



The UBI Banca Group Consolidated Results as at 30th September 2018

7th November 2018

UBI  **Banca**
UNIONE DI BANCHE ITALIANE



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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.

P&L

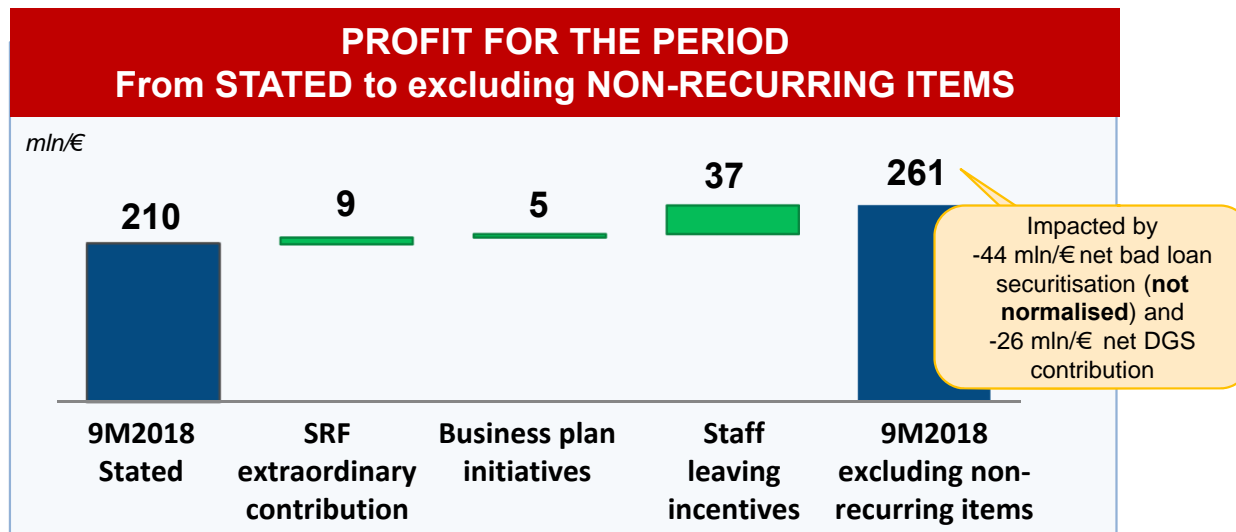
- *The UBI Group's consolidated results include the results of the 3 recently acquired Banks since 1st April 2017. A comparison between 9M2018 and 9M2017 would **not** therefore be significant because of the **difference in the scope of consolidation***
- *3Q18 results are compared with 2Q18 results, both under IFRS9. When significant, reference may be made in this presentation to 3Q17 results, still pursuant to IAS 39, but restated to take account of the new classifications introduced by the 5th update of the Bank of Italy Circular No 262/2005*

BALANCE SHEET

- *Data are shown on three reporting dates (1.1.2018, 30.6.2018 and 30.9.2018) which implement IFRS9 and the application of the 5th update of Bank of Italy Circular No. 262/2005*

Executive summary

- Resilient CET1 ratio at 11.42% fully loaded
- Drop in NPEs expected to continue (significant results already achieved, with Texas ratio at 91.3% and cost of risk at 57bps annualised)
- Growth in Indirect funding, both vs June 2018 and vs 1.1.2018
- Further decrease in and managed diversification of proprietary securities portfolio
- To safeguard spreads, action taken both on funding and lending volumes
- From a P&L point of view, the best result in normalised terms (261 mln/€) since 2009, and a strong stated result (210 mln/€) confirmed
- A third quarter burdened by one-off events, enabling further improvements in the future:
 - ✓ 65.3 mln/€ gross (43.8 mln/€ net) relating to GACS bad loan securitisation
 - ✓ 55 ml/€ gross (37 mln/€ net) trade union agreement signed on 6th Sept 2018 to be recovered in less than 2 years (28.5 mln/€ yearly savings from 2019)



What is the meaning of a EU-wide stress test?

Assessing the impact of an adverse scenario

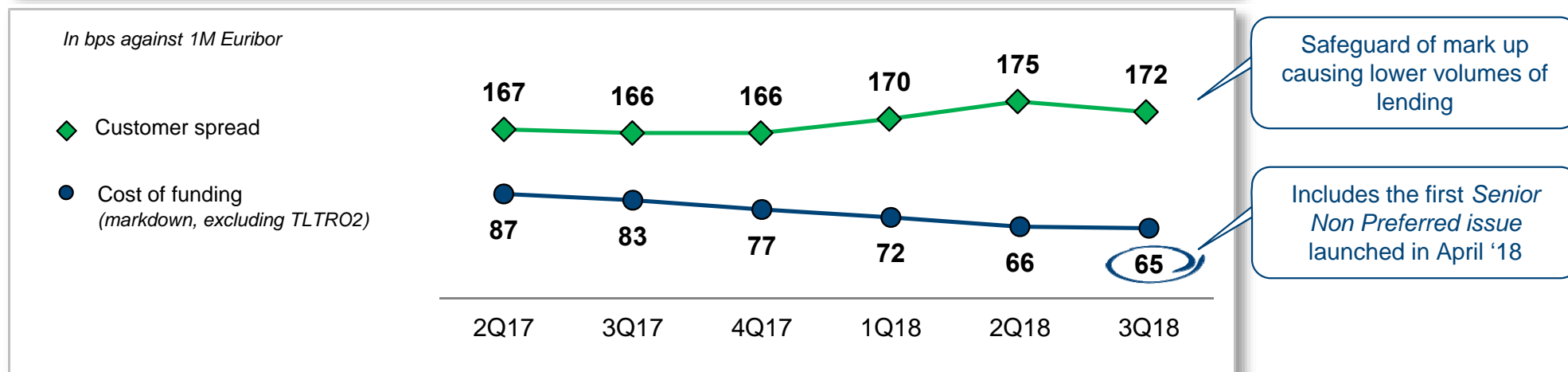
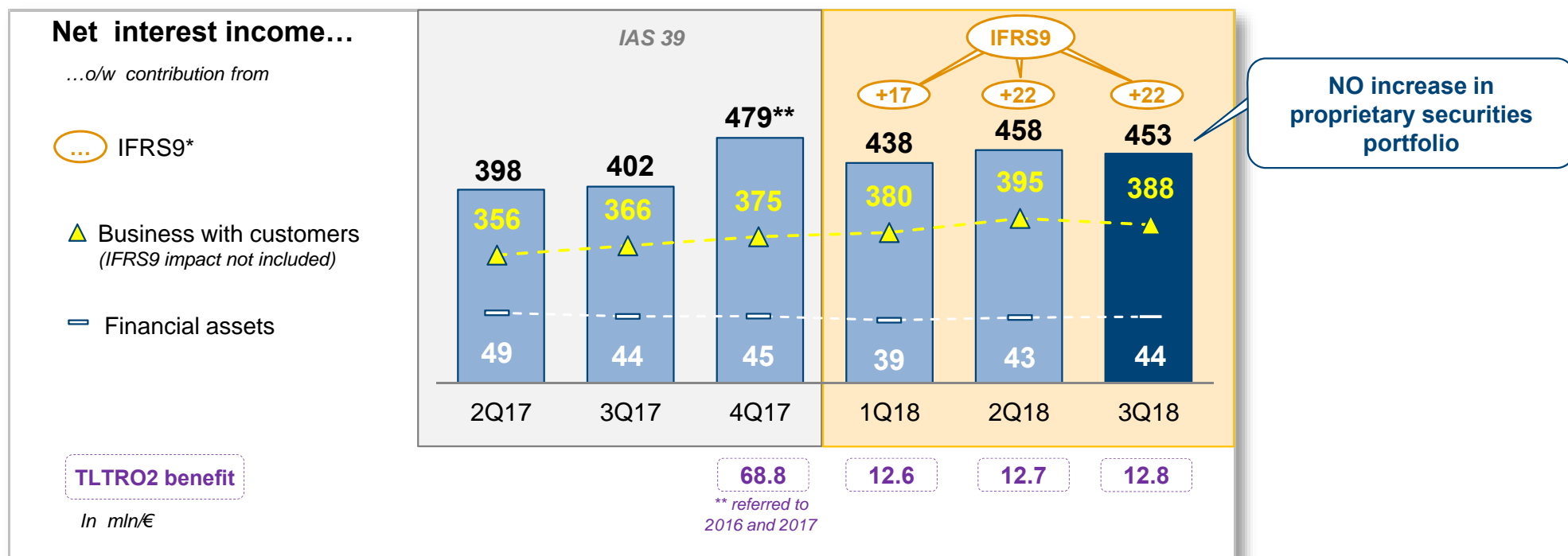
	UBI	Italian average	UBI ranking out of 4 Italian players	SSM average	UBI ranking out of 33 players under SSM	EU average	UBI ranking out of 48 European players
Fully loaded CET 1 ratio, Actual as at 31.12.2017	11.43%						
Fully loaded CET1 ratio, 2020 Adverse Scenario	7.46%						
Delta Fully loaded CET1 ratio (Actual as at 31.12.2017 vs 2020 Adverse scenario)	-3.97%	-4.17%	2nd out of 4	-4.39%	11th out of 33	-4.25%	19th out of 48

Arithmetic averages

Starting from the restated CET1 (pro—forma to include the effects of IFRS 9 and the model change in March 2018) On conclusion of the stress tests, in hypothesis of adverse scenario, UBI Banca records a CET1 ratio of 8.32% phased-in compared with 11.70% phased-in pro-forma as at 1/1/2018 (and of 7.46% fully loaded, compared with 11.20% fully loaded pro-forma as at 1/1/2018)

Net interest income at 1,349 mln/€ in 9M2018.

