

**PRESS RELEASE**

**The consolidated results of UBI Banca for the period ended 30<sup>th</sup> September 2020<sup>1</sup>**

Following the successful outcome of ISP's public purchase and exchange offer, total impairment of UBI Banca's goodwill (-€1,413.9 million)<sup>2</sup> together with the estimated loss on the sale of over 500 branches to BPER (-€944.9 million) were recognised in the third quarter of the year.

Consequently the third quarter of the year recorded a loss of €2,314.8 million (compared with a profit of €90.7 million in 2Q 2020) which brought the first nine months of 2020 to close with a loss of €2,130.6 million (compared with a profit of €195 million in 9M 2019)<sup>3</sup>.

Net of non-recurring items<sup>4</sup>, the ordinary activities of UBI Banca recorded the following:

- a profit of €197.5 million in 9M 2020, down compared with €247.4 million in the same period of 2019 due to greater systemic contributions (€20 million net) and to costs relating to ISP's public purchase and exchange offer and to the pandemic (a total of €46 million net), net of which normalised profit for the period would have been higher than in 2019
- a net profit of €21.5 million in 3Q 2020 compared with €76.7 million in 2Q 2020, with a difference due for €48.1 million to the recognition in 3Q 2020 of the contribution to the Deposit Guarantee Scheme.

**Balance Sheet figures**

- Following recognition of the estimated loss on the sale of branches to BPER (-1.68 percentage points), the fully loaded CET1 ratio came to 11.71% (13.41% in June 2020)
- Growth was recorded compared with both June 2020 and December 2019 in performing loans (€81.2 billion), direct funding (€98.8 billion) and assets under management (€73.7 billion)
- Gross NPE ratio amounted to 7.31% (7.48% in June 2020) and 6.3% pro forma taking into account the disposal of approximately €923 million<sup>5</sup> of SME bad loans currently being processed
- The annualised default rate<sup>6</sup> was 0.98% in the first nine months of 2020 (1.1% in the first nine months of 2019)
- The Texas ratio<sup>7</sup> amounted to 48.3%
- NSFR and LCR > 100%

<sup>1</sup> See the NOTE attached to this press release.

<sup>2</sup> Following the successful outcome of ISP's public purchase and exchange offer on the entire share capital of UBI Banca, the latter's Business Plan is no longer valid and can no longer be used for periodic impairment testing. Reference was therefore made to the value attributed to UBI by the ISP operation, which did not include any recognition of goodwill, and total impairment of the existing goodwill was recognised.

<sup>3</sup> Net of the two items mentioned, the first nine months of 2020 ended with a profit of €228.3 million (compared with €195 million in the first nine months of 2019) and 3Q 2020 ended with a profit of approximately €44 million (compared with a profit of €90.7 million in 2Q 2020).

<sup>4</sup> The main non-recurring items are reported in the table attached to this press release.

<sup>5</sup> Figure as at 30 September 2020

<sup>6</sup> Default rate: annualised gross migrations of performing exposures to non-performing status/initial volumes of gross performing loans (item 40.2) in the reclassified consolidated balance sheet.

<sup>7</sup> Calculated as total net non-performing exposures/(equity inclusive of the loss) - total intangible assets. This compares with a Texas ratio as at 30<sup>th</sup> June 2020 of 47%, calculated prudentially, however, as total net non-performing exposures/(equity excluding profit for the period and minority interests) - total intangible assets.

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Milan, 3<sup>rd</sup> November 2020 – The Board of Directors of Unione di Banche Italiane Spa (UBI Banca) has approved the consolidated results for the period ended 30<sup>th</sup> September 2020.

## **Operating performance of the Group**

### **Results for 3Q 2020 compared with 2Q 2020**

Following the successful outcome of ISP's public purchase and exchange offer, the net result for the third quarter of 2020 includes the impact of the recognition of the total impairment of UBI Banca's goodwill<sup>8</sup> (-€1,413.9 million) and the estimated loss on the sale of over 500 branches to BPER (-€944.9 million). The third quarter of 2020 therefore closed with a loss of €2,314.8 million<sup>9</sup> compared with a net profit of €90.7 million in 2Q 2020.

Net of non-recurring items, net profit for 3Q 2020 was €21.5 million compared with €76.7 million in 2Q 2020, influenced by the recognition in 3Q2020 of contributions to the Deposit Guarantee Scheme amounting to €48.1 million net and by greater costs related to the public purchase and exchange offer of about €6 million net.

Thanks to UBI's strong capability to react to the consequences, not yet ended, of the pandemic which has hit Italy and the world, the third quarter of the year confirmed the **resilience of its operating income** which came to €880.2 million (in line with 2Q 2020) as a result of good performance by core revenues (net interest income + net fee and commission income), **up by 5.7% compared with 2Q 2020**.

In fact in 3Q 2020 **net interest income** amounted to €421.3 million, **an increase of 5.8% compared with 2Q 20**, and included the following:

- net interest income generated by banking business with customers<sup>10</sup> was €365.3 million, up from €358.7 million in 2Q 2020, the result, amongst other things, of resilience by average volumes of lending and by the mark-up on loans and advances to customers;
- the contribution from financial activities remained more or less stable at €36.4 million compared with €35.7 million in 2Q 2020;
- the result for business on the interbank market, amounted to €19.5 million compared with €3.8 million recorded in 2Q 2020, a reflection mainly of a greater contribution from TLTRO3s.

The performance of **net fee and commission income** was equally positive and totalled €426.3 million, **up 5.7% compared with 2Q 2020**.

Within the item, the **contribution from services related to securities business** – management, trading and advisory - rose to €242 million compared with €228.4 million in 2Q 2020, recording good growth by the recurring component.

The contribution from **fees and commissions relating to banking services** also rose to €184.2 million compared with €174.8 million in 2Q 2020, as a result of greater commissions on payment card business, collection and payment services and current account management.

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<sup>8</sup> Following the successful outcome of ISP's public purchase and exchange offer on the entire share capital of UBI Banca, the latter's Business Plan is no longer valid and can no longer be used for periodic impairment testing. Reference was therefore made to the value attributed to UBI for the ISP operation, which did not include any recognition of goodwill, and total impairment of the existing goodwill was recognised.

<sup>9</sup> Net of those items, 3Q 2020 showed stated net profit of approximately €44 million.

<sup>10</sup> Inclusive of the impacts of IFRS 9 on net interest income. Details are reported in the attached tables.

The **finance result** totalled €5.3 million compared with €41.6 million in 2Q 2020, in relation to lower profits from trading (-€13.6 million) and from fair value movements in assets and liabilities (-€28.4 million).

**Operating expenses (which include systemic contributions to the Single Resolution Fund and to the Deposit Guarantee Scheme)** amounted to €661.1 million compared with €585.2 million in 2Q 2020, mainly due to the impact of greater systemic charges on “other administrative expenses” (+€54.3 million) and greater expenses related to ISP’s public purchase and exchange offer (+€8.5 million).

**Net impairment losses on loans and advances to customers** of €162.3 million were recognised in the third quarter of the year compared with €180.8 million in 2Q 2020. The annualised quarterly loan loss rate came to 76 basis points (85 basis points in the 2Q 2020), to give an increase in coverage for total non-performing exposures of 147 basis points compared with June 2020, with an increase of coverage on both bad loans (+163 bp) and unlikely-to-pay exposures (+91 pb).

Finally, **taxes on income** for the period from continuing operations estimated for 3Q 2020 amounted to €29.8 million, to give a tax rate of 34.1% (26.2% in 2Q 2020).

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### **Results for 9M 2020 compared with 9M 2019**

As a consequence of the successful outcome of ISP’s public purchase and exchange offer, the net result for the first nine months of 2020 includes the impact of recognition of the total impairment of UBI Banca’s goodwill<sup>11</sup> (-€1,413.9 million) and the estimated loss on the sale of over 500 branches to BPER (-€944.9 million). The first 9 months of 2020 therefore closed with a loss of -€2,130.6<sup>12</sup> million compared with a net profit of €195 million earned in 9M 2019.

**Normalised net profit**, amounting to €197.5 million, fell by approximately €50 million compared with €247.4 million earned in 9M 2019, affected by greater contributions to the Deposit Guarantee Scheme and the Single Resolution Fund (total €20 million), costs in relation to the public purchase and exchange offer (€35 million net) and extraordinary expenses incurred for Covid-19 (€11 million net). Net of these items, normalised profit in 2020 would be greater than in 2019, which confirms the good result achieved by commercial and operational efforts made by UBI Banca in an economic context heavily influenced by the consequences of the pandemic, which is still in progress today.

