

# Update of UBI Business Plan to include the 3 Bridge Banks acquired (Nuova Carichieti, Nuova Banca Etruria, Nuova Banca Marche)

*11 May 2017*



## Disclaimer

*This document has been prepared by Unione di Banche Italiane Spa ("UBI") for informational purposes only and for use in the presentation of the Update of the Business Plan on 11 May 2017. It is not permitted to publish, transmit or otherwise reproduce this document, in whole or in part, in any format, to any third party without the express written consent of UBI and it is not permitted to alter, manipulate, obscure or take out of context any information set out in the document.*

*The information, opinions, estimates and forecasts contained herein have not been independently verified and are subject to change without notice. They have been obtained from, or are based upon, sources we believe to be reliable but UBI makes no representation (either expressed or implied) or warranty on their completeness, timeliness or accuracy. Nothing contained in this document or expressed during the presentation constitutes financial, legal, tax or other advice, nor should any investment or any other decision be solely based on this document.*

*This document does not constitute a solicitation, offer, invitation or recommendation to purchase, subscribe or sell for any investment instruments, to effect any transaction, or to conclude any legal act of any kind whatsoever.*

*This document contains statements that are forward-looking: such statements are based upon the current beliefs and expectations of UBI and are subject to significant risks and uncertainties. These risks and uncertainties, many of which are outside the control of UBI, could cause the results of UBI to differ materially from those set forth in such forward looking statements.*

*Under no circumstances will UBI or its affiliates, representatives, directors, officers and employees have any liability whatsoever (in negligence or otherwise) for any loss or damage howsoever arising from any use of this document or its contents or otherwise arising in connection with the document or the above mentioned presentation.*

*For further information about the UBI Group, please refer to publicly available information, including Annual, Quarterly and Interim Reports.*

*By receiving this document you agree to be bound by the foregoing limitations.*

*Please be informed that some of the managers of UBI involved in the drawing up and in the presentation of data contained in this document possess stock of the bank. The disclosure relating to shareholdings of top management is available in the annual reports.*

### Methodology

*The "notes on the reclassified financial statements" contained in the periodic financial reports of the Group may be consulted for a fuller comprehension of the rules followed in preparing the reclassified financial statements.*

## Closing of the 3 Bridge banks purchase contract on 10/05/2017: all conditions fulfilled allow a solid starting point

### MAIN CONTRACTUAL CLAUSES (12/01/2017)

- **€2.2 billion of gross non-performing loans by the target institutions (approx. €1.7 billion of gross bad loans and €0.5 billion of gross unlikely-to-pay loans)**
- **Net Equity book value** on the Closing date of at least **1.010 €M**
- **RWAs (Pillar 1)** not greater than **€10.6 billion**
- Average weighted **Liquidity Coverage Ratio** greater than **100%**
- Average weighted **CET1 ratio** at least of **9.1%**
- Also to meet the parameters mentioned above, **the Seller has made a commitment to recapitalize the Target Bridge Institutions** prior to the Closing date for an amount estimated at **450 €M**

### CLOSING DATE PRO-FORMA FIGURES (10/05/2017)

- ✓ **Sold to Atlante Fund (see press release dated 10.05.2017)**
- ✓ **Net Equity book value** on the Closing date of **1,050 €M\***
- ✓ **RWAs (Pillar 1)** of **€9,816 billion**
- ✓ Average weighted **Liquidity Coverage Ratio** greater than **100%**
- ✓ Average weighted **CET1 ratio** at **10.5%**
- ✓ The Banks have been recapitalised for a total amount of **713 €M** (including loss from sales of NPEs)

\* The difference of 40 €M will be deposited in an escrow account and will be paid to the seller following satisfaction of any indemnity obligations

## KEY ACTIONS UNDERTAKEN IN THE PAST 12 MONTHS

---

### *"Banca Unica" fully executed*

- **"Single Bank" Project fully executed 4 months in advance** compared to Business Plan expectations
- **~70M€** of cost savings expected in 2017 linked to the Single Bank project

---

### *Shortfall absorption*

- Partial **shortfall re-absorption (851 M€ in June 2016)** in order to simplify and optimize credit management and to increase the coverage ratio for NPEs
- **+ 8 p.p. higher NPE coverage** (Dec.'16 vs Dec.'15)

---

### *Personnel dynamics*

- **1,300 voluntary exits through Redundancy fund** expected in Stand Alone Business Plan, of which:
  - All adhesions already received in 2016
  - **550+ resources already exited in the first 4 months of 2017**
  - **Working on exit of remaining ~750 HC by end of 2017**
  - New hirings achieved, allowing generation turnover (192 as at 30 April)

---

### *Stand alone business plan costs*

- **Almost all UBI Business Plan costs (1,030 €M) upfronted in 2016**

## **UBI Stand Alone : Effective implementation of Business Plan guidelines over recent months**

**Over recent months, UBI has effectively implemented an important part of Business Plan guidelines**

### **KEY BUSINESS PLAN GUIDELINES IMPLEMENTED OVER RECENT MONTHS**

- **Implemented the new organizational model:**
  - Created new "Top Private" and "Corporate & Investment Banking" divisions
  - Implemented 5 new geographical macro-areas reporting directly to CCO, enabled by the Single Bank project
  - Transferred the responsibility for the management of unlikely-to-pay loans from the distribution network to the central problem-loan unit and maintained a separate specialist unit for bad loan management (**overall more than 400 people**)
  - Created and launched a new wealth/welfare management macro unit with the mission to constitute a new asset management / insurance / health and welfare services provision centre
- **Activated the reshaping of commercial network:**
  - On 1<sup>st</sup> April the Group had 1,441 domestic branches (-27% vs 2007)
  - Increased number of branches to be renovated for a new concept of customer service from 500 to 700, due to the new Group perimeter
- **Launched the new commercial strategy, dedicated per segment:**
  - Introduced the new approach for SME / Corporate with a sector / virtual supply chain perspective
  - Activated the online offer of loans to private individuals
  - ...

**The Updated Business Plan for the Combined Entity confirms the business model and strategic guidelines defined in the UBI Stand Alone Business Plan presented in June 2016, which will be extended to the Bridge Banks perimeter**

## Confirmation of "Single Bank" structure for the Combined Entity

### Commercial approach evolution

Confirmation of the multichannel approach, together with a deep review of branch and remote service models (by 2017)

Design of dedicated strategy for each customer segment, also leveraging on market trends

### Confirmation of structural strengths

Confirmation of a best-in-class asset quality and of adequate NPs coverage ratios

Acceleration of cost base rationalization activities

### Income statement and balance sheet impacts

Balanced capital and financial structure

Key profitability and capital ratios among the best-in-class on completion of the Plan

# The Updated Business Plan for the Combined Entity integrates Nuova Banca Marche, Nuova Banca Etruria and Nuova CariChieti and confirms profitability and RAF ratios as at 2020

- In preparing the Combined Business Plan, the following steps were taken:
  - **Adjustment of the Stand Alone Business Plan for UBI** (published on June 2016), based on:
    - Updated market trends and competitive dynamics
    - Acceleration of UBI's transformation path in terms of corporate structure (from federal model to Single Bank) and organizational structure, and consequent anticipation of cost reduction
    - The organizational and economic effort needed to integrate the Bridge Banks
  - **Elaboration of Projections for the Bridge Banks perimeter**, based on the same strategic assumptions included in the UBI stand alone Business Plan
  - **Outcome: the Combined Business Plan, including achievable cost and revenue synergies, goodwill recognition assumptions and use of tax assets<sup>1</sup>**

## • The Updated Business Plan estimates for the Combined Entity confirm 2020 profitability and Risk Appetite Framework ratios anticipated on 12 Jan 2017:

- Net profit of ~1,12 €B
- RoTe ~12%
- Cet1 over 13% (including 400 €M of Capital Increase to be carried out by UBI)
- Cost / Income of 52,8% (including integration costs)
- Texas ratio of 87%

(1) please see page 14 for methodological note

## Focus on the Bridge Banks: The strategic guidelines allow the achievement of full integration in UBI Banca over a short time horizon ...

### STRATEGIC GUIDELINES FOR THE INTEGRATION OF THE BRIDGE BANKS



Completion of IT migration onto UBI IT system within 5 months from deal closing for former Nuova Banca Marche and within 6 months for former Nuova Banca Etruria



Extension of UBI stand alone strategic and operational guidelines to the Bridge Banks perimeter with strong leverage on the UBI Banca Brand Equity and Reputation



Bridge Banks full integration in UBI commercial network



Repricing of short term funding, which represents ~90% of Bridge Banks overall funding, to UBI stand alone levels



Relevant reduction of operating expenses through the increase of personnel productivity, to be achieved also thanks to personnel downsizing, and optimization of other administrative expenses (branch closing, renegotiation of contracts, etc.)



