



B A N K

# 1H17 Results

October 2017



FINECO. THE BANK THAT SIMPLIFIES BANKING.

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# Agenda

## **Fineco Results**

-  Focus on product areas
-  Key messages and Initiatives monitoring

## Executive Summary

- **1H17 net profit at 104.3mln (+3.2% y/y net of non recurring items<sup>(1)</sup>, +6.8% y/y net of profits from Govies sale in 1Q16<sup>(2)</sup>) the best semester ever**
- **2Q17 net profit at 52.6mln (+5.6% y/y net of non recurring items<sup>(1)</sup>, +1.7% q/q)**
- **1H17 growing revenues (+5.2% y/y net of profits from Govies sale in 1Q16<sup>(2)</sup>) boosted by Investing area (+13.7% y/y with management fees up +15.3% y/y) and Banking area (+6.9% y/y thanks to high quality volume growth in deposits and lending). Brokerage performed well in 1H17 despite volatility at the bottom since 2013**
- **1H17 Operating Costs well under control at 121.2mln (+2.9% y/y) confirming operating leverage as a key strength of the bank**
- **Strong capital position: CET1 ratio transitional at 22.14%**
- **Solid and sustainable commercial activity in the first semester with a relentless improvement in the asset mix:**
  - ✓ Net sales at 2.9bn (+9% y/y), of which 61% represented by AuM (12% in 1H16)
  - ✓ Record high net sales in Guided Products & Services: 2.0bn in the first six months (+17% y/y) with the penetration rate on AuM stock at 60% (+9 p.p. y/y)
  - ✓ TFA at 63.6bn (+15% y/y) of which TFA related to Private Banking segment at 24bn (+22% y/y)
  - ✓ ~1.162 mln clients as of June 30<sup>th</sup> (+7% y/y), 61,756 new clients (+4% y/y)

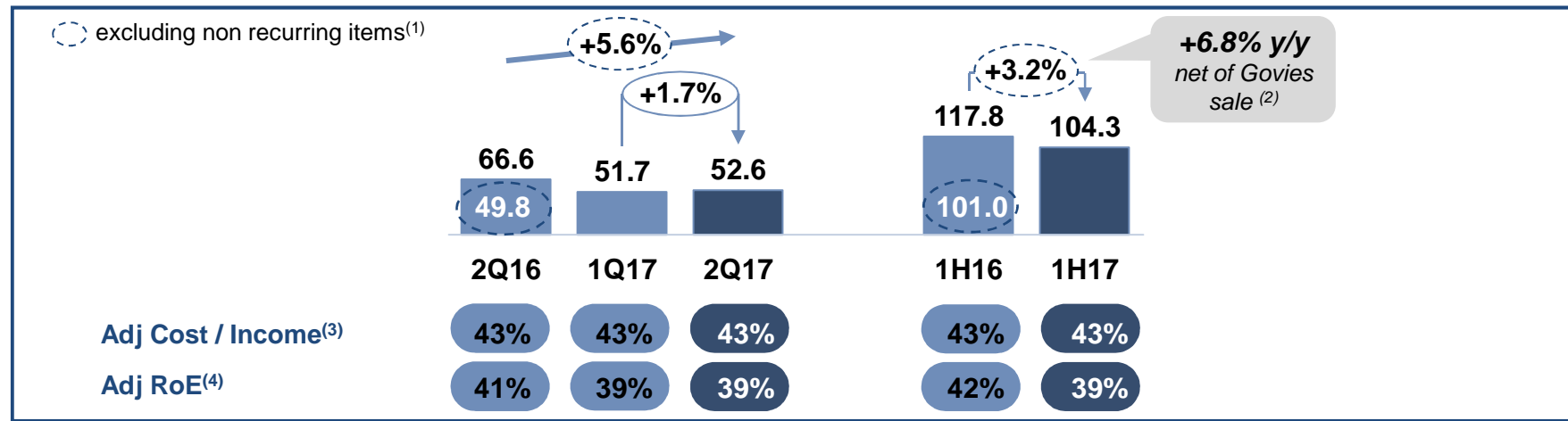
<sup>(1)</sup> 2Q16 non recurring items: gain on Visa sale (revenues): +15.3mln gross (+10.3mln net); positive closing of tax dispute: +6.5mln tax release

<sup>(2)</sup> 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

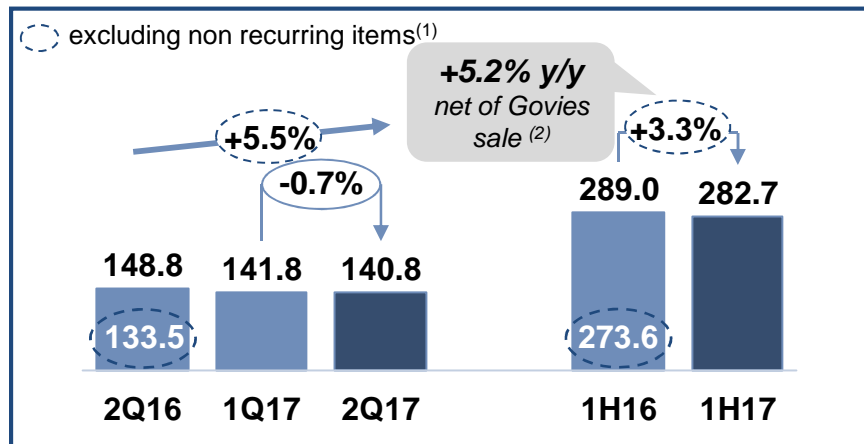
# Results

1H17 Net Profit at 104.3mln, the best semester ever, boosted by high quality revenue growth and operating costs under control

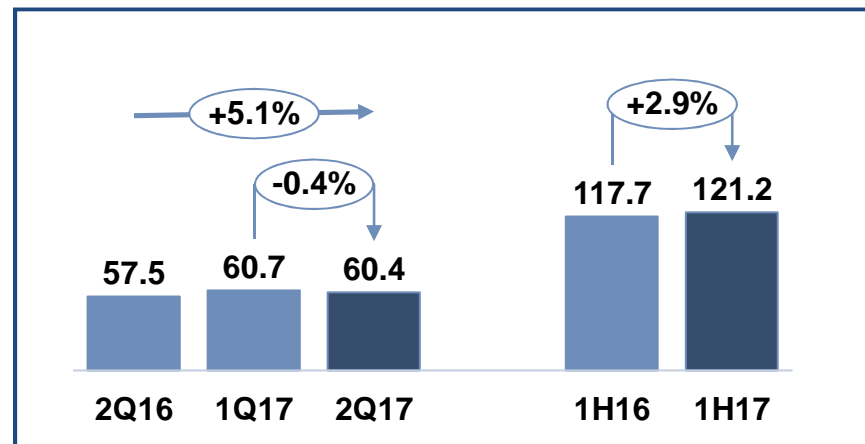
## Net Profit, mln



## Revenues, mln



## Operating Costs, mln



<sup>(1)</sup> 2Q16 non recurring items: gain on Visa sale (revenues): +15.3mln gross (+10.3mln net); positive closing of tax dispute: +6.5mln tax release

<sup>(2)</sup> 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

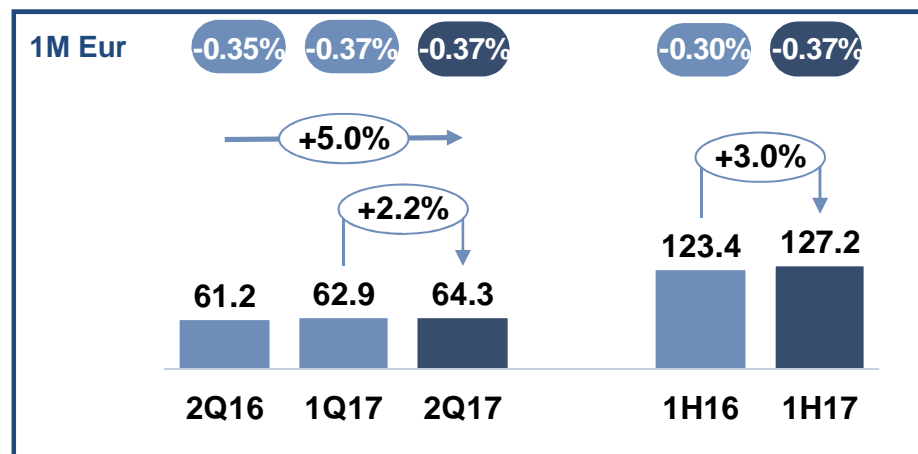
<sup>(3)</sup> Adj. C/I ratio calculated as Operating Cost divided by Revenues net of non recurring items (see page 28)

**5** <sup>(4)</sup> Adj. RoE: annualized Net Profit net of non recurring items (see page 28) divided by the average book shareholders' equity for the period (excluding dividends expected to be distributed and the revaluation reserves)

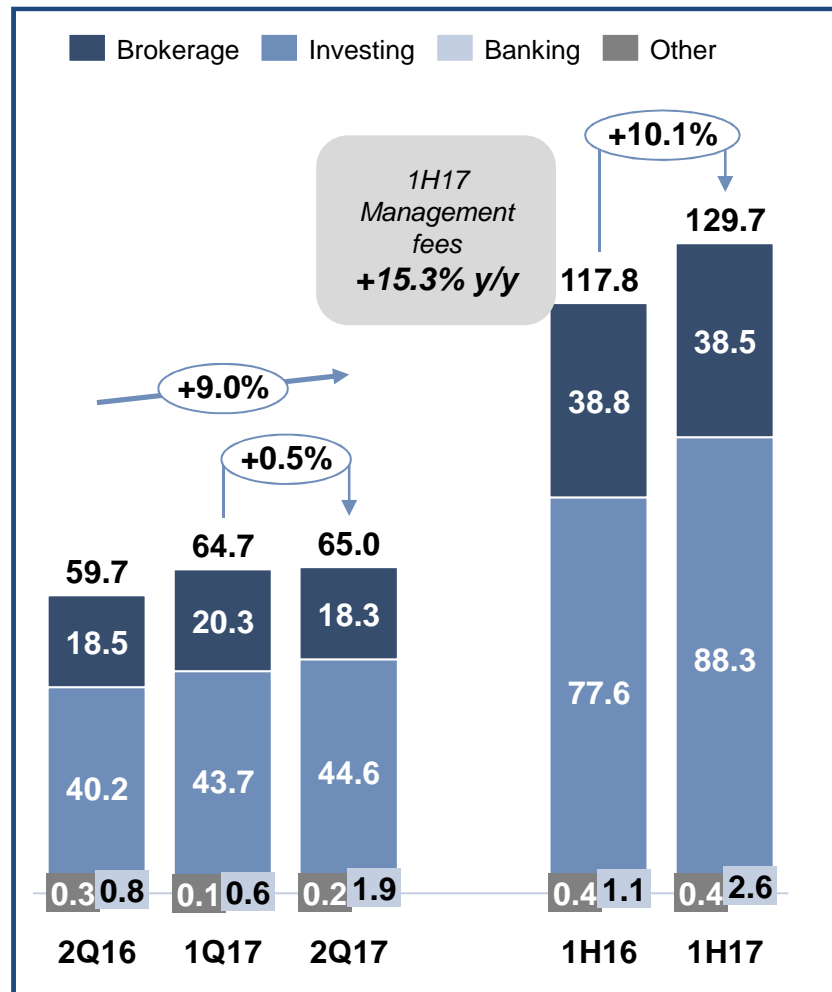
## Revenues by P&L Items

Sound and diversified stream of revenues. Net interest income +3% y/y despite interest rate environment. Management fees strongly up +15.3% y/y

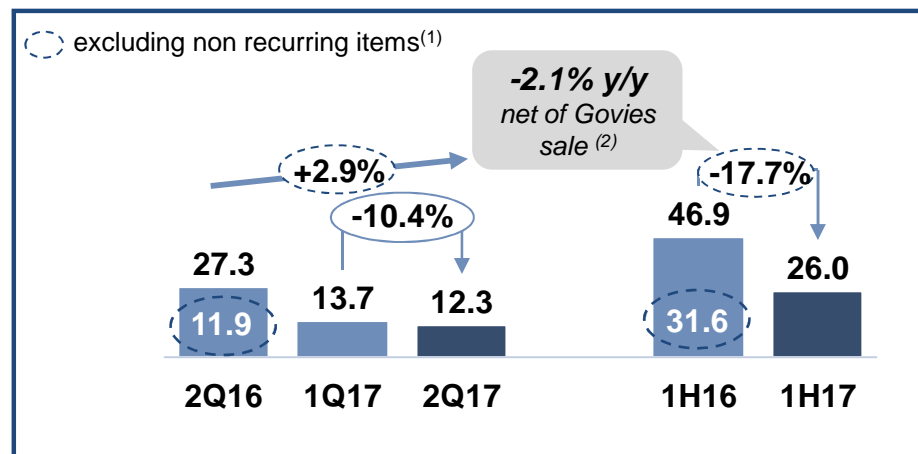
### Net interest, mln



### Fees and Commissions, mln



### Trading income, mln



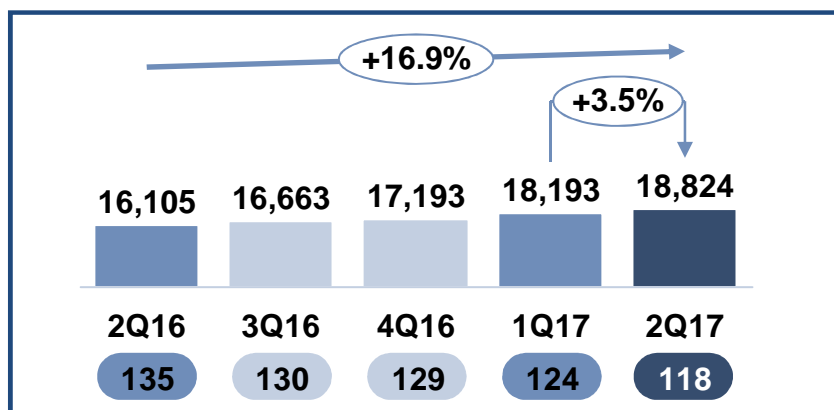
<sup>(1)</sup> 2Q16 non recurring items: gain on Visa sale (revenues): +15.3mln gross

