

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 March 2016

- **Member of UniCredit since 2005**
- **Leading corporate bank and one of the largest retail banks** in Austria
- **~ 6,800 FTE** and **about 190 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** (11.2% CET1 Ratio)
- **Stable liquidity** with a perfect balance between customer loans and direct funding

	03/16	12/15
Total Assets	197.8	193.6
Customer Loans	117.1	116.4
Direct Funding	142.6	139.1
Equity	15.7	15.4

In € bn

	1Q16	1Q15
Operating income	1,369	1,387
Operating costs	-755	-753
LLP	-144	-210
Net profit	59	199

In € mn

RoE after tax	1.7%
Cost / income ratio	55.1%
CET1 capital ratio ³⁾	11.2%
Total capital ratio ³⁾	15.1%

Non-performing exposure ratio	3.7%
Coverage ratio	57.5%
Cost of risk	49bp

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

Market share loans / deposits Austria ⁴⁾	14.6 % / 14.3 %
Market share loans / deposits CEE ⁴⁾	5.8% / 5.4%

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) plus a further ~ 19,000 FTE and ~ 1,000 branches in Turkey (the 41%-stake now being consolidated at equity); 3) Capital ratios based on all risks; Basel 3 (transitional) and IFRSs; end of period; 4) As of February 2016

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**

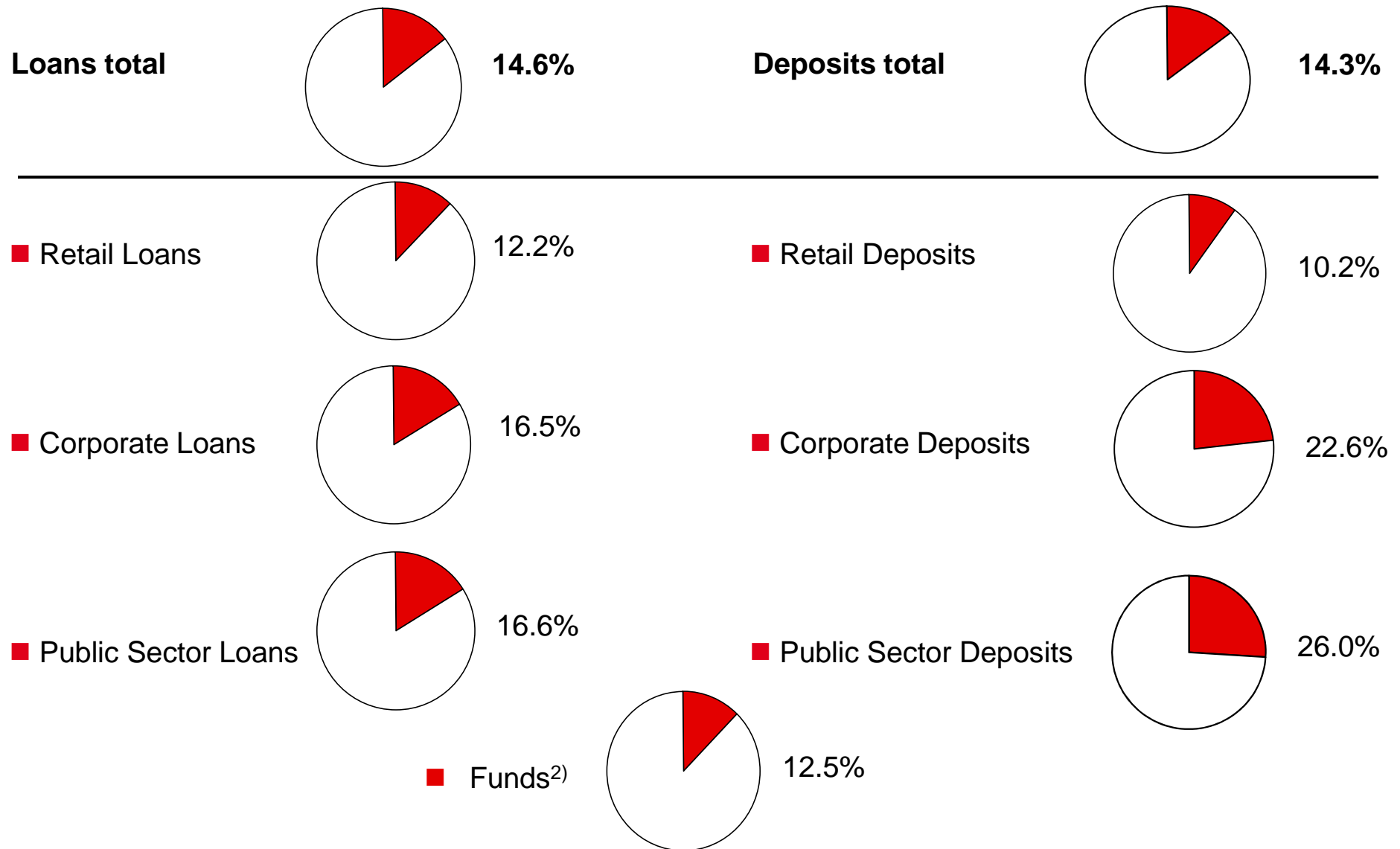
Commercial Banking

- The division covers
 - **Retail customers**
 - **Corporate customers**
 - **Real Estate**
 - **Public Sector** (excluding Republic of Austria)
- **Broad coverage** through a network of approx. **190 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

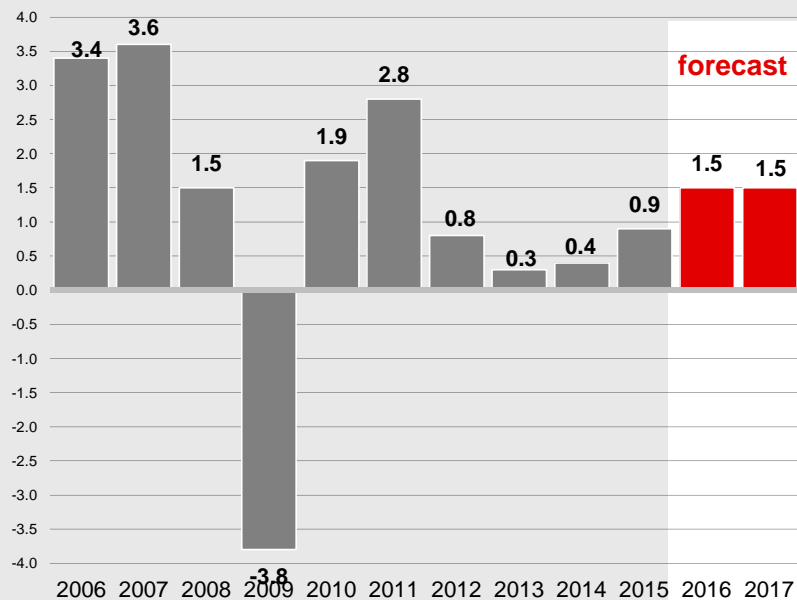
Bank Austria's Market Shares¹⁾ in the Domestic Customer Business (as of February 2016)



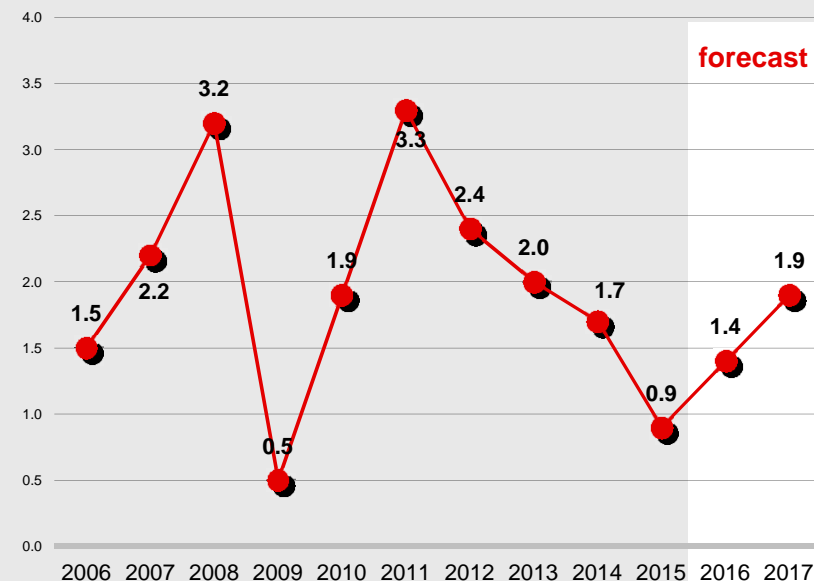
**Very efficient network structure to cover the important size of customer share
with only 5% of all bank branches in Austria**

Economic Conditions in Austria

Austrian economic growth YoY in %

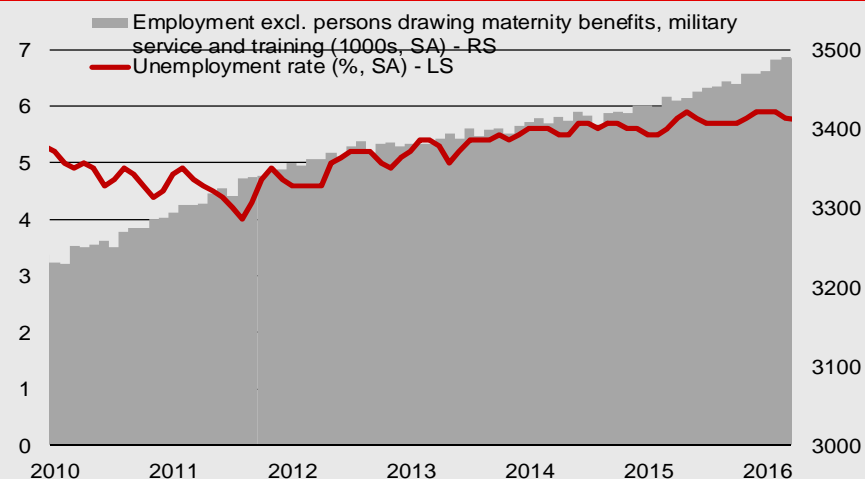


Austrian inflation rate YoY in %



- The Austrian economy started 2016 with growth of 0.6% qoq respectively 1.3% yoy. So, economic growth in the first quarter of 2016 exceeded the 0.9% recorded in 2015.
- Domestic demand, first and foremost private consumption following the tax reform, will keep the Austrian economy moving in the coming quarters as well. We still anticipate economic growth of 1.5% in 2016.
- The low oil prices still curb the inflationary trend in Austria, while the economy still lacks the impetus for an improvement on the labor market. Since the labor supply will continue to grow, we still foresee an increase in the unemployment rate up to even 6% on average for 2016.

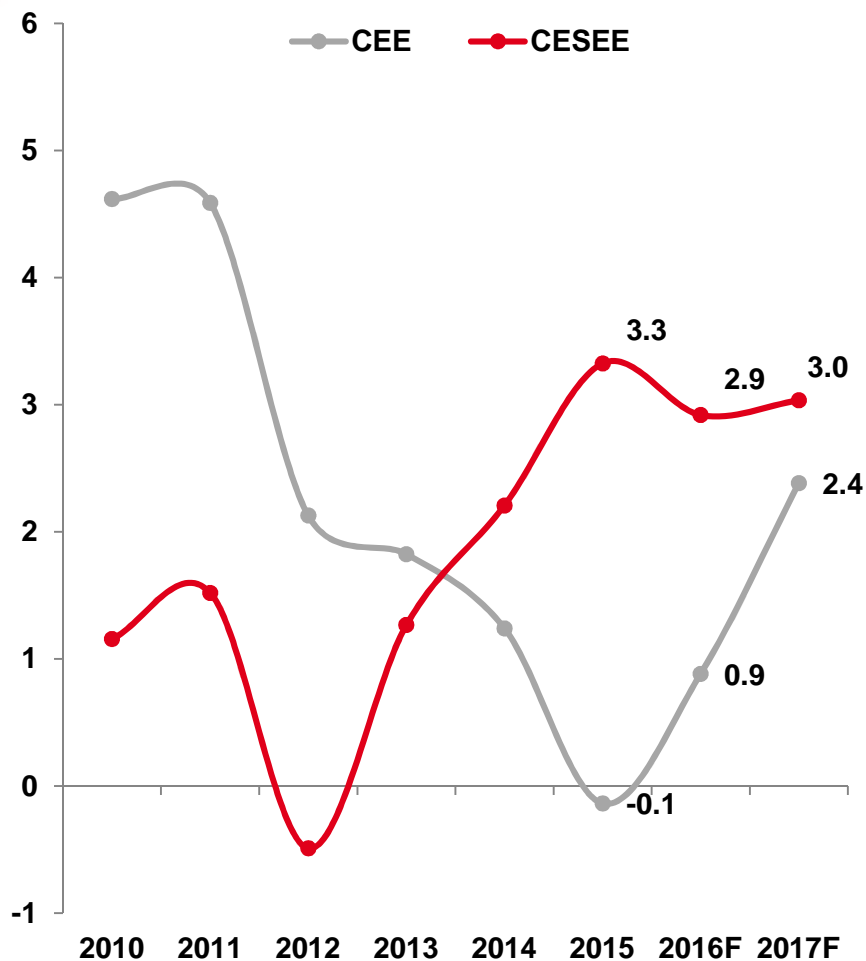
Employment and unemployment rate



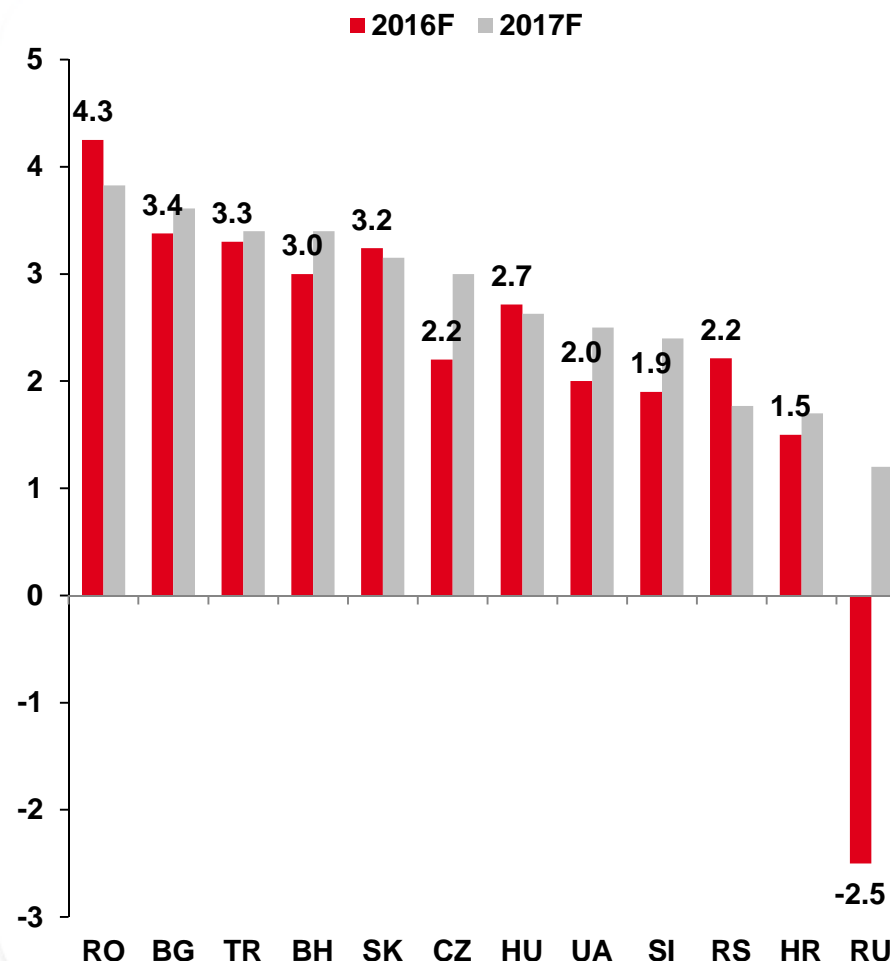
Source: Statistik Austria, Bank Austria Economics & Market Analysis Austria

