



# 2Q21 & 1H21 Results

30 July 2021

Banking that matters. |  **UniCredit**

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**Introductory remarks**  
*Andrea Orcel – Group Chief Executive Officer*

Financial highlights  
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Closing remarks  
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Annex





New organisational structure including dedicated management team for Italy



Simplification, clients and digital as guiding principles to underpin strategy



Continued strong performance through 2Q21 leading to 1H21 underlying RoTE<sup>1</sup> at 7.7% and CET1 ratio at 15.5%



# UniCredit: a strong pan-European franchise with sizeable untapped potential



Introductory remarks – Outcome of preliminary assessment



## Strengths

- ✓ **Pan European franchise** with excellent and undervalued **distribution power in asset management and insurance**
- ✓ Unique franchise and returns in **Central & Eastern Europe** a real point of differentiation
- ✓ **Strong asset quality, capital and liquidity**
- ✓ Broad **value added product range** delivered to the whole corporate franchise

## Opportunities

- Risk normalisation
- Reduce complexity and promote empowerment within the group
- Capital efficiency



13

Countries

#3

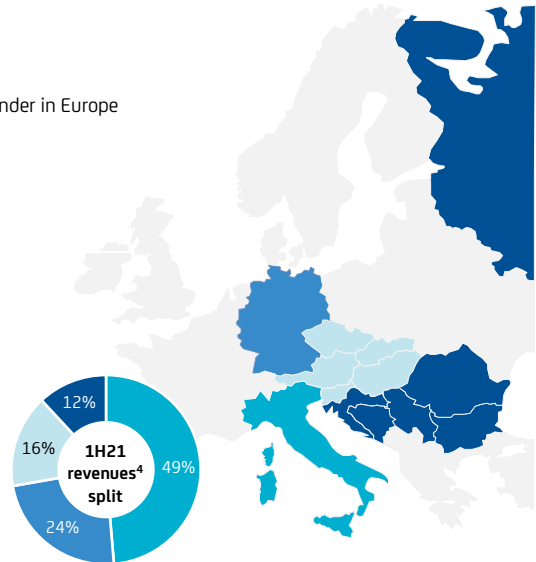
Corporate lender in Europe

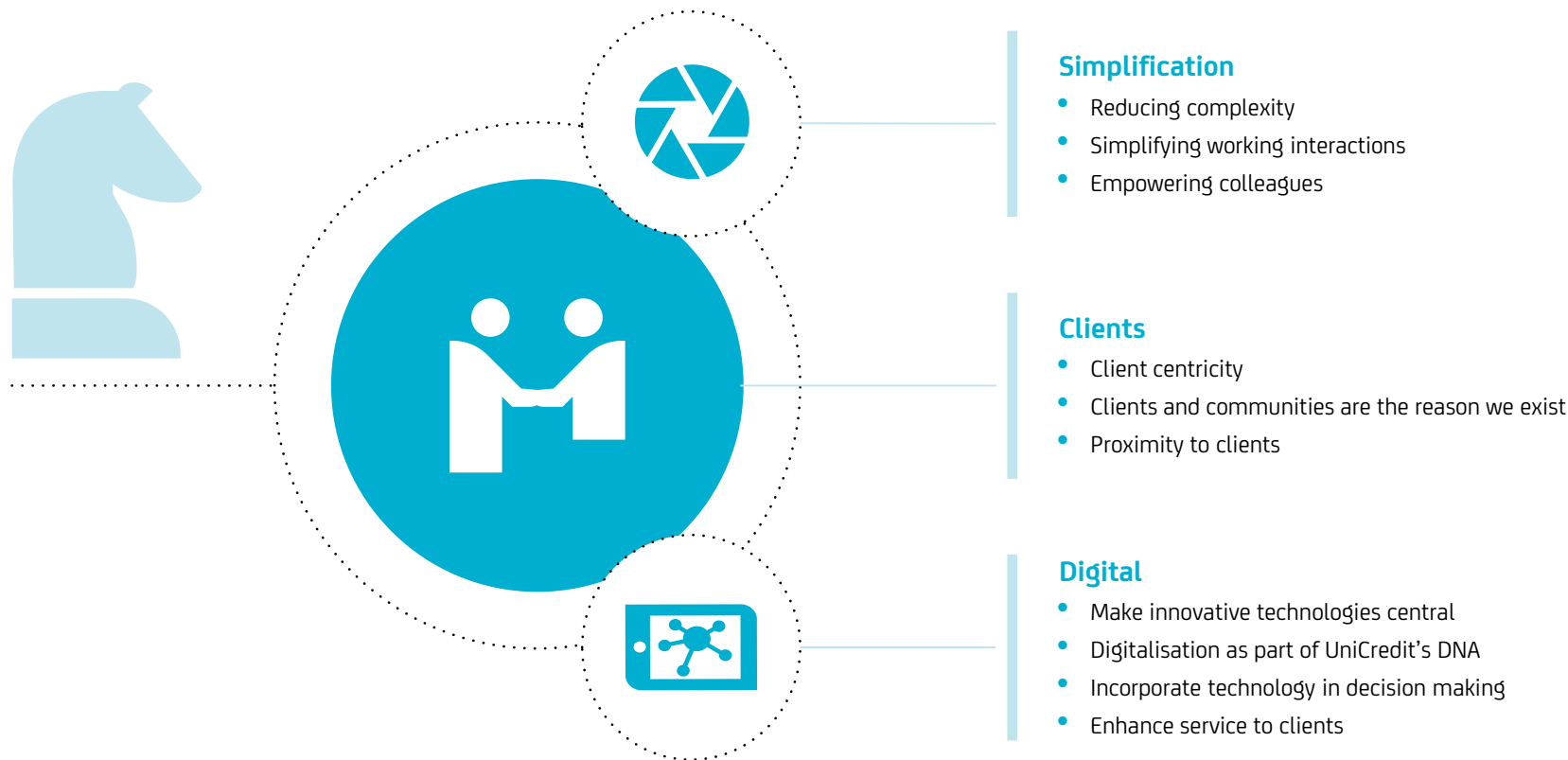
16m

Clients

### Ranking<sup>1</sup>

Italy	#2
Germany	#3
Central Europe <sup>2</sup>	#2
Eastern Europe <sup>3</sup>	#1





## Ownership and accountability integral to reduce bureaucracy and complexity, releasing energy to deliver faster for our clients



### New **simplified** organisational structure

- Leadership team streamlined
- Number of committees in UniCredit SpA reduced by 65%
- Total hours spent in UniCredit SpA committees reduced by 55%

### Proximity to **clients**

- Dedicated management team for Italy, fully empowered
- Co-Heads minimised; Layers removed
- Automated decision-making on residential mortgages and small businesses in Italy
- Reduced number of decisions requiring Holding approval by >25% in CEE

### Digital & Data **elevated** to own competence line

- Digital, technology, data and information with own division
- Elevated to Group Executive Committee

Day  
26

- New Group Executive Committee

Day  
46

- Committee streamlining in UniCredit SpA
- Anticipation of Q2 Results

Day  
90

- Dedicated management team for Italy
- Redesign of first line of business areas and region

Day  
100

- CEO delegation of powers underway
- Committee streamlining in Germany, CEE underway



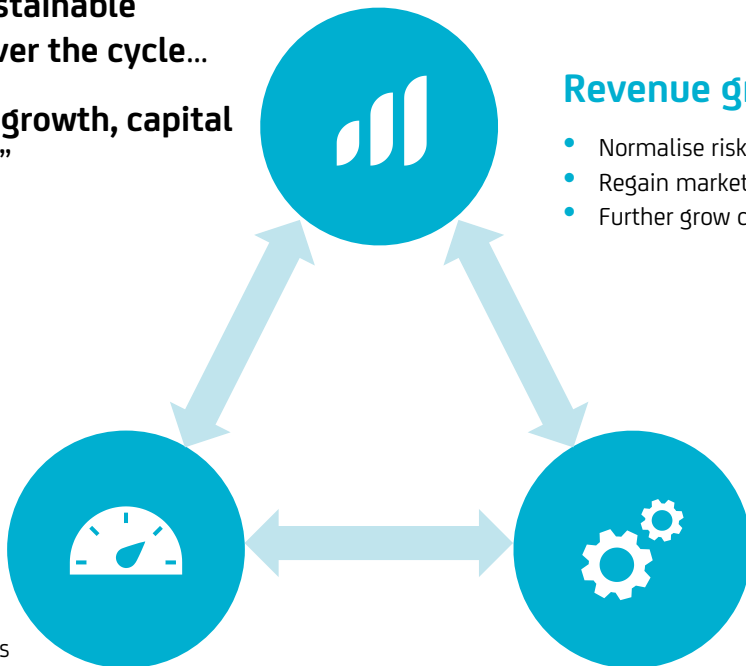
# Levers to deliver returns above cost of equity

“...overriding objective to **deliver sustainable returns above the cost of equity over the cycle...**

...powered by risk-adjusted **revenue growth, capital efficiency, operational efficiency...**”

## Capital efficiency

- Review capital allocation
- Re-allocate capital to high return businesses
- Improve efficiency and RWA density



## Revenue growth

- Normalise risk appetite
- Regain market share
- Further grow capital-light fee generating businesses

## Operational efficiency

- Simplification
- Digitalisation
- Cost efficiency





# Robust commercial performance and solid profitability



Introductory remarks – Key financial highlights

## Commercial performance

- Signs of recovery across UniCredit's franchise
- Net interest +1.0% Q/Q, starting to stabilise
- Continued strong quarterly performance in fees +21.4% Y/Y

## Cost efficiency

- Continued focus on costs, almost flat year on year
- Cost/income ratio at 53.7% in 1H21

## Balance sheet

- Group gross NPE ratio improving to 4.7%
- Strong CET1 ratio at 15.5% with CET1 MDA buffer at 647bps
- Tangible equity increasing 1.3% Q/Q mainly thanks to net profit

**1H21 underlying RoTE<sup>1</sup> at 7.7%**



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# 1.1bn underlying net profit in 2Q21



Financial highlights – Group key figures

## Key financial events of the quarter

- Conclusion of 179m “First Share Buy-Back Programme 2021”
- Cash dividend of 268m paid for a total ordinary capital return of 447m
- €1bn inaugural Green Bond (Senior Preferred)
- S&P improved UniCredit SpA's outlook to 'stable' from 'negative'
- €750m Additional Tier 1 issuance
- \$2bn dual-tranche Senior Preferred transaction

	2Q21	%Δ vs 1Q21	%Δ vs 2Q20
Revenues, bn	4.4	-6.1%	+5.5%
Costs, bn	-2.5	+2.0%	+0.8%
CoR, bps	33	+18	-45
Underlying net profit <sup>1</sup> , bn	1.1	+24.7%	n.m.
CET1 MDA buffer, bps	647 <sup>(a)</sup>	-42	+167
Tangible equity, EoP bn	52.3	+1.3%	+2.5%
Underlying RoTE <sup>2</sup> , %	8.5	+1.6p.p.	+4.3p.p.

