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Fineco: 3Q17 Results



Alessandro Foti, CEO and General Manager
Milan, November 7th 2017

FINECO. THE BANK THAT SIMPLIFIES BANKING.

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Fineco Results

-  Focus on product areas
-  Key messages and Initiatives monitoring

Executive Summary

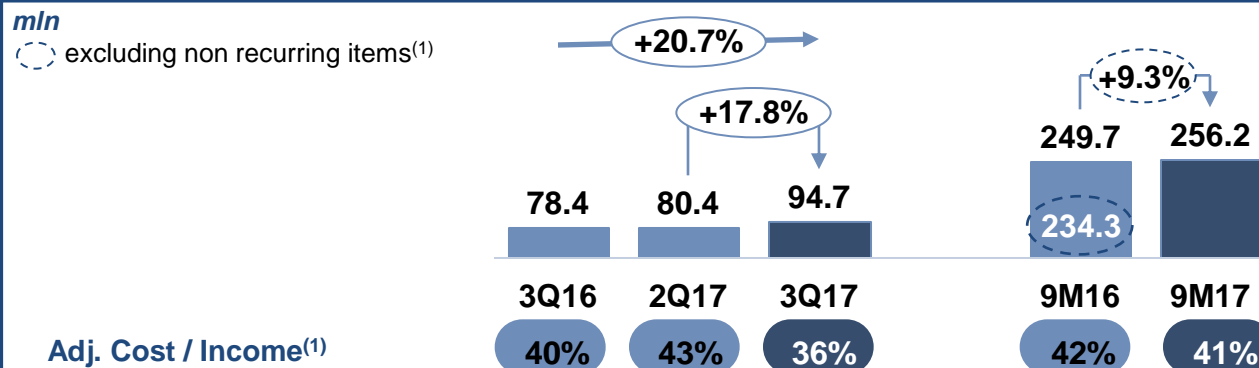
- **3Q17 gross operating profit strongly up** (+20.7% y/y, +17.8% q/q), **9M17 at 256.2mln (+9.3% y/y net of non recurring items⁽¹⁾)** confirming our sustainable growing path
- **9M17 net profit at 151.0mln (+7.8% y/y net of non recurring items⁽¹⁾), 3Q17 at 46.8mln (+18.1% y/y, +0.2% q/q net of non recurring items⁽¹⁾)** despite Deposit guarantee scheme contribution (-12.4mln gross)
- **Relentless and sound revenue growth** boosted by net interest income and fees and commissions: 9M17 revenues reaching 430.9mln (+6.3% y/y net of non recurring items⁽¹⁾) and 3Q17 at 148.2mln (+12.5% y/y and 5.3% q/q) with all the businesses performing strong
- **9M17 Operating Costs well under control at 174.7mln (+2.1% y/y) and C/I ratio net of non recurring items⁽¹⁾ down 1.7p.p.** confirming operating leverage as a key strength of the bank
- Strong capital position: **CET1 ratio transitional at 20.74%**
- **Solid and sustainable commercial activity with a relentless improvement in the asset mix:**
 - ✓ Net sales at 4.7bn (+19% y/y) as of Oct.17, of which 61% AuM (36% as of Oct.16)
 - ✓ Guided Products & Services increased the penetration rate on AuM stock at 62% (+7 p.p. y/y)
 - ✓ Total Financial Assets at 66.3bn (+14% y/y) as of Oct.17
 - ✓ Over 1.188 mln clients (+7% y/y), 97,307 new clients in the first ten months of 2017 (+7% y/y), of which 10,257 new clients in Oct.17 (+10% y/y)

⁽¹⁾ 9M16 non recurring items: Visa sale (revenues) +15.3mln gross, +10.3mln net in 2Q16; positive closing of tax dispute +6.5mln tax release.
9M17 non recurring items: FITD/ Voluntary Scheme -8.8mln gross, -5.9mln net.

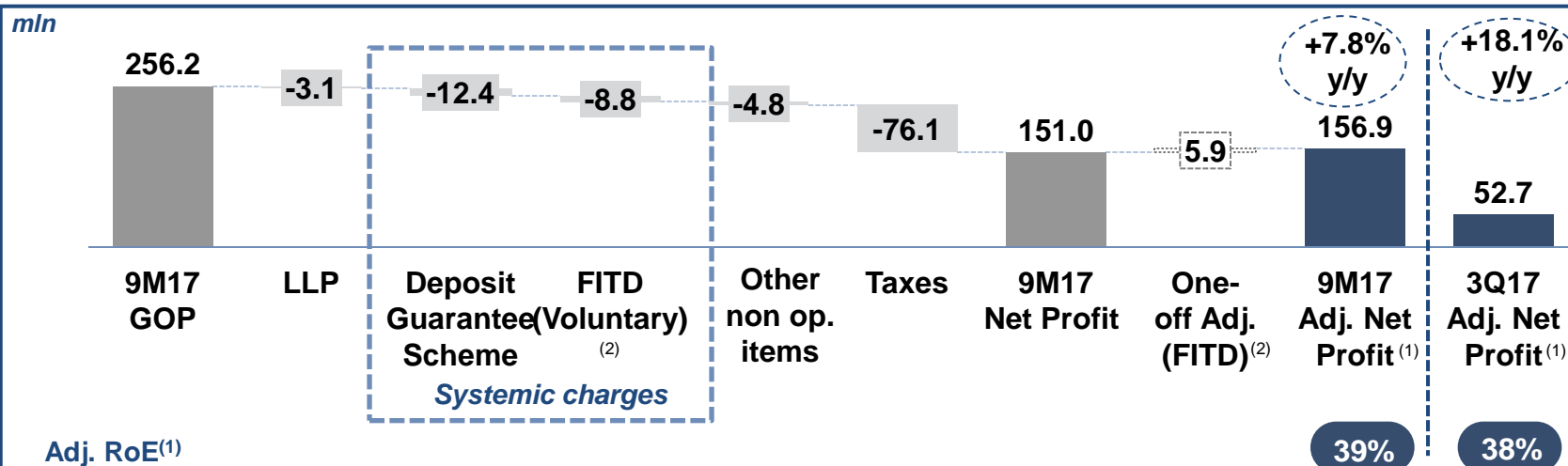
Results

Strong growth in Operating profit both q/q and y/y. Net profit affected by systemic charges, but up +7.8% y/y net of voluntary scheme one-off

Gross Operating Profit



Net Profit



⁽¹⁾ 9M16 non recurring items: Visa sale(revenues) +15.3mln gross, +10.3mln net in 2Q16; positive closing of tax dispute +6.5mln tax release. 9M17 non recurring items: FITD/ Voluntary Scheme -8.8mln gross, -5.9mln net. Delta y/y calculated on 9M16 and 3Q16 net of non recurring items.

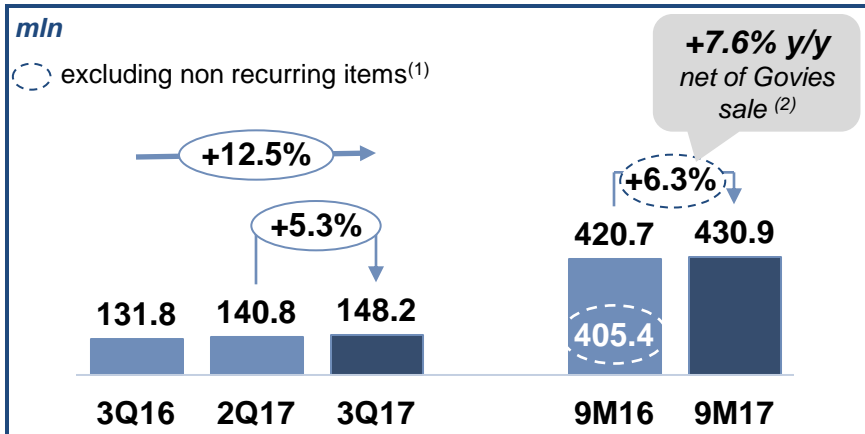
Adj. Cost/Income and adj. RoE calculated net of non recurring items. See page 33 for details.

⁽²⁾ Voluntary Scheme: -8.8mln gross (-5.9mln net) in 3Q17. See page 33 for details

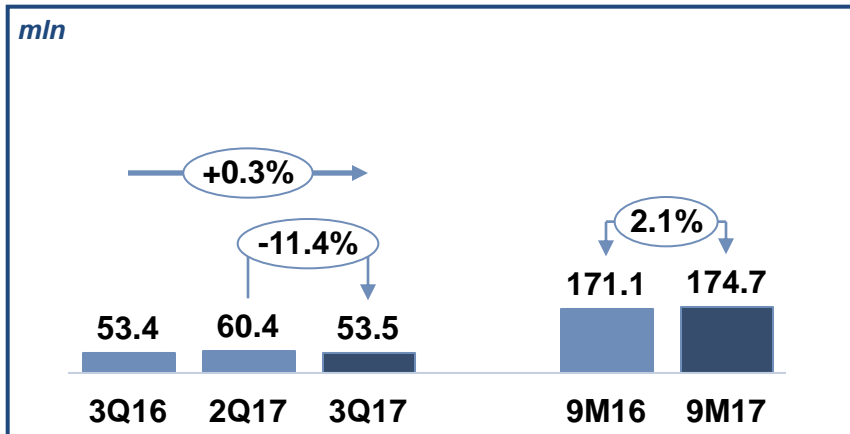
Revenues and Operating Costs

Operating leverage constantly delivered thanks to a relentless revenue growth and operating costs well under control

Revenues



Operating Costs



Operating Leverage

	9M16	9M17	Y/Y Growth
TFA (bn)	57.6	65.4	+13.5%
Clients (thd, #)	1,102	1,180	+7.2%
Adj. Cost Income ⁽¹⁾	42%	41%	-1.7p.p.

⁽¹⁾ gain on Visa sale in 2Q16: +15.3mln gross . Adj. Cost/Income calculated net of non recurring items. See page 33 for details.

⁽²⁾ in 1Q16, 704mln (nominal value) of Spanish and Italian government bonds at variable rate and residual maturity <3yrs sold. Govies at fixed rate with maturity between 3 and 6 years were bought afterwards

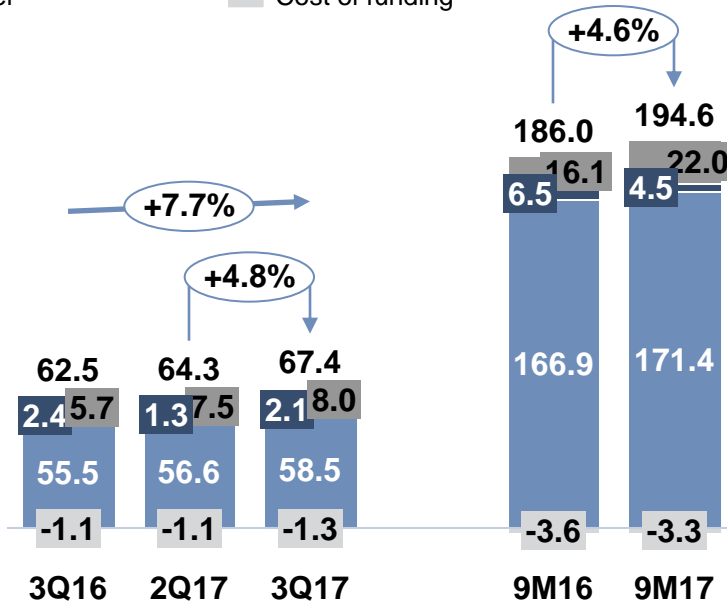
Net interest income (1/2)

Remarkable net interest income dynamics in a negative rate environment.
The announced focus on high quality lending is starting to pay-off

Net Interest Income

mln

Financial Investments⁽¹⁾ Lending⁽²⁾
Other⁽³⁾ Cost of funding

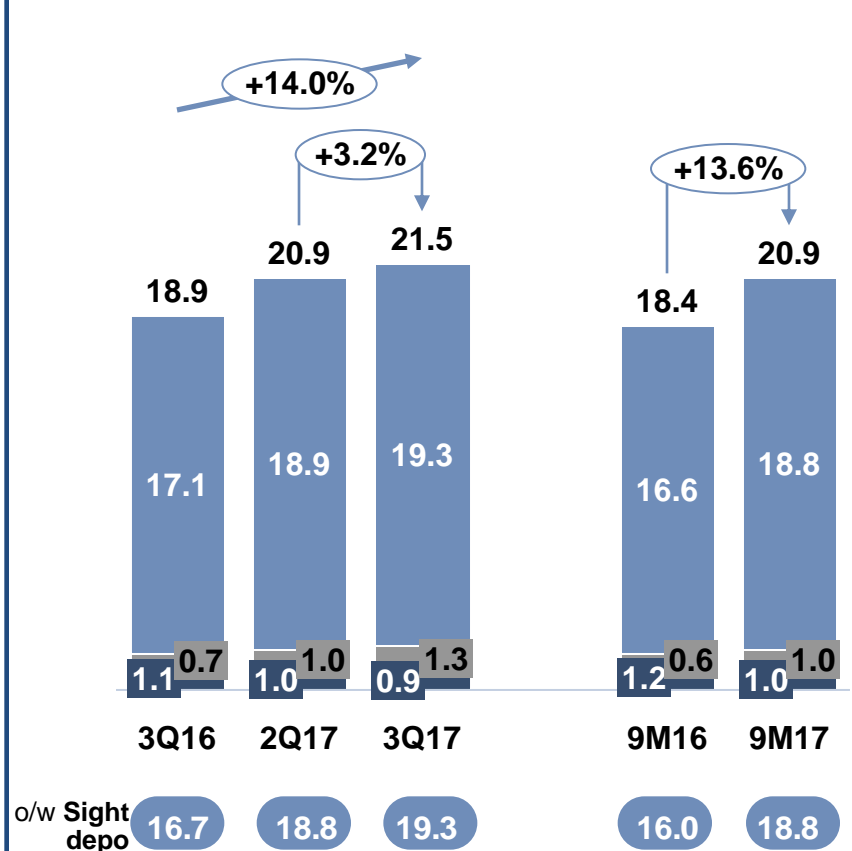


Gross margin ⁽⁴⁾	1.32%	1.27%	1.27%	1.37%	1.28%
Cost of deposit	-0.03%	-0.02%	-0.03%	-0.03%	-0.02%
1M Eur	-0.37%	-0.37%	-0.37%	-0.33%	-0.37%

Interest-earning assets

Avg, bn

Financial Investments Lending Other⁽³⁾



o/w Sight depo 16.7 18.8 19.3 16.0 18.8

(1) Financial investments include interest income coming from the reinvestments of deposits (both sight and term) in: Government bonds, UC bonds and Other Financial Investments (repos and immediate available liquidity)

(2) Lending: only interest income

(3) Other net interest income includes Security Lending, Leverage and other (mainly marketing costs), other interest-earning assets include Security

7 Lending and Leverage. See page 35 for details.

(4) Gross margins: interest income related to financial investments, lending, leverage, security lending on interest-earning assets

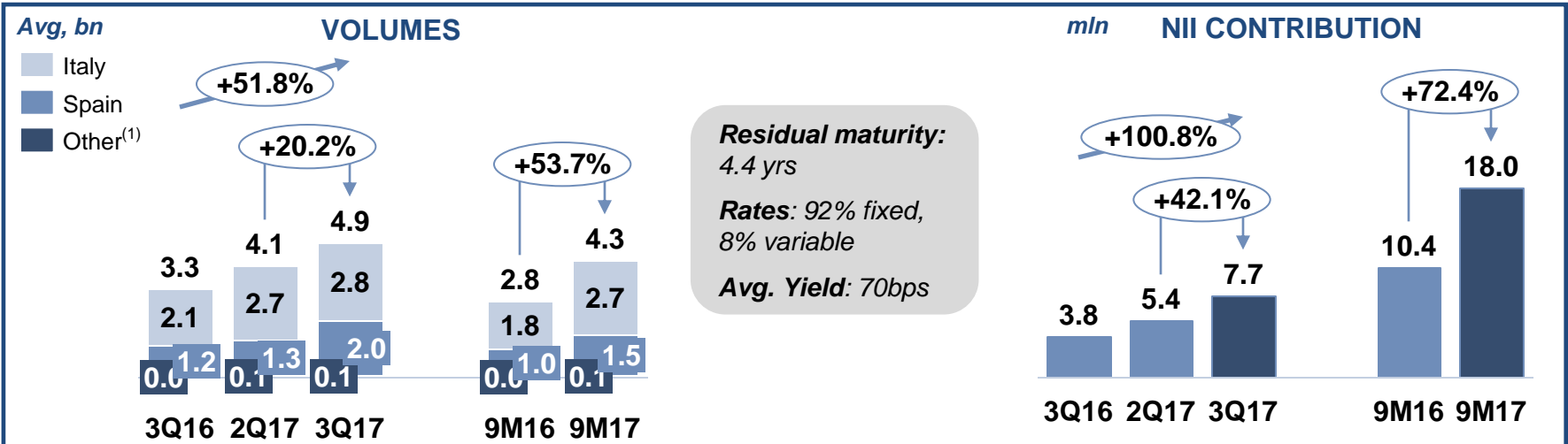
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Net interest income (2/2)

More diversification and further opportunities coming from the maneuvering on current accounts. Sensitivity analysis +100bps parallel shift: +132 mln

Focus on Government Bonds



Manoeuvring on current account rates

Starting from Jan. 2018, **current accounts under the old pricing structure⁽²⁾** (variable rate, client's remuneration at 75% of 1 month Euribor with floor at zero) **will be transformed from variable to fixed rate equal to zero.**

As of Sep. 30th 2017, 59% of sight deposits (~11.6 bn), is linked to the Euribor.

