



B A N K

FY17 Results

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February 2018



FINECO. THE BANK THAT SIMPLIFIES BANKING.

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Agenda

Fineco Results

-  Focus on product areas
-  Key messages and Initiatives monitoring

Executive Summary

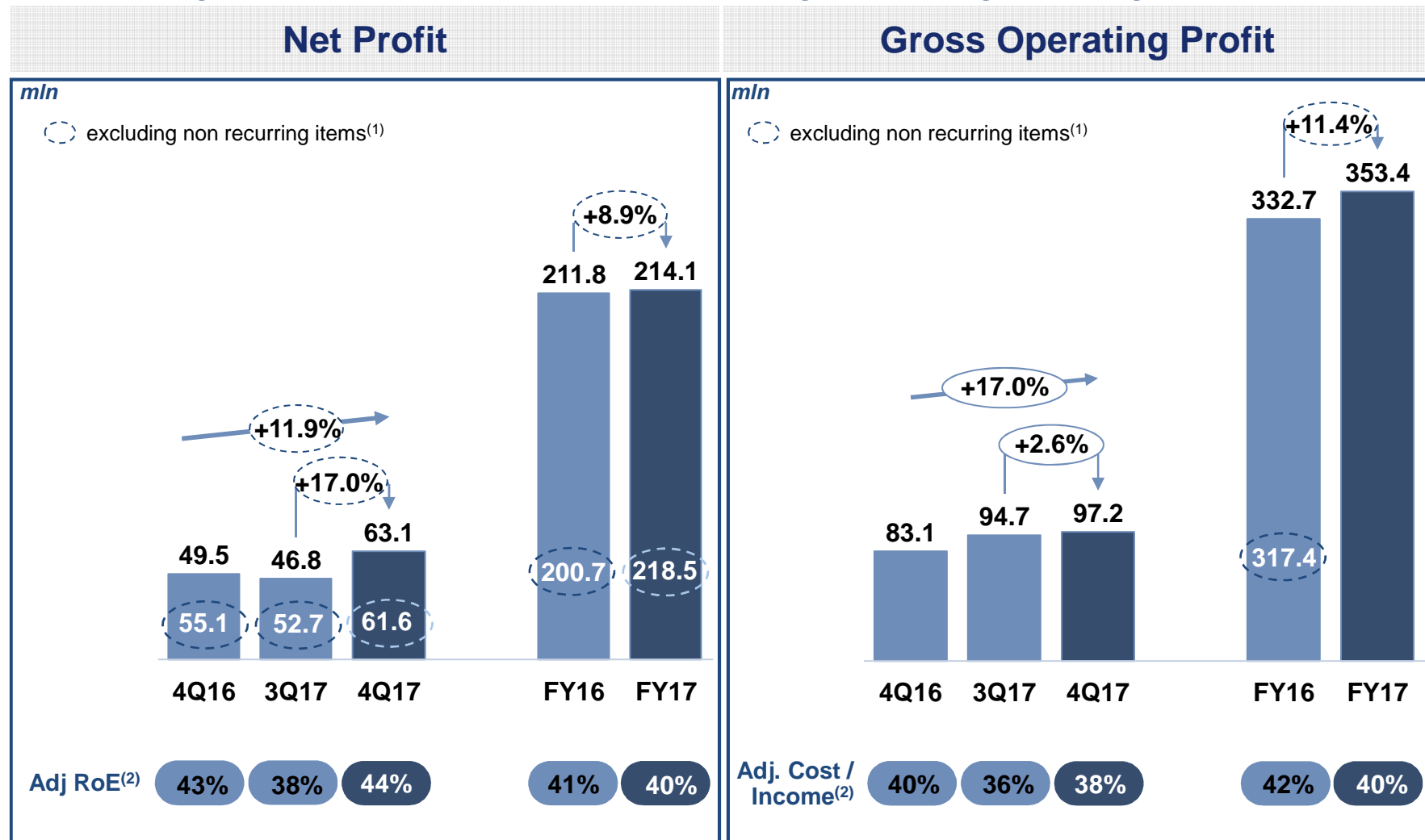
- **FY17 net profit net of non recurring items⁽¹⁾ at 218.5mln, strongly up (+8.9% y/y), 4Q17 at 61.6mln⁽¹⁾ (+17.0% q/q and +11.9% y/y net of non recurring items) confirming sustainable growing path**
- **Relentless and sound revenue growth** boosted by net interest income and fees and commissions: FY17 revenues reaching 586.7mln (+7.9% y/y net of non recurring items⁽¹⁾) and 4Q17 at 155.8mln (+5.1% q/q , +12.6% y/y) with well diversified stream of income
- **FY17 Operating Costs well under control at 233.2mln (+3.0% y/y) and C/I ratio** net of non recurring items⁽¹⁾ down 1.9p.p. confirming operating leverage as a key strength of the bank
- **Strong capital position: CET1 ratio transitional at 20.77% with a proposal of 28.5 cents dividend per share, pay-out ratio increased at 81%**
- **Solid and sustainable commercial activity with a relentless improvement in the asset mix:**
 - ✓ 2017 Net sales at 6.0bn (+18.3% y/y), of which 66% AuM (35% in 2016)
 - ✓ Total Financial Assets at 68.1bn (+13.2% y/y) as of January 2018
 - ✓ Guided Products & Services penetration rate on AuM stock up to 64% as of January 2018 (+7.2 p.p. y/y)
 - ✓ Over 1.208 mln clients (+7.1% y/y)

⁽¹⁾ FY17 non recurring items: FITD/ Voluntary Scheme -12.9mln gross, -8.6mln net, Integration costs release: +0.4mln gross, +0.3mln net, tax savings for the application of the Pex regime (participation exemption) to the capital gains from VISA Europe, realized in 2016: +3.9mln.

FY16 non recurring items: Visa sale (revenues) +15.3mln gross, +10.3mln net; positive closing of tax dispute +6.5mln tax release, releases of provisions: Solidarity Fund +2,3mln gross, +1.5mln net and Tercas +1.4mln gross, +1.0mln net; Integration costs: -5.5mln gross, -3.7mln net; write-down of Cassa di Risparmio di Cesena stake: -6.7mln gross, -4.5mln net.

Results

FY17 Net Profit, best year ever despite Deposit Guarantee Scheme contribution.
Decreasing Cost / Income thanks to our strong Operating Leverage



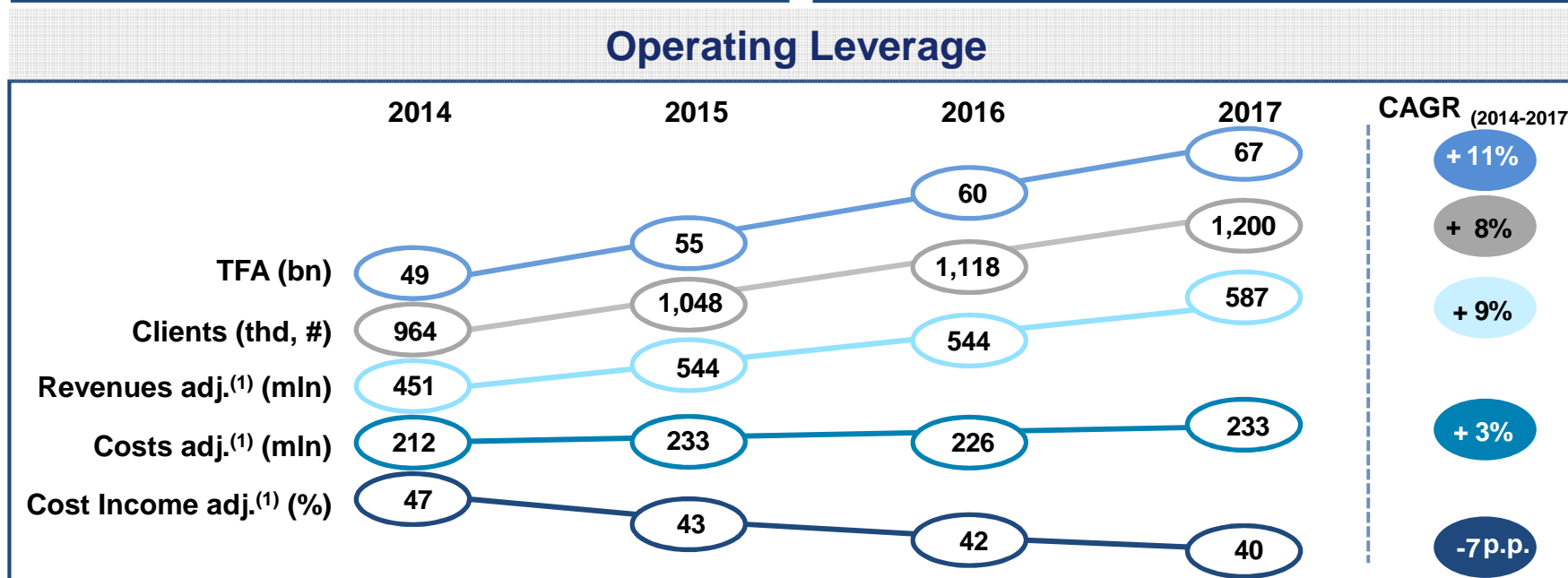
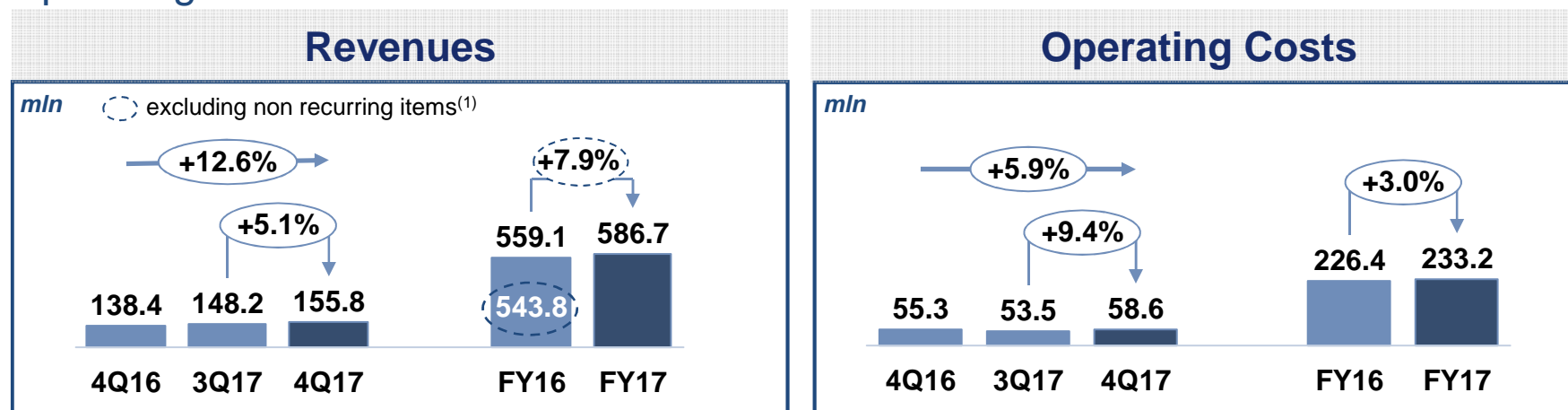
⁽¹⁾ **FY17 non recurring items:** FITD (Voluntary Scheme): -8.6mln net., Integration costs release: +0.3mln net, tax savings for the application of participation exemption regime to the 2016 capital gain on VISA transaction: +3.9mln

FY16 non recurring items: Visa sale (revenues) +15.3mln gross, +10.3mln net; positive closing of tax dispute +6.5mln tax release, releases of provisions: Solidarity Fund +1.5mln net and Tercas +1.0mln net; Integration costs: -3.7mln net; write-down of Cassa di Risparmio di Cesena stake: -4.5mln net.

⁽²⁾ **Adj. Cost/Income and adj. RoE** calculated net of non recurring items.
5 See page 34 for details.

Results

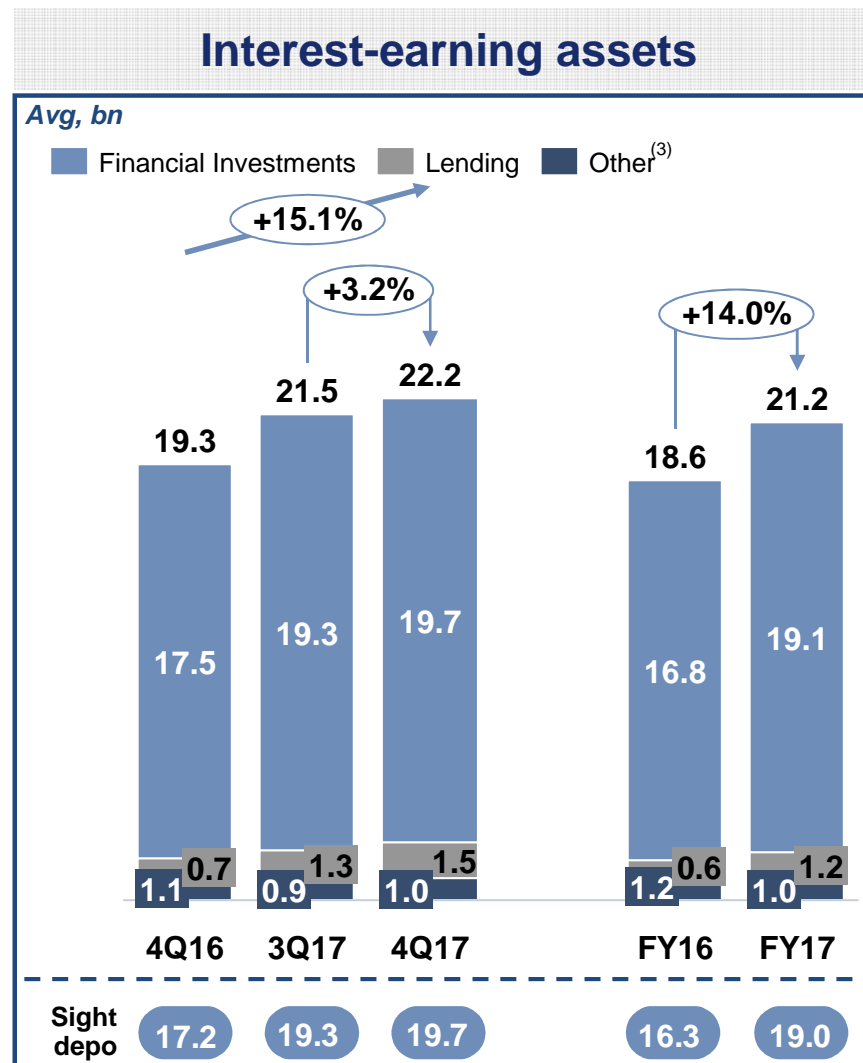
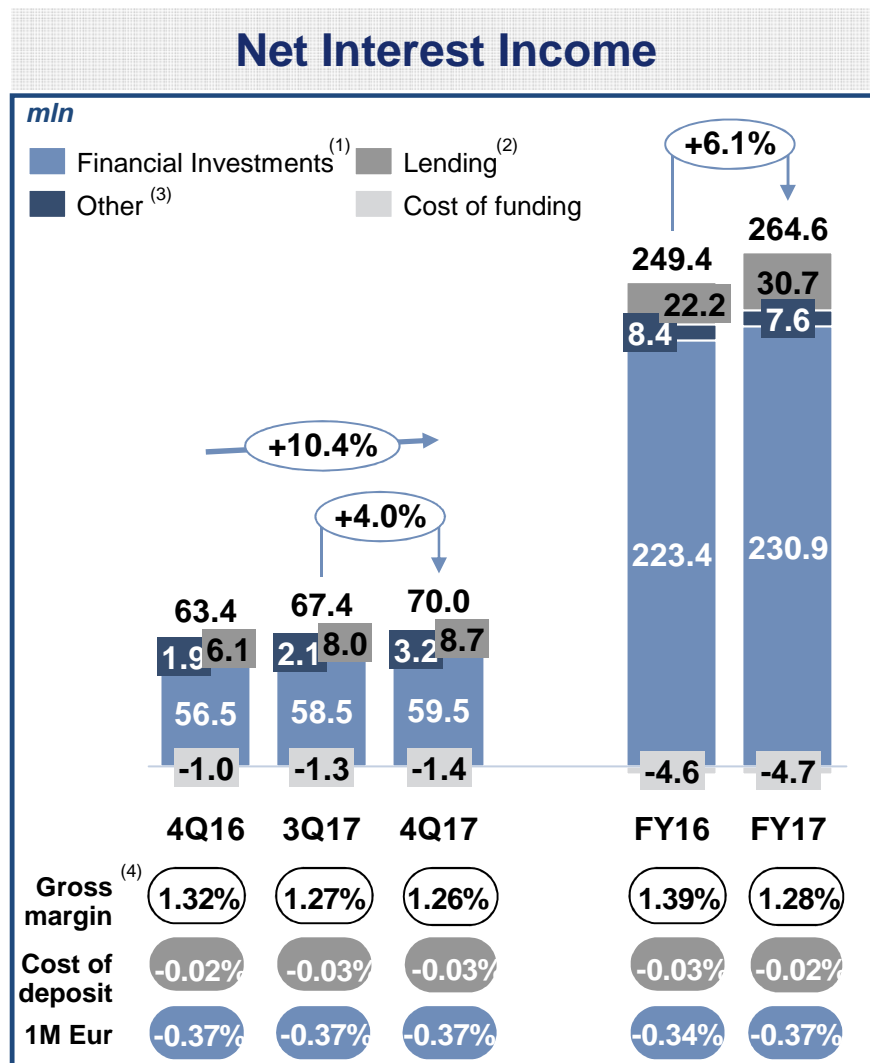
Operating leverage constantly delivered thanks to a relentless revenue growth and operating costs well under control



⁽¹⁾ excluding non recurring items: gain on Visa sale in 2Q16: +15.3mln gross

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



⁽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

⁽⁴⁾ Lending and Leverage. See page 37 for details.

