PRESS RELEASE

UBI results for the period ended 30th June 2020

The Bank performed with great resilience in the first half of 2020 even in an economic scenario strongly impacted by Covid-19.
Net profit stood at €184.3 million, up by 38.1% compared with the same period in 2019. Long-term loan originations accelerated in 2Q 2020 to €5.5 billion compared with €3.9 billion in 1Q 2020 (+42%); indirect funding rose to €98.7 billion compared with €92.2 billion as at 31st March 2020 (+7%); deposits on current accounts reached €70.7 billion, up from approximately €68 billion as at 31st March 2020; the CET 1 ratio was 13.41% (after the pro-rata accrual of an hypothesis of dividend of €0.20 per share for FY2020) compared with 12.86% as at 31st March 2020.
The UBI Banca Board of Directors wishes to convey its special thanks to all the Bank's employees, who put maximum commitment into ensuring continuity and excellence of service together with attention and responsiveness to the Group's customers and to the relative communities.

In detail

Strong balance sheet indicators

- **Fully loaded CET1 ratio of 13.41% (12.86% in March 2020) after the pro-rata accrual of an hypothesis of dividend of €0.20 per share for FY2020**
  The ratio includes neither future DTAs nor capital optimisation actions
- **NPE ratio of 7.48% (7.51% in March 2020) and 6.6% pro forma excluding the disposal of approximately €800 million of SME bad loans currently being processed**
- **Annualised default rate[1] in 1H 2020 of 1%, unchanged compared with 1H 2019 notwithstanding the inclusion of the impacts of the new definition of default**
- **Texas ratio[2] of 47% (48.8% as at 31.3.2020)**
- **Direct funding grows to €98.6 billion (+4.8% vs March 2020)**
- **Indirect funding grows to €98.7 billion (+7% vs March 2020)**
- **NSFR > 100%**
- **LCR > 200%**

Solid operating results in 1H 2020 (vs 1H 2019)

- **Net profit of €184.3 million, up 38.1% compared with €133.4 million in the first half of 2019**

[1] Default rate: annualised gross migrations of performing exposures to non-performing status/initial volumes of gross performing loans (item 40. 2) in the reclassified consolidated balance sheet).
[2] Calculated as total net non-performing exposures/((equity excluding profit and profit attributable to minority interests) - total intangible assets).

- **Operating income of €1,795.6 million, slightly down by 1.8% compared with 1H 2019 notwithstanding the impact of the Covid-19 lockdown**
  - **Net interest income of €803.4 million (-9.3%). Net of the effects of IFRS 9 (down to +€17.2 million in 1H 2020 compared with +€56.2 million in 1H 2019 primarily due to a significant reduction in non-performing exposures), the fall in net interest income reduces to 5,3%**
  - **Sound performance by net fee and commission income at €823.7 million (+1.3%)**
  - **Finance result of €95.2 million (€55.1 million in the 1H 2019)**
- **Operating expenses of €1,178.7 million (-0.8%), notwithstanding the inclusion of higher administrative expenses (approx. €37 million) in relation to Covid-19 and the ISP public purchase and exchange offer**
- **Annualised loan loss rate of 79 bps compared with 78[3] bps in 1H 2019, which included approximately 13 bps relating to wholesale disposals carried out in 2019.**

- **Profit net of non-recurring items[4], inclusive of the lockdown effects, was €176.1 million, substantially in line with €185.8 million in 1H 2019**

Solid operating results in 2Q 2020 (vs 1Q 2020)

- **Stated profit of €90.7 million, in line with €93.6 million in 1Q 2020 notwithstanding the Covid-19 lockdown impact on revenues and greater loan provisioning.**

- **Operating income fell 3.5% to €882 million**
  - **Net of the effects of IFRS 9 (+€6 million in 2Q 2020 vs +€11.3 million in 1Q 2020), net interest income was essentially unchanged compared with 1Q 2020 at €392.3 million. If the effects of IFRS 9 are included, net interest income was €398.3 million compared with €405.2 million in 1Q 2020**
  - **Net fee and commission income came higher than net interest income and amounted to €403.3 million notwithstanding the impact of lockdown (€420.5 million in 1Q 2020)**
  - **Finance result of €41.6 million (€53.6 million in 1Q 2020)**
- **Operating expenses of €585.2 million, down 1.4% compared with €593.6 million in 1Q 2020, notwithstanding the inclusion of approx. €31 million in relation to higher costs for Covid-19 and in relation to the ISP public purchase and exchange offer**
- **Annualised loan loss rate of 85 bps, leading to an increase of almost 1 percentage point in all categories of non performing loans. Coverage for performing exposures rose further to 0.58%.**

- **Profit net of non-recurring items[5], inclusive of the lockdown effects, was €76.7 million, compared with €99.3 million in 1Q 2020**

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[3] Account was taken once only of the impact of the disposals of the factoring and lease positions in the calculation of the annualisation of the loan loss rate

[4] The main non-recurring items in the first half net of taxes and minority interests:
1H 2020: +€8.2 million (+€12.7 million for the release of excess provisions for redundancy incentive expenses; +€11.7 million from the sale of real estate properties in Milan; -€10.9 million extraordinary contribution to the Resolution Fund; -€5.8 million resulting from the first time application of the fair valuation of real estate properties);
1H 2019: -€52.5 million (-€42.6 million relating to redundancy incentives under the trade union agreement reported in the press release dated 28.03.2019, -€12.2 million for extraordinary contributions to the National Resolution Fund; +€2.5 million relating to disposals of equity and other investments).

[5] The main non-recurring items in the quarter net of taxes and minority interests:
2Q 2020: +€12.7 million for the release of excess provisions for redundancy incentive expenses; +€11.7 million from the sale of real estate properties in Milan; -€10.9 million extraordinary contribution to the Resolution Fund.
1Q 2020: +€5.8 million resulting from first-time application of the fair valuation of real estate properties.

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Milan, 3rd August 2020 – The Board of Directors of Unione di Banche Italiane Spa (UBI Banca) has approved the consolidated results as at and for the period ended 30 June 2020.

<u>Operating performance of the Group</u>

<u>Results for the second quarter of 2020 (compared with 1Q 2020)</u>

The second quarter of the year was impacted by the consequences, not yet resolved, of the pandemic which hit Italy and the world. Notwithstanding this, the Bank showed its resilience and promptness of reaction and a great ability to recover, ending the quarter with a **net profit of €90.7 million**, substantially in line with €93.6 million in 1Q 2020.

