



UniCredit Group & CEE Division

12th Annual Emerging Europe Investment Conference

Warsaw, 14-15 September 2015



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UCG is a leading European commercial bank operating in 17 countries with more than **146,600 employees¹**, about **8,200 branches²** and with **an international network spanning in about 50 markets**.

Key financial highlights as at Jun-2015		1H15
Revenues	Revenues up y/y thanks to higher dividends fully offsetting slowdown of trading	11,484m
Net Profit	Resilient business performance	1,034m
CoR	Contained Cost of risk coupled with a sound asset quality	79bp
Loans	Stable commercial volumes in a challenging macro scenario	473.9m
CET 1 ratio Fully Loaded	Sound capital position improving	10.37%*

(1) Data as at June 30, 2015. FTE = "Full Time Equivalent": number of employees counted for the rate of presence. Figures include all employees of Yapi Kredi Group (Turkey).

(2) Data as at June 30, 2015. Figures include all branches of Yapi Kredi Group (Turkey).

*Valuing the AFS reserve as of 5th Aug-15 and including Pioneer deal, CET1 fully loaded at 10.84%.



UCG benefits from a strong European identity, with strategic positioning in Western and Central Eastern Europe

Group

Strategic positioning in 17 European countries gives UCG one of the region's highest market shares.

Western Europe

- Italy
- Austria
- Germany

Central Eastern Europe

- Azerbaijan
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Czech Republic
- Hungary
- Poland
- Romania
- Russia
- Serbia
- Slovakia
- Slovenia
- Turkey
- Ukraine





STRATEGIC PLAN 2013-2018

STRATEGIC PILLARS

1

TRANSFORM COMMERCIAL BANKING IN WESTERN MARKETS

- A new approach to retail banking
- Serve growing non-lending needs of Corporate clients
- Enhance the Private Banking business model

2

INVEST IN BUSINESS GROWTH

- Rebalance Group capital allocation towards CEE
- Focus on "expansion countries"
- Support capital-light businesses (Asset Gathering, Asset Management)

3

LEVERAGE ON GLOBAL PLATFORMS

- Maintain CIB leadership in its core business and fully exploit synergies
- Enhance cost reduction and simplification initiatives
- Foster operating efficiency

CONSERVATIVE RISK APPETITE FRAMEWORK



CEE Region



CEE Division

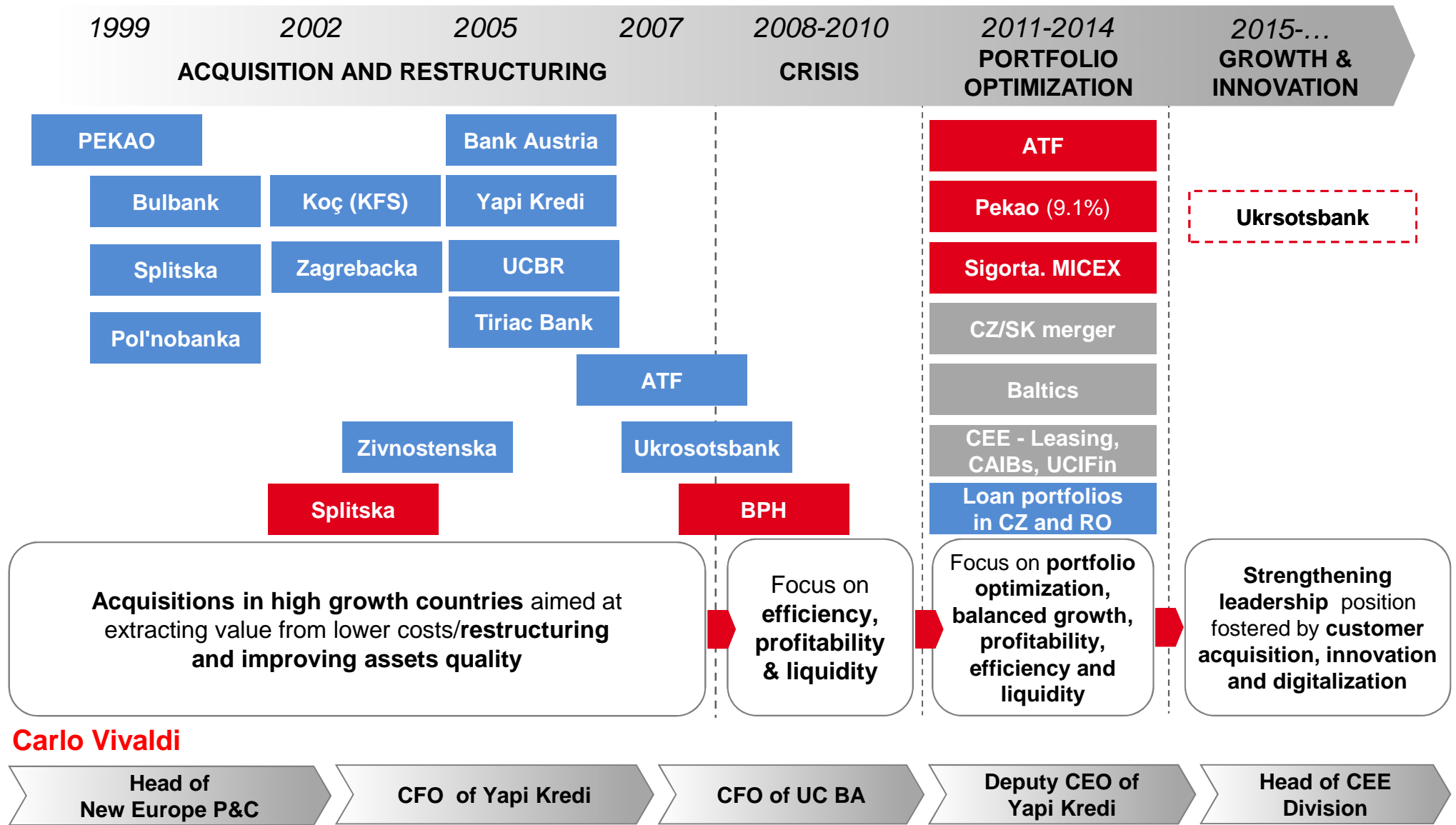
Annex



History of CEE & Poland (CEE Region)

A platform built and integrated since 1999. From 2008 onwards, management focus shifted to risk containment, portfolio optimization, organic growth and innovation

