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Testo del comunicato

Vedi allegato.

Banking that matters. | UniCredit

MILAN, 9 MAY 2019

UniCredit successfully concluded first of a number of comprehensive financial measures to prepare for new strategic plan

As stated in its press release on 8 May 2019, UniCredit announced that it had sold 17 per cent of Fineco's issued share capital to institutional investors for gross proceeds of €1,014 m. Fineco will be deconsolidated and the placement will lead to an increase in the Group's CET1 ratio of +21 bps in 2Q19. The remaining stake of ca. 18 per cent will be classified as a financial asset.

The placement is the first step in a comprehensive set of financial measures, to prepare for the wider 2020-2023 business strategy to be presented later this year. Specifically:

- *Targeting to be at the upper end of the 200-250 bps MDA buffer by year end 2019 through the disposal of certain assets, including those already executed (e.g. real estate in 1Q19, 17 per cent of Fineco in 2Q19);*
- *Gradually align over time UniCredit's domestic sovereign bond portfolio with the domestic bond holdings of its Italian and European peers on a relative basis;*
- *Further acceleration of the Non Core rundown, which is expected to meaningfully beat the FY19 €14.9 bn target. 2021 Non Core runoff fully on track;*
- *Evolution of Group structure to increase optionality and flexibility, in particular optimising the cost of funding under different potential macroeconomic scenarios.*

Details of these measures, as well as the accompanying new business strategy for 2020-2023, will be presented at the UniCredit Capital Markets Day on 3 December 2019 in London.

UNICREDIT: A PAN-EUROPEAN WINNER

STRONG 1Q19 PERFORMANCE PUTS UNICREDIT WELL ON TRACK TO SUCCESSFULLY ACHIEVE TRANSFORM 2019 TARGETS

RECORD 1Q19 RESULTS BENEFITTING FROM EXCEPTIONAL ITEMS[1]:

- **GROUP STATED NET PROFIT OF €1.4 BN, UP 24.7 PER CENT Y/Y. ADJUSTED NET PROFIT OF €1.1 BN, UP 1.5 PER CENT Y/Y[2]**
- **GROUP ADJUSTED ROTE AT 9.4 PER CENT, UP 0.5 P.P. Y/Y[2]. FY19 ROTE TARGET >9 PER CENT CONFIRMED**
- **GOOD COMMERCIAL DYNAMICS IN CEE PARTIALLY OFFSETTING SLOWER START IN WESTERN EUROPE**

CORE BANK PERFORMING WELL IN 1Q19, BENEFITTING FROM RELEASE OF PROVISIONS FOR US SANCTIONS:

- **ADJUSTED ROTE AT 11.3 PER CENT, UP 0.8 P.P. Y/Y[2]**
- **NET OPERATING PROFIT OF €2.0 BN, DOWN 1.3 PER CENT Y/Y**
- **GROSS NPE RATIO OF 4.1 PER CENT[3], DOWN 73 BPS Y/Y, WELL BELOW FY19 4.7 PER CENT TARGET**

CONTINUED STRONG EXECUTION OF TRANSFORM 2019 IN 1Q19 DELIVERING CONSISTENT AND TANGIBLE RESULTS:

- **104 PER CENT OF FTE, 95 PER CENT OF BRANCH REDUCTION TARGETS ACHIEVED. BOTH TARGETS EXPECTED TO BE EXCEEDED IN 2019**
- **COSTS AT €2.6 BN, DOWN 4.2 PER CENT Y/Y**
- **COR SEASONALLY LOW AT 40 BPS**
- **NON CORE GROSS NPES AT €17.7 BN, DOWN €5.1 BN Y/Y. GROUP GROSS NPE RATIO 7.6 PER CENT, DOWN 1.9 P.P. Y/Y**

[1]Disposal of real estate assets (+€258 m in 1Q19) and release of provisions from US sanctions settlement (+€320 m net impact in 1Q19).
[2]Group and Group Core adjusted net profit and RoTE exclude IFRS9 FTA tax effect (+€887 m in 4Q18) and disposal of real estate (+€258 m in 1Q19).
[3]Weighted average "NPL" ratio of EBA sample banks is 3.2 per cent. Source: EBA risk dashboard (data as at 4Q18). UniCredit's definition of "NPE" ratio is more conservative than EBA. Comparable "NPL" ratio for UniCredit at 1Q19 would be 3.6 per cent.

- 2021 Non Core runoff fully on track. Non Core rundown further accelerated to meaningfully beat FY19 €14.9 bn gross NPE target

1Q19 strong capital position and successful execution of mitigation actions:

- CET1 ratio of 12.25 per cent. Fully loaded MDA buffer of 219 bps
- CET1 ratio includes +7 bps from real estate disposals and -10 bps of regulatory headwinds
- TLAC subordination ratio 18.41 per cent[4], buffer of 134 bps[4]
- Executed €5.7 bn of TLAC funding. Subordinated funding plan *de facto* done
- Tangible equity up 2.2 per cent Q/Q to €48.8 bn, TBVpS up 2.2 per cent Q/Q to €21.9

FY19 key group targets:

- Revenues of €19.8 bn confirmed
- Costs of €10.4 bn confirmed
- CoR 55 bps confirmed
- net profit €4.7 bn confirmed, RoTE >9 per cent and Core RoTE >10 per cent confirmed
- CET1 ratio at year end 2019 between 12.0-12.5 per cent[5] confirmed and MDA buffer now at the upper end of the target range of 200-250 bps. Trough expected in 2Q19, above 12 per cent
- TLAC subordination ratio buffer of 50-100 bps
- Tangible equity to continue to grow throughout FY19

[4]Managerial figures under current regulatory assumptions.
[5]Assuming BTP spreads remain at current levels. BTP represents the whole Italian sovereign bond portfolio (BTPs, BOTs, et al).

Milan, 9 May 2019: on 8 May 2019, the Board of Directors of UniCredit S.p.A. approved the 1Q19 Group's consolidated financial accounts as of March 31, 2019.

Jean Pierre Mustier, Chief Executive Officer of UniCredit S.p.A., commenting on the 1Q19 Group results said:

"As we enter the last stretch of Transform 2019, I am very pleased with UniCredit's underlying performance at the start of 2019. This was the best first quarter results in a decade for the second time in a row, underpinning the success of our current strategic plan, and confirming we are well on track to achieve our Transform 2019 objectives by the end of this year, that are all confirmed.

Once again we have taken decisive action and on 7 May 2019 we announced four comprehensive financial measures that will lay the foundation of our new 2020-23 business strategy to be presented in December. The announced successful disposal of 17 per cent of Fineco was the first step and will be followed by additional actions such as accelerated 2019 NPE sales to support the 2021 full runoff of the Non Core division, the realignment of our sovereign domestic bond portfolio with our European peers and an evolution of our Group structure to allow us to increase flexibility and optimise our funding costs.

The core objectives are to ensure the Group benefits from an MDA buffer at the higher end of our announced range of between 200-250bps by year end 2019 and thus allow us to further strengthen our lending capabilities, improve our ability to support the local economy and to actively develop our client business across our countries of operation.

We are within reach of the finishing line of our Transform 2019 marathon and working together as One Team, One UniCredit, we shall ensure UniCredit is and remains a true pan-European winner."

UniCredit Group

1Q19 Highlights

Group

- Revenues €5.0 bn (-3.0 per cent Y/Y, +2.1 per cent Q/Q) with fees down 5.3 per cent Y/Y to €1.7 bn (-0.1 per cent Q/Q) and adjusted NII[6] down 1.7 per cent Q/Q to €2.6 bn, mainly due to higher funding costs, investment portfolio and treasury
- Operating expenses €2.6 bn (-4.2 per cent Y/Y, -3.6 per cent Q/Q) mainly thanks to lower HR costs (-3.5 per cent Y/Y, -1.5 per cent Q/Q) with FTEs down 4,133 Y/Y and 555 Q/Q. C/I ratio at 52.8 per cent (-0.7 p.p. Y/Y, -3.1 p.p. Q/Q)
- LLPs down 5.8 per cent Y/Y and 49.3 per cent Q/Q to €468 m, leading to a seasonally low CoR of 40 bps[7]
- Net operating profit €1.9 bn (-0.5 per cent Y/Y, +53.9 per cent Q/Q)
- Adjusted[2] net profit €1.1 bn (+1.5 per cent Y/Y, +34.3 per cent Q/Q). Best first quarter in a decade for the second time running
- Adjusted[2] RoTE 9.4 per cent, up 0.5 p.p. Y/Y

Group Core

- Revenues €5.0 bn (-2.7 per cent Y/Y, +1.5 per cent Q/Q) with fees down 4.9 per cent Y/Y to €1.7 bn (-0.5 per cent Q/Q) and adjusted NII[8] down 1.6 per cent Q/Q to €2.6 bn as increased loan volumes and rates were offset by higher funding costs, investment portfolio and treasury
- Operating expenses €2.6 bn (-4.0 per cent Y/Y, -3.5 per cent Q/Q) thanks to continued strong focus on cost discipline. C/I ratio at 52.1 per cent (-0.7 p.p. Y/Y, -2.7 p.p. Q/Q)
- LLPs down 1.7 per cent Y/Y and 50.3 per cent Q/Q to a seasonally low €364 m, with a CoR of 31 bps
- Net operating profit €2.0 bn (-1.3 per cent Y/Y, +36.1 per cent Q/Q)
- Adjusted[2] net profit €1.3 bn (+5.5 per cent Y/Y, +25.7 per cent Q/Q)
- Adjusted[2] RoTE 11.3 per cent, up 0.8 p.p. Y/Y

Capital

- 1Q19 CET1 ratio 12.25 per cent, with a fully loaded MDA buffer of 219 bps
- Real estate disposals confirmed with a 0.2 p.p. positive impact on CET1 ratio mainly in 2019, of which +7 bps successfully closed in 1Q19
- Fully compliant with TLAC subordination requirements of >17.1 per cent: 1Q19 TLAC subordination ratio of 18.41 per cent[4], with a buffer of 134 bps[4]. TLAC subordinated funding plan for FY19 de facto completed

1Q19 Asset Quality

- Group gross NPE ratio down 1.9 p.p. Y/Y to 7.6 per cent, with a coverage ratio of 61.8 per cent
- Group Core gross NPE ratio down 0.7 p.p. Y/Y to 4.1 per cent, ahead of plan, with a coverage ratio of 58.1 per cent
- Non Core gross NPE down €5.1 bn Y/Y to €17.7 bn, with a coverage ratio of 65.8 per cent

[6] NII Adjusted for the release of a tax provision in net interest in 4Q18 (+€20 m) in CB Germany and days effect (+€60 m).
[7] Including 0 bps of model impact.
[8] NII Adjusted for the release of a tax provision in net interest in 4Q18 (+€20 m) in CB Germany and days effect (+€56 m).

