

**DECISIVE ACTIONS TAKEN ON LEGACY AND OPERATIONAL ISSUES TO TRANSFORM BANK AND  
BUILD ON EXISTING COMPETITIVE ADVANTAGES**

**REVENUES AND UNDERLYING GROSS OPERATING PROFIT RESILIENT, UNDERPINNED BY ONGOING  
COST SAVINGS**

**TRANSFORM 2019 – EARLY PROGRESS ACHIEVED:**

- **FULLY UNDERWRITTEN €13BN RIGHTS ISSUE UNDERWAY, CLOSING BEFORE MARCH 10, 2017**
  - **COMPREHENSIVE TRADE UNION AGREEMENTS SIGNED COVERING ALL 14,000 PLANNED  
REDUNDANCIES IN THE GROUP**
    - **PROJECT FINO IS IN EXECUTION PHASE WITH PIMCO AND FORTRESS**
      - **ALL PLAN TARGETS CONFIRMED**

**UNDERLYING FULLY LOADED CET1 RATIO POST CAPITAL INCREASE AT 11.15 PER CENT AND  
ABOVE 12 PER CENT INCLUDING PIONEER AND BANK PEKAO DISPOSALS**

UNICREDIT GROUP	
<b>FY2016 RESULTS</b>	<ul style="list-style-type: none"> <li>■ <b>REPORTED NET LOSS OF €11.8 BN – NET PROFIT AT €1.3 BN EXCLUDING NON RECURRING ITEMS AMOUNTING TO €13.1 BN IN FY16</b></li> <li>■ <b>RESILIENT REVENUES AT €18.8 BN (-0.3 PER CENT FY/FY)</b></li> <li>■ <b>REPORTED OPERATING EXPENSES €12.5 BN – OPERATING EXPENSES DOWN BY 4 PER CENT FY/FY TO €11.8 BN EXCLUDING €626 M OF ONE-OFFS RELATED TO TRANSFORM 2019</b></li> </ul>
<b>4Q16 RESULTS</b>	<ul style="list-style-type: none"> <li>■ <b>REPORTED NET LOSS OF €13.6 BN – EXCLUDING ONE-OFFS AMOUNTING TO €13.2 BN IN 4Q16, NET LOSS AT €352 M AFFECTED BY LOWER REVENUES AND HIGHER LLP PARTIALLY COMPENSATED BY STRICT COST CONTROL</b></li> </ul>

Milan, 9 February 2017: today, the Board of Directors of UniCredit S.p.A approved preliminary 4Q16 and FY16 results consolidated financial accounts as of December 31, 2016.

After the Board of Directors Jean Pierre Mustier, Chief Executive Officer, UniCredit S.p.A. commented: *“2016 was a pivotal year for UniCredit. We took a number of decisive actions regarding legacy and operational issues to ensure the future success of the Group. We will continue to strengthen our simple Pan-European Commercial Bank business model which benefits from a fully plugged in CIB, whilst continuing to deliver our unique Western, Central and Eastern European network to our 25 million strong client franchise. Transform 2019 is already progressing. Since the beginning of February, our fully underwritten 13 billion euro capital increase was launched, we have signed agreements with our unions securing the planned 14,000 redundancies between now and the end of 2019, and Project FINO has commenced active execution. The whole Group is fully focused on the successful implementation of our plan. The underlying business held up well in 2016, supported by active cost savings measures and positive inflows, which underlines the strength of the UniCredit brand.”*

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## All Transform 2019 plan targets confirmed

The implementation of Transform 2019 has commenced, with the main focus on Group's capital optimization, reduction of balance sheet risk profile, improvement of profitability, ensuring continuous transformation of operations to allow for additional cost efficiencies and cross-selling across Group entities, whilst maintaining flexibility to seize value creating opportunities together with further improved risk discipline.

Transform 2019 is already showing tangible results:

- **Strengthen and optimize capital:** on February 6 2017, €13 bn rights issue launched, fully underwritten, at terms and conditions in line with market practice for similar transactions, by a consortium of leading international banks. The rights issue will be settled before March 10, 2017. The capital increase is the first tangible step in terms of strengthening and optimizing UniCredit's capital position, leading to a post rights issue fully loaded CET1 of 11.15 per cent in 4Q16<sup>1</sup>. CET1 ratio above 12% including Pioneer and Pekao disposals (c.1.5p.p.).

The CET1 ratio target for end 2019 is confirmed above 12.5 per cent, as per Transform 2019 thus aligning UniCredit's capital ratios with other best in class "Global Systemically Important Financial Institutions" (G-SIFIs).

Confirmed 20-50 per cent cash dividend payout policy as of FY17, as disclosed in Transform 2019. The Board of Directors has resolved not to propose any payment of dividends for FY16.

- **Improve asset quality:** decisive actions on legacy issue mainly related to the Italian portfolio, with €8.1 bn of extraordinary loan loss provisions (LLP) in 4Q16, actively de-risking the balance sheet.

Group non performing exposures (NPE)<sup>2</sup> down to €56.3 bn and NPE ratio reduced from 15.1 per cent to 11.8 per cent Q/Q. Non Core gross NPE decreased to €31.5 bn (-36.6 per cent Q/Q, -39.4 per cent Y/Y) accelerating the run-down of the Non Core with improved coverage ratio on bad loans at 65.6 per cent (+5.1p.p. Q/Q) and unlikely to pay at 44.6 per cent (+11.2p.p. Q/Q).

On February 1, 2017, Project FINO moved into the first execution phase with Pimco and Fortress. This phase is scheduled to complete in the second half of 2017, in line with the guidance given at the Capital Markets Day. Project FINO is a proactive initiative undertaken by UniCredit aimed at accelerating the reduction of the Group's gross amount of non-performing exposures in line with the Transform 2019. Group asset quality ratios as at 31st December 16, including the Fino portfolio correspond to: gross NPE ratio of 14.8 per cent; net NPE ratio of 6,1 per cent; NPE coverage ratio of 62.9 per cent; gross bad loans ratio of 9.9 per cent; net bad loans ratio of 2.9 cent; bad loans coverage ratio of 73.1 per cent.

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**Note:** starting from December 2016, figures included in the press release reflect the classification under IFRS5 of Pioneer and Bank Pekao, accounted as "Held for Sale". Previous data restated accordingly. Group net profit unchanged.

