PRESS RELEASE

Results of the UBI Group for the period ended 30th September 2018

In 9M 2018, Profit net of non-recurring items of €260.6 million[1], the best result in the last 10 years (€167.3 million in 9M 2017[2])
Stated net profit of €210.5 million in 9M 2018 (€86.2 million in 9M 2017 net of €616.2 million of capital gain resulting from the acquisition of the 3 banks)

As at 30th September 2018, Fully loaded CET1 ratio amounts to 11.42%, unchanged compared with June 2018, notwithstanding the impact of the further widening of spreads on fair value reserves for securities held in portfolio
(this figure does not include the future use of DTAs and it does include a pro rata dividend)

LCR>1
NSFR >1 also net of TLTRO2 contribution

Following the sale of securitised bad loans and credit recovery activities, gross non-performing loans fall by approximately €1,517 million[3] compared with 30th June 2018 and by €1,922 million compared with 1.1.2018

Texas ratio of 91.3% (101.4% in June 2018)

9M 2018 annualised loan loss rate of 57 basis points, unchanged compared with the first six months of 2018

The annualised default rate[4] decreases further to 1.61% (1.67% in June 2018)

Total funding of €192.7 billion (€190.9 billion as at 1.1.2018):
- **Direct funding of €94 billion (€94.4 billion as at 1.1.2018)**
- **Indirect funding of €98.8 billion (€96.5 billion as at 1.1.2018).**

Particularly strong performance by banc assurance products, which reach €24.7 billion (up 14.4% on 1.1.2018 and up 2% on June 2018)
Constant improvement in the performance of AuM which stand at €44.5 billion (up 1.4% on 1.1.2018 and stable compared with June 2018) in a particularly difficult market

Net performing loans[5] of €83.2 billion, down by approximately €1 billion compared with 30th June 2018, the result above all of a policy to safeguard spreads (-€0.3 billion compared with 1.1.2018)

[1] Non-recurring items in the first 9 months of 2018 included leaving incentives in relation to last September's agreement amounting to €36.9 million net (€55 million gross approx.), €4.6 million net incurred for Business Plan projects and €8.7 million net (€12.9 million gross) for extraordinary contributions to the Resolution Fund, incurred in 2Q 2018. The loss on the disposal of the mezzanine and junior tranches of the bad loan securitisation, recognised within item 100 - result from finance -, which took place in September 2018 is not included among non-recurring items (€65.3 million gross and €43.8 million net).

[2] The first nine months of 2017 include figures for the three banks acquired as from 1st April 2017. It should be considered that the three banks reported losses in the first quarter of 2017 and therefore their inclusion on a pro forma basis would have given an even more favourable year-on-year comparison.

[3] Of which approximately €1,496 million relating to GACS securitisation.

[4] Default rate: annualised gross migrations of performing loans to non-performing status/initial volumes of gross performing loans (item 40. 2) in the reclassified consolidated balance sheet).

[5] Item 40. 2) in the reclassified consolidated balance sheet.

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3Q 2018 / 2Q 2018

Profit net of non recurring items of €38.5 million in 3Q 2018[6]

Stated profit in 3Q 2018 of €1.6 million, affected by extraordinary expenses incurred for the Business Plan (expenses for the trade union agreement signed in September 2018 amounting to €36.9 million net) and losses relating to the disposal of tranches of the bad loan securitisation (€43.8 million net)

Net interest income of €452.6 million (€458.4 million in 2Q 2018), due primarily to a contraction in volumes of loans following the policy to safeguard spreads enacted by the Group

Net fees and commissions of €380.5 million (€400.6 million in 2Q 2018) influenced by lower placements of managed products, partially offset by good performance for fees and commissions on traditional banking business
Net of upfront and performance fees, total net fee and commission income increased slightly (+0.5%) on 2Q 2018, notwithstanding the usual seasonality

Once again constant control over operating expenses, which stand at €607.5 million, is confirmed (€601.4 million in 2Q 2018), notwithstanding the inclusion of the ordinary contribution to the Deposit Protection Fund amounting to €38.9 million

Loan losses of €123.8 million (55 basis points annualised)
compared with €140.5 million in 2Q 2018 (61 basis points annualised)

3Q 2018 annualised default rate[7] of 1.48%
(confirming the positive figure recorded for 2Q 2018)

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Bergamo, 6th November 2018 – The Management Board of Unione di Banche Italiane Spa (UBI Banca) has approved the consolidated results for **the first nine months of 2018, which ended with a profit of €210.5 million, or €260.6 million net of non-recurring items incurred for the implementation of the Business Plan.**

Operating performance of the Group

Methodological note

The UBI Group's consolidated results have included those of the **three recently acquired banks since 1st April 2017.** A comparison between the first nine months of 2018 and the first nine months of 2017 would not therefore be significant because of the difference in the scope of consolidation. The results for the first nine months of 2018 are attached and may be consulted.
On the other hand, **a quarter-on-quarter comparison, based on the same scope of consolidation and prepared according to IFRS 9 (3Q 2018 compared with 2Q 2018), is more meaningful.** In order to give full information, a comparison with the 3Q 2017 results has been presented (which is attached), still recognised according to IAS 39 rules (which do not allow an adequate year-on-year comparison, above all for net interest income, trading and hedging activity and loan losses), but restated to take

[6] Losses incurred on the disposal of the mezzanine and junior tranches of the bad loan securitisation (€43.8 million net) are not subject to normalisation. Only expenses incurred in relation to the trade union agreement (€36.9 million net) were normalised.
[7] See note 4.

account of the new classifications introduced by the 5th update, dated 22/12/2017, of Bank of Italy Circular No. 262/2005, applicable from 1/1/2018.

Group income statement figures

The third quarter of 2018 ended with a **profit, net of non recurring items, of €38.5 million** (€101.1 million in 2Q 2018 and **€37.3 million in 3Q 2017**).
In stated terms, **net profit came to €1.6 million**, affected by extraordinary expenses incurred for the Business Plan (expenses for the trade union agreement signed in September 2018 amounting to €36.9 million net) and losses (€43.8 million net) relating to the disposal of the mezzanine and junior tranches of the securitisation of bad loans, which enabled their derecognition from the balance sheet.
That profit compares with a stated net profit of €91.2 million in 2Q 2018 and €6.4 million in 3Q 2017.