Economic growth in CESEE to continue on its recovery path, while in CEE it is picking up slowly due to developments in Russia

Real GDP growth*, %



Cross-country breakdown*



The GDP forecasts are from the CEE Quarterly published by UniCredit Research in March 2016

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

The Leading Network in Central & Eastern Europe

Broad presence of Bank Austria in CEE Region



	Ranking	Market Share	Total Assets (€ mn)	Customer Loans (€ mn)	Primary Funds (€ mn)	Branches
Russia	9	2%	19,401	10,689	14,281	102
Czech Republic	4	10%	23,142	13,601	16,166	184
Slovakia ¹⁾	5	8%	-	-	-	-
Croatia	1	27%	14,190	9,485	9,880	134
Bulgaria	1	20%	9,633	5,219	6,832	184
Romania	5	8%	7,548	4,957	4,112	183
Hungary	2	8%	7,593	3,444	4,427	56
Ukraine ("held for sale") ²⁾	7	3%	-	-	-	239
Slovenia	4	7%	2,735	1,800	1,908	28
Bosnia & Herzegovina	1	24%	2,926	1,840	2,097	118
Serbia	3	10%	2,569	1,566	1,284	71
CEE Division (excl. Turkey) at equity consolidated			95,696	58,045	61,089	²⁾ 1,301
Turkey ³⁾	5	10%	30,119	20,963	19,362	1,038
CEE Division (incl. Turkey)			125,815	79,008	80,451	²⁾ 2,339

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

Note: Data as of 31 March 2016, ranking and market share as of Dec 2015 (except Czechia, Slovenia - as of Sep 2015)

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

2) Due to "held for sale" status, data related to Ukraine is included only in the calculation for number of branches.

3) Turkey consolidated at equity as from 2014

- **The leading player in CEE: # 1 by assets, branches and net profit**
- **~ € 61 bn Direct funding *)**
- **~ 1,300 branches**) and ~ 28,000 FTE **)**
- **Within top 5 in 10 Countries**

*) excl. Turkey (consolidated at equity), Ukraine (held for sale)

**) excl. ~1,000 branches and ~19,000 FTE of Turkish Joint Venture

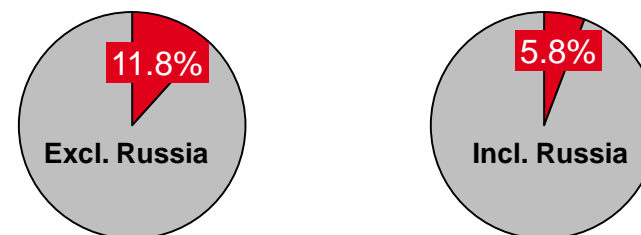
CEE Division¹⁾ – incl. Details on Turkey and Ukraine (as of 31 March 2016)

Turkey and Ukraine shown separately as

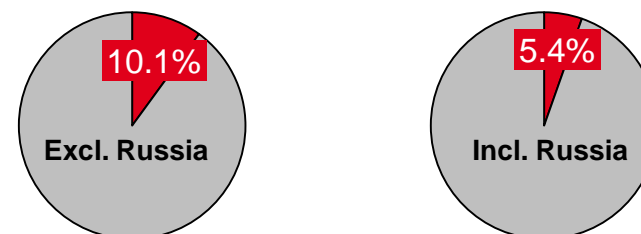
- **Yapi Kredi** (Turkish Joint-Venture) consolidated at equity since 2014
- **Ukrsotsbank** (Ukraine) reclassified to “Held for Sale”

(€ mn)	CEE (excl. TR, UA)	Turkey (at 40.9%)	Ukraine
Loans to Customers	58,045	20,963	1,277
Primary Funds ²⁾	61,089	19,362	835

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

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 Austria ²⁾	Baa2 Stable	P-2	Ba2	BBB Negative	A-2	BB+	BBB+	F2	-
UniCredit S.p.A.	Baa1 Stable	P-2	Ba1	BBB- Stable	A-3	BB	BBB+	F2	BBB
Public Sector Covered Bond	Aaa			-			-		
Mortgage Covered Bond	Aaa			-			-		

(as of 11 May 2016)

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 – 1Q16

Sound operating performance due to improvements in LLPs, net profit impacted by restructuring costs and higher systemic charges

(€ mn)	1-3/ 2016	1-3/ 2015	y/y	1Q16	4Q15	1Q15	q/q	y/y
Operating Income	1,369	1,387	-1.3%	1,369	1,568	1,387	-12.7%	-1.3%
Operating Costs	-755	-753	0.2%	-755	-798	-753	-5.4%	0.2%
Operating Profit	615	634	-3.0%	615	771	634	-20.2%	-3.0%
Net Write-Downs of Loans	-144	-210	-31.4%	-144	-251	-210	-42.7%	-31.4%
Net Operating Profit	471	424	11.0%	471	520	424	-9.4%	11.0%
Non-Operating Items	-354	-112	>100.0%	-354	110	-112	>-100.0%	>100.0%
Profit Before Tax	117	313	-62.5%	117	630	313	-81.4%	-62.5%
P/L discontinued operations	12	-60	>-100.0%	12	-145	-60	>-100.0%	>-100.0%
Other positions	-71	-54	30.9%	-71	175	-54	>-100.0%	30.9%
Group Net Profit	59	199	-70.5%	59	659	199	-91.1%	-70.5%
Cost / Income Ratio (in %)	55.1%	54.3%	80 bp	55.1%	50.9%	54.3%	423 bp	80 bp

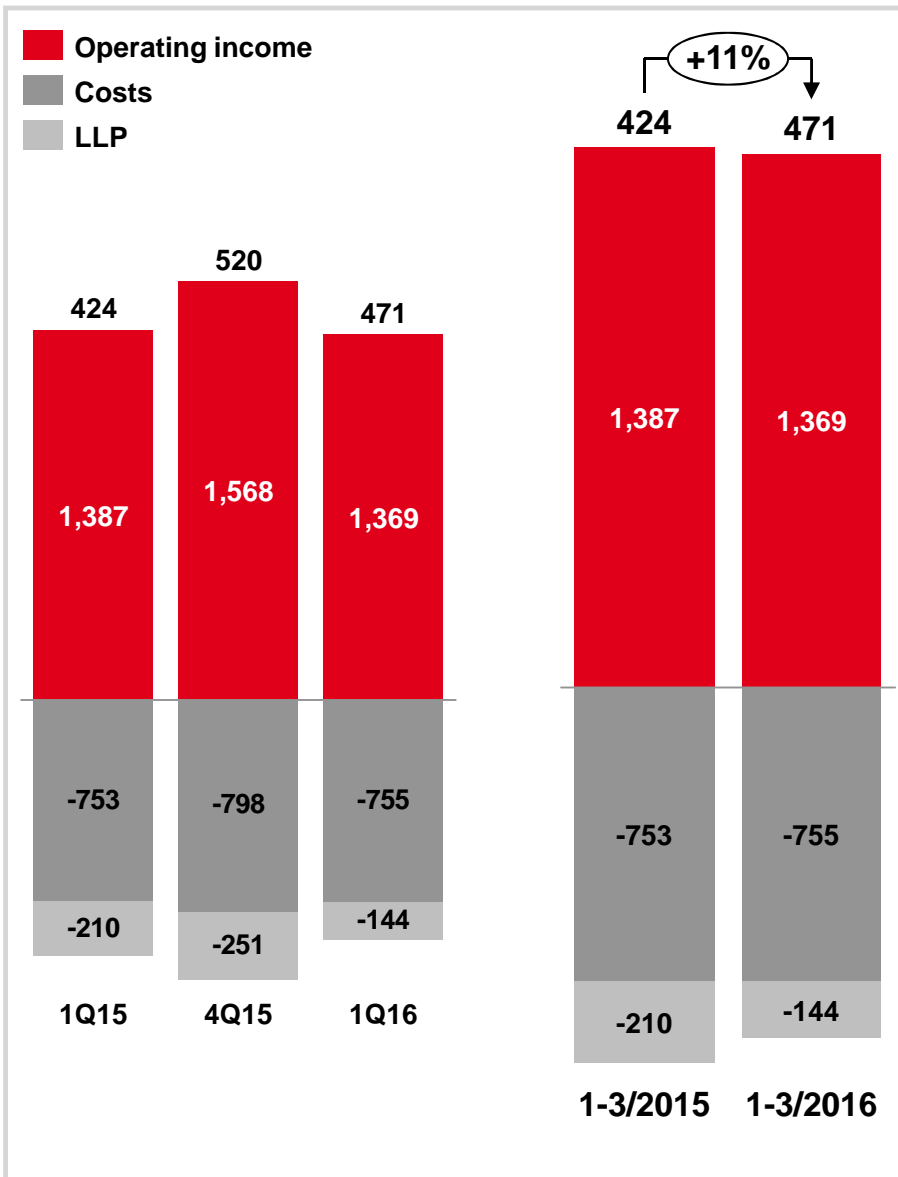
- **Operating income down -1% y/y**, mainly due to lower trading income (impacted by Credit Value Adjustments/CVA)
- **Costs flat vs. 1Q15**, improvement especially in payroll costs, following strict cost management
- **Net write-downs of loans significantly below y/y**, with very favorable development in Austria and improvements in CEE
- **Non-operating items** include mainly systemic charges (€ -172 mn - o/w Austria € -86 mn, CEE € -86 mn – and up by € -66 mn y/y) and restructuring costs (€ -206 mn: driven by an amendment to the Austrian social security law, leading to a higher provisioning need relating to the transfer of pension obligations to the state system)
- **Other positions** include the income tax of € -58 mn, mainly relating to CEE
- **Group net profit at € 59 mn** down y/y impacted by restructuring costs and higher systemic charges

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

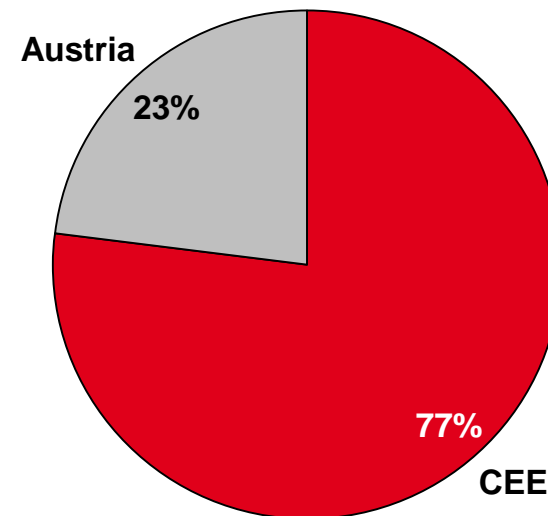
Net Operating Profit

1Q16 higher y/y due to improvements in LLP

Net Operating Profit Composition (€ mn)



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



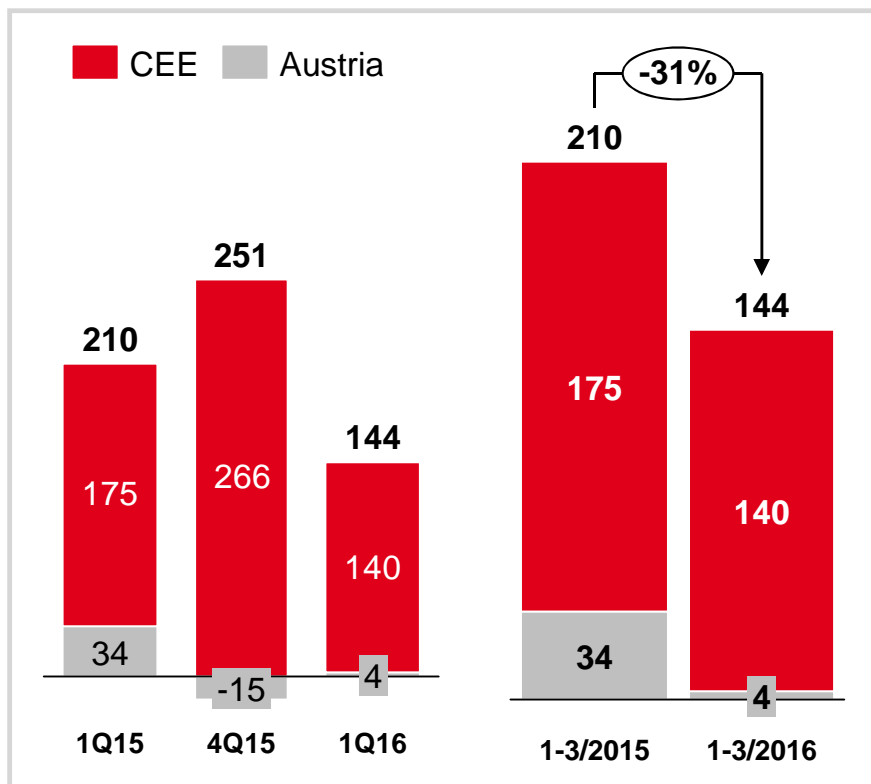
^{*)} without Corporate Center Austria and CEE Subholding Functions

- **NOP up y/y (+11%)**
- **Reduction of revenues y/y** due to lower net trading income both in Austria and CEE (partly due to negative CVA and FVA impact in 1Q16)
- **Costs flat y/y** – in Austria lower payroll costs, offset by a one-off increase in other administrative costs
- **LLP lower y/y**, with very favorable development in Austria and overall improvement in CEE

