PRESS RELEASE

UBI Group results as at 31.03.2020

The year 2020 began for UBI Banca with yet again solid operating and financial results. In the first quarter of the year, which included the first impacts of the Covid 19 emergency which started to manifest in March, net profit came to €93.6 million (more than twofold the €38.1 million result for 4Q 2019 and up 12.2% on €83.4 million in 1Q 2019)[1], notwithstanding substantial additional specific impairment losses booked on UTPs in those sectors hit hardest by the Covid 19 crisis.

The fully loaded CET 1 ratio rose significantly to 12.86% (+57 bps vs 31.12.2019) and the total capital ratio to 17.05% (+122 bps vs 31.12.2019). Gross non-performing loans fell further by 2.4%, entirely the result of internal workout, to stand at 7.5% of gross loans (6.7% pro forma with account taken of wholesale disposal of bad loans amounting to approx. €800 million currently in progress). The Texas ratio was 48.8% (55.13% at year-end 2019).

The quality of performing loans improved further (the high-risk component dropped to 2.7%); the default rate decreased consequently to 1% including the new definition of default.

The Bank reacted extremely rapidly to the crisis created by Covid19 to protect both its employees and customers, leveraging, amongst other things, on the efficiency and flexibility of its IT systems and organizational structures which were up to the emergency.

The Group took immediate action to offer all types of support to customers, confirming fast action, high-performance and responsive IT system, the ability to respond to customer demands with sound and concrete answers, flexibility and swift adaptation of its business model. This included the following:

- **all small business, premium, private banking and corporate account managers (over 4,700 staff) were enabled to conduct remote sales, offering products and services (financial advisory, lending products, etc) and processing contracts remotely. As a result commercial activities continued even at the peak of the crisis;**
- **on 1st April UBI Banca launched its "Rilancio Italia" scheme, a financial support programme worth up to €10 billion for businesses, households and the third sector. These funds are earmarked for advances on temporary unemployment benefits, loans to provide companies with new liquidity and deferred repayments of mortgages and loans, with interventions which combine a response to meet urgent needs with the intention to support economic recovery in coming months;**

[1] Restated to take account of a change in the measurement criteria employed for real estate assets. See the methodological note and the attached statements. Net profit previously published amounted to € 82.2 million in 1Q 2019 and to 60.1 in 4Q2019.

- **UBI Banca has also taken action to allow easier access, including remote access, to the opportunities offered by government decrees. The moratoriums granted reached 130,000 and approximately 50% of these were in terms of outstanding debt in Lombardy. UBI has been recognised as the fastest bank to process applications for loans of up to €25,000, thanks to swift and smooth procedures implemented in co-operation with SF Consulting, an associate company of the Group: as at the 7th of May, loans which have obtained the guarantee and are ready for disbursement amount to 40% of the system total. <u>The Bank's strong capital position and its ability to respond to local needs led to the implementation of initiatives to support households and businesses to a far greater extent than would be expected from the Group's natural market share.</u>**
  An agreement has also been signed to grant loans with SACE (Italian state export credit agency) guarantees.

The health and safety measures put in place[2] allowed the Group to keep all its branches open, although with reduced opening hours, with the exception of some mini-branches. Smart working was enabled for all Group employees, with the set-up of 20,000 remote workstations used at the peak of the crisis by approximately 50% of the Group's staff.

Customer service also continued in the contact centre which was fully operational in smartwork mode. In order to guarantee the best possible customer service, the contact centre was reinforced with additional staff from the branch network for a total of approximately 420 people in contact with customers.

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Income statement figures for 1Q 2020

Stated net profit of €93.6 million, more than double the €38.1 million in 4Q 2019 and +12.2% compared with €83.4 million in 1Q 2019[3]

<u>Net interest income remained resilient</u> at €405.2 million, more or less unchanged compared with €412 million in 4Q 2019 if account is taken of the smaller number of days in the current quarter, notwithstanding a lower contribution from the securities portfolio.
Compared with €445.6 million in 1Q 2019, the 2020 result was affected by a higher cost of funding, partly in relation to institutional issuances carried out successfully in 2019, and a reduction of the IFRS9 contribution as a consequence of the wholesale disposals concluded in 2019.
As a matter of fact, the issue plan enabled the requested MREL levels to be achieved ahead of schedule, which made the Bank independent of potential market closures, while the reduction in non-performing exposures allowed it to face the crisis with fewer concerns and greater strength.

The customer spread grew continuously to 1.77% (1.75% in 4Q 2019 and 1.76% in 1Q 2019).

<u>Net fee and commission income was again strong at €420.5 million, +4.9% compared with €400.9 million in 1Q 2019</u> (€446.3 million in 4Q 2019, which benefited from greater performance fees on funds and Sicav's normally recognised at year-end).

[2] The Group immediately put all possible health and safety measures in place, which were continuously reinforced as time went on: enhanced cleaning, facemasks, disinfectant liquids, plastic dividers, shift-working, appointments for branch access, etc.
[3] The comparative quarters were impacted by the change in the measurement criteria for properties. See the methodological note and the attached tables. Net profit previously published amounted to € 82.2 million in 1Q 2019 and to 60.1 in 4Q2019.

<u>Operating expenses fell</u> – net of systemic contributions – to €551.6 million, reducing continuously <u>(-3.6%)</u> compared with €572.2 million in 4Q 2019 and <u>(-1.7%)</u> compared with €561 million in 1Q 2019, notwithstanding the application of the new national labour contract.

Loan losses stood at €155.6 million, of which approximately €50 million due to <u>greater, mainly specific, impairment losses recognised in March 2020 on unlikely-to-pay loans in the sectors hit hardest by the Covid 19</u> (compared with €128.6 million in 1Q 2019 and €208.2 million in 4Q 2019 which included most of the cost of the approximately €800 million disposal of SME bad loans currently in progress)

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The balance sheet

1) <u>Non-performing exposures reduce further and capital rises</u>

- **Gross non-performing exposures of €6.7 billion, down 2.4% compared with 31.12.2019 and 29.4% compared with 31.03.2019.**
  The ratio of gross non-performing exposures stood at 7.5% of total gross loans (7.8% as at 31.12.2019 and 10.4% as at 31.03.2019). Preparation for the disposal of a portfolio of approximately €800 million gross of SME bad loans is continuing. The cost has already been largely included in impairment losses on loans recognised in the last quarter of 2019. If that operation were included, expected to be completed in 3Q 2020, pro forma gross non-performing exposures would amount to <u>6.7%[4]</u> of total gross loans.
- **Default rate[5] in 1Q 2020 of 1% (1.1% in 2019).**
- **Texas ratio[6] of 48.8% (55.1% at year-end 2019).**

- **Fully loaded CET1 ratio of 12.86% (12.29% at year-end 2019) and an MDA buffer (CET1) of 361 bps[7] (459 bps in the hypothesis of full application of art104a of CRD5).**
- **Fully loaded Total Capital Ratio of 17.05% (15.83% at year-end 2019).**

2) <u>Liquidity and regulatory ratios are again solid</u>

- **The Group already amply exceeds the MREL requirements (total and subordinated)**
- **LCR>1**
- **NSFR >1 even net of the contribution from TLTRO2 funding**
- **Liquid assets of €36.8 billion, of which €23.8 billion available**

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Milan, 8th May 2020 – the Board of Directors di Unione di Banche Italiane Spa (UBI Banca) approved the consolidated results for the first quarter of 2020.