Benefits

- ✓ **Rebalancing the Balance Sheet structure (ALM)** through a new balance between funding costs and investment rates structure
- ✓ **No impacts for clients as 1M Eur is still negative**
- ✓ **New Sensitivity analysis:** +100bps parallel shift (1M Eur) -> **+132mln additional Net Interest Income**

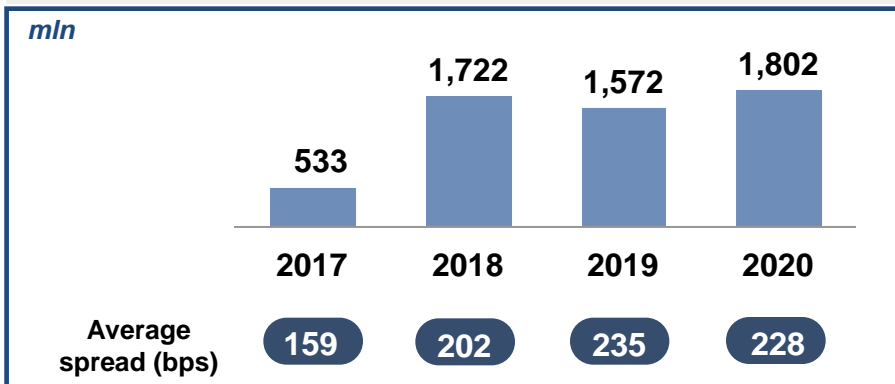
⁽¹⁾ Other includes 10mn of French Government Bonds and 44mln of Polish Government Bonds

⁽²⁾ Current accounts opened before 2012. Starting from March 19th 2012, Fineco has been offering to its banking clients only "zero costs and zero interest" accounts

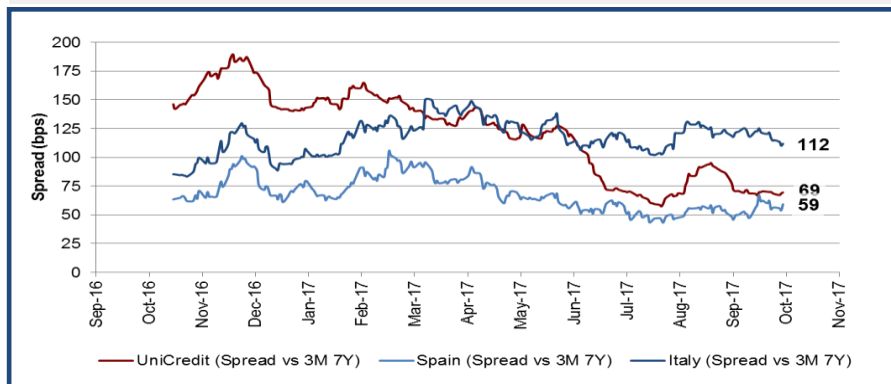
Sustainability analysis

Sight deposits growth to offset lower rates and bond portfolio run-off

UC bonds run-offs and spread



7Y Spread UniCredit vs Govies



Minimum sight deposits growth to maintain interest income from UC bonds ptf quite aligned to 2016

Assumptions:

Forward 1MEuribor curve: -0.37% in 2017, -0.33% in 2018, -0.13% in 2019 and +0.14% in 2020

New core liquidity and run-offs invested in:

- Case 1:** 5 yrs Italian Govies (avg spread 81 bps⁽¹⁾)
- Case 2:** blend of 7 yrs European Govies⁽²⁾, **50% fixed rate** (avg yield 64.2 bps), **50% variable rate** (avg spread 41.5 bps⁽¹⁾), resulting in 2020 overall portfolio with residual average maturity 3.2 years (vs current 3.2 years)

4.0%

6.5%

CAGR Oct.17-2020

Historical sight deposits growth

15.0%

CAGR 2011-9M17

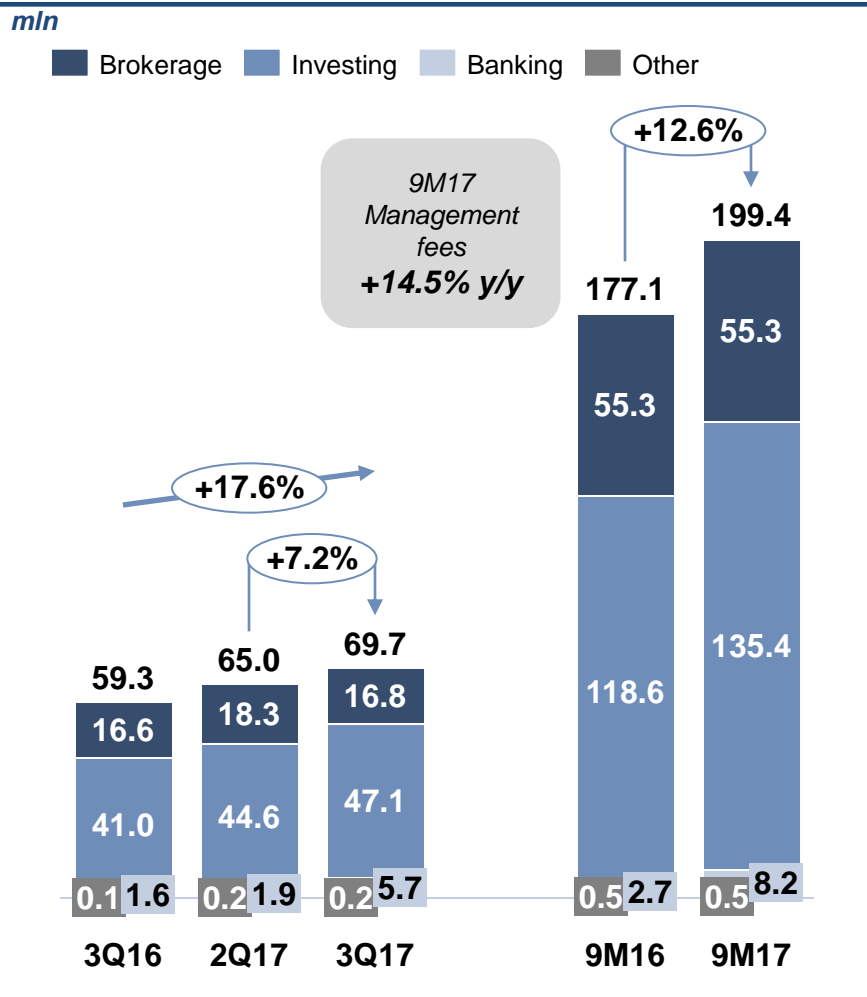
⁽¹⁾ as of October 18th, spread on 1M Euribor

⁽²⁾ Geographical split: 30% Italy, 20% Spain, 10% France, 10% Ireland, 10% Germany, 10% Austria and 10% Belgium

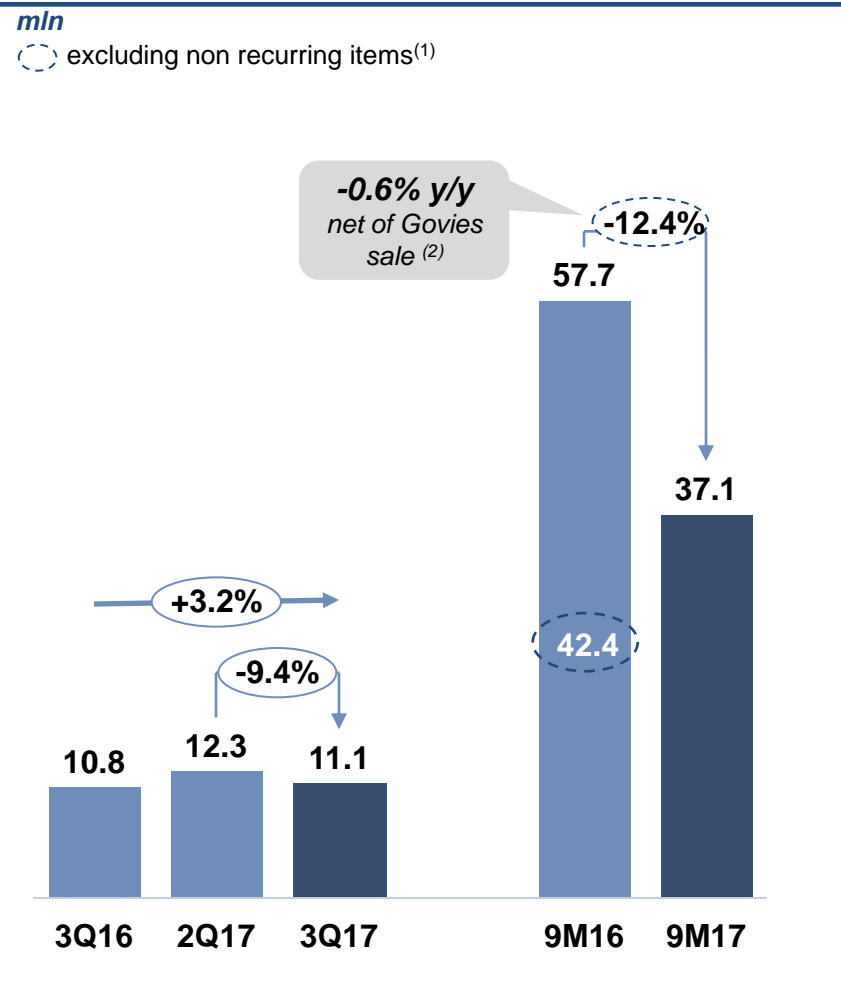
Commissions and Trading Income

Sound and diversified stream of revenues thanks to our one-stop-solution model.
 Management fees strongly up +14.5% y/y

Fees and Commissions



Trading Income



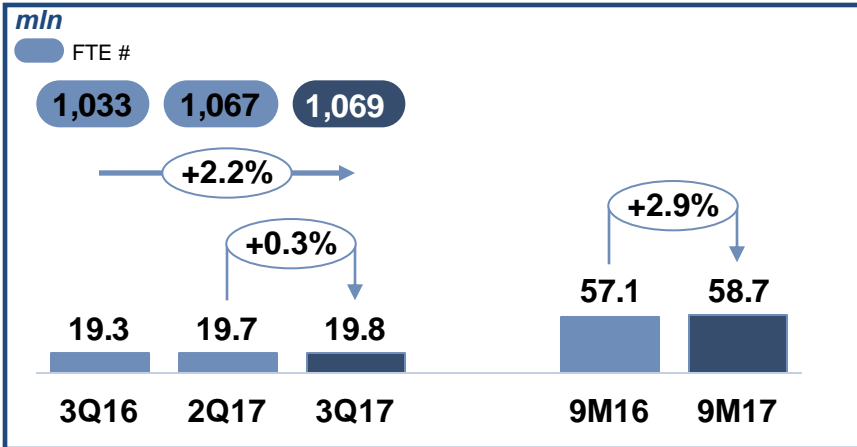
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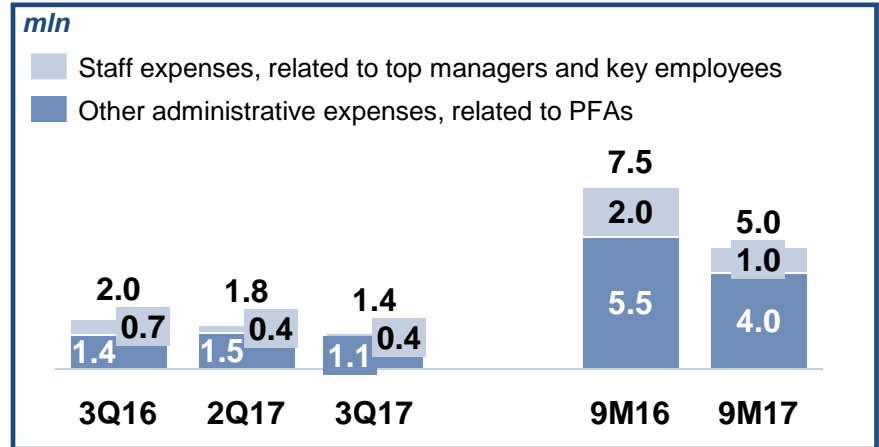
Costs