TRANSFORM 2019 UPDATE

Transform 2019 is well on track, delivering consistent and tangible results:

- **Strengthen and optimise capital:** strong capital position in 1Q19 with CET1 ratio of 12.25 per cent and a fully loaded MDA buffer of 219 bps.

  Target CET1 ratio at year end 2019 between 12.0 per cent and 12.5 per cent[9] confirmed with an MDA buffer now at the upper end of target range of 200-250 bps. Trough expected in 2Q19, above 12 per cent.

  Real estate disposals confirmed, with a 0.2 p.p. positive impact on CET1 ratio mainly in 2019 (of which +7 bps successfully closed in 1Q19).

  Fully compliant with TLAC subordination requirements of above 17.1 per cent: 1Q19 TLAC subordination ratio of 18.41 per cent[10], with a buffer at 134 bps[10]. TLAC subordinated funding plan for FY19 de facto completed.

- **Improve asset quality:** the Group balance sheet de-risking continued during the first quarter with gross NPEs decreasing further to €37.6 bn in 1Q19 from €38.2 bn in 4Q18. Group gross NPE ratio fell 1.9 p.p. Y/Y to 7.6 per cent in 1Q19, with a solid coverage ratio of 61.8 per cent in 1Q19.

  Group Core gross NPEs dropped to €19.8 bn with a gross NPE ratio down 0.7 p.p. Y/Y to 4.1 per cent in 1Q19, close to the EBA average. The coverage ratio remained solid at 58.1 per cent.

  The Non Core runoff by 2021 is fully on track. Non Core rundown further accelerated to meaningfully beat FY19 €14.9 bn gross NPE target.
  Non Core gross NPEs fell further to €17.7 bn in 1Q19 (-22.5 per cent Y/Y and -4.1 per cent Q/Q).

- **Transform operating model:** the transformation of the operating model is well ahead of plan. Since December 2015:
  - 901 Western Europe branches closed (of which 20 branches in 1Q19), corresponding to 95 per cent of the 944 closures planned by end 2019;
  - FTEs have been reduced by 14,720 (of which 555 FTEs in 1Q19), corresponding to 104 per cent of the 14,000 net reductions planned by end 2019.

  FY19 total operating expenses confirmed at €10.4 bn.

- **Maximise commercial bank value:** commercial initiatives are in place across the whole Group, delivering tangible results. In particular, during the first quarter of 2019:
  - mobile user penetration[11] in CEE improved by 2.3 p.p. Q/Q to 42.7 per cent;
  - in Italy, 95.6 per cent of basic transactions[12] have been migrated to self-service channels, better than the Transform 2019 target; remote sales[13] increased further by +11.1 p.p. Y/Y, to 31.8 per cent of total bank sales[14];
  - UniCredit and the European Investment Bank provided further support for the real economy with a €500m credit line dedicated to Italian SMEs, with an emphasis on female entrepreneurship, innovation and climate projects;
  - UniCredit recently launched the Patient Capital Initiative, an innovative institutional platform aimed at sourcing patient minority growth capital for Italian SMEs;

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[9] Assuming BTP spreads remain at current levels.
[10] Managerial figures under current regulatory assumptions.
[11] Including Yapi at 100 per cent. Ratio defined as number of retail mobile users as percentage of active customers.
[12] Includes cash withdrawals, cash deposits and transfers.
[13] Transactions concluded through ATM, online, mobile or contact centre.
[14] Percentage of remote sales calculated on total bank products that have a direct selling process.

– proven CIB - Commercial Bank cooperation led to yet another successful M&A transaction in Germany with UniCredit as sole financial advisor to HERMOS Group.

In 1Q19, UniCredit ranked #1 in EMEA in EUR-denominated Syndicated Loans with 8 per cent market share (vs. 5 per cent 1Q18) and ranked #1 in its home markets of Italy, Germany and Austria[15].

- **Adopt a lean but steering centre:** the ratio of Group Corporate Center (GCC) costs to total costs was down 0.1 p.p. Y/Y to 3.2 per cent in 1Q19. FY19 target of 3.8 per cent is confirmed.

  The shareholders' meeting of UniCredit approved the proposed cash dividend of €0.27 per share for FY18, which was paid on 25 April 2019.

[15] All league tables were based on Dealogic as at 3 April 2019. Period: 1 January – 31 March 2019. Rankings by volume unless otherwise stated.

UNICREDIT GROUP CONSOLIDATED RESULTS

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
Total revenues	5,105	4,850	4,952	+2.1%	-3.0%
Operating costs	-2,728	-2,712	-2,614	-3.6%	-4.2%
LLP	-496	-923	-468	-49.3%	-5.8%
Net profit	1,112	1,727	1,387	-19.7%	+24.7%
Adjusted net profit	1,112	840	1,129	+34.3%	+1.5%
Fully loaded CET1 ratio	13.06%	12.07%	12.25%	+0.2 p.p.	-0.8 p.p.
Adjusted RoTE	8.9%	7.1%	9.4%	+2.2 p.p.	+0.5 p.p.
Loans (excl. repos) - bn	415	434	432	-0.3%	+4.2%
Gross NPE - bn	45	38	38	-1.6%	-15.7%
Deposits (excl. repos) - bn	412	422	429	+1.7%	+4.3%
Cost/income ratio	53.4%	55.9%	52.8%	-3.1 p.p.	-0.7 p.p.
Cost of risk (bps)	45	79	40	-39	-5

***Note**: Group and Group Core adjusted net profit and RoTE exclude IFRS9 FTA tax effect (+€887 m in 4Q18) and disposal of real estate (+€258 m in 1Q19).*

Revenues totalled €5.0 bn in 1Q19, 3.0 per cent lower Y/Y, (+2.1 per cent Q/Q) mainly due to a difficult market environment. FY19 revenue target is confirmed at €19.8 bn.

Net interest income (NII)[16] was down 4.5 per cent Q/Q at €2.6 bn in 1Q19 (+0.7 per cent Y/Y), mainly due to days and FX effects (-€57 m Q/Q), higher funding costs (-€32 m Q/Q) and a one-off[17] (-€20 m Q/Q) offsetting the positive impact of higher loan rates (+39m Q/Q). NII adjusted for the release of the tax provision in 4Q18 (+€20 m) and the days effect (+€60 m) was down 1.7 per cent Q/Q. **Net interest margin**[18] decreased from 1.42 per cent in 4Q18 to 1.39 per cent in 1Q19.

Group customer loans[19] were €432.1 bn at the end of March 2019 (+4.2 per cent Y/Y, -0.3 per cent Q/Q). Group Core customer loans totalled €426.1 bn (+5.5 per cent Y/Y, -0.2 per cent Q/Q). The main contributors to Group Core customer loans were Commercial Banking Italy (€143.4 bn), Commercial Banking Germany (€86.1 bn) and CIB (€80.1 bn).

Group customer deposits[20] reached €429.3 bn as at the end of March 2019 (+4.3 per cent Y/Y, +1.7 per cent Q/Q). The main contributors were Commercial Banking Italy (€147.6 bn), Commercial Banking Germany (€90.1 bn) and CEE (€68.9 bn).

Customer loan rates[21] were up 4 bps Q/Q at 2.59 per cent in 1Q19 (-9 bps Y/Y).

Dividends and other income[22] decreased to €170 m in 1Q19 (-10.1 per cent Y/Y, -22.2 per cent Q/Q). The contribution from Yapi was €76 m in 1Q19, down 2.0 per cent Y/Y at constant FX, down 23.5 per cent Y/Y at current FX due to the depreciation of the Turkish Lira. Other dividends were up 4.7 per cent Y/Y to €94 m mainly thanks to insurance joint-ventures in Italy.

Fees and commissions reached €1.7 bn in 1Q19 (-5.3 per cent Y/Y, -0.1 per cent Q/Q), broken down as follows:

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[16] Net contribution from hedging strategy of non-maturity deposits in 1Q19 at €374 m, -€6.7 m Q/Q and -€5.8 m Y/Y.
[17] Release of a tax provision in NII line in CB Germany in 4Q18 (+€20 m).
[18] Net interest margin calculated as interest income divided by interest earning assets minus interest expenses divided by interest bearing liabilities.
[19] End of period accounting volumes calculated excluding repos and, for divisions, excluding also intercompany items. Accounting customer loans including repos amounted to €471.7 bn as at 31 March 2019 (+6.8 per cent Y/Y, -0.0 per cent Q/Q).
[20] End of period accounting volumes calculated excluding repos and for divisions, also excluding intercompany items. Accounting customer deposits including repos amounted to €473.5 bn as at 31 March 2019 (+3.6 per cent Y/Y, -1.1 per cent Q/Q).
[21] Customer loan rates calculated assuming the 365 days convention.
[22] 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.