The first nine months of 2020 recorded **operating income** of €2,675.8 million, largely unchanged (-0.5%) compared with the same period in 2019. The decrease in net interest income, in connection, amongst other things, with lower interest income on NPEs, was in fact more than offset by growth in fee and commission income and the finance result.

Within operating income, **net interest income** amounted to €1,224.8 million (€1,313.1 million in 2019), conditioned, amongst other things, by a lower contribution from the IFRS 9 component related to loans and advances and contractual modifications (-€45.6 million year on year). Net of the IFRS 9 component, net interest income limits the contraction to 3.5%.

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<sup>11</sup> Following the success of ISP’s public purchase and exchange offer on the entire share capital of UBI Banca, the latter’s Business Plan is no longer valid and can no longer be used for periodic impairment testing. Reference was therefore made to the value attributed to UBI by the ISP operation, which did not include any recognition of goodwill, and total impairment of the existing goodwill was recognised.

<sup>12</sup> Net of these two items, the first nine months of 2020 would have ended with stated net profit of €228.3 million.

In the first 9 months of 2020, within core income (net interest income + fees and commissions), the contribution from fees and commissions exceeded that of net interest income, confirming the trend in progress since the last quarter of 2019.

In fact the good performance by **net fees and commissions**, up by 2.8% to €1,250 million continued, notwithstanding the slowdown in economic activity. The **contribution from services linked to securities business** - management, trading and advisory - rose (+5.9% to €713.4 million), while **general banking fees and commissions**, amounting to €536.6 million, performed resiliently (-1%), despite severe limitations on economic activities during the lockdown period.

The **finance result** totalled €100.4 million, an increase compared with €46.1 million in 2019, mainly the result of the contribution from net income from the disposal and repurchase of financial assets and liabilities, positive by €76.4 million, and net income from trading activities amounting to €28.8 million.

The performance by **operating expenses**, amounting to €1,839.8 million (+3.2%), was affected by factors not strictly related to ordinary operations, recognised within “other administrative expenses”.

In fact in the first nine months of 2020 systemic contributions to the Single Resolution Fund and to the Deposit Guarantee Scheme were recognised for a total of €131.2 million (up by approximately €28.1 million compared with €103.1 million in 2019), together with expenses in relation to the Covid-19 emergency and the ISP public purchase and exchange offer totalling €68 million, not present in 2019.

If expenses related to the Covid-19 emergency and to ISP’s public purchase and exchange offer were excluded, then operating expenses would have fallen by 0.7%.

Net of the aforementioned systemic charges, and therefore in terms comparable with the reporting criteria applicable to major Italian banking groups, operating expenses show an increase by 1.7% and consequently record a decrease of 2.4% net of costs incurred in relation to the Covid-19 emergency and to the ISP public purchase and exchange offer.

In detail:

- in the first 9 months of 2020 **staff costs** totalled €1,054.6 million, **down by 1.6%** compared with 9M2019, mainly benefiting from staff departures (-661 average resources vs 2019) related to voluntary adhesions to exit plans.
- **other administrative expenses** amounted to €614.2 million vs €548.4 in 2019 and include €131.2 million of systemic charges (€103.1 million in 2019). The comparison is also affected in 2020 by higher costs linked to the Covid19 emergency and the ISP public purchase and exchange offer described above. Net of these items and of systemic charges, other administrative expenses show a significant decrease by 6.8% year on year.
- **depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets** amounted to €171 million compared with €162.8 million in 2019.

In the first nine months of the year **net impairment losses of €498.7 million on loans and advances to customers** were recognised compared with €530.3 million in the first nine months of 2019 which included €112.1 million in relation to the disposal of lease and factoring bad loan positions.

The annualised loan loss rate for the first nine months of the year was 78 basis points (79 pb annualised<sup>13</sup> in the first nine months of 2019).

Following the adjustments made since the beginning of the year, coverage for total non-performing exposures increased by 299 basis points compared with December 2019 (+207 basis points on bad loans and +400 basis points on unlikely-to-pay exposures), even in the presence of a highly secured portfolio.

Finally, **taxes on income** from continuing operations estimated for the first nine months of 2020 amounted to €114.3 million, to give a tax rate of 31.4%.

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<sup>13</sup>Account was taken once only of the impact of the disposals of the factoring and lease positions in the calculation of the annualisation of the loan loss rate.

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## **Balance sheet figures**

**Net loans and advances to customers**<sup>14</sup> as at 30<sup>th</sup> September 2020, totalled €84.9 billion, up from €84.7 billion in June 2020 and from €84.6 billion in December 2019.

This tendency is a combination of two positive trends: on the one hand a progressive reduction in non-performing exposures to €3.7 billion at the end of September (-4.4% in the quarter and -10.5% since the beginning of the year) and on the other hand continuous growth in performing exposures to €81.2 billion at the end of September (+0.5% in the quarter and +1% since the beginning of the year) as a result of sustained activity in the origination of medium and long-term loans.

As concerns **moratoria** granted to individuals and businesses following government, sector and trade association initiatives, as well as programmes launched by UBI Banca itself, approximately 80 thousand moratoria were in existence as at 20<sup>th</sup> October 2020 for a gross value of loans having requested the moratoria of €10.6 billion.

**Non-performing exposures**<sup>15</sup> once again recorded a positive trend:

- **total gross non-performing exposures** amounted to €6,435 million, down -2% compared with 30<sup>th</sup> June 2020 (-5.9% compared with December 2019).

The ratio of gross non-performing exposures fell further to 7.31% (7.48% in June 2020 and 7.80% in December 2019) and to approximately 6.3% pro forma if account is taken of the disposal, currently in progress, of approximately €923 million of exposures to small and medium-sized enterprises classified as bad loan positions.

The **default rate**, which measures the migration of **new inflows of gross loans from performing to non-performing status**, was 0.98% annualised, in line with the figure of 1% for the first six months of 2020 and down compared with 1.1% recorded for both the full year 2019 and the first nine months of 2019.

At the end of September 2020, **coverage** for total non-performing exposures had grown by approximately 1.5 percentage points both in terms of stated coverage and inclusive of write-offs vs June 2020. That growth was even greater over the nine months: compared with 31<sup>st</sup> December 2019 stated coverage has in fact risen by approximately 3 basis points and by 3.5 percentage points inclusive of write-offs.

This significant growth in coverage was recorded both for bad loans and for unlikely-to-pay exposures.

- **in net terms, total non-performing exposures** fell to €3,733.2 million with a contraction of 4.4% compared with June 2020 and of 10.5% compared with December 2019. Net non-performing exposures as a percentage of total net loans and advances fell to 4.39% from 4.61% in June and from 4.93% as at 31.12.2019.

Although it benefited from a contraction in total net non-performing exposures, the **Texas ratio** increased slightly to 48.3% (from 47% in June) because it was calculated by including the loss for the period in the denominator (while prudentially profit is not included, as occurred in June 2020).

As at 30<sup>th</sup> September 2020, **direct banking funding** of the Group amounted to €98.8 billion, an increase compared with €98.6 billion as at 30.06.2020 (+0.3%) and with €95.5 billion at the beginning of the year

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<sup>14</sup> Item 40. 2) in the reclassified consolidated balance sheet.

<sup>15</sup> See the attached table.

(+3.5%) as a result of positive growth in funding from ordinary customers (€80.3 billion compared with €78.4 billion in June and €76.9 billion at the end of 2019).

No issuances were made on retail and institutional bond markets in the second and third quarters, but as a result of the Funding Plan implemented during 2019 (mainly on institutional markets), UBI Banca is exceeding **MREL** requirements (both total and subordinated), which came into force in June 2020.

At the end of September, **indirect funding** amounted to €99.2 billion, an increase of 0.5% quarter-on-quarter and a decrease of 2.3% compared with December 2019 due to the performance of assets under custody, strongly affected also by the market performance effect.

In detail assets under management in the narrow sense reached €45.7 billion (€44.9 billion in June and 45.8 in December), insurance deposits continued to rise to over €28 billion (€27.7 billion in June, €27.3 billion in December), while assets under custody amounted to €25.4 billion (€26.1 billion in June, €28.4 billion in December).

**UBI's exposure to the ECB in TLTRO3s** amounts to €12 billion nominal.

The solid liquidity position is confirmed, with a Net Stable Funding Ratio and a Liquidity Coverage Ratio well above one.

**Eligible assets** available as at 30<sup>th</sup> September 2020 totalled €45.1 billion (of which €30.6 billion available)<sup>16</sup> already net of haircuts and inclusive of €11.1 billion of liquidity deposited with the ECB.