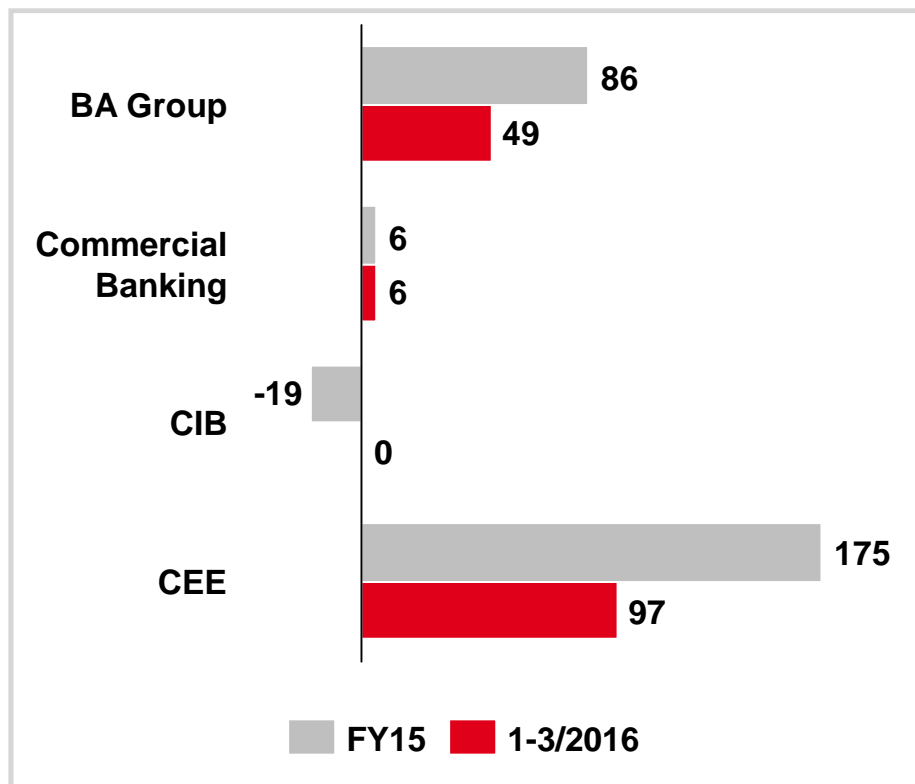
Loan Loss Provisions and Cost of Risk

General favorable development in LLPs and Cost of Risk

Net Write-Downs of Loans (in mn €)



Cost of Risk (in basis points)

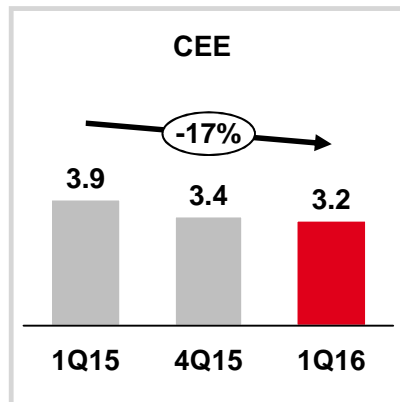
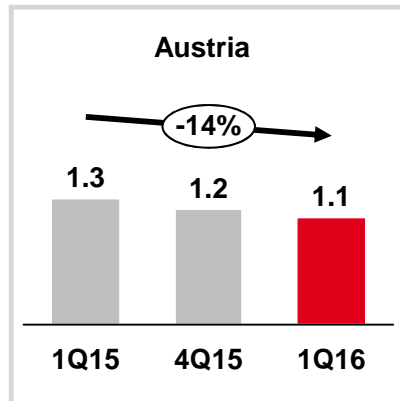
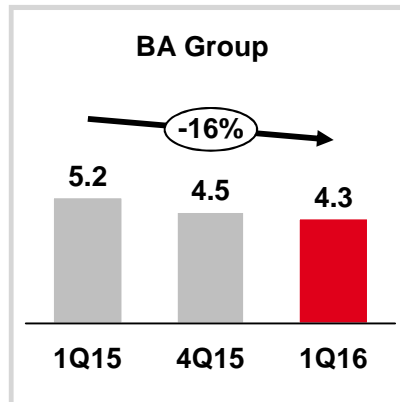


- **LLPs (-31%) and Cost of risk** (BA Group at 49 bps vs. FY15 with 86 bps) **lower y/y** due to:
 - Continuing favourable development in **Austria** in Retail & Corporates, as well as in CIB. Overall improvement by € -31 mn vs. 1Q15 (with Cost of Risk in Austria at only 2 bps)
 - **CEE**: Overall improvement y/y of LLPs (€ -35 mn)

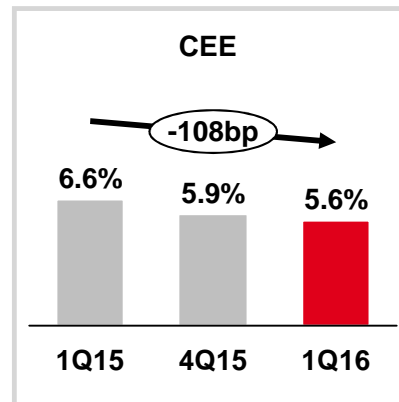
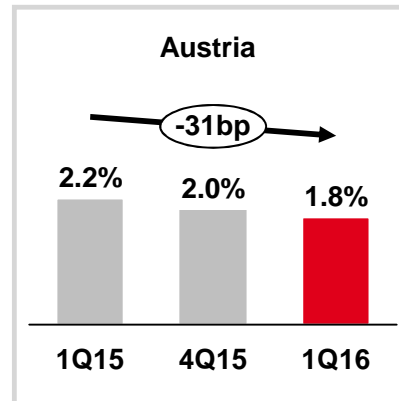
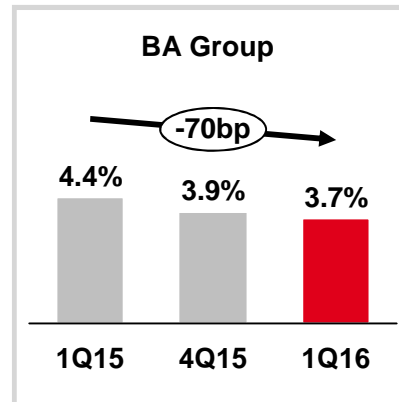
Asset Quality

Asset Quality Ratios improving further in 1Q16

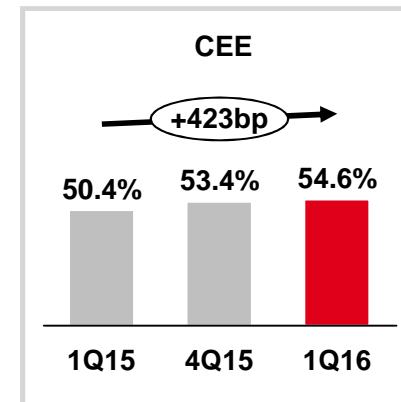
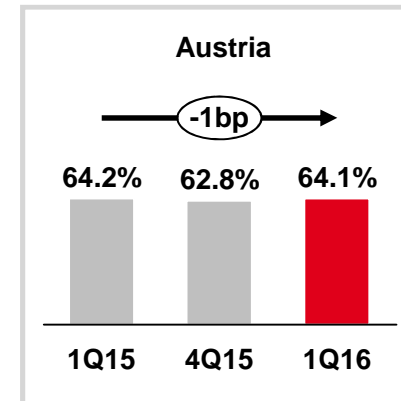
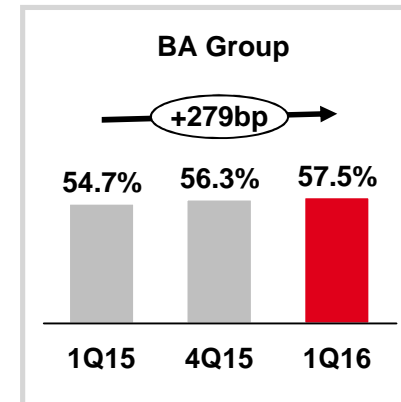
Net NPE ¹⁾
(in bn €)



% of Net NPE
on Total Net Loans ¹⁾



% Coverage Ratio on
NPE ¹⁾



- In 1Q16 a further **reduction of Gross Non Performing Exposure** in Austria as well as in most CEE countries (except Russia) led to a decrease of **Net Non Performing Exposure** (Austria: € -85 mn, CEE: € -137 mn) causing shrinking **NPE Ratios** and improving **Coverage Ratios** in Austria and CEE
- In CEE, and in particular in Russia a remarkable **improvement** of the **Coverage Ratio** was achieved (CEE 54.6%, Russia 54.8%)
- **High quality of loan portfolio in Austria**

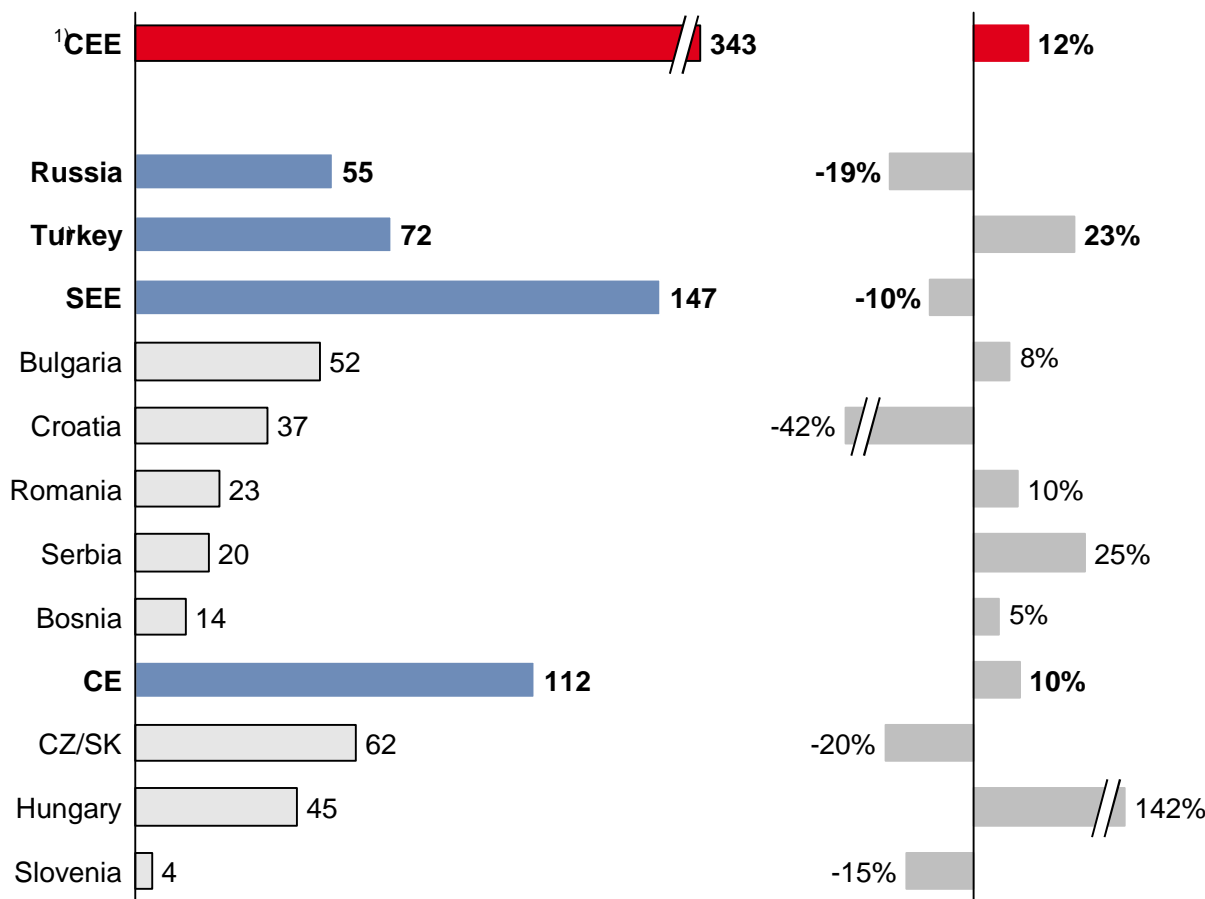
¹⁾ on-balance clients (non-banks) only

CEE Division increases profit before tax by 12% (at constant rates)

Strong start of the year in most countries

Profit before tax 1-3 2016

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



- **Profit before tax up by 12% y/y (at constant rates)** due to increase in revenues in 1Q16 and lower level of provisions in most of the countries vs. previous year
- 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** strong operating performance esp. in Serbia, Romania and Bulgaria, but Croatia down y/y due to negative trading result (CVA)
- Strong development in **Central Europe**, with exceptional performance in Hungary (higher revenues, lower bank levy) and solid 1Q16 in CZ/SK (however lower vs. an exceptional 1Q15)
- **Cost/income ratio** of CEE Division at excellent 39.5%

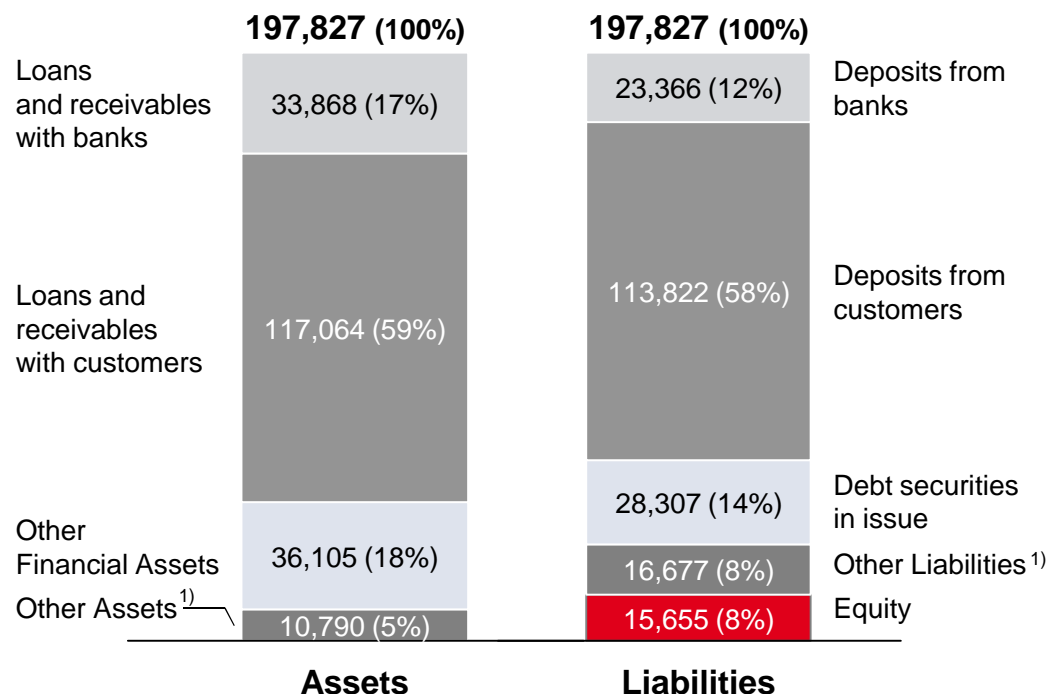
¹⁾ Turkey consolidated at equity, therefore incl. in CEE total with net profit of € 72 mn. The proportionate profit before tax amounts to € 93 mn.

