



UniCredit Strategic Plan

Milan, 14 November 2011

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Agenda

■ UniCredit: who we want to be

■ Strategic Plan

- ① Balance-Sheet structure
- ② Simplification & Cost Management
- ③ Business refocusing
- ④ Italy Turnaround

UniCredit vision 2015

- **A rock solid European commercial bank**

Strengthened core client franchises with a unique geographical spread, focused on diversified Western European countries and high growth CEE economies

- **Strong balance sheet**

A sound capital base, further reinforced liquidity buffer, continued access to diversified funding sources

- **Operational efficiency**

A leaner customer centric operational structure benefiting from increased efficiencies, stringent cost management and simplified support and HQ functions

- **Commercial banking activities core**

A comprehensive product portfolio and added value services throughout the franchises, underpinned by increased cross selling

- **Sustainable returns**

A robust business model with a low risk framework delivering sustainable profits and a return on equity above cost of capital

2013 - 2015 Strategic Plan – objectives

- **Basel 3 Common Equity Tier 1 (CET1) full impact above 9% already in 2012 and 10% by 2015 - proposed 7.5 bn Rights Issue secures a solid foundation**
- **ROTE about 12% by end of plan based on sustainable recurring returns**
- **Focused RWA management, run-off portfolio of 48 bn of performing assets**
- **Basel 3 compliance for balance sheet and liquidity risk indicators by 2015**
- **Well matched structure with net inter-bank position positive by 2015 lowering dependence on wholesale markets**
- **Cost of risk to drop by 48bps to 75bps by 2015**
- **Cost base reduction by almost 10%, targeting Cost / Income at ~50%**

UniCredit

A unique positioning in mature Western European markets and fast growing CEE economies

Austria (AAA rating)

Rank & Market Share	#1 with c. 16%
Loans (bn)	63.5
Deposits (bn)	47.5
FTE (#)	7,908

Germany (AAA rating)

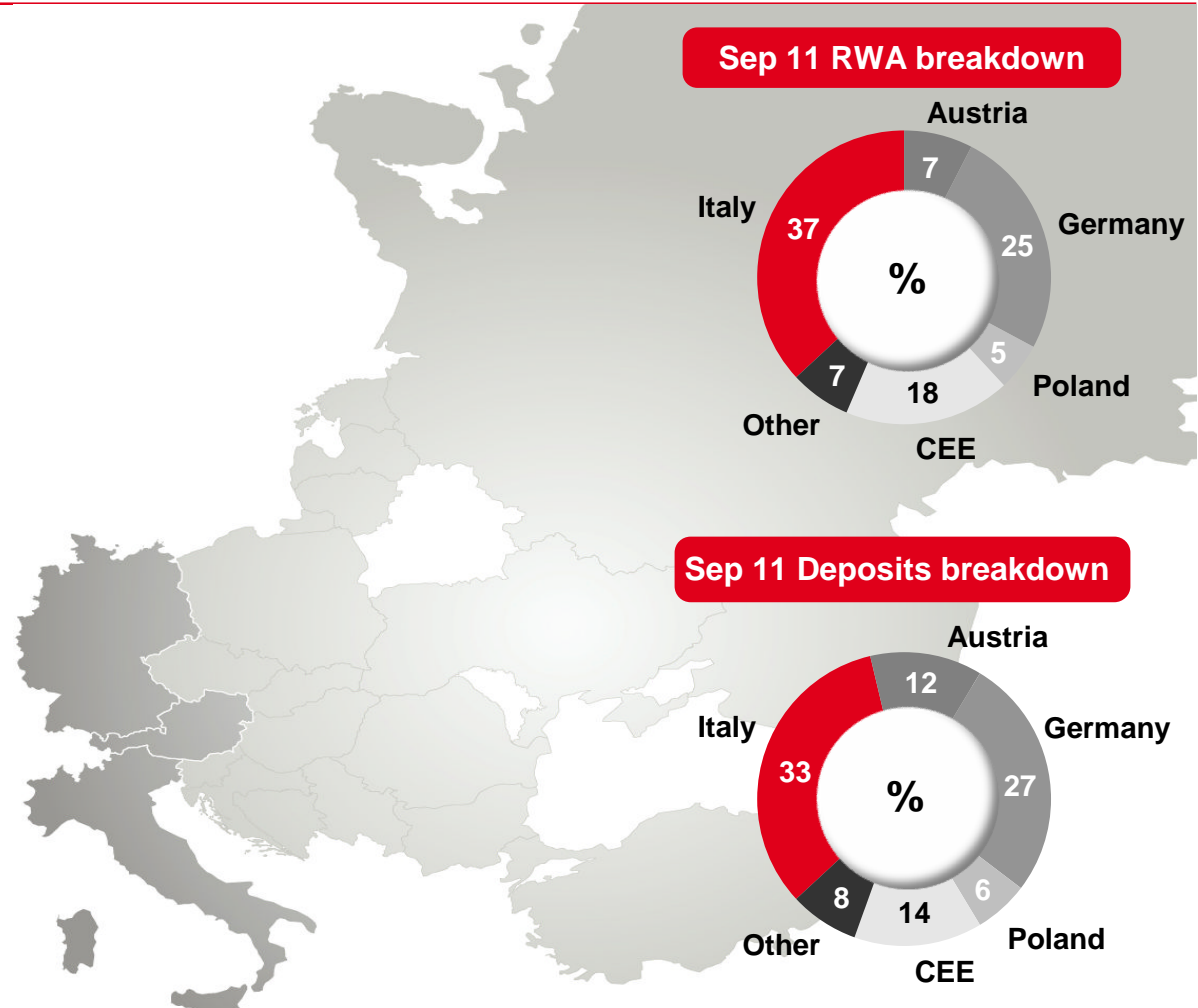
Rank & Market Share	#3 with c. 3%
Loans (bn)	136.4
Deposits (bn)	105.2
FTE (#)	19,552

Italy (A rating)

Rank & Market Share	#2 with c. 13%
Loans (bn)	279.7
Deposits (bn)	161.4
FTE (#)	61,694

CEE Countries & Poland

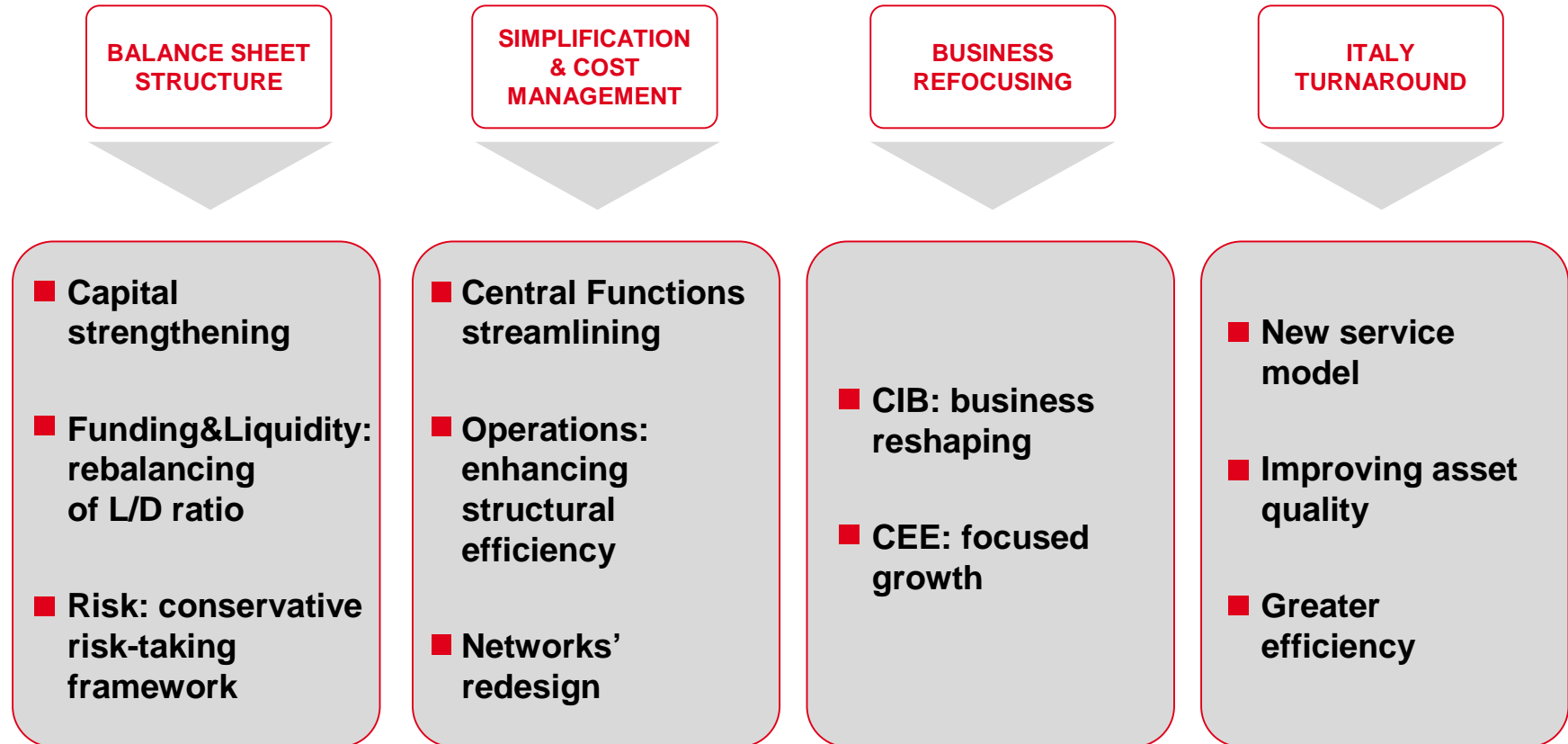
Rank & Market Share	#1 with c. 7%
Loans (bn)	88.4
Deposits (bn)	79.5
FTE (#)	71,399



**UNIQUE EUROPEAN FRANCHISE
"MAIN" BANK FOR 20M FAMILIES AND 2M BUSINESSES**

Data as of September 2011, Market share calculated on Loans (as of June 2011)

