




Transform 2019

One Bank
One
 **UniCredit**

UniCredit Company Profile as at 30 June, 2019

Banking that matters. |  **UniCredit**

Who we are

One Team, One UniCredit

UniCredit is and will remain a **simple successful pan-European commercial bank**, with a fully plugged in CIB, delivering a unique Western, Central and Eastern European network to our extensive client franchise.

We meet real client needs with real solutions which harness synergies between our business divisions: **CIB, Commercial Banking** and **Wealth Management**. The way in which these solutions are developed and provided is as important as the solution itself, which is why everything we do is based on **ethics and respect**.

By focusing on banking that matters, we offer local and international expertise, providing unparalleled access to market leading products and services in 14 core markets through our European banking network.

Through sustainable business growth, we ensure UniCredit remains a **pan-European winner**.



Our values

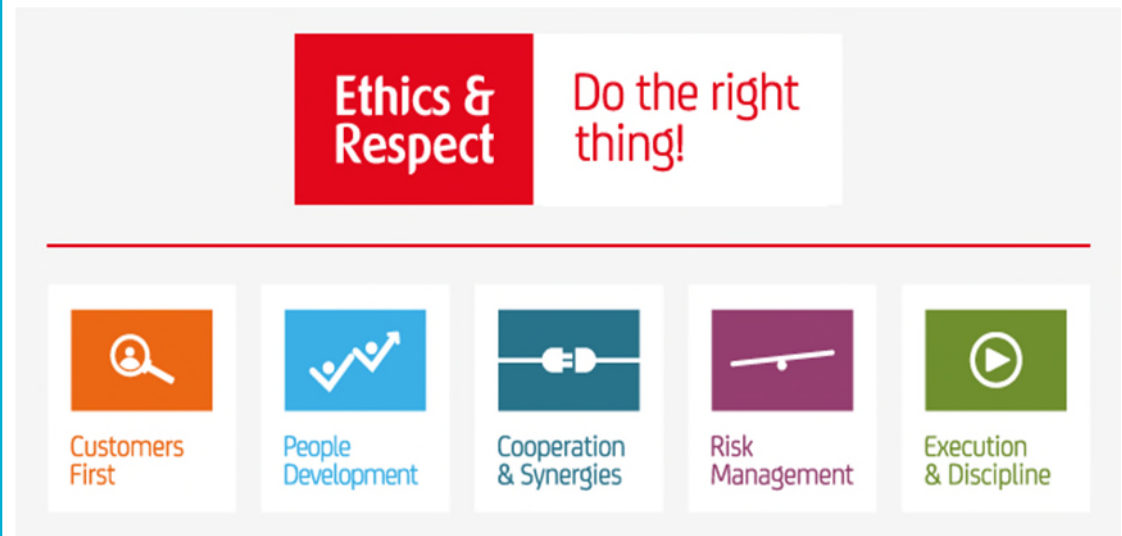
Ethics & respect: Do the right thing!

Ethics and Respect: two values unite us and define our Group culture – how we make decisions and how we act on them.

Do the right thing! is a simple, guiding principle to help us live these values every day, everywhere.

Applying these will help us become the bank we want to be because "Ethics and respect"

- Guide interactions amongst all our colleagues
- Promote diversity and work-life balance
- Strengthen our “speak-up culture” and protect against retaliation
- Apply to all Group business policies of sustainability and client interaction
- Mean fairness towards all stakeholders, at all times, to achieve sustainable results



