MILAN, 10 MAY 2018

UNICREDIT: A PAN EUROPEAN WINNER

CONTINUED DISCIPLINED EXECUTION OF TRANSFORM 2019 DRIVES TANGIBLE IMPROVEMENTS

NON CORE RUNDOWN ACCELERATED TO 2021

1Q18 GROUP RESULTS, BEST FIRST QUARTER SINCE 2007

CORE BANK SOLID PERFORMANCE WITH 1Q18 GROUP CORE ROTE[1] AT 10.4 PER CENT, UP 1.1 P.P. Y/Y. 1Q18 GROUP CORE GROSS NPE RATIO IMPROVING, DOWN 0.9 P.P. Y/Y TO 4.7 PER CENT

GROUP 1Q18 NET PROFIT AT €1.1 BN, UP 22.6 PER CENT Y/Y. UNDERLYING FINANCIAL PERFORMANCE IS STRONG WITH NET OPERATING PROFIT AT €1.9 BN, UP 25.5 PER CENT Y/Y. 1Q18 ROTE AT 8.9 PER CENT, UP 1.8 P.P. Y/Y. FY19 ROTE TARGET ABOVE 9 PER CENT CONFIRMED

RESILIENT 1Q18 GROUP NII AT €2.6 BN (-0.4 PER CENT Q/Q), IN LINE WITH GUIDANCE. POSITIVE SUSTAINED COMMERCIAL DYNAMICS, FEES UP 2.8 PER CENT Y/Y DRIVEN BY INVESTMENT FEES (+2.3 PER CENT Y/Y) AND TRANSACTIONAL FEES (+9.3 PER CENT Y/Y)

1Q18 COSTS AT €2.74 BN, DOWN 2.0 PER CENT Q/Q AND 5.2 PER CENT Y/Y. COST/INCOME RATIO AT 53.5 PER CENT, DOWN 2.5 P.P. Y/Y

1Q18 COR AT 45 BPS. FY18 COR TARGET OF 68 BPS CONFIRMED

NON CORE RUNDOWN ACCELERATED TO 2021 FROM 2025. IN 1Q18 €1.8 BN WRITE-OFFS IN NON CORE. FY18 GROUP GROSS NPE DISPOSAL TARGET OF €4 BN, OF WHICH €2 BN IN NON CORE

GROUP GROSS NPE RATIO DOWN TO 9.5 PER CENT WITH GROSS NPES DOWN €10.6 BN Y/Y AND €3.8 BN Q/Q

IFRS9 FTA IMPACT[2] OF 104 BPS INCLUDING ACCELERATED NON CORE RUNDOWN THROUGH NPE SALES AND WRITE-OFFS

1Q18 FULLY LOADED CET1 RATIO AT 13.06 PER CENT. FULLY LOADED CET1 RATIO FOR YEAR END 2018 BETWEEN 12.3 PER CENT AND 12.6 PER CENT

IMPACT OF MODELS, PROCYCLICALITY AND EBA GUIDELINES ANTICIPATION CONFIRMED, THE MAJORITY OF WHICH IS EXPECTED IN 2H18

[1] RoTE: Return on Tangible Equity (annualised net profit divided by average tangible equity).
[2] IFRS9 first time adoption (FTA) impact on 1 January 2018 of -104bps on fully loaded CET 1 ratio, equivalent to around -€3.76 bn (gross of tax effect) deriving from LLP effect, write offs, classification and measurement. For further details please refer to footnote n.32.

UniCredit Group	
1Q18 Highlights[3]	■ Resilient revenues at €5.1 bn (-0.7 per cent Y/Y, +4.2 per cent Q/Q) mainly supported by fees, up 2.8 per cent Y/Y to €1.7 bn (+4.0 per cent Q/Q). Resilient NII (-0.4 per cent Q/Q) at €2.6 bn, in line with guidance ■ Operating expenses at €2.74 bn (-5.2 per cent Y/Y, -2.0 per cent Q/Q) mainly thanks to lower HR costs (-6.9 per cent Y/Y, -3.9 per cent Q/Q) with FTEs down 6,058 Y/Y and 1,587 Q/Q. C/I ratio at 53.5 per cent (-2.5 p.p. Y/Y, -3.4 p.p. Q/Q) ■ LLPs down 35.2 per cent Y/Y to €496 m, leading to a seasonally low CoR of 45 bps ■ Net operating profit at €1.9 bn, up 25.5 per cent Y/Y and 47.2 per cent Q/Q ■ Net profit at €1.1 bn and RoTE at 8.9 per cent ■ CEE, Commercial Banking Italy and CIB main contributors to net profit ■ Group Core Bank net operating profit at €2.1 bn, up 15.3 per cent Y/Y thanks to stable revenues and cost control. RoTE up 1.1 p.p. Y/Y to 10.4 per cent
Capital	■ Fully loaded CET1 ratio at 13.06 per cent in 1Q18, including 104 bps of IFRS9 FTA impact ■ Strong capital position allowing the Group to accelerate Non Core rundown. higher IFRS9 FTA impact on non performing residential mortgages ■ Dividend payout of 20 per cent in 2018 and 30 per cent in 2019 confirmed ■ Fully loaded leverage ratio at 5.35 per cent in 1Q18
Asset Quality	■ Group gross NPE[4] ratio down 2.1 p.p. Y/Y to 9.5 per cent in 1Q18, with a coverage ratio of 60.3 per cent ■ Group Core gross NPE ratio down 0.9 p.p. Y/Y to 4.7 per cent in 1Q18, with a coverage ratio of 57.9 per cent ■ Non Core gross NPE down €6.9 bn Y/Y to €23.6 bn in 1Q18, with a coverage ratio of 62.4 per cent
Transform 2019 Update	■ Year end 2018 fully loaded CET1 ratio between 12.3 per cent and 12.6 per cent. 2019 fully loaded CET1 ratio target confirmed above 12.5 per cent ■ FINO transaction successfully closed in January 2018 ■ Further decisive action with accelerated full rundown of Non Core by the end of 2021, brought forward from 2025. €1.8 bn of write-offs in Non Core in 1Q18 ■ FY18 Group gross NPE disposal target of €4 bn, of which €2 bn in Non Core ■ Improved 2019 Gross NPE target of €37.9 bn for Group, of which €14.9 bn in Non Core, further down by €2.3 bn ■ Operating model transformation ahead of schedule, with 78 per cent of planned branch closures and 75 per cent of FTE reduction target achieved ■ Strategic commercial initiatives ongoing and E2E process redesign in progress ■ UniCredit only bank in Italy to offer all three mobile payments services: Apple Pay, Alipay and Samsung Pay, the latter successfully launched in 1Q18, further strengthening the Group's mobile payments offering ■ New corporate governance implemented in line with best in class European peers

[3]Starting from 1 January 2018, IFRS9 accounting standard was adopted, envisaging a new framework for provisioning computation based on expected loss rather than on incurred loss. Please refer to "Basis of preparation" for further details on this topic.
[4]NPEs: Non Performing Exposures. The perimeter of Non Performing Loans is equivalent to the perimeter of EBA non performing exposures. NPEs are broken down in bad exposures, unlikely-to-pay and past due.

Milan, 10 May 2018: on 9 May 2018, the Board of Directors of UniCredit S.p.A. approved the Group's 1Q18 consolidated financial accounts as at March 31, 2018.

Jean Pierre Mustier, Chief Executive Officer of UniCredit S.p.A., commenting on the 1Q18 Group results:

"UniCredit's 2018 first quarter results, the best first quarter in more than a decade, were driven by a continued strong commercial dynamic throughout the Group, underpinned by a renewed and successful customer focus which has translated into almost half a million of gross new clients.

Our Core Bank turned in a solid performance with a net profit of 1.2 billion Euro and a RoTE of 10.4 per cent, up 1.1 percentage points year on year. The Core Bank gross NPE ratio is now 4.7 per cent, improving 0.9 percentage points year on year. Thanks to our strong capital position, we have taken further decisive action to accelerate the rundown of the Non-Core portfolio to 2021. This will be done through a combination of disposals and write offs.

At the start of its second year, Transform 2019 is ahead of schedule and yielding tangible results, such as 78 per cent of the agreed branch closures and 75 per cent of FTE reductions already having been achieved, with costs decreasing as planned.

Our first quarter fully loaded CET1 ratio stands 13.06 per cent, with a year-end target range of between 12.3 and 12.6 per cent.

All Transform 2019 targets are confirmed and we are continuing our disciplined execution of the plan with all team members working together to make UniCredit a true pan-European winner."

TRANSFORM 2019 UPDATE

Transform 2019 is fully on track and is already yielding tangible improvements, underpinned by Group-wide business momentum:

- **Strengthen and optimise capital**: strong capital position in 1Q18 with fully loaded CET1 ratio at 13.06 per cent allows the Group to accelerate Non Core rundown with higher IFRS9 FTA impact on non performing residential mortgages.

  Fully loaded CET1 ratio for year end 2018 between 12.3 per cent and 12.6 per cent. 2019 fully loaded CET1 ratio target is confirmed above 12.5 per cent.

- **Improve asset quality:** the Group balance sheet de-risking continued in 1Q18 with gross NPEs further down to €44.6 bn in 1Q18 from €48.3 bn in 4Q17. Group gross NPE ratio was down 2.1 p.p. Y/Y to 9.5 per cent in 1Q18, with a solid coverage ratio of 60.3 per cent in 1Q18. Gross NPE disposals contributed €0.3 bn in 1Q18. Total disposals of €4 bn are expected to be completed in FY18.