In 3Q 2018, **net operating income** came to €200.5 million, down on €310.1 million recorded in 2Q 2018 mainly as a result of a decrease in **operating income** to €808 million (-11.3% compared with 2Q 2018). This was attributable essentially to the loss incurred on the sale of tranches of the bad loan securitisation which drove the result from finance down to -€59.3 million from +€18.5 million in 2Q 2018, and to lower performance and up-front commissions on the placement of Sicav and insurance products. **Operating expenses** again performed well and stood at €607.5 million in 3Q 2018, notwithstanding the inclusion of a contribution to the deposit protection fund of €38.9 million, compared with €601.4 million in 2Q 2018.

In detail, **net interest income** defined on the basis of IFRS 9 stood at €452.6 million (€458.4 million in 2Q 2018), with the following components:

- net of the impacts of the adoption of IFRS 9[8], net income from banking business with customers slightly retraced the growth trend recorded in the previous four quarters, slowing to approximately €388 million from €395 million in 2Q 2018.
  The reduction in the cost of funding continued, with the mark-down on the 1-month Euribor again improving slightly to -65 basis points in 3Q 2018 (from -66 bp in 2Q 2018), while the mark-up showed a modest reduction, affected by the yield differential between expiring loans and new loan origination. Net interest margin was also affected by a decrease, partially due to seasonality, in volumes, also as a consequence of the Group's policy to safeguard spreads aimed at preserving an adequate risk adjusted profitability. Consequently, 3Q2018 evidenced overall a limited compression of the customer spread which fell to 172 bp[9] compared with 175 bp in 2Q 2018;
- the contribution from financial activities in 3Q 2018 rose to approximately €44 million, slightly up compared with €43 million in 2Q 2018, as a result of careful management of the proprietary securities portfolio. This also brought a further reduction in volumes and in credit sensitivity.
- the contribution to net interest income from business on the interbank market, which includes TLTRO2s, amounted to -€0.1 million in 3Q 2018 compared with -€1.9 million in 2Q 2018.

Also in relation to normal seasonal factors, in 3Q 2018 **net fees and commissions fell** to €380.5 million from €400.7 million in 2Q 2018.
In 3Q 2018, the **contribution of fees and commissions from ordinary banking business** rose to €182 million from approximately €173 million in 2Q 2018, which confirmed the successful results of the repricing actions announced in 2Q 2018.
On the other hand, the **contribution from services linked to securities business** contracted to €198.4 million from €227.8 million in 2Q 2018. This reduction is attributable mostly to the lower presence of upfront and performance fees as a consequence of lower placements of funds and *banc assurance* products (as a result of the usual seasonality but also of the placement of bonds with customers in relation to the difficult situation on international markets) and the performance of markets.

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[8] IFRS9 impacts on net interest income. In 3Q 2018: +€30.8 million (+€35.2 million in 2Q 2018) relating to interest on loans (time value and the write-down of interest on unlikely-to-pay loans); -€8.4 million (-€13.4 million in 2Q 2018) relating to contractual modifications that do not determine derecognition of the loan.

[9] These are spreads that do not include the benefits of TLTRO2.

Net of upfront and performance fees, **total net fee and commission income** increased slightly (+0.5%) on 2Q 2018.

One of the main impacts on operating income was the **result from finance** which came to -€59.3 million in the quarter (+€18.5 million in 2Q 2018), the aggregate result of the following:

- the results of the disposal/repurchase of financial assets and liabilities, which in the third quarter included the losses from the disposal of the mezzanine and junior tranches of the securitisation of bad loans (€65.3 million gross) and of other costs related to the same operation (amounting to a further €8.6 million), came to -74.1 million (€11.2 million in 2Q 2018);
- net trading income totalled €21.6 million (€22.5 million in the 2Q 2018)
- net hedging income recorded a loss of €3.2 million (-€2.7 million in the 2Q 2018);
- net income for assets and liabilities measured at fair value recorded a loss of €3.6 million (-€12.6 million in 2Q 2018).

The **result for insurance operations** by the companies brought to the Group by the former Banca Tirrenica was again strong, totalling €4 million in 3Q 2018 (€5.5 million in 2Q 2018).

Constant control over costs again had a positive impact on **operating expenses**.
Operating expenses totalled €607.5 million in 3Q 2018 (inclusive of an estimated €38.9 million ordinary contribution to the Deposit Protection Fund recognised in the period), compared with €601.4 million in 2Q 2018 (which included contributions for a total of 7.9 million to the Resolution Fund[10]), managing, thanks to the reduction in operating items, to practically offset the impact of higher compulsory contributions.
Net of the contributions recorded in the two quarters, operating expenses did in fact fall quarter-on-quarter by approximately €25 million (-4.2%).
In detail,

- **staff costs** amounted to €367.9 million (-1.7% compared with 2Q 2018) and they reflect a strategy of voluntary redundancies, accompanied at the same time by the recruitment of young qualified staff, which forms part of the Business Plan.
  As already reported, a new trade union agreement was signed in September for a further 369 redundancies, with up front costs of €55 million gross (€36.9 million net of tax) recognised within the separate item "redundancy scheme expenses". The savings on costs generated by the agreement are estimated at €28.5 million per year starting from 2019.
- **other administrative expenses** amounted to €198.7 million (inclusive of a contribution to the Deposit Protection Fund of €38.9 million) compared with €186.6 million in 2Q 2018 (which included contributions for a total of 7.9 million to the Resolution Fund[11]). **Net of those contributions, administrative expenses fell by €19 million (-10.6%).**
- Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets remained almost unchanged at €41 million compared with €40.4 million in 2Q 2018.

Net impairment losses on loans to customers amounting to €123.8 million were recognised in the third quarter of the year, to give an annualised loan loss rate[12] of 55 basis points (€140.5 million in 2Q 2018, with a loan loss rate of 61 bp).
The coverage ratio for the Group's performing loans was high at 0.64%, largely unchanged compared with 2Q 2018.

Estimated taxation for 3Q 2018 came to €26.2 million to give a tax rate of 36.5% (35.7% in 2Q 2018). As a consequence of the fiscal treatment of first-time adoption of IFRS 9 on 2018 profit, it is estimated

[10] Deriving in 2Q 2018 from 12,9 million of extraordinary contribution to the Resolution Fund and from a write back on the estimated ordinary contribution to that fund amounting to 5 million (from 34.2 millioni estimated in 1Q 2018 to 29,2 million in 2Q 2018)
[11] Please see note 10
[12] Calculated as the annualised ratio between item 130a (loans to customers) in the reclassified consolidated income statement and item 40 2) in the reclassified consolidated balance sheet, annualised.

that the conditions for the recognition of tax assets resulting from the prior year losses of the three acquired banks will not be met in the current year.

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Balance sheet figures

METHODOLOGICAL NOTE
The commentary that follows relates to positions on reporting dates (30.9.2018, 30.6.2018 and 1.1.2018) which implement IFRS 9 and the application of the 5th update of Bank of Italy Circular No. 262/2005.