In addition, Fino portfolio has been classified as Held for Sale and none of the figures reported in this presentation include loans related to the Fino portfolio. The Fino portfolio, as communicated during the Capital Markets Day, originally amounted to €17.7 bn gross loans, which decreased to €17 bn as at 31.12.16 thanks to work out activity. The corresponding net amount as at 31.12.16 is €2.2 bn. Group asset quality ratios as at 31<sup>st</sup> December 16, including the Fino portfolio correspond to: gross NPE ratio of 14.8 per cent; net NPE ratio of 6,1 per cent; NPE coverage ratio of 62.9 per cent; gross bad loans ratio of 9.9 per cent; net bad loans ratio of 2.9 cent; bad loans coverage ratio of 73.1 per cent.

<sup>1</sup>Including the benefit of capital increase from the reversal of thresholds related to financial participations and DTA (equal to 41bp).

<sup>2</sup>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 gross bad loans, unlikely-to-pay and past due.

- **Transformation of the operating model:** the push on a sustainable lower cost structure supported by the reduction of 2,800 FTE<sup>3</sup>. Among other factors, this leads to €362 m of reduction in staff expenses in 2016.

In addition, on February 4, 2017, an agreement was signed with the Italian Trade Unions, for the remaining 3,900 FTE. Transform 2019 full target of 14,000 exits have now been secured throughout the Group.

The business transformation also progressed through the renegotiation of IT contracts and sponsorships with 28 per cent of Transform 2019 costs savings related to Non HR expenses already identified and contractually agreed. These savings will be delivered during the Plan period.

Further, the Group progressed with branch reductions with 273 closures in Western Europe in 2016, 29 per cent of the targeted closures already executed.

- **Maximize commercial bank value:** the priority continues to be to deliver UniCredit's quality products and services to its extensive client franchise and provide access to the Group's unique Western, Central and Eastern European network. Leveraging on UniCredit's "go-to" bank status for corporate clients the CIB confirmed leadership positions in "EMEA Corporate Loans EUR-denominated"<sup>4</sup> and "Sponsor driven Acquisition Finance EMEA"<sup>5</sup>. Also, UniCredit was ranked number one in Italy, Germany, Austria and CEE in syndicated loans activity<sup>6</sup>.

Cross-selling through an efficient and fully plugged in CIB Division with processes in place to enhance cross-selling synergies between CIB-Commercial Banks and International clients.

UniCredit ranked as "Best Trade Finance Provider" in Western Europe as well as in Central and Eastern Europe by the Euromoney Trade Finance Survey 2017.

The Group's leadership position in the CEE was further strengthened thanks to the acquisition of over 700,000 new clients.

- **Adopt a lean but strong steering Group Corporate Center:** managerial steering executed through cascading of Key Performance Indicators (KPIs) throughout the Group.

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<sup>3</sup>Full Time Equivalent.

<sup>4</sup>Source: Dealogic Loanware, per 3 January 2017. Period: 1 Jan – 31 Dec 2016.

<sup>5</sup>Source: Dealogic Analytics, per 3 January 2017. Period: 1 Jan – 31 Dec 2016.

<sup>6</sup>#1 in Syndicated loans Italy, #1 in Syndicated loans Germany, #1 in Syndicated loans Austria, #1 in Syndicated loans CEE, Source: Dealogic Loanware, per 3 January 2017. Period: 1 Jan – 31 Dec 2016.

## 4Q16 GROUP KEY FINANCIAL DATA

- **Net Loss:** €13.6 bn. Excluding €13.2 bn one-offs<sup>7</sup>, Group net loss at €352 m.
- **Revenues:** €4.2 bn (-9.0 per cent Q/Q, -10.6 per cent Y/Y).
- **Total costs:** €3.6 bn (+20.9 per cent Q/Q, +17.5 per cent Y/Y), adjusted cost/income ratio of 64.3 per cent<sup>8</sup> (+3.5p.p. Q/Q, +2.6.p. Y/Y).
- **Asset Quality:** LLP at €9.6 bn (above 100 per cent Q/Q and Y/Y), adjusted cost of risk at 132bp<sup>9</sup> (+47bp Q/Q, +25bp Y/Y); gross NPE ratio down to 11.8 per cent (-3.4p.p. Q/Q, -4.2p.p. Y/Y) and coverage ratio at 55.6 per cent; net bad loan ratio at 2.5 per cent and coverage ratio at 65.6 per cent.
- **Capital ratio:** CET1 ratio fully loaded at 7.54 per cent, CET1 ratio transitional at 8.15 per cent, Tier 1 ratio transitional at 9.04 per cent and Total Capital ratio transitional at 11.66 per cent.

CET1 Fully loaded including €13 bn rights issue at 11.15 per cent. Capital ratios transitional including €13bn rights issue: CET1 ratio at 11.49 per cent Tier 1 ratio at 12.43 per cent and Total Capital ratio at 15.08 per cent.

Leverage ratio transitional at 3.61 per cent and fully loaded at 3.24 per cent; figures following €13 bn capital increase at 4.94 per cent and 4.66 per cent respectively.

## FY16 GROUP KEY FINANCIAL DATA

- **Net Loss:** €11.8 bn. Excluding €13.1 bn one-offs<sup>10</sup>, Group net profit at €1.3 bn.
- **Revenues:** €18.8 bn (-0.3 per cent FY/FY).
- **Total costs:** €12.5 bn (+1.5 per cent FY/FY), adjusted cost/income ratio of 58.8 per cent<sup>8</sup> (-3.3p.p. FY/FY).
- **Asset Quality:** LLP at €12.2 bn (above 100 per cent FY/FY), adjusted cost of risk at 91bp<sup>9</sup> (+8bp FY/FY).

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**NOTE:** In order to provide further information about Group's performance, a number of alternative performance indicators (APIs) 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, cost of risk), whose description is included in the Registration Document published last January 30 following the approval by the Commissione Nazionale per le Società e la Borsa (CONSOB), through the note dated 27 January 2017, ref. no 0013115/17.

<sup>7</sup>In addition to -€12.2 bn one-offs disclosed during the Capital Markets Day (CMD) on December 13, 2016, certain further negative on-off items amounting to c. -€1.0 bn are recorded in 4Q16 and are mainly resulting from: a higher write-down of the participation in Atlante Fund, write-downs of DTA for temporary differences, increased provisions to risk and charges related to the National Resolution Fund in Italy and further write downs of participations and subsidiaries. In detail, -€13.2 bn of one-offs registered in 4Q16 is composed as follow: -€8.1 bn LLPS, -€1.7bn integration costs mainly related to Italy and Germany, +€0.4 bn net gain on card processing activities, -€2.2 bn write-down on Group participations and other charges, -€0.3 bn write-down of DTA, -€0.9 bn Ukrsofsbank disposals and Pekao IFRS5 valuation and -€0.5 bn write off of goodwill and other intangibles.

