

# UniCredit Unlocked

UniCredit Strategy Day  
Milan, 9 December 2021



# UniCredit Unlocked

Empowering Communities to Progress



Untapped potential, waiting to be unlocked



Connecting **15m clients** across Europe ...

14m

Retail clients

1m

Corporate clients

Cross-border payments market share:

c. **2x** intra-country



... through a **unique and diverse talent base**

	Group overall	Leadership team <sup>1</sup>	Group Executive Committee
<b>International mindset<sup>2</sup></b> Outside of head office country	57%	42%	53%
<b>Gender balance<sup>2</sup></b> Female	54%	33%	40%



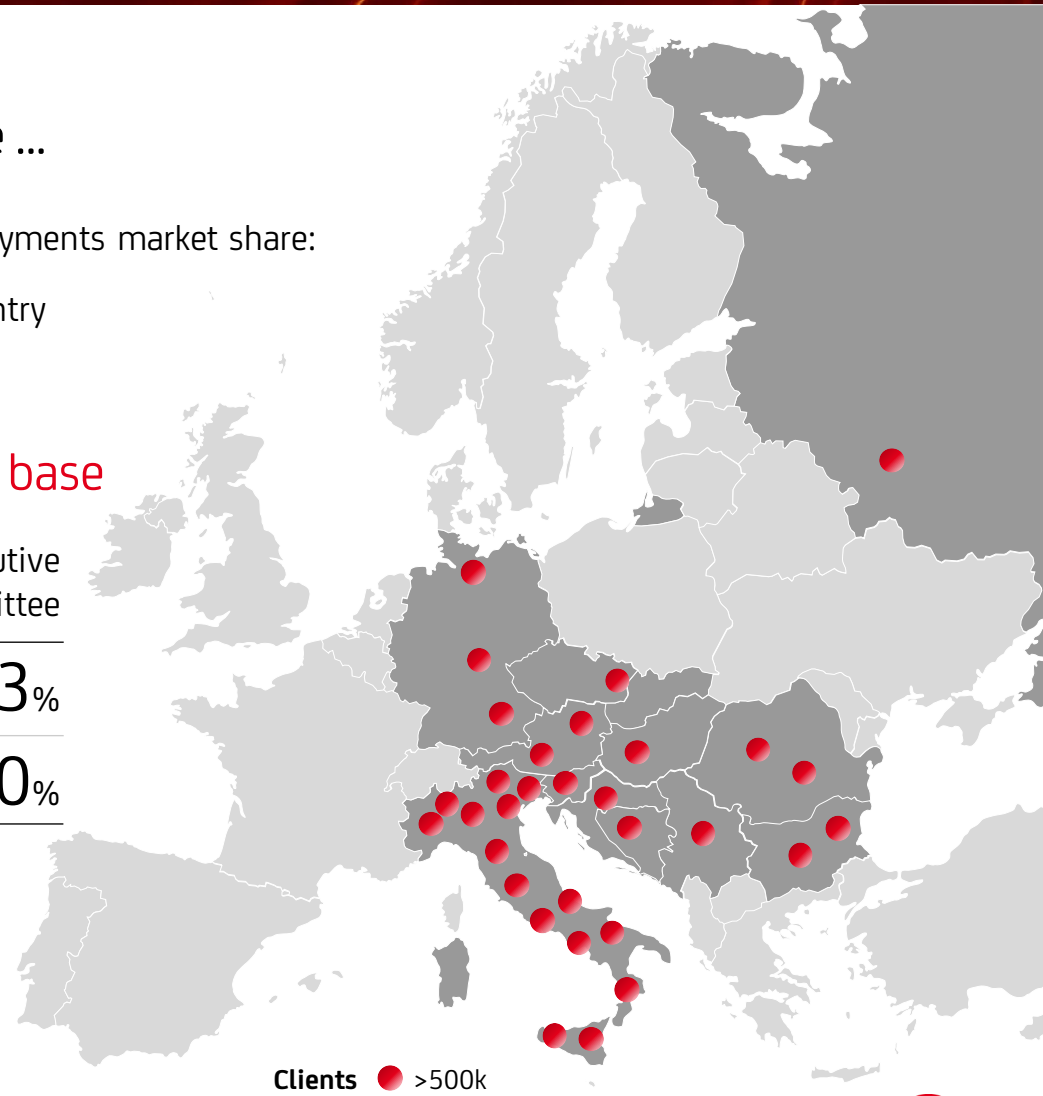
... 13 Banks<sup>3</sup> embedded in the **fabric of Europe**

#1 Eastern Europe

#2 Central Europe

#2 Italy

#3 Germany





### Clients

I applied for a loan and it took a lot to complete the process – **too slow, too complex**

People working in the branch are so **busy** ...

Is it possible that I'm supposed to go to the branch to sign papers? **What about the digital era?**

Not digital

INEFFICIENT

**Complex** Slow

changing Difficult

waiting



### Employees

We are **losing new potential business** opportunities because there are too many internal hurdles, bureaucracy

We have a **proliferation of committees** ... slowing down the time-to-market

Multiple layers of checks make it **difficult to work and to support our clients**

**BUREAUCRACY**

UNCLEAR PURPOSE

Rules

Mistakes

forbidden

AVERSION

Fear

Risks

RESISTANT



### Investors

Is UCG still in **restructuring** mode?

The problem is not so much how much **capital** to keep but **how to make it work**

UniCredit needs to show **simplification** in its geographic exposure

Extremely **high** stated **net income volatility**

UNDERVALUED

Weak profitability

Excess capital

**Restructuring**

UNCLEAR

VOLATILITY

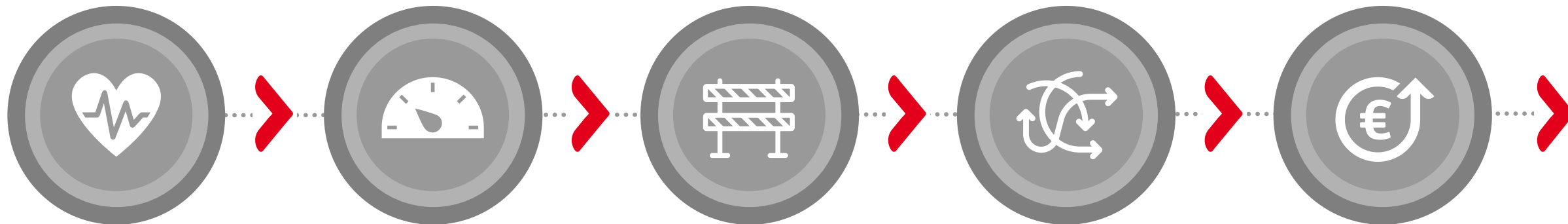
Low returns

COMPLEX

LIMITED REVENUE

Unfocused





### Purpose

What does UniCredit stand for?

### Client proposition

A simpler, better integrated, faster to respond service is required

### Employees

Daily work environment and organisational set-up prevents people from delivering their best

### Value proposition

No clear strategy for sustainable growth  
No clear path to strong recurrent RoTE  
Uncertain and insufficient capital distribution

### Valuation

Current delivery and hence valuation does not reflect UniCredit's potential

Need to move out of a period of retrenchment and restructuring into an era of purpose, growth and value creation







### Grow in our **regions** and develop our **client** franchise

- Quality growth both from existing and new clients
- Develop best-in-class products and services: either in-house or with external partners



### Change our **business model** and how our **people** operate

- Grow capital-light business, focusing on value-added products and services for clients
- Targeted cost efficiency to fund investment and deliver operating leverage



### Deliver economies of **scale** from our footprint of **banks**

- Unite our 13 banks in one integrated group
- Central steering where it adds value; local empowerment within a clear risk framework



### Transform our **technology** leveraging **Digital & Data**

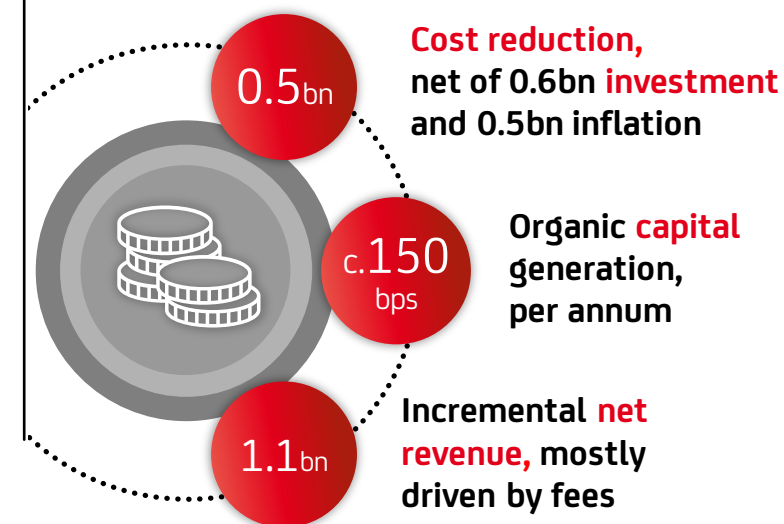
- Redesign operating model: reclaiming core competencies in-house
- New way of working: centred around clients and common platforms

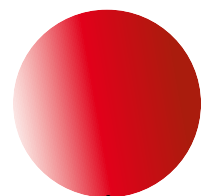


### Embed **sustainability** in all that we do

- Leading by example, striving for the same high standards that we seek from those we do business with
- Equipping ourselves with tools to support our clients and communities to navigate the transition

RoTE of **c.10%** by 2024 and **sustainable distribution** of at least **16bn** between 2021-24 via three interconnecting levers



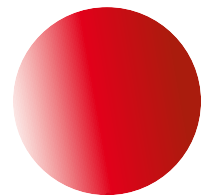


# Win.

**For our clients:** delivery of best-in-class products and services

**For our investors:** creating long term shareholder value

**For us:** uniting behind a single ambition and shared principles

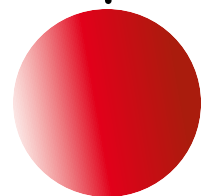


# The Right Way.

Integrity

Ownership

Care



# Together.

**As one team** and with a common purpose

**As true partners** to all our stakeholders



# UniCredit Unlocked



Optimise  
Today



Build for  
Tomorrow



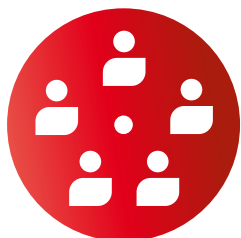


# Optimise Today

## Connecting to our clients in a unified way across Europe



15m  
clients



87k  
people<sup>1</sup>



- Reunified **client segments**
- Harmonised **service model**
- Simplified **processes**
- Common **organisational structure**
- Best-in-class **factories** delivering for our clients

13  
banks



4  
regions

2  
product  
factories<sup>2</sup>

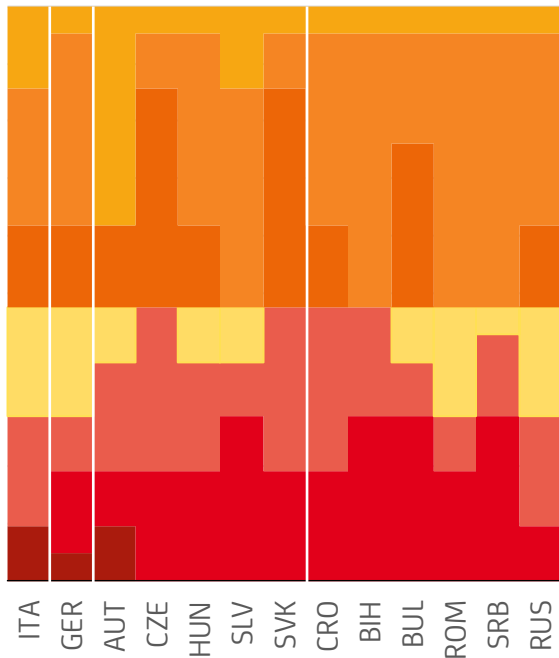


# Optimise Today: Clients

## A unified approach: putting clients back at the centre



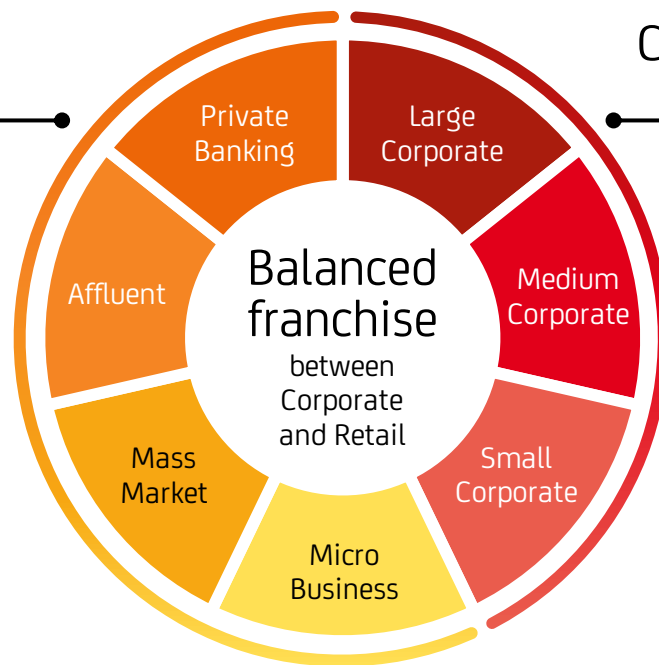
From Fragmented<sup>1</sup>



Illustrative

Retail

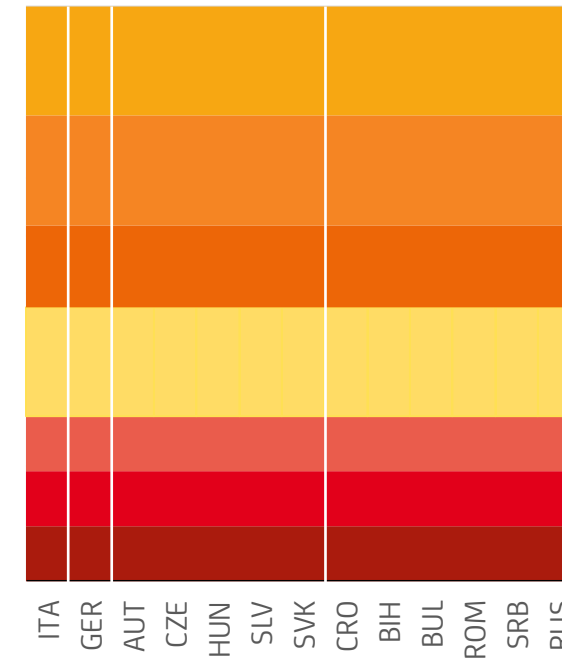
54%  
Revenue<sup>2</sup>



Corporate

46%  
Revenue<sup>2</sup>

To Unified and Simplified<sup>1</sup>



Illustrative

From a heterogeneous client service model to a unified client approach



# Optimise Today: People

## Culture of empowerment, centred around the client

From

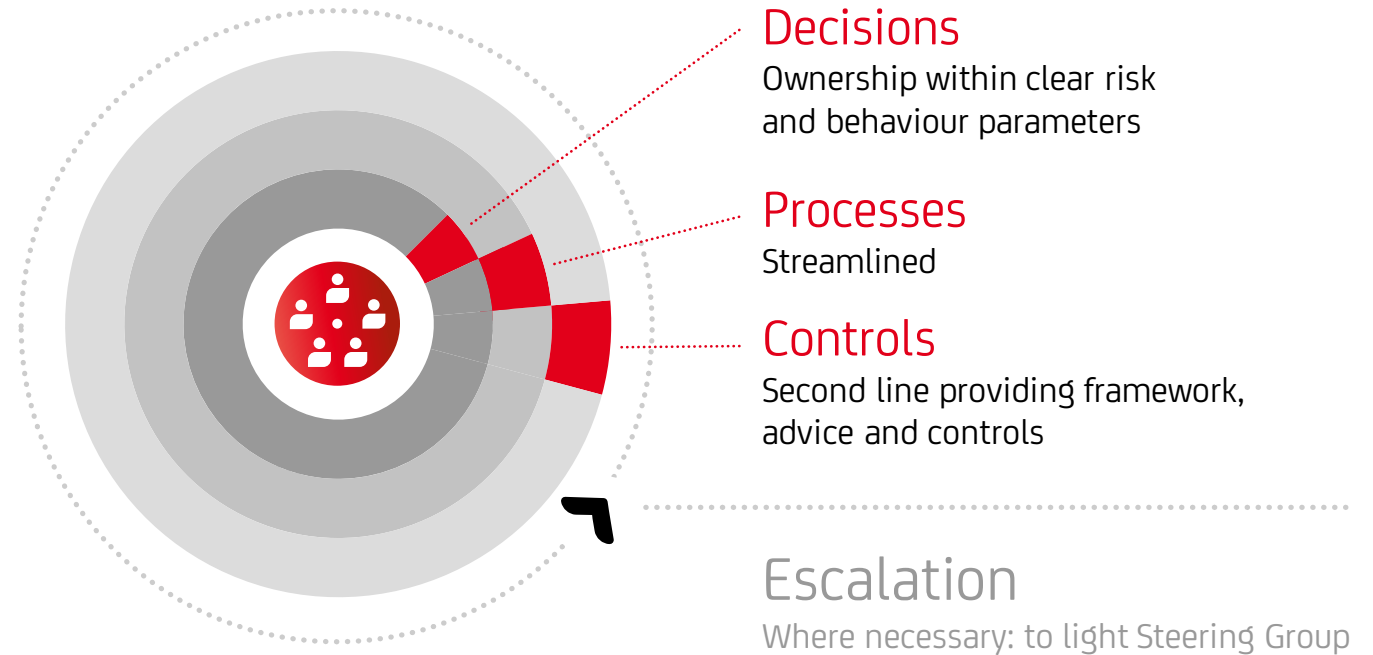
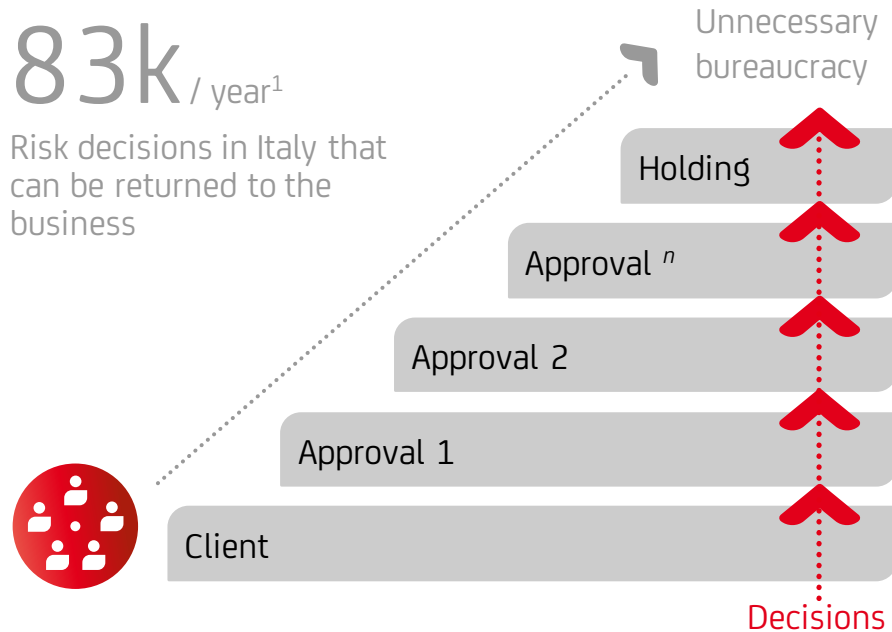
Ultimate decision-making far from the client

To

Empowered with accountability, within a clear framework

83k / year<sup>1</sup>

Risk decisions in Italy that can be returned to the business



# Optimise Today: People United behind a single ambition and purpose



## A new mindset

Win.  
The Right Way.  
Together.