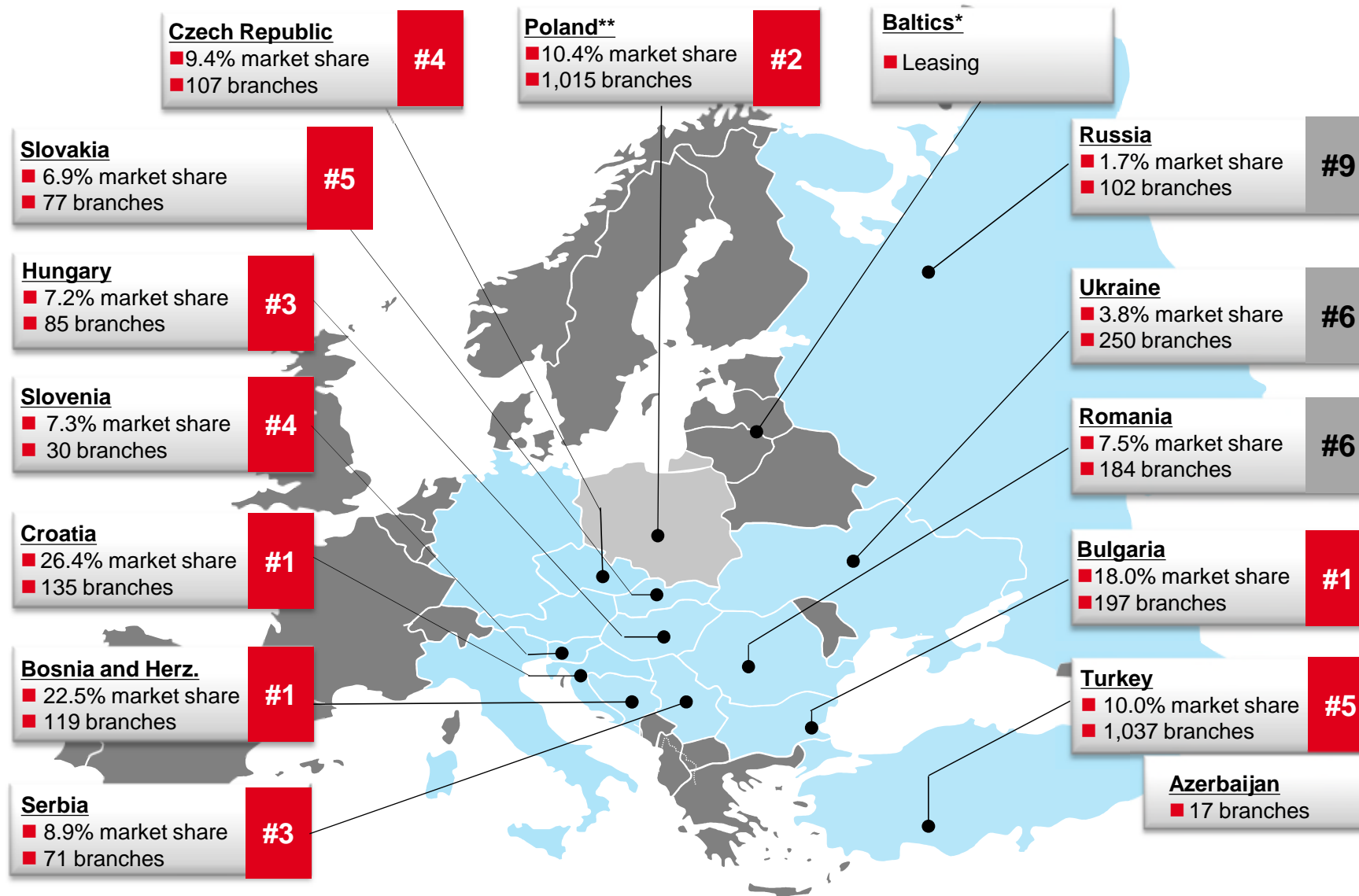
CEE Region





The geographic mix in CEE & Poland is a key success factor

CEE Region



* Estonia, Latvia, Lithuania.

** Poland is not a part of CEE Division.

Market shares: in terms of total assets according to local accounting standard, unconsolidated figures (1Q15: Bosnia & Herzegovina, Bulgaria, Russia, Turkey, Ukraine, Hungary, Czech Republic; 4Q14 Serbia), local accounting standard, consolidated figures 1Q15 (Croatia), IFRS (1Q15: Poland, Slovakia, Romania, Slovenia). Croatia and Hungary include mortgage bank. Branches: data as of 30 Jun-15. Bosnia & Herzegovina includes UniCredit Bank Banja Luka. Azerbaijan includes Yapi Kredi branches.

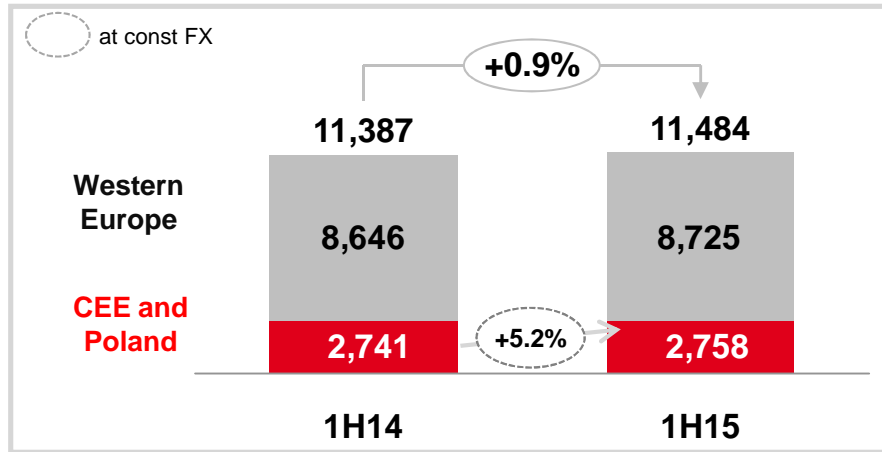


CEE and Poland: UniCredit growth engines

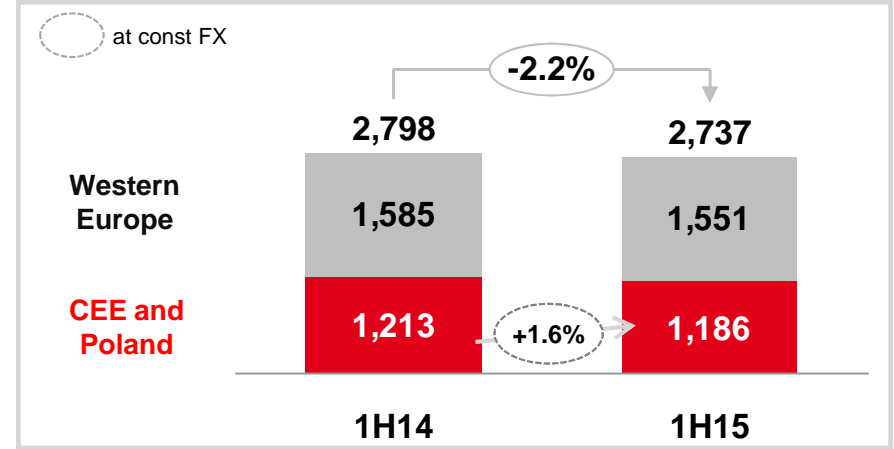
Revenues and net operating profit increasing at higher pace vs. Group.
FTEs and branches down mainly due to Ukraine (held for sale)

CEE Region

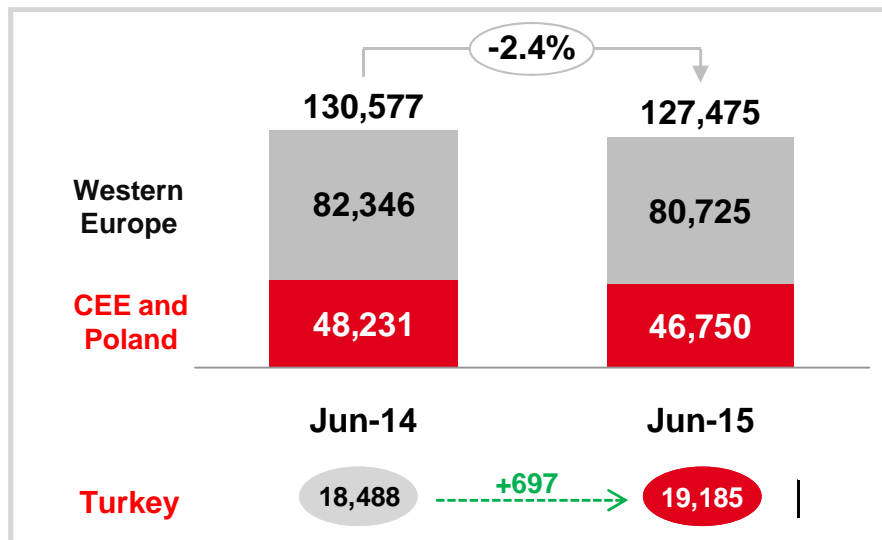
Revenues⁽¹⁾, m



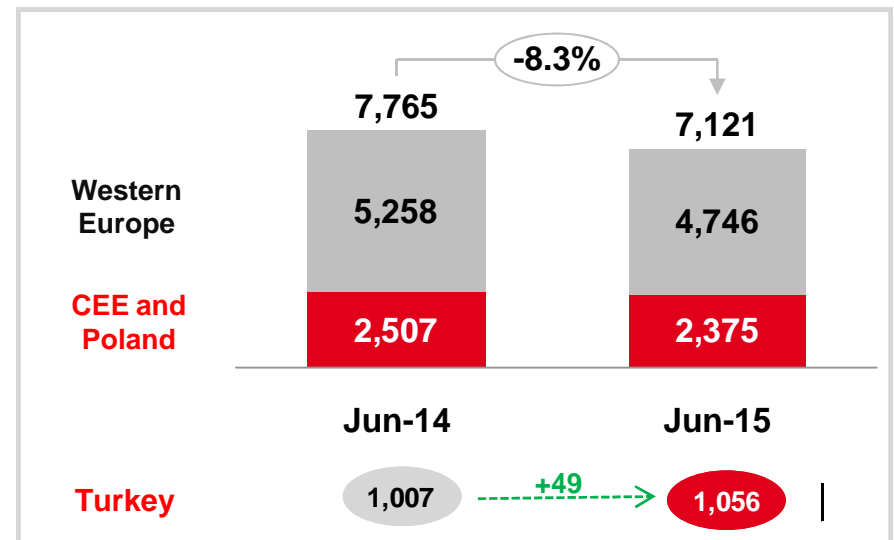
Net operating profit, m



FTEs⁽²⁾



Branches⁽²⁾



(1) Group numbers excl. Ukraine and incl. 40.9% of net profit of Yapi-Kredi booked in the line Dividends following the consolidation ad equity.

