



# SPAFID CONNECT

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Oggetto : UniCredit: a pan-European winner. 4Q19  
and FY19 Group results

*Testo del comunicato*

Vedi allegato.

## UNICREDIT: A PAN-EUROPEAN WINNER

**TRANSFORM 2019 SUCCESSFULLY DELIVERED WITH STRONG PRO FORMA CET1 CAPITAL RATIO OF 13.09 PER CENT<sup>1</sup>**

**CAPITAL DISTRIBUTION<sup>2</sup> AT 40 PER CENT FOR FY19, PAID IN 2020**

**INCREASED CAPITAL DISTRIBUTION<sup>2</sup> TO 50 PER CENT TO BE CONSIDERED FOR THE REMAINDER OF THE PLAN**

### 4Q19 AND FY19 GROUP RESULTS

#### STRONG FY19 RESULTS

- **FY19 GROUP UNDERLYING NET PROFIT OF €4.7 BN, UP 55.5 PER CENT FY/FY<sup>3</sup>. FY19 GROUP STATED NET PROFIT OF €3.4 BN**
- **FY19 UNDERLYING GROUP ROTE AT 9.2 PER CENT, UP 1.3 P.P. FY/FY<sup>3</sup>**

#### KEY TRANSFORM 2019 TARGETS ACHIEVED, BEATING FY19 GUIDANCE

- **FY19 REVENUES OF €18.8 BN, ABOVE €18.7 BN GUIDANCE**
- **FY19 COSTS AT €9.9 BN, BETTER THAN THE ORIGINAL TRANSFORM 2019 TARGET OF €10.6 BN**
- **FY19 UNDERLYING CoR AT 49 BPS<sup>4</sup>, BEATING THE GUIDANCE OF 55 BPS**
- **FY19 NON CORE GROSS NPES OF €8.6 BN, BEATING GUIDANCE OF <€9 BN AND MORE THAN 50 PER CENT BETTER THAN THE €19.2 BN TRANSFORM 2019 TARGET**

#### STRONG BALANCE SHEET. FY19 CAPITAL DISTRIBUTION<sup>2</sup> OF €1.9 BN, UP 3 TIMES FY/FY

- **PRO FORMA FY19 CET1 RATIO AT 13.09 PER CENT<sup>1</sup>, PRO FORMA MDA BUFFER OF 300 BPS<sup>1</sup>**
- **PRO FORMA FY19 TLAC RATIO OF 22.35 PER CENT<sup>5</sup>, PRO FORMA MDA BUFFER OF 276 BPS<sup>5</sup>**
- **FY19 TANGIBLE EQUITY AT €53.0 BN, UP €4.7 BN AND 9.8 PER CENT FY/FY**
- **PROPOSED CASH DIVIDEND OF €0.63 PER SHARE EQUAL TO €1.4 BN<sup>6</sup>, THE PROPOSED SHARE BUYBACK IS EQUAL TO €0.5 BN<sup>7</sup>**

#### RECORD UNDERLYING QUARTERLY RESULTS

- **4Q19 GROSS OPERATING PROFIT AT €2.3 BN, UP 13.3 PER CENT Y/Y**
- **4Q19 GROUP UNDERLYING NET PROFIT OF €1.4 BN, UP 68.5 PER CENT Y/Y<sup>8</sup>**

<sup>1</sup> Including deduction of share buyback (subject to supervisory and AGM approval) of €467 m. Stated CET1 ratio at 13.22 per cent and stated MDA buffer at 312 bps. This does not include the SREP P2R reduction from 200 bps to 175 bps with effect from 1 January 2020.

<sup>2</sup> Cash dividend and / or share buyback. Share buyback subject to supervisory and AGM approval.

<sup>3</sup> Group underlying net profit and RoTE exclude net impact IFRS9 FTA tax effect (+€887 m in 4Q18), Fineco (+€1,176 m in 2Q19), Ocean Breeze disposal (-€178 m in 2Q19), others (-€173 m in 2Q19), disposal of 9 per cent Yapi Kredi (-€365 m in 4Q19), integration costs in Germany & Austria (-€319 m in 4Q19), Non Core LLPs given the update of Non Core rundown strategy (-€1,055 m in 4Q19 including -€6 m related to net interest) and impairment of intangible and other assets (-€468 m in 4Q19 o/w -€189 m software write-off and -€279 m other). Group underlying net profit and RoTE exclude the revaluation of real estate and effect of disposals after the recast (€215 m in FY18 and €79 m in FY19). The FY18 Group underlying RoTE calculation also excludes the net impact from the impairment of Yapi (-€846 m in 3Q18).

<sup>4</sup> Excluding Non Core LLPs given the update of Non Core rundown strategy (-€1,049 m in 4Q19 excluding -€6 m related to net interest).

<sup>5</sup> Including deduction of share buyback (subject to supervisory and AGM approval) of €467 m. Stated FY19 TLAC ratio 22.48 per cent (o/w 19.98 per cent TLAC subordination ratio and 2.5 per cent senior preferred exemption) and stated MDA buffer of 288 bps.

<sup>6</sup> Subject to AGM approval: 30 per cent payout on underlying net profit as cash dividend.

<sup>7</sup> Subject to regulatory and AGM approval: 10 per cent payout on underlying net profit as share buyback.

<sup>8</sup> Group underlying net profit and RoTE exclude net impact from IFRS9 FTA tax effect (+€887 m in 4Q18), disposal of 9 per cent Yapi Kredi (-€365 m in 4Q19), integration costs in Germany & Austria (-€319 m in 4Q19), Non Core LLPs given the update of Non Core rundown strategy (-€1,055 m in 4Q19 including -€6 m related

#### SUSTAINED GROUP COMMERCIAL RESULTS UNDERPIN STRONG FINANCIAL PERFORMANCE

- **4Q19 NET INTEREST OF €2.5 BN (-1.6 PER CENT Q/Q) AND FEES OF €1.6BN (+5.1 PER CENT Y/Y)**
- **4Q19 COSTS AT €2.5 BN, DOWN 4.4 PER CENT Y/Y**
- **4Q19 UNDERLYING CoR OF 49 BPS<sup>4</sup> (-30 BPS Y/Y) INCLUDES +2 BPS OF MODELS AND -3 BPS OF IFRS9 MACRO SCENARIO IMPACT**
- **4Q19 GROSS NPE RATIO AT 5.0 PER CENT, BETTER THAN GUIDANCE AND SIGNIFICANTLY DOWN BY 2.7 P.P. Y/Y**

#### 4Q19 UNDERLYING NET PROFIT ADJUSTED FOR NON-OPERATING ITEMS AS PER CMD19<sup>9</sup>

- **NET CAPITAL IMPACT OF NON-OPERATING ITEMS +1 BP CET1 IN 4Q19<sup>10</sup>**
- **P&L IMPACT OF NON-OPERATING ITEMS AMOUNTED TO -€2.3 BN POST-TAX<sup>9</sup>**
- **4Q19 UNDERLYING NET PROFIT OF €1.4 BN<sup>8</sup>, 4Q19 STATED NET PROFIT OF -€0.8 BN**
- **YAPI KREDI STAKE REDUCED TO 20 PER CENT VIA ABB IN FEBRUARY 2020. EXPECTED TO KEEP YAPI KREDI STAKE AT THAT LEVEL FOR THE REMAINDER OF THE YEAR. OVERALL CET1 IN 1Q20 OF THE TRANSACTIONS IS FORESEEN TO BE AROUND +0.5 P.P. OF CET1 RATIO, ASSUMING REGULATORY DECONSOLIDATION**

#### OUTLOOK FY20

- **REVENUES OF €18.2BN<sup>11</sup> CONFIRMED**
- **COSTS <€10.2 BN CONFIRMED**
- **CoR OF 46 BPS CONFIRMED**
- **UNDERLYING NET PROFIT OF €4.3 BN<sup>12</sup>, RoTE OF 8 PER CENT CONFIRMED**

#### CAPITAL DISTRIBUTION<sup>2</sup> TO SHAREHOLDERS

- **SHARE BUYBACK TO BE SUBMITTED FOR APPROVAL BY SUPERVISOR AND AGM<sup>13</sup>**
- **PROPOSED FY19 CASH DIVIDEND OF €0.63 PER SHARE IS EXPECTED TO BE PAID IN APRIL 2020<sup>14</sup>**
- **INCREASED CAPITAL DISTRIBUTION<sup>15</sup> TO 50 PER CENT TO BE CONSIDERED FOR THE REMAINDER OF THE PLAN**
- **MEDIUM TO LONG TERM CET1 MDA BUFFER TARGET CONFIRMED AT 200-250 BPS**
- **EXTRAORDINARY CAPITAL DISTRIBUTION<sup>15,16</sup> IN 2021 AND/OR 2022 BASED ON ESTIMATE OF PROJECTED CET1 MDA BUFFER EXCESS FOR DURATION OF TEAM 23, TO BE CONSIDERED**

to net interest) and impairment of intangible and other assets (-€468 m in 4Q19 o/w -€189 m Software write-off and -€279 m other). Group underlying net profit and RoTE exclude the revaluation of real estate and effect of disposals after the recast (€265 m in 4Q18 and -€45 m in 4Q19).