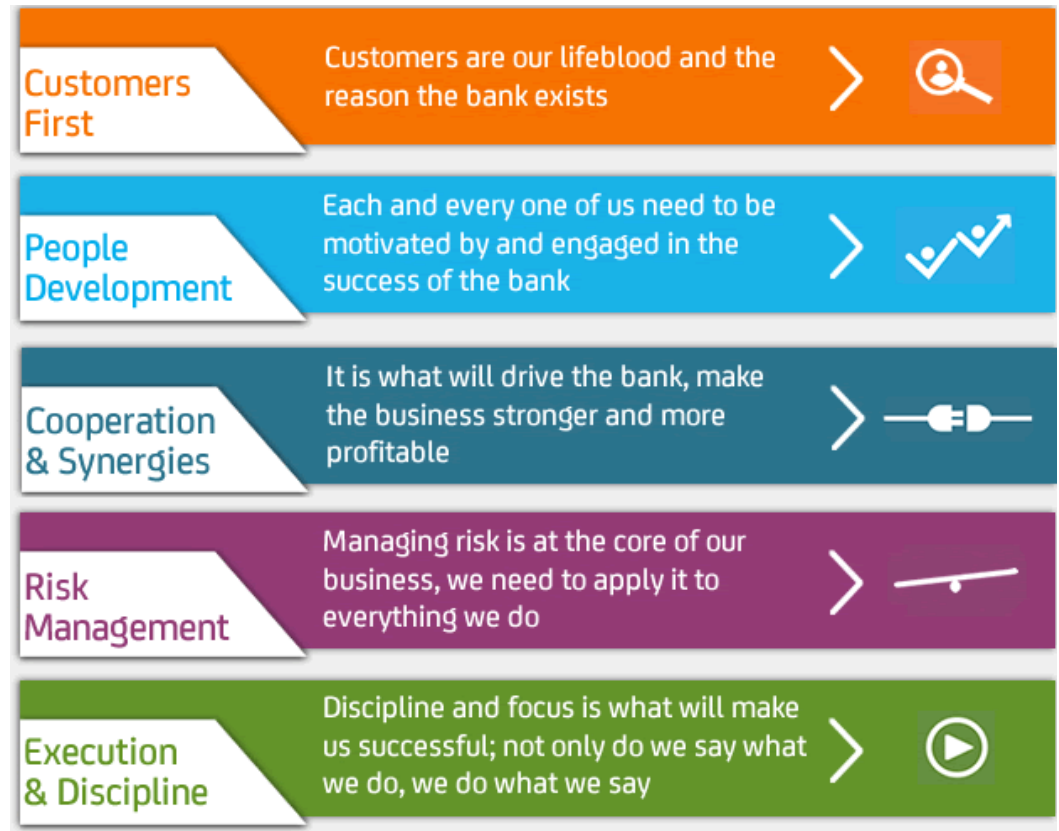
Ethics and respect: Do the right thing!" clarify expectations about how to work as One Team, One UniCredit and **support us in the fulfilment of our five fundamentals**, which guide our daily operations and actions



How we act

Our Five Fundamentals

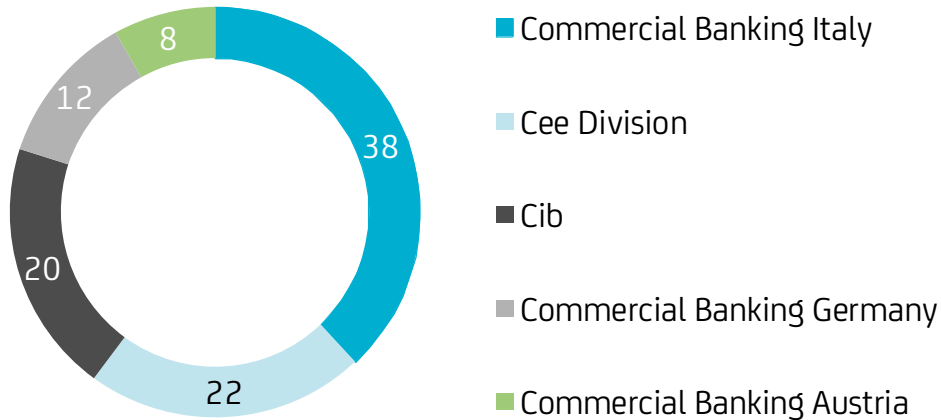
Our top priority, every minute of the day, is to serve our customers the very best we can (**Customers First**). To do this, we rely on the quality and commitment of our people (**People Development**) and on our ability to cooperate and generate synergies as **One Bank, One UniCredit** (**Cooperation & Synergies**). We will take the right kind of risk (**Risk Management**) while being disciplined in executing our strategy (**Execution & Discipline**).