In 3Q18 good contribution from financial assets, but lower contribution from business with customers due to lower lending volumes following policy to safeguard spreads



* The impact includes:

- credit components coming from i) the reversal of time value on NPEs, ii) interest recognised on a net basis on NPEs and iii) the release of the time value of the PPA relating to loans resulting from the 3 Banks Acquired
- contractual modification without derecognition

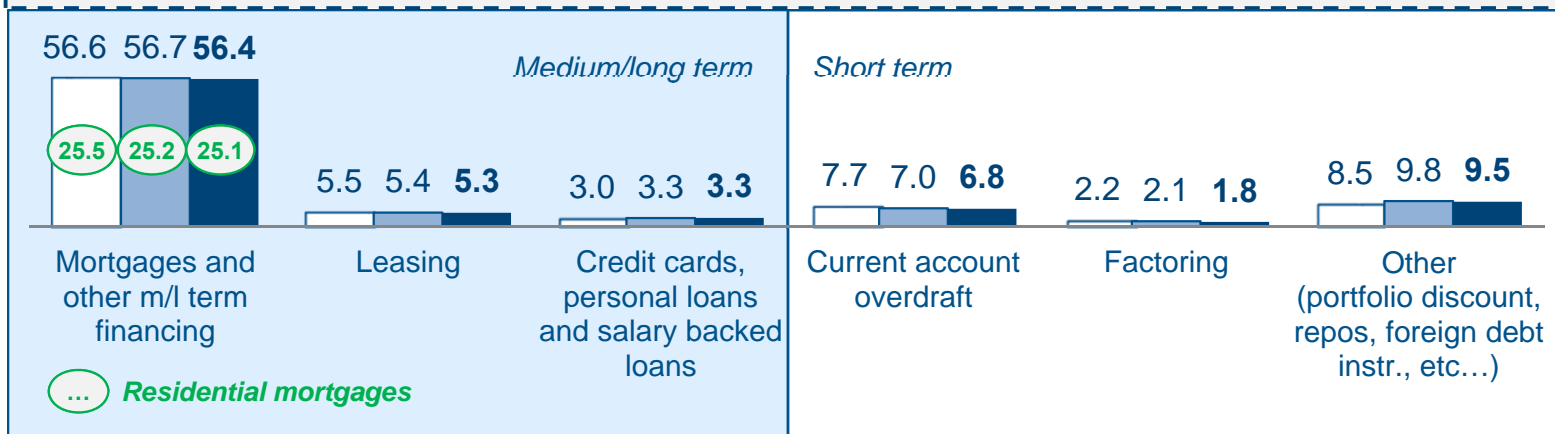
Net loans to customers at 89.6 bln/€:

- performing loan reduction due to Group policy aimed at safeguarding spreads
- decreasing NPE stocks in all default categories

Amounts in bln€	1 Jan '18	30 Jun '18	30 Sept '18
NET LOANS AT AMORTISED COST	91.0	91.3	89.6
<i>of which</i>			
NET PERFORMING EXPOSURES	83.5	84.2	83.1
<i>of which medium-long term</i>	65.1	65.4	65.0
<i>of which short term</i>	18.3	18.7	17.9
<i>of which repos and other with CCG</i>	0.1	0.1	0.2
NET NPEs	7.5	7.1	6.4

BREAKDOWN OF NET PERFORMING EXPOSURES (bln/€)

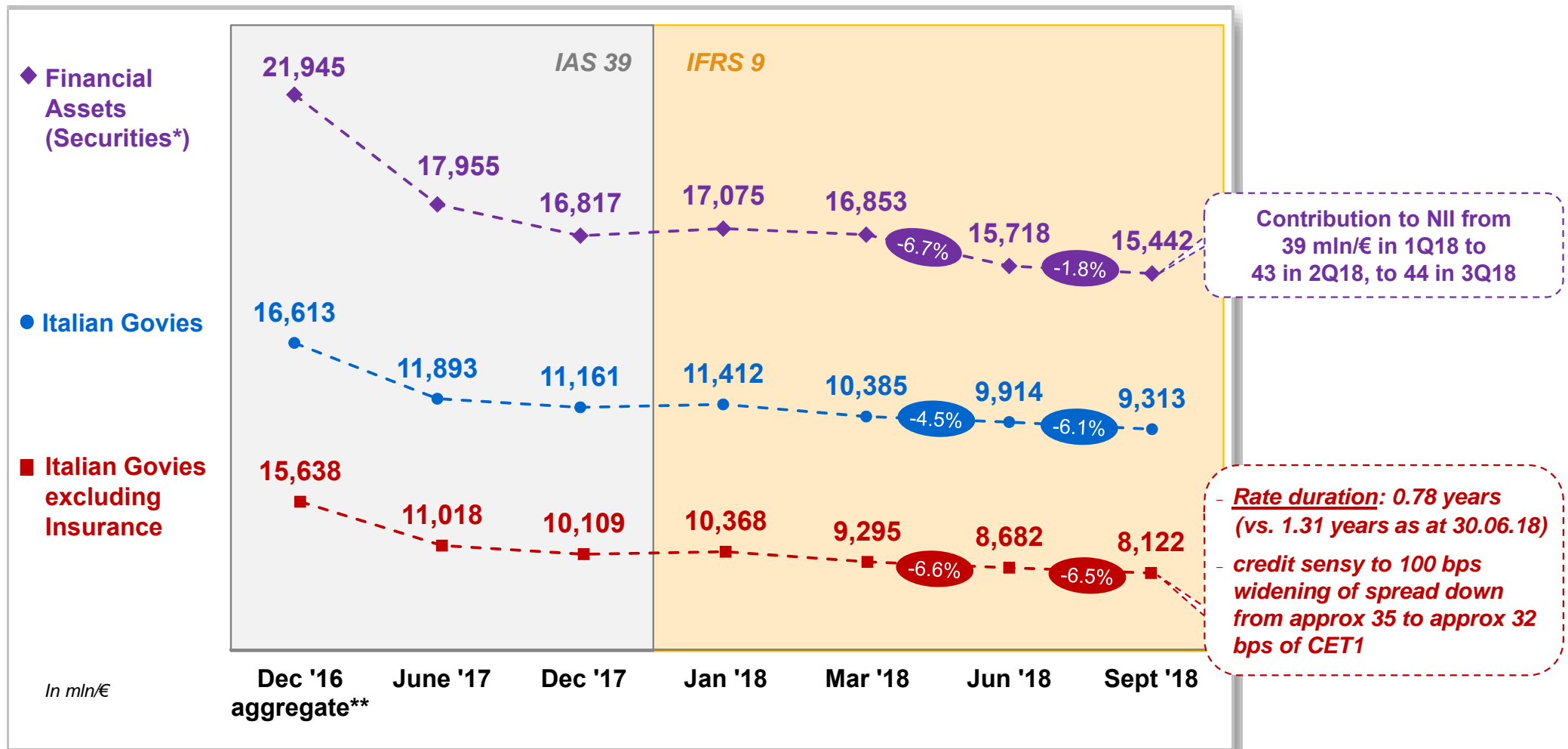
□ 1 Jan '18 □ 30 June '18 ■ 30 Sept '18



RE-PRICING EVERYWHERE

Italian Govies: good contribution to NII notwithstanding lower stocks. Impact on CET1 mitigated by exposure reduction (-6.5% vs June 2018) and asset class diversification:

1.5 bln/€ US Treasury, 1.1 bln/€ Euro Area Govies,
0.9 bln/€ Corporate Bond and 0.25 bln/€ Emerging Debt, etc..



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

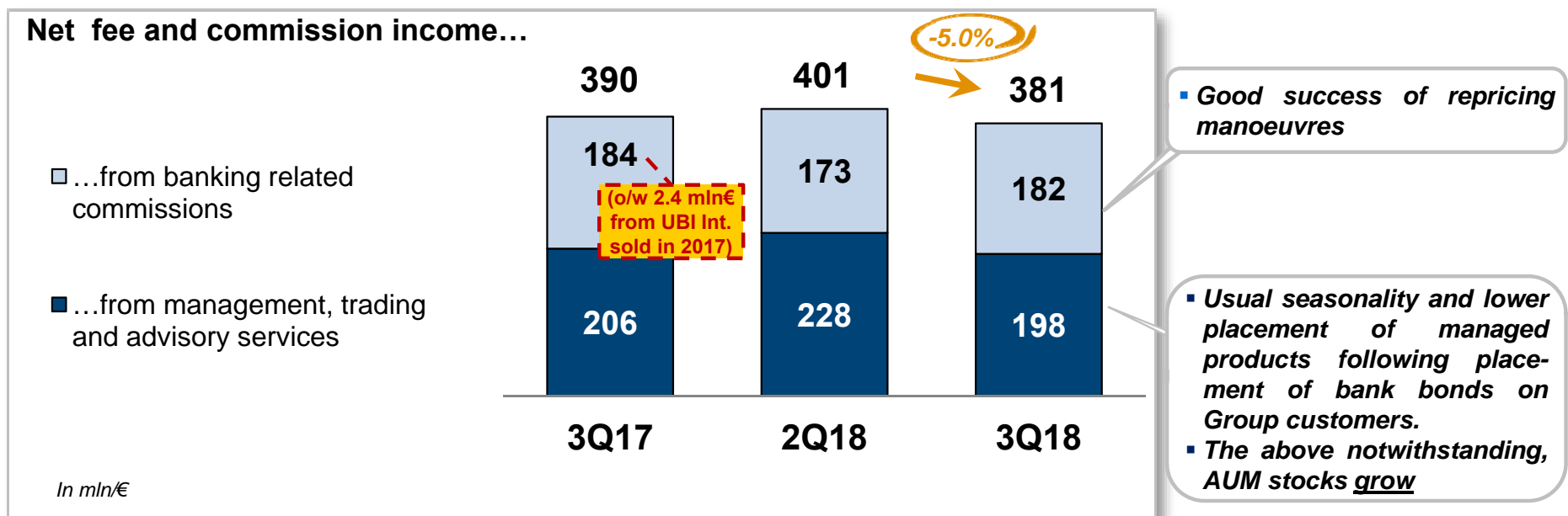
** Dec '16 aggregate includes UBI Banca Group Stand Alone (17,859 mln/€) + data of 3 Banks acquired in May 2017

In 9M2018, Net fee and commission income at 1,249 mln/€.