Cost efficiency and operating leverage confirmed in our DNA

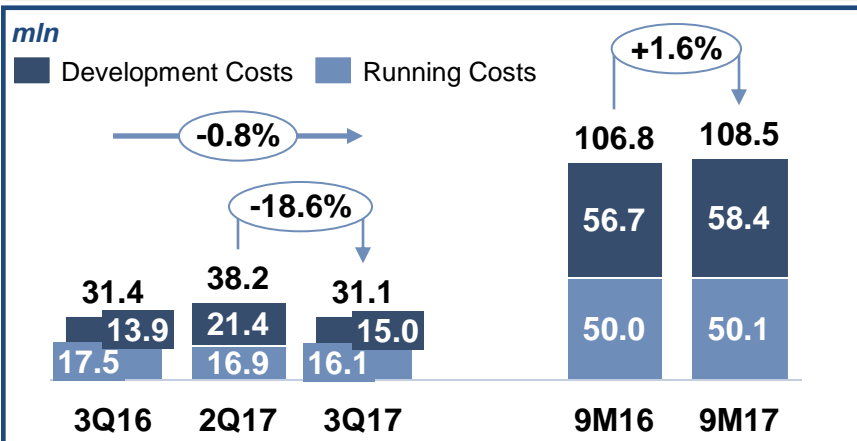
Staff expenses and FTE



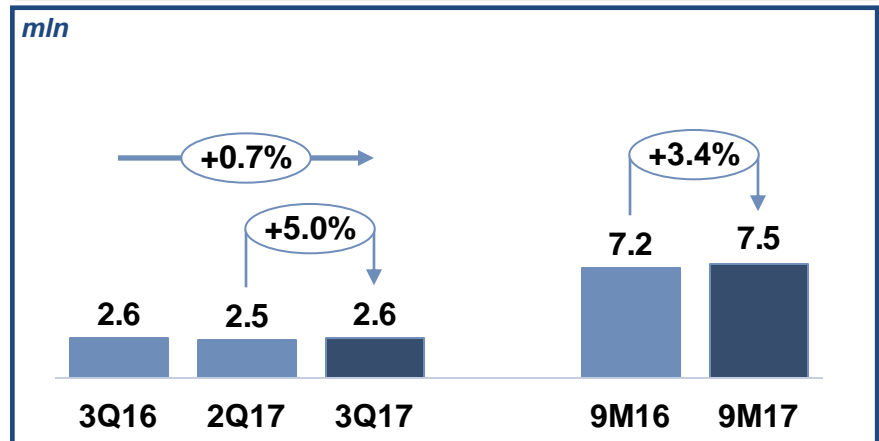
Stock Granting post IPO



Other administrative expenses⁽¹⁾



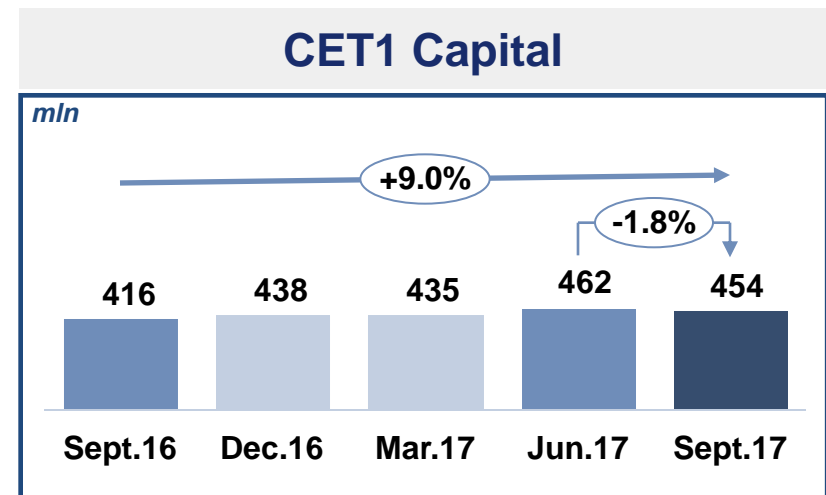
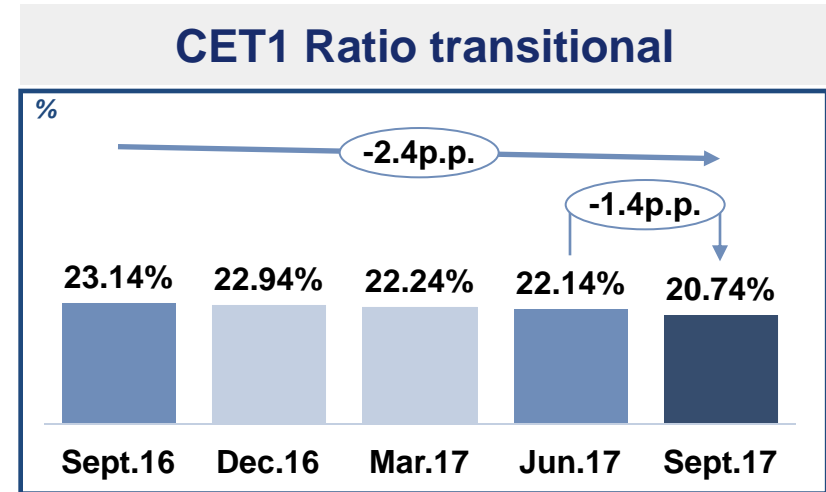
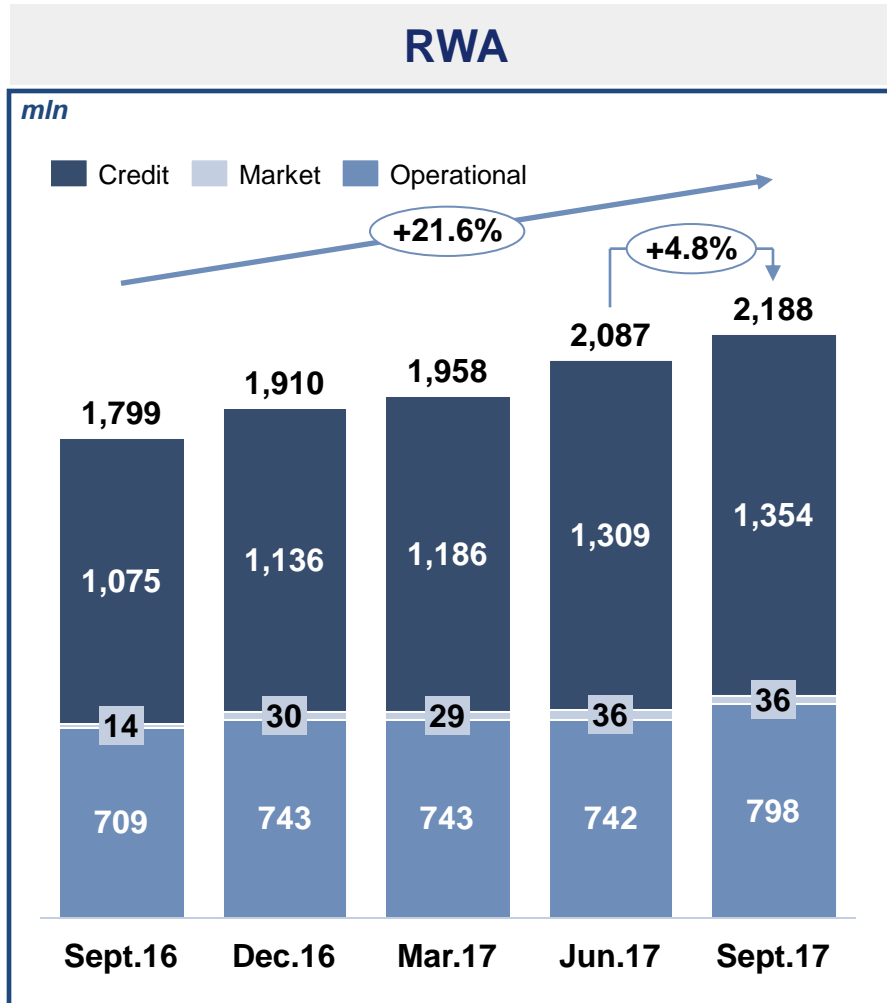
Write-down/backups and depreciation



⁽¹⁾ Breakdown between development and running costs: managerial data

Capital Ratios

Best in class capital position and low risk balance sheet.



Note: As intra-semester results are not review by external auditor firm, Sept.17 CET1 is affected by a temporary effect related to deductions of LLP and write-down of Voluntary Scheme (~10mln). Net of these deductions, Sept.17 CET1 Capital at 464 mln and CET1 Ratio transitional at 21.22%.

TFA

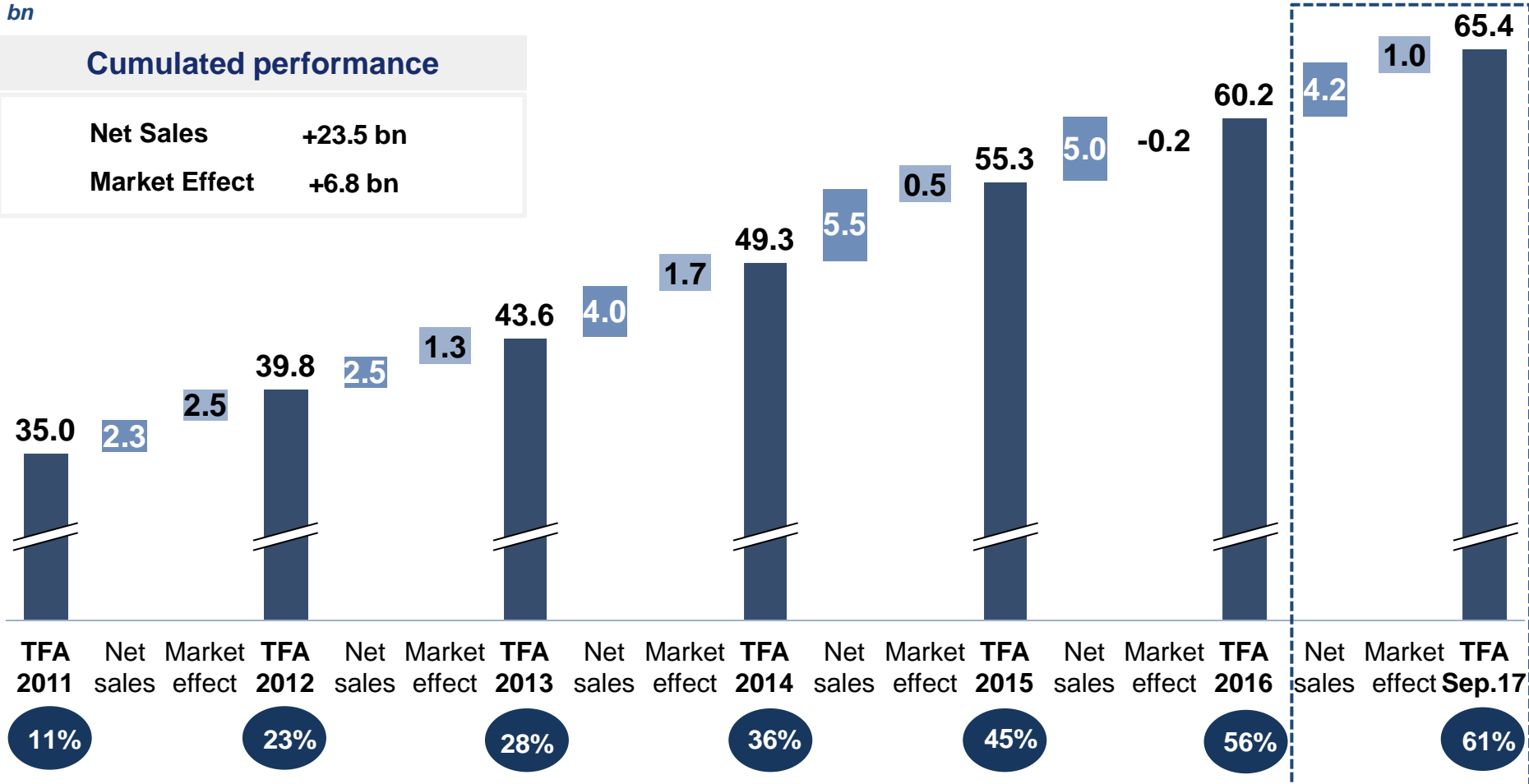
Relentless TFA growth thanks to a healthy expansion in net sales.
 Guided products & Services increased at 61% of total AuM

TFA evolution (Dec.11 – Sept.17)

bn

Cumulated performance

Net Sales	+23.5 bn
Market Effect	+6.8 bn



● Guided products as % of total AuM ⁽¹⁾

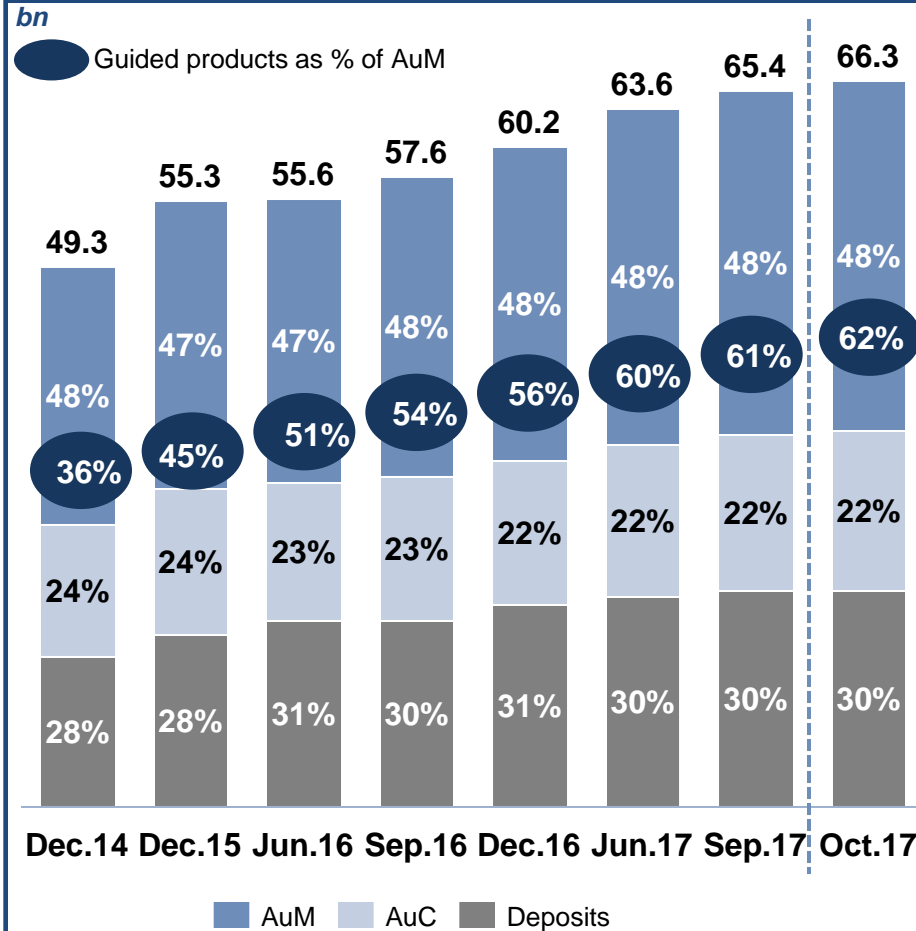


⁽¹⁾ Calculated as Guided Products end of period divided by Asset under Management end of period

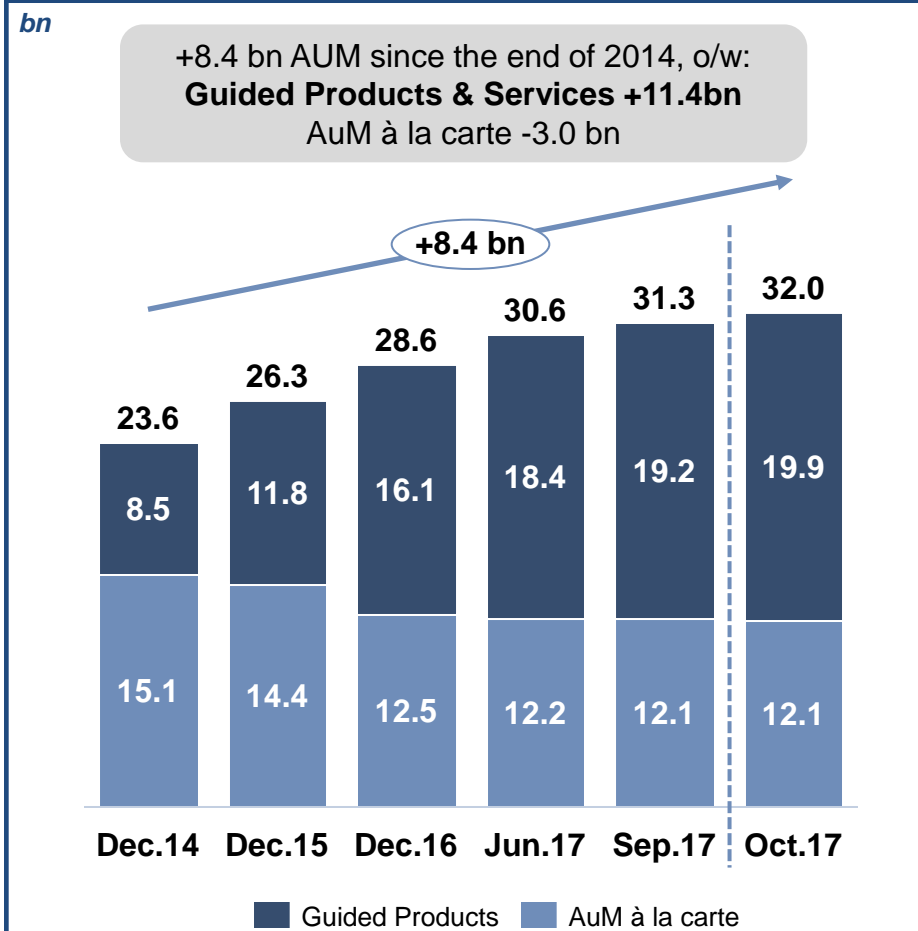
TFA breakdown

Successful shift towards high added value products

Breakdown of total TFA



Focus on AUM



Guided Products includes Advice service which comprises a small component of AuC and Deposits (0.5bn in Sep.17, 0.4bn in Jun.17, 0.4bn in Dec.16, 0.3bn in Dec.15 and 0.3bn in Dec.14)