Methodological note

[4] The ratio was calculated by excluding the amount of €800 million from the numerator (gross non-performing exposures) and from the denominator (total gross loans).
[5] Default rate: annualised gross migrations of performing exposures to non-performing status/initial stock of gross performing loans and advances (item 40.2) in the reclassified consolidated balance sheet).
[6] Calculated as net non-performing exposures / (equity, excluding profits and intangible assets).
[7] The MDA buffer represents the maximum available amount for dividend distribution. For UBI Banca, the CET1 ratio is compared with the SREP level (9.25%)

It is underlined that as of 31st March 2020 the UBI Group changed the measurement criteria for real estate assets, adopting the fair value criterion in place of that of cost.
As a consequence of the above, the income statement and balance sheet figures for the comparative periods have been restated and they therefore differ from those published as at their respective reporting dates.
In compliance with IAS 8, the comparative figures for previous periods have been restated following retrospective application (from 1.1.2019) of the change in the measurement criteria for real estate assets, subject to IAS 40 rules.
On the contrary, the change in the measurement criteria for operational real estate assets, pursuant to IAS 16, has been applied prospectively from 31st March 2020, in compliance with IAS 8.

Following the change in the measurement criteria for real estate assets, we report the following as of these financial statements:

- the item "Property, plant and equipment" in the balance sheet includes measurement of "Operational properties" pursuant to IAS 16 and "Investment property" pursuant to IAS 40, at the "revalued amount" and at "fair value" respectively;
- the item "Depreciation and net impairment losses on property, plant and equipment and intangible assets" in the income statement includes, with regard real estate assets, only the depreciation of "Operational properties" since "Investment properties" measured at fair value are not depreciated;
- the item "Net income (loss) from fair value change in property, plant and equipment and intangible assets" includes the result for changes in the fair value of properties in the period, in compliance with the new measurement criteria adopted.

Reference is made to the restated financial statements attached.

Operating performance of the Group

The first quarter of 2020 recorded a net profit of €93.6 million, a more than twofold increase compared with €38.1 million[8] achieved in the fourth quarter of 2019 and up 12.2% on €83.4 million[9] in the first quarter of 2019.

In 1Q 2020, **net operating income** amounted to €320 million, a slight increase compared with €317.7 million recorded in 1Q 2019 and down compared with €371.9 million in 4Q 2019, primarily the result of greater systemic contributions (€42 million in 1Q 2020 compared with €4.4 million in the 4Q 2019).

In detail, **net interest income** amounted to €405.2 million (-1.7% vs 4Q 2019 and -9.1% vs 1Q 2019), composed as follows:

- net interest income from banking business with customers, net of the impact of IFRS9, amounted to €359 million compared with approximately €364.5 million in 4Q 2019 and €383.1 million in 1Q 2019.
  This result is in line with that for 4Q 2019, if it is considered that the first quarter of the year is one day shorter (-€4 million), while in the comparison with 1Q 2019 it was affected by a higher impact of the funding component due to both substantial institutional issuances carried out in 2019 and a fall in market interest rates which had an overall impact of around 10 basis points on the markdown.
  As a result of good performance by the markup on loans, which rose again in 1Q 2020, the customer spread[10] rose to 177 basis points from 175 bps previously and from 176 bps in 1Q 2019.
  The IFRS9 contribution was almost unchanged at €11.2 million in 1Q 2020 compared with 4Q 2019, while it was down by approx. €15 million on 1Q 2019, due primarily to the effect of the wholesale disposals carried out in 2019.
  It is underlined that issuances carried out in 2019 enabled the requested MREL levels to be achieved ahead of schedule, which made the Bank independent of potential market closures, while the reduction in non-performing exposures allowed it to face the crisis with fewer concerns and greater strength;

[8] See the methodological note and the attached statements.
[9] See the methodological note and the attached statements.
[10] These are spreads that do not include the benefits of TLTRO2.

- the contribution from financial activities amounted to €36.8 million, down from €50.7 million in 4Q 2019 and from €44.4 million in 1Q 2019, as a result of lower profitability of the securities portfolio and a negative impact by hedging derivatives;
- net income from business on the interbank market and other was favourable, with the negative impact down to -€1.9 million in 1Q 2020 compared with -€12.7 million in 4Q 2019 and -€7.9 million in 1Q 2019.

Net fee and commission income grew to €420.5 million, an increase of 4.9% compared with €400.9 million in 1Q 2019 (€446.3 million in 4Q 2019, which included greater performance fees on funds and Sicav's normally recognised at year-end).
During the quarter, the **contribution from services relating to securities business** rose to €243 million from €225.5 million in 1Q 2019 (€252.9 million in 4Q 2019). Net of performance fees and upfront commissions related to funds, Sicav's and insurance products, **the contribution from services related to securities business** rose to approximately €183.2 million in 1Q 2020 from €177.1 million in 4Q 2019 and from €171.3 million in 1Q 2019, **the best result ever recorded for this item thanks to strong performance by fees and commissions on trading in financial instruments and the placement of securities**.
The contribution from **fees and commissions relating to general banking business** was €177.5 million, up on €175.4 million in 1Q 2019, but down compared with €193.4 million in 4Q 2019, which moreover included seasonal items normally recognised in the last period of the year (e.g. rappel and other).

The **finance result** was positive by €53.6 million in 1Q 2020 as a result of good performance from "net income from the disposal/repurchase of financial assets and liabilities" achieved by the partial disposal of the corporate bond portfolio at a time of favourable market conditions. This compares with +€58.2 million achieved in 4Q 2019 and +€37.4 million in 1Q 2019.

Constant control over costs again had a positive impact on **operating expenses**.
It is underlined that, unlike other major Italian banks, UBI Banca includes systemic contributions to the Resolution Fund and to the Deposit Guarantee Scheme within operating expenses and, more specifically, within other administrative expenses. If these contributions are included, operating expenses totalled €593.6 million in 1Q 2020, compared with €576.7 million in 4Q 2019 and €602.9 million in 1Q 2019.
If these contributions are excluded (approximately €42 million in both 1Q 2020 and 1Q 2019 and €4.4 million in 4Q 2019), and therefore on a **comparable basis with other major Italian banks, then operating expenses amounted to €551.6 million, down constantly (-3.6%) compared with €572.2 million in 4Q 2019 and (-1.7%) compared with €561 million in 1Q 2019.**
In detail:
- **staff costs** totalled €355 million, down 2.6% compared with €364.4 million in 1Q 2019 (and almost unchanged compared with €355.5 million in 4Q 2019), notwithstanding the application of the new national labour contract, thanks to staff exits agreed in trade union agreements signed in previous periods. On the basis of those agreements a further 133 staff exits are still scheduled starting from the end of March 2020;
- **other administrative expenses**, net of systemic contributions (approximately €42 million in both 1Q 2020 and in 1Q 2019 and €4.4 million in 4Q 2019), were down substantially to €139.4 million in 1Q 2020, a decrease of 11.9% compared with €158.2 million in 4Q 2019 and of 3.2% compared with €144 million in 1Q 2019;
- **depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets** amounted to €57.2 million in 1Q 2020, compared with €52.5 million in 1Q 2019 (€58.5 million in 4Q 2019).

In the first quarter of the year **net impairment losses on loans and advances to customers** amounting to €155.6 million were recognised, of which approximately €50 million relating primarily to specific

impairment losses recognised on unlikely-to-pay exposures in the sectors hit hardest by the Covid 19 (retail businesses, transport, hospitality and catering, textiles and clothing, hire-travel agencies-business support services, etc.), which brought average coverage for these sectors as a whole to approximately 35%.
This amount for impairment losses recognised in 1Q 2020 compares with €128.6 million recognised in 1Q 2019 and €208.2 million in 4Q 2019 which included most of the costs incurred for the announced wholesale disposal of approximately €800 million of bad loan SME positions.
Net impairment losses on loans give an annualised loan loss rate of 73 basis points, compared with 59 basis points in 1Q 2019.