## Galvanised by a common objective

- **Reclaiming pride** in our businesses and our services
- Driving together to **take back market share**



The Bank  
for Europe's  
Future

## Inspired to deliver for our clients

- **Entrepreneurial** spirit, within clear guidelines
- **Empowered** by **decisions** occurring **at the right place**

## Truly European perspective

- Uniquely **pan-European** footprint and heritage
- Supporting **high employee mobility**



# Optimise Today: Organisation

## From a complex, siloed model to a lean Group working in partnership



From

5

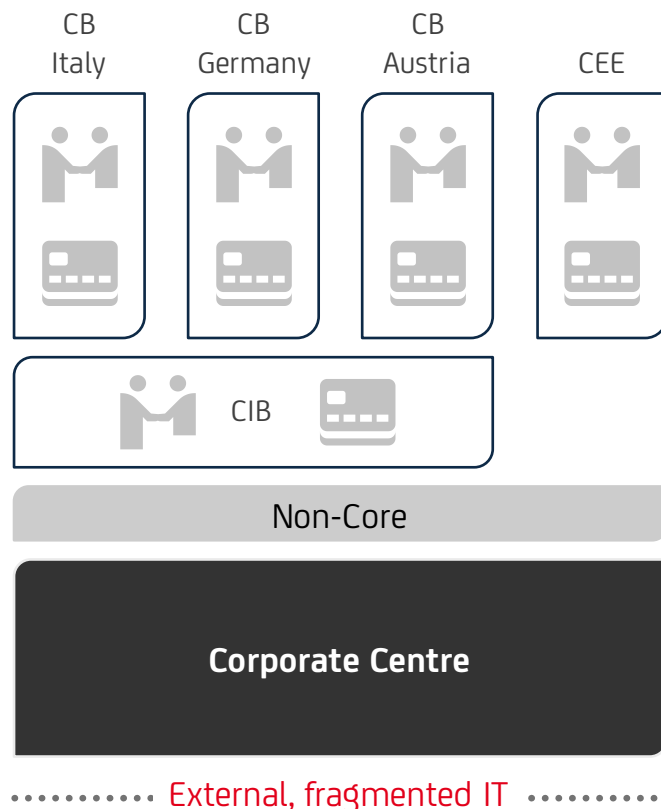
Siloed business divisions

1

Centralised Non-Core

1

Heavy, commanding Corporate Centre



To

4

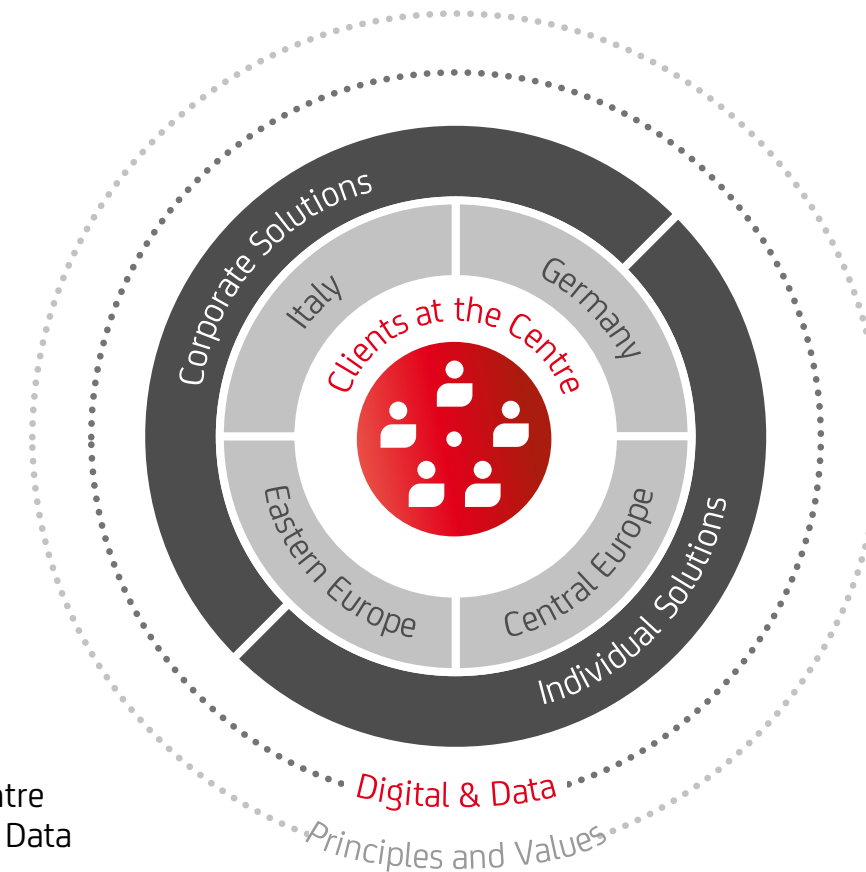
Coverage regions

2

Product factories serving all regions

1

Leaner Corporate Centre embedding Digital & Data

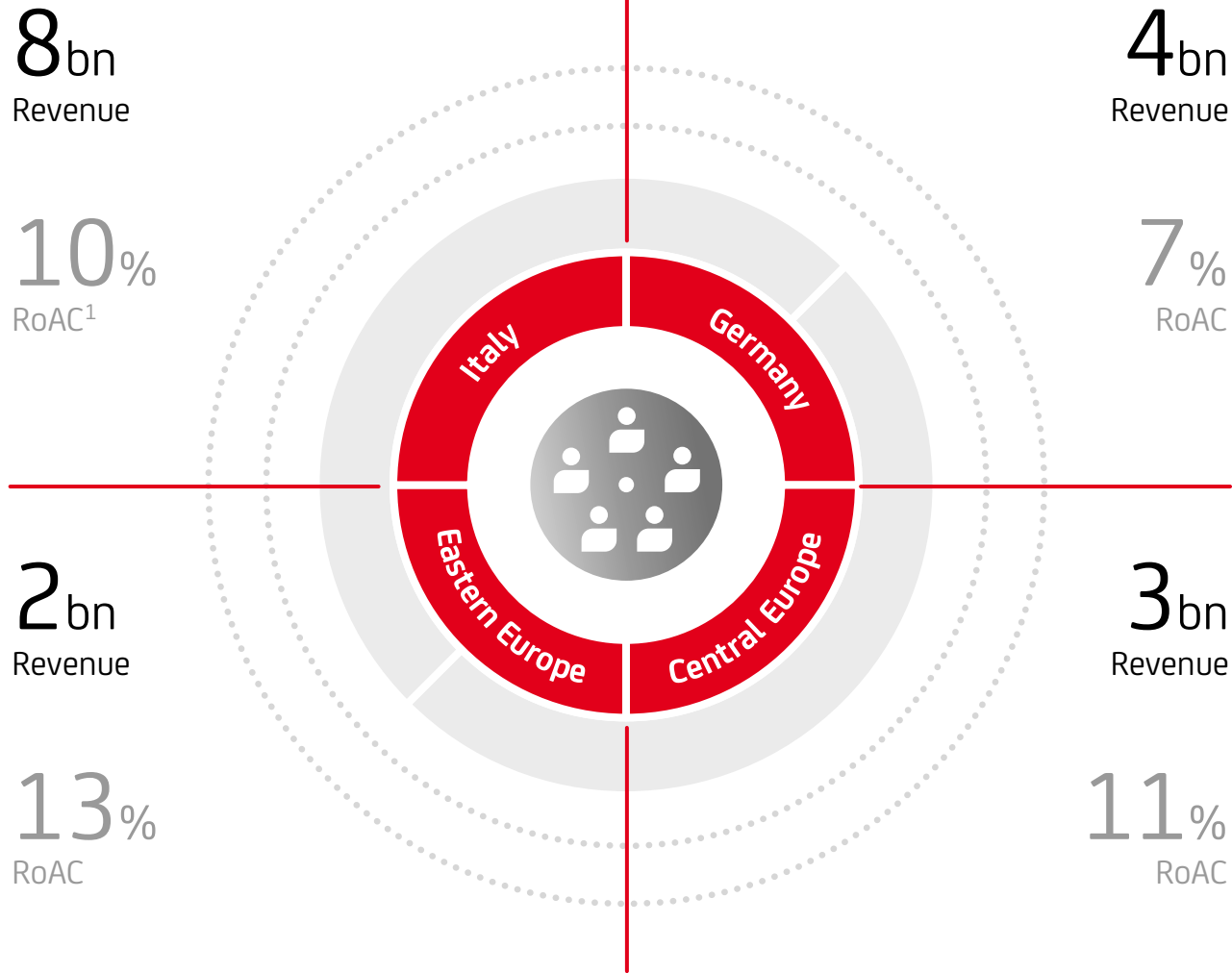


13 banks connected by a common model, technology, data platform and principles to deliver best-in-class products and services to our clients



# Optimise Today: Organisation

## Client coverage harmonised and fully returned to our banks and people



### Clients

**Approached in a unified way: harmonised service segments and standardised delivery model**



### People

**Accountable for decisions made for clients, within a clear risk and behaviour framework**



### Organisation

Providing the tools to enable excellence:

- **Digital & Data** to support bespoke service
- Best-in-class **product factories** to deliver quality





# Optimise Today: Organisation

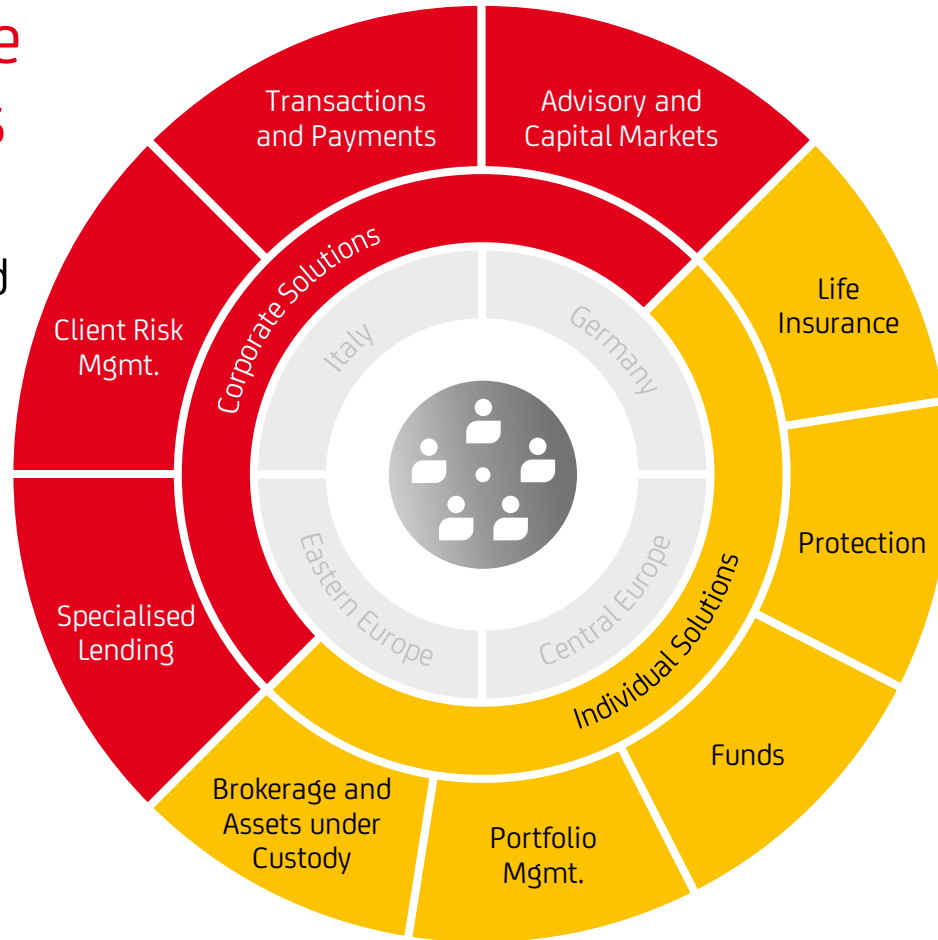
## Focused on our strengths, striving for excellence for our clients

### Corporate Solutions

Value-added products and services

> 5 bn

Revenue 2021



Half of Group revenue

### Individual Solutions

Truly capital-light model

3 bn

Revenue 2021



**Balanced mix of best-in-class solutions:** developed internally or by partners

**Comprehensive offering:** allowing us to meet all clients' needs

**Digital & Data as a key enabler** for a seamless client experience

**Leverage Group scale**  
– serving all 4 regions – developing higher value-added products and services

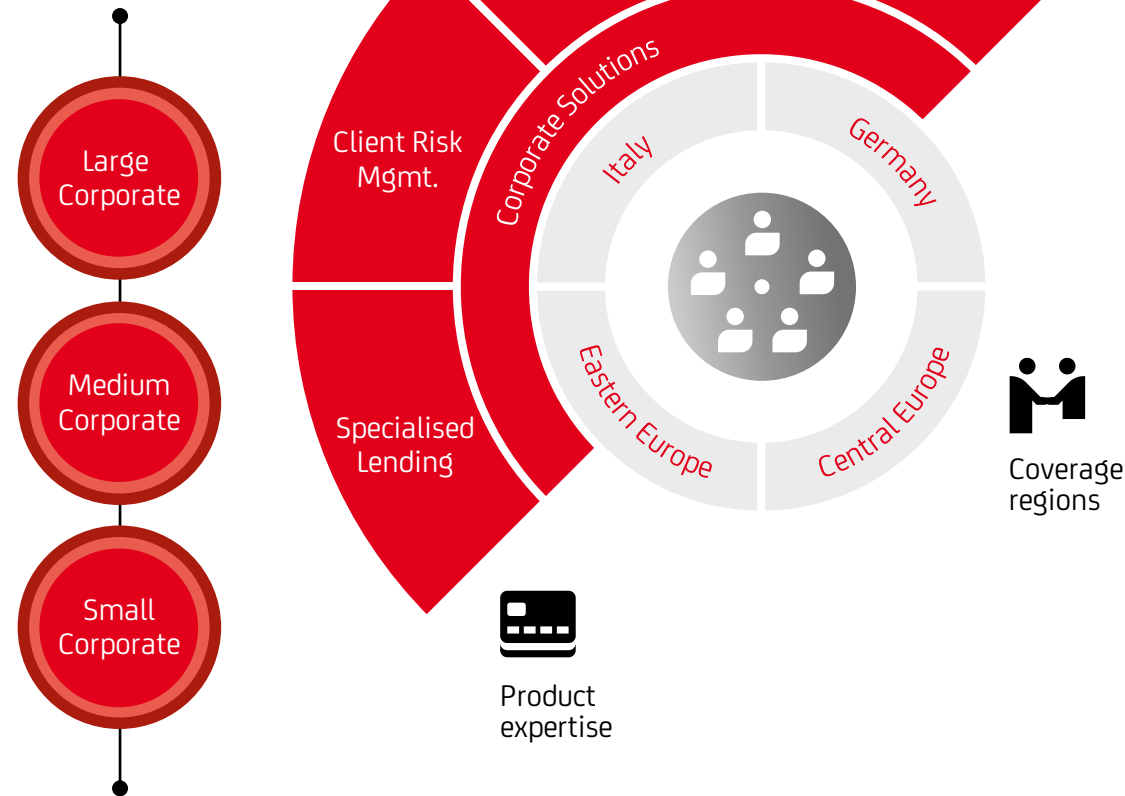


# Optimise Today: Organisation

## True access to value-added services for our Corporate clients

1m

Corporate Clients



## Corporate Solutions

Unique differentiators in our model ...

- **Extensive Corporate client base** with longstanding relationships
- **High quality service** tailored and delivered to the client segment's need
- **Cross-border positioning** with ability to support clients in trade, transactional and growth ambitions

... coupled with product range that meets clients' needs, that adapts, and that innovates



# Optimise Today: Organisation

## Leveraging our competencies, driving capital-light growth

### Corporate Solutions

>5bn  
Revenue 2021

4%  
Revenue CAGR 2021-24

13%  
RoAC 2021

17%  
RoAC 2024

#### Strategic Actions

Business Area	Revenue 2021	Revenue CAGR 2021-24	Strategic Actions
Advisory and Capital Markets	0.5	+11%	<ul style="list-style-type: none"> <li>Strengthen <b>advisory</b> – from a low base</li> <li>Focusing on <b>value-added solutions</b> requested by our Small and Medium Corporate clients</li> </ul>
Transactions and Payments	2.0	+5%	<ul style="list-style-type: none"> <li>Harmonise and enrich <b>international payments, trade finance</b> and <b>working capital offerings</b> through client e-banking portals</li> </ul>
Client Risk Management	1.4	+4%	<ul style="list-style-type: none"> <li>Enhance key <b>execution</b> capabilities and increase penetration via digital tools</li> <li>Grow <b>Corporate FX</b></li> </ul>
Specialised Lending	1.5	-1% +3% on normalised basis	<ul style="list-style-type: none"> <li>Support our clients in the transition to a <b>sustainable future</b></li> <li>Help deploy <b>Recovery and Resilience Facility</b> funds</li> <li>Increased profitability discipline with <b>originate-to-distribute</b>” approach</li> <li><b>2021 to be normalised</b> for positive one-offs including TLTRO contribution</li> </ul>

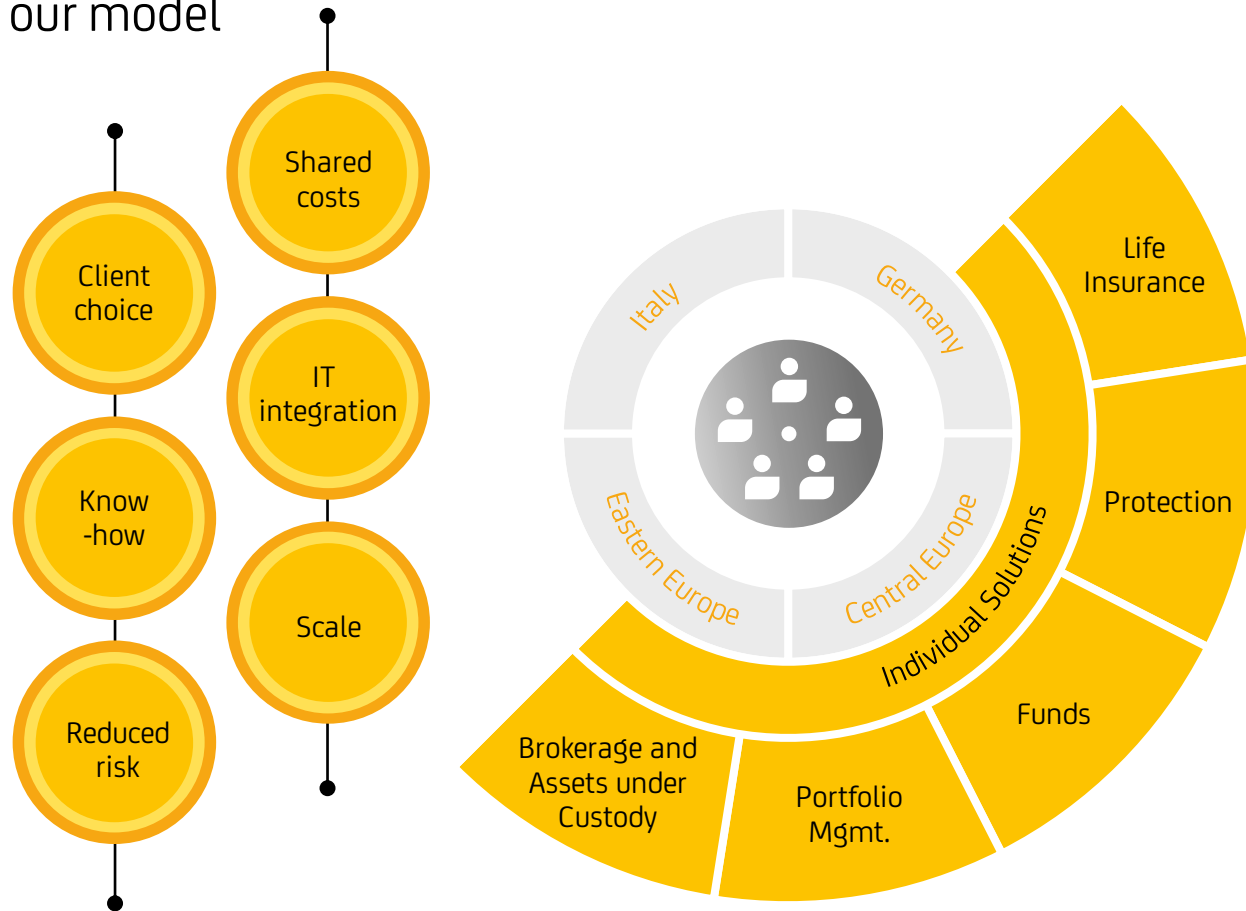
Wholly focused on expanding the level of service requested by our existing core client relationships



# Optimise Today: Organisation

## The right model for our clients and for us

Principles behind our model



## Individual Solutions

The model that delivers results ...