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

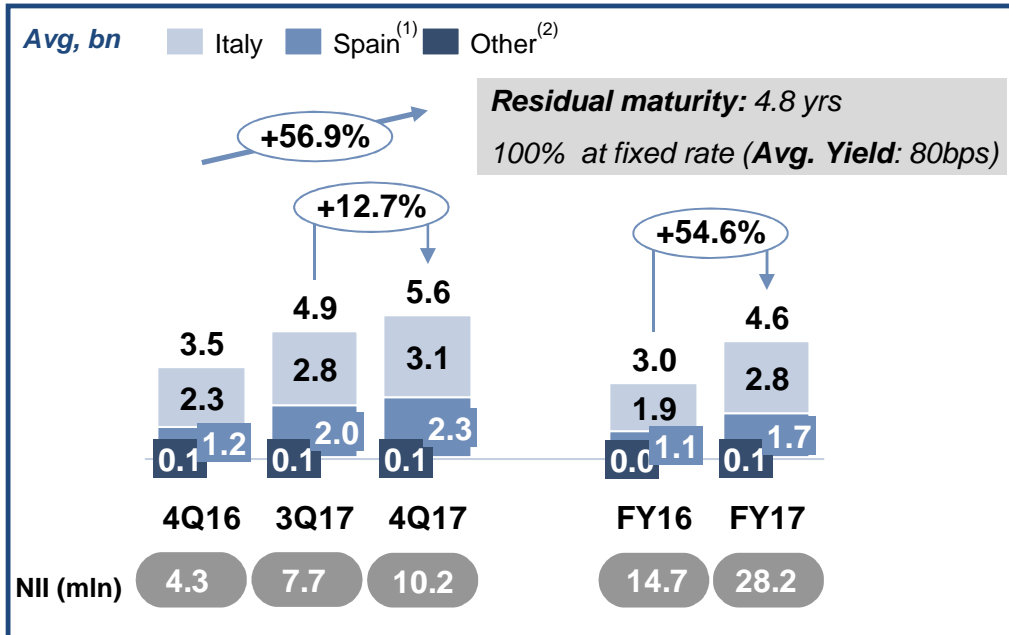
Net interest income (2/2)

More diversification and further opportunities coming from the maneuvering on current accounts. Sensitivity analysis +100bps parallel shift: +119 mln

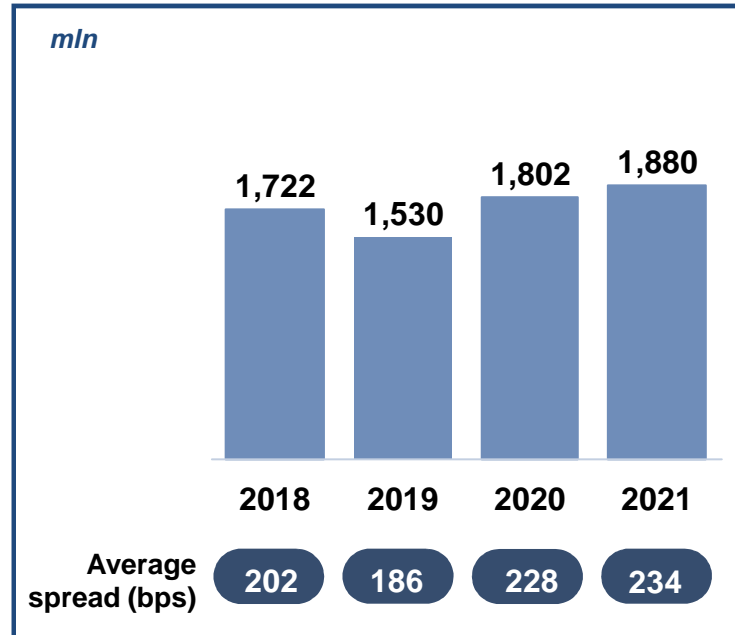
Investment Policy

- Given current interest environment, the Bank decided to further diversify its investment portfolio, through the non-renewal of UC bonds run-offs and the progressively increase of European government bonds portfolio and Lending activity

Focus on Gov. Bonds



UC bonds run-offs and spread



INTEREST RATE SENSITIVITY

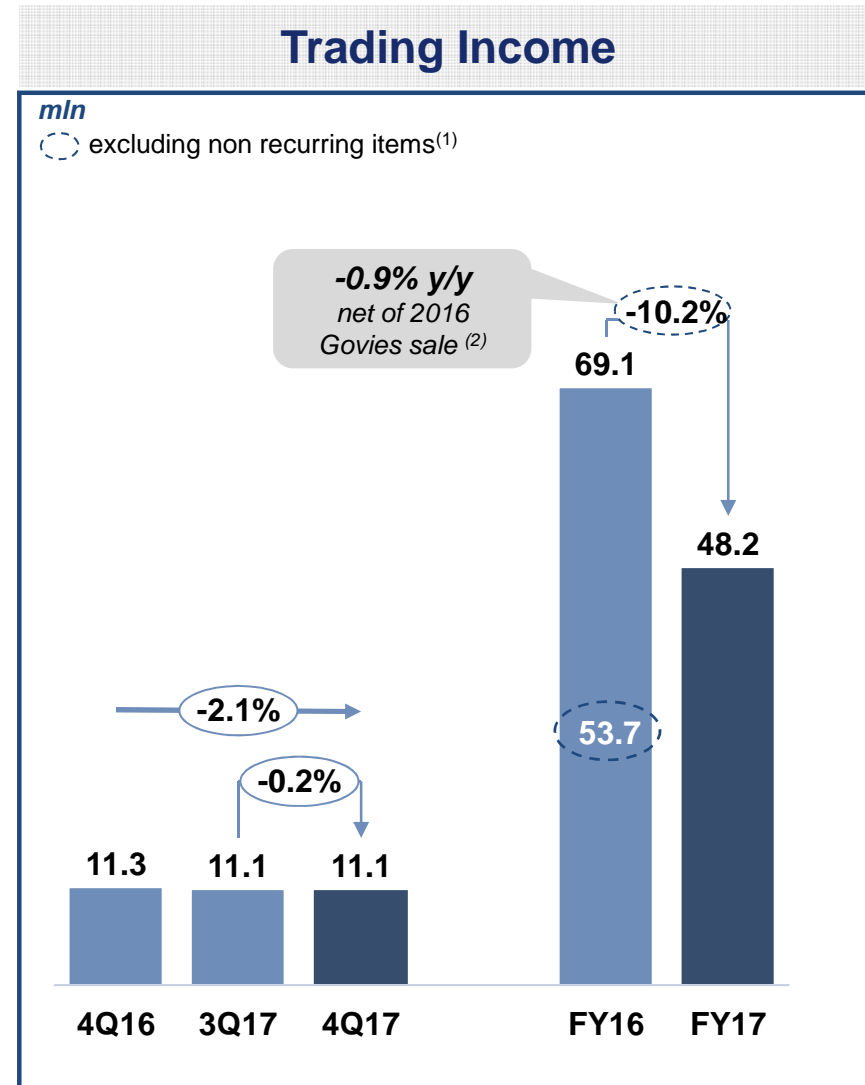
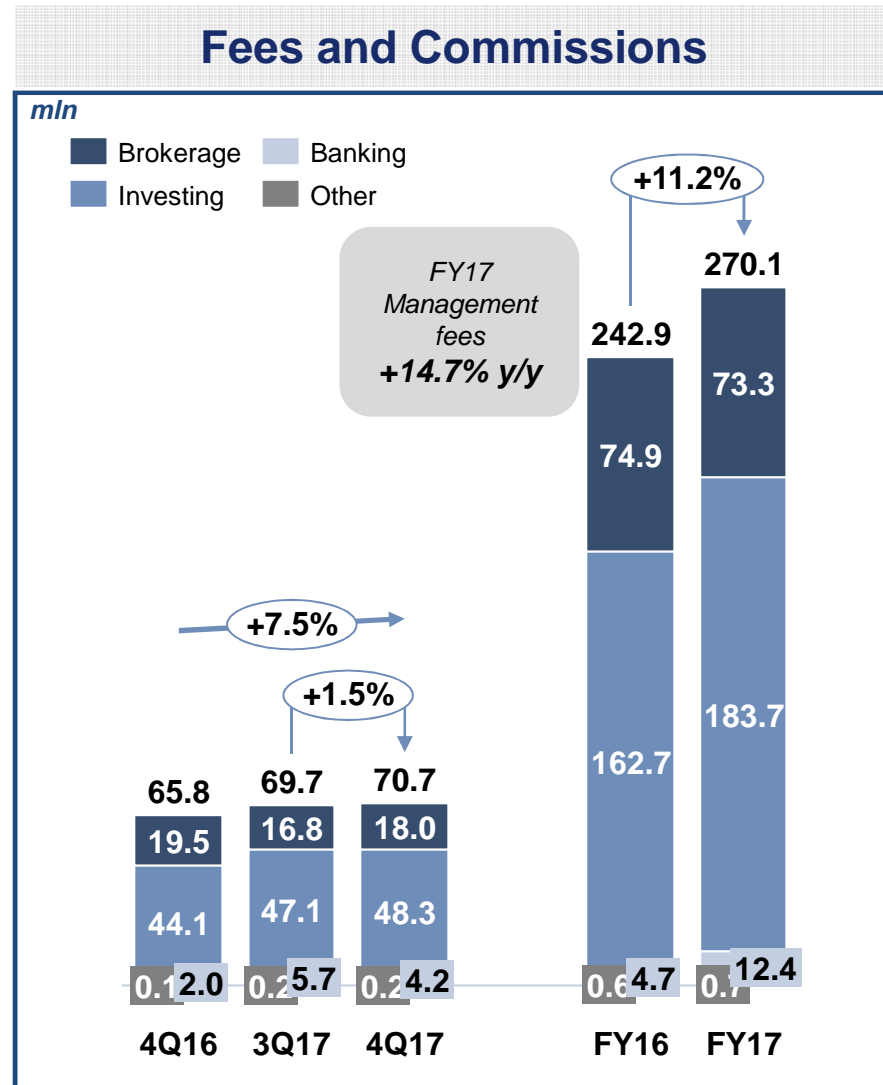
+100bps parallel shift (1M Eur): +119 mln additional NII

⁽¹⁾ includes 29mln Istituto de Credito Oficial (ICO)

⁽²⁾ Other includes 69mln USA, 16mln of Poland

Commissions and Trading Income

Sound and diversified stream of revenues thanks to our one-stop-solution model.
 Management fees strongly up +14.7% y/y



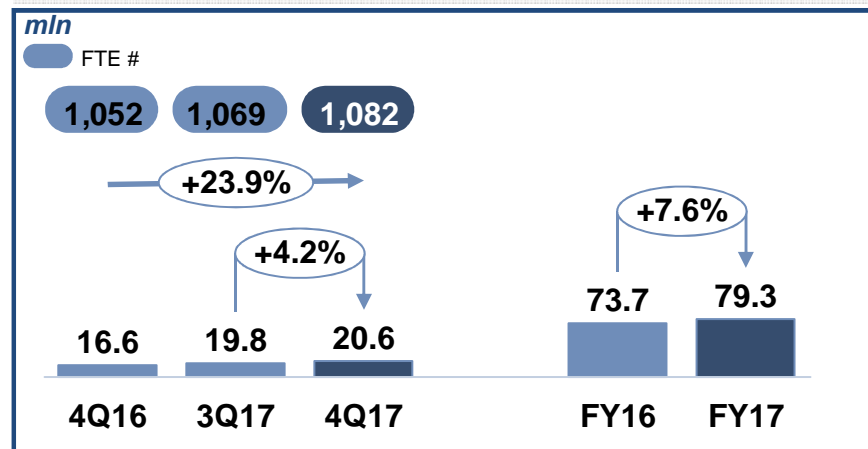
⁽¹⁾ 2Q16 non recurring items: gain on Visa sale (revenues): +15.3mln gross

⁽²⁾ In 1Q16: sale of 704mln (nominal value) Spanish and Italian Govies at variable rate and residual maturity <3yrs and consequent purchase of Govies at fixed rate with maturities between 3 and 6 years

