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MILAN, 5 NOVEMBER 2020

UNICREDIT: 3Q20 & 9M20 GROUP RESULTS

A PAN EUROPEAN WINNER SUPPORTING ALL STAKEHOLDERS FROM A POSITION OF STRENGTH

3Q20 Underlying net profit of €0.7 billion up 31.1 per cent quarter on quarter on higher revenues, continued cost discipline and accelerated business model changes

On track to meet FY20 target of over €0.8 billion; FY21 target of €3 to €3.5 billion confirmed

Solid balance sheet; 3Q20 CET1 ratio fully loaded at 14.41 per cent, CET1 MDA buffer fully loaded at 538 basis points[1] up 58 basis points quarter on quarter and gross NPE ratio at 4.7 per cent

Team 23 Capital distribution policy of 50 per cent ordinary payout[2] with gradual return of excess capital to be reinstated in 2021 for FY20 onwards

On 4 November 2020, the Board of Directors of UniCredit S.p.A. ("UniCredit" or "the Group") approved the 3Q20 and 9M20 Consolidated Results of UniCredit Group as at 30 September 2020.

Improved economic conditions across Western Europe resulted in increased client activity, which together with continued cost discipline allowed the Group to confirm underlying net profit targets of above €0.8 billion for FY20 and €3 to €3.5 billion for FY21. Underlying balance sheet strength means UniCredit is well positioned to continue to support all stakeholders from a position of strength.

The Group saw improved commercial performance as lockdowns were eased in most of its key markets towards the end of 2Q20. Overall revenues were up 4.4 per cent in comparison with 2Q20 but down versus 3Q19, a particularly strong quarter for the group.

Strict operational discipline ensured that Covid-19 specific costs were fully offset for the period. Total costs were down 1.5 per cent compared with 3Q19 as FTE reductions and lower variable compensation more than balanced higher IT investment and real estate spend in line with its Team 23 strategic plan. Maintaining its conservative provisioning and strict underwriting discipline, UniCredit reconfirms its FY20 stated cost of risk guidance of 100 to 120 basis points.

All business divisions were profitable in the quarter with CIB and CEE the main contributors to performance in 3Q20.

Thanks to active balance sheet management, UniCredit's asset quality reflects its conservative risk and underwriting approach, with a Group Gross NPE ratio excluding Non Core better than the European average using EBA's definition[3]. The Group's Non Core rundown remains fully on track thanks to successful disposals following proactive measures initiated prior to the Covid-19 pandemic and continuously carried out even in such an adverse scenario.

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[1] 3Q20 CET1 ratio transitional at 15.15 per cent with MDA transitional buffer at 612 bps; CET1 MDA requirements decreased from 9.04 per cent in 2Q20 to 9.03 per cent in 3Q20 thanks to CcyB.

[2] Subject to the ECB final recommendation on European banks capital distribution, expected in 4Q20.

[3] Source: EBA risk dashboard (data as at 2Q20). Using the EBA definition, UniCredit's Gross NPE ratio excluding Non Core stood at 2.7 per cent, which remains lower than the weighted average for all European banks at 2.9 per cent.

Jean Pierre Mustier, Chief Executive Officer of UniCredit S.p.A. :

"Thanks to our very strong capital and liquidity positions, we will continue to support our customers whatever the environment. UniCredit was primed and ready for increased client activity as lockdowns eased across Western Europe, and we are here for our communities now in the face of the emerging Covid-19 second wave.

We continue to benefit from the successful execution of Transform 2019 as well as our Team 23 initiatives, and thanks to the acceleration of business model changes we have improved our gross savings target for Team 23 by 25 per cent to €1.25 billion. We are on track to meet our FY20 underlying net profit target of over €0.8 billion and confirm our FY21 target of €3 to €3.5 billion.

Conservative provisioning and strict underwriting discipline based on realistic assumptions are trademarks of our Group. We reconfirm our FY20 stated cost of risk of 100 to 120 basis points, thanks to our willingness to conservatively anticipate future impacts[4] as well as seasonality in 4Q20. We also confirm our FY21 stated cost of risk target at the bottom end of our 70 to 90 basis points range with underlying cost of risk[5] close to 60 basis points.

We remain fully committed to reinstating our Team 23 capital distribution policy, which combines 50 per cent of underlying net profits as a mix of cash dividends and share buybacks and a gradual distribution of excess capital starting in 2021 subject to receiving regulatory 'green light'.

Culture and values are fundamental in times like these, and we will continue to always "Do the right thing!" for all our stakeholders and always put the health and safety of our employees and customers first.

I want to thank each and every one of our employees for their commitment, resilience and continuing hard work in these exceptional circumstances. Together we make sure UniCredit is a pan European winner."

3Q20 KEY FIGURES

COMMERCIAL RECOVERY SUPPORTS REVENUE REBOUND; CONTINUED COST DISCIPLINE MORE THAN OFFSETS COVID-19 RELATED EXPENSES

- **Revenues**: €4.4 bn, up 4.4 per cent Q/Q and down 7.4 per cent Y/Y, as economic recovery across Western Europe in 3Q20 led to increased client activity
- **Net interest income**: €2.3 bn, down 3.8 per cent Q/Q on lower loan volumes, mix effect due to government guaranteed loans and sharp decline in Euribor, partially offset by repricing of deposits in CEE
- **Fees**: €1.5 bn, up 6.4 per cent Q/Q driven by client activity
  - **Investment fees**: €546 m, up 12 per cent Q/Q driven by increased commercial activity led by sales volumes in Commercial Banking Italy and Commercial Banking Germany

[4] Increased overlays, proactive classification and regulatory headwinds including new Definition of Default.
[5] Underlying CoR: defined as stated CoR excluding regulatory headwinds.

  - **Transactional fees**: €552 m, up 12.4 per cent Q/Q thanks to higher card volumes and payments in Commercial Bank Italy and CEE
- **Trading income**: €455 m, up 27.7 per cent Q/Q and 10.2 per cent Y/Y supported by XVA[6]
- **Dividends**: €128 m, down 30.3 per cent Y/Y affected by the progressive reduction in the Yapi stake and the disposal of Mediobanca
- **Operating costs:** Down 1.4 per cent Q/Q and 1.5 per cent Y/Y on continued cost discipline, more than offsetting Covid-19 related expenses of more than €18 m in the quarter; Team 23 gross cost reduction target of €1 bn will be improved by more than €250 m to €1.25 bn

UNDERLYING NET PROFIT ON TRACK TO MEET FY20 TARGET; FY21 TARGETS CONFIRMED

- **Underlying net profit[7]**: €0.7 bn (3Q19: €1.1 bn; 2Q20: €0.5 bn), up 31.1 per cent Q/Q on lower provisions, with increased profitability underpinned by business and geographical diversification with strong contributions from CIB and CEE
- **Underlying RoTE[8]**: 5.4 per cent, up 1.3 p.p Q/Q driven by lower LLPs and revenue rebound with costs under control
- **FY21 guidance confirmed**: FY21 underlying net profit target confirmed at €3 to 3.5 bn and 6 to 7 per cent underlying RoTE; well positioned to strengthen client base and provide continued stakeholder support

CONTINUED CAPITAL, RISK & LIQUIDITY POSITION STRENGTH

- **Capital and liquidity**: CET1 ratio fully loaded at 14.41 per cent and high Liquidity Coverage Ratio at 183 per cent[9]
- **CET1 MDA buffer fully loaded**: 538 bps[1], up 286 bps Y/Y and 58 bps Q/Q, well above 200-250 bps target
- **Cost of risk (CoR)**: 9M20 stated CoR at 81 bps and FY20 stated CoR confirmed at 100-120 bps; as a result of proactive anticipation of future impacts[4] and seasonality, 4Q20 stated CoR to be higher Q/Q; FY21 stated CoR confirmed at bottom end of 70-90 bps with underlying CoR[5] close to 60 bps
- **NPE ratio** at an all-time low of 4.7 per cent; complete Non Core rundown by FY21 confirmed with disposals of €0.9 bn during the third quarter
- **Capital distribution**: Team 23 capital distribution policy of 50 per cent ordinary payout and commitment to gradually return excess capital confirmed.[2] CET1 MDA buffer expected to remain well above 300 bps in FY20 and FY21 post capital distribution and regulatory headwinds, subject to receiving regulatory 'green light'

KEY HIGHLIGHTS

Net Interest Income was down in the quarter due to lower loan volumes and continued pressure on customers loan rates driven by 3-month Euribor reaching historic lows. Further pressure on NII came from the mix effect due to government guaranteed loans in Italy that are written at lower spreads and substitute higher yielding short term loans. CEE continued to be affected by base rate cuts mainly in Russia, but results for the region were compensated by the successful repricing of deposits. UniCredit maintains its commitment to generate sustainable long-term returns and will not compromise asset quality to boost NII in the short term.

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[6] Valuation adjustments (XVA) include: Debt/Credit Value Adjustment (DVA/CVA), Funding Valuation Adjustments (FuVA) and Hedging desk.
[7] Underlying net profit is the basis for capital distribution. Normalised for regulatory headwinds impact on CoR (-€3 m in 3Q20), revaluation of real estate (-€5 m in 3Q20) and Non Core rundown (-€4 m in 3Q20).
[8] Based on underlying net profit.
[9] Liquidity coverage ratio shown is the point in time ratio as of 30 Sep 20, regulatory figure published in pillar 3 as of 3Q20 will be 159 per cent (trailing 12M monthly average).

Fees rebounded as most markets came out of lockdown restrictions prior to the start of the quarter. Group **investment fees** were up 12 per cent quarter on quarter as financial markets stabilised and sales volumes benefited from increased client activity, particularly robust Asset under Management sales in Commercial Banking Italy and Commercial Banking Germany. **Financing fees** were down quarter on quarter mainly due to lower Debt Capital Markets activity following a strong second quarter, while **transactional fees** were up strongly on higher card volumes and payments activity in Commercial Banking Italy and CEE.

Trading income was up supported by XVA[6]. Client driven trading income was down quarter on quarter following a strong 2Q20 as clients shifted from certificates more towards AuM products, benefitting investment fees, but leading to lower trading income in Equities & Commodities. The quarter also saw seasonally lower contributions from Fixed Income & Currencies. Quarterly guidance of €350 million of trading income excluding XVA is confirmed. Revenues from **dividends** were up quarter on quarter thanks to resurgent profitability on Austrian financial investments, but down year on year, following strategic disposals.