<sup>(2)</sup> In 1Q16 FinecoBank sold some Spanish and Italian government bonds in order to mitigate exposure to interest rate risk: nominal value 704 mln, variable rate, residual maturity < 3 years. As a consequence, Govies at fixed rate with maturity between 3 and 6 years were bought afterwards

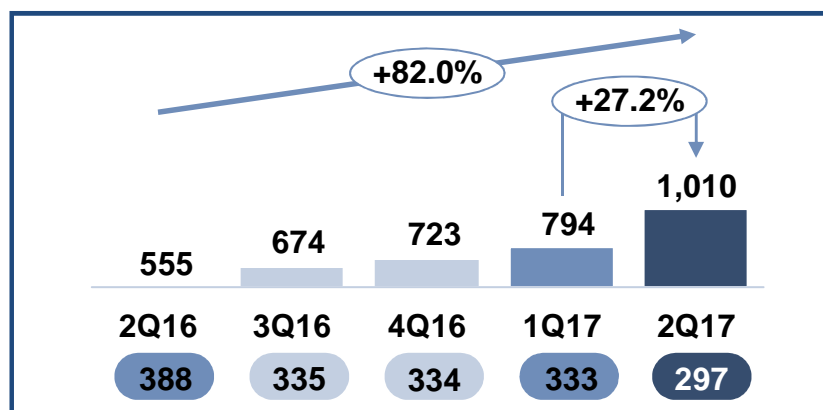
## Net interest

Sustainable net interest income dynamics despite lower y/y rates supported by double digit growth in volumes, both sticky sight deposits and high quality lending

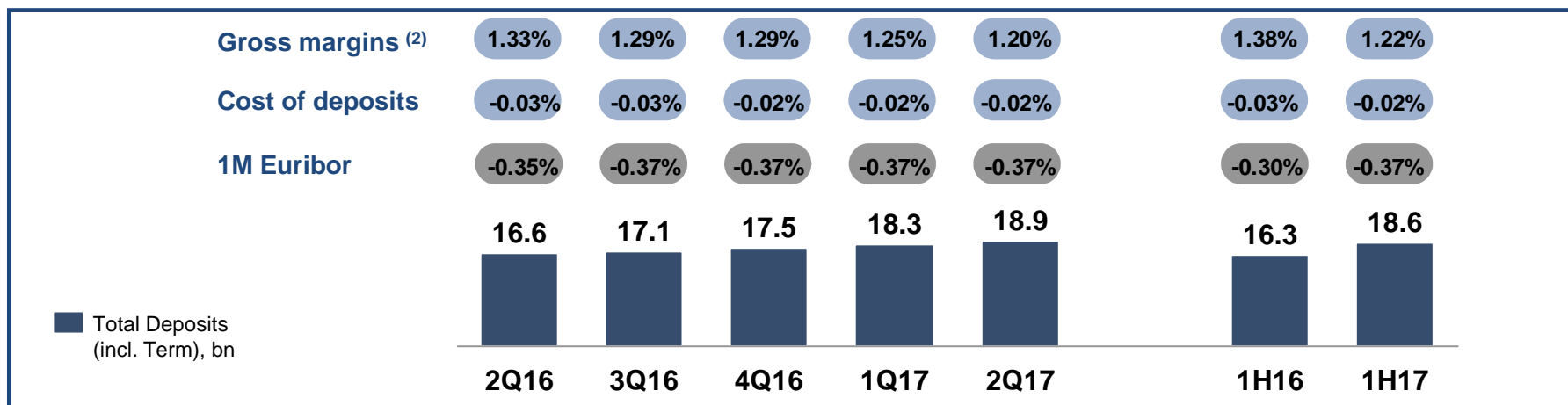
### Sight Deposits (mln) and net margins (bps)



### Lending<sup>(1)</sup> (mln) and net margins (bps)



### Investment policy



Volumes, margins and 1M Euribor: average of the period

<sup>(1)</sup> Lending includes personal loans, credit cards, overdrafts, mortgages

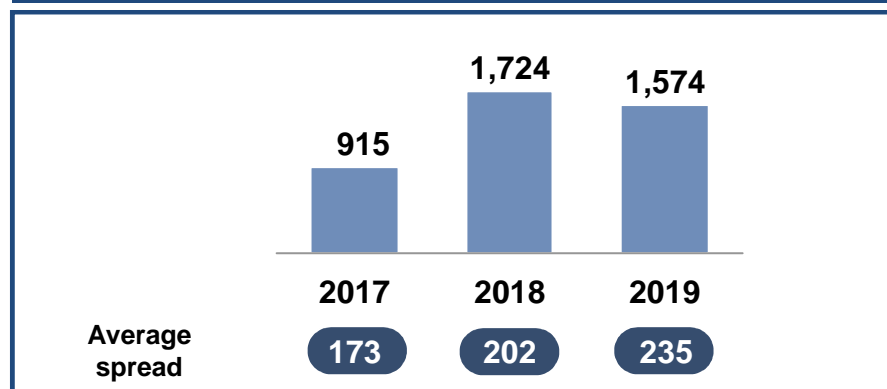
<sup>(2)</sup> Gross margins do not include customer loans

## Net interest sustainability analysis and potential future upside

Sustainability analysis: sight deposits growth to offset lower rates and bond portfolio run-off.

Sensitivity analysis +100bps parallel shift: +79 mln

### UC Bonds run-offs (mln) and spread (bps)



### 7Y Spread UniCredit vs Govies, bps



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

### Assumptions:

Forward 1MEuribor curve: -0.36% in 2017, -0.23% in 2018, +0.03% in 2019  
 New core liquidity and run-offs invested in Government Bonds

- Case 1: 4 yrs Italian Govies (avg spread 53 bps<sup>(1)</sup>) **6.4%**
- Case 2: 5 yrs Italian Govies (avg spread 80 bps<sup>(1)</sup>) **1.6%**

**6.4%** CAGR 2H17-2019

Historical sight deposits growth

**15.1%** CAGR 2011-1H17

### INTEREST RATE SENSITIVITY

+100bps parallel shift (1M Eur): **+79mln additional Net interest income**

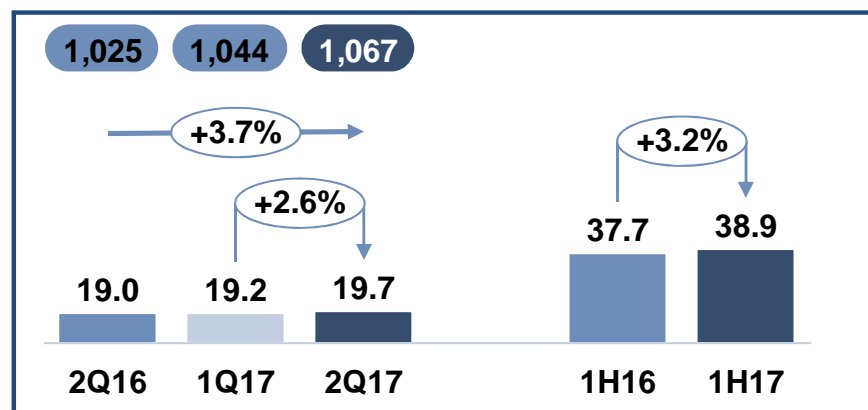
<sup>(1)</sup> as of July 17<sup>th</sup>, spread on 1M Euribor



