

# Bank Austria



## Presentation to Fixed Income Investors

Investor Relations

Vienna, September 2017

Welcome to  
**Bank Austria**  
Member of  **UniCredit**

---

## Opening remarks



# CEE Demerger, leading to a new role of Bank Austria

## Focus on Austrian market

Opening remarks —

### Bank Austria

#### CEE Demerger Details:

- Effective as of **1<sup>st</sup> October 2016**
- **Transfer of CEE business from BA AG to UC SpA**  
(including shift of management function for the CEE subsidiaries to UniCredit) by way of a **spin-off of CEE Division** (incl. CEE subsidiaries and CEE business booked in Vienna)
- CEE Division **represented approx. half** of Bank Austria's previous **assets and liabilities**
- Also parts of capital were spun off, however **new Bank Austria with high capital ratios (CET1 ratio 19.5% as of June 2017)**

#### CEE Demerger Rationale:

- **CEE Demerger rationale:**
  - **Lower risk** going forward
  - **Better capital structure** with **lower volatility**
  - **Improvement of funding and market access**
  - In the future, **lower complexity** and **higher focus on the Austrian business**



# Bank Austria remains a leading bank in the local market

Opening remarks —

**Leading domestic bank in Corporate Banking, Corporate & Investment Banking and Private Banking**

*Corporates: client shares of up to 70%  
Private Banking: Every 5<sup>th</sup> HNWI a BA client*

**Vienna remains the CEE competence center of UniCredit Group**

*No impact of CEE transfer on Bank Austria clients*

**BA by far the largest bank in Austria at individual institution level**

*With **assets > € 100 bn**, largest Austrian bank on unconsolidated level*

**Bank Austria is one of the best capitalized large banks in the country**

***Solid CET1 ratio of 19.5% <sup>1)</sup>***

1) BA Group as of 30 June 2017



# Bank Austria – drivers of transformation until 2019

---

Opening remarks —

**Streamline operations** and **standardize core processes**

**Optimize internal organization**

**Revenue-generating initiatives** in all business divisions

**Increase focus** on **multichannel / digital sales**

**Customer centricity (Customers first)** as **guiding principle**



# Bank Austria – strategic measures to improve profitability

Transformation measures embedded in UniCredit's Strategic Plan "Transform 2019"

Opening remarks —

- **Cost measures including**

- Further **reduction** of **branch network**
- **Rightsizing** of **Corporate Center** activities
- **Reduction of staff costs** via socially responsible instruments
- Measures regarding pensions for active employees
- **Streamlining of IT**, operations and organizational set-up

- **Revenues initiatives including**

- Leveraging on **leading market position** in the Austrian market
- Increasing **Cross-selling** and **penetration** in CIB and Corporates
- Increase in **sale of asset management products** to Affluent and Private Banking customers
- Pushing **digital and multichannel sales**

...Transforming Bank Austria into a bank that is even more attractive for our customers while improving its cost/income ratio and profitability!



# Agenda

---

## 1 UniCredit Group

### 2 Overview Bank Austria

- Business Model & Strategy
- Profit & Loss
- Balance Sheet & Capital Ratios

### 3 Liquidity & Funding

- Funding Strategy & Position
- Cover Pool


### 4 Annex



# Transform 2019 execution on track, delivering tangible results (1/2)

1 2 3 4

Transform 2019 Overview

5 Strategic Pillars		Achieved	2019 Target
<b>STRENGTHEN AND OPTIMIZE CAPITAL</b> 	<ul style="list-style-type: none"> <li>Bold actions taken: disposals of Pioneer, Pekao and 30% of Fineco</li> <li>€13bn rights issue successfully executed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Significantly strengthened capital position with a solid fully loaded CET1 ratio at 12.80% in 2Q17 after successful Pekao disposal (72bp)</li> <li>✓ Additional benefit in 3Q17 from Pioneer disposal (84bp)<sup>(1)</sup></li> </ul>	<div>CET1 ratio &gt;12.5%</div>
	<ul style="list-style-type: none"> <li>Decisive actions to address Italian legacy issues</li> <li>Strengthened coverage ratio</li> <li>Further tightened risk discipline</li> </ul>	<ul style="list-style-type: none"> <li>✓ Gross NPE reduced to €53.0 bn, with coverage ratio increased to 56.3% in 2Q17</li> <li>✓ Improved expected loss on performing stock<sup>(2)</sup>, from 0.43% in 4Q16 to 0.39% in 2Q17, 0.35% on new production</li> <li>✓ Disposals of 1.5bn gross NPE portfolios in 2Q17 at Group level<sup>(3)</sup></li> <li>✓ Disposal of majority stake of FINO to be closed in 3Q17</li> </ul>	<div>Net NPE ratio 4%</div> <div>NPE Coverage &gt;54%</div> <div>Cost of Risk 49bps</div>

1. Expected to be largely offset by higher RWA in 2H17 (due to business growth, model changes and procyclicality) and IFRS9 from Jan-18 2. Impact of procyclicality and model changes in 2H17 envisaged at c.4bp for the Group and c.12bp for CBK Italy (preliminary estimates based on 30 June figures) 3. €0.9bn in the Non Core and 0.6bn in the Group excluding Non Core (o/w €0.4bn already classified under held for sale in 1Q17)








# Transform 2019 execution on track, delivering tangible results (2/2)

1 2 3 4

Transform 2019 Overview

5 Strategic Pillars		Achieved	2019 Target
<b>TRANSFORM OPERATING MODEL</b> 	<ul style="list-style-type: none"> <li>Transformation of operating model to a sustainable lower cost structure</li> <li>Improve customer focus, services &amp; products</li> <li>€1.6 bn IT investments<sup>(1)</sup> to support business transformation</li> </ul>	<ul style="list-style-type: none"> <li>✓ c.6,000 FTEs reduction since Dec-15, 42% of c.14,000 target. FTEs down by 1,135 Q/Q</li> <li>✓ 464 branch closures since Dec-15 in Western Europe, 49% of 944 closures target</li> <li>✓ New organization in place from January 2017 with key IT external hires</li> </ul>	<ul style="list-style-type: none"> <li>€1.7 bn net cost savings by 2019</li> <li>C/I ratio &lt;52%</li> <li>944 branch reduction in Western Europe</li> </ul>
	<b>MAXIMIZE COMMERCIAL BANK VALUE</b> 	<ul style="list-style-type: none"> <li>✓ Leverage on CIB leadership</li> <li>✓ Increase CEE client penetration</li> <li>✓ Enhance cross-selling across business lines and countries</li> </ul>	<ul style="list-style-type: none"> <li>Ranking #1 in “Syndicated Loans” in Italy, Germany and Austria”, #2 in “Syndicate Loans in CEE” and #1 in “EMEA All Bonds in Euro” by number of deals<sup>(2)</sup></li> <li>✓ Additional €363 m joint CIB-Commercial Banking revenues<sup>(3)</sup></li> <li>✓ New partnership with Apple Pay</li> <li>✓ €856 bn TFA</li> </ul>
	<b>ADOPT LEAN BUT STEERING CENTER</b> 	<ul style="list-style-type: none"> <li>✓ Effective steering Group Corporate Center</li> <li>✓ KPIs to drive performance and accountability</li> <li>✓ Leaner support functions and transparent cost allocation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Strong focus on multichannel approach</li> <li>✓ Tangible results in 2Q17, with FTEs down by 7.6% and costs down by 8.8% in 1H17 vs. 1H16</li> <li>Weight of Group Corporate Center on total costs from 5.1% to 2.9% by 2019</li> </ul>

1. Excluding €0.7 bn investments to fulfill regulatory demand in 2017-19 2. Dealogic, as of 30 June 3. Includes revenues on GTB, ECM, DCM, M&A, Markets products from Commercial Banking clients and structured financing products from Corporate clients



# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - **Business Model & Strategy**
  - Profit & Loss
  - Balance Sheet & Capital Ratios
- 3 Liquidity & Funding
  - Funding Strategy & Position
  - Cover Pool
- 4 Annex



# Bank Austria – at a glance

1 2 3 4

## Bank Austria Highlights as of 30 June 2017<sup>1)</sup>

Overview Bank Austria  
Business Model & Strategy

- **Member of UniCredit since 2005**
- **Leading corporate bank** and **one of the largest retail banks** in Austria
- **~ 5,900 FTE** and **about 150 branches** in Austria<sup>2)</sup> with further reduction envisaged
- **Solid capital base** (19.5% CET1 Ratio)
- **Stable liquidity** with a perfect balance between customer loans and direct funding

	06/17	12/16
Total Assets	103.0	105.8
Customer Loans	60.2	60.9
Direct Funding	68.9	74.0
Equity	8.2	7.9

In € bn

	HY17	HY16
Operating income	995	1,038
Operating costs	-669	-756
LLP	98	40
Net profit	357	-44

In € mn

Cost / income ratio	67.2%	
CET1 capital ratio <sup>3)</sup>	19.5%	
Total capital ratio <sup>3)</sup>	22.6%	
Non-performing exposure ratio	4.3%	
Coverage ratio	55.1%	
Cost of risk	-32bp	
S&P	BBB	A-2
Moody's	Baa1	P-2
Fitch	BBB+	F2
Market share loans / deposits Austria <sup>4)</sup>	14.3 % / 12.8 %	

1) Following the CEE carve out dated Oct. 1, 2016, prior year figures have been recast, i.e. CEE perimeter not included anymore

2) approx. 130 Retail branches

3) Capital ratios based on all risks; Basel 3 (transitional) and IFRSs; end of period;

4) As of April 2017



# 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**

*CIB = Corporate & Investment Banking*

### Commercial Banking Austria

#### Corporate Banking

- **Strong market position** in all corporate segments
- The division covers
  - **Corporate customers** (>€3mn turnover)
  - **Real Estate**
  - **Public Sector**
- **Nearly every third SME** (€3-50mn turnover) is **customer of Bank Austria**
- **Broad coverage** through a **nationwide branch network**

#### Retail Banking

- Retail Banking covers 1,6mn **Retail and Small Business customers** (<€3mn turnover)
- **Broad Multichannel offer** via
  - **Physical branches**
  - **Online branch** (remote advisory via video telephony)
  - **Online shop and online banking**

#### Private Banking

- **Leading Private Banking in Austria** with every fifth Austrian High Net Worth Individual as customer of Bank Austria
- **Tailored financial services** to High Net Worth Individuals and foundations
- **Successful client approach** through BA's PB Division and Schoellerbank



# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - Business Model & Strategy
  - **Profit & Loss**
  - Balance Sheet & Capital Ratios
- 3 Liquidity & Funding
  - Funding Strategy & Position
  - Cover Pool
- 4 Annex



# P&L of Bank Austria Group – 1H17

NOP and net profit significantly above previous year; gap in revenues overcompensated by LLP and cost savings

1 2 3 4

Overview Bank Austria

Profit & Loss

BA Group	1-6/ 2017	1-6/ 2016	y/y
Operating income	995	1,038	-4.1%
Operating costs	-669	-756	-11.5%
Operating profit	326	282	15.8%
Net write-downs of loans	98	40	>100.0%
Net operating profit	425	322	31.9%
Non-operating items	-94	-317	-70.5%
Profit (loss) before tax	331	5	>100.0%
P/L discontinued operations	58	17	>100.0%
Other positions	-32	-66	-51.2%
Group Net Profit	357	-44	>-100.0%
Cost/income ratio	67.2%	72.8%	-563 bp