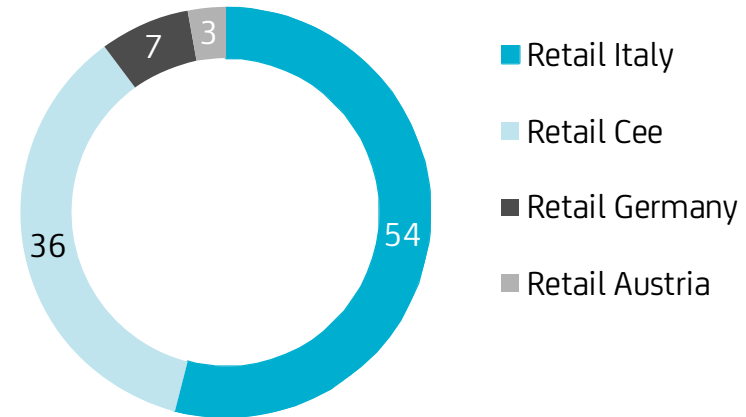
Pan-European commercial bank

We have a solid European identity with well-diversified revenues ^{tbd}

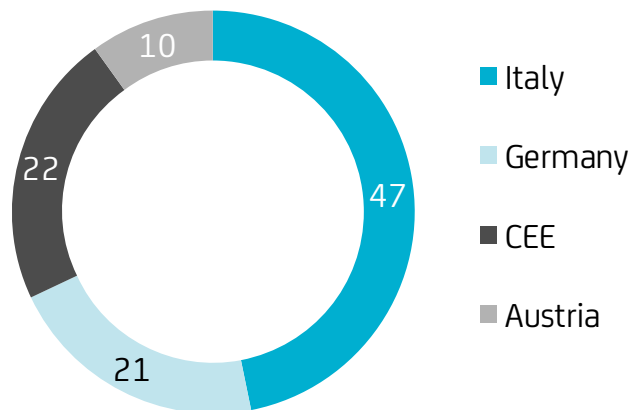
Total Revenues¹ By Business Lines (%)



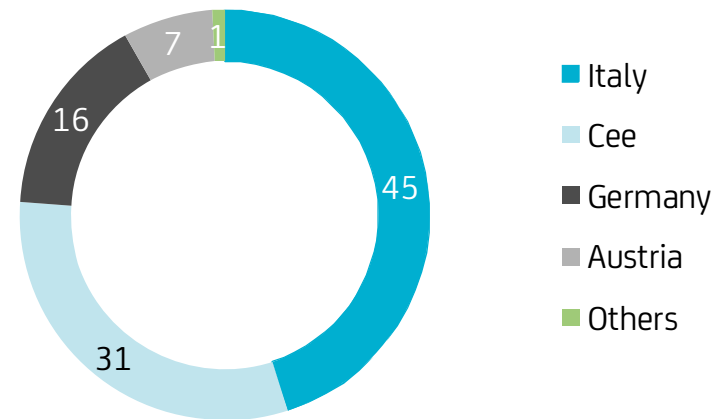
UniCredit Retail Branches by Region (%)²



Total Revenues¹ By Region (%)



