

UNICREDIT: EMPLOYEES CAN'T BE ASKED TO MAKE SACRIFICES THE RESPONSIBILITY LIES ELSEWHERE

From a company release we have learnt that the UniCredit Group recorded a net loss of 14.0 billion euros in 2013. This is an extremely poor performance and it causes us great concern despite the fact that Mr Guizzoni, the bank's CEO, described the year as marking a turning point, particularly in the way the company has handled communications, relations with employees and their representatives and has developed the business plan for 2013/2018 by dumping its restructuring costs onto its employees.

An initial reading suggests that this result is, to a large extent, due to extraordinary items and to a radical clearing up of the Group's loan book following its extremely poor credit management in recent years.

While we await more detailed information and the planned 19 March meeting with the Company's management, the signatory organisations feel it necessary to express their position on the situation:

- The Unicredit Group has seen its revenues decline because of a fall in net interests, unfavourable exchange rate trends, rock-bottom interest rates, a squeeze on margins caused by the weak demand for financing in Western Europe, low trading revenues, although the Italian part of the group marked a 0.3% increase in revenues with a significant reduction in personnel costs (-2.3%).
- The 14 billion euro loss, most of which accrued in the fourth quarter of the year, is attributable to write-downs (goodwill of acquired companies – with the Italian companies being written down to zero) – adjustment of provisions on loans (9.3 billion) and restructuring costs for personnel cutbacks (€ 0.7 billion involving 8,500 jobs). One third of the difference compared with 2012 is due to loan-related adjustments ((€ 4.3 billion) whereas two thirds are due to write-downs in goodwill (€ 8 billion).
- The result would have been worse if not for the € 1.4 billion appreciation in the value of the Banca d'Italia shares held by the company.
- Despite the negative results it was decided, unaccountably, to distribute a dividend to shareholders.

We consider that the most important question the company needs to address is who is responsible for bringing this situation about, who is responsible for managing the current situation in this way and who is responsible for dumping the problem on the employees and cutting jobs as set out in the business plan presented in conjunction with the operating results. We hope that the dividend, which in any case was expected, is not just a way of keeping the shareholders happy while the company's employees are harshly penalised. And, at some point, we shall see how much money the managers will dare to award themselves for the loss they have chalked up.

This is a re-run of a previous performance! After the 2010-2015 business plan, which cut about 8,000 jobs, UniCredit has decided to come up with another one for 2013-2018 with 8,500 more redundancies, 5,700 of which are in Italy alone.

It is unacceptable that the reaction to problems caused by misguided strategic decisions, poor practice in loan authorisations (some of which were extremely large) and write-downs in the value of companies acquired over time, should be to cut jobs and thus jeopardise the ability of the company to produce profits in the years to come. This is the real problem! "The flaws in the formula of *less personnel and greater productivity* are clearly visible; the basic approach has to change!" The real remedy is to develop a new model for the bank so that it can drive growth and where branches are the main way the company's relationship with its clients is channelled instead of being a virtual and technological bank.

We do not want the problems caused by a mistaken business and operational approach to endanger our future. The future lies in work and investments.

Rome, 12 March 2014

Group Union Organisations and National Union Organisations