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Oggetto	:	Errata corrige - please note at page 9, euro 840 mln instead of billion

Testo del comunicato

Vedi allegato.

Banking that matters. UniCredit

MILAN, 7 FEBRUARY 2019

PREFACE – EXTRAORDINARY POSITIVE TAX EFFECT FOR €887 M RELATED TO IFRS9 FIRST TIME ADOPTION (FTA) ON 4Q18 STATED NET PROFIT

As communicated in the Consolidated Interim Report as at 31 March 2018 – Press Release (page 1 – footnote 2), UniCredit took a gross impact of -€3.8 bn for the FTA of IFRS9 on 1 January 2018. According to established accounting practices, such impact was taken at equity and had no impact on the Group's P&L. UniCredit S.p.A. did not book any positive tax impact in Italy related to IFRS9 FTA[1].

Following the publication of the recent Italian Budget Law, it has been ruled that such IFRS9 FTA shall become tax deductible over 10 years, rather than to be taken all at once in the first year. Taking into account the relevant accounting treatment, this change will accelerate the booking of the positive tax effects[2] associated to IFRS9 FTA at the current tax rate, as for all Italian banks, of around 33 per cent; for UniCredit this results in a positive effect of +€887 m[3].

As the FTA was recognised at equity, a coherent representation for the related tax impact should have been at equity as well.

However, based on the very recent indications received from the relevant Authorities, UniCredit has now recognised such positive tax effect related to IFRS9 FTA through its P&L in 4Q18, generating a positive extraordinary effect equivalent to +€887 m[3]. The application of such accounting treatment has resulted in a stated 4Q18 net profit of €1,727 m. Excluding such positive tax effect, the 4Q18 would have recorded a net profit of €840 m.

In what follows, UniCredit will focus its analysis on the adjusted net profit that does not contain the above mentioned positive one-off tax impact, so as to reflect what UniCredit considers the economic performance of the Group in the period. The regulatory capital and dividend implications will be clarified on the following pages.

UNICREDIT: A PAN-EUROPEAN WINNER

STRONG FY18 PERFORMANCE, UP VERSUS FY17
TRANSFORM 2019 WELL AHEAD OF SCHEDULE

4Q18 AND FY18 GROUP RESULTS

STRONG FY18 GROUP PERFORMANCE NOTWITHSTANDING MACRO AND ONE-OFFS:

- NET OPERATING PROFIT OF €6.4 BN (+13.1 PER CENT FY/FY), BEST SINCE 2008
- ADJUSTED NET PROFIT OF €3.9 BN (+7.7 PER CENT VS FY17 ADJUSTED[4]), REGARDLESS OF LARGE ADDITIONAL PROVISIONS FOR US SANCTIONS

FY18 GROUP CORE PERFORMING VERY WELL, RESULTING IN HIGH PROFITABILITY:

- NET OPERATING PROFIT OF €7.5 BN (+12.3 PER CENT FY/FY)
- ADJUSTED ROTE OF 10.1 PER CENT (+1.0 P.P. FY/FY), REGARDLESS OF LARGE ADDITIONAL PROVISIONS FOR US SANCTIONS
- GROSS NPE RATIO OF 4.1 PER CENT (-99 BPS Y/Y), AHEAD OF PLAN
- CUSTOMER LOANS GREW €28 BN, AROUND 3 TIMES FY17 GROWTH

FY18 GOOD COMMERCIAL DYNAMICS WITH TRANSFORM 2019 WELL AHEAD OF SCHEDULE:

- GROUP NET INTEREST OF €10.9 BN (+2.1 PER CENT FY/FY)
- 100 PER CENT OF FTES AND 93 PER CENT OF BRANCH REDUCTION TARGETS ACHIEVED, BOTH WELL AHEAD OF PLAN
- GROUP OPERATING EXPENSES OF €10.7 BN, BETTER THAN THE €11.0 BN TARGET
- GROUP COR OF 58 BPS, BETTER THAN THE 68 BPS TARGET
- NON CORE GROSS NPES OF €18.6 BN, DOWN €7.5 BN Y/Y. GROUP DISPOSALS OF €4.4 BN. BOTH BETTER THAN TARGET

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[1]Related to Loan Loss Provisions (LLPs).
[2]Mainly represented by deferred tax assets (DTAs).
[3]of which +€871 m from recognition of temporary differences DTAs and +€16 m IRAP tax effect, both related to UniCredit S.p.A. IFRS9 FTA.
[4]**Throughout this press release, Group and Group Core adjusted net profit and RoTE exclude the net impact from Pekao and Pioneer disposals (-€310 m in 2Q17, +€2.1 bn in 3Q17 and +€93 m in 4Q17), a one-off charge booked in Non Core (-€80 m in 3Q17), the net profit from Pekao and Pioneer (+€48 m in 1Q17, +€72 m in 2Q17, +€3 m in 3Q17 and +€7 m in 4Q17), the Yapi Kredi (Yapi) impairment (-€846 m in 3Q18) and the IFRS9 FTA tax effect (+€887 m in 4Q18); net profit and RoTE are not adjusted for large additional provisions for US sanctions in FY18. RoTE calculated at CMD 2016 perimeter, taking into account the capital increase and Pekao and Pioneer disposals as at 1 January 2017.**

FY18 STRONG GROUP BALANCE SHEET AND EXCELLENT ACCESS TO MARKETS:

- **FULLY LOADED CET1 RATIO OF 12.07 PER CENT, WITH AN MDA BUFFER OF 201 BPS[5]. PRO-FORMA TLAC SUBORDINATION RATIO OF 18.13 PER CENT WITH A BUFFER OF 107 BPS[6]**
- **TANGIBLE EQUITY OF €47.7 BN, UP 3.0 PER CENT Q/Q FROM TROUGH IN 3Q18**
- **EXCELLENT CAPITAL MARKETS ACCESS AS DEMONSTRATED BY RECENT ISSUANCES**
- **PROPOSED CASH DIVIDEND OF €0.27 PER SHARE EQUAL TO €0.6 BN[7]**

4Q18 GROUP ADJUSTED NET PROFIT OF €840 M (+19.9 PER CENT VS 4Q17 ADJUSTED)

- **BEST FOURTH QUARTER IN A DECADE FOR THE SECOND TIME RUNNING**
- **OPERATING EXPENSES OF €2.7 BN (-2.7 PER CENT Y/Y)**
- **COR OF 79 BPS, INCLUDING 4Q18 NEGATIVE IMPACTS FROM MODELS (13 BPS) AND THE IFRS9 MACRO SCENARIO (10 BPS)**
- **GROSS NPE RATIO OF 7.7 PER CENT, SIGNIFICANTLY DOWN 265 BPS Y/Y**

FY19 KEY TARGETS:

- **GROUP REVENUES OF €19.8 BN, OPERATING EXPENSES OF €10.4 BN AND COR OF 55 BPS CONFIRMED**
- **GROUP NET PROFIT OF €4.7 BN, GROUP ROTE ABOVE 9 PER CENT AND GROUP CORE ROTE ABOVE 10 PER CENT CONFIRMED**
- **NON CORE GROSS NPES CONFIRMED AT €14.9 BN AND ACCELERATED 2021 RUNDOWN FULLY ON TRACK**
- **TANGIBLE EQUITY TO GROW THROUGHOUT FY19**
- **YEAR-END 2019 CET1 RATIO CONFIRMED BETWEEN 12.0-12.5 PER CENT. CET1 RATIO MDA BUFFER TARGET OF 200-250 BPS. TLAC RATIO BUFFER TARGET OF 50-100 BPS**

NEW STRATEGIC PLAN PRESENTATION TO BE HELD IN LONDON ON 3 DECEMBER 2019

Milan, 7 February 2019: on 6 February 2019, the Board of Directors of UniCredit S.p.A. approved the 4Q18 and FY18 Group's consolidated financial accounts as of 31 December 2018.

Jean Pierre Mustier, Chief Executive Officer of UniCredit S.p.A., commenting on the 4Q18 and FY18 Group results:

"*UniCredit has delivered a record performance in 2018, with the best results in a decade. I am proud of our strong performance and the commitment of our teams, which have worked tirelessly throughout the year against a challenging macroeconomic backdrop.*

Our Group Core bank is performing very well, resulting in high profitability, with a Group Core net operating profit of Euro 7.5 billion, up 12.3 per cent year on year. Adjusted Group Core RoTE stands at 10.1 per cent, driven by good commercial dynamics across the Group, with customer loans up by Euro 28 billion, around three times the growth in 2017.

Transform 2019 is well ahead of schedule. We have already achieved 100 per cent of the FTE reductions and 93 per cent of the branch closure targets. Our Group operating expenses at Euro 10.7 billion are better than the Euro 11 billion target. Group NPEs are down by more than 50 per cent since the third quarter of 2016. Non Core Gross NPEs stand at Euro 18.6 billion, down Euro 7.5 billion year on year. We continue to actively de-risk our balance sheet and the accelerated 2021 rundown of Non Core NPEs is fully on track.

We confirm our FY19 net profit target of Euro 4.7 billion and a RoTE of above 9 per cent, with Group Core RoTE above 10 per cent. The Group will continue to maintain a strong MDA buffer of 200-250 bps, with a fully loaded FY19 CET1 target ratio of 12.0-12.5 per cent.

Based on these results, we will propose to the AGM a cash dividend of Euro 27 cents per share, which is equivalent to a 20 per cent payout.

As a team, we continue to focus fully on Transform 2019 to ensure UniCredit remains a true pan-European winner."

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[5] MDA stands for Maximum Distributable Amount. MDA buffer vs. fully loaded requirement as at 1 January 2019.

[6] Managerial figures under current regulatory assumptions, including USD3 bn of senior non-preferred issuance in January 2019.

[7] Dividend proposed to Annual General Meeting, 20 per cent payout ratio on stated net profit excluding the net impact from the IFRS9 FTA tax effect (+€887 m in 4Q18). For FY17, 0.32 per share equal to €0.7 bn was paid. For FY19 payout ratio of 30 per cent.

