Informazione Regolamentata n. 0263-115-2019	Data/Ora Ricezione 07 Novembre 2019 07:00:10	MTA

Societa'	:	UNICREDIT
Identificativo Informazione Regolamentata	:	124346
Nome utilizzatore	:	UNICREDITN05 - Berneri
Tipologia	:	2.2
Data/Ora Ricezione	:	07 Novembre 2019 07:00:10
Data/Ora Inizio Diffusione presunta	:	07 Novembre 2019 07:00:11
Oggetto	:	UniCredit: a pan-European winner. 3Q19 and 9M19 Group Results

Testo del comunicato

Vedi allegato.

MILAN, 7 NOVEMBER 2019

UNICREDIT: A PAN-EUROPEAN WINNER

BEST 3Q ADJUSTED NET PROFIT AND NOP SINCE 2008. TRANSFORM 2019 PLAN DELIVERED.

3Q19 AND 9M19 GROUP RESULTS

STRONG QUARTERLY RESULTS WITH NO EXCEPTIONAL ITEMS. RESILIENT COMMERCIAL DYNAMICS

- 3Q19 GROUP STATED NET PROFIT OF €1.1 BN EQUAL TO 3Q19 GROUP ADJUSTED NET PROFIT, UP 25.7 PER CENT Y/Y[1,2]
- 9M19 ADJUSTED GROUP CORE ROTE AT 10.6 PER CENT UP 0.2 P.P. 9M/9M[2]. 9M19 ADJUSTED GROUP ROTE AT 8.7 PER CENT UP 0.4 P.P. 9M/9M[2]

FOCUSED EXECUTION OF TRANSFORM 2019 CONTINUES TO DELIVER TANGIBLE RESULTS

- NET FTE AND BRANCH REDUCTION TARGETS ACHIEVED
- 3Q19 COSTS AT €2.5 BN, DOWN 1.8 PER CENT Y/Y. FY19 COSTS OF €10.1 BN CONFIRMED
- 3Q19 GROUP GROSS NPE RATIO[3] AT 5.7 PER CENT. 3Q19 NON CORE GROSS NPES €11.2 BN, DOWN €9.3 BN Y/Y
- 3Q19 NPE DECREASE OF €5.4 BN DUE TO DISPOSALS AND CLASSIFICATION AS HELD FOR SALE (IFRS5)

SOLID CAPITAL POSITION AND SUCCESSFUL EXECUTION OF MITIGATION ACTIONS[4]

- 3Q19 CET1 RATIO AT 12.60 PER CENT[5], CET1 MDA BUFFER OF 252 BPS. 3Q19 TLAC RATIO 21.85 PER CENT[6], TLAC MDA BUFFER OF 226 BPS
- 3Q19 TANGIBLE EQUITY UP 1.7 PER CENT Q/Q TO €51.6 BN, TBVPS UP 1.7 PER CENT Q/Q TO € 23.1

TRANSFORM 2019 DELIVERED. FURTHER DECISIVE ACTIONS PREPARE FOR THE NEW STRATEGIC PLAN

- REMAINING STAKE IN FINECO SOLD IN JULY, FOR CET1 RATIO IMPACT OF +31 BPS IN 3Q19
- BTP HOLDINGS €44.9 BN, DOWN €3.6 BN Q/Q[7]. 3Q18 TARGET OF REDUCING BTP SENSITIVITY[8] BY AROUND 35 PER CENT REACHED ONE QUARTER EARLIER
- SUCCESSFUL PRE-FUNDING OF TLAC WITH €1.25 BN TIER 2 PLACEMENT ISSUED AT TIGHTEST SPREAD SINCE 2011

OUTLOOK FY19

– FY19 REVENUE GUIDANCE OF €18.7 BN CONFIRMED
– FY19 COST TARGET OF €10.1 BN CONFIRMED
– FY19 COR 55 BPS CONFIRMED INCLUDING 4BPS FROM MODELS
– FY19 NON CORE GROSS NPES BELOW €10 BN
– FY19 ADJUSTED[2] NET PROFIT €4.7 BN, ROTE >9 PER CENT AND CORE ROTE >10 PER CENT CONFIRMED
– CET1 MDA BUFFER BY YEAR END 2019 CONFIRMED AT THE UPPER END OF TARGET RANGE OF 200-250BPS[9]

---

[1] Y/Y change refers to adjusted net profit.
[2] Group and Group Core adjusted net profit and RoTE exclude extraordinary items related to events occurred in 3Q18 for -€846 m (impairment of Yapi), 1Q19 for +€258 m (real estate disposal in Germany) and +€825 m in 2Q19 (mainly related to the impacts from FinecoBank S.p.A. 17 per cent disposal for +€1,176 m, and to Ocean Breeze Group classification as Held for Sale in light of the disposal process, for -€178 m).
[3] Figures as of 3Q19 benefit from IFRS5 classification of a NPL residential mortgage portfolio in Italy of €4.1bn (gross book value).
[4] Including disposal of real estate assets in 1Q19, Fineco in 2Q19 and 3Q19.
[5] Including +31 bps from 3Q19 Fineco disposal as per guidance.
[6] 3Q19 TLAC ratio 21.85 per cent, o/w 19.37 per cent TLAC subordination ratio and 2.5 per cent senior preferred exemption.
[7] BTP holdings refer to banking book.
[8] BTP sensitivity: +10 bps parallel shift of BTP asset swap spreads has a -2.3 bps pre and -1.7 bps post tax impact on the fully loaded CET1 ratio as at 30 September 2019.
[9] Assuming BTP spreads remain at 3Q19 levels.

Milan, 7 November 2019: on 6 November 2019, the Board of Directors of UniCredit S.p.A. approved the 3Q19 and 9M19 Group's consolidated financial accounts as of 30 September 2019.

Jean Pierre Mustier, Chief Executive Officer of UniCredit S.p.A., commenting on the 3Q19 and 9M19 Group results:

"With yet another strong quarter we have successfully delivered Transform 2019. Thanks to our proactive and decisive actions we have already met or will exceed our key targets by the end of this year. I am grateful to the whole UniCredit team, which has worked tirelessly to secure the success of our strategic plan, ensuring UniCredit is and remains a pan-European winner.

"The third quarter net result, with no exceptional items, at 1.1 billion euro, up 25.7 per cent year on year adjusted, was yet again the best quarter achieved in a decade. This was thanks to resilient commercial dynamics, strong trading revenues and our focus on cost discipline which continues to pay off.

"We confirm our improved Non Core Gross NPEs will be below 10 billion at the end of 2019 and our Group Core gross NPE ratio now stands at a low 3.6 per cent. Since the launch of Transform 2019, our Group Gross NPEs have dropped by close to 50 billion.

"Doing the right thing is one of our key guiding principles. As a bank, we are an integral part of the societies in which we operate and we continue to support the economies where we are present in many ways. I am proud that in the third quarter we have reached a total of more than 100 million euros disbursed in Italy through our social impact banking initiative to help get new social enterprises off the ground and provide impact financing and micro-lending to clients in economically deprived areas.

"Again let me thank all UniCredit colleagues who have made the outstanding results of Transform 2019 possible. Together we will continue to forge ahead successfully and we look forward to presenting our new business strategy, 'Team 23', on the 3rd of December."

UniCredit Group

3Q19 Highlights

Group

- Total revenues up 1.7 per cent y/y to €4.7 bn (+4.1 per cent q/q) thanks to higher fees and trading income offsetting lower NII.
- Lower operating costs at €2.5 bn (-1.8 per cent y/y, -0.0 per cent q/q) thanks to both lower HR costs (-1.9 per cent y/y, +0.2 per cent q/q) and Non HR costs (-1.6 per cent y/y, -0.4 per cent q/q). C/I ratio at 52.1 per cent (-1.9 p.p. y/y, -2.2 p.p. q/q).
- LLPs were down 19.1 per cent Y/Y totalling €563 m. CoR was 47 bps (incl. -1 bp of models).
- 3Q19 Group stated net profit of €1.1 bn equal to 3Q19 Group adjusted net profit[2], the latter up 25.7 per cent Y/Y.

Group Core

- Revenues amount to €4.7 bn, up 2.2 per cent Y/Y thanks to resilient commercial dynamics (NII -3.6 per cent Y/Y and fees +3.3 per cent Y/Y) and strong trading revenues (+22.2 per cent Y/Y).
- Operating costs were €2.4 bn, down 2.0 per cent Y/Y (-0.4 per cent Q/Q) thanks to continued strong focus on cost discipline.
- LLPs stood at €416 m, down 12.9 per cent Y/Y as the overall risk environment remains supportive.
- Net profit at €1.3 bn equal to the adjusted Net profit[2], latter up 22.1 per cent Y/Y (+5.4 per cent Q/Q).
- CEE and CIB main contributors to Group Core net profit.

9M19 Highlights

Group

- Total revenues at €14.0 bn (-2.0 per cent 9M/9M) with NII down 2.2 per cent 9M/9M to €7.7 bn and fees down 2.1 per cent 9M/9M to €4.7 bn.
- Operating expenses down 3.6 per cent 9M/9M to €7.4 bn in 9M19 with lower C/I ratio at 53.0 per cent (-0.9 p.p. 9M/9M). Net FTE and branch reduction targets achieved. FY19 costs of 10.1 bn confirmed.
- LLPs at €1.7 bn (+2.6 per cent 9M/9M) with a CoR at 49 bps, including 0 bps models. FY19 CoR confirmed at 55 bps, o/w 4 bps models.
- Stated net profit at €4.3 bn. Adjusted net profit[2] at €3.3 bn, latter up 8.2 per cent 9M/9M, with an adjusted RoTE[2] of 8.7 per cent (+0.4 p.p. 9M/9M).

Group Core

- Revenues down by 1.6 per cent 9M/9M amounting to €14.0 bn.
- Operating costs at €7.3 bn , down 3.6 per cent resulting in a C/I ratio of 52.0 per cent (-1.1 p.p. 9M/9M).
- LLPs amounted to €1.3 bn with CoR at 37 bps (+8 bps 9M/9M).