The Bank's operations succeeded in generating approximately €882 million of **operating income** compared with approximately €913.6 million in 1Q 2020, the result of resilient performance by net interest income, a strong recovery by fee and commission income during the quarter, a good result from equity-accounted investees and the contribution, although smaller, from the finance result.

In detail **net interest income** came to €398.3 million, down 1.7% or -€6.9 million vs 1Q 2020. The reduction is due almost completely to the contraction in the contribution of IFRS 9 resulting from non-performing exposures, which fell to approximately €6 million in 2Q 2020 from €11.3 million in 1Q 2020.

Net fee and commission income was higher than net interest income in the second quarter of the year, which confirmed a trend in progress since 4Q 2019.
Notwithstanding the impact of lockdown, which prevented the Bank from conducting normal business with customers, the second quarter of the year recorded **net fee and commission income** of €403.3 million, lower than €420.5 million in 1Q 2020, but more than satisfactory given the operating conditions. The impact of lockdown took effect mainly in April - leading to a result for fees and commissions far below the Business Plan[6] forecast -, but also in May, although to a smaller degree. A significant recovery was however seen in June (up 11.6% compared with the BP forecast for the month), recorded as a result of the contribution from both the components: securities-related services and general banking business with customers.
This performance brought the **contribution from securities-related services** to a total of €228.5 million in 2Q 2020, compared with €243 million in 1Q 2020, while that by **fees and commissions on general banking business** was €174.8 million compared with €177.5 million in 1Q 2020.

The total **finance result** was positive by €41.6 million in 2Q 2020 and compares with €53.6 million earned in 1Q 2020.

Profits of equity-accounted investees in 2Q 2020 came to €15 million compared with €7.80 million in 1Q 2020, the result of stronger results reported by all the joint ventures (Zhong Ou, Aviva Vita and Lombarda Vita).

Constant control over costs again had a positive impact on **operating expenses**.
Including systemic contributions to the Resolution Fund, operating expenses totalled €585.2 million in 2Q 2020 compared with €593.6 million in 1Q 2020 **(-1.4%)**.

[6] BP published in February 2020

Net of those contributions (€17.5 million to the Resolution Fund in 2Q 2020 compared with €42 million in 1Q 2020), and therefore in terms comparable with other major Italian banks, operating expenses stood at €567.7 million, up 2.9% compared with €551.6 million in 1Q 2020, due to the inclusion of €31.2 million of expenses connected with Covid-19 and the ISP public purchase and exchange offer (takeover bid). **Net of those items, operating expenses, again excluding the systemic contributions, stood at €536.5 million, down 1.6% compared with 1Q 2020.**
In detail:

- **staff costs** totalled €342.2 million, down 3.6% compared with €355 million in 1Q 2020, benefiting, amongst other things, from staff departures which had taken place in previous periods.
  Excess redundancy provisioning effected in previous periods (in relation to the 2017-2019 Business Plan) compared to costs actually sustained for those redundancies, gave rise to reversals amounting to €12.7 million recognised within a separate item "redundancy scheme expenses" net of taxes and minority interests;
- **other administrative expenses**, net of systemic contributions (€17.5 million in 2Q 2020 and €42 million in 1Q 2020), increased to €169.8 million due to higher costs (€31.2 million) connected with Covid-19 and the ISP public purchase and exchange offer, compared with €139.4 million in 1Q 2020. Net of those higher costs, administrative expenses are substantially in line (-1 million) quarter-on-quarter.
- **depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets** amounted to €55.7 million in 2Q 2020 compared with €57.2 million in 1Q 2020.

Net impairment losses on loans and advances to customers amounted to €180.8 million in the second quarter of the year compared with €155.6 million in 1Q 2020.
Provisioning in 2Q 2020 led to further growth in coverage for all categories of non-performing exposures of almost 1 percentage point and increased coverage for performing exposures to 0.58% (compared with 0.55% in 1Q 2020). As already reported, provisioning in 1Q 2020 included approximately €50 million relating to specific impairment losses recognised on unlikely-to-pay exposures in the sectors hit hardest by Covid-19, which brought average coverage as a whole in these sectors to approximately 35%.
Net impairment losses on loans recognised in 2Q 2020 give an annualised loan loss rate of 85 basis points, compared with 73 basis points in 1Q 2020.

Finally, **taxes on income** for the period from continuing operations in 2Q 2020 amounted to €32.1 million, to give a tax rate of 26.2% (compared with 34% in 1Q 2020).

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<u>Results for the first half of 2020 compared with the first half of 2019</u>

The first half of 2020 incorporated the immediate impacts of the terrible pandemic which hit Italy and led to lockdown in many areas and to a new way of working, with social distancing and new personal protection regulations.

Notwithstanding this, the first half ended with **net profit** for the Group of €184.3 million, to record growth of 38.1% compared with €133.4 million in 1H 2019.

Operating income totalled €1,795.6 million, down slightly by 1.8% compared with €1,829 million earned in 1H 2019. The resilience of this income was the result of: growth in fees and commissions which exceeded net interest income to confirm a trend which first appeared in the last quarter of 2019; an increase in profits of equity accounted investees; and the finance result, which increase compared with the first half of 2019.

Within operating income, **net interest income** came to €803.4 million (886.2 in 1H2019), affected mainly by a smaller contribution from the IFRS 9 component (down by -€39 million) and greater cost for funding due to prior year (2019) issuances of institutional funding and growth in deposits by ordinary customers.

The good performance by net fee and commission income continued, up by 1.3% to €823.7 million from €812.9 million in 1H 2019, notwithstanding the lockdown which affected 2020 due to the Covid-19 crisis.
The increase in net fee and commission income is attributable to performances as follows:

- the **contribution from securities-related services** which grew 3.3% to €471.4 million compared with €456.3 million in 2019;
- **fees and commissions from ordinary banking business** amounting to €352.3 million, down by 1.2% compared with €356.6 million in 1H 2019.

The **finance result** totalled +€95.2 million, up compared with +€55.1 million in 1H 2019, the aggregate result of the following:

- the profit on the disposal/repurchase of financial assets and liabilities was +€70 million (+€20.7 million in 1H 2019);
- net trading income totalled +€23.2 million (+€1.1 million in 1H 2019);
- net hedging income recorded a loss of €14.6 million (-€8 million in 1H 2019)
- net income from assets/liabilities measured at fair value was positive by +€16.6 million (+€41.4 million in 1H 2019).