UniCredit Group

FY18 highlights

Group

- Total revenues of €19.7 bn (-1.1 per cent FY/FY) thanks to strong commercial revenues offsetting lower trading income. Net interest income (NII) up 2.1 per cent FY/FY to €10.9 bn and fees up 0.9 per cent FY/FY to €6.8 bn mainly thanks to transactional fees. Adjusted[8] trading income down 25.2 per cent FY/FY in a difficult market environment
- Operating expenses down 5.6 per cent FY/FY to €10.7 bn, better than the target of €11.0 bn, with lower C/I ratio of 54.2 per cent (-2.6 p.p. FY/FY). FTEs down 5,166 FY/FY
- Loan loss provisions (LLPs) down 10.9 per cent FY/FY to €2.6 bn, with a cost of risk (CoR) of 58 bps, including negative impacts of models (5 bps) and the IFRS9 macro scenario (3 bps)
- Net operating profit up 13.1 per cent FY/FY to €6.4 bn
- Adjusted net profit of €3.9 bn (+7.7 per cent vs. FY17 adjusted), with an adjusted RoTE of 8.0 per cent (+0.8 p.p. vs. FY17 adjusted), notwithstanding large additional provisions for US sanctions

Group Core

- Total revenues of €19.8 bn (-0.4 per cent FY/FY) with NII up 2.9 per cent FY/FY to €10.8 bn driven by strong loan volumes and stabilising loan rates and fees up 0.8 per cent FY/FY to €6.8 bn
- Operating expenses down 5.6 per cent FY/FY to €10.6 bn with lower C/I ratio of 53.5 per cent (-2.9 p.p. FY/FY)
- LLPs down -14.1 per cent FY/FY to €1.7 bn, with a CoR of 38 bps, as the overall risk environment remains supportive
- Net operating profit up 12.3 per cent FY/FY to €7.5 bn
- Adjusted net profit of €4.7 bn (+9.1 per cent vs. FY17 adjusted), with an adjusted RoTE of 10.1 per cent (+1.0 p.p. vs. FY17 adjusted), notwithstanding large additional provisions for US sanctions
- CEE and Commercial Banking Italy were the main contributors to net profit

4Q18 highlights

Group

- Total revenues of €4.9 bn (-1.0 per cent Y/Y, +0.9 per cent Q/Q) with NII up 0.4 per cent Q/Q to €2.8 bn and Fees down 1.4 per cent Y/Y with higher transactional fees and lower investment fees
- Operating costs down 2.7 per cent Y/Y to €2.7 bn, thanks to lower HR costs (-5.9 per cent Y/Y). Operating costs up 4.9 per cent Q/Q due to seasonality in 4Q18. C/I ratio of 56.0 per cent (-1.0 p.p. Y/Y, +2.1 p.p. Q/Q)
- LLPs up 10.5 per cent Y/Y to €923 m, leading to a CoR of 79 bps including 4Q18 negative impacts of models (13 bps) and the IFRS9 macro scenario (10 bps)
- Net operating profit of €1.2 bn, down 4.8 per cent Y/Y
- Best fourth quarter in a decade for the second time running with an adjusted net profit of €840 m (+19.9 per cent vs 4Q17 adjusted)

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[8] Non-recurring capital gains pre-tax: in 3Q17, +€87 m in CIB and +€39 m in CB Germany; in 4Q17, +€28 m in CB Germany.

	Group Core ■ Total revenues of €4.9 bn (+0.2 per cent Y/Y, +1.9 per cent Q/Q) with NII up 1.3 per cent Q/Q to €2.8 bn and fees down 1.1 per cent Y/Y to €1.7 bn ■ Operating expenses down 3.4 per cent Y/Y to €2.7 bn with lower C/I ratio of 54.8 per cent (-2.1 p.p. Y/Y) ■ LLPs of €734 m (+11.9 per cent Y/Y) with a CoR of 64 bps ■ Net operating profit up 2.0 per cent Y/Y to €1.5 bn ■ Adjusted Net profit up 25.6 per cent vs. 4Q17 adjusted to €1.1 bn
Capital	■ Group fully loaded CET1 ratio of 12.07 per cent in 4Q18, with an MDA buffer[9] of 201 bps ■ TLAC subordination ratio of 17.42 per cent[10] and pro-forma of 18.13 per cent[11] in 4Q18, with a buffer of 107 bps[12], fully compliant with the 17.1 per cent requirement ■ Real estate disposals confirmed, expected 0.2 p.p. CET1 ratio impact mainly in 2019 ■ CET1 ratio among the best compared to Eurozone and Italian peers[13] ■ Group fully loaded leverage ratio of 4.94 per cent in 4Q18 (-2 bps Q/Q)
Asset Quality	■ Group gross NPE[14] ratio significantly improved 265 bps Y/Y to 7.7 per cent in 4Q18, with a coverage ratio of 61.0 per cent, second highest in the Eurozone banks sample and the highest in Italy[15] ■ Total Group gross NPE disposals of €1.8 bn in 4Q18 (o/w Non Core €1.2 bn) and €4.4 in FY18 (o/w Non Core €2.1 bn) ■ Group Core gross NPE ratio improved 99 bps Y/Y to 4.1 per cent in 4Q18, with a coverage ratio of 57.8 per cent ■ Non Core gross NPEs down €7.5 bn Y/Y to €18.6 bn in 4Q18, better than the 2019 target of €19 bn, with a coverage ratio of 64.3 per cent

[9] MDA buffer vs. fully loaded requirement as at 1 January 2019.
[10] Managerial figures under current regulatory assumptions.
[11] Managerial figures under current regulatory assumptions, including USD3 bn of senior non-preferred issuance in January 2019.
[12] Managerial figures under current regulatory assumptions, including USD3 bn of senior non-preferred issuance in January 2019.
[13] Source: EBA 2018 transparency exercise. For more details on peer comparison see Annex pages 72-74 on 4Q18 market presentation.
[14] NPEs are broken down in bad exposures, unlikely-to-pay and past due.
[15] Source: EBA 2018 transparency exercise. For more details on peer comparison see Annex pages 72-74 on 4Q18 market presentation.

TRANSFORM 2019 UPDATE

Transform 2019 is well ahead of schedule and continues to deliver sustainable results, underpinned by strong commercial performance:

- **Strengthen and optimise capital:** capital targets are listed at the end of this section within the paragraph on 2019 key targets.

  Fully loaded CET1 ratio of 12.07 per cent in 4Q18, including -23 bps of regulatory headwinds, with an MDA buffer of 201 bps[16]. A 0.2 p.p. positive impact on CET1 ratio from real estate disposals is expected mainly in 2019.

  TLAC subordination ratio was 17.42 per cent[17] at the end of December 2018, fully compliant with a TLAC subordination requirement of above 17.1 per cent and pro-forma of 18.13 per cent[18] with a buffer of 107 bps[19].

- **Improve asset quality:** the Group balance sheet de-risking continued during the fourth quarter with gross NPEs further down to €38.2 bn in 4Q18 from €40.8 bn in 3Q18. Group gross NPE ratio significantly improved 265 bps Y/Y to 7.7 per cent in 4Q18, with a solid coverage ratio of 61.0 per cent. Group gross NPE disposals contributed €1.8 bn in 4Q18 and €4.4 bn in FY18.

  Group Core gross NPEs dropped to €19.6 bn while gross NPE ratio improved 99 bps Y/Y to 4.1 per cent in 4Q18, close to the EBA average[20]. The coverage ratio improved to 57.8 per cent in 4Q18.

  Accelerated Non Core rundown by 2021 is proceeding according to plan. At the end of December 2018, Non Core division became a closed NPE portfolio as all performing exposures had been reduced to zero. Non Core gross NPEs were down to €18.6 bn, better than the target of €19 bn, down €7.5 bn Y/Y. There were €1.2 bn of Non Core disposals in 4Q18 and €2.1 bn in FY18.

- **Transform operating model:** the transformation of the operating model is well ahead of schedule. Since December 2015:
  - 881 branches have been closed in Western Europe (of which 50 closed in 4Q18), corresponding to 93 per cent of the 944 planned closures by 2019;
  - FTEs have been reduced by approximately 14,000 (of which 1,087 FTEs in 4Q18), corresponding to 100 per cent of the planned reductions by 2019.

- **Maximise commercial bank value:** commercial initiatives are in place across the whole Group, delivering tangible results. During the fourth quarter of 2018:
  - the mobile user penetration[21] in CEE improved by 2.3 p.p. Q/Q to 40.5 per cent;
  - a new partnership with Google Pay was launched in Italy, offering seven million cardholders an additional fast and easy way to pay via mobile;
  - after the successful roll-out in Italy, UniCredit has launched a partnership with Apple Pay in Germany among the first in the country to do so;
  - a new insurance product called “MyCare Family” was released in Italy in November 2018, with more than 50k contracts underwritten at the end of 2018;
  - a new fully digitalised onboarding and retail account opening process was launched in Germany.

  In FY18, UniCredit confirmed its top position in debt financing, by ranking:

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[16] MDA buffer vs. fully loaded requirement as at 1 January 2019.
[17] Managerial figures under current regulatory assumptions.
[18] Managerial figures under current regulatory assumptions, including USD3 bn of senior non-preferred issuance in January 2019.
[19] Managerial figures under current regulatory assumptions, including USD3 bn of senior non-preferred issuance in January 2019.
[20] Weighted average "NPL" ratio of EBA sample banks is 3.4 per cent. Source: EBA risk dashboard (data as at 3Q18). UniCredit's definition of "NPE" ratio is more conservative than EBA.
[21] Including Yapi at 100 per cent. Ratio defined as number of retail mobile users as percentage of active customers.

- #1 in “All Bonds in EUR” by number of deals since 2012, “All Bonds in EUR” (Italy and Germany), “All Covered Bonds”, “All Syndicated Loans” (Italy, Germany, CEE and Austria), “Leveraged Loans” (Italy, Germany, CEE and Austria) and in “Third Party EMTN”;
- #2 in “All Syndicated Loans in EUR” and “SSA Bonds in EUR”;
- #3 in “All Bonds in EUR”, “Corporate Hybrid Bonds” and “Leveraged Loans in EUR”.

Moreover, the strength of the fully plugged-in CIB platform and the strong mid-corporate footprint were further underlined by ranking #1 in “Corporate Finance Advisory” by number of deals in Italy and CEE, and #1 in “Project Finance” in Italy and Austria[22].

In addition, CIB won a number of prestigious awards across many products and geographies, including: Best Global Trade Finance Provider in five categories and eleven European countries according to the Euromoney Trade Finance Survey 2019.

