Informazione Regolamentata n. 0263-199-2017	Data/Ora Ricezione 09 Novembre 2017 07:01:05	MTA

Societa'	:	UNICREDIT
Identificativo Informazione Regolamentata	:	95652
Nome utilizzatore	:	UNICREDITN03 - Berneri
Tipologia	:	REGEM
Data/Ora Ricezione	:	09 Novembre 2017 07:01:05
Data/Ora Inizio Diffusione presunta	:	09 Novembre 2017 07:01:06
Oggetto	:	UNICREDIT: THIRD QUARTER 2017 GROUP RESULTS TRANSFORM 2019 DELIVERS TANGIBLE RESULTS

Testo del comunicato

Vedi allegato.

Milan, 9 November 2017

UNICREDIT: THIRD QUARTER 2017 GROUP RESULTS
TRANSFORM 2019 DELIVERS TANGIBLE RESULTS

ADJUSTED NET PROFIT AT €838 M UP 87 PER CENT Y/Y CONFIRMING UNDERLYING GROUP-WIDE BUSINESS MOMENTUM

STRONG COMMERCIAL DYNAMICS THANKS TO NETWORK REVAMP. YTD: NUMBER OF CLIENTS INCREASED BY 423,000[1] AND €52 BN OF NEW LOAN PRODUCTION. 9M17 VS. 9M16: AUM UP €15.3 BN (+7.8 PER CENT) AND FEES UP €261 M (+5.5 PER CENT)

OPERATING MODEL TRANSFORMATION AHEAD OF PLAN, WITH 59 PER CENT OF PLANNED BRANCH CLOSURES AND 51 PER CENT OF FTE REDUCTIONS ALREADY ACHIEVED. FY17 TOTAL COSTS EXPECTED TO BE MARGINALLY LOWER THAN €11.7 BN TARGET

3Q17 COR AT A LOW 53 BPS. FY17 COR ESTIMATED TO BE BETWEEN 55 AND 60 BPS. EXPECTED LOSS OF THE STOCK AND NEW ORIGINATION AT 38 BPS AND 34 BPS RESPECTIVELY, BOTH DOWN 1 BP Q/Q, SUPPORTED BY STRICT RISK DISCIPLINE

3Q17 FULLY LOADED CET1 RATIO AT A HIGH 13.81 PER CENT, THANKS TO PIONEER DISPOSAL AND EARNINGS GENERATION

UNICREDIT GROUP	
3Q17 HIGHLIGHTS	- Revenues at €4.6 bn (-8.5 per cent Q/Q, -3.9 per cent Y/Y) affected by 3Q17 seasonality and reduced trading due to unfavourable sector-wide environment - NII at €2.5 bn (-2.4 per cent Q/Q excluding 2Q17 one-offs in Commercial Banking Germany of €90 m) with positive contribution from deposit rate and term funding partially offsetting effects from lower spreads and average loan volumes. FY17 €10.2 bn guidance confirmed - Fees at €1.6 bn, down 7.9 per cent Q/Q due to seasonality and up 4.2 per cent Y/Y thanks to investment and transactional services fees - Operating expenses decreased further to €2.8 bn (-1.6 per cent Q/Q, -4.3 per cent Y/Y) thanks to lower HR costs. Cost/Income (C/I) ratio at 60.5 per cent (+4.2 p.p. Q/Q, -0.3 p.p. Y/Y) - LLP at €598 m (+6.0 per cent Q/Q, -38.8 per cent Y/Y) and cost of risk (CoR) at 53 bps

Please consider that across the document, all 2016 and 2017 figures were restated for the consolidation effects arising from the intercompany fees vs Bank Pekao and Pioneer, classified as held for sale in accordance to IFRS5 principle.

[1] Calculated as difference between number of clients at beginning and end of period.

	■ Net Profit up 87 per cent Y/Y at €838 m in 3Q17, adjusted for Pioneer disposal (€2.1 bn) and a one-off charge of €80 m booked in Non Core[2], sustained by early results of Transform 2019. CEE, CIB and Commercial Banking Italy main contributors. Stated net profit at €2.8 bn ■ Adjusted RoTE[3] at 6.8 per cent
9M17 Highlights	■ Revenues at €14.8 bn (-2.7 per cent 9M/9M) with NII at €7.7 bn affected by low interest rate environment. Strong fees generation at €5.0 bn sustained by Asset Under Management (AuM). Trading income at €1.4 bn ■ Continuous focus on operating expenses, -3.8 per cent 9M/9M at €8.6 bn resulting in a lower C/I ratio of 57.9 per cent down from 58.6 per cent in 9M16 ■ LLP reduced to €1.8 bn (-30.1 per cent 9M/9M) with low CoR at 54 bps ■ Net profit at €3.0 bn in 9M17, adjusted for Bank Pekao and Pioneer disposals as well as a one-off charge booked in Non Core in 3Q17. Stated net profit at €4.7 bn with good contribution from all divisions ■ Adjusted RoTE improved to 7.8 per cent in 9M17 vs 4.2 per cent in 9M16
Capital	■ 3Q17 fully loaded CET1 ratio at a high 13.81 per cent[4] thanks to Pioneer disposal and earnings generation ■ Fully loaded leverage ratio at 5.42 per cent in 3Q17
Asset Quality	■ De-risking continued, with gross NPE[5] decreased by 31.5 per cent Y/Y to €51.3 bn in 3Q17, net NPE stand at €22.3 bn, on track to reach 2019 €20.2 bn target ■ 3Q17 gross NPE ratio improved to 10.6 per cent from 11.0 per cent in 2Q17 and net NPE ratio at 5.0 per cent in 3Q17 versus 5.1 per cent in 2Q17 ■ 3Q17 solid NPE coverage ratio up, 56.5 per cent compared to 52.2 per cent in 3Q16
Transform 2019 Update	■ All decisive actions on capital strengthening successfully completed. Pioneer disposal closed in July with a capital benefit of 84 bps ■ Transform 2019 execution progress confirmed by S&P's upgrade of UniCredit S.p.A.'s rating at the end of October to BBB with stable outlook confirmed from BBB- ■ Balance sheet de-risking on track with further NPE reduction through ca. €2.4 bn NPE sales in 9M17. Phase 1 of FINO project was successfully closed in July, Phase 2 is proceeding as planned and UniCredit is expecting to sell down its stake to below 20 per cent by year end ■ Cost efficiency initiatives are progressing well (achieved 59 per cent of planned branch closures and 51 per cent of FTE reduction target) ■ Strategic commercial initiatives ongoing and end-to-end process redesign in progress ■ Group Corporate Centre operating costs down Q/Q driven by FTE reduction with the weight on Group total costs reduced to 3.9 per cent in 3Q17 versus 5.1 per cent in December 2015

[2] As per information published in 1 November 2017 press release, "Unicredit confirms that all costs and charges pertaining to the FINO transaction have been accounted for, including a one-off charge of €80 m booked in Non Core in 3Q17".
[3] Adjusted Return on Tangible Equity: adjusted annualised net income / adjusted average tangible equity (excluding AT1 and intangible assets). Adjusted RoTE excluding the net impact from the Bank Pekao (-€310 m FX reserve in 2Q17) and Pioneer (+€2.1 bn in 3Q17) disposals and a one-off charge booked in Non Core (-€80 m in 3Q17). Adjustments for 2016 according to footnote 25. RoTE calculated at CMD perimeter, considering also the capital increase and Bank Pekao and Pioneer disposals as at 1 January 2017.
[4] Assuming foreseeable dividends calculated as at 30 September 2017 equals to 20 per cent payout ratio on normalised earnings excluding the net impact of Bank Pekao and Pioneer disposals.
[5] NPE: Non Performing Exposures. The perimeter of Non-Performing loans is equivalent to the perimeter of EBA NPE exposures. NPE are broken down in bad exposures, unlikely-to-pay and past due.

Milan, 9 November 2017: on 8 November 2017, the Board of Directors of UniCredit S.p.A. approved Group's 9M17 results.

Jean Pierre Mustier, Chief Executive Officer of UniCredit S.p.A., commenting on the 3Q17 results: "*In an improving European economic environment and encouraging signs of growth in Italy, our adjusted net profit was up 87 per cent year on year. This is proof certain that our Transform 2019 plan is yielding tangible results and confirms a Group-wide business momentum. Thanks to the decisive actions taken in the last 12 months and the revamp of our networks, we are seeing strong commercial dynamics in all divisions, with clients increasing by 423,000 and with €52 billion in new loan production since the beginning of 2017. UniCredit enjoys a high fully loaded CET1 ratio at 13.81 per cent thanks to the Pioneer disposal and organic earnings generation. We are continuing the de-risking of the balance sheet with net NPEs now at €22.3 billion, close to our 2019 €20.2 billion target. NPE coverage remains solid at 56.5 per cent. Cost of Risk in the quarter is a low 53bps and we estimate it to be between 55 and 60bps for the full year. The progress of Transform 2019, which is thanks to the commitment of all UniCredit employees and the speed at which we are implementing the changes, very much supported S&Ps recent decision to upgrade UniCredit S.p.A's rating to BBB with stable outlook*."

TRANSFORM 2019 UPDATE

Transform 2019 execution is well on track, continuing to deliver tangible results:

- **Strengthen and optimise capital:** all decisive actions to optimise capital successfully completed with the disposal of Pioneer in July which contributed additional 84 bps to the fully loaded CET1 ratio reaching 13.81 per cent in 3Q17.

  The successful progress of Transform 2019 was confirmed by S&P's upgrade of UniCredit S.p.A.'s rating at the end of October to BBB with stable outlook confirmed from BBB-.

- **Improve asset quality:** continued balance sheet de-risking with gross NPE further down to €51.3 bn in 3Q17 from €53.0 bn in 2Q17. The risk profile of the Group improved, with gross NPE ratio reduced from 11.0 per cent in 2Q17 to 10.6 per cent in 3Q17. The coverage ratio remained solid at 56.5 per cent in 3Q17 despite deleveraging. Gross NPE disposals continued during the quarter and reached €2.4 bn in 9M17 of which €1.2 bn in Non Core.

  Net NPE decreased to €22.3 bn (-3.6 per cent Q/Q, -37.6 per cent Y/Y) on track to reach Transform 2019 target of €20.2 bn. Net NPE ratio stood at 5.0 per cent in 3Q17 (-0.2 p.p. Q/Q, -2.9 p.p. Y/Y).

  UniCredit confirms that the first phase of FINO transaction has been closed – as already communicated to the market on 17 July 2017. The second phase of FINO is proceeding as planned and UniCredit is expecting to sell down its stake to below 20 per cent by year end.

- **Transform operating model:** the transformation of the operating model is ahead of plan. Branch closures continued in 3Q17 with 557 branches closed in Western Europe since December 2015, corresponding to 59 per cent of planned closures[6].

  There was a further drop of 1,223 FTEs[7] during the quarter, equalling a reduction of 7,200 FTEs since December 2015, 51 per cent of the 14,000 planned reductions by 2019.

