

# The UBI Banca Group Consolidated Results as at 30<sup>th</sup> September 2017

*10<sup>th</sup> November 2017*

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### Methodology

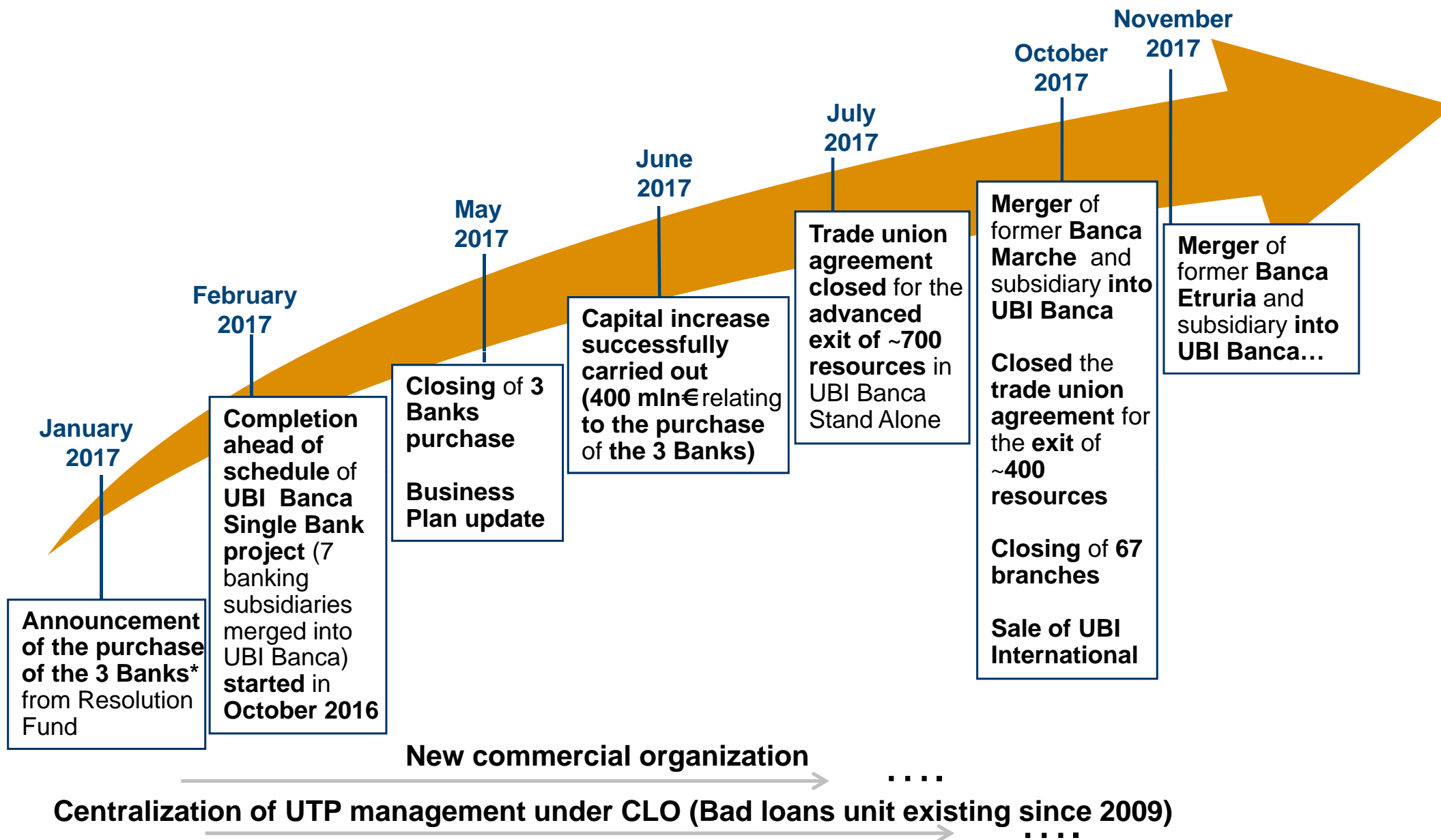
*The "notes on the reclassified financial statements" contained in the periodic financial reports of the Group may be consulted for a fuller comprehension of the rules followed in preparing the reclassified financial statements.*

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

***The results for the first 9 months of 2017 include the impact of the allocation of badwill\*, 616 mln/€ as net capital gain in P&L and 339 mln/€ to balance sheet (amount net of PPA reversal up to Sept 2017).***

\* IFRS 3 (R) allows final allocation of badwill to be carried out within 12 months of the acquisition

# UBI Banca: accelerating of the implementation of the new set-up and rationalisation of the structure without slowing the commercial effort...



\* The 3 Banks: Nuova Banca delle Marche, Nuova Banca dell'Etruria e del Lazio and Nuova Carichiati. As from 6<sup>th</sup> September 2017, the acquired Banks changed their denominations, namely Nuova Banca delle Marche into "Banca Adriatica S.p.A.", Nuova Banca dell'Etruria e del Lazio into "Banca Tirrenica S.p.A.", and Nuova CariChieti into "Banca Teatina S.p.A."

# Executive Summary

## COMBINED ENTITY (UBI BANCA + 3 BANKS ACQUIRED)

### ECONOMICS

- QoQ recovery of NII
- Strong trends in net commission income and AuM confirmed
- Costs under control, still decreasing
- LLP ratio at 67 bps

### BALANCE SHEET

- CET1 improving by over 20 bps QoQ
- Total funding from customers still increasing by 2 bln/€ QoQ
- TLTRO volumes perimeter confirms access to year-end benefit
- At 30th Sept '17, annualised default ratio at 1.8%

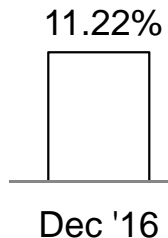
### THREE BANKS ACQUIRED

- Better than expected credit quality
- Funding costs reduction well under way
- Cost reduction still not in the numbers

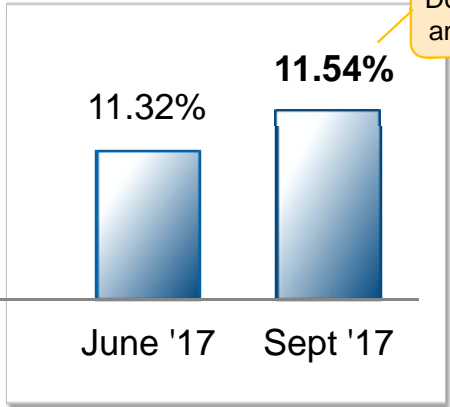
**CET1 ratio: 11.54% fully loaded and 11.65% phased in, both in progression of over 20 bps\* on a quarterly basis**

