



Member of  UniCredit



Bank Austria

Presentation to Fixed Income Investors

Agenda

- **Overview Bank Austria**
 - **Business Model & Strategy**
 - Profit & Loss
 - Balance Sheet & Capital Ratios
- **Liquidity & Funding**
 - Funding Strategy & Position
 - Transactions
 - Cover Pool
- **Annex**

Bank Austria – at a glance

Bank Austria Highlights as of 31 December 2015

- **Member of UniCredit since 2005**
- **Leading corporate bank and one of the largest retail banks** in Austria
- **~ 7,000 FTE** and **about 200 branches** in Austria with further reduction envisaged
- Management¹⁾ of the **leading banking network in CEE** in **13 countries**
- **~ 28,000 FTE** and **about 1,300 branches** in full CEE subsidiaries²⁾
- **Solid capital base** (11.0% CET1 Ratio)
- **Stable liquidity** with a perfect balance between customer loans and direct funding

	12/15	12/14
Total Assets	193.6	189.1
Customer Loans	116.4	113.7
Direct Funding	139.1	132.3
Equity	15.4	14.9

In € bn

	FY15	FY14
Operating income	5,875	5,982
Operating costs	-3,076	-3,136
LLP	-1,007	-782
Net profit	1,325	1,329

In € mn

RoE after tax	9.4%
Cost / income ratio	52.3%
CET1 capital ratio ³⁾	11.0%
Total capital ratio ³⁾	14.9%

Non-performing exposure ratio	3.9%
Coverage ratio	56.3%
Cost of risk	86bp

S&P	BBB	A-2
Moody's	Baa2	P-2
Fitch	BBB+	F2

Market share loans / deposits Austria ⁴⁾	14.7 % / 14.2 %
Market share loans / deposits CEE ⁵⁾	5.5% / 5.2%

Business Model and Market Position in Bank Austria's Home Market

Bank Austria is one of the strongest banks in Austria:

CIB

- **Leading corporate bank** in the country (7 of 10 large corporates are clients)
- Focus on
 - **Multinational corporates**
 - **International and institutional Real Estate customers** requiring **investment banking solutions** and capital markets-related products
 - **Financial Institutions**
- Clients have access to the **largest banking network in CEE** as well as to **UniCredit branches** in major financial centers **worldwide**

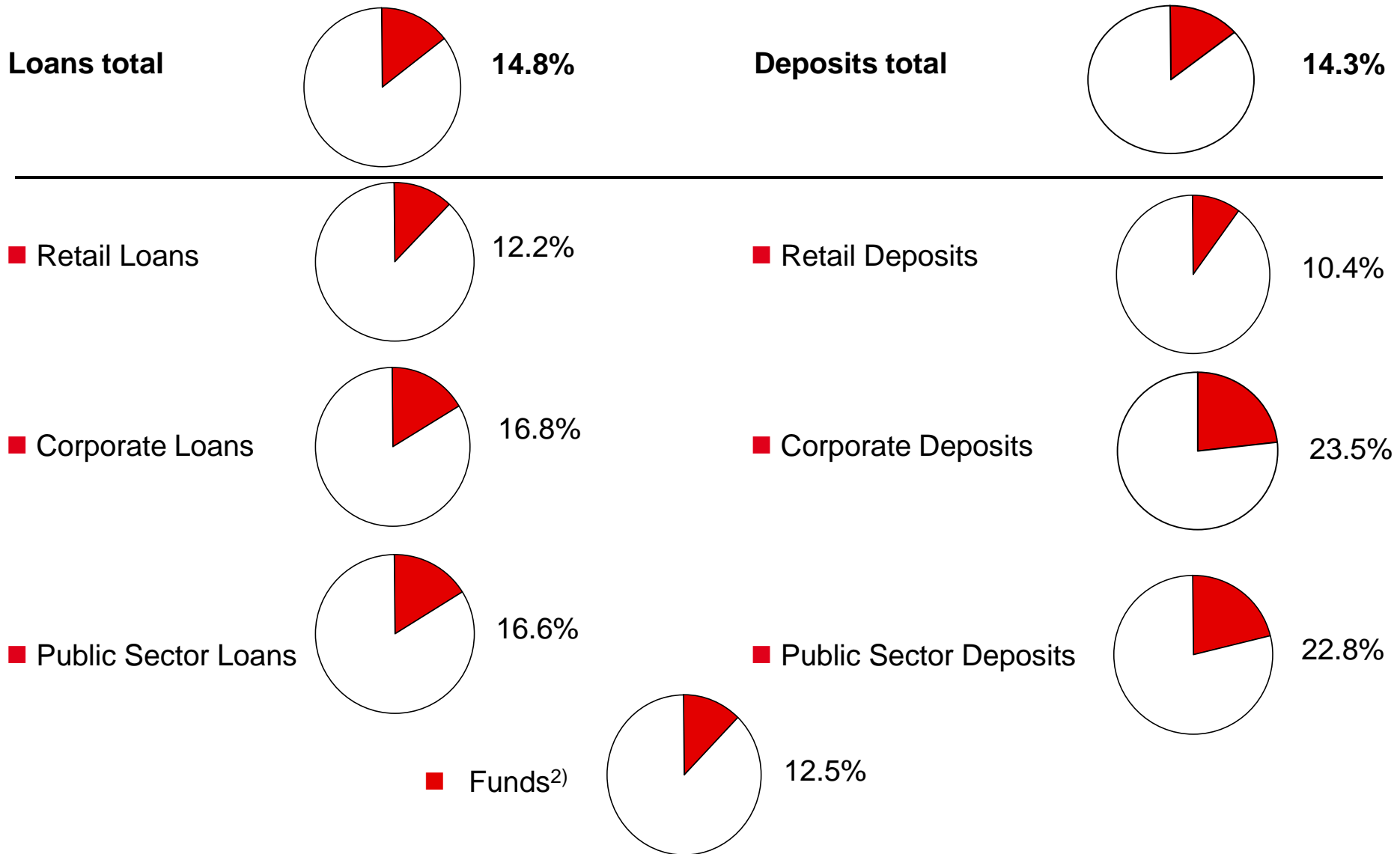
Commercial Banking

- The division covers
 - **Retail customers**
 - **Corporate customers**
 - **Real Estate**
 - **Public Sector** (excluding Republic of Austria)
- **Broad coverage** through a network of approx. **200 branches**, offering its **customers** a complete range of high-quality products
- **12% market share in loans** to individual customers
- **Strong market position** in all corporate segments

Private Banking

- **26% of Austrian High Net Worth Individuals are customers of BA**
- Clients benefit from the combination of **local understanding and international capabilities**
- **Tailored financial services** to High Net Worth Individuals and foundations
- **Successful client approach** through BA's PB Division and Schoellerbank

Bank Austria's Market Shares¹⁾ in the Domestic Customer Business (as of December 2015)



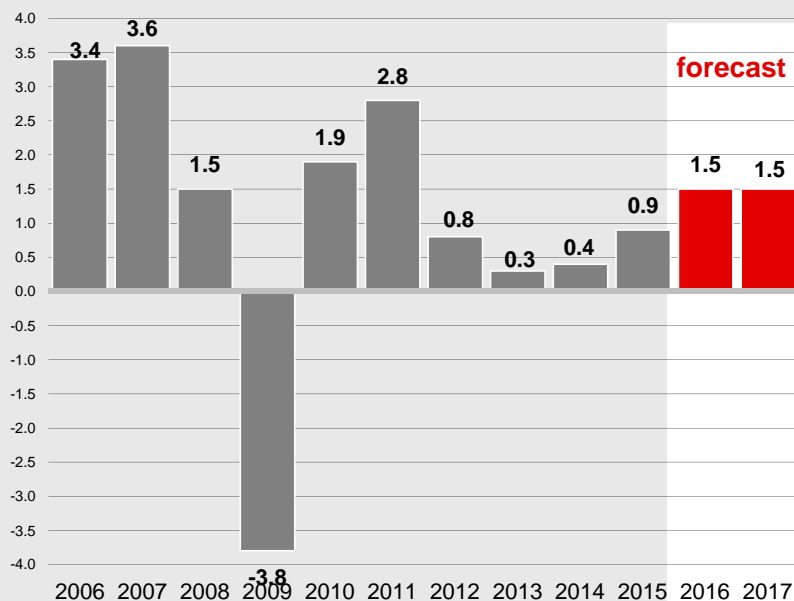
**Very efficient network structure to cover the important size of customer share
with only 5% of all bank branches in Austria**

¹⁾ UniCredit Bank Austria AG

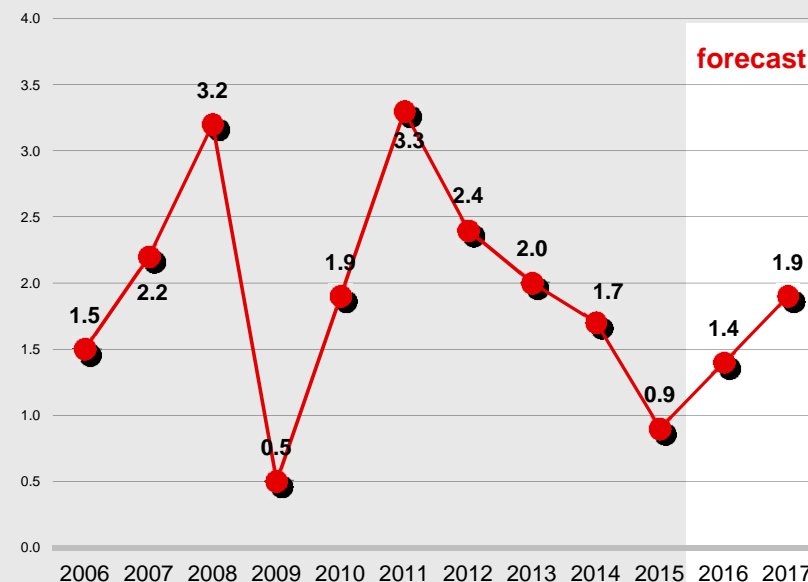
²⁾ Pioneer Investments Austria + Bank Austria real estate funds

Economic Conditions in Austria

Austrian economic growth YoY in %

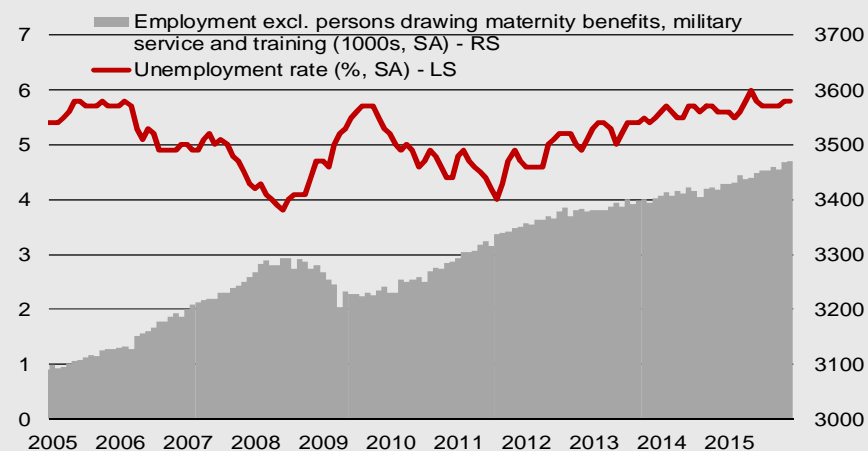


Austrian inflation rate YoY in %



- In spite of the greater global uncertainties in the second half of the year, economic growth throughout 2015 totalled an estimated 0.9 % and was thus clearly higher than in the previous year.
- The tax reform and the residential housing initiative will ensure faster economic activity in 2016/17 with GDP growth of around 1.5 %.
- The low oil prices curbed the inflationary trend in Austria in 2015, while the economy still lacks the impetus for an improvement on the labor market. Notwithstanding a marked rise in employment, the unemployment rate increased to 5.7 %. We expect the continued increase to push up unemployment further in 2016, despite improved economic conditions.

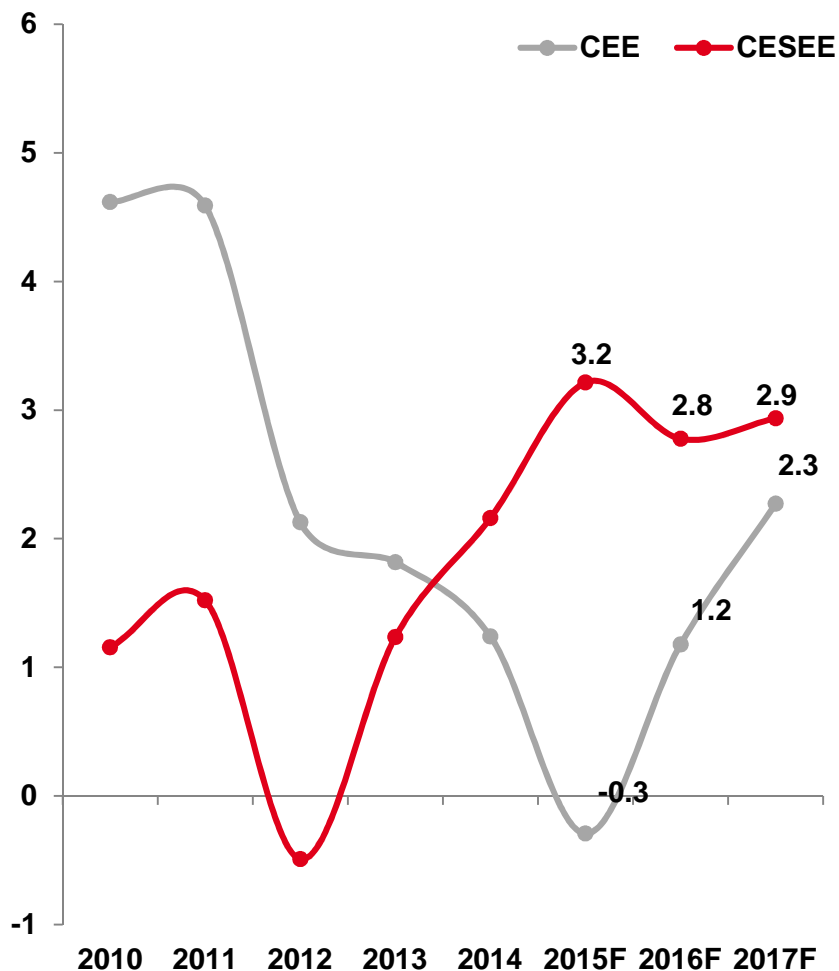
Employment and unemployment rate



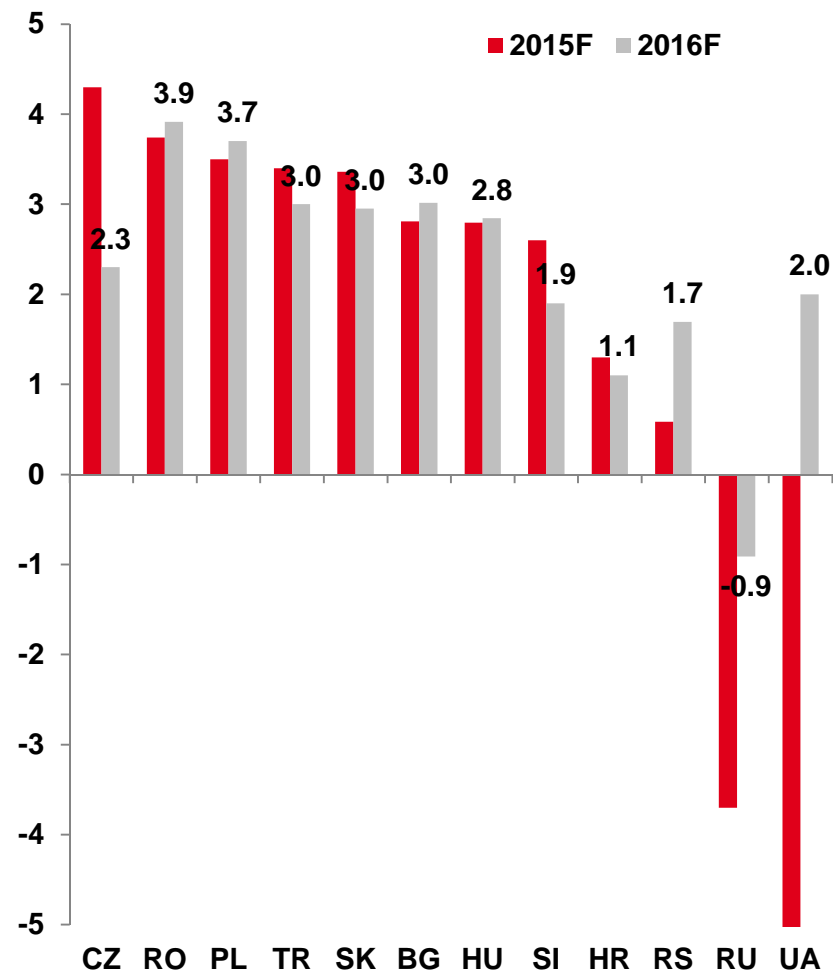
Sources: Statistik Austria, Bank Austria Economics & Market Analysis Austria

Economic growth in CESEE to continue on its recovery path, while the whole CEE region is set to pick up from 2016

Real GDP growth*, %



Cross-country breakdown*



The GDP forecasts are from the CEE Quarterly published by UniCredit Research in December 2015

CEE: BG: Bulgaria, BH: Bosnia and Herzegovina, CZ: Czech Republic, HR: Croatia, HU: Hungary, RO: Romania, RS: Serbia, RU: Russia, SI: Slovenia, SK: Slovak Republic, TR: Turkey, UA: Ukraine; CESEE: CEE excluding Russia, Turkey, Ukraine

Source: UniCredit Research, UniCredit CEE Strategic Analysis

Rep. Offices: Macedonia, Montenegro, Belarus (Representative Office of UniCredit Russia)

1) Since 1 Dec. 2013, foreign branch of UniCredit Bank Czech Republic and Slovakia

3) Turkey consolidated at equity as from 2014

- *) excl. Turkey (consolidated at equity), Ukraine (held for sale) and Poland (under management of UniCredit)

8

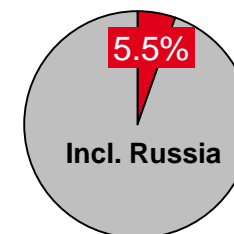
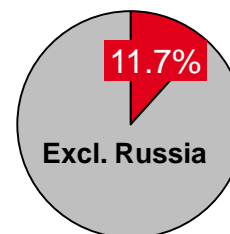
CEE Division¹⁾ – incl. Details on Turkey and Ukraine (as of 31 December 2015)