<sup>9</sup> 4Q19 non-operating items are including disposal of 9 per cent Yapi Kredi (-€365 m), integration costs in Germany & Austria (-€319 m), Group recast effects on real estate revaluation and disposals (-€45 m), Non Core LLPs given the update of Non Core rundown strategy (-€1,055 m in 4Q19 including -€6 m related to net interest) and impairment of intangible and other assets (-€468 m).

<sup>10</sup> Positive +1 bp net capital impacted of non-operating items is based on +58 bps from revaluation of real estate and -57 bps from other non operating items including: disposal of 9 per cent Yapi Kredi (-9 bps), integration costs in Germany and Austria (-8 bps), Non Core LLPs given the update of Non Core rundown strategy (-27 bps), impairment of intangible and other assets (-12 bps).

<sup>11</sup> Not including quarterly, pro rata dividend contribution from Yapi.

<sup>12</sup> Underlying net profit is the basis for capital distribution.

<sup>13</sup> 10 per cent payout on underlying net profit as share buyback, subject to supervisory and AGM approval

<sup>14</sup> Subject to AGM approval. Ex-dividend date 20 April 2020, record date 21 April 2020 and payment date 22 April 2020. 30 per cent payout on consolidated underlying net profit as cash dividend.

<sup>15</sup> Subject to supervisory and AGM approval.

<sup>16</sup> Once all the regulatory headwinds will be clear, including impact of Basel 4.

Milan, 6 February 2020: on 5 February 2020, the Board of Directors of UniCredit S.p.A. approved the 4Q19 Group's consolidated financial accounts as of 31 December 2019.

Jean Pierre Mustier, Chief Executive Officer of UniCredit S.p.A., commenting on the 4Q19 and FY19 Group results, said :

*"We have successfully delivered Transform 2019 and I am very proud of the whole team, whose hard work and commitment made this possible. We end the plan with strong results, meeting our Transform 2019 target of FY19 underlying net profit of 4.7 billion.*

*"This underlying net profit is the basis of our proposed FY19 capital distribution, consisting of 1.4 billion of cash dividends and a share buyback of 0.5 billion, subject to AGM and supervisory approval.*

*"We enjoy a solid balance sheet with a CET1 ratio of 13.09 per cent, already pro forma for the proposed buyback. After the recent communication by the ECB that the CRD5 article 104a will be applied from 2021 onwards, and thanks to our strong CET1 ratio, we will consider increasing the capital distribution to 50 per cent for FY2020, paid in 2021, and for the remainder of the plan. As we have said before, we much prefer share buybacks over M&A. This has not changed.*

*"With Transform 2019 successfully behind us, we are now dedicating our full focus and energy on delivering our new plan, Team 23. And while Transform 2019 was about restructuring and reshaping the Group, Team 23 focuses on strengthening and growing our customer base. We will continue to actively support the real economy, serve our clients, encourage growth across all our markets and transform our Group to keep delivering sustainable value.*

*"As One UniCredit we approach the new plan with the same spirit and energy we deployed for Transform 2019, doing the right thing and making sure UniCredit remains a pan-European winner."*

UNICREDIT GROUP	
<b>4Q19 GROUP HIGHLIGHTS</b>	<ul style="list-style-type: none"> <li>■ TOTAL REVENUES AT €4.9 BN, UP +3.4 PER CENT Y/Y THANKS TO HIGHER FEES AND TRADING INCOME OFFSETTING LOWER NII.</li> <li>■ BETTER OPERATING COSTS AT €2.5 BN, DOWN 4.4 PER CENT Y/Y THANKS TO CONTINUED COST DISCIPLINE, BUT UP 3.2 PER CENT Q/Q DUE TO SEASONALITY. C/I RATIO AT 52.1 PER CENT (+0.0 P.P. Q/Q AND -4.2 P.P. Y/Y).</li> <li>■ LLPS STOOD AT €1.6 BN, INCLUDING €1.0 BN<sup>17</sup> LLPS GIVEN THE UPDATE OF NON CORE RUNDOWN STRATEGY IN 4Q19. THE UNDERLYING RISK ENVIRONMENT REMAINS SUPPORTIVE.</li> <li>■ 4Q19 UNDERLYING NET PROFIT OF €1.4 BN<sup>8</sup>. GROUP STATED NET PROFIT IN 4Q19 AT -€835 M DUE TO MATERIAL NON-OPERATING ITEMS OF -€2.3 BN (POST TAX) BOOKED IN 4Q19.</li> </ul>
<b>FY19 GROUP HIGHLIGHTS</b>	<ul style="list-style-type: none"> <li>■ REVENUES WERE DOWN 0.7 PER CENT FY/FY TO €18.8 BN IN FY19 DRIVEN BY LOWER NII (-3.5 PER CENT FY/FY) AND DIVIDENDS (-5.2 PER CENT FY/FY) OFFSET BY HIGHER TRADING INCOME (+20.2 PER CENT FY/FY).</li> <li>■ THE MAIN REVENUE CONTRIBUTION CAME FROM CB ITALY AND CEE.</li> <li>■ FY19 COSTS AT €9.9 BN, BETTER THAN THE ORIGINAL TRANSFORMATION 2019 TARGET OF €10.6 BN. NET FTE AND BRANCH REDUCTION TARGETS ACHIEVED.</li> <li>■ EXCLUDING THE NON CORE GIVEN THE UPDATE OF NON CORE RUNDOWN STRATEGY (-€1.0 BN<sup>17</sup> IN 4Q19), LLPS WERE DOWN 10.7 PER CENT FY/FY. THE UNDERLYING RISK ENVIRONMENT REMAINS SUPPORTIVE. FY19 UNDERLYING CoR 49 BPS<sup>4</sup>, BEATING THE FY19 GUIDANCE OF 55 BPS.</li> <li>■ FY19 GROUP UNDERLYING NET PROFIT STOOD AT €4.7 BN, UP 55.5 PER CENT FY/FY<sup>3</sup> WITH AN UNDERLYING RoTE OF 9.2 PER CENT<sup>3</sup> (+1.3 P.P. FY/FY). ORIGINAL TRANSFORM 2019 TARGETS WERE SUCCESSFULLY DELIVERED. FY19 GROUP STATED NET PROFIT AT €3.4 BN.</li> </ul>
<b>CAPITAL</b>	<ul style="list-style-type: none"> <li>■ FY19 PRO FORMA CET1 RATIO AT 13.09 PER CENT<sup>1</sup>, PRO FORMA CET1 MDA BUFFER OF 300 BPS<sup>1</sup>. PRO FORMA FY19 TLAC RATIO 22.35 PER CENT<sup>5</sup>, PRO FORMA TLAC MDA BUFFER OF 276 BPS<sup>5</sup>.</li> <li>■ FY19 TANGIBLE EQUITY UP €6.4 BN OR 13.7 PER CENT SINCE 3Q18 TO €53.0 BN, TBVPS<sup>18</sup> UP 1.9 PER CENT Q/Q TO €23.7.</li> </ul>
<b>ASSET QUALITY</b>	<ul style="list-style-type: none"> <li>■ FY19 GROSS NPE RATIO AT 5.0 PER CENT, BETTER THAN GUIDANCE AND SIGNIFICANTLY DOWN BY 2.7 P.P. Y/Y WITH GROUP GROSS NPES DOWN €12.9 BN Y/Y AND €3.5 BN Q/Q.</li> <li>■ FY19 NON CORE GROSS NPES €8.6 BN, BEATING GUIDANCE OF &lt;€9 BN AND MORE THAN 50 PER CENT BETTER THAN €19.2 BN TRANSFORM 2019 TARGET.</li> <li>■ GROUP GROSS NPE RATIO EXCLUDING NON CORE AT 3.4 PER CENT<sup>19</sup>, DOWN 74 BPS Y/Y, MUCH BETTER THAN FY19 TARGET OF 4.7 PER CENT.</li> </ul>

<sup>17</sup> Excluding -€6 m related to net interest.

<sup>18</sup> End of period tangible book value per share equals end of period tangible equity divided by end of period number of shares excluding treasury shares.

<sup>19</sup> Weighted average "NPL" ratio of EBA sample banks is 2.9 per cent. Source: EBA risk dashboard (data as at 3Q19). UniCredit's definition of "NPE" ratio is more conservative than EBA. Comparable "NPL" ratio for UniCredit at 4Q19 would be 3.0 per cent for Group excluding Non Core.

