



PRESS RELEASE

UniCredit presents the “CEE Banking Outlook: CEE region - the place to be”

- **Economic environment to remain overall positive in the region, with all CEE¹ countries expected to have positive GDP growth in 2017**
- **CEE Banking sector was profitable² in all countries in 2016 and is expected to continue to perform better than Western Europe³**
- **Past vulnerabilities related to funding model, FX lending and asset quality are being addressed, allowing for a pick-up in lending and a reduction of NPL across the region**
- **UniCredit’s Transform 2019 Strategic Plan confirmed CEE as an engine for organic growth for the Group**

The economic environment will remain overall positive in Central and Eastern Europe ¹ and for the first time since the 2008-2009 crisis all countries in the region are expected to show positive GDP growth in 2017 and most of them with solid growth rates of 3% or above.

This is one of the key findings of the recent study “**CEE Banking Outlook: CEE region - the place to be**” produced by Strategy and Corporate Foresight at UniCredit. The study was published in connection to the EBRD 2017 Annual Meeting and Business Forum taking place in Nicosia, Cyprus (9-11 May 2017), an event of which UniCredit is a Major Forum Partner.

Reflecting a broadly favorable macro-economic environment, the banking sector in the region was profitable² in 2016 in all countries, for the first time since the 2008-2009 crisis, with CEE as a whole performing better than Western Europe³, although the level of profitability varies within the region. In particular, some of the vulnerabilities of the past are being addressed, putting the region’s banking sector on a sounder footing. Three positive patterns have now become visible: 1) a more sustainable funding model; 2) a lower share of FX lending in retail in countries; 3) an ongoing improvement of asset quality.

¹ CEE (Central Eastern Europe) includes Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia, and Turkey; CESEE (Central Europe and South Eastern Europe) is CEE excluding Russia and Turkey

² Profitability refers to Profit Before Taxes on total assets

³ Western Europe includes Germany, Italy and Austria

“CEE continues to be an interesting place to do business. GDP growth rates show good dynamics, while the banking sector profitability remains attractive. UniCredit’s position as a strong pan-European commercial bank with leading market shares in CEE makes us well positioned for sustainable organic growth in the region, which remains a growth engine for the Group”, said **Carlo Vivaldi**, Head of CEE Division at UniCredit.

“Recent developments, in particular in the banking sector, represent a good basis for a relatively positive outlook. In the next two years (2017-2018), almost all countries are expected to experience growth in lending, with the laggards picking up. NPL ratios are expected to decline further and profitability will remain above Western Europe⁽³⁾”, explains Mauro Giorgio Marrano, Coordinator for CEE at UniCredit’s Strategy and Corporate Foresight.

Further, on the innovation side, digital banking is expected to play an important role in the region. Most CEE countries have a relative high degree of digitalization and, while lower than most advanced EU countries, they have been catching up. The region is thus a good place for banks to develop more innovative ways of providing banking services.

With Total Assets of € 2,600 bn, UniCredit is the leading bank in CEE. Its well-diversified geographical presence ensures resilient performance throughout the cycle. In terms of asset mix, the CEE Division of UniCredit has 63% of its assets in CEE-EU, 23% in Turkey and 14% in Russia.

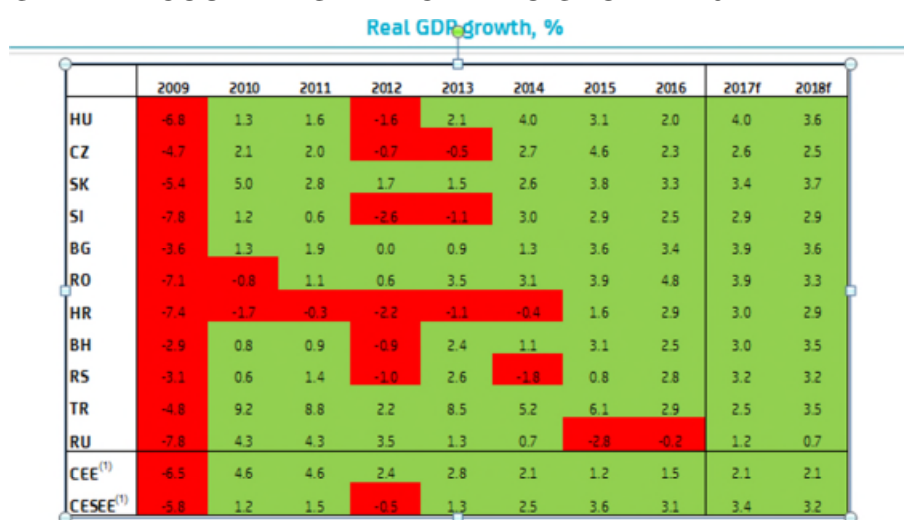
The CEE Banking Outlook is available on the Group’s website:
<https://www.unicreditgroup.eu/en/press-media/press-releases.html>