  Group Core gross NPEs dropped to €20.9 bn with gross NPE ratio down 0.9 p.p. Y/Y to 4.7 per cent in 1Q18. The coverage ratio remained solid at 57.9 per cent.

  Non Core rundown accelerated to 2021. Non Core gross NPEs were further down to €23.6 bn in 1Q18, including €1.4 bn of write-offs on residential mortgages. By the end of 2018, total NPE disposals of €2 bn are expected to be completed. 2019 Non Core gross NPE target has been improved by €2.3 bn to €14.9 bn.

  FINO transaction was successfully closed in January 2018, completing the sell down of UniCredit's stake in FINO to below 20 per cent.

- **Transform operating model:** the transformation of the operating model is ahead of schedule. Since December 2015:
  - 732 branches have been closed in Western Europe (of which 50 closed in 1Q18), corresponding to 78 per cent of the 944 planned closures by 2019[5];
  - FTEs[6] have been reduced by 10,586 (of which 1,587 FTEs in 1Q18), corresponding to 75 per cent of the 14,000 planned reductions by 2019.

- **Maximise commercial bank value:** commercial initiatives are in place across the whole Group, delivering tangible results. In particular, during the first quarter of 2018:
  - the Group's mobile payments offer was strengthened with a new partnership with Samsung launched in Italy, offering UniCredit customers "Samsung Pay", a new mobile application that allows cardholders to pay in stores in a simple, safe and fast way. Thanks to this additional partnership, UniCredit is the only bank to offer all three mobile payment services to its customers – Apple Pay, Alipay and Samsung Pay;
  - 93 per cent (vs. 95 per cent 2019 target) of basic transactions[7] were migrated to self-service channels in Italy while remote sales increased 4.5 p.p. Y/Y, reaching 20.8 per cent of total bank sales[8];
  - mobile user penetration[9] improved by 2.2 p.p. Q/Q to 33.8 per cent in CEE;
  - following the successful execution of the E2E process redesign of the first eight products[10], three additional products were launched in Italy (online banking, deposits & withdrawals and bancassurance) with a total of eleven E2E redesigns running in parallel. This successful concept will be extended to Germany;

[5] Retail branches in Italy, Germany and Austria as indicated during the CMD.
[6] Full Time Equivalent.
[7] Includes cash withdrawals, cash deposits and transfers.
[8] Percentage of remote sales (transactions concluded through ATM, online, mobile or contact center) calculated on total bank products that have a direct selling process.
[9] Including Turkey at 100 per cent. Ratio defined as number of retail mobile users as percentage of active customers.
[10] Current accounts, credit cards, receivable financing, residential mortgages, advisory, AuM, corporate mortgages and debit cards.

– the new "Easy Export" product was launched in Italy to support the internationalisation of Italian companies leveraging the new partnership with Alibaba.com, the B2B marketplace of Alibaba Group.

In 1Q18, UniCredit ranked #1 in "EMEA All Bonds in EUR" by number of transactions and confirmed its top position in domestic markets lending ("All Syndicated Loans in EUR" #1 in Italy and Austria, and #2 in Germany)[11], underlining the strength of the fully plugged-in CIB platform. In addition, UniCredit confirmed its position as a leading Trade Finance house with strong progress in Germany.

- **Adopt a lean but steering Group Corporate Centre (GCC):** the new corporate governance structure was implemented in April 2018 in line with best in class European peers, following the resolutions of the Shareholders' Meeting of UniCredit S.p.A. held on 12 April 2018, approving, amongst other items, the Board of Directors list with 90 per cent of the votes. Fabrizio Saccomanni was elected as the new Chairman.

  With regards to GCC streamlining, the weight of GCC of total costs was 3.4 per cent in 1Q18, stable Y/Y (5.1 per cent as at December 2015). The 2019 target of 3.5 per cent is confirmed.

[11] All league tables were based on Dealogic as at 3 April 2018. Period: 1 Jan. – 31 Mar. 2018. Rankings by volume unless otherwise stated.

UNICREDIT GROUP CONSOLIDATED RESULTS

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total Revenues	5,150	4,906	5,114	-0.7%	+4.2%
Operating costs	-2,886	-2,794	-2,738	-5.2%	-2.0%
LLP	-766	-835	-496	-35.2%	-40.6%
Net profit	907	801	1,112	+22.6%	+38.9%
Adjusted net profit	907	708	1,112	+22.6%	+57.1%
Fully loaded CET1 ratio	11.45%	13.60%	13.06%	+1.6 p.p.	-0.5 p.p.
Adjusted RoTE	7.0%	5.5%	8.9%	+1.8 p.p.	+3.3 p.p.
Loans (excl. repos) - bn	410	413	415	+1.3%	+0.5%
Gross NPE - bn	55	48	45	-19.1%	-7.8%
Deposits (excl. repos)- bn	392	414	412	+5.1%	-0.5%
Cost/income	56.0%	56.9%	53.5%	-2.5p.p.	-3.4p.p.
Cost of risk (bps)	70	76	45	-25	-31

***Note**: Group adjusted net profit and adjusted RoTE exclude the net impact of Bank Pekao and Pioneer disposals (+€93 m in 4Q17). Group adjusted RoTE calculated at CMD perimeter, taking into account the capital increase and Bank Pekao and Pioneer disposals as at 1 January 2017.*

Revenues were resilient Y/Y (-0.7 per cent) at €5.1 bn in 1Q18 (+4.2 per cent Q/Q) mainly sustained by strong performance in fees at €1.7 bn, up 2.8 per cent Y/Y. Main contributions to revenues came from Commercial Banking Italy, CEE and CIB. FY18 revenue target is confirmed at €20.1 bn.

In 1Q18, the number of gross new clients was 450,000.

Net interest income (NII)[12] was resilient Q/Q (-0.4 per cent) at €2.6 bn in 1Q18 (-0.9 per cent Y/Y), in line with guidance, mainly thanks to lower cost of funding (+€51 m Q/Q) and positive loan volume dynamics (+€12 m Q/Q) compensating negative impact of days and FX effects (-€56 m Q/Q) and TLTRO benefit (-10m Q/Q)[13]. **Net interest margin**[14] increased from 1.39 per cent in 4Q17 to 1.47 per cent in 1Q18.

Group customer loans[15] were €414.9 bn as at the end of March 2018 (+1.3 per cent Y/Y, +0.5 per cent Q/Q). Group Core customer loans were up €5.1 bn Q/Q to €403.8 bn[16]. Main contributors to Group Core customer loans were Commercial Banking Italy (€137.7 bn)[17], Commercial Banking Germany (€82.3 bn) and CIB (€74.5 bn).

Group customer deposits[18] were stable at €411.6 bn at the end of March 2018 (+5.1 per cent Y/Y, -0.5 per cent Q/Q). The main contributors were Commercial Banking Italy (€143.1 bn), Commercial Banking Germany (€89.0 bn) and CEE (€61.8 bn).

Customer spreads[19] were up 1 bp Q/Q at 2.49 per cent in 1Q18 and down 8 bps Y/Y.

Dividends and other income[20] increased to €189 m in 1Q18 (+11.4 per cent Y/Y, +58.3 per cent Q/Q). Yapi Kredi contribution increased 29.7 per cent Y/Y and above 100 per cent Q/Q at constant FX thanks to strong

[12]Net contribution from hedging strategy of non-maturity deposits in 1Q18 at €378 m (-3.8m Y/Y, -2.6m Q/Q).
[13]Drop in TLTRO is due to base effect, as FY17 included some spill over benefit from FY16. Absolute TLTRO benefit during the rest of FY18 is stable at c. 50m each quarter.
[14]Net interest margin calculated as interest income divided by interest earning assets minus interest expenses divided by interest bearing liabilities.
[15]End of period accounting volumes calculated excluding repos and, for divisions, excluding also intercompany items. Accounting customer loans including repos amounted to €441.8 bn as at 31 March 2018 (-0.3 per cent Y/Y, +0.7 per cent Q/Q).
[16]Excluding +€1.1 bn reclassified into customer loans in CIB and -€1.2 bn IFRS9 FTA impact.
[17]+0.4 per cent Q/Q excluding IFRS9 FTA impact.
[18]End of period accounting volumes calculated excluding repos and for divisions, also excluding intercompany items. Accounting customer deposits including repos amounted to €457.0 bn as at 31 March 2018 (+4.3 per cent Y/Y, -1.3 per cent Q/Q).
[19]Customer spreads defined as the difference between rate on customer loans and rate on customer deposits.
[20]Include dividends and equity investments. Turkey is valued at equity method and contributes to the dividend line of the Group P&L based on managerial view.

commercial performance in revenues and lower LLPs. Other dividends were up 13.5 per cent Y/Y to €90 m thanks to insurance joint-ventures in Italy.

Fees and commissions[21] grew to €1.7 bn in 1Q18 (+2.8 per cent Y/Y, +4.0 per cent Q/Q). In particular:

– the contribution from **investment fees** was €730 m in 1Q18 (+2.3 per cent Y/Y, +2.9 per cent Q/Q), thanks to higher AuM management fees (+12.5 per cent Y/Y, +3.0 per cent Q/Q);
– **financing fees** were €428 m in 1Q18, down 4.4 per cent Y/Y mainly due to lower money supply activity and guarantees in Commercial Banking Italy, up 1.8 per cent Q/Q sustained by higher Corporate Finance transactions in Commercial Banking Germany;
– **transactional fees** amounted to €592 m in 1Q18 (+9.3 per cent Y/Y, +7.0 per cent Q/Q) underpinned by current account services (+15.5 per cent Y/Y, +18.8 per cent Q/Q).