2013 - 2015 Strategic Plan – Discontinuities



Agenda

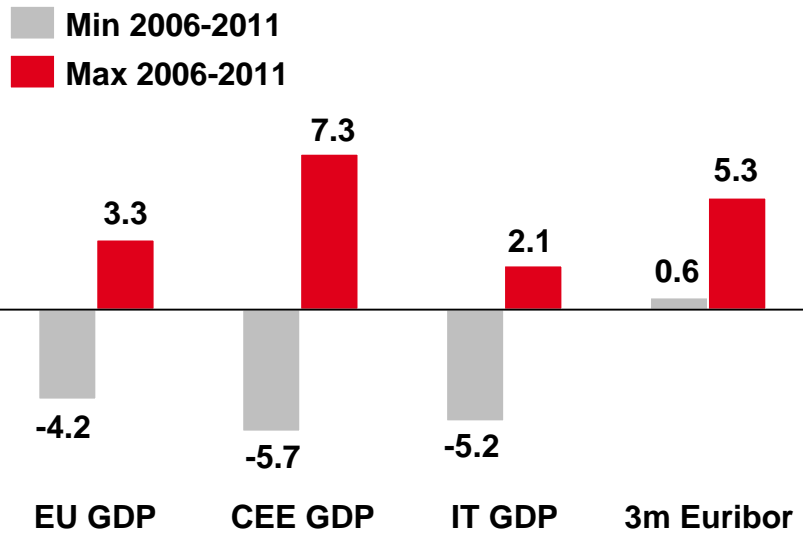
- UniCredit: who we want to be

- **Strategic Plan**

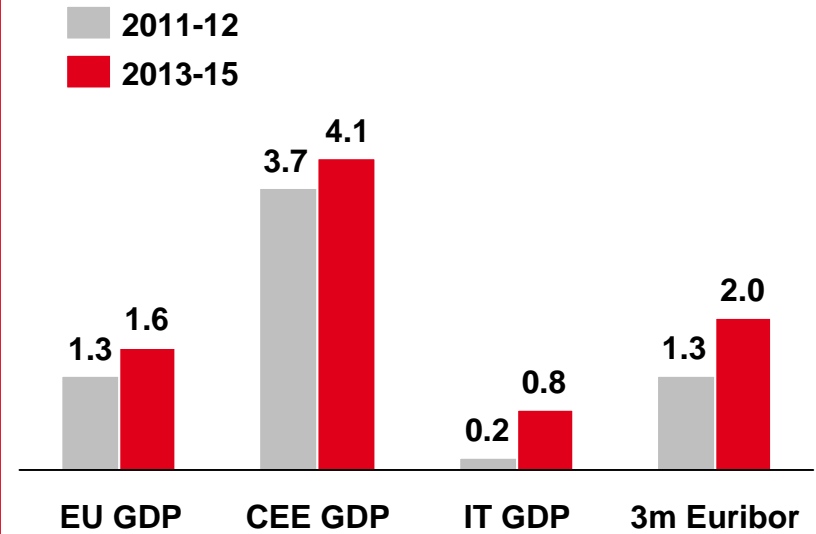
- ① Balance-Sheet structure
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- ④ Italy Turnaround

Plan based on realistic macroeconomic assumptions

A volatile economic environment...



...assumptions based on realistic scenario



NO GROWTH IN ITALY, LOW GROWTH IN EU, HIGH GROWTH IN CEE

UniCredit key targets

ROTE in line with cost of capital and CET1 above 10% in 2015

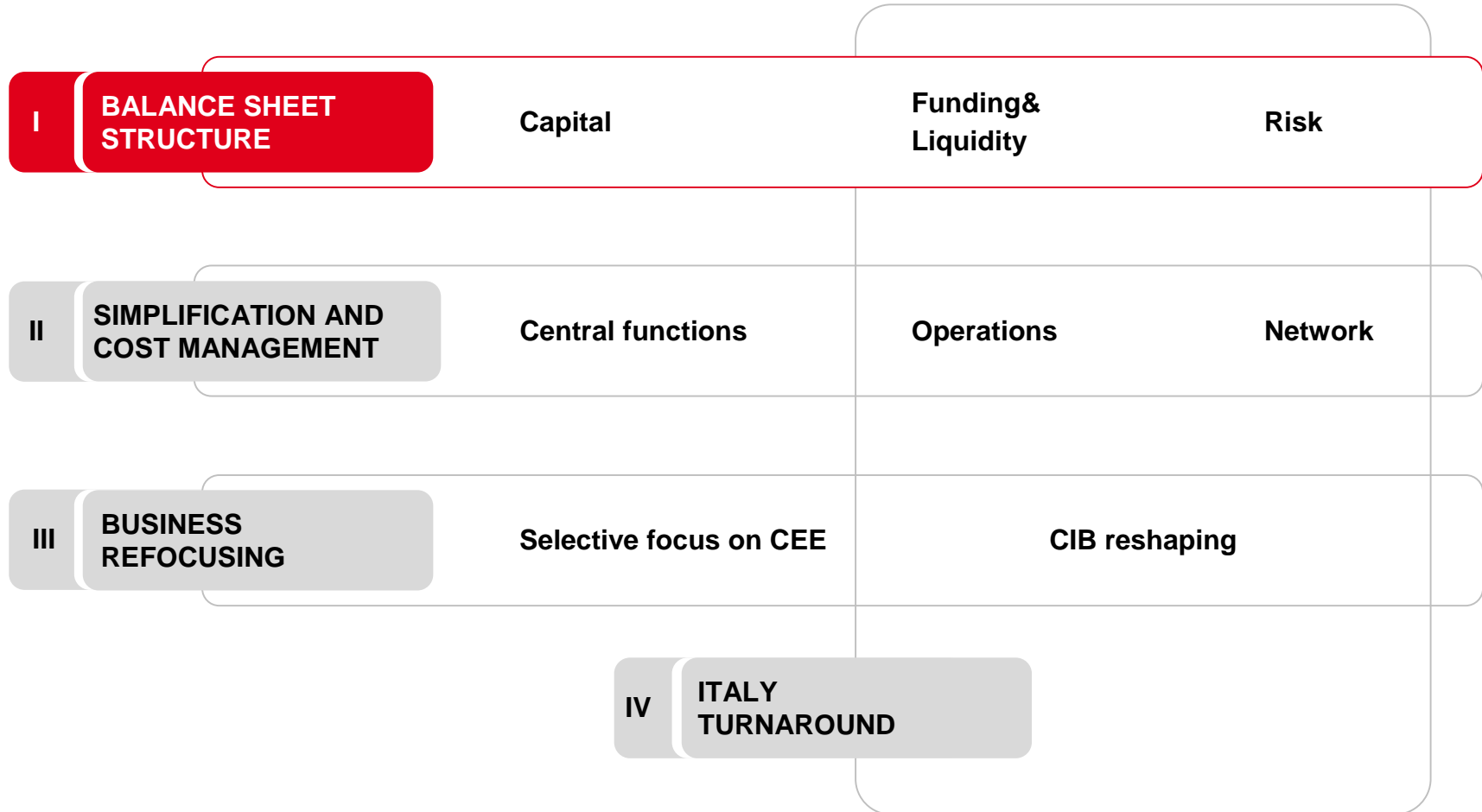
	2010	2013	2015
Net profit (bn)	1.3	3.8	6.5
ROTE	3.6%	7.9%	~12%
CET1	8.6%	9.4% ⁽¹⁾	>10% ⁽¹⁾
Cost of risk	123	90	75
Implied Pay-out	42%	44%	39%

COMMON EQUITY ABOVE 10% TARGET

(1) BIS3 based on available information and assuming full implementation of proposed Rights Issue

The Strategic Plan

Four main pillars for sustainable profitability

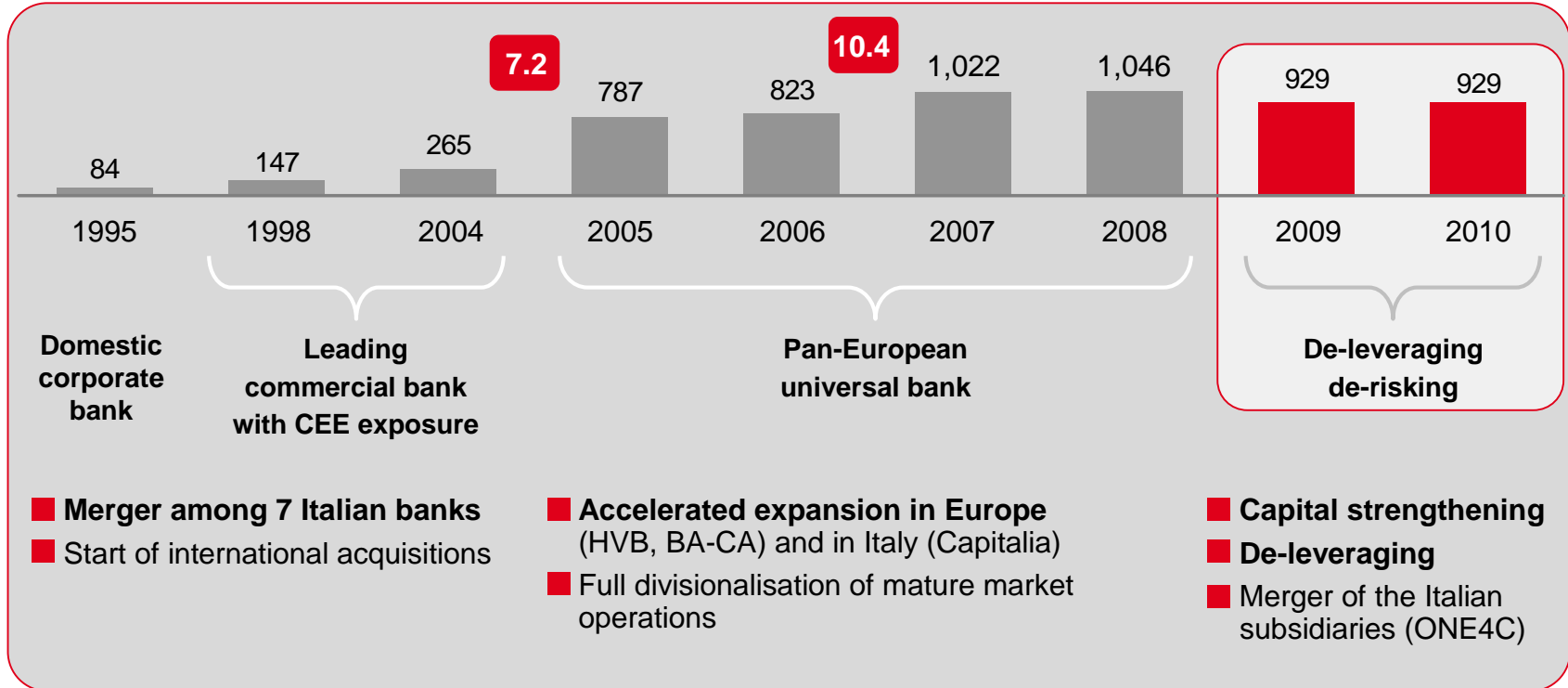


UniCredit built on strong foundations

I BALANCE SHEET

Total Assets, bn

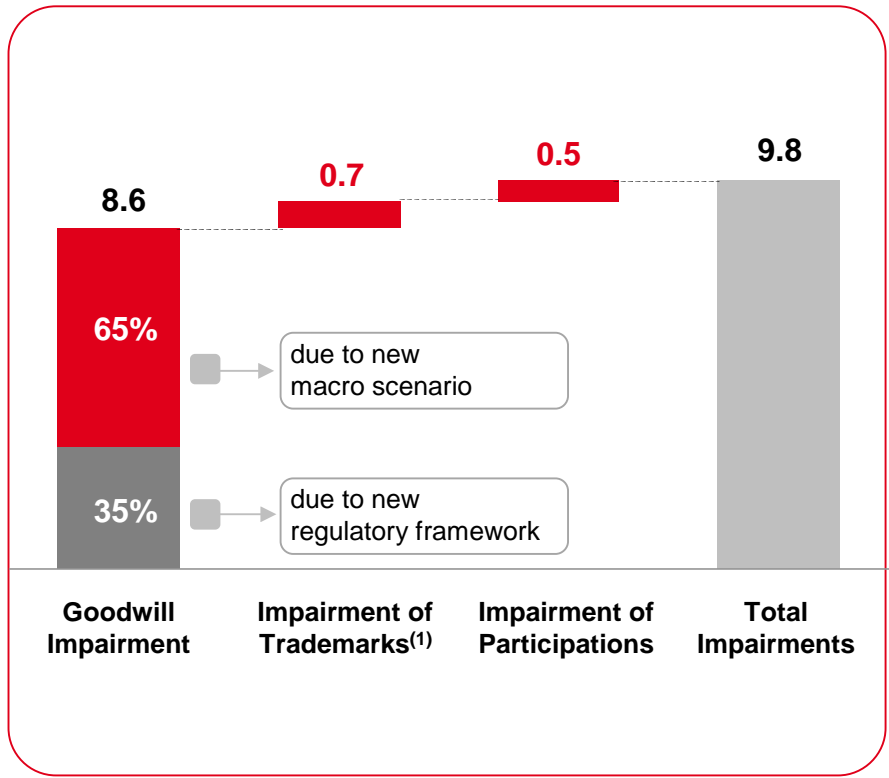
■ Main goodwill additions, bn



TAKING ACTION TO STRENGTHEN THE GROUP

9.8 bn impairment of intangibles and other non-cash items

3Q11 Impairment of intangibles and other non-cash items



- Review based on new macro-economic scenario and regulatory framework has led the group to take an impairment of goodwill of -8.6 bn
- Trademarks: HVB, Bank Austria, BdR, BdS, USB
- Valuation of strategic investments with an implied goodwill, have also been revised downwards