<sup>8</sup>Adjusted Cost/Income for temporary effect due to the classification of Pioneer under IFRS5 and by non-recurring items related to the Transform 2019 impacting costs and revenues (cost/income ratio is equal to c. 84% without taking into consideration such effects).

<sup>9</sup>Cost of risk adjusted for -8.1bn non recurring LLP in 4Q16, related to Transform 2019.

<sup>10</sup>FY16 non recurring items at -€13.1 bn as follow: -€13.2 bn in 4Q16 o/w -€8.1 bn LLP, -€1.7bn integration costs mainly related to Italy and Germany, +€0.4 bn net gain on card processing activities, -€2.2 bn write-down on Group participations and other general provisions, -€0.3 bn write-down of DTA, -€0.9 bn Ukrsofsbank disposals and Bank Pekao IFRS5 valuation and -€0.5 bn write off of goodwill and other intangibles and +€0.1 bn in 9M16 (mainly referring to Deferred Benefit Obligations in Austria, integration costs in Italy, extraordinary trading gain, capital gain from the disposal of VISA Europe stake, LLP release, restructuring charges in Italy and guarantee fees for DTA conversion in Italy).

## GROUP – 4Q16 AND FY16 RESULTS

**Revenues** stood at €4.2 bn in 4Q16 (-9.0 per cent Q/Q, -10.6 per cent Y/Y), with the positive progression Y/Y of trading income partially offsetting the slowdown in core revenues (net interest income and fees & commissions) mainly due to a subdued interest rates environment and lower financing services fees. The main contributors to revenues were:

- **Commercial Bank Italy** with €1.7 bn (-8.7 per cent Q/Q, -9.4 per cent Y/Y). NII was mainly affected by charges previously booked as non-operating items for c. €100 m,
- **CEE** with €999 m (-5.3 per cent Q/Q, -4.5 per cent Y/Y at current FX), and
- **CIB** with €974 m (-8.8 per cent Q/Q, +5.0 per cent Y/Y).

In FY 2016, revenues were resilient at €18.8 bn (-0.3 per cent FY/FY) with higher trading and dividends mitigating the negative trend in net interest income and fees.

Group **net interest income (NII)**<sup>11</sup> at €2.4 bn in 4Q16 (-6.8 per cent Q/Q, -13.1 per cent Y/Y) due to different components. The positive commercial dynamics (+€7 m Q/Q) was sustained by increasing loan volumes (+€32 m Q/Q, +€76 m Y/Y), lower cost of term funding (+€33 m Q/Q, +€36 m Y/Y) and continuous re-pricing of deposit rates<sup>12</sup> (+€26 m Q/Q, +€126 m Y/Y) more than offsetting the compression on loan rates<sup>12</sup> (-€79 m Q/Q, -€275 m Y/Y) and the dynamics on deposit volumes (-€5 m Q/Q, -€27 m Y/Y). The non-commercial evolution was affected by investment income from securities portfolio and a negative contribution of derivatives hedging including the effects from replicating portfolios (-€59 m Q/Q, -€28 m Y/Y). NII landed at €10.3 bn in FY16 (-5.6 per cent FY/FY).

**Customer loans** amounted to €417.9 bn in 4Q16 (-1.9 per cent Q/Q, flat Y/Y), excluding markets counterparts (eg. repo<sup>13</sup>), with the main contributors being Commercial Bank Italy, Commercial Bank Germany and CIB.

**Dividends and other income**<sup>14</sup> decreased to €148 m in 4Q16 (-21.8 per cent Q/Q, -40.3 per cent Y/Y). Yapi Kredi contribution reduced to €58 m in 4Q16 (-43.8 per cent Q/Q, -55.6 per cent Y/Y) mainly due to Turkish Lira dynamics. Dividends and other income improved to €844 m in FY16 (+2.6 per cent FY/FY) and Yapi Kredi contribution was up to €378 m in FY16 (+8.2 per cent FY/FY) as a result of a sound progression in its core business and solid fundamentals.

**Fees and commissions** stood at €1.3 bn in 4Q16 (-2.1 per cent Q/Q, -4.7 per cent Y/Y). Investment services were resilient at €573 m in 4Q16 (+1.8 per cent Q/Q, +3.5 per cent Y/Y) mainly driven by higher Asset under Management fees. Financing services fees reduced to €370 m in 4Q16 (-11.9 per cent Q/Q, -24.0 per cent Y/Y) mainly affected by commissions related to securitization (-€6 m Q/Q) and outsourced workout costs (-€26 m Q/Q). Transactional fees increased to €363 m in 4Q16 (+3.2 per cent Q/Q, +9.9 per cent Y/Y) with increasing commission on current accounts and higher collection & payment services offsetting

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<sup>11</sup>Contribution from macro hedging strategy on non naturally hedged sight deposits in 4Q16 at €391 m, €395 m in 3Q16 and €369 m in 4Q15.

<sup>12</sup>Including mix effect (volumes/rates).

<sup>13</sup>Customer loans Including repo amount to €444.6 bn as of end Dec-16 (-1.8 per cent Q/Q, -0.2 per cent Y/Y).

<sup>14</sup>Include dividends, equity investments. Turkey contribution based on a divisional view. Balance of other operating income/ expenses equal to -€51 m in 4Q16 (-€100 m Q/Q).

subdued fees from credit and debit cards mostly due to seasonality. Fees reached €5.5 bn in FY16 (-1.1 per cent FY/FY)<sup>15</sup>.

Solid **trading income** at €405 m in 4Q16 (-15.2 per cent Q/Q, +55.0 per cent Y/Y) benefitting from realised gains and positive value adjustments partially offsetting the seasonal deceleration in trading activities. CIB continued to be the main contributor to trading profit with €274 m in 4Q16 (-26.1 per cent Q/Q, over 100 per cent Y/Y). Trading income recorded a strong performance in FY16 reaching €2.1 bn (+40.0 per cent FY/FY) mainly boosted by extraordinary capital gains and customer driven activities.

**Total costs** moved to €3.6 bn in 4Q16 (+20.9 per cent Q/Q, +17.5 per cent Y/Y) of which €626 m of non-recurring items related to Transform 2019, as explained below. In particular, a positive progression was registered in **staff expenses** at €1.7 bn (-7.0 per cent Q/Q, -8.5 per cent Y/Y), as a result of lower FTE mainly in commercial banking activities combined with branches decrease, confirming the continued focus on cost reduction. An additional key factor of the cost reduction is mainly related to the re-alignment of variable compensation policy. **Other administrative expenses**<sup>16</sup> reached €1.4 bn in 4Q16 and were affected by €308 m of non recurring items (mainly IT related) and by €44 m of higher indirect tax and duties. Higher **depreciations on intangible and tangible assets** at €536 m in 4Q16 due to €318 m of extraordinary items mainly related to the write-offs of intangible assets. Adjusted cost/income ratio stood at 64.3 per cent<sup>17</sup> (+3.5p.p. Q/Q, +2.6.p. Y/Y). Excluding non recurring items, the disciplined cost control in FY16 reduced total expenses to €11.8 bn (-3.6 per cent FY/FY) with an adjusted cost/income ratio of 58.8 per cent<sup>17</sup> (-3.3p.p. FY/FY). Reported total costs at €12.5 bn in FY16 (+1.5 per cent FY/FY).

