UniCredit Group: Guidelines of Strategic Plan 2013-18

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A new strategic agenda
UCG journey towards sustainable profitability

2008-2010	2010-2013	2013-2018
FACING THE CRISIS	*PREVIOUS PLAN: STRENGTHENING FUNDAMENTALS*	*NEW PLAN: ACCELERATING THE JOURNEY TOWARDS SUSTAINABLE PROFITABILITY*

2008-2010 — FACING THE CRISIS

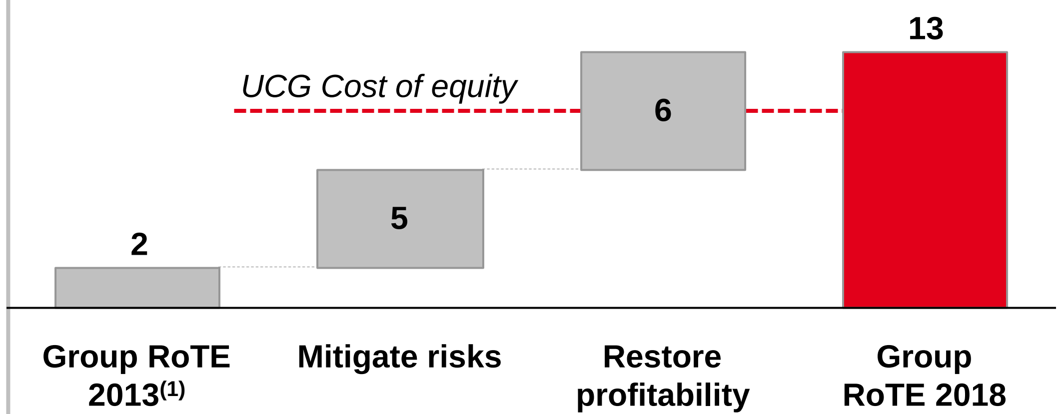
- ✗ Capital shortage
- ✗ Market liquidity issues
- ✗ Cost efficiency concerns
- ✗ Mounting impaired loan portfolio

2010-2013 — PREVIOUS PLAN: STRENGTHENING FUNDAMENTALS

- ✓ Balance sheet restructuring
- ✓ Simplification and cost management
- ✓ Business refocusing
- ✓ Italy turnaround

2013-2018 — NEW PLAN: ACCELERATING THE JOURNEY TOWARDS SUSTAINABLE PROFITABILITY

AMBITION



2013		2018
52%	*SOUND COVERAGE RATIO*[2]	>50%
9.4%	*ROBUST CET1 RATIO*[3]	>10%

AVERAGE DIVIDEND PAYOUT RATIO: 40%

[1] Excluding effects related to relevant buy-backs, restructuring costs, goodwill and PPA impairments, gain on Bank of Italy stake, Ukraine evaluation under IFRS5, charges for few large risks, Sigorta disposal, deferred tax asset effects and additional LLPs
[2] On impaired loans
[3] Fully loaded CET1 ratio

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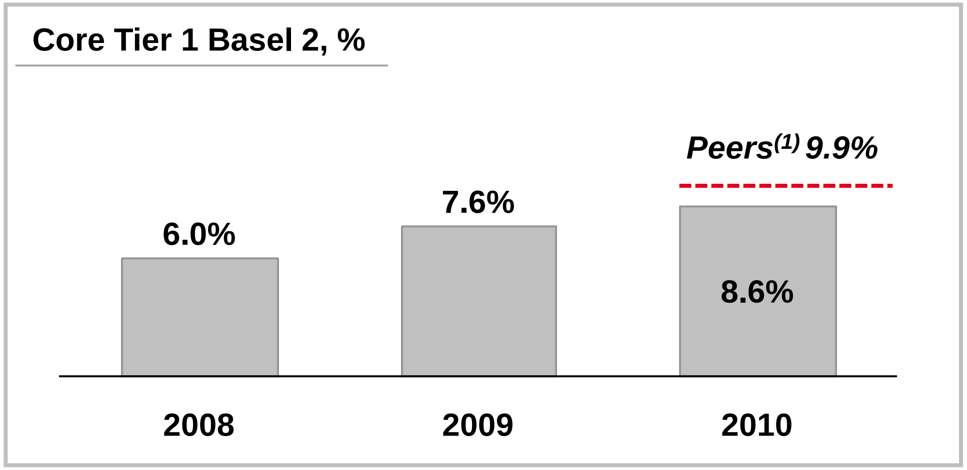
Agenda

- FACING NEW CHALLENGES AND GETTING FUNDAMENTALS RIGHT
- ACCELERATE THE JOURNEY TOWARDS SUSTAINABLE PROFITABILITY
  - SEGREGATION OF NON CORE PORTFOLIO
  - CORE BANK
- FINANCIAL TARGETS
- ANNEX

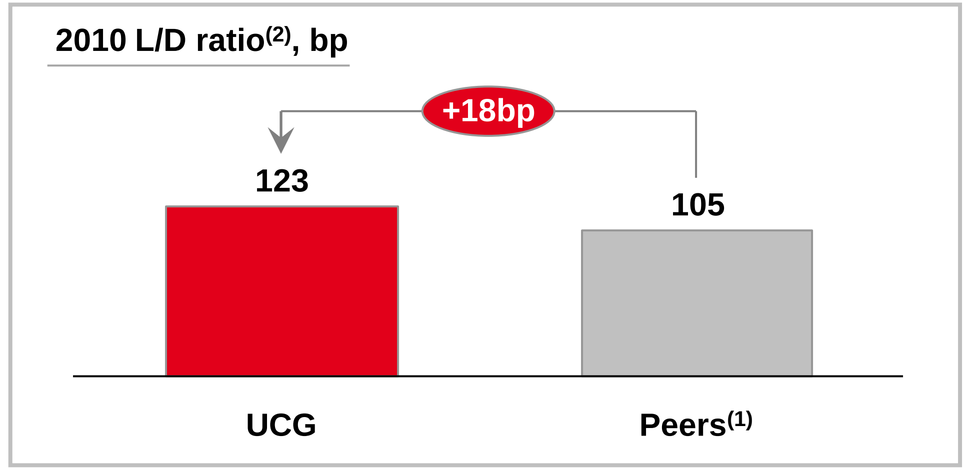
Facing the crisis

2010: UCG was facing a series of challenges

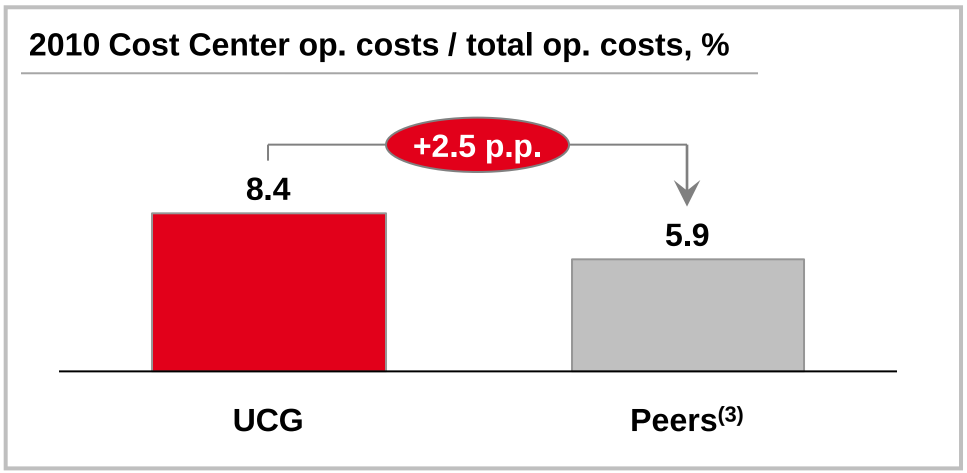
Capital ratio below peers



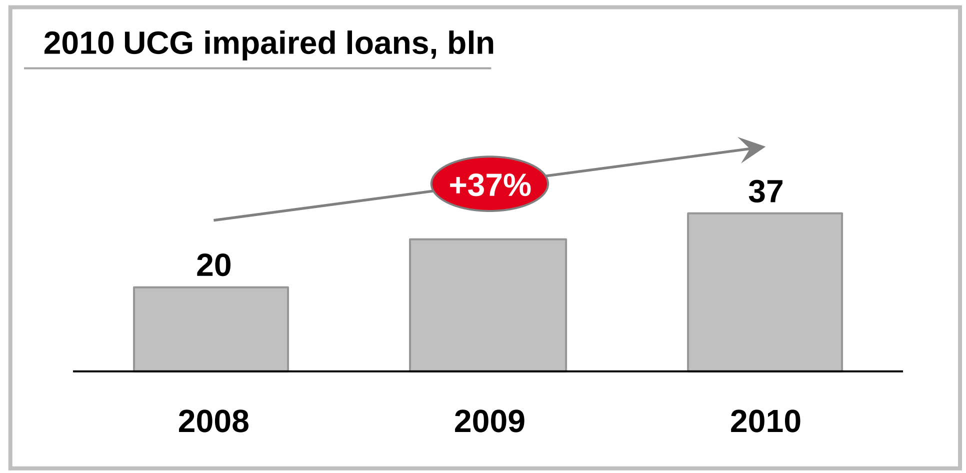
Significant funding needs



Operational complexity



Mounting impaired loans



[1] Includes BNP Paribas, Deutsche Bank, HSBC, Intesa Sanpaolo, Santander, Société Générale, UBS
[2] Including network bonds
[3] Includes BNP Paribas, Intesa Sanpaolo, HSBC, Santander (Deutsche Bank, Société Générale and UBS not included due to not comparable segment reporting on Cost Center)

Achievements
UCG delivered on the previous strategic plan

Delivery on key pillars of the previous Strategic Plan

Pillar			
I — BALANCE SHEET STRUCTURE	CAPITAL *Successful capital strengthening* ✓ (Achieved)	FUNDING & LIQUIDITY *Significant reduction of Funding gap* ✓ (Achieved)	RISK *Enhanced credit approval and risk mgmt. framework* ✓ (Achieved)
II — SIMPLIFICATION AND COST MANAGEMENT	CENTRAL FUNCTIONS *Organizational streamlining* ✓ (Achieved)	OPERATIONS *Implementation of bold cost saving programs* ✓ (Achieved)	NETWORK *Network re-design* ✓ (Achieved)
III — BUSINESS REFOCUSING	SELECTIVE FOCUS ON CEE *Franchise development and geographic footprint optimization* ✓ (On track)	CIB RESHAPING & CORE BUSINESS ENHANCEMRNT *Exit from non core activities and optimization of BS* ✓ (On track)	
IV — ITALY TURNAROUND			*Enhancement of operating performance and focus on asset quality* ✓ (On track)

Legend
- ✓ *Achieved*
- ✓ *On track*

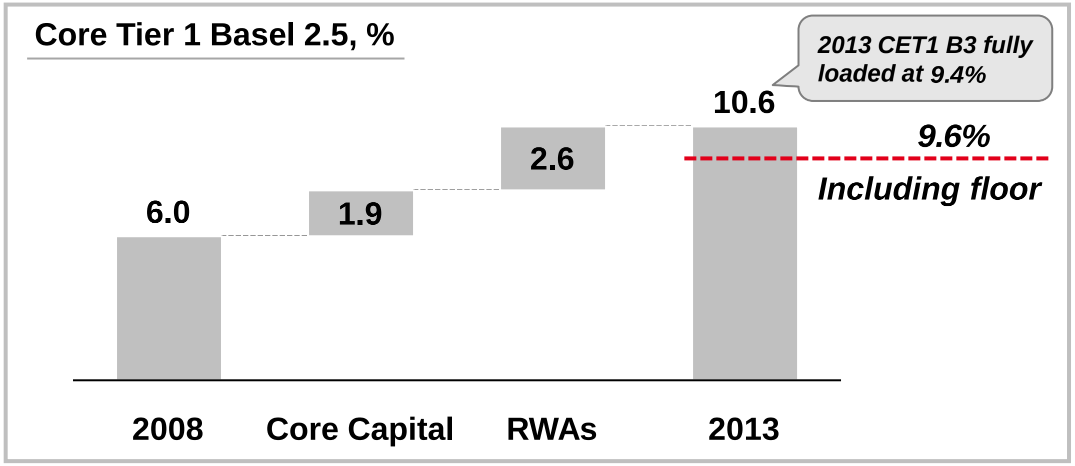
UCG today

- ✓ Solid capital base
- ✓ Reinforced liquidity position
- ✓ Conservative risk-taking framework
- ✓ Streamlined organization
- ✓ Sound operating cost base
- ✓ Robust coverage ratios
- ✓ Strong focus on the Group Core franchise
- ✓ Business refocused towards a profitable but lower risk Commercial Banking model

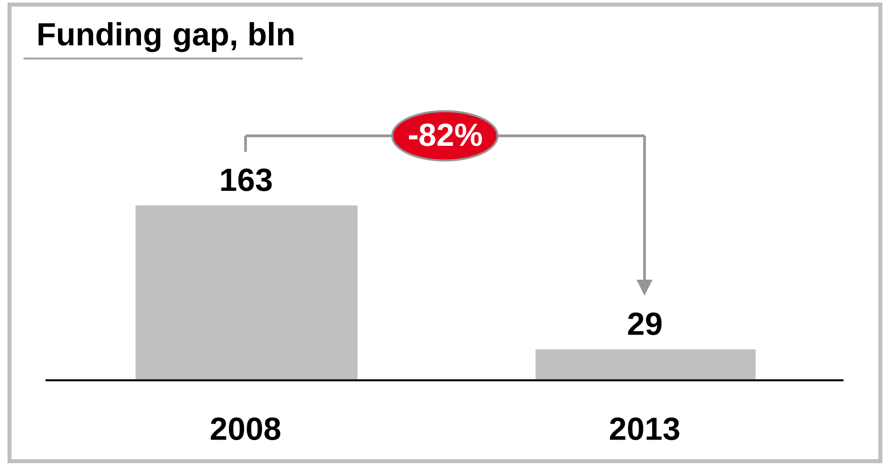
Achievements - a strong focus on capital and leverage