## TRANSFORM 2019 ACHIEVEMENTS

Transform 2019 key targets successfully delivered thanks to focused execution and decisive actions:

- **Strengthen and optimise capital:** Pro forma FY19 CET1 ratio stood at 13.09 per cent<sup>1</sup> with a pro forma MDA buffer of 300 bps<sup>1</sup>, exceeding the FY19 CET1 ratio guidance.  
The pro forma 4Q19 TLAC ratio amounted to 22.35 per cent<sup>5</sup> with a pro forma MDA buffer of 276 bps<sup>5</sup>. This is well above the upper end of the target range of 50-100 bps, within the guidance exceeded.  
UniCredit's strong investor base and diversified market access were reaffirmed with a €1.25 bn Tier 2 and a €2 bn dual tranche Senior Non Preferred issued in January.
  - **Improve asset quality:** 4Q19 Group gross NPE ratio improved to 5.0 per cent (-2.7 p.p. Y/Y) with Group gross NPEs down €12.9 bn Y/Y and down €3.5 bn Q/Q<sup>20</sup>.  
Group gross NPE ratio excluding Non Core stood at 3.4 per cent<sup>19</sup>, down 74 bps Y/Y, much better than FY19 target of 4.7 per cent.  
FY19 Non Core gross NPEs at €8.6 bn beating guidance of <€9 bn.
  - **Transform operating model:** Transform 2019 Western European branch closure and net FTE reduction targets were achieved, with branches down by 22 Q/Q and FTEs down by 407 Q/Q.  
FY19 costs stood at €9.9 bn, better than the original Transform 2019 target of €10.6 bn.
  - **Maximise commercial bank value:** UniCredit renewed a €250 m funding agreement with European Investment Bank to support Italian SMEs operating in the agriculture, bio-economy and renewable energy sectors.  
In Germany, UniCredit has launched "HVB Premium Invest", an initiative with a dedicated sustainability investment strategy to respond to the customer interest for sustainable investment solutions.  
UniCredit set up a €500 m agreement with the European Investment Fund to support innovative Austrian SMEs.
- After successful roll-out in Italy, the new Western European Mobile Banking App was also released in Germany, while Austria will follow in 2020. In Austria, UniCredit launched Apple Pay.
- Leading bond and loan market franchise was confirmed by: #2 in "EMEA All Bonds in EUR" by value and number of transactions, #1 in EMEA Syndicated Loans in All Currencies in Italy, Austria and CEE, #2 in Germany<sup>21</sup>.
- **Adopt lean but steering centre:** Wouter Devriendt was appointed as the new Head of Finance & Control.  
Beatriz Lara Bartolomé and Diego De Giorgi have been co-opted to the Board of Directors.  
New ESG targets were disclosed as part of UniCredit's long term commitment to sustainability.  
The ratio of GCC costs to total costs was down to 3.0 per cent in FY19, better than the Transform 2019 target of 3.5 per cent.

<sup>20</sup> Figures as of 4Q19 benefit from disposal and consequent derecognition of a NPL residential mortgage portfolio for €5.4 bn o/w €4.0 bn in Non Core.

<sup>21</sup> Source: Dealogic, as of 7 January 2020. Period: 1 January – 31 December 2019; rankings by volume.

## UNICREDIT GROUP CONSOLIDATED RESULTS

(€ million)	FY18	FY19	FY/FY	4Q18	3Q19	4Q19	Q/Q	Y/Y
Total revenues	18,965	18,839	-0.7%	4,692	4,703	4,850	+3.1%	+3.4%
Operating costs	-10,307	-9,929	-3.7%	-2,640	-2,447	-2,525	+3.2%	-4.4%
LLP	-2,614	-3,382	+29.4%	-921	-563	-1,645	n.m.	+78.6%
Net profit	4,107	3,373	-17.9%	1,992	1,180	-835	n.m.	n.m.
Underlying net profit	3,006	4,675	+55.5%	840	1,101	1,416	+28.7%	+68.5%
Fully loaded CET1 ratio	12.07%	13.09% <sup>1</sup>	+1.0 p.p.	12.07%	12.60%	13.09% <sup>1</sup>	+0.5 p.p.	+1.0 p.p.
Underlying RoTE	8.0%	9.2%	+1.3 p.p.	7.1%	8.5%	10.8%	+2.2 p.p.	+3.7 p.p.
Loans (excl. repos), bn	431	424	-1.5%	431	432	424	-1.8%	-1.5%
Gross NPE, bn	38	25	-33.7%	38	29	25	-12.0%	-33.7%
Deposits (excl. repos), bn	400	420	+5.1%	400	417	420	+0.8%	+5.1%
Cost/income ratio	54.3%	52.7%	-1.6 p.p.	56.3%	52.0%	52.1%	+0.0 p.p.	-4.2 p.p.
Stated Cost of risk (bps)	58	71	+14	79	47	137	+89	+57

**Note:** Group underlying net profit and RoTE exclude net impact IFRS9 FTA tax effect (+€887 m in 4Q18), Fineco (+€1,176 m in 2Q19), Ocean Breeze disposal (-€178 m in 2Q19), others (-€173 m in 2Q19), disposal of 9 per cent Yapi Kredi (-€365 m in 4Q19), integration costs in Germany & Austria (-€319 m in 4Q19), Non Core LLPs given the update of Non Core rundown strategy (-€1,055 m in 4Q19 including -€6 m related to net interest) and impairment of intangible and other assets (-€468 m in 4Q19 o/w -€189 m software write-off and -€279 m other). Group underlying net profit and RoTE exclude the revaluation of real estate and effect of disposals after the recast amount to €215 m in FY18 and €79 m in FY19. The FY18 Group underlying RoTE calculation also excludes the net impact from the impairment of Yapi (-€846 m in 3Q18).

**Revenues** were down 0.7 per cent FY/FY to €18.8 bn in FY19 mainly driven by the lower NII (-3.5 per cent FY/FY) and dividends (-5.2 per cent FY/FY) which were compensated from higher trading income (+20.2 per cent FY/FY). The main revenue contribution came from CB Italy and CEE. In 4Q19, revenues reached €4.9 bn (+3.1 per cent Q/Q and +3.4 per cent Y/Y) thanks to strong trading income and fees which more than offset the lower income from NII.

**NII**<sup>22</sup> was down 3.5 per cent FY/FY, amounting to €10.2 bn in FY19, mainly due to negative commercial dynamics (-€176 m FY/FY) in turn driven by loan rates, investment portfolio & treasury/markets (-€135 m) and negative time value (-€128 m FY/FY), the latter due to the Non Core rundown.

**Group net interest margin**<sup>23</sup> decreased from 1.43 per cent in FY18 to 1.31 per cent in FY19. In 4Q19 the NIM decreased by 6 bps Q/Q to 1.24 per cent.

**Group customer loans**<sup>24</sup> were €424.4 bn at the end of December 2019 (-1.8 per cent Q/Q, -1.5 per cent Y/Y). Group customer loans excluding Non Core totalled €422.5 bn (-1.3 per cent Q/Q, -0.4 per cent Y/Y). The main contributors to Group customer loans excluding Non Core were Commercial Banking Italy (€141.3 bn), Commercial Banking Germany (€87.2 bn) and CIB (€78.9 bn).

**Group customer deposits**<sup>25</sup> increased to €420.4 bn at the end of December 2019 (+0.8 per cent Q/Q, +5.1 per cent Y/Y). Group customer deposits excluding Non Core amounted to €420.0 bn (+0.8 per cent Q/Q, +5.2 per cent Y/Y). The main contributors were Commercial Banking Italy (€152.9 bn), Commercial Banking Germany (€92.7 bn) and CEE (€70.7 bn).

**Group customer loan rates**<sup>26</sup> were down 2 bps Q/Q<sup>27</sup> at 2.48 per cent in 4Q19 and down 6 bps Y/Y.

**Dividends and other income**<sup>28</sup> decreased to €637 m in FY19 (-5.2 per cent FY/FY). Yapi's contribution was down by 18.5 per cent FY/FY at constant FX due to higher LLPs. From a regulatory point of view Yapi's RWAs were consolidated pro rata and amount to €21.8 bn. Other dividends were up 11.6 per cent FY/FY to €417 m, mainly thanks to insurance JVs in Italy.

**Fees and commissions** were down 0.4 per cent FY/FY, totalling €6.3 bn in FY19, of which:

- **Investment fees** were €2.4 bn in FY19, up 1.8 per cent Y/Y mainly thanks to an increase in management fees;

<sup>22</sup> Net contribution from hedging strategy of non-maturity deposits in FY19 at €1,422 m, -€54.2 m FY/FY.

<sup>23</sup> Net interest margin calculated as interest income divided by interest earning assets minus interest expenses divided by interest bearing liabilities.

<sup>24</sup> End of period accounting volumes calculated excluding repos and, for divisions, excluding also intercompany items. Customer loans including repos amounted to €482.6 bn as of 31 December 2019 (+0.3 per cent Q/Q, +2.9 per cent Y/Y).

<sup>25</sup> End of period accounting volumes calculated excluding repos and for divisions, also excluding intercompany items. Customer deposits including repos amounted to €470.6 bn as of 31 December 2019 (+3.3 per cent Q/Q, +3.0 per cent Y/Y).

<sup>26</sup> Customer rates calculated assuming 365 days convention, adjusted for 360 days convention where analytically available.

<sup>27</sup> Customer rate Q/Q excluding one-offs: CB Germany 0 bps (single names), CEE -6 bps at constant FX (single names).

<sup>28</sup> Include dividends and equity investments. Yapi is valued by the equity method and contributes to the dividend line of the Group P&L based on managerial view.

- **Financing fees** were €1.7 bn in FY19, down 7.3 per cent FY/FY due to lending volumes;
- **Transactional fees** amounted to €2.3 bn in FY19, up 3.1 per cent FY/FY mainly thanks to P&C insurance and card services.

Fees and commissions were €1.6 bn in 4Q19, up 5.1 per cent Y/Y (+3.8 per cent Q/Q) mainly driven by investment fees (+23.4 per cent Y/Y) which more than offset the lower financing fees (-9.8 per cent Y/Y).

