

# The UBI Banca Group Consolidated Results as at 30<sup>th</sup> June 2015

*7<sup>th</sup> August 2015*

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### Methodology

*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.*

## Executive Summary

1

**Balance sheet indicators show top quality in terms of capital, liquidity and leverage**

2

**Profit net of non recurring items to 136 million, the highest half year results since 2H2008 notwithstanding the inclusion of the estimated annual contribution to the Resolution Fund  
Stated Profit for the period to 124.4 million (+17.2% vs 106.2 in 1H2014)**

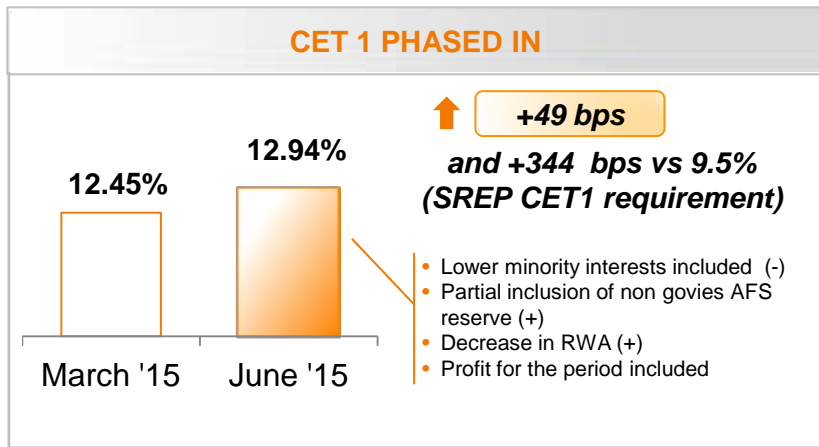
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**First positive results of the commercial effort, to be intensified in 2H2015:  
Lending +0.8% vs March 2015 and -0.4% vs Dec 2014  
Strength of new origination in medium term loans in Network Banks: +49.22% y/y, with positive growth indicators in all segments. Replacement rate in 1H2015 119%.  
AUM and Insurance products growing respectively 18.7% and 13.7% vs 1H2014 reflected in 15.5% growth in securities related commissions**

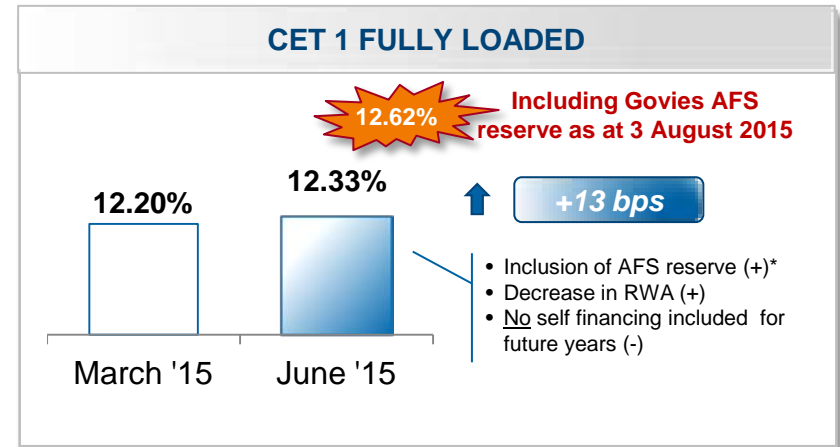
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**Asset quality confirmed with progressively growing coverage**

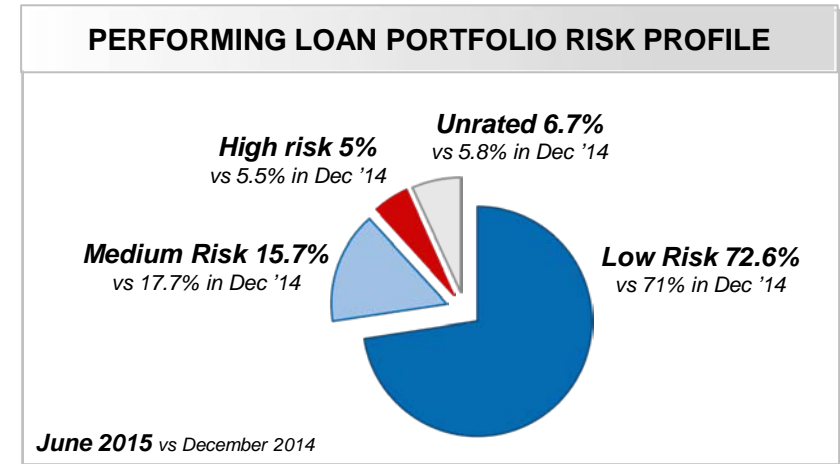
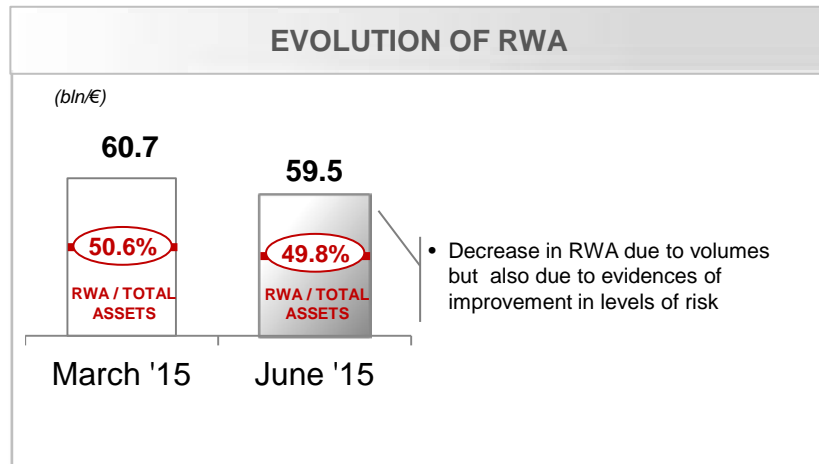
# Strength of Capital ratios confirmed, CET1 phased in at 12.94%, further de-risking of the lending portfolio



See annex 2



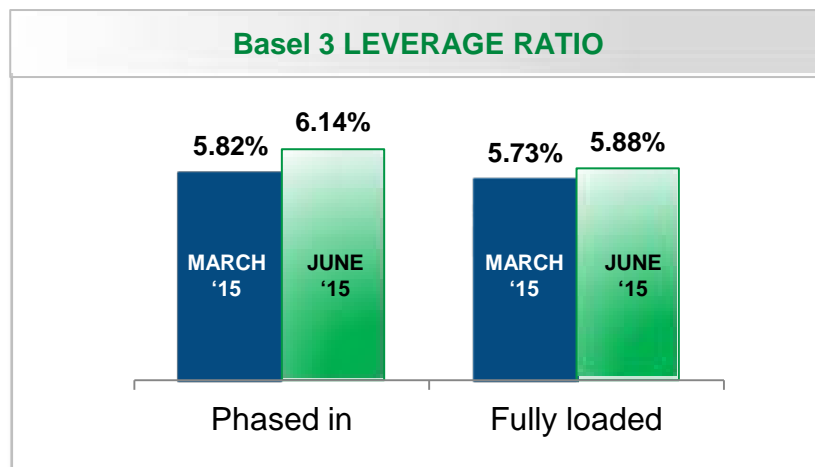
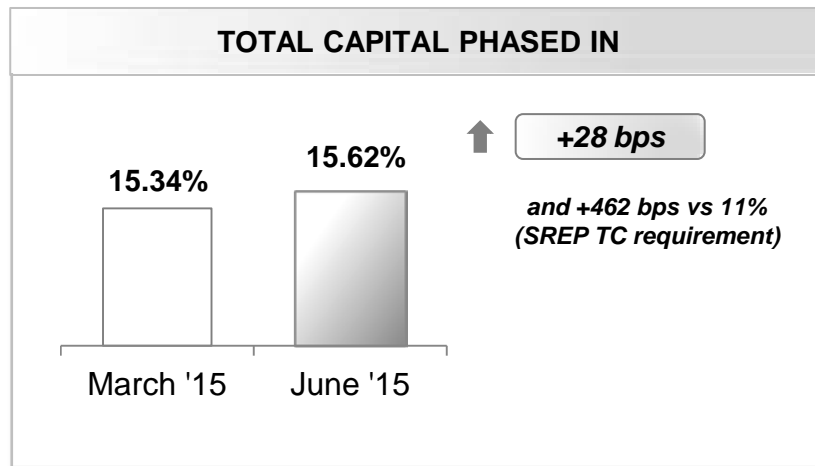
\* The Greek crisis impacted negatively for over 30 bps in June 2015 vs March 2015, fully recovered at the date of this presentation