Constant control over costs again had a positive impact on **operating expenses** (which included the contributions to the Resolution Fund amounting to €59.5 million in the reporting period compared with €60.1 million in 1H 2019).
Operating expenses were in fact **down by 0.8%** to total €1,178.7 million compared with €1,188.5 million in 1H 2019, notwithstanding greater costs incurred in relation to Covid-19 and the ISP public purchase and exchange offer. **Net of these components, operating expenses fell by 4%.**

In detail:

- in 1H 2020 **staff costs** amounted to €697.2 million, **down 3.2%** compared with 1H 2019. The improvement is attributable mainly to reductions in staff numbers with 694 fewer staff than at the end of June 2019, the result above all of participation in voluntary redundancies schemes.
  Excess redundancy provisioning effected in previous periods (in relation to the 2017-2019 Business Plan) compared to costs actually sustained for those redundancies, gave rise to reversals amounting to €12.7 million recognised within a separate item "redundancy scheme expenses" net of taxes and minority interests;
- **other administrative expenses** totalled €368.7 million from €361.2 million in 1H 2019 and they included a contribution of €59.5 million to the Resolution Fund (€60.1 million in 1H 2019). It is highlighted that 1H 2020 included the recognition of greater costs incurred in relation to Covid-19 and the ISP public purchase and exchange offer for a total of €37.3 million. **Net of those greater costs and of systemic contributions, other administrative expenses fell significantly by 9.7%.**
- **depreciation, amortisation and impairment losses on property, plant and equipment and intangible assets** amounted to €112.9 million in 1H 2020 compared with €106.8 million in 1H 2019.

Net impairment losses on loans and advances to customers amounting to €336.4 million were recognised in the first half of the year, compared with €391.6 million in 1H 2019 impacted by the recognition of €112.1 million in relation to the sale of bad loan lease and factoring positions.
The loan loss rate in the first half of the year was 79 basis points annualised (78 bp annualised[7] in 1H 2019, which when adjusted to exclude the impact of disposals for the period stood at 65 bp annualised).

[7] Account was taken once only of the impact of the disposals of the factoring and lease positions in the calculation of the annualisation of the loan loss rate.

Finally, taxes on income for the period from continuing operations for 1H 2020 amounted to €84.4 million, to give a tax rate of 30.5%.

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Balance sheet figures

As at 30th June 2020, **net lending to customers**[8] excluding repos and CCG financing, totalled €83 billion, down compared to €83.2 billion in March mainly due to the reduction in net non-performing exposures by over €0.1 billion[9].
Grants of medium to long-term loans grew in the first half to €9.4 billion (compared with €5.6 billion in the same period of 2019) with a substantial acceleration in the second quarter of 2020 (€5.5 billion, +42% compared with the first quarter of 2020), due, amongst other things, to "Covid-19" loans granted on local markets.

With regard to **trends for non-performing exposures**:

- **total gross non-performing exposures**[10] **amounted to €6,568.6 million, a decrease of 1.6% (€104.6 million) compared with 31st March and down by 3.9% (€269.8 million) compared with December 2019.**
  The ratio of gross non-performing exposures fell further to 7.48% (7.51% in March 2020 and 7.80% in December 2019) and to approximately 6.6% pro forma if account is taken of the disposal, currently being processed, 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% annualised, in line with the figure for 31st March 2020 (and slightly down compared with 1.1% recorded for the full year 2019).

  At the end of June 2020, **coverage** for total non-performing exposures was up overall, both in terms of stated coverage (40.52% compared with 39.56% at the end of March and with 39.00% as at 31st December 2019) and including write-offs (52.96% compared with 52.03% at the end of March and with 50.92% at the end of 2019).

- **In net terms, total non-performing exposures** fell to €3,906.8 million compared with €4,033.4 million in March and €4,171.5 million in December 2019 with a contraction of 3.1% (€126.6 million) compared with March 2020 and of 6.3% (€264.7 million) compared with December 2019 respectively. Net non-performing exposures as a percentage of total net loans fell to 4.61% from 4.70% in March and 4.93% as at 31st December 2019.

  As a result of the reduction in total net non-performing exposures, the **Texas ratio fell further to 47%**, showing continuous improvement compared with 48.8% in March and 55.1% in December 2019.

As at 30th June 2020, **direct banking funding** of the Group amounted to €98.6 billion, an increase compared with €94 billion as at 31st March 2020 and with €95.5 billion at the beginning of the year, as result of:

[8] Item 40. 2) in the reclassified consolidated balance sheet.
[9] Inclusive of repos and CCG financing, net lending to customers was 84.7 billion compared to 85.8 in March 2020 and 84.6 in Dec 2019.
[10] See the tables attached.

- growth in funding from ordinary customers (€78.4 billion compared with €75.5 billion in March and €76.9 billion at the end of 2019). "Current accounts and sight deposits" grew to €70.7 billion (€68 billion at the end of the first quarter and €69 billion at the end of 2019), notwithstanding growth at the same time in assets under management;
- an increase in institutional funding to €20.1 billion from €18.5 billion in March 2020 and from €18.6 billion at the end of 2019.

Indirect funding grew due to both an increase in volumes and the market performance effect to reach €98.7 billion at the end of June 2020, up from €92.2 billion at the end of March.
In detail, assets under management in the narrow sense totalled €44.9 billion (+9% compared with the end of March) and assets under custody amounted to €26.1 billion (+8.9% compared with the end of March), while insurance products were slightly up to €27.7 billion from €27.1 billion in March.

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 came into force in June 2020.

As concerns the **Group's exposure to the ECB in TLTROs**, **TLTRO2** repayments were made with value date 24th June 2020 for a total of €10 billion (maturity of a €7.5 billion tranche and early repayment of €2.5 billion with final maturity in March 2021).
Again with value date 24th June 2020, the UBI Group took part in the **TLTRO3 auction for €12 billion**.

The Group continues to benefit from a solid liquidity position, with a Net Stable Funding Ratio higher than one and a Liquidity Coverage Ratio higher than two.
Eligible assets available to the Group as at 30th June 2020, totalled €34.6 billion (of which €29.2 billion available) already net of haircuts and inclusive of €11.1 billion of liquidity deposited with the ECB.

The Group's **financial assets**[11] grew to €23 billion at the end of June (€20.1 billion at the end of March 2020 and €19.2 billion in December 2019), the result of an increase in short-term positions held in Italian government securities, above all in the portfolio of financial assets measured at amortised cost. Altogether Italian government securities amounted to €13.07 billion compared with approx. €11 billion at the end of March and €9.79 billion at the end of December (and, net of insurance company positions, to €11.59 billion compared with €9.53 billion at the end of March and €8.38 billion in December 2019). They account for 56.8% of the securities portfolio.

As at 30th June 2020, **equity** attributable to the shareholders of the Parent, inclusive of profit, amounted to €10,242,988 thousand, up compared with €10,095,693 thousand in March 2020 and €9,539,424 thousand[12] in December 2019.