- **Operating Income lower in 1H17 (-4%) vs. a strong 1H16**, due to last year sale of VISA shares (€ 68mn contribution) and a gap in net interest due to difficult market environment and lower funding to CEE (run-off of funding to previous CEE subsidiaries following the CEE carve-out)
- **Operating Costs down by 12% y/y**, with improvements in all major cost categories, reflecting strong cost discipline and restructuring related savings, but also benefiting from positive one-offs. Strong improvement of cost/income rate
- **Net Write-Downs of Loans** positive with € +98 mn, with a very favorable development (net releases) in all areas
- **Non-Operating Items € -94 mn**: mainly systemic charges (€ -113 mn) and releases from provisions (€ +12 mn)
- **P/L from discontinued operations** includes € +58 mn re/ Immo Holding (a real estate group for sale)
- **Other positions** includes the income tax of € -25 mn and minorities € -7 mn

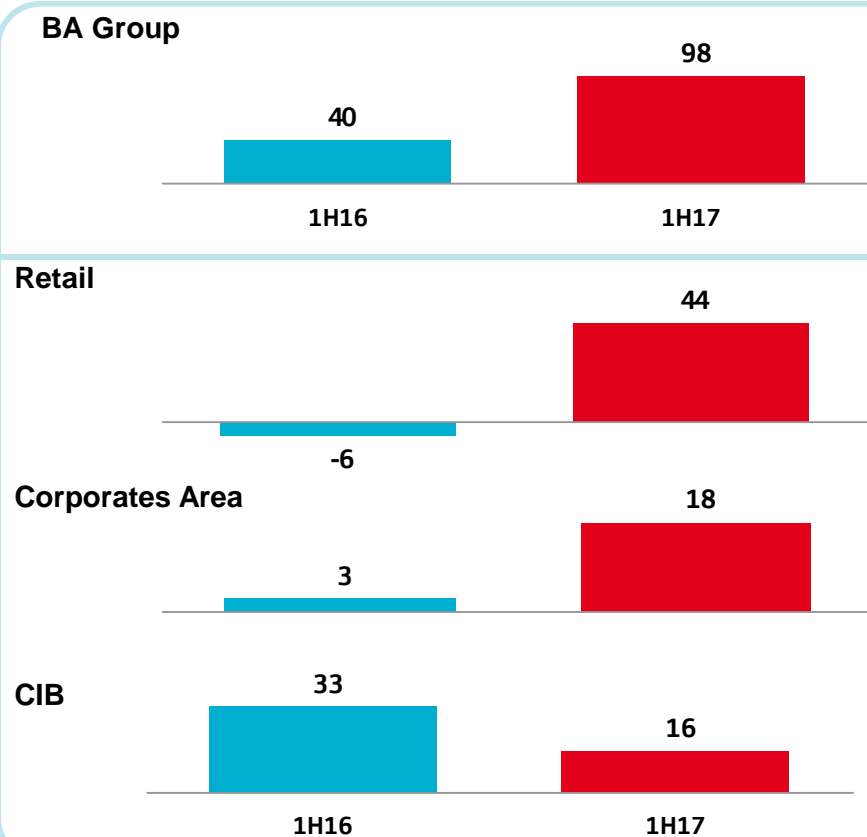


# Net Write-Downs of Loans

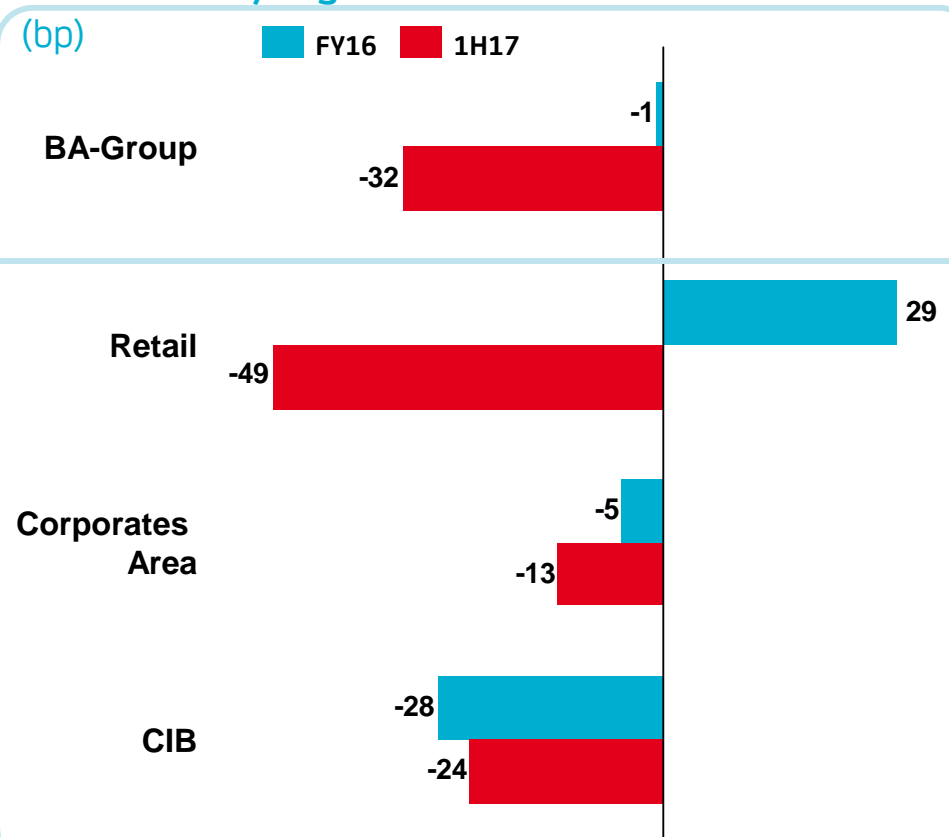
In 1H17 continuing of favorable development of **LLP** and **Cost of Risk**

1 2 3 4

## Total Net Write Downs of Loans by Segment (€ mn)



## Cost of Risk by Segment (bp)



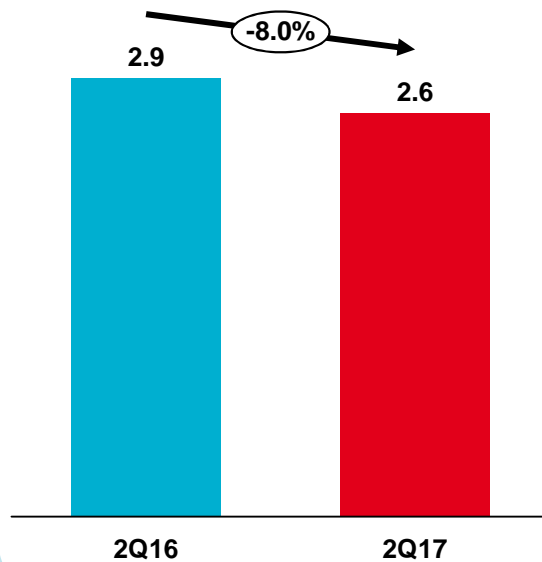
- BA Group 1H17 once again with positive contributions from **Net Write Downs** reaching € +98 mn (comparative value of 1H16 € +40 mn)
- Surplus of **Net Write Downs** due to releases in Retail (€ +44 mn) and several write backs in Corporates Area (€ +18 mn) as well as in CIB (€ +16 m)
- **Cost of Risk:** according to positive LLP at -32 bp for BA Group



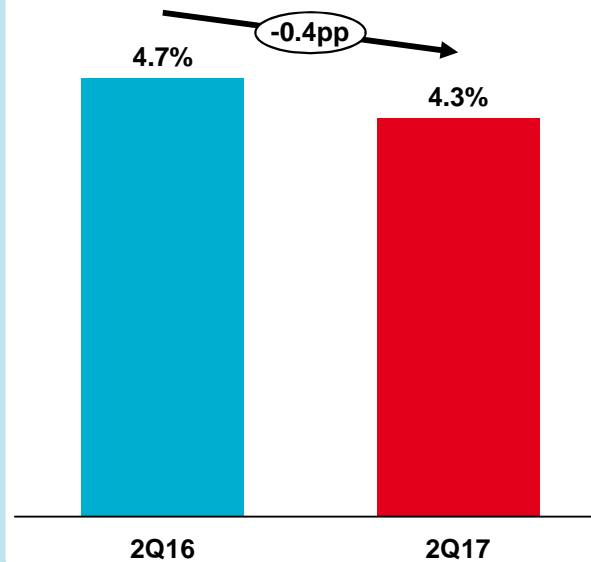
# Solid y/y development of Asset Quality in 1H17

1 2 3 4

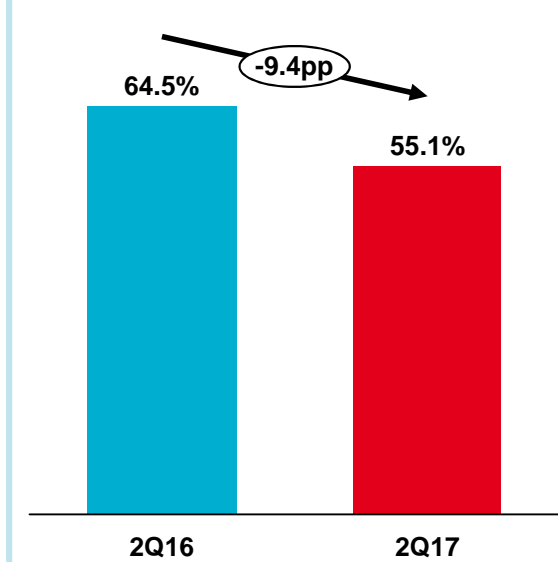
Gross NPE <sup>1)</sup> (€ bn)



% of Gross NPE on Total Loans<sup>1)</sup>



Coverage Ratio on NPE <sup>1)</sup>



- Further reduced NPE portfolio on y/y basis, resulting also in a reduced **NPE Ratio** on y/y basis
- Significant decrease in **Coverage Ratio** mainly driven by shift of one major – almost fully collateralised – customer to NPE

<sup>1)</sup> on-balance clients (non-banks) only





# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - Business Model & Strategy
  - Profit & Loss
  - **Balance Sheet & Capital Ratios**
- 3 Liquidity & Funding
  - Funding Strategy & Position
  - Cover Pool
- 4 Annex

