

Capital Markets Day

**UNLEASH THE FULL VALUE OF OUR
EUROPEAN OPERATING PLATFORM**

Paolo Fiorentino, Deputy CEO

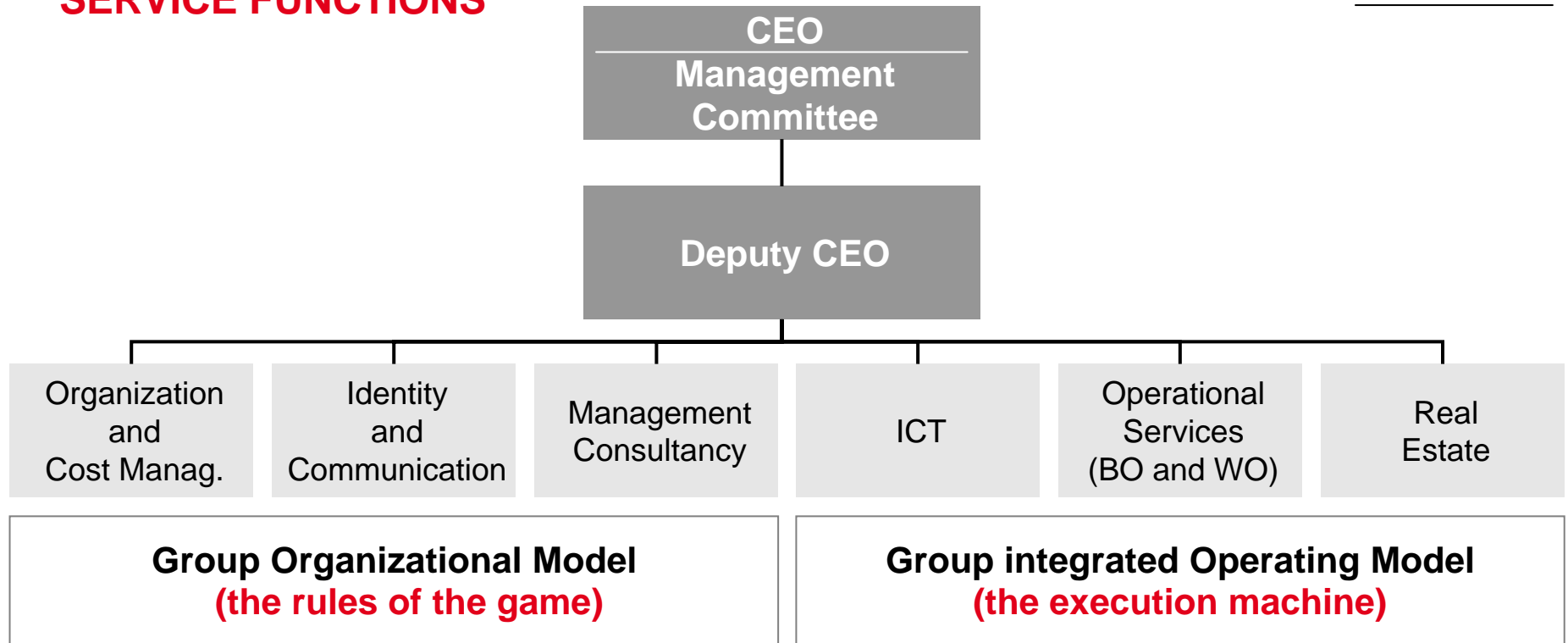
AGENDA

- **Organization and service functions in UCG**
- Results delivered and Plan ambitions
- Key initiatives 2008-2010
- Conclusions

WHO WE ARE...

DEPUTY CEO IN CHARGE OF THE ORGANIZATION AND SERVICE FUNCTIONS

SIMPLIFIED



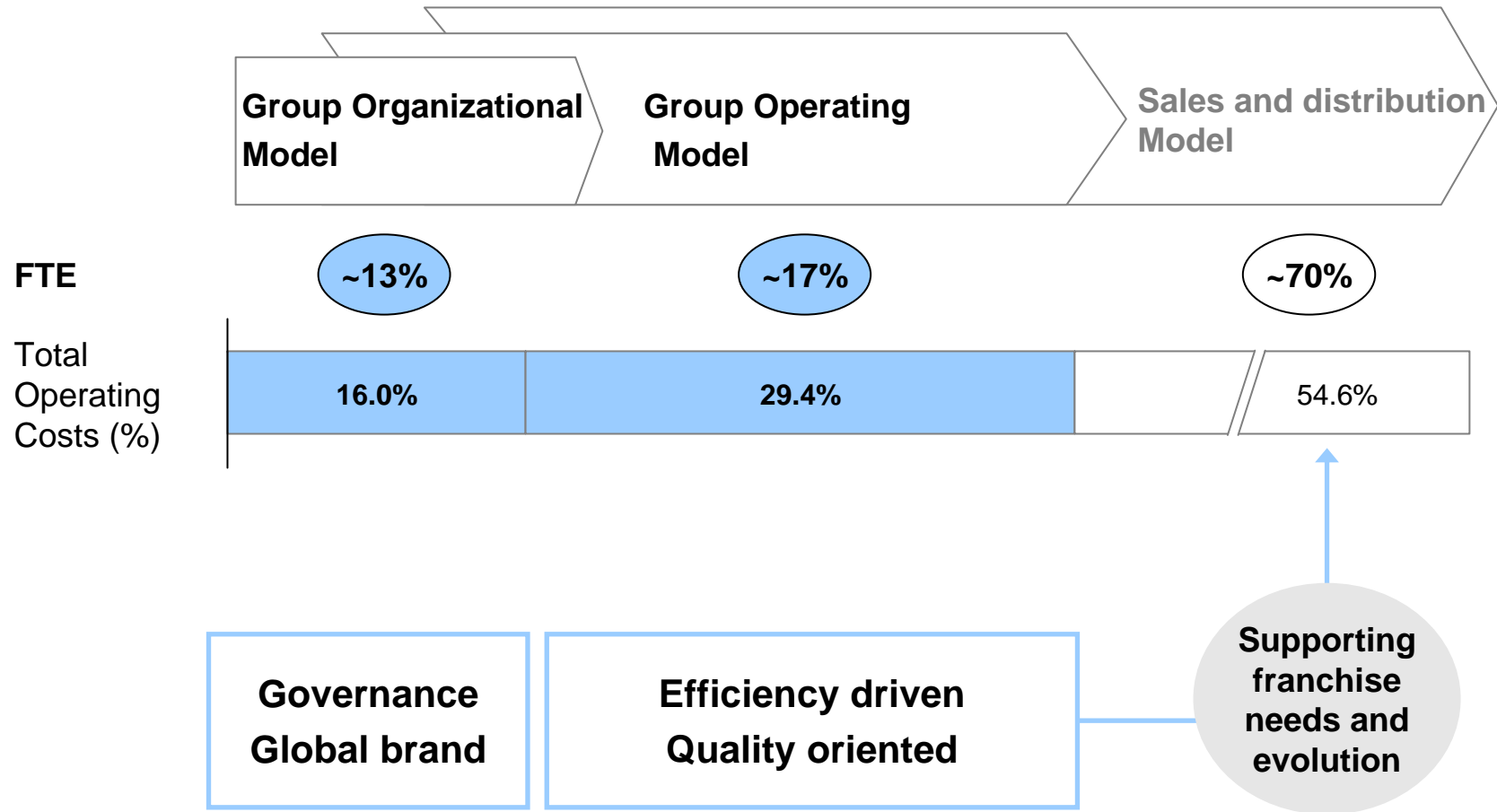
Global capabilities to generate value:

- Distinctive vs. competitors
- Replicable across geographies/ businesses
- Sustainable over time

Global Banking Services network (GBS) leverage economies of scale and flexibility:

- ~ 31,000 FTE
- ~29% of UCG total operating costs

...AND HOW WE CONTRIBUTE TO LONG TERM SUSTAINABLE VALUE CREATION



UCG AMBITIONS ASK FOR NEXT WAVE OF EVOLUTION OF OUR OPERATING MODEL

OUR COMMITMENT

Effective centralized governance model

- **Single factories** for cross border back-office and IT services. **Global real estate**
- **Streamline** of processes, **efficiency innovation** and **cost management**

Cross border integration of IT systems

- **“Eurosig”** as European commercial platform in Western countries
- **Global unified platform** for MIB and Household Financing

Strong back-office near shoring

Global share services

- **Romania** build up and new **Polish** site
- **Backroom activities** in HR services and Finance & Administration (F&A)

Real estate global management

- **Optimization of asset capital structure**
- **Space reductions** in Western Europe and tight monitoring of CEE expansion
- **Selective outsourcing** (i.e. Facility Management)

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SOUND TRACK RECORD IN DELIVERING RESULTS

ICT

- Commercial bank achievements
- Infrastructure consolidation
- Outsourcing in Germany

Operational Services

- Outsourcing and rationalization in Germany
- Front office clean up and efficiency
- UPA Romania growth
- Workout rationalization