3Q18/2Q18: good recovery in banking related commissions, while usual seasonality and lower placements influence securities-related commissions

Excluding up-front and performance fees:

3Q18 is up by +0.5% vs 2Q18 and by +0.6% vs 3Q17*



	3Q17	3,372**	2,007	
Volumes Placed in mln/€ (AUM and Bancassurance)	2,807			
Up-front fees / Net fees & comm. income	12.3%	14.1%	10.0%	Up-front fees
Performance fees / Net fees & comm. income	0.6%	1.7%	0.9%	

	3Q18 vs 3Q17	3Q18 vs 2Q18
Up-front fees	-10 mln/€	-19 mln/€

* 3Q17 considered at same perimeter, i.e. excluding net fee and commission originated by UBI International sold with effects from 1st November 2017

** Definitive number vs estimate (3,239 mln/€) published on the 3rd August 2018

Indirect funding: +0.2% vs June '18, notwithstanding adverse market conditions
Persistent growth in bancassurance products: +2% vs June '18 (+14.4% vs the begin of 2018).
Resilient AuM: +0.2% vs June (+1.6% vs January '18)

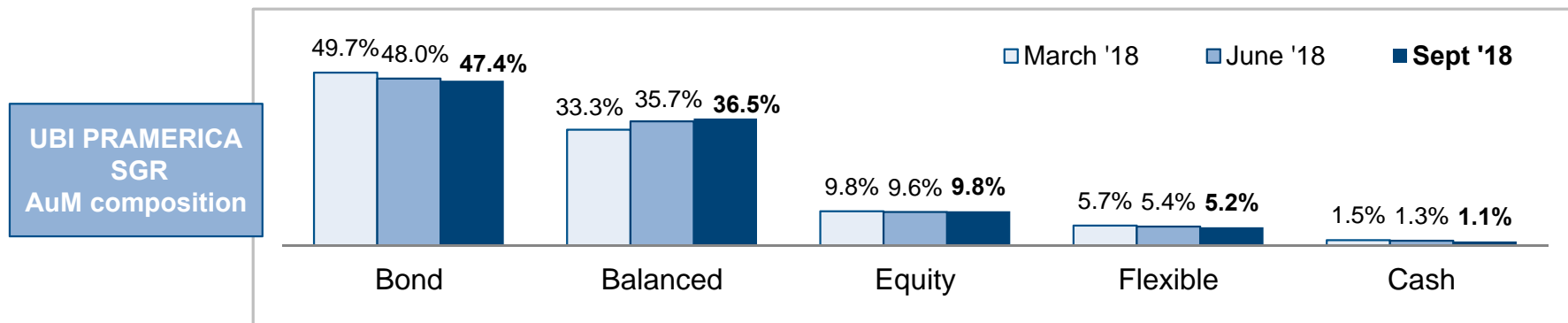
In a negative AuM market trend, UBI Banca grows volumes and gains market shares

Market share in Italy (banking companies) - Source Assogestioni*

	Dec '15	Mar '16	Jun '16	Sep '16	Dec '16	Mar '17	Jun '17	Sep '17	Dec '17	Mar '18	Jun '18	Sept '18
Market share net AuM	5.86%	5.99%	6.14%	6.29%	6.32%	6.36%	6.38%	6.48%	6.70%	6.81%	6.95%	7.04%

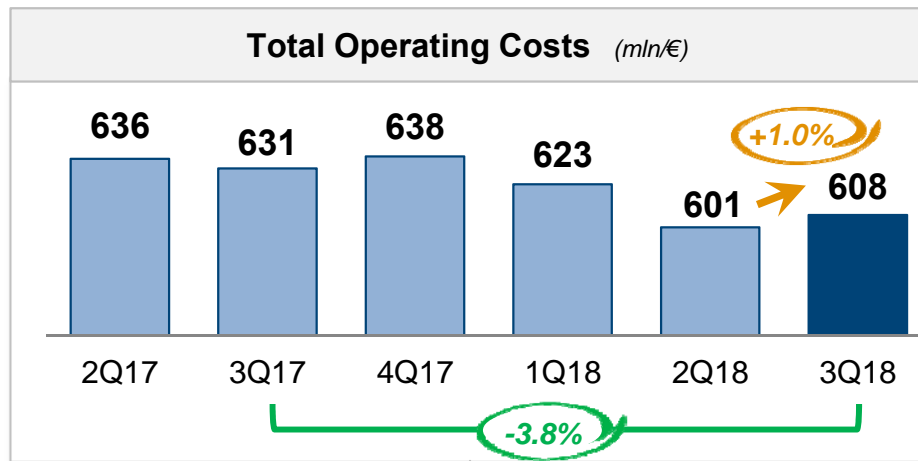
Quarterly evolution of Indirect Funding	Amounts in bln€			Sept '18 vs Jan '18	Sept '18 vs June '18
	Jan '18	Jun '18	Sept '18		
AuM	43.8	44.5	44.5	1.6%	0.2%
Bancassurance	21.6	24.2	24.7	14.4%	2.0%
AuC	31.0	29.8	29.5	-4.9%	-1.1%
Total Indirect Funding	96.5	98.5	98.8	2.4%	0.2%

Q on Q decrease due to market performance, (-0.3 bln/€)

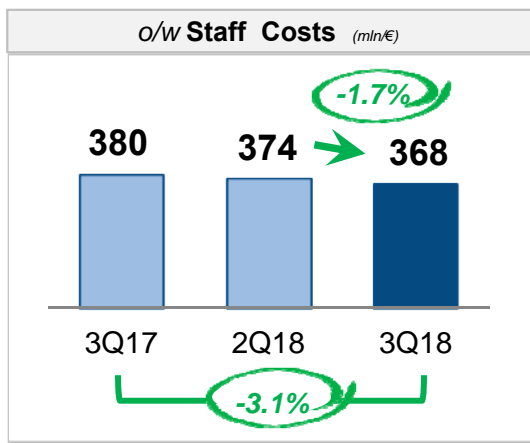


* Generali e Mediolanum are not included in the panel of the statistics

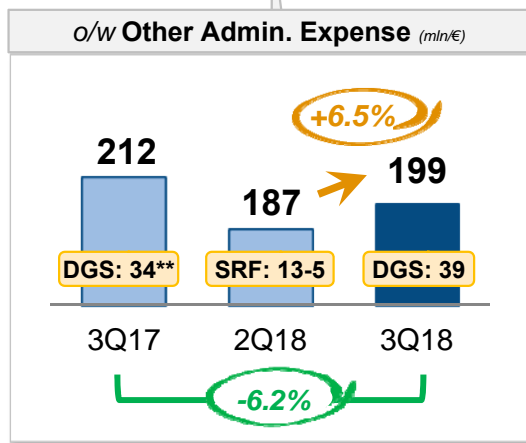
In 9M2018, Operating costs at 1,832 mln/€ (o/w 81 mln/€ as compulsory contributions)* Again a positive quarter: discipline in cost management continues



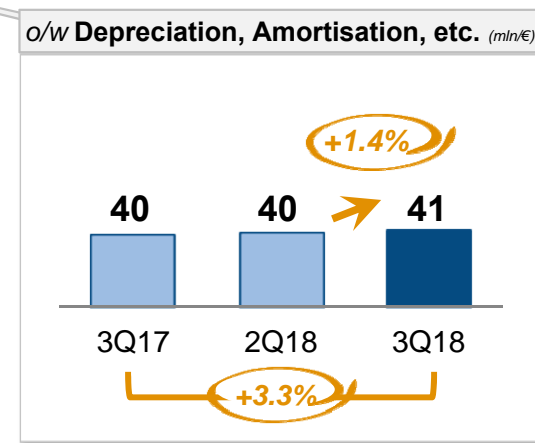
Excluding contributions to DGS/SRF, "Total operating costs" declined by
-4.2% in 3Q18 vs 2Q18 and
-4.9% in 3Q18 vs 3Q17



Positive evolution driven by the progressive staff exits (-142 average resources in 3Q/2Q18 and -793 headcounts 3Q18/3Q17)



Excluding contributions to DGS/SRF, "Other administrative expenses" decreased by over 10% in 3Q/2Q18 and in 3Q18/3Q17

