One Bank, One UniCredit
Transform 2019

Improve Group Asset Quality

T.J. Lim

London, 12 December 2017

Banking that matters. | UniCredit

One Bank, One UniCredit
The five pillars

ONE BANK
ONE
UniCredit

5 STRATEGIC PILLARS

- STRENGTHEN AND OPTIMISE CAPITAL
- IMPROVE ASSET QUALITY
- TRANSFORM OPERATING MODEL
- MAXIMISE COMMERCIAL BANK VALUE
- ADOPT LEAN BUT STEERING CENTRE

Decisive actions to improve Group asset quality

Improved asset quality in 2017 thanks to proactive actions on stock and disciplined origination

9M17 Group CoR at 54bps, 23bps lower than in 9M16 thanks to strict risk management and write-backs

FINO phase 1 closed, all objectives achieved; phase 2 binding agreements signed to sell down below 20%, closing expected by 1Q18

Gross NPEs down by a further 4.0bn by end 2019, better than initial Transform 2019 target

Self-funded full rundown of Non Core by 2025

Note: Throughout the document numbers might not add due to rounding reasons, 9M16 figures restated assuming new Group perimeter, for 9M17 figures are stated

Proactively providing transparency and clarity on regulatory headwinds

Assumptions on regulation, models and procyclicality up to end 2019 confirmed

Solid capital position allows for a partial anticipation of EBA guidelines during Transform 2019

Post 2019, organic capital generation fully absorbs expected regulatory headwinds

Transparency on expected impacts of regulatory headwinds, both on risk models and KPIs

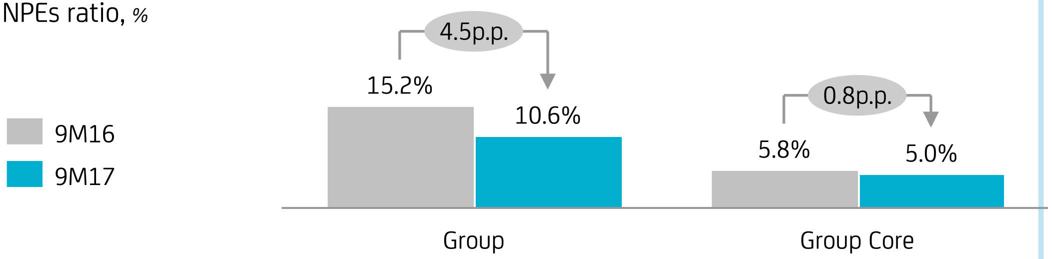
Confirmed 2019 Group CoR target of 55bps[1] even with additional impact of regulation and model changes

1. Previously 49bps; delta for line adjustments from accounting changes (see annex slide 35)

2017 asset quality improved thanks to proactive actions on stock and disciplined origination

Asset quality evolution

Gross NPEs ratio, *%*



	Group		Group Core	
	9M16	9M17	9M16	9M17
Cost of Risk, *bps*	77	54	42	38
Net NPEs, *€bn*	35.8	22.3	12.7	10.0
NPEs coverage, *%*	52.2	56.5	49.6	55.7
UTP coverage, *%*	34.0	44.0	34.8	42.8
Bad Loans coverage, *%*	61.4	66.2	64.0	69.5

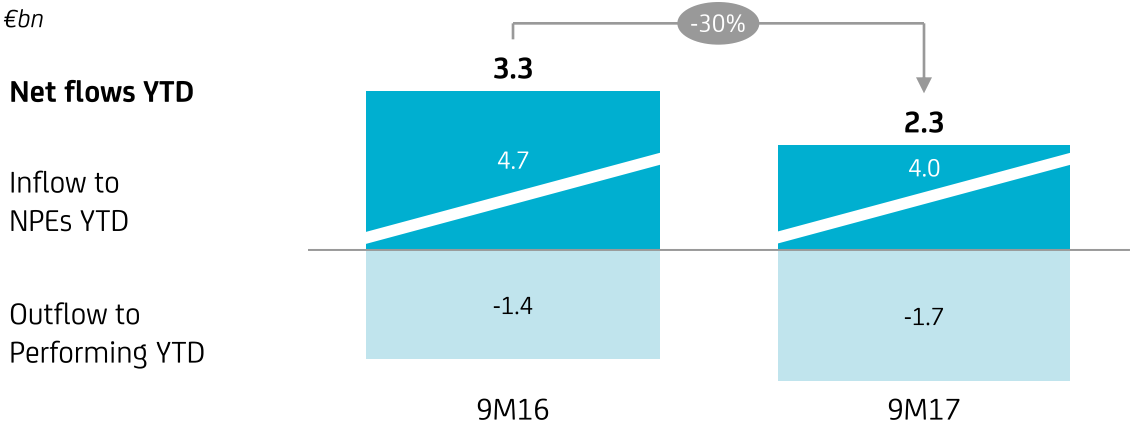
Comments

- Group NPEs ratio improved significantly by dropping 4.5 p.p. to 10.6%
- Group Core NPEs ratio at 5.0% close to EBA average of 4.5%[1]
- Strong NPEs coverage, increasing year on year for Group by 4.3p.p. to 56.5% and for Group Core by 6.1p.p. to 55.7%

1. EBA Risk Dashboard - data as of 1H17 (including EU banks)

Significant improvement across all Group asset quality metrics

Group Core dynamics



	9M16	9M17
Default rate[1], %	1.6	1.3
Migration rate[2], %	20.7	15.4
Cure rate[3], %	7.3	9.2

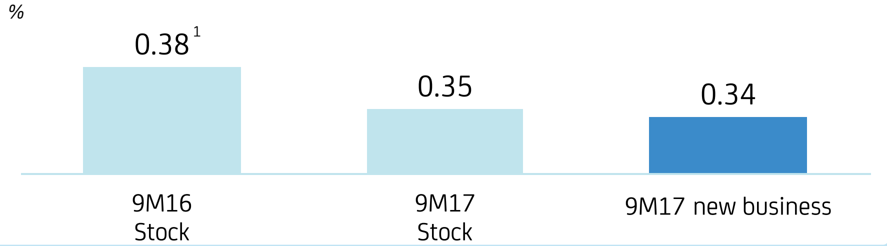
Comments

- Significantly lower net flows to NPEs (-30%)
- Default rate decreased to 1.3%, reflecting strong underwriting and monitoring discipline
- Thanks to effective restructuring management Migration rate to Bad Loans decreased to 15.4% and Cure rate improved to 9.2%

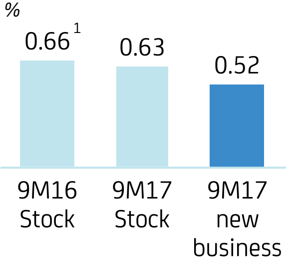
1. Default rate: Inflow to NPEs on Performing stock of previous year
2. Migration rate: Inflow from UTP to Bad Loans on UTP stock of previous year
3. Cure rate: Outflow to Performing on NPEs stock of previous year

