PRESS RELEASE

The third quarter of 2016 ends with a profit of €32.5 million compared with:

- **a profit of €48.1 million recorded in the first 6 months of 2016 (net of the impact of up-front recognition of costs to implement the Business Plan[1]);**
- **a profit of €37.6 million recorded in the third quarter of 2015, which included a contribution to the Deposit Guarantee Scheme lower by nearly €10 million compared to 3Q 2016[2].**

Overall a third quarter showing improvement year on year, consistent with Business Plan forecasts.

If the impacts of the costs for the implementation of the Business Plan recognised up front from June 2016 are included (€840 million net[1] approx.), the first nine months of 2016 end with a loss of €754.5 million, an improvement compared with the loss recorded for the first half of the year (€787 million approx.), thanks to the good results recorded in the third quarter of 2016 reported above.

The first nine months of 2016 saw confirmation of the positive trends already partially recorded during the year:

1) **The solidity of capital ratios is confirmed:**
   - **the phased-in CET1 ratio returned to growth, standing at 11.68% at the end of September 2016 (compared with 11.43% in June 2016, affected by the up-front recognition of Business Plan costs). The fully loaded CET1 ratio stood as a consequence at 11.28% compared with 11.02% in June 2016.**
     As a reminder, the announced repurchase of network bank minority interests, achieved mainly through the issue of UBI shares, and the effect of the tax deductibility of the increased loan loss provisions recognised, will progressively generate a benefit estimated at approximately +70 bps on the fully loaded CET1. This benefit is not included in the September figure;
   - **the CET1 ratio includes the calculation of a pro rata dividend equal to at least that declared in 2015;**
   - **a "phased-in" total capital ratio of 14.55% (14.47% in June 2016);**
   - **a phased-in leverage ratio of 5.9% and a fully loaded ratio of 5.7%;**
   - **NSFR and LCR >1;**
2) **Average loans stable year on year, after absorbing the impact of the launch of an activity to select and close EVA negative loan positions;**

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[1] These costs include impairment losses on loans that determined the corresponding absorption of the "shortfall", redundancy expenses, impairment losses on brands and project expenses for the "Single Bank Project" (altogether approximately €835 million net in June 2016 and approximately €5 million net in September 2016).

[2] In 2015, the estimate of the contribution to the Single Resolution Fund amounting to €22.8 million gross (€13.2 million net of tax and non-controlling interests) was recognised in 2Q2015, while the semi-annual contribution to the Deposit Guarantee Scheme, amounting to €11.3 million (€7.1 net of tax and non-controlling interests), was recognised in 3Q2015. Both amounts had been recognised within "provisions for risks and charges" and therefore not within "operating expenses".
In 2016, the contribution to the Single Resolution Fund (€32 million gross and €21.11 million net) was recognised in 1Q, whilst the contribution to the Deposit Guarantee Scheme (€26.4 million gross and €17.9 million net) was recognized in 3Q, both in the item "operating expenses".

3) **The decrease in net interest income has slowed down in 9M 2016 to 9% and does not include the benefits of TLTRO2. The inclusion of these benefits, amounting to approx. 10 million, would have confirmed the 3Q 2016 Net interest margin at the same level as that of 2Q 2016;**
4) **The progressive growth in assets under management and insurance products is continuing, amounting to +7.7% and +11.6% respectively compared with the end of December 2015 (+4.2% and +2.9% compared with June 2016), to reach a stock of €36.7 billion and €16.1 billion respectively;**
5) **As a result of significant growth in indirect funding, net fee and commission income rose 2% compared with 9M 2015 to €989 million. In 3Q 2016 net fee and commission income rose 7% compared with 3Q 2015, to stand at €321 million;**
6) **Control over operating expenses, which came to €1,553 million over the nine-month period, is continuing. They grew by only €11 million (+0.7%) y/y and succeeded in absorbing almost all of the €58.4 million cost of the ordinary contributions to the Single Resolution Fund and the Deposit Guarantee Scheme, not present in 2015 in the same line[2]. Staff costs fell 1.9% y/y and 1.4% compared with 2Q 2016;**
7) **The natural improvement in credit quality is continuing:**
   - **notwithstanding the almost complete absence of disposals[3], at the end of September 2016 total gross non-performing loans fell further to €13,231 million (down 1.5% on December 2015), which, together with greater recognition of provisions, helped to reduce total net non-performing loans to €8,333 million (down 14% on December 2015);**
   - **the formation of new non-performing loans reduced further, with new inflows from performing to non-performing status contracting by 51% compared with 9M 2015. Compared with the record peak reached in the first nine months of 2013, inflows from performing to non-performing status have fallen by 70% approx.;**
   - **coverage for total non-performing exposures, inclusive of write-offs[4], has risen further to reach 45.1% (44.3% in June 2016 and 37.6% in December 2015), while coverage for bad loans is 58.55% (58.25% in June 2016 and 52.25% in December 2015);**
8) **Inflows into sight deposits remained high (the total amounted to €50.3 billion in September 2016 compared with €49.1 billion in June 2016 and €47.7 billion in December 2015).**

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<u>9M 2016 vs 9M 2015</u>

- **Net interest income fell 9% to €1,133.1 million as a result of a reduction and change in the mix of the securities portfolio, a significant decrease in unlikely to pay loans (yoy, -€34.9 million in terms of interest income) and further decrease in market interest rates. Net interest income does not include the benefits of TLTRO2**
- **Net fee and commission income of €988.8 million (+2%)**
- **A finance result of €106.3 million (€138.9 million in 9M 2015)**
- **Staff costs of €953.8 million (approx. -2%)**
- **Total operating expenses of €1,553.2 million (inclusive of €58.4 million for the annual ordinary contributions to the Single Resolution Fund and to the Deposit Guarantee Scheme, not present in 2015[5] in the same item), up slightly by 0.7% compared with 9M 2015**