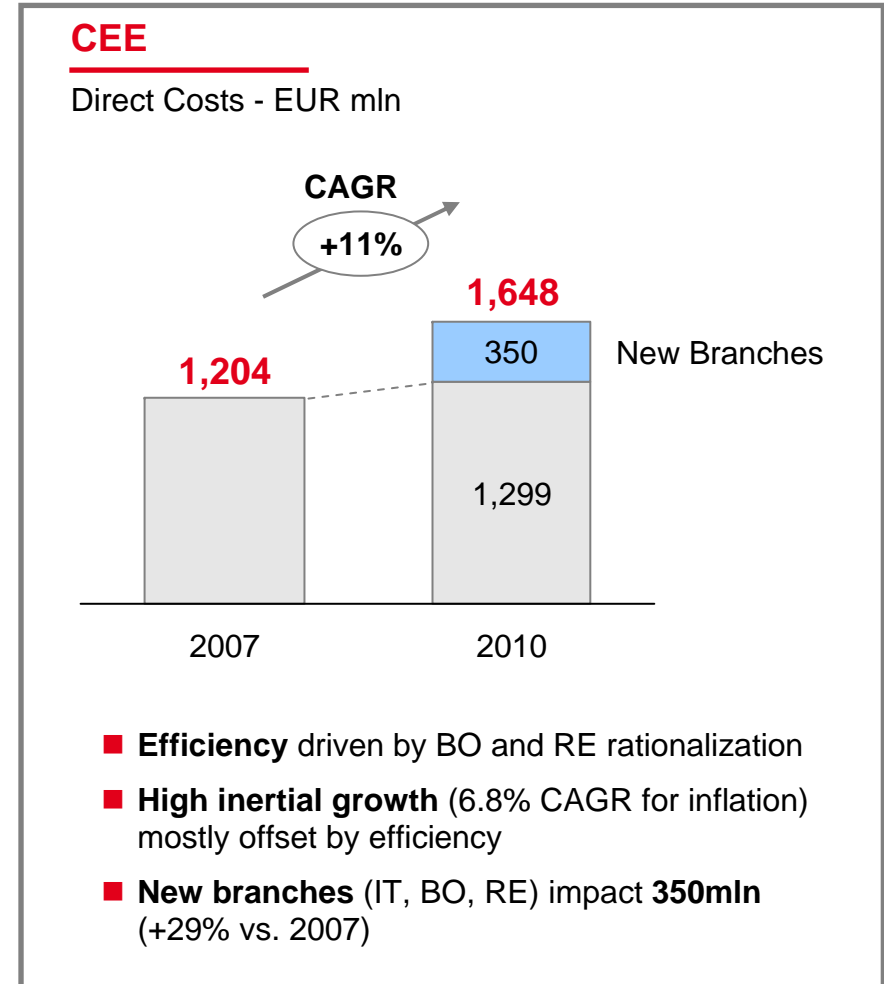
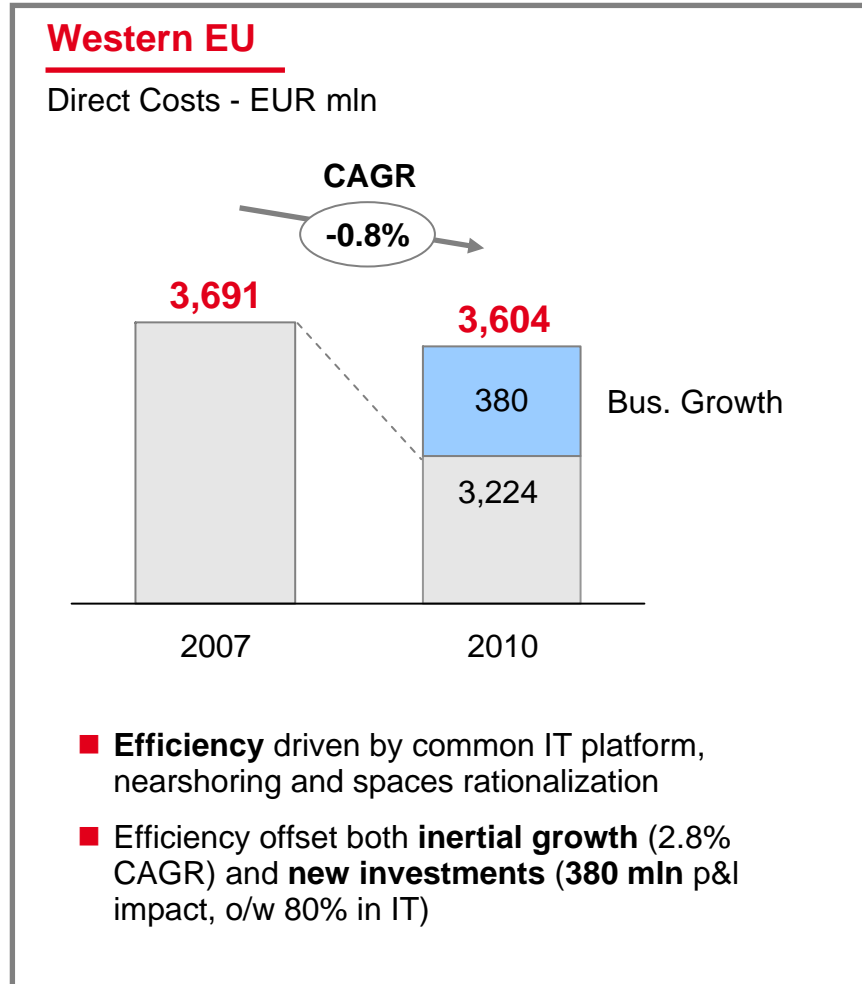
Real Estate

- ~ 400 new branches opened and re-branding
- ~ 90,000 sqm rationalized (of which 60,000 sqm sold)

Cost Man./ Sourcing

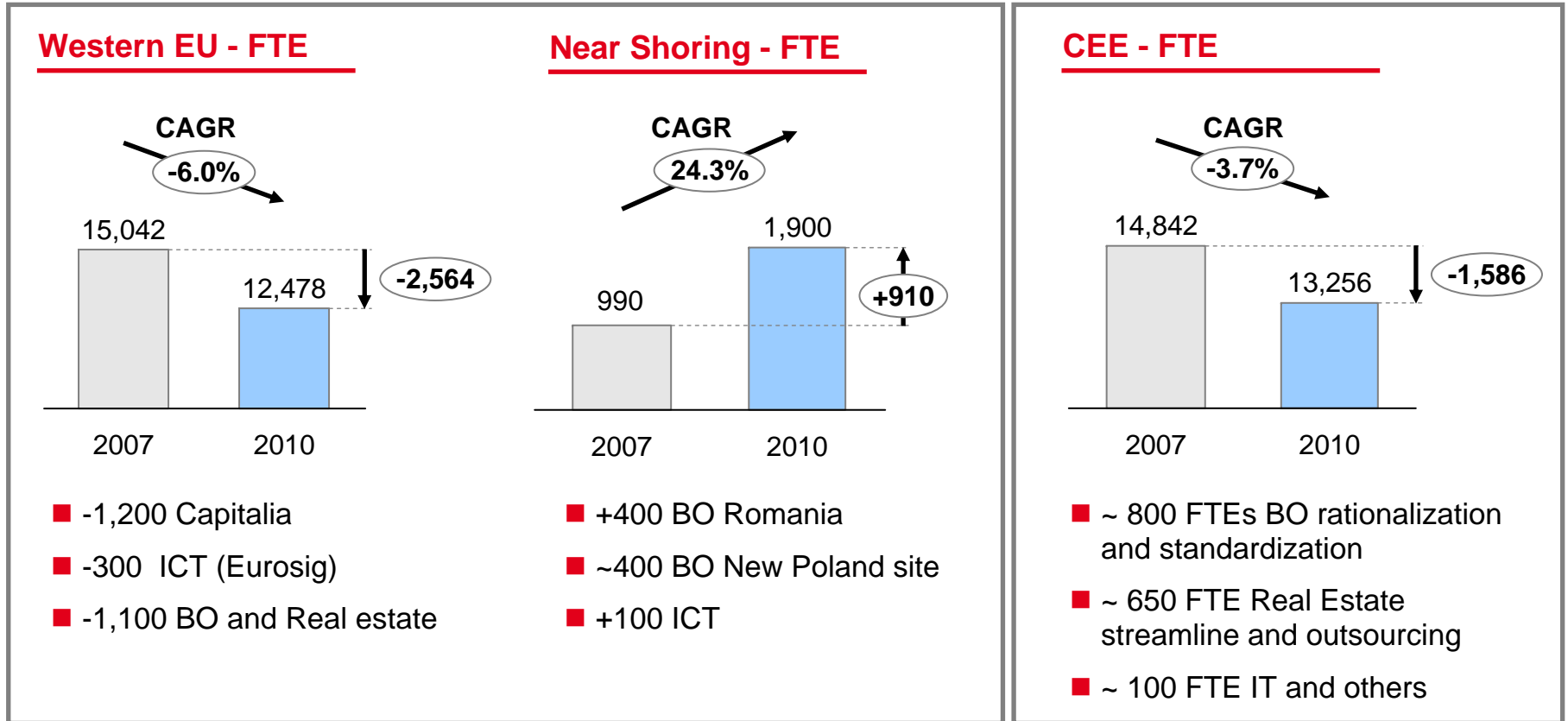
- Set up in CEE countries
- Increased use of e-procurement

