Our transformation: 18 months of progress

Andrea Orcel, UniCredit CEO
Bank of America Merrill Lynch, 27th Annual Financials CEO Conference 2022
The Bank for Europe’s Future

A new benchmark for banking

Unicredit Unlocked

LEVERAGE our solid foundations
IMPLEMENT our industrial transformation
REFOCUS our organisation: build an ecosystem to deliver for clients and grow our franchise

STRATEGY

LINK vision and strategy to industrial and financial KPIs

PLAN

CLEAR PLAN for industrial transformation identified: focused model, empowered organisation; enhanced approach to business

EXECUTE

PROVEN ABILITY TO DELIVER with six consecutive quarters of high-quality results

GROWTH, CAPITAL and OPERATIONAL EXCELLENCE instilled across the organisation

WIN

UNLOCKED and TRANSFORMED organisation: positioned to face the future

BEST-IN-CLASS line of defence: strength against an uncertain macro backdrop
The Bank for Europe’s Future

A new benchmark for banking

Deliver for all our stakeholders

COMMUNITIES
Empowering Communities to Progress

INVESTORS

EMPLOYEES

VISION
STRATEGY
PLAN
EXECUTE
WIN
UniCredit Unlocked

Leverage our solid foundations
Implement our industrial transformation

Refocus our organisation:
build an ecosystem to deliver for clients and grow our franchise
Leveraging our powerful franchise

Our business is **strong, focused, and determined** to succeed.

- Serving 15m clients
- Through 13 Leading Banks
- Coming together as 1 Unified Group

Implementing a solid industrial transformation

Started **from Day 1**

- **Refocusing and streamlining our organisation and processes**
  - Streamlining Group structure: from 5 siloed businesses to 4 coverage regions supported by 2 product factories
  - Refocused leadership team: clear roles and accountability cascading into the organization
  - Untangling unnecessary bureaucracy: across the Group and at each Bank while simplifying and optimising tasks & processes

- **Sharpening our approach to business**
  - Our clients: back at the centre, best-in-class products and services either in-house or through partners
  - Our people: empowered and accountable, within a clear risk framework
  - Our culture: driven by our principles and values, embedding sustainability
  - Our organisation: refocused, simplified and investing for it to be powered by digital & data

- **Changing our focus: sustainable profitable growth**
  - Shift towards profitable risk-adjusted growth for our businesses and for the Group
  - Strive for operational excellence, targeting non-business and structural cost reductions
  - ... and best-in-class capital efficiency
  - Combination of levers leading to best-in-class sustainable profitability and distributions with resiliency and ability to withstand shocks
Achieving best-in-class sustainable profitability and distributions

Finding ...
... the right balance among our 3 interconnected levers

Converting ...
... into higher returns

Underpinning ...
... resiliency, strategic flexibility and sustainable shareholder distribution

- Enhanced ability to withstand shocks
- Improved strategic flexibility
- Best-in-class yield

Targeted, superior operational excellence
High-quality net revenue growth
Best-in-class capital efficiency

Organic capital generation

RoTE

NET REVENUE
COST
CAPITAL
Consistently delivering excellent results

**STRONG 2021 RESULTS AND NEW STRATEGY (vs. FY19)**

1. **Delta vs. FY19**, as 2020 extraordinary impacted by Covid-19
2. **SX7E Banking index**

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**COST**

-1.7%

**TARGETED REDUCTION**

Targeted, superior operational excellence

**NET REVENUE**

+97 bps

**NET REVENUE / RWA**

Best-in-class capital efficiency

+5%

High-quality net revenue growth

**CAPITAL**

Net revenue generation

-7% RoTE (8.4% @13%)

-1.7%

**TARGETED REDUCTION**

Targeted, superior operational excellence

-1.7%

**NET REVENUE**

+97 bps

**NET REVENUE / RWA**

Best-in-class capital efficiency

+5%

High-quality net revenue growth

**NET REVENUE**

+97 bps

**NET REVENUE / RWA**

Best-in-class capital efficiency

+5%

High-quality net revenue growth

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**Market reaction**

Share price performance, 2021

- **UniCredit** +77%

- **EU Banking Index** +36%

- **RELATIVE PERFORMANCE** +41%

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*UCG Group incl. Russia for comparison purposes*  
1. Delta vs. FY19, as 2020 extraordinary impacted by Covid-19  
2. SX7E Banking index
Consistently delivering excellent results

CONTINUED DELIVERY IN 1H22 (vs. 1H21)

-3.4% COST
-3.4% TARGETED REDUCTION
Targeted, superior operational excellence

+59 bps NET REVENUE
+10% High-quality net revenue growth

+110 bps NET REVENUE / RWA
Best-in-class capital efficiency

11.7% RoTE (14.1% @13%)

ON TRACK TO MEET TARGETS
Underpinning shareholder distribution as per UniCredit Unlocked

17% Total yield
$1.23 Diluted EPS
+64%

Market reaction
Share price performance, YTD 2022 (16 Sept.)