[3] Disposals came to approx. €25 million in 9M 2016.
[4] Write-offs amounted to approximately €2 billion.
[5] Please see note 2

- **Loan losses, net of Business Plan impacts[6], of €522.9 million compared with €557.6 million in 2015**
- **Net impairment losses on other assets of €50.9 million (€6.4 million in 2015), primarily "one-off", relating to the virtual elimination of residual credit risk connected with financial instruments resulting from one non-performing loan positions, recognised in 2Q 2016.**

<u>3Q 2016 vs 2Q 2016</u>

- **Net interest income of €368 million, down 2.8% compared with €378 million in 2Q 2016, does not include the benefits of TLTRO2, estimated at €10 million**
- **Net fee and commission income of €321 million, down compared with €330.3 million in 2Q 2016 due to seasonal factors, but up 7% on the same quarter of 2015**
- **A finance result of €24 million (€67 million in 2Q 2016)**
- **Staff costs of €315 million, down 1.4% compared with €319.3 million in 2Q 2016**
- **Total operating expenses of €515 million, largely unchanged compared with €511 million in 2Q 2016, notwithstanding the inclusion of €26.4 million for the ordinary contribution to the Deposit Guarantee Scheme, not present in 2Q 2016**
- **Loan losses of €167 million, down compared with €200.1 million net of Business Plan impacts[6] recognised in 2Q 2016.**

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Bergamo, 10th November 2016 – The Management Board of Unione di Banche Italiane Spa (UBI Banca) has approved the consolidated results for the first nine months of 2016, which, after the recognition of the "one-off" impacts of the new Business Plan presented on 27th June 2016 (-€840 million), ended with a **net loss of -€754.5 million, an improvement compared with the result for June 2016 (-€787 million) thanks to the profit earned in the third quarter of the year, amounting to €32.5 million.** The result for 9M 2016 compares with a profit of €162 million achieved in the first 9M 2015.

As a reminder, the impacts of the implementation of the Business Plan, recognised primarily in the second quarter of the year, came to a total of approximately -€840 million net and they regard the following:

- an increase in loan provisions, of which approximately €851 million (€586 million net of taxes and non-controlling interests) consisting of provisions already deducted from the regulatory capital (the "shortfall"), attributable also to the objective of reducing the ratio of net non-performing exposures to tangible equity (the "Texas ratio") over the course of the Business Plan;
- redundancy expenses of €323 million (€207 million net of tax and non-controlling interests) designed to progressively reduce staff numbers in the Group;
- impairment losses on brands (€63 million, €38 million net of tax and non-controlling interests) and part of project expenses (€12 million approx., €8 million net of tax and non-controlling interests booked in 2Q and 3Q2016), in relation to the "Single Bank Project".

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6 One strategic goal of the Group's 2019-2020 Business Plan is to reduce the ratio of net non-performing exposures to tangible equity (the "Texas ratio"). In order to achieve that result the Group decided to adopt an even more prudential approach in its management of problem loans, by increasing coverage with greater provisions, which determined a partial absorption of the provision shortfall (€851 million), already deducted from the fully loaded CET1. This will generate an improvement in the CET1 ratio estimated at approximately an additional 40 basis points which will manifest progressively in coming years starting from 2017. The figure for loan losses is shown net of that component.

Results for the first nine months of 2016 compared with first nine months of 2015

The first nine months of the year ended with **operating income** of €2,334 million, compared with €2,467 million in the first nine months of 2015, characterised by a lower contribution from net interest income and finance, while the contribution from net fee and commission income recorded growth.

In detail, net interest income of €1,133 million fell compared with €1,246 million in the same period of 2015, due in almost equal measure to a reduction in the contribution from the securities portfolio – for which action is in progress to reduce it and change the mix, in accordance with the Business Plan – and to a contraction in the result for ordinary banking business with customers in a scenario of large reductions in market interest rates (the nine-month average for the one-month Euribor fell to -33 basis points from -5 basis points before).

More specifically, the securities portfolio generated net interest income of approximately €172 million compared with €227.8 million before – in the presence of investments in debt securities which fell over twelve months by €1.3 billion (-€3.2 billion for the Italian government securities portfolio). Net interest income generated by ordinary banking business with customers came to €966.8 million, down compared with €1,026.5 million before, mainly due to the impact of changes in market interest rates, which was not offset by growth in volumes of lending (which remained stable in average terms), nor by the progressive reduction in progress in the cost of funding.

The performance of net interest income was also affected by a reduction in interest income (-€34.9 million year on year) from non performing exposures, in relation to the significant contraction in unlikely to pay volumes.

Net fee and commission income totalled €988.8 million, up 2% compared with the same period of 2015, notwithstanding the smaller contribution from performance fees (-€4.6 million). Commissions on management, trading and advisory services, which account for approximately 56% of total fees and commissions, came to €555.3 million, up 7.1% on 2015. Fees and commissions from ordinary banking business stood at €433.5 million and recorded a decline of 3.9% compared with the previous year.