**Total Financial Assets (TFA)**<sup>29</sup> rose by €12.3 bn Q/Q, reaching €793.9 bn as of 31 December 2019.

- **Assets under management (AuM)** reached €202.0 bn, up €6.1 bn or 3.1 per cent Q/Q, thanks to strong AuM net sales (+€2.0 bn 4Q19) and positive market performance (+€4.1 bn 4Q19).
- **Assets under custody (AuC)** increased by 2.9 per cent Q/Q to €182.0 bn in 4Q19. The positive market performance (+€7.5 bn 4Q19) more than offset the negative net sales impact of €2.4 bn in 4Q19.
- **Deposits** were €409.9 bn, up €1.0 bn or +0.2 per cent Q/Q, thanks to positive dynamics mainly in CB Germany (+2.2 per cent Q/Q) and CB Austria (+2.2 per cent Q/Q) partially offset by CEE (-7.0 per cent Q/Q at constant FX).

TFAs increased by €51.7 bn Y/Y (+7.0 per cent Y/Y) mainly thanks to higher AuM (+€20.8 bn Y/Y), deposits (+€16.8 bn Y/Y) and AuC (+€14.1 bn).

**Trading income** totalled €1.5 bn in FY19, up 20.2 per cent FY/FY thanks to strong underlying client activity and better market making conditions. Client driven trading includes valuation adjustments<sup>30</sup> (XVA) totalling -€35 m in FY19 and €112 m in FY18. In 4Q19, trading income increased by 22.9 per cent Q/Q and 127.6 per cent Y/Y and totalled €464 m. The expected average quarterly trading income run rate of around €300 m is confirmed.

**Operating costs** were down to €9.9 bn in FY19 (-3.7 per cent FY/FY), with a cost breakdown of:

- **HR expenses** totalled €6.1 bn (-3.0 per cent FY/FY) in FY19, confirming the cost reduction efforts supported by lower FTEs, with FTEs down 1,416 Y/Y.
- **Non HR costs**<sup>31</sup> were €3.8 bn, down 4.7 per cent FY/FY thanks to lower real estate expenses, outsourcing and consulting fees. In 4Q19 Non HR costs totalled €1.0 bn, up 5.5 per cent Q/Q due to seasonality (-8.0 per cent Y/Y).

Operating costs amounted to €2.5 bn in 4Q19 up 3.2 per cent Q/Q thanks to seasonality, but were down 4.4 per cent Y/Y.

FY19 costs at €9.9 bn were better than the original Transformation 2019 target of €10.6 bn.

FY20 cost target is confirmed at <€10.2 bn.

The number of employees (FTEs) stood at 84,245 in FY19, down by 1,416 Y/Y and 407 Q/Q. The number of branches<sup>32</sup> decreased by 105 Y/Y and by 30 Q/Q to 4,486 in 4Q19. The Transform 2019 targets for net FTE reduction and Western European branch closures were achieved. C/I ratio was down 1.6 p.p. FY/FY to 52.7 per cent in FY19.

**Gross operating profit** totalled €8.9 bn in FY19 (+2.9 per cent FY/FY) and €2.3 bn in 4Q19 (+3.1 per cent Q/Q and +13.3 per cent Y/Y).

**LLPs** were €3.4 bn in FY19 (+29.4 per cent FY/FY) and €1.6 bn in 4Q19 (+78.6 per cent Y/Y). Excluding the Non Core LLPs given the update of Non Core rundown strategy (-€1.0 bn<sup>17</sup> in 4Q19), the LLPs were down 10.7 per cent FY/FY. The underlying risk environment remains supportive. FY19 underlying CoR at 49 bps, beating the guidance of 55 bps.

**Net operating profit** totalled €5.5 bn in FY19 (-8.6 per cent FY/FY) and €681 m in 4Q19 (-59.8 per cent Q/Q and -39.8 per cent Y/Y).

**Other charges and provisions** dropped by 58.0 per cent FY/FY and totalled €954 m in FY19 also thanks to the release of provisions for the US sanctions. In contrast, FY18 was negatively impacted by provisions for US sanctions.

**Income tax** was -€890 m in FY19 and +€119 m in 4Q19. The stated FY19 tax rate was 29.0 per cent.

**Group stated net profit** in FY19 totalled €3.4 bn (-17.9 per cent FY/FY) and -€835 m in 4Q19 due to material non-operating items of -€2.3 bn (post tax) booked in 4Q19. FY19 Group underlying net profit stood at €4.7 bn, up 55.5 per cent

<sup>29</sup> 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.

<sup>30</sup> Valuation adjustments (XVA) include: Debt/Credit Value Adjustment (DVA/CVA), Funding Valuation Adjustments (FuVa) and Hedging desk. XVA for 4Q19 +€107 m (+€5 m in 3Q19 and -€28 m in 4Q18).

<sup>31</sup> Non HR costs include "other administrative expenses", "recovery of expenses" and "amortisation, depreciation and impairment losses on intangible and tangible assets".

<sup>32</sup> Branch figures consistent with CMD 2016 perimeter.



FY/FY<sup>3</sup> with an underlying RoTE of 9.2 per cent<sup>3</sup> (+1.3 p.p. FY/FY). The original Transform 2019 target was delivered. The main contributors to the positive operating performance in FY19 were CEE, CIB and CB Italy (underlying net profit of €1,673 m, €1,647 m and €1,578 m respectively).

## ASSET QUALITY

Group gross NPEs were down by 33.7 per cent Y/Y and 12.0 per cent Q/Q to €25.3 bn in 4Q19 with an improved gross NPE ratio of 5.0 per cent (-70 bps Q/Q, -267 bps Y/Y). Net NPEs decreased to €8.8 bn (-21.7 per cent Q/Q, -41.0 per cent Y/Y) equivalent to a net NPE ratio of 1.8 per cent. The coverage ratio stood at 65.2 per cent (+428 bps Q/Q, +428 bps Y/Y). Group gross NPE disposals reached €1.5 bn in 4Q19, of which €0.9 bn was in Non Core, and €9.4 bn in FY19, of which €6.2 bn was in Non Core.

**Group gross bad loans** decreased further to €12.5 bn in 4Q19 (-14.1 per cent Q/Q, -40.9 per cent Y/Y) with a coverage ratio of 76.3 per cent (+4.1 p.p. Q/Q, +3.7 p.p. Y/Y). **Group gross unlikely to pay** decreased to €11.9 bn (-10.4 per cent Q/Q, -26.3 per cent Y/Y), with a coverage ratio of 55.9 per cent (+5.3 p.p. Q/Q, +8.7 p.p. Y/Y). **Group past due loans** were €0.9 bn (-3.1 per cent Q/Q, +3.7 per cent Y/Y) with a coverage ratio of 33.7 per cent.

The ongoing de-risking in the **Group excluding Non Core**<sup>33</sup> continued with gross NPEs down to €16.7 bn in 4Q19 (-4.7 per cent Q/Q, -15.0 per cent Y/Y). The gross NPE ratio improved to 3.4 per cent<sup>19</sup> (-19 bps Q/Q, -74 bps Y/Y). The coverage ratio was 58.7 per cent (+0.8 p.p. Q/Q, +0.8 p.p. Y/Y). Gross bad loans further decreased to €7.5 bn (-7.0 per cent Q/Q, -20.7 per cent Y/Y) with a coverage ratio of 71.9 per cent (+1.1 p.p. Q/Q, +1.1 p.p. Y/Y). Gross unlikely to pay amounted to €8.3 bn (-2.8 per cent Q/Q, -11.1 per cent Y/Y) with a coverage ratio of 49.3 per cent.

Inflows from performing loans to NPEs amounted to €1.4 bn in 4Q19. The default rate was flat at 1.2 per cent in 4Q19. The cure rate<sup>34</sup> amounted to 7.9 per cent in 4Q19 (-0.3 p.p. Q/Q). The migration rate of unlikely to pay<sup>35</sup> came to 13.6 per cent in the quarter.

**Commercial Banking Italy** gross NPEs<sup>36</sup> were stable Q/Q at €7.4 bn in 4Q19 (-0.1 per cent Q/Q, -14.6 per cent Y/Y), with gross NPE ratio at 5.1 per cent (+6 bps Q/Q, -67 bps Y/Y). The coverage ratio was up 1.7 p.p. Y/Y to 57.3 per cent. Net NPEs were €3.2 bn with the net NPE ratio at 2.2 per cent. Gross bad loans stood at €3.2 bn (+1.9 per cent Q/Q, -24.6 per cent Y/Y) with a coverage ratio of 73.3 per cent. Gross unlikely to pay exposures amounted to €3.7 bn (-0.6 per cent Q/Q, -6.4 per cent Y/Y) with a coverage ratio of 47.8 per cent.

Inflows to NPEs in Commercial Banking Italy amounted to €802 m in 4Q19, with a stable default rate of 2.2 per cent Y/Y.

**The Non Core** runoff by 2021 is fully on track with gross loans decreasing further to €8.6 bn in 4Q19 (-€2.6 bn Q/Q, -€9.9 bn Y/Y). FY19 Non Core gross NPEs of €8.6 bn beat guidance of <€9 bn and were more than 50 per cent better than the original €19.2 bn Transform 2019 target. In 4Q19, the improvement in the Non Core gross NPEs was mainly driven by: i) disposals of €0.9 bn (€6.2 bn in FY19), ii) write-offs of €1.3 bn (€2.2 bn in FY19), iii) recoveries of €0.4 bn (€1.2 bn in FY19) and iv) back to Group excluding Non Core<sup>37</sup> of €0.1 bn (€0.4 bn in FY19). Net NPEs fell to €1.9 bn (-€2.0 bn Q/Q, -€4.7 bn Y/Y) with a coverage ratio of 78.1 per cent (+12.2 p.p. Q/Q, +13.7 p.p. Y/Y). FY20 target of Non Core gross NPEs is <€4.3 bn.

