



# The UBI Banca Group Consolidated Results as at 31<sup>st</sup> December 2018

*8<sup>th</sup> February 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.*

### P&L

- The UBI Group's consolidated results include the results of the 3 recently acquired Banks since 1<sup>st</sup> April 2017. A comparison between FY2018 and FY2017 would **not** therefore be significant because of the **difference in the scope of consolidation**
- 4Q18 results are compared with 3Q18 results, both under IFRS9. When significant, reference may be made in this presentation to 4Q17 results, still pursuant to IAS 39, but restated to take account of the new classifications introduced by the 5<sup>th</sup> update of the Bank of Italy Circular No 262/2005

- **Bank of Italy Communication as at 30 October 2018**

*In compliance with the Bank of Italy communication dated 30th October 2018, which has immediate effect, reclassifications have been made in the income statement that regard loans and financial assets. Net impairment losses for the year relating to loans and financial assets disposed of have been reclassified out of the item "income from the disposal of financial assets", as part of the "finance result", into the newly introduced items "net impairment losses for credit risk: financial assets measured at amortised cost – loans and advances to customers subject to disposal" and "net impairment losses for credit risk: financial assets measured at fair value through other comprehensive income – subject to disposal".*

*Net interest income has been adjusted slightly for the recalculation of the time value on the positions subject to disposal.*

*Loan losses are therefore calculated on the basis of the following items in the numerator:*

- *net impairment losses for credit risk: financial assets measured at amortised cost – loans and advances to customers;*
  - *net impairment losses for credit risk: financial assets measured at amortised cost - loans and advances to customers subject to disposal.*
- All quarters of the year have been restated to take account of these reclassifications and to allow a comparison between the various periods considered*

### BALANCE SHEET

- Data are shown on three reporting dates (**1.1.2018, 30.9.2018 and 31.12.2018**) which implement IFRS9 and the application of the 5<sup>th</sup> update of Bank of Italy Circular No. 262/2005

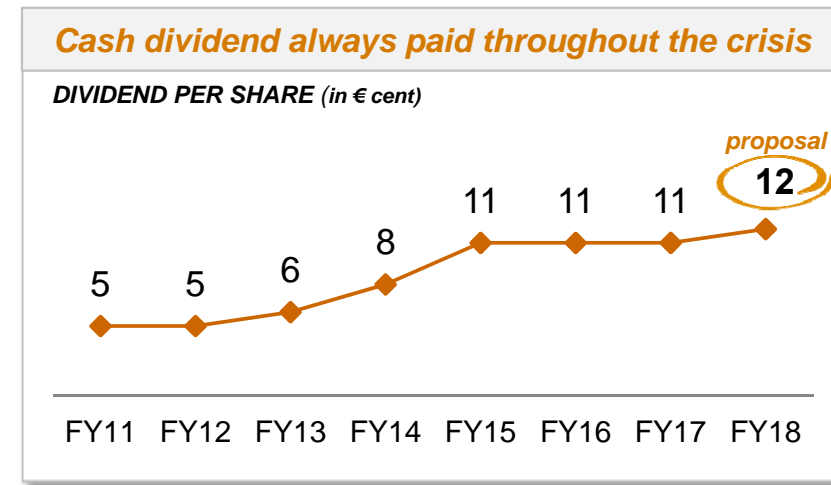
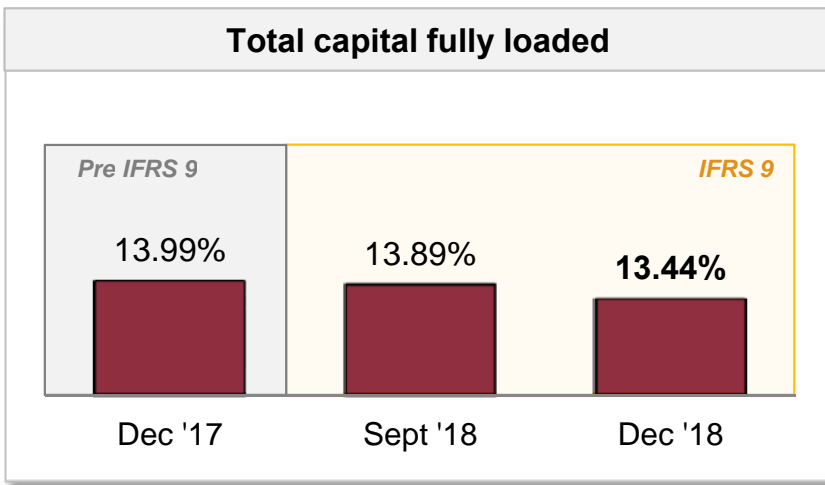
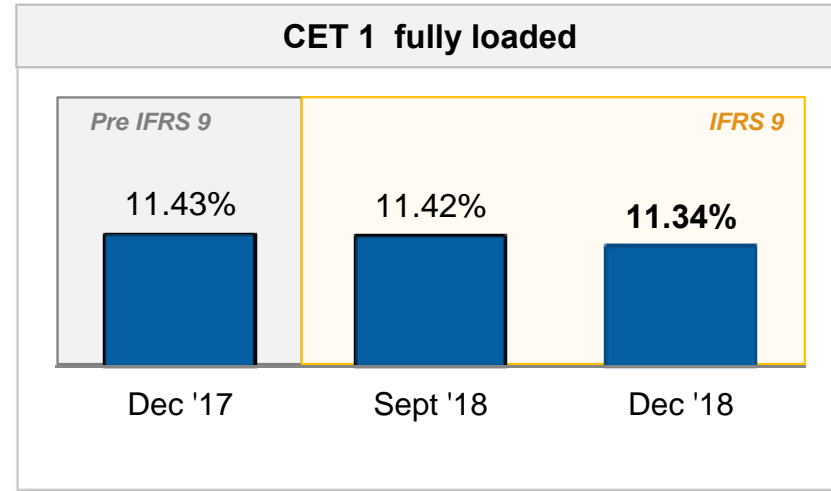
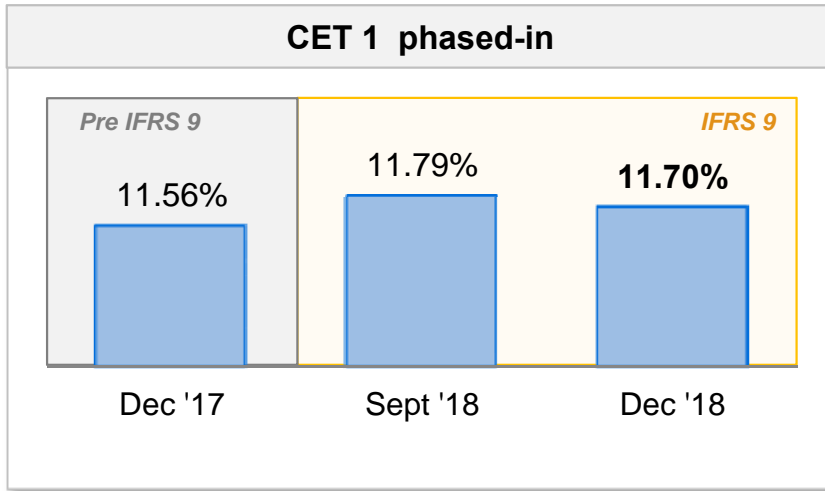
## Executive summary

- Profit for the year net of non-recurring items, to €302.4 million (vs €188.7 million in 2017)
- Stated profit for the year to €425.6 million (vs €49.7 million in 2017, net of €640.8 million of the badwill resulting from the acquisition of 3 banks)
- Stable capital ratios including update of risk parameters
- LCR and NSFR (even excluding TLTRO) >100
- Leverage ratio 5.45% phased-in and 5.27% fully loaded
- Over €90 million of costs saved y/y notwithstanding continued investments in IT, digitalisation, rationalisation of branch network and new layout of branches
- Outstanding performance in the recovery of credit:
  - 2.7 billion decrease in NPEs during the year (of which over 1/3 from ordinary internal workout)
  - improvement of all NPE ratios (gross, net, recovery rates, default rates, Texas ratio)
  - setting the basis for further improvement in 2019

**DIVIDEND  
PER SHARE**

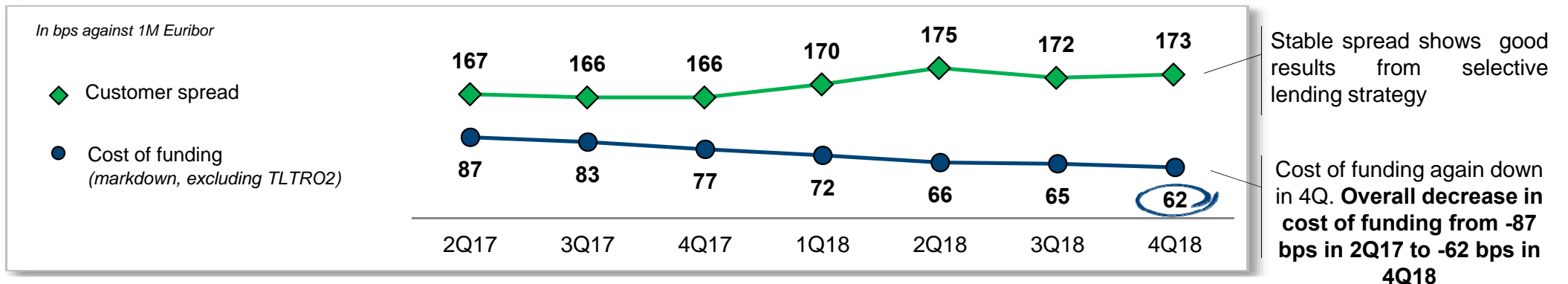
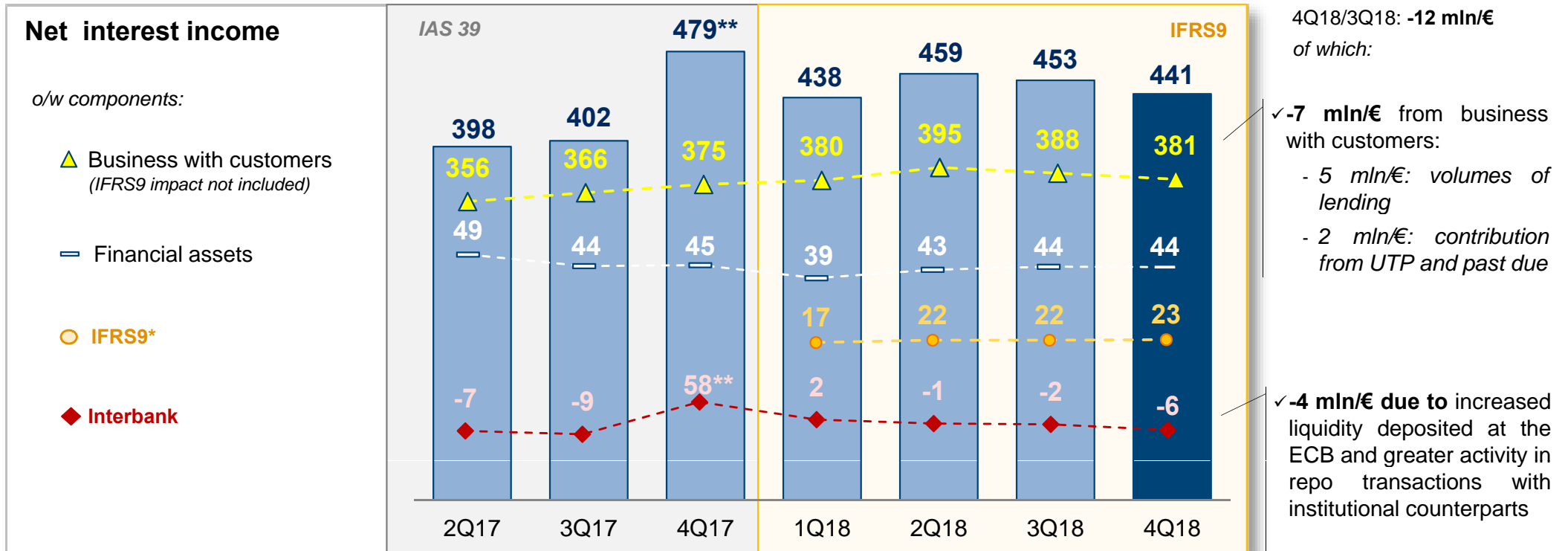
Proposal, subject to General Meeting approval, to correspond a dividend of 12 cent/€ per share  
DPS: +9% YoY  
Dividend yield of 5.4% on closing share price as at 7 Feb 2019