The **financial assets**<sup>17</sup> portfolio remained more or less unchanged at €23.2 billion (€23 billion at the end of June, €19.2 billion in December 2019). Altogether Italian government securities accounted for 57.6% of the securities portfolio.

As at 30<sup>th</sup> September 2020, **equity** inclusive of the loss for the period, amounted to €8,005,599 thousand.

Again at the end of September 2020, the **CET1 ratio** was 11.71% fully loaded (13.41% in June 2020), penalised by the recognition in the third quarter of the estimated loss on the sale of business assets to BPER (-168 basis points).

Following the reduction in the CET1 ratio, the **Tier 1 ratio** was 12.42% fully loaded (14.12% in June) and the **Total Capital Ratio** amounted to 16.22% fully loaded (17.84% in June).

Finally, the **leverage ratio** in September 2020 was 4.9% phased-in and fully loaded.

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As at 30<sup>th</sup> September 2020, **total staff numbered 19,527**<sup>18</sup> (19,547 at the end of June 2020 and 19,940 at the end of December 2019).

Again at the end of September 2020, the domestic branch network was composed of **1,565 branches**<sup>18</sup> (unchanged compared with June 2020) and slightly down compared with 1,575 as at 31<sup>st</sup> December 2019).

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<sup>16</sup> Including banknotes and other reserves, according to the ISP methodology, eligible assets amount to 47.6 billion, of which 31.8 available

<sup>17</sup> The sum of items 20.3), 30.3) and 40.3) – government securities in the reclassified consolidated balance sheet.

<sup>18</sup> For the purpose of the consolidation in ISP, according to the latter's methodology, figures as at 30 September 2020 are the following: 19,666 staff and 1,768 branches in Italy.

## **Statement of the senior officer responsible for the preparation of corporate accounting documents**

Elisabetta Stegher, as the Senior Officer Responsible for preparing the company accounting documents of Unione di Banche Italiane Spa, hereby declares, in compliance with the second paragraph of article 154 *bis* of the *Testo unico delle disposizioni in materia di intermediazione finanziaria* (Consolidated Finance Law), that the financial information contained in this press release is reliably based on the records contained in company documents and accounting records.

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## **Outlook**

The outlook for the fourth quarter of the year will be further influenced by the extraordinary operations which ISP will carry out following the positive outcome of the public purchase and exchange offer.

Net of those operations:

- as concerns net operating income, no significant changes are expected with respect to the average for previous quarters, unless the economic situation suddenly worsens caused by the pandemic becoming again more severe;
- as concerns trends for loan losses, they will be affected by the costs of the completion of the wholesale disposal of SME bad loan positions envisaged to be concluded for a greater amount than originally expected (approx. €923 million gross compared with the previous approx. €800 million).

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*Copy of this press release is available on the website [www.ubibanca.it](http://www.ubibanca.it)*

## **NOTE :**

*Following the entrance into force on 18<sup>th</sup> March 2016 of Legislative Decree No. 25 of 15<sup>th</sup> February 2015, which amended the Consolidated Finance Law (Legislative Decree No. 58/1998) with reference in particular to “Financial Reports” pursuant to Art. 154 ter (eliminating the obligation to publish interim financial reports for the first and third quarters), with Resolution No. 19770 of 26<sup>th</sup> October 2016, the Consob amended the Issuers Regulation by introducing Art. 82 – ter (additional periodic financial disclosures), which has been applicable since 2<sup>nd</sup> January 2017. Listed companies have been given the option to choose whether or not to publish periodic financial reports that are additional to the annual and half-yearly financial reports provided for by Art. 154-ter of the Consolidated Finance Law.*

*Companies that chose to publish these on a voluntary basis were obliged to inform the market specifying the information that they intended to report. Any decision taken to stop publication must be publicly disclosed with the reasons given and will take effect from the following financial year.*

*As had been declared at the time, UBI Banca decided to continue with the format already in use for its quarterly financial reports, with possible simplifications of the contents not strictly indispensable for an understanding of performance in the period, until possible alternative decisions are taken, considering also the establishment of different practices in the sector.*

*Following the completion of the acquisition of control of UBI Banca by Intesa Sanpaolo Spa, which took place on 5<sup>th</sup> August 2020, UBI Banca no longer satisfied the conditions set by the supervisory regulations in force to qualify as the parent of a group. Consequently, as of 5<sup>th</sup> August 2020 the UBI Banca Group was removed from the register of banking groups, UBI Banca became subject to the management and co-ordination of Intesa Sanpaolo and, together with all its subsidiaries, it became part of the Intesa Sanpaolo Banking Group. Furthermore, as of 5<sup>th</sup> October 2020, Borsa Italiana removed UBI Banca shares from their listing on the Mercato Telematico Azionario (electronic stock exchange).*

*Although Intesa Sanpaolo will publish an interim financial report for the third quarter of 2020, which will present the consolidated accounts inclusive of balance sheet figures as at 30<sup>th</sup> September 2020 and income statement figures for UBI Banca and its subsidiaries from 5<sup>th</sup> August 2020, because UBI Banca is an issuer of listed securities in Ireland on the Dublin Euronext exchange (securities issued under the international EMTN and covered bond programmes) it has prepared this financial report again on a consolidated basis, corresponding to the scope of consolidation of the former UBI Banca Group, because the provisions of Art. 27 of Legislative Decree No. 127/1991, which govern cases of exemption from preparing consolidated financial statements, confirm that obligation for all subsidiaries that have issued securities admissible for trading on regulated Italian or European Union markets.*

*In consideration of the above, the structure of the UBI Banca’s interim financial report has been simplified, but it nevertheless maintains all items of information indispensable for ensuring an understanding of the performance of operations, consistent with and in continuity with the past.*

***For those same considerations and also in view of the now soon-to-occur merger of UBI Banca into Intesa Sanpaolo, the Board of Directors considered it appropriate to halt the publication of interim financial reports as of the financial year 2021, and to ensure continuity in public disclosure of additional periodic financial information, such as quarterly information, by using press releases.***



## **Attachments - UBI Banca Consolidated: Reclassified and mandatory financial statements**

- Impact of the change in the measurement criteria for real estate assets on the reclassified quarterly income statements
- Reclassified consolidated income statement
- Reclassified consolidated balance sheet
- Reclassified consolidated quarterly income statements
- Reclassified consolidated income statement net of the most significant non-recurring items  
(*brief and detailed*)
- Consolidated balance sheet – mandatory statement
- Consolidated income statement – mandatory statement
- Loan tables

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## **Notes to the reclassified consolidated financial statements**

The mandatory financial statements have been prepared on the basis of Bank of Italy Circular No. 262/2005 of 22<sup>nd</sup> December 2005, as introduced by the 6<sup>th</sup> update, dated 30<sup>th</sup> November 2018<sup>1</sup>.

The reclassified financial statements have been prepared in order to allow a meaningful management accounting commentary on capital and operating figures on the basis of the financial statements pursuant to the 6<sup>th</sup> update of Bank of Italy Circular No. 262/2005.

### **SALE OF BUSINESS ASSETS TO BPER**

At 30 September 2020, the detailed recognition of the assets and liabilities relating to the branch to be sold to BPER Banca, deriving from the binding agreement entered into by the same with the Parent Company Intesa Sanpaolo, is in progress, and therefore, for the purposes of drafting the Interim Financial Report as at 30 September 2020, it was not possible to proceed with the reclassification of the branch among “non current assets held for sale” pursuant to IFRS 5.

It should also be noted that in the income statement item “Net provisions for risks and charges”, a specific provision was recognized which represents the best estimate of the loss, attributable to UBI Banca, deriving from the binding agreement.

### **GOODWILL IMPAIRMENT**

The full write-down of goodwill previously recorded under the item “Intangible assets” of the balance sheet was recognized in the item “Impairment of goodwill” in the income statement. This write-down is consequent to the verification of the recoverable value carried out following:

- the completion of the acquisition of UBI Banca by Intesa Sanpaolo, where the consideration paid by Intesa Sanpaolo for the UBI Banca shares was less than the consolidated book equity at the date of acquisition;
- of the communication by Intesa Sanpaolo that the sale of the business unit, consisting of a significant group of branches of UBI Banca, will be completed by the end of next February and that the incorporation of UBI Banca into the Parent Company will take place within the end of next April.

In detail, the verification of the value of goodwill was carried out using the fair value as an estimate of the recoverable value of the CGUs to which it is allocated, as the “2020-2022 Business Plan” of UBI Banca, previously used for the purposes of the estimate of the value in use of the CGUs is no longer valid. In particular, given that IAS 36 defines fair value as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators at the valuation date, the best estimate of the fair value was identified in the consideration paid by Intesa Sanpaolo for the purchase of UBI Banca. As highlighted, the price paid is lower than the consolidated book equity at the acquisition date, resulting in an impairment loss. For more details, please refer to what is written in this regard in the Interim Financial Report as at 30<sup>th</sup> September 2020.