Finally, estimated **taxes on income** for the period from continuing operations in 1Q 2020 amounted to €52.4 million, to give a tax rate of 33.96% (compared with 27.9% in 1Q 2019 and 18.6% in 4Q 2019).

Profit net of non-recurring items[11] amounted to €99.3 million compared with €83.9 million in the fourth quarter of 2019 and €126.1 million in the first quarter of 2019.

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Balance sheet figures

Net loans and advances to customers[12] as at 31st March 2020 totalled €85.8 billion, compared with €84.6 billion at year-end 2019.
Within the item:
- net performing exposures grew to €81.7 billion from €80.4 billion at the end of December 2019;
- net non-performing exposures reduced constantly, and declined by €138.1 million during the quarter as a result of internal workout action taken, falling to €4.03 billion from €4.17 billion as at 31st December 2019 (€5.76 billion as at 31.03.2019).

More specifically, with regard to **trends for non-performing exposures**:

- **total gross non-performing exposures**[13] **amounted to €6,673.2 million, down 2.4%** (€165.2 million) **compared with 31st December 2019**.
  The ratio of gross non-performing exposures fell further to 7.51% (7.80% in December 2019 and 10.36% in March 2019) and to approximately 6.7% pro forma if account is taken of the disposal, currently in progress, of approximately €800 million of exposures to small and medium-sized enterprises classified as bad loan positions.

  The **default rate**, which measures the **migration of new inflows of gross loans from performing to non-performing status**, was again low at 1%, in line with 1.1% recorded for the full year 2019, inclusive of the impact of the new definition of default.

  At the end of March 2020, **coverage** for total non-performing exposures was slightly up, both in terms of stated coverage (39.56% compared with 39% at the end of 2019) and inclusive of write-offs (52.03% compared with 50.92% at the end of 2019);

[11] The main non-recurring items net of taxes and minority interests include the following:
- in 1Q 2020: -€5.8 million net (-€8.7 million gross) relating to the first time application of the fair value measurement of properties;
- in 1Q 2019: -€42.6 million net (-€63.7 million gross) in relation to the March 2019 trade union agreement;
- in 4Q 2019: -€46.8 million of redundancy incentives (-€70 million gross), +€1.2 million of profit on the disposal of investments (+€1.8 million gross), -€0.3 million of impairment losses on real estate properties (-€0.4 million gross).

[12] Item 40. 2) in the reclassified consolidated balance sheet.
[13] See the tables attached.

- **in net terms, total non-performing exposures** declined to €4,033.4 million compared with €4,171.5 million in December 2019, a decrease of 3.3% (€138.1 million). Net non-performing exposures as a percentage of total net loans fell to 4.70% from 4.93% as at 31.12.2019.

  As a result of the reduction in total net non-performing exposures, the **Texas ratio fell further to 48.8%**, showing continuous improvement compared with 55.1% in December 2018 and 78% in March 2019.

As at 31st March 2020, the **direct banking funding** of the Group amounted to €94 billion, down compared with €95.5 billion in December 2019 due primarily to a contraction in the corporate component within the item "current accounts and deposits" (down by €1.1 billion to €68 billion on aggregate), designed, amongst other things, to reduce expenses on reserves held with the ECB, and to maturities and repurchases of retail bonds (down by €0.3 billion to €4.6 billion), while other items remained more or less stable. Direct banking funding grew slightly, on the other hand, compared with €93.6 billion in March 2019.

Indirect funding was influenced by market performance and stood at €92.2 billion at the end of March 2020 compared with €101.5 billion at year-end 2019. Net of the performance effect, which impacted both assets under management and assets under custody, indirect funding fell by 0.5%.
More specifically, assets under management in the narrow sense totalled €41.2 billion (-10.1% vs €45.8 billion at year-end 2019 and +0.3% net of the performance effect) and assets under custody totalled €23.9 billion (-15.6% vs €28.4 billion at year-end 2019 and -3.9% net of the performance effect due to the absence of an institutional position), while insurance products were largely unchanged at €27.1 billion (+1.5% net of the performance effect).

As a result of the Funding Plan implemented during 2019, mainly on institutional markets, the Bank is already exceeding MREL requirements (both total and subordinated), which will come into force as of June 2020.

Following repayments of €1.5 billion made with value date 25th September 2019 and of €1 billion with value date 18th December 2019, **Group exposure to the ECB in TLTRO2** amounted to €10 billion nominal. The contractual maturity schedule for that TLTRO2 exposure, recognised under "due to banks", and therefore not included in direct funding, involves repayment of €7.5 billion in June 2020 and €2.5 billion in March 2021. No recourse has been made at present to TLTRO3 funding.

The Group continues to benefit from a solid liquidity position, with ratios (Net Stable Funding Ratio and Liquidity Coverage Ratio) constantly higher than one. The NSFR was again confirmed at greater than one even net of the contribution from TLTRO2.
Eligibile assets available to the Group as at 31st March 2020, totalled €36.8 billion (of which €23.8 billion available) already net of haircuts and inclusive of €5.8 billion of liquidity deposited with the ECB.

The Group's **financial assets**[14] grew to €20.1 billion at the end of March 2020 (€19.2 billion in December 2019), the result of a slight increase in short term Italian government securities in order to invest liquidity and in the trading portfolio. Altogether Italian government securities amounted to €11 billion compared with €9.8 billion at year-end 2019 (and, net of insurance company positions, to €9.5 billion compared with €8.4 billion at year-end 2019), accounting for 54.6% of the securities portfolio.

As at 31st March 2020, **net equity** attributable to the shareholders of the Parent, inclusive of profit, amounted to €10,095,693 thousand, up compared with 9,539,424[15] thousand in December 2019, due to the AT1 issuance carried out in January 2020, to the impact of the change in the measurement criterion

[14] The sum of items 20.3), 30.3) and 40.3) – government securities in the reclassified consolidated balance sheet.
[15] Restated to take account of change in valuation criteria.

for real estate assets and to profit for the quarter, notwithstanding the negative impact of market performance on securities fair value reserves.

Again at the end of March 2020, the Group's **CET1 ratio** was 12.86% fully loaded compared with 12.29% at year-end 2019. The main benefits recorded in the period were attributable to the change in the criterion for the measurement of real estate assets (a total of approximately +38 basis points), to the inclusion of the portion of 2019 profit set aside for dividends which were not declared following the ECB recommendation of 27th March 2020 (26 basis points approx.) and to profit for the period (net of the pro rata dividend provided for under the 2020 Business Plan), which more than compensated for the negative impact of wider spreads on the securities portfolio and the inclusion of the impact of TRIM inspections.
It is underlined that even net of the amount set aside for the 2019 dividend which was not declared following the ECB recommendation, the CET1 ratio would still be higher than 12.5% forecast under the 2022 Business Plan.

The Group's **Total Capital Ratio** was 17.05% fully loaded (15.83% as at 31.12.2019) and 17.08% phased-in (15.88% as at 31.12.2019), benefiting from both the increase in the CET1 capital and from the AT1 issuance of approximately €400 million carried out in the January 2020.

Finally, in March 2020 the Group's **leverage ratio** was 5.89% phased-in and 5.87% fully loaded (5.44% and 5.42% in December 2019).

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As at 31st March 2020, **total staff** of the UBI Banca Group numbered **19,629** compared with 19,940 at the end of December 2019.

Again as at 31st March 2020, the domestic branch network was composed of **1,566 branches** (1,575 as at 31st December 2019).

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Statement of the senior officer responsible for preparing the company accounting documents

Elisabetta Stegher, as the Senior Officer Responsible for preparing the company 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 Law), that the financial information contained in this press release is reliably based on the records contained in company documents and accounting records.