**CET 1 fully loaded**

*UBI Banca Stand alone*

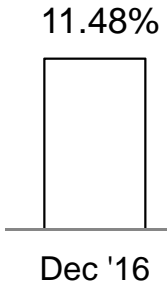


*Combined Entity*

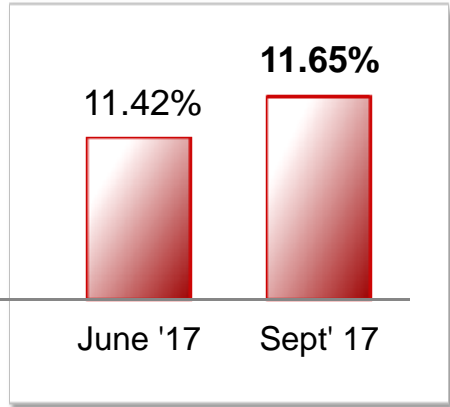


**CET 1 phased in**

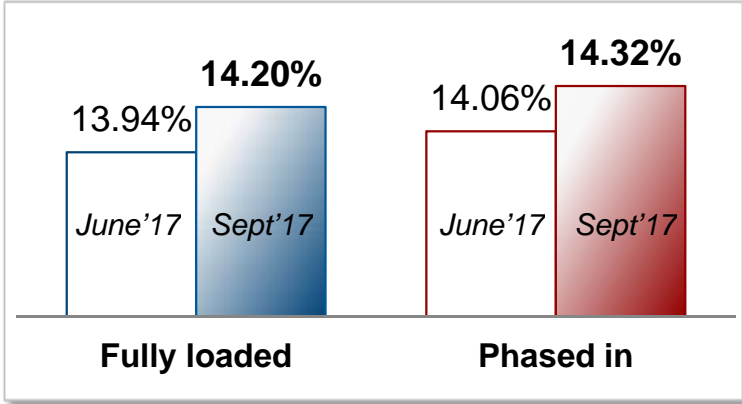
*UBI Banca Stand alone*



*Combined Entity*



**TOTAL CAPITAL (Combined Entity)**

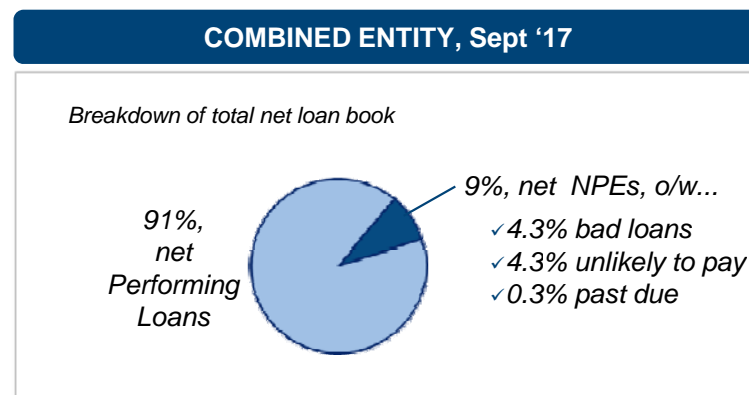
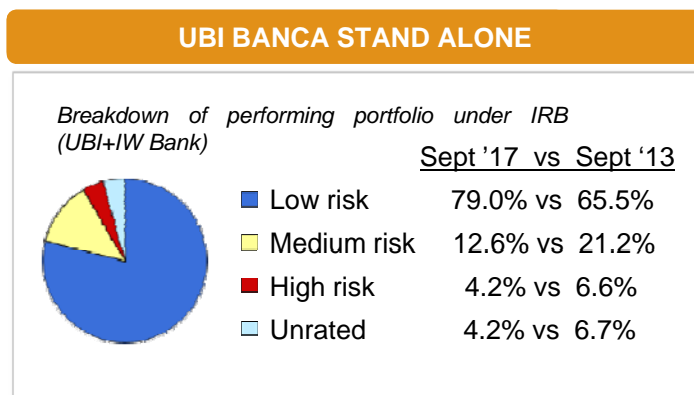


\* Key drivers: +10 bps arising from a recovery in eligibility for collaterals and related reductions in weighting, +3 bps for decrease in riskiness of loan portfolio, +5 bps associated to a decline in debt securities exposures and equity investments, + 3 bps released by a reduction in leasing and factoring exposures

**On a combined basis, performing loans are up compared to Dec 2016 but slightly down compared to June 2017 due to a contraction in the short term component. Strong performance of the Medium Long term component both vs Dec 2016 and June 2017**

Amounts in bln€	COMBINED ENTITY			% quarterly change
	Dec '16	June '17	Sept '17	
<b>TOTAL NET LOAN BOOK</b>	<b>93.8 *</b>	<b>94.2</b>	<b>93.9</b>	
<i>of which</i>				
<b>NET <u>PERFORMING</u> EXPOSURES</b>	<b>84.5</b>	<b>85.8</b>	<b>85.5</b>	
<i>o/w Medium-Long term</i>	64.3	66.0	66.2	↑ +0.3%
<i>o/w Short term</i>	19.9	19.5	19.1	↓ -2.0%
<i>o/w repos and other with CCG</i>	0.3	0.3	0.2	
<b>NET <u>NPEs</u></b>	<b>9.3 **</b>	<b>8.5</b>	<b>8.4</b>	↓ -0.4%

TLTRO2 perimeter lending growth fully on track



\* 3 Banks Acquired: 11.9 bln/€ net loan book in Dec '16. When compared to 12.4 bln/€ (shown in the Update to the 2019-2020 Business Plan presentation of 11 May 2017, slide # 27), please consider it has been netted by 0.6 bln/€ bad loans sold to REV (1.8 bln/€ gross)

\*\* 0.5 bln/€ decrease in June '17 vs Dec '16 following goodwill allocation to NPEs

# Total funding from ordinary customers at 181.4 bln/€ (3% vs Dec16 and +1.1% vs June '17)

## Quarterly reduction in direct funding due to expiry of bonds issued:

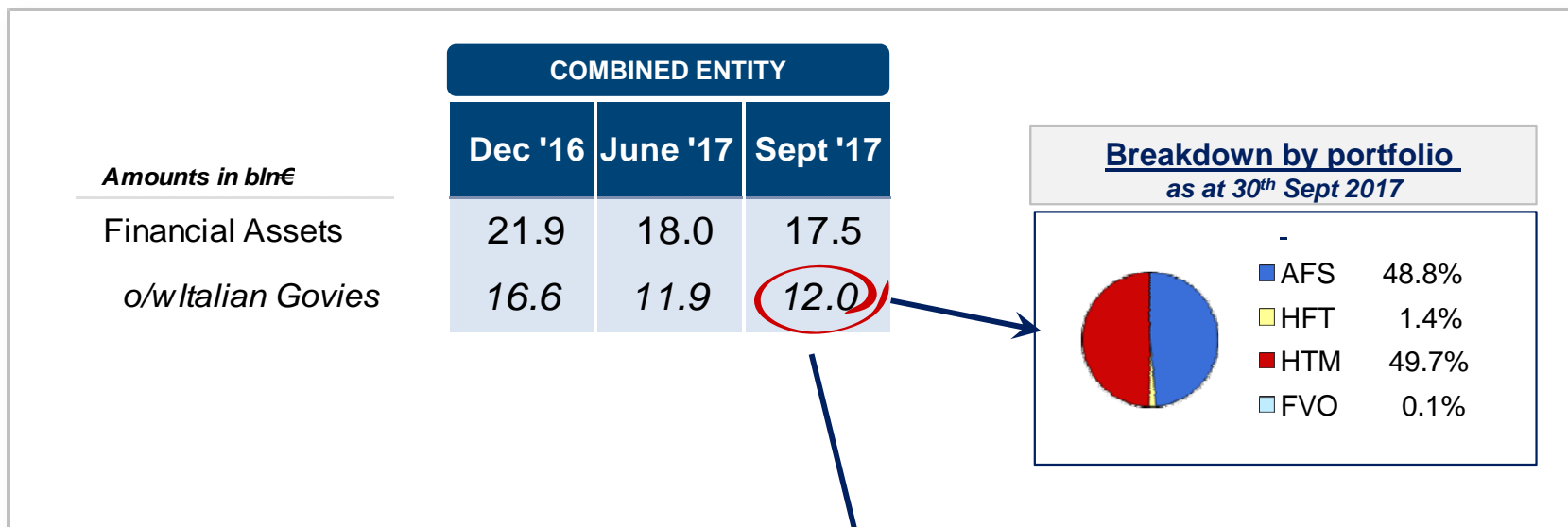
- - 0.7 bln/€ from ordinary customers against a growth of 3 bln/€ in indirect funding
- - 1 bln/€ from institutional customers already more than replaced with new issuances in Oct '17

DIRECT FUNDING...	COMBINED ENTITY		
	Dec '16	June '17	Sept '17
<b>...from ORDINARY CUSTOMERS</b>	<b>86.3</b>	<b>83.6</b>	<b>82.6</b>
<i>of which</i>			
Current accounts and deposits	61.3	62.8	64.0
Term deposits, financing & other payables	6.5	5.8	4.6
Bonds issued	16.1	12.9	12.2
Certificates of deposit	2.3	2.2	1.8
<b>...from INSTITUTIONAL CUSTOMERS</b>	<b>17.0</b>	<b>14.9</b>	<b>14.0</b>
<i>of which</i>			
Covered Bonds	9.4	9.3	8.3
EMTN	4.3	4.0	3.9
CD and ECP	0.1	-	-
Repos with CCG	3.1	1.6	1.7
<b>TOTAL DIRECT FUNDING</b>	<b>103.3</b>	<b>98.5</b>	<b>96.6</b>
<b>INDIRECT FUNDING (AuM+Bancassurance+AuC)</b>	<b>89.8</b>	<b>95.8</b>	<b>98.8</b>
<b>TOTAL FUNDING FROM ORDINARY CUSTOMERS (DIRECT from Ordinary Customers + Indirect funding)</b>	<b>176.1</b>	<b>179.4</b>	<b>181.4</b>

Institutional funding matured in the quarter more than compensated by new issuances in October:

- ✓ 10 year covered bond for 1.25 bln/€ settled on 4<sup>th</sup> Oct '17 (35 bps over the 10y mid swap rate)
- ✓ 5 year senior EMTN for 0.75 bln/€ settled on 17<sup>th</sup> Oct '17 (62 bps over the 5y mid swap rate)

# Financial assets portfolio at 17.5 bln/€, Italian Govies stabilise at 12 bln/€



**Maturity of the Italian Govies Portfolio of the Combined Entity as at 30<sup>th</sup> Sept 2017**

Figures in €/mln	AFS	HFT	HTM	FVO	TOTAL	%
4Q2017	6	0	-	1	7	0.1%
2018-2020	1,915	171	-	5	2,092	17.4%
2021-2023	1,813	0	4,980	0	6,793	56.4%
2024-2026	238	0	-	0	239	2.0%
2027-2030	41	0	1,003	0	1,044	8.7%
From 2031 and over	1,864	0	-	0	1,864	15.5%
<b>Total</b>	<b>5,877</b>	<b>171</b>	<b>5,983</b>	<b>7</b>	<b>12,038</b>	<b>100%</b>

