# UniCredit Group: 3Q14 Results

## Presentation to Fixed Income Investors

December 2014

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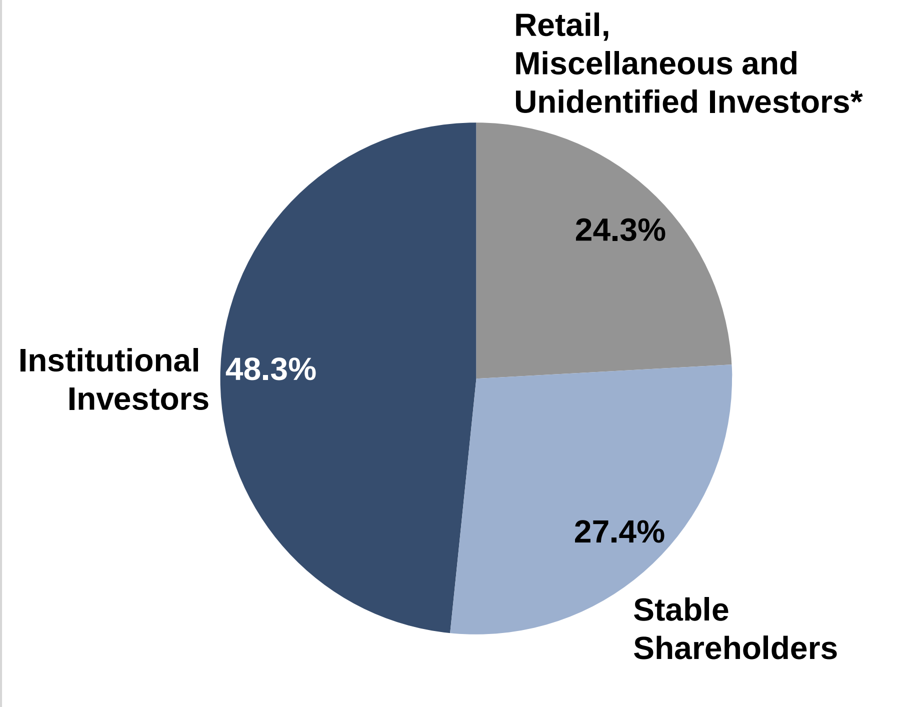
# UniCredit at a glance
A clear international profile based on a strong European identity

## UniCredit Highlights

- Strong local roots in almost 20 countries
- Around 130,000 employees
- About 7,700 branches
- More than 31 mn customers in Europe
- One of the most important banks in Europe with 858 bn total assets
- One of the 30 global systemically important banks (G-SIBs) worldwide
- Market capitalization ca. 35 bn
- Common Equity Tier 1 Ratio at 10.4% under Basel 3 fully loaded

## Shareholders' Structure(1)




**Main shareholders:**

- Stable shareholders, e.g. Foundations
- Institutional investors
- Retail investors

(1) Source: UniCredit analysis on Sodali
All data based on ordinary shares as at 31 March 2014

# A new strategic agenda
## UCG journey towards sustainable profitability

### 2008-2010
**FACING THE CRISIS**

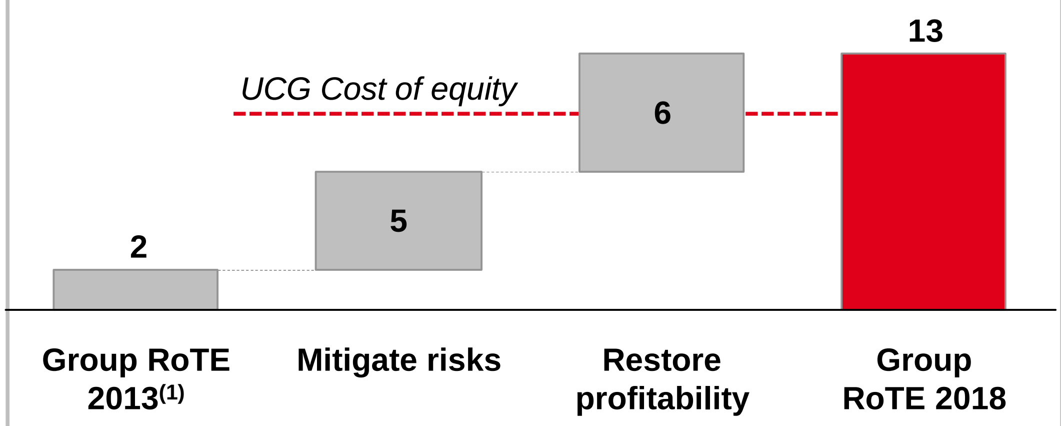
- ✗ Capital shortage
- ✗ Market liquidity issues
- ✗ Cost efficiency concerns
- ✗ Mounting impaired loan portfolio

### 2010-2013
**PREVIOUS PLAN: STRENGTHENING FUNDAMENTALS**

- ✓ Balance sheet restructuring
- ✓ Simplification and cost management
- ✓ Business refocusing
- ✓ Italy turnaround

### 2013-2018
**NEW PLAN: ACCELERATING THE JOURNEY TOWARDS SUSTAINABLE PROFITABILITY**

**AMBITION**




| | | |
|---|---|---|
| 52% | *SOUND COVERAGE RATIO[2]* | >50% |
| 9.4% | *ROBUST CET1 RATIO[3]* | >10% |

*AVERAGE DIVIDEND PAYOUT RATIO: 40%*

[1] Excluding effects related to relevant buy-backs, restructuring costs, goodwill and PPA impairments, gain on Bank of Italy stake, Ukraine evaluation under IFRS5, charges for few large risks, Sigorta disposal, deferred tax asset effects and additional LLPs
[2] On impaired loans
[3] Fully loaded CET1 ratio

# Financial targets
## The Group overall will benefit from a very solid balance sheet strategy

| GROUP | 2013 | 2016 | 2018 | DELTA 13-18 |
|---|---|---|---|---|
| NET PROFIT (BLN) | 0.9 [1] | 3.6 [2] | 6.6 | 5.7 |
| COST / INCOME (%) | 61% | 59% | 51% | -10 p.p. |
| COST OF RISK (BP) | 263 | 83 | 66 | -197 |
| ROTE (%) | 2% [1] | 8% [2] | 13% | 11 p.p. |
| CET1 RATIO (%) | 10.4% | 10.4% | 10.1% | -0.3 p.p. |
| FULLY LOADED CET1 RATIO (%) | 9.4% | 10.0% | 10.0% | 0.6 p.p. |
| CUSTOMER LOANS (BLN) | 488 | 521 | 552 | 64 |
| LCR (%) | >100 | 106 | 123 | |

*AVERAGE DIVIDEND PAYOUT RATIO OF 40%*

(1) Excluding effects related to relevant buy-backs, restructuring costs, goodwill and PPA impairments, Ukraine evaluation under IFRS5, gain on Bank of Italy stake, charges for few large risks, Sigorta disposal, deferred tax asset effects and additional LLPs

(2) Adjusted for ca. 650mln additional integration costs

Note: Turkey consolidated via equity method; for regulatory purposes capital and RWA are reported based on proportionally method; 2016 and 2018 figures include ~250mln of lower revenues related to deposit guarantee scheme and resolution fund



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# 3Q14 Highlights

## Strong Group net profit at 1.8bn in 9M14 on track towards 2bn target for 2014. Solid balance sheet: CET1 ratio at 10.8% and coverage ratio above 50%

- **Group net profit 3Q14 almost doubled q/q at 722m** (+17% excluding BankIT tax in 2Q14), 1.8bn in 9M14 (+81% y/y) achieving a ROTE of 6.8% in 3Q14 (6% in 9M14)

- **Comprehensive Assessment confirms UCG resilience**: one of the lowest AQR impacts and a CET1 capital buffer in excess of 10bn including 9M14 capital strengthening actions

- **Sound capital position:** CET1 ratio fully loaded at 10.4% and transitional at 10.8%. Basel 3 fully loaded leverage ratio at 4.7%, among the best in Europe

- **Group asset quality positive trend confirmed:**
  - ✓ Gross impaired loans broadly flat q/q with yearly variations steadily declining since 1Q13
  - ✓ High coverage ratio on gross impaired loans at 51% (62% on NPLs), in line with best European peers
  - ✓ Cost of risk down in the quarter as a result of some one-offs in Italy, Germany and CIB

- **Core Bank positive trend consolidating: net profit 1.1bn in 3Q14 (+11% q/q, +26% y/y), ROAC at 13.6%:**
  - ✓ All divisions profitable. Main contributors to net profit: CB Italy (617m), CEE & Poland (419m) and CIB (275m)
  - ✓ Solid revenues development in CEE & Poland (+6% q/q) highlighting the benefits of geographic diversification
  - ✓ Operational excellence: costs -2% 9M/9M, supported by restructuring (- 2,218 FTE y/y and -c.400 branches y/y)
  - ✓ New MLT loan origination in Italy at 2.8bn in 3Q14 (9bn in 9M14, +52% y/y)
  - ✓ TLTRO first auction take-up of 7.8bn, with c.3bn granted in Italy from October to date

- **Non Core: continued asset reduction, gross customer loans below 80bn (-8.2bn y/y):**
  - ✓ Gross impaired loans flat with sound coverage ratio at 52% (62% on NPLs)
  - ✓ Net loss stable in 3Q14 at 382m, LLP up by 27% q/q. Most relevant part of AQR-related LLP already booked

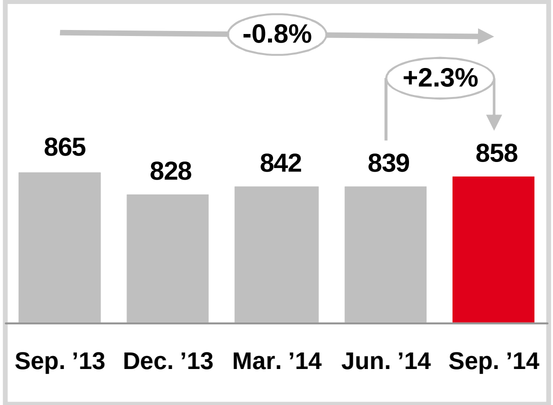
# Agenda

- **Group**
- Core Bank
- Non Core
- Annex

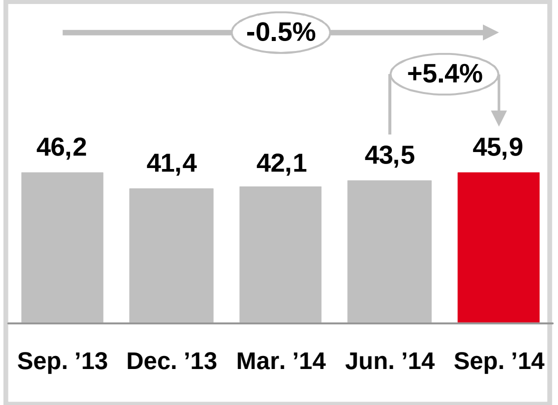
# Group – Results

## Net profit up by c.17% excluding the tax on BankIT in 2Q14, +81% 9M/9M. Tangible equity further up by 2.4bn also thanks to 1bn AT1 and Fineco IPO

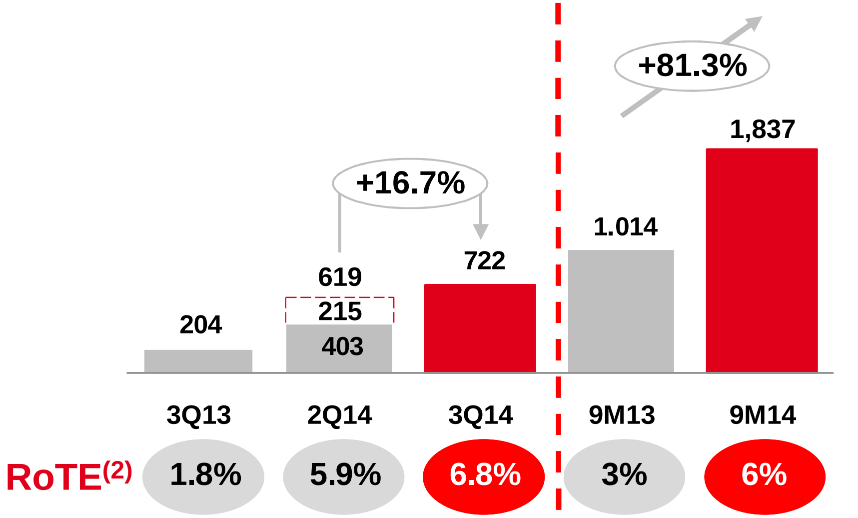
### Total assets, bn



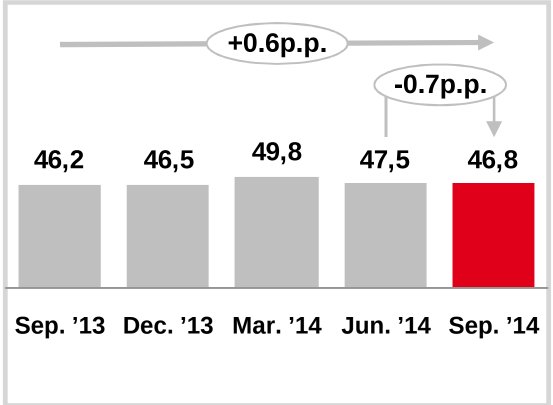

### Tangible equity, bn



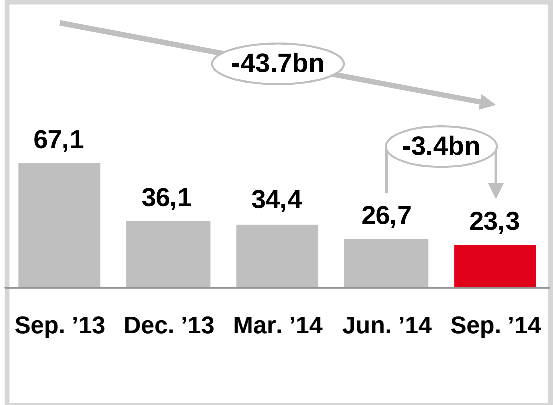

### Net profit(1), m




### Total RWA / Total assets, %




### Funding gap(3), bn




(1) 2Q14 net profit and ROTE exclude the impact of the revised tax charge of 215m on the valuation of the stake in Banca d'Italia.
(2) RoTE: net profit / average tangible equity (excluding AT1).
(3) Funding gap: customers loans – (customer deposits + customer securities). Data pro-forma for the reclassification of DAB under IFRS 5 starting from 3Q14.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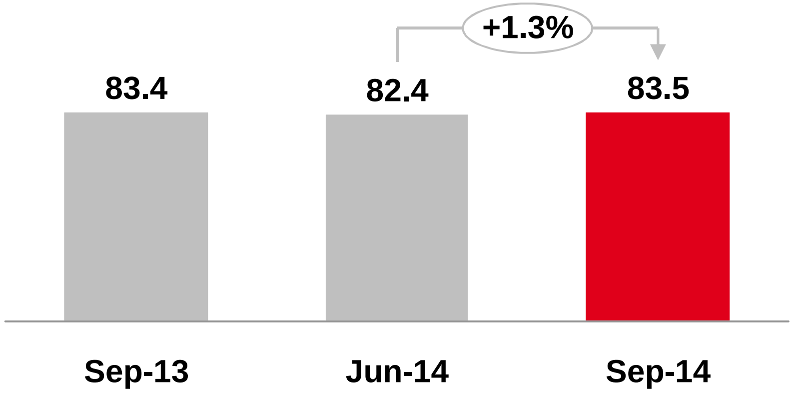
# Group – Asset quality

