger of the CEE Business into UCG Beteiligungsverwaltung GmbH. On the same day, the shareholders' meeting of UCG Beteiligungsverwaltung GmbH approved the demerger of the CEE Business and the cross-border merger of UCG Beteiligungsverwaltung GmbH into UniCredit S.p.A. The statutory demerger was registered with the commercial register in Austria on 30 September 2016 and the subsequent cross-border merger was registered with the commercial register in Italy on 1 October 2016.

In accordance with the Austrian Demerger Act (*Spaltungsgesetz*), assets and liabilities pertaining to the Issuer's CEE Business were transferred through universal legal succession by operation of law. In addition, pursuant to the Austrian Demerger Act, companies involved in a demerger are jointly liable for liabilities that have arisen until the effectiveness of a demerger as follows: each entity will remain unlimitedly liable for all liabilities allocated to it in the course of the demerger; the respective other entity will be jointly liable for such liabilities, but only up to the value of the net assets allocated to such entity in the course of the demerger. Furthermore, the cross-border merger of UCG Beteiligungsverwaltung GmbH into UniCredit S.p.A. was effected by universal succession.

Effects of the reorganization measures

Following the transfer of the CEE Business, the Issuer no longer has a dedicated Central Eastern Europe division and will only consist of Austrian business divisions and the Corporate Center. As a result of the transfer of the CEE Business effective as of 1 October 2016, Bank Austria Group's Central Eastern Europe division will no longer be accounted for as part of Bank Austria Group. Consequently, Bank Austria Group's total assets will be reduced by approximately 50%. Furthermore, following the demerger, the Issuer can be expected to have decreased, but more stable revenues due to reduced business volumes and an improved risk profile."

20. On page 247, under the subheading "*Business Segments*", the final bullet stating "Central Eastern Europe (CEE; competence for CEE will be transferred to UniCredit S.p.A. by the end of 2016)" will be deleted in its entirety and the following sentence will be added immediately before the table thereunder:

"The following table includes amounts for the Central Eastern Europe division, which is no longer one of the Issuer's operating segments."

21. On page 248, the entire subsection entitled "*Central Eastern Europe*" shall be deleted.

22. On pages 248-249, the entire subsection entitled "*Principal Markets*" shall be replaced in its entirety to read as follows:

"PRINCIPAL MARKETS

Bank Austria

Bank Austria provides banking services in the Republic of Austria where it maintains an extensive network of about 170 branches. It is a universal bank and offers services to all major customer segments,

i.e., retail customers (also including wealthy clients in need of private banking services), corporate customers (including small and medium companies as well as large international corporates) and public entities.

Bank Austria Group

Bank Austria is the parent company of the Bank Austria Group, which directly and indirectly holds equity participations in various companies, the most important of these being Schoellerbank AG, Vienna, and UniCredit Leasing (Austria) GmbH, Vienna.”

23. On page 250, under the heading “*Financial Information*”, the last paragraph of the subsection “*Financial results*” shall be replaced in its entirety to read as follows:

“As part of the implementation of a multi-year plan, Bank Austria’s shareholding interests in its CEE subsidiaries were transferred to UniCredit S.p.A. effective as of 1 October 2016. See also “Business Overview - Reorganization of Bank Austria Group” above.”