Again at the end of June 2020, the Group's **CET1 ratio** was 13.41% fully loaded (12.86% in March 2020 and 12.29% at year-end 2019). The main benefits recorded in 2Q 2019 were attributable to the change in CRR2 regulations (+34 bps as a result, amongst other things, of the credit supporting factor) and to OCI valuation reserves (+14 bps). The ratio includes profit for the period, after the pro-rata accrual of an hypothesis of dividend of €0.20 per share for FY2020.
The fully loaded **Tier 1 ratio** was 14.12% (13.54% as at 31st December 2020).
The Group's fully loaded **Total Capital Ratio** was 17.84% (17.05% as at 31st December 2020).
In phased-in terms the ratios are 13.45% (CET 1), 14.16% (Tier 1) and 17.88% (total capital).

Finally, in June 2020 the Group's **leverage ratio** was 5.7% (phased-in and fully loaded).

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

As at 30th June 2020, **total staff** of the UBI Banca Group numbered **19,547** (19,629 at the end of December 2020 and 19,940 at the end of December 2019).

Again at the end of June 2020, the domestic branch network was composed of **1,565 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 UBI Banca Group's capital strength, its solid liquidity position, the high quality of its assets and the dedication of its staff were confirmed and fundamental in meeting the challenge of the crisis, supporting communities and achieving the significant results reported at the end of the first half of 2020.

The outlook for the second half of the year will be influenced by the extraordinary operations which ISP will carry out following the positive outcome of the public purchase and exchange offer.

At present the Board of Directors has no details of the aforementioned operations (e.g. sale of branches to BPER), the relative timing and the operating and capital impacts.

In the absence of the aforementioned extraordinary operations and of a new Covid-19 crisis, core revenues (net interest income and fee and commission income) are forecast to remain resilient, while careful control over costs will continue.
Loan losses will be affected by the completion of the wholesale disposal of SME bad loans, large part of which was however already recognised in 2019, and by the end (if not extended) of the moratoriums granted to help households and companies, the possible impacts of which will be partially mitigated by the use, in progress, of support measures provided by recent legislative measures.
Overall positive net profit is forecast, able to pay dividends in line with the expectations of the Updated Business Plan 2022.

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Copy of this press release is available on the website www.ubibanca.it

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 items "Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets" [2] and "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[3], 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.

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

[2] As far as the item "Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets" is concerned, it is specified that starting from the 2nd quarter 2020, the depreciation relating to the instrumental properties pursuant to IAS 16 have been recognised on the basis of the "revalued value" and of useful life re-determined in light of the future change in the valuation method.

[3] 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 properties 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 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		30.06.2020 A	31.12.2019 restated B	Changes A-B	% changes A/B	30.06.2019 restated C	Changes A-C	% changes A/C
	ASSETS							
10.	Cash and cash equivalents	595,996	694,750	(98,754)	-14.2%	616,670	(20,674)	-3.4%
20.	Financial assets measured at fair value through profit or loss	2,918,145	1,758,730	1,159,415	65.9%	1,660,974	1,257,171	75.7%
	1) Loans and advances to banks	*17,320*	*16,213*	1,107	*6.8%*	*15,365*	*1,955*	*12.7%*
	2) Loans and advances to customers	*258,194*	*260,667*	(2,473)	*-0.9%*	*268,043*	(9,849)	*-3.7%*
	3) Securities and derivatives	*2,642,631*	*1,481,850*	1,160,781	*78.3%*	*1,377,566*	1,265,065	*91.8%*
30.	Financial assets measured at fair value through other comprehensive income	12,343,270	12,221,616	121,654	1.0%	11,618,770	724,500	6.2%
	1) Loans and advances to banks	-	-	-	-	-	-	-
	2) Loans and advances to customers	-	-	-	-	-	-	-
	3) Securities	*12,343,270*	*12,221,616*	121,654	*1.0%*	*11,618,770*	724,500	*6.2%*
40.	Financial assets measured at amortised cost	107,308,571	101,736,289	5,572,282	5.5%	103,356,416	3,952,155	3.8%
	1) Loans and advances to banks	*14,527,728*	*11,723,923*	2,803,805	*23.9%*	*12,393,150*	2,134,578	*17.2%*
	2) Loans and advances to customers	*84,739,135*	*84,564,033*	175,102	*0.2%*	*86,074,151*	(1,335,016)	*-1.6%*
	3) Securities	*8,041,708*	*5,448,333*	2,593,375	*47.6%*	*4,889,115*	3,152,593	*64.5%*
50.	Hedging derivatives	21,869	35,117	(13,248)	-37.7%	22,452	(583)	-2.6%
60.	Fair value change in hedged financial assets (+/-)	913,730	547,019	366,711	67.0%	541,946	371,784	68.6%
70.	Equity investments	284,750	287,353	(2,603)	-0.9%	266,897	17,853	6.7%
80.	Technical reserves of reinsurers	77	-	77	-	-	77	-
90.	Property, plant and equipment	2,879,330	2,370,247	509,083	21.5%	2,596,499	282,831	10.9%
100.	Intangible assets	1,745,824	1,739,903	5,921	0.3%	1,720,771	25,053	1.5%
	of which: goodwill	*1,465,260*	*1,465,260*	-	0.0%	*1,465,260*	-	0.0%
110.	Tax assets	3,584,469	3,755,895	(171,426)	-4.6%	3,963,978	(379,509)	-9.6%
120.	Non-current assets and disposal groups held for sale	90,109	268,100	(177,991)	-66.4%	7,353	82,756	n.s.
130.	Other assets	1,847,177	1,200,966	646,211	53.8%	1,199,827	647,350	54.0%
	Total assets	**134,533,317**	**126,615,985**	**7,917,332**	**6.3%**	**127,572,553**	**6,960,764**	**5.5%**
	LIABILITIES AND EQUITY							
10.	Financial liabilities measured at amortised cost	114,934,180	109,795,016	5,139,164	4.7%	111,840,625	3,093,555	2.8%
	a) Due to banks	*16,679,833*	*14,367,985*	2,311,848	*16.1%*	*17,053,172*	(373,339)	*-2.2%*
	b) Due to customers	*76,065,027*	*72,577,255*	3,487,772	*4.8%*	*70,840,373*	5,224,654	*7.4%*
	c) Debt securities issued	*22,189,320*	*22,849,776*	(660,456)	*-2.9%*	*23,947,080*	(1,757,760)	*-7.3%*
20.	Financial liabilities held for trading	598,541	555,296	43,245	7.8%	571,499	27,042	4.7%
30.	Financial liabilities designated at fair value	462,372	197,610	264,762	134.0%	149,871	312,501	n.s.
40.	Hedging derivatives	708,400	386,778	321,622	83.2%	230,655	477,745	n.s.
50.	Fair value change in hedged financial liabilities (+/-)	166,404	145,191	21,213	14.6%	188,275	(21,871)	-11.6%
60.	Tax liabilities	295,667	210,882	84,785	40.2%	170,802	124,865	73.1%
70.	Liabilities associated with assets held for sale	-	2,331	(2,331)	-100.0%	-	-	-
80.	Other liabilities	4,154,680	2,735,807	1,418,873	51.9%	2,290,570	1,864,110	81.4%
90.	Provision for post-employment benefits	277,276	289,641	(12,365)	-4.3%	299,460	(22,184)	-7.4%
100.	Provisions for risks and charges:	397,084	489,485	(92,401)	-18.9%	415,665	(18,581)	-4.5%
	a) commitments and guarantees granted	*61,025*	*54,005*	7,020	*13.0%*	*51,951*	9,074	*17.5%*
	b) pension and similar obligations	*81,200*	*86,756*	(5,556)	*-6.4%*	*87,892*	(6,692)	*-7.6%*
	c) other provisions for risks and charges	*254,859*	*348,724*	(93,865)	*-26.9%*	*275,822*	(20,963)	*-7.6%*
110.	Technical reserves	2,250,864	2,210,294	40,570	1.8%	2,070,095	180,769	8.7%
120.+140. +150.+160. +170.+180	Share capital, equity instruments, share premiums, reserves, valuation reserves and treasury shares	10,058,703	9,306,321	752,382	8.1%	9,172,290	886,413	9.7%
190.	Minority interests (+/-)	44,861	58,230	(13,369)	-23.0%	39,344	5,517	14.0%
200.	Profit (loss) for the period/year (+/-)	184,285	233,103	(48,818)	-20.9%	133,402	50,883	38.1%
	Total liabilities and equity	**134,533,317**	**126,615,985**	**7,917,332**	**6.3%**	**127,572,553**	**6,960,764**	**5.5%**

