



Focus on Global Financial Services

Marco Bolgiani – Head of GFS

Verona, July 19th, 2007





AIM OF THE PRESENTATION

- **Sharing information** about GFS as a Global Product Line
- Brief description about **how our competitors manage** these businesses
- **GFS governance** set up



AGENDA

- **GFS main products for Europe**
- GFS sizing, structure and model
- First results

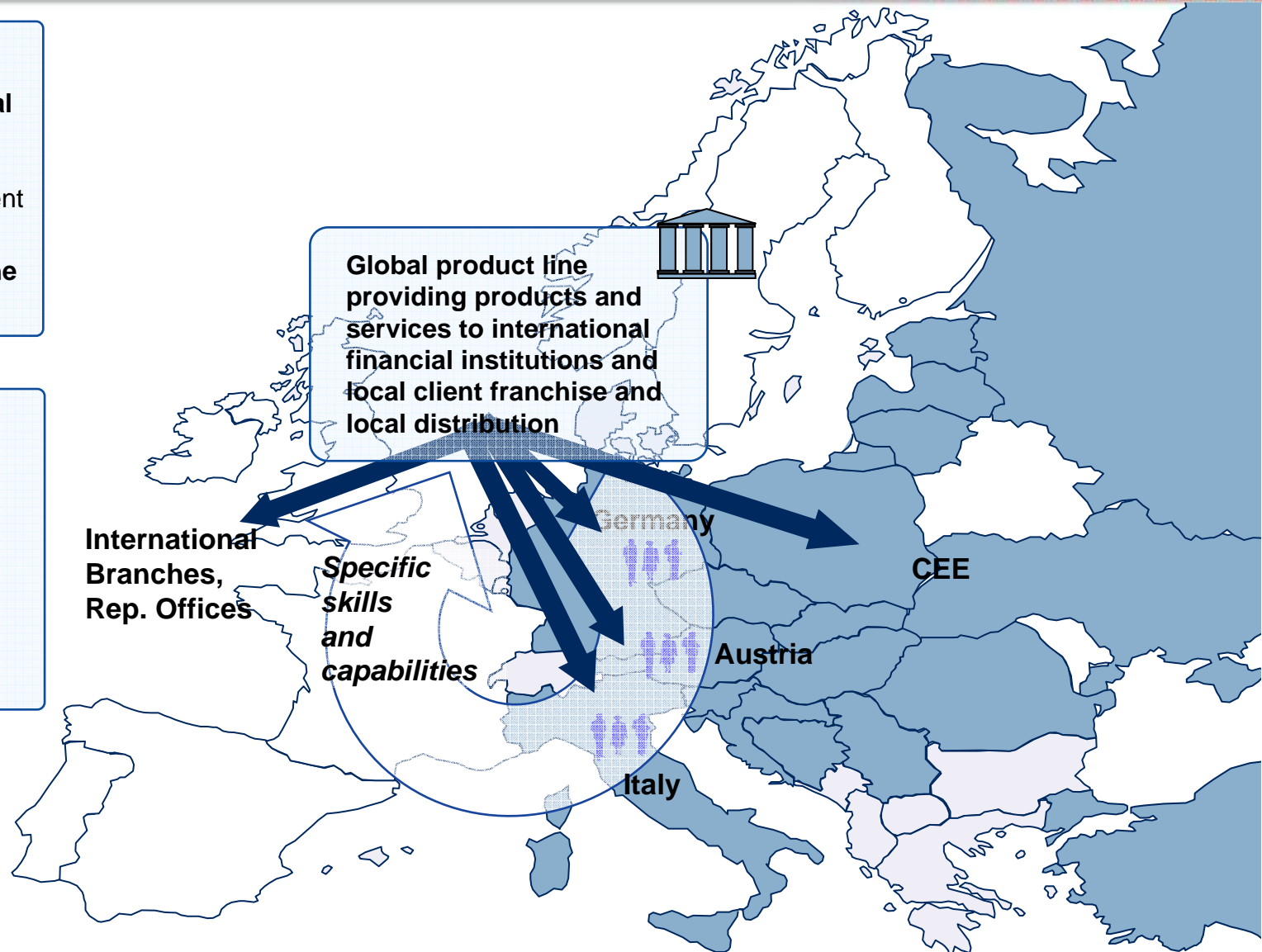
UNICREDIT HAS ESTABLISHED GLOBAL FINANCIAL SERVICES TO ENHANCE OUR SERVICES CAPABILITY AND GROWTH SUSTAINABILITY

MISSION

- To Support the Group's local distribution networks with innovative and cutting edge trade finance/cash management services and products
- To exploit full potential of the business within the Group

IN ORDER TO ...