(2) Group numbers incl. Ukraine.



CEE Region



CEE Division

Annex



CEE Division at a Glance

The leading bank in Central & Eastern Europe

CEE Division

Key financial highlights as at Jun-15		1H15	% to total Group
Loans	Loans to customers: growing 9.7% y/y, and in line with prior quarter at constant exchange rate	58.9bn	12.4%
RWA	Risk Weighted Assets: significant growth driven by business evolution and regulatory changes	93bn ⁽¹⁾	23.0%
Revenues	Revenues at 1,891m, showing positive performance with 8.5% y/y growth at constant exchange rate	1,891m	16.5%
PbT	Sound PbT of 681m, higher by 6.3% y/y, driven by higher revenues	681m	32.1%
Customers	Total customers at 14.8m increasing by ~ 700K in 1H 2015	14.8m	45.5%
Branches	Strong presence with 2,416 branches. Market leader in CEE with a wide-spread presence in 13 countries (top 5 in 10 countries)	2,416 ⁽²⁾	29.5%

Note: Turkey consolidated at equity, with net profit booked in P&L item "Dividend". Ukraine consolidated in "activities held for sale" net of tax, below the operating line.

(1) RWA including Turkey at 40.9% and & Ukraine at 100%.

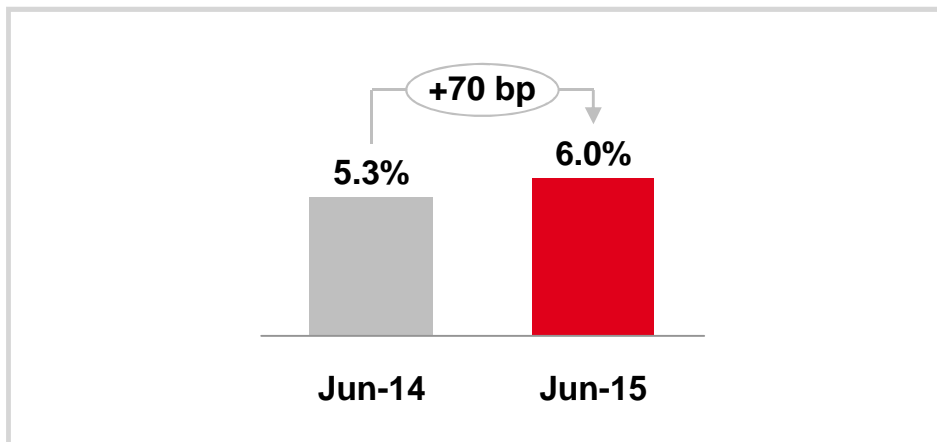
(2) Data as at June 30, 2015. Figures include all branches of Yapi Kredi Group (Turkey).



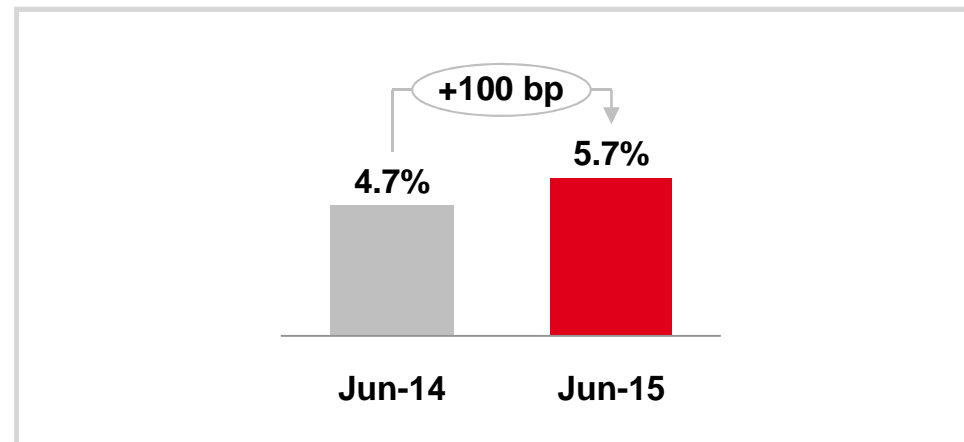
Despite geopolitical and macroeconomic volatility CEE Division proves to have a sustainable business model

CEE Division

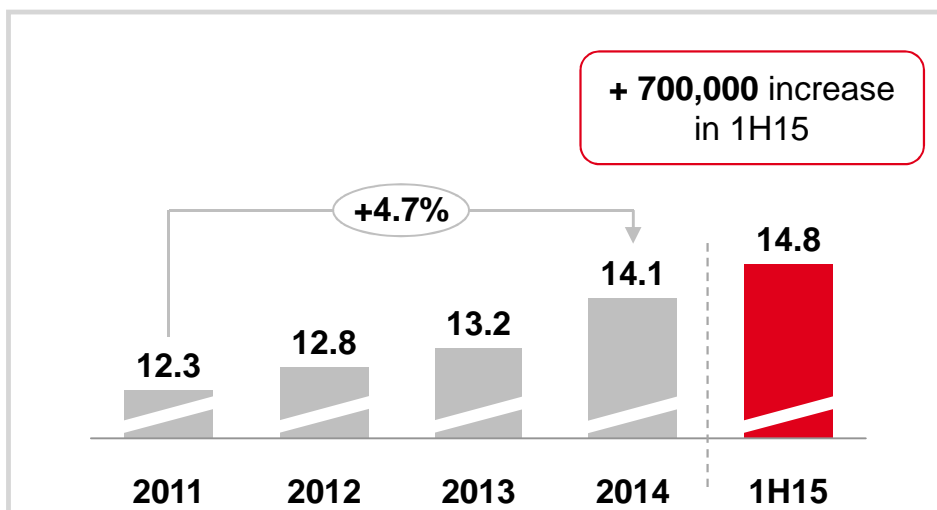
Loan market shares⁽¹⁾



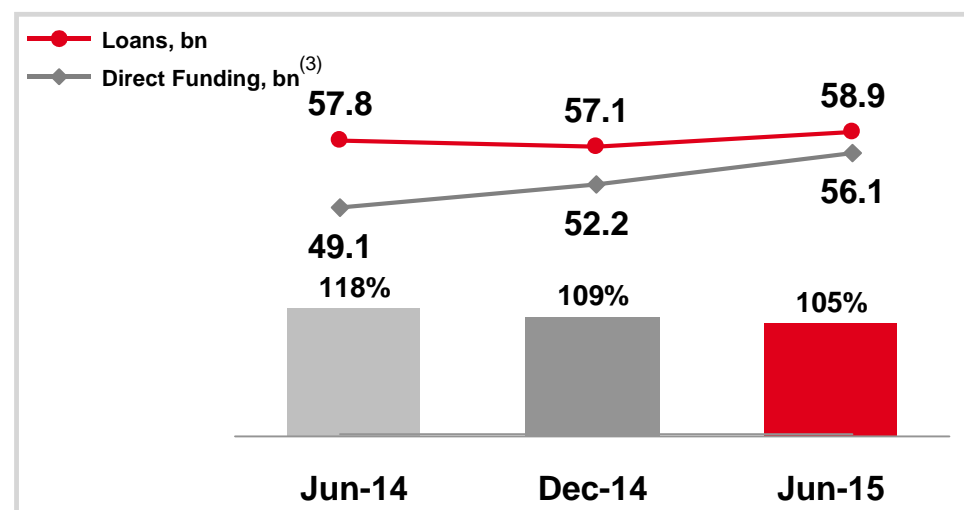
Deposit market shares⁽¹⁾



Customer acquisition⁽²⁾, m



Loans/Direct Funding Ratio



(1) Including Turkey at 40.9% .
 (2) CEE Division results excluding KZ and Leasings.
 (3) Total customer deposits + securities in issue.



