One Bank, One UniCredit
Transform 2019

CFO presentation

M. Bianchi

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

Transform 2019 key targets confirmed with an improved risk profile

Transform 2019 on track

- 2019 revenues target confirmed: higher relative contribution of fees and commissions
- 2019 cost target confirmed: higher HR savings allowing for additional IT investments
- 2019 RoTE target confirmed: >9%

Improved asset quality

- Gross NPEs down by a further 4.0bn[1] by end 2019, better than initial Transform 2019 target
- Thanks to decisive actions Group NPEs exposure has materially reduced
- Self-funded full rundown of Non Core by 2025

Confirm capital target

- SREP Pillar 2 requirement lowered by 50bps to 200bps. CET1 MDA buffer confirmed above 200bps until end 2019, above 250bps after 2019
- 2019 fully loaded CET1 ratio target confirmed >12.5% including partial anticipation of regulatory headwinds
- Post 2019, annual CET1 ratio[2] target >12.5% thanks to organic capital generation fully absorbing expected regulatory headwinds

FY19 dividend[3] payout increased from 20% to 30% thanks to a solid capital position
Post 2019 dividend payout to increase from 30% up to 50% once upcoming regulatory impacts are confirmed

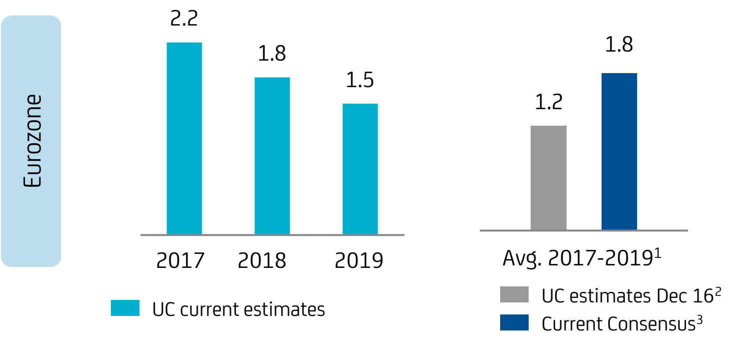
1. Of which: Non Core down by 2.0bn from 19.2bn to 17.2bn and Group Core down by 2.0bn from 25.1bn to 23.1bn
2. Refers to CET1 ratio phasing-in regulatory headwinds post 2019 (managerial estimates)
3. To be paid in 2020

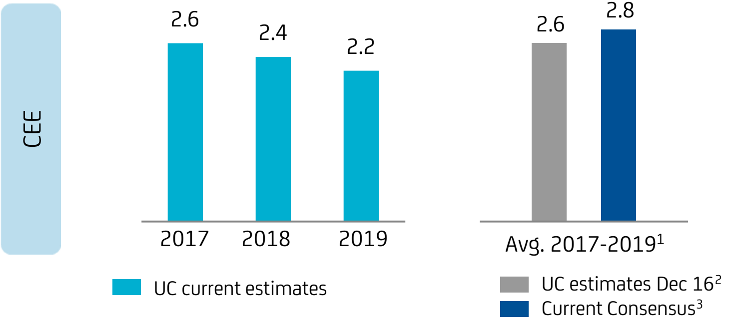
Note: CET1 ratio fully loaded and data in Euro throughout the document unless otherwise stated

Supportive economic outlook whilst increase in rates now expected in 2H19

Growth in line with consensus

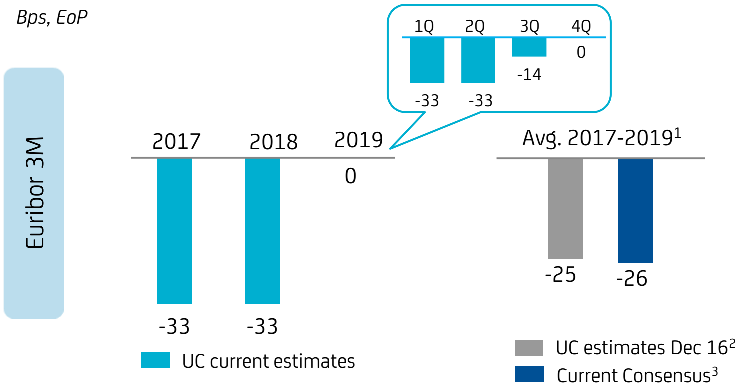
Real GDP growth y/y and average, %



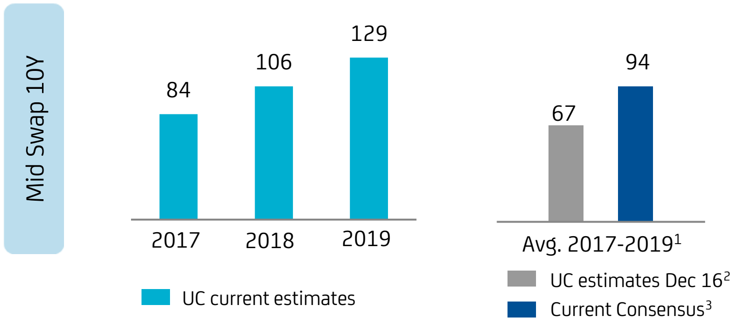


Interest rates and yield environment

Bps, EoP



Bps, average



1. Average 2017- 2019 calculated on a quarterly basis
2. Previously included in Transform 2019
3. GDP growth: Consensus Forecast (Eurozone) and Focus Economics (CEE); 3M Euribor: future from Bloomberg as of 6th December 2017; Swap 10Y: forward from Bloomberg as of 6th December 2017

Transform 2019 yielding tangible results underpinned by group-wide business momentum

		Achievements as of 9M17
Strengthen and optimise capital	• All announced decisive strategic actions successfully completed: 13bn rights issue, Pioneer and Pekao disposals • Strengthened capital and enhanced liquidity buffer, well in excess of 195bn	**>500bps** generated by strategic actions **>100%** LCR/NSFR
Improve asset quality	• FINO phase 1 closed, all objectives achieved; phase 2 binding agreements signed to sell down below 20%, closing expected by 1Q18 • Active NPEs portfolio management with disposals in Italy and CEE	**3.6bn** of NPEs disposal completed since 3Q16, excluding FINO **10.6%** gross NPEs ratio, down by 4.5p.p. vs 9M16
Transform operating model	• FTE reductions and branch closures progressing ahead of schedule • Improving customer experience thanks to streamlined processes	**51%** of planned FTE reductions **59%** of planned branch closures **58%** cost income ratio, down 0.7p.p. vs 9M16
Maximise commercial bank value	• Strong commercial dynamics thanks to network revamp • "One Bank" business model replicated across full network, driving synergies and streamlined operations	**52bn** new loan production in 9M17, +14% vs 9M16 **13bn** AuM Net Sales in 9M17, +7bn vs 9M16
Adopt lean but steering centre	• Strengthened corporate governance as well as simplified share capital structure • Decreasing weight of Group Corporate Centre on Total Costs	Weight of Group Corporate Centre of total costs down from 5.1% in 2015 to **3.8%** in 9M17 to 3.5% by 2019

