



# The UBI Banca Group Consolidated Results as at 30<sup>th</sup> September 2019

*8<sup>th</sup> November 2019*

## Disclaimer

*This document has been prepared by Unione di Banche Italiane Spa ("UBI") for informational purposes only and for use in the presentation of September 2019. 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.*

### References

*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.*

*Figures in this presentation slides may not add up exactly to correspond to the total amount indicated, due to rounding differences.*

## Executive summary

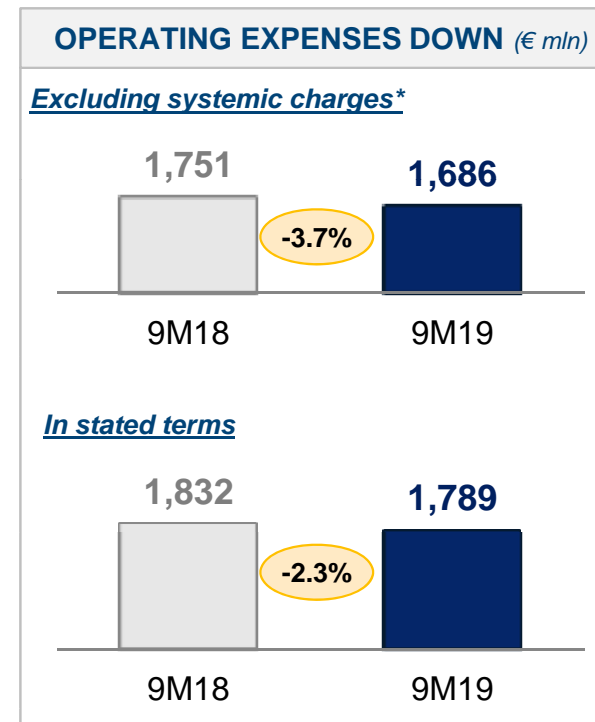
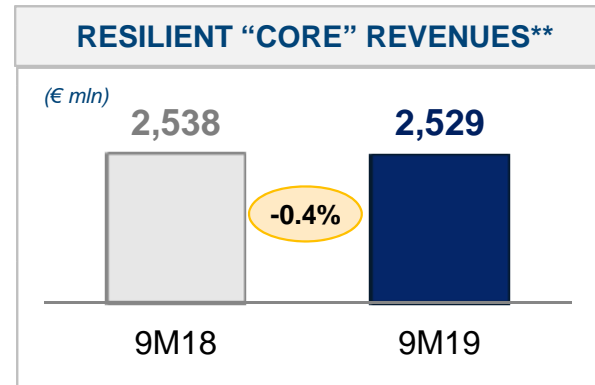
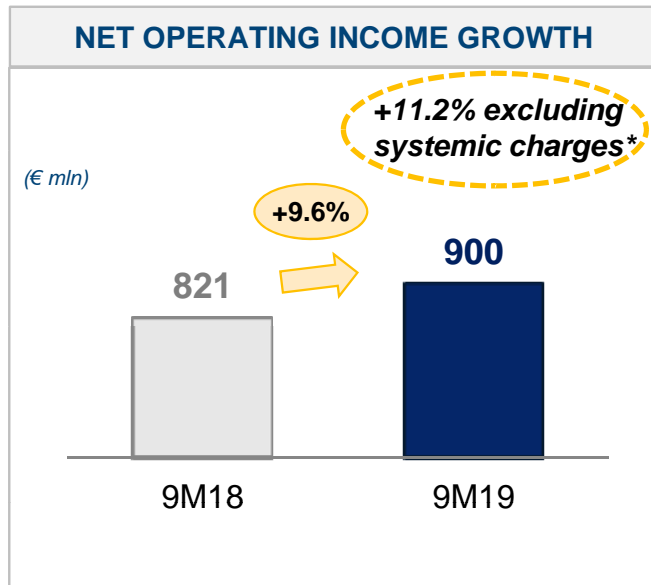
- In 9M2019, Net Operating Income up by 9.6% or 11.2% net of systemic charges vs 9M2018

- Strong resilience of core revenues:

mln/€	Δ 9M19 vs 9M18	Δ 3Q19 vs 3Q18	Δ 3Q19 vs 2Q19
Net Interest Income	(36)	(26)	(14)
Net Commission Income	+27	+22	(-9)

- Continuous decrease in Operating costs (-3.7% vs 9M2018 net of Systemic charges)
- Net stated profit of 191.1 mln/€ vs 210.5 mln/€ in 9M2018 (243.4 mln/€ vs 260.6 mln/€ net of non recurring items), substantially in line notwithstanding higher cost of risk (70 mln/€ net) linked to factoring and leasing bad loans disposals
- The lowest-ever gross NPE inflows: 0.7 bln/€ in 9M2019 (including new Definition of Default), -80% compared to 9M2009 peak
- Gross NPEs down by 2.2 bln/€ vs Sept18 confirm strength of internal workout (-1.5 bln/€) vs sales (-1 bln/€)
- Decrease in NPEs (gross ratio to 9.34% from 11.14% in Sept18) achieved in presence of growing capital (CET1 ratio to 12.09% from 11.42% in Sept18)
- Confirmed focus on indirect funding which exceeds 101 bln/€ in Sept19, showing growth in all components in 2019 and a strong driver for commission income
- Ambitious Funding Plan carried out with success on institutional markets:
  - Direct funding grows to 96 bln/€
  - the Bank is already compliant with expected MREL requirements

**9M19 Net operating income grows to 900 mln/€ +9.6% vs 9M18 (or +11.2% net of systemic charges), thanks to resilient core revenues and ongoing cost control**



\* Resolution Fund and Deposit Guarantee Scheme: 103 mln/€ in 9M19 vs 81 mln/€ 9M18

\*\* Net Interest Income + Net fees and commission

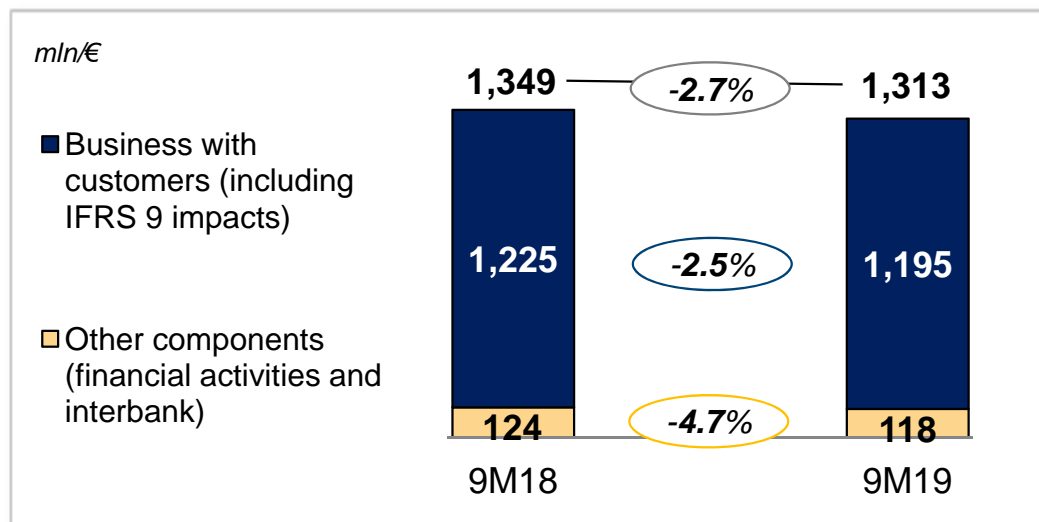
## 9M19 safeguard of spreads mitigates pressure on Net Interest Income.

In 3Q19 NII at 427 mln/€ Ex IFRS9, contribution from “business with customers” is flattish vs 2Q19

mln/€	3Q18	2Q19	3Q19
<b>Business with customers (including IFRS9)</b>	411	399*	386
<i>o/w business with customers</i>	388	369*	366
<i>o/w IFRS9</i>	23	30	20
<b>Financial activities</b>	44	48	52
<b>Interbank business</b>	-2	-7	-11
<b>Net Interest Income</b>	453	441	427
<i>EURIBOR (1 month)</i>	-38 bps	-38 bps	-42 bps

3Q19 vs 2Q19: 427 mln/€ vs 441 mln/€

- 6 mln/€ higher cost of funding following the implementation of significant Institutional Funding Plan, allowing **full compliance with expected MREL requirements**
- 10.6 mln/€ contribution from IFRS9, also linked to NPE stocks decrease (sales and other)



9M19 vs 9M18: -30 mln/€ excluding 6 mln/€ IFRS16, introduced in 2019:

- 7.4 mln/€ one-off\* in 2Q 2019
- 6 mln/€ interbank and financial activities (mainly due to higher excess liquidity deposited in ECB)
- Impact of lower volumes of NPEs and performing loans mitigated by safeguard of commercial spreads

\* Adjustment, for the suspension period, of the rates on "business" loans, subject to a moratorium following the earthquake of 2016 in Central Italy (Marches / Abruzzo), which follows the adjustments already progressively made for "private" customers. Negative impact (waiver of interest income), one-off, totalling € 7.4 million on the interest margin

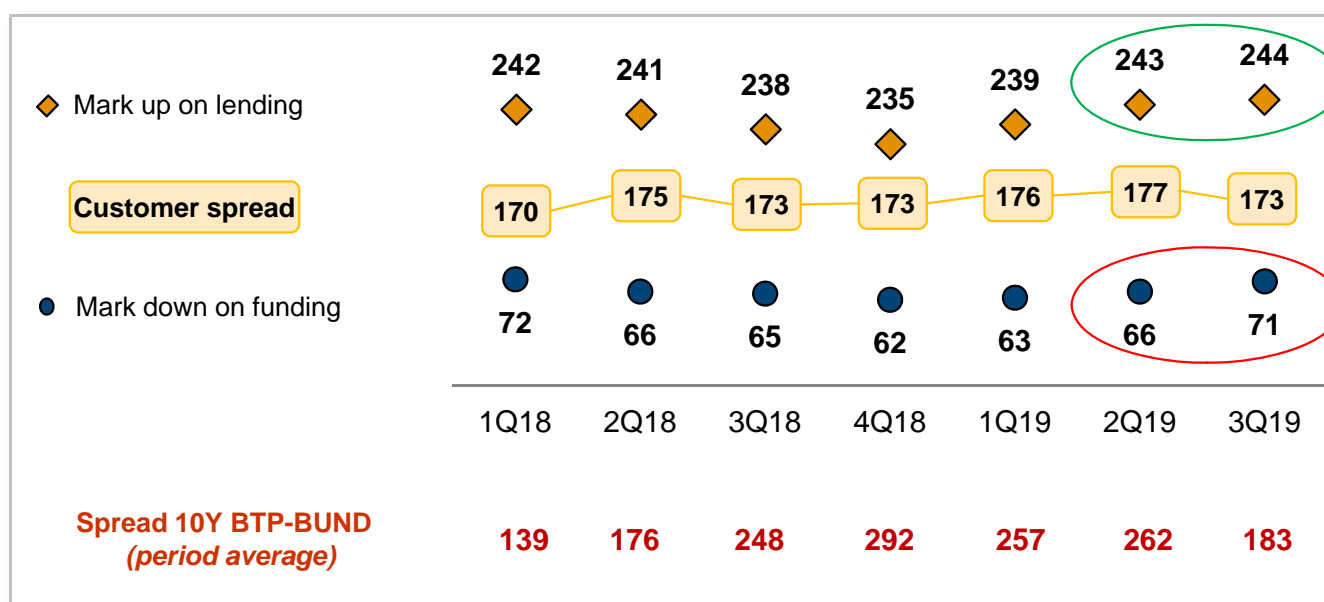
# Repricing on new M/L term originations continues with significant improvement in commercial spreads