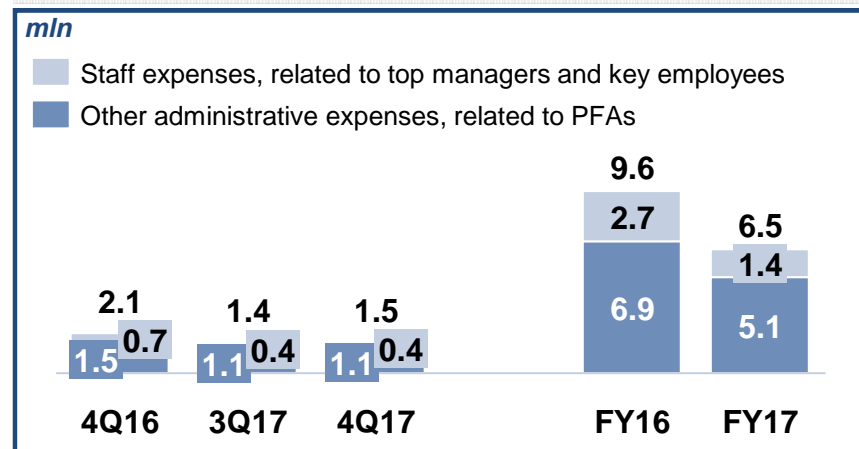
Costs

Cost efficiency and operating leverage confirmed in our DNA

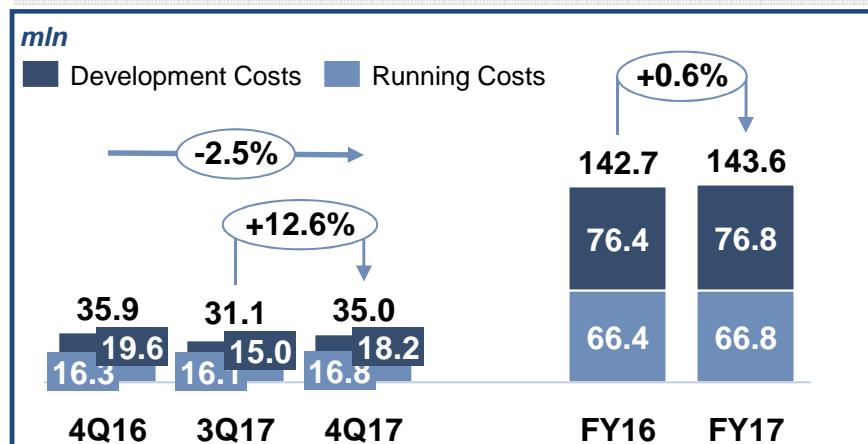
Staff expenses and FTE



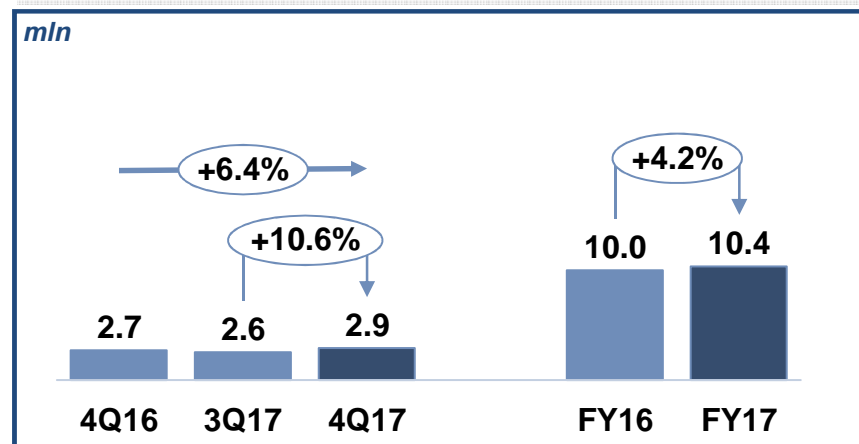
Stock Granting post IPO



Other administrative expenses⁽¹⁾



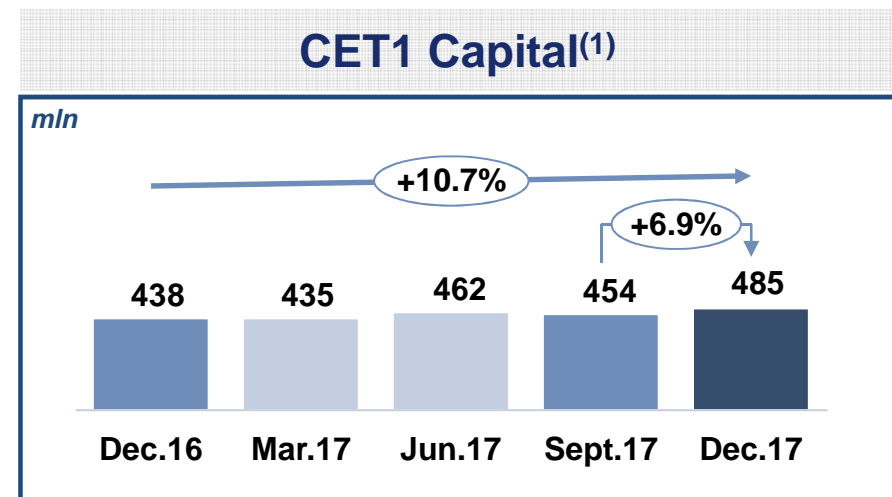
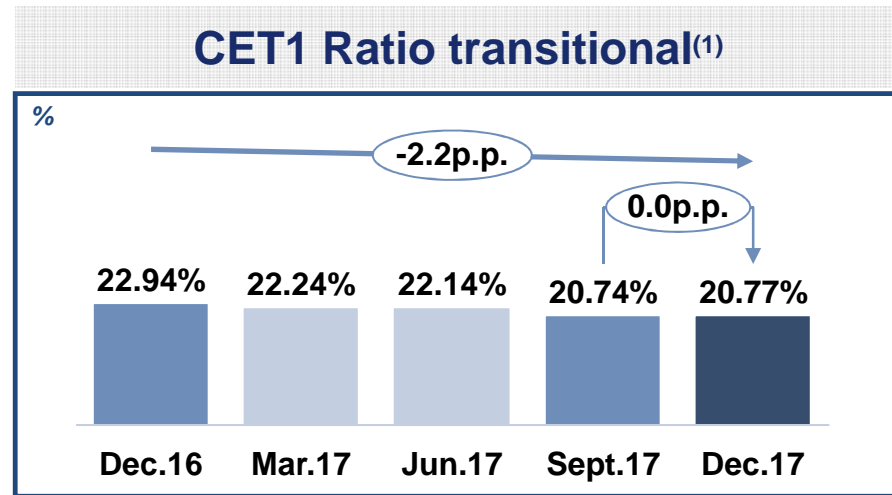
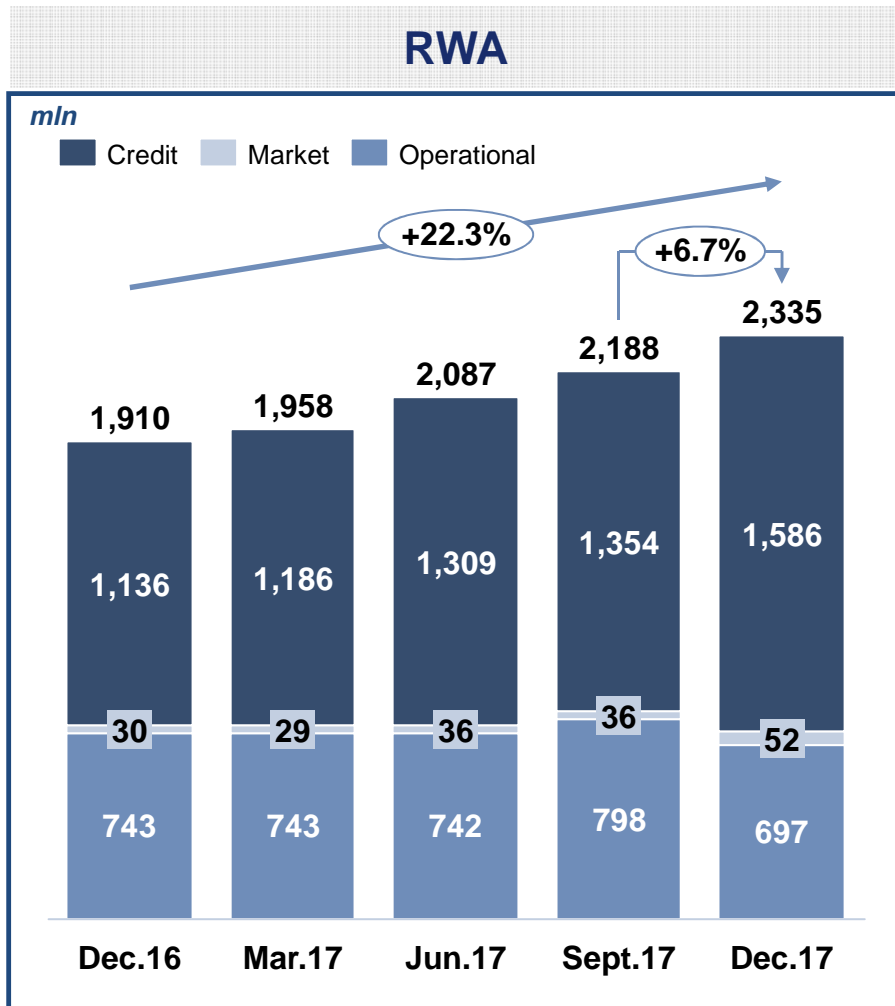
Write-down/backups and depreciation



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

Capital Ratios

Strong capital base and 28.5 cents dividend distribution equal to 81% dividend pay-out



⁽¹⁾ Assuming 2017 dividend of 28.5 € cents per share.

Additional Tier 1

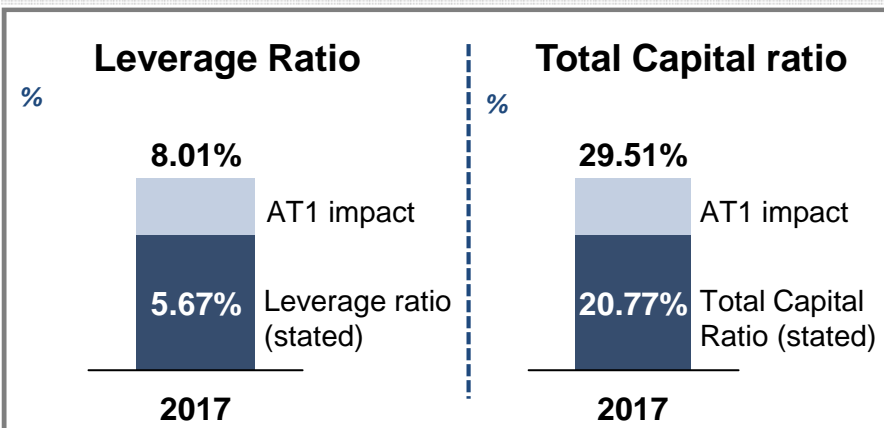
Details

- Given current favorable market conditions and spread levels, on 23rd January, 2018 the Bank issued a **€200m**ln perpetual AT1
- Coupon fixed at **4.82%** for the initial **5.5 years**
- **Intra-group private placement**, fully subscribed by UniCredit SpA
- **Semi-annual coupon**. First Interest Payment Date: 3 June 2018 (short first coupon)
- Net coupon will impact directly Equity reserves (~6.5mln net of taxes)

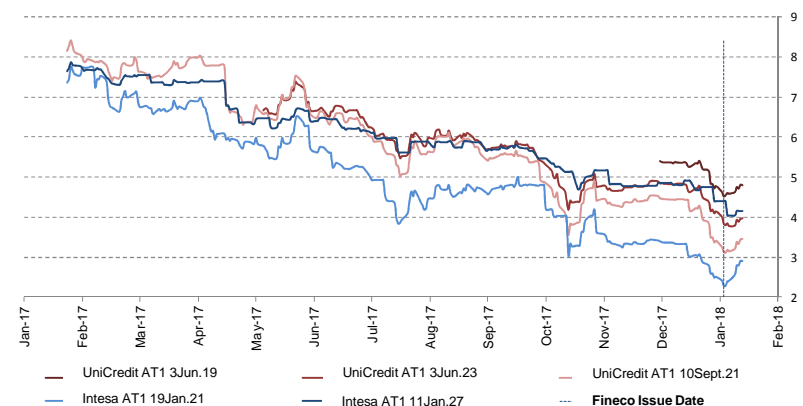
Benefits

- **Sustain a more diversified investment strategy** through the non-renewal of UC Bonds run-offs and the progressive increase of European Govies
- **Leverage Ratio evolution in a comfortable zone**, even by further diversifying the investment portfolio
- **Several benefits** came from intra-group private placement, both in terms of effective costs savings and faster issuance process, allowing the Bank to maximize the benefits of the deal

Key ratios pro-forma⁽¹⁾ with AT1 issue



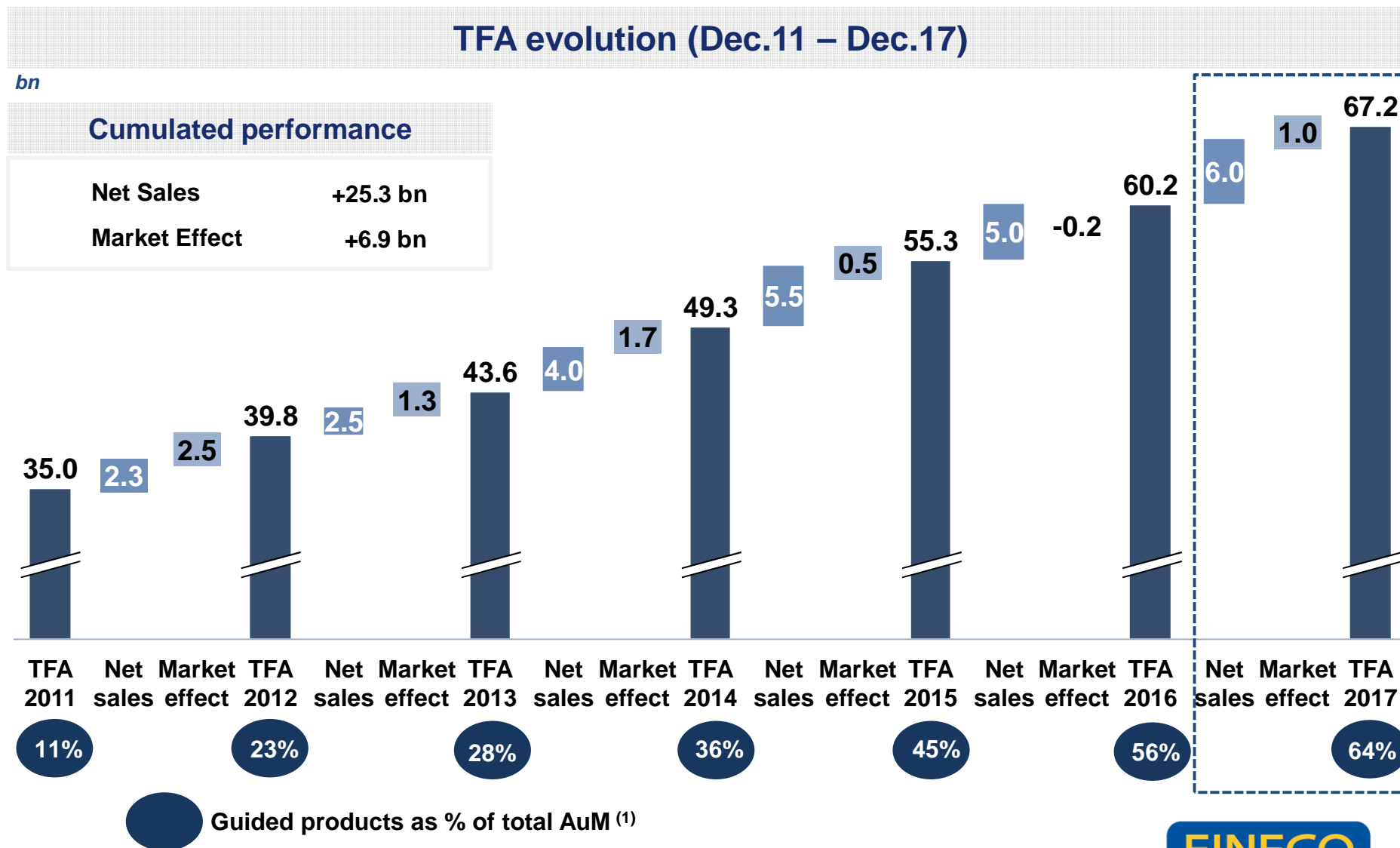
UniCredit and Intesa AT1 yield at first call date



⁽¹⁾ Ratios transitional. Total Capital ratio assuming 2017 dividend of 28.5 € cents per share.

TFA

Relentless TFA growth thanks to a healthy expansion in net sales.
 Guided products & Services increased at 64% of total AuM

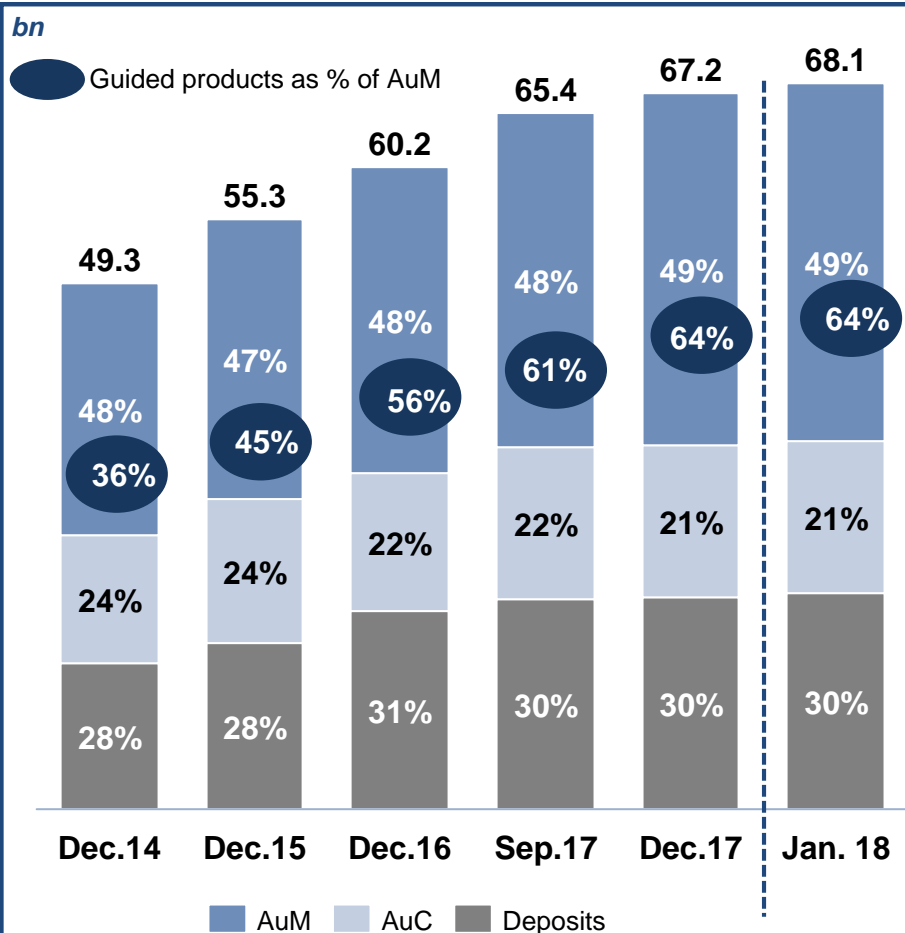


⁽¹⁾ Calculated as Guided Products end of period divided by Asset under Management end of period