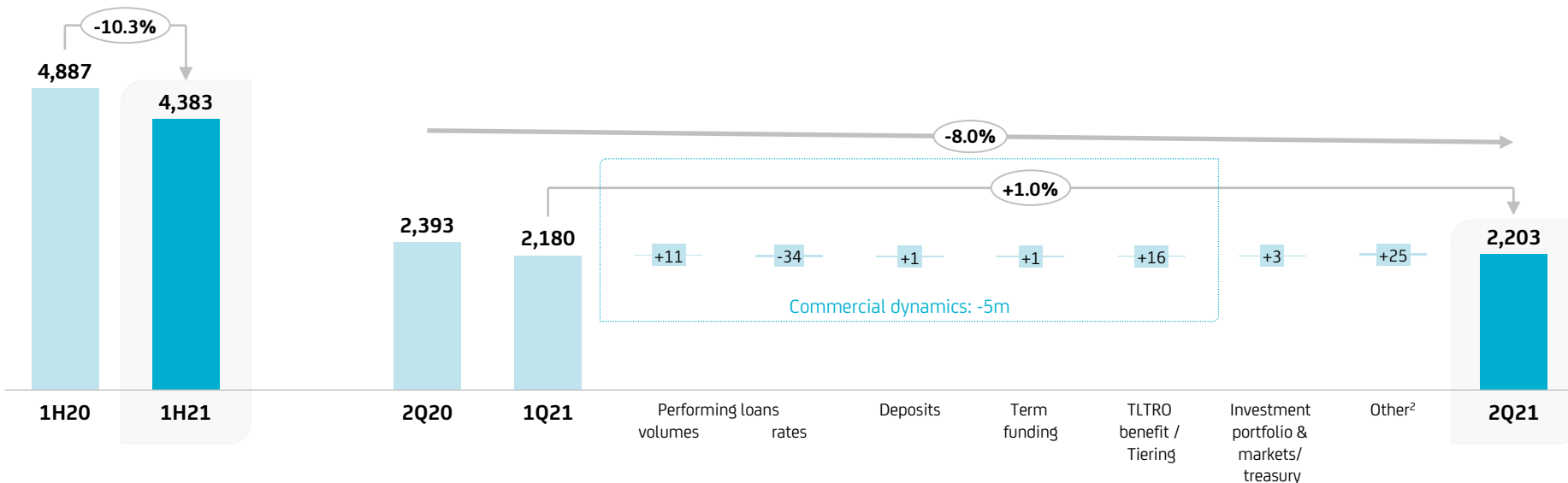
11 (a) 2Q21 CET1 MDA transitional buffer at 708bps.



# Net interest starting to stabilise

m

Average Euribor 3M -0.54% (Obps Q/Q)



- Net interest income<sup>1</sup> up +1.0% Q/Q supported by TLTRO additional take-up at end of 1Q21 (+15m Q/Q) and days effect (+13m Q/Q)
- Positive contribution from loan volumes showing first signs of recovery
- Customer loan rates still impacted by lower yielding loans issued under government guarantee schemes and continued competition



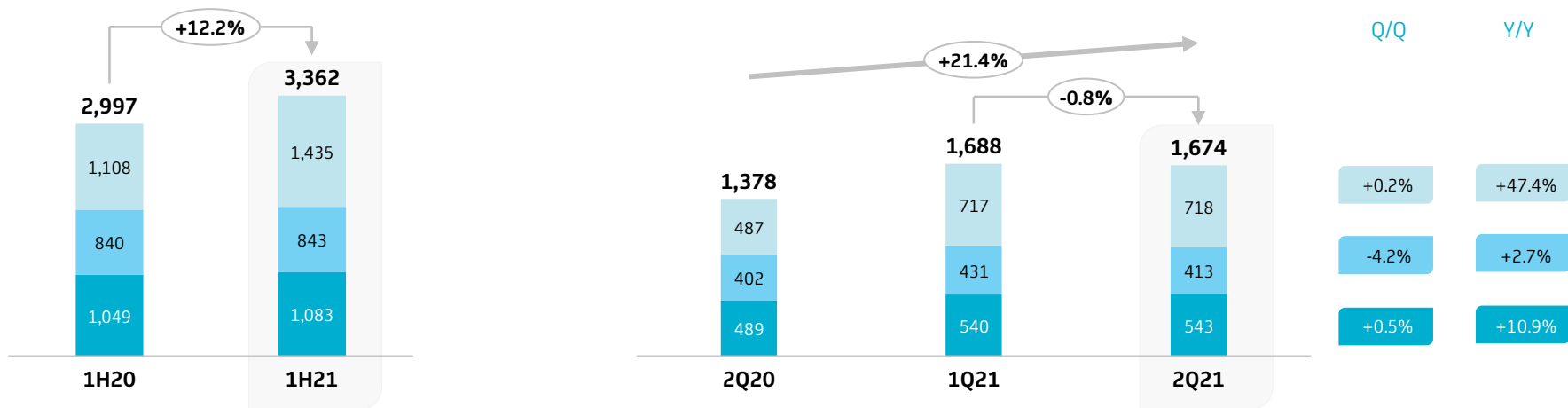
# Another strong quarterly performance in fees



## Financial highlights - Fees

m

Investment fees   Financing fees   Transactional fees



- Continued strong commercial activity with AuM upfront fees up > 150% Y/Y thanks to AuM gross sales >100% Y/Y mainly in Italy. AuM management fees +13.1% Y/Y benefiting from higher average volumes
- Financing fees up 2.7% Y/Y thanks to strong rebound in credit protection insurance sales
- Transactional fees up 10.9% Y/Y reflecting increase in GDP sensitive fees as lockdowns eased



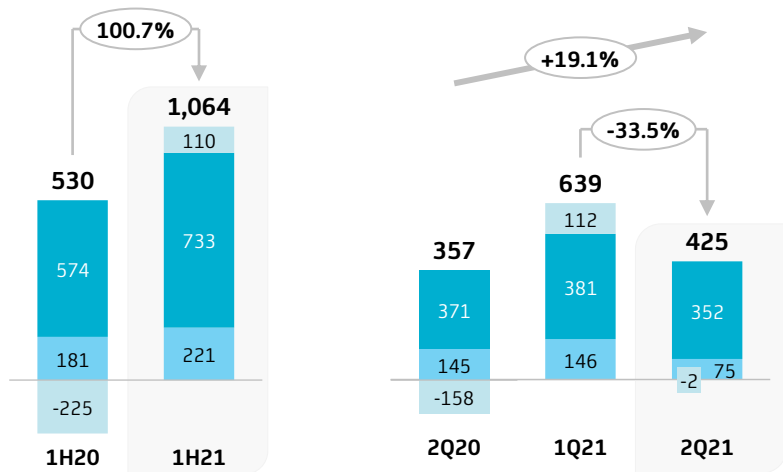
# High quality trading income driven by recurring client activity



## Financial highlights - Trading and dividends

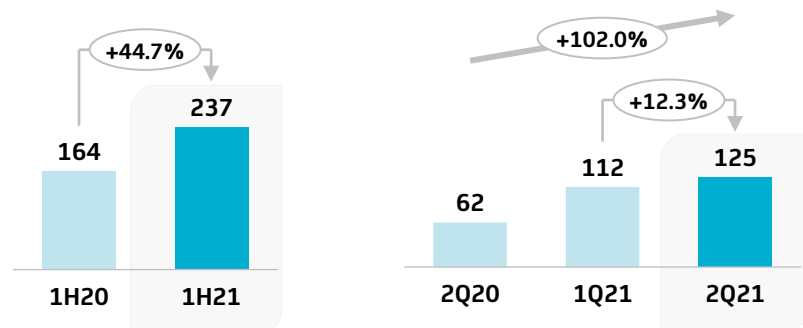
### Trading income, m

■ Client driven (w/o XVA)
 ■ Not client driven (w/o XVA)
 ■ XVA<sup>2</sup>



- Trading income up 100.7% 1H/1H thanks to client driven trading up 27.7% 1H/1H with strong performance mainly from fixed income and currencies

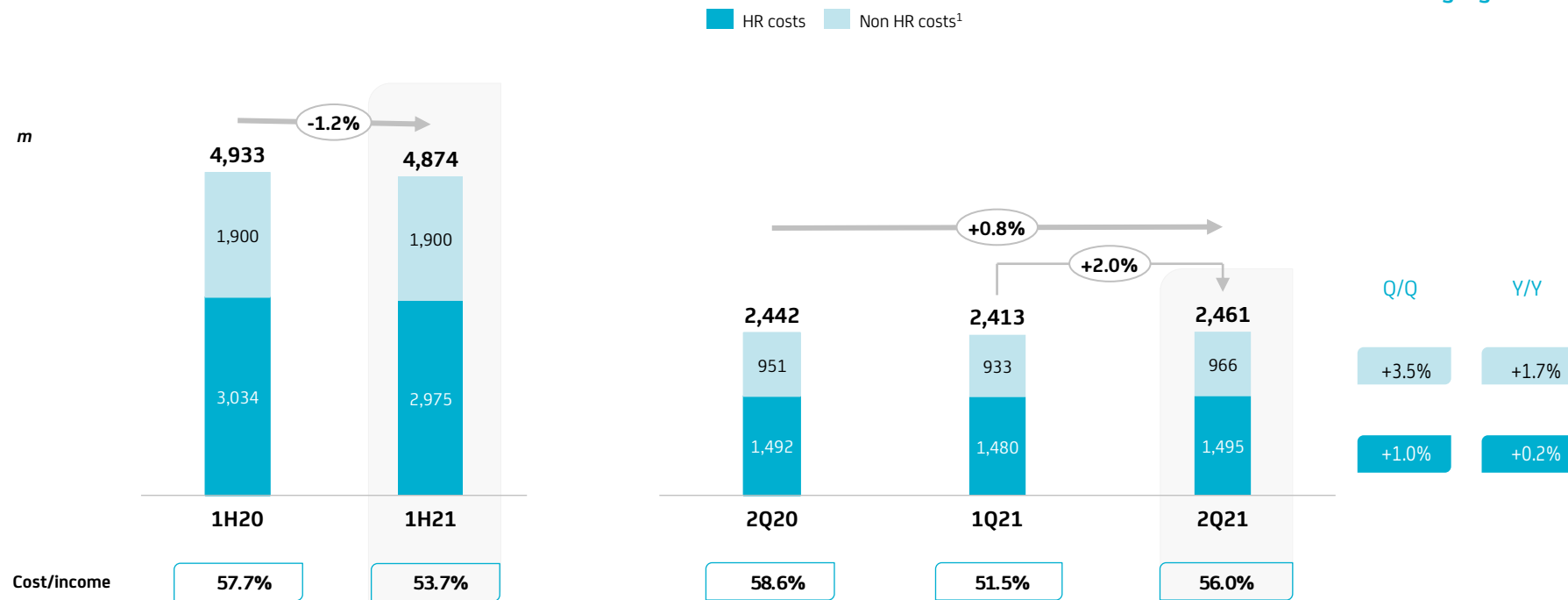
### Dividends<sup>1</sup>, m



- 2Q21 dividends up 102.0% Y/Y with positive contribution both from other equity and financial investments (+48m Y/Y) and Yapi (+15m Y/Y)