UniCredit: a leader position in Central and Eastern Europe

CEE Division

Data as of
FY 14

	Total assets ⁽¹⁾ EUR, bn	Net profit ⁽²⁾ EUR, m	Number of branches	Countries of presence ⁽³⁾	% in Group revenues
UniCredit ⁽⁴⁾	116	958	2,463 ⁽⁵⁾	13	17
Raiffeisen BANK ⁽⁶⁾	79	252	2,852	17	81
ERSTE BANK	75	-257	1,828	6	53
SOCIETE GENERALE	73	681	2,450	15	14
KBC	49	524	761	4	29
INTESA SANPAOLO	37	-53	1,204	10	10
otpbank	35	-331	1,421	9	n.m

(1) 100% of total assets for controlled companies (stake > 50%) and pro rata for non- controlled companies (stake < 50%), except for OTP.

(2) After tax and before minorities.

(3) Including direct and indirect presence in the 25 CEE countries, excluding representative offices.

(4) Bank Austria view.

(5) Including branches in Turkey at 100%.

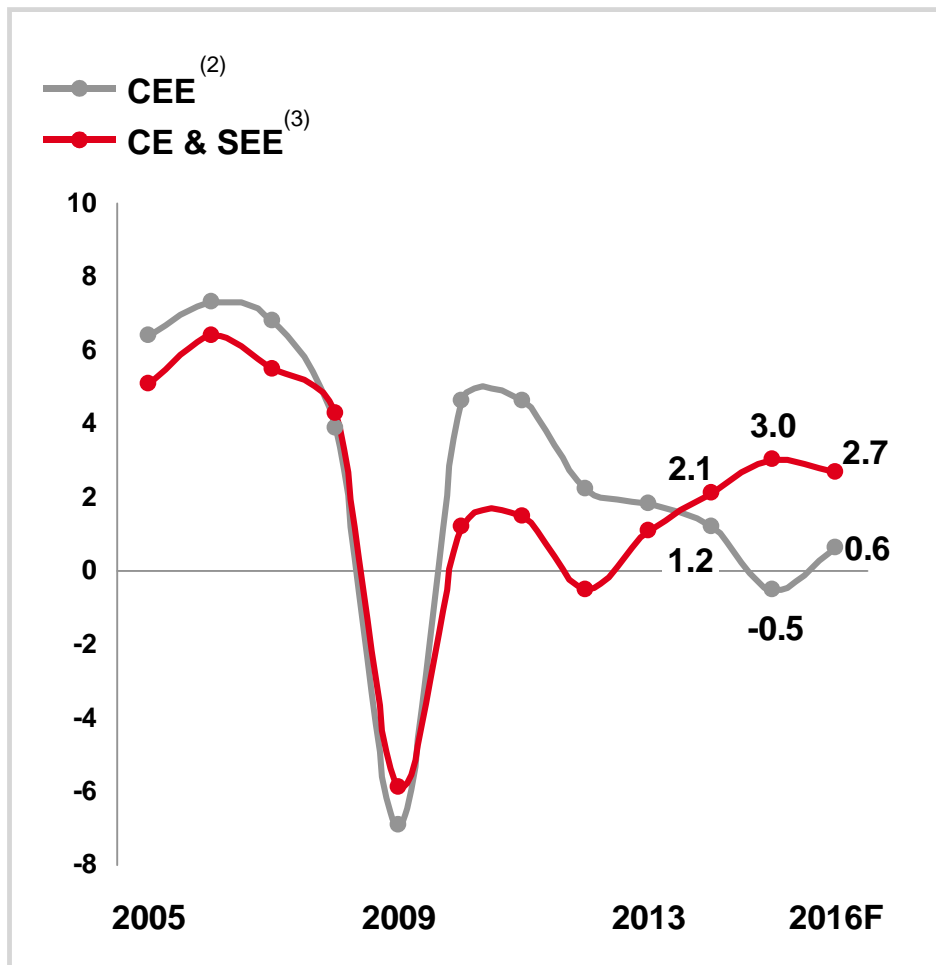
(6) Results of RBI exclude group corporate, markets and corporate center segments.



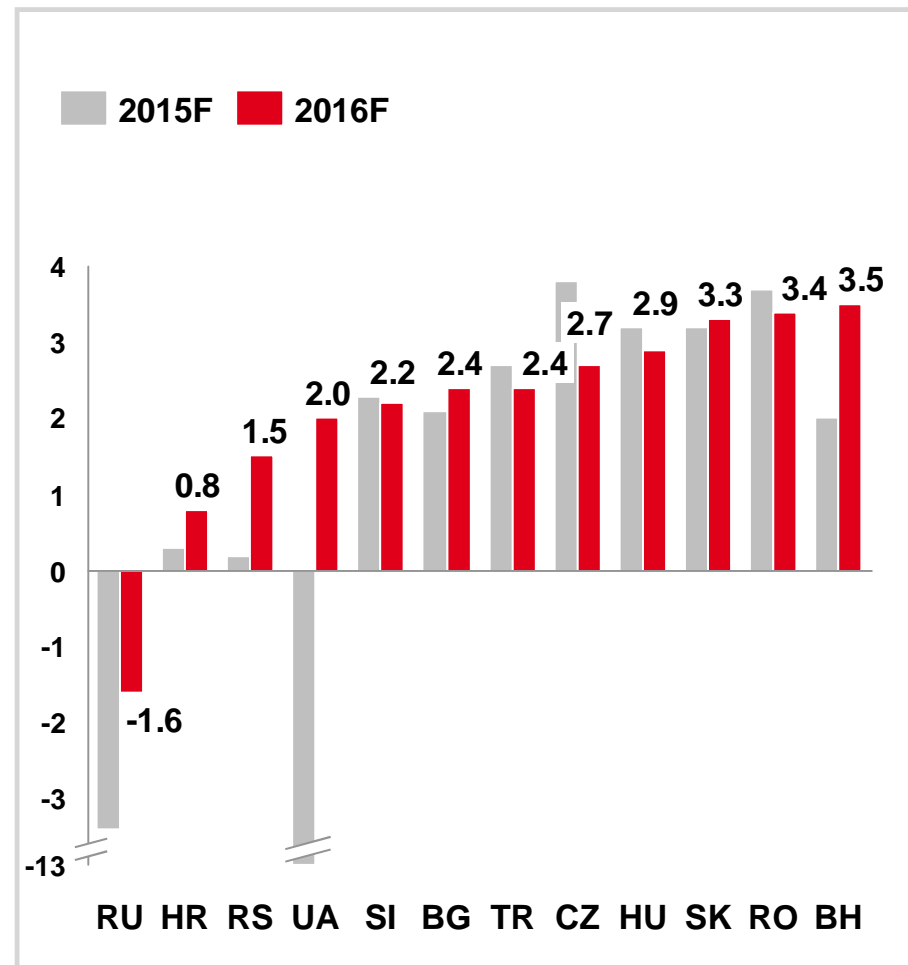
Economic growth in Central Europe & South Eastern Europe on an improving path while the whole CEE area is set for recovery from 2016

CEE Division

Real GDP growth⁽¹⁾, %



Cross-country breakdown⁽¹⁾



(1) GDP forecasts from CEE Quarterly published by UniCredit Research in June, 2015.

(2) Central Europe: Czech Republic & Slovakia, Hungary, Slovenia.

(3) South Eastern Europe: Croatia, Romania, Bulgaria, Bosnia, Serbia.



Achievements

1

Leadership position in CEE

- # 1 international player in CEE and among top 5 in 10 countries

2

Portfolio efficiency

- Refocusing, acquisition and simplification

3

Business model transformation & value creation in key areas

- Further increase customer base
- Retail: simplification of operating model, enhancing productivity. Extensive leverage of digital and multi-channels and further increase of customer base
- CIB: strengthening cross-selling and pricing. Focusing on SME and International

Current strategy

1

Building on our achievements

- Aim to further strengthen our leading position in CEE & Poland

2

Focusing on our 3 pillars strategy

- CE & SEE⁽¹⁾: innovate business
- Russia: focusing on corporates & wealthy individuals
- Turkey: growth strategy, leader in profitability

3

Business priorities reinforcing focus on

- Boost customer acquisition in Retail and CIB
- Implement a distinctive proposition for clients operating in multiple CEE countries
- Foster innovation & digitalization by **(i)** leveraging big data **(ii)** improving customer experience and **(iii)** creating a unified front-end for retail

(1) Central Europe (CE) : Czech Republic & Slovakia, Hungary, Slovenia & South Eastern Europe (SEE): Croatia, Romania, Bulgaria, Bosnia, Serbia.