NO IMPACT ON REGULATORY CAPITAL OR LIQUIDITY POSITION

(1) Net of relevant deferred tax liabilities

New regulatory and macroeconomic environment structurally changing the sector

Issue	What has changed
Macro environment	<ul style="list-style-type: none"> ■ Increased economic uncertainty / Market volatility ■ Sovereign crisis / effects of fiscal consolidation / Potential policy reaction (levies,...) ■ Low interest-rate environment ■ De-leveraging of mature / over-leveraged economies
Liquidity	<ul style="list-style-type: none"> ■ Upcoming regulation on stricter maturity matching ■ Challenging access to capital markets / higher cost of funding
Capital	<ul style="list-style-type: none"> ■ Higher Regulatory Capital requirements ■ Early adoption expected from Markets / EU ■ Further pressure on ratings due to current macro environment and sovereign crisis ■ EBA stress test and deadline define new stringent targets

7.5 bn fully underwritten Rights Issue

I CAPITAL

Offering structure

- 7.5 bn Rights Issue
- Issuance of new ordinary shares with pre-emptive rights to current shareholders
- Also saving shareholders will also be entitled to subscribe new ordinary shares

Pricing

- Final terms of Rights Issue to be agreed at time of launch depending on market conditions

Underwriting

- Rights Issue fully underwritten, subject to standard terms and conditions

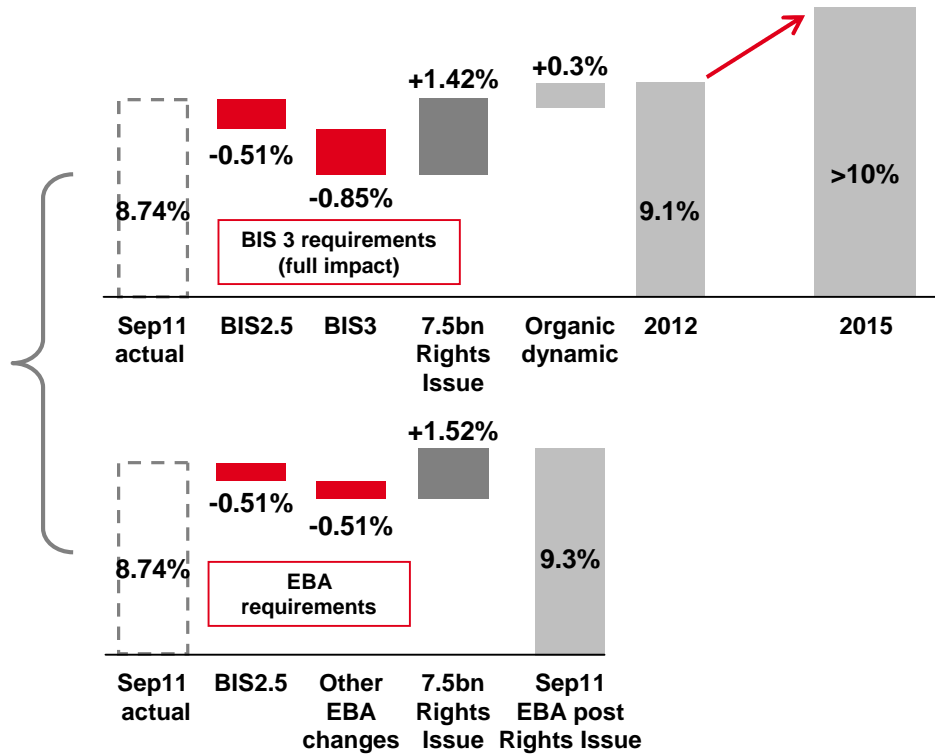
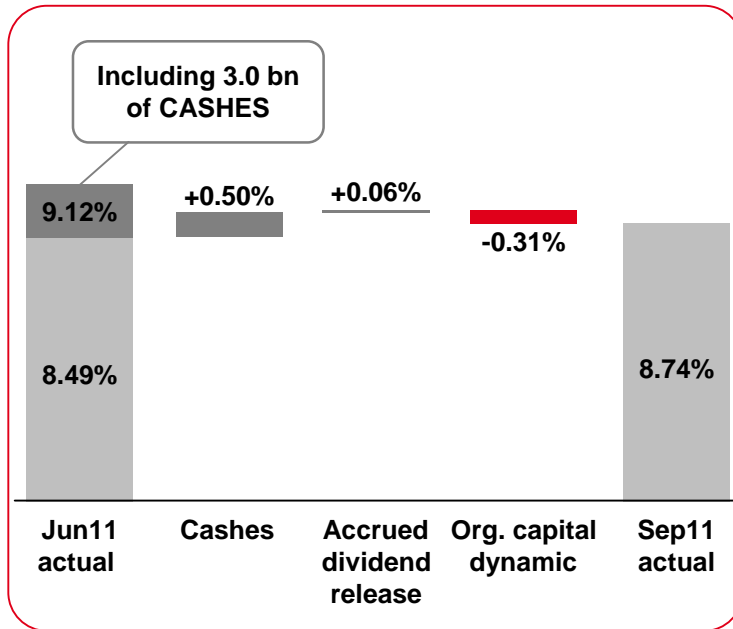
Provisional timing of the offering

NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
BOD APPROVES FULL STRATEGIC PLAN AND CAPITAL PACKAGE (14 Nov)	CAPITAL PACKAGE PROPOSED TO EGM (15 Dec)			LAUNCH EXPECTED IN 1Q 2012

Capital structure

Basel 3 and EBA compliant by 2012 with further potential upside actions not included

I CAPITAL



- Both capital bridges assume no dividend payment in 2011, partial recognition (2.4 bn) of CASHES into Common Equity Tier 1 and 7.5 bn capital increase
- Further actions not included in the above:
 - Additional non-core assets run-off beyond what already ring-fenced (see next page)
 - Non-core assets and investments rationalization / disposals

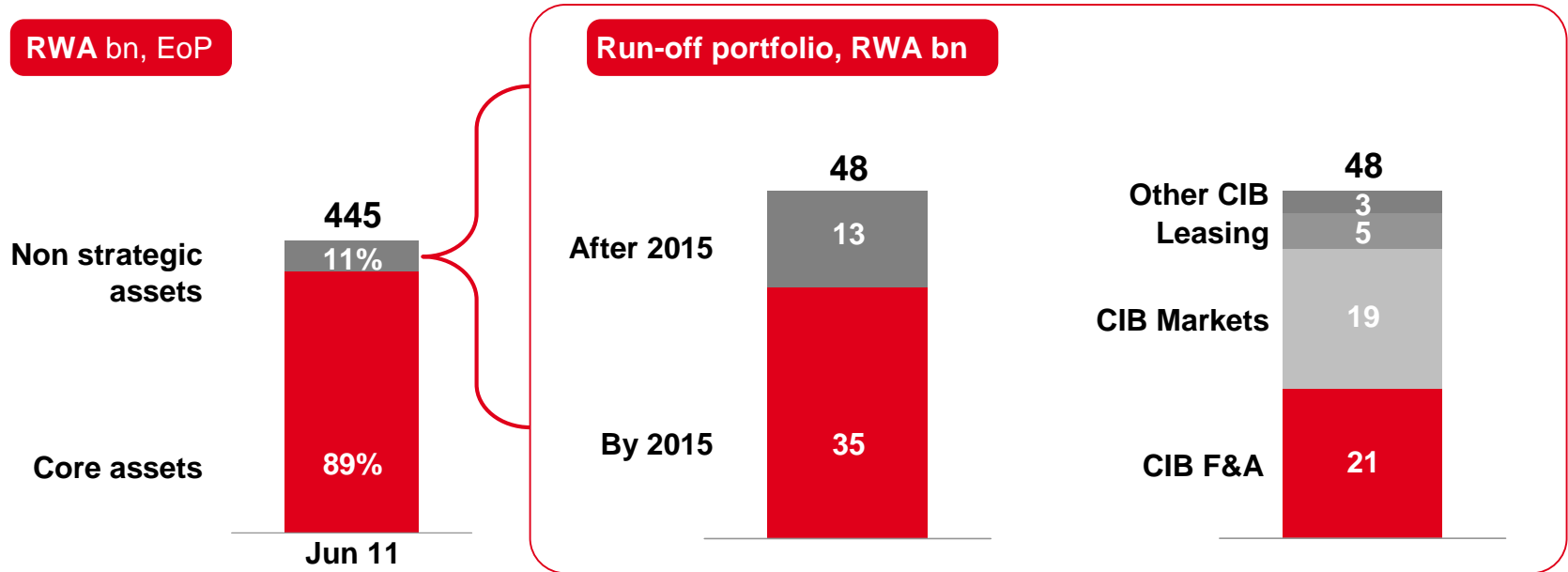
BIS3 based on available information

The EBA exercise has been updated with September figures based on internal estimation. The official outcome will be published by EBA by the end of November and could differ from internal estimates

Calculations assume full implementation of proposed Rights Issue. Rights Issue effect different between BIS 3 and EBA because of different RWA amount

Capital efficiency

48 bn of RWA ring-fenced and run-off (35 bn by 2015)