Strict cost discipline, a key component of both Team 23 and the previous strategic plan Transform 2019, ensured **operating costs** were down 1.5 per cent year on year (1.4 per cent quarter on quarter), more than offsetting additional Covid-19 related expenses. All estimated Covid-19 related costs for FY20 will be absorbed by wider Group cost savings including lower variable compensation. Thanks to year on year and quarter on quarter reductions, UniCredit is now targeting updated gross cost savings of €1.25 billion, up 25 per cent from the original figure of €1 billion.

Lower FTEs and lower variable compensation delivered a 2.9 per cent decrease year on year in **HR costs**. Team 23 targets reductions of around 8,000 FTEs and 500 branches are well on track thanks to the agreement with the Italian, German and Austrian trade unions already signed with restructuring provisions in or before 1Q20[10]. Between Transform 2019 and Team 23, UniCredit will have reduced FTEs by around 24 per cent and branches by around 38 per cent in Western Europe.

As a result of these factors, as well as lower provisions during the period, UniCredit reported **underlying net profit**[7] of €0.7 billion, up 31.1 per cent quarter on quarter with positive contributions from all business divisions. While mindful of the potential impact of a second Covid-19 wave, we confirm our underlying net profit target for of above €0.8 billion for FY20 and €3 billion to €3.5 billion for FY21. Our **3Q20 underlying RoTE**[8] reached 5.4 percentage points, an improvement of 1.3 percentage points quarter on quarter in spite of the macroeconomic backdrop.

Thanks to its significantly strengthened and de-risked balance sheet, UniCredit has a very strong **fully loaded CET1 capital ratio** of 14.41 per cent. The **CET1 MDA buffer fully loaded** increased to an all time high of 538 basis points[1] in 3Q20, up 58 basis points quarter on quarter over the period thanks to a reduction in Risk Weighted Assets of more than 10 billion. The Group is fully committed to its strict underwriting discipline and proactive management of non-performing exposures.

The **Group gross NPEs coverage** ratio is best-in-class and now stands at 61.3 per cent. The 2021 Non Core rundown is well on track, with **gross NPEs down** €1.1 billion during 3Q20 to €5.9 billion. UniCredit confirms its target of gross NPEs in the Non Core below €4.3 billion by year end and also the full rundown of the Non Core in 2021. The Group's **Gross NPE ratio** stood at 4.7 per cent, and 3.5 per cent excluding Non Core. Using the EBA

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[10] For details see the press release of 02 Apr 20 "UniCredit and Italian trade unions sign agreement related to Team 23 strategic plan". Integration costs in Germany & Austria have been booked in 4Q19 as per CMD'19 guidance.

definition, UniCredit's Gross NPE ratio excluding Non Core stood at 2.7 per cent, which remains lower than the weighted average for all European banks[3].

Stated Cost of Risk (CoR), was up 32 basis points 9M/9M at 81 basis points. The guidance of 100-120 basis points FY20 Group stated CoR is confirmed, thanks to the anticipation of future impacts and seasonality in 4Q20. As a consequence, 4Q20 stated CoR is expected to be materially higher quarter on quarter. FY21 Group stated CoR confirmed at bottom end of 70-90 basis point range with underlying CoR[5] close to 60 basis points.

UniCredit confirmed its intention to reinstate its **Team 23 capital distribution policy** of distributing 50 per cent of underlying net profit to shareholders, as well as gradually returning excess capital, starting in 2021 for both, subject to regulatory 'green light'. The composition for the ordinary distribution, starting in 2021 for FY20, is a maximum of 30 per cent target cash dividend payout of the underlying net profit and a minimum of 20 per cent for share buyback[2].

Following the comprehensive update of the Group's coal policy in August, with a total phase out of coal sector financing in all markets by 2028, UniCredit has been recognised as best-in-class by non-profit group Reclaim Finance. The bank is among the best practice financial institutions highlighted out of an assessment of over 200.

UniCredit's ongoing commitment to sustainability received further recognition this quarter as the Group was ranked number one globally for sustainability-linked loans by Bloomberg and awarded Best Social Impact Bank in Europe by Capital Finance International. UniCredit's Social Impact Banking has supported more than 4,200 beneficiaries through microcredit and impact financing, as well as providing various financial education programmes to the benefit of around 50,000 young people and disadvantaged individuals[11].

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UNICREDIT 3Q20 GROUP RESULTS – DETAILS OF CONFERENCE CALL

MILAN, 5 November 2020 – 10.00 CET

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

[11] For details please see the press release of 20 Oct 20 " Capital Finance International awards UniCredit as Best Social Impact Bank in Europe".

UNICREDIT GROUP CONSOLIDATED RESULTS

(€ million)	3Q19	2Q20	3Q20	*Q/Q*	*Y/Y*	9M19	9M20	*9M/9M*
Total revenues	4,703	4,170	4,354	*+4.4%*	*-7.4%*	13,988	12,902	*-7.8%*
o/w net interest	2,520	2,393	2,303	*-3.8%*	*-8.6%*	7,564	7,190	*-4.9%*
o/w fees	1,569	1,380	1,469	*+6.4%*	*-6.4%*	4,675	4,470	*-4.4%*
o/w trading	413	357	455	*+27.7%*	*+10.2%*	1,197	985	*-17.7%*
Operating costs	-2,447	-2,444	-2,410	*-1.4%*	*-1.5%*	-7,404	-7,347	*-0.8%*
LLP	-563	-937	-741	*-21.0%*	*+31.6%*	-1,738	-2,938	*+69.1%*
Stated net profit/loss	1,180	420	680	*+62.1%*	*-42.4%*	4,208	-1,606	*n.m.*
Underlying net profit/loss	1,101	528	692	*+31.1%*	*-37.2%*	3,258	1,060	*-67.5%*
CET1 MDA buffer (bps)	252	481	538	*+58*	*+286*	252	538	*+286*
Underlying RoTE	8.5%	4.1%	5.4%	*+1.3 p.p.*	*-3.1 p.p.*	8.7%	2.7%	*-5.9 p.p.*
Customers Loans excl. Repos and IC, bn	432	431	422	*-2.2%*	*-2.4%*	432	422	*-2.4%*
Gross NPE, bn	29	24	23	*-4.1%*	*-21.0%*	29	23	*-21.0%*
Customers Depos excl. Repos and IC, bn	417	433	445	*+2.7%*	*+6.7%*	417	445	*+6.7%*
Cost/income ratio	52.0%	58.6%	55.3%	*-3.3 p.p.*	*+3.3 p.p.*	52.9%	56.9%	*+4.0 p.p.*
Stated cost of risk (bps)	47	77	63	*-15*	*+15*	49	81	*+32*

Note: Group underlying net profit and RoTE exclude the impact of Fineco disposal (+€1,176 m in 2Q19), the disposal of Ocean Breeze (-€178 m in 2Q19), the impact of REV (+€46 m in 1Q19, -€1 m in 2Q19 and +€80 m in 3Q19), other one-offs (-€173 m in 2Q19), Yapi deconsolidation (-€1,576 m in 1Q20), integration costs in Italy (-€1,272 m in 1Q20), additional real estate disposals (+€296 m in 1Q20), regulatory headwinds impact on CoR (-€3 m in 1Q20, -€4 m in 2Q20 and -€3 m in 3Q20), revaluation of real estate (+€9 m in 1Q20, -€7 m in 2Q20 and -€5 m in 3Q20) and Non Core rundown (-€98 m in 2Q20 and -€4 m in 3Q20).

Revenues were up 4.4 per cent Q/Q and down 7.4 per cent Y/Y supported by strong fees performance, following the progressive easing of lockdowns across many of our core markets and consequent recovery in client activity.

NII[12] was down 3.8 per cent Q/Q mainly due to lower loan volumes and sharp decline in Euribor. The largest impact came from commercial dynamics (-€59 m Q/Q), investment portfolio & markets/treasury (-€48 m Q/Q) and other (+€17 m Q/Q)[13]. Commercial dynamics were impacted by lower Euribor. The impact from lower base rates and volumes was partially offset by a positive impact from deposits (+€52 m Q/Q). Pressure on NII also came from a mix effect due to increased government guaranteed loans in Italy. Lower loan volumes due to repayments of revolving credit facilities by CIB customers and lower base rates in CEE negatively impacted NII as well. The latter was more than compensated by successful commercial actions on deposits in CEE. The quarter also saw a maiden contribution from TLTRO3 of +€18 m[14]. As a reminder, the Group has recognised the positive impact in a conservative manner, assuming reinvestment at the ECB deposit facility rate and amortising the amount over the three-year maturity. Assuming 3-month Euribor remains at current levels, in 4Q20 net interest income is expected to be broadly in-line with 3Q20. The guidance of €9.5 bn for FY21 is confirmed.

Fees and commission were up 6.4 per cent Q/Q (-6.4 per cent Y/Y) driven by a rebound in client activity, in particular strong performance of investment fees and transactional fees:

– **Investment fees** were €546 m, up 12.0 per cent Q/Q driven by strong commercial activity. This was visible in gross sales volumes, in particular AuM in Commercial Banking Italy (supported by client shift from AuC products) and Commercial Banking Germany;

[12] Net contribution from hedging strategy of non-maturity deposits in 3Q20 at €354.0 m, +12.0 m Q/Q and +0.9 m Y/Y.
[13] Other includes: margin from impaired loans, time value, days effect, FX effect, one-offs and other minor items.
[14] Managerial calculation. The €18 m quarterly positive impact is calculated applying a 17 bps spread (i.e. the difference between the cost of a 3Y borrow assuming CNL target achievement and reinvestment at the ECB deposit facility rate) to the +€43.6 bn incremental take-up of TLTRO3 with respect to the previous TLTRO2 take-up, for details please see the press release of 18 Jun 20 "UniCredit: takes €94.3 billion in ECB TLTRO3 auction".

- **Financing fees** totalled €371 m, down 7.7 per cent Q/Q mainly due to lower Debt Capital Markets activity and lower customer demand for loans in CIB;
- **Transactional fees** amounted to €552 m, up 12.4 per cent Q/Q mainly thanks to higher card volumes and payments in Commercial Banking Italy and CEE.

The €6.4 bn fees guidance for FY21 is confirmed.

Trading income was up 27.7 per cent Q/Q, thanks to a significant increase in XVA[6] (+€268 m Q/Q). Trading income ex-XVA normalised in line with quarterly guidance of around €350 m on average and was down 32.9 per cent Q/Q mainly due Equities & Commodities (less certificates) and seasonally lower contribution from Fixed Income & Currencies. The trading income guidance of €1.4 bn for FY21 is confirmed.

Dividends and other income[15] were down 30.3 per cent Y/Y due to the progressive reduction of the non-strategic stake in Yapi Kredi (-€40 m Y/Y) and the disposal of the stake in Mediobanca (-€17 m Y/Y).