Total Financial Assets (TFA)[22] rose €19.4 bn Y/Y reaching €815.4 bn as at 31 March 2018 (-0.9 per cent Q/Q, mainly due to negative market performance).

– **Assets under Management (AuM)** amounted to €217.0 bn in 1Q18, up €13.9 bn Y/Y thanks to sustained commercial dynamics mainly in Commercial Banking Italy (+7.6 per cent Y/Y). In particular, the AuM/TFA ratio in Commercial Banking Italy increased 1.7 p.p. Y/Y to 36.8 per cent as at end of March 2018 as AuC were transformed into AuM. Group net sales were up 8.4 per cent Y/Y to €3.9 bn in 1Q18, despite challenging markets.
– **Assets under Custody (AuC)** decreased to €196.7 bn in 1Q18 (-7.2 per cent Y/Y), mainly in Commercial Banking Italy (-12.2 per cent Y/Y).
– **Deposits** were €401.7 bn in 1Q18, up €20.7 bn Y/Y sustained by positive dynamics mainly in Commercial Banking Italy (+7.7 per cent Y/Y) and Commercial Banking Germany (+7.6 per cent Y/Y).

Trading income totalled €478 m in 1Q18, down 19.0 per cent Y/Y due to some large client driven transactions booked in 1Q17. Trading income was up 24.5 per cent Q/Q driven by increased volatility and some non-recurring items[23] and up 23.2 per cent Q/Q adjusted for the latter. Client driven share of trading was high at 82 per cent in 1Q18, stabilising trading income.

Operating costs were down to €2.74 bn in 1Q18 (-5.2 per cent Y/Y, -2.0 per cent Q/Q), ahead of schedule. In particular:

– **HR expenses** were down to €1.6 bn in 1Q18, decreasing 6.9 per cent Y/Y and 3.9 per cent Q/Q, driven by FTE reduction
– **Non-HR costs**[24] were €1.1 bn in 1Q18, down 2.5 per cent Y/Y thanks to lower real estate and consulting expenses, up 1.0 per cent Q/Q due to lower expense recoveries in 1Q18 as previously expected.

The number of employees reached 90,365 in 1Q18, down by 6,058 FTEs Y/Y and down 10,586 FTEs since December 2015, reaching 75 per cent of the 14,000 planned reductions by 2019. Branch closures were ahead of schedule, with a decrease of 504 units Y/Y to 4,759 in 1Q18 (of which 3,077 in Western Europe and 1,682 in CEE)[25] and down by 732 branches in Western Europe since December 2015, corresponding to 78 per cent of 944 planned closures by 2019. C/I ratio was down at 53.5 per cent in 1Q18 (-2.5 p.p. Y/Y, -3.4 p.p. Q/Q). FY18 C/I ratio target is confirmed at below 55 per cent.

FY18 and FY19 total cost targets are confirmed at €11.0 bn and at €10.6 bn, respectively.

Gross operating profit totalled €2.4 bn in 1Q18 (+5.0 per cent Y/Y, +12.5 per cent Q/Q).

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[21] All 2017 figures have been restated for the consolidation effects arising from the intercompany fees relating to Bank Pekao and Pioneer, which until 2Q17 were classified as held for sale, in accordance with IFRS5.
[22] It refers to Group commercial TFA. Non-commercial elements, e.g. Group Corporate Centre, Non Core, Leasing/Factoring and Market Counterparts are excluded. Numbers are managerial figures.
[23] Adjusted for non-recurring net trading gains from participations in 1Q18 +€39 m in CIB and in 4Q17 +€28 m in Commercial Banking Germany.
[24] Non HR costs include "other administrative expenses", "recovery of expenses" and "amortisation, depreciation and impairment losses on intangible and tangible assets".
[25] Branch figures consistent with CMD perimeter.

LLPs amounted to €496 m in 1Q18 (-35.2 per cent Y/Y, -40.6 per cent Q/Q). Quarterly CoR came to a seasonally low 45 bps (-25 bps Y/Y, -31 bps Q/Q), without models impact. FY18 CoR target of 68 bps is confirmed, including 15 bps impact of models, the majority of which is expected in 2H18.

Net operating profit was up at €1.9 bn in 1Q18 (+25.5 per cent Y/Y, +47.2 per cent Q/Q) thanks to strong underlying commercial performance and strict cost and risk discipline.

Other charges and provisions totalled €519 m in 1Q18 (+12.0 per cent Y/Y, n.m. Q/Q). In particular, systemic charges amounted to €465[26] m in 1Q18, as more than half of the full year systemic charges were booked in the first quarter.

Income tax was €221 m in 1Q18 (+0.6 per cent Y/Y, n.m. Q/Q). Tax rate was down 4.9 p.p. Y/Y to 15.9 per cent based on changes in the geographical mix of profits and impact from IFRS9 FTA.

Profit from discontinued operations was down by €97 m Q/Q to -€1 m as in 4Q17 positive net impact from Bank Pekao and Pioneer disposals was included (€93 m).

The good performance across all business divisions led to an adjusted **Group net profit** at €1.1 bn in 1Q18. RoTE was 8.9 per cent in 1Q18. Positive operating performance was registered across all divisions, with CEE, Commercial Banking Italy and CIB as the main contributors to earnings generation (net profit of €415 m, €379 m and €378 m respectively, in 1Q18).

GROUP CORE[27]

(€ million)	1Q17	4Q17	1Q18	*Y/Y*	*Q/Q*
Total revenues	5,127	4,893	5,132	*+0.1%*	*+4.9%*
Gross operating profit	2,281	2,108	2,426	*+6.4%*	*+15.1%*
Net operating profit	1,782	1,445	2,056	*+15.3%*	*+42.2%*
Net profit	1,112	951	1,243	*+11.8%*	*+30.8%*
Adjusted net profit	1,112	858	1,243	*+11.8%*	*+44.9%*
Adjusted RoTE	9.3%	7.1%	10.4%	*+1.1 p.p.*	*+3.3 p.p.*
Cost/income	55.5%	56.9%	52.7%	*-2.8 p.p.*	*-4.2 p.p.*
Cost of risk (bps)	47	62	35	*-13*	*-28*
Gross NPE ratio	5.6%	5.0%	4.7%	*-87 p.p.*	*-29 p.p.*

Note*: Group Core adjusted net profit and adjusted RoTE exclude the net impact of Bank Pekao and Pioneer disposals (+€93 m in 4Q17). Group Core adjusted RoTE calculated at CMD perimeter, taking into account the capital increase and Bank Pekao and Pioneer disposals as at 1 January 2017.*

Group Core revenues were €5.1 bn in 1Q18 (+0.1 per cent Y/Y, +4.9 per cent Q/Q), mainly supported by fee dynamics at €1.8 bn (+2.4 per cent Y/Y, +3.4 per cent Q/Q).

Costs were down to €2.7 bn in 1Q18 (-4.9 per cent Y/Y, -2.9 per cent Q/Q). C/I ratio was down to 52.7 per cent (-2.8 p.p. Y/Y, -4.2 p.p. Q/Q).

Strict risk discipline was driving LLPs down to €371 m (-25.7 per cent Y/Y, -44.1 per cent Q/Q) with 35 bps CoR. Group Core gross NPE ratio was down at 4.7 per cent[28], -0.9 p.p. Y/Y. FY19 gross NPE ratio target is confirmed at 4.7 per cent.

Group Core net profit was €1.2 bn in 1Q18 (+11.8 per cent Y/Y, +30.8 per cent Q/Q) with a RoTE of 10.4 per cent (+1.1 p.p. Y/Y).

[26] Referring to: (i) bank levies and DTA of €98 m, (ii) Deposit Guarantee Scheme of €65 m and (iii) Single Resolution Fund of €302 m.
[27] Group Core is equivalent to Group excluding Non Core and is not a separate division.
[28] Weighted average of EBA sample banks at 4.0 per cent. Source: EBA risk dashboard – data as at December 2017.

Asset Quality[29]

(€ million)	Bad exposures	Unlikely to pay	Non performing past-due	**Total non performing**	Perfoming	**Total Loans**
As at 31 March 2018						
Gross Exposure	25,183	18,344	1,037	**44,564**	426,835	**471,399**
as a percentage of total loans	*5.3%*	*3.9%*	*0.2%*	***9.5%***	*90.5%*	
Writedowns	18,396	8,093	377	**26,866**	2,750	**29,616**
as a percentage of face value	*73.0%*	*44.1%*	*36.3%*	***60.3%***	*0.6%*	
Carrying value	6,787	10,251	660	**17,698**	424,085	**441,783**
as a percentage of total loans	*1.5%*	*2.3%*	*0.1%*	***4.0%***	*96.0%*	
As at 1 January 2018						
Gross Exposure	25,360	19,338	1,014	**45,711**	420,810	**466,521**
as a percentage of total loans	*5.4%*	*4.1%*	*0.2%*	***9.8%***	*90.2%*	
Writedowns	18,289	8,436	359	**27,085**	2,732	**29,817**
as a percentage of face value	*72.1%*	*43.6%*	*35.4%*	***59.3%***	*0.6%*	
Carrying value	7,070	10,902	654	**18,626**	418,078	**436,704**
as a percentage of total loans	*1.6%*	*2.5%*	*0.1%*	***4.3%***	*95.7%*	
As at 31 December 2017						
Gross Exposure	27,775	19,470	1,105	**48,349**	419,797	**468,146**
as a percentage of total loans	*5.9%*	*4.2%*	*0.2%*	***10.3%***	*89.7%*	
Writedowns	18,306	8,491	441	**27,237**	2,015	**29,252**
as a percentage of face value	*65.9%*	*43.6%*	*39.9%*	***56.3%***	*0.5%*	
Carrying value	9,469	10,979	664	**21,112**	417,782	**438,895**
as a percentage of total loans	*2.2%*	*2.5%*	*0.2%*	***4.8%***	*95.2%*	

Group gross NPEs down 19.1 per cent Y/Y and 7.8 per cent Q/Q to €44.6 bn, with an improved **gross NPE ratio** of 9.5 per cent in 1Q18 (-2.1 p.p. Y/Y, -0.9 p.p. Q/Q). In 1Q18, €1.4 bn write-offs were taken in Non Core on non performing residential mortgages and €0.9 bn of default interest were written downs[30].

