



The UBI Banca Group Consolidated Results as at 30th June 2019

2nd August 2019

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References

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

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

EVIDENCES FROM THE FIRST PART OF THE YEAR

SOLID BALANCE SHEET INDICATORS

- Growth in CET1 ratio
- Significantly lower NPEs (higher results from internal workout, successful bad loan disposals without impact on capital, improved default rate, lower texas ratio, etc...)
- Higher coverage across all categories of NPEs
- Solid institutional funding plan carried out successfully even in difficult market conditions
- Growth in deposits from customer base
- Growth in indirect funding

STRONG ECONOMIC RESULTS

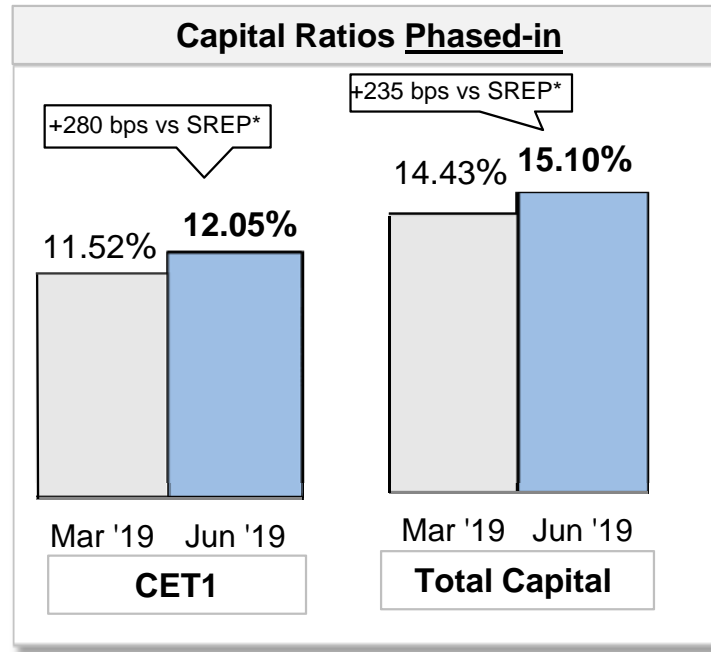
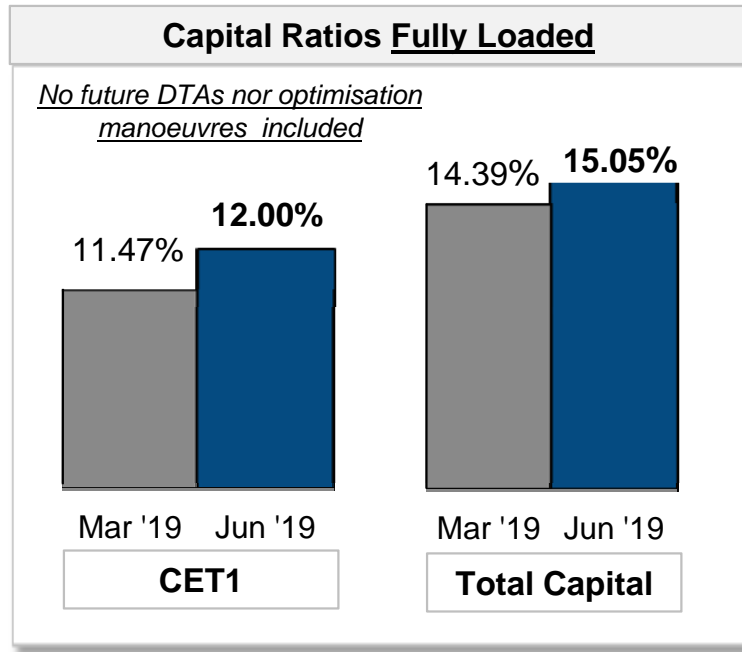
- Growth in operating income
- Resilience in NII notwithstanding decrease in loans, showing effectiveness of re-pricing action taken. Quarterly customer spread at the highest level since the beginning of 2018
- Fee and Commission Income at the highest quarterly level ever achieved
- A further contraction in Operating Expenses

Final results affected by higher cost of risk due to sale of 900 mln/€ of bad loans (factoring already included in the semester results, leasing to be completed gradually within year-end) which impacted -75 mln/€ net in 1H19 (-70 mln/€ net on 2Q19). This impact, according to internal policies, is not considered non recurring.

- 1H2019 Profit net of non-recurring items of €183.4 million (lower than €222.1 million in 1H2018), as a result of the inclusion of the €75 million net negative impact
- 1H2019 Stated profit of €130.9 million compared with €208.9 million in 1H2018, the result both of the disposal mentioned above (-€75 million) and of the expenses relating to the March 2019 trade union agreement (-€42.6 million)
- 2Q2019 Profit net of non-recurring items of €58.5 million compared with €124.9 million in the first quarter of 2019 and stated net profit of €48.7 million compared with €82.2 million in the first quarter of 2019, both results lower than in the first quarter of the year due to the inclusion of the impact of the disposal (-€70 million net)

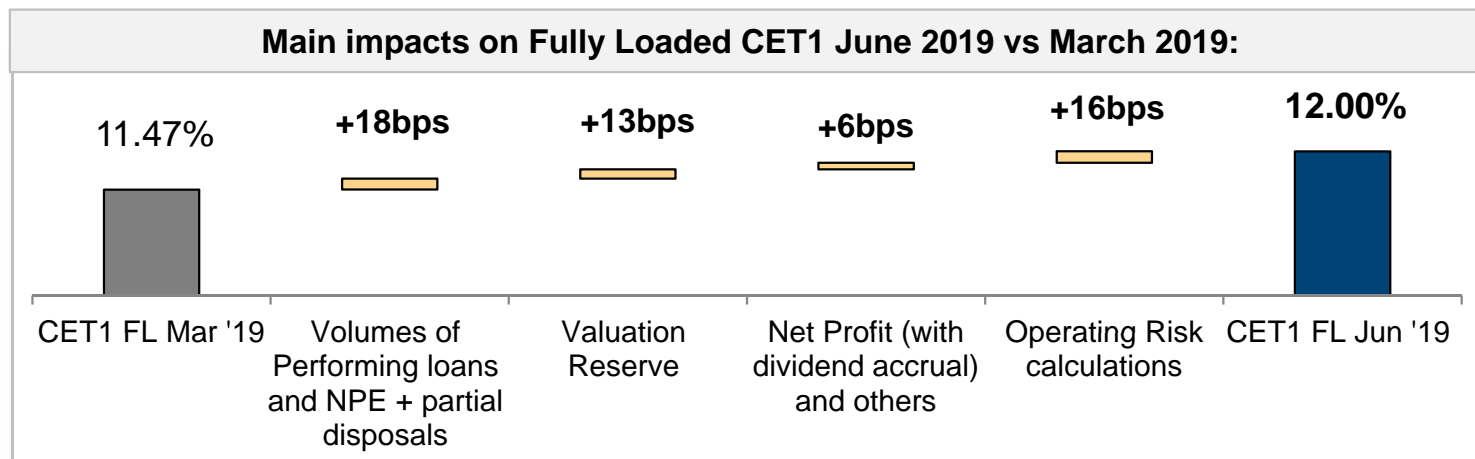
CET1 ratio up to 12.0% fully loaded, +53 bps vs March 2019

No future DTAs or optimisation actions included



Issuance of 300 mln/€ Tier 2 in July '19:

- TCR fully loaded pro-forma: **15.57%**
- TCR phased-in pro-forma: **15.62%**

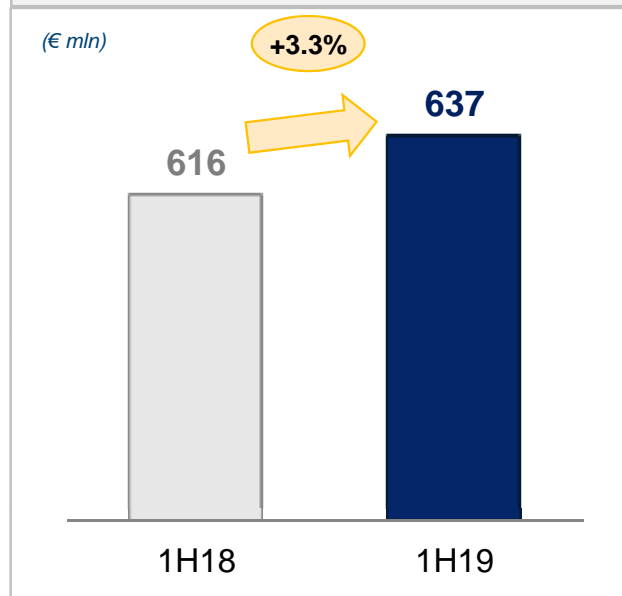


* SREP 2019: CET1 requirement 9.25%; Total Capital Requirement: 10.25% (12.75% including the Capital Conservation Buffer)

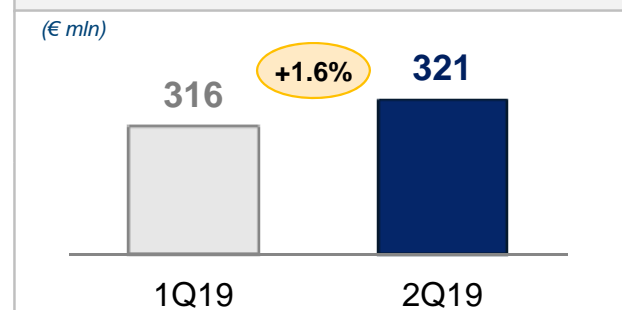
1H19 Net operating income grows to 637 mln/€ +3.3% vs 1H18

Net operating income also grows to 321 mln/€ in 2Q19 : +2.2% vs 2Q18 and +1.6% vs 1Q19

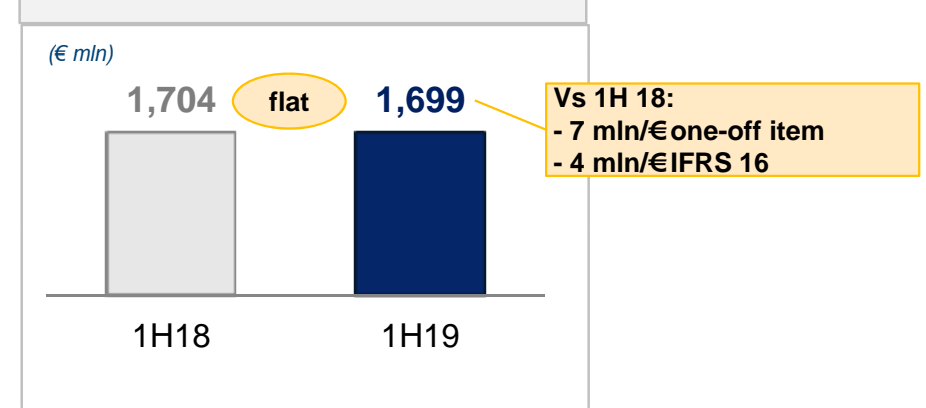
NET OPERATING INCOME GROWING BOTH H/H ...