**Modified duration at 3.2 years (Sept '17)**



Does not  
include any  
DTA benefit

Figures in € mln	9M16	9M17	% change 9M17 vs 9M16	2Q17 + 3Q17	9M17
Net interest income	1,133	1,035	(8.6%)	112	1,148
Net commission income	989	1,056	6.8%	95	1,151
Net result from finance	106	178	67.0%	8	185
Profits of equity-accounted investees	19	17	(12.6%)	0	17
Net income from insurance operations				9	9
Other income items	87	74	(15.0%)	12	86
<b>Operating income</b>	<b>2,334</b>	<b>2,359</b>	<b>1.1%</b>	<b>236</b>	<b>2,595</b>
Staff costs	(954)	(943)	(1.2%)	(154)	(1,097)
Other administrative expenses	(493)	(475)	(3.8%)	(103)	(578)
Net impairment losses on property, equipment and investment property and intangible assets	(106)	(105)	(1.0%)	(10)	(115)
<b>Operating expenses</b>	<b>(1,553)</b>	<b>(1,522)</b>	<b>(2.0%)</b>	<b>(267)</b>	<b>(1,789)</b>
<b>Net operating income</b>	<b>781</b>	<b>837</b>	<b>7.2%</b>	<b>(31)</b>	<b>806</b>
Net impairment losses on loans ***	(1,374)	(454)	(67.0%)	36	(418)
Net impairment losses on other financial assets and liabilities	(51)	(128)	150.8%	(3)	(130)
Net provisions for risks and charges	(30)	(14)	(54.8%)	3	(10)
Profits from disposal of equity investments	2	1	(54.7%)	0	1
<b>Pre-tax profit from continuing operations</b>	<b>(672)</b>	<b>243</b>	<b>n.s.</b>	<b>6</b>	<b>248</b>
Taxes on income for the period from continuing operations	162	(84)	n.s.	(28)	(112)
Profits/losses for the period attributable to non-controlling interests	10	(18)	n.s.	(0)	(19)
<b>Profit for the period before Business Plan impacts</b>	<b>(501)</b>	<b>140</b>	<b>n.s.</b>	<b>(23)</b>	<b>117</b>
Charges for exit incentives (net of tax and non-controlling interests)	(208)		n.s.	(4)	(4)
Brands impairment (net of tax and non-controlling interests)	(38)				
Charges for Single Bank project (net of tax and non-controlling interests)	(8)	(6)	(18.3%)	0	(6)
Charges for Three Banks acquired (net of tax and non-controlling interests)		(21)	n.s.	0	(21)
<b>Profit (loss) for the period</b>	<b>(755)</b>	<b>113</b>	<b>n.s.</b>	<b>(26)</b>	<b>86</b>

Including contributions\* to...

	9M16	9M17
...SRF	32	28
...DGS	26	25
<b>Total</b>	<b>58</b>	<b>53</b>

Non recurring items, including ~33 mln/€ related to contribution to Interbank Deposit Protection Fund booked in 3Q17 and ~90 mln/€ related to Atlante fund impairments (19 mln/€ in 1Q17 and 70 mln/€ in 2Q17)

Badwill

616

Profit stated for the period including badwill

702

\* Also intercompany accounting is included

\*\* SRF booked in 1Q as estimate, then slightly adjusted in 2Q. DGS booked in 3Q

\*\*\* Including higher LLPs (approx. 850 mln/€) related to shortfall reabsorption initiative of 2019/20120 Business Plan

P&L in **STATED** terms

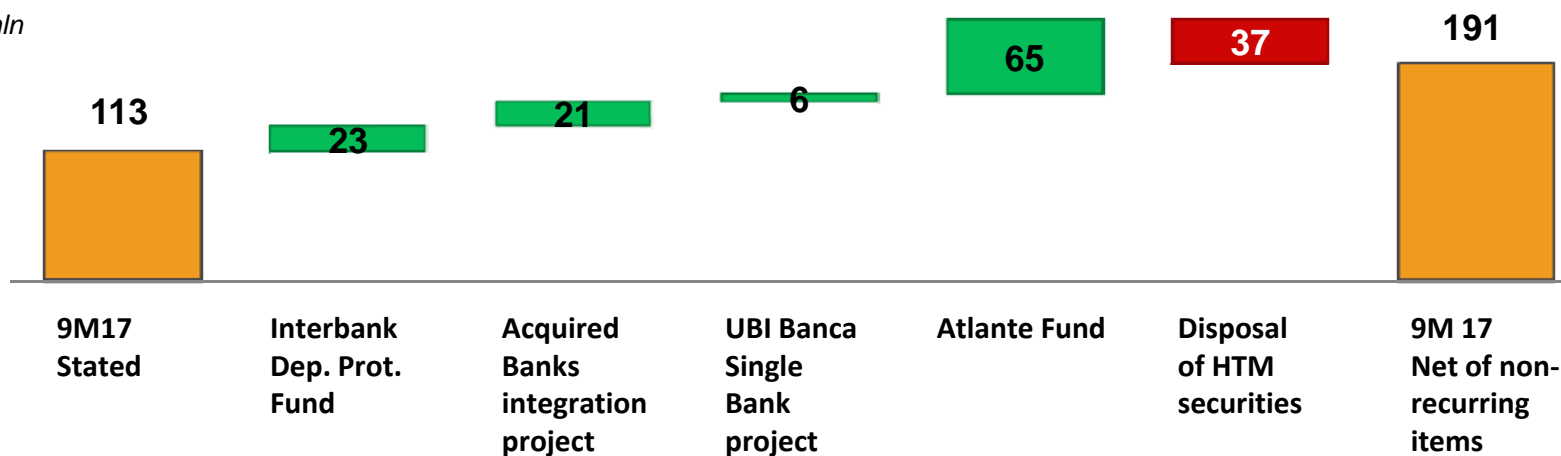
	UBI BANCA Stand Alone					3 Banks including PPA reversal*		Consolidated (Combined Entity)	
	3Q16	2Q17	3Q17	% change 3Q17 vs 3Q16	% change 3Q17 vs 2Q17	2Q17	3Q17	2Q17	3Q17
<i>Figures in € mln</i>									
Net interest income	368	344	345	(6.2%)	0.3%	55	58	398	402
Net commission income	321	363	342	6.4%	(5.9%)	47	48	411	390
Net result from finance	24	86	26	10.7%	(69.4%)	(3)	10	83	36
Profits of equity-accounted investees	7	7	6	(14.9%)	(12.4%)	0	0	7	6
Net income from insurance operations						4	5	4	5
Other income items	26	29	14	(44.8%)	(50.0%)	9	3	38	17
<b>Operating income</b>	<b>746</b>	<b>828</b>	<b>733</b>	<b>(1.7%)</b>	<b>(11.5%)</b>	<b>113</b>	<b>123</b>	<b>941</b>	<b>856</b>
Staff costs	(315)	(314)	(308)	(2.0%)	(1.7%)	(83)	(71)	(396)	(380)
Other administrative expenses	(166)	(151)	(157)	(5.2%)	4.3%	(49)	(54)	(200)	(212)
Net impairment losses on property, equipment and investment property and intangible assets	(34)	(35)	(35)	1.5%	(0.7%)	(5)	(5)	(40)	(40)
<b>Operating expenses</b>	<b>(515)</b>	<b>(500)</b>	<b>(501)</b>	<b>(2.8%)</b>	<b>0.2%</b>	<b>(136)</b>	<b>(131)</b>	<b>(636)</b>	<b>(631)</b>
<b>Net operating income</b>	<b>231</b>	<b>328</b>	<b>232</b>	<b>0.8%</b>	<b>(29.2%)</b>	<b>(24)</b>	<b>(7)</b>	<b>305</b>	<b>225</b>
Net impairment losses on loans **	(167)	(152)	(167)	(0.2%)	9.9%	4	32	(148)	(135)
Net impairment losses on other financial assets and liabilities	(0)	(77)	(34)	n.s.	(55.9%)	(5)	3	(83)	(32)
Net provisions for risks and charges	(4)	(4)	(2)	(37.9%)	(44.7%)	6	(3)	2	(5)
Profits from disposal of equity investments	0	0	1	49.0%	95.0%	0	(0)	0	0
<b>Pre-tax profit from continuing operations</b>	<b>60</b>	<b>95</b>	<b>30</b>	<b>(50.3%)</b>	<b>(69.0%)</b>	<b>(19)</b>	<b>24</b>	<b>77</b>	<b>54</b>
Taxes on income for the period from continuing operations	(15)	(34)	(11)	(23.0%)	(66.5%)	(7)	(21)	(40)	(33)
Profits/losses for the period attributable to non-controlling interests	(8)	(6)	(6)	(19.6%)	(0.3%)	(0)	(0)	(6)	(6)
<b>Profit for the period before Business Plan impacts</b>	<b>37</b>	<b>55</b>	<b>12</b>	<b>(67.4%)</b>	<b>(78.2%)</b>	<b>(25)</b>	<b>3</b>	<b>30</b>	<b>15</b>
Charges for exit incentives	(0)			n.s.	n.s.	(2)	(1)	(2)	(1)
Charges for Single Bank project	(4)	(1)	(0)	(92.2%)	(76.6%)	0	0	(1)	(0)
Charges for Three Banks acquired		(10)	(10)		(1.1%)	0	(0)	(10)	(10)
<b>Profit (loss) for the period</b>	<b>32</b>	<b>44</b>	<b>2</b>	<b>(94.5%)</b>	<b>(96.0%)</b>	<b>(28)</b>	<b>1</b>	<b>16</b>	<b>3</b>
<b>Badwill</b>								<b>613</b>	<b>3</b>
<b>Profit stated for the period including badwill</b>								<b>629</b>	<b>6</b>