Net NPEs decreased to €17.7 bn in 1Q18 (-26.2 per cent Y/Y, -16.2 per cent Q/Q) with net NPE ratio at 4.0 per cent in 1Q18 (-1.4 p.p. Y/Y, -0.8 p.p. Q/Q). The coverage ratio was 60.3 per cent in 1Q18 (+3.8 p.p. Y/Y, +4.0 p.p. Q/Q).

Group gross NPE disposals reached €0.3 bn in 1Q18 of which €0.1 bn was in Non Core. Total disposals of €4 bn are expected to be completed in FY18.

2019 Group gross NPE target has been improved by €2.4 bn to €37.9 bn.

Group gross bad loans were further down at €25.2 bn in 1Q18 (-18.9 per cent Y/Y, -9.3 per cent Q/Q) with a coverage ratio at 73.0 per cent (+6.4 p.p. Y/Y, +7.1 p.p. Q/Q). **Group gross unlikely to pay** decreased to €18.3 bn (-19.3 per cent Y/Y, -5.8 per cent Q/Q), with a coverage ratio of 44.1 per cent (+0.2 p.p. Y/Y, +0.5 p.p. Q/Q). **Group past due loans** declined to €1.0 bn in 1Q18 (-22.9 per cent Y/Y, -6.1 per cent Q/Q) with a coverage ratio at 36.3 per cent.

The ongoing de-risking in **Group Core** continued with gross NPEs down to €20.9 bn in 1Q18 (-14.7 per cent Y/Y, -4.3 per cent Q/Q) and gross NPE ratio down to 4.7 per cent (-0.9 p.p. Y/Y, -0.3 p.p. Q/Q). Coverage ratio was 57.9 per cent (+2.4 p.p. Y/Y, +2.3 p.p. Q/Q). Gross bad loans further decreased to €10.5 bn in 1Q18 (-13.1 per cent Y/Y, -1.9 per cent Q/Q) with a coverage ratio of 71.9 per cent (+1.9 p.p. Y/Y, +3.3 p.p. Q/Q). Gross unlikely to pay amounted to €9.5 bn in 1Q18 (-16.2 per cent Y/Y, -6.6 per cent Q/Q) with a coverage ratio of 44.6 per cent.

[29] Q/Q deltas are referring to the period 31 March 2018 vs 31 December 2017.
[30] Bank of Italy Circular 262 (5th update – December 22, 2017) has clarified that penalty interests have not to be included neither in gross book value, nor LLP stock.

Inflows from performing loans to NPEs amounted to €1.2 bn in 1Q18. The default rate stood at 1.1 per cent in 1Q18 down from 1.4 per cent in 1Q17. The cure rate[31] amounted to 9.0 per cent in 1Q18 (+2.2 p.p. Q/Q). Unlikely-to-pay migrating to bad loans at €433 m in 1Q18, from €202 m in 4Q17.

Commercial Banking Italy gross NPEs stood at €9.5 bn in 1Q18 (-7.7 per cent Y/Y, -1.0 per cent Q/Q), with a gross NPE ratio at 6.6 per cent (-0.7 p.p. Y/Y) and a coverage ratio at 54.8 per cent. Net NPEs were €4.3 bn with a net NPE ratio down to 3.1 per cent in 1Q18. Gross bad loans were €4.6 bn (-5.6 per cent Y/Y) with a coverage ratio of 71.6 per cent in 1Q18. Gross unlikely to pay exposures were €4.3 bn (-9.4 per cent Y/Y) with a coverage ratio of 40.2 per cent in 1Q18.

Inflows to NPEs in Commercial Banking Italy amounted to €686 m in 1Q18 with a default rate at 2.1 per cent in 1Q18, lower Q/Q after the seasonally high 4Q17. Unlikely-to-pay migrating to bad loans were up 10.2 per cent Y/Y to €347 m in 1Q18.

Non Core rundown is progressing well with gross NPE down to €23.6 bn in 1Q18 (-€7.0 bn Y/Y, -2.8 bn Q/Q). Further decisive action, through a combination of disposals and write-offs was taken to bring forward the closure of this division from 2025 to 2021. In 1Q18, the improvement in the Non Core gross NPE was supported by: i) write-offs of €1.8 bn, of which €1.4 bn on non performing residential mortgages, ii) default interests write-down of €0.9 bn, iii) recoveries of €0.3 bn, iv) disposals of €0.1 bn, and v) back to Core of €0.4 bn. Net NPE down to €8.9 bn in 1Q18 (-31.9 per cent Y/Y, -22.1 per cent Q/Q). NPE coverage ratio stood at 62.4 per cent in 1Q18 (+5.1 p.p. Y/Y, +5.5 p.p. Q/Q).

Total disposals of €2 bn are expected to be completed in FY18. 2019 Non Core gross NPE target has been improved by €2.3 bn to €14.9 bn.

CAPITAL & FUNDING

The Group **fully loaded CET1 ratio** was down 53 bps Q/Q to 13.06 per cent in 1Q18, mainly due to IFRS9 FTA impact[32,33] of 104 bps gross of tax (99 bps net of tax), up from 75 bps, partially compensated by earnings generation.

During the quarter, fully loaded CET1 ratio benefitted from earnings generation (+31 bps Q/Q), FINO Significant Risk Transfer (SRT) (+8 bps), lower RWA excluding FINO (+4 bps) and other components (+13 bps), compensated by dividend accrual and AT1 coupon payments[34] (-7 bps Q/Q) as well as the reserves negative dynamics (-4 bps Q/Q).

The successfully completion of FINO phase 2 in January 2018 and the implementation of the Significant Risk Transfer for the FINO portfolio, resulted in a +8 bps fully loaded CET1 ratio impact in 1Q18, that will increase over time due to the evolution of retained exposures. The 8 bps capital benefit in 1Q18, in comparison to 17 bps previously disclosed, is due to higher capital requirements for retained regulatory exposures as shared with ECB.

Fully loaded CET1 ratio for year end 2018 between 12.3 per cent and 12.6 per cent. Impact of models, procyclicality and EBA guidelines anticipation is confirmed, the majority of which is expected in 2H18. 2019

[31]Back to performing.

[32]The effects arising from IFRS9 adoptions amount to -104 bps on fully loaded CET1 ratio, equivalent to c.-€3.76 bn (gross of tax), of which:

- impairment impact -105 bps on fully loaded CET1 ratio, equivalent to c. -€3.79 bn, of which -23 bps on fully loaded CET1 ratio (c. -€0.80 bn) due to write-offs,
- classification and measurement impact +1 bp on fully loaded CET1 ratio, equivalent to c. +€0.03 bn.

In comparison with the preliminary effects already disclosed (estimated at c. -75 bps on fully loaded CET1 ratio, equivalent to c. -€2.8 bn, gross of tax), the changes are mainly due to the following events:

- approval of new internal regulations dedicated to the write-offs of NPEs (as requested by IFRS9 and the ECB "Guidance to banks on non-performing loans"),
- sale price update of selling scenario, also considering recent disposal transaction in the market.

For more details, please see the "Report on Transition to IFRS9 Financial Instruments of UniCredit Group" document.

[33]UniCredit Group has decided not to apply the transitional arrangements for IFRS9 specified in Article 473a of CRR. As a consequence, UniCredit Own Funds, Risk Weighted Assets, Capital Ratios and Leverage Ratios already reflect the full impact of IFRS9 application.

[34]Coupons on AT1 instruments paid in 1Q18 equal to €34 m before tax.

fully loaded CET1 ratio target is confirmed above 12.5 per cent. Dividend payout of 20 per cent for FY18 and of 30 per cent for FY19 are confirmed as well.

In 1Q18, **transitional**[35] **capital ratios** were: **CET1** 13.13 per cent, **Tier 1** 14.71 per cent and **total** 17.13 per cent. All ratios are confirmed well above capital requirements[36].

RWA totalled €353.3 bn in 1Q18 decreasing by €2.8 bn since December 2017. In particular, credit RWA[37] were down €1.5 bn in the quarter mainly affected by business evolution (+€3.5 bn Q/Q) and regulation, procyclicality & models (+€2.1 bn). These items were offset by business actions including FINO (-€5 bn Q/Q), FX effect (-€1.1 bn Q/Q) and other credit risks (-€1.0 bn Q/Q). Market RWA were down €1.0 bn Q/Q due to lower intensity of market making activity. Operational RWA dropped to €32.2 bn in 1Q18 (-€0.4 bn Q/Q).

Fully loaded leverage ratio at 5.35 per cent in 1Q18 (+73 bps Y/Y, -20 bps Q/Q). **Transitional leverage ratio** at 5.48 per cent in 1Q18 (+64 bps Y/Y, -24 bps Q/Q).

Funding plan 2018 executed for €4.5 bn by the end of April. TLTRO II overall outstanding amount is equal to €51.2 bn on a consolidated basis[38].