The **result for financial activities** came to €106.3 million (€138.9 million in the first nine months of 2015) and was comprised of the following:

- €23.5 million from trading activity (€57.3 million in 9M 2015);
- €89.1 million from the disposal of financial assets (€70.6 million in 9M 2015), mainly attributable, as in the previous period, to the disposal of Italian government securities. In 2016 the item also includes proceeds from shares of Visa Europe Ltd, totalling €15.2 million, recognised in 2Q 2016;
- -€7.2 million from fair value movements in financial assets (+€3.8 million in 9M 2015);
- €1 million from hedging activities (+€7.3 million in 9M 2015).

On the expenses front, notwithstanding the inclusion of ordinary contributions to the Single Resolution Fund (€32 million in 1Q 2016) and to the Deposit Guarantee Scheme (€26.4 million in 3Q 2016), not present in 2015[7], operating expenses in the first nine months of the year stood at €1,553.2 million, with an increase of just €11.1 million compared with 2015.

Operating expenses do not include extraordinary costs in relation to the new Business Plan, which have been reclassified under separate items, in order to allow a clear examination of ordinary operating trends.

[7] See note 2.

In detail:
- **staff costs** recorded a further reduction of €18.9 million (-1.9%) compared with 9M 2016, to total €953.8 million. These savings came mainly from a reduction in average staff numbers (-285 over twelve months), from staff turnover in relation to incentivised exits, from lower payments for labour services provided in the various forms set out in the trade union agreements signed from time to time, from extraordinary leaves and from the impact of new part-time positions;
- **other administrative expenses**, amounting to €493.4 million, included, a total of €58.4 million in relation to ordinary contributions to the Single Resolution Fund and to the Deposit Guarantee Scheme reported above, not present in 2015 within this item[8], and they compare with €454.6 million in 2015. Net of those contributions, other administrative expenses fell by 4.3% compared with 2015, as a result of the containment of almost all expense items;
- finally, **depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets** totalled €106 million, down €8.7 million compared with 9M 2015, as a result of lower depreciation and amortisation on IT and real estate items, but also due to a smaller purchase price allocation following the recognition of impairment on brands as part of the implementation of the Business Plan.

Net impairment losses on loans recognised in the first nine months of the year amounted to €1,373.8 million, (€557.6 million in 9M 2015). The higher provisions announced on 27th June 2016 constituting the baseline for Business Plan projections, resulted in the partial reabsorption of the "shortfall" and that is the difference between expected losses and provisions, already deducted from regulatory capital, amounting to approximately €851 million. Net of that amount, provisions for the period came to approximately €522.9 million.
As a result of the provisions made, total coverage for non-performing exposures increased to 45.1% inclusive of write-offs (44.3% in June 2016 and 37.2% in December 2015).

Finally, in the first nine months of 2016 the income statement recorded **net impairment losses on other financial assets/liabilities** of €50.9 million (€6.4 million in the 2015), attributable primarily to a one-off amount (€43.4 million gross) relating to the virtual elimination of residual credit risk connected with financial instruments resulting from a non-performing loan position.

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<u>Results for 3Q 2016 compared with 2Q 2016</u>

After the net loss of €829 million recorded in 2Q 2016 (following the recognition in June of the impacts resulting from the implementation of the Business Plan, reported above, amounting to approximately €835 million[9] net and the "one-off" recognition of impairment losses on financial instruments resulting from one non-performing loan position amounting to €39.4 million net), **3Q 2016 ended with a profit of €32.5 million, very close to the profit of €37.6 million achieved in 3Q 2015, notwithstanding the recognition in 2016 of an amount higher by €10 million relating to the ordinary yearly contribution to the Deposit Guarantee Scheme.**

In terms of ordinary operations, the second quarter of 2016 recorded the following performance:
- net interest income contracted by 2.8% (€10.4 million) 3Q 2016-on-2Q 2016. The reduction is attributable to a further reduction in the securities portfolio (-€1.2 billion Q-on-Q), to lower interest income recognised in relation to a reduction in unlikely to pay loans and to a further

[8] See note 2.
[9] See note 1

reduction in market interest rates (from an average one-month Euribor of -35 bps in 2Q 2016 to -38 bps in 3Q 2016), which affected customer spreads. The advantage from TLTRO2 financing (€10 million) was not recognised in net interest income for the period, and would have brought 3Q2016 net interest income to the same level as in 2Q2016;
- net fee and commission income came to €321 million, affected by the usual seasonal factors, compared with €330.3 million in 2Q 2016, but up 7% on the figure for 3Q 2015 (€300 million);
- the result for financial activities fell to €23.8 million compared with €66.9 million for 2Q 2016, mainly the result of fewer disposals of AFS securities (-€53 million). 2Q 2016 also included proceeds from the Visa Europe Ltd shares totalling €15.2 million, no longer present in 3Q 2016.

Operating expenses totalled €515 million, largely unchanged compared with 2Q 2016 (€510.5 million), notwithstanding the inclusion of €26.4 million for the ordinary contribution to the Deposit Guarantee Scheme.
Compared with the preceding quarter:
- **staff costs**, amounting to €314.7 million, were down compared with both 2Q 2016 (€319.3 million) and the same period of 2015 (€318 million), the aggregate result of savings achieved from the application of trade union agreements signed from time to time and also of the trend for variable components of remuneration (down after the one-off payments recognised in the second quarter);
- **other administrative expenses** amounted to €166.1 million, an increase of only €10.6 million compared with 2Q 2016, notwithstanding the inclusion of €26.4 million for the contribution to the DGS. Net of that contribution, other administrative expenses would in fact have contracted by €15.8 million;
- **net impairment losses on property, plant and equipment and intangible assets** came to €34.3 million (-€1.4 million) due to the lower impact of the purchase price allocation, following the write-down of brands recognised among the "one-off" costs due to the start of the Business Plan in June.