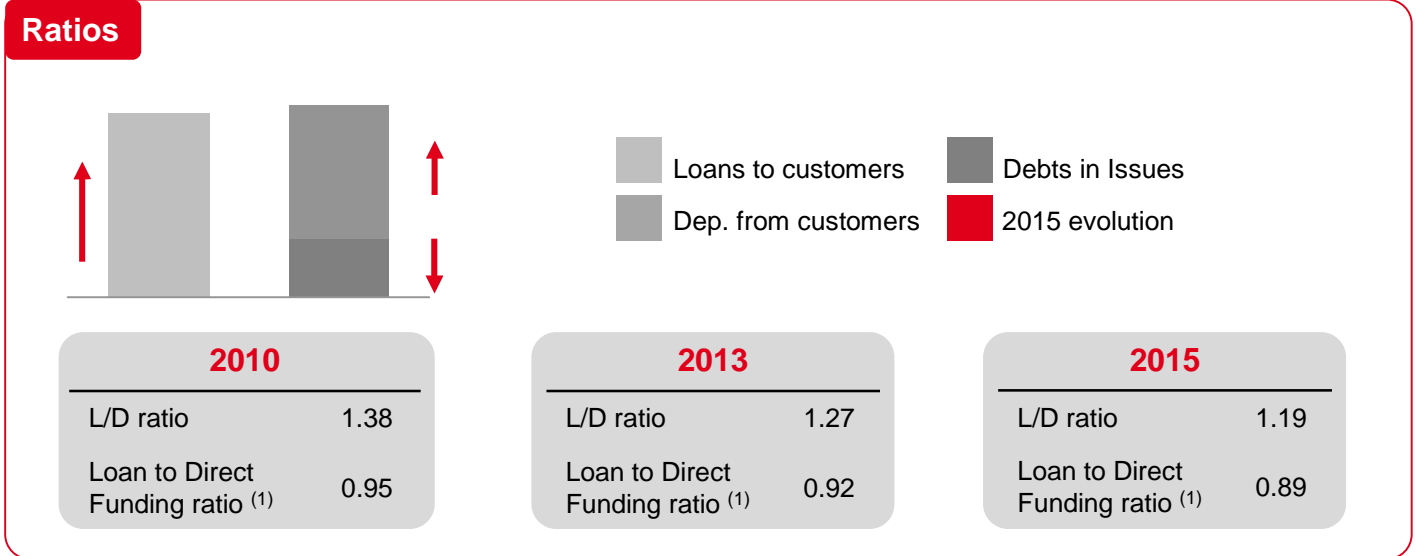


Disciplined approach to non strategic assets: not consistent with strict Risk / Reward criteria, to be Run-off in order to

- Reduce capital and liquidity absorption
- Preserve capital / liquidity allocated to the core franchise
- Investments to meet strict risk / reward criteria
- Downsize / Run-off portfolios, thus reducing risks

Well matched balance sheet

Improving L/D ratio



- **Balance sheet structure will be further improved thanks to:**
 - Higher deposits than assets growth with a positive impact on the L/D ratio
- **The key targets to be achieved by 2015 are:**
 - Positive net inter-bank position further lowering dependency on wholesale market access
 - Basel 3 compliance with balance sheet and liquidity risk indicators (NSFR and LCR)
- **Balance sheet strategy designed to support strong Group ratings**

(1) Direct Funding includes Deposits form Customers and Debts in issues

Very well diversified funding platform by geography and type

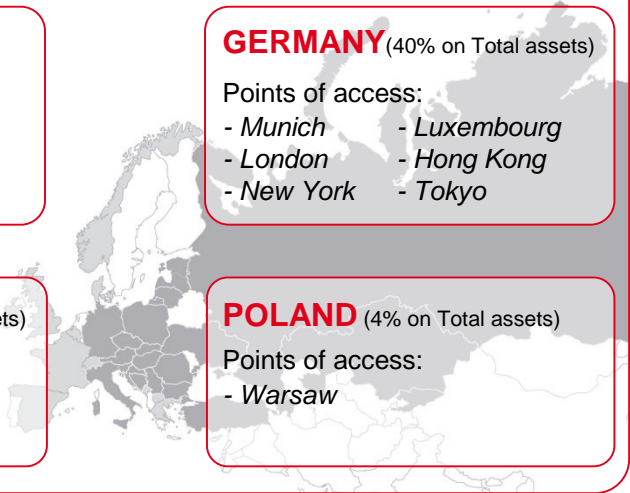
Liquidity management and funding access based on four liquidity centers

ITALY (35% on Total assets)
 Points of access:
 - Milan - New York
 - London - Dublin

GERMANY (40% on Total assets)
 Points of access:
 - Munich - Luxembourg
 - London - Hong Kong
 - New York - Tokyo

AUSTRIA (21% on Total assets)
 Points of access:
 - Wien
 - CEE Countries

POLAND (4% on Total assets)
 Points of access:
 - Warsaw



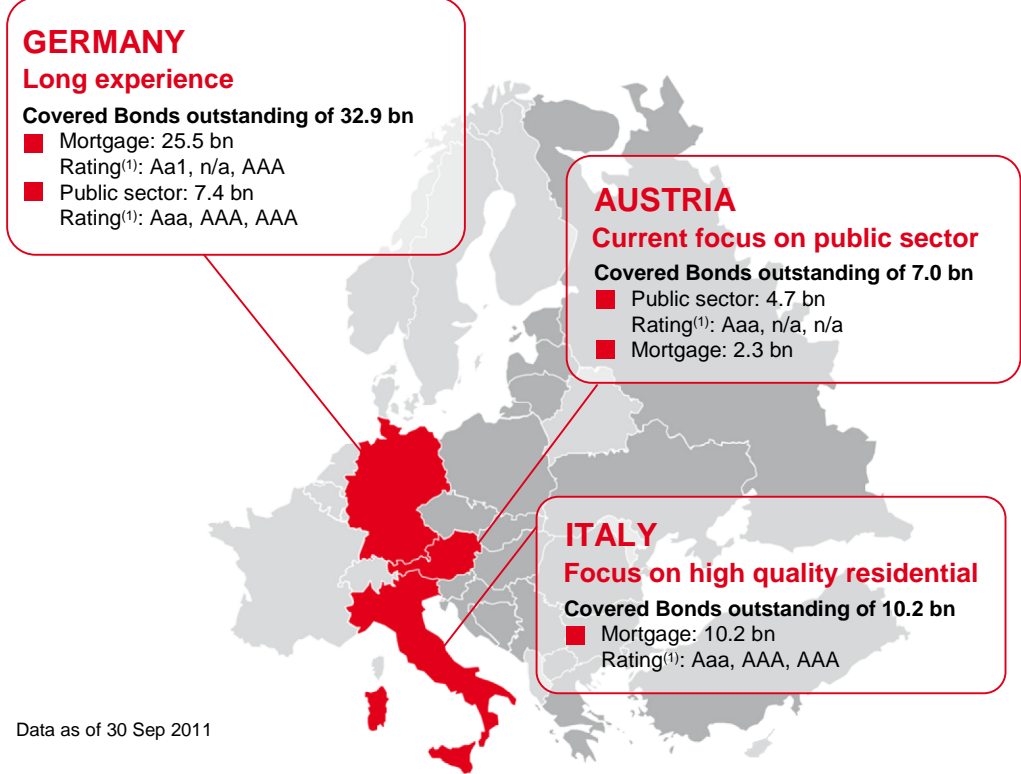
- Group wide Liquidity Policy ensures strong liquidity profile
- Active liquidity management in place since 2007 via conservative Group liquidity policy:
 - Liquidity **self-sufficiency** within Liquidity Centers
 - **Geographical specialization**, in order to exploit local expertise (i.e. covered bonds in Germany)
- Optimized market access and funding costs

Key Strategic Plan milestones in funding

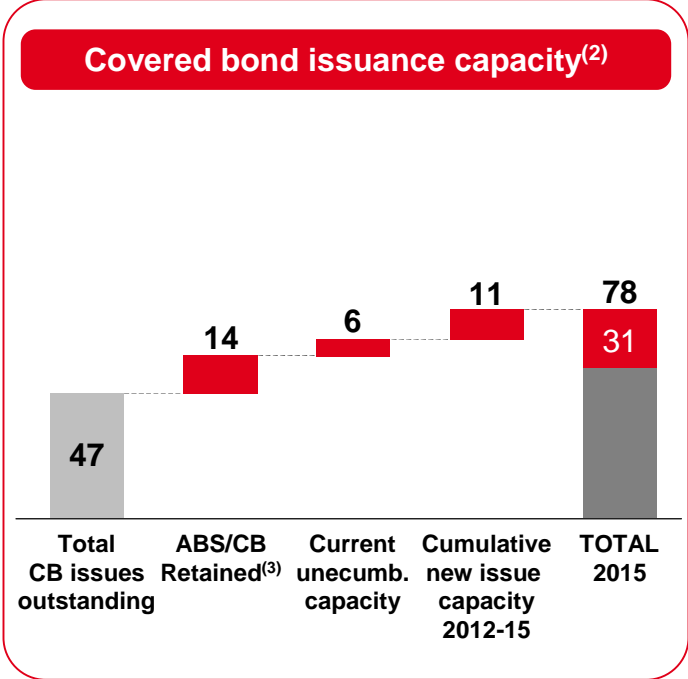
- **Short-term funding:** no reliance on unsecured wholesale market, keeping a well diversified funding base via wholesale deposits, CDs, CPs in all main markets and currencies, mostly via Italy and Germany Liquidity Centers
- **Medium-long term funding:** no dependence on public senior wholesale markets, thanks to strong focus on Covered and Network Bonds

NO SENIOR UNSECURED PUBLIC ISSUANCE IN ITALY IS EMBEDDED IN THE PLAN

Strong commercial bank supports funding (1/2)



Data as of 30 Sep 2011

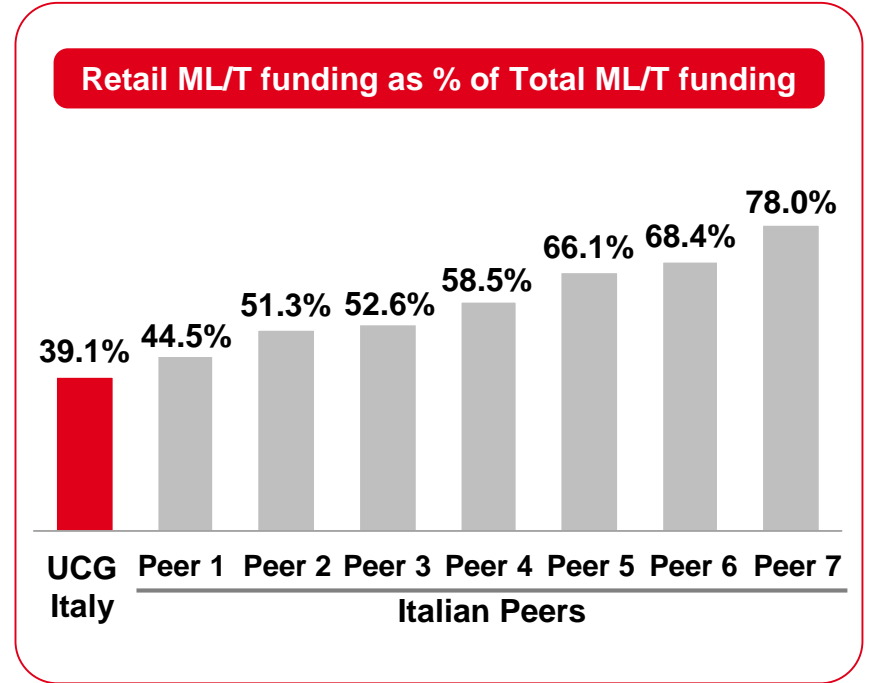
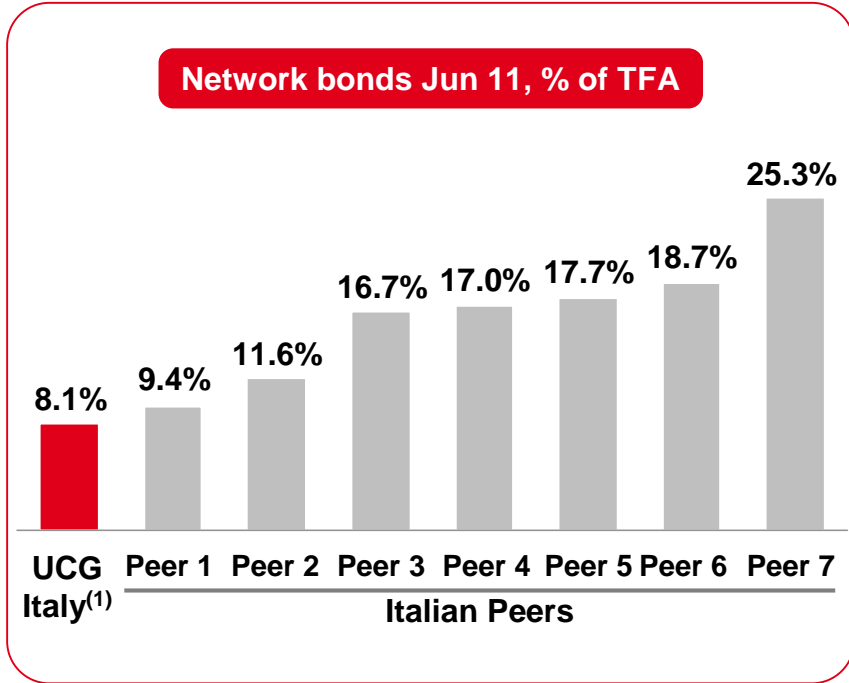