- **Investment fees** were €625 m in 1Q19, down -12.9 per cent Y/Y (+3.6 per cent Q/Q), due to lower upfront fees in Commercial Banking Italy (-38.1 per cent Y/Y);
- **Financing fees** were €414 m in 1Q19, down 2.8 per cent Y/Y (-3.3 per cent Q/Q) as fees from CPI could not fully compensate for lower loan fees in CIB;
- **Transactional fees** amounted to €615 m in 1Q19, up 2.1 per cent Y/Y (-1.6 per cent Q/Q) mainly thanks to P&C insurance fees in Italy.

Total Financial Assets (TFA)[23] rose €22.4 bn Q/Q (+€18.0 bn Y/Y), reaching €833.5 bn as at 31 March 2019 primarily thanks to market performance:

- **Assets under Management (AuM)** increased to €223.1 bn in 1Q19 (+€9.2 bn Q/Q), as flat AuM net sales (-€0.0 bn) was compensated by positive market performance in the quarter (+€8.9 bn);
- **Assets under Custody (AuC)** amounted to €186.3 bn in 1Q19, up 2.3 per cent Q/Q, mainly thanks to a good performance from Commercial Banking Western Europe (1Q19 net sales +€2.9 bn, market performance +€9.7 bn);
- **Deposits** increased to €424.2 bn in 1Q19, up 2.2 per cent Q/Q mainly thanks to CEE (+9.8 per cent Q/Q at constant FX).

Trading income totalled €448 m in 1Q19. Adjusted for non-recurring net trading gains in CIB from participations in 1Q18 (+€39 m), trading income was up 2.1 per cent Y/Y thanks to stronger underlying client activity and despite negative valuation adjustments (XVA)[24]. Client driven trading reached €316 m in 1Q19 including an XVA equal to -€103 m in the quarter (-€28 m in 4Q18 and +€70 m in 1Q18). For the rest of the year, the average quarterly run rate of trading income is expected to be around €350 m.

Operating costs were down to €2.6 bn in 1Q19 (-4.2 per cent Y/Y, -3.6 per cent Q/Q), thanks to a continued strong focus on cost discipline. In particular:

- **HR expenses** fell to €1.6 bn in 1Q19, decreasing 3.5 per cent Y/Y and 1.5 per cent Q/Q, driven by FTE reduction (-4,133 FTEs Y/Y and -555 FTEs Q/Q)
- **Non-HR costs**[25] were €1.0 bn in 1Q19, down 5.2 per cent Y/Y and 6.7 per cent Q/Q benefitting from lower real estate expenses and sponsorships.

The number of FTEs stood at 86,232 at the end of 1Q19, a reduction of 14,720 FTEs since December 2015. This represents 104 per cent of the 14,000 planned net reductions by the end of 2019. Branch[26] numbers decreased by 200 units Y/Y to 4,559 as at the end of 1Q19 (comprising 2,908 in Western Europe and 1,651 in CEE) a reduction of 901 branches in Western Europe since December 2015. The reduction equates to 95 per cent of the 944 closures planned by the end of 2019. C/I ratio fell to 52.8 per cent in 1Q19 (-0.7 p.p. Y/Y, -3.1 p.p. Q/Q).

Total operating expenses for FY19 are confirmed at €10.4 bn.

Gross operating profit come to €2.3 bn in 1Q19 (-1.6 per cent Y/Y, +9.4 per cent Q/Q).

LLPs amounted to €468 m in 1Q19 (-5.8 per cent Y/Y, -49.3 per cent Q/Q) leading to a seasonally low CoR of 40 bps, including 0 bps of model impact. FY19 CoR target is confirmed at 55 bps, including 4 bps of model impact.

Net operating profit reached €1.9 bn in 1Q19 (-0.5 per cent Y/Y, +53.9 per cent Q/Q).

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[23] 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.

[24] Valuation adjustments (XVA) include: Collateral Valuation Adjustment (OIS), Debt/Credit Value Adjustment (DVA/CVA), Fair Value Adjustment and Funding Valuation Adjustment (FVA).

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

[26] Branch figures consistent with CMD 2016 perimeter.

Other charges and provisions were €215 m in 1Q19 (-58.6 per cent Y/Y, -42.1 per cent Q/Q), including +€484 m gross from the release of provisions for US sanctions[27]. Systemic charges amounted to €538 m[28] in 1Q19, with more than half of the full year 2019 systemic charges booked in the first quarter.

Profit from investments amounted to €394 m in 1Q19, benefitting from the disposal of real estate (+€365 m)[29].

Income tax expense was €601 m in 1Q19 (n.m. Y/Y, n.m. Q/Q). The stated tax rate was 29.4 per cent in 1Q19.

The adjusted **Group net profit** of €1.1 bn in 1Q19 (+1.5 per cent Y/Y and +34.3 per cent Q/Q) was the best first quarter in a decade for the second time running. This translates into a RoTE of 9.4 per cent in 1Q19. A positive operating performance was registered across all divisions, with CIB, Commercial Banking Italy and CEE as the main contributors (with net profits of €493 m, €395 m and €391 m respectively in 1Q19).

GROUP CORE

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
Total revenues	5,110	4,900	4,971	*+1.5%*	*-2.7%*
Gross operating profit	2,415	2,216	2,383	*+7.5%*	*-1.3%*
Net operating profit	2,044	1,483	2,018	*+36.1%*	*-1.3%*
Net profit	1,249	1,936	1,576	*-18.6%*	*+26.2%*
Adjusted net profit	1,249	1,049	1,318	*+25.7%*	*+5.5%*
Adjusted RoTE	10.5%	9.2%	11.3%	*+2.0 p.p.*	*+0.8 p.p.*
Cost/income ratio	52.7%	54.8%	52.1%	*-2.7 p.p.*	*-0.7 p.p.*
Cost of risk (bps)	35	64	31	*-33*	*-3*
Gross NPE ratio	4.9%	4.1%	4.1%	*+3 bps*	*-73 bps*

***Note**: Group and Group Core adjusted net profit and RoTE exclude IFRS9 FTA tax effect (+€887 m in 4Q18) and disposal of real estate (+€258 m in 1Q19).*

Group Core revenues were €5.0 bn in 1Q19 (-2.7 per cent Y/Y, +1.5 per cent Q/Q).

Gross new clients of 457,000 in 1Q19.

Adjusted[30] NII was down 1.6 per cent Q/Q, as higher loan volumes and rates were offset by higher funding costs, investment portfolio and treasury. Gross new loan production was €21.7 bn in 1Q19 (-2.1 per cent Y/Y). Fees were down 4.9 per cent Y/Y mainly due to lower investment fees (-12.8 per cent Y/Y).

Costs fell to €2.6 bn in 1Q19 (-4.0 per cent Y/Y, -3.5 per cent Q/Q) thanks to a continued strong focus on cost discipline. C/I ratio was 52.1 per cent (-0.7 p.p. Y/Y, -2.7 p.p. Q/Q).

LLPs reached a seasonally low €364 m, down 1.7 per cent Y/Y and 50.3 per cent Q/Q, with the overall risk environment remaining supportive. This equated to a CoR of 31 bps. Group Core gross NPE ratio fell to 4.1 per cent[31] (-0.7 p.p. Y/Y) well below the FY19 4.7 per cent target.

Group Core adjusted net profit of €1.3 bn (+5.5 per cent Y/Y, +25.7 per cent Q/Q) represents an adjusted RoTE of 11.3 per cent, up 0.8 p.p. Y/Y. Group Core RoTE for FY19 is confirmed at above 10 per cent.

[27] 1Q19 net impact of release of provisions for US sanctions +€320 m, as there was a connected impact of -€164 m in the tax line.
[28] Referring to: (i) Bank Levies and DTA of €99 m, (ii) Deposit Guarantee Scheme of €72 m and (iii) Single Resolution Fund of €367 m.
[29] 1Q19 net impact of disposal of real estate +€258 m, as there was a connected impact of -€107 m in the tax line.
[30] Release of a tax provision in net interest in 4Q18 (+€20 m) in Commercial Banking Germany and days effect (+€56 m).
[31] Weighted average "NPL" ratio of EBA sample banks is 3.2 per cent. Source: EBA risk dashboard (data as at 4Q18). UniCredit's definition of "NPE" ratio is more conservative than EBA. Comparable "NPL" ratio for UniCredit at 1Q19 would be 3.6 per cent.

Asset Quality

(€ million)	Bad exposures	Unlikely to pay	Non performing past-due	**Total non performing**	Perfoming	**Total Loans**
As at 31 March 2019 (*)						
Gross exposure	21,372	15,310	900	**37,583**	459,818	**497,401**
as a percentage of total loans	*4.3%*	*3.1%*	*0.2%*	***7.6%***	*92.4%*	
Writedowns	15,557	7,387	268	**23,213**	2,535	**25,747**
as a percentage of face value	*72.8%*	*48.2%*	*29.8%*	***61.8%***	*0.6%*	
Carrying value	5,815	7,923	632	**14,370**	457,283	**471,653**
as a percentage of total loans	*1.2%*	*1.7%*	*0.1%*	***3.0%***	*97.0%*	
As at 31 December 2018						
Gross exposure	21,154	16,196	840	**38,190**	459,473	**497,663**
as a percentage of total loans	*4.3%*	*3.3%*	*0.2%*	***7.7%***	*92.3%*	
Writedowns	15,367	7,657	263	**23,287**	2,537	**25,824**
as a percentage of face value	*72.6%*	*47.3%*	*31.3%*	***61.0%***	*0.6%*	
Carrying value	5,787	8,539	577	**14,903**	456,936	**471,839**
as a percentage of total loans	*1.2%*	*1.8%*	*0.1%*	***3.2%***	*96.8%*	

***Note**: (*)Total loans to customers exclude the receivables arising from subleases recognised due to the first time application of IFRS16.*

Group gross NPEs were down 15.7 per cent Y/Y and 1.6 per cent Q/Q to €37.6 bn, with an improved **gross NPE ratio** of 7.6 per cent in 1Q19 (-1.9 p.p. Y/Y, -0.1 p.p. Q/Q).