### **CRITERION USED TO MEASURE REAL ESTATE ASSETS**

Please kindly refer to the section “Accounting policies” of the Interim Financial Report as at 30<sup>th</sup> June 2020 (on page 184 and following), available on the website [https://www.ubibanca.it/pagine/2020\\_Financial\\_Statements.aspx](https://www.ubibanca.it/pagine/2020_Financial_Statements.aspx).

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In order to facilitate analysis of the operating performance of UBI Banca and its subsidiaries and in compliance with Consob Communication No. DEM/6064293 of 28<sup>th</sup> July 2006<sup>2</sup>, a schedule has been included which provides a comparison of the normalised results for the period and shows the impact on earnings of the principal non-recurring events and items.

Reference is made to the “notes on the reclassified consolidated financial statements” contained in the periodic financial reports of UBI banca and its subsidiaries for more precise details of the rules followed in preparing the reclassified financial statements.

<sup>1</sup> The update is applicable for financial statements ending as at 31<sup>st</sup> December 2019 or still open on that date.

<sup>2</sup> Following the entry into force (on 3<sup>rd</sup> July 2016) of ESMA guidelines 2015/1415 which the Consob incorporated in its supervisory and issuer monitoring practices, UBI Banca and its subsidiaries’ criteria for the identification of non-recurring items (reported in the normalised statements) have been subject to review. The criteria approved by the Management Board on 18<sup>th</sup> October 2016 limit the nature of non-recurring to clearly specified items of income and expense (connected for example with the adoption of a Business Plan, or with the impacts of valuations and disposals of property plant and equipment, intangible and financial assets, with the effects of regulatory and methodological changes and also with extraordinary events including those of a systemic nature).

## Impact of the change in the measurement criterion for real estate properties on the reclassified quarterly income statements

*These consolidated financial statements incorporate the restatements of previous periods following the retroactive application of the measurement of real estate assets at fair value under IAS 40. The restatement of items in the income statement are reported below.*

		2019			
Figures in thousands of euro		4th Quarter restatement impacts	3rd Quarter restatement impacts	2nd Quarter restatement impacts	1st Quarter restatement impacts
10.-20.-140.	Net interest income				
	<i>of which: TLTRO</i>				
	<i>of which: IFRS 9 credit components</i>				
	<i>of which: IFRS 9 contractual modifications without derecognition components</i>				
70.	Dividends and similar income				
	Profits (losses) of equity-accounted investees				
40.-50.	Net fee and commission income				
	<i>of which: performance fees</i>				
80.+90. +100.+110.	Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss				
160.+170.	Net income from insurance operations				
230.	Other net operating income/expense				
	<b>Operating income</b>	-	-	-	-
190. a)	Staff costs				
190. b)	Other administrative expenses				
	<i>of which: SRF and DGS contributions</i>				
210.+220.	Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	2,590	2,212	1,851	1,809
	<b>Operating expenses</b>	<b>2,590</b>	<b>2,212</b>	<b>1,851</b>	<b>1,809</b>
	<b>Net operating income</b>	<b>2,590</b>	<b>2,212</b>	<b>1,851</b>	<b>1,809</b>
130.	Net impairment losses for credit risk relating to:				
130. a)	- financial assets measured at amortised cost: loans and advances to banks				
130. a)	- financial assets measured at amortised cost: loans and advances to customers				
130. a)	- financial assets measured at amortised cost: securities				
130. b)	- financial assets measured at fair value through other comprehensive income				
200. a)	Net provisions for risks and charges - commitments and guarantees granted				
200. b)	Net provisions for risks and charges - other net provisions				
260.	Net income (loss) from fair value change in property, plant and equipment and intangible assets	(39,386)	-	-	-
250.+280.	Profits (losses) from the disposal of equity investments				
290.	<b>Profit (loss) before tax from continuing operations</b>	<b>(36,796)</b>	<b>2,212</b>	<b>1,851</b>	<b>1,809</b>
300.	Taxes on income for the period from continuing operations	11,289	(715)	(595)	(582)
340.	(Profit) loss for the period attributable to minority interests				
	<b>Profit (loss) for the period related of UBI Banca Spa before impact Business Plan and other</b>	<b>(25,507)</b>	<b>1,497</b>	<b>1,256</b>	<b>1,227</b>
190. a)	Redundancy expenses net of taxes and minority interests				
190. b)	Business Plan project expenses net of taxes and minority interests				
210.	Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests	3,432			
350.	<b>Profit (loss) for the period related of UBI Banca Spa</b>	<b>(22,075)</b>	<b>1,497</b>	<b>1,256</b>	<b>1,227</b>

## UBI Banca consolidated: Reclassified consolidated balance sheet

Figures in thousands of euro		30.09.2020 A	31.12.2019 restated B	Changes A-B	% changes A/B	30.09.2019 restated C	Changes A-C	% changes A/C
<b>ASSETS</b>								
10.	Cash and cash equivalents	605,976	694,750	(88,774)	-12.8%	643,633	(37,657)	-5.9%
20.	Financial assets measured at fair value through profit or loss	3,076,400	1,758,730	1,317,670	74.9%	1,817,803	1,258,597	69.2%
	1) Loans and advances to banks	16,066	16,213	(147)	-0.9%	16,797	(731)	-4.4%
	2) Loans and advances to customers	251,187	260,667	(9,480)	-3.6%	270,169	(18,982)	-7.0%
	3) Securities and derivatives	2,809,147	1,481,850	1,327,297	89.6%	1,530,837	1,278,310	83.5%
30.	Financial assets measured at fair value through other comprehensive income	12,393,033	12,221,616	171,417	1.4%	12,212,586	180,447	1.5%
	1) Loans and advances to banks	-	-	-	-	-	-	-
	2) Loans and advances to customers	-	-	-	-	-	-	-
	3) Securities	12,393,033	12,221,616	171,417	1.4%	12,212,586	180,447	1.5%
40.	Financial assets measured at amortised cost	108,089,834	101,736,289	6,353,545	6.2%	105,186,087	2,903,747	2.8%
	1) Loans and advances to banks	15,182,187	11,723,923	3,458,264	29.5%	14,835,531	346,656	2.3%
	2) Loans and advances to customers	84,942,452	84,564,033	378,419	0.4%	85,179,308	(236,856)	-0.3%
	3) Securities	7,965,195	5,448,333	2,516,862	46.2%	5,171,248	2,793,947	54.0%
50.	Hedging derivatives	23,320	35,117	(11,797)	-33.6%	22,926	394	1.7%
60.	Fair value change in hedged financial assets (+/-)	911,961	547,019	364,942	66.7%	821,141	90,820	11.1%
70.	Equity investments	289,662	287,353	2,309	0.8%	281,005	8,657	3.1%
80.	Technical reserves of reinsurers	69	-	69	-	-	69	-
90.	Property, plant and equipment	2,884,576	2,370,247	514,329	21.7%	2,635,841	248,735	9.4%
100.	Intangible assets	275,181	1,739,903	(1,464,722)	-84.2%	1,724,707	(1,449,526)	-84.0%
	of which: goodwill	-	1,465,260	(1,465,260)	-100.0%	1,465,260	(1,465,260)	-100.0%
110.	Tax assets	3,862,387	3,755,895	106,492	2.8%	3,800,914	61,473	1.6%
120.	Non-current assets and disposal groups held for sale	3,086	268,100	(265,014)	-98.8%	7,848	(4,762)	-60.7%
130.	Other assets	952,970	1,200,966	(247,996)	-20.6%	1,383,295	(430,325)	-31.1%
	<b>Total assets</b>	<b>133,368,455</b>	<b>126,615,985</b>	<b>6,752,470</b>	<b>5.3%</b>	<b>130,537,786</b>	<b>2,830,669</b>	<b>2.2%</b>
<b>LIABILITIES AND EQUITY</b>								
10.	Financial liabilities measured at amortised cost	115,064,958	109,795,016	5,269,942	4.8%	111,811,656	3,253,302	2.9%
	a) Due to banks	16,566,554	14,367,985	2,198,569	15.3%	15,956,402	610,152	3.8%
	b) Due to customers	76,674,030	72,577,255	4,096,775	5.6%	72,145,392	4,528,638	6.3%
	c) Debt securities issued	21,824,374	22,849,776	(1,025,402)	-4.5%	23,709,862	(1,885,488)	-8.0%
20.	Financial liabilities held for trading	849,872	555,296	294,576	53.0%	656,353	193,519	29.5%
30.	Financial liabilities designated at fair value	481,963	197,610	284,353	143.9%	172,950	309,013	178.7%
40.	Hedging derivatives	719,900	386,778	333,122	86.1%	572,583	147,317	25.7%
50.	Fair value change in hedged financial liabilities (+/-)	161,687	145,191	16,496	11.4%	214,504	(52,817)	-24.6%
60.	Tax liabilities	288,109	210,882	77,227	36.6%	181,494	106,615	58.7%
70.	Liabilities associated with assets held for sale	-	2,331	(2,331)	-100.0%	-	-	-
80.	Other liabilities	3,417,385	2,735,807	681,578	24.9%	4,385,204	(967,819)	-22.1%
90.	Provision for post-employment benefits	278,862	289,641	(10,779)	-3.7%	300,476	(21,614)	-7.2%
100.	Provisions for risks and charges:	1,700,987	489,485	1,211,502	n.s.	429,249	1,271,738	n.s.
	a) commitments and guarantees granted	61,404	54,005	7,399	13.7%	52,523	8,881	16.9%
	b) pension and similar obligations	79,403	86,756	(7,353)	-8.5%	86,104	(6,701)	-7.8%
	c) other provisions for risks and charges	1,560,180	348,724	1,211,456	n.s.	290,622	1,269,558	n.s.
110.	Technical reserves	2,340,741	2,210,294	130,447	5.9%	2,244,737	96,004	4.3%
+120.+140. +150.+160. +170.+180	Share capital, equity instruments, share premiums, reserves, valuation reserves and treasury shares	10,136,154	9,306,321	829,833	8.9%	9,326,972	809,182	8.7%
190.	Minority interests (+/-)	58,392	58,230	162	0.3%	46,577	11,815	25.4%
200.	Profit (loss) for the period/year (+/-)	(2,130,555)	233,103	(2,363,658)	n.s.	195,031	(2,325,586)	n.s.
	<b>Total liabilities and equity</b>	<b>133,368,455</b>	<b>126,615,985</b>	<b>6,752,470</b>	<b>5.3%</b>	<b>130,537,786</b>	<b>2,830,669</b>	<b>2.2%</b>