Milan/Nicosia, 9 May 2017

Enquiries:

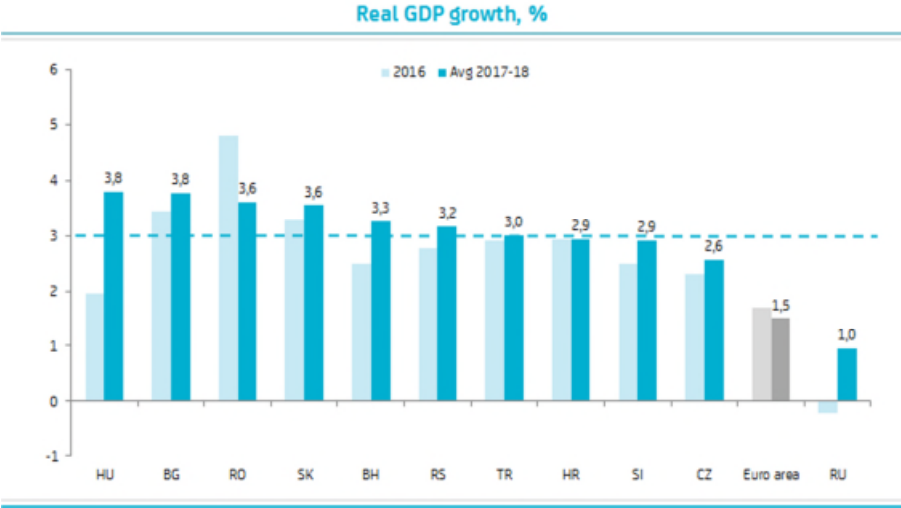
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GDP: ALL COUNTRIES EXPECTED TO GROW IN 2017



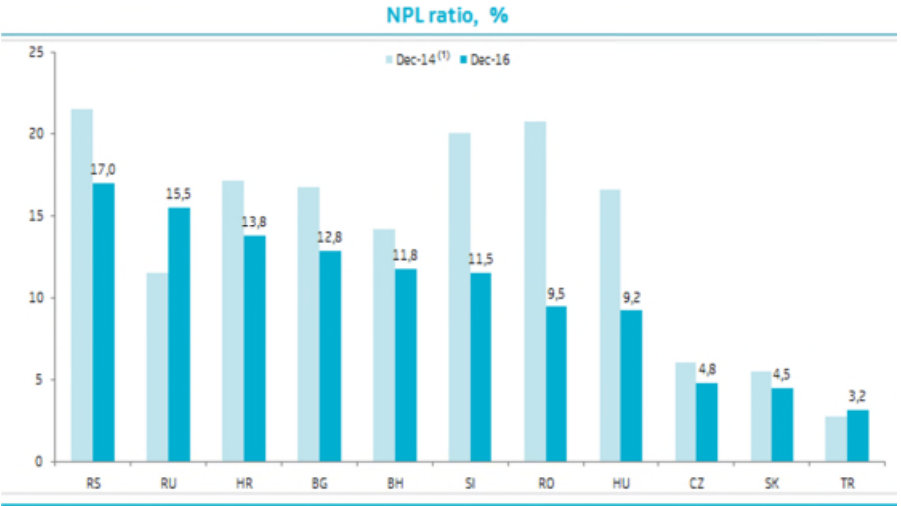
Notes: (1) CEE (Central Eastern Europe) includes Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Turkey; CESEE (Central Europe and South Eastern Europe) is CEE excluding Russia and Turkey.
 Source: UniCredit Research CEE Quarterly Q1'17, UniCredit Research Chartbook, UniCredit Strategy and Corporate Foresight