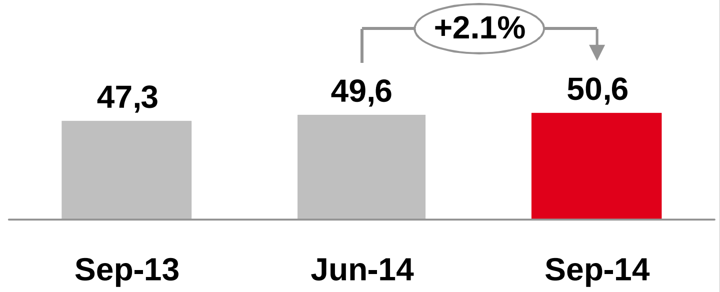
Impaired loans broadly stable q/q with a sound coverage ratio in excess of 50%, and over 60% on NPLs

## Gross impaired loans, bn



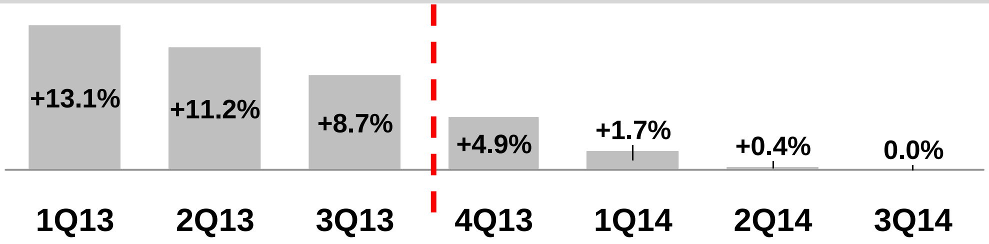

| | Sep-13 | Jun-14 | Sep-14 |
|---|---|---|---|
| Coverage ratio[1] | 45.3% | 51.2% | 51.0% |
| Net impaired loans ratio | 9.0% | 8.5% | 8.7% |

## Gross NPLs[2], bn

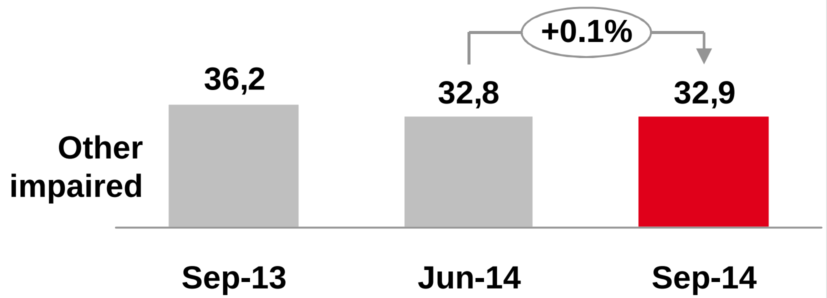



| | Sep-13 | Jun-14 | Sep-14 |
|---|---|---|---|
| Coverage ratio | 56.4% | 61.1% | 61.8% |

## Gross impaired loans – Yearly variations[1]




## Other gross impaired loans[3], bn




| | Sep-13 | Jun-14 | Sep-14 |
|---|---|---|---|
| Coverage ratio | 30.8% | 36.3% | 34.3% |

(1) Yearly variations for 1Q13, 2Q13 and 3Q13 are based on historical data.
(2) Non performing loans refer to *Sofferenze*.
(3) Other impaired loans include doubtful loans, restructured loans and past-due loans.



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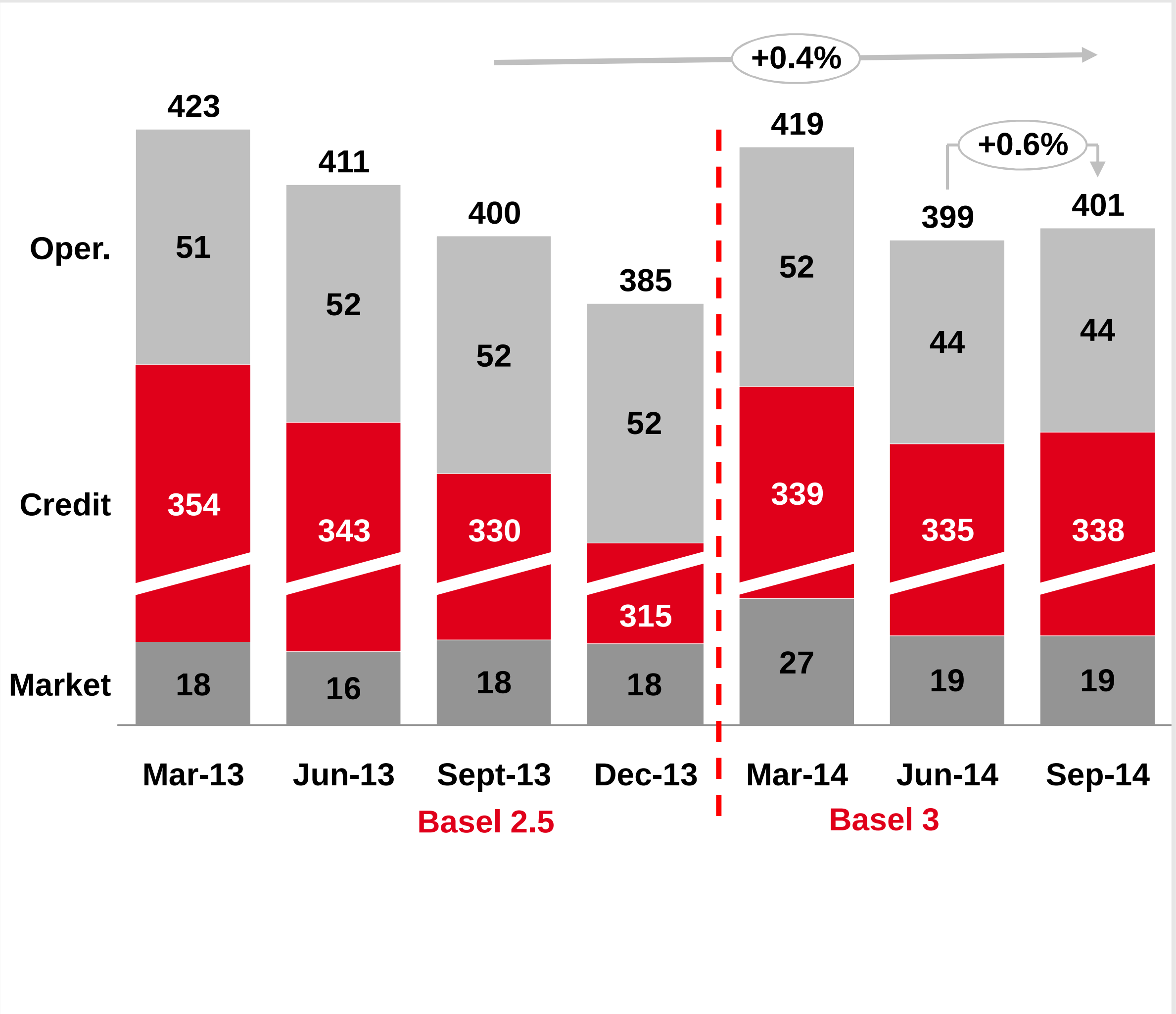
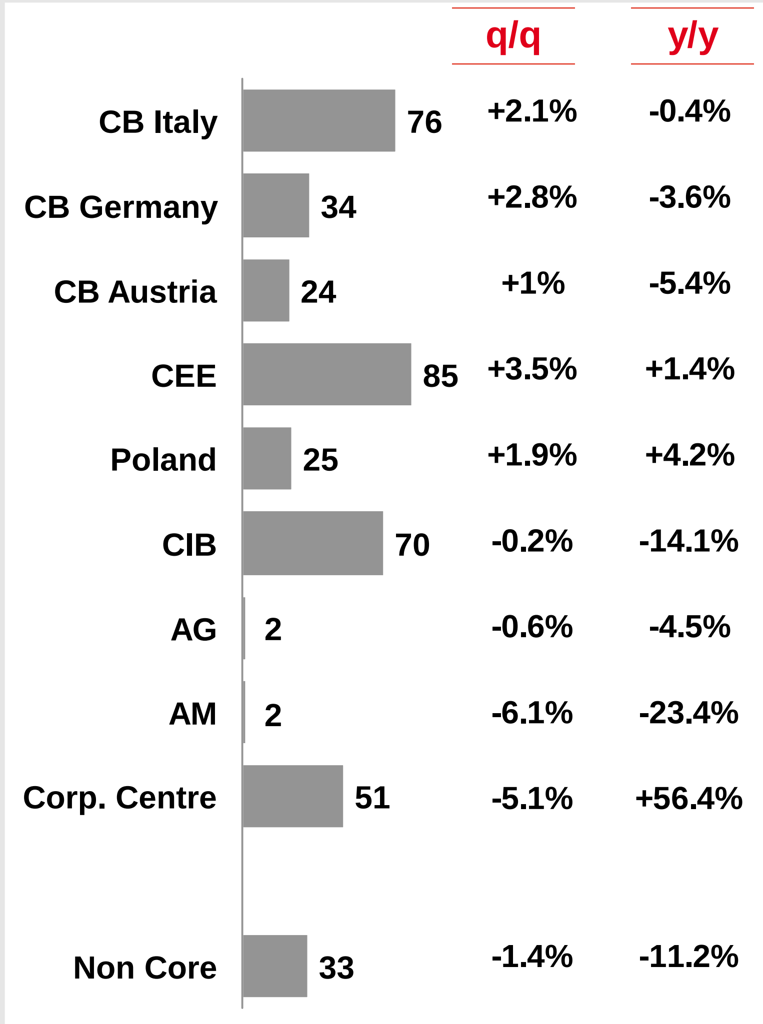
# Group – Regulatory capital (1/2)

RWA flat at around 400bn both q/q and y/y

**RWA(1) eop,** bn




**Divisional breakdown - RWA,** bn

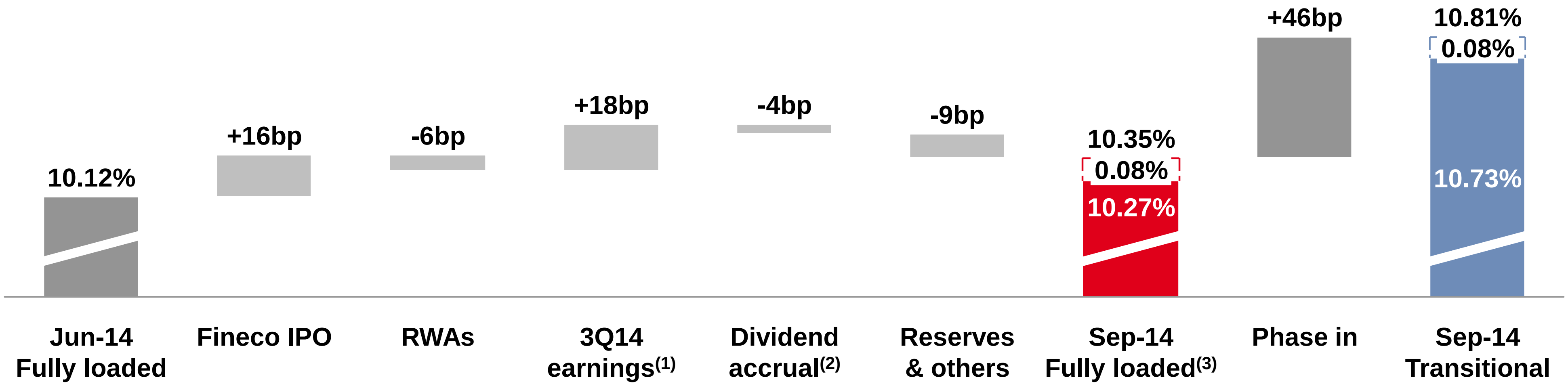



(1) RWA as of December 2013 do not include the floor effect, which has no impact under Basel 3 framework.

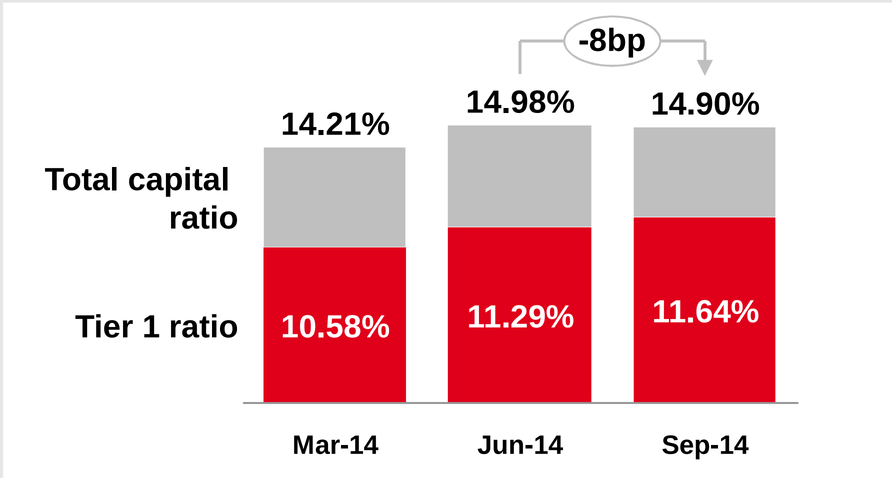
# Group – Regulatory capital (2/2)

CET1 ratio fully loaded confirmed at a sound level of 10.35%.
Basel 3 leverage ratio at 4.7% fully loaded, among the best in Europe

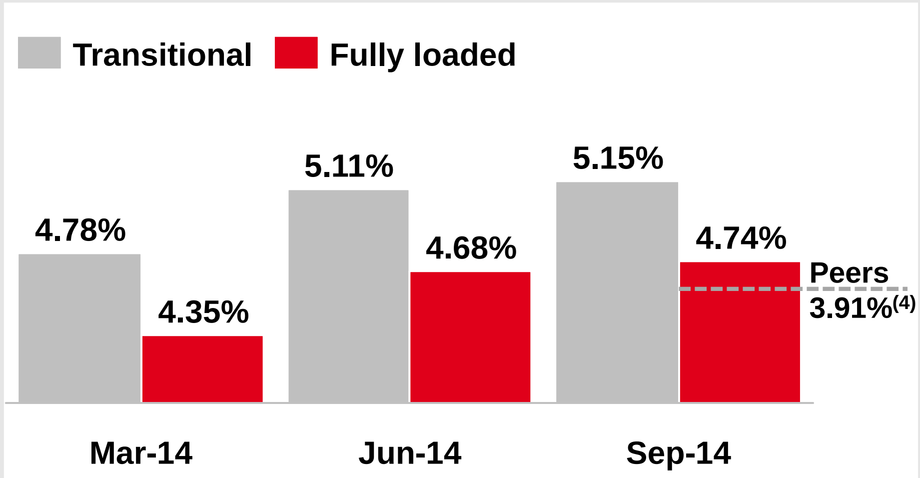
## Basel 3 - Common Equity Tier I ratio: q/q evolution




## Tier 1 and Total Capital ratios transitional




## Basel 3 leverage ratio(4)




(1) Being unaudited, 3Q14 retained earnings are not included in interim regulatory reporting for CET1 ratio transitional.
(2) Dividend accrual assumed at 10 €cents per share, in line with 2013.
(3) Pro-forma for the sale of DAB, accounting for c.8bp.
(4) Leverage Ratio based on CRR definition currently in force. Peers include a sample of 8 European banks that have published 3Q14 results as of November10th.