## STOCK

**GROUP CUSTOMER SPREAD\***

*(M/L and SHORT TERM, BANKING GROUP + PRODUCT COMPANIES)*

*In bps against 1M Euribor, including hedging derivatives and excluding TLTRO2*



## TREND

**FOCUS ON MEDIUM/LONG TERM VOLUMES & COMMERCIAL SPREADS**

**BANKING PERIMETER**

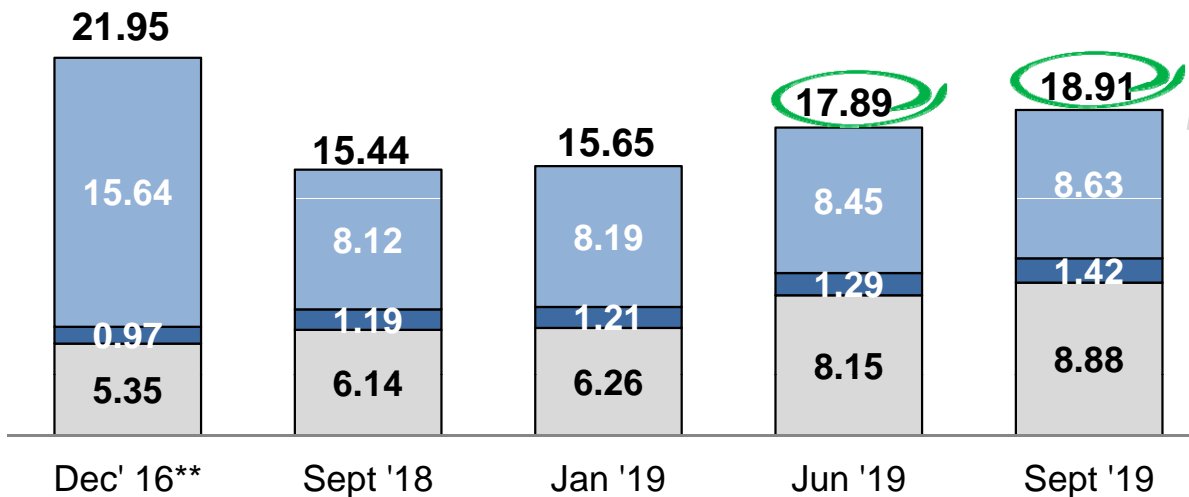
	9M18	9M19	2Q19	3Q19
<b>NEW ORIGINATIONS</b>				
Flows	+10.61bln/€	+7.88bln/€	+2.75bln/€	+2.36bln/€
Commercial Spread	181bps	244bps	236bps	254bps
<b>REIMBURSEMENTS</b>				
Flows	-10.53bln/€	-9.61bln/€	-3.35bln/€	-3.07bln/€
Commercial Spreads	197bps	197bps	200bps	196bps

\* Excluding the one-off item mentioned in the previous slide

# Diversification of financial assets under way, with slightly higher contribution to NII in 9M19 and 3Q19.

## Increase in Italian Govies in 3Q19 fully attributable to market effect

### Financial Assets (Securities\*, in bln/€)



Approx. 1 bln/€ increase since Jun'19 driven by:

- **market effect** in Italian Govies portfolio (0.5 bln/€) more than offsets disinvestments (-0.2 bln/€)
- investments in other financial assets (0.7 bln/€)

- Italian Govies (excluding insurance portfolio)
- Italian Govies insurance portfolio
- Other financial assets

Main changes vs Jun '19:

- Euro Area govies: -120 mln/€
- Corporate bonds: + 400 mln/€
- Treasury: +290 mln/€
- Emerging markets +90 mln/€

### Focus on Italian Govies

Incidence on total financial assets\*\*\*

75.7%	60.3%	60.1%	54.5%	53.1%
-------	-------	-------	-------	-------

\* Includes reclassified balance sheet items 20.3), 30.3) and 40.3)

\*\* Dec '16 aggregate includes UBI Banca Group Stand Alone (17,859 mln/€) + data of 3 Banks acquired in May 2017

\*\*\* Excluding derivatives

# Execution of ambitious Funding Plan allows full compliance with expected MREL requirements, although with impact on mark down in 3Q19.

## Over 101 bln/€ of Indirect Funding contribute to the boost in Net Commission Income

In 3Q19 the positive momentum continues both for Direct and Indirect funding which grow in all key components

	Sept19 vs Jan19	Sept19 vs Jun'19
<b>Direct funding</b>	+3.5%	+1.1%
<b>Indirect funding</b>	+6.7%	+1.6%

bln/€	1 Jan '19 (IFRS 16)	30 Jun '19 (IFRS 16)	30 Sept '19 (IFRS 16)
<b>...from ORDINARY CUSTOMERS</b>	<b>76.18</b>	<b>76.62</b>	<b>76.78</b>
<i>of which</i>			
Current accounts and deposits	65.89 →	66.93 →	67.99
Term deposits, financing & other payables	2.32	2.21	2.26
Leasing payables	0.39	0.41	0.39
Bonds issued	7.21 →	6.87 →	5.98
Certificates of deposit	0.37	0.20	0.16
<b>...from INSTITUTIONAL CUSTOMERS</b>	<b>16.43 →</b>	<b>18.17 →</b>	<b>19.08</b>
<i>of which</i>			
Covered Bonds	12.47	12.27	11.90
EMTN	3.75	4.61	5.68
Repos with CCG and other	0.22	1.29	1.50
<b>TOTAL DIRECT FUNDING</b>	<b>92.61</b>	<b>94.79</b>	<b>95.86</b>
<b>AuM</b>	<b>41.60</b>	<b>44.06</b>	<b>44.84</b>
<b>Bancassurance</b>	<b>24.69</b>	<b>26.14</b>	<b>26.74</b>
<b>AuC</b>	<b>28.45</b>	<b>29.25</b>	<b>29.48</b>
<b>TOTAL INDIRECT FUNDING</b>	<b>94.74</b>	<b>99.46</b>	<b>101.06</b>
<b>TOTAL FUNDING (DIRECT + INDIRECT)</b>	<b>187.35</b>	<b>194.25</b>	<b>196.92</b>

Diversified funding profile with a strong customer deposit base confirmed (+2.05 bln/€ in 9M19, o/w +1.11 bln/€ in 3Q19)

Lower **retail** bonds and stronger longer-term **institutional** funding

Bonds (bln/€)	Matured*		Issued**	
	9M19	o/w 3Q19	9M19	o/w 3Q19
Retail	2.86	0.57	2.10	0.40
Institutional	1.06	-	3.44	1.04

Total funding:  
+5.1% vs January 2019  
+1.4% vs June 2019

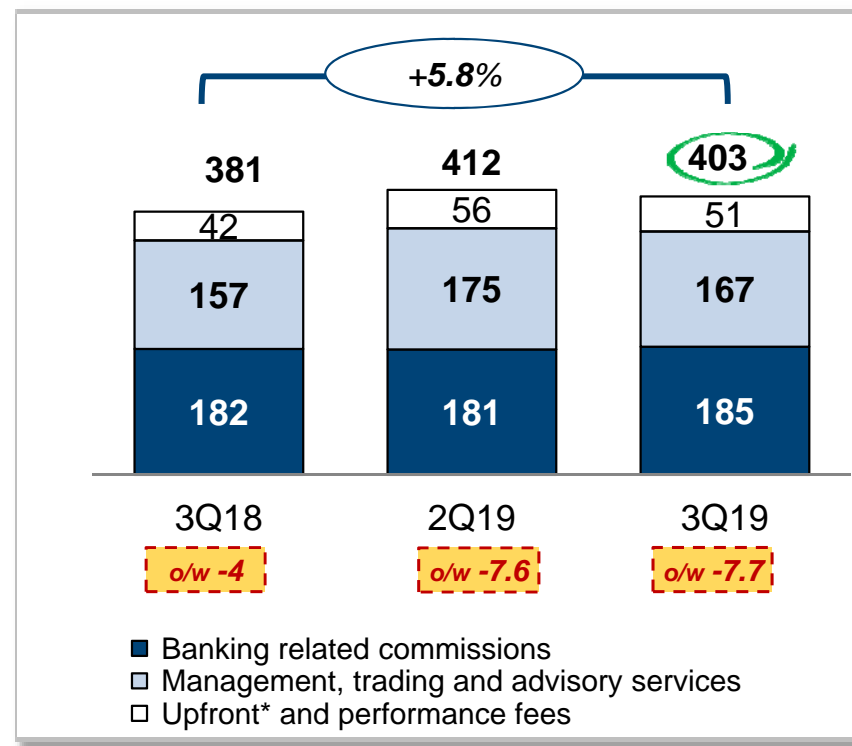
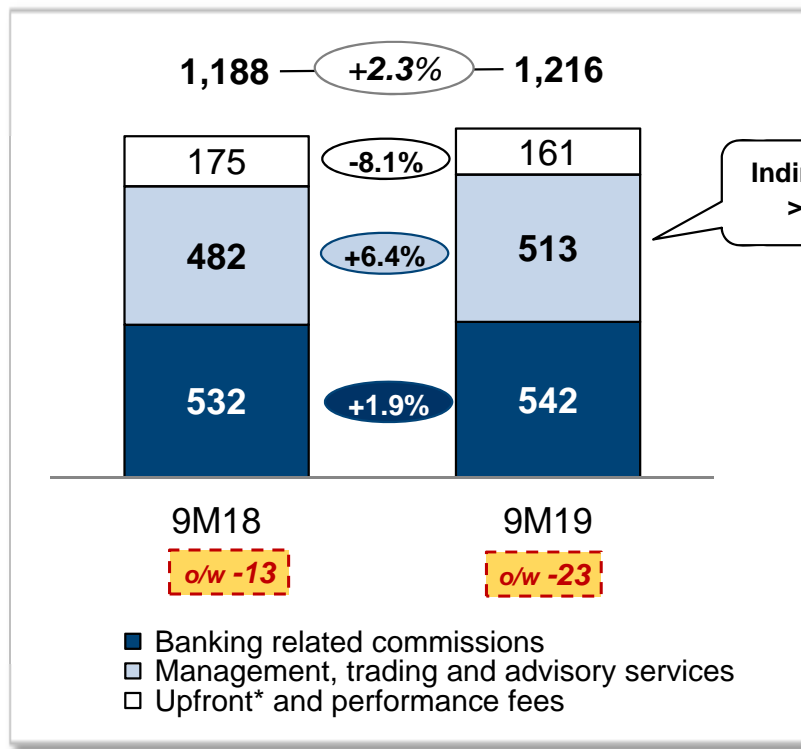
**UBI Banca already complies with and exceeds expected MREL requirements, binding as from 30 June 2020**