Net NPEs decreased to €14.4 bn in 1Q19 (-18.8 per cent Y/Y, -3.6 per cent Q/Q) equal to a net NPE ratio of 3.0 per cent in 1Q19 (-1.0 p.p. Y/Y, -0.1 p.p. Q/Q). The coverage ratio was 61.8 per cent in 1Q19 (+1.5 p.p. Y/Y, +0.8 p.p. Q/Q).

Group gross bad loans were equal to €21.4 bn in 1Q19 (-15.1 per cent Y/Y, +1.0 per cent Q/Q) with a coverage ratio of 72.8 per cent (-0.3 p.p. Y/Y, +0.2 p.p. Q/Q). **Group gross unlikely to pay** decreased to €15.3 bn (-16.5 per cent Y/Y, -5.5 per cent Q/Q), with a coverage ratio of 48.2 per cent (+4.1 p.p. Y/Y, +1.0 p.p. Q/Q). **Group past due loans** increased to €0.9 bn in 1Q19 (-13.2 per cent Y/Y, +7.1 per cent Q/Q) with the coverage ratio at 29.8 per cent (-6.5 p.p. Y/Y, -1.6 p.p. Q/Q).

The de-risking of the **Group Core** was reflected in gross NPEs of €19.8 bn in 1Q19 (-8.5 per cent Y/Y, +0.8 per cent Q/Q) and a gross NPE ratio of 4.1 per cent (-0.7 p.p. Y/Y, +0.0 p.p. Q/Q). The coverage ratio was 58.1 per cent (+0.6 p.p. Y/Y, +0.3 p.p. Q/Q). Gross bad loans were at €9.9 bn in 1Q19 (-7.2 per cent Y/Y, +4.1 per cent Q/Q) with a coverage ratio of 70.6 per cent (-1.7 p.p. Y/Y, -0.2 p.p. Q/Q). Gross unlikely to pay fell further to €9.1 bn in 1Q19 (-10.2 per cent Y/Y, -3.2 per cent Q/Q) with a coverage ratio of 47.2 per cent.

Inflows from performing loans to NPEs amounted to €1.3 bn in 1Q19. The default rate stood at 1.1 per cent in 1Q19, stable versus 1Q18. The cure rate[32] amounted to 6.9 per cent in 1Q19, below 1Q18 (8.8 per cent). The migration rate of unlikely to pay migrating to bad loans came to 19.3 per cent in the quarter.

Commercial Banking Italy gross NPEs stood at €8.7 bn in 1Q19 (-9.3 per cent Y/Y, +0.6 per cent Q/Q), with a gross NPE ratio of 5.8 per cent and a coverage ratio of 56.3 per cent. Net NPEs were €3.8 bn with the net NPE ratio falling to 2.7 per cent in 1Q19. Gross bad loans were €4.4 bn (-4.9 per cent Y/Y, +4.0 per cent Q/Q) with a coverage ratio of 69.3 per cent in 1Q19. Gross unlikely to pay exposures were €3.8 bn (-14.2 per cent Y/Y, -3.5 per cent Q/Q) with a coverage ratio of 45.1 per cent in 1Q19.

[32] Back to performing.

Inflows to NPEs in Commercial Banking Italy amounted to €626 m in 1Q19 with a default rate of 1.7 per cent in 1Q19, lower versus 1Q18 (2.1 per cent). The cure rate reached 9.3 per cent in 1Q19, higher than 1Q18 (8.8 per cent). The migration rate was slightly up at 30.5 per cent in 1Q19.

The **Non Core** runoff by 2021 is fully on track. Non Core rundown further accelerated to meaningfully beat FY19 €14.9 bn gross NPE target. Gross loans falling further to €17.7 bn in 1Q19 (-€7.8 bn Y/Y, -0.8 bn Q/Q). In 1Q19, the improvement in the Non Core gross NPE was supported by: i) write-offs of €0.2 bn, ii) recoveries of €0.2 bn, iii) disposals of €0.3 bn, and iv) back to Core of €0.1 bn. Net NPEs fell to €6.1 bn in 1Q19 (-28.6 per cent Y/Y, -8.2 per cent Q/Q), while the NPE coverage ratio stood at 65.8 per cent in 1Q19 (+2.9 p.p. Y/Y, +1.5 p.p. Q/Q).

CAPITAL & FUNDING

The Group **CET1 ratio** was up 18 bps Q/Q at 12.25 per cent in 1Q19, benefitting from earnings generation in 1Q19 (+37 bps), FX (+4 bps, o/w Turkish Lira -1 bp)[33] and other (+5 bps)[34] which together offset the DBO impact (-11 bps)[35], dividend accrual and coupon payments (-11 bps)[36], RWA dynamics (-5 bps)[37] and FVOCI (-1 bp)[38].

Target CET1 ratio at year end 2019 between 12.0 per cent and 12.5 per cent[39] confirmed with an MDA buffer now at the upper end of target range of 200-250 bps. Trough expected in 2Q19, above 12 per cent.

Real estate disposals confirmed, with a 0.2 p.p. positive impact on CET1 ratio mainly in 2019 (of which +7 bps was successfully closed in 1Q19).

The fully loaded MDA buffer was 219 bps as at the end of March 2019.

RWAs totalled €371.7 bn in 1Q19 increasing by €1.6 bn since December 2018. In particular, credit RWAs were up €2.2 bn Q/Q to €327.8 bn, mainly affected by additional regulation, models and procyclicality (+€3.1 bn), and a FX effect (+€0.7 bn). Market RWAs were slightly down €0.6 bn Q/Q to €11.5 bn. Operational RWAs were flat Q/Q at €32.5 bn.

In 1Q19, **transitional**[40] **capital ratios** were: **CET1** 12.25 per cent, **Tier 1** 13.93 per cent and **total** 16.36 per cent. All ratios were well above capital requirements[41].

Tangible book value at the end of March 2019 was €48.8 bn, up 2.2 per cent Q/Q versus €47.7 bn at the end of December 2018, up 5.2 per cent from the trough in 3Q18.

The **fully loaded leverage ratio** was 4.96 per cent (+2 bps Q/Q) and 5.04 per cent on a **transitional** basis (-3 bps Q/Q) as at the end of March 2019.

As of end of March 2019, the **Group funding plan** was completed for €13.4 bn (around 42 per cent of the 2019 plan).

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[33] In 1Q19 TRY depreciation had a total net impact almost neutral on CET1 ratio, o/w -1bp from capital shown in "FX" and +2bps from RWA shown in "RWA dynamics". TRY sensitivity (managerial data as at 31 March 2019): 10 per cent depreciation of the TRY has around +1 bp net impact (-3 bps from capital and +3 bps from RWAs) on the fully loaded CET1 ratio.

[34] All other items not included in the earnings generation, DBO, dividend accrual and coupon payments, RWA dynamics, FVOCI and FX.

[35] DBO: Defined benefit obligations. DBO sensitivity: 10 bps decrease in discount rate has a -4 bps pre and -3 bps post tax impact on the fully loaded CET1 ratio as at 31 March 2019.

[36] Dividend payout of 30 per cent in 2019. Dividends accrued on adjusted net profit. Coupons paid in 1Q19: on AT1 instruments equal to €34 m pre-tax (€372 m expected for FY19) and on CASHES equal to €31 m pre and post-tax (€125 m expected for FY19).

[37] Of which -10 bps due to regulatory headwinds and +2 bps due to Turkish Lira.

[38] In 1Q19 CET1 ratio impact from FVOCI -1 bp, o/w +1 bp thanks to BTPs. BTP sensitivity: +10 bps parallel shift of BTP asset swap spreads has a -2.9 bps pre and -2.1 bps post tax impact on the fully loaded CET1 ratio as at 31 March 2019.

[39] Assuming BTP spreads remain at current levels.

[40] Starting from 1 January 2019, CET1 capital is fully loaded, being concluded transitional period referred to such capital component. As of March 31, 2019 the transitional adjustments are still applicable with reference to the 30 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 (40 per cent for 2018).

[41] Capital requirements and buffers for UniCredit Group as of 31 March 2019 (rounded figures): 10.07 per cent CET1 ratio (4.50 per cent P1 + 2.00 per cent P2 + 3.57 per cent combined capital buffer); 11.57 per cent T1 ratio (6.00 per cent P1 + 2.00 per cent P2 + 3.57 per cent combined capital buffer); 13.57 per cent Total Capital ratio (8.00 per cent P1 + 2.00 per cent P2 + 3.57 per cent combined capital buffer).

TLAC funding plan execution is well advance at €5.7 bn of the €9 bn planned with only approx. €0.8 bn of subordinated instruments still to be issued[42] leading to a **TLAC subordination ratio** of 18.41 per cent, with a buffer of 134 bps[43] versus the 17.1 per cent minimum subordination requirement.

