The UBI Banca Group
Consolidated Results as at 31st December 2018

8th February 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 February 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.

Methodological note

P&L

- *The UBI Group's consolidated results include the results of the 3 recently acquired Banks since 1st April 2017. A comparison between FY2018 and FY2017 would **not** therefore be significant because of the **difference in the scope of consolidation***

- *4Q18 results are compared with 3Q18 results, both under IFRS9. When significant, reference may be made in this presentation to 4Q17 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*

- ***Bank of Italy Communication as at 30 October 2018***

  In compliance with the Bank of Italy communication dated 30th October 2018, which has immediate effect, reclassifications have been made in the income statement that regard loans and financial assets. Net impairment losses for the year relating to loans and financial assets disposed of have been reclassified out of the item "income from the disposal of financial assets", as part of the "finance result", into the newly introduced items "net impairment losses for credit risk: financial assets measured at amortised cost – loans and advances to customers subject to disposal" and "net impairment losses for credit risk: financial assets measured at fair value through other comprehensive income – subject to disposal".
  Net interest income has been adjusted slightly for the recalculation of the time value on the positions subject to disposal.

  Loan losses are therefore calculated on the basis of the following items in the numerator:
  • net impairment losses for credit risk: financial assets measured at amortised cost – loans and advances to customers;
  • net impairment losses for credit risk: financial assets measured at amortised cost - loans and advances to customers subject to disposal.
  All quarters of the year have been restated to take account of these reclassifications and to allow a comparison between the various periods considered

BALANCE SHEET

- *Data are shown on three reporting dates (**1.1.2018**, **30.9.2018 and 31.12.2018**) which implement IFRS9 and the application of the 5th update of Bank of Italy Circular No. 262/2005*

Executive summary

- Profit for the year net of non-recurring items, to €302.4 million (vs €188.7 million in 2017)
- Stated profit for the year to €425.6 million (vs €49.7 million in 2017, net of €640.8 million of the badwill resulting from the acquisition of 3 banks)

- Stable capital ratios including update of risk parameters
- LCR and NSFR (even excluding TLTRO) >100
- Leverage ratio 5.45% phased-in and 5.27% fully loaded

- Over €90 million of costs saved y/y notwithstanding continued investments in IT, digitalisation, rationalisation of branch network and new layout of branches

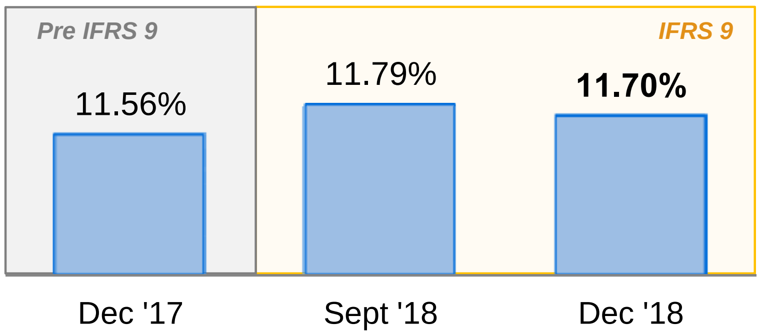
- Outstanding performance in the recovery of credit:
  - 2.7 billion decrease in NPEs during the year (of which over 1/3 from ordinary internal workout)
  - improvement of all NPE ratios (gross, net, recovery rates, default rates, Texas ratio)
  - setting the basis for further improvement in 2019

DIVIDEND PER SHARE

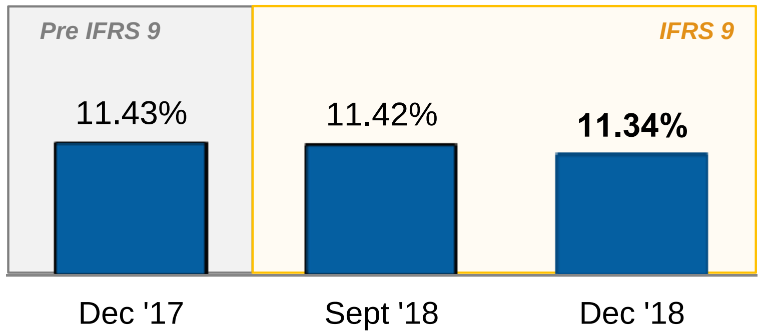
Proposal, subject to General Meeting approval, to correspond a dividend of 12 cent/€ per share
DPS: +9% YoY
Dividend yield of 5.4% on closing share price as at 7 Feb 2019

CET1 ratio at 11.70% phased in (11.34% fully loaded), including risk parameters update (-29 bps)