24. On page 251, the subsection “*Material Developments*” shall be replaced in its entirety to read as follows:

“MATERIAL DEVELOPMENTS

In the 2015 financial year and during the first six months of 2016, the market environment was still characterized by uncertainties on the financial markets due to the weak economic outlook. As at the date hereof, there has been no material adverse change in the prospects of the Issuer and Bank Austria Group since 31 December 2015 and there has been no significant change in the financial or trading position of Bank Austria Group since 30 June 2016. However, as a result of the transfer of the CEE Business effective as of 1 October 2016, Bank Austria Group’s Central Eastern Europe division will no longer be accounted for as part of Bank Austria Group. Consequently, Bank Austria Group’s total assets will be reduced by approximately 50%. Furthermore, following the demerger, the Issuer can be expected to have decreased, but more stable revenues due to reduced business volumes and an improved risk profile. The following tables present certain income statement figures, volume figures and key performance indicators of the Issuer’s Austrian business (to be understood as consolidated income statement figures, volume figures and key performance indicators of Bank Austria Group’s Retail & Corporates division, Private Banking division, Corporate & Investment Banking division and Corporate Center division, but not including the respective income statement figures, volume figures and key performance indicators relating to its former Central Eastern Europe division). The following information is solely provided for illustration purposes, is based on historic figures and the prior business structure and performance of Bank Austria Group. No inference should be made that the future business structure of the reorganized Bank Austria Group will produce similar results to those achieved in the past and therefore the information below should not be deemed to provide an accurate approximation of possible future results of Bank Austria Group.

in EUR million	30 June 2016 (consolidated) (unaudited)	30 June 2016 (Austrian business only) (unaudited)	Percentage of Austrian business
<i>Income statement figures*</i>			
Operating income	3,036	988	33%
Operating costs	-1,495	-756	51%
Net operating profit	1,252	272	22%
<i>Volume figures</i>			
Loans and receivables with customers	118,178	58,936	50%
Direct funding	140,070	74,430	55%
Risk-weighted assets (overall)	129,330	32,920	25%
<i>Key performance indicators</i>			
Cost / income ratio	49.2%	76.6%	–
Cost of risk (provisioning charge/avg. lending volume)...	0.49%	-0.14%	–
Loans and receivables with customers/direct funding	84.4%	79.2%	–

* The income statement figures are for the six-month period ending 30 June 2016.”

25. On page 254, under the heading “*Legal and Arbitration Proceedings*”, the subsection “*Certain legal developments in CEE arising out of disputes relating to foreign currency loans*”, on page 255 the subsection “*Istraturist Umag d.d.*” and on page 256 the subsections “*Wealth AG j.d.o.o. (1)*” and “*Wealth AG j.d.o.o. (2)*” shall be deleted in their entirety.

26. On page 258, under the heading “*General Information about the Issuer and Major Shareholders*”, the final two paragraphs of the subsection “*History*” will be replaced in their entirety to read as follows:

“In the course of 2015, UniCredit S.p.A. began deliberations with respect to the implementation of possible reorganizational measures to achieve greater savings, improve efficiency and increase the overall profitability of its banking group. These deliberations also encompassed the Bank Austria Group and its business activities. On 11 November 2015, UniCredit S.p.A. announced a strategic plan in which it communicated financial targets and contemplated measures to achieve such financial targets. These include, among others, a reduction in group staff by approximately 18,200, the restructuring of underperforming assets, such as the Issuer’s retail banking operations in Austria, and the transfer of the Issuer’s function as sub-holding of the CEE subsidiaries, with UniCredit S.p.A. assuming direct control of such subsidiaries effective as of 1 October 2016.

Subsequent to UniCredit S.p.A.’s announcement of its “2018 strategic plan”, on 15 December 2015, the Issuer specified its plans relating to its retail banking operations, which include a series of fundamental restructuring measures, such as the reduction of payroll costs and other administrative expenses, the adjustment of the size of the branch network and a reduction of back office and support functions, all with a view to achieving greater savings by 2018. The Issuer will thus continue to operate as a universal bank in the Austrian market providing banking and advisory services through a complete range of sales channels, including through retail operations.”

27. On page 258, the entire subsection entitled “*Major Shareholders*” shall be replaced in its entirety to read as follows:

“As of 30 June 2016, UniCredit S.p.A., Vienna branch, has a direct shareholding interest of 99.996% in Bank Austria, with the aggregate number of Bank Austria shares being 231,228,820, of which 10,115 are registered shares. The registered shares are held by “Privatstiftung zur Verwaltung von Anteilsrechten”, a private foundation under Austrian law (10,000 registered shares) and by the Council Fund of the Employees’ Council of Bank Austria’s employees in the Vienna area (115 registered shares). UniCredit S.p.A. is the parent company of UniCredit Group and therefore Bank Austria is fully controlled by UniCredit S.p.A.”

