2Q19 and 1H19 Results

Milan, 7 August 2019

Banking that matters. | UniCredit

Agenda

1. **Executive summary**
2. Transform 2019 update
3. Group results highlights
4. Divisional results highlights
5. Asset quality
6. Capital
7. Closing remarks
8. Annex

2Q19 adjusted[1] net profit at 1.0bn, CET1 ratio at 12.08%
Fineco disposal boosts capital and stated net profit to 1.9bn

Very strong quarterly results benefitting from net positive exceptional items[1] and resilient commercial dynamics

- 2Q19 Group adjusted net profit of 1.0bn, up 0.4% Y/Y[2]. Stated net profit of 1.9bn, up 81.0% Y/Y
- 1H19 adjusted Group Core RoTE at 10.7%, down 0.2p.p. 1H/1H[2]. 1H19 adjusted Group RoTE at 8.8%, up 0.1p.p. 1H/1H[2]

Focused execution of Transform 2019 continues to deliver tangible results

- Net FTE and 98% of branch reduction targets achieved, well ahead of plan
- 2Q19 costs at 2.5bn, down 4.4% Y/Y. FY19 costs of 10.1bn confirmed
- 2Q19 CoR at 60bps. FY19 target of 55bps confirmed, including 4bps from models
- 2Q19 Non Core gross NPEs of 15.7bn, down 5.8bn Y/Y

Strong capital position and successful execution of mitigation actions

- 2Q19 CET1 ratio at 12.08%. MDA buffer of 201bps
- 2Q19 CET1 ratio includes +24bps from Fineco disposal and -40bps of regulatory headwinds as per guidance
- 2Q19 TLAC ratio 20.69%[3]. 2Q19 buffer of 112bps, target now at the upper end of 50-100bps range
- 2Q19 tangible equity up 4.0% Q/Q to 50.7bn, TBVpS up 3.9% Q/Q to 22.7

(1) Exceptional items in 2Q19: Fineco disposal (+1,176m) and one-offs (-351m, o/w Ocean Breeze disposal -178m and others -173m).
(2) Group and Group Core adjusted net profit and RoTE exclude net impacts from disposal of real estate (+258m in 1Q19), Fineco (+1,176m in 2Q19) and one-offs (-351m in 2Q19, o/w Ocean Breeze disposal -178m and others -173m (o/w -151m Core and -22m Non Core)).
(3) 2Q19 TLAC ratio 20.69%, o/w 18.20% TLAC subordination ratio and 2.5% senior preferred exemption.

Group – Adjusted 2Q19 net profit at 1.0bn up 0.4% Y/Y(1)

Group key figures	2Q18	1Q19	2Q19	Δ % vs. 1Q19	Δ % vs. 2Q18	1H18	1H19	Δ % vs. 1H18
Total revenues, m	4,736	4,766	4,517	-5.2%	-4.6%	9,647	9,283	-3.8%
Operating costs, m	-2,564	-2,515	-2,452	-2.5%	-4.4%	-5,198	-4,966	-4.5%
Loan loss provisions, m	-502	-467	-707	+51.4%	+41.0%	-997	-1,175	+17.8%
Net profit, m	1,024	1,387	1,854	+33.7%	+81.0%	2,136	3,241	+51.7%
Adjusted net profit(1), m	1,024	1,129	1,029	-8.9%	+0.4%	2,136	2,158	+1.0%
Fully loaded CET1 ratio	12.51%	12.25%	12.08%	-0.2p.p.	-0.4p.p.	12.51%	12.08%	-0.4p.p.
RWA transitional, bn	360.7	371.7	387.1	+4.1%	+7.3%	360.7	387.1	+7.3%
Loans, exc. repos, bn	420.5	429.3	432.2	+0.7%	+2.8%	420.5	432.2	+2.8%
Gross NPE, bn	42.6	37.6	34.4	-8.4%	-19.2%	42.6	34.4	-19.2%
Adjusted RoTE(1)	8.5%	9.4%	8.3%	-1.1p.p.	-0.2p.p.	8.7%	8.8%	+0.1p.p.
C/I	54.1%	52.8%	54.3%	+1.5p.p.	+0.2p.p.	53.9%	53.5%	-0.4p.p.
Cost of risk, bps	45	40	60	+20	+16	45	50	+5

(1) Group and Group Core adjusted net profit and RoTE exclude net impacts from disposal of real estate (+258m in 1Q19), Fineco (+1,176m in 2Q19) and one-offs (-351m in 2Q19, o/w Ocean Breeze disposal -178m and others -173m (o/w -151m Core and -22m Non Core)).

Agenda

Transform 2019 achievements (1/2)

1 **2** 3 4 5 6 7 8 — Transform 2019 update

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

(1) Assuming BTP spreads remain at 2Q19 levels.
(2) 2Q19 TLAC ratio 20.69%, o/w 18.20% TLAC subordination ratio and 2.5% senior preferred exemption.
(3) Of which 1.1bn in Non Core.

Transform 2019 achievements (2/2)

1 **2** 3 4 5 6 7 8

Transform 2019 update

MAXIMISE COMMERCIAL BANK VALUE	**Multichannel offer/ customer experience**	• New Mobile Banking App across Western Europe, already successfully rolled out in Italy. Standardisation creates a consistent user experience and faster innovation time to market • New digital account opening process in Germany, enhancing customer experience, allowing opening of a current account in a few minutes via mobile and online
	Commercial partnerships	• Successful insurance partnership with Allianz in Germany. Life insurance volumes up 68.4% Y/Y
	Support for real economy	• UniCredit issued 12 Italian SME "Minibonds" in 1H19 for a total of 71m, contributing to the development of an SME capital market culture in Italy
	Five Excellence Awards	• 2019 Euromoney Awards for Excellence: Best Bank in Italy, Croatia, Serbia, Wealth Management in CEE and Transaction Services in CEE
	Leading European CIB franchise	• Leading bond and loan market franchise confirmed: #2 in "EMEA All Bonds in EUR" by number of transactions(1), #1 in EMEA Syndicated Loans in All Currencies(1) in Italy, Austria and CEE, #3 in Germany
ADOPT LEAN BUT STEERING CENTRE	**Group CC streamlining**	• The ratio of GCC costs to total costs is down to 3.3% in 1H19. FY19 target of 3.5%

(1) Source: Dealogic, as at 1st July 2019. Period: 1 January – 30 June 2019; rankings by volume, unless otherwise stated.

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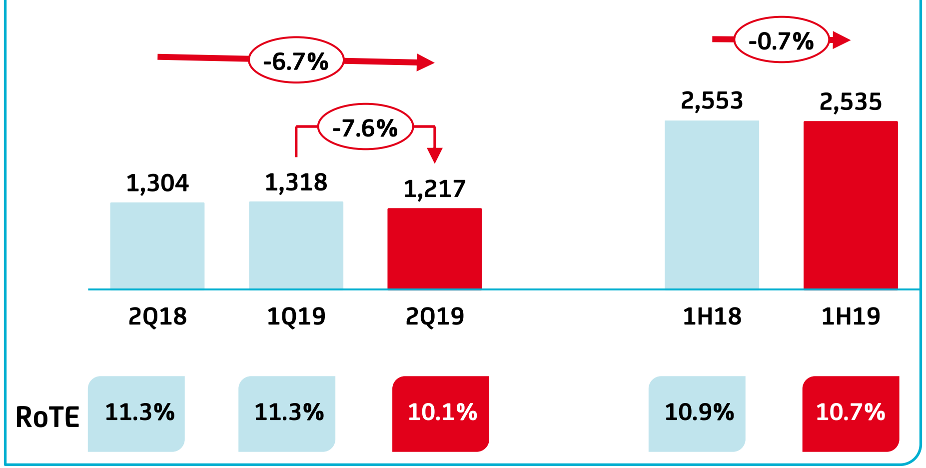
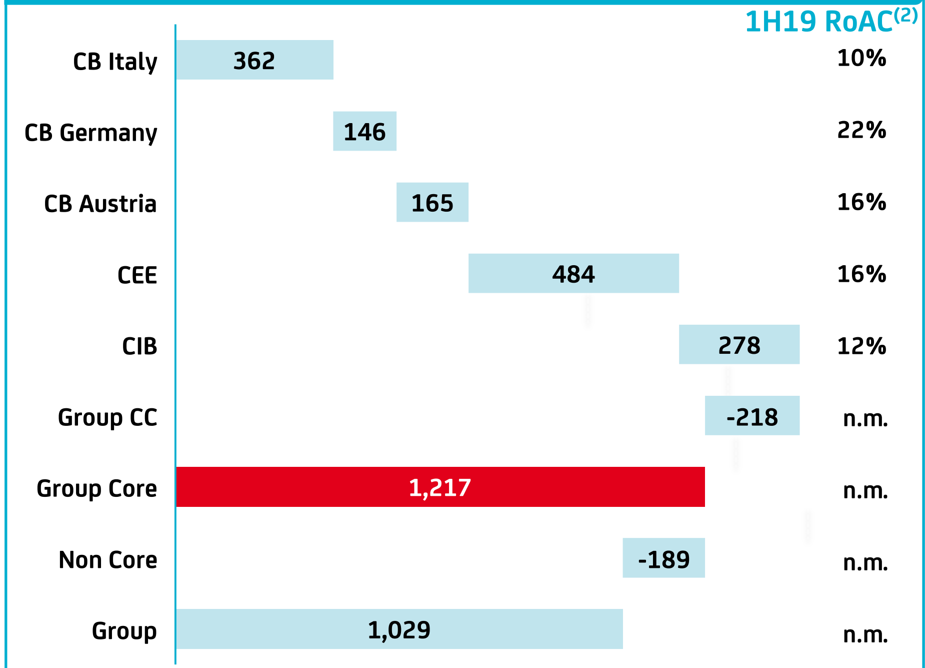
Group Core – Adjusted 1H19 RoTE 10.7% down 0.2p.p. 1H/1H[1]

Group Core adjusted net profit[1], m



- Adjusted 1H19 Group Core RoTE at 10.7%, down 0.2p.p. 1H/1H[1]
- CEE and CB Italy main drivers
- FY19 Group Core RoTE target >10% confirmed

Adjusted net profit[1] by division 2Q19, m



(1) Group and Group Core adjusted net profit and RoTE exclude net impacts from disposal of real estate (+258m in 1Q19), Fineco (+1,176m in 2Q19) and one-offs (-351m in 2Q19, o/w Ocean Breeze disposal -178m and others -173m (o/w -151m Core and -22m Non Core)). Stated net profit 2Q19: CB Italy +244m, CIB +100m, Group CC +925m and Non Core -211m.

(2) Stated 1H19 RoAC. Normalised for non-recurring items (summarised in Annex on page 44), 1H19 RoACs are: CB Italy 11.4%, CB Germany 9.4%, CB Austria 12.1% and CIB 11.2%.

Group Core – Adjusted 2Q19 net profit 1.2bn down 6.7% Y/Y(1)
Adjusted 1H19 RoTE at 10.7% down 0.2p.p. 1H/1H(1)

Main drivers

- Revenues down 4.1% Y/Y due to lower trading (-18.8% Y/Y) and commercial revenues (-1.8% Y/Y)
- Net interest down 1.1% Q/Q impacted by pre-funding of TLAC and higher deposit rates in CEE countries
- Fees down 2.7% Y/Y due to investment fees (-4.9% Y/Y) and financing fees (-10.7% Y/Y), partially compensated by transactional fees (+6.8% Y/Y)
- 435,000 gross new clients in 2Q19
- Gross new loan production(2) at 45.8bn in 1H19 (-8.3% Y/Y)
- Costs down 4.5% Y/Y thanks to continued strong focus on cost discipline. 1H19 C/I ratio at 52.6%, down 0.6p.p. 1H/1H
- LLPs up 400m Y/Y after very low 2Q18 which benefitted from write-backs in CIB, CB Austria and CEE
- Gross NPE ratio 3.9%(3), down 65bps Y/Y, well below FY19 4.7% target
- 1H19 adjusted RoTE at 10.7%, down 0.2p.p. 1H/1H(1)

Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	4,714	4,767	4,521	-5.2%	-4.1%	9,614	9,289	-3.4%
o/w Net interest	*2,581*	*2,576*	*2,549*	*-1.1%*	*-1.2%*	*5,108*	*5,125*	*+0.3%*
o/w Fees	*1,605*	*1,538*	*1,562*	*+1.6%*	*-2.7%*	*3,238*	*3,100*	*-4.3%*
o/w Trading	*319*	*444*	*259*	*-41.7%*	*-18.8%*	*811*	*703*	*-13.3%*
Operating costs	-2,524	-2,471	-2,410	-2.5%	-4.5%	-5,108	-4,881	-4.4%
Gross operating profit	2,190	2,296	2,111	-8.1%	-3.6%	4,505	4,407	-2.2%
LLPs	-114	-364	-514	+41.1%	n.m.	-483	-878	+81.6%
Net operating profit	2,076	1,932	1,597	-17.3%	-23.1%	4,022	3,530	-12.2%
Net profit	1,304	1,576	2,065	+31.0%	+58.3%	2,553	3,640	+42.6%
Adjusted net profit(1)	1,304	1,318	1,217	-7.6%	-6.7%	2,553	2,535	-0.7%
Adjusted RoTE(1)	11.3%	11.3%	10.1%	-1.1p.p.	-1.2p.p.	10.9%	10.7%	-0.2p.p.
C/I	53.5%	51.8%	53.3%	+1.5p.p.	-0.2p.p.	53.1%	52.6%	-0.6p.p.
CoR (bps)	10	31	44	+13	+34	22	38	+16
Gross NPE ratio	4.6%	4.2%	3.9%	-23bps	-65bps	4.6%	3.9%	-65bps

(1) Group and Group Core adjusted net profit and RoTE exclude net impacts from disposal of real estate (+258m in 1Q19), Fineco (+1,176m in 2Q19) and one-offs (-351m in 2Q19, o/w Ocean Breeze disposal -178m and others -173m (o/w -151m Core and -22m Non Core)).

(2) Managerial figures.

(3) Weighted average "NPL" ratio of EBA sample banks is 3.1%. Source: EBA risk dashboard (data as at 1Q19). UniCredit's definition of "NPE" ratio is more conservative than EBA. Comparable "NPL" ratio for UniCredit at 2Q19 would be 3.4% for Group Core.

Group – Adjusted 2Q19 net profit 1.0bn up 0.4% Y/Y[1]
Adjusted 1H19 net profit 2.2bn up 1.0% 1H/1H[1]

Main drivers

- Net interest down 0.9% Q/Q impacted by pre-funding of TLAC and higher deposit rates in CEE countries
- Fees down 3.0% Y/Y due to financing fees (-11.2% Y/Y) partially compensated by transactional fees (+6.2% Y/Y)
- Costs at 2.5bn in 2Q19 down 4.4% Y/Y thanks to lower HR costs (-4.5% Y/Y) and Non HR costs (-4.1% Y/Y)
- LLPs up 41.0% Y/Y following exceptional write-backs in 2Q18, leading to 60bps CoR in 2Q19 (including 0bps of models)
- One-offs affecting other charges & provisions and profit from investments for a total of -173m
- Profit from investments includes -259m gross[2] from Ocean Breeze disposal
- Stated 1H19 tax rate 27.1%
- Net profit from discontinued operations in 2Q19 positively affected by disposal of Fineco
- 2Q19 Group adjusted net profit of 1.0bn, up 0.4% Y/Y[1]

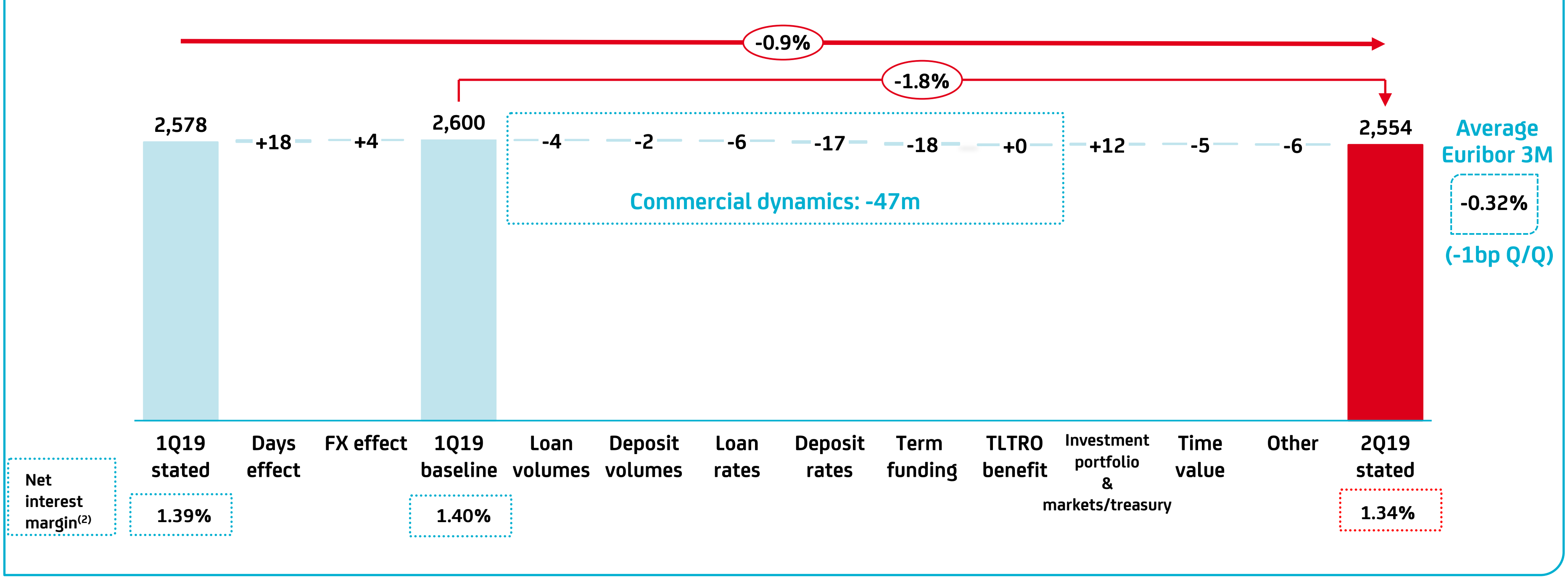
Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	4,736	4,766	4,517	-5.2%	-4.6%	9,647	9,283	-3.8%
o/w Net interest	*2,608*	*2,578*	*2,554*	*-0.9%*	*-2.1%*	*5,169*	*5,132*	*-0.7%*
o/w Fees	*1,613*	*1,541*	*1,565*	*+1.5%*	*-3.0%*	*3,254*	*3,106*	*-4.6%*
o/w Trading	*312*	*442*	*253*	*-42.8%*	*-19.0%*	*782*	*696*	*-11.0%*
Operating costs	-2,564	-2,515	-2,452	-2.5%	-4.4%	-5,198	-4,966	-4.5%
Gross operating profit	2,172	2,252	2,065	-8.3%	-4.9%	4,449	4,316	-3.0%
LLPs	-502	-467	-707	+51.4%	+41.0%	-997	-1,175	+17.8%
Net operating profit	1,670	1,784	1,357	-23.9%	-18.8%	3,452	3,142	-9.0%
Other charges & provisions	-660	-214	-236	+10.5%	-64.2%	-1,178	-450	-61.8%
o/w Systemic charges	*-173*	*-538*	*-118*	*-78.0%*	*-31.8%*	*-638*	*-656*	*+2.8%*
Profit (loss) from investments	204	391	-307	n.m.	n.m.	221	84	-62.1%
Profit before taxes	1,212	1,959	812	-58.5%	-33.0%	2,505	2,771	+10.6%
Income taxes	-226	-577	-174	-69.9%	-23.1%	-419	-751	+78.9%
Net profit from discontinued operations	96	65	1,307	n.m.	n.m.	164	1,372	n.m.
Net profit	1,024	1,387	1,854	+33.7%	+81.0%	2,136	3,241	+51.7%
Adjusted net profit[1]	1,024	1,129	1,029	-8.9%	+0.4%	2,136	2,158	+1.0%

(1) Group and Group Core adjusted net profit and RoTE exclude net impacts from disposal of real estate (+258m in 1Q19), Fineco (+1,176m in 2Q19) and one-offs (-351m in 2Q19, o/w Ocean Breeze disposal -178m and others -173m (o/w -151m Core and -22m Non Core)).