Net impairment losses on loans amounting to €167.4 million were recognised in the third quarter of the year, to give an annualised loan loss rate of 0.82%.
As a reminder, the impairment losses on loans came to €1,051 million in 2Q 2016 and they included greater provisions announced on 27th June 2016 as a baseline for Business Plan projections which led to a partial re-absorption of the provision "shortfall" and that is the difference between expected losses and provisions, already deducted from regulatory capital, amounting to approximately €851 million. Net of that amount, impairment losses on loans for 2Q 2016 came to approximately €200 million.
Provisions recognised resulted in a further increase in total coverage for non-performing loans, which, inclusive of write-downs, rose in September 2016 to 45.1% compared with 44.3% in June 2016.

Finally, as announced when the Business Plan was presented, additional "one-off" costs were recognised in relation to the Single Bank project amounting to approximately €4.5 million net of tax and non-controlling interests.

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The balance sheet

Loans to customers as at 30th September 2016, stood at €82.0 billion compared with €83.9 billion in June 2016 (€84.6 billion at the end of December 2015).

In detail, the item is the aggregate result of the following changes:

- performing loans to customers[10] amounted to €73.4 billion (-1.6% compared with June 2016, -0.3% compared with December 2015) and reflect the stability of average medium to long-term loan volumes in June and September (approximately €55.7 billion compared with €54.9 billion in December 2015), since new grants now fully succeed in offsetting loans in run-off (approximately -€200 million each quarter). Short-term loans, however, contracted in September compared with June (-€1.1 billion), due to certain seasonal factors present in the September-June period every year, but also as a result of a revision begun when the Business Plan was launched, which is gradually eliminating positions with a negative EVA. This elimination involved a reduction of approximately €0.5 billion in short-term loans in 3Q 2016, with no impact on net interest income, but with advantages in terms of lower risk weighted assets and additions to collective provisions;
- exposure to the CCG amounted to €0.2 billion (€0.8 billion in June 2016 and €1.2 billion in December 2015);
- net non-performing loans fell further to €8.3 billion (-2.1% compared with June 2016, -14.0% compared with December 2015).

As concerns credit quality, at the end of September 2016 **total gross non-performing exposures** stood at €13,231 million (down further compared with €13,280 million in June 2016 and €13,434 million in December 2015), in the virtual absence of loan disposals[11].
Flows of performing loans to non-performing status again contracted significantly, reducing by a further 50.7% compared with the first nine months of 2015.

The results at the end of September 2016 show a further improvement in coverage. If loan write-offs are included, **coverage for total non-performing loans rose to 45.1%** (44.3% in June 2016 and 37.2% in December 2015).
Net of loan write-offs, coverage for total non-performing loans was 37% (an increase compared with 35.9% in June 2016 and 27.9% in December 2015).

As a result of the combined effect of the reduction in total gross loans and greater coverage, total net non-performing loans fell further to €8,333 million (€8,512 million in June 2016 and €9,689 million in December 2015).
In detail:

- total net bad loans amounted to €3,913 million (€3,849 million in June 2016 and €4,288 million in December 2015).
  If loan write-offs are included, **coverage for total bad loans rose in September 2016 to 58.55%** (58.25% in June 2016 and 52.25% in December 2015).
  Net of loan write-offs, coverage for bad loans stands at 47.77% (an increase compared with 46.66% in June 2016 and 38.64% at the end of 2015).
- the "unlikely to pay" category amounted to €4,258 million net (€4,470 million in June 2016 and €5,147 million in December 2015), with coverage of 23.54%.
- net positions past due and/or in arrears amounted to €162 million, compared with €194 million in June 2016 and €254 million in December 2015, with coverage of 4.97%.

Direct funding from ordinary customers, amounting to €69.3 billion in September 2016 (€69.8 billion in June 2016, €72.5 billion last December) was down, primarily as a result of the progressive maturity of bonds which had been placed in time to third party networks' customers (down €1.3 billion from December 2015 to September 2016, down €0.3 billion from June to September 2016).

[10] Net of the CCG, as reported below.
[11] Please see note 3.

The trends already recorded for Group customers were confirmed:

- the constant increase in current accounts was confirmed, up to €50.3 billion in September 2016 from €49.1 billion in June 2016 and from €47.7 billion in December 2015;
- total bonds placed with customers decreased as a result of fewer placements made in accordance with the Business Plan also in consideration of bail-in regulations (down €4.4 billion over nine months to approximately €16 billion).

Indirect funding from ordinary customers performed well reaching €80.1 billion. In detail assets **under management in the narrow sense** reached €36.7 billion (+7.7% compared with December 2015 and +4.2% compared with June 2016) and **insurance products** came to €16.1 billion (+11.6% compared with December 2015 and +2.9% compared with June 2016), while **assets under custody**, amounting to €27.2 billion, were down 12.1% compared with December 2015 mainly as a result of market performance, but were unchanged compared with June 2016.

Direct funding from institutional customers amounted to €15.3 billion in September 2016, down compared with €17.7 billion in June 2016 (€19 billion at the end of 2015), due to a reduction in repurchase agreements with the CCG (-€4 billion approx. vs December 2015), while volumes of covered bonds (€9.5 billion) and EMTNs (€3.5 billion) were largely unchanged. In October issuances of covered bonds and EMTNs totalled over €1 billion.