Turkey and Ukraine shown separately as

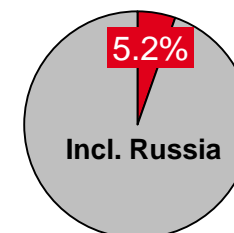
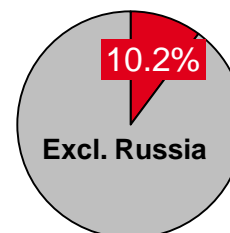
- **Yapi Kredi** (Turkish Joint-Venture) consolidated at equity since 2014
- **Ukrsotsbank** (Ukraine) reclassified to “Held for Sale”

(€ mn)	CEE (excl. TR, UA)	Turkey (at 40.9%)	Ukraine
Loans to Customers	57.166	20.929	1.368
Primary Funds ²⁾	58.665	18.731	1.015

Market Share CEE Division – Customer Loans



Market Share CEE Division – Customer Deposits



¹⁾ excl. Poland (under direct management of UniCredit)

²⁾ Primary funds (= Direct Funding) = Deposits from Customers + Debt Securities in Issue

CEE committed to a strong execution and to create sustainable value

Achievements

1

Leadership position in CEE

- # 1 international player in CEE and among top 5 in 10 countries

2

Portfolio efficiency

- Refocusing, acquisition and simplification

3

Business model transformation & value creation in key areas

- Further increase customer base
- Retail: simplification of operating model, enhancing productivity. Extensive leverage of digital and multi-channels and further increase of customer base
- CIB: strengthening cross-selling and pricing. Focusing on SME and International

Current strategy

1

Building on our achievements

- Aim to further strengthen our leading position in CEE

2

Focusing on our 3 pillars strategy

- CE & SEE⁽¹⁾: innovate business
- Russia: defending our positioning focusing on big corporates and wealthy individuals
- Turkey: growth strategy, leader in profitability

3

Business priorities reinforcing focus on

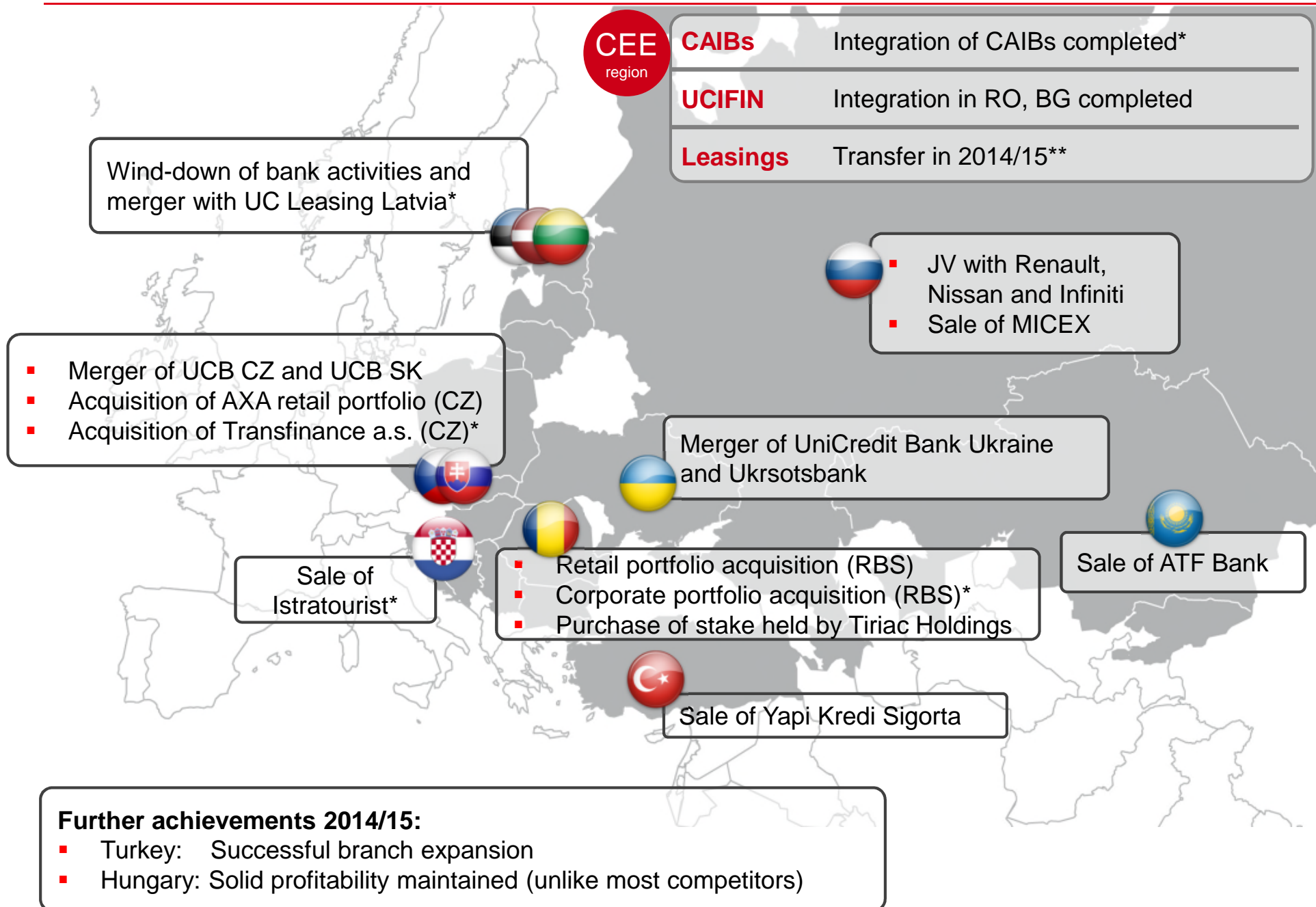
- Boost customer acquisition in Retail and CIB
- Implement a distinctive proposition for clients operating in multiple CEE countries
- Foster innovation & digitalization by (i) leveraging big data (ii) improving customer experience and (iii) creating a unified front-end for retail

(1) Central Europe (CE) : Czech Republic & Slovakia, Hungary, Slovenia & South Eastern Europe (SEE): Croatia, Romania, Bulgaria, Bosnia and Herzegovina, Serbia.

CEE keeps focus on portfolio optimization, targeting balanced growth and efficiency

* completed in 2014

** ongoing



SmartBanking

Transformation based on new business model is making rapid progress



- **Branch concept** with **extended opening hours** (9 a.m. to 6 p.m.), **advanced design** and **new service model**
- **Advisory** services intensified
- **Services provided** by a team and highly specialised experts **via video conference**
- **Online branch** with **more than 100 employees** for SmartBanking (extended opening hours from 8 a.m. to 8 p.m.) delivers **a bank branch to every customer's home and smartphone**
- About **1,000 advisory talks via video telephony** per month
- State-of-the-art online shop which delivers all relevant products on a **24/7 basis**

Rating Overview

	Moody's			S&P			Fitch		
	Long-Term	Short-Term	Subordinated ¹⁾	Long-Term	Short-Term	Subordinated ¹⁾	Long-Term	Short-Term	Subordinated ¹⁾
Bank Austria²⁾	Baa2 Stable	P-2	Ba2	BBB CreditWatch Negative	A-2	BB+	BBB+ Stable	F2	-
UniCredit S.p.A.	Baa1 Stable	P-2	Ba2	BBB- Stable	A-3	BB	BBB+ Stable	F2	BBB
Public Sector Covered Bond	Aaa			-			-		
Mortgage Covered Bond	Aaa			-			-		

(as of 20 November 2015)

¹⁾ Subordinated (Lower Tier II)

²⁾ Securities issued before 31 Dec. 2001 which benefit from a secondary liability by the City of Vienna (*grandfathered debt*) are also rated as shown above by Standard & Poor's, while by Moody's the corresponding senior securities are rated A3 and the subordinated ones are rated Baa3

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P&L of Bank Austria – FY15 (final results)

Sound operating performance despite persistently weak economic trends

(€ mn)	1-12 2015	1-12 2014	y/y	4Q15	3Q15	4Q14	q/q	y/y
Operating Income	5.875	5.982	-1,8%	1.566	1.405	1.445	11,5%	8,3%
Operating Costs	-3.076	-3.136	-1,9%	-798	-751	-823	6,2%	-3,0%
Operating Profit	2.800	2.846	-1,6%	768	653	623	17,6%	23,4%
Net Write-Downs of Loans	-1.007	-782	28,8%	-250	-366	-250	-31,6%	0,3%
Net Operating Profit	1.792	2.064	-13,2%	518	288	373	80,0%	38,8%
Non-Operating Items	-171	-331	-48,4%	116	-104	-68	>-100.0%	>-100.0%
Profit Before Tax	1.621	1.733	-6,5%	634	184	305	>100.0%	>100.0%
P/L discontinued operations	-303	-132	>100.0%	-145	25	-113	>-100.0%	28,8%
Other positions	7	-273	>-100.0%	176	-38	-54	>-100.0%	>-100.0%
Group Net Profit	1.325	1.329	-0,3%	664	172	139	>100.0%	>100.0%
Cost / Income Ratio (in %)	52,3%	52,4%	-8 bp	50,9%	53,5%	56,9%	-253 bp	-597 bp

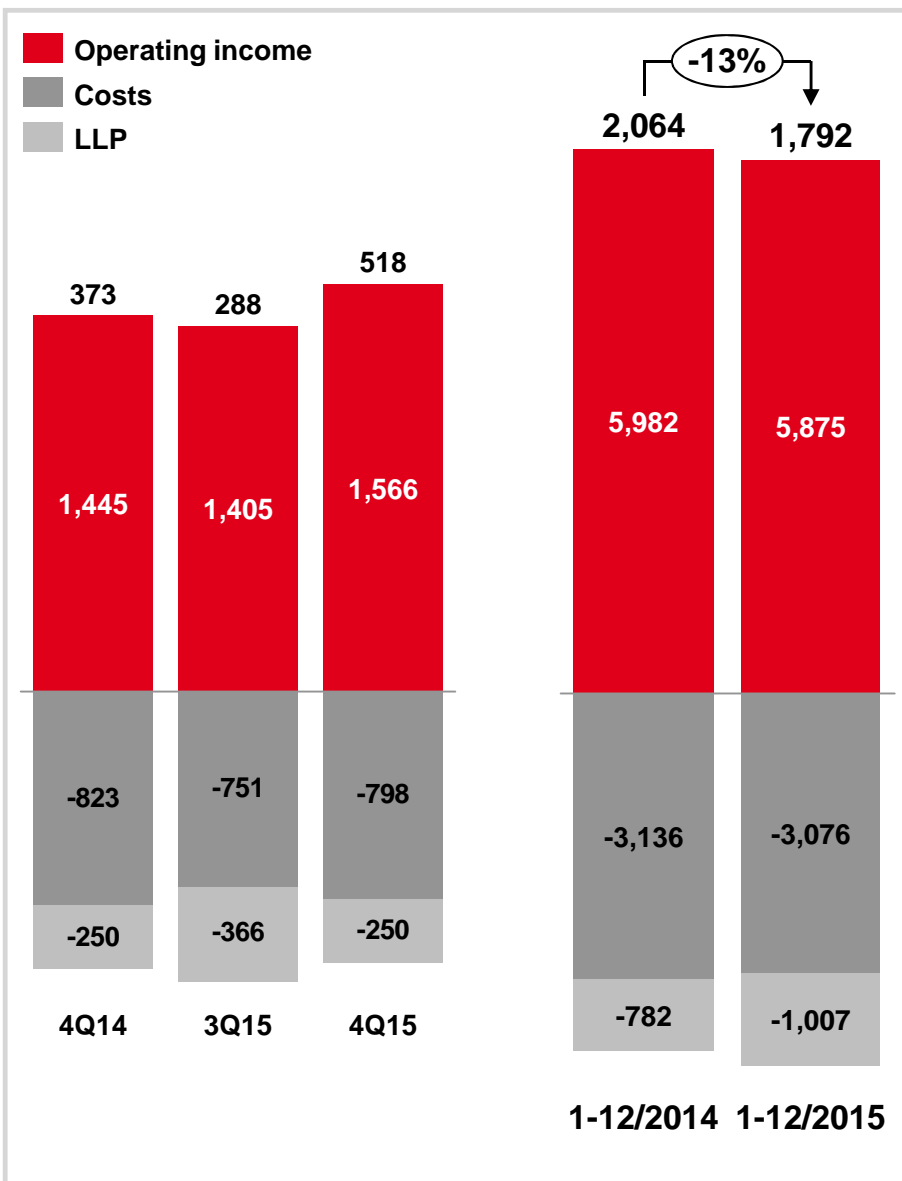
- **Operating income down -2% y/y**, mainly due to low interest environment in Austria, currency effects and expiry of profit contribution in UniCredit Markets Division (part of the intra-group sale of CAIB in 2010) at the end of 2014
- **Costs lower vs. 2014**, due to overall improvement in P&L cost lines (notably Austrian pay-roll costs), following strict cost management
- **Net write-downs of loans significantly higher y/y**, with very favorable development in Austria, but higher levels in CEE (in particular driven by CHF loans conversion in Croatia)
- **Non-operating items** include a positive contribution from the planned restructuring which requires an offsetting entry in equity; leading to an almost neutral total impact from restructuring of € -27 mn
- **Profit/loss from discontinued operations** mainly includes the loss regarding Ukrasotsbank
- **Other positions** include positive one-off effects regarding taxes (e.g. release of tax liabilities relating to banking participations) and positive impact from minorities relating to Ukrasotsbank
- **Group net profit at € 1,325 mn** flat y/y despite major one-offs like Ukraine (-367 mn) and impact from CHF loans in Croatia (-143 mn)

Note: Non-operating items include provisions for risks and charges, systemic charges, profit from investments and integration costs

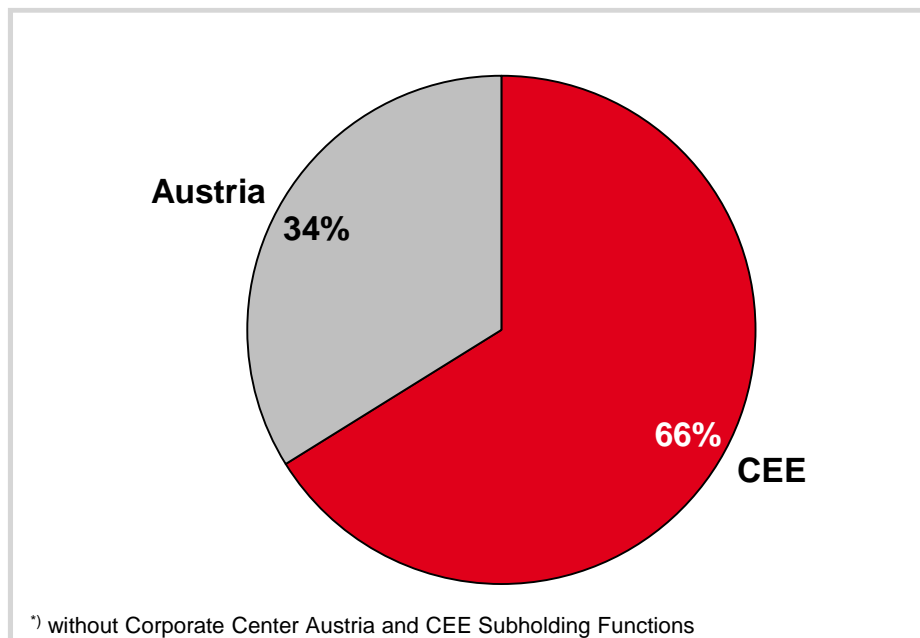
Net Operating Profit

FY15 impacted by LLP for CHF loans in Croatia

Net Operating Profit Composition (€ mn)



Share of Divisions *) – Net Operating Profit by region (%)

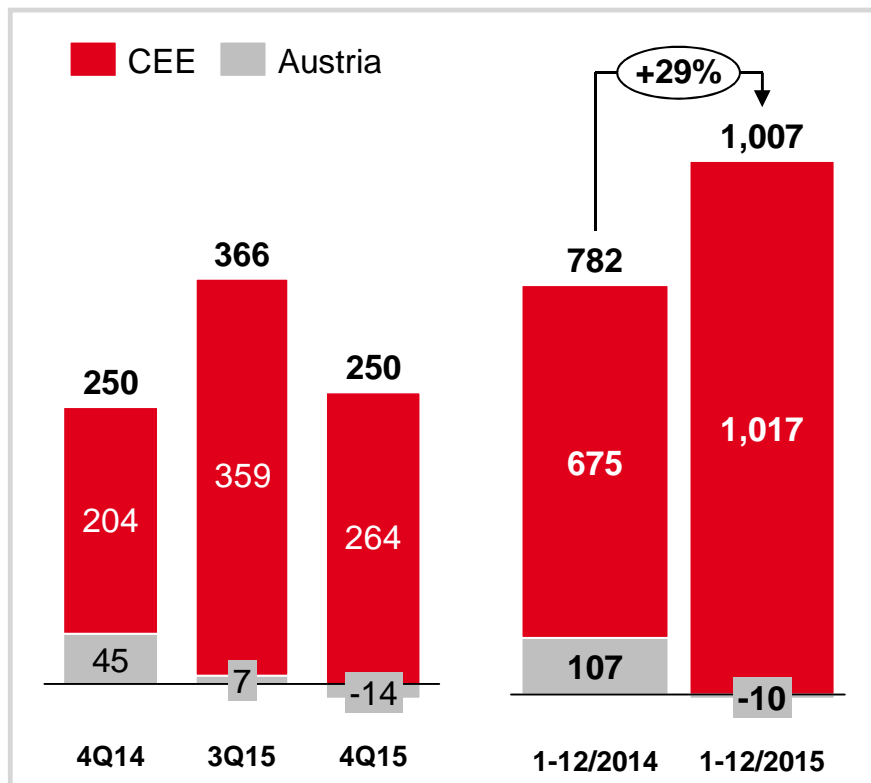


- **NOP down y/y (-13%)**
- **Reduction of revenues y/y** due to low interest environment in Austria and expiry of profit contribution in UniCredit Markets Division, despite very good development of net fees and commissions
- **Y/y decrease in costs** due to strict cost control (in particular lower payroll costs)
- **LLP higher y/y and q/q** (driven by CEE, in particular CHF loans Croatia), but with very favorable development in Austria