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Balance Sheet structure (as of 31 March 2016)

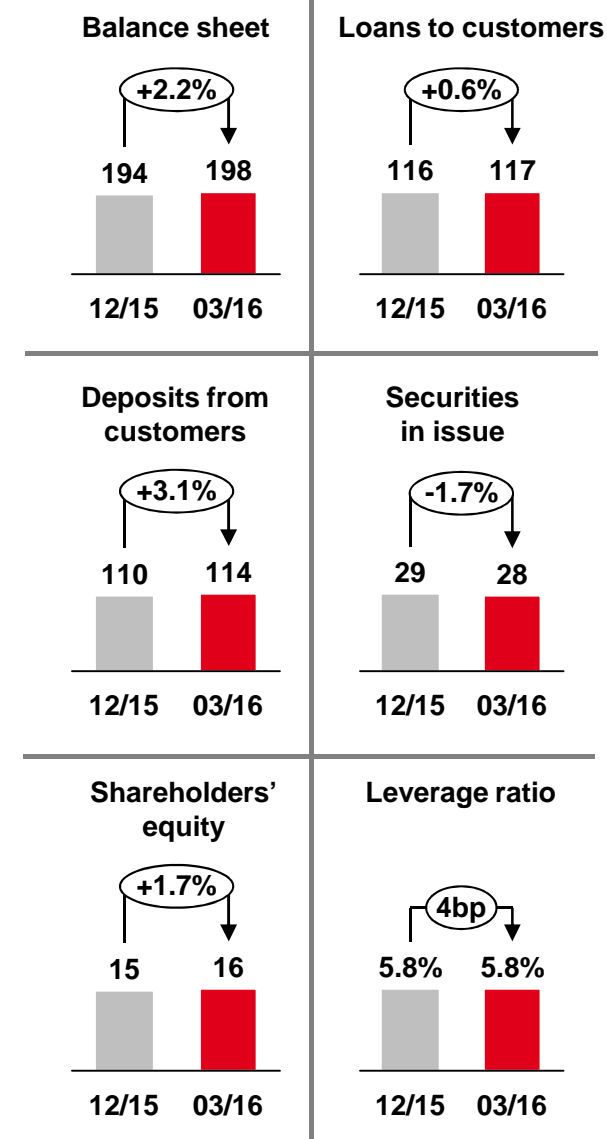
Balance Sheet (€ mn)



- **Balance sheet development + 2% q/q**, driven in particular by higher deposit volumes
- **Solid equity base of € 15.7 bn** (up vs. YE15 by + 2%)
- **Leverage Ratio at strong 5.8%**

Change vs. 31 December 2015

(€ bn)

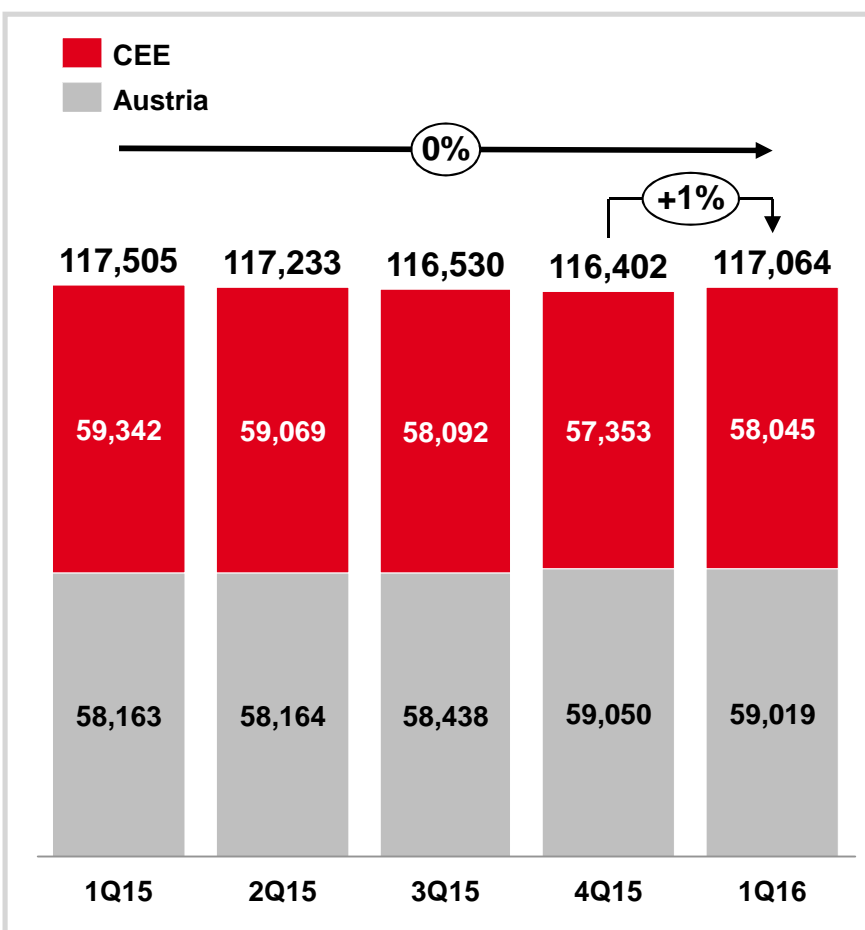


¹⁾ Ukrasbank in "held for sale" (Other Assets/Other Liabilities)

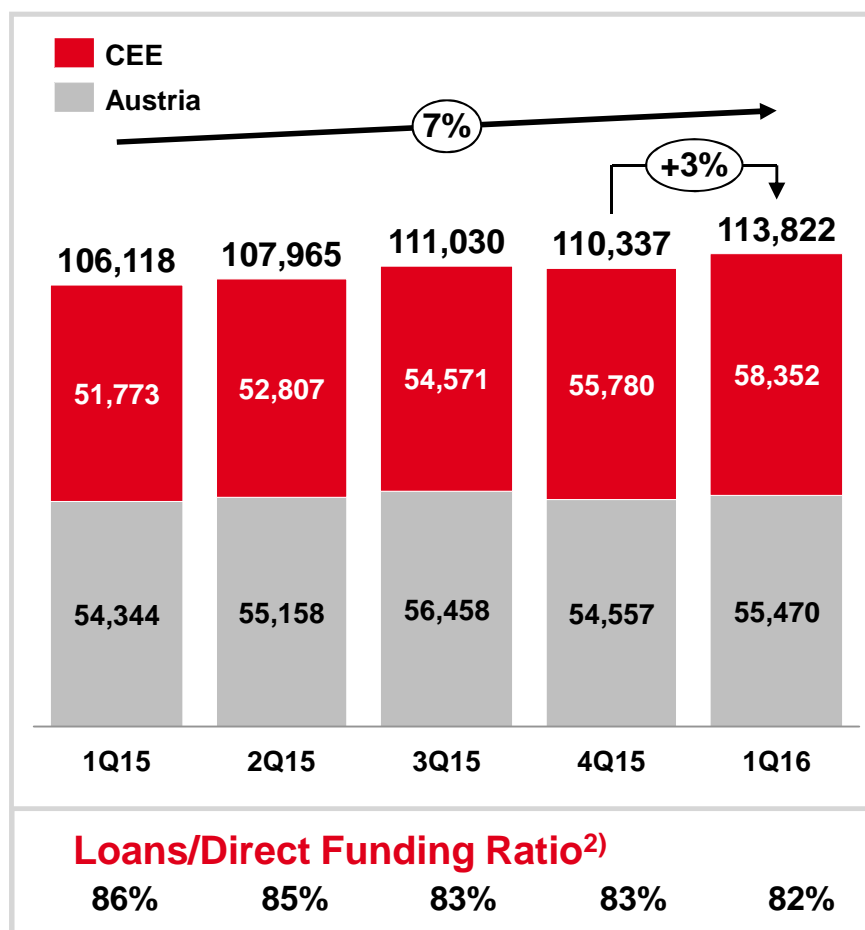
Loan and Deposit Volumes

Strong increase in deposits y/y, very good Loans/Direct Funding Ratio

Loans to Customers¹⁾ (€ mn)



Deposits from Customers¹⁾ (€ mn)



Loans/Direct Funding Ratio²⁾

86% 85% 83% 83% 82%

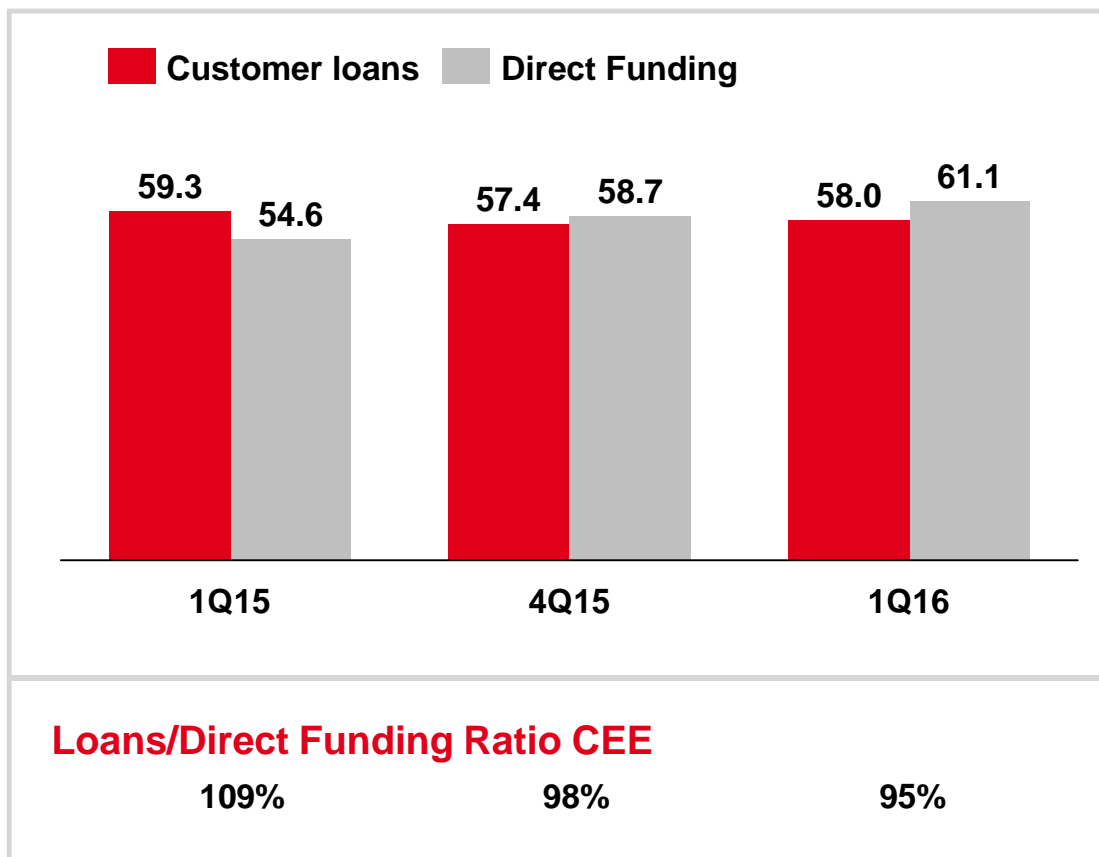
- **Loans to customers q/q** stable in Austria and slightly up in CEE (strong performance in CZ/SK). Y/y, improvement in Austria (in particular CIB and Corporates); growth in CEE overcompensated by Ruble depreciation
- **Deposits from customers +3% q/q**, overall positive trend in both Austria (in particular Corporates and PB) and CEE (almost all countries). **Strong growth of 7% y/y**, driven both by Austria and all CEE countries
- Overall excellent funding base, **Loans/Direct Funding Ratio at very good 82%**

¹⁾ All figures recast and excl. Turkey and Ukraine; ²⁾ Loans / (deposits + securities in issue + financial liabilities at fair value)

Volumes in CEE

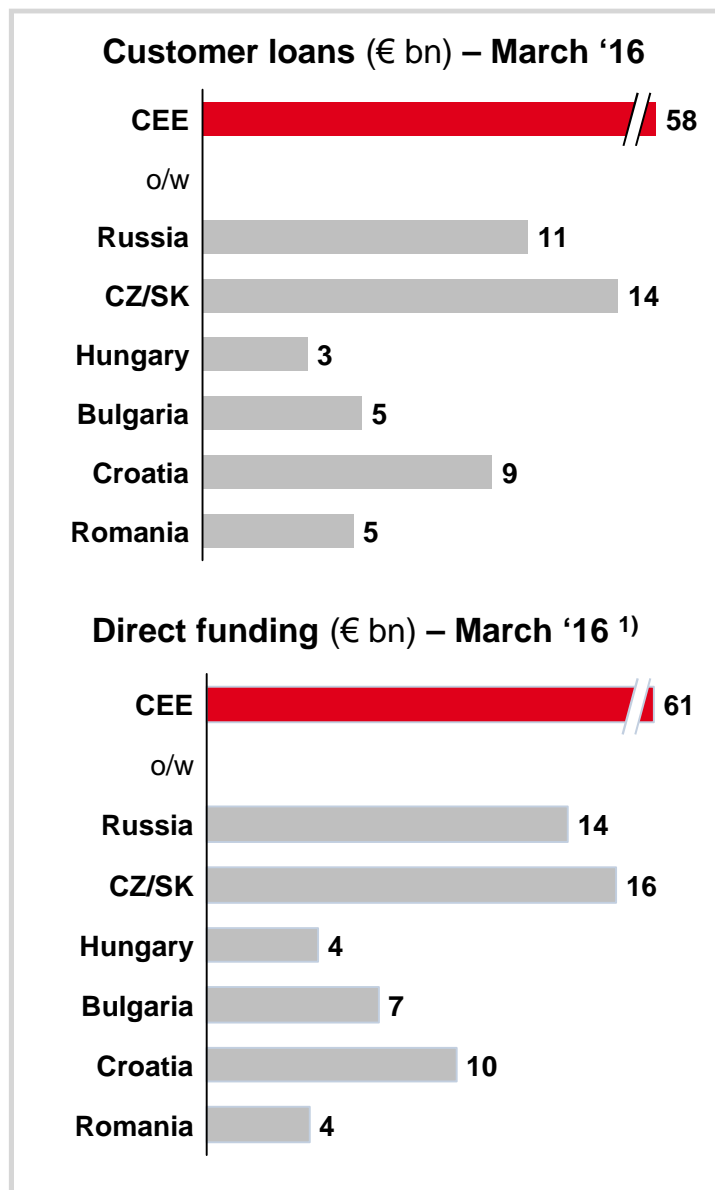
Good business development, impact from currency movements