- boost "qualified" extra revenues and EVA creation:
 - ✓ through fee based business
 - ✓ through capital light business



WHICH ARE THE MAIN PRODUCTS FOR EUROPE PROVIDED BY GFS?

Cash Management and e-Banking

- International / domestic payments
- International / domestic cash management
- e-banking

Global Financial Institution and Trade Finance

- Cash and clearing products for Financial Institution (e.g. Virtual Bank, Cash Letter etc)
- Nostro / Loro accounts for Financial Institution
- Bank to Bank financing
- Trade finance products (e.g. Forfaiting, Documentary Business, Discount of deferred payments, Issuance of incoming guarantees, Risk sharing/trading/mitigation, etc.)
- Trade risk selection and transfer
- Supply Chain Management (Supply Chain Finance & -Services incl. @Global Trade)
- Mid-Corporate Agreements

Structure Trade Finance

- Structured trade finance (Commodity trade finance, structure purchase of receivables)
- Export finance (Buyer's credit)

Cross Border services

- EU-25 PLUS Credit
- Cross border opening of account

FOCUS ON CASH MANAGEMENT E-BANKING SERVICES: ENSURING QUALITY AND MINIMIZING COSTS TO OFFER BEST IN CLASS PRODUCTS

CASH MANAGEMENT
E-BANKING SERVICES

Cash Management for Corporates

■ Cash Management especially for international corporations

- ✓ Minimizing capital transfer costs, transaction costs and fees
- ✓ Optimizing cash flows within the group and
- ✓ Actively managing interest rates and currencies

eBanking for Corporates

■ eBanking as bank product is the Cash Management tool ...

- ✓ ...to gain the broadest possible overview of all of a corporate CM-related information, locally and globally
- ✓ ...and to process capital transfers and payment transactions in the most efficient way.

Cash Pooling for Corporates

■ Cash Pooling as a bank product is the Cash Management tool ...

- ✓ To optimize the liquidity fully automatically, domestic and cross-border, same-day/same-value
- ✓ In various pooling options (Zero Balancing, Target Balancing, etc.)

UNICREDIT IS WELL SET TO FULLY EXPLOIT BUSINESS OPPORTUNITIES THANKS TO GEOGRAPHICAL COVERAGE IN THE FOUR CORE MARKETS AND LEADING TECHNOLOGY

CASH MANAGEMENT
E-BANKING SERVICES

WHY UCI-GROUP?

VALUE PROPOSITION

Best
combination
of

=

Geographical
coverage and
local expertise

+

Leading technology

+

Partnership
SEPA

- Unrivalled geographical coverage in core region Italy, Austria, Germany and CEE
- Cash-pooling to concentrate the customer liquidity from other banks to UCI-Group
- One single entry point for payments into all European countries
 - ✓ via European Gate for European single and bulk payments
- Market leader in new technologies
 - ✓ for bulk payments (XXL, Swift File Act Service ...)
- SEPA-expertise
 - ✓ Partnership with various multinational corporations to develop SEPA

A FIRST EXAMPLE: SINGLE POINT OF ENTRY FOR PAYMENTS

EUROPEANGATE = UCI-GROUP SINGLE POINT-OF-ENTRY FOR PAYMENTS

Customer
Demand

- Posting of **payment files** for many target countries **to one service provider**
- Direct access via only **one local electronic banking system**
- **Easily accessible** status and account information

UCI-Group
Offer

- **Centralized payments processing gateway**
 - ✓ Centralized payments access using one single point-of-entry for payments to/from all group locations
 - ✓ Variable payment input formats, validation and format conversion facilities
 - ✓ Payment status tracking and global account reporting features

Example:



■ EuropeanGate payment senders GER → AT:

- T-Mobile; in preparation PL, CZ
- Playmobil
- Faber-Castel, etc.

■ EuropeanGate payment senders AT → GER:

- VA Tech Elin GmbH
- Ives Rocher
- Tyrolean Airways, etc.