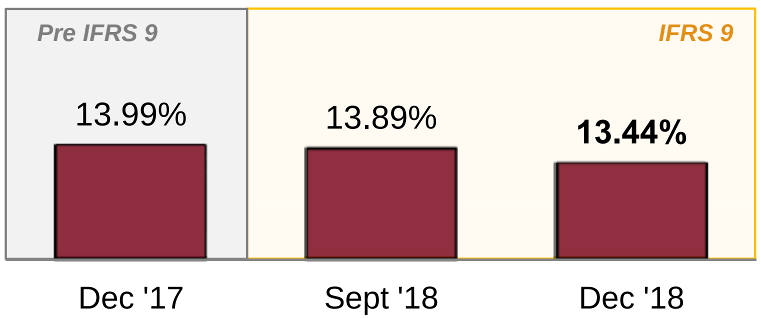
CET 1 phased-in



CET 1 fully loaded

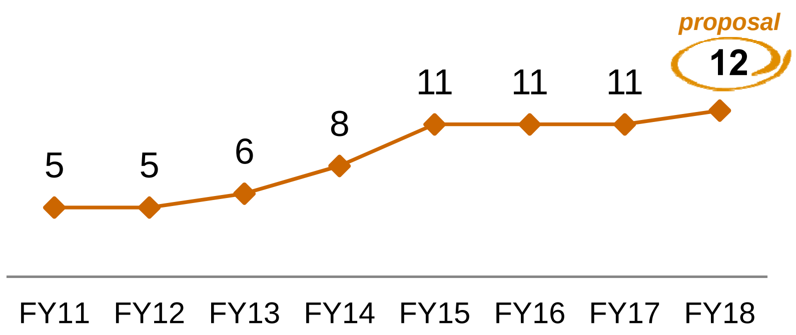


Total capital fully loaded

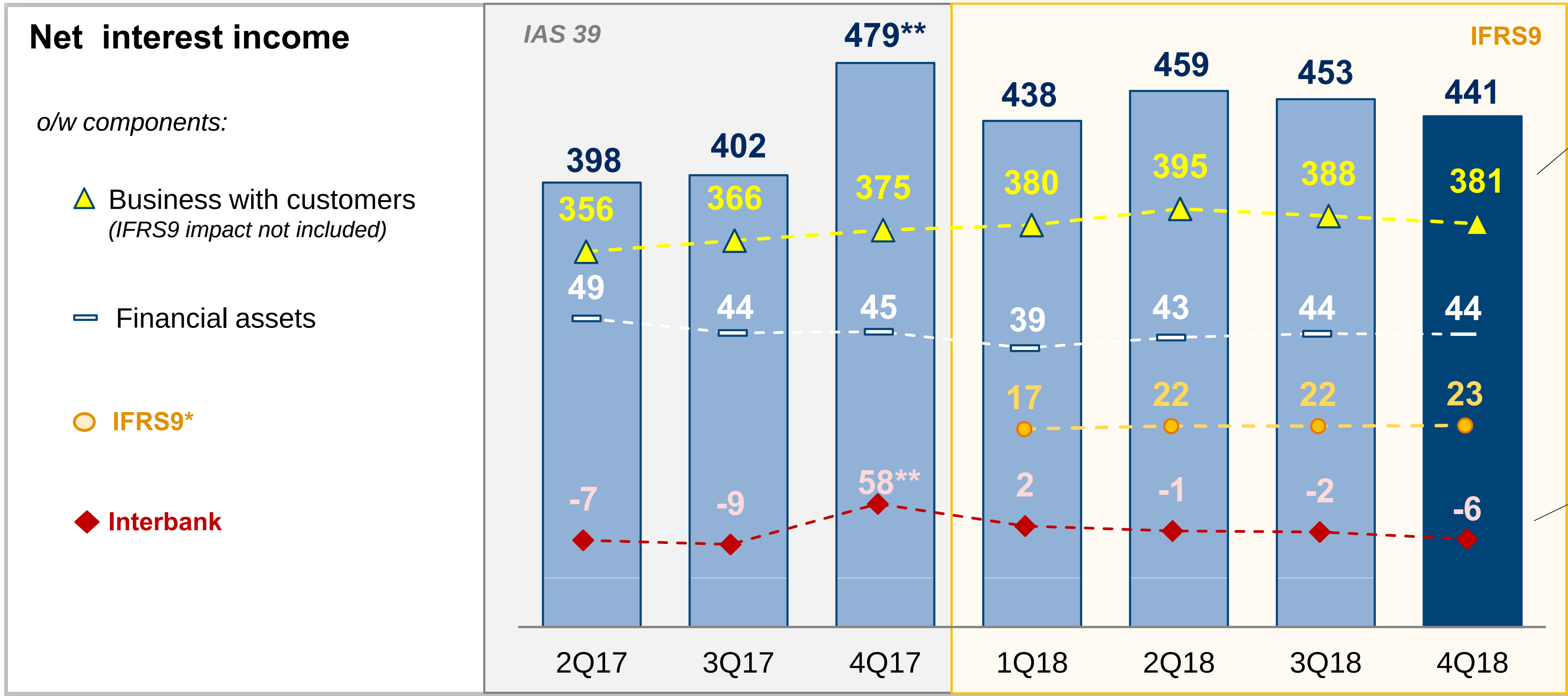


Cash dividend always paid throughout the crisis

***DIVIDEND PER SHARE** (in € cent)*



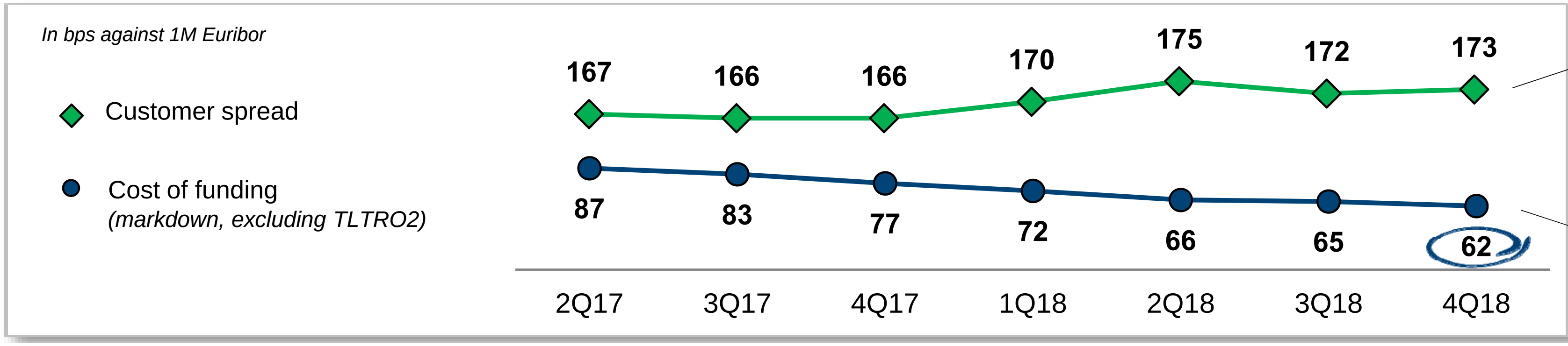
Net interest income at 1,790 mln/€ in FY2018.
Contribution from business with customer significantly higher in 2018 vs 2017



4Q18/3Q18: **-12 mln/€**

of which:

- ✓ **-7 mln/€** from business with customers:
  - *5 mln/€: volumes of lending*
  - *2 mln/€: contribution from UTP and past due*
- ✓ **-4 mln/€ due to** increased liquidity deposited at the ECB and greater activity in repo transactions with institutional counterparts



Stable spread shows good results from selective lending strategy

Cost of funding again down in 4Q. **Overall decrease in cost of funding from -87 bps in 2Q17 to -62 bps in 4Q18**

* *The impact includes: 1) 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 lo loans resulting from the 3 Banks Acquired; and 2) contractual modification without derecognition*

** *TLTRO2 benefit in 4Q17 referred to 2016 and 2017*

UBI Banca

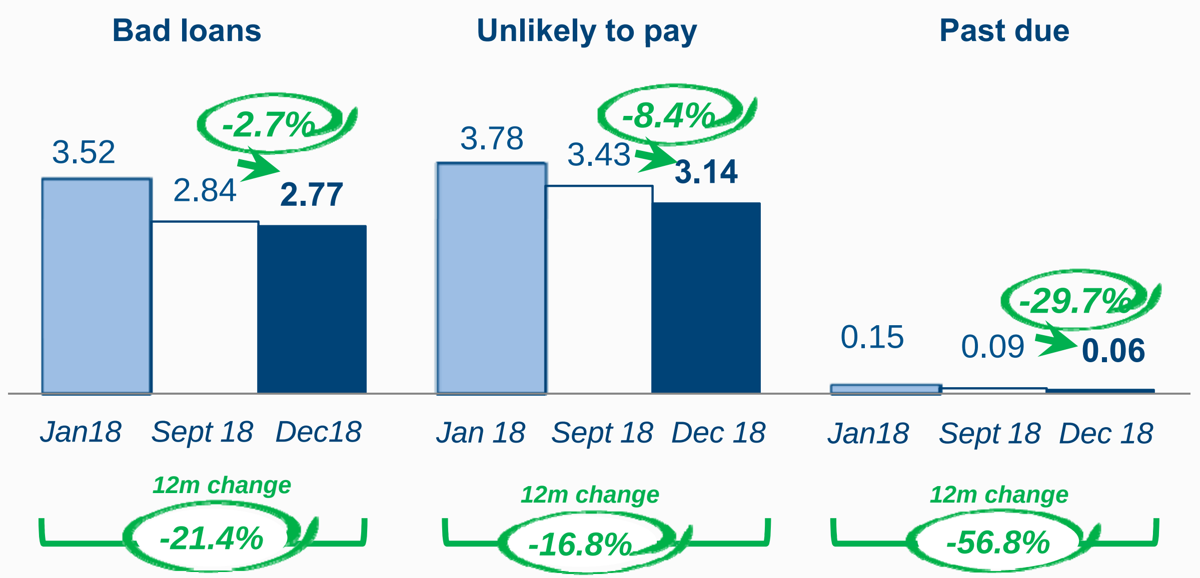
Net loans to customers at 89 bln/€ at 2018 year end.
Net NPE stocks reduced by -19.8% in the 12 months (-6.2% 4Q18 vs 3Q18)

Amounts in bln€	1 Jan '18	30 Sept '18	31 Dec '18
NET LOANS AT AMORTISED COST	**91.0**	**89.6**	**89.0**
of which			
NET PERFORMING EXPOSURES	**83.5**	**83.1**	**83.0**
of which medium-long term	*65.1*	*65.0*	*64.1*
of which short term	*18.3*	*17.9*	*18.8*
of which repos and other with CCG	*0.1*	*0.2*	*0.1*
NET NPEs	**7.45**	**6.37**	**5.98**

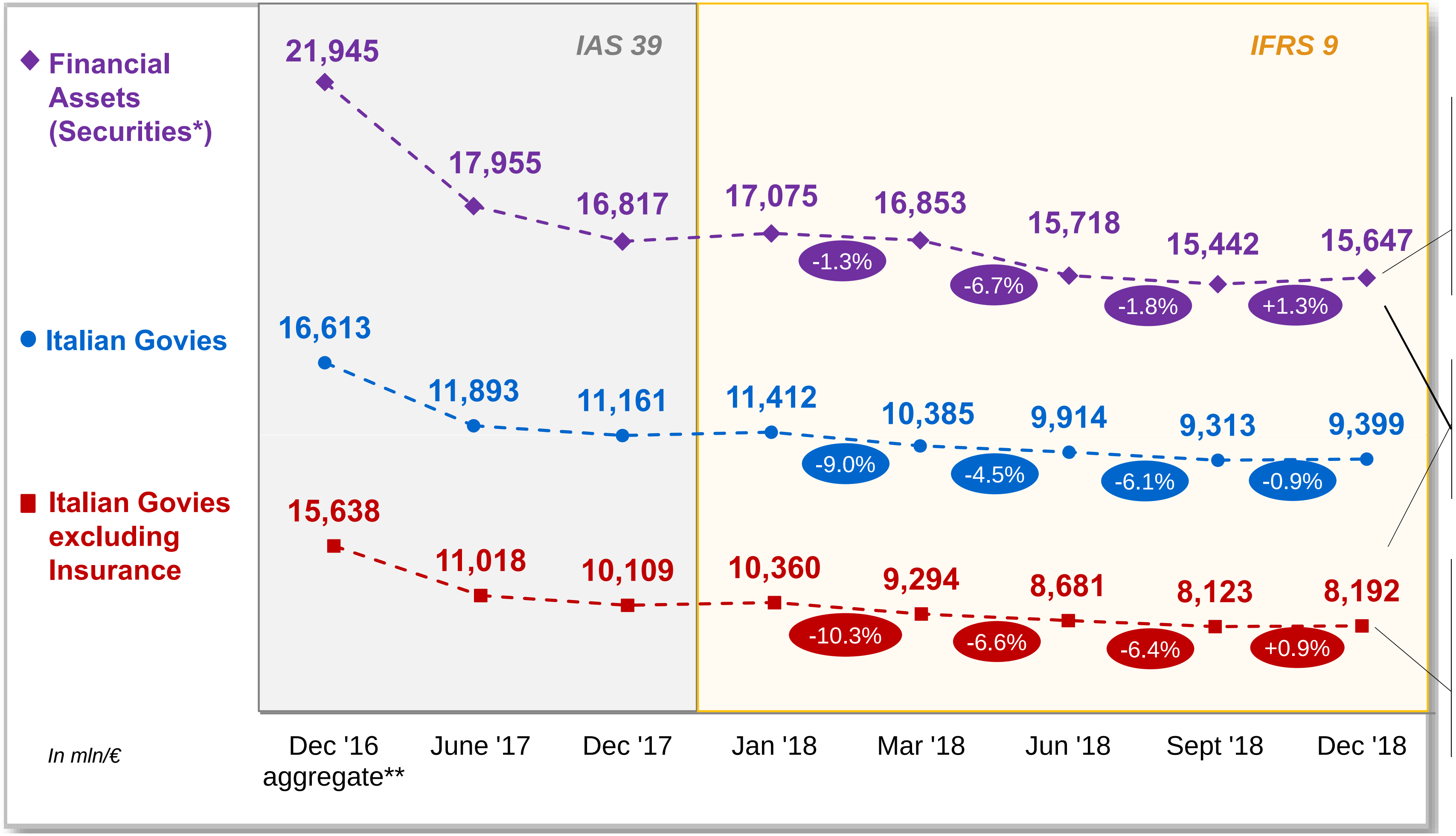
Stable lending volumes

Representing 6.7% of total net loans
-1.5 billion since 1.1.2018

Net NPEs (bln/€)



