MILAN, 11 MAY 2017

UNICREDIT: STRONG FIRST QUARTER 2017
TRANSFORM 2019 ON TRACK

1Q17 GROUP RESULTS

RESILIENT RECURRING REVENUES THANKS TO IMPROVED BUSINESS PERFORMANCE. NII STABILIZING AT 2.6 BN. FEES INCREASED BY 4.5 PER CENT Y/Y AT 1.5 BN IN 1Q17

OPERATING COSTS DOWN BY 3 PER CENT Y/Y AT 2.9 BN THANKS TO TRANSFORM 2019 ACTIONS

LLP DOWN BY 11.8 PER CENT Y/Y AT 670 M. COST OF RISK AT 60 BP

NON CORE NPES DOWN BY 1.8 PER CENT Q/Q CONFIRMING POSITIVE ASSET QUALITY TREND

NET RESULT AT 907 M WITH GROSS OPERATING PROFIT UP BY 14.6 PER CENT Y/Y. NET OPERATING PROFIT UP BY 36.1 PER CENT Y/Y

SOLID CET1 RATIO FULLY LOADED AT 11.45 PER CENT, ABOVE 12 PER CENT PRO FORMA INCLUDING PIONEER AND BANK PEKAO DISPOSALS

TRANSFORM 2019 ALREADY STARTING TO DELIVER TANGIBLE RESULTS

UNICREDIT GROUP	
1Q17 HIGHLIGHTS[1]	■ REPORTED REVENUES AT €4.8 BN (+11.7 PER CENT Q/Q, +3.4 PER CENT Y/Y). RESILIENT RECURRING REVENUES UNDERPINNED BY SOLID NII AND STRONG FEES GENERATION. TRADING PROFIT BENEFITTING FROM LARGE CLIENT DRIVEN TRANSACTIONS ■ STRONG FOCUS ON OPERATING EXPENSES AT €2.9 BN (-1.5 PER CENT Q/Q, -3.0 PER CENT Y/Y) AND REDUCED COST/INCOME RATIO AT 59.7 PER CENT FROM 63.7 PER CENT IN 1Q16 ■ LOWER LLP AT €670 M (-54.9 PER CENT Q/Q, -11.8 PER CENT Y/Y) CONFIRMING COST OF RISK GUIDANCE OF 65BP IN 2017 ■ REPORTED NET PROFIT OF €907 M WITH ALL DIVISIONS IMPROVING Q/Q AND Y/Y ■ STATED ROTE AT 9.4 PER CENT. ADJUSTED ROTE AT 7.0 PER CENT[2]
CAPITAL	■ FULLY LOADED CET1 RATIO AT 11.45 PER CENT, ABOVE 12 PER CENT PRO FORMA FOR PIONEER AND BANK PEKAO DISPOSALS ■ FULLY LOADED LEVERAGE RATIO AT 4.62 PER CENT

[1] Please consider that in this paragraph "1Q17 Highlights" and in "UniCredit Group Consolidated Results" section, some adjustments were included for 1Q16 and 4Q16 Group results. In particular, 1Q16 net profit has been adjusted for the net additional impact of Defined Benefit Obligation (DBO) in Austria and integration costs in Italy; 4Q16 was adjusted for non-recurring items related to Transform 2019. Therefore changes referred to Q/Q and Y/Y are calculated vs 1Q16 and 4Q16 adjusted numbers.
[2] Return on Tangible Equity: annualized net income / average tangible equity (excluding AT1 and intangible from Bank Pekao and Pioneer). Adjusted RoTE assuming the full impact of the right issue in 1Q17 and excluding all effects from Bank Pekao and Pioneer disposals, as per the Capital Markets Day (CMD).

Asset Quality	■ Lower risk profile, with Gross NPE further reduced to €55.3 bn in 1Q17, down by ca. 30 per cent Y/Y with NPE ratio of 11.4 per cent, thanks to disposals and lower inflows from performing ■ NPE coverage ratio improved to 56.3 per cent from 55.6 per cent in 4Q16
Transform 2019 Update	■ Continuous balance sheet de-risking with operational plan on NPE approved and consistent with both Transform 2019 and ECB guidelines ■ Cost cutting initiatives are progressing (achieved 36 per cent of branch closures planned and 32 per cent of FTE reduction) ■ Italian commercial banking network streamlined and strategic partnerships signed ■ Lower weight of Group Corporate Center on Group total costs

Milan, 11 May 2017: yesterday, the Board of Directors of UniCredit S.p.A approved 1Q17 results. After the Board of Directors, Jean Pierre Mustier, Chief Executive Officer, UniCredit S.p.A. commented:

"UniCredit had an encouraging first quarter with all core business lines contributing positively to the Group. Revenues came to 4.8 billion, an increase of almost 12 per cent in the quarter and 3 per cent year on year. Net profit at 907 million rose significantly, up 40 per cent versus the same period last year. These results underpin UniCredit's strengths as a simple pan-European commercial bank with a fully plugged in CIB. They also illustrate that the One Bank One UniCredit concept and the implementation of Transform 2019 are already actively contributing to our performance. Our strong focus on costs continued, down 1.5 per cent quarter on quarter and 3 per cent year on year. Asset quality further improved with lower loan loss provisions, higher NPE coverage and a drop in cost of risk to 60 basis points. We also confirm our 2017 NII objective of 10.2 billion and an end of year fully loaded CET1 ratio above 12 per cent. We are already seeing early but tangible results of our Transform 2019 plan and I am proud of everyone in the Group for focusing on executing and delivering on the plan."

UniCredit

TRANSFORM 2019 UPDATE

Transform 2019 implementation is up and running. In 1Q17 the Group has already made progress in achieving its targets:

- **Strengthen and optimize capital:** €13 bn rights issue was successfully completed on March 2. This was a major step in strengthening and optimizing UniCredit's capital position.
  Fully loaded CET1 reached 11.45 per cent in 1Q17[3]. CET1 ratio above 12 per cent pro forma including Pioneer and Bank Pekao disposals (ca. 1.5p.p.) and factoring in the RWA dynamics expected in 2017.

- **Improve asset quality:** ongoing balance sheet de-risking with Group gross non performing exposures (NPE)[4] down to €55.3 bn in 1Q17 from €56.3 bn in 4Q16. The risk profile decreased, with NPE ratio reduced from 11.8 per cent in 4Q16 to 11.4 per cent at the end of March 2017. Coverage ratio improved by 0.7 p.p. to 56.3 per cent in 1Q17.

  Gross NPE disposals reached around €300 m[5]; further disposals were completed for around €400 m in April. UniCredit is taking further decisive steps to address the NPE issue and has signed an agreement to dispose of a €500 mn leasing portfolio. The sale will impact 2Q17 results.

  Project FINO is progressing according to plan.

  The expected loss on performing stock is improving from 0.43 per cent in 4Q16 to 0.39 per cent in 1Q17, confirming UniCredit's focus on high quality business.

  In addition, to further accelerate the de-leveraging of the Non Core portfolio, the Board of Directors of UniCredit S.p.A. approved in April an NPE Transformation Operational Plan. This plan is coherent with Transform 2019 and the ECB guidance on NPE that was published in March 2017. As part of this initiative a new unit has been created and will be headed by TJ Lim, in addition to his role as Deputy Group Chief Risk Officer.

- **Transform operating model:** good progress of cost cutting initiatives launched to further improve operating efficiencies.

  In 1Q17, the Group branch closure program is well on track and the Group now has 3,470 branches in Western Europe (-66 units Q/Q, -268 units Y/Y) and 1,793 in CEE (-8 units Q/Q, -107 units Y/Y), meaning 36 per cent of the 2019 target of 944 closures[6] by 2019 has already been achieved.

  The aim to create a sustainable lower cost structure is supported by the reduction of ca. 1,900 FTE[7] in 1Q17 which corresponds to 32 per cent of total planned by 2019. FTE were down 7 per cent in 1Q17 in support functions and operations vs target of 19 per cent in 2019.

- **Maximize commercial bank value:** as of February 2017 a new simplified network set up of Commercial Banking Italy is in place and 500 transformation agents have been appointed to help drive the implementation of Transform 2019. This new structure is yielding early results with an improvement in performance in the second half of the quarter.

  The strategic partnerships are progressing in order to strengthen the commercial bank value proposition:

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[3]Including the benefit of the capital increase which led to overcome the 4Q16 deductions related to regulatory thresholds for investments in capital instruments issued by financial sector entities and deferred tax assets that rely on future profitability and arise from temporary differences (equal to 41 bp in 4Q16).

[4]The perimeter of Non Performing Exposures (NPE) as per definition of EBA is substantially equivalent to perimeter of impaired exposures as per BankIT Circular 272. NPE are broken down in bad exposures, unlikely-to-pay and past due.