Customers loans / Direct Funding (€ bn) ¹⁾



- **Loans/Direct Funding:** Within CEE, ratio significantly improved y/y to 95%
- **Regional Breakdown:** well-balanced distribution of volumes, with Russia, Czechia/Slovakia and Croatia as largest banks. In a proportionate view, equity-consolidated Turkey would be the largest CEE bank (loans 21 bn, direct funding 19 bn)

Regional Breakdown

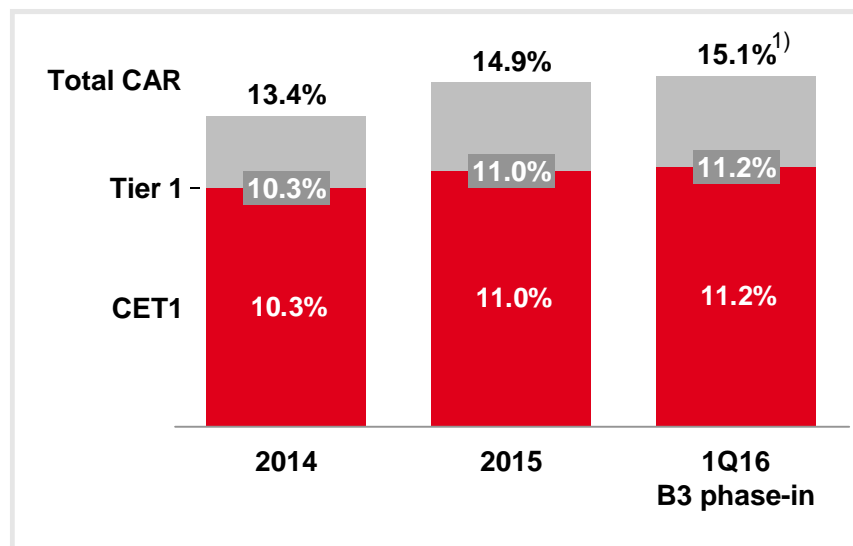


¹⁾ Deposits + securities in issue + financial liabilities at fair value

Capital position and RWA

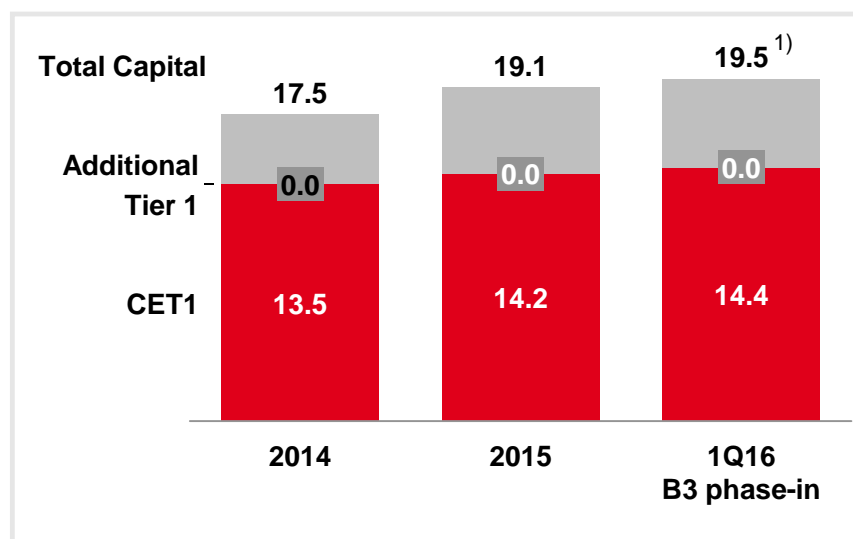
Sound capital ratios

Capital Ratios

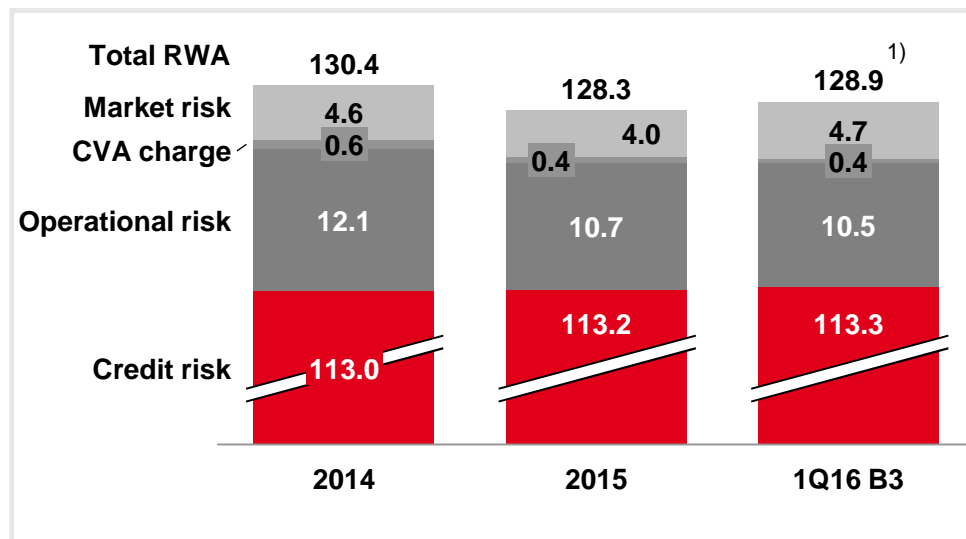


- **Common Equity Tier 1 (CET1) ratio increased to 11.2% and Total Capital ratio to 15.1%** (both according to Basel 3 phase-in)
- **Safe capital base** as Bank Austria – unlike its main competitors – did not take up state capital
- **Increase of regulatory capital** due to CET1 changes and a Tier 2 issue in Turkey
- **Total RWA stable vs YE** (flat development of Credit RWA, increase in Market Risk (higher trading portfolio) partly mitigated by lower Operational Risk)

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 (Baa1/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-anleihen</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

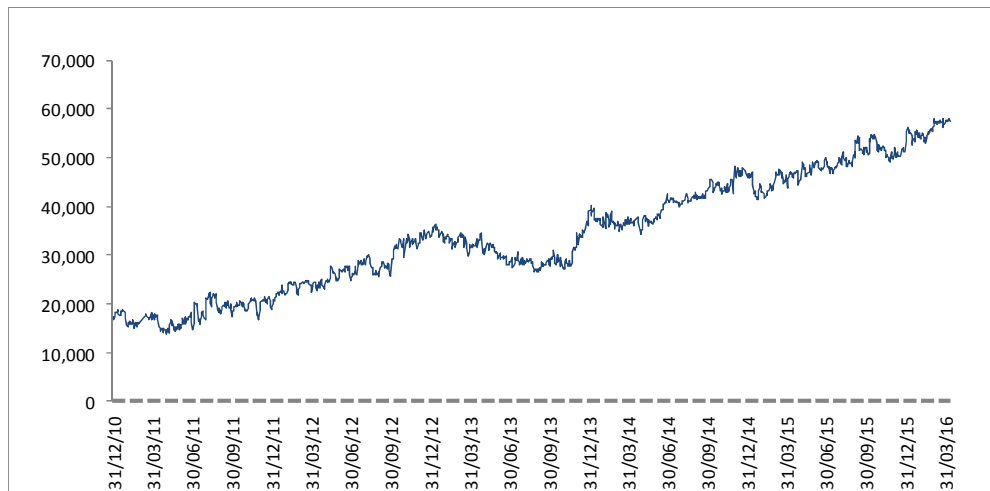
- Bank Austria acting as an **independent Regional Liquidity Center (RLC)** within UniCredit Group - in line with the **self-funding principle** of the new Group Strategy
- Bank Austria **manages the liquidity development in Austria and CEE**

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

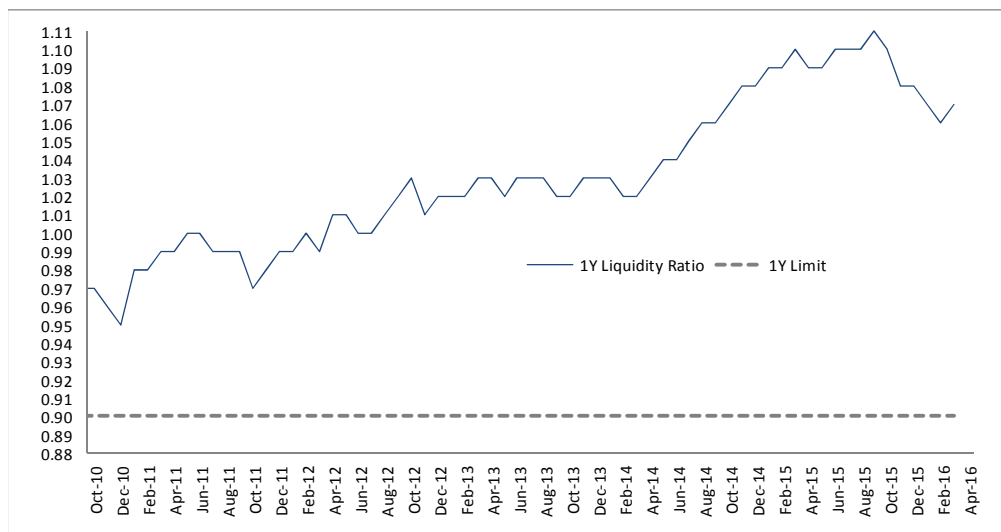
BA Group-wide Liquidity Position (steered centrally by ALM BA)

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



- **Positive primary GAP**
- **Cash horizon constantly above 3M**, above the Group target
- **Sound counterbalancing capacity** (approx. € 34bn on 3m bucket), increased by € 4.0 bn year on year
- **Liquidity Coverage Ratio** as of 30th March 2016 was still at safe level of 132% for BA AG and 190% for BA Group.

Structural liquidity ratio (1Y)



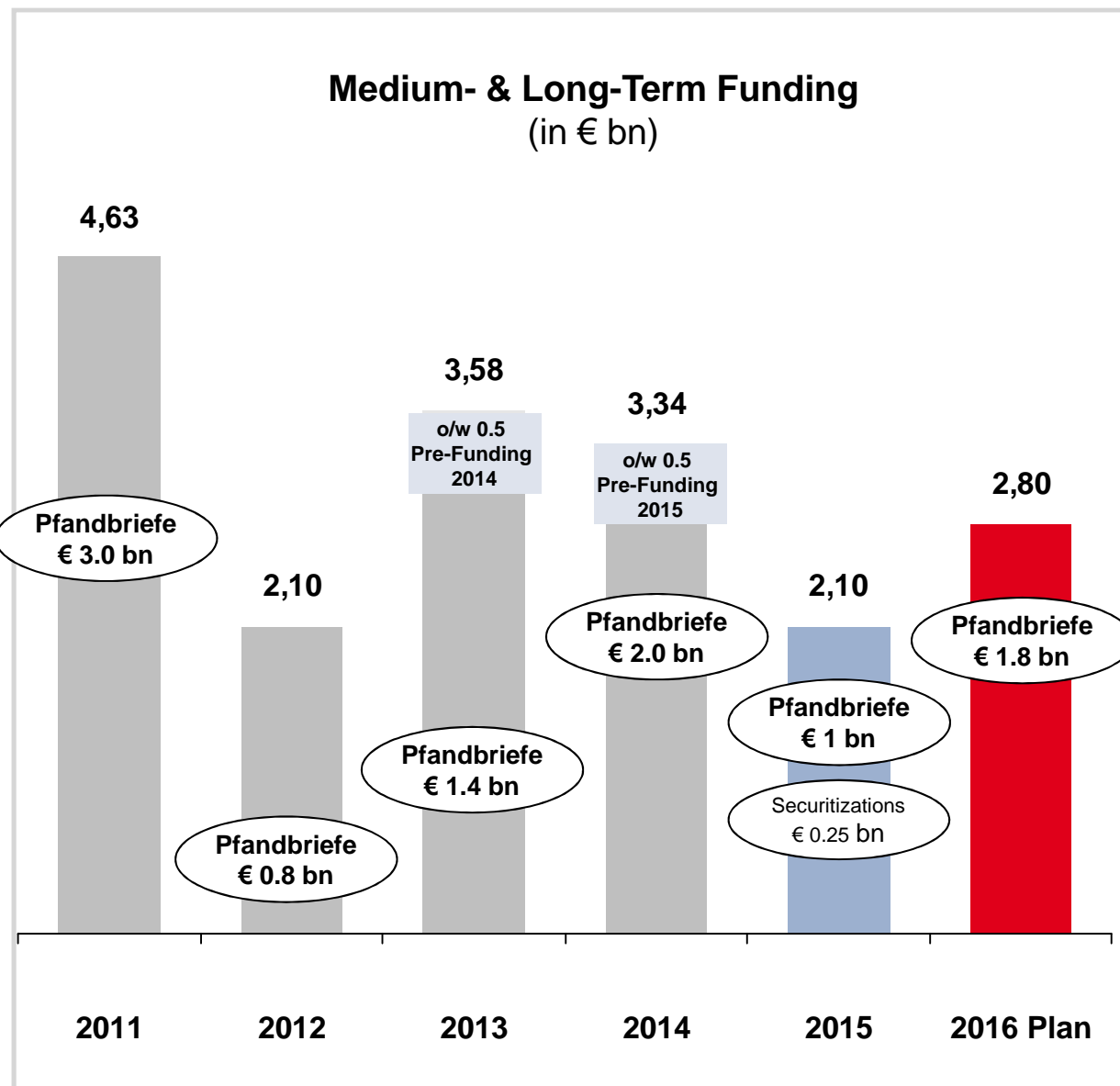
- **Structural liquidity ratio³⁾ well above limits.**
 - ✓ Internal rule of 0.90 for maturities above 1y
 - ✓ Level as of April 2016: 1.06
- **Structural Liquidity remains at comfortable levels despite lower FP execution due to DeLorean.**
- **Ratio level points to 100% NSFR fulfillment.**
- **Further improvement of L/D Ratio in 1Q16.**