UCG has delivered visible results in terms of balance sheet strengthening and liquidity position

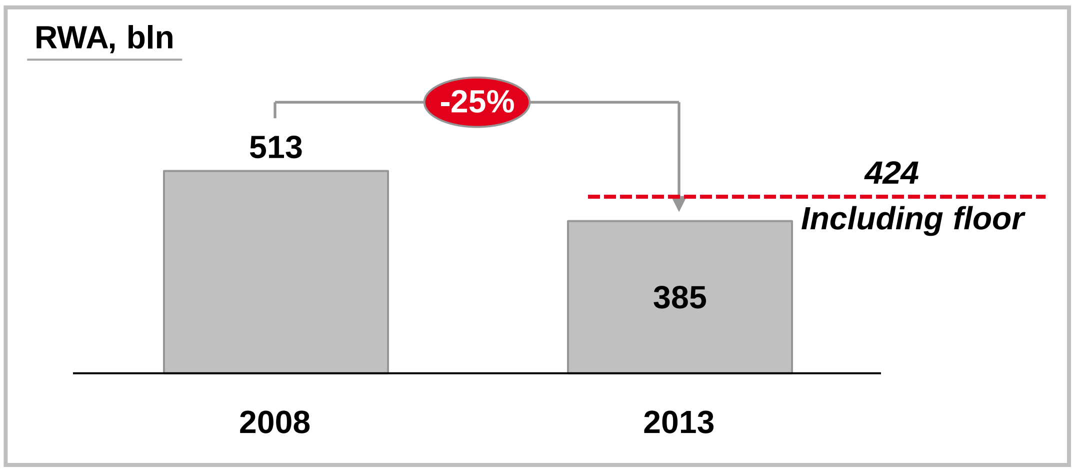
Significant increase in Core Tier 1 ratio



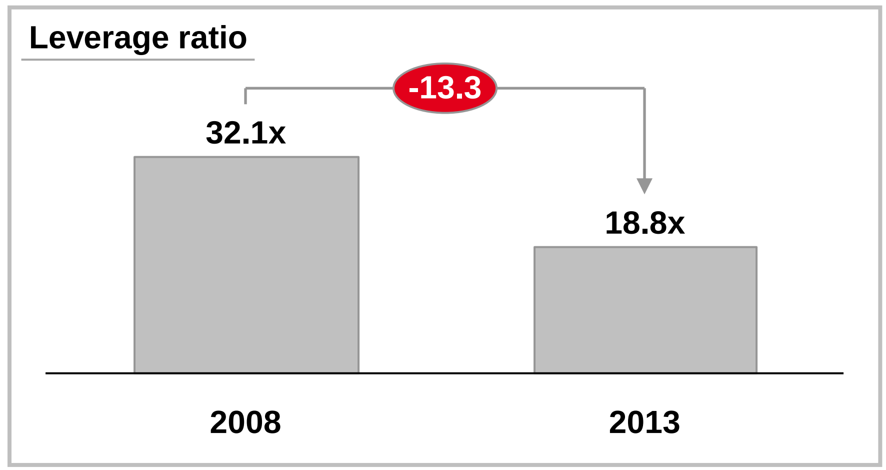
>80% improvement in funding gap[(1)]



Significant de-risking



Strong deleveraging[(2)]



(1) Computed as loans to customers minus direct funding (customer deposits + customer securities issued)
(2) Computed as (Total assets – intangible assets) divided by (Shareholders equity including minorities – intangible assets)

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Achievements

Strengthening of the Group Risk infrastructure with a leading-edge risk appetite framework already delivering tangible results

New risk management practices across UCG

RISK FRAMEWORK TO STEER BUSINESS AMBITION

- ✓ **New risk appetite framework** for business evolution
  - Set the credit portfolio evolution via **target Expected Loss**
  - **Predefined levels** for **market risk RWAs**
  - Already embedding **new LCR targets**
  - **Geographical diversification** coupled with low **earning volatility**

NEW RISK PROCESSES

- ✓ **More prudent underwriting** process and tighter collateralization requirements
- ✓ **Streamlined monitoring and workout processes**

SIMPLER AND STREAMLINED RISK ORGANIZATION

- ✓ **Simpler organization**
- ✓ **Streamlined credit committees**
- ✓ **Risk Appetite embedded in incentive system**

Tangible results

Non Core portfolio setup:
- Exposure already reduced by ~8bn since inception in 2013

Clear evidence of improved business generation from 2010:
- 3rd party business in Consumer Finance from 22% to 7%
- 3rd party business in Mortgages from 13% to 5%
  - Loan to Value from 57% to 55%
  - PD from 0.4% to 0.1%

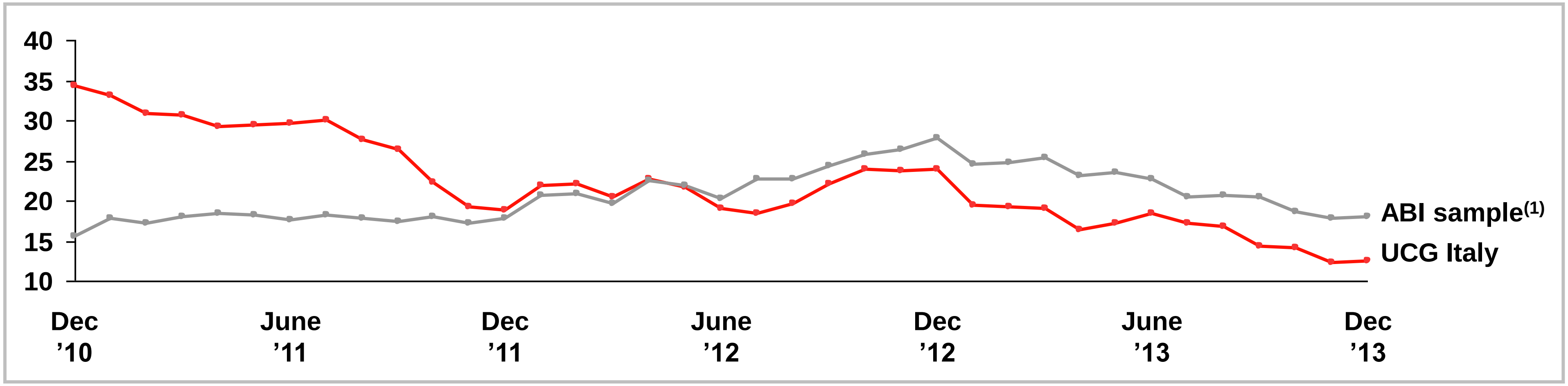
Significant reduction of trading risks:
- Overall CIB trading VAR reduced by ~58% from 2010

New Incentive systems designed for all network positions

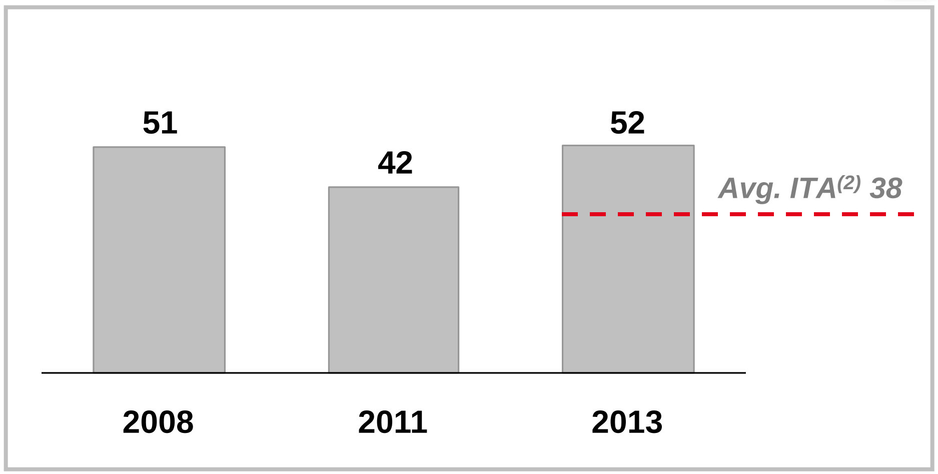
Achievements

Coverage ratio in line with European peers and impaired loan portfolio evolution better than Italian system

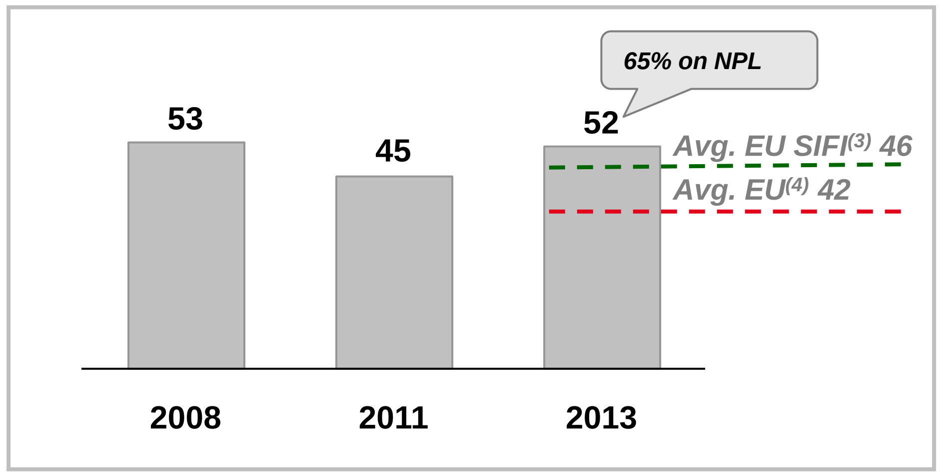
Impaired loans y/y growth, %



UCG Italian Coverage ratio, %



UCG Coverage ratio, %

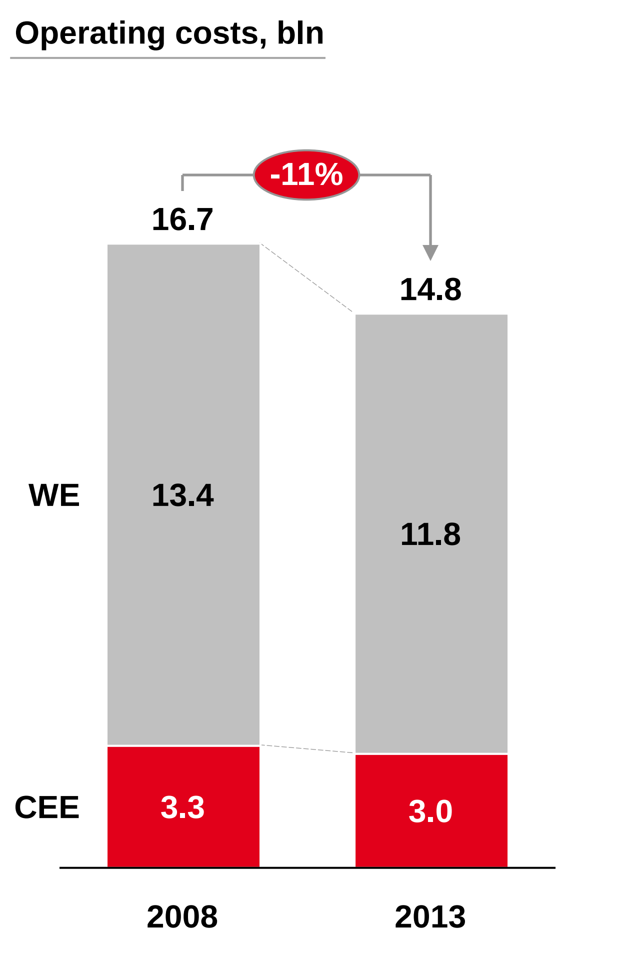


(1) Italian Banking Association - sample composed by approx. 80% of Italian Banking system; households and Non Financial Corporations
(2) Based on 3Q2013 Top 5 Italian players and calculated on NPL, doubtful, restructured and past due
(3) Coverage of defaulted credit exposures as of 1H2013 for the main EU SIFI included in the EBA Transparency Exercise
(4) Coverage of defaulted credit exposures as of 1H2013 according to the latest Transparency exercise by EBA (based on 63 players)