**Gross operating profit** reached €667 m in 4Q16 (-60.8 per cent Q/Q, -60.7 per cent Y/Y) and €6.3 bn in FY16 (-3.8 per cent FY/FY). Adjusted for all non recurring items, gross operating profit resilient at €6.7 bn in FY16 (+1.2 per cent FY/FY).

**LLP** reached €9.6 bn in 4Q16 including €8.1 bn of non-recurring LLP as announced during the CMD and related to Transform 2019. Net of non-recurring items, LLP reduced to €1.5 bn in 4Q16 taking also into account proactive measures and model adjustments. Adjusted cost of risk increased to 132bp in 4Q16 (+47bp Q/Q, +25bp Y/Y). In FY16, reported LLP increased to €12.2 bn; adjusted for €8.1 bn of non – recurring LLP, at €4.1 bn with a cost of risk of 91bp.

**Net operating loss** reached €8.9 bn in 4Q16 and €5.9 bn in FY16.

**Other charges and provisions** increased to €973 m in 4Q16 (n.m. Q/Q, +33.3 per cent Y/Y) including €729 m of non recurring items for other provisions. In particular, systemic charges at €269<sup>18</sup> in 4Q16 of which €214 m of extraordinary contribution to the Italian National Resolution Fund. Other charges and provisions reached €2.1 bn in FY16 (+43.6 per cent FY/FY).

**Integration costs** increased to €1.8 bn in 4Q16 (n.m. Q/Q and Y/Y) reflecting €1.7 bn of one-offs mainly in Italy, Germany and Austria. Integration costs reached €2.1 bn in FY16.

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<sup>15</sup>Please consider that as a consequence of impact of Pioneer being booked in IFRS5, the Group net commission amount is reduced in relation to the intragroup fees paid by Pioneer to the Commercial Banking Network. This difference is compensated by an opposite positive adjustment of the same amount in the line "profit from discontinued operations": as a consequence the adjustments are neutral to the Group's bottom line.

<sup>16</sup>Net of expenses recovery and indirect costs.

<sup>17</sup>Adjusted C/I for temporary effect due to the classification of Pioneer under IFRS5 and by non-recurring items related to the Transform 2019 impacting costs and revenues.

<sup>18</sup>Referring to: (i) bank levies of -€34 m, (ii) guarantee fees for DTA conversion in Italy of -€33 m, (iii) release on Deposit Guarantee Scheme of +€12 m and (iv) Italian National Resolution Fund of -€214 m.

**Net Income from Investments** at -€885 m affected by -€731 m of items mainly represented by write-downs of the investment in the Atlante Funds, YapiKredi, 3Banken and CR Cesena only partially offset by the net gain on card processing activities (€ 447 m).

**Income tax** at €103 m in 4Q16 (+62.2 per cent Q/Q) and at €713 m in FY16.

**Results from discontinued operations** at -€525 m in 4Q16 including the classification under IFRS5 of Pioneer and Bank Pekao. This line item was affected by the one-offs from the disposal of Ukrsozbank (-€718 m) and the IFRS5 valuation of Bank Pekao (-€171 m). Results from discontinued operations registered a profit of €630 m in FY16.

**Group net loss** of €13.6 bn in 4Q16. Excluding extraordinary items, Group loss for the quarter was €352 m as a result of lower revenues and higher LLP partially compensated by thorough cost control.

Group net loss reached €11.8 bn in FY16, reflecting €13.1 bn one-offs impact on net profit. Excluding extraordinary items, Group net profit at €1.3 bn in FY16 thanks to resilient revenues and disciplined cost management.

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**RWA** transitional shrunk to €387.1 bn in 4Q16 (-€3.8 bn Q/Q, -€3.5 bn Y/Y) sustained by a reduction in credit (-€2.0 bn Q/Q), market (-€0.8 bn Q/Q) and operational RWA (-€1.0 bn Q/Q). In particular, credit RWA reduction is the consequence of regulation effects<sup>19</sup> (-€3.3 bn Q/Q), business evolution<sup>19</sup> (-€0.3 bn Q/Q) and business actions<sup>19</sup> (-€5.4 bn Q/Q) mainly represented by Ukraine disposal (-€2.0 bn), one-offs on LLP (-€1.5 bn) and securitizations (-€1.3 bn) offsetting procyclicality<sup>19</sup> (+€5.6 bn Q/Q).

**CET1 ratio fully loaded** at 7.54 per cent in 4Q16 (-328bp Q/Q) including the negative impact from thresholds deductions (-41 bp)<sup>20</sup> which will reverse after the completion of the capital increase and mainly affected by 2H16 net loss (-316 bp)<sup>21</sup>, partially compensated by DBO, AFS<sup>22</sup> and FX positive dynamics (+22 bp) and 20 per cent FinecoBank ABB<sup>23</sup> transaction (+12bp). **CET1 ratio transitional** stood at 8.15 per cent<sup>24</sup> in 4Q16.

**CET1 fully loaded at 11.15 per cent<sup>25</sup> and CET1 ratio transitional at 11.49 per cent in 4Q16, post €13 bn capital increase** fully underwritten in volume and price by a consortium of leading international banks and expected to be settled by March 10, 2017.

The **CET1 ratio target in 2019 is confirmed to be above 12.5 per cent**, showing a solid capital generation as envisaged in Transform 2019.

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<sup>19</sup>**Business actions:** initiatives to proactively decrease RWA which mainly relate loan securitization activities, changes in collaterals etc; **Regulation:** any change in regulation which might cause affect RWA (eg. CRR or CRD) and roll-out from standard to IRB or methodological change of existing model. In 4Q16 financial institutions participations and DTA exceed the thresholds of 10 per cent/15 per cent. This effect will reverse upon the capital completion; **Procyclicality:** recalibration of models / change in macro-economics framework or change in specific client's credit worthiness; **Business evolution:** changes related to business development.

<sup>20</sup>Temporary effects of deductions from CET1 capital related to Financial participations and DTA exceeding the thresholds of 10 per cent and 15 per cent respectively. These effects will reverse upon completion of the capital increase.