Transform 2019 fully on track

Line adjustments from accounting changes (1/2)

Accounting change[1]	Description	Impact	Net effect
NPEs time value accounting[2]	New Bank of Italy regulation requires to account for Time value release as NII and no longer as LLP write-back	NII ↑ LLP ↑	0
NPEs accrued interest	Interest from UTP and Past Due calculated on Net Book Value rather than Gross Book Value resulting in lower NII and lower associated LLP, according to IFRS9 guidance	NII ↓ LLP ↓	0
Reclassification of customers loans	Customers debt securities in issue[3] excluded from customers loans and included in financial asset	Loans to customers ↓ Financial assets ↑	0

No Net Income and RoTE impact

Line adjustments

Combined effect in 2019

€bn

NII	+0.2
LLP	-0.2
Loans to customers	-12
Financial assets	+12

1. All effects from 2018
2. Difference between (i) the sum of expected recoverable cash flows of NPEs and (ii) its Net Present Value (i.e. Net Book Value)
3. Currently included in loan book

Line adjustments from accounting changes (2/2)

	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

2019 key targets confirmed
RoTE target >9% and further 4.0bn reduction of NPEs

Key targets

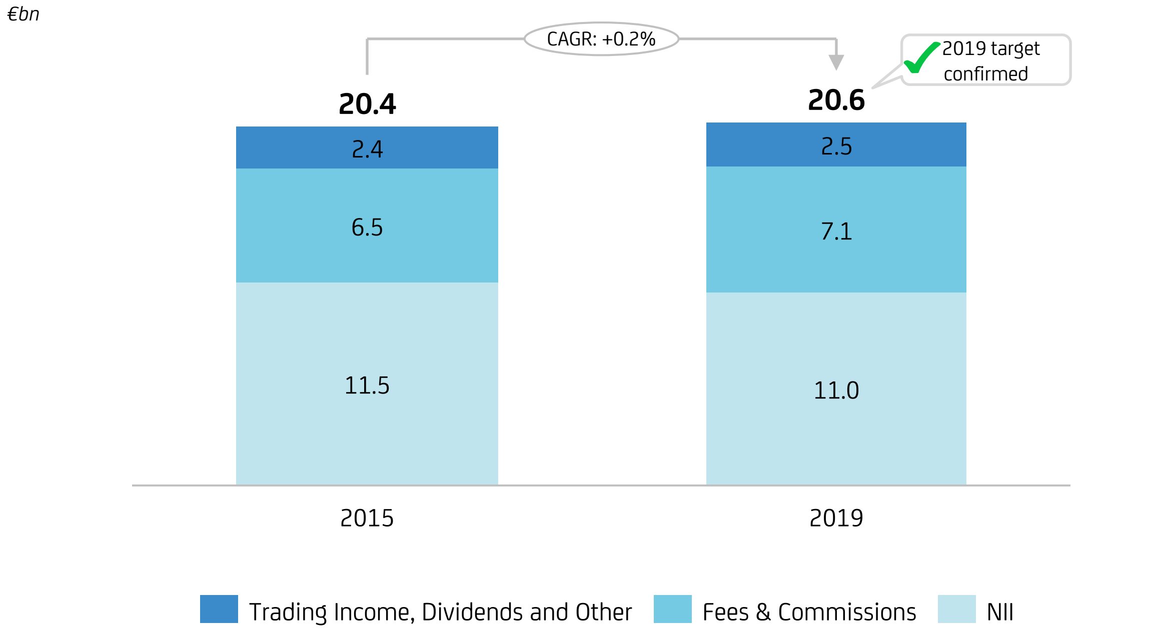
€bn, unless otherwise stated

	2018	2019	Line adjustment
Revenues	20.1	20.6 ✓	+0.2[1]
Cost	-11.0	-10.6 ✓	*unchanged*
LLP		-2.6 ✓	-0.2[1]
Net Income		4.7 ✓	*unchanged*
Cost/income	<55%	<52% ✓	*unchanged*
Cost of risk	68bps	55bps ✓	+6bps[1]
Gross NPEs stock		40.3 ✓✓ down by 4.0bn from 44.3bn	***improved***
RoTE		>9% ✓	*unchanged*
CET1 ratio	12.2 – 12.7%	>12.5% ✓	*unchanged*

1. 2019 line adjustment due to accounting changes

2019 overall revenues target confirmed: higher relative contribution of fees and commissions

Revenues target confirmed[1]

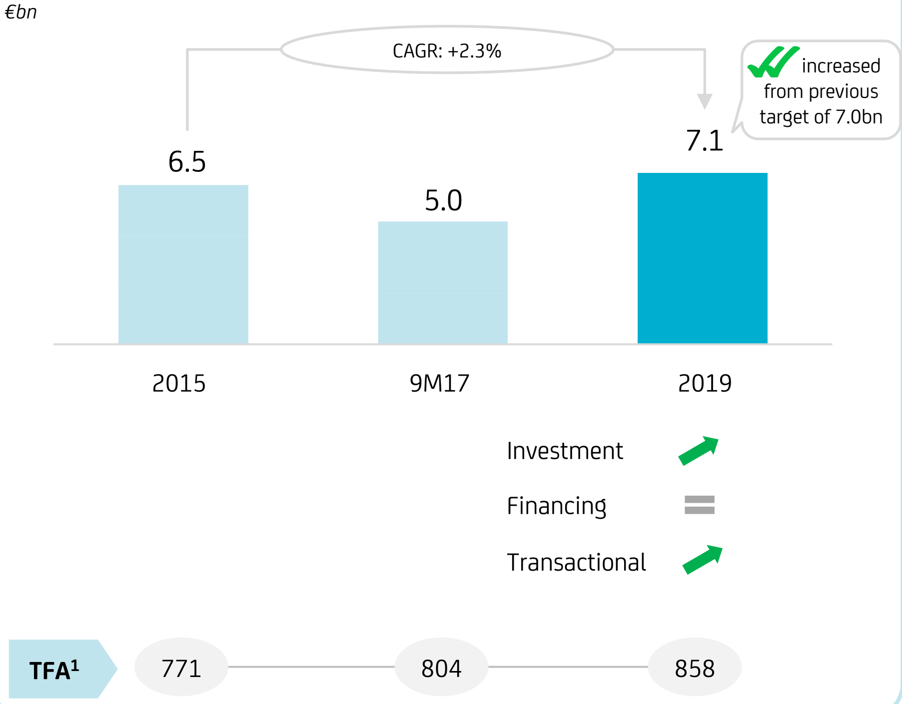


2019 different mix[1]