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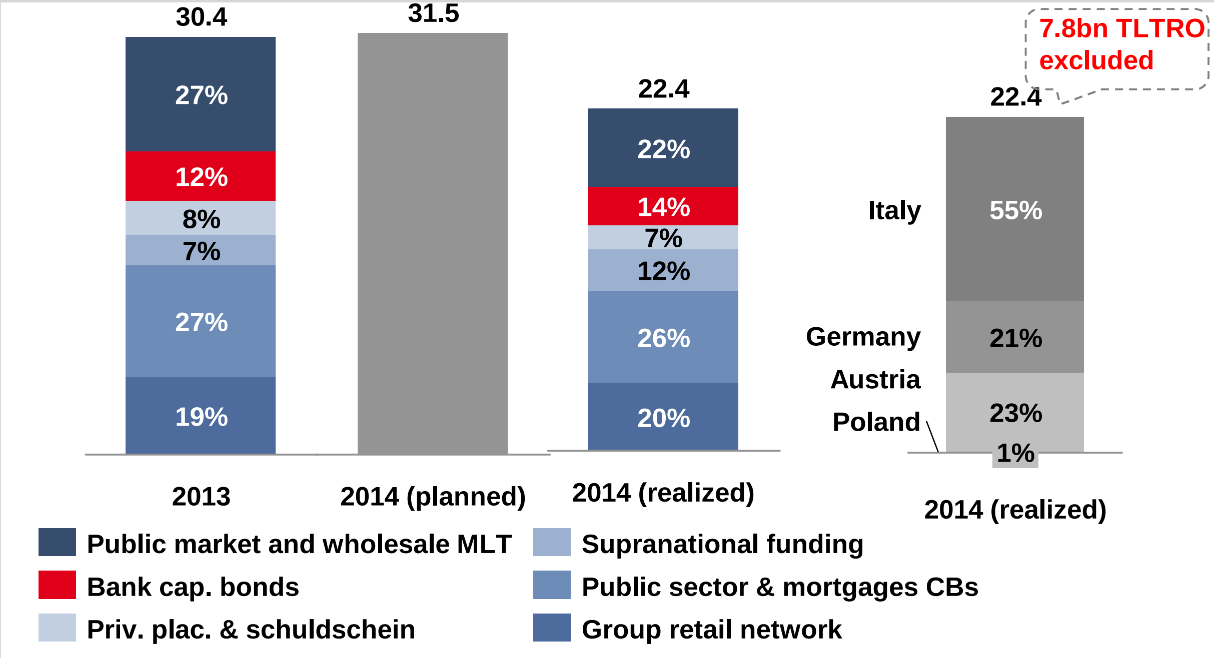
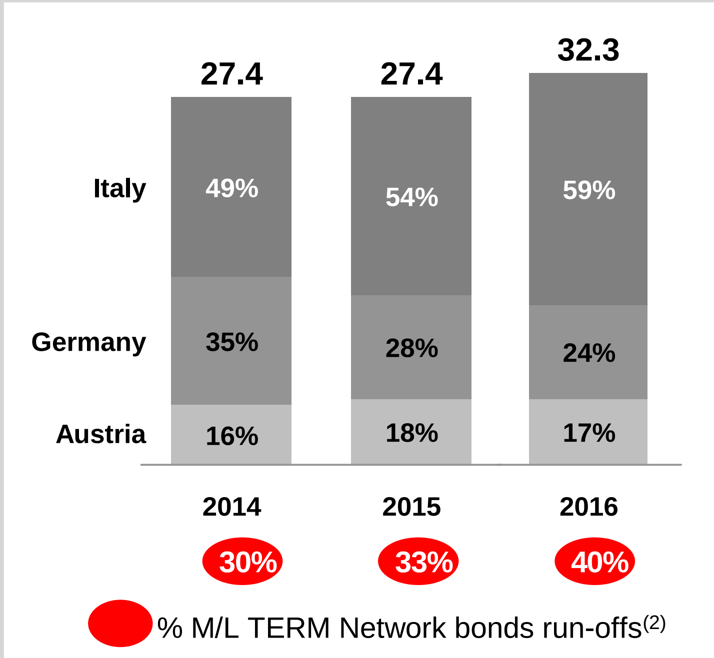
# Group – Medium-long term funding plan

First TLTRO take-up of 7.8bn, tapping the maximum allotment for Italy. Well diversified execution of funding plan 2014

## Funding mix, managerial data




## % of m/l term run offs by region[1]




- As of today, 71% of the initial 2014 funding plan executed for the Group (72% for Italy) excluding TLTRO. Given UCG's balance sheet development, capital markets conditions and new ECB facilities, funding needs for 2014 are effectively satisfied
- First TLTRO take-up 7.75bn[3] in Italy. Group participation to December auction currently under assessment
- 18.1bn LTRO repaid to date (o/w 13bn in 11M14). The remaining 8bn will be progressively repaid leveraging on UCG's diversified investor base

(1) Inter-company funding not included. As of September 2014 (Austria figures still preliminary – as of August 2014)
(2) Network bonds comprise only securities placed through UCG commercial and 3rd party networks.
(3) 7.82bn at Group level, o/w 7.75bn in Italy and 0.74bn in Slovakia.



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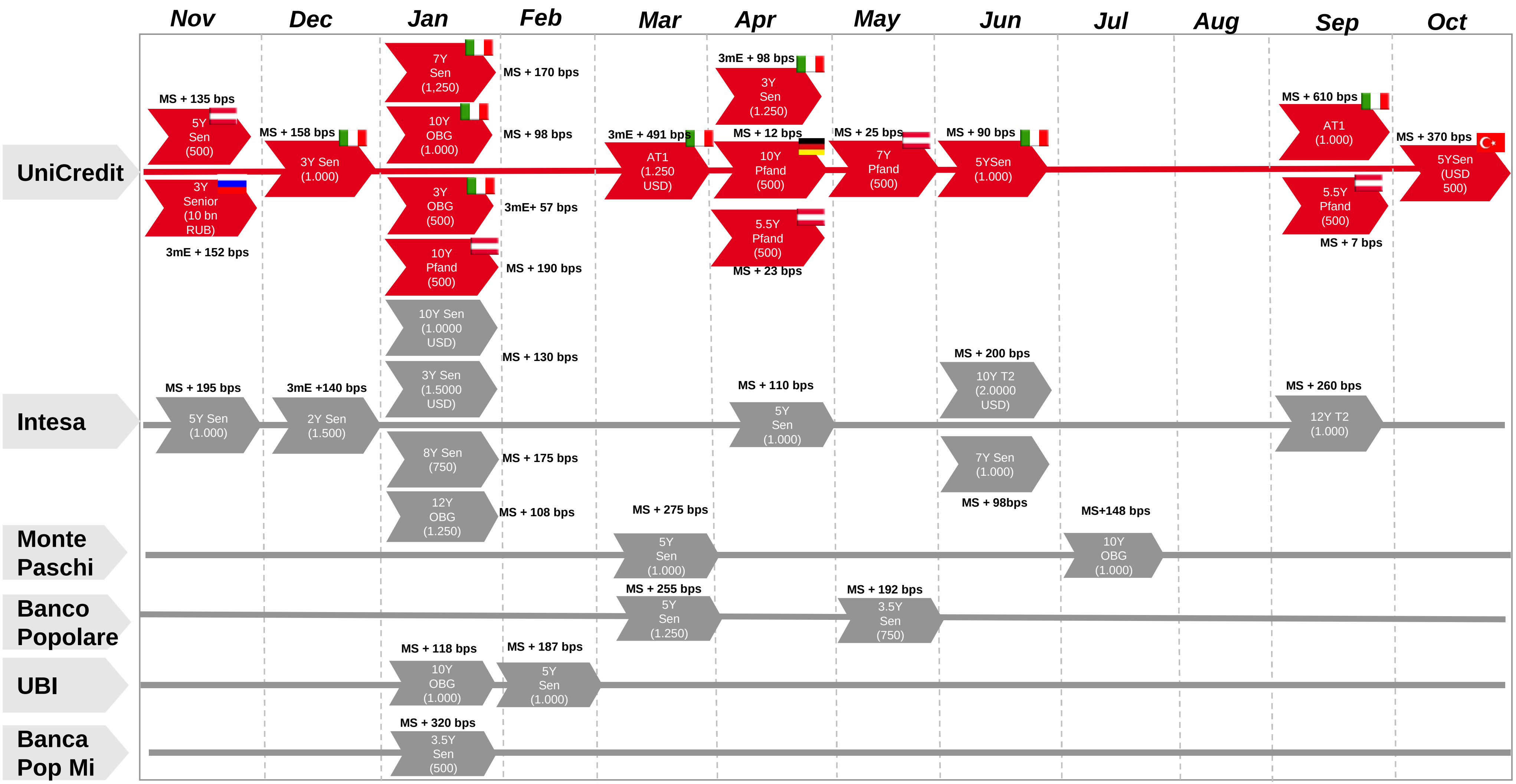
# UniCredit has continuous wholesale market access

## Strong debt market franchise confirmed




- UniCredit has a **diversified and continuous access to the wholesale funding market**
- Latest issuances include **1 bn AT1,** the second transaction of this kind in 2014 (and ever done in Italy)

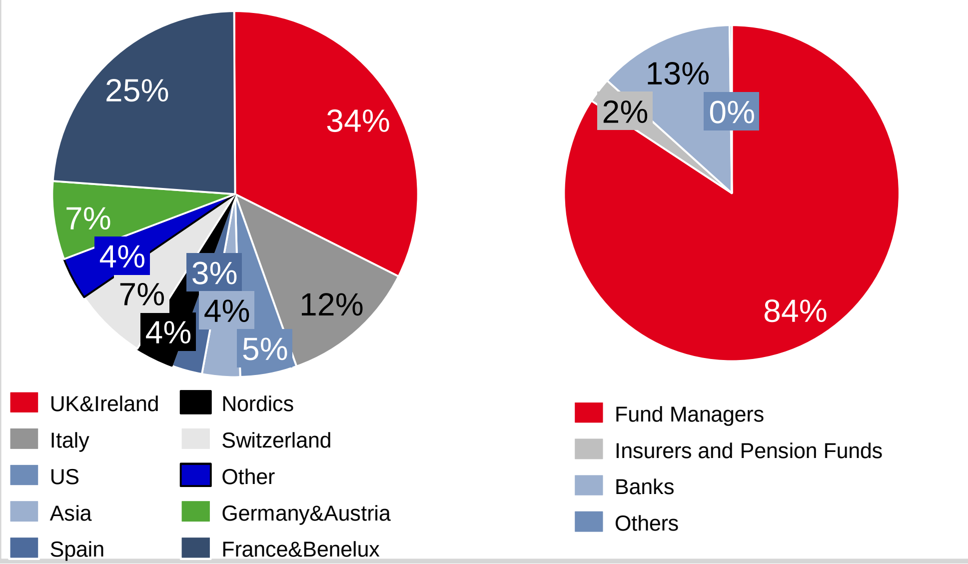
# 1bn PERPNC7 Additional Tier 1

Second AT1 deal for UniCredit and from an Italian bank with an orderbook of over 2bn

## 1bn PERPNC7 Additional Tier 1

| | |
|---|---|
| Issuer | UniCredit Spa |
| Issue Size | 1bn |
| Maturity Date | Perpetual |
| Coupon | 6.75% |
| Call Dates | 10th Sep 2021 and every coupon payment thereafter |
| Margin over MS | MS+610 |

## Geographical and Investors distribution (allocated)




- **UniCredit successfully placed its second Additional Tier 1, the second transaction ever done by a bank headquartered in Italy**
- The deal's **final orderbook** totaled **over 2bn orders**, gathered from over 180 accounts based in Europe, US and Asia and performed well even in a challenging market environment
- **Good quality of the book** ensured by the real money accounts that characterized the bulk of demand. In terms of distribution UK and France participated in size: UK & Ireland (34%), France & Benelux (20%), Italy (12%), Germany & Austria (7%), US (5%), Switzerland (6%), and Asia (3%)



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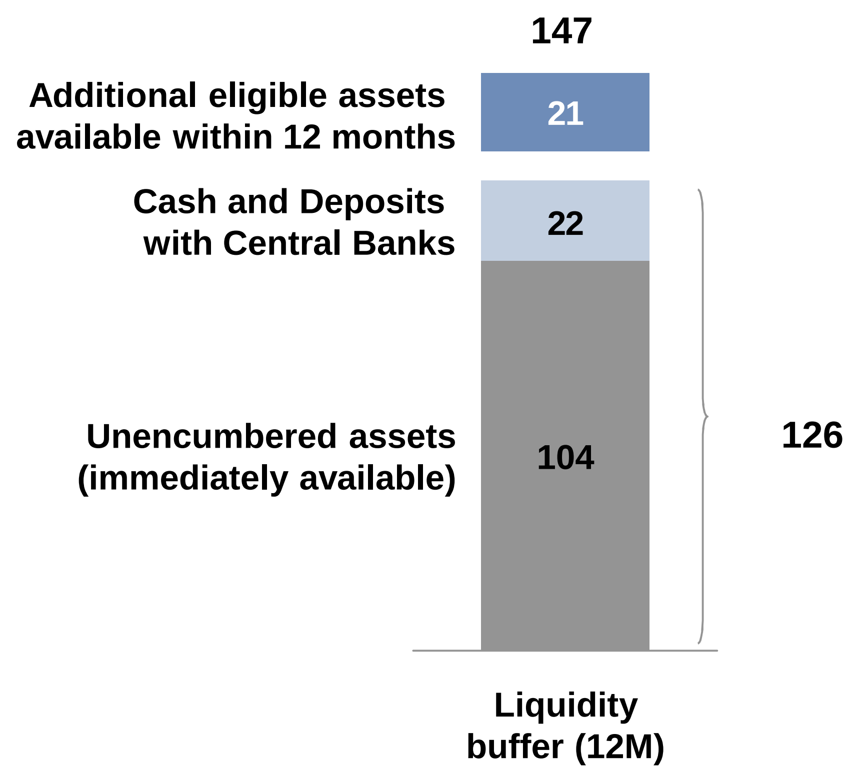
# Very strong liquidity position
## 1-year liquidity buffer exceeds 12m wholesale funding

**Liquidity buffer (12 months) as of September 2014 (bn) (1)**




- LCR >100% under current CRD IV assumptions
- NSFR still under discussion by regulators, implementation planned in 2018

- **Liquid assets immediately available** amount to 126 bn net of haircut and are **well above 100% of wholesale funding maturing in 1 year** – the latter is not only true for the Group, but also Italy

(1) Unencumbered assets are represented by all the assets immediately available to be used with Central Banks.
Additional eligible assets (available within 12 months) consist of all the other assets eligible within 1 year time.