Financial assets reduced by -8.4% in 12 months.
Asset class diversification continues:
Italian Govies *(excluding insurance)*: -20.9% vs Jan18 and -47.6% vs Dec16



Total Financial Assets excluding insurance portfolio (14.4 bln/€) already lower than 2020 Business Plan target (15.2 bln/€)

Italian govies (excluding insurance) represent **52%** of Total Fin. Assets

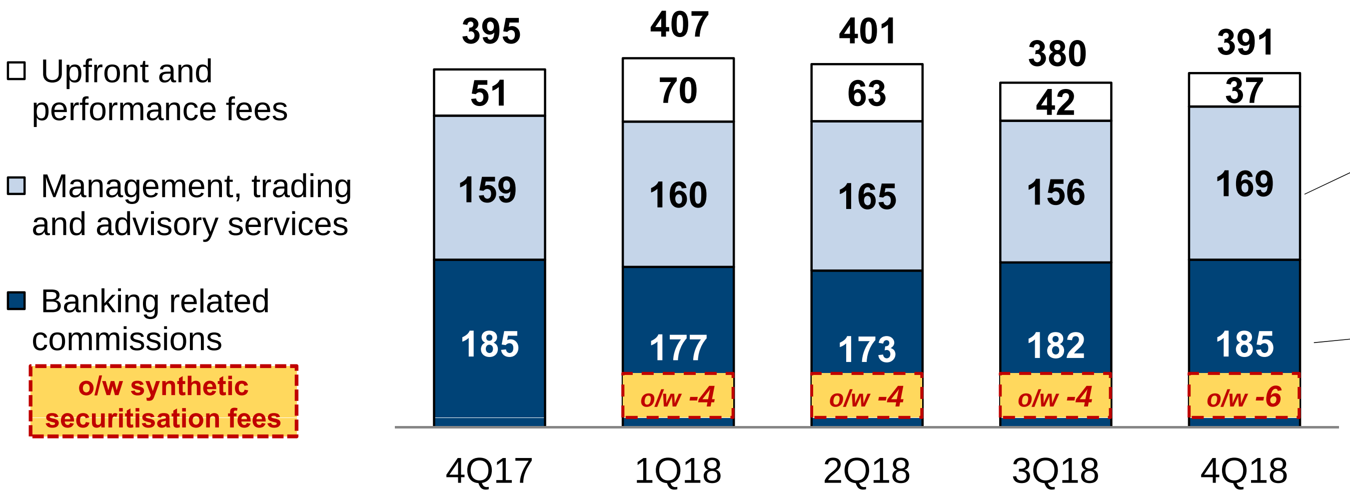
- Rate duration: 1.03
- CET1 credit sensy to 100 bps widening of spread unvaried vs. Sept 2018 (31 bps or 35 bps with DTAs)

* 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

Net fee and commission income at 1,579 mln/€ in FY18, notwithstanding nearly 18 mln/€ of securitisation expense.
Excluding up-front and performance fees:
4Q18 is up by +4.4% vs 3Q18 and by +2.7% vs 4Q17

Net fee and commission income from…



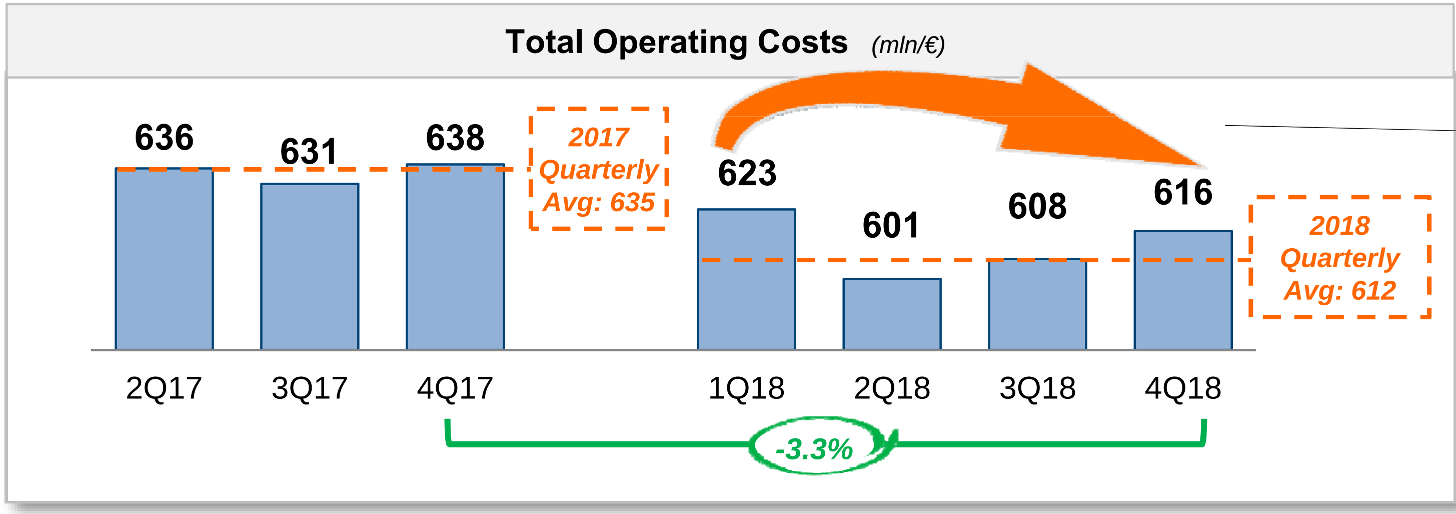
Thanks to good commercial performance during the year, fees from Management, trading and advisory services also include approx. 10 mln/€ end of year rappel fees related both to life and non life bancassurance

Banking related fees: gradual recovery thanks to repricing actions taken during the year, notwithstanding impact of synthetic securitisation fees

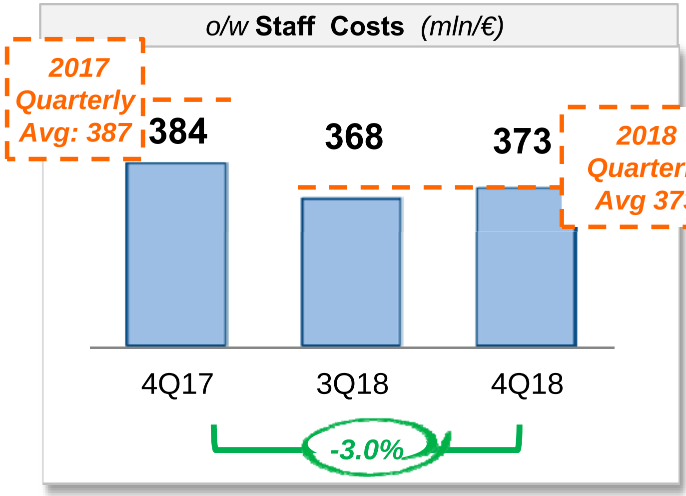
	4Q17	3Q18	4Q18
Up-front fees / Net fee & comm. income	9.5%	10.0%	9.0%
Performance fees / Net fee & comm. income	3.4%	0.9%	0.5%
Volumes Placed *in mln/€* ***(AUM and Bancassurance)***	1,981	2,127*	1,582

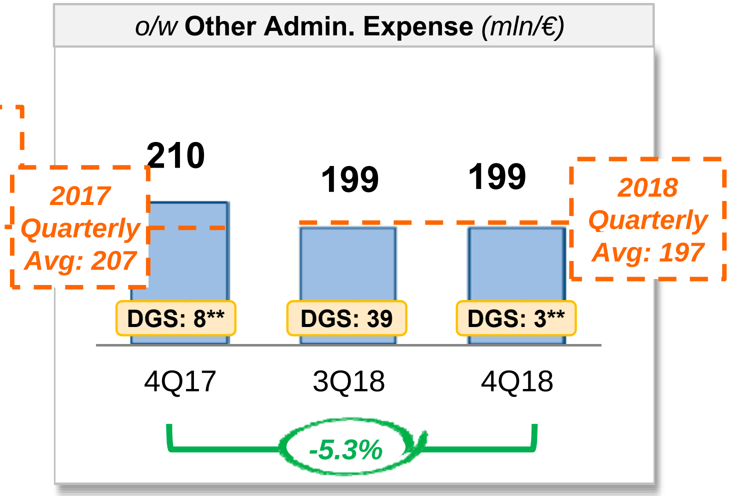
* Definitive number vs estimate (2,007 mln/€) published on the 7th November 2018

Operating costs at 2,448 mln/€ *(o/w 84 mln/€ as compulsory contributions)**
Cost savings in 2018 vs 2017 over 90 mln/€