<sup>33</sup> Gross NPEs including gross bad loans, gross unlikely to pay and gross past due. Past due at €854 m in 4Q19 (-2.4 per cent Q/Q, +6.7 per cent Y/Y).

<sup>34</sup> Back to performing.

<sup>35</sup> Migrating to bad loans.

<sup>36</sup> Gross NPEs including gross bad loans, gross unlikely to pay and gross past due. Gross past due at €557 m in 4Q19 (-7.7 per cent Q/Q and +5.9 per cent Y/Y).

<sup>37</sup> Outflow to performing.

## CAPITAL & FUNDING

The Group 4Q19 **pro forma CET1 ratio** was up 49 bps Q/Q to 13.09 per cent, mainly driven by +58 bps from revaluation of real estate, +38 bps from RWA dynamics<sup>38</sup> and +33 bps from 4Q19 underlying net profit which more than offset -57 bps from other non-operating items<sup>39</sup> and -29 bps from dividends, share buyback<sup>40</sup> & AT1/Cashes coupons<sup>41</sup>.

During the quarter, other impacts on capital were related to FVOCI<sup>42,43</sup> (-1 bp), FX<sup>44</sup> (-1 bp, o/w TRY -3 bps) and DBO<sup>45</sup> (+7 bps).

The CET1 MDA buffer guidance for 2020, is expected to be at similar levels to today throughout the year, while the final pro forma CET1 MDA buffer at year end 2020 should be closer to the upper end of our target range with the increased capital distribution<sup>2</sup> to 50 per cent.

In 4Q19, the **pro forma transitional capital ratios**<sup>46,47</sup> were: **CET1** 13.09 per cent, **Tier 1** 14.77 per cent and **total capital** 17.56 per cent. All ratios are confirmed to be well above capital requirements<sup>48</sup>.

**RWAs**<sup>49</sup> totalled €378.7 bn in 4Q19, down €9.1bn since September 2019. In particular, credit RWAs decreased by €9.4 bn and amounted to €334.3 bn. The main drivers were: -€4.4 bn from business evolution and -€1.9 bn from regulation. Market RWAs were down €0.2 bn Q/Q to €11.5 bn. Operational RWAs were up €0.5 bn Q/Q to €33.0 bn.

**The fully loaded leverage ratio was** 5.25 per cent in 4Q19 (+21 bps Q/Q). **The transitional leverage ratio** equalled 5.51 per cent in the 4Q19 (+22 bps Q/Q).

**The 2019 TLAC funding plan has been fully executed.** The Tier 2 issuance in September 2019 was to be considered as pre-funding for 2020 needs. UniCredit is fully compliant with the FY19 TLAC requirement of greater than 19.6 per cent<sup>50</sup> with a 4Q19 pro forma TLAC ratio of 22.35 per cent<sup>5</sup> and a pro forma MDA buffer of 276 bps<sup>5</sup>. The medium-term TLAC MDA buffer target is to be at the upper end of 50-100 bps.

As the end of December 2019, the **Group funding plan** was completed for €31.2 bn<sup>51</sup> (around 97 per cent of the 2019 plan). The TLTRO II overall amount outstanding is equal to €50.7 bn on a consolidated basis<sup>52</sup>.

The 2020 TLAC/MREL Funding Plan is expected to be c.€13 bn, o/w c.€6 bn subordinated. In January 2020, UC SpA has successfully issued €1.25 bn Tier 2 and €2 bn dual tranche Senior Non-Preferred. The remaining 2020 TLAC/MREL funding plan<sup>53</sup> equal to c.€10.0 bn, o/w c.€2.6 bn are subordinated.

<sup>38</sup> The +38 bps RWA dynamics development included: +5 bps from regulation, models and procyclicality and +3 bps from the TRY development.

<sup>39</sup> Includes disposal of 9 per cent Yapi Kredi (-9 bps), integration costs in Germany and Austria (-8 bps), Non Core LLPs given the update of Non Core rundown strategy (-27 bps), and impairment of intangible and other assets (-12 bps).

<sup>40</sup> Pro forma CET1 ratio includes deduction of 12 bps for FY19 share buyback (subject to supervisory and AGM approval).

<sup>41</sup> Payment of coupons on AT1 instruments (€174 m pre tax in 4Q19, €393 m in FY19) and CASHES (€30 m pre and post tax in 4Q19, €124 m in FY19). Dividends accrued based on 30 per cent of underlying net profit.

<sup>42</sup> In 4Q19 CET1 ratio impact from FVOCI -1 bp, o/w -2 bps due to BTP

<sup>43</sup> BTP sensitivity: +10 bps parallel shift of BTP asset swap spreads has a -2.1 bps pre and -1.5 bps post tax impact on the fully loaded CET1 ratio as at 31 December 2019.

<sup>44</sup> TRY sensitivity: 10 per cent depreciation of the TRY has around +1 bp net impact (-3 bps from capital, +3 bps from RWA) on the fully loaded CET1 ratio. Managerial data as 31 December 2019.

<sup>45</sup> 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 December 2019.

<sup>46</sup> 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.

<sup>47</sup> Pro forma ratio including deduction of share buyback (subject to supervisory and AGM approval) of €467 m. Stated CET1 ratio at 13.22 per cent and stated MDA buffer at 312 bps. Stated Tier1 ratio at 14.90 per cent, 330 bps above requirement. Stated Total capital ratio at 17.69 per cent, 409 bps above requirement.

<sup>48</sup> Capital requirements and buffers for UniCredit Group as of 31 December 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).

<sup>49</sup> Business evolution: changes related to customer driven activities (mainly loans); Regulation includes: 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.

<sup>50</sup> After deduction of share buyback of €467 m, subject to supervisory AGM approval. Stated FY19 TLAC ratio 22.48 per cent (o/w 19.98 per cent TLAC subordination ratio and 2.5 per cent senior preferred exemption) and stated MDA buffer of 288 bps. Fully loaded requirement of 21.6 per cent with 3.5 per cent senior exemption.

<sup>51</sup> Managerial figures.

<sup>52</sup> Breakdown by country: €33.6 bn in Italy, €12.6 bn in Germany, €4.0 bn in Austria, €0.5 bn in CEE.

<sup>53</sup> As of 31 January 2020.

## REAL ESTATE REVALUATION

UniCredit Group has a substantial real estate portfolio with more than four thousand properties in Europe with an historical cost mainly deriving from several acquisitions completed over a long period of time.

The Group began to actively manage its real estate portfolio, with actions to be further carried over within and beyond its strategic multiyear plan 'Team 23'. Specifically, the initiatives aimed to valorise the real estate portfolio for:

- properties used for business purposes: in line with the corporate strategy focused on typical commercial banking activities, the initiatives aim to actively manage these properties, even beyond the time horizon of the multiyear plan 'Team 23'. Option includes a disposal where the appropriate conditions are met
- properties held for investment: disposal of these properties is expected by 2025, depending on market opportunities.

As a result, the Group's real estate portfolio can no longer be considered from a "stable perspective". In order to achieve more reliable and straight information regarding the effects of the above mentioned actions, the Group moved from a cost model to a current value model<sup>54</sup> that, considering also 2019 disposals, led to increase the Group's net equity by €1,990 m and the Net Profit by €79 m for FY19. The overall 4Q19 CET1 capital effect amounted to +58 bps.

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<sup>54</sup> The appropriateness of the current value model adoption (fair value for held for investments properties/revaluation model for used in business properties) was assessed in accordance with the guidance on voluntary changes in accounting policies (as defined by IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors) requiring that the change in accounting policy shall result in financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flows. In this contest for: (i) properties held for investment, the higher relevance of the fair value model is linked to its (predictive) capability to approximate the expected disposal price, accounting for the related effects timely in advance; (ii) properties used in business, the change to the revaluation model allows to better represent the equity of the bank which is a relevant information for financial statements users. In this sense, the adoption of the revaluation model provides an information that is more relevant with respect to the cost model, giving it represents the net equity updated in light of current market conditions.