⁽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



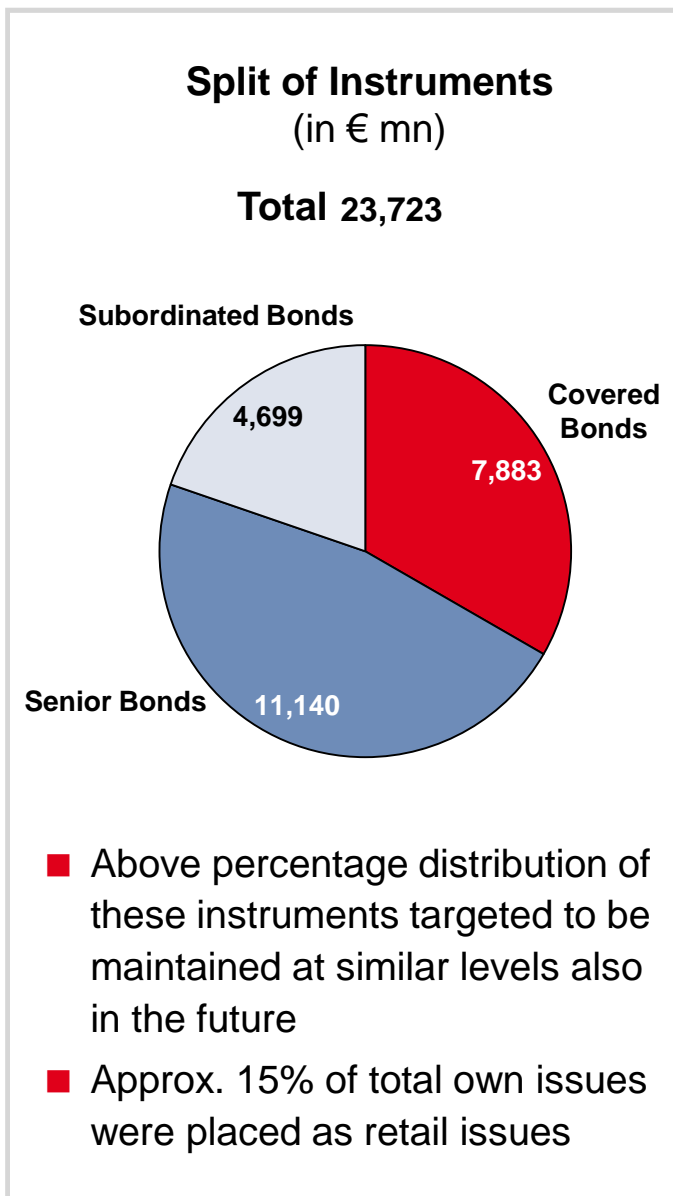
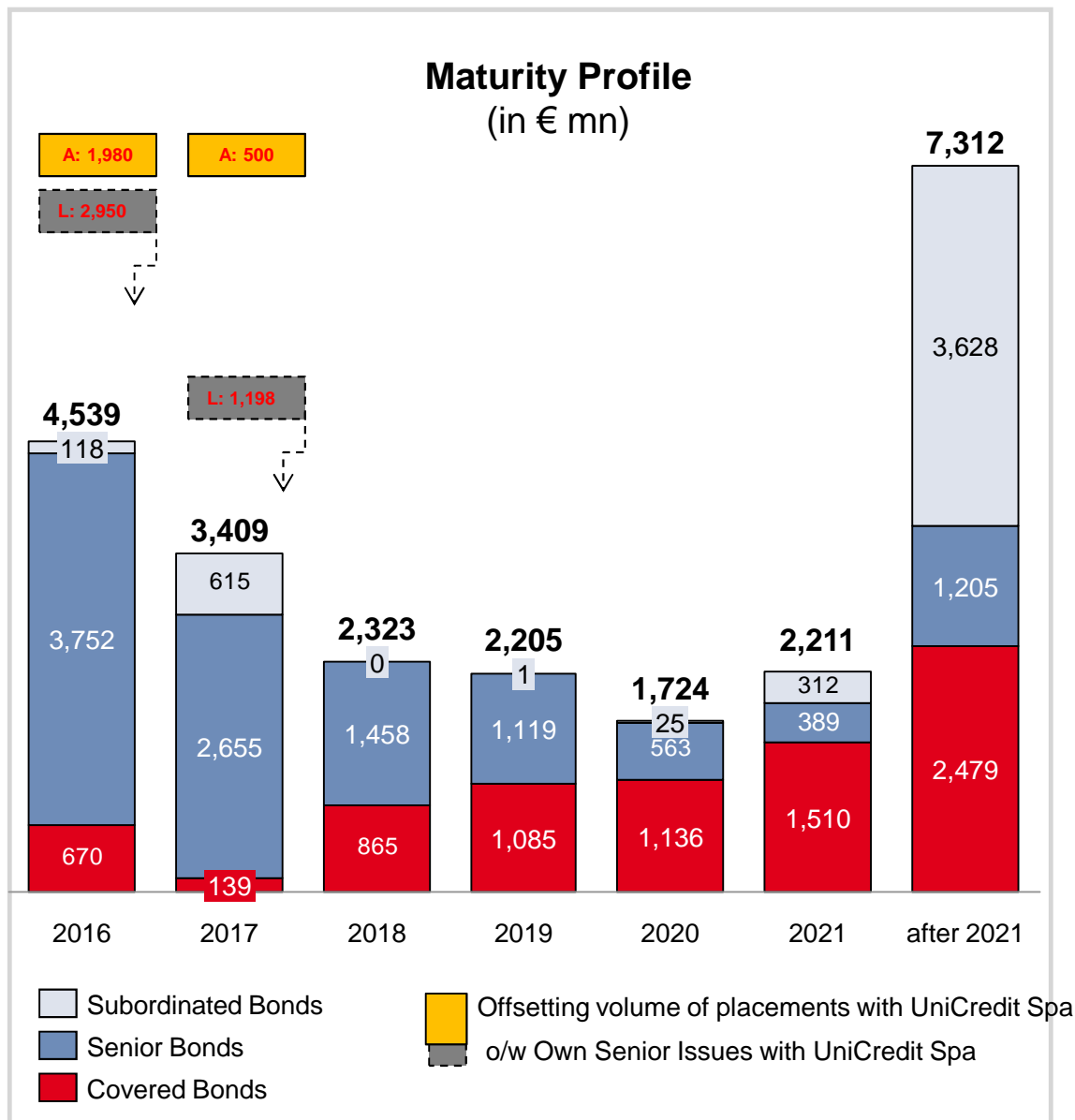
Benchmark Issuances in 2014 and 2015:

- **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 March 2016)



Note: Data including issues sold through Group network

Agenda

- **Overview Bank Austria**
 - Business Model & Strategy
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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

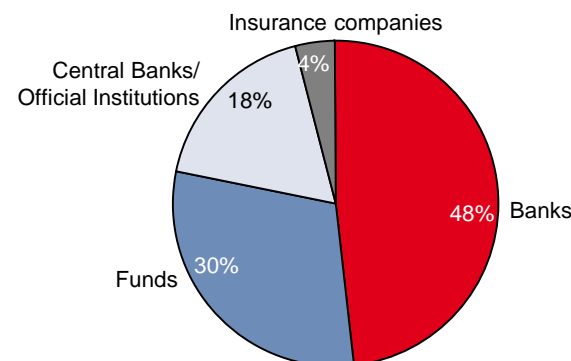
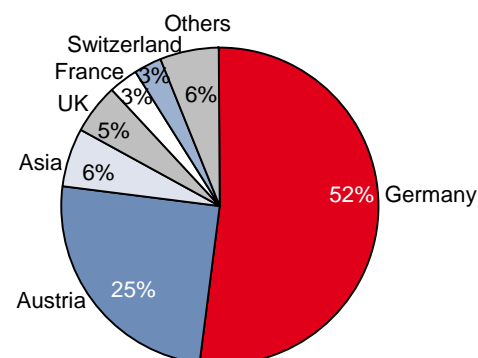
0.75%

25/02/2025

€ 500 mn

Feb. 2015

MS + 3bps



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

Bank Austria
Mortgage Pfandbrief

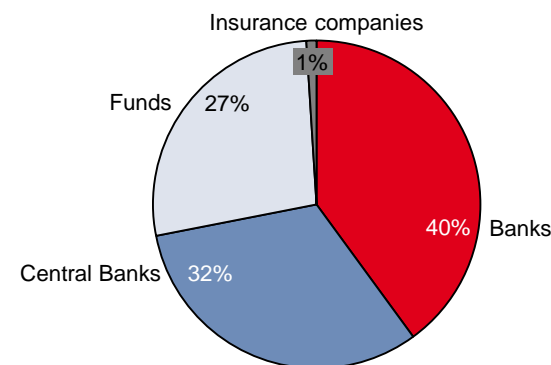
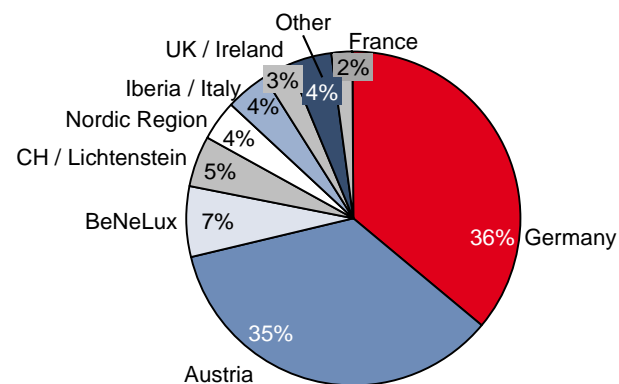
0.75%

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

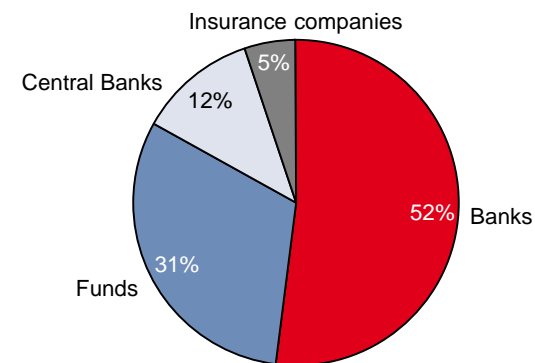
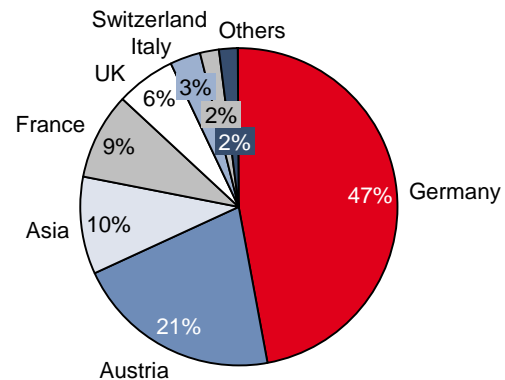
2.375%

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

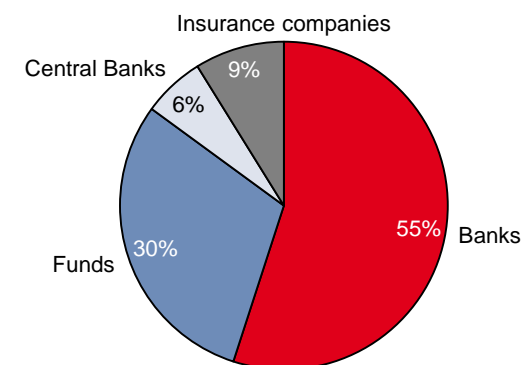
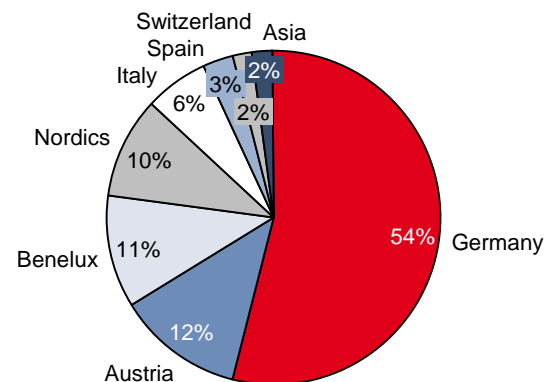
1.25%

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**

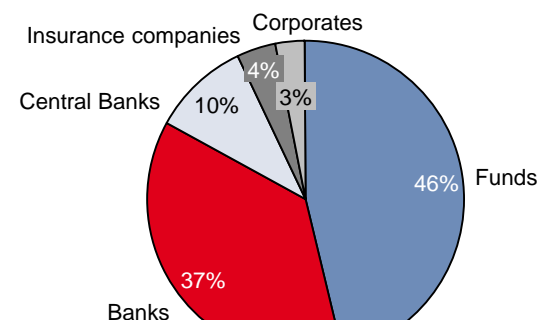
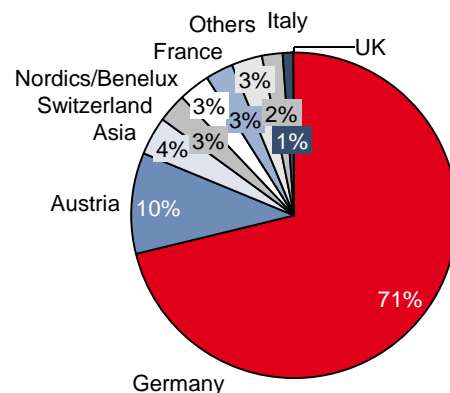
1.375%

26/05/2021

€ 500 mn

May 2014

MS + 25bps



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

**Bank Austria
Mortgage Pfandbrief**

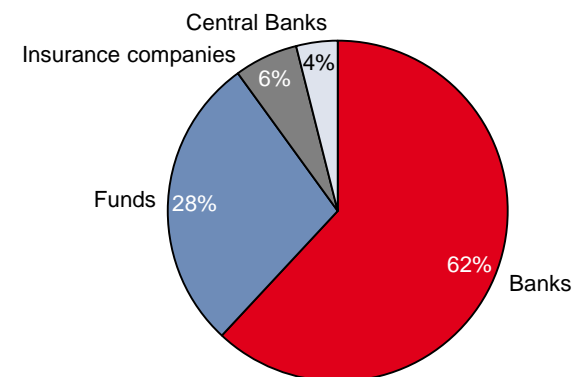
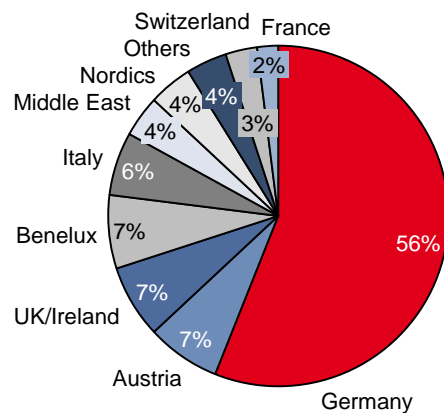
0.5%