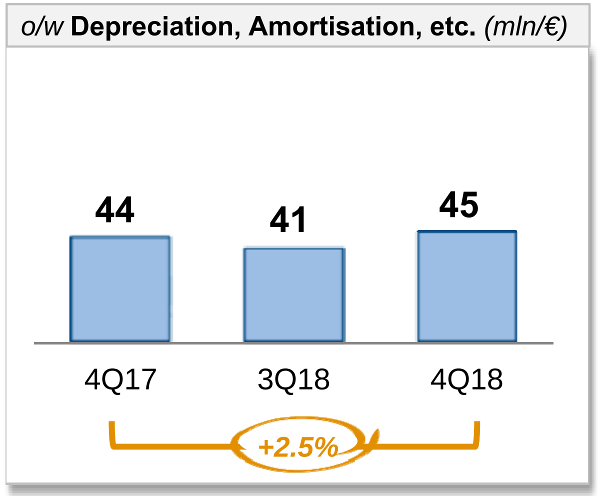


Over 23 mnl/€ average savings per quarter 2018/2017





4Q18 includes 10.5 mln/ € of project expenses that were not present in 4Q2017

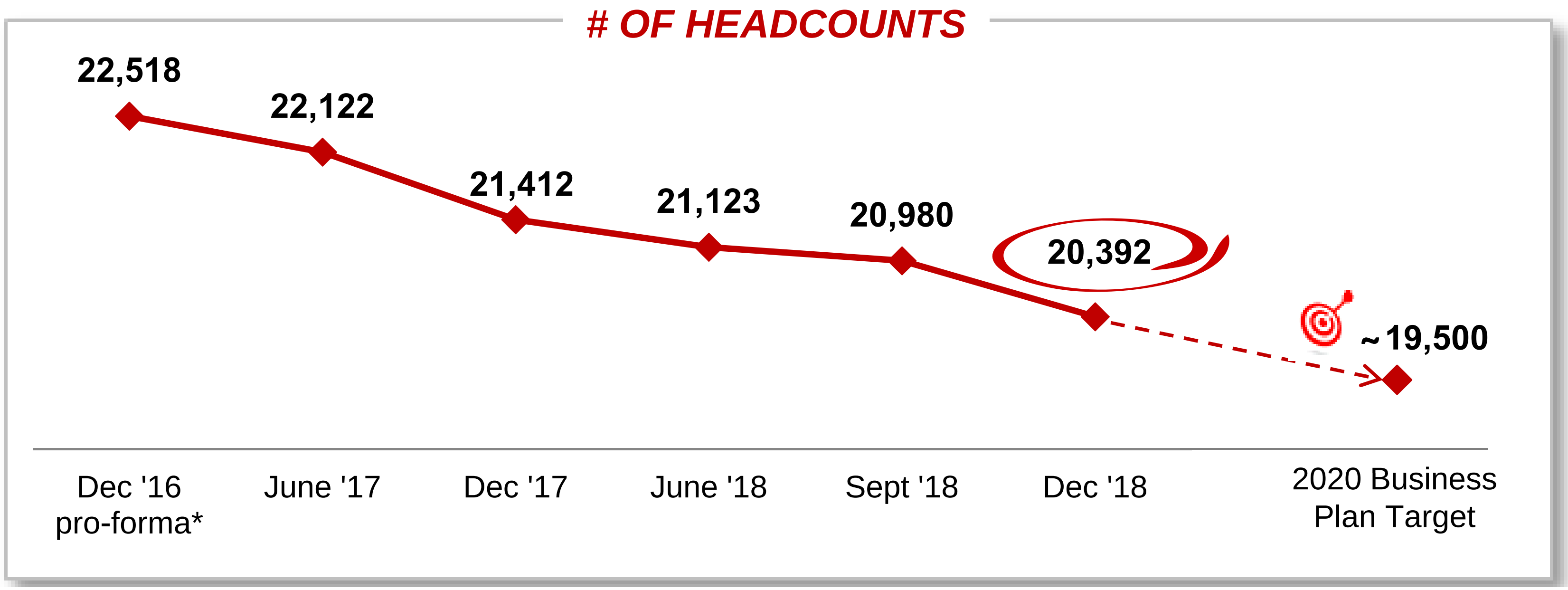


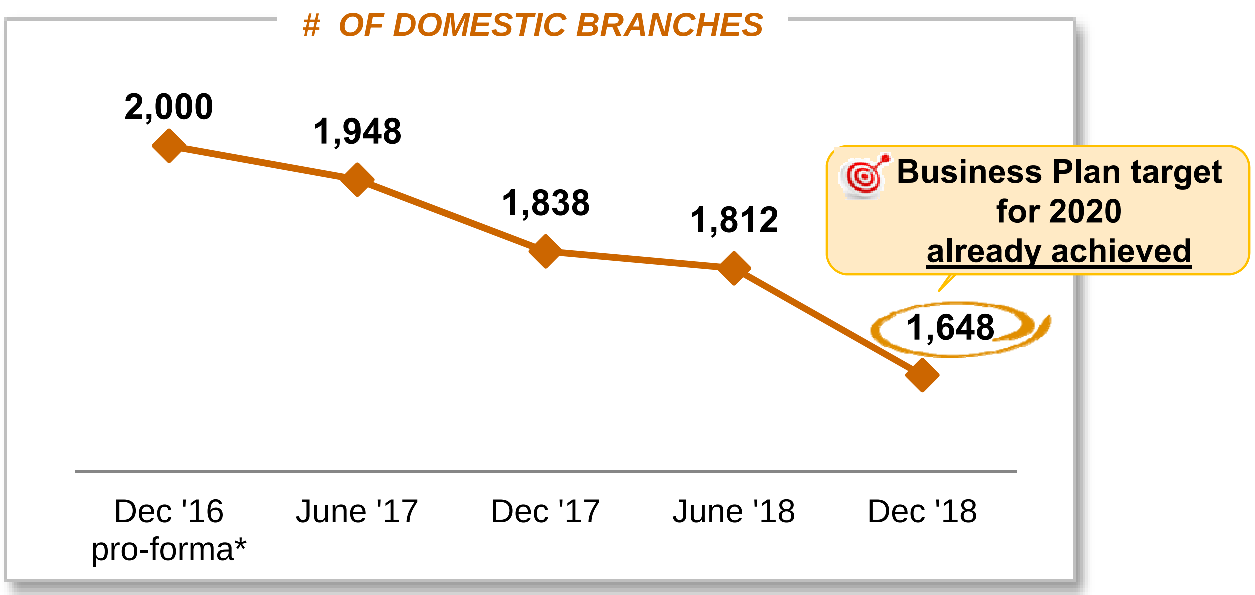
* In FY18, 42 mln/€ contributed to SRF - *Single Resolution Fund* (o/w 13 mln/€ extraordinary) and 42 mln/€ to DGS - *Deposit Guarantee Scheme*

** Adjustments of 3Q estimated amounts

Note: 2017 Average based on the last 3 quarters of 2017 (same perimeter, including 3 Acquired Banks)

Rationalisation of the Group well under way both in terms of headcounts and 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

IT cost evolution: “Run the Bank” vs “Change the Bank”

2015-17

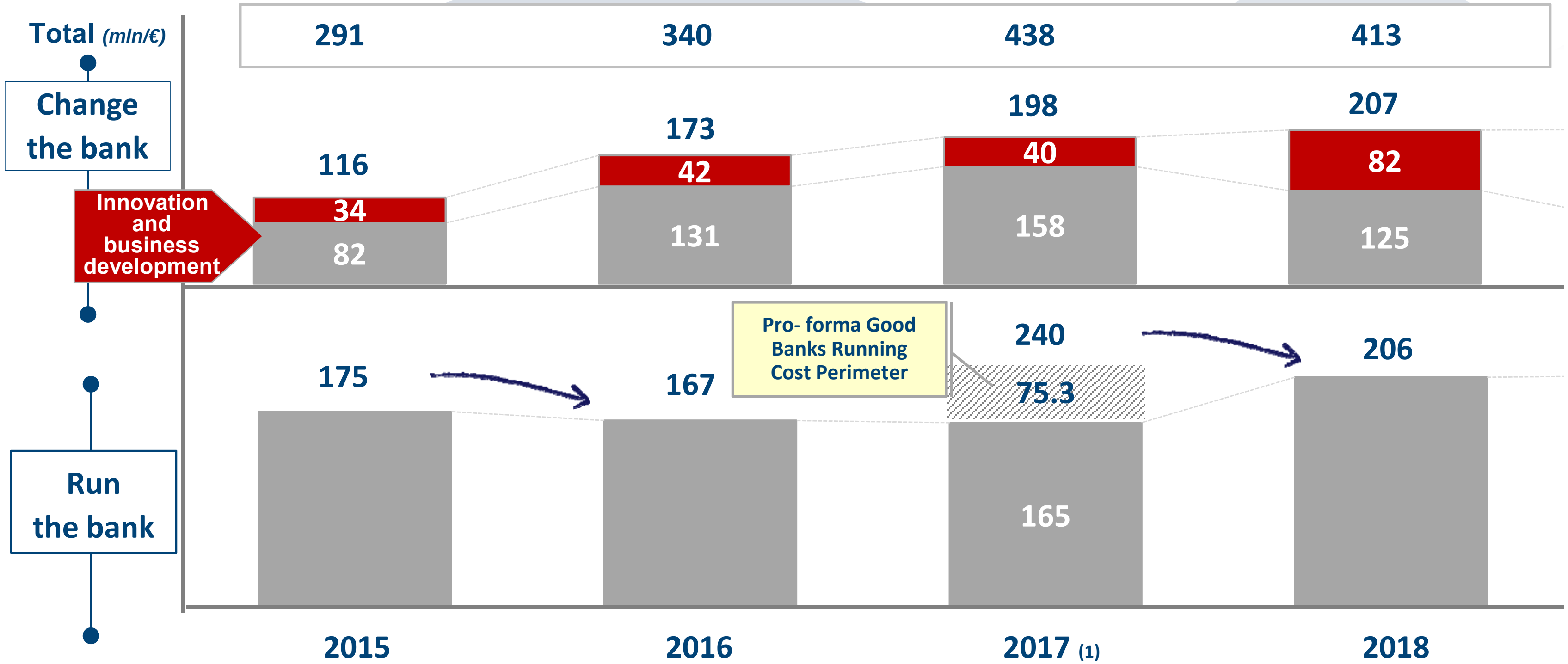
Years of **strong cost absorption on extraordinary transactions** (Integration of New Banks, Single Bank, Large-Scale branch Closures, Disposal of UBI International, Integration of IWBank, BPI) ….

2018

Significant Increase in Investments with boosts to the Branch Transformation Project, digital capabilities (launch of Omnichannel CRM, Digital Lending and Ricariconto , Single App) and the new evolved advisory model ….