- **High retention of value chain** coming together with **best-in-class partners**
- **High returns:**  
25% Revenue / RWA in Italian insurance
- **Targeted scale and leading market share where it counts**
  - 800bn TFA
  - #1 unit linked (c.40% market share)<sup>1</sup>
  - #2 non-life<sup>1</sup>
  - >10% mutual funds market share in Italy

... and is fit for our footprint



# Optimise Today: Organisation

## Ambition to grow significantly, offering simpler solutions for clients

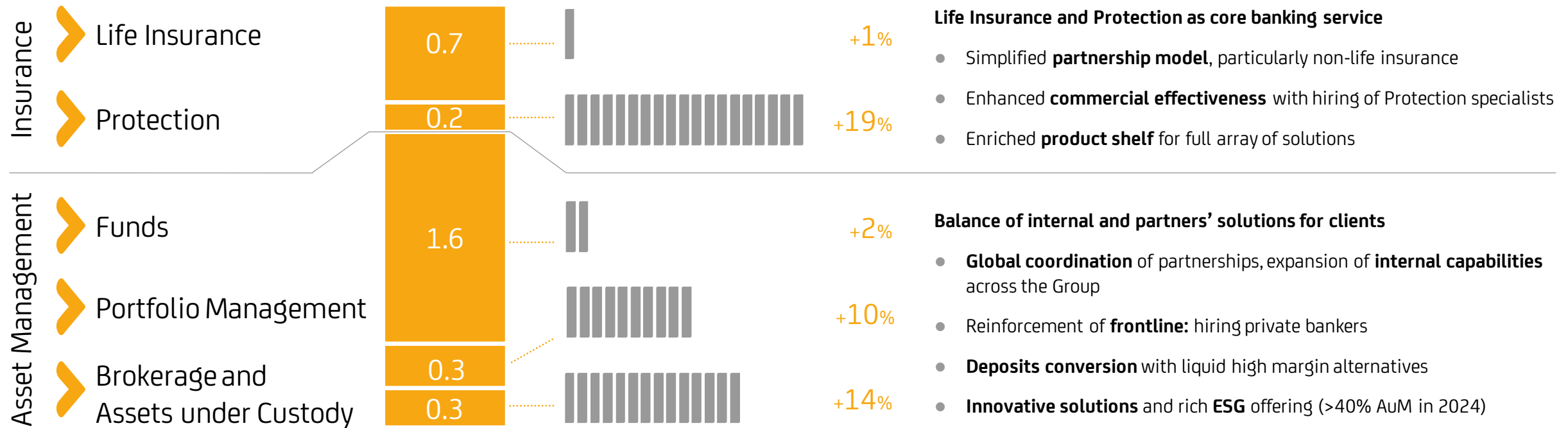
### Individual Solutions

3<sup>bn</sup>  
Revenue 2021

5%  
Revenue CAGR 2021-24

Strategic Actions

High  
RoAC 2024



Best-in-class products and seamless digital client experience thanks to IT platforms integration



# UniCredit Unlocked

Optimise  
Today

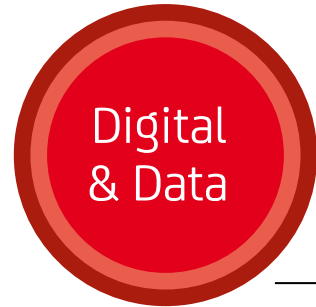
Build for  
Tomorrow





# Build for Tomorrow

## Investing in digital, data and our people



# 2.8bn

Total IT investments<sup>1</sup>  
2022-24



### User experience

New platform for unique and consistent experience across devices



### New digital offering

Digital onboarding, lending, advice



### Payment value chain

Simpler, faster, real-time payment management



### Cyber security

Several initiatives aimed at continuously strengthening our cyber security defences



# 3.6k

New hires<sup>2</sup>  
2022-24

+1.5k Business

**o/w**

+900 Italy

+300 CE & EE

+200 Germany

+100 Control functions

+2.1k Digital & Data

### Case studies

#### Smart banking

Germany

Advice and services available in a branch, online, via app or via voicebot

#### Smart invest

Croatia

Launch of simple advisory tool for effective and sustainable sales of investment product

#### AI-powered recruiting

Czech Republic and Slovakia

Smart recruitment chatbot which interviews, analyses and sorts candidates for first round according to suitability

#### High speed consumer loans

Austria

Pre-approved loans granted in under 5 minutes both within the branch and remotely



### Internalisation and rationalisation

**Reclaim** core competencies and skillset

**Rationalise** external organisation and partners



Way of working

**Modular** and **reusable** solutions which can be **scaled** across our Group

Global **technology, business, and data platforms** to maximise reusability, **scale**, cost efficiency and **speed**



Investment model

**Amplified** through efficiencies and **scale**

**Self-funded** through cost reductions from internalisation

Spend **better targeted** thanks to synergies from Group approach



Client approach

**Focused** on value creation around our clients

**Organisation structured** around **products**

**Functions working together** to deliver quality at speed

Enabling the use of Data and AI to deliver products to clients that truly respond to their needs



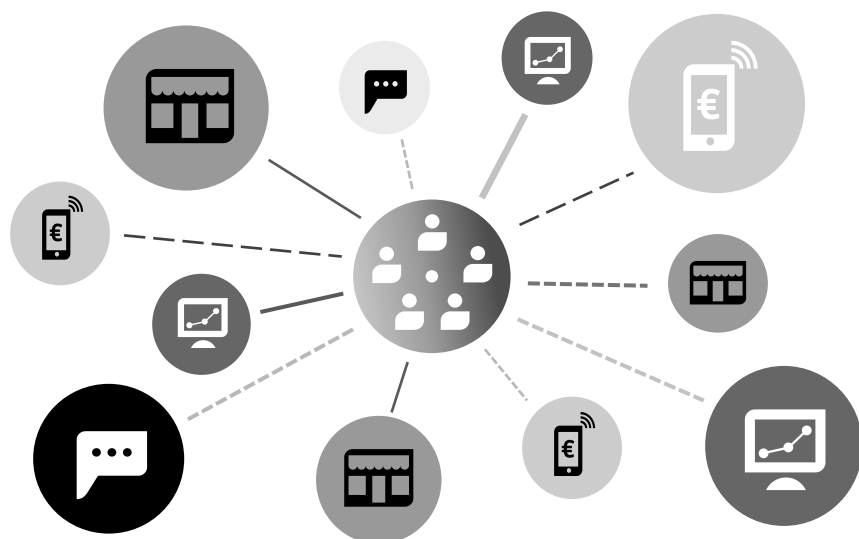
# Build for Tomorrow: Digital & Data

## Internalising core competencies and rationalising the digital organisation



From

Fragmented infrastructure and externalised skillset

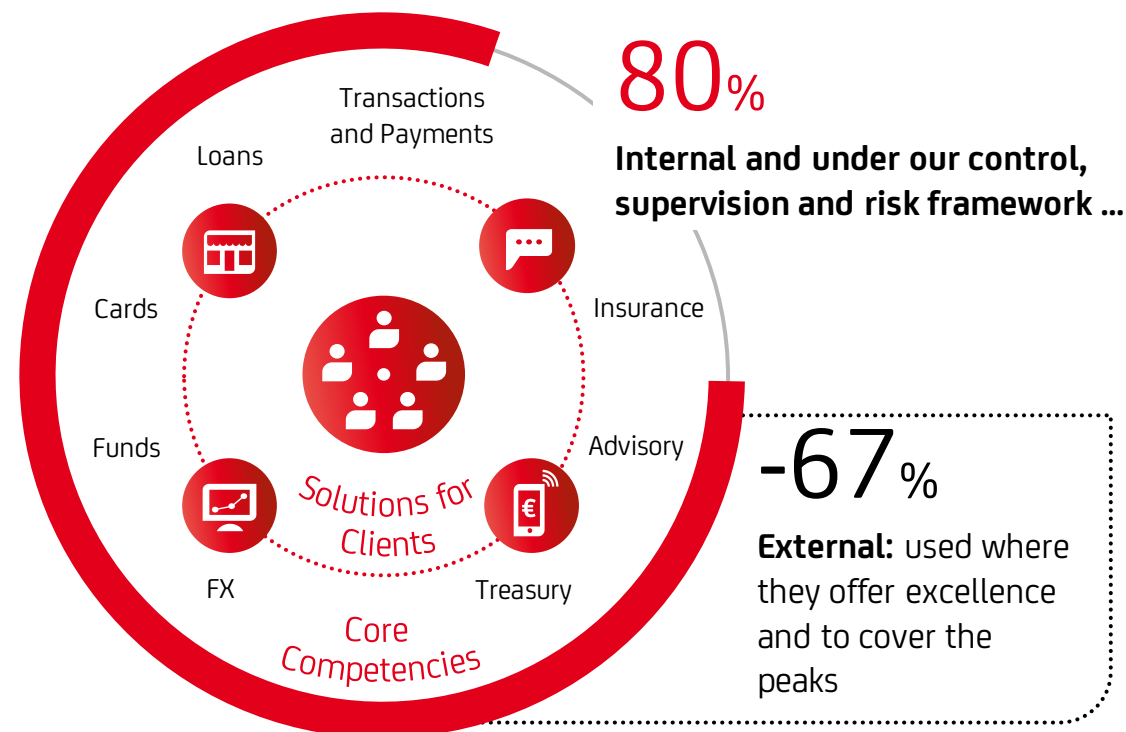


50% external ...

... each one at 1.3X cost of an internal

To

Ownership of core competencies and upskilled, streamlined workforce

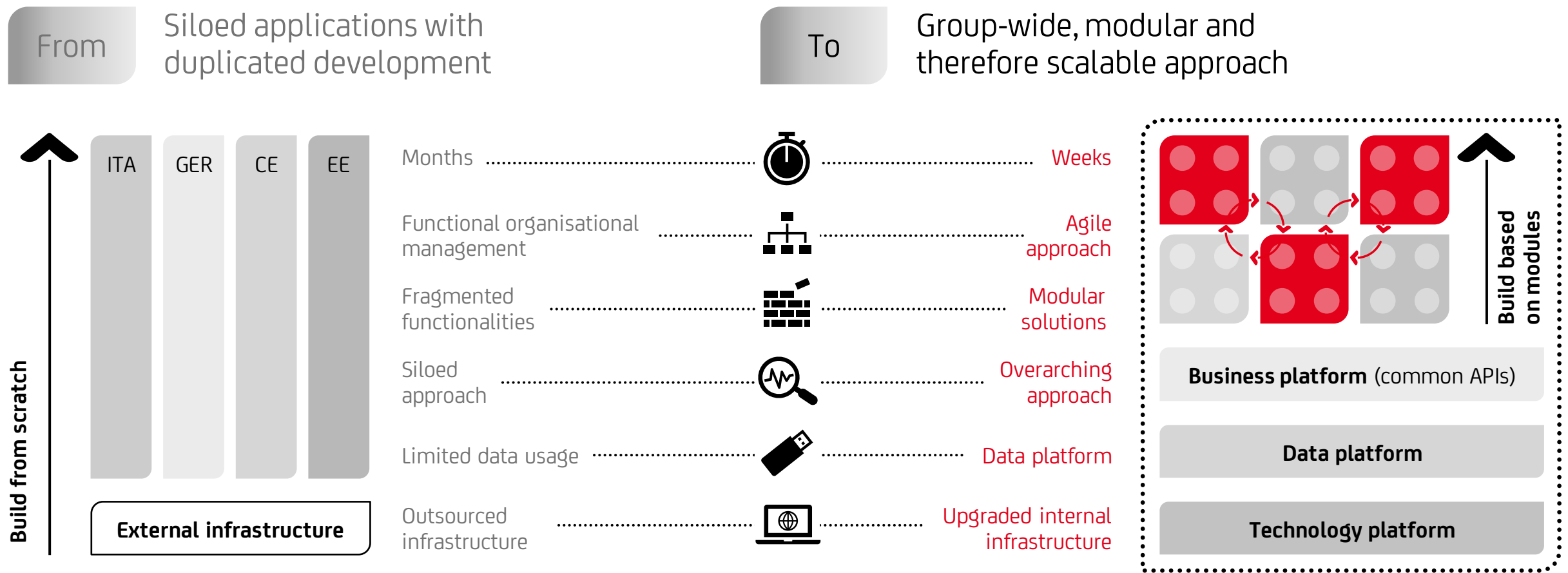


External, high cost project managers replaced with internal product managers and developers, all leveraging public cloud and benefitting from its current state of maturity



# Build for Tomorrow: Digital & Data

## A new way of working: platforms to deliver reusable, quality solutions at speed



Business and data platforms built around the needs of a global experience: current cloud maturity and learnings from first movers act as enablers

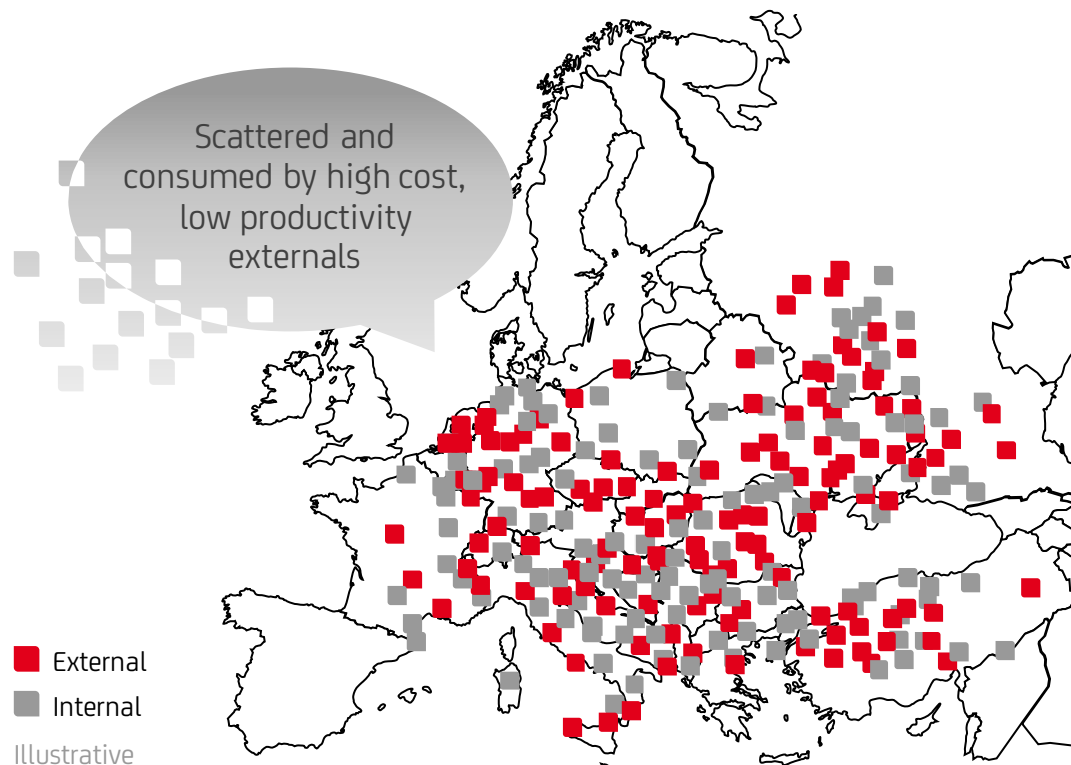


# Build for Tomorrow: Digital & Data

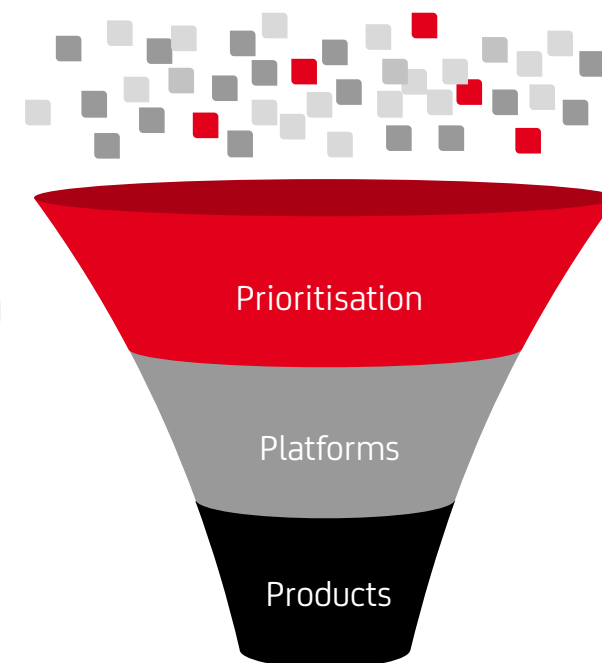
## Increased impact of investment: through efficiency and scale

From Constrained IT spend

To Increased IT investment



Higher overall IT spend, but directed on lower cost, better skilled and higher productivity workforce; with impact leveraged from focus and benefits of scale



Higher quality digital output at lower cost of delivery

Strategic IT budget allocation leveraging under-utilised critical mass to facilitate a Digital & Data strategy befitting a global institution

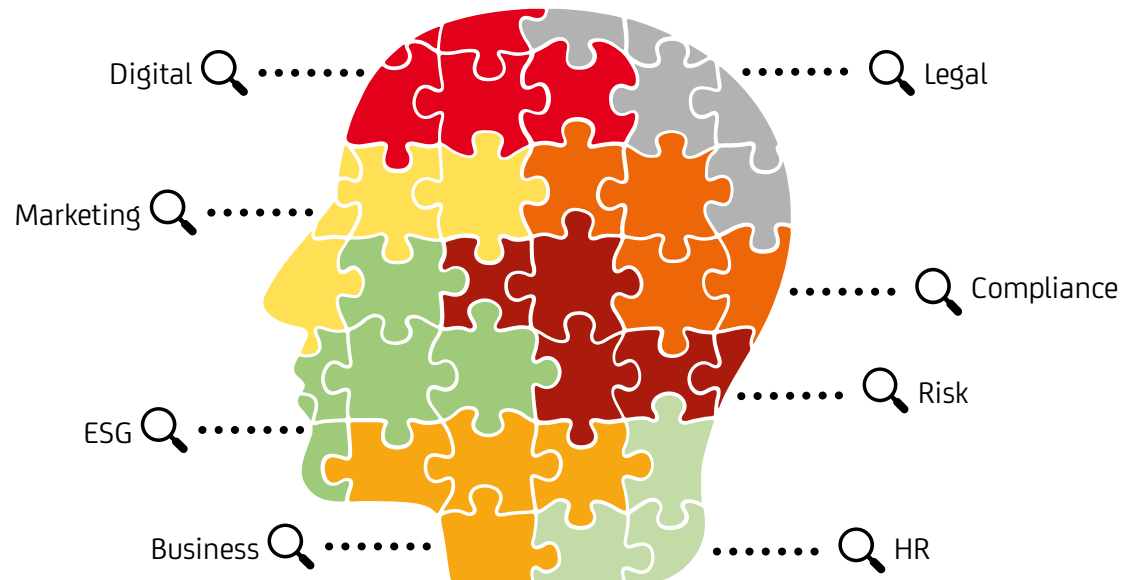


# Build for Tomorrow: Digital & Data

## Organised around products and platforms with an agile way of working

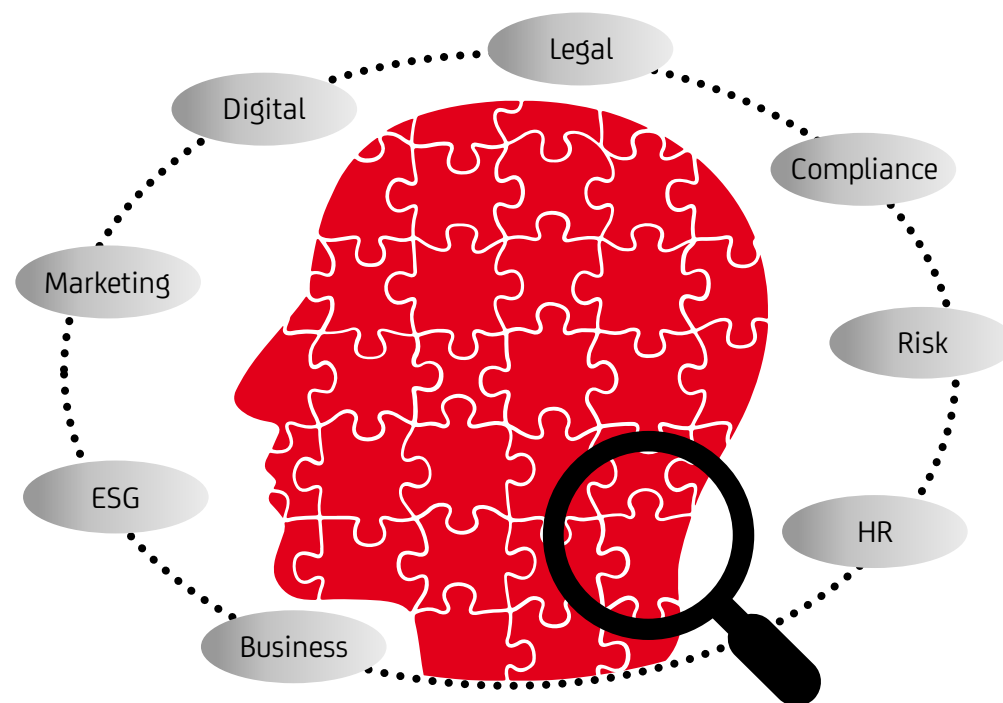
From

Traditional, functional, fragmented and duplicative approach



To

Digital, centred around clients' needs, organised around products, leveraging common platforms



Product approach instead of functional approach, supported by use of cloud, automation, APIs and real-time client data





# Build for Tomorrow: Digital & Data

## Data and AI to learn at scale and continuously adapt to change



### Relevant conversations

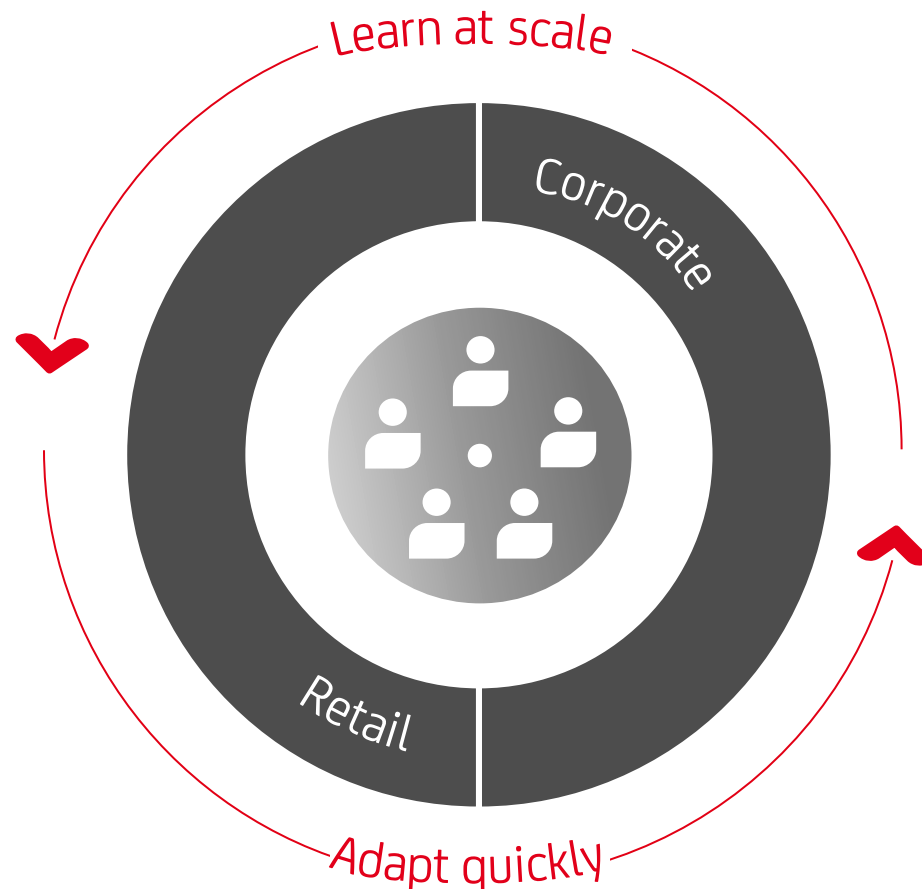
Personalisation at scale based on persistent IDs across all stages of the client lifecycle