	■ GROSS NPE RATIO WAS 3.6 PER CENT[10], DOWN 78BPS Y/Y, WELL BELOW FY19 TARGET OF 4.7 PER CENT. ■ GROUP CORE NET PROFIT AT €4.9 BN (+78.6 PER CENT 9M/9M) AND GROUP CORE ADJUSTED NET PROFIT[2] AT €3.8 BN (+6.0 PER CENT 9M/9M). ADJUSTED GROUP CORE ROTE[2] AT 10.6 PER CENT, UP 0.2 P.P. 9M/9M.
CAPITAL	■ 3Q19 CET1 RATIO AT 12.60 PER CENT[5], CET1 MDA BUFFER OF 252 BPS. 3Q19 TLAC RATIO 21.85 PER CENT[6], TLAC MDA BUFFER OF 226 BPS. ■ 3Q19 TANGIBLE EQUITY UP 1.7 PER CENT Q/Q TO €51.6 BN, TBVPS UP 1.7 PER CENT Q/Q TO €23.1.
ASSET QUALITY	■ 3Q19 GROUP GROSS NPE RATIO[3] AT 5.7 PER CENT. 3Q19 NON CORE GROSS NPES €11.2 BN, DOWN €9.3 BN Y/Y. ■ 3Q19 NPES DECREASED BY €5.4 BN DUE TO DISPOSALS AND CLASSIFICATION AS HELD FOR SALE (IFRS5).

[10] Weighted average "NPL" ratio of EBA sample banks is 3.0 per cent. Source: EBA risk dashboard (data as at 2Q19). UniCredit's definition of "NPE" ratio is more conservative than EBA. Comparable "NPL" ratio for UniCredit at 3Q19 would be 3.2 per cent for Group Core. Figures as of 3Q19 benefit from IFRS5 classification of a NPL residential mortgage portfolio

TRANSFORM 2019 UPDATE

Transform 2019 key targets achieved thanks to focused execution and decisive actions, underpinned by strong commercial performance:

- **Strengthen and optimise capital:** Solid capital position in 3Q19 with a CET1 ratio of 12.60 per cent and an MDA buffer of 252bps.
  The CET1 MDA buffer is confirmed at the upper end of the target range of 200-250 bps[9] by year end 2019.
  3Q19 TLAC ratio[6] at 21.85 per cent with a buffer of 226 bps. The TLAC MDA buffer target is confirmed at the upper end of the 50-100 bps range.
  Successful TLAC pre-funding at tight spreads: €1.25 bn Tier 2 placement with a 2 per cent coupon at 240 bps[11], the tightest issue spread for UniCredit's Tier 2 since 2011.

- **Improve asset quality:** The decisive de-risking of the Group balance sheet continued during 3Q19 with Group gross NPE ratio[3] improving to 5.7 per cent (-264 bps Y/Y). Group NPEs down €12.0 bn Y/Y and €5.7 bn Q/Q of which €5.4 bn[12] were disposals and classification as Held for sale (IFRS5) in 3Q19.
  Group Core gross NPE ratio at 3.6 per cent[10] down 78 bps Y/Y, well below the FY19 target of 4.7 per cent.
  The 2021 Non Core runoff is fully on track. FY19 Non Core gross NPEs is expected to be below €10 bn.

- **Transform operating model:** Transform 2019 branch and FTE targets achieved.
  Transform 2019 Western European branch closure target achieved with branches down by 19 Q/Q.
  Transform 2019 net FTE reduction target of 14,000 achieved with FTEs down by 184 Q/Q.
  FY19 costs confirmed at €10.1 bn, materially better than the original Transform 2019 target.

- **Maximise commercial bank value:** Commercial initiatives in place across the whole Group are delivering tangible results. During the third quarter of 2019:
  - "Made4Italy", a new initiative to support Italian SMEs and promote an integrated agri-tourism sector, supported by €5 bn of new financing and consultancy services
  - Agreement with the European Investment Fund to support Italian micro enterprises with an additional €60 m.
  - Subscription of the first social impact minibond of €5 m
  - Successful joint venture with Allianz with more than 100,000 clients choosing My Care Family: an innovative product offering customised insurance solutions
  - Memorandum of Understanding signed with the Export-Import Bank of China to intensify cooperation between Chinese, Italian and Central Eastern European companies.

  UniCredit confirmed its position as a leading European CIB franchise in the bond and loan market[13], by ranking:
  - #1 in EMEA Syndicated Loans in All Currencies in Italy, Austria and CEE, #2 in Germany,
  - #2 in "EMEA All Bonds in EUR" by number of transactions.

  In the quarter UniCredit received further industry awards:
  - Euromoney Cash Management 2019: Best Service Provider in 9 European countries,
  - The Banker Transaction Banking Award 2019: Best Transaction Services Provider in Western Europe.

- **Adopt lean but steering Centre:** Cesare Bisoni appointed as new Chairman.
  The GCC costs to total costs are down to 3.3 per cent in 9M19 while FY19 target of 3.5 per cent is confirmed.

---

[11] Over mid swap of equivalent maturity.
[12] Of which €4.0 bn in Non Core.
[13] Source: Dealogic, as at 1 October 2019. Period: 1 January – 30 September 2019; rankings by volume, unless otherwise stated

UNICREDIT GROUP CONSOLIDATED RESULTS

(€ million)	3Q18	2Q19	3Q19	*Q/Q*	*Y/Y*	9M18	9M19	*9M/9M*
Total Revenues	4,622	4,517	4,701	*+4.1%*	*+1.7%*	14,270	13,984	*-2.0%*
Operating costs	-2,497	-2,452	-2,451	*-0.0%*	*-1.8%*	-7,695	-7,418	*-3.6%*
LLP	-696	-707	-563	*-20.4%*	*-19.1%*	-1,693	-1,738	*+2.6%*
Net profit	29	1,854	1,101	*-40.6%*	*n.m.*	2,165	4,342	*n.m.*
Adjusted net profit	875	1,029	1,101	*+7.0%*	*+25.7%*	3,012	3,258	*+8.2%*
Fully loaded CET1 ratio	12.11%	12.08%	12.60%	*+0.5 p.p.*	*+0.5 p.p.*	12.11%	12.60%	*+0.5 p.p.*
Adjusted RoTE	7.5%	8.3%	8.6%	*+0.3 p.p.*	*+1.1 p.p.*	8.3%	8.7%	*+0.4 p.p.*
Loans (excl. repos) - bn	429	432	432	*-0.1%*	*+0.6%*	429	432	*+0.6%*
Gross NPE - bn*	41	34	29	*-16.4%*	*-29.5%*	41	29	*-29.5%*
Deposits (excl. repos)- bn	399	410	417	*+1.7%*	*+4.6%*	399	417	*+4.6%*
Cost/income	54.0%	54.3%	52.1%	*-2.2 p.p.*	*-1.9 p.p.*	53.9%	53.0%	*-0.9 p.p.*
Cost of risk (bps)	61	60	47	-13	-13	50	49	-1

Note: Group adjusted net profit and RoTE exclude extraordinary items related to events occurred in 3Q18 for -€846 m (impairment of Yapi), 1Q19 for +€258 m (real estate disposal in Germany) and +€825 m in 2Q19 (mainly related to the impacts from FinecoBank S.p.A. 17 per cent disposal for +€1,176 m, and to Ocean Breeze Group classification as Held for Sale in light of the disposal process, for -€178 m).
* Figures as of 3Q19 benefit from IFRS5 classification of a NPL residential mortgage portfolio in Italy for €4.1bn (gross book value).

Revenues were up 1.7 per cent Y/Y (+4.1 per cent Q/Q) to €4.7 bn in 3Q19 mainly driven by higher trading income (+28.9 per cent Y/Y) and fees (+3.0 per cent Y/Y) which compensated for the lower NII (-5.0 per cent Y/Y). The main revenue contribution came from CB Italy and CEE. In the first nine months of 2019, revenues reached €14.0 bn (-2.0 per cent 9M/9M).

NII[14] was flat Q/Q amounting to €2.6 bn in 3Q19 (-5.0 per cent Y/Y) with days effect (+€24 m Q/Q) and higher loan volumes (+€23 m Q/Q) partially offsetting the lower loan rates (-€60 m Q/Q). NII equalled €7.7 bn in 9M19 (-2.2 per cent 9M/9M).

Net interest margin[15] decreased from 1.34 per cent in 2Q19 to 1.30 per cent in 3Q19.

Group customer loans[16] were €431.9 bn at the end of September 2019 (+0.6 per cent Y/Y, -0.1 per cent Q/Q). Group Core customer loans totalled €428.1 bn (+1.8 per cent Y/Y, +0.3 per cent Q/Q). The main contributors to Group Core customer loans were Commercial Banking Italy (€143.2 bn), Commercial Banking Germany (€88.5 bn) and CIB (€80.6 bn).

Group customer deposits[17] increased to €417.2 bn at the end of September 2019 (+4.6 per cent Y/Y, +1.7 per cent Q/Q). Group Core customer deposits accounted for €416.7 bn of the total (+4.7 per cent Y/Y, +1.8 per cent Q/Q). The main contributors were Commercial Banking Italy (€152.7 bn), Commercial Banking Germany (€91.4 bn) and CEE (€71.6 bn).

Customer loan rates[18] were down 6 bps Q/Q[19] at 2.50 per cent in 3Q19 and down 5 bps Y/Y.

Dividends and other income[20] increased to €183 m in 3Q19 (+64.7 per cent Y/Y, +18.6 per cent Q/Q). Yapi's contribution was up 98.7 per cent Y/Y at constant FX. Yapi's RWAs were, from a regulatory point of view, consolidated pro rata and amount to €23.0 bn. The Turkish Lira sensitivity on the Group's CET1 ratio is positive at around +1 bp net impact for a 10 per cent adverse FX move[21]. Other dividends were up 28.6 per cent Y/Y to €112 m, mainly thanks to insurance JVs in Italy.