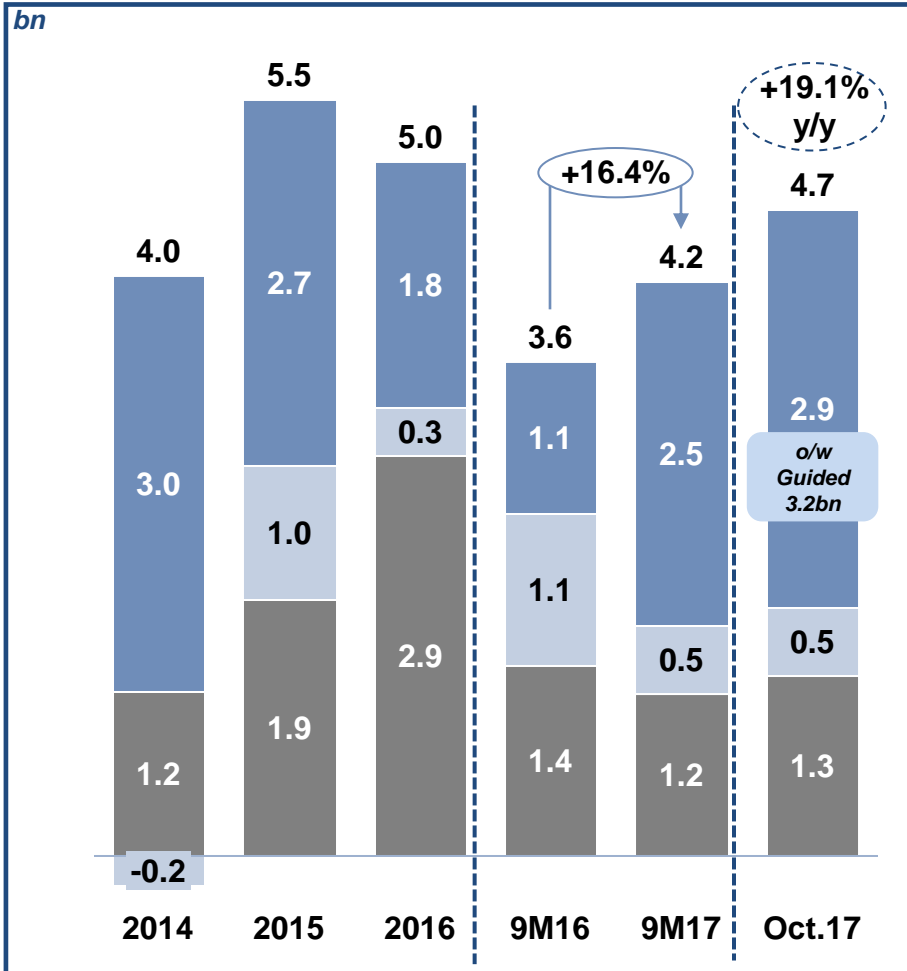


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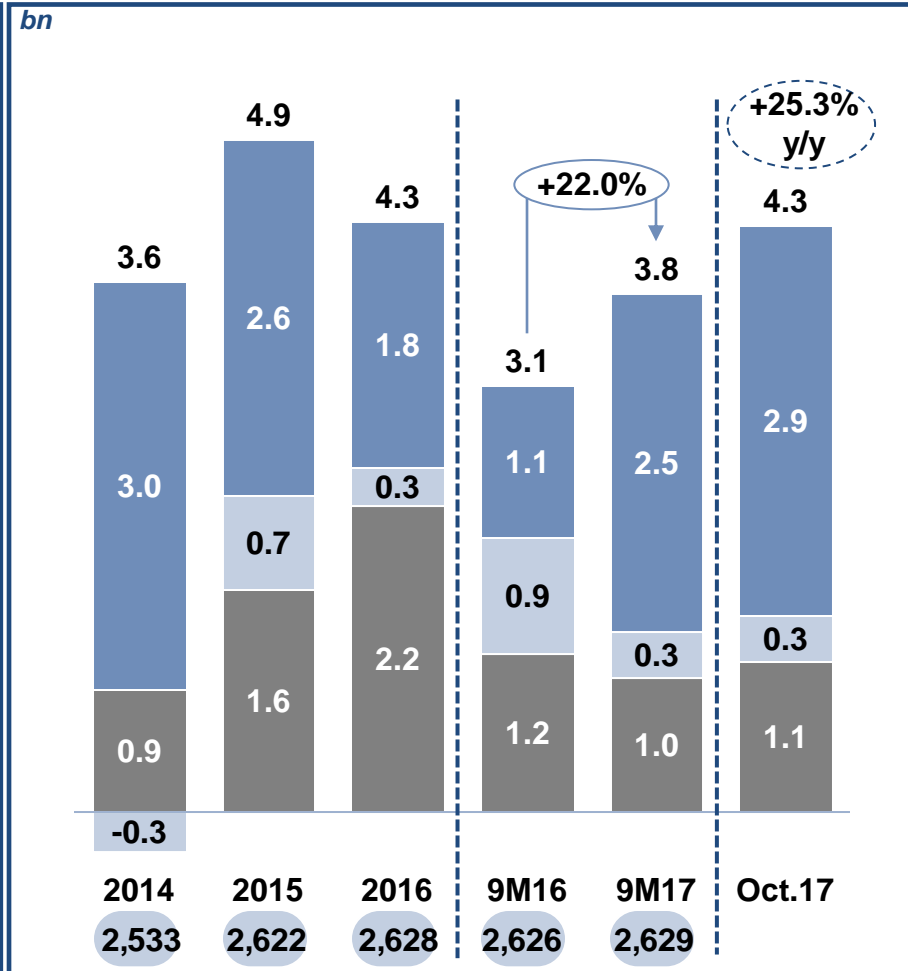
Net sales breakdown

Net sales highlights the continuous improvement in the asset mix thanks to the increasing productivity of the network

Breakdown of total Net Sales



PFA Network – total Net Sales



■ AuM ■ AuC ■ Deposits

● PFA Network - headcount

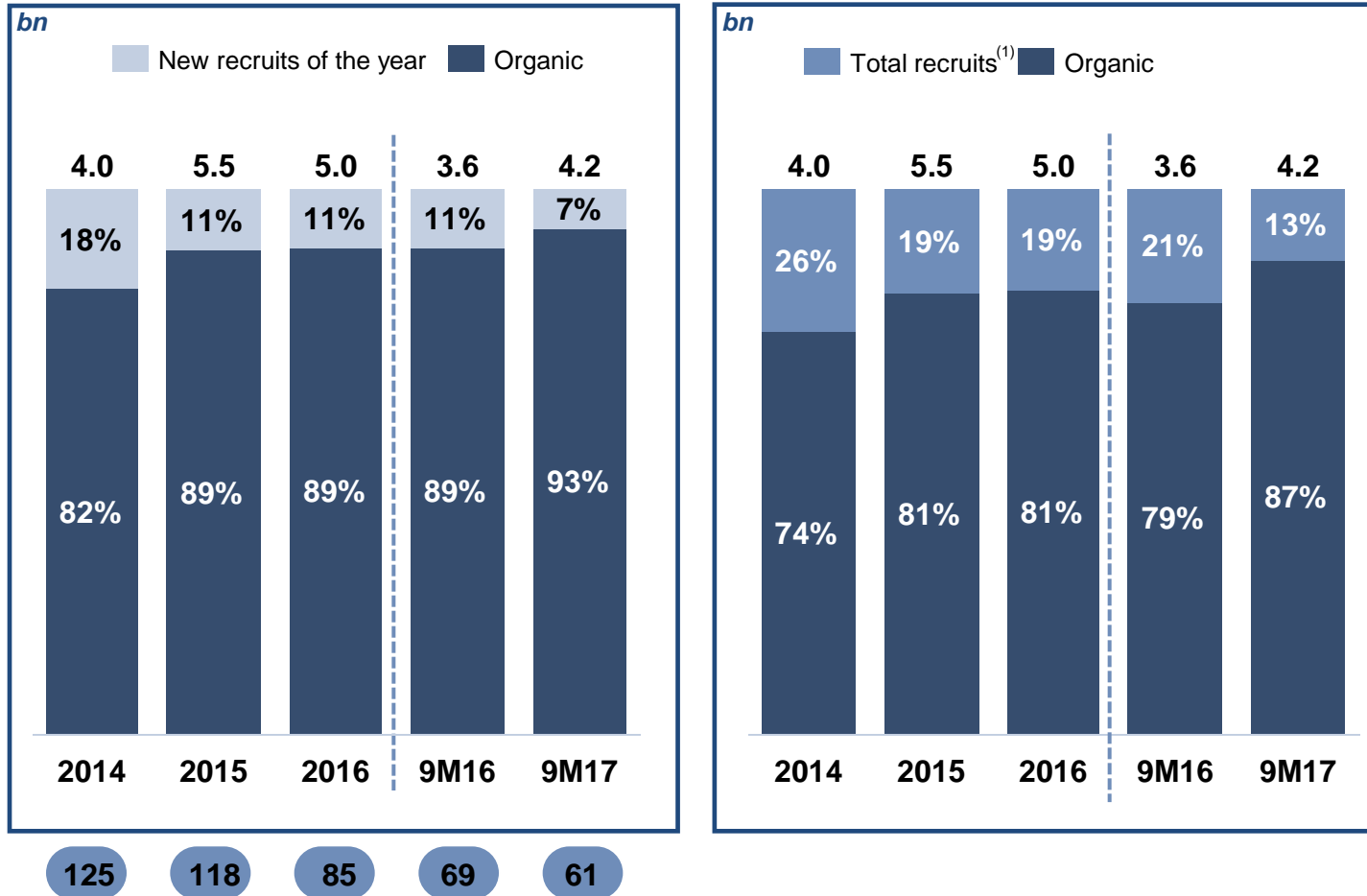


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Organic growth

Net sales organically generated confirmed as key in our strategy of growth

Net Sales – Organic / Recruit (%)



Recruitment costs
(to be amortized)
stock 23mln
as of Sept.'17
stable vs Dec.'16

125 118 85 69 61

of PFAs recruited in the period



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Agenda

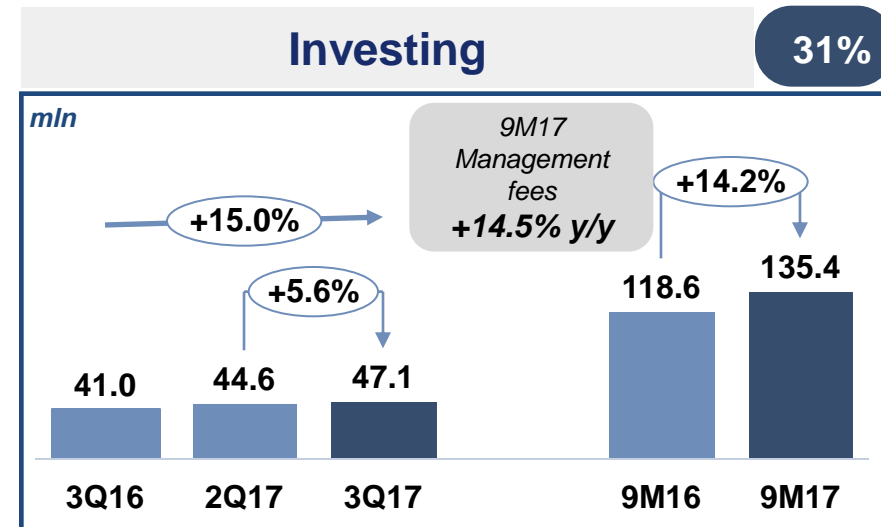
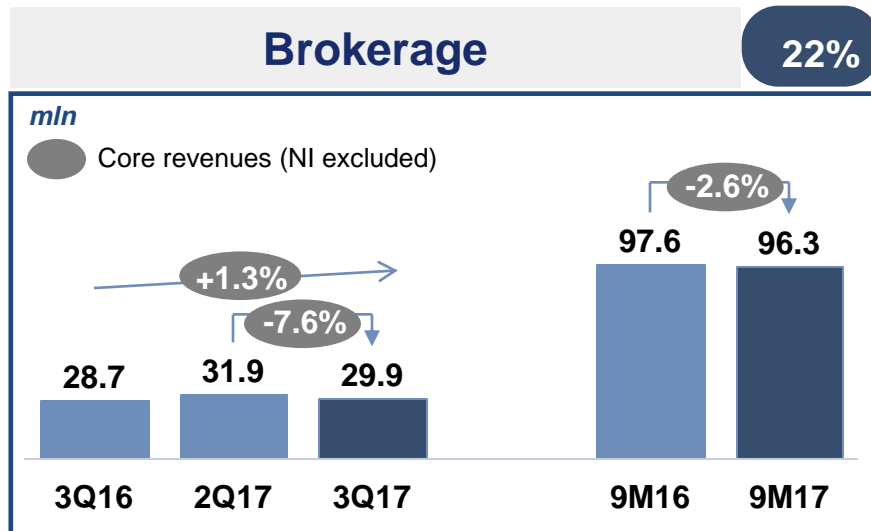
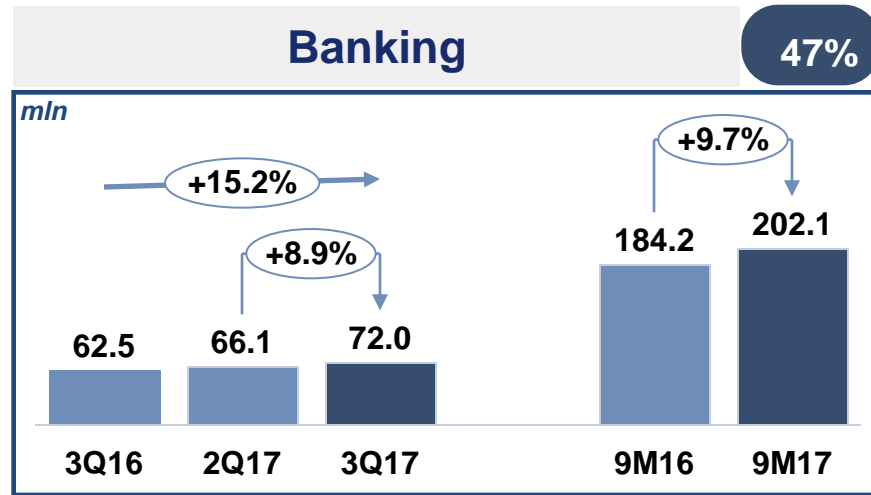
- Fineco Results

- Focus on product areas**

- Key messages and Initiatives monitoring

Revenues by Product Area

Well diversified stream of revenues allow the bank to successfully face any market environment