### Simple banking

Straight-through processing journey design to provide smooth financial experience

### Smarter products

Data-driven product design approach for a superior client experience to boost sales



### Faster and smarter decision making

Real-time data accessibility and self-service consumption leading to better decision and shorter time-to-value

### AI-powered growth

Smarter, more responsible and scalable AI to enable data-driven advisory with guided selection of business opportunities

### Ecosystem thinking

Provide value added services exploiting third party trusted data



### Environment

#### Our greenhouse gas emissions

60%

reduction vs. 2008



Net Zero  
by 2030<sup>1</sup>

#### Renewable energy

79%

usage in our premises

100% ITA  
100% GER  
97% AUT

#### Paperless and plastic-free



No single-use plastic items in UniCredit buildings by end 2022

### Social

#### Corporate citizenship and philanthropic initiatives

>40m

contribution to communities<sup>2</sup>

#### Education and impact

100k

young people  
educated



1.9m

direct and indirect  
beneficiaries of  
social financing

### Governance

#### Global policies

- ESG policies, statements and commitments
- Human capital policies and joint declarations
- Compliance key policies

#### Strong diversity and inclusion framework

46%

female  
BoD

40%

female  
GEC

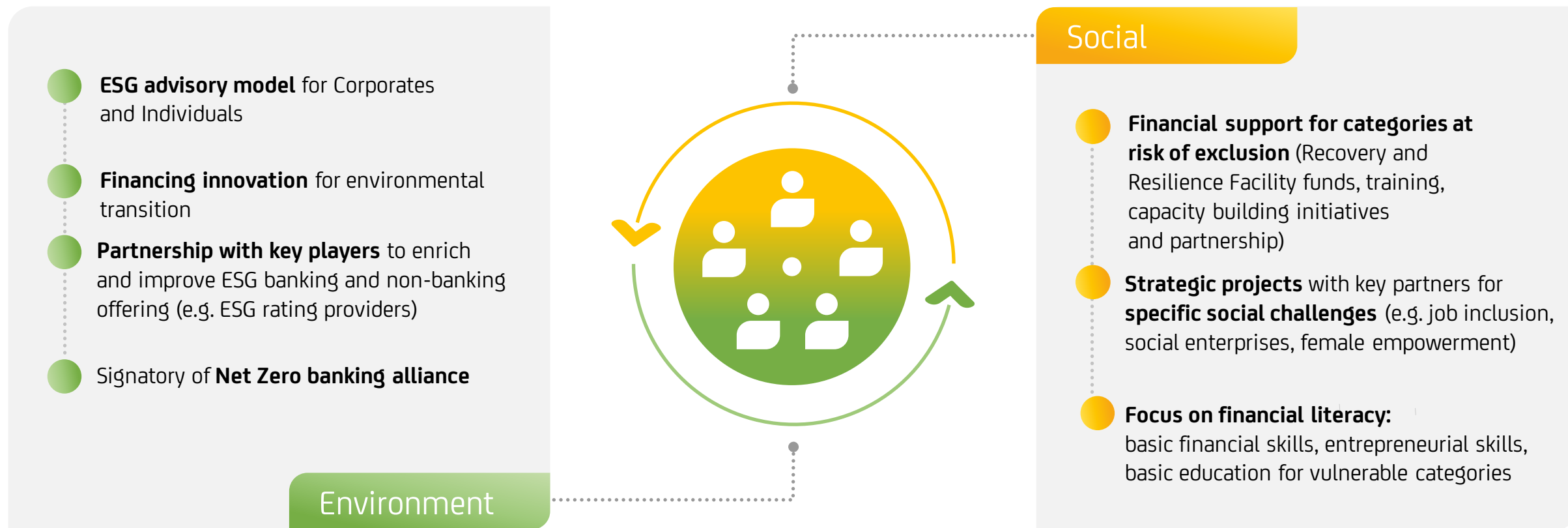
33%

female  
Leadership team



Actions on  
gender pay gap





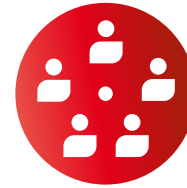
# UniCredit Unlocked

## Our financial goals



# Our financial goals

## Initiatives already delivering results



**Clients** grouped the same way;  
service models adjusting



**People** with clearer objectives,  
driving the business



New client-focused **organisational**  
structure; refined management team

**Digital transformation** in flight

First evidence of the impact of these initiatives **2021 RoTE >7%** and  
constant CET1 despite headwinds



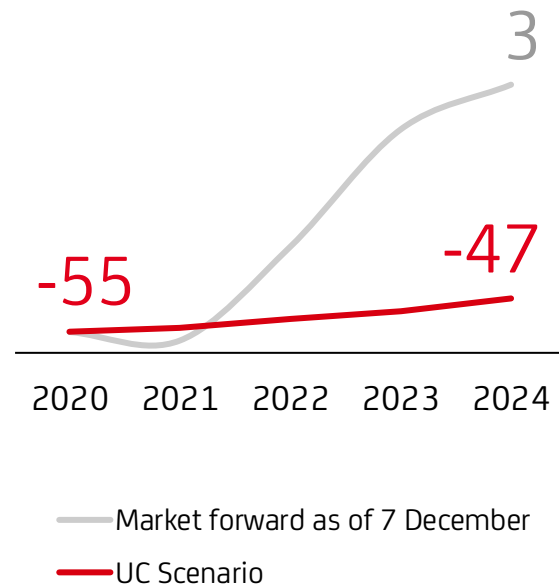
# Macroeconomic advantages from our positioning

## Striving to deliver alpha



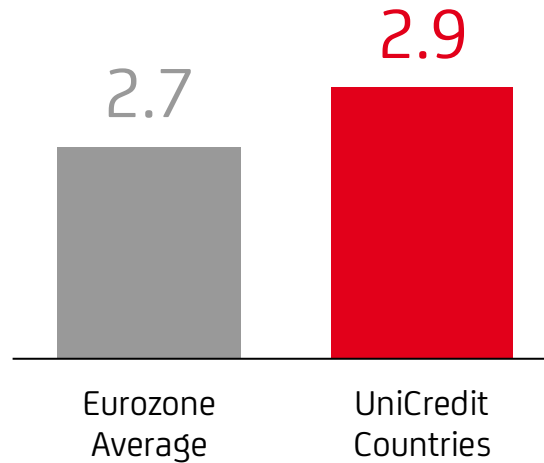
**Our Interest Rate scenario is conservative**

Euribor 3m EoP



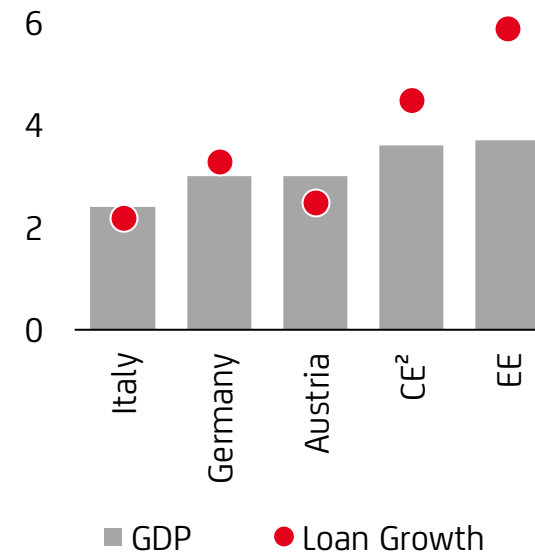
**Our footprint has 20bps higher GDP growth than the Eurozone**

GDP growth (2022-24)<sup>1</sup>



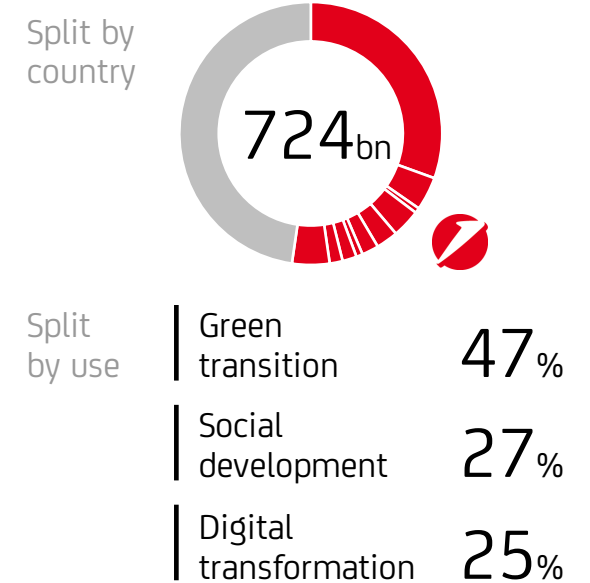
**CE & EE benefit from strong expected loan growth**

Loan growth vs. GDP (2022-24)



**Overweight countries with access to Recovery and Resilience Facility**

Allocation of RRF





# Our financial goals UniCredit Unlocked



Shareholder distribution<sup>6</sup>  
**≥16bn**

Consistent with our  
organic capital generation

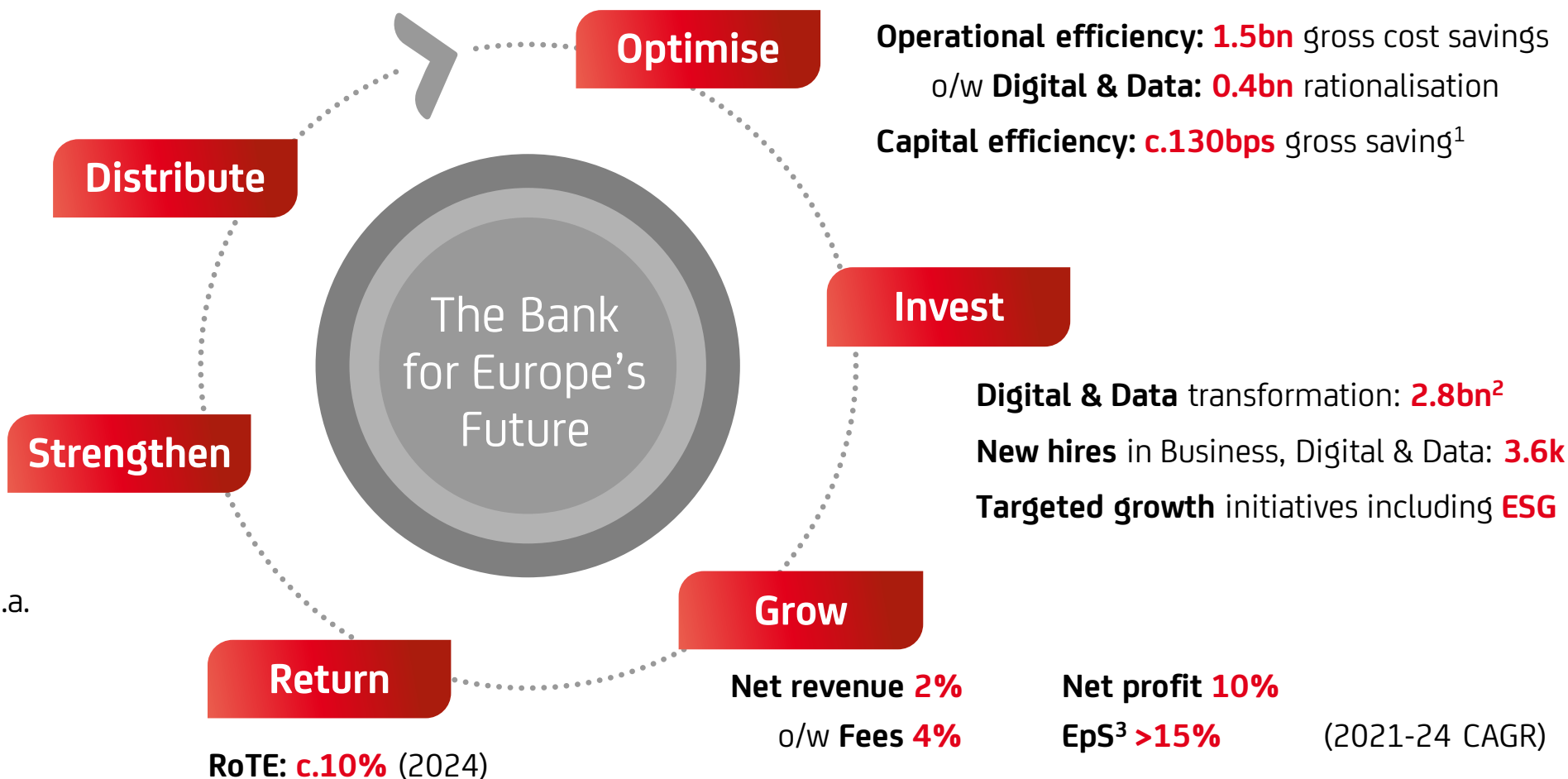
CET1 ratio: **12.5-13%**

Organic capital generation  
o/w Net profit: >130bps p.a.  
o/w RWA evolution: 20bps p.a.

NPE ratio (2024)

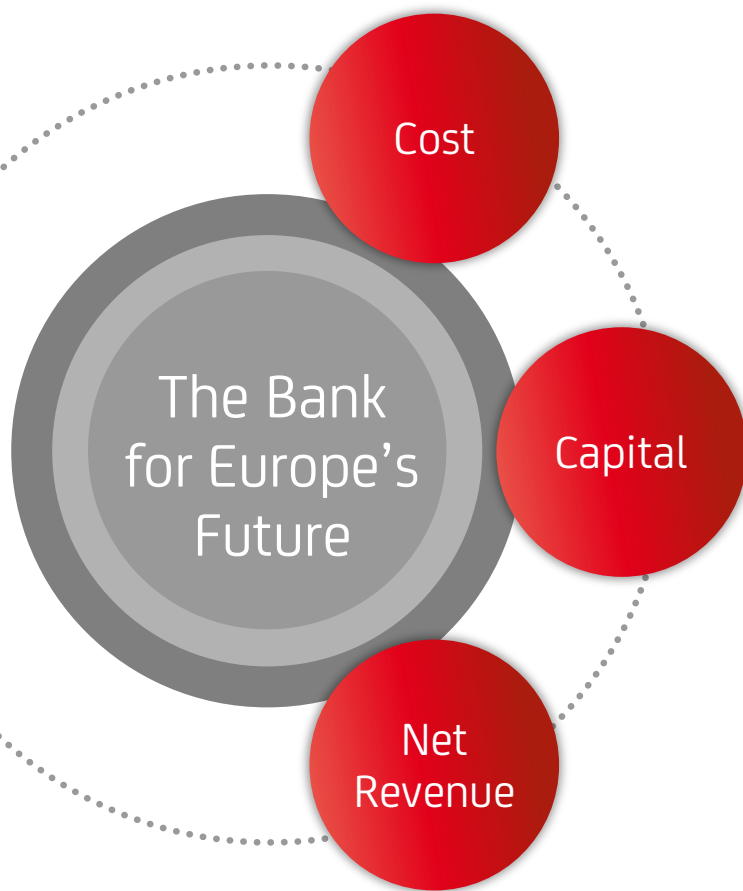
Gross<sup>4</sup>: **c.3.5%**

Net<sup>5</sup>: **c.1.8%**



# 3 levers

## Drive higher sustainable returns through interconnected levers



### Total costs

Deliver a lower absolute cost base while funding digital transformation and investing in the business

### Allocated capital

Optimal capital allocation and active portfolio management driven by RoTE maximisation

### Revenue minus LLP

Driven by revenue that delivers profitability above the Cost of Equity and recovery of natural market share with risk discipline