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Outlook

The Covid19 emergency is a crisis that is different from others both because of how it originated and how it might develop, which makes any type of forecast complex. However, even in this crisis, the key factor is the quality of credit. To face this unprecedented crisis, swifter and more incisive measures were taken by domestic and international authorities to mitigate its impact.
These measures, recently implemented, should allow the Bank to preserve its level of net interest income. Weaker performance by the fee and commission component relating to transactions following the slowdown in the economy is expected, while the fee and commission component relating to assets under management will be affected by the crisis in the first part of the year, but will depend on the performance of markets in the second part of the year.

Maximum efforts will continue to be made to contain operating expenses, although in a different manner, driven by smartworking.
As concerns loan losses, these will be higher than forecast for the first year under the Business Plan, although mitigated by the use of support initiatives included in the mentioned recent measures. The Bank has already made greater provisions for unlikely-to-pay loans in those sectors more exposed to the crisis with an impact on 1Q 2020 of about 50 million (with an overall cost of credit of 73 bps), and it will focus its attention during the year on these loans, given the high quality of performing loans (the level of high-risk performing loans fell further in 1Q 2020 to 2.7%, the default rate is expected to remain low and coverage for performing loans is among the highest for major Italian banks). The internal workout strategy for non-performing loans is therefore confirmed.
From a balance sheet viewpoint, the UBI Group's capital position, its solid liquidity and its asset quality enables it to face this crisis with a reasonable level of confidence, as already occurred in previous crisis, and to generate profits on a continuing basis to the benefit of all stakeholders (including dividends when authorised by the ECB).

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Attachments - **UBI Banca Group: Reclassified and mandatory financial statements**

- Impact of the change in the measurement criteria for real estate assets on the reclassified quarterly income statements
- Reclassified consolidated income statement
- Reclassified consolidated balance sheet
- Reclassified consolidated quarterly income statements
- Reclassified consolidated income statement net of the most significant non-recurring items *(brief and detailed)*

- Consolidated balance sheet – mandatory statement
- Consolidated income statement – mandatory statement
- Loan tables

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Notes to the reclassified consolidated financial statements

The mandatory financial statements have been prepared on the basis of Bank of Italy Circular No. 262/2005 of 22nd December 2005, as introduced by the 6th update, dated 30th November 2018[1].
The reclassified financial statements have been prepared in order to allow a meaningful management accounting commentary on capital and operating figures, not subject to audit by the independent auditors, on the basis of the financial statements pursuant to the 6th update of Bank of Italy Circular No. 262/2005.

As of 31st March 2020 the UBI Group changed the criterion it uses to measure real estate assets, adopting the fair value criterion in place of that of cost. As a consequence of the above, the restated comparative periods differ from those published as at their respective reporting dates. In compliance with IAS 8, the comparative figures for previous periods have been restated following retrospective application of the change in the measurement criterion for real estate assets, subject to IAS 40 rules.
On the contrary, the change in the measurement criteria for operational real estate assets, pursuant to IAS 16, has been applied prospectively from 31st March 2020, in compliance with IAS 8.
Following the change in the measurement criteria for real estate assets, we report the following as of these financial statements:

- the item “Property, plant and equipment” in the balance sheet includes measurement of “Operational properties” pursuant to IAS 16 and “Investment property” pursuant to IAS 40, at the “revalued amount” and at “fair value” respectively;
- the item “Depreciation and net impairment losses on property, plant and equipment and intangible assets” in the income statement includes, with regard real estate assets, only the depreciation of “Operational properties” since “Investment properties” measured at fair value are not depreciated;
- the item “Net income (loss) from fair value change in property, plant and equipment and intangible assets” includes the result for changes in the fair value of properties in the period, in compliance with the new measurement criteria adopted.

It follows that the figures reported are comparable with previous periods except for the item “Property, plant and equipment” in the balance sheet and the item "Net income (loss) from fair value change in property, plant and equipment and intangible assets” in the income statement.

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In order to facilitate analysis of the Group’s operating performance and in compliance with Consob Communication No. DEM/6064293 of 28th July 2006[2], a schedule has been included which provides a comparison of the normalised results for the period and shows the impact on earnings of the principal non-recurring events and items.

Reference is made to the “notes on the reclassified consolidated financial statements” contained in the periodic financial reports of the Group for more precise details of the rules followed in preparing the reclassified financial statements.

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[1] The update is applicable for financial statements ending as at 31st December 2019 or still open on that date.

[2] Following the entry into force (on 3rd July 2016) of ESMA guidelines 2015/1415 which the Consob incorporated in its supervisory and issuer monitoring practices, the UBI Banca Group criteria for the identification of non-recurring items (reported in the normalised statements) have been subject to review. The criteria approved by the Management Board on 18th October 2016 limit the nature of non-recurring expenses to clearly specified items of income and expense (connected for example with the adoption of a Business Plan, or with the impacts of valuations and disposals of property plant and equipment, intangible and financial assets, with the effects of regulatory and methodological changes and also with extraordinary events including those of a systemic nature).

Impact of the change in the measurement criterion for real estate assets on the reclassified quarterly income statements

These consolidated financial statements incorporate the restatements of previous periods following the retroactive application of the measurement of real estate assets at fair value under IAS 40. The restatement of items in the income statement are reported below.

Figures in thousands of euro		2019 4th Quarter restatement impacts	2019 3rd Quarter restatement impacts	2019 2nd Quarter restatement impacts	2019 1st Quarter restatement impacts
10.-20.-140.	Net interest income				
	of which: TLTRO II				
	of which: IFRS 9 credit components				
	of which: IFRS 9 contractual modifications without derecognition components				
70.	Dividends and similar income				
	Profits (losses) of equity-accounted investees				
40.-50.	Net fee and commission income				
	of which: performance fees				
80.+90. +100.+110.	Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss				
160.+170.	Net income from insurance operations				
230.	Other net operating income/expense				
	Operating income	**-**	**-**	**-**	**-**
190. a)	Staff costs				
190. b)	Other administrative expenses				
	of which: SRF and DGS contributions				
210.+220.	Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	2,590	2,212	1,851	1,809
	Operating expenses	**2,590**	**2,212**	**1,851**	**1,809**
	Net operating income	**2,590**	**2,212**	**1,851**	**1,809**
130.	Net impairment losses for credit risk relating to:				
130. a)	- financial assets measured at amortised cost: loans and advances to banks				
130. a)	- financial assets measured at amortised cost: loans and advances to customers				
130. a)	- financial assets measured at amortised cost: securities				
130. b)	- financial assets measured at fair value through other comprehensive income				
200. a)	Net provisions for risks and charges - commitments and guarantees granted				
200. b)	Net provisions for risks and charges - other net provisions				
260.	Net income (loss) from fair value change in property, plant and equipment and intangible assets	(39,386)	-	-	-
250.+280.	Profits (losses) from the disposal of equity investments				
290.	**Profit (loss) before tax from continuing operations**	**(36,796)**	**2,212**	**1,851**	**1,809**
300.	Taxes on income for the period from continuing operations	11,289	(715)	(595)	(582)
340.	(Profit) loss for the period attributable to minority interests				
	Profit (loss) for the period attributable to the shareholders of the Parent before the Business Plan and other impacts	**(25,507)**	**1,497**	**1,256**	**1,227**
190. a)	Redundancy expenses net of taxes and minority interests				
190. b)	Business Plan project expenses net of taxes and minority interests				
210.	Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests	3,432			
350.	**Profit (loss) for the period attributable to the shareholders of the Parent**	**(22,075)**	**1,497**	**1,256**	**1,227**