GLOBAL BANKING SERVICES COMBINE STRONG COSTS DISCIPLINE AND SUPPORT TO BUSINESS GROWTH IN CEE



From ~4.9 bln (29.4% of UCG costs) in 2007 to ~5.2 bln (28.5%) in 2010 even with significant CEE growth

FTE REDUCTIONS DRIVEN BY EFFICIENCY AND SELECTIVE OUTSOURCING (IN REAL ESTATE)



-3,240 FTE (-10.5% 2007-2010)
From 17.4% of Group employees in 2007 to 15.4% in 2010
+92% FTE Near shoring (BO and IT)

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- **Key initiatives 2008-2010**
 - **Operating model**
 - Governance
- Conclusions

ICT STRATEGY FOCUSED ON CENTRALIZED GOVERNANCE, SINGLE FACTORY AND PLATFORMS INTEGRATION

LEVERS

Governance and standardization

2008 - 2010

- Centralized IT governance at Group level
- UGIS as single Factory for Italy, Germany and Austria. Best practices alignment
- CEE IT functions convergence



> 2010

- UGIS also for other countries (Poland, ...)
- CEE IT functions convergence completion

ICT Integration

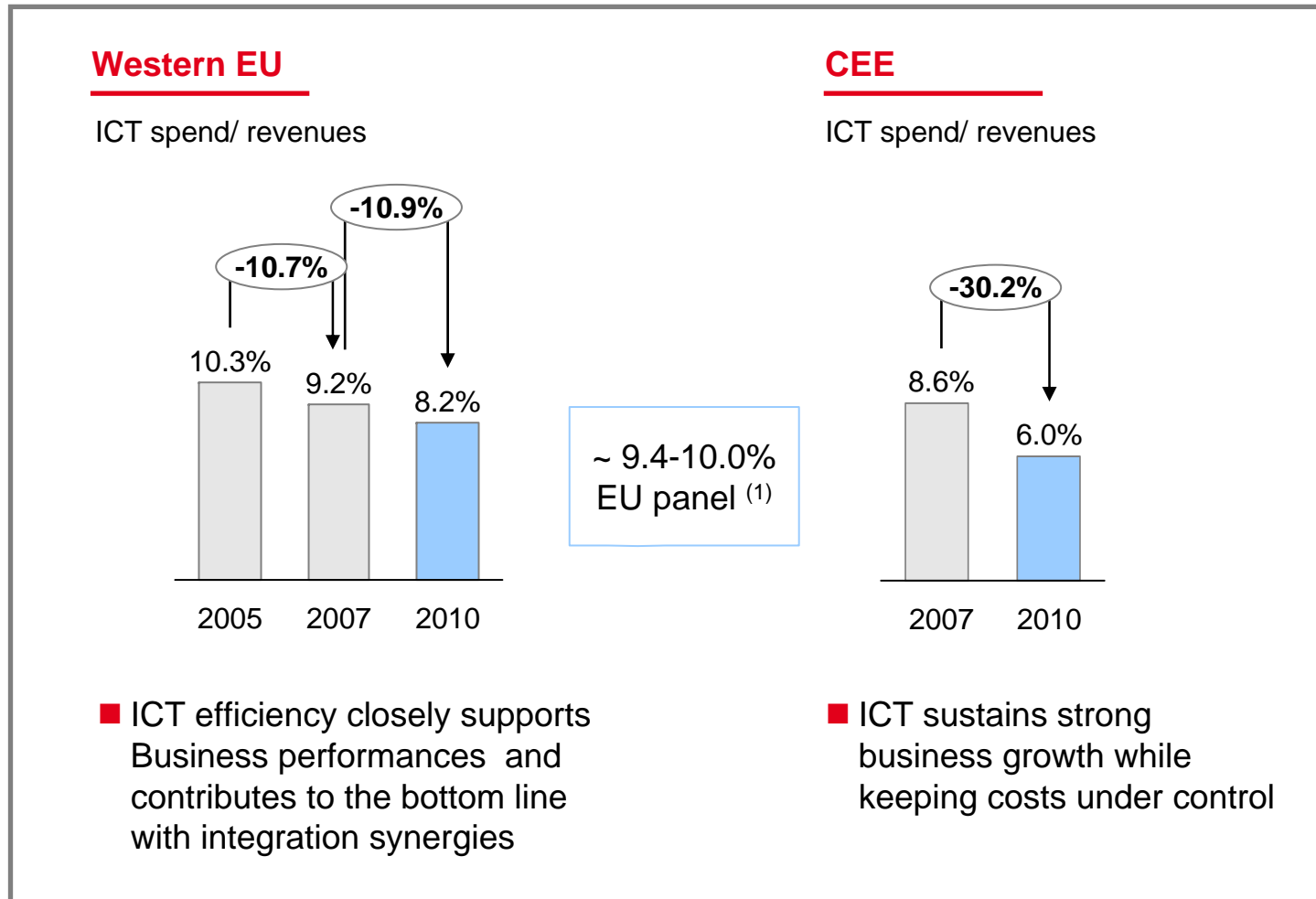
- Pan-European IT Platform "EuroSig" for Western Europe
- Market platform in Russia (2009) and Ukraine (2010)
- Global unified platforms for MIB (2009-2010)