[14] Net contribution from hedging strategy of non-maturity deposits in 3Q19 at €353 m, +€4.4 m Q/Q and -€16.1 m Y/Y.
[15] Net interest margin calculated as interest income divided by interest earning assets minus interest expenses divided by interest bearing liabilities.
[16] End of period accounting volumes calculated excluding repos and, for divisions, excluding also intercompany items. Customer loans including repos amounted to €481.0 bn as of 30 September 2019 (+4.7 per cent Y/Y, +2.5 per cent Q/Q).
[17] End of period accounting volumes calculated excluding repos and for divisions, also excluding intercompany items. Customer deposits including repos amounted to €455.5 bn as of 30 September 2019 (+1.8 per cent Y/Y, +0.5 per cent Q/Q).
[18] Customer loan rates calculated assuming 365 days convention, adjusted for 360 days convention where analytically available.
[19] Customer rate Q/Q excluding one-offs: CB Italy -4 bps (days effect), CEE -5 bps at constant FX (single names).
[20] 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.
[21] TRY sensitivity: 10 per cent depreciation of the TRY has around +1 bp net impact (-3 bps from capital, +4 bps from RWA) on the fully loaded CET1 ratio. Managerial data as at 30 September 2019

Fees and commissions were up 3.0 per cent Y/Y totalling €1.6 bn in 3Q19 (+0.3 per cent Q/Q), of which:
- **Investment fees** were €586 m in 3Q19, up 9.4 per cent Y/Y (+0.1 per cent Q/Q) mainly driven by a strong increase in upfront fees;
- **Financing fees** were €409 m in 3Q19, down 5.1 per cent Y/Y (+0.8 per cent Q/Q) due to loans and other financing;
- **Transactional fees** amounted to €574 m in 3Q19, up 3.2 per cent Y/Y (+0.1 per cent Q/Q) thanks to card services.

Fees and commissions were €4.7 bn in 9M19, down 2.1 per cent 9M/9M due to lower upfront fees and loans.

Total Financial Assets (TFA)[22] rose by €14.3 bn Q/Q reaching €781.6 bn as of 30 September 2019.
- **Assets under management (AuM)** reached €195.9 bn, up €4.7 bn or 2.4 per cent Q/Q thanks to strong AuM sales (+€2.5 bn 3Q19) and positive market performance (+€2.2 bn 3Q19).
- **Assets under custody (AuC)** increased by 2.2 per cent Q/Q to €176.8 bn in 3Q19. The positive market performance (+€7.9 bn 3Q19) more than offset the negative net sales impact of -€3.9 bn in 3Q19.
- **Deposits** were €408.9 bn, up €5.8 bn Q/Q or +1.4 per cent Q/Q, thanks to positive dynamics mainly in CIB (+4.1 per cent Q/Q), CEE (+2.6 per cent Q/Q at constant FX) and Commercial Banking Italy (+1.1 per cent Q/Q).

TFAs increased by 18.2 bn Y/Y mainly thanks to higher deposits (+€17.7 bn Y/Y) and AuM (+€6.7 bn Y/Y).

Trading income totalled €378 m in 3Q19, up 28.9 per cent Y/Y (+49.2 per cent Q/Q) thanks to stronger underlying client activity and despite a negative effect from valuation adjustments[23] (XVA) totalling -€17 m Y/Y. For 9M19, trading income stayed flat 9M/9M at € 1.1bn. Client driven trading reached €312 m in 3Q19 including XVAs of +€5 m (-€61 m in 2Q19 and +€22 m in 3Q18). The expected average quarterly trading income run rate of around €300 m is confirmed.

Operating costs were down to €2.5 bn in 3Q19 (-1.8 per cent Y/Y, flat Q/Q). With a cost breakdown of:
- **HR expenses** totalled €1.5 bn (-1.9 per cent Y/Y, +0.2 per cent Q/Q), confirming our cost reduction efforts supported by lower FTEs, with FTEs down 2,127 Y/Y. For 9M19 HR expenses were down 3.4 per cent to €4.6 bn.
- **Non HR costs**[24] were €0.9 bn, down 1.6 per cent Y/Y thanks to lower real estate expenses. For 9M19 Non HR costs totalled €2.8 bn, down 4.0 per cent.

Operating costs were €7.4 bn in 9M19 (-3.6 per cent 9M/9M).

The FY19 cost target at €10.1 bn is confirmed.

The number of employees (FTEs) stood at 84,652 in 3Q19, down by 2,127 Y/Y and 184 Q/Q. Branch numbers[25] decreased by 137 Y/Y and 19 Q/Q to 4,516 in 3Q19. The Transform 2019 targets for net FTE reduction and Western European branch closures are achieved. C/I ratio was down 0.9 p.p. 9M/9M to 53.0 per cent in 9M19.

Gross operating profit totalled €2.3 bn in 3Q19 (+5.9 per cent Y/Y, +9.0 per cent Q/Q) and €6.6 bn in 9M19 (-0.1 per cent 9M/9M).

LLPs amounted to €563 m in 3Q19 (-19.1 per cent Y/Y, -20.4 per cent Q/Q), leading to a CoR in 3Q19 of 47 bps including -1 bp from models. For 9M19 LLPs increased (+2.6 per cent 9M/9M) to €1.7 bn. FY19 CoR is is confirmed at 55 bps including 4 bps from models.

Net operating profit was €1.7 bn in 3Q19 (+18.0 per cent Y/Y, +24.3 per cent Q/Q) and €4.8 bn in 9M19 (-1.1 per cent 9M/9M).

Other charges and provisions dropped by 74.2 per cent Y/Y and totalled €187 m in 3Q19. The decline reflects the provisions for US sanctions in 3Q18. Other charges and provisions were €0.6 bn in 9M19.

Income tax was €341 m in 3Q19 (+96.6 per cent Q/Q) and €1.1 bn in 9M19. The stated 9M19 tax rate was 25.8 per cent.

Group net profit in 3Q19 equals the 3Q19 Group adjusted net profit of €1.1 bn (+25.7 per cent Y/Y, +7.0 per cent Q/Q vs 3Q18 adjusted net profit and 2Q19 adjusted net profit respectively) resulting in an adjusted RoTE of 8.6 per cent. The main contributors to the positive operating performance in 3Q19 were CEE and CIB (net profit of €445 m and €413 m respectively). 9M19 Group net profit stood at €4.3 bn with an adjusted RoTE of 8.7 per cent (+0.4 p.p. vs. 9M18 adjusted).

[22] Refers to Group commercial Total Financial Assets. Non-commercial elements, i.e. Group Corporate Centre, Non Core, Leasing/Factoring and Market Counterparts are excluded. Numbers are managerial figures.
[23] Valuation adjustments (XVA) include: Debt/Credit Value Adjustment (DVA/CVA), Funding Valuation Adjustments (FuVa) and Hedging desk.
[24] Non HR costs include "other administrative expenses", "recovery of expenses" and "amortisation, depreciation and impairment losses on intangible and tangible assets".
[25] Branch figures consistent with CMD 2016 perimeter.

Group Core

(€ million)	3Q18	2Q19	3Q19	Q/Q	Y/Y	9M18	9M19	9M/9M
Total revenues	4,604	4,521	4,708	*+4.1%*	*+2.2%*	14,218	13,996	*-1.6%*
Gross operating profit	2,155	2,111	2,306	*+9.2%*	*+7.0%*	6,661	6,714	*+0.8%*
Net operating profit	1,678	1,597	1,890	*+18.3%*	*+12.7%*	5,700	5,420	*-4.9%*
Net profit	204	2,065	1,284	*-37.8%*	*n.m.*	2,757	4,924	*+78.6%*
Adjusted net profit	1,051	1,217	1,284	*+5.4%*	*+22.1%*	3,604	3,819	*+6.0%*
Adjusted RoTE	9.3%	10.1%	10.4%	*+0.3 p.p.*	*+1.1 p.p.*	10.4%	10.6%	*+0.2 p.p.*
Cost/income	53.2%	53.3%	51.0%	*-2.3 p.p.*	*-2.2 p.p.*	53.2%	52.0%	*-1.1 p.p.*
Cost of risk (bps)	43	44	35	*-9*	*-7*	29	37	*+8*
Gross NPE ratio[30]	4.4%	3.9%	3.6%	*-35 bps*	*-78 bps*	4.4%	3.6%	*-78 bps*

Note: Group Core adjusted net profit and RoTE exclude extraordinary items related to events occurred in 3Q18 for -€846 m (impairment of Yapi), 1Q19 for +€258 m (real estate disposal in Germany) and +€825 m in 2Q19 (mainly related to the impacts from FinecoBank S.p.A. 17 per cent disposal for +€1,176 m, and to Ocean Breeze Group classification as Held for Sale in light of the disposal process, for -€178 m).

Group Core revenues were up 2.2 per cent Y/Y to €4.7bn (+4.1 per cent Q/Q) thanks to resilient commercial dynamics (NII -3.6 per cent Y/Y and fees +3.3 per cent Y/Y) and supported by trading revenues which increased by 22.2 per cent Y/Y. NII was up 0.6 per cent Q/Q with days effect and higher loan volumes being partially offsetting lower loan rates and amounted to €2.6 bn in 3Q19 and €7.7 bn in 9M19 (-1.0 per cent 9M/9M). Fees were up 3.3 per cent Y/Y thanks to investment fees (+9.4 per cent Y/Y) and transactional fees (+3.6 per cent Y/Y). 9M19 revenues amounted to €14.0 bn (-1.6 per cent 9M/9M). Gross new loan production[26] was €67.3bn in 9M19 (-14.0 per cent 9M/9M).

Gross new clients amounted to 438k in 3Q19 (-4.7 per cent Y/Y).

Costs were down to €2.4 bn in 3Q19 (-2.0 per cent Y/Y, -0.4 per cent Q/Q) thanks to continued focus on strong cost discipline. For 9M19 the costs amounted to €7.3bn (-3.6 per cent 9M/9M). C/I ratio decreased to 52.0 per cent in 9M19 (-1.1 p.p. 9M/9m).

LLPs amounted to €416 m in 3Q19 (-12.9 per cent Y/Y, -19.0 per cent Q/Q) as the overall risk environment remains supportive. In 9M19, LLPs increased by 34.6 per cent 9M/9M to €1.3 bn mainly due to very low LLPs in 2Q18 which benefitted from write-backs in CIB, CB Austria and CEE. This results in a CoR for 9M19 of 37bps. The Group Core NPE ratio stood at 3.6 per cent[10] (-78bps Y/Y) in 9M19, well below the FY19 4.7 per cent target.

Group Core net operating profit was €1.9 bn in 3Q19 (+12.7 per cent Y/Y, +18.3 per cent Q/Q) and €5.4 bn in 9M19 (-4.9 per cent 9M/9M).

In 3Q19 the Group Core net profit equalled the adjusted net profit and amounted to €1.3bn. The adjusted net profit was up 22.1 per cent Y/Y and +5.4 per cent Q/Q. The 9M19 adjusted ROTE was at 10.6 per cent, up 0.2 p.p. 9M/9M. The Group Core ROTE for FY19 is confirmed at above 10 per cent.

[26] Managerial figures.