UniCredit Employees by Country (%)³



1. As at 30 June 2019.

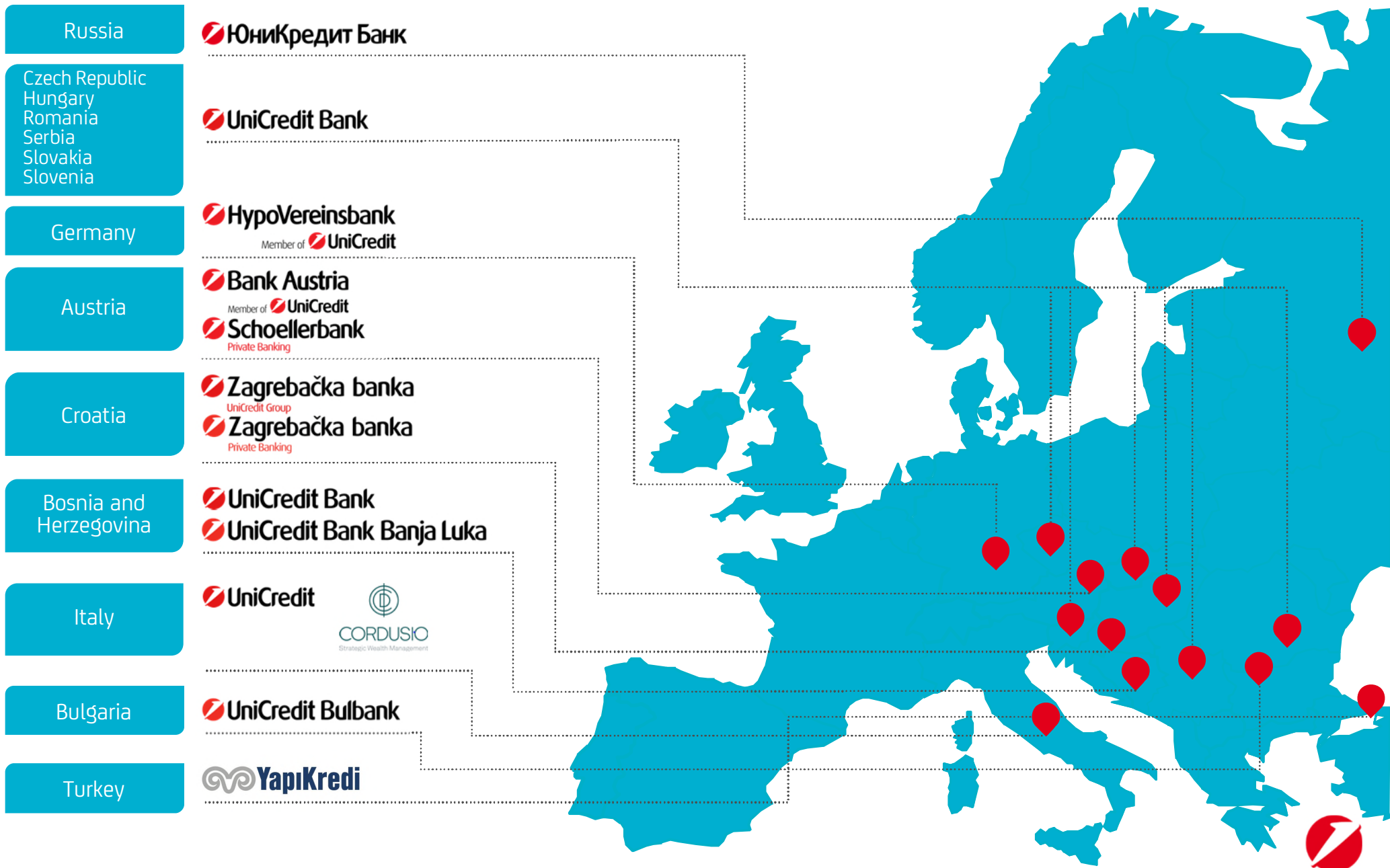
2. As at 30 June 2019. Branch figures consistent with CMD perimeter. Branches in units.

3. As at 30 June 2019 FTE "Full Time Equivalent" = number of employees counted for the rate of presence.



Local and international expertise (1/2)

We are a pan-European group, with a strong presence in our core markets...



Local and international expertise (2/2)

... and an extended network around the globe



Market leading products and services

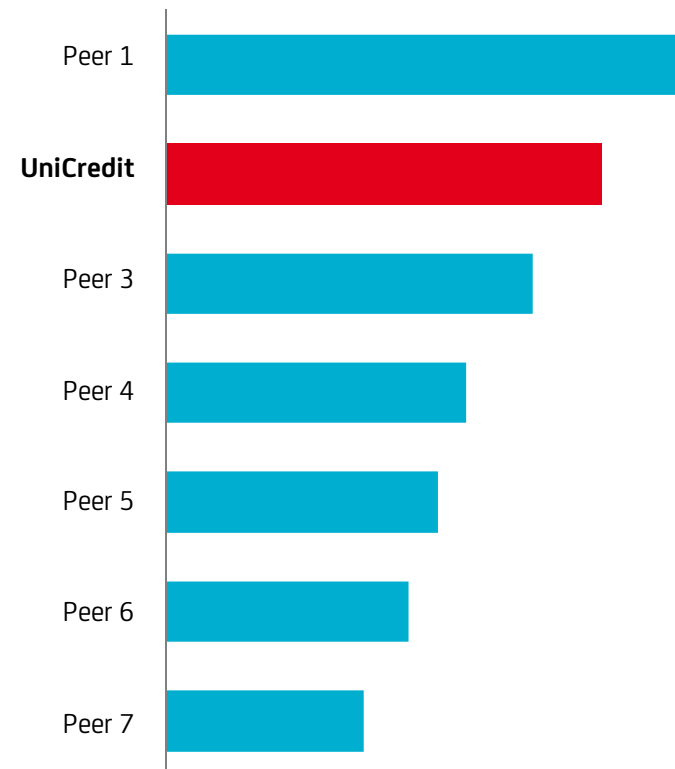
We have strong competitive advantages across our countries