- **Maximise commercial bank value:** commercial initiatives are progressing and delivering positive results:
  - 9M17 AuM net sales in Italy at €8 bn, up more than twofold versus 9M16, supported by the Amundi partnership;
  - the continued focus on multichannel approach with clients, was underpinned by:
    - number of remote sales on targeted sales[8] increased in Italy by 40 per cent Y/Y, reaching 18.6 per cent of sales in 3Q17,
    - number of online users in CEE increased from 38.2 per cent as at June 2017 to 39.7 per cent as at September, and
    - number of mobile users in CEE increased from 25.8 per cent as at June 2017 to 28.3 per cent as at September;
  - the end-to-end process optimisation is progressing well and is ahead of plan:
    - process redesign of first three products (Current Accounts, Credit Cards and Receivable Financing) is delivering tangible results both for clients with an improved customer experience and for UniCredit,

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[6] Retail branches in Italy, Germany and Austria as indicated during the Capital Markets Day.
[7] Full Time Equivalent. Please consider that Group FTE are shown excluding i) all companies that have been classified under IFRS5 and ii) Ocean Breeze.
[8] Calculated as remote sales (transactions made through ATM, online, mobile or Contact Centre) on total Bank products with a direct selling process.

- three additional process reviews have been launched in June (Residential Mortgages, Advisory and Assets under Management) and are proceeding in line with the plan,
- the redesign of two further products (Corporate Mortgages and Debit Cards) has just started.

CIB leading market position is confirmed by ranking #2 in "Combined Loans and Bonds in EMEA in EUR" and by ranking #1 in "Syndicated Loans" in Italy, Germany, Austria, by ranking #2 in "Syndicated loans in CEE" and by ranking #1 in "EMEA All Covered Bonds", underlying its strategic position in those market segments[9].

- **Adopt a lean but steering Group Corporate Centre (GCC):** operating expenses down 8.6 per cent Q/Q to €110 m, combined with a reduction of 188 FTE Q/Q. Since December 2015 FTE down 8.8 per cent (-1,534 FTE). The ratio of GCC costs to Group total costs dropped to 3.9 per cent in 3Q17 (5.1 per cent as at December 2015) versus the 2019 2.9 per cent target.

[9] All league tables were based on Dealogic Analytics source as at 4 October 2017. Period: 1 Jan. – 30 Sep. 2017. Syndicated Loans: Italy , Germany and Austria by number of deals and deal value, CEE by deal value; and EMEA All Covered Bonds by number of deals.

UNICREDIT GROUP CONSOLIDATED RESULTS

Euro (m)	9M16	9M17	*9M/9M %*	3Q16	2Q17	3Q17	*Y/Y %*	*Q/Q %*
Total Revenues	15,190	14,776	*-2.7%*	4,835	5,076	4,646	*-3.9%*	*-8.5%*
Operating costs	-8,898	-8,557	*-3.8%*	-2,940	-2,858	-2,813	*-4.3%*	*-1.6%*
LLP	-2,621	-1,833	*-30.1%*	-977	-564	-598	*-38.8%*	*+6.0%*
Net profit	1,768	4,672	*n.m.*	447	945	2,820	*n.m.*	*n.m.*
Adjusted net profit	1,739	3,000	*+72.5%*	447	1,255	838	*+87.4%*	*-33.3%*
Fully Loaded CET1 ratio	10.82%	13.81%	*+3.0pp*	10.82%	12.80%	13.81%	*+3.0pp*	*+1.0pp*
Adjusted RoTE	4.2%	7.8%	*+3.5pp*	3.0%	9.5%	6.8%	*+3.8pp*	*-2.7pp*
Loans (excl. repos) - bn	426	421	*-1.2%*	426	421	421	*-1.2%*	*+0.1%*
Gross NPE - bn	75	51	*-31.5%*	75	53	51	*-31.5%*	*-3.2%*
Deposits (excl. repos)- bn	386	399	*+3.2%*	386	395	399	*+3.2%*	*+0.9%*
Cost/income	58.6%	57.9%	*-0.7pp*	60.8%	56.3%	60.5%	*-0.3pp*	*+4.2pp*
Cost of risk (bps)	77	54	*-22*	85	50	53	*-32*	*+3*

Revenues totalled €4.6 bn in 3Q17 (-8.5 per cent Q/Q, -3.9 per cent Y/Y) affected by 3Q seasonality of fees and lower trading. Main contributions to revenues came from Commercial Banking Italy, CEE and CIB. Total revenues amounted to €14.8 bn (-2.7 per cent 9M/9M) in 9M17.

Net interest income (NII)[10] totalled €2.5 bn in 3Q17 (-5.7 per cent Q/Q or -2.4 per cent excluding 2Q17 one-off Commercial Banking Germany of €90 m, -3.5 per cent Y/Y). On a quarterly basis, reduced deposit rates (+€28 m) and lower cost of term funding (+€7 m) partially offset lower loan dynamics (-€11 m from lower average volumes and -€53 m from the compression of customer rates) combined with higher volumes of deposits (-€3 m). NII commercial dynamics Y/Y were sustained by term funding and reduced deposit rates. The lower contribution from the investment portfolio and markets/treasury activities (-€56 m Q/Q, -€135 m Y/Y) was mainly due to the repositioning of the BTP portfolio to a shorter duration and slower reinvestments. FY17 guidance of NII is confirmed at €10.2 bn.

Net interest margin[11] down from 1.38 per cent in 2Q17 to 1.35 per cent in 3Q17.

Customer loans[12] amounted to €421.1 bn in 3Q17 (flat Q/Q, -1.2 per cent Y/Y). Excluding Non Core, customer loans increased to €405.5 bn in 3Q17 up €1.2 bn and up €2.2 bn before reclassification of €1.0 bn loans to held for sale in Commercial Banking Germany. Loan growth in 4Q17 expected to be higher.

Customer deposits[13] totalled €398.6 bn in 3Q17 (+0.9 per cent Q/Q, +3.2 per cent Y/Y). Excluding Non Core, customer deposits increased to €397.6 bn with the highest contributions coming from Commercial Banking Italy with €137.7 bn (+2.2 per cent Q/Q, +7.3 per cent Y/Y), Commercial Banking Germany with €86.3 bn (+3.0 per cent Q/Q, -0.6 per cent Y/Y) and CEE with €60.4 bn (+1.9 per cent Q/Q, +3.9 per cent Y/Y at constant FX).

Customer spreads[14] at Group level decreased 3 bps Q/Q and 10 bps Y/Y to 2.50 per cent in 3Q17. This was mainly due to a reduction in customer spreads across all divisions, excluding Commercial Banking Austria and CIB. Customer loan rates are expected to bottom out in the second half of 2018.

[10]Contribution from macro hedging strategy on non-naturally hedged sight deposits in 3Q17 at €381 m, +€1.2 m Q/Q and -€10.3 m Y/Y.

[11]Net interest margin calculated as interest income on earning assets minus interest expenses divided by earning liabilities. Value of 1.38 per cent in 2Q17 is calculated net of days effect and 2Q17 one-off in Commercial Banking Germany.

[12]End of period accounting volumes calculated excluding repos and, for divisions, excluding also intercompany items. Customer loans including repos amounted to €450.5 bn as at end September 2017 (flat Q/Q, -0.5 per cent Y/Y).

[13]End of period accounting volumes calculated excluding repos and for divisions, excluding also intercompany items. Customer deposits including repos amounted to €438.3 bn as at end September 2017 (+1.2 per cent Q/Q, -0.6 per cent Y/Y).

[14]Customer spreads defined as the difference between rate on customer loans and rate on customer deposits.

Dividends and other income[15] decreased to €165 m in 3Q17 (-10.0 per cent Q/Q, -12.8 per cent Y/Y) mainly due to lower contribution from insurance and other participations. Yapi Kredi contribution amounted to €85 m in 3Q17 (flat Q/Q and -16.7 per cent Y/Y at current FX; +4.1 per cent Q/Q and +3.1 per cent Y/Y at constant FX) sustained by a positive trend in NII and cost optimisation. Dividends and other income totalled €518 m in 9M17 (-25.5 per cent 9M/9M). Yapi Kredi contribution stood at €262 m in 9M17 (-18.3 per cent 9M/9M at current FX and -1.1 per cent 9M/9M at constant FX), improved by +7.7 per cent at constant effect versus 9M16 excluding impact from Visa Europe stake disposal in 2016[16].

Fees and commissions amounted to €1.6 bn in 3Q17, reduced 7.9 per cent Q/Q affected by 3Q seasonality. They increased 4.2 per cent Y/Y thanks to the positive performance of investment and transactional banking fees. In particular:

– the contribution from **investment services fees** reached €638 m in 3Q17, lower compared to the previous quarter (-12.8 per cent Q/Q) affected by lower AuM upfront fees as a result of both lower gross sales, down €3.2 bn to €16.1 bn, and product mix. Investment services fees increased 12.2 per cent Y/Y thanks to continuous transformation of customers liquidity into AuM.
– **Financing services fees** amounted to €396 m in 3Q17, down 12.0 per cent Q/Q affected by weaker capital markets activity and lower fees in structured finance given the very competitive environment. UniCredit's strict risk discipline combined with the competitive environment translated into lower financing fees down 7.5 per cent Y/Y.
– **Transactional fees** increased at €559 m, up 1.9 per cent Q/Q, quarterly sustained by current accounts and payment services and improving 5.2 per cent Y/Y.

Fees and commissions were up 5.5 per cent 9M/9M to €5.0 bn in 9M17.

Total Financial Assets (TFA)[17] rose by over €10.1 bn in the quarter to stand at €803.8 bn as at 30 September 2017 (+1.3 per cent Q/Q, +3.4 per cent Y/Y). In particular:

– **Assets under Management (AuM)** amounted to €211.4 bn in 3Q17 increasing both Q/Q and Y/Y (+€4.3 bn and +€15.3 bn respectively) sustained by positive performance across all commercial banks. Net sales amounted to €13.3 bn in 9M17 compared to €6.3 bn for the same period in 2016. In addition, Commercial Banking Italy increased the **AuM/TFA** ratio to 36 per cent as at September 2017 from 34 per cent as at September 2016.
– **Assets under Custody (AuC)** rose to €203.4 bn in 3Q17 slightly up €0.5 bn Q/Q, with increasing AuC in Commercial Banking Germany. AuC dropped €3.6 bn Y/Y as a result of transformation of AuC into AuM.
– **Deposits** totalled €389.0 bn, increasing €5.3 bn Q/Q sustained by positive dynamics in Commercial Banking Italy and Germany and by €14.4 bn Y/Y leveraging on UniCredit's unique commercial network.

Trading income[18] reduced to €381 m in 3Q17 (-17.6 per cent Q/Q, -20.3 per cent Y/Y) due to unfavourable sector-wide environment. Trading income was positively affected by gross non-recurring capital gain on disposals in CIB (€87 m) and in Commercial Banking Germany (€39 m). Trading income totalled €1.4 bn in 9M17 (-14.4 per cent 9M/9M).

Expenses under strict control at €2.8 bn in 3Q17, down 1.6 per cent compared to previous quarter and 4.3 per cent Y/Y, as a result of continuous focus on cost efficiency. In particular:

– a significant progression was registered in **HR expenses** which were down to €1.7 bn in 3Q17, decreasing 2.3 per cent Q/Q and 4.8 per cent Y/Y, and

[15] Include dividends, equity investments evaluated with equity method. Turkey contribution based on a divisional view.
[16] Gain from Visa Europe stake disposal amounted to €27 m in 2Q16.
[17] It refers to Group Commercial TFA. Non-commercial elements, i.e. Group Corporate Centre, Non-Core, Leasing/Factoring and Market Counterparts, are excluded. Numbers are managerial figures.
[18] Value adjustments equal to +€8 m in 3Q17: credit value adjustments of -€5 m, funding value adjustment of +€10 m and fair value adjustment of +€2 m.