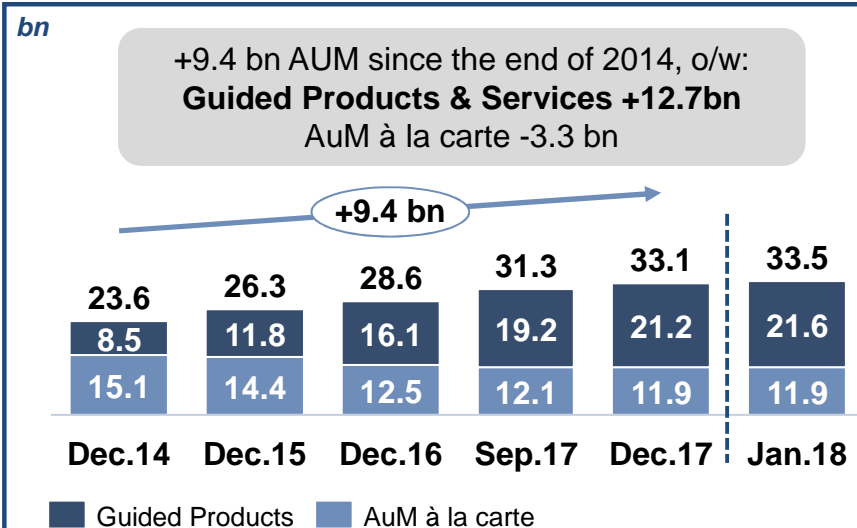
TFA breakdown

Successful shift towards high added value products

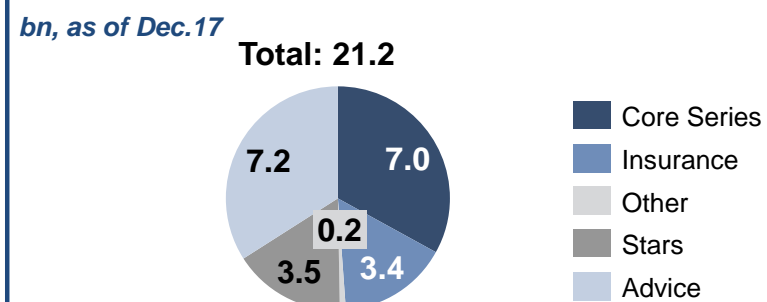
Breakdown of total TFA



Focus on AUM



Guided Products breakdown

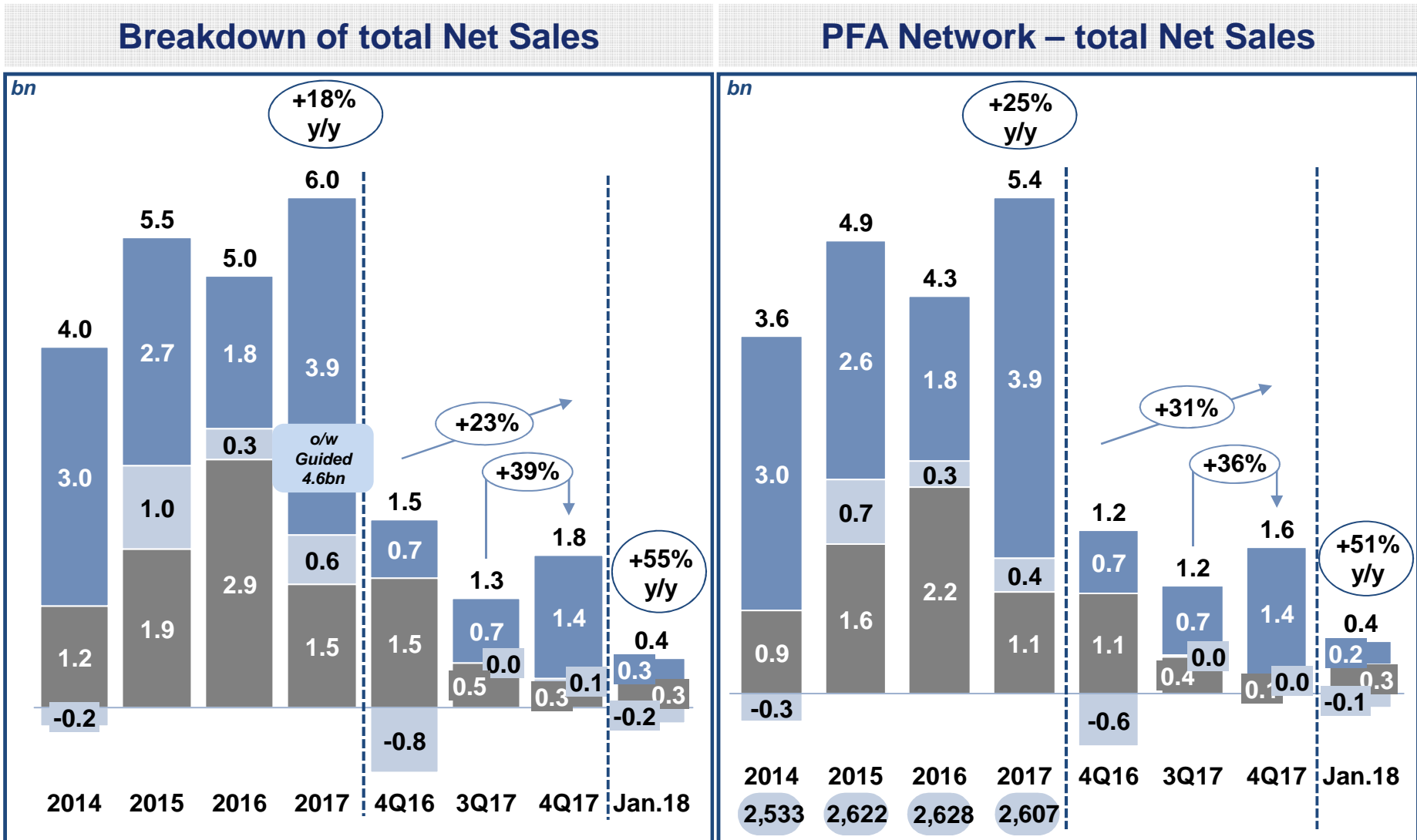


Guided Products includes Advice service which comprises a small component of AuC and Deposits (0.5bn in Dec.17, 0.5bn in Sep.17, 0.4bn in Jun.17, 0.4bn in Dec.16, 0.3bn in Dec.15 and 0.3bn in Dec.14)



Net sales breakdown

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



AuM AuC Deposits

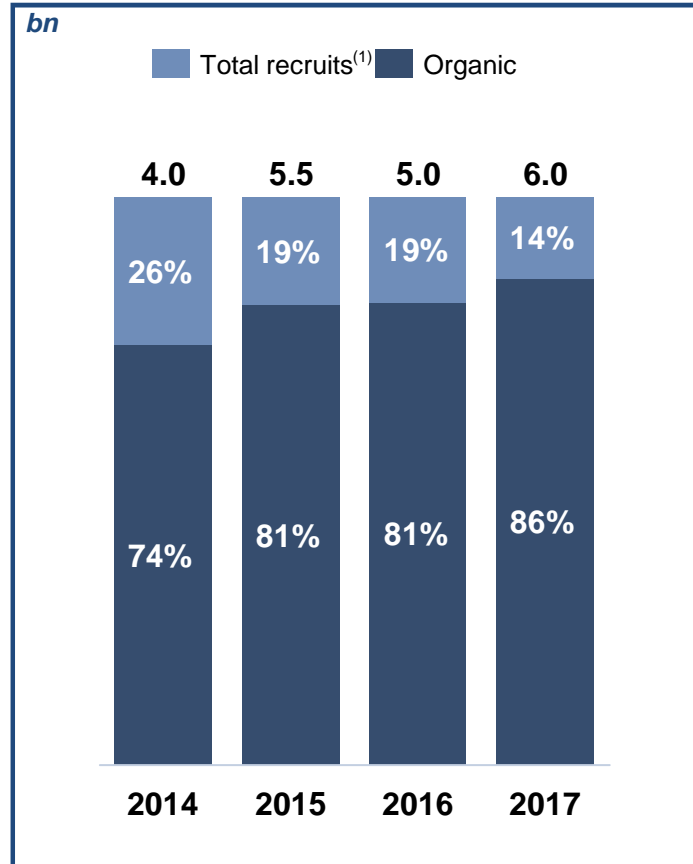
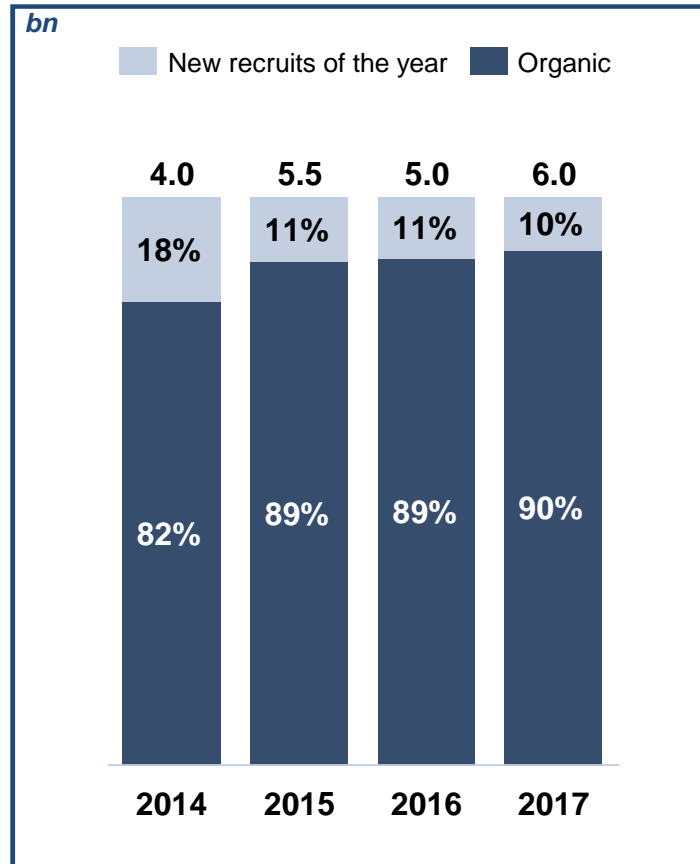
PFA Network - headcount



Organic growth

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

Net Sales – Organic / Recruit (%)



125 118 85 98

of PFAs recruited in the period

Recruitment costs
(to be amortized)
stock 24mln
as of Dec.'17
stable vs Dec.'16

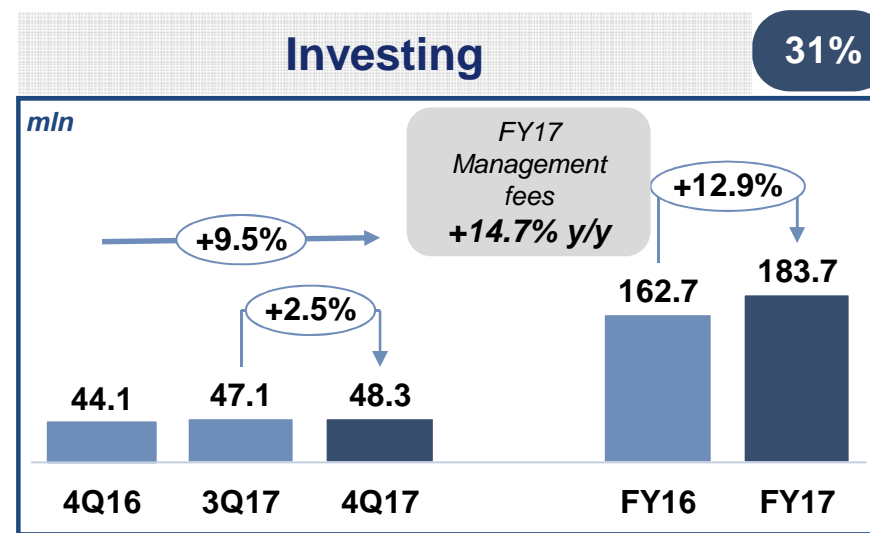
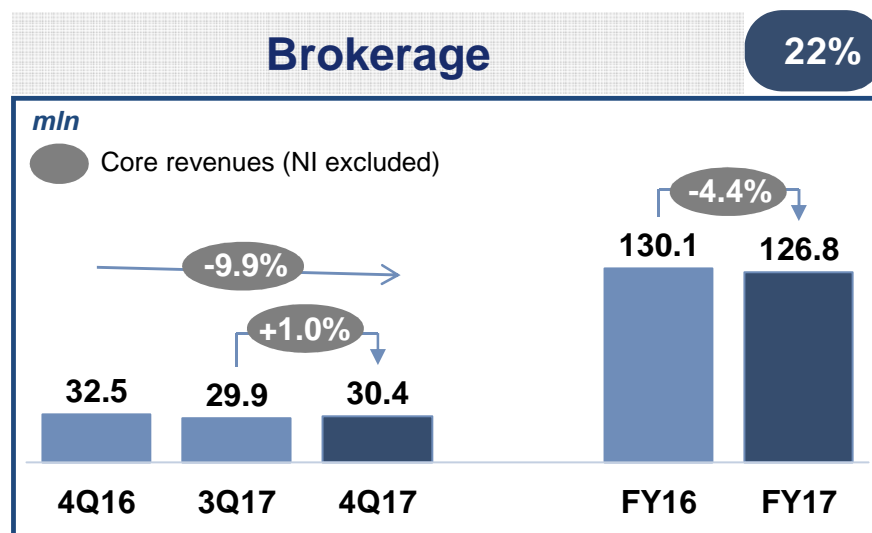
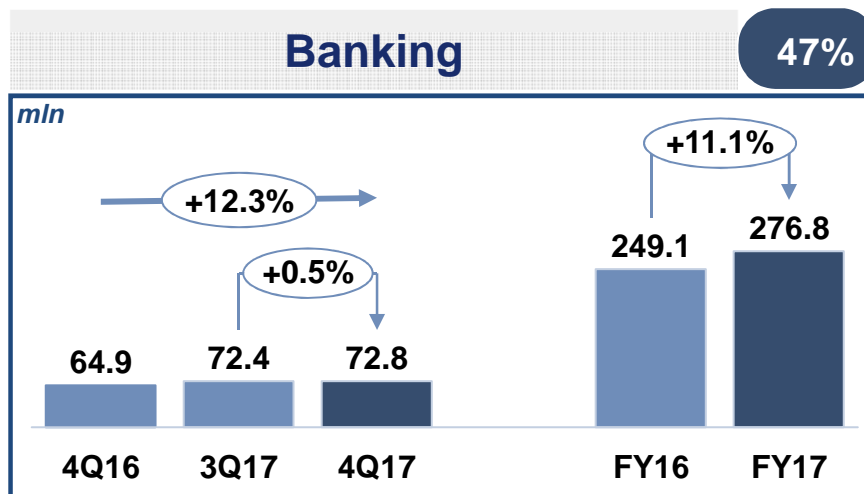
16 ⁽¹⁾ Total recruits include net inflows related to PFAs recruited over the last 24 months (avg)