Strong local Commercial Banks

	#Clients, m	Ranking by assets in Europe ⁽⁵⁾
Italy	7.6	2
Germany	1.6	3
Austria	1.6	1
Cee ⁴	14.6	1

"Go to" bank for European "Mittelstand" Corporates

Loans to corporates in EU zone, €bn⁽⁶⁾



4. Data as of 1H includes 100% clients on Yapi

5. Data as of 4Q18 based on available public data. For Germany, only private banks, for CEE compared to Erste, KBC, Intesa Sanpaolo, OTP, RBI, SocGen. UC data incl. Turkey pro quota

6. Data as of 2Q19, where available (otherwise as of 1Q19), based on available public data; peers include: BNP, Deutsche Bank, Santander, HSBC, ISP, Société Générale. FX rate at 31 March 2019 for 1Q19 figures



Transform 2019 (1/2)

Well on track to achieving our objectives

STRENGTHEN AND OPTIMISE CAPITAL

**FY19 CET1 ratio
guidance confirmed**

**TLAC ratio buffer now
at upper end of 50-
100bps target range**

Rating upgrades

- 2Q19 CET1 ratio at 12.08%. MDA buffer of 201bps
- CET1 MDA buffer by year end 2019 confirmed at the upper end of target range of 200-250bps⁽¹⁾
- Sold remaining Fineco stake in July, expected CET1 ratio impact +0.3p.p. in 3Q19
- 2Q19 TLAC ratio 20.69%⁽²⁾. 2Q19 buffer of 112bps, target now at the upper end of 50-100bps range
- S&P upgraded UniCredit SpA above the Italian sovereign
- Moody's upgraded UniCredit SpA's stand-alone rating and Tier 2 to investment grade

IMPROVE ASSET QUALITY

**Original Transform
2019 asset quality
targets materially
beaten**

- 2Q19 Group gross NPE ratio improved to 6.98% (-1.8p.p. Y/Y) with Group gross NPEs down 8.2bn Y/Y and 3.1bn Q/Q, of which 2.1bn⁽³⁾ disposals in 2Q19
- Group Core gross NPE ratio 3.9%, down 65bps Y/Y, well below FY19 4.7% target
- FY19 Non Core gross NPEs target meaningfully below 14.9bn and closer to 10bn

TRANSFORM OPERATING MODEL

**Transformation well
ahead of plan**

FY19 costs confirmed

- 98% of 944 Transform 2019 branch closure target in Western Europe already achieved, with 24 branches closed in 2Q19 and 925 since December 2015
- Transform 2019 net FTE reduction target of 14,000 achieved. FTEs down by 274 Q/Q
- FY19 cost confirmed at 10.1bn, materially beating original Transform 2019 target