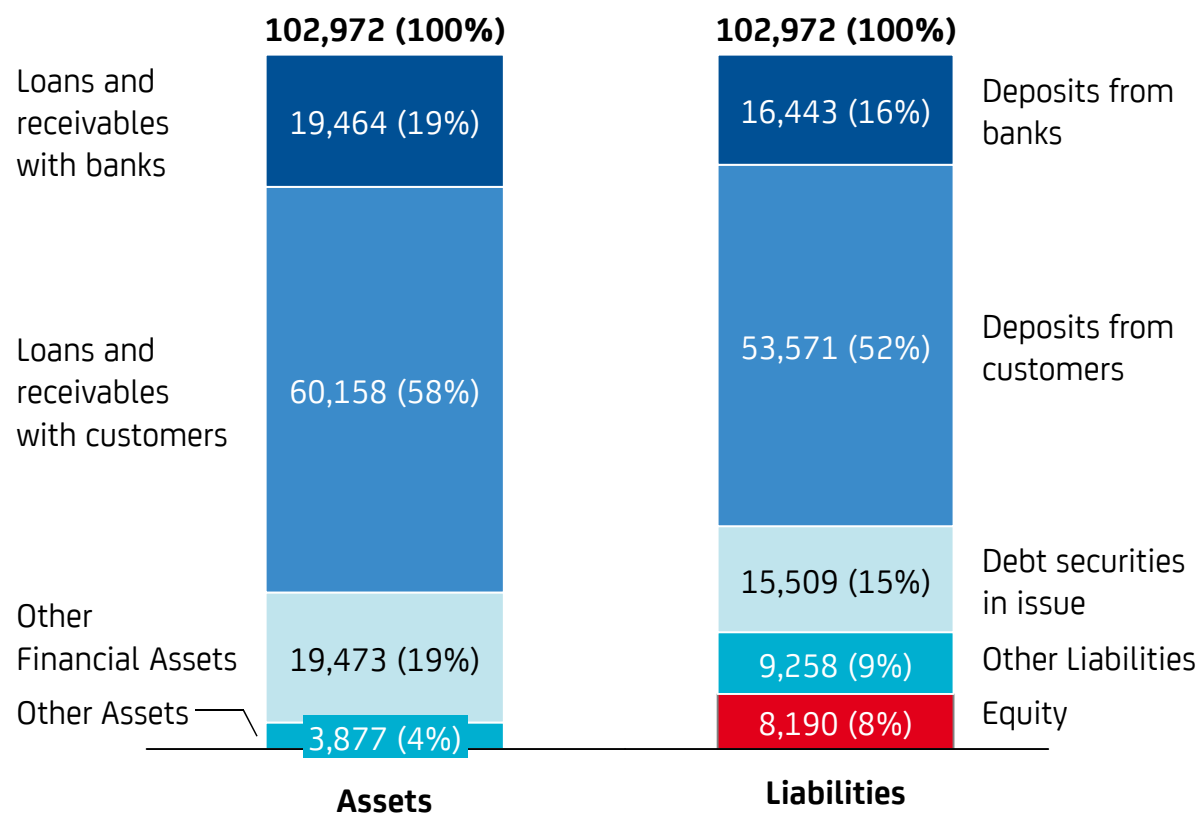


# Balance Sheet structure (as of 30 June 2017)

1 2 3 4

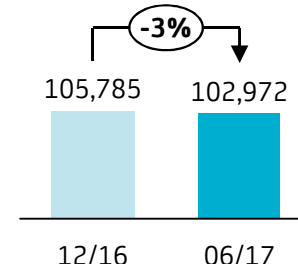
Overview Bank Austria  
Balance Sheet & Capital Ratios

## Balance Sheet (€ mn)

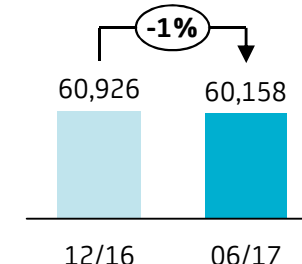


## Change vs. 31 December 2016

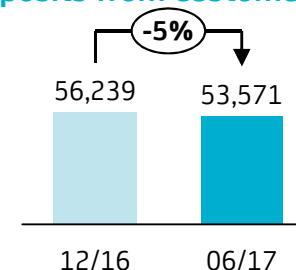
### Balance Sheet



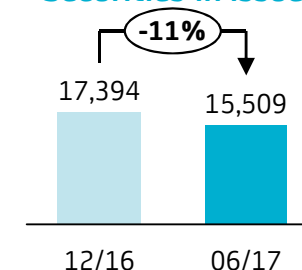
### Loans to customers



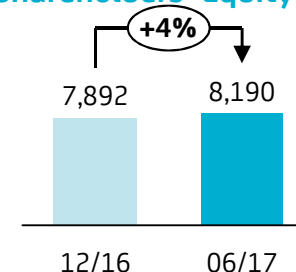
### Deposits from customers



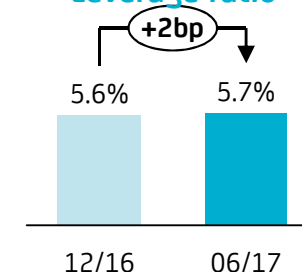
### Securities in issue



### Shareholders' Equity



### Leverage ratio



- **Balance sheet** reduced by almost 3% vs. year-end
- **Net equity** of € 8.2 bn up vs. year end, mainly benefiting from inclusion of net profit for the period (€ 357 mn)
- **Excellent Leverage Ratio** at **5.7%**



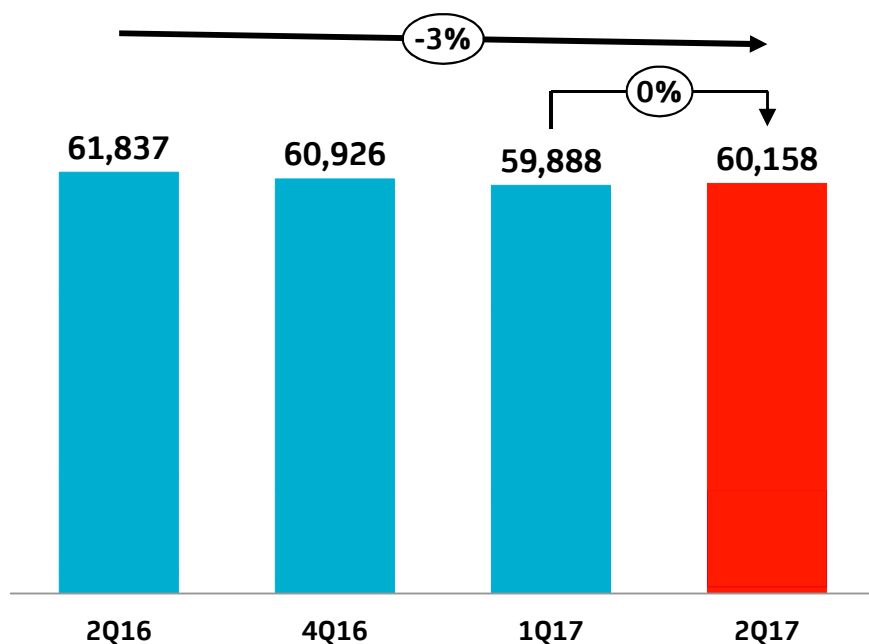
# Loan and Deposit Volumes

Well-balanced development of loans and deposits, very good Loans/Direct Funding Ratio

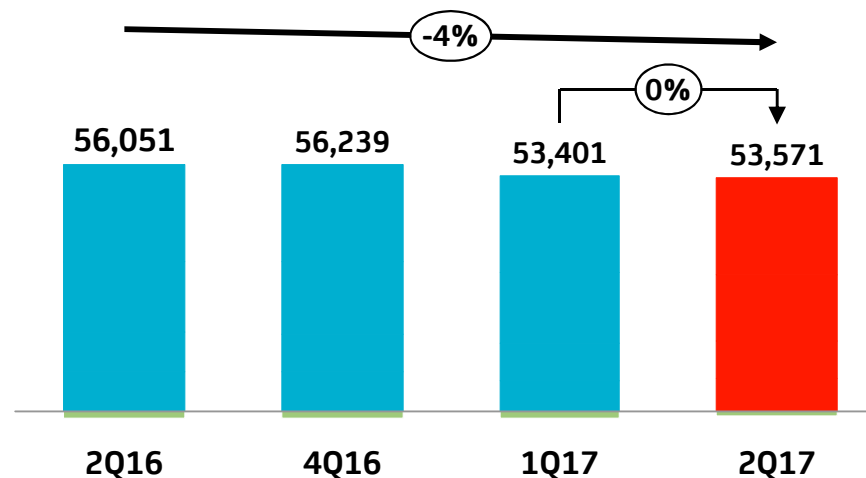
1 2 3 4

Overview Bank Austria  
Balance Sheet & Capital Ratios

## Loans to Customers<sup>1)</sup> (€ mn)



## Deposits from Customers<sup>1)</sup> (€ mn)



## Loans/Direct Funding Ratio<sup>2)</sup>

84% 82% 86% 87%

- **Loans to customers y/y** overall with a decreasing trend driven by reduction of funding to CEE leasing subsidiaries and q/q stable (Austrian business slightly increasing both q/q (by 1%) and y/y)
- **Deposits from customers y/y** decreasing (driven by corporate customers); q/q stable
- Overall excellent funding base, **Loans/Direct Funding Ratio at very good 87%**

<sup>1)</sup> All figures recast

<sup>2)</sup> Loans / (deposits + securities in issue + financial liabilities at fair value)



# Capital position BA GROUP IFRS

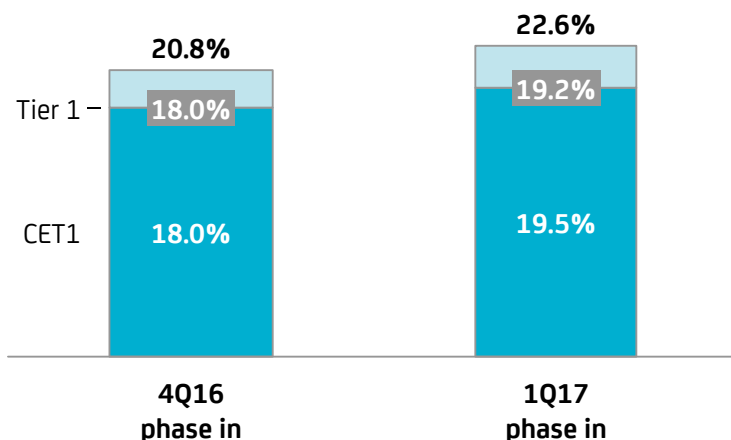
## Solid capital ratios

1 2 3 4

Overview Bank Austria  
Balance Sheet & Capital Ratios

### Capital Ratios

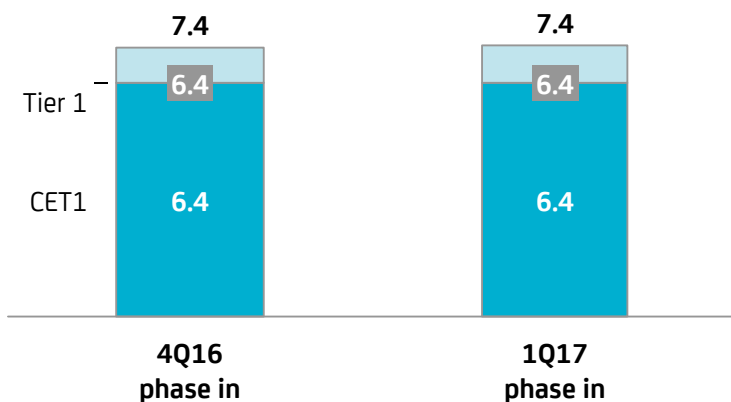
#### Total CAR



- **Common Equity Tier 1** stable. 1H17 profit not included in regulatory capital
- **Total regulatory capital** with € 7.4 bn also stable
- **Total RWA** down to € 32.9 bn, driven by a decline in credit RWA due to lower financing volume of CEE units and other units of UniCredit Group, model changes and optimization in the portfolio of equity investments
- **Leverage Ratio** at strong **5.7%**

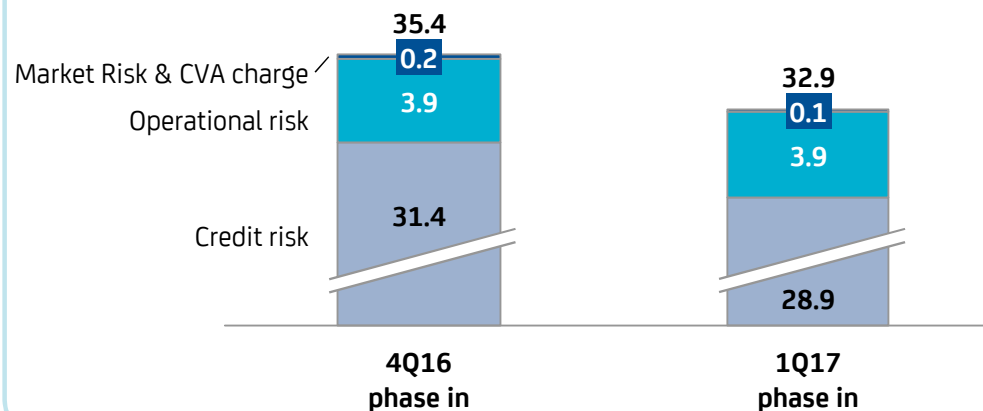
### Regulatory Capital (in € bn)