– **Non-HR costs**[19] amounted to €1.1 bn in 3Q17, reduced 0.4 per cent Q/Q and 3.5 per cent Y/Y.

The focus on operational efficiency confirmed by a lower number of employees at 94,066 down by 1,223 FTE Q/Q and by 5,117 Y/Y. Branch closures on track, decreasing by 134 units in 3Q17 to 4,975 (of which 3,252 in Western Europe and 1,723 in CEE)[20]. **C/I ratio** amounted to 60.5 per cent in 3Q17 (+4.2 p.p. Q/Q, -0.3 p.p. Y/Y). The cost control progressed in 9M17, with total expenses down 3.8 per cent 9M/9M to €8.6 bn. C/I ratio reduced 0.7 p.p. 9M/9M to 57.9 per cent. FY17 total costs expected to be marginally lower than the €11.7 bn target, despite 4Q seasonality. FY19 total costs target confirmed at €10.6 bn.

Gross operating profit reached €1.8 bn in 3Q17 (-17.4 per cent Q/Q, -3.3 per cent Y/Y) and at €6.2 bn in 9M17 (-1.2 per cent 9M/9M).

LLP totalled €598 m (+6.0 per cent Q/Q, -38.8 per cent Y/Y) in 3Q17, with a quarterly CoR of 53 bps (+3 bps Q/Q, -32 bps Y/Y). LLP amounted to €1.8 bn in 9M17 (-30.1 per cent 9M/9M) and CoR was 54 bps in 9M17 (-22 bps 9M/9M). FY17 CoR is estimated to be between 55 and 60 bps. FY19 CoR target of 49 bps is confirmed.

Net operating profit reached €1.2 bn in 3Q17 (-25.3 per cent Q/Q, +34.4 per cent Y/Y) and €4.4 bn in 9M17, increasing 19.5 per cent 9M/9M, confirming the strong underlying business momentum.

Other charges and provisions increased to €273 m in 3Q17 (above 100 per cent Q/Q, +10.5 per cent Y/Y) mainly due to i) higher systemic charges up €130 m Q/Q to €149[21] m, which were affected by Deposit Guarantee Scheme and Voluntary Scheme[22] in Italy and ii) a one-off charge booked in Non Core for €80 m related to the full provisioning of all charges pertaining to UniCredit connected to the FINO deal[23]. In total, other charges and provisions amounted to €871 m in 9M17 reducing 21.2 per cent 9M/9M[24].

Income tax at €181 m in 3Q17 (+27.0 per cent Q/Q, -34.5 per cent Y/Y) and at €543 m in 9M17 (-13.8 per cent 9M/9M).

Profit from discontinued operations increased to €2.1 bn in 3Q17 and amounted to €2.2 bn in 9M17, mainly due to net effect of the disposal of Bank Pekao in June and Pioneer in July 2017.

Group net profit increased to €2.8 bn in 3Q17. Net profit adjusted for the capital gain from Pioneer disposal (€2.1 bn) and the negative impact from a one-off charge booked in Non Core amounted to €838 m in 3Q17 (-33.3 per cent Q/Q, +87.4 per cent Y/Y) with adjusted RoTE at 6.8 per cent. Positive operating performances in all divisions, with CEE, CIB and Commercial Banking Italy main contributors to the earnings generation (with a net profit of €413 m, €299 m and €246 m respectively, in 3Q17). Stated net profit amounted to €4.7 bn in 9M17 and to €3.0 bn (+72.5 per cent 9M/9M[25]) adjusted for Bank Pekao and Pioneer disposals and a a one-off charge booked in Non Core in 3Q17. Adjusted RoTE at 7.8 per cent in 9M17 (4.2 per cent in 9M16).

[19] Non HR costs include "other administrative expenses", "recovery of expenses", "amortisation, depreciation and impairment losses on intangible and tangible assets".

[20] Branches at Capital Markets Day perimeter. For number of branches at regulatory view please refer to "UniCredit Group: Staff and Branches" table included in this document.

[21] 3Q17 systemic charges mainly include Deposit Guarantee Scheme contribution and Voluntary Scheme commitment for a total of €151 m (o/w €133 m in Italy, €8m in Germany and €10 m in CEE).

[22] On 2 August 2017, the Board of Directors of UniCredit S.p.A. approved the increase of the total fund of the Voluntary Scheme for €95 m, of which €18 m related to UniCredit Group. This commitment is added to the residual one, equal to €76 m, subscribed and not yet disbursed with reference to the Voluntary Scheme (an instrument introduced by Fondo Interbancario di Tutela dei Depositi – FITD – for the resolution of bank crises through support measures in favor of its member banks, if specific conditions laid down by the legislation occurring). As at 30 September 2017, the commitment is equal to €85 m, of which €52 m already written down.

[23] As per information published in 1 November 2017 press release, "Unicredit confirms that all costs and charges pertaining to the FINO transaction have been accounted for, including a one-off charge of €80 m booked in Non Core in 3Q17".

[24] Mainly related to the guarantee fees on DTA conversion one-off in 2016.

[25] In 9M16 non-recurring items were equal to +€29 m, mainly referred to Deferred Benefit Obligations in Austria, integration costs in Italy, extraordinary trading gain, capital gain from the disposal of VISA Europe stake, LLP release, restructuring charges in Italy and guarantee fees for DTA conversion in Italy.

Asset Quality

(€ million)	Bad exposures	Unlikely to pay	Non performing past-due	**Total non performing**	Perfoming	**Total Loans**
As at 09.30.2017						
Gross Exposure	29,391	20,486	1,402	**51,279**	430,314	**481,593**
as a percentage of total loans	*6.1%*	*4.3%*	*0.3%*	***10.6%***	*89.4%*	
Writedowns	19,468	9,011	481	**28,960**	2,124	**31,084**
as a percentage of face value	*66.2%*	*44.0%*	*34.3%*	***56.5%***	*0.5%*	
Carrying value	9,923	11,475	921	**22,319**	428,190	**450,509**
as a percentage of total loans	*2.2%*	*2.6%*	*0.2%*	***5.0%***	*95.1%*	
As at 12.31.2016						
Gross Exposure	31,799	23,165	1,378	**56,342**	421,804	**478,146**
as a percentage of total loans	*6.7%*	*4.8%*	*0.3%*	***11.8%***	*88.2%*	
Writedowns	20,854	10,021	472	**31,347**	2,192	**33,539**
as a percentage of face value	*65.6%*	*43.3%*	*34.3%*	***55.6%***	*0.5%*	
Carrying value	10,945	13,144	906	**24,995**	419,612	**444,607**
as a percentage of total loans	*2.5%*	*3.0%*	*0.2%*	***5.6%***	*94.4%*	

Group gross non performing exposures (NPE) down 3.2 per cent Q/Q and 31.5 per cent over the last twelve months to €51.3 bn, with a significantly improved **gross NPE ratio** improved significantly to 10.6 per cent in 3Q17 (-0.3 p.p. Q/Q, -4.5 p.p. Y/Y).

Gross NPE disposals progressed during the quarter and reached €2.4 bn in 9M17 of which €1.2 bn in Non Core.

Net NPE decreased to €22.3 bn (-3.6 per cent Q/Q, -37.6 per cent Y/Y) progressing towards the Transform 2019 target of €20.2 bn. Net NPE ratio stood at 5.0 per cent in 3Q17 (-0.2 p.p. Q/Q, -2.9 p.p. Y/Y) with a solid coverage ratio increased to 56.5 per cent in 3Q17 (+0.2 p.p. Q/Q, +4.3 p.p. Y/Y).

Gross bad loans further down at €29.4 bn in 3Q17 (-1.8 per cent Q/Q, -41.3 per cent Y/Y) with a coverage ratio at 66.2 per cent (-0.2 p.p. Q/Q, +4.8 p.p. Y/Y). **Gross unlikely to pay** decreased to €20.5 bn (-5.8 per cent Q/Q, -9.7 per cent Y/Y), with a coverage ratio of 44.0 per cent (+0.4 p.p. Q/Q, +10.0 p.p. Y/Y). **Past due loans** amounted to €1.4 bn in 3Q17 (+8.3 per cent Q/Q, -32.0 per cent Y/Y) with a coverage ratio at 34.3 per cent (almost flat Q/Q, +6.1 p.p. Y/Y).

Group asset quality excluding Non Core reported gross NPE down at €22.5 bn in 3Q17 with a gross NPE ratio at 5.0 per cent and coverage ratio at 55.7 per cent. Gross bad loans further reduced to €11.2 bn with a coverage ratio at 69.5 per cent. Gross unlikely to pay down to €10.0 bn with a coverage ratio at 42.8 per cent.

Inflows from performing loans to NPE were significantly reduced from €1.4 bn in 2Q17 to €1.1 bn in 3Q17. The default rate continued to decrease to 1.1 per cent in 3Q17 from 1.3 per cent in 2Q17 reflecting a strong underwriting and monitoring discipline. The cure rate[26] amounted to 7.0 per cent in 3Q17 (vs 4.3 per cent in 3Q16). Unlikely-to-pay migrating to bad loans amounted to €438 m in 3Q17, improving from €490 m in 3Q16.

Commercial Banking Italy showed stable gross NPE at €9.6 bn in 3Q17, with a gross NPE ratio at 6.7 per cent and a coverage ratio at 52.0 per cent. Net NPE amounted to €4.6 bn with a net NPE ratio at 3.4 per cent in 3Q17. Gross bad loans were slightly up at €4.6 bn (+2.0 per cent Q/Q, +12.9 per cent Y/Y) and gross unlikely to pay amounted to €4.3 bn (-0.1 per cent Q/Q, +6.9 per cent Y/Y) with an increased coverage ratio of 65.8 per cent and 40.6 per cent respectively, in 3Q17.

Lower inflows to NPE in Commercial Banking Italy of €643 m in 3Q17, confirming positive asset quality trends. The improving trend of default rate is confirmed at 1.9 per cent in 3Q17 down from 2.6 per cent in 3Q16.

[26] Back to performing (annualised) on stock of NPE at the beginning of the period.

Unlikely-to-pay migrating to bad loans continued to slow (21.5 per cent in 3Q17 vs 23.6 per cent in 2Q17 and 27.8 per cent in 3Q16).

The rundown of the **Non-Core** progressed in the quarter with gross loans down to €32.5 bn in 3Q17 (-€1.3 bn Q/Q, -€23.8 bn Y/Y) thanks to: i) back to Core (€0.3 bn), ii) repayments (ca. €0.1 bn), iii) recoveries (€0.3 bn), iv) write-offs (€0.5 bn) and v) disposals (€0.2 bn). Gross NPE decreased to €28.8 bn in 3Q17 (-3.0 per cent Q/Q and -41.9 per cent Y/Y) and gross NPE ratio came to 88.7 per cent (+0.8 p.p. Q/Q, +0.6 p.p. Y/Y). Net NPE down at €12.4 bn in 3Q17 (-3.1 per cent Q/Q, -46.4 per cent Y/Y) with a net NPE ratio at 78.0 per cent (+1.3 p.p. Q/Q, -0.2 p.p. Y/Y). NPE coverage ratio stood at 57.1 per cent in 3Q17 (+0.1 p.p. Q/Q, +3.6 p.p. Y/Y).