\* Also intercompany accounting is included

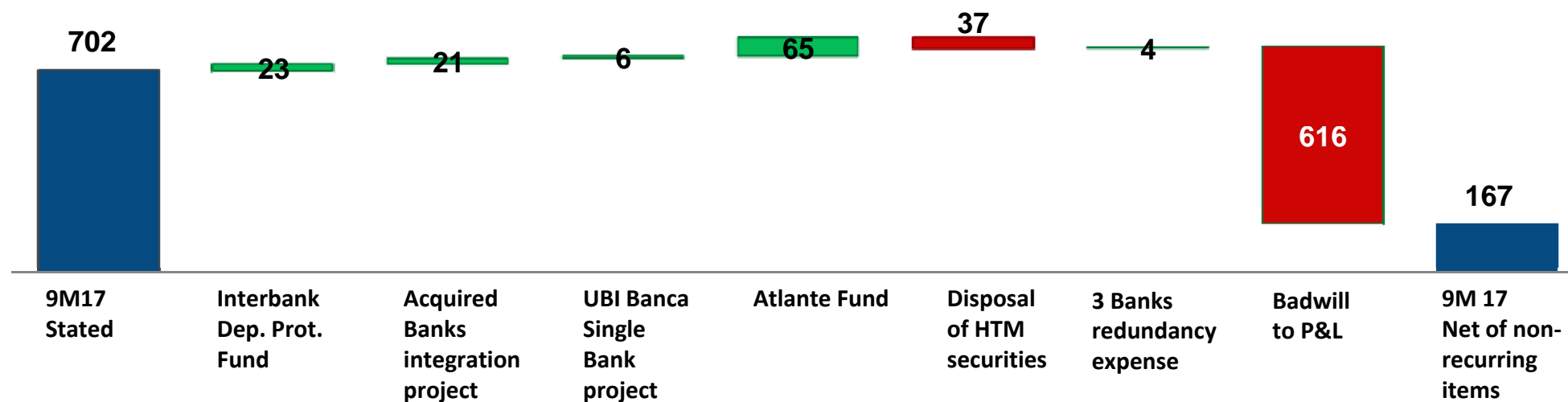
# Relevant non-recurring items\* affected the first 9M17 results

## UBI BANCA STAND ALONE

Figures in €/mln



## COMBINED ENTITY



\* Net of taxes and minorities

# Net Interest income shows progress QoQ both in UBI Stand Alone and in 3 Banks Acquired perimeter. Further benefit still to come from optimisation on Acquired Banks funding profile

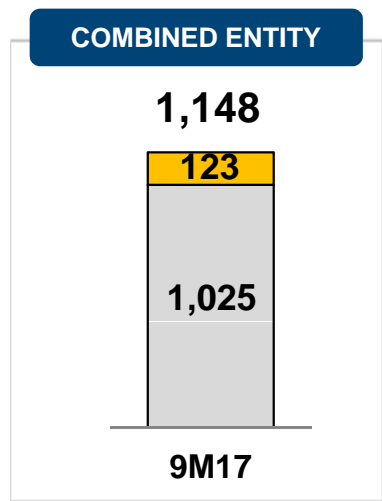
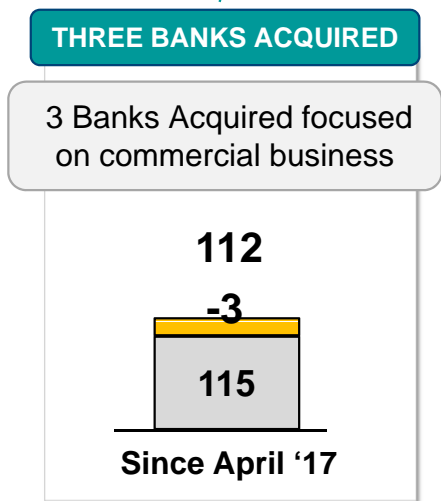
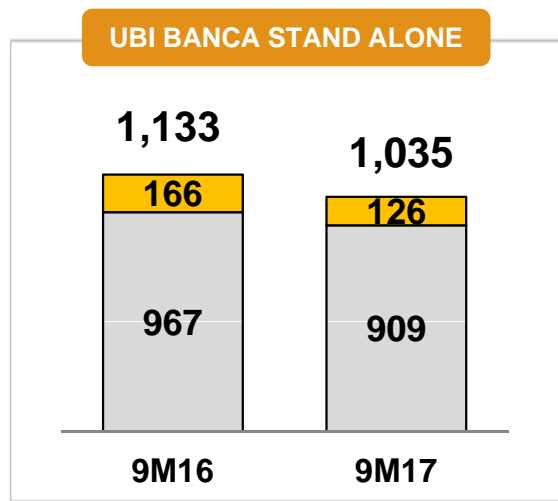
TLTRO2 benefit not included

On the **funding side**, since 1<sup>st</sup> April'17:

- saving on **interest rates**: -43 bps, o/w -14 bps in 3Q17
- **decrease in avg. volumes**: -1.5 bln/€, o/w -0.6 bln/€ in 3Q17, to 14 bln/€ in Sept '17

Figures in €/mln

- From Financial Assets & Interbank Exposures
- From business with customers



Quarterly evolution

- From Financial Assets & Interbank Exposures
- From business with customers
- Total NII**

	3Q16	2Q17	3Q17
From Financial Assets & Interbank Exposures	54	42	38
From business with customers	314	302	307
<b>Total NII</b>	<b>368</b>	<b>344</b>	<b>345</b>

	2Q17	3Q17
From Financial Assets & Interbank Exposures	~0	-3
From business with customers	54	61
<b>Total NII</b>	<b>54</b>	<b>58</b>

	2Q17	3Q17
From Financial Assets & Interbank Exposures	42	35
From business with customers	356	368
<b>Total NII</b>	<b>398</b>	<b>402</b>

## Confirmed strong trends in Indirect funding ... also reflected in higher revenues ....

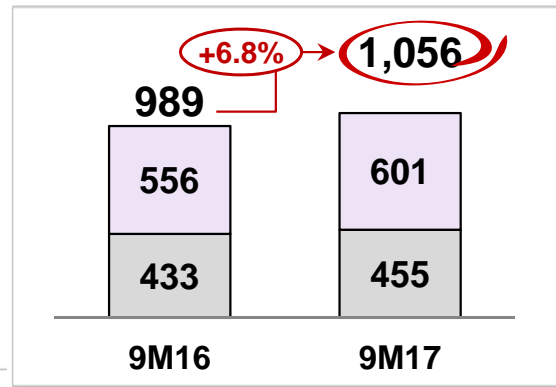
Amounts in bln€	UBI BANCA STAND ALONE					THREE BANKS ACQUIRED				COMBINED ENTITY			
	Sept '16	Dec '16	June '17	Sept '17	% change Sept' 17 vs June '17	Dec '16	June '17	Sept '17	% change Sept' 17 vs June '17	Dec '16	June '17	Sept '17	% change Sept' 17 vs June '17
AuM	36.7	38.2	40.2	41.1	2.4%	2.0	2.2	2.1	-2.5%	40.2	42.3	43.3	2.2%
Bancassurance	16.1	16.5	17.6	18.1	2.9%	1.9	2.1	2.4	12.1%	18.4	19.7	20.5	3.9%
AUM + Bancassurance	52.9	54.6	57.7	59.2	2.6%	3.9	4.3	4.5	4.7%	58.6	62.0	63.7	2.7%
AuC	27.2	27.5	30.2	31.3	3.7%	3.7	3.6	3.7	4.5%	31.2	33.8	35.1	3.8%
Total Indirect Funding	80.1	82.1	88.0	90.6	3.0%	7.7	7.9	8.2	4.6%	89.8	95.8	98.8	3.1%

\* Includes FX negotiations

# 9M17 Net commission income growth confirms positive momentum both in securities related and banking related commissions

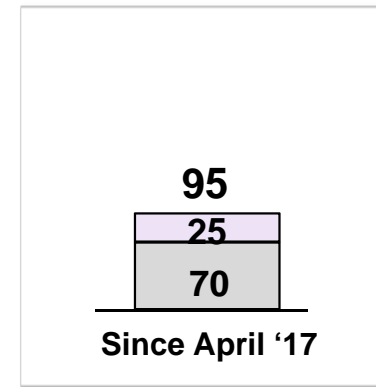
Figures in €/mln

## UBI BANCA STAND ALONE

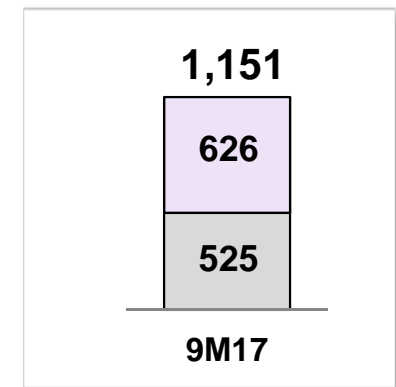


up-front fees	16.1%	14.7%
performance fees	0.8%	0.9%
Volumes Placed (AUM and Bancassurance)	8,522	8,796