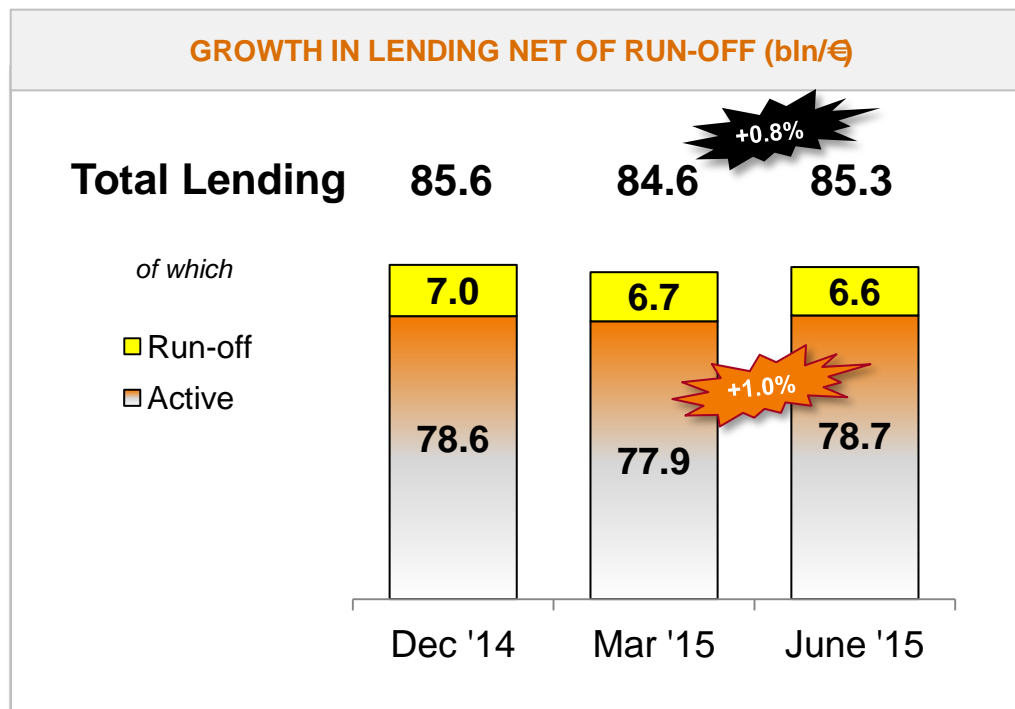
Perimeter: Network Banks + UBI Banca (IRB perimeter)

On the basis of supervisory regulations, the calculation of capital ratios as at 31<sup>st</sup> March 2015 does not include profit for the period and the consequent changes in filters and deductions

## Strength of Balance Sheet ratios confirmed



## Net of portfolio in run off, lending grows both compared to Dec 2014 and to March 2015



Note: portfolio in run-off includes medium/long term and short term lending

# Core lending in Network Banks (Retail, Corporate and Private) grows by 0.8 billion since Dec 2014, sustained by strong new origination

		€ bln, end date			% change vs	
		Dec '14	Mar '15	June '15	Dec '14	Mar '15
<b>RETAIL</b>	Private Customers	21.0	21.0	21.1	0.8%	0.7%
	Small business	13.4	13.5	13.4	-0.5%	-0.8%
	UBI Banca (former Banca 24/7)*	5.4	5.2	5.0	-5.8%	-2.5%
	Prestitalia	1.9	1.8	1.7	-13.5%	-7.1%
	<b>Total Retail</b>	<b>41.6</b>	<b>41.4</b>	<b>41.2</b>	<b>-1.1%</b>	<b>-0.6%</b>
<b>CORPORATE</b>	Core corporate	14.2	14.3	14.5	2.0%	1.2%
	Large corporate	8.1	8.0	8.5	5.2%	6.2%
	UBI Banca (former Centrobanca)	4.9	4.8	4.7	-4.3%	-2.7%
	<b>Total Corporate</b>	<b>27.2</b>	<b>27.1</b>	<b>27.6</b>	<b>1.8%</b>	<b>2.0%</b>
<b>PRIVATE</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>2.6%</b>	<b>0.7%</b>	
<b>OTHER**</b>	<b>16.1</b>	<b>15.3</b>	<b>15.7</b>	<b>-2.2%</b>	<b>2.5%</b>	
of which:						
UBI Leasing	6.9	6.8	6.8	-2.4%	-0.7%	
UBI Factor	2.0	2.0	2.1	2.3%	2.9%	
UBI Banca***	1.6	1.3	1.7	5.8%	26.7%	
<b>TOTAL NET LENDING BOOK</b>	<b>85.6</b>	<b>84.6</b>	<b>85.3</b>	<b>-0.4%</b>	<b>0.8%</b>	

Small business: turnover up to €15 mln  
 Core Corporate: turnover from €15 to €250 mln  
 Large Corporate: turnover > €250 mln

-0.4 bln/€ run off stocks

## TLTRO positive effect

Approx. 6.1 bln/€ TLTRO taken in Dec '14/Mar '15

Loans disbursed:

- 3 bln/€ as at end June
- 4 bln/€ as at end July

## New originations in Medium-Long Term lending in Network Banks: +49.22% (1H15 vs 1H14)

of which:

Corporate	+95.5%
Retail-Private	+29.0%
Retail-Small Business	+30.8%

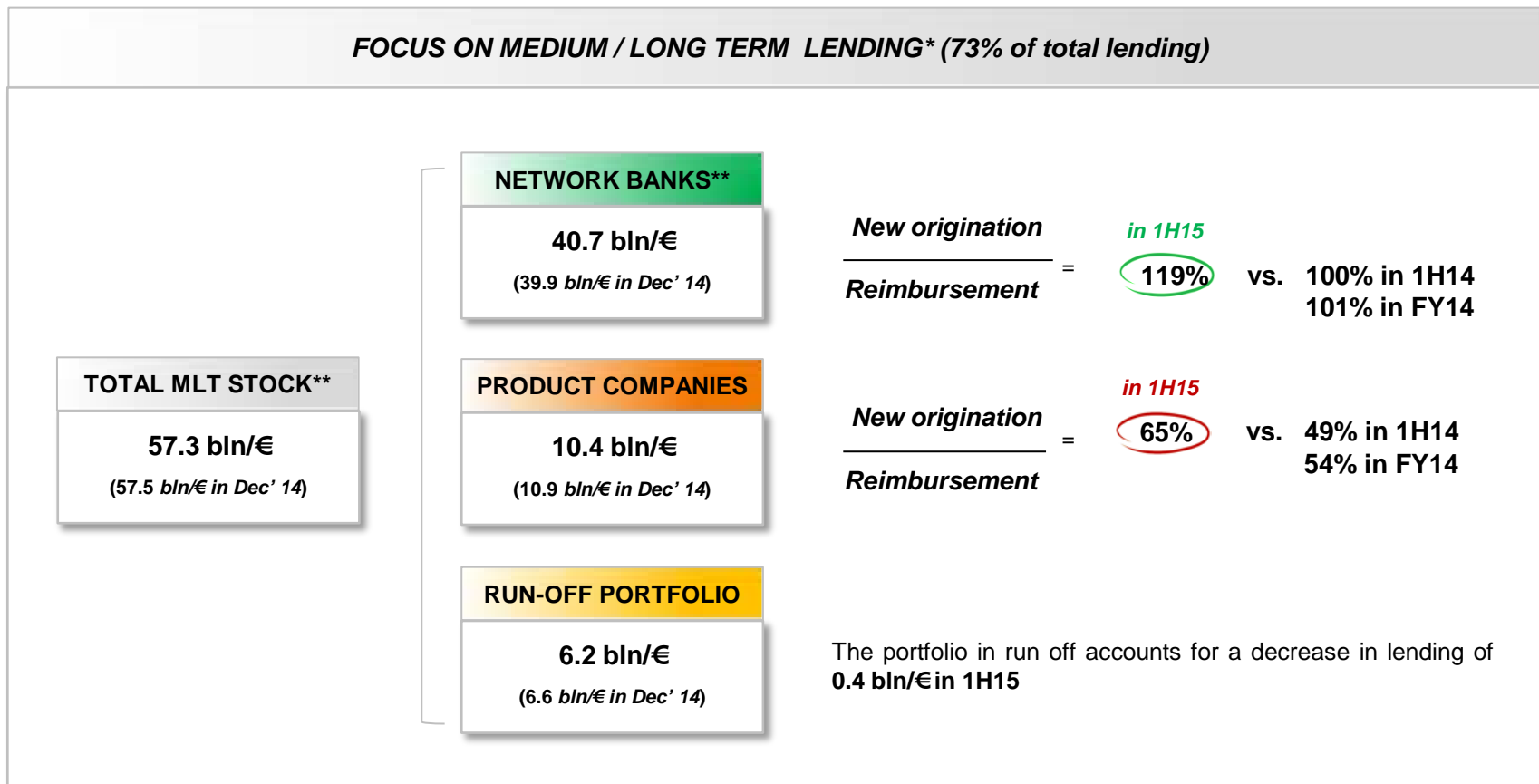
\* Following the merger of Banca 24/7 in UBI Banca, effective July 2012, UBI Banca is managing the remaining stock of non captive mortgages and personal and special purpose loans. Prestitalia is managing all "salary backed loan" operations, both stocks and new lending

\*\* Minor companies, UBI Banca financial transactions, IAS adjustments, loans not segmented to commercial portfolios and intercompany eliminations

\*\*\* Repos with CCG for the investment of liquidity made by UBI Banca and higher margins on liability repos

# Significant improvement in new Medium to Long Term lending inflows in 1H15, replacement rate 119% in Network Banks, 65% in Product Companies

## FOCUS ON MEDIUM / LONG TERM LENDING\* (73% of total lending)



NOTE: Numerator includes new disbursements, denominator includes reimbursements and exits to non performing.

\* Management accounts, excluding Bad Loans and IAS effect

\*\* Excludes UBI Banca Private Investment (merged with IW Bank in May 2015)



# Solid liquidity position allows optimal management and flexibility of funding mix

<i>IAS amounts in bln€</i>	Dec '14	March '15	June '15	% change vs. Dec '14
<b>DIRECT FUNDING FROM ORDINARY CUSTOMERS</b>	<b>74.0</b>	<b>72.7</b>	<b>71.7</b>	<b>-3.0%</b>
Current accounts and deposits	44.3	44.1	44.7	0.8%
Term deposits, other payables and repos	1.8	1.7	1.6	-12.3%
Securities in issue:				
<i>Network banks + UBI</i>	23.6	22.9	21.7	-8.0%
<i>Extra-captive customers*</i>	3.3	3.2	3.2	-1.9%
<i>Other (mainly customer CDs)</i>	1.0	0.7	0.5	-43.8%
<b>DIRECT FUNDING FROM INSTITUTIONAL CUSTOMERS</b>	<b>19.3</b>	<b>18.4</b>	<b>22.6</b>	<b>17.4%</b>
Covered Bonds	9.8	9.8	9.7	-1.2%
EMTN	3.1	3.1	3.1	-0.6%
CD and ECP	0.8	0.5	0.7	-10.9%
Repos with CCG	5.5	5.0	9.1	64.4%
<b>TOTAL DIRECT FUNDING</b>	<b>93.2</b>	<b>91.1</b>	<b>94.3</b>	<b>1.2%</b>

See annex 6

- Careful management of cost of funding allowed by strong group liquidity:

1. increase in lower cost current accounts and deposits, also due to the presence of excess liquidity to be invested

2. customer move from low yield retail bonds to higher return products (AUM)

saving over 49 mln/€ in 1H15 vs 1H14 and over 6 mln/€ 2Q15 vs 1Q15

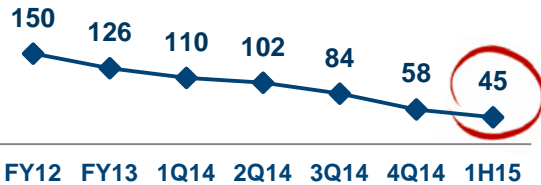
- Higher recourse to CCG at negative rates

\* Bonds placed on third party banks networks

# Less than 5.2 bln/€ maturities of Retail and Institutional bonds in 2H15

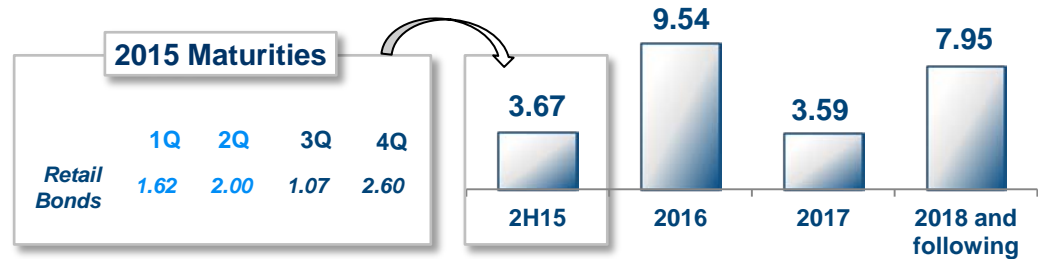
## RETAIL BONDS: NEW ISSUANCES

Decreasing spreads vs. 6M Euribor (bps)



## RETAIL BONDS: Maturity Profile

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

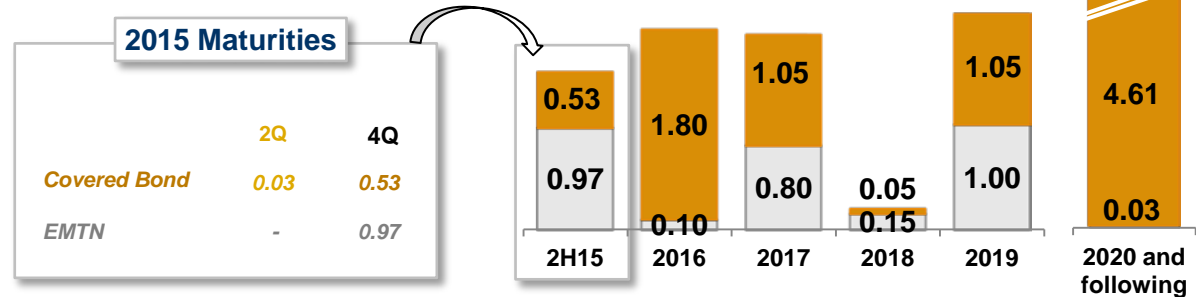


## INSTITUTIONAL BONDS: Maturity Profile

(Nominal amounts in € bln)