# Quarterly costs in line with FY21 guidance



- 1H/1H HR costs lower by 1.9% thanks to FTEs reduction (-3.4% Y/Y) mainly in CB Italy, CEE and CB Germany
- 1H/1H Non HR costs flat with lower credit recovery expenses and real estate costs partially offsetting higher IT expenses and depreciation
- FY21 guidance confirmed flat to FY19 with total costs at 9.9bn

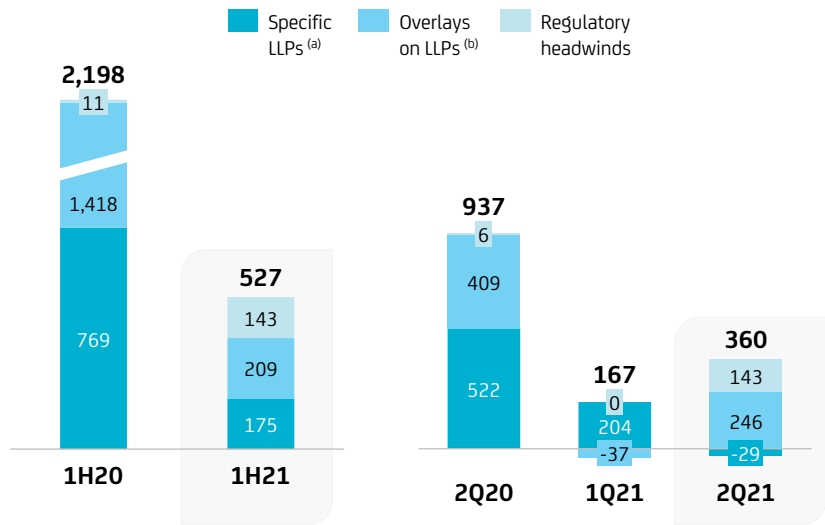


# FY21 underlying CoR guidance improved to below 40bps

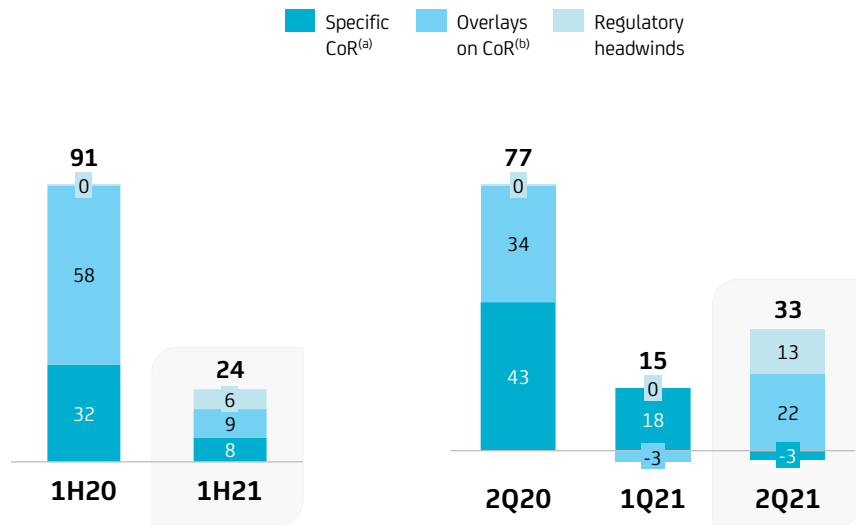


## Financial highlights - LLPs and CoR

### Loan Loss Provisions, m



### Cost of risk, bps



- 2Q21 stated CoR at 33bps, benefitting from better than expected asset quality partially offset by regulatory headwinds
- FY21 guidance of underlying CoR<sup>(c)</sup> now below 40bps, stated CoR now below 50bps

(a) Specific LLPs: analytical and statistical LLPs related to non performing portfolio (stage 3), excluding updates in NPE selling scenario.

(b) Includes among others: IFRS9 macro economic scenario update, sector based provisioning, IFRS9 methodological enhancements, proactive classification and coverage increases in Stage 2.

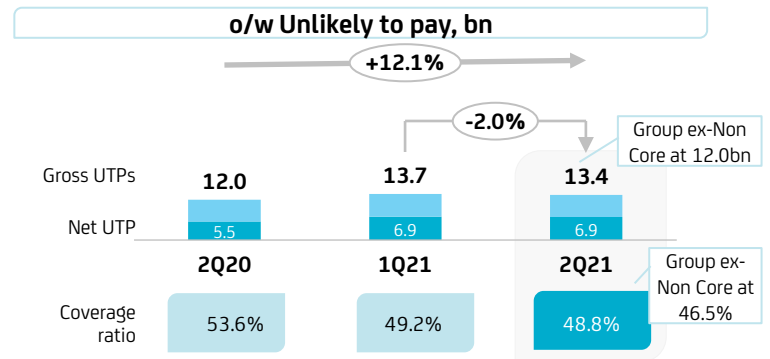
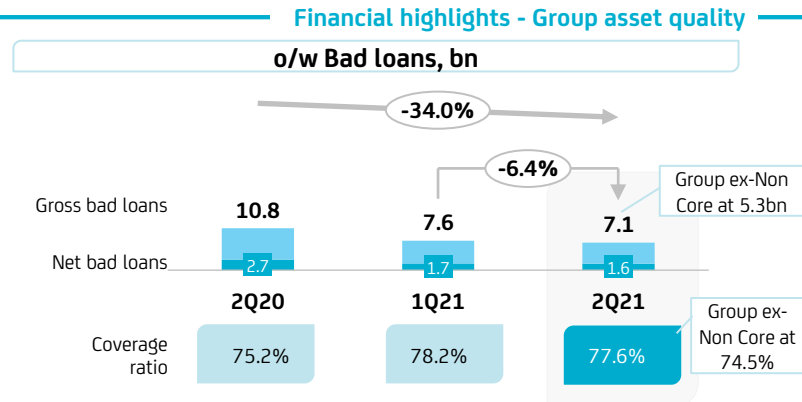
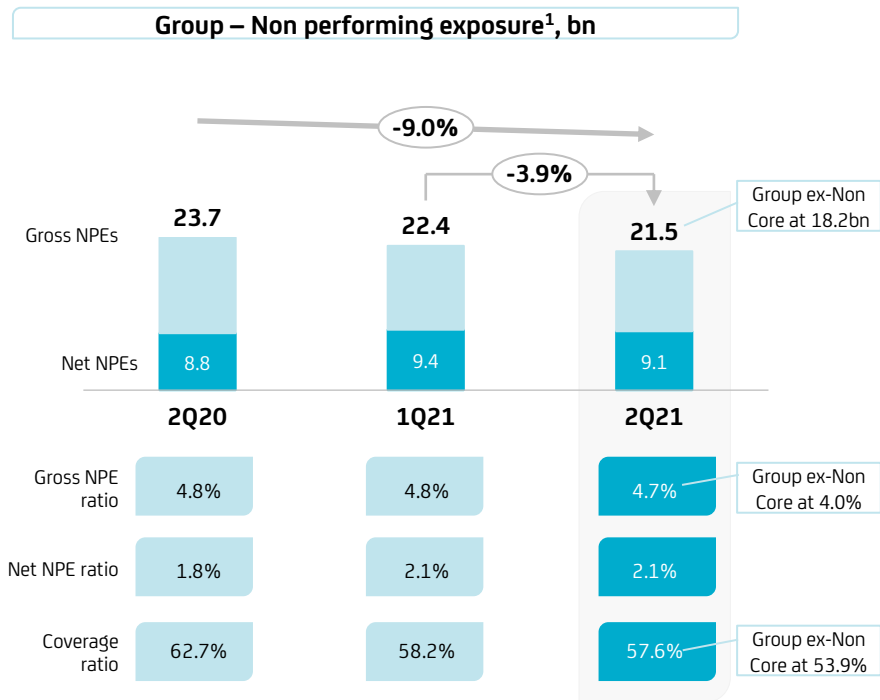
(c) Underlying CoR: defined as stated CoR excluding regulatory headwinds.

The end notes are an integral part of this presentation. See pages 39-42 at the back of this presentation for information related to the financial metrics and defined terms in this presentation





# Sustained improvement in asset quality



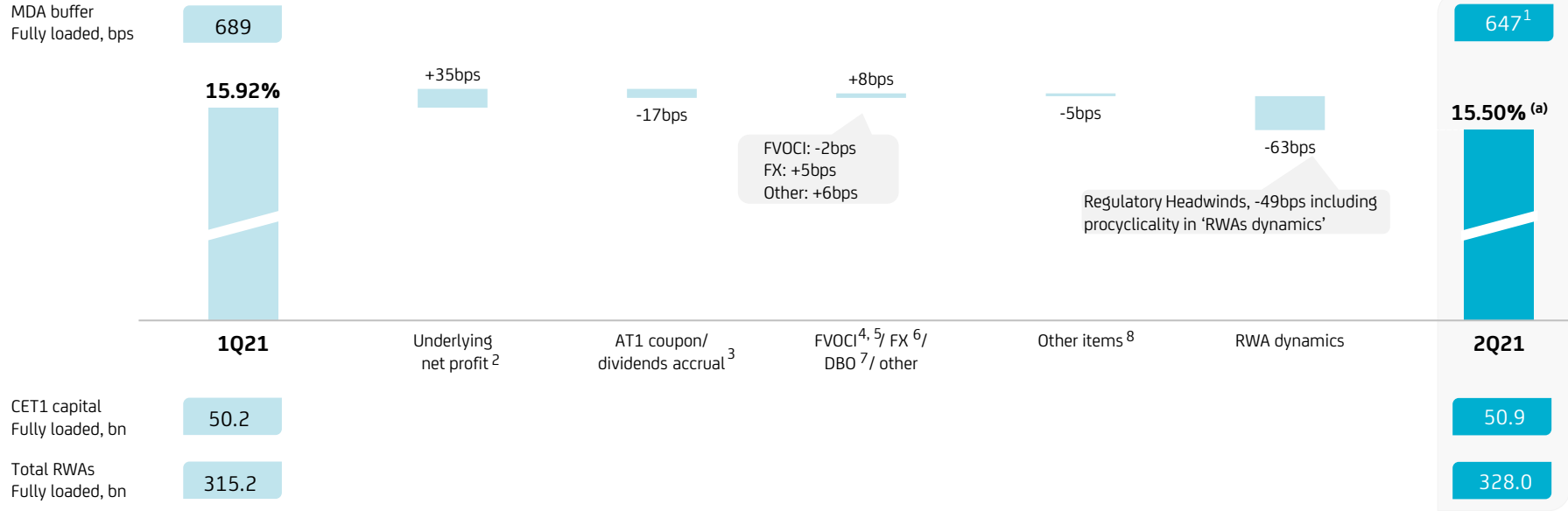
- Coverage ratio down 0.6 p.p. Q/Q mainly due to mix effect with bad loans reduction at higher coverage
- Gross NPE ratio for Group excluding Non Core in line with European average (EBA definition)