- Poland EuroSig Migration (2011)
- Further consolidation of CEE countries

~1.5 bln ⁽¹⁾ new investments

A ICT INTERNAL BENCHMARK TO EXPLOIT “BEST IN CLASS” COUNTRY PRACTICES AND ALIGN OPERATING MODEL

KEY PERFORMANCE INDICATORS – UNICREDIT GROUP

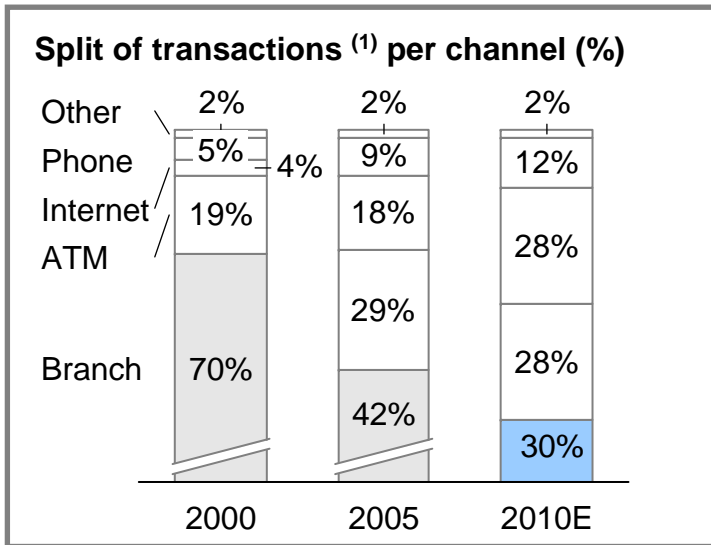


⁽¹⁾ External benchmark McKinsey – ICT spend/revenues (Cash Out) range for Italian, German and Austrian peers

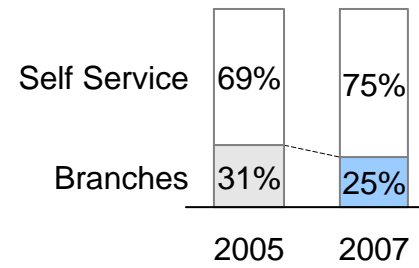
CHANNELS USAGE ACROSS EUROPEAN COUNTRIES IDENTIFY ICT AS KEY ENABLER TO RESHAPE OUR DISTRIBUTION MODEL

Multi-channel offering is becoming increasingly important

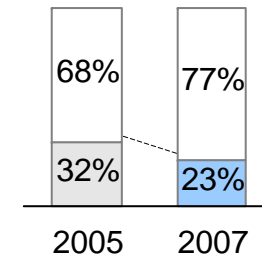
In AUT/DE, UCG better than EU industry. In ITA, further reduction of branches usage in 2010



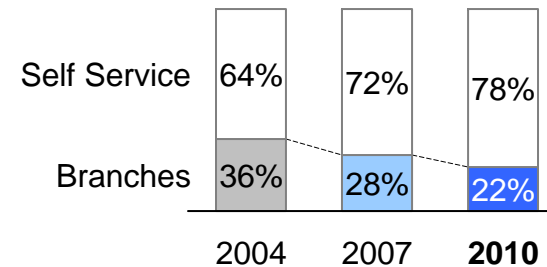
UCG - Germany



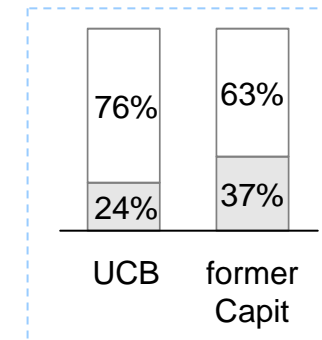
UCG - Austria



UCG - Italy



2007 Of which:



- **Strong investment in technology and higher BO centralization**
- **Involvement of whole branch personnel and customer education to use new channels**

⁽¹⁾ Day-to-day banking transactions such as cash withdrawals, cash and cheque deposits, resolving complaints
 Source: 2006 World Retail Banking Report survey of 41 banks (31 Europe, 5 China and 5 US)

BACK OFFICE STRATEGY FOCUSED ON CENTRALIZED GOVERNANCE, SINGLE FACTORY AND NEAR SHORING

LEVERS

2008 - 2010

> 2010

Governance and standardization

- Centralized governance in Operations
- UPA single Factory for Italy, Germany and Austria, Poland (branch). Best practices standardization
- Global shares services (HR, F&A) with high efficiency (~ 25%)



- UPA also for other CEE countries (Ukraine,..)
- CEE Operations functions convergence completion
- Regional hubs

Near shoring

- Romanian branch as provider for Italy and Austria (+55% FTE)
- New Poland hub for Germany/Austria (435 FTE)