Expected Loss evolution confirming strong underwriting discipline

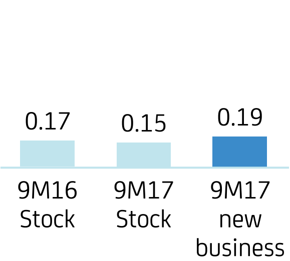
Expected loss - Group Core



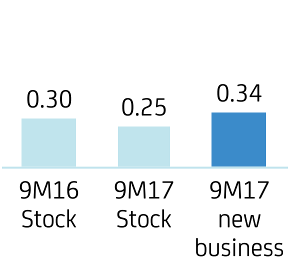
Commercial Banking Italy



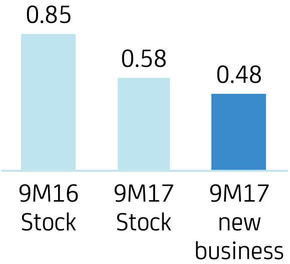
Commercial Banking Germany



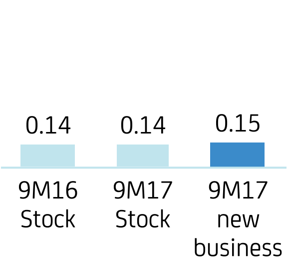
Commercial Banking Austria



CEE



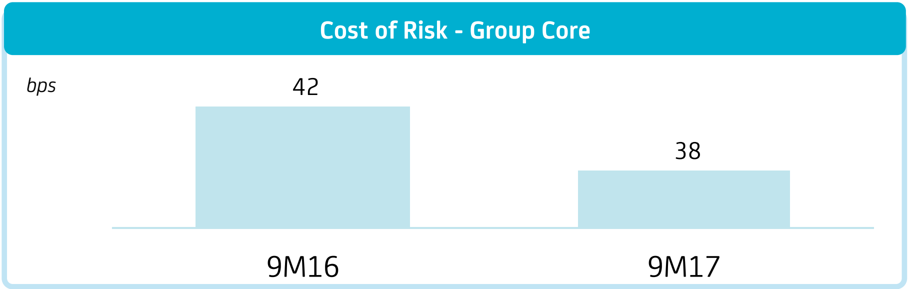
CIB

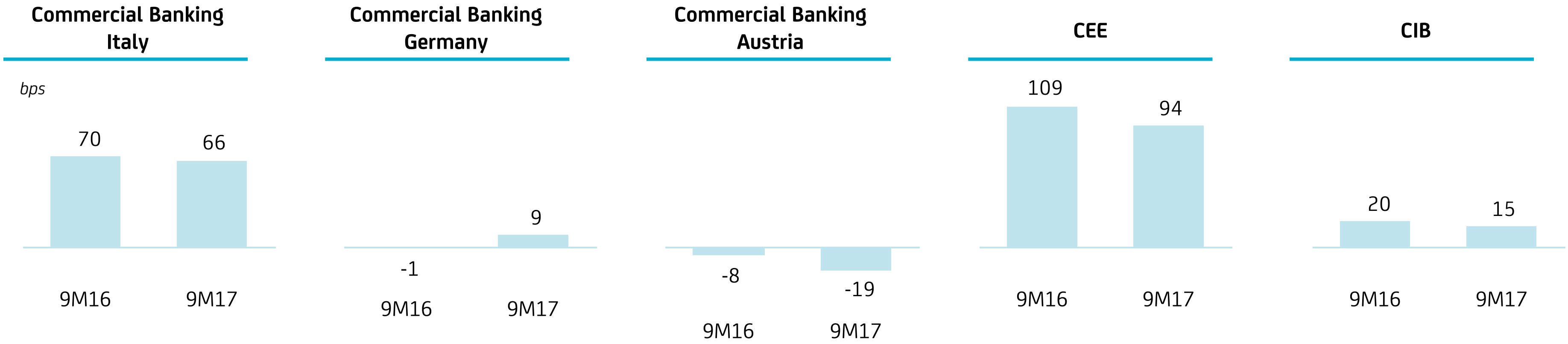


**Expected Loss on performing stock improved by 3bps to 0.35%,
Expected Loss on new business at low levels in all divisions**

1. Pro-forma including models recalibration occurred end of 2016

Low Group Core Cost of Risk thanks to disciplined risk management and write-backs

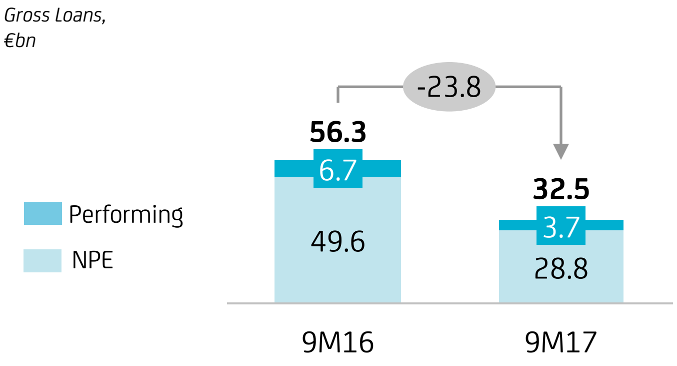




Note: figures do not include line adjustments from accounting changes

NPEs deleveraging plan on track thanks to decisive actions in Non Core

Non Core evolution



	9M16	9M17
Net Loans[1], €bn	29.5	15.6
NPEs coverage, %	53.5	57.1
UTP coverage, %	33.3	45.1
Bad loans cov., %	60.5	64.2

Actions of Non Core run down

Gross loans, €bn

FINO	Disposal of bad loans	-17.0[2]
"Back" to Core	Mostly corporate	-1.9
Repayments	Mainly driven by corporate, small business, real estate and mortgages	-0.3
Disposals	Focus on retail unsecured portfolio, leasing and corporate (single name)	-2.2[3]
Recoveries	In line with expectations	-1.1
Write-offs	Active portfolio management and cost optimisation	-1.3
	Total	-23.8

1. Excluding intercompany and repos
2. 17.7bn as of June 2016 and 17.0bn as of December 2016, thanks to recovery activities. Starting from 31 December 2016 the credit exposures belonging to the FINO portfolio were recognized in item “Non-current assets and disposal groups classified as held for sale"
3. O/w 1bn in 4Q16

FINO phase 1 closed, all objectives achieved; phase 2 binding agreements signed to sell down below 20%

Non Core

FINO Phase 1

Objectives

- Decisive
- Timeframe
- Impactful (17.7bn[1])

Achievements

- Framework Agreements signed in December 2016 and executed in July 2017[2]
- Pricing confirmed. No additional provisions

FINO Phase 2

Objectives

- Further reduce the risk profile of the Bank
- Optimise capital structure of FINO

Execution Strategy

- Phase 2 binding agreements signed to sell down below 20%, closing expected by 1Q18
- Rating on FINO received and application for GACS[3] in progress
- Significant Risk Transfer application in progress