- 2015 maturities concentrated in 4Q
- Bond maturities well planned and distributed over time

■ EMTN    ■ COVERED BONDS\*



\* Inclusive of original 0.5 bln/€ of private placement with BEI expiring within 2022. Further 1.4 bln/€ retained issue not included

# AuM +18.7% and Bancassurance products +13.1% vs June '14, drive +15.5% increase in securities related commissions

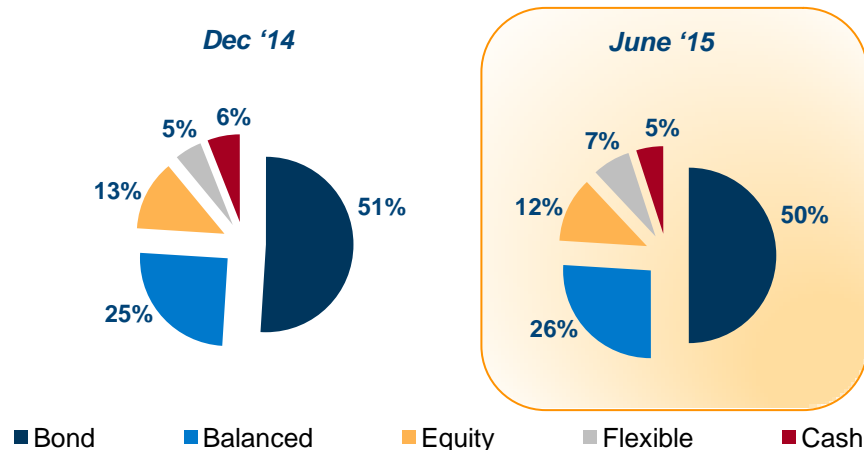
## Indirect Funding Evolution

bln/€	June '14	Dec '14	Mar '15	June '15	% change vs June '14	% change vs Dec '14
AuM	28.7	30.7	34.2	34.0	<b>18.7%</b>	<b>10.7%</b>
Bancassurance	12.1	12.6	13.3	13.8	<b>13.7%</b>	<b>9.1%</b>
AuC	32.9	32.5	33.9	31.3	<b>-4.9%</b>	<b>-3.8%</b>
<b>Total Indirect Funding</b>	<b>73.7</b>	<b>75.9</b>	<b>81.4</b>	<b>79.1</b>	7.3%	4.2%

- Even though volumes are impacted by market valuations in June '15 (Greek crisis), relevant increase is confirmed both compared to June 14 and to Dec 14
- Positive impact on commission income from securities, moving to 372 mln/€ in 1H15 from 323 in 1H14

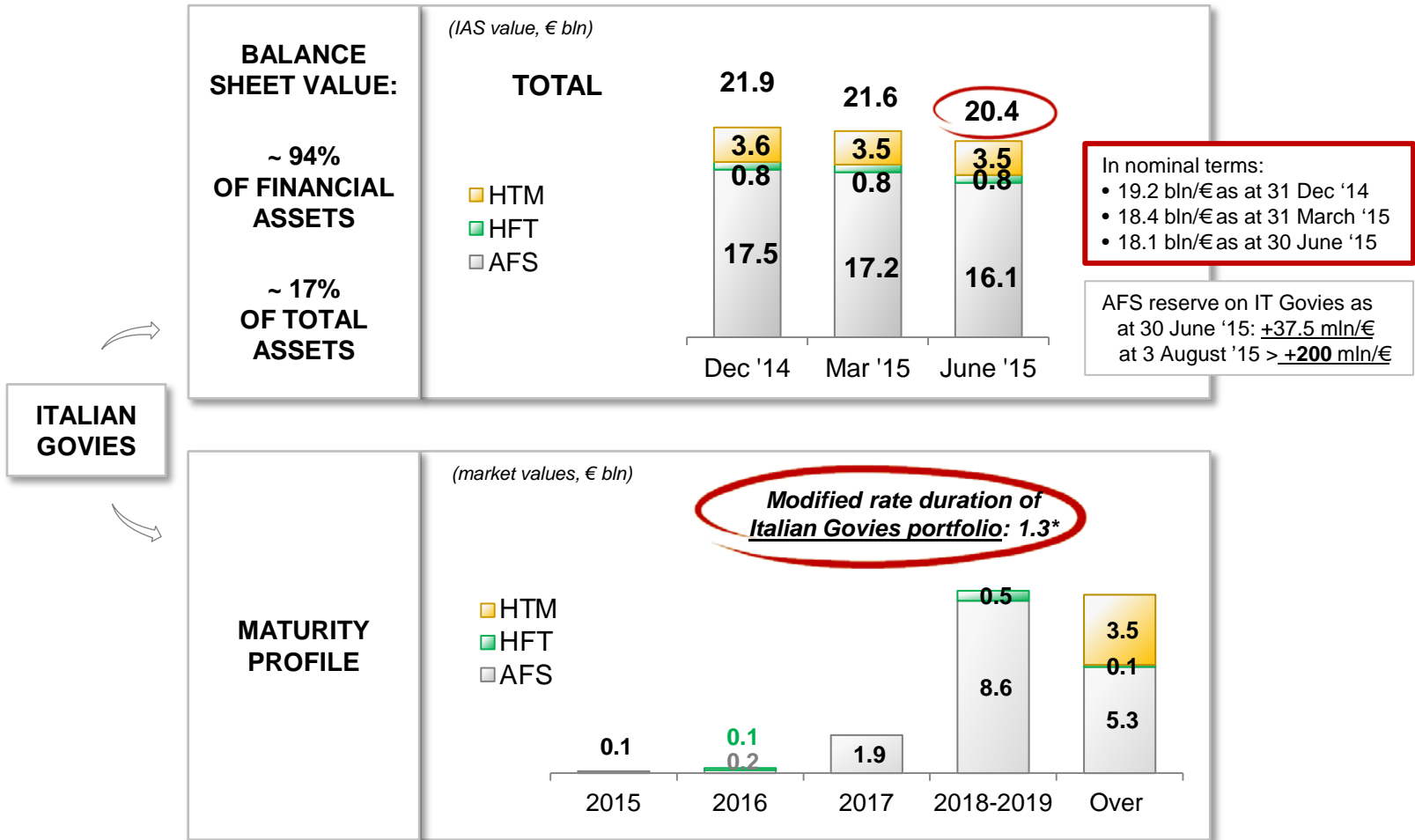
Market effect June'15 vs Mar' 15:  
 AuM: -1.0 bln/€  
 AuC: -1.7 bln/€  
 Total indirect funding: -2.7 bln/€

## UBI Pramerica SGR AUM Composition



# The Italian Govies portfolio: after 4Q14 significant maturities, replaced with lower yield bonds, no relevant maturities in 2015.