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

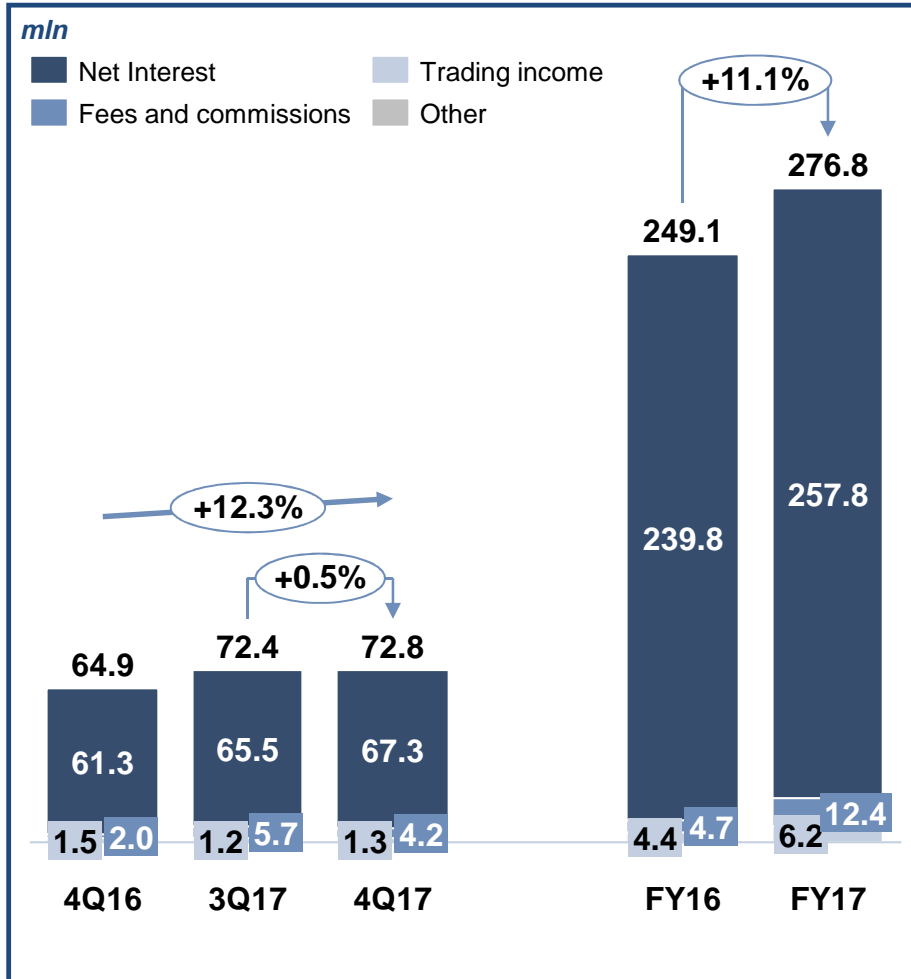


47% FY17 weight on total revenues for each product area

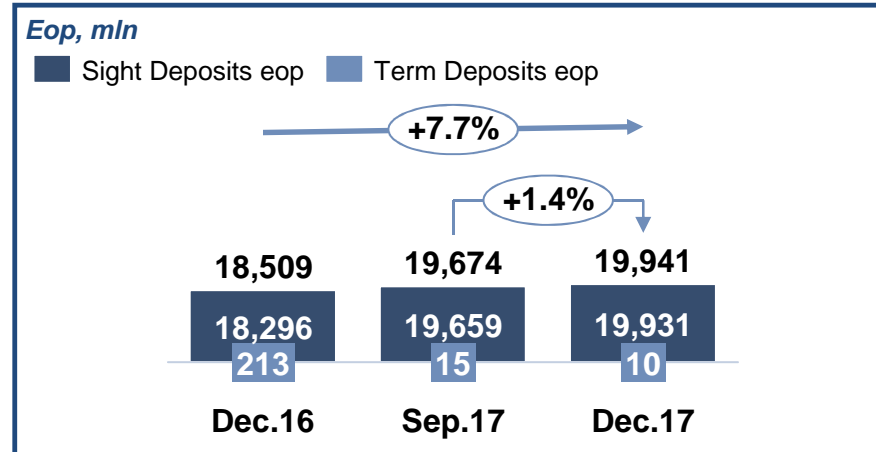
Banking

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

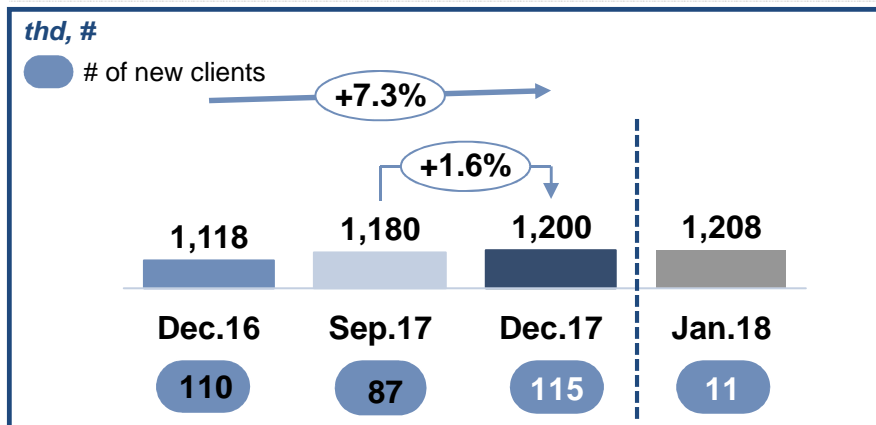
Revenues



Direct deposits



Clients and new clients

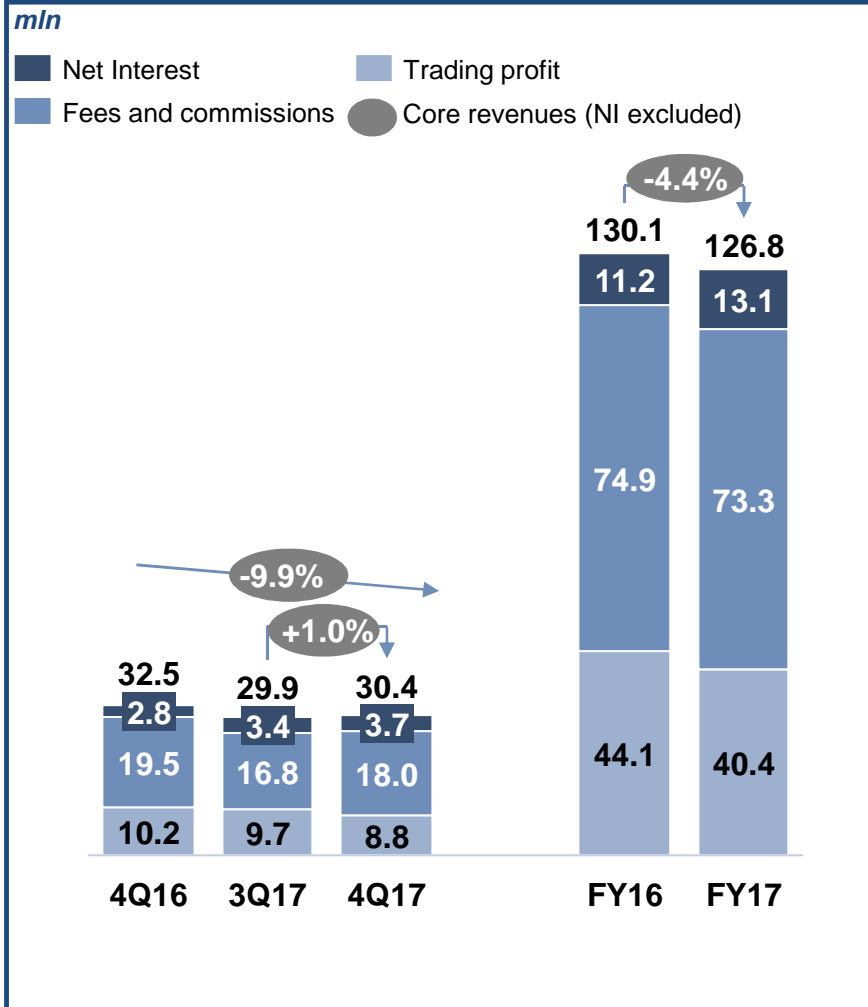


Managerial Data

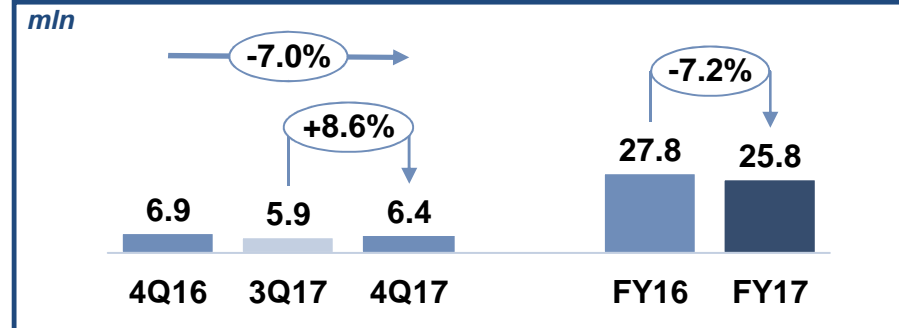
Brokerage

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

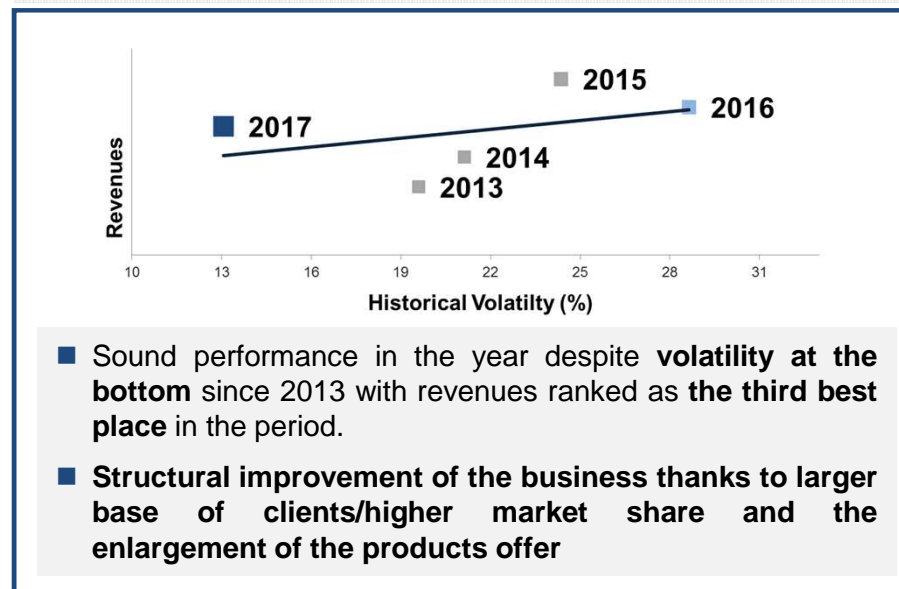
Revenues



Executed orders



Revenues vs volatility⁽¹⁾

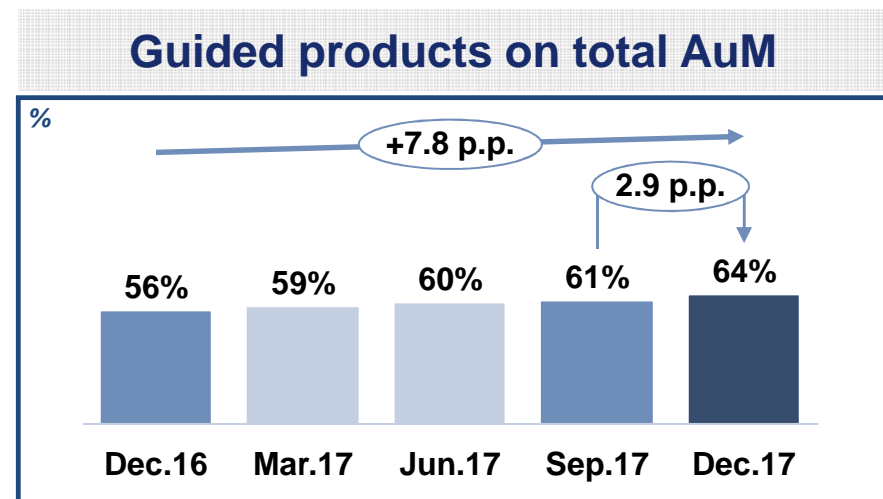
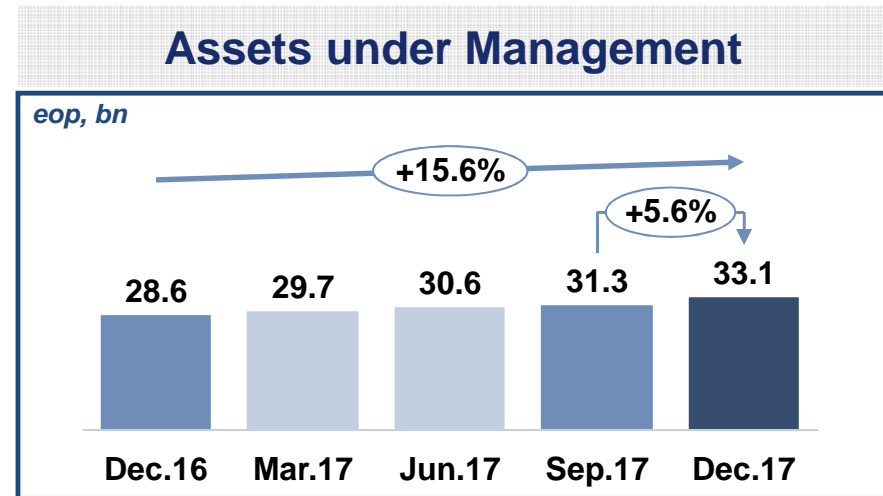
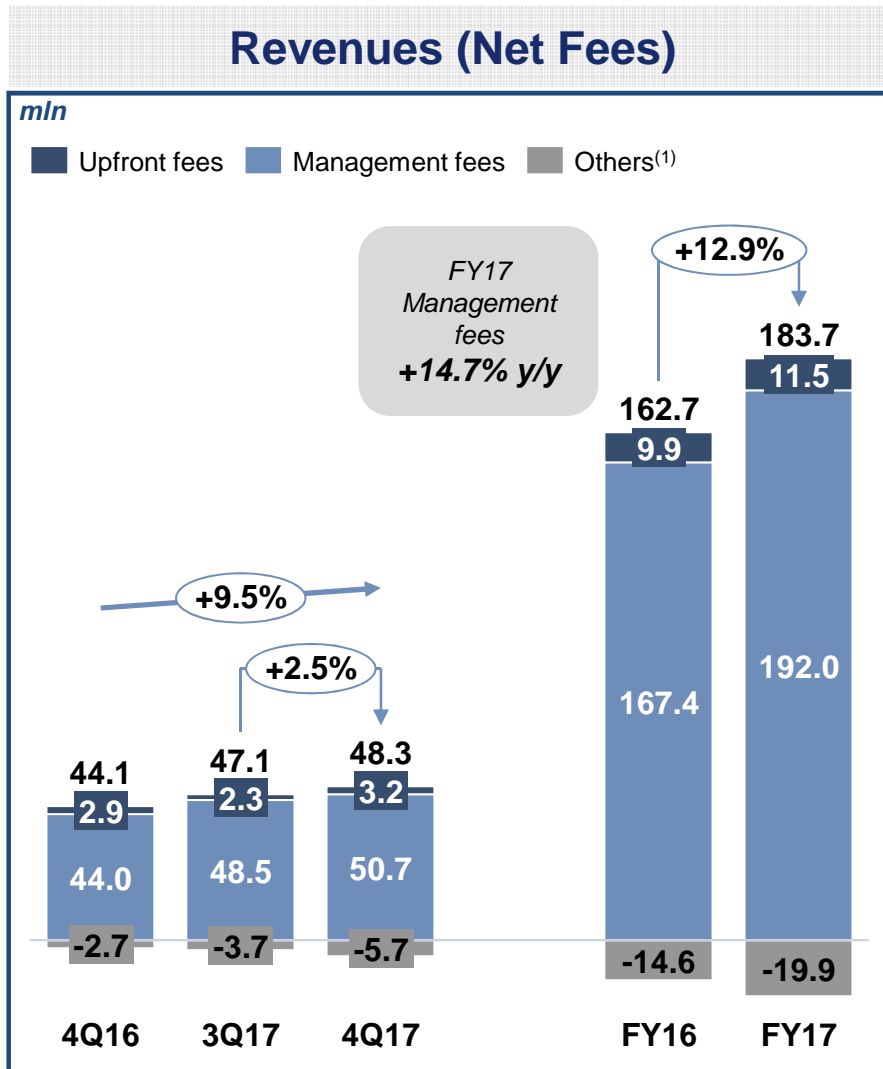


Managerial Data

⁽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



Managerial Data

⁽¹⁾ Mainly PFAs annual bonus

Agenda

- Fineco Results
- Focus on product areas
- **Key messages and Initiatives monitoring**

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.