#### Total Capital



### Risk-Weighted Assets (in € bn)

#### Total RWA



Note: Transitional figures



# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - Business Model & Strategy
  - Profit & Loss
  - Balance Sheet & Capital Ratios
- 3 Liquidity & Funding
  - **Funding Strategy & Position**
  - Cover Pool
- 4 Annex



# Bank Austria Acts as Liquidity Reference Bank (LRB) for all Austrian Group Entities and is a Strategic Issuing Platform for UniCredit Group

1 2 3 4

Liquidity & Funding  
Funding Strategy & Position

UniCredit S.p.A. – Holding

- **UniCredit SpA** is operating as the Group **Holding** as well as the Italian operating bank:
  - ✓ **Coordinated Group-wide funding and liquidity management** to optimize market access and funding costs
  - ✓ **Diversified by geography and funding sources**



UniCredit Bank  
Austria AG

- Mortgage- and Public Sector Pfandbriefe
- Senior benchmark
- Housing-bank-bonds (*Wohnbaubank-Anleihen*)
- Registered sec. (SSD, NSV<sup>\*)</sup>) covered/senior
- Private placements
- Network issues

- **Bank Austria** enjoys **Own Issuing Programs**
- **Bank Austria** continues to be **present on the local and global markets**
- **Coordinated approach within UniCredit** regarding **issuing activities** on the **global markets**



# Self-funding of Business Growth of Bank Austria Group

1 2 3 4

Liquidity & Funding  
Funding Strategy & Position

## Key Funding Pillars

- **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 international capital markets in 2010. Since the return, focus was given to the issuance of benchmark-sized Pfandbriefe and **in 2013** also on **Senior Unsecured Benchmarks**; benchmark-sized Pfandbriefe will remain in the focus also for Bank Austria in the new set-up
- 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



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

1 2 3 4

Liquidity & Funding  
Funding Strategy & Position

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

- **Liquidity strategy**
  - Bank Austria AG acting as an **independent Liquidity Reference Bank (LRB)** within UniCredit Group - in line with the **self-funding principle** of the Group Strategy
  - Bank Austria AG **manages the liquidity development in Austria (including all Austrian Group entities)**
- **Clear operative rules**
  - Active **liquidity and funding management** by defining short-term and structural liquidity and funding limits for all subsidiaries of BA Group
  - All national legal / regulatory constraints have to be followed on single entity level
  - Bank Austria AG establishes a **separate Funding and Liquidity Plan for Austria** as part of the Funding and Liquidity Plan of UniCredit Group
  - Bank Austria enjoys a sound **counterbalancing capacity** and is already **compliant with key liquidity ratios** (LCR as of December 31, 2016 >100%)





# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - Business Model & Strategy
  - Profit & Loss
  - Balance Sheet & Capital Ratios
- 3 Liquidity & Funding
  - Funding Strategy & Position
  - **Cover Pool**
- 4 Annex



# Executive Summary Bank Austria

## Public Sector Cover Pool

1 2 3 4

Liquidity & Funding  
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 30 June 2017 amounts to EUR 6,526 mn
- Average volume of loans is approx. € 1.7 mn
- Average seasoning is 6.9 years
- **Moody's overcollateralization requirement consistent with current rating: 19%** (as of 31 March 2017)



# Public Sector

## Parameters of Cover Pool and Issues

1 2 3 4

Liquidity & Funding

Cover Pool

■ Total Value of the Cover Pool as of 30 June 2017 in EUR equivalent:	6,526 mn
● thereof in EUR:	3,754 mn
● thereof in CHF:	1,235 mn
● thereof public sector bonds in EUR equivalent:	1,536 mn

Parameters of Cover Pool	
Weighted Average Life (in years incl. Amortization)	6,2
Contracted Weighted Average Life (in years)	9,0
Average Seasoning (in years)	6,9
Total Number of Loans	3.731
Total Number of Debtors	1.401
Total Number of Guarantors	276
Average Volume of Loans (in EUR)	1.749.062
Stake of 10 Biggest Loans	29,3%
Stake of 10 Biggest Guarantors	28,3%
Stake of Bullet Loans	58,0%
Stake of Fixed Interest Loans	36,7%
Amount of Loans 90 Days Overdue	0
Average Interest Rate	1,4%

■ Moody's Rating:	Aaa
■ Nominal / Present Value Over-Collateralization*):	61.3% / 62.1%
■ Total Value of Sold Covered Bonds as of 30 June 2017 in EUR:	4,045 mn

Parameters of Issues:	
Total Number	34
Average Maturity (in years)	3,7
Average Volume (in EUR)	118.960.459

\*) 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 6,215 mn, thus the overcollateralization is 53.7%. 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

1 2 3 4

Liquidity & Funding

Cover Pool

Maturity of Assets in the Cover Pool	in mn EUR	in %
<b>Maturity up to 12 months</b>	<b>1.317</b>	<b>20,2%</b>
<b>Maturity 12 - 60 months</b>	<b>1.498</b>	<b>23,0%</b>
thereof Maturity 12 - 36 months	945	14,5%
thereof Maturity 36 - 60 months	553	8,5%
<b>Maturity 60 - 120 months</b>	<b>1.000</b>	<b>15,3%</b>
<b>Maturity longer than 120 months</b>	<b>2.711</b>	<b>41,5%</b>
<b>Total</b>	<b>6.526</b>	<b>100,0%</b>

Maturity of Issued Covered Bonds	in mn EUR	in %
<b>Maturity up to 12 months</b>	<b>50</b>	<b>1,2%</b>
<b>Maturity 12 - 60 months</b>	<b>3.587</b>	<b>88,7%</b>
thereof Maturity 12 - 36 months	1.585	39,2%
thereof Maturity 36 - 60 months	2.002	49,5%
<b>Maturity 60 - 120 months</b>	<b>128</b>	<b>3,2%</b>
<b>Maturity longer than 120 months</b>	<b>280</b>	<b>6,9%</b>
<b>Total</b>	<b>4.045</b>	<b>100,0%</b>












# Public Sector

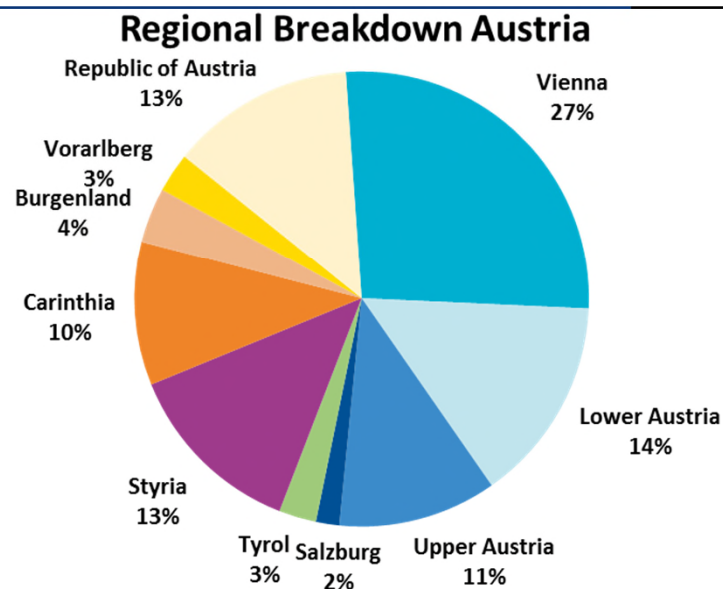
## Regional Breakdown of Assets<sup>\*)</sup> in Austria

1 2 3 4

Liquidity & Funding

Cover Pool

Regional Breakdown Austria		in mn EUR	in %
 Vienna		1.751	26,8%
 Lower Austria		951	14,6%
 Upper Austria		735	11,3%
 Salzburg		108	1,7%
 Tyrol		174	2,7%
 Styria		844	12,9%
 Carinthia		665	10,2%
 Burgenland		257	3,9%
 Vorarlberg		183	2,8%
 Republic of Austria		856	13,1%
<b>Total Austria</b>		<b>6.526</b>	<b>100,0%</b>



<sup>\*)</sup> Considering Guarantors



# Public Sector

## Assets Volume Breakdown by Type of Debtor / Guarantor

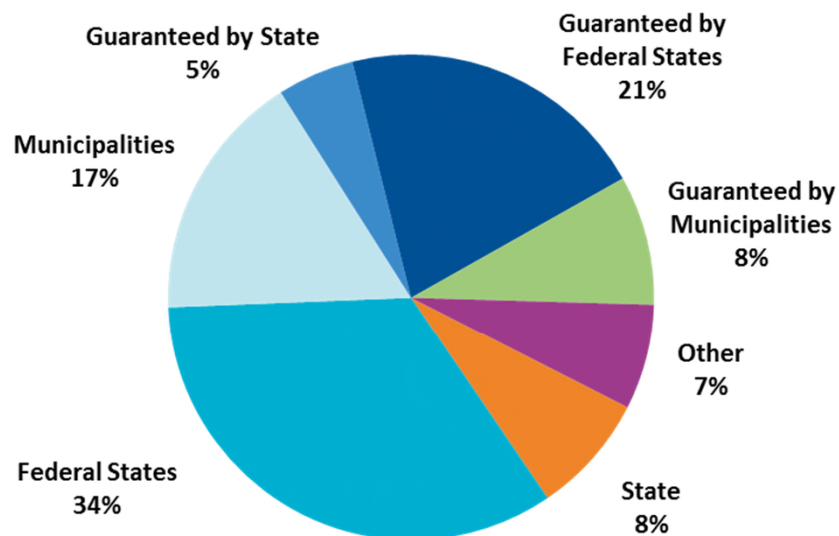
1 2 3 4

Liquidity & Funding

Cover Pool

Assets: Type of Debtor / Guarantor	in mn EUR	Number
State	522	4
Federal States	2.210	52
Municipalities	1.085	2.215
Guaranteed by State	334	141
Guaranteed by Federal States	1.353	237
Guaranteed by Municipalities	562	429
Other	459	653
<b>Total</b>	<b>6.526</b>	<b>3.731</b>

Type of Debtor / Guarantor



# Public Sector

## Volume Breakdown by Size of Assets

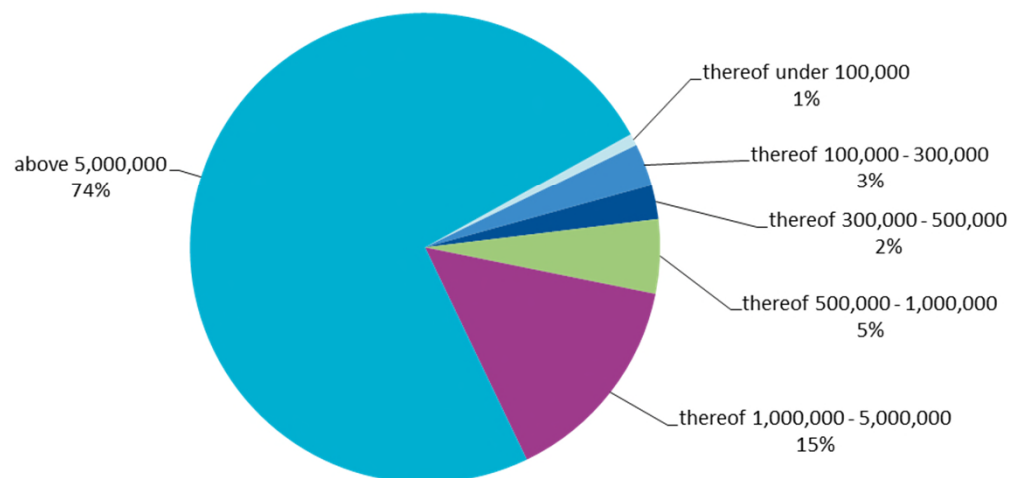
1 2 3 4

Liquidity & Funding

Cover Pool

Volume Breakdown by Size of Assets	in mn EUR	Number
<b>below 300,000</b>	<b>245</b>	<b>2.261</b>
thereof under 100,000	54	1.211
thereof 100,000 - 300,000	191	1.050
<b>300,000 - 5,000,000</b>	<b>1.447</b>	<b>1.338</b>
thereof 300,000 - 500,000	155	399
thereof 500,000 - 1,000,000	333	461
thereof 1,000,000 - 5,000,000	960	478
<b>above 5,000,000</b>	<b>4.833</b>	<b>132</b>
<b>Total</b>	<b>6.526</b>	<b>3.731</b>