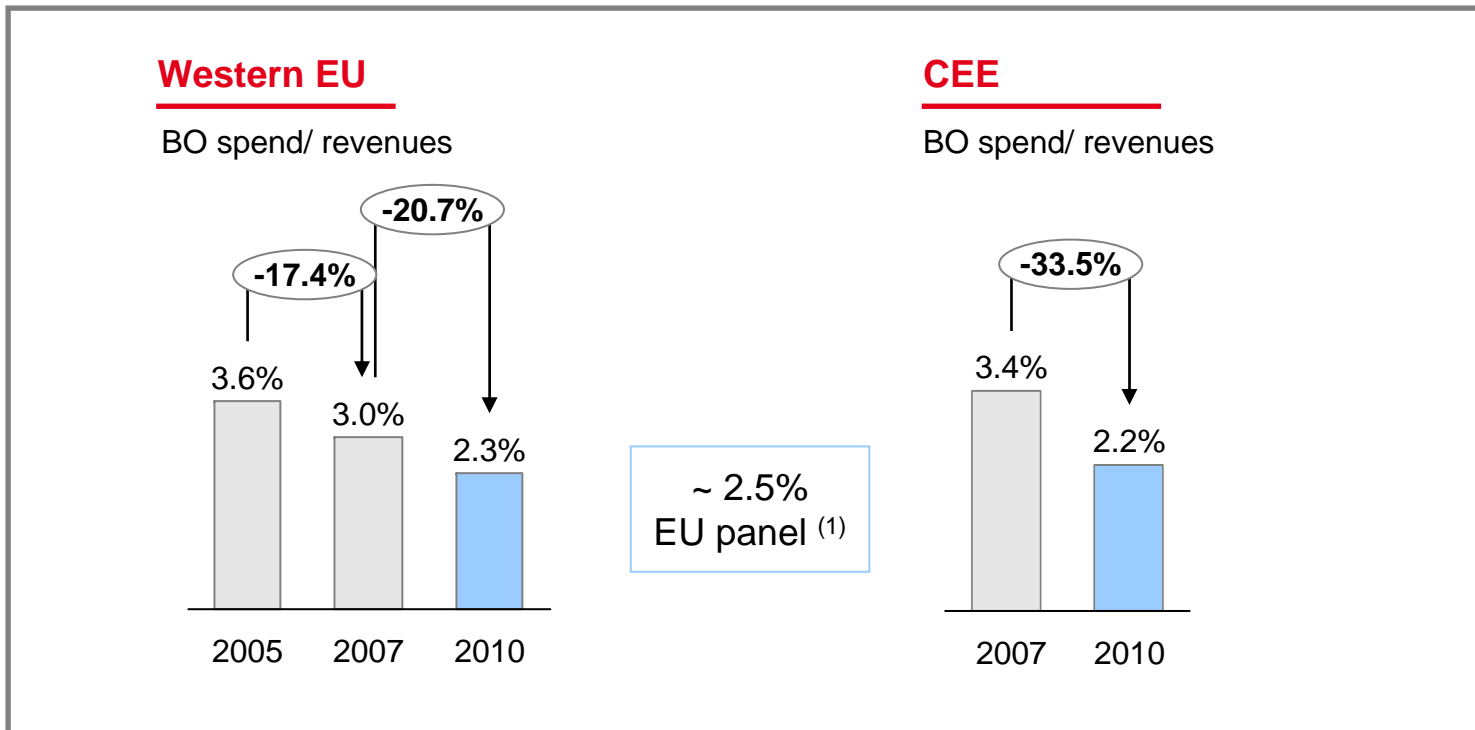
- Enforce Germany and Austria near shoring

Capitalia integration

- Support the IT platform migration and deliver synergies of BO integration (~ 45% efficiency of Capitalia BO)

B ALIGN BACK OFFICE SERVICE MODEL WITH INTERNAL BEST PRACTICES

KEY PERFORMANCE INDICATORS – UNICREDIT GROUP



-16% BO Costs per Branch in 2010

(1) McKinsey and UCG analysis (Management Consultancy Unit)

REAL ESTATE STRATEGY FOCUSED ON CENTRALIZED GOVERNANCE, SPACE EFFICIENCY AND CAPITAL OPTIMIZATION

LEVERS

2008 - 2010

> 2010

Set up a New Global RE organization

- **New Global Organization set-up** and harmonization of policies/operating models (-7% FTE)
- Germany/Austria rationalization (Facility Management outsourcing -7% FTE)
- CEE convergence to Group organization (-14% FTE)

- One global Real Estate factory
- Continue with groupwide Facility Mgmt outsourcing

Space efficiency

- **-350.000 sqm (-17% on total office space)** in Western EU countries
- -10% occupancy ratio in CEE
- From 39 sqm in 2007 to **35 sqm per FTE in 2010** aligned with EU benchmarks

- New workplace concept (non territorial offices, hotelling etc.)