\* Repurchases not included

\*\* Please see annex 5 for the full list of issuances placed in 2019 (1.5 bln/€ after 30 Sept 2019)



# Net fees and commission income shows healthy growth, with lower upfront and performance fees: +2.3% 9M19 vs 9M18, +5.8% in 3Q19 vs 3Q18



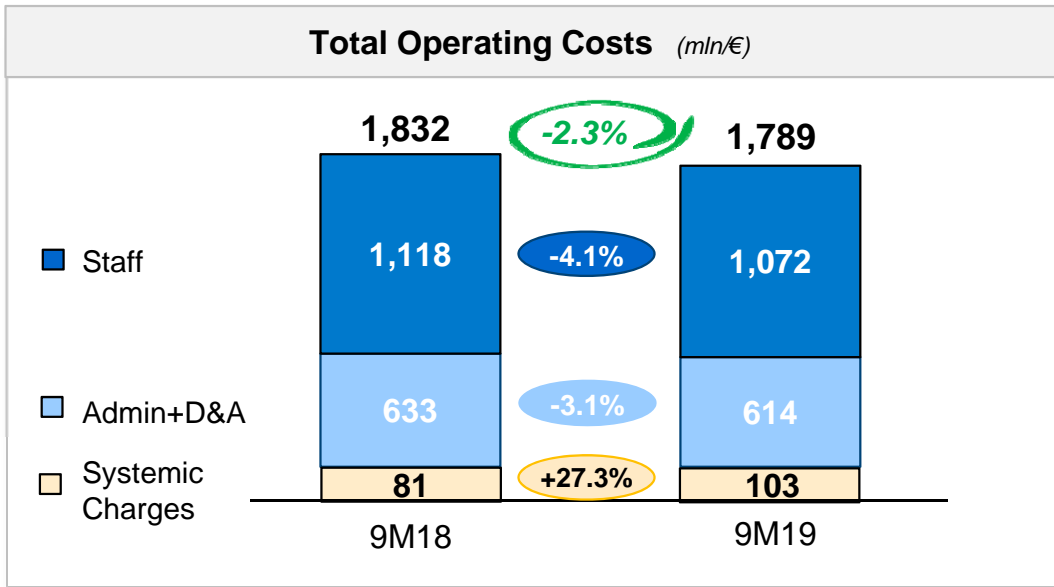
Fee & Commission income up and with improved quality in 9M19:

- higher “traditional banking” (+1.9% vs 9M18) and recurring “management, trading and advisory fees” (+6.4% vs 9M18)
- lower upfront and performance fees (account for 13.2% of total fees in 9M19 vs 14.7% in 9M18)

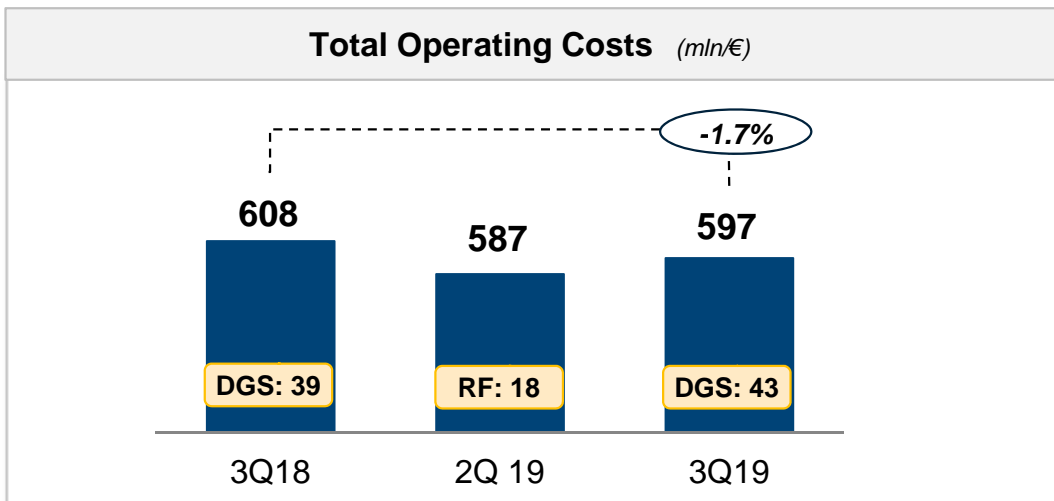
\* Upfront fees include both placement of SICAV & funds and insurance products

**Operating costs down to 1,789 mln/€ in 9M19: -2.3% vs 9M18 (-3.7% excl. systemic charges).**

**Quarterly operating costs -1.7% vs 3Q18 (-2.6% excl. systemic charges)**



- Total operating costs down **3.7%** when excluding systemic charges
- Staff cost benefits from headcount reduction (-853 resources Sept 2019 vs Sept 2018)
- Admin. Expenses + D&A: strict cost control in all categories of expenses



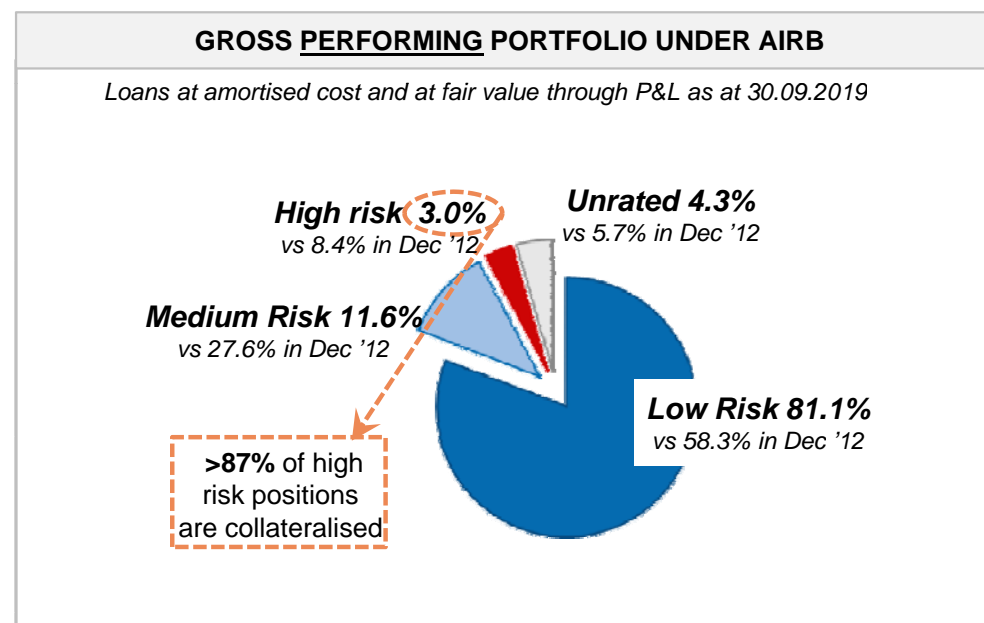
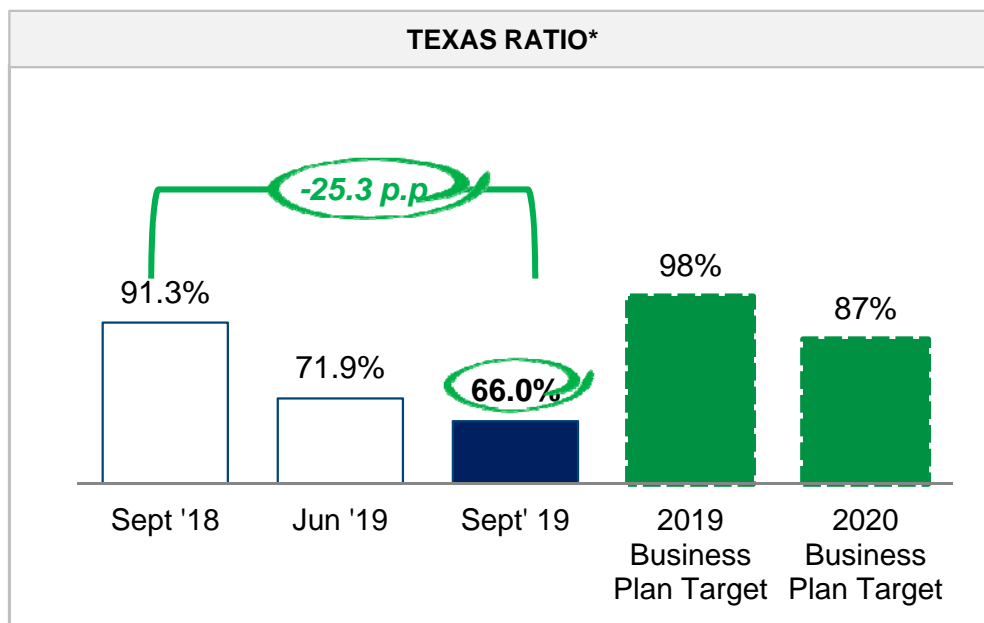
- Total Operating costs decrease by approx. **2.6%** in 3Q19 vs both 3Q18 and 2Q19 when excluding systemic charges
- Staff cost benefits from headcount reduction (-112 resources Sept 2019 vs June 2019)