- Significant additional Covered Bond issuance capacity remains with about 31 bn by 2015
- Out of the total capacity, ~20 bn derives from further exploiting existing assets and 11 bn is based on 4-year prudent commercial growth

THE GROUP IS BENEFITING FROM ITS HIGH QUALITY COVERED BOND PLATFORMS

(1) All ratings are referred to the following agencies: Moody's, S&P, Fitch
 (2) All figures are weighted for envisaged over-collateralization. Assumption of netting bond and portfolio maturities
 (3) CB retained equal to approx. 3 bn

Strong commercial bank supports funding (2/2)



- **Limited penetration of UniCredit bonds amongst Group network clients.** Within F&SME, Asset Gathering and Private Banking all countries show UniCredit bonds below 10% of customers' TFA
- UniCredit relies less on network bonds than peers allowing for considerable additional capacity giving it a significant unexploited advantage

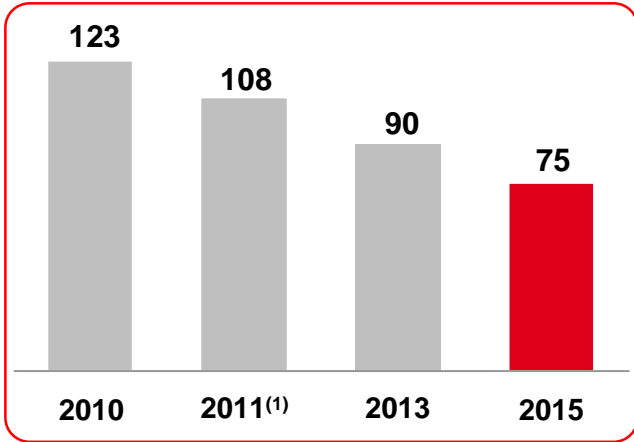
LEVERAGE HIGH NETWORK BOND POTENTIAL TO REDUCE RELIANCE ON VOLATILE WHOLESALE MARKETS

(1) For UniCredit Italy the total Customer Financial Assets include only Private Banking and Family and SME Divisions
 Italian Peers: Intesa Sanpaolo, MPS, UBi, Banco Popolare, Carige, BPM, BPER

Risk Management

Improving cost of risk

Group cost of risk (bps)



CoR trend by region (2010-15)



Cost of risk to drop

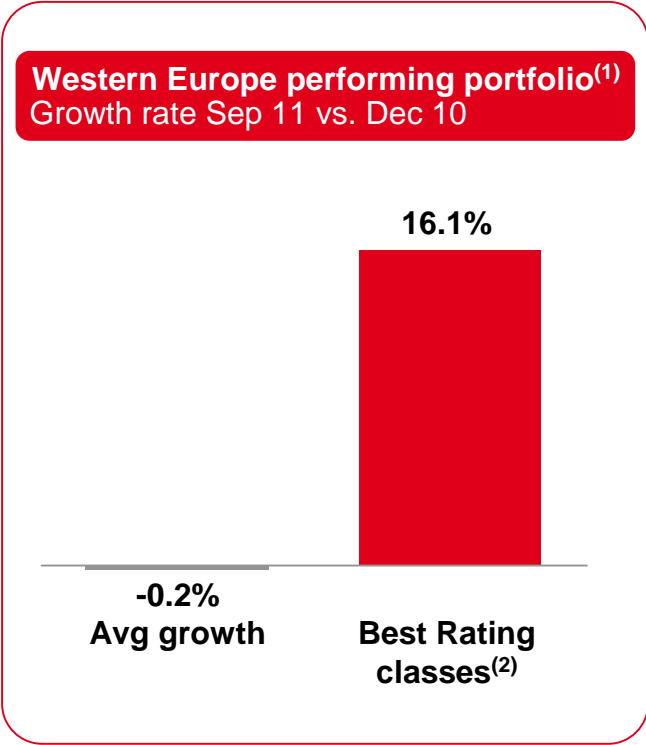
- **New origination policy** fully in place with new MBO incentives based on risk metrics: [i.e. (Revenues – Expected loss) / RWA]
- **Active portfolio management** both on performing loans and on impaired loans
- **Discontinuity** in some business areas

(1) 9M annualized

Asset quality to improve

New origination criteria, active portfolio management and business discontinuity

- Origination**
 - New Network origination policy and commercial monitoring system in place e.g. (Revenues – EL) / RWA
- Active portfolio management**
 - New dedicated projects launched to better manage performing portfolio with higher PD and past due loans
 - Strengthening restructuring unit
 - Work-out reorganization aimed at re-engineering processes to shorten work-out time
- Business discontinuity**
 - Exit from / decrease of:
 - Non strategic segments
 - Non satisfactory risk / return (i.e. RE developers)

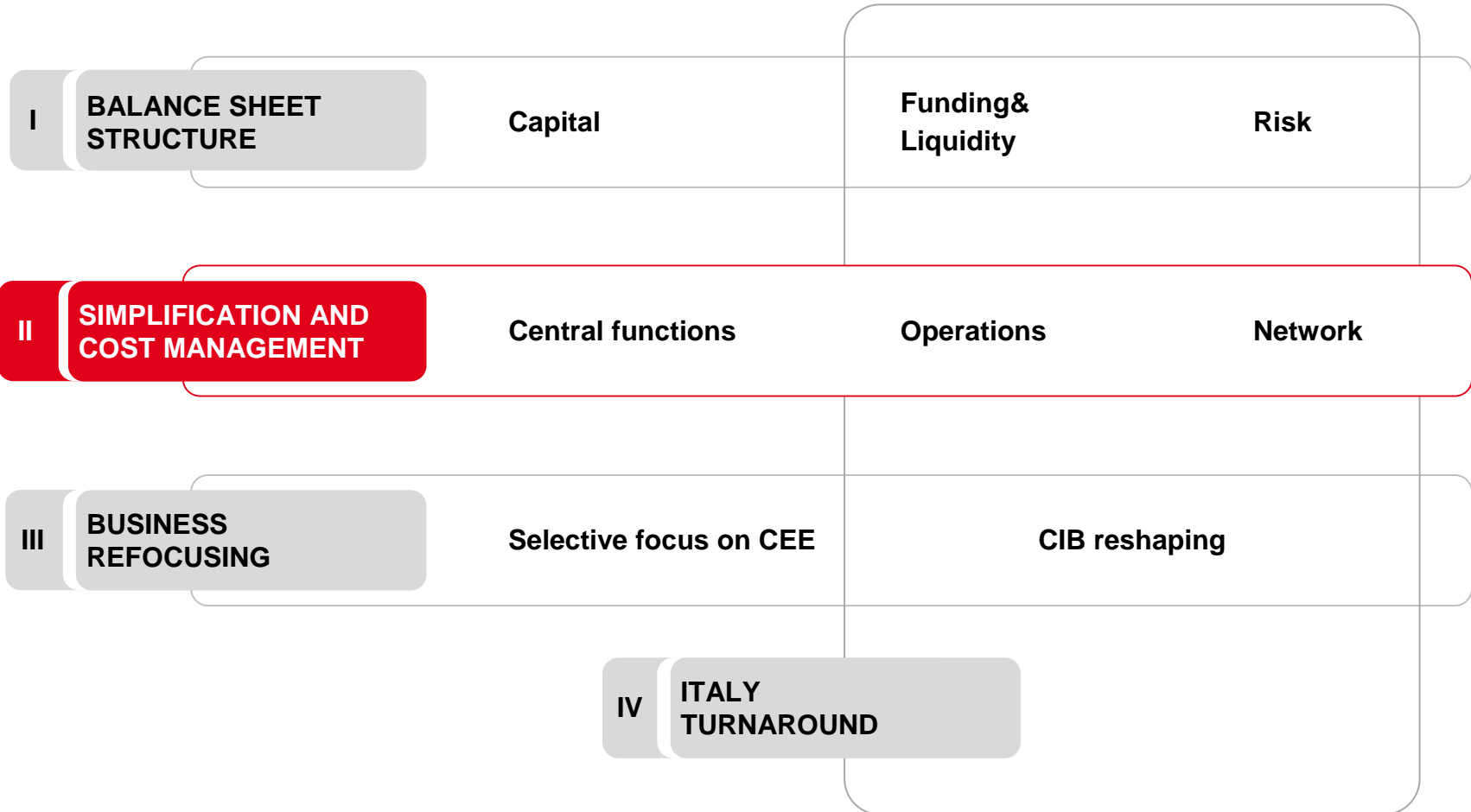


(1) Advanced model portfolio: excluding CEE and Poland that adopt AIRB model only in part. Based on EAD/EAD Equivalent

(2) Rating classes A-D3

The Strategic Plan

Four main pillars for sustainable profitability



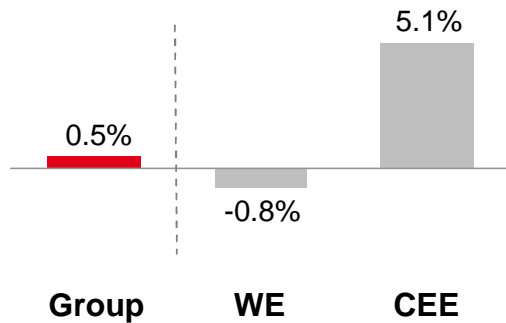
Simplification and Cost Management

Around 1.5 bn savings by 2015

Group savings of around 1.5 bn by 2015 with Western Europe costs down

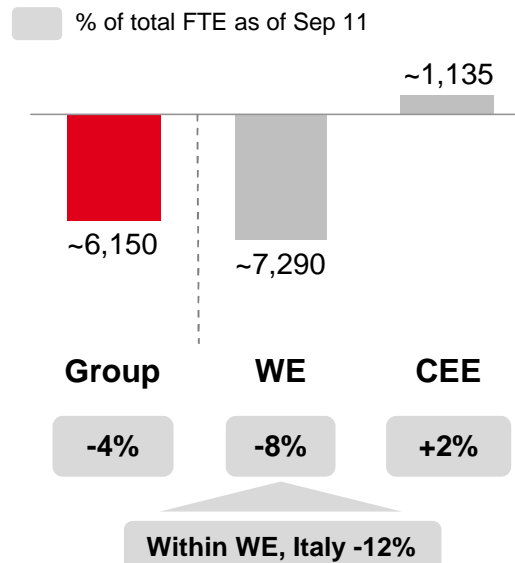
- Focus on simplification of processes in central functions and network re-design
- Strong rationalization of cost base, particularly in central functions
- All projects already launched and being implemented
- Severance amounting to around 560 mln