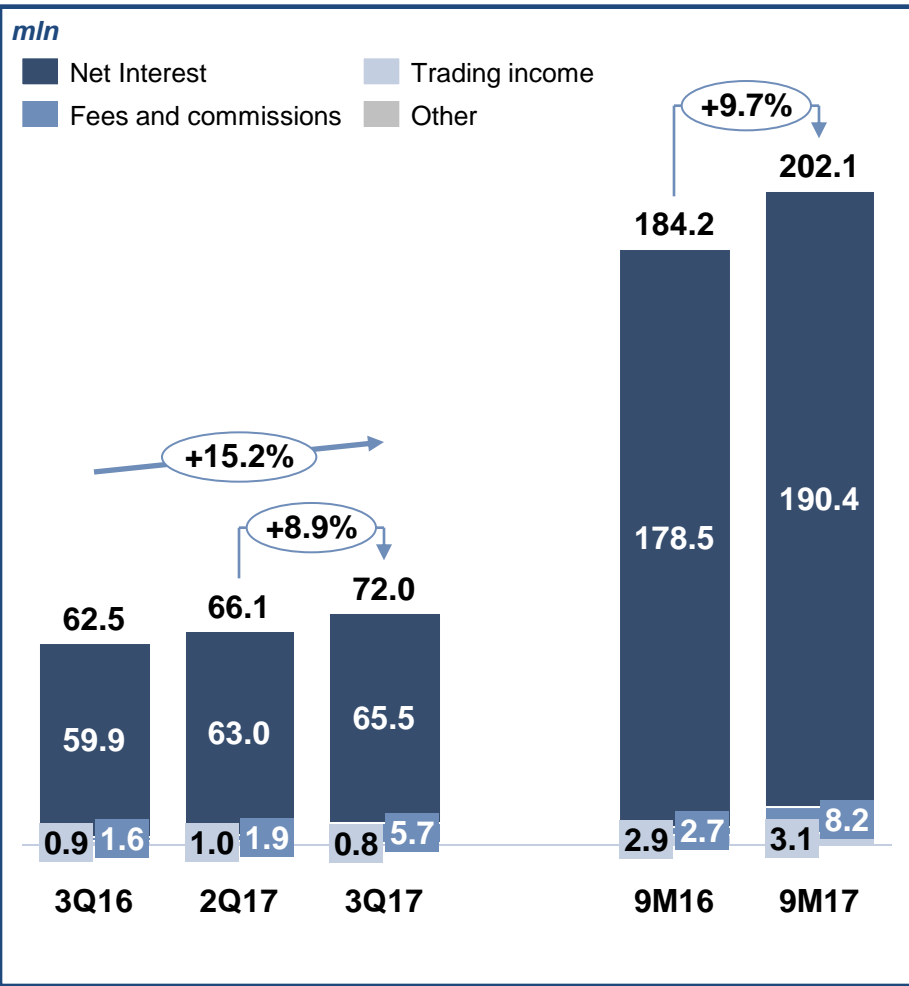
9M17 weight on total revenues for each product area

Managerial Data. Revenues attributable to single each product area, generated by products / services offered to customers according to the link between products and product area. Banking includes revenues generated by direct deposits and credit products; Investing includes revenues generated by asset under management products; Brokerage includes revenues from trading activity

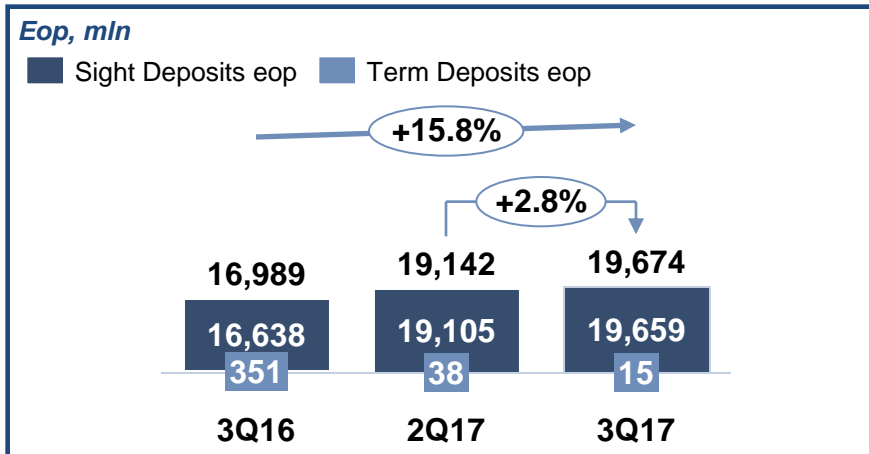
Banking

Sound performance driven by strong volume growth and customer acquisition thanks to high quality services and customer satisfaction

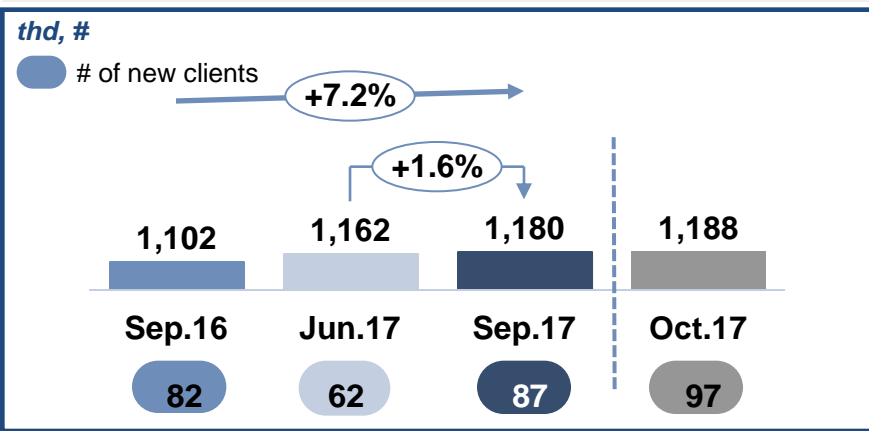
Revenues



Direct deposits



Clients and new clients

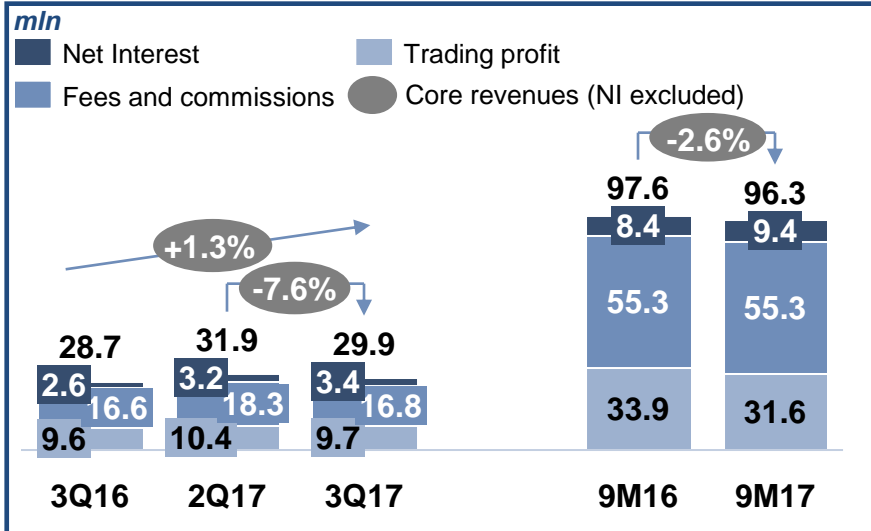


Managerial Data

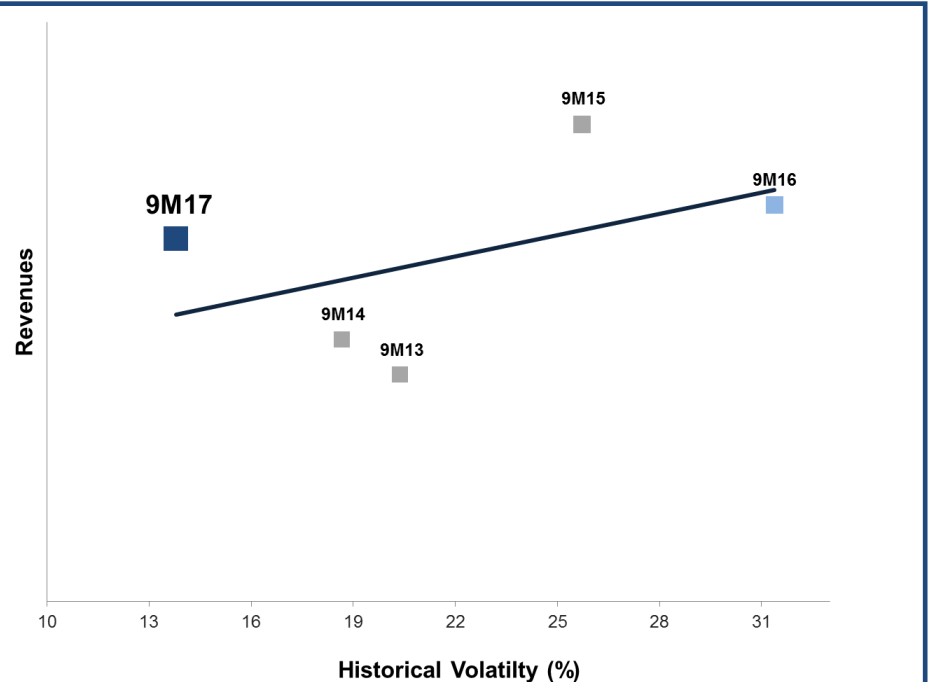
Brokerage

Outstanding brokerage results despite the lowest volatility since 2013 confirming the strong potential of this business

Revenues

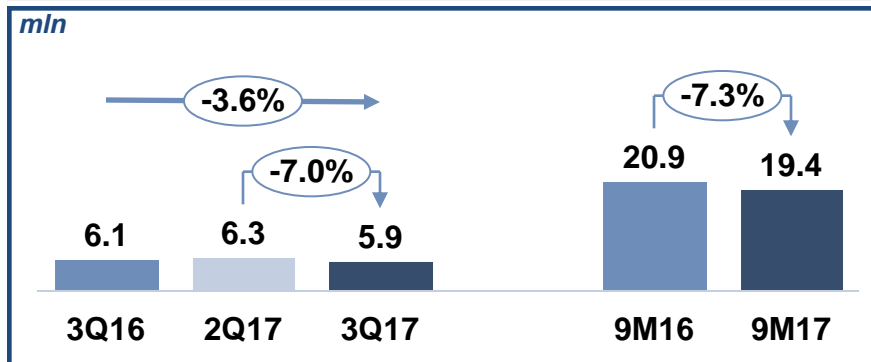


Revenues vs volatility⁽¹⁾



- Sound performance in the first nine months of 2017 despite **volatility at the bottom** since 2013 with revenues ranked as the **third best place** in the period.
- **Structural improvement of the business** thanks to larger base of clients/higher market share and the enlargement of the products offer

Executed orders



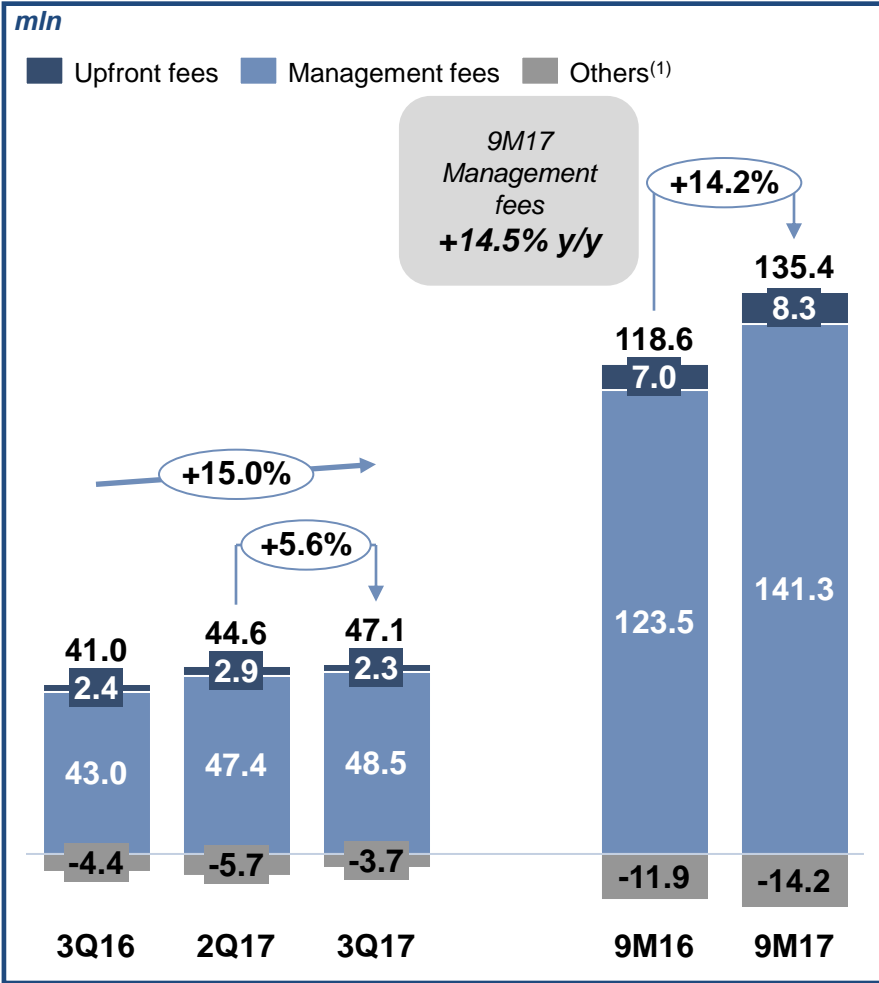
Managerial Data

20 ⁽¹⁾ Volatility calculated as average volatility of FTSEMIB, DAX, SP500, weighted on related executed orders by our clients. Revenues calculated as brokerage gross core revenues (NII excluded).

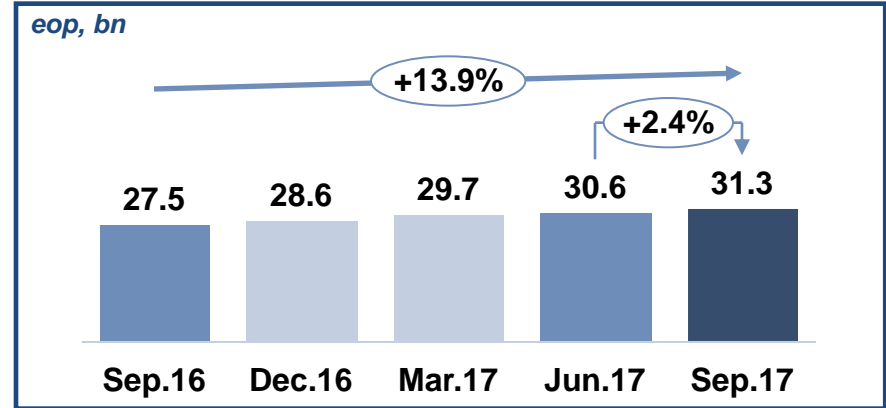
Investing

Successful strategy on cyborg advisory approach drove a better asset mix and increasing fees

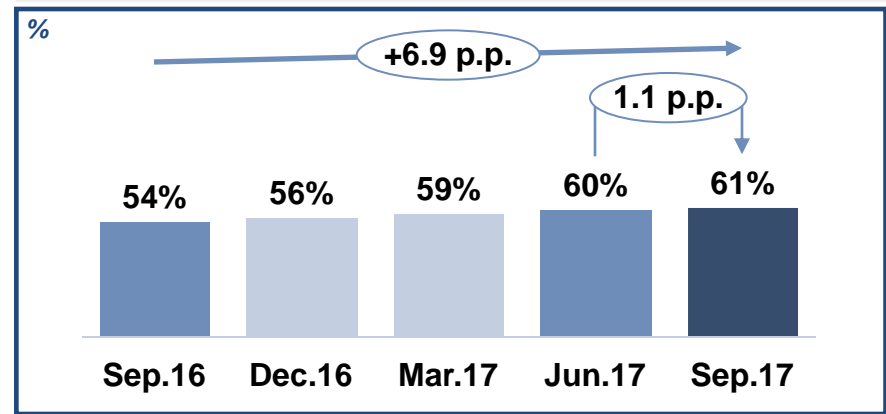
Revenues (Net Fees)



Assets under Management



Guided products on total AuM



Managerial Data

⁽¹⁾ Mainly PFAs annual bonus

Agenda

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3 Pillars: Efficiency, Innovation and Transparency

The keys of our strategy, still leading our sustainable growth



EFFICIENCY

Strong focus on IT & Operations,
more flexibility, less costs



INNOVATION

Anticipate new needs
simplifying customers' life



TRANSPARENCY

Fairness and Respect
for all our stakeholders

We built everything from scratch



Freedom: Freedom to start over «from scratch», build a new bank, **the best you can imagine**

Proprietary back-end: In-house development and automated processes allow an efficient cost structure and fast time to market

Excellent offer: Unique customer user experience, top quality in all services



We were true pioneers

Fineco anticipated a main market trend: digitalization

Moving customer's focus from proximity to service and quality



We believe in a “Quality” One Stop Solution

Providing all services in a single account is a distinctive feature but it's not enough.