On May 4th, the final MREL requirement binding from March 2020 has been received from SRB and Bankit, it is equal to 11.74 per cent of Total Liabilities and Own Funds (TLOF), which is equivalent to 26.03 per cent of RWAs with a 2016 SREP Pillar 2 Requirement (P2R) at 2.5 per cent. This requirement, adjusted for the reduction of the P2R from 2.5 per cent to 2 per cent as per latest SREP, is consistent with 2017 CMD communication and already factored in Group 2017-19 Multi Year Funding Plan.

SOCIAL IMPACT BANKING

In December 2017, UniCredit launched Social Impact Banking, the new UniCredit programme to foster positive social impact and actively support individuals, micro-enterprises and social initiatives.

The programme, initially available in Italy, will eventually be implemented across the whole Group, focusing on raising credit, sharing UniCredit's financial and business know-how with communities, and building networks of like-minded organisations, such as social and trade associations, foundations and public institutions.

During its first three months of operations, the programme has achieved:

- **microcredit**: agreements signed with 37 partners, offering direct services to micro entrepreneurs, as well as with the European Investment Fund for a guarantee of €50 m, aimed at micro entrepreneurs;
- **impact financing**: approved five deals of a total of €5.9 m;
- **financial education and inclusion**: provided around 270,000 teaching hours through "Start-up your life", a new project which is part of the memorandum of understanding signed with the Italian Ministry of Education, Universities and Research which involves 270 schools, 15,800 students and 370 UniCredit trainers.

In addition, over 200 colleagues and former colleagues joined Unigens, the volunteer association of current and former employees who will provide training, mentoring and expertise to eligible individuals, micro and social enterprises.

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[35]The transitional adjustments applicable as of March 31, 2018 refer to: (I) 20 per cent for the actuarial losses calculated according to CRR Article 473 (40 per cent for 2017); (II) 40 per cent of the phase-out limit for the Additional Tier 1 and Tier 2 capital instruments subject to Grandfathering in coherence with CRR article 486 (50 per cent for 2017).

[36]Transitional capital requirements and buffers for UniCredit Group as at 31 March 2018 (rounded figures): 9.15 per cent CET1 ratio (4.50 per cent P1 + 2.00 per cent P2 + 2.65 per cent combined capital buffer); 10.65 per cent T1 ratio (6.00 per cent P1 + 2.00 per cent P2 + 2.65 per cent combined capital buffer); 12.65 per cent Total Capital ratio (8.00 per cent P1 + 2.00 per cent P2 + 2.65 per cent combined capital buffer).

[37]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.

[38]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[39]

COMMERCIAL BANKING ITALY

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total revenues	1,868	1,868	1,884	+0.9%	+0.9%
Gross operating profit	747	773	831	+11.2%	+7.4%
Net operating profit	496	503	611	+23.2%	+21.4%
Net profit	312	342	379	+21.6%	+11.0%
RoAC	12.6%	12.2%	14.2%	+1.7 p.p.	+2.0 p.p.
Cost/income	60.0%	58.6%	55.9%	-4.1 p.p.	-2.7 p.p.
Cost of risk (bps)	75	79	64	-11	-15

Revenues were up 0.9 per cent both Y/Y and Q/Q to €1.9 bn in 1Q18. NII reached €902 m in 1Q18 (-3.6 per cent Y/Y, -1.4 per cent Q/Q) affected by ongoing market pressure on customer rates mainly on short term lending. Solid performance in lending activity with new loans production[40] at €5.9 bn in 1Q18 (+3.4 per cent Q/Q) supported by small business and retail (mortgages and personal loans). Strong fee generation in 1Q18 of €975 m (+3.2 per cent Y/Y, +4.1 per cent Q/Q) sustained by transactional fees (+10.3 per cent Y/Y, +11.6 per cent Q/Q) and boosted by current accounts. AuM net sales increased to €2.4 bn in 1Q18 (+18.5 per cent Y/Y), despite challenging markets, underpinned by the strategic partnership with Amundi.

90,000 gross new clients in 1Q18 (+11.9 per cent Y/Y), supported by the transformation of the Italian network and despite 50 branches being closed during the quarter.

Operating costs were down to €1.1 bn in 1Q18 (-6.0 per cent Y/Y, -3.8 per cent Q/Q) mainly thanks to HR cost reduction related to Transform 2019. C/I ratio was down 4.1 p.p. Y/Y to 55.9 per cent in 1Q18.

LLPs amounted to €220 m in 1Q18 (-12.5 per cent Y/Y, -18.6 per cent Q/Q). CoR at 64 bps in 1Q18 (-11 bps Y/Y, -15 bps Q/Q), with no models impact yet, as the majority of this is expected to be registered in 2H18.

The disciplined execution of Transform 2019 is driving the business turnaround with a net operating profit at €611 m in 1Q18 up 21.4 per cent Q/Q and 23.2 per cent Y/Y.

Commercial Banking Italy net profit increased to €379 m in 1Q18 with a Return on Allocated Capital (RoAC) of 14.2 per cent.

[39] Please consider that (i) all divisional figures in "Divisional Quarterly Highlights" represent the contribution of each division to Group data; (ii) Return on Allocated Capital (RoAC) 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.
[40] New loans production is a managerial figure.

Commercial Banking Germany

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total revenues	704	637	639	-9.2%	+0.2%
Gross operating profit	228	193	189	-17.2%	-2.3%
Net operating profit	204	134	161	-20.7%	+20.4%
Net profit	111	132	85	-23.6%	-35.8%
RoAC	9.1%	10.8%	7.5%	-1.6 p.p.	-3.4 p.p.
Cost/income	67.6%	69.6%	70.4%	+2.9 p.p.	+0.8 p.p.
Cost of risk (bps)	12	29	13	+1	-16

Revenues were up 0.2 per cent Q/Q to €639 m while decreasing 9.2 per cent Y/Y. NII was down to €364 m in 1Q18 (-8.6 per cent Y/Y, -8.1 per cent Q/Q) as pressure on customer rates and lower prepayments during the quarter were only partially compensated by higher loan volumes and lower funding costs. New loans production was €4.5 bn in 1Q18 mainly supported by corporates. Fees at €217 m in 1Q18, down 6.9 per cent Y/Y due to a strong seasonal performance in 1Q17 and up 21.7 per cent Q/Q thanks to AuM investment fees and financing services.

Gross new clients amounted to 14,000 in 1Q18.

Operating expenses were down 5.4 per cent Y/Y to €450 m (+1.3 per cent Q/Q) confirming the ongoing cost control and supported by strong reduction in HR costs (-8.0 per cent Y/Y) with FTEs down 1,090 Y/Y. C/I ratio was 70.4 per cent in 1Q18.

LLPs were €27 m in 1Q18 with a seasonally low CoR of 13 bps (+1 bp Y/Y, -16 bps Q/Q).

Net operating profit was €161 m in 1Q18 (-20.7 per cent Y/Y, +20.4 per cent Q/Q). Net profit amounted to €85 m in 1Q18 (-23.6 per cent Y/Y, -35.8 per cent Q/Q) with RoAC at 7.5 per cent. 2019 RoAC target confirmed at 9.1 per cent.

Commercial Banking Austria

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total revenues	374	404	381	+1.9%	-5.9%
Gross operating profit	90	135	114	+27.3%	-15.6%
Net operating profit	138	96	153	+10.9%	+58.4%
Net profit	71	99	50	-29.8%	-49.5%
RoAC	9.4%	14.8%	7.2%	-2.2 p.p.	-7.7 p.p.
Cost/income	76.0%	66.5%	70.0%	-6.0 p.p.	+3.5 p.p.
Cost of risk (bps)	-40	34	-34	+6	-68

Revenues amounted to €381 m in 1Q18, (+1.9 per cent Y/Y, -5.9 per cent Q/Q). NII was down 2.4 per cent Q/Q to €169 m due to repayments in commercial real estate in 4Q17 and ongoing pressure on customer rates. New loans production was €1.6 bn in 1Q18, thanks to residential mortgages and consumer loans following renewed commercial focus on existing clients and cross-selling. Fees at €156 m, up 1.2 per cent Y/Y thanks to AuM investment fees (+0.8 per cent Y/Y) and down 4.8 per cent Q/Q due to challenging markets.

The number of gross new clients was 12,000 in 1Q18, with a particular focus on affluent customers.

Total expenses were down to €266 m (-6.2 per cent Y/Y, -1.0 per cent Q/Q) thanks to a reduction both in terms of HR costs (-7.5 per cent Y/Y) and Non HR costs (-4.6 per cent Y/Y). 2019 target has been achieved with all branch closures completed. C/I ratio was 70.0 per cent in 1Q18 (-6.0 p.p. Y/Y, +3.5 p.p. Q/Q).

Some write backs of LLPs were booked in 1Q18, leading to a net release of LLPs of €38 m. During the rest of the year, LLPs are expected to normalise.

Net operating profit reached €153 m in 1Q18 (+10.9 per cent Y/Y, +58.4 per cent Q/Q). Net profit was €50 m (-29.8 per cent Y/Y, -49.5 per cent Q/Q) affected by €86 m systemic charges mostly booked upfront for FY18 during this quarter. As a result, RoAC at low 7.2 per cent in 1Q18.