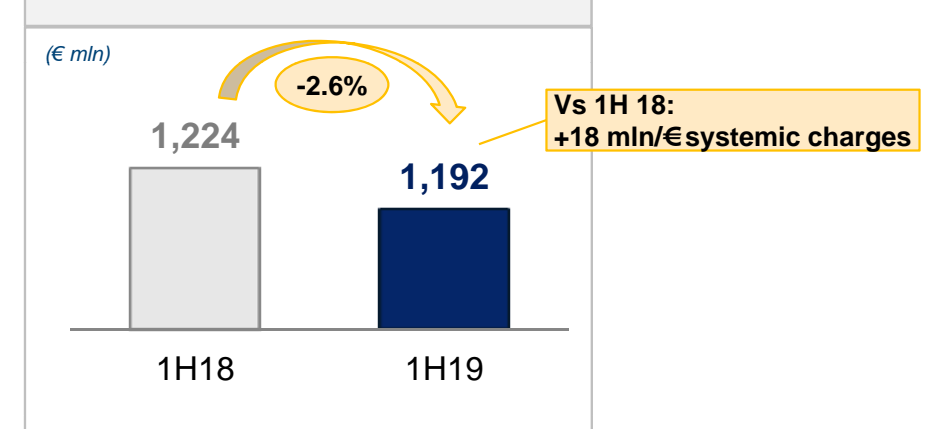
AND Q/Q



RESILIENT "CORE" REVENUES*



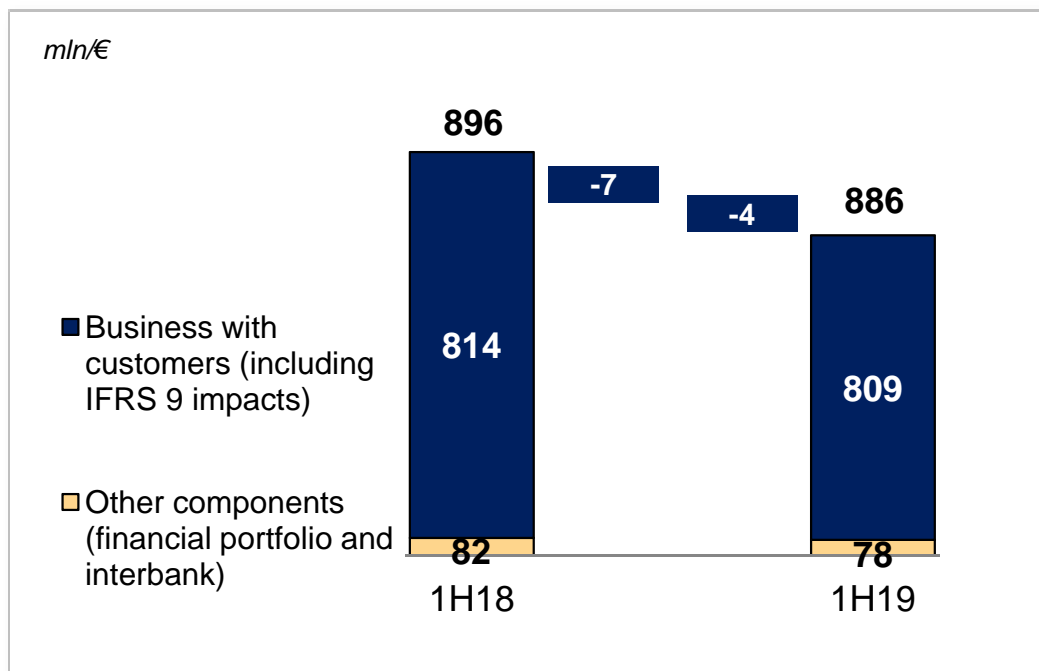
OPERATING EXPENSES DOWN



* Net Interest Income + Net fees and commission

In 1H19 Net Interest Income at 886 mln/€ Excluding IFRS16 impact and one off item, 1H19 net interest income flat vs 1H18

Half year evolution



Contribution from Business with customers in 1H19:

- -7 mln/€ one-off item*
- introduction of IFRS 16 affected NII for -4 mln/€

Resilient Net Interest Income:

Confirming effectiveness of re-pricing strategies notwithstanding the decrease in volumes (-2.9 bln/€ since year end 2018)

mln/€	1Q18	2Q18	1Q19	2Q19
Business with customers (including IFRS9**)	397	417	409	399
Financial activities	39	43	44	48
Interbank business	2	-1	-8	-7
Net Interest Income	438	459	446	441

Contribution from Business with customers 2Q/1Q19:

- -7 mln/€ one-off item*
- -3 lower contribution from utp & past due

* Adjustment, for the suspension period, of the rates on "business" loans, subject to a moratorium following the earthquake of 2016 in Central Italy (Marches / Abruzzo), which follows the adjustments already progressively made for "private" customers. Negative impact (waiver of interest income), one-off, totalling €7.4 million on the interest margin

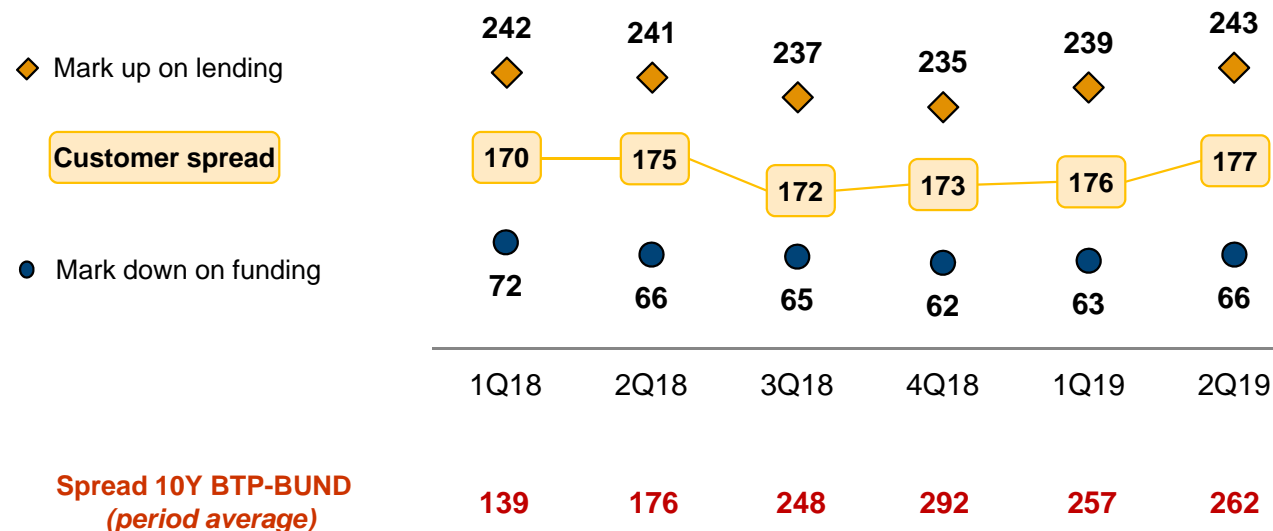
** IFRS9 impacts: 17mln/€ in 1Q18, 22 mln/€ in 2Q18, 26 mln/€ in 1Q19 and 30 mln/€ in 2Q19

Group customer spread increases constantly from 3Q18, showing effectiveness of repricing

STOCK

GROUP CUSTOMER SPREAD*
(M/L and SHORT TERM, BANKING GROUP + PRODUCT COMPANIES

In bps against 1M Euribor, including hedging derivatives and excluding TLTRO2



TREND

FOCUS ON MEDIUM/LONG TERM VOLUMES & COMMERCIAL SPREADS

BANKING PERIMETER

	1H18	2H18	1H19	1Q19	2Q19
NEW ORIGINATIONS					
Flows	+7.50 bln/€	+6.33 bln/€	+5.56 bln/€	+2.77 bln/€	+2.79 bln/€
Commercial Spreads	178 bps	192 bps	240 bps	243 bps	237 bps
REIMBURSEMENTS					
Flows	-6.77 bln/€	-6.95 bln/€	-6.80 bln/€	-3.35 bln/€	-3.45 bln/€
Commercial Spreads	197 bps	197 bps	193 bps	190 bps	196 bps

In line with data on rates at system level** which lost 6 bps on new originations from March to June 2019

* Excluding the one-off item mentioned in the previous slide

** Source: ABI Monthly Outlook, July 2019

Growth in both Direct and Indirect funding vs Dec '18 and March '19

Total Funding up by 1.8 bln/€ vs March '19 (+1%) and by 6.9 bln/€ vs Jan '19 (+3.7%)
 AUM and Bancassurance up by 1.2 bln/€ vs March '19 (+1.7%) and 3.9 bln/€ vs Jan '19 (+5.9%)

bln/€	1 Jan '19 (IFRS 16)	31 Mar '19 (IFRS 16)	30 Jun '19 (IFRS 16)
...from ORDINARY CUSTOMERS	76.18	75.75	76.62
<i>of which</i>			
Current accounts and deposits	65.89	65.66	66.93
Term deposits, financing & other payables	2.32	2.32	2.21
Leasing payables	0.39	0.40	0.41
Bonds issued	7.21	7.09	6.87
Certificates of deposit	0.37	0.27	0.20
...from INSTITUTIONAL CUSTOMERS	16.43	17.89	18.16
<i>of which</i>			
Covered Bonds	12.47	13.02	12.27
EMTN	3.75	3.42	4.61
Repos with CCG and other	0.22	1.45	1.29
TOTAL DIRECT FUNDING	92.61	93.63	94.79
AuM	41.60	43.50	44.06
Bancassurance	24.69	25.52	26.14
AuC	28.45	29.75	29.25
TOTAL INDIRECT FUNDING	94.74	98.77	99.46
TOTAL FUNDING (DIRECT + INDIRECT)	187.35	192.40	194.25

June 2019 vs March 2019

Current accounts and deposits **+1.3 bln/€** notwithstanding growth in indirect funding

Partial replacement of retail bonds expiring (approx. 0.6 bln/€ issued in 2Q19 vs 1.1 bln/€ issued in 1Q19)

Institutional issuances in 2Q19*:

- 500 mln/€ Green Bonds
- 500 mln/€ Senior Non Preferred Bonds

In July 2019* two additional institutional issuances:

- 300 mln/€ Tier2
- 600 mln/€ Senior Preferred Bonds (private placements)

Institutional issuances in 1Q19:

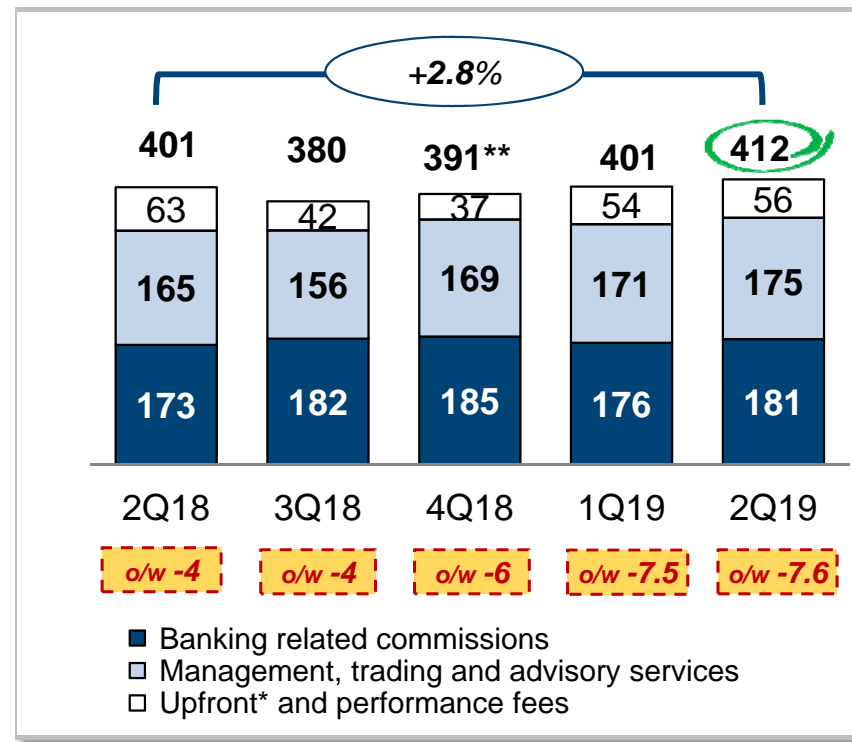
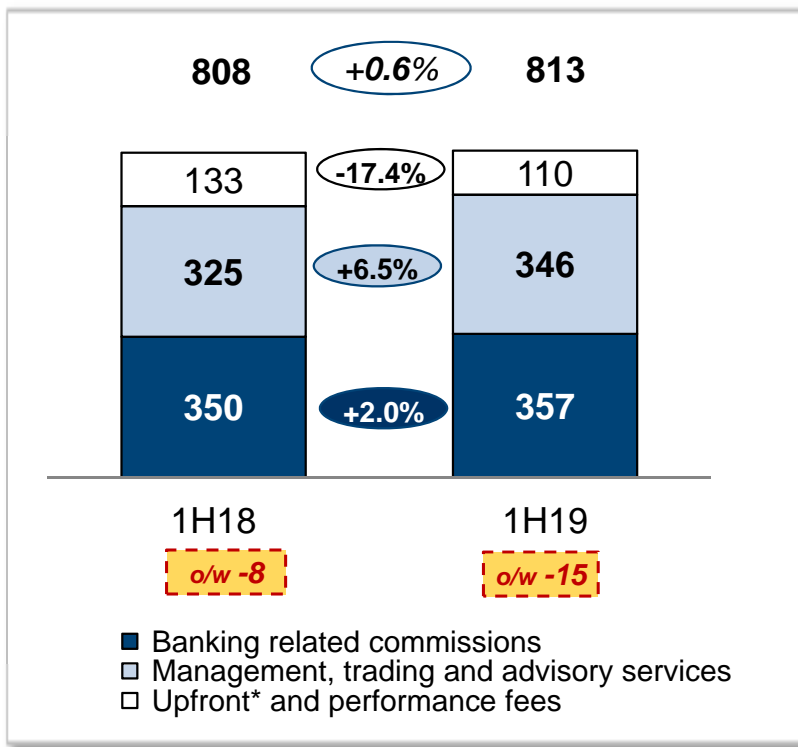
- 500 mln/€ Covered Bonds
- 500 mln/€ Tier2

Change in Moody's Outlook on Senior Debt ratings to Stable from Negative

- **Direct funding from ordinary customers** +0.6% vs Jan '19 and +1.2% vs Mar '19 → **strong customer loyalty**
- **Direct funding from institutional customers** +10.6% vs Jan '19 and +1.6% vs Mar '19 → **access to institutional markets even in difficult market conditions**
- **Indirect funding** +5.0% vs Jan '19 and +0.7% vs Mar '19 → **strength of the commercial network**

* Additional 400 mln/€ private placements issued in 1H19. Further detail on 2019 issuances in annexes No. 5, 5a, 5b, 5c.