2019

In 2019 budget increase by 66% of expenses for innovation and business development
A further significant boost especially to branch facilities (Evolved ATMs, etc), continued development of the new Omnichannel strategy and finalisation of the Strategic IT Plan…

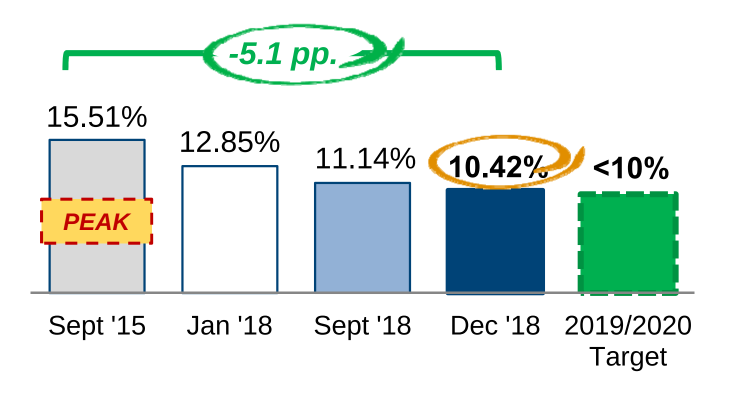


(1) Pro-forma final figures to include the 3 acquired banks perimeter

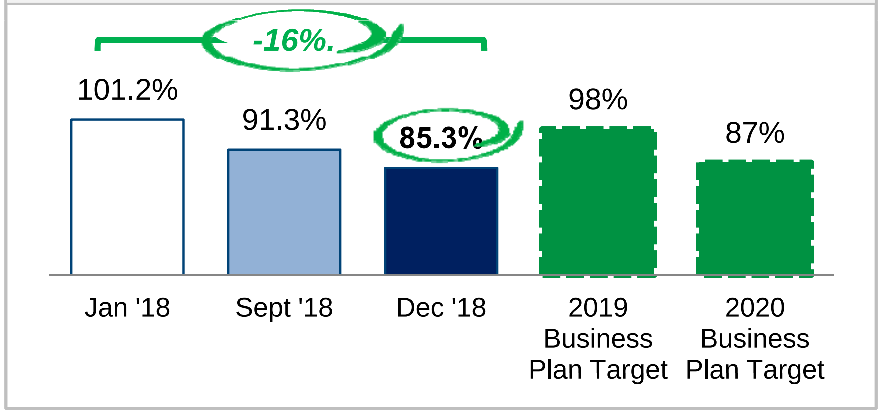
Significant progress in the convergence to 10% gross NPE ratio target:

Over 850 mln/€ of reduction on top of the large scale disposals with and without GACS (the latter with a profit).* Texas ratio at 85.3% *(-16 percentage points vs Jan '18)

GROSS NPEs/TOTAL GROSS LOANS
(at amortised cost)



TEXAS RATIO*



Loans and advances to customers measured at amortised cost as at 31st December 2018

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage	Coverage including write-offs
Non-performing exposures (stage three)	**(10.42%)**	**9,716,770**	**3,740,806**	**(6.72%)**	**5,975,964**	**38.50%**	**46.01%**
- Bad loans	(5.81%)	5,423,214	2,655,439	(3.11%)	2,767,775	48.96%	59.14%
- Unlikely-to-pay loans	(4.53%)	4,222,577	1,078,162	(3.53%)	3,144,415	25.53%	
- Past-due loans	(0.08%)	70,979	7,205	(0.08%)	63,774	10.15%	
Performing loans (stages one and two)	**(89.58%)**	**83,562,023**	**550,391**	**(93.28%)**	**83,011,632**	**0.66%**	
Total		**93,278,793**	**4,291,197**		**88,987,596**	**4.60%**	

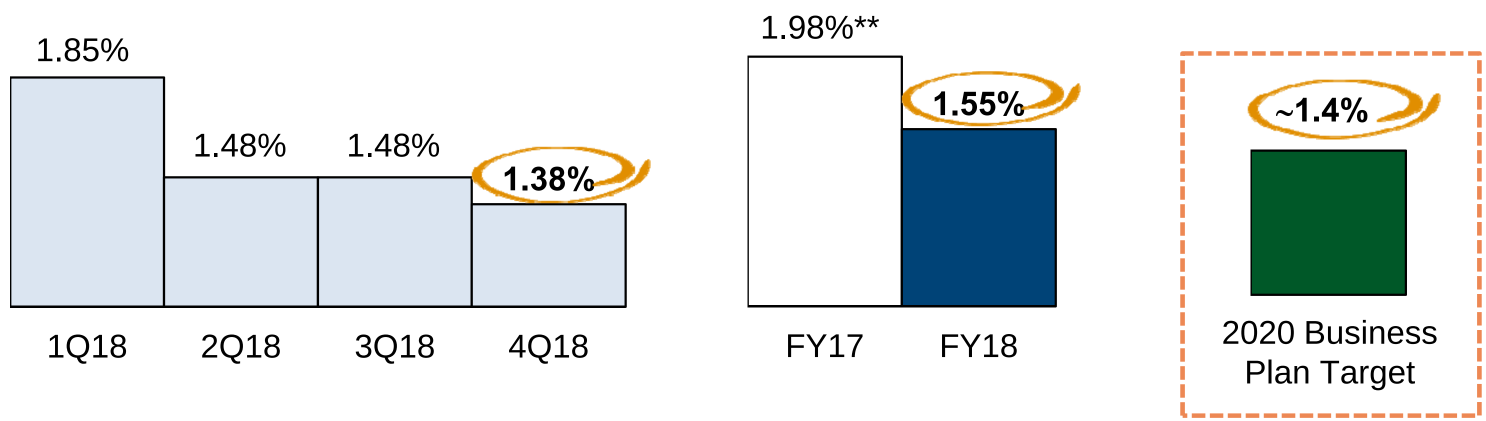
Loans and advances to customers measured at amortised cost as at 30th September 2018

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage	Coverage including write-offs
Non-performing exposures (stage three)	**(11.14%)**	**10,491,621**	**4,122,439**	**(7.11%)**	**6,369,182**	**39.29%**	**45.55%**
- Bad loans	(6.16%)	5,804,891	2,960,431	(3.18%)	2,844,460	51.00%	59.43%
- Unlikely-to-pay loans	(4.87%)	4,585,777	1,151,766	(3.83%)	3,434,011	25.12%	
- Past-due loans	(0.11%)	100,953	10,242	(0.10%)	90,711	10.15%	
Performing loans (stages one and two)	**(88.86%)**	**83,718,594**	**533,238**	**(92.89%)**	**83,185,356**	**0.64%**	
Total		**94,210,215**	**4,655,677**		**89,554,538**	**4.94%**	

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

Relevant improvement in default rate and in gross inflows from performing

DEFAULT RATE (annualised)*

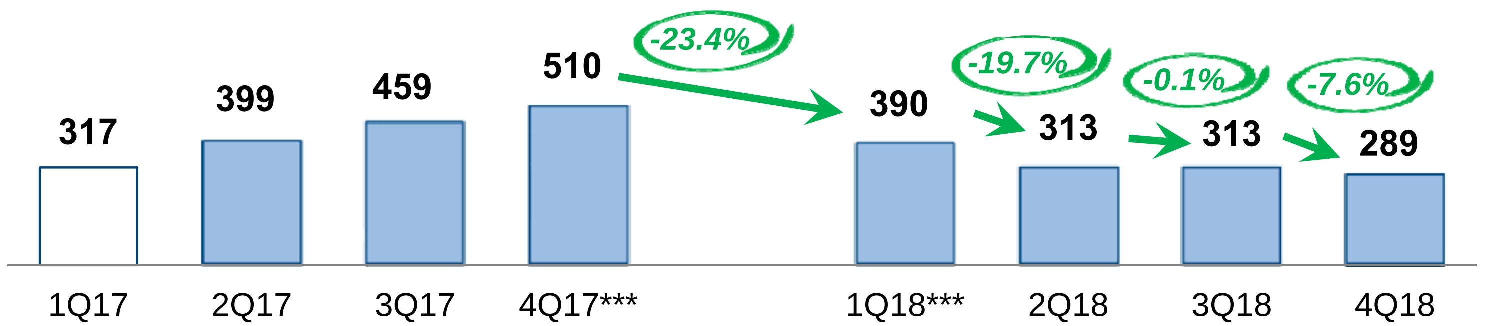


Defaut rate for FY2018 at 1.55%, lower than 1.98% for FY 2017

Exit from 2018 with an annualised default rate for 4Q18 of 1.38%, showing constant decrease and lower than BP target