Group exposure to the ECB consisted of a total of €10 billion of TLTRO2, recognised under "due to banks" and therefore not included in direct funding.

The solidity of the Group's liquidity position is again confirmed with liquidity ratios (Net Stable Funding Ratio and Liquidity Coverage Ratio) now higher than one for some years and total **assets eligible for refinancing** as at 30th September 2016 of €29,3 billion (of which €16.6 billion available), already net of haircuts.

At the end of September 2016, the Group's **financial assets** had a mark-to-market value of €18.4 billion, of which €15 billion relating to Italian government securities. The latter item had fallen compared with June 2016 (€16.2 billion), in line with the provisions of the Business Plan.

The consolidated **equity** of the UBI Banca Group as at 30th September 2016, inclusive of profit for the period, stood at €8,890 million compared with €8,842 million at the end of June 2016 and compared with €9,982 million at the end of December 2015.

Capital ratios at the end of September 2016 recorded growth compared with June 2016 and confirm the solidity of the UBI Banca Group.
The "phased-in" CET 1 ratio as at 30th September 2016 stood at 11.68% compared with 11.43% in June 2016. The estimated fully loaded CET1 ratio was 11.28% compared with 11.02% in June 2016.
As a reminder, the announced repurchase of network bank minority interests, achieved mainly through the issue of UBI shares, and the effect of the tax deductibility of the increased loan loss provisions recognised, will progressively generate a benefit estimated at approximately +70 bps on the fully loaded CET1. This benefit is not included in the September figure.
The "phased in" Total Capital Ratio was 14.55% (14.47% in June 2016 and 13.93% as at 31st December 2015).
Finally, the leverage ratio calculated on the basis of Commission Delegated Regulation EU 2015/62 recommendations was 5.86% "phased in" and 5.68% "fully loaded".

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Human resources of the UBI Banca Group totalled 17,573 as at 30th September 2016 compared with 17,716 at the end of 2015. The branch network at the end of the period consisted of 1,532 branches in Italy (1,531 in June 2016) and six abroad.

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Statement of the Senior Officer Responsible for the preparation of corporate accounting documents

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

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Outlook for ordinary operations (net of non-recurring items)

The overall trend for operating income is forecast to grow compared with the third quarter, with an improvement in core revenues and a smaller contribution from trading and hedging activity.
The actions undertaken starting from 2015 allow us to confirm the objective of containing recurring operating expenses for the year 2016 in line with those of the previous year, absorbing the increase in costs relating to the ordinary contributions to the Single Resolution Fund and the Deposit Guarantee Scheme.
The particularly low risk attaching to the performing portfolio and the continuation of the reduction in inflows of new non-performing loans, should confirm the expected reduction in loan losses in the fourth quarter of 2016 compared with the same period in 2015.

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Attachments
Financial statements

UBI Banca Group:

- Reclassified consolidated balance sheet
- Reclassified consolidated income statement
- Quarterly evolution of reclassified consolidated income statement
- Reclassified consolidated income statement with 2019-2020 Business Plan impact items shown separately

Notes to the financial statements

To allow a vision that is more consistent with a management accounting style, reclassified financial statements have been prepared. The comments on the performance of the main balance sheet and income statement items are made on the basis of the reclassified financial statements.

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.

UBI Banca Group: Reclassified consolidated balance sheet

Figures in thousands of euro	30.9.2016 A	31.12.2015 B	Changes A-B	% changes A/B	30.9.2015 C	Changes A-C	% changes A/C
ASSETS							
Cash and cash equivalents	490,884	530,098	-39,214	-7.4%	506,505	-15,621	-3.1%
Financial assets held for trading	677,514	994,478	-316,964	-31.9%	653,418	24,096	3.7%
Financial assets designated at fair value	189,638	196,034	-6,396	-3.3%	195,490	-5,852	-3.0%
Available-for-sale financial assets	14,144,698	15,554,282	-1,409,584	-9.1%	15,259,697	-1,114,999	-7.3%
Held-to-maturity investments	3,403,798	3,494,547	-90,749	-2.6%	3,486,873	-83,075	-2.4%
Loans and advances to banks	4,108,062	3,429,937	678,125	19.8%	3,632,477	475,585	13.1%
Loans and advances to customers	82,010,978	84,586,200	-2,575,222	-3.0%	83,834,141	-1,823,163	-2.2%
Hedging derivatives	792,164	594,685	197,479	33.2%	613,696	178,468	29.1%
Fair value change in hedged financial assets (+/-)	68,955	59,994	8,961	14.9%	61,305	7,650	12.5%
Equity investments	260,220	260,812	-592	-0.2%	250,902	9,318	3.7%
Property, plant and equipment	1,652,607	1,744,463	-91,856	-5.3%	1,743,948	-91,341	-5.2%
Intangible assets	1,688,282	1,757,468	-69,186	-3.9%	1,751,943	-63,661	-3.6%
of which: goodwill	*1,465,260*	*1,465,260*	-	-	*1,465,260*	-	-
Tax assets	2,981,776	2,814,933	166,843	5.9%	2,727,227	254,549	9.3%
Non-current assets and disposal groups held for sale	64,401	11,148	53,253	477.7%	11,163	53,238	476.9%
Other assets	832,951	1,171,686	-338,735	-28.9%	960,349	-127,398	-13.3%
Total assets	**113,366,928**	**117,200,765**	**-3,833,837**	**-3.3%**	**115,689,134**	**-2,322,206**	**-2.0%**
LIABILITIES AND EQUITY							
Due to banks	13,800,894	10,454,303	3,346,591	32.0%	10,871,905	2,928,989	26.9%
Due to customers	53,789,291	55,264,471	-1,475,180	-2.7%	50,759,665	3,029,626	6.0%
Debt securities issued	30,794,003	36,247,928	-5,453,925	-15.0%	38,262,102	-7,468,099	-19.5%
Financial liabilities held for trading	584,324	531,812	52,512	9.9%	526,212	58,112	11.0%
Hedging derivatives	1,100,804	749,725	351,079	46.8%	871,163	229,641	26.4%
Tax liabilities	243,662	472,564	-228,902	-48.4%	510,707	-267,045	-52.3%
Other liabilities	2,750,791	2,354,617	396,174	16.8%	2,649,872	100,919	3.8%
Post-employment benefits	343,160	340,954	2,206	0.6%	336,309	6,851	2.0%
Provisions for risks and charges:	587,569	266,628	320,941	120.4%	296,309	291,260	98.3%
a) pension and similar obligations	72,347	70,237	2,110	3.0%	70,230	2,117	3.0%
b) other provisions	515,222	196,391	318,831	162.3%	226,079	289,143	127.9%
Share capital, share premiums, reserves, valuation reserves and treasury shares	9,644,117	9,865,097	-220,980	-2.2%	9,911,021	-266,904	-2.7%
Non-controlling interests	482,826	535,901	-53,075	-9.9%	531,876	-49,050	-9.2%
Profit (loss) for the period/year	-754,513	116,765	n.s.	n.s.	161,993	-916,506	-565.8%
Total liabilities and equity	**113,366,928**	**117,200,765**	**-3,833,837**	**-3.3%**	**115,689,134**	**-2,322,206**	**-2.0%**