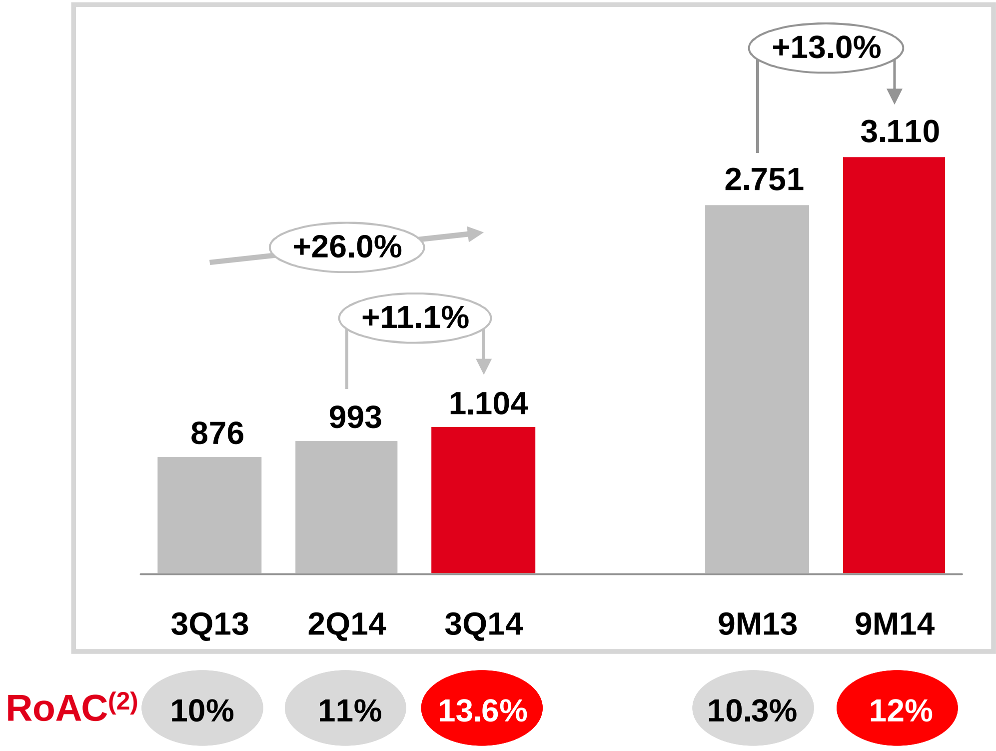
# Agenda

- Group
- **Core Bank**
- Non Core
- Annex

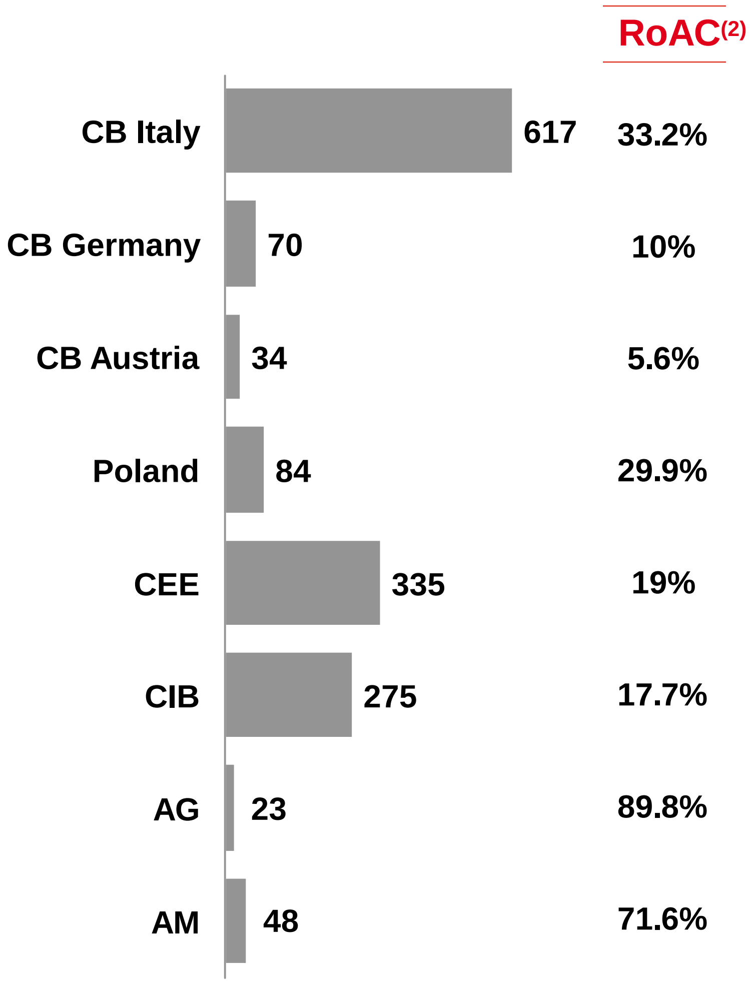
# Core Bank – Net profit

Robust growth of 11% q/q to over 1bn in 3Q14, driven by CB Italy, CEE and CIB, with all divisions profitable for the third quarter in a row

**Net profit**(1), m




**Divisional breakdown – 3Q14 net profit**, m



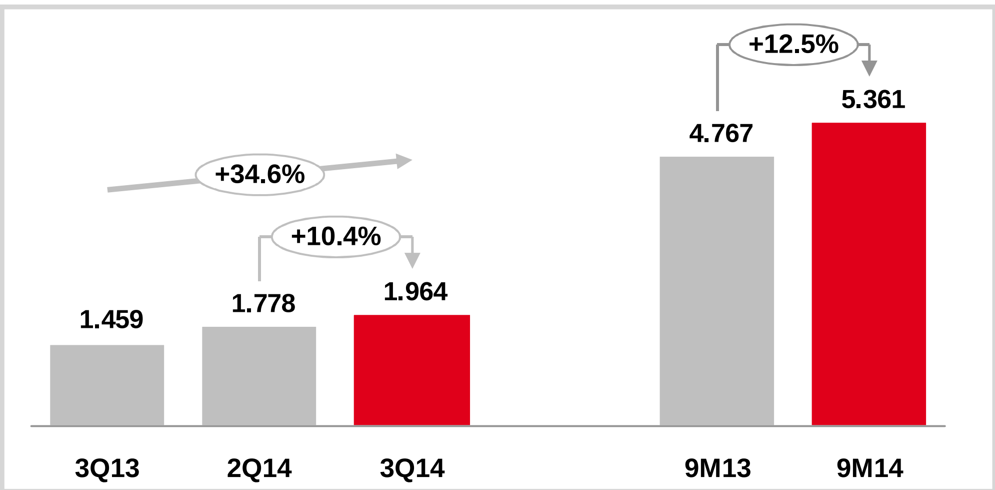

(1) Net profit and RoAC for 2Q14 and 9M14 do not include the 215m impact of the revised tax charge on the valuation of the stake in Banca d'Italia.

(2) RoAC calculated as net profit on allocated capital. Allocated capital calculated as 9% of RWAs, including deductions for shortfall and securitizations.

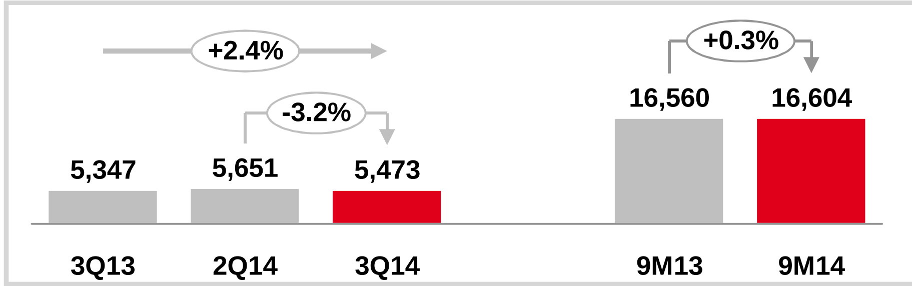
# Core Bank – Net operating profit

## Cost discipline and one-off LLP reduction underpin positive NOP progression both on a quarterly and on a yearly basis

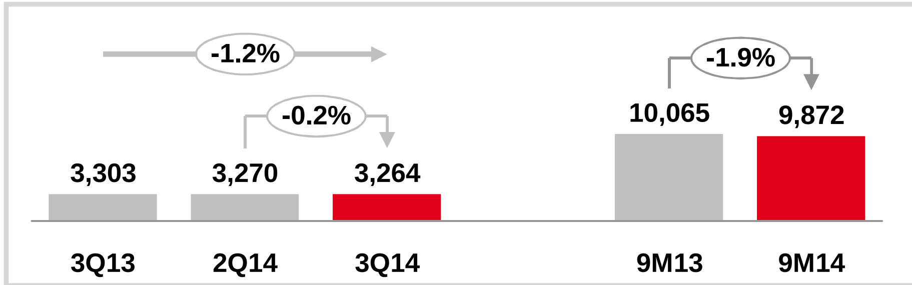
**Net operating profit**[(1)], m



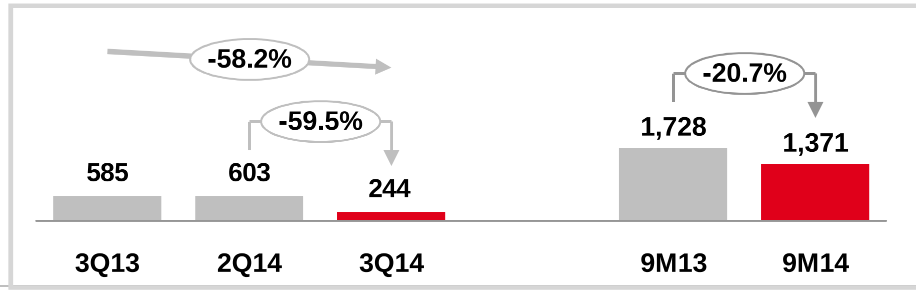

**Revenues**[(1)], m




**Costs**, m




**Loan loss provisions**, m




(1) 2014 figures adjusted for tender offer proceeds on own debt securities in 2Q14 (49m). 2013 figures adjusted for tender offer proceeds on own debt securities executed in 2Q13 (254m) and for the capital gain from the sale of Yapi Sigorta occurred in 3Q13 (181m).



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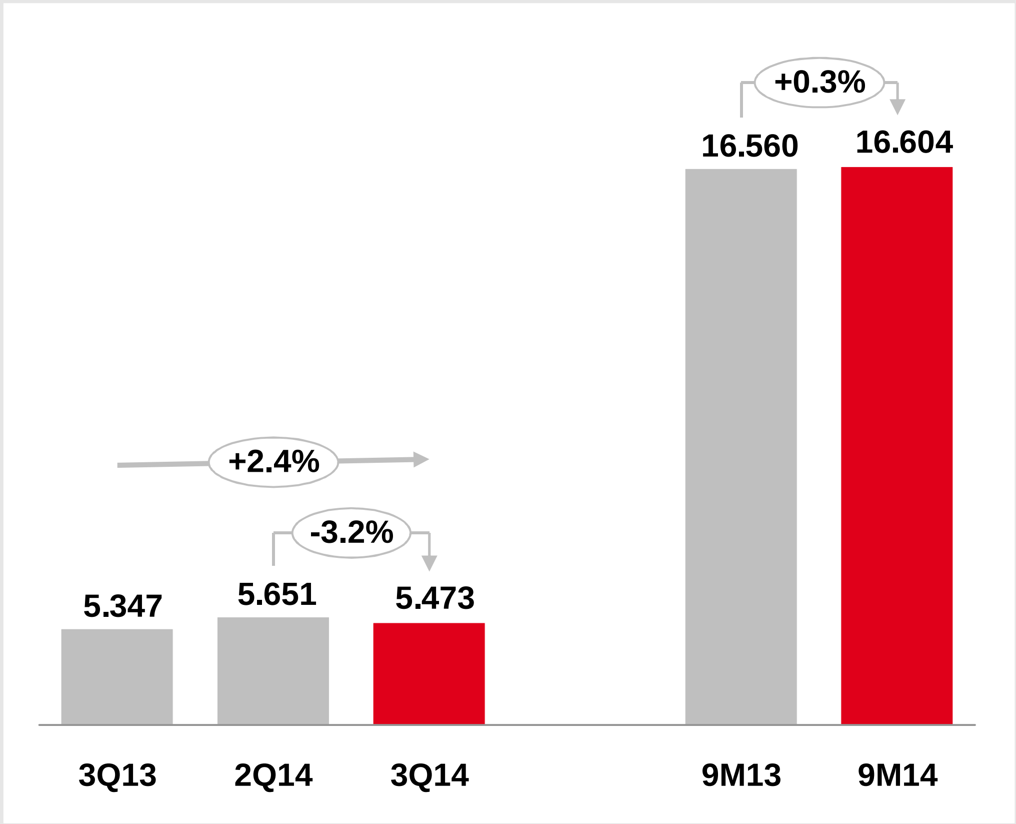
# Core Bank – Total revenues (1/2)

Positive y/y trend mainly supported by CB Italy, representing c.40% of total. CEE & Poland showed a sound quarterly progression

**Revenues[(1)], m**




**Divisional breakdown – 3Q14 revenues, m**

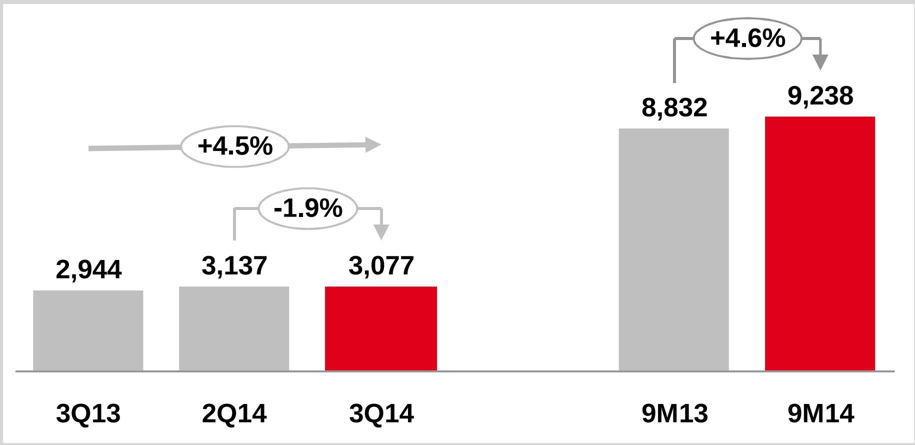
| | 3Q14 revenues | q/q | y/y |
|---|---|---|---|
| CB Italy | 2,021 | -6% | +4.1% |
| CB Germany | 637 | -5.3% | -2.8% |
| CB Austria | 374 | -14.8% | -12.5% |
| Poland | 448 | +0.2% | +3.4% |
| CEE | 1,086 | +8.4% | -11.3% |
| CIB | 805 | -10.7% | -19.4% |
| AG | 107 | -4.8% | +3% |
| AM | 198 | +3.9% | +11% |

(1) 2014 figures adjusted for tender offer proceeds on own debt securities in 2Q14 (49m). 2013 figures adjusted for tender offer proceeds on own debt securities executed in 2Q13 (254m) and for the capital gain from the sale of Yapi Sigorta occurred in 3Q13 (181m).

