



PRESS RELEASE

Restructuring program on Austrian Retail business

- ✓ **€ 150mn additional overall cost savings by 2018 leading to € 300mn cost reduction versus 2014**
- ✓ **Substantial improvement of cost income ratio of Commercial Banking Austria, going down to 65%, and increase of RoAC to 13% on a normalized tax basis**
- ✓ **Dissolution of Bank Austria's special company pension scheme for active employees**

UniCredit announces today a major step in its Strategic Plan execution, by launching a profound restructuring program on its Austrian retail business that will enable Commercial Banking Austria to develop its business in a sustainable way, while bringing down significantly its cost income ratio.

The restructuring plan will allow to reduce by 2018 Commercial Banking Austria's overall costs by € 150mn per year on an ongoing basis on top of the Strategic Plan and with main focus on personnel expenses, leading to an overall cost decrease by almost € 300mn versus 2014 in order to ensure the business sustainability in the long-run.

Cost savings will be achieved acting on clearly identified levers:

- Reduction of payroll costs and a lower number of employees by 2018, in line with industry best practice;
- Reduction of IT and processing costs through higher degree of standardisation and streamlining of the product offering;
- Right sizing of the branch network with a view to reducing the number of branches while offering significantly larger branches, and expanding the online branch and the Online-Shop;
- Significant adjustment of capacity in the Corporate Center, i.e. in all back-office and support functions.

Commercial Banking Austria will achieve a cost income ratio of 65%, improving from 87% in 9M15, and a ROAC (Return on Allocated Capital) of 13% in 2018 on a normalized tax basis, with a contribution of cost savings equal to ca. 10% delta ROAC between 2014 and 2018.

As a result of this plan, UniCredit is increasing its expected cost savings from 1,6bn to 1,75bn by 2018, reducing the 2018 target cost base to below 12.8bn. The plan is expected to be broadly neutral on UniCredit fully loaded CET1 ratio despite the integration costs being booked at the end of 2015 and accretive over the MYP time horizon.

In this respect, UniCredit Bank Austria AG and its Works Council have signed an agreement that envisages the migration of its entitled active employees to the normal state pension scheme going forward. Current pensioners of UniCredit Bank Austria AG are not affected.

UniCredit is therefore reconfirming its focus on the Austrian market and aims to develop the Austrian Commercial Banking business in a sustainable way, by leveraging on digitalization and streamlining of the organizational structure to improve the performance of the Retail business.

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