Push on cost of risk reduction through the adoption of UBI best practices and organizational model, from "day 1"<sup>1</sup>



Request for extension of UBI advanced models to Bridge Banks perimeter within 1H 2018

(1) From IT migration

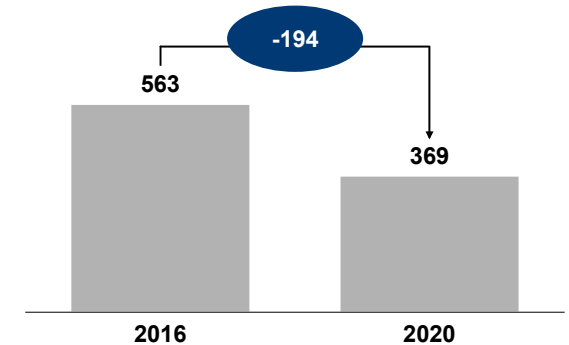


# Focus on the Bridge Banks: ... as enabling factor for the estimated synergies on revenues, operating costs and cost of risk

## Operating costs

- **Decrease in Bridge Banks operating costs** through initiatives which will generate approx. **200€M of savings**, of which ~30€M IT spending reduction
  - **Overall reduction of 1,569 HC** (-32% vs. 2016) on the Bridge Banks perimeter (Ca. -115€M vs. 2016)
  - **Rationalization of branches footprint** (approx. -370 on a combined basis, of which -140 in Bridge Banks perimeter)
  - **Initiatives to reduce "other operating expenses"**

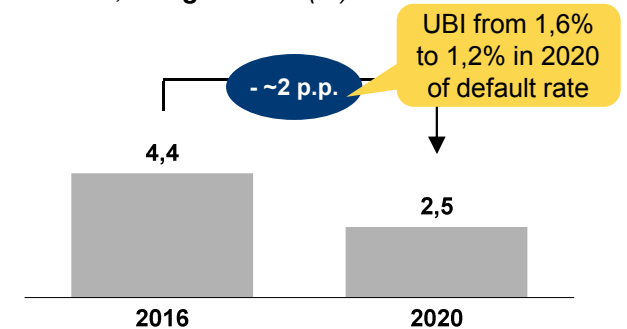
Operating costs, **Bridge Banks** (€M)<sup>(1)</sup>



## Cost of risk

- **Bridge Banks NPE portfolio made of 1.8€B gross of which 1.7€B past due/unlikely to pay**
- **Extension of UBI best practices** in terms of credit underwriting, management and collection **to the Bridge Banks perimeter, also leading to a lower cost of risk** (87bps in 2020) and to the improvement of default rate

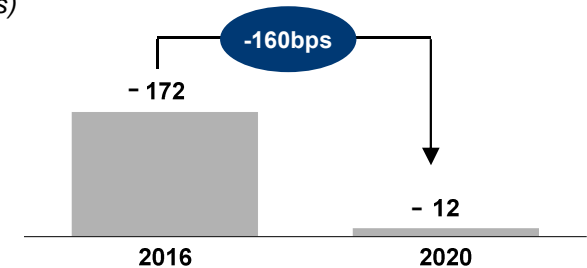
Default Rate<sup>2</sup>, **Bridge Banks** (%)



## Revenues

- **Decrease in the cost of funding** from ordinary customers leveraging on UBI Brand
- Leverage on the **UBI product factories** (asset management, factoring, salary backed loans, etc..) not present in the 3 Bridge Banks

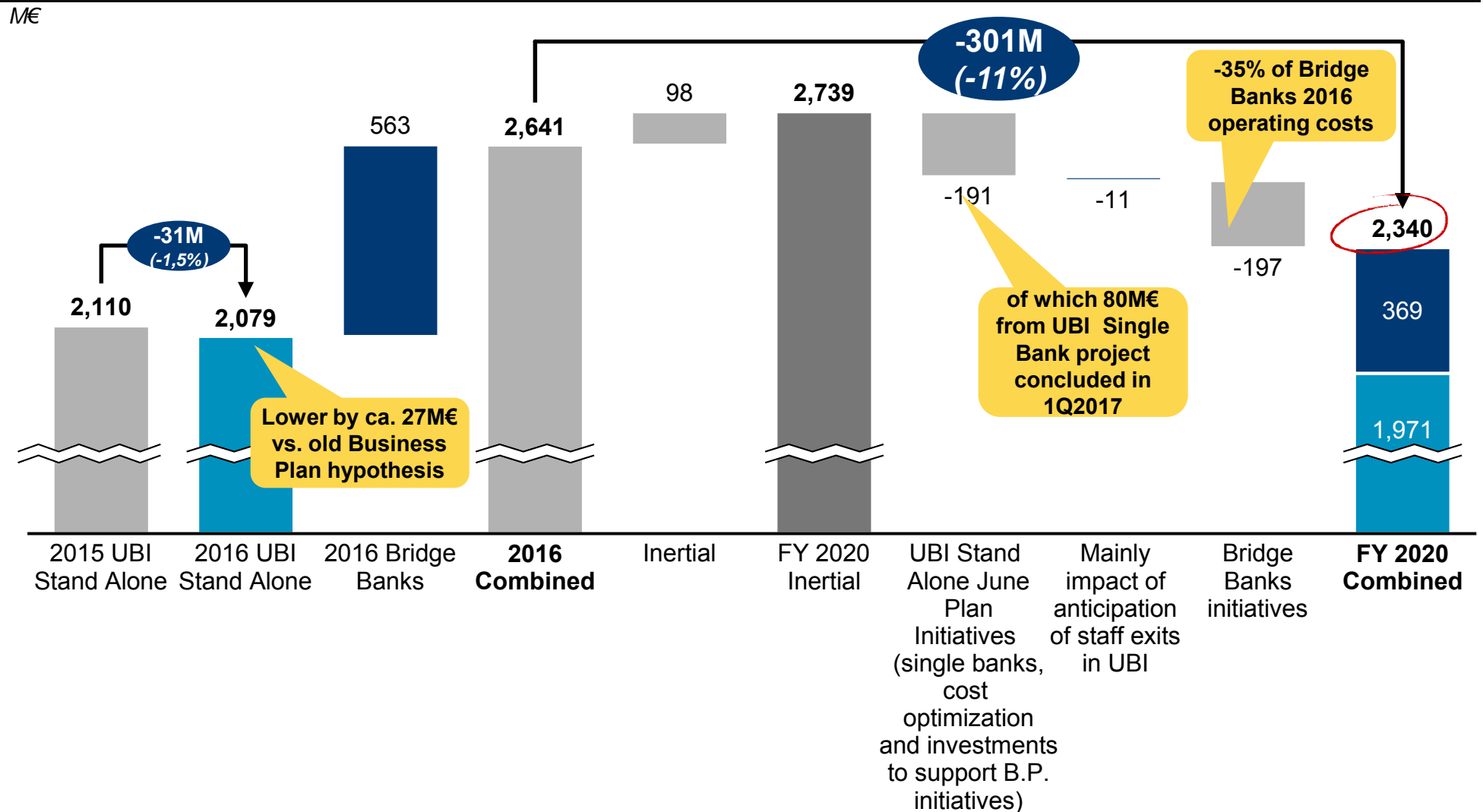
Funding mark down vs Euribor 1M, **Bridge Banks** (Bps)



(1) Net of non-recurring items; (2) total inflow from performing to default/ total performing stock at beginning of period

**Updated Business Plan for the Combined Entity: Overall approx. 300M€ of cost savings (-11% dec. '20 vs dec. '16) thanks to both the improvement of cost targets on UBI Stand Alone perimeter and the achievement of 35% cost reduction on the Bridge Banks**