Operating costs were down 1.5 per cent Y/Y and 1.4 per cent Q/Q as strict cost discipline is maintained:

- **HR costs** totalled €1.5 bn in 3Q20, down 2.9 per cent Y/Y mainly thanks to lower group FTEs (-1.2 per cent Y/Y) and lower variable accruals;
- **Non HR costs**[16] were €0.9 bn in 3Q20, up 0.7 per cent Y/Y (-1.2 per cent Y/Y net of Covid-19 related expenses) primarily due to higher IT investment and real estate, partially offset by depreciation.

For FY20 and for FY21, the guidance of flat costs relatively to FY19 is confirmed.

Group **FTEs** stood at 83,621 at the end of 3Q20 flat Q/Q. **Branch** numbers decreased by 65 Q/Q to 3,574 as at the end of 3Q20 (comprising 2,726 in Western Europe and 848 in CEE). Team 23 target reductions of around 8,000 FTEs and closure of around 500 branches are well on track, also thanks to the agreement with the Italian trade unions for the implementation of Team 23 already signed with restructuring provisions in or before 1Q20.[10]
Cost/Income ratio was 55.3 per cent in 3Q20 (-3.3 p.p. Q/Q, +3.3 p.p. Y/Y) and 56.9 per cent in 9M20 (+4.0 p.p. 9M/9M).

Systemic charges in the quarter increased by 36.4 per cent Y/Y, mainly due to additional contribution to the Deposit Guarantee Scheme in 3Q20 for two single names in Austria and Italy. As a result, the FY20 guidance for systemic charges has been revised from €0.9 bn to €0.95 bn.

LLPs[17] totalled €741 m in 3Q20 (-21.0 per cent Q/Q) of which €431 m were specific LLPs[18] reflecting continued moratoria in Italy (SME loans having been extended into January next year) and beginning of expirations of moratoria in CEE and €305 m were overlays on LLPs[19], while regulatory headwinds were €4 m in the quarter.

Proactive risk management is an integral part of the Group's DNA. **Specific Cost of Risk[18]** was down 7 bps 9M/9M at 33 bps in 9M20. The FY20 stated Group CoR guidance at 100-120 bps is confirmed thanks to the anticipation of future impacts[4] and seasonality in 4Q20 including 40-50 bps of specific LLPs, 50-60 bps of overlays and 10

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[15] Include dividends and equity investments. Yapi is valued by the equity method (at 32 per cent stake for Jan 20 and at 20 per cent thereafter) and contributes to the dividend line of the Group P&L based on managerial view.
[16] Non HR costs include "other administrative expenses", "recovery of expenses" and "amortisation, depreciation and impairment losses on intangible and tangible assets".
[17] The split of LLPs and Cost of Risk between the overlay and specific parts has been calculated applying the sum of quarterly LLPs data coherently with the quarterly staging dynamic.
[18] Specific LLPs: analytical and statistical LLPs related to non performing portfolio (stage 3). Specific CoR deriving from provisions on the non performing portfolio (stage 3).
[19] Includes IFRS9 macro, sector based provisioning, pro-active staging and coverage increases. All LLPs are related to performing portfolios (stage 1 and 2).

bps of regulatory headwinds. As a result, 4Q20 stated CoR is expected to be higher Q/Q. FY21 stated Group CoR guidance is also confirmed at the bottom end of the 70-90 bps range with underlying CoR[5] confirmed close to 60 bps.

Profitability was underpinned by business and geographical diversification with positive contributions from all business divisions in the quarter, with standout contributions from CIB and CEE. As a result, **underlying net profit[20]** was €692 m in 3Q20 or €1,060 m in 9M20. **Underlying RoTE for the Group[8]** was up 1.3 p.p. Q/Q to 5.4 per cent in 3Q20. FY20 underlying net profit guidance above €0.8 bn is confirmed as commercial dynamics resumed in 3Q20 and strict cost discipline endures. Likewise, FY21 underlying net profit of €3 bn to €3.5 bn is also confirmed.

BALANCE SHEET

Average gross commercial performing loans[21,22] were €400.0 bn[23] at the end of Sep 20 (-2.2 per cent Q/Q, -0.8 per cent Y/Y). The main contributors were Commercial Banking Italy (€130.6 bn), Commercial Banking Germany (€87.1 bn) and CIB (€76.5 bn).

Group average commercial deposits[24,25] increased to €427.3 bn[23] at the end of Sep 20 (+3.3 per cent Q/Q, +5.9 per cent Y/Y). The main contributors were Commercial Banking Italy (€162.3 bn), Commercial Banking Germany (€95.9 bn) and CEE (€70.6 bn).

Gross customer performing loan rates[26] were down 9 bps Q/Q at 2.13 per cent[23] in 3Q20 and down 35 bps Y/Y.

Total Financial Assets (TFA)[27] increased by 2.4 per cent Q/Q, reaching €717 bn as of 30 Sep 20:

- **Assets under management (AuM)** reached €196 bn, up 2.3 per cent Q/Q, thanks to positive AuM sales (+€0.9 bn in 3Q20) and a strong market performance (+€3.6 bn in 3Q20);
- **Assets under custody (AuC)** increased by 2.1 per cent Q/Q to €136 bn in 3Q20. This development was driven by strong market performance (+€4.4 bn in 3Q20), partially offset by net sales (-€1.4 bn in 3Q20);
- **Deposits** were up 2.6 per cent Q/Q and amounted to €385 bn mainly driven by Italy and Germany.

[20] Underlying net profit normalised for integration costs in Italy (-€1,272 m in 1Q20), additional real estate disposals (+€296 m in 1Q20), Yapi deconsolidation (-€1,576 m in 1Q20), regulatory headwinds impact on CoR (-€3 m in 1Q20, -€4 m in 2Q20 and -€3 m in 3Q20), revaluation of real estate (+€9 m in 1Q20, -€7 m in 2Q20 and -€5 m in 3Q20) and Non Core rundown (-€98 m in 2Q20 and -€4 m in 3Q20).
[21] Average gross commercial performing loans excluding repos are managerial figures and are calculated as daily averages.
[22] End of period accounting volumes calculated excluding repos and, for divisions, excluding also intercompany items. Customer loans including repos amounted to €466.8 bn as of 30 Sep 20 (-2.6 per cent Q/Q, -3.0 per cent Y/Y).
[23] Includes Group Corporate Centre and Non Core.
[24] Average commercial deposits excluding repos are managerial figures and are calculated as daily averages. Deposits net of Group Bonds are placed by the network.
[25] End of period accounting volumes calculated excluding repos and, for divisions, also excluding intercompany items. EoP customer deposits including repos amounted to €474.8 bn as of 30 Sep 20 (+1.4 per cent Q/Q, +4.2 per cent Y/Y).
[26] Gross customer performing loan rates calculated assuming 365 days convention, adjusted for 360 days convention where analytically available, and based on average gross balances.
[27] Refers to Group commercial Total Financial Assets. Non-commercial elements, i.e. CIB, Group Corporate Centre, Non Core and Leasing/Factoring are excluded. Numbers are managerial figures.

Asset Quality

(€ million)	Bad exposures	Unlikely to pay	Non performing past-due	**Total non performing**	Perfoming	**Total Loans**
As at 30 September 2020*						
Gross exposure	10,024	11,806	874	**22,704**	461,791	**484,495**
as a percentage of total loans	*2.1%*	*2.4%*	*0.2%*	***4.7%***	*95.3%*	
Writedowns	7,481	6,119	314	**13,913**	3,806	**17,719**
as a percentage of gross value	*74.6%*	*51.8%*	*35.9%*	***61.3%***	*0.8%*	
Carrying value	2,543	5,687	561	**8,792**	457,985	**466,776**
as a percentage of total loans	*0.5%*	*1.2%*	*0.1%*	***1.9%***	*98.1%*	
As at 31 December 2019*						
Gross exposure	12,491	11,934	870	**25,295**	476,333	**501,628**
as a percentage of total loans	*2.5%*	*2.4%*	*0.2%*	***5.0%***	*95.0%*	
Writedowns	9,535	6,675	293	**16,503**	2,552	**19,055**
as a percentage of gross value	*76.3%*	*55.9%*	*33.7%*	***65.2%***	*0.5%*	
Carrying value	2,956	5,259	577	**8,792**	473,782	**482,574**
as a percentage of total loans	*0.6%*	*1.1%*	*0.1%*	***1.8%***	*98.2%*	

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

Group gross NPEs were down by 21.0 per cent Y/Y and 4.1 per cent Q/Q to €22.7 bn in 3Q20 with an improved gross NPE ratio of 4.7 per cent (-0.1 p.p. Q/Q, -1.1 p.p. Y/Y), while the net NPE ratio stood at 1.9 per cent (flat Q/Q, -0.5 p.p. Y/Y). The coverage ratio was down 1.4 p.p. Q/Q at 61.3 per cent (+0.3 p.p. Y/Y).

Group gross bad loans amounted to €10.0 bn in 3Q20 (-6.9 per cent Q/Q, -31.0 per cent Y/Y) with a coverage ratio of 74.6 per cent (-0.6 p.p. Q/Q, +2.4 p.p. Y/Y). **Group gross unlikely to pay** decreased to €11.8 bn (-1.3 per cent Q/Q, -11.4 per cent Y/Y), with a coverage ratio of 51.8 per cent (-1.8 p.p. Q/Q, +1.2 p.p. Y/Y). **Group past due loans** were €0.9 bn (-7.8 per cent Q/Q, -2.6 per cent Y/Y) with a coverage ratio of 35.9 per cent (-0.1 p.p. Q/Q, +3.6 p.p. Y/Y).

The **Group gross NPEs** excluding Non Core[28], slightly increased to €16.8 bn in 3Q20 (+0.8 per cent Q/Q, -4.0 per cent Y/Y). The gross NPE ratio was at 3.5 per cent (+0.1 p.p. Q/Q, -0.1 p.p. Y/Y). Using the EBA's definition, the NPE ratio of the Group excluding Non Core remains at 2.7 per cent, below the weighted average of other European banks at 2.9 per cent[3]. The coverage ratio decreased to 56.1 per cent (-0.8 p.p. Q/Q, -1.8 p.p. Y/Y) driven by disposals of bad loans, the increase in unlikely to pay loans from precautionary classifications, leading to a different mix effect, and the classification of a single name government guaranteed loan with lower expected coverage.