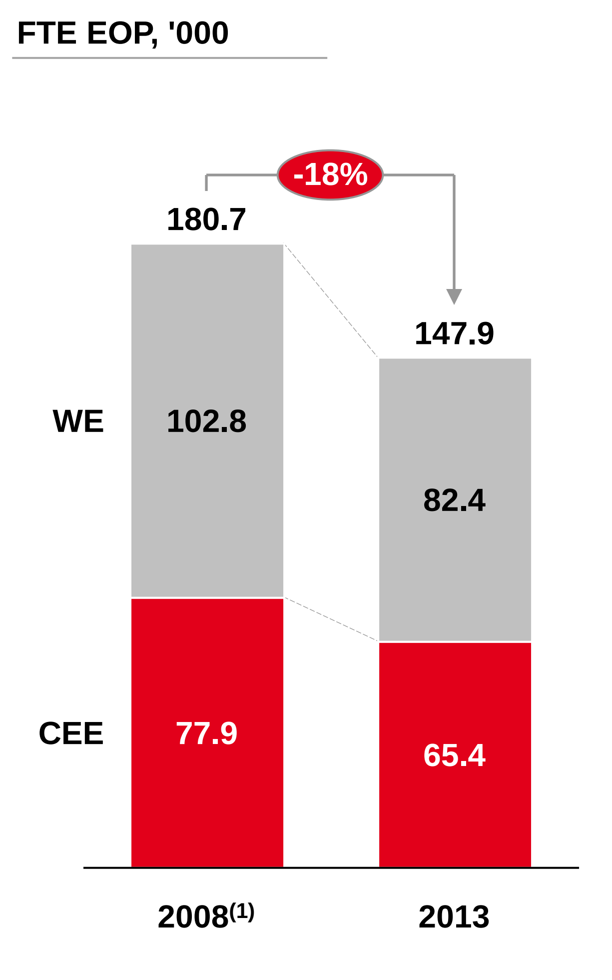
Achievements
Delivered significant cost efficiencies in recent years

II SIMPLIFICATION AND COST MANAGEMENT

~2.0bn UCG cost reduction



Reduction of ~33,000 FTE



Selected initiatives executed

ORGANIZATIONAL STREAMLINING

- From divisional to **regional view**
- Creation of **7 Regions in Italy**
- **Reduction of layers** between Country Chairman and final clients

IT

- **JV agreement** with IBM for IT Central Infrastructure
- Net savings **725mn over 10Y**

REAL ESTATE

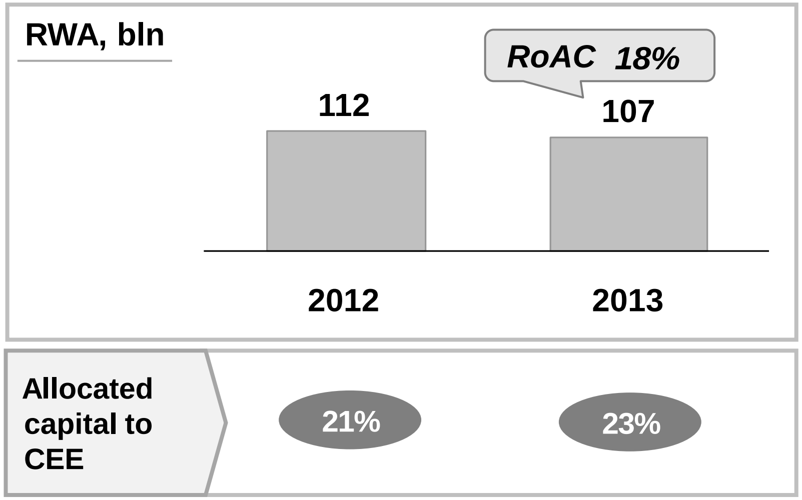
- **Headquarter rationalization** (520k[2] sqm freed up)
- **Rent re-negotiations**
- **Disposal** of real estate properties **(3.2bn[2] of cash-in)**

[1] As of March 2008
[2] Including disposals in Austria, Germany, Italy and Poland

Achievements

Business refocused to enhance risk adjusted profitability

Outstanding profitability in CEE



Consolidated CIB competitive advantage

Export ,Trade and Supply Chain Finance

- **Best Trade Finance Bank 2013** (Italy, Austria, and CEE)
- **Best Forfaiting House 2013**

EMEA loans and bonds League table 2013[1]

Pos.	Bookrunner	Deal value (bln)	# Issues
1	BNP Paribas	95.2	459
2	UniCredit	82.5	474
3	Deutsche B.	80.2	403
4	Société G.	76.6	396
5	HSBC	75.2	390

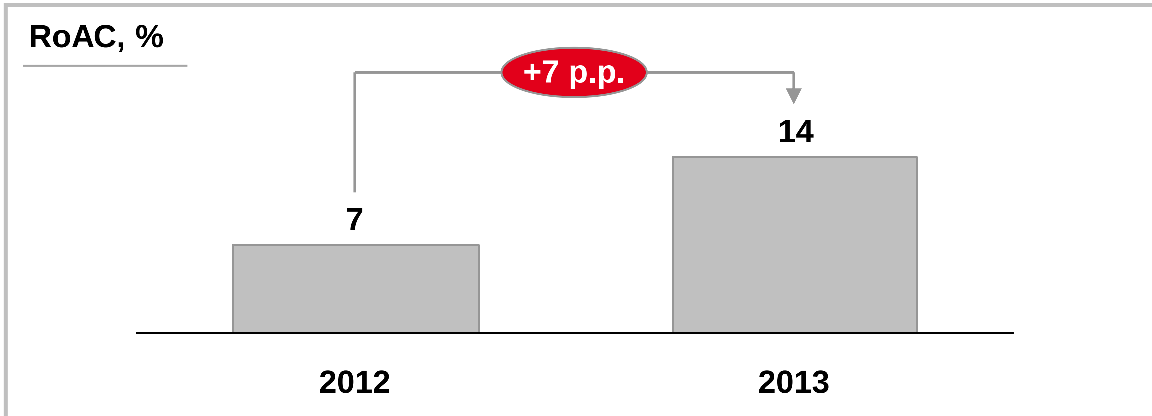
CEE Portfolio streamlined

Exit from non profitable businesses:
- Kazakhstan, Baltics

Rationalization of network:
- Merger of Slovakia and Czech Republic
- Merger of 2 banks in Ukraine

Monetization of non-strategic investments:
- Yapi Kredi Sigorta
- Moscow Stock Exchange (Moex)

CIB focusing on more profitable client activities



(1) EMEA, All borrowers – € denominated; Source: Dealogic as of 8 January 2014

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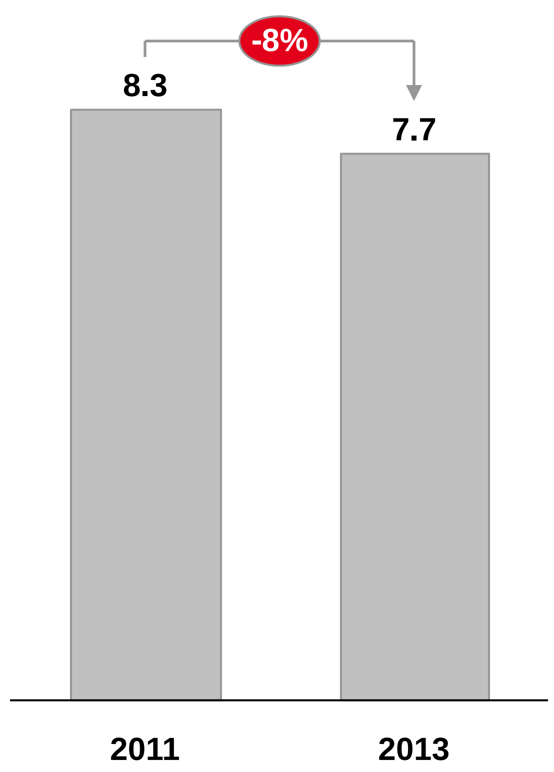
Achievements
Strong efficiency enhancement and redefinition of risk strategy in Italy

IV *ITALY TURNAROUND*

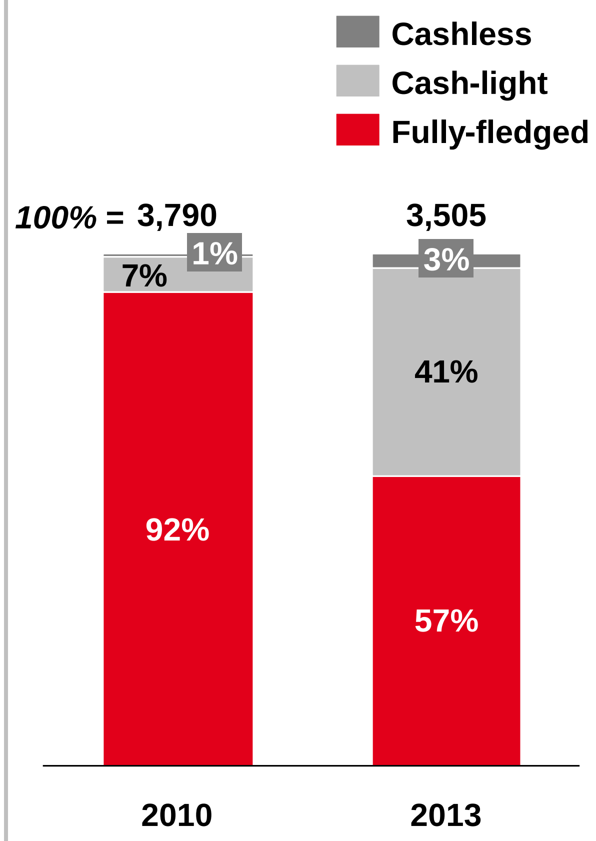
Higher efficiency

Operating expenses, bln



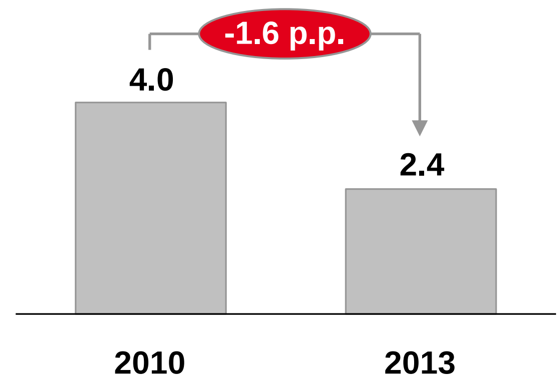
New Service Model

Retail branch format redesign



Loan origination

Default rate Corporate loans[1] after 12M, %



- **Internal transfer price adjusted by rating**
- **Selective approach towards:**
  - **specific sectors** (real estate)
  - **businesses** (project finance)
  - **channels** (focus on bank clients)

(1) Includes Large, Medium and Small Enterprises

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FACING NEW CHALLENGES AND GETTING FUNDAMENTALS RIGHT

ACCELERATE THE JOURNEY TOWARDS SUSTAINABLE PROFITABILITY

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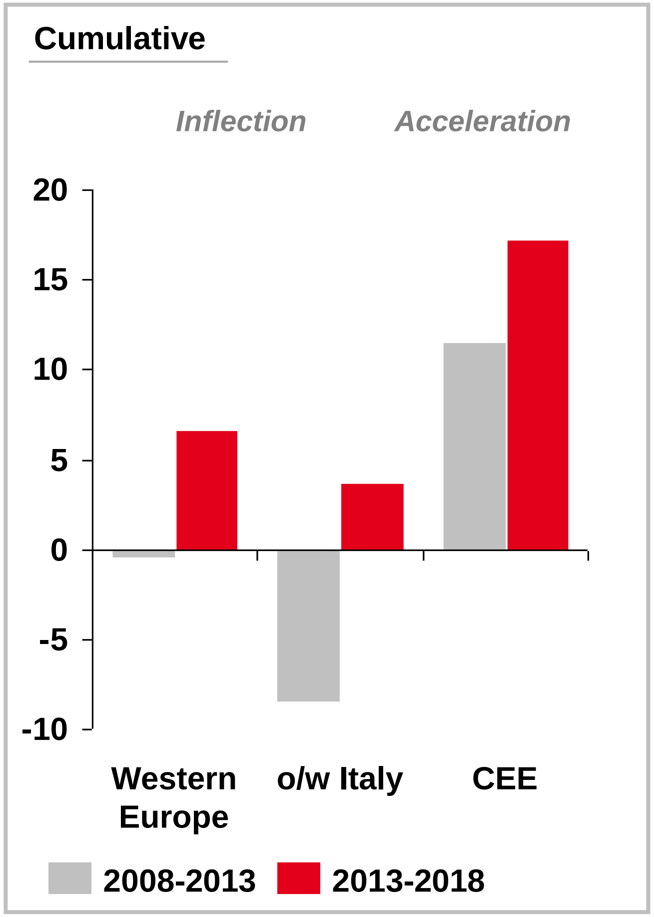
FINANCIAL TARGETS

ANNEX

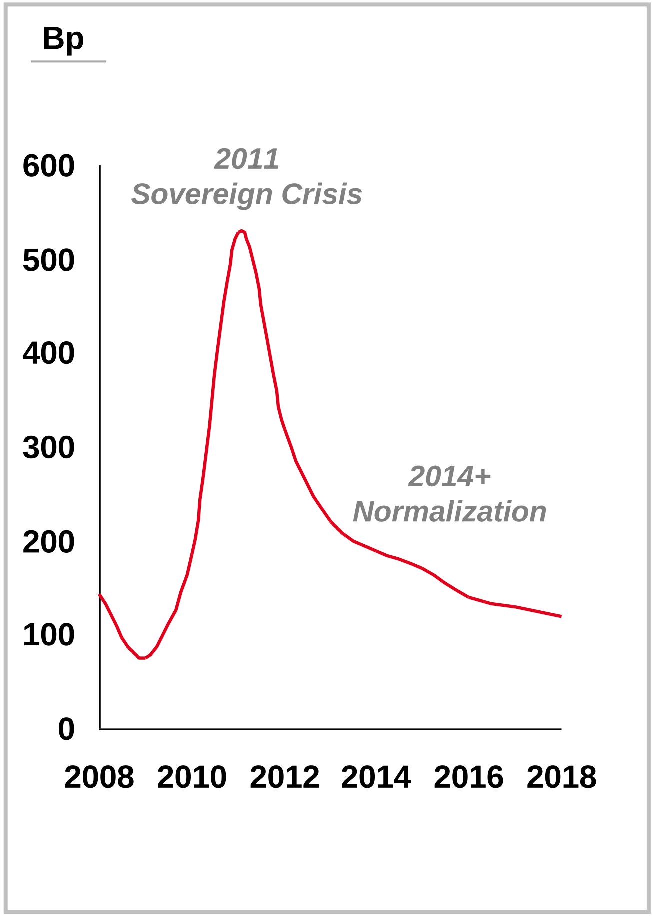
A new strategic agenda in the normalized environment