NPEs: GROSS INFLOWS FROM PERFORMING

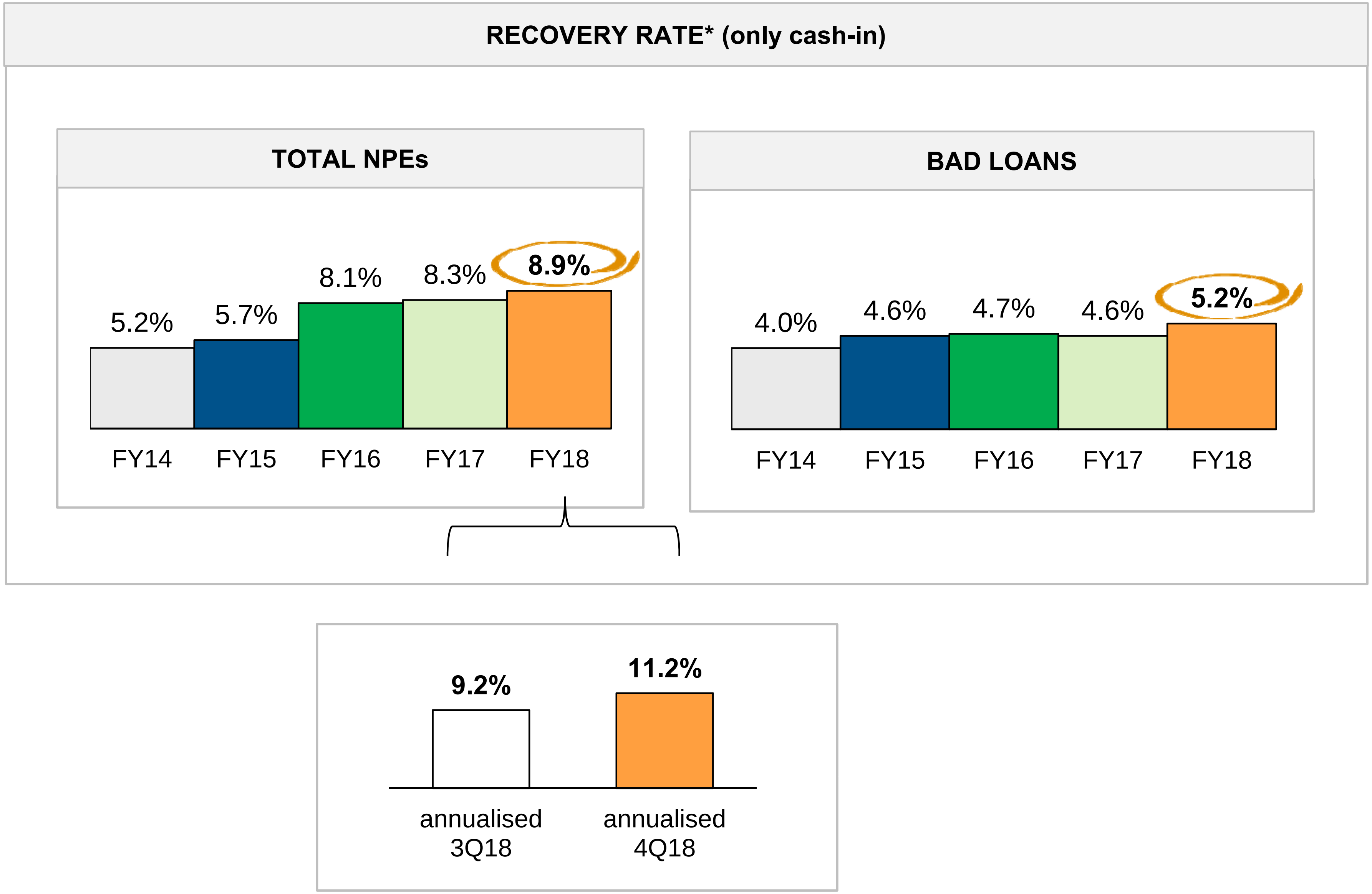
(in mln/€)



Gross inflows from performing to NPE lower in 4Q2018 than in 1Q2017 (UBI stand alone)

* Default rate = annualised gross inflows to NPEs / Gross performing loans at the beginning of the period
** It considers 9 months for 3 Acquired banks and it not under IFRS9
*** 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 growing year on year



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

Business Outlook

- The macroeconomic scenario for the financial year 2019 is different from that forecast under the current Business Plan (negative market interest rates compared with a forecast of slightly positive interest rates in 2019, forecast growth in GDP of between 0.2% and 0.6% instead of 0.9% forecast under the Business Plan, wider credit spreads and uncertainties on domestic and international markets), with effects on operating income, which have already been factored-in in current consensus projections by the financial market.

- As concerns on the other hand operating expenses and credit quality, both are expected to produce, as in 2018, results which will beat and be significantly ahead of schedule with respect to Business Plan targets.
  In fact overall operating expenses for 2019, inclusive also of costs for the completion of redundancy schemes already programmed, are expected to contract further compared with 2018.

- According to the 2019 budget, total non-performing exposures are estimated to further substantially decrease compared with 2018 due both to the high level of credit recoveries and following further opportunistic disposals currently being considered. Loan provision levels are expected to contract compared with 2018.

- **The normalised profit, on the basis of which the dividend proposal is calculated, is estimated to grow in 2019 compared with 2018**, and does not include any use of DTAs, the allocation of which over time will be redefined in the light of the new Business Plan, indicatively scheduled for completion by the end of 2019.

Annexes

Capital Ratios as at 31st December '18.

Common Equity Tier 1 Ratio at 11.70%, Total Capital Ratio at 13.80%

mln/€	Sept '18	Dec '18
Common Equity Tier 1 ***(after filters)***	**6,976.1**	**7,218.4**
Common Equity Tier 1 regulatory adjustments	**-**	**-79.5**
of which negative elements for deduction excess of expected losses over impairment losses		*-54.1*
Common Equity Tier 1 Capital (CET1)	**6,976.1**	**7,138.9**
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)	**6,976.1**	**7,138.9**
Tier 2 Capital before transitional provisions	1,505.0	1,330.5
Tier 2 instruments grandfathering		
Tier 2 Capital after transitional provisions	**1,505.0**	**1,330.5**
Tier 2 capital regulatory adjustments	-50.1	-49.0
of which: negative elements for deduction excess of expected losses over impairment losses		
Tier 2 Capital	**1,454.9**	**1,281.5**
TOTAL OWN FUNDS	**8,431.0**	**8,420.4**

mln/€	Sept '18	Dec '18
Risk weighted assets	**59,171.5**	**61,035.3**
Total prudential requirements	***4,733.7***	***4,882.8***
Credit risk	*4,303.2*	*4,461.5*
CVA (Credit Value Adjustment) risk	*3.9*	*3.8*
Market risk	*75.7*	*67.6*
Operational risk	*351.0*	*350.0*

CET 1 ratio

	Sept '18	Dec '18
PHASED –IN	**11.79%**	**11.70%**
FULLY LOADED	***11.42%***	***11.34%***

TOTAL CAPITAL ratio

	Sept '18	Dec '18
PHASED-IN	**14.25%**	**13.80%**
FULLY LOADED	***13.89%***	***13.44%***

- B3 Leverage as at 31st Dec '18:
  - ✓ phased in 5.45%
  - ✓ fully loaded 5.27%
- LCR and NSFR > 100%
  (also excluding TLTRO 2)

Annex 2

Consolidated income statement *(in mln/€)*	4Q17 (IAS 39)	1Q18 (IFRS 9)	2Q18 (IFRS 9)	3Q18 (IFRS 9)	4Q18 (IFRS 9)	4Q18 vs 4Q17	4Q18 vs 3Q18	FY18 (IFRS 9)
Net interest income	478.9	437.8	458.6	452.7	441.1	*n.s.*	*(2.6%)*	1,790.2
- of which: TLTRO2	*68.8*	*12.6*	*12.7*	*12.8*	*12.8*		*(0.3%)*	*50.8*
- of which: credit components (IFRS9 and PPA)		*25.7*	*35.8*	*30.9*	*29.6*		*(4.3%)*	*122.0*
- of which: IFRS9 contractual modifications without derecognition		*(8.7)*	*(13.4)*	*(8.4)*	*(7.0)*		*(16.6%)*	*(37.4)*
Net fee and commission income	395.0	407.3	400.6	380.5	390.6	*(1.1%)*	*2.6%*	1,579.1
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities as at fair value through profit or loss	67.5	34.0	22.1	(54.7)	(6.8)	*n.s.*	*n.s.*	(5.4)
Profits of equity-accounted investees	6.8	7.3	1.8	5.1	10.5	*52.8%*	*103.9%*	24.6
Dividends and similar income	2.7	5.1	3.2	0.1	14.4	*429.5%*	*n.s.*	22.9
Net income from insurance operations	3.7	5.5	5.5	4.0	2.0	*(45.4%)*	*(50.4%)*	17.0
Other net operating income/expense	28.5	28.4	23.4	24.9	14.2	*(50.1%)*	*(43.0%)*	90.9
Operating income	**983**	**925**	**915**	**813**	**866**	***n.s.***	***6.5%***	**3,519.3**
Staff costs	(384.3)	(375.5)	(374.3)	(367.9)	(372.9)	*(3.0%)*	*1.4%*	(1,490.6)
Other administrative expenses	(209.8)	(205.9)	(186.6)	(198.7)	(198.7)	*(5.3%)*	*0.0%*	(790.0)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(43.5)	(41.6)	(40.4)	(41.0)	(44.6)	*2.5%*	*8.9%*	(167.6)
Operating expenses	**(638)**	**(623)**	**(601)**	**(608)**	**(616)**	***(3.3%)***	***1.4%***	**(2,448.2)**
Net operating income	**346**	**302**	**314**	**205**	**250**	***n.s.***	***21.7%***	**1,071.1**
Net impairment losses for credit risk relating to:	(338.5)	(124.3)	(146.1)	(128.7)	(239.1)		*85.9%*	(638.3)
- financial assets measured at amortised cost: loans to banks		*(1.7)*	*0.3*	*0.2*	*4.1*		*n.s.*	*2.9*
- financial assets measured at amortised cost: loans to customers	(310.7)	*(117.7)*	*(140.5)*	*(123.8)*	*(243.0)*	*(21.8%)*	*96.3%*	*(624.9)*
- financial assets measured at amortised cost: loans and advances to customers subject to disposal		*(0.3)*	*(3.2)*	*(3.9)*	*(10.5)*		*168.4%*	*(17.9)*
- financial assets measured at amortised cost: securities		*(0.1)*	*0.0*	*(0.6)*	*1.6*		*n.s.*	*0.9*
- financial assets as at fair value through other comprehensive income	*(27.8)*	*(4.6)*	*(2.0)*	*0.2*	*8.6*		*n.s.*	*2.2*
- financial assets measured at fair value through other comprehensive income subject to disposal		*0.0*	*(0.7)*	*(0.8)*	*0.0*		*n.s.*	*(1.5)*
Net provisions for risks and charges - commitments and guarantees granted	24.2	11.1	3.5	(2.9)	12.3	*(49.1%)*	*n.s.*	23.9
Net provisions for risks and charges - other net provisions	1.5	(1.4)	(15.7)	(2.1)	14.8	*n.s.*	*n.s.*	(4.5)
Profits (losses) from the disposal of equity investments	(0.2)	0.8	0.2	0.3	4.1	*n.s.*	*n.s.*	5.3
Pre-tax profit from continuing operations	**32.6**	**188.4**	**155.8**	**71.8**	**41.7**	***n.s.***	***(41.8%)***	**457.6**
Taxes on income for the period from continuing operations	(8.2)	(61.4)	(55.6)	(26.2)	181.8	*n.s.*	*n.s.*	38.8
Profits/losses for the period attributable to non-controlling interests	(8.2)	(6.0)	(7.8)	(7.1)	(5.1)	*(13.2%)*	*(28.5%)*	(26.0)
Profit for the period attributable to the Parent before Business Plan and other impacts	**16.2**	**121.0**	**92.4**	**38.5**	**218.5**	***n.s.***	***467.4%***	**470.4**
Redundancy expenses net of taxes and non-controlling interests	(37.5)	0.2	(0.2)	(36.9)	(0.1)	*(99.7%)*	*(99.7%)*	(37.0)
Business Plan Project expenses net of taxes and non-controlling interests	(12.2)	(3.5)	(1.0)	(0.0)	(0.4)	*(97.1%)*	*n.s.*	(4.9)
New Banks Project expenses net of taxes and non-controlling interests	(2.9)				(2.9)	*(0.3%)*	*n.s.*	(2.9)
Negative consolidation difference	24.6					*(100.0%)*		
Profit for the period	**(11.9)**	**117.7**	**91.2**	**1.6**	**215.1**	***n.s.***	***n.s.***	**425.6**
Profit for the period net of non-recurring	**21.4**	**121.0**	**101.1**	**38.5**	**41.8**	***79.8%***	***8.6%***	**302.4**