A SECOND EXAMPLE: CASH POOLING

CASH-POOLING MEANS "GETTING THE REVENUES FROM OTHER BANKS FULLY AUTOMATED WITH A LONG-TERM CONTRACT"

Customer
Demand

UCI-Group
Offer

- **Zero Balancing all over Europe (same day / same value)**
 - ✓ Country coverage either via group members or partner banks
- **End of day account information and intra-day transaction reporting**
- **Zero Balancing available within former HVB Group locations, UBI (for Italy) on board since 1/2007**
 - ✓ Service will be extended to any UCI Group location offering corporate banking
- **Group-wide reporting via MT 940 and MT 942**

Example:

ABB

	AT	BE	FR	FI	DE	GR	IE	IT	NL	ES	PT	PL
What bank covers the service in the country for the proposed structure?	BACA	KBC	BNP France	Nordea Bank	HVB	HVB Athens	AIB	UBI	KBC	BBVA	BES, SA.	Bank BPH
Cash Pooling mechanism	ZB	ZB	ZB	TB	Pool Master	ZB	TB	ZB	ZB	ZB	ZB	ZB
MT940/942 information	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
MT101 service available	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Participating in local Clearing	Y	Y	Y	Y	Y	Y*	Y	Y	Y	Y	Y	Y
	CZ	SK	SI	HU	EE	LT	LV	CH	SE	DK	NO	GB
What bank covers the service in the country for the proposed structure?	HVB Bank CZ	HVB Bank SK	HVB Bank Ljubljana	HVB Bank HU	HVB Vilnius	HVB Vilnius	HVB Latvia	Credit Suisse	Nordea Bank	Nordea Bank	Nordea Bank	RBS
Cash Pooling mechanism	ZB	ZB	ZB	ZB	TB	TB	TB	TB/ZB**	TB	TB	TB	TB
MT940/942 information	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
MT101 service available	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Participating in local Clearing	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

HVB = Pool-Bank

24 countries included in the pool

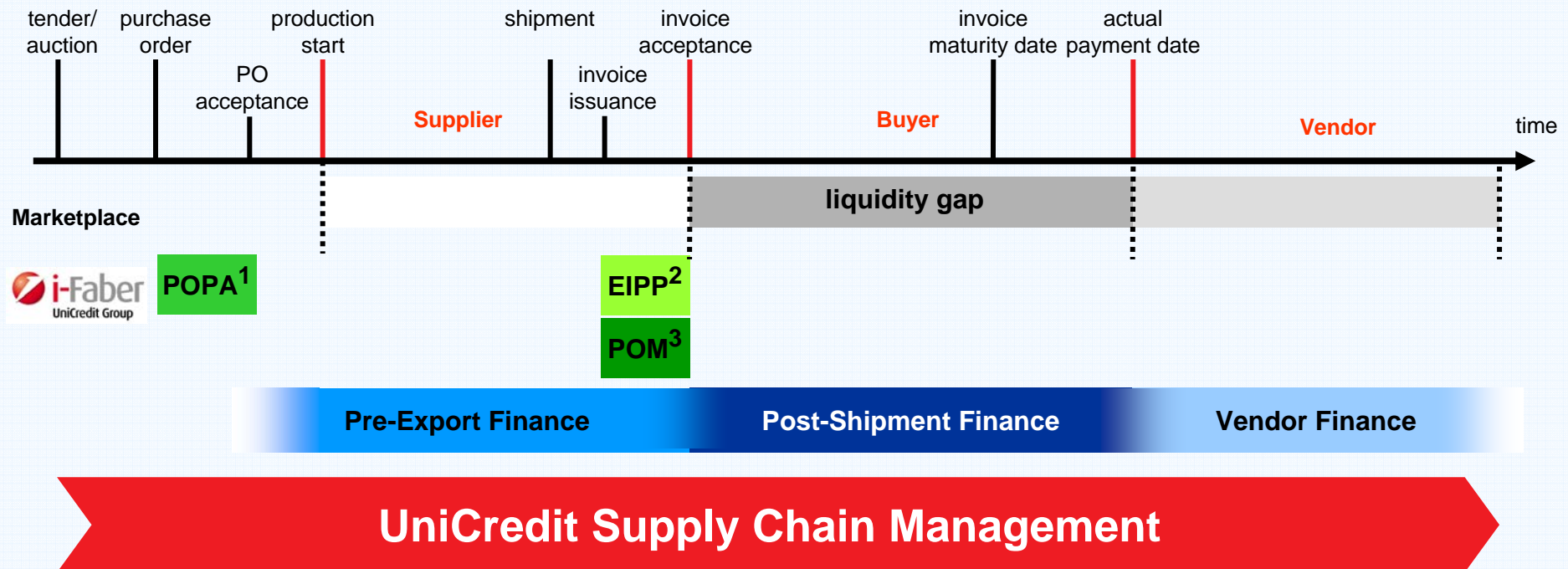
UBI substituting main competitor in January 2007 thanks to **delivery capability**