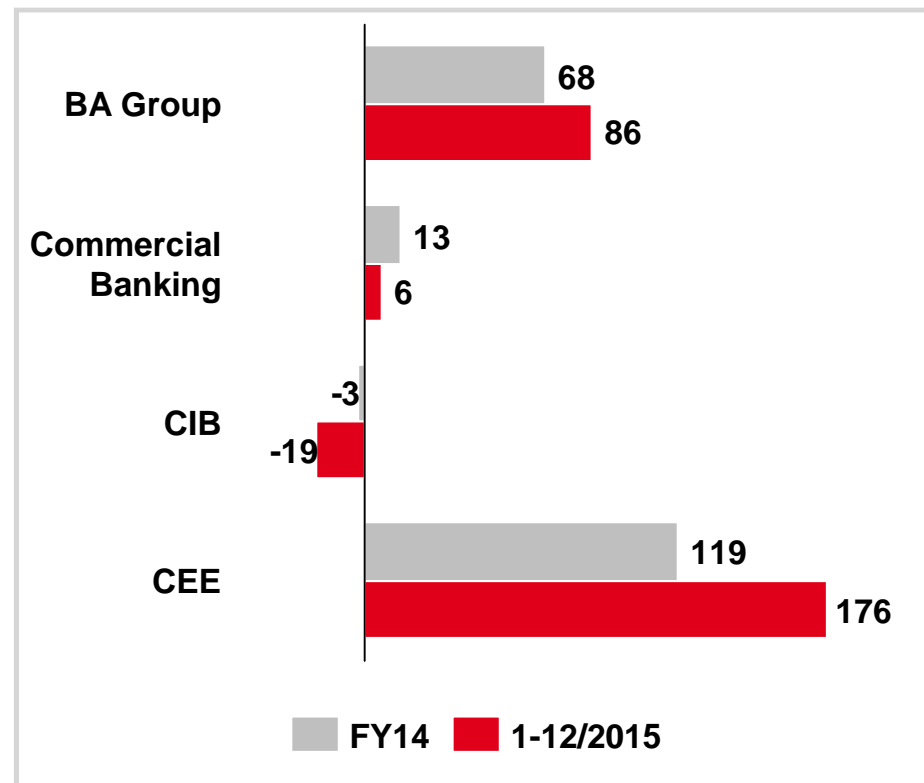
Loan Loss Provisions and Cost of Risk

LLPs higher driven by CEE; Cost of Risk higher in CEE but improved in Austria

Net Write-Downs of Loans (in mn €)



Cost of Risk (in basis points)

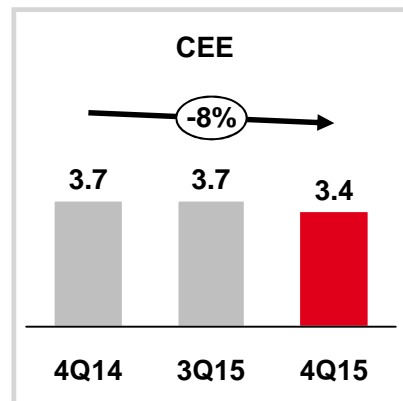
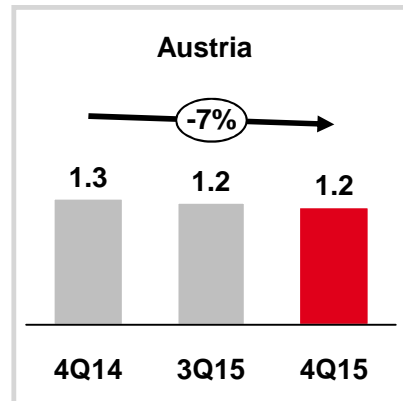
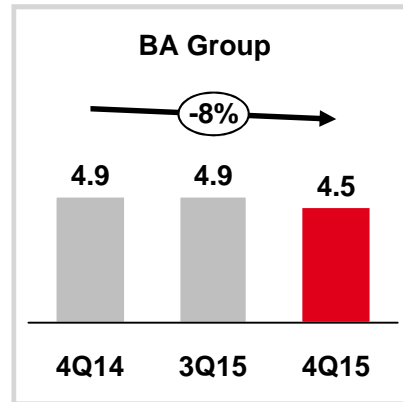


- **LLPs (+29%) and Cost of risk** (BA Group at 86 bps vs. FY14 with 68 bps) **higher y/y** due to:
 - Very favorable development in **Austria**. Net LLP releases in Corporate and CIB segments
 - Significant increase in **CEE** due to specific developments in Croatia (€ 340 mn, mainly due to FX conversion program), Russia (€ 214 mn) and Profit Center Vienna (€ 146 mn, driven by Ukraine)

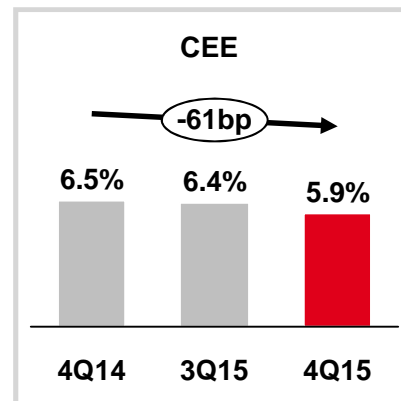
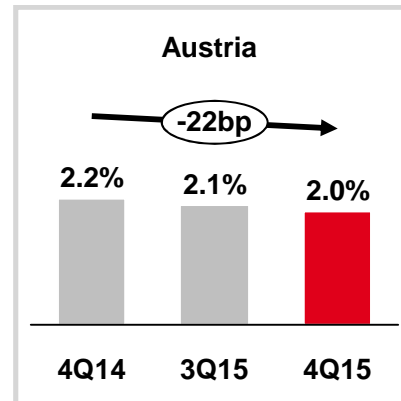
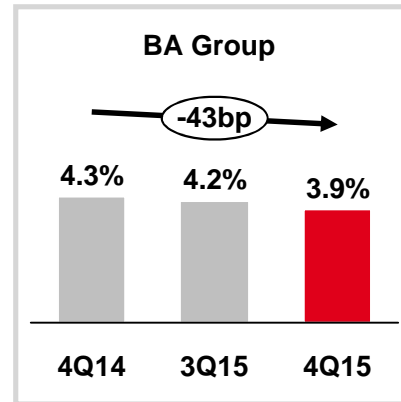
Asset Quality

Improving Asset Quality Ratios in 4Q15

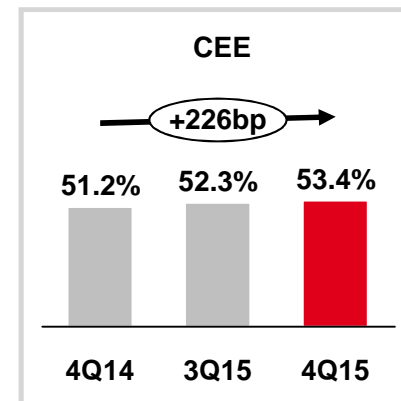
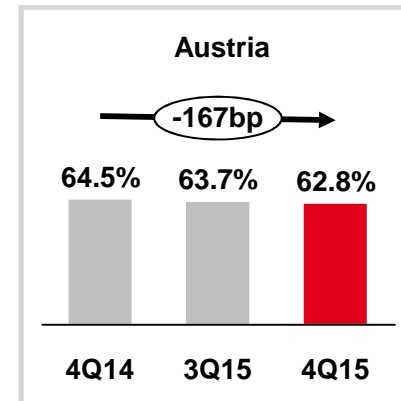
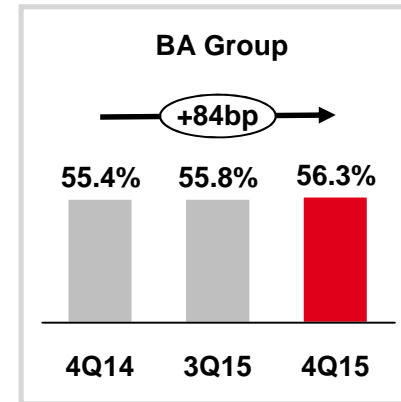
Net NPE ¹⁾
(in bn €)



**% of Net NPE
on Total Net Loans ¹⁾**



**% Coverage Ratio on
NPE ¹⁾**



- In 4Q15 there was a **reduction of Non Performing Exposure (NPE)** in Austria as well as in most of the CEE countries (Austria: € -46 mn, CEE: € -304 mn) causing **shrinking NPE Ratios** and **improving Coverage Ratios** in CEE and on BA Group level
- In some CEE countries (HR, CZ and RU) this development was supported additionally by an increase of write-downs
- High quality of loan portfolio in Austria**

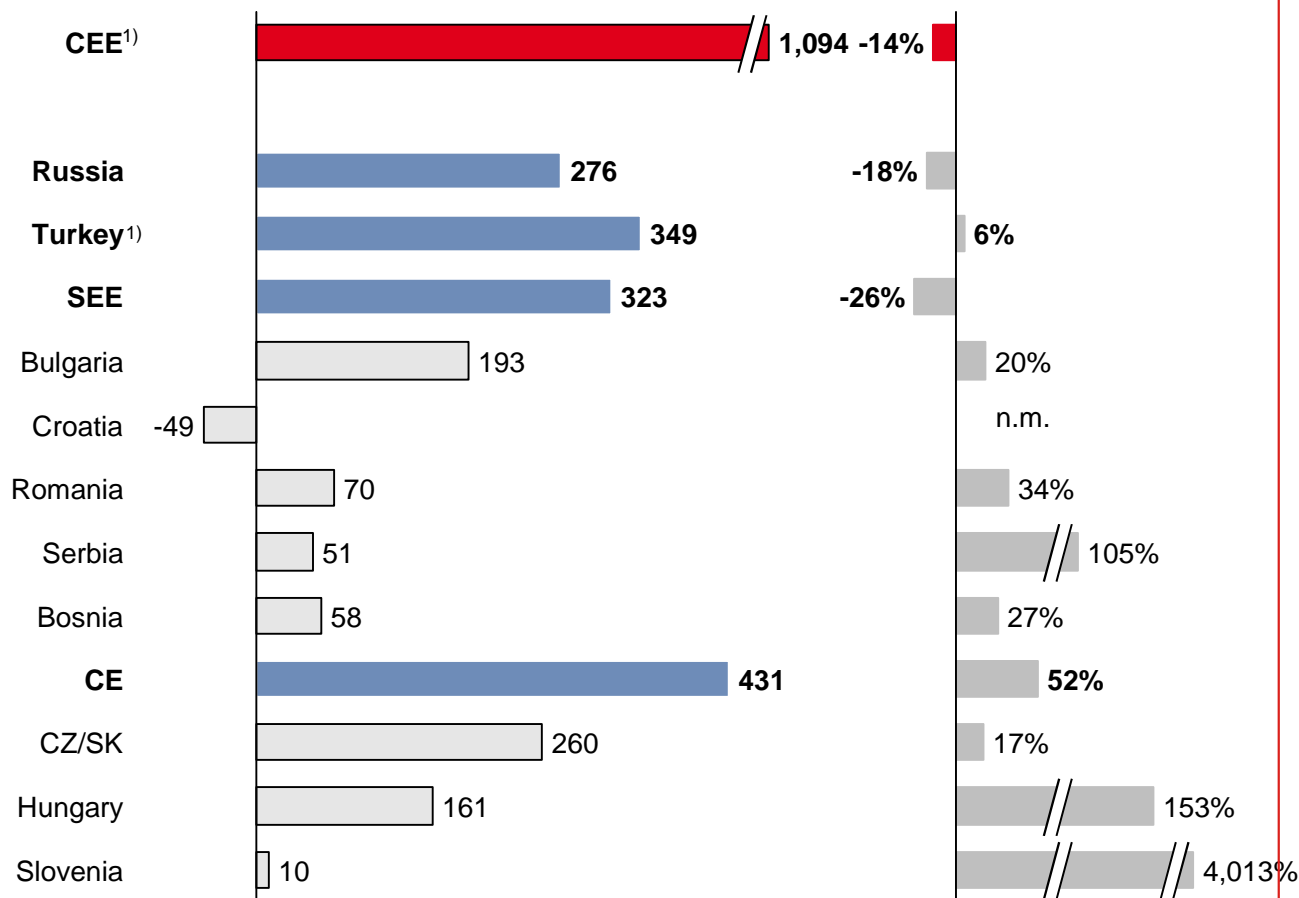
¹⁾ on-balance clients (non-banks) only

CEE Division decreases profit before tax by 14% (at constant rates)

Overall positive development but negative impact from Croatia (conversion of CHF loans) and Russia

Profit before tax 1-12 2015

in EUR mn - change y/y in % (at constant exchange rates)



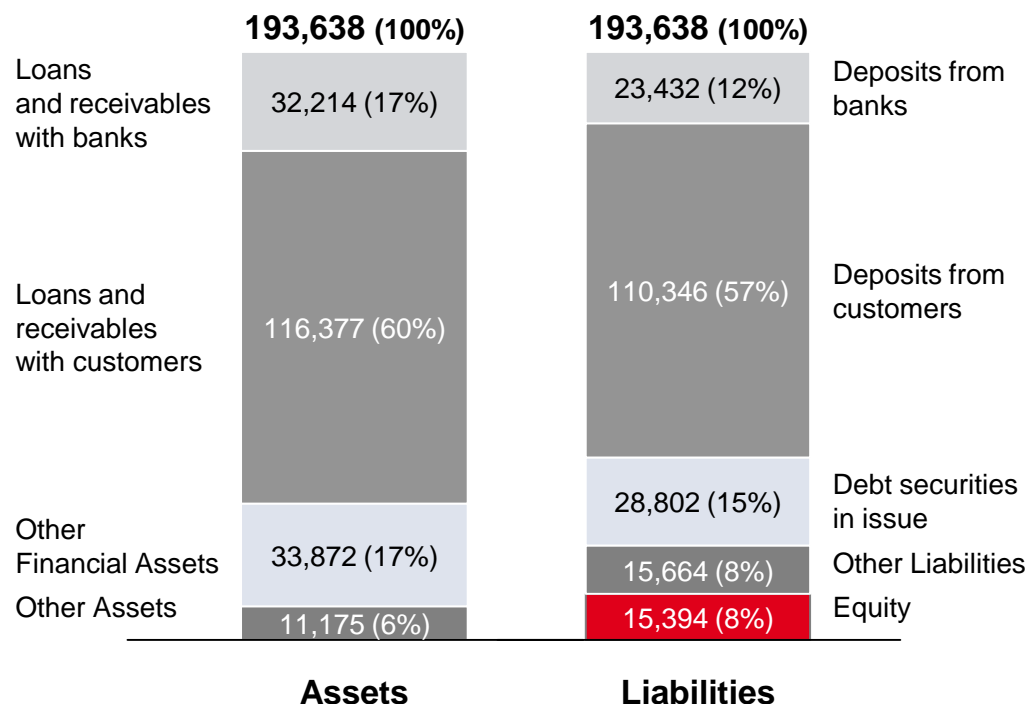
- **Profit before tax down by -14% y/y (at constant rates)** due especially to higher loan loss provisions (mainly driven by Russia, Ukraine and conversion of CHF loans in Croatia), and despite strict cost management
- Stable development through good **regional diversification**
- **Russia:** profitability negatively impacted by increase in loan loss provisions in a currently difficult environment
- **Turkey** resilient due to significant business growth
- In **South East Europe** positive development in all countries except Croatia, despite a challenging environment
- Clear upswing also in **Central Europe**
- **Cost/income ratio** of CEE Division at excellent 38.7%

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Balance Sheet structure (as of 31 December 2015)

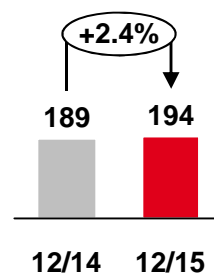
Balance Sheet (€ mn)



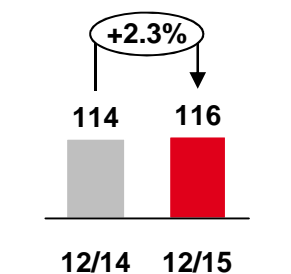
Change vs. 31 December 2014

(€ bn)

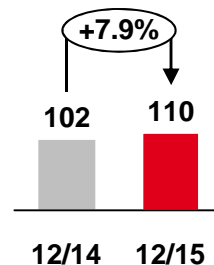
Balance sheet



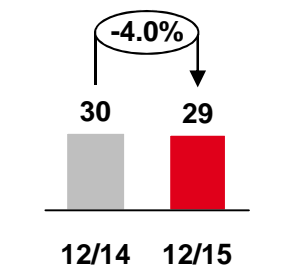
Loans to customers



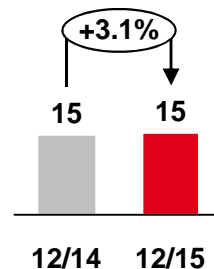
Deposits from customers



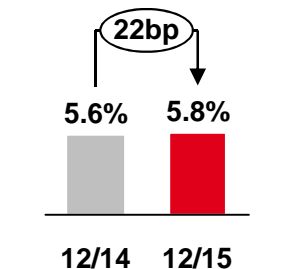
Securities in issue



Shareholders' equity



Leverage ratio

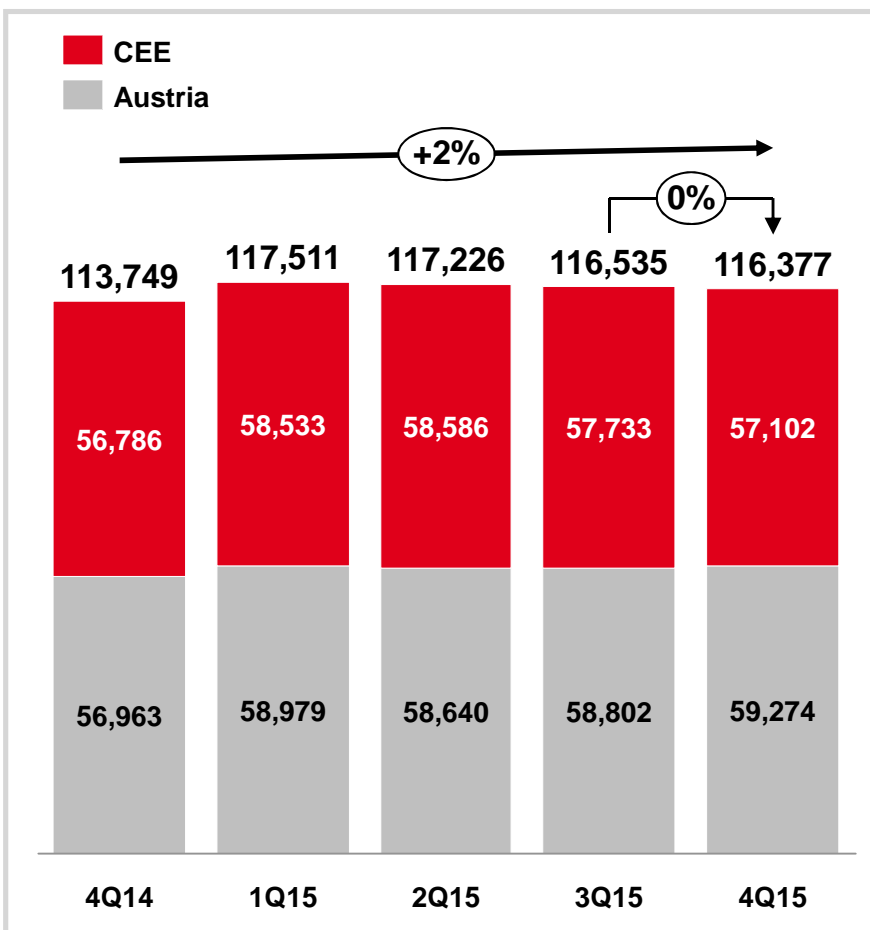


- **Significant growth in customer business** vs. YE2014, both in customer loans (+2.3%) and especially on the deposit side (+7.9%)
- **Solid equity base of EUR 15.4bn, +3% y/y vs. YE14** due to retained earnings while the development of the currency translation turned negative

