The UBI Banca Group
Consolidated Results as at 31st December 2019

10 February 2020

UBI Banca

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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.

2019 Results Highlights…overall a very good year!
2019 Best year ever for net fees income and inflows to NPEs…

Economics		2019/2018	4Q19/3Q19	4Q19/4Q18
Operating income	Growth in core revenues and positive finance contribution	+3.4%	+10.2%	+9.5%
Operating expenses	Continued decrease	-3.3%	-3%	-6%
Net operating income	Strong growth thanks to both increase in revenues and op.expenses control	+18.5%	+40.2%	+47.9%
Cost of risk	Contained cost of risk notwithstanding 1.8 billion gross of massive NPE sales finalised (1.1 bln in 4Q2019) and upfronting of high probability of disposal of a new SME bad loan portfolio under assessment (800 mln gross)	+15bps		
Pre tax profit	Strong growth	+10.7%	+54.7%	2.7x
DPS	Proposed dividend of 13 cents per share	+8.3%		

Balance Sheet		Dec '19/ Dec '18	Dec '19 / Sept '19
CET1 FL	Significant increase vs 2018	+95 bps	+20 bps
Total capital ratio*	Significant increase vs 2018	+239 bps	+25 bps
Gross NPEs	Impressive workout results (-2bln more than compensating low inflows) and successful disposals (-1.8bln)	-29.6%	-17.7%
Total Funding	Growth both in direct and indirect funding	+5.1%	flat
	AUM	+10.2%	+2.2%
	Bancassurance	+10.4%	+1.9%
Performing Loans	Continued action to safeguard spreads - Stock flat Dec vs Sept 2019	-3.2%	+0.2%
Balance sheet indicators	MREL compliant		

* Not including new AT1 issued in January 2020

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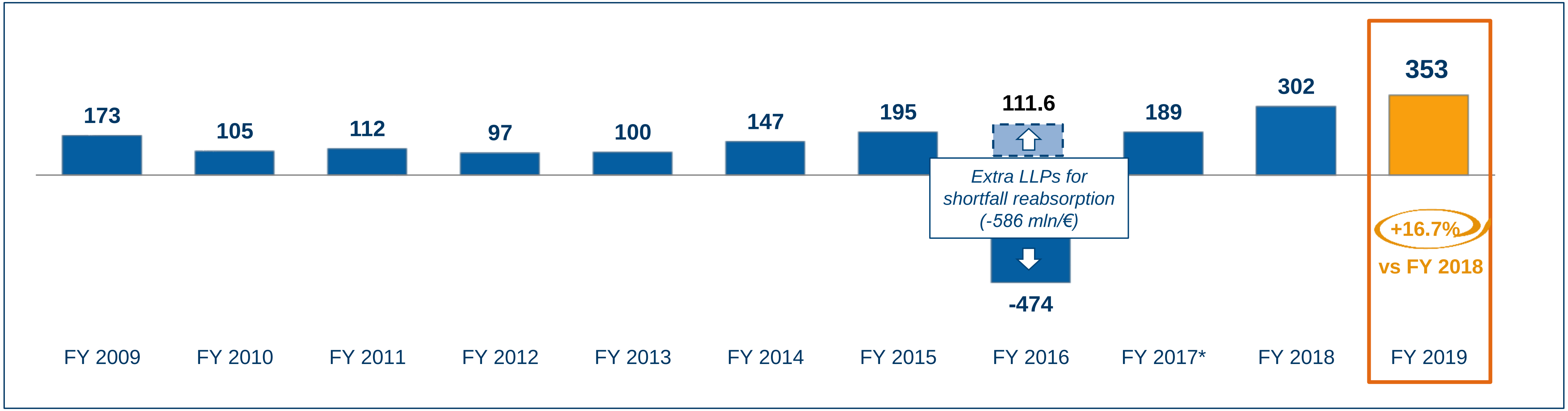
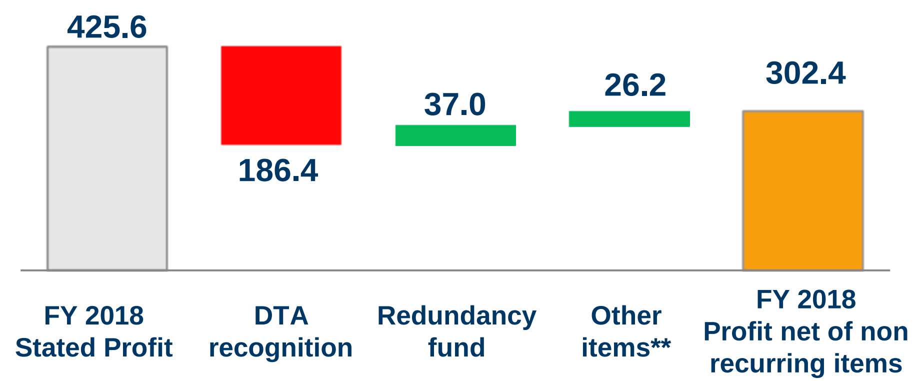
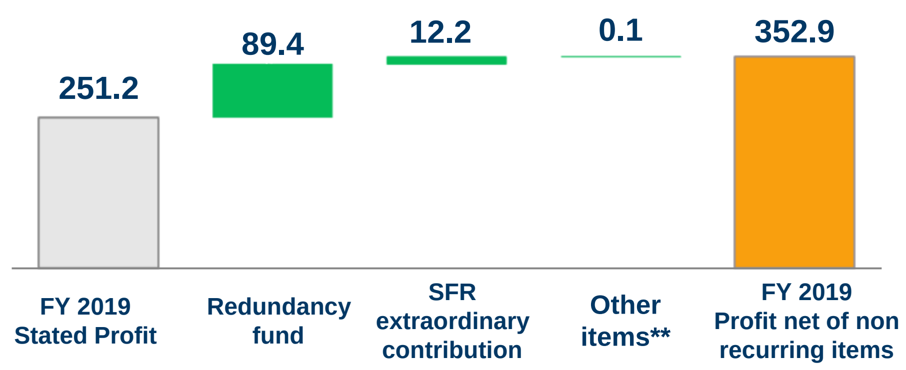
… and best result in a decade for normalised net profit



FY18 non-recurring items



FY19 non-recurring items



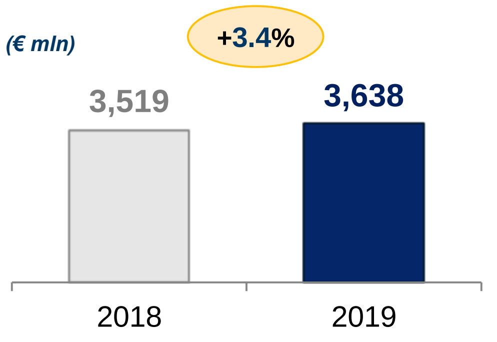
* Including the contribution of the 3 banks acquired since 1st April 2017

** FY 2018: Integration expenses, FITD+SFR extraordinary contributions, gains from sales of investments, impairments. FY 2019: Disposal of securities/equity investments, Impairment losses on property, plant and equipment and 17-2020 Business plan project expenses. See annex 1b for details.

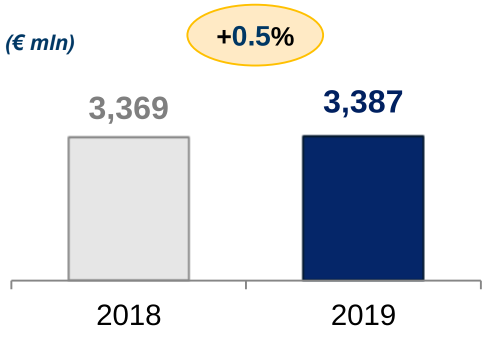
The Profit & Loss

Revenues and Core Revenues* up

REVENUES 2019 vs 2018

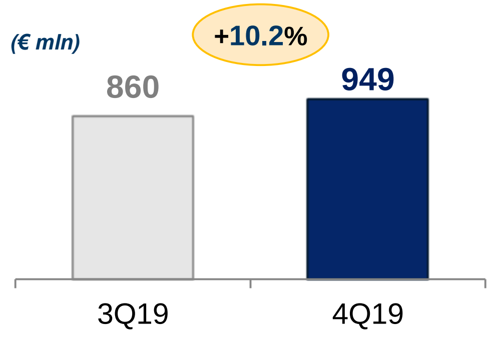


CORE REVENUES

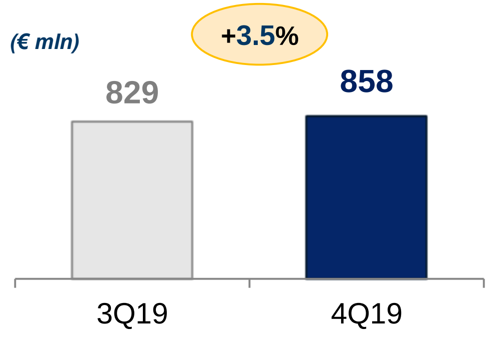


mln/€	Δ 2019 vs 2018
Net Interest Income	(65)
Net Commission Income	**+83**

REVENUES 4Q19 vs 3Q19

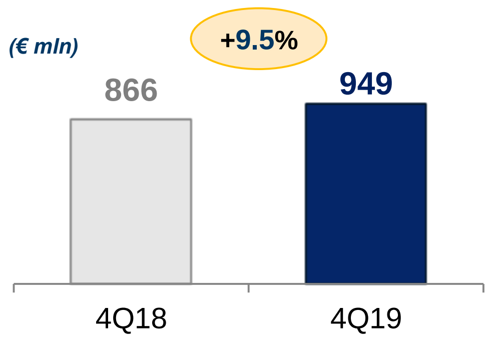


CORE REVENUES

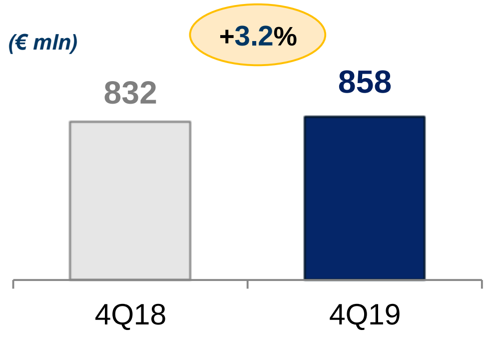


mln/€	Δ 4Q19 vs 3Q19
Net Interest Income	(15)
Net Commission Income	**+44**

REVENUES 4Q19 vs 4Q18



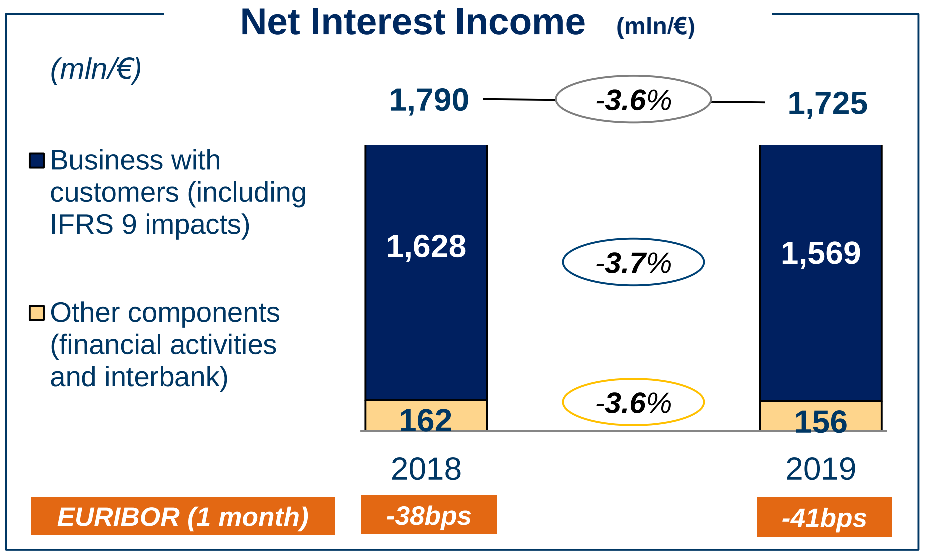
CORE REVENUES



mln/€	Δ 4Q19 vs 4Q18
Net Interest Income	(29)
Net Commission Income	**+56**

* Net Interest Income + Net fees and commission

2019: safeguard of spreads mitigates pressure on Net Interest Income



2019 vs 2018: limited decrease of -57 mln/€ excluding 8 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 decreasing market rates (-3bps), lower volumes of NPEs and performing loans mitigated by safeguard of commercial spreads

mln/€	4Q18	3Q19	4Q19
Business with customers (including IFRS9)	**403**	**386**	**374**
o/w business with customers	*380*	*366*	*364*
o/w IFRS9	*23*	*20*	*10*
Financial activities	**44**	**52**	**51**
Interbank business	**-6**	**-11**	**-13**
Net Interest Income	**441**	**427**	**412**
EURIBOR (1 month)	***-37 bps***	***-42 bps***	***- 46 bps***