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



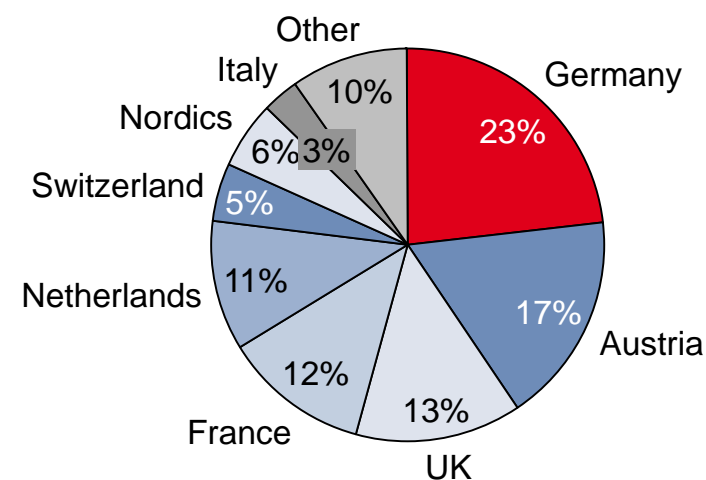
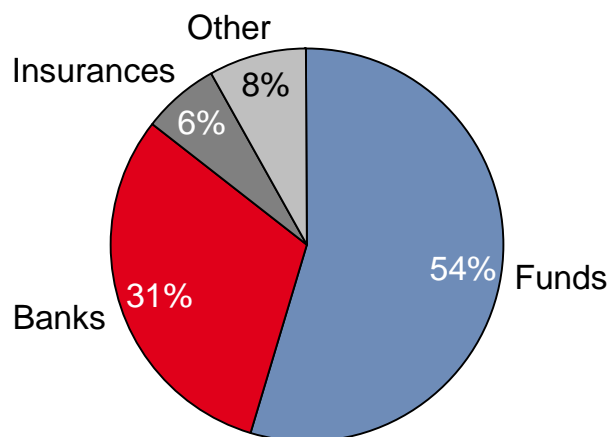
Source: Bloomberg Mid ASW-Spread

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

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 / €811mln)	Sept 2015	floating	MS + 75bps
RU	Mortgage Covered Bond	3 y	€ ~50 mln equivalent (RUB 4 bn)	Sept 2015	floating	MS + 75bps
TR	Tier II	10NC5	€ 1.26 bn equivalent (USD 428 mln / €835 mln)	March 2016	8,500%	MS + 740bps
TR	Club Term Loan	1 y	€ 1.29 bn equivalent (USD 381mln / €959 mln)	Mai 2016	floating	MS + 75bps

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

Agenda

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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%

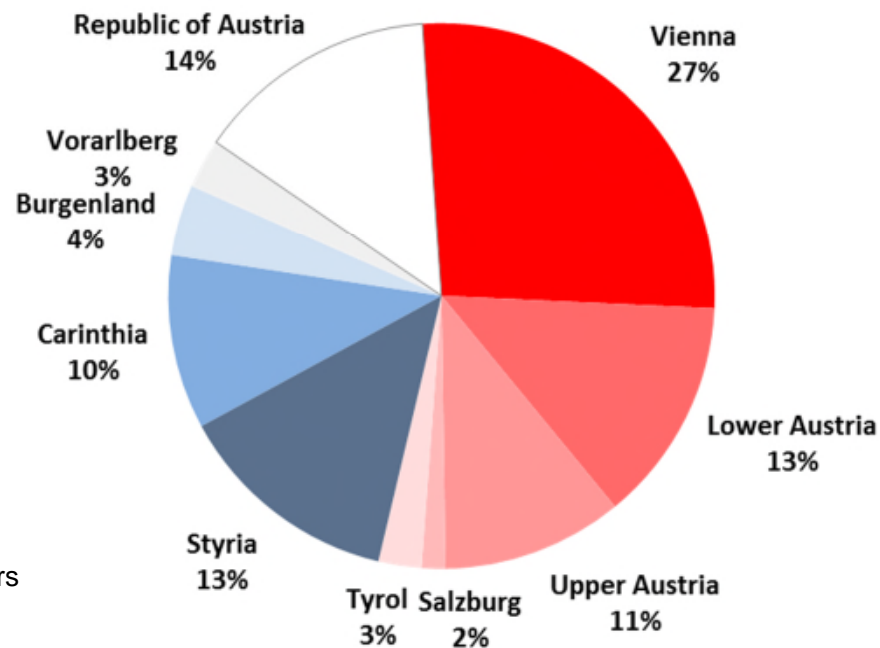
Maturity of Issued Covered Bonds	in mn EUR	in %
Maturity up to 12 months	610	13.3%
Maturity 12 - 60 months	2,060	45.0%
thereof Maturity 12 - 36 months	1,060	23.1%
thereof Maturity 36 - 60 months	1,000	21.8%
Maturity 60 - 120 months	1,627	35.5%
Maturity longer than 120 months	283	6.2%
Total	4,580	100.0%

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

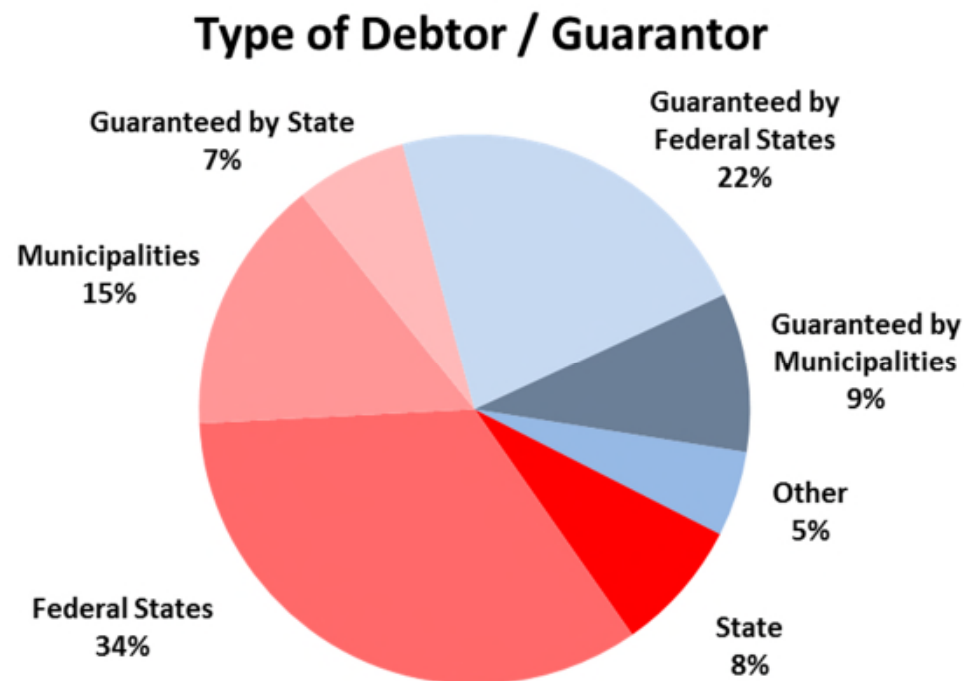


^{*)} Considering Guarantors

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

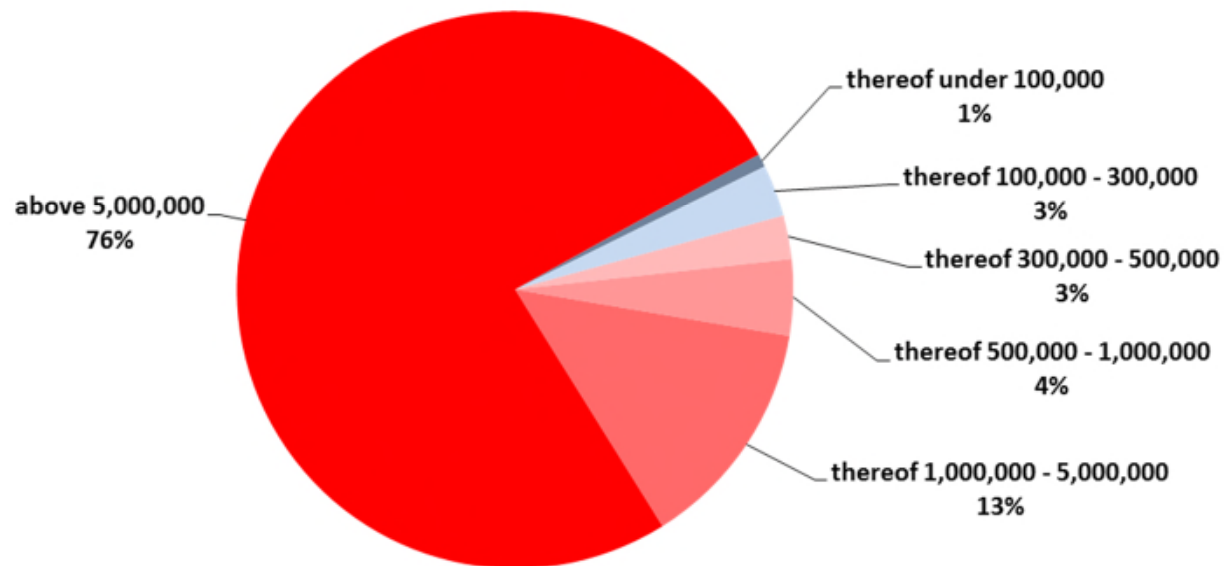


Public Sector

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



COVERED BOND
• L A B E L •

- **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

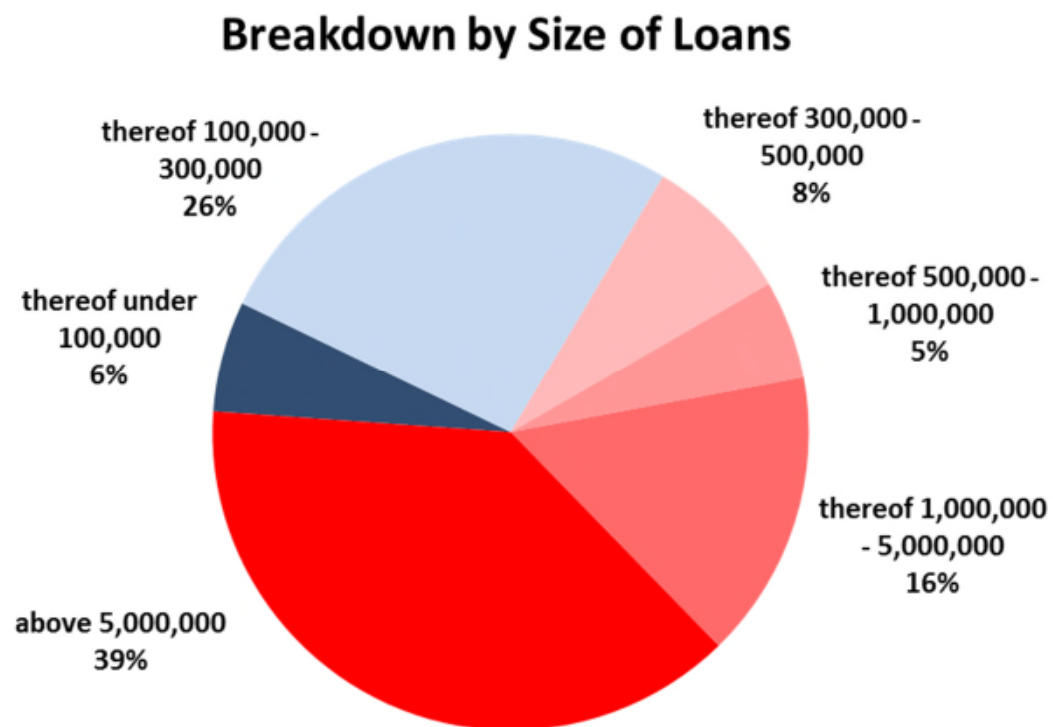
Maturity Structure of Cover Pool and Issues

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

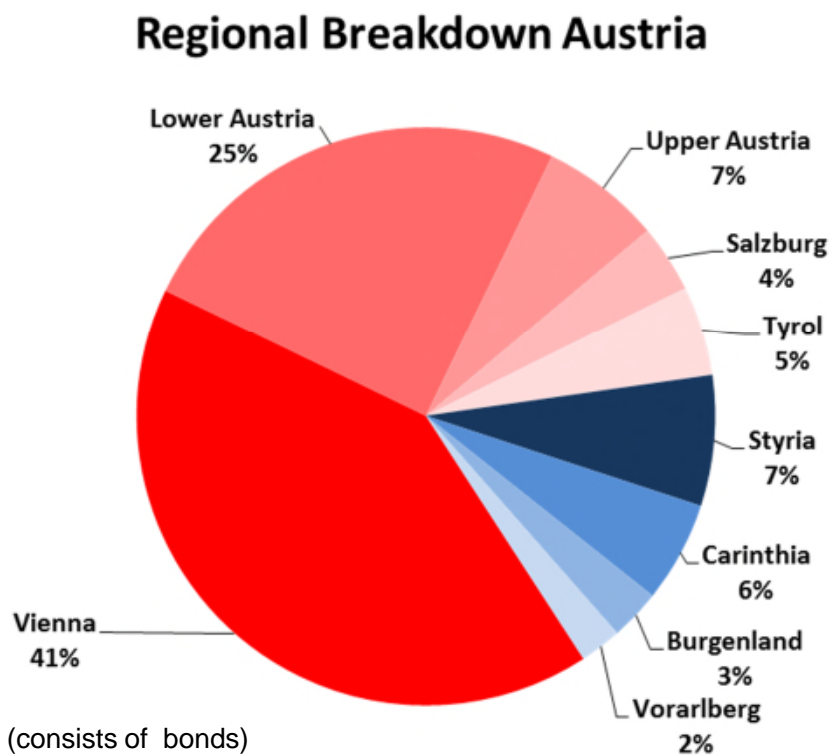
Volume Breakdown by Size of Loans	in mn EUR	Number
below 300,000	3,039	24,295
thereof under 100,000	566	10,206
thereof 100,000 - 300,000	2,473	14,089
300,000 - 5,000,000	2,733	3,516
thereof 300,000 - 500,000	761	2,081
thereof 500,000 - 1,000,000	504	728
thereof 1,000,000 - 5,000,000	1,468	707
above 5,000,000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