(2) 2Q19 net impact from disposal of Ocean Breeze -178m, with a related impact of +81m in the tax line.

Group – 2Q19 net interest at 2.6bn down 0.9% Q/Q

Net interest(1) Q/Q, m

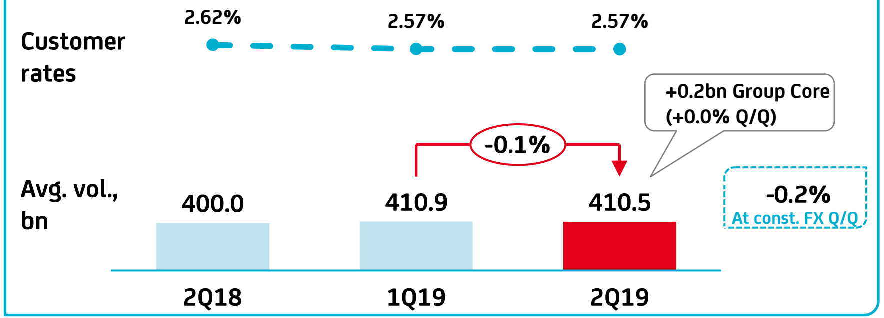


(1) Net contribution from hedging strategy of non-maturity deposits in 2Q19 at 349m, -10.3m Q/Q and -20.1m Y/Y.

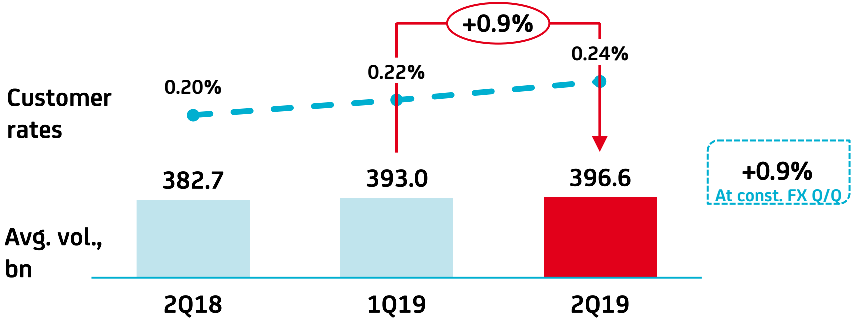
(2) Net interest margin calculated as interest income divided by interest earning assets minus interest expenses divided by interest bearing liabilities.

Group – Average Group Core loan volumes up 0.2bn Q/Q, customer rates stable

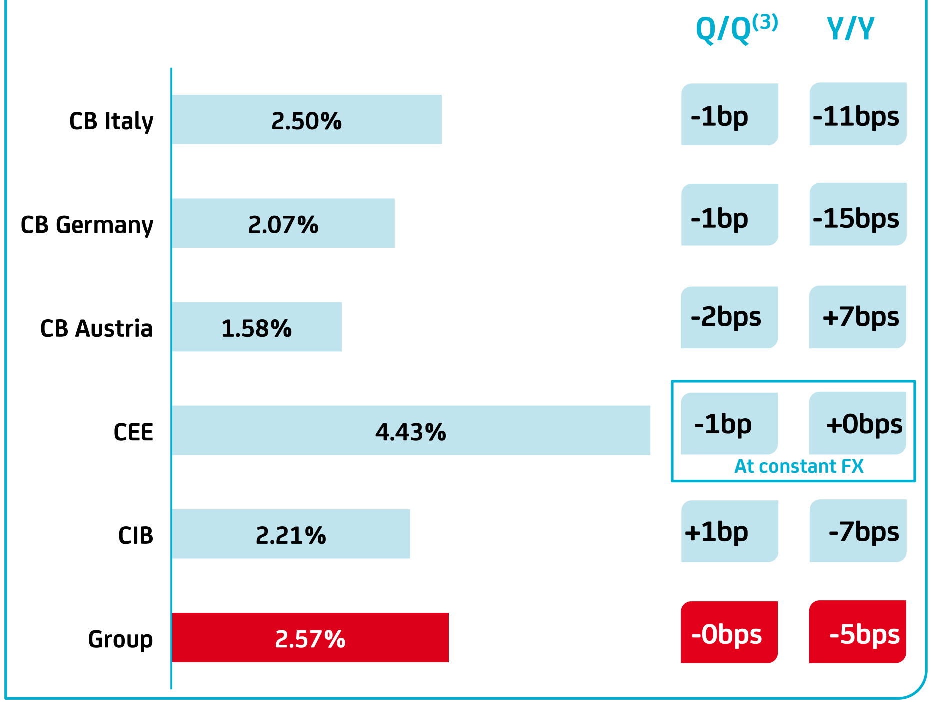
Avg. commercial loans[1] and rates[2]



Avg. commercial deposits[1] and rates[2]



Customer loan rates[2] 2Q19



(1) Average commercial volumes are managerial figures and are calculated as daily averages. Loans net of provisions.
(2) Customer loan rates calculated assuming 365 days convention, adjusted for 365 days convention where analytically available.
(3) Customer rate Q/Q excluding one-offs: CB Italy +1bp (days effect), CEE 0bps at constant FX (single names).

Group – End-of-period Group Core customer loans up 3.7bn Q/Q

Customer loans (end-of-period)[1] 2Q19, bn

	bn	Q/Q	Y/Y
CB Italy	143.9	+0.3%	+1.7%
CB Germany	87.6	+1.8%	+5.5%
CB Austria	44.6	+0.7%	+0.5%
CEE	67.8	At constant FX +1.3%	+8.9%
CIB	80.3	+0.2%	+4.9%
Group CC	2.6	-5.2%	-18.3%
Group Core	426.8	+0.9%	+4.0%
Non Core	5.3	-12.1%	-46.5%
Group	432.2	+0.7%	+2.8%

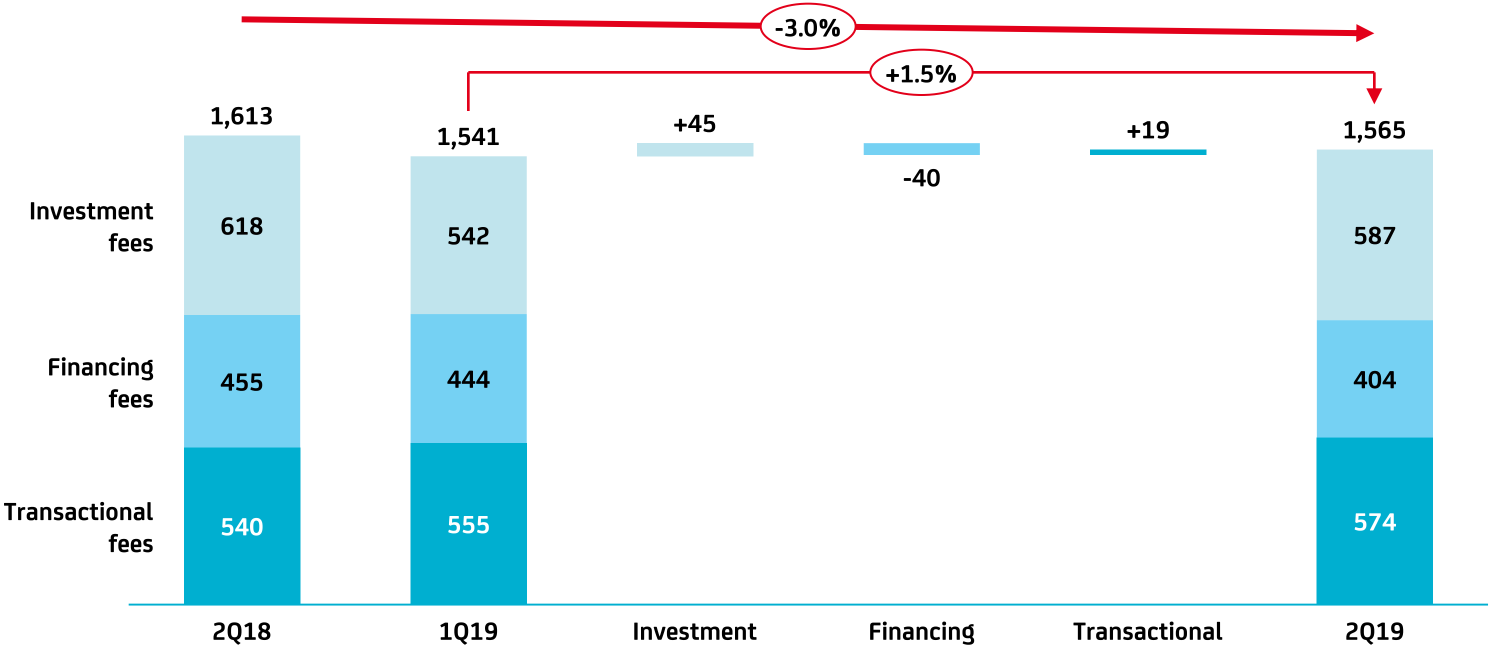
Customer deposits (end-of-period)[1] 2Q19, bn

	bn	Q/Q	Y/Y
CB Italy	151.2	+2.4%	+4.3%
CB Germany	89.7	-0.4%	+0.6%
CB Austria	47.5	+0.0%	-0.7%
CEE	70.6	At constant FX +1.7%	+12.1%
CIB	47.9	-2.3%	+8.4%
Group CC	2.6	-1.5%	-19.8%
Group Core	409.5	+0.9%	+4.5%
Non Core	0.5	+13.2%	-34.1%
Group	410.1	+0.9%	+4.4%

(1) End-of-period accounting volumes excluding repos and intercompany items.

Group – Fees down 3.0% Y/Y due to financing fees partially compensated by transactional fees

Fees, m



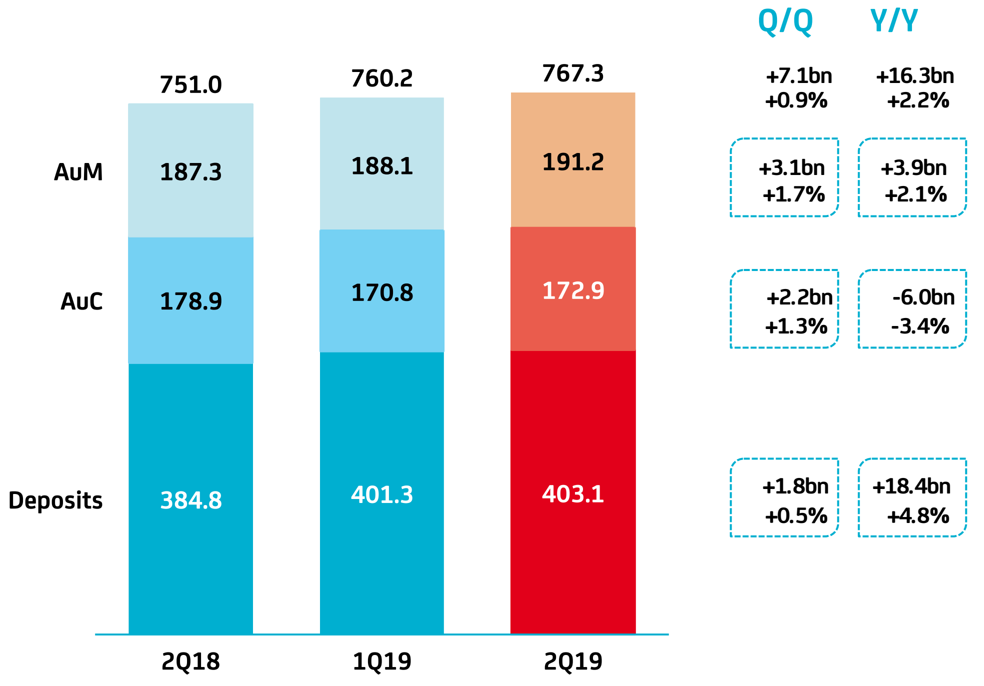
	Q/Q	Y/Y
Investment fees	+8.3%	-5.0%
Financing fees	-9.0%	-11.2%
Transactional fees	+3.4%	+6.2%

Group – TFAs up 0.9% Q/Q mainly driven by market performance

Main drivers

- **TFAs** up 0.9% Q/Q to 767.3bn, mainly thanks to AuM and AuC:
  - **Assets under Management** at 191.2bn, up 1.7% Q/Q. Positive market performance (+1.9bn 2Q19) and AuM net sales (+1.2bn 2Q19)
  - **Assets under Custody** at 172.9bn, up 1.3% Q/Q. Positive market performance (+3.5bn 2Q19) offsetting negative net sales (-1.3bn 2Q19)
  - **Deposits** at 403.1bn, up 0.5% Q/Q mainly thanks to CB Italy (+2.4% Q/Q)

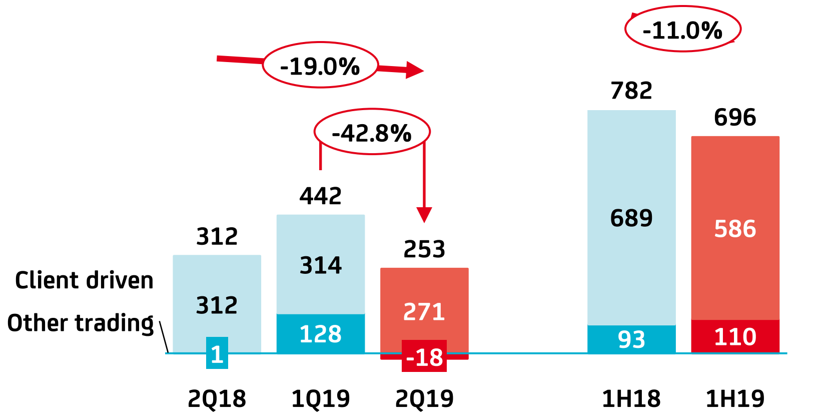
Group TFAs(1) 2Q19, bn



(1) Refers to Group commercial Total Financial Assets. Non-commercial elements, i.e. Group Corporate Centre, Non Core, Leasing/Factoring and Market Counterparts are excluded. Numbers are managerial figures.

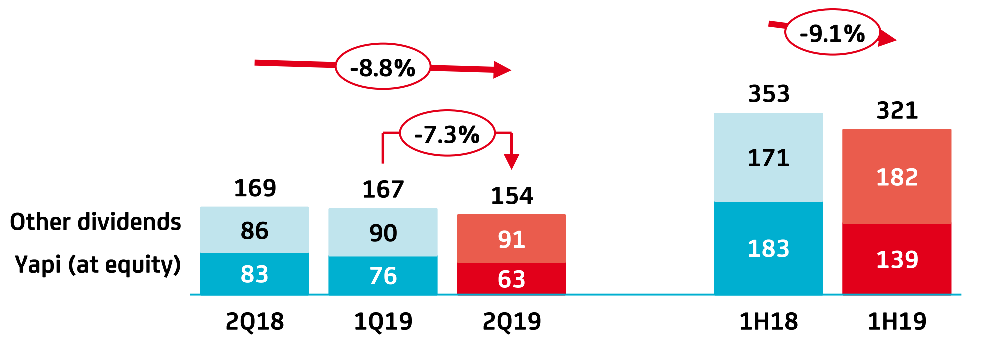
Group – Trading income down 19.0% Y/Y due to XVA[1]

Trading income, m



- Trading income down 19.0% Y/Y due to XVA[1] (-98m Y/Y)
- Client driven trading includes valuation adjustments (XVA[1]) equal to -64m in 2Q19 (-112m in 1Q19 and +34m in 2Q18)
- Expected average quarterly run rate revised down from 350m to around 300m

Dividends[2], m



- Yapi´s contribution down 4.5% Y/Y at constant FX, down 23.7% Y/Y at current FX due to depreciation of the Turkish Lira (TRY)
- The regulatory consolidation of Yapi's RWA is pro rata (22.5bn)
- The TRY FX sensitivity on the Group's CET1 ratio positive at around +1bp net impact for 10% adverse FX move[3]
- Other dividends up 5.5% Y/Y thanks to insurance JVs in Italy

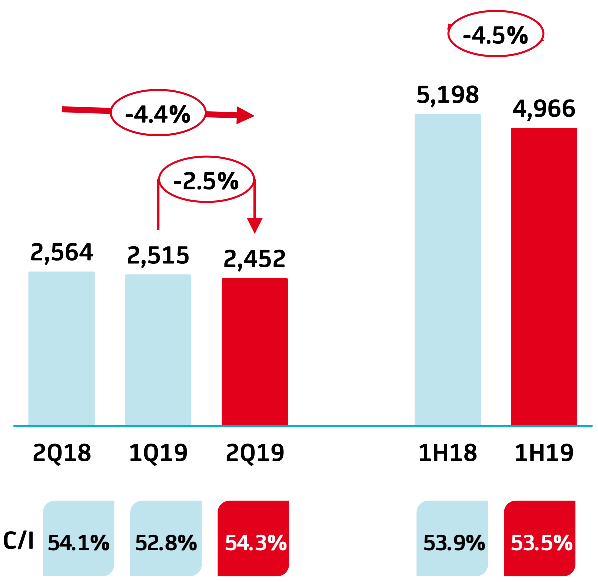
(1) Valuation adjustments (XVA) include: Collateral Valuation Adjustment (OIS), Debt/Credit Value Adjustment (DVA/CVA), Fair Value Adjustment and Funding Valuation Adjustment (FVA).
(2) Include dividends and equity investments. Yapi is valued by the equity method and contributes to the dividend line of the Group P&L based on managerial view.
(3) TRY sensitivity: 10% depreciation of the TRY has around +1bp net impact (-3bps from capital, +3bps from RWA) on the fully loaded CET1 ratio. Managerial data as at 30 June 2019.