1. 17.7bn as of June 2016 and 17.0bn as of December 2016, thanks to recovery activities. Starting from 31 December 2016 the credit exposures belonging to the FINO portfolio were recognized in item "Non-current assets and disposal groups classified as held for sale"
2. As per information published in the rights issue prospectus in January 2017, the average price of the transfer of the portfolios sold as part of the FINO transaction was approximately 13 per cent of the gross book value (17.7bn, calculated as at 30 June 2016)
3. GAranzia sulle Cartolarizzazioni delle Sofferenze

Transparency on sector-wide regulatory headwinds[1] up to end 2019 and beyond

During Transform 2019	**Regulation, models and procyclicality**	Model changes, recalibrations and other impacts from regulation	Assumptions on regulation, models and procyclicality up to end 2019 confirmed
	IFRS9	First time adoption of Fair Value accounting and new provisioning rules	
	EBA guidelines (anticipation)	Definition of common standards for credit risk regulatory models (partial anticipation mainly on Italian models)	Solid capital position allows for a partial anticipation of EBA guidelines during Transform 2019
Beyond Transform 2019	**EBA guidelines (remaining)**	Definition of common standards for credit risk regulatory models	Post 2019, organic capital generation fully absorbs expected regulatory headwinds
	Calendar provisioning	Inflow to NPEs to be fully provisioned 2 years (unsecured) and 7/8 years (secured) after default	
	FRTB	Revision of capital framework for market risks	
	Basel IV	Credit and operational risk requirements, introducing constraints to use internal models for capital	

1. No impacts have been considered in terms of prudential measures on Sovereign exposure, considering that as of now no changes to current rules have been introduced while a discussion paper was published by Basel Committee on 7 December 2017. Given the duration and composition of Sovereign portfolio proactive actions to manage potential capital impacts would be taken

EBA guidelines defining European standards for credit risk regulatory models

Status

- Final document issued on 20 November 2017
- Requested implementation starting in 4Q20 and to be completed in 2021
- Sector-wide regulation; mostly impacting banks with high NPEs ratios and countries with long judicial procedures

Requirements	Description of requirements	Relative weight[3]
LGD[1] discount rate on recoveries	More conservative discounting of recoveries (historical risk free rate + fixed spread of 5%)	
LGD incomplete workout[2] treatment	Realised and projected losses of all defaults to be included in LGD computation	
Margin of conservatism	Introduction of prudential factors to compensate estimation errors	
Other requirements	Others including: - higher weight of stressed macro-economic scenarios - revised treatment of temporary cured cases - framework for the treatment of extraordinary disposals (technical guidance expected)	

High weight   Low weight

1. LGD (Loss Given Default) model estimates future losses based on historically realised losses
2. Incomplete workout includes defaulted positions on which collection activities are still ongoing
3. Relative weight on total expected impact based on preliminary assessment

Basel IV introducing constraints for use of internal models for capital

Status	Requirements	Description of requirements	Relative weight[5]
• Final document issued on 7 December 2017 • Requested implementation date on 1 January 2022 • Assumed 5-years phase-in period[1]	Credit Risk (Standardised[2] and IRB[3])	No Advanced IRB[3] treatment for Banks and Large Corporate (no LGD model) Overall review of risk weights of the Standardised[2] approach Capital absorption for all off-balance exposures Conservative floors on PD and LGD parameters	High weight
	Operational Risk	No internal model allowed Overall review of Standardised approach	
	Output floor[4]	Set at 72.5%	Low weight

High weight   Low weight

1. Our expectation is that a phase-in approach will be introduced through the EU transposition in law; assumption of 5 years is consistent with foreseen phase-in period for output floor implementation
2. Standardised approach: Regulatory defined risk weights applied by asset class according to the type of exposure/collateral
3. IRB: Internal Rating Based approach
4. Output floor: minimum capital level calculated according to Standardised approach requirement (i.e. new standardised + IRB capital requirement >= 72.5% capital requirement considering the full portfolio under standardised treatment)
5. Relative weight on total expected impact based on preliminary assessment

2019 CET1 ratio target confirmed whilst anticipating additional regulatory headwinds

Fully loaded CET1 ratio evolution to 2019, %

%	9M17	4Q17	2018	2019
Regulation, models and procyclicality	-0.3[1]	-0.3	-0.4	-0.1
IFRS9[2]		-0.4		
EBA guidelines (anticipation) etc.[3]			-0.8	-0.1
Organic Capital Generation[4]			+0.4	+0.5
Total CET1 impact, %		**-0.7**	**-0.8**	**+0.3**
Fully loaded CET1 ratio, %	**13.8**	**>13.0[4,5]**	**12.2/12.7**	**>12.5** ✓
Dividend payout		**20%**	**20%**	**30%** ✓✓

Partial anticipation mainly on Italian models[6]

✓ Confirmed expected regulatory impacts of -1.5

1. Occurred between 4Q16 and 9M17
2. IFRS9 to be implemented on 1 January 2018
3. Partial anticipation impacts include EBA guidelines related effect and other minor adjustments
4. Includes: retained earnings net of dividend payout (FY17: 20%; FY18: 20%, FY19: 30%) and of AT1 coupons, RWA growth and other; for 2018 includes FINO Significant Risk Transfer benefit
5. Pro-forma for IFRS9
6. Including LGD incomplete workout treatment, margin of conservatism and higher weight of stressed macroeconomic scenario in selected Italian models

Providing transparency and clarity on regulatory headwinds post 2019

Regulatory Headwinds post 2019 – CET1 ratio impact (managerial estimates)

% of cumulative phase-in	Estimated CET1 impact, *%*	2020	2021	2022	2023	2024	2025	up to 2027
EBA guidelines (remaining)	**-0.9**	20%	100%					
Calendar provisioning[1]	**-0.4**		13%	37%	54%	66%	86%	100%
FRTB[2]	**-0.1**			65%	65%	100%		
Basel IV[3]	**< -0.9**			20%	40%	60%	80%	100%
Estimated CET1 impact, *%*		**-0.2**	**< -0.8**	**-0.3**	**-0.2**	**-0.3**	**-0.3**	**-0.2**
Cumulative net CET1 impact including organic capital generation[4], *%*		**+0.3**	**< +0.1**	**+0.3**	**+0.5**	**+0.7**	**+1.0**	**> +1.7**

1. Conservative approach based on ECB proposal has been used
2. Expected phase-in period of 2 years; no impact expected during phase-in, full impact in 2024
3. Our expectation is that a phase-in approach will be introduced through the EU transposition in law; assumption of 5 years is consistent with foreseen phase-in period for output floor implementation
4. Assuming net annual organic capital generation equivalent to 2019 of +0.5, net of 30% dividend payout