Net **lending to customers**[13] as at 30th September 2018, totalled €89.6 billion compared with €91.3 billion as at 30.6.2018 and €91 billion as at 1.1.2018.
The aggregate included

- a decrease in net performing loans, down to €83.2 billion from €84.2 billion at the end of June 2018, primarily the result of a policy to safeguard spreads which became more stringent in the second part of the year and, in the absence of new replacement lending with adequate remuneration, brought the total close to the levels recorded at the beginning year (€83.5 billion as at 1.1.2018);
- net non-performing loans reduced constantly, down to €6.37 billion from €7.14 billion as at 30th June 2018 and from €7.45 billion as at 1.1.2018 (**-10.8% on June 2018 and -14.5% on 1.1.2018 respectively**).
  As already reported, a **second disposal of loans** is planned, mainly unsecured and for an amount less than that of the GACS securitisation already concluded, to be completed by 4Q 2018-1Q 2019.

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

- **total gross non-performing loans[14] stood at €10,491.6 million, down by 12.6%** (€1,516.8 million) **compared with 30th June 2018, and by 15.5% (€1,922 million) compared with 1.1.2018.** This reduction is attributable both to the sale of the mezzanine and junior tranches of the securitisation of bad loans - which allowed their derecognition from the balance sheet -, and also to high levels of credit recoveries[15], which although with a certain seasonality, were confirmed again in September 2018 (recovery rates as at 30th September 2018 were 9.6% of total non-performing loans, annualised, and 5.5% of bad loans only, annualised. In September 2017 these percentages were 8.1% and 4.3% respectively).
  Gross non-performing loans as a percentage of total gross loans fell to 11.14% from 12.41% as at 30th June 2018 (12.85% as at 1.1.2018).

  In net terms, total non-performing loans amounted to €6,369.2 million, a substantial reduction of 10.8% compared with 30.6.2018 and of 14.5% compared with 1.1.2018. Net non-performing loans as a percentage of total net loans fell to 7.11% from 7.82% as at 30th June 2018 (8.19% as at 1.1.2018).
  Notwithstanding the securitisation and the sale of bad loans, largely unsecured and therefore with higher coverage ratios, both in relation to their "bad loan" status as well as to their "unsecured" categorisation, **total coverage for non-performing loans** registered a limited impact to 39.29% from 40.52% in June 2018 (40% as at 1.1.2018), thanks to the presence of important write-offs on positions sold, which, together with stated coverage, represent the real provisioning level for non-performing loans.
  In particular, **bad loans** reduced further to €5,804.9 million from €7,192.5 million previously in gross terms and to €2,844.5 million from €3,473.5 million in net terms (they were €7,340.2 million and €3,519.1 million as at 1.1.2018), with a coverage ratio of 51% (51.71% in June 2018 and 52.06% as at 1.1.2018).

[13] Item 40. 2) in the reclassified consolidated balance sheet.
[14] See the tables attached.
[15] Calculated as: cash-in/(total gross non-performing loans at the beginning of the period + increases)

- **New inflows of gross performing loans to non-performing status** in the third quarter of the year gave an annualised default rate of 1.48%, unchanged compared with 2Q 2018 and down on 1.85% recorded in the first quarter of the year.
  Over nine months the annualised default rate came to 1.61%, down compared with 1.67% annualised in the first half.

- As a result of the reduction in the non-performing loans, the Texas ratio[16] fell to 91.3% from 101.4% before.

Direct funding of the Group as at 30th September 2018, amounted to €94 billion, down compared with €95 billion in June 2018, the result of the following performances:

- **direct funding from ordinary customers** fell to €76.7 billion from €78.9 billion as at 30th June 2018 primarily as a result of:
  . a reduction in liquidity invested in the item "current accounts and deposits" down to approximately €66 billion (-€0.8 billion), partially shifted into assets under management which grew quarter-on-quarter;
  . a reduction in the items "term deposits" and "repos" by 0,7 billion;
  . a reduction of approximately €400 million in the total for bonds placed with captive customers, notwithstanding new issuances in the period which offset maturities of over €1 billion.
- **institutional funding** grew to €17.2 billion[17] (€16.1 billion in June 2018), which includes not only the usual funding instruments, but also the first issuance of a "Senior Non Preferred" bond with value date 5th April 2018 for €500 million under the EMTN programme.

As reported above, the progressive growth in **indirect funding** was confirmed, up to €98.8 billion from €98.5 billion in June 2018 and from €96.5 billion as at 1.1.2018. More specifically, in the quarter:

- assets under management in the strict sense stood at €44.5 billion, up by €76 million compared with June 2018;
- insurance funding rose to €24.7 billion (up 2% compared with €24.2 billion in June 2018);
- assets under custody amounted to €29.5 billion (€29.8 billion in June 2018), impacted by the performance effect (-€0.3 billion), the result of volatility on markets.

Group exposure to the ECB in TLTRO2s amounted to €12.5 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 €10 billion in June 2020 and €2.5 billion in March 2021.

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 is greater than one even net of the TLTRO2 contribution.**
Eligible assets available to the Group as at 30th September 2018 amounted to a total of €30.8 billion (of which €15.9 billion available) already net of haircuts and inclusive of €7.9 billion of liquidity deposited with the ECB.

Consistent with the de-risking strategy pursued in the Business Plan, the Group's **financial assets**[18] decreased further in 3Q 2018 to reach a total of €15.4 billion as at 30th September (€15.7 billion as at 30.6.2018 and €17.1 billion as at 1.1.2018), of which €9.3 billion relating to Italian government securities (€9.9 billion as at 30.6.2018 and €11.4 billion as at 1.1.2018). The modified duration and sensitivity to changes in the spread reduced.

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16 Calculated as Total net non-performing loans/((equity excluding profit and profit attributable to minority interests) - total intangible assets).

17 Of which €10.7 billion of covered bonds (unchanged vs 30.6.2018), €4.5 billion of EMTNs (€4.7 billion), €2 billion of repurchase agreements and other (€0.7 billion)

18 The sum of items 20.3), 30.3) and 40.3) – government securities in the reclassified consolidated balance sheet.

As at 30th September 2018, **equity attributable to the shareholders of the Parent**, inclusive of profit, amounted to €8,898,567 thousand, slightly down compared with €8,964,893 thousand as at 30.6.2018, primarily as a result of the reduction in the fair value reserve for the securities portfolio following the widening of spreads.