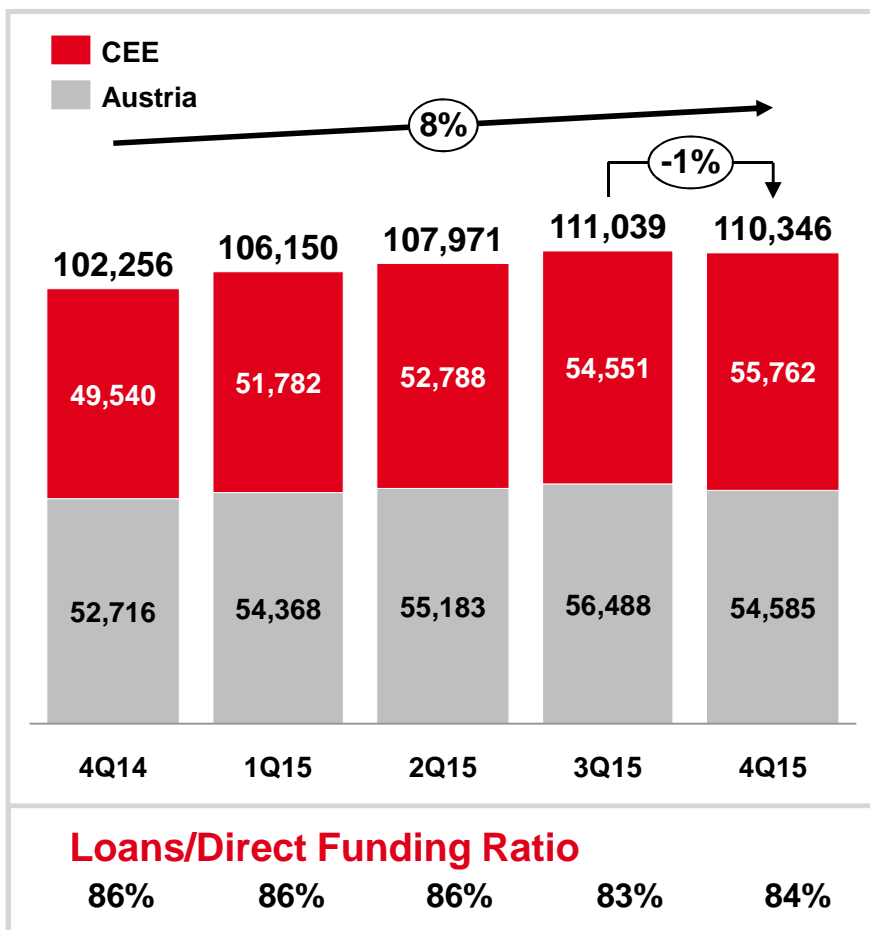
Loan and Deposit Volumes

Strong increase in deposits y/y, Loans/Direct Funding Ratio improved further

Loans to Customers¹⁾ (€ mn)



Deposits from Customers¹⁾ (€ mn)



Loans/Direct Funding Ratio

86% 86% 86% 83% 84%

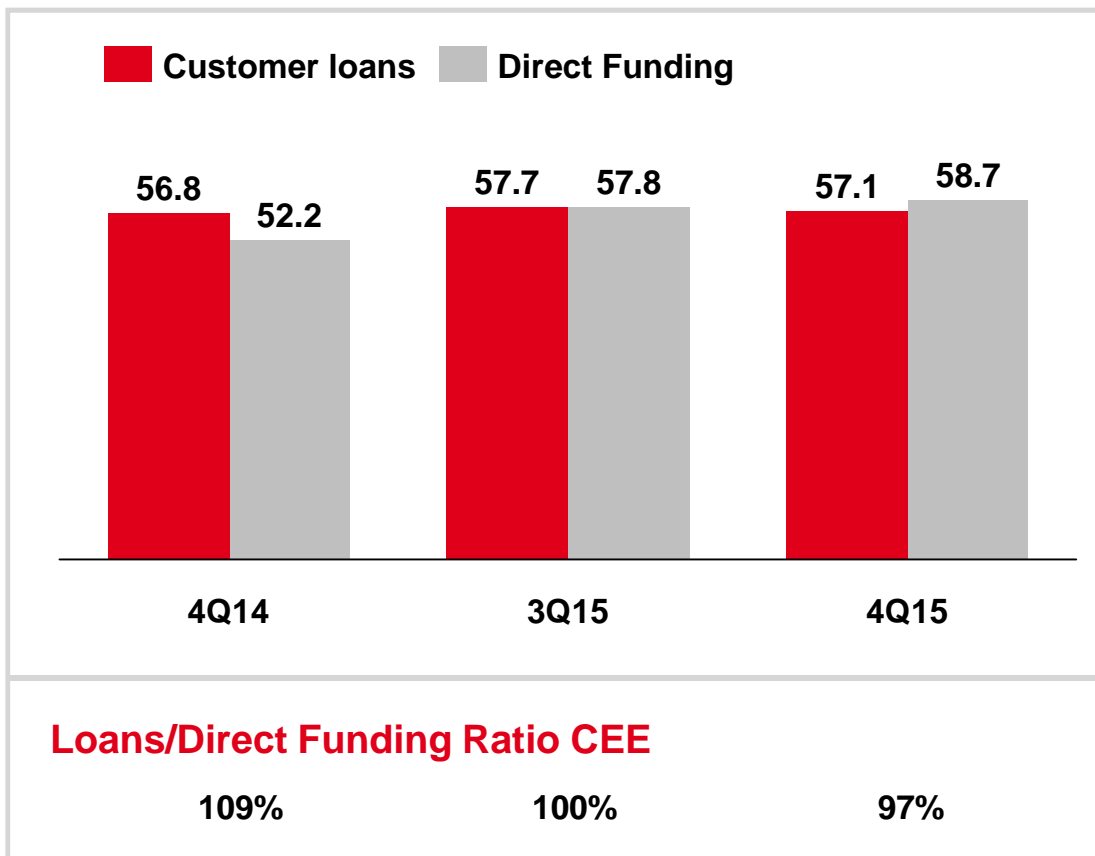
- **Loans to customers q/q and y/y** stable in Austria (adjusted for CHF valuation) and q/q slightly lower in CEE (Ruble depreciation)
- **Deposits from customers -1% q/q**, overall positive trend in both Austria and CEE. **Strong growth of 8% y/y**, driven by high growth rates in all Austrian segments and throughout CEE
- Overall excellent funding base, **Loans/Direct Funding Ratio slightly higher at 84%**

¹⁾ All figures recast and excl. Turkey and Ukraine

Volumes in CEE

Good business development, impact from currency movements

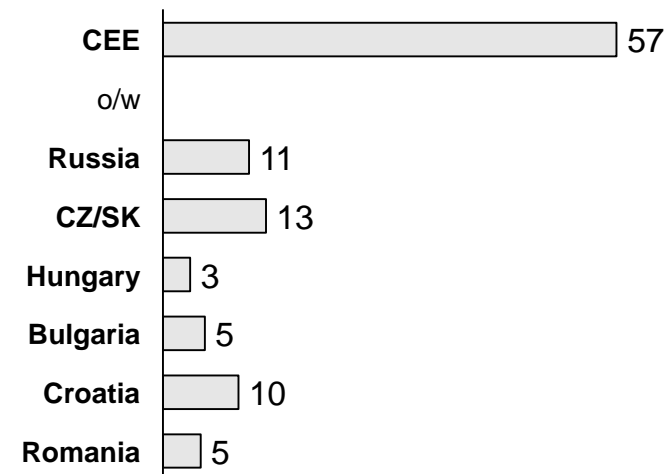
Customers loans / Direct Funding (€ bn) ¹⁾



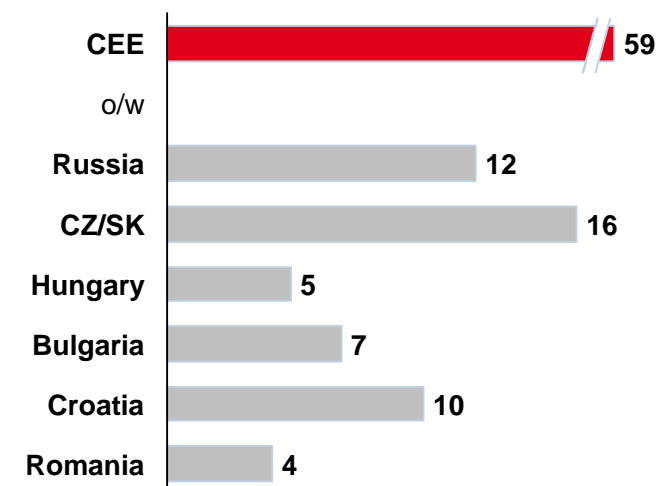
- **Loans/Direct Funding:** Within CEE, ratio significantly improved y/y to 97%
- **Regional Breakdown:** well-balanced distribution of volumes, with Russia, Czech Rep./Slovakia and Croatia as largest banks. In a proportionate view, equity-consolidated Turkey would be the largest CEE bank (loans 21 bn, direct funding 18 bn)

Regional Breakdown

Customer loans (€ bn) – December '15



Direct funding (€ bn) – December '15 ¹⁾

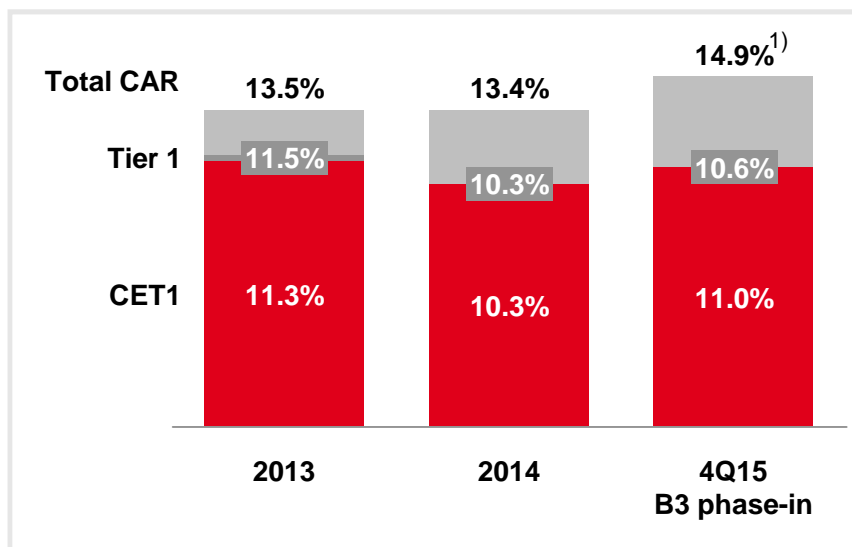


¹⁾ Direct Funding = Deposits from customers + Debt securities in issue

Capital position and RWA

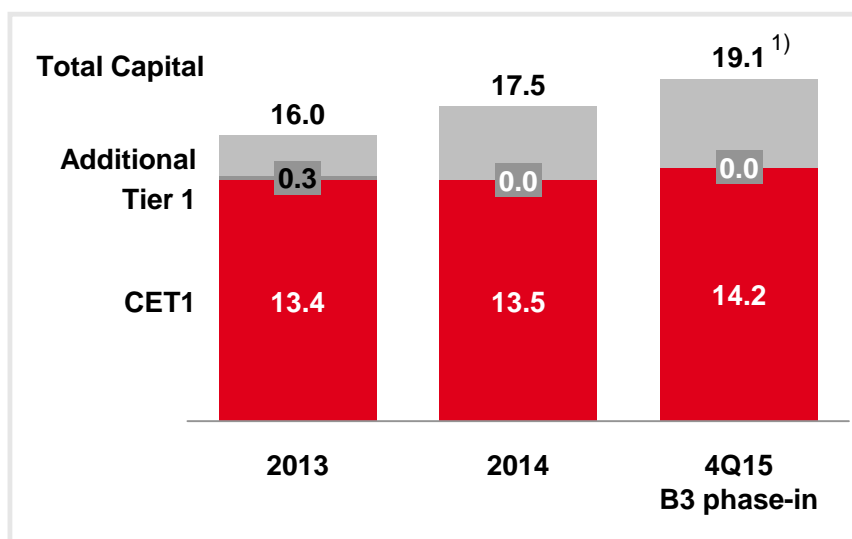
Sound capital ratios

Capital Ratios

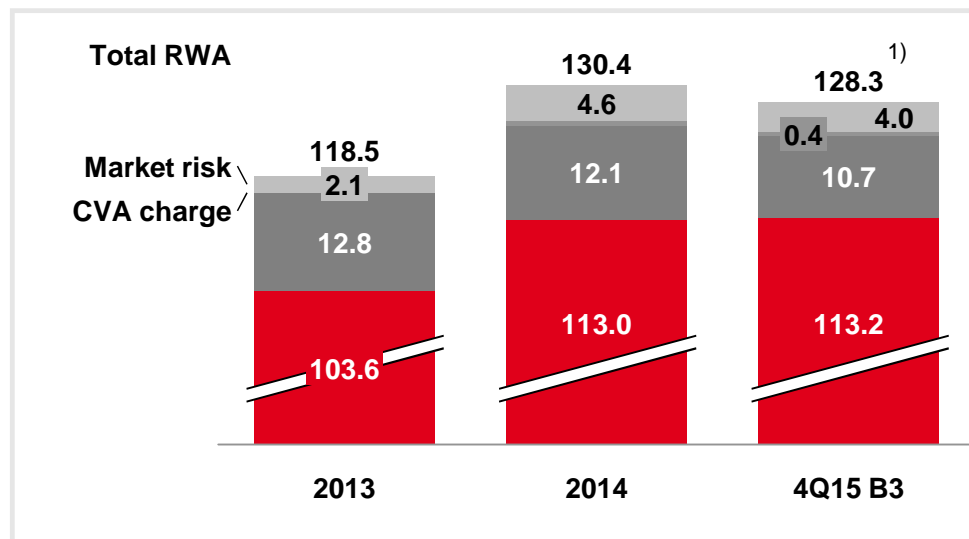


- **Common Equity Tier 1 (CET1) ratio increased to 11.0%** and **Total Capital ratio to 14.9%** (both according to Basel 3 phase-in and IFRS and incl. 2015 profit)
- **Safe capital base** as Bank Austria – unlike its main competitors – did not take up state capital
- **Increase of regulatory capital** due to net profit 2015 and Tier 2 issues in the course of the year
- **Total RWA** decreased vs YE (flat development of Credit RWA, but decreases in Op. Risk and Market Risk vs. YE)

Regulatory Capital (€ bn)



Risk-Weighted Assets (€ bn)



¹⁾ Starting with 2014, figures in accordance with Basel 3/CRR and since 3Q14 based on IFRS; transitional adjustments (phase-in) only relevant for capital, not for RWA

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Bank Austria Acts as Regional Liquidity Center for Austria / CEE and is a Strategic Issuing Platform for UniCredit Group

UniCredit S.p.A. – Holding

RLC Italy	RLC Germany	RLC Austria/CEE	RLC Poland
UniCredit S.p.A (Baa1/BBB-/BBB+)	UniCredit Bank AG (A3/BBB/A-)	UniCredit Bank Austria AG (Baa2/BBB/BBB+)	Bank Pekao SA (A2/BBB+/A-)
<ul style="list-style-type: none"> ■ Bank capital ■ OBG (covered bonds) ■ Registered sec./<i>Schuldschein-darlehen</i> (SSD) ■ Senior benchmark ■ Private placement ■ Retail issues 	<ul style="list-style-type: none"> ■ Mortgage- and Public Sector Pfandbriefe ■ Senior benchmark ■ Registered sec. (SSD, NSV*) covered / senior ■ Private placements ■ Retail Issues ■ Certificates 	<ul style="list-style-type: none"> ■ Mortgage- and Public Sector Pfandbriefe ■ Senior benchmark ■ Housing-bank-bonds (<i>Wohnbaubank-anleihe n</i>) ■ Registered sec. (SSD, NSV*) covered/senior ■ Private placements ■ Retail issues 	<ul style="list-style-type: none"> ■ Retail issues ■ Bearer bonds

- **Own Issue Programs**
- **Presence on the local and global markets**
- During the liquidity crisis **no state aid** needed
- **Coordination of the global market presence** through UniCredit Holding

Self-funding of Business Growth of Bank Austria Group

Business Growth of BA Group to be self-funded by a well-balanced mix of customer deposits and market issuances

- **Well-diversified funding base** due to BA's commercial banking model. Priority is on growth of local funding sources out of customer business with a variety of products (sight, savings, term deposits) as well as medium- and long-term placements of own issues
- The **self-funding strategy of Bank Austria** was demonstrated by returning to the capital markets: from 2010 focus was given to issuance of benchmark-sized Pfandbriefe and **since 2013** also on **Senior Unsecured Benchmarks**
- The **strict principle of self-sufficient funding of Bank Austria**
 - ensures that the proceeds are used primarily for business development of entities of Bank Austria Group
 - enables Bank Austria to calculate its own funding costs according to its own risk profile