**CET1 ratio at 11.70% phased in (11.34% fully loaded), including risk parameters update (-29 bps)**



# Net interest income at 1,790 mln/€ in FY2018.

## Contribution from business with customer significantly higher in 2018 vs 2017



\* The impact includes: 1) credit components coming from i) the reversal of time value on NPEs, ii) interest recognised on a net basis on NPEs and iii) the release of the time value of the PPA relating to loans resulting from the 3 Banks Acquired; and 2) contractual modification without derecognition

\*\* TLTRO2 benefit in 4Q17 referred to 2016 and 2017

Net loans to customers at 89 bln/€ at 2018 year end.

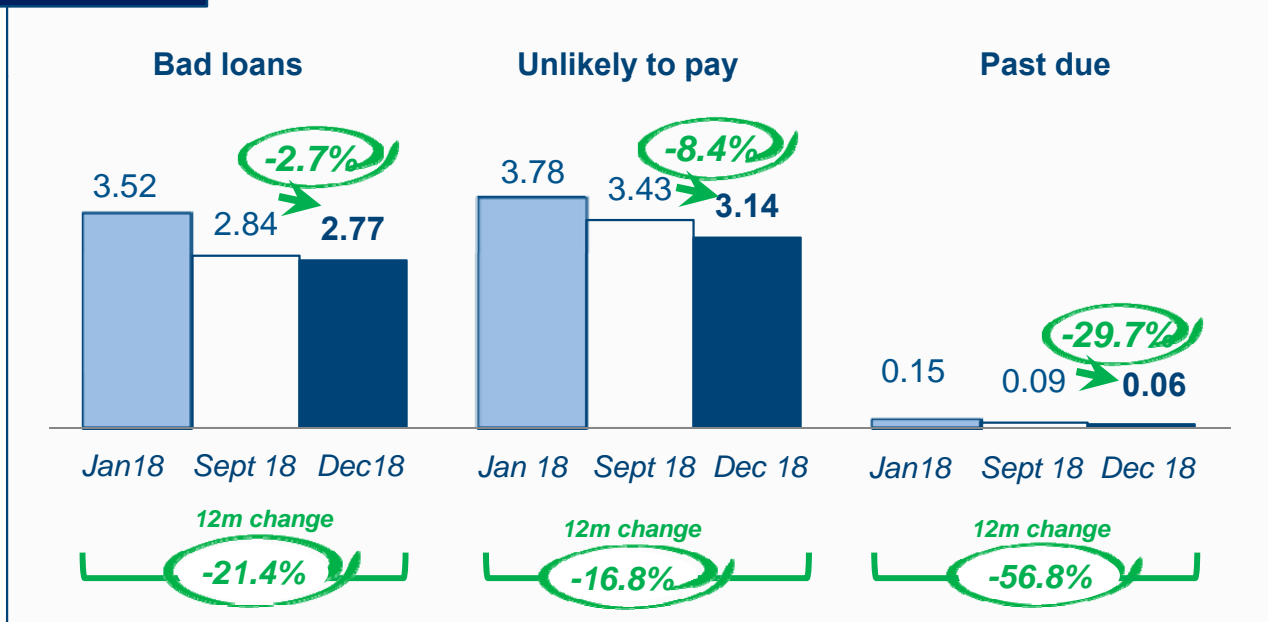
Net NPE stocks reduced by -19.8% in the 12 months (-6.2% 4Q18 vs 3Q18)

Amounts in bln€	1 Jan '18	30 Sept '18	31 Dec '18
<b>NET LOANS AT AMORTISED COST</b>	<b>91.0</b>	<b>89.6</b>	<b>89.0</b>
<i>of which</i>			
<b>NET PERFORMING EXPOSURES</b>	<b>83.5</b>	<b>83.1</b>	<b>83.0</b>
<i>of which medium-long term</i>	65.1	65.0	64.1
<i>of which short term</i>	18.3	17.9	18.8
<i>of which repos and other with CCG</i>	0.1	0.2	0.1
<b>NET NPEs</b>	<b>7.45</b>	<b>6.37</b>	<b>5.98</b>

Stable lending volumes

Representing 6.7% of total net loans  
-1.5 billion since 1.1.2018

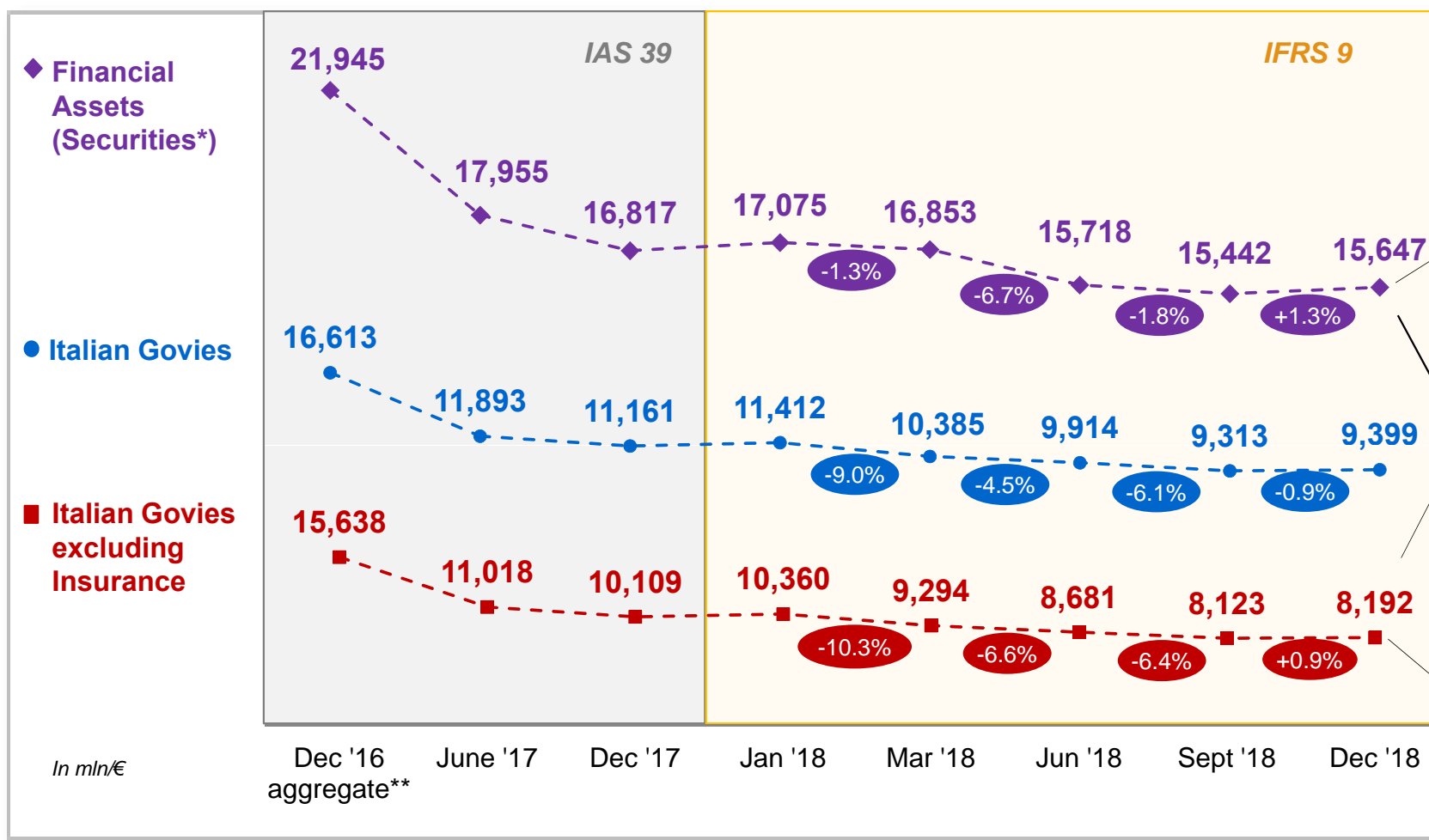
Net NPEs (bln/€)



# Financial assets reduced by -8.4% in 12 months.

## Asset class diversification continues:

**Italian Govies (excluding insurance): -20.9% vs Jan18 and -47.6% vs Dec16**



Total Financial Assets excluding insurance portfolio (14.4 bln/€) already lower than 2020 Business Plan target (15.2 bln/€)

Italian govies (excluding insurance) represent **52%** of Total Fin. Assets

- Rate duration: 1.03
- CET1 credit sensy to 100 bps widening of spread unvaried vs. Sept 2018 (31 bps or 35 bps with DTAs)