Again as at 30th September 2018, the Group's **CET1 ratio** was 11.79% phased-in (well above the 8.625% SREP requirement) and 11.42% fully loaded, **unchanged compared with June 2018** (11.78% phased-in and 11.42% fully loaded as at 30th June 2018). The further widening of spreads on fair value reserves for the securities portfolio (12 basis points approx.) was in fact offset by the impact of the exit of bad loans in relation to the GACS securitisation transaction concluded in September, by the recovery of the eligibility of guarantees following constant work done to update documentation (a total of 10 basis points) and by the reduction in the volumes of loans.
The CET1 ratio does not include any benefit from the use of the DTAs of the three banks acquired. It should also be recalled that the loans to the customers of the three Acquired Banks are still included under the standardised approach; roll-out of the IRB model is expected during the course of 4Q 2018.
At the end of the first nine months of the year, the Group's **Total Capital Ratio** was 14.25% phased-in (14.13% as at 30.6.2018) and 13.89% fully loaded (13.77% as at 30.6.2018).

Finally the Group's leverage ratio as at 30.09.2018 was 5.35% phased-in and 5.17% fully loaded.

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The **total staff** of the UBI Banca Group as at 30th September 2018, numbered 20,981 compared with 21,123 at the end of June 2018 (22,122 in June 2017, the first reporting date after the acquisition of the three banks located in central Italy).

The domestic branch network as at 15th October 2018 was composed of **1,651 branches** and had already reached the size forecast for it under the 2020 Business Plan. As already reported, in June 2017, the first reporting date after the acquisition of the three banks, the Group had 1,948 branches.

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

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

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

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Notice of deposit
UBI Banca informs that the *"Global Policy on Transactions with Related Parties in accordance with Consob Regulation no. 17221/2010, Connected Entities in accordance with the 263 Bank Supervisory Provisions of the Bank of Italy, Key Personnel of the UBI Group, Relevant Entities in accordance with Article 136 of the Italian Consolidated Banking Law and Other Relevant Entities"* and the relevant *"Group Regulation on Transactions with Related Parties in accordance with Consob Regulation no. 17221/2010, Connected Entities in accordance with the 263 Bank Supervisory Provisions of the Bank of Italy, Key Personnel of the UBI Group, Relevant Entities in accordance with Article 136 of the Italian Consolidated Banking Law and Other Relevant Entities"* are available on the Bank website www.ubibanca.it in the Corporate Governance section.

The above-mentioned documents replace the previously in force "Regulations on related-parties transactions" and "Regulations for transactions with parties connected" – as amended and published most recently in 2017 – and lay down provisions for the UBI Group regulating the management of the transactions with related parties, connected entities, group key personnel and relevant entities in accordance with article 136 of the Italian legislative decree no. 385/1993 (the Italian Consolidated Banking Law), in implementation of the laws and regulations currently in force, as well as with other relevant entities as identified by UBI Group by means of self-regulation.

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Attachments - UBI Banca Group: Reclassified and mandatory financial statements

- Reclassified consolidated balance sheet
- Reclassified consolidated income statement
- Reclassified consolidated income statement net of the most significant non-recurring items
- Reclassified consolidated income statement net of the most significant non-recurring items –quarterly details

- Consolidated balance sheet – mandatory statement
- Consolidated income statement – mandatory statement
- Asset quality

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Notes and comments on the preparation of the financial statements

The mandatory financial statements comply with the templates contained in Bank of Italy Circular No. 262/2005 and in addition to the financial statements as at 30th September 2018, they also provide the following comparative restated information:

- Balance sheet: 31st December 2017;
- Income statement: for the period ended 30th September 2017.

As already occurred for the period ended 31st March 2018 and 30th June 2018, the mandatory statements have been prepared in compliance with the provisions of the 5th update of Circular No. 262/2005. Consequently they are different from those used for the Consolidated financial statements of the UBI Banca Group as at and for the period ended 31st December 2017 and in the Interim financial report for the period ended 30th September 2017, prepared in accordance with the provisions of the 4th update of that Circular.
In accordance with the international reporting standard IAS 1, "Presentation of Financial Statements", comparative balance sheet and income statement figures have therefore been reclassified into the new items of the financial statements.
It is also underlined that the balance sheet and income statement figures as at and for the period ended 30th September 2018 are not fully comparable with those for the comparative periods because the latter had been calculated by applying international reporting standard IAS 39, which was in force during the relative reporting period. In fact in accordance with par. 7.2.15 of IFRS 9, there is no obligation to restate figures for comparative purposes.

As already reported, the figures for the period ended 30th September 2018 are not consistent with those the period ended 30th September 2017, because the latter represent the UBI banking Group with the contribution of the Acquired Banks[1] from 1st April 2017, the date on which control was acquired in accordance with IFRS 3.

For greater details on the reconciliation of the balance sheet figures pursuant to IAS 39 published in the Consolidated Financial Statements of the UBI Group as at 31st December 2017 with those calculated as at 1st January 2018 in application of the provisions of IFRS 9 in terms of classification, measurement and impairment, reference is made to the information published in the interim financial statements for the period ended 31st March 2018 in the section entitled "The transition to the new financial reporting standards IFRS 9 and IFRS 15" and in the same section soon to be published in the interim financial report for the period ended the 30th June 2018.

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The reclassified financial statements, not subject to audit by the independent auditors, have been prepared on the basis of the templates contained in the 5th update of Bank of Italy Circular No. 262/2005.
Reference is made to the "notes on the reclassified 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.

In order to facilitate analysis of the Group's performance and in compliance with CONSOB Communication No. DEM/6064293 of 28th July 2006[2], a special detailed statement has been included which shows the impact on earnings of the main non-recurring events and transactions.

[1] Banca Adriatica (the former Nuova Banca delle Marche), Banca Tirrenica (the former Nuova Banca dell'Etruria e del Lazio) and Banca Teatina (the former Nuova Cassa di Risparmio di Chieti) and their respective subsidiaries.

[2] Following the entry into force (on 3rd July 2016) of ESMA guidelines 2015/1415 which the Consob (Italian securities market authority) incorporated in its issuer and supervisory and monitoring practices, the UBI Banca Group criteria for the identification of non-recurring items (reported in the normalised statements) have been subject to revision.
The new 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, tangible and financial assets and HTM investments, with the effects of regulatory and methodological changes and also with extraordinary events including those of a systemic nature).