UBI Banca

Contribution of non-recurring items to Net Profit

2018	Stated Net Profit	2017-2020 Business Plan		SRF extraordinary contribution	Italian Fincial Law	Interbank Deposit Protection Fund	Disposal of securities/equity investments	Impairment losses on property, plant and equipment	Total impact of non-recurring items	Normalised Net Profit
		Staff leaving incentives	Business plan project expenses							
1Q18	117.7	(0.2)	(3.5)						(3.7)	121.0
2Q18	91.2	0.2	(1.0)	(8.7)					(9.6)	101.1
3Q18	1.6	(36.9)	(0.0)						(36.9)	38.5
4Q18	215.1	(0.1)	(0.4)		186.4	(14.7)	5.0	(2.9)	173.3	41.8
FY18	**425.6**	**(37.0)**	**(4.9)**	**(8.7)**	**186.4**	**(14.7)**	**5.0**	**(2.9)**	**123.2**	**302.4**
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*	*Taxes on income for the period from continuing operations*	*Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities as at fair value through profit or loss*	*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*	*(B)*	*(A+B)*

Note: items net of taxes and non-controlling interests

Reclassified Consolidated Balance Sheet - Assets

Figures in thousands of euro		31.12.2018	1.1.2018	Changes	% changes
	ASSETS				
10.	Cash and cash equivalents	735,249	811,578	-76,329	-9.4%
20.	Financial assets measured at fair value through profit or loss	1,463,529	1,979,802	-516,273	-26.1%
	1) loans and advances to banks	*14,054*	*14,755*	*-701*	*-4.8%*
	2) loans and advances to customers	*274,262*	*362,425*	*-88,163*	*-24.3%*
	3) securities and derivatives	*1,175,213*	*1,602,622*	*-427,409*	*-26.7%*
30.	Financial assets measured at fair value through other comprehensive income	10,726,179	12,435,307	-1,709,128	-13.7%
	1) loans and advances to banks	-	-	-	-
	2) loans and advances to customers	*15*	-	*15*	-
	3) securities	*10,726,164*	*12,435,307*	*-1,709,143*	*-13.7%*
40.	Financial assets measured at amortised cost	102,798,587	101,833,189	965,398	0.9%
	1) loans and advances to banks	*10,065,772*	*7,814,815*	*2,250,957*	*28.8%*
	2) loans and advances to customers	*88,987,596*	*90,980,959*	*-1,993,363*	*-2.2%*
	3) securities	*3,745,219*	*3,037,415*	*707,804*	*23.3%*
50.	Hedging derivatives	44,084	169,907	-125,823	-74.1%
60.	Fair value change in hedged financial assets (+/-)	97,429	-2,035	99,464	n.s.
70.	Equity investments	254,128	243,165	10,963	4.5%
80.	Technical reserves of reinsurers	-	347	-347	-100.0%
90.	Property, plant and equipment	1,965,234	1,811,743	153,491	8.5%
100.	Intangible assets	1,729,727	1,728,328	1,399	0.1%
	of which: goodwill	*1,465,260*	*1,465,260*	-	-
110.	Tax assets	4,210,362	4,184,524	25,838	0.6%
120.	Non-current assets and disposal groups held for sale	2,972	962	2,010	n.s.
130.	Other assets	1,278,717	1,451,059	-172,342	-11.9%
	Total assets	**125,306,197**	**126,647,876**	**-1,341,679**	**-1.1%**

Reclassified Consolidated Balance Sheet - Liabilities and Equity

	Figures in thousands of euro	31.12.2018	1.1.2018	Changes	% changes
	LIABILITIES AND EQUITY				
10.	Financial liabilities measured at amortised cost	109,445,664	111,182,776	-1,737,112	-1.6%
	a) due to banks	*17,234,579*	*16,733,006*	*501,573*	*3.0%*
	b) due to customers	*68,421,387*	*68,434,827*	*-13,440*	*0.0%*
	C) debt securities issued	*23,789,698*	*26,014,943*	*-2,225,245*	*-8.6%*
20.	Financial liabilities held for trading	410,977	411,653	-676	-0.2%
30.	Financial liabilities designated as at fair value	105,836	43,021	62,815	146.0%
40.	Hedging derivatives	110,801	100,590	10,211	10.2%
50.	Fair value change in hedged financial liabilities (+/-)	74,297	-	74,297	-
60.	Tax liabilities	162,272	240,908	-78,636	-32.6%
80.	Other liabilities	3,092,941	2,694,744	398,197	14.8%
90.	Provision for post-employment benefits	306,697	350,779	-44,082	-12.6%
100.	Provisions for risks and charges:	505,191	624,612	-119,421	-19.1%
	a) commitments and guarantees granted	*64,410*	*88,347*	*-23,937*	*-27.1%*
	b) pension and similar obligations	*91,932*	*137,213*	*-45,281*	*-33.0%*
	c) other provisions for risks and charges	*348,849*	*399,052*	*-50,203*	*-12.6%*
110.	Technical reserves	1,877,449	1,780,701	96,748	5.4%
120.+150.+ 160. +170.+180	Share capital, share premiums, reserves, valuation reserves and treasury shares	8,737,680	8,447,847	289,833	3.4%
190.	Minority interests (+/-)	50,784	79,688	-28,904	-36.3%
200.	Profit for the year (+/-)	425,608	690,557	-264,949	-38.4%
	Total liabilities and equity	**125,306,197**	**126,647,876**	**-1,341,679**	**-1.1%**

Portfolio breakdown: Italian Govies Maturities and Sovereign Exposures

Amounts in mln/€	30 Sept 2018 FVTPL (fair value through profit or loss)	30 Sept 2018 FVOCI (fair value through other comprehensive income)	30 Sept 2018 FVAC (fair value measured at amortised cost)	30 Sept 2018 TOTAL	31 Dec 2018 FVTPL (fair value through profit or loss)	31 Dec 2018 FVOCI (fair value through other comprehensive income)	31 Dec 2018 FVAC (fair value measured at amortised cost)	31 Dec 2018 TOTAL	% Change of TOTAL amounts
Financial Assets (**Securities**)	1,173	10,640	3,629	**15,442**	1,175	10,726	3,745	**15,647**	**1.3%**
o/w Italian Govies	*41*	*6,276*	*2,996*	***9,313***	*12*	*6,276*	*3,112*	***9,399***	**0.9%**
Financial Liabilities held for trading				***347***				***411***	***18.4%***

Maturity of the Italian Govies Portfolio

Amounts in mln/€	FVTPL	FVOCI	FVAC	TOTAL 31.12.18	TOTAL 30.09.18
2018					20
2019	5	18		**23**	37
2020-2021	2	93		**95**	282
2022-2025	3	3,932	275	**4,210**	3,991
2026-2030	1	1,845	998	**2,843**	2,756
From 2031 and over	0	389	1,838	**2,227**	2,228
Total portfolio	**12**	**6,276**	**3,112**	**9,399**	9,313
% of portfolio on total Italian Govies	**0.1%**	**66.8%**	**33.1%**	**100%**	

Main sovereign exposures as at 31 Dec 2018

Portfolio:	Consolidated* o/w Govies	Consolidated* o/w Corporates and banks	Consolidated* o/w Loans	*o/w Insurance Govies*
Amounts in bln/€				
Italy	9,405**	935	1,019	*1,210***
Spain	1,197	91	-	*249*
U.S.A.	1,557	163	-	*1*
Portugal	118	-	-	*34*
Main 4 countries	**12,277**	**1,189**	**1,019**	***1,494***
% on total amount	***97.5%***	***59.8%***	***98.2%***	***98.9%***