Net fee and commission income at the highest quarterly level **ever** achieved



o/w synthetic securitisation fees

Fee & Commissions up and with improved quality:

- lower up front and performance fees in 1H19 vs 1H18
- higher “traditional banking” and recurring “management, trading and advisory fees”

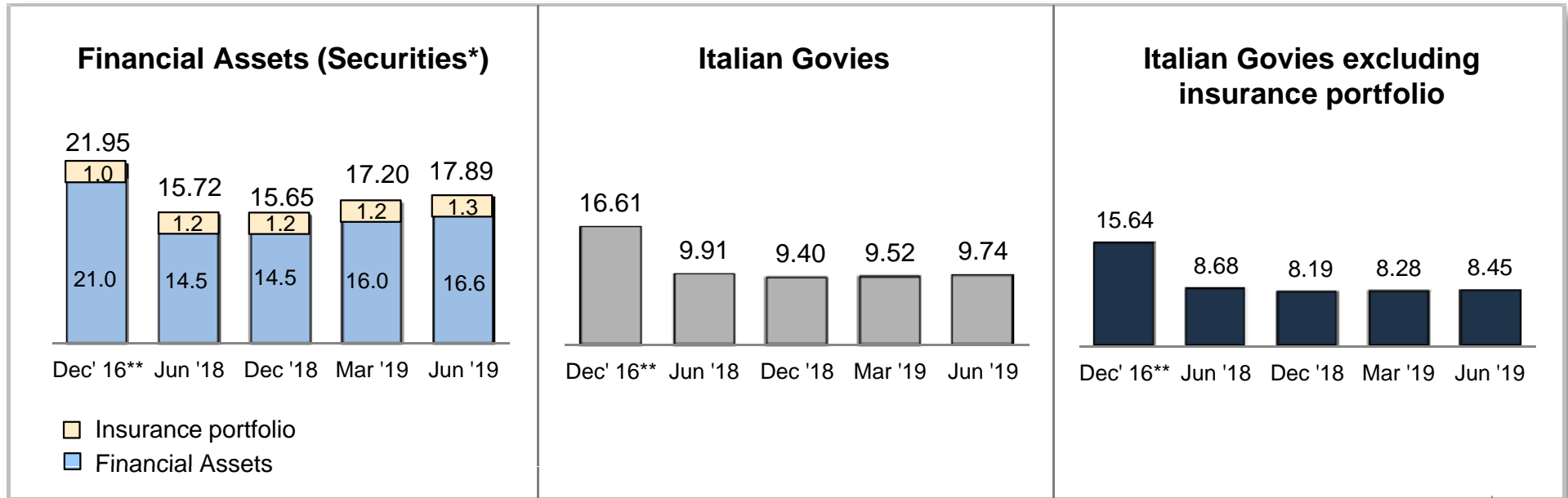
	2Q18	1Q19	2Q19
Funds, Sicav and Insurance			
% Up-front fees	14.1%	12.8%	12.5%
% Performance fees	1.7%	0.7%	1.0%
Volumes Placed in mln/€ (AUM and Bancassurance)	3,372	3,007	2,825

* Upfront fees include both placement of SICAV & funds and insurance products

** In 4Q18: 10 mln/€ rappel fees related both to life and non life bancassurance included in Management, trading and advisory services and 3 mln/€ of payment system incentives were in the Banking related commissions

Diversification of financial assets in the proprietary portfolio continues

Italian Govies (excluding insurance) at approx. 8.5 bln/€



bln/€

Financial Assets excluding the insurance portfolio (16.6 bln/€), slightly up since Mar '19)

Main changes vs Mar '19:

- Euro Area govies: +270 mln/€
- Corporate bonds: +350 mln/€

The diversification strategy continues (Italian Govies represent 50.9% of the portfolio in Jun '19 vs 51.9% in Mar '19 vs 74.6% in Dec '16)***

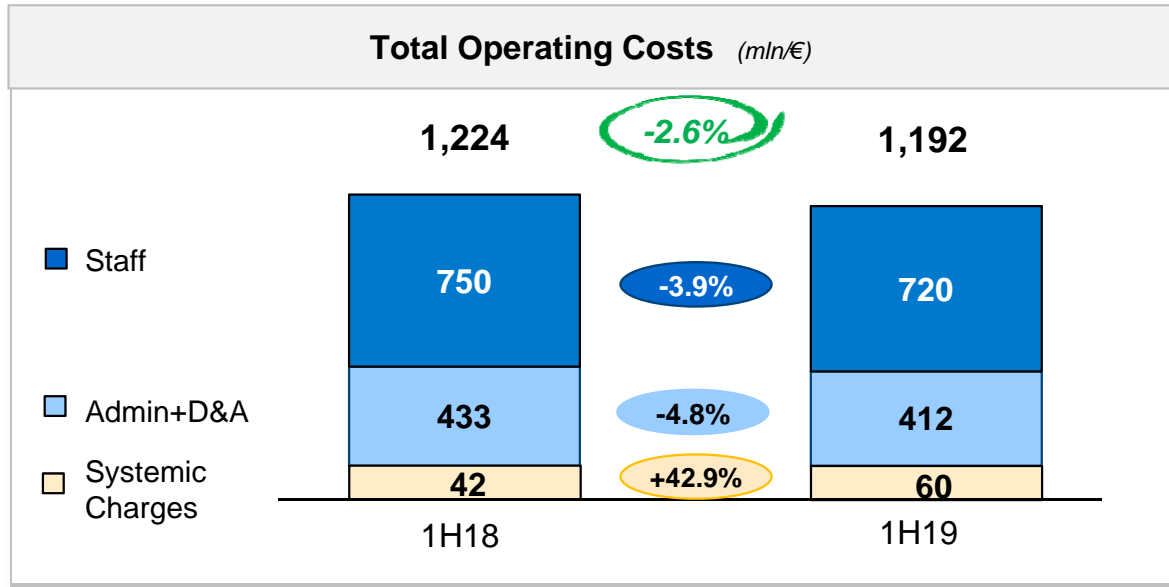
* Includes reclassified balance sheet items 20.3), 30.3) and 40.3)

** Dec '16 aggregate includes UBI Banca Group Stand Alone (17,859 mln/€) + data of 3 Banks acquired in May 2017

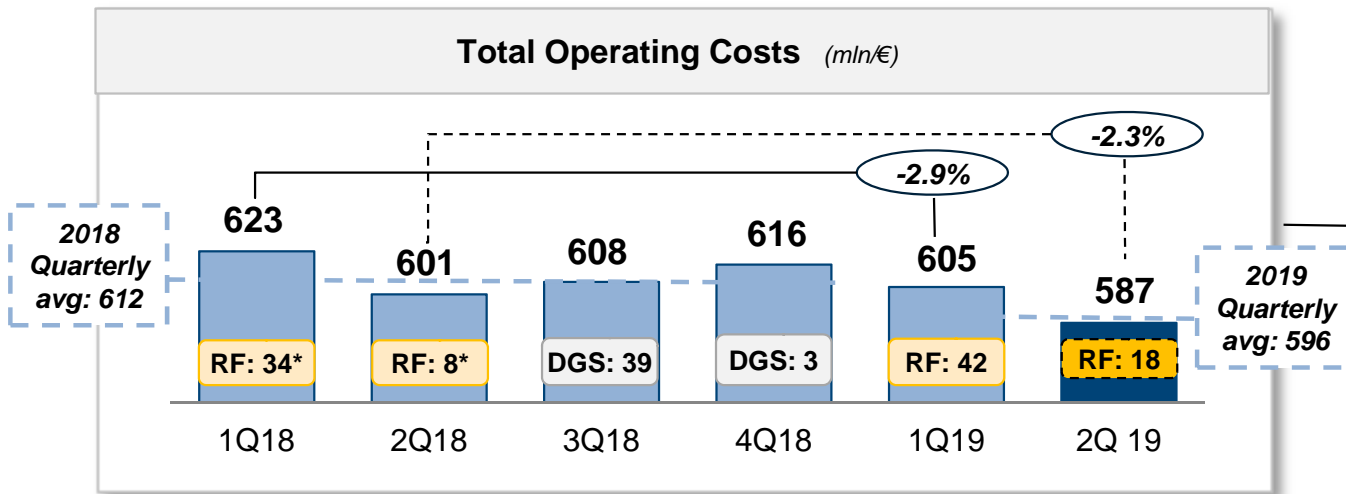
*** Italian Govies excluding insurance / Financial Assets excluding insurance

Operating costs down to 1,192 mln/€ in 1H19: -2.6% vs 1H18 (-4.2% excluding systemic charges)

Quarterly operating costs in 2019 lower on average by over 15 mln/€ vs 2018



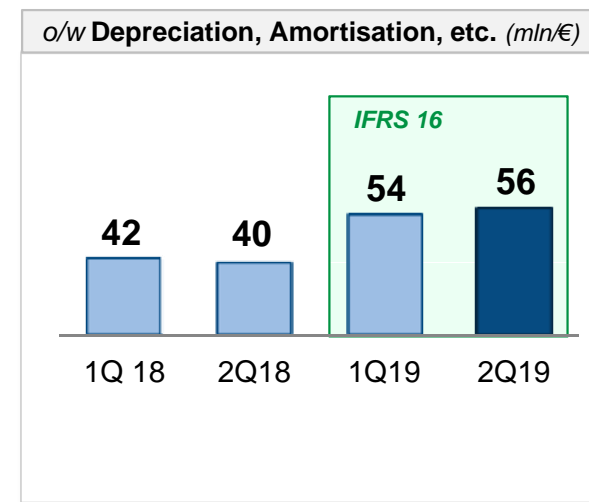
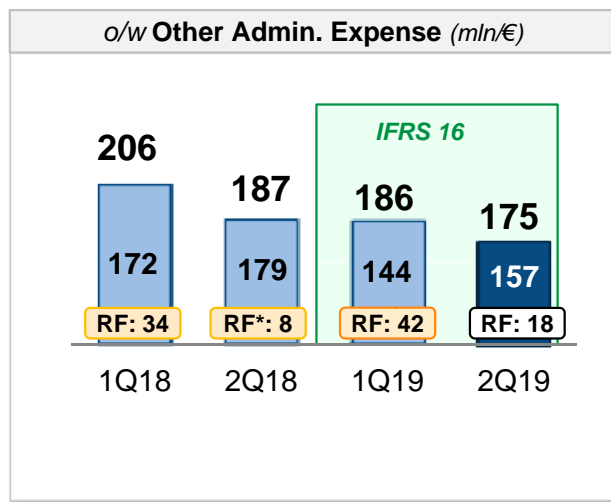
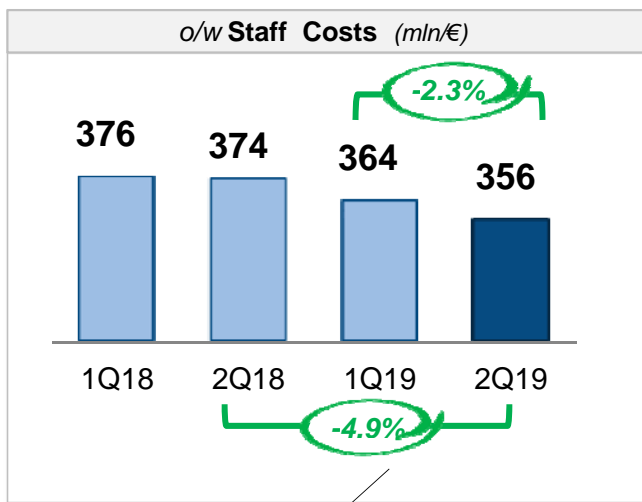
- Total operating costs down **4.2%** when excluding systemic charges
- Staff cost benefits from headcount reduction (-883 June 19 vs June 2018)
- Admin. Expenses + D&A: strict cost control in all categories of expenses