The overall outstanding amount of TLTRO II is equal to €51.2 bn on a consolidated basis[44].

[42]As at 2 May 2019.
[43]Managerial figures under current regulatory assumptions.
[44]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[45]

Commercial Banking Italy

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
Total revenues	1,884	1,743	1,816	*+4.2%*	*-3.6%*
Gross operating profit	831	719	833	*+15.7%*	*+0.2%*
Net operating profit	611	421	625	*+48.5%*	*+2.3%*
Net profit	379	205	395	*+92.9%*	*+4.1%*
RoAC	14.2%	7.1%	13.3%	*+6.2 p.p.*	*-0.9 p.p.*
Cost/income ratio	55.9%	58.7%	54.1%	*-4.6 p.p.*	*-1.7 p.p.*
Cost of risk (bps)	64	83	57	*-25*	*-7*

Revenues were down 3.6 per cent Y/Y and up 4.2 per cent Q/Q to €1.8 bn in 1Q19. NII was broadly unchanged versus prior quarter at €859 m in 1Q19, down 4.7 per cent Y/Y and 0.5 per cent Q/Q due to the days effect; customer rates are stabilising. Gross new loan production was €5.9 bn in 1Q19 (-0.7 per cent Y/Y) mainly due to lower demand from corporates. Fees reached €939 m in 1Q19, down 3.8 per cent Y/Y due to investment fees (-11.2 per cent Y/Y), and up 6.1 per cent Q/Q mainly thanks to investment products.

The number of gross new clients was 85,000 in 1Q19 (-5.8 per cent Y/Y).

Operating costs fell to €1.0 bn in 1Q19 (-6.6 per cent Y/Y, -3.9 per cent Q/Q) mainly driven by HR cost reduction (-7.2 per cent Y/Y) related to Transform 2019. The ongoing transformation of the Italian network led to a further 20 branch closures during the quarter. C/I ratio was down 1.7 p.p. Y/Y to 54.1 per cent in 1Q19.

LLPs amounted to €207 m in 1Q19 (-5.6 per cent Y/Y, -30.5 per cent Q/Q), equating to a CoR of 57 bps in 1Q19 (-7 bps Y/Y, -25 bps Q/Q), with no model impact yet, as the majority of this is expected in 4Q19.

Net operating profit reached €625 m in 1Q19, up 2.3 per cent Y/Y and 48.5 per cent Q/Q.

Commercial Banking Italy's net profit increased to €395 m in 1Q19, representing a normalised[46] Return on Allocated Capital (RoAC) of 11.3 per cent. The FY19 RoAC target of around 11 per cent is confirmed.

[45]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.
[46]Normalised for release of provisions for US sanctions (+€60 m) in 1Q19.

Commercial Banking Germany

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
Total revenues	625	630	600	-4.8%	-4.0%
Gross operating profit	186	203	174	-14.1%	-6.3%
Net operating profit	159	97	153	+57.9%	-3.5%
Net profit	83	176	370	n.m.	n.m.
RoAC	7.4%	14.9%	31.9%	+17.0 p.p.	+24.5 p.p.
Cost/income ratio	70.2%	67.8%	70.9%	+3.1 p.p.	+0.7 p.p.
Cost of risk (bps)	13	50	10	-40	-3

Revenues fell by 4.0 per cent Y/Y and by 4.8 per cent Q/Q to €600 m in 1Q19. Commercial Banking Germany generated NII of €378 m in 1Q19 (+5.4 per cent Y/Y, -5.6 per cent Q/Q). Adjusted for a tax one-off in 4Q18 (+€20 m) net interest income was 0.7 per cent lower Q/Q due to ongoing pressure on customer rates partly compensated by higher loan volumes. Gross new loan production was €3.6 bn in 1Q19 (-18.4 per cent Y/Y) mainly supported by corporates and mortgages. Fees were €192 m in 1Q19, down 8.5 per cent Y/Y due to investment fees (-8.3 per cent Y/Y) and financing fees (-10.8 per cent Y/Y) but were up 6.4 per cent Q/Q thanks to a rebound in investment fees (+20 per cent Q/Q) driven by AuM and AuC.

The number of gross new clients was 21,000 in 1Q19 (+31.1 per cent Y/Y).

Operating expenses were 3.0 per cent lower Y/Y at €425 m supported by a further reduction in HR costs (-3.1 per cent Y/Y) driven by a Y/Y reduction of 567 FTEs (down 5.9 per cent Y/Y). C/I ratio was 70.9 per cent in 1Q19, up 0.7 p.p. Y/Y and 3.1 p.p. Q/Q.

LLPs were €21 m in 1Q19 with a still low CoR of 10 bps (-3 bps Y/Y, -40 bps Q/Q).

Net operating profit was €153 m in 1Q19 (-3.5 per cent Y/Y, +57.9 per cent Q/Q) while net profit amounted to €370 m in 1Q19, positively affected by the disposal of real estate (+€258 m) and net release of provisions for US sanctions (+€41 m). The normalised[47] RoAC was 6.2 per cent. The FY19 RoAC target is confirmed at 9.1 per cent.

Commercial Banking Austria

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
Total revenues	380	376	357	-5.1%	-6.2%
Gross operating profit	113	115	99	-13.9%	-12.3%
Net operating profit	151	108	107	-1.3%	-29.4%
Net profit	48	97	67	-30.5%	+39.1%
RoAC	7.0%	14.2%	9.2%	-5.0 p.p.	+2.2 p.p.
Cost/income ratio	70.4%	69.5%	72.3%	+2.8 p.p.	+1.9 p.p.
Cost of risk (bps)	-34	6	-7	-13	27

Revenues amounted to €357 m in 1Q19, (-6.2 per cent Y/Y, -5.1 per cent Q/Q). NII was down 0.9 per cent Q/Q at €170 m due to lower loan volumes. Gross new loan production was €1.6 bn in 1Q19 (-2.0 per cent Y/Y), driven by corporates and housing loans. Fees of €146 m were down 6.2 per cent Y/Y mainly due to lower investment fees (-12.4 per cent Y/Y) which were partly compensated by financing fees (+27.3 per cent Y/Y).

The number of gross new clients was 12,000 in 1Q19 (+0.2 per cent Y/Y).

[47]Normalised for release of provisions for US sanctions (+€41 m) and disposal of real estate (+€258 m) in 1Q19.

Total expenses were down to €258 m (-3.6 per cent Y/Y, -1.3 per cent Q/Q) thanks to a reduction of Non HR costs (-8.1 per cent Y/Y). C/I ratio was higher at 72.3 per cent in 1Q19 (+1.9 p.p. Y/Y, +2.8 p.p. Q/Q).

Some write backs of LLPs were booked in 1Q19, leading to a net release of LLPs of €8 m and a CoR of -7 bps in 1Q19. During the rest of the year, LLPs and CoR are expected to normalise. FY19 CoR is expected to be below 16 bps target.

Net operating profit reached €107 m in 1Q19 (-29.4 per cent Y/Y, -1.3 per cent Q/Q). Net profit was €67 m (+39.1 per cent Y/Y, -30.5 per cent Q/Q) after accounting for €90 m of systemic charges, the vast majority of which are booked in the first quarter. The normalised[48] RoAC was at a low of 3.8 per cent in 1Q19. The FY19 RoAC target is confirmed at 13.3 per cent.

CEE

(€ million)	1Q18	4Q18	1Q19	*Q/Q*	*Y/Y*
Total revenues	1,095	1,109	1,090	*-2.6%*	*+3.0%*
Gross operating profit	712	695	707	*+0.5%*	*+3.8%*
Net operating profit	607	535	606	*+10.8%*	*+4.6%*
Net profit	413	407	391	*-5.6%*	*+1.1%*
RoAC	14.9%	15.0%	14.1%	*-0.8 p.p.*	*-0.8 p.p.*
Cost/income ratio	35.0%	37.4%	35.1%	*-2.3 p.p.*	*+0.1 p.p.*
Cost of risk (bps)	69	98	61	*-38*	*-9*

Note: *For CEE, changes (Y/Y and Q/Q) are at constant exchange rate. RoAC, C/I ratio and CoR changes are at current FX.*

Revenues were up 3.0 per cent Y/Y and down 2.6 per cent Q/Q to €1.1 bn in 1Q19. NII was down 5.3 per cent Q/Q to €678 m in 1Q19 mainly due to the days effect. Gross new loan production was €3.7 bn in 1Q19 (-15.1 per cent Y/Y). Fee income was up 6.0 per cent Y/Y (but -4.7 per cent Q/Q) at €219 m in 1Q19 mainly thanks to financing and transactional fees (+14.3 per cent and +3.2 per cent Y/Y respectively). Dividends fell by 2.5 per cent Y/Y to €82 m in 1Q19 due to a lower Yapi contribution (-2.0 per cent Y/Y).

The number of gross new clients[49] was 309,000 in 1Q19 (+1.3 per cent Y/Y).

Operating expenses increased by 1.7 per cent Y/Y to €383 m in 1Q19 (-7.9 per cent Q/Q) mainly due to increased HR costs (+4.8 per cent Y/Y), given competitive labour markets conditions. The overall increase in costs was below inflation. The C/I ratio increased slightly to a still very low 35.1 per cent in 1Q19 (+0.1 p.p. Y/Y, -2.3 p.p. Q/Q).

LLPs were €100 m in 1Q19 (-0.8 per cent Y/Y, -35.9 per cent Q/Q) leading to a CoR in 1Q19 of 61 bps (-9 bps Y/Y, -38 bps Q/Q), thanks to a supportive risk environment. FY19 CoR is expected to be below 102 bps target.