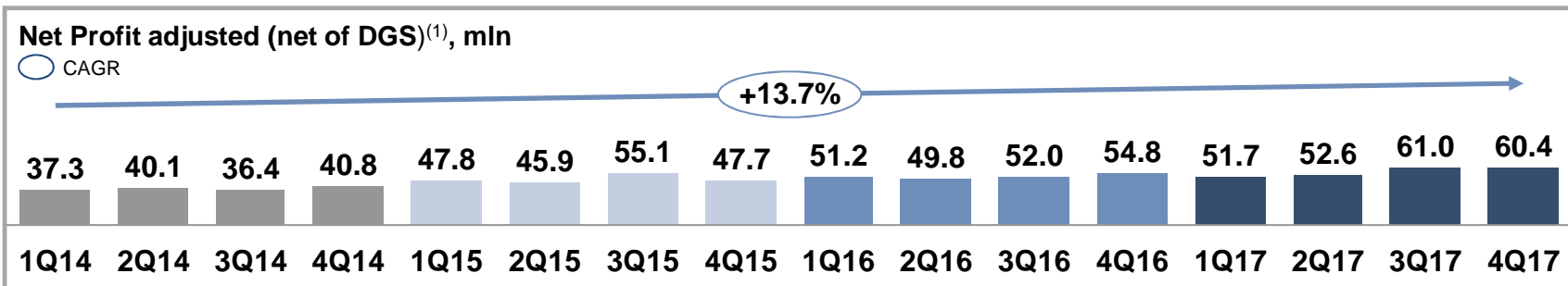
FY17 key messages

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

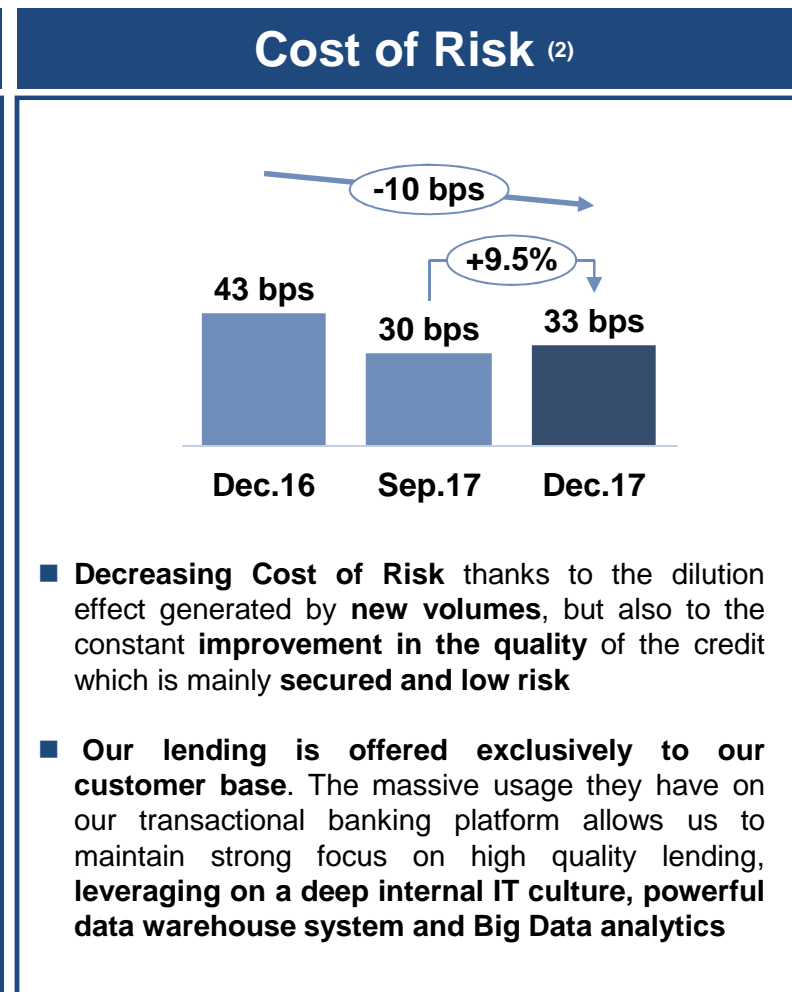
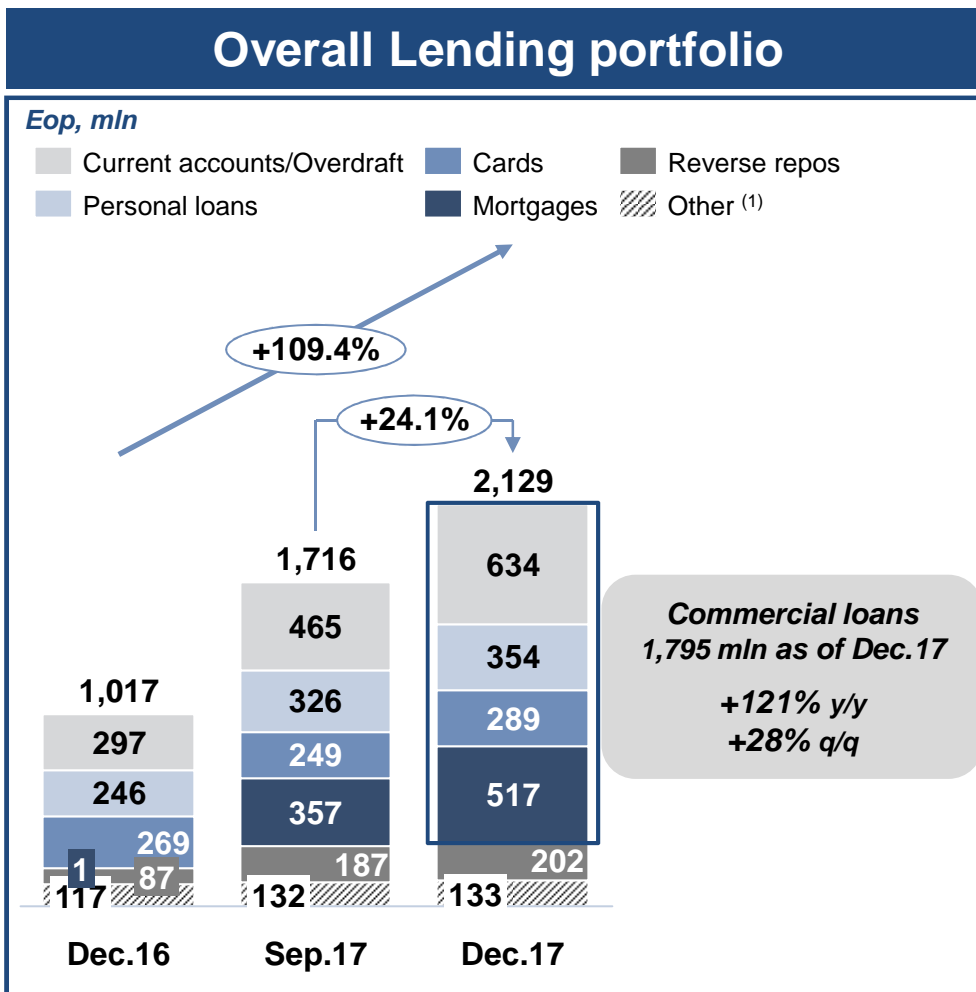
Delivery of consistent results in every market condition

- ✓ 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



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

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

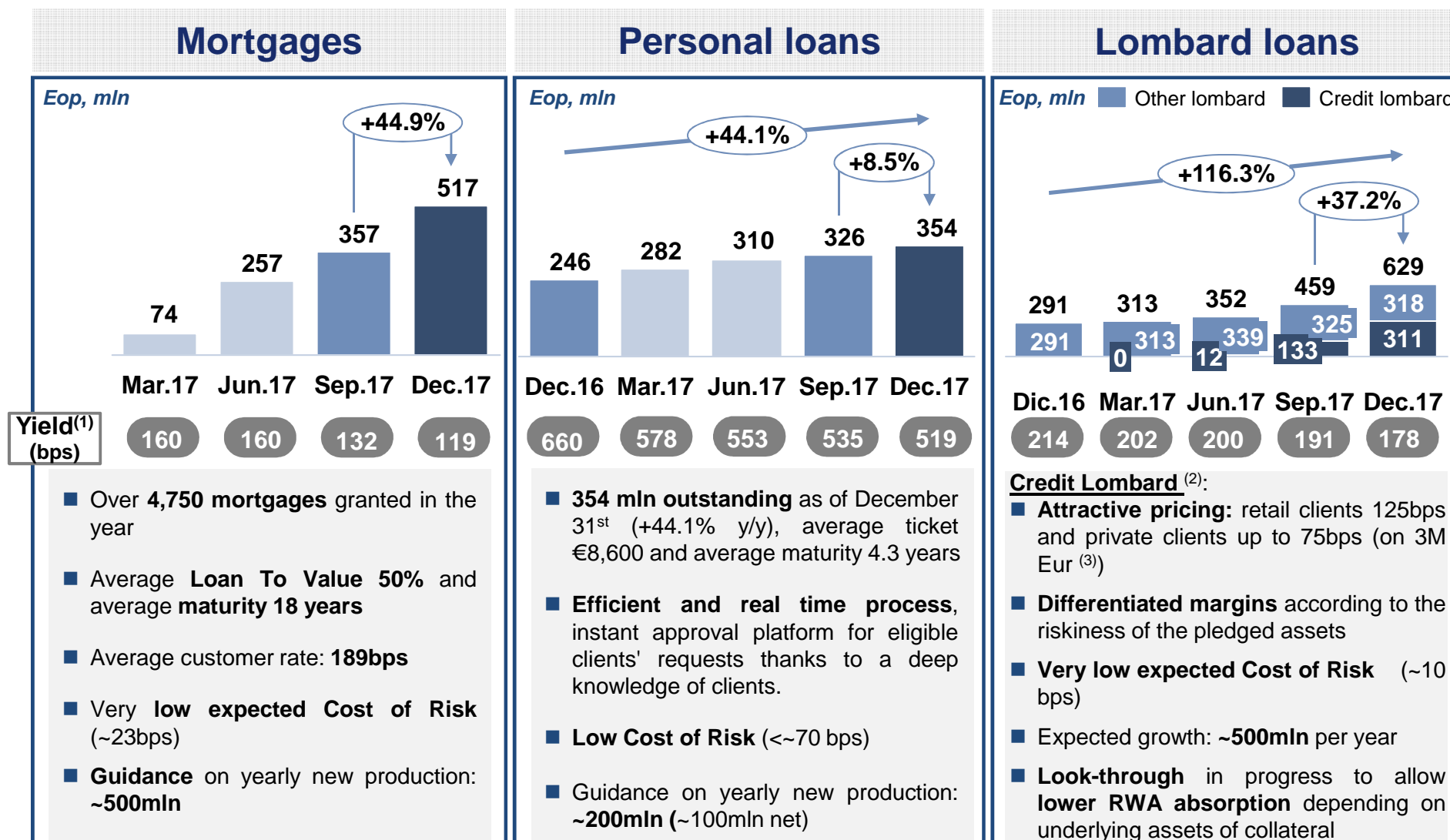


(1) Other loans include current receivables associated with the provisions of financial services (85mln in Dec.17 vs 82mln in Dec.16), collateral deposits and initial and variation margins (43mln in Dec.17 vs 34mln in Dec.16), bad loans (2mln in Dec.17 vs 3mln in Dec.16), other (+3.2mln in Dec.17 vs -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 through mortgages, personal loans and lombard loans



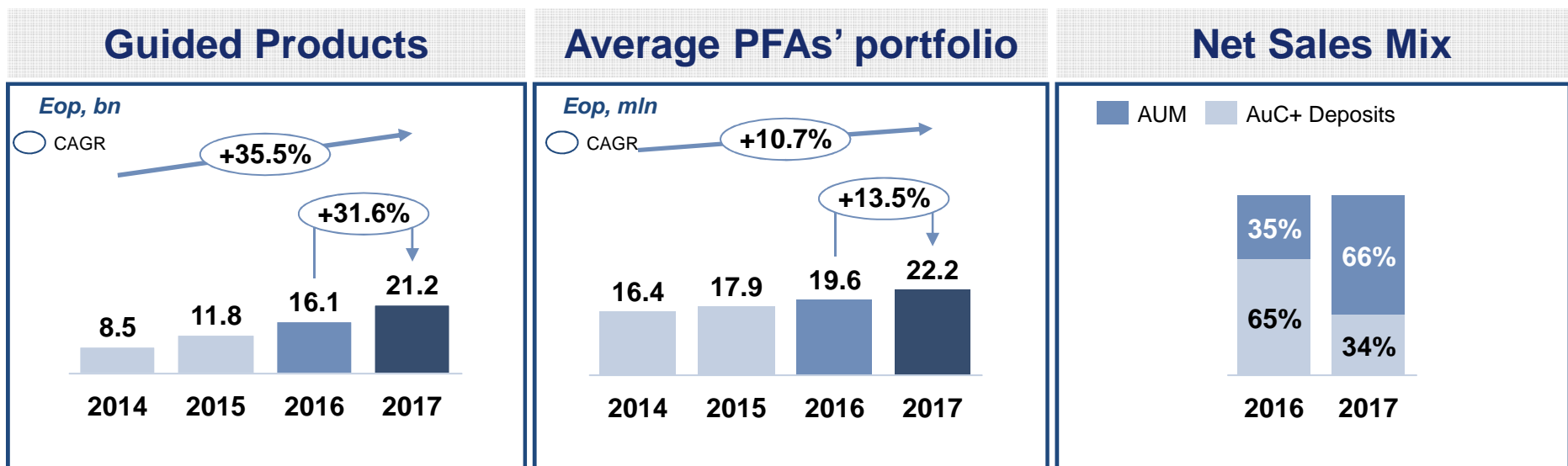
⁽¹⁾ Yield on mortgages net of amortized and hedging costs

⁽²⁾ Credit Lombard allows to change pledged assets without closing and re-opening the credit line, allowing more flexibility and efficiency

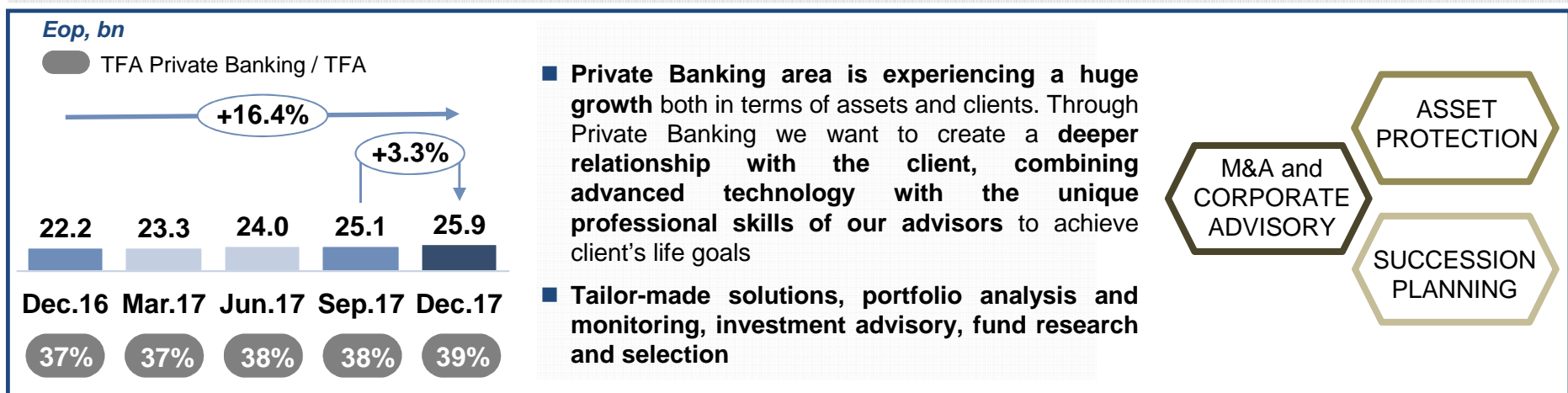
⁽³⁾ with floor at zero

Initiatives monitoring - Investing Area

Increase network's productivity and Private Banking



Private Banking Total Financial Assets

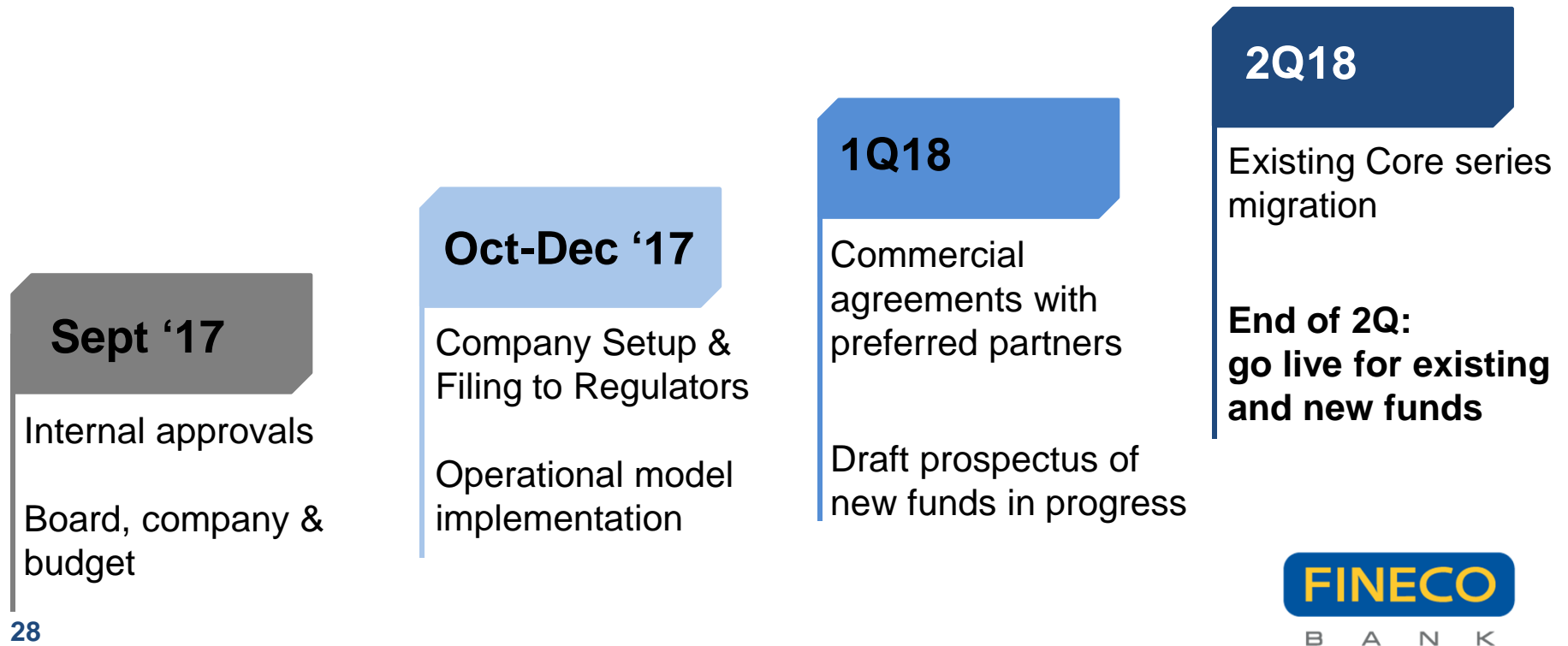


Fineco Asset Management - FAM (1/3)