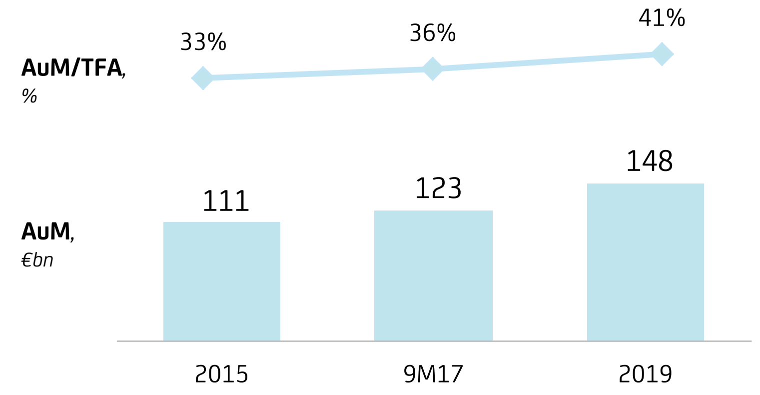
1. Figures included line adjustment restatement as per slide 7

Increased fee target thanks to higher investment and transactional fees

Fees and commissions mix evolution



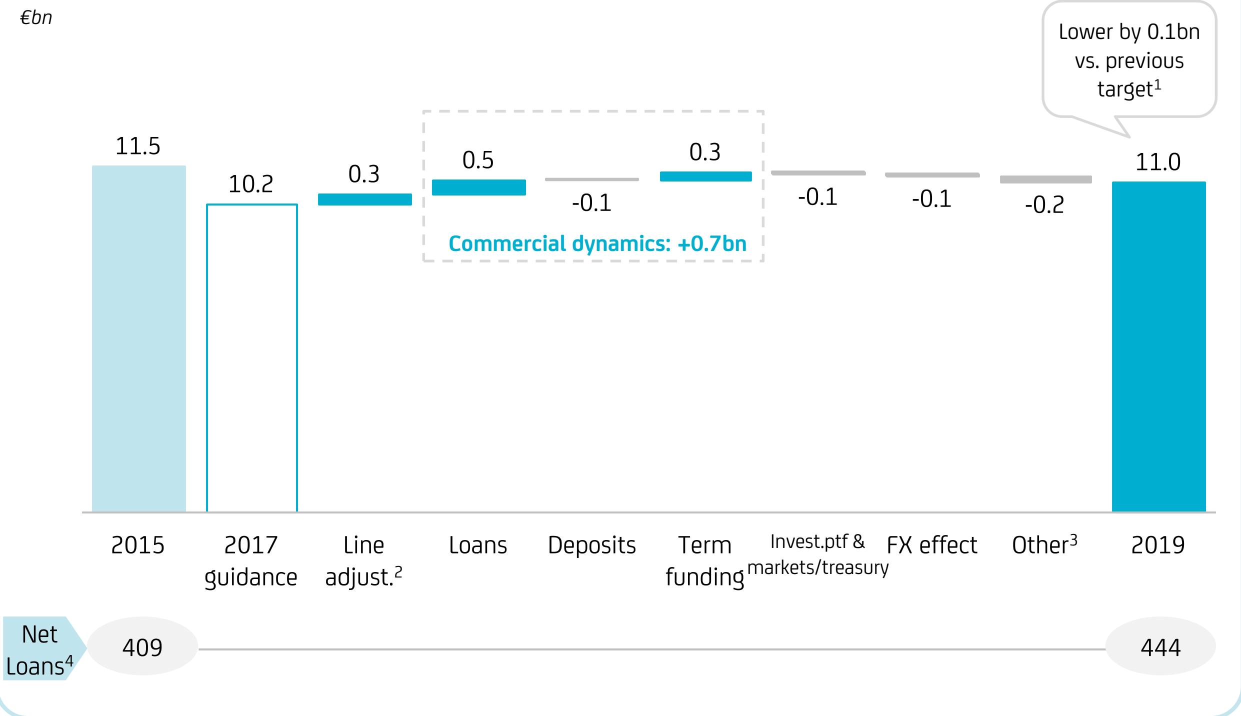
AuM penetration and dynamics in Italy



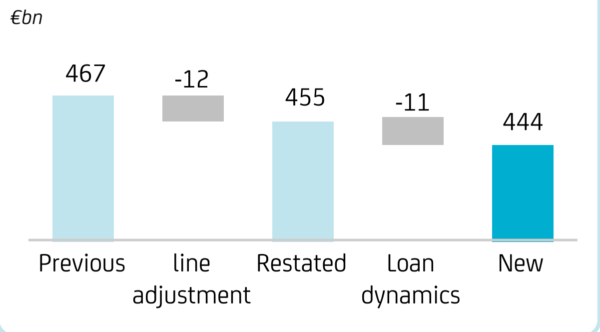
1. 2015 TFA restated to include elisions of intragroup custody services

NII target affected by lower for longer interest rate scenario and less dynamic loan growth

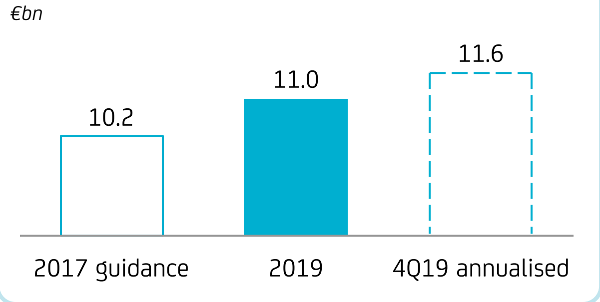
NII evolution – Main components



2019 net loans[4]