ILLUSTRATIVE

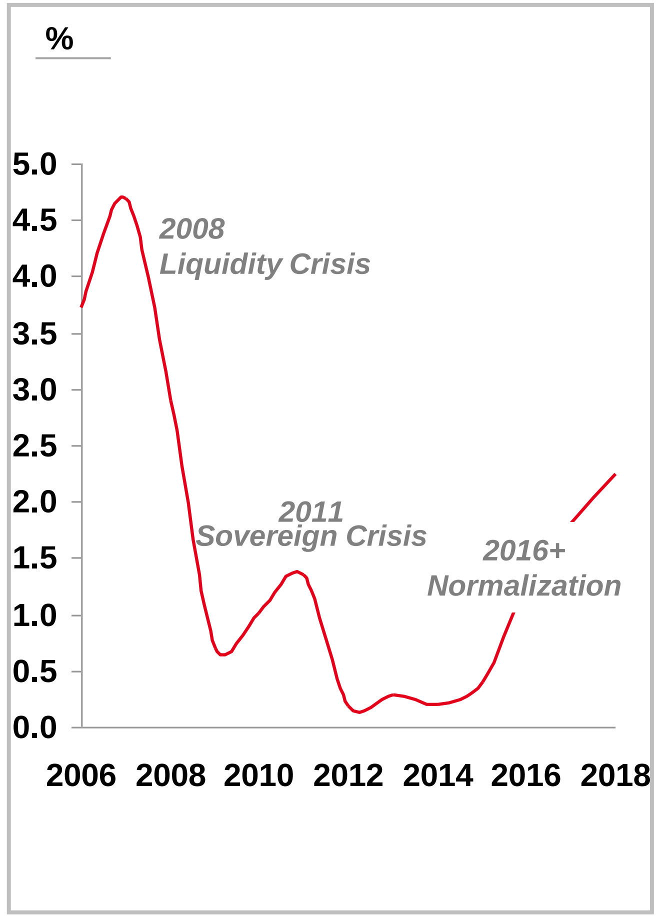
GDP growth



BTP-Bund Spread



3M Euribor



Source: UniCredit MYP Scenario

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A new strategic agenda

After challenging years when post crisis issues have been addressed, UCG has now started a new journey towards sustainable profitability

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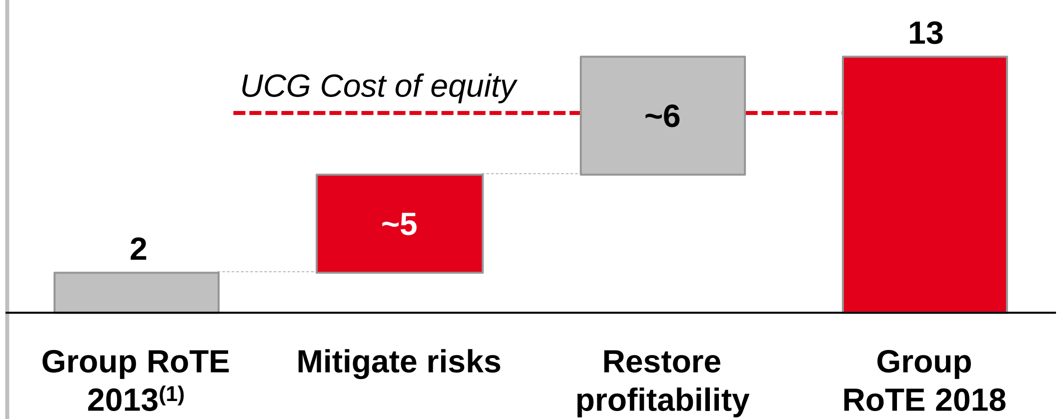

2013		Target
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AVERAGE DIVIDEND PAYOUT RATIO: 40%

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(2) On impaired loans

(3) Fully loaded CET1 ratio

Non core Portfolio
The Non Core organizational structure is already up and running – first case in Italy

NON CORE

PHASE 1

Since April 2013

- ✓ **Fully separated books**
- ✓ **Dedicated management team** and **structure** with **ad hoc credit risk processes** (~1,100 specialized FTEs)
- ✓ **Identified specific strategies** for all relevant clients
- ✓ **Tailored risk mitigation KPIs** as guidance for performance measurement

RESULTS

- ✓ **Exposure reduced** by ~8bn since inception
- ✓ **NPL sales** of ~2bn over the last 12 months
- ✓ Attributed **identified strategies** to 95% of Non-Core clients (i.e. ~800k)

First bank in Italy, being fully operative on a segregated portfolio

PHASE 2

From 2014

- **Non Core portfolio monitoring as a standalone business**
- **Market communication on a quarterly basis**
- **Overall Group cost of risk normalization by 2018 (down to 65-70bp), not requiring anymore a dedicated structure**

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Non Core Portfolio
In 2013, the portfolio was split into Core and Non Core

Portfolio segregation Italy

UNDERLYING RATIONALE

- **Reduce portfolio exposure**
- Create the **basis for an acceleration of run-down**
- **Support viable clients** to overcome liquidity shortages
- **Focus** management attention on **core business**

CORE

NON CORE

Selected assets of Commercial Banking Italy to be managed with a risk mitigation approach

Business lines defined as not strategic and not in line with the new risk appetite

Group P&L 2013, bln

	CORE[1]	NON CORE
Revenues	**22.7**	**0.7**
Costs	**13.7**	**0.6**
LLP	**3.7**	**9.8**
Net Loans	**434**	**54**
RWA	**353**	**32**

[1] Turkey consolidated via equity method; for regulatory purposes capital and RWA are reported based on proportionally method

Non Core Portfolio
Clear selection criteria applied to define the Non Core Portfolio as of 2013

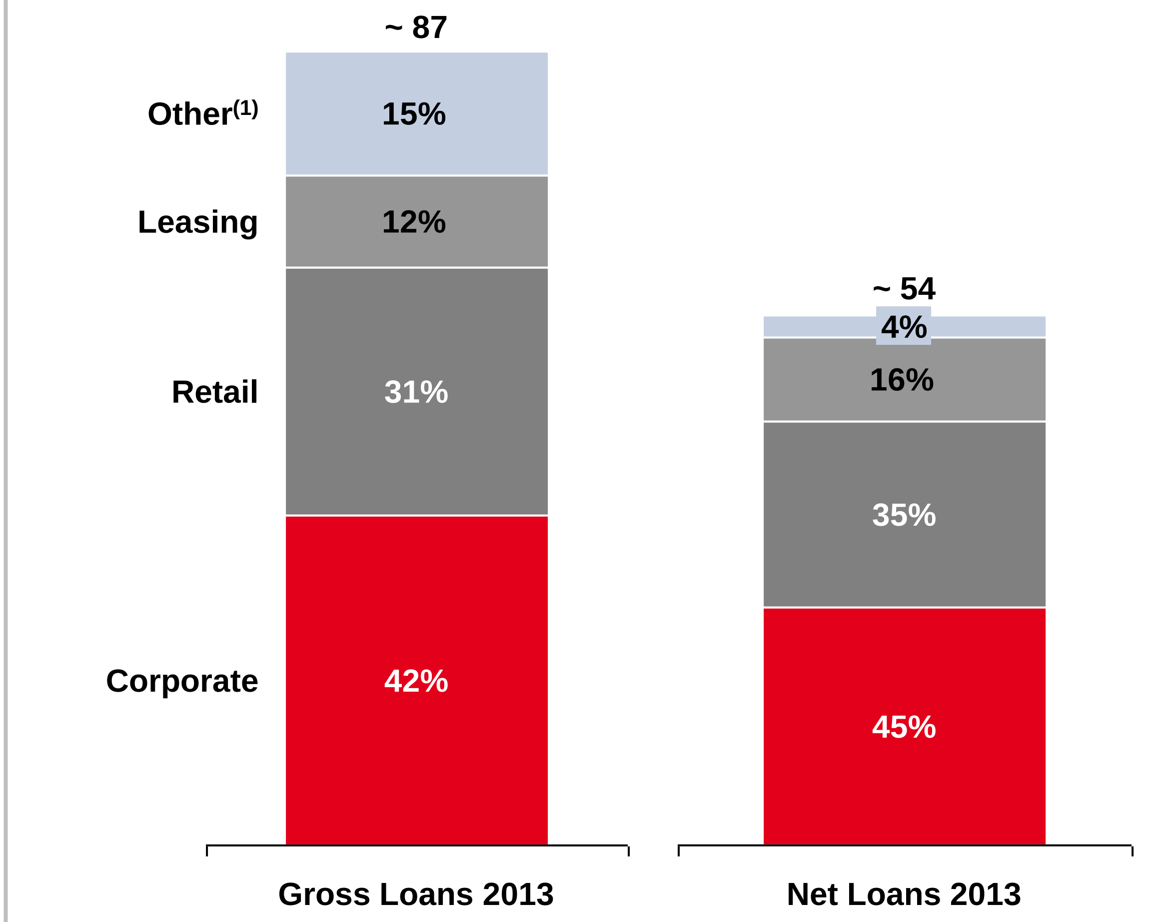
Selection criteria

Non-performing *clients*

Performing clients *with* ***higher risk*** *and* ***repeated incidents***

Clients in the ***Real Estate sector***

Non Core portfolio, bln



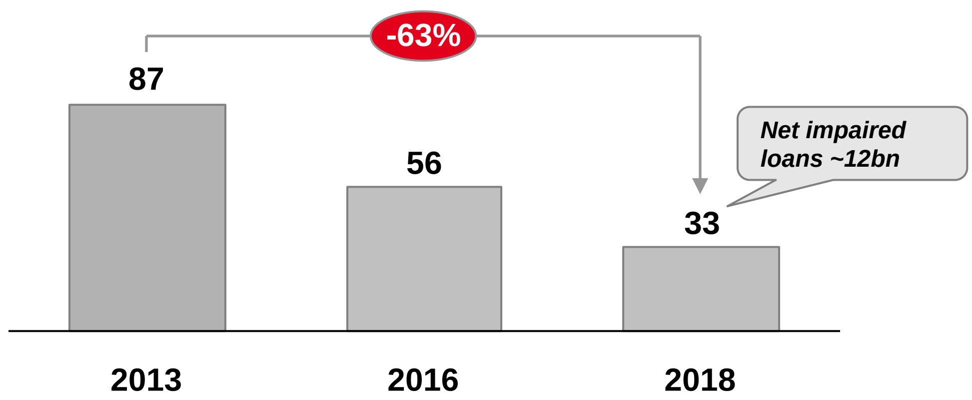
(1) For Trevi portfolio pro-forma 2013, as consolidation starts from 1Q2014

Non Core Portfolio

Aggressive run-down schedule to accelerate further de-risking, whilst maintaining a solid level of coverage

NON CORE

Gross customer loans, bln, eop

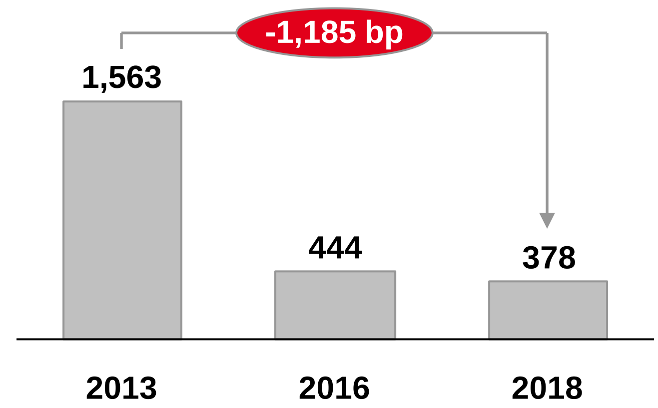


DRIVERS

- **NPL sales** opportunities
- **Migration to safer risk profile** through tailored credit strategies
- **Enhancement of collection and UCG captive workout platform (UCCMB)**
- **Natural amortization**

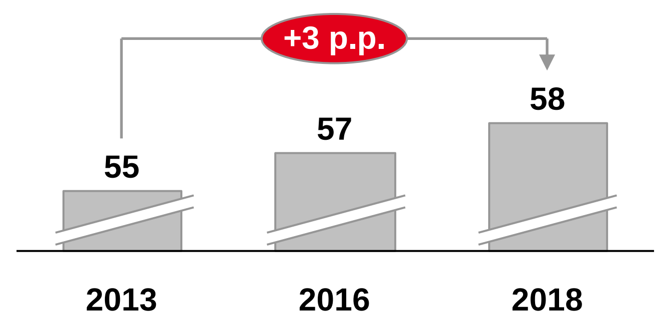
- ***Non Core Portfolio to be migrated back to Core at YE 2018***
- ***Net impaired loan ratio of Region Italy overall down to 6.7% from 12.4% in 2013***