# Focus on NPEs: relevant balance sheet de-risking continues

LOANS TO CUSTOMERS			
Amounts in bln€	31.12.2018	30.6.2019	30.9.2019
<b>NET LOANS AT AMORTISED COST</b>	<b>89.0</b>	<b>86.1</b>	<b>85.2</b>
<i>of which</i>			
<b>NET PERFORMING EXPOSURES</b>	<b>83.0</b>	<b>80.8</b>	<b>80.2</b>
<i>of which medium-long term</i>	64.1	63.1	62.3
<i>of which short term</i>	18.8	17.4	17.6
<i>of which repos and other with CCG</i>	0.1	0.2	0.3
<b>NET NPEs</b>	<b>5.98</b>	<b>5.31</b>	<b>4.97</b>

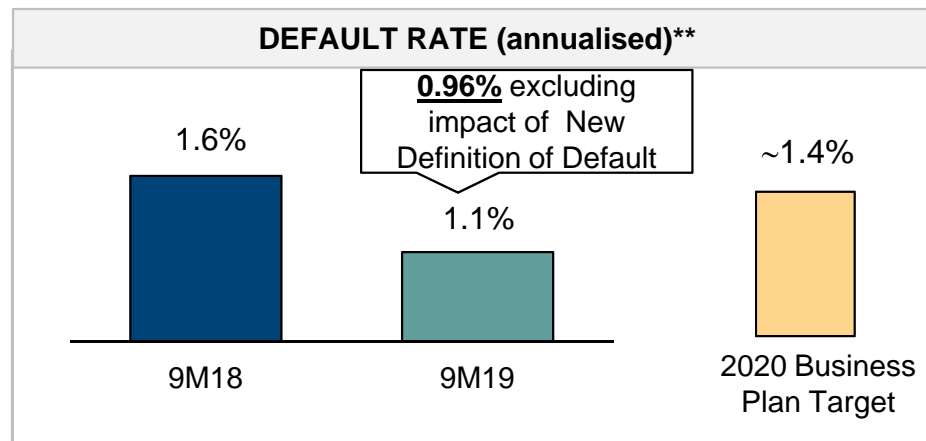
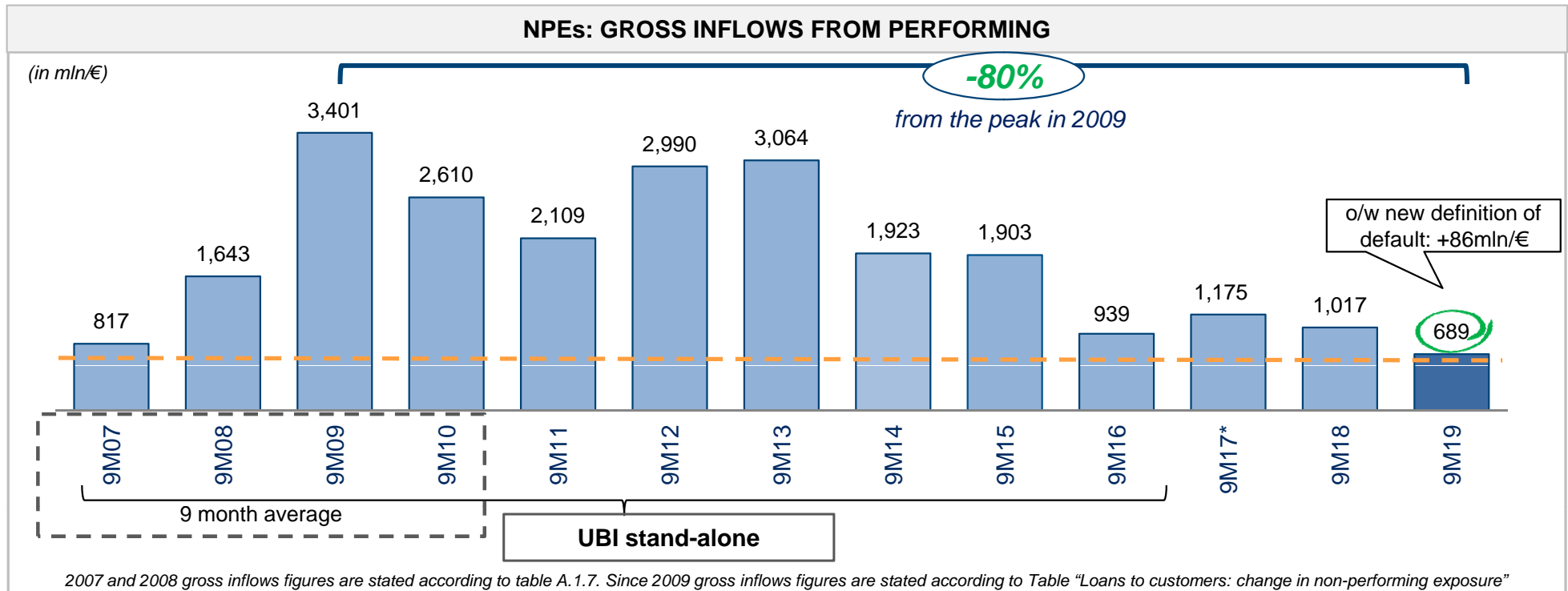
Trend in lending volumes driven by:

- **Strong NPE reduction**, intensified in 3Q19 (in the quarter, -7.7% gross NPE and -6.4% net NPE). **The Texas ratio drops to 66%**
- **Performing loans** down by 3.4% since Jan 2019 and 0.7% since June 2019:
  - volumes affected by **safeguard of commercial spreads** In 3Q19 commercial spreads **increase** further (confirming the trend started from 2H18)
  - **Low risk rated loans** represent 81.1% of the portfolio under AIRB, a further improvement even compared to 80.9% in June 2019; high risk loans represent 3% of total (3.3% in June 2019)



\* Calculated as net total non performing exposures/((net equity excluding profit and minorities and dividends already approved by Shareholders' General Meeting )-total intangible assets)

**9M2019 register the lowest-ever level of gross inflows from performing, down to 689 mln/€ (including the new Definition of Default implemented in 3Q19), -80% vs 9M2009 peak**

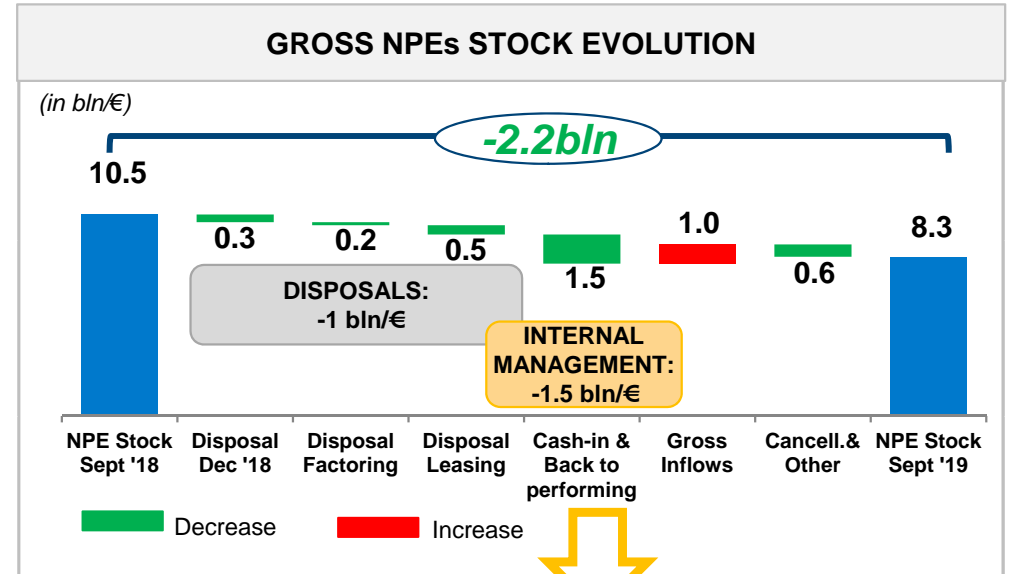
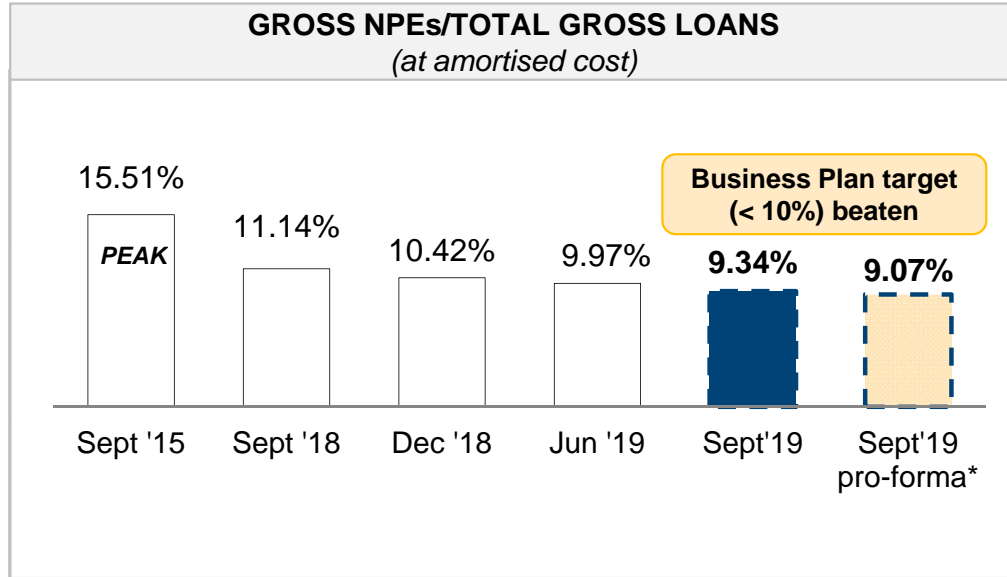


\* 1Q17 data: UBI standalone

\*\*Default rate = annualised gross inflows to NPEs / Gross performing loans at the beginning of the period

# Gross NPE stock reduced by 21% in 12 months. Importance of internal management confirmed.

Further boost expected from remaining leasing sale to be completed and potential GACS of approx. 800 mln/€ by year-end. If executed, these will bring the gross NPE ratio to around 8%