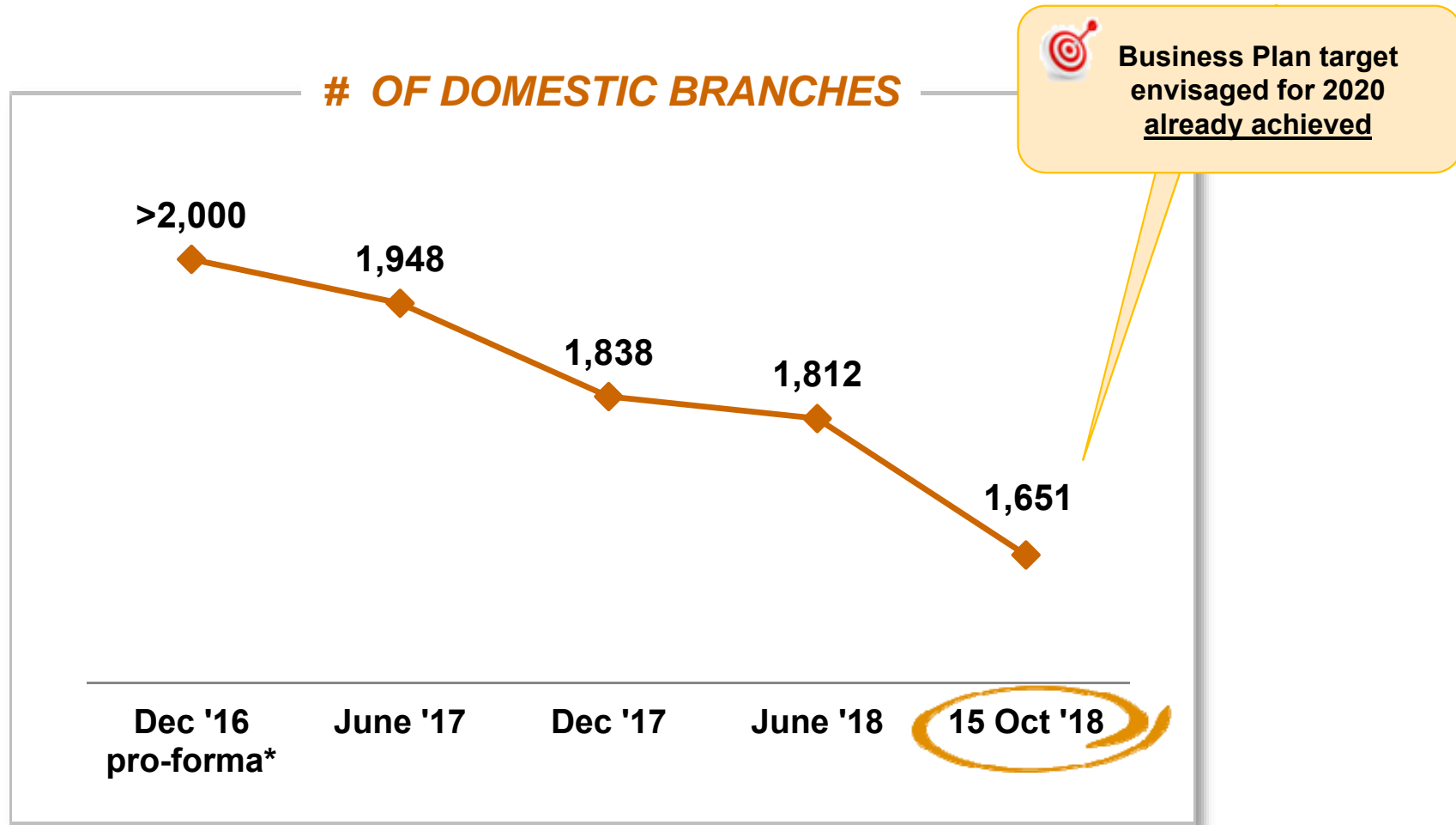


DGS = Deposit Guarantee Scheme; SRF = Single Resolution Fund

* In 9M2018, 42 mln/€ contributed to SRF (o/w 13 mln/€ extraordinary) and 39 mln/€ to DGS

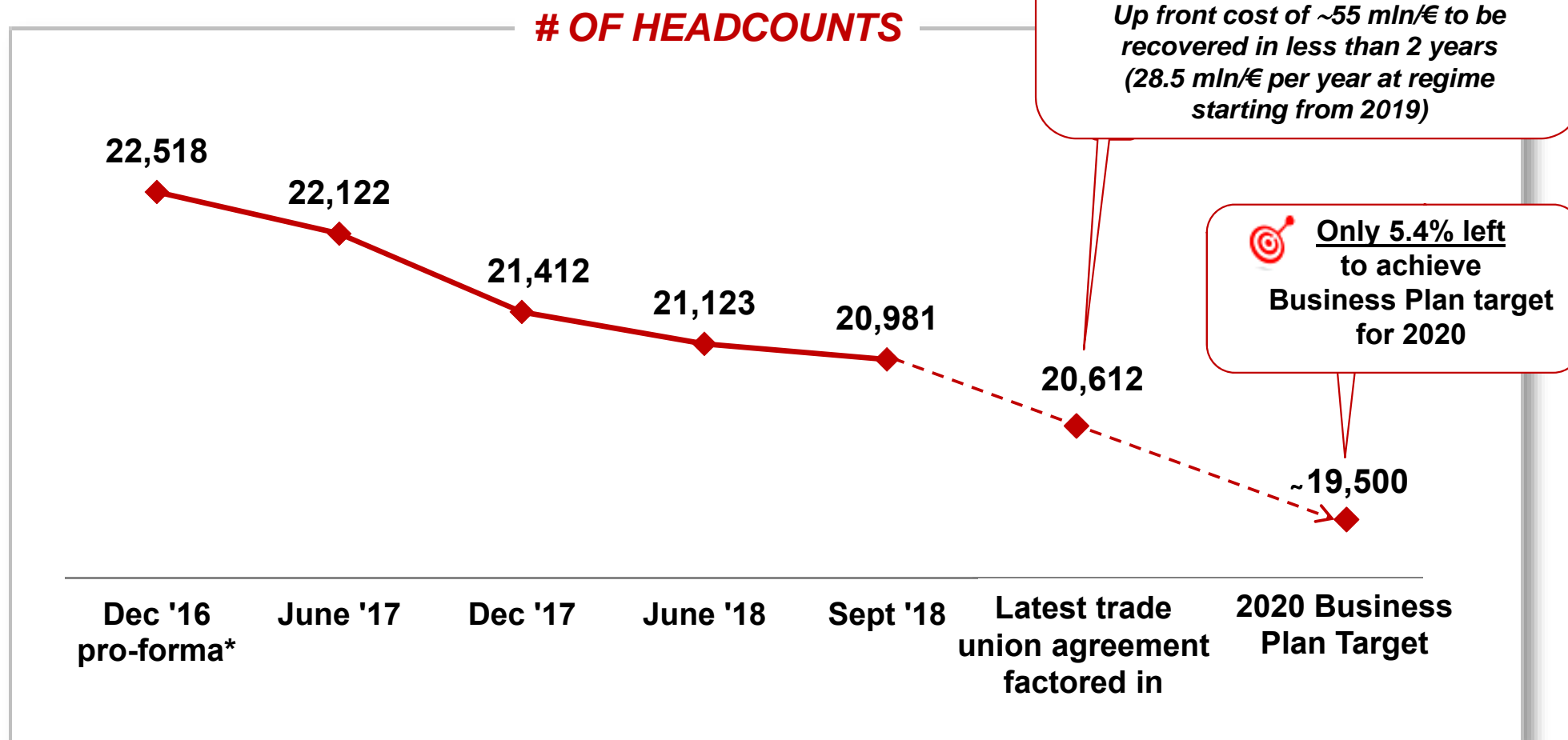
** Amount adjusted in 4Q17 to 41.7 mln/€

Reorganisation of the Group well under way both in terms of branches...



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

... and in terms of headcounts



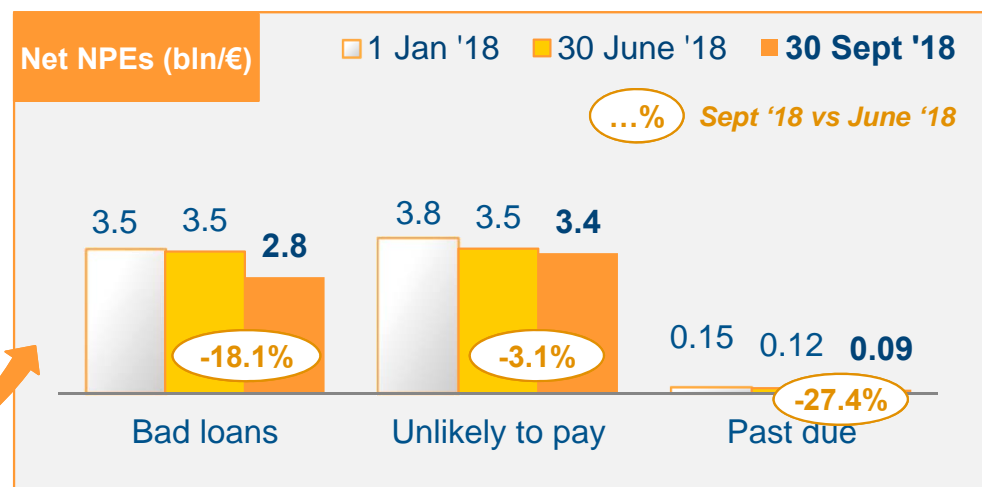
Redundancy Fund			
Gross Staff Exits vs Business Plan Targets			
Business Plan forecasts	Exits in 2017	Exits Jan-Sept 2018	Exits 4Q18
2,173	1,781	-492	-330

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

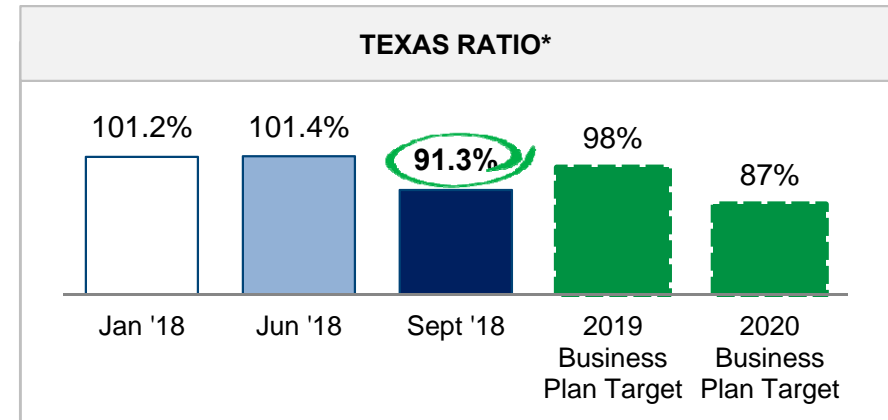
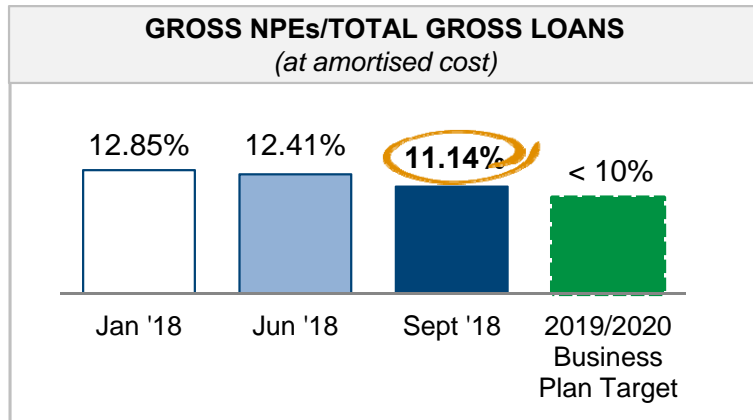
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Strongly improving credit quality thanks to sale of bad loans (GACS securitisation) and recovery work. Confirmed sale of a second portfolio of bad loans in 4Q2018/1Q2019



Loans and advances to customers measured at amortised cost as at 30th September 2018