Net operating profit was €606 m in 1Q19 up (+4.6 per cent Y/Y and +10.8 per cent Q/Q).

CEE continued to be the growth engine of the Group, generating a net profit of €391 m in 1Q19, (+1.1 per cent Y/Y, -5.6 per cent Q/Q). The most important contributors to CEE's earnings were Czech Republic (€80 m net profit, +4.6 per cent Y/Y), Turkey (€76m net profit, -2.0 per cent Y/Y), Croatia (€58 m net profit, +34.2 per cent Y/Y), Russia (€44 m net profit, -48.7 per cent Y/Y) and Romania (€40 m net profit, +40.8 per cent Y/Y). RoAC was 14.1 per cent in 1Q19. The FY19 RoAC target is confirmed at 13.4 per cent.

Gross NPE ratio was down 131 bps Y/Y to 6.4 per cent in 1Q19 thanks to continued successful de-risking. The coverage ratio was at 67.1 per cent in 1Q19 (+1.3 p.p. Y/Y).

[48] Normalised for release of provisions for US sanctions (+€39 m) in 1Q19.
[49] Including Yapi at 100 per cent.

CIB

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
Total revenues	1,106	931	1,025	+10.1%	-7.4%
Gross operating profit	707	518	634	+22.3%	-10.3%
Net operating profit	658	362	591	+63.5%	-10.2%
Net profit	382	237	493	n.m.	+29.0%
RoAC	15.9%	9.2%	19.4%	+10.2 p.p.	+3.5 p.p.
Cost/income ratio	36.1%	44.3%	38.1%	-6.2 p.p.	+2.0 p.p.
Cost of risk (bps)	19	53	14	-39	-5

Revenues amounted to €1.0 bn in 1Q19 (-7.4 per cent Y/Y, +10.1 per cent Q/Q). NII fell 5.9 per cent Q/Q to €548 m in 1Q19, due to one-offs in 4Q18. Fees were €113 m (-30.8 per cent Y/Y, -28.1 per cent Q/Q) due to lower structured finance volumes in a subdued market and higher sales of certificates. Trading income rebounded strongly Q/Q to €329 m in 1Q19 (-2.0 per cent Y/Y) thanks to greater underlying client activity.

Total costs were €391 m in 1Q19 (-2.3 per cent Y/Y, -5.3 per cent Q/Q) mainly due to non HR costs (-9.0 per cent Q/Q). The C/I ratio was 38.1 per cent in 1Q19 (+2.0 p.p. Y/Y).

LLPs decreased to €43 m in 1Q19 (-11.9 per cent Y/Y, -72.6 per cent Q/Q) thanks to strict risk discipline. The CoR was at a seasonally low 14 bps in 1Q19 (-5 bps Y/Y, -39 bps Q/Q).

Net operating profit increased to €591 m in 1Q19 (-10.2 per cent Y/Y, +63.5 per cent Q/Q). Net profit was €493 m in 1Q19, up 29.0 per cent Y/Y, leading to a normalised[50] RoAC at 12.3 per cent in 1Q19. The FY19 RoAC target is confirmed at 11.7 per cent.

Active participation in primary markets reinforced CIB's position as a leading European debt and trade finance house with its key roles in landmark transactions reflected again in league tables. It ranked #1 in EMEA Syndicated Loans denominated in EUR with an 8 per cent market share (vs. 5 per cent 1Q18) and #1 in Italy, Germany and Austria. It also confirmed its top position in key domestic markets ranking #1 in Italy and Germany for "All Bonds in EUR"[51]. Cooperation between CIB and Commercial banking was further strengthened by the placement of an innovative investment certificate for Italian corporate clients, confirming UniCredit's strong commitment to deliver a complete range of solutions for structural liquidity management. Cooperation between the two divisions led to yet another successful M&A transaction in Germany with UniCredit as sole financial advisor to HERMOS Group.

[50] Normalised for release of provisions for US sanctions (+€180 m).

[51] All league tables were based on Dealogic as at 3 April 2019. Period: 1 January – 31 March 2019. Rankings by volume unless otherwise stated.

FINECO

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
Total revenues	155	160	157	-1.7%	+1.5%
Gross operating profit	91	99	92	-6.7%	+0.8%
Net operating profit	91	96	91	-5.8%	+0.4%
Net profit (54)	21	22	22	-1.6%	+4.5%
RoAC	56.5%	39.5%	39.0%	-0.6 p.p.	-17.5 p.p.
Cost/income ratio	41.0%	38.3%	41.5%	+3.1 p.p.	+0.4 p.p.
AUM / TFA	49.3%	48.3%	48.6%	+0.3 p.p.	-0.7 p.p.

Revenues were up 1.5 per cent Y/Y to €157 m in 1Q19 (-1.7 per cent Q/Q), mainly thanks to higher fees (+8.3 per cent Y/Y) and a higher NII (+2.1 per cent Y/Y) which combined more than offset lower trading income (-32.6 per cent Y/Y). In particular:

- NII of €70 m (+2.1 per cent Y/Y) was mainly driven by further expansion in lending activities, with loan volumes up 36.8 per cent Y/Y and 2.8 per cent Q/Q to €2.9 bn;
- Fees of €77 m (+8.3 per cent Y/Y), thanks to higher management fees (+13.7 per cent Y/Y) benefitting from the shift towards higher margin products.

Operating expenses were €65m in 1Q19, up 2.6 per cent Y/Y, reflecting further investment in the business. Fineco continued its expansion with 30,600 gross new customers acquired in the first three months of 2019 (+2.3 per cent Y/Y). C/I ratio was at 41.5 per cent (+0.4 p.p. Y/Y).

Net operating profit reached €91 m in 1Q19 (+0.4 per cent Y/Y, -5.8 per cent Q/Q). Net profit[52] reached €22 m in 1Q19 (+4.5 per cent Y/Y, -1.6 per cent Q/Q), resulting in a RoAC of 39.0 per cent in 1Q19.

Fineco continued to be one of the key players in asset gathering in Italy. TFAs expanded further to €74.1 bn as at 31 March 2019 (+8.8 per cent Y/Y) with AuM up 7.3 per cent Y/Y to €36.0 bn thanks to a further improvement in the productivity of the network.

Net sales in 1Q19 reached €1.7 bn (-0.3 per cent Y/Y), of which AuM net sales were €682 m in 1Q19.

[52]Consolidated view, i.e. 35 per cent ownership by UniCredit.

Group Corporate Centre (GCC)

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
Total revenues	-135	-49	-73	+47.4%	-46.3%
Operating costs	-90	-83	-83	+0.3%	-7.0%
Gross operating profit	-225	-132	-156	+17.8%	-30.7%
Net profit/loss	-78	792	-163	n.m.	n.m.
FTE	15,150	14,121	14,046	-0.5%	-7.3%
Costs GCC/total costs	3.3%	3.1%	3.2%	+0.1 p.p.	-0.1 p.p.

GCC revenues were down Q/Q mainly due to the impact of funding costs.

In 1Q19, GCC operating expenses amounted to €83 m, down 7.0 per cent Y/Y mainly driven by lower HR costs (-8.1 per cent Y/Y) and Non HR costs (-5.4 per cent Y/Y).

The "Lean But Steering" GCC transformation is on track with a Y/Y reduction of 1,103 FTEs. Since December 2015, FTEs have fallen by 21.0 per cent (-3,743 FTEs).

The reduction of GCC continued with the GCC's share of total Group costs further improving to 3.2 per cent in 1Q19. The FY19 target is confirmed at 3.8 per cent.

Non Core

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
Total revenues	-5	-49	-19	-61.5%	n.m.
Operating costs	-33	-29	-25	-12.1%	-23.2%
Gross operating profit	-38	-78	-44	-43.4%	+16.3%
LLP	-126	-189	-103	-45.3%	-17.8%
Net profit/loss	-137	-208	-189	-9.3%	+38.2%
Gross customer loans	25,507	18,517	17,750	-4.1%	-30.4%
Net NPEs	8,491	6,608	6,065	-8.2%	-28.6%
NPE coverage ratio	62.9%	64.3%	65.8%	+1.5 p.p.	+2.9 p.p.
RWA	16,957	12,221	11,695	-4.3%	-31.0%

The Non Core runoff by 2021 is fully on track. Non Core rundown further accelerated to meaningfully beat FY19 €14.9 bn gross NPE target.

1Q19 gross NPEs were reduced by €0.8 bn Q/Q to €17.7 bn mainly driven by disposals and write-offs.

Revenues were -€19 m in 1Q19, €14 m smaller Y/Y due to a lower contribution from the time value effect[53].

Operating costs were down 23.2 per cent Y/Y and 12.1 per cent Q/Q at €25 m in 1Q19. LLPs amounted to €103 m in 1Q19 (-17.8 per cent Y/Y, -45.3 per cent Q/Q), with the coverage ratio improving to 65.8 per cent (+2.9 p.p. Y/Y, +1.5 p.p. Q/Q).

A net loss of €189 m was registered in 1Q19.

RWAs decreased to €11.7 bn in 1Q19 (-€5.3 bn Y/Y, -€0.5 bn Q/Q).