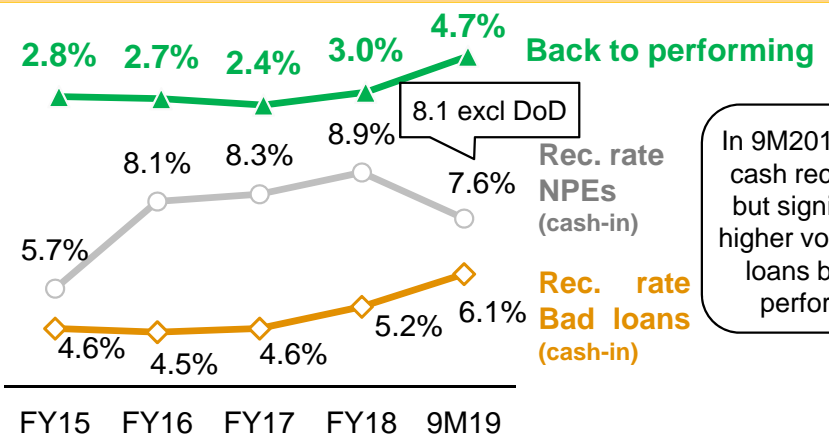
## NPE STOCK DOWN 2.2 bln/€ in 12 months:

- -1 bln/€ from massive disposals
- -1.5 bln/€ NPE **internal management** (cash-in and back to performing)
- **2/3 of NPE stock decrease thanks to Internal Management**

## ADDITIONAL MEASURES:

- completion of leasing sale
- assessment of a residential mortgages bad loan sale through GACS (approx. 800 mln/€)
- these disposals would bring the Gross NPE ratio to around 8%

## RECOVERY RATE\*\* AND BACK TO PERFORMING\*\*\*



In 9M2019, lower cash recoveries but significantly higher volumes of loans back to performing

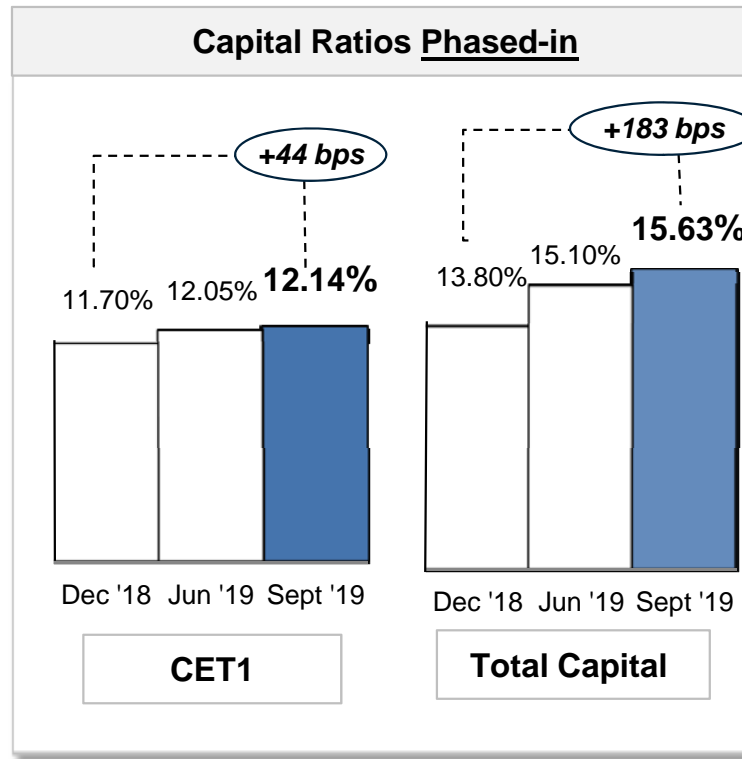
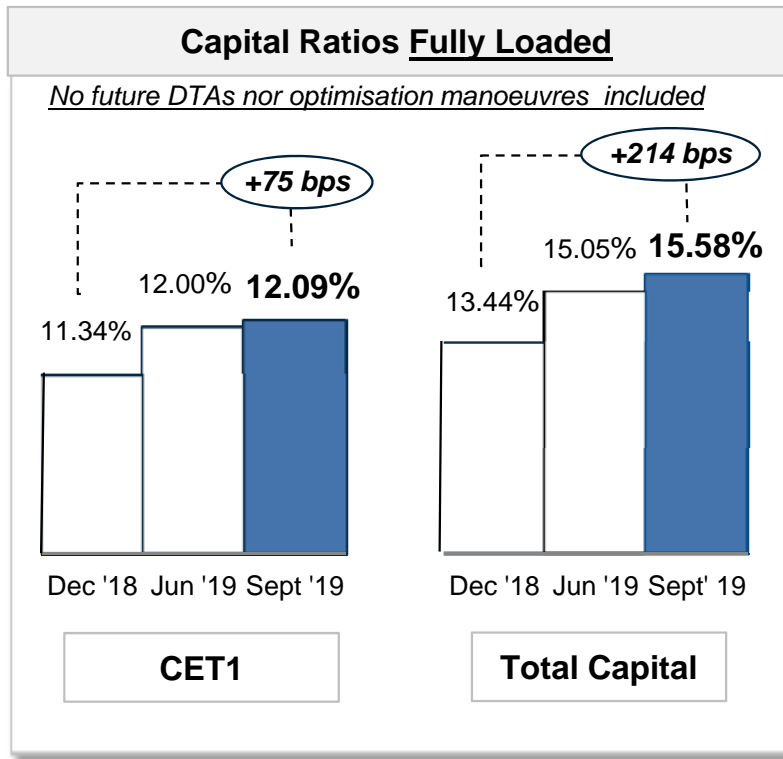
\* pro-forma NPE ratio calculated for the announced remaining leasing portfolio

\*\* Recovery rate = payments received / (initial NPE gross exposure + total increases)

\*\*\* Back to performing = NPE back to performing loans / (initial NPE gross exposure + total increase)

**Notwithstanding significant reduction in NPEs (-1.4 bln/€ since Dec '18),  
CET1 ratio fully loaded is up to 12.09%, +75 bps vs Dec '18**

*No future DTAs or optimisation actions included*



**CET1 FL: +75 bps** vs December '18 mainly thanks to organic capital generation and improvements in the OCI reserve

**Total Capital:** Issuance of 800 mln/€ Tier 2 since Jan '19

- The commercial strategy, which enabled the Bank, thanks to **discipline in pricing**, to minimise the impact on net interest income resulting from negative market interest rates and to largely offset it with an **important growth in fee and commission income**, is again confirmed for the last part of the year
- Furthermore, the **positive trend to contain operating expenses** will continue
- Finally, the Group will continue with its **aggressive reduction of non-performing exposures** by means of internal management and the conclusion of the disposal of the last tranche of UBI Leasing's bad loan positions. In addition to this, an operation to dispose of residential mortgage bad loan positions amounting to approximately €800 million (with securitisation) is under examination, to be completed possibly by the end of 2019





# Consolidated Income Statement

(mln/€)	3Q18	2Q19 (IFRS 16)	3Q19 (IFRS 16)	3Q19 vs 3Q18	3Q19 vs 2Q19	9M18	9M19 (IFRS 16)	% change
Net interest income	452.7	440.6	426.9	(5.7%)	(3.1%)	1,349.2	1,313.1	(2.7%)
- of which: TLTRO2	12.8	12.5	12.7	(0.8%)	1.5%	38.0	37.6	(1.2%)
- of which: credit components (IFRS9 and PPA)	30.8	35.5	22.5	(26.9%)	(36.5%)	92.0	89.2	(3.1%)
- of which: IFRS9 contractual modifications without derecognition	(8.4)	(5.3)	(3.0)	(64.3%)	(43.6%)	(30.4)	(13.4)	(55.9%)
Net fee and commission income	380.5	412.0	402.6	5.8%	(2.3%)	1,188.5	1,215.5	2.3%
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value through profit or loss	(54.7)	17.6	(9.0)	n.s.	n.s.	1.4	46.1	n.s.
Profits of equity-accounted investees	5.1	13.1	11.8	129.7%	(10.1%)	14.1	31.2	120.6%
Dividends and similar income	0.1	2.0	0.4	155.9%	(81.8%)	8.5	7.6	(11.0%)
Net income from insurance operations	4.0	3.9	3.8	(4.5%)	(2.2%)	15.0	11.3	(24.9%)
Other net operating income/expense	24.9	19.1	23.9	(4.0%)	25.5%	76.7	64.7	(15.7%)
<b>Operating income</b>	<b>812.8</b>	<b>908.4</b>	<b>860.4</b>	<b>5.9%</b>	<b>(5.3%)</b>	<b>2,653.4</b>	<b>2,689.4</b>	<b>1.4%</b>
Staff costs	(367.9)	(356.0)	(351.8)	(4.4%)	(1.2%)	(1,117.7)	(1,072.2)	(4.1%)
Other administrative expenses	(198.7)	(175.2)	(187.2)	n.s.	6.9%	(591.3)	(548.4)	n.s.
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(41.0)	(56.3)	(58.1)	n.s.	3.2%	(123.0)	(168.7)	n.s.
<b>Operating expenses</b>	<b>(607.5)</b>	<b>(587.4)</b>	<b>(597.0)</b>	<b>(1.7%)</b>	<b>1.6%</b>	<b>(1,831.9)</b>	<b>(1,789.2)</b>	<b>(2.3%)</b>
<b>Net operating income</b>	<b>205.2</b>	<b>321.0</b>	<b>263.3</b>	<b>28.3%</b>	<b>(18.0%)</b>	<b>821.4</b>	<b>900.2</b>	<b>9.6%</b>
Net impairment losses for credit risk relating to:	(128.7)	(263.4)	(140.2)	9.0%	(46.8%)	(399.1)	(533.6)	33.7%
- financial assets measured at amortised cost: loans to banks	0.2	0.8	(0.2)	n.s.	n.s.	(1.2)	0.5	n.s.
- financial assets measured at amortised cost: loans and advances to customers	(127.7)	(263.0)	(138.7)	8.6%	(47.3%)	(389.3)	(530.3)	36.2%
- financial assets measured at amortised cost: securities	(0.6)	(0.3)	(0.3)	(44.4%)	20.9%	(0.7)	(1.1)	n.s.
- financial assets as at fair value through other comprehensive income	(0.6)	(0.9)	(1.0)	61.3%	13.2%	(7.9)	(2.7)	(65.5%)
Net provisions for risks and charges - commitments and guarantees granted	(2.9)	2.5	(0.0)	(98.9%)	(101.3%)	11.6	1.9	(83.5%)
Net provisions for risks and charges - other net provisions	(2.1)	1.2	(21.4)	n.s.	n.s.	(19.3)	(23.6)	22.5%
Profits (losses) from the disposal of equity investments	0.3	3.9	0.1	(66.4%)	(97.4%)	1.3	4.3	n.s.
<b>Pre-tax profit from continuing operations</b>	<b>71.8</b>	<b>65.3</b>	<b>101.8</b>	<b>41.8%</b>	<b>56.0%</b>	<b>415.9</b>	<b>349.2</b>	<b>(16.0%)</b>
Taxes on income for the period from continuing operations	(26.2)	(9.2)	(34.4)	31.5%	272.8%	(143.1)	(94.5)	(34.0%)
Profits/losses for the period attributable to non-controlling interests	(7.1)	(7.3)	(7.2)	1.9%	(0.6%)	(20.9)	(20.9)	0.2%
<b>Profit for the period attributable to the Parent before Business Plan and other impacts</b>	<b>38.5</b>	<b>48.8</b>	<b>60.1</b>	<b>56.2%</b>	<b>23.4%</b>	<b>251.9</b>	<b>233.8</b>	<b>(7.2%)</b>
Redundancy expenses net of taxes and non-controlling interests	(36.9)	0.0		n.s.	n.s.	(36.9)	(42.6)	15.5%
Business Plan Project expenses net of taxes and non-controlling interests	(0.0)	(0.0)	(0.0)	(45.5%)	(73.3%)	(4.6)	(0.1)	(96.8%)
<b>Profit for the period</b>	<b>1.6</b>	<b>48.7</b>	<b>60.1</b>	<b>n.s.</b>	<b>23.4%</b>	<b>210.5</b>	<b>191.1</b>	<b>(9.2%)</b>
<b>Profit for the period net of non-recurring items</b>	<b>38.5</b>	<b>58.5</b>	<b>60.1</b>	<b>56.0%</b>	<b>2.7%</b>	<b>260.6</b>	<b>243.4</b>	<b>(6.6%)</b>