UBI Banca Group: Reclassified consolidated balance sheet

Figures in thousands of euro		30.9.2018 A	30.6.2018 B	1.1.2018 C	Change A-B	% change A/B	Change A-C	% change A/C
	ASSETS							
10.	Cash and cash equivalents	625,652	616,368	811,578	9,284	1.5%	-185,926	-22.9%
20.	Financial assets measured at fair value through profit or loss	1,469,508	1,488,445	1,979,802	-18,937	-1.3%	-510,294	-25.8%
	1) loans and advances to banks	*13,444*	*14,796*	*14,755*	*-1,352*	*-9.1%*	*-1,311*	*-8.9%*
	2) loans and advances to customers	*283,496*	*313,580*	*362,425*	*-30,084*	*-9.6%*	*-78,929*	*-21.8%*
	3) securities and derivatives	*1,172,568*	*1,160,069*	*1,602,622*	*12,499*	*1.1%*	*-430,054*	*-26.8%*
30.	Financial assets measured at fair value through other comprehensive income	10,640,301	11,527,974	12,435,307	-887,673	-7.7%	-1,795,006	-14.4%
	1) loans and advances to banks	-	-	-	-	-	-	-
	2) loans and advances to customers	*15*	-	-	*15*	-	*15*	-
	3) securities	*10,640,286*	*11,527,974*	*12,435,307*	*-887,688*	*-7.7%*	*-1,795,021*	*-14.4%*
40.	Financial assets measured at amortised cost	103,431,623	103,886,299	101,833,189	-454,676	-0.4%	1,598,434	1.6%
	1) loans and advances to banks	*10,248,127*	*9,513,708*	*7,814,815*	*734,419*	*7.7%*	*2,433,312*	*31.1%*
	2) loans and advances to customers	*89,554,538*	*91,342,643*	*90,980,959*	*-1,788,105*	*-2.0%*	*-1,426,421*	*-1.6%*
	3) securities	*3,628,958*	*3,029,948*	*3,037,415*	*599,010*	*19.8%*	*591,543*	*19.5%*
50.	Hedging derivatives	65,350	59,804	169,907	5,546	9.3%	-104,557	-61.5%
60.	Fair value change in hedged financial assets (+/-)	-6,002	33,826	-2,035	-39,828	n.s.	3,967	194.9%
70.	Equity investments	243,646	240,509	243,165	3,137	1.3%	481	0.2%
80.	Technical reserves of reinsurers	195	373	347	-178	-47.7%	-152	-43.8%
90.	Property, plant and equipment	1,824,737	1,799,295	1,811,743	25,442	1.4%	12,994	0.7%
100.	Intangible assets	1,710,712	1,711,908	1,728,328	-1,196	-0.1%	-17,616	-1.0%
	of which: goodwill	*1,465,260*	*1,465,260*	*1,465,260*	-	-	-	-
110.	Tax assets	4,076,685	4,122,268	4,184,524	-45,583	-1.1%	-107,839	-2.6%
120.	Non-current assets and disposal groups held for sale	735	1,384	962	-649	-46.9%	-227	-23.6%
130.	Other assets	1,123,257	1,415,721	1,451,059	-292,464	-20.7%	-327,802	-22.6%
	Total assets	**125,206,399**	**126,904,174**	**126,647,876**	**-1,697,775**	**-1.3%**	**-1,441,477**	**-1.1%**
	LIABILITIES AND EQUITY							
10.	Financial liabilities measured at amortised cost	110,633,386	111,617,355	111,182,776	-983,969	-0.9%	-549,390	-0.5%
	a) due to banks	*16,678,273*	*16,607,300*	*16,733,006*	*70,973*	*0.4%*	*-54,733*	*-0.3%*
	b) due to customers	*70,258,101*	*70,582,753*	*68,434,827*	*-324,652*	*-0.5%*	*1,823,274*	*2.7%*
	c) debt securities issued	*23,697,012*	*24,427,302*	*26,014,943*	*-730,290*	*-3.0%*	*-2,317,931*	*-8.9%*
20.	Financial liabilities held for trading	347,184	386,959	411,653	-39,775	-10.3%	-64,469	-15.7%
30.	Financial liabilities designated as at fair value	95,434	75,488	43,021	19,946	26.4%	52,413	121.8%
40.	Hedging derivatives	93,351	102,961	100,590	-9,610	-9.3%	-7,239	-7.2%
50.	Fair value change in hedged financial liabilities (+/-)	30,103	54,008	-	-23,905	-44.3%	30,103	-
60.	Tax liabilities	188,193	208,390	240,908	-20,197	-9.7%	-52,715	-21.9%
80.	Other liabilities	2,116,819	2,654,081	2,694,744	-537,262	-20.2%	-577,925	-21.4%
90.	Provision for post-employment benefits	323,809	328,484	350,779	-4,675	-1.4%	-26,970	-7.7%
100.	Provisions for risks and charges:	567,401	565,147	624,612	2,254	0.4%	-57,211	-9.2%
	a) commitments and guarantees granted	*76,803*	*73,964*	*88,347*	*2,839*	*3.8%*	*-11,544*	*-13.1%*
	b) pension and similar obligations	*128,496*	*130,215*	*137,213*	*-1,719*	*-1.3%*	*-8,717*	*-6.4%*
	c) other provisions for risks and charges	*362,102*	*360,968*	*399,052*	*1,134*	*0.3%*	*-36,950*	*-9.3%*
110.	Technical reserves	1,856,585	1,879,072	1,780,701	-22,487	-1.2%	75,884	4.3%
120.+150.+160. +170.+180	Share capital, share premiums, reserves, valuation reserves and treasury shares	8,688,096	8,756,026	8,447,847	-67,930	-0.8%	240,249	2.8%
190.	Minority interests (+/-)	55,567	67,336	79,688	-11,769	-17.5%	-24,121	-30.3%
200.	Profit for the period/year (+/-)	210,471	208,867	690,557	1,604	0.8%	-480,086	-69.5%
	Total liabilities and equity	**125,206,399**	**126,904,174**	**126,647,876**	**-1,697,775**	**-1.3%**	**-1,441,477**	**-1.1%**

.