DIVISIONAL QUARTERLY HIGHLIGHTS<sup>55</sup>

## COMMERCIAL BANKING ITALY

(€ million)	FY18	FY19	FY/FY	4Q18	3Q19	4Q19	Q/Q	Y/Y
Total revenues	7,163	7,148	-0.2%	1,727	1,771	1,782	+0.6%	+3.2%
Gross operating profit	3,130	3,362	+7.4%	724	833	836	+0.4%	+15.5%
Net operating profit	2,083	2,318	+11.3%	425	582	566	-2.7%	+33.1%
Net profit	1,323	1,404	+6.1%	207	344	417	+21.2%	n.m.
Stated RoAC	12.0%	11.2%	-0.8 p.p.	7.2%	10.6%	13.1%	+2.5 p.p.	+5.9 p.p.
Cost/income ratio	56.3%	53.0%	-3.3 p.p.	58.1%	53.0%	53.1%	+0.1 p.p.	-5.0 p.p.
Cost of risk (bps)	74	73	-1	83	70	76	+6	-7

Revenues were down 0.2 per cent FY/FY at €7.1 bn in FY19. NII was down 3.8 per cent FY/FY mainly due to pressure on spreads including deposits. In 4Q19, NII was down 3.2 per cent Q/Q mainly due to non recurring items. Fees totalled €3.7 bn in FY19, up 1.0 per cent FY/FY mainly thanks to transactional fees (+5.9 per cent FY/FY) which benefitted from strong insurance sales. Revenues totalled €1.8 bn in 4Q19, up 3.2 per cent Y/Y (+0.6 per cent Q/Q) driven by fees, up 9.0 per cent Y/Y (thanks to investment fees 19.5 per cent Y/Y). Gross new loan production<sup>51</sup>, at €22.0 bn in FY19, reflects an overall market slowdown while the Group maintains its strict underwriting criteria.

The number of gross new clients amounted to 349k in FY19 (-3.9 per cent FY/FY).

Operating costs were down 6.1 per cent FY/FY driven by both HR (-5.7 per cent FY/FY) and non HR costs (-6.7 per cent FY/FY). Costs totalled €946 m in 4Q19 (-5.7 per cent Y/Y). FY19 C/I ratio at 53.0 per cent, down 3.3 p.p. FY/FY.

LLPs amounted to €1.0 bn in FY19 (-0.2 per cent FY/FY) and €270 m in 4Q19 (+7.6 per cent Q/Q and -9.6 per cent Y/Y). The CoR stood at 73 bps in FY19, down 1 bp FY/FY, including 2 bps of models and 0 bps IFRS9 macro scenario impact, in line with FY19 guidance.

Net operating profit reached €2.3 bn in FY19, up 11.3 per cent FY/FY and €566 m in 4Q19 (+33.1 per cent Y/Y).

Net profit was €1.4 bn in FY19 (+6.1 per cent FY/FY) and €417 m in 4Q19 (+21.2 per cent Q/Q). The FY19 RoAC<sup>56</sup> was 10.8 per cent, in line with the FY19 RoAC target of around 11 per cent.

Gross NPE ratio down amounted to 5.1 per cent in FY19, down by 67 bps FY/FY.

<sup>55</sup> 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 shown 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.

<sup>56</sup> RoAC normalised for release of provisions for US sanctions (+€60 m) in 1Q19, one-offs (-€118 m) in 2Q19, non-operating items (-€56 m) and DTA tax loss carried forward (+€155 m) in 4Q19.

### COMMERCIAL BANKING GERMANY

(€ million)	FY18	FY19	FY/FY	4Q18	3Q19	4Q19	Q/Q	Y/Y
Total revenues	2,445	2,392	-2.2%	622	579	635	+9.6%	+2.1%
Gross operating profit	804	765	-4.9%	208	182	219	+20.4%	+5.0%
Net operating profit	659	665	+0.8%	102	154	171	+11.0%	+67.2%
Net profit	606	542	-10.5%	437	168	82	-51.1%	-81.2%
Stated RoAC	13.4%	11.7%	-1.7 p.p.	37.3%	14.5%	7.1%	-7.5 p.p.	-30.2 p.p.
Cost/income ratio	67.1%	68.0%	+0.9 p.p.	66.5%	68.6%	65.5%	-3.1 p.p.	-1.0 p.p.
Cost of risk (bps)	17	12	-6	50	12	22	+9	-29

Revenues were down 2.2 per cent FY/FY to €2.4 bn in FY19 due to lower trading while commercial revenues were resilient. NII was down 0.2 per cent FY/FY due to deposit rates, partially compensated by growth in average loan volumes. 4Q19 NII was down 2.7 per cent Q/Q mainly due to non commercial dynamics. Fees were down 0.5 per cent FY/FY mainly due to financing fees (-10.0 per cent FY/FY) partly offset by investment fees (+6.7 per cent FY/FY). In 4Q19 fees were up 3.3 per cent Y/Y thanks to investment fees (+26.9 per cent Y/Y). Revenues stood at €635 m in 4Q19 (+9.6 per cent Q/Q and +2.1 per cent Y/Y). Gross new loan production<sup>51</sup> was €16.2 bn in FY19 (-12.2 per cent FY/FY).

Gross new clients amounted to 73k in FY19 (-2.8 per cent FY/FY).

Operating expenses were down 0.9 per cent FY/FY to €1.6 bn in FY19 thanks to lower HR costs (-1.8 per cent FY/FY), while Non HR costs were up 0.5 per cent FY/FY due to one-off items. The FY19 C/I ratio increased to 68.0 per cent (+0.9 p.p. FY/FY). In 4Q19 operating costs stood at €416 m.

LLPs stood at €100 m in FY19 with a CoR of 12 bps, in line with FY19 guidance.

Net operating profit was €665 m in FY19 (+0.8 per cent FY/FY) and €171 m in 4Q19 (+11.0 per cent Q/Q and +67.2 per cent Y/Y).

Net profit amounted to €542 m (-10.5 per cent FY/FY) with a RoAC<sup>57</sup> of 9.2 per cent in FY19, in line with target of 9.1 per cent.

### COMMERCIAL BANKING AUSTRIA

(€ million)	FY18	FY19	FY/FY	4Q18	3Q19	4Q19	Q/Q	Y/Y
Total revenues	1,561	1,558	-0.2%	376	393	419	+6.6%	+11.5%
Gross operating profit	541	583	+7.9%	117	149	170	+13.8%	+45.3%
Net operating profit	565	542	-4.2%	110	130	138	+5.9%	+24.7%
Net profit	425	568	33.7%	98	119	222	86.4%	n.m.
Stated RoAC	15.8%	19.3%	+3.5 p.p.	14.4%	16.1%	30.0%	+13.8 p.p.	+15.6 p.p.
Cost/income ratio	65.4%	62.6%	-2.8 p.p.	68.9%	62.0%	59.5%	-2.6 p.p.	-9.4 p.p.
Cost of risk (bps)	-5	9	+15	6	17	28	+11	+22

Revenues were down by 0.2 per cent FY/FY at €1.6bn with commercial revenues up 0.6 per cent FY/FY. NII was up 2.0 per cent FY/FY mainly thanks to volume growth and non commercial items, while 4Q19 NII was down 3.5 per cent Q/Q due to the latter. Fees stood at €607 m in FY19, down 1.1 per cent FY/FY mainly due to transaction fees (-3.3 per cent FY/FY). In 4Q19, fees were up 8.0 per cent Y/Y thanks to investment fees, up 21.5 per cent Y/Y. Revenues amounted to €419 m in 4Q19 (+6.6 per cent Q/Q and 11.5 per cent Y/Y). Gross new loan production<sup>51</sup> was €6.8 bn in FY19 (-5.0 per cent FY/FY).

The number of gross new clients increased to 51k in FY19 (+2.9 per cent FY/FY).

<sup>57</sup> RoAC normalised for release of provisions for US sanctions (+€41 m) in 1Q19, non-operating items (-€158 m) in 4Q19, also include recast effect on real estate revaluation in FY19 (+€232 m).

Operating expenses were down 4.5 per cent FY/FY in FY19 thanks to lower Non HR costs (-5.7 per cent FY/FY) and HR costs (-3.5 per cent FY/FY). The C/I ratio stood at 62.6 per cent in FY19, down 2.8 p.p. FY/FY.

LLPs amounted to €41 m in FY19 with a CoR of 9 bps, better than the FY19 target of 16 bps, thanks to net write-backs in 1H19.

Net operating profit reached €542 m in FY19 (-4.2 per cent FY/FY) and €138 m in 4Q19 (+5.9 per cent Q/Q and 24.7 per cent Y/Y).

Income taxes benefitted from a DTA tax loss carried forward.

Net profit was €568 m in FY19, up 33.7 per cent FY/FY equal to a RoAC<sup>58</sup> of 14.1 per cent, above FY19 target of 13.3 per cent.

## CEE

(€ million)	FY18	FY19	FY/FY	4Q18	3Q19	4Q19	Q/Q	Y/Y
Total revenues	4,199	4,251	+1.5%	1,093	1,062	1,046	-3.7%	-7.3%
Gross operating profit	2,699	2,716	+1.0%	698	684	638	-9.8%	-12.6%
Net operating profit	2,241	2,260	+1.3%	538	567	486	-17.7%	-14.5%
Net profit	1,712	1,639	-3.4%	399	443	320	-31.1%	-25.1%
Stated RoAC	15.6%	14.5%	-1.1 p.p.	14.7%	15.6%	11.1%	-4.4 p.p.	-3.6 p.p.
Cost/income ratio	35.7%	36.1%	+0.4 p.p.	36.1%	35.6%	39.0%	+3.4 p.p.	+2.8 p.p.
Cost of risk (bps)	73	68	-5	98	68	90	+21	-9

**Note:** Stated numbers at current FX. Variations FY/FY, 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 not considered in CoR, FTEs and gross NPE ratio.