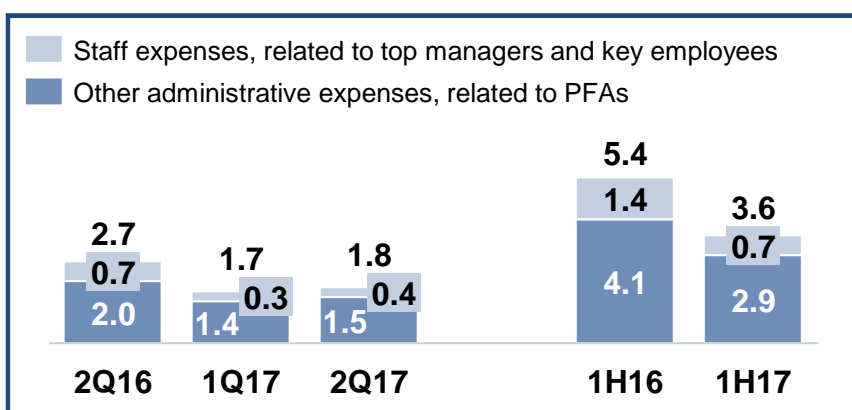
# Costs

Cost efficiency and operating leverage confirmed in our DNA

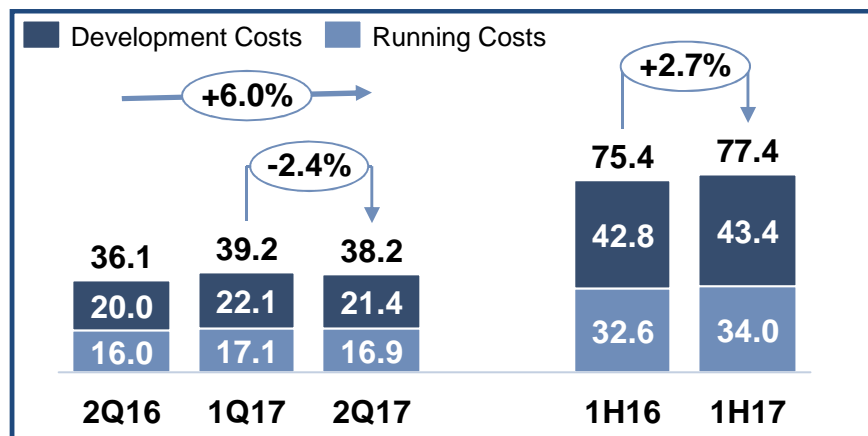
## Staff expenses, mln and FTE, #



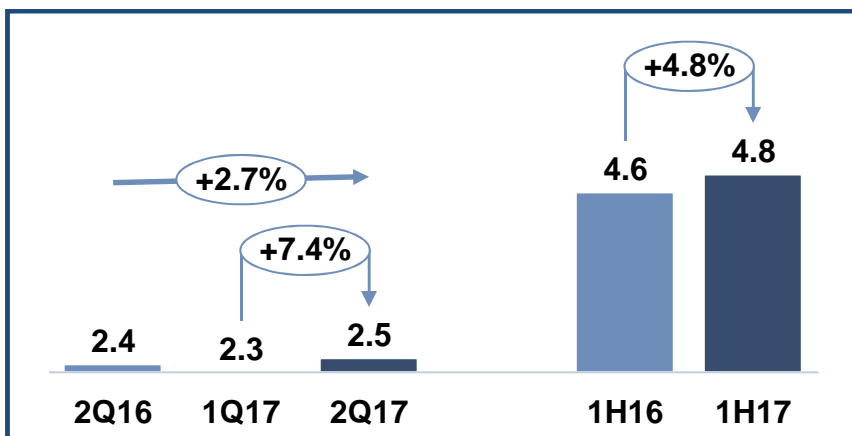
## Stock granting post IPO



## Other administrative expenses, mln <sup>(1)</sup>



## Write-down/backups and depreciation, mln

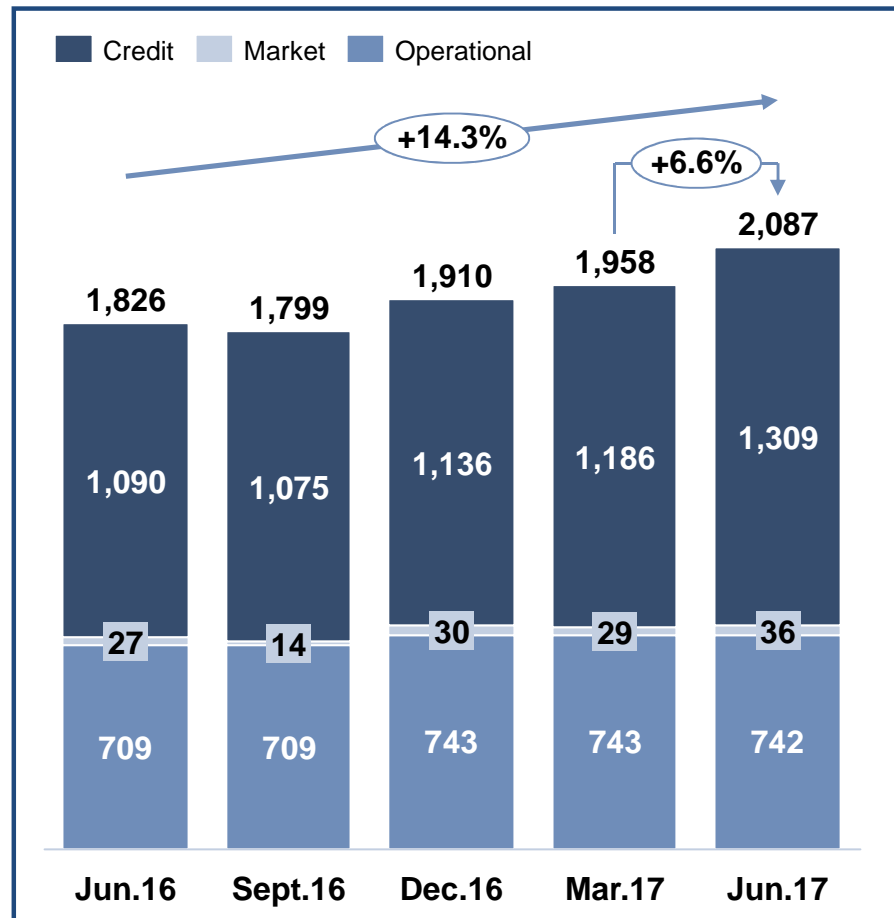


<sup>(1)</sup> Breakdown between development and running costs: managerial data

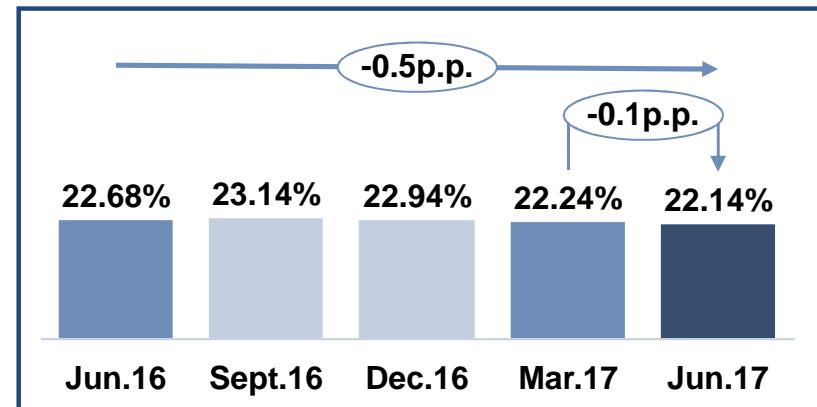
# Capital Ratios

Best in class capital position and low risk balance sheet

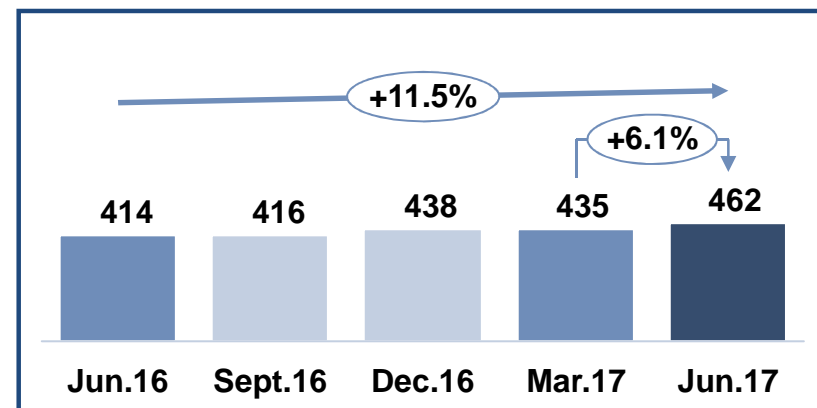
RWA, mln



CET1 Ratio transitional, %



CET1 Capital, mln



# TFA

Relentless TFA growth thanks to a healthy expansion in net sales

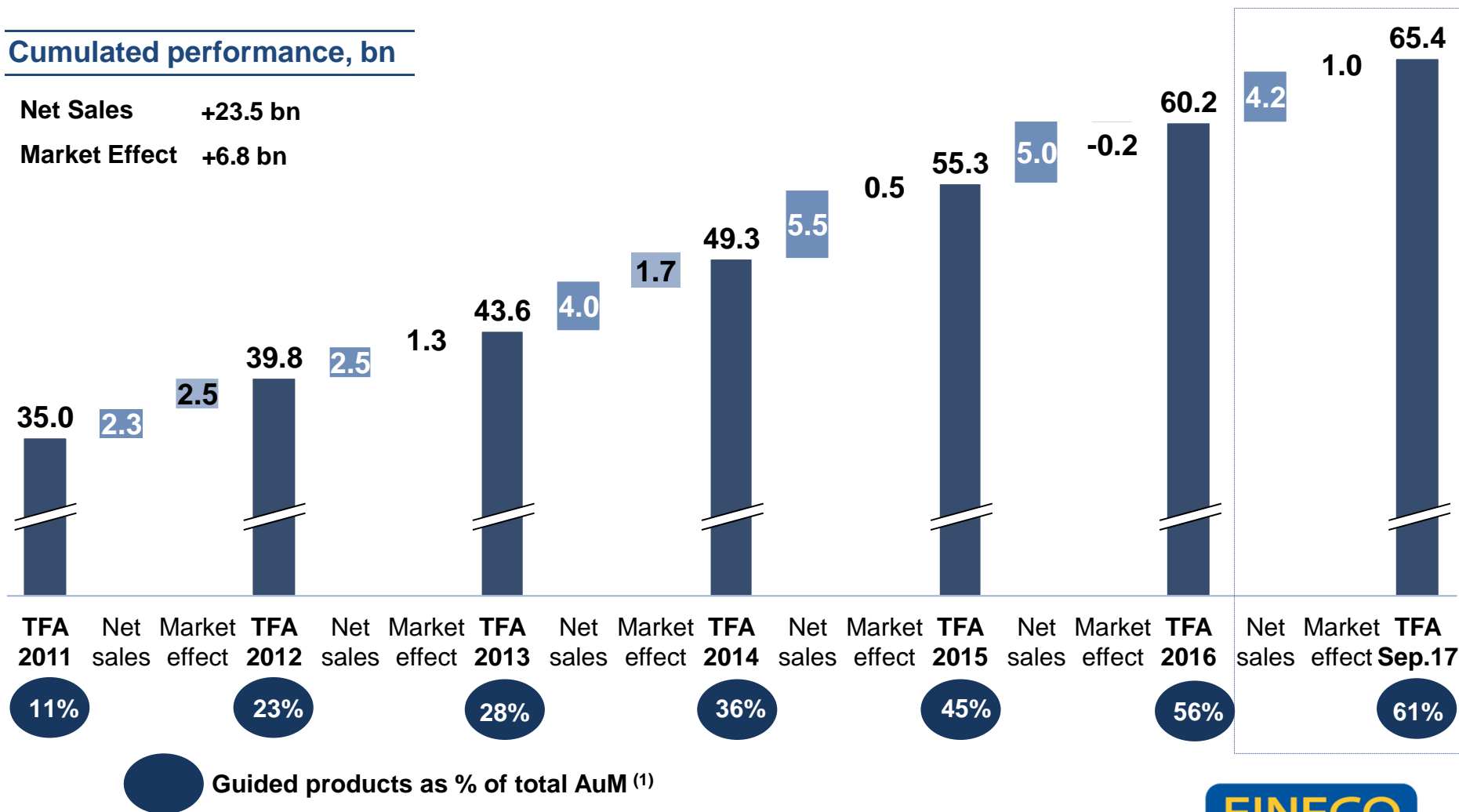
Guided products & Services increased at 60% of total AuM (61% as of August 2017)

## TFA evolution (Dec.11-Sep.17), bn

### Cumulated performance, bn

Net Sales +23.5 bn

Market Effect +6.8 bn

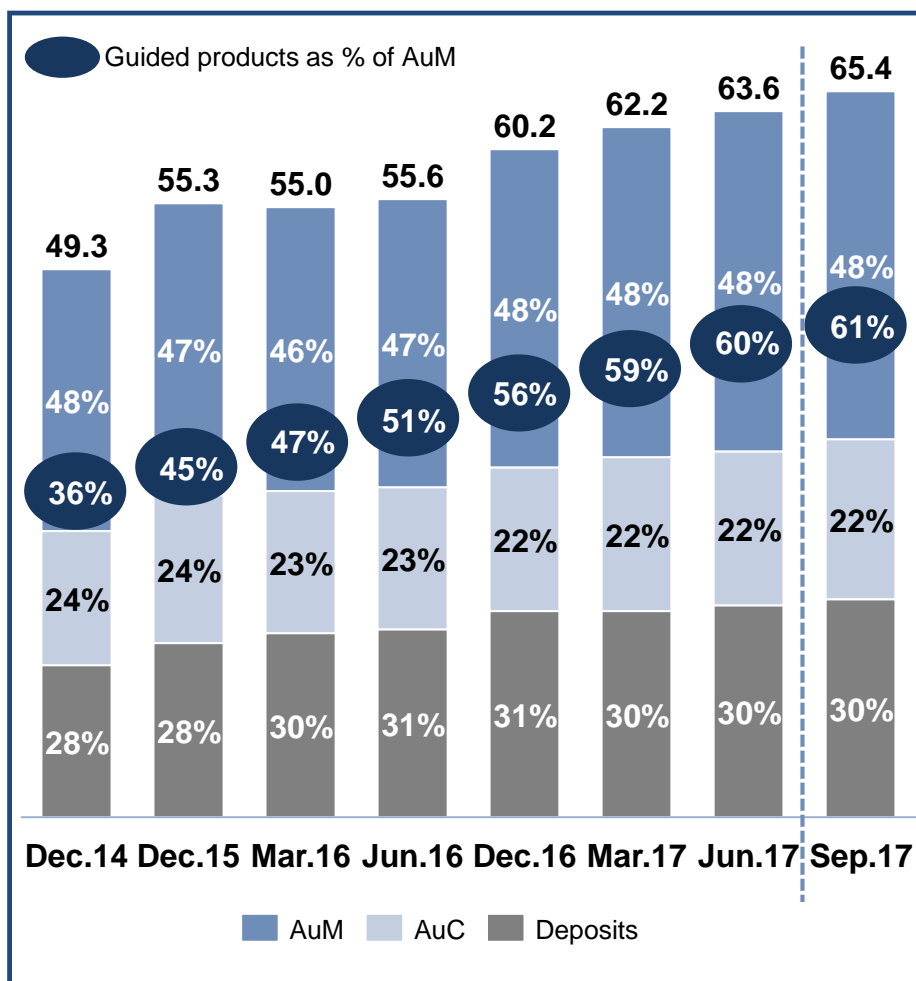


11 <sup>(1)</sup> Calculated as Guided Products end of period divided by Asset under Management end of period