CoR Non Core Portfolio, bp



Coverage ratio Non Core Portfolio

On impaired loans, %



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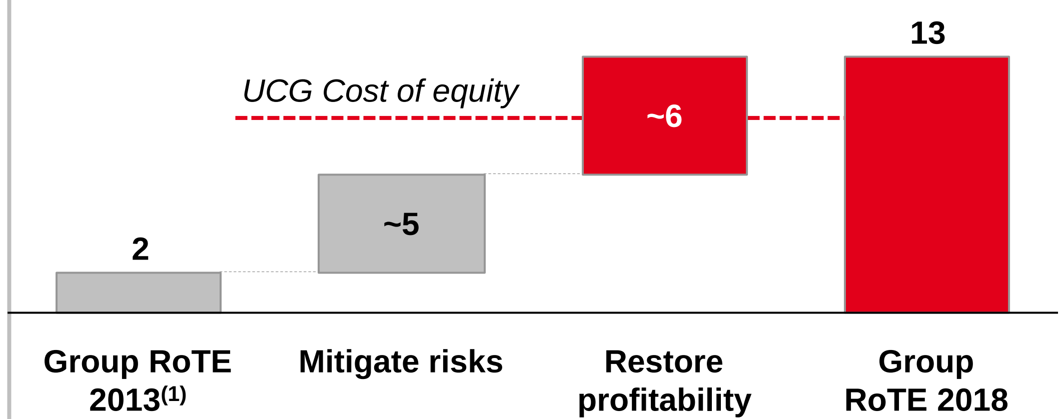

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Core Bank
UniCredit has unique competitive advantages

1 *Superior Commercial Banking platform*

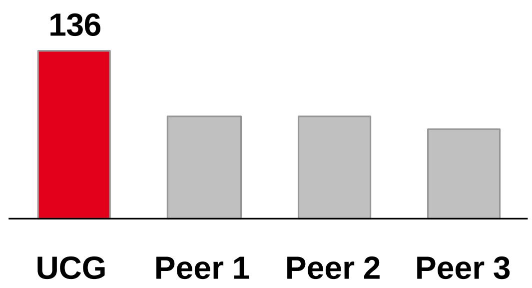
2 *Strong presence in fast growing countries and businesses*

3 *CIB leadership*

Excellent reach in EU

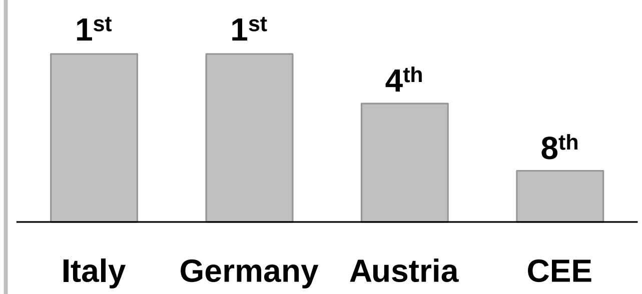
Undisputed leader in CEE

Total assets, 1H13[2], bln



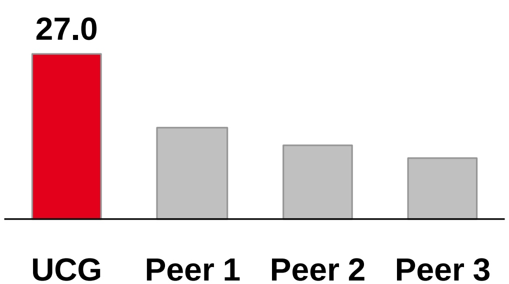
Consolidated position

2013, League table loans & bonds[4], ranking



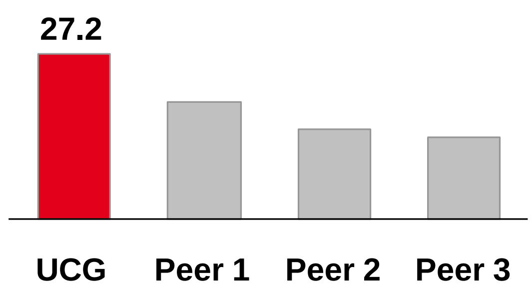
#1 digital bank in Italy

Mobile banking clients[1], %



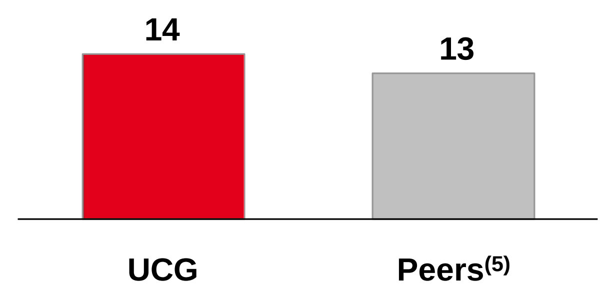
Leading online trading platform in EU

 # Transactions[3], mln



Profitability above peers

RoAC 2013[5], %



(1) Source: Nielsen 2Q2013
(2) Pro-rata for non- controlled companies; Peers (random order): Erste Bank, Intesa Sanpaolo, KBC, Otpbank, Raiffeisen Bank, Société Générale
(3) Source: Financial statements of Top European Brokers
(4) All borrowers € denominated, Source: Dealogic as of 8 January 2014
(5) Peers including Barclays, BNP Paribas, Commerzbank, Credit Suisse, Deutsche Bank, Societé Générale, UBS

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Core Bank

3 strategic pillars to enhance UCG competitive advantage and further boost profitability

Strategic pillars

	Pillar	Initiatives
1	TRANSFORM COMMERCIAL BANKING IN WE MARKETS	*Invest in Digital Network Advantage in Retail Banking*
		Serve growing non-lending needs of Corporate clients
		Enhance the Private Banking business model
2	INVEST IN GROWTH BUSINESSES	*Rebalance Group capital allocation towards CEE*
		Focus on "expansion countries"
		Support capital-light businesses (Asset Gathering, Asset Management)
3	LEVERAGING GLOBAL PLATFORMS	*Maintain CIB leadership in its core business and fully exploit synergies*
		Enhance cost reduction and simplification initiatives
		Foster operating efficiency

CONSERVATIVE RISK APPETITE FRAMEWORK

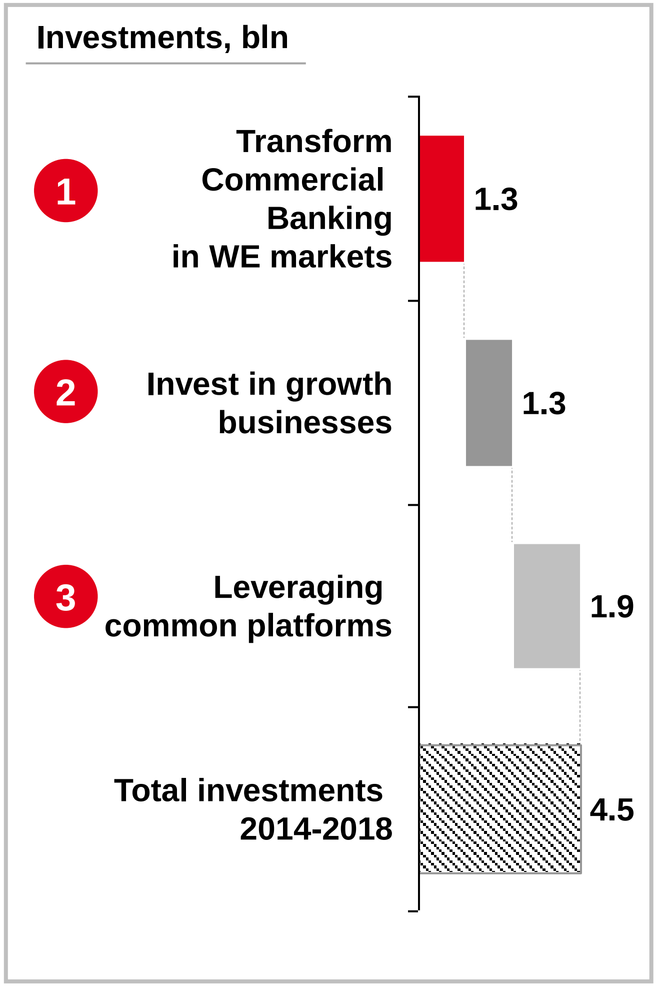
Core Bank

Significant investments are embedded in the plan to support revenue growth and enable operating efficiency

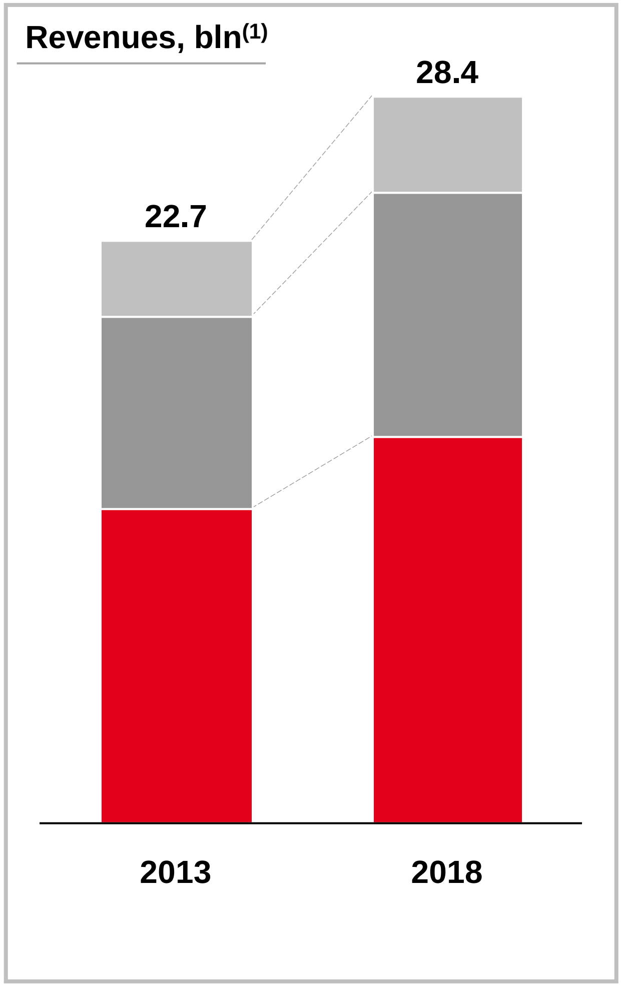
CORE

Common platforms | Growth businesses | Commercial Banking WE

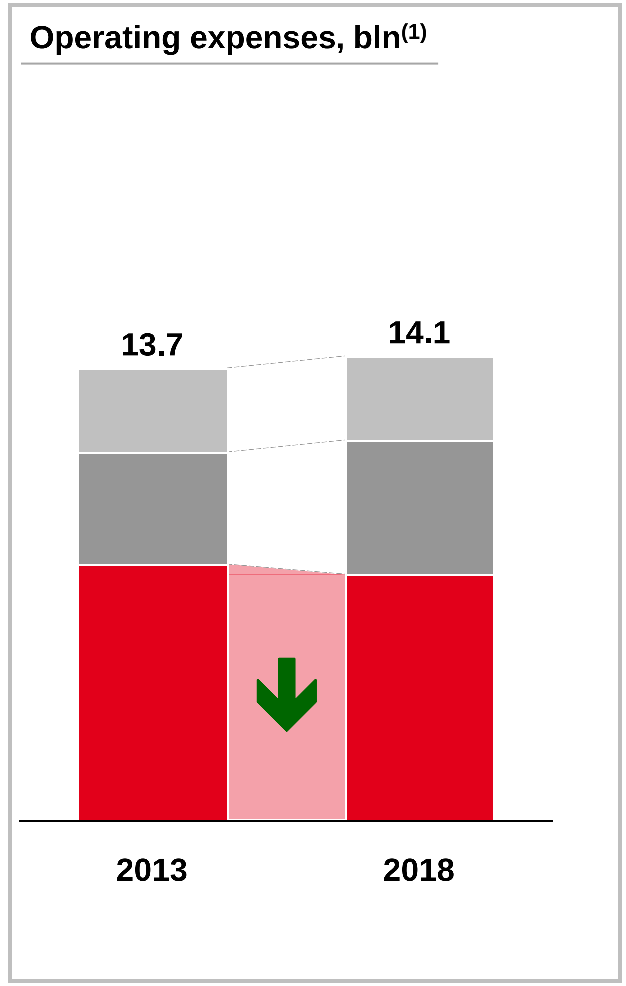
Significant investments



... to support revenue growth



..and enable cost savings in WE



(1)Turkey consolidated via equity method; 2018 figures include ~250mln of lower revenues related to deposit guarantee scheme and resolution fund

UniCredit

Transform Commercial Banking - RETAIL

Innovation and digitalization to boost revenues and optimize cost to serve

CORE

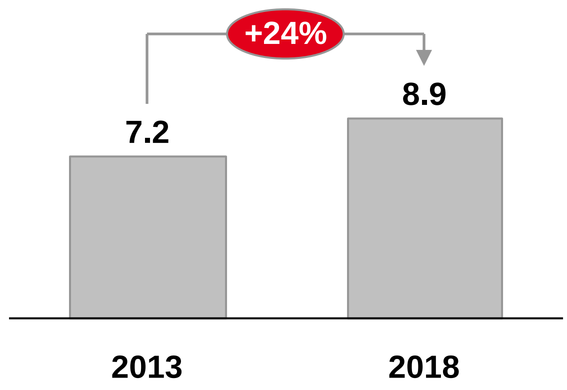
Strong investments in innovation…

- **Flexible** branch **formats**
- **Integration of digital** and **physical** network
- Intimate **client knowledge** through **Big Data** analytics
- **Remote sales** enablement
- **Process digitalization**
- Launch of **paperless banking services**