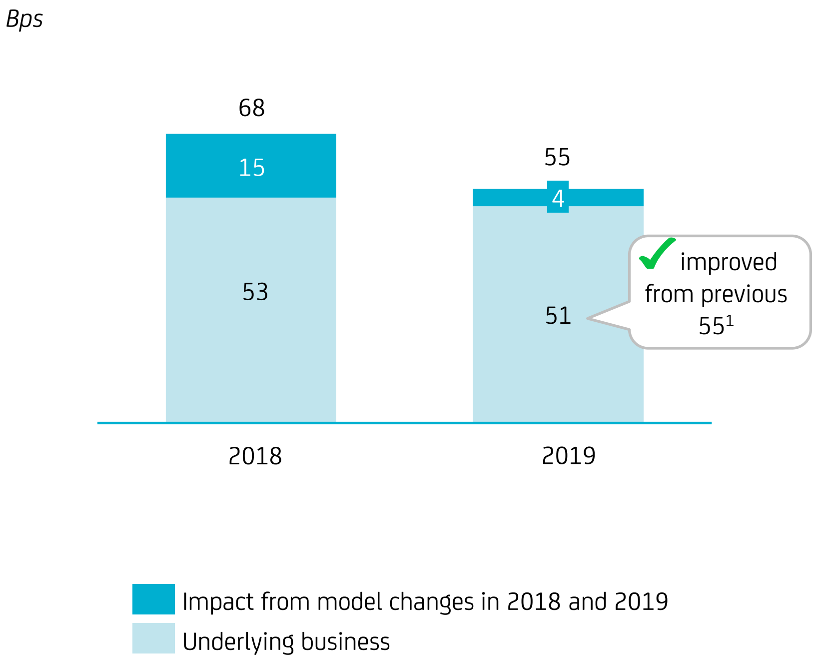
EBA guidelines impact on KPIs through model changes, mainly Loss Given Default

Input	Model Parameter	Impacts on KPIs
All historically realised losses factoring new EBA Guidelines (i.e. incomplete workout[1])	Increase of Loss Given Default (LGD)	Higher Expected loss[2] Higher CoR Quality of underlying business unchanged

1. Incomplete workout includes defaulted positions on which collection activities are still ongoing
2. Expected Loss: Loss Given Default (LGD) * Probability of Default (PD) * Exposure at Default (EaD)

2019 Group CoR confirmed even with impact of regulation and model changes

Group Cost of Risk[1]



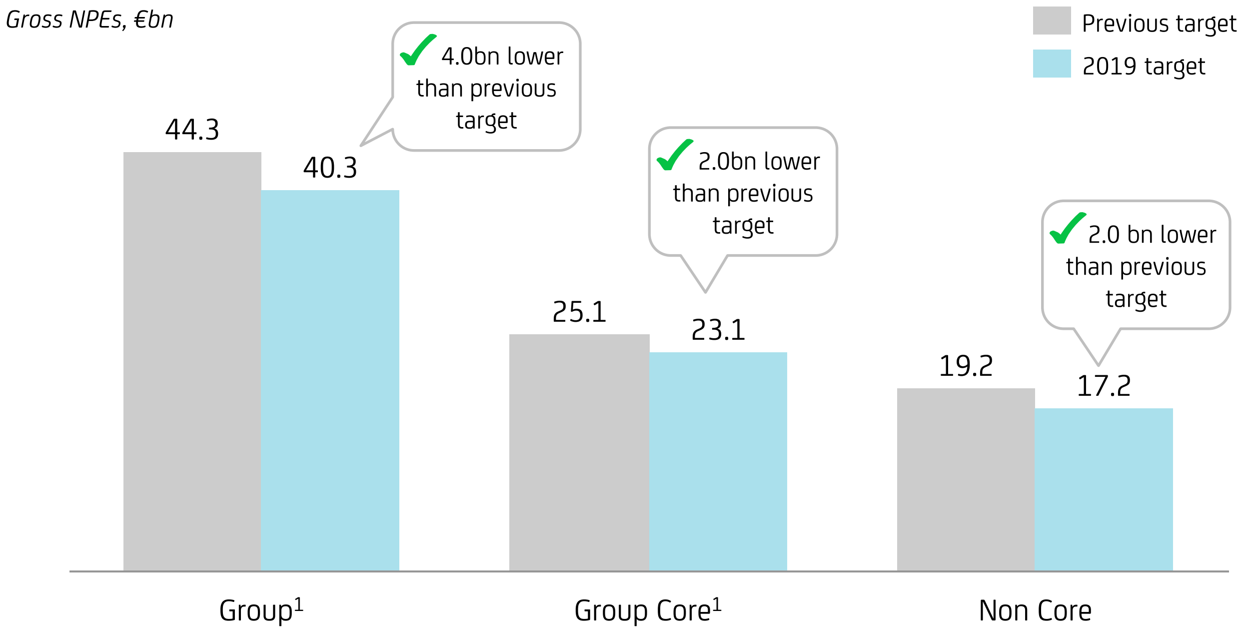
Comments

- 2019 Group CoR unchanged thanks to improvement of underwriting, offsetting impact of model changes, equal to 4bps
- Higher one-off impact of model changes in 2018, mainly due to partial anticipation of EBA guidelines, affecting both stock and flows
- Main effect on Commercial Banking Italy with 17bps in 2018 and 5bps in 2019, including partial anticipation of EBA guidelines

1. Delta for line adjustment from accounting changes

Gross NPEs down by a further 4.0bn by end 2019 thanks to decisive de-risking

2019 NPEs targets



Comments

- 2019 NPEs target for Group Core down a further 2.0bn thanks to active recovery strategy and disposals in CEE
- Decisive de-risking resulting in an additional 2.0bn reduction of 2019 Non Core NPEs target

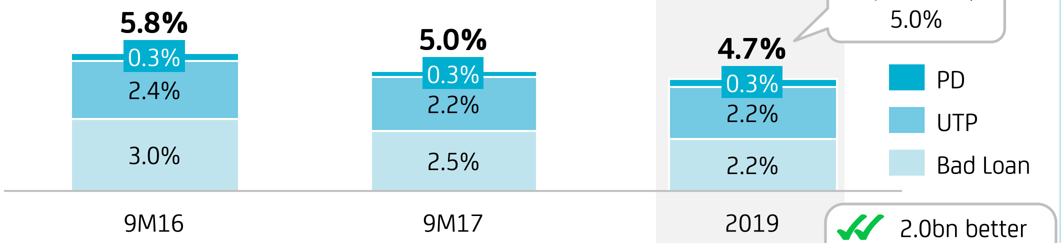
1. CEE Division excluding Turkey

2019 Gross NPEs ratio target for Group Core down to 4.7%

Group Core - NPEs evolution

	9M16	9M17	2019
Gross loans[1], *€bn*	437	449	498

Gross NPEs ratio[2], *%*



	9M16	9M17	2019
Gross NPEs, *€bn*	25.2	22.5	23.1
NPEs Coverage, *%*	49.6	55.7	>51 ✓
Bad Loans Coverage, *%*	64.0	69.5	>64 ✓
UTP Coverage, *%*	34.8	42.8	>39 ✓
CoR, *bps*	42	38	43