UniCredit -22%
EU Banking Index1 -15%

-7% RELATIVE PERFORMANCE

1H results of group excl. Russia
1. SX7E Banking index
2. Total yield is the sum of dividend and SBB yields on FY22 (i.e. to be executed in 2023), Dividend and SBB assumption for UCG at 3.75bn. Market values as of 16 Sept. 2022
3. Subject to supervisory and shareholder approval
A bank recovering its ability to grow

... in an operational and capital efficient way

-4%  
Avg. '12-'22

+6%  
5%

... with transformed asset quality

3.5%  
1.9% (na) 1.2%  
Avg. '09-'16

3.0%  
1.3% (0.8%) 0.8%  
Avg. '13-'22

2.5%  
0.5% (na) 0.4%  
Avg. '21-'1H22

2.0%

COST INCOME RATIO

56%

66%

46%

GROSS OPERATING PROFIT / RWA

GROSS REVENUE GROWTH YOY

UCG Group incl. Russia for comparison purposes. Source: EBA Transparency Exercises where available, otherwise Company data as at the original reporting date (not recasted)


1. Excluding systemic charges and intangibles write-downs. For UCG FY16 only revenues recasted  
2. EoP, Basel 3 Fully Loaded where available, otherwise Transitional / Basel 2.5 / Core Tier 1 basis  
3. Not including provisions on performing or Stages 1-2 loans  
4. Excluding goodwill and intangible assets, minorities, other equity instruments / AT1s

... improved and better than peers

Materally and sustainably improved via NPE de-leveraging, higher coverage, focus on underwriting

EXECUTE

WIN

VISION

STRATEGY

PLAN

EXECUTE

WIN
Solid capital position with best-in-class organic capital generation and operational efficiency

Best-in-class capital position

**CET1 RATIO, %**

![Graph showing CET1 ratio from 2009 to 2021 for UniCredit and Peers.](image1)

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**Leading organic capital generation**

**1H22, bps**

![Bar chart showing organic capital generation for UniCredit and Peers.](image2)

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**Superior capital and operational efficiency**

![Graph showing operational efficiency and capital efficiency for UniCredit and Peers.](image3)

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UCG group excl. Russia except for CET1 ratio

1. Basel 3 Fully Loaded CET1 / RWA where available, otherwise Transitional / Basel 2.5 / Core Tier 1 basis; UCG 1H22 proforma for 2nd tranche of 1.0bn SBB 2021; Source: EBA Transparency Exercises where available, otherwise Company data as at the original reporting date (not recasted)

2. Revenue and LLPs adjusted by non-recurring items and for Russia impact where disclosed; Organic capital generation for peers calculated as per UniCredit disclosed methodology
UniCredit Unlocked ... solid asset quality

Solid asset quality with reduced and higher quality NPEs, prudent overlays and coverage and robust credit position

Low NPEs vs. past with improved quality

Strong coverage and overlays

Robust credit position and geared to interest rates

GROSS NPE

<table>
<thead>
<tr>
<th>RATIO</th>
<th>5.0%</th>
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<tr>
<td>STOCK</td>
<td>25.3bn</td>
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<tr>
<td>2019</td>
<td></td>
</tr>
<tr>
<td>BAD LOANS</td>
<td></td>
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<tr>
<td>PAST DUE</td>
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UTP from 47% of NPE stock to 70%, now to be outsourced at low cost

SHifting majority from Bad Loans to UTP, improving NPE vintage vs. pre Covid

TOTAL COVERAGE RATIO

Stage 1, 2 and 3 provisioning over gross loans, %

5.0%

49.2%

2.7%

UTP

UTP from 47% of NPE stock to 70%, now to be outsourced at low cost

HIGH EXISTING OVERLAYS

<table>
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<th>c. 1bn</th>
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<td>(c.200bps on cost of risk)</td>
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HIGH QUALITY CREDIT

CORPORATE & SME CREDIT BOOK

<table>
<thead>
<tr>
<th>High-risk exposure at ...</th>
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<tr>
<td>Focus Enterprises</td>
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<tr>
<td>Total Group EaD</td>
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INDIVIDUALS

Analysis of potential effects from stressed inflation and interest rates confirms resilience of portfolio debt repayment capacity

GEARED TO INTEREST RATES

POST FY23 RUN-RATE

+100bps

+ c.1.0bn

2022 figures Group excl. Russia. Stated figures for previous years and for comparison purposes

Selected peers: BBVA, Banco BPM, BNP Paribas, Commerzbank, Credit Agricole S.A., Deutsche bank, Erste Bank Group, ING, Intesa San Paolo, Raiffeisen Bank International, Santander, Société Générale; UniCredit data as of 2Q22

1. Source: EBA transparency exercise and publicly available data; as of FY21
2. Performed assessment on selected Enterprises portfolio. Total EaD reported including only Enterprises and Individuals segments. Enterprises split based on managerial industry clustering
3. Corporates & SMEs belonging to energy intensive sectors and/or those exposed to supply chain constraints, before bottom-up exposure considerations and potential government support measures
4. Net of TLTRO reimbursement and ELF and tiering contribution fully removed. Please refer to 2Q22 financial results for details
Positioned and determined to **win**

2021
Delivered on our ambitions

2022
Guidance **confirmed** in all scenarios\(^1\)

2023-2024
Strongly positioned, **confident** to deliver UniCredit **Un**locked ambitions in mild recession\(^1\)

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1. Subject to supervisory and shareholder approval
Demonstrating strong commercial and financial performance – further boosted by a constructive interest rate environment.

High visibility on how we will deliver profitable growth and organic capital generation while navigating macro challenges – thanks to strong lines of defense and a better performing and tightly managed organisation.

2021 Delivered on our ambitions

2022 Guidance confirmed in all scenarios¹

2023-2024 Strongly positioned, confident to deliver UniCredit Unlocked ambitions in mild recession¹

¹. Subject to supervisory and shareholder approval
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