With a view to simplification of the presentation of the income statement, as of the half-year financial report, the line items "130. a) Financial assets measured at amortised cost: loans and advances to customers subject to disposal" and "130. b) Financial assets designated at fair value through other comprehensive income subject to disposal" (which included the reclassifications carried out between the items 100 and 130. a)/130. b) in compliance with the recommendations contained in the Bank of Italy addendum letter dated 30<sup>th</sup> October 2018) have been reclassified within items "130. a) Financial assets measured at amortised cost: loans and advances to customers" and "130. b) Financial assets designated at fair value through other comprehensive income"

## Contribution of non-recurring items to Net Profit

9M2019	Stated Net Profit	2017-2020 Business Plan		SRF extraordinary contribution	Disposal of securities/equity investments	Total impact of non-recurring items	Normalised Net Profit
		Staff leaving incentives	Business plan project expenses				
1Q19	82.2	42.6	0.1			42.7	124.9
2Q19	48.7	(0.0)	0.0	12.2	(2.5)	9.8	58.5
3Q19	60.1		0.0		(0.1)	(0.1)	60.1
<b>9M19</b>	<b>191.1</b>	<b>42.6</b>	<b>0.1</b>	<b>12.2</b>	<b>(2.5)</b>	<b>52.4</b>	<b>243.4</b>

P&L  
reference line

(A)

Redundancy  
expenses net of taxes  
and non-controlling  
interests

Business Plan Project  
expenses net of taxes  
and non-controlling  
interests

Other administrative  
expenses

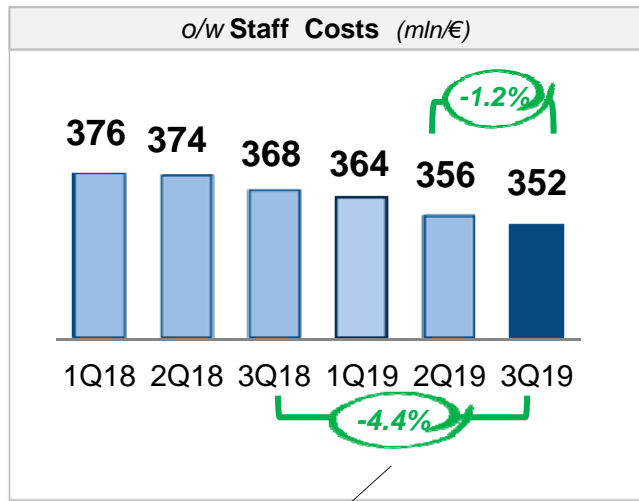
Net income from  
trading, hedging and  
disposal/repurchase  
activities and from  
assets/liabilities as at  
fair value through profit  
or loss

(B)

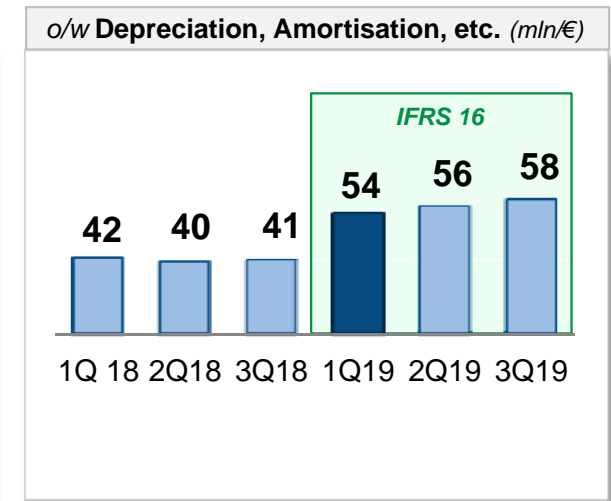
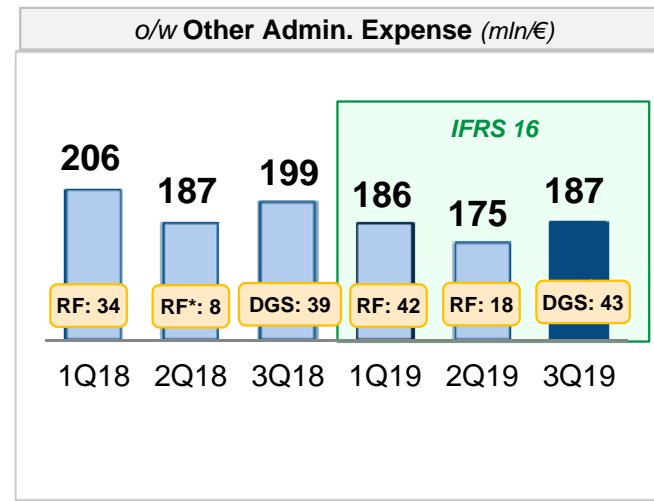
(A+B)

Note: items net of taxes and non-controlling interests

In 3Q19, operating costs at 597 mln/€, down 1.7% vs 3Q18  
 Excluding systemic charges, operating costs at 554 mln/€, down approx. 2.6% vs both 2Q19 and 3Q18

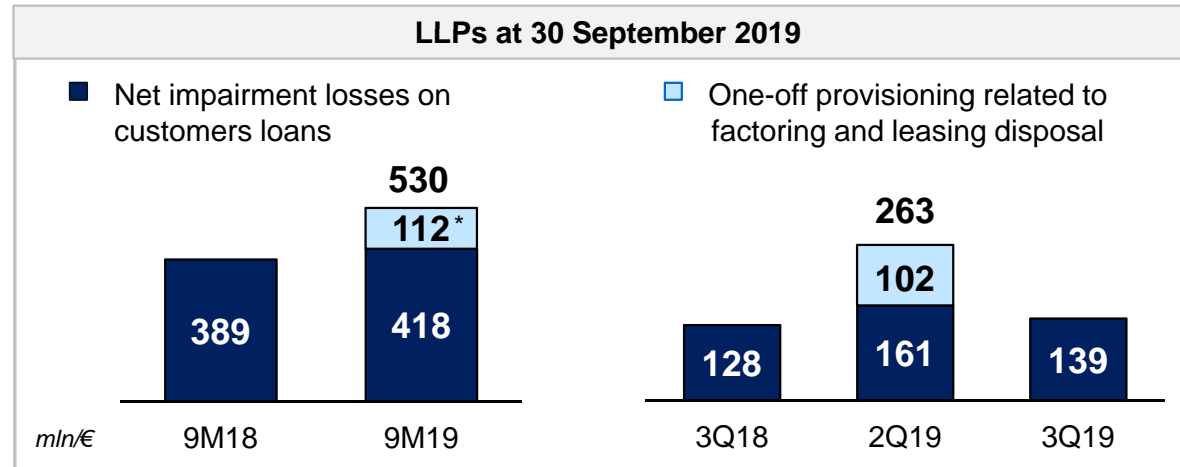


Number of staff decreases by 112 employees vs June '19 and by 853 vs September '18



\* RF (Resolution Fund) contribution in 2Q18 amounted to 8 mln/€, o/w 13 mln/€ extraordinary and -5 mln/€ of 1Q8 estimate adjustment

# Contained cost of risk notwithstanding the New Definition of Default from July 2019



**LOANS TO CUSTOMERS AT AMORTISED COST (30 SEPTEMBER '19)**

bIn/€	Gross exposure		Impairment losses		Carrying amount		Coverage	Coverage with write-offs
<b>NPEs</b>	<b>(9.3%)</b>	<b>8.3</b>	<b>3.3</b>	<b>(5.8%)</b>	<b>4.98</b>	<b>40.2%</b>	<b>49.7%</b>	
- Bad loans	(5.2%)	4.6	2.3	(2.7%)	2.27	50.7%	63.1%	
- UTPs	(4.0%)	3.6	1.0	(3.0%)	2.58	27.9%		
- Past-due loans	(0.1%)	0.1	0.0	(0.1%)	0.13	8.6%		
<b>Performing loans</b>	<b>(90.7%)</b>	<b>80.7</b>	<b>0.5</b>	<b>(94.2%)</b>	<b>80.20</b>	<b>0.6%</b>		
<b>TOTAL</b>		<b>89.0</b>	<b>3.8</b>		<b>85.18</b>	<b>4.3%</b>		