UBI Banca Group: Reclassified consolidated balance sheet

	Figures in thousands of euro	31.03.2020 A	31.12.2019 restated B	Changes A-B	% changes A/B	31.03.2019 restated C	Changes A-C	% changes A/C
	ASSETS							
10.	Cash and cash equivalents	543,344	694,750	(151,406)	(21.8%)	606,459	(63,115)	(10.4%)
20.	Financial assets measured at fair value through profit or loss	2,445,729	1,758,730	686,999	39.1%	1,504,110	941,619	62.6%
	1) Loans and advances to banks	*16,875*	*16,213*	*662*	*4.1%*	*14,715*	*2,160*	*14.7%*
	2) Loans and advances to customers	*275,614*	*260,667*	*14,947*	*5.7%*	*270,459*	*5,155*	*1.9%*
	3) Securities and derivatives	*2,153,240*	*1,481,850*	*671,390*	*45.3%*	*1,218,936*	*934,304*	*76.6%*
30.	Financial assets measured at fair value through other comprehensive income	11,476,015	12,221,616	(745,601)	(6.1%)	11,237,472	238,543	2.1%
	1) Loans and advances to banks	-	-	-	-	-	-	-
	2) Loans and advances to customers	-	-	-	-	*15*	*(15)*	*(100.0%)*
	3) Securities	*11,476,015*	*12,221,616*	*(745,601)*	*(6.1%)*	*11,237,457*	*238,558*	*2.1%*
40.	Financial assets measured at amortised cost	101,689,225	101,736,289	(47,064)	-	103,161,917	(1,472,692)	(1.4%)
	1) Loans and advances to banks	*9,467,195*	*11,723,923*	*(2,256,728)*	*(19.2%)*	*11,327,078*	*(1,859,883)*	*(16.4%)*
	2) Loans and advances to customers	*85,778,114*	*84,564,033*	*1,214,081*	*1.4%*	*87,095,528*	*(1,317,414)*	*(1.5%)*
	3) Securities	*6,443,916*	*5,448,333*	*995,583*	*18.3%*	*4,739,311*	*1,704,605*	*36.0%*
50.	Hedging derivatives	34,039	35,117	(1,078)	(3.1%)	20,298	13,741	67.7%
60.	Fair value change in hedged financial assets (+/-)	651,581	547,019	104,562	19.1%	320,370	331,211	103.4%
70.	Equity investments	293,676	287,353	6,323	2.2%	263,307	30,369	11.5%
80.	Technical reserves of reinsurers	104	-	104	-	-	104	-
90.	Property, plant and equipment	2,590,524	2,370,247	220,277	9.3%	2,492,994	97,530	3.9%
100.	Intangible assets	1,731,379	1,739,903	(8,524)	(0.5%)	1,721,712	9,667	0.6%
	of which: goodwill	*1,465,260*	*1,465,260*	-	-	*1,465,260*	-	-
110.	Tax assets	3,748,151	3,755,895	(7,744)	(0.2%)	4,123,686	(375,535)	(9.1%)
120.	Non-current assets and disposal groups held for sale	291,766	268,100	23,666	8.8%	10,320	281,446	n.s.
130.	Other assets	997,059	1,200,966	(203,907)	(17.0%)	1,357,159	(360,100)	(26.5%)
	Total assets	**126,492,592**	**126,615,985**	**(123,393)**	**(0.1%)**	**126,819,804**	**(327,212)**	**(0.3%)**
	LIABILITIES AND EQUITY							
10.	Financial liabilities measured at amortised cost	108,386,682	109,795,016	(1,408,334)	(1.3%)	111,409,557	(3,022,875)	(2.7%)
	a) Due to banks	*14,497,500*	*14,367,985*	*129,515*	*0.9%*	*17,776,512*	*(3,279,012)*	(18.4%)
	b) Due to customers	*71,435,696*	*72,577,255*	*(1,141,559)*	*(1.6%)*	*69,830,403*	*1,605,293*	*2.3%*
	c) Debt securities issued	*22,453,486*	*22,849,776*	*(396,290)*	*(1.7%)*	*23,802,642*	*(1,349,156)*	*(5.7%)*
20.	Financial liabilities held for trading	617,709	555,296	62,413	11.2%	461,254	156,455	*33.9%*
30.	Financial liabilities designated at fair value	285,439	197,610	87,829	44.4%	124,296	161,143	129.6%
40.	Hedging derivatives	575,925	386,778	189,147	48.9%	107,022	468,903	*n.s.*
50.	Fair value change in hedged financial liabilities (+/-)	156,033	145,191	10,842	7.5%	124,767	31,266	*25.1%*
60.	Tax liabilities	300,268	210,882	89,386	42.4%	196,528	103,740	*52.8%*
70.	Liabilities associated with assets held for sale	-	2,331	(2,331)	(100.0%)	-	-	-
80.	Other liabilities	3,145,785	2,735,807	409,978	15.0%	2,271,216	874,569	*38.5%*
90.	Provision for post-employment benefits	264,793	289,641	(24,848)	(8.6%)	307,910	(43,117)	*(14.0%)*
100.	Provisions for risks and charges:	448,535	489,485	(40,950)	(8.4%)	495,298	(46,763)	*(9.4%)*
	a) commitments and guarantees granted	*54,255*	*54,005*	*250*	*0.5%*	*54,026*	*229*	0.4%
	b) pension and similar obligations	*85,035*	*86,756*	*(1,721)*	*(2.0%)*	*87,111*	*(2,076)*	(2.4%)
	c) other provisions for risks and charges	*309,245*	*348,724*	*(39,479)*	*(11.3%)*	*354,161*	*(44,916)*	(12.7%)
110.	Technical reserves	2,149,201	2,210,294	(61,093)	(2.8%)	1,962,495	186,706	9.5%
120.+150.+160. +170.+180	Share capital, share premiums, reserves, valuation reserves and treasury shares	10,002,121	9,306,321	695,800	7.5%	9,243,950	758,171	8.2%
190.	Minority interests (+/-)	66,529	58,230	8,299	14.3%	32,076	34,453	107.4%
200.	Profit (loss) for the period/year (+/-)	93,572	233,103	(139,531)	(59.9%)	83,435	10,137	*12.1%*
	Total liabilities and equity	**126,492,592**	**126,615,985**	**(123,393)**	**(0.1%)**	**126,819,804**	**(327,212)**	**(0.3%)**