Gaining a competitive edge requires high quality on each single service and product

In July Standard Ethics⁽¹⁾ **upgraded our Standard Ethics Rating⁽²⁾ to “EE”, a “full investment grade”** given to sustainable companies with low reputational risk profile and strong prospects for long-term growth

⁽¹⁾ Standard Ethics is an independent agency which assigns Solicited Sustainability Ratings to companies and sovereign issuers. Fineco is included in the Standard Ethics Italian Banks Index© and in the Standard Ethics Italian Index, among the major environmental, social and governance performance indices and benchmarks.

⁽²⁾ The Standard Ethics Rating is an assessment of sustainability and governance based on the principles and voluntary directions of the United Nations, the Organization for Economic Cooperation and Development (OECD) and the European Union.

9M17 key messages

Healthy growth and sustainability at the heart of Fineco's business model

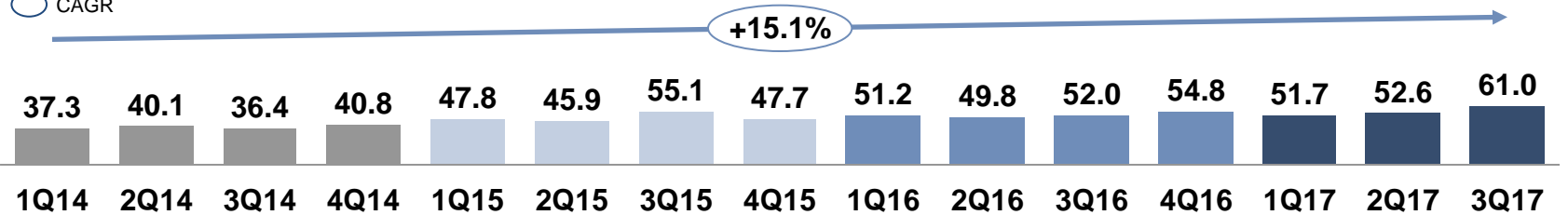
- ✓ Clients' acquisition leveraging on high quality services. Cost of funding close to zero
- ✓ Organic growth as main engine of growth. Selected recruits to improve the quality and related costs well under control
- ✓ High quality Lending with low cost of risk, strong competitive advantage leveraging on Big Data analytics

Delivery of consistent results in every market condition

- ✓ Growing revenues thanks to a very well diversified business model with smooth quarterly path
- ✓ Sound Brokerage performance in the period, despite the lowest volatility since 2013
- ✓ Costs under control on the wave of a huge operating leverage, strong IT internal culture

Net Profit adjusted (net of DGS)⁽¹⁾, mln

○ CAGR



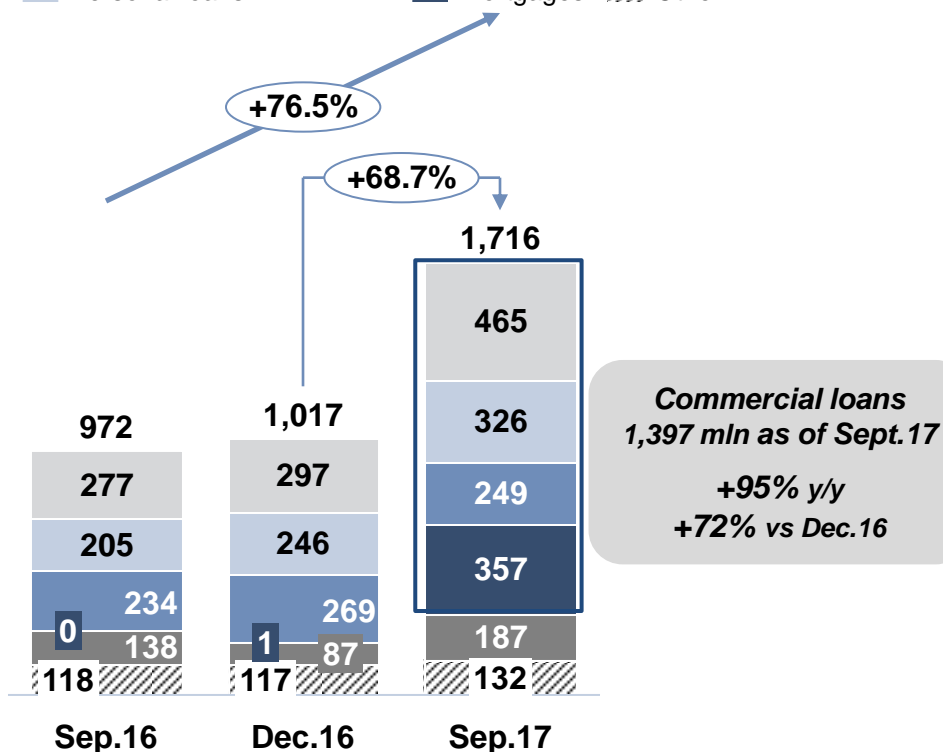
⁽¹⁾ Net Profit adjusted net of Deposit Guarantee Scheme (2015 DGS: -3.1mln net, 2016 DGS : -7.1mln net, 2017 DGS: -8.3 mln net)

Boost in high quality lending volume offered exclusively to the existing base of clients, leveraging on our internal Big Data analytics

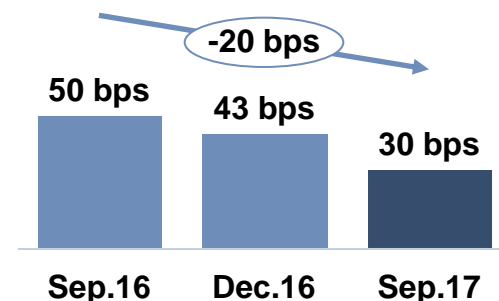
Overall Lending portfolio

Eop, mln

Current accounts/Overdraft
 Cards
 Reverse repos
 Personal loans
 Mortgages
 Other ⁽¹⁾



Cost of Risk ⁽²⁾



- **Decreasing Cost of Risk** thanks to the dilution effect generated by **new volumes**, but also to the constant **improvement in the quality** of the credit which is mainly **secured and low risk**
- **Our lending is offered exclusively to our customer base.** The massive usage they have on our transactional banking platform allows us to maintain strong focus on high quality lending, **leveraging on a deep internal IT culture, powerful data warehouse system and Big Data analytics**

⁽¹⁾ Other loans include current receivables associated with the provisions of financial services (91 mln in Sep.17 vs 82 mln in Dec.16), collateral deposits and initial and variation margins (38 mln in Sep.17 vs 34mln in Dec.16), bad loans (2 mln in Sep.17 vs 3 mln in Dec.16), other (-0.1 mln in Sep.17 vs -1mln in Dec.16)

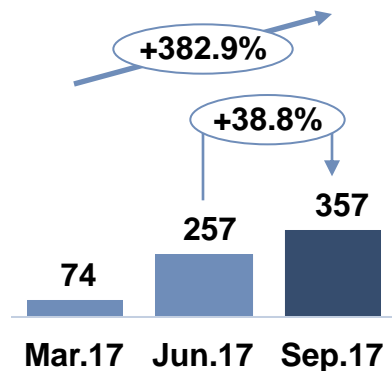
⁽²⁾ Cost of risk: ratio between annualized net write-downs of loans and provisions for guarantees and commitments to Loans and receivables with customers (average of the balance at period end and the balance at Dec.31st of the previous year)

Initiatives monitoring - Banking Area

Boost in high quality lending volume offered exclusively to the existing base of clients, leveraging on our internal Big Data analytics

Mortgages

Eop, mln

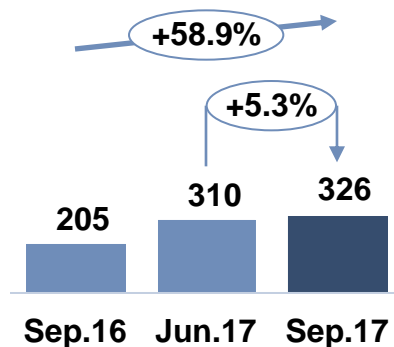


Yield (bps)

- **Strong increase** in mortgages (+38.8% q/q)
- Over **3,200 mortgages** granted in the first 9 months
- Average **Loan To Value 49%** and average **maturity 18 years**
- Average customer rate: **193bps**
- **Very low expected Cost of Risk** (~23bps)

Personal loans

Eop, mln

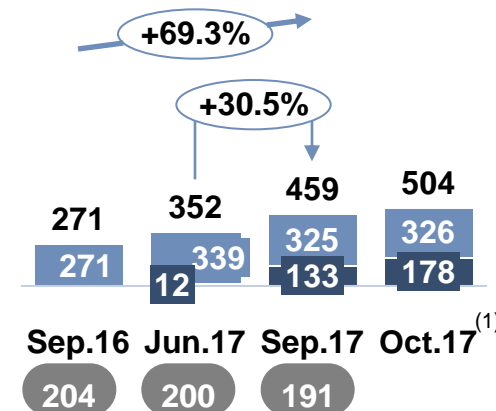


- **326 mln outstanding** as of September 30th (+58.9% y/y), average ticket €8,500 and average maturity 4.3 years
- **Efficient and real time process**, instant approval platform for eligible clients' requests thanks to a deep knowledge of clients.
- **Low Cost of Risk** (<90bps)

Lombard loans

Eop, mln

Other lombard Credit lombard



Credit Lombard:

- **allows to change pledged assets** without closing and re-opening the credit line, allowing **more flexibility and efficiency**
- **Attractive pricing:** retail clients 125bps and private clients up to 75bps (on 3M Eur ⁽²⁾)
- **Differentiated margins** according to the riskiness of the pledged assets
- **Very low expected Cost of Risk** (~10 bps)

Yield on mortgages net of amortized and hedging costs

⁽¹⁾ as of Oct. 31st, 2017 (preliminary)

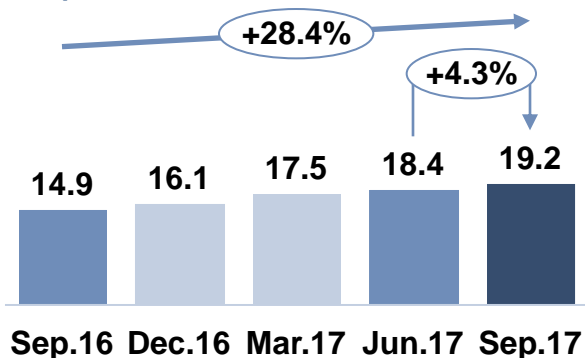
⁽²⁾ with floor at zero

Initiatives monitoring - Investing Area

Increase network's productivity and Private Banking

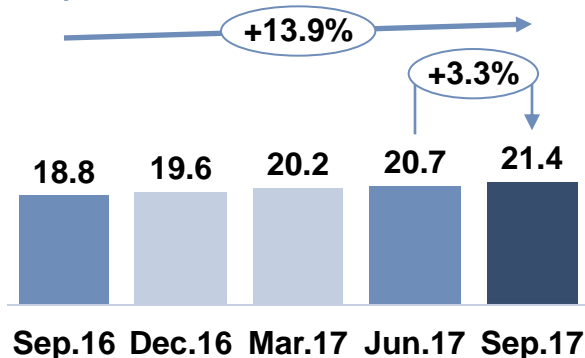
Guided Products

Eop, bn



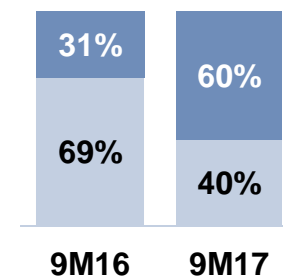
Average PFAs' portfolio

Eop, mln



Net Sales Mix

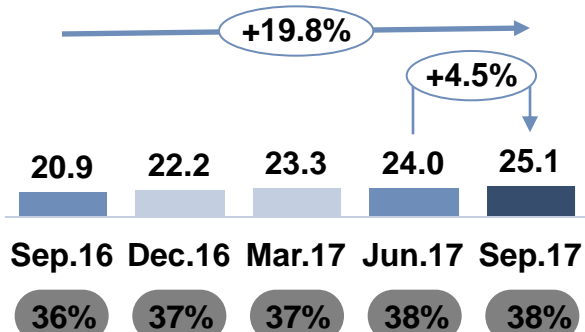
■ AUM ■ AuC+ Deposits



Private Banking Total Financial Assets

Eop, bn

■ TFA Private Banking / TFA



- **Private Banking area is experiencing a huge growth** both in terms of assets and clients. Through Private Banking we want to create a **deeper relationship with the client, combining advanced technology with the unique professional skills of our advisors** to achieve client's life goals
- **Tailor-made solutions, portfolio analysis and monitoring, investment advisory, fund research and selection**



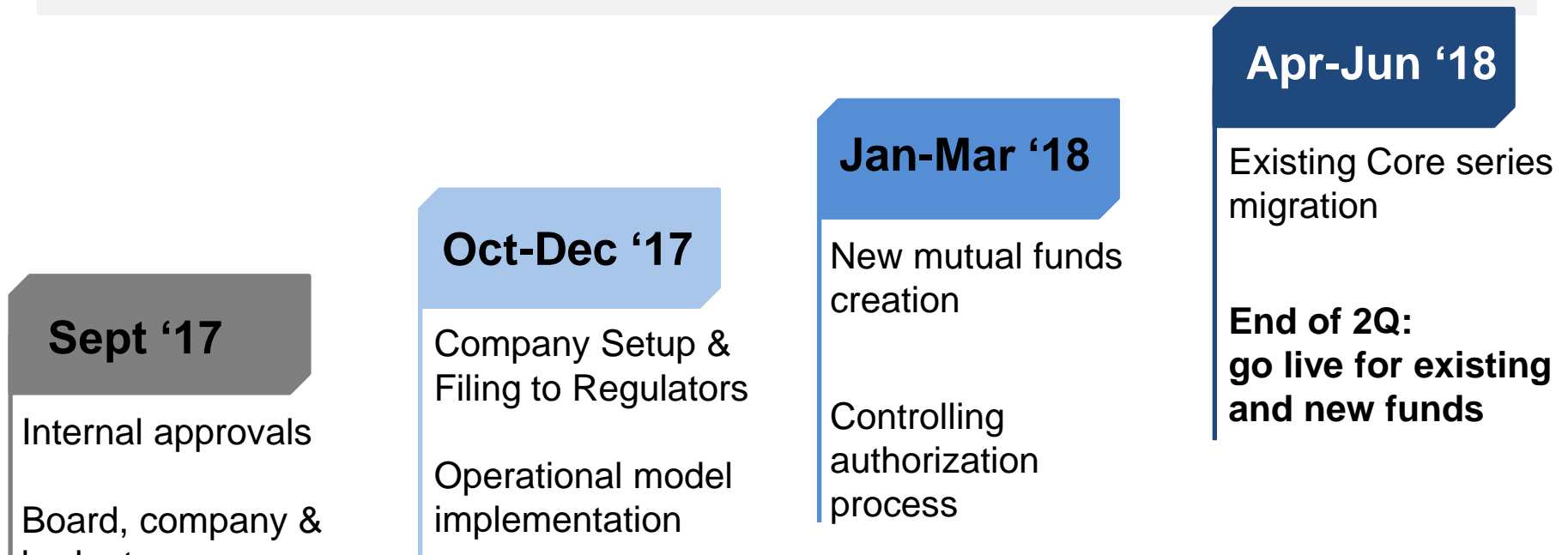
Fineco Asset Management - FAM (1/3)