- **Adopt a lean but steering Group Corporate Centre (GCC):** the ratio of GCC costs to total costs was down -0.8 p.p. FY/FY to 3.4 per cent in FY18 (compared to 5.3 per cent as of December 2015). The 2019 target of 3.8 per cent is confirmed.

The key targets for 2019 are summarised below:

- Group revenues are expected to be at €19.8 bn, total operating expenses at €10.4 bn and CoR at 55 bps;
- Group net profit confirmed at €4.7 bn with a RoTE above 9 per cent for the Group and above 10 per cent for Group Core;
- Non Core gross NPEs confirmed at €14.9 bn and the accelerated 2021 rundown fully on track;
- tangible equity is expected to grow throughout FY19;
- year-end fully loaded CET1 ratio is expected to be between 12.0 and 12.5 per cent, with an MDA buffer target of 200-250 bps. A trough of the fully loaded CET1 ratio is expected at around 11.7 per cent in 2Q19[23]. TLAC ratio buffer target of 50-100 bps.

[22] All league tables are based on Dealogic data as of 2 January 2019. Period: 1 Jan. – 31 Dec. 2018. Rankings by volume unless otherwise stated.
[23] At current BTP spread levels.

UNICREDIT GROUP CONSOLIDATED RESULTS

(€ million)	FY17	FY18	*FY/FY*	4Q17	3Q18	4Q18	*Q/Q*	*Y/Y*
Total revenues	19,941	19,723	*-1.1%*	4,905	4,814	4,856	*+0.9%*	*-1.0%*
Operating costs	-11,338	-10,698	*-5.6%*	-2,793	-2,592	-2,718	*+4.9%*	*-2.7%*
LLP	-2,939	-2,619	*-10.9%*	-835	-696	-923	*+32.5%*	*+10.5%*
Net profit	5,473	3,892	*n.m.*	801	29	1,727	*n.m.*	*n.m.*
Adjusted net profit	3,578	3,852	*+7.7%*	701	875	840	*-4.0%*	*+19.9%*
Fully loaded CET1 ratio	13.60%	12.07%	*-1.5 p.p.*	13.60%	12.11%	12.07%	*-0.0 p.p.*	*-1.5 p.p.*
Adjusted RoTE	7.2%	8.0%	*+0.8 p.p.*	5.5%	7.5%	7.1%	*-0.3 p.p.*	*+1.7 p.p.*
Loans (excl. repos) - bn	413	434	*+5.0%*	413	432	434	*+0.4%*	*+5.0%*
Gross NPE - bn	48	38	*-21.0%*	48	41	38	*-6.5%*	*-21.0%*
Deposits (excl. repos) - bn	414	422	*+2.0%*	414	420	422	*+0.4%*	*+2.0%*
Cost/income ratio	56.9%	54.2%	*-2.6 p.p.*	56.9%	53.8%	56.0%	*+2.1 p.p.*	*-1.0 p.p.*
Cost of risk (bps)	67	58	*-9*	76	60	79	*+19*	*+3*

Note: Group adjusted net profit and RoTE exclude the net impact from Pekao and Pioneer disposals (-€310 m in 2Q17, +€2.1 bn in 3Q17 and +€93 m in 4Q17), a one-off charge booked in Non Core (-€80 m in 3Q17), the net profit from Pekao and Pioneer (+€48 m in 1Q17, +€72 m in 2Q17, +€3 m in 3Q17 and +€7 m in 4Q17), the Yapi impairment (-€846 m in 3Q18) and the IFRS9 FTA tax effect (+€887 m in 4Q18); net profit and RoTE are not adjusted for large additional provisions for US sanctions in FY18. RoTE calculated at CMD 2016 perimeter, taking into account the capital increase and Pekao and Pioneer disposals as at 1 January 2017.

Revenues were €19.7 bn in FY18 (-1.1 per cent FY/FY) mainly sustained by strong commercial revenues (NII +2.1 per cent and fees and commissions +0.9 per cent FY/FY) offsetting lower trading income (-25.2 per cent vs FY17 adjusted[24]) in a very difficult market environment. The main contributions in FY18 came from Commercial Banking Italy and CEE. In 4Q18, revenues reached €4.9 bn (-1.0 per cent Y/Y, +0.9 per cent Q/Q).

NII[25] was up 2.1 per cent FY/FY to €10.9 bn, thanks to commercial dynamics of €266 m FY/FY: higher lending volumes (+€227 m) and lower costs of deposits (+€20 m) and term funding (+€472 m) more than compensating lower loan rates (-€396 m) and deposit volumes (-€42 m). The contribution from the investment portfolio/markets & treasury was positive at €179 m in FY18. In 4Q18, NII was up 4.9 per cent Y/Y and 0.4 per cent Q/Q to €2.8 bn.

Net interest margin[26] increased to 1.43 per cent in 4Q18 from 1.41 per cent in 3Q18.

Group customer loans[27] were €433.6 bn at the end of December 2018 (+5.0 per cent Y/Y, +0.4 per cent Q/Q). Group Core customer loans were up €3.8 bn Q/Q to €426.9 bn. Main contributors to Group Core customer loans were Commercial Banking Italy (€145.6 bn, +1.5 per cent Q/Q), Commercial Banking Germany (€84.5 bn, -1.5 per cent Q/Q) and CIB (€80.4 bn, +1.3 per cent Q/Q).

Group customer deposits[28] increased to €422.0 bn at the end of December 2018 (+2.0 per cent Y/Y, +0.4 per cent Q/Q). The main contributors were Commercial Banking Italy (€146.3 bn, +0.6 per cent Q/Q), Commercial Banking Germany (€91.7 bn, +4.6 per cent Q/Q) and CEE (€65.7 bn, +6.4 per cent Q/Q at constant FX).

Customer loan rates were down 2 bps Q/Q at 2.55 per cent in 4Q18 and down 12 bps Y/Y.

Dividends and other income[29] were up 15.6 per cent FY/FY to €738m in FY18. The contribution from Yapi was €299 m in FY18, up 30.8 per cent FY/FY at constant FX, while down 4.0 per cent at current FX. In 4Q18, Yapi contributed €92 m, thanks to the appreciation of Turkish Lira, which reversed some of the earlier losses. Other dividends were up 34.3 per cent FY/FY to €439 m thanks to dividends on the underlying shares of the Pekao mandatory convertibles.

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[24] Non-recurring capital gains pre-tax: in 3Q17, +€87 m in CIB and +€39 m in CB Germany; in 4Q17, +€28 m in CB Germany.

[25] Net contribution from hedging strategy of non-maturity deposits in FY18 at €1.5 bn (-€5.1 m FY/FY).

[26] Net interest margin calculated as interest income divided by interest earning assets minus interest expenses divided by interest bearing liabilities.

[27] End of period accounting volumes calculated excluding repos and, for divisions, excluding also intercompany items. Accounting customer loans including repos amounted to €471.8 bn as of 31 December 2018 (+7.5 per cent Y/Y, +2.1 per cent Q/Q).

[28] End of period accounting volumes calculated excluding repos and for divisions, also excluding intercompany items. Accounting customer deposits including repos amounted to €479.0 bn as of 31 December 2018 (+3.5 per cent Y/Y, +2.1 per cent Q/Q).

[29] Include dividends and equity investments. The entities belonging to Koc/Yapi Kredi Group are evaluated according to the equity method (dividend line of the Group P&L based on the managerial view) under the accounting perimeter and proportionally consolidated under the regulatory perimeter.

Net fees and commissions[30] were up 0.9 per cent FY/FY to €6.8 bn in FY18. In 4Q18, fees increased to €1.7 bn (-1.4 per cent Y/Y, +1.9 per cent Q/Q).

- **Investment fees** were €2.6 bn in FY18, down 4.9 per cent FY/FY, and €603 m in 4Q18, down 14.5 per cent Y/Y mainly due to lower AuM up-front fees;
- **financing fees** were €1.7 bn in FY18, down 1.9 per cent FY/FY, and €434 m in 4Q18, up 3.3 per cent Y/Y and 7.6 per cent Q/Q, thanks to loans and guarantee commissions;
- **transactional fees** amounted to €2.4 bn in FY18, up 10.4 per cent FY/FY, and to €623 m in 4Q18, up 11.8 per cent Y/Y and 1.7 per cent Q/Q, sustained by current accounts and other collection and payment services.

Total Financial Assets (TFA)[31] decreased €22.7 bn Q/Q to €811.1 bn at the end of December 2018, due to negative market performance.

- **Assets under management (AuM)** reached €212.3 bn, down €9.7 bn Q/Q. AuM positive net sales were €0.3 bn in 4Q18 and €8.8 bn in FY18, offset by negative market performance of €14.6 bn in FY18;
- **Assets under custody (AuC)** decreased €15.5 bn Q/Q, reaching €183.6 bn in 4Q18. FY18 AuC positive net sales were €0.7 bn, offset by negative market performance of €18.7 bn;
- **Deposits** were €415.2 bn, up €2.5 bn Q/Q sustained by positive dynamics mainly in Commercial Banking Germany and CEE.

Trading income totalled €1.2 bn in FY18, down 31.5 per cent FY/FY and 25.2 per cent vs FY17 adjusted. Trading income was €159 m in 4Q18 (-58.6 per cent Y/Y, -42.5 per cent Q/Q) due to a very difficult market environment resulting in less client activity. The client driven share of trading included negative valuation adjustments[32] of €30 m in 4Q18 (+€23 m in 4Q17, +€26 m in 3Q18).

Operating costs were down to €10.7 bn in FY18 (-5.6 per cent FY/FY), ahead of schedule. In particular:

- **HR expenses** were down to €6.4 bn, decreasing 7.0 per cent FY/FY, driven by FTE reduction;
- **Non HR costs**[33] were €4.3 bn, down 3.5 per cent FY/FY thanks to lower real estate expenses, consulting fees and sponsorships.

The number of employees reached 86,786 in 4Q18, down by 1,087 FTEs Q/Q and down by approximately 14,000 FTEs since December 2015, reaching 100 per cent of the planned reductions by the end of 2019. In 4Q18, branch closures were ahead of schedule, with a decrease of 62 units to 4,591 at the Group level and of 50 units to 2,928 in Western Europe (down 881 branches in Western Europe since December 2015, corresponding to 93 per cent of the 944 planned closures by 2019). C/I ratio was down 2.6 p.p. FY/FY to 54.2 per cent in FY18.