**TREND FOR OPERATING COSTS OVER THE PLAN<sup>1</sup>**

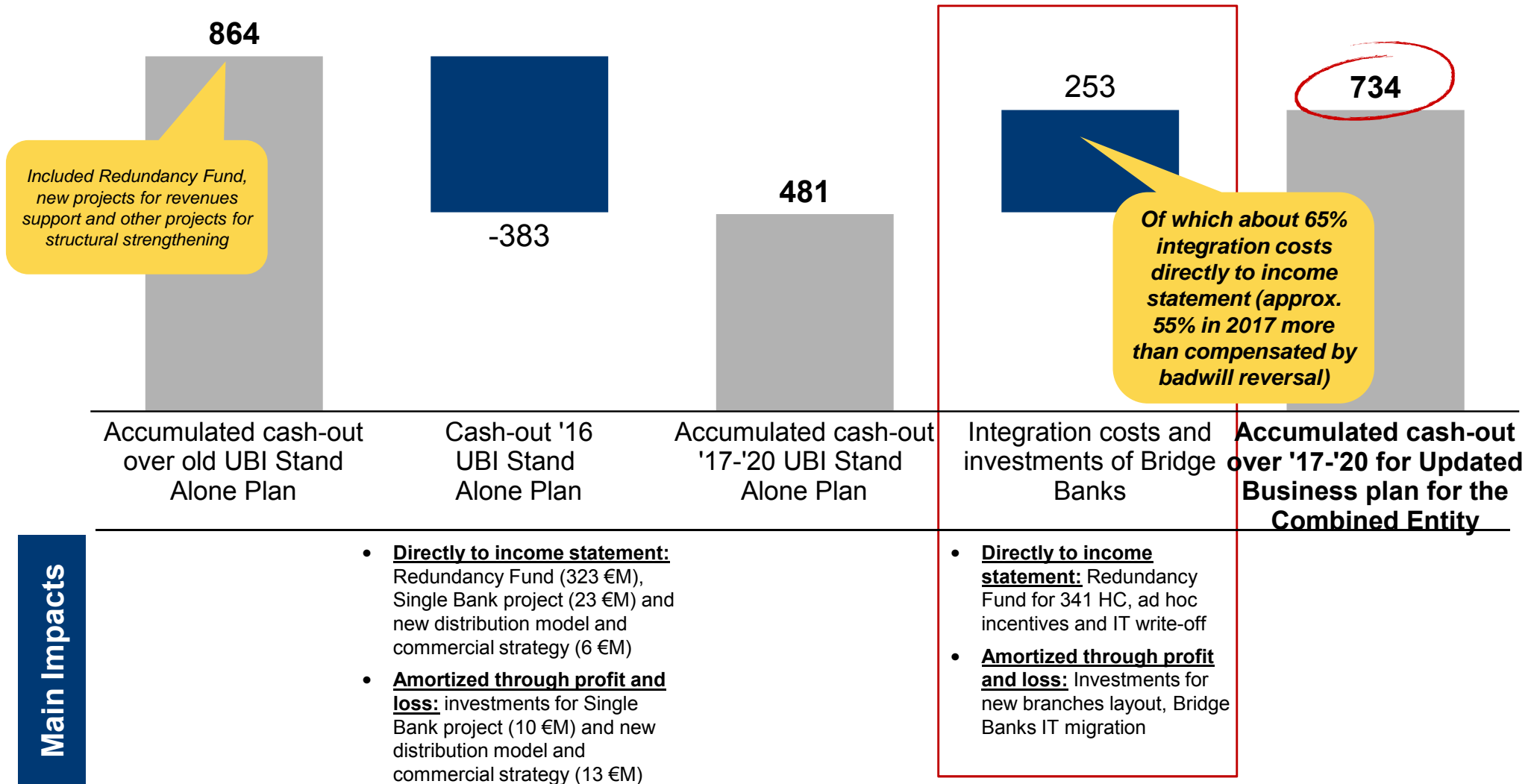


(1) Net of non-recurring items

# Updated Business Plan: Investments to support revenues confirmed and extended to the new combined perimeter. Limited Integration costs, as most have already been booked in 2016

## ACCUMULATED CASH-OUT FOR BUSINESS PLAN INITIATIVES OVER THE PLAN (17-20)

€M



# Updated Business Plan for the Combined Entity: Overall reduction of 3,013 HC (-13% vs. 2016)

## ACTIONS

### Redundancy fund

- Use of the sector's **Solidarity fund in relation to** the simplification of operational headquarters - distribution network (Single Bank, cashless branches, reduction of operations in branches): **-2,173 HC (of which 1,832 HC correspondent costs already recognized in UBI Banca and Bridge Banks 2016 accounts)**

### Other Business Plan initiatives

- **Rationalisation of the Group's non-core activities and processes**, also trough ad hoc incentives and spin off: **-1,318 HC**

### Generation turnover

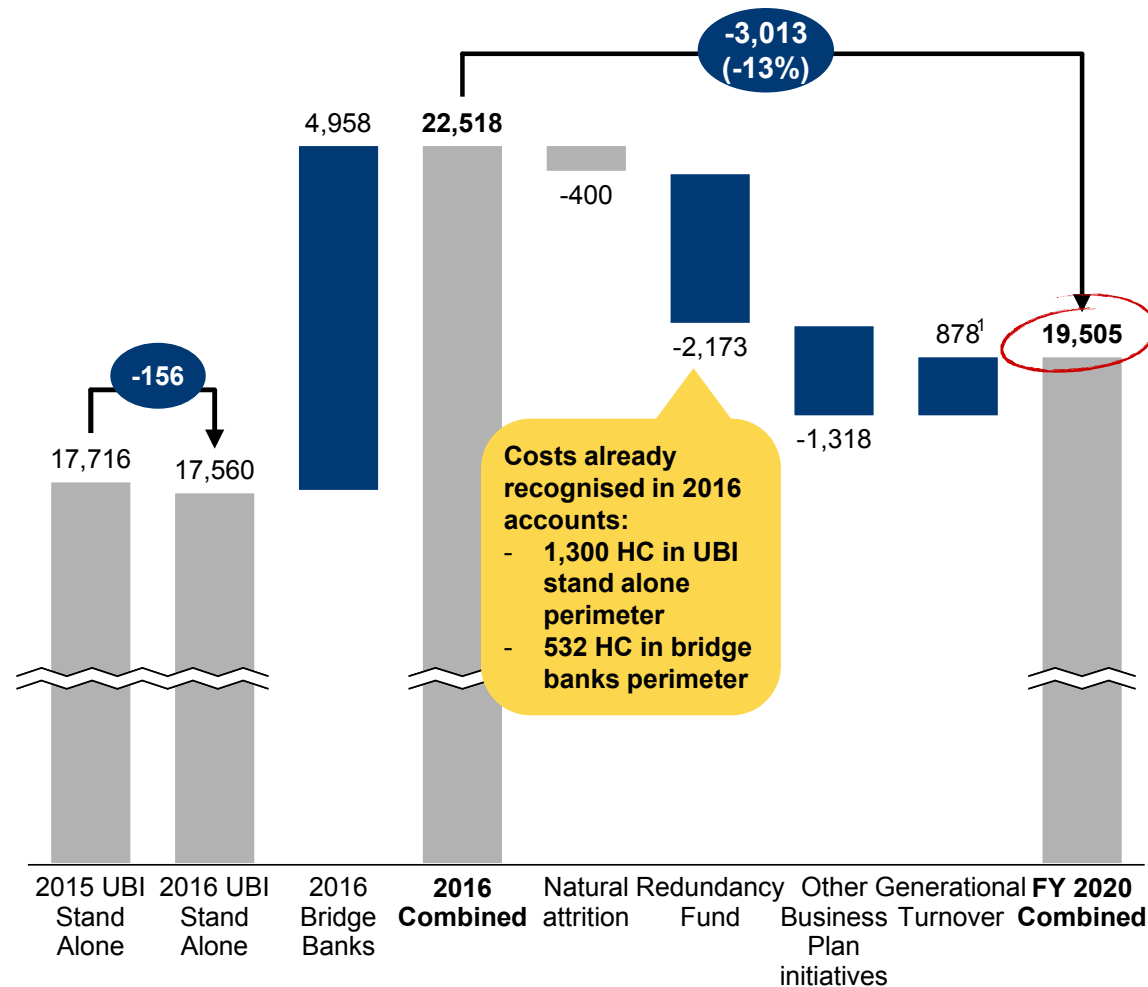
- **Recruitment of new staff** to develop new skills and expertise and to replace natural attrition: **+878 HC**

### Enhancement of human resources

- **Enhancement/development action:**
  - Increase in **variable remuneration**
  - Increase in **training** (almost half a million man/days over the plan)
  - Increase in **flexible working** thanks to greater use of smart working and work-life balance measures (e.g. part time)
  - Extension of the "**Talents programme**" (over 100 staff over the course of the plan)