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

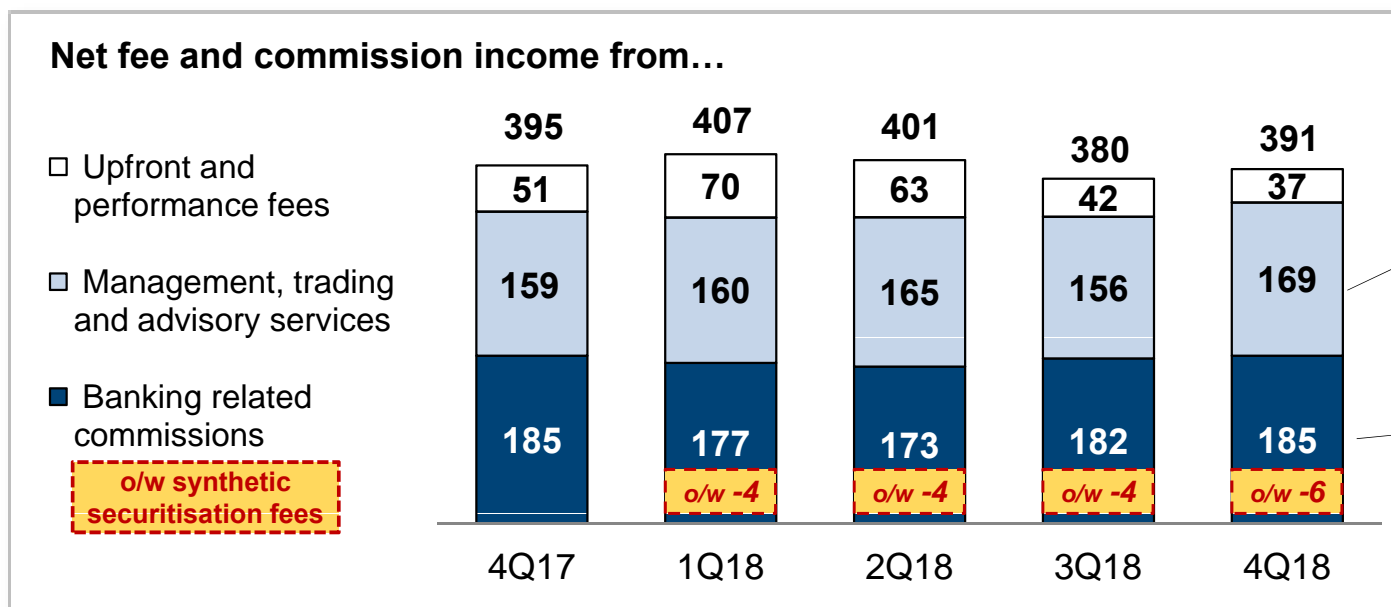
\*\* Dec '16 aggregate includes UBI Banca Group Stand Alone (17,859 mln/€) + data of 3 Banks acquired in May 2017



**Net fee and commission income at 1,579 mln/€ in FY18, notwithstanding nearly 18 mln/€ of securitisation expense.**

**Excluding up-front and performance fees:**

**4Q18 is up by +4.4% vs 3Q18 and by +2.7% vs 4Q17**



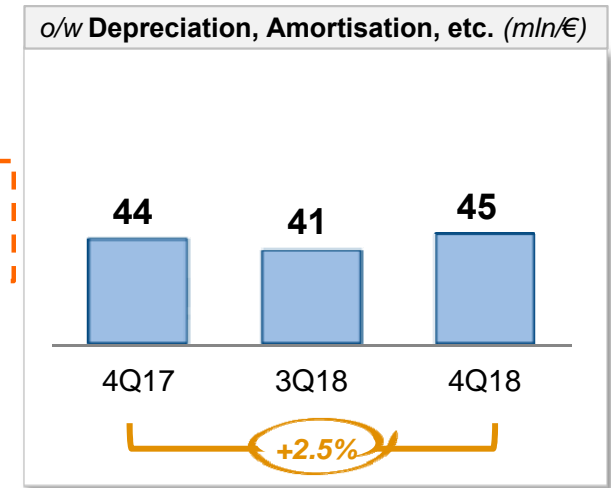
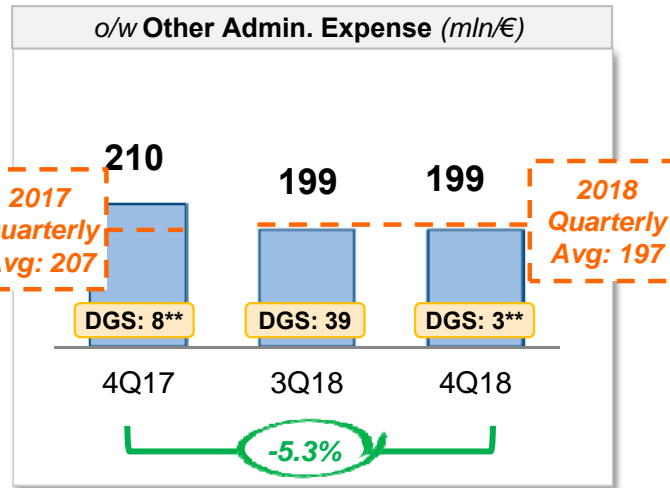
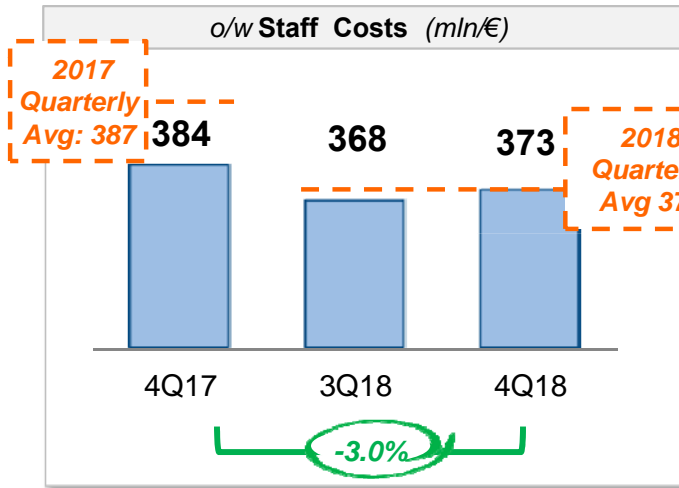
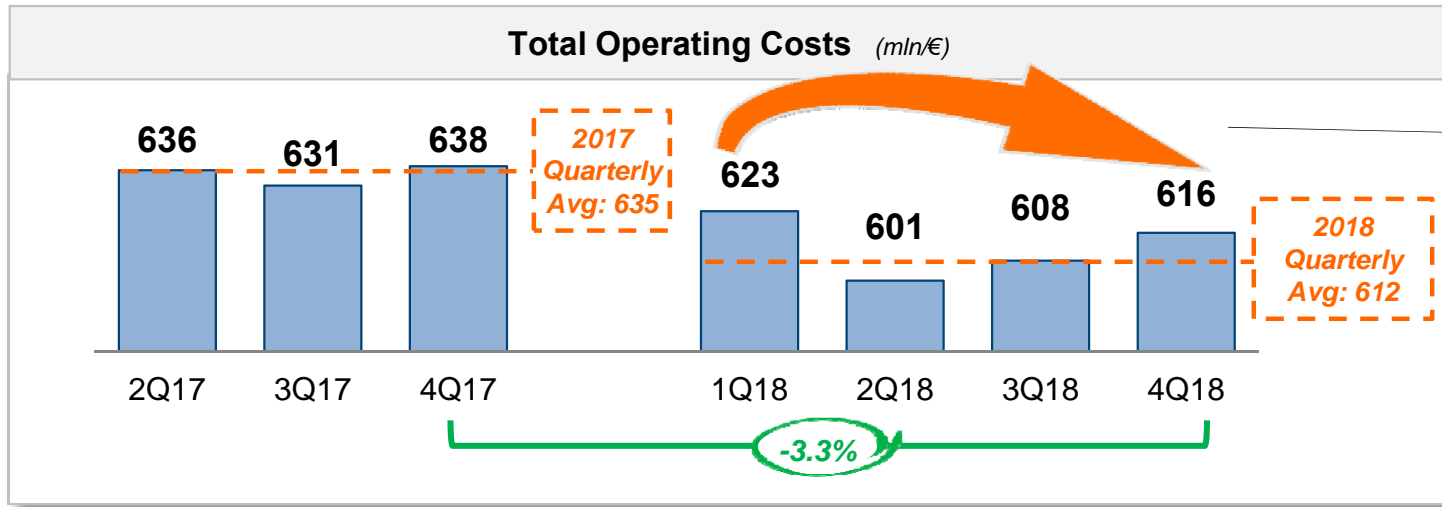
Thanks to good commercial performance during the year, fees from Management, trading and advisory services also include approx. 10 mln/€ end of year rappel fees related both to life and non life bancassurance

Banking related fees: gradual recovery thanks to repricing actions taken during the year, notwithstanding impact of synthetic securitisation fees

	4Q17	3Q18	4Q18
<i>Up-front fees / Net fee &amp; comm. income</i>	9.5%	10.0%	9.0%
<i>Performance fees / Net fee &amp; comm. income</i>	3.4%	0.9%	0.5%
<b>Volumes Placed in mln/€ (AUM and Bancassurance)</b>	<b>1,981</b>	<b>2,127*</b>	<b>1,582</b>

\* Definitive number vs estimate (2,007 mln/€) published on the 7<sup>th</sup> November 2018