- **"Business with customers" quarterly results affected by IFRS9 accounting**
- **Net of IFRS9 impacts, "business with customers" is:**
  - **Substantially stable 4Q19 vs 3Q19**
  - **Down 16 mln/€ 4Q19 vs 4Q18, also affected by drop in market rates (-9bps)**

* Adjustment, for the suspension period, of the rates on "business" loans, subject to a moratorium following the earthquake of 2016 in Central Italy (Marche/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

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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

	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Mark up on lending	242	241	238	235	239	243	244	247
Customer spread	170	175	173	173	176	177	173	175
Mark down on funding	72	66	65	62	63	66	71	72
Spread 10Y BTP-BUND *(period average)*	139	176	248	292	257	262	183	148

TREND

FOCUS ON MEDIUM/LONG TERM VOLUMES & COMMERCIAL SPREADS

BANKING PERIMETER

	2018	2019	3Q19	4Q19
NEW ORIGINATIONS				
Flows	+13.72bln/€	+10.57bln/€	+2.36bln/€	+2.69bln/€
Commercial Spread	185bps	243bps	254bps	251bps*
REIMBURSEMENTS				
Flows	-14.29bln/€	-13.16bln/€	-3.07bln/€	-3.65bln/€
Commercial Spreads	197bps	199bps	196bps	206bps

* Excluding TLTRO (239bps in 4Q19 including TLTRO lending)

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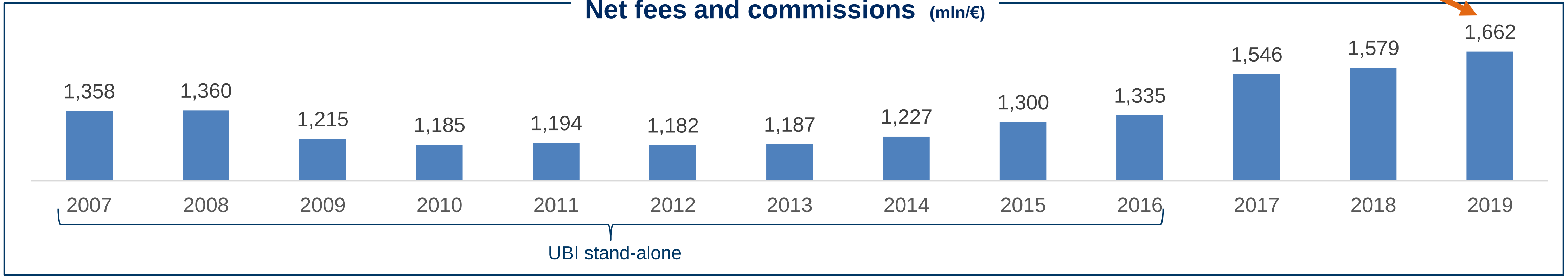
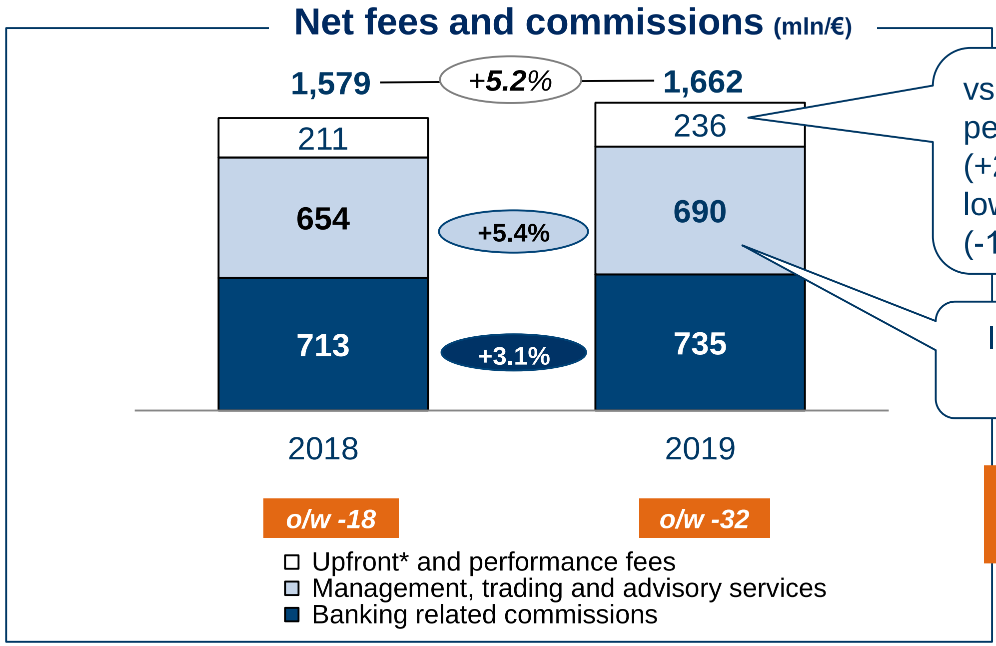
Net fees and commission income shows strong growth: 1,662mln/€, the best result ever achieved. Net fees in 4Q19 are up 14.3% vs 4Q18

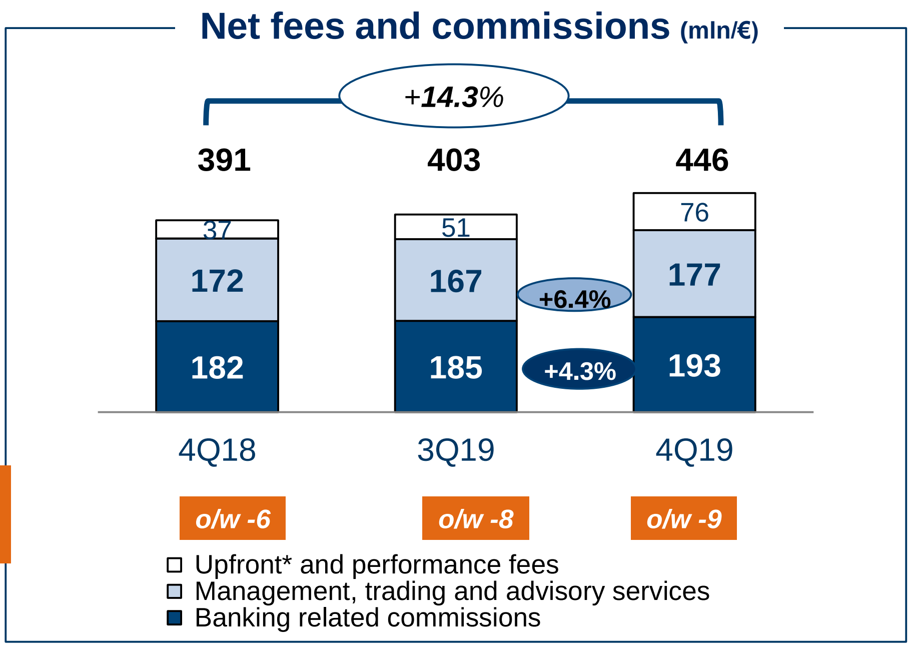




vs 2018: higher performance fees (+27 mln/€) and lower Upfront fees: (-1.7mln/€)

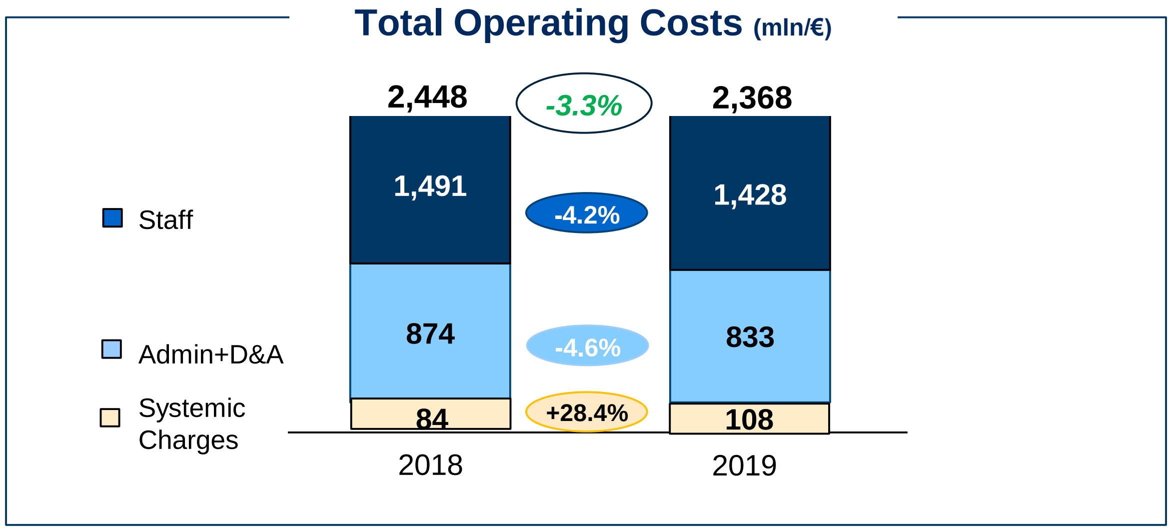
Indirect Funding > 101 bln/€

o/w synthetic securitisation fees



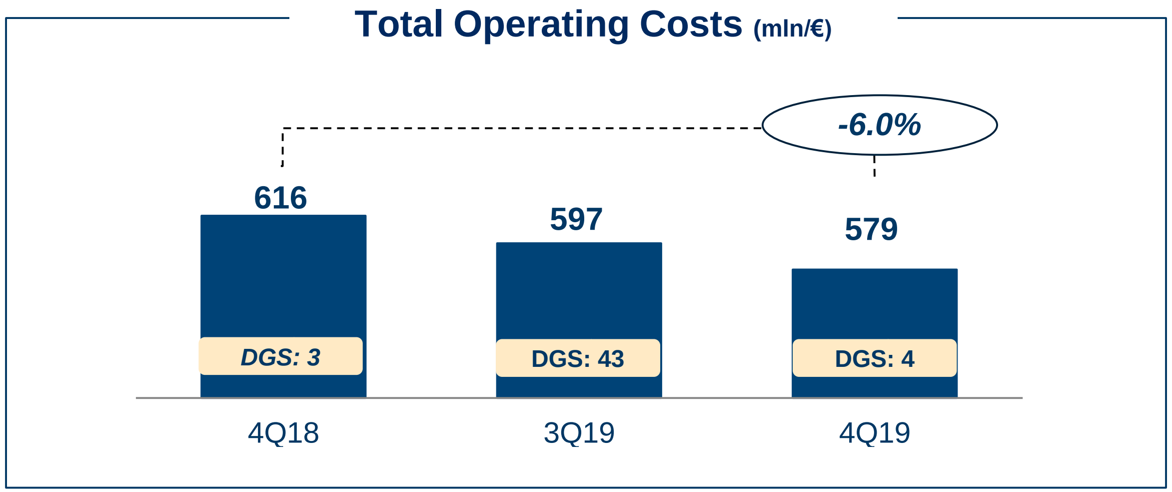
* Upfront fees include both placement of SICAV & funds and insurance products