- Total Operating costs decrease by **4.0%** in 2Q19 vs 2Q18 when excluding systemic charges

* RF (Resolution Fund) contribution in 2Q18 amounted to 8 mln/€, o/w 13 mln/€ extraordinary and -5 mln/€ of 1Q8 estimate adjustment

In 2Q19, operating costs down to 587 mln/€ -2.3% vs 2Q18, notwithstanding higher systemic charges

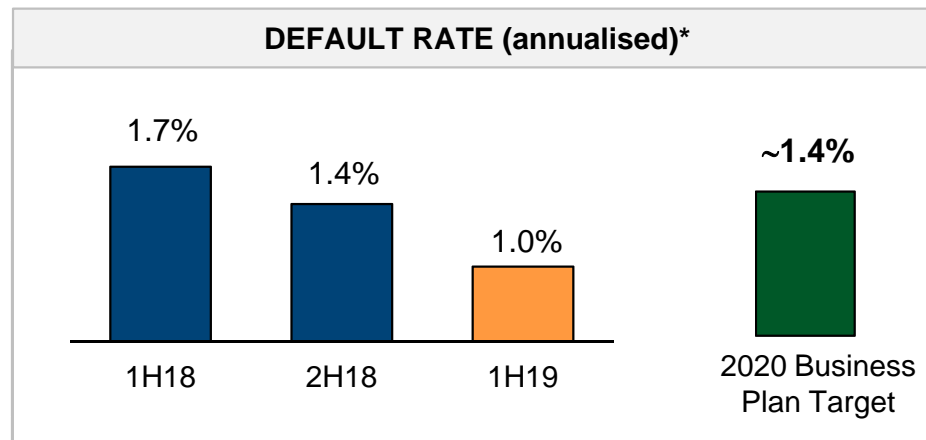
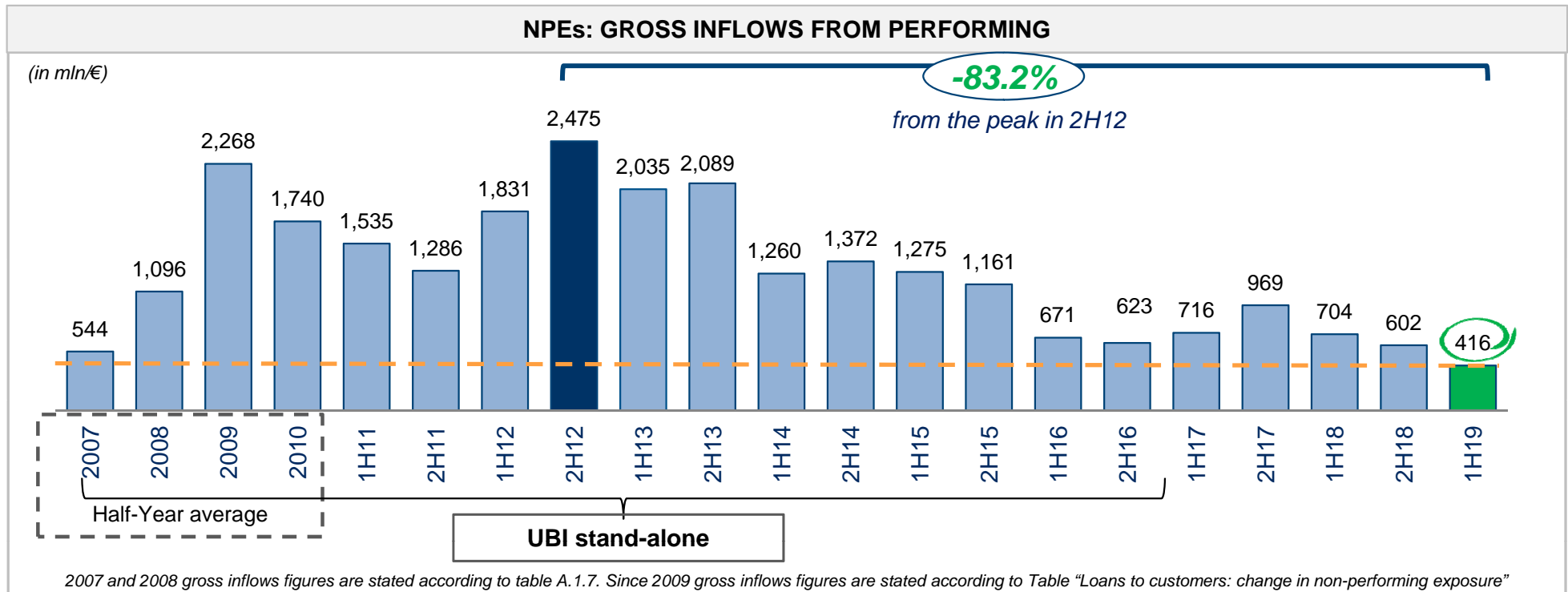


Number of staff decreases by 144 employees vs March '19 and by 883 vs June '18

* RF (Resolution Fund) contribution in 2Q18 amounted to 8 mln/€, o/w 13 mln/€ extraordinary and -5 mln/€ of 1Q18 estimate adjustment

Gross inflows from performing down to 416 mln/€ in 1H19, below pre-crisis level

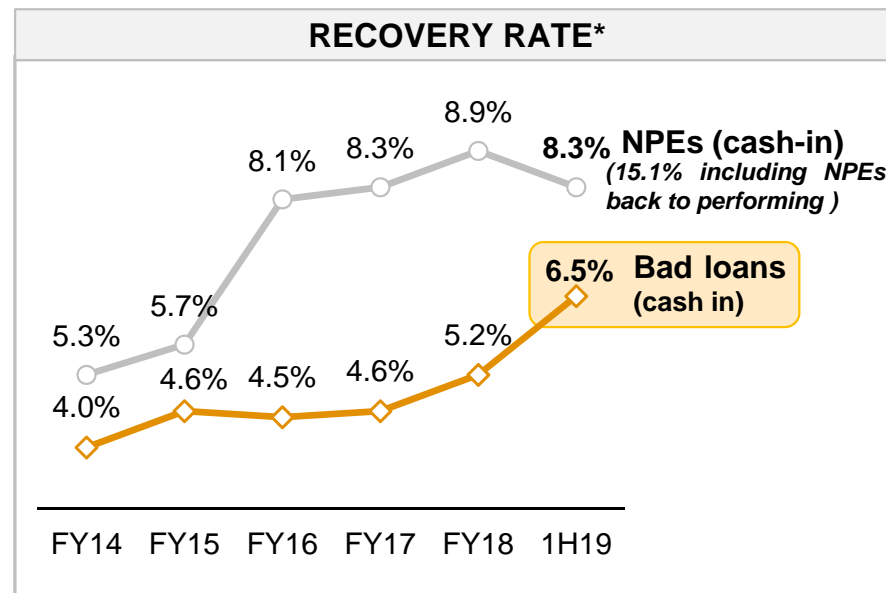
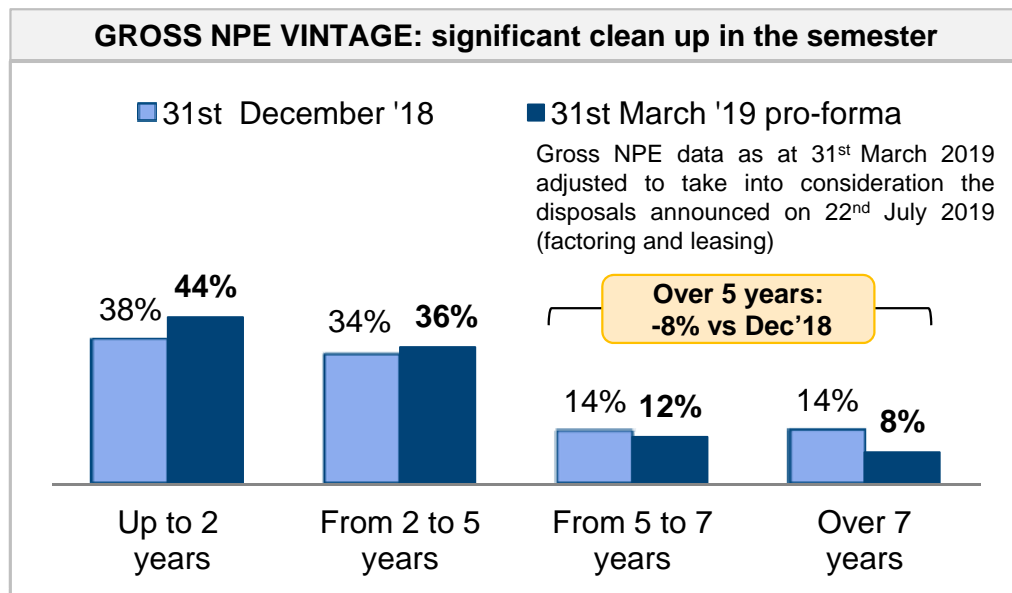
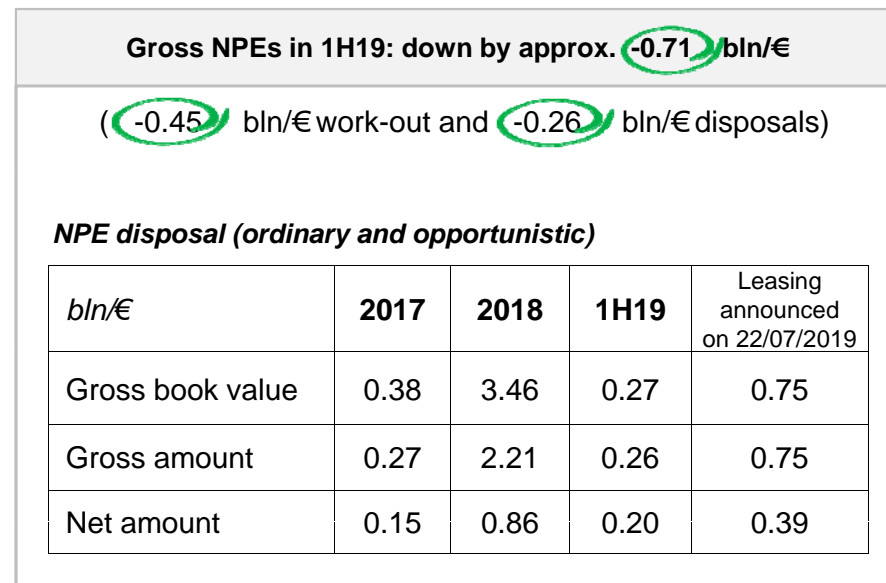
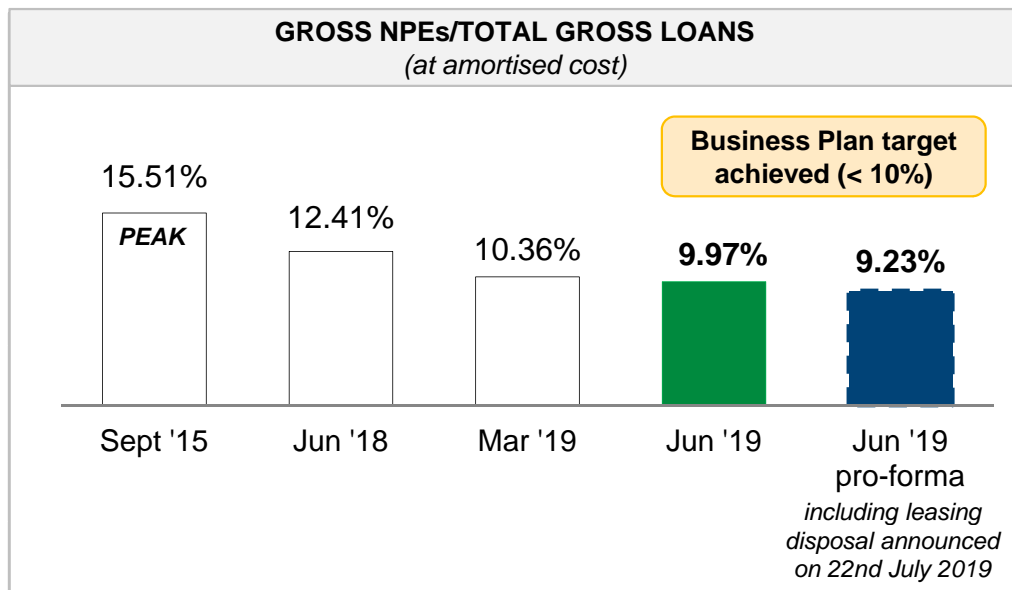
Relevant improvement in default rate (1.0% annualised in 1H19 vs 1.7% in 1H18)