[5]Without including additional disposals of €0.1 bn in 1Q17 in Turkey, that is valued at equity method.

[6]Retail branches in Italy, Germany and Austria as indicated during the CMD.

[7]Full Time Equivalent. Please consider that Group FTE are shown excluding i) Ukrsotsbank (sold in 4Q16), Pioneer, Bank Pekao, and Immo Holding that are classified under IFRS5 and ii) Ocean Breeze.

- the Alipay – UniCredit agreement is operational since April 2017, allowing Chinese customers to use Alipay – the world's largest online and mobile payment platform – to purchase goods and services in Italy. The partnership with Alipay creates a platform that brings together companies and territory, encompassing a potential of 120,000 merchants.
- Amundi – UniCredit distribution agreement signed, extending UniCredit's funds offer of Amundi products providing a wider range of products and aiming to boost Assets Under Management (AUM).

The focus on multichannel approach continued across the Group with positive results:

- remote sales increased in Italy by c. 60 per cent Y/Y;
- in CEE, the focus on customer acquisition is continuing, with an increasing penetration of online and mobile users reaching 37.5 per cent and 23.7 per cent, respectively.

UniCredit's fully plugged in CIB confirmed its strengths as a debt financing house with a leading role in large deals as well as multiple domestic midcap transactions.

- **Adopt a lean but steering Group Corporate Center (GCC):** the lower weight of Group Corporate Center is visible with a reduction in operating expenses of ca. 11 per cent, combined with a reduction of almost 6 per cent of FTEs as a result of ongoing restructuring initiatives. GCC weight on Group total costs was down to 3.7 per cent, from 5.4 per cent in 4Q16, confirming the constant progression towards 2.9 per cent Transform 2019 target.

UNICREDIT GROUP CONSOLIDATED RESULTS

Euro (m)	*1Q16 Adj.*	*4Q16 Adj.*	*1Q17*	*Δ % vs. 4Q16 Adj.*	*Δ % vs. 1Q16 Adj.*
Total Revenues	4,674	4,327	4,833	+11.7%	+3.4%
Operating Expenses	-2,976	-2,930	-2,886	-1.5%	-3.0%
LLP	-760	-1,486	-670	-54.9%	-11.8%
Net Profit	645	-352	907	n.m.	+40.6%
Fully Loaded CET1 ratio	10.45%	11.15%	11.45%	+0.3pp	+1.0pp
ROTE	6.1%	n.m	9.4%	n.m.	+3.4pp
Loans (excl. repos)	421,077	417,868	419,267	+0.3%	-0.4%
Gross NPE	77,064	56,342	55,300	-1.8%	-28.2%
Deposits (excl. repos)	379,626	395,979	391,645	-1.1%	+3.2%
Cost income	63.7%	67.7%	59.7%	-8.0 pp	-3.9 pp
Cost of risk (bp)	67	132	60	-72	-8

Revenues increased to €4.8 bn in 1Q17 (+11.7 per cent Q/Q, +3.4 per cent Y/Y) benefiting from some degree of seasonality and from a strong business focus: net interest income stood at €2.6 bn (-2.5 per cent Y/Y), in line with projections and fees rose to €1.5 bn (+4.5 per cent Y/Y). The quarterly progression was confirmed with core revenues (net interest income and fees) up by 8.7 per cent Q/Q. Trading income posted an improvement of 28.6 per cent Q/Q and 75.1 per cent Y/Y, thanks to some large customer driven transactions in CIB. Main contributions to revenues came from Commercial Banking Italy, CIB and CEE.

Net interest income (NII)[8] stabilized at €2.6 bn in 1Q17 (+6.2 per cent Q/Q, -2.5 per cent Y/Y). Net of days & FX effects and impact on NII from charges booked in 4Q16 as non-operating items[9], on a quarterly basis the positive commercial dynamics (+€72 m) was sustained by increasing loan rates (+€18 m), lower cost of term funding (+€41 m), re-pricing of deposit rates (+€18 m) lower deposit volumes (+€2 m) and by the recognition of TLTRO benefit (+€38 m) more than offsetting the compression on loan volumes (-€46 m). On a yearly basis the commercial dynamics contributed €100 m to NII. The non-commercial evolution was partially affected by the negative dynamics of the investment portfolio and treasury activities (-€6 m Q/Q, -€176 m Y/Y).

Net interest margin[10] increased from 1.33 per cent in 1Q16 to 1.36 per cent in 1Q17.

Customer loans[11] amounted to €419.3 bn in 1Q17 (+0.3 per cent Q/Q, -0.4 per cent Y/Y), excluding markets counterparts (e.g. repo). Excluding loans reduction in Non Core, customer loans improved by 0.5 per cent Q/Q and 3.4 per cent Y/Y. The main contributors to customer loans were Commercial Banking Italy (€135.6 bn), Commercial Banking Germany (€83.3 bn) and CIB (€73.9 bn). **Customer deposits**[12] totalled to €391.6 bn in 1Q17 (-1.1 per cent Q/Q, +3.2 per cent Y/Y) with the highest contributions coming from Commercial Banking Italy (€132.7 bn), Commercial Banking Germany (€83.8 bn) and CEE (€60.9 bn). **Customer spreads** stabilised across divisions and reached 2.6 per cent in 1Q17 at Group level.

Dividends and other income[13] totalled €170 m in 1Q17 (+15.0 per cent Q/Q, -19.7 per cent Y/Y). Yapi Kredi contribution increased by over 50 per cent Y/Y at constant FX mainly thanks to strong performance in net interest dynamics (loans volumes up and lower cost of funding) and fee income.

[8]Contribution from macro hedging strategy on non naturally hedged sight deposits in 1Q17 at €380 m (-€9 m Q/Q and -€3 m Y/Y).
[9]Net interest in 4Q16 affected by charges previously booked as non-operating items for c. €100 m related to FY16 entirely booked in 4Q16.
[10]Net interest margin calculated as interest income on earning assets minus interest expenses on earning liabilities.
[11]End of period accounting volumes calculated excluding repos and, for divisions, excluding also intercompany items. Customer loans including repos amounted to €452.8 bn as of end March 17 (+1.8 per cent Q/Q, -0.7 per cent Y/Y).
[12]End of period accounting volumes calculated excluding repos and for divisions, excluding also intercompany items. Customer deposits including repos amounted to €438.0 bn as of end March 17 (-3.2 per cent Q/Q, -2.5 per cent Y/Y).
[13]Include dividends, equity investments evaluated with equity method. Turkey contribution based on a divisional view.

Fees and commissions improved to €1.5 bn in 1Q17 (+13.5 per cent Q/Q, +4.5 per cent Y/Y) mainly driven by an improvement in investment services. Adjusting the data excluding the temporary effect of Pioneer and Pekao classified under IFRS5, total fees and commissions further increased to €1.7 bn in 1Q17 (+11.5 per cent Q/Q, +4.6 per cent Y/Y on a pro forma basis). The highest contribution to fees generation came from investment services rising to €704 m in 1Q17 (+21.3 per cent Q/Q, +8.4 per cent Y/Y on a pro forma basis) boosted by AUM sales underpinning strong upfront and management fees. Financing services fees amounted to €443 m in 1Q17 improving by 14.8 per cent Q/Q mainly driven by higher capital markets transactions in CIB, but reducing by 8.6 per cent Y/Y mainly due to lower money supply activity. Transactional fees reached €559 m, decreasing by 0.8 per cent Q/Q but improving 12.4 per cent Y/Y thanks to higher cash management and payment services.

The rise in **Total Financial Assets (TFA)**[14] to €796.8 bn as of March 2017 (+5.4 bn Q/Q, +30.2 bn Y/Y) was sustained by positive contributions from all commercial banks and was driven by high value added products. **AUM** amounted to €203.4 bn (+€6.3 bn Q/Q, +€15.3 bn Y/Y) thanks to improved commercial dynamics driven by higher net sales mainly in investment funds and bancassurance products. In particular, Commercial Banking Italy strengthened its commercial power with **AUM/TFA** ratio increased to 35.0 per cent. **Assets under Custody** rose to €212.9 bn (+€1.5 bn Q/Q, +€0.2 bn Y/Y) and **Deposits** totaled €380.5 bn (-€2.4 bn Q/Q, +€14.7 bn Y/Y).

Higher **trading income** at €590 m in 1Q17 (+28.6 per cent Q/Q, +75.1 per cent Y/Y) thanks to solid customer driven activities. In particular, CIB benefitted from revenues related to some large client driven transactions.