# Operating costs at 2,448 mln/€ (o/w 84 mln/€ as compulsory contributions)\* Cost savings in 2018 vs 2017 over 90 mln/€



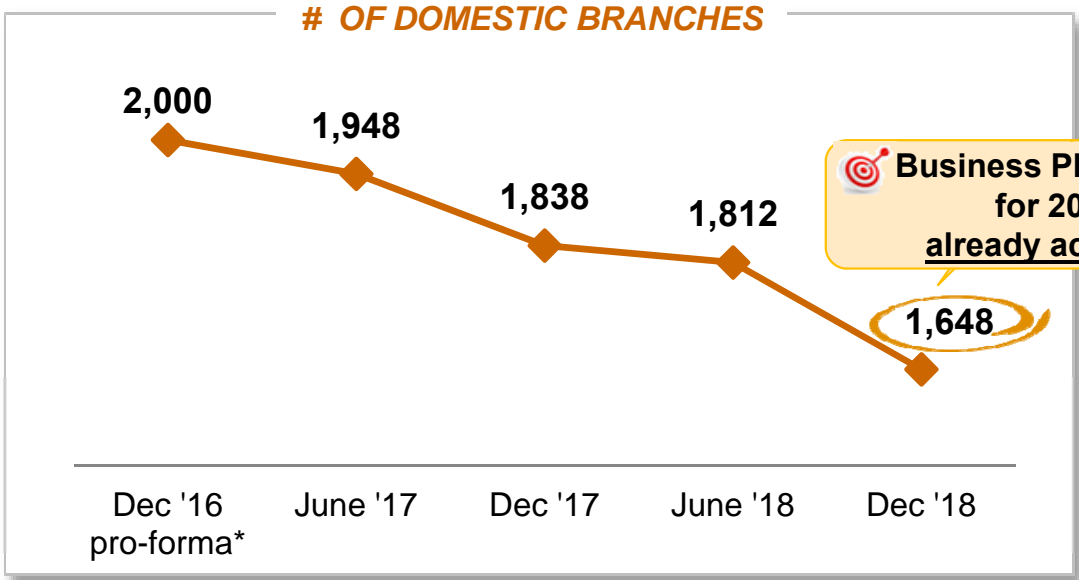
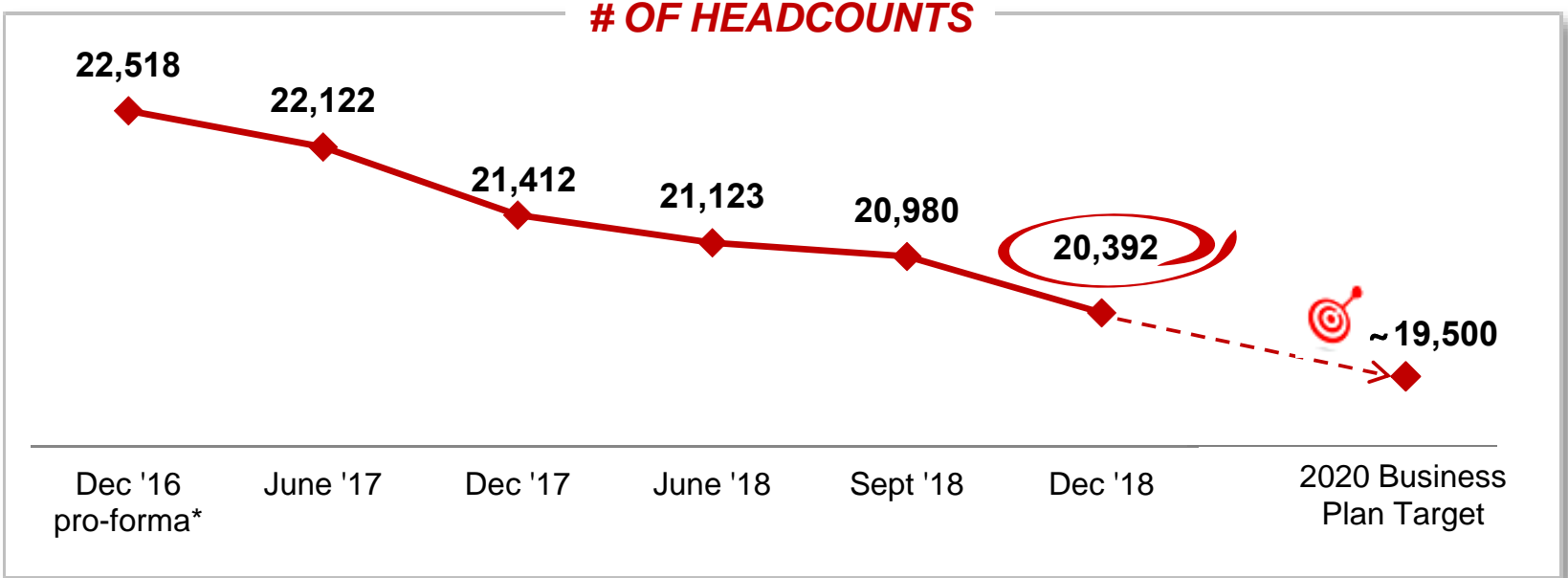
4Q18 includes 10.5 mln/ € of project expenses that were not present in 4Q2017

\* In FY18, 42 mln/€ contributed to SRF - Single Resolution Fund (o/w 13 mln/€ extraordinary) and 42 mln/€ to DGS - Deposit Guarantee Scheme

\*\* Adjustments of 3Q estimated amounts

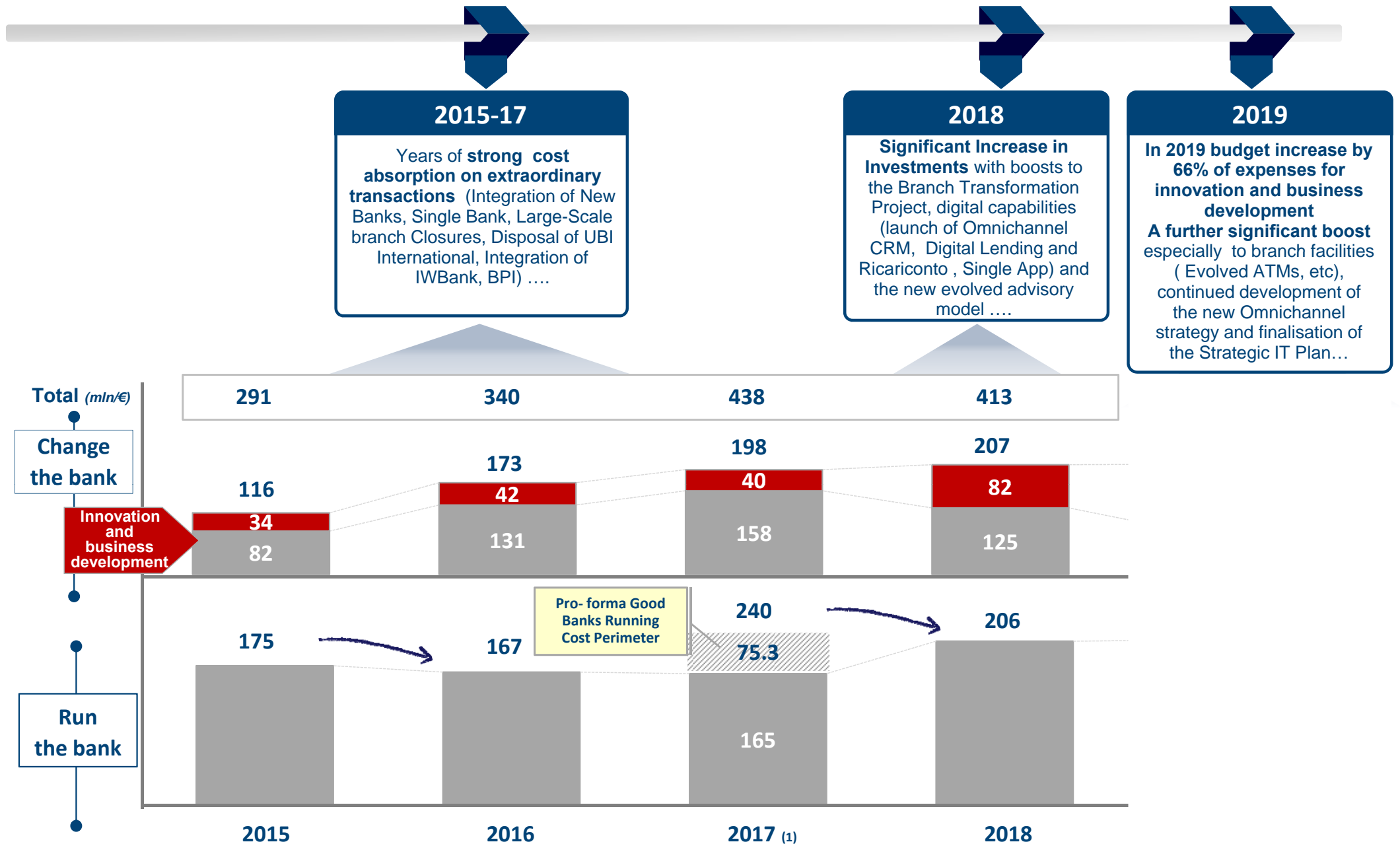
Note: 2017 Average based on the last 3 quarters of 2017 (same perimeter, including 3 Acquired Banks)

# Rationalisation of the Group well under way both in terms of headcounts and in terms of branches



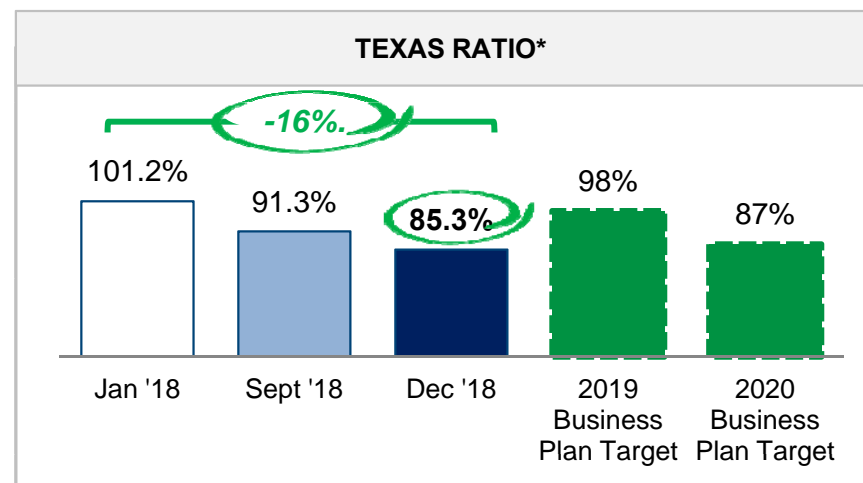
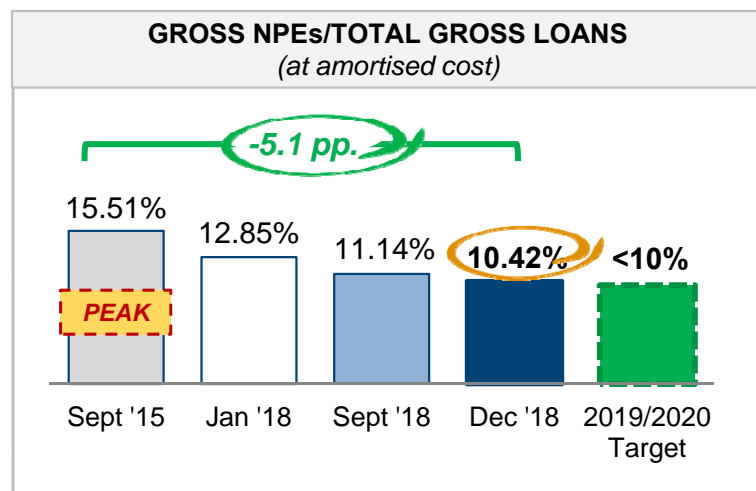
\* Dec '16 pro-forma and FY2016 pro-forma include UBI Banca Group Stand Alone + data of 3 Banks acquired in May 2017

# IT cost evolution: “Run the Bank” vs “Change the Bank”



(1) Pro-forma final figures to include the 3 acquired banks perimeter

# Significant progress in the convergence to 10% gross NPE ratio target: Over 850 mln/€ of reduction on top of the large scale disposals with and without GACS (the latter with a profit). Texas ratio at 85.3% (-16 percentage points vs Jan '18)