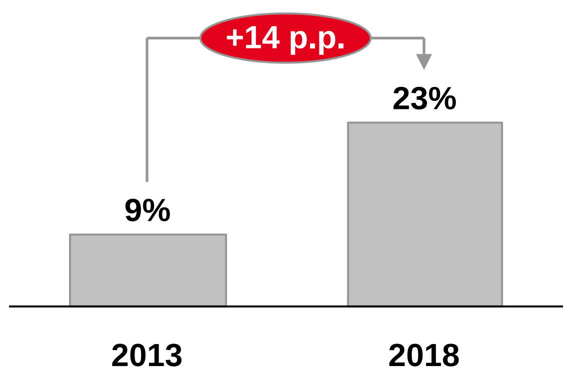
1.0bln Investments

… to fuel revenue growth

Revenues, bln

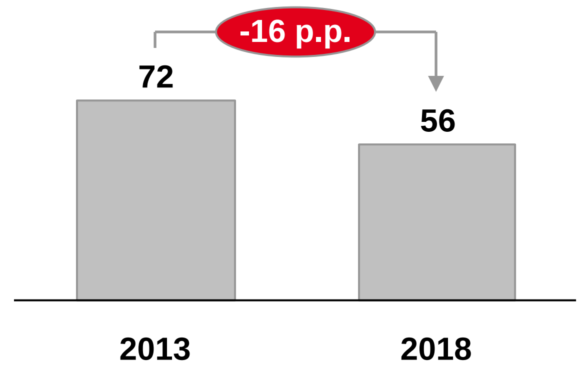


Multichannel sales[1], %

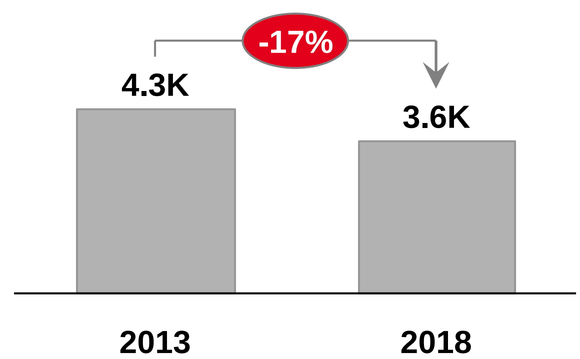


… while reducing cost-to-serve

Cost/Income, %



 # Branches



(1) Number of products sold in Austria, Germany and Italy based on sales initiation via remote channels

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Transform Commercial Banking - RETAIL

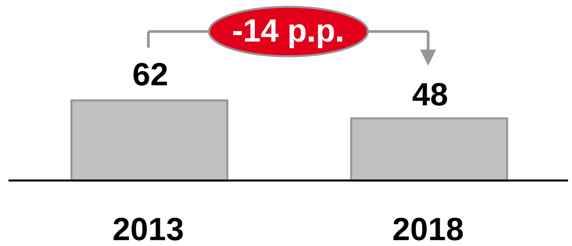
Different transformation approaches in each market

CORE

Profitability growth with innovative model (Italy)

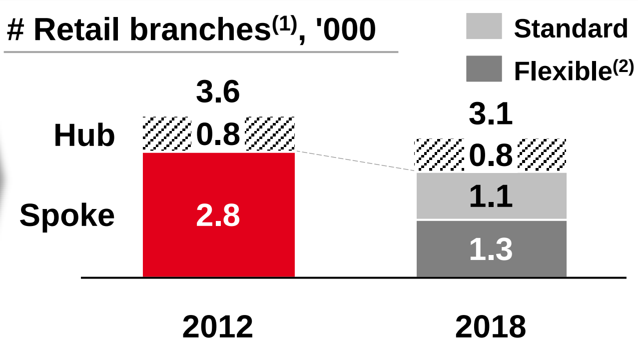
Starting from a sound and efficient business

Cost/Income, %



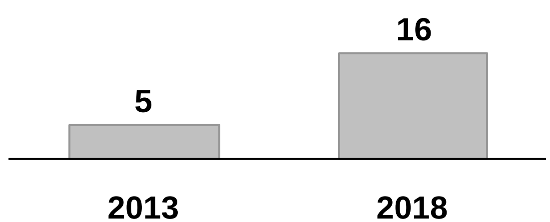
Specific investments to review branch formats

 # Retail branches[1], '000



Focused initiatives to boost market shares

MS on mortgages new production, %

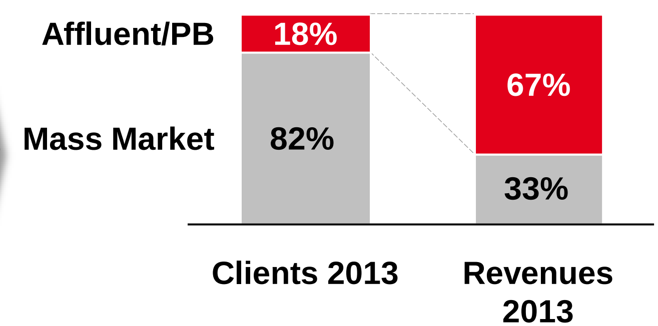


Refocus client mix to restore profitability (Germany)

Investments to refocus business model

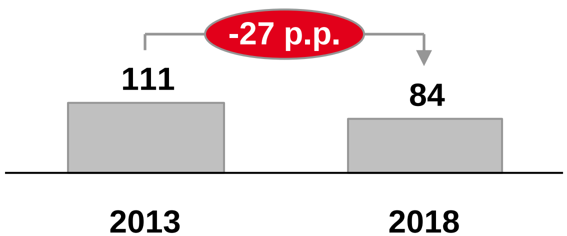
- **Branch layout upgrade** to reposition as **premium provider**
- **Superior advisory portal**
- Premium **share-of-wallet pricing** model

Driving growth in Affluent / PB segment



Reshaping cost to serve model

Cost/Income, %



(1) Not included: "Agenzia TU", pawnbroker agencies and dependent branches

(2) Spoke model differentiated according to local market peculiarities; Flexible branches including: slightly smaller than Standard branches, Advisory branches and Small Points of Sale also with reduced opening hours)

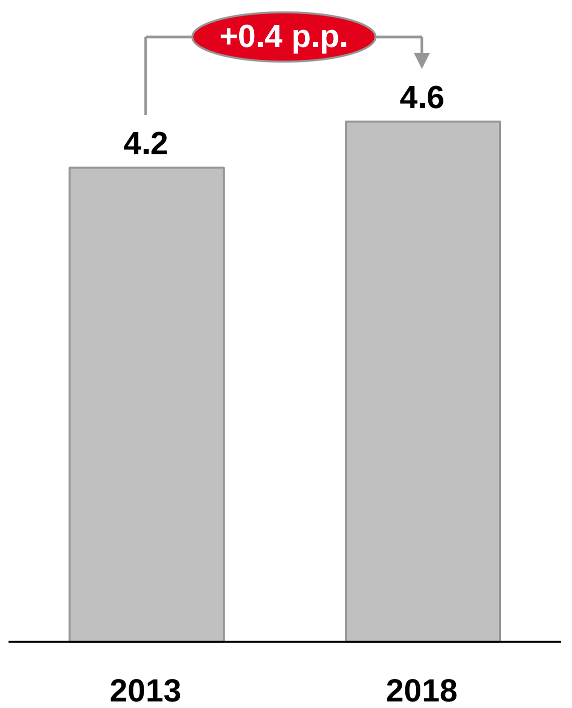
Transform Commercial Banking - CORPORATE

Growing non-lending business and supporting clients to go international

CORE

Sustainable growth[(1)]

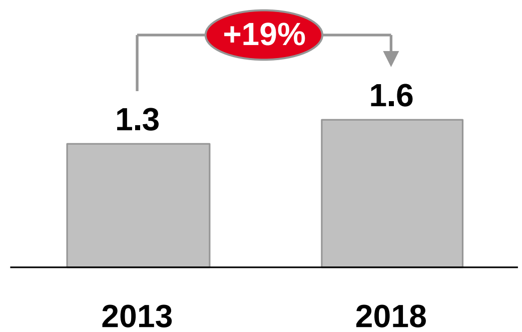
(Rev – LLP) / RWA, %



Revenues, bln	3.3	4.0

Grow non lending business[(1)]

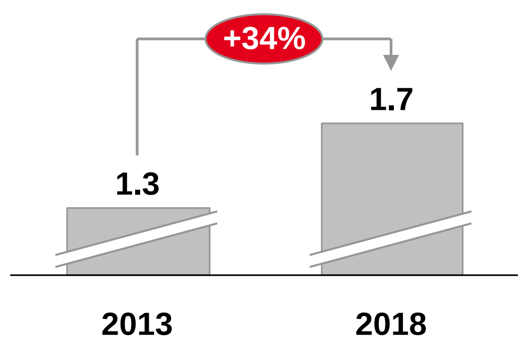
Non-loan related revenues, bln



- Adopt a **capital-light approach**
- **Foster intermediation** through innovative solutions (structural funds, BEI, etc.)
- Leverage on **CIB platform to access capital / secondary markets**

Support companies' internationalization

International revenue[(2)], bln



- Provide a **distinctive client service model** for multi-country clients
- Leverage on UCG **unique geographical footprint** and **superior product offering**

[(1)] Refers to corporate networks of Italy, Germany and Austria
[(2)] Revenues referred to all services and products offered to international clients (Italy, Germany, Austria, Poland and CEE)

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Transform Commercial Banking - CORPORATE

In Italy, sustainable growth to be achieved targeting best Italian companies

CORE

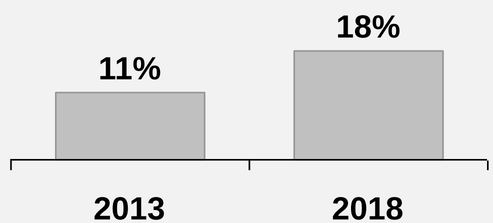
Total market potential

UCG Commercial Targets

 # Italian Corporate clients

- **Attract new low risk clients:**
  - **Growth in underpenetrated areas** with high potential (Lombardy, North-Eastern Italy)
  - **Total new business potential**: **4bn loans**

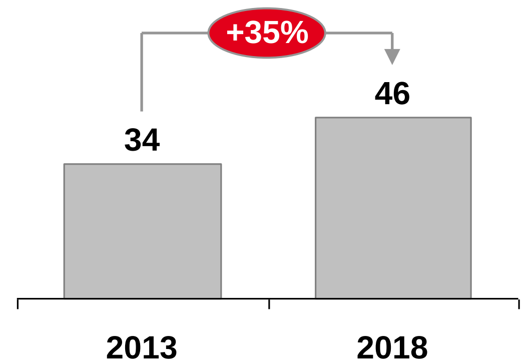
- **Increase share of wallet of existing clients:**



  - **Strengthen commercial planning** on client potential
  - **Enhance sales plan redemption**

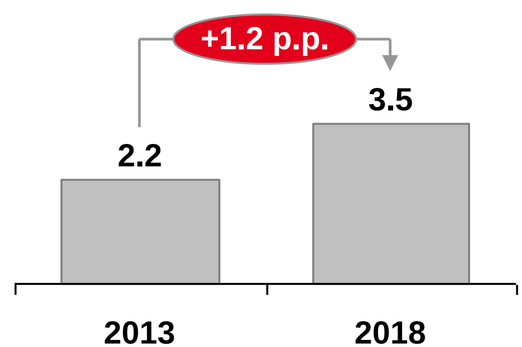
Sustainable growth

Loans, bln



Lower risk profile

(Rev – LLP) / RWA, %



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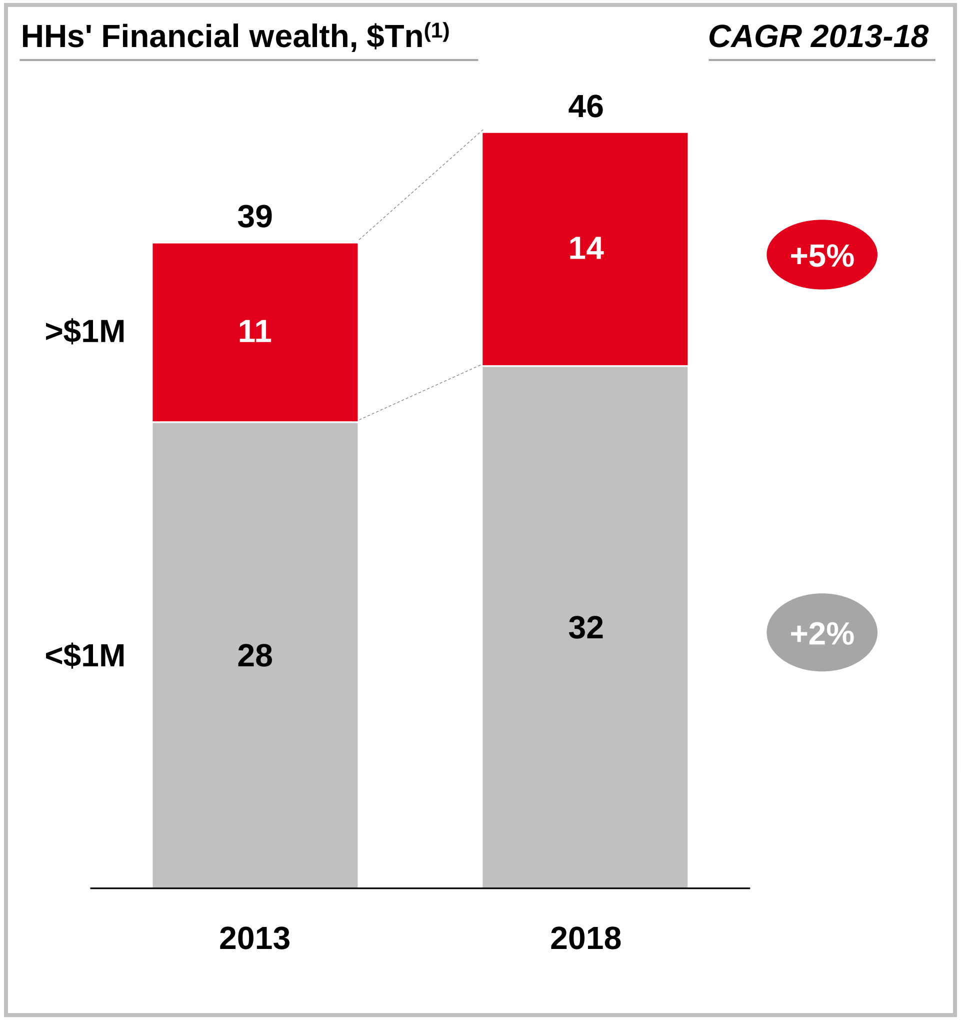
Transform Commercial Banking - PRIVATE