Operating costs down notwithstanding significantly higher IT investments
Operating costs related to innovation and business development up by 78%*



- **Total operating costs** down **3.3%** and **-4.4%** when excluding systemic charges
- **Staff cost** benefits from **headcount reduction** (-454 resources Dec 2019 vs Dec 2018)

  Further resources to exit in 2020 following Trade Union Agreement signed in early January with expected synergies of 20mln/€ in 2020 and 25mln/€ from 2021)
- **Admin. Expenses + D&A:** strict cost control in all categories of expenses



- Total Operating costs decrease by **6.0%** in 4Q19 **vs 4Q18**
- Staff costs benefit from headcount reduction (-188 resources as at Dec 2019 vs Sept 2019)

* 146mln euro in 2019 vs 82 million in 2018, including admin expenses, D&A and staff costs

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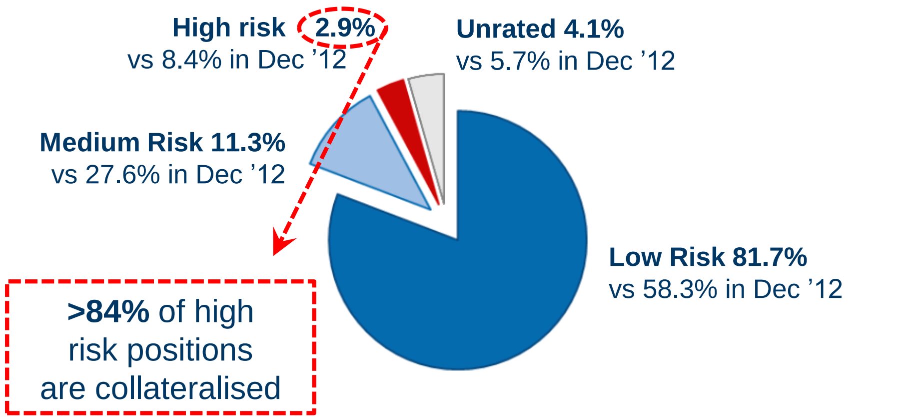
The Balance Sheet

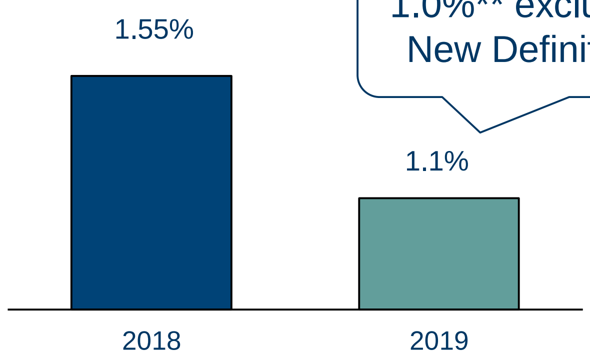
Asset quality: low new inflows to NPEs from performing loans, at the lowest level since the Group's inception and -79% vs 2009 peak

GROSS PERFORMING PORTFOLIO UNDER AIRB

Loans at amortised cost and at fair value through P&L as at 31.12.2019

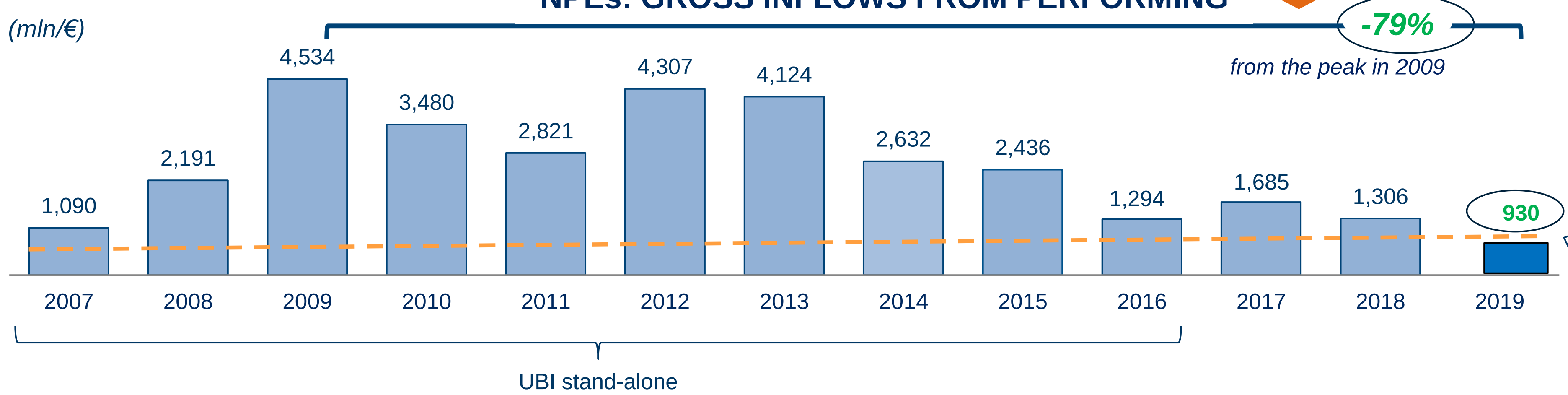


DEFAULT RATE*



1.0%** excluding impact of New Definition of Default

NPEs: GROSS INFLOWS FROM PERFORMING



- o/w first impact of new definition of default adopted since 1st July 2019: +86mln/€
- **NET** Inflows*** from performing: 378mln/€

2007 and 2008 gross inflows figures are stated according to table A.1.7. Since 2009 gross inflows figures are stated according to Table "Loans to customers: change in non-performing exposure"

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

** Excluding 86 million/€ from inflows

*** Gross Inflows from performing – Outflows to performing. Excluding 86mln/€ from new definition of default

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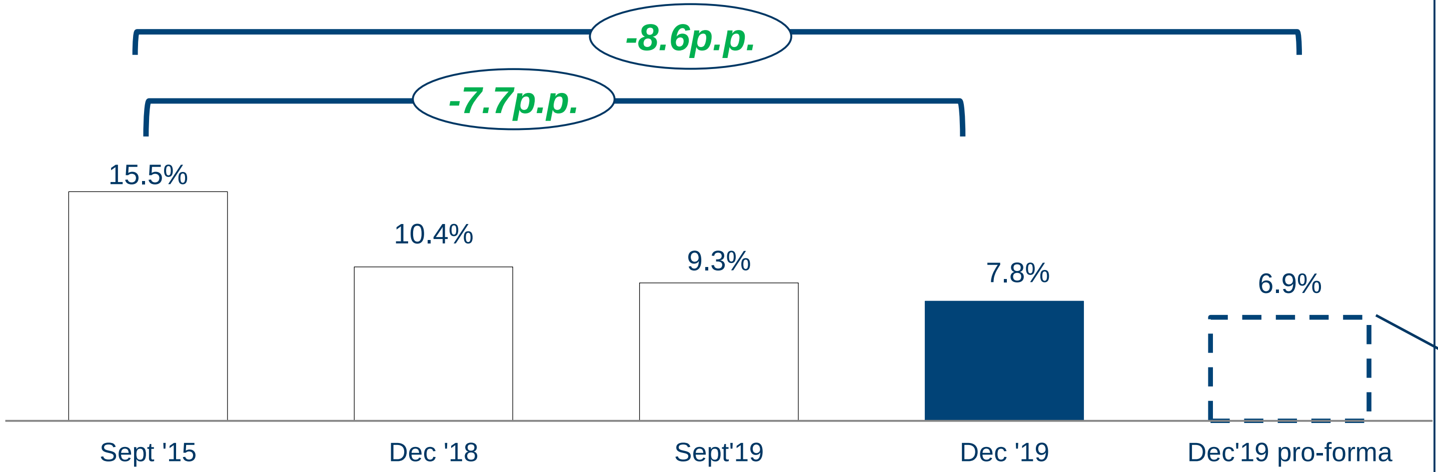
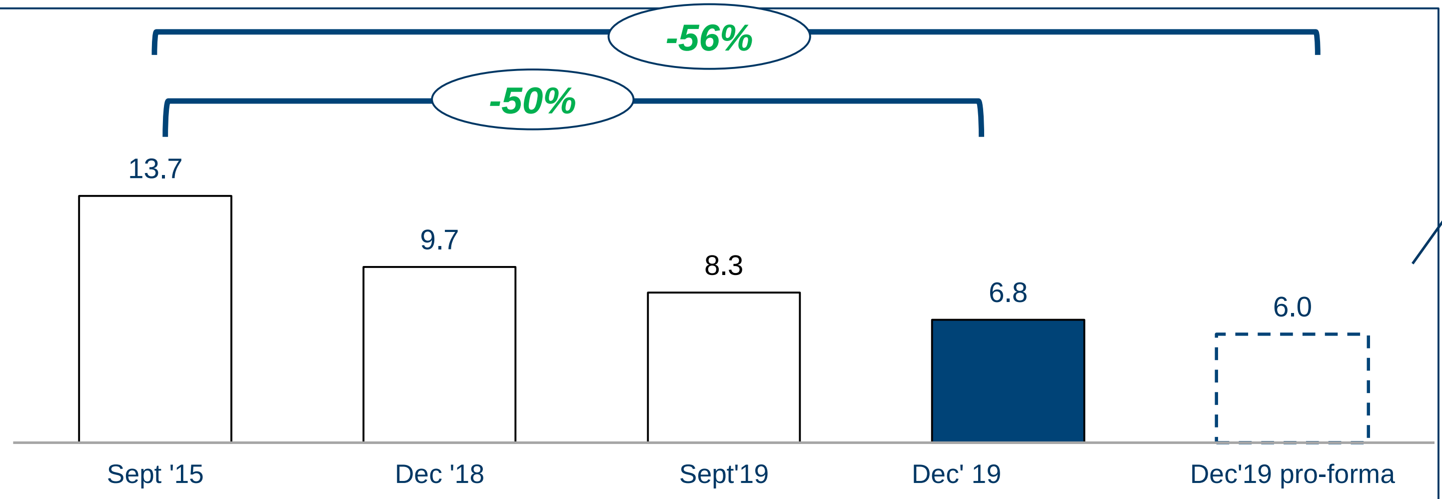
Gross NPE more than halved since peak in Sept 2015

GROSS NPEs/TOTAL GROSS LOANS



GROSS NPEs
(bln/€)



Considering new disposal of about 800mln/€ SMEs bad loans to be completed in 2020