## Loans and advances to customers measured at amortised cost as at 31st December 2018

Figures in thousands of euro	Gross exposure		Impairment losses	Carrying amount	
<b>Non-performing exposures</b> (stage three)	<b>(10.42%)</b>	<b>9,716,770</b>	<b>3,740,806</b>	<b>(6.72%)</b>	<b>5,975,964</b>
- Bad loans	(5.81%)	5,423,214	2,655,439	(3.11%)	2,767,775
- Unlikely-to-pay loans	(4.53%)	4,222,577	1,078,162	(3.53%)	3,144,415
- Past-due loans	(0.08%)	70,979	7,205	(0.08%)	63,774
<b>Performing loans</b> (stages one and two)	<b>(89.58%)</b>	<b>83,562,023</b>	<b>550,391</b>	<b>(93.28%)</b>	<b>83,011,632</b>
<b>Total</b>		<b>93,278,793</b>	<b>4,291,197</b>		<b>88,987,596</b>

Coverage	Coverage including write-offs
<b>38.50%</b>	<b>46.01%</b>
48.96%	59.14%
25.53%	
10.15%	
<b>0.66%</b>	
<b>4.60%</b>	

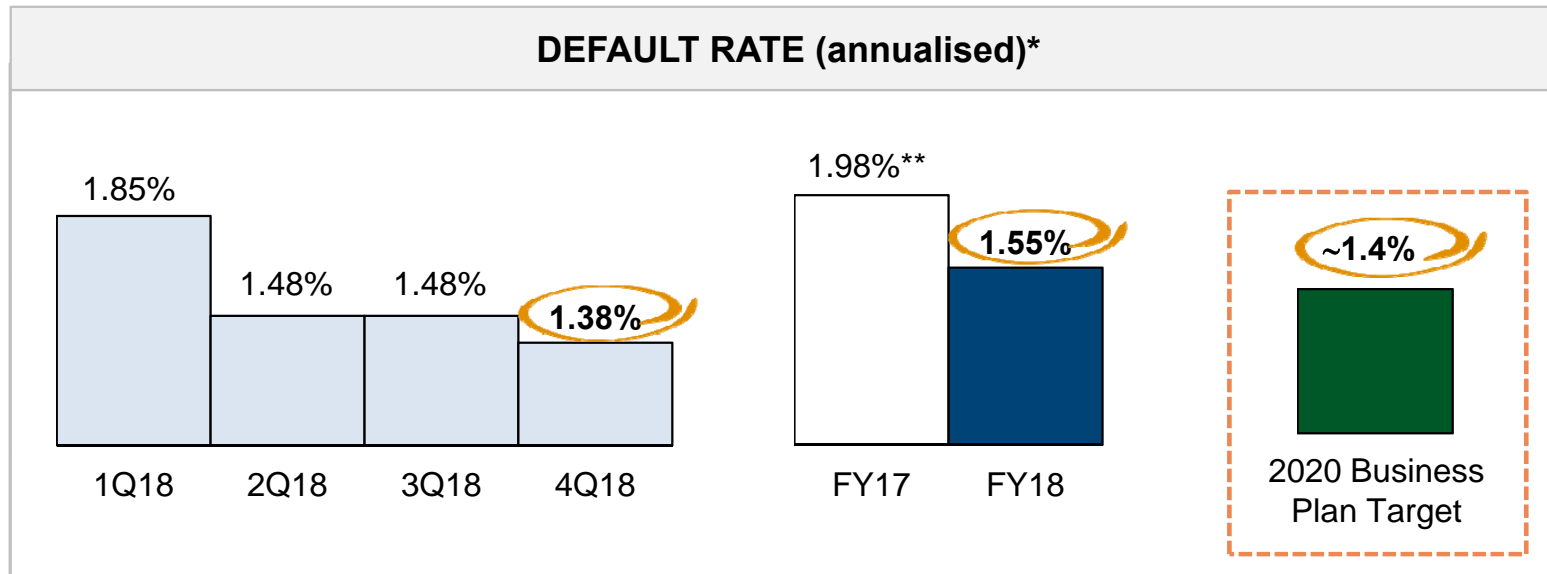
## Loans and advances to customers measured at amortised cost as at 30th September 2018

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

Coverage	Coverage including write-offs
<b>39.29%</b>	<b>45.55%</b>
51.00%	59.43%
25.12%	
10.15%	
<b>0.64%</b>	
<b>4.94%</b>	

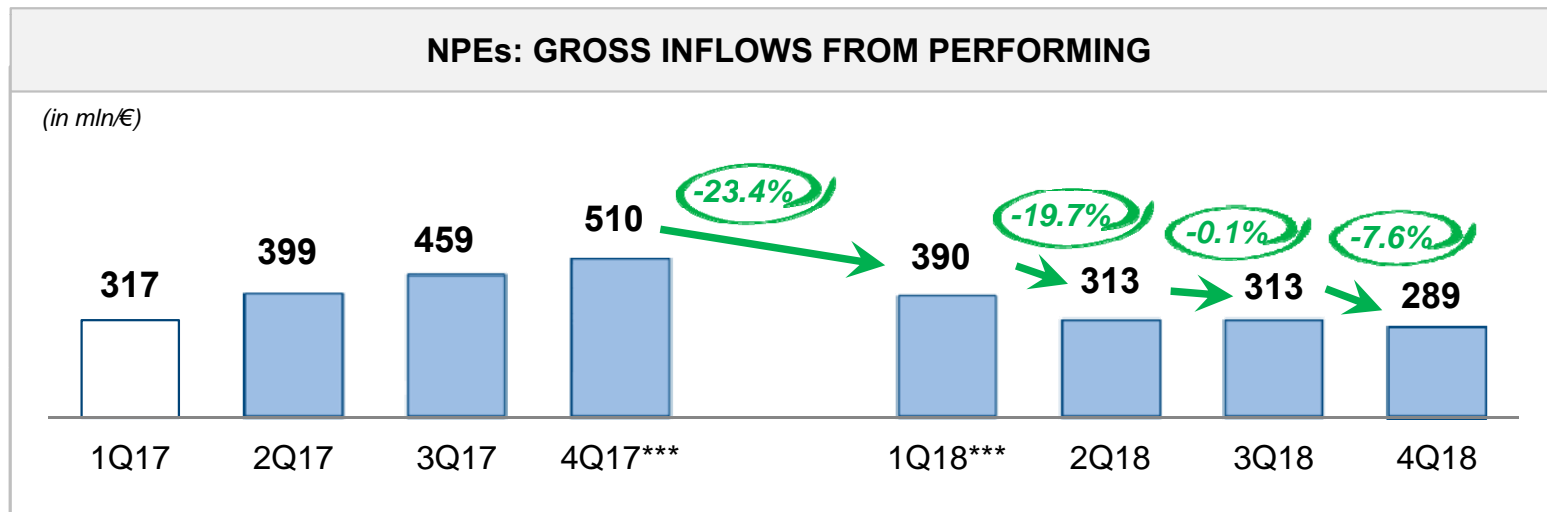
\* Calculated as net total non performing exposures/((net equity excluding profit and minorities)-total intangible assets)

# Relevant improvement in default rate and in gross inflows from performing



Default rate for FY2018 at 1.55%, lower than 1.98% for FY 2017

Exit from 2018 with an annualised default rate for 4Q18 of 1.38%, showing constant decrease and lower than BP target



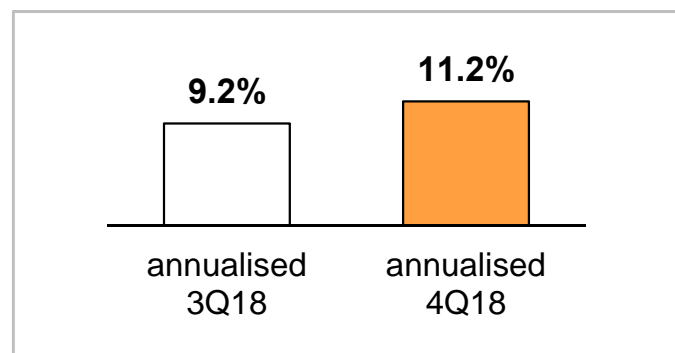
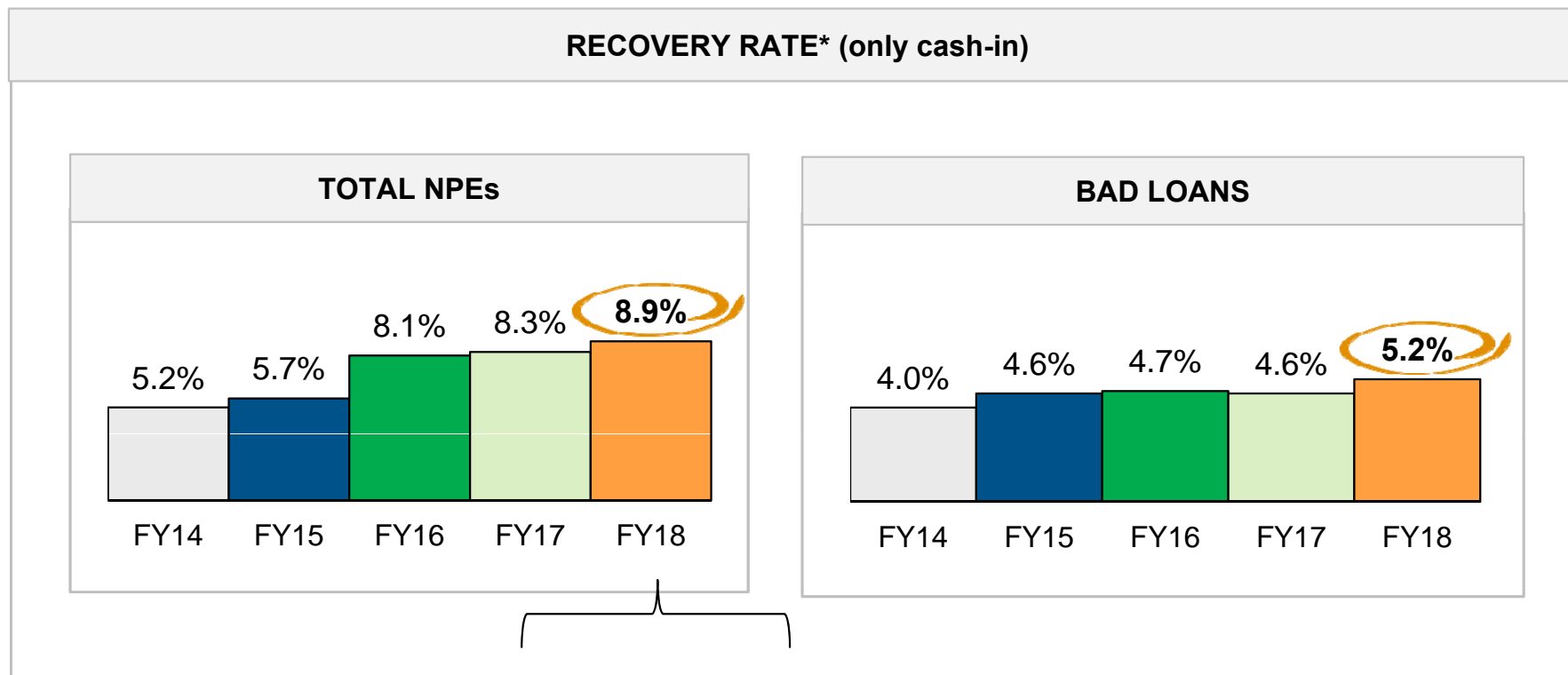
Gross inflows from performing to NPE lower in 4Q2018 than in 1Q2017 (UBI stand alone)