## UBI Banca consolidated: Reclassified consolidated income statement

	9M 2020	9M 2019 restated	Change	% change	3rd Quarter 2020	3rd Quarter 2019	Change	% change	FY 2019 restated
	A	B	A-B	A/B	C	D	C-D	C/D	E
Figures in thousands of euro									
10.-20.-140. Net interest income	1,224,775	1,313,064	(88,289)	(6.7%)	421,347	426,851	(5,504)	(1.3%)	1,725,105
<i>of which: TLTRO</i>	52,222	37,588	14,634	38.9%	31,666	12,695	18,971	149.4%	48,688
<i>of which: IFRS 9 credit components</i>	53,343	89,200	(35,857)	(40.2%)	18,651	22,543	(3,892)	(17.3%)	110,595
<i>of which: IFRS 9 contractual modifications without derecognition components</i>	(23,139)	(13,416)	9,723	72.5%	(5,677)	(2,979)	2,698	90.6%	(25,283)
70. Dividends and similar income	5,538	7,581	(2,043)	(26.9%)	264	371	(107)	(28.8%)	7,658
Profits (losses) of equity-accounted investees	27,986	31,204	(3,218)	(10.3%)	5,159	11,783	(6,624)	(56.2%)	40,343
40.-50. Net fee and commission income	1,250,005	1,215,503	34,502	2.8%	426,257	402,569	23,688	5.9%	1,661,759
<i>of which: performance fees</i>	59,786	10,471	49,315	n.s.	26,667	3,318	23,349	n.s.	40,598
80.+90. Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	100,442	46,086	54,356	117.9%	5,289	(8,998)	14,287	n.s.	104,284
+100.+110. Net income from insurance operations	11,840	11,284	556	4.9%	4,294	3,848	446	11.6%	15,314
230. Other net operating income/expense	55,219	64,675	(9,456)	(14.6%)	17,638	23,938	(6,300)	(26.3%)	83,472
<b>Operating income</b>	<b>2,675,805</b>	<b>2,689,397</b>	<b>(13,592)</b>	<b>(0.5%)</b>	<b>880,248</b>	<b>860,362</b>	<b>19,886</b>	<b>2.3%</b>	<b>3,637,935</b>
190. a) Staff costs	(1,054,602)	(1,072,181)	(17,579)	(1.6%)	(357,394)	(351,754)	5,640	1.6%	(1,427,650)
190. b) Other administrative expenses	(614,248)	(548,390)	65,858	12.0%	(245,566)	(187,198)	58,368	31.2%	(711,060)
<i>of which: SRF and DGS contributions</i>	(131,222)	(103,137)	28,085	27.23%	(71,766)	(43,069)	28,697	66.6%	(107,585)
210.+220. Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(170,971)	(162,785)	8,186	5.0%	(58,119)	(55,876)	2,243	4.0%	(221,327)
<b>Operating expenses</b>	<b>(1,839,821)</b>	<b>(1,783,356)</b>	<b>56,465</b>	<b>3.2%</b>	<b>(661,079)</b>	<b>(594,828)</b>	<b>66,251</b>	<b>11.1%</b>	<b>(2,360,037)</b>
<b>Net operating income</b>	<b>835,984</b>	<b>906,041</b>	<b>(70,057)</b>	<b>(7.7%)</b>	<b>219,169</b>	<b>265,534</b>	<b>(46,365)</b>	<b>(17.5%)</b>	<b>1,277,898</b>
130. Net impairment losses for credit risk relating to:	(505,349)	(533,611)	(28,262)	(5.3%)	(163,860)	(140,233)	23,627	16.8%	(744,098)
130. a) - financial assets measured at amortised cost: loans and advances to banks	(1,232)	481	(1,713)	n.s.	(753)	(243)	510	n.s.	137
130. a) - financial assets measured at amortised cost: loans and advances to customers	(498,709)	(530,271)	(31,562)	(6.0%)	(162,262)	(138,687)	23,575	17.0%	(738,438)
130. a) - financial assets measured at amortised cost: securities	(341)	(1,099)	(758)	(69.0%)	21	(335)	356	n.s.	(2,454)
130. b) - financial assets measured at fair value through other comprehensive income	(5,067)	(2,722)	2,345	86.1%	(866)	(968)	(102)	(10.5%)	(3,343)
200. a) Net provisions for risks and charges - commitments and guarantees granted	(8,255)	1,910	(10,165)	n.s.	(74)	(33)	41	124.2%	(26)
200. b) Net provisions for risks and charges - other net provisions	(3,886)	(23,586)	(19,700)	(83.5%)	(4,011)	(21,357)	(17,346)	(81.2%)	(24,809)
260. Net income (loss) from fair value change in property, plant and equipment and intangible assets	(8,719)	-	(8,719)	-	(1)	-	(1)	-	(39,386)
250.+280. Profits (losses) from the disposal of equity investments	54,301	4,288	50,013	n.s.	36,121	100	36,021	n.s.	6,101
290. <b>Profit (loss) before tax from continuing operations</b>	<b>364,076</b>	<b>355,042</b>	<b>9,034</b>	<b>2.5%</b>	<b>87,344</b>	<b>104,011</b>	<b>(16,667)</b>	<b>(16.0%)</b>	<b>475,680</b>
300. Taxes on income for the period from continuing operations	(114,252)	(96,343)	17,909	18.6%	(29,819)	(35,131)	(5,312)	(15.1%)	(118,812)
340. (Profit) loss for the period/year attributable to minority interests	(34,281)	(20,940)	13,341	63.7%	(13,533)	(7,239)	6,294	86.9%	(33,912)
<b>Profit (loss) for the period/year attributable to the UBI Banca Spa before the impact of the Business Plan and other impacts</b>	<b>215,543</b>	<b>237,759</b>	<b>(22,216)</b>	<b>(9.3%)</b>	<b>43,992</b>	<b>61,641</b>	<b>(17,649)</b>	<b>(28.6%)</b>	<b>322,956</b>
190. a) Redundancy expenses net of taxes and minority interests	12,734	(42,583)	55,317	n.s.	-	-	-	-	(89,413)
190. b) Business Plan project expenses net of taxes and minority interests	-	(145)	(145)	(100.0%)	-	(12)	(12)	(100.0%)	(145)
210. Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests	-	-	-	-	-	-	-	-	(295)
270. Impairment of goodwill	(1,413,897)	-	(1,413,897)	-	(1,413,897)	-	(1,413,897)	-	-
200. b) Loss on sale of business assets to BPER	(944,935)	-	(944,935)	-	(944,935)	-	(944,935)	-	-
350. <b>Profit (loss) for the period attributable to UBI Banca Spa</b>	<b>(2,130,555)</b>	<b>195,031</b>	<b>(2,325,586)</b>	<b>n.s.</b>	<b>(2,314,840)</b>	<b>61,629</b>	<b>(2,376,469)</b>	<b>n.s.</b>	<b>233,103</b>