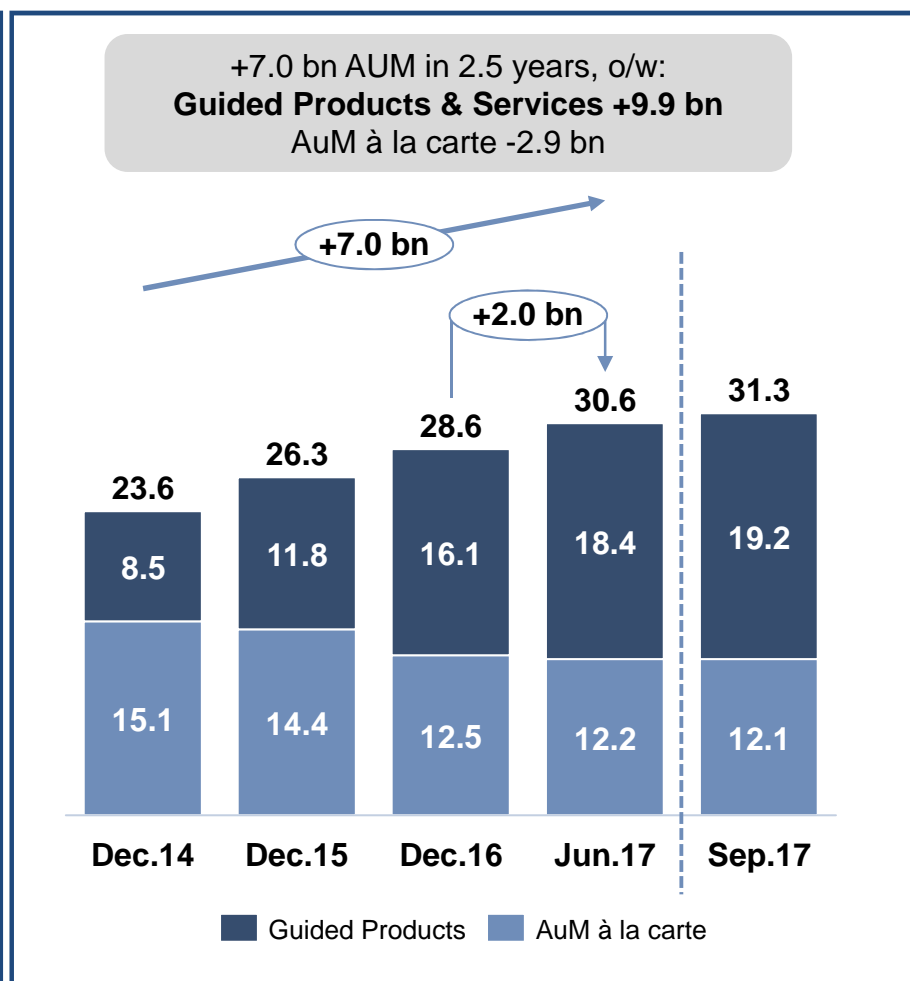
# TFA breakdown

Successful shift towards high added value products

Breakdown of total TFA, bn



Focus on AUM, bn

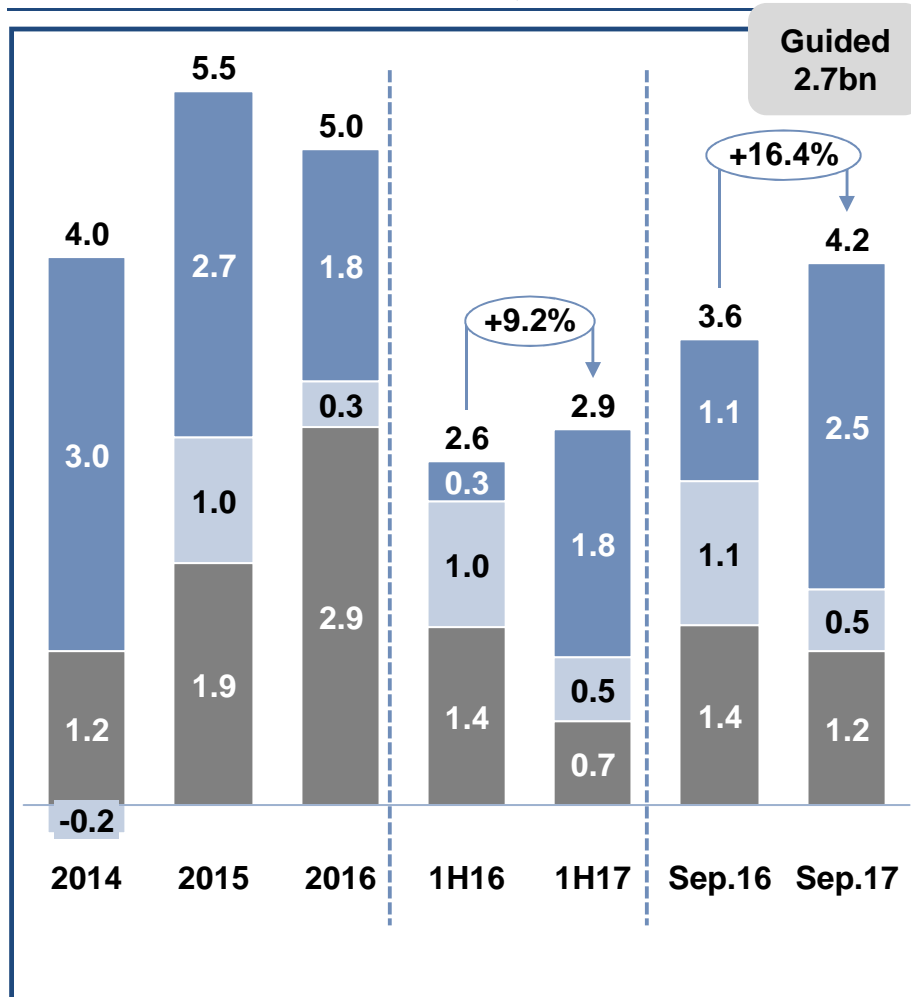


Guided Products includes Advice service which comprises a small component of AuC and Deposits (0.4bn in Jun.17, 0.4bn in Dec.16, 0.3bn in Dec.15 and 0.3bn in Dec.14)

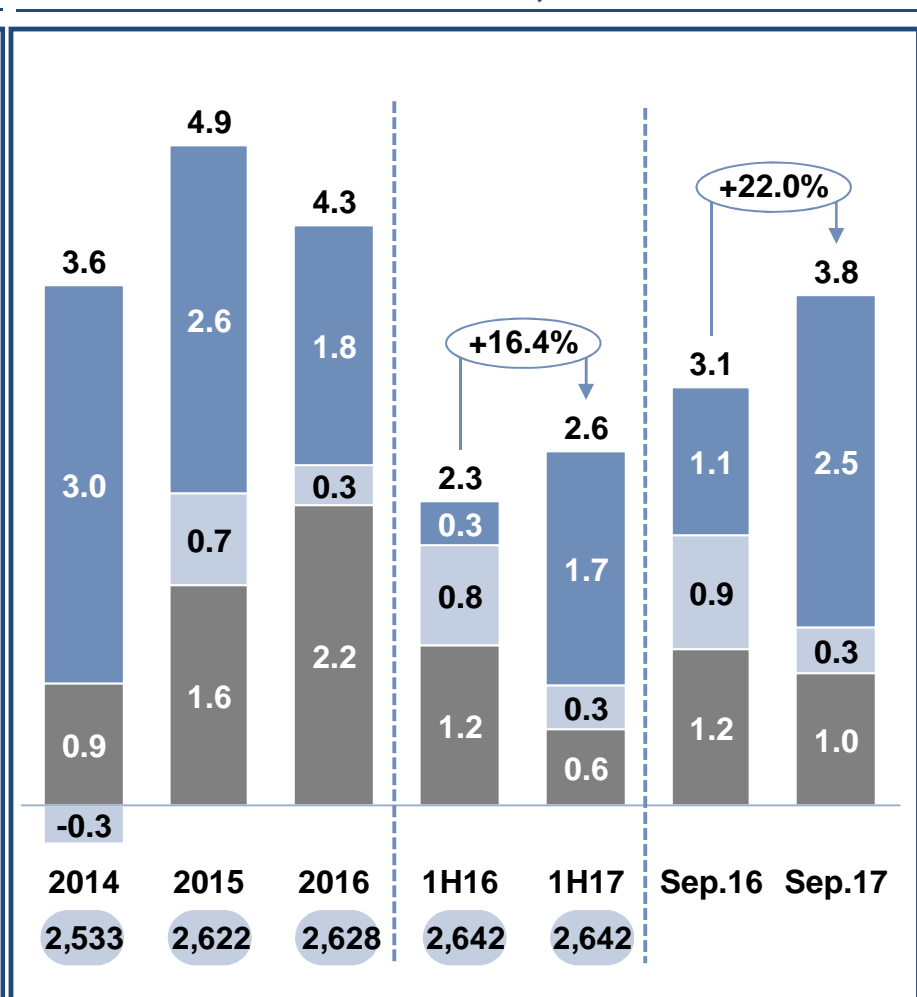
# Net sales breakdown

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

Breakdown of total net sales, bn



PFA Network – total net sales, bn



AuM AuC Deposits

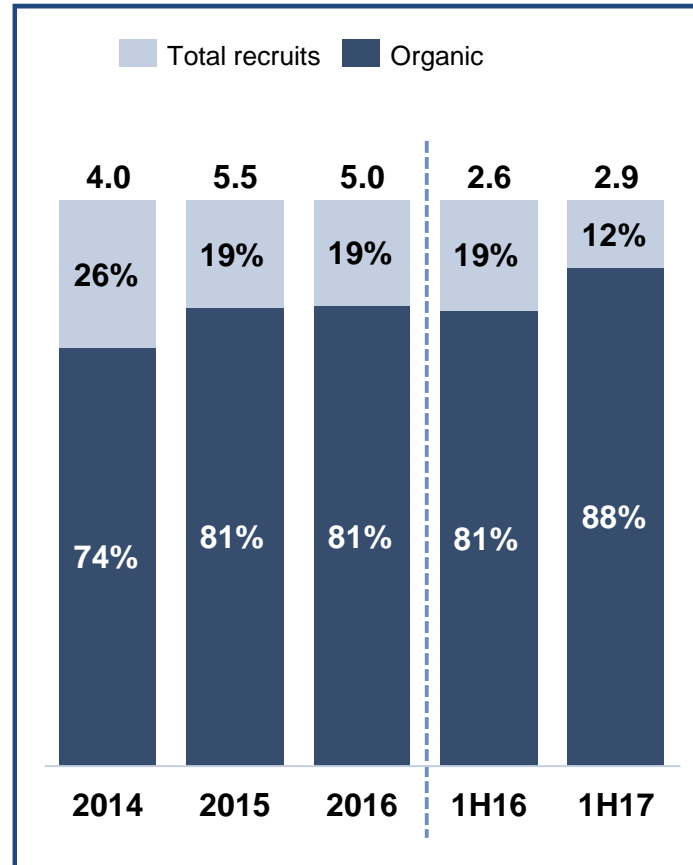
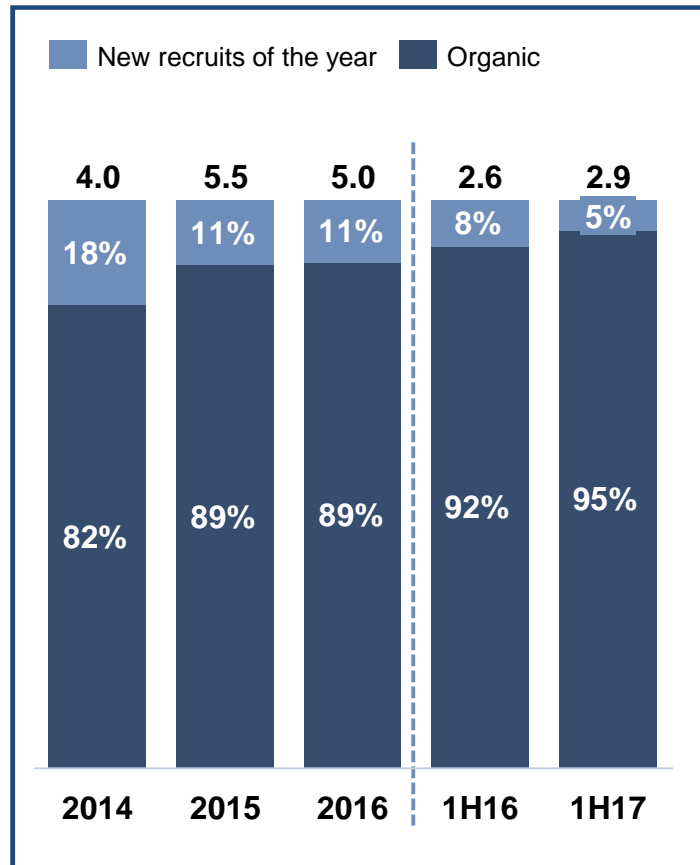
PFA Network - headcount



# Organic growth

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

## Net sales, bn – Organic / Recruit



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

125    118    85    49    45

# of PFAs recruited in the period

# Agenda

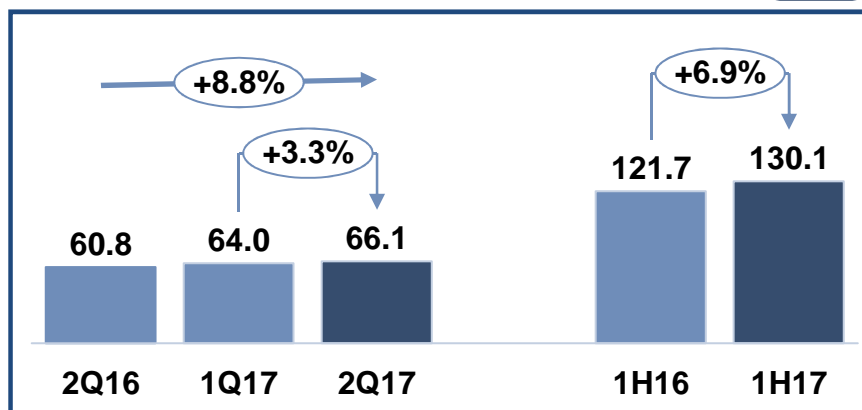
- Fineco Results
- **Focus on product areas**
- Key messages and Initiatives monitoring