Process update

The project is on track (go live by the end of 1H 2018):

- ✓ Authorization process with Central Bank of Ireland ongoing. Formal submission on Dec. 5th (expected closing in max. 6 months)
- ✓ Bilateral Tax ruling (Advance Price Agreement): pre-filing phase concluded with both Italian and Irish Tax Authorities. Formal submission in February (expected closing in 2-3 years on average with effect from 2018)
- ✓ New ICAV (Irish Collective Asset Management Vehicle) under approval to simplify, speed up and make more efficient the process of new sub-advised funds



Fineco Asset Management - FAM (2/3)

FAM products and expected efficiencies

Products	Destination
1 NEW FAM FUNDS OF FUNDS:	
BUILDING BLOCKS (Institutional class)	insurance wrappers (Core Unit, Advice Unit, etc.)
BUILDING BLOCKS (Retail class)	à la carte or in portfolio solutions (Advice, Stars)
2 SUB-ADVISED FUNDS WITH PREFERRED PARTNERS:	
SINGLE FUNDS (Institutional class)	New FAM funds of funds + Core Series
SINGLE FUNDS (Retail class)	à la carte, portfolio solutions (Advice, Stars)
3 CORE SERIES	

Efficiency on margins

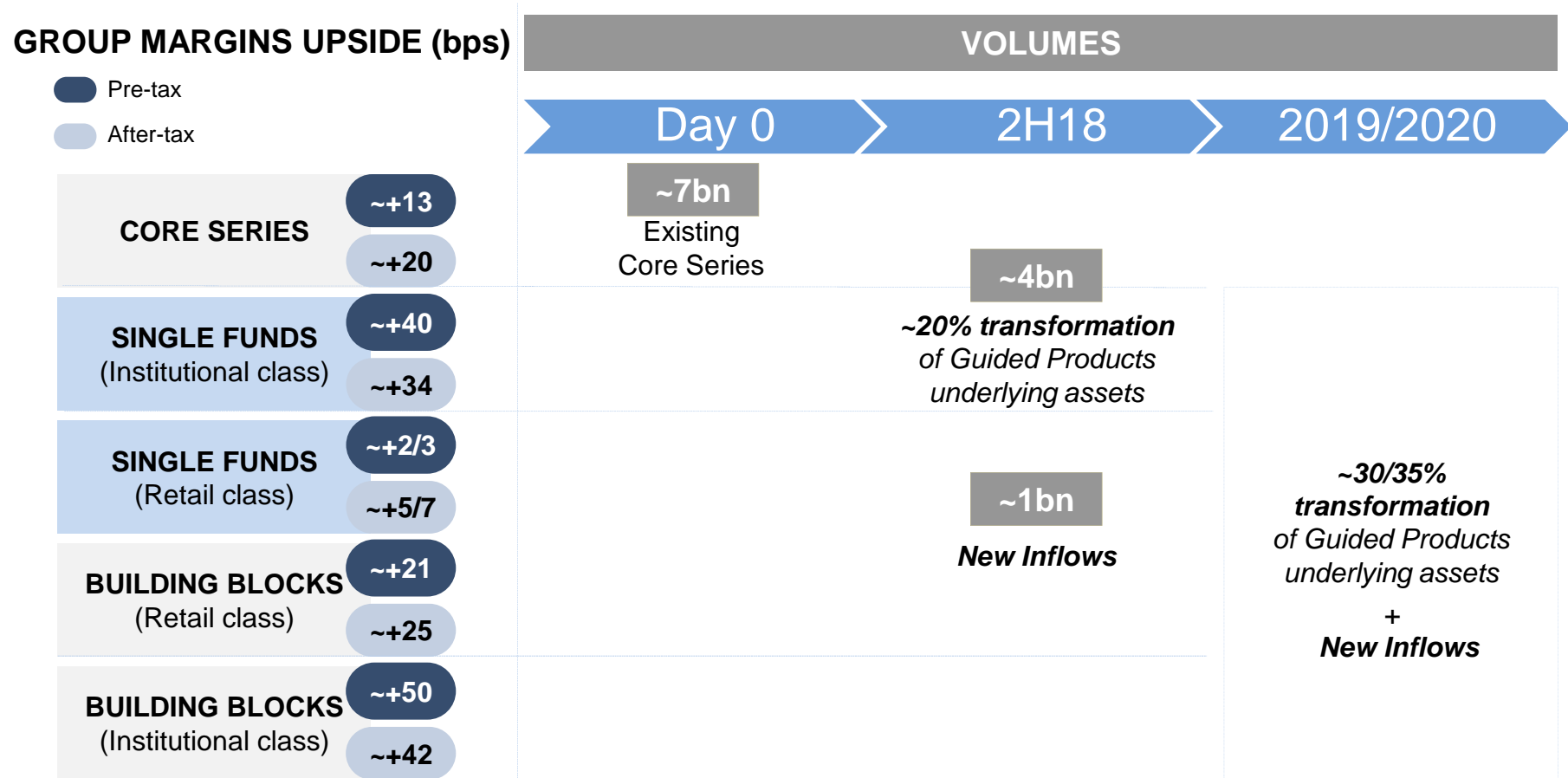
- **Savings** coming from Core Series internalization
- **Lower cost of mandate** (sub-advised funds) compared with current distribution fees

Operational efficiency

- Ireland main hub for asset management allowing us to **outsource some operational activities** in a very efficient way
- **Additional efficiencies** (establishment costs, marketing costs, fund administration costs)
- Expected **annual Operating Costs: ~5mln**

Fineco Asset Management - FAM (3/3)

Potential Upside: relevant and recurring improvement in our profitability



UNDERLYING ASSUMPTIONS:

- Revenue split: 60% Italy, 40% FAM (Ireland) only Retail class. Institutional Class 100% Ireland
- Dividend payout FAM to Fineco SpA: 100%



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 5 companies** have been admitted in Italy: Fineco, UniCredit, Leonardo, Ferrero and Prada

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**

Further opportunities

Fineco UK

- # new clients: **almost 1,500 (55% Italian UK residents, 45% non-Italian UK residents)**
- **Product offer:** Trading, multicurrencies account, debit cards
- Among the most competitive players in the market on securities and CFDs

Stars Plus

- Star Plus is an **evolution of the current Stars** product (Guided products & advisory services).
- **Inclusion of AuC and AuM financial products** (Bonds, Stocks, Etf, Funds)
- Objective: **to make AuC profitable** and to **speed up the transformation from AuC to AuM**
- **Fee «on top»** (from ~0.20% to 1.0%) with **differentiated pricing for AuM, AuC and ETFs**
- **New diagnosis and reporting tools** in order to increase sales and customers satisfaction
- Go live in **1H 2018**

Patent Box

- We **applied in 2015 for intellectual properties** (our platforms internally created and developed) and **trademark**
- We are in talks with **Italian Fiscal Authority**, which is **quantifying the possible benefits**
- **Fiscal benefits** are expected for **5 years**: 2015, 2016, 2017, 2018 and 2019
- Process expected to be closed **within 1Q 2018**

Annex

P&L

<i>mln</i>	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	FY16	FY17
Net interest income	62.2	61.2	62.5	63.4	62.9	64.3	67.4	70.0	249.4	264.6
Net commissions	58.2	59.7	59.3	65.8	64.7	65.0	69.7	70.7	242.9	270.1
Trading profit	19.6	27.3	10.8	11.3	13.7	12.3	11.1	11.1	69.1	48.2
Other expenses/income	0.1	0.7	-0.8	-2.2	0.5	-0.8	0.1	3.9	-2.2	3.8
Total revenues	140.1	148.8	131.8	138.4	141.8	140.8	148.2	155.8	559.1	586.7
Staff expenses	-18.7	-19.0	-19.3	-16.6	-19.2	-19.7	-19.8	-20.6	-73.7	-79.3
Other admin.exp. net of recoveries	-39.3	-36.1	-31.4	-35.9	-39.2	-38.2	-31.1	-35.0	-142.7	-143.6
D&A	-2.2	-2.4	-2.6	-2.7	-2.3	-2.5	-2.6	-2.9	-10.0	-10.4
Operating expenses	-60.2	-57.5	-53.4	-55.3	-60.7	-60.4	-53.5	-58.6	-226.4	-233.2
Gross operating profit	79.9	91.3	78.4	83.1	81.1	80.4	94.7	97.2	332.7	353.4
Provisions	-1.4	-1.1	-11.3	3.9	-2.4	-0.8	-21.0	5.2	-10.0	-19.0
LLP	-1.4	-1.4	-0.7	-0.7	-0.5	-1.0	-1.5	-2.1	-4.2	-5.2
Integration costs	0.0	0.0	0.0	-5.5	0.0	0.0	0.0	0.4	-5.5	0.4
Profit from investments	0.0	0.0	0.0	-6.7	0.0	-0.4	-1.4	-11.6	-6.7	-13.4
Profit before taxes	77.1	88.8	66.4	74.1	78.2	78.3	70.7	89.1	306.3	316.3
Income taxes	-25.8	-22.3	-21.8	-24.6	-26.5	-25.7	-23.9	-26.0	-94.5	-102.1
Net profit for the period	51.2	66.6	44.6	49.5	51.7	52.6	46.8	63.1	211.8	214.1
Normalised Net Income⁽¹⁾	51.2	49.8	44.6	55.1	51.7	52.6	52.7	61.6	200.7	218.5

Non recurring items (mln, gross)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	FY16	FY17
<i>VISA sale (Trading Profit)</i>		15.3							15.3	
<i>Extraord systemic charges (Provisions)⁽²⁾</i>				3.7			-7.4	7.4	3.7	
<i>Extraord systemic charges (Profit from investm)⁽³⁾</i>				-6.7			-1.4	-11.5	-6.7	-12.9
<i>Integration costs</i>				-5.5				0.4	-5.5	0.4
<i>Release of taxes</i>		6.5						3.9	6.5	3.9
Total	0.0	21.9	0.0	-8.5	0.0	0.0	-8.8	0.3	13.3	-8.5

⁽¹⁾ Net of non recurring items

⁽²⁾ 3Q17 write-down related to the residual commitment to the Voluntary Scheme moved to Profit from Investment in 4Q17 following the payment.
4Q16: related to Solidarity fund for retail clients invested in subordinated bonds issued by 4 Italian banks rescued in 2016.

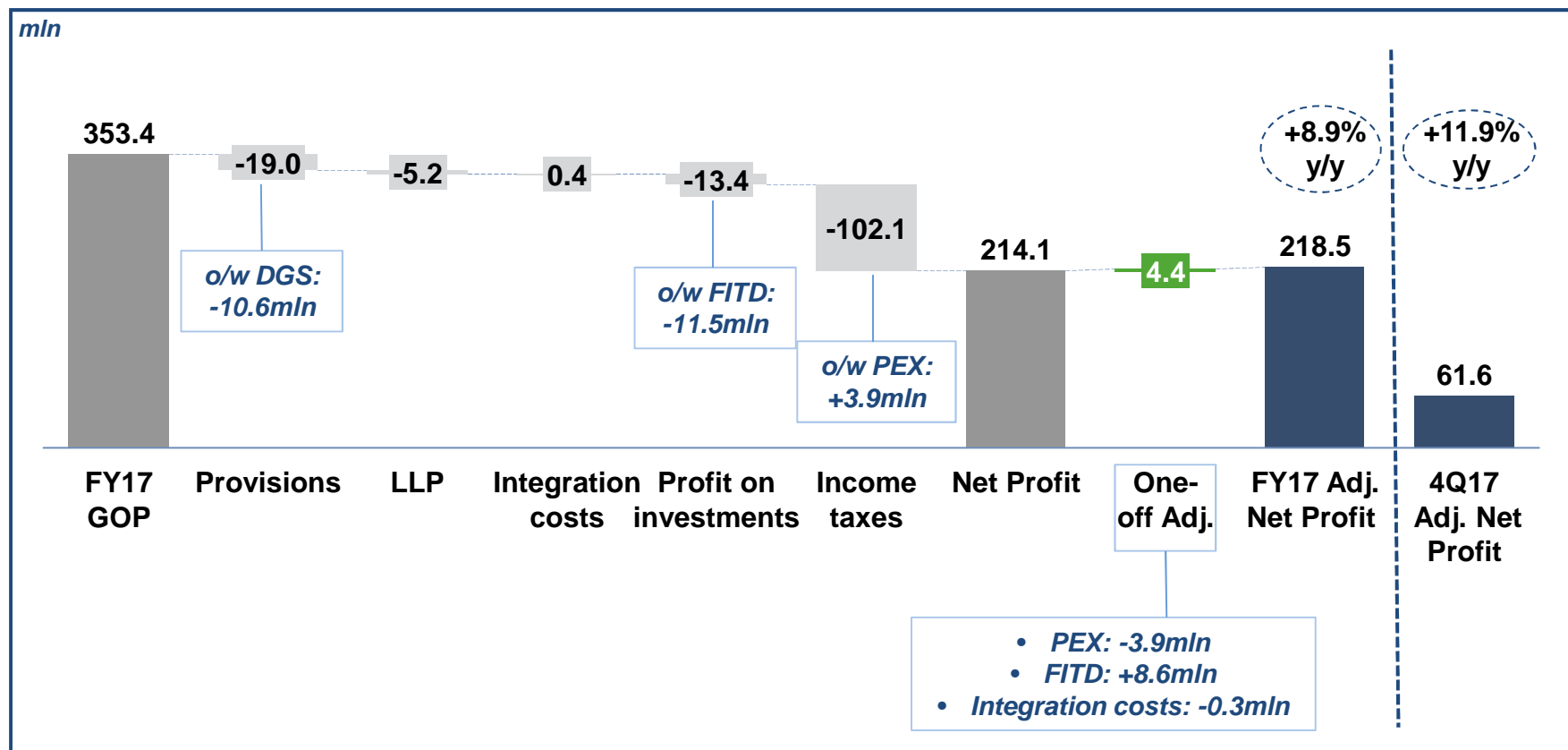
⁽³⁾ 2017: Voluntary Scheme contribution. 2016: Voluntary scheme (contribution for Cassa di Risparmio di Cesena)