2019 RoAC target confirmed at 13.3 per cent.

CEE[41]

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total revenues	1,069	1,004	1,095	*+5.5%*	*+10.1%*
Gross operating profit	690	603	715	*+7.7%*	*+19.9%*
Net operating profit	503	454	609	*+26.0%*	*+36.0%*
Net profit	330	348	415	*+32.9%*	*+22.2%*
RoAC	11.3%	12.4%	15.0%	*+3.8 p.p.*	*+2.7 p.p.*
Cost/income	35.4%	39.9%	34.8%	*-0.7 p.p.*	*-5.2 p.p.*
Cost of risk (bps)	124	99	69	*-54*	*-30*

Revenues were €1.1 bn in 1Q18 up 5.5 per cent Y/Y and 10.1 per cent Q/Q. NII was down 2.4 per cent Q/Q to €651 m in 1Q18 due to lower average loan volumes at constant FX only partially offset by stabilised loan rates. Fee generation was stable Y/Y and up +5.0 per cent Q/Q to €210 m in 1Q18 mainly driven by financing and transactional services (+19.1 per cent and +1.9 per cent Q/Q respectively). Trading activity contributed €121 m in 1Q18 (+15.2 per cent Y/Y, +88.6 per cent Q/Q).

The number of gross new clients was 304,000 during the quarter and the mobile user penetration[42] increased to 33.8 per cent as at end of March 2018 (+2.2 p.p. Q/Q).

Operating expenses at €381 m in 1Q18 (+1.5 per cent Y/Y, -5.0 per cent Q/Q). C/I ratio down to a very low 34.8 per cent in 1Q18 (-0.7 p.p. Y/Y, -5.2 p.p. Q/Q).

LLPs were €105 m in 1Q18 (-42.1 per cent Y/Y, -29.4 per cent Q/Q) due to some repayments and write-backs during the quarter. CoR in 1Q18 was low at 69 bps (-54 bps Y/Y, -30 bps Q/Q), expected to normalise during 2018.

Net operating profit was €609 m in 1Q18 up both Y/Y (+26.0 per cent) and Q/Q (+36.0 per cent).

CEE continued to be a main contributor to Group bottom line, generating a net profit of €415 m in 1Q18, (+32.9 per cent Y/Y, +22.2 per cent Q/Q). The most important contributors to earnings generation were Russia (€91 m, +9.9 per cent Y/Y), Czech Republic (€78 m net profit, +31.6 per cent Y/Y), Croatia (€43 m net profit, above 100 per cent Y/Y) and Bulgaria (€30 m net profit, -0.3 per cent Y/Y). RoAC was 15.0 per cent in 1Q18.

Gross NPEs ratio down 19 bps Q/Q to 7.7 per cent in 1Q18 driven by strict risk discipline.

[41] For CEE, changes (Y/Y and Q/Q) at constant exchange rate. RoAC, C/I ratio and CoR changes at current FX.
[42] Including Turkey at 100 per cent for both gross new clients and mobile users. Ratio defined as number of retail mobile users on active retails customers.

CIB[43]

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total revenues	1,163	1,006	1,099	-5.5%	+9.2%
Gross operating profit	733	618	700	-4.5%	+13.3%
Net operating profit	652	490	651	-0.1%	+32.9%
Net profit	352	373	378	+7.3%	+1.3%
RoAC	14.8%	15.9%	15.7%	+0.9 p.p.	-0.2 p.p.
Cost/income	37.0%	38.6%	36.3%	-0.7 p.p.	-2.3 p.p.
Cost of risk (bps)	32	50	19	-13	-31

Active primary markets activities confirm UniCredit CIB as a leading European financing house with its key roles in landmark transactions reflected again in league tables, ranking #1 in “EMEA All Bonds in EUR” by number of transactions and confirmed its top position in domestic markets lending (“All Syndicated Loans in EUR” #1 in Italy and Austria, and #2 in Germany)[44], underlining the strength of the fully plugged-in CIB platform. In addition, UniCredit confirmed its position as a leading Trade Finance house with strong progress in Germany.

The overall resilience of the fully plugged-in CIB business model is underlined by sound client driven revenues at 74 per cent in 1Q18, with revenues of €1.1 bn (-5.5 per cent Y/Y, +9.2 per cent Q/Q). NII was up 5.3 per cent Q/Q to €556 m in 1Q18, underpinned by stabilising lending rates and some one-offs. Fees were €161 m (+10.5 per cent Y/Y, -4.5 per cent Q/Q) mainly supported by strong activities in Structured Finance and Debt Capital Markets. Trading income decreased by 28.1 per cent Y/Y to €328 m due to some large client driven transactions booked in 1Q17 and increased 29.0 per cent Q/Q thanks to higher volatility and some positive non-recurring items (€39 m).

Total costs were at €399 m (-7.3 per cent Y/Y, +2.7 per cent Q/Q) with FTEs down by 180 Y/Y to 3,272. C/I ratio was 36.3 per cent in 1Q18 (-0.7 p.p. Y/Y).

LLPs decreased to €49 m in 1Q18 (-39.7 per cent Y/Y, -61.9 per cent Q/Q) thanks to strict risk discipline. CoR at a seasonally low 19 bps in 1Q18 (-13 bps Y/Y, -31 bps Q/Q).

Net operating profit increased to €651 m in 1Q18 (-0.1 per cent Y/Y, +32.9 per cent Q/Q). Net profit was €378 m in 1Q18, up 7.3 per cent Y/Y and 1.3 per cent Q/Q. RoAC amounted to 15.7 per cent in 1Q18.

[43]During the quarter, no changes occurred with reference to loan restructuring operation into participating instruments in Carlo Tassara S.p.A. As at 31 March 2018, UniCredit S.p.A. holds overall n. 32,237,751 Strumenti Finanziari Partecipativi (SFP), each with a face value of €1.00 issued by Carlo Tassara S.p.A., recorded for an overall value of €1.00, and its credit exposure versus Carlo Tassara S.p.A. amounts to approximately €3 m gross (fully written off), unchanged compared to 31 December 2017. Please refer to the 2017 Consolidated Reports and Accounts for further details on the recovery plan.
[44]All league tables were based on Dealogic as at 3 April 2018. Period: 1 Jan. – 31 Mar. 2018. Rankings by volume unless otherwise stated.

Fineco

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total revenues	142	156	155	+9.5%	-0.3%
Gross operating profit	81	97	91	+12.9%	-5.7%
Net operating profit	80	95	91	+12.6%	-4.6%
Net profit	18	22	21	+15.5%	-5.4%
RoAC	59.8%	66.3%	56.5%	-3.3 p.p.	-9.8 p.p.
Cost/income	42.9%	37.6%	41.0%	-1.8 p.p.	+3.4 p.p.
AUM / TFA	47.8%	49.2%	48.6%	+0.8 p.p.	-0.7 p.p.

Revenues were up 9.5 per cent Y/Y to €155 m in 1Q18 (-0.3 per cent Q/Q), with a positive contribution from all business areas. In particular:

– NII was €69 m (+9.3 per cent Y/Y), mainly driven by further expansion in lending activities with loan volumes up 107.6 per cent Y/Y to €2.1 bn (+9.4 per cent Q/Q), and
– fees at €71 m (+10.5 per cent Y/Y), thanks to higher management fees, up 10.7 per cent Y/Y benefitting from the shift towards high margin products.

Brokerage activity (generating fees and trading income) performed well, with core revenues up 3.8 per cent Y/Y and 7.3 m orders executed since the beginning of 2018.

Operating expenses were €64 m in 1Q18, up 4.8 per cent Y/Y to support business expansion and 8.7 per cent Q/Q affected by the usual seasonality registered at the beginning of the year related to social security contribution costs of financial advisors[45]. C/I ratio at 41.0 per cent (-1.8 p.p. Y/Y).

Net operating profit rose to €91 m in 1Q18 (+12.6 per cent Y/Y, -4.6 per cent Q/Q). Net profit[46] reached €21 m in 1Q18 (+15.5 per cent Y/Y, -5.4 per cent Q/Q). RoAC amounted to 56.5 per cent in 1Q18.

Fineco continued to be the key player in asset gathering in Italy. TFA increased to €68.1 bn as at 31 March 2018 (+9.4 per cent Y/Y) with AuM up 11.2 per cent Y/Y to €33.1 bn mainly thanks to the continuous improvement of the productivity of the network.

The net sales expansion continued in 1Q18, reaching €1.7 bn since the beginning of the year (+20.2 per cent Y/Y). AuM net sales were €728 m in 1Q18 (€846 m in 1Q17) in line with the increase in market volatility recorded in 2018. “Guided products & services”[47] stock increased its share of total AuM stock to 65 per cent in March 2018 (vs 59 per cent in March 2017).

In addition, Fineco continued its expansion with 30,000 gross new customers acquired in the first three months of 2018 (+9.0 per cent Q/Q), reaching a total of almost 1.2 m clients (+6.3 per cent Y/Y).

[45] Social security contribution of financial advisors to be paid mainly to Enasarco association and FIRR termination compensation fund, as the payments are subject to an yearly cap.
[46] Consolidated view, i.e. 35 per cent ownership by UniCredit.
[47] 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)

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total revenues	-192	-182	-121	*-37.0%*	*-33.5%*
Operating costs	-96	-130	-93	*-3.7%*	*-28.6%*
Gross operating profit	-288	-312	-214	*-25.8%*	*-31.5%*
Net profit/loss	-83	-365	-85	*+2.7%*	*-76.8%*
FTE	16,540	15,578	15,137	*-8.5%*	*-2.8%*
Costs GCC/total costs	3.3%	4.7%	3.4%	*+0.1 p.p.*	*-1.3 p.p.*

GCC negative revenues improved to €121 m in 1Q18 (-37.0 per cent Y/Y, -33.5 per cent Q/Q) driven by lower cost of funding.

In 1Q18, GCC operating expenses amounted to €93 m, down 3.7 per cent Y/Y mainly driven by lower HR costs (-9.1 per cent Y/Y) and Non HR costs (-11.4 per cent Y/Y). The lean but steering GCC transformation is on track with a Q/Q reduction of 441 FTEs. Since December 2015, FTEs down by -15 per cent (-2,669 FTEs).