Total costs well under control, down to €2.9 bn in 1Q17 (-1.5 per cent Q/Q, -3.0 per cent Y/Y) and in line with Transform 2019 objectives. In particular, a positive progression was seen in **staff expenses** at €1.8 bn in 1Q17, decreasing Q/Q net of variable compensation release in 4Q16 (ca. €100 m) and confirming a continued reduction Y/Y. The focus on cost savings is sustained by a lower number of employees at 96,423[15] down by ca. 1,900 FTE Q/Q primarily in Western Europe. Branches[16] decreased by 74 units in 1Q17 to 5,263 (of which 3,470 in Western Europe and 1,793 in CEE). Non HR Costs[17] came to €1.1 bn in 1Q17 (-10.6 per cent Q/Q, -1.1 per cent Y/Y). Lower depreciations of €193 m in 1Q17 due to write-offs of intangibles in 2016. **Cost/income ratio** amounted to 59.7 per cent in 1Q17 (-8.0 p.p. Q/Q[18], -3.9 p.p. Y/Y).

Gross operating profit reached €1.9 bn in 1Q17 (+39.4 per cent Q/Q, +14.6 per cent Y/Y).

LLP reduced to €670 m in 1Q17 (-54.9 per cent Q/Q, -11.8 per cent Y/Y) confirming the positive asset quality trend. Credit risk well managed with a cost of risk of 60 bp in 1Q17 (-72 bp Q/Q, -8 bp Y/Y). The target of 65 bp for FY17 is confirmed.

Solid **net operating profit** of €1.3 bn in 1Q17 (n.m. Q/Q, +36.1 per cent Y/Y) confirming the strong business momentum seen across all divisions.

Other charges and provisions totalled €463 m in 1Q17 (+89.9 per cent Q/Q, +21.6 per cent Y/Y). In particular, the systemic charges amounted to €434[19] m in 1Q17 of which €295 m of contribution to the Single Resolution Fund for FY17 entirely booked in 1Q17.

Income tax at €212 m in 1Q17 (n.m. Q/Q, +7.3 per cent Y/Y) translating into a tax rate of 25 per cent at Group level.

Profit from discontinued operations amounted to €376 m in 1Q17[20] reflecting the classification as held for sale of Pioneer and Bank Pekao and the temporary accounting effect of IFRS5 on fees (€224 m) to reverse back on the fee income line upon Pioneer closing, based on Amundi distribution agreement.

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[14]Commercial Total Financial Assets which exclude market counterparts.
[15]Excluding FTE related to industrial legal entities fully consolidated.
[16]Branches excluding Ukrsotsbank for 1Q16, Pioneer, Bank Pekao and Immo Holding, in line with the perimeter considered in Transform 2019.
[17]Other administrative expenses net of expenses recovery and indirect costs, depreciations and amortizations.
[18]Delta based on 4Q16 C/I adjusted by non-recurring items related to the Transform 2019 impacting costs and revenues.
[19]Referring to: (i) bank levies of €64 m, (ii) Deposit Guarantee Scheme of €75 m and (iii) Single Resolution Fund of €295 m.

Group net profit increased to €907 m in 1Q17 supported by exceptionally high trading income, strong fees generation and lower LLP. Positive results achieved by all business divisions, with Commercial Banking Italy, CIB and CEE contributing the most earnings. Stated RoTE stands at 9.4 per cent in 1Q17 given the strong seasonal profitability. Excluding all the effects from the disposals of Pekao and Pioneer, as per the Capital Markets Day perimeter, and assuming the full impact of the rights issue throughout the quarter, ROTE stands at 7.0 per cent.

Asset Quality

(€ million)	Bad exposures	Unlikely to pay	Non performing past-due	**Total non performing**	Perfoming	**Total Loans**
As at 03.31.2017						
Gross Exposure	31,084	22,870	1,346	**55,300**	430,719	**486,018**
as a percentage of total loans	*6.4%*	*4.7%*	*0.3%*	***11.4%***	*88.6%*	
Writedowns	20,704	9,993	447	**31,144**	2,109	**33,252**
as a percentage of face value	*66.6%*	*43.7%*	*33.2%*	***56.3%***	*0.5%*	
Carrying value	10,381	12,877	899	**24,156**	428,610	**452,766**
as a percentage of total loans	*2.3%*	*2.8%*	*0.2%*	***5.3%***	*94.7%*	
As at 12.31.2016						
Gross Exposure	31,799	23,165	1,378	**56,342**	421,804	**478,146**
as a percentage of total loans	*6.7%*	*4.8%*	*0.3%*	***11.8%***	*88.2%*	
Writedowns	20,854	10,021	472	**31,347**	2,192	**33,539**
as a percentage of face value	*65.6%*	*43.3%*	*34.3%*	***55.6%***	*0.5%*	
Carrying value	10,945	13,144	906	**24,995**	419,612	**444,607**
as a percentage of total loans	*2.5%*	*3.0%*	*0.2%*	***5.6%***	*94.4%*	

Note: The perimeter of non-performing loans is substantially equivalent to the perimeter of EBA "Non-Performing Exposure" (NPE), (excluding assets classified under IFRS5).

Group gross non performing exposures (NPE) reduced by ca. 30 per cent in the last twelve months to €55.3 bn in 1Q17 with a **Gross NPE ratio** down to 11.4 per cent (-0.4 p.p. Q/Q, -4.1 p.p. Y/Y).

Net NPE decreased to €24.2 bn (-3.4 per cent Q/Q, -35.6 per cent Y/Y) progressing towards the target of €20 bn in 2019 as per Transform 2019. Net NPE ratio stood at 5.3 per cent in 1Q17 (-0.3 p.p. Q/Q, -2.9 p.p. Y/Y). Coverage ratio strengthened to 56.3 per cent in 1Q17 (+0.7 p.p. Q/Q, +5.0 p.p. Y/Y). **Gross bad loans** further down at €31.1 bn in 1Q17 (-2.2 per cent Q/Q, -38.8 per cent Y/Y) with a coverage ratio improving to 66.6 per cent (+1.0 p.p. Q/Q, +5.8 p.p. Y/Y) reflecting the rigorous approach to provisioning. **Gross unlikely to pay** decreased to €22.9 bn (-1.3 per cent Q/Q, -5.3 per cent Y/Y), with a higher coverage ratio at 43.7 per cent (+0.4 p.p. Q/Q, +10.1 p.p. Y/Y). **Past due loans** reduced to €1.3 bn in 1Q17 (-2.4 per cent Q/Q, -36.9 per cent Y/Y) with a coverage ratio of 33.2 per cent (-1.0 p.p. Q/Q, +5.8 p.p. Y/Y).

Group asset quality excluding Non Core reported gross NPE at €24.4n bn in 1Q17, gross NPE ratio at 5.4 per cent, and coverage ratio at 55.2 per cent. Gross bad loans stood at €12.1 bn with a coverage ratio at 69.8 per cent. Gross unlikely to pay stood at €11.1 bn with a coverage ratio at 41.6 per cent.

Asset Quality in **Commercial Banking Italy** showed gross NPE at €10.0 bn, with a gross NPE ratio at 7.0 per cent and a higher coverage ratio at 53.5 per cent reflecting a prudent stance. Net NPE totalled €4.6 bn with a net NPE ratio at 3.4 per cent in 1Q17. A similar trend was registered also in gross bad loans (+8.1 per cent Q/Q and +31.1 per cent Y/Y) and gross unlikely to pay (+0.2 per cent Q/Q and +13.3 per cent Y/Y) with a coverage ratio of 69.6 per cent and 39.9 per cent respectively in 1Q17.

Inflows to NPE in Commercial Banking Italy reached €647 m, the lowest level since 1Q16, with a cure rate of 10.2 per cent in 1Q17. Default ratio dropped to 2.0 per cent in 1Q17 from 3.1 per cent in 4Q16 and 2.3 per cent in 1Q16. Unlikely-to-pay migrating to bad loans showed a slower pace (28.3 per cent in 1Q17 vs 49.5 per cent in 4Q16) confirming asset quality progression.

[20] Considering intercompany elisions.

In **CEE** NPE decreased from €6.4 bn at the end of 4Q16 to €6.1 bn in 1Q17, driven by sales of bad loans portfolios (€0.1 bn disposals in 1Q17 and additional €0.4 bn already signed off and classified as held for sale) together with efficient collection activities.