- **Zero Balancing** and
- **MT 942** reporting

With **UBI** becoming **housebank**, ABB's banks in Italy reduced from 15 to 3

FOCUS ON TRADE FINANCE SERVICES: KEY FEATURES OF UNICREDIT'S SUPPLY CHAIN MANAGEMENT

Providing liquidity and **taking risks** are certainly the **key elements** of banking. Hence, Post-Shipment/ Payables-Finance is the cornerstone of **our project to offer for each process step** of the physical supply chain **new value-added services**. But **also** other qualities linked to banking industry such as **convenience** and **trust** are important footholds for new products and services.



¹ POPA: Purchase Order Presentment & Acceptance

² EIPP: Electronic Invoice Presentment & Payment

³ POM: Purchase Order Mapping

FOCUS ON TRADE FINANCE SERVICES: COMPONENTS OF UNICREDIT'S SUPPLY CHAIN MANAGEMENT

TRADE FINANCE
SERVICES

UniCredit Supply Chain Management

Supply Chain Finance (Risk taking & Liquidity providing)

Pre-Export Finance

based on **Purchase Order- / Invoice Acceptance Ratios** or on (confirmed) **L/Cs** or **payment guarantees**

Post-Shipment Finance

based on **receivables or payables** (incl. **receivables finance, payables finance, forfaiting, factoring**)

Distributor / Vendor Finance

financing based on (partial) recourse to the supplier

"Silent" / Open Confirmations of L/Cs and guarantees

Supply Chain Services (Trust & Convenience)

POPA

Purchase Order Presentment and Acceptance
duly authorized purchase orders are presented and accepted on a trusted electronic platform

EIP(P)

Electronic Invoice Presentment (and Payment)

EPP

Electronic Processing Platform
customer-centric multibank-enabled admin. platform for auctions, L/Cs, collections and guarantees (iFaber, @GlobalTrade)

POM

Purchase Order Matching
mapping of Purchase Orders against accepted invoices



AGENDA

- GFS main products for Europe

- **GFS sizing, structure and model**

- First results

THE NEW GLOBAL FINANCIAL SERVICES STRUCTURE WILL ALLOW TO INCREASE REVENUES BY ~300/400 WITHIN 2009 FROM ~1.1 BLN IN 2006

WHERE ARE WE – 2006 MANAGERIAL RESULTS

EUR mln

	584	416	102	1.135
	Cash Management & e-Banking	Global Financial Institutions & Trade Finance	Structured Trade & Export Finance	Total
Revenues Breakdown ⁽²⁾				
UniCredit/UBI	232	110	0	342
HVB ⁽³⁾	99	114	72	285
BA-CA	83	99	20	202
CEE	170	93	10	273
Foreign Network ⁽⁴⁾	-	-	-	33
TOTAL	584	416	102	1.135 (^)

WHERE CAN WE GO, 2009 TARGET?

- **€300/400 mln additional revenues⁽¹⁾**

KEY EVIDENCES

- **Common objective for GFS and local Banks**
- **Hard money stays with the local Bank**
- **GFS shadowed**, real money stay in the Local Banks P&L
- Being a **profit centre**
GFS target is to increase profit at the local Bank level

(^) Pls. note that only 660 mln are booked by the Corporate Division; the balance is booked by MIB, CEE Region, others

¹ Already included in UniCredit 2006/2008 industrial plan

³ Including HVB Foreign Branches

² Retail Div data collection near to be completed

⁴ UniCredit Foreign Branches

GLOBAL FINANCIAL SERVICES ORGANIZAZIONAL CHART

GFS FIRST LEVEL ORGANIZATION



Corporate Division
Ogliengo

GFS
Bolgiani

CBCG*

Pils

- Leverage cross border opportunities in our 19 Countries

Cash Management and E-Banking

Ohmayer

- Corporate payments (International and Domestic)
- International and domestic cash management