UBI Banca Group: Reclassified consolidated income statement

Figures in thousands of euro		1Q 2020 A	1Q 2019 restated B	Change A-B	% change A/B	FY 2019 restated C
10.-20.-140.	Net interest income	405,163	445,597	(40,434)	(9.1%)	1,725,105
	of which: TLTRO II	*10,111*	*12,391*	*(2,280)*	*(18.4%)*	*48,688*
	of which: IFRS 9 credit components	*20,063*	*31,159*	*(11,096)*	*(35.6%)*	*110,595*
	of which: IFRS 9 contractual modifications without derecognition components	*(8,803)*	*(5,156)*	*3,647*	*70.7%*	*(25,283)*
70.	Dividends and similar income	4,776	5,170	(394)	(7.6%)	7,658
	Profits (losses) of equity-accounted investees	7,808	6,315	1,493	23.6%	40,343
40.-50.	Net fee and commission income	420,483	400,936	19,547	4.9%	1,661,759
	of which: performance fees	*7,063*	*2,982*	*4,081*	*136.9%*	*40,598*
80.+90. +100.+110.	Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	53,596	37,435	16,161	43.2%	104,284
160.+170.	Net income from insurance operations	2,501	3,502	(1,001)	(28.6%)	15,314
230.	Other net operating income/expense	19,269	21,662	(2,393)	(11.0%)	83,472
	Operating income	**913,596**	**920,617**	**(7,021)**	**(0.8%)**	**3,637,935**
190. a)	Staff costs	(354,975)	(364,434)	(9,459)	(2.6%)	(1,427,650)
190. b)	Other administrative expenses	(181,402)	(186,031)	(4,629)	(2.5%)	(711,060)
	of which: SRF and DGS contributions	*(41,983)*	*(41,998)*	*(15)*	*(0.04%)*	*(107,585)*
210.+220.	Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(57,181)	(52,485)	4,696	8.9%	(221,327)
	Operating expenses	**(593,558)**	**(602,950)**	**(9,392)**	**(1.6%)**	**(2,360,037)**
	Net operating income	**320,038**	**317,667**	**2,371**	**0.7%**	**1,277,898**
130.	Net impairment losses for credit risk relating to:	(157,114)	(130,003)	27,111	20.9%	(744,098)
130. a)	- financial assets measured at amortised cost: loans and advances to banks	(181)	(49)	132	n.s.	137
130. a)	- financial assets measured at amortised cost: loans and advances to customers	(155,616)	(128,568)	27,048	21.0%	(738,438)
130. a)	- financial assets measured at amortised cost: securities	615	(487)	1,102	n.s.	(2,454)
130. b)	- financial assets measured at fair value through other comprehensive income	(1,932)	(899)	1,033	114.9%	(3,343)
200. a)	Net provisions for risks and charges - commitments and guarantees granted	(942)	(562)	380	67.6%	(26)
200. b)	Net provisions for risks and charges - other net provisions	909	(3,467)	4,376	n.s.	(24,809)
260.	Net income (loss) from fair value change in property, plant and equipment and intangible assets	(8,718)	-	(8,718)	-	(39,386)
250.+280.	Profits (losses) from the disposal of equity investments	67	273	(206)	(75.5%)	6,101
290.	**Profit (loss) before tax from continuing operations**	**154,240**	**183,908**	**(29,668)**	**(16.1%)**	**475,680**
300.	Taxes on income for the period/year from continuing operations	(52,382)	(51,385)	997	1.9%	(118,812)
340.	(Profit) loss for the period/year attributable to minority interests	(8,303)	(6,415)	1,888	29.4%	(33,912)
	Profit (loss) for the period/year attributable to the shareholders of the Parent before the Business Plan and other impacts	**93,555**	**126,108**	**(32,553)**	**(25.8%)**	**322,956**
190. a)	Redundancy expenses net of taxes and minority interests	17	(42,585)	42,602	n.s.	(89,413)
190. b)	Business Plan project expenses net of taxes and minority interests	-	(88)	(88)	(100.0%)	(145)
210.	Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests	-	-	-	-	(295)
350.	**Profit (loss) for the period/year attributable to the shareholders of the Parent**	**93,572**	**83,435**	**10,137**	**12.1%**	**233,103**

UBI Banca Group: Reclassified consolidated quarterly income statements

Figures in thousands of euro		2020 1st Quarter	2019 4th Quarter restated	3rd Quarter restated	2nd Quarter restated	1st Quarter restated
10.-20.-140.	Net interest income	405,163	412,041	426,851	440,616	445,597
	of which: TLTRO II	*10,111*	*11,100*	*12,695*	*12,502*	*12,391*
	of which: IFRS 9 credit components	*20,063*	*21,395*	*22,543*	*35,498*	*31,159*
	of which: IFRS 9 contractual modifications without derecognition components	*(8,803)*	*(11,867)*	*(2,979)*	*(5,281)*	*(5,156)*
70.	Dividends and similar income	4,776	77	371	2,040	5,170
	Profits (losses) of equity-accounted investees	7,808	9,139	11,783	13,106	6,315
40.-50.	Net fee and commission income	420,483	446,256	402,569	411,998	400,936
	of which: performance fees	*7,063*	*30,127*	*3,318*	*4,171*	*2,982*
80.+90. +100.+110.	Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	53,596	58,198	(8,998)	17,649	37,435
160.+170.	Net income from insurance operations	2,501	4,030	3,848	3,934	3,502
230.	Other net operating income/expense	19,269	18,797	23,938	19,075	21,662
	Operating income	**913,596**	**948,538**	**860,362**	**908,418**	**920,617**
190. a)	Staff costs	(354,975)	(355,469)	(351,754)	(355,993)	(364,434)
190. b)	Other administrative expenses	(181,402)	(162,670)	(187,198)	(175,161)	(186,031)
	of which: SRF and DGS contributions	*(41,983)*	*(4,448)*	*(43,069)*	*(18,070)*	*(41,998)*
210.+220.	Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(57,181)	(58,542)	(55,876)	(54,424)	(52,485)
	Operating expenses	**(593,558)**	**(576,681)**	**(594,828)**	**(585,578)**	**(602,950)**
	Net operating income	**320,038**	**371,857**	**265,534**	**322,840**	**317,667**
130.	Net impairment losses for credit risk relating to:	(157,114)	(210,487)	(140,233)	(263,375)	(130,003)
130. a)	- financial assets measured at amortised cost: loans and advances to banks	(181)	(344)	(243)	773	(49)
130. a)	- financial assets measured at amortised cost: loans and advances to customers	(155,616)	(208,167)	(138,687)	(263,016)	(128,568)
130. a)	- financial assets measured at amortised cost: securities	615	(1,355)	(335)	(277)	(487)
130. b)	- financial assets measured at fair value through other comprehensive income	(1,932)	(621)	(968)	(855)	(899)
200. a)	Net provisions for risks and charges - commitments and guarantees granted	(942)	(1,936)	(33)	2,505	(562)
200. b)	Net provisions for risks and charges - other net provisions	909	(1,223)	(21,357)	1,238	(3,467)
260.	Net income (loss) from fair value change in property, plant and equipment and intangible assets	(8,718)	(39,386)	-	-	-
250.+280.	Profits (losses) from the disposal of equity investments	67	1,813	100	3,915	273
290.	**Profit (loss) before tax from continuing operations**	**154,240**	**120,638**	**104,011**	**67,123**	**183,908**
300.	Taxes on income for the period from continuing operations	(52,382)	(22,469)	(35,131)	(9,827)	(51,385)
340.	(Profit) loss for the period attributable to minority interests	(8,303)	(12,972)	(7,239)	(7,286)	(6,415)
	Profit (loss) for the period attributable to the shareholders of the Parent before the Business Plan and other impacts	**93,555**	**85,197**	**61,641**	**50,010**	**126,108**
190. a)	Redundancy expenses net of taxes and minority interests	17	(46,830)	-	2	(42,585)
190. b)	Business Plan project expenses net of taxes and minority interests	-	-	(12)	(45)	(88)
210.	Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests	-	(295)	-	-	-
350.	**Profit (loss) for the period attributable to the shareholders of the Parent**	**93,572**	**38,072**	**61,629**	**49,967**	**83,435**

UBI Banca Group: Reclassified consolidated income statement net of the most significant non-recurring items