Decisive actions in asset quality were confirmed by the continuous rundown of the **Non-Core** portfolio with Gross loans reduced to €36.4 bn in 1Q17 (-€0.8 bn Q/Q, -€24.1 bn Y/Y) thanks to: i) improving repayments (€0.1 bn), ii) recoveries (€0.3 bn), iii) write-offs (€0.2 bn) and iv) disposals (€0.1 bn). Gross NPE reduced to €30.9 bn in 1Q17 (-1.8 per cent Q/Q and -39.8 per cent Y/Y) and NPE ratio moved to 85.0 per cent (+0.2 p.p. Q/Q, +0.1 p.p. Y/Y). Net NPE down at €13.2 bn (-3.6 per cent Q/Q, -45.7 per cent Y/Y) with a net NPE ratio at 71.7 per cent (flat Q/Q, -1.9p.p. Y/Y). Coverage ratio rose to 57.2 per cent in 1Q17 (+0.8 p.p. Q/Q, +4.7 p.p. Y/Y).

CAPITAL & FUNDING

The positive results registered at Group level made a significant contribution to strengthening the **CET1 ratio fully loaded** at 11.45 per cent in 1Q17, improving by 30 bp compared to 4Q16 CET1 ratio registered post capital increase and by 100 bp compared to 1Q16[21]. CET1 benefited from the positive contribution from 1Q17 earnings generation (+23 bp Q/Q)[22] and RWA reduction (+14 bp Q/Q), partially offset by dividend accrual, AT1 and Cashes coupon payments (-6 bp Q/Q) and by revaluation reserve negative dynamics (-2 bp Q/Q). Including the positive impact from Bank Pekao and Pioneer ongoing disposals (ca. +150 bp) CET1 fully loaded would improve to above 12 per cent pro forma.

The **CET1 ratio guidance** is confirmed above 12 per cent for 2017 - including a degree of procyclicality and model impacts on RWAs - showing a solid capital generation as envisaged in Transform 2019.

In 1Q17, **CET1 ratio transitional** improved to 11.71 per cent, **Tier 1 ratio transitional** stands at 12.65 per cent and **Total Capital ratio transitional** at 15.20 per cent. All ratios are confirmed above the capital requirements[23].

RWA transitional moved to €385.3 bn in 1Q17 decreasing by €1.9 bn since December 2016 and by €5.3 bn excluding the thresholds effect[24]. In particular, a reduction was registered in market RWA (-€2.0 bn Q/Q) benefitting from model changes, while operational and credit RWA were almost flat. Credit RWA were stable in the quarter as a result of the reversal of thresholds (+€3.4 bn), business evolution (almost flat), business actions (-€0.3 bn), procyclicality & models (broadly flat), regulation (-€1.6 bn) and FX (+€0.3 bn)[25].

Leverage ratio fully loaded at 4.62 per cent as of Mar-17; **Leverage Ratio transitional** stood at 4.85 per cent.

Funding plan 2017 was executed for about €6.4 bn as of end of April, equal to 24 per cent of the total funding plan expected to be executed in FY17. In particular, on April 5th 2017, the new $30 bn Global MTN Program was established, providing an innovative structure in Italy (combining RegS and 144A format) allowing UniCredit to distribute notes to institutional investors globally. The set-up of the Program represents an important step in the implementation of Transform 2019, allowing the bank to further diversify its funding sources and to establish a benchmark curve in USD over time. As of today, $2.0 bn have been issued under this Program. The overall outstanding amount of TLTRO II is equal to €51.2 bn on a consolidated basis[26], including the additional **TLTRO II** of €24.4 bn[27] drawdown during the recent auction last March.

[21]Delta based on both 1Q16 and on 4Q16 adjusted data.
[22]The net profit for the first quarter 2017 is included in Own Funds according to the request submitted to competent Authority according to CRR Article 26(2).
[23]SREP relevant requirements for 2017: 8.77 per cent CET1 ratio (4.5 per cent P1 + 2.5 per cent P2 + 1.77 per cent combined capital buffer); 10.27 per cent T1 ratio (6 per cent P1 + 2.5 per cent P2 + 1.77 per cent combined capital buffer); 12.27% Total Capital ratio (8 per cent P1 + 2.5 per cent P2 + 1.77 per cent combined capital buffer).
[24]Dec16 RWA transitional adjusted to €390.6 bn considering the effects as explained in Note 3 of this document.
[25]Business evolution: changes related to business development; Business actions: initiatives to proactively decrease RWA (mainly securitizations). Models: methodological changes to existing/ new models; procyclicality: change in macro-economic framework or client's credit worthiness. regulation: changes in regulation (e.g. CRR or CRD). FX: translation of non-euro denominated exposures.
[26]€33.6 bn have been taken in Italy, €12.6 bn in Germany, €4.0 bn in Austria, €0.9 bn in CEE.
[27] €15.5 bn have been taken in Italy, €5.6 bn in Germany, €3.0 bn in Austria and €0.3 bn in CEE.

DIVISIONAL QUARTERLY HIGHLIGHTS[28]

Commercial Banking Italy

Euro (m)	*1Q16*	*4Q16*	*1Q17*	*Δ % vs. 4Q16*	*Δ % vs. 1Q16*
Total revenues	1,932	1,679	1,858	+10.7%	-3.8%
Gross operating profit	758	573	748	+30.5%	-1.4%
Net operating profit	531	-719	506	n.m.	-4.6%
Net profit	304	-1,420	317	n.m.	4.3%
RoAC	11.5%	n.m.	12.8%	n.m.	1.3 pp
C/I	60.7%	65.9%	59.8%	-6.1 pp	-1.0 pp
CoR (bp)	68	380	71	n.m.	3

Revenues were up at €1.9 bn in 1Q17 (+10.7 per cent Q/Q, -3.8 per cent Y/Y) thanks to positive contribution from interest income and higher fees. In particular:

- The NII dynamics was positive compared to the previous quarter also supported by the accrual of TLTRO benefit (including the amount related to 2016), while on a yearly basis the NII trend reduced mainly as a consequence of lower interest rates.
- The robust dynamics in fees (+€137 m Q/Q, +€17 m Y/Y) was mainly driven by Asset under Management products up by €130 m Q/Q and by €68 m Y/Y. In particular, the improvement in gross sales of AuM confirmed the strengthening of the commercial machine, underpinning higher up-front fees mainly on mutual funds.

Operating costs were under control at €1.1 bn in 1Q17 (+0.4 per cent Q/Q, -5.4 per cent Y/Y). Staff expenses registered €638 m (+0.7 per cent Q/Q, -5.3 per cent Y/Y) sustained by a reduction of over 1,600 FTE Y/Y confirming the progress on Transform 2019. Cost/Income ratio improved to 59.8 per cent in 1Q17 (-6.1 p.p. Q/Q).

LLP reached €241 m in 1Q17 (-81.3 per cent Q/Q, +5.9 per cent Y/Y) reflecting the Group's conservative approach to NPE Y/Y.

Commercial Banking Italy was the third largest contributor to the Group bottom line with €317 m in 1Q17 (n.m. Q/Q, +4.3 per cent Y/Y). Return on allocated capital (RoAC) improved to 12.8 per cent in 1Q17.

[28]Please consider that all divisional figures in "Divisional Quarterly Highlights" represent the contribution of each division to Group data.
Please note that Return on Allocated Capital related to each division and showed in this section is calculated as: (Annualized net profit / Allocated Capital). Allocated capital based on RWA equivalent figures calculated with a CET1 ratio target of 12.5% as for plan horizon, including deductions for shortfall and securitizations.

COMMERCIAL BANKING GERMANY

Euro (m)	*1Q16*	*4Q16*	*1Q17*	*Δ % vs. 4Q16*	*Δ % vs. 1Q16*
Total revenues	651	613	704	+14.9%	+8.2%
Gross operating profit	172	142	228	+61.1%	+32.8%
Net operating profit	194	178	208	+17.1%	+7.4%
Net profit	108	-154	114	n.m.	+6.2%
RoAC	8.1%	n.m.	9.3%	n.m.	1.2 pp
C/I	73.6%	76.9%	67.6%	-9.3 pp	-6.0 pp
CoR (bp)	-11	-18	10	28	21

Positive start of 2017 with solid revenues at €704 m in 1Q17 (+14.9 per cent Q/Q, +8.2 per cent Y/Y), on the back of resilient net interest income (+€54 m Q/Q, +€3 m Y/Y) and sound fees (+€53 m Q/Q, +46 m Y/Y) driven by investments products (+€38 m Q/Q, +€21 m Y/Y) and transactional services (+€12.6 m Q/Q, +€23.9 m Y/Y).

Total costs reached €476 m (+1.0 per cent Q/Q, -0.6 per cent Y/Y) and were down Q/Q net of releases of variable compensation in 4Q16. The FTE base was reduced by 148 employees Q/Q and by 415 employees Y/Y. The cost/income ratio decreased to 67.6 per cent in 1Q17 (-9.3 p.p. since December 2016).

LLP were under control at €20 m with a low cost of risk of 10 bp in 1Q17. The resilient operating profitability is confirmed above €200 m.