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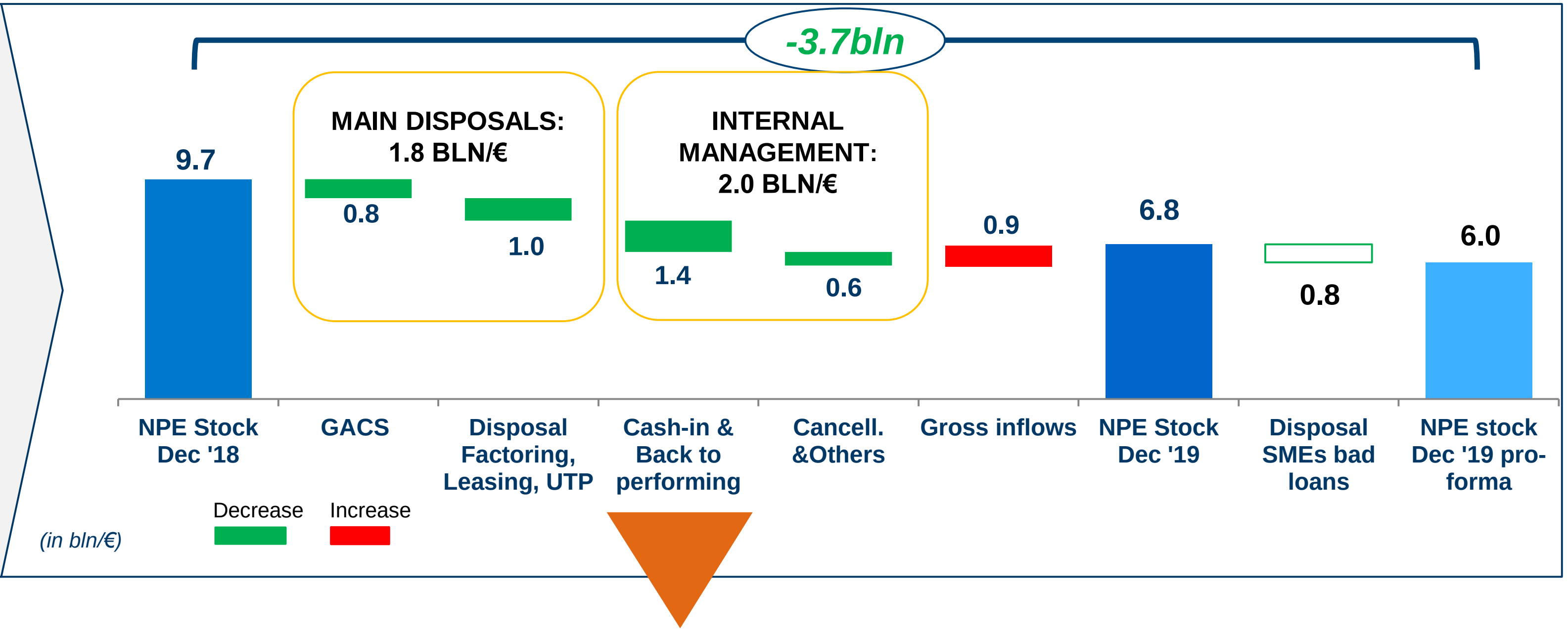
Gross NPE down 30% vs 2018 (-38% pro-forma for new disposal of SMEs bad loans), thanks to -2.0bn/€ internal management and -1.8bn/€ massive disposals

Gross NPEs stock evolution



CASH-IN AND BACK TO PERFORMING	2016	2017	2018	2019
(A) RECOVERY RATE NPE (cash-in)*	8.1%	8.3%	8.9%	7.8%
(B) BACK TO PERFORMING**	2.7%	2.4%	3.0%	3.9%
(A+B) RECOVERY NPE+BACK TO PERFORMING	**10.7%**	**10.7%**	**11.8%**	**11.7%**

FOCUS BAD LOANS	2016	2017	2018	2019
RECOVERY RATE BAD LOANS	4.5%	4.6%	5.2%	6.5%

In 2019, lower cash recoveries but significantly higher rate of loans back to performing

Recovery rate on bad loans improving significantly since 2017

* Recovery rate = payments received / (initial NPE gross exposure + total increases)
** Back to performing = NPE back to performing loans / (initial NPE gross exposure + total increase)

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Performing loans flat vs 3Q - Coverage consistent with highly secured portfolio – Strong Texas ratio improvement

LOANS TO CUSTOMERS AT AMORTISED COST (31 DECEMBER ‘19)

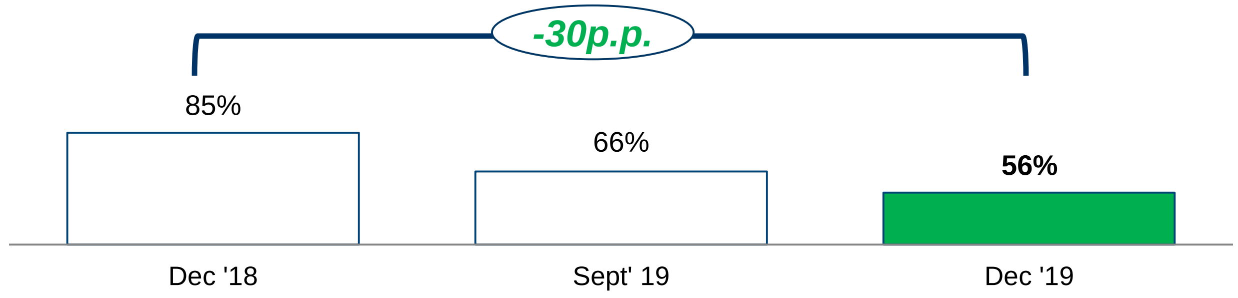
bln/€	Gross exposure		Impairment losses	Carrying amount		Coverage	Coverage with write-offs
NPEs	**(7.8%)**	**6.8**	**2.7**	**(4.9%)**	**4.17**	**39.0%**	**50.9%**
- Bad loans	(4.1%)	3.6	1.8	(2.0%)	1.71	52.0%	67.1%
- UTPs	(3.6%)	3.2	0.8	(2.8%)	2.36	25.5%	
- Past-due loans	(0.1%)	0.1	0.0	(0.1%)	0.10	8.3%	
Performing loans	**(92.2%)**	**80.9**	**0.5**	**(95.1%)**	**80.4**	**0.6%**	
TOTAL		**87.7**	**3.1**		**84.6**	**3.6%**	

LOANS TO CUSTOMERS AT AMORTISED COST (1 JANUARY ‘19)

mln/€	Gross exposure		Impairment losses	Carrying amount		Coverage	Coverage with write-offs
NPEs	**(10.4%)**	**9.7**	**3.7**	**(6.7%)**	**6.0**	**38.5%**	**46.0%**
- Bad loans	(5.8%)	5.4	2.7	(3.1%)	2.8	49.0%	59.1%
- UTPs	(4.5%)	4.2	1.1	(3.5%)	3.1	25.5%	
- Past-due loans	(0.1%)	0.1	0.0	(0.1%)	0.1	10.2%	
Performing loans	**(89.6%)**	**83.6**	**0.6**	**(93.3%)**	**83.0**	**0.7%**	
TOTAL		**93.3**	**4.3**		**89.0**	**4.6%**	

- Total coverage **up vs 2018** notwithstanding the disposal of bad loans with high coverage
- Highly guaranteed portfolio, **85% of gross NPEs and 92% of net NPE are secured**

TEXAS RATIO*



Expected significantly lower in 2020, inclusive of new massive disposal announced

COST OF RISK

2019

- 87bps (+15bps vs 2018), including impact of massive disposals finalised (1.8bln/€ gross) and partial upfronting of a new disposal of **800mln/€ to be completed in 2020**

2018

- 72 bps

*Calculated as net total non performing exposures/((net equity excluding profit)-total intangible assets)

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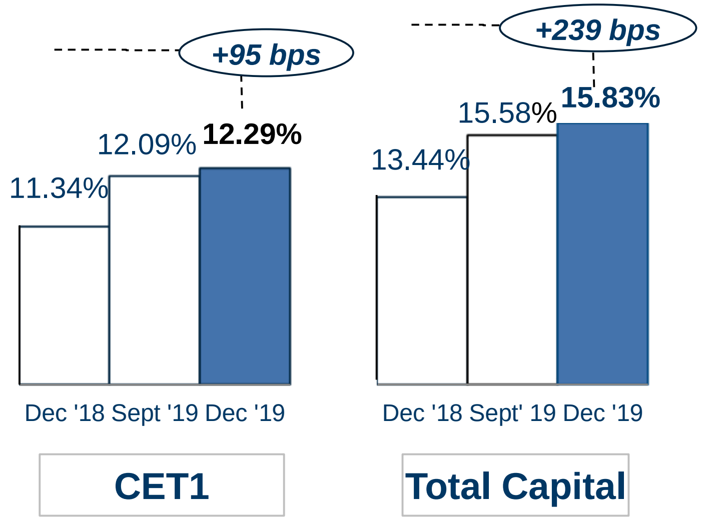
Notwithstanding significant reduction in NPEs (-2.9 bln/€ in 2019), CET1 ratio fully loaded is up to 12.29%, +95 bps vs Dec '18.

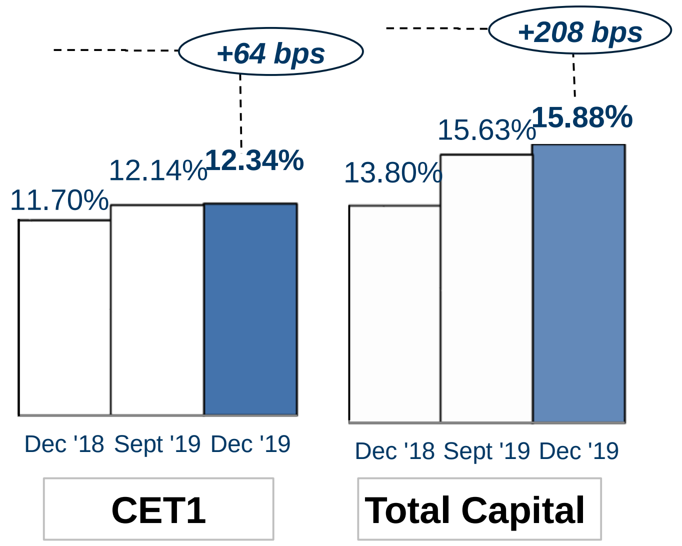
No future DTAs or optimisation actions included

Capital Ratios Fully Loaded

No future DTAs nor optimisation manoeuvres included

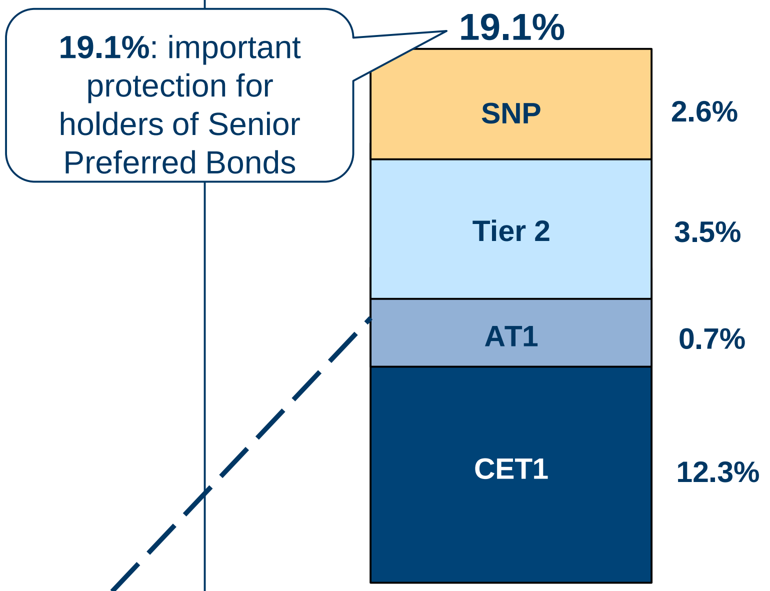


Capital Ratios Phased-in



PRO-FORMA FOR AT1 ISSUE

Total Capital + SNP



IN JANUARY 2020 SUCCESSFULLY ISSUED 400MLN/€ ADDITIONAL TIER 1*:
Total Capital Ratio:+0.7% pro-forma

SREP 2019: CET1 requirement 9.25%; Total Capital Requirement: 10.25% (12.75% including the Capital Conservation Buffer). 2020 SREP unchanged vs 2019

* See slide 34 for further detail

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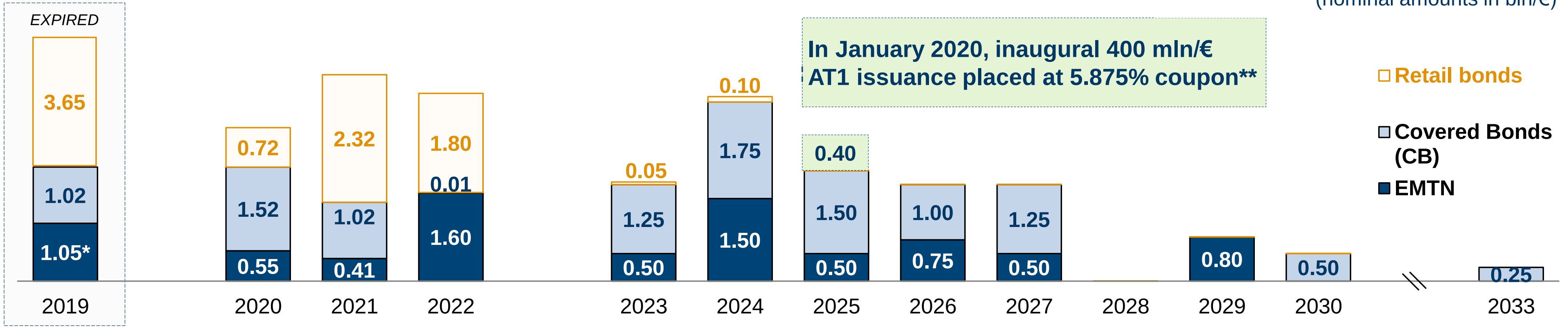
2019: a year of intense issuing activity, mainly aimed at institutional markets

