



PRESS RELEASE

UniCredit to anticipate IFRS9 COVID-19 macroeconomic scenario update

UniCredit to take an additional €0.9 billion 1Q20 Loan Loss Provisions

FY20 CET1 MDA buffer confirmed well above 200-250bps target range

FY20 Cost of Risk expected at 100-120bps

To provide relevant guidance to all market participants, UniCredit today announced that it is anticipating the update of macroeconomic assumptions underlying the IFRS9 calculation of generic Loan Loss Provisions (LLPs).

For the eurozone, UniCredit sees a FY20 GDP decline of 13 per cent followed by a 10 per cent recovery in FY21. These assumptions include the expected COVID-19 impact as well as the announced government and ECB mitigating actions, and are aligned with those published by UniCredit Economics Research on 2 April 2020 and also track closely, if somewhat more conservatively, those published by the IMF on 14 April 2020.

As a result, in 1Q20 UniCredit will book an additional €0.9 billion generic LLPs. Thus, Cost of Risk (CoR) for 1Q20 is estimated to be around 110bps, of which 80bps due to the updated IFRS9 macro scenario and 30bps underlying CoR. The latter is materially better than the original target of 46bps for the year.

For the full FY20, whilst difficult to forecast due to the current unprecedented situation, CoR is estimated to be in the range of 100-120bps. CoR will be a combination of the IFRS9 LLPs and of the expected recognition of sector and specific LLPs throughout the year as risks materialise, likely to occur towards the end of the year once the moratoria expire.

For FY21, the Group currently estimates a CoR of 70-90bps.

Thanks to the success of Transform 2019, UniCredit is in a position of great capital strength with a CET1 MDA buffer which is to remain well above its 200-250bps target range throughout FY20. The Group also benefits from a strong liquidity position, with a Liquidity Coverage Ratio above 140 per cent at the end of 1Q20.

UniCredit announced that its CEO, Jean Pierre Mustier, in addition to foregoing his full variable 2020 LTIP remuneration, equivalent to a maximum of 2.4 million euros, has proposed to reduce his 2020 salary by 25 per cent, equivalent to 300,000 euros. The total reduction of the CEO's compensation is thus 2.7 million euros, which the board of directors, will donate with immediate effect, to the UniCredit Foundation. The CEO's contribution will be added to the already ongoing efforts to alleviate the impact of the pandemic on local communities and provide extra resources to the health services in their fight against the virus. As a consequence, Jean Pierre Mustier's total



remuneration for the year 2020 will be 900,000 euros, a 75 per cent reduction of his overall full year target remuneration.

For UniCredit, the primary objective is to protect the health and safety of its team members and clients. The Group will continue to do the right thing and actively serve its customers and support the economies and communities where it is present.

UniCredit's 1Q20 quarterly results will be published on 6 May 2020.

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