CAPITAL & FUNDING

The decisive actions included in the Transform 2019 plan combined with the positive results at Group level contributed to strengthening the **fully loaded CET1 ratio** to high 13.81 per cent in 3Q17, an improvement by 101 bps compared to 2Q17. CET1 benefitted from the positive contribution of the Pioneer disposal closed in July (+84 bps Q/Q), 3Q17 earnings generation (+22 bps Q/Q) and lower RWA (+8 bps excluding Pioneer disposal) partially offset by dividend accrual and AT1 coupon payments[27] (-5 bps Q/Q), the reserves negative dynamics (-4 bps Q/Q) and other (-4 bps Q/Q).

Expected negative CET1 ratio impact of model changes and procyclicality in 4Q17 of 30 to 40 bps and of IFRS9 first time adoption on 1 January 2018 of 38 to 42 bps.

In 3Q17, **transitional CET1 ratio** increased to 13.94 per cent, **transitional Tier 1 ratio** stood at 15.32 per cent and **transitional Total Capital ratio** at 18.19 per cent. All ratios are confirmed well above the capital requirements[28].

RWA transitional reduced to €350.0 bn in 3Q17 decreasing by €2.6 bn since June 2017. In particular excluding €0.6 bn of RWA decrease related to Pioneer disposal, credit RWA were down €2.2 bn in the quarter thanks to business evolution (-€1.8 bn Q/Q as a results of improving mix portfolio), business actions (-€0.5 bn Q/Q), FX effect (-€1.4 bn Q/Q mainly due to depreciation of Turkish Lira and US dollar) and other credit risks (-1.9 bn Q/Q mostly related to disposals and consolidation effects due to the sale of Pioneer). These were partially offset by procyclicality & models and regulation (+€3.4 bn)[29]. Market RWA down €0.7 bn Q/Q thanks also to change in FX risk calculation. Operational RWA increased €0.9 bn Q/Q due to reduced diversification effects upon disposal of Pioneer.

Fully loaded leverage ratio increased to 5.42 per cent in 3Q17 (+33 bps Q/Q, +93 bps Y/Y) mainly thanks to Pioneer disposal along with CET1 improvements. **Transitional leverage ratio** at 5.60 per cent in 3Q17 (+33 bps Q/Q, +90 bps Y/Y).

Funding plan 2017 was executed for about €16.7 bn at the end of September. TLTRO II overall outstanding amount is equal to €51.2 bn on a consolidated basis[30].

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[27] Assuming foreseeable dividends calculated as at 30 September 2017 equals to 20 per cent payout ratio on normalised earnings excluding Bank Pekao and Pioneer disposals. Coupons on AT1 instruments paid in 3Q17 equal to €34 m before tax.

[28] Transitional capital requirements and buffers for UniCredit Group as at 30 September 2017: 8.78 per cent CET1 ratio (4.5 per cent P1 + 2.5 per cent P2 + 1.78 per cent combined capital buffer); 10.28 per cent T1 ratio (6 per cent P1 + 2.5 per cent P2 + 1.78 per cent combined capital buffer); 12.28 per cent Total Capital ratio (8 per cent P1 + 2.5 per cent P2 + 1.78 per cent combined capital buffer).

[29] Business evolution: changes related to loan evolution. Business actions: initiatives to proactively decrease RWA (e.g. securitisations, changes in collaterals). Models: methodological changes to existing or new models. Procyclicality: change in macro-economic framework or client's credit worthiness. Regulation: changes in regulation (e.g. CRR or CRD). FX: : impact from other exposures in foreign currencies.

[30] Breakdown by country: €33.6 bn have been taken in Italy, €12.6 bn in Germany, €4.0 bn in Austria, €0.9 bn in CEE.

DIVISIONAL QUARTERLY HIGHLIGHTS[31]

COMMERCIAL BANKING ITALY

Euro (m)	9M16	9M17	*9M/9M %*	3Q16	2Q17	3Q17	*Y/Y %*	*Q/Q %*
Total revenues	5,756	5,542	*-3.7%*	1,835	1,927	1,759	*-4.1%*	*-8.7%*
Gross operating profit	2,297	2,195	*-4.5%*	696	805	651	*-6.4%*	*-19.1%*
Net operating profit	1,586	1,516	*-4.4%*	456	578	441	*-3.1%*	*-23.7%*
Net profit	826	881	*+6.7%*	226	323	246	*+8.6%*	*-24.0%*
RoAC	10.4%	11.7%	*+1.3pp*	8.3%	12.8%	9.7%	*+1.4pp*	*-3.1pp*
Cost/income	60.1%	60.4%	*+0.3pp*	62.1%	58.2%	63.0%	*+0.9pp*	*+4.8pp*
Cost of risk (bps)	70	66	*-3*	70	66	61	*-9*	*-5*

Revenues amounted to €1.8 bn in 3Q17 (-8.7 per cent Q/Q, -4.1 per cent Y/Y) and at €5.5 bn in 9M17 (-3.7 per cent 9M/9M). In particular:

– NII contributed with €907 m in 3Q17, reduced 1.8 per cent Q/Q and 7.1 per cent Y/Y due to a persistent negative rates scenario and continuous market pressure on customer spreads. NII down 7.5 per cent to €2.8 bn in 9M17;
– robust fee generation reaching €861 m in 3Q17, up 3.5 per cent Y/Y thanks to higher investment services fees (+12.9 per cent Y/Y). Fees reduced Q/Q due to seasonality mainly affecting up-front investment and financing services fees. Sound fees performance was confirmed in 9M17 at €2.8 bn (+4.0 per cent 9M/9M) sustained by higher investment products (+7.5 per cent 9M/9M).

The Italian network transformation is showing early results and supported the new client acquisition in the first nine months (c. 260,000 gross new clients YTD).

Operating costs under control at €1.1 bn in 3Q17, down 1.2 per cent Q/Q and 2.8 per cent Y/Y. For 9M17, operating costs decreased to €3.3 bn in 9M17 (-3.2 per cent 9M/9M). In particular, staff expenses dropped to €626 m in 3Q17 (-1.3 per cent Q/Q, -3.9 per cent Y/Y), due to a decrease of over 700 FTE Q/Q. Non HR cost under control at €108m (-3.9 per cent Q/Q, -1.4 per cent Y/Y). The branch reduction program continued with 90 branches closed Q/Q. C/I ratio at 63.0 per cent in 3Q17 and 60.4 per cent in 9M17.

LLP reduced to €210 m (-7.7 per cent Q/Q, -12.7 per cent Y/Y) in 3Q17 thanks to disciplined monitoring activity and the good quality of the loan book. CoR improved to 61 bps in 3Q17 (-5 bps Q/Q, -9 bps Y/Y) and reduced to 66 bps in 9M17.

Commercial Banking Italy net profit came to €246 m in 3Q17 reducing 24.0 per cent Q/Q, affected also by higher systemic charges (+€67 m Q/Q) mainly related to the Deposit Guarantee Scheme, but improving 8.6 per cent Y/Y. Return on allocated capital (RoAC) was at 9.7 per cent in 3Q17. Net profit up 6.7 per cent in 9M17 to €881 m with a RoAC of 11.7 per cent.

[31]Please consider that all divisional figures in “Divisional Quarterly Highlights” represent the contribution of each division to Group data.
Please note that Return on Allocated Capital related to each division and showed in this section is calculated as: Annualised net profit / Allocated Capital. Allocated capital based on RWA equivalent figures calculated with a CET1 ratio target of 12.5 per cent as for plan horizon, including deductions for shortfall and securitisations.

COMMERCIAL BANKING GERMANY

Euro (m)	9M16	9M17	9M/9M %	3Q16	2Q17	3Q17	Y/Y %	Q/Q %
Total revenues	1,856	2,091	+12.7%	597	731	660	+10.6%	-9.7%
Gross operating profit	421	700	+66.4%	122	268	206	+68.7%	-23.2%
Net operating profit	429	647	+51.0%	101	236	206	n.m.	-12.8%
Net profit	269	506	+88.1%	68	238	156	n.m.	-34.6%
RoAC	6.6%	14.5%	+7.9pp	4.7%	20.8%	13.4%	+8.7pp	-7.3pp
Cost/income	77.3%	66.5%	-10.8pp	79.5%	63.3%	68.8%	-10.8pp	+5.5pp
Cost of risk (bps)	-1	9	+10	10	16	0	-10	-16

In 3Q17, Commercial Banking Germany benefitted from two non-recurring items:

- a gross capital gain on disposal of €39 m impacting the trading income line, and
- a CoR at zero as a result of write-backs.

Revenues totalled €660 m in 3Q17 (-9.7 per cent Q/Q, +10.6 per cent Y/Y) and €2.1 bn in 9M17 (+12.7 per cent 9M/9M). In particular, NII amounted to €390 m in 3Q17 almost flat Q/Q excluding €90 m of positive non-recurring item in 2Q17. NII increased 4.4 per cent Y/Y and 10.6 per cent in 9M17 reaching €1.3 bn.

Fees amounted to €178 m, reducing Q/Q and Y/Y affected by lower demand for structured finance products due to seasonality. AuM volumes increased 2 per cent Q/Q reaching €28 bn in 3Q17.

Number of gross new clients amounted to 37,000 YTD.

Operating expenses down to €454 m in 3Q17 (-1.8 per cent Q/Q, -4.4 per cent Y/Y). FTEs went down by 200 Q/Q when excluding the hiring of 150 apprentices in 3Q17. C/I ratio amounted to 68.8 per cent in 3Q17 improving 10.8 p.p. Y/Y and by 3.4 p.p. Q/Q excluding the non-recurring item impacting NII in 2Q17. Costs down 3.1 per cent in the first nine months versus 9M16 to €1.4 bn.

No LLP in the quarter and CoR stood at 0 bps (-16 bps Q/Q, -10 bps Y/Y) as a consequence of some write backs. LLP amounted to €53 m in 9M17 with a CoR of 9 bps.

Net profit amounted to €156 m in 3Q17 (-34.6 per cent Q/Q), benefitting from €38 m net capital gain on disposals. Excluding 2Q17 and 3Q17 non-recurring items[32], net profit improved 75 per cent Q/Q and 74 per cent Y/Y. RoAC amounted to 13.4 per cent and on normalised basis reached 10.1 per cent in 3Q17. Net profit increased to €506 m in 9M17 (+88.1 per cent 9M/9M) with a RoAC of 14.5 per cent 9M/9M. Normalised[33] RoAC amounted to 8.2 per cent in 9M17.

[32]2Q17 one offs on net profit (+€170 m) related to the release of a tax provision.
[33]Normalised RoAC for a net capital gain on disposal in 3Q17 (+€38 m) and 2Q17 one offs on net profit (+€170 m) related to the release of a tax provision.