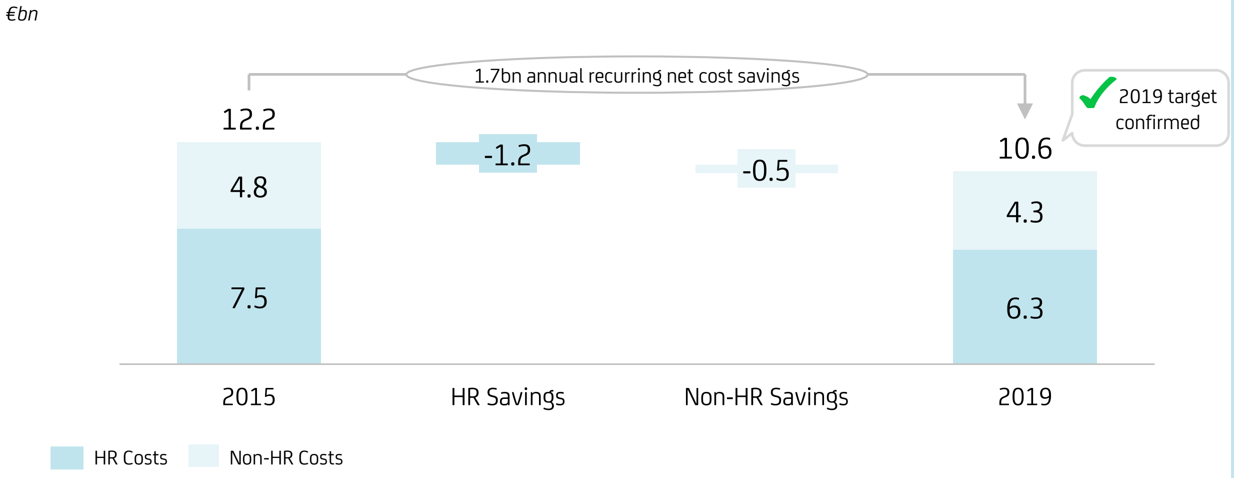
NII evolution by year



1. Delta calculated versus target 2019 restated at 11.1bn, as per line adjustments in slide 7
2. Line adjustments on 2017 guidance
3. Including 2017/2019 time value reduction
4.Excluding repos

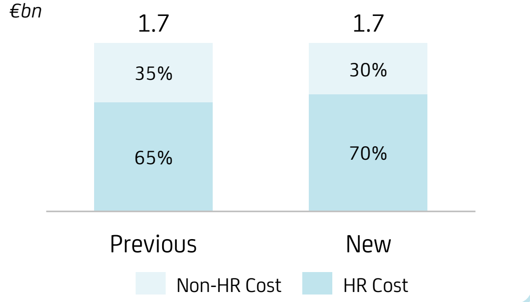
2019 cost target confirmed: adjusted mix with higher HR savings

Cost reduction confirmed

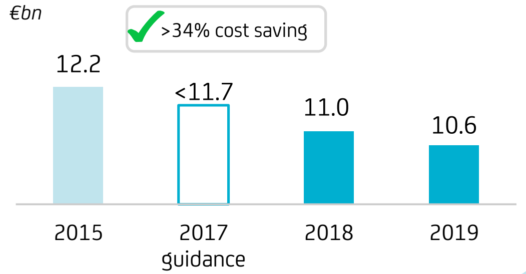


	2015	9M17	2019
Cost/ income	60.0%	57.9%	<52%

2019 savings: adjusted mix



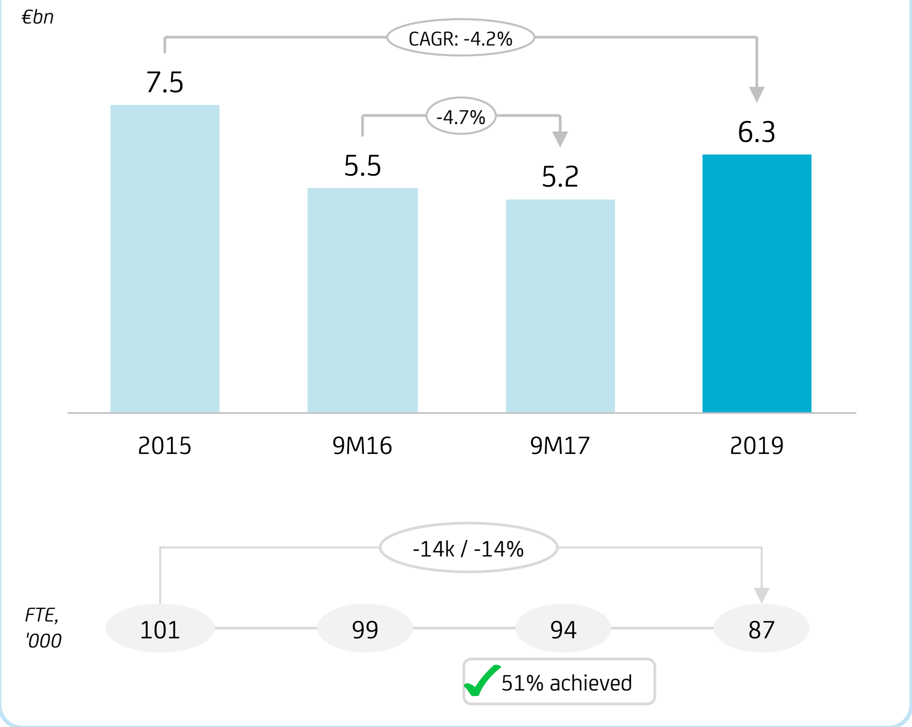
Cost evolution by year



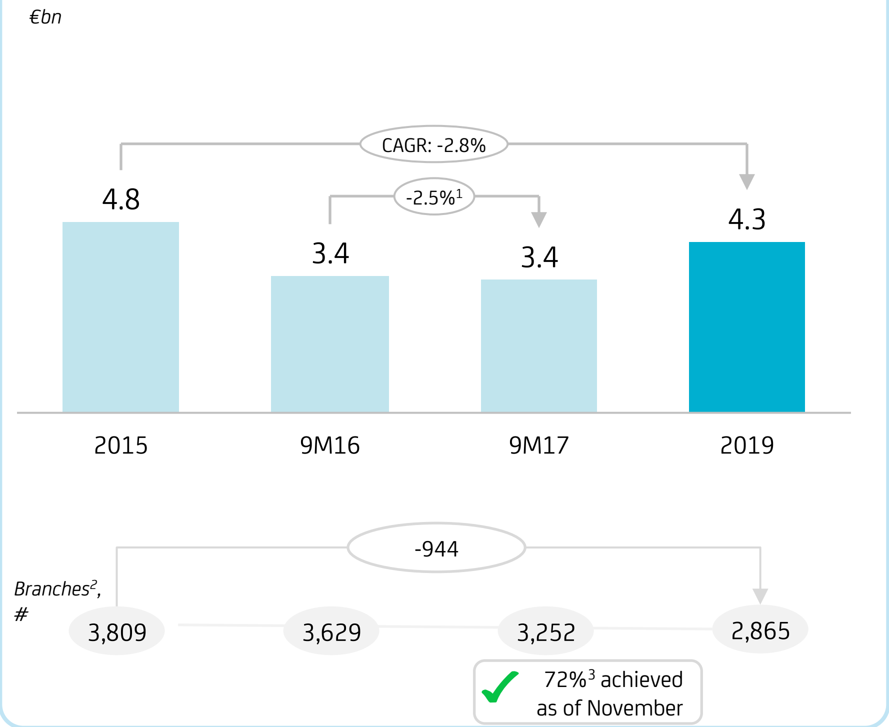
Additional IT investments thanks to higher HR savings