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

\*\* It considers 9 months for 3 Acquired banks and it not under IFRS9

\*\*\* Process to align NPEs on overlapping customers, and extension of automatism in use in UBI to 3 banks acquired started in 4Q17 and closed in 1Q18 following incorporation of the same banks

# Recovery rate growing year on year



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

- ❑ The macroeconomic scenario for the financial year 2019 is different from that forecast under the current Business Plan (negative market interest rates compared with a forecast of slightly positive interest rates in 2019, forecast growth in GDP of between 0.2% and 0.6% instead of 0.9% forecast under the Business Plan, wider credit spreads and uncertainties on domestic and international markets), with effects on operating income, which have already been factored-in in current consensus projections by the financial market.
- ❑ As concerns on the other hand operating expenses and credit quality, both are expected to produce, as in 2018, results which will beat and be significantly ahead of schedule with respect to Business Plan targets.  
In fact overall operating expenses for 2019, inclusive also of costs for the completion of redundancy schemes already programmed, are expected to contract further compared with 2018.
- ❑ According to the 2019 budget, total non-performing exposures are estimated to further substantially decrease compared with 2018 due both to the high level of credit recoveries and following further opportunistic disposals currently being considered. Loan provision levels are expected to contract compared with 2018.
- ❑ **The normalised profit, on the basis of which the dividend proposal is calculated, is estimated to grow in 2019 compared with 2018**, and does not include any use of DTAs, the allocation of which over time will be redefined in the light of the new Business Plan, indicatively scheduled for completion by the end of 2019.





# Capital Ratios as at 31<sup>st</sup> December '18.

**Common Equity Tier 1 Ratio at 11.70%, Total Capital Ratio at 13.80%**

<i>mIn€</i>	Sept '18	Dec '18
<b>Common Equity Tier 1 (after filters)</b>	<b>6,976.1</b>	<b>7,218.4</b>
Common Equity Tier 1 regulatory adjustments	-	-79.5
<i>of which negative elements for deduction excess of expected losses over impairment losses</i>		-54.1
<b>Common Equity Tier 1 Capital (CET1)</b>	<b>6,976.1</b>	<b>7,138.9</b>
<b>Additional Tier 1 before deductions</b>	-	-
Additional Tier 1 regulatory adjustments	-	-
<i>of which negative elements for deduction excess of expected losses over impairment losses</i>	-	-
<b>Additional Tier 1</b>	-	-
<b>Tier 1 Capital (CET 1 +Additional Tier 1)</b>	<b>6,976.1</b>	<b>7,138.9</b>
Tier 2 Capital before transitional provisions	1,505.0	1,330.5
<i>Tier 2 instruments grandfathering</i>		
<b>Tier 2 Capital after transitional provisions</b>	<b>1,505.0</b>	<b>1,330.5</b>
Tier 2 capital regulatory adjustments	-50.1	-49.0
<i>of which: negative elements for deduction excess of expected losses over impairment losses</i>		
<b>Tier 2 Capital</b>	<b>1,454.9</b>	<b>1,281.5</b>
<b>TOTAL OWN FUNDS</b>	<b>8,431.0</b>	<b>8,420.4</b>

<i>mIn€</i>	Sept '18	Dec '18
<b>Risk weighted assets</b>	<b>59,171.5</b>	<b>61,035.3</b>
<b>Total prudential requirements</b>	<b>4,733.7</b>	<b>4,882.8</b>
<i>Credit risk</i>	4,303.2	4,461.5
<i>CVA (Credit Value Adjustment) risk</i>	3.9	3.8
<i>Market risk</i>	75.7	67.6
<i>Operational risk</i>	351.0	350.0

<b>CET 1 ratio</b>		
	Sept '18	Dec '18
PHASED -IN	11.79%	11.70%
<b>FULLY LOADED</b>	<b>11.42%</b>	<b>11.34%</b>

<b>TOTAL CAPITAL ratio</b>		
	Sept '18	Dec '18
PHASED-IN	14.25%	13.80%
<b>FULLY LOADED</b>	<b>13.89%</b>	<b>13.44%</b>

- B3 Leverage as at 31<sup>st</sup> Dec '18:
  - ✓ phased in 5.45%
  - ✓ fully loaded 5.27%
- LCR and NSFR > 100%  
(also excluding TLTRO 2)

Consolidated income statement (in mln/€)	4Q17 (IAS 39)	1Q18 (IFRS 9)	2Q18 (IFRS 9)	3Q18 (IFRS 9)	4Q18 (IFRS 9)	4Q18 vs 4Q17	4Q18 vs 3Q18	FY18 (IFRS 9)
Net interest income	478.9	437.8	458.6	452.7	441.1	n.s.	(2.6%)	1,790.2
- of which: TLTRO2	68.8	12.6	12.7	12.8	12.8		(0.3%)	50.8
- of which: credit components (IFRS9 and PPA)		25.7	35.8	30.9	29.6		(4.3%)	122.0
- of which: IFRS9 contractual modifications without derecognition		(8.7)	(13.4)	(8.4)	(7.0)		(16.6%)	(37.4)
Net fee and commission income	395.0	407.3	400.6	380.5	390.6	(1.1%)	2.6%	1,579.1
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities as at fair value through profit or loss	67.5	34.0	22.1	(54.7)	(6.8)	n.s.	n.s.	(5.4)
Profits of equity-accounted investees	6.8	7.3	1.8	5.1	10.5	52.8%	103.9%	24.6
Dividends and similar income	2.7	5.1	3.2	0.1	14.4	429.5%	n.s.	22.9
Net income from insurance operations	3.7	5.5	5.5	4.0	2.0	(45.4%)	(50.4%)	17.0
Other net operating income/expense	28.5	28.4	23.4	24.9	14.2	(50.1%)	(43.0%)	90.9
<b>Operating income</b>	<b>983</b>	<b>925</b>	<b>915</b>	<b>813</b>	<b>866</b>	<b>n.s.</b>	<b>6.5%</b>	<b>3,519.3</b>
Staff costs	(384.3)	(375.5)	(374.3)	(367.9)	(372.9)	(3.0%)	1.4%	(1,490.6)
Other administrative expenses	(209.8)	(205.9)	(186.6)	(198.7)	(198.7)	(5.3%)	0.0%	(790.0)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(43.5)	(41.6)	(40.4)	(41.0)	(44.6)	2.5%	8.9%	(167.6)
<b>Operating expenses</b>	<b>(638)</b>	<b>(623)</b>	<b>(601)</b>	<b>(608)</b>	<b>(616)</b>	<b>(3.3%)</b>	<b>1.4%</b>	<b>(2,448.2)</b>
<b>Net operating income</b>	<b>346</b>	<b>302</b>	<b>314</b>	<b>205</b>	<b>250</b>	<b>n.s.</b>	<b>21.7%</b>	<b>1,071.1</b>
Net impairment losses for credit risk relating to:	(338.5)	(124.3)	(146.1)	(128.7)	(239.1)		85.9%	(638.3)
- financial assets measured at amortised cost: loans to banks		(1.7)	0.3	0.2	4.1		n.s.	2.9
- financial assets measured at amortised cost: loans to customers	(310.7)	(117.7)	(140.5)	(123.8)	(243.0)	(21.8%)	96.3%	(624.9)
- financial assets measured at amortised cost: loans and advances to customers subject to disposal		(0.3)	(3.2)	(3.9)	(10.5)		168.4%	(17.9)
- financial assets measured at amortised cost: securities		(0.1)	0.0	(0.6)	1.6		n.s.	0.9
- financial assets as at fair value through other comprehensive income	(27.8)	(4.6)	(2.0)	0.2	8.6		n.s.	2.2
- financial assets measured at fair value through other comprehensive income subject to disposal		0.0	(0.7)	(0.8)	0.0		n.s.	(1.5)
Net provisions for risks and charges - commitments and guarantees granted	24.2	11.1	3.5	(2.9)	12.3	(49.1%)	n.s.	23.9
Net provisions for risks and charges - other net provisions	1.5	(1.4)	(15.7)	(2.1)	14.8	n.s.	n.s.	(4.5)
Profits (losses) from the disposal of equity investments	(0.2)	0.8	0.2	0.3	4.1	n.s.	n.s.	5.3
<b>Pre-tax profit from continuing operations</b>	<b>32.6</b>	<b>188.4</b>	<b>155.8</b>	<b>71.8</b>	<b>41.7</b>	<b>n.s.</b>	<b>(41.8%)</b>	<b>457.6</b>
Taxes on income for the period from continuing operations	(8.2)	(61.4)	(55.6)	(26.2)	181.8	n.s.	n.s.	38.8
Profits/losses for the period attributable to non-controlling interests	(8.2)	(6.0)	(7.8)	(7.1)	(5.1)	(13.2%)	(28.5%)	(26.0)
<b>Profit for the period attributable to the Parent before Business Plan and other impacts</b>	<b>16.2</b>	<b>121.0</b>	<b>92.4</b>	<b>38.5</b>	<b>218.5</b>	<b>n.s.</b>	<b>467.4%</b>	<b>470.4</b>
Redundancy expenses net of taxes and non-controlling interests	(37.5)	0.2	(0.2)	(36.9)	(0.1)	(99.7%)	(99.7%)	(37.0)
Business Plan Project expenses net of taxes and non-controlling interests	(12.2)	(3.5)	(1.0)	(0.0)	(0.4)	(97.1%)	n.s.	(4.9)
New Banks Project expenses net of taxes and non-controlling interests	(2.9)				(2.9)	(0.3%)	n.s.	(2.9)
Negative consolidation difference	24.6					(100.0%)		
<b>Profit for the period</b>	<b>(11.9)</b>	<b>117.7</b>	<b>91.2</b>	<b>1.6</b>	<b>215.1</b>	<b>n.s.</b>	<b>n.s.</b>	<b>425.6</b>
<b>Profit for the period net of non-recurring</b>	<b>21.4</b>	<b>121.0</b>	<b>101.1</b>	<b>38.5</b>	<b>41.8</b>	<b>79.8%</b>	<b>8.6%</b>	<b>302.4</b>