Same Principles apply for the CEE banks of BA Group

- Also in CEE the business model as commercial bank with its priority on growth of local funding sources from customer business leads to a **well-diversified funding base**
- **Self-sufficiency target is applied in CEE** as a business principle of UniCredit Group and is also strongly favored by regulators, e.g. introduction of "Loans to Local Stable Funding Ratio - LLSFR" by Austrian National Bank (OeNB)
- Through its **know-how and international business relationships BA actively supports the development of local capital markets**, especially in local currency, e.g. local Covered Bond issuance in Czech Republic, first SME Covered Bond in Turkey and Senior Unsecured issues in Russia, Turkey and Romania

Liquidity and Funding Management within BA Group based on clear and strict Risk Management Principles

Clear Rules and Principles in Bank Austria for the Management of Liquidity and Funding

Liquidity strategy

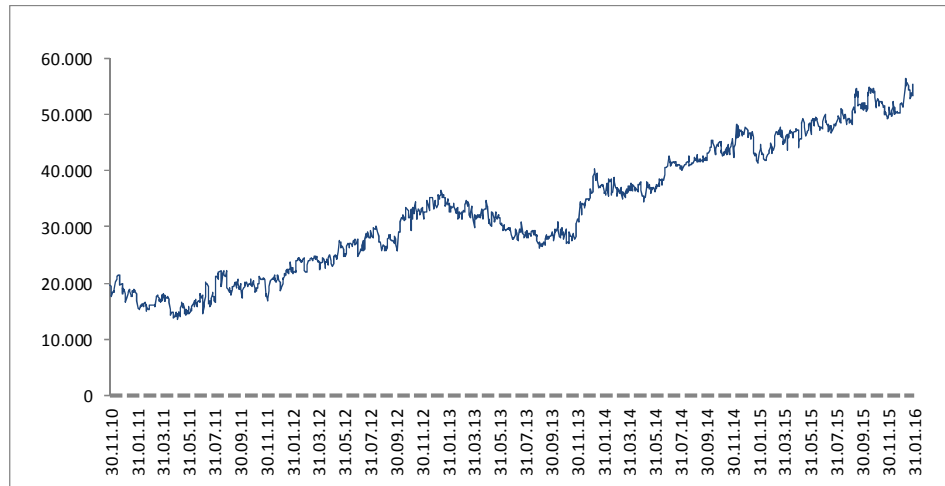
- Bank Austria acting as an **independent Regional Liquidity Center (RLC)** within UniCredit Group - in line with the **self-funding principle** of the new Group Strategy
- Bank Austria **manages the liquidity development in Austria and CEE**

Clear operative rules

- Active **liquidity and funding management** by defining short-term and structural liquidity and funding limits for all banking subsidiaries of BA Group
- In addition to the Austrian regulator's principles, BA strictly **monitors the balanced intra-group funding flows** within BA Group
- All international and national legal / regulatory constraints have to be followed on **single bank level**
- Bank Austria establishes a **separate Funding and Liquidity Plan for Austria and its CEE subsidiaries** as part of the Funding and Liquidity Plan of UniCredit Group

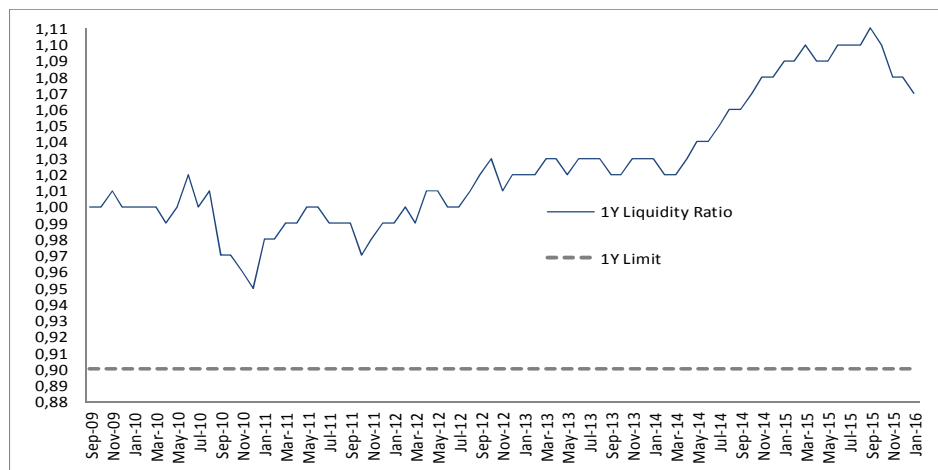
BA Group-wide Liquidity Position (steered centrally by ALM BA)

BA RLC 3 month available liquidity position ⁽¹⁾ ⁽²⁾



- **Constant prudent net liquidity reserve**
 - ✓ inflows from market and captive customer base
 - ✓ positive effect of cash pooling
- **Cash horizon constantly above 3M**
- **Sound counterbalancing capacity**
(approx. € 32bn on 1Y average)

Structural liquidity ratio (1Y)



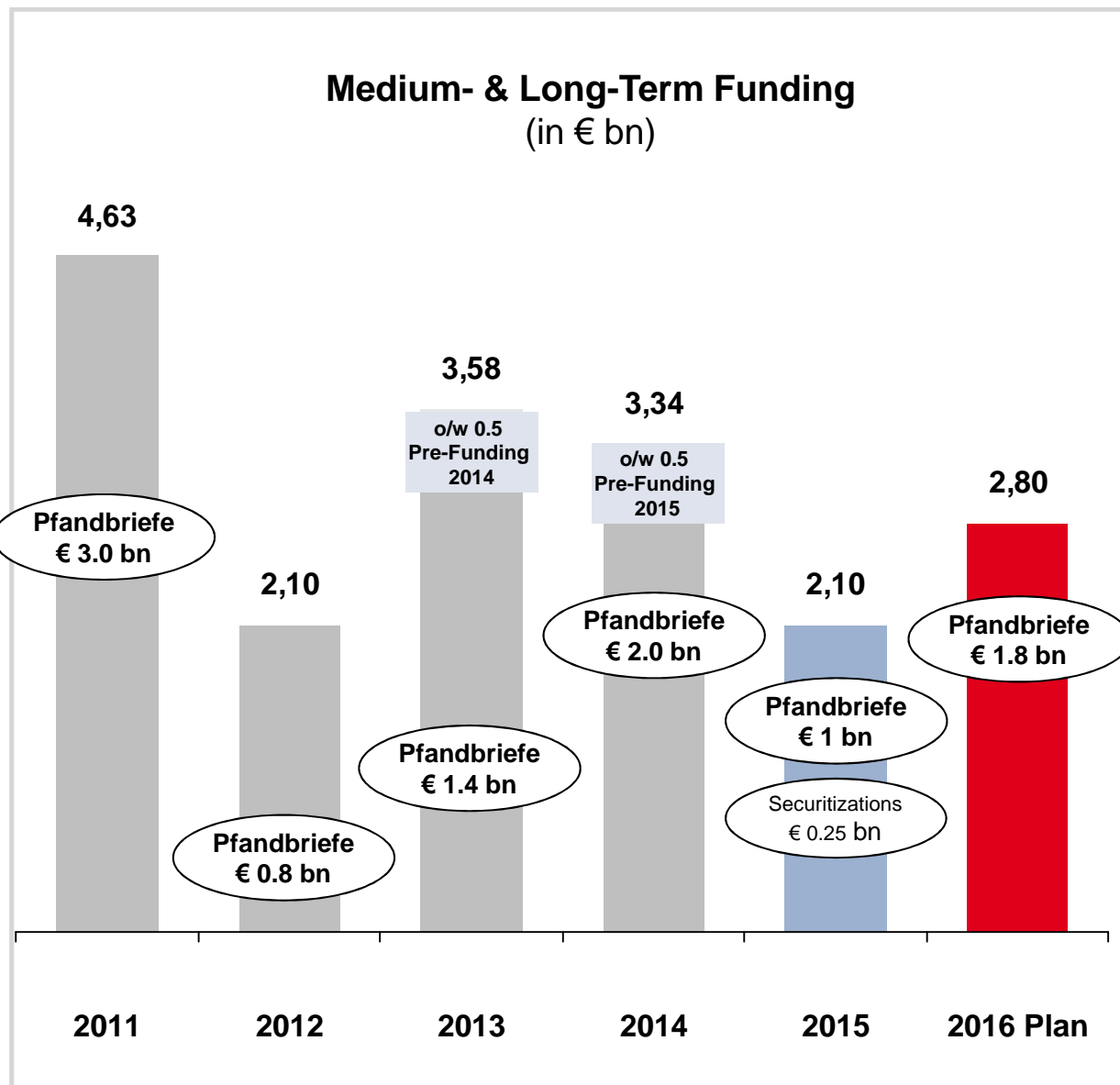
- **Structural liquidity ratio³⁾ well above limits...**
 - ✓ Internal rule of 0.90 for maturities above 1y
 - ✓ Level as of January 2016: 1.07
- ... thanks to
 - ✓ **Stable Loan/Deposit ratio**
 - ✓ **2015 M/L Term Funding Plan Execution** in line with the targets

⁽¹⁾ Sum of net liquidity inflow + counterbalancing capacity

⁽²⁾ Assuming no roll-over of current outstanding wholesale debt

⁽³⁾ Calculated as ratio between liabilities (cumulative sum above one year) and assets (cumulative sum above one year)

Medium- & Long-Term Funding Development and Target 2016



Benchmark Issuances in 2014 and 2015:

■ Mortgage Pfandbrief

Benchmarks in January, April, September 2014 and February, September 2015 successfully placed

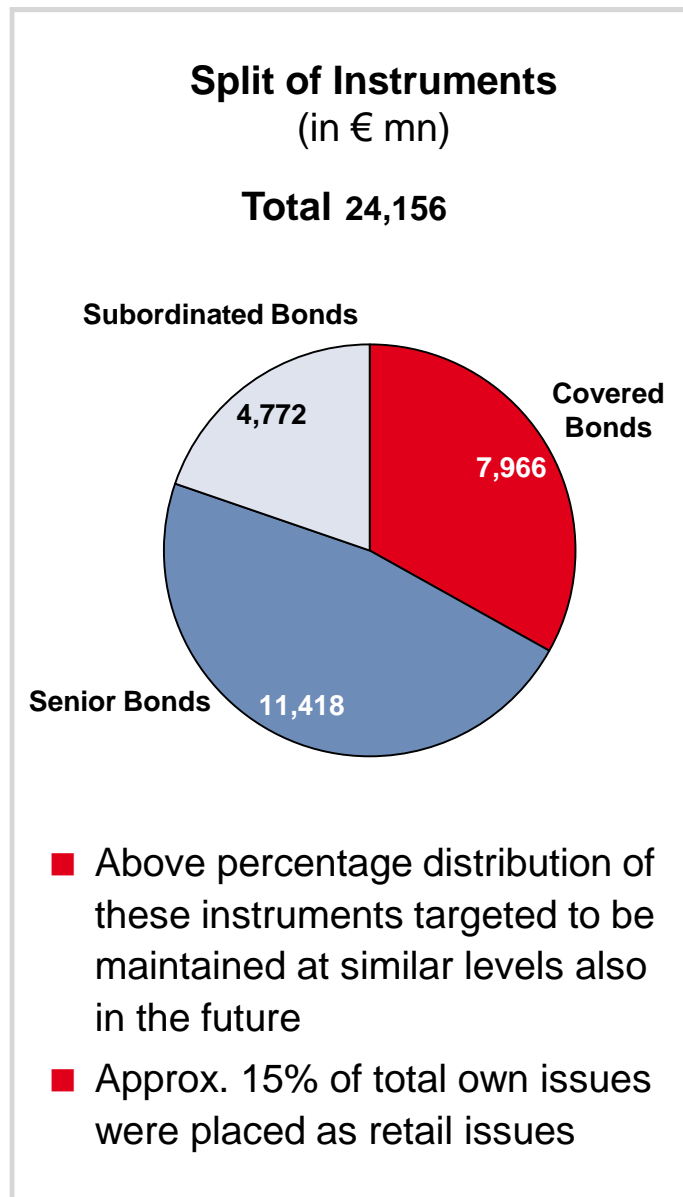
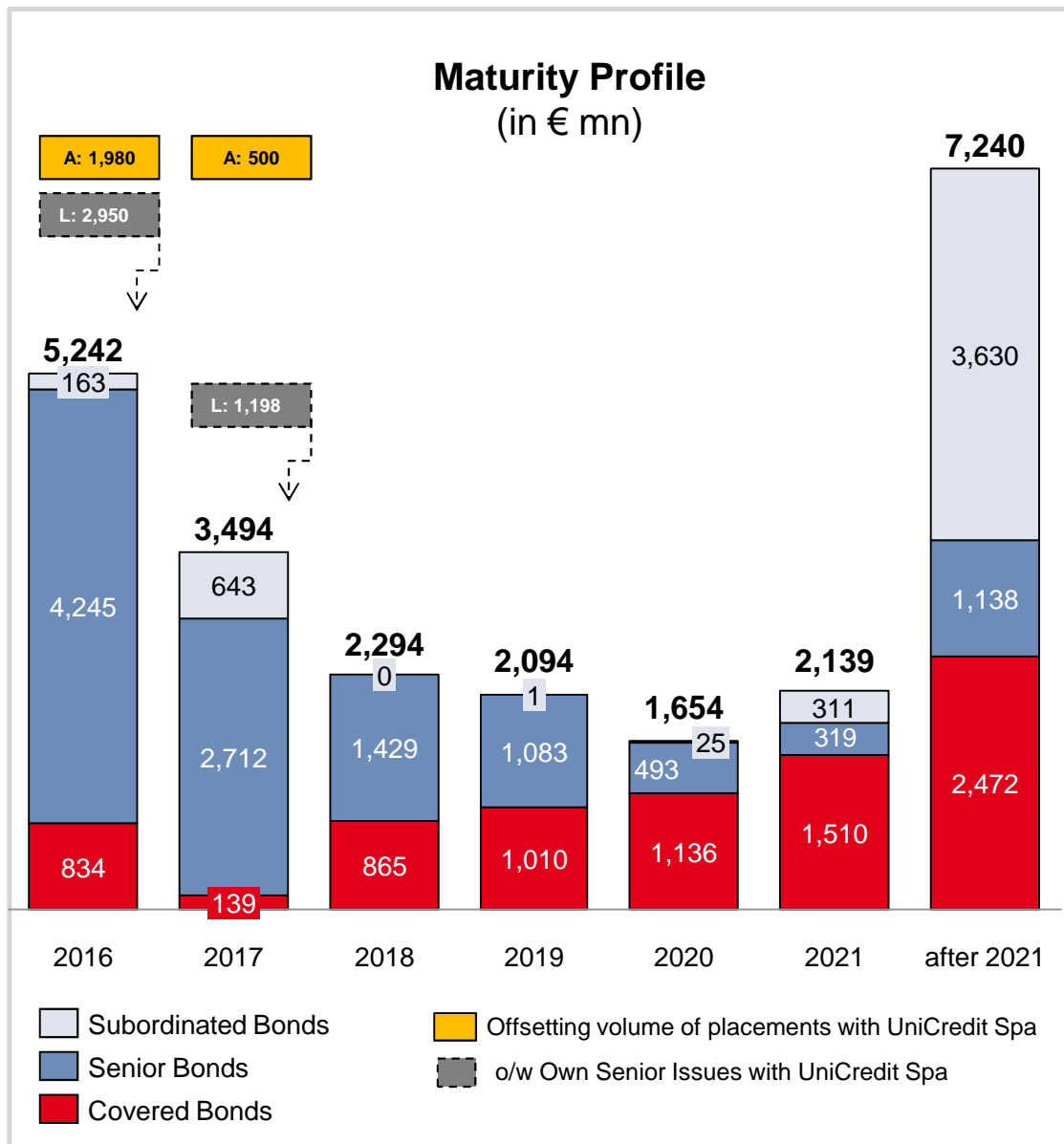
■ Public Sector Pfandbrief

Benchmark in May 2014 successfully placed

Plan for 2016:

■ **Benchmark Issues, Private Placements and Issuance via own Network of Covered Bonds and Senior Bonds**

Maturity Profile of Bank Austria's Own Issues (as of 31 December 2015)



Note: Data including issues sold through Group network

Agenda

- **Overview Bank Austria**
 - Business Model & Strategy
 - Profit & Loss
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- **Liquidity & Funding**
 - Funding Strategy & Position
- **Transactions**
 - Cover Pool
- **Annex**

Overview of Pfandbrief Benchmark Issues 2015

■ In February, successful issue of a 10-year Mortgage Pfandbrief Benchmark

**Bank Austria
Mortgage Pfandbrief**

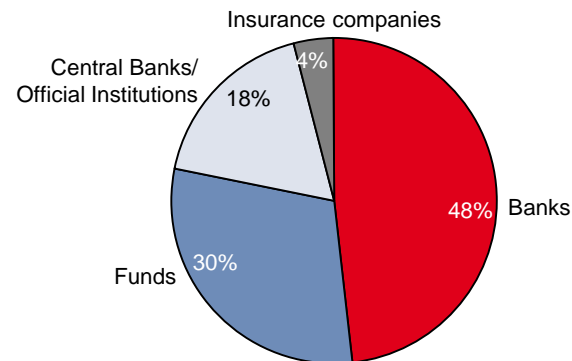
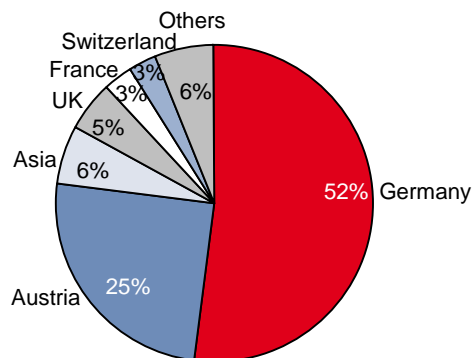
0.75%

25/02/2025

€ 500 mn

Feb. 2015

MS + 3bps



■ In September, successful issue of a 7-year Mortgage Pfandbrief Benchmark

**Bank Austria
Mortgage Pfandbrief**

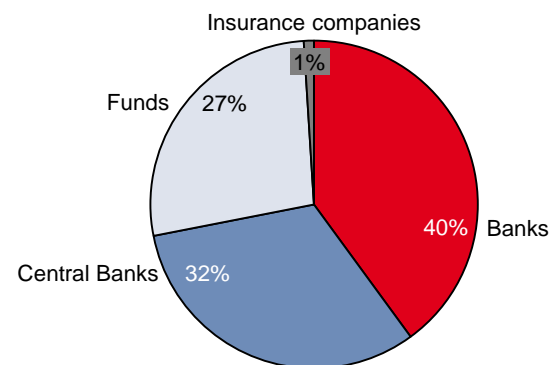
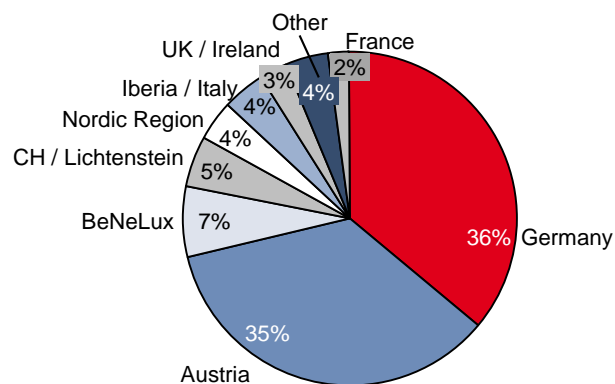
0.75%