## THREE BANKS ACQUIRED



## COMBINED ENTITY



### Quarterly evolution

	3Q16	2Q17	3Q17
Management, Trading and Advisory Services	177	207	191
Banking related commissions*	144	156	151
<b>Total Commissions</b>	<b>321</b>	<b>363</b>	<b>342</b>

up-front fees	14.6%	15.3%	13.0%
performance fees	0.8%	1.1%	0.7%
Volumes Placed (AUM and Bancassurance)	1,916	3,152	2,537

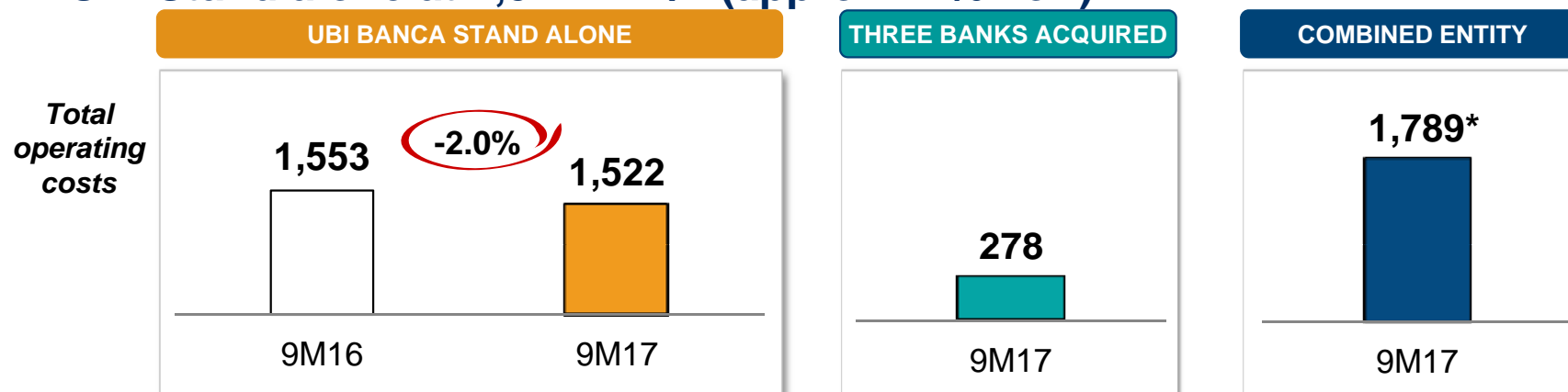
	2Q17	3Q17
Management, Trading and Advisory Services	10	15
Banking related commissions*	37	33
<b>Total Commissions</b>	<b>47</b>	<b>48</b>

	2Q17	3Q17
Management, Trading and Advisory Services	217	206
Banking related commissions*	193	184
<b>Total Commissions</b>	<b>411</b>	<b>390</b>

\* Includes FX negotiations

# 9M17 Total operating costs at 1,789 mln/€ integration and reorganisation on track with -304 headcounts in 3Q17 and -67 branches closed after the incorporation of Banca Adriatica.

UBI Stand alone at 1,522 mln/€ (approx. -2% YoY)



3Q16	2Q17	3Q17
515	501	501

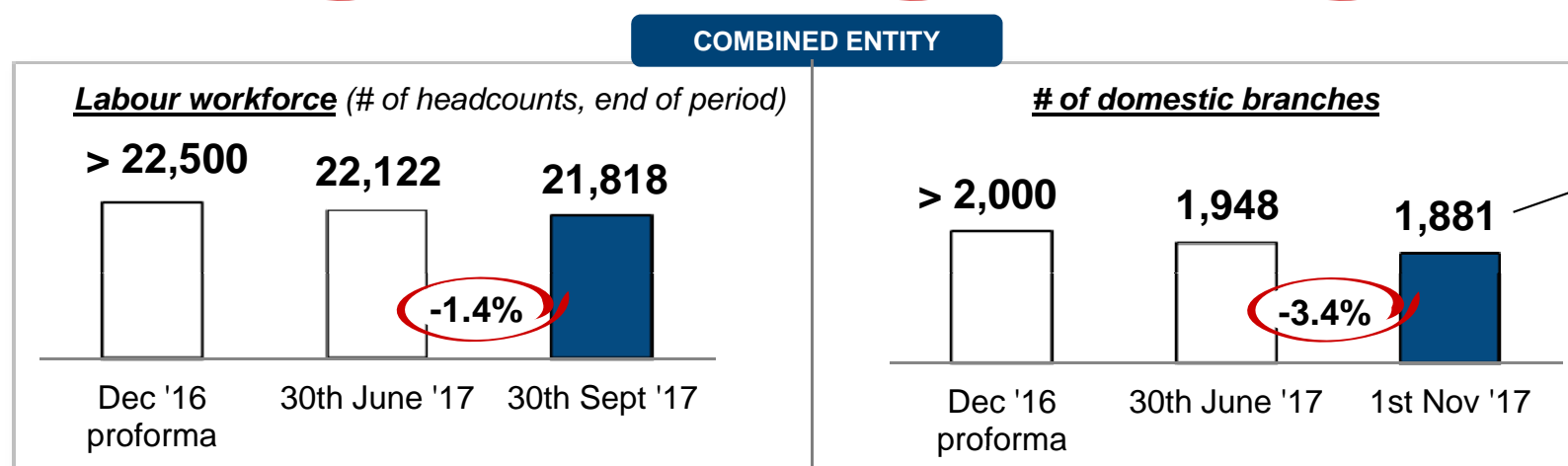
2Q17	3Q17
142	136

2Q17	3Q17
636	631

-2.8%

-4.2%

-0.8%



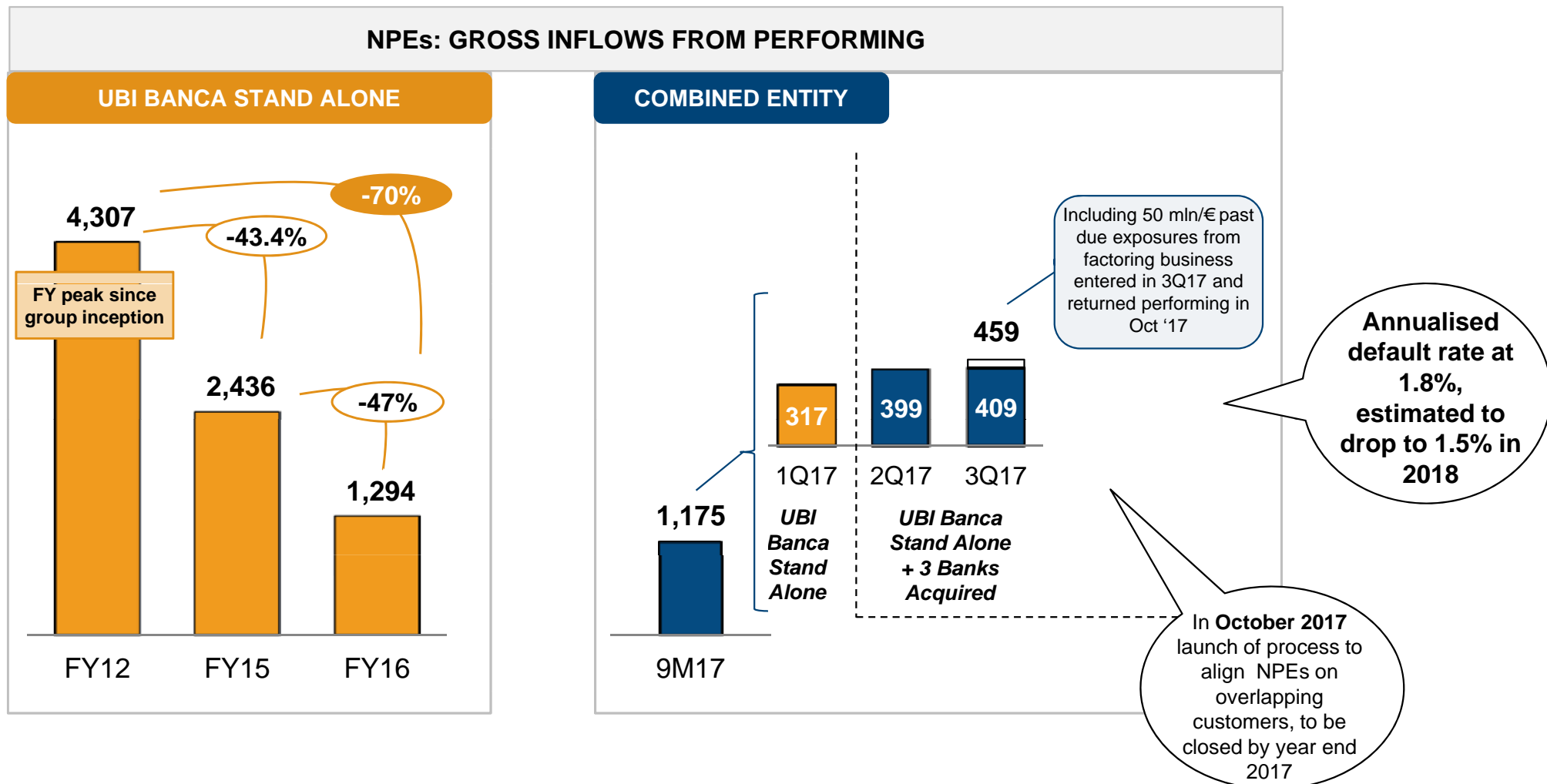
Including the effect of the incorporation of Banca Adriatica (former Banca Marche)