## Revenues by Product Area

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

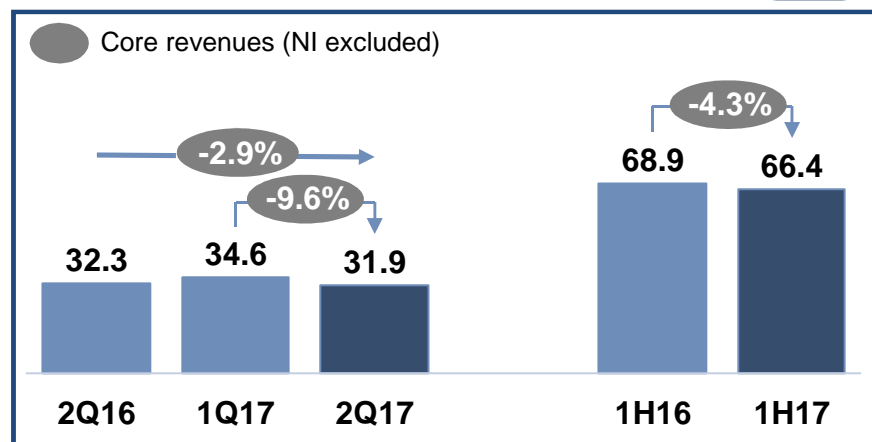
### Banking, mln

46%



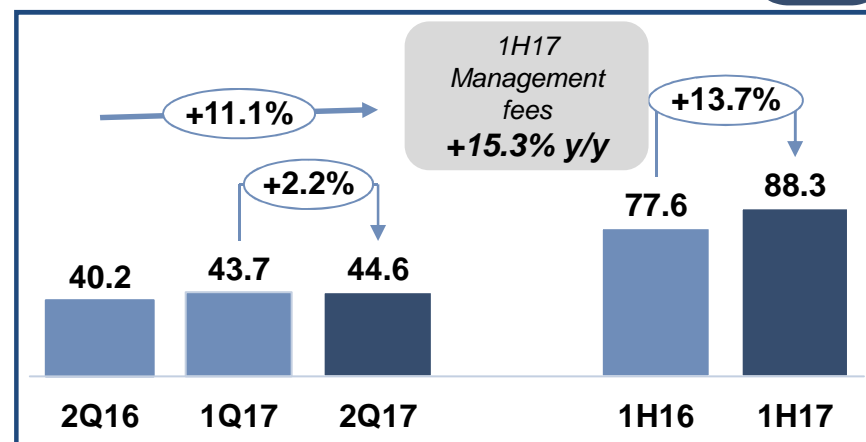
### Brokerage, mln

24%



### Investing, mln

31%



1Q17 weight on total revenues for each product area

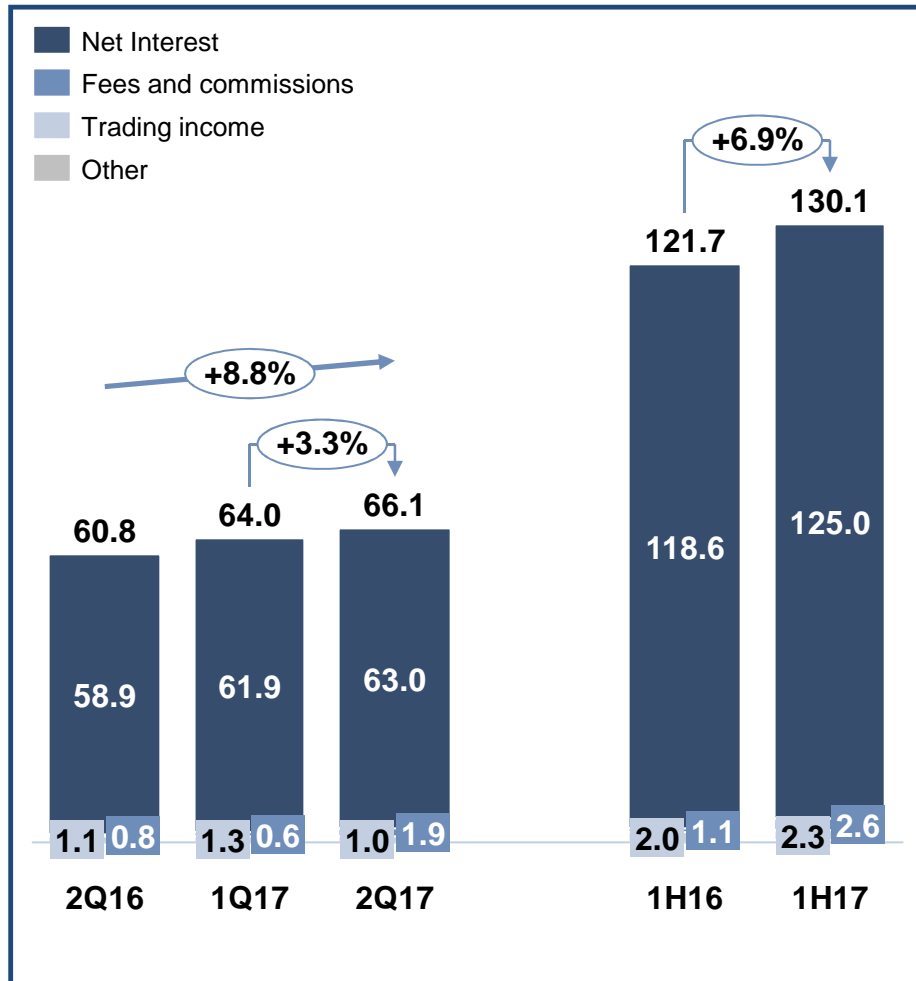
Managerial Data. Revenues attributable to single each product area, generated by products / services offered to customers according to the link between products and product area. Banking includes revenues generated by direct deposits and credit products; Investing includes revenues generated by asset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



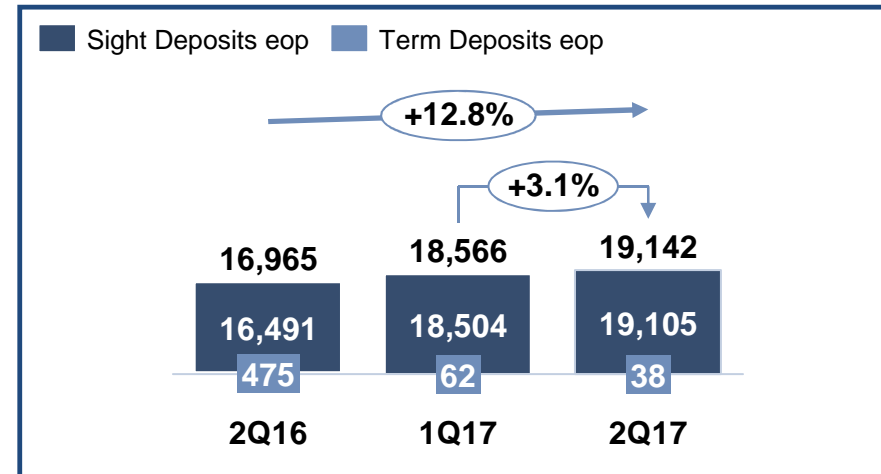
# Banking

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

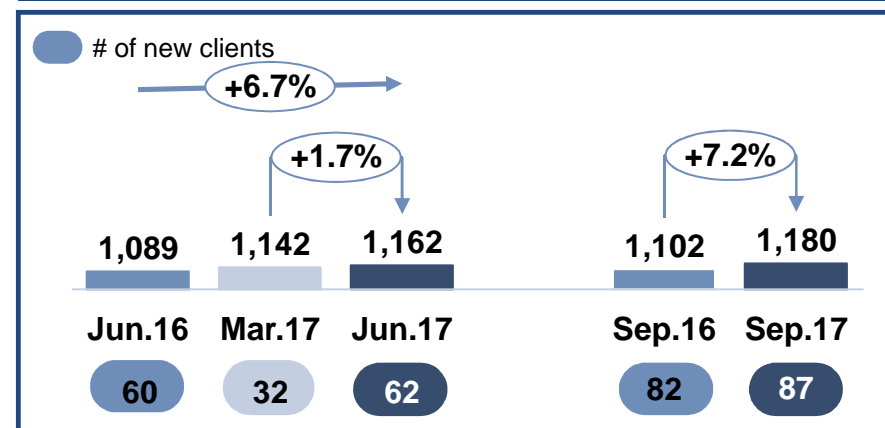
## Revenues, mln



## Direct deposits eop, mln



## Clients and new clients, thousands #

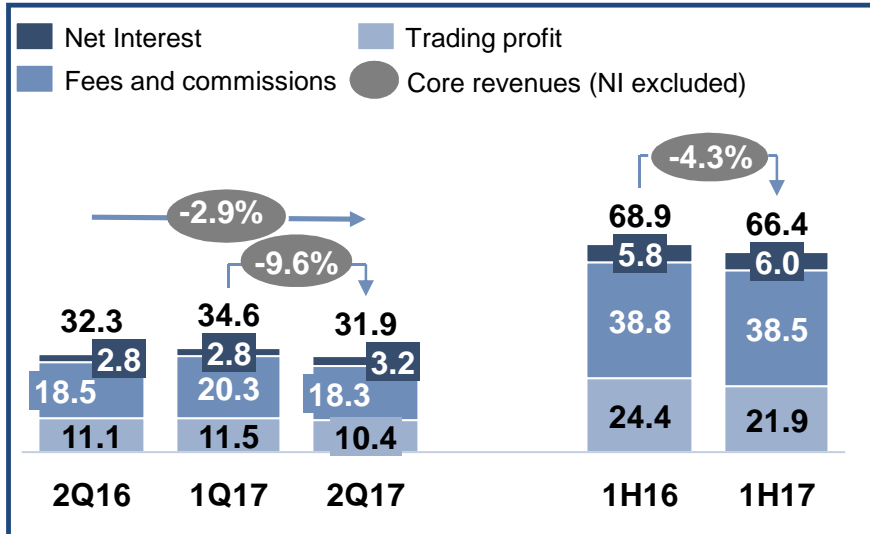


Managerial Data

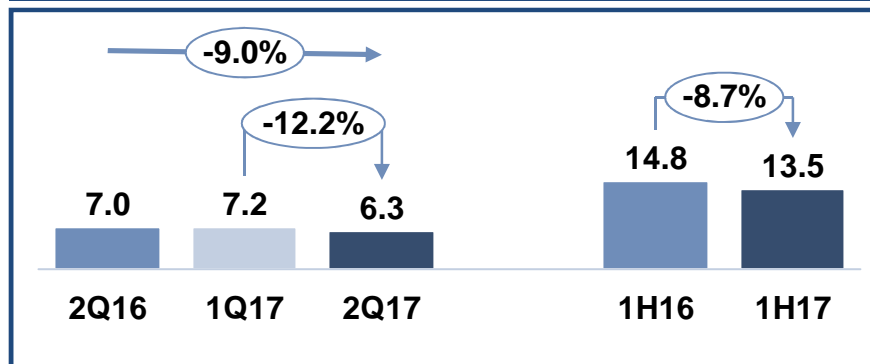
# Brokerage

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

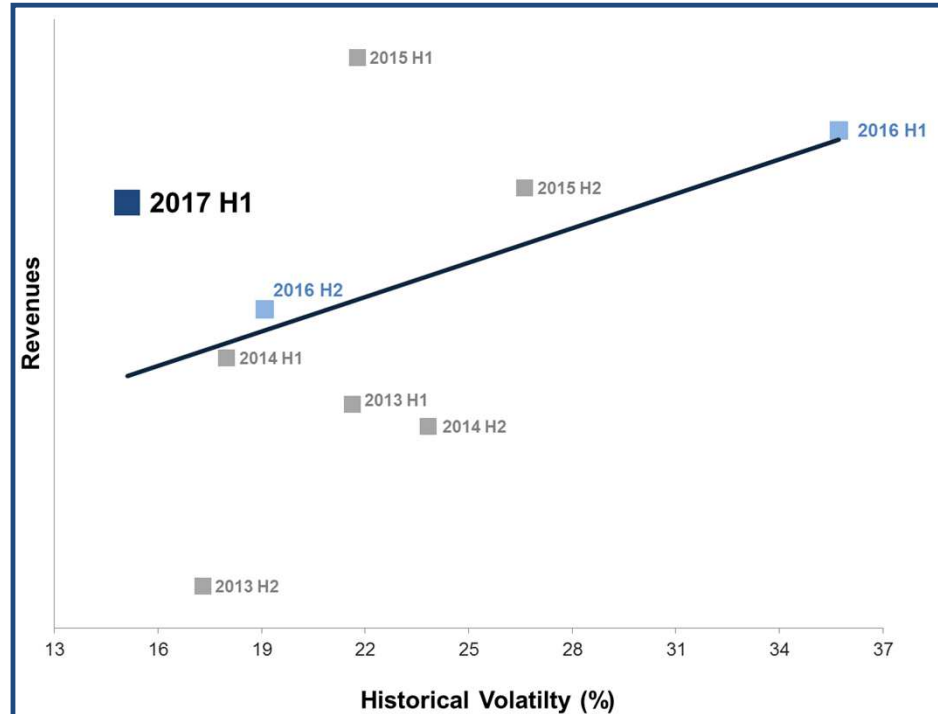
## Revenues, mln



## Executed orders, mln



## Revenues vs volatility<sup>(1)</sup>



- Brokerage performed very well in 1H17 despite **volatility at the bottom** since 2013.
- 1H17 revenues ranked as **the fourth best semester** in the period **thanks to larger base of clients/higher market share and the enlargement of the products offer**

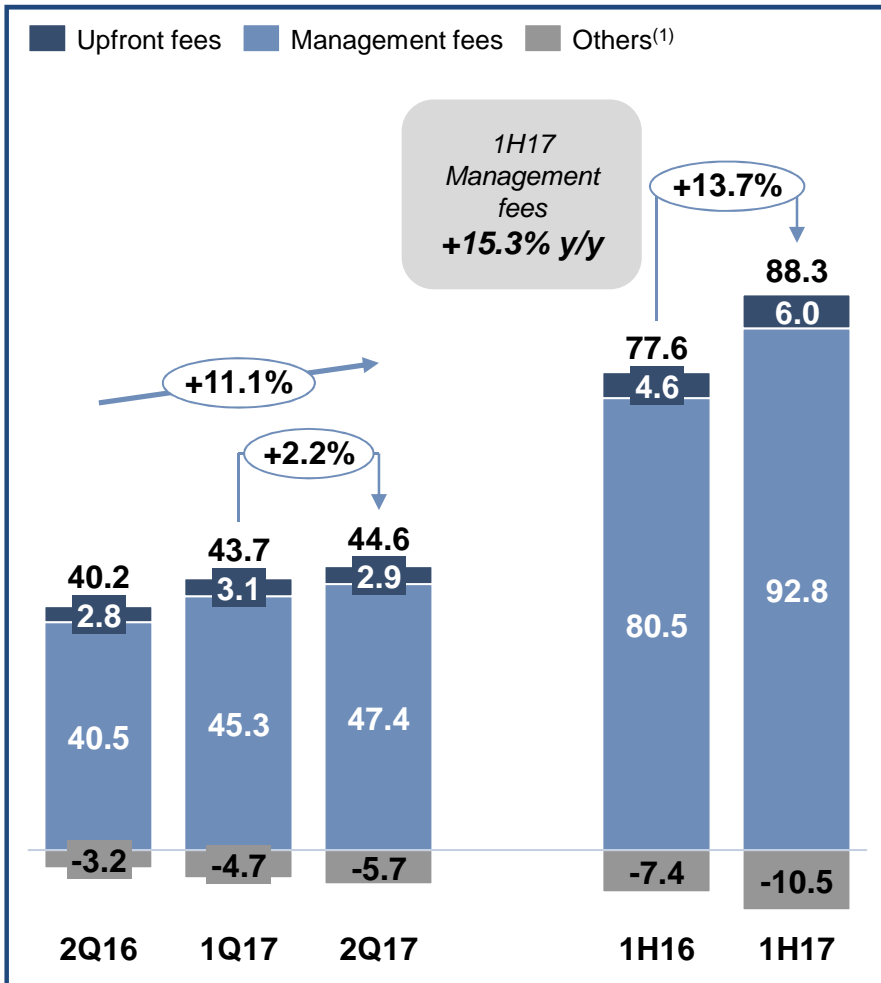
Managerial Data

<sup>(1)</sup> 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).