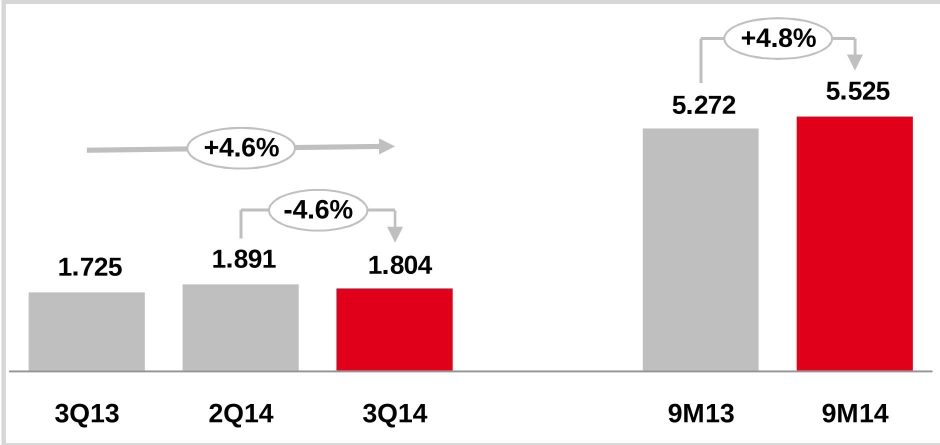
# Core Bank – Total revenues (2/2)

Revenue dynamics affected by typical 3q seasonality in fees and dividends. Turkey confirmed positive trend on the back of sound operating performance

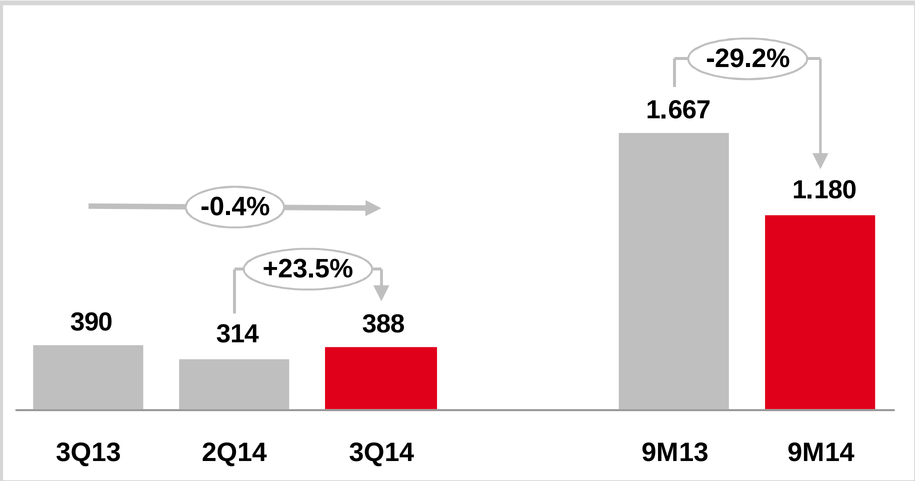
## Net interest, m



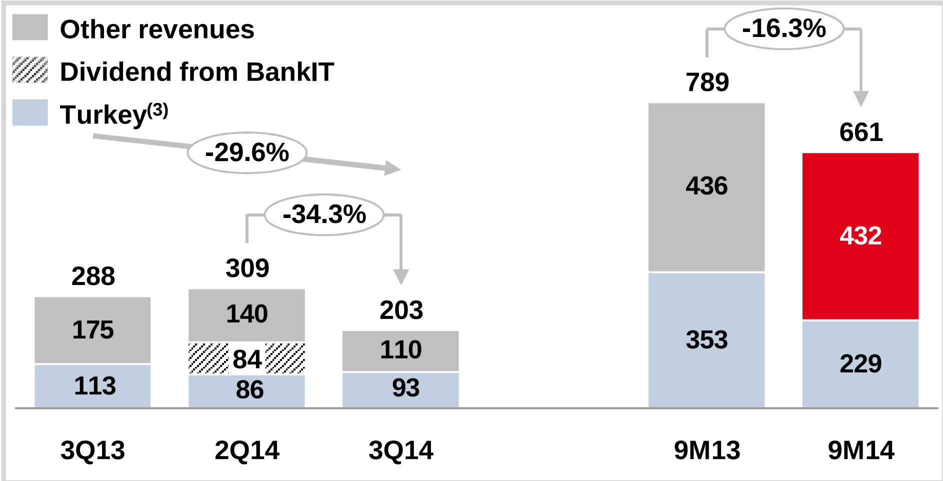

## Net fees and commissions, m




## Trading income(1), m




## Dividends and other income(2), m




(1) 2014 figures adjusted for tender offer proceeds on own debt securities in 2Q14 (49m). 2013 figures adjusted for tender offer proceeds on own debt securities executed in 2Q13 (254m).

(2) Figures include dividends, equity investments income and balance of other operating income / expenses. 3Q13 and 9M13 figures adjusted for the capital gain from the sale of Yapi Sigorta (181m).

(3) Divisional view.



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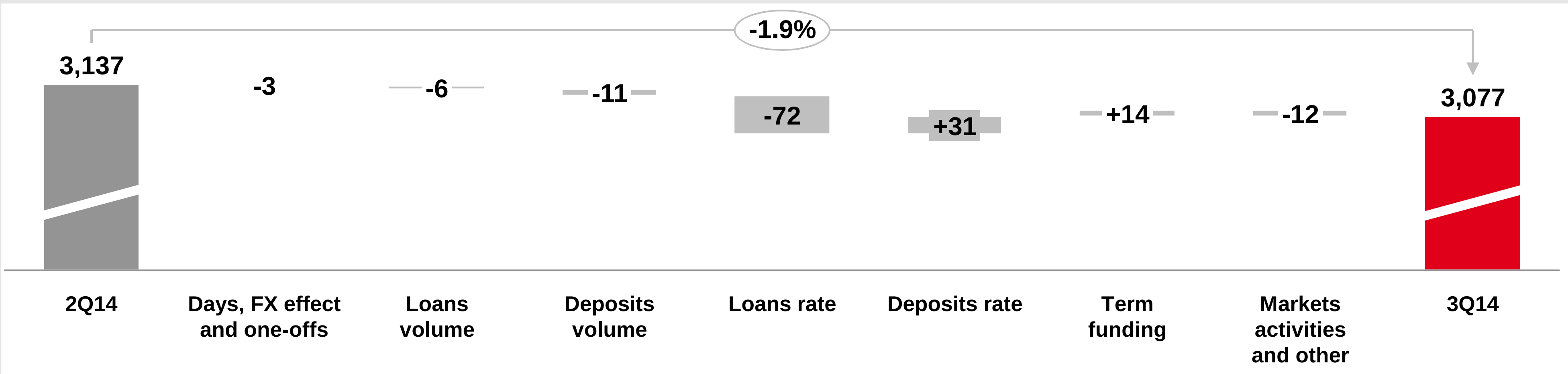
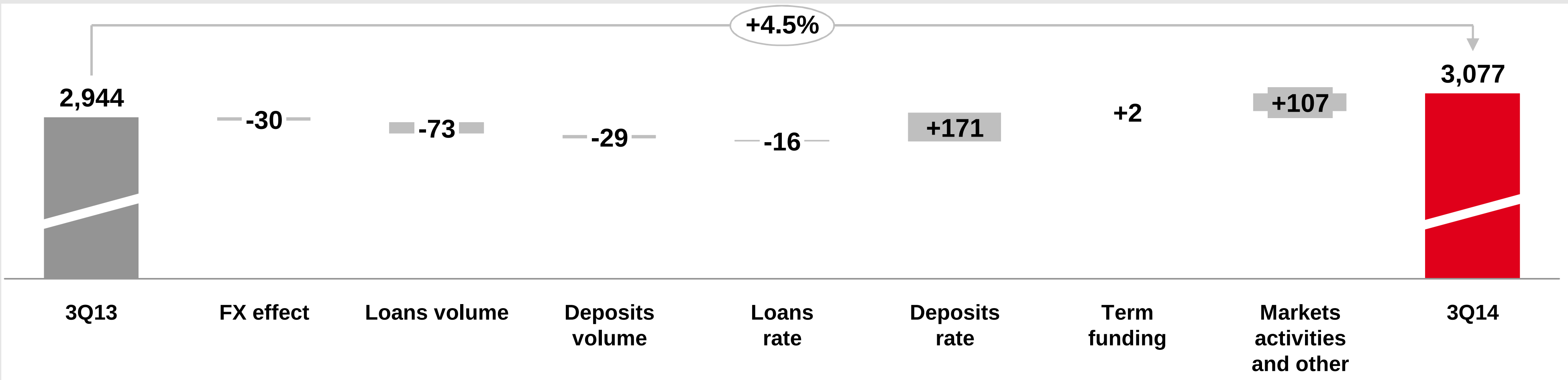
# Core Bank – Net interest

Lower lending rates partly compensated by lower cost of liabilities q/q. Repricing of deposits and term funding underpin a sound y/y trend

## Net interest bridge q/q (m)




## Net interest bridge y/y (m)




(1) One-offs related to single a ticket in CIB with negative impact on net interest (29m) but a higher positive impact on LLP.



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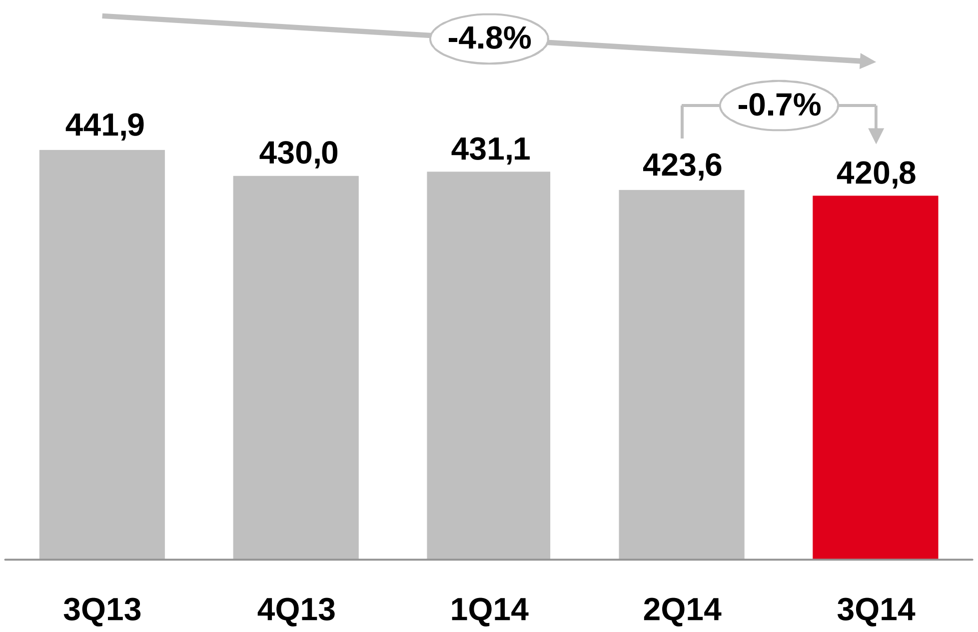
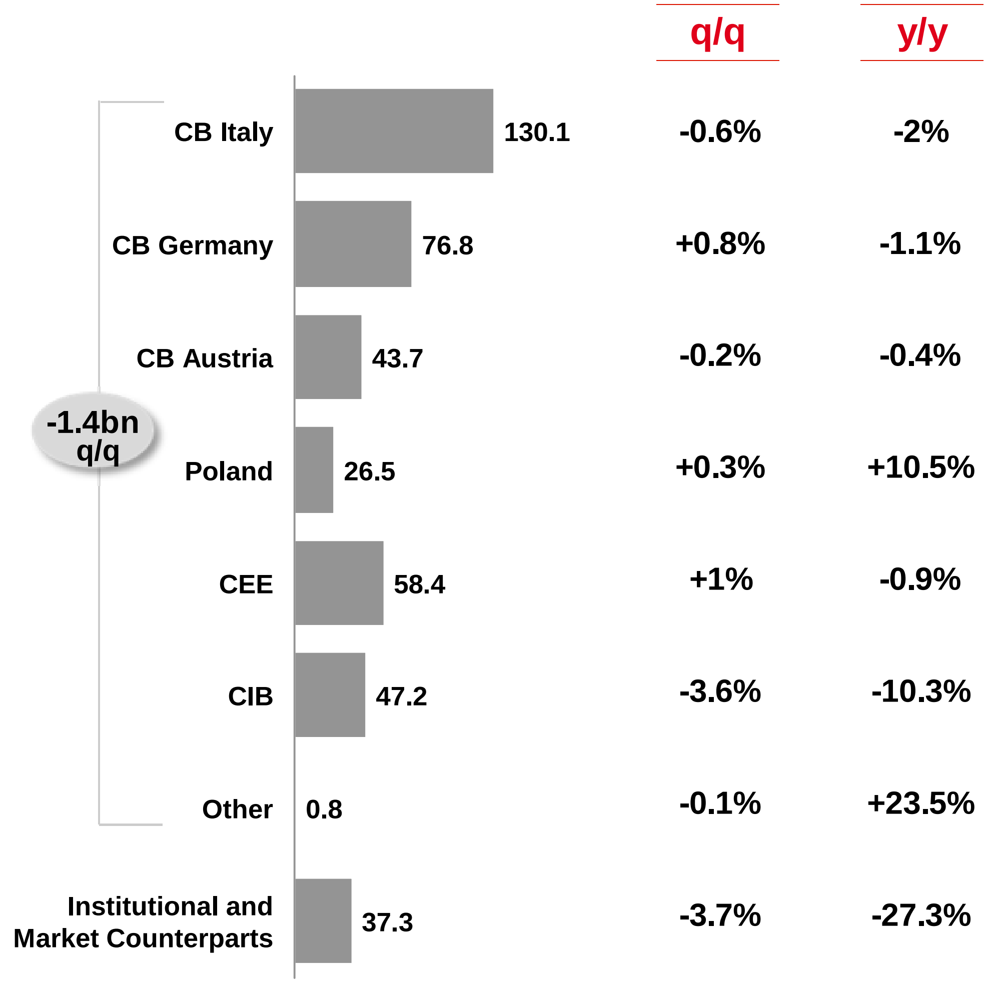
# Core Bank – Customer loans

Commercial lending volumes slightly down by 1.4bn q/q with positive dynamics in CEE & Poland offset by lower loan demand in CIB

**Customer loans**[(1)], bn




**Divisional breakdown – Customer loans**, bn

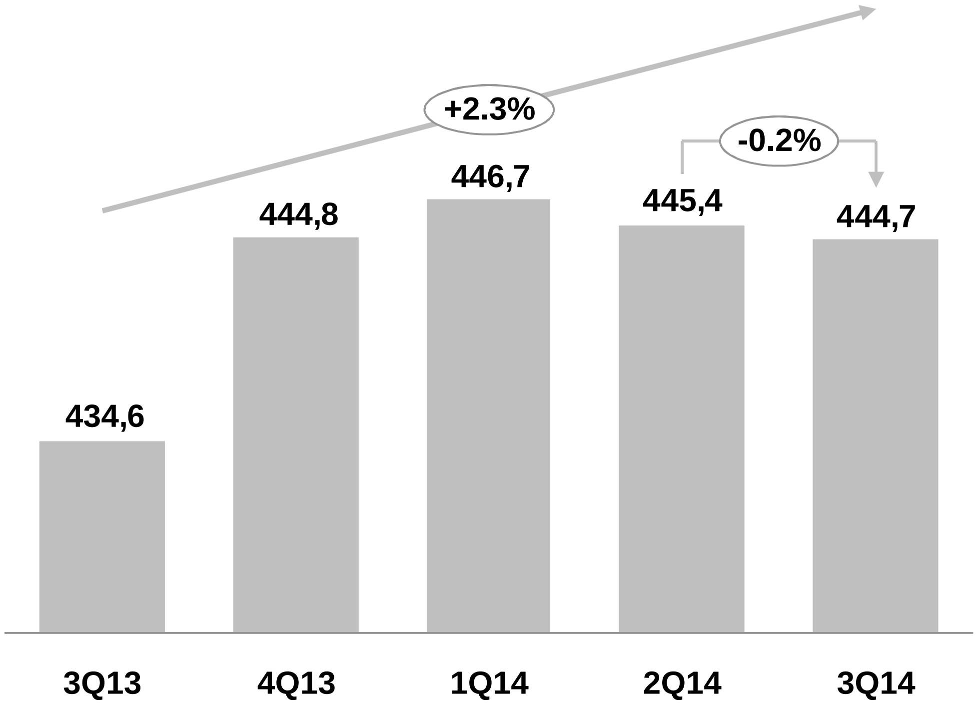



(1) Figures exclude DAB, classified under IFRS 5 (Balance Sheet only) starting from 3Q14. In 3Q14 loans to customers for c.4bn have been reclassified to loans to banks; previous quarters have been restated accordingly.