Approx. 5 bln/€ new issuances subscribed by institutional investors and 2.2 bln/€ by retail market more than replacing bonds expired in 2019 (2.1 bln/€ institutional and 3.7 bln/€ retail)*

Situation as at 31st Dec 2019

(nominal amounts in bln/€)



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%
4Q 19	0.02 bln/€	3 years	0.65%

On top of that, in Dec '19 UBI Banca started issuing its own certificates (approx. 90 mln/€)

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	1.0* bln/€	Private Placements (SP)	2020-21-22	*undisclosed*
4Q	21 Oct	0.5 bln/€	SNP	2025	1.625%
	1 Oct - 31 Dec	1.1 bln/€	Private Placements (SP)	2020-21-22-24	*undisclosed*

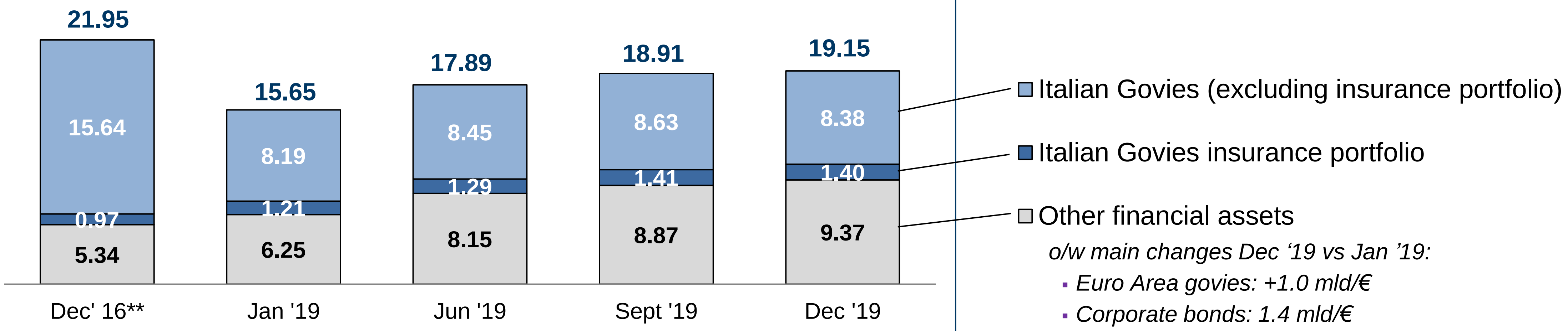
* Excluding 0.1 bln/€ issuance placed in July 2019 and redeemed in December 2019

** AT1 perpetual securities callable by the issuer, from 20/01/2025 until 20/06/2025 and subsequently on each coupon payment date

*** Callable after 5 years

Pursuing the diversification strategy, Italian Govies at ~51% incidence on total financial assets (-9 p.p. in 12 months and approx. -25 p.p. in 3 years). Since Sept ’19, Italian Govies exposure reduced by -2% (-2.2% excluding insurance portfolio), while whole Financial Assets increased by 1.3%

Financial Assets (Securities*, in bln/€)



o/w main changes Dec ‘19 vs Jan ’19:

- *Euro Area govies: +1.0 mld/€*
- *Corporate bonds: 1.4 mld/€*
- *Treasury: +223 mln/€*
- *Emerging markets: +135 mln/€*

o/w main changes Dec ‘19 vs Sept ’19:

- *Euro Area govies +117 mln/€*
- *Corporate bonds: +445 mln/€*
- *Treasury: -69 mln/€*
- *Emerging markets: -7 mln/€*

Focus on Italian Govies (Incidence on total financial assets)

75.7%	**60.1%**	**54.5%**	**53.1%**	**51.1%**
Dec ‘16	*Jan ‘19*	*Jun ‘19*	*Sept ‘19*	*Dec ‘19*

* 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

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Liquidity resources at 35.9 bln/€ (31/12/2019)

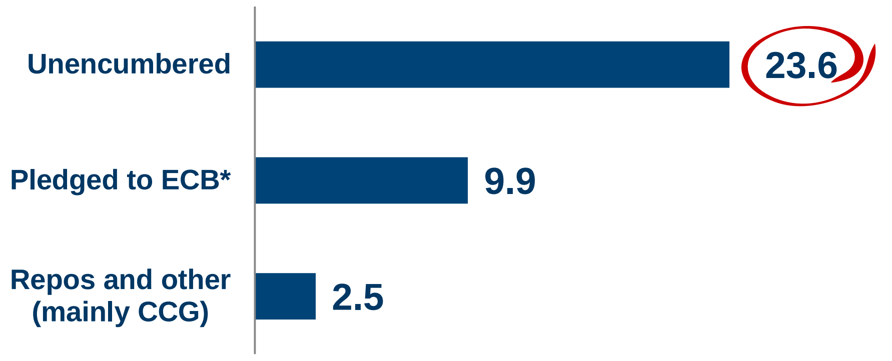
(i.e. over 50% of current accounts and deposits)

35.9 bln/€

Excess Liquidity on ECB Account
8.8 bln/€

Eligible assets (net of haircut)
27.1 bln/€

Destination (amounts in €/bln)



Composition of eligible assets (net of haircut)

* Following the 1.5bn/€ reimbursement in September 2019, UBI Banca proceeded in December 2019 with the early repayment of a further 1 bln/€ TLTRO2, which now amount to nominal 7.5 bln/€ currently outstanding with expiry date 24 June 2020. As a result, the residual TLTRO2 total exposure amounts now to 10 bln/€, including also nominal 2.5 bln/€ expiring on 24 March 2021.

Business Outlook

- The re-composition in the mix of core revenues will continue in 2020 in favour of a growth in net fee and commission income compared with net interest income. The strategy to safeguard commercial spreads will continue, consistent with the dynamics of market competition.

- Attentive control over operating expenses will be maintained.

- Gross non-performing exposures are expected to decrease, driven from 2020 onwards by internal work-out. An analysis began at the end of 2019 of an operation to dispose of non-performing SME loans amounting to approximately €800 million gross, to be implemented by the end of 2020. As a result of the strong reduction in non-performing exposures achieved mainly in 2019, and of the limited inflows from performing to NPE status, loan losses are expected to reduce significantly compared with 2019.

- Finally net profit for 2020 is estimated higher than in 2019, with consequent increase in the dividend.

UBI Banca

Annexes

Consolidated Income Statement

(mln/€)	4Q18	1Q19 (IFRS 16)	2Q19 (IFRS 16)	3Q19 (IFRS 16)	4Q19 (IFRS 16)	4Q19 vs 4Q18	4Q19 vs 3Q19	FY18	FY19 (IFRS 16)	*% change*
Net interest income	441.1	445.6	440.6	426.9	412.0	*(6.6%)*	*(3.5%)*	1,790.2	1,725.1	*(3.6%)*
- of which: TLTRO2	*12.8*	*12.4*	*12.5*	*12.7*	*11.1*	*(12.9%)*	*(12.6%)*	50.8	48.7	*(4.1%)*
- of which: credit components (IFRS9 and PPA)	*30.0*	*31.2*	*35.5*	*22.5*	*21.4*	*(28.6%)*	*(5.1%)*	122.0	110.6	*(9.3%)*
- of which: IFRS9 contractual modifications without derecognition	*(7.0)*	*(5.2)*	*(5.3)*	*(3.0)*	*(11.9)*	*70.5%*	*n.s.*	(37.4)	(25.3)	*(32.4%)*
Net fee and commission income	390.6	400.9	412.0	402.6	446.3	*14.3%*	*10.9%*	1,579.1	1,661.8	*5.2%*
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value through profit or loss	(6.8)	37.4	17.6	(9.0)	58.2	*n.s.*	*n.s.*	(5.4)	104.3	*n.s.*
Profits of equity-accounted investees	10.5	6.3	13.1	11.8	9.1	*(12.6%)*	*(22.4%)*	24.6	40.3	*64.0%*
Dividends and similar income	14.4	5.2	2.0	0.4	0.1	*(99.5%)*	*(79.2%)*	22.9	7.7	*(66.6%)*
Net income from insurance operations	2.0	3.5	3.9	3.8	4.0	*101.5%*	*4.7%*	17.0	15.3	*(10.1%)*
Other net operating income/expense	14.2	21.7	19.1	23.9	18.8	*32.4%*	*(21.5%)*	90.9	83.5	*(8.2%)*
Operating income	**866.0**	**920.6**	**908.4**	**860.4**	**948.5**	***9.5%***	***10.2%***	**3,519.3**	**3,637.9**	***3.4%***
Staff costs	(372.9)	(364.4)	(356.0)	(351.8)	(355.5)	*(4.7%)*	*1.1%*	(1,490.6)	(1,427.7)	*(4.2%)*
Other administrative expenses	(198.7)	(186.0)	(175.2)	(187.2)	(162.7)	*n.s.*	*6.9%*	(790.0)	(711.1)	*n.s.*
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(44.6)	(54.3)	(56.3)	(58.1)	(61.1)	*n.s.*	*3.2%*	(167.6)	(229.8)	*n.s.*
Operating expenses	**(616.2)**	**(604.8)**	**(587.4)**	**(597.0)**	**(579.3)**	***(6.0%)***	***(3.0%)***	**(2,448.2)**	**(2,368.5)**	***(3.3%)***
Net operating income	**249.7**	**315.9**	**321.0**	**263.3**	**369.3**	***47.9%***	***40.2%***	**1,071.1**	**1,269.4**	***18.5%***
Net impairment losses for credit risk relating to:	(239.1)	(130.0)	(263.4)	(140.2)	(210.5)	*(12.0%)*	*50.1%*	(638.3)	(744.1)	*16.6%*
- financial assets measured at amortised cost: loans to banks	*4.1*	*(0.0)*	*0.8*	*(0.2)*	*(0.3)*	*n.s.*	*41.6%*	*2.9*	*0.1*	*(95.2%)*
- financial assets measured at amortised cost: loans and advances to customers	*(253.5)*	*(128.6)*	*(263.0)*	*(138.7)*	*(208.2)*	*(17.9%)*	*50.1%*	*(642.8)*	*(738.4)*	*14.9%*
- financial assets measured at amortised cost: securities	*1.6*	*(0.5)*	*(0.3)*	*(0.3)*	*(1.4)*	*n.s.*	*304.5%*	*0.9*	*(2.5)*	*n.s.*
- financial assets as at fair value through other comprehensive income	*8.6*	*(0.9)*	*(0.9)*	*(1.0)*	*(0.6)*	*n.s.*	*(35.8%)*	*0.7*	*(3.3)*	*n.s.*
Net provisions for risks and charges - commitments and guarantees granted	12.3	(0.6)	2.5	(0.0)	(1.9)	*n.s.*	*n.s.*	23.9	(0.0)	*n.s.*
Net provisions for risks and charges - other net provisions	14.8	(3.5)	1.2	(21.4)	(1.2)	*n.s.*	*(94.3%)*	(4.5)	(24.8)	*n.s.*
Profits (losses) from the disposal of equity investments	4.1	0.3	3.9	0.1	1.8	*(55.6%)*	*n.s.*	5.3	6.1	*14.2%*
Pre-tax profit from continuing operations	**41.7**	**182.1**	**65.3**	**101.8**	**157.4**	***277.2%***	***54.7%***	**457.6**	**506.6**	***10.7%***
Taxes on income for the period from continuing operations	181.8	(50.8)	(9.2)	(34.4)	(33.8)	*n.s.*	*(1.9%)*	38.8	(128.2)	*n.s.*
Profits/losses for the period attributable to non-controlling interests	(5.1)	(6.4)	(7.3)	(7.2)	(13.0)	*155.5%*	*79.2%*	(26.0)	(33.9)	*30.5%*
Profit for the period attributable to the Parent before Business Plan and other impacts	**218.5**	**124.9**	**48.8**	**60.1**	**110.7**	***(49.3%)***	***84.1%***	**470.4**	**344.5**	***(26.8%)***
Redundancy expenses net of taxes and non-controlling interests	(0.1)	(42.6)	0.0		(46.8)	*n.s.*	*n.s.*	(37.0)	(89.4)	*141.8%*
Business Plan Project expenses net of taxes and non-controlling interests	(0.4)	(0.1)	(0.0)	(0.0)		*(100.0%)*		(4.9)	(0.1)	*(97.1%)*
Impairment losses on property, plant and equipment	(2.9)				(3.7)	*28.6%*	*n.s.*	(2.9)	(3.7)	*28.6%*
Profit for the period	**215.1**	**82.2**	**48.7**	**60.1**	**60.1**	***(72.0%)***	***0.0%***	**425.6**	**251.2**	***(41.0%)***
Profit for the period net of non-recurring items	**41.8**	**124.9**	**58.5**	**60.1**	**109.4**	***161.7%***	***82.2%***	**302.4**	**352.9**	***16.7%***