# Contribution of non-recurring items to Net Profit

2018	Stated Net Profit	2017-2020 Business Plan		SRF extraordinary contribution	Italian Fincial Law	Interbank Deposit Protection Fund	Disposal of securities/equity investments	Impairment losses on property, plant and equipment	Total impact of non-recurring items	Normalised Net Profit
		Staff leaving incentives	Business plan project expenses							
1Q18	117.7	(0.2)	(3.5)						(3.7)	121.0
2Q18	91.2	0.2	(1.0)	(8.7)					(9.6)	101.1
3Q18	1.6	(36.9)	(0.0)						(36.9)	38.5
4Q18	215.1	(0.1)	(0.4)		186.4	(14.7)	5.0	(2.9)	173.3	41.8
<b>FY18</b>	<b>425.6</b>	<b>(37.0)</b>	<b>(4.9)</b>	<b>(8.7)</b>	<b>186.4</b>	<b>(14.7)</b>	<b>5.0</b>	<b>(2.9)</b>	<b>123.2</b>	<b>302.4</b>
<i>P&amp;L reference line</i>	(A)	<i>Redundancy expenses net of taxes and non-controlling interests</i>	<i>Business Plan Project expenses net of taxes and non-controlling interests</i>	<i>Other administrative expenses</i>	<i>Taxes on income for the period from continuing operations</i>	<i>Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities as at fair value through profit or loss</i>	<i>Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities as at fair value through profit or loss</i>	<i>Impairment losses on property, plant and equipment</i>	(B)	(A+B)

Note: items net of taxes and non-controlling interests

# Reclassified Consolidated Balance Sheet - Assets

Figures in thousands of euro		31.12.2018	1.1.2018	Changes	% changes
<b>ASSETS</b>					
10.	Cash and cash equivalents	735,249	811,578	-76,329	-9.4%
20.	Financial assets measured at fair value through profit or loss	1,463,529	1,979,802	-516,273	-26.1%
	1) loans and advances to banks	14,054	14,755	-701	-4.8%
	2) loans and advances to customers	274,262	362,425	-88,163	-24.3%
	3) securities and derivatives	1,175,213	1,602,622	-427,409	-26.7%
30.	Financial assets measured at fair value through other comprehensive income	10,726,179	12,435,307	-1,709,128	-13.7%
	1) loans and advances to banks	-	-	-	-
	2) loans and advances to customers	15	-	15	-
	3) securities	10,726,164	12,435,307	-1,709,143	-13.7%
40.	Financial assets measured at amortised cost	102,798,587	101,833,189	965,398	0.9%
	1) loans and advances to banks	10,065,772	7,814,815	2,250,957	28.8%
	2) loans and advances to customers	88,987,596	90,980,959	-1,993,363	-2.2%
	3) securities	3,745,219	3,037,415	707,804	23.3%
50.	Hedging derivatives	44,084	169,907	-125,823	-74.1%
60.	Fair value change in hedged financial assets (+/-)	97,429	-2,035	99,464	n.s.
70.	Equity investments	254,128	243,165	10,963	4.5%
80.	Technical reserves of reinsurers	-	347	-347	-100.0%
90.	Property, plant and equipment	1,965,234	1,811,743	153,491	8.5%
100.	Intangible assets	1,729,727	1,728,328	1,399	0.1%
	of which: goodwill	1,465,260	1,465,260	-	-
110.	Tax assets	4,210,362	4,184,524	25,838	0.6%
120.	Non-current assets and disposal groups held for sale	2,972	962	2,010	n.s.
130.	Other assets	1,278,717	1,451,059	-172,342	-11.9%
	<b>Total assets</b>	<b>125,306,197</b>	<b>126,647,876</b>	<b>-1,341,679</b>	<b>-1.1%</b>

# Reclassified Consolidated Balance Sheet - Liabilities and Equity

Figures in thousands of euro		31.12.2018	1.1.2018	Changes	% changes
<b>LIABILITIES AND EQUITY</b>					
10.	Financial liabilities measured at amortised cost	109,445,664	111,182,776	-1,737,112	-1.6%
	<i>a) due to banks</i>	17,234,579	16,733,006	501,573	3.0%
	<i>b) due to customers</i>	68,421,387	68,434,827	-13,440	0.0%
	<i>C) debt securities issued</i>	23,789,698	26,014,943	-2,225,245	-8.6%
20.	Financial liabilities held for trading	410,977	411,653	-676	-0.2%
30.	Financial liabilities designated as at fair value	105,836	43,021	62,815	146.0%
40.	Hedging derivatives	110,801	100,590	10,211	10.2%
50.	Fair value change in hedged financial liabilities (+/-)	74,297	-	74,297	-
60.	Tax liabilities	162,272	240,908	-78,636	-32.6%
80.	Other liabilities	3,092,941	2,694,744	398,197	14.8%
90.	Provision for post-employment benefits	306,697	350,779	-44,082	-12.6%
100.	Provisions for risks and charges:	505,191	624,612	-119,421	-19.1%
	<i>a) commitments and guarantees granted</i>	64,410	88,347	-23,937	-27.1%
	<i>b) pension and similar obligations</i>	91,932	137,213	-45,281	-33.0%
	<i>c) other provisions for risks and charges</i>	348,849	399,052	-50,203	-12.6%
110.	Technical reserves	1,877,449	1,780,701	96,748	5.4%
120.+150.+ 160. +170.+180	Share capital, share premiums, reserves, valuation reserves and treasury shares	8,737,680	8,447,847	289,833	3.4%
190.	Minority interests (+/-)	50,784	79,688	-28,904	-36.3%
200.	Profit for the year (+/-)	425,608	690,557	-264,949	-38.4%
<b>Total liabilities and equity</b>		<b>125,306,197</b>	<b>126,647,876</b>	<b>-1,341,679</b>	<b>-1.1%</b>

# Portfolio breakdown: Italian Govies Maturities and Sovereign Exposures

	30 Sept 2018			TOTAL	31 Dec 2018			TOTAL	% Change of TOTAL amounts
	FVTPL (fair value through profit or loss)	FVOCI (fair value through other comprehensive income)	FVAC (fair value measured at amortised cost)		FVTPL (fair value through profit or loss)	FVOCI (fair value through other comprehensive income)	FVAC (fair value measured at amortised cost)		
Amounts in mln/€									
Financial Assets (Securities)	1,173	10,640	3,629	15,442	1,175	10,726	3,745	15,647	1.3%
o/w Italian Govies	41	6,276	2,996	9,313	12	6,276	3,112	9,399	0.9%
Financial Liabilities held for trading				347				411	18.4%

Maturity of the Italian Govies Portfolio					
Amounts in mln/€	FVTPL	FVOCI	FVAC	TOTAL 31.12.18	TOTAL 30.09.18
	2018				
2019	5	18		23	37
2020-2021	2	93		95	282
2022-2025	3	3,932	275	4,210	3,991
2026-2030	1	1,845	998	2,843	2,756
From 2031 and over	0	389	1,838	2,227	2,228
<b>Total portfolio</b>	<b>12</b>	<b>6,276</b>	<b>3,112</b>	<b>9,399</b>	<b>9,313</b>
% of portfolio on total Italian Govies	0.1%	66.8%	33.1%	100%	

Main sovereign exposures as at 31 Dec 2018				
Portfolio:	Consolidated*			o/w Insurance
	o/w Govies	o/w Corporates and banks	o/w Loans	Govies
Amounts in bln/€				
Italy	9,405**	935	1,019	1,210**
Spain	1,197	91	-	249
U.S.A.	1,557	163	-	1
Portugal	118	-	-	34
<b>Main 4 countries</b>	<b>12,277</b>	<b>1,189</b>	<b>1,019</b>	<b>1,494</b>
<b>% on total amount</b>	<b>97.5%</b>	<b>59.8%</b>	<b>98.2%</b>	<b>98.9%</b>

\* The analysis excludes equity holdings and UCITs (overall 0.6 bln/€)

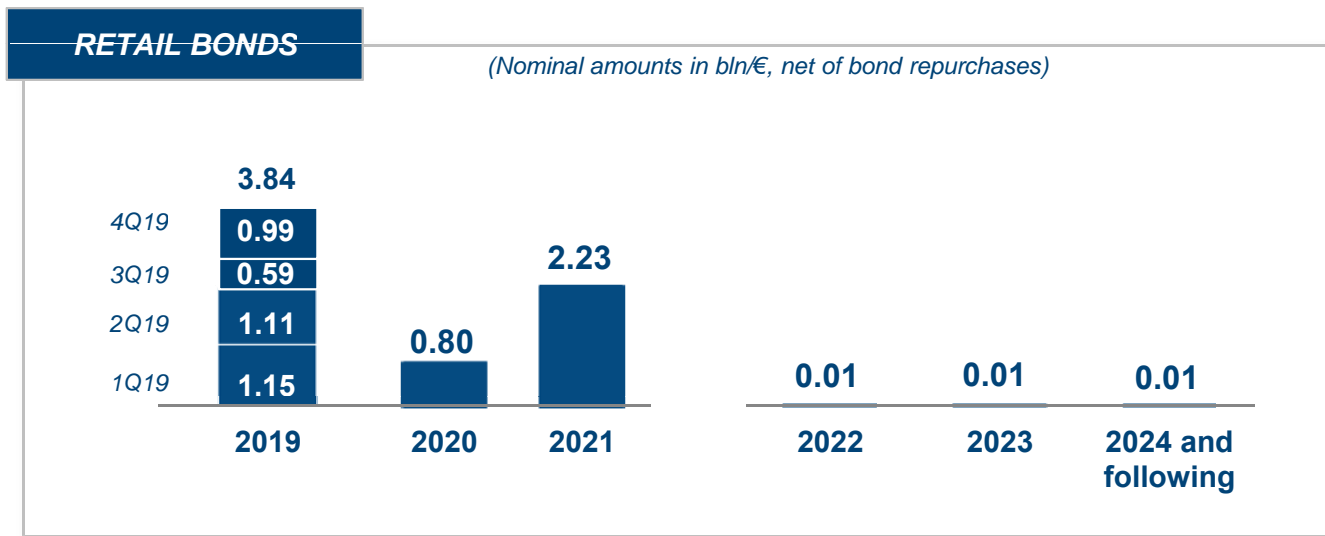
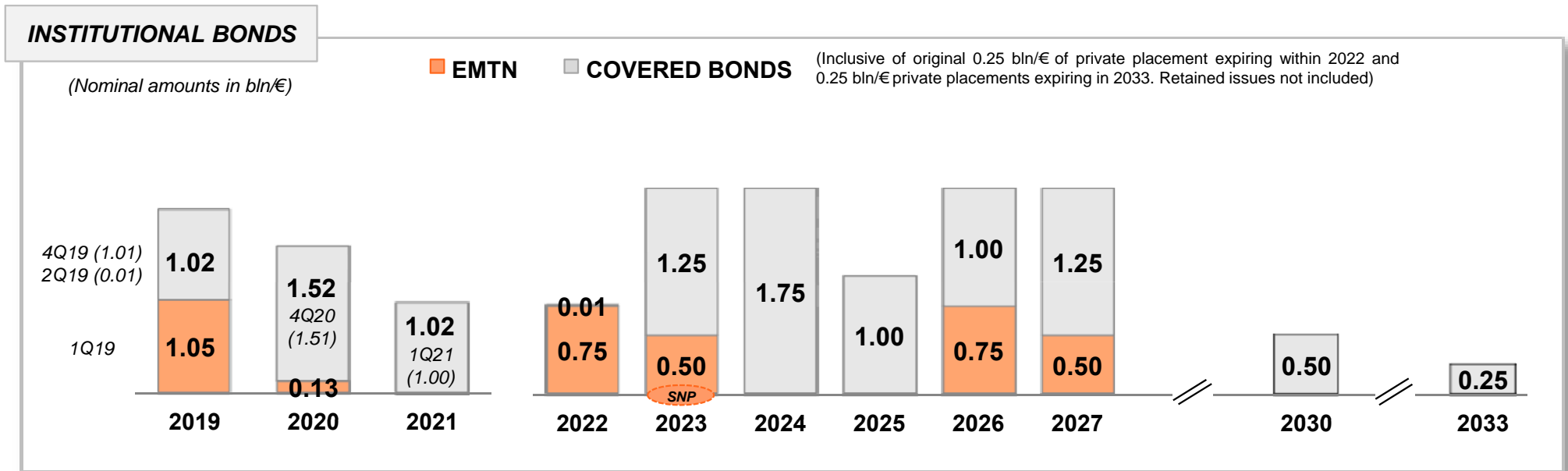
\*\* Including Cassa Depositi e Prestiti bonds amounting to 6.1 mln/€ (consolidated figure, o/w nearly 3.7 mln/€ referred to insurance business)