COMMERCIAL BANKING AUSTRIA

Euro (m)	9M16	9M17	*9M/9M %*	3Q16	2Q17	3Q17	*Y/Y %*	*Q/Q %*
Total revenues	1,238	1,153	*-6.9%*	412	402	385	*-6.5%*	*-4.4%*
Gross operating profit	311	337	*+8.3%*	117	130	124	*+6.3%*	*-4.7%*
Net operating profit	339	404	*+19.4%*	138	160	110	*-20.1%*	*-31.5%*
Net profit	-20	461	*n.m.*	98	205	188	*+91.7%*	*-8.6%*
RoAC	-1.7%	21.2%	*+22.9pp*	12.3%	28.2%	26.7%	*+14.4pp*	*-1.4pp*
Cost/income	74.9%	70.8%	*-4.1pp*	71.6%	67.6%	67.7%	*-3.9pp*	*+0.1pp*
Cost of risk (bps)	-8	-19	*-12*	-17	-25	12	*+29*	*+38*

In 3Q17, Commercial Banking Austria benefitted from some positive non-recurring items, mainly related to:

– a positive non-recurring item impacting NII for €14 m, and
– a net capital gain of €51 m on the sale of a real estate asset previously classified as held for sale.

Revenues amounted to €385 m in 3Q17 (-4.4 per cent Q/Q, -6.5 per cent Y/Y) with increasing NII and an encouraging development of fees in the quarter. In particular the positive quarterly trend in NII was supported by the previously mentioned positive one-off. NII remained flat in the quarter net of one-offs. The positive development of fees, up 3.6 per cent Y/Y, was driven by investment fees thanks to AuM volumes growth of 6.3 per cent Y/Y. Fees decreased Q/Q as a result of 3Q seasonality. Revenues came to €1.2 bn in 9M17 (-6.9 per cent 9M/9M).

Number of gross new clients amounted to c. 39,000 YTD.

Total expenses dropped further by 4.2 per cent Q/Q and 11.7 per cent Y/Y to €261 m in 3Q17, thanks to lower HR costs (-9.7 per cent Q/Q, -9.2 per cent Y/Y). C/I ratio came to 67.7 per cent in 3Q17, almost in line with the previous quarter and improving 3.9 p.p. Y/Y. Total expenses decreased by 11.9 per cent 9M/9M to €816 m, reflecting the strict cost management, the decreases of retail branches and FTE reduction.

In 3Q17, LLP amounted to €14 m with a positive CoR at 12 bps after 1H17 net write backs.

Net profit was at €188 m in 3Q17 (-8.6 per cent Q/Q, +91.7 per cent Y/Y). Net profit increased to €461 m in 9M17 (above 100 per cent 9M/9M) with a RoAC of 21.2 per cent. Normalised[34] RoAC was at 17.3 per cent in 9M17 net of non-recurring items.

[34]Normalised RoAC for disposals (+€65 m) and the release of a tax provision (+€17 m) in 3Q17 (total of +€82 m).

CEE[35]

Euro (m)	9M16	9M17	9M/9M %	3Q16	2Q17	3Q17	Y/Y %	Q/Q %
Total revenues	3,167	3,183	-0.9%	1,057	1,074	1,040	-1.0%	-1.7%
Gross operating profit	2,042	2,038	-0.8%	674	686	663	+0.3%	-1.5%
Net operating profit	1,565	1,611	+3.1%	522	605	503	-1.4%	-15.2%
Net profit	1,211	1,239	+4.2%	437	495	413	-0.7%	-14.6%
RoAC	13.5%	14.4%	+0.9pp	14.6%	17.4%	14.7%	+0.2pp	-2.6pp
Cost/income	35.5%	36.0%	+0.5pp	36.2%	36.1%	36.2%	-0.1pp	+0.1pp
Cost of risk (bps)	109	94	-15	102	53	106	+5	+53

Revenues amounted to €1.0 bn in 3Q17 (-1.7 per cent Q/Q, -1.0 per cent Y/Y) with a resilient net interest income of €645 m in 3Q17 (+2.2 per cent Q/Q, -0.5 per cent Y/Y) with lower cost of funding offsetting the pressure on loan interest rates. Fee income amounted to €217 m in 3Q17, affected by quarterly seasonality but improving 2.0 per cent Y/Y, supported by transactional banking activity. Trading activity was lower during the quarter and contributed with €75 m in 3Q17 (-32.6 per cent Q/Q, -4.4 per cent Y/Y). Revenues reached €3.2 bn in 9M17 (-0.9 per cent 9M/9M) sustained by a strong fee dynamic (+4.4 per cent 9M/9M). Excluding the disposal of Visa Europe stake, revenues increased 3.0 per cent 9M/9M[36].

Operating expenses further reduced to €376 m (-2.0 per cent Q/Q, -3.2 per cent Y/Y) mainly thanks to lower Non-HR costs. C/I ratio was almost flat at 36.2 per cent in 3Q17. Operating expenses reduced to €1.1 bn in 9M17 (-1.2 per cent 9M/9M).

The client base continued to increase since the beginning of the year (number of clients increased by c. 439,000 YTD[37]), in line with Transform 2019 plan.

LLP increased to €161 m in 3Q17 (above 100 per cent Q/Q, +6.3 per cent Y/Y) with a CoR of 106 bps (+53 bps Q/Q, +5 bps Y/Y), back to normalised level after write-backs in 2Q17. LLP showed a positive dynamic in 9M17 thanks to efficient restructuring and work-out activities. CoR in 9M17 is at 94 bps (-15 bps 9M/9M), with a reduction particularly marked in Slovenia (-101 bps 9M/9M), Russia (-55 bps 9M/9M) and Hungary (-60 bps 9M/9M).

CEE generated net profit for €413 m in 3Q17 (-14.6 per cent Q/Q, -0.7 per cent Y/Y) and reached €1.2 bn in 9M17, up 4.2 per cent compared to 9M16, and increasing ca. 13 per cent excluding the positive impact from the disposal of Visa Europe stake in 2Q16. The most positive trends in earnings generation were registered by Slovenia (+39.9 per cent 9M/9M) and Russia (+23.2 per cent 9M/9M). RoAC was at 14.7 per cent in 3Q17 and at 14.4 per cent in 9M17.

Gross NPE decreased from €5.9 bn in 2Q17 to €5.7 bn in 3Q17 driven by efficient restructuring and collection activities; gross NPE ratio down from 9.2 per cent in 2Q17 to 8.9 per cent in 3Q17.

[35]For CEE, changes (Q/Q, Y/Y and 9M/9M) at constant exchange rate. RoAC, C/I ratio and CoR changes at current FX
[36]Gain from Visa Europe stake disposal amounted to €117 m in 2Q16 (gross of tax).
[37]Calculated as difference between number of clients at beginning and end of period.

CIB[38]

Euro (m)	9M16	9M17	9M/9M %	3Q16	2Q17	3Q17	Y/Y %	Q/Q %
Total revenues	3,266	3,071	-6.0%	1,061	1,026	890	-16.1%	-13.2%
Gross operating profit	1,966	1,831	-6.9%	626	614	493	-21.2%	-19.7%
Net operating profit	1,808	1,706	-5.6%	597	617	438	-26.7%	-29.1%
Net profit	1,059	1,050	-0.8%	379	400	299	-21.2%	-25.2%
RoAC	14.5%	15.1%	+0.6pp	15.1%	17.4%	13.1%	-2.0pp	-4.3pp
Cost/income	39.8%	40.4%	+0.6pp	41.1%	40.2%	44.6%	+3.6pp	+4.5pp
Cost of risk (bps)	20	15	-5	11	-1	20	+9	+21

CIB confirmed its leading market positioning in the first 9 months of 2017, ranking #1 bookrunner in "EMEA Bonds in EUR" by number of transactions.

Moreover CIB is #2 in "Combined Loans and Bonds in EMEA in EUR" and confirmed its leadership positioning in "Syndicated Loans" in Italy, Germany, Austria by ranking #1, in "Syndicated loans in CEE" by ranking #2 and in "EMEA All Covered Bonds" by ranking #1, underlying its strategic position in those market segments[39].

In addition, the recognition as leading trade finance house is confirmed by ranking #1 in 11 countries by Euromoney Cash Management Survey 2017.

Revenues amounted to €890 m in 3Q17 affected by quarterly seasonality and decreased Y/Y due to a reduction in bond portfolio and leverage finance fees. NII totalled €497 m in 3Q17, down 9.2 per cent Q/Q due to lower contribution from the BTP related investment portfolio repositioning and a positive non-recurring item in 2Q17. NII reduced 10.0 per cent Y/Y mainly as a consequence of negative contribution of investment portfolio. Fees were down 18.7 per cent Q/Q due to capital markets seasonality and a cautious approach to leveraged finance. Structured finance business was resilient generating €157 m in 3Q17. Trading income lower to €251 m (-10.9 per cent Q/Q, -31.6 per cent Y/Y) despite a positive capital gain on disposals (€87 m). Revenues amounted to €3.1 bn in 9M17 (-6.0 per cent 9M/9M) with a sound flow business which allowed to further increase the client driven revenues contribution, improved to 75 per cent in 3Q17 from 71 per cent in 2Q17.

Costs further down to €397 m in 3Q17, decreased 3.6 per cent Q/Q and 8.8 per cent Y/Y, with reduction in both HR and Non-HR expenses. 9M17 at €1.2 bn, (-4.6 per cent 9M/9M) combined with lower FTE (-164 FTE 9M/9M). C/I ratio was 44.6 per cent in 3Q17 and 40.4 per cent in 9M17, ahead of FY17 target at 44.6 per cent.

LLP amounted at €55 m in 3Q17 with a quarterly CoR at normalised levels of 20 bps, confirming the continuous focus on credit risk discipline. LLP decreased to €125 m in 9M17 (-21.0 per cent 9M/9M) and CoR at 15 bps in 9M17 (vs 20 bps in 9M16).

Net profit was €299 m in 3Q17 down 25.2 per cent Q/Q and 21.2 per cent Y/Y. Net profit at €1.1 bn in 9M17 (-0.8 per cent 9M/9M). RoAC was 13.1 per cent in 3Q17. Normalised[40] RoAC at 13.9 per cent in 9M17.

[38] We highlight developments in the quarter with reference to loan restructuring operation into participating instruments (Carlo Tassara S.p.A.). As at 30 September 2017, UniCredit S.p.A. holds overall n.32,237,751 Strumenti Finanziari Partecipativi (SFP), each with a face value of Eur 1.00 issued by Carlo Tassara S.p.A., and its credit exposure versus Carlo Tassara S.p.A. amounts to approximately €3 m gross (fully written-off), unchanged compared to 30 June 2017. We highlight that, in 3Q17, UniCredit S.p.A. sold the Eramet S.A. shares (previously with an investor's share of 4.07 per cent) by cashing about €61 m. Please refer to the 2017 Consolidated First Half Financial Report as at 30 June 2017 for further details of the recovery plan.

[39] All league tables were based on Dealogic Analytics source as at 4 October 2017. Period: 1 Jan. – 30 Sep. 2017. Syndicated Loans: Italy , Germany and Austria by number of deals and deal value, CEE by deal value; and EMEA All Covered Bonds by number of deals.

[40] Normalised RoAC for a net capital gain on disposal in 3Q17 (+€84 m).