UBI Banca Group: Reclassified consolidated income statement

		1H 2020	1H 2019 restated	Change	% change	2nd Quarter 2020	2nd Quarter 2019	Change	% change	FY 2019 restated
	Figures in thousands of euro	A	B	A-B	A/B	C	D	C-D	C/D	E
10.-20.-140.	Net interest income	803,428	886,213	(82,785)	(9.3%)	398,265	440,616	(42,351)	(9.6%)	1,725,105
	of which: TLTRO II	*20,556*	*24,893*	*(4,337)*	*(17.4%)*	*10,445*	*12,502*	*(2,057)*	*(16.5%)*	*48,688*
	of which: IFRS 9 credit components	*34,692*	*66,657*	*(31,965)*	*(48.0%)*	*14,629*	*35,498*	*(20,869)*	*(58.8%)*	*110,595*
	of which: IFRS 9 contractual modifications without derecognition components	*(17,462)*	*(10,437)*	*7,025*	*67.3%*	*(8,659)*	*(5,281)*	*3,378*	*64.0%*	*(25,283)*
70.	Dividends and similar income	5,274	7,210	(1,936)	(26.9%)	498	2,040	(1,542)	(75.6%)	7,658
	Profits (losses) of equity-accounted investees	22,827	19,421	3,406	17.5%	15,019	13,106	1,913	14.6%	40,343
40.-50.	Net fee and commission income	823,748	812,934	10,814	1.3%	403,265	411,998	(8,733)	(2.1%)	1,661,759
	of which: performance fees	*33,119*	*7,153*	*25,966*	*n.s.*	*26,056*	*4,171*	*21,885*	*n.s.*	*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	95,153	55,084	40,069	72.7%	41,557	17,649	23,908	135.5%	104,284
160.+170.	Net income from insurance operations	7,546	7,436	110	1.5%	5,045	3,934	1,111	28.2%	15,314
230.	Other net operating income/expense	37,581	40,737	(3,156)	(7.7%)	18,312	19,075	(763)	(4.0%)	83,472
	Operating income	**1,795,557**	**1,829,035**	**(33,478)**	**(1.8%)**	**881,961**	**908,418**	**(26,457)**	**(2.9%)**	**3,637,935**
190. a)	Staff costs	(697,208)	(720,427)	(23,219)	(3.2%)	(342,233)	(355,993)	(13,760)	(3.9%)	(1,427,650)
190. b)	Other administrative expenses	(368,682)	(361,192)	7,490	2.1%	(187,280)	(175,161)	12,119	6.9%	(711,060)
	of which: SRF and DGS contributions	*(59,456)*	*(60,068)*	*(612)*	*(1.0%)*	*(17,473)*	*(18,070)*	*(597)*	*(3.3%)*	*(107,585)*
210.+220.	Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(112,852)	(106,909)	5,943	5.6%	(55,671)	(54,424)	1,247	2.3%	(221,327)
	Operating expenses	**(1,178,742)**	**(1,188,528)**	**(9,786)**	**(0.8%)**	**(585,184)**	**(585,578)**	**(394)**	**(0.1%)**	**(2,360,037)**
	Net operating income	**616,815**	**640,507**	**(23,692)**	**(3.7%)**	**296,777**	**322,840**	**(26,063)**	**(8.1%)**	**1,277,898**
130.	Net impairment losses for credit risk relating to:	(341,489)	(393,378)	(51,889)	(13.2%)	(184,375)	(263,375)	(79,000)	(30.0%)	(744,098)
130. a)	- financial assets measured at amortised cost: loans and advances to banks	(479)	724	(1,203)	n.s.	(298)	773	(1,071)	n.s.	137
130. a)	- financial assets measured at amortised cost: loans and advances to customers	(336,447)	(391,584)	(55,137)	(14.1%)	(180,831)	(263,016)	(82,185)	(31.2%)	(738,438)
130. a)	- financial assets measured at amortised cost: securities	(362)	(764)	(402)	(52.6%)	(977)	(277)	700	n.s.	(2,454)
130. b)	- financial assets measured at fair value through other comprehensive income	(4,201)	(1,754)	2,447	139.5%	(2,269)	(855)	1,414	165.4%	(3,343)
200. a)	Net provisions for risks and charges - commitments and guarantees granted	(8,181)	1,943	(10,124)	n.s.	(7,239)	2,505	(9,744)	n.s.	(26)
200. b)	Net provisions for risks and charges - other net provisions	125	(2,229)	2,354	n.s.	(784)	1,238	(2,022)	n.s.	(24,809)
260.	Net income (loss) from fair value change in property, plant and equipment and intangible assets	(8,718)	-	(8,718)	n.s.	-	-	-	-	(39,386)
250.+280.	Profits (losses) from the disposal of equity investments	18,180	4,188	13,992	n.s.	18,113	3,915	14,198	n.s.	6,101
290.	**Profit (loss) before tax from continuing operations**	**276,732**	**251,031**	**25,701**	**10.2%**	**122,492**	**67,123**	**55,369**	**82.5%**	**475,680**
300.	Taxes on income for the period/year from continuing operations	(84,433)	(61,212)	23,221	37.9%	(32,051)	(9,827)	22,224	n.s.	(118,812)
340.	(Profit) loss for the period/year attributable to minority interests	(20,748)	(13,701)	7,047	51.4%	(12,445)	(7,286)	5,159	70.8%	(33,912)
	Profit (loss) for the period/year attributable to the shareholders of the Parent before the Business Plan and other impacts	**171,551**	**176,118**	**(4,567)**	**(2.6%)**	**77,996**	**50,010**	**27,986**	**56.0%**	**322,956**
190. a)	Redundancy expenses net of taxes and minority interests	12,734	(42,583)	55,317	n.s.	12,717	2	12,715	n.s.	(89,413)
190. b)	Business Plan project expenses net of taxes and minority interests	-	(133)	(133)	(100.0%)	-	(45)	(45)	(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**	**184,285**	**133,402**	**50,883**	**38.1%**	**90,713**	**49,967**	**40,746**	**81.5%**	**233,103**