The reduction of GCC continued with the GCC weight of Group total costs further improving to 3.4 per cent in 1Q18 stable Y/Y (5.1 per cent as at December 2015). FY19 target is confirmed at 3.5 per cent.

Non Core[48]

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Total revenues	24	12	-18	*n.m.*	*n.m.*
Operating costs	-41	-9	-32	*-21.3%*	*n.m.*
Gross operating profit	-17	4	-50	*+191.1%*	*n.m.*
LLP	-267	-172	-126	*-52.9%*	*-26.9%*
Net loss	-205	-150	-131	*-36.0%*	*-12.6%*
Gross customer loans	35,783	29,706	26,322	*-26.4%*	*-11.4%*
Net NPEs	13,051	11,405	8,886	*-31.9%*	*-22.1%*
Coverage ratio	57.3%	56.9%	62.4%	*+5.1 p.p.*	*+5.5 p.p.*
RWA	24,934	21,595	17,125	*-31.3%*	*-20.7%*

Further decisive action has been taken, including €1.4 bn of write-offs on non performing residential mortgages. The full rundown of the Non Core has been accelerated to 2021 from 2025. Gross loans were down to €26.3 bn in 1Q18 (-9.5 bn Y/Y, -3.4 bn Q/Q), including €2.7bn of performing exposure.

2018 gross NPE disposal target has been improved from €1.7 bn to €2 bn. 2019 Non Core gross NPE target has been improved by €2.3 bn down to €14.9 bn.

NII and LLP were impacted by line adjustments, which are decreasing over time along with the reduction of NPE stock. Revenues were negative for €18 m in 1Q18.

Operating costs further down 21.3 per cent Y/Y to €32 m in 1Q18, driven by Non HR expenses (-24.3 per cent Y/Y). Operating costs were up Q/Q due to lower expense recoveries from workout in 1Q18.

Net loss was €131 m in 1Q18, down 36.0 per cent Y/Y.

RWA decreased to €17.1 bn in 1Q18 (-31.3 per cent Y/Y).

[48] Following the FINO portfolio disposal, which occurred in July 2017 and the application of the IAS39 principle, the credit exposures related to portfolio have been derecognised for accounting purposes from the balance sheet assets. The NPE data are calculated accordingly.

SIGNIFICANT EVENTS DURING AND AFTER 1Q18

With reference to the significant events that occurred during 1Q18 and after 31 March 2018, please refer to section "Subsequent Events" in the Consolidated Report on Operations, which is an integral part of 2017 Consolidated Reports and Accounts, as well as the press releases published on the UniCredit Group website. Here below, the main financial press releases published after 7 February 2018 (date of approval of 2017 Consolidated Reports and Accounts):

- "Results of the offer in option of UniCredit ordinary and savings shares pursuant to art. 2437-quater of the Italian Civil Code – Conversion of savings shares into ordinary shares – Settlement dates" (press release published on 5 March 2018);
- "Composition of share capital and amendment of Articles of Association" (press release published on March 12, 2018);
- "UniCredit completes the placement of shares equal to approximately 4 per cent of ERG's ordinary share capital" (press release published on April 10, 2018);
- "UniCredit: the Shareholders' Meeting approves the 2017 Financial Statements" (press release published on April 12, 2018);
- "Fabrizio Saccomanni appointed Chairman of UniCredit. Appointment of Corporate Offices and Board Committees members" (press release published on April 13, 2018);
- "UniCredit: S&P affirmed UniCredit SpA's ratings and outlook" (press release published on April 17, 2018);

OUTLOOK

The economic recovery phase is expected to continue during 2018, with a pace of GDP expansion in the main Eurozone countries close to that registered in 2017. The level of interest rates is likely to remain low and the liquidity still abundant.

The Group should benefit from the ongoing recovery in the economic cycle during 2018, despite the extraordinarily low interest rates and the still high level of liquidity, consequently affecting the net interest income dynamics. Fee growth should remain an important driver for the Group performance together with the continuing cost reduction.

The Group will leverage its solid capital position, improved governance and better asset quality, with the FINO transaction successfully closed in January 2018. Further decisive action has been taken bringing forward the rundown of the Non Core portfolio to 2021, previously planned for 2025. The other pillars of Transform 2019 are on track and the transformation of the operating model to reach an even higher efficiency is expected to be further pursued in 2018, together with the maximisation of the commercial bank value.

GROUP TABLES

UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
Net interest	2,660	2,646	2,636	-0.9%	-0.4%
Dividends and other income from equity investments	170	120	189	+11.4%	+58.3%
Net fees and commissions	1,703	1,683	1,750	+2.8%	+4.0%
Net trading, hedging and fair value income	590	384	478	-19.0%	+24.5%
Net other expenses/income	28	73	60	n.m.	-17.0%
OPERATING INCOME	**5,150**	**4,906**	**5,114**	**-0.7%**	**+4.2%**
Staff expenses	(1,755)	(1,701)	(1,634)	-6.9%	-3.9%
Other administrative expenses	(1,114)	(1,124)	(1,069)	-4.0%	-4.9%
Recovery of expenses	176	246	163	-7.8%	-33.8%
Amort. deprec. and imp. losses on intang. & tang. assets	(193)	(214)	(197)	+1.8%	-8.0%
OPERATING COSTS	**(2,886)**	**(2,794)**	**(2,738)**	**-5.2%**	**-2.0%**
OPERATING PROFIT (LOSS)	**2,264**	**2,112**	**2,376**	**+5.0%**	**+12.5%**
Net write-downs on loans and provisions	(766)	(835)	(496)	-35.2%	-40.6%
NET OPERATING PROFIT (LOSS)	**1,498**	**1,277**	**1,880**	**+25.5%**	**+47.2%**
Other charges and provisions	(463)	(193)	(519)	+12.0%	n.m.
- of which: systemic charges	*(434)*	*14*	*(465)*	+7.1%	n.m.
Integration costs	(5)	(103)	11	n.m.	n.m.
Net income from investments	24	(151)	17	-27.9%	n.m.
PROFIT (LOSS) BEFORE TAX	**1,054**	**830**	**1,389**	**+31.8%**	**+67.4%**
Income tax for the period	(219)	(66)	(221)	+0.6%	n.m.
NET PROFIT (LOSS)	**835**	**764**	**1,169**	**+40.0%**	**+53.0%**
Profit (Loss) from non-current assets held for sale, after tax	162	96	(1)	n.m.	n.m.
PROFIT (LOSS) FOR THE PERIOD	**997**	**860**	**1,168**	**+17.1%**	**+35.8%**
Minorities	(89)	(58)	(55)	-38.2%	-5.9%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**909**	**802**	**1,113**	**+22.5%**	**+38.8%**
Purchase Price Allocation effect	(1)	(1)	(1)	-25.6%	+22.2%
Goodwill impairment	-	-	-	n.m.	n.m.
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**907**	**801**	**1,112**	**+22.6%**	**+38.9%**

Note: 2017 figures were restated following the reclassification of interests from "Net write-downs on loans and provisions for guarantees and commitments" to "Net interest" considering:

– the component linked to the interests due to time value unwinding, determined in the valuation of non-performing financial assets;
– the identification of interests income on the non-performing financial assets calculated on their net balance sheet exposure based on the related interest rates.

UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	1Q17	4Q17	1Q18	Y/Y	Q/Q
ASSETS					
Cash and cash balances	32,261	64,493	49,944	*+54.8%*	*-22.6%*
Financial assets held for trading	86,191	74,686	80,324	*-6.8%*	*+7.5%*
Loans and receivables with banks	77,968	70,983	70,324	*-9.8%*	*-0.9%*
Loans and receivables with customers	443,002	438,895	441,783	*-0.3%*	*+0.7%*
Financial investments	151,886	147,496	142,917	*-5.9%*	*-3.1%*
Hedging instruments	6,231	5,676	5,688	*-8.7%*	*+0.2%*
Property, plant and equipment	9,054	8,449	9,115	*+0.7%*	*+7.9%*
Goodwill	1,484	1,484	1,484	*-0.0%*	*+0.0%*
Other intangible assets	1,687	1,902	1,872	*+10.9%*	*-1.6%*
Tax assets	15,293	12,658	12,110	*-20.8%*	*-4.3%*
Non-current assets and disposal groups classified as held for sale	46,603	1,111	955	*-97.9%*	*-14.0%*
Other assets	9,424	8,958	7,461	*-20.8%*	*-16.7%*
Total assets	**881,085**	**836,790**	**823,978**	***-6.5%***	***-1.5%***
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from banks	138,581	123,244	125,177	*-9.7%*	*+1.6%*
Deposits from customers	437,996	462,895	456,959	*+4.3%*	*-1.3%*
Debt securities in issue	109,103	98,603	93,369	*-14.4%*	*-5.3%*
Financial liabilities held for trading	60,631	55,784	48,685	*-19.7%*	*-12.7%*
Financial liabilities designated at fair value	3,027	3,011	8,575	*n.m.*	*n.m.*
Hedging instruments	8,202	6,610	5,881	*-28.3%*	*-11.0%*
Tax liabilities	1,443	1,093	1,140	*-21.0%*	*+4.3%*
Liabilities included in disposal groups classified as held for sale	36,031	185	196	*-99.5%*	*+5.8%*
Other liabilities	29,035	25,141	26,104	*-10.1%*	*+3.8%*
Minorities	4,312	894	941	*-78.2%*	*+5.2%*
Group Shareholders' Equity:	52,723	59,331	56,950	*+8.0%*	*-4.0%*
- Capital and reserves	51,816	53,858	55,838	*+7.8%*	*+3.7%*
- Net profit (loss)	907	5,473	1,112	*+22.6%*	*-79.7%*
Total liabilities and Shareholders' Equity	**881,085**	**836,790**	**823,978**	***-6.5%***	***-1.5%***

Note: the format of the Reclassified Balance Sheet is different from the one used in the previous financial year following the reclassification/aggregation of "Provisions for risks and charges" from a separate item to "Other liabilities" and of "Revaluation Reserves" from a separate item to "Capital and Reserves". "Financial investments" has also been renamed in "Other financial assets". The comparative periods were restated accordingly.