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

** Including *Cassa Depositi e Prestiti* bonds amounting to 6.1 mln/€ (consolidated figure, o/w nearly 3.7 mln/€ referred to insurance business)

Direct funding at 92.2 bln/€

IAS amounts in bln/€

DIRECT FUNDING	1 Jan '18	30 Sept '18	31 Dec '18
...from ORDINARY CUSTOMERS	**80.41**	**76.72**	**75.78**
of which			
Current accounts and deposits	*64.26*	*65.89*	*65.89*
Term deposits, financing & other payables	*4.18*	*2.32*	*2.32*
Bonds issued	*10.83*	*8.00*	*7.21*
Certificates of deposit	*1.14*	*0.51*	*0.37*
…from INSTITUTIONAL CUSTOMERS	**14.03**	**17.23**	**16.43**
of which			
Covered Bonds	*9.48*	*10.70*	*12.47*
EMTN	*4.55*	*4.49*	*3.75*
Repos with CCG and other	*-*	*2.05*	*0.22*
TOTAL DIRECT FUNDING	**94.44**	**93.96**	**92.21**
INDIRECT FUNDING	**96.47**	**98.75**	**94.74**
of which			
AuM	*43.84*	*44.53*	*41.60*
Bancassurance	*21.60*	*24.72*	*24.69*
AuC	*31.02*	*29.51*	*28.45*
TOTAL FUNDING (DIRECT +INDIRECT)	**190.91**	**192.71**	**186.95**

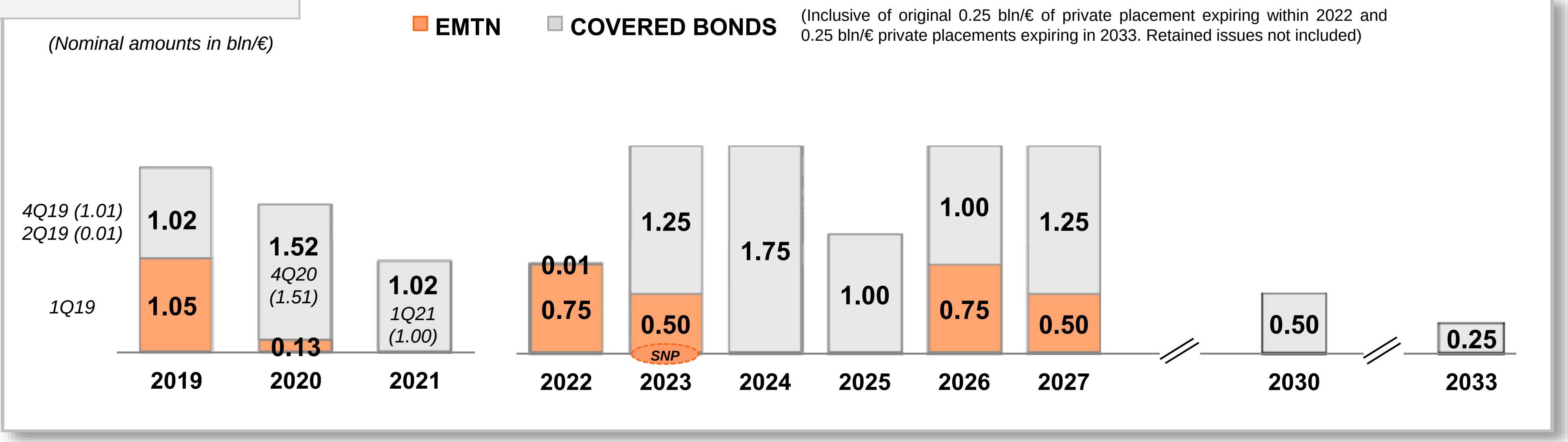
Current accounts and deposits up vs 1.1.2018 and stable in 4Q2018

Partial replacement of retail bonds during the year, (replaced approx. 2.2 billion)

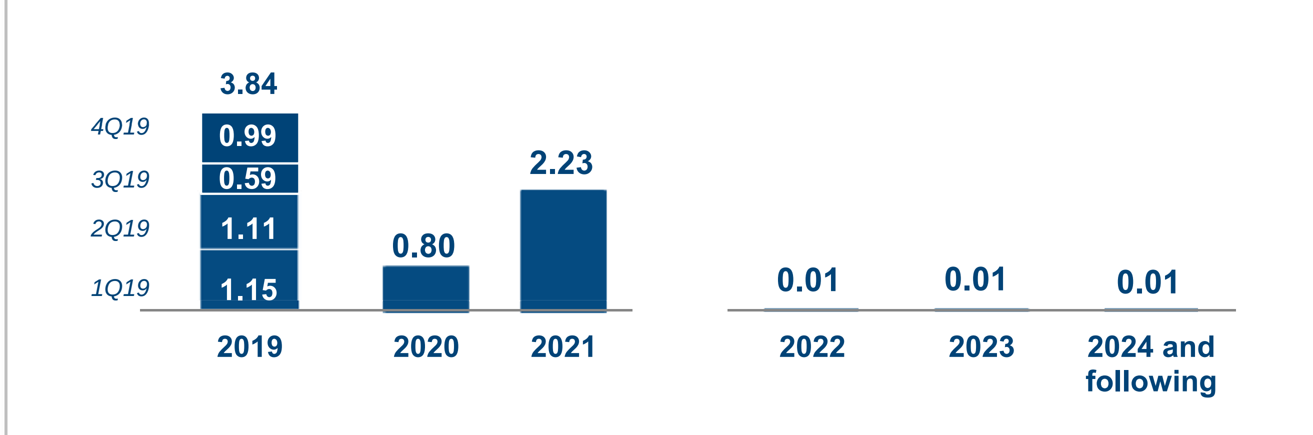
4Q2018 impacted by approx. -€4bln of negative market performance on AUM and AUC

Funding maturity profile: regular maturities, no peaks

INSTITUTIONAL BONDS



RETAIL BONDS



MATURED IN 2018

	1Q18	2Q18	3Q18	4Q18
EMTN	0.23	0.11	0.20	0.88
Covered bonds	-	0.01	-	0.01
Retail bonds	1.22	1.33	1.30	1.39

Data as at 31st Dec '18

Note: as per the 3 banks acquired, in Dec '18 there are in place 3 securitisations for a market outstanding amount of approx. 0.23 bln/€
(In Dec' 16, there were 11 securitisations, most of which highly amortised and redeemed ahead of maturity)

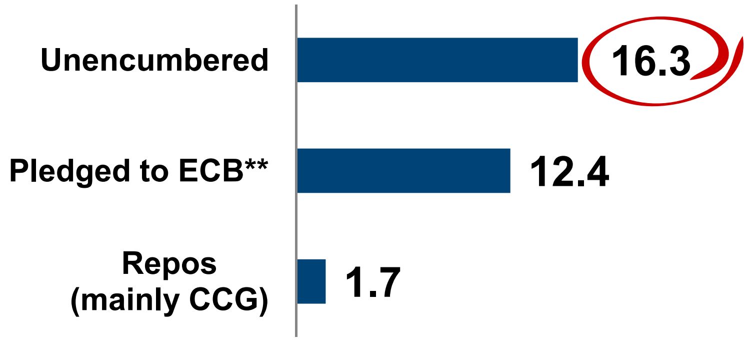
Liquidity resources at 30.4 bln/€*, i.e. over 45% of current accounts and deposits

30.4 bln/€

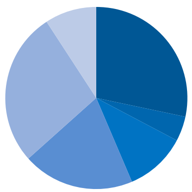
Excess Liquidity on ECB Account
7.5 bln/€
deposited at -0.40%

Eligible assets (net of haircut)
22.9 bln/€

Destination *(amounts in €/bln)*



Composition of eligible assets (net of haircut)



Italian Govies	28.3%
Foreign govies	4.4%
Retained covered bonds	10.9%
Retained securitisation	19.8%
ABACO (credit claims)	27.4%
Other (mainly CCG repos)	9.2%

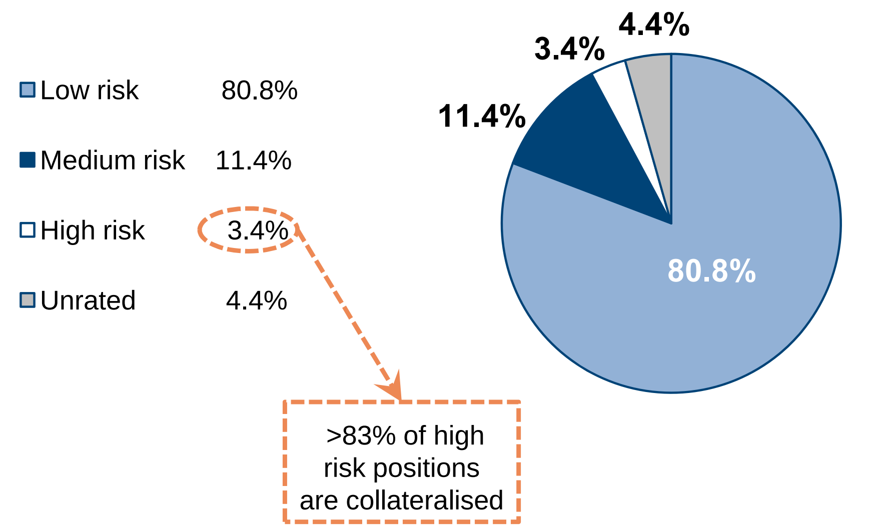
* Data as at 31st December '18, net of amount pledged against minor guarantees (0.3 bln/€)

** 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 31 Dec '18



GEOGRAPHICAL DISTRIBUTION OF NET LOANS
as at 31 Dec '18 (latest available data)