Net profit achieved €114 m in 1Q17, up by 6.2 per cent compared to 1Q16. 4Q16 net result was affected by €301 m of integration costs related to the implementation of Transform 2019.

RoAC benefited from the very strong performance, reaching 10 per cent in 1Q17.

COMMERCIAL BANKING AUSTRIA

Euro (m)	*1Q16*	*4Q16*	*1Q17*	*Δ % vs. 4Q16*	*Δ % vs. 1Q16*
Total revenues	381	401	366	-8.7%	-3.9%
Gross operating profit	68	92	82	-10.5%	+21.6%
Net operating profit	64	32	134	n.m.	n.m.
Net profit	-207	-364	68	n.m.	n.m.
RoAC	n.m.	n.m.	9.0%	n.m.	n.m.
C/I	82.2%	77.1%	77.5%	0.5 pp	-4.7 pp
CoR (bp)	3	49	-44	-93	-46

In 1Q17, Commercial Banking Austria delivered revenues of €366 m (-8.7 per cent Q/Q, -3.9 per cent Y/Y). In particular, Q/Q revenues were stable if adjusted for extraordinary items – 4Q16 benefitted from revenues related to the sale of VISA stake and some trading one-offs. The decrease in Y/Y revenues was mainly due to net interest income reduction as a consequence of the negative interest rates environment partially offset by an increase in investment fees.

Rigorous cost containment with total expenses amounting to €283 m (-8.2 per cent Q/Q, -9.5 per cent Y/Y) in 1Q17 reflecting ongoing Transform 2019 actions. Cost/Income ratio stood at 77.5 per cent in 1Q17 (stable Q/Q, -4.7 p.p. Y/Y).

Asset quality improved during the quarter with a net LLP release of €52 m in 1Q17. Net operating profit amounted to €134 m in 1Q17, four times higher Q/Q and doubling Y/Y.

Net result turned into a positive territory at €68 m in 1Q17 after restructuring actions affecting FY16 (mainly restructuring costs and higher provisions for risks and charges in 4Q16). RoAC improved to 9.0 per cent.

CEE[29]

Euro (m)	*1Q16*	*4Q16*	*1Q17*	*Δ % vs. 4Q16*	*Δ % vs. 1Q16*
Total revenues	942	998	1,070	+6.5%	+9.9%
Gross operating profit	580	627	696	+10.8%	+16.8%
Net operating profit	442	311	511	+62.4%	+13.7%
Net profit	316	198	336	+67.5%	+5.5%
RoAC*	10.5%	6.7%	11.5%	4.8 pp	1.0 pp
C/I	38.4%	37.2%	34.9%	-2.3 pp	-3.4 pp
CoR (bp)	96	210	122	-88	26

Quarterly performance showed increasing revenues at €1.1 bn in 1Q17 (+6.5 per cent Q/Q and +9.9 per cent Y/Y) sustained by all business lines. In particular, net interest income reached €647 m (-1.1 per cent Q/Q, +1.2 per cent Y/Y) down in the quarter mainly due to days effect but increasing Y/Y sustained by lower cost of funding and increasing loan volumes. Fee income was positive at €211 m (+5.5 per cent Q/Q, +6.8 per cent Y/Y) mostly thanks to the high contributions coming from payments and transactional services. Trading activity contributed with €106 m in 1Q17 (+13.7 per cent Q/Q, +53.0 per cent Y/Y) on the back of customer related business, further supported by capital gains realisation on AFS.

Operating expenses moved to €374 m in 1Q17 (-0.8 per cent Q/Q, -1.1 per cent Y/Y) with a C/I ratio reduced to 34.9 per cent (-2.3 p.p. Q/Q, -3.4 p.p. Y/Y).

Gross operating profit increased both Q/Q and Y/Y (+10.8 per cent and +16.8 per cent, respectively) with almost all countries contributing to such development. In particular, strong performances were registered in Russia (+12.8 per cent Q/Q, +2.3 per cent Y/Y) and in Turkey (+67.1 per cent Q/Q, +52.1 per cent Y/Y).

LLP totaled €185 m in 1Q17 (-41.8 per cent Q/Q, +26.7 per cent Y/Y) with cost of risk at 122 bp (-88 bp Q/Q, +26 bp Y/Y) resulting from two opposite components: higher provisions on some single names and improved credit environment in most geographies. Cost of risk reduction was particularly marked in Russia (-77 bp Y/Y).

Net profit at €336 m in 1Q17 (+67.5 per cent Q/Q, +5.5 per cent Y/Y) despite higher systemic charges (+ €40 m compared to 1Q16) mainly due to charges for FY17 almost entirely booked in 1Q17 and higher contributions requested in Czech Republic, Romania and Hungary. RoAC was at 11.5 per cent in 1Q17.

[29]For CEE, changes at constant exchange rate. ROAC, C/I and CoR changes at current FX

CIB[30]

Euro (m)	1Q16	4Q16	1Q17	Δ % vs. 4Q16	Δ % vs. 1Q16
Total revenues	1,079	971	1,148	+18.2%	+6.3%
Gross operating profit	656	545	718	+31.8%	+9.6%
Net operating profit	594	137	646	n.m.	+8.8%
Net profit	306	125	364	n.m.	+18.8%
RoAC	14.0%	4.5%	15.4%	10.9 pp	1.4 pp
C/I	39.3%	43.9%	37.4%	-6.5 pp	-1.8 pp
CoR (bp)	24	157	27	n.m.	2

CIB continued to enjoy a robust business momentum with revenues at €1.1 bn (+18.2 per cent Q/Q, +6.3 per cent Y/Y) with a further progress of the client driven revenue component which reached a new height at 77 per cent (vs 72 per cent in 1Q16), thanks to a sound business flow and some large customer driven transactions in trading profit.

Total costs were under control at €430 m in 1Q17 (+0.7 per cent Q/Q, +1.3 per cent Y/Y) with FTE further down by 157 employees Y/Y anticipating the effects of Transform 2019. Cost/income ratio reduced at 37.4 per cent in 1Q17.

Continuous risk control with LLP reduced to €72 m in 1Q17 (-82.3 per cent Q/Q, +16.6 per cent Y/Y) and cost of risk back at lower level (ca. 27 bp in 1Q17) despite 2.4 bp higher than 1Q16.

CIB was the largest contributor to the 1Q17 bottom line amounted to €364 m (nn.m. Q/Q, +18.8 per cent Y/Y). RoAC reached 15.4 per cent in 1Q17.

A sound market positioning is confirmed also in 1Q17, allowing UniCredit to rank #1 in "EMEA Bonds in Euro" by number of transactions since the beginning of the year[31]. In addition, UniCredit confirmed its leading position ranking #1 in "Syndicated Loans" in Italy, Germany and Austria[32].

CIB leadership in Cash Management[33] and as a European Trade Finance Power House[34] was recognized – among others – by EuroMoney, recently awarding UniCredit the accolade of best Trade Finance House and 5 Stars for Cash Management in both Western Europe and CEE.

In addition, CIB leveraged on its market strength as debt financing house with leading role in large deals such as Volkswagen (€8 bn, multi-tranches bond transaction) as well as multiple domestic midcap transactions with commercial banking customers, confirming CIB as a fully plugged-in engine for the Group.

[30]We highlight developments in the quarter with reference to loan restructuring operation into participating instruments (Carlo Tassara S.p.A.). Based on the third amendment agreement on the moratorium on debt payments, a new adjustment of SFP (Strumenti Finanziari Partecipativi) was concluded in 1Q17, following which UniCredit S.p.A. reached overall n. 32,237,751 SFP, each with a face value of Euro 1.00. The credit exposure recorded in UniCredit S.p.A. as at March 31, 2017 amounts to approximately €3 m gross, fully written-off (unchanged compared to December 31, 2016). It should also be noted that UniCredit S.p.A. holds 1,080,000 Eramet S.A. shares (with an investor's share of 4.07%) recognized based on the published price quotation worth approximately €43 m. Please refer to the 2016 Consolidated Reports and Accounts for further details of the recovery plan.
[31]Source: Dealogic Analytics, per 3 April 2017. Period: 1 Jan – 31 March 2017.
[32]Source: Dealogic Analytics, per 3 April 2017. Period: 1 Jan – 31 March 2017.
[33]Source: EuroMoney (http://www.euromoney.com/Article/3650987/Category/0/ChannelPage/207399/Five-Star-Cash-Managers-2017-When-quality-not-quantity-counts-in-cash-management.html).
[34]Source: EuroMoney Trade Finance Survey 2017.