Operating costs were down -2.7 per cent Y/Y to €2.7 bn in 4Q18 (+4.9 per cent Q/Q due to seasonality in 4Q18).

Gross operating profit was up 4.9 per cent FY/FY to €9.0 bn in FY18 thanks to good commercial dynamics and the effects from cost reduction. In 4Q18, gross operating profit was €2.1 bn (+1.2 per cent Y/Y, -3.8 per cent Q/Q).

LLPs amounted to €2.6 bn in FY18 (-10.9 per cent FY/FY), with a CoR of 58 bps, better than the 68 bps target, including the FY18 negative impacts of models (5 bps) and the IFRS9 macro scenario (3 bps). In 4Q18, LLPs were €923 m (+10.5 per cent Y/Y, +32.5 per cent Q/Q), with an overall risk environment remaining supportive during the quarter. 4Q18 CoR of 79 bps (+3 bps Y/Y, +19 bps Q/Q), including 4Q18 negative impacts of models (13 bps) and the IFRS9 macro scenario (10 bps).

Net operating profit was up 13.1 per cent FY/FY to €6.4 bn in FY18 and €1.2 bn in 4Q18 (-4.8 per cent Y/Y, -20.4 per cent Q/Q) thanks to sustained underlying commercial performance, cost reduction efforts and prudent risk discipline.

Other charges and provisions totalled €2.3 bn in FY18, including the large additional provisions for US sanctions booked during the year. Other charges and provisions were €371 m in 4Q18.

A **net loss from investments** accounted for €485 m in FY18, mainly due to the impairment of Yapi equal to €846 m in 3Q18 only partially offset by the positive gain from the €114 m disposal of the pawn credit business in 3Q18.

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[30] 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.

[31] 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.

[32] Collateral valuation adjustments (OIS), Debt/Credit Value Adjustment (DVA/CVA), Fair Value Adjustment and Funding Valuation Adjustment (FVA).

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

Income tax was positive for €479 m in FY18, including the net impact from the IFRS9 FTA tax effect of +€887 m booked in 4Q18[34]. FY18 normalised tax rate of 17.8 per cent.

FY18 **Group adjusted net profit** was €3.9 bn (+7.7 per cent vs FY17 adjusted), with an adjusted RoTE of 8.0 per cent (+0.8 p.p. vs. FY17 adjusted), notwithstanding the large additional provisions for US sanctions. The main contributors to the positive operating performance in FY18 were CEE and Commercial Banking Italy (net profit of €1.7 bn and €1.3 bn, respectively). 4Q18 Group adjusted net profit was €840 m (+19.9 per cent vs 4Q17 adjusted, -4.0 per cent vs 3Q18 adjusted).

Group Core

(€ million)	FY17	FY18	FY/FY	4Q17	3Q18	4Q18	Q/Q	Y/Y
Total revenues	19,872	19,783	*-0.4%*	4,896	4,814	4,908	*+1.9%*	*+0.2%*
Gross operating profit	8,654	9,194	*+6.2%*	2,112	2,252	2,218	*-1.5%*	*+5.1%*
Net operating profit	6,677	7,496	*+12.3%*	1,456	1,774	1,485	*-16.3%*	*+2.0%*
Net profit	6,241	4,696	*n.m.*	936	204	1,937	*n.m.*	*n.m.*
Adjusted net profit	4,266	4,656	*+9.1%*	836	1,051	1,050	*-0.1%*	*+25.6%*
Adjusted RoTE	9.1%	10.1%	*+1.0 p.p.*	6.9%	9.3%	9.3%	*-0.1 p.p.*	*+2.3 p.p.*
Cost/income ratio	56.5%	53.5%	*-2.9 p.p.*	56.9%	53.2%	54.8%	*+1.6 p.p.*	*-2.1 p.p.*
Cost of risk (bps)	47	38	*-8*	62	42	64	*+21*	*+2*
Gross NPE ratio	5.1%	4.1%	*-99 bps*	5.1%	4.3%	4.1%	*-23 bps*	*-99 bps*

Note: Group Core adjusted net profit and RoTE exclude the net impact from Pekao and Pioneer disposals (-€310 m in 2Q17, +€2.1 bn in 3Q17 and +€93 m in 4Q17), the net profit from Pekao and Pioneer (+€48 m in 1Q17, +€72 m in 2Q17, +€3 m in 3Q17 and +€7 m in 4Q17), the Yapi impairment (-€846 m in 3Q18) and the IFRS9 FTA tax effect (+€887 m in 4Q18); net profit and RoTE are not adjusted for large additional provisions for US sanctions in FY18. RoTE calculated at CMD 2016 perimeter, taking into account the capital increase and Pekao and Pioneer disposals as at 1 January 2017.

Group Core revenues were €19.8 bn in FY18 (-0.4 per cent FY/FY), thanks to solid commercial performance. NII was up 2.9 per cent FY/FY to €10.8 bn in FY18 driven by strong loan volumes (+7.1 per cent Y/Y) and stabilising loan rates. Gross new loan production was €105 bn in FY18 (+€16.9 bn FY/FY). Fees were up 0.8 per cent FY/FY to €6.8 bn. 4Q18 revenues amounted to €4.9 bn (+0.2 per cent Y/Y, +1.9 per cent Q/Q). 4Q18 NII was up 1.3 per cent Q/Q and 6.1 per cent Y/Y, reaching €2.8 bn.

Gross new clients amounted to 1.9 m in FY18.

Operating costs were down to €10.6 bn in FY18 (-5.6 per cent FY/FY) with a C/I ratio of 53.5 per cent (-2.9 p.p. FY/FY). Operating costs were €2.7 bn in 4Q18 (-3.4 per cent Y/Y, +5.0 per cent Q/Q).

LLPs amounted to €1.7 bn in FY18 (-14.1 per cent FY/FY), as the overall risk environment remains supportive, with a CoR of 38 bps. 4Q18 LLPs were €734 m (-11.9 per cent Y/Y, +53.5 per cent Q/Q).

Group Core net operating profit was €7.5 bn in FY18 (+12.3 per cent FY/FY) and €1.5 bn in 4Q18 (+2.0 per cent Y/Y, -16.3 per cent Q/Q).

FY18 Group Core adjusted net profit was €4.7 bn (+9.1 per cent vs FY17 adjusted) with an adjusted RoTE of 10.1 per cent (+1.0 p.p. vs. FY17 adjusted), notwithstanding the large additional provisions for US sanctions. 4Q18 Group Core adjusted net profit was €1.1 bn (+25.6 per cent vs 4Q17 adjusted, -0.1 per cent vs 3Q18 adjusted).

[34] Excluding this positive tax effect, the tax income would have been negative for €408 m in FY18 and positive for €112 m in 4Q18.

ASSET QUALITY

Since the third quarter of 2016, UniCredit has taken decisive actions to de-risk its balance sheet. Group asset quality has significantly improved as part of Transform 2019, with Group gross NPEs down by €38.6 bn (-50.3 per cent) and net NPEs down by €21.5 bn (-59.0 per cent) since 3Q16. 4Q18 gross NPE ratio was at 7.7 per cent, reduced by about 700 bps from 14.7 per cent in 3Q16. Thanks to proactive management, total Group NPE disposals have amounted to around €10 bn since 3Q16 (of which around €7.3 bn in Italy), on top of the FINO NPE disposal of €17 bn[35]. At the same time, Group NPE coverage ratio increased to 61 per cent (+840 bps since 3Q16), second highest in the Eurozone banks sample and the highest in Italy[36].

In 4Q18, **Group gross NPEs** were significantly down €10.2bn Y/Y and €2.6 bn Q/Q to €38.2 bn, with an improved **gross NPE ratio** of 7.7 per cent (-265 bps Y/Y, -66 bps Q/Q). Net NPEs decreased to €14.9 bn (-€6.2 bn Y/Y, -€1.1 bn Q/Q) with a net NPE ratio of 3.2 per cent (-165 bps Y/Y, -30 bps Q/Q) with a coverage ratio of 61.0 per cent (+464 bps Y/Y, +11 bps Q/Q). 4Q18 Group gross NPE disposals reached €1.8 bn (of which €1.2 bn in Non Core) and €4.4 bn in FY18 (of which €2.1 bn in Non Core).

Group gross bad loans were further down at €21.2 bn in 4Q18 (-€6.6 bn Y/Y, -€1.9 bn Q/Q) with a coverage ratio of 72.6 per cent (+673 bps Y/Y, -15 bps Q/Q). **Group gross unlikely to pay** decreased to €16.2 bn (-€3.3 bn Y/Y, -€0.5 bn Q/Q), with a coverage ratio of 47.3 per cent (+367 bps Y/Y, +107 bps Q/Q). **Group past due loans** were €840 m (-€0.3 bn Y/Y, -€0.2 bn Q/Q) with a coverage ratio of 31.3 per cent.

The ongoing de-risking in **Group Core** continued with gross NPEs down to €19.6 bn in 4Q18 (-€2.7 bn Y/Y, -€0.6 bn Q/Q) and the gross NPE ratio improved to 4.1 per cent (-99 bps Y/Y, -23 bps Q/Q), well below the FY19 4.7 per cent target. Coverage ratio was 57.8 per cent (+248 bps Y/Y, +51 bps Q/Q). Gross bad loans further decreased to €9.5 bn (-€1.3 bn Y/Y, -€0.6 bn Q/Q) with a coverage ratio of 70.8 per cent (+187 bps Y/Y, +48 bps Q/Q). Gross unlikely to pay amounted to €9.3 bn (-€1.2 bn Y/Y, stable Q/Q) with a coverage ratio of 47.0 per cent.

Inflows from performing loans to NPEs[37] amounted to €1.8 bn in 4Q18. The default rate stood at 1.7 per cent in 4Q18, down from 1.8 per cent in 4Q17. The cure rate[38] amounted to 11.6 per cent, up from 6.8 per cent in 4Q17.