<sup>21</sup>2H16 loss excluding write-off of intangibles (capital neutral) and including 3Q16 profit (not included in regulatory capital in 3Q16).

<sup>22</sup>Unrealized gains related to securities classified as Available for Sale – AFS.

<sup>23</sup>Accelerated Bookbuilding.

<sup>24</sup>Envisaging a temporary deficit versus the CET1 ratio requirement, set in the context of SREP 2015 and applicable until December 2016, equal to 10.005% (9.75% SREP requirement + 0.25% GSIFI capital buffer + 0.005% Countercyclical capital buffer). The deficit is expected to be fully restored upon completion of the rights issue.

<sup>25</sup>Including the benefit of capital increase and of the reversal of thresholds related to financial participations and DTA. CET1 ratio above 12% including Pioneer and Pekao disposals (c.1.5p.p.).

**Tier 1 ratio transitional** at 9.04 per cent and **Total Capital ratio transitional** at 11.66 per cent in 4Q16, increasing to 12.43 per cent and 15.08 per cent respectively including the positive impact of capital increase.

**Basel 3 Leverage ratio transitional** stood at 3.61 per cent and **fully loaded** at 3.24 per cent as of December 2016; figures including €13 bn capital increase amount to 4.94 per cent and 4.66 per cent respectively.

**Asset quality** accelerated reduction of gross non performing exposures declining to €56.3 bn in 4Q16 (-24.7 per cent Q/Q, -27.6 per cent Y/Y) and a gross NPE ratio down to 11.8 per cent (-3.4p.p. Q/Q, -4.2p.p. Y/Y).

Decisive actions in asset quality are confirmed by the acceleration of the rundown of Non-Core portfolio. On February 1, 2017, Project FINO moved into the first execution phase with Pimco and Fortress. This phase is scheduled to complete in the second half of 2017, in line with the guidance given at the Capital Markets Day. Project FINO is a proactive initiative undertaken by UniCredit aimed at accelerating the reduction of the Group's gross amount of non-performing exposures in line with the Transform 2019. The de-risking trend is confirmed by the sale of an additional €1 bn of NPE in 4Q16.

Net NPE down to €25.0 bn (-30.1 per cent Q/Q, -34.7 per cent Y/Y) with a net NPE ratio at 5.6 per cent in 4Q16 (-2.3p.p. Q/Q, -3.0p.p. Y/Y). Solid coverage ratio improved at 55.6 per cent in 4Q16 (+3.4p.p. Q/Q, +4.8p.p. Y/Y). Gross bad loans further down to €31.8 bn in 4Q16 with a coverage ratio of 65.6 per cent (+4.1p.p. Q/Q). Gross unlikely to pay loans decreased to €23.2 bn (+2.1 per cent Q/Q, -8.9 per cent Y/Y), with a higher coverage ratio at 43.3 per cent (+9.3p.p. Q/Q). Past due loans amounted to €1.4 bn in 4Q16 (-33.1 per cent Q/Q, -46.5 per cent Y/Y) with a coverage ratio of 34.3 per cent (+6.0p.p. Q/Q, +7.2p.p. Y/Y).

**Funding plan 2016** has been executed for about €19.5 bn. Including the additional **TLTRO II** of €8.5 bn, the medium long term funding reached c. €28 bn. The outstanding amount of TLTRO II is equal to €26.8 bn on a consolidated basis<sup>26</sup> (vs TLTRO I of €18.3 bn, completely repaid). Further TLTRO II drawdown at the upcoming auction in March is under evaluation.

## DIVISIONAL HIGHLIGHTS – 4Q16 AND FY16 RESULTS

**CEE<sup>27</sup>**: 2016 has been a strong year in terms of earnings generation, with a net profit leading to €1.4 bn more than doubled compared to 2015 (+104.7 per cent FY/FY). In particular, on a yearly basis, CEE showed a high level of profitability, with increasing revenues (+6.3 per cent FY/FY) in all the lines, continued cost control with a lower cost/income ratio at 35.9 per cent (-1.7p.p. FY/FY) and a reduced cost of risk at 134bps in FY16 (-38bps FY/FY). Main contributors to the bottom line are Turkey with €378 m (+18.8 per cent FY/FY), Czech republic with €223 m (+6.7 per cent FY/FY), Bulgaria with €182m (+5.8 per cent Y/Y) and Hungary with €173m (+40.6 per cent FY/FY).

Commercial effort is confirmed thank to the acquisition of more than 700,000 customers in 2016.

Quarterly performance showed revenues at €999 m (-6.2 per cent Q/Q, -5.3 per cent Y/Y) with net interest income almost stable at €639 m (-1.4 per cent Q/Q, +3.4 per cent Y/Y), fee income reduced at €198 m (-5.5 per cent Q/Q, -4.8 per cent Y/Y) and lower Turkey result (-38 per cent Q/Q, -48.3 per cent Y/Y) mainly linked to Turkish Lira dynamics partially offset by an increased trading profit at €91 m (+19.9 per cent Q/Q, -2.9 per cent Y/Y). Operating expenses improved at €371 m (-3.8 per cent Q/Q, -8.5 per cent Y/Y) due to the reduction of other administrative expenses. LLP up to €313 m in 4Q16 (above 100 per cent Q/Q, +19.1

<sup>26</sup>€18.2 bn have been taken in Italy, €7.0 bn in Germany, €1.0 bn in Austria, €0.4 bn in Czech Republic & Slovakia and €0.2 bn in Slovenia.

<sup>27</sup>For CEE, changes at constant exchange rate.



per cent Y/Y) affected by increasing coverage mainly in Russia and Czech Republic. Net profit stood at €199 m in 4Q16 (-50.1 per cent Q/Q, above 100 per cent Y/Y).

**CIB:** strong full year results with revenues at €4.3 bn (+7.0 per cent FY/FY) with positive contributions by all product lines and remarkable cost savings (-2.7 per cent FY/FY) reflecting strict cost discipline and FTE reduction (ca. -290 unit FY/FY). Net profit posted in FY16 is €1.2 bn (-14.4 per cent) impacted by bold actions envisaged by the 2016-2019 Strategic Plan. 4Q16 revenues recorded €974 m (-8.8 per cent Q/Q, +5.0 per cent Y/Y) well above previous year. 4Q16 bottom line result amounted to €110 m (-71.2 per cent Q/Q, -67.3 per cent Y/Y).