UBI Banca Group: Reclassified consolidated income statement

Figures in thousands of euro	9M 2016 A	9M 2015 B	Changes A-B	% changes A/B	3rd Quarter 2016 C	3rd Quarter 2015 D	Changes C-D	% changes C/D	FY 2015 E
Net interest income	1,133,126	1,245,815	(112,689)	(9.0%)	367,554	398,667	(31,113)	(7.8%)	1,631,055
of which: effects of the purchase price allocation	*(16,345)*	*(20,248)*	*(3,903)*	*(19.3%)*	*(5,870)*	*(6,630)*	*(760)*	*(11.5%)*	*(27,149)*
Net interest income excluding the effects of the PPA	*1,149,471*	*1,266,063*	*(116,592)*	*(9.2%)*	*373,424*	*405,297*	*(31,873)*	*(7.9%)*	*1,658,204*
Dividends and similar income	9,737	8,771	966	11.0%	1,138	3,452	(2,314)	(67.0%)	10,349
Profits of equity-accounted investees	18,939	23,156	(4,217)	(18.2%)	6,989	3,583	3,406	95.1%	35,260
Net fee and commission income	988,845	969,545	19,300	2.0%	321,392	300,467	20,925	7.0%	1,300,119
of which performance fees	*8,058*	*12,686*	*(4,628)*	*(36.5%)*	*2,524*	*878*	*1,646*	*187.5%*	*35,182*
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities designated at fair value	106,344	138,928	(32,584)	(23.5%)	23,755	27,830	(4,075)	(14.6%)	290,633
Other net operating income/expense	77,003	80,837	(3,834)	(4.7%)	24,760	24,162	598	2.5%	103,448
Operating income	**2,333,994**	**2,467,052**	**(133,058)**	**(5.4%)**	**745,588**	**758,161**	**(12,573)**	**(1.7%)**	**3,370,864**
Operating income excluding the effects of the PPA	***2,350,339***	***2,487,300***	***(136,961)***	***(5.5%)***	***751,458***	***764,791***	***(13,333)***	***(1.7%)***	***3,398,013***
Staff costs	(953,785)	(972,730)	(18,945)	(1.9%)	(314,687)	(317,957)	(3,270)	(1.0%)	(1,295,090)
Other administrative expenses	(493,409)	(454,595)	38,814	8.5%	(166,083)	(141,642)	24,441	17.3%	(727,067)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(105,995)	(114,730)	(8,735)	(7.6%)	(34,265)	(36,952)	(2,687)	(7.3%)	(153,024)
of which: effects of the purchase price allocation	*(8,712)*	*(9,875)*	*(1,163)*	*(11.8%)*	*(2,040)*	*(3,285)*	*(1,245)*	*(37.9%)*	*(13,158)*
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets excluding the effects of the PPA	*(97,283)*	*(104,855)*	*(7,572)*	*(7.2%)*	*(32,225)*	*(33,667)*	*(1,442)*	*(4.3%)*	*(139,866)*
Operating expenses	**(1,553,189)**	**(1,542,055)**	**11,134**	**0.7%**	**(515,035)**	**(496,551)**	**18,484**	**3.7%**	**(2,175,181)**
Operating expenses excluding the effects of the PPA	***(1,544,477)***	***(1,532,180)***	***12,297***	***0.8%***	***(512,995)***	***(493,266)***	***19,729***	***4.0%***	***(2,162,023)***
Net operating income	**780,805**	**924,997**	**(144,192)**	**(15.6%)**	**230,553**	**261,610**	**(31,057)**	**(11.9%)**	**1,195,683**
Net operating income excluding the effects of the PPA	***805,862***	***955,120***	***(149,258)***	***(15.6%)***	***238,463***	***271,525***	***(33,062)***	***(12.2%)***	***1,235,990***
Net impairment losses on loans	(1,373,754)	(557,633)	816,121	146.4%	(167,381)	(168,534)	(1,153)	(0.7%)	(802,646)
Net impairment losses on other financial assets and liabilities	(50,853)	(6,402)	(44,451)	n.s.	(386)	(3,054)	(2,668)	(87.4%)	(16,866)
Net provisions for risks and charges	(30,201)	(47,769)	(17,568)	(36.8%)	(3,544)	(18,634)	(15,090)	(81.0%)	(2,975)
Profits from the disposal of equity investments	1,942	383	1,559	n.s.	339	300	39	13.0%	464
Pre-tax profit (loss) from continuing operations	**(672,061)**	**313,576**	**(985,637)**	**n.s.**	**59,581**	**71,688**	**(12,107)**	**(16.9%)**	**373,660**
Pre-tax profit (loss) from continuing operations excluding the effects of the PPA	***(647,004)***	***343,699***	***(990,703)***	***n.s.***	***67,491***	***81,603***	***(14,112)***	***(17.3%)***	***413,967***
Taxes on income for the period/year from continuing operations	161,719	(127,779)	289,498	n.s.	(14,721)	(28,632)	(13,911)	(48.6%)	(161,121)
of which: effects of the purchase price allocation	*8,306*	*9,986*	*(1,680)*	*(16.8%)*	*2,622*	*3,287*	*(665)*	*(20.2%)*	*13,362*
(Profit) loss for the period/year attributable to non-controlling interests	9,565	(22,614)	32,179	n.s.	(7,707)	(5,506)	2,201	40.0%	(29,765)
of which: effects of the purchase price allocation	*1,475*	*1,586*	*(111)*	*(7.0%)*	*445*	*423*	*22*	*5.2%*	*2,115*
Profit (loss) for the period/year attributable to the shareholders of the Parent before the Business Plan impact excluding the effects of the PPA	*(485,501)*	*181,734*	*(667,235)*	*n.s.*	*41,996*	*43,755*	*(1,759)*	*(4.0%)*	*207,604*
Profit (loss) for the period/year attributable to the shareholders of the Parent before the Business Plan impact	**(500,777)**	**163,183**	**(663,960)**	**n.s.**	**37,153**	**37,550**	**(397)**	**(1.1%)**	**182,774**
Redundancy expenses net of taxes and non-controlling interests	(207,897)	(1,190)	206,707	n.s.	(218)	-	(218)	-	(62,705)
Impairment losses on brands net of taxes and non-controlling interests	(37,936)	-	(37,936)	-	-	-	-	-	-
Single bank project expenses net of taxes and non-controlling interests	(7,903)	-	(7,903)	-	(4,463)	-	(4,463)	-	-
Impairment losses on property, plant and equipment net of taxes and non-controlling interests	-	-	-	-	-	-	-	-	(3,304)
Profit (loss) for the period/year attributable to the shareholders of the Parent	**(754,513)**	**161,993**	**(916,506)**	**n.s.**	**32,472**	**37,550**	**(5,078)**	**(13.5%)**	**116,765**
Total impact of the purchase price allocation on the income statement	*(15,276)*	*(18,551)*	*(3,275)*	*(17.7%)*	*(4,843)*	*(6,205)*	*(1,362)*	*(22.0%)*	*(24,830)*