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 30th 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”

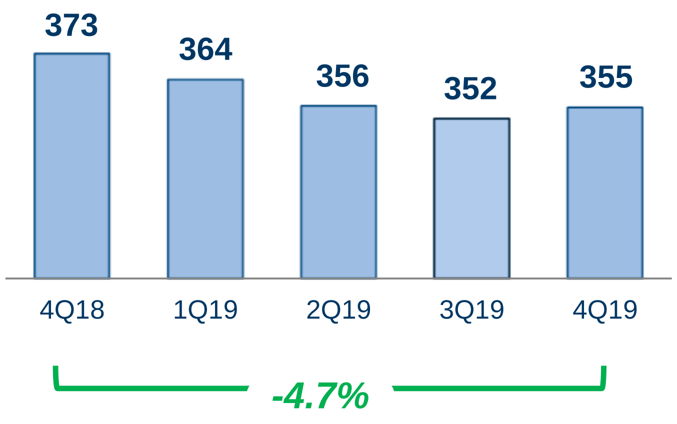
Contribution of non-recurring items to Net Profit

FY2019	Stated Net Profit	2017-2020 Business Plan: Staff leaving incentives	2017-2020 Business Plan: Business plan project expenses	SRF extraordinary contribution	Disposal of securities/equity investments	Impairment losses on property, plant and equipment	Total impact of non-recurring items	Normalised Net Profit
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
4Q19	60.1	46.8			(1.3)	3.7	49.3	109.4
FY19	**251.2**	**89.4**	**0.1**	**12.2**	**(3.8)**	**3.7**	**101.7**	**352.9**
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*	*Impairment losses on property, plant and equipment net of taxes and non-controlling interests*	*(B)*	*(A+B)*

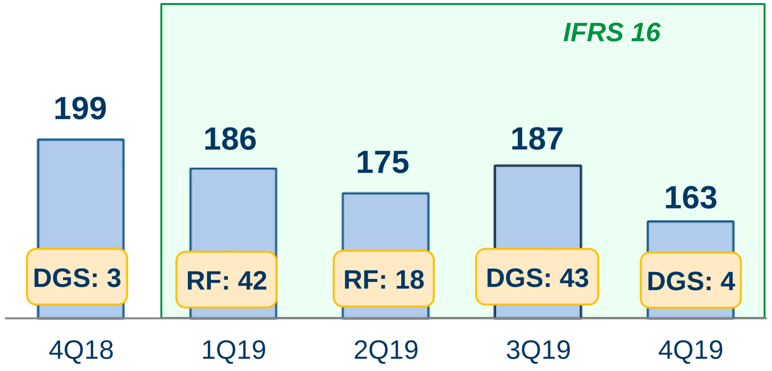
Note: items net of taxes and non-controlling interests

In 4Q19, operating costs at 579 mln/€, down 6% vs 4Q18

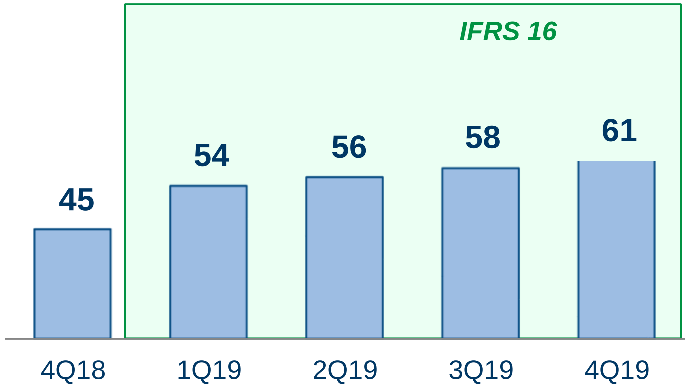
o/w Staff Costs
(mln/€)



o/w Admin. Expense
(mln/€)



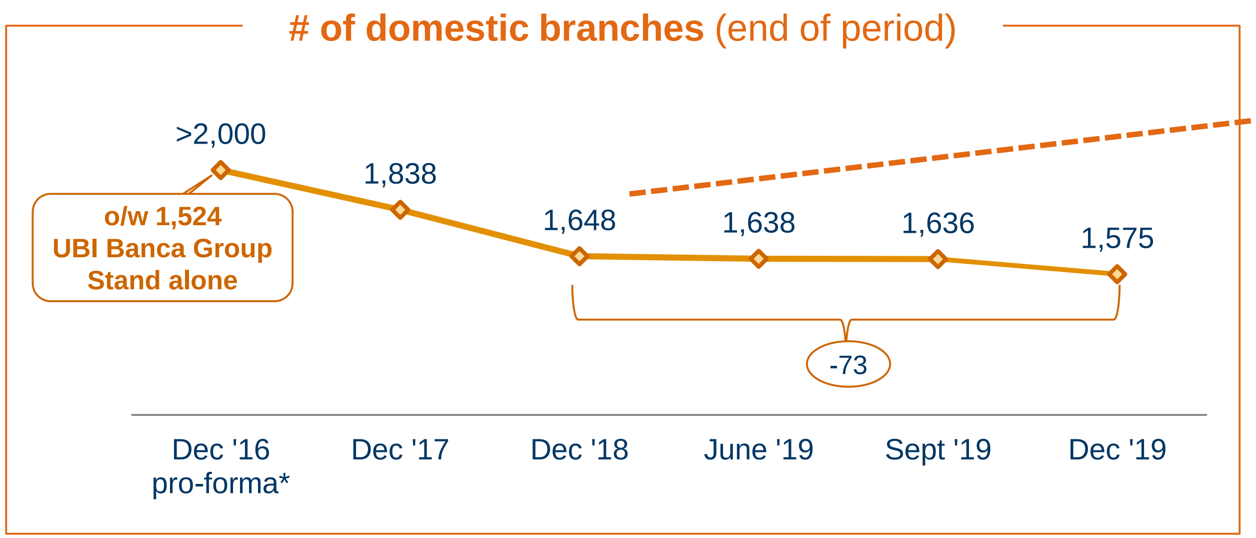
o/w Depreciation, Amortisation, etc.
(mln/€)



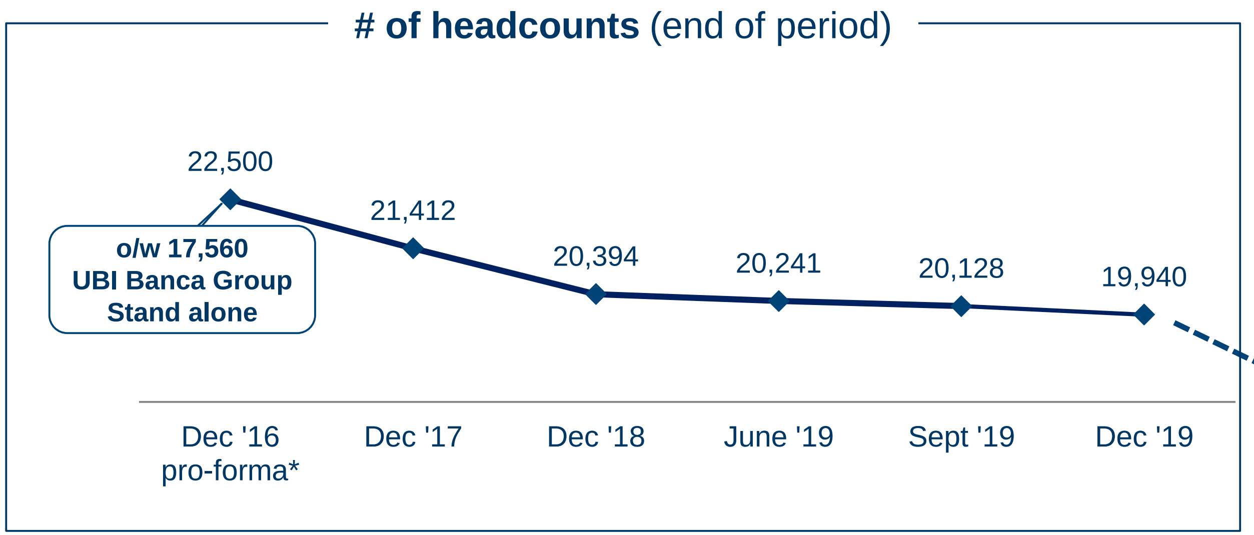
Number of staff decreases by 188 employees vs Sept '19 and by 454 vs December '18

UBI Banca

Branches and headcounts evolution



Business Plan target for 2020 achieved 2 years in advance



On 14th January trade union agreement signed for exit, on a voluntary basis, of over 300 resources as from Feb 2020

in line with expected ~19,500 resources Business Plan target for 2020

* Dec '16 pro-forma and FY2016 pro-forma include UBI Banca Group Stand Alone + data of 3 Banks acquired in May 2017

Reclassified Consolidated Balance Sheet - Assets

Figures in thousands of euro		31.12.2019	1.1.2019 *	Changes	% changes
	ASSETS				
10.	Cash and cash equivalents	694,750	735,249	(40,499)	(5.5%)
20.	Financial assets measured at fair value through profit or loss	1,758,730	1,463,529	295,201	20.2%
	1) Loans and advances to banks	*16,213*	*14,054*	*2,159*	*15.4%*
	2) Loans and advances to customers	*260,667*	*274,262*	*(13,595)*	*(5.0%)*
	3) Securities and derivatives	*1,481,850*	*1,175,213*	*306,637*	*26.1%*
30.	Financial assets measured at fair value through other comprehensive income	12,221,616	10,726,179	1,495,437	13.9%
	1) Loans and advances to banks	-	-	-	-
	2) Loans and advances to customers	-	*15*	*(15)*	*(100.0%)*
	3) Securities	*12,221,616*	*10,726,164*	*1,495,452*	*13.9%*
40.	Financial assets measured at amortised cost	101,736,289	102,798,587	(1,062,298)	(1.0%)
	1) Loans and advances to banks	*11,723,923*	*10,065,772*	*1,658,151*	*16.5%*
	2) Loans and advances to customers	*84,564,033*	*88,987,596*	*(4,423,563)*	*(5.0%)*
	3) Securities	*5,448,333*	*3,745,219*	*1,703,114*	*45.5%*
50.	Hedging derivatives	35,117	44,084	(8,967)	(20.3%)
60.	Fair value change in hedged financial assets (+/-)	547,019	97,429	449,590	n.s.
70.	Equity investments	287,353	254,128	33,225	13.1%
90.	Property, plant and equipment	2,298,145	2,394,858	(96,713)	(4.0%)
100.	Intangible assets	1,739,903	1,729,727	10,176	0.6%
	of which: goodwill	*1,465,260*	*1,465,260*	-	*0.0%*
110.	Tax assets	3,740,039	4,210,362	(470,323)	(11.2%)
120.	Non-current assets and disposal groups held for sale	265,370	2,972	262,398	n.s.
130.	Other assets	1,200,966	1,243,320	(42,354)	(3.4%)
	Total assets	**126,525,297**	**125,700,424**	**824,873**	**0.7%**