Levers largely under management control

Revenue mix and stable Cost of Risk largely under management control



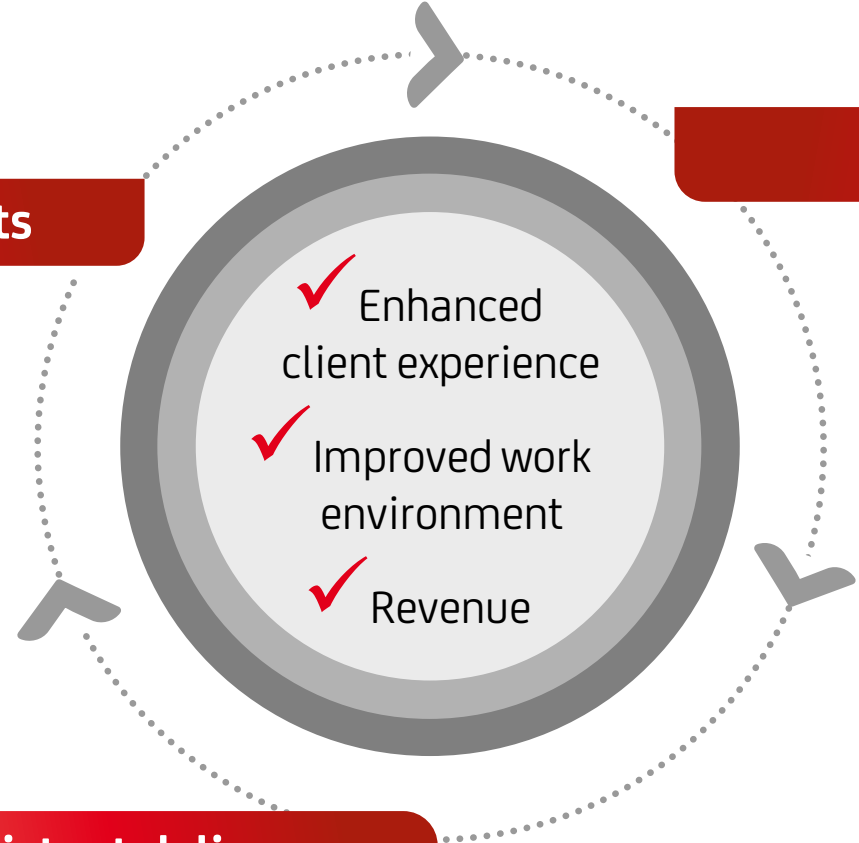
# 3 levers: Cost

## Our principles for operational excellence



### Self-funding investments

Freed-up resources invested in **frontline, Digital & Data**

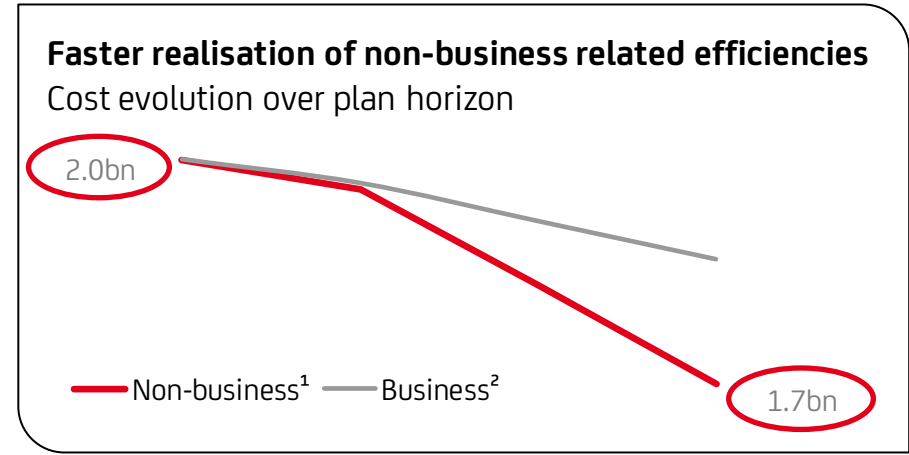


### Targeted reductions

**Selective efficiency**, mainly of non-business items, without impact on revenue generation and control environment

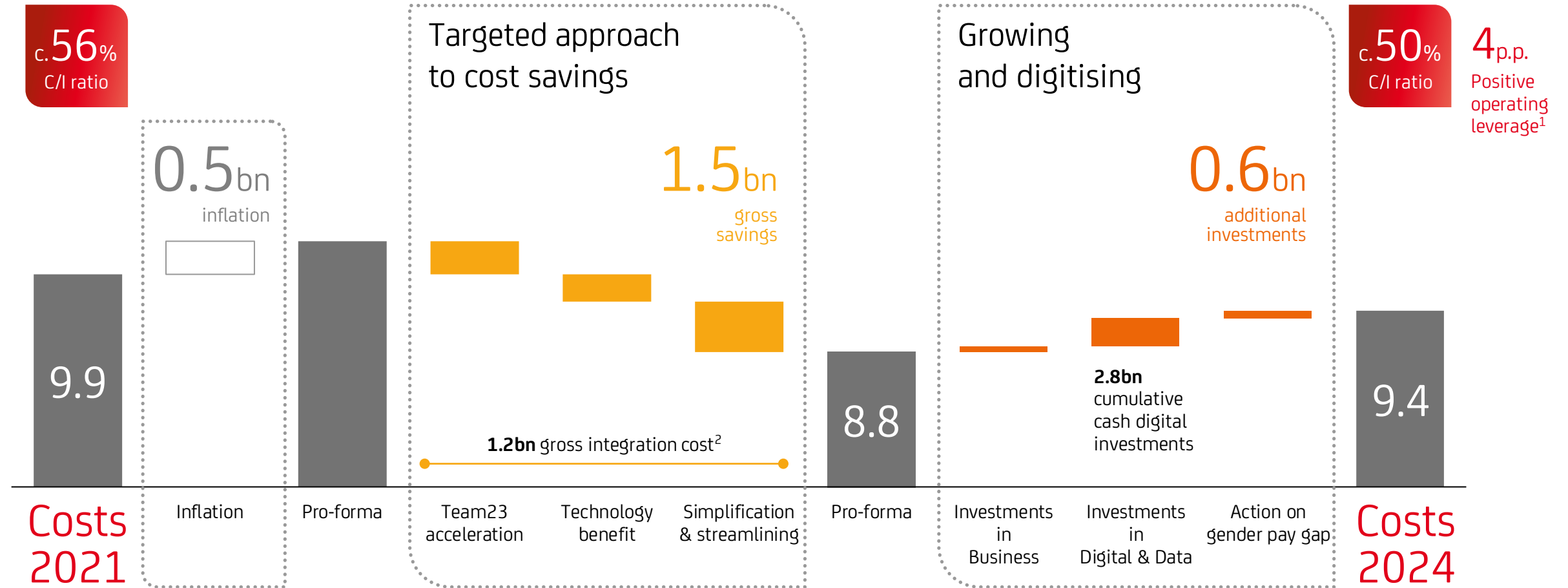
### Consistent delivery

**Frontloading and linear** realisation of efficiencies



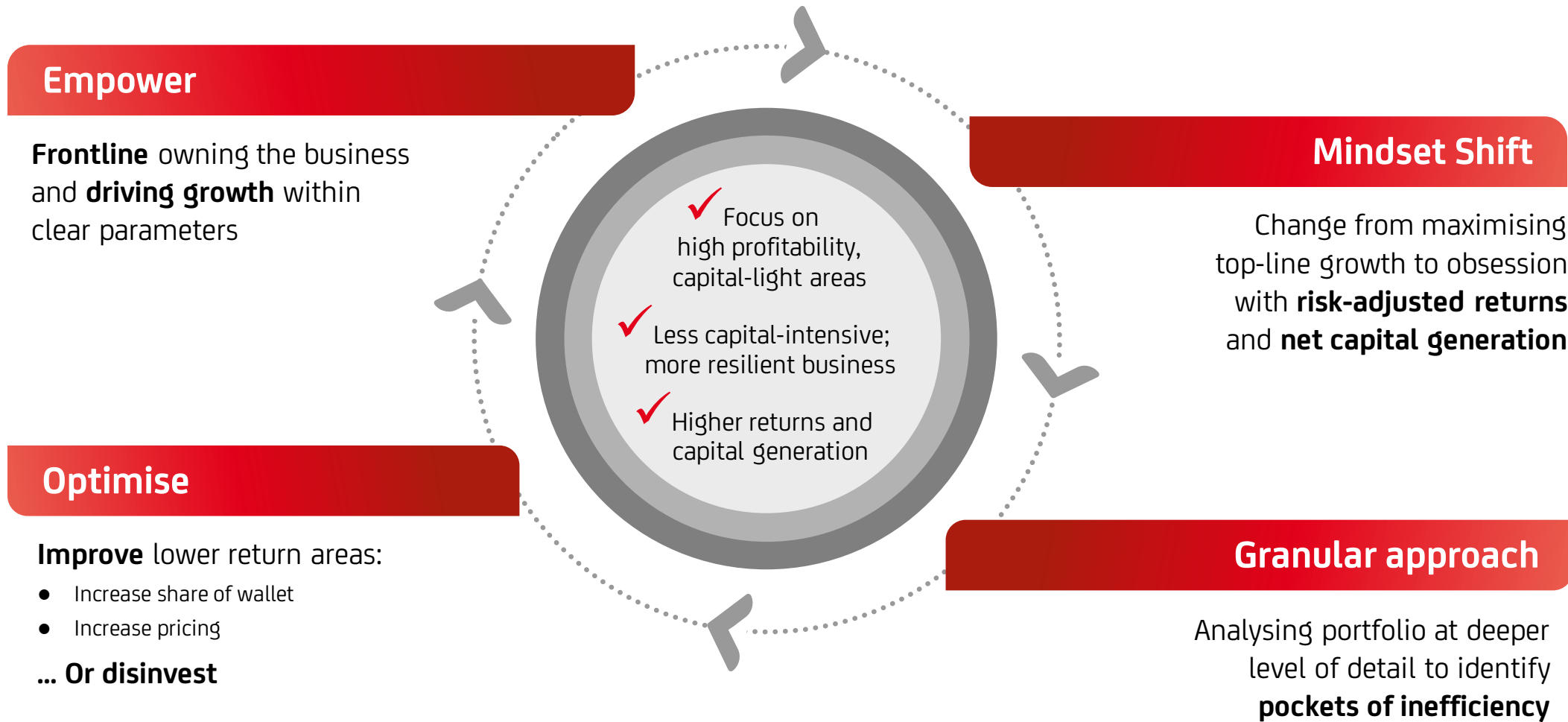
# 3 levers: Cost

## Driving operating leverage whilst funding higher investments



# 3 levers: Capital and Net Revenue

## Our principles for capital deployment maximise risk-adjusted returns

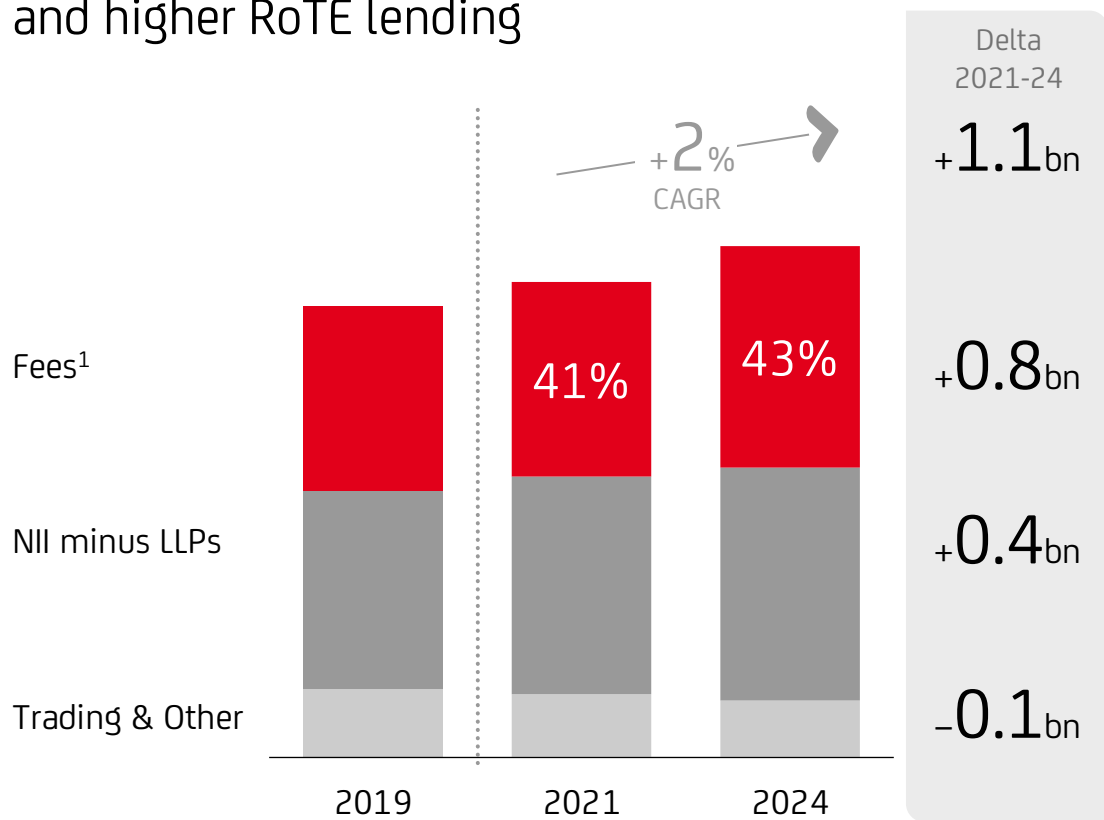


# 3 levers: Capital

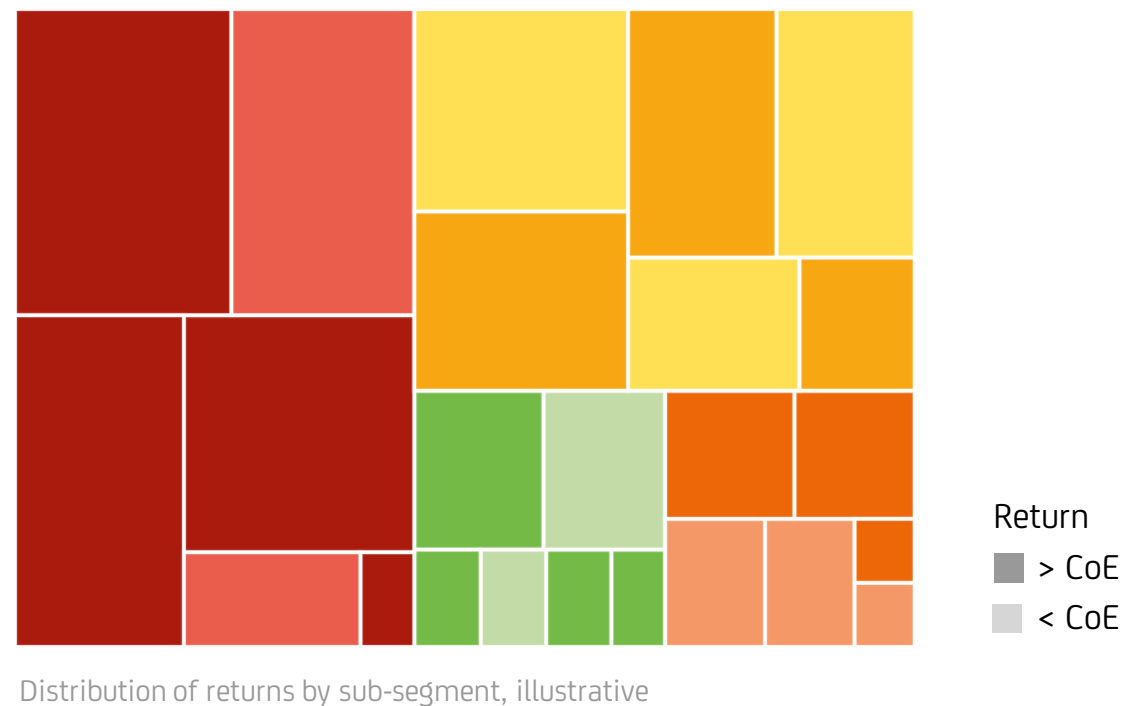
## Capital-light fee business and optimisation of capital allocation drive returns



Net revenue driven by fees and higher RoTE lending



Granular analysis of lending portfolio to reallocate capital to higher return areas

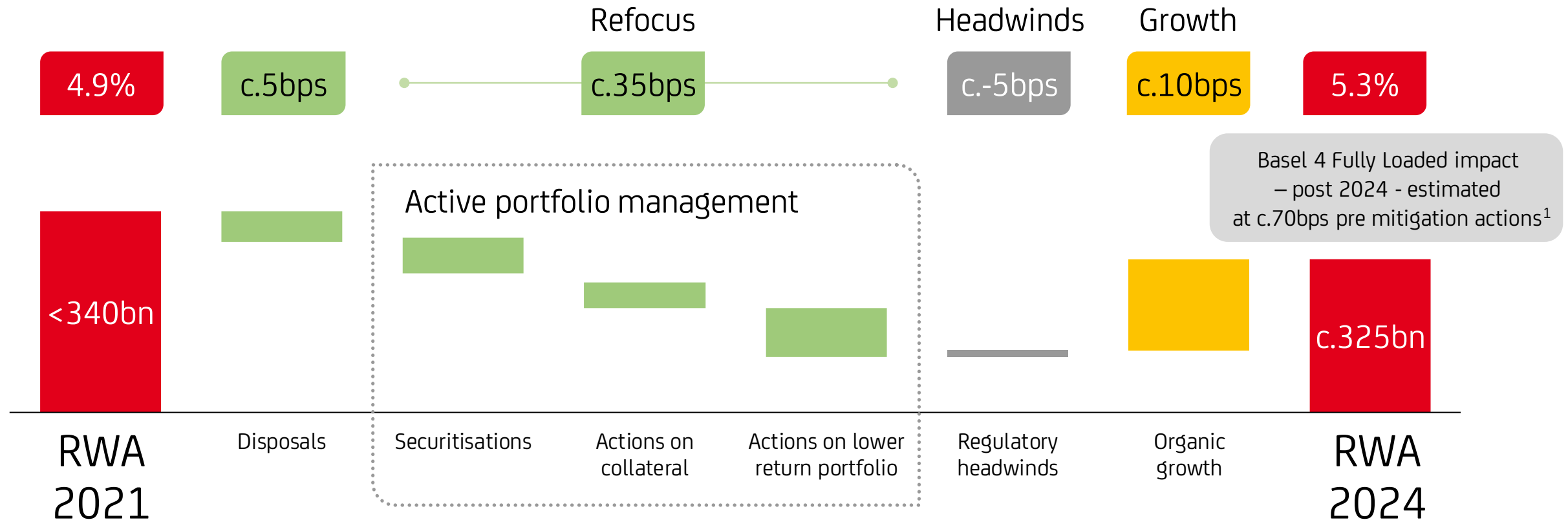


# 3 levers: Capital

## Active portfolio management and capital allocation boost returns on RWA



Net revenue / RWA





# 3 levers: Net Revenue

## Incremental capital-light net revenue growth through tangible actions

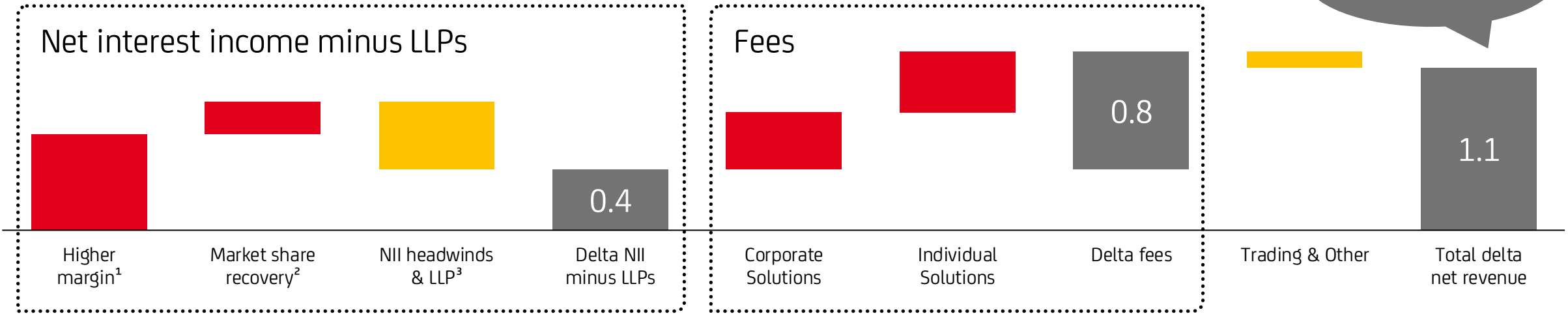


### Delta net revenue

2021-24, bn

2% CAGR

4% CAGR



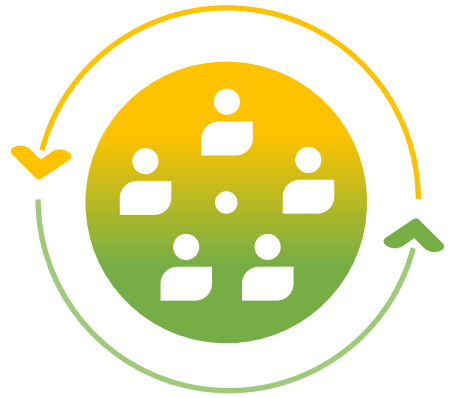
- Recover natural **market share** in higher risk-adjusted margin products
- Focus on shorter term lending to boost **portfolio rotation**
- Conservative assumption of **full TLTRO repayment** by 2024
- **Stable Cost of Risk** given origination in regions with lower risk

- Filling gaps in the **product shelf** in Individual Solutions and payments
- Build out **advisory platform**, including ESG offering, to drive Corporate fee growth
- Deposit **conversion to better return products** for clients



# 3 levers: Net Revenue

## Supporting our clients' green and social transition



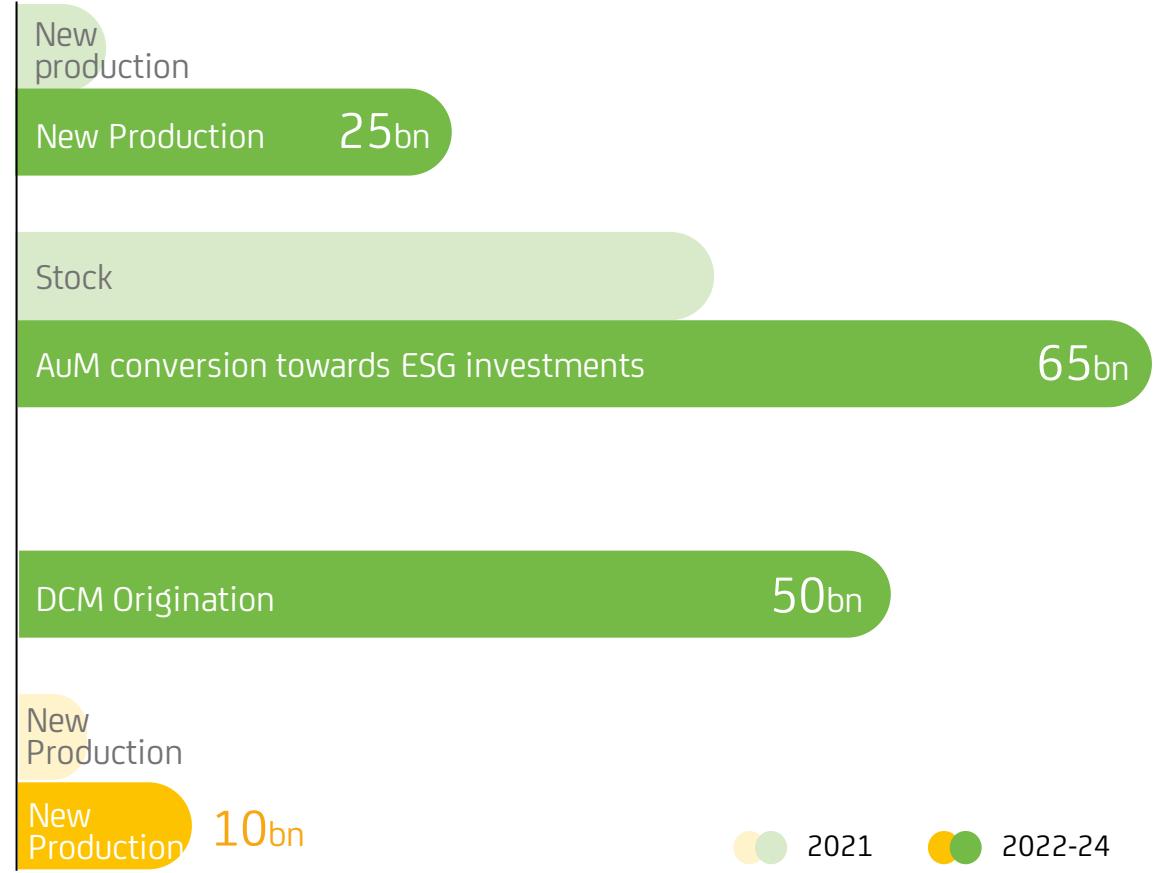
150bn

**Environmental Lending**  
 Incremental revenue of 0.2bn with bulk of the facilities to support clients in green transition

**ESG Investment Products<sup>1</sup>**  
 >40% of 2024 AuM invested in ESG products

**Sustainable Bonds**  
 Significant contribution to the origination of sustainable bonds coming from Recovery and Resilience Facility funds

**Social Lending**  
 Expanding the scope of Social Lending to activities with high impact on society and disadvantaged areas



# 3 levers: Net Revenue

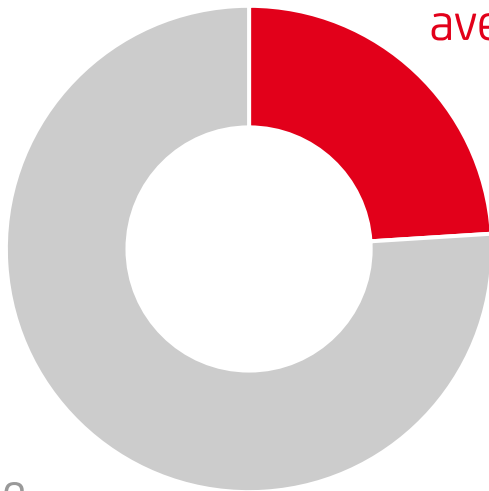
## Network empowered to drive within well-defined risk parameters



Origination in regions with lower risk ...