UBI Banca Group: Reclassified consolidated quarterly income statements

Figures in thousands of euro		2020 2nd Quarter	2020 1st Quarter	2019 4th Quarter restated	2019 3rd Quarter restated	2019 2nd Quarter restated	2019 1st Quarter restated
10.-20.-140.	Net interest income	398,265	405,163	412,041	426,851	440,616	445,597
	of which: TLTRO II	*10,445*	*10,111*	*11,100*	*12,695*	*12,502*	*12,391*
	of which: IFRS 9 credit components	*14,629*	*20,063*	*21,395*	*22,543*	*35,498*	*31,159*
	of which: IFRS 9 contractual modifications without derecognition components	*(8,659)*	*(8,803)*	*(11,867)*	*(2,979)*	*(5,281)*	*(5,156)*
70.	Dividends and similar income	498	4,776	77	371	2,040	5,170
	Profits (losses) of equity-accounted investees	15,019	7,808	9,139	11,783	13,106	6,315
40.-50.	Net fee and commission income	403,265	420,483	446,256	402,569	411,998	400,936
	of which: performance fees	*26,056*	*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	41,557	53,596	58,198	(8,998)	17,649	37,435
160.+170.	Net income from insurance operations	5,045	2,501	4,030	3,848	3,934	3,502
230.	Other net operating income/expense	18,312	19,269	18,797	23,938	19,075	21,662
	Operating income	**881,961**	**913,596**	**948,538**	**860,362**	**908,418**	**920,617**
190. a)	Staff costs	(342,233)	(354,975)	(355,469)	(351,754)	(355,993)	(364,434)
190. b)	Other administrative expenses	(187,280)	(181,402)	(162,670)	(187,198)	(175,161)	(186,031)
	of which: SRF and DGS contributions	*(17,473)*	*(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	(55,671)	(57,181)	(58,542)	(55,876)	(54,424)	(52,485)
	Operating expenses	**(585,184)**	**(593,558)**	**(576,681)**	**(594,828)**	**(585,578)**	**(602,950)**
	Net operating income	**296,777**	**320,038**	**371,857**	**265,534**	**322,840**	**317,667**
130.	Net impairment losses for credit risk relating to:	(184,375)	(157,114)	(210,487)	(140,233)	(263,375)	(130,003)
130. a)	- financial assets measured at amortised cost: loans and advances to banks	(298)	(181)	(344)	(243)	773	(49)
130. a)	- financial assets measured at amortised cost: loans and advances to customers	(180,831)	(155,616)	(208,167)	(138,687)	(263,016)	(128,568)
130. a)	- financial assets measured at amortised cost: securities	(977)	615	(1,355)	(335)	(277)	(487)
130. b)	- financial assets measured at fair value through other comprehensive income	(2,269)	(1,932)	(621)	(968)	(855)	(899)
200. a)	Net provisions for risks and charges - commitments and guarantees granted	(7,239)	(942)	(1,936)	(33)	2,505	(562)
200. b)	Net provisions for risks and charges - other net provisions	(784)	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	18,113	67	1,813	100	3,915	273
290.	**Profit (loss) before tax from continuing operations**	**122,492**	**154,240**	**120,638**	**104,011**	**67,123**	**183,908**
300.	Taxes on income for the period from continuing operations	(32,051)	(52,382)	(22,469)	(35,131)	(9,827)	(51,385)
340.	(Profit) loss for the period attributable to minority interests	(12,445)	(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	**77,996**	**93,555**	**85,197**	**61,641**	**50,010**	**126,108**
190. a)	Redundancy expenses net of taxes and minority interests	12,717	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**	**90,713**	**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	1H 2020 *net of non-recurring items*	1H 2019 restated *net of non-recurring items*	Change	% change
Net interest income	803,428	886,213	(82,785)	(9.3%)
of which: TLTRO II	*20,556*	*24,893*	*(4,337)*	*(17.4%)*
of which: IFRS 9 credit components	*34,692*	*66,657*	*(31,965)*	*(48.0%)*
of which: IFRS 9 contractual modifications without derecognition components	*(17,462)*	*(10,437)*	*7,025*	*67.3%*
Dividends and similar income	5,274	7,210	(1,936)	(26.9%)
Profits (losses) of equity-accounted investees	22,827	19,421	3,406	17.5%
Net fee and commission income	823,748	812,934	10,814	1.3%
of which: performance fees	*33,119*	*7,153*	*25,966*	*n.s.*
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	95,153	55,084	40,069	72.7%
Net income from insurance operations	7,546	7,436	110	1.5%
Other net operating income/expense	37,581	40,737	(3,156)	(7.7%)
Operating income	**1,795,557**	**1,829,035**	**(33,478)**	**(1.8%)**
Staff costs	(697,208)	(720,427)	(23,219)	(3.2%)
Other administrative expenses	(352,573)	(343,106)	9,467	2.8%
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(112,852)	(106,323)	6,529	6.1%
Operating expenses	**(1,162,633)**	**(1,169,856)**	**(7,223)**	**(0.6%)**
Net operating income	**632,924**	**659,179**	**(26,255)**	**(4.0%)**
Net impairment losses for credit risk relating to:	(341,489)	(393,378)	(51,889)	(13.2%)
- financial assets measured at amortised cost: loans and advances to banks	(479)	724	(1,203)	n.s.
- financial assets measured at amortised cost: loans and advances to customers	(336,447)	(391,584)	(55,137)	(14.1%)
- financial assets measured at amortised cost: securities	(362)	(764)	(402)	(52.6%)
- financial assets measured at fair value through other comprehensive income	(4,201)	(1,754)	2,447	139.5%
Net provisions for risks and charges - commitments and guarantees granted	(8,181)	1,943	(10,124)	n.s.
Net provisions for risks and charges - other net provisions	125	(2,229)	2,354	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	-	-	-	-
Profit (loss) before tax from continuing operations	**283,379**	**265,515**	**17,864**	**6.7%**
Taxes on income for the year for continuing operations	(86,542)	(65,965)	20,577	31.2%
Profit (loss) for the period attributable to minority interests	(20,748)	(13,701)	7,047	51.4%
Profit (loss) for the period attributable to the shareholders of the Parent	**176,089**	**185,849**	**(9,760)**	**(5.3%)**