Furthermore, the following additional amendments will be made in the Prospectus:

1. On page 35 of the Prospectus, in the risk factor “*Market risks*”, the following sentence should be added at the end of the first paragraph of this risk factor:

“Furthermore, the current interest environment with very low or even negative interest rates is a major burden for the profitability of banks, in particular in the Euro area.”

2. On page 256, after the subsection entitled “*Other proceedings*” and immediately before the paragraph beginning with “*Save as disclosed above...*”, the following subsection will be added:

“*Initiative of administrative penalty proceedings referring to Anti Money Laundering*

During an on-site visit in 2014, the FMA identified four weaknesses regarding Bank Austria’s strategies and procedures for combating money laundering and financing of terrorism. Regarding two of those weaknesses, the FMA initiated a proceeding accusing Bank Austria of not having in place adequate strategies and procedures until the respective remedial actions were closed. If the FMA concludes that Bank Austria has violated applicable regulations, Bank Austria would have to pay a fine in accordance with Section 99d of the Austrian Banking Act (*Bankwesengesetz*, “BWG”). It cannot currently be predicted whether Bank Austria will be sanctioned by the FMA in this case and, if a sanction is indeed imposed, how high the fine will be. Also, Bank Austria could take legal action if such a fine is imposed.”

3. On page 259, in the subsection entitled “*Management Board of the Issuer*”, the entry for Carlo Vivaldi, Deputy Chief Executive Officer, shall be replaced in its entirety with the following:

“Romeo Collina.....	Deputy Chief Executive Officer and Chief Operating Officer	UniCredit Bank a.d. Banja Luka: Deputy Chairman of the Supervisory Board; UniCredit Bank d.d.: Deputy Chairman of the Supervisory Board; UniCredit Leasing Croatia d.o.o.: Chairman of the Supervisory Board.”
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4. On page 259, in the subsection entitled “*Management Board of the Issuer*”, the entry for Mirko Bianchi, Chief Financial Officer, shall be replaced in its entirety with the following:

“Gregor Hofstätter-Pobst....	Chief Financial Officer	UniCredit Factoring Czech Republic and Slovakia, a.s.: Member of the Supervisory Board; UniCredit Leasing CZ, a.s.: Member of the Supervisory Board; UniCredit Leasing Slovakia, a.s.: Member of the Supervisory Board; UniCredit Business Integrated Solutions S.C.p.A. - Czech Republic: Member of the Statutory Body; UniCredit Business Integrated Solutions S.C.p.A. - Slovakia: Member of the Statutory Body.”
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5. On page 260, in the subsection entitled “*Management Board of the Issuer*”, the entry for Romeo Collina, Chief Operating Officer, shall be deleted in its entirety.

6. On page 265, in the section entitled “*Taxation*”, the subsection entitled “*Austrian tax resident corporate investor*” shall be replaced in its entirety to read as follows:

“*Austrian tax resident corporate investor*”

A corporation (within the meaning of Sec 1 KStG) subject to unlimited corporate income tax liability in Austria that receives income from the Notes will be subject to Austrian corporate income tax at a rate of 25%. While an Austrian paying agent may – pursuant to Sec. 93(1a) EStG – limit tax withholding to 25%, the Austrian paying agent may also choose instead to withhold 27.5% at source. In such latter case, corporations subject to unlimited corporate income tax liability in Austria would be entitled to apply for a tax credit of the additional 2.5% so withheld by the Austrian paying agent. A corporation may file an exemption declaration (*Befreiungserklärung*) pursuant to Sec 94 no 5 EStG in order to avoid that Austrian withholding tax is levied. Tax losses may generally be offset against all other income. Tax loss carry forwards are generally possible against 75% of profits of the current financial year.”