Figures in €/mln

\* Including badwill reversal and intercompany accounting for 10 ml/€ (o/w approx. 5 mln/€ in 2Q17 and 5 mln/€ in 3Q17)

# Flows from performing to non performing loans remain contained; Annualised default rate at 1.8%, expected to drop in 2018

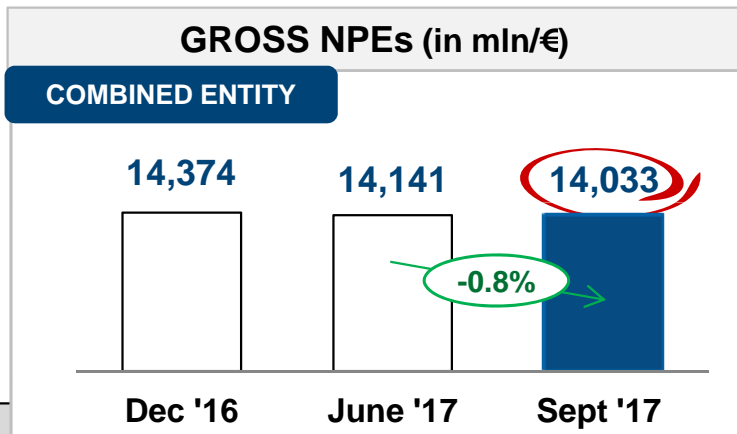
Figures in €/mln





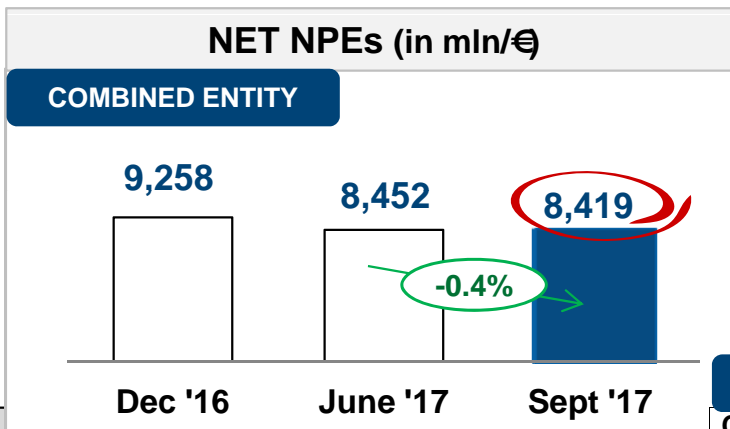
# Detail of NPEs stocks

Loan Loss  
Provision Rate as  
at 30 Sept '17  
**67 bps\***



Sept '17 "Past due loans" figures include approx. 50 mln€ sent to past due in 3Q but back to performing in 4Q17

NPEs /Total loan book	Dec '16	June '17	Sept '17
	14.5%	14.1%	14.0%
<i>of which:</i>			
Bad loans ("Sofferenza")	7,492 7.5%	7,538 7.5%	7,568 7.6%
"Unlikely to pay" loans	6,486 6.5%	6,331 6.3%	6,167 6.2%
Past due loans	397 0.4%	272 0.3%	298 0.3%



NPEs /Total loan book <i>of which:</i>				Sept '17	
	Dec '16	June '17	Sept '17	Coverage %	Coverage % (incl. Write-offs)
	9.9%	9.0%	9.0%	40.01%	48.57%
Bad loans ("Sofferenza")	4,075 4.3%	4,050 4.3%	4,077 4.3%	46.13%	58.83%
"Unlikely to pay" loans	4,881 5.2%	4,157 4.4%	4,069 4.3%	34.02%	
Past due loans	302 0.3%	246 0.3%	273 0.3%	8.50%	

\* Calculated annualising UBI Banca Stand alone for 12 months and the Acquired Banks for 9 months; 59 bps if considering the actual LLPs

- The performance of **net interest income** in the last quarter of 2017 will benefit from the recognition of the contribution from the TLTROII programme and from the progressive reduction in the cost of funding from customers.
- **Net fee and commission income** is expected to show the usual and positive seasonal factors normally experienced in the last quarter of the year and the results of the process to change the mix of total funding in favour of assets under management.
- The actions undertaken during the course of 2016 and 2017 have allowed us to confirm our objective of **containing operating expenses in line with Business Plan forecasts**.
- The trend for improvement in overall **loan losses** for UBI and the new banks is forecast to continue. The annualized default rate amounts as at 30 September 2017, to 1.8% and is expected to decrease further in 2018.
- **The plan to integrate the new banks on schedule and to the budgeted integration costs is confirmed.** Banca Adriatica (the former Nuova Banca delle Marche) and Carilo have already migrated successfully onto UBI Banca's IT systems in the second half of October and the migrations of Banca Tirrenica (the former Nuova Banca dell'Etruria e del Lazio) and Banca Federico del Vecchio are scheduled for completion by the end of the November.



## Main Reclassified Balance Sheet Items

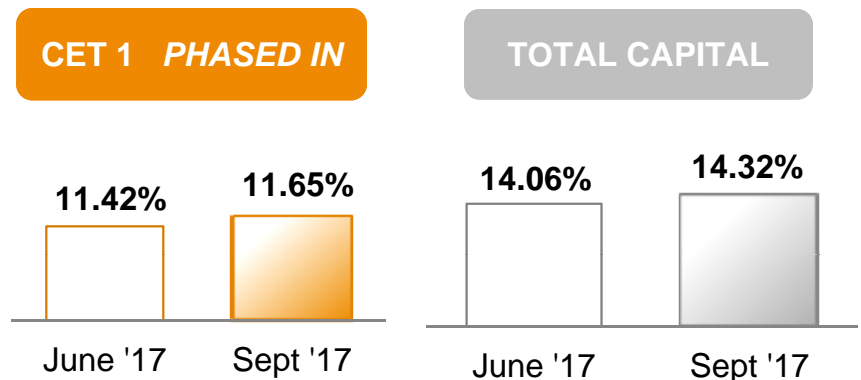
<b>MAIN ASSETS ITEMS</b> <i>Figures in millions of euro</i>	<b>31.12.2016</b> <b>New</b> <b>Perimeter</b>	<b>30.06.2017</b> <b>Combined</b> <b>Entity</b>	<b>30.09.2017</b> <b>Combined</b> <b>Entity</b>
Financial assets (AFS, HFT, FV, HTM)	21,945	17,955	17,523
Loans to customers	93,769	94,229	93,880
Property, equipment and investment property	1,845	1,815	1,809
Intangible assets	1,720	1,715	1,713
<i>of which: goodwill</i>	1,469	1,465	1,465
Tax assets	4,394	4,245	4,181
Other assets	1,646	1,877	1,284
<b>Total assets</b>	<b>134,125</b>	<b>134,280</b>	<b>129,634</b>
<b>MAIN LIABILITIES AND EQUITY ITEMS</b> <i>Figures in millions of euro</i>	<b>31.12.2016</b> <b>New</b> <b>Perimeter</b>	<b>30.06.2017</b> <b>Combined</b> <b>Entity</b>	<b>30.09.2017</b> <b>Combined</b> <b>Entity</b>
Net interbank position	9,637	7,737	10,460
Due to customers	70,989	70,112	70,280
Securities issued	32,269	28,362	26,274
Tax liabilities	244	243	229
Net worth attributable to the Parent	11,393	9,260	9,255
Non-controlling interests	83	68	72
Profit for the period	(1,861)	696	702
<b>Total liabilities and equity</b>	<b>134,125</b>	<b>134,280</b>	<b>129,634</b>