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

SIGNIFICANT EVENTS DURING AND AFTER 1Q19

With reference to the main events that occurred during 1Q19 and after 31 March 2019, please refer to the section 'Subsequent events & outlook' in the 'Consolidated report on operations', which forms an integral part of the 'Consolidated report and accounts 2018 of UniCredit Group', as well as the press releases published on the UniCredit Group website. Below are listed the main financial press releases published after 6 February 2019 (the date of the approval of the 'Consolidated report and accounts 2018 of UniCredit Group'):

- "UniCredit successfully concludes accelerated bookbuild offering equal to 17 per cent of FinecoBank ordinary shares" (press release published on 8 May 2019);
- "UniCredit announces comprehensive financial measures in view of new 2020-23 strategic plan Accelerated bookbuilding process for the placement of ca. 17 per cent percent of FinecoBank's share capital" (press release published on 7 May 2019);
- "UniCredit and FinecoBank lay the foundations for FinecoBank's full independence" (press release published on 7 May 2019);
- "UniCredit confirms settlement with U.S. and New York authorities to resolve U.S. economic sanctions investigation" (press release published on 15 April 2019);
- "UniCredit announces the sale of an Italian Consumer unsecured non performing credit portfolio" (press release published on 12 April 2019);
- "UniCredit: The Shareholders' Meeting approves the 2018 Financial Statements" (press release published on 11 April 2019);
- "Press Release" regarding the risks related to a proceeding promoted by the European Commission (press release published on 10 April 2019);
- "Composition of share capital" (press release published on 4 April 2019);
- "UniCredit Leased Asset Management kicks off" (press release published on 1 April 2019);
- "UniCredit issues Fixed Rate Tier 2 Subordinated 15NC10 Notes for US$ 1.25 billion" (press release published on 27 March 2019);
- "UniCredit issues EUR 1 billion Additional Tier 1 PerpNC 6/2026 Notes (AT1)" (press release published on 12 March 2019);
- "UniCredit issues a 10 year subordinated Tier 2 bond for an amount of EUR 1 billion" (press release published on 13 February 2019);
- "UniCredit well above the specific capital requirements set by ECB" (press release published on 11 February 2019).

OUTLOOK

In 2019, economic activity will slow in the Eurozone amid a contraction in global trade. Protectionist tensions, the economic slowdown in China and Brexit-related uncertainty mainly affected trade at the turn of the year. However, domestic demand will continue to support economic recovery. Interest rates are likely to remain low and liquidity abundant.

GROUP TABLES

UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	1Q18	4Q18	1Q19	*Q/Q*	*Y/Y*
Net interest	2,630	2,774	2,649	*-4.5%*	*+0.7%*
Dividends and other income from equity investments	189	219	170	*-22.2%*	*-10.1%*
Net fees and commissions	1,747	1,657	1,655	*-0.1%*	*-5.3%*
Net trading income	478	159	448	*n.m.*	*-6.4%*
Net other expenses/income	60	42	31	*-26.3%*	*-49.2%*
OPERATING INCOME	**5,105**	**4,850**	**4,952**	***+2.1%***	***-3.0%***
Payroll costs	(1,634)	(1,601)	(1,577)	*-1.5%*	*-3.5%*
Other administrative expenses	(984)	(998)	(919)	*-7.9%*	*-6.6%*
Recovery of expenses	162	164	165	*+0.6%*	*+1.9%*
Amort. deprec. and imp. losses on intang. & tang. assets	(272)	(277)	(282)	*+1.9%*	*+3.9%*
OPERATING COSTS	**(2,728)**	**(2,712)**	**(2,614)**	***-3.6%***	***-4.2%***
OPERATING PROFIT (LOSS)	**2,376**	**2,138**	**2,338**	***+9.4%***	***-1.6%***
Net write-downs on loans and provisions for guarantees and commitments	(496)	(923)	(468)	*-49.3%*	*-5.8%*
NET OPERATING PROFIT (LOSS)	**1,880**	**1,215**	**1,871**	***+53.9%***	***-0.5%***
Other charges and provisions	(519)	(371)	(215)	*-42.1%*	*-58.6%*
- of which: systemic charges	*(465)*	*(60)*	*(538)*	*n.m.*	*+15.7%*
Integration costs	11	(15)	(3)	*-79.6%*	*n.m.*
Net income from investments	17	(52)	394	*n.m.*	*n.m.*
PROFIT (LOSS) BEFORE TAX	**1,389**	**778**	**2,047**	***n.m.***	***+47.4%***
Income tax for the period	(221)	998	(601)	*n.m.*	*n.m.*
NET PROFIT (LOSS)	**1,169**	**1,776**	**1,446**	***-18.6%***	***+23.7%***
Profit (Loss) from non-current assets held for sale after tax	(1)	1	1	*+79.9%*	*n.m.*
PROFIT (LOSS) FOR THE PERIOD	**1,168**	**1,777**	**1,447**	***-18.6%***	***+23.9%***
Minorities	(55)	(49)	(59)	*+19.9%*	*+7.4%*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,113**	**1,728**	**1,388**	***-19.7%***	***+24.7%***
Purchase Price Allocation effect	(1)	(0)	(1)	*n.m.*	*-2.2%*
Goodwill impairment	-	-	-	*n.m.*	*n.m.*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**1,112**	**1,727**	**1,387**	***-19.7%***	***+24.7%***

Note: 2018 figures of Reclassified consolidated income statement were restated mainly for the applications of new accounting principle IFRS16, starting from 1 January 2019. In lesses's P&L the lease payment, previously computed in the item "Other administrative expenses" is split:
- to item "Net interest" for the interest expense with reference to the lease liability;
- to item "Amortisation, depreciation and impairment losses on intangible and tangible assets" for Right of use asset depreciation.

In addition, in the item "Recovery of expenses", are not included anymore the income arising from sublease to third parties of real estate asset leased by the Group. 2018 quarters' restatement has no impact the Gross operating profit.

UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	1Q18	4Q18	1Q19	Q/Q	Y/Y
ASSETS					
Cash and cash balances	49,944	30,991	31,991	*+3.2%*	*-35.9%*
Financial assets held for trading	80,324	65,231	67,135	*+2.9%*	*-16.4%*
Loans to banks	70,324	69,850	83,655	*+19.8%*	*+19.0%*
Loans to customers	441,783	471,839	471,653	*-0.0%*	*+6.8%*
Other financial assets	142,917	152,310	148,061	*-2.8%*	*+3.6%*
Hedging instruments	5,688	7,120	8,516	*+19.6%*	*+49.7%*
Property, plant and equipment	9,115	8,408	10,737	*+27.7%*	*+17.8%*
Goodwill	1,484	1,484	1,484	*+0.0%*	*+0.0%*
Other intangible assets	1,872	2,024	1,996	*-1.4%*	*+6.6%*
Tax assets	12,110	13,078	13,096	*+0.1%*	*+8.1%*
Non-current assets and disposal groups classified as held for sale	955	1,800	1,648	*-8.5%*	*+72.4%*
Other assets	7,461	7,334	7,692	*+4.9%*	*+3.1%*
Total assets	**823,978**	**831,469**	**847,663**	***+1.9%***	***+2.9%***
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from banks	125,177	125,895	136,882	*+8.7%*	*+9.4%*
Deposits from customers	456,959	478,988	473,514	*-1.1%*	*+3.6%*
Debt securities issued	93,369	81,153	84,283	*+3.9%*	*-9.7%*
Financial liabilities held for trading	48,685	43,111	41,879	*-2.9%*	*-14.0%*
Other financial liabilities	8,575	9,318	13,815	*+48.3%*	*+61.1%*
Hedging instruments	5,881	9,262	11,440	*+23.5%*	*+94.5%*
Tax liabilities	1,140	825	1,202	*+45.7%*	*+5.4%*
Liabilities included in disposal groups classified as held for sale	196	540	547	*+1.3%*	*n.m.*
Other liabilities	26,104	25,609	25,267	*-1.3%*	*-3.2%*
Minorities	941	927	984	*+6.2%*	*+4.6%*
Group Shareholders' Equity:	56,950	55,841	57,851	*+3.6%*	*+1.6%*
- Capital and reserves	55,838	51,948	56,464	*+8.7%*	*+1.1%*
- Net profit (loss)	1,112	3,892	1,387	*-64.4%*	*+24.7%*
Total liabilities and Shareholders' Equity	**823,978**	**831,469**	**847,663**	***+1.9%***	***+2.9%***

Note: The reclassified consolidated balance sheet is different from the one used in the previous financial year for the item "Financial liabilities designated at fair value" renamed in "Other financial liabilities".

UNICREDIT GROUP: SHAREHOLDERS' EQUITY

(€ million)	
Shareholders' equity as at 31 December 2018	**55,841**
Equity instruments	992
Exchange differences reserve[(1)]	200
Change in the valuation reserve relating to the actuarial gains/losses on defined benefit plans[(2)]	-405
Change in the valuation reserve of the companies accounted for using the equity method[(3)]	-145
Others	-19
Net profit (loss) for the period	1,387
Shareholders' equity as at 31 March 2019	**57,851**

Note: (1) This effect is mainly due to the positive impact of the Ruble for €229 m. (2) Mainly due to discount rate negative impact partially offset by plan assets performance. (3) The negative change in the valuation reserve of the companies accounted for using the equity method is mainly due to negative impact of Turkish Lira for €51 m.

UNICREDIT GROUP: STAFF AND BRANCHES

(units)	1Q18	4Q18	1Q19	*Q/Q Δ*	*Y/Y Δ*
Employees(*)	90,365	86,786	86,232	*-555*	*-4,133*
Branches(**)	4,759	4,591	4,559	*-32*	*-200*
- o/w CB Italy, CB Germany, CB Austria	*3,077*	*2,928*	*2,908*	*-20*	*-169*
- o/w CEE	*1,682*	*1,663*	*1,651*	*-12*	*-31*

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 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.

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

With reference to the Group's sovereign exposures[54], the book value of sovereign debt securities as at March 31, 2019 amounted to €112,926 m[55], of which 90 per cent is concentrated in eight countries; Italy, with €58,710 m, represents about 52 per cent of the total sovereign debt securities and about 7 per cent of the Group's total assets. For each of these eight countries, the table below shows the nominal, book and fair value of the exposures broken down by portfolio as at March 31, 2019.