Breakdown by Size of Assets





- **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
- **Moody's overcollateralization requirement consistent with current rating: 20.5%** (as of 31 March 2017)





# Bank Austria's Whole Loan Approach

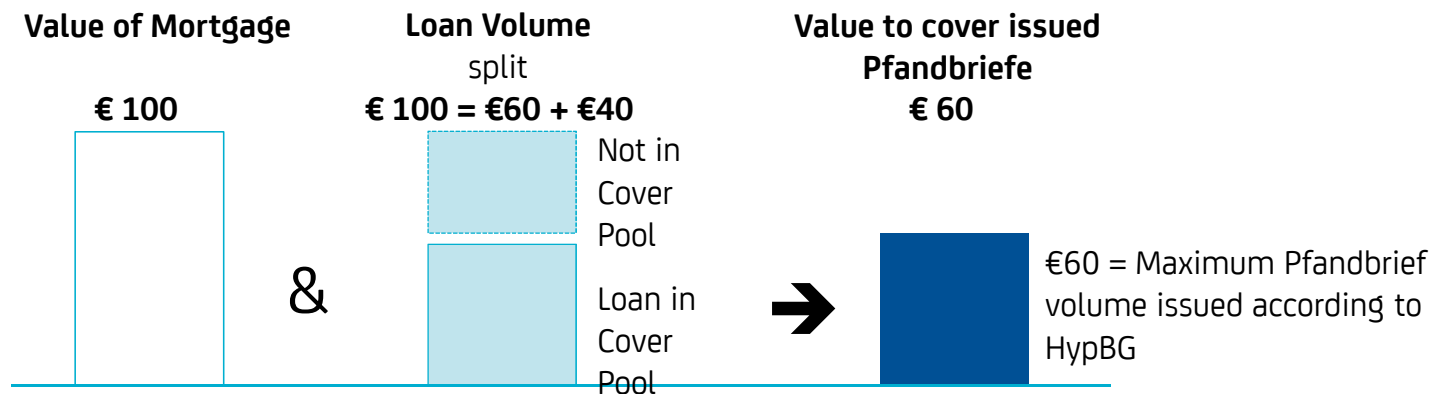
## Whole Loan Approach and its Benefits for Investors

1 2 3 4

Liquidity & Funding  
Cover Pool

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

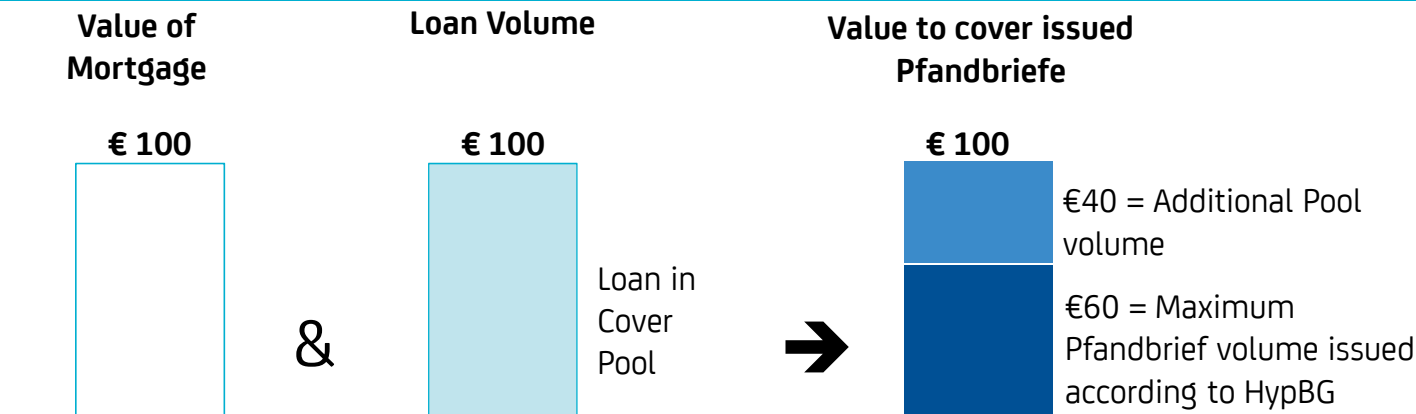
### Scenario I: Split Loan Approach = Minimum Approach



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.**



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

1 2 3 4

- The over-collateralization is approx. EUR 6.1 bn or 127% (as of 30<sup>th</sup> June 2017)

Overview	30.06.2017				
Issue volume	EUR 4.8 bn				
Over-collateralization	EUR 6.1 bn (127%)				
Total Asset Value	EUR 10.9 bn	o/w CHF	31.12.2014	30.06.2017	
Total Cover Value	EUR 7.1 bn	o/w CHF	EUR 1.6 bn	EUR 1.4 bn	(12.8% of total asset value)
			EUR 670 mln	EUR 469 mln	(6.6% 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 21.0%*
- 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 (122 of 26,000) were taken out in 2016 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



# Mortgage Cover Pool

## Parameters of the Cover Pool and Issues

### Liquidity & Funding

Cover Pool

1 2 3 4

Total Value of the Cover Pool as of 30 June 2017 in EUR equivalent:	10,902 mn
• thereof in EUR:	9,406 mn
• thereof in CHF:	1,368 mn
• thereof substitute cover in EUR:	129 mn

Parameters of Cover Pool	
<b>Weighted Average Life</b> (in years incl. Amortization)	<b>9,0</b>
<b>Contracted Weighted Average Life</b> (in years)	<b>14,4</b>
<b>Average Seasoning</b> (in years)	<b>6,1</b>
<b>Total Number of Loans</b>	<b>34.104</b>
<b>Total Number of Debtors</b>	<b>32.219</b>
<b>Total Number of Mortgages</b>	<b>34.104</b>
<b>Average Volume of Loans</b> (in EUR)	<b>315.909</b>
<b>Stake of 10 Biggest Loans</b>	<b>13,4%</b>
<b>Stake of 10 Biggest Debtors</b>	<b>15,9%</b>
<b>Stake of Bullet Loans</b>	<b>34,3%</b>
<b>Stake of Fixed Interest Loans</b>	<b>18,5%</b>
<b>Amount of Loans 90 Days Overdue</b>	<b>0</b>
<b>Average Interest Rate</b>	<b>1,3%</b>

■ Moody's Rating:	Aaa
■ Nominal / Present Value Over-Collateralisation*):	127.3% / 134.7%
■ Total Value of Issued Mortgage Pfandbriefe as of 30 June 2017 in EUR:	4,796 mn
■ Total Value of Sold Mortgage Pfandbriefe as of 30 June 2017 in EUR:	4,196 mn

Parameters of Issues:	
<b>Total Number</b>	<b>94</b>
<b>Average Maturity</b> (in years)	<b>4,5</b>
<b>Average Volume</b> (in EUR)	<b>51.023.631</b>

\*) 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 7,108 mn, thus the overcollateralization is 48.2%. 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

1 2 3 4

Liquidity & Funding

Cover Pool

Maturity of Assets in the Cover Pool		in mn EUR	in %
Maturity up to 12 months		476	4,4%
Maturity 12 - 60 months		1.489	13,7%
thereof Maturity 12 - 36 months		762	7,0%
thereof Maturity 36 - 60 months		727	6,7%
Maturity 60 - 120 months		2.049	18,8%
Maturity longer than 120 months		6.889	63,2%
Total		10.902	100,0%
Maturity of Issued Covered Bonds		in mn EUR	in %
Maturity up to 12 months		202	4,2%
Maturity 12 - 60 months		2.497	52,1%
thereof Maturity 12 - 36 months		2.370	49,4%
thereof Maturity 36 - 60 months		127	2,6%
Maturity 60 - 120 months		1.735	36,2%
Maturity longer than 120 months		362	7,6%
Total		4.796	100,0%



# Mortgage Cover Pool

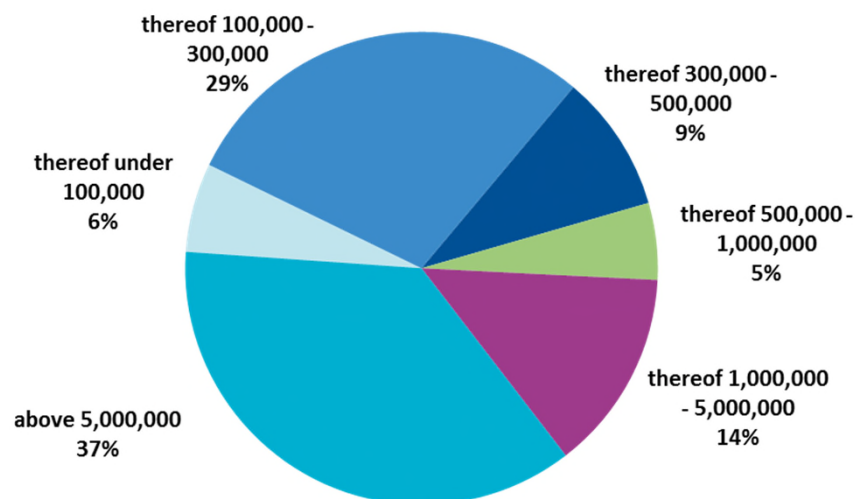
## Assets Volume Breakdown

1 2 3 4

Liquidity & Funding  
Cover Pool

Volume Breakdown by Size of Loans	in mn EUR	Number
<b>below 300,000</b>	<b>3.816</b>	<b>28.886</b>
thereof under 100,000	665	11.588
thereof 100,000 - 300,000	3.151	17.298
<b>300,000 - 5,000,000</b>	<b>3.100</b>	<b>4.393</b>
thereof 300,000 - 500,000	1.028	2.813
thereof 500,000 - 1,000,000	573	840
thereof 1,000,000 - 5,000,000	1.500	740
<b>above 5,000,000</b>	<b>3.986</b>	<b>176</b>
<b>Total</b>	<b>10.902</b>	<b>33.455</b>

Breakdown by Size of Loans





# Mortgage Cover Pool

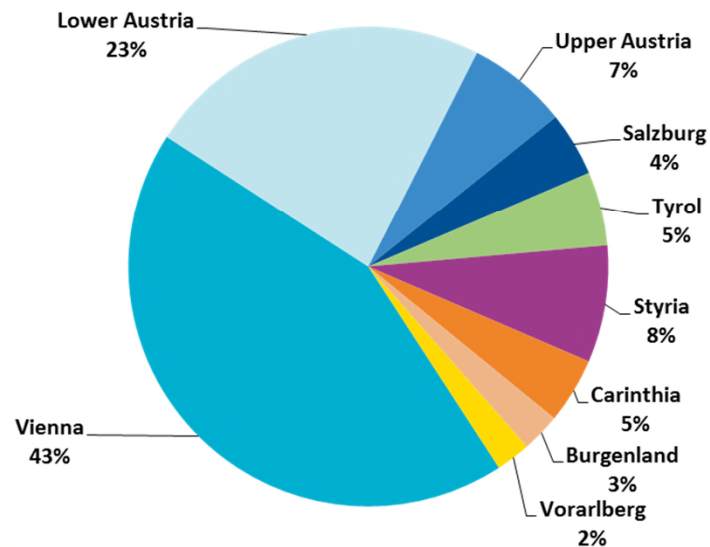
## Regional Breakdown<sup>\*)</sup> of Mortgages in Austria