2017 figures were also restated following the reclassification of the component relating to debt securities from "Loans to customers" to "Other financial assets".

UNICREDIT GROUP: SHAREHOLDERS' EQUITY

(€ million)	
Shareholders' Equity as at 31 December 2017	**59,331**
Change in opening balance (*)	(3,327)
Forex translation reserve(**)	(47)
Change in the valuation reserve relating to the actuarial gains/losses on defined benefit plans	45
Change in the valuation reserve of the companies accounted for using the equity method (***)	(127)
Others(****)	(37)
Net profit (loss) for the period	1,112
Shareholders' Equity as at 31 March 2018	**56,950**

Note: (*) this impact includes the re-measurement effects resulting from the first time adoption of IFRS9 and connected Yapi valuation. (**) This effect is mainly due to the negative impact of the Ruble for €57 m. (***) The negative change in the valuation reserve of the companies accounted for using the equity method is mainly due to the depreciation of the items in Turkish Lira. (****) This includes mainly: (i) the negative change of the reserve related to cash flow hedge for €28 m; (ii) the negative change of the reserve related to the coupon paid to subscribers of the AT1 instruments, net of taxes for €24 m and (iii) the positive change of the reserve related to financial asset and liabilities at fair value for €18 m.

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	POSITIVE	ba1
Fitch Ratings	F2	BBB	STABLE	bbb

Note: S&P: following the upgrade at end of October 2017, S&P affirmed UniCredit S.p.A's medium and long term ratings to 'BBB' with stable outlook on 17 April 2018.
Moody's: following the update on Transform 2019, Moody's changed UniCredit S.p.A's outlook to positive from stable on 8 January 2018.
Fitch: on 15 December 2017, Fitch has affirmed UniCredit SpA's medium and long term ratings to 'BBB' with existing stable outlook.

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

With reference to the Group's sovereign exposures[49], the book value of sovereign debt securities as at March 31, 2018 amounted to €115,798 m, of which the 88 per cent concentrated in eight countries; Italy, with €51,385 m, represents over 44 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 March 31, 2018.

(€ million)	Book value
As at 31 March 2018	
- Italy	**51,385**
financial assets/liabilities held for trading (net exposures *)	4,485
financial assets designated at fair value	0
financial assets mandatorily at fair value	822
financial assets at fair value through other comprehensive income	41,977
loans and receivables with customers	4,101
- Spain	**18,500**
financial assets/liabilities held for trading (net exposures *)	728
financial assets designated at fair value	-
financial assets mandatorily at fair value	-
financial assets at fair value through other comprehensive income	15,115
loans and receivables with customers	2,657
- Germany	**14,511**
financial assets/liabilities held for trading (net exposures *)	1,956
financial assets designated at fair value	-
financial assets mandatorily at fair value	10,636
financial assets at fair value through other comprehensive income	882
loans and receivables with customers	1,037
- Austria	**7,393**
financial assets/liabilities held for trading (net exposures *)	402
financial assets designated at fair value	-
financial assets mandatorily at fair value	107
financial assets at fair value through other comprehensive income	6,840
loans and receivables with customers	44
- France	**3,889**
financial assets/liabilities held for trading (net exposures *)	(253)
financial assets designated at fair value	-
financial assets mandatorily at fair value	459
financial assets at fair value through other comprehensive income	3,683
loans and receivables with customers	-
- Japan	**2,393**
financial assets/liabilities held for trading (net exposures *)	0
financial assets designated at fair value	-
financial assets mandatorily at fair value	77
financial assets at fair value through other comprehensive income	1,927
loans and receivables with customers	389
- Hungary	**2,025**
financial assets/liabilities held for trading (net exposures *)	169
financial assets designated at fair value	-
financial assets mandatorily at fair value	-
financial assets at fair value through other comprehensive income	1,856
loans and receivables with customers	-
- Bulgaria	**1,813**
financial assets/liabilities held for trading (net exposures *)	9
financial assets designated at fair value	-
financial assets mandatorily at fair value	-
financial assets at fair value through other comprehensive income	1,802
loans and receivables with customers	2
Total on-balance sheet exposures	**101,908**

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

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

Please note that numbers might not add due to rounding reasons.

The remaining 12 per cent of the total of sovereign debt securities, amounting to €13,890 million with reference to the book values as at March 31, 2018, is divided into 37 countries, including Romania (€1,564 m), Czech Republic (€1,373 m), Croatia (€1,270 m), Poland (€1,153 m), Serbia (€883 m), Russia (€639 m), Slovakia (€627 m), US (€612 m) and Portugal (€595 m). The sovereign exposure to Greece and Ukraine is immaterial.

With respect to these exposures, as at March 31, 2018 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 31 March 2018 there are also debt securities towards Supranational Organizations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €3,928 m.

In addition to the exposures to sovereign debt securities, loans[50] 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 March 31, 2018 of loans given to countries towards which the overall exposure exceeds €130 m, representing over 93 per cent of the total.

(€ million)	Book value
As at 31 March 2018	
- Germany (*****)	6,464
- Austria (******)	5,265
- Italy (***)	4,719
- Croatia	2,066
- Slovenia	251
- Indonesia	233
- Bosnia and Herzegovina	177
- Turkey	174
- Bulgaria	164
- Egypt	162
- Gabon	154
- Hungary (****)	154
- Angola	141
- Oman	136
- Laos	133
Total on-balance sheet exposures	**20,393**

Note: (*) of which €1.7 bn in financial assets held for trading and those mandatorily at fair value. (**) of which €280 m in financial assets held for trading and those mandatorily at fair value. (***) of which €4.2 m in financial assets mandatorily at fair value. (****) of which €2.9 m in financial assets mandatorily at fair value.

[50] Tax items are not included.

BASIS OF PREPARATION

1. This Consolidated Interim Report as at 31 March 2018 – Press Release has been prepared on a voluntary basis, with the aim of ensuring 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 31 March 2018 – Press Release as well as the press releases on significant events occurred during the period, the market presentation of 1Q18 Results, the Divisional Database, the Report on Transition to IFRS9 Financial Instruments of UniCredit Group 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 items 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 2017 Consolidated Reports and Accounts and supplemented by the notes below the reclassified income statement and balance sheet of this document.
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 2017 Consolidated Reports and Accounts (Consolidated 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 footnote 1 on page 1.
4. The contents of this Consolidated Interim Report as at 31 March 2018 – Press Release are not prepared according to the international accounting standard on interim reporting (IAS34).
5. The Consolidated Interim Report as at 31 March 2018 - Press Release, within which the accounts are presented in reclassified form, has been prepared on the basis of IAS/IFRSs in force.
   It should be noted that as at 1 January 2018 UniCredit group has adopted the IFRS9 principle. The adoption of IFRS9 had an overall negative effect on consolidated equity, net of the tax effect, of around €3.5 billion. For a detailed representation of the IFRS9 FTA (first time adoption) and the definition of the content of the impacted accounting items, refer to the Report on Transition to IFRS9 Financial Instruments of UniCredit group, available on UniCredit group website. For all the remaining items not impacted by the new accounting standard refer to Notes to the Consolidated Accounts - Part A - Accounting Policies of 2017 Consolidated Reports and Accounts.
   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 2017, there have been no substantial events or changes in parameters and circumstances that may indicate the need to adjust the book values.
6. With reference to the ordinary contributions due to the Single Resolution Fund and to Deposit Guarantee Schemes, the related costs are presented into "Other charges and provisions: of which systemic charges".
7. Scope of consolidation: in the first three months of 2018 the following changes occurred in the scope:
   a. the number of fully consolidated companies, including the ones classified as non-current assets and asset disposal groups, changed from 590 at the end of 2017 to 547 as at March 2018 (43 exclusions mainly due to changes of the consolidation method following the assessment's update of the significance of a fully consolidation of these legal entities);
   b. the number of companies consolidated using the equity method, excluding the ones classified as non-current assets and asset disposal groups, changed from 62 at the end of 2017 to 61 as at March 2018 due to 1 disposal. As at 31 March 2018 companies consolidated using the equity method and classified as non-current assets and asset disposal groups were 4.
8. Non-current assets and asset groups held for sale: in the Balance Sheet as at 31 March 2018, 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, to the subsidiaries Mobility Concept GmbH, BA Betriebsobjekte Praha Spol.S.R.O. and i-Faber S.p.A. and to the real estate properties 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 ex Pioneer group Baroda Pioneer Asset Management Company LTD and Baroda Pioneer Trustee Company PVT Ltd. and to the companies of the Immobilien Holding group (Austria).
9. 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.
10. This Consolidated Interim Report – Press Release is not audited by the External Auditors.

Declaration by the Manager charged with preparing the financial reports

The undersigned, Stefano Porro, 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, 9 May 2018

Manager charged with
preparing the financial reports

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UNICREDIT 1Q18 GROUP RESULTS – DETAILS OF CONFERENCE CALL

MILAN, 10 MAY 2018 – 10.00 CET

CONFERENCE CALL DIAL IN

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

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