# Solid CET1 ratio at 15.5% despite absorbing 49bps of regulatory headwinds



## Financial highlights – CET1



- 2Q21 CET1 MDA buffer at 647bps, down 42bps Q/Q mainly driven by higher RWAs partly compensated by positive underlying net profit
- Extraordinary capital distribution of 652m later in 2021, fully in the form of share buybacks, already approved by AGM<sup>(b)</sup>
- CET1 MDA buffer target at 200-250bps

(a) Not yet including extraordinary share buyback of 652m already approved by AGM and subject to ECB approval.

(b) Subject to ECB approval and not expected to commence before 01 Oct 21.



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## Total revenues

in line with previous guidance of

c. 17.1bn

... and **costs** confirmed at

9.9bn



Underlying **CoR**<sup>1</sup> improved to

<40bps



Underlying **net profit**<sup>2</sup> now

>3bn



Investor  
Day

We welcome you to our Investor Day  
which we intend to hold in 4Q21



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<i>Data in m</i>	2Q20	1Q21	2Q21	Δ % vs 1Q21	Δ % vs 2Q20	1H20	1H21	Δ % vs 1H20
Total revenues	4,168	4,686	4,398	-6.1%	+5.5%	8,544	9,084	+6.3%
Operating costs	-2,442	-2,413	-2,461	+2.0%	+0.8%	-4,933	-4,874	-1.2%
Gross operating profit	1,726	2,272	1,937	-14.8%	+12.2%	3,610	4,209	+16.6%
LLPs	-937	-167	-360	n.m.	-61.6%	-2,198	-527	-76.0%
Net operating profit	788	2,105	1,577	-25.1%	+100.0%	1,412	3,682	n.m.
Other charges & provisions	-185	-702	-214	-69.5%	+15.6%	-713	-916	+28.5%
<i>o/w Systemic charges</i>	-166	-620	-125	-79.8%	-24.6%	-703	-745	+5.9%
Integration costs	-6	0	-7	n.m.	+15.4%	-1,352	-7	-99.5%
Profit (loss) from investments	-92	-195	15	n.m.	n.m.	-1,353	-181	-86.7%
Profit before taxes	505	1,207	1,371	+13.6%	n.m.	-2,007	2,578	n.m.
Income taxes	-73	-314	-331	+5.5%	n.m.	-213	-646	n.m.
Net profit from discontinued operations	1	1	0	-97.8%	-96.6%	1	1	+74.4%
Goodwill impairment	-8	0	0	n.m.	-100.0%	-8	0	-100.0%
Stated net profit	420	887	1,034	+16.5%	n.m.	-2,286	1,921	n.m.
Underlying net profit <sup>1</sup>	528	883	1,101	+24.7%	n.m.	368	1,985	n.m.

### Additional comments

- Balance of other operating income/expenses -97m Q/Q mainly due to SIA agreement renegotiation in 1Q21
- Majority of annual systemic charges booked in 1Q, up 1H/1H reflecting higher contribution due to Single Resolution Fund following system wide expansion of customer deposits in 2020
- 2Q21 profit from investments mainly Includes positive Real Estate evaluation and -€37m of Yapi Fair Value evaluation
- 2Q21 stated tax rate at 24%