Group – 2Q19 Group costs at 2.5bn down 4.4% Y/Y and 2.5% Q/Q
FY19 costs confirmed at 10.1bn

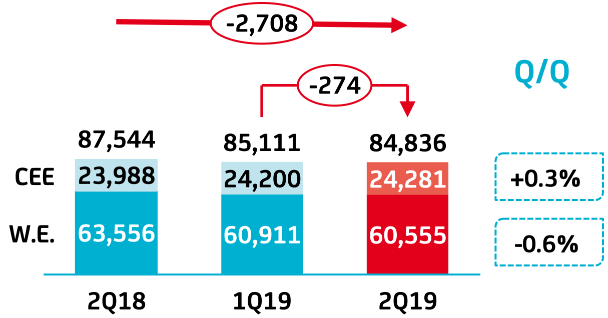
Main drivers

- Transform 2019 well ahead of plan:
  - Net FTE reduction target achieved (14,000)
  - 98% of branch closures completed (925 out of 944)
- FTEs down 2,708 Y/Y, branches down 163 Y/Y
- 1H19 C/I 53.5%, down 0.4p.p. 1H/1H
- 2Q19 total costs at 2.5bn, down 4.4% Y/Y thanks to continued strong focus on cost discipline
- FY19 costs confirmed at 10.1bn

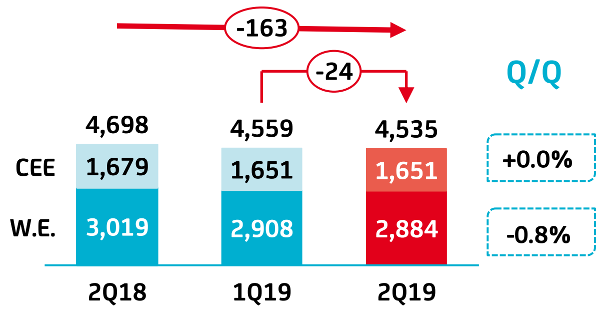
Costs, m



FTEs (end-of-period)



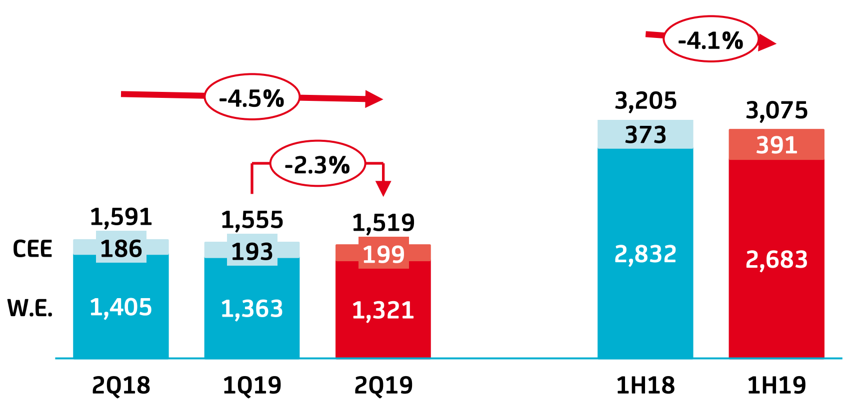
Branches(1)



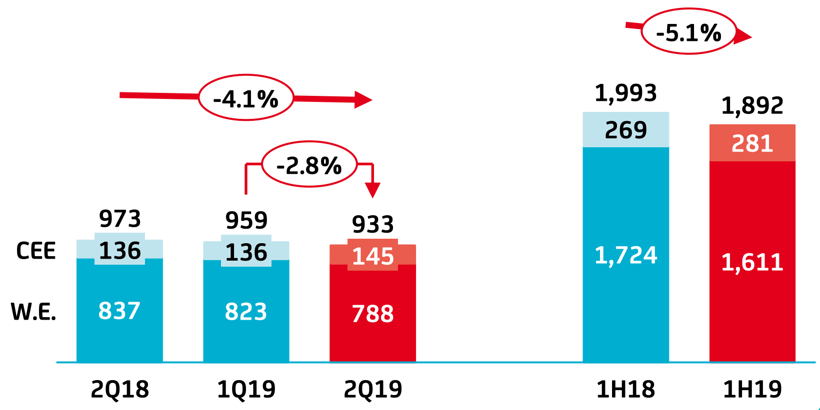
(1) Branch figures consistent with CMD 2016 perimeter.

Group – Disciplined cost reduction, both HR and Non HR costs down Y/Y

HR costs, m



Non HR costs(1), m



- HR costs down 4.5% Y/Y, confirming continued cost reduction efforts supported by lower FTEs, down 2,708 Y/Y

- Non HR costs down 4.1% Y/Y mainly thanks to lower real estate expenses and sponsorships

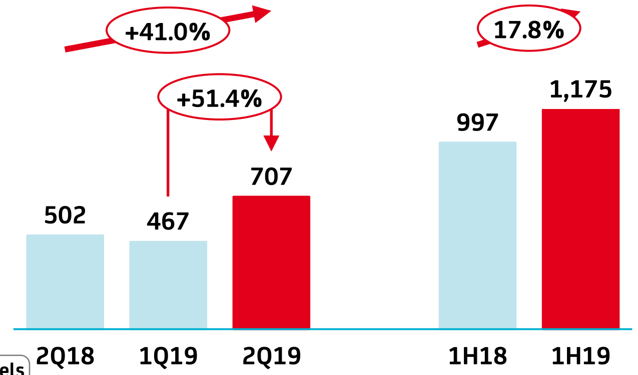
(1) Non HR costs include "other administrative expenses", "recovery of expenses" and "amortisation, depreciation and impairment losses on intangible and tangible assets".

Group – 2Q19 LLPs up 41.0% Y/Y due to exceptional write-backs in 2Q18 Gross NPE ratio 7.0% down 1.8p.p. Y/Y

Main drivers

- 2Q19 LLPs up 41.0% Y/Y, leading to CoR of 60bps, including 2bps of IFRS9 macro scenario and 0bps of models. 1H19 CoR at 50bps, FY19 55bps CoR target confirmed, including 4bps from models
- Group gross NPE ratio improved to 7.0% in 2Q19, down 1.8p.p. Y/Y. Coverage ratio at 61.0%, up 0.1p.p. Y/Y
- Group Core gross NPE ratio at 3.9%[(1)], down 65bps Y/Y, well below FY19 4.7% target
- CoR across divisions in 2Q19:
  - CB Italy CoR at 88bps in 2Q19, up 27bps Y/Y due to one large file (12bps) and seasonal adjustments including IFRS9 macro scenario (14bps). FY19 CoR target confirmed at 58bps
  - CB Germany CoR at 2bps. FY19 CoR expected to be low
  - CB Austria CoR at -2bps in 2Q19 thanks to net write-backs. FY19 CoR expected to be very low
  - CEE CoR low at 52bps thanks to a supportive risk environment. FY19 CoR will be well below 102bps target
  - CIB CoR at 35bps in 2Q19 due to non-recurring single names. FY19 CoR target confirmed at 21bps

Loan loss provisions, m



o/w 5bps models impact

	2Q18	1Q19	2Q19	1H18	1H19
Cost of risk	45bps	40bps	60bps	45bps	50bps
Cov. ratio gross NPE	60.9%	61.7%	61.0%		
Gross NPE ratio	8.8%	7.6%	7.0%		

(1) Weighted average "NPL" ratio of EBA sample banks is 3.1%. Source: EBA risk dashboard (data as at 1Q19). UniCredit's definition of "NPE" ratio is more conservative than EBA. Comparable "NPL" ratio for UniCredit at 2Q19 would be 3.4% for Group Core.

Agenda

CB Italy – Net operating profit 0.5bn in 2Q19 down 12.3% Y/Y mainly due to higher LLPs

1 2 3 4 5 6 7 8

Main drivers

- Net interest down 1.7% Q/Q mainly due to negative impact of higher deposits
- Gross new loan production[1] at 11.3bn in 1H19 (-14.0% 1H/1H), mainly driven by corporates and mortgages
- Fees down 3.2% Y/Y, mainly due to investment fees (-9.1% Y/Y) partially compensated by transactional fees (+7.9% Y/Y)
- 84,000 gross new clients in 2Q19 (-9.5% Y/Y)
- Costs down 6.3% Y/Y driven by both HR (-5.7% Y/Y) and non HR cost (-7.0% Y/Y). 1H19 C/I ratio at 52.9%, down 2.2p.p. 1H/1H
- CoR at 88bps in 2Q19, up 27bps Y/Y due to one large file (12bps) and seasonal adjustments including IFRS9 macro scenario (14bps). FY19 CoR target confirmed at 58bps
- Gross NPE ratio 5.6%, down 95bps Y/Y
- Normalised[3] 2Q19 net profit +362m excluding one-offs (-0.4% Y/Y)
- Normalised[3] RoAC at 11.4% in 1H19 excluding the net release of provisions for US sanctions and one-offs. FY19 RoAC target around 11% confirmed

Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	1,835	1,794	1,802	+0.4%	-1.8%	3,697	3,595	-2.8%
o/w Net interest	*872*	*859*	*844*	*-1.7%*	*-3.2%*	*1,773*	*1,702*	*-4.0%*
o/w Fees	*948*	*914*	*918*	*+0.4%*	*-3.2%*	*1,901*	*1,832*	*-3.6%*
Operating costs	-1,012	-953	-949	-0.5%	-6.3%	-2,039	-1,902	-6.7%
Gross operating profit	823	840	853	+1.5%	+3.6%	1,658	1,693	+2.1%
LLPs	-211	-207	-316	+52.6%	+49.7%	-431	-524	+21.5%
Net operating profit	612	633	537	-15.2%	-12.3%	1,227	1,169	-4.7%
Net profit	364	398	244	-38.7%	-32.9%	746	642	-13.9%
RoAC	13.5%	13.4%	7.7%	-5.7p.p.	-5.7p.p.	13.9%	10.5%	-3.4p.p.
C/I	55.2%	53.2%	52.7%	-0.5p.p.	-2.5p.p.	55.1%	52.9%	-2.2p.p.
CoR (bps)	61	57	88	+31	+27	62	73	+10
Branches[2]	2,555	2,446	2,425	-0.9%	-5.1%	2,555	2,425	-5.1%
FTEs	30,810	29,302	29,098	-0.7%	-5.6%	30,810	29,098	-5.6%
Gross NPE ratio	6.5%	5.8%	5.6%	-28bps	-95bps	6.5%	5.6%	-95bps

(1) Managerial figures.
(2) Branch figures consistent with CMD 2016 perimeter.
(3) Normalised for release of provisions for US sanctions (+60m) in 1Q19 and one-offs (-118m) in 2Q19.

CB Germany – Net operating profit 0.2bn in 2Q19 up 10.0% Y/Y thanks to lower LLPs and costs

Main drivers

- Net interest up 0.7% Q/Q mainly thanks to higher loan volumes
- Gross new loan production[1] at 8.4bn in 1H19 (-10.6% 1H/1H), mainly driven by corporates and mortgages
- Fees down 2.3% Y/Y mainly due to financing fees (-13.4% Y/Y)
- 19,000 gross new clients in 2Q19 (-0.4% Y/Y)
- Costs down 2.8% Y/Y driven by both HR (-1.8% Y/Y) and non HR cost (-4.4% Y/Y). 1H19 C/I ratio at 69.3%, up 0.8p.p. 1H/1H
- 2Q19 CoR low at 2bps driven by non-recurring write-backs. FY19 CoR expected to be low
- Normalised[3] RoAC at 9.4% in 1H19 excluding the net release of provisions for US sanctions and disposal of real estate in 1Q19. FY19 RoAC target confirmed at 9.1%

Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	611	592	586	-1.0%	-4.1%	1,227	1,178	-4.0%
o/w Net interest	*380*	*378*	*381*	*+0.7%*	*+0.2%*	*738*	*759*	*+2.8%*
o/w Fees	*179*	*185*	*175*	*-5.1%*	*-2.3%*	*382*	*360*	*-5.7%*
Operating costs	-410	-418	-399	-4.6%	-2.8%	-841	-816	-3.0%
Gross operating profit	201	174	187	+7.4%	-6.7%	386	361	-6.4%
LLPs	-35	-21	-4	-79.5%	-87.4%	-62	-26	-58.7%
Net operating profit	166	153	183	+19.4%	+10.0%	324	336	+3.6%
Net profit	66	370	146	-60.5%	n.m.	148	517	n.m.
RoAC	5.8%	31.9%	12.6%	-19.2p.p.	+6.8p.p.	6.6%	22.3%	+15.7p.p.
C/I	67.2%	70.6%	68.0%	-2.5p.p.	+0.9p.p.	68.5%	69.3%	+0.8p.p.
CoR (bps)	17	10	2	-8	-15	15	6	-9
Branches[2]	341	339	337	-0.6%	-1.2%	341	337	-1.2%
FTEs	9,303	9,067	9,047	-0.2%	-2.7%	9,303	9,047	-2.7%
Gross NPE ratio	2.1%	1.8%	1.8%	-9bps	-37bps	2.1%	1.8%	-37bps

(1) Managerial figures.

(2) Branch figures consistent with CMD 2016 perimeter.

(3) Normalised for release of provisions for US sanctions (+41m) and disposal of real estate (+258m) in 1Q19.

CB Austria – Net operating profit 0.2bn in 2Q19 up 1.5% Y/Y thanks to lower costs

1 2 3 4 5 6 7 8

Divisional results highlights

Main drivers

- Net interest up 2.7% Q/Q thanks to non commercial items
- Gross new loan production(1) at 3.3bn in 1H19 (-8.9% 1H/1H), driven by corporate and mortgages
- Fees down 4.8% Y/Y due to lower transactional fees (-4.1%), financing fees (-17.3%) and investment fees (-3.1% Y/Y)
- 12,000 gross new clients in 2Q19 (+4.0% Y/Y)
- Costs down 12.0% Y/Y driven by both HR (-16.8% Y/Y) positively impacted by one-off pension related item and non HR cost (-6.0% Y/Y). 1H19 C/I ratio at 64.8%, down 2.1p.p. 1H/1H
- CoR at -2bps in 2Q19 thanks to net write-backs. FY19 CoR expected to be very low
- Normalised(3) 2Q19 net profit +149m excluding one-off (-5.8% Y/Y)
- Normalised(3) RoAC at 12.1% in 1H19 excluding the net release of provisions for US sanctions and a one-off pension related item. FY19 RoAC target confirmed at 13.3%

Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	403	356	389	+9.2%	-3.5%	782	744	-4.8%
o/w Net interest	*166*	*170*	*175*	*+2.7%*	*+5.3%*	*335*	*345*	*+3.1%*
o/w Fees	*156*	*145*	*149*	*+2.4%*	*-4.8%*	*311*	*294*	*-5.5%*
Operating costs	-257	-257	-226	-12.1%	-12.0%	-523	-483	-7.8%
Gross operating profit	146	99	163	+64.3%	+11.4%	258	262	+1.3%
LLPs	16	8	2	-74.6%	-87.6%	55	10	-81.9%
Net operating profit	162	107	165	+54.1%	+1.5%	313	272	-13.2%
Net profit	158	68	165	n.m.	+4.5%	206	233	+12.9%
RoAC	23.8%	9.2%	22.6%	+13.4p.p.	-1.2p.p.	15.3%	15.9%	+0.6p.p.
C/I	63.7%	72.2%	58.1%	-14.1p.p.	-5.6p.p.	66.9%	64.8%	-2.1p.p.
CoR (bps)	-14	-7	-2	+5	+13	-24	-4	+20
Branches(2)	123	123	122	-0.8%	-0.8%	123	122	-0.8%
FTEs	4,939	4,833	4,845	+0.3%	-1.9%	4,939	4,845	-1.9%
Gross NPE ratio	4.2%	4.0%	4.0%	-2bps	-23bps	4.2%	4.0%	-23bps

(1) Managerial figures.

(2) Branch figures consistent with CMD 2016 perimeter.

(3) Normalised for release of provisions for US sanctions (+39m) in 1Q19 and one-off pension related item (+16m) in 2Q19.

CEE – Net operating profit 0.6bn in 2Q19 up 6.5% Y/Y driven by strong commercial dynamics and good asset quality

Main drivers

- Net interest stable +0.1% Q/Q at constant FX
- Gross new loan production(2) at 9.8bn in 1H19 (-5.8% 1H/1H at constant FX)
- Dividends down 4.2% Y/Y at constant FX due to lower Yapi contribution (-4.5% Y/Y)
- Fees down 0.8% Y/Y at constant FX mainly due to financing fees (-11.1% Y/Y)
- 321,000 gross new clients in 2Q19(1) (+1.3% Y/Y)
- Costs up 4.3% Y/Y at constant FX mainly due to salary inflation. 1H19 C/I ratio at 35.0%, up 0.4p.p. 1H/1H
- 2Q19 CoR low at 52bps thanks to a supportive risk environment. FY19 CoR will be well below 102bps target
- Successful de-risking, gross NPE ratio down 172bps Y/Y to 5.5% in 2Q19. Coverage ratio at 65.1% (-0.8p.p. Y/Y)
- RoAC at 15.6% in 1H19. FY19 RoAC target confirmed at 13.4%

Data in m (1)	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	1,045	1,074	1,069	-0.5%	+3.7%	2,126	2,143	+3.3%
o/w Net interest	*666*	*678*	*683*	*+0.1%*	*+2.6%*	*1,316*	*1,361*	*+4.4%*
o/w Dividends	*90*	*82*	*71*	*-7.0%*	*-4.2%*	*196*	*152*	*-3.4%*
o/w Fees	*204*	*204*	*202*	*-1.2%*	*-0.8%*	*399*	*405*	*+2.5%*
Operating costs	-370	-365	-386	+5.4%	+4.3%	-736	-750	+2.9%
Gross operating profit	675	710	683	-3.4%	+3.3%	1,390	1,393	+3.5%
LLPs	-100	-100	-87	-16.0%	-14.8%	-206	-187	-7.7%
Net operating profit	575	609	596	-1.4%	+6.5%	1,184	1,205	+5.5%
Net profit	469	391	484	+23.2%	+6.5%	882	876	+4.0%
RoAC	16.9%	14.1%	17.1%	+2.9p.p.	+0.1p.p.	15.9%	15.6%	-0.3p.p.
C/I	35.4%	33.9%	36.1%	+2.2p.p.	+0.7p.p.	34.6%	35.0%	+0.4p.p.
CoR (bps)	65	61	52	-9	-14	67	56	-11
Branches	1,679	1,651	1,651	+0.0%	-1.7%	1,679	1,651	-1.7%
FTEs	23,988	24,200	24,281	+0.3%	+1.2%	23,988	24,281	+1.2%
Gross NPE ratio	7.2%	6.4%	5.5%	-87bps	-172bps	7.2%	5.5%	-172bps

(1) Stated numbers at current FX. Variations Q/Q and Y/Y at constant FX (RoAC, C/I, gross NPE ratio, coverage ratio and CoR variations at current FX). Yapi is valued by the equity method and contributes to the dividend line of the Group P&L based on managerial view. Yapi's branches and clients considered at 100%, Yapi not considered in CoR, FTEs and gross NPE ratio.

(2) Managerial figures.