Global Fin Institutions & Trade Finance

Camozzo

- Clearing
- Conti nostro/ loro
- Rebate/ bene-deduct
- Forfaiting
- Foreign bank financing
- Guarantees
- Docu-mentary collection
- Letter of credit

Structured Trade and Export Finance

Rizzuti

- Commodity Trade Finance
- Bank to bank buyer's credit
- Bank to corporate/ sovereign buyer's credit
- Other specialised products

Corporate Banking Foreign Network

Saredi

FOREIGN BRANCHES

1. USA
2. UK
3. SPAIN
4. FRANCE
5. GREECE
6. JAPAN
7. HONG KONG
8. SINGAPUR
9. SWITZERLAND

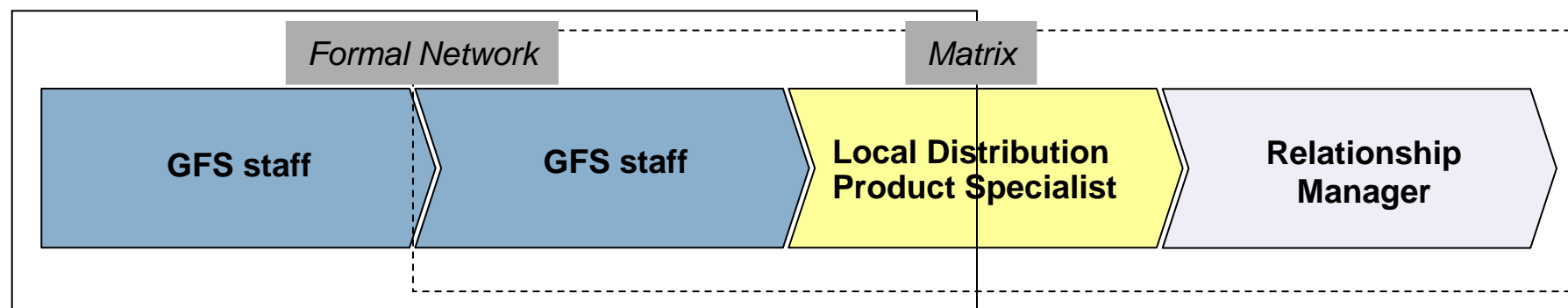
REP. OFFICES

1. CHINA
2. IRAN
3. INDIA
4. VIETNAM
5. SOUTH KOREA
6. BRAZIL
7. MEXICO
8. ARGENTINA
9. SOUTH AFRICA
10. DENMARK
11. NORWAY
12. UNITED ARAB EMIRATES

SPECIFIC REPORTING ALIGNMENT ALLOWS GFS TO FIT INTO THE GROUP'S CURRENT STRUCTURE

GFS GLOBAL PRODUCT LINE

LOCAL BANK



Real organization no longer mirrors legal organization:

- through the **formal network**, **GFS staff**, wherever enrolled, **reports exclusively to the management of GFS**
- through the **matrix**, **Local Distribution Product Specialist** (=sales support), wherever enrolled, **report both to the local distribution network and to the Holding Company's GFS Dept**, which represents **THE SOLE GLOBAL PRODUCT LINE** at Group level for product management and development
- In **CEE**, the specific **GFS organizational model** will be implemented **on a country by country basis**, taking into account necessary local requirements

GFS SALES MODEL IS BASED ON A FOCUSED COOPERATION BETWEEN RELATIONSHIP MANAGER, PRODUCT SPECIALIST AND GFS SPECIALIST

SALES MODEL

GFS Staff

- Responsible for products management and development
- Advises client on more **complex transactions**
- **Approaches customer** with unexploited potential together with the (corporate) Local Distribution Product Specialist

Local Distribution Product Specialist

- **Sales Support**
- Standard **Client Advisory**
- **Cross - Selling**

Relationship Manager

- Responsible for the **overall relationship with the client**
- **Introduces GFS** products generally to the clients
- And/or **identifies need for GFS products**

GFS STAFF AND PRODUCT SPECIALISTS, WHO ARE THEY?