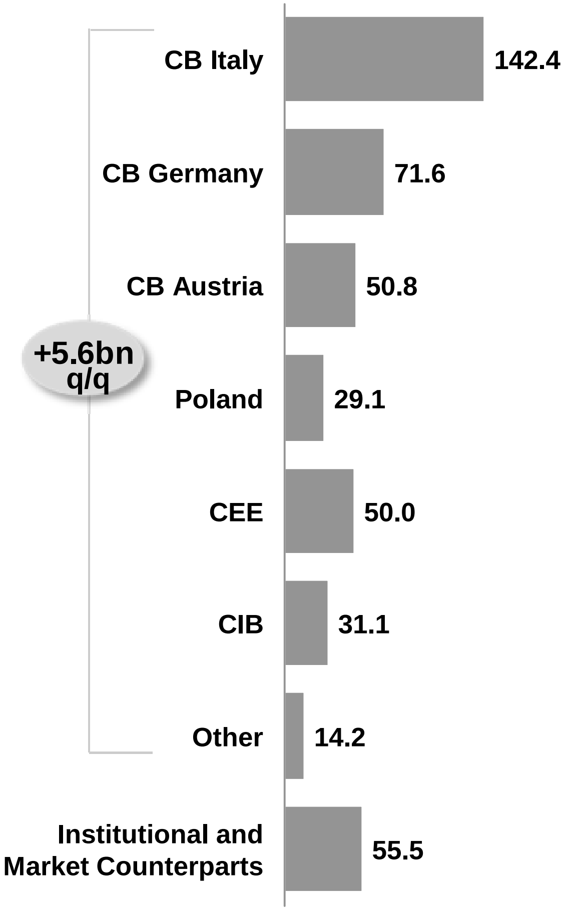
# Core Bank – Customer direct funding

## Commercial direct funding up by 5.6bn, thanks to CB Austria, CEE & Poland and CIB

### Customer direct funding[1], bn




### Divisional breakdown – Direct funding, bn



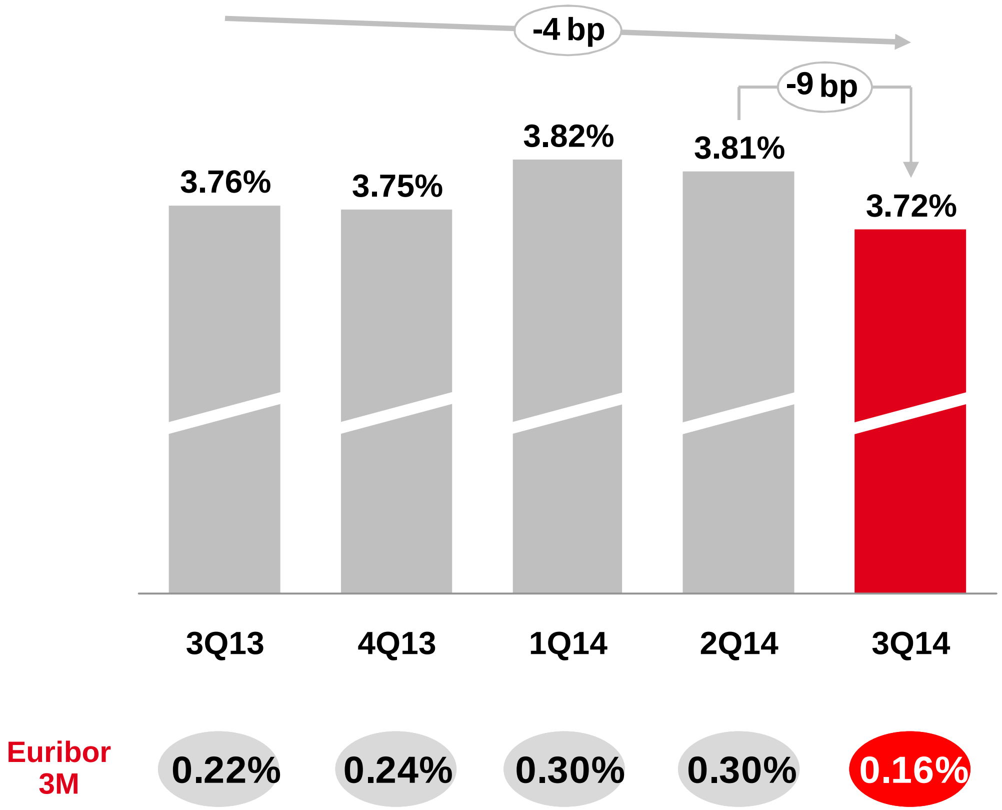

| | bn | q/q | y/y |
|---|---|---|---|
| CB Italy | 142.4 | -1.1% | -4.2% |
| CB Germany | 71.6 | +1.4% | +3.2% |
| CB Austria | 50.8 | +4.8% | +8.1% |
| Poland | 29.1 | +4.4% | +10.2% |
| CEE | 50.0 | +3.5% | +9% |
| CIB | 31.1 | +4% | +8.2% |
| Other | 14.2 | -1.7% | +5.3% |
| Institutional and Market Counterparts | 55.5 | -10.1% | +0.9% |

(1) Customer direct funding: total customer deposits + customer securities in issue. Figures exclude DAB classified under IFRS 5 (Balance Sheet only) starting from 3Q14.

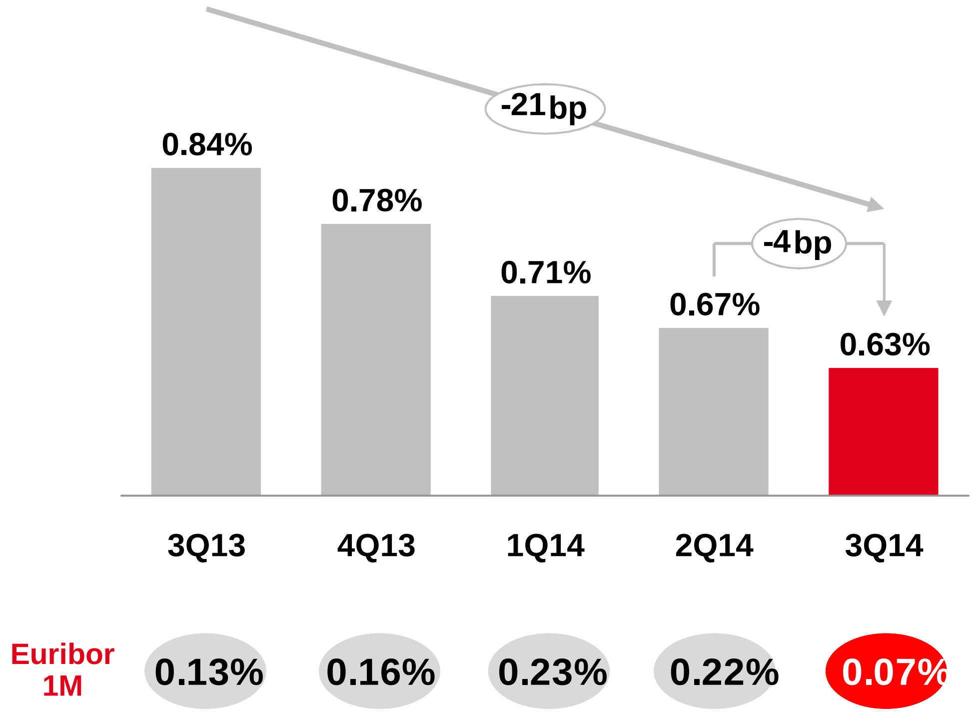
# Core Bank – Customer rates

Deposits repricing supported margin trend, partially offsetting lower lending rates following Euribor decline q/q but providing visible support y/y

**Lending customer rate**, % (managerial figures)




**Deposits customer rate**, % (managerial figures)



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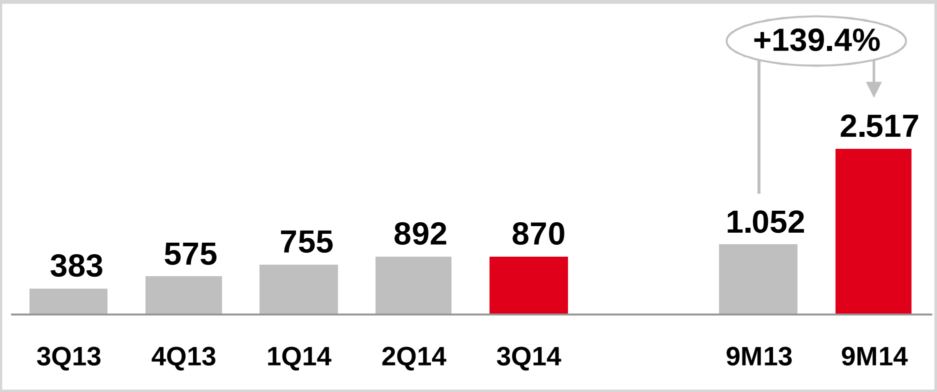
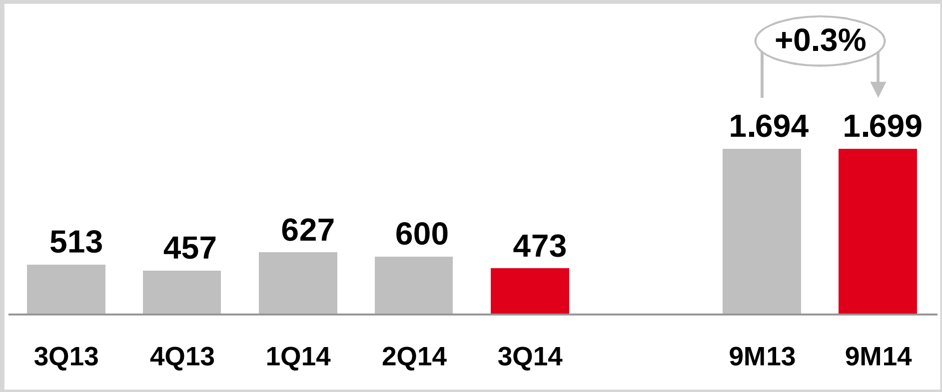
# Core Bank – Medium-long term new origination in Italy

Positive trend confirmed with almost 9bn new loans granted in Italy in 9M14. TLTRO deployment on track: c.3bn granted from Oct. (remainder in pipeline)

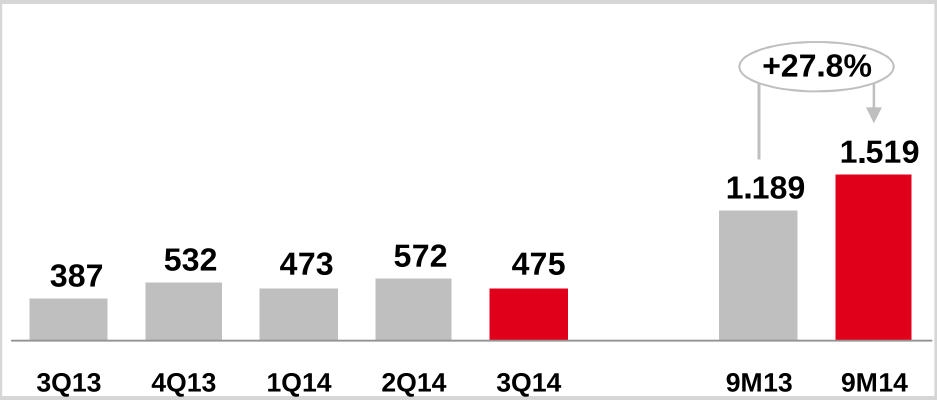
## Household mortgages new flows, m



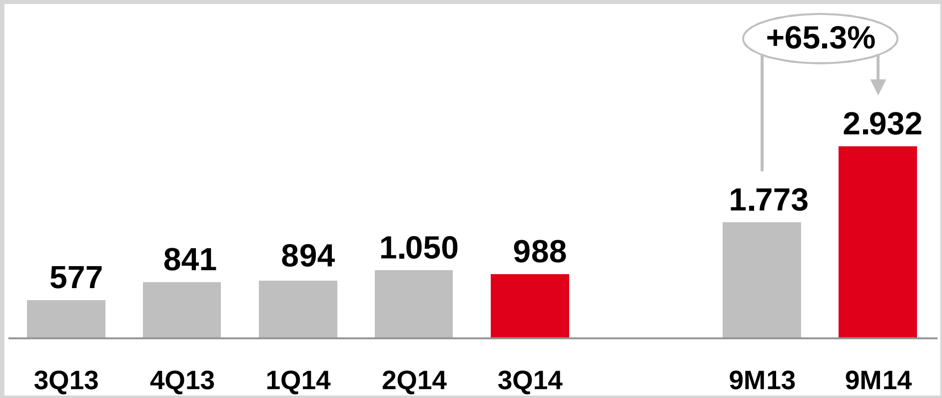

## Personal loans new flows, m




## Small business MLT loans new flows, m



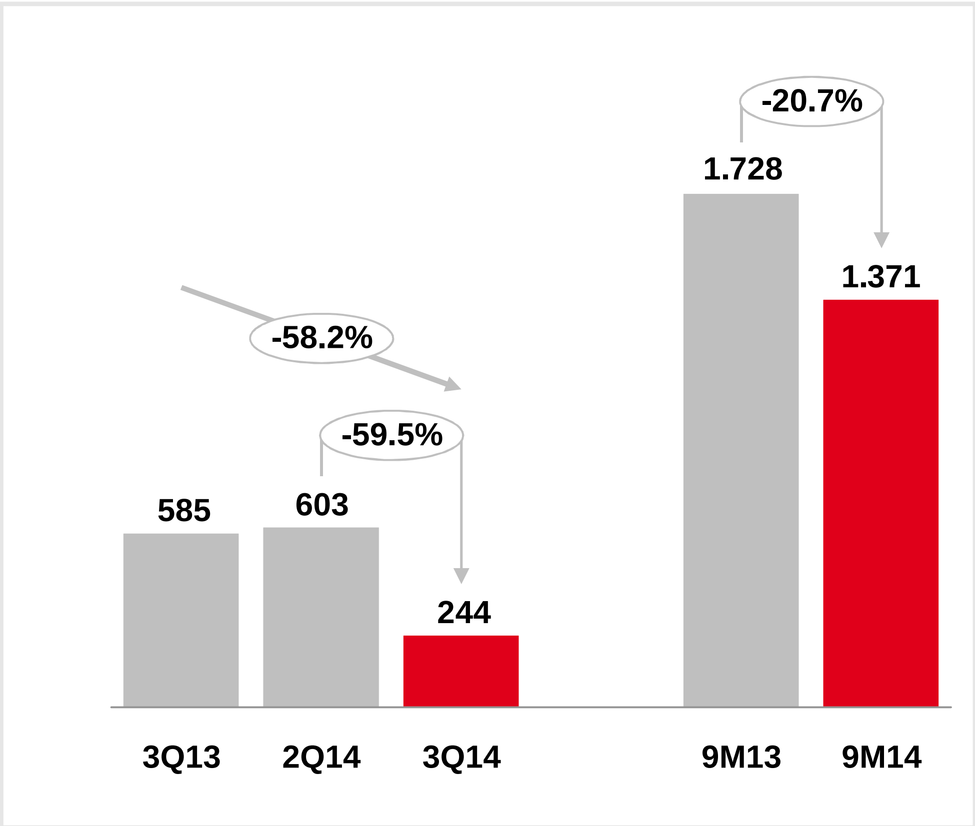

## Corporate MLT loans new flows, m



# Core Bank – Loan loss provisions

LLP down q/q, due to one-off effects in Italy, Germany and CIB, reducing cost of risk to 43bp in 9M14

## Loan loss provisions, m




| Cost of risk | 3Q13 | 2Q14 | 3Q14 | 9M13 | 9M14 |
|---|---|---|---|---|---|
| | 53bp | 56bp | 23bp | 51bp | 43bp |

## Divisional breakdown – 3Q14 Cost of Risk, bps

| | 3Q14 | q/q | y/y |
|---|---|---|---|
| CB Italy | 40 | -50bp | -21bp |
| CB Germany | -9 | -11bp | -22bp |
| CB Austria | 14 | +11bp | -26bp |
| Poland | 49 | -4bp | -19bp |
| CEE | 107 | -11bp | -34bp |
| CIB | -31 | -76bp | -59bp |
| AG | 39 | -9bp | -4bp |
| AM | n.m. | n.m. | n.m. |