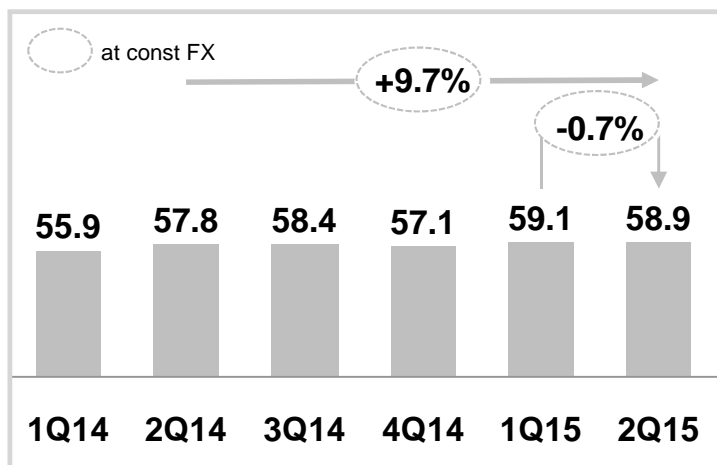


Customer loans and direct funding

Higher volumes y/y mainly driven by Russia and Czech Republic & Slovakia

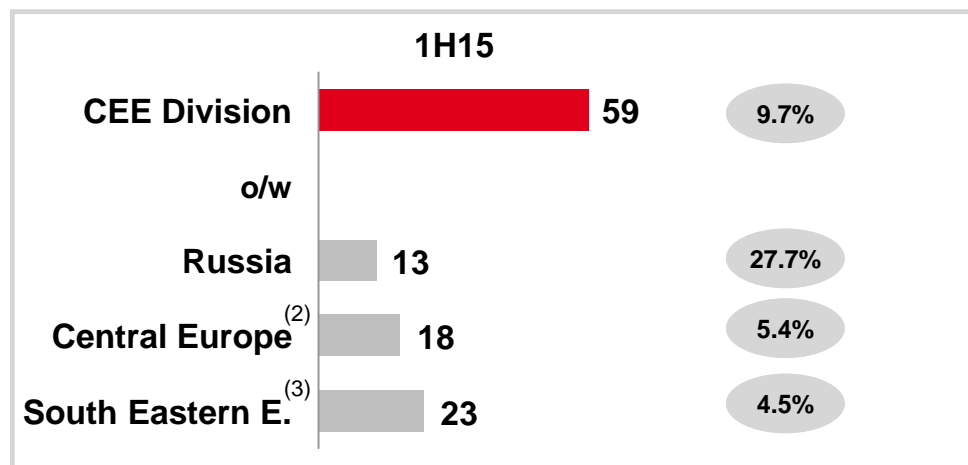
CEE Division

Customer loans, bn

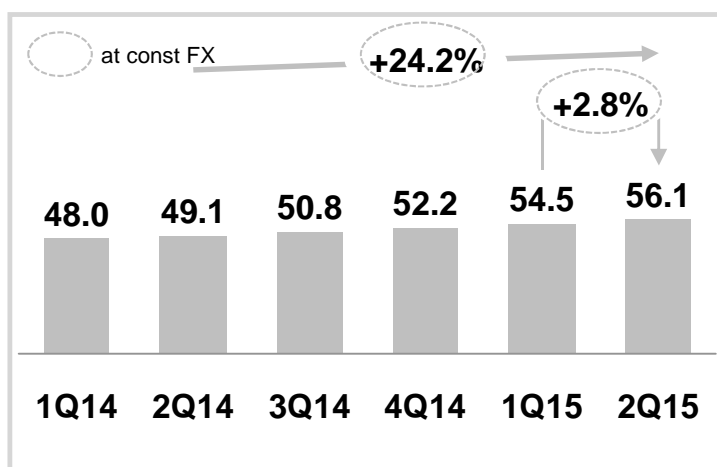


By region

y/y at const. FX

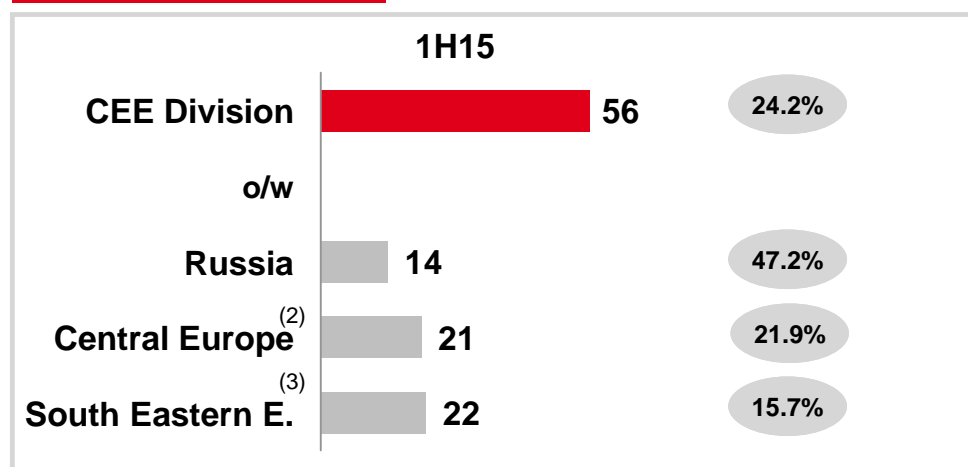


Direct funding⁽¹⁾, bn



By region

y/y at const. FX



(1) Total customer deposits + securities in issue.

(2) Central Europe: Czech Republic & Slovakia, Hungary, Slovenia.

(3) South Eastern Europe: Croatia, Romania, Bulgaria, Bosnia, Serbia.

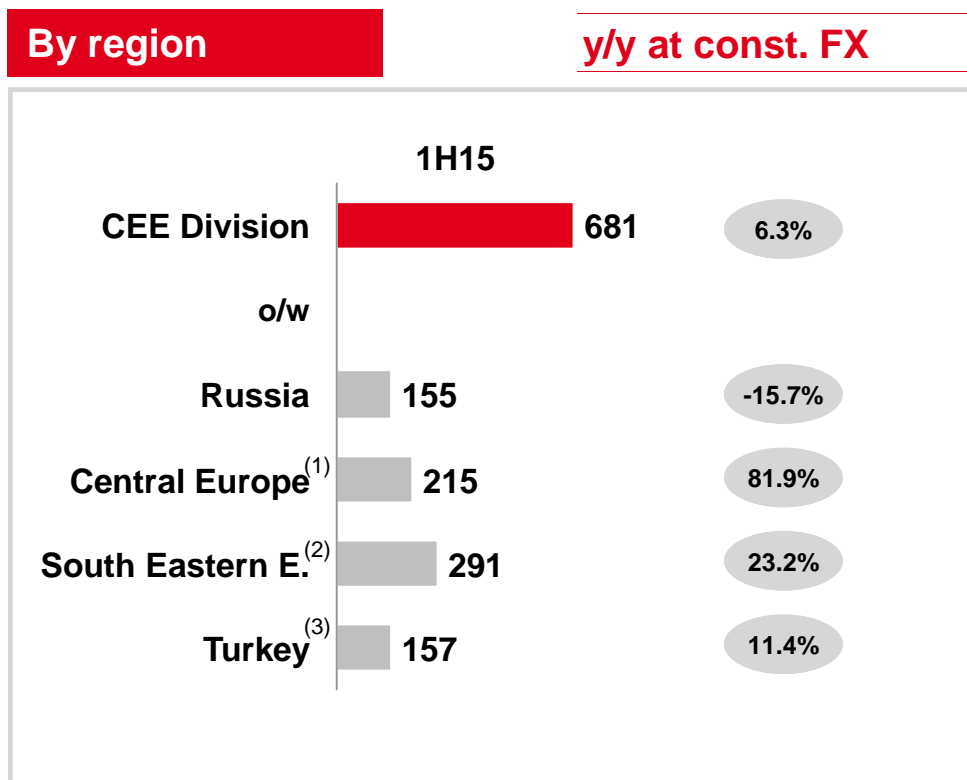
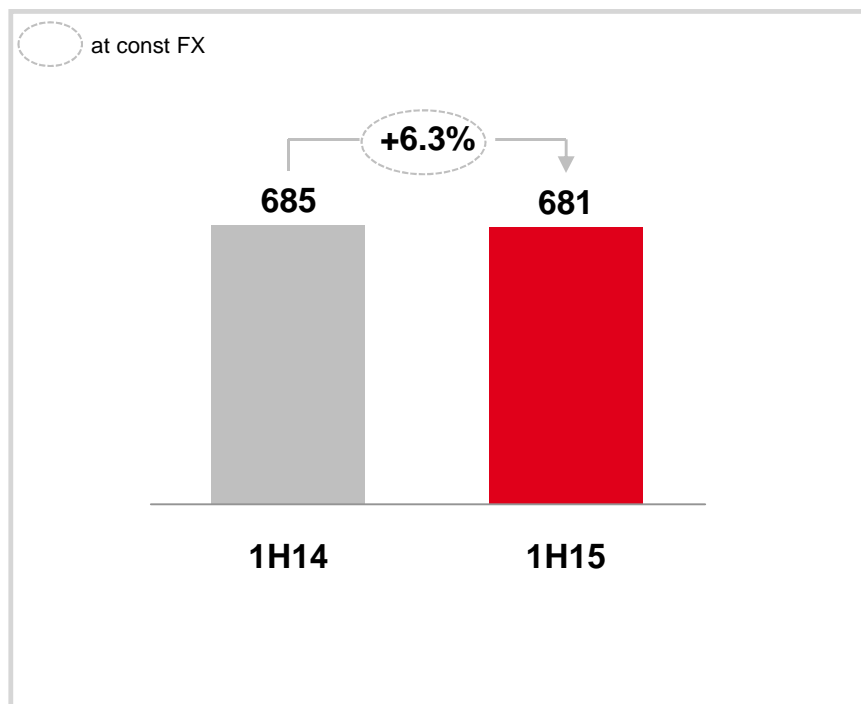