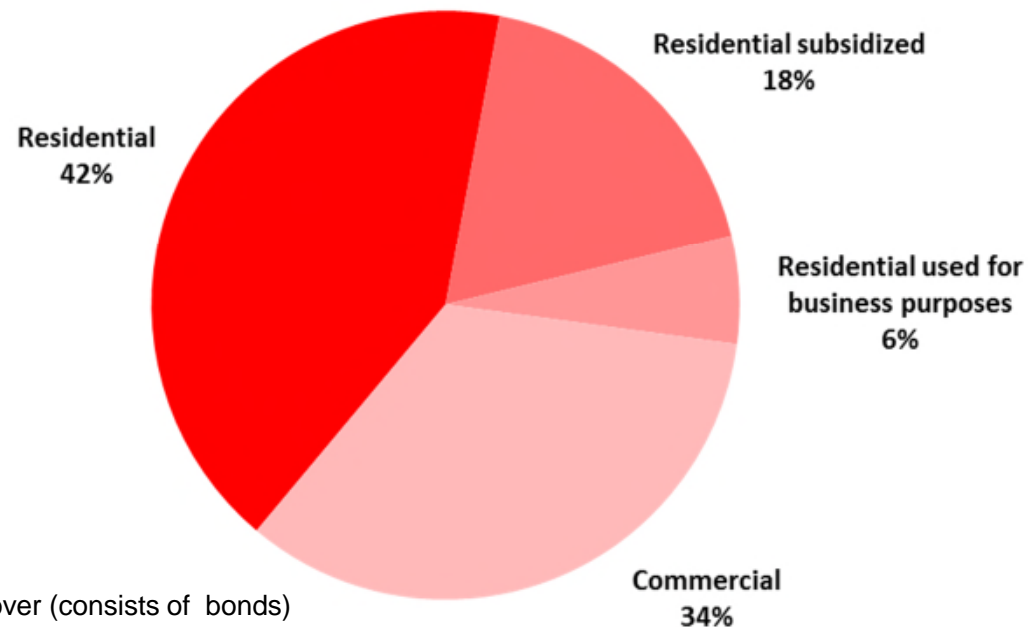


^{*)} Without substitute cover (consists of bonds)

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	EUR 1.6 bn	EUR 1.7 bn (18% of total asset value)
Total Cover Value	EUR 6.2 bn	o/w CHF	EUR 670 mln	EUR 604 mln (10% of cover value / HypBG)

Changes due to CHF revaluation

- 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

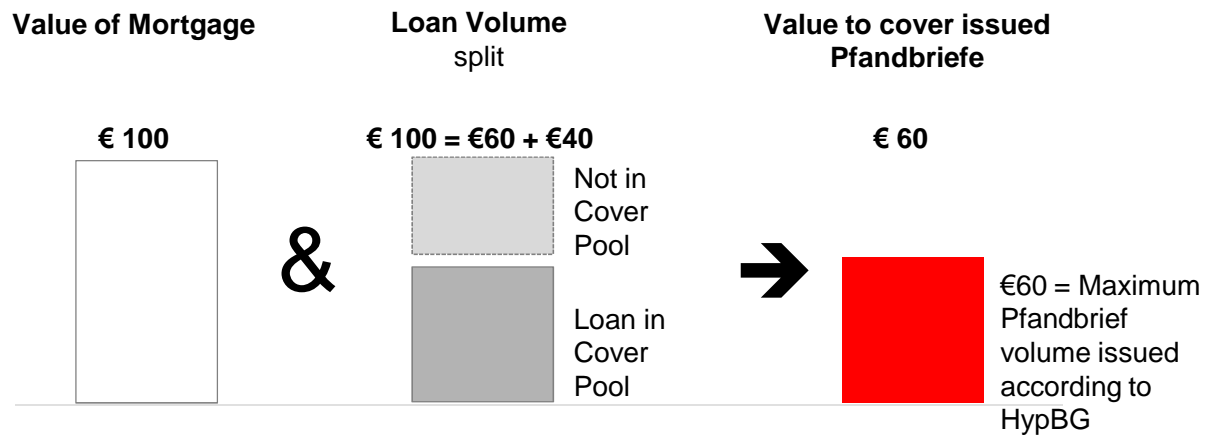
 - *For CHF Loans an additional FX-buffer of 25% on the credit volume is considered, which must be covered by the credit rating of the client*
 - No new CHF mortgage loans, therefore no inflows into Cover Pool since 2010

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)

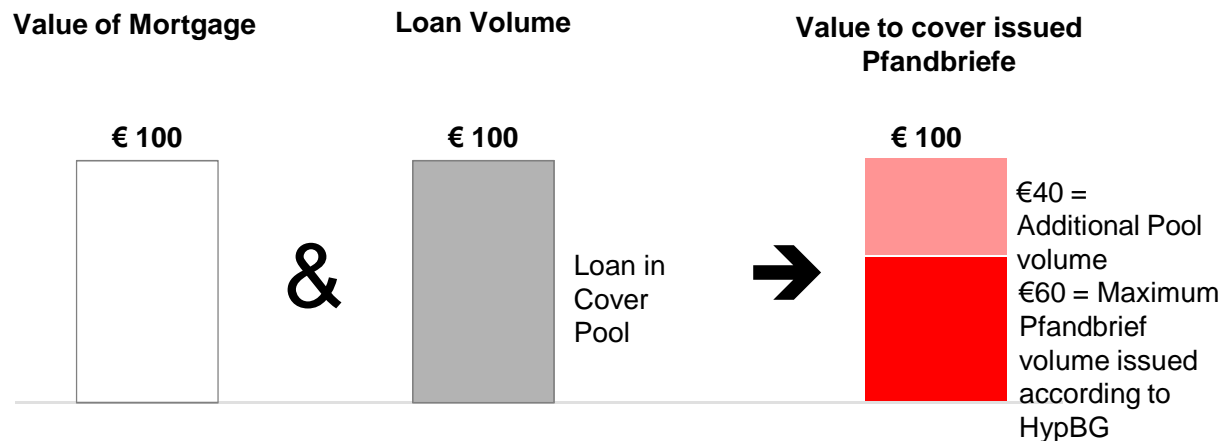
Scenario I: Split Loan Approach = Minimum Approach



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

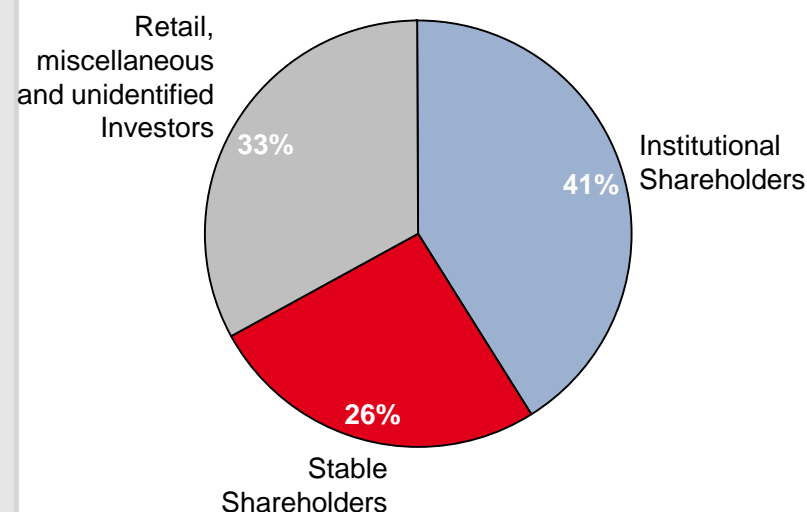
UniCredit at a glance

A clear international profile based on a strong European identity

UniCredit Highlights

- Strong local roots in 17 countries
- ~ 124,500 employees
- ~ 6,800 branches
- Over 30.5 mn customers in Europe
- One of the most important banks in Europe with total assets of ~ € 900 bn
- One of the 30 Global Systemically Important Banks (“G-SIBs”) worldwide
- Market capitalization of ~ € 17.9 bn ²⁾
- Common Equity Tier 1 (CET1) Ratio at 10.85% 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

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Austrian Real Estate Market

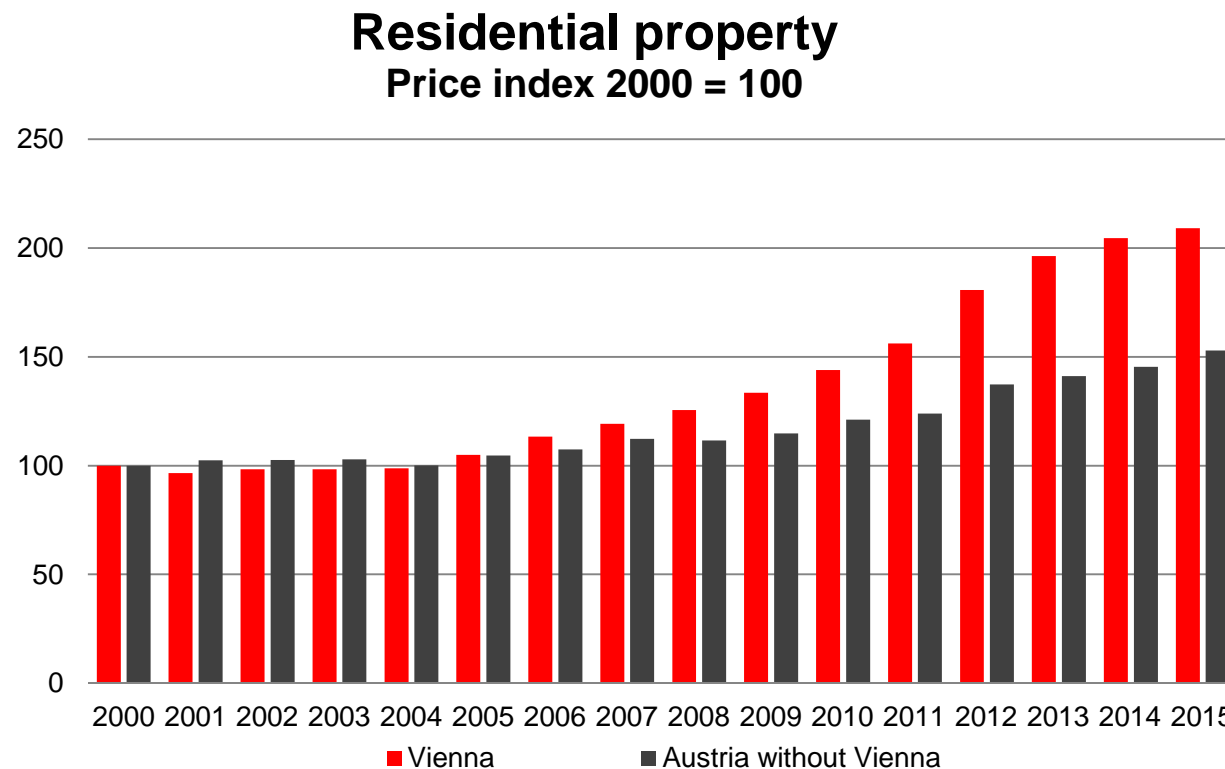
Overview

- 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 2015 as a whole, the total return of this portfolio amounted to 5.9%. Over the last ten years annual average total return was calculated as 5.7% and even in the crisis years 2008/2009 total return amounted to around 4%.
- In 2015 investment in commercial real estate in Austria reached a new record volume of up to EUR 3.8bn depending on the source. With ultra-low or even negative interest rates demand for real estate will stay strong, although it is somewhat hampered by scarce supply of core property and high prices.
- Residential real estate prices in Vienna have risen considerably over the last ten years. Nevertheless, price increases slowed down last year, while prices in the rest of Austria accelerated.

Austrian Real Estate Market

Prices for residential real estate

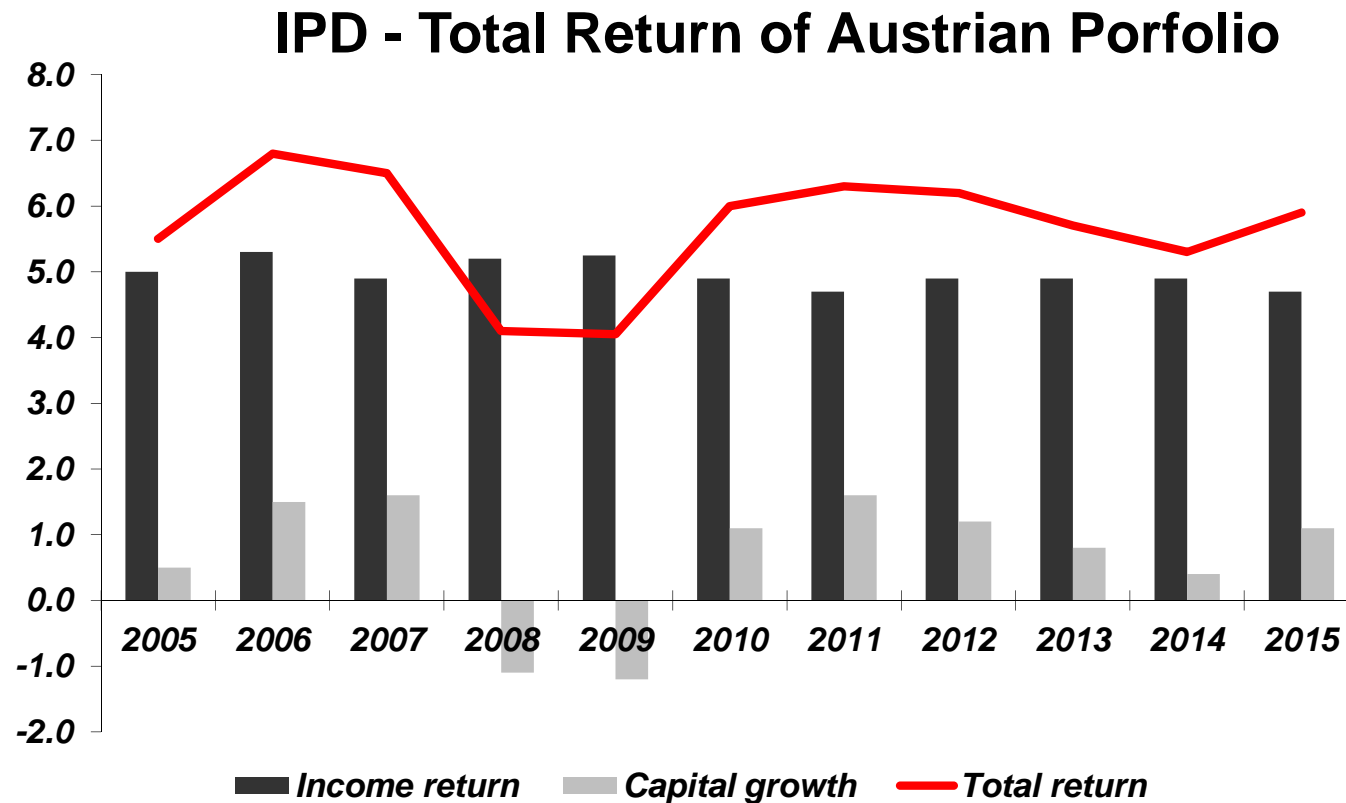
- The strong increase of real estate prices in Vienna has moderated considerably over the last quarters.
- Prices in Austria excl. Vienna, which showed a more moderate development over the last ten years, recently accelerated.



Source: OeNB, TU Wien, Institut für Stadt- und Regionalforschung

Austrian Real Estate Market IPD

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



Agenda

- **Annex**
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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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 as of 12 May 2016