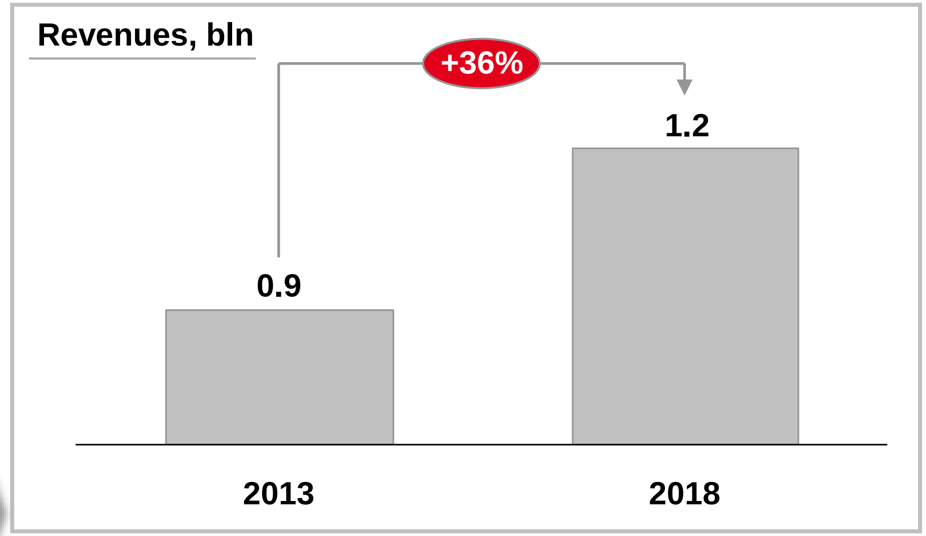
Capture market growth by enhancing business model and leveraging synergies across UCG

CORE

European Private Wealth growing fast



Ad hoc strategy to capture growth



- **Recruit new Private Bankers**
- Launch **digitally advanced strategy**
- Fully exploit **synergies with corporate clients**
- Leverage on **joint European products** (e.g., Preferred Partners, MyGlobe, independent market view)

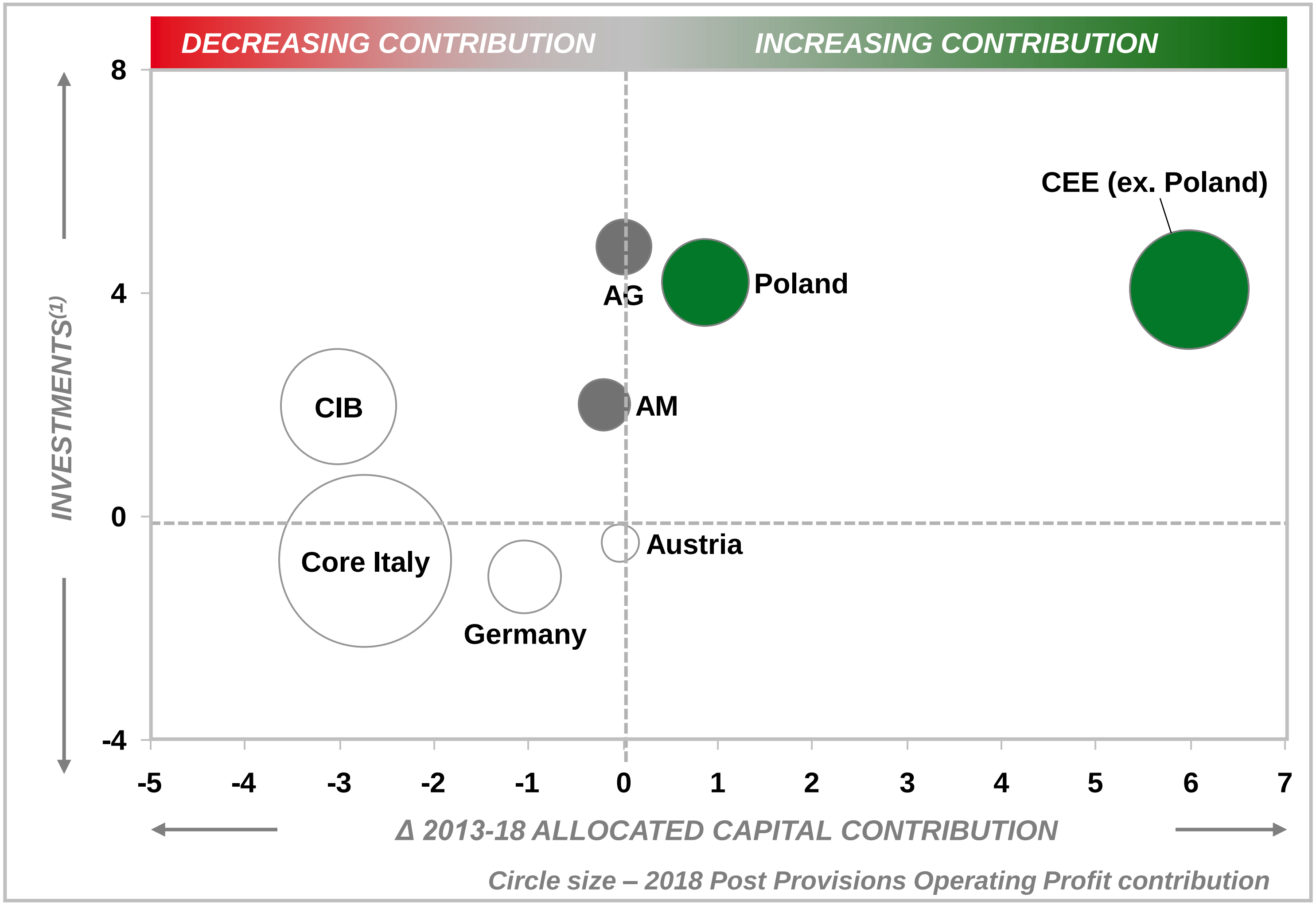
[1] Source: BCG Global wealth report database (excludes real estate assets)

Invest in Growth Businesses - CEE

Rebalance capital allocation towards growth businesses, in particular CEE markets

CORE

UCG allocated capital contribution split by business / region



DYNAMIC PORTFOLIO MANAGEMENT

- Increasing capital allocation within growth businesses

"SAVE-TO-INVEST-APPROACH"

- Investments focused on fast-growing markets / businesses:
  - CEE
  - Poland
  - Asset Management
  - Asset Gathering
- Cost optimization within WE countries

(1) Costs CAGR 13-18

Note: Turkey consolidated via equity method; for regulatory purposes capital and RWA are reported based on fully consolidated method

Invest in Growth Businesses - CEE

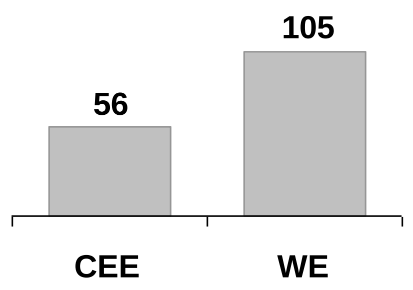
UCG is the bank best positioned in CEE to serve a more demanding clientele

CORE

CEE as a growth engine[1]

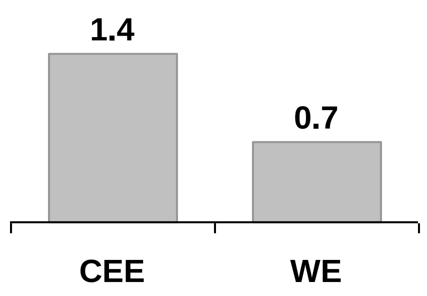
Lower banking penetration

Loans / GDP, %



Higher profitability

PBT / Loans, %



UCG is best positioned[2]…

Award platforms

Best Overall Bank for Cash Management in CEE 2013 and 2014

Best Trade Bank in CEE 2013

Superior connectivity

	2012 TF[3], bln	UCG Loan CAGR[4]
Russia	116	7%
Poland	97	7%
Czech	82	6%
Turkey	50	23%
Hungary	49	6%

…to serve more sophisticated clients

Boost value-added services:

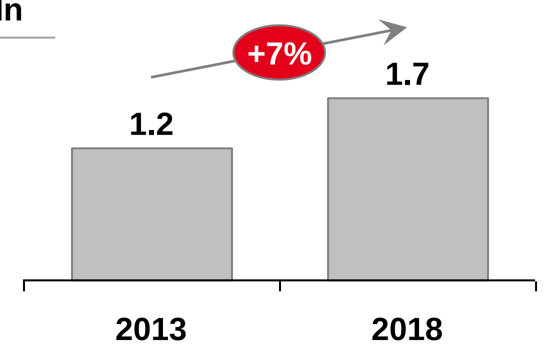
- Leverage CIB competences and platform
  - Trade finance, cash management, DCM
- Develop digital and multichannels

Increase client base:

- **Acquire new customers** through innovative offers
- **Increase penetration** of **attractive sub-segments** (e.g. SMEs)

Targets[5]

Fees, bln

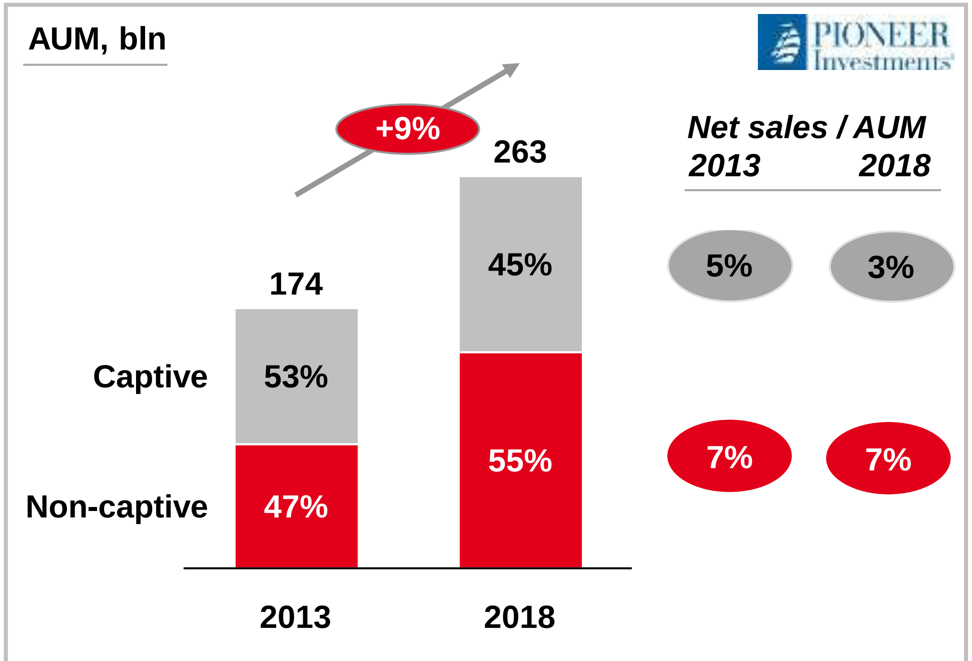


(1) Average 2013-2018
(2) Selected awards
(3) Trade flows between Italy, Austria, Germany and top importer/exporter CEE countries; Sources: ICE, DEStatis, StatisticAustria
(4) Based on fixed exchange rate
(5) Excluding Turkey (consolidated at equity method)

Invest in Growth Businesses – ASSET MGMT. & ASSET GATHERING
Support capital-light businesses through focused growth actions

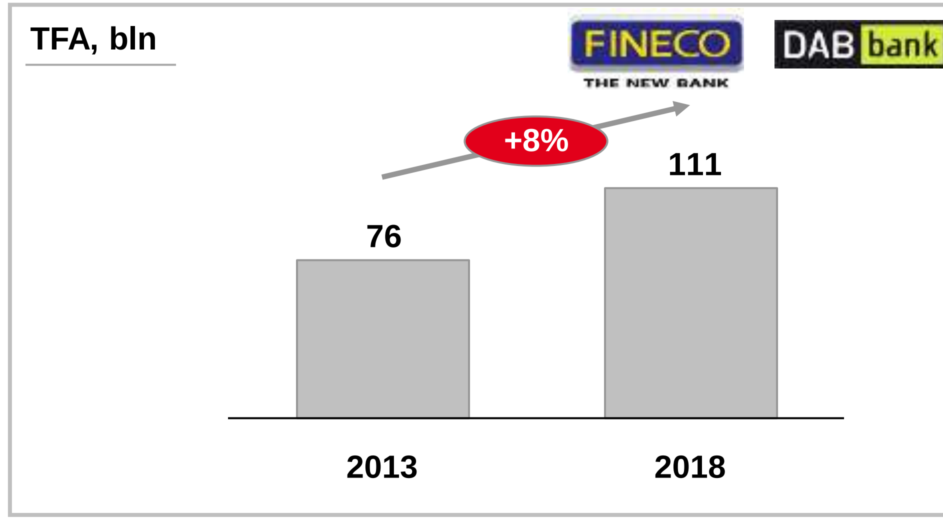
CORE

Scale-up Asset management business by increasing non-captive distribution footprint