Cost trend⁽¹⁾ (CAGR 10-15)

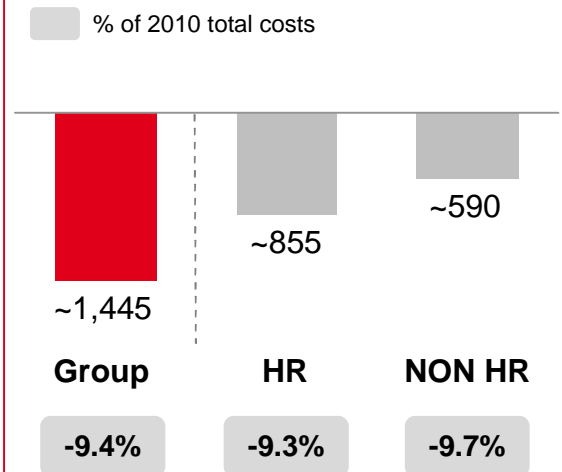


Inflation ⁽²⁾	Group	WE	CEE
	2.6%	1.9%	5.3%

FTE reduction (Sep 11-15)



Cost base reduction (2015, mln)



(1) Excluding Bank levies

(2) Average of country-specific inflation rates, weighted by nominal GDP

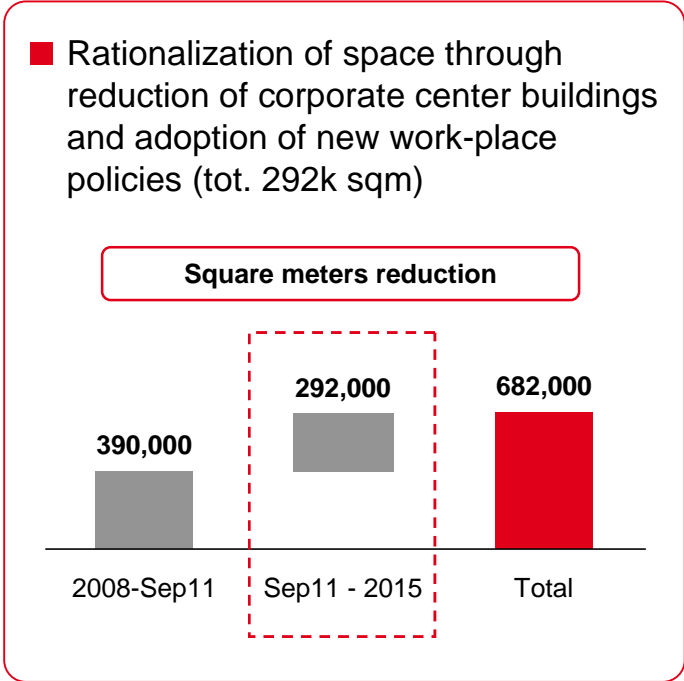
Central functions

Significant cost savings and simplification

Central functions streamline

- **Significant streamlining of support functions** to reduce complexity (-22% FTE central functions)
- **Impact primarily** on UniCredit Western Europe HQ

Headquarters rationalization



Central Functions

Savings 2010 - 2015

FTE **~-2,800**

Cost base reduction (2015, mln)

HR **~-285 mln** Non-HR **~-50 mln**

Operations

Efficiencies to drive cost savings

II SIMPLIFICATION & COST MANAGEMENT

Global Banking Services rationalization

- Consolidation of Banking Services Factories into a single company
- Convergence towards a single IT platform both for commercial banking in Western Europe and Markets. By 2012 70% of commercial banking revenues will be managed on the same platform (EuroSig)
- Optimization of operations leveraging on local expertise and scale
- Total savings ~190 mln p.a. by 2015

Procurement's spend optimization over 3 years

- Redesign of procurement process and demand management saving 440 mln
- Culture change – adopt new attitude towards cost savings
- Best cost country sourcing: leverage on UniCredit international presence

Operations

Savings 2010 - 2015

FTE ~-1,410

Cost base reduction (2015, mln)

HR ~-140 mln Non-HR ~-490 mln

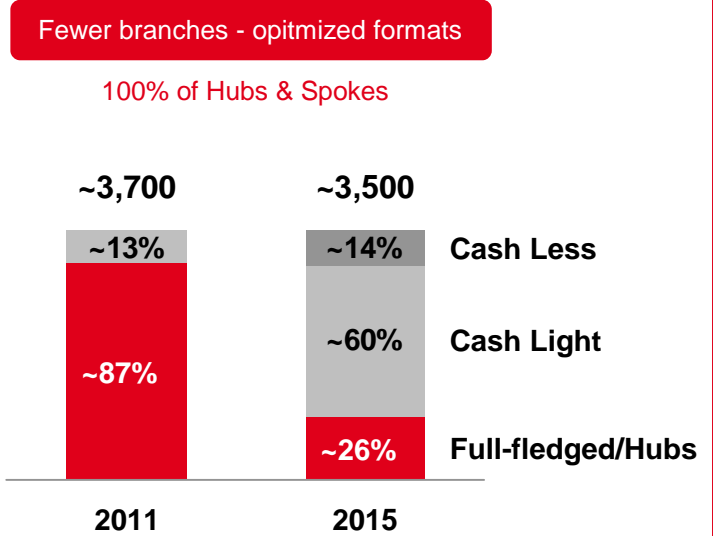
Network

A clear change in service model

|| SIMPLIFICATION & COST MANAGEMENT

New branch model (Hub & Spoke)

- Optimization of branch footprint (full service branches from 87% to 26% of total)
 - Rationalizing real estate usage -165k sqm (-14% of current space)
 - Further upgrade of Multi Channel Services⁽¹⁾
- **Hub:** Larger branches to be dedicated to full-fledged advisory and cash transactional centers
 ■ **Spoke:** Smaller branches to provide "Proximity and convenience" (Cash Light or Cash Less)



Network

Savings 2010 - 2015

FTE ~-5,350

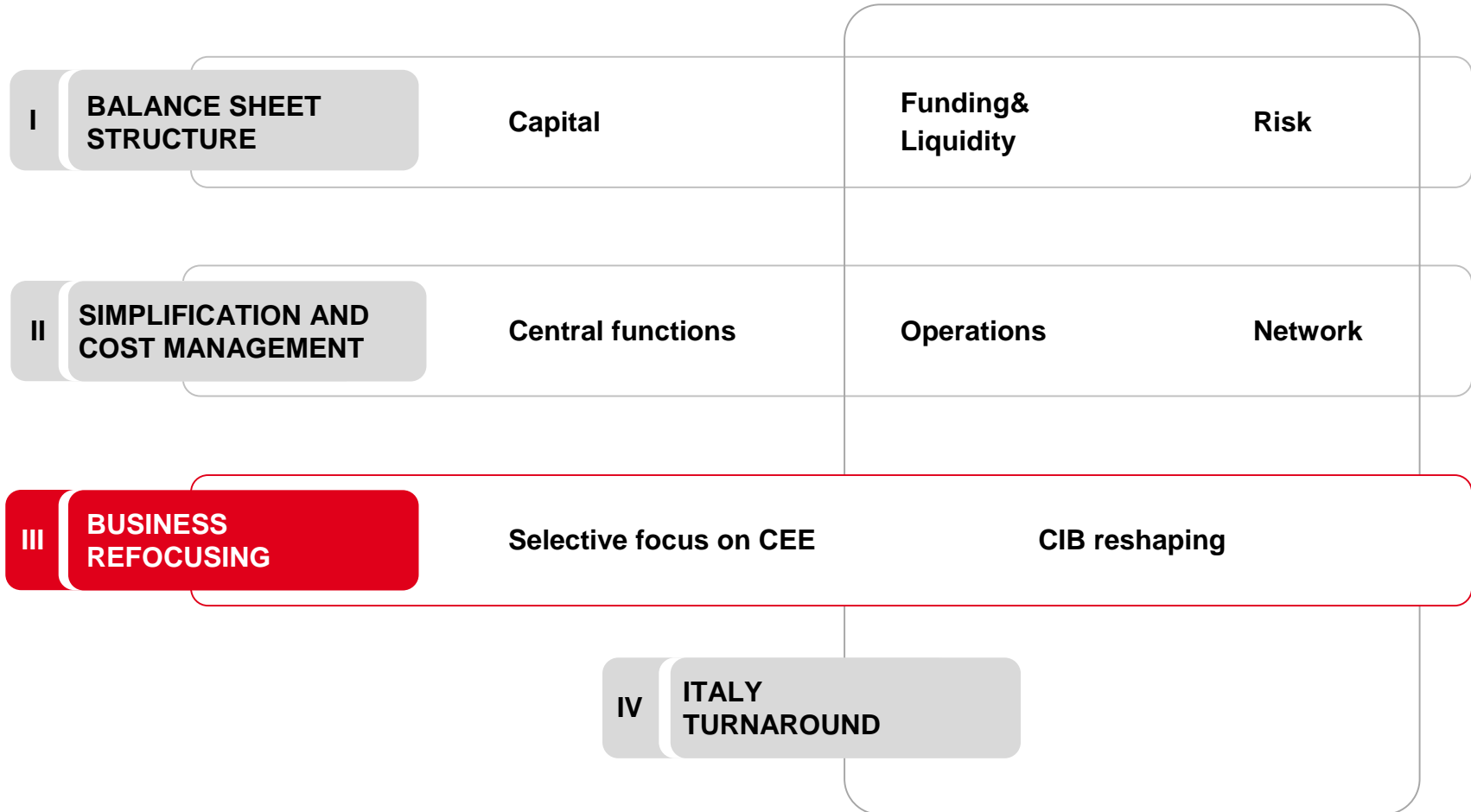
Cost base reduction (2015, mln)

HR ~-430 mln Non-HR ~-50 mln

(1) On top of Italy's largest 3500 strong cash-deposit ATMs network

The Strategic Plan

Four main pillars for sustainable profitability



CEE

Keep leadership through a focused country approach



**BUSINESS
REFOCUSING**

Focus on highly attractive countries

- **Focus maintained on highly attractive countries** where UniCredit enjoys a strong footprint and is well positioned in a risk / return matrix (i.e. Poland, Turkey, Russia and Czech Republic)

Key strategic initiatives

Optimization of investments, fewer and more focused to maximize value of CEE operations:

- **CEE cost optimization program** with focus on operational, IT, Real Estate and purchasing efficiencies
- **New sales channels development** including internet and mobile banking and the creation of a Call Center. **CRM Implementation** as a backbone of customer relationship strategy and commercial efficiency
- **Streamlined branch openings** with network expansion strategy limited to highly attractive countries