(€ million)	Nominal Value	Book value	Fair Value
As at 31 March 2019			
- Italy	**57,160**	**58,710**	**59,104**
financial assets/liabilities held for trading (net exposures)(*)	4,077	4,109	4,109
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	800	811	811
financial assets at fair value through other comprehensive income	33,882	35,114	35,114
financial assets at amortised cost	18,401	18,676	19,070
- Spain	**12,816**	**14,001**	**14,096**
financial assets/liabilities held for trading (net exposures)(*)	79	80	80
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	9,659	10,479	10,479
financial assets at amortised cost	3,078	3,442	3,537
- Germany	**10,983**	**11,137**	**11,183**
financial assets/liabilities held for trading (net exposures)(*)	317	309	309
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	8,690	8,817	8,817
financial assets at fair value through other comprehensive income	816	846	846
financial assets at amortised cost	1,160	1,165	1,211
- Austria	**5,593**	**6,280**	**6,296**
financial assets/liabilities held for trading (net exposures)(*)	72	199	199
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	80	98	98
financial assets at fair value through other comprehensive income	5,048	5,583	5,583
financial assets at amortised cost	393	400	416
- Japan	**5,803**	**5,861**	**5,873**
financial assets/liabilities held for trading (net exposures)(*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	80	81	81
financial assets at fair value through other comprehensive income	2,700	2,732	2,732
financial assets at amortised cost	3,023	3,048	3,060
- Hungary	**1,753**	**1,958**	**1,956**
financial assets/liabilities held for trading (net exposures)(*)	48	47	47
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	1,606	1,812	1,812
financial assets at amortised cost	99	99	97

[54]Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. To the purpose of this risk exposure are not included: - Sovereign exposures of Group's Legal entities classified as "Held for sale" as at 31 March 2019; - ABSs.
[55]Information on Sovereign exposures refers to the scope of the UniCredit consolidated results as at 31 March 2019, determined under IAS/IFRS.
Based on these accounting principles, the Koç/Yapi Kredi Group (Turkey), being subject to joint control, is consolidated using the equity method and therefore the Sovereign exposures of the mentioned Group are not included in this section. For the sake of completeness of information, it should be noted that the exposure of the Koç/Yapi Kredi Group in sovereign debt securities is over 99 per cent towards Turkey and, applying the proportional criterion based on the percentage of ownership by UniCredit S.p.A., it amounted to €3,126 m as at 31 March 2019.

(€ million)	Nominal Value	Book value	Fair Value
- Romania	**1,890**	**1,938**	**1,938**
financial assets/liabilities held for trading (net exposures)(*)	129	134	134
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	1,761	1,804	1,804
financial assets at amortised cost	-	-	-
- Bulgaria	**1,467**	**1,641**	**1,641**
financial assets/liabilities held for trading (net exposures)(*)	15	16	16
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	1,450	1,623	1,623
financial assets at amortised cost	2	2	2
Total on-balance sheet exposures	**97,465**	**101,526**	**102,087**

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

The remaining 10 per cent of the total sovereign debt securities, amounting to €11,400 m as at 31 March 2019, is split between 38 countries including Croatia (€1,472 m), Czech Republic (€1,259 m), Poland (€1,204 m), Serbia (€875 m), Russia (€743 m), United States of America (€727 m), Ireland (€617 m), Belgium (€584 m) and Portugal (€576 m). Exposure to Greek sovereign debt securities is immaterial.

The remaining €11,400 m of sovereign debt securities also includes those issued by supranational organisations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €3,150 m in total.

With respect to these exposures, as at 31 March 2019 there were no indications that impairment may have occurred.

UNICREDIT GROUP: WEIGHTED DURATION

The weighted duration of the sovereign bonds shown in the table above, split between the banking and trading book, is as follows:

Weighted duration (years)	Banking book	Trading book	
		Assets positions	Liabilities positions
- Italy	3.17	2.85	2.86
- Spain	4.15	11.79	11.29
- Germany	3.17	4.15	7.82
- Austria	3.81	15.56	17.37
- Japan	3.79	1.68	-
- Hungary	3.32	4.79	6.03
- Romania	3.83	5.38	7.86
- Bulgaria	5.03	4.17	7.85

UNICREDIT GROUP: BREAKDOWN OF SOVEREIGN DEBT SECURITIES BY PORTFOLIO

The table below shows the classification of bonds belonging to the banking book and their percentage share of the total of the portfolio under which they are classified.

Breakdown of sovereign debt securities by portfolio (€ million)	Amounts as at 31 March 2019				
	Financial assets designated at fair value	Financial assets mandatorily at fair value	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
Book value	-	10,101	70,248	28,836	109,186
% portfolio	0.00%	49.87%	85.10%	4.85%	15.65%

UNICREDIT GROUP: SOVEREIGN LOANS – BREAKDOWN BY COUNTRY

The table below details the total amount, as at March 31 2019, of sovereign loans[56] where the overall exposure exceeds €130 m. These account for about 94 per cent of the total.

(€ million)	Book value
As at 31 March 2019	
- Austria (*)	5,876
- Germany (**)	5,720
- Italy	4,240
- Croatia	2,160
- Czech Republic	718
- Qatar	323
- Slovenia	226
- Indonesia	194
- Bulgaria	191
- Kenya	172
- Laos	170
- Bosnia and Herzegovina	163
- Turkey	162
- Hungary (***)	144
- Angola	135
- Oman	134
- Gabon	132
Total on-balance sheet exposures	**20,860**

Note: (*) of which €309 m in financial assets held for trading and those mandatorily at fair value. (**) of which €1,447 m in financial assets held for trading and those mandatorily at fair value. (***) of which €4 m in financial assets mandatorily at fair value.

[56] Tax items are not included.

BASIS OF PREPARATION

1. This Consolidated interim report as at 31 March 2019 - 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 2019 - Press release as well as the press releases on significant events occurred during the period, the market presentation of 1Q 2019 results, the Divisional Database and the disclosure by institutions pursuant to Regulation (EU) No.575/2013 are available on UniCredit Group website.

2. Reclassified balance sheet and income statements 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 Consolidated report and accounts 2018 of UniCredit group and supplemented by the notes below the reclassified income statement 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, EVA, ROTE, Net bad loans to customers/Loans to customers, Net non-performing loans to customers/Loans to customers, Absorbed Capital, RoAC, Cost of risk), whose description is included in the "2018 Consolidated report and accounts of UniCredit Group" (Consolidated report on operations and Annexes) in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of 5 October 2015.

4. The contents of this Consolidated interim report as at 31 March 2019 - Press release are not prepared according to the international accounting standard on interim reporting (IAS34).

5. The Consolidated interim report as at 31 March 2019 - 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 2019 UniCredit group has adopted the IFRS16 principle. For further information on impacts of this principle, and on the main items of the accounts affected by it, refer to Notes to the consolidated accounts - Part A - Accounting policies of 2018 Consolidated report and accounts of UniCredit group.
   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 2018 to the reference date, there have been no substantial events or changes in parameters and circumstances that may indicate the need to adjust the book values.
   During the first quarter 2019, UniCredit received a Statement of Objections by the European Commission, for suspected violation of antitrust rules on European government bonds. UniCredit submitted its reply to the objections raised during April 2019. Moreover, on the basis of the information currently available as of the date of this Press release, it is not possible to reliably estimate the amount of any potential sanction (for further details refer to "Press release" published on 10 April 2019).

6. With reference to the 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 2019 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 505 at the end of 2018 to 494 as at March 2019 (2 inclusions and 13 exclusions as a result of disposals, changes of the consolidation method and mergers);
   b. the number of companies consolidated using the equity method, including the ones classified as non-current assets and asset disposal groups, changed from 54 at the end of 2018 to 52 as at March 2019 due to 2 exclusions.

8. Non-current assets and asset groups held for sale: in the Balance sheet as at 31 March 2019, the main reclassified assets based on the IFRS5 accounting principle, as non-current assets and asset disposal groups refer to:
   - regarding the individual asset and liabilities held for sale and the groups of assets held for sale and associated liabilities which do not satisfy IFRS5 requirements for the classification as discontinued operations:
     - the subsidiaries General Logistic Solutions LLC and Cards & Systems EDV-Dienstleistungs GmbH, the companies of the Card Complete Service Bank AG group and the associated companies Oesterreichische Hotel-und TourismusBank Gesellschaft M.B.H. and Swancap Partners GmbH;
     - the non-performing loans related to sale initiatives of portfolios;
     - the real estate properties held by certain companies in the Group, mainly in Germany;
   - regarding the data relating to the discontinued operations:
     - the companies of the Immobilien Holding group (Austria).

9. This Consolidated interim report - Press release is not audited by the External Auditors.

Declaration by the Manager charged with preparing the financial reports

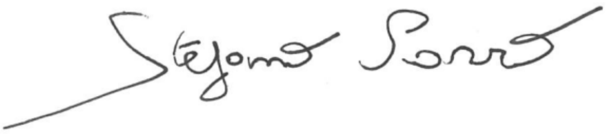
The undersigned, Stefano Porro, in his capacity as the Manager charged with preparing UniCredit S.p.A.'s financial reports

DECLARES

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

Milan, 8 May 2019

Manager charged with
preparing the financial reports



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UNICREDIT 1Q19 GROUP RESULTS – DETAILS OF CONFERENCE CALL

MILAN, 9 MAY 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

Fine Comunicato n.0263-72	Numero di Pagine: 29