- **Growth in non-captive** business while **stabilizing captive flows**
- Creation of a **standard common** operating **platform**
- **Revamp of core products**

Asset gathering boost driven by strong client acquisition



Clients (mln)	2013	2018
	1.5	1.9

- **Recruit new PFAs** and customers leveraging on **superior platform**
- Leverage on **full banking services** to drive loyalty and **cross selling**

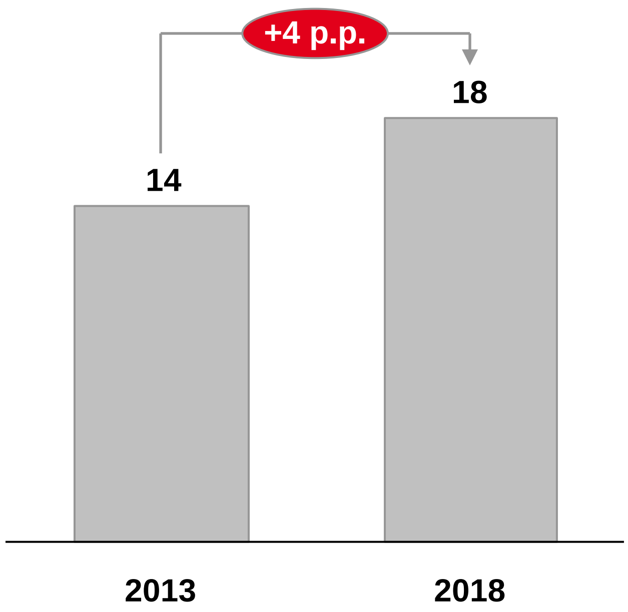
Global Platforms - CIB

Leverage CIB leadership and competitive advantage to deliver superior product capabilities and boost cross selling

CORE

A profitable business

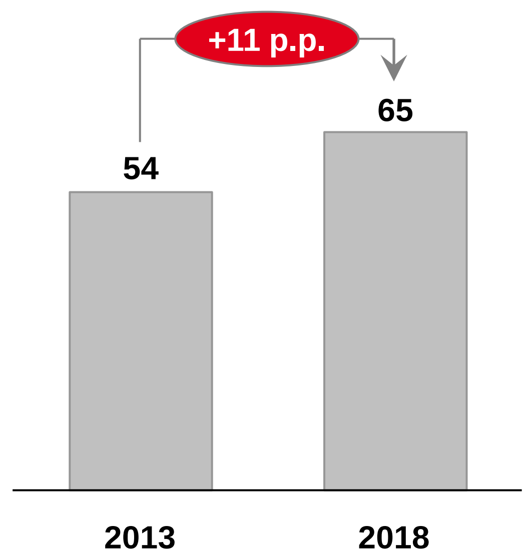
RoAC, %



- **Confirmed leadership in terms of operating efficiency** (Cost / Income at ~40%)

Focused on developing client business

Client related revenues / Total Markets revenues[1], %



- **Reduce risky and volatile** sources of **revenues**
- **Increase** market share with **Institutional clients**
- **Maintain its issuing and financing leadership** in Europe, thanks to its **originate to distribute platforms**

Delivering Group Synergies through core client offer

- **Corporate banking** and **transaction services**
- **Structured Finance** and **capital markets**
- **Access to Western, Eastern and Central Europe**

(1) Client driven revenues per Markets (Sales Credit and Market Making only)

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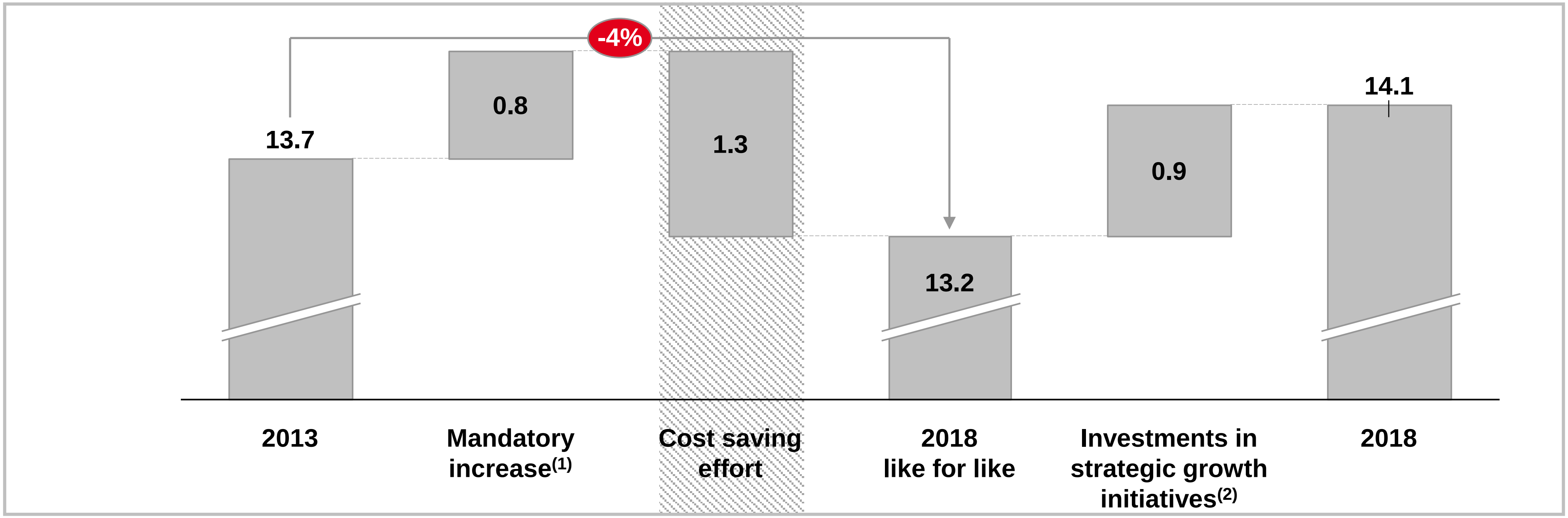
Global Platforms – OPERATING EXCELLENCE
Focused initiatives to reduce costs by ~1.3bn

CORE

UCG Core total operating costs, bln



	2013	Change	2018
UCG TOTAL C/I (%)	60	-10 p.p.	50
O/W WE MARKETS[3] C/I (%)	76	-20 p.p.	56
WE MARKETS[3] FTE EOP ('000)	61	-10%	55

(1) Includes salary inflation effects and deposit guarantee in CEE

(2) Includes i.a. growth businesses cost base

(3) WE Commercial Banking and Corporate Center

Agenda

- FACING NEW CHALLENGES AND GETTING FUNDAMENTALS RIGHT
- ACCELERATE THE JOURNEY TOWARDS SUSTAINABLE PROFITABILITY
  - SEGREGATION OF NON CORE PORTFOLIO
  - CORE BANK
- FINANCIAL TARGETS
- ANNEX

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Financial targets

Core Bank unlocks its full potential already by 2016

CORE	2013	2016	2018	CAGR 13-18
REVENUES (BLN)	**22.7**	**24.8**	**28.4**	**5%**
COSTS (BLN)	**-13.7**	**-14.1**	**-14.1**	**1%**
COST OF RISK (BP)	**82**	**57**	**51**	**-31**(1)
NET PROFIT (BLN)	**2.9**(2)	**4.9**(3)	**7.5**	**21%**
ROAC (%)	**8%**(2)	**14%**(3)	**17%**	**9 p.p.**(1)
COST INCOME (%)	**60%**	**57%**	**50%**	**-10 p.p.**(1)
CUSTOMER LOANS (BLN)	**434**	**490**	**530**	**4%**
DIRECT FUNDING (BLN)	**458**	**484**	**526**	**3%**

(1)Delta
(2) Excluding effects related to relevant buy-backs, restructuring costs, goodwill and PPA impairments, gain on Bank of Italy stake, Ukraine evaluation under IFRS5, charges for few large risks, Sigorta disposal and additional LLPs in CEE
(3)Adjusted for ca. 650mln additional integration costs
Note: Turkey consolidated via equity method; for regulatory purposes capital and RWA are reported based on proportionally method; 2016 and 2018 figures include ~250mln of lower revenues related to deposit guarantee scheme and resolution fund

Financial targets

The Group overall will benefit from a very solid balance sheet strategy

GROUP	2013	2016	2018	DELTA13-18
NET PROFIT (BLN)	**0.9** [1]	**3.6** [2]	**6.6**	**5.7**
COST / INCOME (%)	**61%**	**59%**	**51%**	**-10 p.p.**
COST OF RISK (BP)	**263**	**83**	**66**	**-197**
ROTE (%)	**2%** [1]	**8%** [2]	**13%**	**11 p.p.**
CET1 RATIO (%)	**10.4%**	**10.4%**	**10.1%**	**-0.3 p.p.**
FULLY LOADED CET1 RATIO (%)	**9.4%**	**10.0%**	**10.0%**	**0.6 p.p.**
CUSTOMER LOANS (BLN)	**488**	**521**	**552**	**64**
LCR (%)	**>100**	**106**	**123**	

AVERAGE DIVIDEND PAYOUT RATIO OF 40%

[1] Excluding effects related to relevant buy-backs, restructuring costs, goodwill and PPA impairments, Ukraine evaluation under IFRS5, gain on Bank of Italy stake, charges for few large risks, Sigorta disposal, deferred tax asset effects and additional LLPs

[2] Adjusted for ca. 650mln additional integration costs

Note: Turkey consolidated via equity method; for regulatory purposes capital and RWA are reported based on proportionally method; 2016 and 2018 figures include ~250mln of lower revenues related to deposit guarantee scheme and resolution fund

Portfolio Management

For the first time, UCG opens up third parties' contribution to Group growth, changing its historical approach

- **Confirmation of main criteria for portfolio management:**
  - **Growth / profitability perspective**
  - **Efficient capital allocation**
  - **Business connectivity** with the rest of UCG
- **Open up third parties' contribution** to boost UCG growth

Growth: Fineco to be listed on the market in 2014

FINECO THE NEW BANK

- ✓ **Enhance market** visibility of Fineco's intrinsic value
- ✓ **Optimize capital allocation** within UCG
- ✓ Further accelerate Fineco's growth, **establishing direct access to the market**
- ✓ **Improve** management and sales force **incentive structure**

Optimization: Explore a potential disposal of UCCMB

UniCredit Credit Management Bank

- ✓ Clear **management accountability**
- ✓ **Enhance collection** performance on small tickets
- ✓ **Improve UCG profitability** going forward
- ✓ Reinforced platforms to become a **national workout service provider for non-captive clients**
- ✓ **Disposal of Italian NPLs** to support new NPL management strategy to free-up recovery capacity, refocusing on larger tickets

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Concluding remarks

- Based on UCG unique competitive advantages…
- …drive ongoing refocus on the Core business to achieve 13% Group ROTE
- …while maintaining a very prudent risk profile with a high coverage ratio (>50%), a solid liquidity (LCR>100%)…
- …and rock-solid balance sheet (Target CET1 fully phased ratio >10%)
- Strict cost control confirmed generating over 1bn additional savings…
- … with 4.5bn of investments dedicated to business model innovation
- Active Portfolio Management, potentially leading to an aggregate additional capital generation of 30 bp

Agenda

- FACING NEW CHALLENGES AND GETTING FUNDAMENTALS RIGHT
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- ANNEX

IFRS IMPACTS

Turkey consolidation at equity starting from first quarter 2014

€/mln	PRE IFRS 11 Group FY 2012	PRE IFRS 11 Group FY 2013	PRE IFRS 11 Δ % FY 2013 vs FY 2012 (@current FX)	IFRS 11 IMPACT	POST IFRS 11[1] Group FY 2012	POST IFRS 11[1] Group FY 2013	POST IFRS 11[1] Δ % FY 2013 vs FY 2012 (@current FX)
Total Revenues	24.997	23.973	-4,1%		24.162	23.390	-3,2%
o/w Dividends	397	324	-18,3%		796	960	20,7%
Operating Costs	-14.816	-14.691	-0,8%		-14.297	-14.186	-0,8%
GOP	10.181	9.282	-8,8%		9.864	9.204	-6,7%
Net Operating Profit	877	-4.377	-598,8%		708	-4.298	-707,0%
Profit before Taxes	243	-4.778	n.m.		134	-4.898	n.m.
Consolidated Profit	865	-13.965	n.m.		865	-13.965	n.m.
Loans (bn eop)	544.443	503.142	-7,6%		530.006	488.474	-7,8%
Direct Funding	578.066	571.024	-1,2%		564.513	557.325	-1,3%
RWA (bn eop)	427.127	384.750	-9,9%		427.127	384.750	-9,9%
FTEs eop 100%	156.354	147.864	-5,4%		139.097	131.442	-5,5%

[1] Simulation does not factor in intercompany adjustments

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