UBI Banca Group: Reclassified consolidated quarterly income statements

Figures in thousands of euro	2016			2015			
	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net interest income	367,554	377,972	387,600	385,240	398,667	416,543	430,605
of which: effects of the purchase price allocation	*(5,870)*	*(4,859)*	*(5,616)*	*(6,901)*	*(6,630)*	*(7,115)*	*(6,503)*
Net interest income excluding the effects of the PPA	*373,424*	*382,831*	*393,216*	*392,141*	*405,297*	*423,658*	*437,108*
Dividends and similar income	1,138	8,076	523	1,578	3,452	4,786	533
Profits of equity-accounted investees	6,989	6,698	5,252	12,104	3,583	13,405	6,168
Net fee and commission income	321,392	330,307	337,146	330,574	300,467	327,886	341,192
of which performance fees	*2,524*	*3,223*	*2,311*	*22,496*	*878*	*4,934*	*6,874*
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities designated at fair value	23,755	66,875	15,714	151,705	27,830	53,074	58,024
Other net operating income/expense	24,760	25,538	26,705	22,611	24,162	27,186	29,489
Operating income	**745,588**	**815,466**	**772,940**	**903,812**	**758,161**	**842,880**	**866,011**
Operating income excluding the effects of the PPA	***751,458***	***820,325***	***778,556***	***910,713***	***764,791***	***849,995***	***872,514***
Staff costs	(314,687)	(319,311)	(319,787)	(322,360)	(317,957)	(319,843)	(334,930)
Other administrative expenses	(166,083)	(155,526)	(171,800)	(272,472)	(141,642)	(165,021)	(147,932)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(34,265)	(35,688)	(36,042)	(38,294)	(36,952)	(39,280)	(38,498)
of which: effects of the purchase price allocation	*(2,040)*	*(3,383)*	*(3,289)*	*(3,283)*	*(3,285)*	*(3,316)*	*(3,274)*
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets excluding	*(32,225)*	*(32,305)*	*(32,753)*	*(35,011)*	*(33,667)*	*(35,964)*	*(35,224)*
Operating expenses	**(515,035)**	**(510,525)**	**(527,629)**	**(633,126)**	**(496,551)**	**(524,144)**	**(521,360)**
Operating expenses excluding the effects of the PPA	***(512,995)***	***(507,142)***	***(524,340)***	***(629,843)***	***(493,266)***	***(520,828)***	***(518,086)***
Net operating income	**230,553**	**304,941**	**245,311**	**270,686**	**261,610**	**318,736**	**344,651**
Net operating income excluding the effects of the PPA	***238,463***	***313,183***	***254,216***	***280,870***	***271,525***	***329,167***	***354,428***
Net impairment losses on loans	(167,381)	(1,051,034)	(155,339)	(245,013)	(168,534)	(198,907)	(190,192)
Net impairment losses on other financial assets and liabilities	(386)	(50,719)	252	(10,464)	(3,054)	(2,382)	(966)
Net provisions for risks and charges	(3,544)	(20,289)	(6,368)	44,794	(18,634)	(24,816)	(4,319)
Profits from the disposal of equity investments	339	1,201	402	81	300	392	(309)
Pre-tax profit (loss) from continuing operations	**59,581**	**(815,900)**	**84,258**	**60,084**	**71,688**	**93,023**	**148,865**
Pre-tax profit (loss) from continuing operations excluding the effects of the PPA	***67,491***	***(807,658)***	***93,163***	***70,268***	***81,603***	***103,454***	***158,642***
Taxes on income for the period from continuing operations	(14,721)	210,792	(34,352)	(33,342)	(28,632)	(37,149)	(61,998)
of which: effects of the purchase price allocation	*2,622*	*2,732*	*2,952*	*3,376*	*3,287*	*3,458*	*3,241*
(Profit) loss for the period attributable to non-controlling interests	(7,707)	24,672	(7,400)	(7,151)	(5,506)	(7,359)	(9,749)