Figures in thousands of euro	1Q 2020 *net of non-recurring items*	1Q 2019 restated *net of non-recurring items*	Change	% change
Net interest income	405,163	445,597	(40,434)	(9.1%)
of which: TLTRO II	*10,111*	*12,391*	*(2,280)*	*(18.4%)*
of which: IFRS 9 credit components	*20,063*	*31,159*	*(11,096)*	*(35.6%)*
of which: IFRS 9 contractual modifications without derecognition components	*(8,803)*	*(5,156)*	*3,647*	*70.7%*
Dividends and similar income	4,776	5,170	(394)	(7.6%)
Profits (losses) of equity-accounted investees	7,808	6,315	1,493	23.6%
Net fee and commission income	420,483	400,936	19,547	4.9%
of which: performance fees	*7,063*	*2,982*	*4,081*	*136.9%*
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	53,596	37,435	16,161	43.2%
Net income from insurance operations	2,501	3,502	(1,001)	(28.6%)
Other net operating income/expense	19,269	21,662	(2,393)	(11.0%)
Operating income	**913,596**	**920,617**	**(7,021)**	**(0.8%)**
Staff costs	(354,975)	(364,434)	(9,459)	(2.6%)
Other administrative expenses	(181,402)	(186,031)	(4,629)	(2.5%)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(57,181)	(52,485)	4,696	8.9%
Operating expenses	**(593,558)**	**(602,950)**	**(9,392)**	**(1.6%)**
Net operating income	**320,038**	**317,667**	**2,371**	**0.7%**
Net impairment losses for credit risk relating to:	(157,114)	(130,003)	27,111	20.9%
- financial assets measured at amortised cost: loans and advances to banks	(181)	(49)	132	n.s.
- financial assets measured at amortised cost: loans and advances to customers	(155,616)	(128,568)	27,048	21.0%
- financial assets measured at amortised cost: securities	615	(487)	1,102	n.s.
- financial assets measured at fair value through other comprehensive income	(1,932)	(899)	1,033	114.9%
Net provisions for risks and charges - commitments and guarantees granted	(942)	(562)	380	67.6%
Net provisions for risks and charges - other net provisions	909	(3,467)	4,376	n.s.
Net income (loss) from fair value change in property, plant and equipment and intangible assets	-	-	-	-
Profits (losses) from the disposal of equity investments	-	273	(273)	(100.0%)
Profit (loss) before tax from continuing operations	**162,891**	**183,908**	**(21,017)**	**(11.4%)**
Taxes on income for the period for continuing operations	(55,243)	(51,385)	3,858	7.5%
Profit (loss) for the period attributable to minority interests	(8,303)	(6,415)	1,888	29.4%
Profit (loss) for the period attributable to the shareholders of the Parent	**99,345**	**126,108**	**(26,763)**	**(21.2%)**

UBI Banca Group: Reclassified consolidated income statement net of the most significant non-recurring items

Figures in thousands of euro	1Q 2020	2017-2020 Business Plan: Redundancy expenses	other items: First time application of measurement of properties at fair value (pursuant to IAS 16)	other items: Profits/losses from disposal of equity and other investments	1Q 2020 *net of non-recurring items*	1Q 2019 restated	2017-2020 Business Plan: Redundancy expenses	2017-2020 Business Plan: Business Plan project expenses	1Q 2019 restated *net of non-recurring items*
Net interest income	405,163	-	-	-	405,163	445,597	-	-	445,597
of which: TLTRO II	*10,111*	-	-	-	*10,111*	*12,391*	-	-	*12,391*
of which: IFRS 9 credit components	*20,063*	-	-	-	*20,063*	*31,159*	-	-	*31,159*
of which: IFRS 9 contractual modifications without derecognition components	*(8,803)*	-	-	-	*(8,803)*	*(5,156)*	-	-	*(5,156)*
Dividends and similar income	4,776	-	-	-	4,776	5,170	-	-	5,170
Profits (losses) of equity-accounted investees	7,808	-	-	-	7,808	6,315	-	-	6,315
Net fee and commission income	420,483	-	-	-	420,483	400,936	-	-	400,936
of which: performance fees	*7,063*	-	-	-	*7,063*	*2,982*	-	-	*2,982*
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	53,596	-	-	-	53,596	37,435	-	-	37,435
Net income from insurance operations	2,501	-	-	-	2,501	3,502	-	-	3,502
Other net operating income/expense	19,269	-	-	-	19,269	21,662	-	-	21,662
Operating income	**913,596**	**-**	**-**	**-**	**913,596**	**920,617**	**-**	**-**	**920,617**
Staff costs	(354,975)	-	-	-	(354,975)	(364,434)	-	-	(364,434)
Other administrative expenses	(181,402)	-	-	-	(181,402)	(186,031)	-	-	(186,031)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(57,181)	-	-	-	(57,181)	(52,485)	-	-	(52,485)
Operating expenses	**(593,558)**	**-**	**-**	**-**	**(593,558)**	**(602,950)**	**-**	**-**	**(602,950)**
Net operating income	**320,038**	**-**	**-**	**-**	**320,038**	**317,667**	**-**	**-**	**317,667**
Net impairment losses for credit risk relating to:	(157,114)	-	-	-	(157,114)	(130,003)	-	-	(130,003)
- financial assets measured at amortised cost: loans and advances to banks	(181)	-	-	-	(181)	(49)	-	-	(49)
- financial assets measured at amortised cost: loans and advances to customers	(155,616)	-	-	-	(155,616)	(128,568)	-	-	(128,568)
- financial assets measured at amortised cost: securities	615	-	-	-	615	(487)	-	-	(487)
- financial assets measured at fair value through other comprehensive income	(1,932)	-	-	-	(1,932)	(899)	-	-	(899)
Net provisions for risks and charges - commitments and guarantees granted	(942)	-	-	-	(942)	(562)	-	-	(562)
Net provisions for risks and charges - other net provisions	909	-	-	-	909	(3,467)	-	-	(3,467)
Net income (loss) from fair value change in property, plant and equipment and intangible assets	(8,718)	-	8,718	-	-	-	-	-	-
Profits (losses) from the disposal of equity investments	67	-	-	(67)	-	273	-	-	273
Profit (loss) before tax from continuing operations	**154,240**	**-**	**8,718**	**(67)**	**162,891**	**183,908**	**-**	**-**	**183,908**
Taxes on income for the period for continuing operations	(52,382)	-	(2,883)	22	(55,243)	(51,385)	-	-	(51,385)
(Profit) loss for the period attributable to minority interests	(8,303)	-	-	-	(8,303)	(6,415)	-	-	(6,415)
Profit (loss) for the period attributable to the shareholders of the Parent before the Business Plan and other impacts	**93,555**	**-**	**5,835**	**(45)**	**99,345**	**126,108**	**-**	**-**	**126,108**
Redundancy expenses net of taxes and minority interests	17	(17)	-	-	-	(42,585)	42,585	-	-
Business Plan project expenses net of taxes and minority interests	-	-	-	-	-	(88)	-	88	-
Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests	-	-	-	-	-	-	-	-	-
Profit (loss) for the period attributable to the shareholders of the Parent	**93,572**	**(17)**	**5,835**	**(45)**	**99,345**	**83,435**	**42,585**	**88**	**126,108**

