

# Business Model in action

The banking sector is in flux, with regulations, macroeconomic conditions and customer behaviors changing at a rapid pace. UniCredit's Transform 2019 plan has been developed to specifically address these changes. Our simple commercial banking business model and our distinctive assets will enable us to turn this environment to our advantage, becoming a better bank that reliably delivers sustainable, long-term profitability.

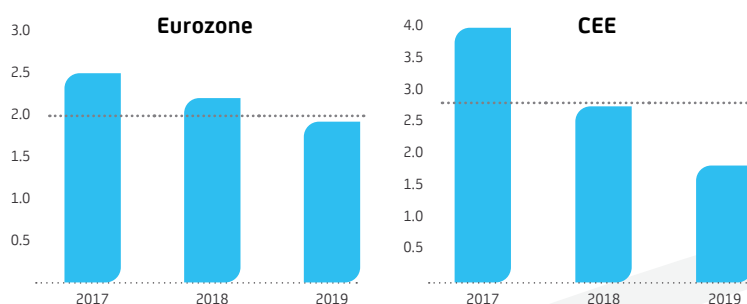
## MARKET ENVIRONMENT

Low growth and low interest rates are affecting every bank in Europe

**Growth in line with consensus**

Real GDP growth y/y and average, %

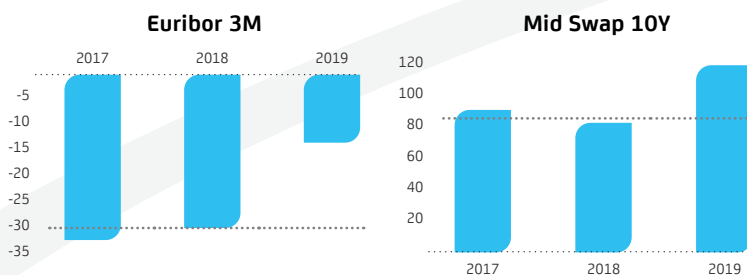
■ UCG estimates<sup>A</sup>  
 ..... Consensus<sup>B</sup>  
 (avg. 2017-2019)



**Lower for longer rates and yield environment**

Bps, EoP

■ UCG estimates<sup>A</sup>  
 ..... Consensus<sup>C</sup>  
 (avg. 2017-2019)



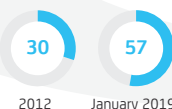
Changing customer behaviors must not only be immediately recognized, but also anticipated

The adoption and growth of remote channels continues at a rapid rate.

**Global digital snapshot<sup>D</sup>**

% of world population

Internet users



Active social media users



The growth of our business depends on the competitiveness of companies and the well-being of individuals within each country

Thanks to our investments in social and economic development we foster initiatives for:

- Financial inclusion
- Social inclusion
- Support to community growth and countries prosperity

The regulatory framework for banking and finance is constantly changing, with many new regulations expected in the years to come, aiming at addressing:

- Banks' loss absorbency capacity to grant an orderly resolution of institutions in case of failure
- Banks' assets and liabilities having a sustainable structure in terms of maturity
- The under-provisioning of Non-performing loans (NPLs)
- The implementation of more stringent criteria for the calculation of Risk-Weighted Assets (RWA), limiting the use of internal models

A. UniCredit Group (UCG) house view.

B. Average 2017-2019 calculated on a quarterly basis. For GDP growth source is Consensus Forecast for Eurozone and Focus Economics for CEE.

C. Average 2017-2019 calculated on a quarterly basis. For Euribor 3M source is future from Bloomberg as of 12 February 2019 and for Mid Swap 10Y is forward from Bloomberg as of 17 January 2019.

D. Source: Digital around the world in 2019 report, by We Are Social; growth figures may in part be the result of improved reporting.