* Default rate = annualised gross inflows to NPEs / Gross performing loans at the beginning of the period

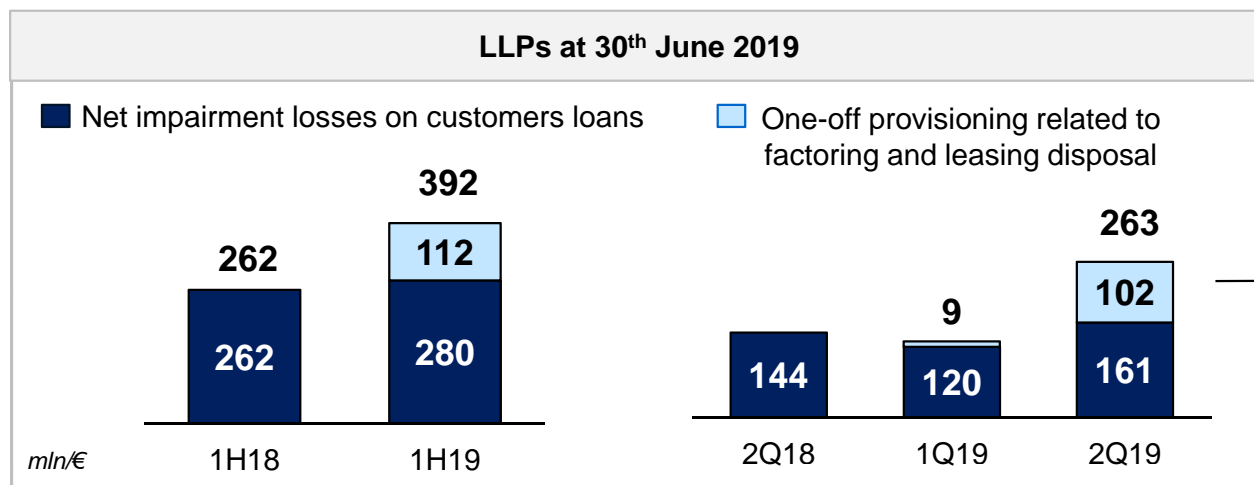
Gross NPE ratio < 10%, at 9.23% including leasing bad loan sale

Loan book vintage: incidence of Gross NPEs older than 5 years decreased by 8%



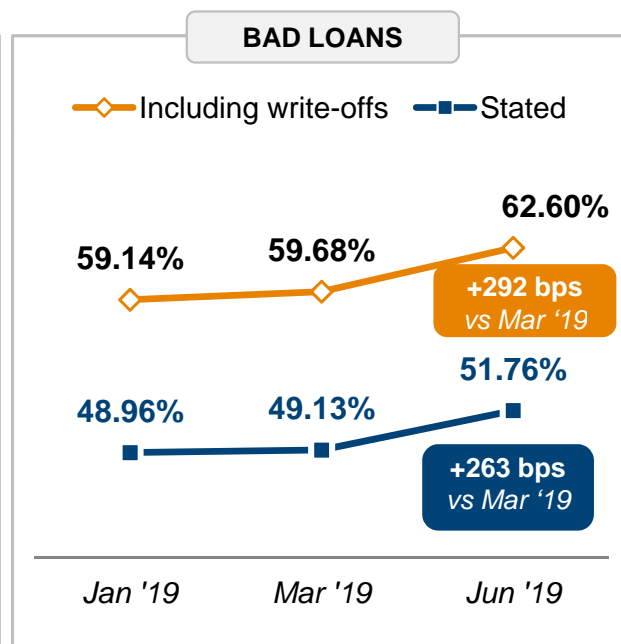
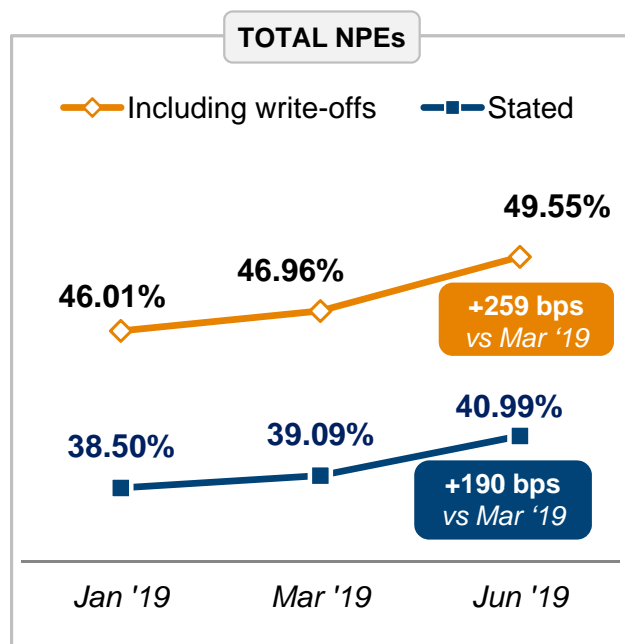
* Recovery rate = payments received / (initial NPE gross exposure + total increases)

Higher net impairment losses uphold coverage (+354 bps for NPEs in 6 months, +249 bps without write-offs. In terms of bad loans +346 bps and +280 bps respectively)



In 2Q19:

- 102 mln/€ one-off related to the disposal of approx. 900 mln/€ bad loans (overall 112 mln/€ in 1H19)



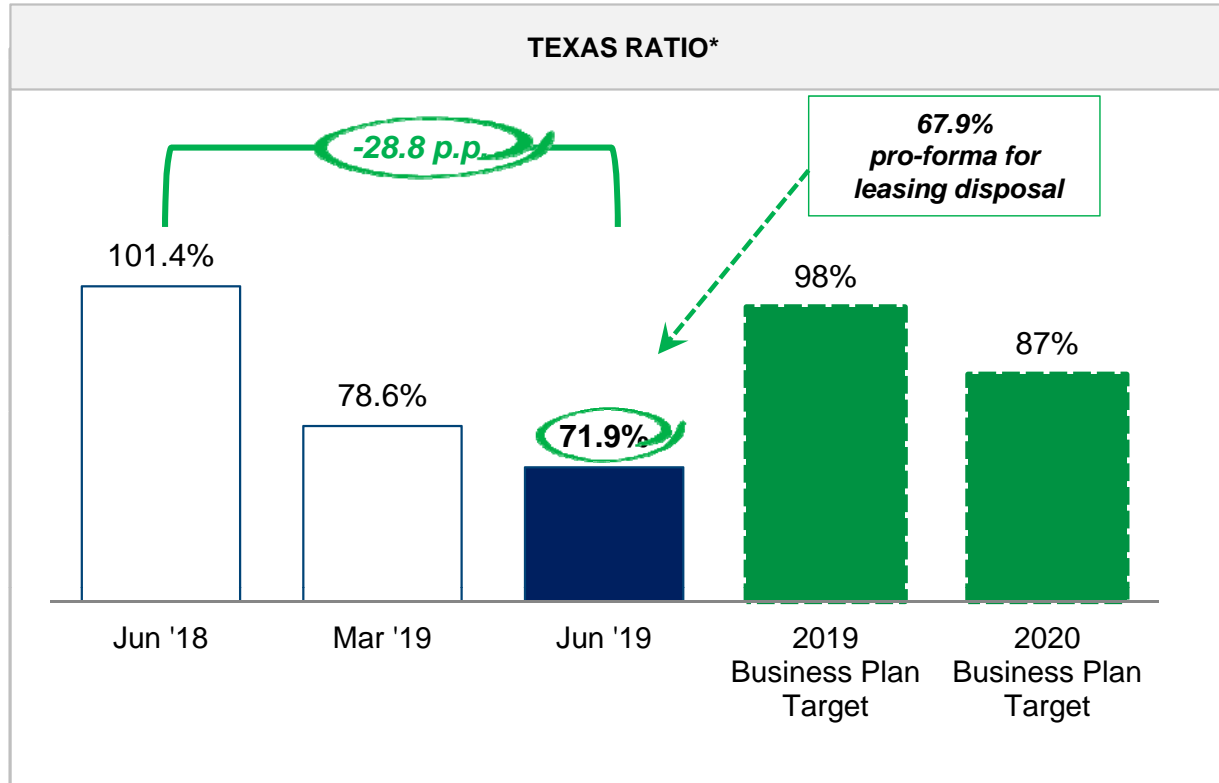
Writedowns (Writebacks)	1H18	1H19
Third stage excl. leasing and factoring disposals	318	262
Third stage leasing and factoring disposals		112
Total Third Stage	318	374
First and Second stages	(56)	18
Net impairment losses on loans	262	392

Lower "analytical" writedowns -17.6%

mln/€

1H19 Pro forma cost of risk annualised at 78 bps with one-off provisioning related to factoring and leasing included but not annualised (65 bps pro-forma completely excluding it) . In 2Q19 at 87 bps and 75 bps respectively

Net equity increasing, NPEs down → Texas ratio improves to 71.9%



* Calculated as net total non performing exposures/((net equity excluding profit and minorities and dividends already approved by Shareholders' General Meeting)-total intangible assets)

- The second half of the year will be influenced by further accommodative **interest rate policies** recently announced by the Central European Bank. UBI will continue with its strategy of rigorous discipline of loan pricing to safeguard overall margins
- The **good performance by fee and commission income is expected to continue** under current market conditions.
- The strategy to **diversify financial assets** in the banking book is confirmed.
- **Costs will benefit, amongst other things, from the departure of approximately 300 staff** which took place in implementation of the March 2019 trade union agreement, and also from continuous control over administrative costs.
- The Group will **continue to reduce its non-performing exposures** by means of **internal management of credit recovery**, the key factor in its NPL strategy, and it will complete the disposals of UBI Leasing bad loan positions. Any further **selective disposals** will be considered only if they are **efficient from a capital viewpoint**, consistent with those recently concluded.