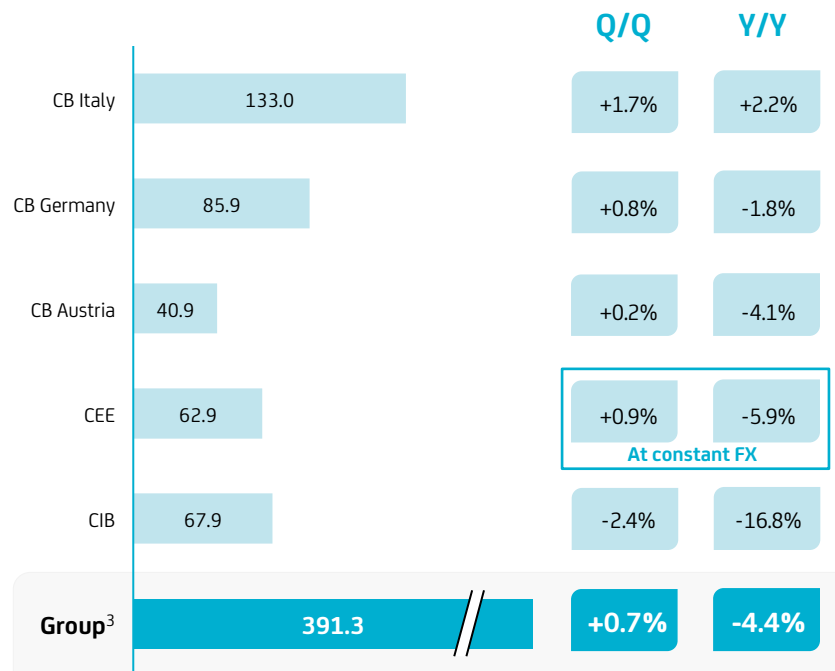


# Commercial loans and customer rates by division

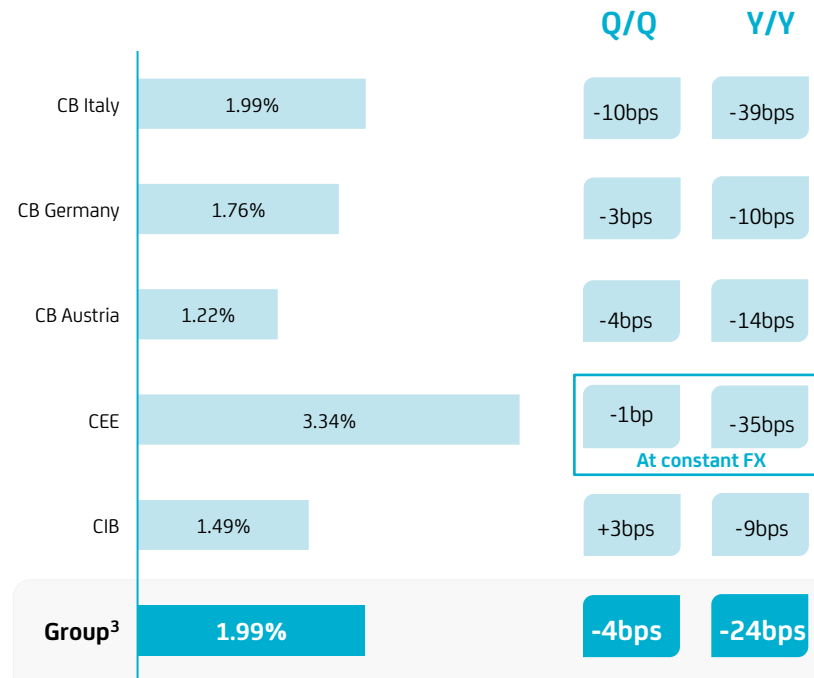


Annex – Commercial loans & rates

Avg gross commercial performing loans<sup>1</sup> 2Q21, bn



Gross customer performing loan rates<sup>2</sup> 2Q21

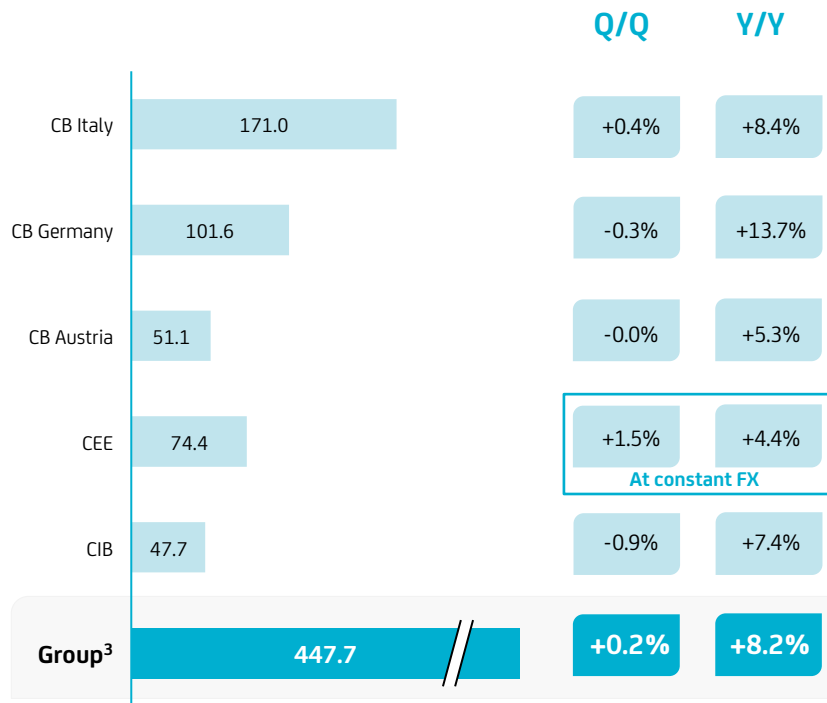


# Commercial deposits and customer rates by division

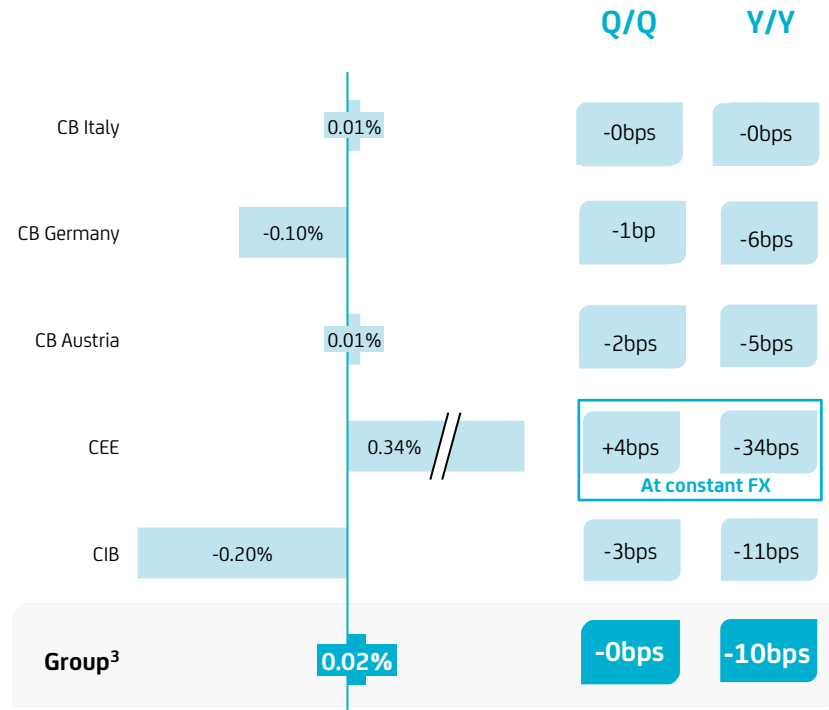


Annex - Commercial deposits & rates

Avg commercial deposits<sup>1</sup> 2Q21, bn

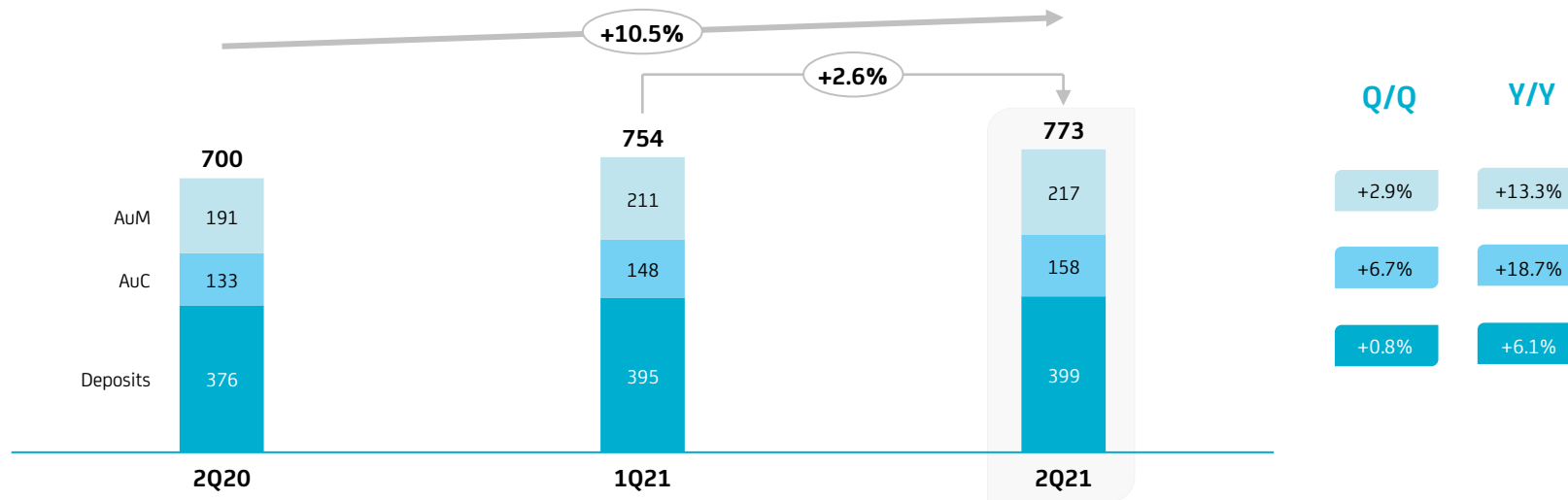


Customer deposits rates<sup>2</sup> 2Q21





bn



- 2Q21 TFA net sales +7.2bn, o/w: AuM net sales +2.1bn driven by CB Italy, AuC net sales +2.7bn and deposits +2.4bn
- 2Q21 TFA market performance +10.8bn thanks to AuM market performance +4.0bn and AuC market performance +6.9bn



# 2020 Non operating items



## Annex – Non operating items 2020

		2020		
		Amount before taxes, m	Net profit, m	Division
1Q	Yapi deconsolidation <sup>1</sup>	-1,576	-1,576	GCC
	Integration costs in Italy	-1,347	-1,272	All divisions <sup>2</sup>
	Additional real estate disposals	+516	+296	GCC
	Regulatory headwinds impact on CoR	-5	-3	CB Germany
	Real estate valuation <sup>3</sup>	+9	+9	All divisions
2Q	Regulatory headwinds impact on CoR	-6	-4	CB Germany, CEE, CIB
	Non Core accelerated rundown	-98	-98	Non Core
	Real estate valuation	-5	-7	All divisions

		2020		
		Amount before taxes, m	Net profit, m	Division
3Q	Regulatory headwinds impact on CoR	-4	-3	CB Germany
	Non Core accelerated rundown	-4	-4	Non Core
	Real estate valuation	-5	-5	All divisions
4Q	Regulatory headwinds impact on CoR <sup>4</sup>	-557	-519	All divisions
	Non Core accelerated rundown	-8	-8	Non Core
	Real estate valuation	30	23	All divisions
	Goodwill impairment	-878	-878	GCC



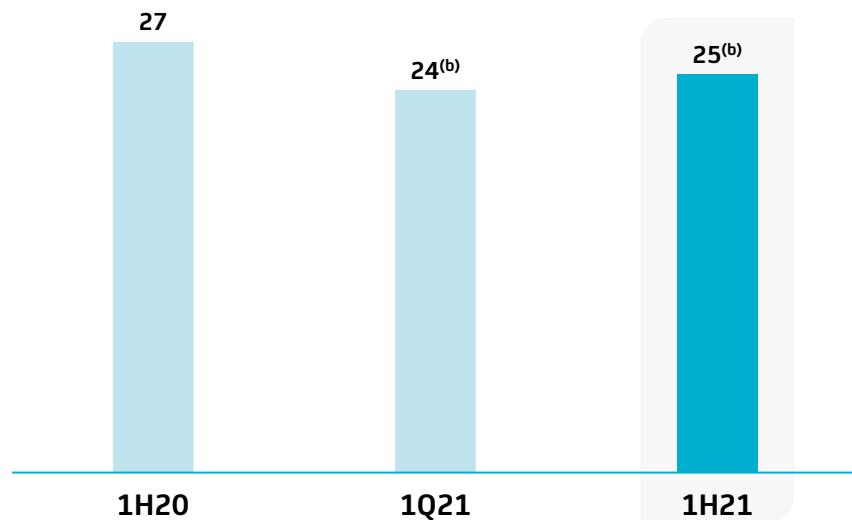
# 2021 Non operating items

2021				
		Amount before taxes, m	Net profit, m	Division
1Q	Real estate valuation	+4	+4	CB Austria, CEE, GCC, Non Core
2Q	Regulatory headwinds impact on CoR	-129	-85	All divisions (excl. Non Core)
	Real estate valuation	+25	+18	All divisions (excl. CB Italy)

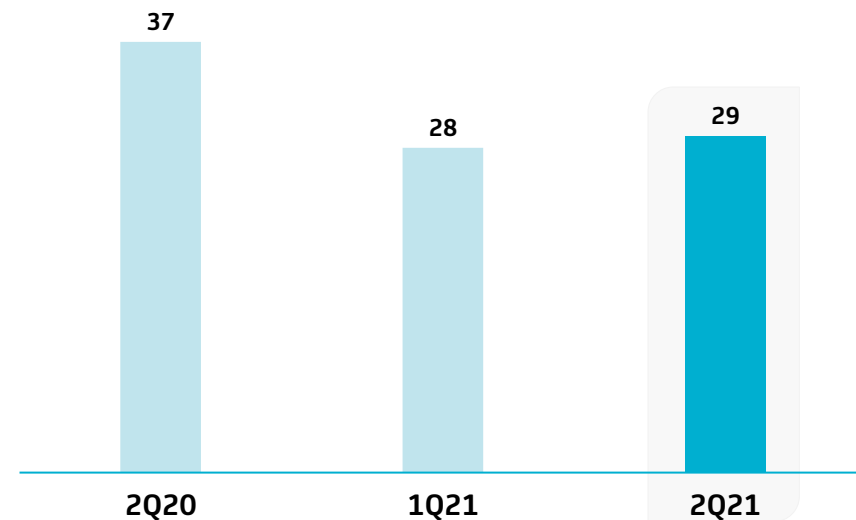


# Expected loss on stock and new business

Underlying expected loss<sup>(a)</sup> on new business<sup>1</sup>, bps



Underlying expected loss<sup>(a)</sup> on stock<sup>1</sup>, bps



(a) Group excluding Non Core.

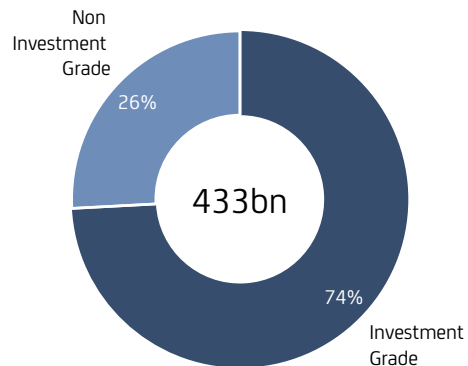
(b) Impact of state guarantees on EL on new business was -2bps in FY20, -1bp 1H21.

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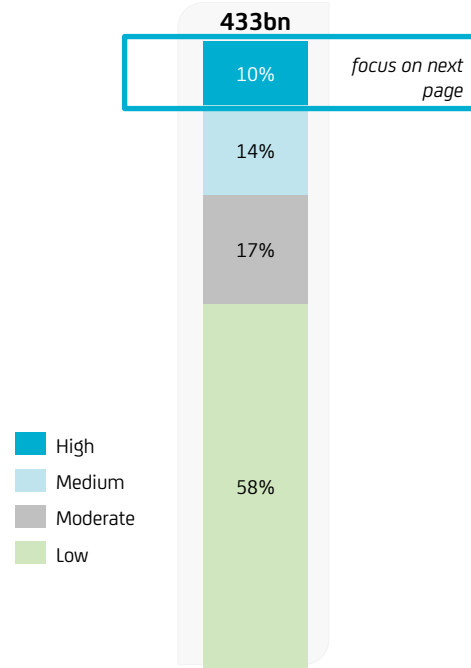


2Q21 gross performing customer loans EoP<sup>(a)</sup>

## Rating distribution<sup>1</sup>



## Sector



## Sectors Covid-19 impact (selection)

- **High Impact (10%)**
  - Transport, travel & airline
  - Shipping
  - Tourism
  - Oil
  
- **Medium Impact (14%)**
  - Construction
  
- **Moderate Impact (17%)**
  - Automotive
  - Private individuals (other)
  
- **Low Impact (58%)**
  - Agricultural
  - Utilities
  - Healthcare & pharma
  - Private individuals (mortgages)

(a) Gross performing customer loan end-of-period = total loans to customers at face value (i.e. before deduction of provisions), including repos and (in divisional figures) intercompany, excluding non performing (i.e. bad loans, unlikely to pay, and past due) and debt securities.