(*) 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		31.12.2019	1.1.2019 *	Changes	% changes
	LIABILITIES AND EQUITY				
10.	Financial liabilities measured at amortised cost	109,795,016	109,839,891	(44,875)	(0.0%)
	a) Due to banks	*14,367,985*	*17,234,579*	*(2,866,594)*	*(16.6%)*
	b) Due to customers	*72,577,255*	*68,815,614*	*3,761,641*	*5.5%*
	c) Debt securities issued	*22,849,776*	*23,789,698*	*(939,922)*	*(4.0%)*
20.	Financial liabilities held for trading	555,296	410,977	144,319	35.1%
30.	Financial liabilities designated at fair value	197,610	105,836	91,774	86.7%
40.	Hedging derivatives	386,778	110,801	275,977	n.s.
50.	Fair value change in hedged financial liabilities (+/-)	145,191	74,297	70,894	95.4%
60.	Tax liabilities	170,937	162,272	8,665	5.3%
70.	Liabilities associated with assets held for sale	2,331	-	2,331	-
80.	Other liabilities	2,735,807	3,092,941	(357,134)	(11.5%)
90.	Provision for post-employment benefits	289,641	306,697	(17,056)	(5.6%)
100.	Provisions for risks and charges:	489,485	505,191	(15,706)	(3.1%)
	a) commitments and guarantees granted	*54,005*	*64,410*	*(10,405)*	*(16.2%)*
	b) pension and similar obligations	*86,756*	*91,932*	*(5,176)*	*(5.6%)*
	c) other provisions for risks and charges	*348,724*	*348,849*	*(125)*	*(0.0%)*
110.	Technical reserves	2,210,294	1,877,449	332,845	17.7%
120.+150.+160. +170.+180	Share capital, share premiums, reserves, valuation reserves and treasury shares	9,237,483	8,737,680	499,803	5.7%
190.	Minority interests (+/-)	58,230	50,784	7,446	14.7%
200.	Profit (loss) for the year (+/-)	251,198	425,608	(174,410)	(41.0%)
	Total liabilities and equity	**126,525,297**	**125,700,424**	**824,873**	**0.7%**

(*) 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

Execution of ambitious Funding Plan allows full compliance with expected MREL Growth of sight deposits (+3.2bn/€ in 2019) and indirect funding continues (AUM+Bancassurance +10.3% in 2019, contributing to positive fees income)

bln/€	1 Jan '19 (IFRS 16)	30 Sept '19 (IFRS 16)	31 Dec '19 (IFRS 16)	Dec'19 vs Jan'19
...from ORDINARY CUSTOMERS	**76.18**	**76.78**	**76.88**	
of which				
Current accounts and deposits	65.89	67.99	69.04	+4.8%
Term deposits, financing & other payables	2.32	2.26	2.38	
Leasing payables	0.39	0.39	0.39	
Bonds issued	7.21	5.98	4.93	
Certificates of deposit	0.37	0.16	0.13	
...from INSTITUTIONAL CUSTOMERS	**16.43**	**19.08**	**18.64**	+13.5%
of which				
Covered Bonds	*12.47*	*11.90*	*10.57*	
EMTN	*3.75*	*5.68*	*7.21*	
Repos with CCG and other	*0.22*	*1.50*	*0.85*	
TOTAL DIRECT FUNDING	**92.61**	**95.86**	**95.51**	
AuM	*41.60*	*44.84*	*45.83*	+10.2%
Bancassurance	*24.69*	*26.74*	*27.26*	+10.4%
AuC	*28.45*	*29.48*	*28.36*	
TOTAL INDIRECT FUNDING	**94.74**	**101.06**	**101.45**	+7.1%
TOTAL FUNDING (DIRECT + INDIRECT)	**187.35**	**196.92**	**196.97**	+5.1%

- **Positive momentum** in 2019 continues both for Direct and Indirect funding which grow in all key components

	Dec19/Sept19	Dec19/Jan19
Direct funding	-0.4%	+3.1%
Indirect funding	+0.4%	+7.1%

- Lower **retail** bonds and stronger longer-term **institutional** funding vs January 2019

Bonds (bln/€)	**Matured***		**Issued****	
	2019	*o/w* 4Q19	2019	o/w 4Q19
Retail	3.7	0.9	2.2	0.01
Institutional	2.1	1.0	5.0	1.6

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

* Repurchases not included
** Please see annex 6 for the main list of issuances placed in 2019 and 2020

UBI Banca

Financial assets proprietary portfolio breakdown: Italian Govies maturities and main exposures

Amounts in mln/€	30 SEPTEMBER 2019 FVTPL (fair value through profit or loss)	30 SEPTEMBER 2019 FVOCI (fair value through other comprehensive income)	30 SEPTEMBER 2019 AC (financial assets at amortised cost)	30 SEPTEMBER 2019 TOTAL	31 DECEMBER 2019 FVTPL (fair value through profit or loss)	31 DECEMBER 2019 FVOCI (fair value through other comprehensive income)	31 DECEMBER 2019 AC (financial assets at amortised cost)	31 DECEMBER 2019 TOTAL	% Change of TOTAL amounts
Financial Assets (Securities and derivatives*)	1,531	12,213	5,171	**18,915**	1,482	12,222	5,448	**19,152**	**1.3%**
o/w Italian Govies	*37*	*5,647*	*4,360*	***10,044***	*9*	*5,520*	*4,258*	***9,787***	***-2.6%***

	30 SEPTEMBER 2019	31 DECEMBER 2019
Financial Liabilities held for trading	**656****	**469**

Maturity of the Italian Govies Portfolio

Amounts in mln/€	FVTPL	FVOCI	AC	TOTAL 31.12.19	TOTAL 01.01.19
2019	-	-	-	-	**23**
2020-2021	5	78	-	**83**	**95**
2022-2025	4	3,369	701	**4,074**	**4,210**
2026-2030	0	1,558	1,575	**3,133**	**2,843**
From 2031 and over	-	515	1,982	**2,497**	**2,227**
Total portfolio	**9**	**5,520**	**4,258**	**9,787**	**9,399**
% of portfolio on total Italian Govies	**0.1%**	**56.4%**	**43.5%**	**100%**	

Main exposures as at 31 December 2019

Portfolio:	Consolidated*			*o/w Insurance*
Amounts in bln/€	o/w Govies	o/w Corporates and banks	o/w Loans	*Govies*
Italy	9,787	1,484	908	*1,402*
USA	1,780	318	-	*1*
Spain	1,615	202	-	*315*
France	567	254	-	*4*
Main 4 countries	**13,749**	**2,258**	**908**	***1,722***
% on total amount	***95.2%***	***67.5%***	***98.0%***	***96.1%***

* The analysis excludes equity securities (0.4 bln/€) and UCITs (0.6 bln/€)
** Including technical position on Italian Govies for 0.04 bln/€

UBI Banca

Capital Ratios as at 31 December ’19.

Common Equity Tier 1 phased in ratio at 12.34%, Total Capital phased in ratio at 15.88%

mln/€	Sept '19	Dec '19
Common Equity Tier 1 *(after filters)*	**7,241.4**	**7,254.6**
Common Equity Tier 1 regulatory adjustments	**-129.4**	**-89.4**
of which negative elements for deduction excess of expected losses over impairment losses	*-115.7*	*-84.5*
Common Equity Tier 1 Capital (CET1)	**7,112.0**	**7,165.2**
Additional Tier 1 before deductions	**-**	**-**
Additional Tier 1 regulatory adjustments	-	-
of which negative elements for deduction excess of expected losses over impairment losses	-	-
Additional Tier 1	**-**	**-**
Tier 1 Capital (CET 1 +Additional Tier 1)	**7,112.0**	**7,165.2**
Tier 2 Capital before transitional provisions	2,106.7	2,114.6
Tier 2 instruments grandfathering		
Tier 2 Capital after transitional provisions	**2,106.7**	**2,114.6**
Tier 2 capital regulatory adjustments	-58.5	-58.4
of which: negative elements for deduction excess of expected losses over impairment losses		
Tier 2 Capital	**2,048.2**	**2,056.2**
TOTAL OWN FUNDS	**9,160.3**	**9,221.4**

mln/€	Sept '19	Dec '19
Risk weighted assets	**58,599.4**	**58,086.3**
Total prudential requirements	***4,687.9***	***4,646.9***
Credit risk	*4,310.7*	*4,240.2*
CVA (Credit Value Adjustment) risk	*6.0*	*3.8*
Market risk	*83.4*	*81.0*
Operational risk	*287.9*	*321.9*

CET 1 ratio

	Sept ’19	Dec ’19
PHASED - IN	**12.14%**	**12.34%**
FULLY LOADED	***12.09%***	***12.29%***

TOTAL CAPITAL ratio

	Sept ’19	Dec ’19
PHASED - IN	**15.63%**	**15.88%**
FULLY LOADED	***15.58%***	***15.83%***

- **B3 Leverage ratios as at 31 Dec ‘19:**
  - ✓ **phased in 5.44%**
  - ✓ **fully loaded 5.42%**
- **LCR and NSFR > 100%**

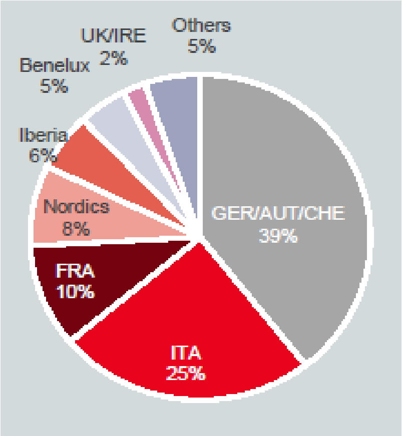
UBI Banca

Issuances in 2019

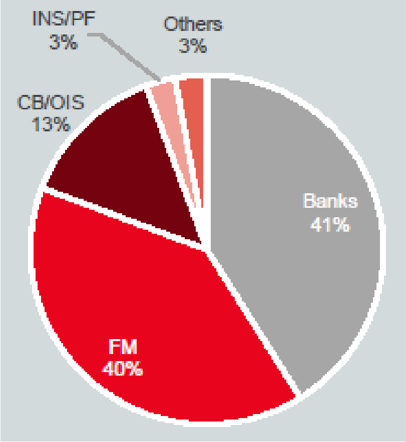
25th February 2019

- 6 year and 7 months **covered bond** benchmark issue, fixed rate, for a size of 500 mln/€, under UBI's 15 billion Covered Bond Programme
- Over 170 investors, for a total amount above € 2.7 billion, in as little as 2 hours, allowing UBI Banca to tighten the spread from the initial guidance of Mid Swap + 80 basis points to the final Mid Swap + 70 basis points
- Coupon of 1% payable in arrears on September 25th of each year and a re-offer price of 99.989%. The yield to maturity is 1.002%