CIB's strong market position in 2016 is confirmed, ranking #1 "Sponsor driven Acquisition Finance EMEA"<sup>28</sup>, #1 in "EMEA Corporate Loans Euro-denominated"<sup>29</sup>. CIB also confirmed its leading role as underwriter in syndicated loans business ranking #2 "Syndicated Loans Euro-denominated"<sup>30</sup> across all asset classes in EMEA with increasing market share of 7.4 per cent (vs 6.9 per cent last year) despite a shrinking market dominated by fierce competition. UniCredit position as the best player in Italy, Germany, Austria and CEE in syndicated loans activity<sup>31</sup> confirms the excellence in its core markets.

In addition, UniCredit has been the most active player in Debt Capital Markets in Europe, as evidenced by its leading position in EMEA Bonds in Euro by number of transactions (excluding self-led)<sup>32</sup>. Moreover CIB confirmed the strength of its Trade Finance platform being awarded "Best Trade Finance Provider" in both Central and Eastern Europe and in Western Europe by the Euromoney Trade Finance Survey 2017.

**Commercial Bank Italy:** revenues were down at €1.7 bn in 4Q16 (-8.7 per cent Q/Q, -9.4 per cent Y/Y), mainly affected by charges previously booked as non-operating items, lower commissions and trading income. In particular, negative dynamics in fees and commissions were mainly driven by an extraordinary fee rebate and higher commissions related to securitizations only partially offset by growing management fees. Operating costs under control at €1.1 bn in 4Q16 (-3.9 per cent Q/Q, -4.3 per cent Y/Y) sustained both by a reduction of staff expenses and other administrative expenses.

Revenues stood at €7.4 bn in FY16 (-3.0 per cent FY/FY). Net commissions remained flat at €3.5 bn (-0.2 per cent FY/FY) thanks to solid investment fees and transactional and banking services fees offsetting financial fees affected by commissions related to securitization and lower fees on overdraft accounts. Costs well managed at €4.6 bn in FY16 (-0.7 per cent FY/FY), with reduced staff expenses driven by FTE reductions in 2016 confirming the progress of Transform 2019.

Net loss at €1.4 bn in 4Q16 and at €582 m in FY16 as a consequence of increased LLP to support the implementation of Transform 2019.

**Non Core:** de-risking continued with gross customer loans further down to €37.4 bn in December 2016 (-€19 bn Q/Q, -€26 bn Y/Y), mainly thanks to Project FINO and NPE disposals (€1.0 bn in 4Q16, €2.4 bn in FY16). RWA were slightly down at €26.2bn in 4Q16 (-€0.1 bn Q/Q, -€5 bn Y/Y).

Gross NPE confirmed the downward trend reaching €31.5 bn (-36.6 per cent Q/Q, -39.4 per cent Y/Y), with an improved coverage ratio at 57.0 per cent in December (+3.4p.p. Q/Q, +4.6p.p. Y/Y).

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<sup>28</sup>Source: Dealogic Analytics, per 3 January 2017. Period: 1 Jan – 31 Dec 2016.

<sup>29</sup>Source: Dealogic Loanware, per 3 January 2017. Period: 1 Jan – 31 Dec 2016.

<sup>30</sup>Source: Dealogic Loanware, per 3 January 2017. Period: 1 Jan – 31 Dec 2016.

<sup>31</sup>#1 in Syndicated loans Italy, #1 in Syndicated loans Germany, #1 in Syndicated loans Austria, #1 in Syndicated loans CEE, Source: Dealogic Loanware, per 3 January 2017. Period: 1 Jan – 31 Dec 2016.

<sup>32</sup>Source: Dealogic Analytics, per 13 January 2017. Period: 1 Jan – 31 Dec 2016.

Gross bad loans reduced to €18.7 bn (-49.5 per cent Q/Q, -49.9 per cent Y/Y), with a coverage ratio at 65.6 per cent (+5.1p.p. Q/Q, +5.5p.p. Y/Y).

Gross unlikely to pay loans recorded €12.5 bn (+4.5 per cent Q/Q, -8.5 per cent Y/Y) with a coverage ratio equal to 44.6 per cent (+11.2p.p. Q/Q, +11.6p.p. Y/Y). Past due loans amounted to €255 m in 4Q16 (-58.2 per cent Q/Q, -73.3 per cent Y/Y) with a coverage ratio at 36.5 per cent (+11p.p. Q/Q, +7.7p.p. Y/Y).

Non Core showed a net loss of €8.3 bn in 4Q16 on the back of higher LLP (at €7.6 bn) affected by €7.2 bn one offs related to i) FINO portfolio and ii) the remaining Non Core portfolio as envisaged in Transform 2019 plan. Net loss amounted to €9.4 bn in FY16.

## UNICREDIT GROUP: RECLASSIFIED INCOME STATEMENT

(€ million)	FY15	FY16	FY/FY%	4Q15	3Q16	4Q16	Y/Y%	Q/Q%
Net interest	10.922	10.307	-5,6%	2.778	2.591	2.415	-13,1%	-6,8%
Dividends and other income from equity investments	822	844	+2,6%	248	189	148	-40,3%	-21,8%
Net fees and commissions	5.519	5.458	-1,1%	1.370	1.334	1.306	-4,7%	-2,1%
Net trading, hedging and fair value income	1.485	2.080	+40,0%	261	478	405	+55,0%	-15,2%
Net other expenses/income	118	112	-5,1%	67	49	(51)	<i>n.m.</i>	<i>n.m.</i>
<b>OPERATING INCOME</b>	<b>18.866</b>	<b>18.801</b>	<b>-0,3%</b>	<b>4.724</b>	<b>4.642</b>	<b>4.223</b>	<b>-10,6%</b>	<b>-9,0%</b>
Staff expenses	(7.486)	(7.124)	-4,8%	(1.819)	(1.791)	(1.665)	-8,5%	-7,0%
Other administrative expenses	(4.750)	(4.900)	+3,2%	(1.187)	(1.112)	(1.561)	+31,5%	+40,5%
Recovery of expenses	807	768	-4,8%	209	191	207	-1,0%	+8,6%
Amort. deprec. and imp. losses on intang. & tang. assets	(837)	(1.196)	+42,9%	(227)	(228)	(536)	<i>n.m.</i>	<i>n.m.</i>
<b>OPERATING COSTS</b>	<b>(12.266)</b>	<b>(12.453)</b>	<b>+1,5%</b>	<b>(3.025)</b>	<b>(2.940)</b>	<b>(3.555)</b>	<b>+17,5%</b>	<b>+20,9%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>6.600</b>	<b>6.348</b>	<b>-3,8%</b>	<b>1.699</b>	<b>1.702</b>	<b>667</b>	<b>-60,7%</b>	<b>-60,8%</b>
Net write-downs on loans and provisions	(3.991)	(12.207)	<i>n.m.</i>	(1.187)	(977)	(9.586)	<i>n.m.</i>	<i>n.m.</i>
<b>NET OPERATING PROFIT (LOSS)</b>	<b>2.609</b>	<b>(5.858)</b>	<b><i>n.m.</i></b>	<b>513</b>	<b>726</b>	<b>(8.919)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Other charges and provisions	(1.447)	(2.078)	+43,6%	(730)	(247)	(973)	+33,3%	<i>n.m.</i>
Integration costs	(386)	(2.132)	<i>n.m.</i>	(383)	(26)	(1.771)	<i>n.m.</i>	<i>n.m.</i>
Net income from investments	(27)	(910)	<i>n.m.</i>	(45)	(8)	(885)	<i>n.m.</i>	<i>n.m.</i>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>749</b>	<b>(10.978)</b>	<b><i>n.m.</i></b>	<b>(644)</b>	<b>445</b>	<b>(12.547)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Income tax for the period	98	(713)	<i>n.m.</i>	682	(271)	(103)	<i>n.m.</i>	-62,2%
<b>NET PROFIT (LOSS)</b>	<b>848</b>	<b>(11.691)</b>	<b><i>n.m.</i></b>	<b>38</b>	<b>173</b>	<b>(12.650)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Profit (Loss) from non-current assets held for sale, after tax	1.377	630	-54,3%	202	378	(525)	<i>n.m.</i>	<i>n.m.</i>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>2.225</b>	<b>(11.061)</b>	<b><i>n.m.</i></b>	<b>240</b>	<b>551</b>	<b>(13.175)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Minorities	(352)	(464)	+31,9%	(72)	(103)	(121)	+67,9%	+17,2%
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>1.873</b>	<b>(11.524)</b>	<b><i>n.m.</i></b>	<b>168</b>	<b>448</b>	<b>(13.296)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Purchase Price Allocation effect	(179)	(5)	-97,1%	(15)	(1)	(2)	-85,8%	<i>n.m.</i>
Goodwill impairment	-	(261)	<i>n.m.</i>	-	-	(261)	<i>n.m.</i>	<i>n.m.</i>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>1.694</b>	<b>(11.790)</b>	<b><i>n.m.</i></b>	<b>153</b>	<b>447</b>	<b>(13.558)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>