CIB – Net operating profit 0.4bn in 2Q19 down 44.3% Y/Y mainly due to higher LLPs

Main drivers

- Net interest stable +0.1% Q/Q with stable customer rates
- Fees down 9.0% Y/Y mainly due to lower financing fees (-18.7% Y/Y)
- Trading up 27.5% Y/Y as 2Q18 was negatively affected by impact of spread widening on market making
- Leading franchise confirmed: #2 in "EMEA All Bonds in EUR" by number of transactions, #1 in "All Bonds in EUR" in Italy and Germany(1). Overall client driven revenues at 71%(2) in 2Q19
- Confirmed cost discipline, costs stable -0.1% Y/Y. 1H19 C/I ratio at 40.6%, up 1.0p.p. 1H/1H
- CoR at 35bps in 2Q19 due to non-recurring single names. CoR at 24bps in 1H19. FY19 CoR target confirmed at 21bps
- Normalised(3) 2Q19 net profit at +263m excluding one-offs (+45.4% Y/Y)
- Normalised(3) RoAC at 11.2% in 1H19 excluding the net release of provisions for US sanctions, and disposal of Ocean Breeze and a participation. FY19 RoAC target confirmed at 11.7%

Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	856	1,022	868	-15.1%	+1.4%	1,960	1,890	-3.6%
o/w Net interest	*557*	*548*	*548*	*+0.1%*	*-1.7%*	*1,121*	*1,096*	*-2.2%*
o/w Fees	*140*	*105*	*128*	*+21.6%*	*-9.0%*	*296*	*233*	*-21.4%*
o/w Trading	*151*	*332*	*193*	*-41.8%*	*+27.5%*	*489*	*524*	*+7.4%*
Operating costs	-379	-389	-379	-2.5%	-0.1%	-777	-768	-1.2%
Gross operating profit	477	633	489	-22.8%	+2.5%	1,183	1,122	-5.2%
LLPs	210	-43	-106	n.m.	n.m.	161	-149	n.m.
Net operating profit	687	590	382	-35.2%	-44.3%	1,345	973	-27.7%
Net profit	181	492	100	-79.7%	-44.7%	563	592	+5.2%
RoAC	7.3%	19.4%	3.9%	-15.5p.p.	-3.4p.p.	11.5%	11.6%	+0.0p.p.
C/I	44.3%	38.0%	43.7%	+5.6p.p.	-0.6p.p.	39.6%	40.6%	+1.0p.p.
CoR (bps)	-76	14	35	+21	+111	-30	24	+55
FTEs	3,270	3,203	3,212	+0.3%	-1.8%	3,270	3,212	-1.8%
Gross NPE ratio	2.4%	2.5%	2.5%	-0bps	+7bps	2.4%	2.5%	+7bps

(1) Source: Dealogic, as at 1st July 2019. Period: 1 January – 30 June 2019; rankings by volume, unless otherwise stated.
(2) Of total CIB revenues.
(3) Normalised for release of provisions for US sanctions (+180m) in 1Q19 and disposal of Ocean Breeze (-178m) in 2Q19 and a participation (+15m) in 2Q19.

Group Corporate Centre – Net operating loss 265m in 2Q19 higher Y/Y due to lower revenues

Main drivers

- Revenues down Q/Q due to lower trading from FX hedging, TLAC pre-funding, one-offs related to the disposal of Fineco (-47m)
- Lean but Steering Corporate Centre transformation on track with a reduction of 794 FTEs Y/Y (HR costs down 7.6% Y/Y). Since December 2015, FTEs down 21.2% (-3,763 FTEs)
- Costs down 24.4% Y/Y
- The ratio of GCC costs to total costs is down to 3.3% in 1H19. FY19 target of 3.5%
- Stated net profit at +925m in 2Q19, positively affected by disposal of Fineco

Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	-36	-70	-191	n.m.	n.m.	-178	-261	+46.6%
Operating costs	-95	-90	-72	-20.1%	-24.4%	-192	-162	-15.6%
Gross operating loss/profit	-131	-160	-263	+64.2%	n.m.	-371	-424	+14.3%
LLPs	6	0	-2	n.m.	n.m.	-1	-2	n.m.
Net operating loss/profit	-125	-160	-265	+65.3%	n.m.	-371	-426	+14.6%
Other Charges & Provisions	-144	-78	-115	+46.9%	-19.9%	-194	-194	-0.2%
o/w Systemic Charges	*-101*	*-80*	*-87*	*+9.2%*	*-14.0%*	*-152*	*-167*	*+9.5%*
Profit (loss) from investments	*99*	13	8	-36.9%	-92.1%	103	20	-80.1%
Profit before taxes	-171	-227	-373	+64.1%	n.m.	-452	-600	+32.9%
Income taxes	195	62	70	+12.8%	-64.1%	386	132	-65.9%
Net profit from discontinued operations	81	64	1,305	n.m.	n.m.	150	1,369	n.m.
Net loss/profit	66	-144	925	n.m.	n.m.	7	781	n.m.
FTEs	14,820	14,180	14,026	-1.1%	-5.4%	14,820	14,026	-5.4%
Costs GCC/ Tot. costs	3.7%	3.6%	2.9%	-0.6p.p.	-0.8p.p.	3.7%	3.3%	-0.4p.p.

Non Core – 2021 runoff fully on track

Main drivers

- In 2Q19 gross NPEs reduced by 2.1bn Q/Q to 15.7bn mainly driven by disposals
- FY19 Non Core gross NPEs target meaningfully below 14.9bn and closer to 10bn
- Revenues down 26m Y/Y due to lower contribution from time value
- LLPs at 194m in 2Q19 down 50.1% Y/Y, with coverage ratio improving to 66.0% (+1.9p.p. Y/Y)
- Net loss of 211m in 2Q19, improving 24.7% Y/Y
- Normalised(2) net loss at 189m in 2Q19, excluding a one-off
- RWAs up 30.3% Q/Q due to regulatory headwinds mainly from EBA guidelines

Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	21	-1	-5	n.m.	n.m.	34	-6	n.m.
Operating costs	-39	-43	-42	-3.4%	+6.7%	-90	-85	-5.1%
Gross operating loss	-18	-44	-46	+5.1%	n.m.	-56	-91	+62.4%
LLPs	-388	-103	-194	+87.4%	-50.1%	-514	-297	-42.2%
Net operating loss	-406	-148	-240	+62.7%	-40.8%	-570	-388	-31.9%
Net loss	-280	-189	-211	+11.6%	-24.7%	-416	-399	-4.1%
Gross customer loans	23,908	17,750	15,679	-11.7%	-34.4%	23,908	15,679	-34.4%
o/w NPEs	*21,507*	*17,746*	*15,679*	*-11.6%*	*-27.1%*	*21,507*	*15,679*	*-27.1%*
o/w Performing (1)	*2,401*	*4*	*0*	*-100.0%*	*-100.0%*	*2,401*	*0*	*-100.0%*
NPE coverage ratio	64.0%	65.8%	66.0%	+0.2p.p.	+1.9p.p.	64.0%	66.0%	+1.9p.p.
Net NPEs	7,734	6,065	5,333	-12.1%	-31.0%	7,734	5,333	-31.0%
RWA	15,226	11,695	15,240	+30.3%	+0.1%	15,226	15,240	+0.1%

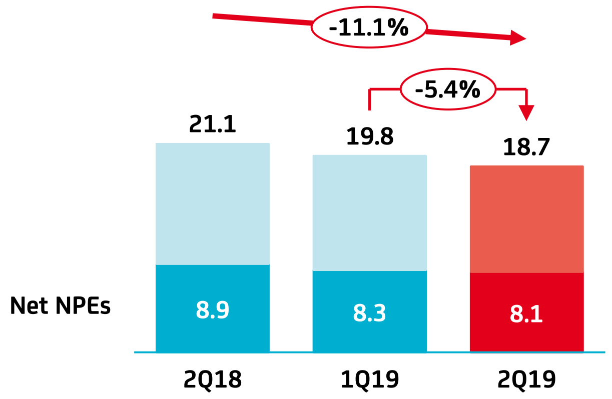
(1) 1Q19 incorrectly flagged for technical reasons.
(2) Normalised for a one-off (-22m) in 2Q19.

Agenda

1. Executive summary
2. Transform 2019 update
3. Group results highlights
4. Divisional results highlights
5. **Asset quality**
6. Capital
7. Closing remarks
8. Annex

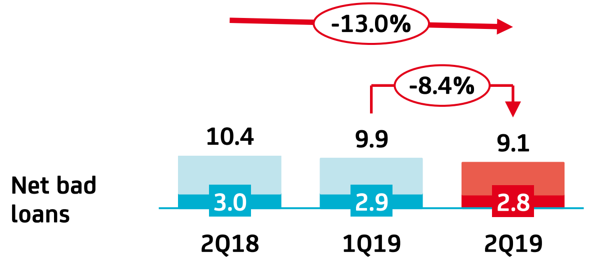
Group Core – Gross NPE ratio 3.9% down 65bps Y/Y
Coverage ratio 56.7% down 0.9p.p. Y/Y

Non performing exposures[1], bn



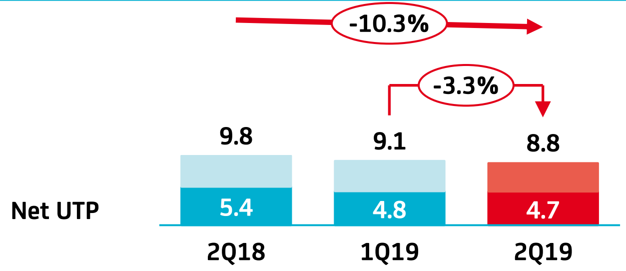
	2Q18	1Q19	2Q19
Gross NPE ratio	4.6%	4.2%	3.9%
Net NPE ratio	2.0%	1.8%	1.7%
Coverage ratio	57.6%	58.1%	56.7%

o/w Gross bad loans, bn



	2Q18	1Q19	2Q19
Coverage ratio	71.7%	70.6%	69.6%

o/w Gross unlikely to pay, bn

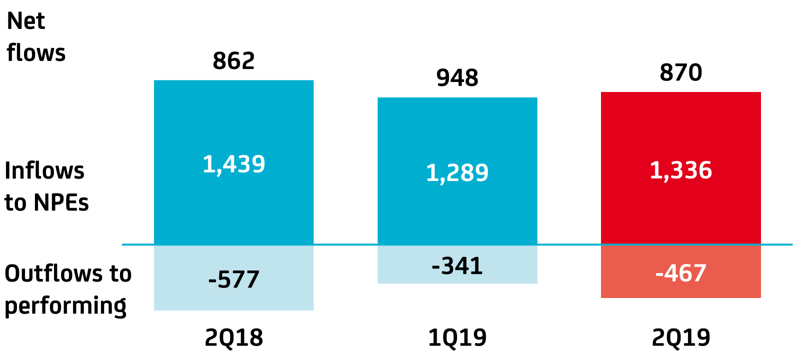


	2Q18	1Q19	2Q19
Coverage ratio	44.8%	47.2%	46.1%

(1) Gross NPEs including gross bad loans, gross unlikely to pay and gross past due. Gross past due at 918m in 2Q19 (+5.9% Q/Q and +4.0% Y/Y).

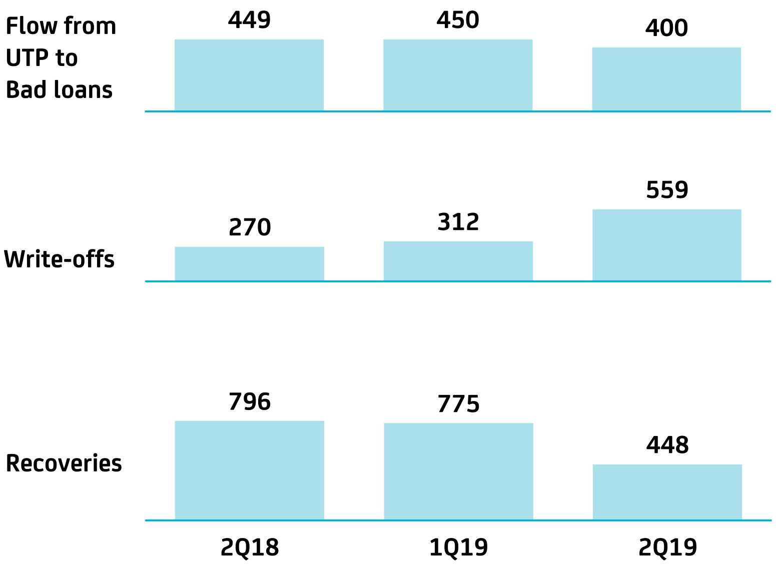
Group Core – Default rate at 1.2% in 2Q19, down 21bps Y/Y

Group Core – net flows to NPEs, m



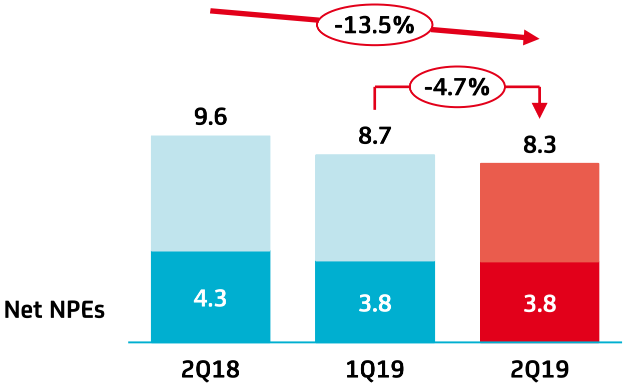
	2Q18	1Q19	2Q19
Default rate	1.4%	1.1%	1.2%
Cure rate	10.3%	6.9%	9.5%
Migration rate	17.0%	19.2%	17.1%

Group Core – key drivers, m



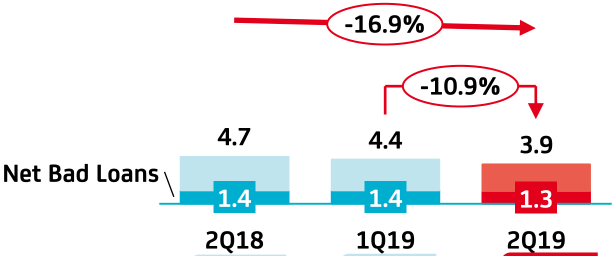
CB Italy – Gross NPE ratio 5.6% down 95bps Y/Y
Coverage ratio 54.6% down 0.9p.p. Y/Y

Non performing exposures(1), bn



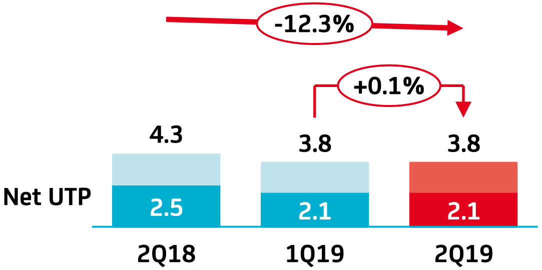
	2Q18	1Q19	2Q19
Gross NPE ratio	6.5%	5.8%	5.6%
Net NPE ratio	3.0%	2.7%	2.6%
Coverage ratio	55.5%	56.3%	54.6%

o/w Gross bad loans, bn



	2Q18	1Q19	2Q19
Coverage ratio	71.4%	69.3%	67.6%

o/w Gross unlikely to pay, bn

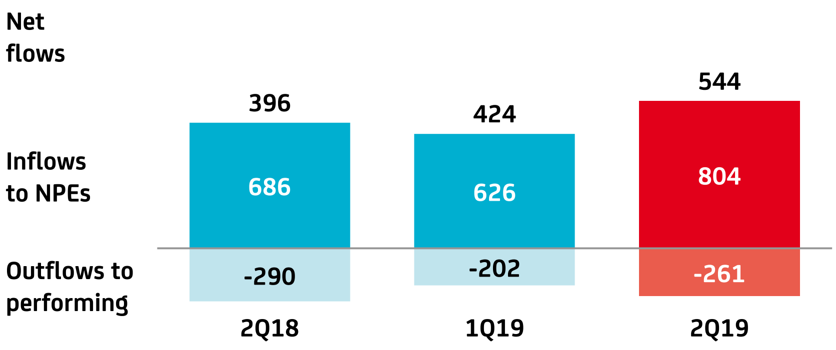


	2Q18	1Q19	2Q19
Coverage ratio	41.8%	45.1%	45.2%

(1) Gross NPEs including gross bad loans, gross unlikely to pay and gross past due. Gross past due at 610m in 2Q19 (+11.3% Q/Q and 4.7% Y/Y).

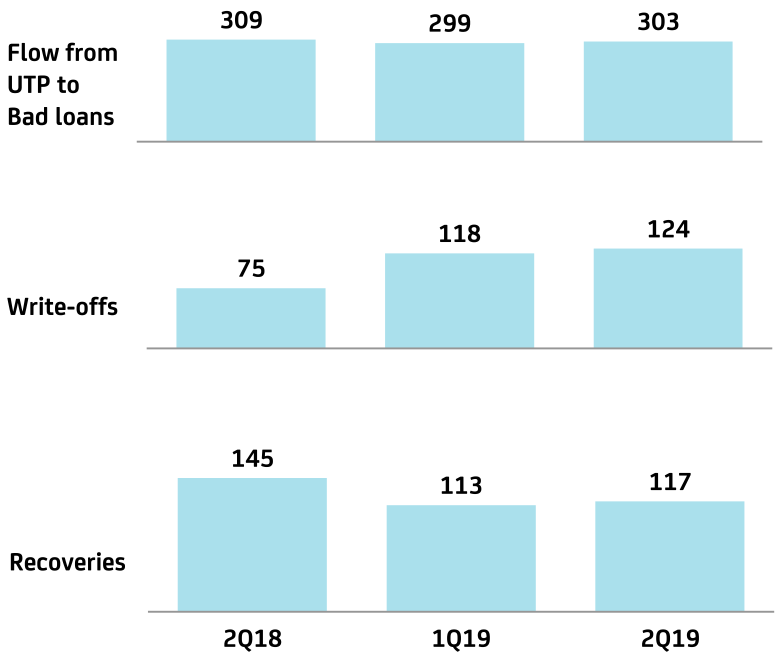
CB Italy – Default rate at 2.2% in 2Q19, up 20bps Y/Y

CB Italy – net flows to NPEs, m



	2Q18	1Q19	2Q19
Default rate	2.1%	1.7%	2.2%
Cure rate	12.1%	9.3%	12.0%
Migration rate	27.1%	30.5%	31.0%

CB Italy – key drivers, m

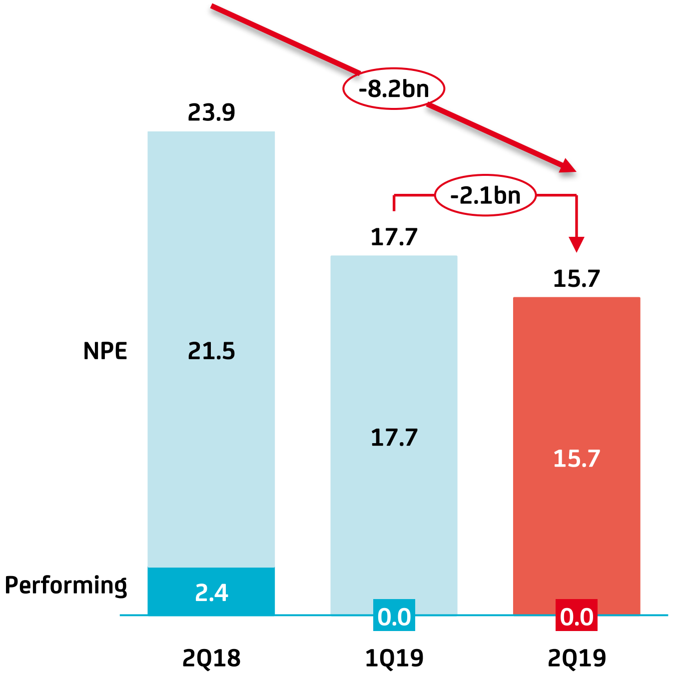


Non Core – Gross loans reduced by 8.2bn Y/Y

Actions of Non Core rundown, bn

	2Q19	1H19
Disposals	1.1	1.5
Recoveries	0.3	0.4
Write-offs	0.5	0.7
Back to Core[1]	0.1	0.2
Repayments	-	-
Other	-	-
Total	2.1	2.8

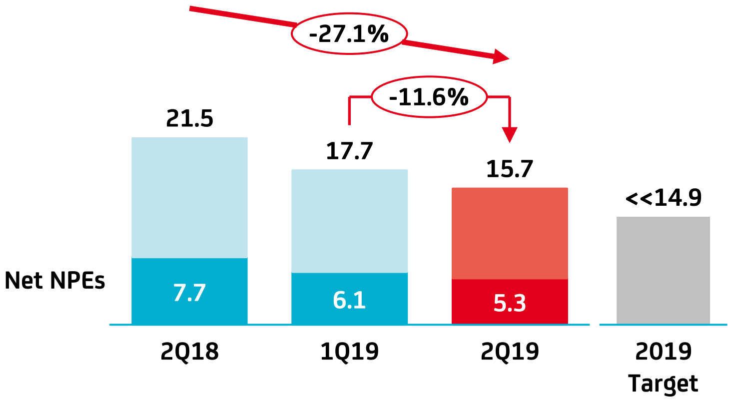
Gross loans, bn



(1) Outflow to performing.