Figures in thousands of euro	Gross exposure		Impairment losses		Carrying amount	
Non-performing exposures (stage three)	(11.14%)	10,491,621	4,122,439	(7.11%)	6,369,182	
- Bad loans	(6.16%)	5,804,891	2,960,431	(3.18%)	2,844,460	
- Unlikely-to-pay loans	(4.87%)	4,585,777	1,151,766	(3.83%)	3,434,011	
- Past-due loans	(0.11%)	100,953	10,242	(0.10%)	90,711	
Performing loans (stages one and two)	(88.86%)	83,718,594	533,238	(92.89%)	83,185,356	
Total		94,210,215	4,655,677		89,554,538	

Coverage	Coverage including write-offs
39.29%	45.55%
51.00%	59.43%
25.12%	
10.15%	
0.64%	
4.94%	

GACS securitisation shows importance of write offs in assessing the real coverage of NPEs

Loans and advances to customers measured at amortised cost as at 30th June 2018

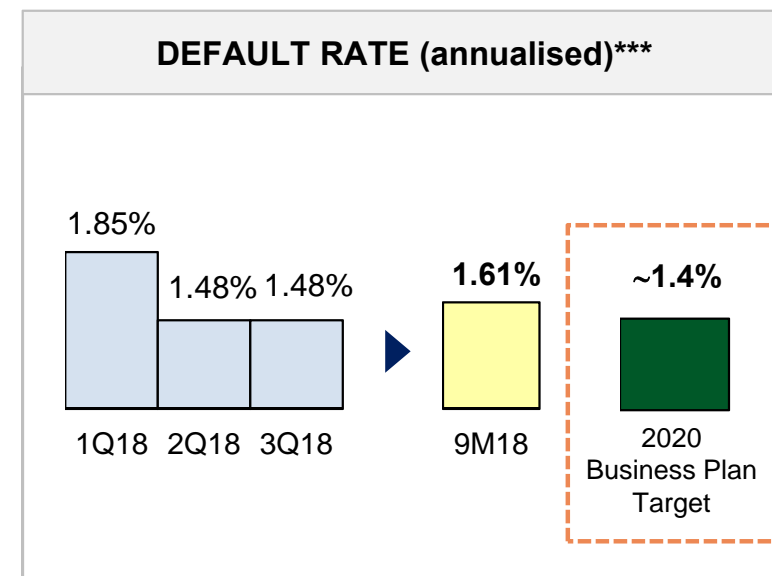
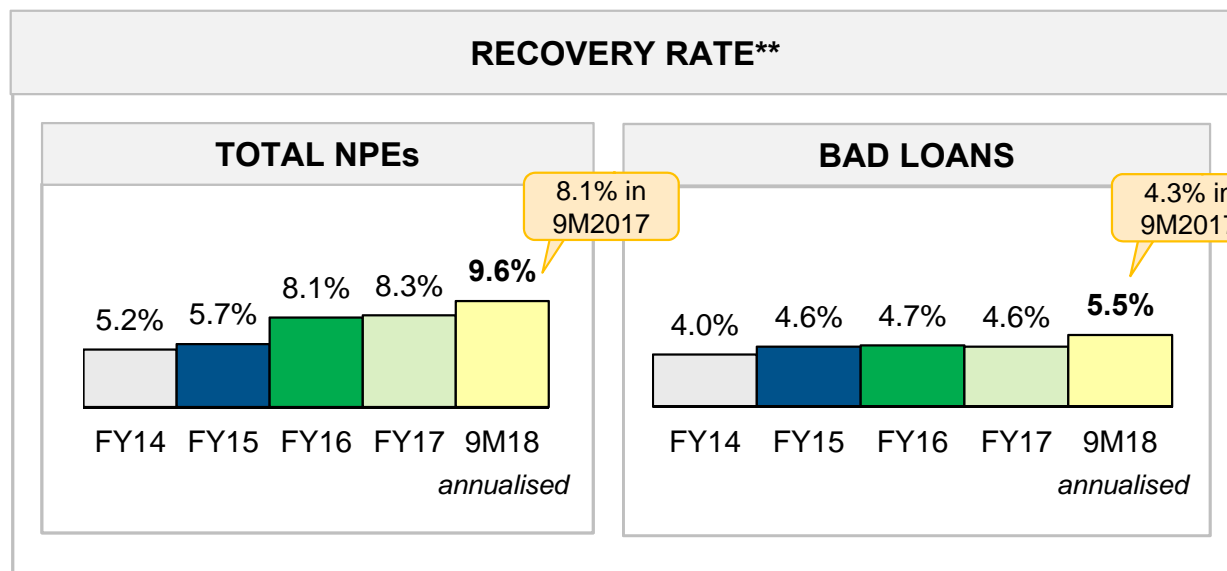
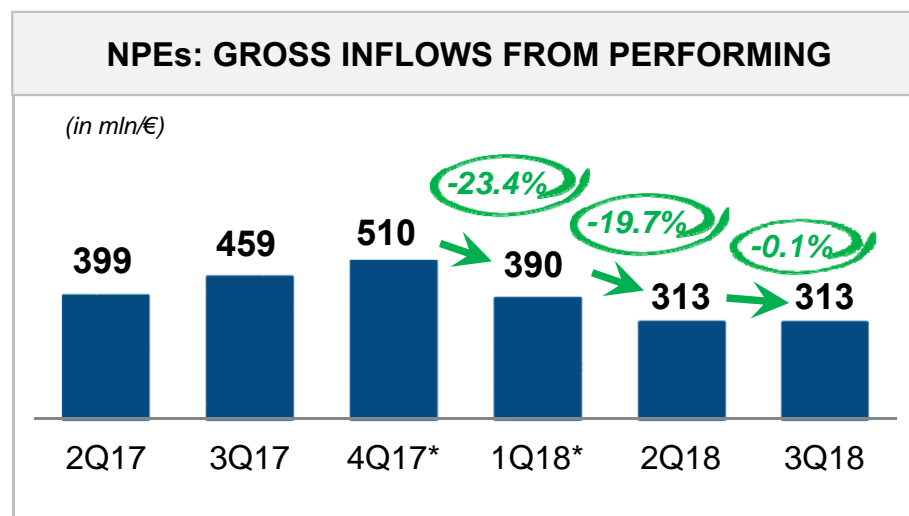
Figures in thousands of euro	Gross exposure		Impairment losses		Carrying amount	
Non-performing exposures (stage three)	(12.41%)	12,008,425	4,865,777	(7.82%)	7,142,648	
- Bad loans	(7.43%)	7,192,530	3,719,025	(3.80%)	3,473,505	
- Unlikely-to-pay loans	(4.83%)	4,676,478	1,132,267	(3.88%)	3,544,211	
- Past-due loans	(0.15%)	139,417	14,485	(0.14%)	124,932	
Performing loans (stages one and two)	(87.59%)	84,748,042	548,047	(92.18%)	84,199,995	
Total		96,756,467	5,413,824		91,342,643	

Coverage	Coverage including write-offs
40.52%	50.53%
51.71%	63.90%
24.21%	
10.39%	
0.65%	
5.60%	

Coverage in Sept '18 in slight increase vs pro-forma June '18 excluding the disposal of securitised loans

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

Flows from performing to non performing loans, recovery rate and default rate

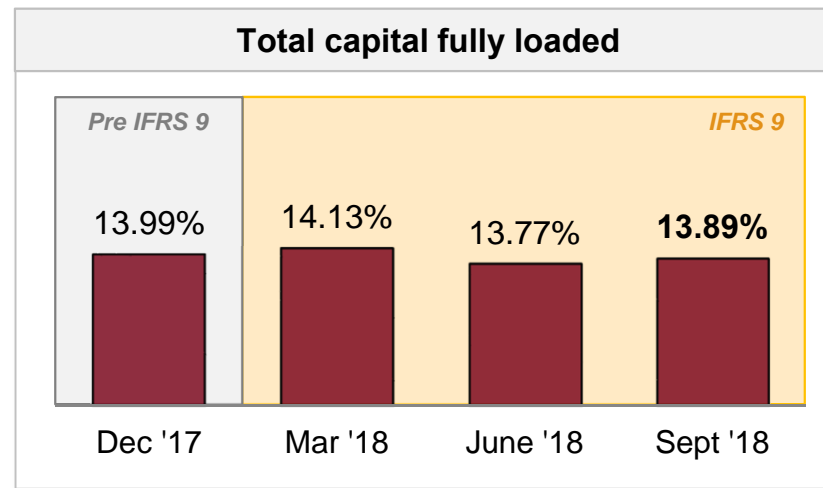
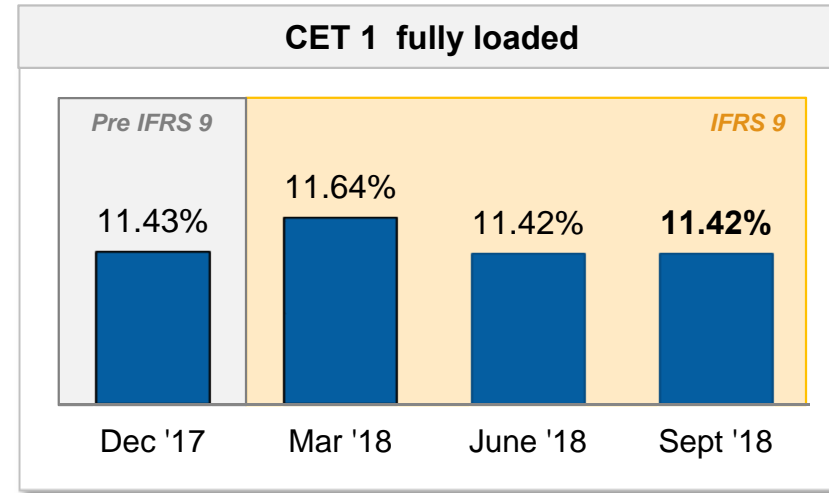
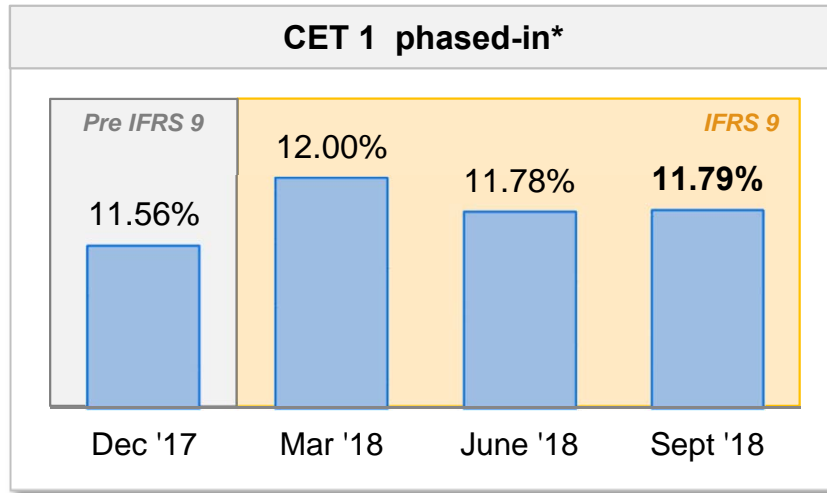