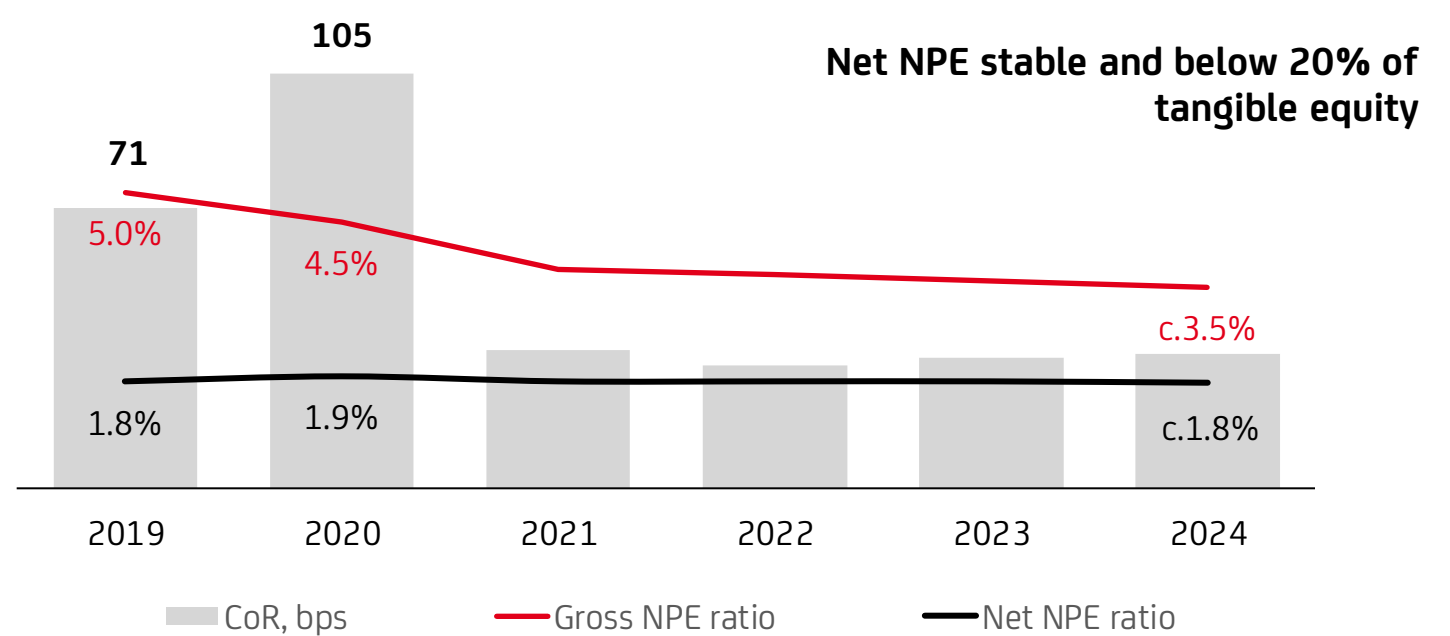
Delta client loans by region

CoR<sup>1</sup>  
above  
average



CoR  
below  
average

... leading to a stable Cost of Risk and decreasing gross NPE ratio



Continuous monitoring of risk-adjusted profitability, operating with discipline and accountability



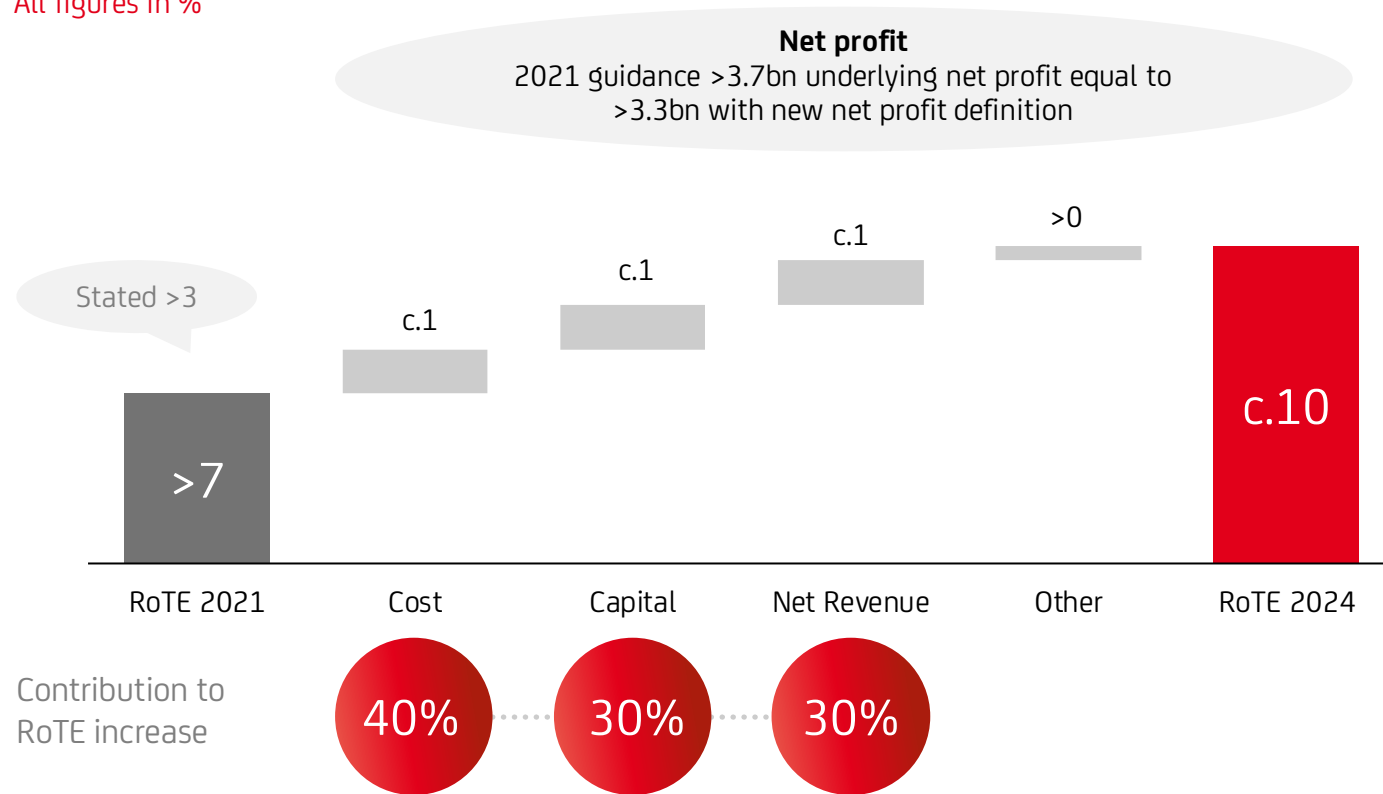
# 3 levers

## Combination of levers deliver c.10% RoTE with manageable execution risk



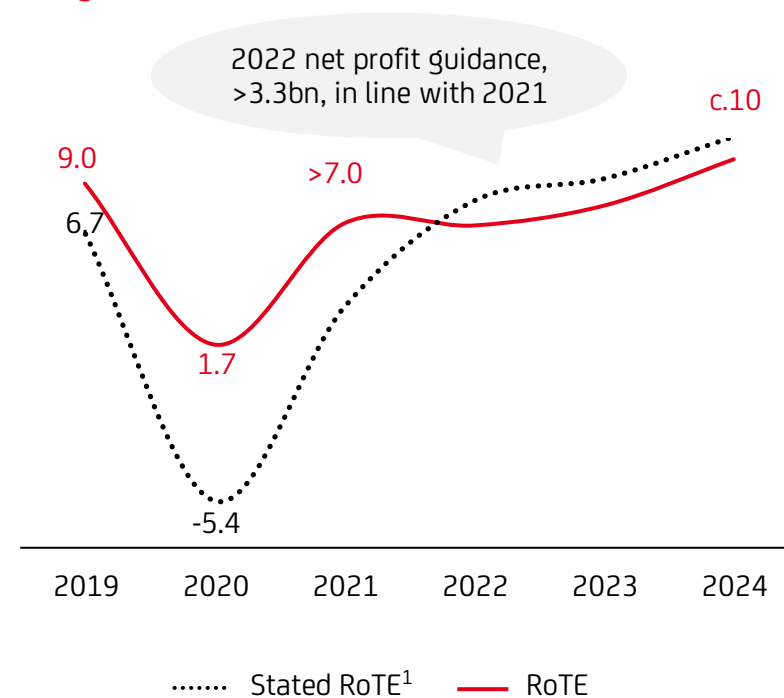
### RoTE walk

All figures in %



### RoTE evolution

All figures in %



# Balance sheet and liquidity

## Ample buffers over capital and liquidity regulatory requirement

Capital ratios  
(2024)

Liquidity ratios  
(2024)

CET1 ratio **12.5-13%**

Leverage ratio  
transitional **>5%**

LCR **125-150%**

TLAC ratio **>22.5%**

MREL ratio **>27%**

NSFR **115-120%**

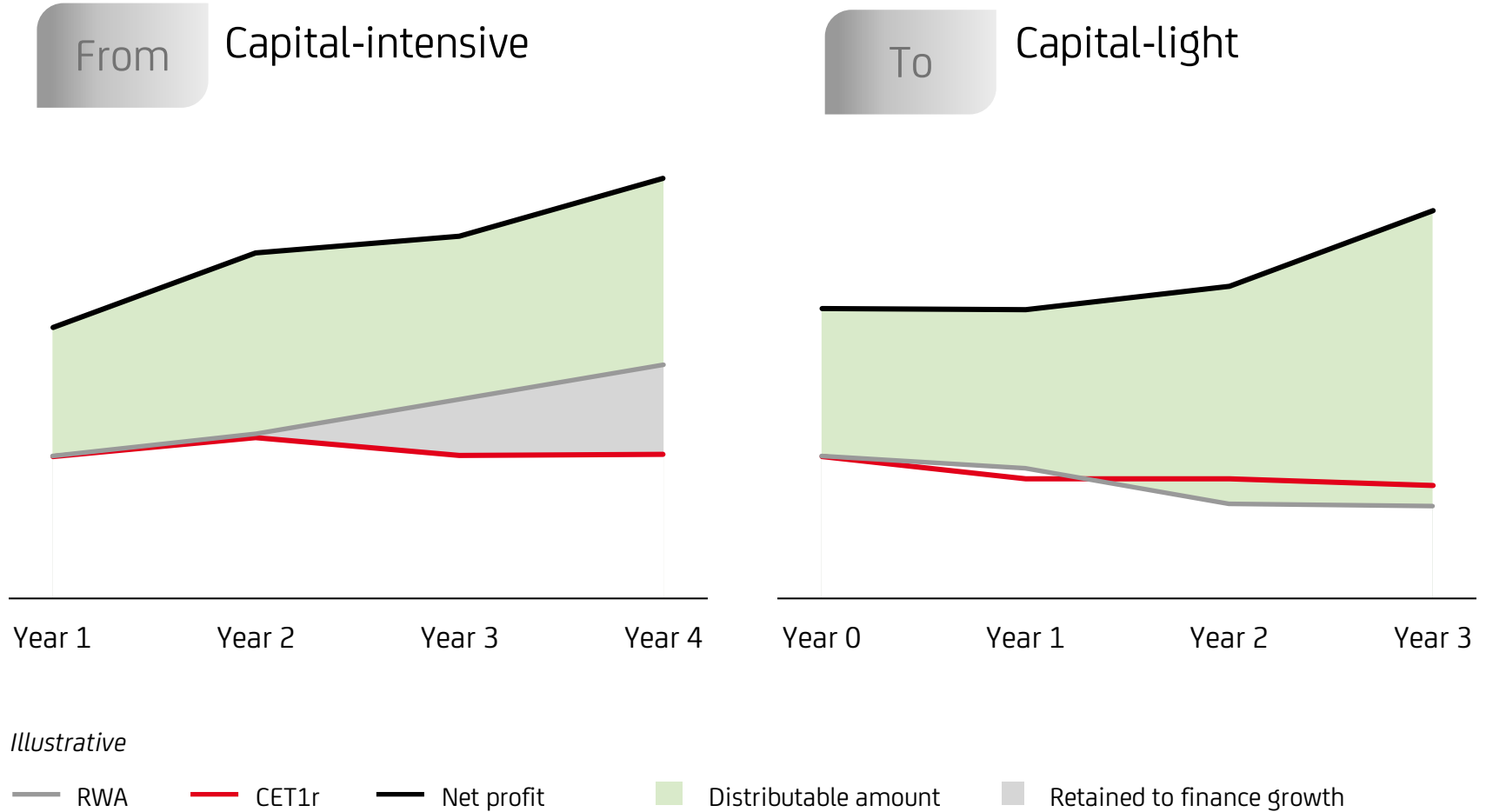
**45% of 2024 allocated capital** to countries with sovereign rating higher than A<sup>1</sup>,  
**up from 41% 2021**



# Distribution

## Our new model's distribution does not erode CET1

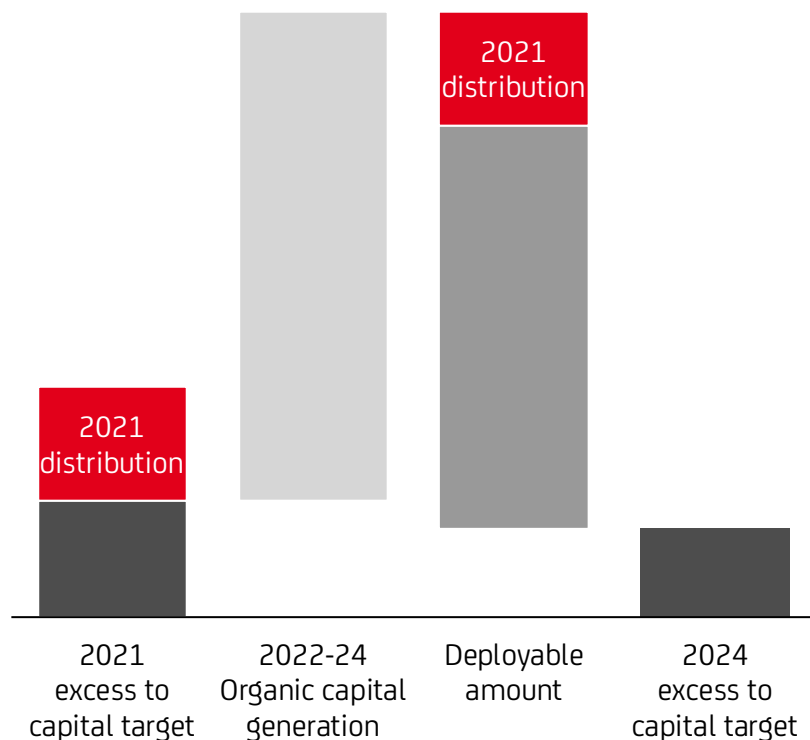
New business model does not rely on capital-intensive revenue to grow, hence allowing for a significant increase in the distributable amount while maintaining a robust CET1 ratio: c.3x former model



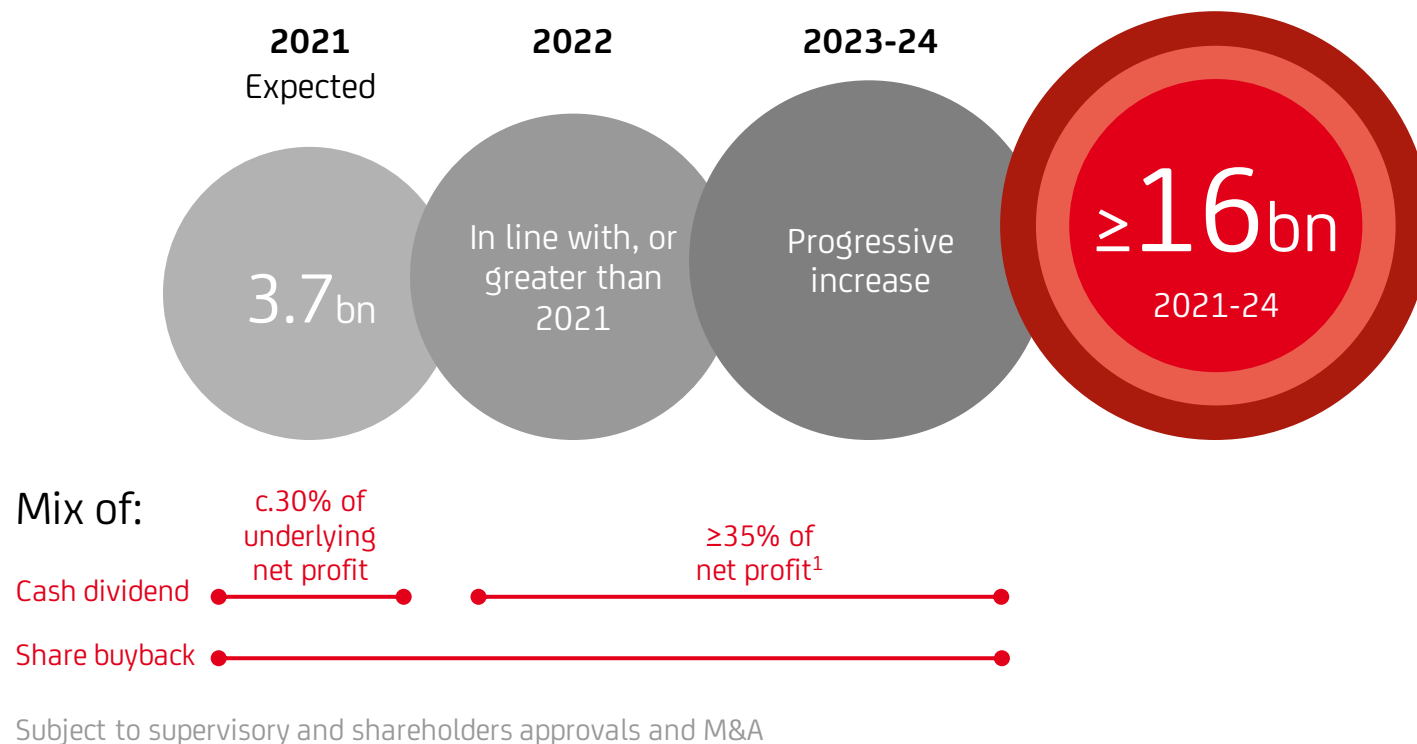
# Distribution

## Sustainable capital generation unlocks meaningful distribution

Organic capital generation each year ...



... funds a consistent and significant distribution for investors



Our organic CET1 generation and high starting point gives us confidence in our goal to return **at least 16bn** between 2021-24





### Stronger ...

12.5-13%  
CET1 ratio



Target revised  
upwards

>5%  
Leverage ratio transitional



New  
target

>130bps  
p.a. from net profit



Higher than  
previous plan

20bps  
p.a. from RWA evolution



Previous plan had  
only headwinds

... whilst retaining  
deployment flexibility

#### Disciplined approach to inorganic options

- Strategic consistency
- Strengthen the business
- Accretive to returns and distribution within reasonable time



# UniCredit Unlocked

## Our regions

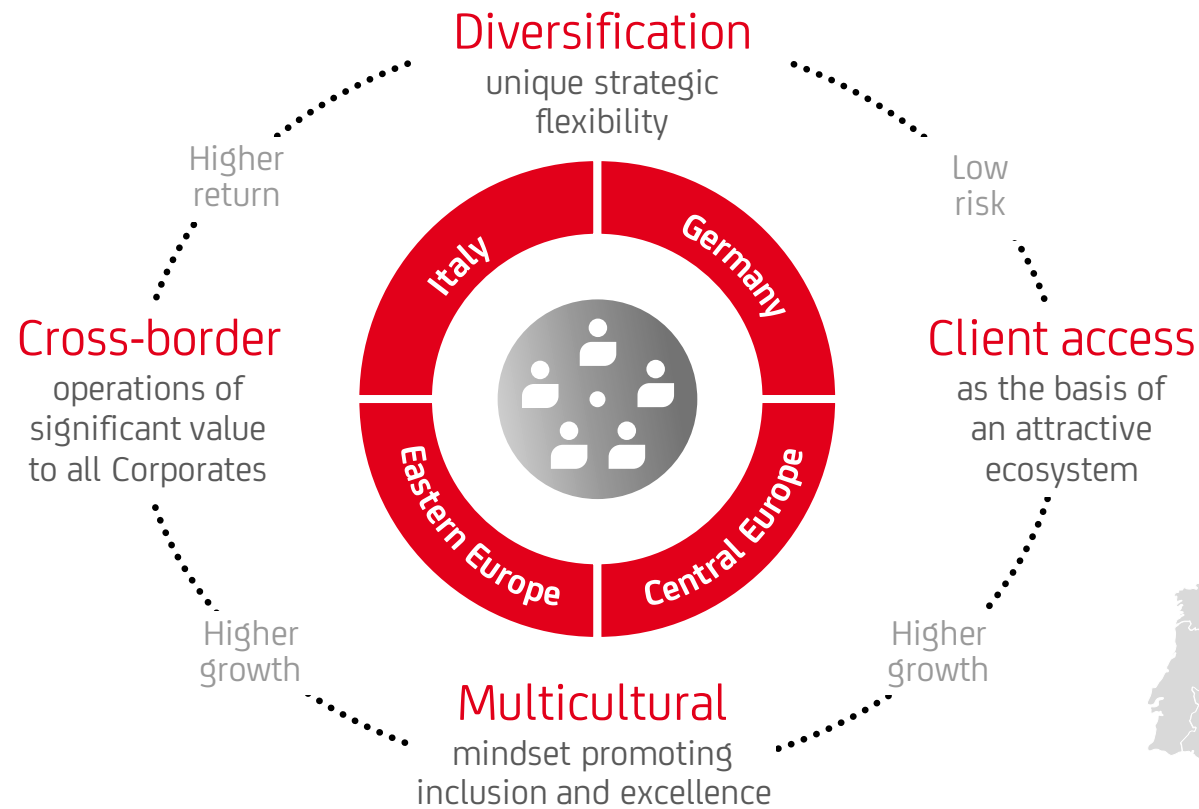


# Our regions

## We will leverage our solid foundations across our footprint

### Scale

inherent advantage in technology and in our business model



Each region delivering a **return** above their respective Cost of Equity

A superior **risk reward** growth profile with stable returns

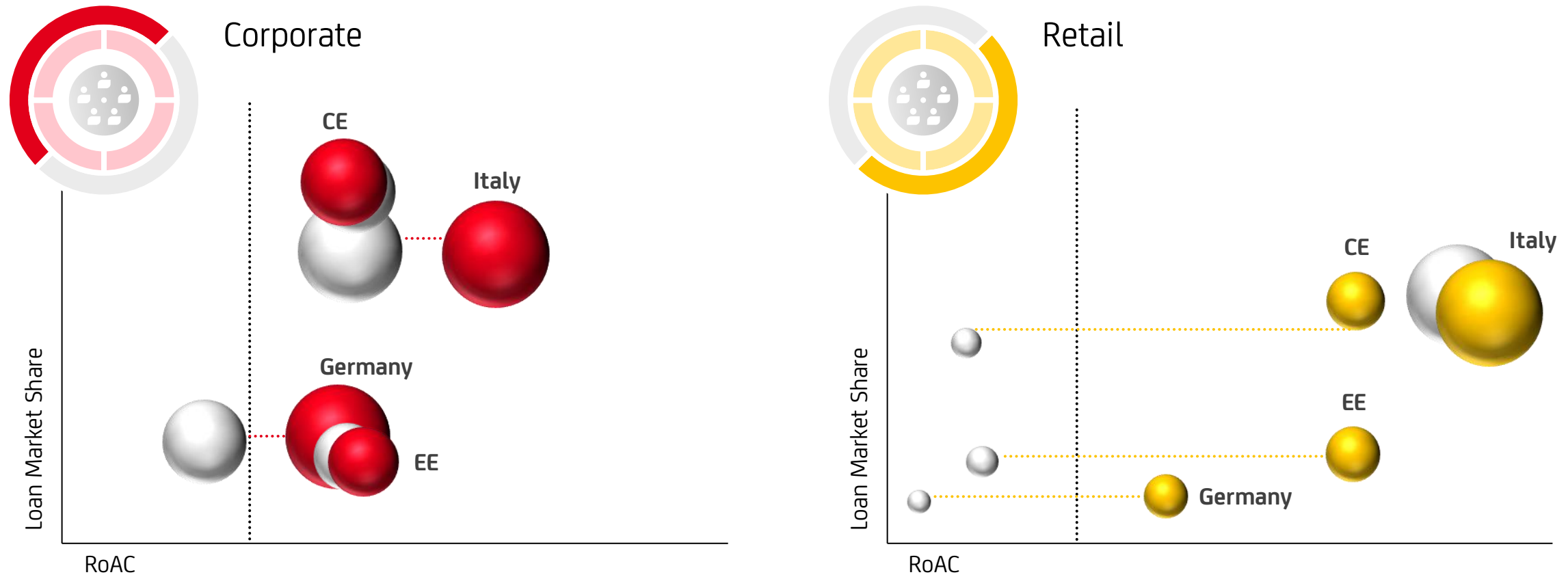
**Synergies** across each bank as we serve our clients across regions