Allocation by Investor Geography



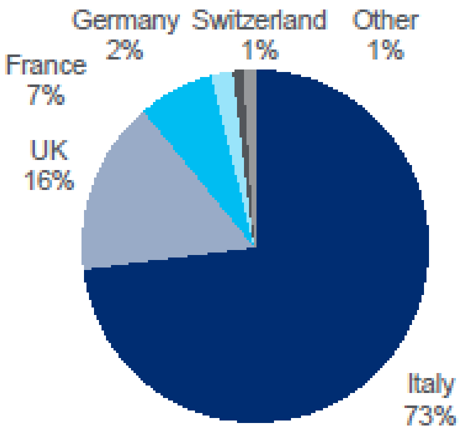
Allocation by Investor Type



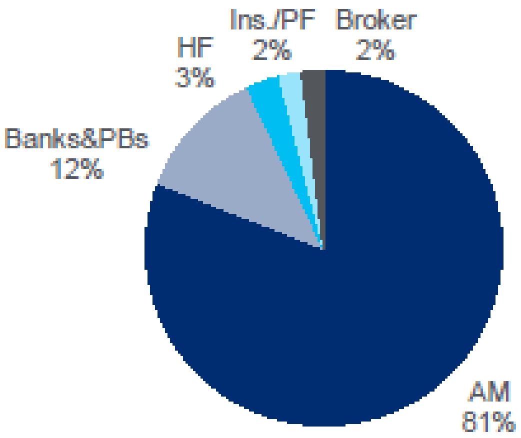
4th March 2019

- New **subordinated "*Tier 2*"** transaction with a 10 year maturity (callable after 5 years) and a benchmark size of 500 mln/€ closed on 25th Feb 2019, under UBI's EMTN 15 billion programme
- Approx. 75 institutional investors involved and an order-book of approx. 1.4 times the amount issued, allowing a tightening of the yield from the initial level of 6% to the final level of 5.875%
- Fixed rate coupon of 5.875%, consistent with a spread of 5,751% over the swap rate, payable in arrears on the 4th of March of each year starting from 4th March 2020

Allocation by Investor Geography



Allocation by Investor Type



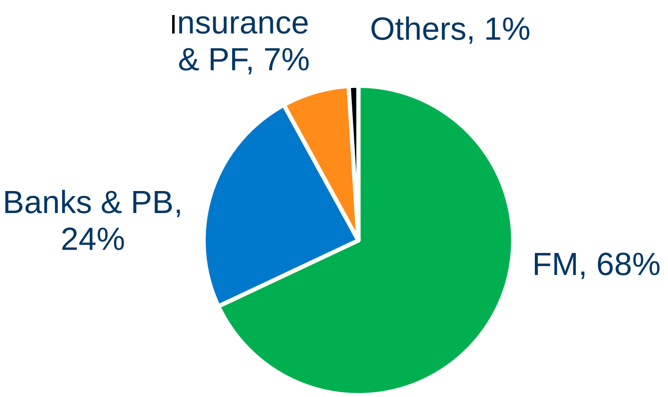
UBI Banca

Issuances in 2019

10th April 2019

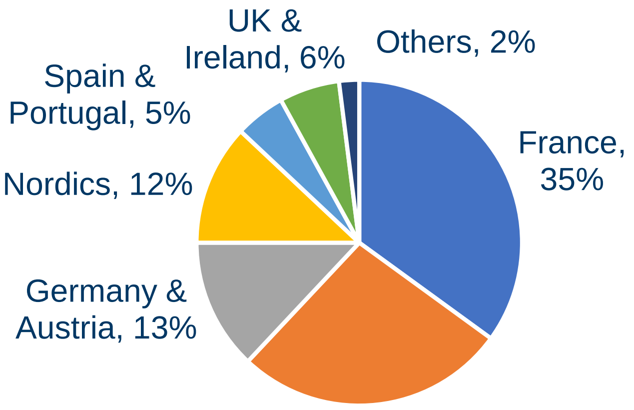
- Inaugural **Green Bond (Senior Preferred)** issuance on the wholesale market for a 5-year, 500 mln/€ benchmark amount
- The issuance, made under the Group's EMTN Programme, was carried out as part of a broader Framework, compliant with the guidelines issued by ICMA, which, in addition to Green Bonds, also includes the possibility to issue Social and Sustainable Bonds. The issue will refinance a selected renewable energy project finance portfolio (0.5 bln/€ out of a total of 1.3 bln/€), which focuses primarily (86%) on solar energy and wind power
- ISS-oekom, as the Second Opinion Provider, has released an opinion on the Framework and on the portfolio
- The issuance was met with strong demand from approximately 150 investors, with orders reaching close to 1.5 bln/€. This allowed to tighten the initial spread guidance of mid-swap + 170/175 bps to the final level of 150 bps over the 5 year mid-swap

Allocation by Investor Type



Included in the MSCI BARCLAYS GREEN BOND INDEX UNIVERSE

Allocation by Investor Geography

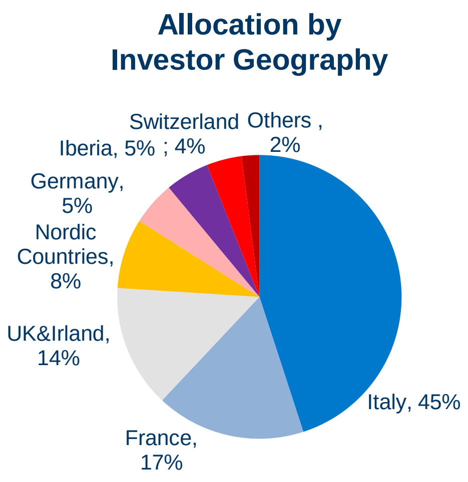


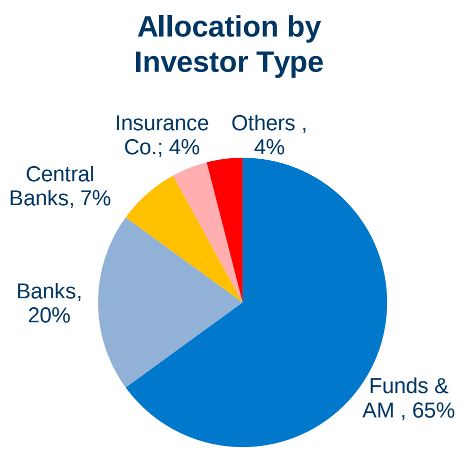
UBI Banca

Issuances in 2019

20th June 2019

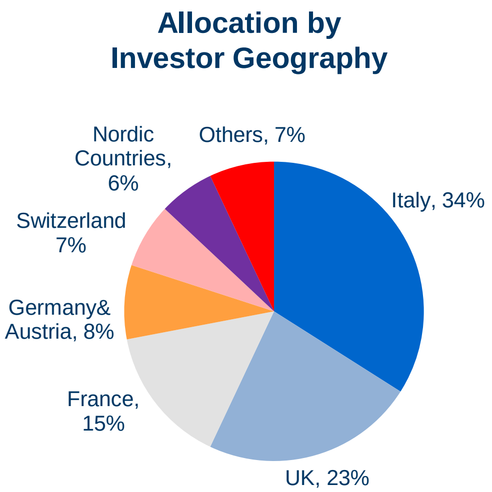
- Second **senior non-preferred bond** issuance on the wholesale market for a 5-year, 500mln/€ benchmark amount
- The issuance, made under the Group's EMTN Programme, was met with strong demand from approximately 90 investors, with orders reaching approx.1bln/€. This allowed to tighten the initial spread guidance of mid-swap+305bps to the final level of 290bps over the 5year mid-swap
- The fixed coupon of 2.625% is payable in arrears on the 20th of June of each year. The re-offer price was set at 99.465% and the related yield to maturity at 2.741%

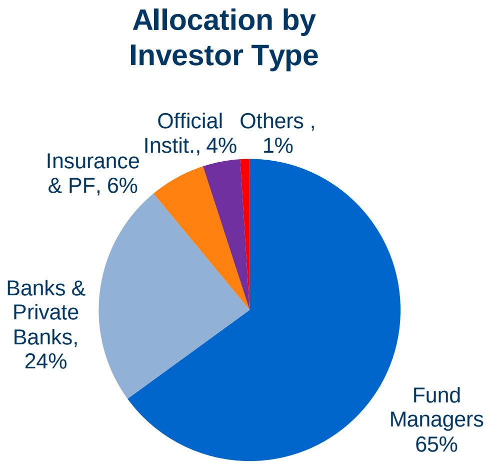




19th July 2019

- **Tier 2 bond** issuance on the wholesale market for a 10-year (callable after 5 years), 300mln/€ amount, which completes the issuance plan for this instrument until 2020 (included) envisaged in the funding plan
- The issuance, made under the Group's EMTN Programme, was met with strong demand (orders of over 4x the amount issued) from approximately 150 investors. This allowed to tighten the initial spread guidance of 510bps to the final level of 475bps over the 5year mid-swap
- The fixed coupon of 4.375% is payable in arrears on the 12th of July of each year starting from 12th July 2020



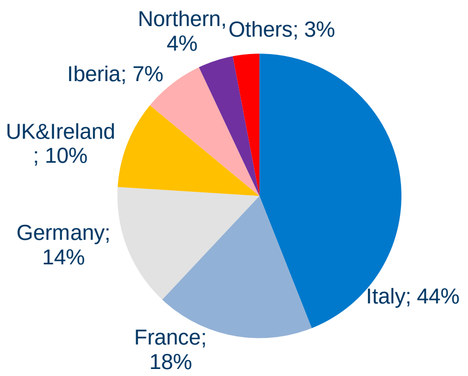


Issuances in 2019/2020

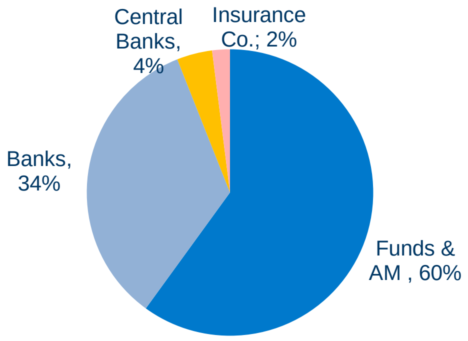
21st October 2019

- **Senior non-preferred bond** issuance on the wholesale market for a 5.5-year, 500mln/€ benchmark amount
- The issuance, made under the Group's EMTN Programme, was met with strong demand from approximately 140 investors, with total orders reaching 2.5 times the amount of the issue. This allowed to tighten the initial spread guidance of 5.5years mid-swap+220bps area to the final level of 198bps over the 5.5year mid-swap
- The fixed coupon of 1.625 %, is payable in arrears on the 21st of April of each year. The re-offer price was set at 99.769% and the related yield to maturity at 1.67%.

Allocation by Investor Geography



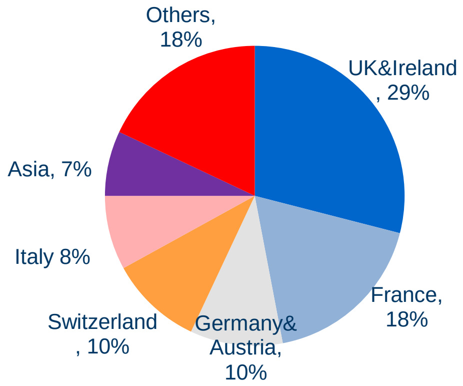
Allocation by Investor Type



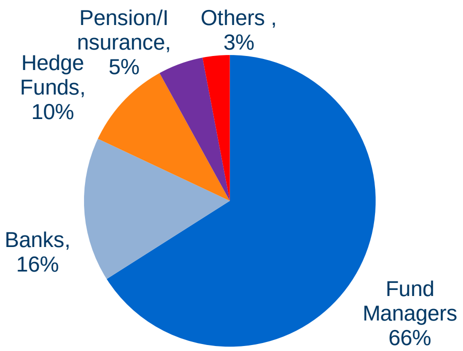
20th January 2020

- **AT 1 bond** issuance on the wholesale market for a total 400mln/€ amount
- Thanks to the huge total amount of the orders received from approximately 450 institutional investors (over €6 billion), the initial coupon guidance, announced at around 6.5%, was reviewed downwards by 0.625% and the final coupon was set at 5.875% for the first five and a half years.
- The coupon is payable half-yearly in arrears on 20th June and 20th December of each year starting from 20th June 2020 (first coupon is short).The re-offer price is 100.

Allocation by Investor Geography



Allocation by Investor Type



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