GDP: MOST COUNTRIES TO EXPERIENCE GDP GROWTH AT 3% OR ABOVE



Sources: UniCredit Research CEE Quarterly 2Q17, UniCredit Research Chartbook, UniCredit Strategy and Corporate Foresight

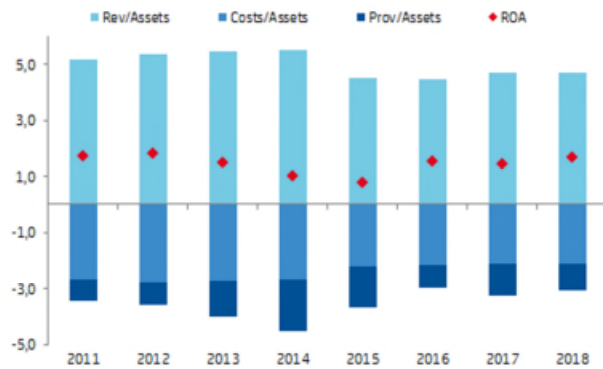
ASSET QUALITY: SIGNIFICANT REDUCTION OF NPL RATIOS IN THE REGION



Notes: (1) Figures for SI refer to June-15
Source: National statistics, UniCredit Strategy and Corporate Foresight

PROFITABILITY: RoA TO REMAIN AROUND 1.5% AND STILL ABOVE WESTERN EUROPE

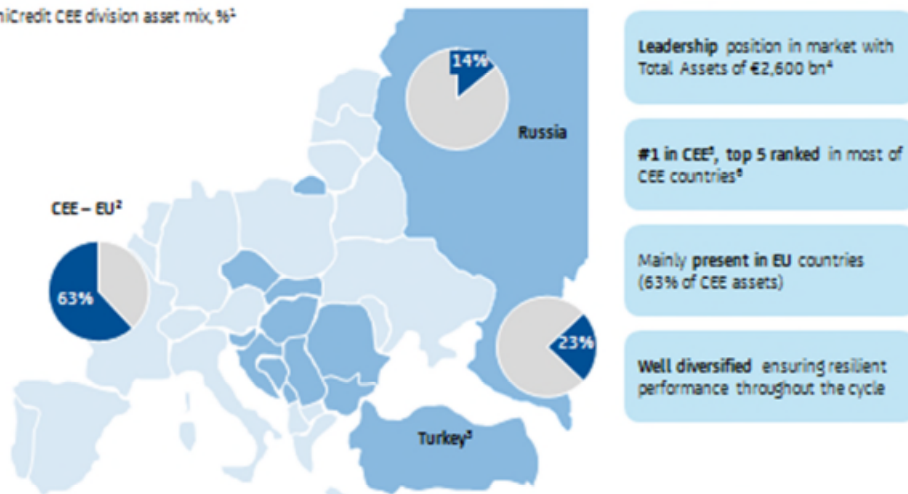
RoA breakdown CEE (2)(3)



Notes: (1) Western Europe include Germany, Italy and Austria; (2) CEE is aggregated using weights with current FX, all KPIs are calculated as a ratio of average total assets; (3) CEE (Central Eastern Europe) includes Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, CESEE (Central Europe and South Eastern Europe) is CEE excluding Russia and Turkey.
Source: UniCredit Strategy and Corporate Foresight

UNICREDIT COMPETITIVE ADVANTAGES: LEADER IN CEE

UniCredit CEE division asset mix, %²



Notes: (1) As of FY2018 (2) Bulgaria, Croatia, Czech Republic, Hungary, Romania, Slovakia, Slovenia. Includes Serbia and Herzegovina (managed mainly under Zagreb) and Bosnia, Serbia (in Croatia) and Serbia (EU membership process initiated); (3) Assets of Turkey are considered at 40.6%; (4) For S and C2 data refer to Q1 2018 as data not available for year; (5) Based on FY2018 data for S&C2 data refer to 2018; (6) As of FY2018 except for S and C2 where data refers to Q1 2018.