Commercial Banking Italy gross NPEs decreased to €8.7 bn in 4Q18 (-€0.9 bn Y/Y, -€0.6 bn Q/Q), with an improved gross NPE ratio of 5.7 per cent (-95 bps Y/Y, -45bps Q/Q). Coverage ratio increased to 55.5 per cent in 4Q18 from 52.2 per cent in 4Q17. Net NPEs were €3.9 bn with a net NPE ratio down to 2.7 per cent. Gross bad loans were €4.2 bn (-€0.2 bn Y/Y, -€0.3 bn Q/Q) with a coverage ratio of 69.2 per cent. Gross unlikely to pay exposures were €3.9 bn (-€0.6 bn Y/Y, -€0.2 bn Q/Q) with a coverage ratio of 44.5 per cent.

Inflows to NPEs in Commercial Banking Italy amounted to €735 m in 4Q18, with a stable Q/Q default rate of 2.2 per cent. The cure rate amounted to 19.5 per cent, up from 9.2 per cent in 4Q17, thanks to some single names returning back to performing exposures.

Non Core rundown is progressing according to plan with gross NPEs down to €18.6 bn in 4Q18 (-€7.5 bn Y/Y, -€2.0 bn Q/Q). In 4Q18, the improvement in the Non Core gross NPEs was mainly driven by: i) write-offs of €0.5 bn (€3.3 bn in FY18), ii) recoveries of €0.4 bn (€1.2 bn in FY18) and iii) disposals of €1.2 bn (€2.1 bn in FY18). Net NPEs down to €6.6 bn (-€4.5 bn Y/Y, -€0.7 bn Q/Q) thanks to a coverage ratio of 64.3 per cent (+713 bps Y/Y, -5 bps Q/Q).

[35] €17.7 bn as of June 2016 and €17.0 bn as of December 2016, thanks to recovery activities.
[36] Source: EBA 2018 transparency exercise. For more details on peer comparison see Annex pages 72-74 on 4Q18 market presentation.
on 4Q18 market presentation.
[37] 3Q18 recasted figures based on new Bankit dynamic methodology.
[38] Back to performing (annualised) divided by the stock of NPEs at the beginning of the period.

CAPITAL & FUNDING

The Group **fully loaded CET1 ratio** was down 4 bps Q/Q to 12.07 per cent in 4Q18[39], mainly supported by 4Q18 net profit (+23 bps)[40], FVOCI (+7 bps)[41] and FX (+1 bp)[42] reserves compensating RWA dynamics (-25 bps)[43] and dividend accrual and coupon payments (-9 bps)[44]. The positive impact from the IFRS9 FTA tax effect on fully loaded CET1 ratio was 5 bps in 4Q18. The MDA buffer[45] was 201 bps at the end of December 2018.

RWA transitional totalled €370.2 bn in 4Q18 increasing by €7.6 bn since September 2018. In particular, credit RWA were up €9.4 bn Q/Q to €325.6 bn, mainly affected by regulation, models & procyclicality (+€7.1 bn), FX effect (+€1.0 bn) and other (+€2.7 bn). Market RWA were down €3.4 bn Q/Q to €12.1 bn, thanks to lower inventories from market making activities. Operational RWA were up €1.6 bn Q/Q to €32.5 bn, mainly due the large additional provisions for US sanctions.

In 4Q18, **transitional**[46] **capital ratios** were: **CET1** 12.13 per cent, **Tier 1** 13.64 per cent and **total** 15.80 per cent. All ratios are confirmed well above capital requirements[47].

Tangible book value at the end of December 2018 was €47.7 bn, up from €46.3 bn at the end of September 2018.

Fully loaded leverage ratio was 4.94 per cent (-2 bps Q/Q) and **transitional** 5.06 per cent in 4Q18.

At the end of December 2018, the **Group funding plan** was executed for €18.6 bn[48]. TLTRO II overall outstanding amount is equal to €51.2 bn on a consolidated basis[49].

The 2019 Group funding plan is expected at €32.1 bn. As of 25 January 2019, UniCredit issued €4.5 bn of debt instruments (14.0 per cent of 2019 planned).

At the end of December 2018, the **TLAC subordination ratio** was 17.42 per cent[50], pro-forma at 18.13 per cent[51] with a buffer of 107 bps[52]. 2019 TLAC funding plan is expected at €9.0 bn (of which €2.6 bn has been already executed and €3.9 bn of subordinated instruments is to be issued).

Pillar 1 MREL subordination requirement has already been achieved[53].

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[39] 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 of -104 bps on fully loaded CET1 ratio, equivalent to c.-€3.76 bn (gross of tax). UniCredit Group has decided not to apply the transitional arrangements for IFRS9 specified in Article 473a of CRR. As a consequence, UniCredit's own funds, RWAs, capital ratios and leverage ratios already reflect the full impact of the IFRS9 application. For more details, please see the "Report on Transition to IFRS9 Financial Instruments of UniCredit Group" document as well as "Consolidated First Half Financial Report as at 30 June 2018".

[40] +23 bps impact from 4Q18 net profit on CET1 ratio exclude the net impact from the IFRS9 FTA tax effect (+€887 m in 4Q18).

[41] o/w +12 bps due to BTP spread tightening (NB: 3yr BTP asset swap spreads tightened by c.50 bps in 4Q18). 4Q18 BTP sensitivity: +10 bps parallel shift of BTP asset swap spreads has a -3.1 bps pre and -2.3 bps post tax impact on the fully loaded CET1 ratio as at 31 December 2018.

[42] 4Q18 TRY appreciation had a total net impact on CET1 ratio of -1 bp (+3.7 bps from capital and -4.5 bps from RWA). 4Q18 TRY sensitivity (managerial data as at 31 December 2018): 10 per cent depreciation of the TRY has around +1 bp net impact (-3 bps from capital and +3 bps from RWA) on the fully loaded CET1 ratio.

[43] o/w -23 bps due to regulatory headwinds.

[44] Dividend payout of 20 per cent in 2018. Coupons paid in 4Q18: on AT1 instruments equal to €135 m pre-tax and on CASHES equal to €31 m pre and post-tax.

[45] MDA buffer vs. fully loaded requirement as at 1 January 2019.

[46] The transitional adjustments applicable for 2018 refer to: (i) 20 per cent for the actuarial losses calculated according to CRR Article 473 (40 per cent for 2017) and (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).

[47] Transitional capital requirements and buffers for UniCredit Group as of 31 December 2018 (rounded figures): 9.19 per cent CET1 ratio (4.50 per cent P1 + 2.00 per cent P2 + 2.69 per cent combined capital buffer); 10.69 per cent T1 ratio (6.00 per cent P1 + 2.00 per cent P2 + 2.69 per cent combined capital buffer); 12.69 per cent Total Capital ratio (8.00 per cent P1 + 2.00 per cent P2 + 2.69 per cent combined capital buffer).

[48] This amount includes €1.0 bn of AT1 issued in December 2017 and USD0.65 bn of AT1 issued in January 2019 by Yapi.

[49] 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.

[50] Managerial figures under current regulatory assumptions.

[51] Managerial figures under current regulatory assumptions, including USD3 bn of senior non-preferred issuance in January 2019.

[52] Managerial figures under current regulatory assumptions, including USD3 bn of senior non-preferred issuance in January 2019.

[53] Managerial figures under current regulatory assumptions, including USD3 bn of senior non-preferred issuance in January 2019.

DIVISIONAL QUARTERLY HIGHLIGHTS[54]

COMMERCIAL BANKING ITALY

(€ million)	FY17	FY18	*FY/FY*	4Q17	3Q18	4Q18	*Q/Q*	*Y/Y*
Total revenues	7,442	7,257	*-2.5%*	1,868	1,758	1,747	*-0.6%*	*-6.5%*
Gross operating profit	3,004	3,131	*+4.2%*	775	743	725	*-2.4%*	*-6.4%*
Net operating profit	2,029	2,085	*+2.7%*	505	426	427	*+0.2%*	*-15.4%*
Net profit	1,229	1,325	*+7.8%*	343	367	209	*-43.0%*	*-39.1%*
RoAC	11.9%	12.1%	*+0.2 p.p.*	12.3%	13.3%	7.3%	*-6.0 p.p.*	*-5.0 p.p.*
Cost/income ratio	59.6%	56.9%	*-2.8 p.p.*	58.5%	57.7%	58.5%	*+0.8 p.p.*	*-0.0 p.p.*
Cost of risk (bps)	72	74	*+3*	79	89	83	*-6*	*+4*

Revenues were down 2.5 per cent FY/FY to €7.3 bn in FY18, with NII down 5.6 per cent FY/FY to €3.5 bn in FY18 due to ongoing market pressure on customer rates partially offset by greater loan volumes. Net interest started to stabilise in 4Q18, down 0.2 per cent Q/Q. Strong performance in lending activity with gross new loan production of €24.9 bn FY18 (+20.4 per cent FY/FY) driven by corporates and retail mortgages. Fees were up 0.8 per cent FY/FY to €3.7 bn in FY18, thanks to transactional services (+14.6 per cent FY/FY) more than compensating lower investment fees (-6.5 per cent FY/FY) negatively impacted by a difficult market environment. Revenues were €1.7 bn in 4Q18, down 6.5 per cent Y/Y and 0.6 per cent Q/Q.

363k gross new clients in FY18 (+4.5 per cent FY/FY), supported by the transformation of the Italian network which saw a reduction of 197 branches FY/FY.

Operating costs were down to €4.1 bn in FY18 (-7.1 per cent FY/FY) mainly thanks to lower HR costs (-8.5 per cent FY/FY) related to lower FTEs (-2,665 FTEs FY/FY). C/I ratio was down to 56.9 per cent in FY18 (-2.8 p.p. FY/FY). Operating costs were €1.0 bn in 4Q18 (-6.5 per cent Y/Y, +0.7 per cent Q/Q).

LLPs amounted to €1.0 bn in FY18 (+7.4 per cent FY/FY), with a CoR up 3 bps FY/FY to 74 bps mainly due to negative impacts of models (8 bps) and the IFRS9 macro scenario (6 bps). LLPs amounted to €298 m in 4Q18 (+10.6 per cent Y/Y, -5.9 per cent Q/Q).

Net operating profit of €2.1 bn in FY18 (+2.7 per cent FY/FY) and €427 m in 4Q18 (-15.4 per cent Y/Y, +0.2 per cent Q/Q).