UBI Banca Group: Reclassified consolidated income statement

Figures in thousands of euro		9M 2018 A	3rd Quarter 2018 B	2nd Quarter 2018 C	1st Quarter 2018 D	Change B-C	% change B/C	3rd Quarter 2017 (IAS 39) E	Change B-E	% change B/E
10.-20.-140.	Net interest income	1,348,796	452,644	458,358	437,794	(5,714)	(1.2%)	402,472		
	of which: TLTRO II	*38,038*	*12,791*	*12,693*	*12,554*	*98*	*0.8%*	-		
	of which: IFRS9 credit components	*92,024*	*30,818*	*35,543*	*25,663*	*(4,725)*	*(13.3%)*	-		
	of which: IFRS9 contractual modifications without derecognition components	*(30,422)*	*(8,350)*	*(13,412)*	*(8,660)*	*(5,062)*	*(37.7%)*	-		
70.	Dividends and similar income	8,514	145	3,232	5,137	(3,087)	(95.5%)	324	(179)	(55.2%)
	Profits of equity-accounted investees	14,142	5,129	1,752	7,261	3,377	192.8%	5,948	(819)	(13.8%)
40.-50.	Net fee and commission income	1,188,482	380,514	400,630	407,338	(20,116)	(5.0%)	389,837	(9,323)	(2.4%)
	of which performance fees	*12,134*	*3,645*	*6,745*	*1,744*	*(3,100)*	*(46.0%)*	*2,386*	*1,259*	52.8%
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	(7,107)	(59,343)	18,494	33,742	(77,837)	n.s.	36,364		
160.+170.	Net income from insurance operations	15,034	4,031	5,548	5,455	(1,517)	(27.3%)	4,562	(531)	(11.6%)
230.	Other net operating income/expense	76,690	24,929	23,394	28,367	1,535	6.6%	16,835	8,094	48.1%
	Operating income	**2,644,551**	**808,049**	**911,408**	**925,094**	**(103,359)**	**(11.3%)**	**856,342**		
190. a)	Staff costs	(1,117,730)	(367,871)	(374,325)	(375,534)	(6,454)	(1.7%)	(379,782)	(11,911)	(3.1%)
190. b)	Other administrative expenses	(591,256)	(198,699)	(186,643)	(205,914)	12,056	6.5%	(211,834)	(13,135)	(6.2%)
210.+220.	Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(122,963)	(40,962)	(40,384)	(41,617)	578	1.4%	(39,640)	1,322	3.3%
	Operating expenses	**(1,831,949)**	**(607,532)**	**(601,352)**	**(623,065)**	**6,180**	**1.0%**	**(631,256)**	**(23,724)**	**(3.8%)**
	Net operating income	**812,602**	**200,517**	**310,056**	**302,029**	**(109,539)**	**(35.3%)**	**225,086**		
130	Net impairment losses for credit risk relating to:	(390,297)	(123,957)	(142,252)	(124,088)	(18,295)	(12.9%)	(153,568)		
130. a)	- financial assets measured at amortised cost: loans to banks	(1,243)	217	265	(1,725)	(48)	(18.1%)	-		
130. a)	- financial assets measured at amortised cost: loans and advances to customers	(381,933)	(123,767)	(140,495)	(117,671)	(16,728)	(11.9%)	(135,052)		
130. a)	- financial assets measured at amortised cost: securities	(706)	(602)	15	(119)	(617)	n.s.	-		
130. b)	- financial assets measured at fair value through other comprehensive income	(6,415)	195	(2,037)	(4,573)	2,232	n.s.	(18,516)		
200. a)	Net provisions for risks and charges - commitments and guarantees granted	11,601	(2,939)	3,477	11,063	(6,416)	n.s.	(13,042)		
200. b)	Net provisions for risks and charges - other net provisions	(19,258)	(2,145)	(15,700)	(1,413)	(13,555)	(86.3%)	(5,109)		
250.+280.	Profits from the disposal of equity investments	1,261	298	170	793	128	75.3%	468	(170)	(36.3%)
290.	**Pre-tax profit from continuing operations**	**415,909**	**71,774**	**155,751**	**188,384**	**(83,977)**	**(53.9%)**	**53,835**		
300.	Taxes on income for the period from continuing operations	(143,074)	(26,166)	(55,557)	(61,351)	(29,391)	(52.9%)	(32,780)	(6,614)	(20.2%)
340.	Profit for the period attributable to minority interests	(20,905)	(7,102)	(7,794)	(6,009)	(692)	(8.9%)	(6,393)	709	11.1%
	Profit for the period attributable to the shareholders of the Parent before the Business Plan and other impacts	**251,930**	**38,506**	**92,400**	**121,024**	**(53,894)**	**(58.3%)**	**14,662**		
190. a)	Redundancy expenses net of taxes and minority interests	(36,880)	(36,880)	(164)	164	36,716	n.s.	(1,308)	35,572	n.s.
190. b)	Business Plan Project expenses net of taxes and minority interests	(4,579)	(22)	(1,029)	(3,528)	(1,007)	(97.9%)	(10,324)	(10,302)	(99.8%)
275.	Negative consolidation difference	-	-	-	-	-	-	3,340	(3,340)	(100.0%)
350.	**Profit for the period attributable to the shareholders of the Parent**	**210,471**	**1,604**	**91,207**	**117,660**	**(89,603)**	**(98.2%)**	**6,370**	**(4,766)**	**(74.8%)**

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

Figures in thousands of euro	9M 2018	2017-2020 Business Plan: Business Plan Project Expenses	2017-2020 Business Plan: Redundancy expenses	Extraordinary Contribution to Resolution Fund	9M 2018 *net of non-recurring items*
Net interest income	1,348,796				1,348,796
of which: TLTRO II	*38,038*				*38,038*
of which: IFRS9 credit components	*92,024*				*92,024*
of which: IFRS9 contractual modifications without derecognition components	*(30,422)*				*(30,422)*
Dividends and similar income	8,514				8,514
Profits of equity-accounted investees	14,142				14,142
Net fee and commission income	1,188,482				1,188,482
of which: performance fees	*12,134*				*12,134*
Net loss from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	(7,107)				(7,107)
Net income from insurance operations	15,034				15,034
Other net operating income/expense	76,690				76,690
Operating income	**2,644,551**	**-**	**-**	**-**	**2,644,551**
Staff costs	(1,117,730)				(1,117,730)
Other administrative expenses	(591,256)			12,885	(578,371)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(122,963)				(122,963)
Operating expenses	**(1,831,949)**	**-**	**-**	**12,885**	**(1,819,064)**
Net operating income	**812,602**	**-**	**-**	**12,885**	**825,487**
Net impairment losses for credit risk relating to:	(390,297)				(390,297)
- financial assets measured at amortised cost: loans to banks	(1,243)				(1,243)
- financial assets measured at amortised cost: loans and advances to customers	(381,933)				(381,933)
- financial assets measured at amortised cost: securities	(706)				(706)
- financial assets measured at fair value through other comprehensive income	(6,415)				(6,415)
Net provisions for risks and charges - commitments and guarantees granted	11,601				11,601
Net provisions for risks and charges - other net provisions	(19,258)				(19,258)
Profits from the disposal of equity investments	1,261				1,261
Pre-tax profit from continuing operations	**415,909**	**-**	**-**	**12,885**	**428,794**
Taxes on income for the period from continuing operations	(143,074)			(4,189)	(147,263)
Profit for the period attributable to minority interests	(20,905)				(20,905)
Profit for the period attributable to the shareholders of the Parent before the Business Plan and other impacts	**251,930**	**-**	**-**	**8,696**	**260,626**
Redundancy expenses net of taxes and minority interests	(36,880)		36,880		-
Business Plan Project expenses net of taxes and minority interests	(4,579)	4,579			-
Profit for the period	**210,471**	**4,579**	**36,880**	**8,696**	**260,626**