Fineco

Euro (m)	9M16	9M17	9M/9M %	3Q16	2Q17	3Q17	Y/Y %	Q/Q %
Total revenues	420	430	+2.4%	132	141	148	+12.5%	+5.3%
Gross operating profit	249	256	+2.6%	78	80	94	+20.8%	+17.9%
Net operating profit	246	252	+2.8%	77	79	93	+19.9%	+17.4%
Net profit	57	53	-7.0%	16	19	16	+4.9%	-11.1%
RoAC	87.3%	61.3%	-26.0pp	70.8%	70.9%	54.5%	-16.3pp	-16.5pp
Cost/income	40.7%	40.6%	-0.1pp	40.6%	43.0%	36.2%	-4.4pp	-6.8pp
AUM / TFA	47.8%	48.0%	+0.1pp	47.8%	48.1%	48.0%	+0.1pp	-0.2pp

Solid revenues increased to €148 m in 3Q17 (+5.3 per cent Q/Q, +12.5 per cent Y/Y) thanks to the positive trend registered in NII (+4.8 per cent Q/Q, +7.7 per cent Y/Y) and fees (+7.2 per cent Q/Q, +17.6 per cent Y/Y). The growing trend is confirmed also in first nine months, with revenues up 2.4 per cent 9M/9M to €430 m boosted by fees and commissions (+12.6 per cent 9M/9M), with management fees up 14.5 per cent 9M/9M benefitting from the shift towards high margin products, and NII (+4.6 per cent 9M/9M) thanks to high quality volume growth in deposits and increase in lending. Brokerage activity (generating fees and trading income) performed well despite low market volatility.

Costs under control at €54 m in 3Q17 (-11.4 per cent Q/Q, +0.3 per cent Y/Y) confirming the focus on efficiency while expanding the business. C/I ratio further reduced to 36.2 per cent in 3Q17 (-6.8 p.p. Q/Q, -4.4 p.p. Y/Y). Total costs amounted at €175 m in 9M17 (+2.1 per cent 9M/9M).

Net profit[41] was recorded €16 m during the quarter and amounted to €53 m in 9M17, affected by the impact from the Voluntary Scheme in 3Q17. RoAC amounted to 61.3 per cent in 9M17.

Fineco continued to be the key player in asset gathering in Italy with TFA increasing to €65.4 bn as at September 2017 (+8.6 per cent compared to December and +13.5 per cent Y/Y) with AuM up 13.9 per cent Y/Y mainly thanks to a continuous improvement in the productivity of the network. A solid performance was registered also by AuC increasing 9.9 per cent Y/Y and by deposits growing 15.8 per cent Y/Y. TFA from the private segment continued to increase, achieving €25.1 bn as at September 2017 (+19.8 per cent Y/Y) confirming the ongoing strengthening of Fineco in this segment.

The healthy net sales expansion was confirmed also in the third quarter, reaching €4.2 bn since the beginning of the year (+16.4 per cent) supported by a continuous improvement in the asset mix towards high value added products. AuM net sales strongly up to €2.5 bn in 9M17 (+128.0 per cent 9M/9M). In particular, "Guided products & services"[42] stock increased its penetration on total AuM stock to 61 per cent (vs 54 per cent as at September 2016).

In addition, Fineco continued its expansion with ca. 1.2 m total client as at September 2017, improved 7.2 per cent compared to one year ago.

[41]Net profit reflects segment consolidated view (35 per cent ownership by UniCredit). 3Q16 restated

[42]Refers to products and developed services based on a selection among UCITS, considering the different customer risk profiles. Among others, the offer includes a multi-segment fund of funds denominated "Core Series", a unit-linked policy denominated "Core Unit" and an advanced investment advisory service denominated "Fineco Advice".

GROUP CORPORATE CENTRE (GCC)

Euro (m)	9M16	9M17	9M/9M %	3Q16	2Q17	3Q17	Y/Y %	Q/Q %
Total revenues	-370	-576	*+55.6%*	-191	-176	-207	*+8.7%*	*+17.9%*
Operating costs	-375	-323	*-13.8%*	-122	-121	-110	*-9.6%*	*-8.6%*
Gross operating profit	-745	-899	*+20.7%*	-313	-296	-317	*+1.6%*	*+7.1%*
Net operating profit	-763	-921	*+20.7%*	-324	-297	-335	*+3.6%*	*+12.7%*
Net profit/loss	-579	1,110	*n.m.*	-331	-518	1,709	*n.m.*	*n.m.*
FTE	17,466	15,970	*-8.6%*	17,466	16,158	15,970	*-8.6%*	*-1.2%*
Costs GCC/ Tot. costs	4.2%	3.8%	*-0.4pp*	4.1%	4.2%	3.9%	*-0.2pp*	*-0.3pp*

GCC revenues amounted to -€207 m in 3Q17, as a consequence of lower dividends and impact of FX and came to -€576 m in 9M17 (more negative for 55.6 per cent 9M/9M).

In 3Q17, GCC operating expenses amounted to €110 m (-8.6 per cent Q/Q, -9.6 per cent Y/Y) driven by both HR and Non HR costs, benefitting from a decrease in FTE (-188 FTE Q/Q, -1,500 FTE Y/Y). Operating expenses down 13.8 per cent 9M/9M to €323 m.

The reduction of GCC continued with GCC weight on Group total costs further improving to 3.9 per cent in 3Q17 from 4.2 per cent in the previous quarter.

GCC registered a net result of €1.7 bn in 3Q17, benefitting from the capital gain of the Pioneer disposal but affected by the increasing contribution to systemic charges due to Voluntary Scheme in Italy. Adjusted net loss amounted to €352 m in 3Q17, excluding the capital gain from Pioneer disposal.

Non Core

Euro (m)	9M16	9M17	9M/9M %	3Q16	2Q17	3Q17	Y/Y %	Q/Q %
Total revenues	-142	-118	-17.2%	-67	-49	-28	-57.9%	-42.2%
Operating costs	-106	-119	+11.9%	-37	-21	-53	+44.0%	n.m.
Gross operating profit	-248	-236	-4.8%	-104	-70	-82	-21.4%	+16.9%
LLP	-1,289	-594	-53.9%	-545	-255	-138	-74.6%	-45.6%
Net loss	-1,054	-628	-40.4%	-447	-216	-207	-53.8%	-4.4%
Gross customer loans	56,312	32,488	-42.3%	56,312	33,768	32,488	-42.3%	-3.8%
Net NPEs	23,066	12,362	-46.4%	23,066	12,759	12,362	-46.4%	-3.1%
Coverage ratio	53.5%	57.1%	+358bp	53.5%	57.0%	57.1%	+358bp	+7bp
RWA	26,251	21,712	-17.3%	26,251	22,742	21,712	-17.3%	-4.5%

Non Core showed lower negative revenues by 42.2 per cent Q/Q primarily due to lower servicing fees.

Operating costs amounted to €53 m in 3Q17 increased Q/Q due to lower recoveries of legal expenses from clients, expected to reverse in 4Q17.

Net loss of €207 m in 3Q17 reduced compared to the previous quarter thanks to LLP down at €138 m in 3Q17 (-45.6 per cent Q/Q, -74.6 per cent Y/Y) resulting from active NPE management and was affected by a one-off charge of €80 m[43]. Net result totalled -€628 m in 9M17 (-40.4 per cent 9M/9M).

RWA decreased to €21.7 bn in 3Q17 (-4.5 per cent Q/Q, -17.3 per cent Y/Y).

Net NPE continued to reduce, down to €12.4 bn as at September 2017 (-3.1 per cent Q/Q, -46.4 per cent Y/Y) and was supported by €0.2 bn disposals in 3Q17 and €0.3 bn of back to Core. Non-core run down was also driven by recoveries (€0.3 bn), repayment (ca. €0.1 bn) and write-offs (€0.5 bn). Net NPE target for the end of 2017 confirmed at €11.4 bn. The NPE coverage ratio continued to be solid at 57.1 per cent in 3Q17.

[43] As per information published in 1 November 2017 press release, "Unicredit confirms that all costs and charges pertaining to the FINO transaction have been accounted for, including a one-off charge of €80 m booked in Non Core in 3Q17".

SIGNIFICANT EVENTS DURING AND AFTER 3Q17

With reference to the significant events occurred during 3Q17 and after 30 September, please refer to section "Subsequent Events" in the Consolidated Interim Report on Operations, which is integral part of the Consolidated First Half Financial Report as at 30 June 2017 as well as the press releases published on the UniCredit Group website. Here below, the main financial press releases that occurred after 2 August 2017 (date of approval of Consolidated First Half Financial Report as at 30 June 2017):

- UniCredit ranked number one in 11 countries by Euromoney Cash Management Survey 2017 (press release published on 13 September 2017);
- UniCredit announces new Risk Management structure (press release published on 21 September 2017);
- UniCredit to strengthen and promote best in class corporate governance (press release published on 21 September 2017);
- Call of notice and liquidation value of the ordinary and savings shares of UniCredit S.p.A. possibly subject to withdrawal (press release published on 26 September 2017);
- Merger by incorporation of Pioneer Global Asset Management S.p.A. in UniCredit S.p.A. pursuant to article 70 of Consob Issuers Regulation no.11971/99 (press releases published on 11 August and 28 September 2017);
- The Board of Directors of UniCredit has been called for the morning of 24 October 2017 in order to review 3Q17 preliminary results (press release published on 24 October 2017);
- UniCredit: 3Q17 Group Preliminary Results (press release published on 24 October 2017);
- Resignation of a permanent Statutory Auditor (press release published on 26 October 2017);
- UniCredit: S&P upgraded UniCredit S.p.A.'s ratings with Stable Outlook (press release published on 1 November 2017);
- UniCredit confirms that all costs and charges pertaining to the FINO transaction have been accounted for, including a one-off charge of €80 m booked in Non Core in 3Q17 (press release published on 1 November 2017);
- UniCredit Bulbank (Bulgaria) sells non performing credit portfolio to DCA, part of the B2Holding group (press release published on 7 November 2017);
- Completion of the Board of Statutory Auditors: proposals of candidacy (press release published on 7 November 2017).

OUTLOOK

During 2017, the Group should benefit of a general, albeit gradual, recovery in economic cycle, even though the level of interest rates remains extraordinarily low, liquidity still ample, consequently affecting the net interest income dynamic.

An improving economic outlook is further supported by recent progresses on single-bank specific issues and the general acceleration in disposals of non-performing loans in the Italian banking system. Moreover, the Group will leverage on a solid capital position, having completed the capital increase of €13 bn, Pekao and Pioneer disposals, as a Pillar of the "Transform 2019". The Group will also benefit from other initiatives envisaged in the plan, aiming at further improving asset quality, transforming the governance and operating model, maximising the commercial bank value, the cross selling and keeping an increasingly efficient cost structure.