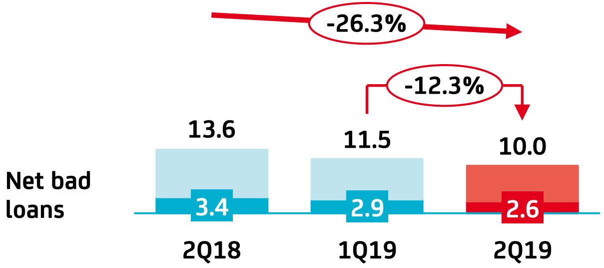
Non Core – Gross NPEs at 15.7bn, down 27.1% Y/Y and 11.6% Q/Q
Coverage ratio 66.0%, up 1.9p.p. Y/Y

Non performing exposures[1], bn



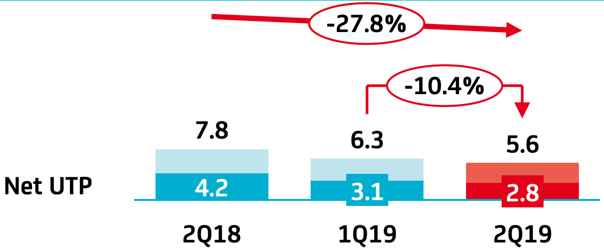
	2Q18	1Q19	2Q19	2019 Target
Gross NPE ratio	90.0%	100.0%	100.0%	100%
Net NPE ratio	77.5%	100.0%	100.0%	100%
Coverage ratio	64.0%	65.8%	66.0%	>57%

o/w Gross bad loans, bn



	2Q18	1Q19	2Q19
Coverage ratio	74.9%	74.7%	74.6%

o/w Gross unlikely to pay, bn



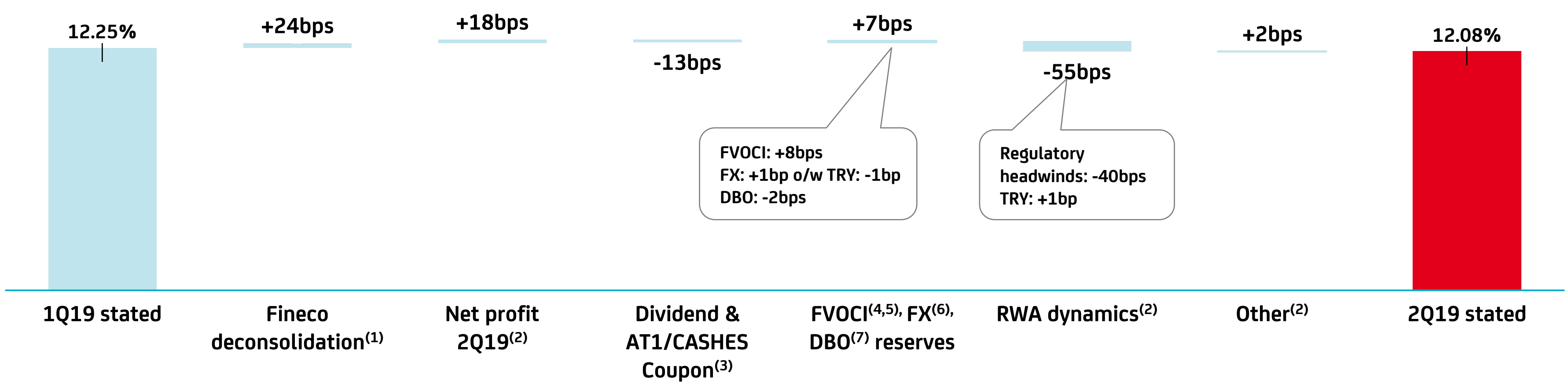
	2Q18	1Q19	2Q19
Coverage ratio	45.3%	49.7%	50.6%

(1) Gross NPEs including gross bad loans, gross unlikely to pay and gross past due. Gross past due at 28m in 2Q19 (-14.3% Q/Q and -76.5% Y/Y).

Agenda

Group – CET1 ratio at 12.08% as negative regulatory headwinds exceeded the Fineco disposal benefit

Common Equity Tier 1 ratio, %

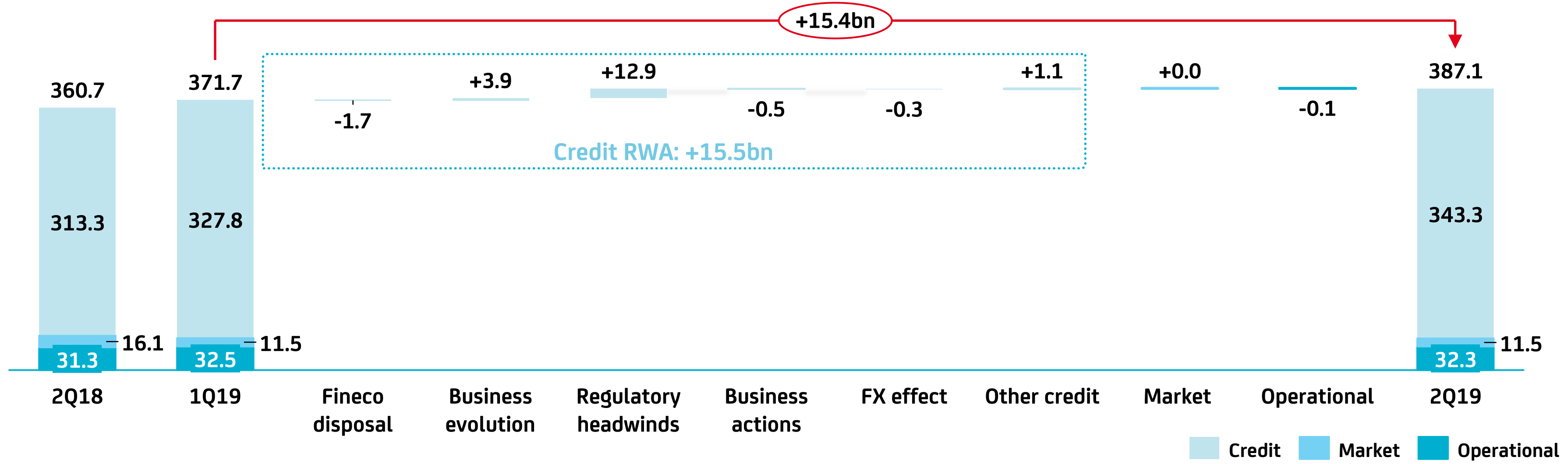


- 2Q19 CET1 ratio at 12.08% down 18bps Q/Q as regulatory headwinds more than compensated the Fineco disposal benefit
- CET1 MDA buffer by year end 2019 confirmed at the upper end of target range of 200-250bps[8]

(1) Combined impact on CET1 ratio from sale of first tranche of Fineco in May 2019 which led to deconsolidation.
(2) Excluding impact from disposal of Fineco.
(3) Payment of coupons on AT1 instruments (152m pre tax in 2Q19, 372m expected for FY19) and CASHES (32m pre and post tax in 2Q19, 125m expected for FY19). Dividends accrued on adjusted net profit.
(4) In 2Q19 CET1 ratio impact from FVOCI +8bps, o/w +3bps thanks to BTP.
(5) BTP sensitivity: +10bps parallel shift of BTP asset swap spreads has a -2.5bps pre and -1.8bps post tax impact on the fully loaded CET1 ratio as at 30 June 2019.
(6) TRY sensitivity: 10% depreciation of the TRY has around +1bp net impact (-3bps from capital, +3bps from RWA) on the fully loaded CET1 ratio. Managerial data as at 30 June 2019.
(7) DBO sensitivity: 10bps decrease in discount rate has a -4bps pre and -3bps post tax impact on the fully loaded CET1 ratio as at 30 June 2019.
(8) Assuming BTP spreads remain at 2Q19 levels.

Group – RWA up 15.4bn Q/Q mainly due to regulatory headwinds

RWA transitional[1] Q/Q, bn

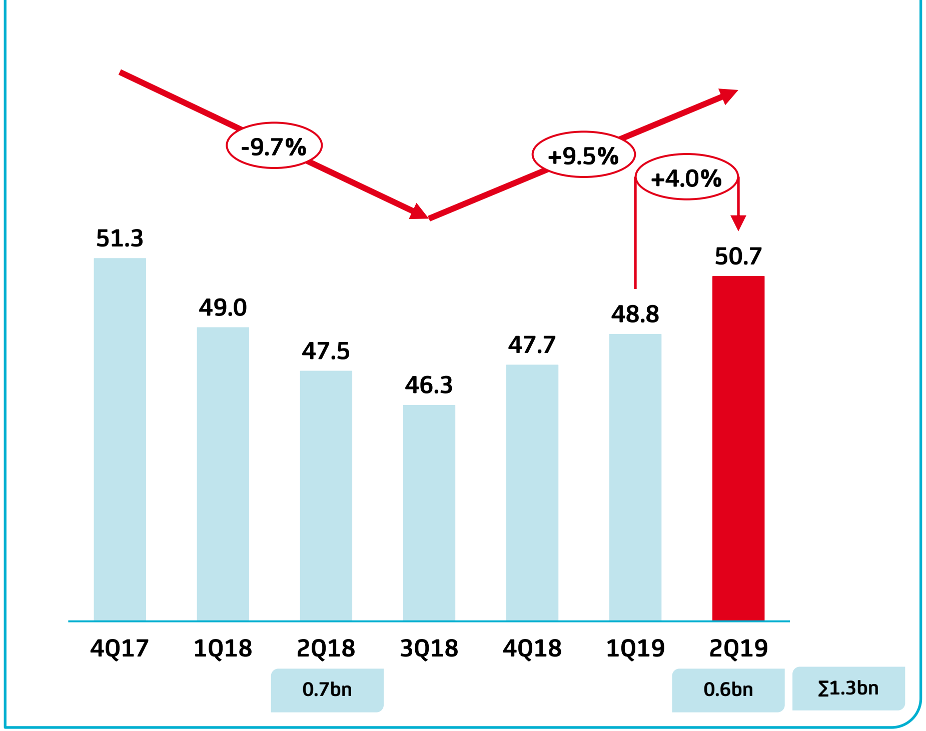


- Credit RWA up 15.5bn Q/Q mainly due to regulatory headwinds
- Market RWA flat Q/Q
- Operational RWA flat Q/Q

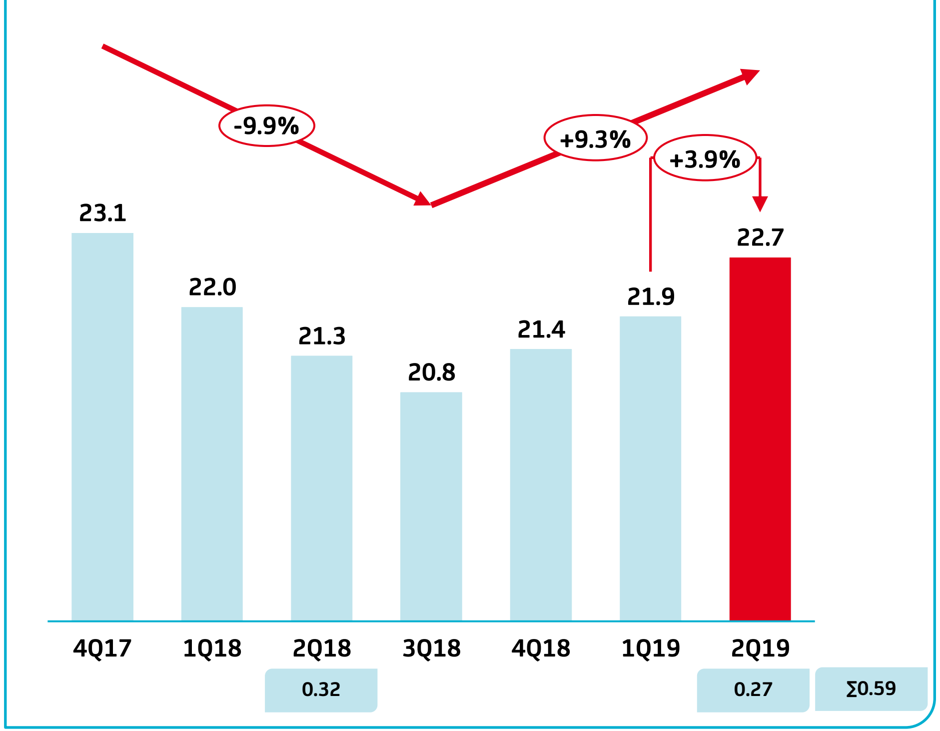
(1) Business evolution: changes related to customer driven activities (mainly loans); Regulatory headwinds include Regulation: changes (e.g. CRR or CRD) determining variations of RWA, Procyclicality: change in macroeconomy or client's credit worthiness and Models: methodological changes to existing or new models; Business actions: initiatives to decrease RWA (e.g. securitisations, changes in collaterals); FX effect: impact from exposures in foreign currencies.

Group – 2Q19 tangible equity 50.7bn up 9.5% from 3Q18 trough

Tangible equity (end-of-period), bn



Tangible book value per share[1]



(1) End of period tangible book value per share equals end of period tangible equity divided by end of period number of shares excluding treasury shares.

Dividends/DPS.

Group – TLAC ratio 20.69%[1], 112bps buffer

UniCredit SpA 2019 TLAC Funding Plan

	2Q19	Target FY 2019	€/bn	Plan 2019	o/w to be issued[2]
TLAC Requirement >19.6%	**20.69%**	**20.1-20.6%**			
Senior Preferred exemption		**2.5%**		2.5	1.25
Subordination req. >17.1%	**18.20%**	**17.6-18.1%**			
Senior Non Preferred & Other[3]				3.2	0
Tier 2				2.3	0
AT1				1.0	0
CET1 ratio	**12.08%**		***Total***	**9.0**	**1.25**
			o/w subordinated	***6.5***	***0***

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

CET1 MDA buffer target 200-250bps

- 2019 TLAC funding plan 9.0bn, o/w 7.7bn already issued[2], *de facto* completed
- Fully compliant with TLAC requirements of >19.6%. 2Q19 TLAC ratio 20.69%[1]. 2Q19 buffer of 112bps, target now at the upper end of 50-100bps range

(1) 2Q19 TLAC ratio 20.69%, o/w 18.20% TLAC subordination ratio and 2.5% senior preferred exemption.
(2) As at 2 August 2019.
(3) Non computable portion of subordinated instruments.

Agenda

Successful execution of Transform 2019 underpins UniCredit´s 2020-2023 new Strategic Plan

Execution of four financial measures continues with tangible results to prepare for 2020-2023 business strategy

- Remaining stake in Fineco sold in July, for expected CET1 ratio impact of +0.3 percentage points in 3Q19
- BTP holdings 49bn, down 2bn Q/Q(1). BTP sensitivity post tax(2) down 27% since 3Q18
- Non Core gross NPEs at 15.7bn, down 5.8bn Y/Y
- Rating agencies action: S&P upgraded UniCredit SpA above the sovereign, Moody´s upgraded stand-alone rating to IG

Outlook FY19

- FY19 revenue guidance lowered from 19.0bn to 18.7bn
- FY19 cost target of 10.1bn confirmed
- FY19 CoR 55bps confirmed including 4bps from models
- FY19 Non Core gross NPEs target meaningfully below 14.9bn and closer to 10bn
- Adjusted(3) net profit 4.7bn, RoTE >9% and Core RoTE >10% confirmed
- CET1 MDA buffer by year end 2019 confirmed at the upper end of target range of 200-250bps(4)

(1) BTP holdings refer to banking book and in 2Q19 are down 6bn Q/Q including Fineco and down 2bn Q/Q excluding Fineco.

(2) BTP sensitivity: +10bps parallel shift of BTP asset swap spreads has a -2.5bps pre and -1.8bps post tax impact on the fully loaded CET1 ratio as at 30 June 2019.

(3) Group and Group Core adjusted net profit and RoTE exclude net impacts from disposal of real estate (+258m in 1Q19), Fineco (+1,176m in 2Q19) and one-offs (-351m in 2Q19, o/w Ocean Breeze disposal -178m and others -173m (o/w -151m Core and -22m Non Core)).

(4) Assuming BTP spreads remain at 2Q19 levels.

Agenda

Group – 2018 and 2019 non-recurring items

2019

			Net Profit, m	Division
1Q	Disposal of real estate		+258	CB Germany
1Q	Release of provisions for US sanctions		+60	CB Italy
1Q	Release of provisions for US sanctions		+41	CB Germany
1Q	Release of provisions for US sanctions		+39	CB Austria
1Q	Release of provisions for US sanctions		+180	CIB
2Q	Fineco disposal		+1,176	GCC
2Q	One-offs	Ocean Breeze disposal	-178	CIB
2Q	One-offs	Others	-173	CB Italy GCC Non Core
2Q	Net gains from participations		+15	CIB
2Q	Pension related item		+16	CB Austria

2018

		Net Profit, m	Division
1Q	Net trading gains from participations	+39	CIB
2Q	Net gains from participations	+27	CB Germany

Used to calculate Group and Group Core adjusted net profit and RoTE as well as normalised RoAC for divisions.

Used to calculate normalised RoAC for divisions only.