# Our regions

## Limited correlation between market share and profitability

From **c.60%** of allocated capital in segments with RoAC higher than 10% in 2021, to **100%** in 2024



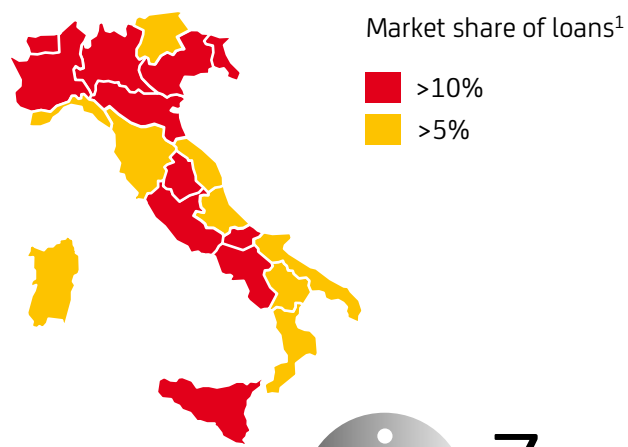


Italy

# Strong positioning and distribution power



A well-established scale business ...



7m clients

>10% loan market share in regions accounting for ...

c. 75% of GDP<sup>2</sup>

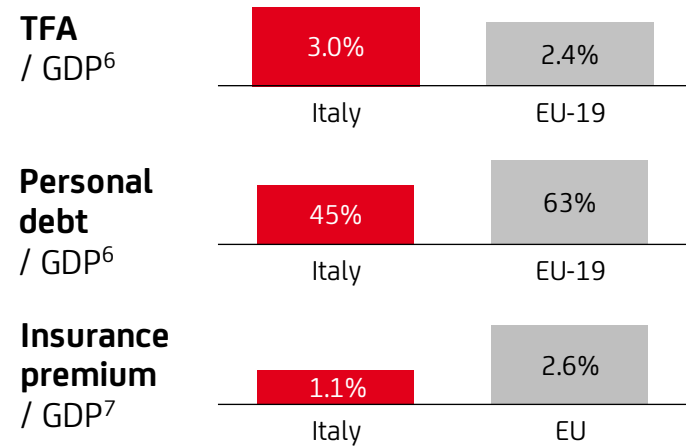
... yet to be fully realised

Market share<sup>1</sup> >10% loans >10% mutual funds<sup>3</sup>

	Personal loans <sup>4</sup>	Bank assurance <sup>5</sup>
3Q21	+11%	+11%
vs. 4Q20	+4p.p.	+2p.p.

Net AuM sales +23% 3Q21 vs. 4Q20

Positive momentum in macro



- GDP recovery, decreasing unemployment
- Almost one third of Recovery and Resiliency Facility funds allocated to Italy
- Underpenetrated non-life insurance market
- Environment of high personal savings and low debt





## Plan to reinforce client franchise and run at full potential



Contribution to RoAC improvement



60%



20%



20%

2021-24 CAGR

+1% gross<sup>1</sup>

-5% net

+3% gross<sup>2</sup>

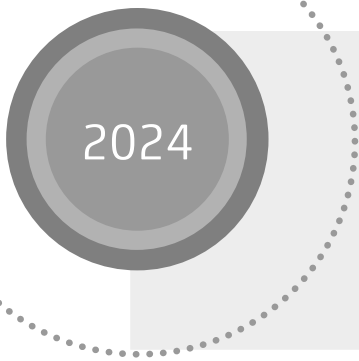
+1% net

-1%

Capital efficiency through active portfolio management which more than offsets 2% annual growth in loan volumes

Gross growth, driven by capital light sources, includes the effect from NII headwinds and disposals

Reinvest half of headquarter streamlining benefit into digital and advisory network capabilities; Cost/Income improvement of 2p.p. to c.46%



> 12% RoAC

+3p.p. from 2021<sup>3</sup>

16bn allocated capital

> 2 bn net profit

c.40% Group

4% 2021-24 CAGR<sup>3</sup>





## Initiatives

## Facts



Clients

- **Enhanced** offering of investment and insurance for Retail and SMEs
- Rebuild **natural share in high risk-adjusted return businesses** keeping a stable Cost of Risk

> **25**bn  
Investment products placement<sup>1</sup>

+ **10%**  
Consumer loans 2021-24 CAGR



People

- **Reshape** and strengthen **network** to improve frontline effectiveness
- **Faster** decision making and **people empowerment**

- **30%**  
Headquarter functions

+ **1.7**k  
Branch gross new hires for advisory and protection



Organisation

- Network **process redesign** to **digitally native** client experience
- Fully leverage digital trends

> **200**  
Administrative network activities cancelled

+ **2**x  
Digital sales / total sales

- **70%**  
Time to 'Yes' for Consumer Finance products





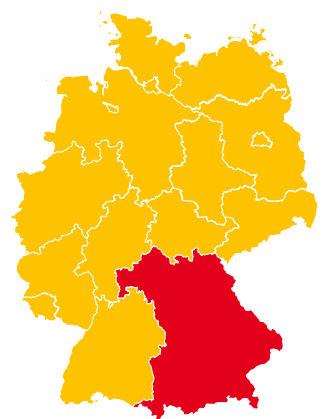


# Germany

## Strong bank supporting the German economy and society



Powerhouse in Bavaria, strong base for Mittelstand position across the country



 2m clients

>6k Subsidiaries of German Corporates serviced in UniCredit's international network

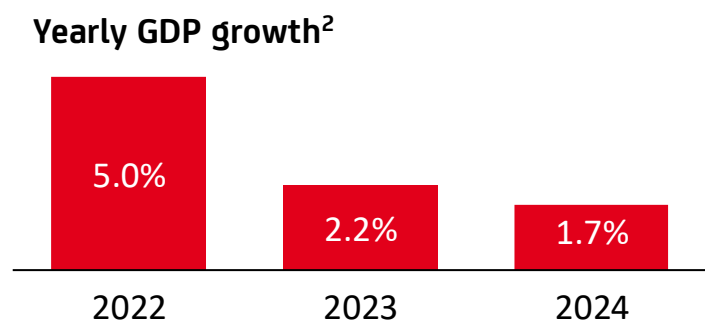
Client-centric business model

60k Private Banking clients ... with **Best** portfolio management and advice for 9 consecutive years

50k Small and Medium Corporate clients, Germany's backbone, with **Best NPS** in 2021

#1 League table for Green and ESG linked loans<sup>1</sup>

Largest economy in EU with focus on exports



43% of GDP export related<sup>3</sup>

1.5m millionaires<sup>5</sup> >14bn Mittelstand<sup>4</sup> banking wallet





Contribution to RoAC improvement



25%



30%



45%

2021-24 CAGR

+2%

+2%

-4%

In spite of actions to mitigate c.5p.p. from business growth and regulatory headwinds

Focus on fees and superior ESG advisory resulting in higher weight of fees to c.30% of revenue

Optimisation of business model resulting in a Cost/Income of c.50%



> 10%

RoAC

+4p.p. from 2021

11bn allocated capital

> 1 bn

net profit

c.25% Group

+16% 2021-24 CAGR





### Initiatives

### Facts



Clients

- Superior ESG advisory capabilities to **support clients' green transition**
- Leverage strong position as the **Go-to bank for Corporates** with more industry expertise

>20%  
ESG revenue  
2021-24 CAGR<sup>1</sup>

+12bn  
AuM Private Banking  
2021-24 growth

+6%  
Loans to Small and  
Medium Corporate  
2021-24 CAGR



People

- Targeted **investments** in growth areas, such as Private Banking
- **Faster** decision making and **people empowerment**

>250  
Business new hires  
by 2024

-75%  
Time-to-cash for  
Consumer Finance



Organisation

- Streamline process, product catalogue and variations enabling **headquarter efficiencies**
- **Digitalisation** and **automation** allow lower cost-to-serve

-9%  
Non-business costs  
2021-24 CAGR

-40%  
Simplification of  
Retail product  
variations

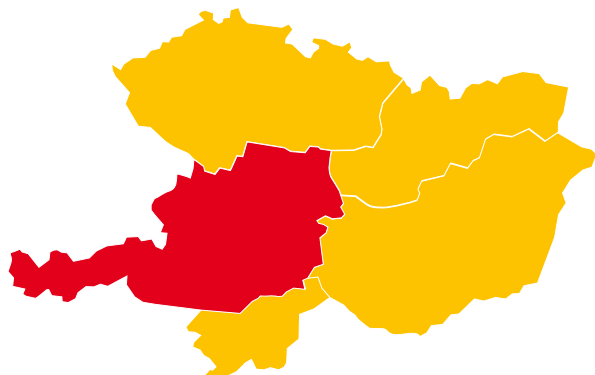
2x  
Digital sales /  
total sales





Austria, Czech Republic, Hungary, Slovakia, Slovenia

Solid positioning with leadership in Austria



#2 by total assets

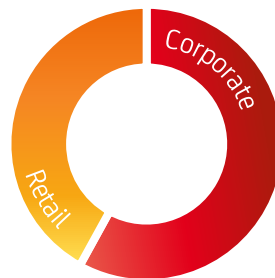
11% loan market share<sup>1</sup>

2m clients

Balanced mix, strong market shares and recognised expertise

Loan market share in region<sup>1</sup>

8% Retail  
14% Corporate

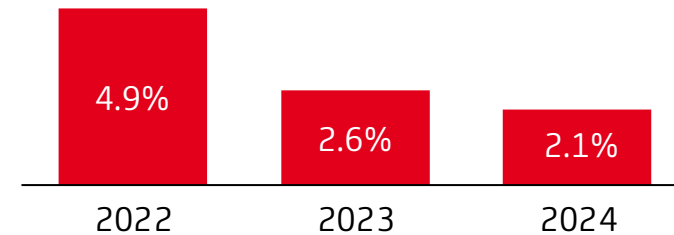


### Best

- ... **for SME** in Austria
- ... **Investment Bank** in Austria
- ... **Private Bank** in Czech Republic
- ... **Social Impact Bank** in Hungary

Potential from funds and improving macro trends

Yearly GDP growth<sup>2</sup>



- GDP growth in plan horizon above eurozone average
- About 62bn of Recovery and Resiliency Facility funds allocated to UC countries in Central Europe (c.12% of their GDP<sup>3</sup>)
- Strong economic connections within the region, with Italy and with Germany





# Central Europe

## Focusing on structural review of operating model and targeted growth ...



Austria, Czech Republic, Hungary, Slovakia, Slovenia

Contribution to RoAC improvement



10%



65%



25%

2021-24 CAGR

+5%

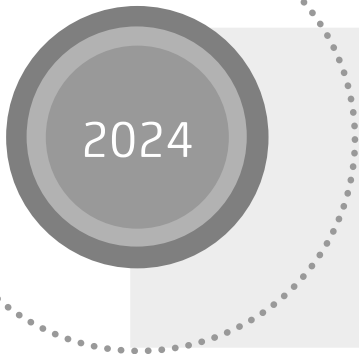
+6%

-2%

Allocated capital growth in line with commercial volumes

Solid revenue growth supported by favourable macro in the region, commercial initiatives and fee based growth

Improved efficiency of Austria leading the region to a Cost/Income below 50%



> 13%  
RoAC

+3p.p. from 2021

8bn allocated capital

> 1 bn  
net profit

c.25% Group

+13% 2021-24 CAGR





Austria, Czech Republic, Hungary, Slovakia, Slovenia

### Initiatives

### Facts



Clients

- **Improved client service model** supported by digital offering and seamless client experience
- **Enriched product offering** including advisory on green transition

**+2 p.p.**  
Retail revenue / total revenue  
2021-24

**+1%**  
Above the market  
Corporate growth  
2021-24



People

- Further client acquisition thanks to **digitalisation and synergies between Retail and Corporate**
- **Simplified and automated credit processes** to support faster decision making

**+12%**  
Net client growth  
2021-24

**>50%**  
Digital sales / total sales  
2024



Organisation

- **Transform Bank Austria** into a more efficient institution via redesign of operating model
- **Investment in Digital & Data** to enable lower cost-to-serve and enhance client experience

**-10 p.p.**  
Cost / Income  
2021-24

**c.2 out of 3**  
Clients digitally active  
2024





# Eastern Europe Leading bank in fast growing region

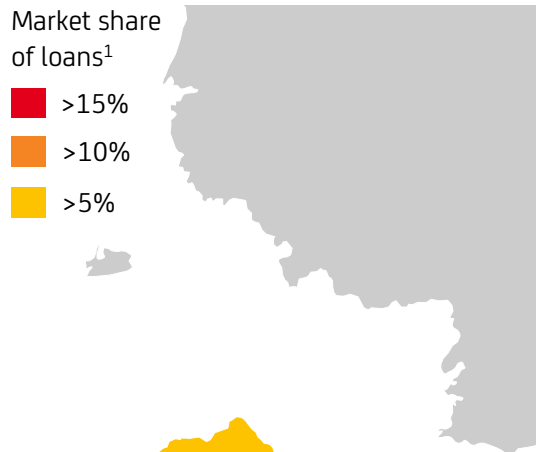


Bosnia Herzegovina, Bulgaria, Croatia, Romania, Russia, Serbia

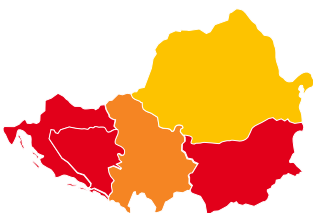
## Leadership position in the region

Market share  
of loans<sup>1</sup>

- >15%
- >10%
- >5%

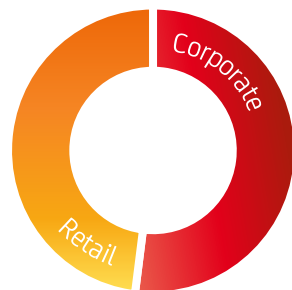


**#1**  
by total  
assets<sup>2</sup>



**4m**  
clients

## Balanced business mix and excellent market recognition



**#1**  
in Bosnia, Bulgaria  
and Croatia

**Top 3**  
for Corporate in  
Serbia and Romania<sup>3</sup>

**Best Bank**  
in Bulgaria and Bosnia

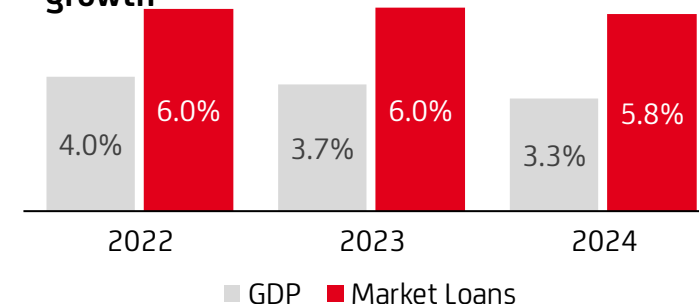
**Best Private Bank**  
in Bulgaria and Croatia

**Trade Finance** market leader in  
Bosnia, Bulgaria, Russia and Serbia



## Fast growing economies

### Yearly GDP and market loan growth<sup>4</sup>



- GDP growth in plan horizon at 3.7%
- About 50bn of Recovery and Resiliency Facility funds allocated to UC countries in Eastern Europe (c.16% of their GDP<sup>5</sup>)
- Average yearly loans growth around 6% over plan horizon







# Eastern Europe

## Consolidate leadership to further boost net revenue and enhance returns



Bosnia Herzegovina, Bulgaria, Croatia, Romania, Russia, Serbia

Contribution to RoAC improvement



30%



65%



5%

2021-24 CAGR

+4%

+6%

+3%

Active portfolio management actions allow to offset part of the organic growth in the region

Focus on higher risk-adjusted revenue products resulting in revenue growth

Initiative on cost offset the projected impact of inflation leading to a Cost/Income of 40%



> 16%  
RoAC

+4p.p. from 2021

5bn allocated capital

c. 1 bn  
net profit

c.20% Group

+9% 2021-24 CAGR





Bosnia Herzegovina, Bulgaria, Croatia, Romania, Russia, Serbia

## Initiatives

## Facts



Clients

- **Innovative service model** (remote hubs) for Micro and Small Corporates, improved **multichannel client journeys** for individual clients
- **Enriched offering** including investment and protection solutions, green advisory and financing, liquidity management

**+12%**  
Net client growth  
2021-24

**+6%**  
Fees  
2021-24 CAGR



People

- **Streamlining** of operating model, allowing further **synergies in a leaner organisation**
- **Optimised credit processes to empower** the banks to take faster decisions, being accountable for higher competence levels

**-50%**  
Simplification of  
Retail product  
catalogue

**+2x**  
Local credit  
approvals



Organisation

- **Digitalisation** of offering and enablement of remote sales
- **Investment in Digital & Data** to enable lower cost-to-serve and enhance client experience

**+30%**  
Active digital  
user growth  
2021-24

**+35%**  
Digital sales /  
total sales growth  
2021-24



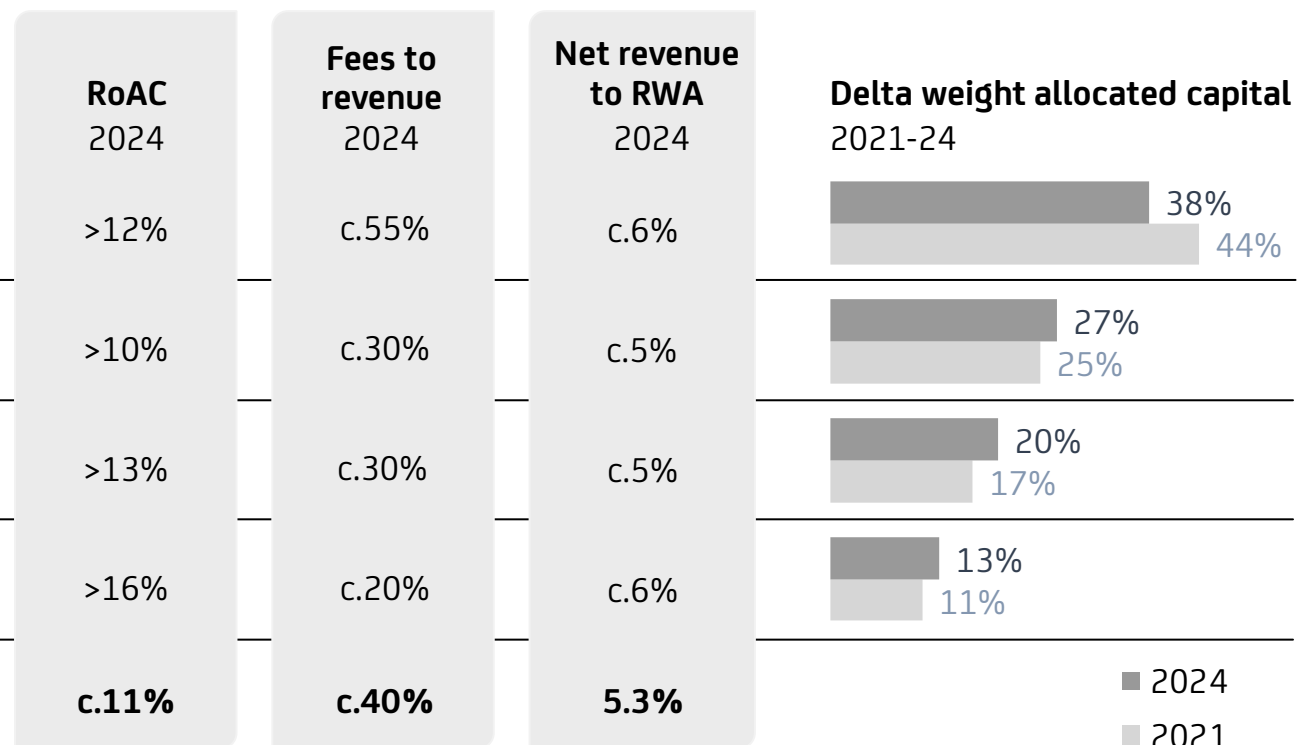
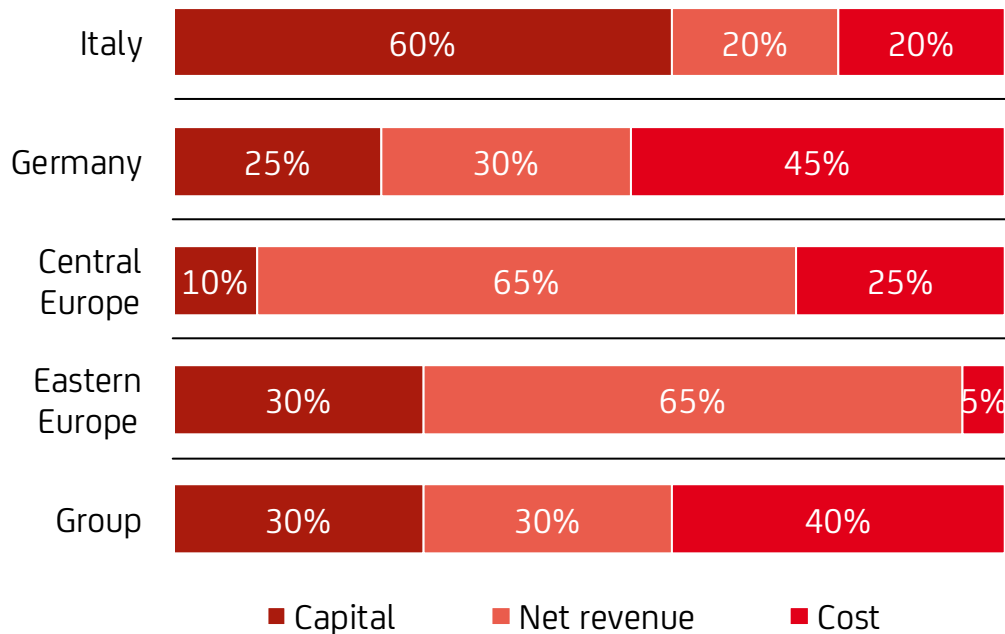
# Our regions