Consolidated Income Statement

(mln/€)	2Q18	1Q19 (IFRS 16)	2Q19 (IFRS 16)	2Q19 vs 2Q18	2Q19 vs 1Q19	1H18	1H19 (IFRS 16)	% change
Net interest income	458.6	445.6	440.6	(3.9%)	(1.1%)	896.4	886.2	(1.1%)
- of which: TLTRO2	12.7	12.4	12.5	(1.5%)	0.9%	25.2	24.9	(1.4%)
- of which: credit components (IFRS9 and PPA)	35.5	31.2	35.5	(0.0%)	13.9%	61.2	66.7	9.0%
- of which: IFRS9 contractual modifications without derecognition	(13.4)	(5.2)	(5.3)	(60.6%)	2.4%	(22.1)	(10.4)	(52.7%)
Net fee and commission income	400.6	400.9	412.0	2.8%	2.8%	808.0	812.9	0.6%
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value through profit or loss	22.1	37.4	17.6	(20.2%)	(52.9%)	56.1	55.1	(1.8%)
Profits of equity-accounted investees	1.8	6.3	13.1	n.s.	107.5%	9.0	19.4	115.5%
Dividends and similar income	3.2	5.2	2.0	(36.9%)	(60.5%)	8.4	7.2	(13.8%)
Net income from insurance operations	5.5	3.5	3.9	(29.1%)	12.3%	11.0	7.4	(32.4%)
Other net operating income/expense	23.4	21.7	19.1	(18.5%)	(11.9%)	51.8	40.7	(21.3%)
Operating income	915.3	920.6	908.4	(0.8%)	(1.3%)	1,840.6	1,829.0	(0.6%)
Staff costs	(374.3)	(364.4)	(356.0)	(4.9%)	(2.3%)	(749.9)	(720.4)	(3.9%)
Other administrative expenses	(186.6)	(186.0)	(175.2)	n.s.	(5.8%)	(392.6)	(361.2)	n.s.
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(40.4)	(54.3)	(56.3)	n.s.	3.6%	(82.0)	(110.6)	n.s.
Operating expenses	(601.4)	(604.8)	(587.4)	(2.3%)	(2.9%)	(1,224.4)	(1,192.2)	(2.6%)
Net operating income	313.9	315.9	321.0	2.2%	1.6%	616.2	636.8	3.3%
Net impairment losses for credit risk relating to:	(146.1)	(130.0)	(263.4)	80.2%	102.6%	(270.5)	(393.4)	45.4%
- financial assets measured at amortised cost: loans to banks	0.3	(0.0)	0.8	n.s.	n.s.	(1.5)	0.7	n.s.
- financial assets measured at amortised cost: loans and advances to customers	(143.7)	(128.6)	(263.0)	83.1%	104.6%	(261.6)	(391.6)	49.7%
- financial assets measured at amortised cost: securities	0.0	(0.5)	(0.3)	n.s.	(43.1%)	(0.1)	(0.8)	n.s.
- financial assets as at fair value through other comprehensive income	(2.7)	(0.9)	(0.9)	(68.6%)	(4.9%)	(7.3)	(1.8)	(75.9%)
Net provisions for risks and charges - commitments and guarantees granted	3.5	(0.6)	2.5	n.s.	n.s.	14.5	1.9	(86.6%)
Net provisions for risks and charges - other net provisions	(15.7)	(3.5)	1.2	n.s.	n.s.	(17.1)	(2.2)	(87.0%)
Profits (losses) from the disposal of equity investments	0.2	0.3	3.9	(93.3%)	n.s.	1.0	4.2	n.s.
Pre-tax profit from continuing operations	155.8	182.1	65.3	(58.1%)	(64.2%)	344.1	247.4	(28.1%)
Taxes on income for the period from continuing operations	(55.6)	(50.8)	(9.2)	(83.4%)	(81.8%)	(116.9)	(60.0)	(48.6%)
Profits/losses for the period attributable to non-controlling interests	(7.8)	(6.4)	(7.3)	(6.5%)	13.6%	(13.8)	(13.7)	(0.7%)
Profit for the period attributable to the Parent before Business Plan and other impacts	92.4	124.9	48.8	(47.2%)	(61.0%)	213.4	173.6	(18.6%)
Redundancy expenses net of taxes and non-controlling interests	(0.2)	(42.6)	0.0	n.s.	n.s.		(42.6)	n.s.
Business Plan Project expenses net of taxes and non-controlling interests	(1.0)	(0.1)	(0.0)	n.s.	n.s.	(4.6)	(0.1)	n.s.
Profit for the period	91.2	82.2	48.7	(46.6%)	(40.7%)	208.9	130.9	(37.3%)
Profit for the period net of non-recurring items	101.1	124.9	58.5	(42.1%)	(53.2%)	222.1	183.4	(17.4%)

With a view to simplification of the presentation of the income statement, as of the half-year financial report, the line items "130. a) Financial assets measured at amortised cost: loans and advances to customers subject to disposal" and "130. b) Financial assets designated at fair value through other comprehensive income subject to disposal" (which included the reclassifications carried out between the items 100 and 130. a)/130. b) in compliance with the recommendations contained in the Bank of Italy addendum letter dated 30th October 2018) have been reclassified within items "130. a) Financial assets measured at amortised cost: loans and advances to customers" and "130. b) Financial assets designated at fair value through other comprehensive income"

Contribution of non-recurring items to Net Profit

1H2019	Stated Net Profit	2017-2020 Business Plan		SRF extraordinary contribution	Disposal of securities/equity investments	Total impact of non-recurring items	Normalised Net Profit
		Staff leaving incentives	Business plan project expenses				
1Q19	82.2	42.6	0.1			42.7	124.9
2Q19	48.7		0.0	12.2	(2.5)	9.8	58.5
1H19	130.9	42.6	0.1	12.2	(2.5)	52.4	183.4

P&L
reference line

(A)

Redundancy
expenses net of taxes
and non-controlling
interests

Business Plan Project
expenses net of taxes
and non-controlling
interests

Other administrative
expenses

Net income from
trading, hedging and
disposal/repurchase
activities and from
assets/liabilities as at
fair value through profit
or loss

(B)

(A+B)

Capital Ratios as at 30 June '19.

Common Equity Tier 1 phased in ratio at 12.05%, Total Capital phased in ratio at 15.10%

<i>mIn€</i>	Mar '19	Jun '19
Common Equity Tier 1 (after filters)	7,023.1	7,071.5
Common Equity Tier 1 regulatory adjustments	-203.1	-148.6
<i>of which negative elements for deduction excess of expected losses over impairment losses</i>	-134.6	-134.9
Common Equity Tier 1 Capital (CET1)	6,819.9	6,922.9
Additional Tier 1 before deductions	-	-
Additional Tier 1 regulatory adjustments	-	-
<i>of which negative elements for deduction excess of expected losses over impairment losses</i>	-	-
Additional Tier 1	-	-
Tier 1 Capital (CET 1 +Additional Tier 1)	6,819.9	6,922.9
Tier 2 Capital before transitional provisions	1,788.0	1,811.4
<i>Tier 2 instruments grandfathering</i>		
Tier 2 Capital after transitional provisions	1,788.0	1,811.4
Tier 2 capital regulatory adjustments	-60.5	-60.4
<i>of which: negative elements for deduction excess of expected losses over impairment losses</i>		
Tier 2 Capital	1,727.6	1,751.0
TOTAL OWN FUNDS	8,547.5	8,673.9

<i>mIn€</i>	Mar '19	Jun '19
Risk weighted assets	59,217.5	57,442.5
Total prudential requirements	4,737.4	4,595.4
<i>Credit risk</i>	4,310.4	4,243.5
<i>CVA (Credit Value Adjustment) risk</i>	4.1	4.0
<i>Market risk</i>	72.9	59.9
<i>Operational risk</i>	350.0	287.9

CET 1 ratio		
	Mar '19	Jun '19
PHASED -IN	11.52%	12.05%
FULLY LOADED	11.47%	12.00%

TOTAL CAPITAL ratio		
	Mar '19	Jun '19
PHASED-IN	14.43%	15.10%
FULLY LOADED	14.39%	15.05%

- B3 Leverage ratios as at 30 June '19:
 - ✓ phased in 5.23%
 - ✓ fully loaded 5.21%
- LCR and NSFR > 100%
(also excluding TLTRO 2)

Reclassified Consolidated Balance Sheet - Assets

Figures in thousands of euro		30.6.2019 A	1.1.2019 * B	Changes A-B	% changes A/B	30.6.2018 C	Changes A-C	% changes A/C
ASSETS								
10.	Cash and cash equivalents	616,670	735,249	(118,579)	-16.1%	616,368	302	0.0%
20.	Financial assets measured at fair value through profit or loss	1,660,974	1,463,529	197,445	13.5%	1,488,445	172,529	11.6%
	1) Loans and advances to banks	15,365	14,054	1,311	9.3%	14,796	569	3.8%
	2) Loans and advances to customers	268,043	274,262	(6,219)	-2.3%	313,580	(45,537)	-14.5%
	3) Securities and derivatives	1,377,566	1,175,213	202,353	17.2%	1,160,069	217,497	18.7%
30.	Financial assets measured at fair value through other comprehensive income	11,618,770	10,726,179	892,591	8.3%	11,527,974	90,796	0.8%
	1) Loans and advances to banks	-	-	-	-	-	-	-
	2) Loans and advances to customers	-	15	(15)	-100%	-	-	-
	3) Securities	11,618,770	10,726,164	892,606	8.3%	11,527,974	90,796	0.8%
40.	Financial assets measured at amortised cost	103,356,416	102,798,587	557,829	0.5%	103,886,299	(529,883)	-0.5%
	1) Loans and advances to banks	12,393,150	10,065,772	2,327,378	23.1%	9,513,708	2,879,442	30.3%
	2) Loans and advances to customers	86,074,151	88,987,596	(2,913,445)	-3.3%	91,342,643	(5,268,492)	-5.8%
	3) Securities	4,889,115	3,745,219	1,143,896	30.5%	3,029,948	1,859,167	61.4%
50.	Hedging derivatives	22,452	44,084	(21,632)	-49.1%	59,804	(37,352)	-62.5%
60.	Fair value change in hedged financial assets (+/-)	541,946	97,429	444,517	n.s.	33,826	508,120	n.s.
70.	Equity investments	266,897	254,128	12,769	5.0%	240,509	26,388	11.0%
80.	Technical reserves of reinsurers	-	-	-	-	373	(373)	-100.0%
90.	Property, plant and equipment	2,506,708	2,394,858	111,850	4.7%	1,799,295		
100.	Intangible assets	1,720,771	1,729,727	(8,956)	-0.5%	1,711,908	8,863	0.5%
	of which: goodwill	1,465,260	1,465,260	-	0.0%	1,465,260	-	0.0%
110.	Tax assets	3,961,524	4,210,362	(248,838)	-5.9%	4,122,268	(160,744)	-3.9%
120.	Non-current assets and disposal groups held for sale	7,349	2,972	4,377	147.3%	1,384	5,965	n.s.
130.	Other assets	1,199,827	1,243,320	(43,493)	-3.5%	1,415,721		
	Total assets	127,480,304	125,700,424	1,779,880	1.4%	126,904,174		

(*) Amounts as at 1st Jan 2019 are unchanged vs the related amounts reported in the Reclassified Consolidated Balance Sheet as at 31st December 2018 with the exception of items 90, 130 and Total Assets in compliance with the introduction of IFRS16

Reclassified Consolidated Balance Sheet - Liabilities and Equity

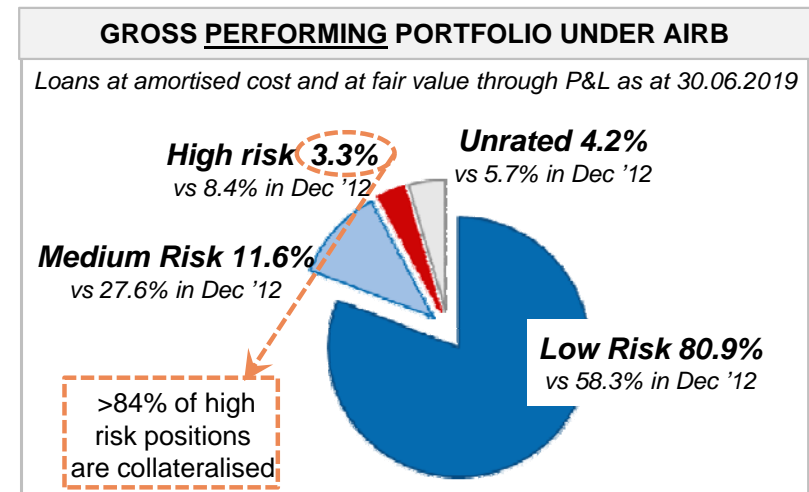
Figures in thousands of euro		30.6.2019 A	1.1.2019 * B	Changes A-B	% changes A/B	30.6.2018 C	Changes A-C	% changes A/C
LIABILITIES AND EQUITY								
10.	Financial liabilities measured at amortised cost	111,840,625	109,839,891	2,000,734	1.8%	111,617,355		
	<i>a) Due to banks</i>	17,053,172	17,234,579	(181,407)	-1.1%	16,607,300	445,872	2.7%
	<i>b) Due to customers</i>	70,840,373	68,815,614	2,024,759	2.9%	70,582,753		
	<i>c) Debt securities issued</i>	23,947,080	23,789,698	157,382	0.7%	24,427,302	(480,222)	-2.0%
20.	Financial liabilities held for trading	571,499	410,977	160,522	39.1%	386,959	184,540	47.7%
30.	Financial liabilities designated at fair value	149,871	105,836	44,035	41.6%	75,488	74,383	98.5%
40.	Hedging derivatives	230,655	110,801	119,854	108.2%	102,961	127,694	124.0%
50.	Fair value change in hedged financial liabilities (+/-)	188,275	74,297	113,978	153.4%	54,008	134,267	n.s.
60.	Tax liabilities	140,145	162,272	(22,127)	-13.6%	208,390	(68,245)	-32.7%
80.	Other liabilities	2,290,570	3,092,941	(802,371)	-25.9%	2,654,081	(363,511)	-13.7%
90.	Provision for post-employment benefits	299,460	306,697	(7,237)	-2.4%	328,484	(29,024)	-8.8%
100.	Provisions for risks and charges:	415,665	505,191	(89,526)	-17.7%	565,147	(149,482)	-26.5%
	<i>a) commitments and guarantees granted</i>	51,951	64,410	(12,459)	-19.3%	73,964	(22,013)	-29.8%
	<i>b) pension and similar obligations</i>	87,892	91,932	(4,040)	-4.4%	130,215	(42,323)	-32.5%
	<i>c) other provisions for risks and charges</i>	275,822	348,849	(73,027)	-20.9%	360,968	(85,146)	-23.6%
110.	Technical reserves	2,070,095	1,877,449	192,646	10.3%	1,879,072	191,023	10.2%
120.+150.+160. +170.+180	Share capital, share premiums, reserves, valuation reserves and treasury shares	9,113,181	8,737,680	375,501	4.3%	8,756,026	357,155	4.1%
190.	Minority interests (+/-)	39,344	50,784	(11,440)	-22.5%	67,336	(27,992)	-41.6%
200.	Profit (loss) for the period/year (+/-)	130,919	425,608	(294,689)	-69.2%	208,867	(77,948)	-37.3%
Total liabilities and equity		127,480,304	125,700,424	1,779,880	1.4%	126,904,174		