## CHANGES IN STAFF NUMBERS 2015-2020

Headcounts

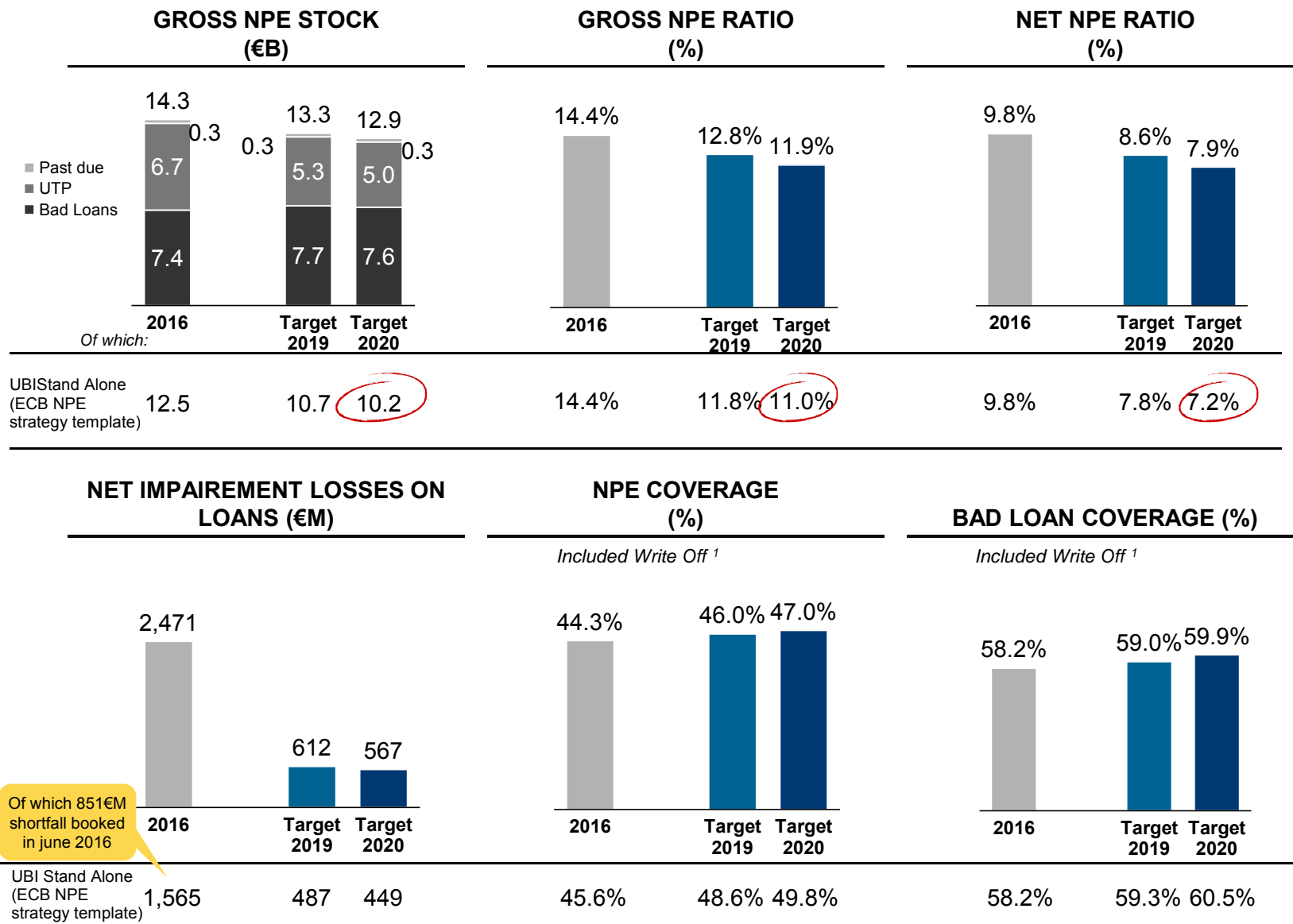


(1) Includes ~400 HC to replace natural attrition

# Updated Business Plan for the Combined Entity: Maintenance of “best-in-class” asset quality with decreasing cost of risk

## GUIDELINES

- Improvement of UBI Stand Alone asset quality as presented in NPE Strategy Template
- Extension of UBI best-practices in terms of credit granting, management and collection to the Bridge Banks perimeter
- Disposals of ~500 €M bad loan are forecast over the Business Plan timeframe and continuation of write-off practice

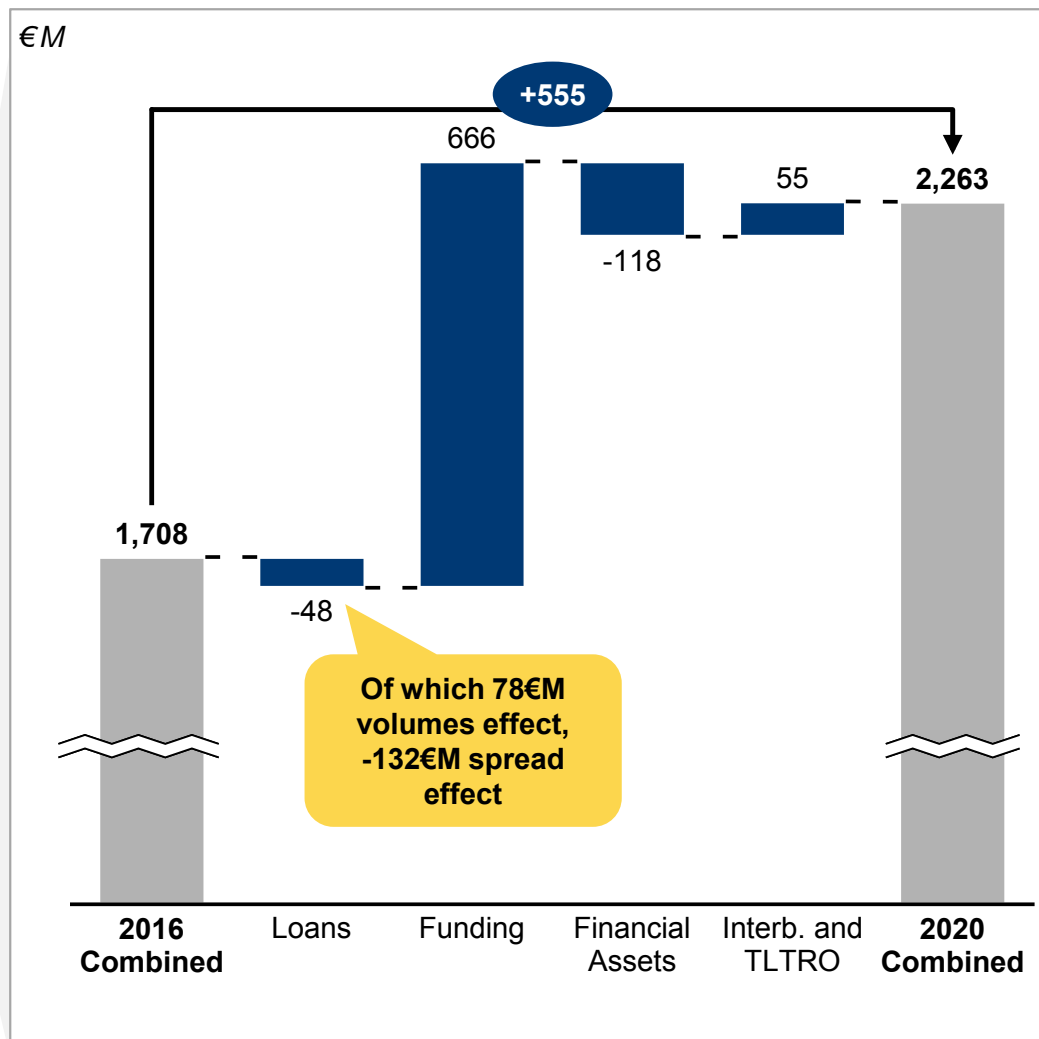
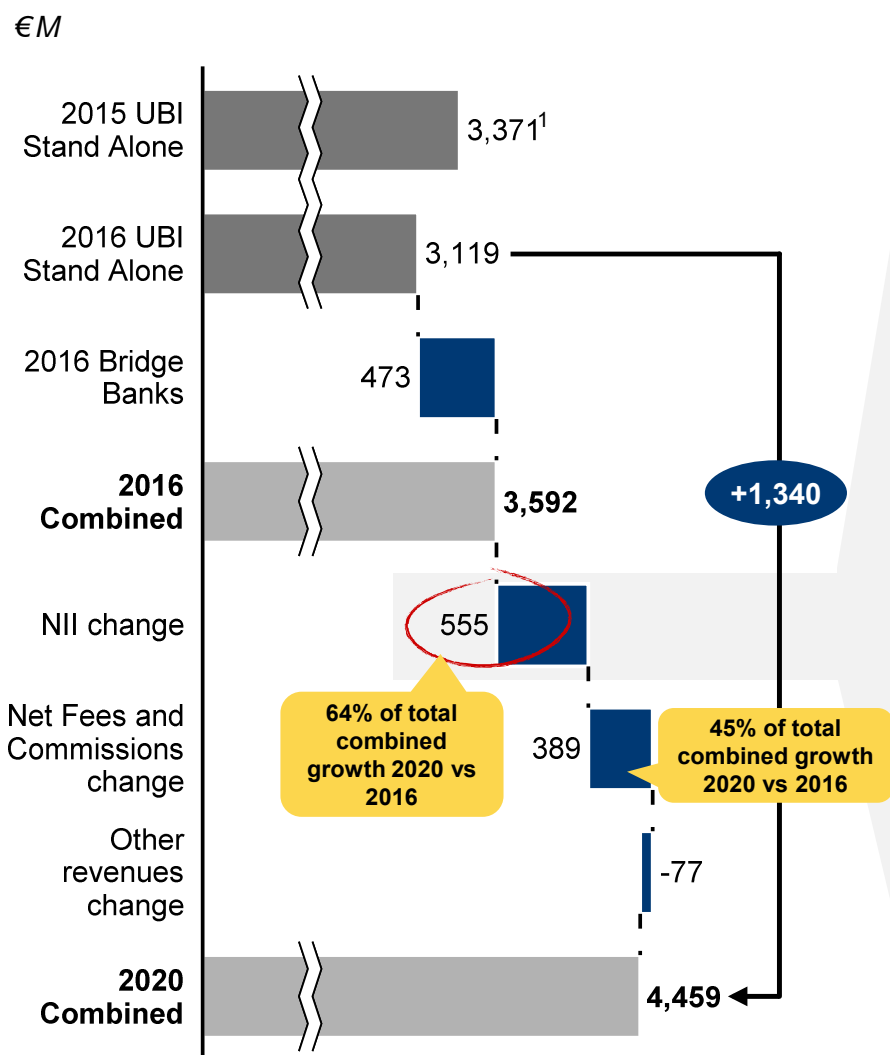


(1) In line with ECB NPL guidelines

# Updated Business Plan for the Combined Entity: Revenue growth supported by a reduction in funding costs (driving overall NII growth) and by the fee and commission component (45% of total growth)

## TREND FOR OPERATING INCOME

## OF WHICH: TREND FOR NET INTEREST INCOME



(1) Figure stated includes non-recurring items (e.g. disposal of ICPBI)

## KEY ASSUMPTIONS<sup>1</sup>

### Badwill allocation

- On the basis of the international financial reporting standard IFRS3 (business combinations), “badwill” must be allocated within 12 months from the closing date;
- For the purposes of drawing up this Business Plan, the preliminary estimate already made when the acquisition was announced has been updated;
- The results of that update, although still preliminary, involve the recognition of badwill through profit and loss as at the acquisition date amounting to approximately €600 million, against book equity of the Bridge Banks, inclusive of an estimate of expected losses in 2017 up until the transfer of control, of approximately €1,010 million. The remaining portion, amounting to approximately €410 million, is expected to be allocated mainly to non-performing loans in order to bring their book value up to the presumed fair value and to other items, such as direct funding and provisions for risks and charges. The release of these items through profit and loss is assumed according to convention to be over a five-year period for loans and over three years for other items.