GROUP TABLES

UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	9M16	9M17	9M/9M	3Q16	2Q17	3Q17	Y/Y %	Q/Q %
Net interest	7,893	7,716	-2.2%	2,591	2,652	2,500	-3.5%	-5.7%
Dividends and other income from equity investments	696	518	-25.5%	189	183	165	-12.8%	-10.0%
Net fees and commissions	4,763	5,025	+5.5%	1,527	1,730	1,592	+4.2%	-7.9%
Net trading, hedging and fair value income	1,675	1,434	-14.4%	478	462	381	-20.3%	-17.6%
Net other expenses/income	163	84	-48.7%	49	49	7	-84.8%	-84.6%
OPERATING INCOME	**15,190**	**14,776**	**-2.7%**	**4,835**	**5,076**	**4,646**	**-3.9%**	**-8.5%**
Staff expenses	(5,459)	(5,204)	-4.7%	(1,791)	(1,744)	(1,704)	-4.8%	-2.3%
Other administrative expenses	(3,339)	(3,274)	-1.9%	(1,112)	(1,081)	(1,078)	-3.0%	-0.3%
Recovery of expenses	561	514	-8.3%	191	167	171	-10.6%	+1.9%
Amort. deprec. and imp. losses on intang. & tang. assets	(661)	(594)	-10.1%	(228)	(199)	(201)	-12.0%	+0.8%
OPERATING COSTS	**(8,898)**	**(8,557)**	**-3.8%**	**(2,940)**	**(2,858)**	**(2,813)**	**-4.3%**	**-1.6%**
OPERATING PROFIT (LOSS)	**6,292**	**6,220**	**-1.2%**	**1,896**	**2,218**	**1,833**	**-3.3%**	**-17.4%**
Net write-downs on loans and provisions	(2,621)	(1,833)	-30.1%	(977)	(564)	(598)	-38.8%	+6.0%
NET OPERATING PROFIT (LOSS)	**3,672**	**4,387**	**+19.5%**	**919**	**1,654**	**1,235**	**+34.4%**	**-25.3%**
Other charges and provisions	(1,105)	(871)	-21.2%	(247)	(135)	(273)	+10.5%	n.m.
Integration costs	(361)	(43)	-88.0%	(26)	(8)	(31)	+18.7%	n.m.
Net income from investments	(25)	(154)	n.m.	(8)	(173)	(5)	-37.3%	-97.2%
PROFIT (LOSS) BEFORE TAX	**2,181**	**3,318**	**+52.2%**	**638**	**1,338**	**926**	**+45.2%**	**-30.8%**
Income tax for the period	(630)	(543)	-13.8%	(277)	(143)	(181)	-34.5%	+27.0%
NET PROFIT (LOSS)	**1,551**	**2,775**	**+79.0%**	**361**	**1,195**	**745**	**n.m.**	**-37.7%**
Profit (Loss) from non-current assets held for sale, after tax	564	2,155	n.m.	190	(133)	2,126	n.m.	n.m.
PROFIT (LOSS) FOR THE PERIOD	**2,115**	**4,930**	**n.m.**	**551**	**1,062**	**2,871**	**n.m.**	**n.m.**
Minorities	(343)	(254)	-25.9%	(103)	(116)	(50)	-51.4%	-56.8%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,771**	**4,676**	**n.m.**	**448**	**946**	**2,821**	**n.m.**	**n.m.**
Purchase Price Allocation effect	(3)	(3)	+11.4%	(1)	(1)	(1)	-2.8%	-0.8%
Goodwill impairment	-	-	n.m.	-	-	-	n.m.	n.m.
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**1,768**	**4,672**	**n.m.**	**447**	**945**	**2,820**	**n.m.**	**n.m.**

Note: Starting from 31 December 2016, in accordance with IFRS5, the profit/loss of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies was entirely recognised under item "Profit (Loss) from non-current assets held for sale, after tax" as a result of their classification as "discontinued operations". The previous period was restated accordingly to increase comparability, pursuant to the regulations in force.
In addition, starting from 30 September 2017 the following occurrences have been reclassified: i) the consolidation effects arising from the intercompany commissions versus Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies from item "Net fees and commissions" and "Income tax for the period" in item "Profit (Loss) from non-current assets held for sale, after tax"; ii) indemnities recognised for resolution of non-performing loans management from item "Net fees and commissions" to item "Net other expenses/income". The previous periods have been restated accordingly to ensure the comparability.

UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	3Q16	2Q17	3Q17	Y/Y %	Q/Q %
ASSETS					
Cash and cash balances	15,582	48,428	48,982	*n.m.*	*+1.1%*
Financial assets held for trading	93,433	79,529	81,493	*-12.8%*	*+2.5%*
Loans and receivables with banks	75,473	65,225	67,888	*-10.0%*	*+4.1%*
Loans and receivables with customers	452,849	450,298	450,509	*-0.5%*	*+0.0%*
Financial investments	148,859	138,209	136,617	*-8.2%*	*-1.2%*
Hedging instruments	8,017	5,975	5,665	*-29.3%*	*-5.2%*
Property, plant and equipment	9,220	8,947	8,812	*-4.4%*	*-1.5%*
Goodwill	1,744	1,484	1,484	*-14.9%*	*+0.0%*
Other intangible assets	1,885	1,763	1,790	*-5.1%*	*+1.5%*
Tax assets	15,368	14,252	13,347	*-13.1%*	*-6.3%*
Non-current assets and disposal groups classified as held for sale	43,540	4,052	1,671	*-96.2%*	*-58.8%*
Other assets	8,557	8,966	8,841	*+3.3%*	*-1.4%*
Total assets	**874,527**	**827,128**	**827,099**	***-5.4%***	***-0.0%***
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from banks	113,838	129,844	128,110	*+12.5%*	*-1.3%*
Deposits from customers	441,033	433,017	438,334	*-0.6%*	*+1.2%*
Debt securities in issue	119,426	110,664	106,383	*-10.9%*	*-3.9%*
Financial liabilities held for trading	67,800	55,505	58,806	*-13.3%*	*+5.9%*
Financial liabilities designated at fair value	1,509	3,045	2,960	*+96.2%*	*-2.8%*
Hedging instruments	11,545	7,245	6,859	*-40.6%*	*-5.3%*
Provisions for risks and charges	9,733	8,665	8,680	*-10.8%*	*+0.2%*
Tax liabilities	1,378	1,188	1,190	*-13.7%*	*+0.1%*
Liabilities included in disposal groups classified as held for sale	35,418	618	161	*-99.5%*	*-74.0%*
Other liabilities	17,704	21,354	17,039	*-3.8%*	*-20.2%*
Minorities	3,906	822	872	*-77.7%*	*+6.1%*
Group Shareholders' Equity:	51,237	55,161	57,705	*+12.6%*	*+4.6%*
- Capital and reserves	*50,409*	*53,955*	*53,729*	*+6.6%*	*-0.4%*
- Available-for-sale assets fair value reserve, cash-flow hedging reserve and defined benefits plans reserve	*(941)*	*(647)*	*(696)*	*-26.0%*	*+7.6%*
- Net profit (loss)	*1,768*	*1,853*	*4,672*	*n.m.*	*n.m.*
Total liabilities and Shareholders' Equity	**874,527**	**827,128**	**827,099**	***-5.4%***	***-0.0%***

Note: Starting from 31 December 2016, in accordance with IFRS5, the assets and liabilities of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies were recognized under items "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale" as a result of their classification as "discontinued operations". The previous periods were restated accordingly to increase comparability, pursuant to the regulations in force. As at 30 September 2017 the abovementioned subgroups are no longer shown in the items above as a result of the disposals.
Starting from 31 December 2016 the credit exposures belonging to the so-called "FINO portfolio" were recognized in item "Non-current assets and disposal groups classified as held for sale". As at 30 September 2017 these credit exposures were no longer included in the balance sheet assets, following the disposal occurred in July 2017. We note that the disposal has determined the subscription by UniCredit S.p.A. of 49.9% of all the class of securities issued by Fino 1 Securitization S.r.l., Fino 2 Securitization S.r.l. and Onif Finance S.r.l. that have been classified as "Available for sale financial assets" (senior and mezzanine tranches) and "Financial assets at fair value through profit or loss" (junior tranche).

UNICREDIT GROUP: SHAREHOLDERS' EQUITY

(€ million)	
Shareholders' Equity as at December 31, 2016	**39,336**
Capital increase (net of capitalised costs)(*)	12,673
Equity instruments	1,237
Disbursements related to Cashes transaction ("canoni di usufrutto")	(32)
Dividend payment	-
Forex translation reserve(**)	132
Change in afs/cash-flow hedge reserve	(155)
Others(***)	(157)
Net profit (loss) for the period	4,672
Shareholders' Equity as at September 30, 2017	**57,705**

Note: (*) Please note that the capital increase is €12,999.6 m. (**) This positive effect is mainly due to the negative impact of the Ruble for €171 m and the reclassification through profit and loss, for €310 m, of the negative exchange reserve of Zloty related to the polish subsidiaries due to the loss of control occurred on 7 June 2017. (***) This includes mainly: i) the positive change in the reserves relating to the actuarial gains/losses on defined benefit plans of €214 m net of taxes; ii) the negative change in the valuation reserve of the companies accounted for using the equity method for €337 m, mainly due to the depreciation of the items in Turkish Lira; iii) the negative change of the reserve related to the coupon paid to subscribers of the AT1 instruments, net of taxes for €94 m; iv) the positive change of the reserve related of non-current assets classified as held for sale for €37 m mainly due to the sale of the polish subsidiary and to the disposal to Amundi of the subsidiaries belonging to Pioneer Group; v) the positive effect of €29 m related to the disposal of Pekao SA' share (1.04 per cent) due to the early redemption of mandatory settled equity-linked certificates occurred in 1Q17.

UNICREDIT GROUP: STAFF AND BRANCHES

(units)	3Q16	2Q17	3Q17	*Y/Y Δ*	*Q/Q Δ*
Employees(*)	99,183	95,288	94,066	*-5,117*	*-1,223*
Branches (**)	6,592	5,072	4,920	*-1,672*	*-152*
- o/w, Italy	*3,613*	*3,329*	*3,235*	*-378*	*-94*
- o/w, other countries	*2,979*	*1,743*	*1,685*	*-1,294*	*-58*

Note: (*) FTE data: number of employees counted for the rate of presence. Please consider that Group FTE are shown excluding i) all companies that have been classified under IFRS5 and ii) Ocean Breeze. (**) Number of branches at regulatory view. In Market Presentation the number of branches considers Retail Branches of Italy, Germany, Austria and CEE.

UNICREDIT GROUP: RATINGS

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Standard & Poor's	A-2	BBB	STABLE	bbb
Moody's	P-2	Baa1	STABLE	ba1
Fitch Ratings	F2	BBB	STABLE	bbb

Note:
S&P On 31 October 2017, S&P upgraded UniCredit S.p.A.'s medium and long term ratings to 'BBB' with stable outlook.
Moody's On 7 December 2016, Moody's has revised the outlook of Italy's 'Baa2' to negative from stable. On 19 December 2016, Moody's affirmed UniCredit S.p.A.'s ratings with Stable outlook following the New Strategic Plan announcement.
Fitch on 27 April 2017, Fitch has aligned UniCredit SpA's ratings with that of the Sovereign Italy at 'BBB' with outlook revised to 'Stable' (from 'Negative').

UNICREDIT GROUP: SOVEREIGN DEBT SECURITIES – BREAKDOWN BY COUNTRY/PORTFOLIO

With reference to the Group's sovereign exposures[44], the book value of sovereign debt securities as at 30 September 2017 amounted to €116,902 m, of which over 90 per cent concentrated in eight countries; Italy, with €54,030 m, represents over 46 per cent of the total. For each of the eight countries, the table below shows the book value of the exposures broken down by portfolio as at 30 September 2017.