# Direct funding at 92.2 bln/€

IAS amounts in bln/€		1 Jan '18	30 Sept '18	31 Dec '18	
D I R E C T	<b>...from ORDINARY CUSTOMERS</b>	<b>80.41</b>	<b>76.72</b>	<b>75.78</b>	Current accounts and deposits up vs 1.1.2018 and stable in 4Q2018
	<i>of which</i>				
	<i>Current accounts and deposits</i>	64.26	65.89	65.89	Partial replacement of retail bonds during the year, (replaced approx. 2.2 billion)
	<i>Term deposits, financing &amp; other payables</i>	4.18	2.32	2.32	
	<i>Bonds issued</i>	10.83	8.00	7.21	
	<i>Certificates of deposit</i>	1.14	0.51	0.37	
F U N D I N G	<b>...from INSTITUTIONAL CUSTOMERS</b>	<b>14.03</b>	<b>17.23</b>	<b>16.43</b>	
	<i>of which</i>				
	<i>Covered Bonds</i>	9.48	10.70	12.47	
	<i>EMTN</i>	4.55	4.49	3.75	
	<i>Repos with CCG and other</i>	-	2.05	0.22	
	<b>TOTAL DIRECT FUNDING</b>	<b>94.44</b>	<b>93.96</b>	<b>92.21</b>	
	<b>INDIRECT FUNDING</b>	<b>96.47</b>	<b>98.75</b>	<b>94.74</b>	4Q2018 impacted by approx. -€4bln of negative market performance on AUM and AUC
	<i>of which</i>				
	<i>AuM</i>	43.84	44.53	41.60	
	<i>Bancassurance</i>	21.60	24.72	24.69	
	<i>AuC</i>	31.02	29.51	28.45	
	<b>TOTAL FUNDING (DIRECT +INDIRECT)</b>	<b>190.91</b>	<b>192.71</b>	<b>186.95</b>	



# Funding maturity profile: regular maturities, no peaks



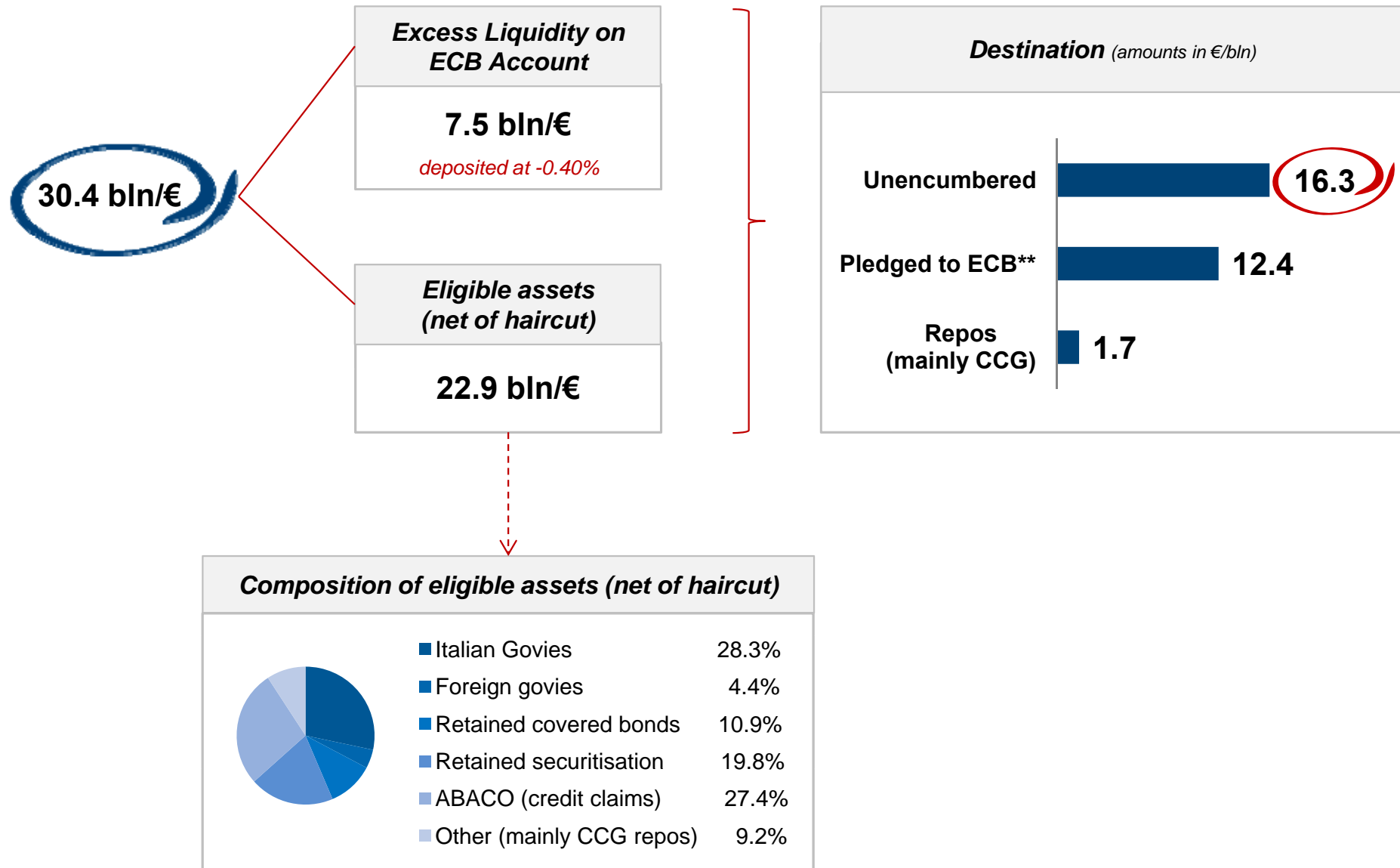
### MATURED IN 2018

	1Q18	2Q18	3Q18	4Q18
EMTN	0.23	0.11	0.20	0.88
Covered bonds	-	0.01	-	0.01
<b>Retail bonds</b>	<b>1.22</b>	<b>1.33</b>	<b>1.30</b>	<b>1.39</b>

Data as at 31<sup>st</sup> Dec '18

Note: as per the 3 banks acquired, in Dec '18 there are in place 3 securitisations for a market outstanding amount of approx. 0.23 bln/€ (In Dec '16, there were 11 securitisations, most of which highly amortised and redeemed ahead of maturity)

# Liquidity resources at 30.4 bln/€\*, i.e. over 45% of current accounts and deposits



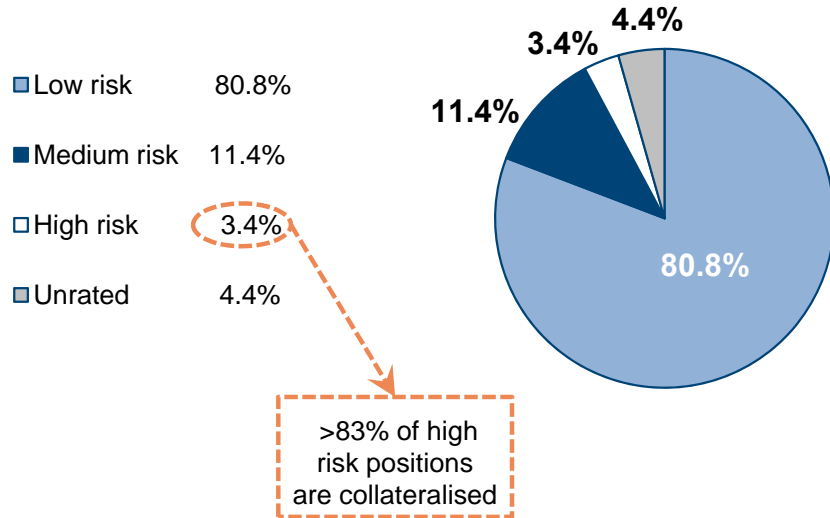
\* Data as at 31<sup>st</sup> December '18, net of amount pledged against minor guarantees (0.3 bln/€)

\*\* 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 5<sup>th</sup> June 2018, in compliance with Decision (EU) 2016/810 of the ECB

# Focus on Performing Loans

## BREAKDOWN OF GROSS PERFORMING PORTFOLIO UNDER AIRB (loans at amortised cost and at fair value through profit or loss)

as at 31 Dec '18



## GEOGRAPHICAL DISTRIBUTION OF NET LOANS as at 31 Dec '18 (latest available data)