7. On page 265, in the section entitled “*Taxation*”, the subsection entitled “*Austrian-EU Source Tax Act*” shall be replaced in its entirety to read as follows:

“*Austrian-EU Source Tax Act*”

As of 1 January 2017 the limited tax liability regarding interest income from Austrian sources will change due to the recently enacted *EU-Abgabenänderungsgesetz 2016*, EU-AbgÄG 2016:

As of 1 January 2017 the scope of the limited Austrian tax liability will include interest within the meaning of the EStG including pro rata temporis interest realized upon the sale or redemption generated, in particular, by individuals and certain entities (e.g. if qualified as partnerships for Austrian tax purposes and having at least one non-resident individual as partner) that are resident in a jurisdiction with which Austria is not exchanging tax information on an automatic basis. The status of being tax resident in a jurisdiction with which Austria is exchanging information on an automatic basis has to be evidenced by means of a certificate of residence. Like under the current legislation it is a prerequisite that the obligation to levy Austrian withholding tax is triggered. This is the case if interest is paid by a paying agent located in Austria or by the issuer of the notes if paid directly to the investor. However, exemptions from Austrian withholding tax may apply (see above). Moreover, income from the Notes received by corporate investors that do not have their seat or their place of management in Austria, shall

remain not taxable in Austria unless such income is attributable to an Austrian permanent establishment.
Austrian EU-Source Tax Act

Under the Austrian EU-Source Tax Act (*EU-Quellensteuergesetz, EU-QuStG*; implementing the EU Savings Directive), interest paid by an Austrian coupon-paying agent to an individual beneficial owner resident in another EU member state is subject to EU source tax at a rate of 35%. Interest within the meaning of the EU-QuStG are, among others, interest paid or credited to an account, relating to debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and, in particular, income from government securities and income from notes or debentures, including premiums and prizes attached to such securities, notes or debentures.

An exemption from EU source taxation applies, among others, if the beneficial owner of the interest forwards to the Austrian paying agent documentation issued by the tax office where the tax payer is resident, stating (i) the beneficial owner's name, address and tax identification number (in the absence of a tax identification number the beneficial owner's date and place of birth), (ii) the paying agent's name and address and (iii) the beneficial owner's account number or the security identification number. Further, EU source tax is not triggered if interest within the meaning of the EU-QuStG is paid to an institution within the meaning of Sec 4(2) EU-QuStG resident in another EU Member State and this institution agrees upon written request of the Austrian paying agent to enter into a simplified information exchange procedure with the Austrian paying agent.

The Issuer does not assume responsibility for the deduction of EU source tax at source and is not obliged to make additional payments in case of withholding tax deductions at source.

Upon a proposal of the European Commission, the EU Savings Directive was repealed by the Council of the European Union on 10 November 2015. Instead of the EU Savings Directive, Council Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation was adopted, pursuant to which Member States are required to apply other new measures on mandatory exchange of information from 1 January, 2016. Transitional measures concern in particular a derogation granted to Austria under the Council Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation, allowing it to apply that Directive one year later than other EU Member States. Based on the EU-AbgÄG 2016, the Austrian EU-Source Tax Act (*EU-Quellensteuergesetz, EU-QuStG*) will be repealed effective from 1 January 2017 (on certain accounts Austria has undertaken to initiate automatic exchange of information from 30 September 2017 with respect to taxable periods beginning on or after 1 October 2016)."

8. On page 277, under the subheading "*Documents incorporated by reference*", the following item (7) shall be added after item (6):

"(7) the unaudited interim financial statements of the Issuer for the period from 1 January 2016 to 30 June 2016 and published by the Issuer on 14 September 2016 in English and German;"

9. On page 278, under the subheading "*Documents incorporated by reference*", the item "*Unaudited Interim Financial Statements 30 June 2016*" and the footnote immediately following it shall be replaced in their entirety by the following:

<i>"Unaudited Interim Financial Statements 30 June 2016</i>	Half-Yearly Financial Report 2016, which also includes the comparative unaudited interim financial statements of the Issuer as of 30 June 2015
Income Statement for the six month period ended 30 June 2016	Half-Yearly Financial Report 2016, pages 38 to 39
Balance Sheet at 30 June 2016	Half-Yearly Financial Report 2016, page 40
Statement of changes in equity	Half-Yearly Financial Report 2016, page 41"

* As the page numbers are identical in both the English and German version of each document listed, references shall be understood to include both the English and German version of the respective document."