Real Estate RWA reduction program

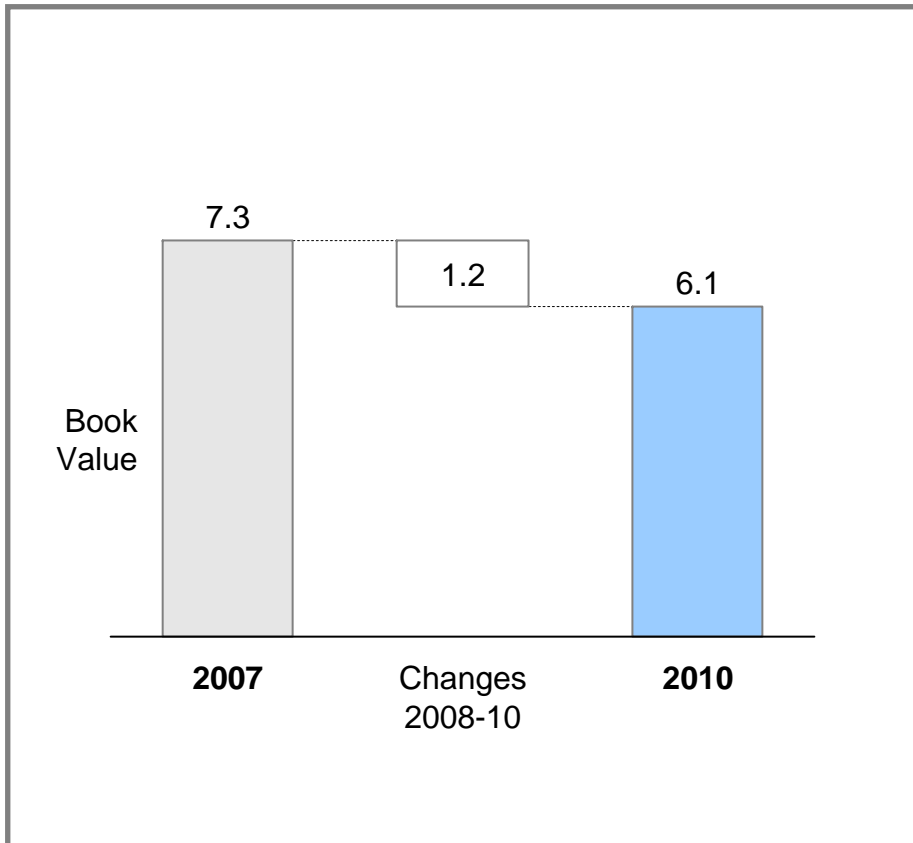
- **Assets disposal and sale & lease back in Western EU**, resulting in 1.2 bln RWA reduction
- Tight monitoring of branch expansion in CEE



- Evaluate further asset disposal or sale & lease back

C OPTIMIZING CAPITAL STRUCTURE

RWA reduction 2008 / 2010 – Book Value EUR Billion



Main rationale for Western European Country

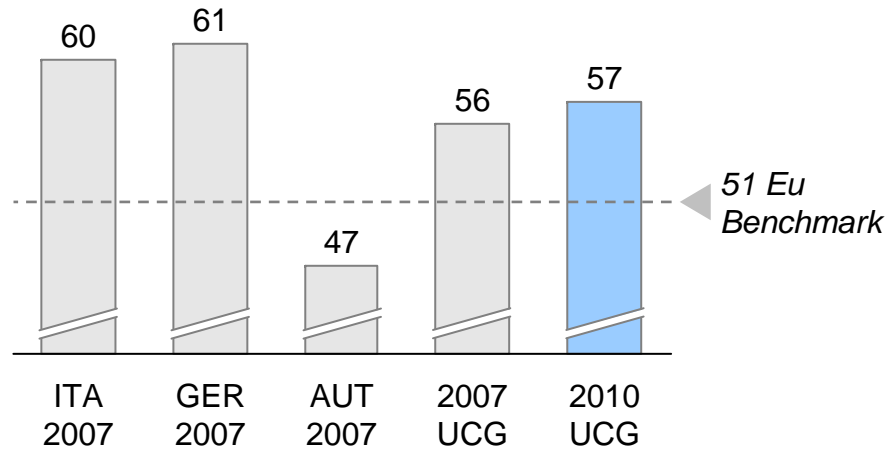
Italy	<ul style="list-style-type: none"> ■ Optimization plan disposal: ~ 30 properties to be sold, with 12 cities and ~ 120k sqm involved ■ Antitrust branches disposal in 2009: ~ 50 properties involved
Germany	<ul style="list-style-type: none"> ■ Strategic Portfolio "Apollo" sale & rent back with ~210 properties involved ■ Sale of non-strategic assets, deriving from Munich and 11 major locations
Austria	<ul style="list-style-type: none"> ■ Optimization plan disposal, involving two central buildings in Vienna for ~45k sqm

~ 300 properties branch/office disposals
~ 1.2 bln RWA reduction

COMBINING EFFICIENCY WITH QUALITY AND OPERATIONAL EXCELLENCE THROUGH CUSTOMER SATISFACTION

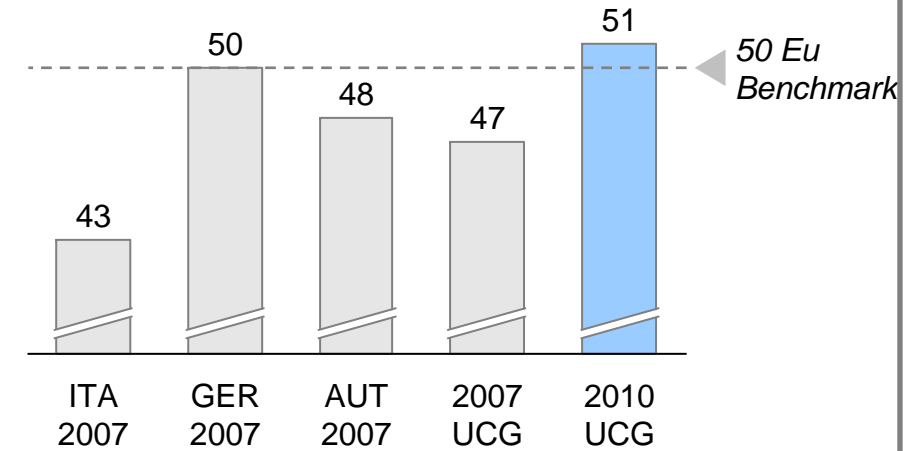
Listening to inside clients survey (Trim index)