(*) Amounts as at 1st Jan 2019 are unchanged vs the related amounts reported in the Reclassified Consolidated Balance Sheet as at 31st December 2018 with the exception of item 10 .b in compliance with the introduction of IFRS16

Loans to Customers: relevant net NPEs quarterly reduction (-7.8%, o/w bad loans -8.9%). Coverage up for all categories of NPEs

Amounts in bln€	31.12.2018	31.3.2019	30.6.2019
NET LOANS AT AMORTISED COST	89.0	87.1	86.1
<i>of which</i>			
NET <u>PERFORMING</u> EXPOSURES	83.0	81.3	80.8
<i>of which medium-long term</i>	64.1	63.7	63.1
<i>of which short term</i>	18.8	17.4	17.4
<i>of which repos and other with CCG</i>	0.1	0.2	0.2
NET <u>NPEs</u>	5.98	5.76	5.31

The decrease in volumes is consistent with the market trend (-1.4%)* and the safeguard of spreads



LOANS TO CUSTOMERS AT AMORTISED COST (30th JUNE '19)

mln/€	Gross exposure		Impairment losses		Carrying amount		Coverage	Coverage with write-offs
NPEs	(9.97%)	9,003	3,691	(6.17%)	5,312	40.99%	49.55%	
- Bad loans	(5.70%)	5,147	2,664	(2.88%)	2,483	51.76%	62.60%	
- UTPs	(4.20%)	3,794	1,020	(3.22%)	2,774	26.89%		
- Past-due loans	(0.07%)	62	7	(0.06%)	55	10.71%		
Performing loans	(90.03%)	81,282	520	(93.83%)	80,762	0.64%		
TOTAL		90,285	4,211		86,074	4.66%		

LOANS TO CUSTOMERS AT AMORTISED COST (31st MARCH '19)

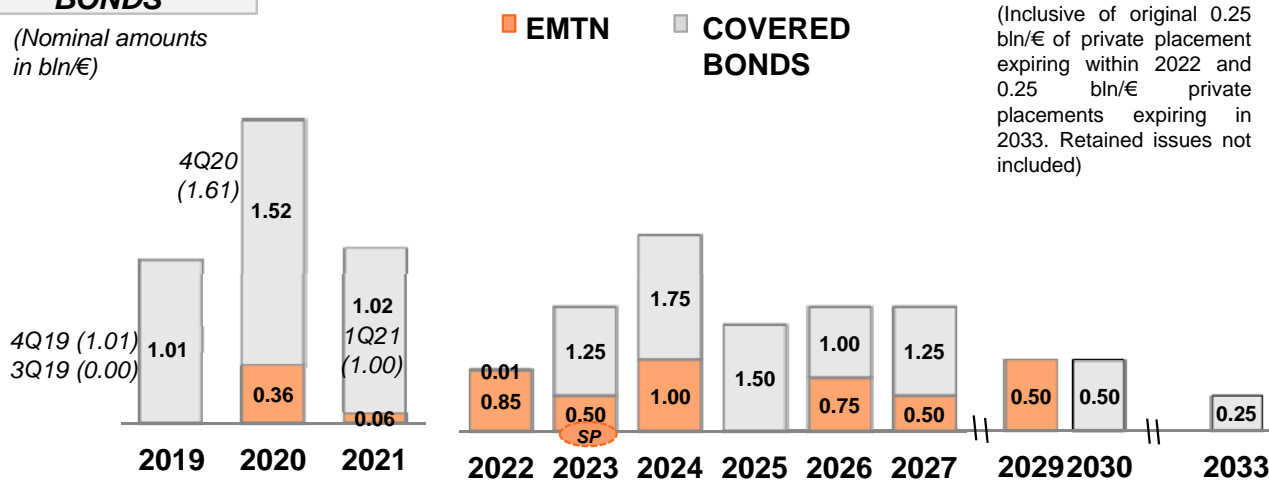
mln/€	Gross exposure		Impairment losses		Carrying amount		Coverage	Coverage with write-offs
NPEs	(10.36%)	9,458	3,698	(6.61%)	5,761	39.09%	46.96%	
- Bad loans	(5.87%)	5,358	2,632	(3.13%)	2,726	49.13%	59.68%	
- UTPs	(4.42%)	4,040	1,059	(3.42%)	2,980	26.22%		
- Past-due loans	(0.07%)	61	6	(0.06%)	54	10.39%		
Performing loans	(89.64%)	81,877	542	(93.39%)	81,335	0.66%		
TOTAL		91,335	4,240		87,096	4.64%		

* Source: Elaborations UBI on Bankit data and, for the month of June, on ECB statistics (private sector excluding bad loans and repos with central counterparties)

Funding maturity profile: significant part of funding plan already achieved ahead of schedule, Fewer maturities in FY 2020 (2.6bln/€) vs FY2019 (5.9bln/€).

INSTITUTIONAL BONDS

(Nominal amounts in bln/€)



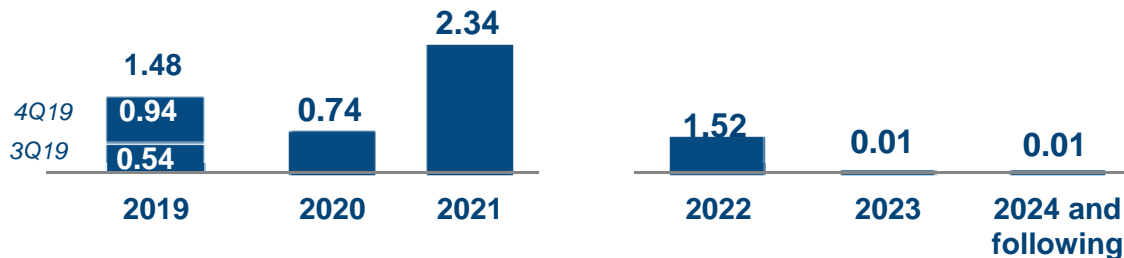
2019 INSTITUTIONAL ISSUANCE

Settl. Date	Type /Size	Maturity	Coupon
25-Feb	0.5bln/€ CB	2025	1.00%
04-Mar	0.5bln/€ Tier2	2029*	5.875%
10-Apr	0.5bln/€ EMTN	2024	1.50%
20-Jun	0.5bln/€ SNP	2024	2.625%
12-Jul	0.3bln/€ Tier2	2029*	4.375%
22-Jul	0.5bln/€ EMTN**	2022	1.00%

** Private placement. Additional private placements for a total amount of about 0.5bn/€ have been issued from 1 January to 31 July 2019

RETAIL BONDS

(Nominal amounts in bln/€, net of bond repurchases)



2019 RETAIL ISSUANCE

Date	Total Amount	Average Maturity	Average Coupon
1Q 19	1.06bln/€	3 years	1.76%
2Q 19	0.6bln/€	3 years	1.11%

Data as at 30 June '19

Note: as per the 3 banks acquired, in June '19 there are in place 3 securitisations for a market outstanding amount of approx. 90 mln/€ (In Dec' 16, there were 11 securitisations, most of which highly amortised and redeemed ahead of maturity)

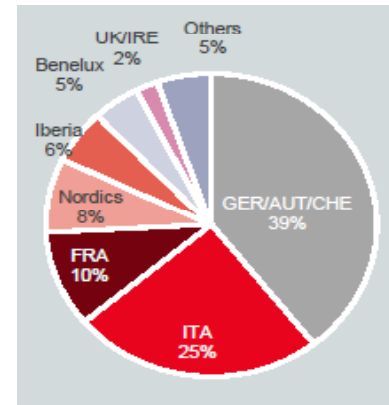
* First call date after 5 Years

Issuances in 2019

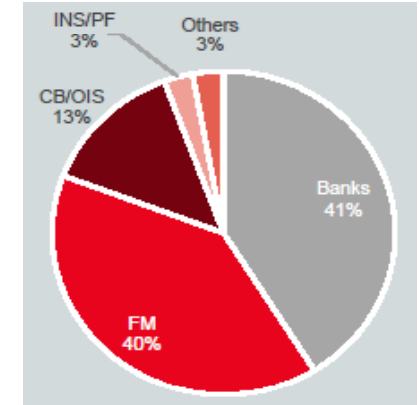
18th February 2019

- 6 year and 7 months **covered bond** benchmark issue, fixed rate, for a size of 500 mln/€, under UBI's 15 billion Covered Bond Programme
- over 170 investors, for a total amount above € 2.7 billion, in as little as 2 hours, allowing UBI Banca to tighten the spread from the initial guidance of Mid Swap + 80 basis points to the final Mid Swap + 70 basis points
- coupon of 1% payable in arrears on September 25th of each year and a re-offer price of 99.989%. The yield to maturity is 1.002%

Allocation by Investor Geography



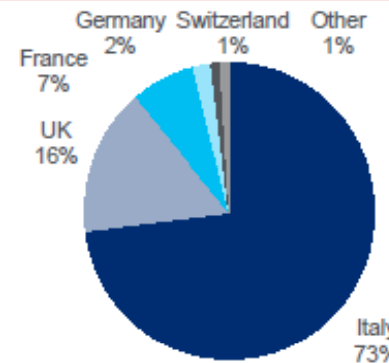
Allocation by Investor Type



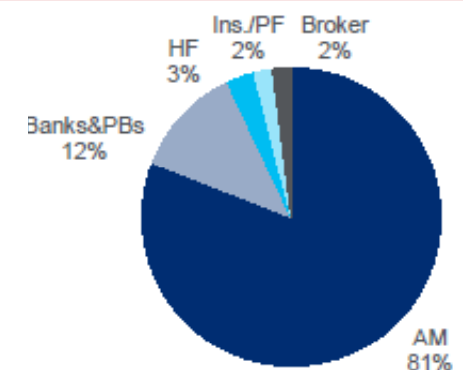
25th February 2019

- new **subordinated "Tier 2"** transaction with a 10 year maturity (callable after 5 years) and a benchmark size of 500 mln/€ closed on 25th Feb 2019, under UBI's EMTN 15 billion programme
- approx. 75 institutional investors involved and an order-book of approx. 1.4 times the amount issued, allowing a tightening of the yield from the initial level of 6% to the final level of 5.875%
- fixed rate coupon of 5.875%, consistent with a spread of 5,751% over the swap rate, payable in arrears on the 4th of March of each year starting from 4th March 2020

Allocation by Investor Geography



Allocation by Investor Type



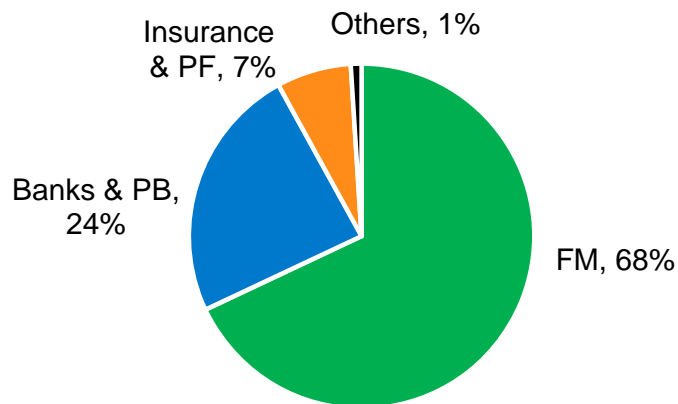
Issuances in 2019

(2/3)