## Progressive downsizing of the Italian Govies Portfolio



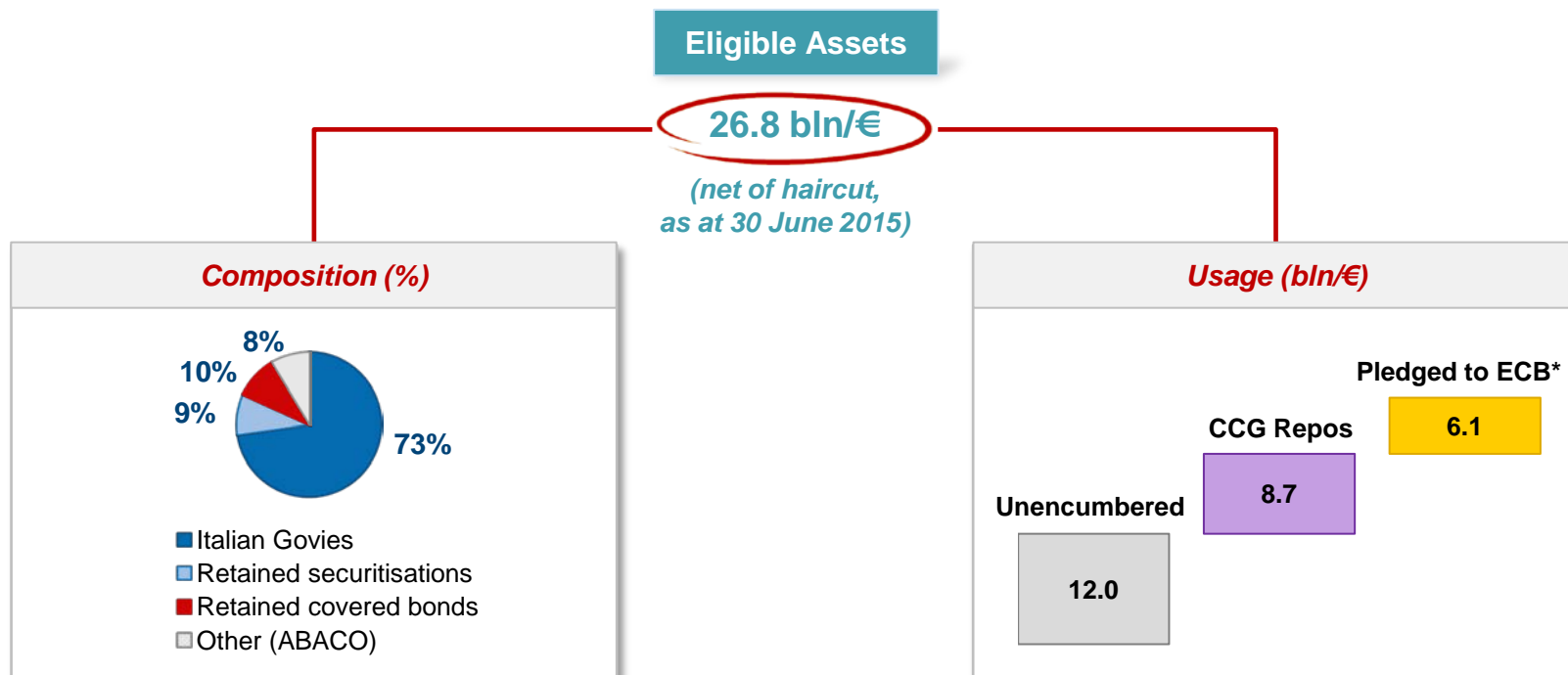
\* 76.6% of the AFS portfolio is covered through asset swaps

## Confirmed sound liquidity position framework

✓ *NSFR and LCR > 1*

✓ *Loan to Deposit ratio = 90.5%*

...Total eligible assets at 26.8 bln/€, 58% of current accounts and deposits



\* TLTRO for 6.1 bln/€ expiring Sept 2018

# In normalised terms, 1H15 net profit is the best half year result since 2008

MAIN INCOME STATEMENT ITEMS <i>Figures in € mln</i>								
	1H14	1H15	% change 1H15 vs 1H14	2Q14	1Q15	2Q15	% change 2Q15 vs 2Q14	% change 2Q15 vs 1Q15
Net interest income	909	847	(6.8%)	454	431	417	(8.3%)	(3.3%)
Net commission income	610	669	9.7%	310	341	328	5.9%	(3.9%)
Net result from finance	137	111 <sup>A</sup>	(18.7%)	74	58	53	(28.3%)	(8.5%)
Profits of equity-accounted investees	21	20 <sup>B</sup>	(5.3%)	10	6	13	37.3%	117.3%
Other income items	60	62	2.7%	35	30	32	(8.7%)	6.5%
<b>Operating income</b>	<b>1,736</b>	<b>1,709</b>	<b>(1.6%)</b>	<b>882</b>	<b>866</b>	<b>843</b>	<b>(4.5%)</b>	<b>(2.7%)</b>
Staff costs	(648)	(655)	1.1%	(322)	(335)	(320)	(0.6%)	(4.5%)
Other administrative expenses	(311)	(313)	0.6%	(159)	(148)	(165)	4.0%	11.6%
Net impairment losses on property, equipment and investment property and intangible assets	(85)	(78)	(8.7%)	(43)	(38)	(39)	(7.9%)	2.0%
<b>Operating expenses</b>	<b>(1,044)</b>	<b>(1,046)</b>	<b>0.1%</b>	<b>(523)</b>	<b>(521)</b>	<b>(524)</b>	<b>0.2%</b>	<b>0.5%</b>
<b>Net operating income</b>	<b>692</b>	<b>663</b>	<b>(4.1%)</b>	<b>359</b>	<b>345</b>	<b>319</b>	<b>(11.3%)</b>	<b>(7.5%)</b>
Net impairment losses on loans	(429)	(389)	(9.3%)	(230)	(190)	(199)	(13.7%)	4.6%
Net impairment losses on other financial assets and liabilities	(2)	(3)	67.3%	(4)	(1)	(2)	(35.2%)	n.s.
Net provisions for risks and charges	(3)	(29) <sup>C</sup>	n.s.	7	(4)	(25) <sup>C</sup>	n.s.	n.s.
Profits (losses) from disposal of equity investments	(0)	0	n.s.	0	(0)	0	70.4%	n.s.
<b>Pre-tax profit from continuing operations</b>	<b>257</b>	<b>242</b>	<b>(6.0%)</b>	<b>133</b>	<b>149</b>	<b>93</b>	<b>(30.0%)</b>	<b>(37.5%)</b>
Taxes on income for the period from continuing operations	(135)	(99)	(26.8%)	(77)	(62)	(37)	(51.5%)	(40.1%)
Profits for the period attributable to non-controlling interests	(16)	(17)	8.7%	(8)	(10)	(7)	(8.8%)	(24.5%)
Charges for exit incentives <i>(net of tax and non-controlling interests)</i>		(1)	n.s.		(1)		n.s.	n.s.
<b>Profit for the period</b>	<b>106</b>	<b>124</b>	<b>17.2%</b>	<b>48</b>	<b>76</b>	<b>49</b>	<b>1.0%</b>	<b>(36.1%)</b>
<b>Profit for the period NET OF NON-RECURRING ITEMS</b>	<b>131</b>	<b>136</b>	<b>3.9%</b>	<b>72</b>	<b>82</b>	<b>54</b>	<b>(24.4%)</b>	<b>(33.5%)</b>

Notes:

- <sup>A</sup> Net result from finance includes -66 mln/€ from AFS disposals - *Govies and other* - in 1H15 (vs. -98 mln/€ in 1H14)
- <sup>B</sup> Profits from equity-accounted investees, include:
  - 8.5 mln/€ from Zhong Ou in 1H15 (vs. 0.7 mln/€ in 1H14) thanks to strong growth in AuM reaching close to €18 billion at end June 15
  - 9.2 mln/€ from Lombarda Vita in 1H15 (vs. 4.2 mln/€ in 1H14)
- <sup>C</sup> Net provisions for risk and charges include the estimated annual contribution to the **Single Resolution Fund for 22.8 mln/€**