✓✓ 2.0bn better than previous target of 25.1bn

✓ previously 45[3]

Comments

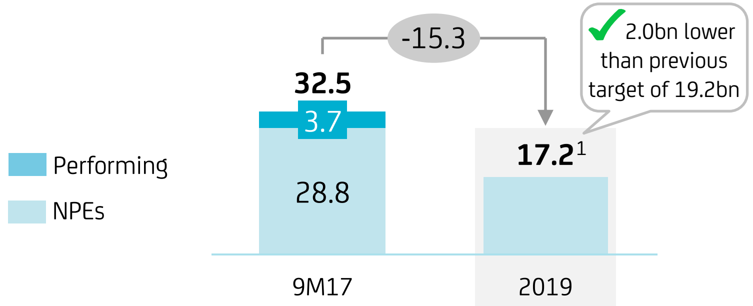
- 2019 Gross NPEs ratio target improved from 5.0% to 4.7% thanks to 2.0bn lower NPEs stock target
- 2019 NPEs coverage ratio target confirmed >51%
- 2019 CoR target revised lower by 2bps to 43bps

1. Including repos, excluding intercompany and line adjustment effect
2. Calculated as: Gross NPEs / Gross Loans
3. Including line adjustments from accounting changes

Further reduced 2019 Gross NPEs target thanks to proactive actions on Non Core

Non Core evolution

Gross Loans, €bn



	9M17	2019
Net Loans[1], *€bn*	15.6	7.4 (8.1 previous target)
NPEs coverage, *%*	57.1	>57
UTP coverage, *%*	45.1	>38
Bad loans cov., *%*	64.2	>63

Non Core dynamics 9M17 - 2019

Gross loans, €bn

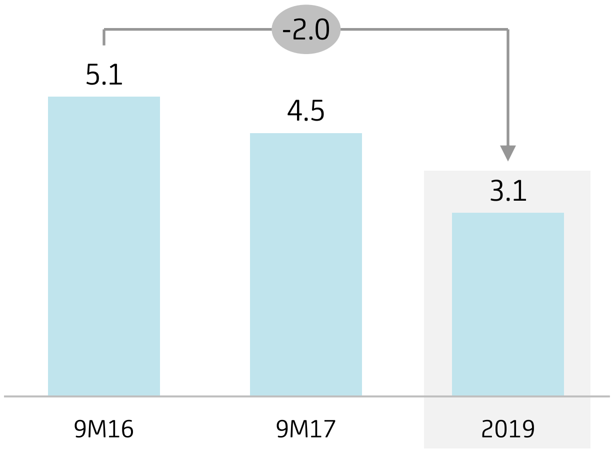
"Back" to Core	Mostly corporate and mortgages	-3.3
Repayments[3]	Mainly driven by corporate, small business	-1.0
Disposals	Both single name and portfolios	-4.6
Recoveries[4]	Cash recoveries on workout and UTP	-3.2
Write-offs	Active portfolio management and cost optimisation	-3.2
	Total	-15.3

1. Excluding intercompany and repos
2. 13.3bn Bad Loans (19% Corporate, 15% Small business, 4% Old Vintage, 3% Individuals, 39% Mortgages,20% Leasing), 3.7bn UTP (67% Corporate, 6% Small business, 1% Individuals, 12% Mortgages, 14% Leasing) and 0.2bn Past Due
3. Including Debt to Equity swap
4. Including 0.4bn Leasing asset disposals

Non Core reduction of 2.0bn thanks to clear leasing run down strategy

Leasing Non Core evolution

Gross Loans, €bn



Actions to reduce the Leasing Non Core portfolio

Single asset disposals/ recovery

- Increase asset sales by intensifying remarketing activity and improved sale process

Residual claims portfolio disposal

- Disposals of residual claims portfolio (i.e. difference between the disposal of the underlying collateral owned by UC Leasing and the original claim)

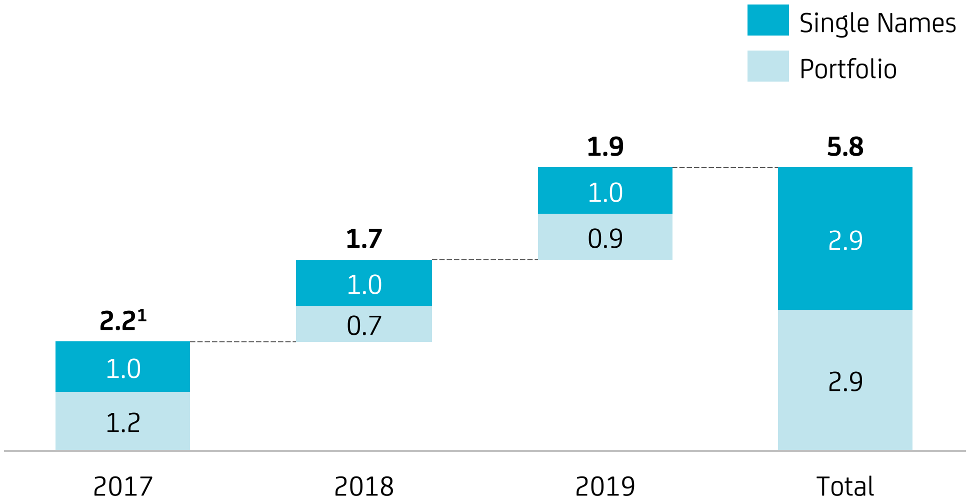
Write-off

- Write-offs of NPEs with full provision and old vintage

Active disposals and recovery drive the run down strategy

Non Core disposals (excluding FINO transaction)

Gross loans, €bn



- Transform 2019 disposal activity has two main areas of focus:
  - Portfolios, 2.9bn
  - Single names, 2.9bn

Recovery strategies

- Securitisation vehicles: Sandokan (Real Estate), and Pillarstone (Large Industrial)
- Implementation of turnaround plans with dedicated restructuring specialists in order to optimise recoveries and migration from UTP to Bad Loans
- Current portfolio managed through securitisation vehicles kept on balance sheet, but deconsolidation potentially achievable