REAL ESTATE



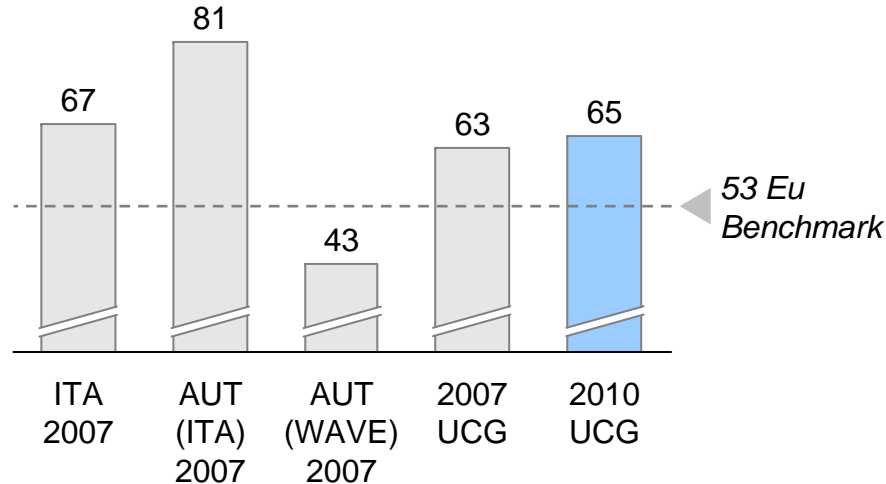
European Benchmark ISQ Building Management; year 2007

PROCUREMENT



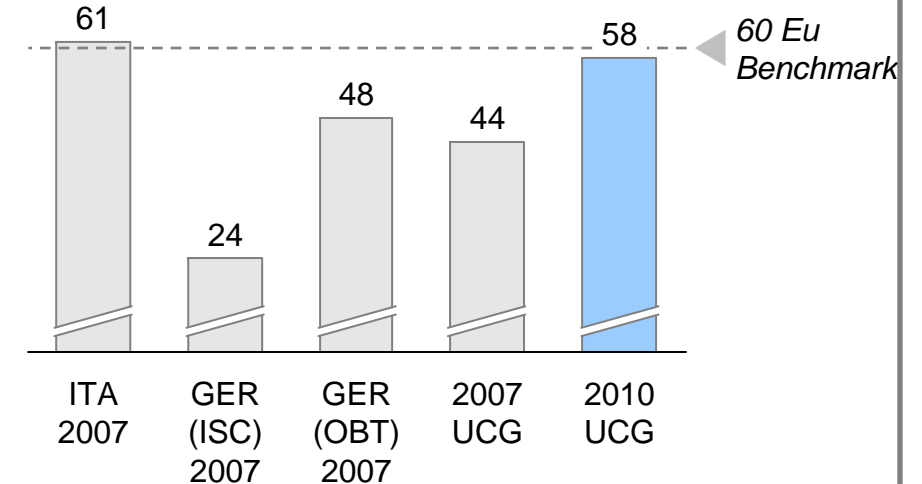
European Benchmark ISQ PO; year 2007

INFO SERVICES



European benchmark ISQ IT; year 2007

OPERATIONS



European Benchmark ISQ Account Department; year 2007

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A SINGLE IDENTITY: UCG MASTERBRAND STRATEGY

FROM MANY SYMBOLS TO A COMMON BRAND

Some examples:

 UniCredit Banca

 UniCredit Banca di Roma

 HypoVereinsbank
UniCredit Group

 Bank Austria
UniCredit Group

 UniCredit Pekao

 UniCredit Bulbank

 UniCredit Bank

 **UniCredit Group**

- Powerful international brand
- Facilitated image transfer to all markets
- Clarity and understanding to our customers
- Common corporate culture
- Retained local/global balance
- Increased efficiency and effectiveness in marketing & communications

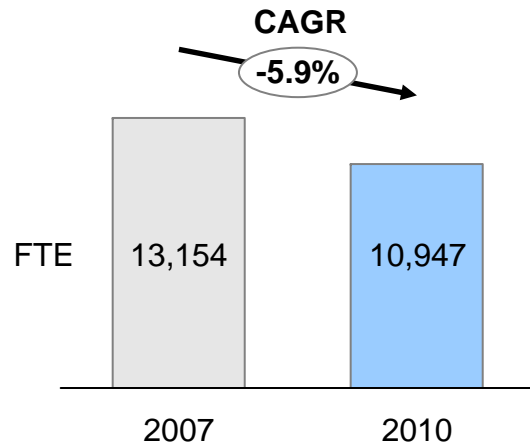
More than 400 brands already aligned

LEAN GOVERNANCE TO BE MORE EFFECTIVE

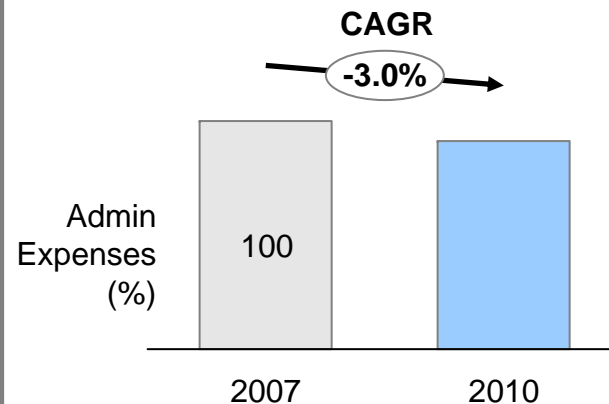
- **Competence Lines right sizing**
- **Backbone processes simplification**

- **Cost management and global sourcing programs**
- **Management Consultancy expertise full leverage**

-2,207 FTE (-17%) in Western EU Countries



~ 200 mln per year reduction in administrative expenses



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OUR COMMITMENT

Efficiency driven and quality oriented

- **Effective centralized governance**
- **Cross border IT integration**
- **Near shoring and global shared services in Operational Services**
- **Real estate global management**

Unleash the full value of European operating platform