MAIN DEFINITIONS

GFS Staff

Formal Network

- **Ensure common product and business standards** with the aim to service the local and international clients in the best way
- Responsible for **local implementation of group guidelines** as set by the GFS Business Lines
- **Local product development** (on the basis of group guidelines) and customer care
- Highly specific **client advisory and identification of target clients**
- Active cooperation with other GFS Staff in other legal entities on group transactions

Local Distribution Product Specialist

Matrix

- Product specialists are a (decentralized) sales support force for GFS products and represent the **link between corporate relationship manager and GFS specialists**.
- Detailed tasks are to be determined country by country (in accordance with local market practice – e.g. standard client advisory, in-house marketing, cross-selling)
- On yearly basis the **Head of GFS business and the Head Corporate of local Bank meet to agree on staff appraisal, budget, MBO, ...**
- **Daily management of Product Specialists under the Head Corporate of local Bank responsibility**



AGENDA

- GFS main products for Europe
- GFS sizing, structure and model
- **First results**

TOP TIER CUSTOMERS ARE APPRECIATING UNICREDIT'S GLOBAL FINANCIAL SERVICES



SWIFTNet connectivity to customer for forwarding payment orders and receiving statements (all via GFS' new centralised SWIFT access) directly via SWIFT using file act between HVB France and UBI Italy



Borrower: SAFIN
amount: USD 14.5 million
facility: revolving structured pre- and postshipment financing on a limited recourse basis covering the purchase of steel in CEE (primarily Russia, Ukraine) and sale worldwide
tenor: 1 year



switch italian business from 15 banks to solely 3-4 banks within Italy, shifting volume to UBI only



2007
RUSSIAN FEDERATION
EUR 13,445,100,00
Down Payment Financing &
SACE
ECA-Financing in favour of
Borrower: Oskol Electric Steel Works
Guarantor: GAZMETALLPROEKT
Supply of a Ladle Furnace and Auxiliaries
Arrangers: HVB, UniCredit, etc.
Down Payment Financing
Italian Paying Agent and SACE Agent



Exporter: VAMED Engineering, Austria
Borrower: Republique de Gabon
Lender: BA-CA
Total Loan Amount: EUR 7,48 million
Buyer's Credit with Private Insurance Cover (PRI)



shift business to UBI
cross border pool
Italy and Germany
holding the master



Bayerische Hypo- und Vereinsbank AG



MEC COMMODITIES GmbH



...our systems produce success
Exporter: Eisenmann Maschinenbau GmbH & Co KG, Germany
Borrower: LuAZ (Lutsky Automobile Plant), Ukraine
Lender: HVB Munich
Loan Amount: EUR 48,100,000
Security: Pledge on Equipment + covenants + cover of Hermes respectively

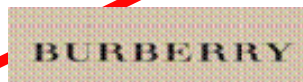
Some of our Relationship Manager and Country Head are already benefiting from Global Financial Services



Exporters:
a) Andritz OY, Finland
b) Andritz AG, Austria
Borrower: Natron Hayat d.o.o., Bosnia
Facility: privatisation of integrated pulp and paper mill, incl. refurbishment and reconstruction
Parallel financing structure: EBRD loan + 2 export credits (Finnvera covered loan extended by Nordea, OeKB covered loan extended by BA-CA)
Total Loan Amount: EUR 30,4 million
Security: local project security + payment guarantees extended by Turkish investor



Arrangers



SWIFTNet connectivity for all payments enabled via GFS centralized SWIFT access using file act.



Exporter: FL Smidth A/S, Copenhagen / Denmark
Borrower: Binani Cement Ltd., Kolkata / India
Arranger/Agency Bank: HVB AG
Lender: Export Kredit Finansiering A/S Copenhagen / Denmark (withholding tax optimized)
Amount: DKK 54,701,642
Tenor: 14 equal semi-annual instalments repayment
Security: Pledge on Equipment + Guarantee of Binani Industries Limited + cover of EKF

pool between Italy and Germany, Italy holding the master account at UBI



new account with BACA connected to Unicredit Group forwarding, routing, converting payment and payment files within the group to any group location which is connected.



Exporters:
a) Germany: Wemhöner Surface Technologies GmbH & Co. KG
b) Germany: G. Siempelkamp GmbH & Co.
c) Sweden: Metso Panelboard
Borrower: Berneck Agglomerados S.A. Brasil
Lender: HVB Banque Luxembourg
Arranger: HVB Munich
Total Loan Amount: EUR 23,750,000
Security: Pledge on Equipment + Guarantee of main shareholders + cover of Hermes and EKN respectively