### Tax recovery on former Bridge Banks losses

- As part of the acquisition operation, potential tax benefits were identified arising from the prior-year losses of the Bridge Banks, and transferred to the UBI Group on the basis of favourable replies received from the tax authorities.
- As the deferred tax assets in question are not “qualified”, which means that their recoverability depends on the actual certainty of there being sufficient taxable income, an approach was adopted which involves recognition through profit and loss, limiting the analysis of the recoverability to a finite time frame. Over the course of the plan a total of approximately €550 million of deferred tax assets have been recognised in the income statement. For the purpose of regulatory capital, further fiscal benefits will be available after 2020.

### IFRS 9

- Business Plan projections include estimated impacts arising from the coming into force of IFRS9. At the date of first application (1/1/2018), a negative impact on capital of approx. 210 €M (gross of tax effect) is estimated. Applying regulatory rules, a non-significant impact on CET1 ratio is reported

(1) The Business Plan also incorporates changes to the ACE discipline introduced with the Ordinary Supplement no. 20/L of the Official Gazette no. 95 of April 24<sup>th</sup> 2017 (text of the Decree no. 50 published on April 24<sup>th</sup> 2017) to bring into force the measures approved by the Council of Ministers on 11<sup>th</sup> April 2017

## Updated Business Plan for the Combined Entity: Income statement trends

<i>Figures in €M</i>	<b>2016</b>	<b>2019</b>	<b>2020</b>	<i>CAGR 16-19</i>	<i>CAGR 16-20</i>
<b>Operating income</b>	3,592	4,102	4,459	4.5%	5.6%
<i>o/w Net Interest Income</i>	1,708	2,040	2,263	6.1%	7.3%
<i>o/w Net Fees &amp; Commissions</i>	1,523	1,790	1,912	5.5%	5.9%
<b>Operating expenses (stated)</b>	(3,166)	(2,445)	(2,356)	-8.3%	-7.1%
<i>o/w Staff costs</i>	(1,914)	(1,471)	(1,404)	-8.4%	-7.5%
<i>o/w Other Administrative Expenses</i>	(1,006)	(801)	(780)	-7.3%	-6.2%
<b>Net operating income</b>	426	1,657	2,103	57.3%	49.0%
<b>Net impairment losses on loans</b>	(2,471) <sup>1</sup>	(612)	(567)	-27.7%	-23.1%
<b>Net profit</b>	(1,861)	919	1,117	<i>n.s.</i>	<i>n.s.</i>
<i>Cost / Income</i>	88%	60%	53%	<i>n.s.</i>	<i>n.s.</i>
<i>Loan loss rate (bps)</i>	262 <sup>1</sup>	63	57	<i>n.s.</i>	<i>n.s.</i>

Ca. 0%  
excluding mark  
down  
improvement

Including shortfall,  
reversal badwill  
and DTAs

(1) The cost of risk 2016 of the combined entity includes shortfall absorption in UBI and losses from disposal of NPEs in the Bridge Banks



## Updated Business Plan for the Combined Entity: Trends for volumes of business with ordinary and institutional customers

<i>Figures in €B</i>	2016	2019	2020	CAGR 16-19	CAGR 16-20
Net loans to customers (net of CCG)	94.2	97.3	100.1	1.1%	1.5%
<i>o/w performing (net of CCG)</i>	84.9	88.8	92.0	1.5%	2.0%
<i>o/w non-performing</i>	9.3	8.5	8.1	-3.0%	-3.1%
Direct funding from ordinary customers	85.2	75.0	74.3	-4.2%	-3.4%
Institutional funding	14.8	23.7	27.8	16.9%	17.0%
Interbank funding - ECB	10.0 <sup>(1)</sup>	10.0	8.5	0.0%	-4.0%

- **Reduction in bond funding** from ordinary customers
- **Increase in the weight of wholesale market issuances** with a view to structural balance (matching maturities with loans) and progressive repayment of TLTROs
- **Unencumbered eligible assets >€13 billion over the whole period of the Plan**

(1) 12,5€B taken up on 29/03/2017

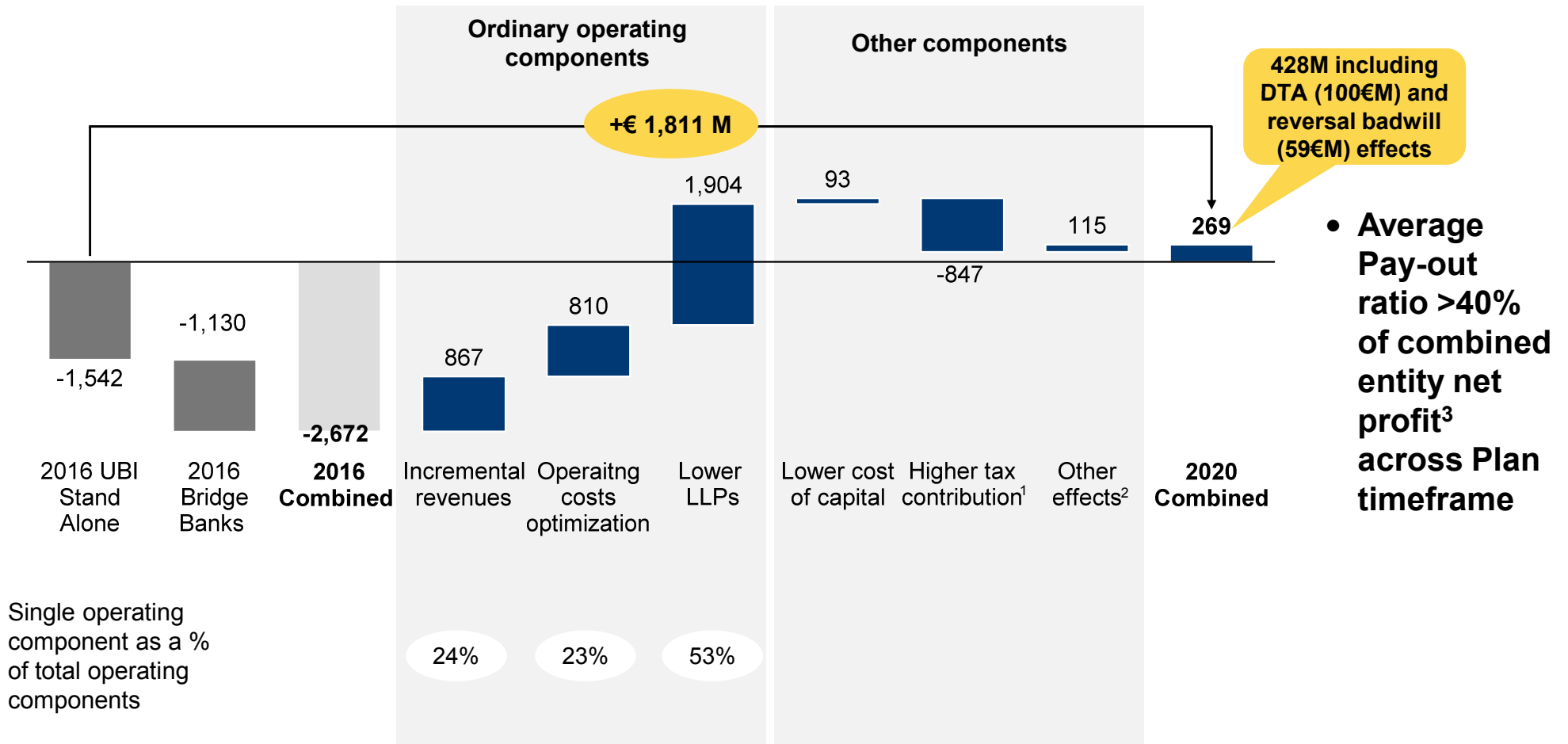
## Updated Business Plan for the Combined Entity: Strong growth of total funding from ordinary customers driven by AuM and bancassurance