Divisional monitoring KPIs for Group, Group Core and Non Core

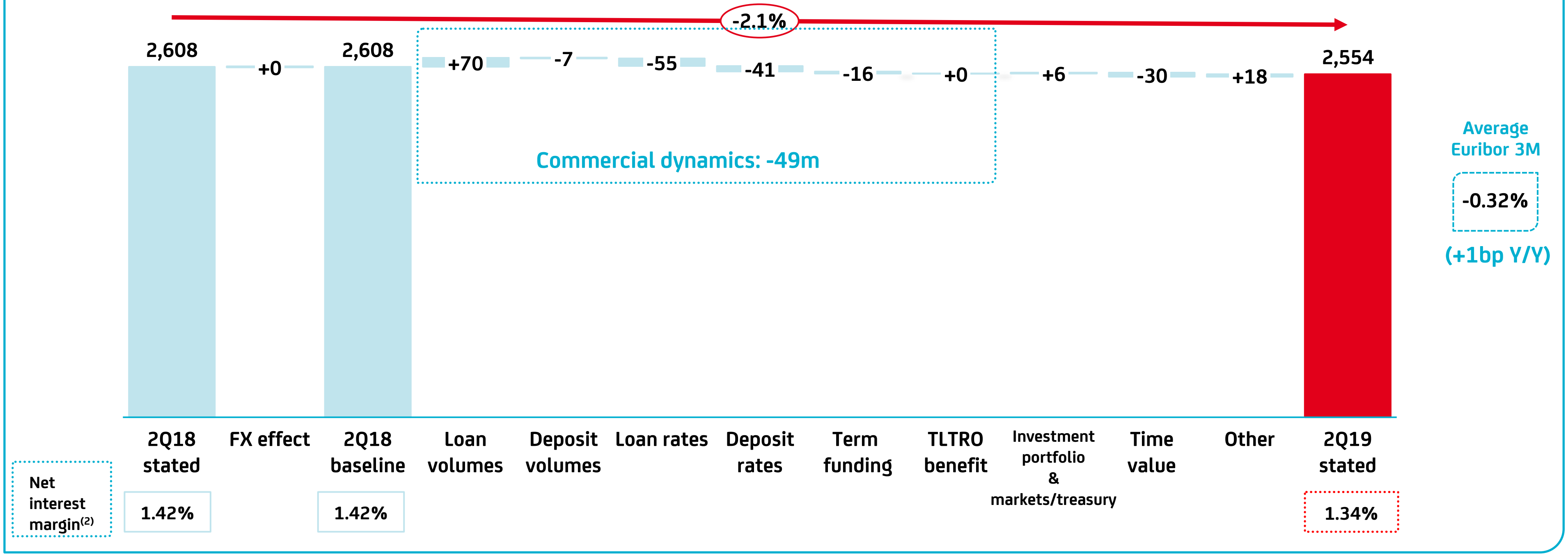
	Group		Group Core		Non Core	
	1H19	FY19	1H19	FY19	1H19	FY19
Revenues, bn	9.3	18.7	9.3		0.0	0.1
Cost, bn	-5.0	-10.1	-4.9		-0.1	-0.2
Cost/Income, %	53.5	53-54	52.6		n.m.	n.m.
LLPs, bn	-1.2	-2.6	-0.9		-0.3	-0.7
Cost of Risk, bps	50	55	38	43	n.m.	n.m.
Net profit, bn	3.2	4.7	3.6		-0.4	-0.6
RWA, bn	387.1	404	371.9		15.2	18.0
RoTE(1), %	8.8	>9	10.7	>10		
CET1 MDA buffer, bps	201	200-250				
Loans(2), bn	432.2	441	426.8			
Deposits(2), bn	410.1	380	409.5			
Gross loans, bn	492.9	501	477.2	486	15.7	14.9
Gross NPE, bn	34.4	37.9	18.7	23.0	15.7	14.9
Net NPE, bn	13.4	16.6	8.1	10.2	5.3	6.4
Gross NPE ratio, %	7.0	7.5	3.9	4.7	100	100
Net NPE ratio, %	2.9	3.5	1.7	2.2	100	100
NPE coverage, %	61.0	>54	56.7	>51	66.0	>57
UTP coverage, %	47.9	>38	46.1	>39	50.6	>38
Bad loans coverage, %	72.2	>63	69.6	>64	74.6	>63

(1) Group and Group Core adjusted net profit and RoTE exclude net impacts from disposal of real estate (+258m in 1Q19), Fineco (+1,176m in 2Q19) and one-offs (-351m in 2Q19, o/w Ocean Breeze disposal -178m and others -173m (o/w -151m Core and -22m Non Core)).

(2) End-of-period accounting volumes calculated excluding repos and intercompany items.

Group – Net interest at 2.6bn in 2Q19, down 2.1% Y/Y due to more competitive loan and deposit rates

Net interest[1] Y/Y, m



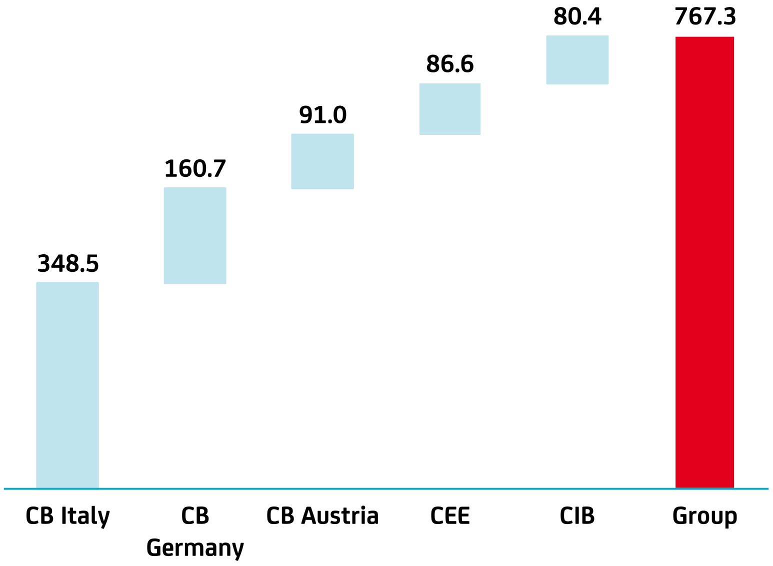
(1) Net contribution from hedging strategy of non-maturity deposits in 2Q19 at 349m, -10.3m Q/Q and -20.1m Y/Y.
(2) Net interest margin calculated as interest income divided by interest earning assets minus interest expenses divided by interest bearing liabilities.

TFAs – Divisional breakdown

Main drivers

- Group TFAs up 7.1bn (+0.9% Q/Q) to 767.3bn in 2Q19:
  - CB Italy: TFAs up 4.0bn (+1.2% Q/Q) to 348.5bn thanks to higher deposits (+2.4% Q/Q)
  - CB Germany: TFAs up 2.3bn (+1.4% Q/Q) to 160.7bn. AuM (+5.0% Q/Q) performed very well
  - CB Austria: TFAs up 0.4bn (+0.5% Q/Q) to 91.0bn thanks to higher AuM (+1.1% Q/Q)
  - CEE: TFAs at 86.6bn stable (-0.1% Q/Q at constant FX)
  - CIB: TFAs down 0.1bn (-0.2% Q/Q) to 80.4bn due to lower deposits (-4.4% Q/Q) partly compensated by higher AuC (+5.1% Q/Q)

2Q19 TFAs[1] divisional breakdown, bn

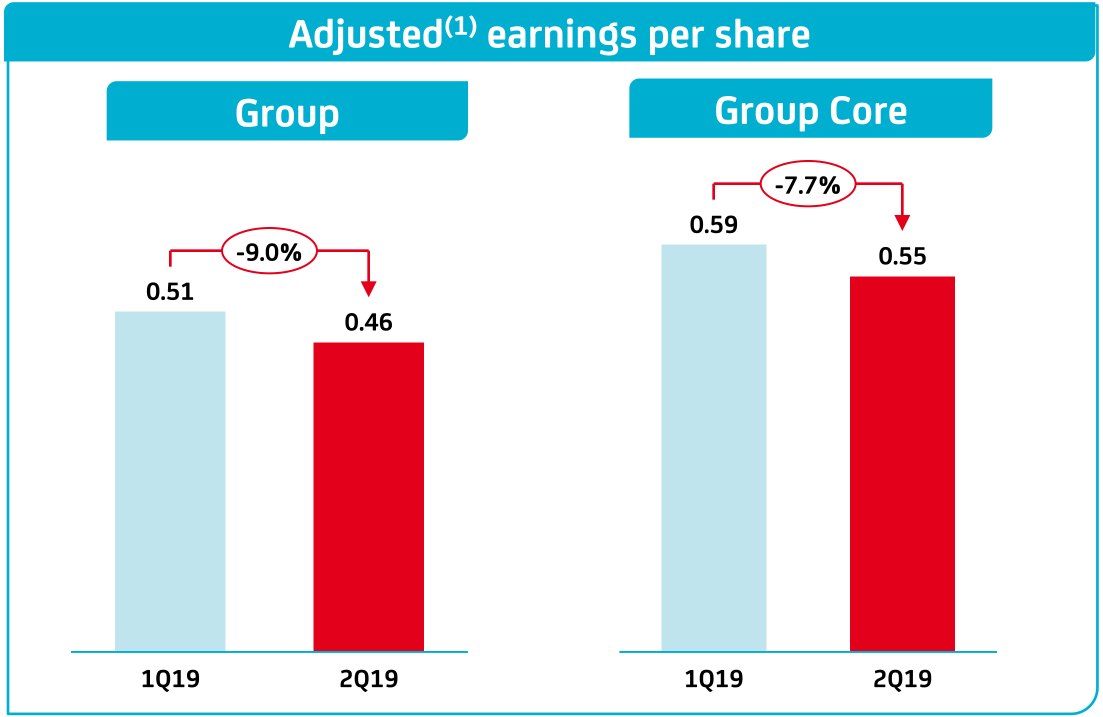


(1) Refers to Group Commercial Total Financial Assets. Non-commercial elements, i.e. Group Corporate Centre, Non-Core, Leasing/Factoring and Market Counterparts, are excluded. Numbers are managerial figures.

Systemic charges – Breakdown by type and division

2Q19, m	Systemic Charges	o/w SRF	o/w DGS	o/w Bank levies
CB Italy	**-1**	-2	0	0
CB Germany	**11**	4	8	0
CB Austria	**4**	0	0	4
CEE	**7**	-7	12	2
CIB	**10**	7	2	1
GCC	**87**	51	9	27
Non Core	**1**	0	0	1
Group	**118**	52	30	35

Group – Adjusted(1) 2Q19 Core earnings per share at 0.55



(1) Group and Group Core adjusted net profit exclude net impacts from disposal of real estate (+258m in 1Q19), Fineco (+1,176m in 2Q19) and one-offs (-351m in 2Q19, o/w Ocean Breeze disposal -178m and others -173m (o/w -151m Core and -22m Non Core)); average number of shares excluding treasury equal to 2,230m in 1Q19 and 2,233m in 2Q19.

Yapi – Net operating profit 77m in 2Q19 down 22.6% Y/Y at constant FX

Main drivers(1)

- Net interest up 4.0% Q/Q at constant FX thanks to lower cost of funding and higher loan volumes
- Fees up 22.7% Y/Y at constant FX, mainly driven by transactional fees (+51.4% Y/Y)
- Costs up 17.9% Y/Y at constant FX, driven by inflation
- CoR at 270bps in 2Q19, up 113bps Y/Y driven by higher NPL inflows
- Net operating profit 77m in 2Q19 down 22.6% Y/Y at constant FX due to higher LLPs partially compensated by higher revenues
- Further reduction of FX loans / total loans ratio to 43.9% (-154 bps Q/Q)
- RoAC at 9.7% in 1H19

Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	294	314	272	-5.9%	+17.6%	581	587	+28.8%
o/w Net interest	*220*	*209*	*201*	*+4.0%*	*+15.3%*	*434*	*410*	*+20.3%*
o/w Fees	*68*	*74*	*66*	*-3.8%*	*+22.7%*	*142*	*140*	*+26.5%*
Operating costs	-96	-91	-90	+7.0%	+17.9%	-196	-182	+18.3%
Gross operating profit	197	223	182	-11.1%	+17.4%	385	405	+34.2%
LLPs	-72	-107	-105	+5.6%	+89.2%	-113	-212	n.m.
Net operating profit	126	116	77	-26.9%	-22.6%	272	193	-10.1%
Net profit	83	76	63	-9.4%	-4.5%	183	139	-3.2%
RoAC	10.5%	10.5%	8.8%	-1.7p.p.	-1.6p.p.	11.4%	9.7%	-1.7p.p.
C/I	32.8%	29.0%	33.2%	+4.2p.p.	+0.4p.p.	33.7%	31.0%	-2.7p.p.
CoR (bps)	158	271	270	-1	+113	123	271	+148
FX loans/Total loans	44.3%	45.5%	43.9%	-154bps	-32bps	44.3%	43.9%	-32bps
Gross NPE ratio(2)	5.5%	8.3%	8.4%	+11bps	+287bps	5.5%	8.4%	+287bps

(1) Managerial view representing proportional contribution of Yapi to P&L (UniCredit Group participates with 40.95% through the Joint Venture). Yapi is valued at equity method and contributes to the Group P&L via the dividend line. RWA of Yapi contributes to Group RWA through CEE division, following the proportional consolidation of Yapi for regulatory purposes. Stated numbers at current FX. Variations Q/Q and Y/Y at constant FX (RoAC, C/I, gross NPE ratio and CoR variations at current FX).

(2) NPE ratio not included in consolidated view following the equity accounting method.

Russia – Net operating profit 84m in 2Q19 up 62.0% Y/Y at constant FX

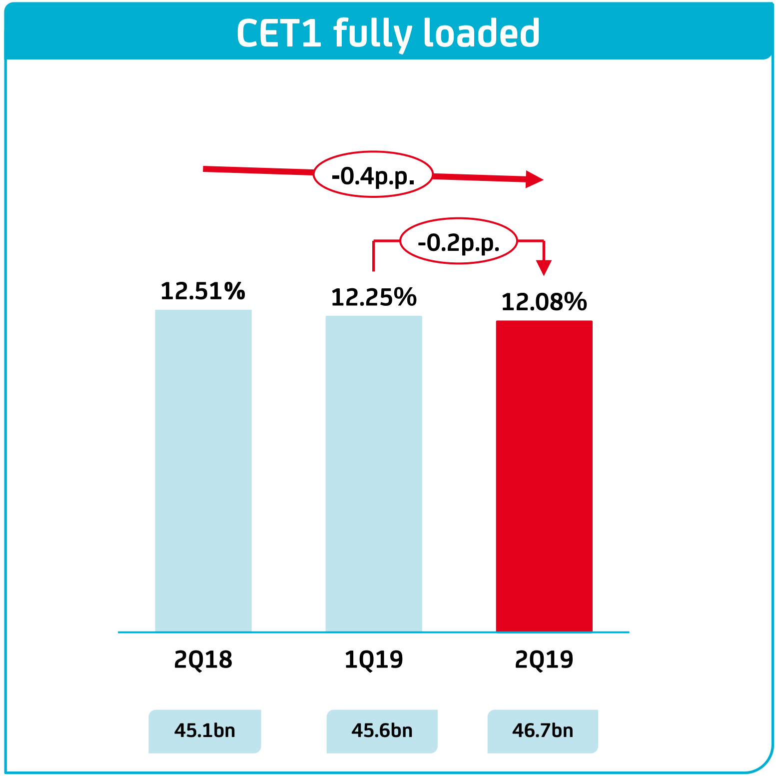
Main drivers[1]

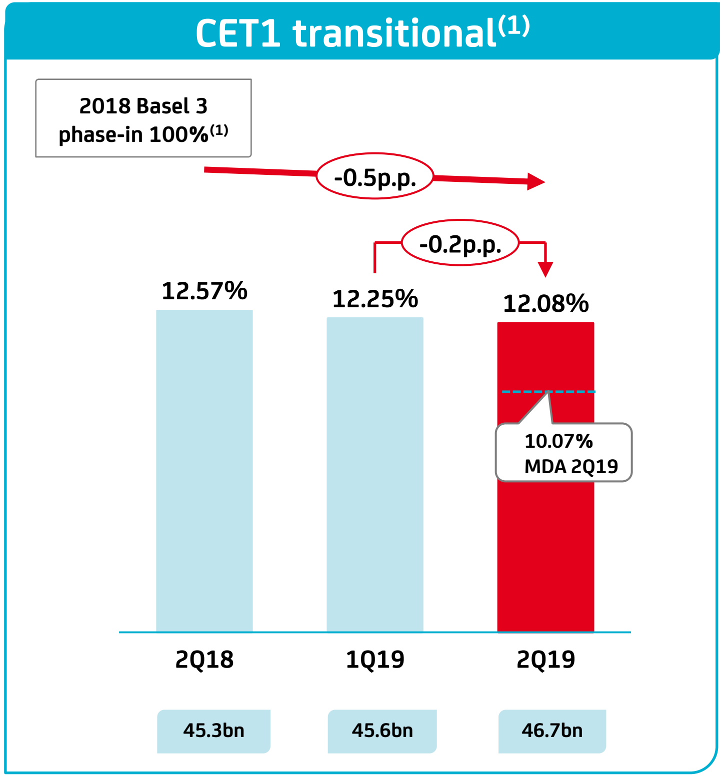
- Net interest down 0.5% Q/Q at constant FX due to lower loan volumes
- Fees down 4.7% Y/Y at constant FX, due to transactional (-8.3% Y/Y). Fees up Q/Q by 6% at constant FX thanks to transactional (+10.7% Q/Q) and financing (+5.1% Q/Q)
- Costs up 4.2% Y/Y at constant FX driven by inflation and higher depreciation following IT system upgrade
- CoR at 87bps in 2Q19, down 147bps Y/Y driven by write-backs
- Net operating profit 84m in 2Q19 up 62.0% Y/Y at constant FX thanks to lower LLPs
- RoAC at 11.5% in 1H19

Data in m	*2Q18*	*1Q19*	*2Q19*	*Δ % vs.1Q19*	*Δ % vs.2Q18*	*1H18*	*1H19*	*Δ % vs. 1H18*
Total revenues	165	166	170	-0.3%	+0.6%	371	336	-7.4%
o/w Net interest	*137*	*140*	*144*	*-0.5%*	*+3.0%*	*285*	*284*	*+2.3%*
o/w Fees	*32*	*28*	*31*	*+6.0%*	*-4.7%*	*60*	*59*	*+2.2%*
Operating costs	-59	-61	-63	-0.5%	+4.2%	-120	-124	+5.2%
Gross operating profit	106	105	108	-0.2%	-1.4%	251	212	-13.5%
LLPs	-57	-48	-24	-53.2%	-59.1%	-82	-72	-10.2%
Net operating profit	49	56	84	+45.4%	+62.0%	169	140	-15.1%
Net profit	37	44	64	+42.4%	+64.0%	128	108	-14.0%
RoAC	8.0%	9.7%	13.3%	+3.6p.p.	+5.2p.p.	14.5%	11.5%	-3.0p.p.
C/I	35.7%	36.8%	36.8%	-0.1p.p.	+1.1p.p.	32.4%	36.8%	+4.4p.p.
CoR (bps)	235	177	87	-90	-147	170	132	-37
FTEs	4,102	4,170	4,159	-0.3%	+1.4%	4,102	4,159	+1.4%
Gross NPE ratio	8.8%	7.5%	7.7%	+27bps	-104bps	8.8%	7.7%	-104bps

(1) Stated numbers at current FX. Variations Q/Q and Y/Y at constant FX (RoAC, C/I, gross NPE ratio and CoR variations at current FX).