P&L net of non recurring items

<i>mln</i>	1Q16	2Q16 Adj.	3Q16	4Q16 Adj.	1Q17	2Q17	3Q17 Adj.	4Q17 Adj.	FY16 Adj. ⁽¹⁾	FY17 Adj. ⁽¹⁾	FY17/ FY16	4Q17/ 4Q16	4Q17/ 3Q17
Net interest income	62.2	61.2	62.5	63.4	62.9	64.3	67.4	70.0	249.4	264.6	6.1%	10.4%	4.0%
Net commissions	58.2	59.7	59.3	65.8	64.7	65.0	69.7	70.7	242.9	270.1	11.2%	7.5%	1.5%
Trading profit	19.6	11.9	10.8	11.3	13.7	12.3	11.1	11.1	53.7	48.2	-10.2%	-2.1%	-0.2%
Other expenses/income	0.1	0.7	-0.8	-2.2	0.5	-0.8	0.1	3.9	-2.2	3.8	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Total revenues	140.1	133.5	131.8	138.4	141.8	140.8	148.2	155.8	543.8	586.7	7.9%	12.6%	5.1%
Staff expenses	-18.7	-19.0	-19.3	-16.6	-19.2	-19.7	-19.8	-20.6	-73.7	-79.3	7.6%	23.9%	4.2%
Other admin.expenses	-39.3	-36.1	-31.4	-35.9	-39.2	-38.2	-31.1	-35.0	-142.7	-143.6	0.6%	-2.5%	12.6%
D&A	-2.2	-2.4	-2.6	-2.7	-2.3	-2.5	-2.6	-2.9	-10.0	-10.4	4.2%	6.4%	10.6%
Operating expenses	-60.2	-57.5	-53.4	-55.3	-60.7	-60.4	-53.5	-58.6	-226.4	-233.2	3.0%	5.9%	9.4%
Gross operating profit	79.9	76.0	78.4	83.1	81.1	80.4	94.7	97.2	317.4	353.4	11.4%	17.0%	2.6%
Provisions	-1.4	-1.1	-11.3	0.2	-2.4	-0.8	-13.6	-2.2	-13.7	-19.0	39.1%	<i>n.m.</i>	-83.6%
LLP	-1.4	-1.4	-0.7	-0.7	-0.5	-1.0	-1.5	-2.1	-4.2	-5.2	22.7%	207.2%	36.3%
Integration costs	0.0	0.0	0.0	0.0	0.0	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	0.0	0.0	0.0	-0.4	0.0	-0.1	0.0	-0.5	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Profit before taxes	77.1	73.5	66.4	82.6	78.2	78.3	79.5	92.8	299.5	328.7	9.8%	12.3%	16.7%
Income taxes	-25.8	-23.7	-21.8	-27.5	-26.5	-25.7	-26.8	-31.2	-98.9	-110.2	11.5%	13.2%	16.1%
Net profit adjusted ¹	51.2	49.8	44.6	55.1	51.7	52.6	52.7	61.6	200.7	218.5	8.9%	11.9%	17.0%

¹ Adj. Net Profit net of non recurring items (see page 34)

Gross Operating Profit – Net profit: walk



(1) **FY17 non recurring items:** FITD (Voluntary Scheme): -12.9mln gross, -8.6mln net., integration cost: +0.4mln gross, +0.3mln net, tax savings for the application of the Pex regime (participation exemption) to the capital gains from VISA Europe, realized in 2016: +4mln. Delta y/y calculated on FY16 and 4Q16 net of non recurring items.

FY16 non recurring items: Visa sale (revenues) +15.3mln gross, +10.3mln net in 2Q16; positive closing of tax dispute +6.5mln tax release, releases of provisions: Solidarity Fund +2.3mln gross, +1.5mln net and Tercas +1.4mln gross, +1.0mln net; Integration costs: -5.5mln gross, -3.7mln net; write-down of Cassa di Risparmio di Cesena stake: -6.7mln gross, -4.5mln net.

Details on Net Interest Income

<i>mln</i>	1Q16	Volumes & Margins	2Q16	Volumes & Margins	3Q16	Volumes & Margins	4Q16	Volumes & Margins	1Q17	Volumes & Margins	2Q17	Volumes & Margins	3Q17	Volumes & Margins	4Q17	Volumes & Margins	FY16	Volumes & Margins	FY17	Volumes & Margins
Sight Deposits	55.4	15,328	54.2	16,105	54.6	16,663	55.7	17,193	55.4	18,193	55.6	18,824	57.2	19,321	58.2	19,662	219.9	16,322	226.4	19,000
<i>Net Margin</i>		1.45%		1.35%		1.30%		1.29%		1.24%		1.18%		1.18%		1.17%		1.35%		1.19%
Term Deposits	-0.3	628	-0.3	540	-0.2	413	-0.1	284	-0.1	131	0.0	50	0.0	26	0.0	11	-0.9	466	-0.2	54
<i>Net Margin</i>		-0.19%		-0.22%		-0.20%		-0.16%		-0.31%		-0.39%		-0.42%		-0.48%		-0.20%		-0.35%
Security Lending	1.0	1,094	1.0	1,217	0.8	1,037	0.7	995	0.7	938	0.6	831	0.5	764	0.3	804	3.6	1,086	2.0	834
<i>Net Margin</i>		0.37%		0.33%		0.31%		0.30%		0.30%		0.30%		0.24%		0.13%		0.33%		0.25%
Leverage - Long	1.8	118	1.6	106	1.6	103	1.7	112	1.9	130	2.2	152	2.6	173	3.0	201	6.8	110	9.6	164
<i>Net Margin</i>		6.20%		6.19%		6.11%		6.24%		6.18%		6.13%		6.29%		6.31%		6.19%		6.24%
Lendings	5.1	511	5.4	555	5.7	674	6.1	723	6.5	794	7.5	1,010	8.0	1,261	8.7	1,546	22.2	616	30.7	1,153
<i>Net Margin</i>		3.98%		3.88%		3.35%		3.34%		3.33%		2.97%		2.52%		2.23%		3.60%		2.66%
o/w Current accounts	1.4	222	1.4	241	1.5	264	1.6	291	1.7	312	1.8	340	1.9	410	2.2	546	5.8	254	7.6	402
<i>Net Margin</i>		2.53%		2.34%		2.20%		2.16%		2.15%		2.09%		1.86%		1.61%		2.30%		1.88%
o/w Cards	1.1	141	1.1	142	1.1	217	1.2	209	1.1	207	1.1	216	1.2	232	1.2	227	4.5	177	4.7	221
<i>Net Margin</i>		3.13%		3.13%		2.10%		2.23%		2.22%		2.12%		2.04%		2.13%		2.55%		2.13%
o/w Personal loans	2.6	148	2.9	173	3.2	194	3.4	223	3.7	257	3.9	297	4.0	317	4.1	340	12.2	184	15.7	303
<i>Net Margin</i>		7.18%		6.84%		6.52%		6.11%		5.78%		5.31%		5.03%		4.80%		6.61%		5.19%
o/w Mortgages	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	18	0.6	158	0.9	301	1.1	432	0.0	0	2.7	227
<i>Net Margin</i>										1.60%		1.59%		1.15%		1.04%				1.19%
Other ⁽¹⁾	-0.7		-0.7		0.0		-0.7		-1.5		-1.5		-0.9		-0.1		-2.1		-4.0	
Total	62.2		61.2		62.5		63.4		62.9		64.3		67.4		70.0		249.4		264.6	

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

UniCredit bonds underwritten

	ISIN	Currency	Amount (€ m)	Maturity	Indexation	Spread	
1	IT0004307861	Amortizing	Euro	150.0	2-Jan-18	Euribor 1m	0.51%
2	IT0005010266		Euro	382.5	24-Jan-18	Euribor 1m	2.08%
3	IT0005010274		Euro	382.5	23-Apr-18	Euribor 1m	2.14%
4	IT0005010290		Euro	382.5	23-Jul-18	Euribor 1m	2.19%
5	IT0005010357		Euro	382.5	19-Oct-18	Euribor 1m	2.24%
6	IT0005010373		Euro	382.5	18-Jan-19	Euribor 1m	2.29%
7	IT0005010613		Euro	382.5	1-Apr-19	Euribor 1m	2.33%
8	IT0005010282		Euro	382.5	15-Jul-19	Euribor 1m	2.37%
9	IT0005010399		Euro	382.5	14-Oct-19	Euribor 1m	2.40%
10	IT0005010324		Euro	382.5	13-Jan-20	Euribor 1m	2.44%
11	IT0005010365		Euro	382.5	10-Apr-20	Euribor 1m	2.47%
12	IT0005010308		Euro	382.5	9-Jul-20	Euribor 1m	2.49%
13	IT0005010381		Euro	382.5	7-Oct-20	Euribor 1m	2.52%
14	IT0005010332		Euro	382.5	6-Jan-21	Euribor 1m	2.54%
15	IT0005010316		Euro	382.5	6-Apr-21	Euribor 1m	2.56%
16	IT0005010340		Euro	382.5	5-Jul-21	Euribor 1m	2.58%
17	IT0005010225		Euro	382.5	18-Oct-21	Euribor 1m	2.60%
18	IT0005010142		USD ¹	41.7	19-Apr-18	USD Libor 1m	2.34%
19	IT0005010860		USD ¹	41.7	7-Apr-20	USD Libor 1m	2.66%
20	IT0005158503		USD ¹	41.7	23-Dec-22	USD Libor 1m	1.93%
21	IT0005040099		Euro	100.0	24-Jan-22	Euribor 1m	1.46%
22	IT0005057994		Euro	200.0	11-Apr-22	Euribor 1m	1.43%
23	IT0005083743		Euro	300.0	28-Jan-22	Euribor 1m	1.25%
24	IT0005106189		Euro	230.0	20-Apr-20	Euribor 1m	0.90%
25	IT0005114688		Euro	180.0	19-May-22	Euribor 1m	1.19%
26	IT0005120347		Euro	700.0	27-Jun-22	Euribor 1m	1.58%
27	IT0005144065		Euro	450.0	14-Nov-22	Euribor 3m ²	1.40%
28	IT0005144073		Euro	350.0	15-Nov-21	Euribor 3m ²	1.29%
29	IT0005158412		Euro	250.0	23-Dec-22	Euribor 3m ²	1.47%
30	IT0005163180		Euro	600.0	11-Feb-23	Euribor 3m ²	1.97%
31	IT0005175135		Euro	100.0	24-Mar-23	Euribor 3m ²	1.58%
32	IT0005217606		Euro	350.0	11-Oct-23	Euribor 3m ²	1.65%
33	IT0005241317		Euro	622.5	2-Feb-24	Euribor 3m ²	1.52%
Total		Euro	10,702.5		Euribor 1m	2.01%	
		USD¹	125.1		USD Libor 1m	2.31%	
Totale Eur e USD			10,827.6			2.02%	

In Dec.17 we sold \$100mln of UC Bonds (expiring in 2019 and 2021) that would not have passed SPPI test (IFRS9), generating a profit of 4mln recorded in Other Income/expenses line in 4Q17

¹ Amounts expressed at EUR/USD 1.1993 exchange rate (as of December 31st)

² In order to calculate an average spread on Eur1m, a basis swap of 0.07% is considered

Details on Net Commissions

<i>mln</i>	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	FY16	FY17
Brokerage	20.3	18.5	16.6	19.5	20.3	18.3	16.8	18.0	74.9	73.3
o/w										
Equity	16.5	15.2	12.9	16.0	16.7	15.2	13.5	15.2	60.6	60.6
Bond	1.1	1.1	0.9	1.2	1.0	0.9	0.7	0.9	4.4	3.6
Derivatives	3.2	2.6	2.4	2.4	2.4	2.0	1.9	1.9	10.6	8.2
Other commissions ⁽¹⁾	-0.5	-0.5	0.4	-0.1	0.1	0.2	0.6	0.0	-0.7	0.9
Investing	37.5	40.2	41.0	44.1	43.7	44.6	47.1	48.3	162.7	183.7
o/w										
Placement fees	1.8	2.8	2.4	2.9	3.1	2.9	2.3	3.2	9.9	11.5
Management fees	40.0	40.5	43.0	44.0	45.3	47.4	48.5	50.7	167.4	192.0
to PFA's	-4.3	-3.2	-4.4	-2.7	-4.7	-5.7	-3.7	-5.7	-14.6	-19.9
Banking	0.3	0.8	1.6	2.0	0.6	1.9	5.7	4.2	4.7	12.4
Other	0.1	0.3	0.1	0.1	0.1	0.2	0.2	0.2	0.6	0.7
Total	58.2	59.7	59.3	65.8	64.7	65.0	69.7	70.7	242.9	270.1

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

Revenue breakdown by Product Area

<i>mln</i>	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	FY16	FY17
Net interest income	59.7	58.9	59.9	61.3	62.0	63.1	65.5	67.3	239.8	257.8
Net commissions	0.3	0.8	1.6	2.0	0.6	1.9	5.7	4.2	4.7	12.4
Trading profit	0.9	1.1	0.9	1.5	1.9	1.7	1.2	1.3	4.4	6.2
Other	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.2	0.3
Total Banking	61.0	60.8	62.5	64.9	64.7	66.8	72.4	72.8	249.1	276.8
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net commissions	37.5	40.2	41.0	44.1	43.7	44.6	47.1	48.3	162.7	183.7
Trading profit	0.0	0.0	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	0.0	0.0
Total Investing	37.5	40.2	41.0	44.1	43.7	44.6	47.1	48.3	162.7	183.7
Net interest income	3.0	2.8	2.6	2.8	2.8	3.2	3.4	3.7	11.2	13.1
Net commissions	20.3	18.5	16.6	19.5	20.3	18.3	16.8	18.0	74.9	73.3
Trading profit	13.3	11.1	9.6	10.2	11.5	10.4	9.7	8.8	44.1	40.4
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Brokerage	36.6	32.3	28.7	32.5	34.6	31.9	29.9	30.4	130.1	126.8

Managerial Data

Breakdown Total Financial Assets

<i>mln</i>	Mar.16	Jun.16	Sep.16	Dec.16	Mar.17	Jun.17	Sep.17	Dec.17
AUM	25,565	25,911	27,522	28,608	29,742	30,614	31,339	33,080
o/w Funds and Sicav	22,332	22,395	23,645	24,258	24,984	25,461	25,901	26,999
o/w Insurance	3,219	3,505	3,865	4,339	4,749	5,145	5,431	6,075
o/w GPM	14	12	12	11	9	9	7	7
AUC	12,889	12,688	13,051	13,078	13,895	13,870	14,341	14,164
o/w Equity	6,718	6,526	6,877	7,135	7,969	8,110	8,531	8,718
o/w Bond	6,086	6,081	6,091	5,859	5,858	5,700	5,763	5,426
o/w Other	85	82	83	84	68	60	47	20
Direct Deposits	16,527	16,965	16,989	18,509	18,566	19,142	19,674	19,941
o/w Sight	15,915	16,491	16,638	18,296	18,504	19,105	19,659	19,931
o/w Term	612	475	351	213	62	38	15	10
Total	54,980	55,564	57,562	60,195	62,202	63,627	65,355	67,185

Balance Sheet

<i>mln</i>	Mar.16	Jun.16	Sep.16	Dec.16	Mar.17	Jun.17	Sep.17	Dec.17
Due from Banks	15,404	15,299	14,442	15,736	15,462	14,827	14,293	13,878
Customer Loans	827	880	972	1,017	1,166	1,504	1,716	2,129
Financial Assets	2,629	2,933	3,592	3,764	3,912	4,770	5,429	5,885
Tangible and Intangible Assets	111	111	112	112	112	113	113	113
Derivatives	7	9	8	9	12	15	16	10
Other Assets	286	328	327	349	262	284	249	326
Total Assets	19,265	19,561	19,453	20,986	20,927	21,513	21,815	22,340
Customer Deposits	16,693	17,133	17,250	18,801	18,884	19,441	20,008	20,205
Due to Banks	1,504	1,362	1,139	1,111	980	930	697	926
Derivatives	20	18	15	11	17	16	19	9
Funds and other Liabilities	355	446	392	382	314	506	421	468
Equity	692	603	656	681	732	621	672	732
Total Liabilities and Equity	19,265	19,561	19,453	20,986	20,927	21,513	21,815	22,340

Main Financial Ratios

	Mar.16	Jun.16	Sep.16	Dec.16	Mar.17	Jun.17	Sep.17	Dec.17
PFA TFA/ PFA (mln) ⁽¹⁾	17.8	17.9	18.8	19.6	20.2	20.7	21.4	22.2
Guided Products / TFA ⁽²⁾	22%	24%	26%	27%	28%	29%	29%	32%
Cost / income Ratio ⁽³⁾	43.0%	43.0%	42.2%	41.6%	42.8%	42.9%	40.5%	39.8%
CET 1 Ratio	21.3%	22.7%	23.1%	22.9%	22.2%	22.1%	20.7%	20.8%
Adjusted RoE ⁽⁴⁾	43.4%	42.1%	40.0%	40.8%	39.5%	39.3%	39.0%	40.3%
Leverage Ratio ⁽⁵⁾	10.14%	9.46%	8.23%	8.26%	7.89%	6.79%	5.95%	5.67%

⁽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 34) 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