# Capital Ratios (Phased in, Basel 3) as at Sept '17:

**Common Equity Tier 1 Ratio at 11.65%, Total Capital Ratio at 14.32%**

<i>mln/€</i>	June '17	Sept '17
Common Equity Tier 1 Capital (before filters and transitional provisions)	7,870.8	7,828.9
Transitional provisions (minority interest)	8.9	8.6
Transitional provisions (AFS Reserves - debt and other equity instruments)	-16.7	-14.6
Transitional provisions (AFS Reserves - Govies)	27.5	24.1
Transitional provisions (pension fund)	-4.2	-1.9
Transitional provisions (DTA)	52.7	55.6
Common Equity Tier 1 Capital filters	-9.4	-10.6
<b>Common Equity Tier 1 (after filters)</b>	<b>7,929.8</b>	<b>7,890.0</b>
<i>Common Equity Tier 1 regulatory adjustments: negative elements for deduction excess of expected losses over impairment losses</i>	-22.1	-47.7
<b>Common Equity Tier 1 Capital (CET1)</b>	<b>7,907.7</b>	<b>7,842.3</b>
<b>Additional Tier 1 before deductions</b>	<b>0.03</b>	<b>0.03</b>
Additional Tier 1 regulatory adjustments	0.03	0.03
<i>of which negative elements for deduction excess of expected losses over impairment losses</i>	-0.03	-0.03
<b>Additional Tier 1</b>	<b>-</b>	<b>-</b>
<b>Tier 1 Capital (CET 1 +Additional Tier 1)</b>	<b>7,907.7</b>	<b>7,842.3</b>
Tier 2 Capital before transitional provisions	1,858.1	1,834.0
<i>Tier 2 instruments grandfathering</i>	-	-
<b>Tier 2 Capital after transitional provisions</b>	<b>1,858.1</b>	<b>1,834.0</b>
Tier 2 capital regulatory adjustments	-37.4	-41.1
<i>of which: negative elements for deduction excess of expected losses over impairment losses</i>	-2.5	-5.3
<b>Tier 2 Capital</b>	<b>1,820.7</b>	<b>1,792.9</b>
<b>TOTAL OWN FUNDS</b>	<b>9,728.4</b>	<b>9,635.2</b>

<i>mln/€</i>	June '17	Sept '17
<b>Risk weighted assets</b>	<b>69,216.6</b>	<b>67,289.2</b>
<b>Total prudential requirements</b>	<b>5,537.3</b>	<b>5,383.1</b>
<i>Credit risk</i>	5,124.5	4,977.1
<i>CVA (Credit Value Adjustment) risk</i>	13.6	11.1
<i>Market risk</i>	92.5	88.2
<i>Operational risk</i>	306.7	306.7

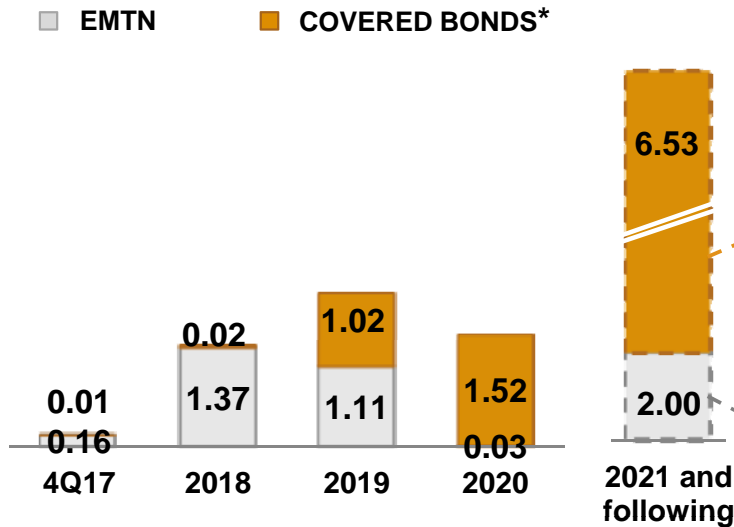


- B3 Leverage as at 30<sup>th</sup> Sept '17:
  - ✓ phased in 5.82%
  - ✓ fully loaded 5.77%
- LCR and NSFR > 100%

# Bond maturities well planned and distributed over time. Good institutional placing power confirmed by last October issuances

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**Maturities profile as at 30<sup>th</sup> Sept '17 (pro-forma)**  
(UBI Stand alone, nominal amounts in € bln)



Maturities after 2021 include the **latest placements**, namely...

...the **10 year** covered bond issuance for **1.25 bln/€** was settled on 4<sup>th</sup> Oct '17 (**35 bps** over the 10y mid swap rate, as announced on 25<sup>th</sup> Sept '17)

...the **5 year** senior unsecured fixed rate benchmark bond issuance for **0.75 bln/€** was settled on 17<sup>th</sup> Oct '17 (**62 bps** over the 5y mid swap rate, as announced on 9<sup>th</sup> Oct '17)

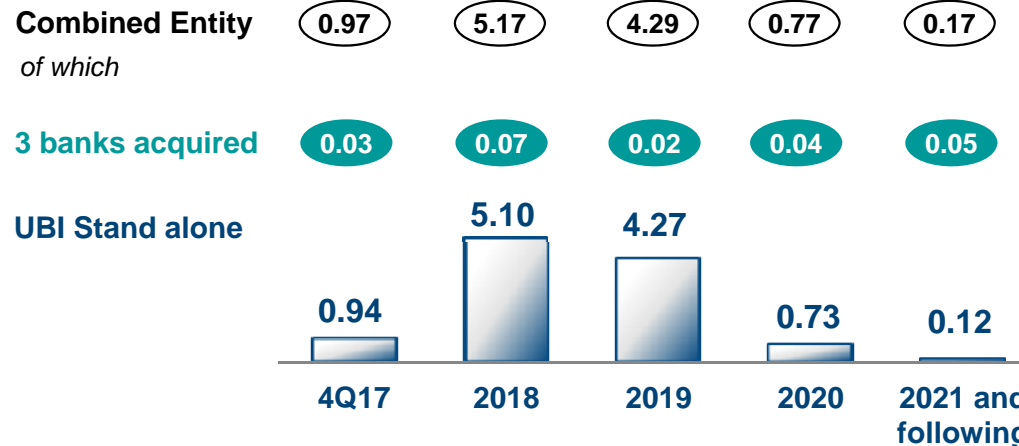
### 3 banks acquired

As at Nov' 17, there are 3 securitisations for a market outstanding amount of approx. 0.4 bln/€.

There were 11 securitisation in Dec' 16, most of them highly amortised and redeemed ahead of maturity.

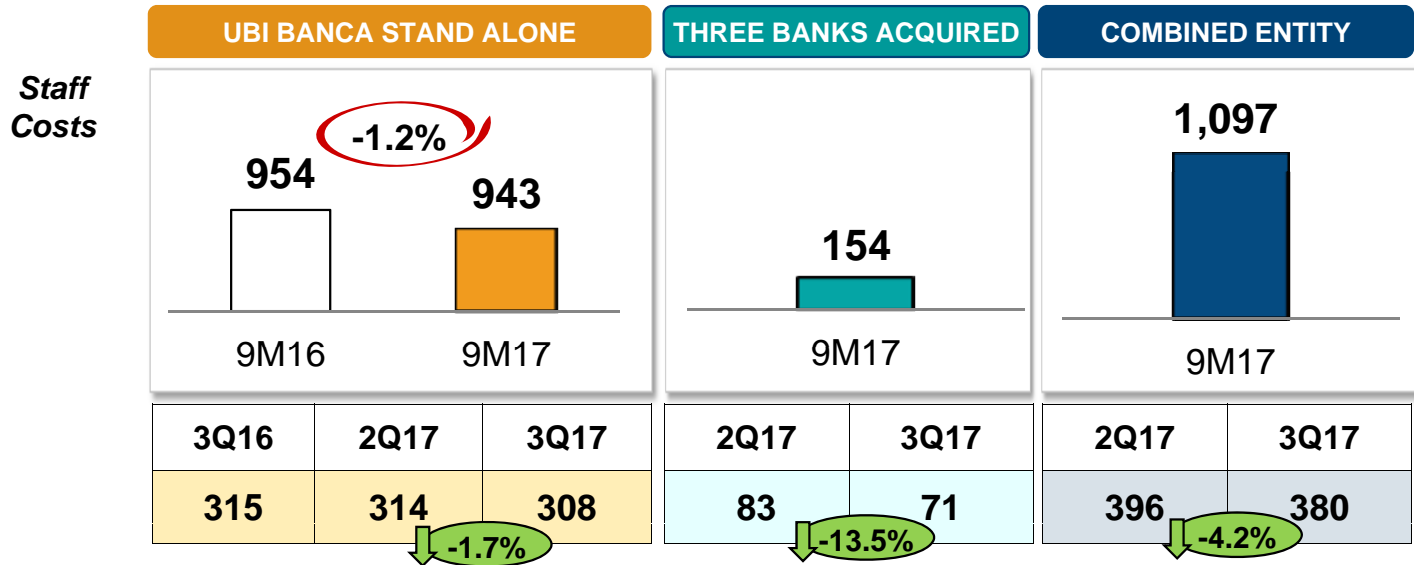
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**Maturities profile as at 30<sup>th</sup> Sept 2017**  
(nominal amounts in € bln, net of bond repurchases)