Group gross bad loans, excluding Non Core, were down to €6.3 bn (-4.1 per cent Q/Q, -22.0 per cent Y/Y) with a coverage ratio of 70.4 per cent (-0.5 p.p. Q/Q, -0.3 p.p. Y/Y). **Gross unlikely to pay** amounted to €9.6 bn (+5.1 per cent Q/Q, +12.7 per cent Y/Y) with a coverage ratio of 48.5 per cent (-0.4 p.p. Q/Q, +0.2 p.p. Y/Y).

The Non Core rundown is on track thanks to a continued proactive approach, driven by successful disposals of which €2.0 bn were done in 9M20. Gross loans decreased to €5.9 bn (-€1.1 bn Q/Q, -€5.3 bn Y/Y). The improvement Q/Q in the Non Core gross NPEs was mainly driven by: i) disposals of €0.9 bn, ii) write-offs of €0.1 bn and iii) recoveries and repayments of €0.1 bn. Net NPEs fell to €1.4 bn (-€0.2 bn Q/Q, -€2.4 bn Y/Y) with a

[28] Gross non performing exposure end-of-period including gross bad loans, gross unlikely to pay and gross past due. Gross past due at €864 m in 3Q20 (-7.7 per cent Q/Q and -1.3 per cent Y/Y).

coverage ratio of 76.2 per cent (-0.5 p.p. Q/Q, +10.3 p.p. Y/Y). The FY20 gross NPEs target of below €4.3 bn and full runoff in FY21 is confirmed.

CAPITAL & FUNDING

The Group 3Q20 **CET1 ratio** fully loaded was up 56 bps Q/Q to 14.41 per cent, mainly driven by +59 bps from RWA dynamics[29], +20 bps from underlying net profit[7] and +3 bps from other items. This was partly offset by -8 bps AT1/CASHES coupon/dividend accrual[30] and -18 bps FVOCI[31], FX[32], DBO[33].

In 3Q20 **the fully loaded CET1 MDA buffer** stood at 538 bps[34] (+58 bps Q/Q) thanks to the underlying net profit and lower RWAs mainly from business evolution. Team 23 capital distribution policy of 50 per cent ordinary payout and commitment to gradually return excess capital is confirmed. The CET1 MDA buffer target remains 200-250 bps, while the actual CET1 MDA buffer level is expected to remain well above 300 bps for FY20 and FY21. UniCredit remains committed to gradually returning excess capital to shareholders based on the sustained excess capital over the target MDA buffer, once the regulators will allow it.

In 3Q20, the **transitional capital ratios**[35,36] were: **CET1** 15.15 per cent, **Tier 1** 17.33 per cent and **total capital** 19.86 per cent. All ratios are confirmed to be well above capital requirements[37].
RWAs[38] totalled €336.4 bn in 3Q20, down €14.3 bn since Jun 20. In particular, Credit RWAs decreased by €10.9 bn and amounted to €291.3 bn. The main drivers were: -€12.8 bn from business evolution, of which -€4.2 bn from new state guarantees and +€3.3 bn from regulation. Market RWAs were down €3.0 bn Q/Q to €12.6 bn due to the shift of XVA hedging to the banking book. Operational RWAs were down €0.4 bn Q/Q to €32.5 bn.

The **fully loaded leverage ratio** was 5.20 per cent, while the **transitional leverage ratio stood at** 5.67 per cent in 3Q20.

UniCredit SpA has successfully completed its 2020 TLAC funding plan and pre-funded c. €2.1 bn of its 2021 TLAC funding plan through two Senior Non Preferred issuances. UniCredit has issued €1.25 bn 7NC6 Senior Non-Preferred on 15 Jul 20 and $1 bn 6NC5 Senior Non-Preferred on 15 Sep 20 as pre-funding for 2021 TLAC needs.

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[29] Of which regulation, models and procyclicality -14 bps.
[30] Payment of coupon on AT1 instruments (-€34 m pre tax in 3Q20, -€452 m pre tax expected for FY20) and CASHES (€31 m pre and post tax in 3Q20, €122 m expected for FY20). Dividends accrued based on 30 per cent of 3Q20 underlying net profit.
[31] In 3Q20 CET1 ratio impact from FVOCI +4 bps, o/w +5 bps due to BTP. BTP sensitivity: +10 bps parallel shift of BTP asset swap spreads has a -2.1 bps pre and -1.6 bps post tax impact on the fully loaded CET1 ratio as at 30 Sep 20.
[32] RUB sensitivity: 10 per cent depreciation of the RUB has -3.2 bps net impact on the fully loaded CET1 ratio. Managerial data as at 30 Sep 20.
[33] DBO sensitivity: 10 bps decrease in discount rate has a -4.2 bps pre and -3.3 bps post tax impact on the fully loaded CET1 ratio as at 30 Sep 20.
[34] MDA buffer is regulatory relevant only versus the CET1 ratio Transitional, at 612 bps; CET1 MDA requirements decreased from 9.04 per cent in 2Q20 to 9.03 per cent in 3Q20 thanks to CCyB..
[35] CET1 capital, Tier 1 and Tier 2 capital are subject to transitional adjustments. Specifically, from 2Q20 CET1 capital ratio (and as a consequence also Tier 1 and Total Capital ratios) benefits from the application of the transitional arrangements foreseen by the regulation for IFRS9 provisions adopted by the Group in the quarter. As of 2Q2020 this is the only difference between CET1 ratio transitional and CET1 ratio Fully Loaded. In addition to this, transitional adjustments are still applicable with reference to the 20 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.
[36] CET1 ratio fully loaded at 14.41 per cent and MDA buffer at 538 bps.
[37] Capital requirements and buffers for UniCredit Group as of 30 Sep 20 (rounded figures): 9.03 per cent CET1 ratio computed as 4.50 per cent CET1 Pillar 1 minimum + 0.98 per cent Pillar 2 requirements (as 56.25 per cent of P2R binding in 2020: 1.75 per cent)+ 3.54 per cent combined capital buffer, including CRD5 art. 104a; 10.85 per cent Tier1 (T1) ratio computed as 6.00 per cent T1 Pillar 1 minimum + 1.31 per cent Pillar 2 requirements + 3.54 per cent combined capital buffer, including CRD5 art. 104a; 13.29 per cent Total Capital (TC) ratio computed as 8.00 per cent TC Pillar 1 minimum + 1.75 per cent Pillar 2 requirement + 3.54 per cent combined buffer requirement, including CRD5 art.104a.
[38] Business evolution: changes related to customer driven activities (mainly loans. Including guaranteed loans). Regulation includes: regulatory changes (eg. CRR or CRD) determining variations of RWA; Procyclicality: change in macroeconomy or client's credit worthiness; Models: methodological changes to existing or new models. Business actions: initiatives to decrease RWA (e.g. securitisations, collateral related actions). FX effect: impact from exposures in foreign currencies. Other credit includes extraordinary/non-recurring disposals.

UniCredit is **fully compliant with the TLAC requirement** of greater than 19.5 per cent[39] with a 3Q20 TLAC transitional ratio of 26.02 per cent[39] and a TLAC MDA transitional buffer of 648 bps[39], well above the upper end of the target range of 50-100 bps.

[39] 3Q20 TLAC transitional ratio 26.02 per cent (o/w 23.52 per cent TLAC subordination ratio and 2.5 per cent senior preferred exemption) and MDA buffer of 648 bps. Fully loaded requirement of 21.54 per cent (assuming combined capital buffer as of 3Q20) with 3.5 per cent senior exemption.

DIVISIONAL HIGHLIGHTS[40]

COMMERCIAL BANKING ITALY

(€ million)	3Q19	2Q20	3Q20	Q/Q	Y/Y	9M19	9M20	9M/9M
Total revenues	1,742	1,545	1,565	+1.4%	-10.2%	5,305	4,812	-9.3%
o/w net interest	822	755	680	-9.8%	-17.2%	2,496	2,215	-11.3%
o/w fees	894	775	833	+7.5%	-6.8%	2,723	2,525	-7.3%
Operating costs	-944	-926	-918	-0.8%	-2.7%	-2,849	-2,774	-2.6%
Gross operating profit	798	619	647	+4.5%	-18.9%	2,456	2,037	-17.0%
Net operating profit	550	173	198	+14.6%	-64.0%	1,685	493	-70.8%
Stated net profit	323	108	97	-9.8%	-69.9%	940	-514	n.m.
Underlying net Profit	323	107	97	-9.6%	-69.9%	1,058	228	-78.5%
Stated RoAC	10.3%	3.8%	3.6%	-0.2 p.p.	-6.8 p.p.	10.5%	-6.1%	-16.6 p.p.
Underlying RoAC	10.3%	3.8%	3.6%	-0.2 p.p.	-6.8 p.p.	11.8%	2.7%	-9.1 p.p.
Cost/income ratio	54.2%	59.9%	58.7%	-1.3 p.p.	+4.5 p.p.	53.7%	57.7%	+4.0 p.p.
Cost of risk (bps)	73	134	135	+1	+62	+75	154	+79

Revenues were €1.6 bn in 3Q20, up 1.4 per cent Q/Q driven by strong fees performance.

NII was down 9.8 per cent Q/Q due to Euribor impact and overall customer rates reduction due to guaranteed business, including the substitution effect with conversion from overdraft and short term products.

Fees were up 7.5 per cent Q/Q sustained by the recovery in transactional fees (+14.6 per cent Q/Q) and by AUM upfront fees rebounding +72.8 per cent Q/Q reflecting robust AuM gross sales as client activities shifted from AuC products.

Costs were down 2.7 per cent Y/Y mainly thanks to lower FTEs (-743 Y/Y) with variable cost reduction fully offsetting the renewal of the national labour contract.

LLPs were up 80.6 per cent Y/Y due to overlay provisioning. FY20 stated CoR guidance is confirmed at 200-240 bps.

Other Charges & Provisions were impacted by yearly booking of the deposit guarantee scheme in 3Q20.

Underlying net profit[41] stood at €97 m in 3Q20 with an **underlying RoAC**[41] of 2.7 per cent in 9M20.

[40] Please consider that (i) all divisional figures in "Divisional 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 12.25 per cent as for plan horizon, including deductions for shortfall and securitisations.

[41] Normalised for other one-offs (-€118 m) in 2Q19 and integration costs in Italy (-€742 m) in 1Q20.