OUR DISTINCTIVE ASSETS

MATERIAL TOPICS



**Pan European Commercial Bank**

Strong presence in **14** countries<sup>A</sup>

Top ranked by assets in Europe<sup>B</sup>  
**n.1** in Austria and CEE by assets  
**n.2** in Italy, **n.3** in Germany

**81%**  
of revenues from Commercial Banking<sup>C</sup>



**Unique Client Franchise**

**26** million clients<sup>D</sup>

Second largest provider of corporate loans in EU<sup>E</sup>



**Distinctive Factories**

CIB platform fully plugged in

Best in class CIB products provider

**n.1** EMEA<sup>F</sup> Covered bonds; Syndicated Loans in EUR in Italy, Germany, Austria and CEE;  
**n.2** SSA<sup>G</sup> bonds in EMEA EUR



**BUSINESS MODEL**

**MARKET ENVIRONMENT**

**COMMERCIAL BANKING (CBK)**

**Individuals**

Flexible and easy access to banking products such as payments, mortgages, consumer finance, investments and savings accounts offered through traditional and digital channels.

**Companies**

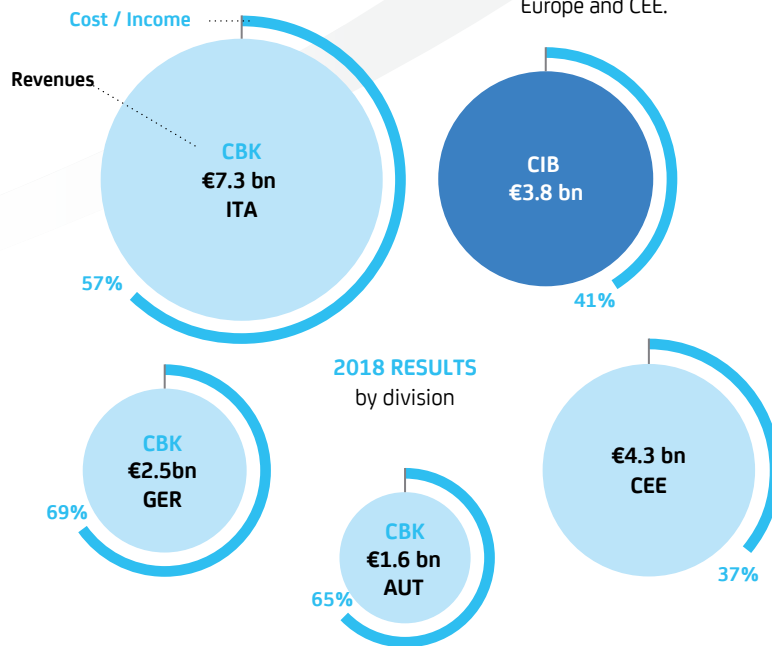
Tailored, profit-driven solutions for entrepreneurs that help them conduct day-to-day business operations or execute new projects or strategies.

**Private Banking**

A 360-degree advisory model, customised investment strategies and access to international markets through specialized advisors.

**CORPORATE & INVESTMENT BANKING (CIB)**

Traditional corporate and transaction banking services, along with full-fledged structured finance, capital markets and investment products, as a strategic long-term partner that meets clients' specific needs and delivers access to Western Europe and CEE.



A. Italy, Germany, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Serbia, Slovakia, Slovenia, Romania, Russia, Turkey.  
 B. Data as of 3Q18 based on available public data. For Austria ranking on single entities only possible on the basis of annual figures: FY17 latest figures available.  
 C. For Germany, only private banks, for CEE compared to Erste, KBC, Intesa Sanpaolo, OTP, RBI, SocGen (data as of 3Q18 where disclosed: KBC as of 1H18, SocGen as of FY17).  
 D. Data as of 4Q18, includes 100% clients in Turkey.  
 E. Data as of 4Q18 based on available public data; peers include: BNP, Deutsche Bank, Santander, HSBC, ISP, Société Générale. FX exchange rate at 30 September 2018.  
 F. Source: Dealogic; data from league tables as of 2018; all positions by volume.  
 G. Sovereign, Supranational and Agency.