UBI Banca Group: Consolidated balance sheet
- mandatory statement -

Figures in thousands of euro		31.03.2020	31.12.2019 restated
	ASSETS		
10.	Cash and cash equivalents	543,344	694,750
20.	Financial assets measured at fair value through profit or loss	2,445,729	1,758,730
	a) financial assets held for trading	1,139,785	427,980
	b) financial assets designated at fair value	8,554	10,278
	c) other financial assets mandatorily measured at fair value	1,297,390	1,320,472
30.	Financial assets measured at fair value through other comprehensive income	11,476,015	12,221,616
40.	Financial assets measured at amortised cost	101,689,225	101,736,289
	a) loans and advances to banks	9,467,195	11,921,289
	b) loans and advances to customers	92,222,030	89,815,000
50.	Hedging derivatives	34,039	35,117
60.	Fair value change in hedged financial assets (+/-)	651,581	547,019
70.	Equity investments	293,676	287,353
80.	Technical reserves of reinsurers	104	-
90.	Property, plant and equipment	2,590,524	2,370,247
100.	Intangible assets	1,731,379	1,739,903
	of which: goodwill	*1,465,260*	*1,465,260*
110.	Tax assets	3,748,151	3,755,895
	a) current	1,075,533	1,084,413
	b) deferred	2,672,618	2,671,482
	- of which pursuant to Law No. 214/2011	*1,764,076*	*1,794,331*
120.	Non-current assets and disposal groups held for sale	291,766	268,100
130.	Other assets	997,059	1,200,966
	Total assets	**126,492,592**	**126,615,985**
	LIABILITIES AND EQUITY		
10.	Financial liabilities measured at amortised cost	108,386,682	109,795,016
	a) due to banks	14,497,500	14,367,985
	b) due to customers	71,435,696	72,577,255
	c) debt securities issued	22,453,486	22,849,776
20.	Financial liabilities held for trading	617,709	555,296
30.	Financial liabilities designated at fair value	285,439	197,610
40.	Hedging derivatives	575,925	386,778
50.	Fair value change in hedged financial liabilities (+/-)	156,033	145,191
60.	Tax liabilities	300,268	210,882
	a) current	80,165	64,547
	b) deferred	220,103	146,335
70.	Liabilities associated with assets held for sale	-	2,331
80.	Other liabilities	3,145,785	2,735,807
90.	Provision for post-employment benefits	264,793	289,641
100.	Provisions for risks and charges:	448,535	489,485
	a) commitments and guarantees granted	54,255	54,005
	b) pension and similar obligations	85,035	86,756
	c) other provisions for risks and charges	309,245	348,724
110.	Technical reserves	2,149,201	2,210,294
120.	Valuation reserves	(14,124)	(79,938)
140.	Equity instruments	397,948	-
150.	Reserves	3,508,627	3,276,589
160.	Share premiums	3,294,604	3,294,604
170.	Share capital	2,843,177	2,843,177
180.	Treasury shares (-)	(28,111)	(28,111)
190.	Minority interests (+/-)	66,529	58,230
200.	Profit (loss) for the period/year (+/-)	93,572	233,103
	Total liabilities and equity	**126,492,592**	**126,615,985**

UBI Banca Group: consolidated income statement
- mandatory statement -

Figures in thousands of euro		1Q 2020	1Q 2019 restated
10.	Interest and similar income	506,976	551,016
	- of which: interest income calculated with the effective interest method	495,396	501,409
20.	Interest and similar expense	(80,429)	(87,794)
30.	**Net interest income**	**426,547**	**463,222**
40.	Fee and commission income	482,257	456,676
50.	Fee and commission expense	(60,527)	(55,035)
60	**Net fee and commission income**	**421,730**	**401,641**
70.	Dividends and similar income	4,961	5,333
80.	Net trading income (loss)	3,963	3,711
90.	Net hedging income (loss)	(12,422)	(4,896)
100.	Income (losses) from disposal or repurchase of:	66,127	13,053
	a) financial assets measured at amortised cost	6,428	(658)
	b) financial assets measured at fair value through other comprehensive income	61,777	14,406
	c) financial liabilities	(2,078)	(695)
110.	Net income (loss) from other financial assets and liabilities measured at fair value through profit or loss	(20,047)	27,206
	a) financial assets and liabilities designated at fair value	26,388	172
	b) other financial assets mandatorily measured at fair value	(46,435)	27,034
120.	**Gross income**	**890,859**	**909,270**
130.	Net impairment losses for credit risk relating to:	(157,114)	(130,003)
	a) financial assets measured at amortised cost	(155,182)	(129,104)
	b) financial assets measured at fair value through other comprehensive income	(1,932)	(899)
140.	Profits (losses) from contractual modifications without derecognition	(8,803)	(5,156)
150.	**Financial income**	**724,942**	**774,111**
160.	Net insurance premiums	86,121	74,453
170.	Other income/expenses of insurance operations	(75,923)	(81,011)
180.	**Net income from banking and insurance operations**	**735,140**	**767,553**
190.	Administrative expenses	(590,463)	(670,708)
	a) staff costs	(354,975)	(428,117)
	b) other administrative expenses	(235,488)	(242,591)
200.	Net provisions for risks and charges	(33)	(4,029)
	a) commitments and guarantees granted	(942)	(562)
	b) other net provisions	909	(3,467)
210.	Depreciation and net impairment losses on property, plant and equipment	(36,380)	(33,927)
220.	Amortisation and net impairment losses on intangible assets	(20,775)	(18,526)
230.	Other net operating income/expense	67,594	73,141
240.	**Operating expenses**	**(580,057)**	**(654,049)**
250.	Profits (losses) of equity investments	7,808	6,315
260.	Net income (loss) from fair value change in property, plant and equipment and intangible assets	(8,718)	-
280.	Profit (loss) from disposal of investments	67	273
290.	**Profit (loss) before tax on continuing operations**	**154,240**	**120,092**
300.	Taxes on income for the year for continuing operations	(52,382)	(30,282)
310.	**Profit (loss) after tax from continuing operations**	**101,858**	**89,810**
330.	**Profit (loss) for the period**	**101,858**	**89,810**
340.	(Profit) loss for the period attributable to minority interests	(8,286)	(6,375)
350.	**Profit (loss) for the period attributable to the shareholders of the Parent**	**93,572**	**83,435**

UBI Banca Group: Loan tables

Loans and advances to customers measured at amortised cost as at 31st March 2020

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage ratio excluding write-offs	Coverage ratio including write-offs
Non-performing exposures (Stage three)	**(7.51%)**	**6,673,244**	**2,639,851**	**(4.70%)**	**4,033,393**	**39.56%**	**52.03%**
- Bad loans	(3.84%)	3,414,032	1,758,613	(1.93%)	1,655,419	51.51%	67.66%
- Unlikely-to-pay loans	(3.55%)	3,154,776	872,276	(2.66%)	2,282,500	27.65%	28.34%
- Past-due exposures	(0.12%)	104,436	8,962	(0.11%)	95,474	8.58%	
Performing exposures (Stages one and two)	**(92.49%)**	**82,195,800**	**451,079**	**(95.30%)**	**81,744,721**	**0.55%**	
Total		**88,869,044**	**3,090,930**		**85,778,114**	**3.48%**	

Loans and advances to customers measured at amortised cost as at 31st December 2019

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage ratio excluding write-offs	Coverage ratio including write-offs
Non-performing exposures (Stage three)	**(7.80%)**	**6,838,473**	**2,667,009**	**(4.93%)**	**4,171,464**	**39.00%**	**50.92%**
- Bad loans	(4.05%)	3,555,090	1,847,960	(2.02%)	1,707,130	51.98%	67.12%
- Unlikely-to-pay loans	(3.62%)	3,172,926	809,849	(2.79%)	2,363,077	25.52%	26.09%
- Past-due exposures	(0.13%)	110,457	9,200	(0.12%)	101,257	8.33%	
Performing exposures (Stages one and two)	**(92.20%)**	**80,853,909**	**461,340**	**(95.07%)**	**80,392,569**	**0.57%**	
Total		**87,692,382**	**3,128,349**		**84,564,033**	**3.57%**	

Loans and advances to customers measured at amortised cost as at 31st March 2019

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage ratio excluding write-offs	Coverage ratio including write-offs
Non-performing exposures (Stage three)	**(10.36%)**	**9,458,410**	**3,697,678**	**(6.61%)**	**5,760,732**	**39.09%**	**46.96%**
- Bad loans	(5.87%)	5,358,071	2,632,265	(3.13%)	2,725,806	49.13%	59.68%
- Unlikely-to-pay loans	(4.42%)	4,039,595	1,059,103	(3.42%)	2,980,492	26.22%	
- Past-due exposures	(0.07%)	60,744	6,310	(0.06%)	54,434	10.39%	
Performing exposures (Stages one and two)	**(89.64%)**	**81,876,631**	**541,835**	**(93.39%)**	**81,334,796**	**0.66%**	
Total		**91,335,041**	**4,239,513**		**87,095,528**	**4.64%**	