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

Figures in thousands of euro	3rd Quarter 2018	2017-2020 Business Plan: Business Plan Project Expenses	2017-2020 Business Plan: Redundancy expenses	3rd Quarter 2018 *net of non-recurring items*	2nd Quarter 2018	2017-2020 Business Plan: Business Plan Project Expenses	2017-2020 Business Plan: Redundancy expenses	Extraordinary Contribution to Resolution Fund	2nd Quarter 2018 *net of non-recurring items*	1st Quarter 2018	2017-2020 Business Plan: Business Plan Project Expenses	2017-2020 Business Plan: Redundancy expenses	1st Quarter 2018 *net of non-recurring items*
Net interest income	452,644			452,644	458,358				458,358	437,794			437,794
of which: TLTRO II	*12,791*			*12,791*	*12,693*				*12,693*	*12,554*			*12,554*
of which: IFRS9 credit components	*30,818*			*30,818*	*35,543*				*35,543*	*25,663*			*25,663*
of which: IFRS9 contractual modifications without derecognition components	*(8,350)*			*(8,350)*	*(13,412)*				*(13,412)*	*(8,660)*			*(8,660)*
Dividends and similar income	145			145	3,232				3,232	5,137			5,137
Profits of equity-accounted investees	5,129			5,129	1,752				1,752	7,261			7,261
Net fee and commission income	380,514			380,514	400,630				400,630	407,338			407,338
of which: performance fees	*3,645*			*3,645*	*6,745*				*6,745*	*1,744*			*1,744*
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	(59,343)			(59,343)	18,494				18,494	33,742			33,742
Net income from insurance operations	4,031			4,031	5,548				5,548	5,455			5,455
Other net operating income/expense	24,929			24,929	23,394				23,394	28,367			28,367
Operating income	**808,049**	**-**	**-**	**808,049**	**911,408**	**-**	**-**	**-**	**911,408**	**925,094**	**-**	**-**	**925,094**
Staff costs	(367,871)			(367,871)	(374,325)				(374,325)	(375,534)			(375,534)
Other administrative expenses	(198,699)			(198,699)	(186,643)			12,885	(173,758)	(205,914)			(205,914)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(40,962)			(40,962)	(40,384)				(40,384)	(41,617)			(41,617)
Operating expenses	**(607,532)**	**-**	**-**	**(607,532)**	**(601,352)**	**-**	**-**	**12,885**	**(588,467)**	**(623,065)**	**-**	**-**	**(623,065)**
Net operating income	**200,517**	**-**	**-**	**200,517**	**310,056**	**-**	**-**	**12,885**	**322,941**	**302,029**	**-**	**-**	**302,029**
Net impairment losses for credit risk relating to:	(123,957)			(123,957)	(142,252)				(142,252)	(124,088)			(124,088)
- financial assets measured at amortised cost: loans to banks	217			217	265				265	(1,725)			(1,725)
- financial assets measured at amortised cost: loans and advances to customers	(123,767)			(123,767)	(140,495)				(140,495)	(117,671)			(117,671)
- financial assets measured at amortised cost: securities	(602)			(602)	15				15	(119)			(119)
- financial assets measured at fair value through other comprehensive income	195			195	(2,037)				(2,037)	(4,573)			(4,573)
Net provisions for risks and charges - commitments and guarantees granted	(2,939)			(2,939)	3,477				3,477	11,063			11,063
Net provisions for risks and charges - other net provisions	(2,145)			(2,145)	(15,700)				(15,700)	(1,413)			(1,413)
Profits from the disposal of equity investments	298			298	170				170	793			793
Pre-tax profit from continuing operations	**71,774**	**-**	**-**	**71,774**	**155,751**	**-**	**-**	**12,885**	**168,636**	**188,384**	**-**	**-**	**188,384**
Taxes on income for the period from continuing operations	(26,166)			(26,166)	(55,557)			(4,189)	(59,746)	(61,351)			(61,351)
Profit for the period attributable to minority interests	(7,102)			(7,102)	(7,794)				(7,794)	(6,009)			(6,009)
Profit for the period attributable to the shareholders of the Parent before the Business Plan and other impacts	**38,506**	**-**	**-**	**38,506**	**92,400**	**-**	**-**	**8,696**	**101,096**	**121,024**	**-**	**-**	**121,024**
Redundancy expenses net of taxes and minority interests	(36,880)		36,880	-	(164)		164		-	164		(164)	-
Business Plan Project expenses net of taxes and minority interests	(22)	22		-	(1,029)	1,029			-	(3,528)	3,528		-
Profit for the period	**1,604**	**22**	**36,880**	**38,506**	**91,207**	**1,029**	**164**	**8,696**	**101,096**	**117,660**	**3,528**	**(164)**	**121,024**

UBI Banca Group: Consolidated balance sheet
- mandatory statement -

Figures in thousands of euro		30.9.2018	31.12.2017 restated
ASSETS			
10.	Cash and cash equivalents	625,652	811,578
20.	Financial assets measured at fair value through profit or loss	1,469,508	1,972,209
	a) financial assets held for trading	432,887	887,153
	b) financial assets designated as at fair value	11,515	11,271
	c) other financial assets mandatorily measured at fair value	1,025,106	1,073,785
30.	Financial assets measured at fair value through other comprehensive income	10,640,301	12,369,616
40.	Financial assets measured at amortised cost	103,431,623	102,648,875
	a) loans to banks	10,248,343	7,821,132
	b) loans to customers	93,183,280	94,827,743
50.	Hedging derivatives	65,350	169,907
60.	Fair value change in hedged financial assets (+/-)	(6,002)	-2,035
70.	Equity investments	243,646	243,165
80.	Technical reserves of reinsurers	195	347
90.	Property, plant and equipment	1,824,737	1,811,743
100.	Intangible assets	1,710,712	1,728,328
	of which: goodwill	*1,465,260*	*1,465,260*
110.	Tax assets	4,076,685	4,170,387
	a) current	1,408,502	1,497,551
	b) deferred	2,668,183	2,672,836
	- of which pursuant to Law No. 214/2011	*1,814,627*	*1,817,819*
120.	Non-current assets and disposal groups held for sale	735	962
130.	Other assets	1,123,257	1,451,059
TOTAL ASSETS		**125,206,399**	**127,376,141**