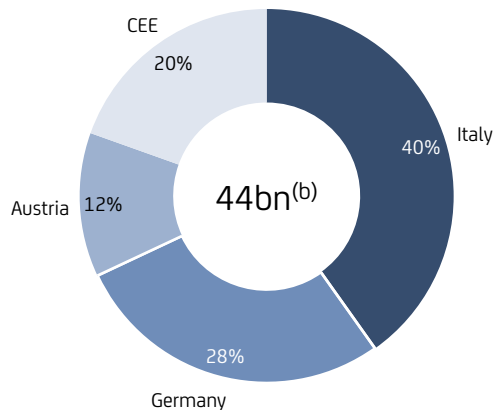
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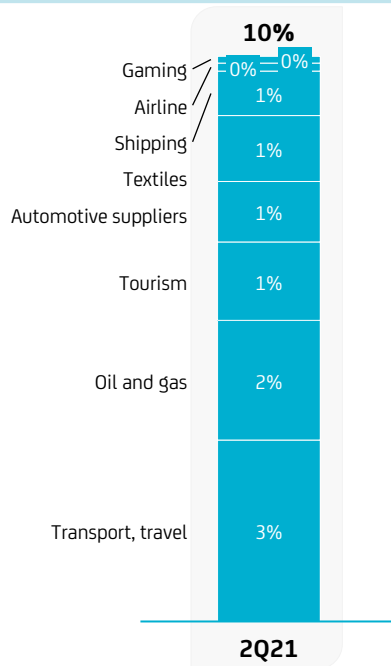
# Loan book by sector deep dive

## 2Q21 gross performing customer loans EoP<sup>(a)</sup>

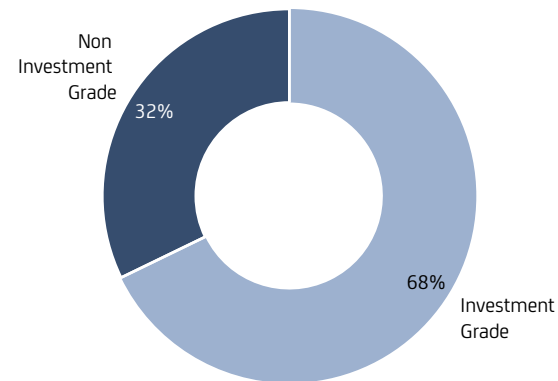
### Country distribution



### High impact sector (exhaustive)



### Rating distribution<sup>1</sup>



(a) Gross performing customer loan equal to total loans to customers at face value (i.e. before deduction of provisions), including repos and (in divisional figures) intercompany, excluding non performing (i.e. bad loans, unlikely to pay, and past due) and debt securities.

(b) Total gross performing customer loans for 2Q21 at 433bn of which 10% high impact, 14% medium impact, 17% moderate impact, 58% low impact.

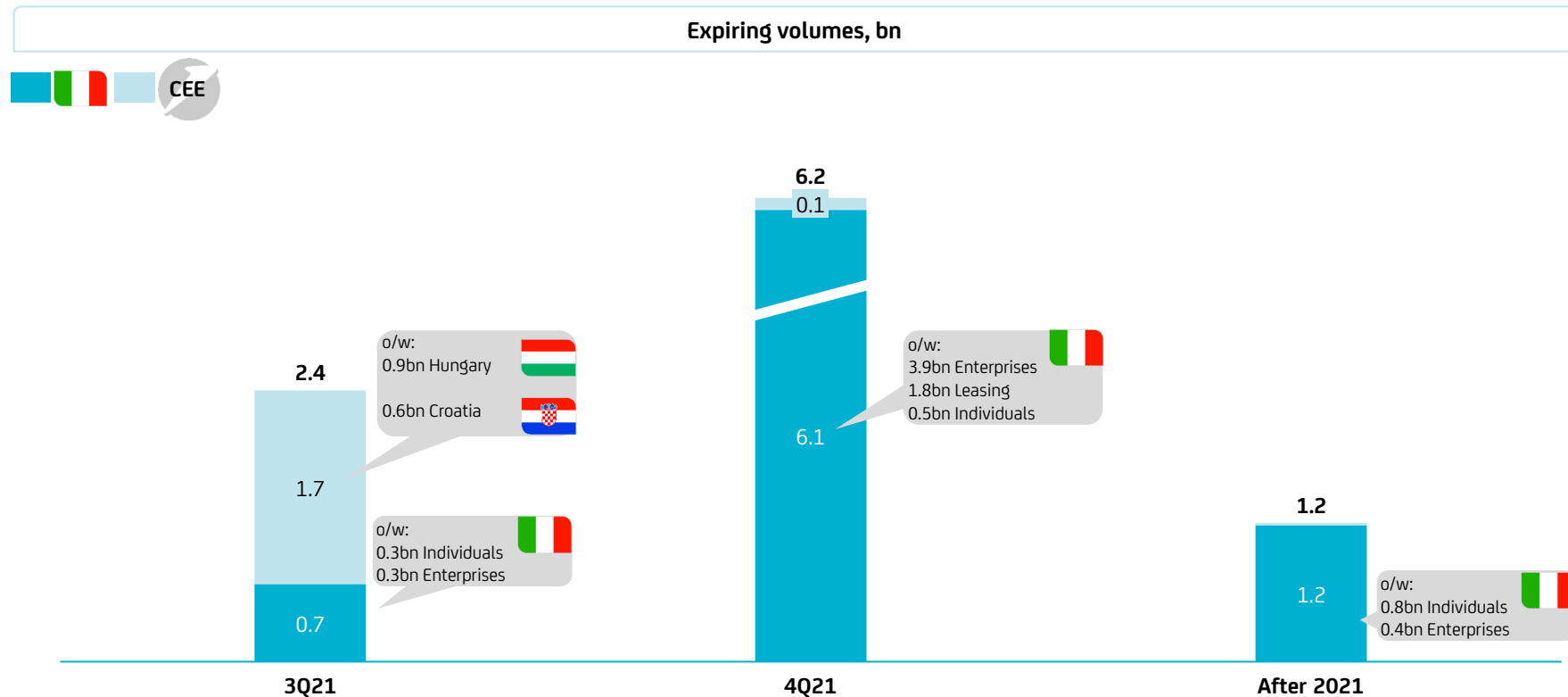


Country <sup>2</sup>	Segment	Moratoria <sup>1</sup>			Rating distribution <sup>1</sup>
		Outstanding volume, bn	Outstanding as % of total loan portfolio	Expired volume, bn	
	Individuals	1.6		5.1	
	Enterprises	6.4		9.3	
	<b>Total</b>	<b>7.9</b>	<b>4.6%</b>	14.4	
	<hr/>				
	Individuals	0.0		0.3	
	Enterprises	0.0		0.4	
	<b>Total</b>	<b>0.0</b>	<b>0.0%</b>	0.7	
	<hr/>				
	Individuals	0.0		0.5	
	Enterprises	0.1		1.4	
	<b>Total</b>	<b>0.1</b>	<b>0.2%</b>	1.8	
	<hr/>				
	Individuals	0.4		1.7	
	Enterprises	1.4		5.6	
	<b>Total</b>	<b>1.8</b>	<b>2.8%</b>	7.3	
	<hr/>				
<b>Group</b>		43% opt-in 57% opt-out <sup>3</sup>	<b>9.9</b>		<b>24.2</b>