<i>Figures in €B</i>	2016	2019	2020	CAGR 16-19	CAGR 16-20
Direct funding from ordinary customers	85.2	75.0	74.3	-4.2%	-3.4%
Indirect funding	89.6	114.8	124.4	8.6%	8.5%
<i>o/w under custody</i>	30.8	26.6	26.7	-4.9%	-3.6%
<i>o/w AuM and bancassurance</i>	58.8	88.3	97.7	14.5%	13.5%
<div style="background-color: yellow; padding: 2px; display: inline-block; font-size: 0.8em;">                     UBI stand alone                      +6 €B dec. '16 vs                      dec. '15 (+12,3%)                 </div>					
Total funding from ordinary customers	174,8	189.9	198.6	2.8%	3.2%
Proprietary Portfolio	19,2	17,7	15,2	-2,6%	-5,7%

# Updated Business Plan for the Combined Entity: Enhanced value creation compared to the UBI stand alone Plan

## EVA COMPONENTS AND TREND (€M)

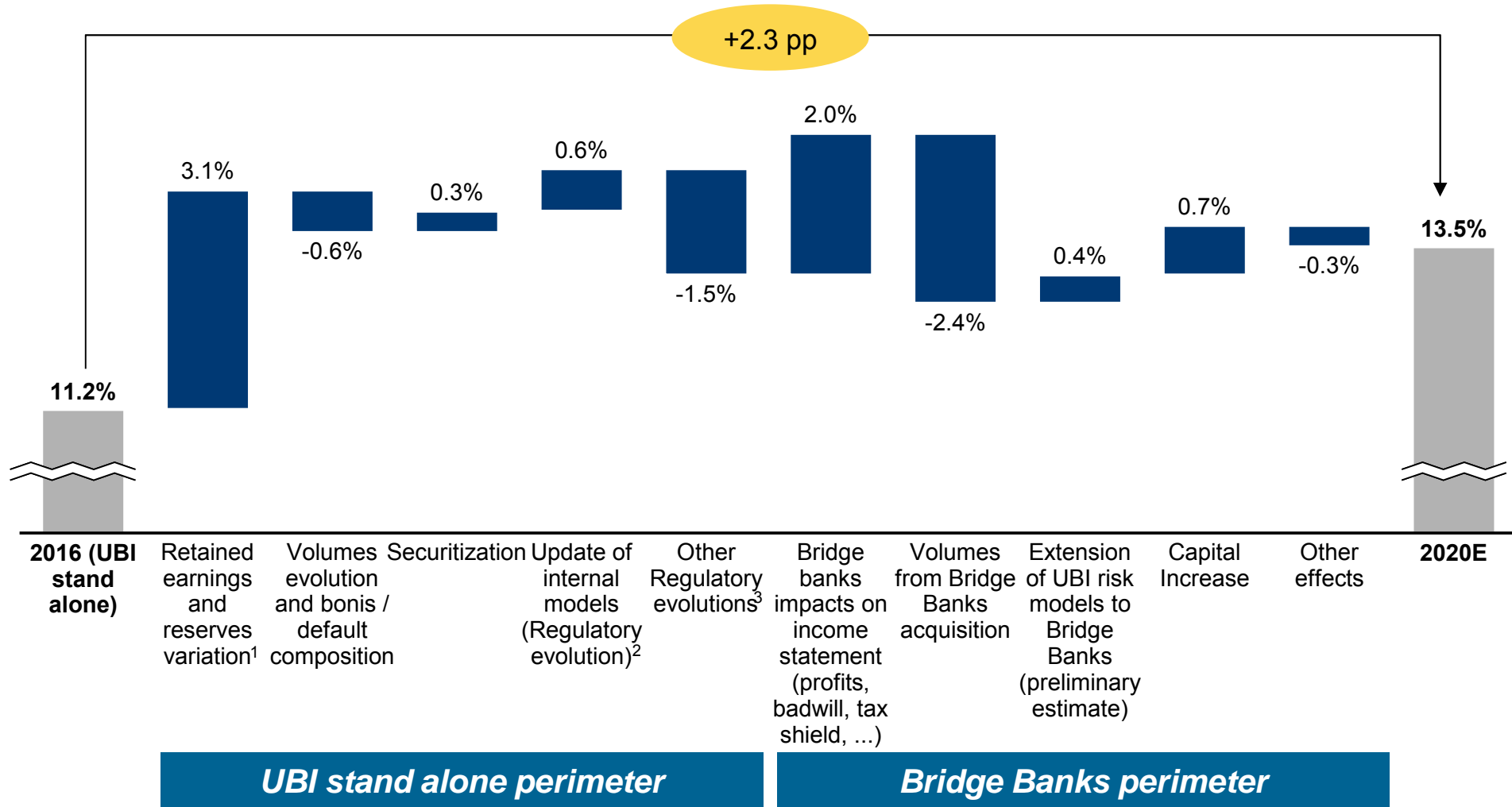
## DIVIDEND POLICY



(1) Higher taxes due to the trend for profits (no change in the tax rate is forecasted); 2) Mainly attributable to a) Net impairment losses on other financial assets/liabilities. Provisions for risks and charges. Profit (loss) on the disposal of equity investments. Profit (loss) for the year attributable to non-controlling interests and adjustments; (3) Considering profitability from continuing operations

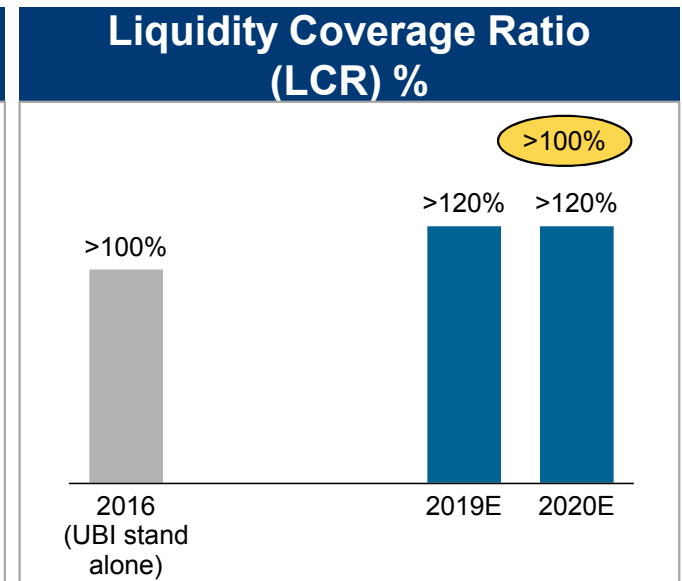
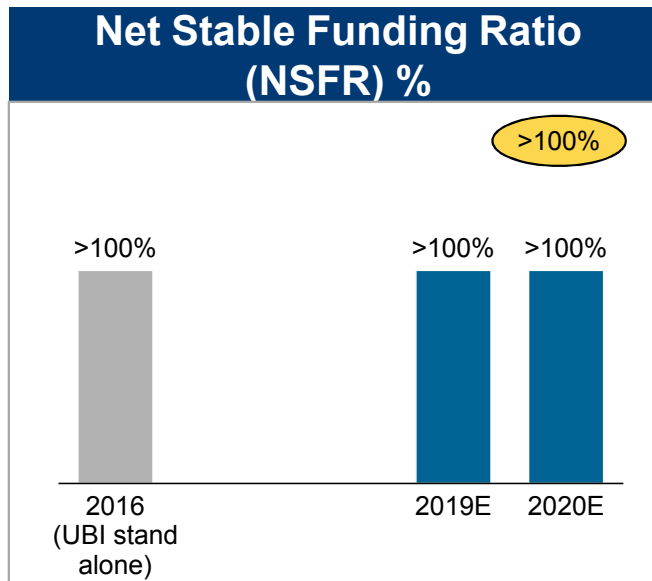
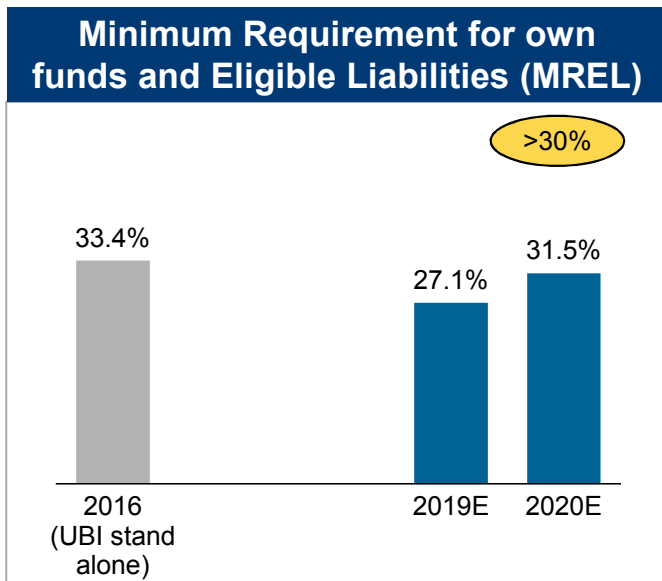
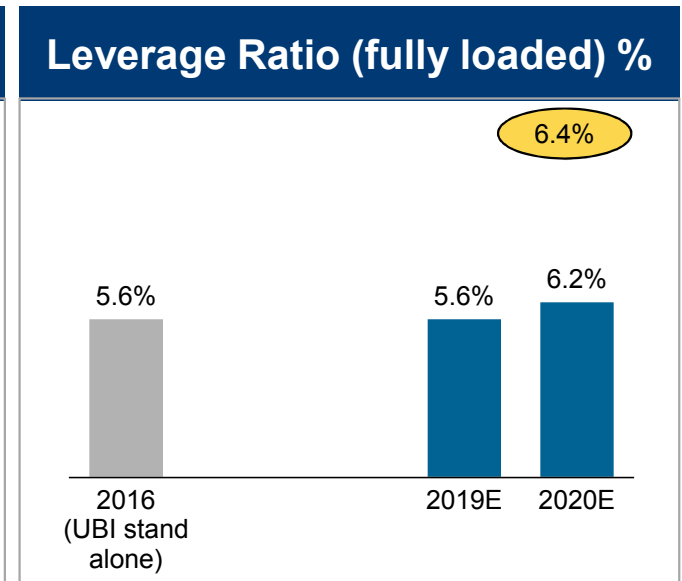
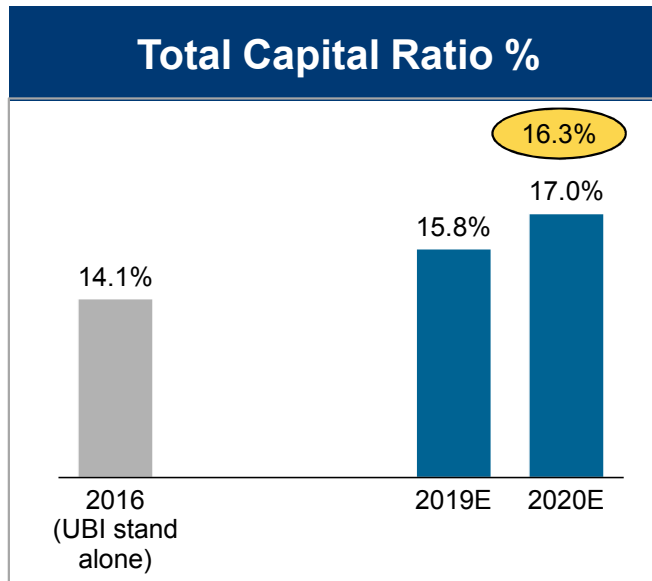
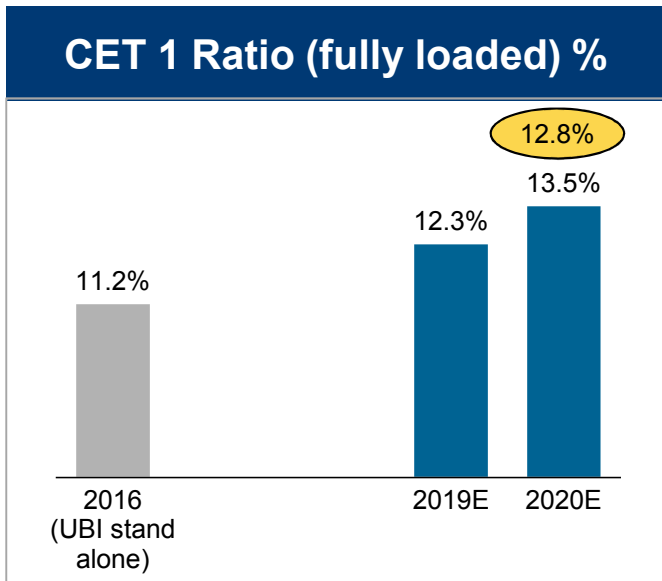
# Updated Business Plan for the Combined Entity: Generation of profits across Plan horizon drives strengthening of capital ratios