Systemic charges were up to €128 m FY18 (+24.1 per cent FY/FY) due to higher annual Deposit Guarantee Scheme and Resolution Fund contributions.

Net profit was €1.3 bn in FY18 (+7.8 per cent FY/FY) with a normalised[55] RoAC of 11.0 per cent. The net profit was €209 m in 4Q18 (-39.1 per cent Y/Y, -43.0 per cent Q/Q). FY19 RoAC target is expected to be at 11.0 per cent, notwithstanding expected higher FY19 net income.

[54]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; (iii) gross new loan production for all divisions is a managerial figure.

[55]Normalised for pawn credit business disposal (+€114 m in 3Q18).

COMMERCIAL BANKING GERMANY

(€ million)	FY17	FY18	FY/FY	4Q17	3Q18	4Q18	Q/Q	Y/Y
Total revenues	2,694	2,470	-8.3%	629	603	621	+3.0%	-1.3%
Gross operating profit	883	766	-13.3%	189	190	191	+1.0%	+1.3%
Net operating profit	758	620	-18.2%	130	212	85	-59.7%	-34.1%
Net profit	621	369	-40.7%	129	54	168	n.m.	+30.3%
RoAC	13.4%	8.1%	-5.3 p.p.	10.7%	4.6%	14.3%	+9.7 p.p.	+3.6 p.p.
Cost/income ratio	67.2%	69.0%	+1.8 p.p.	69.9%	68.6%	69.2%	+0.6 p.p.	-0.8 p.p.
Cost of risk (bps)	15	17	+2	29	-11	50	+60	+20

FY18 revenues were €2.5 bn, down 8.3 per cent FY/FY and down 5.9 per cent vs FY17 adjusted[56]. NII was down 4.2 per cent in FY18 vs FY17 adjusted to €1.5 bn due to lower customer rates partially offset by higher loan volumes. Gross new loan production was strong at €18.5 bn (+17.9 per cent FY/FY) mainly driven by corporates and mortgages. Fees decreased 1.4 per cent to €752 m in FY18, mainly due to a decrease in investment fees (-7.8 per cent FY/FY) only partly offset by an increase in transactional fees (+10.4 per cent FY/FY). 4Q18 revenues were €621 m (-1.3 per cent Y/Y, +3.0 per cent Q/Q).

Gross new clients amounted to 75k in FY18 (+50.0 per cent FY/FY).

Operating expenses were down 5.9 per cent FY/FY to €1.7 bn in FY18 driven by HR and Non HR cost reductions (-6.5 per cent and -5.0 per cent FY/FY, respectively), with FTEs further down 897 FY/FY to 9,208. FY18 C/I ratio was stable at 69.0 per cent vs FY17 adjusted. 4Q18 operating expenses were €429 m (-2.3 per cent Y/Y, +3.9 per cent Q/Q).

LLPs amounted to €145 m in FY18 (+15.9 per cent FY/FY), with a CoR of 17 bps including negative impacts of models (11 bps in 4Q18). LLPs amounted to €106 m in 4Q18 with a CoR of 50 bps.

Net operating profit was €620 m in FY18 (-18.2 per cent FY/FY, -10.1 per cent in FY18 vs FY17 adjusted) and €85 m in 4Q18 (-59.7 per cent Y/Y, -34.1 per cent Q/Q).

Net profit amounted to €369 m in FY18 (-40.7 per cent FY/FY) with a normalised[57] RoAC of 4.1 per cent in FY18, affected by the large additional provisions for US sanctions. FY19 RoAC target is confirmed at 9.1 per cent.

[56] Non-recurring release of tax provisions in NII (+€90 m 2Q17 and +€20 m in 4Q18).
[57] Normalised RoAC for non-recurring net gains: in 2Q18, +€27 m from participation and in 4Q18, +€147 m related to a release in tax provision.

COMMERCIAL BANKING AUSTRIA

(€ million)	FY17	FY18	FY/FY	4Q17	3Q18	4Q18	Q/Q	Y/Y
Total revenues	1,583	1,563	-1.3%	405	403	376	-6.7%	-7.2%
Gross operating profit	498	542	+8.8%	136	163	117	-28.7%	-14.5%
Net operating profit	515	567	+10.1%	97	140	110	-21.5%	+13.1%
Net profit	570	432	-24.3%	99	124	98	-20.9%	-0.8%
RoAC	20.1%	16.0%	-4.1 p.p.	14.9%	18.8%	14.5%	-4.3 p.p.	-0.5 p.p.
Cost/income ratio	68.5%	65.3%	-3.2 p.p.	66.4%	59.5%	69.0%	+9.6 p.p.	+2.6 p.p.
Cost of risk (bps)	-4	-5	-2	34	20	6	-15	-28

Commercial Banking Austria registered a resilient commercial performance during 2018, with revenues of €1.6 bn (-1.3 per cent FY/FY). NII was down 5.1 per cent FY/FY at €687 m and down 3.3 per cent vs FY17 adjusted[58], mainly due to repayments. New loans production amounted to €7.4 bn in FY18 (-5.6 per cent FY/FY) driven by corporates and mortgages. Fee generation was down 0.8 per cent FY/FY to €618 m mainly due to a decrease in investment fees (-1.9 per cent FY/FY) in a difficult market environment. In 4Q18, revenues decreased to €376 m (-7.2 per cent Y/Y, -6.7 per cent Q/Q).

The number of gross new clients was 50k in FY18 (-2.3 per cent FY/FY).

Total expenses decreased 5.9 per cent FY/FY to €1.0 bn thanks to a reduction both in terms of HR costs (-4.8 per cent FY/FY) and Non HR costs (-7.1 per cent FY/FY). C/I ratio was down 3.2 p.p. FY/FY to 65.3 per cent in FY18. In 4Q18, total expenses amounted to €260 m (-3.5 per cent Y/Y, +8.3 per cent Q/Q).

Some write-backs of LLPs were booked in 1H18, leading to FY net release of LLPs of €25 m and a CoR of -5 bps at the end of 2018. CoR is expected to normalise over 2019 with a FY target of 16 bps.

Net operating profit was up 10.1 per cent FY/FY at €567 m in FY18 thanks to cost reduction and net write-backs. Net operating profit was of €110 m in 4Q18 (+13.1 per cent Y/Y, -21.5 per cent Q/Q).

The net profit was €432 m in FY18 with a RoAC of 16.0 per cent. The net profit was €98 m in 4Q18 (-0.8 per cent Y/Y, -20.9 per cent Q/Q). FY19 RoAC target is confirmed at 13.3 per cent.

[58] Non-recurring items in 3Q17 related to real estate disposals (+€14 m net interest).

CEE[59]

(€ million)	FY17	FY18	*FY/FY*	4Q17	3Q18	4Q18	*Q/Q*	*Y/Y*
Total revenues	4,186	4,262	*+6.3%*	1,004	995	1,112	*+13.7%*	*+16.8%*
Gross operating profit	2,643	2,697	*+8.0%*	605	607	700	*+18.3%*	*+24.2%*
Net operating profit	2,059	2,240	*+15.6%*	456	516	540	*+9.2%*	*+29.5%*
Net profit	1,583	1,726	*+17.3%*	350	428	411	*+1.9%*	*+30.9%*
RoAC	13.9%	15.7%	*+1.9 p.p.*	12.4%	15.7%	15.2%	*-0.6 p.p.*	*+2.8 p.p.*
Cost/income ratio	36.9%	36.7%	*-0.1 p.p.*	39.7%	39.0%	37.1%	*-1.9 p.p.*	*-2.6 p.p.*
Cost of risk (bps)	97	73	*-24*	99	58	98	*+40*	*-1*

Revenues were up 6.3 per cent FY/FY to €4.3 bn in FY18, thanks to strong commercial dynamics. NII was up 6.6 per cent FY/FY to €2.7 bn in FY18 thanks to increased loan volumes. Gross new loan production was €22.4 bn in FY18, up 22.9 per cent FY/FY. Fee generation was up 5.0 per cent FY/FY to €876 m in FY18 mainly driven by transactional fees (+7.7 per cent FY/FY). Dividends were up 29.7 per cent FY/FY mainly thanks to higher contribution from Yapi (+30.8 per cent FY/FY at constant FX). Revenues were €1.1 bn in 4Q18, up 16.8 per cent Y/Y and 13.7 per cent Q/Q.

The number of gross new clients was 1.3 m in FY18[60].

Operating expenses were €1.6 bn in FY18 (+3.3 per cent FY/FY), mainly due to HR costs (+4.0 per cent FY/FY), given the competitive labour markets conditions. In 4Q18, total expenses amounted to €412 m (+5.3 per cent Y/Y, +6.1 per cent Q/Q). C/I ratio was down to 36.7 per cent in FY18, 0.1 p.p. lower than in the previous year and was 37.1 per cent in 4Q18.

LLPs were €457 m in FY18 (-18.9 per cent FY/FY) with a low CoR of 73 bps (-24 bps FY/FY) thanks to a still supportive risk environment and NPE sales. LLPs were €160 m in 4Q18 (+8.1 per cent Y/Y, +70.8 per cent Q/Q) and CoR was at 98 bps (-1 bp Y/Y, +40 bps Q/Q).

The strong performance of CEE resulted in a net operating profit of €2.2 bn in FY18 (+15.6 per cent FY/FY) and €540 m in 4Q18 (+29.5 per cent Y/Y and +9.2 per cent Q/Q).

CEE continued to be a main contributor to the Group's bottom line, generating a net profit of €1.7 bn in FY18 (+17.3 per cent FY/FY). The most important contributors to earnings generation growth were Czech Republic & Slovakia (€353 m net profit, +21.1 per cent FY/FY), Bulgaria (€215 m net profit, +3.0 per cent FY/FY), Hungary (€177 m net profit, +10.4 per cent FY/FY) and Croatia (€165 m net profit, +56.3 per cent FY/FY). The net profit was €411 m in 4Q18 (+30.9 per cent Y/Y, +1.9 per cent Q/Q). FY18 RoAC was 15.7 per cent (+1.9 bps FY/FY). FY19 RoAC target is confirmed at 13.4 per cent.

Thanks to the successful de-risking, gross NPE ratio was down 152 bps FY/FY to 6.4 per cent in FY18.

[59] For CEE, changes (Y/Y, Q/Q and FY/FY) at constant FX. RoAC, C/I ratio and CoR changes at current FX.
[60] Yapi is included at 100 per cent.