FTE and branch reductions ahead of schedule

HR costs evolution



Non-HR costs evolution

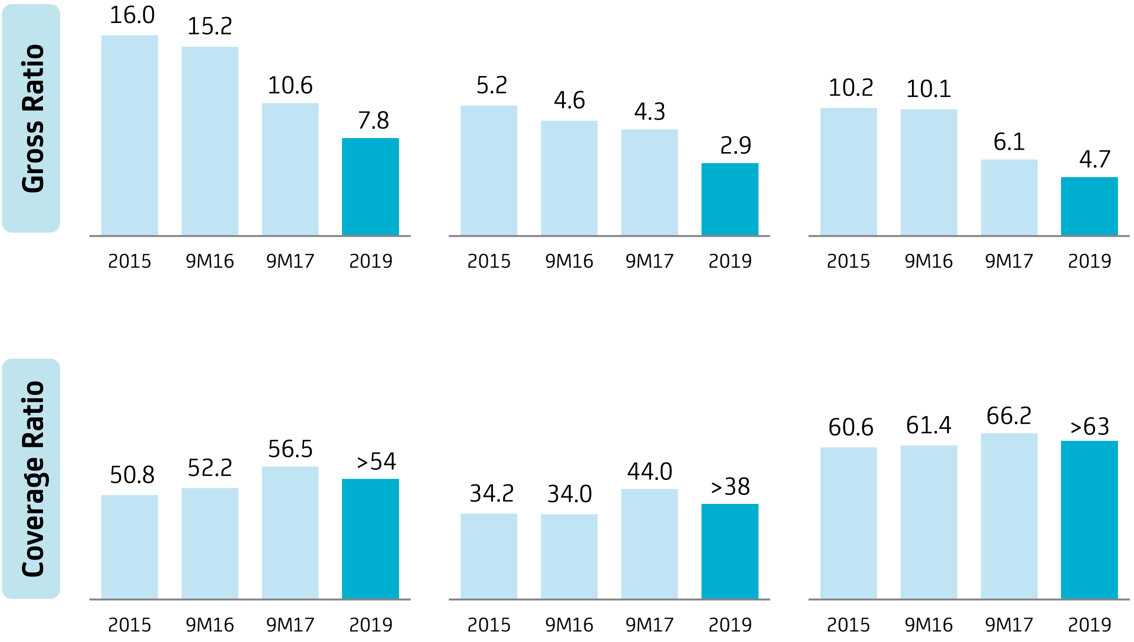


1. 9M16 equal to 3,438m, 9M17 equal to 3,353m
2 .Western Europe retail branches
3. Including additional 121 branch closures in Italy already completed as of November 17

Improved NPE ratio thanks to decisive de-risking actions

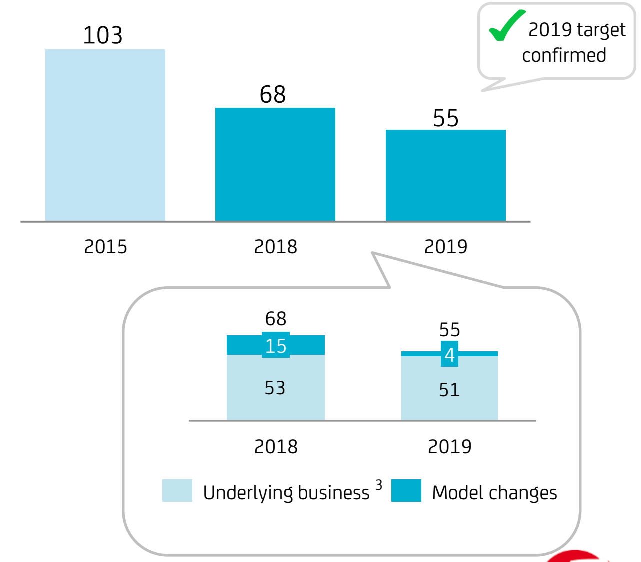
NPE[1] | UTP[1] | Bad Loans[1]

%



CoR evolution[2]

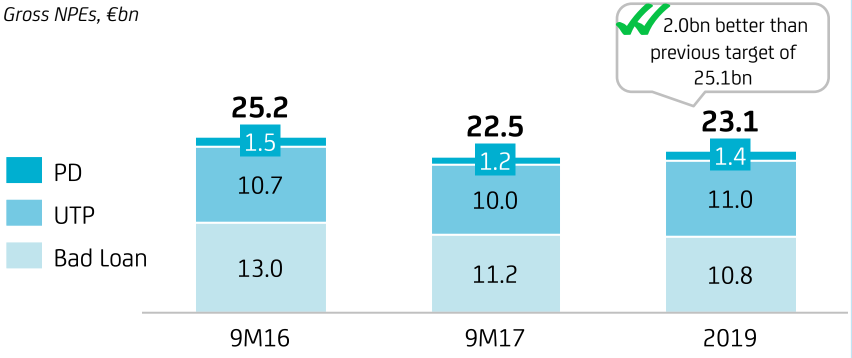
bps



1. 2015, 9M16 and 9M17 stated figure
2. Includes line adjustment
3. Includes line adjustments: for 2018 equal to 7bps and for 2019 equal to 6bps

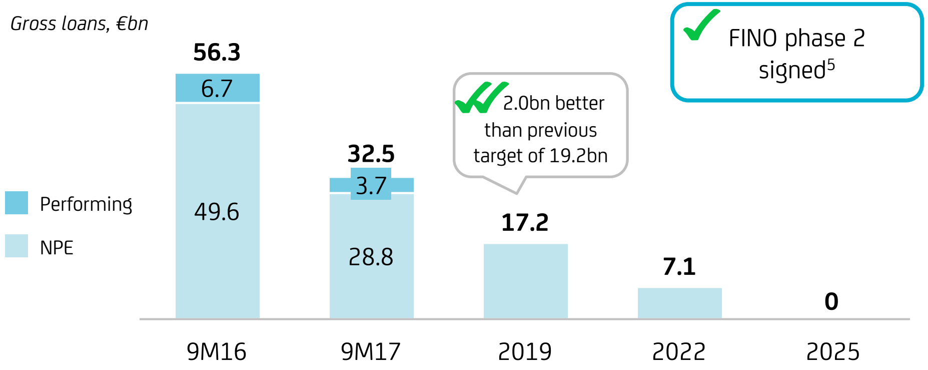
Gross NPEs down by a further 4.0bn by end 2019, better than initial Transform 2019 target

Group Core – NPEs evolution[1]



	9M16	9M17	2019
Net Loans[2], *€bn*	397	405	437
Gross NPEs ratio[3], *%*	5.8	5.0	4.7
NPEs Coverage ratio, *%*	49.6	55.7	>51
CoR, *bps*	42	38	43[4]