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

Figures in thousands of euro	1H 2020	Business Plan (BI): Redundancy expenses (2017-2020 BI)	Business Plan (BI): Milan logistics reorganisation project (2020-2022 BI)	Other items: Extraordinary contribution to the Resolution Fund	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	1H 2020 *net of non-recurring items*	1H 2019 restated	2017-2020 Business Plan: Redundancy expenses	2017-2020 Business Plan: Business Plan project expenses	Other items: Extraordinary contribution to the Resolution Fund	Other items: Profits/losses from disposal of equity and other investments	1H 2019 restated *net of non-recurring items*
Net interest income	803,428						803,428	886,213					886,213
of which: TLTRO II	*20,556*						*20,556*	*24,893*					*24,893*
of which: IFRS 9 credit components	*34,692*						*34,692*	*66,657*					*66,657*
of which: IFRS 9 contractual modifications without derecognition components	*(17,462)*						*(17,462)*	*(10,437)*					*(10,437)*
Dividends and similar income	5,274						5,274	7,210					7,210
Profits (losses) of equity-accounted investees	22,827						22,827	19,421					19,421
Net fee and commission income	823,748						823,748	812,934					812,934
of which: performance fees	*33,119*						*33,119*	*7,153*					*7,153*
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss	95,153						95,153	55,084					55,084
Net income from insurance operations	7,546						7,546	7,436					7,436
Other net operating income/expense	37,581						37,581	40,737					40,737
Operating income	**1,795,557**	-	-	-	-	-	**1,795,557**	**1,829,035**	-	-	-	-	**1,829,035**
Staff costs	(697,208)						(697,208)	(720,427)					(720,427)
Other administrative expenses	(368,682)			16,109			(352,573)	(361,192)			18,086		(343,106)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(112,852)						(112,852)	(106,909)				586	(106,323)
Operating expenses	**(1,178,742)**	**-**	**-**	**16,109**	**-**	**-**	**(1,162,633)**	**(1,188,528)**	**-**	**-**	**18,086**	**586**	**(1,169,856)**
Net operating income	**616,815**	**-**	**-**	**16,109**	**-**	**-**	**632,924**	**640,507**	**-**	**-**	**18,086**	**586**	**659,179**
Net impairment losses for credit risk relating to:	(341,489)						(341,489)	(393,378)					(393,378)
- financial assets measured at amortised cost: loans and advances to banks	(479)						(479)	724					724
- financial assets measured at amortised cost: loans and advances to customers	(336,447)						(336,447)	(391,584)					(391,584)
- financial assets measured at amortised cost: securities	(362)						(362)	(764)					(764)
- financial assets measured at fair value through other comprehensive income	(4,201)						(4,201)	(1,754)					(1,754)
Net provisions for risks and charges - commitments and guarantees granted	(8,181)						(8,181)	1,943					1,943
Net provisions for risks and charges - other net provisions	125						125	(2,229)					(2,229)
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	18,180		(17,443)			(737)	-	4,188				(4,188)	-
Profit (loss) before tax from continuing operations	**276,732**	**-**	**(17,443)**	**16,109**	**8,718**	**(737)**	**283,379**	**251,031**	**-**	**-**	**18,086**	**(3,602)**	**265,515**
Taxes on income for the year for continuing operations	(84,433)		5,768	(5,238)	(2,883)	244	(86,542)	(61,212)			(5,880)	1,127	(65,965)
(Profit) loss for the year attributable to minority interests	(20,748)						(20,748)	(13,701)					(13,701)
Profit (loss) for the year attributable to the shareholders of the Parent before the Business Plan and other impacts	**171,551**	**-**	**(11,675)**	**10,871**	**5,835**	**(493)**	**176,089**	**176,118**	**-**	**-**	**12,206**	**(2,475)**	**185,849**
Redundancy expenses net of taxes and minority interests	12,734	(12,734)					-	(42,583)	42,583				-
Business Plan project expenses net of taxes and minority interests	-						-	(133)		133			-
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	**184,285**	**(12,734)**	**(11,675)**	**10,871**	**5,835**	**(493)**	**176,089**	**133,402**	**42,583**	**133**	**12,206**	**(2,475)**	**185,849**