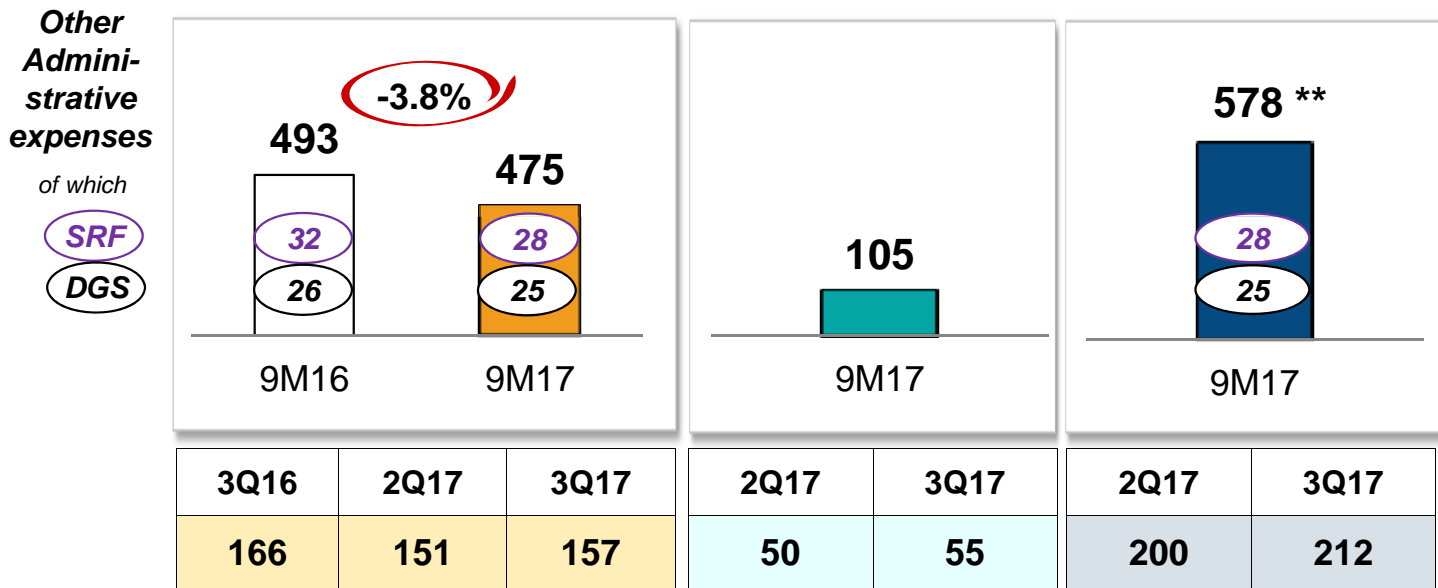


\* Inclusive of original 0.25 bln/€ of private placement with BEI expiring within 2022. Retained issues not included

# Detail of the evolution of staff costs and other administrative expenses



**Combined Entity:** out of the 2,173\* headcounts expected to leave the Group by recurring to solidarity fund, approx. 45% progressively exited within 30<sup>th</sup> Sept '17 and a further 17% expected to leave in 4Q17



Figures in €/mln

\* As announced on page 12 of the 2016-2019/20 Business plan update published on 11<sup>th</sup> May 2017 and slightly updated and integrated;

\*\* Including badwill reversal and intercompany accounting for 2 ml/€ (o/w approx. 1 mln/€ in 2Q17 and 1 mln/€ in 3Q17)

# Detail of NPE coverage

COVERAGE EVOLUTION	Combined Entity		
	Dec '16	June '17	Sept '17

**TOTAL NPEs coverage**

Stated	35.60%	40.23%	40.01%
Including write-offs*	44.62%	48.84%	48.57%

**COVERAGE by type of NPEs**

**BAD LOANS**

Stated	45.61%	46.28%	46.13%
Including write-offs*	58.56%	59.17%	58.83%

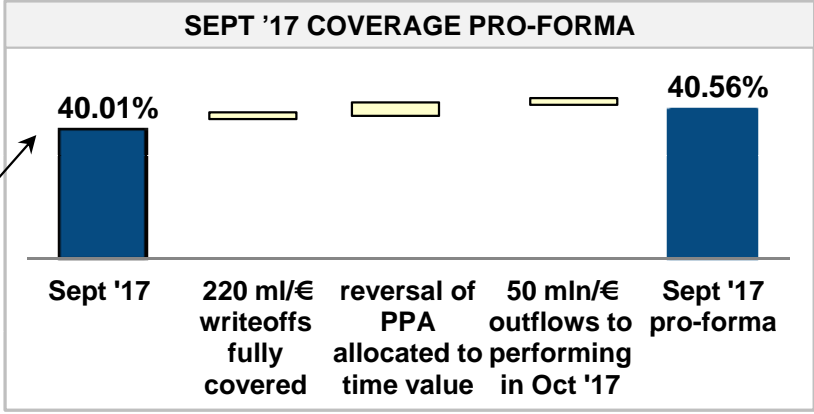
**UNLIKELY TO PAY**

Stated	24.75%	34.34%	34.02%
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**PAST DUE**

Stated	23.86%	9.49%	8.50%
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**Loan Loss Provision Rate as at 30 Sept '17 (annualised\*\*)** **67 bps**



**3Q17 vs 2Q17**

Write-offs for 220 mln/€ fully covered

Reversal of PPA allocated to time value (-40 mln/€)

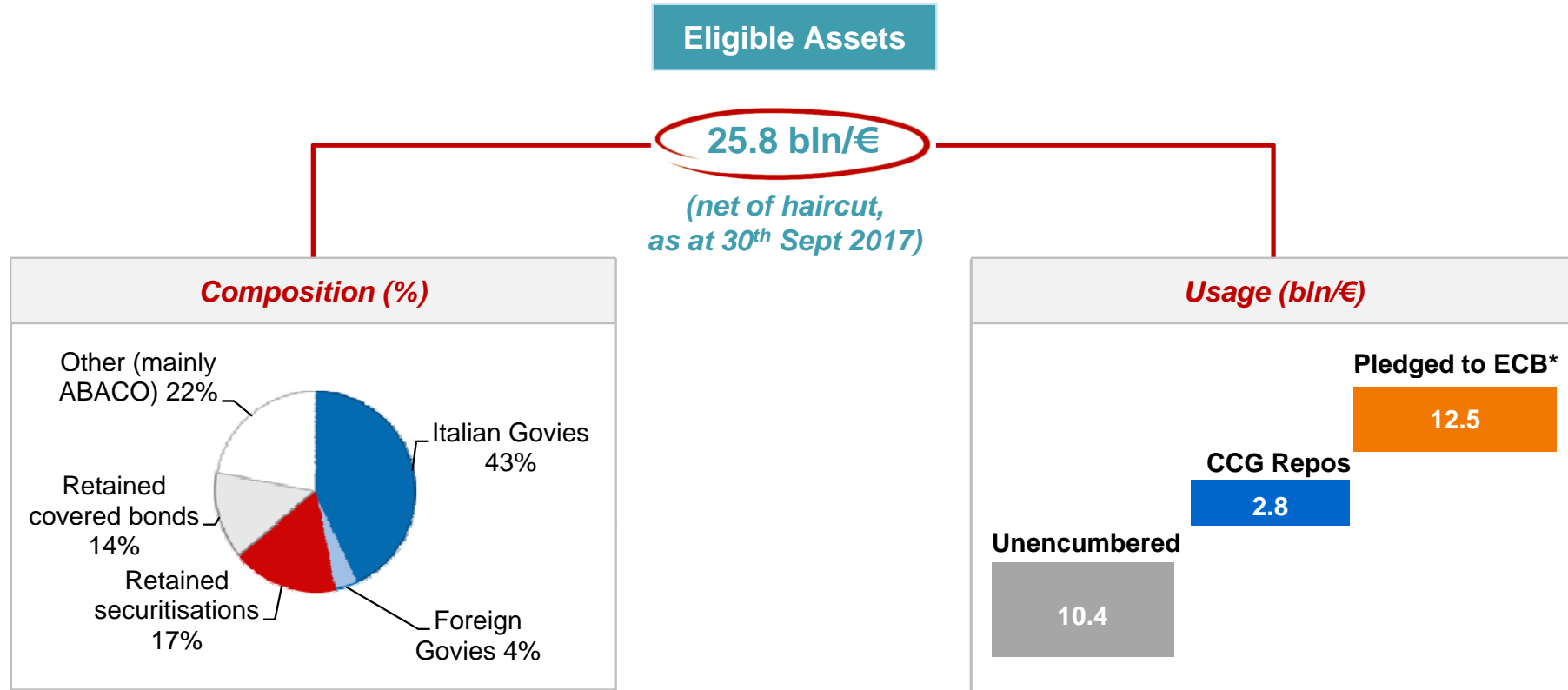
50 mln/€ UBI Factor exposure back to performing in Oct '17

\* Write-offs amount to 2.3bln/€

\*\* Calculated annualising the LLPs on a 12 month basis for UBI Stand Alone and on a 9 month basis for 3 Banks Acquired; 59 bps if considering the actual LLPs



**Total eligible assets at 25.8 bln/€, of which 10.4 bln/€ unencumbered.  
Eligible assets represent 40% of current accounts and deposits**



\* 12.5 bln/€ TLTRO 2 of which 10 bln/€ expiring in June 2020 and 2.5 bln/€ expiring in March 2021  
Note: on top of eligible assets, further 4.5 bln/€ deposited with ECB as excess liquidity