of which: effects of the purchase price allocation	*445*	*509*	*521*	*529*	*423*	*604*	*559*
Profit (loss) for the period attributable to the shareholders of the Parent before the Business Plan impact excluding the effects of the PPA	*41,996*	*(575,435)*	*47,938*	*25,870*	*43,755*	*54,884*	*83,095*
Profit (loss) for the period attributable to the shareholders of the Parent before the Business Plan impact	**37,153**	**(580,436)**	**42,506**	**19,591**	**37,550**	**48,515**	**77,118**
Redundancy expenses net of taxes and non-controlling interests	(218)	(207,234)	(445)	(61,515)	-	-	(1,190)
Impairment losses on brands net of taxes and non-controlling interests	-	(37,936)	-	-	-	-	-
Single bank project expenses net of taxes and non-controlling interests	(4,463)	(3,440)	-	-	-	-	-
Impairment losses on property, plant and equipment net of taxes and non-controlling interests	-	-	-	(3,304)	-	-	-
Profit (loss) for the period attributable to the shareholders of the Parent	**32,472**	**(829,046)**	**42,061**	**(45,228)**	**37,550**	**48,515**	**75,928**
Total impact of the purchase price allocation on the income statement	*(4,843)*	*(5,001)*	*(5,432)*	*(6,279)*	*(6,205)*	*(6,369)*	*(5,977)*

UBI Banca Group: reclassified consolidated income statement with 2019-2020 Business Plan impacts shown separately

RECLASSIFIED INCOME STATEMENT	30/09/2016 with BP impacts shown separately	30/09/2015	Change
Net interest income	1,133,126	1,245,815	(112,689)
Dividends and similar income	9,737	8,771	966
Profits of equity-accounted investees	18,939	23,156	(4,217)
Net fee and commission income	988,845	969,545	19,300
of which performance fees	*8,058*	*12,686*	*(4,628)*
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities designated at fair value	106,344	138,928	(32,584)
Other net operating income/expense	77,003	80,837	(3,834)
Operating income	**2,333,994**	**2,467,052**	**(133,058)**
Staff costs	(953,785)	(972,730)	18,945
Other administrative expenses	(493,409)	(454,595)	(38,814)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(105,995)	(114,730)	8,735
Operating expenses	**(1,553,189)**	**(1,542,055)**	**(11,134)**
Net operating income	**780,805**	**924,997**	**(144,192)**
Net impairment losses on loans	(522,835)	(557,633)	34,798
Net impairment losses on other financial assets and liabilities	(50,853)	(6,402)	(44,451)
Net provisions for risks and charges	(30,201)	(47,769)	17,568
Profits from the disposal of equity investments	1,942	383	1,559
Pre-tax profit (loss) from continuing operations	**178,858**	**313,576**	**(134,718)**
Taxes on income for the period from continuing operations	(72,284)	(127,779)	55,495
(Profit) loss for the period attributable to non-controlling interests	(21,359)	(22,614)	1,255
Profit (loss) for the period attributable to the shareholders of the Parent before the Business Plan impact	**85,215**	**163,183**	**(77,968)**
Portion of impairment losses on loans with consequent absorption of the provision shortfall net of taxes and non-controlling interests	(585,992)	-	(585,992)
Redundancy expenses net of taxes and non-controlling interests	(207,897)	(1,190)	(206,707)
Impairment losses on brands net of taxes and non-controlling interests	(37,936)	-	(37,936)
Single bank project expenses net of taxes and non-controlling interests	(7,903)	-	(7,903)
Profit (loss) for the period attributable to the shareholders of the Parent	**(754,513)**	**161,993**	**(916,506)**