* Process to align NPEs on overlapping customers, and extension of automatisms in use in UBI to 3 banks acquired started in 4Q17 and closed in 1Q18 following incorporation of the same banks; ** Recovery rate = payments received / (initial gross exposure + total increases)

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

- In view of the uncertainty on markets, the performance of net interest income in the last quarter of 2018 will depend on the outcome of the repricing policy for loans to customers and on the trend for the cost of medium to long-term funding.
- Net fee and commission income is expected to benefit from the usual positive seasonal factors which characterise the last quarter of the year.
- The objective of containing operating expenses ahead of schedule with respect to Business Plan forecasts is confirmed.
- The trend for the reduction in loan losses compared with 2017 is forecast to continue.
- Finally, the plan to carry out an operation to dispose of bad loans (without securitisation) by the end of 2018/beginning of 2019 is confirmed.

CET1 ratio at 11.79% phased-in and 11.42% fully loaded, unchanged vs June '18



Ratios are not inclusive of:

- any benefit from the use of the DTAs of the 3 banks acquired
- 3 acquired banks transition to IRB models**

SREP requirement for 2018 at 8.625%

* Only the negative impacts of the provisions (approx. €255 mn/€) recognised on credit positions subject to the standardised approach carried out on first-time adoption of IFRS 9 will have their effect gradually on the basis of the transition regime provided for by EU Regulation No. 2017/2395 (only 5% of the impact of these provisions is therefore included in the phased-in CET1 ratio, while the total impact is included in the fully loaded CET1 ratio)

** Loans to the New Bank's own customers are still included under the standardised approach. Roll-out of the IRB model is expected in 4Q18

Capital Ratios as at 30th Sept '18.

Common Equity Tier 1 Ratio at 11.79%, Total Capital Ratio at 14.25%

<i>mIn/€</i>	Jun '18	Sept '18
Common Equity Tier 1 (after filters)	7,090.1	6,976.1
<i>Common Equity Tier 1 regulatory adjustments: negative elements for deduction excess of expected losses over impairment losses</i>	-	-
Common Equity Tier 1 Capital (CET1)	7,090.1	6,976.1
Additional Tier 1 before deductions	-	-
Additional Tier 1 regulatory adjustments	-	-
<i>of which negative elements for deduction excess of expected losses over impairment losses</i>	-	-
Additional Tier 1	-	-
Tier 1 Capital (CET 1 +Additional Tier 1)	7,090.1	6,976.1
Tier 2 Capital before transitional provisions	1,463.4	1,505.0
<i>Tier 2 instruments grandfathering</i>		
Tier 2 Capital after transitional provisions	1,463.4	1,505.0
Tier 2 capital regulatory adjustments	-51.7	-50.1
<i>of which: negative elements for deduction excess of expected losses over impairment losses</i>		
Tier 2 Capital	1,411.8	1,454.9
TOTAL OWN FUNDS	8,501.9	8,431.0

<i>mIn/€</i>	Jun '18	Sept '18
Risk weighted assets	60,176.4	59,171.5
Total prudential requirements	4,814.1	4,733.7
<i>Credit risk</i>	4,383.5	4,303.2
<i>CVA (Credit Value Adjustment) risk</i>	4.2	3.9
<i>Market risk</i>	75.4	75.7
<i>Operational risk</i>	351.0	351.0

CET 1 ratio		
	Jun '18	Sept '18
PHASED -IN	11.78%	11.79%
FULLY LOADED	11.42%	11.42%

TOTAL CAPITAL ratio		
	Jun '18	Sept '18
PHASED-IN	14.13%	14.25%
FULLY LOADED	13.77%	13.89%

- B3 Leverage as at 30th Sept '18:
 - ✓ phased in 5.35%
 - ✓ fully loaded 5.17%
- LCR and NSFR > 100%
(also excluding TLTRO 2)

Consolidated income statement (in mln/€)	3Q17 (IAS 39)	1Q18 (IFRS 9)	2Q18 (IFRS 9)	3Q18 (IFRS 9)	3Q18 vs 3Q17	3Q18 vs 2Q18	9M18 (IFRS 9)
Net interest income	402.5	437.8	458.4	452.6	n.s.	(1.2%)	1,348.8
- of which: TLTRO2		12.6	12.7	12.8		0.8%	38.0
- of which: credit components (IFRS9 and PPA)		25.7	35.5	30.8		(13.3%)	92.0
- of which: IFRS9 contractual modifications without derecognition		(8.7)	(13.4)	(8.4)		(37.7%)	(30.4)
Net fee and commission income	389.8	407.3	400.6	380.5	(2.4%)	(5.0%)	1,188.5
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities as at fair value through profit or loss	36.4	33.7	18.5	(59.3)	n.s.	n.s.	(7.1)
Profits of equity-accounted investees	5.9	7.3	1.8	5.1	(13.8%)	192.8%	14.1
Dividends and similar income	0.3	5.1	3.2	0.1	(55.2%)	(95.5%)	8.5
Net income from insurance operations	4.6	5.5	5.5	4.0	(11.6%)	(27.3%)	15.0
Other net operating income/expense	16.8	28.4	23.4	24.9	48.1%	6.6%	76.7
Operating income	856.3	925.1	911.4	808.0	n.s.	(11.3%)	2,644.6
Staff costs	(379.8)	(375.5)	(374.3)	(367.9)	(3.1%)	(1.7%)	(1,117.7)
Other administrative expenses	(211.8)	(205.9)	(186.6)	(198.7)	(6.2%)	6.5%	(591.3)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(39.6)	(41.6)	(40.4)	(41.0)	3.3%	1.4%	(123.0)
Operating expenses	(631.3)	(623.1)	(601.4)	(607.5)	(3.8%)	1.0%	(1,831.9)
Net operating income	225.1	302.0	310.1	200.5	n.s.	(35.3%)	812.6
Net impairment losses for credit risk relating to:		(124.1)	(142.3)	(123.957)		(12.9%)	(390.3)
- financial assets measured at amortised cost: loans to banks		(1.7)	0.3	0.2		(18.1%)	(1.2)
- financial assets measured at amortised cost: loans to customers	(135.1)	(117.7)	(140.5)	(123.8)	n.s.	(11.9%)	(381.9)
- financial assets measured at amortised cost: securities		(0.1)	0.0	(0.6)		n.s.	(0.7)
- financial assets as at fair value through other comprehensive income		(4.6)	(2.0)	0.2		n.s.	(6.4)
Net impairment losses on other financial assets and liabilities	(31.6)						0.0
Net provisions for risks and charges - commitments and guarantees granted		11.1	3.5	(2.9)		n.s.	11.6
Net provisions for risks and charges - other net provisions	(5.1)	(1.4)	(15.7)	(2.1)	n.s.	(86.3%)	(19.3)
Profits (losses) from the disposal of equity investments	0.5	0.8	0.2	0.3	(36.3%)	75.3%	1.3
Pre-tax profit from continuing operations	53.8	188.4	155.8	71.8	n.s.	(53.9%)	415.9
Taxes on income for the period from continuing operations	(32.8)	(61.4)	(55.6)	(26.2)	(20.2%)	(52.9%)	(143.1)
Profits/losses for the period attributable to non-controlling interests	(6.4)	(6.0)	(7.8)	(7.1)	11.1%	(8.9%)	(20.9)
Profit for the period attributable to the Parent before Business Plan and other impacts	14.7	121.0	92.4	38.5	n.s.	(58.3%)	251.9
Redundancy expenses net of taxes and non-controlling interests	(1.3)	0.2	(0.2)	(36.9)	n.s.	n.s.	(36.9)
Business Plan Project expenses net of taxes and non-controlling interests	(10.3)	(3.5)	(1.0)	(0.0)	(99.8%)	(97.9%)	(4.6)
Negative consolidation difference	3.3				(100%)		
Profit for the period	6.4	117.7	91.2	1.6	(74.8%)	(98.2%)	210.5
Profit for the period net of non-recurring	37.3	121.0	101.1	38.5	3.3%	(61.9%)	260.6