Simplification of geographical footprint

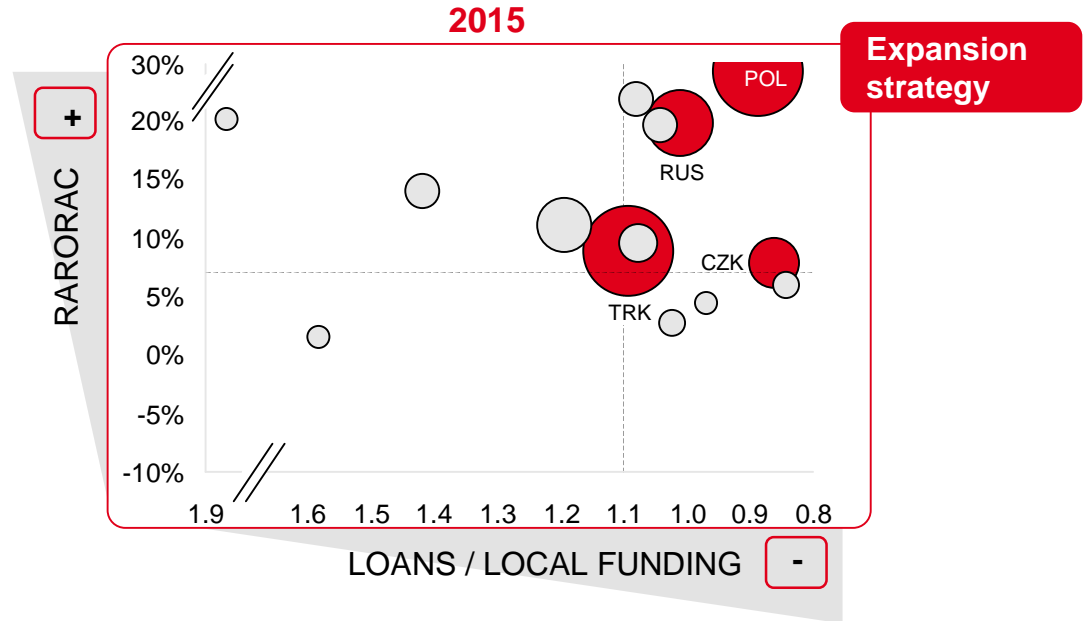
- **Intra-group rationalization** (Hubs, combination etc.) **to simplify further** and generate cost savings opportunities

CEE

Profitability and liquidity to define the strategy for each country

III BUSINESS REFOCUSING

Mapping our subsidiaries: profitability (RARORAC) and liquidity (Loans / Local Funding)



Bubble size: RWA end of Period

Strongly diversified country approach

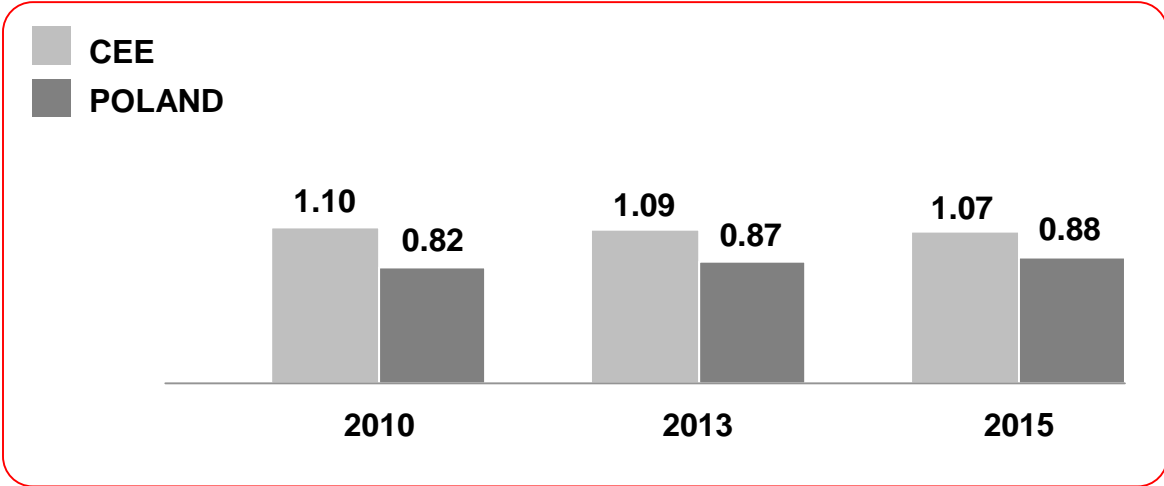
- **Expansion strategy:** large, highly attractive countries (i.e. for profitability and liquidity). UCG strongly positioned, with potential for further growth – Poland, Turkey, Russia and Czech Republic
- **Core countries:**
 - **Expansion on hold:** countries with market appeal but challenging environment in the short-term
 - **Balanced growth, focus on efficiency:** countries with low growth and challenging environment
- **Minimize risks / portfolio run-offs:** countries with high level of vulnerability, poor competitive positioning for UCG

RARORAC is the ratio between EVA (Economic Value Added) and allocated / absorbed capital and represents the value created per each unit of risk taken

CEE

A more focused approach going forward

Loan-to-local funding ratio (deposits + securities issued by local banks)



Low commercial funding gap

- **Significant reduction in commercial funding gap** supported by increasing reliance on securities issued by countries in CEE directly
- Most significant reduction expected in more unbalanced countries with higher funding gap

Stronger Funding Governance

- Stronger funding management aimed at balancing each country's self sufficiency with low cost of funding
- Coordinated group wide liquidity management already in place to optimize funding cost and market access

CIB

Reallocate resources to core client franchises to improve profitability



BUSINESS
REFOCUSING

Three core client offers:

- Corporate Banking and Transaction Services
- Structured Finance, Capital Markets and Investment Products
- Access to Western, Central and Eastern Europe

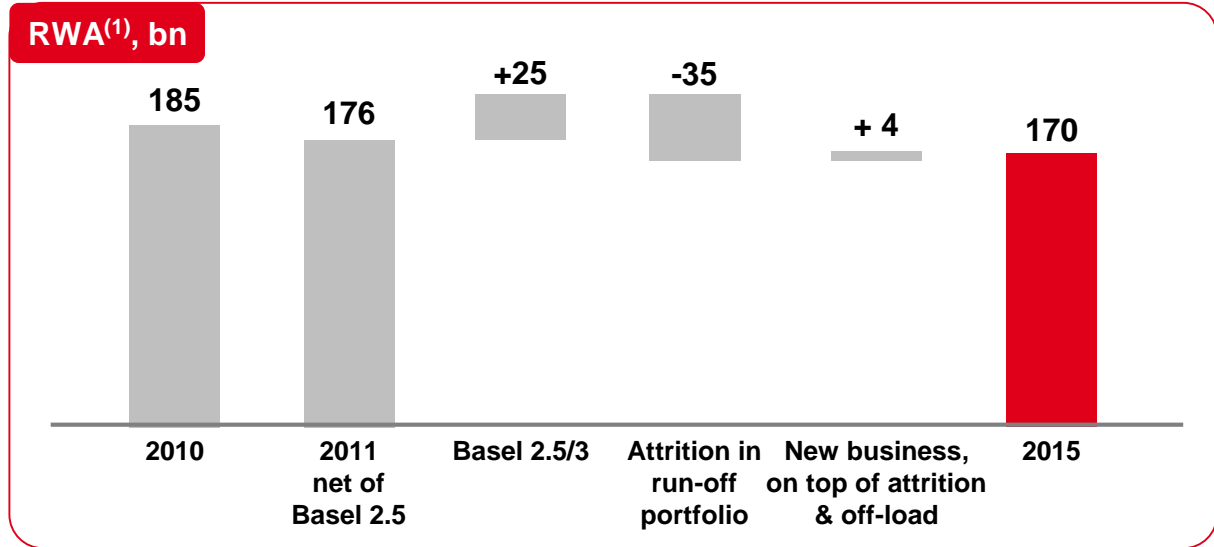
Strategic initiatives

- **Reinforce client franchise**, credit distribution capabilities and strategic dialogue with clients (senior bankers, shared goals, credit value chain, capital structure advisory)
- **New KPIs implemented at origination to increase Risk Adjusted Capital Efficiency** [RACE: (Rev-EL) / RWA > 2.5%-3%] and Cross-Selling Efficiency (CSE: non loan related revenues / total revenues > 50%)
- **Front load cost reductions** via rightsizing of business (-8% in HR costs in 2012) and exit of some subscale activities (creation of strategic alliance in equity brokerage and research)
- **RWA reduction via ring-fencing** of non core activities in a run-off portfolio (43 bn) and proactive management of balance sheet

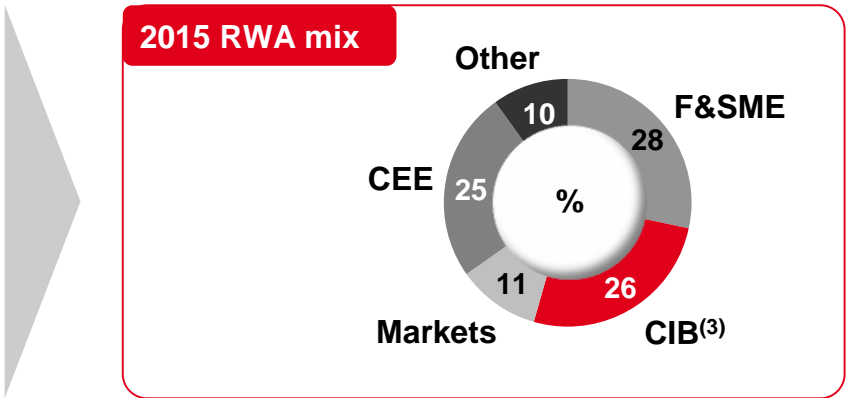
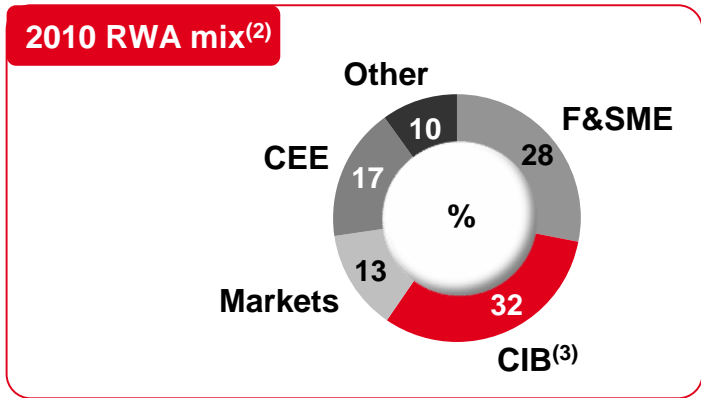
CIB