7. Assuming BTP spreads remain at 2Q19 levels.

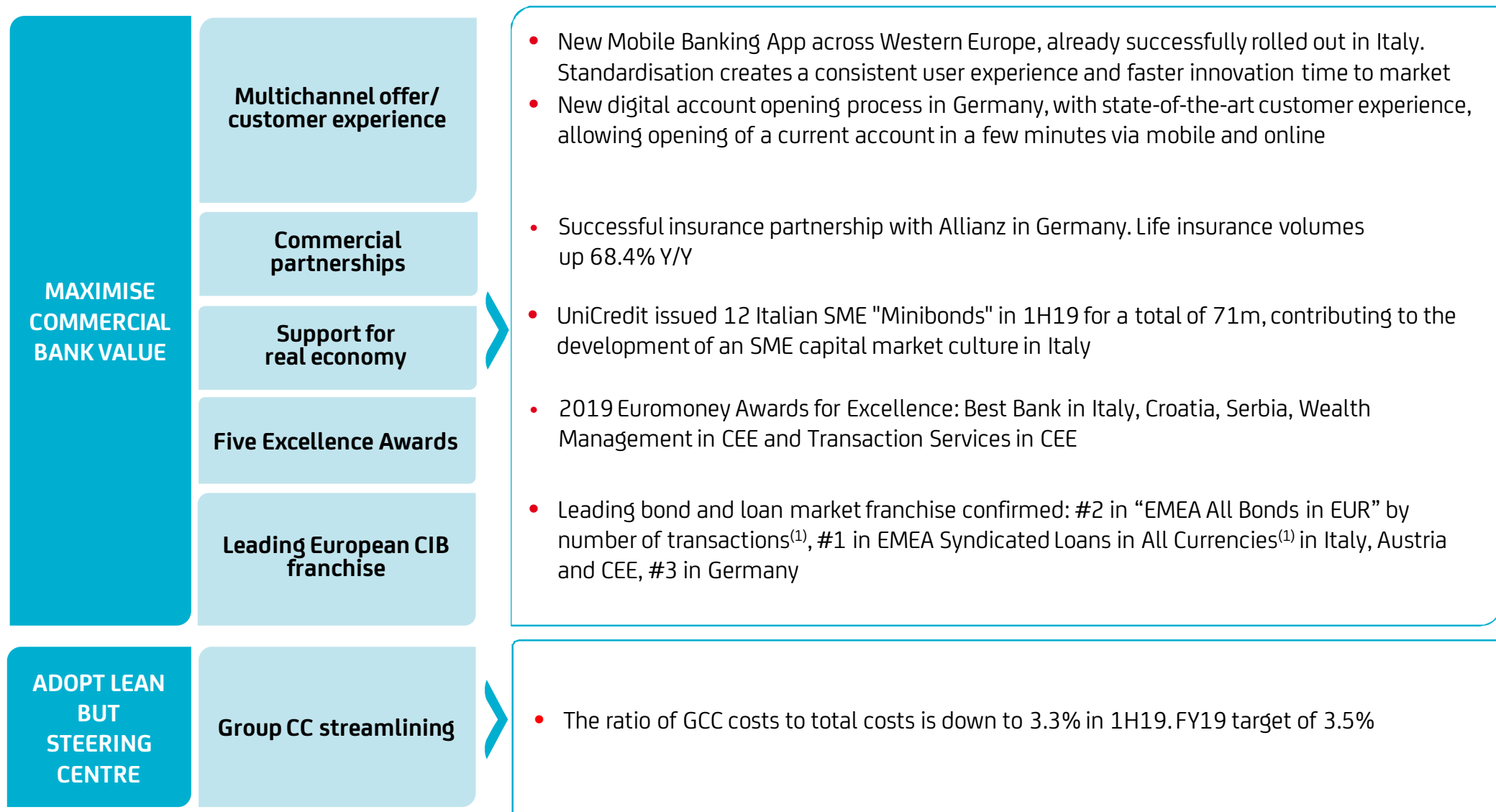
8. 2Q19 TLAC ratio 20.69%, o/w 18.20% TLAC subordination ratio and 2.5% senior preferred exemption.