ASSET QUALITY

(€ million)	Bad exposures	Unlikely to pay	Non performing past-due	**Total non performing**	Perfoming	**Total Loans**
As at 30 September 2019*						
Gross exposure	14,536	13,322	898	**28,756**	472,408	**501,163**
as a percentage of total loans	*2.9%*	*2.7%*	*0.2%*	***5.7%***	*94.3%*	
Writedowns	10,493	6,748	289	**17,531**	2,635	**20,166**
as a percentage of gross value	*72.2%*	*50.7%*	*32.2%*	***61.0%***	*0.6%*	
Carrying value	4,042	6,574	609	**11,225**	469,773	**480,997**
as a percentage of total loans	*0.8%*	*1.4%*	*0.1%*	***2.3%***	*97.7%*	
As at 31 December 2018**						
Gross exposure	21,134	16,193	839	**38,167**	456,511	**494,677**
as a percentage of total loans	*4.3%*	*3.3%*	*0.2%*	***7.7%***	*92.3%*	
Writedowns	15,348	7,655	262	**23,266**	2,523	**25,789**
as a percentage of gross value	*72.6%*	*47.3%*	*31.3%*	***61.0%***	*0.6%*	
Carrying value	5,786	8,538	576	**14,900**	453,988	**468,889**
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 application of IFRS16; it should be noted that following the deconsolidation of FinecoBank S.p.A., this amount does not include loans referred to that company. Figures as of 3Q19 benefit from IFRS5 classification of a NPL residential mortgage portfolio in Italy of €4.1bn (gross book value). (**) The figures as at 31 December 2018 differ from the ones published at the reference date due to the exclusion of the loans of FinecoBank S.p.A. and its subsidiary for the purposes of presentation on the same comparable basis with the amounts as at 30 September 2019.

Group gross NPEs were down by 29.5 per cent Y/Y and 16.4 per cent Q/Q to €28.8 bn in 3Q19 with an improved gross NPE ratio of 5.7 per cent (-264 bps Y/Y, -124 bps Q/Q). Net NPEs decreased to €11.2 bn (-29.7 per cent Y/Y, -16.5 per cent Q/Q) equivalent to a net NPE ratio of 2.3 per cent. The coverage ratio stood at 61.0 per cent (+11 bps Y/Y, +1 bp Q/Q). Group gross NPE disposals and classification as Held for sale (IFRS5) reached €5.4 bn in 3Q19, of which €4.0 bn was in Non Core, and €8.0 bn in 9M19, of which €5.5 bn was in Non Core.

Group gross bad loans fell further to €14.5 bn in 3Q19 (-37.0 per cent Y/Y, -24.0 per cent Q/Q) with a coverage ratio of 72.2 per cent (-59 bps Y/Y, -4 bps Q/Q). **Group gross unlikely to pay** decreased to €13.3 bn (-20.4 per cent Y/Y, -7.2 per cent Q/Q), with a coverage ratio of 50.7 per cent (+445 bps Y/Y, +276 bps Q/Q). **Group past due loans** were €0.9 bn (-10.6 per cent Y/Y, -5.1 per cent Q/Q) with a coverage ratio of 32.2 per cent.

The ongoing de-risking in **Group Core**[27] continued with gross NPEs down to €17.5 bn in 3Q19 (-13.5 per cent Y/Y, -6.5 per cent Q/Q). The gross NPE ratio improved to 3.6 per cent[10] (-78 bps Y/Y, -35 bps Q/Q). The coverage ratio was 57.8 per cent (+56 bps Y/Y, +110 bps Q/Q). Gross bad loans further decreased to €8.1 bn (-19.6 per cent Y/Y, -10.7 per cent Q/Q) with a coverage ratio of 70.7 per cent (+45 bps Y/Y, +109 bps Q/Q). Gross unlikely to pay amounted to €8.6 bn (-8.1 per cent Y/Y, -2.2 per cent Q/Q) with a coverage ratio of 48.3 per cent.

Inflows from performing loans to NPEs amounted to €1.3 bn in 3Q19. The default rate was down 3 bps Y/Y at 1.2 per cent in 3Q19. The cure rate[28] amounted to 8.2 per cent in 3Q19 (+1.7p.p. Y/Y). The migration rate[29] of unlikely to pay came to 13.0 per cent in the quarter

Commercial Banking Italy gross NPEs decreased to €7.4 bn in 3Q19 (-19.6 per cent Y/Y, -10.8 per cent Q/Q), with an improved gross NPE ratio at 5.0 per cent (-118 bps Y/Y, -56 bps Q/Q)[30]. The coverage ratio was up 0.3 p.p Y/Y to 55.4 per cent. Net NPEs were €3.3 bn with the net NPE ratio at 2.3 per cent. Gross bad loans were €3.1 bn (-31.8 per cent Y/Y, -20.2 per cent Q/Q) with a coverage ratio of 71.8 per cent. Gross unlikely to pay exposures were €3.7 bn (-9.6 per cent Y/Y, -2.5 per cent Q/Q) with a coverage ratio of 46.0 per cent.

[27] Gross NPEs including gross bad loans, gross unlikely to pay and gross past due. Past due at €875 m in 3Q19 (-1.5 per cent Y/Y, -4.7 per cent Q/Q)
[28] Back to performing.
[29] Migrating to bad loans.
[30] Figures as of 3Q19 benefit from IFRS5 classification of a NPL residential mortgage portfolio.

Inflows to NPEs in Commercial Banking Italy amounted to €673 m in 3Q19, with a default rate of 1.9 per cent (-24 bps Y/Y)

The Non Core runoff by 2021 is fully on track with gross loans falling further to €11.2 bn in 3Q19 (-€10.9 bn Y/Y, -€4.4 bn Q/Q). The FY19 NPE is expected to be below €10 bn. In 3Q19, the improvement in the Non Core gross NPEs was mainly driven by: i) disposals and classification as Held for sale (IFRS5) of €4.0 bn (€5.5 bn in 9M19), ii) write-offs of €0.2 bn (€0.9 bn in 9M19) and iii) recoveries of €0.2 bn (€0.6 bn in 9M19). Net NPEs fell to €3.8 bn (-€3.5 bn Y/Y, -€1.5 bn Q/Q) with a coverage ratio of 65.8 per cent (+147 bps Y/Y, -15 bps Q/Q).

CAPITAL & FUNDING

The Group **fully loaded CET1 ratio** was up 53 bps Q/Q to 12.60 per cent in 3Q19, mainly driven by +31 bps Q/Q from the Fineco disposal[31], +28 bps from 3Q19 net profit and -10 bps from dividends & AT1/Cashes coupons[32].

During the quarter, other impacts on capital were related to FVOCI[33,34] (+17 bps), DBO[35] (-17 bps), FX[36] (+1bp) , RWA dynamics[37] (of which regulatory +3bps and TRY – 2 bps) and others[37] (+2bps).

In 3Q19, **transitional capital ratios[38]** were: **CET1** 12.60 per cent, **Tier 1** 14.23 per cent and **total** 17.11 per cent. All ratios are confirmed to be well above capital requirements[39].

RWAs[40] totalled €387.8 bn in 3Q19, up by €0.6 bn since June 2019. In particular, credit RWAs increased by €0.4 bn and amounted to €343.7 bn. The main drivers were: +€1.5 bn from FX effect and +€0.5 bn from business evolution, offset by -€1.0 bn regulatory and -€0.7 bn from business actions. Market RWAs were up €0.2 bn Q/Q to €11.7 bn. Operational RWAs were up €0.1 bn Q/Q to €32.4 bn.

The fully loaded leverage ratio was 5.04 per cent in 3Q19 (+6 bps Q/Q). **The transitional leverage ratio** equalled to 5.29 per cent in the 3Q19 (+5 bps Q/Q).

The 2019 TLAC funding plan has been completed. Tier 2 issuance in September has been used as pre-funding for 2020 needs. UniCredit is fully compliant with the TLAC requirement of greater than 19.6 per cent with a 3Q19 TLAC ratio of 21.85 per cent and a MDA buffer of 226 bps, well above the target thanks to the pre-funding. The TLAC MDA buffer target is to be at the upper end of 50-100 bps.

As of end of September 2019, the **Group funding plan** was completed for €25.2 bn (around 78.2 per cent of the 2019 plan). The TLTRO II overall amount outstanding is equal to €51.2 bn on a consolidated basis[41].

---

[31] Combined impact on CET1 ratio from sale of second tranche of Fineco in July 2019, primarily resulting from the reversal of the threshold deduction.

[32] Payment of coupons on AT1 instruments (€34 m pre tax in 3Q19, €371 m expected for FY19) and CASHES (€31 m pre and post tax in 3Q19, €124 m expected for FY19). Dividends accrued on adjusted net profit.

[33] In 3Q19 CET1 ratio impact from FVOCI +17bps, o/w +14bps thanks to BTP.

[34] BTP sensitivity: +10bps parallel shift of BTP asset swap spreads has a -2.3bps pre and -1.7bps post tax impact on the fully loaded CET1 ratio as at 30 September 2019.

[35] DBO sensitivity: 10bps decrease in discount rate has a -4bps pre and -3bps post tax impact on the fully loaded CET1 ratio as at 30 September 2019.

[36] TRY sensitivity: 10% depreciation of the TRY has around +1bp net impact (-3bps from capital, +4bps from RWA) on the fully loaded CET1 ratio. Managerial data as at 30 September 2019.

[37] Excluding impact from disposal of Fineco.

[38] Starting from 1 January 2019, CET1 capital is fully loaded, however Tier 1 and Tier 2 capital are subject to transitional adjustments. Specifically, in 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, as per CRR article 486.

[39] Capital requirements and buffers for UniCredit Group as of 30 September 2019 (rounded figures): 10.09 per cent CET1 ratio (4.50 per cent CET1 Pillar 1 (P1) + 2.00 per cent Pillar 2 (P2) + 3.59 per cent combined capital buffer); 11.59 per cent Tier1 (T1) ratio (6.00 per cent T1 P1 + 2.00 per cent P2 + 3.59 per cent combined capital buffer); 13.59 per cent Total Capital (TC) ratio (8.00 per cent TC P1 + 2.00 per cent P2 + 3.59 per cent combined capital buffer).

[40] Business evolution: changes related to customer driven activities (mainly loans); Regulatory include Regulation: changes (e.g. CRR or CRD) determining variations of RWA, Procyclicality: change in macroeconomy or client's credit worthiness and Models: methodological changes to existing or new models; Business actions: initiatives to decrease RWA (e.g. securitisations, changes in collaterals); FX effect: impact from exposures in foreign currencies.