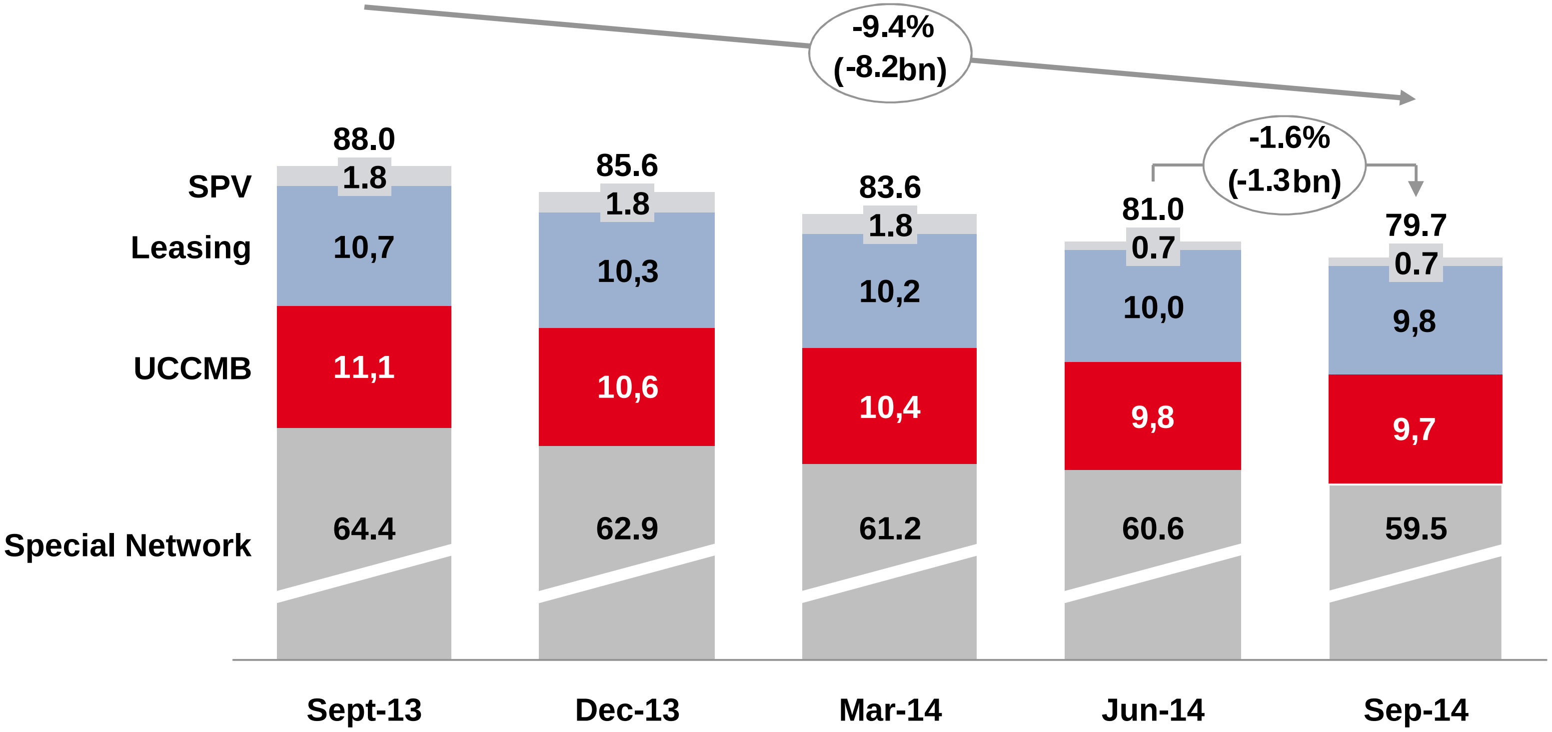
# Agenda

- Group
- Core Bank
- **Non Core**
- Annex

# Non Core – Gross customer loans

Gross exposure further down by 1.3bn in 3Q14.
Gross loans down by over 8bn y/y

**Gross customer loans**, bn



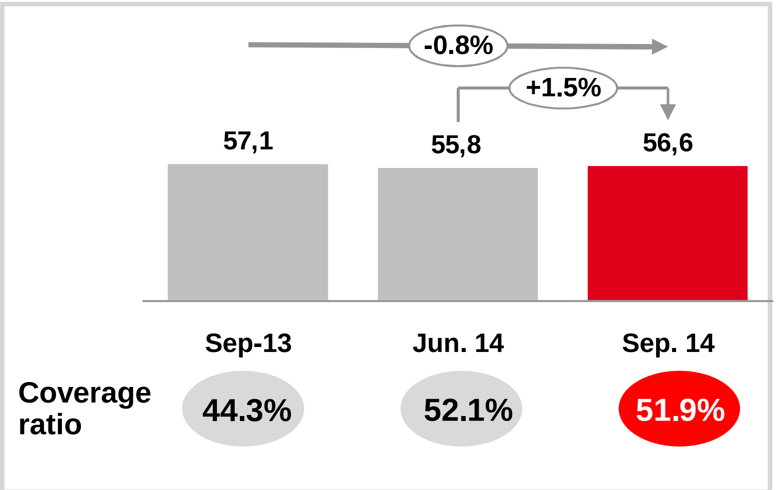

- 3Q14 embedding natural run off (no relevant disposals)
- Gross customer loans down y/y mainly due to NPLs disposals, exposure reduction and back to Core Bank (at year end 2013)
- Reduction of portfolio in line with targets, thanks to NPLs disposals and back to Core Bank to be assessed and finalized at year end

# Non Core – Asset quality

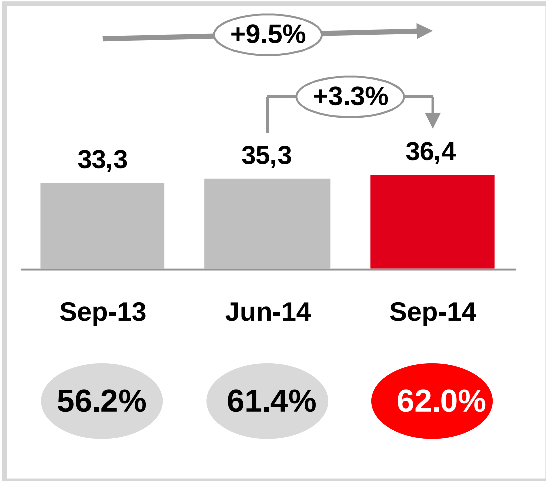
Downward trend of impaired loans confirmed y/y.

NPLs up due to internal migrations and other impaired loans down

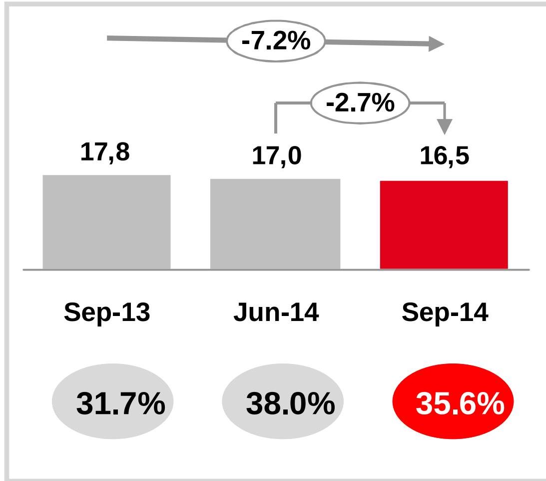
## **Total gross impaired loans**, bn



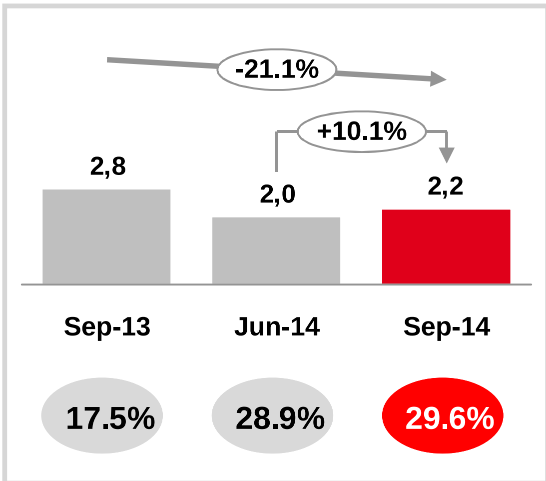

## **NPLs**, bn



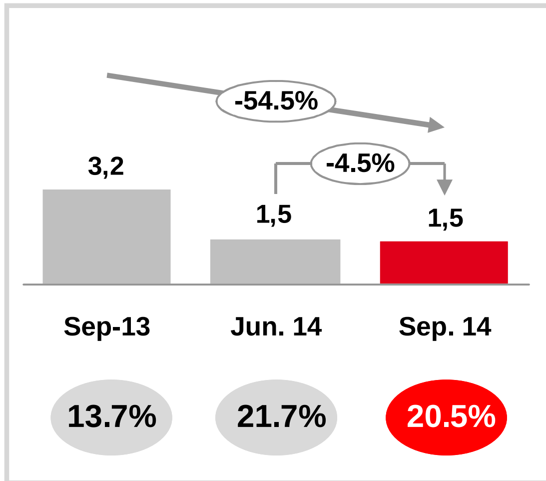

## **Doubtful loans**, bn




## **Restructured loans**, bn



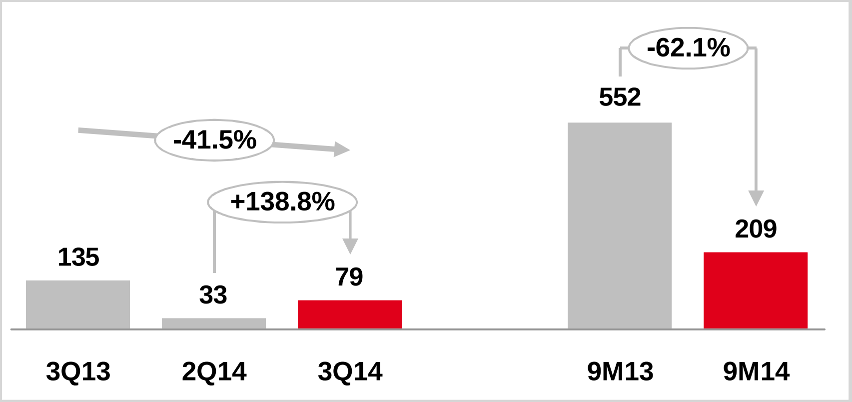

## **Past due loans**, bn



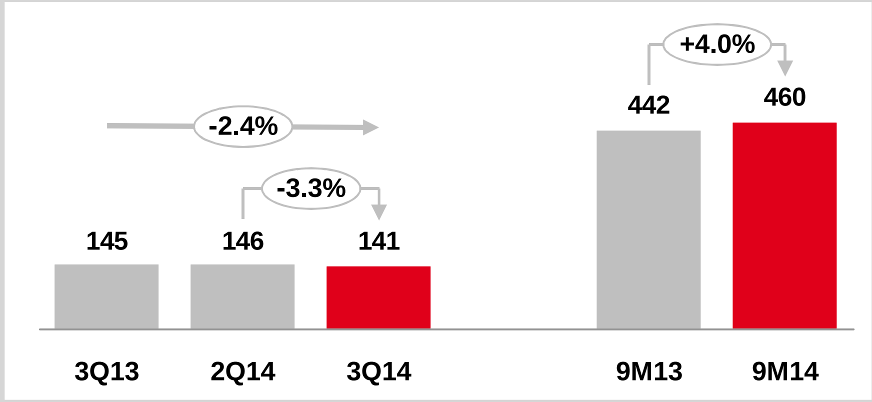
# Non Core – Results

LLP up q/q, embedding the most relevant part of AQR, CoR increased from 310bp to 405bp. Revenues up after negative valuation of equity stake in 2Q14