FINECO

Euro (m)	1Q16	4Q16	1Q17	Δ % vs. 4Q16	Δ % vs. 1Q16
Total revenues	140	138	142	+2.5%	+1.2%
Gross operating profit	80	83	81	-2.3%	+1.5%
Net operating profit	78	82	80	-2.2%	+2.7%
Net profit	18	17	18	+4.5%	+0.9%
RoAC	68.0%	49.0%	57.4%	8.4 pp	-10.5 pp
C/I	43.0%	40.0%	42.9%	2.8 pp	-0.2 pp
AUM / TFA	46.5%	47.5%	47.8%	0.3 pp	1.3 pp

Sound revenues growth at €142 m (+2.5 per cent Q/Q, +1.2 per cent Y/Y) with resilient NII supported by double digit growth in volumes which more than offset lower margins. Fees generation was positive with increasing investment services, in particular management fees were up by 3.1 per cent Q/Q and 13.4 per cent Y/Y. Brokerage activity (generating fees and trading income) performed well despite lower market volatility.

Operating costs reached €61 m (+9.8 per cent Q/Q, +0.8 per cent Y/Y) affected by higher seasonality registered in 1Q17 but substantially flat Y/Y confirming operating leverage as a key strength.

Fineco continued to be the key player in asset gathering in Italy with TFA increasing at €62.2 bn in 1Q17 (vs €55.0 bn in March 16, +13.1 per cent Y/Y) offering services to over 1.1 m digital clients. TFA from the private segment achieved €23.3 bn in March 2017 (+19 per cent Y/Y).

The healthy net sales expansion continued during the quarter, reaching €1.4 bn since the beginning of the year and was supported by an improvement in the asset mix towards high value added products. Total AuM net sales achieved €846 m in 1Q17 (+€901 m Y/Y). In particular, "Guided products & services"[35] stock increased their penetration reaching 59 per cent (+11.5 p.p. Y/Y) on total AuM stock, sustained by higher net sales at €1.0 bn (+145 per cent Y/Y) as of end of March 2017.

The positive trend for advanced advisory solutions is progressing, combined with an improvement in the productivity of the network leveraging on the "cyborg advisor" approach and the new X-Net platform[36] for advisors, to cope with expected pressure on margins in the medium term.

[35] Refers to products and developed services based on a selection among UCITS, considering the different customers risk profiles. Among others, the offer includes a multi-segment funds of funds denominated "Core Series", a unit-linked policy denominated "Core Unit" and an advanced investment advisory service denominated "Fineco Advice".

[36] X-Net: new platform dedicated to Personal Financial Advisors to develop clients not yet and increase the number of actively managed clients building up personalized proposals in order to improve network productivity.

GROUP CORPORATE CENTER (GCC)

Euro (m)	*1Q16*	*4Q16*	*1Q17*	*Δ % vs. 4Q16*	*Δ % vs. 1Q16*
Total revenues	-439	-446	-411	-7.8%	-6.4%
Costs	-123	-766	-110	-85.7%	-10.6%
Gross operating profit	-562	-1,211	-520	-57.0%	-7.3%
Net operating profit	-567	-1,199	-523	-56.4%	-7.8%
Net loss	-151	-3,637	-104	-97.1%	-30.8%
FTE	17,649	17,441	16,652	-4.5%	-5.65%
Costs GCC/ Tot. costs	3.9%	5.4%	3.7%	-1.7 pp	-0.2 pp

In 1Q17, GCC improved its performance thanks to lower funding costs (due to lower volumes) and operating expenses reduced by €13 m Y/Y. The decrease in FTE (ca. -1,000 units in the last twelve months) reflected the ongoing restructuring initiatives. The reduction of GCC weight on total costs at 3.7 per cent, down from 5.4 per cent in 4Q16, confirmed the ongoing progression to reach the target of 2.9 per cent envisaged in Transform 2019 plan.

Net loss of €104 m in 1Q17, improving by €47 m compared to 1Q16. Discontinued operations positively impacted the bottom line by €352 m in 1Q17, including the contribution by Pekao and Pioneer and the effect of IFRS5 on fees[37].

NON CORE

Euro (m)	*1Q16*	*4Q16*	*1Q17*	*Δ % vs. 4Q16*	*Δ % vs. 1Q16*
Total revenues	-11	-131	-43	n.m.	n.m.
Costs	-42	-51	-43	-15.7%	+1.1%
Gross operating profit	-54	-182	-86	-52.8%	+60.3%
LLP	-343	-7,559	-201	n.m.	-41.5%
Net loss	-289	-8,324	-206	n.m.	-28.5%
Gross customer loans, bn	60,474	37,137	36,360	-2.1%	-39.9%
Net NPE, bn	24,391	13,737	13,239	-3.6%	-45.7%
Coverage ratio	52.5%	56.4%	57.2%	+83bp	+468bp
RWA, bn	29,103	26,196	25,230	-3.7%	-13.3%

Non Core division showed a net loss of €206 m in 1Q17, an improvement thanks to the decisive self-help actions of Transform 2019, aimed at addressing the asset quality issue. Lower LLP at €201 m in 1Q17 after the extraordinary provisions of €7.2 bn booked in 4Q16 mainly related to the FINO portfolio disposal.

RWA decreased to €25.2bn in 1Q17 (-3.7 per cent Q/Q, -13.3 per cent Y/Y).

Gross NPE continued to decrease to €30.9 bn as of March 2017 (-1.8 per cent Q/Q, -39.8 per cent Y/Y) sustained by ca. €100 m disposals in 1Q17. The coverage ratio improved at 57.2 per cent in 1Q17.

[37] In detail, main components are represented by: (i) net profit for 1Q17 related to Pioneer; (ii) net profit for 1Q17 related to Pekao (before minorities); (iii) temporary effect following Pioneer and Bank Pekao IFRS5 reclassification related to elimination of fees paid to the Commercial Banking Network (224m); this positive impact is compensated by an opposite negative adjustment of the same amount in the line Fees, being as a consequence neutral to the Group's bottom line.

SIGNIFICANT EVENTS DURING AND AFTER 1Q17

With reference to the significant events occurred during 1Q17 and after March 31, please refer to section "Subsequent Events" in the Consolidated Report on Operations, which is integral part of the 2016 Consolidated Reports and Accounts, as well as the press releases published on the UniCredit Group website. In particular:

- "UniCredit: Shareholders' Meeting approves capital increase proposal" (press release published on January 12, 2017)
- "UniCredit Bulbank (Bulgaria) sells non performing credit portfolio to Debt collection agency EAD (DCA), the Bulgarian subsidiary of B2Holding ASA" (press release published on January 17, 2017);
- "UniCredit signs agreement with the Italian Trade Unions related to 3,900FTEs redundancies" (press releases published on February 4, 2017);
- "Yapi Kredi sells non performing credit portfolio to Güven Varlık Yönetim A.Ş." (press release published on March 2, 2017);
- "UniCredit: rights issue fully subscribed" (press release published on March 2, 2017);
- "UniCredit Bank Hungary sold non performing credit portfolio composed of residential mortgages" (press release published on March 20, 2017);
- "UniCredit: takes €24.4 billion in ECB TLTRO II Auction" (press release published on March 23, 2017);
- "UniCredit issues US$1,250,000,000 3.750% Notes due 2022 and US$750,000,000 4.625% Notes due 2027" (press release published on April 6, 2017);
- "UniCredit: Fitch aligns UniCredit SpA's ratings with the sovereign one of Italy" (press release published on April 28, 2017);
- "UniCredit Leasing sold non performing credit portfolio to MBCredit Solution SpA" (press release published on May 10, 2017)

OUTLOOK

During 2017, UniCredit should benefit from the general, albeit gradual, recovery in the economic cycle, even though interest rates remain low, affecting the net interest income dynamic. The Group will leverage on a solid capital position, having completed the capital increase of €13 bn, as a pillar of the "Transform 2019" plan. UniCredit will also benefit from the other initiatives envisaged in the Transform 2019 plan, aiming at improving asset quality, transforming the operating model, maximizing the commercial bank value and adopting a lean but steering center.