Process update

The project is on track as expected (go live by the end of 2Q 2018):

- ✓ Implementation phase started, all internal approvals have been collected and company's registration obtained
- ✓ Authorization process with Central Bank of Ireland started. Formal submission by the end of November (expected closing in 4-6 months)
- ✓ Official tax ruling with Italian and Irish Tax Authorities expected to start within the end of November

The asset migration agreement related to 'old' Core Series is ongoing



Fineco Asset Management - FAM (2/3)

Focus on products and services

RETAIL CLASS

FAM Single Funds

Description: sub-advised single funds, with best brands and best portfolio managers

Destination: all retail's offer range: à la carte, Advice and Stars (portfolio solutions)

FAM Building Blocks

Description: FAM Funds of Funds. Solutions with internal rebalancing. No cost of mandate

Composition: FAM single funds (Institutional Class), third parties Institutional funds, ETFs

Destination: all retail's offer range: à la carte, Advice and Stars (portfolio solutions)

«Old» Core Series

Description: existing multi-segment and multi-class Funds of Funds (~7bn)

INSTITUTIONAL CLASS

FAM Single Funds

Description: sub-advised single funds, with best brands and best portfolio managers

Destination: wrappers (insurance wrappers, «old» Core Series, Building Blocks)

FAM Building Blocks

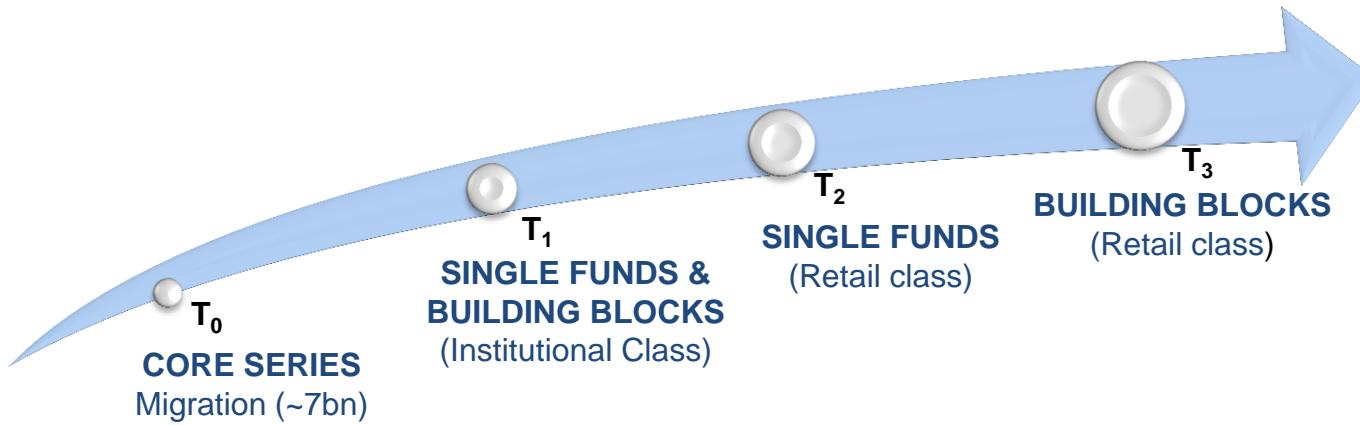
Description: FAM Funds of Funds. Solutions for insurance wrappers. No cost of mandate

Composition: FAM single funds (Institutional Class), third parties Institutional funds, ETFs

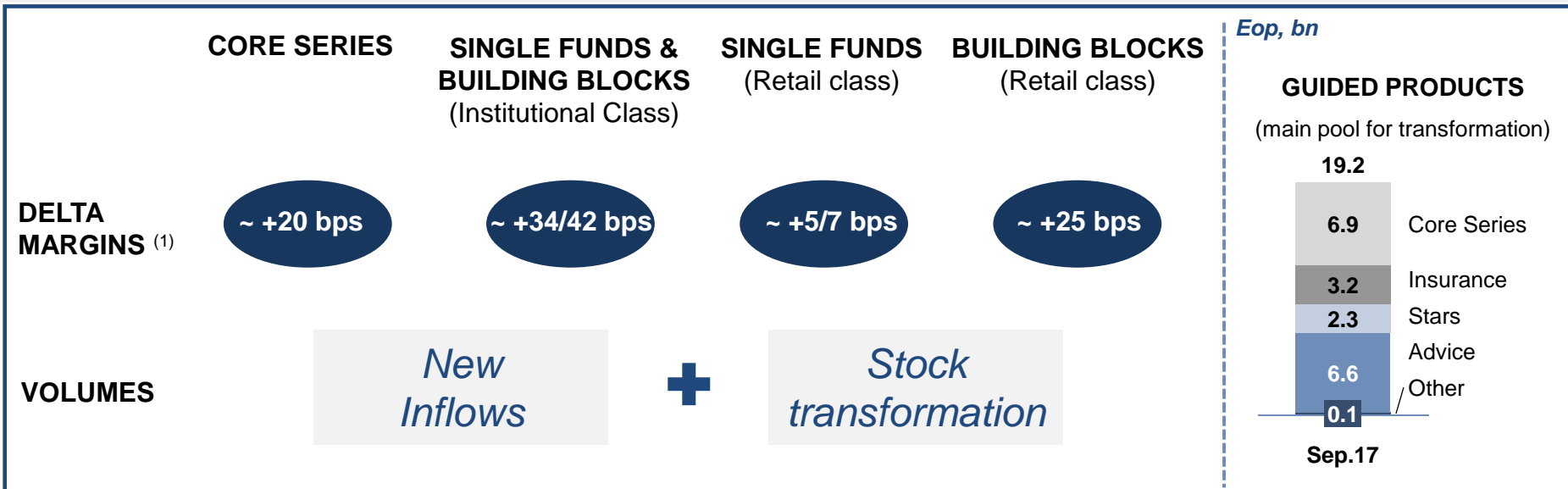
Destination: Insurance offer: Core Unit, Advice Unit, etc.

Fineco Asset Management - FAM (3/3)

Implementation process and potential upside



Potential Upside: relevant and recurring improvement in the profitability of the Bank

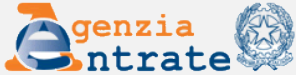


⁽¹⁾ Consolidated margins, net of taxes

Underlying assumptions: Retail class -> hp revenue split: 60% Italy - 40% remains in FAM (Ireland); Institutional class -> 100% revenues remains in FAM (Ireland), no PFAs involvement

Cooperative Compliance Scheme:

FinecoBank admitted in the Cooperative Compliance Scheme with the Revenue Agency



In July 2017, **FinecoBank** has been admitted to the **Cooperative Compliance Scheme⁽¹⁾**, which allows the Bank to take part to a register of taxpayers (published on the Revenue Agency's official website) **operating in full transparency with the Italian tax Authorities**. This is a fundamental milestone for our Bank

Until now, **only 4 companies** have been admitted in Italy: Fineco, UniCredit, Leonardo and Ferrero

Key requirements to be admitted:

- ✓ **subjective and objective requirements** (resident legal entities with specific sizing thresholds)
- ✓ **effective system in place for identifying, measuring, managing and controlling tax risk** in line with the "essential" requirements of the *Tax Control Framework* envisaged by law, Revenue Agency ordinances and by the OECD documents published on the subject

Several advantages:

- ✓ closer relationship of **trust and cooperation** with the Revenue Agency
- ✓ **Increase of the level of certainty on significant tax issues** under conditions of full transparency
- ✓ **agreed and preventive risk assessment** of situations likely to generate tax risks
- ✓ **fast track ruling**

P&L

<i>mln</i>	1Q16	2Q16	3Q16	4Q16	FY16	1Q17	2Q17	3Q17	9M16	9M17
Net interest income	62.2	61.2	62.5	63.4	249.4	62.9	64.3	67.4	186.0	194.6
Net commissions	58.2	59.7	59.3	65.8	242.9	64.7	65.0	69.7	177.1	199.4
Trading profit	19.6	27.3	10.8	11.3	69.1	13.7	12.3	11.1	57.7	37.1
Other expenses/income	0.1	0.7	-0.8	-2.2	-2.2	0.5	-0.8	0.1	0.0	-0.2
Total revenues	140.1	148.8	131.8	138.4	559.1	141.8	140.8	148.2	420.7	430.9
Staff expenses	-18.7	-19.0	-19.3	-16.6	-73.7	-19.2	-19.7	-19.8	-57.1	-58.7
Other admin.exp. net of recoveries	-39.3	-36.1	-31.4	-35.9	-142.7	-39.2	-38.2	-31.1	-106.8	-108.5
D&A	-2.2	-2.4	-2.6	-2.7	-10.0	-2.3	-2.5	-2.6	-7.2	-7.5
Operating expenses	-60.2	-57.5	-53.4	-55.3	-226.4	-60.7	-60.4	-53.5	-171.1	-174.7
Gross operating profit	79.9	91.3	78.4	83.1	332.7	81.1	80.4	94.7	249.7	256.2
Provisions	-1.4	-1.1	-11.3	3.9	-10.0	-2.4	-0.8	-21.0	-13.9	-24.2
LLP	-1.4	-1.4	-0.7	-0.7	-4.2	-0.5	-1.0	-1.5	-3.5	-3.1
Integration costs	0.0	0.0	0.0	-5.5	-5.5	0.0	0.0	0.0	0.0	0.0
Profit from investments	0.0	0.0	0.0	-6.7	-6.7	0.0	-0.4	-1.4	0.0	-1.8
Profit before taxes	77.1	88.8	66.4	74.1	306.3	78.2	78.3	70.7	232.3	227.2
Income taxes	-25.8	-22.3	-21.8	-24.6	-94.5	-26.5	-25.7	-23.9	-69.9	-76.1
Net profit for the period	51.2	66.6	44.6	49.5	211.8	51.7	52.6	46.8	162.4	151.0
Normalised Net Income⁽¹⁾	51.2	49.8	44.6	55.1	200.7	51.7	52.6	52.7	145.6	156.9

Non recurring items (mln, gross)	1Q16	2Q16	3Q16	4Q16	FY16	1Q17	2Q17	3Q17	9M16	9M17
<i>VISA sale (Trading Profit)</i>		15.3			15.3				15.3	
<i>Extraord systemic charges (Provisions)⁽²⁾</i>				3.7	3.7			-7.4		-7.4
<i>Extraord systemic charges (Profit from investm)⁽³⁾</i>				-6.7	-6.7			-1.4		-1.4
<i>Integration costs</i>				-5.5	-5.5					
<i>Release of taxes</i>		6.5			6.5				6.5	
Total	0.0	21.9	0.0	-8.5	13.3	0.0	0.0	-8.8	21.9	-8.8

⁽¹⁾ Net of non recurring items

⁽²⁾ 4Q16: related to Solidarity fund for retail clients invested in subordinated bonds issued by 4 Italian banks rescued in 2016. 3Q17 write-down related to the residual commitment to the Voluntary Scheme (Cassa di Risparmio Rimini and Cassa di Risparmio San Miniato)

⁽³⁾ 4Q16: FITD (Voluntary scheme) for Cassa di Risparmio di Cesena (aucap). 3Q17: write-down related to Voluntary Scheme (contribution for the capital increase of Cassa di Risparmio Rimini and Cassa di Risparmio San Miniato)

P&L net of non recurring items

<i>mln</i>	3Q16	9M16 Adj. ⁽¹⁾	2Q17	3Q17 Adj. ⁽¹⁾	9M17 Adj. ⁽¹⁾	9M17/ 9M16	3Q17/ 3Q16	3Q17/ 2Q17
Net interest income	62.5	186.0	64.3	67.4	194.6	4.6%	7.7%	4.8%
Net commissions	59.3	177.1	65.0	69.7	199.4	12.6%	17.6%	7.2%
Trading profit	10.8	42.4	12.3	11.1	37.1	-12.4%	3.2%	-9.4%
Other expenses/income	-0.8	0.0	-0.8	0.1	-0.2	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Total revenues	131.8	405.4	140.8	148.2	430.9	6.3%	12.5%	5.3%
Staff expenses	-19.3	-57.1	-19.7	-19.8	-58.7	2.9%	2.2%	0.3%
Other admin.expenses	-31.4	-106.8	-38.2	-31.1	-108.5	1.6%	-0.8%	-18.6%
D&A	-2.6	-7.2	-2.5	-2.6	-7.5	3.4%	0.7%	5.0%
Operating expenses	-53.4	-171.1	-60.4	-53.5	-174.7	2.1%	0.3%	-11.4%
Gross operating profit	78.4	234.3	80.4	94.7	256.2	9.3%	20.7%	17.8%
Provisions	-11.3	-13.9	-0.8	-13.6	-16.8	20.8%	20.3%	<i>n.m.</i>
LLP	-0.7	-3.5	-1.0	-1.5	-3.1	-12.8%	112.2%	52.6%
Integration costs	0.0	0.0	0.0	0.0	0.0	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Profit from investments	0.0	0.0	-0.4	0.0	-0.4	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Profit before taxes	66.4	216.9	78.3	79.5	236.0	8.8%	19.8%	1.6%
Income taxes	-21.8	-71.3	-25.7	-26.8	-79.0	10.8%	23.2%	4.5%
Net profit adjusted ¹	44.6	145.6	52.6	52.7	156.9	7.8%	18.1%	0.2%

¹ Adj. Net Profit net of non recurring items (see page 33)

Details on Net Interest Income

<i>mln</i>	1Q16	Volumes & Margins	2Q16	Volumes & Margins	3Q16	Volumes & Margins	1Q17	Volumes & Margins	2Q17	Volumes & Margins	3Q17	Volumes & Margins	9M16	Volumes & Margins	9M17	Volumes & Margins
Sight Deposits	55.4	15,328	54.2	16,105	54.6	16,663	55.4	18,193	55.6	18,824	57.2	19,321	164.2	16,032	168.3	18,779
<i>Net Margin</i>		1.45%		1.35%		1.30%		1.24%		1.18%		1.18%		1.37%		1.20%
Term Deposits	-0.3	628	-0.3	540	-0.2	413	-0.1	131	0.0	50	0.0	26	-0.8	527	-0.2	69
<i>Net Margin</i>		-0.19%		-0.22%		-0.20%		-0.31%		-0.39%		-0.42%		-0.21%		-0.34%
Security Lending	1.0	1,094	1.0	1,217	0.8	1,037	0.7	938	0.6	831	0.5	764	2.8	1,116	1.8	844
<i>Net Margin</i>		0.37%		0.33%		0.31%		0.30%		0.30%		0.24%		0.34%		0.28%
Leverage - Long	1.8	118	1.6	106	1.6	103	1.9	130	2.2	152	2.6	173	5.0	109	6.6	152
<i>Net Margin</i>		6.20%		6.19%		6.11%		6.18%		6.13%		6.29%		6.16%		6.21%
Lendings	5.1	511	5.4	555	5.7	674	6.5	794	7.5	1,010	8.0	1,261	16.1	580	22.0	1,022
<i>Net Margin</i>		3.98%		3.88%		3.35%		3.33%		2.97%		2.52%		3.71%		2.88%
o/w Current accounts	1.4	222	1.4	241	1.5	264	1.7	312	1.8	340	1.9	410	4.3	242	5.3	354
<i>Net Margin</i>		2.53%		2.34%		2.20%		2.15%		2.09%		1.86%		2.35%		2.02%
o/w Cards	1.1	141	1.1	142	1.1	217	1.1	207	1.1	216	1.2	232	3.3	166	3.5	219
<i>Net Margin</i>		3.13%		3.13%		2.10%		2.22%		2.12%		2.04%		2.68%		2.12%
o/w Personal loans	2.6	148	2.9	173	3.2	194	3.7	257	3.9	297	4.0	317	8.8	171	11.6	290
<i>Net Margin</i>		7.18%		6.84%		6.52%		5.78%		5.31%		5.03%		6.82%		5.35%
o/w Mortgages							0.1	18	0.6	158	0.9	301			1.6	159
<i>Net Margin</i>								1.60%		1.59%		1.15%				1.32%
Other ⁽¹⁾	-0.7		-0.7		0.0		-1.5		-1.5		-0.9		-1.4		-3.9	
Total	62.2		61.2		62.5		62.9		64.3		67.4		186.0		194.6	