**LOANS TO CUSTOMERS AT AMORTISED COST (30 JUNE '19)**

mln/€	Gross exposure		Impairment losses		Carrying amount		Coverage	Coverage with write-offs
<b>NPEs</b>	<b>(10.0%)</b>	<b>9.0</b>	<b>3.7</b>	<b>(6.2%)</b>	<b>5.31</b>	<b>41.0%</b>	<b>49.6%</b>	
- Bad loans	(5.7%)	5.1	2.7	(2.9%)	2.48	51.8%	62.6%	
- UTPs	(4.2%)	3.8	1.0	(3.2%)	2.77	26.9%		
- Past-due loans	(0.1%)	0.1	0.0	(0.1%)	0.06	10.7%		
<b>Performing loans</b>	<b>(90.0%)</b>	<b>81.3</b>	<b>0.5</b>	<b>(93.8%)</b>	<b>80.76</b>	<b>0.6%</b>		
<b>TOTAL</b>		<b>90.3</b>	<b>4.2</b>		<b>86.07</b>	<b>4.7%</b>		

\* Impairment losses associated with the disposals include approx. 10 mln/€ accounted in 1Q19 and approx. 102 mln/€ in 2Q19

# Reclassified Consolidated Balance Sheet - Assets

Figures in thousands of euro		30.9.2019 A	1.1.2019 * B	Changes A-B	% changes A/B	30.9.2018 C	Changes A-C	% changes A/C
<b>ASSETS</b>								
10.	Cash and cash equivalents	643,633	735,249	(91,616)	-12.5%	625,652	17,981	2.9%
20.	Financial assets measured at fair value through profit or loss	1,817,803	1,463,529	354,274	24.2%	1,469,508	348,295	23.7%
	1) Loans and advances to banks	16,797	14,054	2,743	19.5%	13,444	3,353	24.9%
	2) Loans and advances to customers	270,169	274,262	(4,093)	-1.5%	283,496	(13,327)	-4.7%
	3) Securities and derivatives	1,530,837	1,175,213	355,624	30.3%	1,172,568	358,269	30.6%
30.	Financial assets measured at fair value through other comprehensive income	12,212,586	10,726,179	1,486,407	13.9%	10,640,301	1,572,285	14.8%
	1) Loans and advances to banks	-	-	-	-	-	-	-
	2) Loans and advances to customers	-	15	(15)	-100%	15	(15)	-100.0%
	3) Securities	12,212,586	10,726,164	1,486,422	13.9%	10,640,286	1,572,300	14.8%
40.	Financial assets measured at amortised cost	105,186,087	102,798,587	2,387,500	2.3%	103,431,623	1,754,464	1.7%
	1) Loans and advances to banks	14,835,531	10,065,772	4,769,759	47.4%	10,248,127	4,587,404	44.8%
	2) Loans and advances to customers	85,179,308	88,987,596	(3,808,288)	-4.3%	89,554,538	(4,375,230)	-4.9%
	3) Securities	5,171,248	3,745,219	1,426,029	38.1%	3,628,958	1,542,290	42.5%
50.	Hedging derivatives	22,926	44,084	(21,158)	-48.0%	65,350	(42,424)	-64.9%
60.	Fair value change in hedged financial assets (+/-)	821,141	97,429	723,712	n.s.	-6,002	827,143	n.s.
70.	Equity investments	281,005	254,128	26,877	10.6%	243,646	37,359	15.3%
80.	Technical reserves of reinsurers	-	-	-	-	195	(195)	-100.0%
90.	Property, plant and equipment	2,528,242	2,394,858	133,384	5.6%	1,824,737		
100.	Intangible assets	1,724,707	1,729,727	(5,020)	-0.3%	1,710,712	13,995	0.8%
	of which: goodwill	1,465,260	1,465,260	-	0.0%	1,465,260	-	0.0%
110.	Tax assets	3,797,803	4,210,362	(412,559)	-9.8%	4,076,685	(278,882)	-6.8%
120.	Non-current assets and disposal groups held for sale	7,844	2,972	4,872	163.9%	735	7,109	n.s.
130.	Other assets	1,383,295	1,243,320	139,975	11.3%	1,123,257		
	<b>Total assets</b>	<b>130,427,072</b>	<b>125,700,424</b>	<b>4,726,648</b>	<b>3.8%</b>	<b>125,206,399</b>		

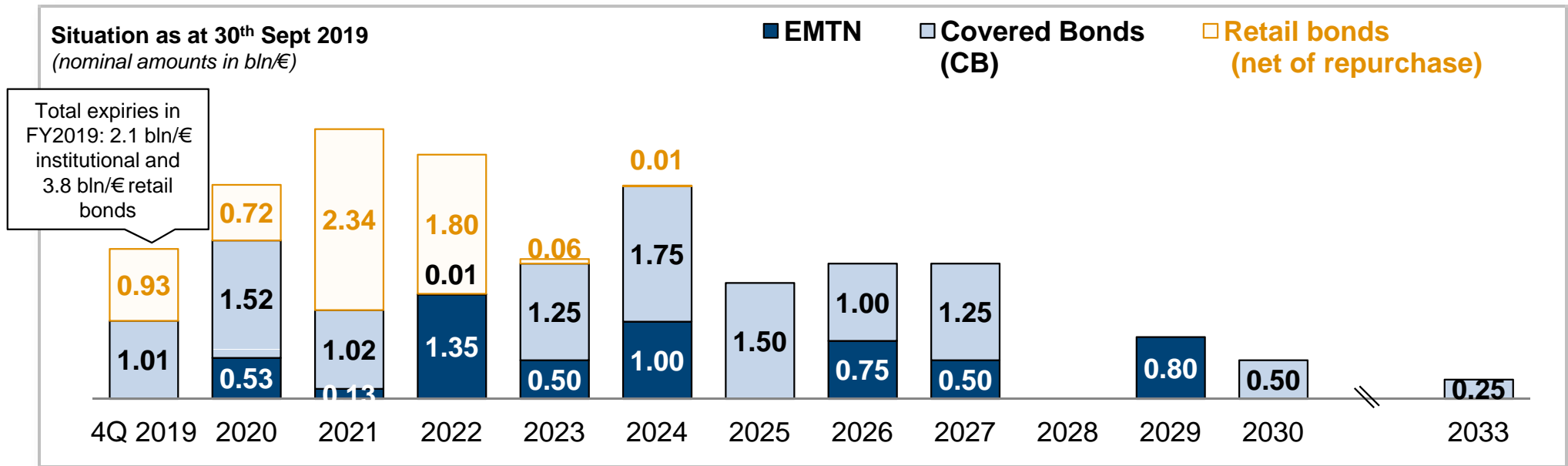
(\*) Amounts as at 1st Jan 2019 are unchanged vs the related amounts reported in the Reclassified Consolidated Balance Sheet as at 31st December 2018 with the exception of items 90, 130 and Total Assets in compliance with the introduction of IFRS16

# Reclassified Consolidated Balance Sheet - Liabilities and Equity

Figures in thousands of euro		30.9.2019 A	1.1.2019* B	Changes A-B	% changes A/B	30.9.2018 C	Changes A-C	% changes A/C
<b>LIABILITIES AND EQUITY</b>								
10.	Financial liabilities measured at amortised cost	111,811,656	109,839,891	1,971,765	1.8%	110,633,386		
	<i>a) Due to banks</i>	15,956,402	17,234,579	(1,278,177)	-7.4%	16,678,273	(721,871)	-4.3%
	<i>b) Due to customers</i>	72,145,392	68,815,614	3,329,778	4.8%	70,258,101		
	<i>c) Debt securities issued</i>	23,709,862	23,789,698	(79,836)	-0.3%	23,697,012	12,850	0.1%
20.	Financial liabilities held for trading	656,353	410,977	245,376	59.7%	347,184	309,169	89.1%
30.	Financial liabilities designated at fair value	172,950	105,836	67,114	63.4%	95,434	77,516	81.2%
40.	Hedging derivatives	572,583	110,801	461,782	n.s.	93,351	479,232	n.s.
50.	Fair value change in hedged financial liabilities (+/-)	214,504	74,297	140,207	188.7%	30,103	184,401	n.s.
60.	Tax liabilities	144,308	162,272	(17,964)	-11.1%	188,193	(43,885)	-23.3%
80.	Other liabilities	4,385,204	3,092,941	1,292,263	41.8%	2,116,819	2,268,385	107.2%
90.	Provision for post-employment benefits	300,476	306,697	(6,221)	-2.0%	323,809	(23,333)	-7.2%
100.	Provisions for risks and charges:	429,249	505,191	(75,942)	-15.0%	567,401	(138,152)	-24.3%
	<i>a) commitments and guarantees granted</i>	52,523	64,410	(11,887)	-18.5%	76,803	(24,280)	-31.6%
	<i>b) pension and similar obligations</i>	86,104	91,932	(5,828)	-6.3%	128,496	(42,392)	-33.0%
	<i>c) other provisions for risks and charges</i>	290,622	348,849	(58,227)	-16.7%	362,102	(71,480)	-19.7%
110.	Technical reserves	2,244,737	1,877,449	367,288	19.6%	1,856,585	388,152	20.9%
120.+150.+160. +170.+180	Share capital, share premiums, reserves, valuation reserves and treasury shares	9,257,424	8,737,680	519,744	5.9%	8,688,096	569,328	6.6%
190.	Minority interests (+/-)	46,577	50,784	(4,207)	-8.3%	55,567	(8,990)	-16.2%
200.	Profit (loss) for the period/year (+/-)	191,051	425,608	(234,557)	-55.1%	210,471	(19,420)	-9.2%
<b>Total liabilities and equity</b>		<b>130,427,072</b>	<b>125,700,424</b>	<b>4,726,648</b>	<b>3.8%</b>	<b>125,206,399</b>		

(\*) Amounts as at 1st Jan 2019 are unchanged vs the related amounts reported in the Reclassified Consolidated Balance Sheet as at 31st December 2018 with the exception of item 10 .b in compliance with the introduction of IFRS16

## Bonds expiring in the year have been fully replaced with a different mix (more Institutional and less Retail)



### 2019 RETAIL ISSUANCES

Date	Amount	Avg Maturity	Avg Coupon
1Q 19	1.1 bln/€	3 years	1.76%
2Q 19	0.6 bln/€	3 years	1.11%
3Q 19	0.4 bln/€	3 years	1.27%

### 2019 INSTITUTIONAL ISSUANCES

	Settl. date	Size	Type	Maturity	Coupon
9M	25 Feb	0.5 bln/€	CB	2025	1.000%
	4 Mar	0.5 bln/€	Tier 2	2029*	5.875%
	10 Apr	0.5 bln/€	Green (SP)	2024	1.500%
	20 Jun	0.5 bln/€	SNP	2024	2.625%
	12 Jul	0.3 bln/€	Tier 2	2029*	4.375%
	1 Jan – 30 Sep	1.1 bln/€	Private Placements (SP)	2020-21-22	undisclosed
After 30 <sup>th</sup> Sept	21 Oct	0.5 bln/€	SNP	2025	1.625%
	1 Oct – 8 Nov	1.0 bln/€	Private Placements (SP)	2020-21-22-24	undisclosed