1 2 3 4

Liquidity & Funding  
Cover Pool

Regional Breakdown Austria		in mn EUR	%
	Vienna	4.665	43,3%
	Lower Austria	2.516	23,3%
	Upper Austria	729	6,8%
	Salzburg	465	4,3%
	Tyrol	540	5,0%
	Styria	851	7,9%
	Carinthia	477	4,4%
	Burgenland	282	2,6%
	Vorarlberg	249	2,3%
<b>Total</b>		<b>10.774</b>	<b>100,0%</b>

Regional Breakdown Austria



<sup>\*)</sup> Without substitute cover (consists of bonds)



# Mortgage Cover Pool

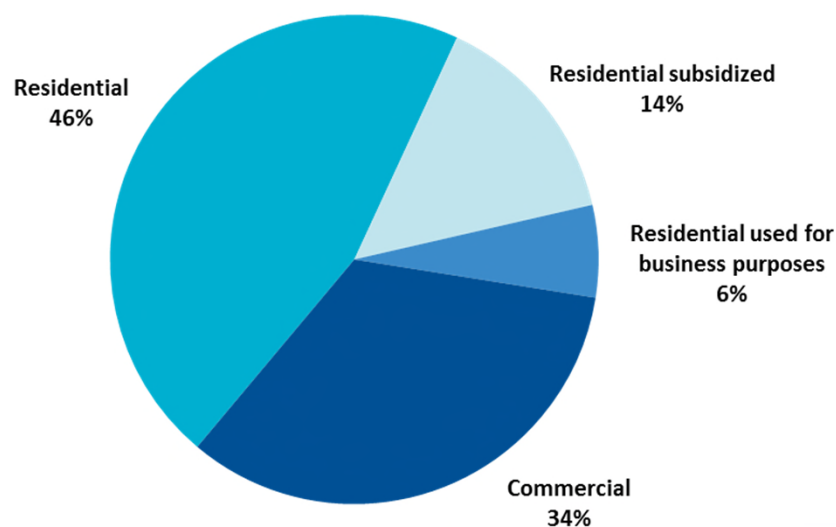
## Breakdown<sup>\*)</sup> by Type of Use

1 2 3 4

Liquidity & Funding  
Cover Pool

Mortgages Breakdown by Type of Use	in mn EUR	Number
<b>Residential</b>	<b>4.934</b>	<b>30.160</b>
Residential subsidized	1.563	1.869
Residential used for business purposes	656	1.170
<b>Commercial</b>	<b>3.621</b>	<b>905</b>
thereof Office	1.665	141
thereof Trade	955	70
thereof Tourism	164	121
thereof Agriculture	28	142
thereof mixed Use / Others	808	431
<b>Total</b>	<b>10.774</b>	<b>34.104</b>

Mortgages / Type of Use



<sup>\*)</sup> Without substitute cover (consists of bonds)



# Mortgage Cover Pool

## Breakdown<sup>\*)</sup> by Type of Use

1 2 3 4

Liquidity & Funding  
Cover Pool

- Bank Austria's Mortgage **Cover Pool Value** accounts for **€ 10,774 mn** as of 30 June 2017 (without substitute cover)
- **All mortgages in cover pool are located in Austria**
  - The main concentration is in the City of Vienna (43.3%) and the state of Lower Austria (23.3%)
- **Breakdown of cover pool by type of use:**
  - 66.4% residential real estate (thereof 14.5% subsidized)
  - 33.6% commercial real estate, divides as follows:
    - Office 15.5%
    - Trade 8.9%
    - Tourism 1.6%
    - Other / mixed use 7.6%

<sup>\*)</sup> all percent age values are respective cover pool value without substitute cover





# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - Business Model & Strategy
  - Profit & Loss
  - Balance Sheet & Capital Ratios
- 3 Liquidity & Funding
  - Funding Strategy & Position
  - Transactions
  - Cover Pool
- 4 Annex
  - **Liquidity & Funding - Transactions**
  - Economic Conditions in Austria
  - Ratings Overview
  - Real Estate Market Austria
  - Legal Situation – Austrian Covered Bonds



# Overview of outstanding Pfandbrief Benchmark Issues 2014 & 2015

1 2 3 4

Annex

Liquidity & Funding Transactions

Bank Austria Mortgage Pfandbrief	0.75%	08/09/2022	€ 500 mn	Sept 2015	MS + 5bps
Bank Austria Mortgage Pfandbrief	0.75%	25/02/2025	€ 500 mn	Feb. 2015	MS + 3bps
Bank Austria Mortgage Pfandbrief	0.5%	16/01/2020	€ 500 mn	Sept. 2014	MS + 7bps
Bank Austria Public Sector Pfandbrief	1.375%	26/05/2021	€ 500 mn	May 2014	MS + 25bps
Bank Austria Mortgage Pfandbrief	1.25%	14/10/2019	€500 mn	April 2014	MS + 23bps
Bank Austria Mortgage Pfandbrief	2.375%	22/01/2024	€ 500 mn	Jan. 2014	MS + 35bps



# Overview of outstanding Pfandbrief Benchmark Issues prior to 2014

1 2 3 4

Annex

Liquidity & Funding Transactions

Bank Austria Public Sector Pfandbrief	1.875%	29/10/2020	€ 500 mn	Oct 2013	Mid-Swap +25
Bank Austria Mortgage Pfandbrief / Tap	1.25%	30/07/2018	€200 mn	Sept. 2013	Mid-Swap +10
Bank Austria Mortgage Pfandbrief	1.25%	30/07/2018	€ 500 mn	July 2013	Mid-Swap +26
Bank Austria Public Sector Pfandbrief	2.625%	25/04/2019	€ 500 mn	Apr 2012	Mid-Swap +88
Bank Austria Public Sector Pfandbrief	4.125%	24/02/2021	€ 1 bn	Feb. 2011	Mid-Swap +69

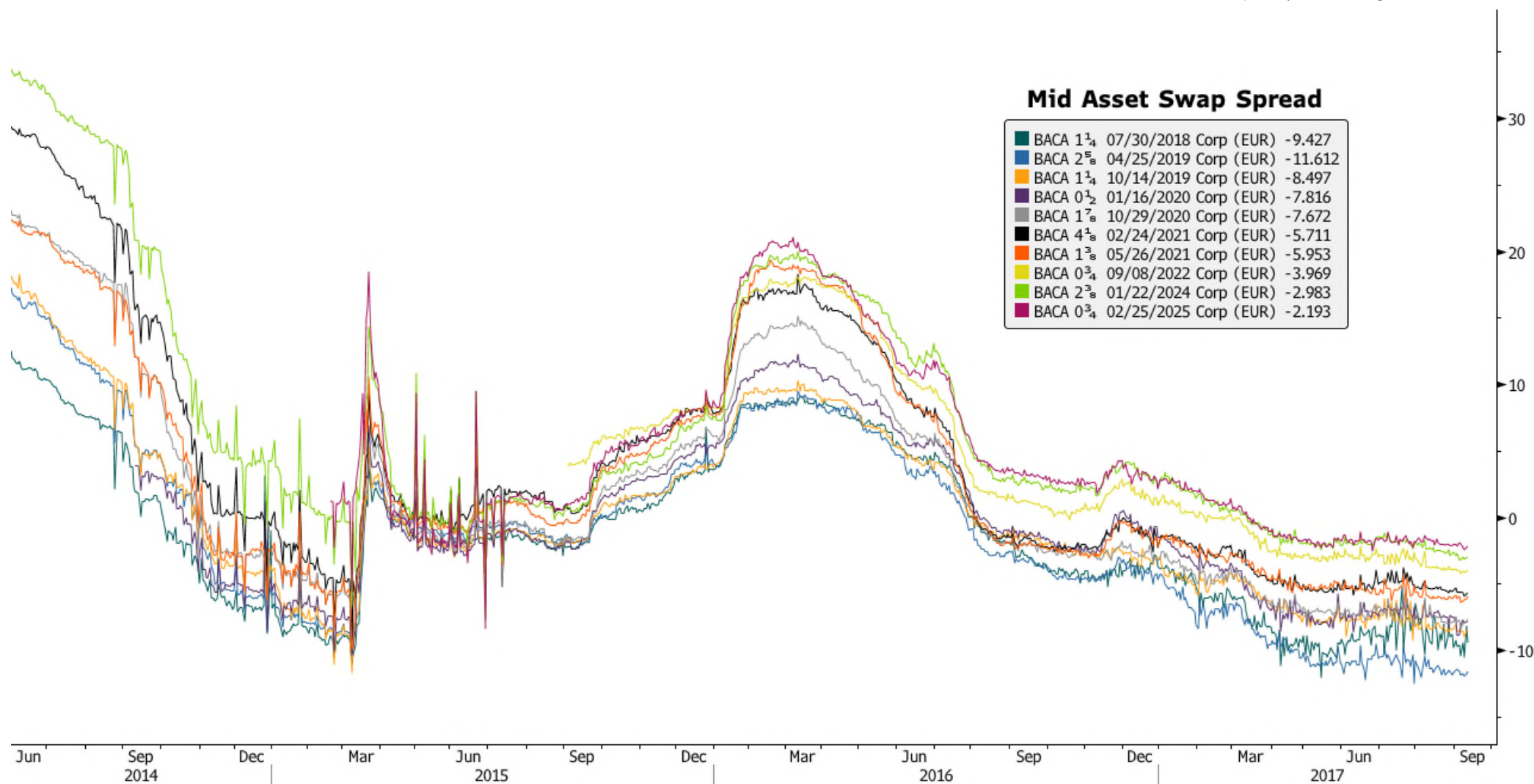


# UniCredit Bank Austria Covered Bond Spread Comparison

1 2 3 4

Annex

Liquidity & Funding Transactions



Source: Bloomberg



# Overview of outstanding Senior Unsecured Benchmark Issues

1 2 3 4

Annex

Liquidity & Funding Transactions

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

\* The 2.625% Senior Unsecured Bond was reduced from € 750 mn to € 363.3 mn by means of a tender buyback as of 17<sup>th</sup> January 2017.