Non Core evolution[1]



	9M16	9M17	2019
Net loans[2], *€bn*	29.5	15.6	7.4
NPEs Coverage ratio, *%*	53.5	57.1	>57

Self-funded full rundown of Non Core by 2025

1. For 9M16 and 9M17 stated figure
2. Excluding intercompany and repos
3. Calculated as: Gross NPEs / Gross Loans including repos
4. Includes line adjustment, previously 45bps
5. Closing expected in 1Q18

2019 fully loaded CET1 ratio target confirmed and FY19 dividend payout increased from 20% to 30%

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%** ✓✓

✓ Confirmed expected regulatory impacts of -1.5

1. Occurred between 4Q16 and 9M17
2. IFRS9 to be implemented on 1st 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

Cumulative organic capital generation above estimated regulatory impacts post 2019

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

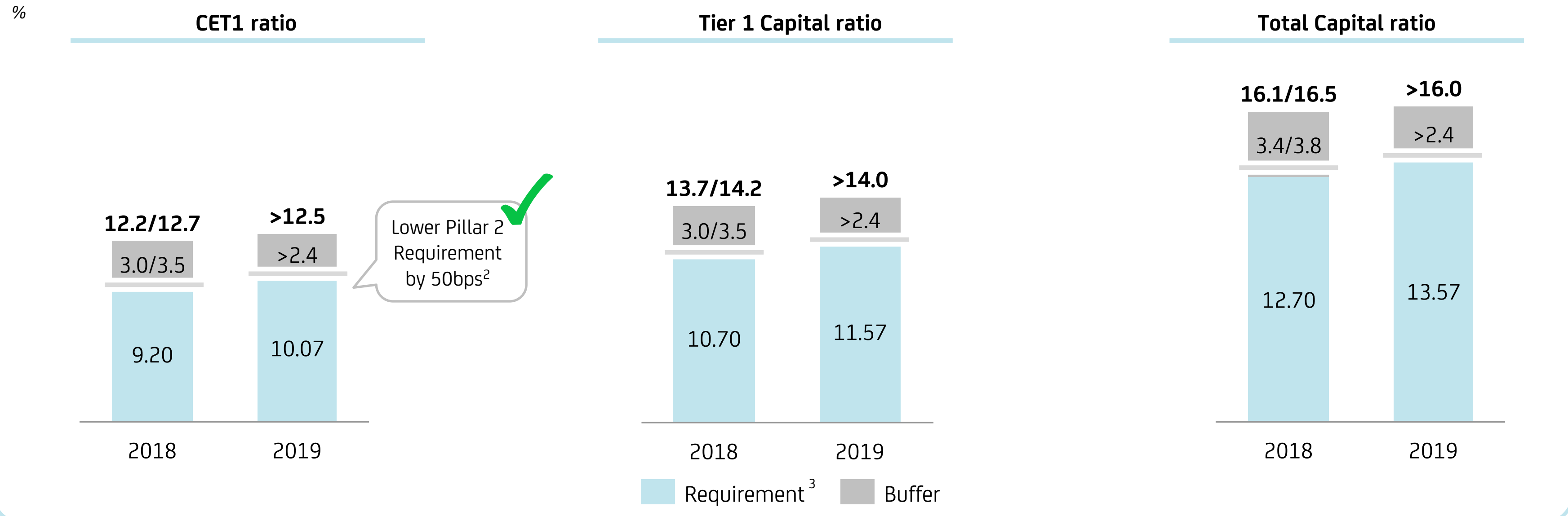
% of cumulative phase-in	Estimated CET1 impact, *%*	2020	2021	2022	2023	2024	2025	up to 2027
EBA guidelines (remaining)	**-0.9**	20%	100%					
Calendar provisioning[1]	**-0.4**		13%	37%	54%	66%	86%	100%
FRTB[2]	**-0.1**			65%	65%	100%		
Basel IV[3]	**< -0.9**			20%	40%	60%	80%	100%
Estimated CET1 impact, *%*		-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

Post 2019 dividend payout to increase from 30% up to 50% once upcoming regulatory impacts are confirmed with CET1 ratio[5] >12.5%

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
5. Refers to CET1 ratio phasing-in regulatory headwinds post 2019 (managerial estimates)

SREP Pillar 2 requirement lowered by 50bps to 200bps, CET1 MDA buffer above 250bps after 2019

Capital evolution[1]



2019 MDA buffers confirmed above 200bps, fully loaded requirements already fulfilled

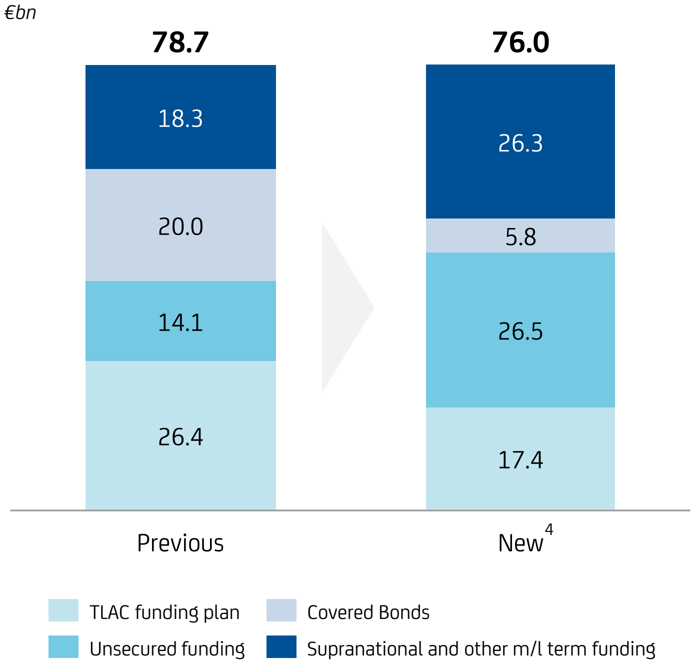
1. Transitional requirements and ratios CET1r fully loaded requirements and ratios for 2019
2. New Pillar 2 Requirements for 2018 at 200bps, assumed constant for 2019
3. Includes: (i) Pillar 1, (ii) Pillar 2, (iii) Capital Conservation Buffer, (iv) G-SIFI and (v) Countercyclical buffer; see annex for further details

Optimised TLAC funding plan

UniCredit SpA TLAC funding plan: 2017 - 2019

	Target 2019	Updated funding plan (€bn)	*of which to be issued*
TLAC requirement[1]: >19.6%	**>20.5%**		
Senior outst. TLAC eligible[2]	*2.5% Senior bond exemption*		
Senior Preferred		4.5	4.5
Subordinated req.: >17.1%	**>18.0%**		
Senior Non Preferred		6.0 (Previously 13.35bn)	6.0
Tier 2		3.4	2.4
AT1		3.5[3]	1.75
CET1 ratio	**Total**	**17.4** (Previously 26.4bn)	**14.7**