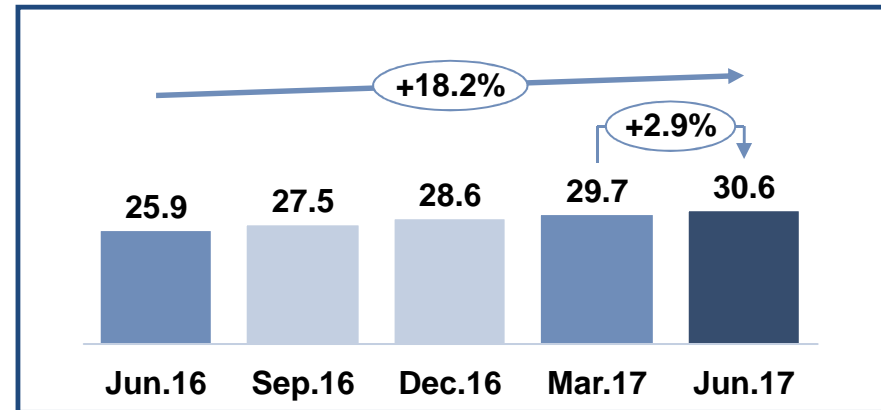
# Investing

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

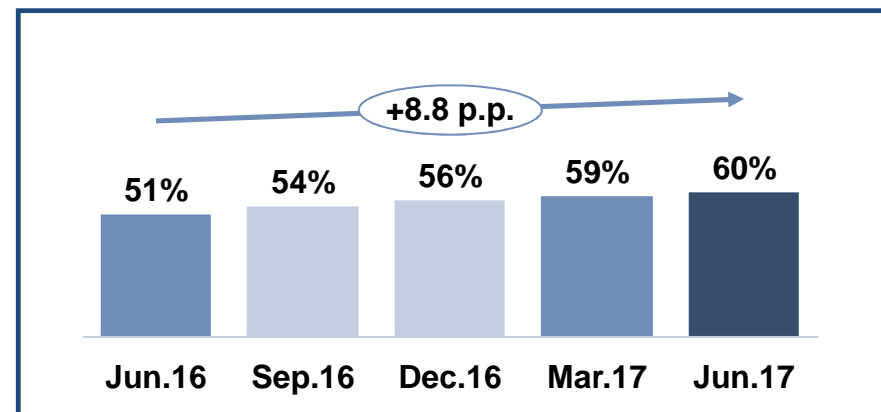
Revenues (Net Fees), mln



AuM eop, bn



Guided products on total AuM, %



Managerial Data

<sup>(1)</sup> 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<sup>(1)</sup> **upgraded our Standard Ethics Rating<sup>(2)</sup> to "EE", a "full investment grade"** given to sustainable companies with low reputational risk profile and strong prospects for long-term growth

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

# 1H17 key messages

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

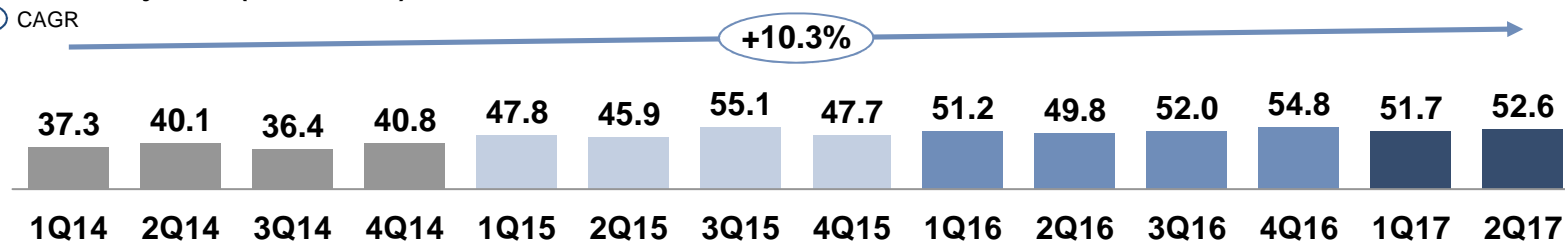
- ✓ Clients' acquisition leveraging on high quality services. Cost of funding close to zero
- ✓ Organic growth as main engine of growth. Selected recruits to improve the quality and related costs well under control
- ✓ High quality Lending with low cost of risk, strong competitive advantage leveraging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

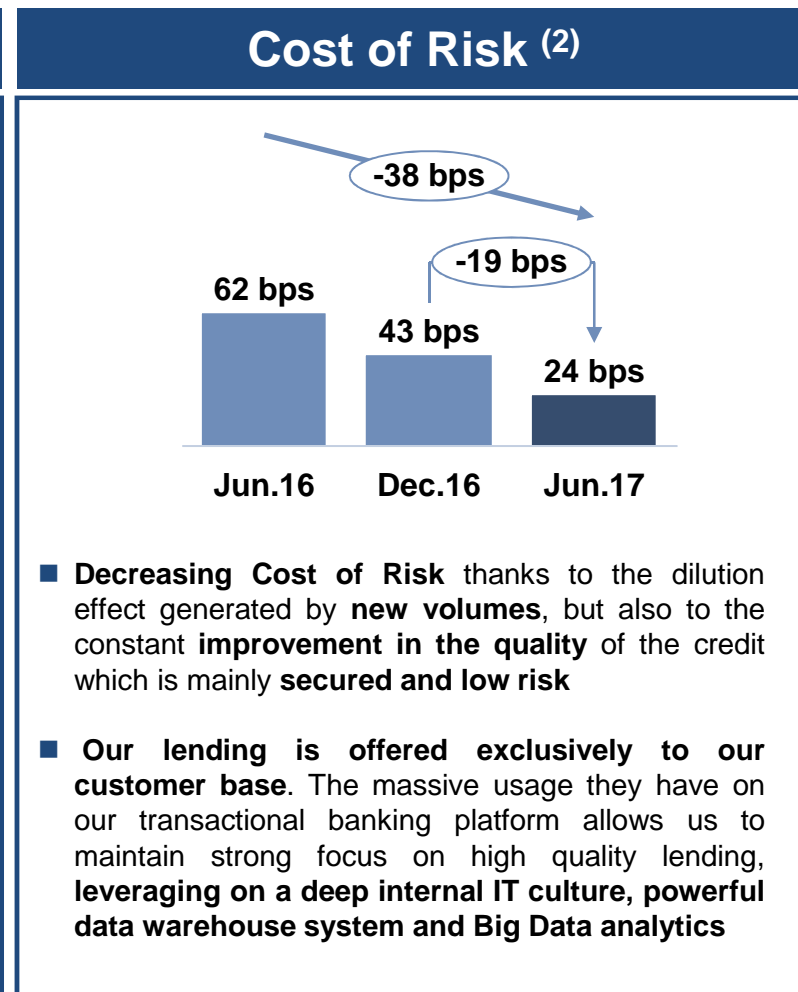
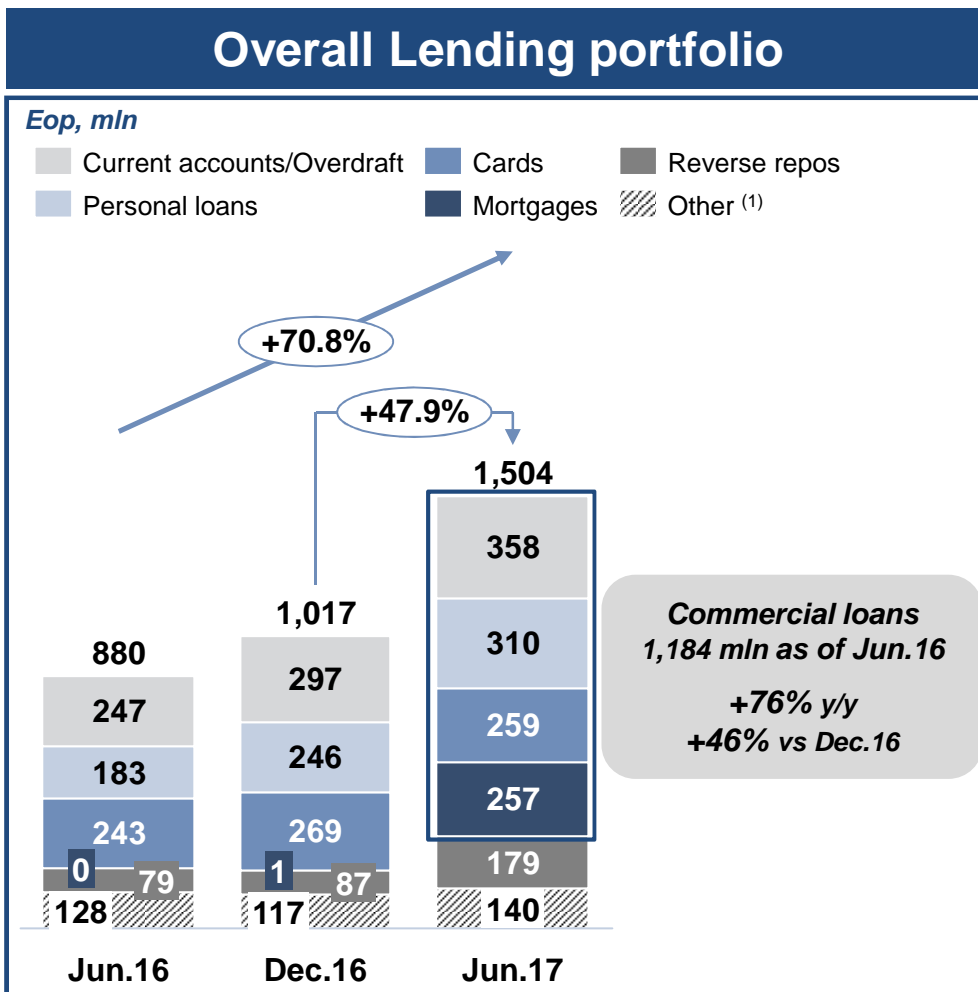
Net Profit adjusted (net of DGS)<sup>(1)</sup>, mln

○ CAGR



<sup>(1)</sup> Net Profit adjusted net of Deposit Guarantee Scheme (2015 DGS: -3.1mln net, 2016 DGS : -7.1mln 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 (86 mln in Jun.17 vs 82 mln in Dec.16), collateral deposits and initial and variation margins (53 mln in Jun.17 vs 34mln in Dec.16), bad loans (3 mln in Jun.17 vs 3 mln in Dec.16), other (-2 mln in Jun.17 vs -1mln in Dec.16)

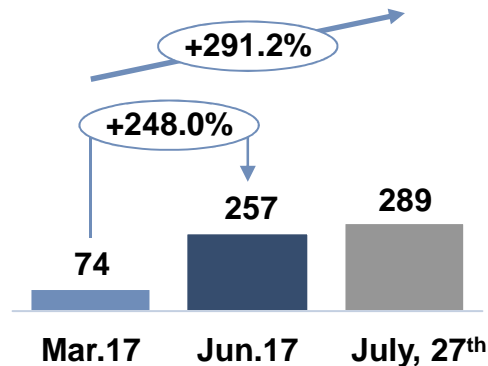
(2) Cost of risk: is the ratio of annualized net write-downs of loans and provisions for guarantees and commitments to Loans and receivables with customers (average of the balance at period end and the balance at Dec.31st of the previous year)

# Initiatives monitoring - Banking Area, focus on Credit

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

## Mortgages

Eop, mln

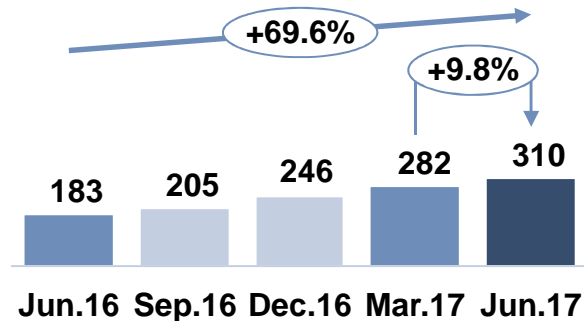


- **Strong increase** in mortgages (+248% q/q)
- Almost **2,300 mortgages** granted in the first 6 months
- Average **Loan To Value 51%** and average **maturity 19 years**
- Average yield: **192bps**
- Very **low expected Cost of Risk** (~23bps)

## Personal loans

Eop, mln

Quarterly Interest Income, mln



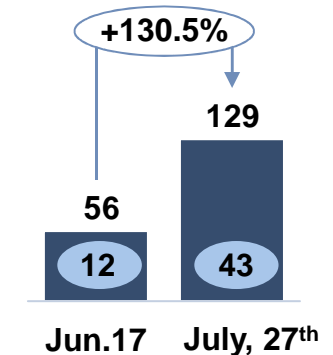
2.9 3.2 3.4 3.7 3.9

- **310mln outstanding** as of June 30<sup>th</sup> (+69.6% y/y), average ticket €8,400 and average maturity 4.4 years
- **Efficient and real time process**, instant approval platform for eligible clients' requests thanks to a deep knowledge of clients.
- **Very high margins**: ~553bps
- **Low Cost of Risk** (<90bps)