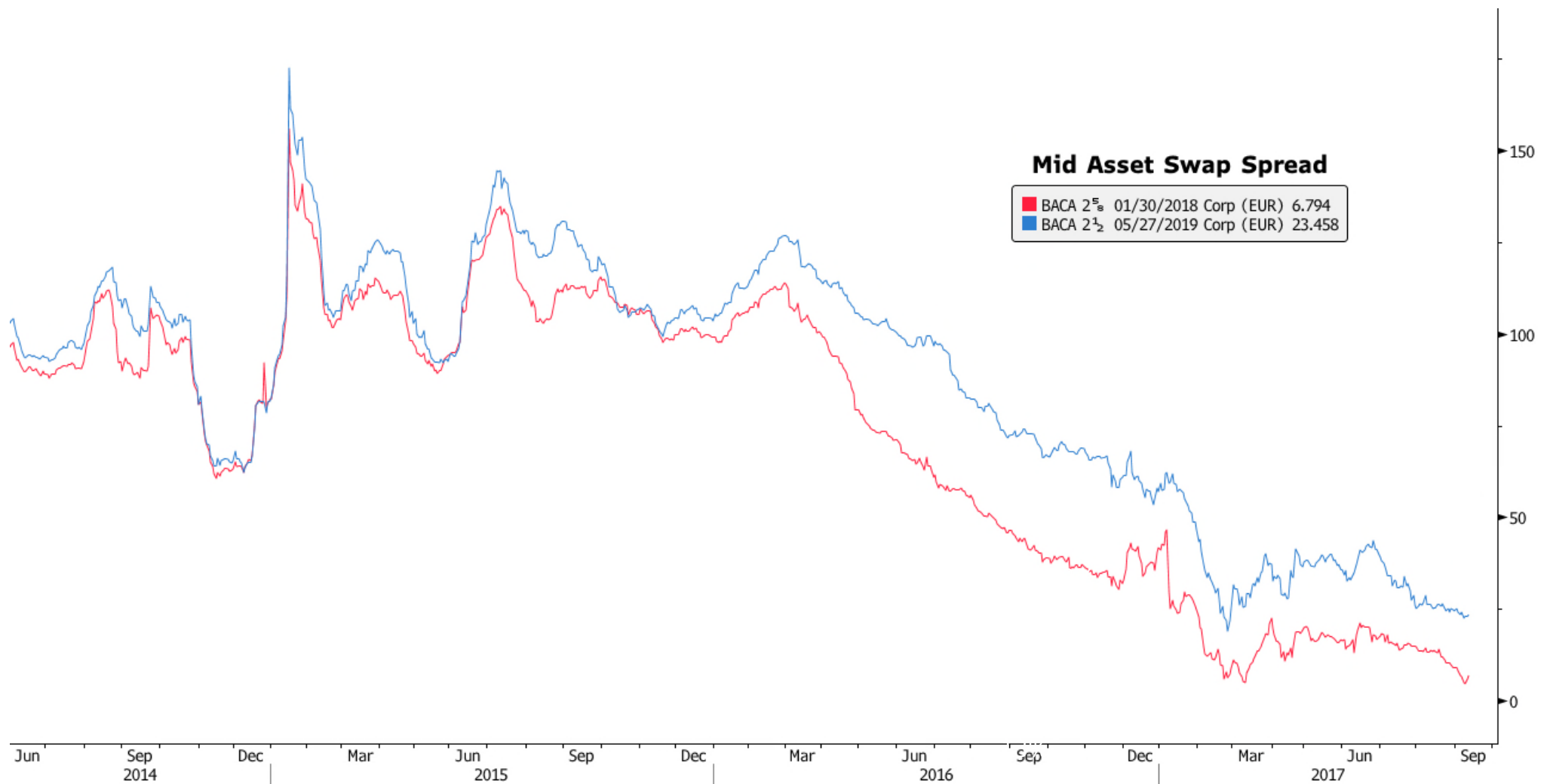


# UniCredit Bank Austria Senior Unsecured Bonds Spread Comparison

1 2 3 4

Annex

Liquidity & Funding Transactions



Source: Bloomberg



# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - Business Model & Strategy
  - Profit & Loss
  - Balance Sheet & Capital Ratios
- 3 Liquidity & Funding
  - Funding Strategy & Position
  - Transactions
  - Cover Pool
- 4 Annex
  - Liquidity & Funding - Transactions
  - **Economic Conditions in Austria**
  - Ratings Overview
  - Real Estate Market Austria
  - Legal Situation – Austrian Covered Bonds



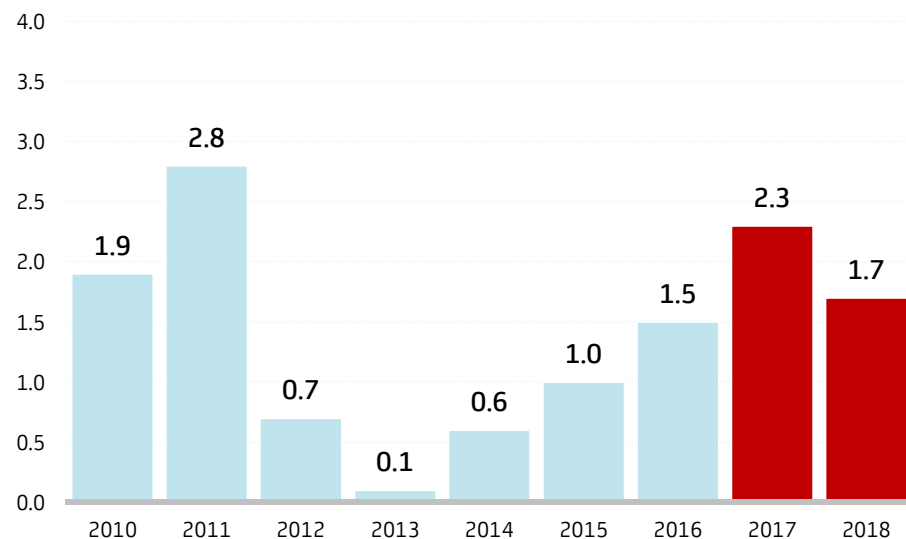
# Economic Conditions in Austria

1 2 3 4

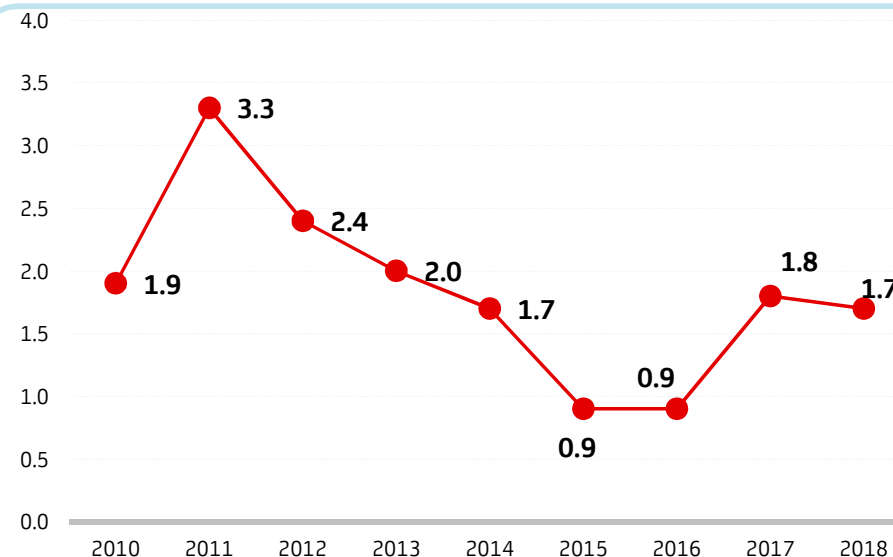
Annex

Economic Conditions in Austria

Austrian economic growth (real, yoy in %)

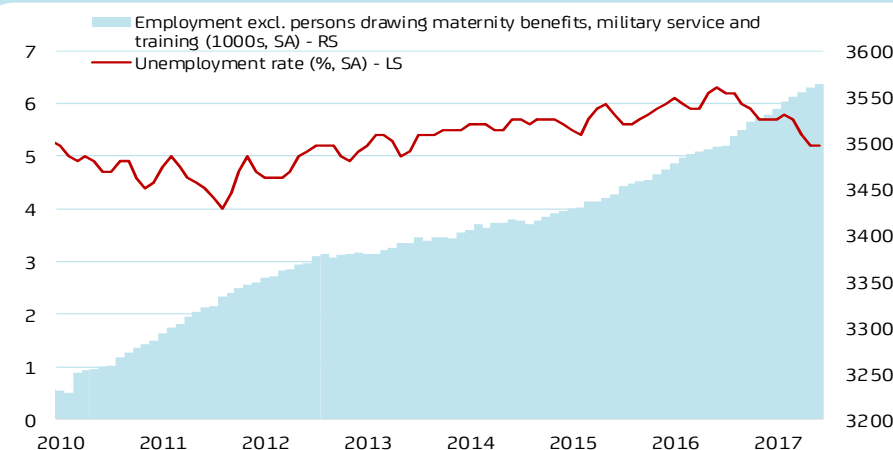


Austrian inflation rate (yearly average, in %)



- Supported by global developments and strong consumption, the Austrian economy experienced dynamic growth in the first six months of the year. We have raised our economic forecast 2.3 per cent for 2017 as a whole, for 2018 we expect GDP growth of 1.7 per cent.
- Inflation averaged 0.9 % in 2016. We expect inflation to rise to 1.8 % in 2017, primarily on account of the rise in raw material prices, but also due to the continued high price movements in some services.
- Strong economic development has led to a trend reversal on the labor market. We expect the rate of unemployment to fall to an annual average of 8.7 % in 2017, following 9.1 % in the previous year.

Employment and unemployment rate





# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - Business Model & Strategy
  - Profit & Loss
  - Balance Sheet & Capital Ratios
- 3 Liquidity & Funding
  - Funding Strategy & Position
  - Transactions
  - Cover Pool
- 4 Annex
  - Liquidity & Funding - Transactions
  - Economic Conditions in Austria
  - **Ratings Overview**
  - Real Estate Market Austria
  - Legal Situation – Austrian Covered Bonds



# Rating Overview

1 2 3 4

Annex  
Rating Overview

	Moody's			S&P			Fitch		
	Long-Term	Short-Term	Subordinated <sup>1)</sup>	Long-Term	Short-Term	Subordinated <sup>1)</sup>	Long-Term	Short-Term	Subordinated <sup>1)</sup>
<b>Bank Austria<sup>2)</sup></b>	<b>Baa1</b> Stable	<b>P-2</b>	<b>Ba1</b>	<b>BBB</b> Negative	<b>A-2</b>	<b>BB+</b>	<b>BBB+</b> Negative	<b>F2</b>	<b>-</b>
Public Sector Covered Bond	<b>Aaa</b>			<b>-</b>			<b>-</b>		
Mortgage Covered Bond	<b>Aaa</b>			<b>-</b>			<b>-</b>		
<b>UniCredit S.p.A.</b>	<b>Baa1</b> Stable	<b>P-2</b>	<b>Ba1</b>	<b>BBB-</b> Stable	<b>A-3</b>	<b>BB</b>	<b>BBB</b> Stable	<b>F2</b>	<b>BBB</b>

(as of September 8, 2017)

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 A2 and the subordinated ones are rated Baa2



# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - Business Model & Strategy
  - Profit & Loss
  - Balance Sheet & Capital Ratios
- 3 Liquidity & Funding
  - Funding Strategy & Position
  - Transactions
  - Cover Pool
- 4 Annex
  - Liquidity & Funding - Transactions
  - Economic Conditions in Austria
  - Ratings Overview
  - **Real Estate Market Austria**
  - Legal Situation – Austrian Covered Bonds



# Austrian Real Estate Market

## Overview

1 2 3 4

Annex  
Real Estate Market Austria

- In 2016 investment in commercial real estate in Austria reached EUR 2.8bn. This result was considerably lower than the record volume achieved in 2015 (around 3.9bn), as some big transactions were not realized in time. Nevertheless, as long as property yields are more attractive than yields of alternate investments like government bonds, demand for real estate will be supported.
- 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. Though annual total return has never achieved double digit growth since the beginning of the analysis it also never dropped into negative territory. Even in the crisis years 2008/2009 annual total return amounted to around 4%.
- Residential real estate prices in Vienna have risen considerably over the last ten years. Nevertheless, price increases slowed down last year. Price development in Austria without Vienna has been considerably less dynamic.