[41] 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[42]

COMMERCIAL BANKING ITALY

(€ million)	3Q18	2Q19	3Q19	Q/Q	Y/Y	9M18	9M19	9M/9M
Total revenues	1,739	1,802	1,771	*-1.7%*	*+1.9%*	5,436	5,366	*-1.3%*
Gross operating profit	748	853	833	*-2.3%*	*+11.4%*	2,406	2,526	*+5.0%*
Net operating profit	431	537	582	*+8.5%*	*+35.2%*	1,658	1,752	*+5.6%*
Net profit	369	244	344	*+41.1%*	*-6.7%*	1,115	987	*-11.5%*
RoAC	13.4%	7.7%	10.6%	*+2.8 p.p.*	*-2.8 p.p.*	13.7%	10.5%	*-3.2 p.p.*
Cost/income	57.0%	52.7%	53.0%	*+0.3 p.p.*	*-4.0 p.p.*	55.7%	52.9%	*-2.8 p.p.*
Cost of risk (bps)	89	88	70	*-18*	*-19*	71	72	*+0*

Revenues were up 1.9 per cent Y/Y at €1.8 bn in 3Q19 (-1.7 per cent Q/Q). NII was up 0.2 per cent Q/Q with days effect and a non recurring item compensating for lower deposit spreads. Fees totalled €0.9 bn in 3Q19, up 3.3 per cent Y/Y mainly driven by investment fees (+7.5 per cent Y/Y) and transactional fees (+5.6 per cent Y/Y), the latter mainly thanks to the P&C insurance business. Revenues totalled €5.4 bn in 9M19, down 1.3 per cent 9M/9M. Gross new loan production[26], at €16.1 bn in 9M19 (-14.6 per cent 9M/9M), was mainly driven by corporates.

The number of gross new clients amounted to 75k in 3Q19 (-19.1 per cent Y/Y).

Operating costs were down 5.3 per cent Y/Y driven by both HR (-4.3 per cent) and non HR cost (-6.7 per cent). Costs totalled €2.8 bn in 9M19 (-6.2 per cent 9M/9M) with the C/I ratio at 52.9 per cent, down 2.8 p.p. 9M/9M.

LLPs amounted to €251 m in 3Q19 (-20.9 per cent Y/Y, -20.7 per cent Q/Q) and €774 m in 9M19 (+3.5 per cent 9M/9M) with a CoR at 70 bps in 3Q19 and 72 bps for 9M19. FY19 CoR will be in the low 70s bps due to the residential mortgage transaction.

Net operating profit reached €582 m in 3Q19, up 35.2 per cent Y/Y (+8.5 per cent Q/Q) and €1.8 bn in 9M19 (+5.6 per cent 9M/9M).

Net profit was €344 m in 3Q19 (-6.7 per cent Y/Y, +41.1 per cent Q/Q) and €1.0 bn in 9M19 (-11.5 per cent 9M/9M) with a normalised RoAC[43] of 11.1 per cent in 9M19. The FY19 RoAC target at around 11 per cent is confirmed.

Gross NPE ratio down amounted to 5.0 per cent in 3Q19, down by 118 bps Y/Y (-56 bps Q/Q) supported by disposals and classification as Held for sale (IFRS5).

[42] 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) new loan production for all divisions is a managerial figure

[43] Normalised for the release of provisions for US sanctions (+€60 m) in 1Q19 and one-offs (-€118 m) in 2Q19.

Commercial Banking Germany

(€ million)	3Q18	2Q19	3Q19	Q/Q	Y/Y	9M18	9M19	9M/9M
Total revenues	596	586	579	-1.1%	-2.9%	1,824	1,757	-3.7%
Gross operating profit	193	187	180	-3.6%	-6.7%	580	542	-6.5%
Net operating profit	216	183	153	-16.3%	-29.1%	540	489	-9.5%
Net profit	56	146	88	-39.5%	+57.7%	204	605	n.m.
RoAC	4.8%	12.6%	7.6%	-5.0 p.p.	+2.8 p.p.	6.0%	17.4%	+11.4 p.p.
Cost/income	67.6%	68.0%	68.9%	+0.8 p.p.	+1.3 p.p.	68.2%	69.2%	+0.9 p.p.
Cost of risk (bps)	-11	2	12	10	23	6	8	2

Revenues were down 2.9 per cent Y/Y (-1.1 per cent Q/Q) to €579 m in 3Q19 due to lower trading while commercial revenues were up 3.0 per cent Y/Y. NII was up 0.9 per cent Q/Q with higher loan volumes partially compensating lower deposits spreads. Fees were up 7.5 per cent Y/Y mainly thanks to higher investment fees (+16.9 per cent Y/Y). Revenues stood at €1.8 bn in 9M19 (-3.7 per cent 9M/9M). Gross new loan production[26] was €12.3 bn in 9M19 (-15.7 per cent 9M/9M) mainly driven by corporates.

Gross new clients amounted to 18k in 3Q19 (-7.5 per cent Y/Y).

Operating expenses were down -1.0 per cent Y/Y to €399 m in 3Q19 (+0.1 per cent Q/Q) thanks to lower HR costs (-1.3 per cent Y/Y) and non HR costs (-0.6 per cent Y/Y). For 9M19, operating costs stood at €1.2 bn, down 2.3 per cent 9M/9M. The C/I ratio was at 69.2 per cent (+0.9 p.p. 9M/9M) for 9M19.

LLPs stood at €27 m in 3Q19 with a CoR of 12 bps. FY19 CoR is expected to be low. For 9M19 LLPs were €53 m (+34.1 per cent 9M/9M).

Net operating profit was €153 m in 3Q19 (-29.1 per cent Y/Y, -16.3 per cent Q/Q) and €489 m in 9M19 (-9.5 per cent 9M/9M).

Net profit amounted to €88 m in 3Q19 (+57.7 per cent Y/Y, -39.5 per cent Q/Q) and €605 m in 9M19 with a normalised RoAC[44] of 8.8 per cent in 9M19. FY19 RoAC is confirmed at 9.1 per cent.

Commercial Banking Austria

(€ million)	3Q18	2Q19	3Q19	Q/Q	Y/Y	9M18	9M19	9M/9M
Total revenues	402	389	392	+0.9%	-2.5%	1,184	1,136	-4.0%
Gross operating profit	162	163	148	-9.1%	-8.4%	420	410	-2.4%
Net operating profit	138	165	129	-21.8%	-6.8%	451	401	-11.2%
Net profit	119	165	119	-27.9%	+0.2%	325	352	8.2%
RoAC	17.9%	22.6%	16.1%	-6.5 p.p.	-1.8 p.p.	16.2%	16.0%	-0.2 p.p.
Cost/income	59.8%	58.1%	62.2%	+4.1 p.p.	+2.4 p.p.	64.5%	63.9%	-0.6 p.p.
Cost of risk (bps)	21	-2	17	19	-4	-9	3	12

Revenues were down 2.5 per cent Y/Y due to lower trading income with commercial revenues being flat Y/Y. NII was up 2.7 per cent Q/Q (+1.1 per cent Y/Y) thanks to resilient commercial dynamics. Fees stood at €147 m, down 1.2 per cent Y/Y mainly due to lower transactional fees (-1.4 per cent Y/Y) and investment fees (-1.2 per cent Y/Y). Revenues amounted to €1.1 bn in 9M19 (-4.0 per cent 9M/9M). Gross new loan production[26] was €5.4 bn in 9M19 (-0.3 per cent 9M/9M), driven by corporates.

The number of gross new clients increased to 14k in 3Q19 (+1.0 per cent Y/Y).

Operating expenses were up 1.4 per cent Y/Y (+8.1 per cent Q/Q) in 3Q19 impacted by HR one-offs, but were down 4.9 per cent 9M/9M to €726m in 9M19. The C/I ratio amounted to 63.9 per cent in 9M19 (-0.6 p.p. 9M/9M).

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

LLPs amounted to €19 m in 3Q19 with a CoR of 17 bps due to a non recurring item. The FY19 CoR is expected to be very low.

Net operating profit reached €129 m in 3Q19 (-6.8 per cent Y/Y, -21.8 per cent Q/Q) and €401 m in 9M19 (-11.2 per cent 9M/9M).

Net profit was €119 m in 3Q19, up 0.2 per cent Y/Y (-27.9 per cent Q/Q). Net profit was at €352 m in 9M19 equal to a normalised RoAC[45] of 13.5 per cent. FY19 RoAC target is confirmed at 13.3 per cent

CEE

(€ million)	3Q18	2Q19	3Q19	Q/Q	Y/Y	9M18	9M19	9M/9M
Total revenues	980	1,069	1,061	*-0.9%*	*+7.5%*	3,105	3,204	*+4.7%*
Gross operating profit	607	683	683	*-0.2%*	*+11.4%*	1,997	2,075	*+6.0%*
Net operating profit	516	596	566	*-5.0%*	*+9.0%*	1,700	1,772	*+6.6%*
Net profit	425	484	445	*-8.0%*	*+4.3%*	1,307	1,320	*+4.1%*
RoAC	15.6%	17.1%	15.6%	*-1.4 p.p.*	*-0.0 p.p.*	15.8%	15.6%	*-0.2 p.p.*
Cost/income	38.0%	36.1%	35.7%	*-0.4 p.p.*	*-2.3 p.p.*	35.7%	35.2%	*-0.5 p.p.*
Cost of risk (bps)	58	52	68	17	11	64	60	-4

Note: Stated numbers at current FX. Variations Q/Q and Y/Y at constant FX (RoAC, C/I, gross NPE ratio, coverage ratio and CoR variations at current FX). Yapi is valued by the equity method and contributes to the dividend line of the Group P&L based on managerial view. Yapi's branches and clients considered at 100%, Yapi not considered in CoR, FTEs and gross NPE ratio.

Revenues were up 7.5 per cent Y/Y at constant FX (-0.9 per cent Q/Q) and totalled to €1.1 bn in 3Q19. NII was down 0.7 per cent Q/Q at constant FX due to a non recurring item. Dividends were up 90.9 per cent Y/Y at constant FX (+6.3 per cent Q/Q) thanks to Yapi's contribution which increased by 98.7 per cent Y/Y at constant FX. Fees stood at €211 m, up 2.6 per cent Y/Y at constant FX thanks to higher investment fees (+18.8 per cent Y/Y) and transaction fees (+5.2 per cent Y/Y). Revenues were €3.2 bn in 9M19, up 4.7 per cent at constant FX 9M/9M. Gross new loan production[26] was €15.4 bn in 9M19 (-9.3 per cent 9M/9M at constant FX).