Capital focused on profitable franchise

III BUSINESS REFOCUSING



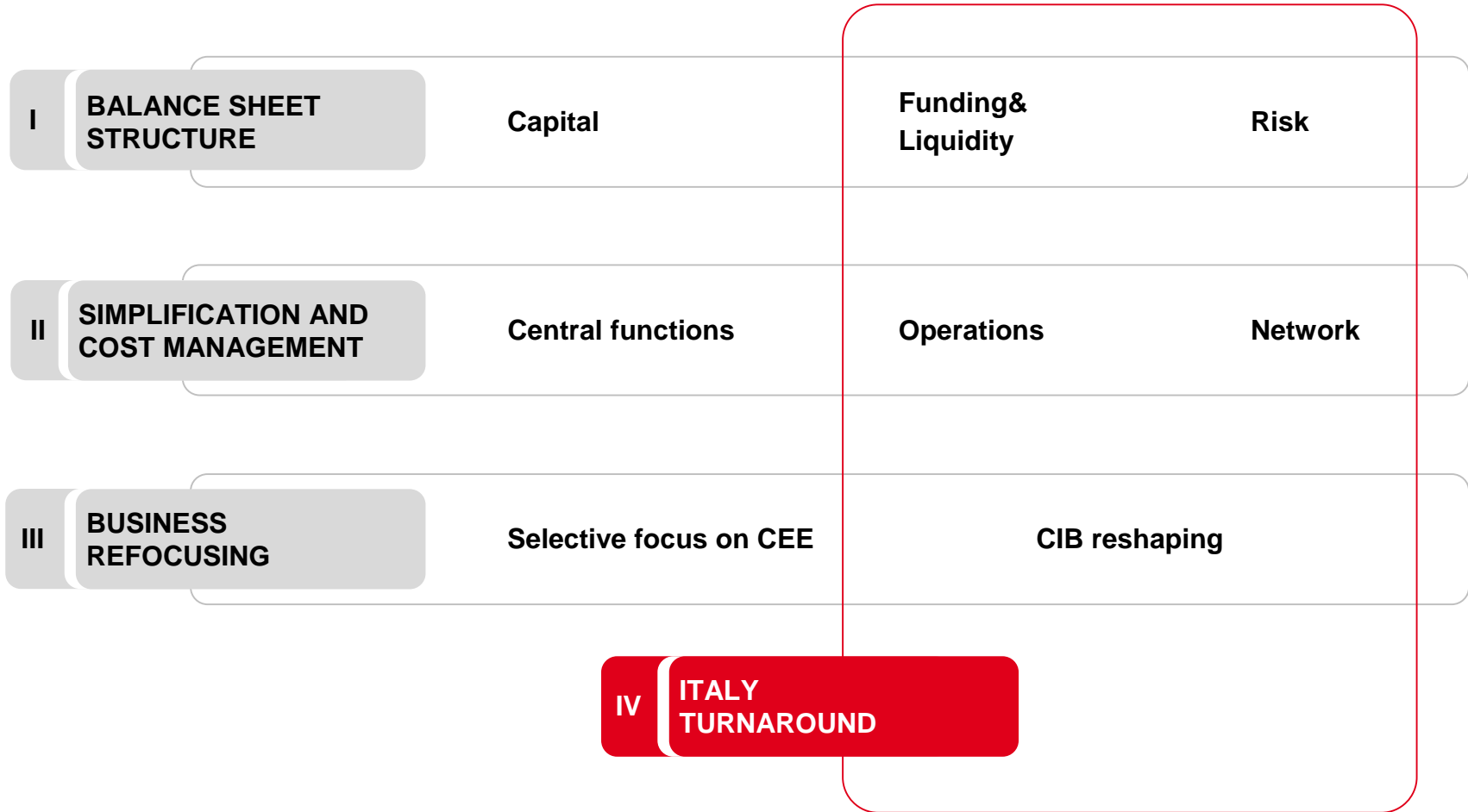
Strong reduction in Group RWA weighting and strong increase in client-franchise RWA (from 55% to 65% of CIB)



(1) Numbers without Poland
 (2) 2010 Pro-forma includes BIS 2.5/3
 (3) Clients with turnover exceeding 50 mln

The Strategic Plan

Four main pillars for sustainable profitability



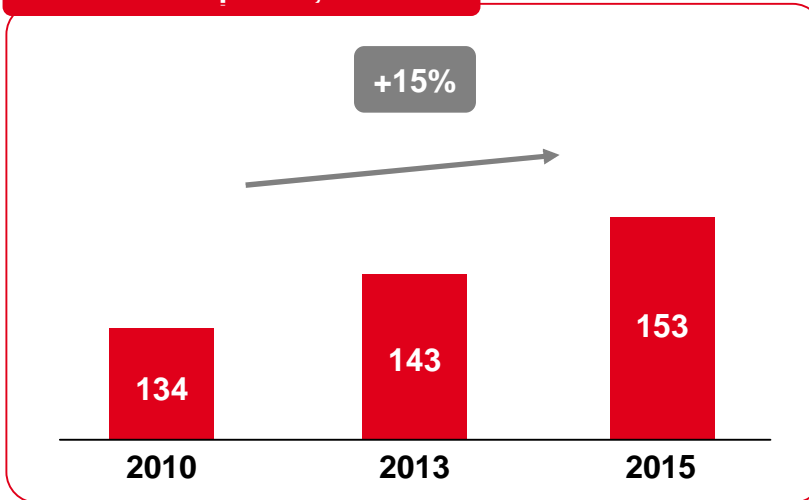
Italian commercial business turnaround

Strengthening our customers base: deposits

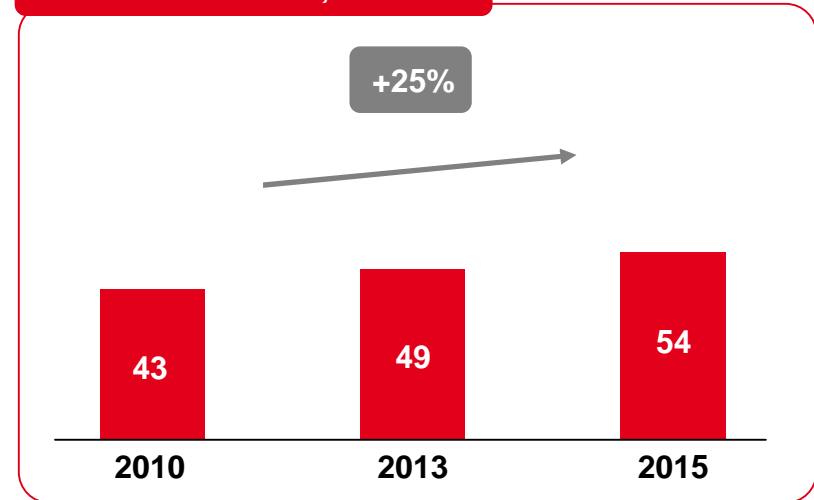
IV

ITALY TURNAROUND

Customer deposits, bn



Fineco TFA / client, '000

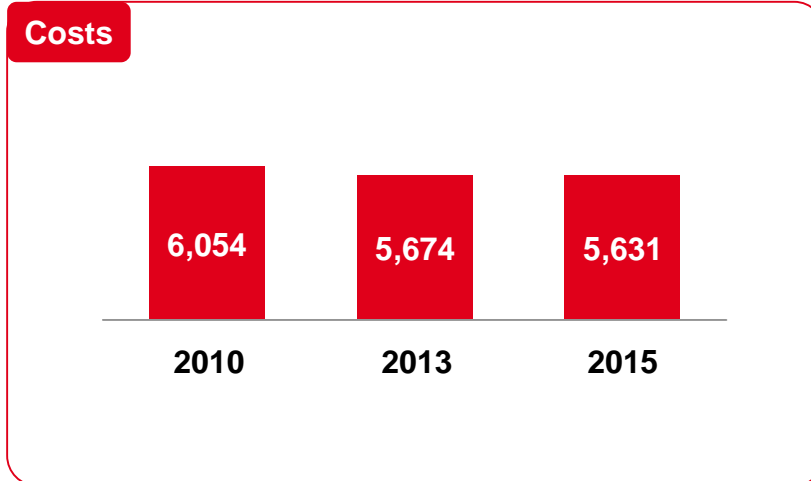


- **Leverage on corporate, SME and SB customer base, increasing 360° relationships with entrepreneurs:**
 - High commercial flexibility on loan pricing, linked to cross selling and deposits
 - Client advisory capabilities (e.g. asset protection)
- **Fineco as a growth engine exploiting excellent positioning, focused marketing campaigns and superior customer satisfaction**

Italian Commercial Business is defined as the Italian perimeter excluding Corporate Center governance, Asset Management, GBS factories and a few minor legal entities not representing Italian operating business

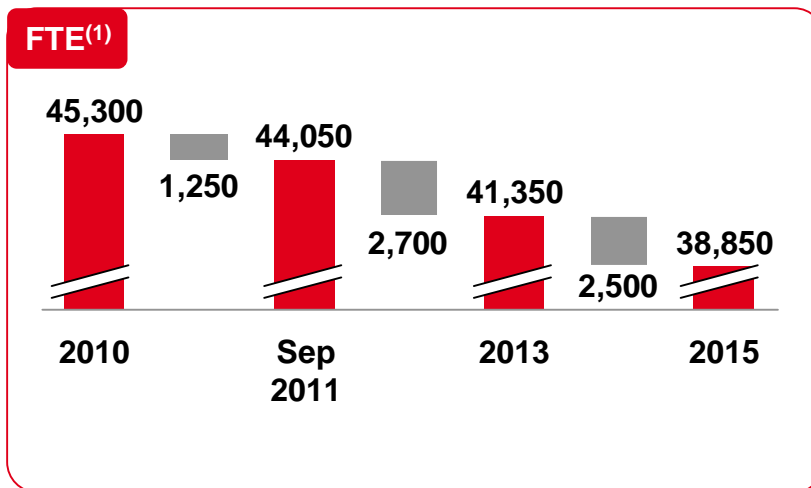
Italian commercial business turnaround

Room to increase efficiency



Network re-design

- **Re-definition of Network (Hub & Spoke)**
 - Proximity to customers
 - High commercial efficiency decreasing costs
- **Streamline of support functions & operations**
- **Costs CAGR 2010-15: -1.4%**
- **FTE 2010-2015: ca -6,500**
- **FTE Sep 2011-2015: ca -5,200, representing 12% of current FTEs**



Italian Commercial Business is defined as the Italian perimeter excluding Corporate Center governance, Asset Management, GBS factories and a few minor legal entities not representing Italian operating business

(1) Rounded numbers

Italian commercial business turnaround

Improving cost of risk

IV

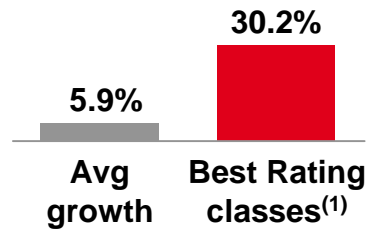
ITALY TURNAROUND

Cost of risk, bp



Improving origination

EAD, Dec10-Sep11
(Growth rate by Rating)



- Loans origination targeting **best rating classes**, supported by governance and new KPIs
- Process improvement: more stringent rules
- Recognition and collection set to accelerate

Italian Commercial Business is defined as the Italian perimeter excluding Corporate Center governance, Asset Management, GBS factories and a few minor legal entities not representing Italian operating business

(1) Rating classes A-D3

Concluding remarks

**To be a rock solid European
commercial bank**

STRONG CAPITAL AND LIQUIDITY STRUCTURE

CONSERVATIVE RISK PROFILE

LEAN AND EFFICIENT STRUCTURE

STABLE, SUSTAINABLE LEVEL OF PROFITABILITY

ANNEX

UniCredit key targets

Conservative assumptions in mature markets, growth in CEE

	2010	2013	2015	CAGR 10-13			CAGR 10-15		
				Group	WE	CEE	Group	WE	CEE
Revenues, bn	26.1	27.6	31.2	1.9%	0.1%	7.2%	3.7%	1.6%	9.1%
Op. costs⁽¹⁾, bn	15.3	15.3	15.8	-0.3%	-1.5%	4.1%	0.5%	-0.8%	5.1%
Cost of risk⁽²⁾, bp	123	90	75	-33	-27	-74	-48	-42	-96
(Rev-LLP) / RWA⁽²⁾	4.2%	4.7%	5.3%	0.4%	0.5%	0.2%	1.1%	1.1%	0.5%

(1) Excluding Bank levies

(2) Delta is reported instead of CAGR



UniCredit Strategic Plan

Milan, 14 November 2011