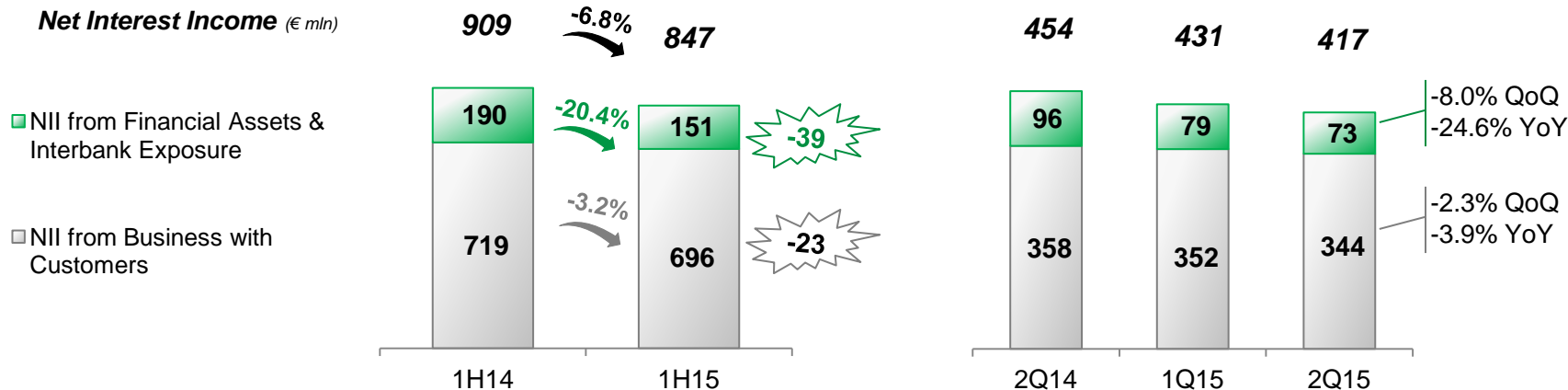
**NII mainly impacted by reduction in financial component following sale of high yield securities in 4Q15.**

**Customer margin under pressure as volumes and prices reflect strong competition and run off**

See annex 6

*Half year evolution*

*Quarterly evolution*



# Net Commission Income at 669 mln/€ +9.7% YoY

See annex 7

Half year evolution

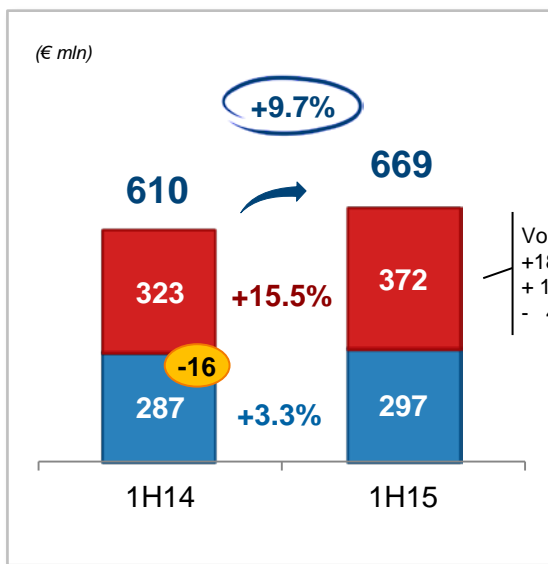
Quarterly evolution

Net commission income from:

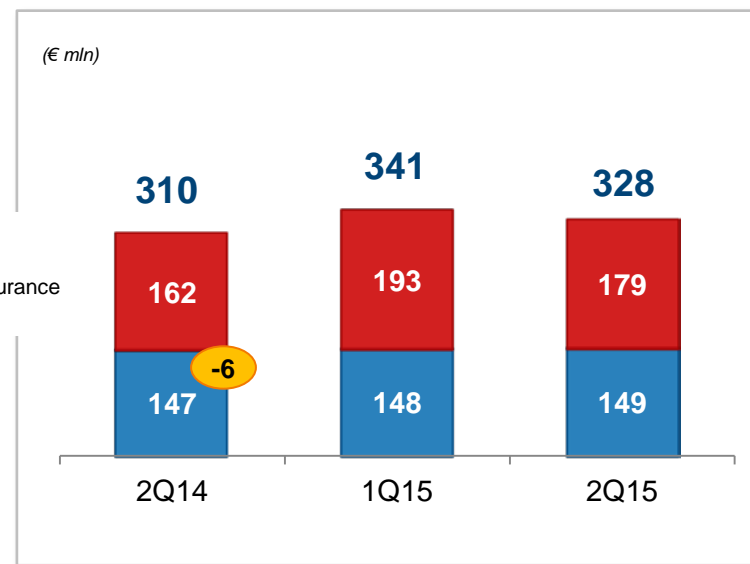
■ Securities Management, Trading & Advisory Services\*

■ Banking Services Commissions of which

● Negative commissions on State guaranteed bonds\*\*



Volumes YoY:  
 +18.7% AuM  
 +13.7% Bancassurance  
 -4.9% AuC



€ mln	1H14	1H15
Upfront fees***	82	92
% on total commissions	13.4%	13.8%

	2Q14	1Q15	2Q15
Upfront fees***	40	52	40
% on total commissions	13.1%	15.3%	12.3%

\* Includes FX negotiations.

\*\* State Guaranty Bonds: first reimbursement 3 bln/€ value 7<sup>th</sup> March '14 and remaining 3 bln/€ value 7<sup>th</sup> August '14

\*\*\* Includes all kinds of up front fees, i.e. on funds&sicav, on insurance products, on other third party products



## Net of non-recurring items, total costs down 0.6% 1H15 vs 1H14

<i>mln/€</i>	1H14	1H15	% change 1H15 vs 1H14	2Q14	1Q15	2Q15	% change 2Q15 vs 2Q14	% change 2Q15 vs 1Q15
Staff costs	648	655	1.1%	322	335	320 <sup>1</sup>	-0.6%	-4.5%
Other Adm. Expenses excluding IW Bank-UBI PI integration costs	311	306	-1.8%	159	147	159	0.3%	8.5%
IW Bank-UBI PI integration costs*	-	7	n.s.	-	1	6	n.s.	n.s.
D&A (including PPA **)	85	78	-8.7%	43	38	39	-7.9%	2.0%
<b>Total operating costs</b>	<b>1,044</b>	<b>1,046</b>	<b>0.1%</b>	<b>523</b>	<b>521</b>	<b>524</b>	<b>0.2%</b>	<b>0.5%</b>
<b>Total operating costs excl. IW Bank-UBI PI integration costs</b>	<b>1,044</b>	<b>1,038</b>	<b>-0.6%</b>	<b>523</b>	<b>520</b>	<b>518</b>	<b>-0.9%</b>	<b>-0.4%</b>

<sup>1</sup> 2Q15 Staff Costs benefited from release of higher provision to staff severance fund (booked in 1Q15 in relation to previous National Labour Contract) after recent approval of New Contract