## CET1 RATIO (FULLY LOADED) %

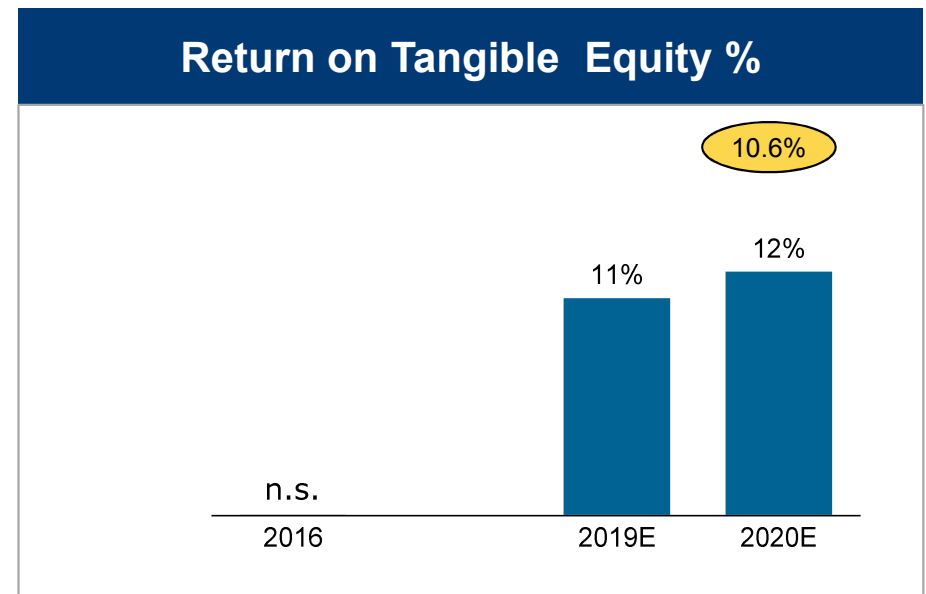
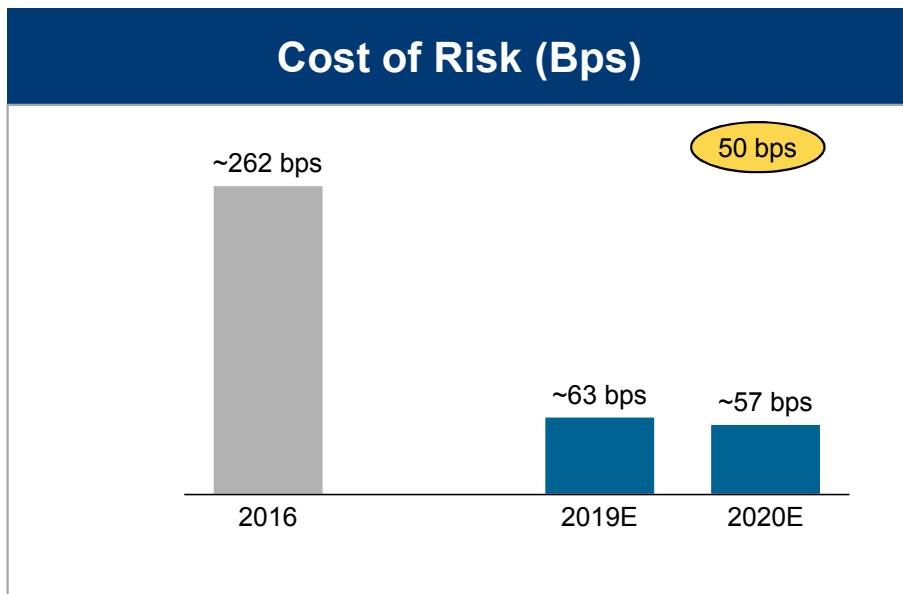
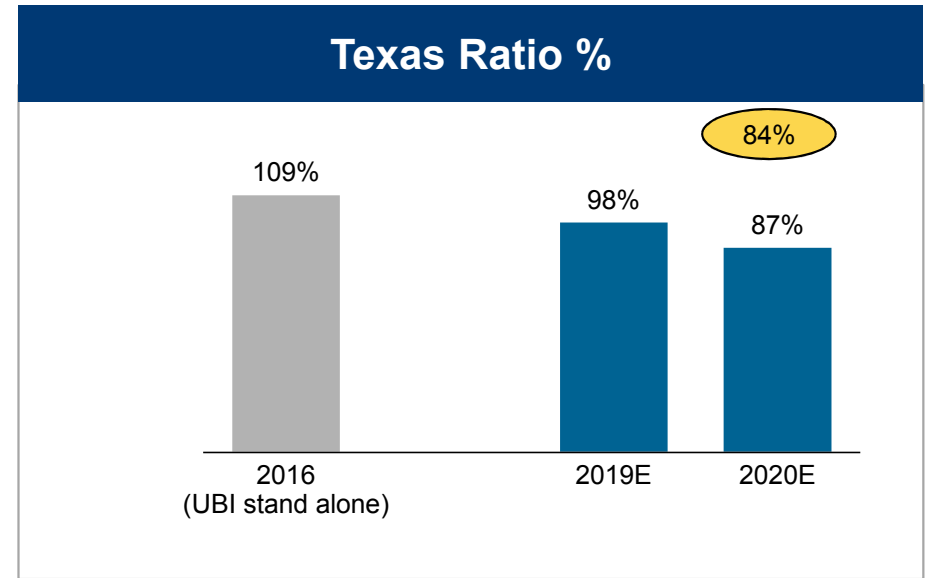
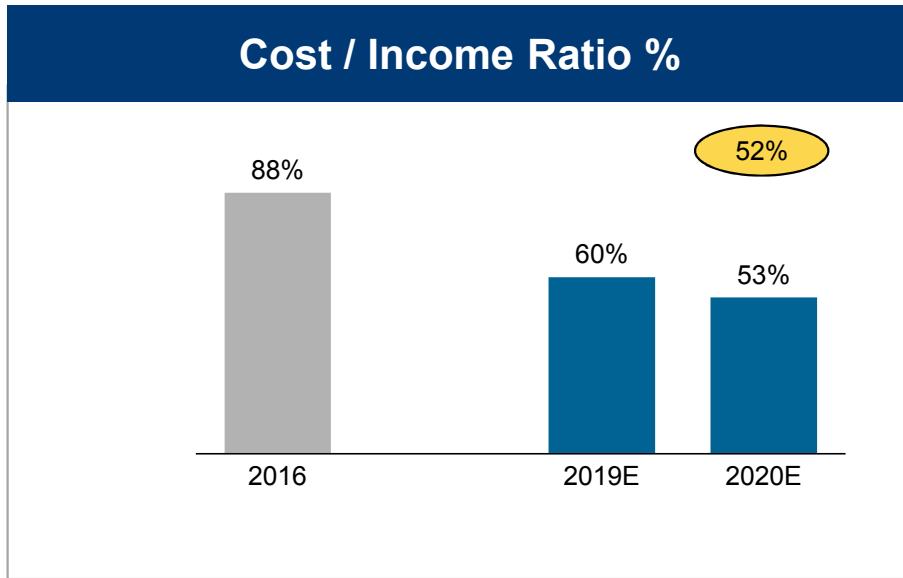