08/09/2022

€ 500 mn

Sept 2015

MS + 5bps



Overview of Pfandbrief Benchmark Issues 2014

1/2

■ In January, successful issue of a 10-year Mortgage Pfandbrief Benchmark

**Bank Austria
Mortgage Pfandbrief**

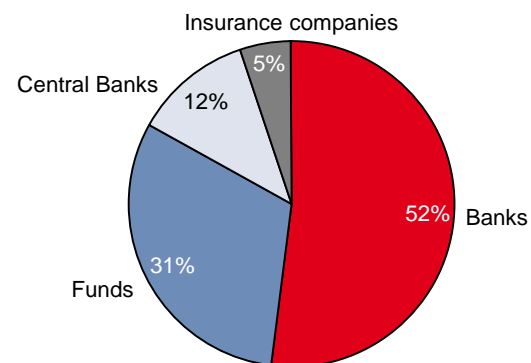
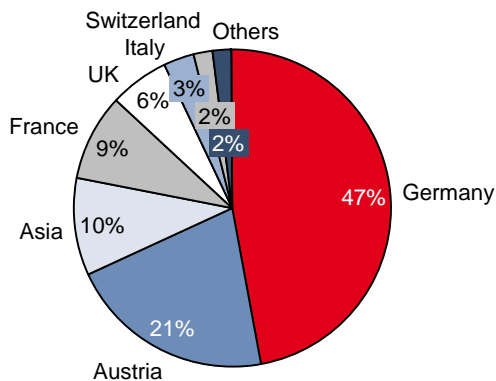
2.375%

22/01/2024

€ 500 mn

Jan. 2014

MS + 35bps



■ In April, successful issue of a long 5-year Mortgage Pfandbrief Benchmark

**Bank Austria
Mortgage Pfandbrief**

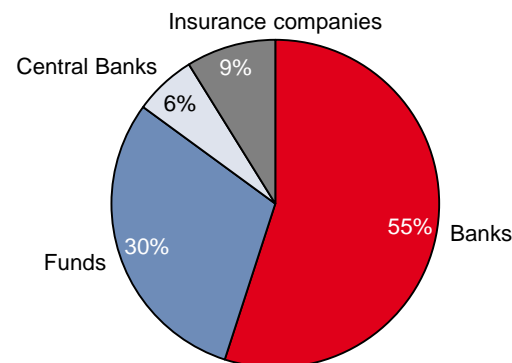
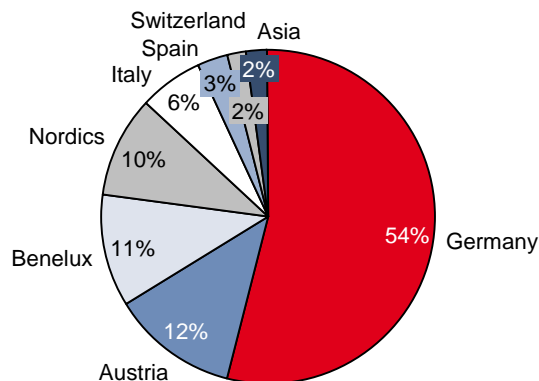
1.25%

14/10/2019

€ 500 mn

April 2014

MS + 23bps



Overview of Pfandbrief Benchmark Issues 2014

2/2

■ In May, successful issue of a 7-year **Public Sector Pfandbrief Benchmark**

**Bank Austria
Public Sector
Pfandbrief**

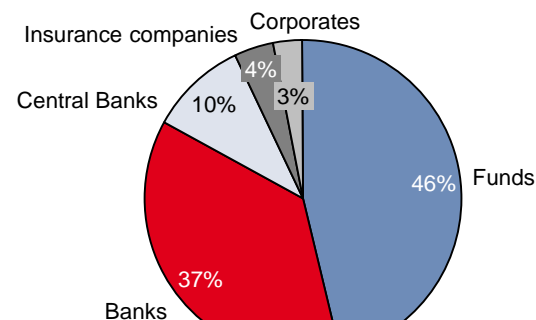
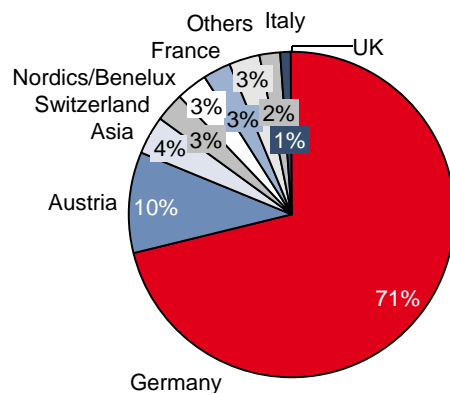
1.375%

26/05/2021

€ 500 mn

May 2014

MS + 25bps



■ In September, successful issue of long 5-year **Mortgage Pfandbrief Benchmark**

**Bank Austria
Mortgage Pfandbrief**

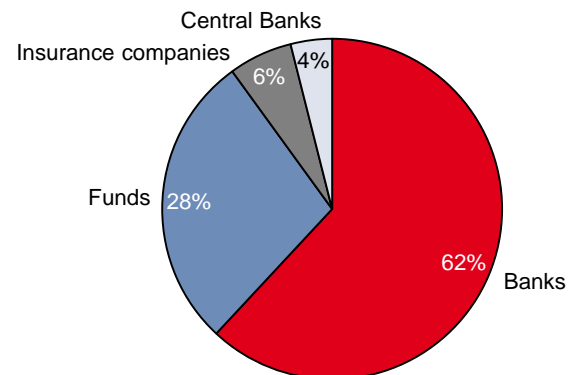
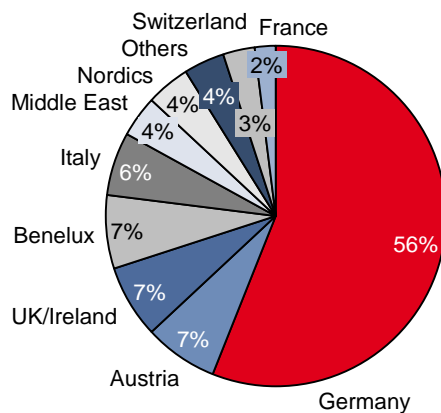
0.5%

16/01/2020

€ 500 mn

Sept. 2014

MS + 7bps

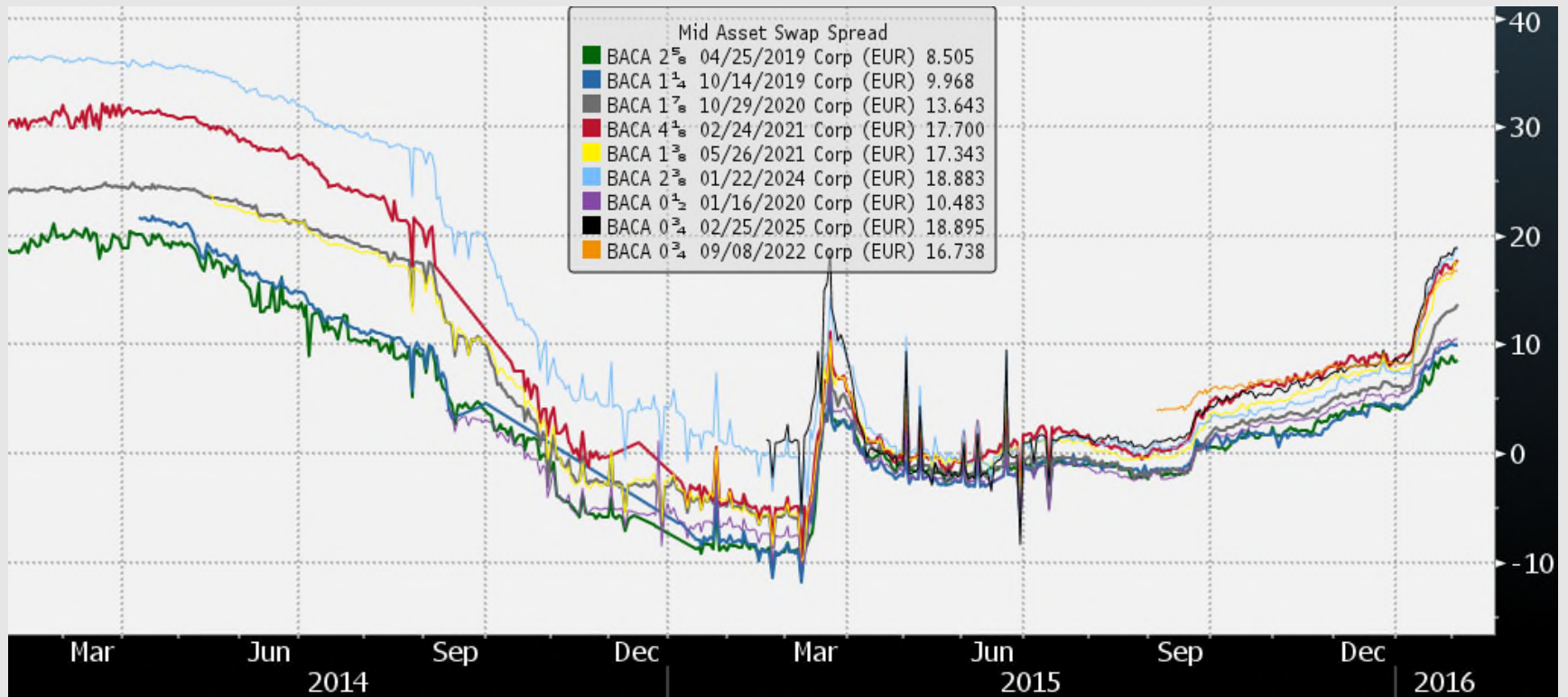


Overview of Pfandbrief Benchmark Issues prior to 2014

Bank Austria Mortgage Pfandbrief	1.25%	30/07/2018	€ 500 mn	July 2013	Mid-Swap +26
Bank Austria Mortgage Pfandbrief / First Tap	1.25%	30/07/2018	€200 mn	Sept. 2013	Mid-Swap +10
Bank Austria Public Sector Pfandbrief	2.375%	15/06/2015	€ 750 mn	June 2010	Mid-Swap +45
Bank Austria Public Sector Pfandbrief	4.125%	24/02/2021	€ 1 bn	Feb. 2011	Mid-Swap +69
Bank Austria Public Sector Pfandbrief	2.875%	04/11/2016	€ 500 mn	Nov 2011	Mid-Swap +85
Bank Austria Public Sector Pfandbrief	2.625%	25/04/2019	€ 500 mn	Apr 2012	Mid-Swap +88
Bank Austria Public Sector Pfandbrief	1.875%	29/10/2020	€ 500 mn	Oct 2013	Mid-Swap +25

Bank Austria Covered Bond Spread Comparison

Stable performance of all BA Covered Benchmark Bonds issued so far



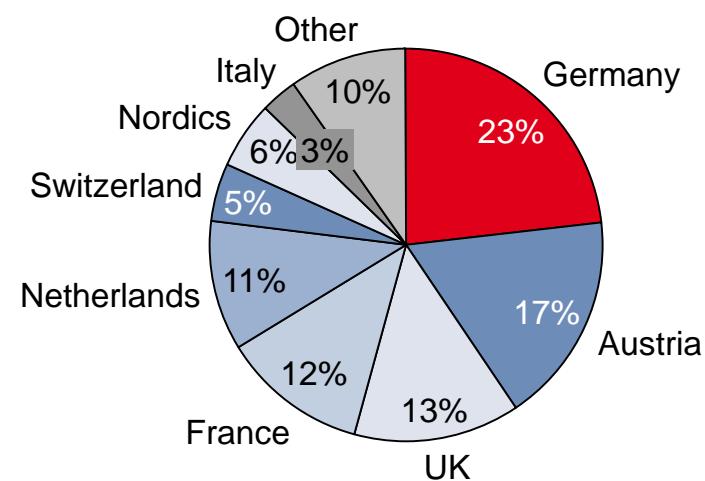
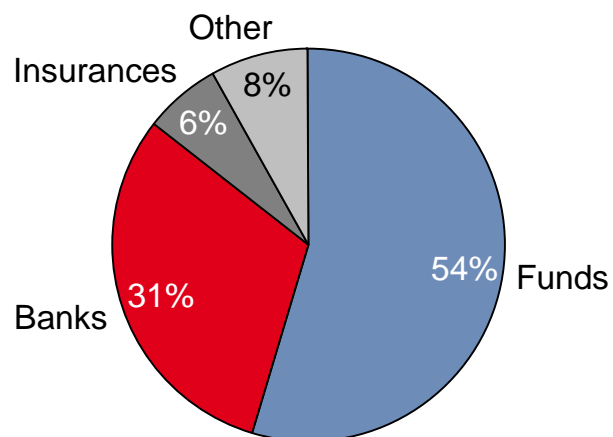
Source: Bloomberg Mid ASW-Spread

Overview of Senior Unsecured Benchmark Issues 2013

- **Senior Unsecured Benchmarks** (January 2013 and its first tap in May and an additional one in November 2013) **were successfully issued**

Bank Austria Senior Unsecured Bond	2.625%	30/01/2018	€ 500 mn	Jan. 2013	Mid-Swap +163
Bank Austria Senior Unsecured Bond	2.625%	30/01/2018	€ 250 mn	May 2013	Mid-Swap +105
Bank Austria Senior Unsecured Bond	2.5%	27/05/2019	€ 500 mn	Nov. 2013	Mid-Swap +135

■ Overview of Investors



CEE – Local issuance activities strengthen the liquidity profile of our banking subsidiaries and open up new funding sources

TR	Club Term Loan	1 y	€ 1 bn equivalent (USD 340 mln / €761mln)	Oct. 2014	floating	MS + 80bps
TR	Diversified Payment of Rights (DPR)	17 y WAL *	€ 362 mln equivalent USD	Oct. 2014	floating	MS + 211bps
RU	Senior Public Market	1 y	€ 96 mln equivalent RUB	Nov. 2014	12.00%	MS + 145bps
CZ	Mortgage Covered Bond	4 y	€ 196 mln	Dec. 2014	1.875%	MS + 80bps
CZ	Mortgage Covered Bond	8.5 y	€ 131.8 mln	March 2015	floating	MS + 48bps
CZ	Mortgage Covered Bond	6 y	€ 234 mln	March 2015	floating	MS + 35bps
CZ	Mortgage Covered Bond	5 y	€ 250 mln	April 2015	floating	MS + 45bps
TR	Club Term Loan	1 y	€ 1,26 bn equivalent (USD 428 mln / €835 mln)	May 2015	floating	MS + 70bps
TR	Diversified Payment of Rights (DPR)	Ø 7.3 y	€ 479 mln equivalent (USD 575 mln)	Jul 2015	floating	Ø MS + 177bps
TR	Club Term Loan	1 y	€ 1,06 bn equivalent (USD 295 mln / €811 mln)	Sept 2015	floating	MS + 75bps

Notice: TR = Turkey, RU = Russia, CZ = Czech Republic *) WAL = weighted average life

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- **Annex**

Executive Summary Bank Austria Public Sector Cover Pool



- **Aaa Rating** by Moody's
- **ECBC Covered Bond Label** has been granted to the Public Sector Cover Pool of Bank Austria
- Cover Pool Volume as of 31 December 2015 amounts to EUR 6,941 mn
- Average volume of loans is approx. € 1.81 mn
- Average seasoning is 5.9 years

Public Sector

Parameters of Cover Pool and Issues

- Total Value of the Cover Pool as of 31 December 2015 in EUR equivalent: 6,941 mn
 - thereof in EUR: 3,424 mn
 - thereof in CHF: 1,768 mn
 - thereof public sector bonds in EUR equivalent: 1,749 mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	6.4
Contracted Weighted Average Life (in years)	8.7
Average Seasoning (in years)	5.9
Total Number of Loans	3,841
Total Number of Debtors	1,425
Total Number of Guarantors	284
Average Volume of Loans (in EUR)	1,806,979
Stake of 10 Biggest Loans	30.4%
Stake of 10 Biggest Guarantors	31.6%
Stake of Bullet Loans	61.1%
Stake of Fixed Interest Loans	34.4%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1.4%

- Moody's Rating: Aaa
- Nominal / Present Value Over-Collateralization^{*)}: 51.6% / 39.8%
- Total Value of Sold Covered Bonds as of 31 December 2015 in EUR: 4,580 mn

Parameters of Issues:	
Total Number	36
Average Maturity (in years)	4.6
Average Volume (in EUR)	127,212,656

^{*)} Austrian Mortgage Banking Act requires a nominal over-collateralisation of 2%. The basis for its calculation is a cover pool value reduced by legally defined haircuts. Taking these haircuts into consideration, the cover pool value amounts to EUR 6,514 mn, thus the overcollateralization is 42.3%.
 Additionally, in its Articles of Association, UniCredit Bank Austria commits itself to an over-collateralisation on a present value basis.