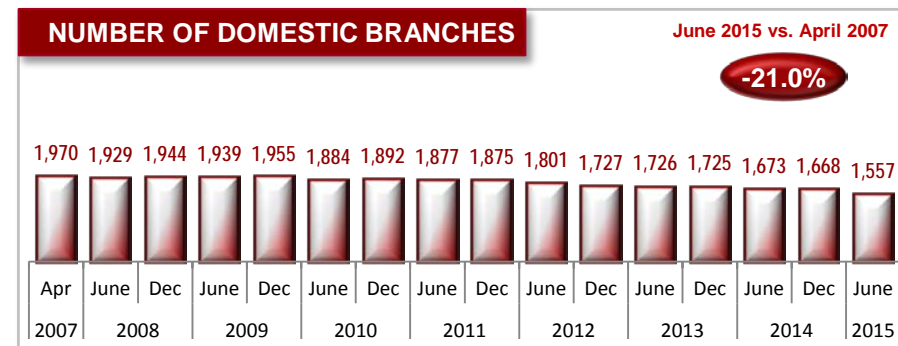
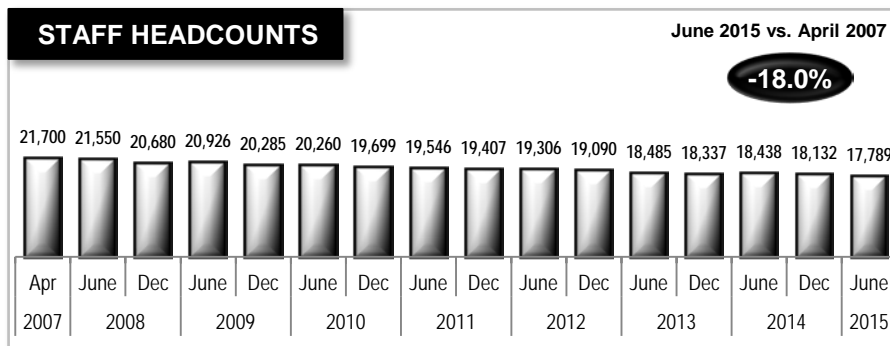
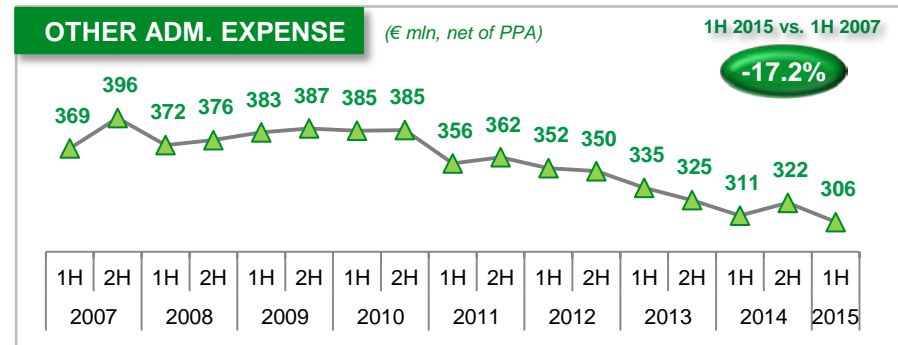
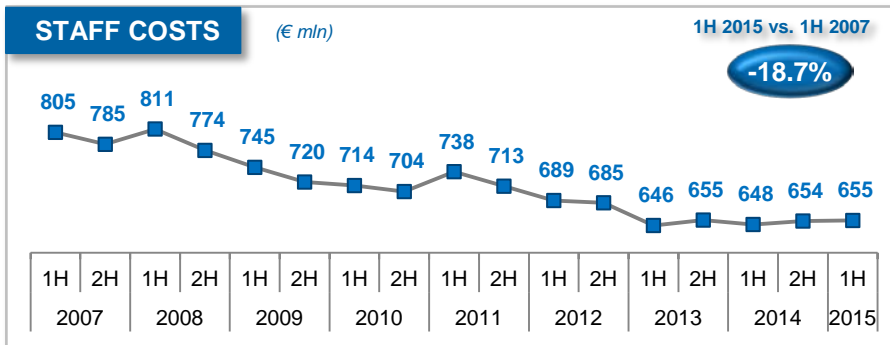
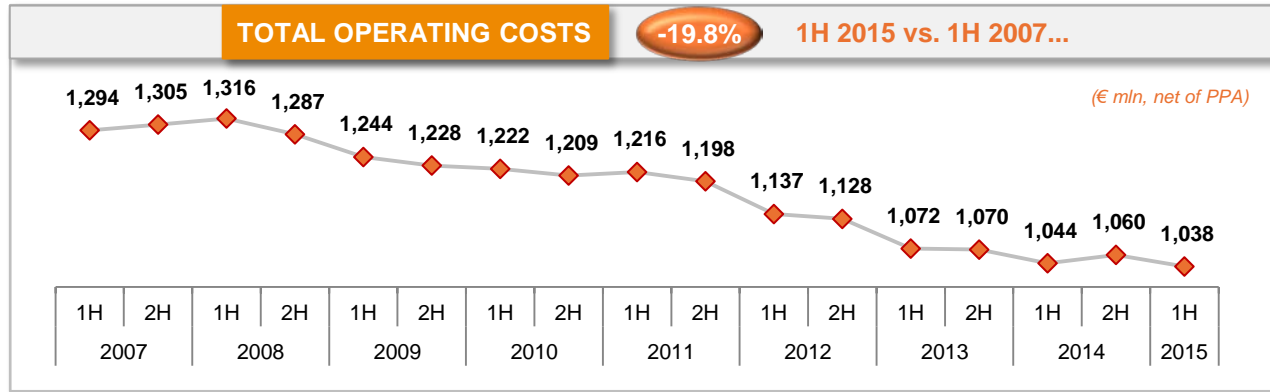
**The best half year result in terms of normalised Total Operating Costs since 1H 2007**

\* Costs related to the integration between IW Bank and UBI Banca Private Investment effective 25 May 2015

\*\* PPA effect amounted to 9.8 mln/€ in 1H14 and to 6.6 mln/€ in 1H15

# An impressive track record: total Group costs down by 20% since inception

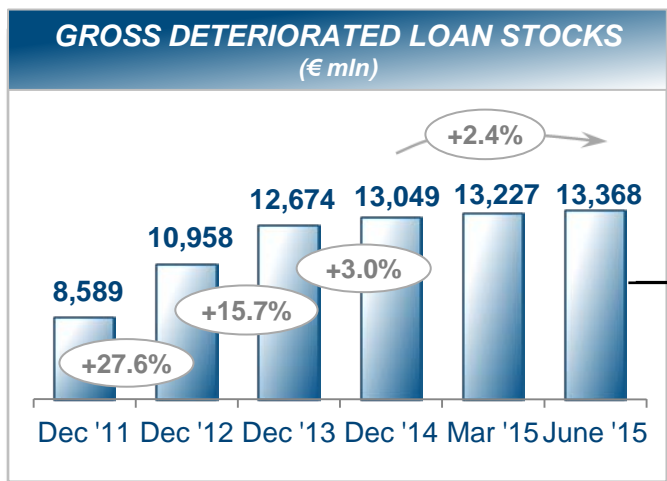
(Amounts net of non-recurring items)



Note: staff headcounts at the end of the period

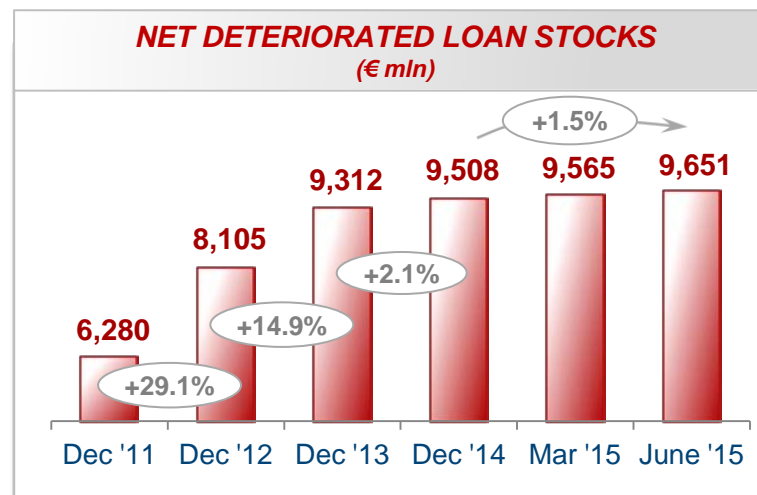
# Increased coverage compared to March 2015 and Dec 2014. Flattening of net deteriorated loan stocks