(1) Includes impacts from IFRS9 implementation  
 (2) Includes model change  
 (3) Includes new regulations on writeoffs and default interests

# Updated Business Plan for the Combined Entity: Business Plan KPIs fully consistent with Group Risk Appetite



# Updated Business Plan for the Combined Entity: Business Plan objectives allow sustainable profits to be earned over time



(1) Net of shortfall for UBI Banca and net of NPE Sales for bridge Banks

xx Value of the KPI on UBI 2016 Business Plan



## Long term incentive scheme to support Business Plan targets approved on 7<sup>th</sup> April 2017

- The execution of the Plan is also supported by a medium to long-term incentive scheme approved by a Shareholders' Meeting of UBI Banca on 7<sup>th</sup> April 2017.
- This involves a direct investment by key management personnel, up to a preset maximum amount and consistent with defined “pay-mix” levels, by purchasing UBI shares with their own funds, 50% of which cannot be sold until 31/12/2019, while the remaining 50% cannot be sold until 31/12/2020.
- The bonus, paid in UBI shares, considered one of the most appropriate instruments for aligning the interests of shareholders with those of management, is calculated as a multiplier of the investment made on the basis of Group performance measured over the two reference periods to 31/12/2019 and to 31/12/2020.

# Updated Business Plan for the Combined Entity: Return for shareholders from subscription of UBI capital increase

COST OF TRANSACTION		BENEFITS OF TRANSACTION	
<b>Capital increase</b>	<p><b>400 €M</b></p> <p><i>To be completed by end of June 2017</i></p>	<b>Market share</b>	Increase of UBI overall market share of over 1%
		<b>Customers</b>	Over 900,000 customers
		<b>Volumes</b> <small>(pro-forma dec. '16)</small>	13.2 €B of gross loans (12.4 net), 18.1 €B of direct funding, 7.5 €B of indirect funding
<b>Symbolic price</b>	<b>1 €</b>	<b>Net profit</b> <small>(excluding Badwill and DTA)</small>	Over 100 €M in terms of ordinary 2020 net profit with a return on investment of 25%
		<b>Badwill</b>	Over 1 €B of badwill, of which ~40% allocated to the fair value of assets and liabilities acquired
		<b>DTA</b>	~550 €M of DTA benefits by 2020

**The procedures for the capital increase will be activated in the shortest possible time, subject to approval by Consob of the necessary documentation**





This is the first transaction authorised by Bruxelles to manage a crisis situation in Italy



This transaction has led to the first NPE purchase by the Atlante Fund



This transaction allows industrial value creation



Tax assets represent an important buffer even after the Business Plan horizon



The Plan includes an extremely rapid integration of the acquired Banks.



# Bridge Banks: income statement and pro-forma<sup>(1)</sup> balance sheet as at 31/12/2016

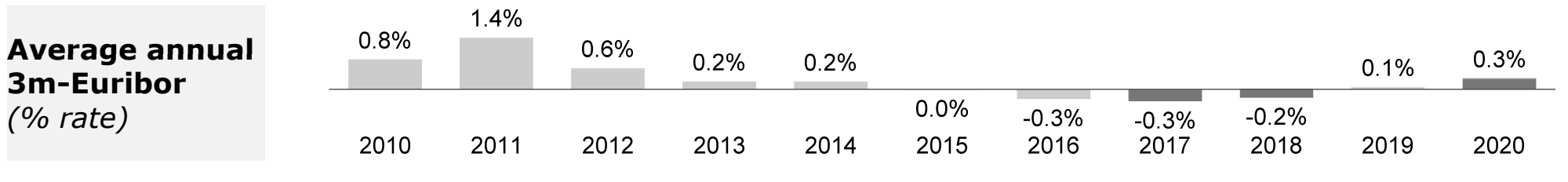
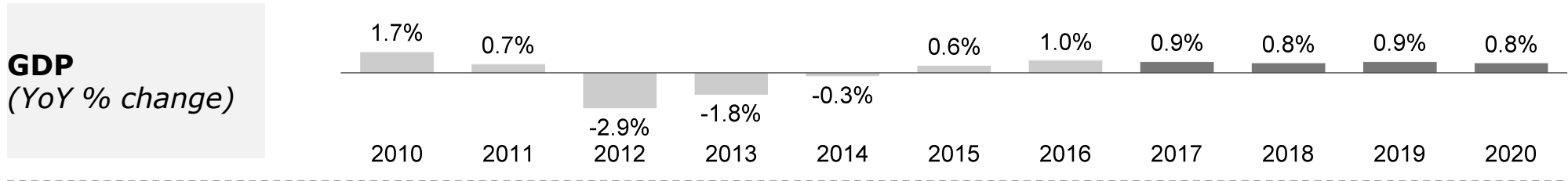
*Figures in €M*

Income Statement	Riclassified 31/12/2016
Net Interest Income	211
Net Commission Income	188
Dividend and similar income	27
Other income items	37
Results from insurance operations	10
<b>Operating Income</b>	<b>473</b>
Staff costs	(315)
Other administrative expences	(248)
Net Impairment losses on property, equipment and investment property and intangible assets	(35)
<b>Operating Expences</b>	<b>(597)</b>
<b>Net Operating Income</b>	<b>(124)</b>
Net impairment losses on loans	(905)
Net impairment losses on other financial assets and liabilities	(10)
Net provisions for risks and charges	5
Other	(2)
<b>Pre-tax result from continuing operations</b>	<b>(1,037)</b>
Taxes on income for the period for continuing operations	5
Profit/ Loss for the period attributable to non controlling interests	1
<b>Net Result for the period</b>	<b>(1,031)</b>

Balance Sheet	31/12/2016
<b>Loans to customers</b>	<b>12,425</b>
<b>Direct Funding</b>	<b>18,133</b>
of which Repos with CCG	1,031
<b>Direct Funding excl. Repos with CCG</b>	<b>17,101</b>
of which Institutional Funding	1,008
<b>Direct Funding excl. Institutional Funding and Repos with CCG</b>	<b>16,094</b>
<b>AuM</b>	<b>2,161</b>
<b>Bancassurance</b>	<b>2,030</b>
<b>Total AuM and Bancassurance</b>	<b>4,191</b>
<b>AuC</b>	<b>3,339</b>
<b>Total Indirect Funding</b>	<b>7,530</b>
<b>Financial Assets including insurance portfolio</b>	<b>3,971</b>
<b>Financial Assets excl. insurance portfolio</b>	<b>2,284</b>
<b>Total Assets</b>	<b>21.741</b>

(1) The item loans to customers has been netted of 2.2 bln€ sold to Fondo Atlante and of a loan to REV which has been cashed in

# Background scenario showing slow improvement but projecting a slower growth in GDP



**Macro-economic scenario**

- **Slow recovery in GDP** (worsened from previous year estimates) affected also by a **low contribution from demographic trends, significant unemployment rate and moderate investment growth**

**Banking industry**

- **Profit margins still under pressure**, with estimates lowered with respect to 2016, due to negative interest rates and macro-economic context
- **Regulatory framework that requires increasingly greater rigour** in terms of capital, liquidity and IT investments

**Social and economic context**

- In recent years the economic crisis and the technological revolution **have determined structural changes in the priorities of individual and business customer needs**