CIB

(€ million)	FY17	FY18	FY/FY	4Q17	3Q18	4Q18	Q/Q	Y/Y
Total revenues	4,113	3,813	-7.3%	1,010	915	937	+2.3%	-7.3%
Gross operating profit	2,487	2,249	-9.5%	622	545	524	-3.7%	-15.7%
Net operating profit	2,212	2,174	-1.7%	494	464	368	-20.8%	-25.6%
Net profit	1,433	897	-37.4%	376	96	241	n.m.	-35.9%
RoAC	15.4%	9.0%	-6.4 p.p.	16.0%	3.7%	9.4%	+5.7 p.p.	-6.6 p.p.
Cost/income ratio	39.5%	41.0%	+1.5 p.p.	38.4%	40.5%	44.0%	+3.5 p.p.	+5.6 p.p.
Cost of risk (bps)	27	7	-20	50	28	54	+25	+3

Revenues were down 7.3 per cent FY/FY to €3.8 bn in FY18 due to a very difficult market environment. NII was up 7.5 per cent FY/FY to €2.3 bn in FY18 thanks to increased loan volumes and the higher contribution from the investment portfolio. Fees were €624 m, down 2.4 per cent FY/FY due to weak capital markets business partially offset by strong structured finance lending. The client driven share of revenues was 75 per cent in FY18. Revenues reached €937 m in 4Q18 (-7.3 per cent Y/Y, +2.3 per cent Q/Q).

Total costs were down 3.9 per cent FY/FY to €1.6 bn in FY18, confirming cost discipline. FTEs decreased to 3,289 in FY18 (-0.3 per cent FY/FY). C/I ratio was at 41.0 per cent in FY18, up 1.5 p.p. FY/FY.

LLPs were €76 m in FY18 with a CoR at low 7 bps driven by non-recurring write-backs in 2Q18 partially offset by negative impacts of models (8 bps in FY18).

Net operating profit reached €2.2 bn in FY18 (-1.7 per cent FY/FY). Net operating profit reached €368 m in 4Q18 (-25.6 per cent Y/Y, -20.8 per cent Q/Q).

The net profit was €897 m in FY18 (-37.4 per cent FY/FY), with a normalised[61] RoAC of 8.6 per cent in FY18, impacted by the large additional provisions for US sanctions. FY19 RoAC target is confirmed at 11.7 per cent.

In FY18, UniCredit confirmed its top position for debt financing, by ranking:

- #1 in "All Bonds in EUR" by number of deals since 2012, "All Bonds in EUR" (Italy and Germany), "All Covered Bonds", "All Syndicated Loans" (Italy, Germany, CEE and Austria), "Leveraged Loans" (Italy, Germany, CEE and Austria), and in "Third Party EMTN";
- #2 in "All Syndicated Loans in EUR" and "SSA Bonds in EUR";
- #3 in "All Bonds in EUR", "Corporate Hybrid Bonds" and "Leveraged Loans in EUR".

Moreover, the strength of the fully plugged-in CIB platform and the strong mid-corporate footprint were further underlined by ranking #1 in "Corporate Finance Advisory" by number of deals in Italy and CEE, and #1 in "Project Finance" in Italy and Austria[62].

In addition, CIB won a number of prestigious awards across many products and geographies, including: Best Global Trade Finance Provider in five categories and eleven European countries according to the Euromoney Trade Finance Survey 2019.

[61] Normalised for non-recurring net trading gains from participations (+€39 m in 1Q18).
[62] All league tables are based on Dealogic data as of 2 January 2019. Period: 1 Jan. – 31 Dec. 2018. Rankings by volume unless otherwise stated.

Fineco

(€ million)	FY17	FY18	*FY/FY*	4Q17	3Q18	4Q18	*Q/Q*	*Y/Y*
Total revenues	586	624	*+6.5%*	156	153	160	*+4.9%*	*+2.9%*
Gross operating profit	353	378	*+7.2%*	97	93	99	*+6.3%*	*+1.8%*
Net operating profit	347	374	*+7.6%*	95	92	96	*+4.8%*	*+1.6%*
Net profit	76	85	*+12.5%*	22	19	22	*+20.9%*	*+0.5%*
RoAC	62.7%	45.3%	*-17.4 p.p.*	66.3%	36.4%	39.5%	*+3.1 p.p.*	*-26.8 p.p.*
Cost/income ratio	39.8%	39.4%	*-0.4 p.p.*	37.6%	39.1%	38.3%	*-0.8 p.p.*	*+0.7 p.p.*
AUM / TFA	49.2%	46.8%	*-2.4 p.p.*	49.2%	48.2%	46.8%	*-1.4 p.p.*	*-2.4 p.p.*

Revenues were up 6.5 per cent FY/FY to €624 m in FY18, with a positive contribution from all the main P&L lines.

- NII was up 5.0 per cent FY/FY to €277 m, driven by further expansion in lending activity with 4Q18 loan volumes of €2.8 bn (+45.6 per cent Y/Y, +9.6 per cent Q/Q) mainly driven by lombard loans[63];
- fees were up 11.3 per cent FY/FY to €300 m, thanks to higher investment fees (+7.8 per cent FY/FY).

Revenues increased to €160 m in 4Q18 (+2.9 per cent Y/Y; +4.9 per cent Q/Q).

Fineco acquired additional 112k gross new clients in FY18 (-2.6 per cent FY/FY), reaching a total of almost 1.2 m clients (+6.2 per cent Y/Y).

Operating expenses were €246 m in FY18 (+5.4 per cent FY/FY), including costs related to the newly established asset management company in Ireland, confirming the continued focus on efficiency while expanding business activity. Costs are under control as demonstrated by a C/I ratio at 39.4 per cent in FY18 (-0.4 p.p. FY/FY).

Net operating profit was €374 m in FY18 (+7.6 per cent FY/FY) and €96 m in 4Q18 (+1.6 per cent Y/Y, +4.8 per cent Q/Q).

Net profit[64] increased to €85 m in FY18 (+12.5 per cent FY/FY) and €22 m in 4Q18 (+0.5 per cent Y/Y, +20.9 per cent Q/Q). FY18 RoAC amounted to 45.3 per cent.

Thanks to its position as the key player in asset gathering in Italy, Fineco's TFA increased to €69.3 bn at the end of December 2018 (+3.2 per cent Y/Y) with AuM at €32.5 bn (-1.8 per cent Y/Y).

TFA net sales expansion continued in 4Q18, reaching €6.2 bn since the beginning of the year (+4.5 per cent FY/FY). AuM net sales were €1.7 bn in FY18, down 57.3 per cent FY/FY in a challenging market environment. "Guided products & services"[65] stock increased its share of total AuM stock to 67 per cent in December 2018 (vs. 63 per cent in December 2017).

[63] A type of secured loan, in which the entire loan amount is secured by e.g. life insurance policies, securities (like stocks or bonds) or other assets.
[64] Consolidated view, i.e. 35 per cent ownership by UniCredit.
[65] 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)	FY17	FY18	*FY/FY*	4Q17	3Q18	4Q18	*Q/Q*	*Y/Y*
Total revenues	-732	-205	*-71.9%*	-176	-13	-46	*n.m.*	*-73.8%*
Operating costs	-482	-364	*-24.4%*	-137	-76	-92	*+21.6%*	*-32.7%*
Gross operating profit	-1,213	-569	*-53.1%*	-313	-89	-138	*+55.1%*	*-55.8%*
Net profit/loss	729	-138	*n.m.*	-383	-882	788	*n.m.*	*n.m.*
FTE	15,488	14,059	*-9.2%*	15,488	14,286	14,059	*-1.6%*	*-9.2%*
Costs GCC/total costs	4.2%	3.4%	*-0.8 p.p.*	4.9%	2.9%	3.4%	*+0.5 p.p.*	*-1.5 p.p.*

GCC revenues were negative for €205 m in FY18, improving significantly from the previous year thanks to lower funding volumes.

Operating expenses improved during the year to €364 m, down 24.4 per cent FY/FY driven by lower HR costs (-11.7 per cent FY/FY). In 4Q18, GCC operating expenses amounted to €92 m (-32.7 per cent Y/Y, +21.6 per cent Q/Q). The lean but steering GCC transformation is on track with a Y/Y reduction of 1,429 FTEs. Since December 2015, FTEs were down 20.6 per cent (-3,637 FTEs).

The reduction of GCC continued with the ratio of GCC costs to total costs down 0.8 p.p. FY/FY to 3.4 per cent in FY18. FY19 target is confirmed at 3.8 per cent.

Non Core

(€ million)	FY17	FY18	*FY/FY*	4Q17	3Q18	4Q18	*Q/Q*	*Y/Y*
Total revenues	68	-60	*n.m.*	9	0	-52	*n.m.*	*n.m.*
Operating costs	-120	-109	*-9.4%*	-9	-30	-28	*-4.5%*	*n.m.*
Gross operating profit	-51	-168	*n.m.*	1	-30	-80	*n.m.*	*n.m.*
LLP	-962	-921	*-4.2%*	-179	-218	-189	*-13.4%*	*+5.4%*
Net profit/loss	-768	-804	*+4.6%*	-135	-176	-210	*+19.4%*	*+54.9%*
Gross customer loans	29,255	18,560	*-36.6%*	29,255	22,263	18,560	*-16.6%*	*-36.6%*
Net NPEs	11,146	6,625	*-40.6%*	11,146	7,342	6,625	*-9.8%*	*-40.6%*
NPE coverage ratio	57.2%	64.3%	*+7.1 p.p.*	57.2%	64.3%	64.3%	*-0.1 p.p.*	*+7.1 p.p.*
RWA	21,595	12,129	*-43.8%*	21,595	14,062	12,129	*-13.7%*	*-43.8%*

Non Core 2021 accelerated rundown is fully on track.

Performing exposures have been reduced to zero and the division has become a closed NPE portfolio of €18.6 bn in 4Q18 (gross loans down €10.7 bn Y/Y and gross NPEs down €7.5 bn Y/Y).