9. Of which 1.1bn in Non Core.

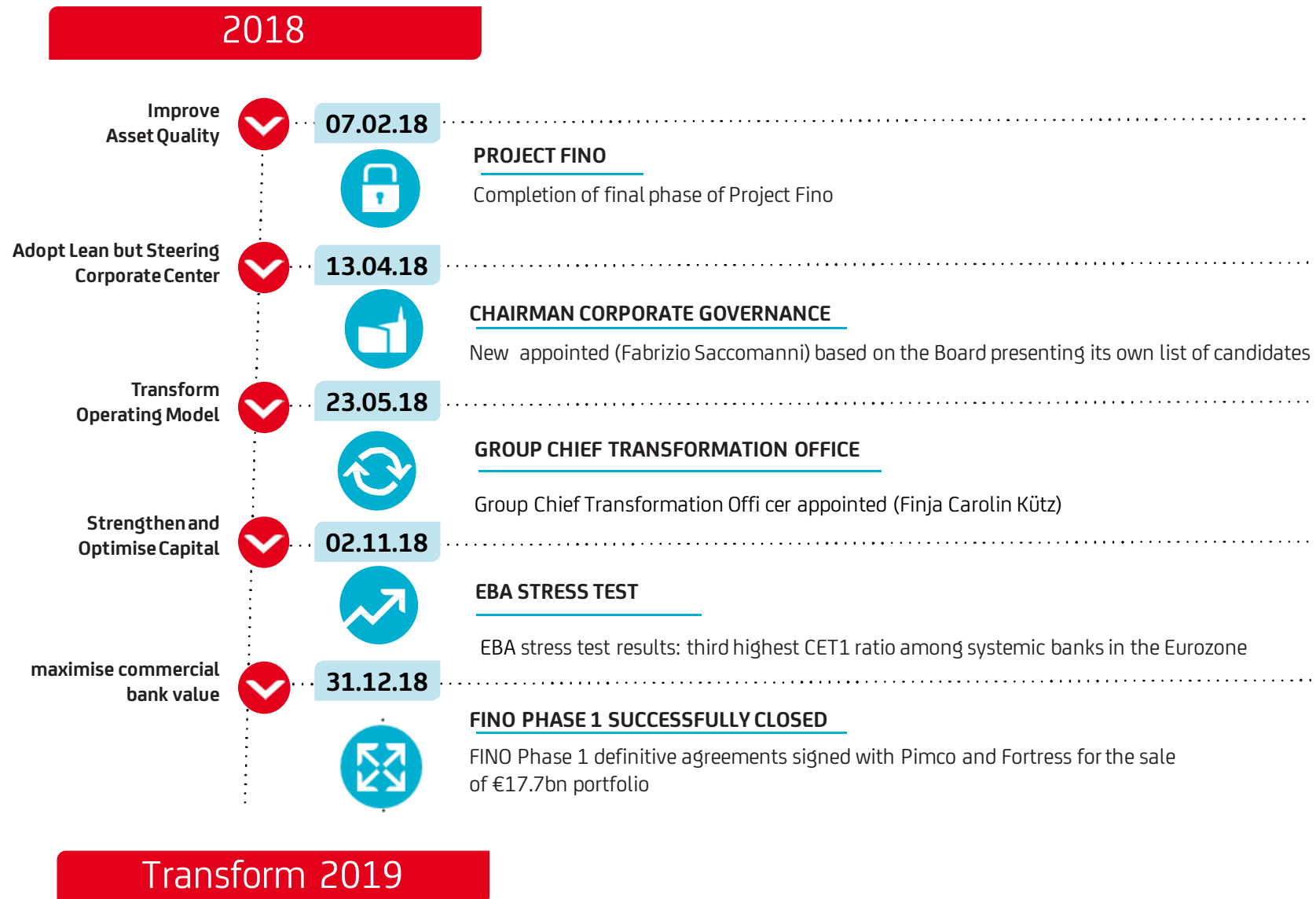


Transform 2019 (2/2)

Well on track to achieving our objectives



We have completed the second year of our plan, confirming all 2019 targets, with a better risk profile.




We are focused on business growth

Our positive overall financial performance proves our good progress in **strengthening the Group through strategic business initiatives and a focus on digitalisation and process simplification, leveraging on best practices across the Group**. This is already driving significant growth. As the banking industry continues to evolve, we will maintain our focus on changing customer needs, ensuring the future sustainability of our business.

In UniCredit, building the bank of tomorrow means:

- Constant focus on customer satisfaction and consistent service quality
- Continued review of processes to improve the customer experience and optimise cost, with a strong focus on risk management
- Further revenues growth

	FY 2017	FY 2018	 FY 2019
Cost-Income Ratio	56,9%	54.2 %	52/53%
Group Gross NPEs Ratio	10.33 %	7,67%	7,5%
Revenues	19.9 € bn	19,7 bn	19,8 bn