GROUP TABLES

UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	1Q16	4Q16	1Q17	Y/Y %	Q/Q %
Net interest	2,631	2,415	2,564	-2.5%	+6.2%
Dividends and other income from equity investments	212	148	170	-19.7%	+15.0%
Net fees and commissions	1,417	1,306	1,481	+4.5%	+13.5%
Net trading, hedging and fair value income	337	405	590	+75.1%	+45.7%
Net other expenses/income	77	(51)	28	-64.2%	n.m.
OPERATING INCOME	**4,674**	**4,223**	**4,833**	**+3.4%**	**+14.5%**
Staff expenses	(1,832)	(1,665)	(1,755)	-4.2%	+5.4%
Other administrative expenses	(1,105)	(1,561)	(1,114)	+0.8%	-28.7%
Recovery of expenses	176	207	176	+0.5%	-14.8%
Amort. deprec. and imp. losses on intang. & tang. assets	(214)	(536)	(193)	-9.7%	-63.9%
OPERATING COSTS	**(2,976)**	**(3,555)**	**(2,886)**	**-3.0%**	**-18.8%**
OPERATING PROFIT (LOSS)	**1,698**	**667**	**1,947**	**+14.6%**	**n.m.**
Net write-downs on loans and provisions	(760)	(9,586)	(670)	-11.8%	-93.0%
NET OPERATING PROFIT (LOSS)	**938**	**(8,919)**	**1,277**	**+36.1%**	**n.m.**
Other charges and provisions	(381)	(973)	(463)	+21.6%	-52.4%
Integration costs	(252)	(1,771)	(5)	-98.1%	-99.7%
Net income from investments	(18)	(885)	24	n.m.	n.m.
PROFIT (LOSS) BEFORE TAX	**288**	**(12,547)**	**833**	**n.m.**	**n.m.**
Income tax for the period	(186)	(103)	(212)	+13.8%	n.m.
NET PROFIT (LOSS)	**102**	**(12,650)**	**621**	**n.m.**	**n.m.**
Profit (Loss) from non-current assets held for sale, after tax	398	(525)	376	-5.5%	n.m.
PROFIT (LOSS) FOR THE PERIOD	**500**	**(13,175)**	**997**	**+99.4%**	**n.m.**
Minorities	(93)	(121)	(89)	-5.1%	-26.5%
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA	**407**	**(13,296)**	**909**	**n.m.**	**n.m.**
Purchase Price Allocation effect	(1)	(2)	(1)	+39.2%	-38.0%
Goodwill impairment	-	(261)	-	n.m.	n.m.
NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP	**406**	**(13,558)**	**907**	**n.m.**	**n.m.**

Note: Starting from December 31, 2016, in accordance with IFRS5, the profit/loss of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies was entirely recognized under item "Profit (loss) after tax from discontinued operation" as a result of their classification as "discontinued operations". The previous periods were restated accordingly to increase comparability, pursuant to the regulations in force.

UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	1Q16	4Q16	1Q17	Y/Y %	Q/Q %
ASSETS					
Cash and cash balances	8,793	13,858	32,261	*n.m.*	*n.m.*
Financial assets held for trading	97,239	87,467	86,191	*-11.4%*	*-1.5%*
Loans and receivables with banks	85,442	74,692	77,968	*-8.7%*	*+4.4%*
Loans and receivables with customers	455,756	444,607	452,766	*-0.7%*	*+1.8%*
Financial investments	154,422	149,004	142,123	*-8.0%*	*-4.6%*
Hedging instruments	8,451	6,872	6,231	*-26.3%*	*-9.3%*
Property, plant and equipment	9,285	9,092	9,054	*-2.5%*	*-0.4%*
Goodwill	1,744	1,484	1,484	*-14.9%*	*+0.0%*
Other intangible assets	1,893	1,708	1,687	*-10.9%*	*-1.2%*
Tax assets	15,601	15,161	15,293	*-2.0%*	*+0.9%*
Non-current assets and disposal groups classified as held for sale	43,386	45,854	46,603	*+7.4%*	*+1.6%*
Other assets	10,192	9,735	9,424	*-7.5%*	*-3.2%*
Total assets	**892,203**	**859,533**	**881,085**	***-1.2%***	***+2.5%***
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits from banks	111,175	103,852	138,581	*+24.7%*	*+33.4%*
Deposits from customers	449,360	452,419	437,996	*-2.5%*	*-3.2%*
Debt securities in issue	127,628	115,436	109,103	*-14.5%*	*-5.5%*
Financial liabilities held for trading	71,154	68,361	60,631	*-14.8%*	*-11.3%*
Financial liabilities designated at fair value	1,217	2,497	3,027	*n.m.*	*+21.2%*
Hedging instruments	12,014	9,405	8,202	*-31.7%*	*-12.8%*
Provisions for risks and charges	9,357	10,541	10,055	*+7.5%*	*-4.6%*
Tax liabilities	1,534	1,399	1,443	*-5.9%*	*+3.2%*
Liabilities included in disposal groups classified as held for sale	34,861	35,869	36,031	*+3.4%*	*+0.5%*
Other liabilities	19,959	16,566	18,980	*-4.9%*	*+14.6%*
Minorities	3,513	3,853	4,312	*+22.8%*	*+11.9%*
Group Shareholders' Equity:	50,431	39,336	52,723	*+4.5%*	*+34.0%*
- Capital and reserves	*49,998*	*51,881*	*52,948*	*+5.9%*	*+2.1%*
- Available-for-sale assets fair value reserve, cash-flow hedging reserve and defined benefits plans reserve	*27*	*(755)*	*(1,132)*	*n.m.*	*+49.8%*
- Net profit (loss)	*406*	*(11,790)*	*907*	*n.m.*	*n.m.*
Total liabilities and Shareholders' Equity	**892,203**	**859,533**	**881,085**	***-1.2%***	***+2.5%***

Note: Starting from December 31, 2016, in accordance with IFRS5, the profit/loss of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies was entirely recognized under item "Profit (loss) after tax from discontinued operation" as a result of their classification as "discontinued operations". The previous periods were restated accordingly to increase comparability, pursuant to the regulations in force.

UNICREDIT GROUP: SHAREHOLDERS' EQUITY

(€ million)	
Shareholders' Equity as at December 31, 2016	**39,336**
Capital increase (net of capitalized costs) (*)	12,649
Equity instruments	-
Disbursements related to Cashes transaction ("canoni di usufrutto")	(32)
Dividend payment	-
Forex translation reserve(**)	283
Change in afs/cash-flow hedge reserve	(433)
Others(***)	13
Net profit (loss) for the period	907
Shareholders' Equity as at March 31, 2017	**52,723**

Note: (*) Please note that the capital increase is €12,999.6 m. (**) This positive effect is mainly due to the impact of the Rouble for 188 m and the positive effect of Zloty for 136 m. (***) This includes mainly: i) the positive change in the reserves relating to the actuarial gains/losses on defined benefit plans of €57 m net of taxes; ii) the negative change in the valuation reserve of the companies accounted for using the equity method for €84 m, mainly due to the depreciation of the items in Turkish Lira; iii) the positive change of the reserve related of non-current assets classified as held for sale for €12 m mainly due to the polish subsidiary; iv) the positive effect of 29 m related to the disposal of Pekao SA' share (1,04 per cent) due to the early redemption of mandatorily settled equity-linked certificates occurred in the period.

UNICREDIT GROUP: STAFF AND BRANCHES

Staff and Branches (units)	1Q16	4Q16	1Q17	*Y/Y Δ*	*Q/Q Δ*
Employees(*)	100,139	98,304	96,423	*-3,716*	*-1,881*
Branches (**)	6,842	6,221	6,137	*-705*	*-84*
- o/w, Italy	*3,805*	*3,524*	*3,459*	*-346*	*-65*
- o/w, other countries	*3,037*	*2,697*	*2,678*	*-359*	*-19*

Note: (*) FTE data: number of employees counted for the rate of presence. Please consider that Group FTE are shown excluding i) Ukrsotsbank (sold in 4Q16), Pioneer, Bank Pekao, and Immo Holding that are classified under IFRS5 and ii) Ocean Breeze. (**) Number of branches at regulatory view. In Market Presentation the number of branches considers only Retail Branches of Italy, Germany, Austria and CEE.

UNICREDIT GROUP: RATINGS

	SHORT-TERM DEBT	MEDIUM AND LONG-TERM	OUTLOOK	STANDALONE RATING
Standard & Poor's	A-3	BBB-	STABLE	bbb-
Moody's	P-2	Baa1	STABLE	ba1
Fitch Ratings	F2	BBB	STABLE	bbb

Note: S&P On December 20, 2016, S&P affirmed UniCredit S.p.A.'s ratings with Stable outlook following the New Strategic Plan announcement.
Moody's On December 7, 2016, Moody's has revised the outlook of Italy's 'Baa2' to negative from stable. On the 19 of Dec 2016, Moody's affirmed UniCredit S.p.A.'s ratings with Stable outlook following the New Strategic Plan announcement.
Fitch on April 27, 2017, Fitch has aligned UniCredit SpA's ratings with that of the Sovereign Italy at 'BBB' with outlook revised to 'Stable' (from 'Negative').

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

With reference to the Group's sovereign exposures[38], the book value of sovereign debt securities as at March 31, 2017 amounted to €123,601 m, of which over 89 per cent concentrated in eight countries; Italy, with €58,079 m, represents about 47 per cent of the total. For each of the eight countries, the table below shows the book value of the exposures broken down by portfolio as at March 31, 2017.