The number of gross new clients[46] was 331k during the quarter (-0.8 per cent Y/Y)

Operating expenses were up 0.9 per cent Y/Y at constant FX, below inflation, and amounted to €0.4 bn in 3Q19 and €1.1 bn (+2.2 per cent 9M/9M) for 9M19. The C/I ratio was 35.2 per cent in 9M19, down 0.5 p.p. 9M/9M.

LLPs were €116 m in 3Q19 (+25.3 per cent Y/Y, +34.3 per cent Q/Q at constant FX) and €304 m in 9M19 (+2.5 per cent 9M/9M at constant FX) with a low 3Q19 CoR at 68 bps thanks to a supportive risk environment. FY19 CoR is expected to be well below the 102 bps target.

Net operating profit was €566 m in 3Q19 (+9.0 per cent Y/Y, -5.0 per cent Q/Q at constant FX) and €1.8 bn in 9M19 (+6.6 per cent 9M/9M at constant FX).

CEE was one of the main contributors to the Group's bottom line in 3Q19, generating a net profit of €445 m (+4.3 per cent Y/Y, -8.0 per cent Q/Q at constant FX). The main contributors to 3Q19 Y/Y earnings generation in the CEE were: Czech Republic & Slovakia (€94 m net profit, -4.6 per cent Y/Y), Russia (€73 m net profit, +60.8 per cent Y/Y at constant FX), Turkey (€71 m net profit at equity, +98.7 per cent Y/Y at constant FX) and Bulgaria (€56 m net profit, -14.1 per cent Y/Y at constant FX). Net profit was €1.3 bn in 9M19 (+4.1 per cent 9M/9M at constant FX) with RoAC at 15.6 per cent in 9M19. The FY19 RoAC target is confirmed at 13.4 per cent.

Thanks to successful de-risking, the gross NPE ratio is down 140 bps Y/Y to 5.1 per cent in 3Q19 with a coverage ratio at 69.4 per cent (+1.8 p.p. Y/Y at constant FX).

[45] Normalised for release of provisions for US sanctions (+€39 m) in 1Q19 and one-off pension related item (+€16 m) in 2Q19.
[46] Including Yapi at 100 per cent

CIB

(€ million)	3Q18	2Q19	3Q19	Q/Q	Y/Y	9M18	9M19	9M/9M
Total revenues	910	868	978	*+12.7%*	*+7.4%*	2,870	2,868	*-0.1%*
Gross operating profit	541	489	618	*+26.5%*	*+14.2%*	1,725	1,740	*+0.9%*
Net operating profit	461	382	615	*+60.7%*	*+33.4%*	1,805	1,587	*-12.1%*
Net profit	98	100	413	*n.m.*	*n.m.*	661	1,005	*+52.1%*
RoAC	3.8%	3.9%	15.4%	*+11.5 p.p.*	*+11.6 p.p.*	8.9%	12.9%	*+4.0 p.p.*
Cost/income	40.5%	43.7%	36.8%	*-6.9 p.p.*	*-3.8 p.p.*	39.9%	39.3%	*-0.6 p.p.*
Cost of risk (bps)	28	35	1	-34	-27	-10	17	26

Revenues were up 7.4 per cent Y/Y to €1.0 bn (+12.7 per cent Q/Q) with trading income as the main driver.

NII stood at €570 m in 3Q19, up 4.0 per cent Q/Q mainly thanks to positive contribution from Investment & Trading activities and non-recurring items. Fees were down 2.3 per cent Y/Y driven by lower financing fees (-3.5 per cent Y/Y) and stood at €145 m. Trading income was up 42.0 per cent Y/Y mainly thanks to robust client activity. The overall share of client driven revenues was 73 per cent[47] in 3Q19. Revenues reached €2.9 bn in 9M19 (-0.1 per cent 9M/9M).

Operating expenses were down 2.5 per cent Y/Y (-5.2 per cent Q/Q) and amounted to €360 m in 3Q19. The decrease was driven by lower HR (-3.1 per cent Y/Y) and Non HR costs (-2.1 per cent Y/Y). In 9M19, operating costs were €1.1bn, down 1.6 per cent 9M/9M. C/I ratio was 39.3 per cent in 9M19, down 0.6 p.p. 9M/9M.

LLPs were €4 m in 3Q19 with a CoR at 1 bp. The FY19 CoR target is confirmed at 21 bps.

Net operating profit reached €615 m in 3Q19 (+33.4 per cent Y/Y, +60.7 per cent Q/Q) and €1.6 bn in 9M19 (-12.1 per cent 9M/9M).

Net profit was €413 m in 3Q19 and €1.0 bn in 9M19 (+52.1 per cent 9M/9M). The normalised RoAC[48] was at 12.6 per cent in 9M19 and the FY19 RoAC target is confirmed at 11.7 per cent.

In 9M19, UniCredit was able to confirm its leading position for debt financing[13], by ranking:
- #1 in “All Bonds in EUR” in Italy, Germany and Austria;
- #2 in “EMEA All Bonds in EUR” by number of transactions.

[47] Of total CIB revenues
[48] Normalised for release of provisions for US sanctions (+€180 m) in 1Q19 and disposal of Ocean Breeze (-€178 m) in 2Q19 and a participation (+€15 m) in 2Q19.

Group Corporate Centre (GCC)

(€ million)	3Q18	2Q19	3Q19	Q/Q	Y/Y	9M18	9M19	9M/9M
Total revenues	-22	-191	-74	-61.3%	n.m.	-201	-335	+67.2%
Operating costs	-73	-72	-82	+13.9%	11.8%	-266	-245	-8.0%
Gross operating profit	-96	-263	-156	-40.7%	+63.2%	-467	-580	+24.3%
Net profit	-862	925	-126	n.m.	-85.4%	-856	655	n.m.
FTE	14,474	14,026	13,967	-0.4%	-3.5%	14,474	13,967	-3.5%
Costs GCC/total costs	2.9%	2.9%	3.4%	+0.4 p.p.	+0.4 p.p.	3.5%	3.3%	-0.2 p.p.

Revenues were down Y/Y at -€74m in 3Q19 due to higher term funding costs. 9M19 revenues were -€335 m (+67.2 per cent 9M/9M).

In 3Q19, GCC operating costs were up 11.8 per cent Y/Y (+13.9 per cent Q/Q), amounting to €82m. For 9M19, operating costs were down 8 per cent 9M/9M, totalling €245 m.

The "Lean but Steering" Group Corporate Centre transformation is on track with a reduction of 507 FTEs Y/Y leading to a decrease of HR costs by 2.6 per cent Y/Y. Since December 2015, FTEs are down by 21.5 per cent (-3,822 FTEs).

GCC's share of total Group costs fell to 3.3 per cent in 9M19 (-0.2 p.p. 9M/9M). The FY19 target of 3.5 per cent is confirmed.

The 3Q19 net loss improved by 85.4 per cent Y/Y to €126m. For 9M19, the net profit amounted to €655 m and was positively affected by the Fineco disposal in 2Q19.

Non Core

(€ million)	3Q18	2Q19	3Q19	Q/Q	Y/Y	9M18	9M19	9M/9M
Total revenues	18	-5	-6	+29.1%	n.m.	52	-12	n.m.
Operating costs	-48	-42	-50	19.7%	+5.1%	-137	-135	-1.6%
Gross operating profit	-30	-46	-56	+20.6%	+89.1%	-86	-147	+71.6%
LLP	-218	-194	-147	-24.2%	-32.7%	-732	-444	-39.3%
Net profit	-176	-211	-183	-13.2%	+4.2%	-592	-582	-1.6%
Gross customer loans	22,177	15,679	11,230	-28.4%	-49.4%	22,177	11,230	-49.4%
Net NPEs	7,320	5,333	3,837	-28.1%	-47.6%	7,320	3,837	-47.6%
Coverage ratio	64.4%	66.0%	65.8%	-0.2 p.p.	+1.5 p.p.	64.4%	65.8%	+1.5 p.p.
RWA	13,966	15,240	13,641	-10.5%	-2.3%	13,966	13,641	-2.3%

The Non Core runoff by 2021 is fully on track. FY19 gross NPEs is expected to be below €10 bn.

The gross NPEs were down by €4.4 bn Q/Q to €11.2 bn in 3Q19 mainly driven by disposals and classification as Held for sale (IFRS5).

Revenues amounted to -€6 m in 3Q19, down by €24 m Y/Y due to a lower contribution from time value. 9M19 revenues totalled -€12 m.

Costs were up 5.1 per cent Y/Y (+19.7 per cent Q/Q) to €50 m driven by higher Non HR costs (+9.4 per cent Y/Y) offsetting lower HR Costs (-14.7 per cent Y/Y).

LLPs stood at €147 m in 3Q19, down 32.7 per cent Y/Y with the coverage ratio improving to 65.8 per cent (+1.5 per cent Y/Y). For 9M19 LLPs decreased by 39.3 per cent 9M/9M and amounted to €444 m.

The net loss was €183 m 3Q19 (+4.2 per cent Y/Y) and €582 m in 9M19 (-1.6 per cent 9M/9M).