COMMERCIAL BANKING GERMANY

(€ million)	3Q19	2Q20	3Q20	Q/Q	Y/Y	9M19	9M20	9M/9M
Total revenues	574	584	565	-3.1%	-1.5%	1,759	1,770	+0.7%
o/w net interest	379	380	364	-4.3%	-3.8%	1,146	1,164	+1.7%
o/w fees	178	169	177	+4.9%	-0.5%	538	543	+0.9%
Operating costs	-397	-411	-401	-2.4%	+1.0%	-1,210	-1,237	+2.2%
Gross operating profit	176	172	164	-5.0%	-7.1%	549	534	-2.7%
Net operating profit	149	100	113	+12.8%	-24.1%	496	258	-47.9%
Stated net profit	165	86	50	-42.0%	-69.8%	462	151	-67.2%
Underlying net Profit	86	91	54	-40.8%	-37.2%	353	164	-53.4%
Stated RoAC	14.2%	7.3%	4.2%	-3.1 p.p.	-10.1 p.p.	13.3%	4.2%	-9.1 p.p.
Underlying RoAC	7.4%	7.8%	4.6%	-3.3 p.p.	-2.9 p.p.	10.2%	4.6%	-5.5 p.p.
Cost/income ratio	69.3%	70.4%	71.0%	+0.6 p.p.	+1.7 p.p.	68.8%	69.8%	+1.0 p.p.
Cost of risk (bps)	12	32	23	-10	+10	8	41	+33

Revenues were close to last year's level (-1.5 per cent Y/Y) thanks to the rebound in fees.

NII was down 4.3 per cent Q/Q due to the rates effect on loans and replicating portfolio development partially offset by deposits volume increase.

Fees were down 0.5 per cent Y/Y, supported by financing (+7.0 per cent Y/Y) and transactional fees (+7.9 per cent Y/Y) which partly offset lower investment fees (-9.4 per cent Y/Y).

Costs were up 1.0 per cent Y/Y due to higher pension scheme costs and wage drift. Covid-19 related additional expenses were partly offset by lower variable expenses.

In 3Q20, **LLPs** were down Q/Q to -€51 m reflecting conservative approach to risk, with 9M20 stated CoR at 41 bps. FY20 stated CoR guidance is confirmed at 40-60 bps.

Other Charges and Provisions were impacted by a one-off in 3Q20.

Underlying net profit[42] amounted to €54 m in 3Q20 with an **underlying RoAC**[42] of 4.6 per cent in 3Q20.

[42] Normalised for the impact of REV (+€24 m) in 1Q19, (+€6 m) in 2Q19 and (+€79 m) in 3Q19, regulatory headwinds impact on CoR (-€3 m) in 1Q20, (-€5 m) in 2Q20 and (-€3 m) in 3Q20, real estate valuation (-€1 m) in 2Q20 and (-€1 m) in 3Q20.

Commercial Banking Austria

(€ million)	3Q19	2Q20	3Q20	Q/Q	Y/Y	9M19	9M20	9M/9M
Total revenues	390	303	358	*+18.2%*	*-8.1%*	1,131	1,003	*-11.3%*
o/w net interest	177	156	152	*-2.5%*	*-14.2%*	517	463	*-10.5%*
o/w fees	147	127	142	*+11.7%*	*-3.3%*	440	429	*-2.4%*
Operating costs	-242	-242	-242	*-0.2%*	*-0.1%*	-721	-737	*+2.1%*
Gross operating profit	147	61	116	*+91.8%*	*-21.2%*	409	267	*-34.8%*
Net operating profit	128	61	96	*+57.3%*	*-24.9%*	400	162	*-59.4%*
Stated net profit	117	3	76	*n.m.*	*-35.2%*	341	21	*-93.9%*
Underlying net Profit	117	-2	77	*n.m.*	*-34.2%*	348	16	*-95.5%*
Stated RoAC	16.4%	0.0%	10.5%	*+10.5 p.p.*	*-5.8 p.p.*	16.0%	0.7%	*-15.3 p.p.*
Underlying RoAC	16.4%	-0.7%	10.7%	*+11.4 p.p.*	*-5.6 p.p.*	16.3%	0.4%	*-15.8 p.p.*
Cost/income ratio	62.2%	80.0%	67.6%	*-12.4 p.p.*	*+5.4 p.p.*	63.8%	73.4%	*+9.6 p.p.*
Cost of risk (bps)	17	-1	18	*+18*	*+1*	3	31	*+28*

NII was down 2.5 per cent Q/Q due to loan volume evolution partially compensated by positive TLTRO3 effect.

Fees were up 11.7 per cent Q/Q thanks to investment services (+17.7 per cent Q/Q) and transactional fees (+5.9 per cent Q/Q) mainly in the cards business.

Operating costs were slightly down 0.1 per cent Y/Y with better HR costs as a result of lower FTEs offsetting higher IT expenses.

LLPs were up 3.3 per cent Y/Y at -€20 m with 9M20 stated CoR at 31 bps. FY20 stated CoR guidance is confirmed at 50-60 bps.

Other Charges & Provisions impacted by a one-off in 3Q20.

Stated net profit stood at €76 m in 3Q20 also thanks to the rebound of dividends Q/Q thanks to the recovery of the contribution from 3Banken. **Underlying net profit**[43] amounted to €77 m in 3Q20 resulting in an **underlying RoAC**[43] of 10.7 per cent in 3Q20.

[43] Normalised for the impact of REV (+€1 m) in 1Q19 and (-€7 m) in 2Q19, real estate valuation (+€2 m) in 1Q20, (+€5 m) in 2Q20 and (-€1 m) in 3Q20.

CEE

(€ million)	3Q19	2Q20	3Q20	Q/Q	Y/Y	9M19	9M20	9M/9M
Total revenues	983	850	823	*-2.0%*	*-11.5%*	2,974	2,632	*-8.7%*
o/w net interest	664	559	565	*+2.4%*	*-10.1%*	1,949	1,755	*-7.1%*
o/w fees	211	173	173	*+1.0%*	*-14.0%*	616	534	*-10.8%*
Operating costs	-378	-372	-365	*-0.7%*	*+1.3%*	-1,128	-1,118	*+2.0%*
Gross operating profit	605	478	458	*-3.0%*	*-19.6%*	1,846	1,514	*-15.2%*
Net operating profit	490	279	293	*+4.7%*	*-36.9%*	1,545	853	*-42.9%*
Stated net profit	367	218	226	*+3.4%*	*-35.2%*	1,094	559	*-47.0%*
Underlying net Profit	368	220	226	*+2.4%*	*-38.7%*	1,094	569	*-47.9%*
Stated RoAC	17.4%	10.7%	10.6%	*-0.1 p.p.*	*-6.8 p.p.*	17.5%	8.6%	*-9.0 p.p.*
Underlying RoAC	17.4%	10.8%	10.6%	*-0.3 p.p.*	*-6.9 p.p.*	17.5%	8.8%	*-8.8 p.p.*
Cost/income ratio	38.5%	43.8%	44.3%	*+0.6 p.p.*	*+5.9 p.p.*	37.9%	42.5%	*+4.6 p.p.*
Cost of risk (bps)	68	121	103	*-17*	*+35*	60	134	*+74*

Note: Stated numbers at current FX. Variations Q/Q and Y/Y at constant FX (underlying net profit, 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. Revenues excludes dividends from Yapi which as of 1Q20 are no longer reported in CEE and now reported in Group Corporate Centre

In 3Q20 **NII** was up 2.4 per cent Q/Q at constant FX supported by the repricing action on customer deposits rates in the quarter and non-commercial NII which more than offset the drop in loans rates due to base rates cuts.

Fees were down 14.0 per cent Y/Y at constant FX due to transactional fees (-11.2 per cent Y/Y), impacted by implementation of EU cross-border payment regulation from Dec 19 and lower turnover in payments and cards, and financing fees (-20.4 per cent Y/Y).

Operating costs were up 1.3 per cent Y/Y at constant FX (+0.5 per cent Y/Y net of Covid-19 related costs) well below inflation of +2.3 per cent and driven by Non HR costs partially offset by better HR costs (-3.4 per cent Y/Y at constant FX).

LLPs were -€165 m in 3Q20 reflecting conservative approach to risk with 9M20 stated CoR at 134 bps. FY20 stated cost of risk guidance is confirmed at 140-160 bps.

CEE remains a major **contributor** to the Group's bottom line, generating a **stated net profit of €226 m in 3Q20**, up 3.4 per cent Q/Q at constant FX. **Underlying net profit**[44] amounted to €226 m in 3Q20 and was up 2.4 per cent Q/Q, driven by lower LLPs and cost discipline. The **underlying RoAC**[44] was 8.8 per cent in 9M20.

[44] Normalised for the impact of REV (+€1 m) in 1Q19, (+€1 m) in 2Q19 and (-€1 m) in 3Q19, integration costs in Italy (-€11 m) and revaluation of real estate (+€3 m) in 1Q20, regulatory headwinds Impact on CoR (+€1 m) and revaluation of real estate (-€3 m) in 2Q20.

CIB

(€ million)	3Q19	2Q20	3Q20	Q/Q	Y/Y	9M19	9M20	9M/9M
Total revenues	1,015	974	1,072	+10.1%	+5.7%	2,941	2,855	-2.9%
o/w net interest	573	619	608	-1.9%	+6.1%	1,666	1,810	+8.6%
o/w fees	150	136	137	+0.6%	-8.7%	392	445	+13.5%
o/w trading	265	205	322	+56.9%	+21.7%	817	586	-28.3%
Operating costs	-366	-364	-373	+2.4%	+2.0%	-1,143	-1,136	-0.6%
Gross operating profit	649	610	699	+14.7%	+7.8%	1,797	1,719	-4.4%
Net operating profit	643	367	618	+68.3%	-3.9%	1,641	1,238	-24.6%
Stated net profit/loss	433	210	394	+87.4%	-8.9%	1,044	582	-44.2%
Underlying net Profit	433	210	394	87.2%	-9.0%	1,222	601	-50.8%
Stated RoAC	15.2%	7.5%	14.7%	+7.2 p.p.	-0.5 p.p.	12.6%	7.1%	-5.5 p.p.
Underlying RoAC	15.2%	7.5%	14.7%	+7.2 p.p.	-0.5 p.p.	14.7%	7.3%	-7.4 p.p.
Cost/income ratio	36.0%	37.4%	34.8%	-2.6 p.p.	-1.3 p.p.	38.9%	39.8%	+0.9 p.p.
Cost of risk (bps)	2	64	23	-41	+21	16	43	+27

Revenues were €1.1 bn in 3Q20, up 10.1 per cent Q/Q and were supported by the XVA[6] reversal.

NII was down 1.9 per cent Q/Q in 3Q20 driven by repayment of credit facilities and lower income from liquidity management Q/Q**.**

Fees were down 8.7 per cent Y/Y due to lower trade and transactional flows reflecting Covid-19 which were partially offset by positive Debt Capital Markets operations.