## UBI Banca consolidated: Reclassified consolidated quarterly income statements

Figures in thousands of euro	2020			2019			
	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter restated	3rd Quarter restated	2nd Quarter restated	1st Quarter restated
10.-20.-140. Net interest income	421,347	398,265	405,163	412,041	426,851	440,616	445,597
<i>of which: TLTRO</i>	31,666	10,445	10,111	11,100	12,695	12,502	12,391
<i>of which: IFRS 9 credit components</i>	18,651	14,629	20,063	21,395	22,543	35,498	31,159
<i>of which: IFRS 9 contractual modifications without derecognition components</i>	(5,677)	(8,659)	(8,803)	(11,867)	(2,979)	(5,281)	(5,156)
70. Dividends and similar income	264	498	4,776	77	371	2,040	5,170
Profits (losses) of equity-accounted investees	5,159	15,019	7,808	9,139	11,783	13,106	6,315
40.-50. Net fee and commission income	426,257	403,265	420,483	446,256	402,569	411,998	400,936
<i>of which: performance fees</i>	26,667	26,056	7,063	30,127	3,318	4,171	2,982
80.+90. +100.+110. Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	5,289	41,557	53,596	58,198	(8,998)	17,649	37,435
160.+170. Net income from insurance operations	4,294	5,045	2,501	4,030	3,848	3,934	3,502
230. Other net operating income/expense	17,638	18,312	19,269	18,797	23,938	19,075	21,662
<b>Operating income</b>	<b>880,248</b>	<b>881,961</b>	<b>913,596</b>	<b>948,538</b>	<b>860,362</b>	<b>908,418</b>	<b>920,617</b>
190. a) Staff costs	(357,394)	(342,233)	(354,975)	(355,469)	(351,754)	(355,993)	(364,434)
190. b) Other administrative expenses	(245,566)	(187,280)	(181,402)	(162,670)	(187,198)	(175,161)	(186,031)
<i>of which: SRF and DGS contributions</i>	(71,766)	(17,473)	(41,983)	(4,448)	(43,069)	(18,070)	(41,998)
210.+220. Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(58,119)	(55,671)	(57,181)	(58,542)	(55,876)	(54,424)	(52,485)
<b>Operating expenses</b>	<b>(661,079)</b>	<b>(585,184)</b>	<b>(593,558)</b>	<b>(576,681)</b>	<b>(594,828)</b>	<b>(585,578)</b>	<b>(602,950)</b>
<b>Net operating income</b>	<b>219,169</b>	<b>296,777</b>	<b>320,038</b>	<b>371,857</b>	<b>265,534</b>	<b>322,840</b>	<b>317,667</b>
130. Net impairment losses for credit risk relating to:	(163,860)	(184,375)	(157,114)	(210,487)	(140,233)	(263,375)	(130,003)
130. a) - financial assets measured at amortised cost: loans and advances to banks	(753)	(298)	(181)	(344)	(243)	773	(49)
130. a) - financial assets measured at amortised cost: loans and advances to customers	(162,262)	(180,831)	(155,616)	(208,167)	(138,687)	(263,016)	(128,568)
130. a) - financial assets measured at amortised cost: securities	21	(977)	615	(1,355)	(335)	(277)	(487)
130. b) - financial assets measured at fair value through other comprehensive income	(866)	(2,269)	(1,932)	(621)	(968)	(855)	(899)
200. a) Net provisions for risks and charges - commitments and guarantees granted	(74)	(7,239)	(942)	(1,936)	(33)	2,505	(562)
200. b) Net provisions for risks and charges - other net provisions	(4,011)	(784)	909	(1,223)	(21,357)	1,238	(3,467)
260. Net income (loss) from fair value change in property, plant and equipment and intangible assets	(1)	-	(8,718)	(39,386)	-	-	-
250.+280. Profits (losses) from the disposal of equity investments	36,121	18,113	67	1,813	100	3,915	273
290. <b>Profit (loss) before tax from continuing operations</b>	<b>87,344</b>	<b>122,492</b>	<b>154,240</b>	<b>120,638</b>	<b>104,011</b>	<b>67,123</b>	<b>183,908</b>
300. Taxes on income for the period from continuing operations	(29,819)	(32,051)	(52,382)	(22,469)	(35,131)	(9,827)	(51,385)
340. (Profit) loss for the period attributable to minority interests	(13,533)	(12,445)	(8,303)	(12,972)	(7,239)	(7,286)	(6,415)
<b>Profit (loss) for the period/year attributable to UBI Banca Spa before the impact of the Business Plan and other impacts</b>	<b>43,992</b>	<b>77,996</b>	<b>93,555</b>	<b>85,197</b>	<b>61,641</b>	<b>50,010</b>	<b>126,108</b>
190. a) Redundancy expenses net of taxes and minority interests	-	12,717	17	(46,830)	-	2	(42,585)
190. b) Business Plan project expenses net of taxes and minority interests	-	-	-	-	(12)	(45)	(88)
210. Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests	-	-	-	(295)	-	-	-
270. Impairment of goodwill	(1,413,897)	-	-	-	-	-	-
200. b) Loss on sale of business assets to BPER	(944,935)	-	-	-	-	-	-
350. <b>Profit (loss) for the period attributable to UBI Banca Spa</b>	<b>(2,314,840)</b>	<b>90,713</b>	<b>93,572</b>	<b>38,072</b>	<b>61,629</b>	<b>49,967</b>	<b>83,435</b>

## UBI Banca consolidated: Reclassified consolidated income statement net of the most significant non-recurring items

	9M 2020 net of non- recurring items	9M 2019 restated net of non- recurring items	Change	% change
Figures in thousands of euro				
Net interest income	1,224,775	1,313,064	(88,289)	(6.7%)
of which: TLTRO	52,222	37,588	14,634	38.9%
of which: IFRS 9 credit components	53,343	89,200	(35,857)	(40.2%)
of which: IFRS 9 contractual modifications without derecognition components	(23,139)	(13,416)	9,723	72.5%
Dividends and similar income	5,538	7,581	(2,043)	(26.9%)
Profits (losses) of equity-accounted investees	27,986	31,204	(3,218)	(10.3%)
Net fee and commission income	1,250,005	1,215,503	34,502	2.8%
of which: performance fees	59,786	10,471	49,315	n.s.
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	102,884	46,086	56,798	123.2%
Net income from insurance operations	11,840	11,284	556	4.9%
Other net operating income/expense	55,219	64,675	(9,456)	(14.6%)
<b>Operating income</b>	<b>2,678,247</b>	<b>2,689,397</b>	<b>(11,150)</b>	<b>(0.4%)</b>
Staff costs	(1,054,602)	(1,072,181)	(17,579)	(1.6%)
Other administrative expenses	(598,139)	(530,304)	67,835	12.8%
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(170,971)	(162,199)	8,772	5.4%
<b>Operating expenses</b>	<b>(1,823,712)</b>	<b>(1,764,684)</b>	<b>59,028</b>	<b>3.3%</b>
<b>Net operating income</b>	<b>854,535</b>	<b>924,713</b>	<b>(70,178)</b>	<b>(7.6%)</b>
Net impairment losses for credit risk relating to:	(505,349)	(533,611)	(28,262)	(5.3%)
- financial assets measured at amortised cost: loans and advances to banks	(1,232)	481	(1,713)	n.s.
- financial assets measured at amortised cost: loans and advances to customers	(498,709)	(530,271)	(31,562)	(6.0%)
- financial assets measured at amortised cost: securities	(341)	(1,099)	(758)	(69.0%)
- financial assets measured at fair value through other comprehensive income	(5,067)	(2,722)	2,345	86.1%
Net provisions for risks and charges - commitments and guarantees granted	(8,255)	1,910	(10,165)	n.s.
Net provisions for risks and charges - other net provisions	(3,886)	(23,586)	(19,700)	(83.5%)
Net income (loss) from fair value change in property, plant and equipment and intangible assets	(1)	-	(1)	-
Profits (losses) from the disposal of equity investments	-	-	-	-
<b>Profit (loss) before tax from continuing operations</b>	<b>337,044</b>	<b>369,426</b>	<b>(32,382)</b>	<b>(8.8%)</b>
Taxes on income for the period from continuing operations	(105,224)	(101,064)	4,160	4.1%
(Profit) loss for the period attributable to minority interests	(34,281)	(20,940)	13,341	63.7%
<b>Profit (loss) for the period attributable to UBI Banca Spa</b>	<b>197,539</b>	<b>247,422</b>	<b>(49,883)</b>	<b>(20.2%)</b>