**Note:** as at 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 period was restated accordingly to increase comparability, pursuant to the regulations in force".

## UNICREDIT GROUP: RECLASSIFIED BALANCE SHEET

(€ million)	4Q15	3Q16	4Q16	Y/Y%	Q/Q%
<b>ASSETS</b>					
Cash and cash balances	9.611	15.582	13.858	+44,2%	-11,1%
Financial assets held for trading	89.995	93.433	87.467	-2,8%	-6,4%
Loans and receivables with banks	77.437	75.473	74.692	-3,5%	-1,0%
Loans and receivables with customers	445.382	452.849	444.607	-0,2%	-1,8%
Financial investments	147.634	148.859	149.004	+0,9%	+0,1%
Hedging instruments	7.911	8.017	6.872	-13,1%	-14,3%
Property, plant and equipment	9.673	9.220	9.092	-6,0%	-1,4%
Goodwill	1.744	1.744	1.484	-14,9%	-14,9%
Other intangible assets	1.908	1.885	1.708	-10,5%	-9,4%
Tax assets	15.615	15.368	15.161	-2,9%	-1,3%
Non-current assets and disposal groups classified as held for sale	44.576	43.540	45.854	+2,9%	+5,3%
Other assets	8.948	8.557	9.735	+8,8%	+13,8%
<b>Total assets</b>	<b>860.433</b>	<b>874.527</b>	<b>859.533</b>	<b>-0,1%</b>	<b>-1,7%</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits from banks	110.333	113.838	103.852	-5,9%	-8,8%
Deposits from customers	419.686	441.033	452.419	+7,8%	+2,6%
Debt securities in issue	133.797	119.426	115.436	-13,7%	-3,3%
Financial liabilities held for trading	68.029	67.800	68.361	+0,5%	+0,8%
Financial liabilities designated at fair value	455	1.509	2.497	n.m.	+65,5%
Hedging instruments	11.004	11.545	9.405	-14,5%	-18,5%
Provisions for risks and charges	9.720	9.733	10.541	+8,5%	+8,3%
Tax liabilities	1.428	1.378	1.399	-2,1%	+1,5%
Liabilities included in disposal groups classified as held for sale	35.985	35.418	35.869	-0,3%	+1,3%
Other liabilities	16.511	17.704	16.566	+0,3%	-6,4%
Minorities	3.399	3.906	3.853	+13,4%	-1,4%
Group Shareholders' Equity:	50.087	51.237	39.336	-21,5%	-23,2%
- Capital and reserves	48.336	50.409	51.881	+7,3%	+2,9%
- Available-for-sale assets fair value reserve, cash-flow hedging reserve and defined benefits plans reserve	56	(941)	(755)	n.m.	-19,7%
- Net profit (loss)	1.694	1.768	(11.790)	n.m.	n.m.
<b>Total liabilities and Shareholders' Equity</b>	<b>860.433</b>	<b>874.527</b>	<b>859.533</b>	<b>-0,1%</b>	<b>-1,7%</b>

**Note:** As at December 31, 2016, in accordance with IFRS5, the assets and liabilities were recognized under items "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale" of Bank Pekao S.A., Pioneer Global Asset Management S.p.A. and their subgroups' companies as a result of their classification as "discontinued operations".

The previous period was restated accordingly to increase comparability, pursuant to the regulations in force.