Trading income excluding XVA[6] was down 2.7 per cent Y/Y due to lower result on equity and commodities from lower certificate sales. The quarterly result was characterised by solid customer business in Fixed Income & Currency and good treasury performance. Including positive XVA releases, **trading income** was up 21.7 per cent Y/Y in the quarter.

Operating costs were up 2.0 per cent Y/Y mainly due to IT expenses.

LLPs were down to -€81 m in 3Q20 with stated CoR at 23 bps, reflecting provisioning on single names. FY20 stated cost of risk guidance is confirmed at 30-50 bps.

Underlying net profit[45] stood at €394 m in 3Q20, with no one-offs in the quarter. The **underlying RoAC**[45] was at 7.3 per cent in 9M20.

[45] Normalised for the impact of Ocean Breeze (-€178 m) in 2Q19 and integration costs in Italy (-€19 m) in 1Q20.

GROUP CORPORATE CENTRE (GCC)

(€ million)	3Q19	2Q20	3Q20	Q/Q	Y/Y	9M19	9M20	9M/9M
Total revenues	6	-66	-31	-53.2%	n.m.	-109	-145	+32.7%
Operating costs	-73	-97	-78	-19.6%	7.4%	-222	-251	+12.8%
Gross operating profit	-67	-164	-109	-33.2%	+62.4%	-331	-395	+19.4%
Stated net profit/loss	-44	-125	-197	+57.2%	n.m.	906	-2,358	n.m.
Underlying net profit/loss	-46	-117	-194	+66.0%	n.m.	-259	-582	n.m.
FTE	14,042	14,012	14,084	+0.5%	+0.3%	14,042	14,084	+0.3%
Costs GCC/total costs	3.0%	4.0%	3.3%	-0.7 p.p.	+0.3 p.p.	3.0%	3.4%	+0.4 p.p.

Revenues[46] improved by €35 m Q/Q as negative extraordinary effects in 2Q20 offset lower trading contribution.

Costs were down 19.6 per cent Q/Q mainly thanks to lower Non HR Covid-19 related expenses.

Net income from Investments amounted to -€134 m in 3Q20 and included -€126 m from the Yapi Kredi stake valuation adjustment in 3Q20[47].

Systemic charges were up Q/Q impacted by a one-off in Italy.

The **underlying net loss**[48] increased by 66.0 per cent Q/Q to €194 m in 3Q20.

[46] Revenues include dividends from Yapi which are no longer reported in CEE and now reported in Group Corporate Centre.
[47] Yapi included in Group Corporate Centre as a financial investment since 1Q20.
[48] Normalised for the impact of real estate valuation (+€21 m) in 1Q19 and (+€2 m) in 3Q19, Fineco disposal and other related effects (+€1,176 m), other one-offs (-€33 m) and impact of real estate valuation (-€1 m) in 2Q19, Yapi deconsolidation (-€1,576 m), Integration costs in Italy (-€489 m) and additional real estate disposals (+€296 m) in 1Q20, real estate valuation (+€4 m) in 1Q20, (-€8 m) in 2Q20 and (-€3 m) in 3Q20.

Non Core

(€ million)	3Q19	2Q20	3Q20	Q/Q	Y/Y	9M19	9M20	9M/9M
Total revenues	-6	-19	1	*n.m.*	*n.m.*	-12	-26	*n.m.*
Operating costs	-46	-32	-32	*+0.1%*	*-31.2%*	-130	-94	*-27.8%*
Gross operating profit	-52	-50	-31	*-38.7%*	*-40.6%*	-142	-120	*-15.6%*
LLP	-147	12	31	*n.m.*	*n.m.*	-444	120	*n.m.*
Stated net profit/loss	-180	-80	34	*n.m.*	*n.m.*	-579	-48	*-91.6%*
Undelying net profit/loss	-180	17	38	*n.m.*	*n.m.*	-557	63	*n.m.*
Gross customer loans	11,230	6,973	5,880	*-15.7%*	*-47.6%*	11,230	5,880	*-47.6%*
NPE coverage ratio	65.8%	76.7%	76.2%	*-0.5 p.p.*	*+10.3 p.p.*	*65.8%*	*76.2%*	*+10.3 p.p.*
Net NPEs	3,837	1,626	1,402	*-13.8%*	-63.5%	3,837	1,402	*-63.5%*
RWA	13,641	9,187	8,620	*-6.2%*	*-36.8%*	13,641	8,620	*-36.8%*

The Non Core rundown is on well track in 3Q20 thanks to our continued proactive approach. **Gross NPEs** stood at €5.9 bn in 3Q20, reduced by €1.1 bn Q/Q, mainly thanks to disposals. The guidance on the Non Core net profit given at CMD'19 is confirmed[49]. FY20 target of 'below 4.3 bn' gross NPEs and full run off in FY21 is confirmed.

In 3Q20, **operating costs** were down -31.2 per cent Y/Y thanks to lower credit recovery costs connected to lower NPE stock.

The **underlying net profit**[50] has improved to €38 m in 3Q20, mainly thanks to the income taxes benefit of +€35 m thanks to «Cura Italia decree».

[49] Non Core net loss from CMD'19: FY20 <-€130 m, FY21 <-€80 m.
[50] Normalised for other one-offs in Non Core (-€22 m) in 2Q19, integration costs in Italy (-€10 m) in 1Q20, Non Core accelerated rundown (-€98 m) in 2Q20 and revaluation of real estate (-€4 m) in 3Q20.

SIGNIFICANT EVENTS DURING AND AFTER 3Q20

With reference to the main events that occurred during 3Q20 and after 30 September 2020, 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 2020 as well as the press releases published on the UniCredit group website. Here below therefore, the main financial press releases published after 5 August 2020 (date of approval of Consolidated first half financial report as at 30 June 2020):

– "UniCredit announces the sale to Illimity of an Italian Small Medium Enterprise secured non-performing loans portfolio" (press release published on 21 October 2020);
– "Pier Carlo Padoan co-opted to the board of UniCredit as chairman designate" (press release published on 13 October 2020);
– "Notice to the Noteholders - EUR 1,000,000,000 FIXED RATE LOWER TIER II SUBORDINATED CALLABLE NOTES DUE 28 OCTOBER 2025- ISIN XS0986063864" (press release published on 2 October 2020);
– "UniCredit successfully issues callable Senior Non-Preferred benchmark bond for USD 1 billion" (press release published on 16 September 2020).

On 11 October 2020 the authorisation granted by the General Meeting in 2019 for the purposes of the shares buy-back aimed at the delisting from the Warsaw Stock Exchange lapsed. UniCredit confirms its intention to delist from Warsaw Stock Exchange, timing of the procedure will be defined also based on macro-economic and market conditions and a new request for authorisation will be presented at the General Meeting in the future.

OUTLOOK

The eurozone GDP is expected to contract 8.0 per cent this year, followed by growth of 5.0 per cent in 2021. The drop in economic activity in 2Q20 was followed by a strong rebound in the third quarter, driven by the strong momentum gained after the lifting of the lockdown. However, given rising cases of Covid-19, the recovery is likely to come to a halt in 4Q20. Fiscal policy is likely to remain supportive, while the European Central Bank will soon inject more stimulus, most probably at its December meeting.

GROUP TABLES

UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	3Q19	2Q20	3Q20	*Q/Q*	*Y/Y*	9M19	9M20	*9M/9M*
Net interest	2,520	2,393	2,303	*-3.8%*	*-8.6%*	7,564	7,190	*-4.9%*
Dividends and other income from equity investments	183	62	128	*n.m.*	*-30.3%*	504	291	*-42.2%*
Net fees and commissions	1,569	1,380	1,469	*+6.4%*	*-6.4%*	4,675	4,470	*-4.4%*
Net trading income	413	357	455	*+27.7%*	*+10.2%*	1,197	985	*-17.7%*
Net other expenses/income	17	(22)	(1)	*-94.9%*	*n.m.*	48	(35)	*n.m.*
OPERATING INCOME	**4,703**	**4,170**	**4,354**	***+4.4%***	***-7.4%***	**13,988**	**12,902**	***-7.8%***
Payroll costs	(1,522)	(1,492)	(1,479)	*-0.9%*	*-2.9%*	(4,597)	(4,512)	*-1.8%*
Other administrative expenses	(786)	(797)	(788)	*-1.0%*	*+0.3%*	(2,421)	(2,397)	*-1.0%*
Recovery of expenses	142	128	124	*-3.4%*	*-12.9%*	442	376	*-14.9%*
Amort. deprec. and imp. losses on intang. & tang. assets	(281)	(284)	(266)	*-6.2%*	*-5.1%*	(829)	(815)	*-1.8%*
OPERATING COSTS	**(2,447)**	**(2,444)**	**(2,410)**	***-1.4%***	***-1.5%***	**(7,404)**	**(7,347)**	***-0.8%***
OPERATING PROFIT (LOSS)	**2,256**	**1,726**	**1,945**	***+12.7%***	***-13.8%***	**6,584**	**5,555**	***-15.6%***
Net write-downs on loans and provisions for guarantees and commitments	(563)	(937)	(741)	*-21.0%*	*+31.6%*	(1,738)	(2,938)	*+69.1%*
NET OPERATING PROFIT (LOSS)	**1,694**	**788**	**1,204**	***+52.7%***	***-28.9%***	**4,846**	**2,617**	***-46.0%***
Other charges and provisions	(187)	(185)	(251)	*+35.3%*	*+33.8%*	(637)	(964)	*+51.2%*
- of which: systemic charges	*(148)*	*(166)*	*(201)*	*+21.4%*	*+36.4%*	*(804)*	*(905)*	*+12.6%*
Integration costs	(2)	(6)	(30)	*n.m.*	*n.m.*	(7)	(1,382)	*n.m.*
Net income from investments	41	(92)	(141)	*+53.0%*	*n.m.*	(179)	(1,495)	*n.m.*
PROFIT (LOSS) BEFORE TAX	**1,545**	**505**	**782**	***+54.9%***	***-49.4%***	**4,023**	**(1,224)**	***n.m.***
Income tax for the period	(338)	(73)	(97)	*+33.8%*	*-71.2%*	(1,008)	(310)	*-69.2%*
NET PROFIT (LOSS)	**1,207**	**432**	**685**	***+58.4%***	***-43.2%***	**3,015**	**(1,534)**	***n.m.***
Profit (Loss) from non-current assets held for sale, after tax	0	1	(0)	*n.m.*	*n.m.*	1,372	0	*-100.0%*
PROFIT (LOSS) FOR THE PERIOD	**1,207**	**433**	**685**	***+58.1%***	***-43.3%***	**4,387**	**(1,534)**	***n.m.***
Minorities	(26)	(6)	(5)	*-14.5%*	*-81.6%*	(114)	(15)	*-86.9%*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**1,181**	**428**	**680**	***+59.0%***	***-42.4%***	**4,273**	**(1,549)**	***n.m.***
Purchase Price Allocation effect	(1)	(0)	(0)	*+0.0%*	*-89.0%*	(65)	(50)	*-23.2%*
Goodwill impairment	-	(8)	-	*n.m.*	*n.m.*	-	(8)	*n.m.*
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**1,180**	**420**	**680**	***+62.1%***	***-42.4%***	**4,208**	**(1,606)**	***n.m.***

Note: Figures of Reclassified consolidated income statement of 2019 were restated, as indicated in year-end 2019 consolidated financial statements:
• with reference to first quarter, to reflect "loss of control" on FinecoBank S.p.A. following the completion on 8 May 2019 of the accelerated bookbuilding (ABB) of No.103.5 m ordinary shares of the company, settled on 10 May 2019;
• to reflect adoption of fair value model for the measurement of the Real Estate portfolio, with retrospective application from 1 January 2018 for held for investment assets (IAS40);
• 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".