Volumes and margins: average of the period
 Net margin calculated on real interest income and expenses

⁽¹⁾ Other includes mainly marketing costs

UniCredit bonds underwritten

	ISIN	Currency	Amount (€ m)	Maturity	Indexation	Spread
1	IT0004307861 Amortizing	Euro	150.0	2-Oct-17	Euribor 1m	0.51%
	IT0004307861 Amortizing	Euro	150.0	2-Jan-18	Euribor 1m	0.51%
2	IT0005010258	Euro	382.5	27-Jul-17	Euribor 1m	1.94%
3	IT0005010738	Euro	382.5	25-Oct-17	Euribor 1m	2.01%
4	IT0005010266	Euro	382.5	24-Jan-18	Euribor 1m	2.08%
5	IT0005010274	Euro	382.5	23-Apr-18	Euribor 1m	2.14%
6	IT0005010290	Euro	382.5	23-Jul-18	Euribor 1m	2.19%
7	IT0005010357	Euro	382.5	19-Oct-18	Euribor 1m	2.24%
8	IT0005010373	Euro	382.5	18-Jan-19	Euribor 1m	2.29%
9	IT0005010613	Euro	382.5	1-Apr-19	Euribor 1m	2.33%
10	IT0005010282	Euro	382.5	15-Jul-19	Euribor 1m	2.37%
11	IT0005010399	Euro	382.5	14-Oct-19	Euribor 1m	2.40%
12	IT0005010324	Euro	382.5	13-Jan-20	Euribor 1m	2.44%
13	IT0005010365	Euro	382.5	10-Apr-20	Euribor 1m	2.47%
14	IT0005010308	Euro	382.5	9-Jul-20	Euribor 1m	2.49%
15	IT0005010381	Euro	382.5	7-Oct-20	Euribor 1m	2.52%
16	IT0005010332	Euro	382.5	6-Jan-21	Euribor 1m	2.54%
17	IT0005010316	Euro	382.5	6-Apr-21	Euribor 1m	2.56%
18	IT0005010340	Euro	382.5	5-Jul-21	Euribor 1m	2.58%
19	IT0005010225	Euro	382.5	18-Oct-21	Euribor 1m	2.60%
20	IT0005010142	USD1	42.4	19-Apr-18	USD Libor 1m	2.34%
21	IT0005010134	USD1	42.4	1-Apr-19	USD Libor 1m	2.53%
22	IT0005010860	USD1	42.4	7-Apr-20	USD Libor 1m	2.66%
23	IT0005010217	USD1	42.4	1-Apr-21	USD Libor 1m	2.75%
24	IT0005158503	USD1	42.4	23-Dec-22	USD Libor 1m	1.93%
25	IT0005040099	Euro	100.0	24-Jan-22	Euribor 1m	1.46%
26	IT0005057994	Euro	200.0	11-Apr-22	Euribor 1m	1.43%
27	IT0005083743	Euro	300.0	28-Jan-22	Euribor 1m	1.25%
28	IT0005106189	Euro	230.0	20-Apr-20	Euribor 1m	0.90%
29	IT0005114688	Euro	180.0	19-May-22	Euribor 1m	1.19%
30	IT0005120347	Euro	700.0	27-Jun-22	Euribor 1m	1.58%
31	IT0005144065	Euro	450.0	14-Nov-22	Euribor 3m ²	1.40%
32	IT0005144073	Euro	350.0	15-Nov-21	Euribor 3m ²	1.29%
33	IT0005158412	Euro	250.0	23-Dec-22	Euribor 3m ²	1.47%
34	IT0005163180	Euro	600.0	11-Feb-23	Euribor 3m ²	1.97%
35	IT0005175135	Euro	100.0	24-Mar-23	Euribor 3m ²	1.58%
36	IT0005217606	Euro	350.0	11-Oct-23	Euribor 3m ²	1.65%
37	IT0005241317	Euro	622.5	2-Feb-24	Euribor 3m ²	1.52%
Total		Euro	11,617.5		Euribor 1m	1.987%
		USD¹	211.8		USD Libor 1m	2.442%

9M17

¹ Amounts expressed at EUR/USD 1.1806 exchange rate (as of September 30th)

² In order to calculate an average spread on Eur1m, a basis swap of 0.06% is considered

Details on Net Commissions

<i>mln</i>	1Q16	2Q16	3Q16	1Q17	2Q17	3Q17	9M16	9M17
Brokerage	20.3	18.5	16.6	20.3	18.3	16.8	55.3	55.3
o/w								
Equity	16.5	15.2	12.9	16.7	15.2	13.5	44.6	45.4
Bond	1.1	1.1	0.9	1.0	0.9	0.7	3.2	2.7
Derivatives	3.2	2.6	2.4	2.4	2.0	1.9	8.1	6.3
Other commissions ⁽¹⁾	-0.5	-0.5	0.4	0.1	0.2	0.6	-0.6	0.9
Investing	37.5	40.2	41.0	43.7	44.6	47.1	118.6	135.4
o/w								
Placement fees	1.8	2.8	2.4	3.1	2.9	2.3	7.0	8.3
Management fees	40.0	40.5	43.0	45.3	47.4	48.5	123.5	141.3
to PFA's	-4.3	-3.2	-4.4	-4.7	-5.7	-3.7	-11.9	-14.2
Banking	0.3	0.8	1.6	0.6	1.9	5.7	2.7	8.2
Other	0.1	0.3	0.1	0.1	0.2	0.2	0.5	0.5
Total	58.2	59.7	59.3	64.7	65.0	69.7	177.1	199.4

⁽¹⁾ Other commissions include security lending and other PFA commissions related to AuC

Revenue breakdown by Product Area

<i>mln</i>	1Q16	2Q16	3Q16	1Q17	2Q17	3Q17	9M16	9M17
Net interest income	59.7	58.9	59.9	61.9	63.0	65.5	178.5	190.4
Net commissions	0.3	0.8	1.6	0.6	1.9	5.7	2.7	8.2
Trading profit	0.9	1.1	0.9	1.3	1.0	0.8	2.9	3.1
Other	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.3
Total Banking	61.0	60.8	62.5	64.0	66.1	72.0	184.2	202.1
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net commissions	37.5	40.2	41.0	43.7	44.6	47.1	118.6	135.4
Trading profit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Investing	37.5	40.2	41.0	43.7	44.6	47.1	118.6	135.4
Net interest income	3.0	2.8	2.6	2.8	3.2	3.4	8.4	9.4
Net commissions	20.3	18.5	16.6	20.3	18.3	16.8	55.3	55.3
Trading profit	13.3	11.1	9.6	11.5	10.4	9.7	33.9	31.6
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Brokerage	36.6	32.3	28.7	34.6	31.9	29.9	97.6	96.3

Breakdown Total Financial Assets

<i>mln</i>	Mar.16	Jun.16	Sep.16	Dec.16	Mar.17	Jun.17	Sep.17
AUM	25,565	25,911	27,522	28,608	29,742	30,614	31,339
o/w Funds and Sicav	22,332	22,395	23,645	24,258	24,984	25,461	25,901
o/w Insurance	3,219	3,505	3,865	4,339	4,749	5,145	5,431
o/w GPM	14	12	12	11	9	9	7
AUC	12,889	12,688	13,051	13,078	13,895	13,870	14,341
o/w Equity	6,718	6,526	6,877	7,135	7,969	8,110	8,531
o/w Bond	6,086	6,081	6,091	5,859	5,858	5,700	5,763
o/w Other	85	82	83	84	68	60	47
Direct Deposits	16,527	16,965	16,989	18,509	18,566	19,142	19,674
o/w Sight	15,915	16,491	16,638	18,296	18,504	19,105	19,659
o/w Term	612	475	351	213	62	38	15
Total	54,980	55,564	57,562	60,195	62,202	63,627	65,355
<i>o/w Guided Products & Services</i>	12,082	13,298	14,949	16,135	17,470	18,399	19,190

Balance Sheet

<i>mln</i>	Mar.16	Jun.16	Sep.16	Dec.16	Mar.17	Jun.17	Sep.17
Due from Banks	15,404	15,299	14,442	15,736	15,462	14,827	14,293
Customer Loans	827	880	972	1,017	1,166	1,504	1,716
Financial Assets	2,629	2,933	3,592	3,764	3,912	4,770	5,429
Tangible and Intangible Assets	111	111	112	112	112	113	113
Derivatives	7	9	8	9	12	15	16
Other Assets	286	328	327	349	262	284	249
Total Assets	19,265	19,561	19,453	20,986	20,927	21,513	21,815
Customer Deposits	16,693	17,133	17,250	18,801	18,884	19,441	20,008
Due to Banks	1,504	1,362	1,139	1,111	980	930	697
Derivatives	20	18	15	11	17	16	19
Funds and other Liabilities	355	446	392	382	314	506	421
Equity	692	603	656	681	732	621	672
Total Liabilities and Equity	19,265	19,561	19,453	20,986	20,927	21,513	21,815

Main Financial Ratios

	Mar.16	Jun.16	Sep.16	Dec.16	Mar.17	Jun.17	Sep.17
PFA TFA/ PFA (mln) ⁽¹⁾	17.8	17.9	18.8	19.6	20.2	20.7	21.4
Guided Products / TFA ⁽²⁾	22%	24%	26%	27%	28%	29%	29%
Cost / income Ratio ⁽³⁾	43.0%	43.0%	42.2%	41.6%	42.8%	42.9%	40.5%
CET 1 Ratio	21.3%	22.7%	23.1%	22.9%	22.2%	22.1%	20.7%
Adjusted RoE ⁽⁴⁾	43.4%	42.1%	40.0%	40.8%	39.5%	39.3%	39.0%
Leverage Ratio ⁽⁵⁾	10.14%	9.46%	8.23%	8.26%	7.89%	6.79%	5.95%

⁽¹⁾ PFA TFA/PFA: calculated as end of period Total Financial Assets related to the network divided by number of PFAs eop

⁽²⁾ Calculated as Guided Products eop divided by Total Financial Assets eop

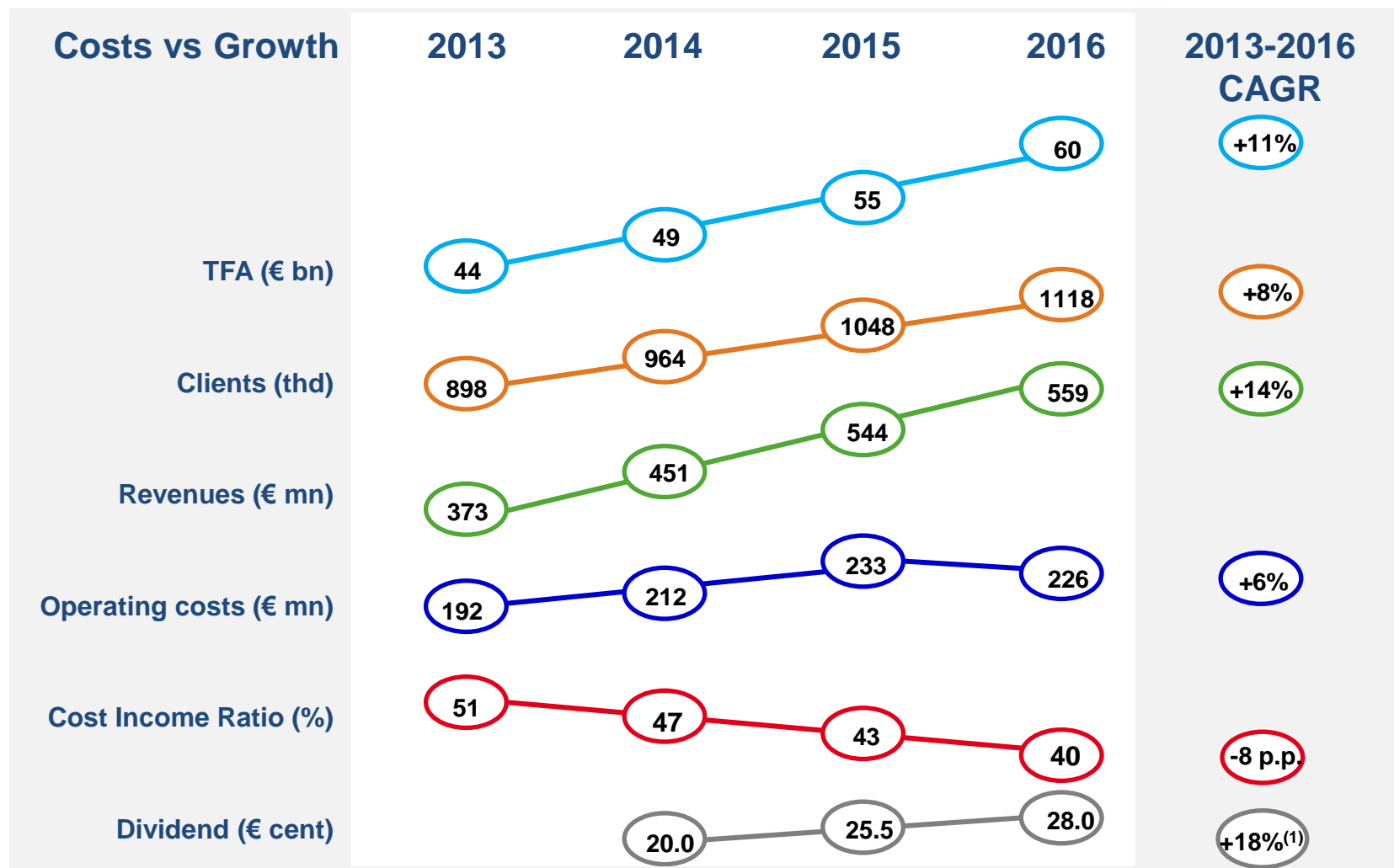
⁽³⁾ C/I ratio net of non recurring items (see page 33) calculated as Operating Costs divided by Revenues net of non recurring items

⁽⁴⁾ Adjusted RoE: annualized Net Profit, net of non recurring items (see page 33) divided by the average book shareholders' equity for the period (excluding dividends expected to be distributed and the revaluation reserves)

⁽⁵⁾ Leverage ratio based on CRR definition, according to the EC Delegated Act 2015/62 regarding the exclusion of intra-group exposure

Highly scalable operating platform

Platform excellence and cost discipline providing strong operating leverage



⁽¹⁾ CAGR 2014-2016

Stated Revenues, Operating Costs, Cost/Income Ratio as of December 2016 Financial Income Statement.