Group – CET1 capital fully loaded and CET1 transitional



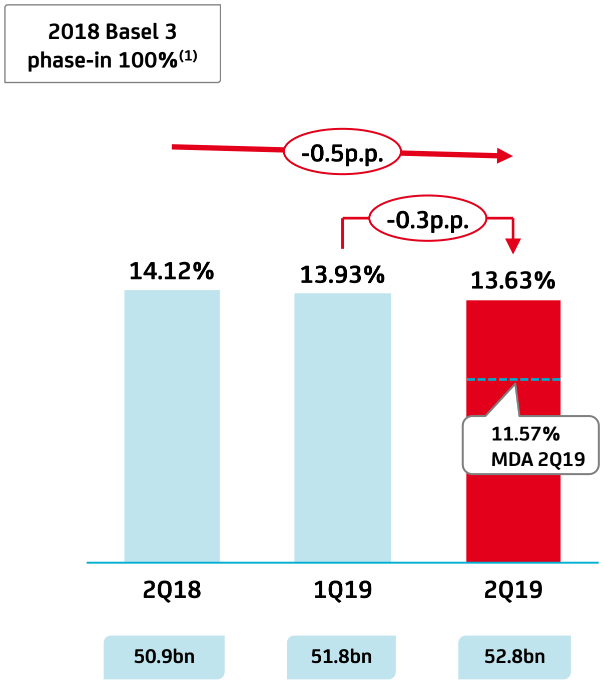


(1) Phase-in of net liability related to Defined Benefit Obligation at 80% in 2018.

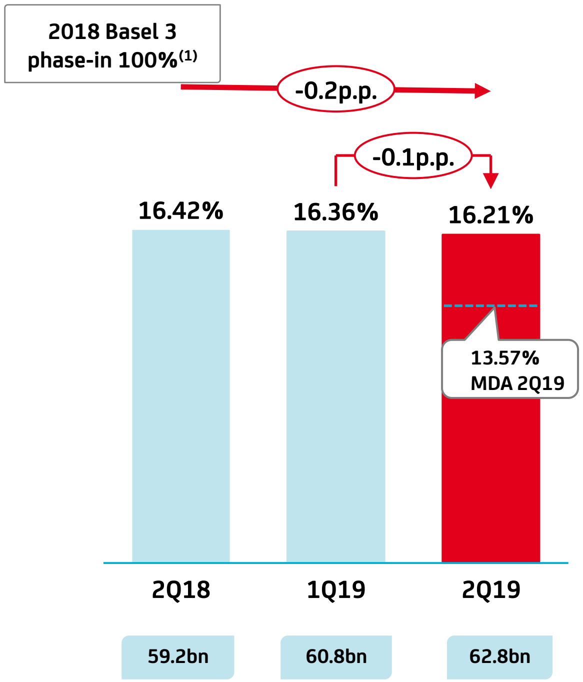
Absolute amount for CET1 fully loaded and CET1 transitional.

Group – Tier 1 transitional and total capital ratios well above MDA levels

Tier 1 transitional[1]



Total capital transitional[1]

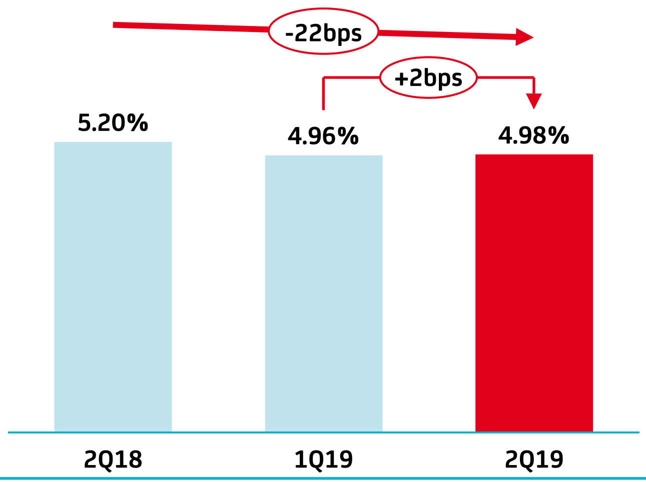


(1) Phase-in of net liability related to Defined Benefit Obligation at 80% in 2018.

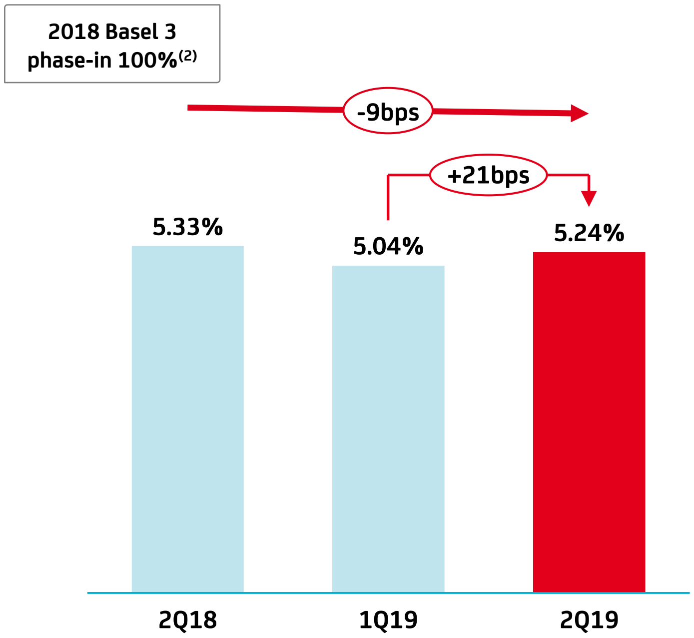
Absolute amount for Tier1 capital transitional and total capital transitional.

Group – Leverage ratio fully loaded at 4.98%, up 2bps Q/Q and down 22bps Y/Y

Basel 3 leverage ratio fully loaded[(1)]



Basel 3 leverage ratio transitional[(1,2)]



(1) The delta between leverage ratio transitional and fully loaded is due to grandfathered AT1 instruments (i.e. not fully eligible). The amount of grandfathered AT1 instruments has increased vs 1Q19 following the reclassification of certain AT1 instruments from fully eligible to grandfathered, further to the entry in force of the CRR2 as of 2Q19.

(2) Phase-in of net liability related to Defined Benefit Obligation at 80% in 2018.

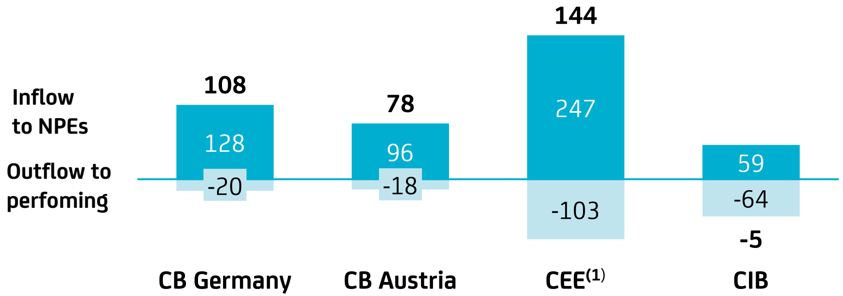
Asset quality by division

2Q19	Group	Group Core	CB Italy	CB Germany	CB Austria	CEE	CIB	Non Core
Gross loans, bn	**492.9**	477.2	149.6	88.8	46.6	71.1	122.7	15.7
Gross NPE, bn	**34.4**	18.7	8.3	1.6	1.9	3.9	3.1	15.7
Net NPE, bn	**13.4**	8.1	3.8	0.8	0.9	1.4	1.2	5.3
Gross NPE ratio,%	**7.0**	3.9	5.6	1.8	4.0	5.5	2.5	100.0
Net NPE ratio,%	**2.9**	1.7	2.6	1.0	1.9	2.0	1.0	100.0
NPE coverage,%	**61.0**	56.7	54.6	46.2	52.8	65.1	59.6	66.0
UTP coverage,%	**47.9**	46.1	45.2	32.8	27.1	55.1	48.3	50.6
Bad loans coverage,%	**72.2**	69.6	67.6	47.0	85.4	86.3	72.6	74.6

Asset quality – NPE dynamics CB Germany, CB Austria, CEE and CIB

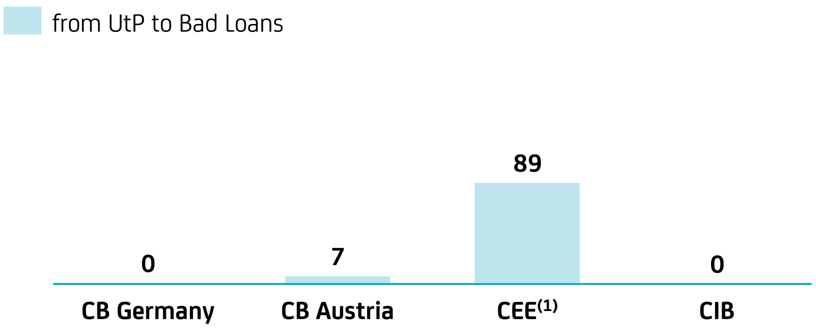
Net flows to NPEs, recoveries and write-offs – 2Q19, m

	CB Germany	CB Austria	CEE(1)	CIB
Recoveries	95	53	175	47
Write-off	70	32	316	23



	CB Germany	CB Austria	CEE(1)	CIB
Default rate	0.6%	0.8%	1.5%	0.2%
Cure rate	5.0%	3.8%	9.3%	8.3%

Migrations from Unlikely to Pay to Bad Loans – 2Q19, m

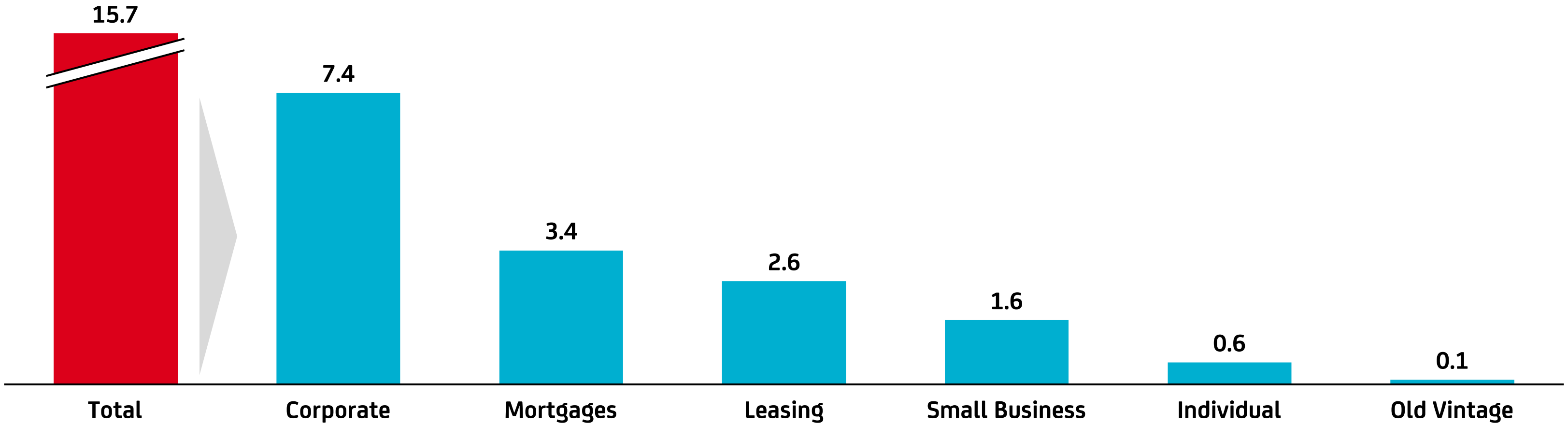


	CB Germany	CB Austria	CEE(1)	CIB
Migration rate	1.7%	2.8%	13.8%	0.0%

(1) Including Profit Centre Milan.

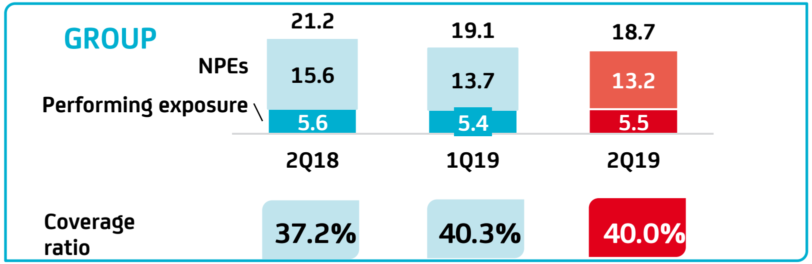
Asset quality – Non Core gross NPEs breakdown by asset class

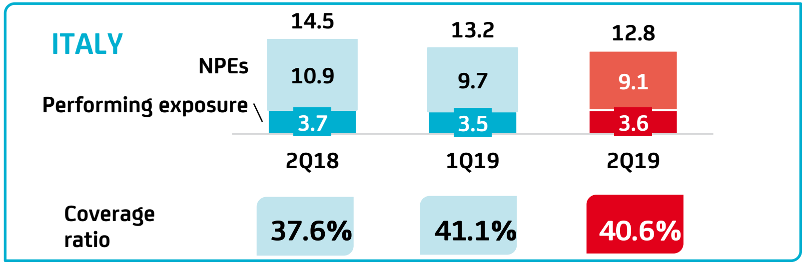
2Q19 Non Core gross NPEs, bn

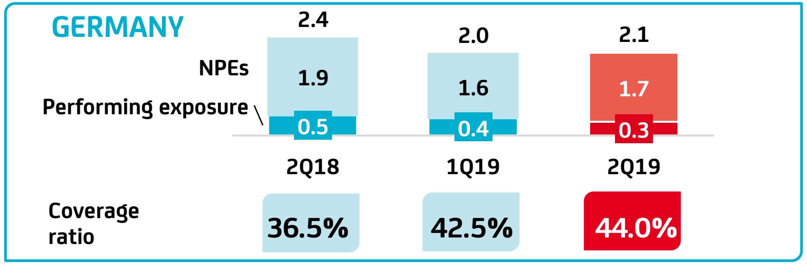


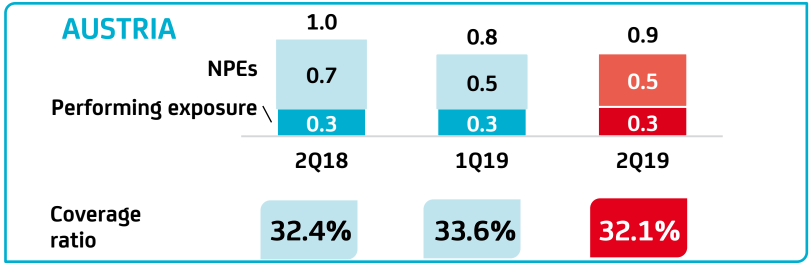
Asset quality – Forborne exposures by region

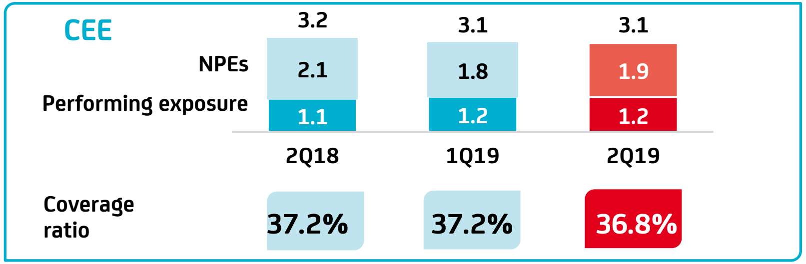
Forborne loans[1], bn







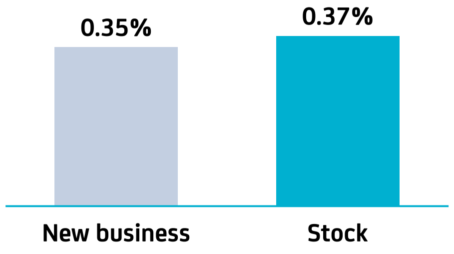




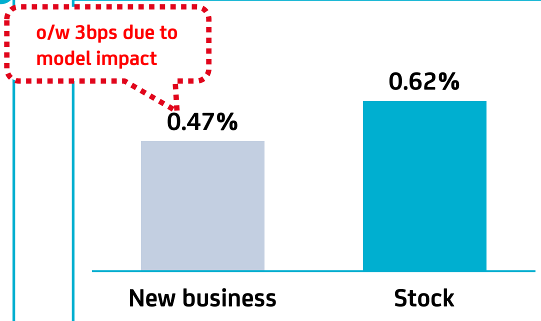
(1) Regulatory reporting data.

Asset quality – 2Q19 Group EL for the stock at 37bps with new business at 35bps

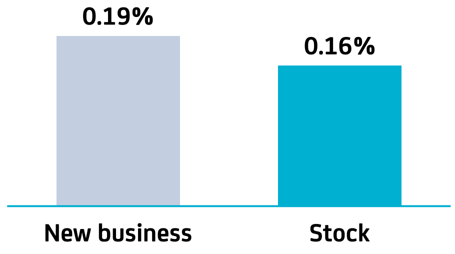
Group



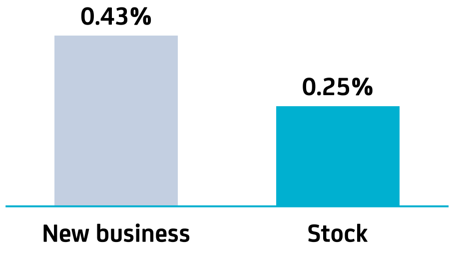
CB Italy



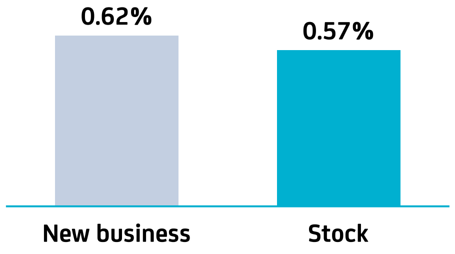
CB Germany



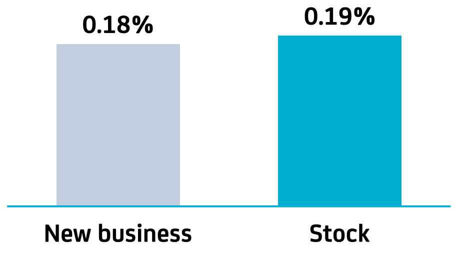
CB Austria(1)



CEE



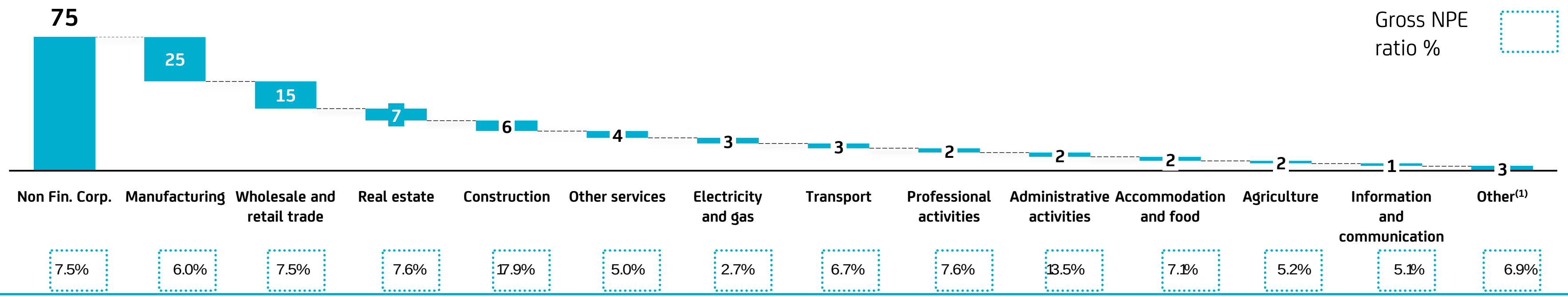
CIB



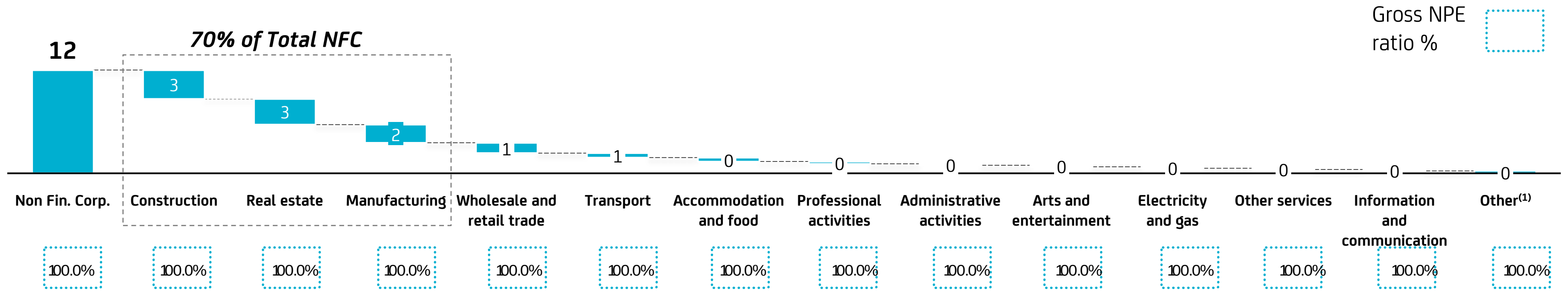
(1) Data have been calculated with an adjusted methodology that reflected updated LGD on Mortgage portfolio.