Note: badwill reversal amounted to 18 mln/€ gross and 12 net in 3Q18

Reclassified Consolidated Balance Sheet - Assets

Figures in thousands of euro		30.9.2018 A	30.6.2018 B	1.1.2018 C	Change A-B	% change A/B	Change A-C	% change A/C
ASSETS								
10.	Cash and cash equivalents	625,652	616,368	811,578	9,284	1.5%	-185,926	-22.9%
20.	Financial assets measured at fair value through profit or loss	1,469,508	1,488,445	1,979,802	-18,937	-1.3%	-510,294	-25.8%
	1) loans and advances to banks	13,444	14,796	14,755	-1,352	-9.1%	-1,311	-8.9%
	2) loans and advances to customers	283,496	313,580	362,425	-30,084	-9.6%	-78,929	-21.8%
	3) securities and derivatives	1,172,568	1,160,069	1,602,622	12,499	1.1%	-430,054	-26.8%
30.	Financial assets measured at fair value through other comprehensive income	10,640,301	11,527,974	12,435,307	-887,673	-7.7%	-1,795,006	-14.4%
	1) loans and advances to banks	-	-	-	-	-	-	-
	2) loans and advances to customers	15	-	-	15	-	15	-
	3) securities	10,640,286	11,527,974	12,435,307	-887,688	-7.7%	-1,795,021	-14.4%
40.	Financial assets measured at amortised cost	103,431,623	103,886,299	101,833,189	-454,676	-0.4%	1,598,434	1.6%
	1) loans and advances to banks	10,248,127	9,513,708	7,814,815	734,419	7.7%	2,433,312	31.1%
	2) loans and advances to customers	89,554,538	91,342,643	90,980,959	-1,788,105	-2.0%	-1,426,421	-1.6%
	3) securities	3,628,958	3,029,948	3,037,415	599,010	19.8%	591,543	19.5%
50.	Hedging derivatives	65,350	59,804	169,907	5,546	9.3%	-104,557	-61.5%
60.	Fair value change in hedged financial assets (+/-)	-6,002	33,826	-2,035	-39,828	n.s.	3,967	194.9%
70.	Equity investments	243,646	240,509	243,165	3,137	1.3%	481	0.2%
80.	Technical reserves of reinsurers	195	373	347	-178	-47.7%	-152	-43.8%
90.	Property, plant and equipment	1,824,737	1,799,295	1,811,743	25,442	1.4%	12,994	0.7%
100.	Intangible assets	1,710,712	1,711,908	1,728,328	-1,196	-0.1%	-17,616	-1.0%
	of which: goodwill	1,465,260	1,465,260	1,465,260	-	-	-	-
110.	Tax assets	4,076,685	4,122,268	4,184,524	-45,583	-1.1%	-107,839	-2.6%
120.	Non-current assets and disposal groups held for sale	735	1,384	962	-649	-46.9%	-227	-23.6%
130.	Other assets	1,123,257	1,415,721	1,451,059	-292,464	-20.7%	-327,802	-22.6%
	Total assets	125,206,399	126,904,174	126,647,876	-1,697,775	-1.3%	-1,441,477	-1.1%

Note: some figures as at 1st January 2018 [(items 20.2), 20.3), 40.1) and 40.3)] differ from those published in the financial report for the period ended 31st March 2018 due to marginal changes, consisting mainly of figures rounded up or down

Reclassified Consolidated Balance Sheet - Liabilities and Equity

Figures in thousands of euro		30.9.2018 A	30.6.2018 B	1.1.2018 C	Change A-B	% change A/B	Change A-C	% change A/C
LIABILITIES AND EQUITY								
10.	Financial liabilities measured at amortised cost	110,633,386	111,617,355	111,182,776	-983,969	-0.9%	-549,390	-0.5%
	<i>a) due to banks</i>	16,678,273	16,607,300	16,733,006	70,973	0.4%	-54,733	-0.3%
	<i>b) due to customers</i>	70,258,101	70,582,753	68,434,827	-324,652	-0.5%	1,823,274	2.7%
	<i>c) debt securities issued</i>	23,697,012	24,427,302	26,014,943	-730,290	-3.0%	-2,317,931	-8.9%
20.	Financial liabilities held for trading	347,184	386,959	411,653	-39,775	-10.3%	-64,469	-15.7%
30.	Financial liabilities designated as at fair value	95,434	75,488	43,021	19,946	26.4%	52,413	121.8%
40.	Hedging derivatives	93,351	102,961	100,590	-9,610	-9.3%	-7,239	-7.2%
50.	Fair value change in hedged financial liabilities (+/-)	30,103	54,008	-	-23,905	-44.3%	30,103	-
60.	Tax liabilities	188,193	208,390	240,908	-20,197	-9.7%	-52,715	-21.9%
80.	Other liabilities	2,116,819	2,654,081	2,694,744	-537,262	-20.2%	-577,925	-21.4%
90.	Provision for post-employment benefits	323,809	328,484	350,779	-4,675	-1.4%	-26,970	-7.7%
100.	Provisions for risks and charges:	567,401	565,147	624,612	2,254	0.4%	-57,211	-9.2%
	<i>a) commitments and guarantees granted</i>	76,803	73,964	88,347	2,839	3.8%	-11,544	-13.1%
	<i>b) pension and similar obligations</i>	128,496	130,215	137,213	-1,719	-1.3%	-8,717	-6.4%
	<i>c) other provisions for risks and charges</i>	362,102	360,968	399,052	1,134	0.3%	-36,950	-9.3%
110.	Technical reserves	1,856,585	1,879,072	1,780,701	-22,487	-1.2%	75,884	4.3%
120.+150.+160. +170.+180	Share capital, share premiums, reserves, valuation reserves and treasury shares	8,688,096	8,756,026	8,447,847	-67,930	-0.8%	240,249	2.8%
190.	Minority interests (+/-)	55,567	67,336	79,688	-11,769	-17.5%	-24,121	-30.3%
200.	Profit for the period/year (+/-)	210,471	208,867	690,557	1,604	0.8%	-480,086	-69.5%
Total liabilities and equity		125,206,399	126,904,174	126,647,876	-1,697,775	-1.3%	-1,441,477	-1.1%

Portfolio breakdown: Italian Govies Maturities and Sovereign Exposures

	30 June 2018			TOTAL	30 Sept 2018			TOTAL	% Change of TOTAL amounts
	FVTPL (fair value through profit or loss)	FVOCI (fair value through other comprehensive income)	FVAC (fair value measured at amortised cost)		FVTPL (fair value through profit or loss)	FVOCI (fair value through other comprehensive income)	FVAC (fair value measured at amortised cost)		
Amounts in mln/€									
Financial Assets (Securities)	1,160	11,528	3,030	15,718	1,173	10,640	3,629	15,442	-1.8%
o/w Italian Govies	41	6,848	3,024	9,914	41	6,276	2,996	9,313	-6.1%
Financial Liabilities held for trading				387				347	-10.3%

Maturity of the Italian Govies Portfolio					
Amounts in mln/€	FVTPL	FVOCI	FVAC	TOTAL 30.09.18	TOTAL 30.06.18
2018	1	20	-	20	37
2019-2020	21	61	-	82	478
2021-2022	0	1,716	-	1,716	1,768
2023-2025	18	2,308	185	2,512	2,567
From 2026 and over	1	2,172	2,810	4,983	5,064
Total portfolio	41	6,276	2,996	9,313	9,914
% of portfolio on total Italian Govies	0.4%	67.4%	32.2%	100%	

Main sovereign exposures as at 30 Sept 2018				
Portfolio:	Consolidated*			o/w Insurance
	o/w Govies	o/w Corporates and banks	o/w Loans	Govies
Amounts in bln/€				
Italy	9,333**	916	1,039	1,208**
Spain	1,154	82	-	212
U.S.A.	1,525	164	-	1
Portugal	121	-	-	37
Main 4 countries	12,133	1,162	1,039	1,458
% on total amount	97.5%	59.9%	97.7%	98.7%

* The analysis excludes equity holdings and UCITs (overall 0.6 bln/€)

** Including Cassa Depositi e Prestiti bonds amounting to approx. 20 mln/€ (consolidated figure, o/w nearly 17 mln/€ referred to insurance business)

Direct funding at 94 bln/€: -1 bln/€ vs June '18 essentially in corporate current accounts and deposits after 6 quarters in a row of progressive, steady growth (+7.5% since Dec '16).

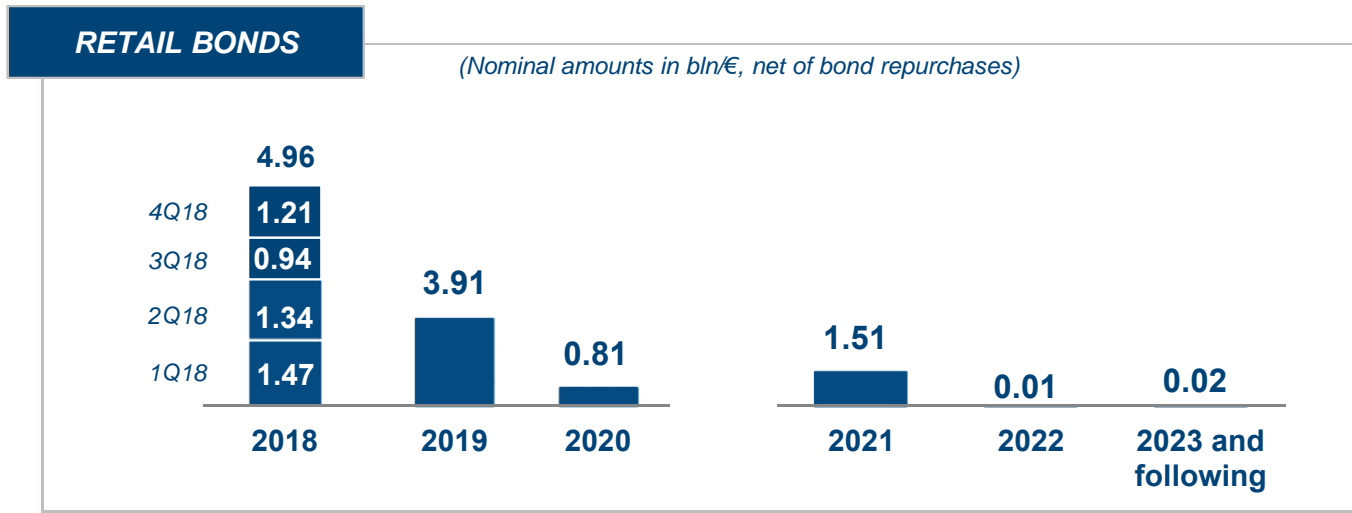
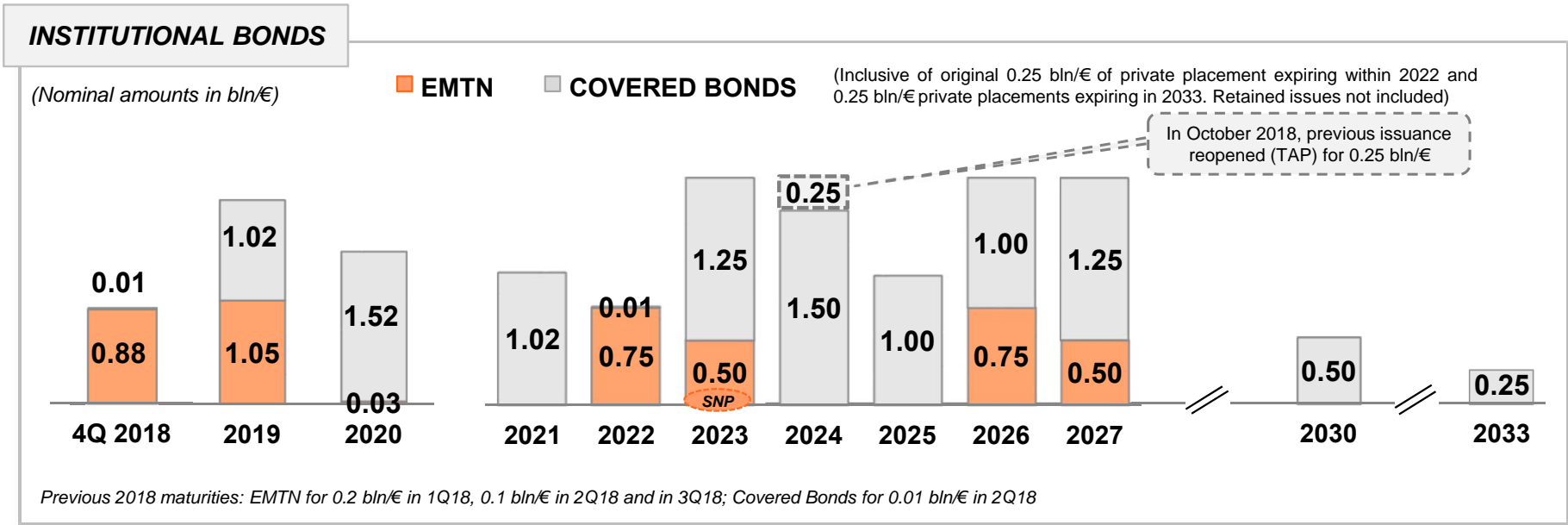
Total funding substantially stable (-0.4% vs June '18, and +0.9% since Jan '18)