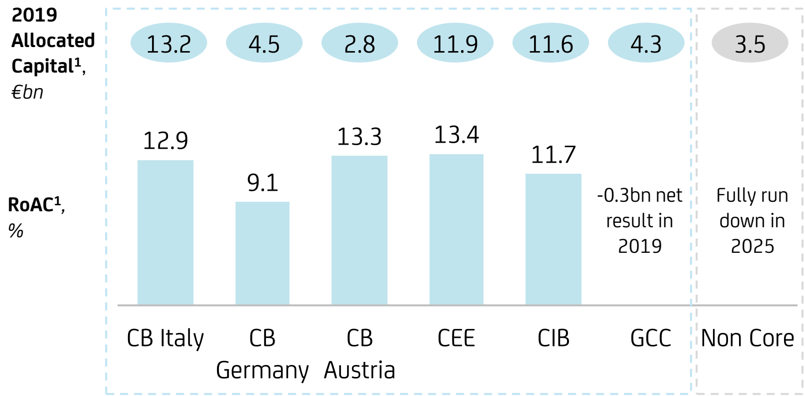
UniCredit Group funding plan 2017 – 2019



1. 2019 TLAC transitional requirement (Pillar 1 MREL). MREL binding requirement to be communicated by SRB in 1Q 2018
2. 5.6bn, outstanding senior bonds, not part of the funding plan
3. 3.5bn AT1 planned of which 500m AT1 already executed in December'16
4. For comparison purposes vs. Previous Funding Plan, 1.7bn Supranational funding in Bank Austria would have to be excluded

2019 Group Core profitability above 10%

2019 Group profitability



>9% 2019 Group RoTE ✓

3.5bn Non Core Allocated Capital to cover all future losses until final rundown....

..hence, Group Core represent future normalised view

>10% 2019 Group Core RoTE[2]

4.7% 2019 Group Core NPE ratio[3]

1. Allocated Capital based on RWA equivalent figures calculated as 12.5% of divisional RWA, net of capital deductions
2. Tangible Equity calculated as 2019 Tangible Equity net of 2019 Non Core Allocated Capital (12.5% of RWA)
3. 2019 Group NPE ratio equal to 7.8%

2019 key targets confirmed

Key targets

	2015	9M17	2018	2019	
Revenues, *€bn*	20.4[1]		20.1[1]	20.6[1]	
Cost, *€bn*	-12.2		-11.0	-10.6	
Net income, *€bn*	1.5			4.7	
Cost/income, *%*	60.0[1]	57.9	<55[1]	<52[1]	
Cost of Risk, *bps*	103[1]	54	68[1]	55[1]	
RoTE, %	4	8[2]		>9	
CET1 ratio,%	10.4	13.8	12.2 / 12.7	>12.5	
RWA, *€bn*	361	350		406	
Gross NPEs, *€bn*	77.8	51.3		40.3	down by 4.0bn from 44.3bn
Gross NPEs ratio – Group, *%*	16.0	10.6		7.8	down by 0.6 from 8.4
Gross NPEs ratio – Group Core, *%*	6.1	5.0		4.7	down by 0.3 from of 5.0
Net NPEs, *€bn*	38.3	22.3		17.7	down by 2.5 from of 20.2

Net Income and RoTE target confirmed

1. Including line adjustment from accounting changes as per slide 7
2. Adjusted to exclude net income from Pekao and Pioneer disposals and a one-off charge booked in Non Core related to FINO; RoTE calculated considering also the capital increase and Pekao and Pioneer disposals as at 1 January 2017

Closing remarks

Transform 2019 yielding tangible results underpinned by group-wide business momentum

2019 key targets confirmed

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

SREP Pillar 2 requirement lowered by 50bps to 200bps, CET1 MDA buffer above 250bps after 2019

2019 fully loaded CET1 ratio target confirmed >12.5% including partial anticipation of regulatory headwinds

Post 2019, annual CET1 ratio[1] target >12.5%
thanks to organic capital generation fully absorbing expected regulatory headwinds

FY19 dividend[2] payout increased from 20% to 30%
Post 2019 dividend payout to increase from 30% up to 50% once upcoming regulatory impacts are confirmed

1. Refers to CET1 ratio phasing-in regulatory headwinds post 2019
2. To be paid in 2020

Annex

Key financial targets 2019 by Division

KPIs

	Commercial Banking Italy	Commercial Banking Germany	Commercial Banking Austria	CEE	CIB	GCC[1]	Non Core
Revenues, €bn	7.5	2.5	1.6	4.4	3.9	0.0	0.0
Costs, €bn	4.0	1.7	1.0	1.6	1.6	0.4	0.1
C/I, %	52.6	67.0	63.3	36.9	40.2	n.m.	n.m.
CoR, bps	58	15	16	102	21	0	n.m.
Net loans[2], €bn	149	89	48	68	79	1	7
RWA, €bn	105	36	23	99	87	31	21
RoAC[3], %	12.9	9.1	13.3	13.4	11.7	n.m.	n.m.

1. Group Corporate Center
2. Excluding intercompany and repos
3. Allocated Capital based on RWA equivalent figures calculated as 12.5% of divisional RWA, net of capital deductions

Note: Fineco not included

Non Core - key financial targets

	2015	9M17	2019
P&L, *€bn*			
Revenues	0.0	-0.1	0.0
Gross Operating Profit	-0.1	-0.2	-0.1
Loan Loss Provision	-1.7	-0.6	-0.6
Net income	-1.3	-0.6	-0.5
Others			
Gross Loans, *€bn*	63.4	32.5	17.2
Net Loans, *€bn*	35.8	15.6	7.4
NPE Coverage, %	52.4	57.1	> 57

1. 2015, 9M17 stated figures, 2019 including line adjustments from accounting changes