Public Sector











Maturity Structure of Cover Pool and Issues

Maturity of Assets in the Cover Pool	in mn EUR	in %
Maturity up to 12 months	1,547	22.3%
Maturity 12 - 60 months	1,639	23.6%
thereof Maturity 12 - 36 months	536	7.7%
thereof Maturity 36 - 60 months	1,103	15.9%
Maturity 60 - 120 months	925	13.3%
Maturity longer than 120 months	2,830	40.8%
Total	6,941	100.0%

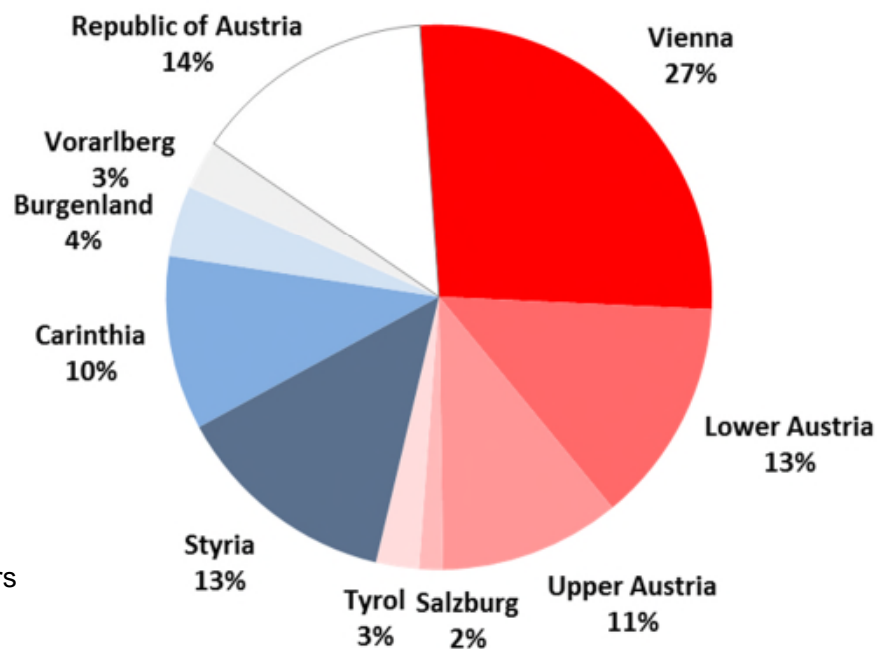
Maturity of Issued Covered Bonds	in mn EUR	in %
Maturity up to 12 months	610	13.3%
Maturity 12 - 60 months	2,060	45.0%
thereof Maturity 12 - 36 months	1,060	23.1%
thereof Maturity 36 - 60 months	1,000	21.8%
Maturity 60 - 120 months	1,627	35.5%
Maturity longer than 120 months	283	6.2%
Total	4,580	100.0%

Public Sector

Regional Breakdown of Assets^{*)} in Austria

Regional Breakdown Austria		in mn EUR	in %
	Vienna	1,863	26.8%
	Lower Austria	924	13.3%
	Upper Austria	744	10.7%
	Salzburg	98	1.4%
	Tyrol	177	2.5%
	Styria	928	13.4%
	Carinthia	716	10.3%
	Burgenland	294	4.2%
	Vorarlberg	203	2.9%
	Republic of Austria	995	14.3%
Total Austria		6,941	100.0%

Regional Breakdown Austria

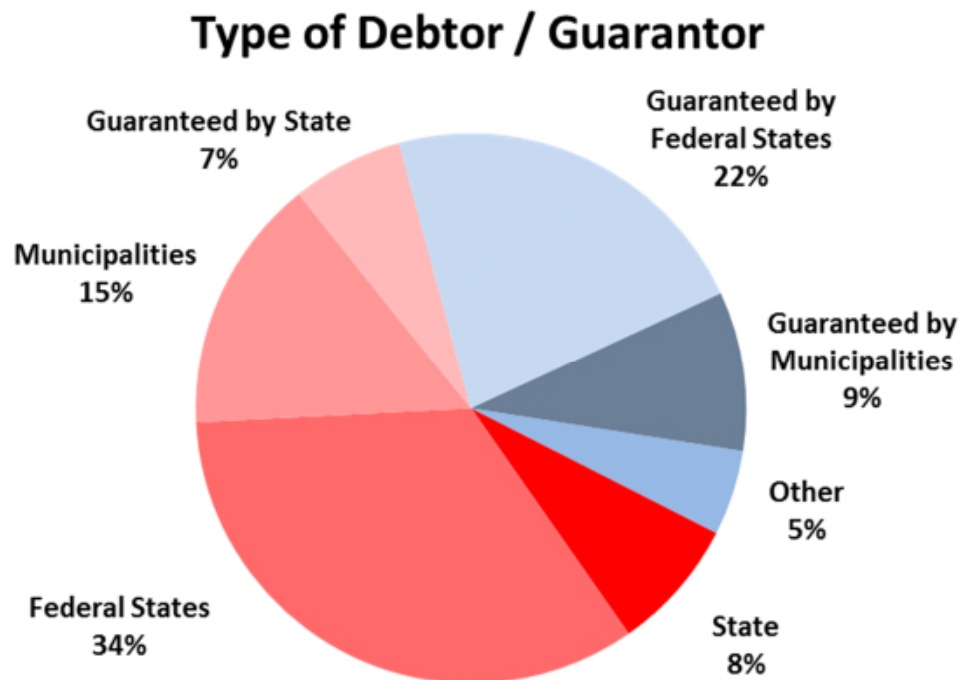


^{*)} Considering Guarantors

Public Sector

Assets Volume Breakdown by Type of Debtor / Guarantor

Assets: Type of Debtor / Guarantor	in mn EUR	Number
State	542	4
Federal States	2,356	50
Municipalities	1,061	2,491
Guaranteed by State	529	166
Guaranteed by Federal States	1,538	256
Guaranteed by Municipalities	739	477
Other	325	447
Total	7,091	3,891

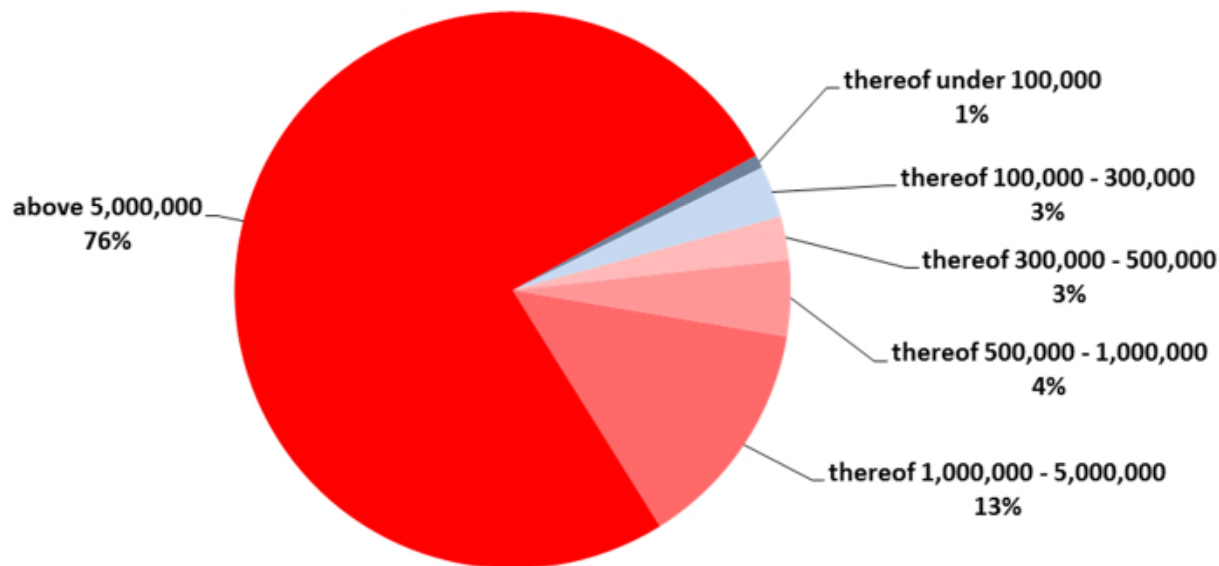


Public Sector

Volume Breakdown by Size of Assets

Volume Breakdown by Size of Assets	in mn EUR	Number
below 300,000	263	2,353
thereof under 100,000	54	1,221
thereof 100,000 - 300,000	209	1,132
300,000 - 5,000,000	1,415	1,398
thereof 300,000 - 500,000	175	489
thereof 500,000 - 1,000,000	306	435
thereof 1,000,000 - 5,000,000	934	474
above 5,000,000	5,263	140
Total	6,941	3,891

Breakdown by Size of Assets



Executive Summary

Bank Austria Mortgage Cover Pool



- **Aaa Rating by Moody's**
- Bank Austria decided to streamline its **Mortgage Cover Pool** targeting a simple and transparent pool composition:
 - focus on **Austrian mortgages only**
 - change to whole loan reporting instead of collateral volume
- **Benefit:**
 - **pure Austrian risk offer** to our investor base
 - no blending of risk, diversification to be decided by investor
 - simple pricing logic
- **ECBC Covered Bond Label** has been granted to the BA Mortgage Cover Pool

Mortgage Cover Pool

Parameters of the Cover Pool and Issues

- Total Value of the Cover Pool as of 31 December 2015 in EUR equivalent: 9,372 mn
 - thereof in EUR: 7,578 mn
 - thereof in CHF: 1,666 mn
 - thereof substitute cover in EUR: 128 mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	9.4
Contracted Weighted Average Life (in years)	14.0
Average Seasoning (in years)	6.1
Total Number of Loans	27,983
Total Number of Debtors	26,198
Total Number of Mortgages	27,983
Average Volume of Loans (in EUR)	330,328
Stake of 10 Biggest Loans	13.4%
Stake of 10 Biggest Debtors	16.9%
Stake of Bullet Loans	37.2%
Stake of Fixed Interest Loans	16.8%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1.4%

- Moody's Rating: Aaa
- Nominal / Present Value Over-Collateralisation*): 86.1% / 90.4%
- Total Value of Issued Mortgage Pfandbriefe as of 31 December 2015 in EUR: 5,037 mn
- Total Value of Sold Mortgage Pfandbriefe as of 31 December 2015 in EUR: 4,437 mn

Parameters of Issues:	
Total Number	104
Average Maturity (in years)	5.6
Average Volume (in EUR)	48,428,588

^{*)} Austrian Mortgage Banking Act requires a nominal over-collateralization of 2%. The basis for its calculation is a cover pool value reduced by legally defined haircuts. Taking these haircuts into consideration, the cover pool value amounts to EUR 6,176 mn, thus the overcollateralization is 22.6%. Additionally, in its Articles of Association, UniCredit Bank Austria commits itself to an over-collateralization on a present value basis.

Mortgage Cover Pool

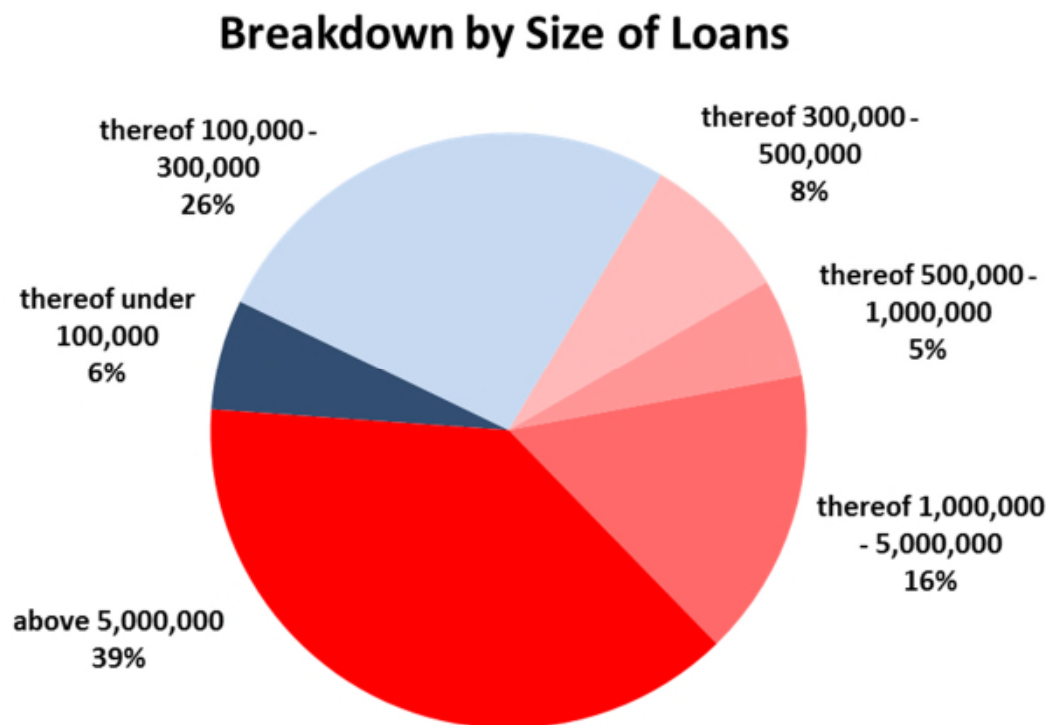
Maturity Structure of Cover Pool and Issues

Maturity of Assets in the Cover Pool		in mn EUR	in %
Maturity up to 12 months		459	4.9%
Maturity 12 - 60 months		1,122	12.0%
thereof Maturity 12 - 36 months		531	5.7%
thereof Maturity 36 - 60 months		591	6.3%
Maturity 60 - 120 months		1,944	20.7%
Maturity longer than 120 months		5,848	62.4%
Total		9,372	100.0%
Maturity of Issued Covered Bonds		in mn EUR	in %
Maturity up to 12 months		224	4.4%
Maturity 12 - 60 months		2,740	54.4%
thereof Maturity 12 - 36 months		1,094	21.7%
thereof Maturity 36 - 60 months		1,646	32.7%
Maturity 60 - 120 months		1,718	34.1%
Maturity longer than 120 months		355	7.0%
Total		5,037	100.0%

Mortgage Cover Pool










Assets Volume Breakdown

Volume Breakdown by Size of Loans	in mn EUR	Number
below 300,000	3,039	24,295
thereof under 100,000	566	10,206
thereof 100,000 - 300,000	2,473	14,089
300,000 - 5,000,000	2,733	3,516
thereof 300,000 - 500,000	761	2,081
thereof 500,000 - 1,000,000	504	728
thereof 1,000,000 - 5,000,000	1,468	707
above 5,000,000	3,599	172
Total	9,372	27,983

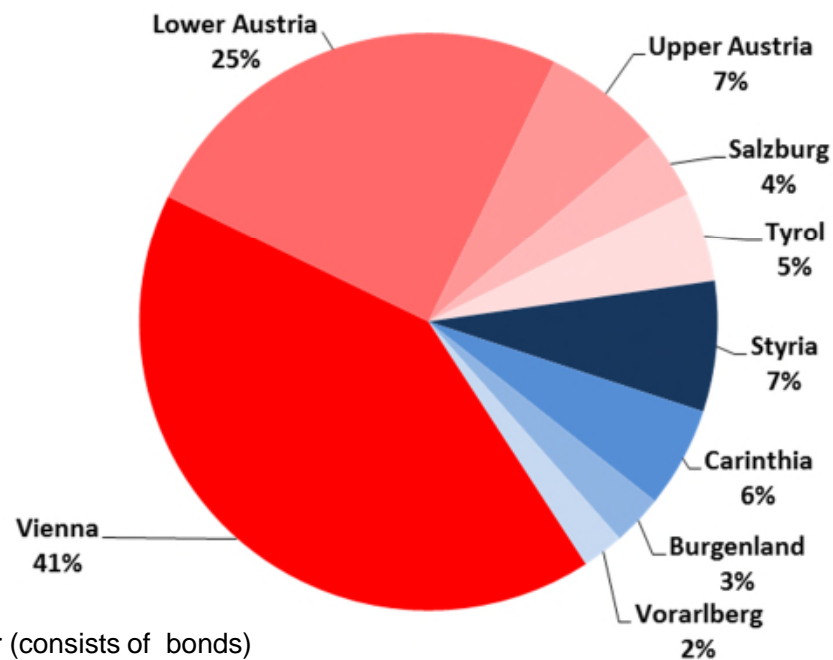


Mortgage Cover Pool

Regional Breakdown ^{*)} of Mortgages in Austria

Regional Breakdown Austria		in mn EUR	%
	Vienna	3,820	41.3%
	Lower Austria	2,311	25.0%
	Upper Austria	621	6.7%
	Salzburg	351	3.8%
	Tyrol	467	5.1%
	Styria	675	7.3%
	Carinthia	521	5.6%
	Burgenland	262	2.8%
	Vorarlberg	215	2.3%
Total		9,244	100.0%

Regional Breakdown Austria

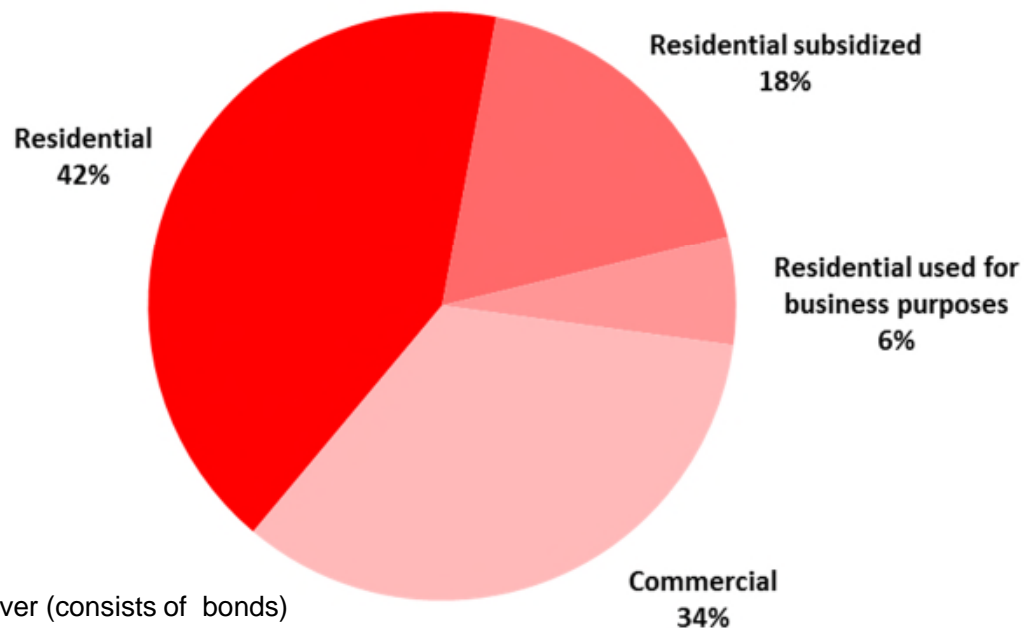


^{*)} Without substitute cover (consists of bonds)

Mortgage Cover Pool Breakdown^{*)} by Type of Use

Mortgages Breakdown by Type of Use	in mn EUR	Number
Residential	3,867	24,190
Residential subsidized	1,690	1,963
Residential used for business purposes	547	1,069
Commercial	3,140	761
thereof Office	1,314	141
thereof Trade	988	70
thereof Tourism	189	109
thereof Agriculture	18	87
thereof mixed Use / Others	632	354
Total	9,244	27,983

Mortgages / Type of Use



^{*)} Without substitute cover (consists of bonds)