Profit before tax

Sound profit before tax in 1H15, supported by positive dynamics of operating profitability offsetting higher LLP at const. FX

CEE Division

Profit before tax, m



- Revenues: +8.5% y/y at const. FX thanks to all items
- Costs: +3.3% y/y at const. FX, below inflation
- LLP: +37.4% y/y mainly due to coverage enhancement in Russia

(1) Central Europe: Czech Republic & Slovakia, Hungary, Slovenia.
 (2) South Eastern Europe: Croatia, Romania, Bulgaria, Bosnia, Serbia.
 (3) Turkey consolidated at equity, with net profit booked in P&L item "Dividend".

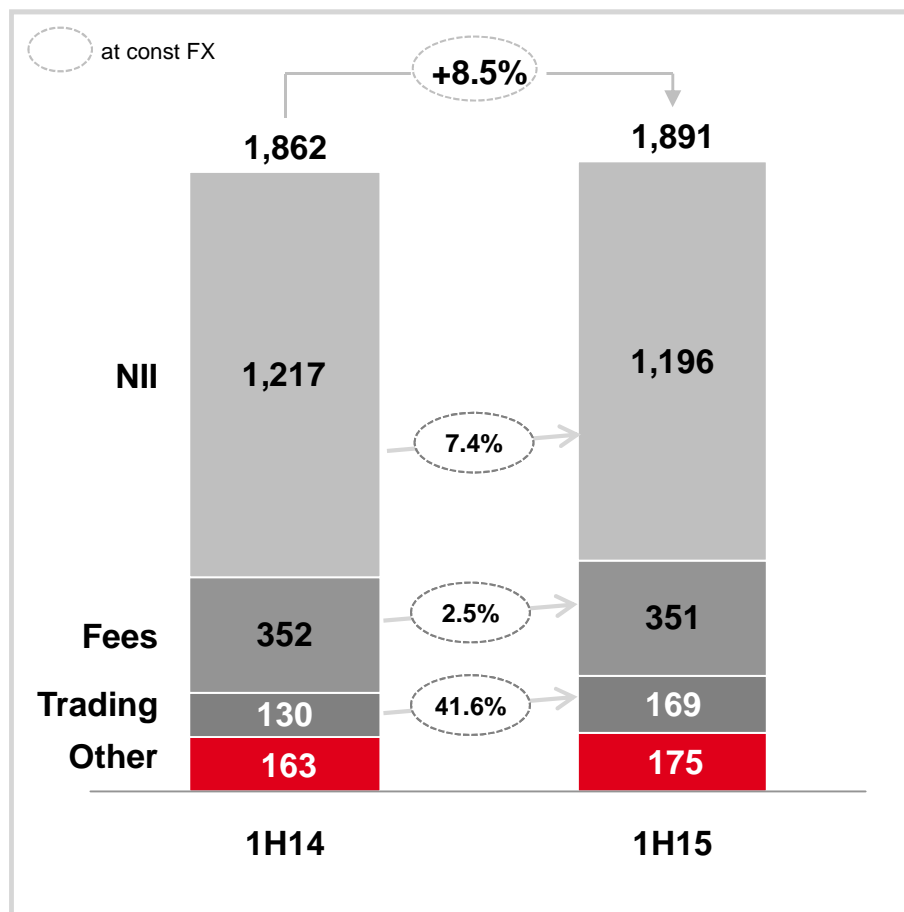


Total revenues

Sound revenue growth y/y at const. FX driven by NII and Trading

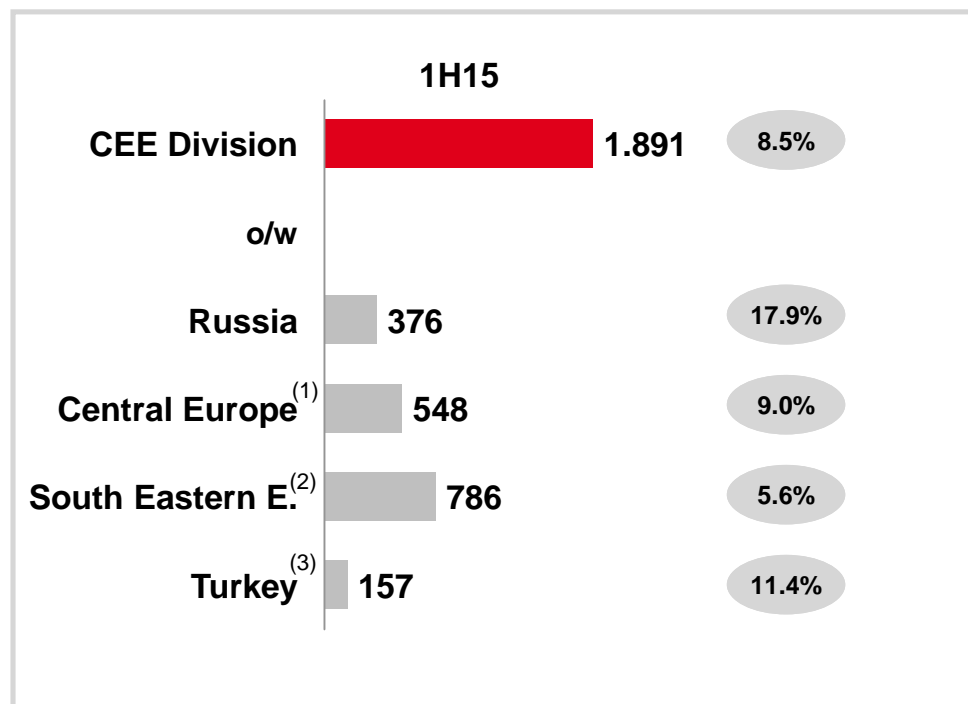
CEE Division

Revenues, m



By region

y/y at const. FX



(1) Central Europe: Czech Republic & Slovakia, Hungary, Slovenia.
 (2) South Eastern Europe: Croatia, Romania, Bulgaria, Bosnia, Serbia.
 (3) Turkey consolidated at equity, with net profit booked in P&L item "Dividend".