■ Non Investment Grade  
■ Investment Grade


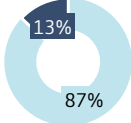

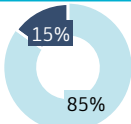

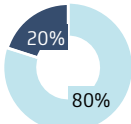

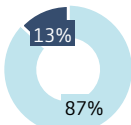


# Moratoria: expiration dates and volumes in Italy and CEE





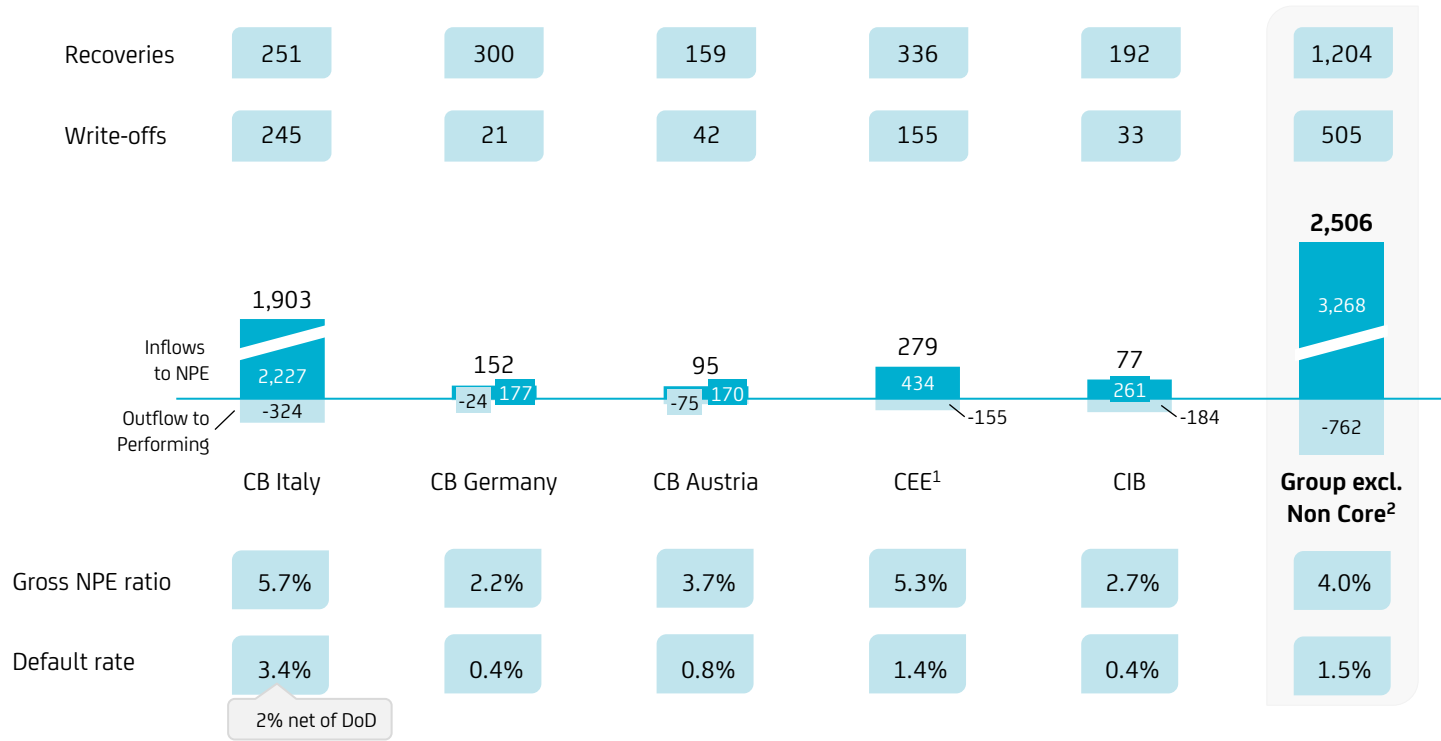
# State guaranteed volumes

State guarantee programmes			UniCredit <sup>1</sup>		Covered by guarantee <sup>1</sup>
Country <sup>2</sup>	Guarantee scheme size, bn	Banking system utilisation <sup>3</sup> , bn	Clients, k	Granted volume, bn	
	450	181	194.5	22.8	
	822	6	4.7	3.4	
	150	7	1.2	0.8	
	32	n.a.	14.6	1.5 <sup>4</sup>	
<b>Group</b>			<b>215.0</b>	<b>28.5</b>	

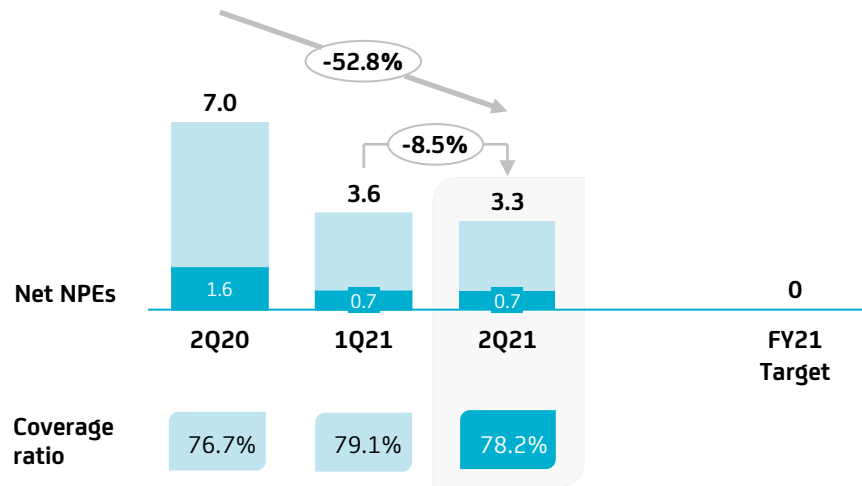
■ Net loans covered by state guarantee  
■ Risk for UniCredit



## Net flows to NPEs, recoveries and write-offs – 1H21, m



## Non Core - Non performing exposures<sup>1</sup>, bn



## Actions on Non Core rundown, bn

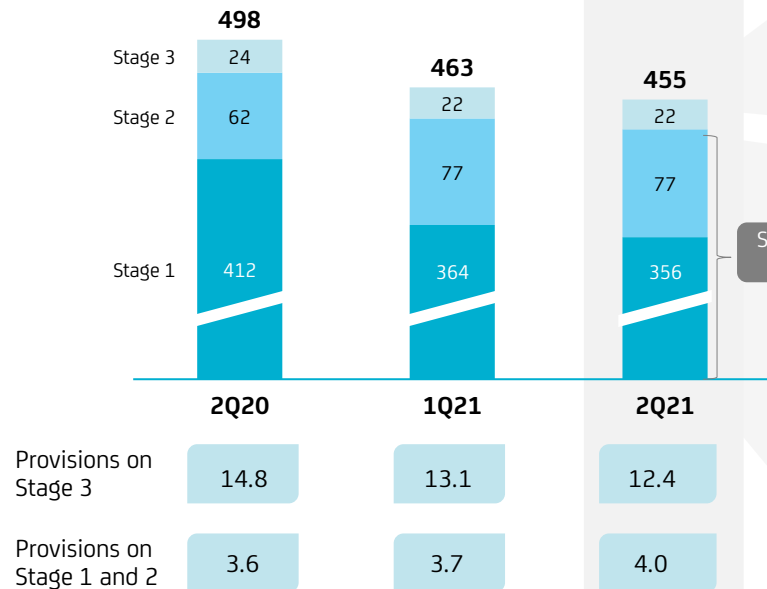
	2Q21	1H21
Disposals	-0.1	-0.2
Recoveries and repayments	-0.1	-0.1
Write-offs	-0.1	-0.1
Back to performing	0.0	0.0
<b>Total</b>	<b>-0.3</b>	<b>-0.4</b>

- Non Core FY21 full runoff confirmed, with majority of rundown taking place in 2H21



# Gross loans breakdown by stages

Gross loans<sup>1</sup> and provisions EoP, bn

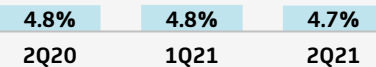


Stage 1 and 2:  
433bn

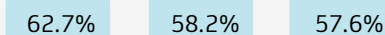
o/w Gross NPE

Stage 3

Stage 3  
(% of gross loans)



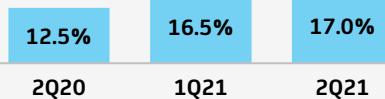
Coverage ratio



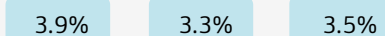
o/w Gross performing loans

o/w Stage 2

Stage 2  
(% of gross loans)

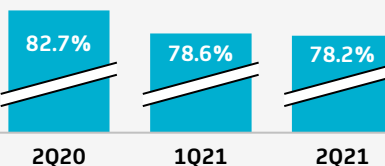


Coverage ratio

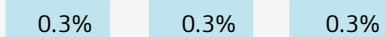


o/w Stage 1

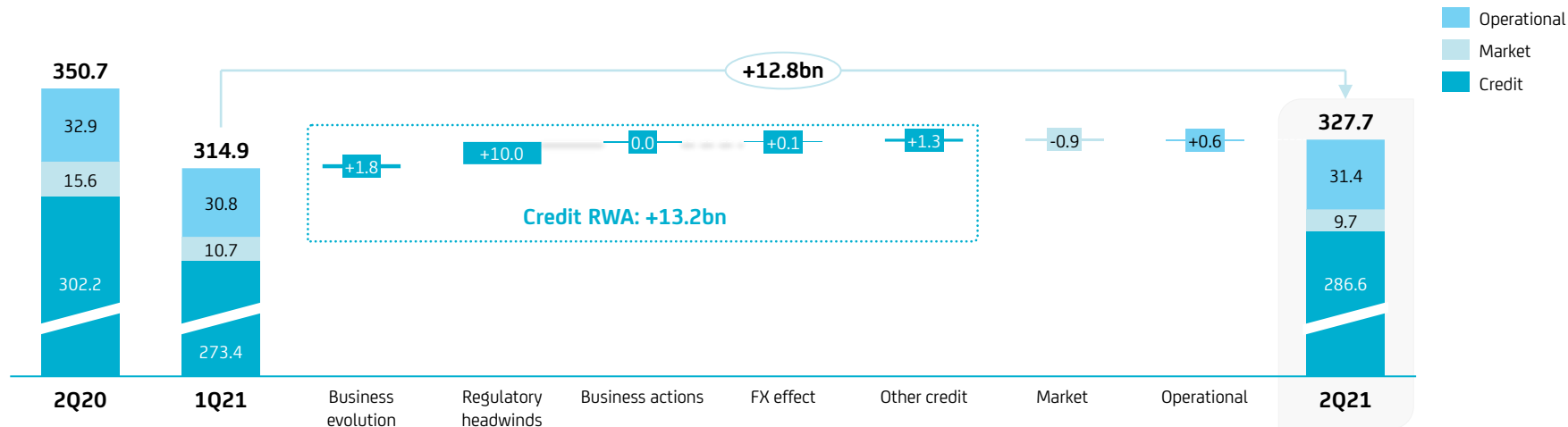
Stage 1  
(% of gross loans)



Coverage ratio



RWA transitional<sup>1</sup> Q/Q, bn

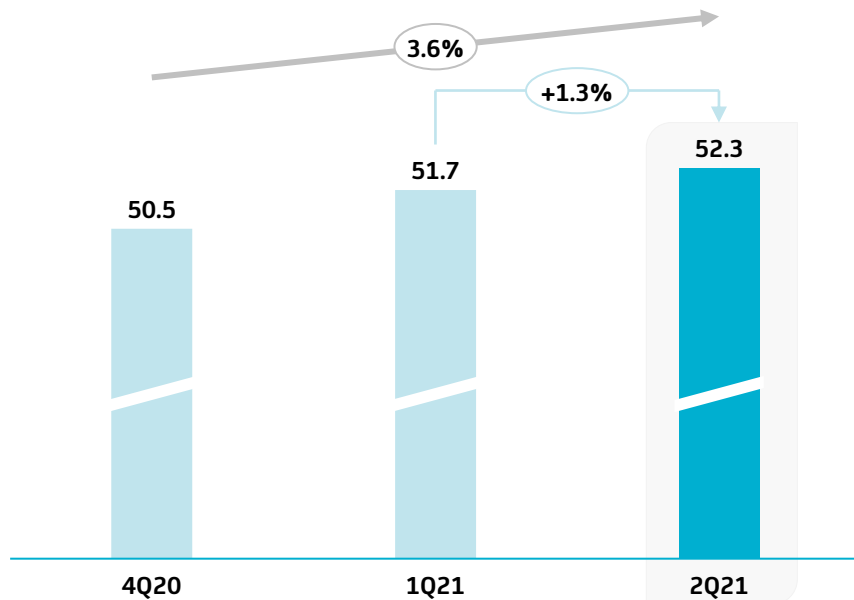


- Credit RWA up 13.2bn Q/Q driven by:
  - Regulatory headwinds (+10.0bn Q/Q including procyclicality)
  - Business evolution (+1.8bn Q/Q mainly due to loan dynamics partially offset by new state guarantees)
- Market RWA down 0.9bn Q/Q
- Operational RWA up 0.6bn Q/Q