Moreover, starting from June 2020, with reference 2019 quarters and first quarter 2020, interest income and expenses deriving from Trading Book instruments, excluded the economical hedging or funding banking book positions, have been classified to the item "Net trading income".

UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	3Q19	2Q20	3Q20	Q/Q	Y/Y
ASSETS					
Cash and cash balances	30,997	17,342	37,900	*n.m.*	*+22.3%*
Financial assets held for trading	74,871	67,236	73,165	*+8.8%*	*-2.3%*
Loans to banks	81,483	126,541	129,140	*+2.1%*	*+58.5%*
Loans to customers	480,997	479,253	466,776	*-2.6%*	*-3.0%*
Other financial assets	146,292	155,884	153,407	*-1.6%*	*+4.9%*
Hedging instruments	11,573	11,445	8,241	*-28.0%*	*-28.8%*
Property, plant and equipment	9,276	10,242	10,148	*-0.9%*	*+9.4%*
Goodwill	886	878	878	*+0.0%*	*-0.9%*
Other intangible assets	1,952	1,957	1,994	*+1.9%*	*+2.1%*
Tax assets	12,673	12,978	13,024	*+0.4%*	*+2.8%*
Non-current assets and disposal groups classified as held for sale	4,535	1,984	2,104	*+6.0%*	*-53.6%*
Other assets	8,008	6,994	6,575	*-6.0%*	*-17.9%*
Total assets	**863,544**	**892,735**	**903,353**	***+1.2%***	***+4.6%***
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from banks	143,213	164,843	163,775	*-0.6%*	*+14.4%*
Deposits from customers	455,473	468,315	474,790	*+1.4%*	*+4.2%*
Debt securities issued	97,575	95,902	101,588	*+5.9%*	*+4.1%*
Financial liabilities held for trading	46,102	45,551	47,812	*+5.0%*	*+3.7%*
Other financial liabilities	13,401	12,656	12,963	*+2.4%*	*-3.3%*
Hedging instruments	16,023	15,029	12,551	*-16.5%*	*-21.7%*
Tax liabilities	1,079	1,454	1,469	*+1.0%*	*+36.1%*
Liabilities included in disposal groups classified as held for sale	626	615	593	*-3.6%*	*-5.3%*
Other liabilities	29,137	27,186	26,722	*-1.7%*	*-8.3%*
Minorities	462	437	443	*+1.4%*	*-4.1%*
Group shareholders' equity	60,454	60,748	60,645	*-0.2%*	*+0.3%*
- capital and reserves	56,245	63,034	62,252	*-1.2%*	*+10.7%*
- net profit (loss)	4,208	(2,286)	(1,606)	*-29.7%*	*n.m.*
Total liabilities and Shareholders' Equity	**863,544**	**892,735**	**903,353**	***+1.2%***	***+4.6%***

Note: Data of Reclassified consolidated balance sheet related to 2019 were restated, as indicated in year-end 2019 consolidated financial statements, to reflect the adoption of the fair value model for the measurement of the Real Estate portfolio, with retrospective application from 1 January 2018 for held for investment properties (IAS40).

UNICREDIT GROUP: SHAREHOLDERS' EQUITY

(€ million)	
Shareholders' Equity as at 31 December 2019	**61,416**
Equity instruments	1,239
Change in reserve related coupon on AT1 instruments	(185)
Charges related to transaction denominated "Cashes"	(96)
Change in reserve for the unsustainable amount of Deferred Tax Assets relating to tax losses carried forward linked to shareholders' equity items	(85)
Change in the valuation reserve of the companies accounted for using the equity method [(1)]	698
Change in the valuation reserve of non-current assets classified held-for-sale [(1)]	664
Change in the valuation reserve relating to the financial assets and liabilities at fair value	(187)
Change in the valuation reserve relating to the actuarial gains/losses on defined benefit plans [(2)]	(214)
Exchange differences reserve [(3)]	(1,015)
Other changes	16
Net profit (loss) for the period	(1,606)
Shareholders' Equity as at 30 September 2020	**60,645**

Note: [(1)] The change in the valuation reserve of the companies accounted for using the equity method for +€698 m and in the reserve of non-current assets classified held-for-sale for +€664 m is mainly due to the disposal of respectively 11.93 per cent and 9.02 per cent stake of Yapi Ve Kredi Bankasi AS with the consequent recycle mostly to profit or loss of reserves basically referred to exchange rate differences on Turkish Lira.
[(2)] Mainly referred to drop in DBO discount rate induced by increase in prices of "High Quality Corporate Bonds" partially offset by plan assets performance.
[(3)] This effect is mainly due to the impact of Russian Ruble for -€689 m, Czech Crown for -€170 m and Hungarian Forint for -€103 m.

UNICREDIT GROUP: STAFF AND BRANCHES

(units)	3Q19	2Q20	3Q20	*Q/Q Δ*	*Y/Y Δ*
Employees(*)	84,652	83,685	83,621	*-64*	*-1,032*
Branches(**)	3,739	3,639	3,574	*-65*	*-165*
- o/w CB Italy, CB Germany, CB Austria	*2,868*	*2,787*	*2,726*	*-61*	*-142*
- o/w CEE	*871*	*852*	*848*	*-4*	*-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 in 2019. (**) CEE branches are excluding Yapi.

UNICREDIT GROUP: RATINGS

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Standard & Poor's	A-2	BBB	NEGATIVE	bbb
Moody's	P-2	Baa1	STABLE	baa3
Fitch Ratings	F3	BBB-	STABLE	bbb-

Note: S&P: on 29 Oct 20, S&P has affirmed UniCredit's ratings at 'BBB' with negative outlook.
Moody's: on 26 Mar 20 Moody's has affirmed UniCredit's ratings at 'Baa1' with stable outlook.
Fitch Ratings: on 12 May 20, Fitch has downgraded UniCredit to 'BBB-' with 'stable' outlook, aligning it to the Italian sovereign.

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

With reference to the Group's sovereign exposures[51], the book value of sovereign debt securities as at 30 September 2020 amounted to €112,438 m, of which over the 85 per cent concentrated in eight countries; Italy, with €44,382 m, represents over 39 per cent of the total and about 5 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 2020.

[51] Information on Sovereign exposures refers to the scope of the UniCredit Group consolidated results as at 30 September 2020, determined under IAS/IFRS. Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. To the purpose of this risk exposure ABSs are not included

(€ million)	Nominal Value	Book value	Fair Value
As at 30 September 2020*			
- Italy	**42,557**	**44,382**	**45,170**
financial assets/liabilities held for trading (net exposures)(*)	1,442	1,102	1,102
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	50	64	64
financial assets at fair value through other comprehensive income	19,063	20,586	20,586
financial assets at amortised cost	22,002	22,630	23,418
- Spain	**15,145**	**16,294**	**16,337**
financial assets/liabilities held for trading (net exposures)(*)	171	186	186
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	6,934	7,483	7,483
financial assets at amortised cost	8,040	8,625	8,668
- Germany	**13,512**	**13,846**	**13,920**
financial assets/liabilities held for trading (net exposures)(*)	667	698	698
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	5,975	6,072	6,072
financial assets at fair value through other comprehensive income	2,899	3,031	3,031
financial assets at amortised cost	3,971	4,045	4,119
- Japan	**7,731**	**7,781**	**7,784**
financial assets/liabilities held for trading (net exposures)(*)	-	-	-
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	4,712	4,747	4,747
financial assets at amortised cost	3,019	3,034	3,037
- Austria	**4,278**	**4,794**	**4,797**
financial assets/liabilities held for trading (net exposures)(*)	189	285	285
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	105	151	151
financial assets at fair value through other comprehensive income	3,943	4,316	4,316
financial assets at amortised cost	41	42	45
- United States of America	**3,300**	**3,605**	**3,605**
financial assets/liabilities held for trading (net exposures)(*)	128	128	128
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	3,172	3,477	3,477
financial assets at amortised cost	-	-	-
- France	**2,527**	**2,971**	**2,971**
financial assets/liabilities held for trading (net exposures)(*)	627	874	874
financial assets designated at fair value	186	218	218
financial assets mandatorily at fair value	302	395	395
financial assets at fair value through other comprehensive income	1,349	1,419	1,419
financial assets at amortised cost	63	65	65
- Romania	**2,189**	**2,285**	**2,305**
financial assets/liabilities held for trading (net exposures)(*)	137	141	141
financial assets designated at fair value	-	-	-
financial assets mandatorily at fair value	-	-	-
financial assets at fair value through other comprehensive income	963	1,026	1,026
financial assets at amortised cost	1,089	1,118	1,138
Total on-balance sheet exposures	**91,239**	**95,958**	**96,889**

Notes: (*) Including exposures in Credit Derivatives. In case of negative amount, it 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 book and trading book is the following:

Weighted duration (years)	BANKING BOOK	TRADING BOOK (years)	
		Assets positions	Liabilities positions
- Italy	3.19	3.70	4.84
- Spain	3.59	20.73	8.59
- Germany	3.16	5.68	5.09
- Japan	2.82	0.21	-
- Austria	4.05	8.00	3.35
- United States of America	3.79	0.12	-
- France	5.89	22.06	7.78
- Romania	3.95	3.68	11.43

The remaining 15 per cent of the total of sovereign debt securities, amounting to €16,480 m with reference to the book values as at 30 September 2020, is divided into 31 countries, including Bulgaria (€1,857 m), Hungary (€1,849 m), Portugal (€1,517 m), Croatia (€1,483 m), Czech Republic (€1,318 m), Ireland (€1,176 m), Serbia (€984 m), Poland (€951 m), Russia (€921 m) and Israel (€819 m). The sovereign exposure to Greece is immaterial. With respect to these exposures, as at 30 September 2020 there were no indications that a default may have occurred. It should moreover be noted that among the aforementioned remaining part of sovereign debt securities as at 30 September 2020 there are also debt securities towards Supranational Organizations such as the European Union, the European Financial Stability Facility and the European Stability Mechanism amounting to €1,823 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	Amounts as at 30 September 2020				
	designated at fair	mandatorily at fair value	value through other	amortised cost	Total
Book value	218	6,803	56,580	45,183	108,784
% portfolio	99.95%	41.46%	78.34%	6.88%	14.60%

UNICREDIT GROUP: SOVEREIGN LOANS – BREAKDOWN BY COUNTRY

In addition to the exposures to sovereign debt securities, loans[52] 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 2020 of loans booked in financial assets at amortised cost portfolio given to countries towards which the overall exposure exceeds €130 m, representing about 93 per cent of the total.