Revenues were up 1.5 per cent FY/FY at constant FX and totalled €4.3 bn in FY19. NII was up 0.5 per cent FY/FY at constant FX mainly thanks to increased loan volumes. Dividends were down 16.9 per cent FY/FY at constant FX due to lower contribution from Yapi which decreased by 18.5 per cent FY/FY at constant FX. Fees stood at €835 m, up 2.3 per cent FY/FY at constant FX thanks to higher transaction fees (+4.3 per cent FY/FY). Revenues were €1.0 bn in 4Q19 (-3.7 per cent Q/Q and -7.3 per cent Y/Y at constant FX) due to lower dividends. Gross new loan production<sup>51</sup> was €21.8 bn in FY19 (-5.4 per cent FY/FY at constant FX).

The number of gross new clients<sup>59</sup> was 1.3m in FY19 (-0.3 per cent FY/FY).

Operating expenses were up 2.3 per cent FY/FY at constant FX due to competitive labour markets. Costs amounted to €0.4 bn in 4Q19. The C/I ratio was up slightly at 36.1 per cent in FY19, up 0.4 p.p. FY/FY.

LLPs stood at €153 m in 4Q19 (+30.3 per cent Q/Q and -5.7 per cent Y/Y at constant FX) and €456 m in FY19 (-0.4 per cent FY/FY at constant FX) with a low FY19 CoR at 68 bps thanks to a supportive risk environment, significantly better than the 102 bps target.

Net operating profit was €2.3 bn in FY19 (+1.3 per cent FY/FY at constant FX) and €0.5 bn in 4Q19.

CEE was one of the main contributors to the Group's bottom line in FY19, generating a net profit of €1.6 bn, down 3.4 per cent FY/FY at constant FX due to non-operating items. The main contributors to FY19 earnings generation in the CEE were: Czech Republic & Slovakia (€392 m net profit, +12.5 per cent FY/FY), Russia (€238 m net profit, +5.6 per cent FY/FY at constant FX), Turkey (€220 m net profit at equity, -18.5 per cent FY/FY at constant FX) and Bulgaria (€205 m net profit, -3.6 per cent FY/FY at constant FX). Net profit was €320 m in 4Q19 (-31.1 per cent Q/Q and -25.1 per cent Y/Y at constant FX). The FY19 RoAC<sup>60</sup> at 14.8 per cent, above the Transform 19 target of 13.4 per cent.

Thanks to successful de-risking, the gross NPE ratio is down 1.8 p.p. FY/FY to 4.6 per cent in FY19, better than FY19 target of 102 bps. The coverage ratio stood at 70.6 per cent (+3.5 p.p. Y/Y at constant FX).

<sup>58</sup> RoAC normalised for release of provisions for US sanctions (+€39 m) in 1Q19 and one-off pension related item (+€16 m) in 2Q19, non-operating items (-€110 m) and DTA tax loss carried forward (+€210 m) in 4Q19, also include recast effect on real estate revaluation in FY19 (-€3 m).

<sup>59</sup> Including Yapi at 100 per cent.

<sup>60</sup> RoAC normalised for non-operating items (-€16 m) in 4Q19, also include recast effect on real estate revaluation in FY19 (-€19 m).

## CIB

(€ million)	FY18	FY19	FY/FY	4Q18	3Q19	4Q19	Q/Q	Y/Y
Total revenues	3,799	3,901	+2.7%	929	978	1,033	+5.7%	+11.3%
Gross operating profit	2,243	2,375	+5.9%	518	618	635	+2.7%	+22.6%
Net operating profit	2,167	2,270	+4.8%	361	615	682	+11.0%	+88.9%
Net profit	897	1,374	+53.1%	236	413	369	-10.7%	+56.0%
Stated RoAC	8.9%	13.2%	+4.2 p.p.	9.2%	15.4%	14.1%	-1.2 p.p.	+4.9 p.p.
Cost/income ratio	41.0%	39.1%	-1.9 p.p.	44.2%	36.8%	38.6%	+1.8 p.p.	-5.7 p.p.
Cost of risk (bps)	7	8	+2	53	1	-14	-15	-67

FY19 revenues were up 2.7 per cent FY/FY to €3.9 bn with trading income as the main driver.

NII stood at €2.2 bn in FY19, down 1.8 per cent FY/FY due to decreased loan volumes and lower spreads, while 4Q19 NII was up 1.9 per cent thanks to non recurring items. Fees were down 10.0 per cent FY/FY due to lower financing fees (-10.5 per cent FY/FY) and stood at €536 m. Trading income was up 26.6 per cent FY/FY mainly thanks to strong underlying client activity and better market conditions. Revenues reached €1.0 bn in 4Q19 (+5.7 per cent Q/Q and +11.3 per cent Y/Y).

Operating expenses were down 2.0 per cent FY/FY and amounted to €1.5 bn in FY19 which confirmed our cost discipline. In 4Q19 operating costs were €399 m, up 10.8 per cent Q/Q and -2.9 per cent Y/Y. C/I ratio was 39.1 per cent in FY19, down 1.9 p.p. FY/FY.

LLPs were €106 m in FY19 with a low FY19 CoR at 8 bps thanks to write-backs in 4Q19, better than FY19 target of 21 bps.

Net operating profit stood at €2.3 bn in FY19, up +4.8 per cent FY/FY. In 4Q19 the net operating profit totalled €682 m (+11.0 per cent Q/Q and +88.9 per cent Y/Y).

Net profit reached €1.4 bn in FY19 (+53.1 per cent FY/FY) and €369 m in 4Q19 (-10.7 per cent Q/Q and +56.0 per cent Y/Y). The RoAC<sup>61</sup> was at 13.9 per cent in FY19, well above the FY19 target.

Leading franchise confirmed: #1 in “EMEA Syndicated Loans in All Currencies in Italy, Austria and CEE and #2 in Germany<sup>62</sup> #2 in “EMEA All Bonds in EUR” by value and number of transactions.

<sup>61</sup> RoAC normalised for release of provisions for US sanctions (+€180 m) in 1Q19, disposal of Ocean Breeze (-€178 m) and a participation (+€15 m) in 2Q19, and non-operating items in 4Q19 (-€97 m), also include recast effect on real estate revaluation in FY19 (+€2 m).

<sup>62</sup> Source: Dealogic, as of 7 January 2020. Period: 1 January – 31 December 2019; rankings by volume, unless otherwise stated.

## GROUP CORPORATE CENTRE (GCC)

(€ million)	FY18	FY19	FY/FY	4Q18	3Q19	4Q19	Q/Q	Y/Y
Total revenues	-245	-371	+51.3%	-45	-74	-35	-52.1%	-20.7%
Operating costs	-349	-300	-14.1%	-90	-79	-62	-21.3%	-30.3%
Gross operating profit	-595	-671	+12.8%	-134	-153	-98	-36.2%	-27.1%
Net profit/loss	-55	-468	<i>n.m.</i>	822	-125	-1,142	<i>n.m.</i>	<i>n.m.</i>
FTE	14,247	13,968	-2.0%	14,247	13,967	13,968	0.0%	-2.0%
Costs GCC/total costs	3.4%	3.0%	-0.4 p.p.	3.4%	3.2%	2.5%	-0.8 p.p.	-0.9 p.p.

Revenues were down 51.3 per cent FY/FY and stood at -€371 m in FY19 due to increased subordinated issuance. 4Q19 revenues were -€35 m.

In FY19, GCC operating costs were down 14.1 per cent FY/FY, amounting to €300 m. In 4Q19, operating costs decreased 21.3 per cent Q/Q and 30.3 per cent Y/Y, totalling €62 m.

The “Lean but Steering” Group Corporate Centre transformation was delivered with a reduction of 279 FTEs FY/FY, resulting in a decrease of 6.1 per cent FY/FY in HR costs. Since December 2015, FTEs are down by 21.5 per cent (-3,821 FTEs).

GCC’s share of total Group costs fell to 3.0 per cent in FY19 beating the FY19 target of 3.5 per cent.

The FY19 net loss amounted to €468 m<sup>63</sup>. For 4Q19, the net loss was €1.1 bn due in part to the previously announced material non-operating items.

## NON CORE

(€ million)	FY18	FY19	FY/FY	4Q18	3Q19	4Q19	Q/Q	Y/Y
Total revenues	42	-41	<i>n.m.</i>	-9	-6	-30	<i>n.m.</i>	<i>n.m.</i>
Operating costs	-206	-180	-12.5%	-69	-50	-45	-10.0%	-34.7%
Gross operating profit	-163	-221	+35.4%	-78	-56	-75	+33.0%	-4.5%
LLP	-921	-1,632	77.2%	-189	-147	-1,188	<i>n.m.</i>	<i>n.m.</i>
Net loss	-800	-1,685	<i>n.m.</i>	-208	-183	-1,103	<i>n.m.</i>	<i>n.m.</i>
Gross customer loans	18,517	8,592	-53.6%	18,517	11,230	8,592	-23.5%	-53.6%
Net NPEs	6,608	1,886	-71.5%	6,608	3,837	1,886	-50.8%	-71.5%
NPE coverage ratio	64.3%	78.1%	+13.7 p.p.	64.3%	65.8%	78.1%	+12.2 p.p.	+13.7 p.p.
RWA	12,221	10,966	-10.3%	12,221	13,641	10,966	-19.6%	-10.3%

The Non Core runoff by 2021 is fully on track. FY19 Non Core gross NPEs stood at €8.6 bn, beating the guidance of <€9 bn and were more than 50 per cent better than the €19.2 bn original Transform 2019 target. FY20 gross NPE target at <€4.3 bn.