1. Of which 1bn planned in 4Q17

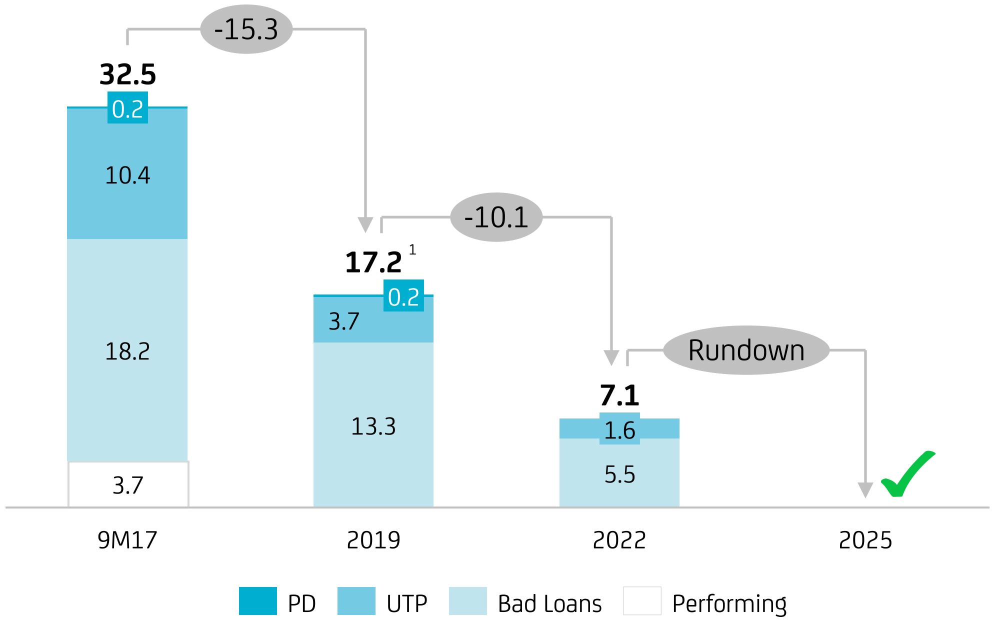
Self-funded full rundown of Non Core by 2025

Non Core rundown strategy

- Performing component of Non Core reduced to zero by end 2018, meaning no new NPEs flows onwards
- 2019 NPEs target down by 2.0bn from 19.2bn to 17.2bn
- Decisive drop until 2022, especially on Mortgages, Leasing and Corporate portfolios
- Full rundown by 2025 leveraging on improving recoveries and active disposals on Leasing, Residential Mortgages and Corporate

Non Core evolution

Gross loans, €bn



1. 13.3bn Bad Loans (19% Corporate, 15% Small business, 4% Old Vintage, 3% Individuals, 39% Mortgages,20% Leasing), 3.7bn UTP (67% Corporate, 6% Small business, 1% Individuals, 12% Mortgages, 14% Leasing) and 0.2bn Past Due

Closing remarks

Improved asset quality in 2017 thanks to proactive actions on stock and disciplined origination

Proactive anticipation of European regulatory changes

FINO phase 1 closed, all objectives achieved; phase 2 binding agreements signed to sell down below 20%, closing expected by 1Q18

2019 CoR target of 55bps[1] unchanged thanks to disciplined risk management

Gross NPEs down by a further 4.0bn by end 2019, better than initial Transform 2019 target

Self-funded full rundown of Non Core by 2025

1. Previously 49bps; delta for line adjustments from accounting changes (see annex slide 35)

Annex

Calendar provisioning – overview of key requirements

Context	• Addendum to the ECB Guidance on NPEs, draft issued in October 2017 and still under consultation, introducing a Pillar II measure in the form of a Calendar Provisioning on NPLs based on vintage and collateralisation. • In November 2017 European Commission issued on the same topic a draft proposal on a Pillar I requirement ("Statutory Prudential Backstops addressing insufficient Provisioning for newly originated loans that turn non-performing") which contains elements of greater flexibility compared to the ECB Addendum

Key requirements of addendum to ECB Guidance on NPEs	• Requirements apply only to new non-performing loans starting from January 1st 2018
	• It is required full prudential provisioning for:
	    • non-performing exposures not covered by collateral (including unsecured NPEs and unsecured portion of collateralised NPEs, i.e. net of collateral value) 2 years after default
	    • non-performing exposures collateralised (i.e. totally secured NPEs and secured portion of collateralised NPEs) 7 years after default
	• Considering the requirement, impact will be progressive from January 1st 2020 (starting with unsecured exposures defaulted in January 2018)

Key requirements of new consultation document by EU Commission	• Key differences compared to the addendum:
	    • EC proposal is about newly generated loans - in line with the Council's indications - and not about new NPEs
	    • under the calendar provisioning approach, for collateralised loans banks are given 8 years to fully cover them if collateral has not been repossessed yet, rather than 7 years under the Addendum
	    • the alternative approach based on haircuts to collateral value would recognise the relevance of highly collateralised exposures, subject to minimum requirements to be issued by EBA on collateral value update (method and timeliness)

Fundamental Review of Trading Book – overview of key requirements

Key requirements

- FRTB sets a clear boundary between Banking and Trading Book to reduce arbitrage of regulatory capital
- FRTB requires a coherent capitalisation for market risk across banks, incorporating both tail risk and liquidity effects, that VaR based approach was not properly capturing
- Non Modellable Risk Factors (i.e. typically the more exotic ones) will be capitalised through a conservative stress test approach

Modelling approach

- Banks will be required to implement a "new" Standardised Approach (SA) and an Internal Model Approach (IMA), both at single desk and Legal Entity levels
- IMA eligibility will be assessed on an ongoing basis: after initial approval, IMA Desks will have to pass tests on alignment between Risk and Front Office systems. Failure will mean fallback to SA

Phase-in period

- Phase-in timeline still under discussion among regulators
- Expected phase-in period of 2 years starting from 2022 at 65% of the full capital requirements
- At the end of the phase-in period (i.e. in 2024) automatic increase to a 100% of full capital requirements

Group key risk parameters

	Group			
	2015	9M16	9M17	2019
Gross loans[1]**,** *€bn*	487.2	493.7	481.6	515.0
Gross NPEs, *€bn*	77.8	74.8	51.3	40.3
Gross NPEs ratio, *%*	16.0	15.2	10.6	7.8
Net NPEs, *€bn*	38.3	35.8	22.3	17.7
Net NPEs ratio, *%*	8.6	7.9	5.0	3.6
NPEs coverage, *%*	50.8	52.2	56.5	> 54
Gross past due ratio, *%*	0.5	0.4	0.3	0.3
Past due coverage, *%*	27.0	28.2	34.3	> 24
Gross UTP ratio, *%*	5.2	4.6	4.3	2.9
UTP coverage, *%*	34.2	34.0	44.0	> 38
Gross bad loans ratio, *%*	10.2	10.1	6.1	4.7
Bad loans coverage, *%*	60.6	61.4	66.2	> 63
Cost of Risk, *bps*	89	77	54	55[2]

1. Including repos, excluding intercompany and line adjustment effect
2. Including line adjustments from accounting changes