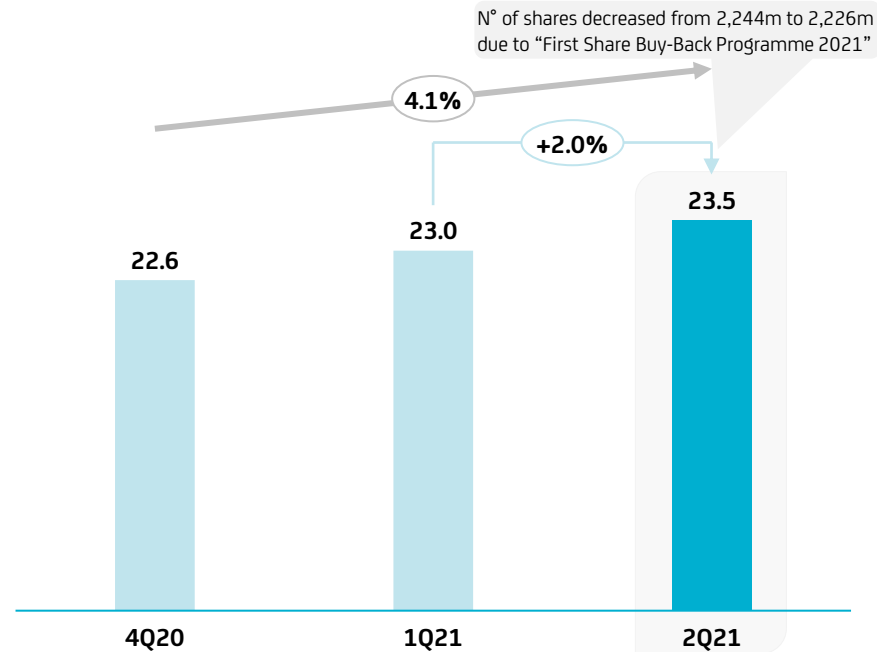


# Tangible equity and tangible book value per share

Tangible equity (end-of-period), bn



Tangible book value per share<sup>1</sup>



**Please note that numbers may not add up due to rounding, and some figures are managerial.**

This note refer to the metric and/or defined term presented on [page 4 \(Key highlights\)](#):

1. Based on underlying net profit. See page 26-27 in annex for details.

These notes refer to the metric and/or defined term presented on [page 5 \(Outcome of preliminary assessment\)](#):

1. Ranking by total assets.
2. The positioning vs other main Peers in CE region is as of 1Q21; UniCredit figures are excluding Profit Centre Milan; ERSTE Austria in CE perimeter ranking consists of Erste Bank Oesterreich & Subsidiaries, Savings banks and Other Austria.
3. The positioning vs other main Peers in EE region is as of 1Q21; UniCredit figures are excluding Profit Centre Milan.
4. Geographical representation based on 1H21 managerial figures, for illustrative purposes only.

This note refer to the metric and/or defined term presented on [page 9 \(Financial highlights\)](#):

1. Based on underlying net profit. See page 26-27 in annex for details.

These notes refer to the metric and/or defined term presented on [page 11 \(Group key figures\)](#):

1. Underlying net profit is the basis for the ordinary capital distribution policy. See page 26-27 in annex for details.
2. Based on underlying net profit. See page 26-27 in annex for details.

These notes refer to the metric and/or defined term presented on [page 12 \(Net interest\)](#):

1. Net contribution from hedging strategy of non-maturity deposits in 2Q21 at 368.2m, +4.8m Q/Q and +39.2m Y/Y.
2. Other includes: margin from impaired loans, time value, days effect, FX effect, one-offs and other minor items.

These notes refer to the metric and/or defined term presented on [page 14 \(Trading and dividends\)](#):

1. Include dividends and equity investments. Yapi is valued by the equity method (at 32% stake for Jan 20 and at 20% thereafter) and contributes to the dividend line of the Group P&L based on managerial view.
2. Valuation adjustments (XVA) include: Debt/Credit Value Adjustment (DVA/CVA), Funding Valuation Adjustments (FuVA) and hedging desk.

This note refers to the metric and/or defined term presented on [page 15 \(Costs\)](#):

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



This note refer to the metric and/or defined term presented on [page 17 \(Group asset quality\)](#):

1. Gross non performing exposure end-of-period including gross bad loans, gross unlikely to pay and gross past due. Gross past due at 1,021m in 2Q21 (-10.9% Q/Q and +7.7% Y/Y).

These notes refer to the metric and/or defined term presented on [page 18 \(CET1 capital\)](#):

1. MDA buffer is relevant for regulatory purposes only versus the CET1 ratio transitional, at 708bps; CET1 MDA requirements at 9.03% in 2Q21.
2. Underlying net profit is the basis for the ordinary capital distribution policy. See page 26-27 in annex for details.
3. Payment of coupon on AT1 instruments at 194m pre tax in 2Q21. Dividend accrual based on 30% of 2Q21 underlying net profit. Payment of coupon on CASHES at 0m pre and post tax in 2Q21.
4. In 2Q21 CET1 ratio impact from FVOCI -2bps, o/w -2bps due 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 Jun 21.
6. TRY sensitivity: 10% depreciation of the TRY has -0.6bps net impact on the fully loaded CET1 ratio. Managerial data as at 30 Jun 21.
7. DBO sensitivity: 10bps decrease in discount rate has a -4.6bps pre and -3.3bps post tax impact on the fully loaded CET1 ratio as at 30 Jun 21.
8. Including non-operating items, see page 27 in annex for details.

These notes refer to the metric and/or defined term presented on [page 20 \(Closing remarks\)](#):

1. Underlying CoR: defined as stated CoR excluding regulatory headwinds.
2. Underlying net profit is the basis for the ordinary capital distribution policy. See page 26-27 in annex for details.

This note refer to the metric and/or defined term presented on [page 22 \(Group P&L\)](#):

1. Underlying net profit is the basis for the ordinary capital distribution policy. See page 26-27 in annex for details.

These notes refer to the metric and/or defined term presented on [page 23 \(Commercial loans & rates\)](#):

1. Average gross commercial performing loans excluding repos are managerial figures and are calculated as daily averages.
2. Gross customer performing loan rates calculated assuming 365 days convention, adjusted for 360 days convention where analytically available, and based on average gross balances.
3. Includes Group Corporate Centre and Non Core.

These notes refer to the metric and/or defined term presented on [page 24 \(Commercial deposits & rates\)](#):

1. Average commercial deposits excluding repos are managerial figures and are calculated as daily averages. Deposits net of Group Bonds placed by the network.
2. Gross customer performing deposits rates calculated assuming 365 days convention, adjusted for 360 days convention where analytically available, and based on average gross balances.
3. Includes Group Corporate Centre and Non Core.





This note refer to the metric and/or defined term presented on [page 25 \(TFAs\)](#):

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

These notes refers to the metric and/or defined term presented on [page 26 \(Non operating items 2020\)](#):

1. Adjustment for Yapi MtM valuation (previously -1,669m) applied retroactively in 1Q20.
2. 1Q20 integration costs in: CB Italy equals to -742m, CB Germany equals to +0m, CB Austria equals to -0m, CEE equals to -11m, CIB equals to -19m, GCC equals to -489m and Non Core equals to -10m.
3. Adjustment for Real Estate MtM valuation (previously zero) applied retroactively in 1Q20.
4. Including new definition of default.

This note refer to the metric and/or defined term presented on [page 28 \(Expected loss\)](#):

1. Always excludes regulatory headwinds. For stock: 0bps in 2Q20; 0bps in 1Q21 and 3bps in 2Q21. For the new business: 0bps in 2Q20; 0bps in 1Q21 and 2bps in 2Q21. EL New Business based on managerial estimate, leveraging on May data where relevant.

This note refer to the metric and/or defined term presented on [page 29 \(Loan book by sector\)](#):

1. Investment grade based on internal rating scale definition.

This note refer to the metric and/or defined term presented on [page 30 \(Loan book by sector deep dive\)](#):

1. Investment grade based on internal rating scale definition.

These notes refer to the metric and/or defined term presented on [page 31 \(Moratoria\)](#):

1. Data as of as of 30 Jun 21, including all Covid-19 initiatives. Volumes in Enterprises include Leasing. CEE consolidated data. Rating distribution calculated on the basis of internal details.
2. Figures based on legal entities. Includes also CIB clients.
3. Opt-out means that the moratoria is automatically granted to all clients which can then decide not to have it. It applies to Hungary, however in comparison to 2020 in 2021 to be included under moratoria the clients needs to submit notification to the bank. Serbia also still reflected under opt-out, even though from the beginning of 2021 an opt-in moratoria is in place. The reason is substantial expired amount of opt-out moratoria in 2020.

This note refer to the metric and/or defined term presented on [page 32 \(Moratoria expiration\)](#):

1. Data as of 30 Jun 21.



These notes refer to the metric and/or defined term presented on [page 33 \(State guarantees\)](#):

1. Data as of 30 Jun 21, including all Covid-19 initiatives. CEE consolidated data. The percentage covered by guarantee calculated on managerial figures.
2. Figures based on legal entities. Includes also CIB clients.
3. Data as of 30 Jun 21.
4. For CEE incl. ~0.4bn€ in Hungary under Covid-19 subsidised funding schemes from the national bank as one of the state support measures.

These notes refer to the metric and/or defined term presented on [page 34 \(Asset quality by division\)](#):

1. Including Profit Centre Milan.
2. The sum of the divisions shown is not equal to the Group excluding Non Core as excludes Group Corporate Centre.

This note refer to the metric and/or defined term presented on [page 35 \(Non Core asset quality\)](#):

1. Gross non performing exposure end-of-period including gross bad loans, gross unlikely to pay and gross past due.

This note refer to the metric and/or defined term presented on [page 36 \(Loan book by stage\)](#):

1. Total loans to customers end-of-period, at face value (i.e. before deduction of provisions), including active repos and (in divisional figures) intercompany, both performing and non performing (comprising bad loans, unlikely to pay, and past due); debt securities and non current assets held for disposal are excluded.

This note refers to the metric and/or defined term presented on [page 37 \(RWA\)](#):

1. Business evolution: changes related to customer driven activities (mainly loans. Including guaranteed loans). Regulatory headwinds includes: regulatory changes (eg. CRR or CRD) determining variations of RWA; Procyclicality: change in macroeconomy or client's credit worthiness; Models: methodological changes to existing or new models. Business actions: initiatives to decrease RWA (e.g. securitisations, collateral related actions). FX effect: impact from exposures in foreign currencies. Other credit includes extraordinary/non-recurring disposals.

This note refers to the metric and/or defined term presented on [page 38 \(Tangible equity\)](#):

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. Number of shares 2,226m as of 30 Jun 21.



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