(€ million)	Book value
As at 03.31.2017	
- Italy	**58,079**
financial assets/liabilities held for trading (net exposures *)	3,447
financial assets at fair value through profit or loss	0
available for sale financial assets	52,133
loans and receivables	180
held to maturity investments	2,319
- Germany	**17,461**
financial assets/liabilities held for trading (net exposures *)	1,156
financial assets at fair value through profit or loss	14,490
available for sale financial assets	778
loans and receivables	1,037
held to maturity investments	-
- Spain	**15,363**
financial assets/liabilities held for trading (net exposures *)	207
financial assets at fair value through profit or loss	42
available for sale financial assets	14,182
loans and receivables	-
held to maturity investments	933
- Austria	**9,075**
financial assets/liabilities held for trading (net exposures *)	582
financial assets at fair value through profit or loss	226
available for sale financial assets	8,167
loans and receivables	-
held to maturity investments	101
- France	**5,085**
financial assets/liabilities held for trading (net exposures *)	217
financial assets at fair value through profit or loss	786
available for sale financial assets	4,082
loans and receivables	-
held to maturity investments	-
- Hungary	**1,992**
financial assets/liabilities held for trading (net exposures *)	129
financial assets at fair value through profit or loss	-
available for sale financial assets	1,863
loans and receivables	-
held to maturity investments	-
- Czech Republic	**1,829**
financial assets/liabilities held for trading (net exposures *)	9
financial assets at fair value through profit or loss	-
available for sale financial assets	1,820
loans and receivables	-
held to maturity investments	-
- Bulgaria	**1,702**
financial assets/liabilities held for trading (net exposures *)	2
financial assets at fair value through profit or loss	-
available for sale financial assets	1,697
loans and receivables	3
held to maturity investments	-
Total on-balance sheet exposures	**110,586**

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

Please note that numbers might not add due to rounding reasons.

[38]Sovereign exposures are bonds issued by and loans given to central and local governments and governmental bodies. ABSs are not included.

The remaining 11 per cent of the total of sovereign debt securities, amounting to €13,015 m with reference to the book values as at March 31, 2017, is divided into 48 countries, including Russia (€1,256 m), the US (€480 m), Slovenia (€398 m), Portugal (€104 m), Ireland (€33 m) and Argentina (€5 m). The sovereign exposure to Greece, Cyprus and Ukraine is immaterial.

With respect to these exposures, as at March 31, 2017 there were no indications that impairment may have occurred.

It should moreover be noted that among the aforementioned remaining part of sovereign debt securities as at 31 March 2017 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 €3,847 m.

In addition to the exposures to sovereign debt securities, loans[39] given to central and local governments and governmental bodies must be taken into account.

UNICREDIT GROUP: SOVEREIGN LOANS – BREAKDOWN BY COUNTRY

The table below shows the total amount as at March 31, 2017, 2016 of loans given to countries towards which the overall exposure exceeds €140 m, representing about 94 per cent of the total.

(€ million)	Book value
As at 03.31.2017	
- Germany (*)	6,625
- Italy	5,682
- Austria (**)	5,345
- Croatia	2,623
- Indonesia	265
- Slovenia	231
- Bosnia and Herzegovina	183
- Egypt	181
- Gabon	175
- Bulgaria	171
- Turkey	171
- Oman	143
Total on-balance sheet exposures	**21,795**

Note: (*) of which 1,020,400 thousands in financial assets held for trading and those at fair value through profit or loss. (**) of which 250,777 thousands in financial assets at fair value through profit or loss.

[39]Tax items are not included.

BASIS OF PREPARATION

1. This Consolidated Interim Report as at March 31, 2017 - Press Release has been prepared on a voluntary basis, with the aim to ensure 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 March 31, 2017 - Press Release as well as the press releases on significant events occurred during the period, the market presentation of 1Q17 results, the Divisional Database and the disclosure by institutions pursuant to Regulation (EU) No.575/2013 are available on UniCredit Group website.
2. Reclassified balance sheet and income statements 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 Financial Statements as at December 31, 2016.
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, Net bad loans to customers/Loans to customers, Net Non-Performing loans to customers/Loans to customers, RoAC, Cost of risk), whose description is included in Consolidated Financial Report as at December 31, 2016 (Consolidated Interim Report on Operations and Annexes) in accordance with European Securities and Markets Authority Guidelines (ESMA/2015/1415) of October 5, 2015. Within this Consolidated Interim Report - Press Release, RoTE is defined in note 2 on page 1.
4. The contents of this Consolidated Interim Report as at March 31, 2017 - Press Release are not prepared according to the international accounting standard on interim reporting (IAS 34).
5. The Consolidated Interim Report as at March 31, 2017 - Press Release, which is presented in reclassified form, has been prepared on the basis of IAS/IFRSs in force, as detailed in the Notes to the Consolidated Accounts - Part A - Accounting Policies of Consolidated Financial Statements as at December 31, 2016.
   We note that some valuation processes, including the valuation of tangible and intangible assets (including goodwill and assets evaluated on the basis of the same estimates) and the sustainability of deferred tax assets, have been performed by assessing that, since December 31, 2016, there have been no substantial events or changes in parameters and circumstances that may indicate the need to adjust the book values.
6. In those cases in which the accounts did not fully reflect the reporting of items on an accrual-basis, such as certain administrative expenses, the accounting figures were supplemented by estimates based on the budget.
7. With reference to the ordinary contributions due for 2017 to the Single Resolution Fund and to Deposit Guarantee Schemes, the related costs are presented into "Other charges and provisions" according to best estimation on the basis of the information available as of March 31, 2017. As of December 2016 in the same item "Other charges and provisions" the effects originated by the application of law (D.L.) No. 59 dated May 3, 2016 were recognized, which included the fee due for the year 2015, paid in July 2016, and an estimation of the fee due for year 2016. Following the subsequent "D.L. Salvarisparmio" converted into law No. 15 dated February 17, 2017 the payment period of the abovementioned fee was postponed from the period 2015-2029 to the period 2016-2030, therefore the original fee estimated for 2016 – which, following this new law, should be considered relating to 2017 - was updated, based on the best estimation as at March 31, 2017, which substantially confirmed the amount identified in financial year 2016.
8. Scope of consolidation: in the first three months of 2017 the following changes occurred in the scope:
   a. the number of fully consolidated companies changed from 680 at the end of 2016 to 675 at March 2017 (2 incoming and 7 exited), presenting a decrease of 5 (exits are mainly attributable to disposals and mergers in other Group's companies);
   b. the number of companies consolidated using the equity method is 65, unchanged from the end of 2016 to March 2017 (1 incoming and 1 exited).
9. Non-current assets and asset groups held for sale: In the Balance Sheet at March 31, 2017, the main reclassified assets based on the IFRS5 accounting principle, as non-current assets and asset disposal groups refer to:
   a. regarding the individual assets and liabilities held for sale:
      i. the subsidiary Bankhaus Neelmeyer AG;
      ii. the real estate properties held by certain companies in the Group;
      iii. credit exposures belonging to the FINO Portfolio in view of the Group intention to gradually dispose of the entire portfolio within current year;
   b. regarding the data relating to group of assets held for sale and associated liabilities, the following companies, already reported in the Consolidated Financial Statements as at December 31, 2016:
      i. the companies of Pekao and Pioneer Groups (except only for the following five companies: Pioneer Global Funds Distributor Ltd, Pioneer Alternative Investment Management Ltd, Pioneer Alternative Investment Management (Bermuda) Ltd, Pioneer Alternative Investments (New York) Ltd e Pioneer Alternative Investments (Israel) Ltd, belonging to Pioneer Group and not subject to sale);
      ii. the companies of Immobilien Holding Group (Austria).
10. All intercompany transactions of a material amount were eliminated (both balance sheet and income statement figures). All unreconciled amounts were posted to other assets or liabilities or to net other income/expenses, if not related to interests or commissions.
11. This Consolidated Interim Report - Press Release is not audited by the External Auditors.

<u>*Declaration by the Manager charged with preparing the financial reports*</u>

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

DECLARES

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

Milan, May 10 2017

Manager charged with
preparing the financial reports

Francesco Giordano

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UNICREDIT 1Q17 GROUP RESULTS – DETAILS OF CONFERENCE CALL

MILAN, MAY 11, 2017 – 10.00 CET

CONFERENCE CALL DIAL IN

ITALY: +39 02 805 88 11
UK: +44 1 212818003
USA: +1 718 7058794

THE **CONFERENCE CALL** WILL ALSO BE **AVAILABLE** VIA **LIVE AUDIO WEBCAST** AT https://www.unicreditgroup.eu/en/investors/group-results.html, WHERE THE SLIDES WILL BE DOWNLOADABLE