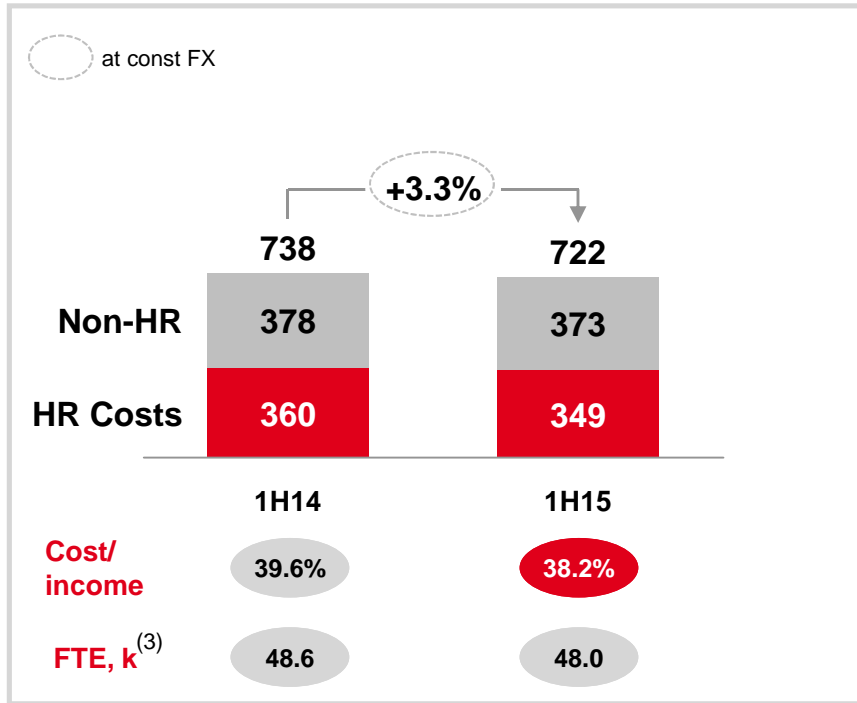


Operating costs

Cost increase below inflation at const. FX leading to better C/I ratio

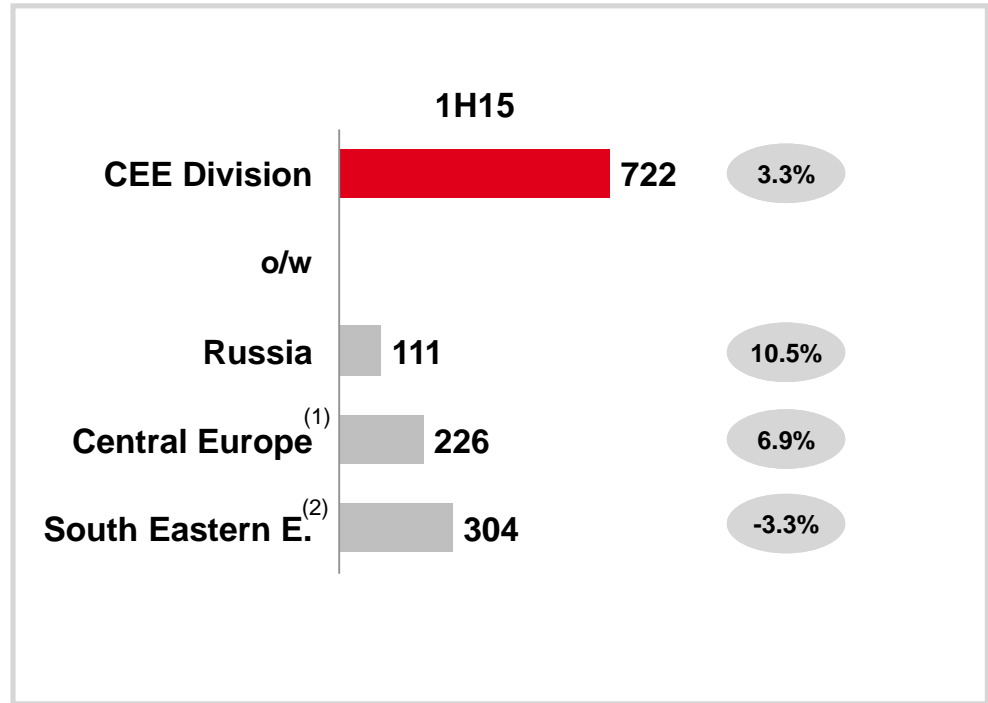
CEE Division

Operating costs, m



By region

y/y at const. FX



(1) Central Europe: Czech Republic & Slovakia, Hungary, Slovenia.

(2) South Eastern Europe: Croatia, Romania, Bulgaria, Bosnia, Serbia.

(3) Including branches in Turkey at 100%.



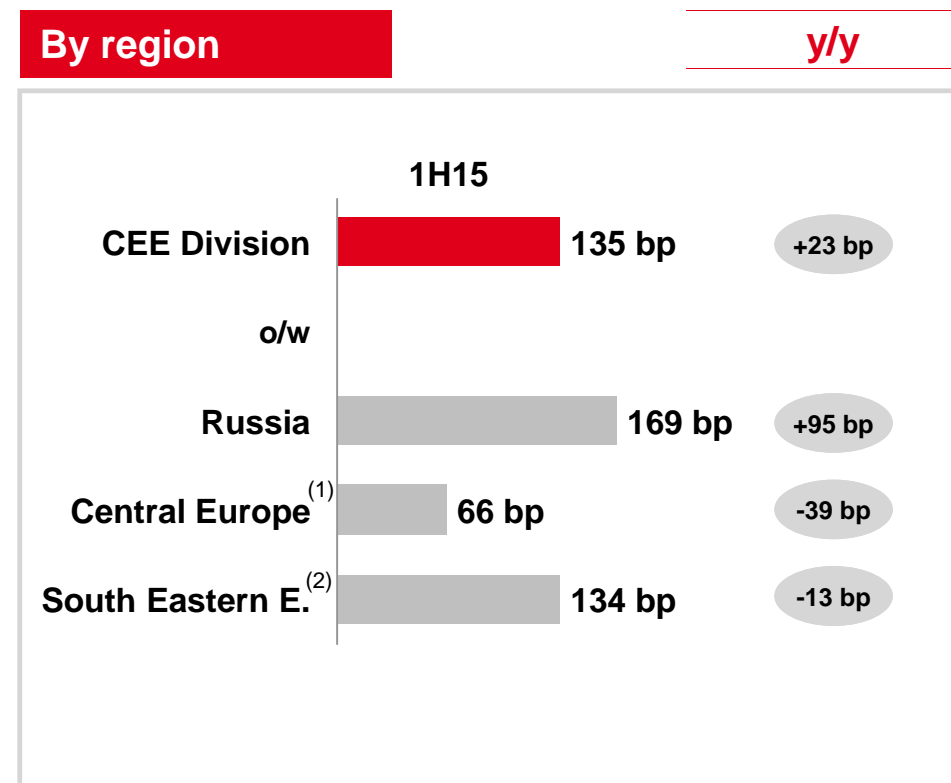
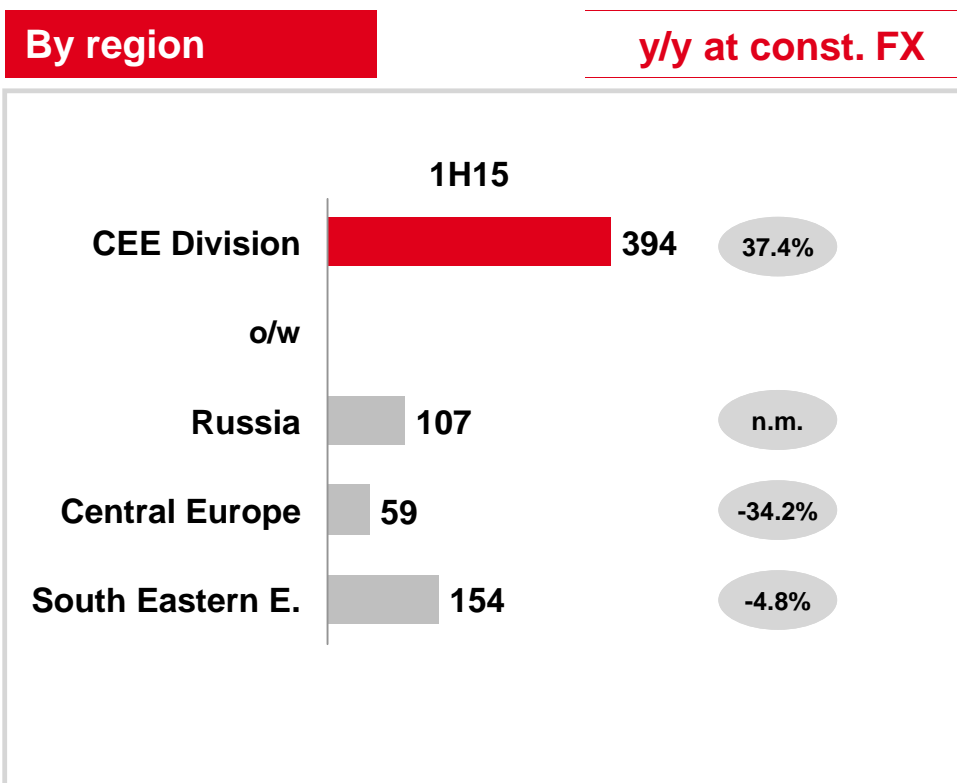
Cost of risk

LLP increase y/y mainly related to coverage enhancement in Russia

CEE Division

Loan Loss Provisions, m

CoR, bp



(1) Central Europe: Czech Republic & Slovakia, Hungary, Slovenia.