## Credit Lombard

Granted credit line Eop, mln

Drawn, mln



Additional requests, mln 153

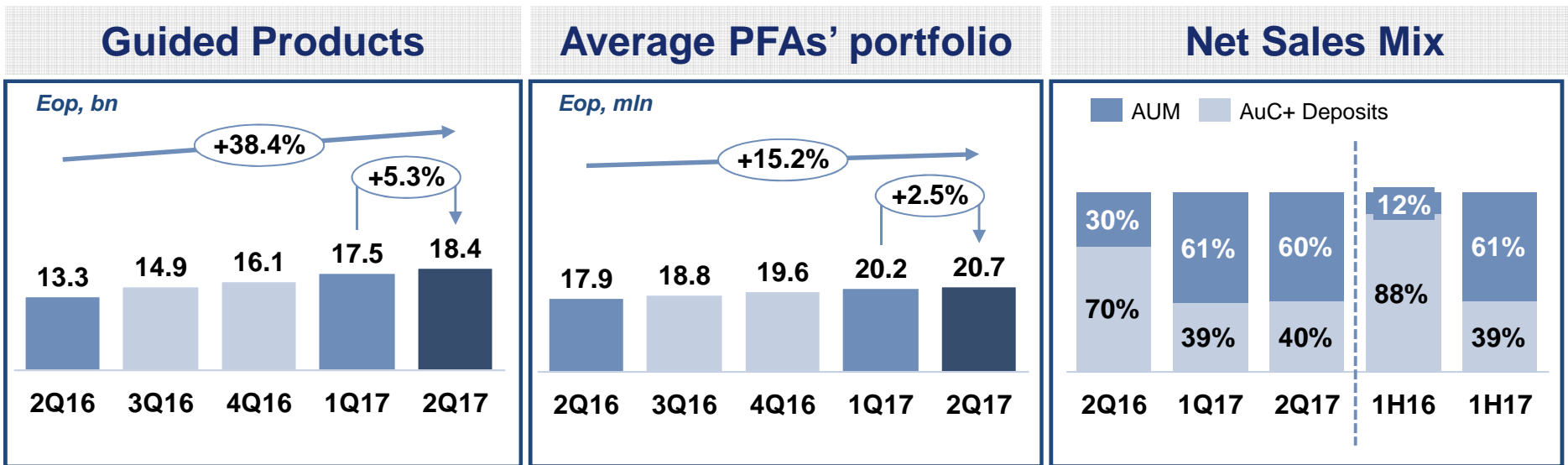
- **Credit lombard allows to change pledged assets** without closing and re-opening the credit line, allowing more **flexibility and efficiency**
- **Attractive pricing**: retail clients 125bps and private clients up to 75bps (on Eur3m<sup>(1)</sup>)
- **Differentiated margins** according to the riskiness of the pledged assets
- **Very low expected Cost of Risk** (~10 bps)

<sup>(1)</sup> with floor at zero

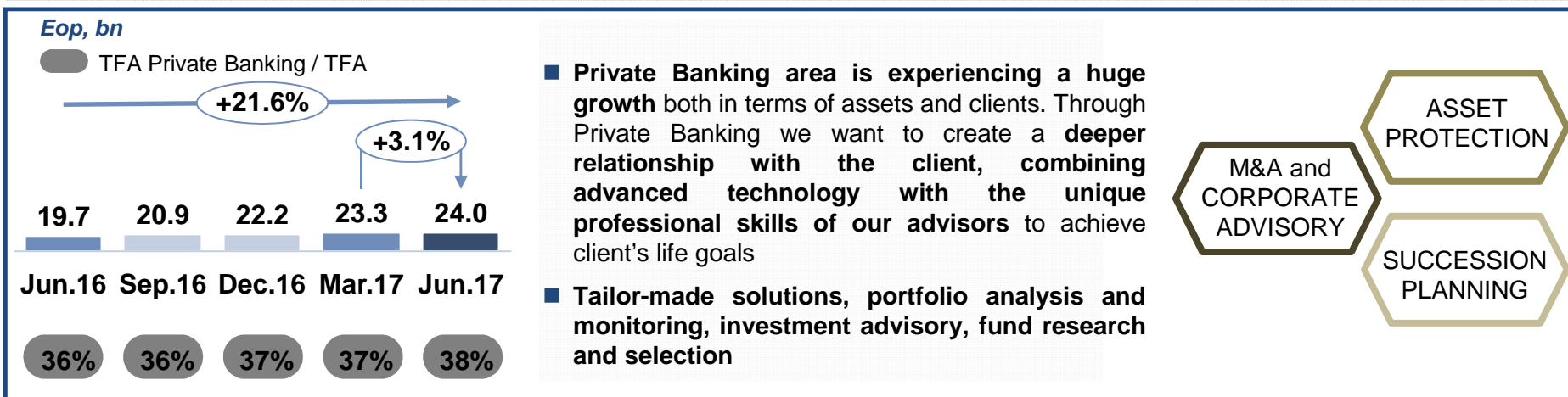


# Initiatives monitoring - Investing Area (1/2)

Increase network's productivity and Private Banking



## Private Banking Total Financial Assets



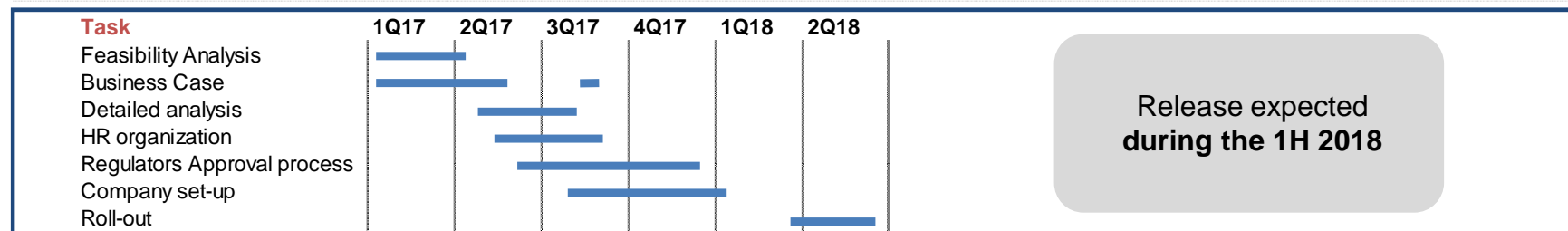
## Initiatives monitoring - Investing Area (2/2)

### New Management Company

#### Scope and benefits of the project

- As announced, we are working to set up our own **Management Company in Ireland**, one of the main financial hubs for asset management industry. It will be **100% owned by FinecoBank**
- **The aim is to** integrate the fund management selection process **improving efficiency and creating added value** through a vertical and integrated approach
- The Management Company **will create and manage mutual funds** (funds of funds and sub-advised funds) leveraging on the concept of open architecture. **It will act as a hub to select best large-size players and best boutiques in the market**
- It will expect to **manage both new assets and ~€7bn of current “Core Series”**. **Our expectations are very positive in terms of volume growth** in the next years as the majority of new inflows will come from the Management Company. **The new funds will enrich both financial and insurance wrappers.**
- The project will be implemented through **a full disclosure approach with involved Tax Authorities**, ensuring an ex-ante compliance of the project at fiscal level avoid issues with the authorities while the company runs at full-steam
- **The cost structure is going to be extremely lean** and focused on the execution of strategic tasks, while outsourcing administrative services
- This project is **expected to generate a relevant and recurring improvement in the future profitability of the Bank**

#### Timeline



# Annex

## P&L

<i>mln</i>	1Q16	2Q16	1H16	3Q16	4Q16	FY16	1Q17	2Q17	1H17
Net interest income	62.2	61.2	123.4	62.5	63.4	249.4	62.9	64.3	127.2
Net commissions	58.2	59.7	117.8	59.3	65.8	242.9	64.7	65.0	129.7
Trading profit	19.6	27.3	46.9	10.8	11.3	69.1	13.7	12.3	26.0
Other expenses/income	0.1	0.7	0.8	-0.8	-2.2	-2.2	0.5	-0.8	-0.2
<b>Total revenues</b>	<b>140.1</b>	<b>148.8</b>	<b>289.0</b>	<b>131.8</b>	<b>138.4</b>	<b>559.1</b>	<b>141.8</b>	<b>140.8</b>	<b>282.7</b>
Staff expenses	-18.7	-19.0	-37.7	-19.3	-16.6	-73.7	-19.2	-19.7	-38.9
Other admin.exp. net of recoveries	-39.3	-36.1	-75.4	-31.4	-35.9	-142.7	-39.2	-38.2	-77.4
D&A	-2.2	-2.4	-4.6	-2.6	-2.7	-10.0	-2.3	-2.5	-4.8
<b>Operating expenses</b>	<b>-60.2</b>	<b>-57.5</b>	<b>-117.7</b>	<b>-53.4</b>	<b>-55.3</b>	<b>-226.4</b>	<b>-60.7</b>	<b>-60.4</b>	<b>-121.2</b>
<b>Gross operating profit</b>	<b>79.9</b>	<b>91.3</b>	<b>171.2</b>	<b>78.4</b>	<b>83.1</b>	<b>332.7</b>	<b>81.1</b>	<b>80.4</b>	<b>161.5</b>
Provisions	-1.4	-1.1	-2.6	-11.3	3.9	-10.0	-2.4	-0.8	-3.1
LLP	-1.4	-1.4	-2.8	-0.7	-0.7	-4.2	-0.5	-1.0	-1.5
Integration costs	0.0	0.0	0.0	0.0	-5.5	-5.5	0.0	0.0	0.0
Profit from investments	0.0	0.0	0.0	0.0	-6.7	-6.7	0.0	-0.4	-0.4
<b>Profit before taxes</b>	<b>77.1</b>	<b>88.8</b>	<b>165.9</b>	<b>66.4</b>	<b>74.1</b>	<b>306.3</b>	<b>78.2</b>	<b>78.3</b>	<b>156.5</b>
Income taxes	-25.8	-22.3	-48.1	-21.8	-24.6	-94.5	-26.5	-25.7	-52.2
<b>Net profit for the period</b>	<b>51.2</b>	<b>66.6</b>	<b>117.8</b>	<b>44.6</b>	<b>49.5</b>	<b>211.8</b>	<b>51.7</b>	<b>52.6</b>	<b>104.3</b>
<b>Normalised Net Income<sup>(1)</sup></b>	<b>51.2</b>	<b>49.8</b>	<b>101.0</b>	<b>44.6</b>	<b>55.1</b>	<b>200.7</b>	<b>51.7</b>	<b>52.6</b>	<b>104.3</b>

<b>Non recurring items (mln, gross)</b>	1Q16	2Q16	1H16	3Q16	4Q16	FY16	1Q17	2Q17	1H17
<i>VISA sale (Trading Profit)</i>		15.3	15.3			15.3			
<i>Extraord systemic charges (Provisions)<sup>(2)</sup></i>					3.7	3.7			
<i>Integration costs</i>					-5.5	-5.5			
<i>Cassa di Risparmio di Cesena (Profit from investm)</i>					-6.7	-6.7			
<i>Release of taxes</i>		6.5	6.5			6.5			
<b>Total</b>	<b>0.0</b>	<b>21.9</b>	<b>21.9</b>	<b>0.0</b>	<b>-8.5</b>	<b>13.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<sup>(1)</sup> Net of non recurring items

<sup>(2)</sup> Solidarity fund for retail clients invested in subordinated bonds issued by 4 Italian banks rescued

## P&L net of non recurring items

<i>mln</i>	1Q16	2Q16 Adj	1H16 Adj	1Q17	2Q17	1H17	1H17/ 1H16	2Q17/ 2Q16	2Q17/ 1Q17
Net interest income	62.2	61.2	123.4	62.9	64.3	127.2	3.0%	5.0%	2.2%
Net commissions	58.2	59.7	117.8	64.7	65.0	129.7	10.1%	9.0%	0.5%
Trading profit	19.6	11.9	31.6	13.7	12.3	26.0	-17.7%	2.9%	-10.4%
Other expenses/income	0.1	0.7	0.8	0.5	-0.8	-0.2	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Total revenues</b>	<b>140.1</b>	<b>133.5</b>	<b>273.6</b>	<b>141.8</b>	<b>140.8</b>	<b>282.7</b>	<b>3.3%</b>	<b>5.5%</b>	<b>-0.7%</b>
Staff expenses	-18.7	-19.0	-37.7	-19.2	-19.7	-38.9	3.2%	3.7%	2.6%
Other admin.expenses	-39.3	-36.1	-75.4	-39.2	-38.2	-77.4	2.7%	6.0%	-2.4%
D&A	-2.2	-2.4	-4.6	-2.3	-2.5	-4.8	4.8%	2.7%	7.4%
<b>Operating expenses</b>	<b>-60.2</b>	<b>-57.5</b>	<b>-117.7</b>	<b>-60.7</b>	<b>-60.4</b>	<b>-121.2</b>	<b>2.9%</b>	<b>5.1%</b>	<b>-0.4%</b>
<b>Gross operating profit</b>	<b>79.9</b>	<b>76.0</b>	<b>155.9</b>	<b>81.1</b>	<b>80.4</b>	<b>161.5</b>	<b>3.6%</b>	<b>5.8%</b>	<b>-0.9%</b>
Provisions	-1.4	-1.1	-2.6	-2.4	-0.8	-3.1	23.4%	-30.6%	-67.5%
LLP	-1.4	-1.4	-2.8	-0.5	-1.0	-1.5	-45.0%	-26.5%	85.5%
Integration costs	0.0	0.0	0.0	0.0	0.0	0.0			
Profit from investments	0.0	0.0	0.0	0.0	-0.4	-0.4	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
<b>Profit before taxes</b>	<b>77.1</b>	<b>73.5</b>	<b>150.5</b>	<b>78.2</b>	<b>78.3</b>	<b>156.5</b>	<b>3.9%</b>	<b>6.5%</b>	<b>0.1%</b>
Income taxes	-25.8	-23.7	-49.5	-26.5	-25.7	-52.2	5.3%	8.3%	-3.1%
<b>Net profit adjusted <sup>1</sup></b>	<b>51.2</b>	<b>49.8</b>	<b>101.0</b>	<b>51.7</b>	<b>52.6</b>	<b>104.3</b>	<b>3.2%</b>	<b>5.6%</b>	<b>1.7%</b>