\* Callable after 5 years

Note: as per the 3 banks acquired, in Sept '19 there are in place 3 securitisations for a market outstanding amount of approx. 44 mln/€. As from end Oct '19 all these securitisations are redeemed and the related exposure zeroed

# Portfolio breakdown: Italian Govies maturities and main exposures

	30 JUNE 2019			TOTAL
	FVTPL (fair value through profit or loss)	FVOCI (fair value through other comprehensive income)	AC (financial assets at amortised cost)	
Amounts in mln/€				
Financial Assets (Securities and derivatives*)	1,378	11,619	4,889	<b>17,885</b>
<i>o/w Italian Govies</i>	9	5,763	3,970	<b>9,742</b>
<i>Financial Liabilities held for trading</i>				<b>571</b>

	30 SEPTEMBER 2019			TOTAL	% Change of TOTAL amounts
	FVTPL (fair value through profit or loss)	FVOCI (fair value through other comprehensive income)	AC (financial assets at amortised cost)		
	1,531	12,213	5,171	<b>18,915</b>	<b>5.8%</b>
	37	5,647	4,360	<b>10,044</b>	<b>3.1%</b>
<i>Financial Liabilities held for trading</i>				<b>656**</b>	

Maturity of the Italian Govies Portfolio					
Amounts in mln/€	FVTPL	FVOCI	AC	TOTAL 30.09.19	TOTAL 31.12.18
	2019	0	-	-	<b>0</b>
2020-2021	6	83	-	<b>88</b>	<b>95</b>
2022-2025	16	3,429	708	<b>4,153</b>	<b>4,210</b>
2026-2030	0	1,581	1,578	<b>3,159</b>	<b>2,843</b>
From 2031 and over	16	554	2,074	<b>2,644</b>	<b>2,227</b>
<b>Total portfolio</b>	<b>37</b>	<b>5,647</b>	<b>4,360</b>	<b>10,044</b>	<b>9,399</b>
<b>% of portfolio on total Italian Govies</b>	<b>0.4%</b>	<b>56.2%</b>	<b>43.4%</b>	<b>100%</b>	

Main exposures as at 30 September 2019				
Portfolio:	Consolidated*			<i>o/w Insurance</i>
	<i>o/w Govies</i>	<i>o/w Corporates and banks</i>	<i>o/w Loans</i>	<i>Govies</i>
Amounts in bln/€				
Italy	10,060***	1,101	779	<b>1,424***</b>
USA	1,849	317	-	<b>1</b>
Spain	1,464	195	-	<b>320</b>
France	552	257	-	<b>4</b>
<b>Main 4 countries</b>	<b>13,925</b>	<b>1,870</b>	<b>779</b>	<b>1,749</b>
<b>% on total amount</b>	<b>95.2%</b>	<b>64.8%</b>	<b>97.6%</b>	<b>96.3%</b>

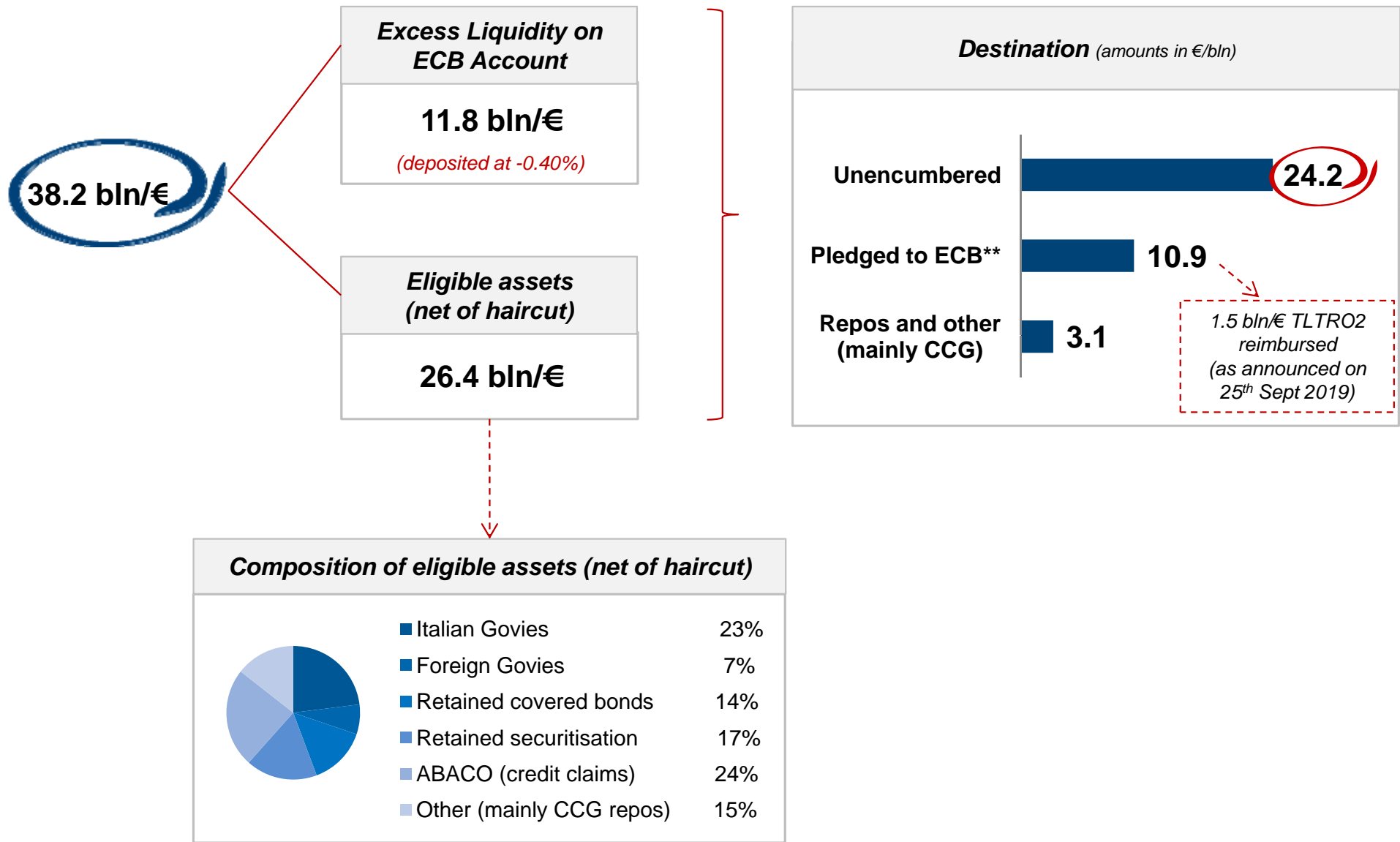
\* The analysis excludes equity securities (0.3 bln/€) and UCITs (0.5 bln/€)

\*\* Including technical position on Italian Govies for 0.04 bln/€

\*\*\* Including *Cassa Depositi e Prestiti* bonds for approx.16 mln/€ (consolidated figure, o/w over 6 mln/€ referred to insurance business)



# Liquidity resources at 38.2 bln/€\* (i.e. over 50% of current accounts and deposits)



\* Data as at 30<sup>th</sup> September '19, net of amount pledged against minor guarantees (0.3 bln/€)

\*\* In September 2019, 1.5 bln/€ TLTRO2 was reimbursed and as a result the total outstanding amount is now 11 bln/€ of which 8.5 bln/€ expiring in June 2020 and 2.5 bln/€ in March 2021)

# Capital Ratios as at 30 September '19.

**Common Equity Tier 1 phased in ratio at 12.14%, Total Capital phased in ratio at 15.63%**

<i>mIn/€</i>	Jun '19	Sept '19
<b>Common Equity Tier 1 (after filters)</b>	<b>7,071.5</b>	<b>7,241.4</b>
Common Equity Tier 1 regulatory adjustments	-148.6	-129.4
<i>of which negative elements for deduction excess of expected losses over impairment losses</i>	-134.9	-115.7
<b>Common Equity Tier 1 Capital (CET1)</b>	<b>6,922.9</b>	<b>7,112.0</b>
<b>Additional Tier 1 before deductions</b>	-	-
Additional Tier 1 regulatory adjustments	-	-
<i>of which negative elements for deduction excess of expected losses over impairment losses</i>	-	-
<b>Additional Tier 1</b>	-	-
<b>Tier 1 Capital (CET 1 +Additional Tier 1)</b>	<b>6,922.9</b>	<b>7,112.0</b>
Tier 2 Capital before transitional provisions	1,811.4	2,106.7
<i>Tier 2 instruments grandfathering</i>		
<b>Tier 2 Capital after transitional provisions</b>	<b>1,811.4</b>	<b>2,106.7</b>
Tier 2 capital regulatory adjustments	-60.4	-58.5
<i>of which: negative elements for deduction excess of expected losses over impairment losses</i>		
<b>Tier 2 Capital</b>	<b>1,751.0</b>	<b>2,048.2</b>
<b>TOTAL OWN FUNDS</b>	<b>8,673.9</b>	<b>9,160.3</b>

<i>mIn/€</i>	Jun '19	Sept '19
<b>Risk weighted assets</b>	<b>57,442.5</b>	<b>58,599.4</b>
<b>Total prudential requirements</b>	<b>4,595.4</b>	<b>4,687.9</b>
<i>Credit risk</i>	4,243.5	4,310.7
<i>CVA (Credit Value Adjustment) risk</i>	4.0	6.0
<i>Market risk</i>	59.9	83.4
<i>Operational risk</i>	287.9	287.9

<b>CET 1 ratio</b>		
	Jun '19	Sept '19
<b>PHASED -IN</b>	<b>12.05%</b>	<b>12.14%</b>
<b>FULLY LOADED</b>	<b>12.00%</b>	<b>12.09%</b>

<b>TOTAL CAPITAL ratio</b>		
	Jun '19	Sept '19
<b>PHASED-IN</b>	<b>15.10%</b>	<b>15.63%</b>
<b>FULLY LOADED</b>	<b>15.05%</b>	<b>15.58%</b>

- B3 Leverage ratios as at 30 Sept '19:
  - ✓ phased in 5.25%
  - ✓ fully loaded 5.23%
- LCR and NSFR > 100%