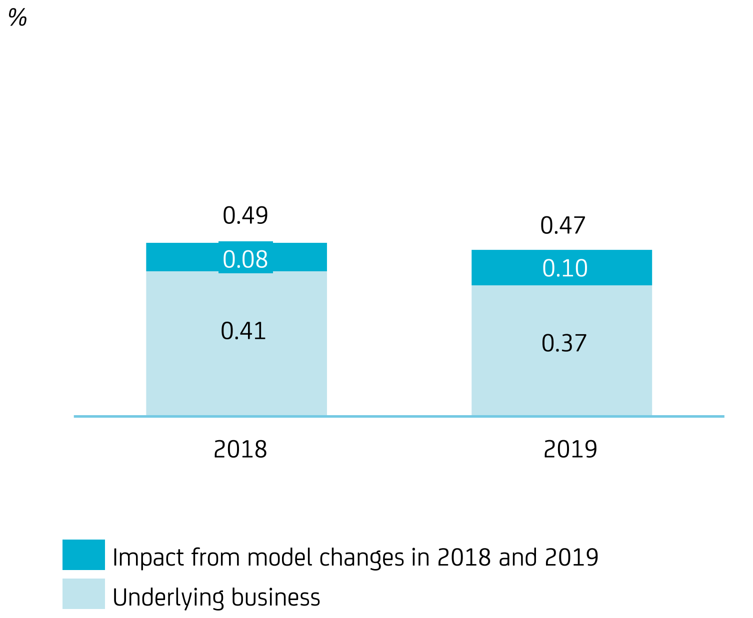
Group key risk parameters – details

	Group Core				Non Core			
	2015	9M16	9M17	2019	2015	9M16	9M17	2019
Gross loans[1], *€bn*	423.8	437.4	449.1	497.8	63.4	56.3	32.5	17.2
Gross NPEs, *€bn*	25.8	25.2	22.5	23.1	52.0	49.6	28.8	17.2
Gross NPEs ratio, *%*	6.1	5.8	5.0	4.7	82.0	88.1	88.7	100.0
Net NPEs, *€bn*	13.5	12.7	10.0	10.3	24.8	23.1	12.4	7.4
Net NPEs ratio, *%*	3.3	3.0	2.3	2.1	69.2	78.2	78.0	100.0
NPEs coverage, *%*	47.7	49.6	55.7	> 51	52.4	53.5	57.1	> 57
Gross past due ratio, *%*	0.4	0.3	0.3	0.3	1.5	1.0	0.6	1.0
Past due coverage, *%*	25.9	29.9	34.4	> 26	28.9	23.8	33.7	> 7
Gross UTP ratio, *%*	2.8	2.4	2.2	2.2	21.6	21.3	32.1	21.7
UTP coverage, *%*	35.6	34.8	42.8	> 39	33.0	33.3	45.1	> 38
Gross bad loans ratio, *%*	2.9	3.0	2.5	2.2	58.9	65.8	56.0	77.3
Bad loans coverage, *%*	62.0	64.0	69.5	> 64	60.1	60.5	64.2	> 63
Cost of Risk, *bps*	57	42	38	43[2]	412	535	451	n.m.

1. Including repos, excluding intercompany and line adjustment effect
2. Including line adjustments from accounting changes

Expected Loss affected by model changes, with evolution of underlying business in line with 2019 targets

Group Expected Loss on Performing Stock



Comments

- 2019 Group Expected Loss on Performing Stock embeds 10bps impact from backward-looking models, while CoR benefits from new disciplined origination
- Net of model changes, evolution of underlying business in line with 2019 targets
- Main effect on Commercial Banking Italy[1] with 16 bps in 2018 and 20 bps in 2019, including partial anticipation of EBA guidelines

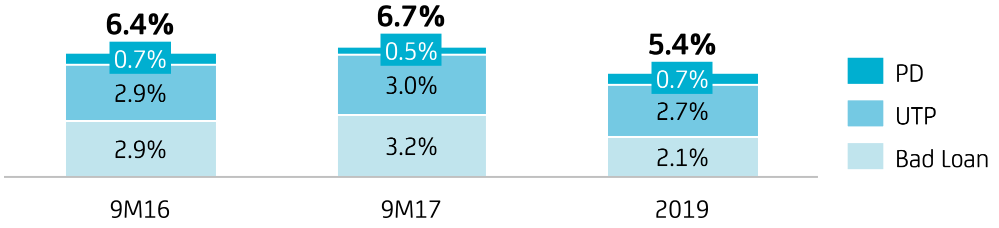
1. Not considering the possible enhancement of extraordinary disposals treatment envisaged by final EBA guidelines (technical guidance expected)

Commercial Banking Italy 2019 target NPEs ratio decreasing to 5.4%

Commercial Banking Italy - NPEs Asset Quality

	9M16	9M17	2019
Gross loans[1], *€bn*	137	137	155

Gross NPEs ratio[2]



	9M16	9M17	2019
NPEs Coverage, *%*	44.1	52.0	>52 ✓
Bad Loans Coverage, *%*	60.4	65.8	>68 ✓
UTP Coverage, *%*	32.2	40.6	>38 ✓
CoR, *bps*	70	66	58 (Previously 52bps[3])

Comments

- NPEs ratio at 5.4%[1] confirming previous NPEs targets
- Confirmed NPEs coverage target above 52%
- 2019 CoR target at 58bps due to model effects reflecting partial anticipation of EBA guidelines

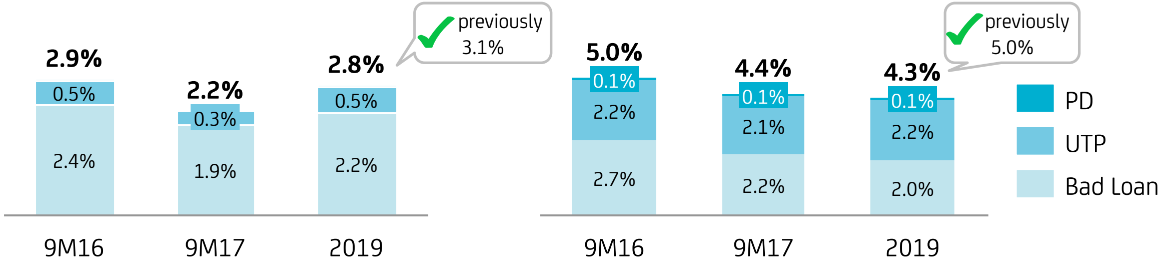
1. Including repos, excluding intercompany and line adjustment effect
2. Calculated as: Gross NPEs / Gross Loans
3. Including line adjustments from accounting changes

2019 targets improved for Commercial Banking Germany and Austria

Commercial Banking Germany, Austria - NPEs Asset Quality

	Commercial Banking Germany			Commercial Banking Austria		
	9M16	9M17	2019	9M16	9M17	2019
Gross loans[1], *€bn*	81	83	92	50	48	51

Gross NPEs ratio[2]



	Commercial Banking Germany			Commercial Banking Austria		
	9M16	9M17	2019	9M16	9M17	2019
NPEs coverage, *%*	45.7	57.6	>46	63.5	60.7	>59
Bad Loans Coverage, *%*	50.6	61.6	>54	85.0	87.7	>80
UTP Coverage, *%*	26.5	31.2	>29	37.8	33.5	>37
CoR, *bps*	-1	9	15 (Previously 17bps[3])	-8	-19	16 (previously 24bps[3])