<sup>(1)</sup> Net of non recurring items 2Q16: gain on Visa sale (revenues): +15.3mln gross (+10.3mln net); positive closing of tax dispute: +6.5mln tax release

## Details on Net Interest Income

<i>mln</i>	1Q16	Volumes & Margins	2Q16	Volumes & Margins	1H16	Volumes & Margins	3Q16	Volumes & Margins	4Q16	Volumes & Margins	FY16	Volumes & Margins	1Q17	Volumes & Margins	2Q17	Volumes & Margins	1H17	Volumes & Margins
Sight Deposits	55.4	15,328	54.2	16,105	109.6	15,716	54.6	16,663	55.7	17,193	219.9	16,322	55.4	18,193	55.6	18,824	111.0	18,509
<i>Net Margin</i>		1.45%		1.35%		1.40%		1.30%		1.29%		1.35%		1.24%		1.18%		1.21%
Term Deposits	-0.3	628	-0.3	540	-0.6	584	-0.2	413	-0.1	284	-0.9	466	-0.1	131	0.0	50	-0.1	90
<i>Net Margin</i>		-0.19%		-0.22%		-0.21%		-0.20%		-0.16%		-0.20%		-0.31%		-0.39%		-0.33%
Security Lending	1.0	1,094	1.0	1,217	2.0	1,156	0.8	1,037	0.7	995	3.6	1,086	0.7	938	0.6	831	1.3	884
<i>Net Margin</i>		0.37%		0.33%		0.35%		0.31%		0.30%		0.33%		0.30%		0.30%		0.30%
Leverage - Long	1.8	118	1.6	106	3.5	112	1.6	103	1.7	112	6.8	110	1.9	130	2.2	152	4.0	141
<i>Net Margin</i>		6.20%		6.19%		6.19%		6.11%		6.24%		6.19%		6.18%		6.13%		6.15%
Lendings	5.1	511	5.4	555	10.4	533	5.7	674	6.1	723	22.2	616	6.5	794	7.5	1,010	14.0	902
<i>Net Margin</i>		3.98%		3.88%		3.93%		3.35%		3.34%		3.60%		3.33%		2.97%		3.13%
Other	-0.7		-0.7		-1.4		0.0		-0.7		-2.1		-1.5		-1.5		-3.0	
<b>Total</b>	<b>62.2</b>		<b>61.2</b>		<b>123.4</b>		<b>62.5</b>		<b>63.4</b>		<b>249.4</b>		<b>62.9</b>		<b>64.3</b>		<b>127.2</b>	

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-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	43.8	19-Apr-18	USD Libor 1m	2.34%
21	IT0005010134	USD1	43.8	1-Apr-19	USD Libor 1m	2.53%
22	IT0005010860	USD1	43.8	7-Apr-20	USD Libor 1m	2.66%
23	IT0005010217	USD1	43.8	1-Apr-21	USD Libor 1m	2.75%
24	IT0005158503	USD1	43.8	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 <sup>2</sup>	1.40%
32	IT0005144073	Euro	350.0	15-Nov-21	Euribor 3m <sup>2</sup>	1.29%
33	IT0005158412	Euro	250.0	23-Dec-22	Euribor 3m <sup>2</sup>	1.47%
34	IT0005163180	Euro	600.0	11-Feb-23	Euribor 3m <sup>2</sup>	1.97%
35	IT0005175135	Euro	100.0	24-Mar-23	Euribor 3m <sup>2</sup>	1.58%
36	IT0005217606	Euro	350.0	11-Oct-23	Euribor 3m <sup>2</sup>	1.65%
37	IT0005241317	Euro	622.5	2-Feb-24	Euribor 3m <sup>2</sup>	1.52%
<b>Total</b>		<b>Euro</b>	<b>11,617.5</b>		<b>Euribor 1m</b>	<b>1.989%</b>
		<b>USD<sup>1</sup></b>	<b>219.1</b>		<b>USD Libor 1m</b>	<b>2.442%</b>

1H17

<sup>1</sup> Amounts expressed at EUR/USD 1.1412 exchange rate (as of June30<sup>th</sup>)

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

## Details on Net Commissions

<i>mIn</i>	1Q16	2Q16	1H16	3Q16	4Q16	FY16	1Q17	2Q17	1H17
<b>Brokerage</b>	<b>20.3</b>	<b>18.5</b>	<b>38.8</b>	<b>16.6</b>	<b>19.5</b>	<b>74.9</b>	<b>20.3</b>	<b>18.3</b>	<b>38.5</b>
o/w									
Equity	16.5	15.2	31.7	12.9	16.0	60.6	16.7	15.2	31.9
Bond	1.1	1.1	2.3	0.9	1.2	4.4	1.0	0.9	1.9
Derivatives	3.2	2.6	5.8	2.4	2.4	10.6	2.4	2.0	4.4
Other commissions <sup>(1)</sup>	-0.5	-0.5	-1.0	0.4	-0.1	-0.7	0.1	0.2	0.3
<b>Investing</b>	<b>37.5</b>	<b>40.2</b>	<b>77.6</b>	<b>41.0</b>	<b>44.1</b>	<b>162.7</b>	<b>43.7</b>	<b>44.6</b>	<b>88.3</b>
o/w									
Placement fees	1.8	2.8	4.6	2.4	2.9	9.9	3.1	2.9	6.0
Management fees	40.0	40.5	80.5	43.0	44.0	167.4	45.3	47.4	92.8
to PFA's	-4.3	-3.2	-7.4	-4.4	-2.7	-14.6	-4.7	-5.7	-10.5
<b>Banking</b>	<b>0.3</b>	<b>0.8</b>	<b>1.1</b>	<b>1.6</b>	<b>2.0</b>	<b>4.7</b>	<b>0.6</b>	<b>1.9</b>	<b>2.6</b>
<b>Other</b>	<b>0.1</b>	<b>0.3</b>	<b>0.4</b>	<b>0.1</b>	<b>0.1</b>	<b>0.6</b>	<b>0.1</b>	<b>0.2</b>	<b>0.4</b>
<b>Total</b>	<b>58.2</b>	<b>59.7</b>	<b>117.8</b>	<b>59.3</b>	<b>65.8</b>	<b>242.9</b>	<b>64.7</b>	<b>65.0</b>	<b>129.7</b>

<sup>(1)</sup> Other commissions include security lending and other PFA commissions related to AuC



## Revenue breakdown by Product Area

<i>mln</i>	1Q16	2Q16	1H16	3Q16	4Q16	FY16	1Q17	2Q17	1H17
Net interest income	59.7	58.9	118.6	59.9	61.3	239.8	61.9	63.0	125.0
Net commissions	0.3	0.8	1.1	1.6	2.0	4.7	0.6	1.9	2.6
Trading profit	0.9	1.1	2.0	0.9	1.5	4.4	1.3	1.0	2.3
Other	0.0	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.2
<b>Total Banking</b>	<b>61.0</b>	<b>60.8</b>	<b>121.7</b>	<b>62.5</b>	<b>64.9</b>	<b>249.1</b>	<b>64.0</b>	<b>66.1</b>	<b>130.1</b>
Net interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net commissions	37.5	40.2	77.6	41.0	44.1	162.7	43.7	44.6	88.3
Trading profit	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
<b>Total Investing</b>	<b>37.5</b>	<b>40.2</b>	<b>77.6</b>	<b>41.0</b>	<b>44.1</b>	<b>162.7</b>	<b>43.7</b>	<b>44.6</b>	<b>88.3</b>
Net interest income	3.0	2.8	5.8	2.6	2.8	11.2	2.8	3.2	6.0
Net commissions	20.3	18.5	38.8	16.6	19.5	74.9	20.3	18.3	38.5
Trading profit	13.3	11.1	24.4	9.6	10.2	44.1	11.5	10.4	21.9
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Brokerage</b>	<b>36.6</b>	<b>32.3</b>	<b>68.9</b>	<b>28.7</b>	<b>32.5</b>	<b>130.1</b>	<b>34.6</b>	<b>31.9</b>	<b>66.4</b>

## Breakdown TFA

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

## Balance Sheet

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

## Main Financial Ratios

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

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

<sup>(2)</sup> Calculated as Guided Products eop divided by Total Financial Assets eop

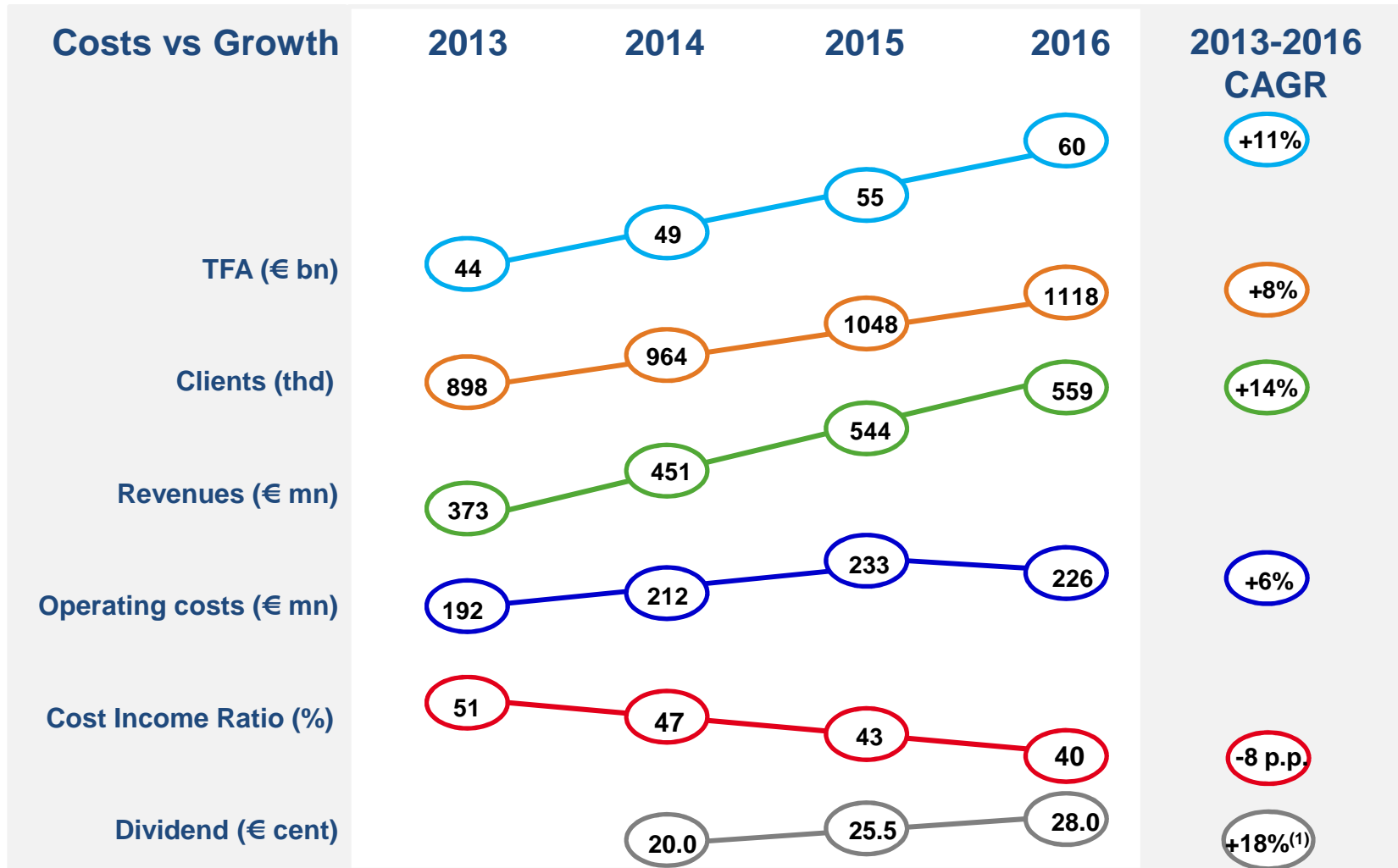
<sup>(3)</sup> C/I ratio net of non recurring items (see page 28)

<sup>(4)</sup> Adjusted RoE: annualized Net Profit, net of non recurring items (see page 28) divided by the average book shareholders' equity for the period (excluding dividends and donations expected to be distributed and the evaluation reserves)

<sup>(5)</sup> 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



<sup>(1)</sup> CAGR 2014-2016

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