Figures in thousands of euro		30.9.2018	31.12.2017 restated
LIABILITIES AND EQUITY			
10.	Financial liabilities measured at amortised cost	110,633,386	111,182,776
	a) due to banks	16,678,273	16,733,006
	b) due to customers	70,258,101	68,434,827
	c) debt securities issued	23,697,012	26,014,943
20.	Financial liabilities held for trading	347,184	411,653
30.	Financial liabilities designated as at fair value	95,434	43,021
40.	Hedging derivatives	93,351	100,590
50.	Fair value change in hedged financial liabilities (+/-)	30,103	-
60.	Tax liabilities	188,193	223,397
	a) current	51,739	68,565
	b) deferred	136,454	154,832
80.	Other liabilities	2,116,819	2,694,744
90.	Provision for post-employment benefits	323,809	350,779
100.	Provisions for risks and charges:	567,401	583,609
	a) commitments and guarantees granted	76,803	47,344
	b) pension and similar obligations	128,496	137,213
	c) other provisions for risks and charges	362,102	399,052
110.	Technical reserves	1,856,585	1,780,701
120.	Valuation reserves	(352,126)	-54,901
150.	Reserves	2,919,862	3,149,541
160.	Share premiums	3,294,604	3,306,627
170.	Share capital	2,843,177	2,843,177
180.	Treasury shares (-)	(17,421)	-9,818
190.	Minority interests (+/-)	55,567	79,688
200.	Profit for the period/year (+/-)	210,471	690,557
TOTAL LIABILITIES AND EQUITY		**125,206,399**	**127,376,141**

UBI Banca Group: consolidated income statement - mandatory statement -

Figures in thousands of euro		9M 2018	9M 2017 restated
10.	Interest and similar income	1,675,425	1,625,003
	of which: interest income calculated with effective interest method	1,534,057	-
20.	Interest and similar expense	(263,681)	(461,267)
30.	**Net interest income**	**1,411,744**	**1,163,736**
40.	Fee and commission income	1,341,766	1,297,831
50.	Fee and commission expense	(151,933)	(146,314)
60.	**Net fee and commission income**	**1,189,833**	**1,151,517**
70.	Dividends and similar income	10,068	10,882
80.	Net trading income	55,995	53,806
90.	Net hedging income (loss)	(7,389)	89
100.	Income (losses) from disposal or repurchase of:	(34,366)	131,557
	a) financial assets measured at amortised cost	(96,794)	26,375
	b) financial assets measured at fair value through other comprehensive income	67,455	116,190
	c) financial liabilities	(5,027)	(11,008)
110.	Net income (loss) from other financial assets and liabilities measured at fair value through profit or loss	(12,058)	11,430
	a) financial assets and liabilities designated as at fair value	(921)	11,430
	b) other financial assets mandatorily measured at fair value	(11,137)	-
120.	**Gross income**	**2,613,827**	**2,523,017**
130.	Net impairment losses for credit risk relating to:	(390,297)	(555,514)
	a) financial assets measured at amortised cost	(383,882)	(417,680)
	b) financial assets measured at fair value through other comprehensive income	(6,415)	(137,834)
140.	Profits (losses) from contractual modifications without derecognition	(30,422)	-
150.	**Net financial income**	**2,193,108**	**1,967,503**
160.	Net insurance premiums	318,967	122,285
170.	Other income/expenses of insurance operations	(334,131)	(137,214)
180.	**Net income from banking and insurance operations**	**2,177,944**	**1,952,574**
190.	Administrative expenses	(1,950,701)	(1,890,414)
	a) staff costs	(1,172,859)	(1,100,267)
	b) other administrative expenses	(777,842)	(790,147)
200.	Net provisions for risks and charges	(7,657)	(2,990)
	a) commitments and guarantees granted	11,601	5,747
	b) other net provisions	(19,258)	(8,737)
210.	Depreciation and net impairment losses on property, plant and equipment	(63,368)	(60,529)
220.	Amortisation and net impairment losses on intangible assets	(56,424)	(50,678)
230.	Other net operating income/expense	238,696	237,796
240.	**Operating expenses**	**(1,839,454)**	**(1,766,815)**
250.	Profits of equity investments	14,142	16,501
275.	Negative consolidation difference	-	616,240
280.	Profits on disposal of investments	1,261	1,125
290.	**Pre-tax profit from continuing operations**	**353,893**	**819,625**
300.	Taxes on income for the period from continuing operations	(122,604)	(98,722)
310.	**Post-tax profit from continuing operations**	**231,289**	**720,903**
330.	**Profit for the period**	**231,289**	**720,903**
340.	Profit for the period attributable to minority interests	(20,818)	(18,488)
350.	**Profit for the period attributable to the shareholders of the Parent**	**210,471**	**702,415**

Asset quality

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

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

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

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage	Coverage including write-offs
Non-performing exposures (stage three)	**(12.41%)**	**12,008,425**	**4,865,777**	**(7.82%)**	**7,142,648**	**40.52%**	**50.53%**
- Bad loans	(7.43%)	7,192,530	3,719,025	(3.80%)	3,473,505	51.71%	63.90%
- Unlikely-to-pay loans	(4.83%)	4,676,478	1,132,267	(3.88%)	3,544,211	24.21%	
- Past-due loans	(0.15%)	139,417	14,485	(0.14%)	124,932	10.39%	
Performing loans (stages one and two)	**(87.59%)**	**84,748,042**	**548,047**	**(92.18%)**	**84,199,995**	**0.65%**	
Total		**96,756,467**	**5,413,824**		**91,342,643**	**5.60%**	

Loans and advances to customers measured at amortised cost as at 1st January 2018

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount		Coverage	Coverage including write-offs
Non-performing exposures (stage three)	**(12.85%)**	**12,413,612**	**4,965,818**	**(8.19%)**	**7,447,794**	**40.00%**	**49.54%**
- Bad loans	(7.60%)	7,340,234	3,821,113	(3.87%)	3,519,121	52.06%	63.67%
- Unlikely-to-pay loans	(5.08%)	4,910,074	1,129,026	(4.16%)	3,781,048	22.99%	
- Past-due loans	(0.17%)	163,304	15,679	(0.16%)	147,625	9.60%	
Performing loans (stages one and two)	**(87.15%)**	**84,175,509**	**642,344**	**(91.81%)**	**83,533,165**	**0.76%**	
Total		**96,589,121**	**5,608,162**		**90,980,959**	**5.81%**	