Comments

- 2019 target NPEs ratio improving for both divisions thanks to sound origination and tight monitoring
- Low Cost of Risk with 2019 target for both divisions better than previous one thanks to disciplined risk management and write-backs

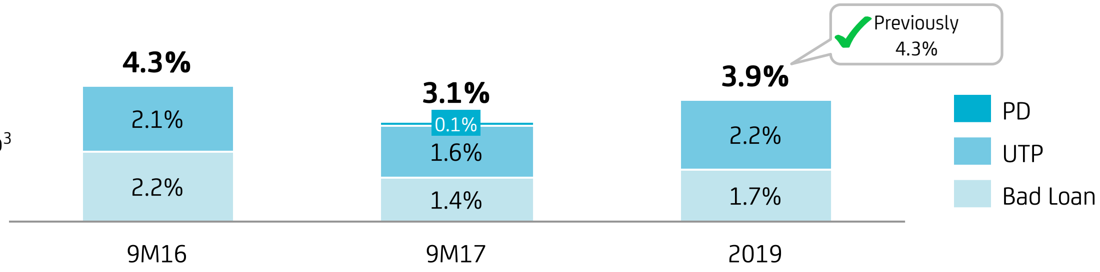
1. Including repos, excluding intercompany and line adjustment effect
2. Calculated as: Gross NPEs / Gross Loans
3. Including line adjustments from accounting changes

CIB 2019 target NPEs ratio decreasing to 3.9%

CIB - NPEs Asset Quality[1]

	9M16	9M17	2019
Gross loans[2], *€bn*	105	113	124

Gross NPEs ratio[3]



	9M16	9M17	2019
NPEs coverage, *%*	43.1	50.6	>43
Bad Loans Coverage, *%*	53.2	59.7	>51
UTP Coverage, *%*	32.5	44.1	>34
CoR, *bps*	20	15	21 (Previously 22bps[4])

Comments

- NPEs Stock further reduced by 0.6bn vs previous 2019 thanks to positive results already achieved in 2017 and sound origination
- NPEs ratio at 3.9% better than previous 2019 target thanks to lower NPEs stock in 2019
- 2019 CoR target at 21bps better than previous one

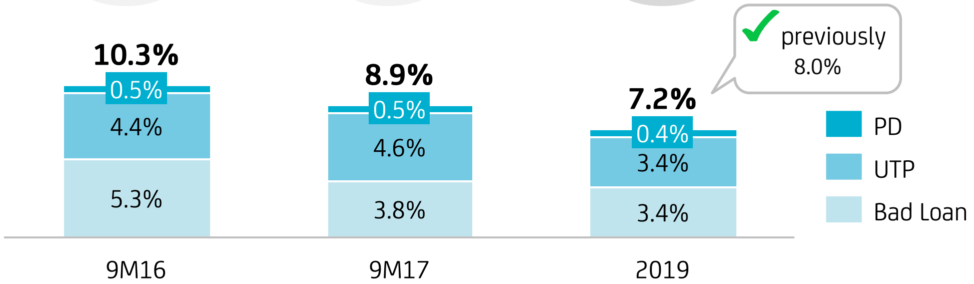
1. CIB figures adjusted for one-off LLP
2. Including repos, excluding intercompany and line adjustment effect
3. Calculated as: Gross NPEs / Gross Loans
4. Including line adjustments from accounting changes

Improved CEE Transform 2019 target with NPEs ratio at 7.2%

CEE - NPEs Asset Quality

	9M16	9M17	2019
Gross loans[1], *€bn*	64	64	73

Gross NPEs ratio[2]



	9M16	9M17	2019
NPEs Coverage, *%*	58.4	61.4	>59
Bad Loans Coverage, *%*	75.8	81.7	>72
UTP Coverage, *%*	40.3	47.5	>47
CoR, *bps*	109	94	102 (previously 112bps[3])

Comments

- NPEs ratio at 7.2% better than previous 2019 target thanks to lower NPEs stock in 2019
- Target NPEs coverage ratio in 2019 in line with previous one at >59
- Lower 2019 target CoR at 102bps thanks to improved asset quality and focus on countries with sound macro environment

1. Including repos, excluding intercompany and line adjustment effect
2. Calculated as: Gross NPEs / Gross Loans
3. Including line adjustments from accounting changes

Line adjustments from accounting changes

	2015			Transform 2019 targets		
	Previous	Delta	Restated	Previous	Delta	Restated
P&L, *€bn*						
Revenues	19.9	0.5	**20.4**	20.4	0.2	**20.6**
of which NII	*10.9*	*0.5*[1]	***11.5***	*10.9*	*0.2*[1]	***11.1***
LLP	-4.0	-0.5[1]	**-4.5**	-2.4	-0.2[1]	**-2.6**
Net income	1.5	0	**1.5**	4.7	0	**4.7**
Other						
Loans[2], *€bn*	418	-9[3]	**409**	467	-12[3]	**455**
CoR[4], *bps*	89	14[5]	**103**	49	6[5]	**55**
Cost/Income[6]	61.6%	-1.6p.p.[1]	**60.0%**	<52%	-0.6p.p.[1]	**<52%**

Combined effect equal to zero

1. Delta given by effect of: NPEs time value accounting, NPEs accrued interest
2. Excluding repos
3. Delta given by effect of: reclassification of customers loans
4. Cost of Risk computed as LLP over average loans
5. Delta given by effect of: NPEs time value accounting, NPEs accrued interest, reclassification of customers loans
6. Cost/Income computed as total operating cost over revenues

Disclaimer

This Presentation may contain written and oral "forward-looking statements", which includes all statements that do not relate solely to historical or current facts and which are therefore inherently uncertain. All forward-looking statements rely on a number of assumptions, expectations, projections and provisional data concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the control of UniCredit S.p.A. (the "Company"). There are a variety of factors that may cause actual results and performance to be materially different from the explicit or implicit contents of any forward-looking statements and thus, such forward-looking statements are not a reliable indicator of future performance. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. The information and opinions contained in this Presentation are provided as at the date hereof and are subject to change without notice. Neither this Presentation nor any part of it nor the fact of its distribution may form the basis of, or be relied on or in connection with, any contract or investment decision.

The information, statements and opinions contained in this Presentation are for information purposes only and do not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments. None of the securities referred to herein have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States or in Australia, Canada or Japan or any other jurisdiction where such an offer or solicitation would be unlawful (the "Other Countries"), and there will be no public offer of any such securities in the United States. This Presentation does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or the Other Countries.

Pursuant the consolidated law on financial intermediation of 24 February 1998 (article 154-bis, paragraph 2) Francesco Giordano, in his capacity as manager responsible for the preparation of the Company's financial reports declares that the accounting information contained in this Presentation reflects the UniCredit Group's documented results, financial accounts and accounting records.

Neither the Company nor any member of the UniCredit Group nor any of its or their respective representatives, directors or employees accept any liability whatsoever in connection with this Presentation or any of its contents or in relation to any loss arising from its use or from any reliance placed upon it.