SIGNIFICANT EVENTS DURING AND AFTER 3Q19

With reference to the main events that occurred during 3Q19 and after 30 September 2019, refer to section "Subsequent events" in the Consolidated interim report on operations, which is an integral part of Consolidated first half financial report as at 30 June 2019 as well as the press releases published on the UniCredit group website. Here below, the main financial press releases published after 6 August 2019 (date of approval of Consolidated first half financial report as at 30 June 2019):

- "UniCredit successfully completed the transfer of 4.1bn€ GBV of an NPL Residential Mortgage Portfolio to PRISMA SPV" (press release published on 5 November 2019)
- "UniCredit 2015 data incident" (press release published on 28 October 2019);
- "Andrea Diamanti named Deputy CEO of UniCredit Bank Russia subject to Bank of Russia's approval. Fabio Fornaroli named new Head of CEE Corporate and Investment Banking and Private Banking at UniCredit. Graziano Cameli appointed Head of CEE Business Development" (press release published on 23 October 2019);
- "UniCredit appoints Wouter Devriendt Head of Finance & Control" (press release published on 8 October 2019);
- "New appointments in UniCredit: Andreotti Vice Chairman of the Board of Directors, Pierdicchi Chairwoman of the Related-Parties Committee and Tondi member of the Internal Controls & Risks Committee" (press release published on 8 October 2019);
- "UniCredit issues a 5.5 Year Senior Preferred Fixed Rate for an amount of EUR 1 billion" (press release published on 2 October 2019);
- "UniCredit recognised as top provider in Euromoney Cash Management Survey" (press release published on 2 October 2019)
- "UniCredit signs agreement with B&C Foundation for the disposal of its ultimate beneficiary position" (press release published on 1 October 2019);
- "UniCredit announces the sale of an Italian Small Medium Enterprise secured non-performing loans portfolio" (press release published on 27 September 2019);
- "AO UniCredit Bank sells Russian non-performing credit portfolio of EUR 45.2 million to EOS" (press release published on 24 September 2019);
- "UniCredit launching Sustainable Finance Advisory Team" (press release published on 24 September 2019);
- "UniCredit: Cesare Bisoni appointed as Chairman" (press release published on 20 September 2019);
- "Zagrebacka banka sells a non-performing credit portfolio of EUR 203.3 million to DDM" (press release published on 20 September 2019);
- "UniCredit successfully issues a 10 year subordinated Tier 2 bond with a 2% coupon for an amount of EUR 1.25 billion" (press release published on 16 September 2019);
- "UniCredit announces the sale of its USD 200 million of the USD 650,000,000 Perpetual Fixed Rate Resettable Additional Tier 1 Notes (ISIN code XS1867595750), (the "AT1 Notes") issued by Yapı ve Kredi Bankası A.Ş. ("Yapi")" (press release published on 7 August 2019).

OUTLOOK

The Eurozone economy remains weak amid a contraction in global trade, with GDP growth set to average 1.2 per cent this year and 0.9 per cent in 2020. Risks to economic growth are skewed to the downside, especially due to the uncertainty related to increasing protectionism. Moreover, the latest indicators signal a rising risk that the manufacturing recession might start spilling over into the services and construction sectors, which have so far shown resilience.

GROUP TABLES

UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	3Q18	2Q19	3Q19	*Q/Q*	*Y/Y*	9M18	9M19	*9M/9M*
Net interest	2,689	2,554	2,555	*+0.1%*	*-5.0%*	7,858	7,688	*-2.2%*
Dividends and other income from equity investments	111	154	183	*+18.6%*	*+64.7%*	464	504	*+8.6%*
Net fees and commissions	1,523	1,565	1,569	*+0.3%*	*+3.0%*	4,777	4,675	*-2.1%*
Net trading income	293	253	378	*+49.2%*	*+28.9%*	1,075	1,073	*-0.1%*
Net other expenses/income	6	(10)	16	*n.m.*	*n.m.*	95	44	*-53.8%*
OPERATING INCOME	**4,622**	**4,517**	**4,701**	***+4.1%***	***+1.7%***	**14,270**	**13,984**	***-2.0%***
Payroll costs	(1,552)	(1,519)	(1,522)	*+0.2%*	*-1.9%*	(4,757)	(4,597)	*-3.4%*
Other administrative expenses	(826)	(803)	(786)	*-2.2%*	*-4.9%*	(2,598)	(2,421)	*-6.8%*
Recovery of expenses	158	151	142	*-5.8%*	*-10.4%*	478	442	*-7.4%*
Amort. deprec. and imp. losses on intang. & tang. assets	(276)	(280)	(285)	*+1.9%*	*+3.2%*	(818)	(843)	*+3.0%*
OPERATING COSTS	**(2,497)**	**(2,452)**	**(2,451)**	***-0.0%***	***-1.8%***	**(7,695)**	**(7,418)**	***-3.6%***
OPERATING PROFIT (LOSS)	**2,126**	**2,065**	**2,250**	***+9.0%***	***+5.9%***	**6,575**	**6,567**	***-0.1%***
Net write-downs on loans and provisions for guarantees and commitments	(696)	(707)	(563)	*-20.4%*	*-19.1%*	(1,693)	(1,738)	*+2.6%*
NET OPERATING PROFIT (LOSS)	**1,430**	**1,357**	**1,687**	***+24.3%***	***+18.0%***	**4,882**	**4,829**	***-1.1%***
Other charges and provisions	(725)	(236)	(187)	*-20.7%*	*-74.2%*	(1,902)	(637)	*-66.5%*
- of which: systemic charges	*(134)*	*(118)*	*(148)*	*+24.8%*	*+10.3%*	*(772)*	*(804)*	*+4.1%*
Integration costs	(3)	(2)	(2)	*+50.6%*	*-32.7%*	6	(7)	*n.m.*
Net income from investments	(655)	(307)	(45)	*-85.2%*	*-93.1%*	(434)	39	*n.m.*
PROFIT (LOSS) BEFORE TAX	**47**	**812**	**1,453**	***+78.8%***	***n.m.***	**2,552**	**4,224**	***+65.5%***
Income tax for the period	(20)	(174)	(341)	*+96.6%*	*n.m.*	(440)	(1,092)	*n.m.*
NET PROFIT (LOSS)	**26**	**639**	**1,111**	***+74.0%***	***n.m.***	**2,112**	**3,132**	***+48.3%***
Profit (Loss) from non-current assets held for sale, after tax	59	1,307	0	*-100.0%*	*-99.7%*	223	1,372	*n.m.*
PROFIT (LOSS) FOR THE PERIOD	**86**	**1,946**	**1,112**	***-42.9%***	***n.m.***	**2,335**	**4,504**	***+92.9%***
Minorities	(56)	(29)	(10)	*-63.6%*	*-81.4%*	(167)	(98)	*-41.5%*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**30**	**1,917**	**1,101**	***-42.6%***	***n.m.***	**2,168**	**4,406**	***n.m.***
Purchase Price Allocation effect	(1)	(63)	(1)	*-99.1%*	*-43.0%*	(3)	(65)	*n.m.*
Goodwill impairment	-	-	-	*n.m.*	*n.m.*	-	-	*n.m.*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**29**	**1,854**	**1,101**	***-40.6%***	***n.m.***	**2,165**	**4,342**	***n.m.***

Note: 2018 figures were restated to reflect:
• following the first time adoption of IFRS16 - Leasing from 1 January 2019, the lessee's lease payment previously computed in the item "Other administrative expenses" is split between:
- the item "Net interest" for the interest expense with reference to the lease liability;
- the 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", is no longer included in the income arising from the sublease to third parties of real estate assets leased by the Group;
• for the reclassification of some commitment fees on undrawn credit lines from the item "Net interest" to the item "Net fees and commissions" starting from December 2018.

2018 and first quarter 2019 figures were restated starting from June 2019:
• to reflect "loss of control" on FinecoBank S.p.A. following the completion on 8 May 2019 of the accelerated bookbuilding (ABB) of 103.5 million ordinary shares of the company, settled on 10 May 2019;
• following the reclassification:
- of revenues for "Dividends from other financial assets mandatorily at fair value" to the item "Net trading income";
- of some expenses incurred in handling the recovery process of non–performing exposures to the item "Other administrative expenses" (previously included in the item "Net fees and commissions");

- of some expenses for payment services and cards that, were reclassified from the item “Other administrative expenses” to the item “Net fees and commissions”;
- of net results from sales & purchases and re-measurement of physical gold, precious stones and metals that were reclassified from the item “Net other expenses/income” to the item “Net trading income” when entered into in contemplation with other trading book exposures or “Net income from investments” otherwise;
- of some non-recoverable expenses incurred for customer financial transaction taxes that were reclassified from the item “Other administrative expenses” to the item “Net fees and commissions” or when otherwise recovered/debited, the related income has been included in the item “Recovery of expenses” (from the item “Net fees and commissions”);
- of some expenses for local tax on corporate revenues (i.e. Municipality and Innovation Tax in Hungary) that were reclassified from the item “Other administrative expenses” to the item “Income tax for the period”.

UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	3Q18	2Q19	3Q19	*Q/Q*	*Y/Y*
ASSETS					
Cash and cash balances	26,356	32,578	30,997	*-4.9%*	*+17.6%*
Financial assets held for trading	81,258	67,344	74,871	*+11.2%*	*-7.9%*
Loans to banks	76,289	77,911	81,483	*+4.6%*	*+6.8%*
Loans to customers	462,235	469,298	480,997	*+2.5%*	*+4.1%*
Other financial assets	150,232	138,438	146,292	*+5.7%*	*-2.6%*
Hedging instruments	5,225	9,801	11,573	*+18.1%*	*n.m.*
Property, plant and equipment	9,106	9,176	9,008	*-1.8%*	*-1.1%*
Goodwill	1,484	886	886	*+0.0%*	*-40.3%*
Other intangible assets	1,873	1,915	1,952	*+1.9%*	*+4.2%*
Tax assets	12,257	12,896	12,813	*-0.6%*	*+4.5%*
Non-current assets and disposal groups classified as held for sale	491	3,115	4,167	*+33.8%*	*n.m.*
Other assets	7,253	8,824	8,009	*-9.2%*	*+10.4%*
Total assets	**834,057**	**832,183**	**863,048**	***+3.7%***	***+3.5%***
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from banks	136,664	132,695	143,213	*+7.9%*	*+4.8%*
Deposits from customers	469,044	453,019	455,473	*+0.5%*	*-2.9%*
Debt securities issued	79,493	92,434	97,575	*+5.6%*	*+22.7%*
Financial liabilities held for trading	51,920	40,410	46,102	*+14.1%*	*-11.2%*
Other financial liabilities	8,736	13,689	13,401	*-2.1%*	*+53.4%*
Hedging instruments	5,508	13,848	16,023	*+15.7%*	*n.m.*
Tax liabilities	1,039	962	1,051	*+9.3%*	*+1.2%*
Liabilities included in disposal groups classified as held for sale	49	632	623	*-1.4%*	*n.m.*
Other liabilities	26,426	24,948	29,137	*+16.8%*	*+10.3%*
Minorities	869	411	413	*+0.5%*	*-52.5%*
Group shareholders' equity	54,309	59,136	60,038	*+1.5%*	*+10.5%*
- capital and reserves	52,144	55,895	55,696	*-0.4%*	*+6.8%*
- net profit (loss)	2,165	3,241	4,342	*+34.0%*	*n.m.*
Total liabilities and Shareholders' Equity	**834,057**	**832,183**	**863,048**	***+3.7%***	***+3.5%***

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
Dividends and other allocations	(604)
Change in reserve related coupon on AT1 instruments	(159)
Changes in reserve for the unsustainable amount of Deferred Tax Assets relating to tax losses carried forward linked to shareholders' equity items	(145)
Disbursements related to transaction denominated "Cashes"	(94)
Change in the valuation reserve relating to the financial assets and liabilities at fair value	787
Exchange differences reserve*	250
Change in the valuation reserve relating to the actuarial gains/losses on defined benefit plans **	(1,159)
Other changes	(13)
Net profit (loss) for the period	4,342
Shareholders' Equity as at 30 September 2019	**60,038**

Notes: * This effect is mainly due to the positive impact of the Ruble for €308 million. ** Mainly referred to widespread drop in Euro yield curve reducing DBO discount rate partially offset by plan assets performance.