## Applying the appropriate levers to grow and improve returns



All businesses delivering improved returns through different levers

### 3 levers contribution to RoAC improvement



Latent strategic flexibility with the ability to change pace across different geographic profiles



# UniCredit Unlocked

Optimise  
Today

Build for  
Tomorrow





Grow in our **regions** and develop our **client** franchise



Change our **business model** and how our **people** operate



Deliver economies of **scale** from our footprint of **banks**

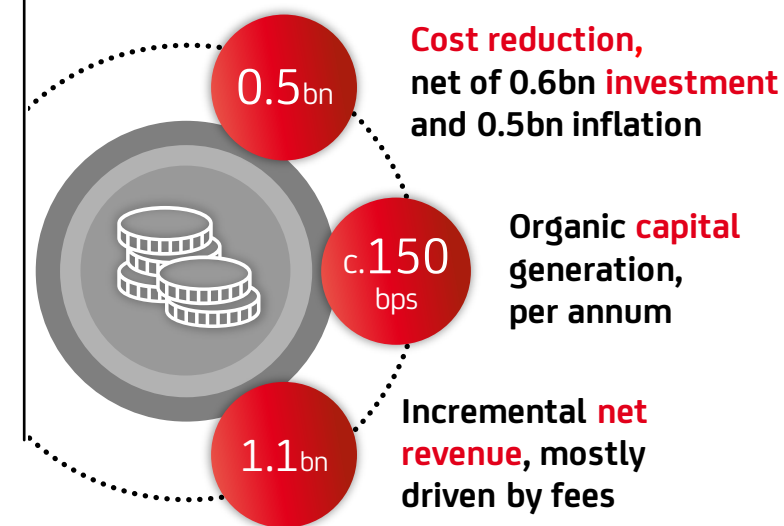


Transform our **technology** leveraging **Digital & Data**



Embed **sustainability** in all that we do

RoTE of **c.10%** by 2024 and **sustainable distribution** of at least **16bn** between 2021-24 via three interconnecting levers



Securing the foundations to deliver longer-term RoTE and distribution ambitions well beyond 2024



# UniCredit Unlocked

## Our financial ambition



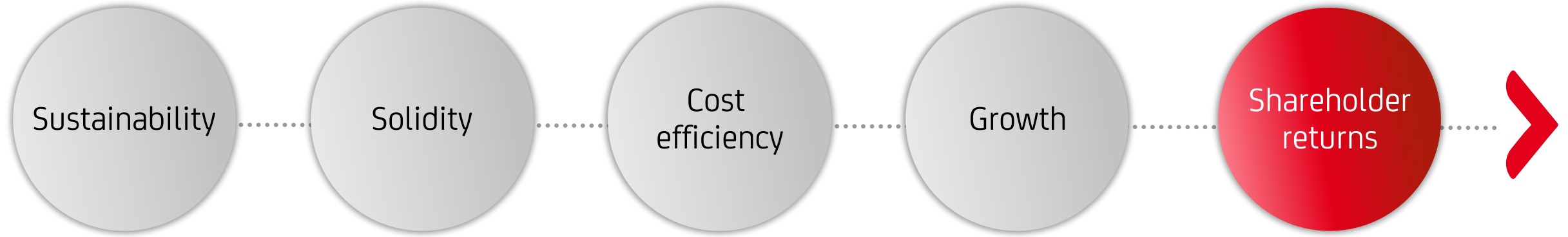
	2021 (Guidance)	2024
Net revenue	>16bn	>17bn
Fees, % of revenue	c.38%	c.40%
Cost / Income	c.56%	c.50%
Net profit	>3.3bn	>4.5bn
RoTE	>7.0%	c.10%
Organic capital generation		c.150bps per annum
CET1	13.5-14%	12.5-13%
Total ESG volumes		150bn cumulative 2022-24

≥16bn shareholder distribution 2021-24



# UniCredit Unlocked

## Why UniCredit?



ESG Rating **A**  
MSCI

**12.5-13%**  
CET1 ratio<sup>1</sup>

**c.50%**  
Cost / Income ratio  
FY24

**+2%**  
Net revenue  
2021-24 CAGR

**≥16bn**  
Shareholder distribution  
2021-24<sup>5</sup>

Net Zero  
Banking Alliance  
 GFANZ  
Glasgow Financial Alliance for Net Zero

**c.3.5%**  
Gross NPE ratio<sup>2</sup>

**4p.p.**  
Positive operating  
leverage 2021-24<sup>3</sup>

**>15%**  
EPS  
2021-24 CAGR<sup>4</sup>

**c.65%**  
Cumulative returned  
capital as % of Market Cap<sup>6</sup>

Delivering a RoTE of c.10% by 2024



# UniCredit Unlocked

## Our commitment to 2024 and beyond



Clients



Employees



Investors

NEW CLIENT PROPOSITION

**Clients at the centre**

DATA-DRIVEN

Digitised customer service

tailor-made solutions

Best-in-class products and advice

.....

EMPOWERED

**Win.**

The Right Way.

**Together.**

Common objective

Clear risk and behaviour parameters

shared purpose

Regained pride

.....

EFFICIENT

**Unified**

RoTE >10%

capital-light

Sustainability

Increased net profit

Maintaining an attractive growth, return profile and distribution policy



# UniCredit Unlocked

Empowering Communities to Progress



# Annex

UniCredit Strategy Day  
Milan, 9 December 2021



# 2021 one-offs



	2021 Net profit impact
HR integration costs	-0.6 <sub>bn</sub>
Digital and real estate integration costs	-0.3 <sub>bn</sub>
Regulatory headwinds LLP	-0.2 <sub>bn</sub>
Fair value adjustment for IFRS5	-0.7 <sub>bn</sub>
FX reserve impact from participation disposal	-1.6 <sub>bn</sub>
DTA write-up	+1.3 <sub>bn</sub>

## Notes

Gross impact:

-1.2<sub>bn</sub>

Capital neutral

Capital neutral





**Austria**

# Leading position and improving macro trends



Ranked #1 nation-wide



Market Share of Loans<sup>1</sup>

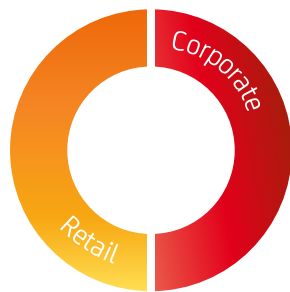
■ > 10%

**#1**  
by total assets



**1m**  
clients

Balanced mix and strong market share in all segments



Loan market share in region<sup>1</sup>

**10%**

Retail

**14%**

Corporate

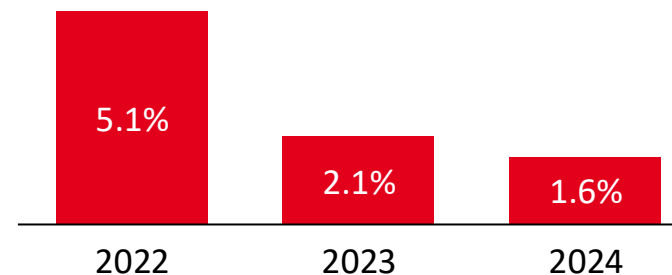
## Best

- ... Bank for SME
- ... Investment Bank
- ... Private Bank and Wealth Manager



Improving macro trends

Yearly GDP growth<sup>2</sup>



- GDP growth in plan horizon above eurozone average
- High and raising private consumption
- Low and declining unemployment data
- Banking sector resilient with steady positive trend





## Aiming at growing further with structural review of operating model

Contribution to RoAC improvement



15%



50%



35%

2021-24 CAGR

+4%

RWA optimisation to mitigate regulatory headwinds fostering capital-light business and focusing on value generating client segments

+5%

Back to natural market share in Retail, expand leading position in private, grow in Corporate

-4%

Streamline the operating model to reduce complexity



2024

> 12%

RoAC

+4p.p. from 2021

5bn allocated capital

0.7 bn

net profit

c.15% Group

+15% 2021-24 CAGR





## Initiatives

## Facts



Clients

- Fast implementation of a state-of-the-art technological **client-centric framework**
- **Expand client reach**, exploit opportunities

+3 p.p.

Mortgages market share vs. 2021

+8 p.p.

Consumer loans market share vs. 2021



People

- All **business segments with increasing value generation**, contributing above cost of capital
- **Process automation** transforming the way **to do business** and **operations**, reducing costs

+4 p.p.

RoAC 2021-24

-12%

cost reduction 2021-24



Organisation

- Redesigned **streamlined operating model** leveraging **organisational simplification** and **digitalisation**
- **Lean business model** to reduce complexity and boost business effectiveness

-13 p.p.

Cost / Income 2021-24

>50%

Investments in growth and optimisation





# Notes

UniCredit Strategy Day  
Milan, 9 December 2021



# Disclaimer



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# Information related to this presentation

## General notes

### **End notes are an integral part of this presentation.**

See slides from 78 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

All data throughout the documents are in **Euros**

Numbers throughout the presentation may not add up precisely to the totals provided in tables and text due to **rounding**

**CET1 ratio** fully loaded throughout the document, unless otherwise stated

**Allocated capital** calculated as 13.0% of RWA plus deductions throughout the document

## Main definitions

### **“Net revenue”**

means (i) revenue, minus (ii) Loan Loss Provisions

### **“Clients”**

means those clients that made at least one transaction in the last three months

### **“Stated net profit”**

means accounting net profit

### **“Net profit”**

only for the Group: means Stated net profit (for 2021 Underlying net profit) adjusted for AT1, CASHES coupons and impacts from DTAs from tax loss carry forward sustainability test

### **“Underlying net profit”**

means stated net profit adjusted for non-operating items

### **“RoTE”**

means (i) net profit – as defined above, over (ii) average tangible equity excluding AT1, CASHES and DTA from tax loss carry forward contribution

### **“Organic capital generation”**

means CET1r evolution deriving from (i) stated net profit excluding DTAs from tax loss carry forward and (ii) RWA dynamic net of regulatory headwinds

### **“Cost lever”**

calculated as proportional impact of gross cost savings on RoTE/RoAC delta

### **“Capital lever”**

calculated as positive impact of active portfolio management (and disposals) on tangible equity/allocated capital delta

### **“Net Revenue lever”**

calculated as proportional impact of delta net revenue on RoTE/RoAC delta



These notes refer to the financial metrics and/or defined term presented on:

- |                 |  |   |
|-----------------|--|---|
| <b>Slide 3</b>  | <b>UniCredit Today</b>                           | <ol style="list-style-type: none"><li>1. Refers to Group Executive Committee and first line reporting to Group Executive Committee</li><li>2. Data as of 3Q21</li><li>3. Positioning as per total assets, 2Q21. Eastern Europe excluding Russia</li></ol> |
| <b>Slide 4</b>  | <b>Stakeholder perceptions</b>                   | Source: Restated quotes from internally conducted surveys among employees and externally conducted research among clients and investors   |
| <b>Slide 6</b>  | <b>Our strategic imperatives</b>                 | All data referring to 2021-24 unless otherwise stated   |
| <b>Slide 9</b>  | <b>Optimise Today: Connecting to our clients</b> | <ol style="list-style-type: none"><li>1. Total headcounts as of 3Q21</li><li>2. Refers to Corporate and Individual Solutions (please refer to slides 15-19)</li></ol>   |
| <b>Slide 10</b> | <b>Optimise Today: Clients</b>                   | <ol style="list-style-type: none"><li>1. Thresholds for Retail based on TFAs, for Corporates on total revenue. Segmentation thresholds are for illustrative purposes only</li><li>2. Expected 2021 revenue split between Corporate and Retail</li></ol>   |
| <b>Slide 11</b> | <b>Optimise Today: People</b>                    | <ol style="list-style-type: none"><li>1. Number of approvals taken by Italian territorial hub in 2020 which will be taken directly by the business</li></ol>  |
| <b>Slide 14</b> | <b>Optimise Today: Organisation</b>              | Expected 2021 Data unless otherwise stated <ol style="list-style-type: none"><li>1. Based on Underlying net profit and normalized tax rate</li></ol>  |



These notes refer to the financial metrics and/or defined term presented on:

**Slide 18** Optimise Today: Organisation

1. New business market share in Italian bancassurance market. Source: IAMA monitor database, internal elaboration

**Slide 21** Build for Tomorrow: Investing

1. Investments not fully comparable to previous disclosure due to pricing model change
2. Hires related to new investments only, not including turnover replacement. Rounded figures

**Slide 28** Build for Tomorrow: Sustainability

- Data as of 3Q21
1. 2030 target on own emission
  2. Measured by the former London Benchmarking Group (LBG), now Business for Societal Impact (B4SI) reporting framework

**Slide 32** Macro

- Source: GDP and Banking Sector Total Loan Growth based on UniCredit Macroeconomic and Banking Projections, October 2021. Aggregations are weighted average considering allocated capital. 3M Euribor based on the future from Bloomberg at 07/12/2021. The RRF from European Commission, 2021. Category split from Bruegel dataset as of July 2021, referring to EU countries that submitted the plan
1. Average of yearly changes
  2. Excluding Austria

**Slide 33** Our financial goals

1. Impact of Active Portfolio Management on CET1 capital (please refer to slide 39)
2. Investments not fully comparable to previous disclosure due to pricing model changes
3. Net Profit divided by average outstanding shares, assuming a fixed P/TBV multiple for share buyback
4. Defined as (i) Gross Non Performing Exposures comprising bad loans, unlikely to pay, and past due; TO (ii) Gross Loans to clients excluding debt securities
5. Defined as (i) Non Performing Exposures after deduction of provisions comprising bad loans, unlikely to pay, and past due; TO (ii) Loans to client after deduction of provisions and excluding debt securities
6. Subject to supervisory and shareholders approvals and M&A



These notes refer to the financial metrics and/or defined term presented on:

- |                 |                               |   |
|-----------------|-------------------------------|---|
| <b>Slide 35</b> | <b>Costs</b>                  | <ol style="list-style-type: none"><li>1. Staff costs and expenses of controlling, supporting and governance functions</li><li>2. Staff costs and expenses directly (e.g. frontline) or indirectly (e.g. back office) linked to revenue generation and client management</li></ol> |
| <b>Slide 36</b> | <b>Cost walk</b>              | <ol style="list-style-type: none"><li>1. Calculated as Revenue CAGR 2021-24 minus Cost CAGR 2021-24</li><li>2. Please refer to slide 71 in annex for details</li></ol>  |
| <b>Slide 38</b> | <b>Delta net revenue</b>      | <ol style="list-style-type: none"><li>1. Percentage calculated as Fees over Net Revenue</li></ol>   |
| <b>Slide 39</b> | <b>RWA walk</b>               | <ol style="list-style-type: none"><li>1. Impact for 2025 equal to c.50bps pre mitigation actions</li></ol>  |
| <b>Slide 40</b> | <b>Delta net revenue walk</b> | <ol style="list-style-type: none"><li>1. Delta contribution from products with margins higher than average</li><li>2. Delta contribution from products with commercial aim to recovery natural market share</li><li>3. Delta contribution from non-commercial items</li></ol>     |
| <b>Slide 41</b> | <b>ESG transition</b>         | <ol style="list-style-type: none"><li>1. Based on Art. 8 and 9 SFDR regulation</li></ol>  |
| <b>Slide 42</b> | <b>Risk</b>                   | <ol style="list-style-type: none"><li>1. Cost of Risk calculated as LLPs of the period divided by average net client loans including repos</li></ol>  |



These notes refer to the financial metrics and/or defined term presented on:

- Slide 43**   **RoTE walk**
1. Stated RoTE calculated as (i) stated net profit, TO (ii) average tangible equity excluding AT1
- Slide 44**   **Balance sheet and liquidity**
1. Based on S&P
- Slide 46**   **Capital distribution**
1. Cash payout ratio for 2022 is expected at 35%
- Slide 51**   **Italy positioning**
1. Market share of total loans and mutual funds as of September 2021. Regional market share of loans as of August 2021
  2. Regional GDP data as of 2019, Istat
  3. Calculated as (i) AuM products of UC Italy perimeter; TO (ii) market “Retail” products, net of institutional products and closed end funds; from Assogestioni Report
  4. Based on new production
  5. Bankassurance P&C (CPI and protection) – Last available source related to 2021 refer to 2Q21
  6. Refers to Household data as of 1Q21, ECB statistical Data Warehouse
  7. Insurance premium refer to 2019 non-life insurance penetration excluding Motor. EU data refers to Germany, France and Spain. Gross data from OECD, IVASS and Eiopa
- Slide 52**   **Italy financial KPIs**
1. 2021-24 CAGR gross of active portfolio management actions and disposals
  2. 2021-24 CAGR gross of NII headwinds and disposals
  3. For 2021 based on Underlying net profit and normalised tax rate
- Slide 53**   **Italy industrial KPIs**
1. Refer to net sales AuM 2022-24 cumulative





These notes refer to the financial metrics and/or defined term presented on:

**Slide 54** Germany positioning

1. From Dealogic as of October 2021, category 'All German Green and ESG-linked loans '
2. Based on UniCredit Macroeconomic Projections, October 2021
3. GDP export related % as of 2020, from Federal Statistical Office (Destatis)
4. Mittelstand clients based on current segmentation between 1.5m and 50m turnover, corporate sales tax statistics
5. As of 2020, Capgemini World Wealth Report 2021

**Slide 56** Germany industrial KPIs

1. Including DCM

**Slide 57** Central Europe positioning

Source: Best Bank for SME and Investment Bank in Austria and Private Bank in Czech Republic as of 2021, Global Finance Magazine. Best Social Impact Bank in Hungary as of 2021, Effect 2030 Community Investment Award

1. As of September 2021
2. Based on UniCredit Macroeconomic Projections, October 2021. Aggregations are weighted average based on allocated capital
3. GDP data for % on RRF as of 2020 from UniCredit Macroeconomic Research. Aggregations are weighted average based on loans and grants amounts



These notes refer to the financial metrics and/or defined term presented on:

**Slide 60** Eastern Europe positioning

Source: Best Bank and Private Bank in Bulgaria as of 2021, Global Finance Magazine. Best bank in Bosnia and Private Bank in Croatia as of 2021, Euromoney. Trade Finance market leader in Bosnia, Bulgaria, Russia and Serbia as of 2021, Euromoney

1. As of September 2021
2. For the whole region, as of 2Q21
3. Based on gross loans, as of June 2021, IFRS data
4. GDP and Banking Sector Total Loan Growth based on UniCredit Macroeconomic and Banking Projections, October 2021  
Aggregations are weighted average considering allocated capital
5. GDP data for % on RRF as of 2020 from UniCredit Macroeconomic Research. Aggregations are weighted average based on loans and grants amounts

**Slide 67** Why UniCredit?

1. Managerial target 2024
2. 2024
3. Calculated as revenue CAGR minus cost CAGR
4. Net profit divided by average outstanding shares, assuming a fixed P/TBV multiple for share buyback
5. Share buyback plus cash dividends cumulative (o/w cash payout ratio for 2022 is expected at 35%)
6. Market capitalisation as of 06/12/2021

**Slide 72** Austria positioning

1. As of September 2021
2. GDP Growth based on UniCredit Macroeconomic Projections, October 2021

**Slide 74** Austria industrial KPIs

1. Refers to Euro portfolio only