(2) South Eastern Europe: Croatia, Romania, Bulgaria, Bosnia, Serbia.



- 1 UniCredit benefits from its strong footprint in CEE and Poland having the largest market share in volumes and profitability
- 2 The CEE journey of UniCredit started back in 1999 with the acquisition of Pekao in Poland, followed by decade of expansion forming the strongest market player in the region
- 3 UniCredit is the largest bank in South Eastern Europe, ranking top five in Central Europe and Turkey thanks to continuous customer acquisition (almost 15m clients), innovative and efficient business model
- 4 In spite of geographical and macroeconomic volatility, CEE proves to be the growth engine of the Group having a sustainable performance thanks to its well diversified portfolio



CEE Region



CEE Division

Annex



Focus on Turkey

Strong growth in revenues more than offset higher costs and LLPs

Annex

Macro environment

Macro data

	2013	2014	2015F ⁽¹⁾	2016F ⁽¹⁾
GDP Growth, y/y	4.20%	2.90%	2.70%	2.40%
Inflation (CPI), avg y/y	7.50%	8.90%	8.00%	7.15%
Policy Rate, eop	4.50%	8.30%	9.30%	8.00%

Macro comments

- Political and geopolitical uncertainty
- Continued pressure on currency and rates
- Interest rates expected to remain stable

Yapi Kredi

Key financials, m

	1H14	1H15	y/y at const. FX
Revenues	491	601	18%
OpEx	-241	-265	-6%
GOP	250	336	29%
LLPs	-73	-120	-58%
Net Profit	136	157	12%
Loans	16,291	20,793	32%
Direct Funding	15,350	18,886	27%
FTEs (100%)	18,488	19,186	4%

Comments

- Revenues increase y/y driven mainly by NII (thanks to significant volumes growth and increased income from securities) and better fees
- Operating costs increased to support the growth of network and business activity in line with growth strategy
- LLPs increased y/y driven by higher volumes. Sound asset quality with an impaired loan ratio of 4.5%

(1) Macro forecasts by UniCredit Research.



Focus on Russia

Resilient business with positive performance confirmed that UCG is better positioned than peers to weather a harsh environment

Annex

Macro environment

Macro data

	2013	2014	2015F ⁽¹⁾	2016F ⁽¹⁾
GDP Growth, y/y	1.30%	0.60%	-3.40%	-1.60%
Inflation (CPI), avg y/y	680.00%	7.80%	15.10%	6.80%
Policy Rate, eop	5.50%	17.00%	9.50%	7.50%

Macro comments

- Deterioration of economic environment, with 2Q15 GDP contracting by 4.6% y/y
- Volatility in FX rates
- Uncertainty over the economic outlook remains high

Unicredit Bank

Key financials, m

	1H14	1H15	y/y at const. FX
Revenues	430	376	18%
OpEx	-135	-111	-10%
GOP	295	265	21%
LLPs	-46	-107	n.m.
Net Profit	197	124	-15%
Loans	13,374	12,698	28%
Direct Funding	12,470	13,653	47%
FTEs (100%)	3,973	3,911	-2%

Comments

- Revenue increased y/y thanks to net interest and higher trading profit
- Operating costs increased mainly driven by FX effect
- LLP increased y/y mainly to increase coverage ratio. Sound asset quality with an impaired loan ratio at 5%

(1) Macro forecasts by UniCredit Research.



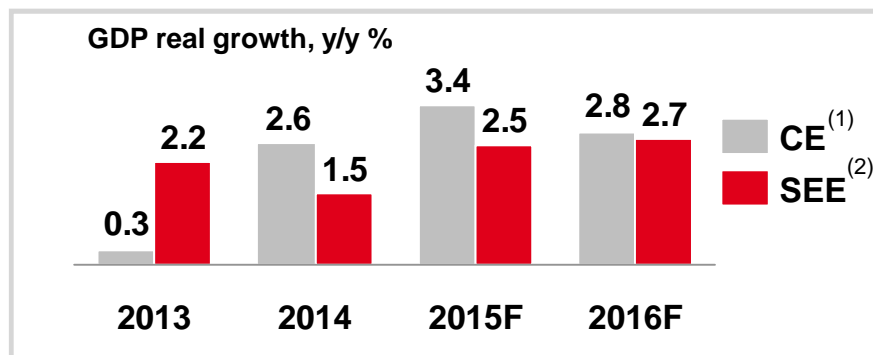
Focus on Central Eastern Europe (CE) & South Eastern Europe (SEE)

UCG managed to increase revenues, on the wave of overall improving macro environment

Annex

Macro environment

Macro data



Macro comments

- Strong economic rebound in all Central Europe countries in 2014, with higher GDP growth expected going forward
- Mixed performance across SEE countries, as Romania outperforms, while Croatia and Serbia lag behind

CE and SEE

Key financials, m

	1H14	1H15	y/y at const. FX
Revenues	1,250	1,334	7%
OpEx	-527	-530	1%
GOP	723	804	11%
LLPs	-252	-213	-15%
Net Profit	285	406	44%
Loans	39,353	41,146	5%
Direct Funding	35,713	42,244	19%

Comments

- All revenue lines positively progressed, benefitting from improved macro environment
- Broadly stable costs delivered GOP growing by 11% across the region with strongest growth rates in Bulgaria, Slovenia and Serbia
- Lower risk costs in many of the countries
- Net profit increased by 44%, with main contributors being Czech Republic & Slovakia (28%), Bulgaria (23%) and Hungary (13%)
- Strong deposits growth resulting in Loan/Deposit ratio below 100%

Note: Macro forecasts by UniCredit Research.

(1) Central Europe (CE): Czech Republic & Slovakia, Hungary, Slovenia.

(2) South Eastern Europe (SEE) : Croatia, Romania, Bulgaria, Bosnia, Serbia.



CEE Division – P&L and volumes

Geographical diversification delivered continued improvement of operating profitability mitigating the impact of higher LLP (mostly related to Russia)

Annex

Euro (m)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	Δ % vs. 2Q15	Δ % vs. 3Q14		9M14	9M15	Δ % vs. 9M14		
Total Revenues	888	974	1,064	908	909	982	1,015	+3.3%	▲	-4.7%	▼	1,862	1,891	+8.5%	▲
Operating Costs	-369	-369	-379	-393	-350	-372	-384	+3.3%	▲	+1.4%	▲	-738	-722	+3.3%	▲
Gross Operating Profit	519	605	686	515	558	610	630	+3.3%	▲	-8.1%	▼	1,124	1,168	+11.9%	▲
LLP	-148	-168	-156	-204	-174	-220	-227	+3.3%	▲	+45.8%	▲	-317	-394	+37.4%	▲
Profit Before Taxes	311	375	414	277	323	357	369	+3.3%	▲	-10.9%	▼	685	681	+6.3%	▲
Net Profit	247	283	294	112	178	152	157	+3.3%	▲	-46.6%	▼	530	330	-53.3%	▼
Cost / Income Ratio, %	42%	38%	36%	43%	39%	38%	38%	+0.0pp	▲	+2.3pp	▲	40%	38%	-1.9pp	▼
Cost of Risk, bp	105	118	107	142	120	149	154	+5bp	▲	+47bp	▲	112bp	135bp	+25bp	▲
RoAC	13.5%	15.4%	16.7%	5.5%	8.5%	7.2%	7.2%	+0.0pp	▼	-9.5pp	▼	14.5%	7.9%	-6.6pp	▼
Customer Loans	55,886	57,846	58,449	57,073	59,142	58,870	60,812	+3.3%		+4.0%		57,846	58,870	+9.7%	
Direct Funding	48,011	49,071	50,768	52,213	54,533	56,073	57,924	+3.3%		+14.1%		49,071	56,073	+24.2%	
Total RWA	83,492	81,786	84,635	89,278	93,340	93,461	96,546	+3.3%		+14.1%		81,786	93,461	+23.7%	
FTE (#)	30,623	30,097	29,576	29,040	28,918	28,834	29,785	+3.3%		+0.7%		30,097	28,834	-4.2%	

N.B. Variations at constant FX.