[52] Tax items are not included.

Breakdown of Sovereign Loans by Country	(€ million)
Country	Amounts as at 09.30.2020 Book value
- Germany(*)	6,105
- Austria(**)	6,003
- Italy	4,897
- Croatia	2,572
- Qatar	457
- Slovakia	303
- Kenya	218
- Hungary(***)	205
- Bulgaria	197
- Slovenia	194
- Turkey	167
- Indonesia	167
- Czech Republic	157
- Laos	149
- Bosnia and Herzegovina	145
Total on-balance sheet exposures	**21,936**

Notes: Inform (*) of which €1,869 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 €9 m in financial assets mandatorily at fair value.

BASIS OF PREPARATION

1. This Consolidated interim report as at 30 September 2020 - 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 2020 - Press release as well as the press releases on significant events occurred during the period, the market presentation of 3Q20 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 2020 of UniCredit group and supplemented by the notes below the reclassified balance sheet and 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 Consolidated first half financial report as at 30 June 2020 of UniCredit group (Consolidated interim report on operations and Annexes) in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of 5 October 2015. Further APM (i.e. Coverage ratio, Underlying RoTE) have been described in the 3Q20 market presentation.
4. The contents of this Consolidated interim report as at 30 September 2020 - Press release are not prepared according to the international accounting standard on interim reporting (IAS34).
5. The Consolidated interim report as at 30 September 2020 - Press release, within which the accounts are presented in reclassified form, has been prepared on the basis of IAS/IFRSs in force.
   It must be noted that in the first three quarters of 2020 Covid-19 pandemic has spread in the regions where the Group operates. Such pandemic and the associated lockdown measures, put in place by governments in order to limit its spreading, have severely affected the economic activity and, as consequence, Group profitability. This circumstance has requested, in the first nine months of this year a careful evaluation of

certain items of financial statements whose recoverability depends on future cash flows projections and a consequent update in the impairment test performed on goodwill, investments in associates and deferred tax assets, by verifying and just in case re-estimating the cash flows in order to incorporate assumptions of Covid-19 pandemic effects. Despite evaluations have been made on the basis of information deemed to be reasonable and supportable, the current scenario is affected by a high degree of uncertainty whose outcome is not foreseeable at the moment and may require changes in evaluations already performed, in light of the evolution of the pandemic, on the effect of relief measures put in place and the shape of economic recovery. These factors will affect the Group profitability and the parameters, such as discount rates, used for evaluating Group's assets.

Furthermore, in light of the high uncertainty of current context, an update in the strategic plan Team 23 that reflects current conditions will be presented during the first half 2021. As a result, the evaluation made for Goodwill, Investments in associates and Deferred Tax Assets, whose recoverable amount depends on cash flows projections, might be subject to a change not foreseeable at the moment.

For further details on valuations and assumption made refer to following paragraphs (points from 9 to 13).

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.

6. With reference to the contributions due to the Single Resolution Fund and to Deposit Guarantee Schemes, the related estimated costs are presented into "Other charges and provisions: of which systemic charges".
7. Scope of consolidation: in the first nine months of 2020 the following changes occurred in the scope:
   - the number of fully consolidated companies, including the ones classified as non-current assets and asset disposal groups, changed from 482 at the end of 2019 to 472 as at September 2020 (9 inclusions and 19 exclusions as a result of disposals, changes of the consolidation method and mergers);
   - the number of companies consolidated using the equity method, including the ones classified as non-current assets and asset disposal groups, changed from 47 at the end of 2019 to 31 as at September 2020 due to 15 disposals/liquidations and 1 change of the consolidation method.
8. Non-current assets and asset groups held for sale: in the Balance sheet as at 30 September 2020, the main reclassified assets based on the IFRS5 accounting principle, as non-current assets and asset disposal groups refer to:
   - regarding the individual asset and liabilities held for sale and the groups of assets held for sale and associated liabilities which do not satisfy IFRS5 requirements for the classification as discontinued operations:
     - the companies of Card Complete Service Bank AG, SIA UniCredit Leasing and Capital Dev S.p.A. groups;
     - the non-performing loans related to sale initiatives of portfolios;
     - the real estate properties held by certain companies in the Group;
   - regarding the data relating to the discontinued operations:
     - the companies of the Immobilien Holding group (Austria).
9. Starting from 31 December 2019, the Group moved from a cost model to a fair value or revaluation model for the measurement of, respectively, properties held for investments and used in business. As a result, at the same date fair value of all the real estate properties was determined and recognised in financial statements. As at 30 June 2020 fair value of both properties held for investment and properties used in business was re-determined through external appraisals for the most part in desktop form[53].

   As at 30 September 2020 the Group deemed appropriate to evaluate if the assets values accounted for as at 30 June 2020 were confirmed analysing, also through market reports provided by external appraisers, the conditions of the Real estate assets as well the evolution of the local real estate market. The outcome of analysis substantially confirmed the values of the real estate assets recognised in the balance sheet.

[53] Desktop appraisal is a valuation performed by an appraiser without a physical inspection of the property but using publicly available information (i.e. real estate databases and other providers) in order to assess the value of a property.

10. Starting from 31 December 2019, the Group updated the calculation of the sustainability test methodology considering appropriate a 10 years' time horizon, for the recognition of deferred tax assets (DTA) arising from tax loss carrying forward deemed coherent for assessing the generation of sufficient taxable profit to be available against which tax assets can be utilised.
    As at 30 June 2020, considering that (i) the official projections used in performing the sustainability test continued to be based on the budget and forecasts approved by the Management within the Team23 Multi-year Plan (MYP), (ii) the effects on profitability arising from Covid-19 pandemics and (iii) ESMA Public Statement dated 20 May 2020 in which it required a careful assessment of cash flow projections, the outcome of the sustainability test presented above was corroborated through the application of two alternative scenarios envisaging the downward revision of the projections in order to estimate if such a reduction of the profitability might require an impairment of the deferred tax assets.
    As at 30 September 2020, considering that the test performed for the preparation of the half year report was based on alternative scenarios, the following was verified: (i) sustainability of such scenarios through the comparison of expected and actual results, (ii) absence of changes in tax legislation and tax consolidation perimeter. These analyses have confirmed the sustainability of the deferred tax assets arising from tax loss carrying forward on Italian tax perimeter as at 30 September 2020.
11. In light of the deterioration of the global economy arising from Covid-19 pandemic and related lockdown measures, the Macro-economic scenario used for the calculation of IFRS9 Expected Credit losses was updated with reference to the 31 March 2020 on the basis of the forecasts produced by UniCredit Economics Research, issued through the Chartbook officially published on 2 April 2020. As at 30 September 2020 the base line macroeconomic scenario developed for March 2020, was confirmed. Although a new scenario was published in September 2020, it was deemed suitable to still keep the macro-economic developed for March 2020 scenario considering the high uncertainty of the current situation.
    Furthermore, in the first half of 2020, the Loan Loss provisions referred to UniCredit S.p.A., resulting from the application of such scenario were re-allocated consistently with the estimate of the risk associated with the economic sectors to which the credit exposures belong, on the basis of a deep dive analysis aimed to identify the economic sectors to which UniCredit S.p.A is exposed and the related impact deriving from the restrictive measures following the Covid-19 outbreak.
12. Loan Loss Provisions referred to that part of Non Core perimeter whose recoverability is expected beyond 31 December 2021 are based - in coherence with Year End 2019 closing - on the characteristics of the underlying credits (classified both as bad loans and unlikely to pay), in order to measure them in line with the estimates on the portfolio's sale expectations. The estimated selling prices are determined through observable internal or market benchmarks, depending on the availability of information and in compliance with the criteria defined by the internal regulations. The results are incorporated into the Selling Scenarios, pursuant to the IFRS9 accounting standard, used for the purpose of evaluating the Non performing exposures included within the Non Core perimeter, to represent its recoverability by 2021.
    As at 30 September 2020, the NPE falling within such perimeter were evaluated on the basis of the sales expectations of the related portfolios included in the IFRS9 Selling Scenario, coherently with what has already been defined as at 31 December 2019. For the purpose of this measurement, the parameters resulting from the analyses conducted at the end of 2019 (benchmark prices for each cluster; factors identified and used to better represent the specificity of the receivables falling within each cluster, such as vintage, any causes of illiquidity, recovery estimates no later than 2021, etc.) are substantially confirmed, considering these elements still representative of the characteristics of the portfolios themselves. In particular, even though during the period, sale transactions of non-performing loans have been executed either by UniCredit S.p.A. or by other market players, the prices at which these transactions have been executed - also considering execution period - have not been deemed to be representative of the potential selling prices of the residual portfolios belonging to the Non-core perimeter, because they are not comparable in terms of features and peculiarity of the underlying assets.
13. In light of the indications reported in the Statement by European Securities and Market Authority (ESMA) which among other things required issuers to carry-out, as part of half-year reporting, additional sensitivity

analyses to evaluate the impact of Covid-19 on assets potentially at risk of impairment and considering that the Net Profit actual results were below Plan targets, for both Group and most of the CGUs, already on 30 June 2020, the sustainability test of goodwill was performed considering alternative scenarios which incorporated the effects of Covid-19 Pandemics and the associated lockdown measures.
As at 30 September 2020 the analysis above has been integrated with a further trigger analysis by updating, starting from impairment test executed as at 30 June 2020, the relevant assumptions (time value, discount rate and foreign exchange rate).
Finally, a back-testing analysis has been performed by comparing the forecast embedded in the alternative scenarios used in June 2020 with the actual results. The combined result of these analyses has confirmed the sustainability of goodwill as at 30 September 2020.

14. 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, 4 November 2020

Manager charged with

preparing the financial reports

Stefano Porro