The gross NPEs were down by €2.6 bn Q/Q to €8.6 bn in 4Q19 thanks to write-offs and disposals.

Revenues amounted to -€41 m in FY19, down by €84 m FY/FY due to a lower contribution from time value. 4Q19 revenues totalled -€30 m.

Costs were down 12.5 per cent FY/FY to €180 m thanks to both lower HR costs (-10.3 per cent FY/FY) and Non HR Costs (-13.0 per cent FY/FY).

<sup>63</sup> Include recast effect on real estate revaluation in FY19 (-€135 m).



LLPs stood at €1.6 bn in FY19, up 77.2 per cent FY/FY including €1.0 bn<sup>17</sup> given the update of Non Core rundown strategy; future LLPs should not be material. As a result, coverage ratio improved to 78.1 per cent (+13.7 p.p. Y/Y).

The net loss was €1.7 bn in FY19<sup>64</sup>, given the update of Non Core rundown strategy.

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<sup>64</sup> Include recast effect on real estate revaluation in FY19 (+€2 m).

## GROUP TABLES

## UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	FY18	FY19	FY/FY	4Q18	3Q19	4Q19	Q/Q	Y/Y
Net interest	10,570	10,203	-3.5%	2,712	2,555	2,515	-1.6%	-7.3%
Dividends and other income from equity investments	672	637	-5.2%	208	183	133	-27.5%	-36.1%
Net fees and commissions	6,328	6,304	-0.4%	1,551	1,569	1,629	+3.8%	+5.1%
Net trading income	1,279	1,538	+20.2%	204	378	464	+22.9%	n.m.
Net other expenses/income	116	156	+35.3%	18	17	108	n.m.	n.m.
<b>OPERATING INCOME</b>	<b>18,965</b>	<b>18,839</b>	<b>-0.7%</b>	<b>4,692</b>	<b>4,703</b>	<b>4,850</b>	<b>+3.1%</b>	<b>+3.4%</b>
Payroll costs	(6,336)	(6,146)	-3.0%	(1,579)	(1,522)	(1,549)	+1.8%	-1.9%
Other administrative expenses	(3,545)	(3,279)	-7.5%	(947)	(786)	(858)	+9.3%	-9.4%
Recovery of expenses	631	592	-6.2%	153	142	150	+5.6%	-2.4%
Amort. deprec. and imp. losses on intang. & tang. assets	(1,057)	(1,096)	+3.8%	(267)	(281)	(267)	-4.8%	+0.1%
<b>OPERATING COSTS</b>	<b>(10,307)</b>	<b>(9,929)</b>	<b>-3.7%</b>	<b>(2,640)</b>	<b>(2,447)</b>	<b>(2,525)</b>	<b>+3.2%</b>	<b>-4.4%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>8,658</b>	<b>8,910</b>	<b>+2.9%</b>	<b>2,053</b>	<b>2,256</b>	<b>2,325</b>	<b>+3.1%</b>	<b>+13.3%</b>
Net write-downs on loans and provisions for guarantees and commitments	(2,614)	(3,382)	+29.4%	(921)	(563)	(1,645)	n.m.	+78.6%
<b>NET OPERATING PROFIT (LOSS)</b>	<b>6,044</b>	<b>5,527</b>	<b>-8.6%</b>	<b>1,132</b>	<b>1,694</b>	<b>681</b>	<b>-59.8%</b>	<b>-39.8%</b>
Other charges and provisions	(2,271)	(954)	-58.0%	(369)	(187)	(316)	+68.9%	-14.3%
- of which: systemic charges	(832)	(886)	+6.5%	(60)	(148)	(82)	-44.5%	+37.4%
Integration costs	(9)	(664)	n.m.	(15)	(2)	(657)	n.m.	n.m.
Net income from investments	(198)	(844)	n.m.	338	41	(665)	n.m.	n.m.
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>3,566</b>	<b>3,065</b>	<b>-14.0%</b>	<b>1,086</b>	<b>1,545</b>	<b>(958)</b>	<b>n.m.</b>	<b>n.m.</b>
Income tax for the period	489	(890)	n.m.	906	(338)	119	n.m.	-86.9%
<b>NET PROFIT (LOSS)</b>	<b>4,055</b>	<b>2,176</b>	<b>-46.3%</b>	<b>1,992</b>	<b>1,207</b>	<b>(839)</b>	<b>n.m.</b>	<b>n.m.</b>
Profit (Loss) from non-current assets held for sale after tax	288	1,383	n.m.	65	0	11	n.m.	-83.1%
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>4,343</b>	<b>3,559</b>	<b>-18.1%</b>	<b>2,057</b>	<b>1,207</b>	<b>(828)</b>	<b>n.m.</b>	<b>n.m.</b>
Minorities	(233)	(118)	-49.4%	(65)	(26)	(4)	-84.2%	-93.7%
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>4,111</b>	<b>3,441</b>	<b>-16.3%</b>	<b>1,993</b>	<b>1,181</b>	<b>(832)</b>	<b>n.m.</b>	<b>n.m.</b>
Purchase price allocation effect	(3)	(68)	n.m.	(0)	(1)	(3)	n.m.	n.m.
Goodwill impairment	-	-	n.m.	-	-	-	n.m.	n.m.
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>4,107</b>	<b>3,373</b>	<b>-17.9%</b>	<b>1,992</b>	<b>1,180</b>	<b>(835)</b>	<b>n.m.</b>	<b>n.m.</b>

**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 2019 quarterly figures were restated:

- 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;
- to reflect adoption of "current value model" for the measurement of the Real Estate portfolio, with retrospective application from 1 January 2018 for held for investments properties
- following the reclassification, starting from June 2019:

- 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)	4Q18	3Q19	4Q19	Q/Q	Y/Y
<b>ASSETS</b>					
Cash and cash balances	30,991	30,997	17,305	-44.2%	-44.2%
Financial assets held for trading	65,231	74,871	63,280	-15.5%	-3.0%
Loans to banks	69,850	81,483	97,888	+20.1%	+40.1%
Loans to customers	471,839	480,997	482,574	+0.3%	+2.3%
Other financial assets	152,310	146,292	149,091	+1.9%	-2.1%
Hedging instruments	7,120	11,573	9,230	-20.2%	+29.6%
Property, plant and equipment	8,804	9,276	11,097	+19.6%	+26.0%
Goodwill	1,484	886	886	+0.0%	-40.3%
Other intangible assets	2,024	1,952	1,914	-2.0%	-5.4%
Tax assets	12,944	12,673	12,922	+2.0%	-0.2%
Non-current assets and disposal groups classified as held for sale	2,241	4,535	2,512	-44.6%	+12.1%
Other assets	7,334	8,008	6,949	-13.2%	-5.2%
<b>Total assets</b>	<b>832,172</b>	<b>863,544</b>	<b>855,647</b>	<b>-0.9%</b>	<b>+2.8%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from banks	125,895	143,213	135,563	-5.3%	+7.7%
Deposits from customers	478,988	455,473	470,570	+3.3%	-1.8%
Debt securities issued	81,153	97,575	96,301	-1.3%	+18.7%
Financial liabilities held for trading	43,111	46,102	41,483	-10.0%	-3.8%
Other financial liabilities	9,318	13,401	12,083	-9.8%	+29.7%
Hedging instruments	9,262	16,023	12,150	-24.2%	+31.2%
Tax liabilities	945	1,079	1,378	+27.7%	+45.8%
Liabilities included in disposal groups classified as held for sale	540	626	725	+15.8%	+34.2%
Other liabilities	25,609	29,137	23,608	-19.0%	-7.8%
Minorities	961	462	369	-20.1%	-61.6%
Group Shareholders' Equity:	56,389	60,454	61,416	+1.6%	+8.9%
- Capital and reserves	52,282	56,245	58,042	+3.2%	+11.0%
- Net profit (loss)	4,107	4,208	3,373	-19.8%	-17.9%
<b>Total liabilities and Shareholders' Equity</b>	<b>832,172</b>	<b>863,544</b>	<b>855,647</b>	<b>-0.9%</b>	<b>+2.8%</b>

**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”.

2018 and 2019 quarterly figures were restated to reflect adoption of “current value model” for the measurement of the Real Estate portfolio with retrospective application from 1 January 2018 on “held for investments” properties.

### UNICREDIT GROUP: STAFF AND BRANCHES

(units)	4Q18	3Q19	4Q19	Q/Q Δ	Y/Y Δ
Employees(*)	85,662	84,652	84,245	-407	-1,416
Branches(**)	4,591	4,516	4,486	-30	-105
- o/w CB Italy, CB Germany, CB Austria	2,928	2,868	2,846	-22	-82
- o/w CEE	1,663	1,648	1,640	-8	-23

**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.

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, 5 February 2020

**Manager charged with  
preparing the financial reports**



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**UNICREDIT 4Q19 GROUP RESULTS – DETAILS OF CONFERENCE CALL**

**MILAN, 6 February 2020 – 10.00 CET**

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**CONFERENCE CALL DIAL IN**

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THE **CONFERENCE CALL** WILL ALSO BE **AVAILABLE VIA LIVE AUDIO WEBCAST** AT

<https://www.unicreditgroup.eu/en/investors/group-results.html>, WHERE THE SLIDES WILL BE DOWNLOADABLE

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