## UBI Banca consolidated: Reclassified consolidated income statement net of the most significant non-recurring items

	9M 2020	Business Plan (BP)		ISP - UBI integration		Other items				9M 2020 <i>net of non-recurring items</i>	2017-2020 Business Plan		Other items		9M 2019 restated <i>net of non-recurring items</i>	
		Redundancy expenses (2017-2020 BP)	Milan logistics reorganisation project (2020-2022 BP)	Impairment of goodwill	Loss on sale of business assets to BPER	Extraordinary contribution to the Resolution Fund	First time application of measurement of properties at fair value (pursuant to IAS 16)	IDPF Intervention (Interbank Deposit Protection Fund)	Profits/losses from disposal of equity and other investments		Redundancy expenses	Business Plan project expenses	Extraordinary contribution to the Resolution Fund	Profits/losses from disposal of equity and other investments		
Figures in thousands of euro																
Net interest income	1,224,775									1,224,775	1,313,064					1,313,064
of which: TLTRO	52,222									52,222	37,588					37,588
of which: IFRS 9 credit components	53,343									53,343	89,200					89,200
of which: IFRS 9 contractual modifications without derecognition components	(23,139)									(23,139)	(13,416)					(13,416)
Dividends and similar income	5,538									5,538	7,581					7,581
Profits (losses) of equity-accounted investees	27,986									27,986	31,204					31,204
Net fee and commission income	1,250,005									1,250,005	1,215,503					1,215,503
of which: performance fees	59,786									59,786	10,471					10,471
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	100,442							2,442		102,884	46,086					46,086
Net income from insurance operations	11,840									11,840	11,284					11,284
Other net operating income/expense	55,219									55,219	64,675					64,675
<b>Operating income</b>	<b>2,675,805</b>	-	-	-	-	-	-	<b>2,442</b>	-	<b>2,678,247</b>	<b>2,689,397</b>	-	-	-	-	<b>2,689,397</b>
Staff costs	(1,054,602)									(1,054,602)	(1,072,181)					(1,072,181)
Other administrative expenses	(614,248)								16,109	(598,139)	(548,390)		18,086			(530,304)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(170,971)									(170,971)	(162,785)			586		(162,199)
<b>Operating expenses</b>	<b>(1,839,821)</b>	-	-	-	-	-	-	-	<b>16,109</b>	<b>(1,823,712)</b>	<b>(1,783,356)</b>	-	-	<b>18,086</b>	<b>586</b>	<b>(1,764,684)</b>
<b>Net operating income</b>	<b>835,984</b>	-	-	-	-	-	-	<b>2,442</b>	-	<b>854,535</b>	<b>906,041</b>	-	-	<b>18,086</b>	<b>586</b>	<b>924,713</b>
Net impairment losses for credit risk relating to:	(505,349)									(505,349)	(533,611)					(533,611)
- financial assets measured at amortised cost: loans and advances to banks	(1,232)									(1,232)	481					481
- financial assets measured at amortised cost: loans and advances to customers	(498,709)									(498,709)	(530,271)					(530,271)
- financial assets measured at amortised cost: securities	(341)									(341)	(1,099)					(1,099)
- financial assets measured at fair value through other comprehensive income	(5,067)									(5,067)	(2,722)					(2,722)
Net provisions for risks and charges - commitments and guarantees granted	(8,255)									(8,255)	1,910					1,910
Net provisions for risks and charges - other net provisions	(3,886)									(3,886)	(23,586)					(23,586)
Net income (loss) from fair value change in property, plant and equipment and intangible assets	(8,719)							8,718		(1)	-					-
Profits (losses) from the disposal of equity investments	54,301		(53,474)							(827)	4,288				(4,288)	-
<b>Profit (loss) before tax from continuing operations</b>	<b>364,076</b>	-	<b>(53,474)</b>	-	-	-	-	<b>16,109</b>	<b>8,718</b>	<b>2,442</b>	<b>(827)</b>	-	-	<b>18,086</b>	<b>(3,702)</b>	<b>369,426</b>
Taxes on income for the period from continuing operations	(114,252)		17,684						(5,238)	(2,883)	(808)	273				(105,224)
(Profit) loss for the period attributable to minority interests	(34,281)										(34,281)					(20,940)
<b>Profit (loss) for the period/year attributable to UBI Banca Spa before the impact of the Business Plan and other impacts</b>	<b>215,543</b>	-	<b>(35,790)</b>	-	-	-	-	<b>10,871</b>	<b>5,835</b>	<b>1,634</b>	<b>(554)</b>	-	-	<b>12,206</b>	<b>(2,543)</b>	<b>247,422</b>
Redundancy expenses net of taxes and minority interests	12,734	(12,734)									(42,583)	42,583				-
Business Plan project expenses net of taxes and minority interests	-										(145)	145				-
Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests	-										-					-
Impairment of goodwill	(1,413,897)			1,413,897							-					-
Loss on sale of business assets to BPER	(944,935)				944,935						-					-
<b>Profit (loss) for the period attributable to UBI Banca Spa</b>	<b>(2,130,555)</b>	<b>(12,734)</b>	<b>(35,790)</b>	<b>1,413,897</b>	<b>944,935</b>	<b>10,871</b>	<b>5,835</b>	<b>1,634</b>	<b>(554)</b>	<b>197,539</b>	<b>195,031</b>	<b>42,583</b>	<b>145</b>	<b>12,206</b>	<b>(2,543)</b>	<b>247,422</b>

## UBI Banca consolidated: Consolidated balance sheet - mandatory statement -

Figures in thousands of euro	30.09.2020	31.12.2019 restated
<b>ASSETS</b>		
10. Cash and cash equivalents	605,976	694,750
20. Financial assets measured at fair value through profit or loss	3,076,400	1,758,730
a) financial assets held for trading	1,738,497	427,980
b) financial assets designated at fair value	6,377	10,278
c) other financial assets mandatorily measured at fair value	1,331,526	1,320,472
30. Financial assets measured at fair value through other comprehensive income	12,393,033	12,221,616
40. Financial assets measured at amortised cost	108,089,834	101,736,289
a) loans and advances to banks	15,182,187	11,921,289
b) loans and advances to customers	92,907,647	89,815,000
50. Hedging derivatives	23,320	35,117
60. Fair value change in hedged financial assets (+/-)	911,961	547,019
70. Equity investments	289,662	287,353
80. Technical reserves of reinsurers	69	-
90. Property, plant and equipment	2,884,576	2,370,247
100. Intangible assets	275,181	1,739,903
<i>of which: goodwill</i>	-	1,465,260
110. Tax assets	3,862,387	3,755,895
a) current	921,192	1,084,413
b) deferred	2,941,195	2,671,482
- of which pursuant to Law No. 214/2011	1,750,709	1,794,331
120. Non-current assets and disposal groups held for sale	3,086	268,100
130. Other assets	952,970	1,200,966
<b>Total assets</b>	<b>133,368,455</b>	<b>126,615,985</b>
<b>LIABILITIES AND EQUITY</b>		
10. Financial liabilities measured at amortised cost	115,064,958	109,795,016
a) due to banks	16,566,554	14,367,985
b) due to customers	76,674,030	72,577,255
c) debt securities issued	21,824,374	22,849,776
20. Financial liabilities held for trading	849,872	555,296
30. Financial liabilities designated at fair value	481,963	197,610
40. Hedging derivatives	719,900	386,778
50. Fair value change in hedged financial liabilities (+/-)	161,687	145,191
60. Tax liabilities	288,109	210,882
a) current	84,640	64,547
b) deferred	203,469	146,335
70. Liabilities associated with assets held for sale	-	2,331
80. Other liabilities	3,417,385	2,735,807
90. Provision for post-employment benefits	278,862	289,641
100. Provisions for risks and charges:	1,700,987	489,485
a) commitments and guarantees granted	61,404	54,005
b) pension and similar obligations	79,403	86,756
c) other provisions for risks and charges	1,560,180	348,724
110. Technical reserves	2,340,741	2,210,294
120. Valuation reserves	128,414	(79,938)
140. Equity instruments	397,948	-
150. Reserves	3,499,214	3,276,589
160. Share premiums	3,294,604	3,294,604
170. Share capital	2,843,177	2,843,177
180. Treasury shares (-)	(27,203)	(28,111)
190. Minority interests (+/-)	58,392	58,230
200. Profit (loss) for the period/year (+/-)	(2,130,555)	233,103
<b>Total liabilities and equity</b>	<b>133,368,455</b>	<b>126,615,985</b>