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

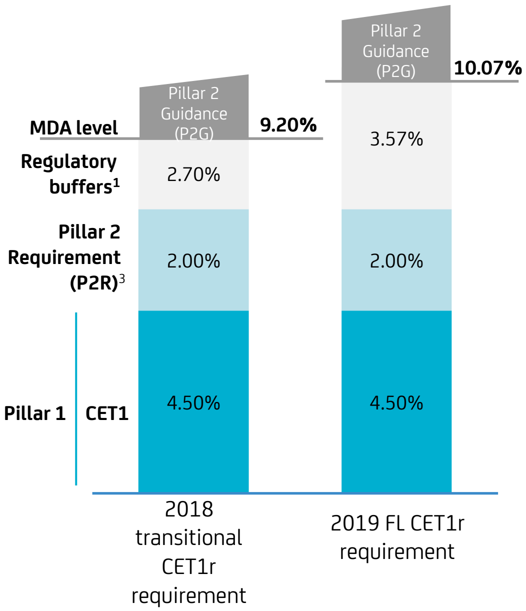
During Transform 2019	Regulation, models and procyclicality	Model changes, recalibrations and other impacts from regulation
	IFRS9	First time adoption of Fair Value accounting and new provisioning rules
	EBA guidelines (anticipation)	Definition of common standards for credit risk regulatory models
Beyond Transform 2019	EBA guidelines (remaining)	Definition of common standards for credit risk regulatory models
	Calendar provisioning[2]	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

partial anticipation mainly on Italian models

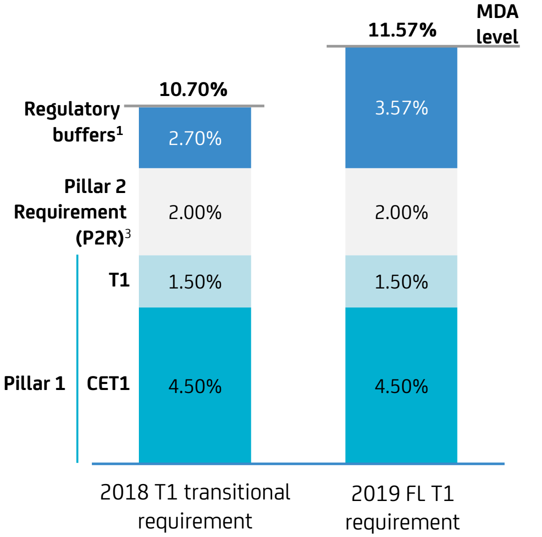
1. No impacts have been considered in terms of prudential measures on Sovereign exposure, considering that as of now no changes to current rules have been introduced while a discussion paper was published by Basel Committee on 7 December 2017. Given the duration and composition of Sovereign portfolio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

New SREP Pillar 2 Requirement lowered by 50 bps to 200bps

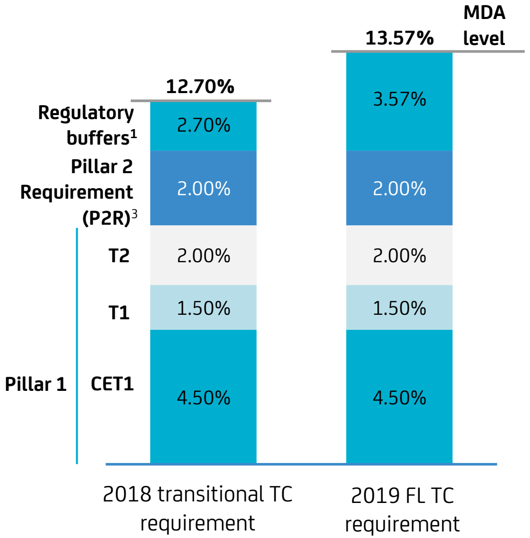
CET1 requirements



T1 requirements[2]



Total Capital requirements



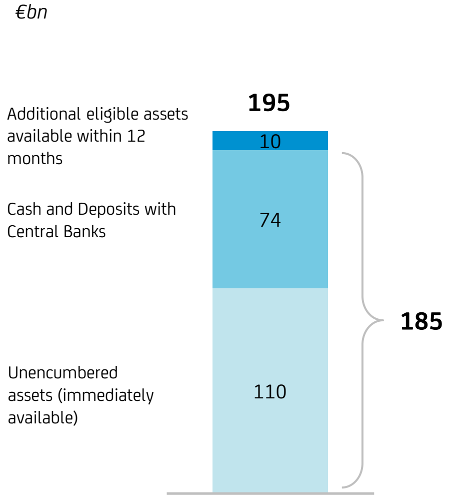
2019 MDA buffers confirmed above 200bps, fully loaded requirements already fulfilled

1. Regulatory buffers includes (i) as of 2018, Capital Conservation Buffer (1.88%), G-SIFI (0.75%) and CCyB (0.07%) (ii) as of 2019 Capital Conservation Buffer (2.50%), G-SIFI (1.0%) and CCyB (0.07%). CCyB estimated on the basis of exposures as of September 2017 and of buffers to be applied by 2018 and by 2019 set by National Authorities
2. In case of a Gap on AT1 1.5% minimum requirement, this can be fulfilled through excess of CET1
3. P2R in 2019 assumed constant at 2018 level

UniCredit Group: strong and disciplined liquidity management

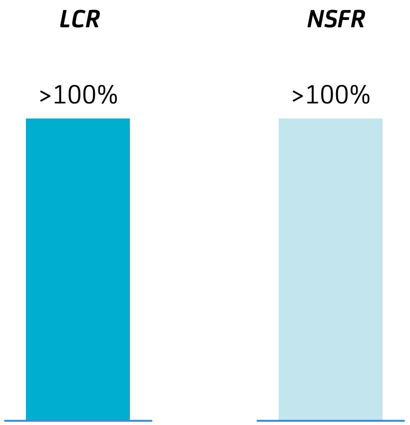
Group ample liquidity buffer

9M17 strong liquidity buffer



- €185bn liquid assets immediately available, well above 100% of wholesale funding maturing in 1 year

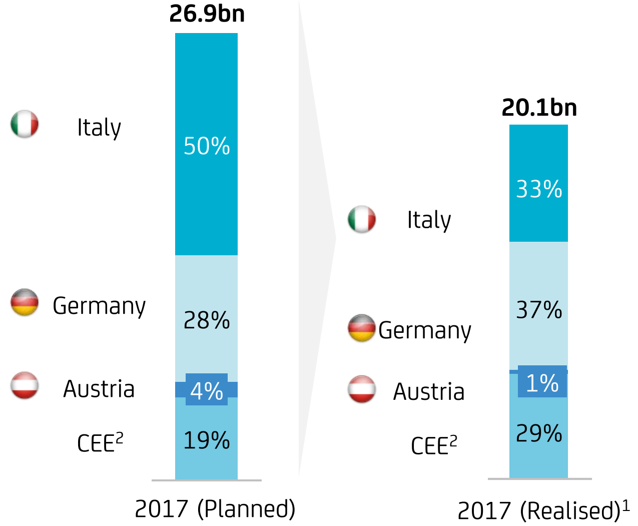
Compliant with key liquidity ratios



- UniCredit S.p.A. LCR and NSFR >100%

Funding plan adequately on track

2017 M/L term funding plan by region



- Group funding plan 2017 execution[1] at ca. 75% (approx. €20.1bn[2])
- Most relevant UniCredit SpA issues include: Senior $2.0bn, Tier 2 $1.0bn, AT1 €1.25bn

1. As of 17th November 2017
2. Including Turkey at 100%

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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.

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