## NON-CORE: RECLASSIFIED INCOME STATEMENT

(€ million)	FY15	FY16	FY/FY%	4Q15	3Q16	4Q16	Y/Y%	Q/Q%
Net interest	(0)	(173)	<i>n.m.</i>	(33)	(48)	(60)	+81,0%	+26,0%
Dividends and other income from equity investments	-	-	<i>n.m.</i>	-	-	-	<i>n.m.</i>	<i>n.m.</i>
Net fees and commissions	51	(66)	<i>n.m.</i>	(0)	(15)	(39)	<i>n.m.</i>	<i>n.m.</i>
Net trading, hedging and fair value income	17	(5)	<i>n.m.</i>	3	(2)	(26)	<i>n.m.</i>	<i>n.m.</i>
Net other expenses/income	(40)	(33)	-17,3%	(12)	(7)	(7)	-42,2%	-4,1%
<b>OPERATING INCOME</b>	<b>28</b>	<b>(276)</b>	<b><i>n.m.</i></b>	<b>(42)</b>	<b>(71)</b>	<b>(132)</b>	<b><i>n.m.</i></b>	<b>+85,5%</b>
Staff expenses	(124)	(47)	-61,9%	(20)	(11)	(10)	-49,8%	-6,1%
Other administrative expenses	(172)	(222)	+28,6%	(35)	(52)	(72)	<i>n.m.</i>	+39,8%
Recovery of expenses	119	119	+0,3%	25	27	32	+25,0%	+19,0%
Amort. deprec. and imp. losses on intang. & tang. assets	(0)	(0)	-60,3%	(0)	(0)	(0)	+50,0%	<i>n.m.</i>
<b>OPERATING COSTS</b>	<b>(177)</b>	<b>(150)</b>	<b>-15,6%</b>	<b>(30)</b>	<b>(36)</b>	<b>(51)</b>	<b>+71,8%</b>	<b>+41,3%</b>
<b>OPERATING PROFIT (LOSS)</b>	<b>(150)</b>	<b>(426)</b>	<b><i>n.m.</i></b>	<b>(71)</b>	<b>(107)</b>	<b>(182)</b>	<b><i>n.m.</i></b>	<b>+70,6%</b>
Net write-downs on loans and provisions	(1.674)	(8.845)	<i>n.m.</i>	(491)	(546)	(7.556)	<i>n.m.</i>	<i>n.m.</i>
<b>NET OPERATING PROFIT (LOSS)</b>	<b>(1.823)</b>	<b>(9.271)</b>	<b><i>n.m.</i></b>	<b>(563)</b>	<b>(653)</b>	<b>(7.739)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Other charges and provisions	(147)	(85)	-42,4%	(87)	(8)	(37)	-57,8%	<i>n.m.</i>
Integration costs	(9)	(16)	<i>n.m.</i>	(9)	0	(13)	<i>n.m.</i>	<i>n.m.</i>
Net income from investments	(2)	(10)	<i>n.m.</i>	(0)	(0)	-	<i>n.m.</i>	<i>n.m.</i>
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(1.983)</b>	<b>(9.382)</b>	<b><i>n.m.</i></b>	<b>(659)</b>	<b>(661)</b>	<b>(7.789)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Income tax for the period	637	10	-98,4%	214	211	(533)	<i>n.m.</i>	<i>n.m.</i>
<b>NET PROFIT (LOSS)</b>	<b>(1.345)</b>	<b>(9.372)</b>	<b><i>n.m.</i></b>	<b>(445)</b>	<b>(450)</b>	<b>(8.322)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Profit (Loss) from non-current assets held for sale, after tax	-	-	<i>n.m.</i>	-	-	-	<i>n.m.</i>	<i>n.m.</i>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(1.345)</b>	<b>(9.372)</b>	<b><i>n.m.</i></b>	<b>(445)</b>	<b>(450)</b>	<b>(8.322)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Minorities	-	-	<i>n.m.</i>	-	-	-	<i>n.m.</i>	<i>n.m.</i>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP BEFORE PPA</b>	<b>(1.345)</b>	<b>(9.372)</b>	<b><i>n.m.</i></b>	<b>(445)</b>	<b>(450)</b>	<b>(8.322)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>
Purchase Price Allocation effect	-	-	<i>n.m.</i>	-	-	-	<i>n.m.</i>	<i>n.m.</i>
Goodwill impairment	-	-	<i>n.m.</i>	-	-	-	<i>n.m.</i>	<i>n.m.</i>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>(1.345)</b>	<b>(9.372)</b>	<b><i>n.m.</i></b>	<b>(445)</b>	<b>(450)</b>	<b>(8.322)</b>	<b><i>n.m.</i></b>	<b><i>n.m.</i></b>

## UNICREDIT GROUP: STAFF AND BRANCHES

Staff and Branches (units)	4Q15	3Q16	4Q16	Y/YΔ	Q/QΔ
Employees(*)	125.510	122.990	117.659	-7.851	-5.331
Branches (**)	6.934	6.592	6.221	-713	-371
- o/w, Italy	3.873	3.613	3.524	-349	-89
- o/w, other countries	3.061	2.979	2.697	-364	-282

**Note:** (\*) FTE data: number of employees counted for the rate of presence. Please consider that Group FTE excluding UkrSotsbank, Pioneer, Bank Pekao and Immo Holding amounted to: 101.3k in 4Q15, 99.5k in 3Q16, 98.5k in 4Q16. (\*\*) Western Europe branches excluding UkrSotsbank, Pioneer, Bank Pekao and Immo Holding, in line with the perimeter considered in Transform 2019 amounted to: 3,809 in 4Q15, 3,629 in 3Q16 and 3,536 in 4Q16.

## 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+	NEGATIVE	bbb+

**Note: S&P** On the 20 of Dec 2016, S&P affirmed UniCredit S.p.A.'s ratings with Stable outlook following the New Strategic Plan announcement.

**Moody's** On the 7 of Dec 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 the 22 of October, Fitch has revised the outlook of Italy's "BBB+" rating to Negative from Stable. On the 22 of Dec 2016, Fitch affirmed UniCredit S.p.A.'s ratings with Negative outlook following the New Strategic Plan announcement.

Declaration by the Manager charged with preparing the financial reports

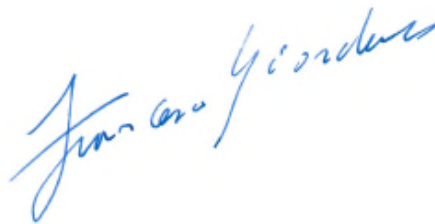
The undersigned, Francesco Giordano, in his capacity as the Manager charged with preparing UniCredit S.p.A.'s financial reports

DECLARES

That, pursuant to Article 154 bis, paragraph 2, of the "Consolidated Law on Financial Intermediation" the accounting information related to preliminary results as at December 31 2016 disclosed in this document corresponds to the accounting documents, books and records.

Milan, February 9 2017

**Manager charged with  
preparing the financial reports**



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**UNICREDIT 4Q16 GROUP RESULTS – DETAILS OF CONFERENCE CALL**

**MILAN, FEBRUARY 9, 2017 – 14.30 CET**

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**CONFERENCE CALL DIAL IN**

**ITALY: +39 02 805 88 11**

**UK: +44 1 212818003**

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

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

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*Pursuant to the Consolidated Financial Act, Legislative decree No. 58 of 24 February 1998 (article 154-bis, paragraph 2) Mr. Francesco Giordano, in his capacity as manager responsible for the preparation of the company’s financial reports declares that the accounting information related to preliminary results as at December 31 2016, contained in this document, reflects the Group’s documented results, financial accounts and accounting records. The final approval of Consolidated Financial Statements will take place next 13 March, date that qualifies as date of authorization for issue according to IAS 10 with reference to potential events after the reporting period. Data and information included in the present document have not been audited.*