Asset quality – CB Italy and Non Core gross loans and NPE ratio by Industries

CB Italy 1Q19 – Gross loans breakdown by NACE Classification



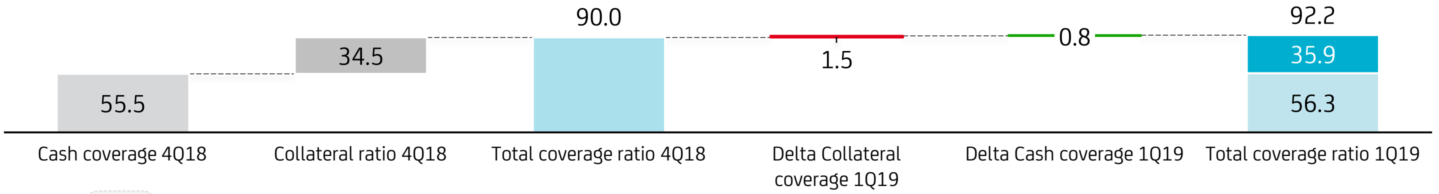
Non Core 1Q19 - Gross loans breakdown by NACE Classification



(1) Other includes other NACE code.
Source: Managerial data.

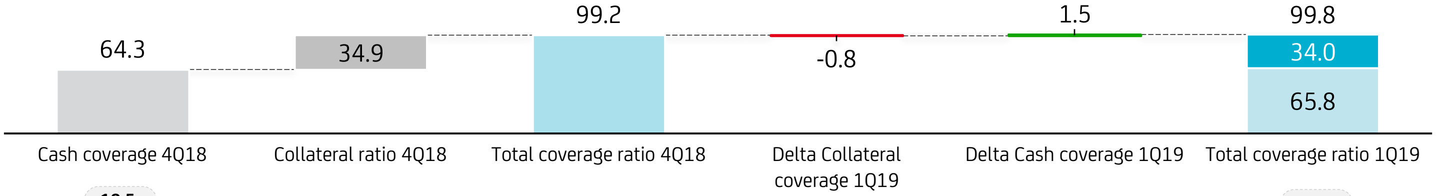
Asset quality – CB Italy and Non Core collateralisation level

CB Italy[1] 1Q19 NPE Cash + Collateral coverage ratio walk (%)



	Cash coverage 4Q18	Total coverage ratio 1Q19
NPE stock (€, bn)	**8.7**	**8.7**
o/w unsecured	32%	30%
o/w secured	68%	70%
o/w RE guarantees	54%	53%

Non Core[1] 1Q19 NPE Cash + Collateral coverage ratio walk (%)

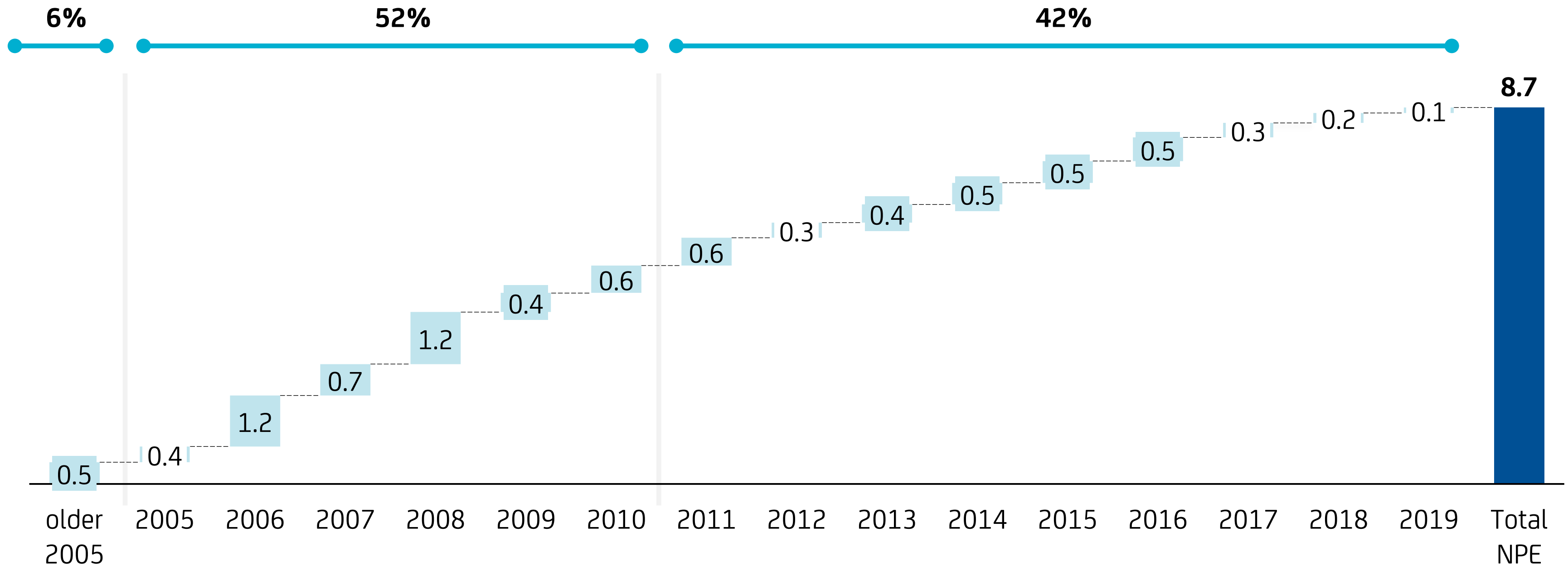


	Cash coverage 4Q18	Total coverage ratio 1Q19
NPE stock (€, bn)	**18.5**	**17.7**
o/w unsecured	21%	21%
o/w secured	79%	79%
o/w RE guarantees	62%	62%

(1) FINO Portfolio not included; Collateral ratio calculated with EBA methodology i.e. Collateral value capped at net loan level / Gross Loan.

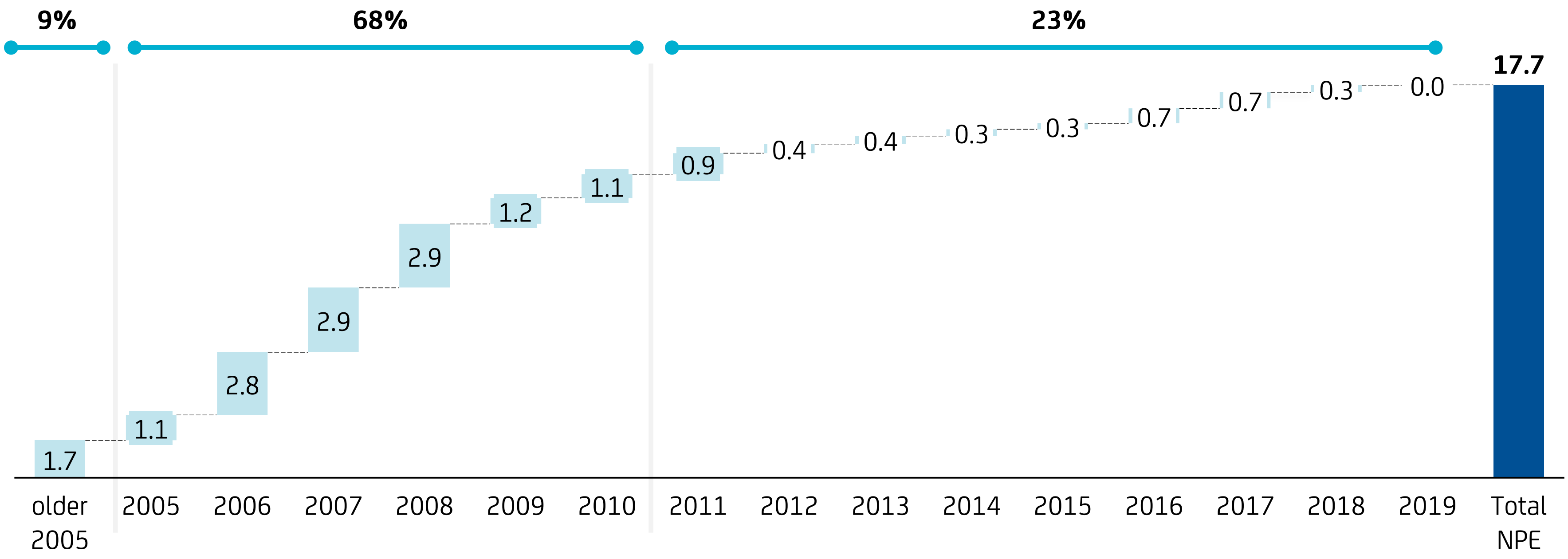
Asset quality – CB Italy gross NPEs breakdown by origination date

CB Italy NPEs stock by origination year as of 1Q19



Asset quality – Non Core gross NPEs breakdown by origination date

Non Core NPEs stock by origination year as of 1Q19



Line adjustments from Fineco sale and Accounting changes (1/2)

Accounting change	Description	Impact	Net effect
Fineco sale	P&L lines excluded line-by-line and moved into "discontinued operations"	P&L lines ↓ Disc. op. ↑	0
Line shifts through P&L (Revenues, Opex, POI and Income Tax)	Aiming at a better presentation of Trading activity results: • dividends and similar revenues on FVtPL portfolio moved from Dividends to Trading Profits • gain/losses on Gold & Precious moved from Balance to Trading Profit and POI Shifts between Revenues (mainly fees), Opex and Income Tax, due to: • cost of payments and cards service from Opex to Fees • cost of NPL management and recovery from Fees and Balance to Opex • costs of Financial Transaction Tax between Fees and Opex. Local taxes from OAE to Income Taxes	Dividends ↓ Trading Profit (1) ↑ Balance (1) ↓ POI (1) ↑ Fees ↓ Balance ↑ Opex ↑ Income Tax ↓	0

(1) Amount could be positive or negative, for illustration purposes assumed to be positive.

Line adjustments from Fineco sale and Accounting changes (2/2)

P&L, *bn*	FY18 Previous	FY18 Delta	FY18 Restated	1Q19 Previous	1Q19 Delta	1Q19 Restated
Revenues	19.7	-0.7	**19.0**	5.0	-0.2	**4.8**
o/w NII	*10.8*	*-0.3*	*10.6*	*2.6*	*-0.1*	*2.6*
o/w Dividends	*0.7*	*-0.1*	*0.7*	*0.2*	*-0.0*	*0.2*
o/w Fees	*6.8*	*-0.4*	*6.3*	*1.7*	*-0.1*	*1.5*
o/w Trading	*1.2*	*0.0*	*1.3*	*0.4*	*-0.0*	*0.4*
o/w Balance	*0.1*	*-0.0*	*0.1*	*0.0*	*0.0*	*0.0*
Opex	-10.7	0.3	**-10.3**	-2.6	0.1	**-2.5**
POI	-0.5	-0.0	**-0.5**	0.4	-0.0	**0.4**
Income Tax	0.5	0.1	**0.6**	-0.6	0.0	**-0.6**
Disc. Op.	0.0	0.3	**0.3**	0.0	0.1	**0.1**
Net Profit	3.9	0.0	**3.9**	1.4	0.0	**1.4**

No Net Income and RoTE impact

Glossary

Glossary[1] (1/6)

Adjusted Net Profit	Refers to Group, Group Core and divisions. Stated net profit adjusted for non-recurring items of relevance at Group level
AT1	Additional Tier 1 Capital
AuC	Assets under Custody
AuM	Assets under Management (including Asset under Advisory)
Bad loans	Exposures to borrowers in a state of insolvency or in an essentially similar situation, regardless of any loss forecasts made by the bank
Branches	Number of branches consistent with CMD 2016 perimeter, i.e. retail only. Excluded are minor premises, corporate and private banking (Yapi at 100%)
BTP	This refers to the whole Italian sovereign bond portfolio (BTPs, BOTs, et al)
C/I	Cost/Income ratio
CB	Commercial Banking
CC	Corporate Centre

(1) All financial data reported in the presentation are in euro. Numbers may not add up due to rounding. Numbers for past quarters recasted as per divisional database.

Glossary (2/6)

CEE	Central Eastern Europe includes: Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Russia, Romania, Bulgaria, Turkey (at equity). Baltics only for Leasing
CET1 ratio	Common Equity Tier 1 ratio fully loaded throughout the document unless otherwise stated
CMD	Capital Markets Day – CMD perimeter as announced at CMD on 13 December 2016: variations related to disposals of Immo Holding, Ukraine, 30% Fineco, Pekao and Pioneer
Collateral coverage ratio	Calculated as per EBA methodology, with collateral value capped at net loan level
Commercial Revenues	Sum of net interest and fees
CoR	Cost of Risk calculated as LLPs of the period annualised divided by the average net customer loans volume
Core RoTE	Group RoTE excluding Non Core (Group Core Annualised Net Profit divided by Average Tangible Equity netted of Non Core Allocated Capital)
Coverage ratio	Stock of LLPs on NPEs divided by Gross NPEs
Cure rate	Back to performing (annualised) divided by the stock of NPEs at the beginning of the period
Customer loan rates	Real interest on loans divided by the daily average volume of commercial net loans (assuming 365 days convention, adjusted for 365 days convention where analytically available)
Days effect	Effect related to quarters having different numbers of days

Glossary (3/6)

DBO	Defined Benefit Obligation
DGS	Deposit Guarantee Scheme
Default rate	Percentage of gross loans migrating from performing to NPEs over a given period (annualised) divided by the initial amount of gross loans
EBA	European Banking Authority
EL	Expected Loss
FINO	"Failure Is Not an Option": project name for disposal of an NPE portfolio (original gross book value of 17.7bn)
Forborne loan	Exposure to which forbearance measures have been applied, i.e. concessions towards a debtor who is facing or about to face financial difficulties
FL	Fully Loaded
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through P&L
FY/FY	Current full year vs previous full year
Group Core	Group Core is equivalent to Group excluding Non Core. It is not a separate division
Group Corporate Centre (Group CC)	"Global Corporate Centre" includes COO Services, Corporate Centre Global Functions, inter-segment adjustments and consolidation adjustments not attributable to individual segments

Glossary (4/6)

1H/1H	Current half year vs same period previous year
Investment Grade (IG)	A bond that is assigned a rating in the top four categories by commercial credit rating companies (e.g. Baa3/ BBB- or higher)
9M/9M	Current nine months vs same period previous year
Migration rate	Representing the percentage of UTPs that turn into bad loans
MREL	Minimum Requirement for own funds and Eligible Liabilities
NACE	Statistical classification of economic activities in the European Community (Eurostat)
Net Inflows	Inflows (from gross performing loans to gross impaired loans) minus outflows (collections and flows from gross impaired loans back to gross performing loans)
Net Outflows	Outflows (collections and flows from gross impaired loans back to gross performing loans) minus inflows (from gross performing loans to gross impaired loans)
NFC	Non Financial Corporates
Non Core	In 2013, UniCredit ring-fenced the so-called "Non-Core" portfolio in Italy with a target to reduce clients exposure considered as not strategic; selected assets in Italy to be managed with a risk mitigation approach
Non HR costs	Other administrative expenses (incl. indirect costs) net of expense recoveries, plus depreciation and amortisation

Glossary (5/6)

Normalised Net Profit	Refers to divisions only. Stated net profit adjusted for non-recurring items of relevance at divisional level
NPEs	Non-Performing Exposures (customer loans) including the following: Bad Loans (“Sofferenze”), Unlikely to Pay ("Inadempienze Probabili") and Past Due ("Esposizioni scadute e/o sconfinanti deteriorate")
NPE ratio (UCG definition)	NPEs (customer loans) divided by total customer loans
NPL ratio (EBA definition)	NPLs (Bad loans, Unlikely to Pay and Past Due from customer loans and loans to banks) divided by (total customer loans and loans to banks)
OAE	Other Administrative Expenses
OPEX	Operating Expenses
Past Due	Problematic exposures that, at the reporting date, are more than 90 days past due on any material obligation
POI	Profit on Investment
Q/Q	Current quarter vs previous quarter
Recovery rate	NPE exposure reduction (gross book value) due to recovery activity on stock of NPEs at the beginning of the period
RoAC	Return on Allocated Capital (annualised net profit divided by the allocated capital), Allocated Capital based on RWA equivalent figures calculated with a CET1 ratio of 12.5%, including deductions for shortfall and securitisations

Glossary (6/6)

RoTE	Return on Tangible Equity (Annualised Net Profit divided by Average Tangible Equity)
Stated Net Profit	Refers to Group, Group Core and divisions. Profit as shown in our financial statements
SNP	Senior Non Preferred
SPE	Single Point of Entry
SRF	Single Resolution Fund
Tangible equity	Shareholders' equity (including consolidated profit of the period) less intangible assets (goodwill and other intangibles), less AT1 component; dividend pay-out is accounted for on a cash basis
TFAs	Group commercial Total Financial Assets. Non-commercial elements, i.e. Group Corporate Centre, Non Core, Leasing/Factoring and Market Counterparts are excluded
Time Value	Difference between the sum of expected recoverable cash flows of NPEs and its net present value
TLAC	Total Loss-Absorbing Capacity
TRY	Turkish New Lira
UTP	Unlikely To Pay: the classification in this category is the result of the judgment of the bank about the unlikeliness, without recourse to actions such as realizing collaterals, that the obligor will pay in full (principal and / or interest) its credit obligations
W.E.	Western Europe includes Italy, Germany and Austria
Y/Y	Current quarter vs same quarter in the previous year

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