Revenues were negative for €60 m in FY18 and for €52 m in 4Q18 driven by the lower contribution from time value[66] and the rundown of the performing portfolio. Operating costs were at €109 m in FY18 and at €28 m in 4Q18. LLPs amounted to €921 m in FY18 (-4.2 per cent FY/FY) with the coverage ratio improving to 64.3 per cent (+713bps Y/Y) and to €189 m in 4Q18.

Net loss totalled €804 m in FY18 (+4.6 per cent FY/FY) and €210 m in 4Q18 (+54.9 per cent Y/Y, +19.4 per cent Q/Q).

RWA decreased to €12.1 bn in 4Q18 (-€9.5 bn Y/Y).

[66] Difference between the sum of expected recoverable cash flows of NPEs and its net present value.

GROUP TABLES

UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	FY17	FY18	*FY/FY*	4Q17	3Q18	4Q18	*Q/Q*	*Y/Y*
Net interest	10,633	10,856	*+2.1%*	2,646	2,765	2,776	*+0.4%*	*+4.9%*
Dividends and other income from equity investments	638	738	*+15.6%*	120	149	219	*+46.7%*	*+83.0%*
Net fees and commissions	6,695	6,756	*+0.9%*	1,682	1,628	1,659	*+1.9%*	*-1.4%*
Net trading income	1,818	1,245	*-31.5%*	384	277	159	*-42.5%*	*-58.6%*
Net other expenses/income	156	130	*-16.9%*	73	(5)	42	*n.m.*	*-42.8%*
OPERATING INCOME	**19,941**	**19,723**	***-1.1%***	**4,905**	**4,814**	**4,856**	***+0.9%***	***-1.0%***
Payroll costs	(6,905)	(6,423)	*-7.0%*	(1,701)	(1,575)	(1,601)	*+1.7%*	*-5.9%*
Other administrative expenses	(4,385)	(4,157)	*-5.2%*	(1,123)	(985)	(1,078)	*+9.4%*	*-4.0%*
Recovery of expenses	760	685	*-9.9%*	246	173	165	*-4.8%*	*-33.0%*
Amort. deprec. and imp. losses on intang. & tang. assets	(807)	(804)	*-0.5%*	(214)	(204)	(203)	*-0.5%*	*-5.1%*
OPERATING COSTS	**(11,338)**	**(10,698)**	***-5.6%***	**(2,793)**	**(2,592)**	**(2,718)**	***+4.9%***	***-2.7%***
OPERATING PROFIT (LOSS)	**8,603**	**9,025**	***+4.9%***	**2,112**	**2,222**	**2,138**	***-3.8%***	***+1.2%***
Net write-downs on loans and provisions for guarantees and commitments	(2,939)	(2,619)	*-10.9%*	(835)	(696)	(923)	*+32.5%*	*+10.5%*
NET OPERATING PROFIT (LOSS)	**5,664**	**6,406**	***+13.1%***	**1,277**	**1,526**	**1,215**	***-20.4%***	***-4.8%***
Other charges and provisions	(1,064)	(2,293)	*n.m.*	(193)	(741)	(371)	*-49.9%*	*+92.1%*
- of which: systemic charges	*(610)*	*(846)*	*+38.8%*	*14*	*(148)*	*(60)*	*-59.8%*	*n.m.*
Integration costs	(147)	(9)	*-93.7%*	(103)	(3)	(15)	*n.m.*	*-85.8%*
Net income from investments	(305)	(485)	*+58.8%*	(151)	(655)	(52)	*-92.0%*	*-65.4%*
PROFIT (LOSS) BEFORE TAX	**4,148**	**3,619**	***-12.7%***	**830**	**127**	**778**	***n.m.***	***-6.3%***
Income tax for the period	(609)	479	*n.m.*	(66)	(40)	998	*n.m.*	*n.m.*
NET PROFIT (LOSS)	**3,539**	**4,098**	***+15.8%***	**764**	**87**	**1,776**	***n.m.***	***n.m.***
Profit (Loss) from non-current assets held for sale, after tax	2,251	14	*-99.4%*	96	(1)	1	*n.m.*	*-99.3%*
PROFIT (LOSS) FOR THE PERIOD	**5,790**	**4,112**	***-29.0%***	**860**	**86**	**1,777**	***n.m.***	***n.m.***
Minorities	(313)	(216)	*-30.8%*	(58)	(56)	(49)	*-12.3%*	*-15.7%*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**5,477**	**3,896**	***-28.9%***	**802**	**30**	**1,728**	***n.m.***	***n.m.***
Purchase Price Allocation effect	(4)	(3)	*-19.2%*	(1)	(1)	(0)	*-65.5%*	*-58.8%*
Goodwill impairment	-	-	*n.m.*	-	-	-	*n.m.*	*n.m.*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP(*)	**5,473**	**3,892**	***n.m.***	**801**	**29**	**1,727**	***n.m.***	***n.m.***
ADJUSTED NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**3,578**	**3,852**	***+7.7%***	**701**	**875**	**840**	***-4.0%***	***+19.9%***

Note: (*) Include the recognition in P&L of tax effect related to IFRS9 FTA for a total amount of €887 m taking into account the document issued by Bank of Italy, Consob and Isvap (now IVASS) on 21-Feb-08 ruling on the accounting treatment of negative changes in DTAs. The application of such accounting treatment has resulted in a stated 4Q18 net profit of €1,727 m and FY18 net profit of €3,892 m. Excluding such positive tax effect, 4Q18 would have recorded a net profit of €840 m and FY18 a net profit of €3,006 m. In case such effect would have been recognised in equity, no impact would have resulted under a capital perspective.
2017 figures were restated:

- starting from 30 September 2017 following the reclassifications:
  - of 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";
  - of the indemnities recognised for resolution of non-performing loans management from item "Net fees and commissions" to item "Net other expenses/income";
- starting from March 2018 following the reclassification of interests from item "Net write-downs on loans and provisions for guarantees and commitments" to item "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 interest income on the non-performing financial assets calculated on their net balance sheet exposure based on the related interest rates.
- starting from September 2018 following the reclassifications:
  - of some expenses that, as a result of a change in contracts, were addressed from item "Other administrative expenses" to item "Net fees and commissions";
  - of irrevocable payment commitments versus Resolutions and Guarantee funds in item "Other charges and provisions - of which: systemic charges".

In order to grant a better comparability, also the quarters of 2018 were restated.

UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	4Q17	3Q18	4Q18	*Q/Q*	*Y/Y*
ASSETS					
Cash and cash balances	64,493	26,356	30,991	*+17.6%*	*-51.9%*
Financial assets held for trading	74,686	81,258	65,231	*-19.7%*	*-12.7%*
Loans to banks	70,983	76,289	69,850	*-8.4%*	*-1.6%*
Loans to customers	438,895	462,235	471,839	*+2.1%*	*+7.5%*
Other financial assets	147,496	150,232	152,310	*+1.4%*	*+3.3%*
Hedging instruments	5,676	5,225	7,120	*+36.3%*	*+25.4%*
Property, plant and equipment	8,449	9,106	8,408	*-7.7%*	*-0.5%*
Goodwill	1,484	1,484	1,484	*+0.0%*	*+0.0%*
Other intangible assets	1,902	1,873	2,024	*+8.0%*	*+6.4%*
Tax assets	12,658	12,257	13,078	*+6.7%*	*+3.3%*
Non-current assets and disposal groups classified as held for sale	1,111	491	1,800	*n.m.*	*+62.0%*
Other assets	8,958	7,253	7,334	*+1.1%*	*-18.1%*
Total assets	**836,790**	**834,057**	**831,469**	***-0.3%***	***-0.6%***
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from banks	123,244	136,664	125,895	*-7.9%*	*+2.2%*
Deposits from customers	462,895	469,044	478,988	*+2.1%*	*+3.5%*
Debt securities issued	98,603	79,493	81,153	*+2.1%*	*-17.7%*
Financial liabilities held for trading	55,784	51,920	43,111	*-17.0%*	*-22.7%*
Financial liabilities designated at fair value	3,011	8,736	9,318	*+6.7%*	*n.m.*
Hedging instruments	6,610	5,508	9,262	*+68.2%*	*+40.1%*
Tax liabilities	1,093	1,039	825	*-20.6%*	*-24.5%*
Liabilities included in disposal groups classified as held for sale	185	49	540	*n.m.*	*n.m.*
Other liabilities	25,141	26,426	25,609	*-3.1%*	*+1.9%*
Minorities	894	869	927	*+6.7%*	*+3.7%*
Group Shareholders' Equity:	59,331	54,309	55,841	*+2.8%*	*-5.9%*
- Capital and reserves	53,858	52,144	51,948	*-0.4%*	*-3.5%*
- Net profit (loss)	5,473	2,165	3,892	*+79.8%*	*-28.9%*
Total liabilities and Shareholders' Equity	**836,790**	**834,057**	**831,469**	***-0.3%***	***-0.6%***

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 as "Other financial assets". The comparative periods were restated accordingly.

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

UNICREDIT GROUP: STAFF AND BRANCHES

(units)	4Q17	3Q18	4Q18	*Q/Q Δ*	*Y/Y Δ*
Employees(*)	91,952	87,873	86,786	*-1,087*	*-5,166*
Branches(**)	4,817	4,653	4,591	*-62*	*-226*
- o/w CB Italy, CB Germany, CB Austria	*3,127*	*2,978*	*2,928*	*-50*	*-199*
- o/w CEE	*1,690*	*1,675*	*1,663*	*-12*	*-27*

Note: (*)FTE data: number of employees counted for the rate of presence. Please consider that Group FTEs are shown excluding all companies that have been classified as "discontinued operations" under IFRS5 and Ocean Breeze. (**)Figures do not include the branches of Yapi.

UNICREDIT GROUP: RATINGS

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

Note: S&P: on 30 October 2018, the outlook was revised to negative from stable, following the Italian sovereign rating outlook action.

Moody's: following the Italian sovereign downgrade, Moody's changed UniCredit S.p.A's outlook to stable from positive on 24 October 2018.

Fitch Ratings: on 5 September 2018, Fitch revised UniCredit S.p.A.'s outlook to Negative (from Stable) following the recent revision of Italy's outlook to Negative.

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, 6 February 2019

Manager charged with
preparing the financial reports

Stefano Porro

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UNICREDIT 4Q18 and FY18 GROUP RESULTS – DETAILS OF CONFERENCE CALL

MILAN, 7 FEBRUARY 2019 – 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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