UBI Banca Group: Consolidated balance sheet
- mandatory statement -

Figures in thousands of euro		30.06.2020	31.12.2019 restated
	ASSETS		
10.	Cash and cash equivalents	595,996	694,750
20.	Financial assets measured at fair value through profit or loss	2,918,145	1,758,730
	a) financial assets held for trading	1,579,775	427,980
	b) financial assets designated at fair value	8,545	10,278
	c) other financial assets mandatorily measured at fair value	1,329,825	1,320,472
30.	Financial assets measured at fair value through other comprehensive income	12,343,270	12,221,616
40.	Financial assets measured at amortised cost	107,308,571	101,736,289
	a) loans and advances to banks	14,527,728	11,921,289
	b) loans and advances to customers	92,780,843	89,815,000
50.	Hedging derivatives	21,869	35,117
60.	Fair value change in hedged financial assets (+/-)	913,730	547,019
70.	Equity investments	284,750	287,353
80.	Technical reserves of reinsurers	77	-
90.	Property, plant and equipment	2,879,330	2,370,247
100.	Intangible assets	1,745,824	1,739,903
	of which: goodwill	*1,465,260*	*1,465,260*
110.	Tax assets	3,584,469	3,755,895
	a) current	978,088	1,084,413
	b) deferred	2,606,381	2,671,482
	- of which pursuant to Law No. 214/2011	*1,767,517*	*1,794,331*
120.	Non-current assets and disposal groups held for sale	90,109	268,100
130.	Other assets	1,847,177	1,200,966
	Total assets	**134,533,317**	**126,615,985**
	LIABILITIES AND EQUITY		
10.	Financial liabilities measured at amortised cost	114,934,180	109,795,016
	a) due to banks	16,679,833	14,367,985
	b) due to customers	76,065,027	72,577,255
	c) debt securities issued	22,189,320	22,849,776
20.	Financial liabilities held for trading	598,541	555,296
30.	Financial liabilities designated at fair value	462,372	197,610
40.	Hedging derivatives	708,400	386,778
50.	Fair value change in hedged financial liabilities (+/-)	166,404	145,191
60.	Tax liabilities	295,667	210,882
	a) current	51,637	64,547
	b) deferred	244,030	146,335
70.	Liabilities associated with assets held for sale	-	2,331
80.	Other liabilities	4,154,680	2,735,807
90.	Provision for post-employment benefits	277,276	289,641
100.	Provisions for risks and charges:	397,084	489,485
	a) commitments and guarantees granted	61,025	54,005
	b) pension and similar obligations	81,200	86,756
	c) other provisions for risks and charges	254,859	348,724
110.	Technical reserves	2,250,864	2,210,294
120.	Valuation reserves	50,712	(79,938)
140.	Equity instruments	397,948	-
150.	Reserves	3,499,465	3,276,589
160.	Share premiums	3,294,604	3,294,604
170.	Share capital	2,843,177	2,843,177
180.	Treasury shares (-)	(27,203)	(28,111)
190.	Minority interests (+/-)	44,861	58,230
200.	Profit (loss) for the period/year (+/-)	184,285	233,103
	Total liabilities and equity	**134,533,317**	**126,615,985**

UBI Banca Group: consolidated income statement
- mandatory statement -

Figures in thousands of euro		1H 2020	1H 2019 restated
10.	Interest and similar income	1,004,984	1,104,669
	- of which: interest income calculated with the effective interest method	985,105	1,001,942
20.	Interest and similar expense	(158,531)	(182,054)
30.	**Net interest income**	**846,453**	**922,615**
40.	Fee and commission income	939,847	925,790
50.	Fee and commission expense	(113,780)	(111,228)
60	**Net fee and commission income**	**826,067**	**814,562**
70.	Dividends and similar income	5,518	7,472
80.	Net trading income (loss)	23,164	871
90.	Net hedging income (loss)	(14,613)	(8,036)
100.	Income (losses) from disposal or repurchase of:	72,299	23,290
	a) financial assets measured at amortised cost	7,255	(4,220)
	b) financial assets measured at fair value through other comprehensive income	67,140	28,865
	c) financial liabilities	(2,096)	(1,355)
110.	Net income (loss) from other financial assets and liabilities measured at fair value through profit or loss	7,061	42,811
	a) financial assets and liabilities designated at fair value	13,222	292
	b) other financial assets mandatorily measured at fair value	(6,161)	42,519
120.	**Gross income**	**1,765,949**	**1,803,585**
130.	Net impairment losses for credit risk relating to:	(341,489)	(393,378)
	a) financial assets measured at amortised cost	(337,288)	(391,624)
	b) financial assets measured at fair value through other comprehensive income	(4,201)	(1,754)
140.	Profits (losses) from contractual modifications without derecognition	(17,462)	(10,437)
150.	**Financial income**	**1,406,998**	**1,399,770**
160.	Net insurance premiums	151,962	159,533
170.	Other income/expenses of insurance operations	(154,217)	(173,285)
180.	**Net income from banking and insurance operations**	**1,404,743**	**1,386,018**
190.	Administrative expenses	(1,157,591)	(1,258,548)
	a) staff costs	(678,208)	(784,110)
	b) other administrative expenses	(479,383)	(474,438)
200.	Net provisions for risks and charges	(8,056)	(286)
	a) commitments and guarantees granted	(8,181)	1,943
	b) other net provisions	125	(2,229)
210.	Depreciation and net impairment losses on property, plant and equipment	(71,432)	(69,626)
220.	Amortisation and net impairment losses on intangible assets	(41,369)	(37,218)
230.	Other net operating income/expense	137,148	143,197
240.	**Operating expenses**	**(1,141,300)**	**(1,222,481)**
250.	Profits (losses) of equity investments	22,827	19,421
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	18,180	4,188
290.	**Profit (loss) before tax on continuing operations**	**295,732**	**187,146**
300.	Taxes on income for the year for continuing operations	(90,716)	(40,086)
310.	**Profit (loss) after tax from continuing operations**	**205,016**	**147,060**
330.	**Profit (loss) for the period**	**205,016**	**147,060**
340.	(Profit) loss for the period attributable to minority interests	(20,731)	(13,658)
350.	**Profit (loss) for the period attributable to the shareholders of the Parent**	**184,285**	**133,402**

UBI Banca Group: Loan tables

Loans and advances to customers measured at amortised cost as at 30th June 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)	**(7.48%)**	**6,568,648**	**2,661,844**	**(4.61%)**	**3,906,804**	**40.52%**	**52.96%**
- Bad loans	(3.84%)	3,377,032	1,770,187	(1.90%)	1,606,845	52.42%	68.38%
- Unlikely-to-pay loans	(3.50%)	3,078,068	880,681	(2.59%)	2,197,387	28.61%	29.34%
- Past-due exposures	(0.13%)	113,548	10,976	(0.12%)	102,572	9.67%	
Performing exposures (Stages one and two)	**(92.52%)**	**81,304,495**	**472,164**	**(95.39%)**	**80,832,331**	**0.58%**	
Total		**87,873,143**	**3,134,008**		**84,739,135**	**3.57%**	

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 30th June 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)	**(9.97%)**	**9,002,822**	**3,690,587**	**(6.17%)**	**5,312,235**	**40.99%**	**49.55%**
- Bad loans	(5.70%)	5,146,645	2,663,714	(2.88%)	2,482,931	51.76%	62.60%
- Unlikely-to-pay loans	(4.20%)	3,794,244	1,020,242	(3.22%)	2,774,002	26.89%	27.53%
- Past-due exposures	(0.07%)	61,933	6,631	(0.06%)	55,302	10.71%	
Performing exposures (Stages one and two)	**(90.03%)**	**81,282,373**	**520,457**	**(93.83%)**	80,761,916	**0.64%**	
Total		**90,285,195**	**4,211,044**		**86,074,151**	**4.66%**	