(€ million)	Book value
As at 09.30.2017	
- Italy	**54,030**
financial assets/liabilities held for trading (net exposures *)	3,428
financial assets at fair value through profit or loss	0
available for sale financial assets	47,849
loans and receivables	100
held to maturity investments	2,653
- Spain	**17,291**
financial assets/liabilities held for trading (net exposures *)	599
financial assets at fair value through profit or loss	-
available for sale financial assets	14,704
loans and receivables	-
held to maturity investments	1,988
- Germany	**16,557**
financial assets/liabilities held for trading (net exposures *)	409
financial assets at fair value through profit or loss	14,112
available for sale financial assets	1,000
loans and receivables	1,036
held to maturity investments	-
- Austria	**8,028**
financial assets/liabilities held for trading (net exposures *)	80
financial assets at fair value through profit or loss	202
available for sale financial assets	7,650
loans and receivables	-
held to maturity investments	97
- France	**4,238**
financial assets/liabilities held for trading (net exposures *)	154
financial assets at fair value through profit or loss	501
available for sale financial assets	3,583
loans and receivables	-
held to maturity investments	-
- Hungary	**2,008**
financial assets/liabilities held for trading (net exposures *)	158
financial assets at fair value through profit or loss	-
available for sale financial assets	1,812
loans and receivables	38
held to maturity investments	-
- Bulgaria	**1,666**
financial assets/liabilities held for trading (net exposures *)	6
financial assets at fair value through profit or loss	-
available for sale financial assets	1,657
loans and receivables	2
held to maturity investments	-
- Romania	**1,585**
financial assets/liabilities held for trading (net exposures *)	106
financial assets at fair value through profit or loss	-
available for sale financial assets	1,478
loans and receivables	-
held to maturity investments	-
Total on-balance sheet exposures	**105,403**

Note: (*) including exposures in Credit Derivatives. Negative amount indicates the prevalence of liabilities positions.

[44]Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. ABSs are not included.

The remaining 10 per cent of the total of sovereign debt securities, amounting to €11,499 m with reference to the book values as at 30 September 2017, is divided into 38 countries, including Czech Republic (€1,569 m), Poland (€1,142 m), Croatia (€1,073 m), Russia (€1,069 m), Slovakia (€825 m), Serbia (€660 m), Belgium (€494 m) and the US (€437 m). The sovereign exposure to Greece, Cyprus and Ukraine is immaterial.

With respect to these exposures, as at 30 September 2017 there were no indications that impairment may have occurred. It should moreover be noted that among the aforementioned remaining part of sovereign debt securities as at 30 September 2017 there are also debt securities towards Supranational Organisations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €3,082 m.

In addition to the exposures to sovereign debt securities, loans (tax items are not included) given to central and local governments and governmental bodies must be taken into account.

UNICREDIT GROUP: SOVEREIGN LOANS – BREAKDOWN BY COUNTRY

The table below shows the total amount as at 30 September 2017 of loans given to countries towards which the overall exposure exceeds €130 m, representing about 94 per cent of the total.

(€ million)	Book value
As at 09.30.2017	
- Germany (*)	6,086
- Italy	5,694
- Austria (**)	5,198
- Croatia	2,463
- Indonesia	249
- Bosnia and Herzegovina	189
- Turkey	178
- Slovenia	172
- Bulgaria	170
- Egypt	168
- Gabon	163
- Hungary	162
- Oman	137
- Serbia	132
Total on-balance sheet exposures	**21,161**

Note: (*) of which €1,081 m in financial assets held for trading and those at fair value through profit or loss. (**) of which €245 m in financial assets held for trading and those at fair value through profit or loss.

BASIS OF PREPARATION

1. This Consolidated Interim Report as at 30 September 2017 - Press Release has been prepared on a voluntary basis, with the aim to ensure continuity with the previous quarterly reports, following the elimination of the requirement to disclose additional financial information to the half-year and annual reports pursuant to law (D. Lgs.) 25/2016, issued in application of Directive 2013/50/EU. This Consolidated Interim Report as at 30 September 2017 - Press Release as well as the press releases on significant events occurred during the period, the market presentation of 3Q17 results, the Divisional Database and the disclosure by institutions pursuant to Regulation (EU) No.575/2013 are available on UniCredit Group website.
2. Reclassified balance sheet and income statements have been prepared pursuant to Banca d'Italia instructions laid down in Circular 262/2005 and applying the aggregations and reclassifications disclosed in Annex 1 of Consolidated First Half Financial Report as at 30 June 2017 and the note below the reclassified income statement of this document relating to reclassifications starting from 30 September 2017.
3. In order to provide further information about Group's performance, a number of alternative performance measures (APM) has been used (such as Cost/income ratio, Net bad loans to customers/Loans to customers, Net Non-Performing loans to customers/Loans to customers, RoAC, CoR), whose description is included in the Consolidated First Half Financial Report as at June 30, 2017 (Consolidated Interim Report on Operations and Annexes) in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of 5 October 2015. Within this Consolidated Interim Report - Press Release, RoTE is defined in note 3 on page 2.
4. The contents of this Consolidated Interim Report as at 30 September 2017 - Press Release are not prepared according to the international accounting standard on interim reporting (IAS 34).
5. The Consolidated Interim Report as at 30 September 2017 - Press Release, within which the accounts are presented in reclassified form, has been prepared on the basis of IAS/IFRSs in force, as detailed in the Explanatory Notes - Part A - Accounting Policies of Consolidated First Half Financial Report as at 30 June 2017.
   It should be noted that some valuation processes, including the valuation of tangible and intangible assets (including goodwill) and the sustainability of deferred tax assets, have been performed by assessing that, since 31 December 2016, there have been no substantial events or changes in parameters and circumstances that may indicate the need to adjust the book values.
6. In those cases in which the accounts did not fully reflect the reporting of items on an accrual-basis, such as certain administrative expenses, the accounting figures were supplemented by estimates based on the budget.
7. With reference to the ordinary contributions due for 2017 to the Single Resolution Fund and to Deposit Guarantee Schemes, the related costs are presented into "Other charges and provisions". As of December 2016 in the same item "Other charges and provisions" the effects originated by the application of law (D.L.) No.59 dated 3 May 2016 were recognised, which included the fee due for the year 2015, paid in July 2016, and an estimation of the fee due for year 2016. Following the subsequent "D.L. Salvarisparmio" converted into law No. 15 dated 17 February 2017 the payment period of the abovementioned fee was postponed from the period 2015-2029 to the period 2016-2030, therefore the original fee estimated for 2016, now to be considered as referred to 2017, has been updated according to the amount requested for 2017.
8. Scope of consolidation: in the first nine months of 2017 the following changes occurred in the scope:
   a. the number of fully consolidated companies, including those ones classified as non-current assets and asset disposal groups, changed from 680 at the end of 2016 to 592 at September 2017 (11 incoming and 99 exited), presenting a decrease of 88 (exits are mainly attributable to disposals of Pekao and Pioneer Groups);
   b. the number of companies consolidated using the equity method, excluding those ones classified as non-current assets and asset disposal groups, changed from 65 at the end of 2016 to 64 at September 2017 (1 incoming and 2 exited). As at 30 September 2017 companies consolidated using the equity method and classified as non-current assets and asset disposal groups were 6.
9. Non-current assets and asset groups held for sale: in the Balance Sheet as at 30 September 2017, the main reclassified assets based on the IFRS5 accounting principle, as non-current assets and asset disposal groups refer to:
   a. regarding the individual asset and liabilities held for sale, mainly to the real estate properties and loans held by certain companies in the Group;
   b. regarding the data relating to groups of assets held for sale and associated liabilities, to the companies of the Immobilien Holding Group (Austria).
10. All intercompany transactions of a material amount were eliminated (both balance sheet and income statement figures). All unreconciled amounts were posted to other assets or liabilities or to net other income/expenses, if not related to interests or commissions.
11. This Consolidated Interim Report - Press Release is not audited by the External Auditors.
12. Starting from 31 December 2016 the credit exposures belonging to the so-called "FINO portfolio" were recognised in the item "Non-current assets and disposal groups classified as held for sale". Following the "FINO portfolio" disposal occurred in July 2017 and the application of the IAS 39 principle, the credit exposures related to such a portfolio have been derecognised for accounting purposes from the balance sheet assets.

It should be noted that the disposal has determined: i) the subscription by UniCredit S.p.A. of 49.9 per cent of all the class of securities issued by Fino 1 Securitization S.r.l., Fino 2 Securitization S.r.l. and Onif Finance S.r.l. that have been classified as "Available for sale financial assets" (senior and mezzanine tranches) and "Financial assets at fair value through profit or loss" (junior tranche) for a total amount of €880 m, reflecting the portfolio purchase price as at 30 June 2016[45] minus the recoveries and other credit events on the portfolio until July 2017; ii) the recognition of a credit, accounted for 503m as at 30 September 2017, towards third parties belonging to the Groups of the investors subscribing the 50.1 per cent of the above mentioned securities as deferred purchase price (DPP).

As communicated on 17 July 17 and 1 November 2017, the Bank has not yet submitted to the ECB the application for the Significant Risk Transfer (SRT) on the FINO portfolio. We remind that the SRT regulatory requirements are different and more distinctive than the criteria to be applied to assess the accounting derecognition.

In order to ensure the fulfilment of the SRT regulatory requirements, the Bank intends to apply for SRT on completing phase 2 of the securities process sale, i.e. reducing its ownership stake below 20 per cent, or disposing of the DPP or mitigating the related credit risk.

As a result, as at 30 September 2017 the risk weighted assets have been calculated on the underlying credit positions of the whole FINO portfolio.

With the Significant Risk Transfer, the Bank is estimating a positive impact on fully loaded CET1 ratio of around 10 bps; considering also the effect of other negative factors, there will be, as communicated in 17 July 2017 press release, an estimated pro-cyclicality and models negative impact of about -40 bps by December 2017.

Group asset quality ratios calculated, on a pro forma basis, including the underlying credit positions of the whole FINO portfolio as at 30 September 2017 are the following: gross NPE ratio of 13.5 per cent (13.9 per cent in 2Q17); net NPE ratio of 5.3 per cent (5.5 per cent in 2Q17); NPE coverage ratio of 64.3 per cent (64.0 per cent in 2Q17); gross bad loans ratio of 9.1 per cent (9.3 per cent in 2Q17); net bad loans ratio of 2.6 per cent (2.6 per cent in 2Q17); bad loans coverage ratio of 74.4 per cent (74.4 per cent in 2Q17).

[45] As per information published in the rights issue prospectus in January 2017, the average price of the transfer of the portfolios sold as part of the FINO transaction was approximately 13 per cent of the gross book value (€17.7 bn, calculated as at 30 June 2016).

Declaration by the Manager charged with preparing the financial reports

The undersigned, Francesco Giordano, in his capacity as the Manager charged with preparing UniCredit S.p.A.'s financial reports

DECLARES

That, pursuant to Article 154 bis, paragraph 2, of the "Consolidated Law on Financial Intermediation" the information disclosed in this document corresponds to the accounting documents, books and records.

Milan, 8 November 2017

Manager charged with
preparing the financial reports

Investor Relations:
Tel. +39-02-88624324; e-mail: investorrelations@unicredit.eu
Media Relations:
Tel. +39-02-88623569; e-mail: mediarelations@unicredit.eu

UNICREDIT 3Q17 GROUP RESULTS – DETAILS OF CONFERENCE CALL

MILAN, 9 NOVEMBER 2017 – 10.00 CET

CONFERENCE CALL DIAL IN

ITALY: +39 02 805 88 11
UK: +44 1 212818003
USA: +1 718 7058794

THE **CONFERENCE CALL** WILL ALSO BE **AVAILABLE** VIA **LIVE AUDIO WEBCAST** AT https://www.unicreditgroup.eu/en/investors/group-results.html, WHERE THE SLIDES WILL BE DOWNLOADABLE

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