Mortgage Cover Pool

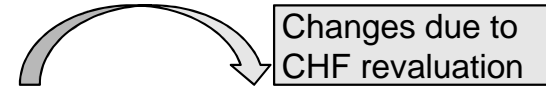
Breakdown^{*)} by Type of Use

- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 9,244 mn** as of 31 December 2015
(without substitute cover)
- **All mortgages in cover pool are located in Austria**
 - The main concentration is in the City of Vienna 41.3% and the state of Lower Austria 25.0%
- **Breakdown of cover pool by type of use:**
 - 66.0% residential real estate (thereof 18.3% subsidized)
 - 34.0% commercial real estate, divides as follows:
 - Office 14.2%
 - Trade 10.7%
 - Tourism 2.1%
 - Other / Mixed use 7.0%

CHF Loans in mortgage Cover Pool are 100% private residential financing

- The over-collateralization is approx. EUR 4.4 bn or 86% (as of 31st December 2015)

Overview	31.12.2015			
Issue volume	EUR 5.0 bn			
Over-collateralization	EUR 4.4 bn (86%)			
Total Asset Value	EUR 9.4 bn	o/w CHF	31.12.2014	31.12.2015
Total Cover Value	EUR 6.2 bn	o/w CHF	EUR 1.6 bn	EUR 1.7 bn (18% of total asset value)
			EUR 670 mln	EUR 604 mln (10% of cover value / HypBG)



- Covering of CHF risk in Cover Pool
 - FX-risks are explicitly considered in the rating process of Moody's and are reflected as part of their over-collateralization requirement
 - *Moody's currently requires an OC of 28.0%*
- Internal Risk Management of Bank Austria
 - According to the Cover Pool Regulation of Bank Austria NPLs are removed regularly (monthly).
 - *Less than 1% of the loans (175 of 26,000) were taken out in 2014 for this reason*
 - Special safety buffers are designated for CHF Loans

The credit rating of FX-Loans is subject to additional and stricter standards and will - as always - be evaluated regularly

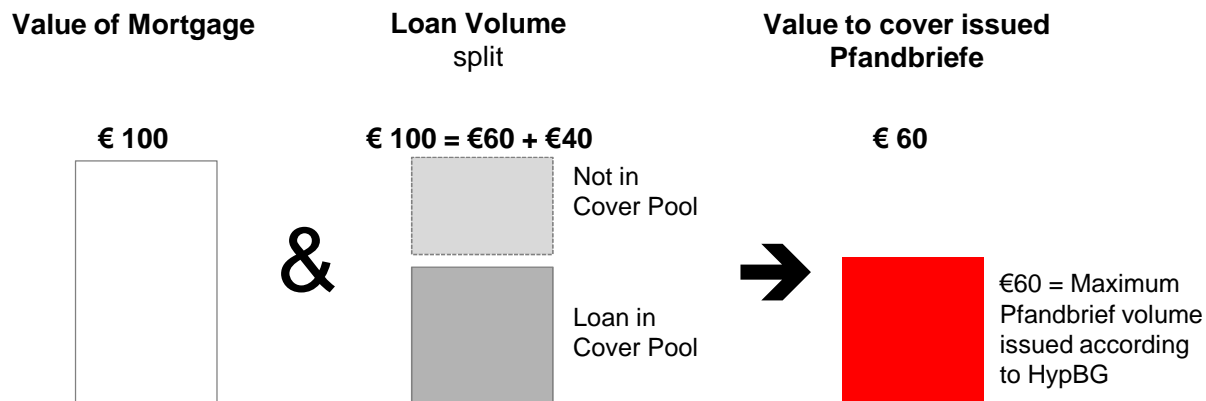
 - *For CHF Loans an additional FX-buffer of 25% on the credit volume is considered, which must be covered by the credit rating of the client*
 - No new CHF mortgage loans, therefore no inflows into Cover Pool since 2010

Bank Austria's Whole Loan Approach

Whole Loan Approach and its Benefits for Investors

According to the Austrian Mortgage Banking Act (HypBG), the maximum coverage volume of "*Beleihungswert*" is 60% (maximum current outstanding of the loan)

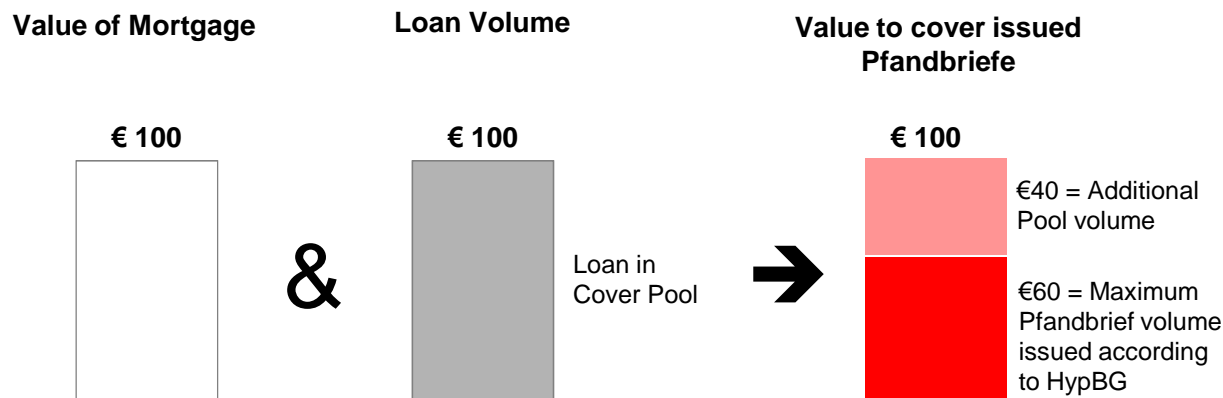
Scenario I: Split Loan Approach = Minimum Approach



For optimization of its collateral value loans are split into 2 parts:

- 1) included in cover pool and
- 2) not included in cover pool

Scenario II = Approach of Bank Austria = Whole Loan Approach



The whole loan – and not only its legally assigned value – is included in the cover pool to collateralize BA's issued Mortgage Pfandbriefe.

Thus, investors benefit from collateralization above legal requirement in BA's cover pool.

Agenda

- **Overview Bank Austria**
 - Business Model & Strategy
 - Profit & Loss
 - Balance Sheet & Capital Ratios
- **Liquidity & Funding**
 - Funding Strategy & Position
 - Transactions
 - Cover Pool
- **Annex**

Agenda

- **Annex**
 - **Bank Austria within UniCredit Group**
 - Real Estate Market Austria
 - Legal Situation – Austrian Covered Bonds

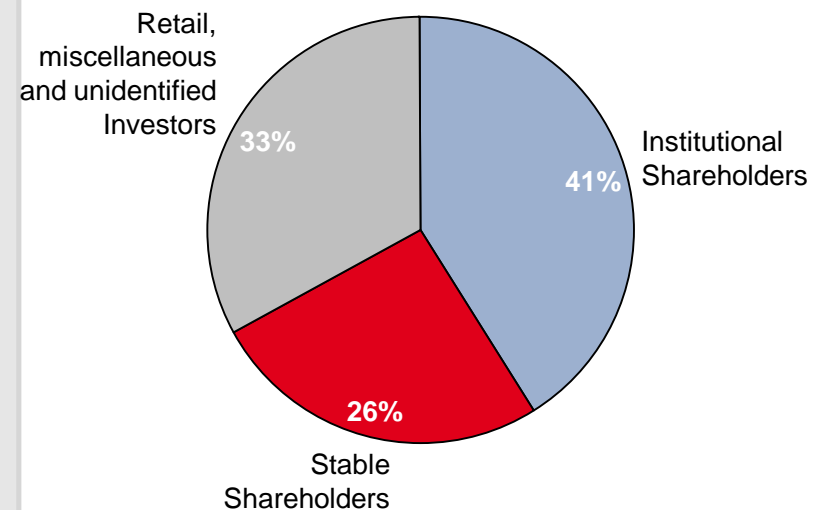
UniCredit at a glance

A clear international profile based on a strong European identity

UniCredit Highlights

- Strong local roots in almost 20 countries
- ~ 125,500 employees
- ~ 6,900 branches
- ~ 32 mn customers in Europe
- One of the most important banks in Europe with total assets of ~ € 860 bn
- One of the 30 Global Systemically Important Banks (“G-SIBs”) worldwide
- Market capitalization of ~ € 21 bn ²⁾
- Common Equity Tier 1 (CET1) Ratio at 10.94% under Basel 3 fully loaded ³⁾

Shareholder Structure¹⁾



Main shareholders:

- Stable shareholders, e.g. Foundations
- Institutional investors
- Retail investors

Role of Bank Austria within UniCredit

Within UniCredit, Bank Austria is the

- **Central hub** for the **CEE Region** (except Poland) and the
- **Responsible unit** for the **Austrian market**

Bank Austria benefits from being part of UniCredit:

- **Strong market presence** in **17 European countries**
- Access to a **worldwide network**
- **Leveraging** on the **know-how** of the **Group's product factories**

Bank Austria as UniCredit's central hub for the CEE Region¹⁾:

- **Holding for banks** in **13 CEE countries** with a population of approx. 300 mn
- Managing a network of about **1,300 branches** and **28,000 FTE²⁾** in CEE³⁾
- Development of retail and corporate business in the region
- Liquidity management for the CEE subsidiaries
- Management of credit and market risk
- Responsibility for HR development

1) According to the "Strategic Plan of UniCredit" published on 11 Nov. 2015, CEE business to be transferred under the management of UniCredit SpA by end of 2016; 2) FTE = Full-time equivalent; 3) excl. a further 1,000 branches and ~19,000 FTE of the Turkish Joint Venture

Agenda

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Austrian Real Estate Market

Overview

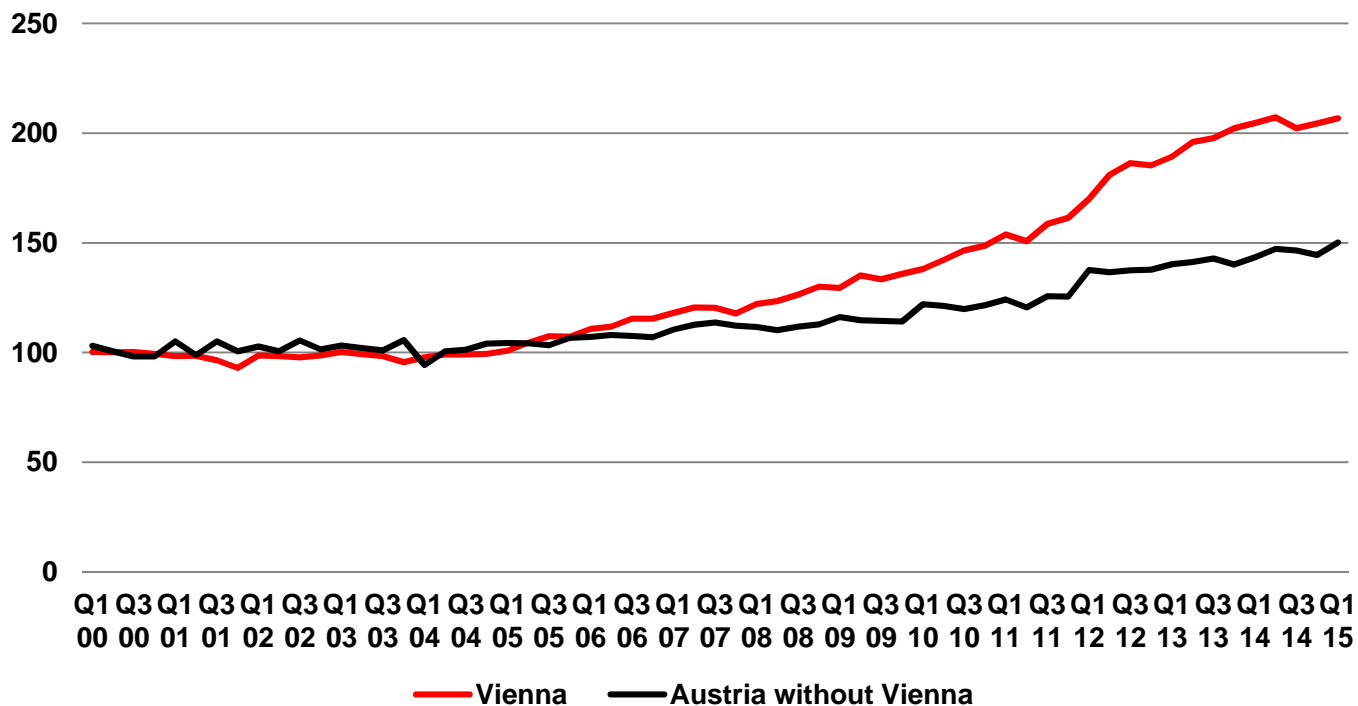
- The Austrian real estate market has the well-earned reputation as a relatively stable market. IPD/MSCI annually analyses an Austrian portfolio consisting of office, retail, residential, logistics and other properties. In 2014 as a whole, the total return of this portfolio amounted to 5.3%. Over the last ten years annual average total return was calculated as 5.7% and even in the crisis years 2008/2009 the total return never declined below 4%.
- In 2014 investment in commercial real estate in Austria reached a new record volume of up to EUR 3bn depending on the source. Although the result for the first half of 2015 disappointed, search for yield is strongly supporting demand for real estate. As a consequence, investment in 2015 as a whole could even outperform 2014.
- Residential real estate prices in Vienna have increased considerably in the last years. Although price increases have slowed down since mid 2014, prices were still overvalued by around 19% in the first quarter 2015 according to calculations done by the Austrian National Bank.

Austrian Real Estate Market

Prices for residential real estate

- Strong increase in residential real estate prices in Vienna has slowed down somewhat in the last quarters
- Prices in Austria excl. Vienna showed a much more moderate development

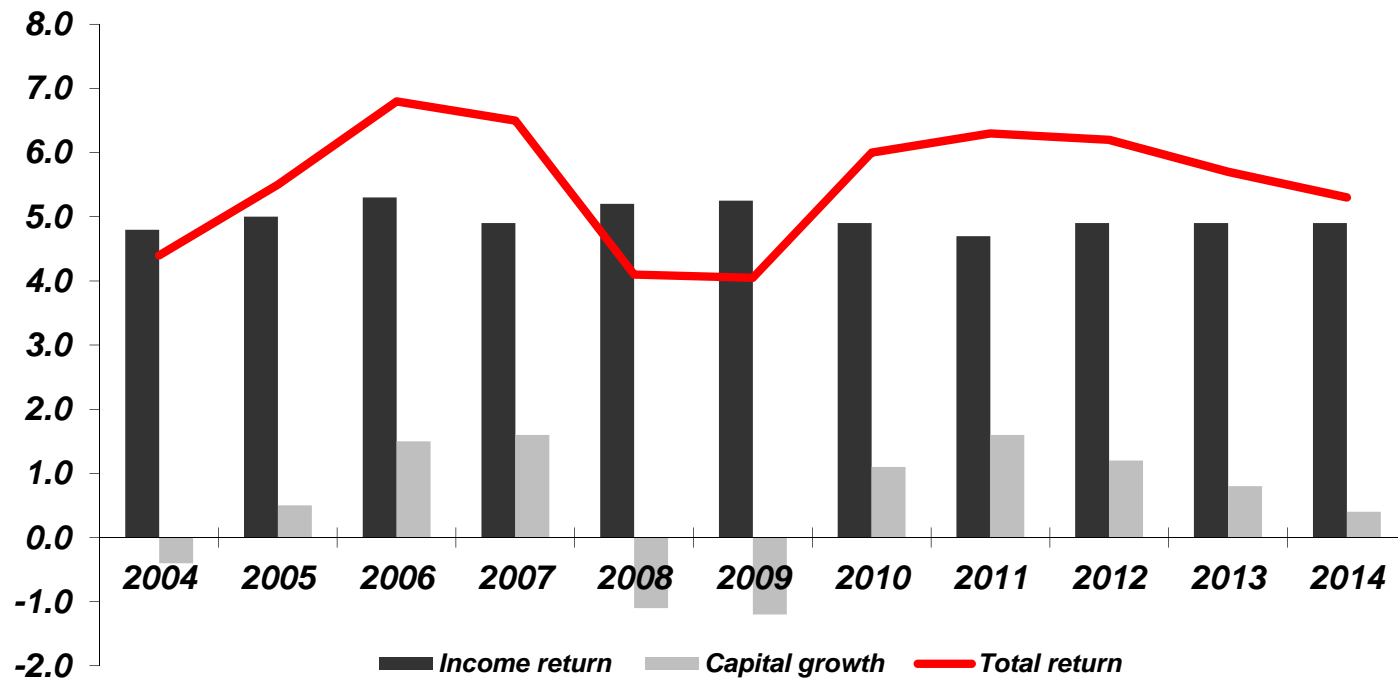
Residential property price index



Austrian Real Estate Market IPD

- Austria's real estate market scores through relatively high stability, which is confirmed by calculations done by IPD/MSCI

IPD - Total Return



Agenda

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Austrian Legal Framework

Mortgage and Public Sector Pfandbriefe

Austrian Covered Bonds

Pfandbriefe

**Fundierte
Schuldverschreibungen**

Hypothekbankgesetz
(Mortgage Banking Act 1899)

Pfandbriefgesetz
(Pfandbrief Law 1938)

Law of 1905



Bank Austria

Remark:

Austrian 'Mortgage Pfandbriefe' also follow the same legal regulation as 'Public Sector Pfandbriefe'

Comparison Austria vs. Germany

Criteria of Pfandbrief law / Hypothekendarlehenbankgesetz	Austria	Germany
Pfandbrief law in place	YES	YES
Mortgage and public sector collateral assets in separate pools	YES	YES
Cover register	YES	YES
Collateral assets limited to Europe	YES	X
Legally required minimum over-collateralization	YES	YES
Cover pool monitoring (Trustee)	YES	YES
Special proceedings in case of insolvency	YES	YES
Pfandbriefe remain outstanding in case of issuer's bankruptcy	YES	YES
NPV matching	YES*	YES

- Austrian „Hypothekendarlehenbankgesetz“ was initially based on the German legislation
- Important changes to the German "Pfandbrief" - legislation were followed by the Austrian "Hypothekendarlehenbankgesetz", which continues to reflect the principal features of the German "Pfandbriefgesetz"
- Main differences in the current version are:
 - German law also allows collateral assets from non-European countries
 - German law includes compulsory NPV-matching, whereas in Austria a voluntary commitment is foreseen to be stipulated in the articles of association. Bank Austria, accordingly, included such clause in its articles of association

* if included in the Articles of Association of the respective credit institution

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