# UBI Banca consolidated: Consolidated income statement

## - mandatory statement -

Figures in thousands of euro	9M 2020	9M 2019 restated
10. Interest and similar income	1,523,670	1,649,201
- of which: interest income calculated with the effective interest method	1,470,640	1,491,727
20. Interest and similar expense	(237,183)	(283,680)
<b>30. Net interest income</b>	<b>1,286,487</b>	<b>1,365,521</b>
40. Fee and commission income	1,422,481	1,388,464
50. Fee and commission expense	(168,929)	(170,476)
<b>60 Net fee and commission income</b>	<b>1,253,552</b>	<b>1,217,988</b>
70. Dividends and similar income	5,972	7,991
80. Net trading income (loss)	28,747	(10,001)
90. Net hedging income (loss)	(11,927)	(13,617)
100. Income (losses) from disposal or repurchase of:	79,480	18,530
a) financial assets measured at amortised cost	6,479	(11,573)
b) financial assets measured at fair value through other comprehensive income	76,047	32,138
c) financial liabilities	(3,046)	(2,035)
110. Net income (loss) from other financial assets and liabilities measured at fair value through profit or loss	(355)	53,880
a) financial assets and liabilities designated at fair value	8,625	21
b) other financial assets mandatorily measured at fair value	(8,980)	53,859
<b>120. Gross income</b>	<b>2,641,956</b>	<b>2,640,292</b>
130. Net impairment losses for credit risk relating to:	(505,349)	(533,611)
a) financial assets measured at amortised cost	(500,282)	(530,889)
b) financial assets measured at fair value through other comprehensive income	(5,067)	(2,722)
140. Profits (losses) from contractual modifications without derecognition	(23,139)	(13,416)
<b>150. Net financial income (loss)</b>	<b>2,113,468</b>	<b>2,093,265</b>
160. Net insurance premiums	216,680	231,189
170. Other income/expenses of insurance operations	(226,838)	(248,652)
<b>180. Net income from banking and insurance operations</b>	<b>2,103,310</b>	<b>2,075,802</b>
190. Administrative expenses	(1,818,160)	(1,853,201)
a) staff costs	(1,035,602)	(1,135,864)
b) other administrative expenses	(782,558)	(717,337)
200. Net provisions for risks and charges	(1,315,499)	(21,676)
a) commitments and guarantees granted	(8,255)	1,910
b) other net provisions	(1,307,244)	(23,586)
210. Depreciation and net impairment losses on property, plant and equipment	(108,679)	(106,169)
220. Amortisation and net impairment losses on intangible assets	(62,241)	(56,524)
230. Other net operating income/expense	207,419	217,416
<b>240. Operating expenses</b>	<b>(3,097,160)</b>	<b>(1,820,154)</b>
250. Profits (losses) of equity investments	27,986	31,204
260. Net income (loss) from fair value change in property, plant and equipment and intangible assets	(8,719)	-
270. Net impairment losses on goodwill	(1,465,260)	-
280. Profit (loss) from disposal of investments	54,301	4,288
<b>290. Profit (loss) before tax on continuing operations</b>	<b>(2,385,542)</b>	<b>291,140</b>
300. Taxes on income for the period from continuing operations	289,251	(75,212)
<b>310. Profit (loss) after tax from continuing operations</b>	<b>(2,096,291)</b>	<b>215,928</b>
<b>330. Profit (loss) for the period</b>	<b>(2,096,291)</b>	<b>215,928</b>
340. (Profit) loss for the period attributable to minority interests	(34,264)	(20,897)
<b>350. Profit (loss) for the period attributable to UBI Banca Spa</b>	<b>(2,130,555)</b>	<b>195,031</b>

# UBI Banca consolidated: Loan tables

## Loans and advances to customers measured at amortised cost as at 30th September 2020

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage ratio excluding write-offs	Coverage ratio including write-offs
<b>Non-performing exposures</b> (Stage three)	<b>(7.31%)</b>	<b>6,434,985</b>	<b>2,701,765</b>	<b>(4.39%)</b>	<b>3,733,220</b>	<b>41.99%</b>	<b>54.46%</b>
- Bad loans	(3.79%)	3,335,154	1,802,769	(1.80%)	1,532,385	54.05%	69.69%
- Unlikely-to-pay exposures	(3.43%)	3,021,342	891,750	(2.51%)	2,129,592	29.52%	30.50%
- Past-due exposures	(0.09%)	78,489	7,246	(0.08%)	71,243	9.23%	
<b>Performing exposures</b> (Stages one and two)	<b>(92.69%)</b>	<b>81,647,909</b>	<b>438,677</b>	<b>(95.61%)</b>	<b>81,209,232</b>	<b>0.54%</b>	
<b>Total</b>		<b>88,082,894</b>	<b>3,140,442</b>		<b>84,942,452</b>	<b>3.57%</b>	

## Loans and advances to customers measured at amortised cost as at 30th June 2020

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage ratio excluding write-offs	Coverage ratio including write-offs
<b>Non-performing exposures</b> (Stage three)	<b>(7.48%)</b>	<b>6,568,648</b>	<b>2,661,844</b>	<b>(4.61%)</b>	<b>3,906,804</b>	<b>40.52%</b>	<b>52.96%</b>
- Bad loans	(3.84%)	3,377,032	1,770,187	(1.90%)	1,606,845	52.42%	68.38%
- Unlikely-to-pay exposures	(3.50%)	3,078,068	880,681	(2.59%)	2,197,387	28.61%	29.34%
- Past-due exposures	(0.14%)	113,548	10,976	(0.12%)	102,572	9.67%	
<b>Performing exposures</b> (Stages one and two)	<b>(92.52%)</b>	<b>81,304,495</b>	<b>472,164</b>	<b>(95.39%)</b>	<b>80,832,331</b>	<b>0.58%</b>	
<b>Total</b>		<b>87,873,143</b>	<b>3,134,008</b>		<b>84,739,135</b>	<b>3.57%</b>	

## Loans and advances to customers measured at amortised cost as at 31st December 2019

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage ratio excluding write-offs	Coverage ratio including write-offs
<b>Non-performing exposures</b> (Stage three)	<b>(7.80%)</b>	<b>6,838,473</b>	<b>2,667,009</b>	<b>(4.93%)</b>	<b>4,171,464</b>	<b>39.00%</b>	<b>50.92%</b>
- Bad loans	(4.05%)	3,555,090	1,847,960	(2.02%)	1,707,130	51.98%	67.12%
- Unlikely-to-pay exposures	(3.62%)	3,172,926	809,849	(2.79%)	2,363,077	25.52%	26.09%
- Past-due exposures	(0.13%)	110,457	9,200	(0.12%)	101,257	8.33%	
<b>Performing exposures</b> (Stages one and two)	<b>(92.20%)</b>	<b>80,853,909</b>	<b>461,340</b>	<b>(95.07%)</b>	<b>80,392,569</b>	<b>0.57%</b>	
<b>Total</b>		<b>87,692,382</b>	<b>3,128,349</b>		<b>84,564,033</b>	<b>3.57%</b>	

## Loans and advances to customers measured at amortised cost as at 30th September 2019

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage ratio excluding write-offs	Coverage ratio including write-offs
<b>Non-performing exposures</b> (Stage three)	<b>(9.34%)</b>	<b>8,312,792</b>	<b>3,337,889</b>	<b>(5.84%)</b>	<b>4,974,903</b>	<b>40.15%</b>	<b>49.70%</b>
- Bad loans	(5.16%)	4,596,968	2,328,696	(2.66%)	2,268,272	50.66%	63.10%
- Unlikely-to-pay exposures	(4.02%)	3,577,033	997,242	(3.03%)	2,579,791	27.88%	28.44%
- Past-due exposures	(0.16%)	138,791	11,951	(0.15%)	126,840	8.61%	
<b>Performing exposures</b> (Stages one and two)	<b>(90.66%)</b>	<b>80,698,544</b>	<b>494,139</b>	<b>(94.16%)</b>	<b>80,204,405</b>	<b>0.61%</b>	
<b>Total</b>		<b>89,011,336</b>	<b>3,832,028</b>		<b>85,179,308</b>	<b>4.31%</b>	