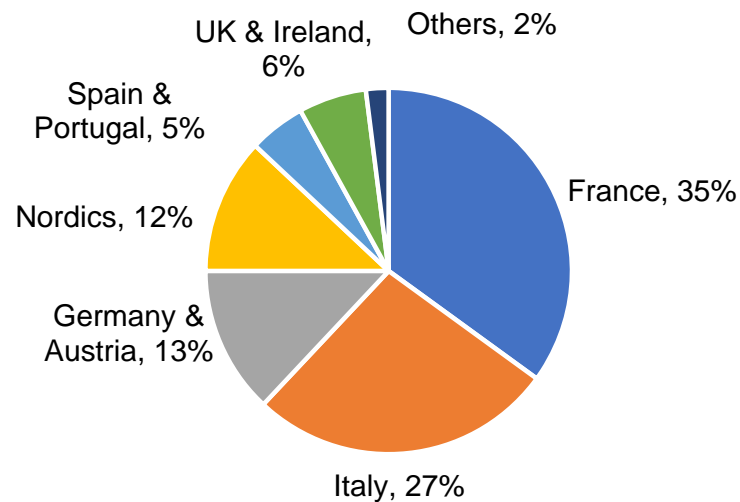
3rd April 2019

- Inaugural Green Bond (Senior Preferred) issuance on the wholesale market for a 5-year, 500 mln/€ benchmark amount
- The issuance, made under the Group's EMTN Programme, was carried out as part of a broader Framework, compliant with the guidelines issued by ICMA, which, in addition to Green Bonds, also includes the possibility to issue Social and Sustainable Bonds. The issue will refinance a selected renewable energy project finance portfolio (0.5 bln/€ out of a total of 1.3 bln/€), which focuses primarily (86%) on solar energy and wind power
- ISS-oekom, as the Second Opinion Provider, has released an opinion on the Framework and on the portfolio
- The issuance was met with strong demand from approximately 150 investors, with orders reaching close to 1.5 bln/€. This allowed to tighten the initial spread guidance of mid-swap + 170/175 bps to the final level of 150 bps over the 5 year mid-swap

Allocation by Investor Type



Allocation by Investor Geography



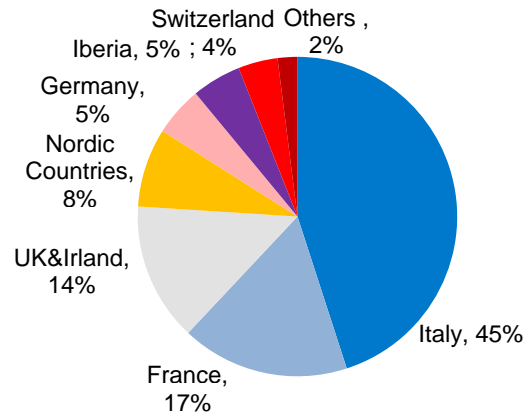
Included in the
MSCI BARCLAYS GREEN
BOND INDEX UNIVERSE

Issuances in 2019

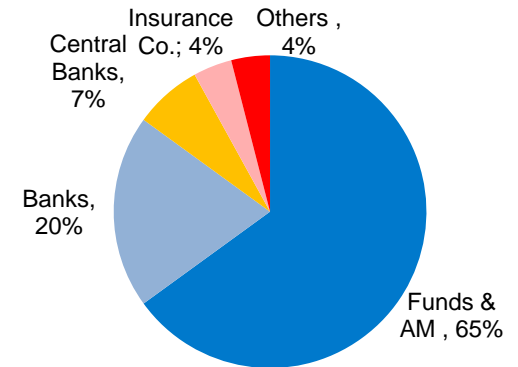
13th June 2019

- Second senior non-preferred bond issuance on the wholesale market for a 5-year, 500mln/€ benchmark amount
- The issuance, made under the Group's EMTN Programme, was met with strong demand from approximately 90 investors, with orders reaching approx.1bln/€. This allowed to tighten the initial spread guidance of mid-swap+305bps to the final level of 290bps over the 5year mid-swap
- The fixed coupon of 2.625% is payable in arrears on the 20th of June of each year. The re-offer price was set at 99.465% and the related yield to maturity at 2.741%

Allocation by Investor Geography



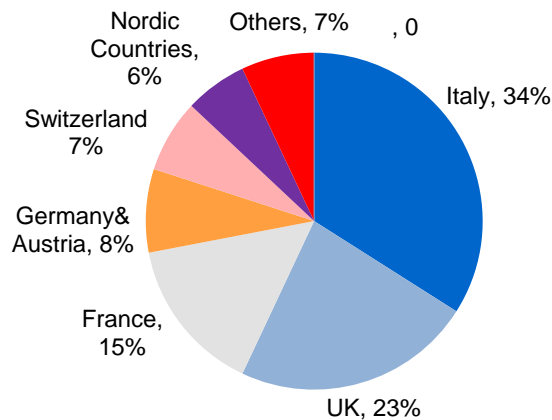
Allocation by Investor Type



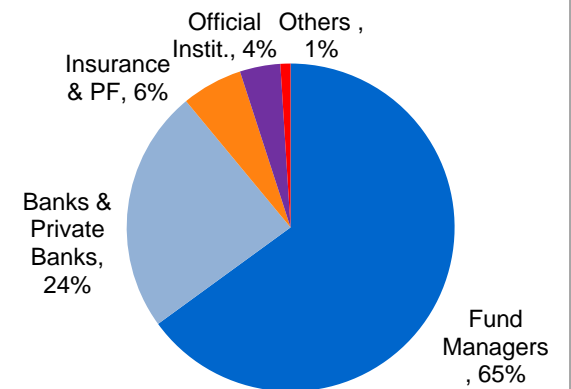
4th July 2019

- Tier 2 bond issuance on the wholesale market for a 10-year (callable after 5 years), 300mln/€ amount, which completes the issuance plan for this instrument until 2020 (included) envisaged in the funding plan
- The issuance, made under the Group's EMTN Programme, was met with strong demand (orders of over 4x the amount issued) from approximately 150 investors. This allowed to tighten the initial spread guidance of 510bps to the final level of 475bps over the 5year mid-swap
- The fixed coupon of 4.375% is payable in arrears on the 12th of July of each year starting from 12th July 2020

Allocation by Investor Geography



Allocation by Investor Type



Portfolio breakdown: Italian Govies Maturities and Sovereign Exposures

	31 March 2019			TOTAL	30 June 2019			TOTAL	% Change of TOTAL amounts
	FVTPL (fair value through profit or loss)	FVOCI (fair value through other comprehensive income)	AC (financial assets at amortised cost)		FVTPL (fair value through profit or loss)	FVOCI (fair value through other comprehensive income)	AC (financial assets at amortised cost)		
Amounts in mln/€									
Financial Assets (Securities)	1,219	11,237	4,739	17,196	1,378	11,619	4,889	17,885	4.0%
o/w Italian Govies	14	5,617	3,892	9,523	9	5,763	3,970	9,742	2.3%
Financial Liabilities held for trading				461				571	23.9%

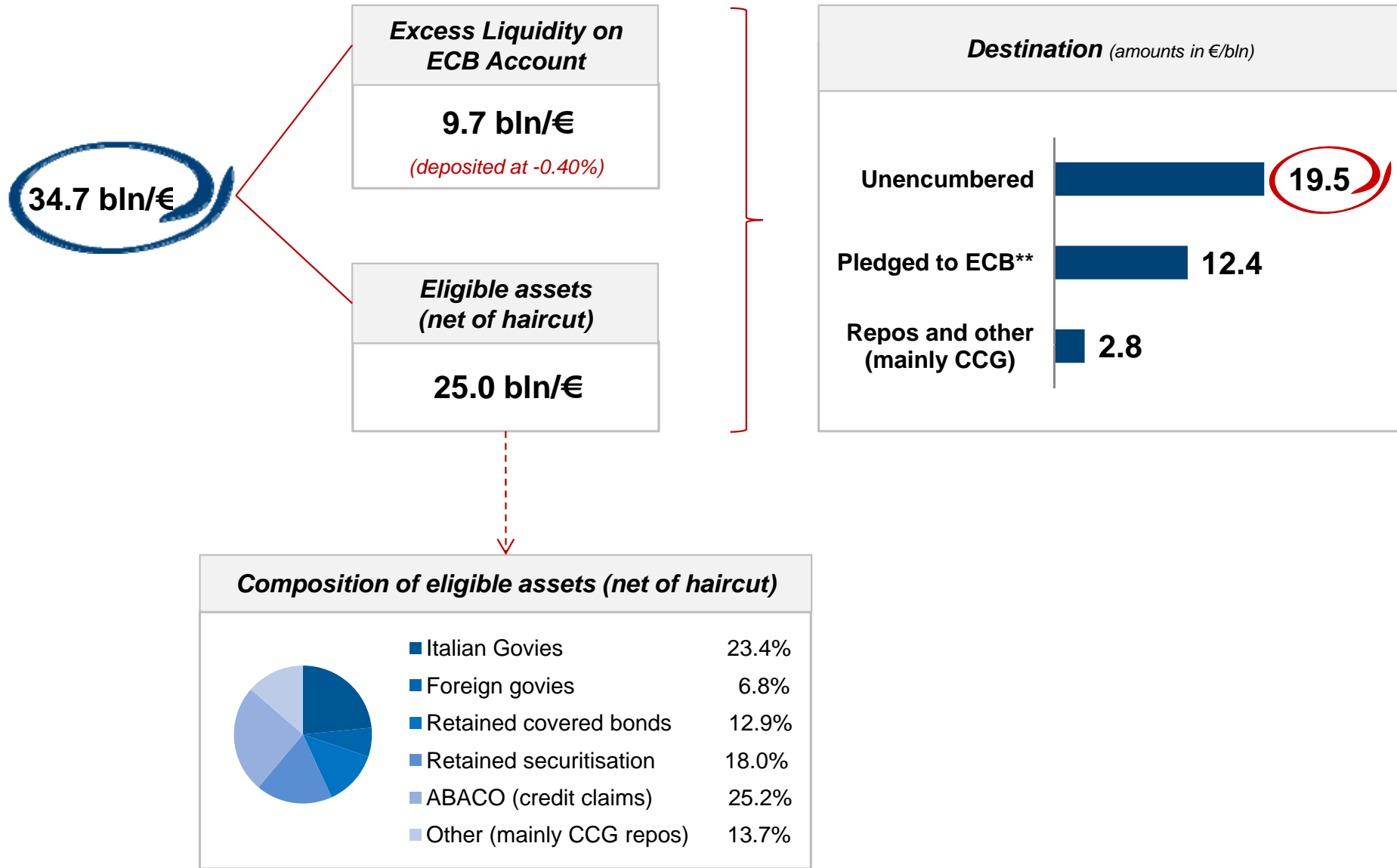
Maturity of the Italian Govies Portfolio					
Amounts in mln/€	FVTPL	FVOCI	AC	TOTAL 30.06.19	TOTAL 31.12.18
2019	1	-	-	1	23
2020-2021	3	88	-	91	95
2022-2025	4	3,274	703	3,981	4,210
2026-2030	0	1,928	1,288	3,216	2,843
From 2031 and over	0	473	1,979	2,452	2,227
Total portfolio	9	5,763	3,970	9,742	9,399
% of portfolio on total Italian Govies	0.1%	59.2%	40.7%	100%	

Main sovereign exposures as at 30 June 2019				
Portfolio:	Consolidated*			o/w Insurance
	o/w Govies	o/w Corporates and banks	o/w Loans	Govies
Amounts in bln/€				
Italy	9,756**	1,070	1,025	1,293**
Spain	1,594	160	-	307
U.S.A.	1,556	251	-	1
France	534	238	-	4
Main 4 countries	13,440	1,719	1,025	1,605
% on total amount	95.4%	67.3%	98.5%	96.1%

* The analysis excludes equity securities (0.3 bln/€) and UCITs (0.4 bln/€)

** Including Cassa Depositi e Prestiti bonds amounting to approx. 15 mln/€ (consolidated figure, o/w about 6 mln/€ referred to insurance business)

Liquidity resources at 34.7 bln/€* (i.e. over 50% of current accounts and deposits)



* Data as at 28th June '19, net of amount pledged against minor guarantees (0.3 bln/€)

** The amount of available TLTRO2 funds fell in 2Q18 from 12.5 bln/€ (debt amounts allotted at the time of the auctions, of which 10 bln/€ expiring in June 2020 and 2.5 bln/€ in March 2021) to 12.4 bln/€ as a consequence of the application of a negative interest rate of -0.40% notified by the Bank of Italy from 5th June 2018, in compliance with Decision (EU) 2016/810 of the ECB