IAS amounts in bln/€		1 January '18	30 June '18	30 Sept '18	
D I R E C T	...from ORDINARY CUSTOMERS	80.41	78.89	76.72	
	<i>of which</i>				Mainly switch to AuM
	<i>Current accounts and deposits</i>	64.26	66.73	65.89	
	<i>Term deposits, financing & other payables</i>	4.18	3.16	2.32	988 mln/€ placed in 3Q18 to replace over 1 bln/€ matured in the same period
	<i>Bonds issued</i>	10.83	8.37	8.00	(500 mln/€ of retail bonds placed in 2Q18)
	<i>Certificates of deposit</i>	1.14	0.63	0.51	
F U N D I N G	...from INSTITUTIONAL CUSTOMERS	14.03	16.12	17.23	
	<i>of which</i>				Dual tranche covered bond issuance for 1 bln/€ settled in Jan '18 (exp. in 2024 and 2030)* and private placements for 250 mln/€ issued in February 2018 (exp. 2033)
	<i>Covered Bonds</i>	9.48	10.72	10.70	
	<i>EMTN</i>	4.55	4.70	4.49	
	<i>Repos with CCG and other</i>	-	0.70	2.05	On 5 th April '18, the first 0.5 bln/€ senior non-preferred benchmark bond issue was launched**
TOTAL DIRECT FUNDING		94.44	95.01	93.96	
INDIRECT FUNDING (AuM+Bancassurance+AuC)		96.47	98.53	98.75	
TOTAL FUNDING (DIRECT +INDIRECT)		190.91	193.54	192.71	

* Pricing: 10 bps over the 6.5y mid swap rate, and 30 bps over the 12y mid swap rate

** Pricing: fixed rate, 5y mid swap +140 basis points, with a coupon of 1.75%

Funding maturity profile: regular maturities, no peaks

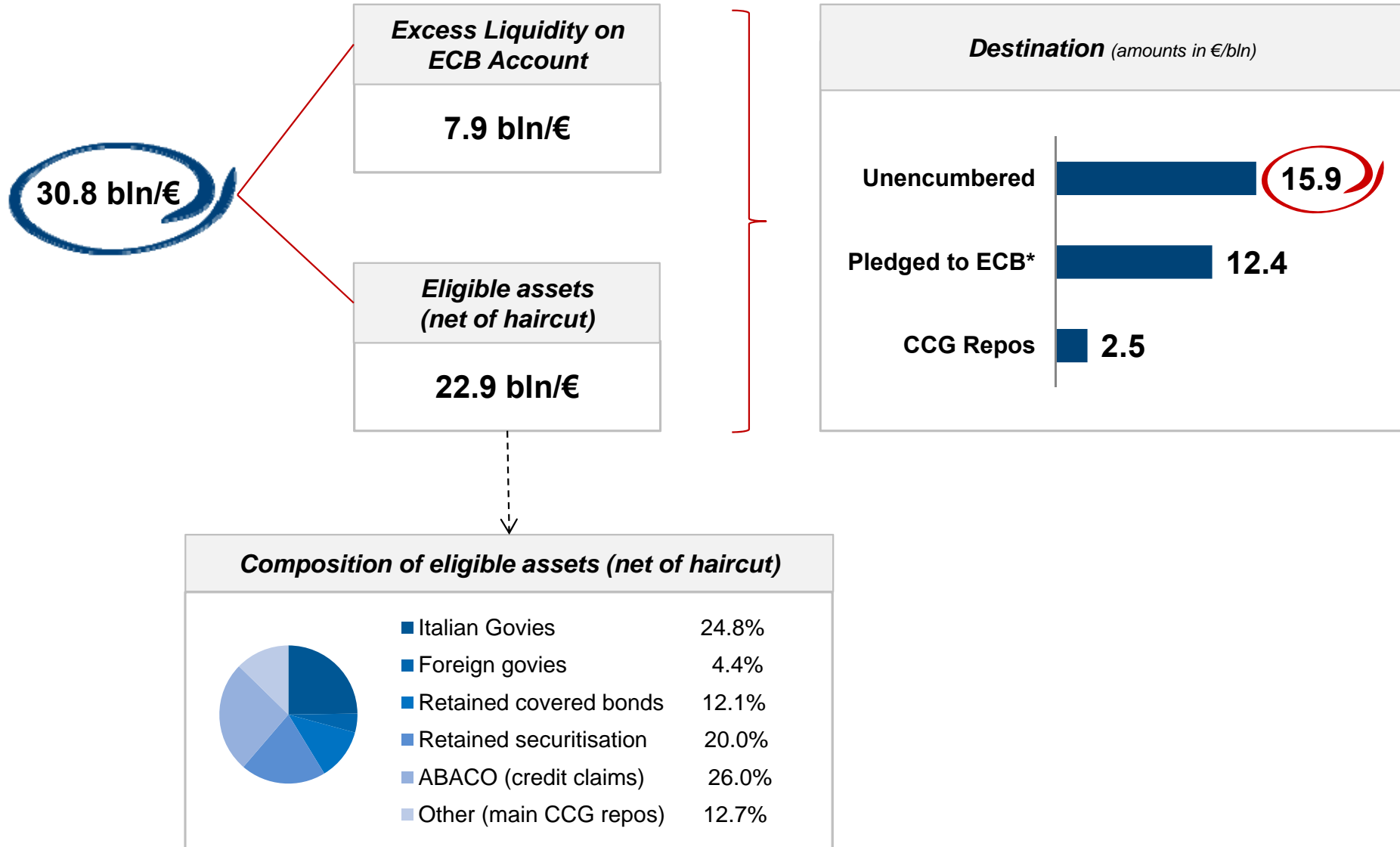


Data as at 30th Sept '18

Note: as per the 3 banks acquired, in Sept '18 there are in place 3 securitisations for a market outstanding amount of approx. 0.28 bln/€. (In Dec' 16, there were 11 securitisations, most of which highly amortised and redeemed ahead of maturity)

Liquidity resources at 30.8 bln/€, representing over 45% of current accounts and deposits

Data as at 30 Sept '18

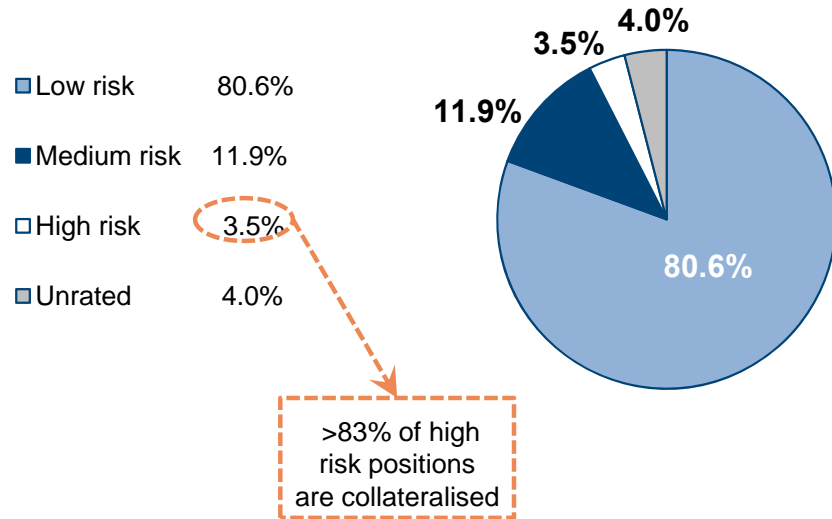


* The amount of available TLTRO2 funds fell in 2Q18 from 12.5 bln/€ (debt amounts allotted at the time of the auctions, of which 10 bln/€ expiring in June 2020 and 2.5 bln/€ in March 2021) to 12.4 bln/€ as a consequence of the application of a negative interest rate of -0.40% notified by the Bank of Italy from 5th June 2018, in compliance with Decision (EU) 2016/810 of the ECB

Focus on Performing Loans

BREAKDOWN OF GROSS PERFORMING PORTFOLIO UNDER AIRB (loans at amortised cost and at fair value through profit or loss)

as at 30 Sept '18



GEOGRAPHICAL DISTRIBUTION OF NET LOANS as at 30 June '18 (latest available data)