UNICREDIT GROUP: STAFF AND BRANCHES

(units)	3Q18	2Q19	3Q19	*Q/Q Δ*	*Y/Y Δ*
Employees(*)	86,779	84,836	84,652	*-184*	*-2,127*
Branches(**)	4,653	4,535	4,516	*-19*	*-137*
- o/w CB Italy, CB Germany, CB Austria	*2,978*	*2,884*	*2,868*	*-16*	*-110*
- o/w CEE	*1,675*	*1,651*	*1,648*	*-3*	*-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 include the branches of Yapi.

UNICREDIT GROUP: RATINGS

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Standard & Poor's	A-2	BBB	STABLE	bbb
Moody's	P-2	Baa1	STABLE	baa3
Fitch Ratings	F2	BBB	NEGATIVE	bbb

Note: S&P: on 15 July 2019, the outlook was changed to stable from negative.
Moody's: on 18 July 2019 Moody's upgraded UniCredit S.p.A's stand-alone rating to 'baa3' from 'ba1'.
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[49], the book value of sovereign debt securities as at 30 September 2019 amounted to €108,299 m[50], of which the 88 per cent concentrated in eight countries; Italy, with €47,848 m, represents over 44 per cent of the total and about 6 per cent of the Group's total assets. For each of the eight countries, the table below shows the nominal value, the book value and the fair value of the exposures broken down by portfolio as at 30 September 2019.

[49]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 30 September 2019;
- ABSs.

[50] Information on Sovereign exposures refers to the scope of the UniCredit consolidated results as at 30 September 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 €3,353 m as at 30 September 2019.

(€ million)	Nominal Value	Book value	Fair Value
As at 30 September 2019*			
- Italy	**45,563**	**47,847**	**48,852**
financial assets/liabilities held for trading (net exposures)(*)	2,961	2,917	2,917
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	50	64	64
financial assets at fair value through other comprehensive income	22,763	24,661	24,661
financial assets at amortised cost	19,789	20,205	21,210
- Spain	**13,965**	**15,309**	**15,314**
financial assets/liabilities held for trading (net exposures)(*)	93	119	119
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	0	0	0
financial assets at fair value through other comprehensive income	11,019	11,958	11,958
financial assets at amortised cost	2,853	3,232	3,237
- Germany	**12,038**	**12,428**	**12,480**
financial assets/liabilities held for trading (net exposures)(*)	136	206	206
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	8,402	8,583	8,583
financial assets at fair value through other comprehensive income	2,465	2,602	2,602
financial assets at amortised cost	1,035	1,037	1,089
- Japan	**6,144**	**6,211**	**6,240**
financial assets/liabilities held for trading (net exposures)(*)	0	0	0
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	85	85	85
financial assets at fair value through other comprehensive income	2,857	2,901	2,901
financial assets at amortised cost	3,202	3,225	3,254
- Austria	**5,187**	**5,844**	**5,849**
financial assets/liabilities held for trading (net exposures)(*)	76	144	144
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	140	188	188
financial assets at fair value through other comprehensive income	4,876	5,416	5,416
financial assets at amortised cost	95	96	101
- United States of America	**3,610**	**3,759**	**3,759**
financial assets/liabilities held for trading (net exposures)(*)	130	130	130
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	0	0	0
financial assets at fair value through other comprehensive income	3,456	3,605	3,605
financial assets at amortised cost	24	24	24
- Hungary	**1,766**	**1,997**	**1,995**
financial assets/liabilities held for trading (net exposures)(*)	39	45	45
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	0	0	0
financial assets at fair value through other comprehensive income	1,581	1,796	1,796
financial assets at amortised cost	146	156	154
- Romania	**1,895**	**1,984**	**1,984**
financial assets/liabilities held for trading (net exposures)(*)	130	137	137
financial assets designated at fair value	0	0	0
financial assets mandatorily at fair value	0	0	0
financial assets at fair value through other comprehensive income	1,765	1,847	1,847
financial assets at amortised cost	0	0	0
Total on-balance sheet exposures	**90,168**	**95,379**	**96,473**

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

UNICREDIT GROUP: WEIGHTED DURATION

The weighted duration of the sovereign bonds shown in the table above, divided by the banking and trading book, is the following:

Weighted duration (years)	BANKING BOOK	TRADING BOOK	(years)
		Assets positions	Liabilities positions
- Italy	3.42	3.03	3.52
- Spain	3.63	12.56	9.06
- Germany	3.19	6.09	6.50
- Japan	3.30	1.20	-
- Austria	4.00	22.55	20.78
- United States of America	4.59	0.95	7.50
- Hungary	3.49	5.75	5.87
- Romania	3.64	4.56	8.80

The remaining 12 per cent of the total of sovereign debt securities, amounting to €12,920 m with reference to the book values as at 30 September 2019, is divided into 34 countries, including Bulgaria (€1,688 m), Croatia (€1,538 m), Czech Republic (€1,207 m), Poland (€938 m), France (€916 m), Serbia (€901 m), Portugal (€564 m), Russia (€470 m), Slovakia (€456 m) and Belgium (€379 m). The sovereign exposure to Greece is immaterial.

With respect to these exposures, as at 30 September 2019 there were no indications that impairment may have occurred.

It should moreover be noted that among the aforementioned remaining part of sovereign debt securities as at 30 September 2019 there are also debt securities towards Supranational Organisations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €2,879 m.

UNICREDIT GROUP: BREAKDOWN OF SOVEREIGN DEBT SECURITIES BY BANKING BOOK PORTFOLIO

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

Breakdown of sovereign debt securities by portfolio (€ million)	Amounts as at 30 September 2019				
	designated at fair	mandatorily at fair value	value through other	amortised cost	Total
Book value	0	9,180	66,207	28,197	103,584
% portfolio	0.00%	46.82%	81.51%	4.68%	14.74%

UNICREDIT GROUP: SOVEREIGN LOANS – BREAKDOWN BY COUNTRY

In addition to the exposures to sovereign debt securities, loans[51] given to central and local governments and governmental bodies must be taken into account.
The table below shows the total amount as at 30 September 2019 of loans booked in financial assets at amortised cost portfolio given to countries towards which the overall exposure exceeds €130 m, representing over 92 per cent of the total.

Breakdown of Sovereign Loans by Country	(€ million)
Country	**Amounts as at 09.30.2019**
	Book value
- Germany(*)	5,912
- Austria(**)	5,839
- Italy	4,872
- Croatia	2,185
- Qatar	375
- Hungary(***)	219
- Slovenia	211
- Indonesia	210
- Bulgaria	194
- Kenya	173
- Laos	171
- Turkey	169
- Bosnia and Herzegovina	151
- Oman	130
Total on-balance sheet exposures	**20,811**

Note: "(*) of which €1,766 m in financial assets held for trading and those mandatorily at fair value.
(**) of which €373 m in financial assets held for trading and those mandatorily at fair value." (***) of which €7 m in financial assets mandatorily at fair value.

[51] Tax items are not included.

BASIS OF PREPARATION

1. This Consolidated interim report as at 30 September 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 30 September 2019 - Press release as well as the press releases on significant events occurred during the period, the market presentation of 3Q19 results, the Divisional Database, and the disclosure by institutions pursuant to Regulation (EU) No.575/2013 and subsequent amendments 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 first half financial report as at 30 June 2019 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, RoTE, RoAC, Cost of risk, net bad loans to customer/Loans to customers, Net non-performing loans to customers/ loans to customers), whose description is included in the 2019 Consolidated first half financial report (Consolidated interim report on operations, Annexes and Glossary) in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of 5 October 2015. Further APM (i.e. Coverage ratio, Default rate, Cure rate, Migration rate and TBVpS) have been described in the market presentation.
4. The contents of this Consolidated interim report as at 30 September 2019 - Press release are not prepared according to the international accounting standard on interim reporting (IAS34).
5. The Consolidated interim report as at 30 September 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 Explanatory notes - Part A - Accounting policies of Condensed interim consolidated financial statements of UniCredit group as at 30 June 2019.
   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.
   Furthermore, for some Entities, income taxes have been calculated based on the best estimate of the weighted average annual tax rate expected for the entire year. Furthermore, in these circumstances, deferred tax assets and liabilities have not been subject to redetermination.
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 nine 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 487 as at September 2019 (10 inclusions and 28 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 48 as at September 2019 due to 4 disposals/liquidations and 2 changes of the consolidation method.
8. Non-current assets and asset groups held for sale: in the Balance sheet as at 30 September 2019, the main reclassified assets based on the IFRS5 accounting principle, as non-current assets and asset disposal groups refer to:
   a. regarding the individual asset and liabilities held for sale 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, Cards & Systems EDV-Dienstleistungs GmbH, Agrob Immobilien AG and the companies of Card Complete Service Bank AG and Ocean Breeze groups;
      - the non-performing loans related to sale initiatives of portfolios, in particular as at September 2019 a residential mortgage NPL portfolio in Italy of €4.1bn (gross book value);.
      - the real estate properties held by certain companies in the Group, mainly in Germany;
   b. 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, 6 November 2019

Manager charged with
preparing the financial reports

Stefano Porro

Investor Relations:
Tel. +39-02-88621034; e-mail: investorrelations@unicredit.eu
Media Relations:
Tel. +39-02-88623569; e-mail: mediarelations@unicredit.eu

UNICREDIT 3Q19 GROUP RESULTS – DETAILS OF CONFERENCE CALL

MILAN, 7 NOVEMBER 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.0263-115	Numero di Pagine: 27