# Austrian Real Estate Market

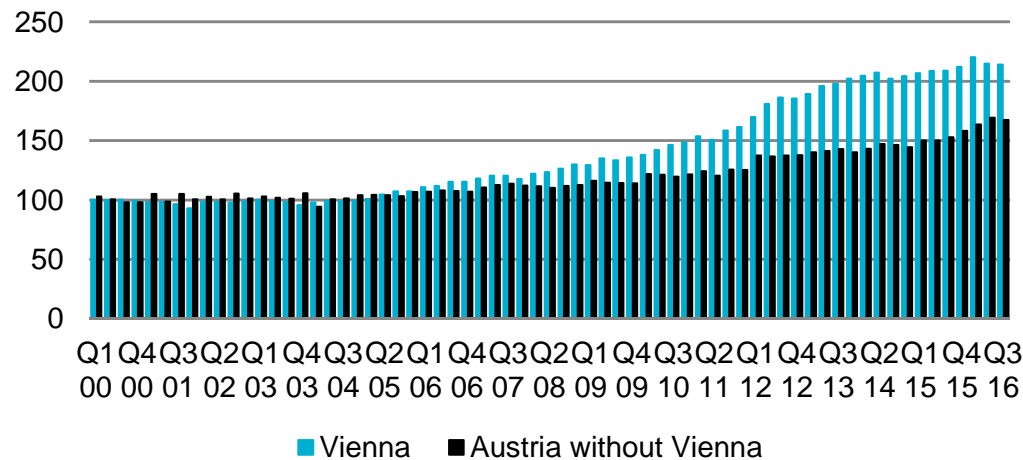
## Prices for residential real estate

1 2 3 4

Annex  
Real Estate Market Austria

- The strong increase of house prices in Vienna has moderated considerably over the last quarters. In the second and third quarter 2016 prices even declined slightly according to the Residential Property Price Index.
- In comparison, prices in Austria excl. Vienna have shown a quite moderate development over the last years.

### Residential Property Price Index (2000 = 100)

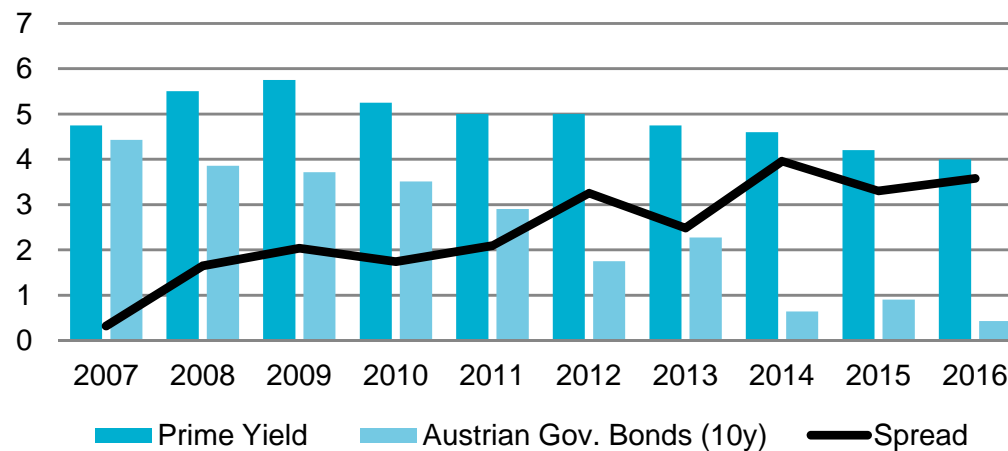


Source: OeNB, TU Wien, Institut für Stadt- und Regionalforschung



- Investors looking for yield are interested in real estate. As long as property investments offers higher yields than alternatives such as government bonds, demand for real estate will be supported.

### Prime Office Yields vs. Government Bonds



Source: CBRE, Thomson Reuters



# Agenda

---

- 1 UniCredit Group
- 2 Overview Bank Austria
  - Business Model & Strategy
  - Profit & Loss
  - Balance Sheet & Capital Ratios
- 3 Liquidity & Funding
  - Funding Strategy & Position
  - Transactions
  - Cover Pool
- 4 Annex
  - Liquidity & Funding - Transactions
  - Economic Conditions in Austria
  - Ratings Overview
  - Real Estate Market Austria
  - **Legal Situation – Austrian Covered Bonds**



# Austrian Legal Framework

## Mortgage and Public Sector Pfandbriefe

1 2 3 4

Annex

Legal situation – Austrian covered bonds

### Austrian Covered Bonds

#### Pfandbriefe

#### Fundierte Schuldverschreibungen

**Hypothekendarbankgesetz**  
(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

1 2 3 4

Annex

Legal situation – Austrian covered bonds

Criteria of Pfandbrief law / Hypothekbankgesetz	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 „Hypothekbankgesetz“ was initially based on the German legislation
- Important changes to the German "Pfandbrief" - legislation were followed by the Austrian "Hypothekbankgesetz", 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



# Your Contacts

---

## **CFO Finance**

UniCredit Bank Austria AG

Martin Klauzer

Head of Finance

Tel. +43 (0) 50505 82511

[martin.klauzer@unicreditgroup.at](mailto:martin.klauzer@unicreditgroup.at)

Giuseppe Sapienza

Head of Strategic Funding, Transactions and Pricing

Tel. +43 (0) 50505 82641

[giuseppe.sapienza@unicreditgroup.at](mailto:giuseppe.sapienza@unicreditgroup.at)

Gabriele Wiebogen

Head of Medium and Long Term Funding

Tel. +43 (0) 50505 82337

[gabriele.wiebogen@unicreditgroup.at](mailto:gabriele.wiebogen@unicreditgroup.at)

Erich Sawinsky

Head of Cover Pool Management

Tel. +43 (0) 50505 82673

[erich.sawinsky@unicreditgroup.at](mailto:erich.sawinsky@unicreditgroup.at)

## **CFO Planning & Controlling Austria**

UniCredit Bank Austria AG

Günther Stromenger

Head of Corporate Relations

Tel. +43 (0) 50505 57232

[guenther.stromenger@unicreditgroup.at](mailto:guenther.stromenger@unicreditgroup.at)

## **Impressum**

UniCredit Bank Austria AG

CFO Finance

A-1010 Vienna, Schottengasse 6-8



# Disclaimer

This publication is presented to you by:

UniCredit Bank Austria AG  
Julius Tandler-Platz 3  
A-1090 Wien

The information in this publication is based on carefully selected sources believed to be reliable. However we do not make any representation as to its accuracy or completeness. Any opinions herein reflect our judgement at the date hereof and are subject to change without notice. Any investments presented in this report may be unsuitable for the investor depending on his or her specific investment objectives and financial position. Any reports provided herein are provided for general information purposes only and cannot substitute the obtaining of independent financial advice. Private investors should obtain the advice of their banker/broker about any investments concerned prior to making them. Nothing in this publication is intended to create contractual obligations. Corporate & Investment Banking of UniCredit Group consists of UniCredit Bank AG, Munich, UniCredit Bank Austria AG, Vienna, UniCredit S.p.A., Rome and other members of the UniCredit Group. UniCredit Bank AG is regulated by the German Financial Supervisory Authority (BaFin), UniCredit Bank Austria AG is regulated by the Austrian Financial Market Authority (FMA) and UniCredit S.p.A. is regulated by both the Banca d'Italia and the Commissione Nazionale per le Società e la Borsa (CONSOB).

## **Note to UK Residents:**

In the United Kingdom, this publication is being communicated on a confidential basis only to clients of Corporate & Investment Banking of UniCredit Group (acting through UniCredit Bank AG, London Branch) who (i) have professional experience in matters relating to investments being investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO"); and/or (ii) are falling within Article 49(2) (a) – (d) ("high net worth companies, unincorporated associations etc.") of the FPO (or, to the extent that this publication relates to an unregulated collective scheme, to professional investors as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 and/or (iii) to whom it may be lawful to communicate it, other than private investors (all such persons being referred to as "Relevant Persons"). This publication is only directed at Relevant Persons and any investment or investment activity to which this publication relates is only available to Relevant Persons or will be engaged in only with Relevant Persons. Solicitations resulting from this publication will only be responded to if the person concerned is a Relevant Person. Other persons should not rely or act upon this publication or any of its contents.

The information provided herein (including any report set out herein) does not constitute a solicitation to buy or an offer to sell any securities. The information in this publication is based on carefully selected sources believed to be reliable but we do not make any representation as to its accuracy or completeness. Any opinions herein reflect our judgement at the date hereof and are subject to change without notice.

We and/or any other entity of Corporate & Investment Banking of UniCredit Group may from time to time with respect to securities mentioned in this publication (i) take a long or short position and buy or sell such securities; (ii) act as investment bankers and/or commercial bankers for issuers of such securities; (iii) be represented on the board of any issuers of such securities; (iv) engage in "market making" of such securities; (v) have a consulting relationship with any issuer. Any investments discussed or recommended in any report provided herein may be unsuitable for investors depending on their specific investment objectives and financial position. Any information provided herein is provided for general information purposes only and cannot substitute the obtaining of independent financial advice.

UniCredit Bank AG, London Branch is regulated by the Financial Services Authority for the conduct of business in the UK as well as by BaFin, Germany.

Notwithstanding the above, if this publication relates to securities subject to the Prospectus Directive (2005) it is sent to you on the basis that you are a Qualified Investor for the purposes of the directive or any relevant implementing legislation of a European Economic Area ("EEA") Member State which has implemented the Prospectus Directive and it must not be given to any person who is not a Qualified Investor. By being in receipt of this publication you undertake that you will only offer or sell the securities described in this publication in circumstances which do not require the production of a prospectus under Article 3 of the Prospectus Directive or any relevant implementing legislation of an EEA Member State which has implemented the Prospectus Directive.

## **Note to US Residents:**

The information provided herein or contained in any report provided herein is intended solely for institutional clients of Corporate & Investment Banking of UniCredit Group acting through UniCredit Bank AG, New York Branch and UniCredit Capital Markets, Inc. (together "UniCredit") in the United States, and may not be used or relied upon by any other person for any purpose. It does not constitute a solicitation to buy or an offer to sell any securities under the Securities Act of 1933, as amended, or under any other US federal or state securities laws, rules or regulations. Investments in securities discussed herein may be unsuitable for investors, depending on their specific investment objectives, risk tolerance and financial position. In jurisdictions where UniCredit is not registered or licensed to trade in securities, commodities or other financial products, any transaction may be effected only in accordance with applicable laws and legislation, which may vary from jurisdiction to jurisdiction and may require that a transaction be made in accordance with applicable exemptions from registration or licensing requirements.

All information contained herein is based on carefully selected sources believed to be reliable, but UniCredit makes no representations as to its accuracy or completeness. Any opinions contained herein reflect UniCredit's judgement as of the original date of publication, without regard to the date on which you may receive such information, and are subject to change without notice.

UniCredit may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in any report provided herein. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them. Past performance should not be taken as an indication or guarantee of further performance, and no representation or warranty, express or implied, is made regarding future performance.

UniCredit and/or any other entity of Corporate & Investment Banking of UniCredit Group may from time to time, with respect to any securities discussed herein: (i) take a long or short position and buy or sell such securities; (ii) act as investment and/or commercial bankers for issuers of such securities; (iii) be represented on the board of such issuers; (iv) engage in "market-making" of such securities; and (v) act as a paid consultant or adviser to any issuer.

The information contained in any report provided herein may include forward-looking statements within the meaning of US federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from its expectations include, without limitation: Political uncertainty, changes in economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets, competitive environments and other factors relating to the foregoing. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement.

This product is offered by UniCredit Bank Austria AG who is solely responsible for the Product and its performance and/or effectiveness. UEFA and its affiliates, member associations and sponsors (excluding UniCredit and UniCredit Bank Austria AG) do not endorse, approve or recommend the Product and accept no liability or responsibility whatsoever in relation thereto.