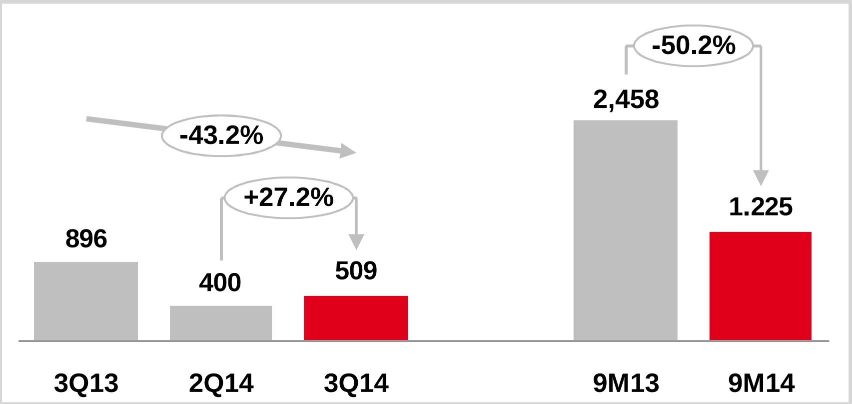
**Revenues**, m



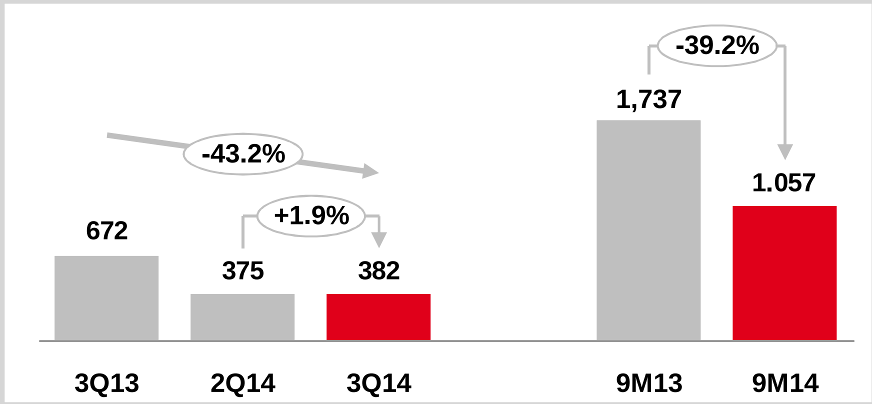

**Costs**, m




**LLP**, m




**Net loss**, m



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# Concluding Remarks

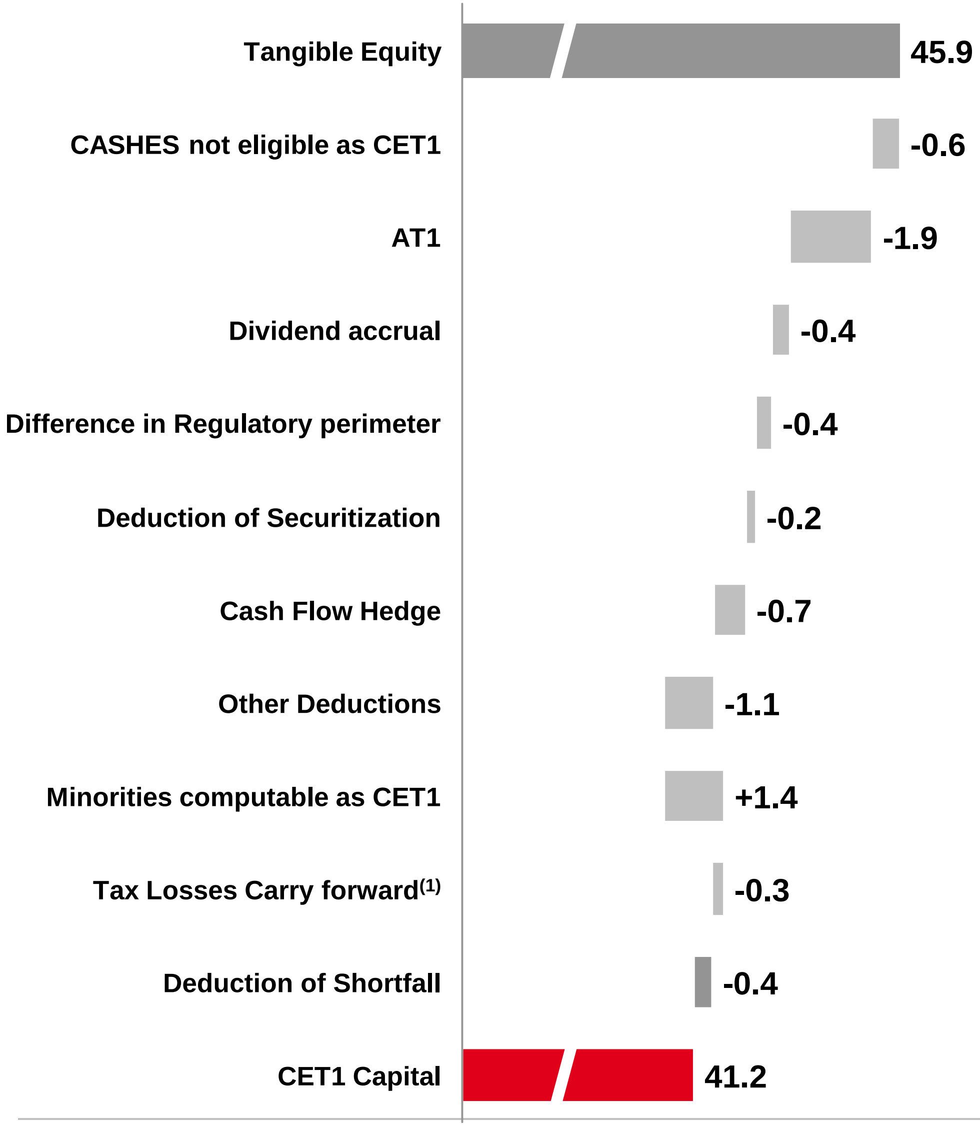
- 3Q14 results support progression towards the target of c.2bn net profit for 2014
- Comprehensive Assessment confirms capital strength and balance sheet resilience with CET1 capital buffer in excess of 10bn
- CET1 ratio fully loaded at 10.4% in 3Q14
- Group Asset Quality trends confirm signs of stabilization, with a reduction in yearly variations of gross impaired loans since 1Q13
- All divisions positively contributed to Core Bank's results. CB Italy showing sound bottom line, supporting the real economy with 9bn in 9M14 medium-long term new loans. TLTRO deployment on track with c.3bn granted from October
- Non Core gross loans down by over 8bn y/y. Conservative coverage ratio of 52% on gross impaired loans, 62% for NPLs. Most relevant part of AQR-related LLP already booked

# Agenda

- Group
- Core Bank
- Non Core
- **Annex**

# Group - From tangible equity to CET1 capital fully loaded

## Description of main items as of September 30th 2014




- Equity instruments recognized as AT1 capital subject to phase-out
- Equity instruments recognized as AT1 capital
- Adjustments to retained earnings for foreseeable dividends (€0.1 per share)
- Reconciliation between accounting and regulatory consolidation perimeter
- Junior notes and mezzanine of securitisation vehicles transactions
- Capital reserve not computable as CET1 capital
- Mainly related to DVA, OCS and AVA
- Computable minorities capital net of excess capital deduction
- Not computable DTA, net of related DTL
- Related to performing and impaired loans

(1) The deduction for DTA related to tax losses carried forward considers the stock of DTA as of September 2014 and does not assume any future reduction due to their utilization.



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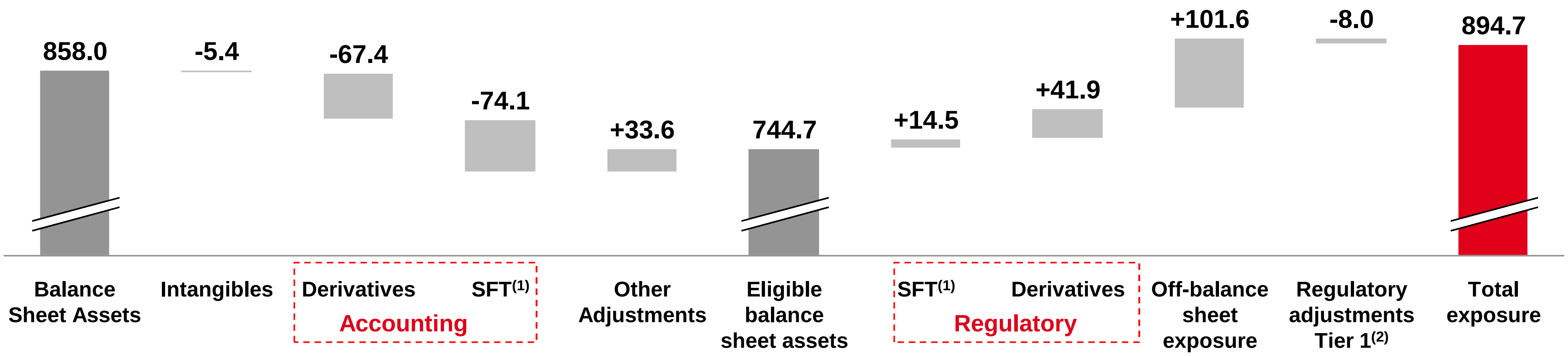
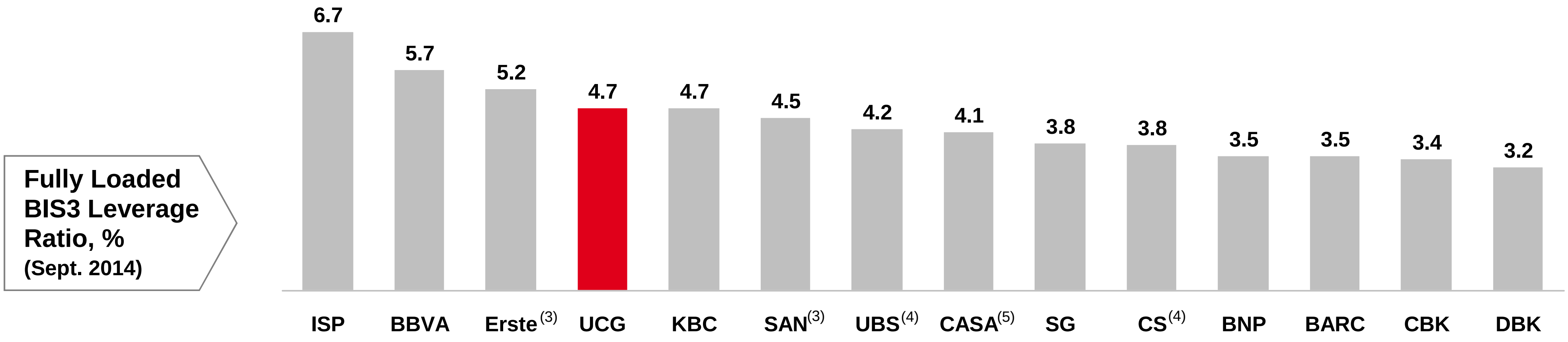
# Group – Total exposure and Leverage Ratio

## Fully loaded total exposure, composition




## Leverage Ratio




(1) SFT: Securities Financial Transactions, i.e. Repos.
(2) Items already deducted from Tier 1 Capital.
(3) Transitional Data.
(4) Swiss rules.
(5) Data referring to CA Group.

# Group – P&L and Volumes

Positive quarterly progression on track towards c.2bn net profit for 2014

| Euro (mln) | 3Q13 | 4Q13 | 1Q14 | 2Q14 | 3Q14 | Δ % vs. 2Q14 | | Δ % vs. 3Q13 | | 9M13 | 9M14 | Δ % vs. 9M13 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Revenues | 5,662 | 5,770 | 5,578 | 5,733 | 5,551 | -3.2% | ▼ | -2.0% | ▼ | 17,546 | 16,863 | -3.9% | ▼ |
| Operating Costs | -3,447 | -3,746 | -3,510 | -3,416 | -3,406 | -0.3% | ▼ | -1.2% | ▼ | -10,507 | -10,332 | -1.7% | ▼ |
| Gross Operating Profit | 2,215 | 2,024 | 2,068 | 2,317 | 2,145 | -7.4% | ▼ | -3.1% | ▼ | 7,039 | 6,531 | -7.2% | ▼ |
| LLP | -1,482 | -9,295 | -838 | -1,003 | -754 | -24.9% | ▼ | -49.1% | ▼ | -4,186 | -2,595 | -38.0% | ▼ |
| Profit Before Taxes | 526 | -7,582 | 1,275 | 1,171 | 1,285 | 9.8% | ▲ | 144.2% | ▲ | 2,362 | 3,731 | 57.9% | ▲ |
| Net Profit | 204 | -14,979 | 712 | 403 | 722 | 78.9% | ▲ | 253.5% | ▲ | 1,014 | 1,837 | 81.3% | ▲ |
| Cost / Income Ratio, % | 61% | 65% | 63% | 60% | 61% | 1.8pp | ▲ | 0.5pp | ▲ | 60% | 61% | 1.4pp | ▲ |
| Cost of Risk, bps | 117bp | 753bp | 69bp | 84bp | 64bp | -20bp | ▼ | -53bp | ▼ | 109bp | 72bp | -36bp | ▼ |
| RoTE | 1.8% | n.m. | 6.9% | 5.9% | 6.8% | 0.9pp | ▲ | 5.0pp | ▲ | 3.0% | 6.0% | 3.0pp | ▲ |
| Customer Loans | 504,376 | 483,684 | 483,782 | 474,798 | 470,356 | -0.9% | | -6.7% | | 504,376 | 470,356 | -6.7% | |
| Direct Funding | 544,224 | 557,379 | 560,163 | 561,005 | 554,908 | -1.1% | | 2.0% | | 544,224 | 554,908 | 2.0% | |
| Total RWA | 399,747 | 384,755 | 418,871 | 398,702 | 401,238 | 0.6% | | 0.4% | | 399,747 | 401,238 | 0.4% | |
| FTE (#) | 132,195 | 132,122 | 131,333 | 130,577 | 129,958 | -0.5% | | -1.7% | | 132,195 | 129,958 | -1.7% | |

# Core Bank – P&L and Volumes

Net Profit broadly up above 1bn with operational excellence on track and lower cost of risk largely offsetting seasonal slowdown of revenues

| *Euro (mln)* | 3Q13 | 4Q13 | 1Q14 | 2Q14 | 3Q14 | Δ % vs. 2Q14 | | Δ % vs. 3Q13 | | 9M13 | 9M14 | Δ % vs. 9M13 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Revenues | 5,528 | 5,631 | 5,481 | 5,700 | 5,473 | -4.0% | ▼ | -1.0% | ▼ | 16,995 | 16,654 | -2.0% | ▼ |
| Operating Costs | -3,303 | -3,593 | -3,338 | -3,270 | -3,264 | -0.2% | ▼ | -1.2% | ▼ | -10,065 | -9,872 | -1.9% | ▼ |
| Gross Operating Profit | 2,225 | 2,039 | 2,142 | 2,431 | 2,208 | -9.2% | ▼ | -0.8% | ▼ | 6,929 | 6,781 | -2.1% | ▼ |
| LLP | -585 | -1,990 | -523 | -603 | -244 | -59.5% | ▼ | -58.2% | ▼ | -1,728 | -1,371 | -20.7% | ▼ |
| Profit Before Taxes | 1,449 | -219 | 1,685 | 1,697 | 1,862 | 9.7% | ▲ | 28.5% | ▲ | 4,737 | 5,244 | 10.7% | ▲ |
| Net Profit | 876 | -10,176 | 1,013 | 993 | 1,104 | 11.1% | ▲ | 26.0% | ▲ | 2,751 | 3,110 | 13.0% | ▲ |
| Cost / Income Ratio, % | 60% | 64% | 61% | 57% | 60% | 2.3pp | ▲ | -0.1pp | ▼ | 59% | 59% | 0.1pp | ▲ |
| Cost of Risk, bps | 53bp | 182bp | 49bp | 56bp | 23bp | -33bp | ▼ | -30bp | ▼ | 51bp | 43bp | -8bp | ▼ |
| RoAC | 10.0% | n.m. | 11.5% | 11.0% | 13.6% | 2.7pp | ▲ | 3.6pp | ▲ | 10.3% | 12.0% | 1.7pp | ▲ |
| Customer Loans | 442,211 | 430,230 | 431,459 | 423,907 | 420,800 | -0.7% | | -4.8% | | 442,211 | 420,800 | -4.8% | |
| Direct Funding | 541,821 | 554,875 | 557,807 | 558,620 | 552,553 | -1.1% | | 2.0% | | 541,821 | 552,553 | 2.0% | |
| Total RWA | 362,576 | 353,360 | 383,079 | 365,239 | 368,243 | 0.8% | | 1.6% | | 362,576 | 368,243 | 1.6% | |
| FTE (#) | 130,253 | 130,147 | 129,352 | 128,632 | 128,035 | -0.5% | | -1.7% | | 130,253 | 128,035 | -1.7% | |

Net profit 2Q14 and 9M14 does not include the 215 m impact of the revised tax charge related to valuation of the stake in Banca d'Italia.



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# Non Core – P&L and Volumes

## Quarterly loss broadly stable with higher LLP offsetting improved GOP

| *Euro (mln)* | 3Q13 | 4Q13 | 1Q14 | 2Q14 | 3Q14 | Δ % vs. 2Q14 | | Δ % vs. 3Q13 | | 9M13 | 9M14 | Δ % vs. 9M13 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Revenues | 135 | 139 | 98 | 33 | 79 | 138.8% | ▲ | -41.5% | ▼ | 552 | 209 | -62.1% | ▼ |
| Operating Costs | -145 | -153 | -172 | -146 | -141 | -3.3% | ▼ | -2.4% | ▼ | -442 | -460 | 4.0% | ▲ |
| Gross Operating Profit | -10 | -15 | -75 | -113 | -63 | -44.7% | ▲ | 508.5% | ▼ | 109 | -251 | n.m. | ▼ |
| LLP | -896 | -7,305 | -315 | -400 | -509 | 27.2% | ▲ | -43.2% | ▼ | -2,458 | -1,225 | -50.2% | ▼ |
| Profit Before Taxes | -923 | -7,364 | -410 | -526 | -577 | 9.7% | ▼ | -37.5% | ▲ | -2,375 | -1,513 | -36.3% | ▲ |
| Net Profit | -672 | -4,803 | -301 | -375 | -382 | 1.9% | ▼ | -43.2% | ▲ | -1,737 | -1,057 | -39.2% | ▲ |
| Cost / Income Ratio, % | 108% | 111% | 176% | 444% | 180% | -264pp | ▼ | 72pp | ▲ | 80% | 220% | 140pp | ▲ |
| Cost of Risk, bps | 568bp | 5054bp | 239bp | 310bp | 405bp | 95bp | ▲ | -162bp | ▼ | 504bp | 317bp | -188bp | ▼ |
| RoAC | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. | | n.m. | | n.m. | n.m. | n.m. | |
| Customer Loans | 62,165 | 53,454 | 52,323 | 50,892 | 49,556 | -2.6% | | -20.3% | | 62,165 | 49,556 | -20.3% | |
| Direct Funding | 2,403 | 2,504 | 2,356 | 2,384 | 2,355 | -1.2% | | -2.0% | | 2,403 | 2,355 | -2.0% | |
| Total RWA | 37,171 | 31,395 | 35,792 | 33,463 | 32,995 | -1.4% | | -11.2% | | 37,171 | 32,995 | -11.2% | |
| FTE (#) | 1,942 | 1,974 | 1,981 | 1,945 | 1,923 | -1.1% | | -1.0% | | 1,942 | 1,923 | -1.0% | |