See annex 3



COVERAGE	Dec '14	Mar '15	June '15
Performing loans	0.63%	0.60%	0.58%
<b>Total deteriorated loans</b>	<b>27.1%</b>	<b>27.7%</b>	<b>27.8%</b> ↑
<b>including write-offs</b>	<b>37.1%</b>	<b>37.4%</b>	<b>37.6%</b> ↑
of which			
<b>Bad Loans (Sofferenze)</b>	38.6%	38.8%	38.7%
<b>including write-offs</b>	<b>53.4%</b>	<b>53.2%</b>	<b>53.0%</b> ↓
<b>Unlikely to pay</b>	16.7%	17.0%	17.1%
<b>Past due loans</b>	4.4%	4.7%	5.4%

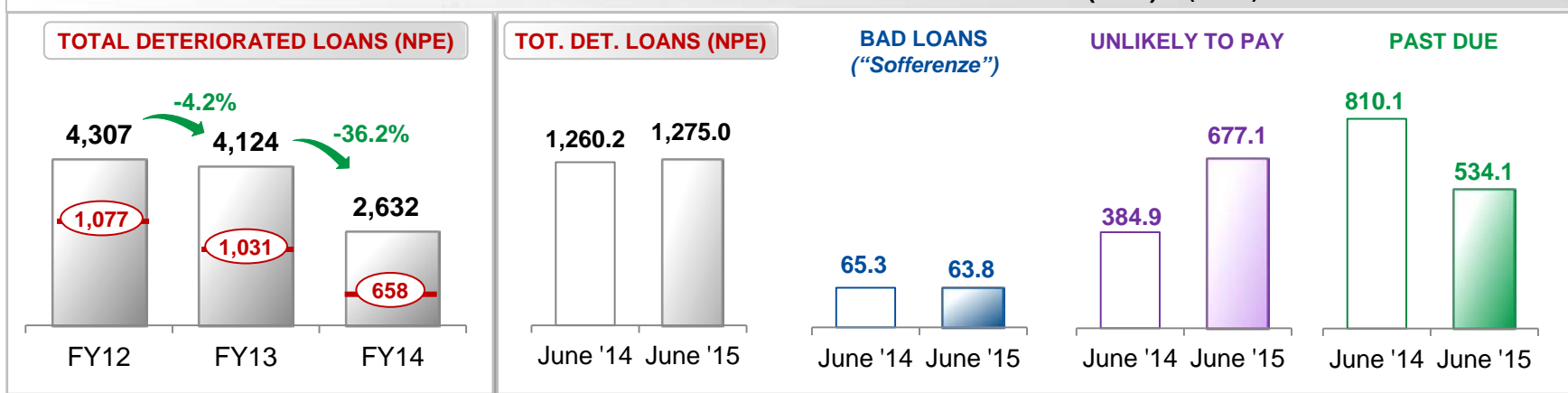
Disposal of highly provisioned positions (Bad Loans) in 1H15: 100.5 mln/€ (of which 94 in 2Q15)



Note: the increase in 2012 vs 2011 deteriorated loans also reflects change in posting criteria for past due (from 180 to 90 days)

# New inflows from performing to deteriorated loans flat in June15 vs June14

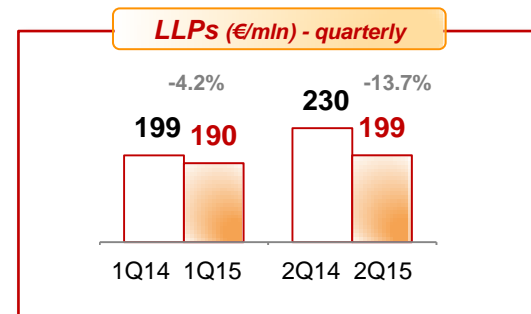
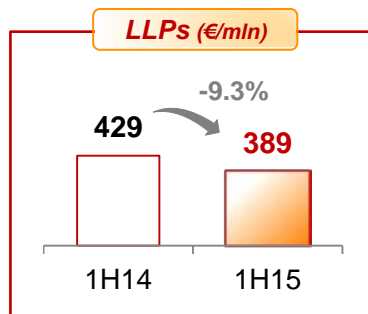
INFLOWS FROM PERFORMING TO DETERIORATED LOANS (NPE) (€mln)



○ Quarterly Average

- Decrease of inflows to **Bad Loans** ("Sofferenza") and **Past Due Loans**
- Increase of inflows to **Unlikely to Pay Loans** also following application of rules on forbore positions which involved reclassification of past due loans (highly guaranteed) to Unlikely to pay

LLPs are significantly lower than in 1H14



## Outlook

- The actions undertaken in the first half and the expected progressive improvement in the macroeconomic environment should allow a further increase in new grants of loans in the second half of the year in order to counter the strong competitive pressure on pricing.
- Net fee and commission income should benefit year-on-year from positive trends expected for assets under management and insurance and from possible growth in fees and commissions associated with the trend for lending.
- The continuation of the favourable evolution of the general macroeconomic environment and, hopefully, the absence of further tensions in the more critical countries of the euro area could allow a result to be achieved for trading and hedging activity in line with that of the first half.
- Actions planned for 2015 allow to confirm our objective of containing operating expenses in line with those for 2014, notwithstanding the additional costs in relation to the contribution to the European Resolution Fund and the Deposit Guarantee Scheme, estimated at over €30 million for the entire year and which will be recognised in the item “other administrative expenses” once final quantification, expected before year-end, is received.
- The improvements in the macroeconomic environment and the exit from recession, recently confirmed by the principal economic research institutes, should allow loan losses to be contained at a level lower than in 2014.



## Main Reclassified Balance Sheet Items

<b>MAIN ASSETS ITEMS</b> <i>Figures in millions of euro</i>	<b>30.06.2014</b>	<b>31.12.2014</b>	<b>31.03.2015</b>	<b>30.06.2015</b>	<b>% annual change</b>	<b>% quarterly change</b>
Financial assets (AFS, HFT, FV, HTM)	22,153	23,746	23,158	21,870	-1.3%	-5.6%
Loans to customers	87,119	85,644	84,634	85,340	-2.0%	0.8%
Property, equipment and investment property	1,765	1,729	1,711	1,756	-0.5%	2.6%
Intangible assets	2,896	1,777	1,768	1,760	-39.2%	-0.4%
<i>of which: goodwill*</i>	2,512	1,465	1,465	1,465	-41.7%	0.0%
Tax assets	2,567	2,992	2,928	2,753	7.2%	-6.0%
Other assets	1,169	931	848	1,435	22.8%	69.3%
<b>Total assets</b>	<b>123,226</b>	<b>121,787</b>	<b>119,924</b>	<b>119,454</b>	<b>-3.1%</b>	<b>-0.4%</b>
<b>MAIN LIABILITIES AND EQUITY ITEMS</b> <i>Figures in millions of euro</i>	<b>30.06.2014</b>	<b>31.12.2014</b>	<b>31.03.2015</b>	<b>30.06.2015</b>	<b>% annual change</b>	<b>% quarterly change</b>
Net interbank position**	11,886	9,952	9,029	5,858	-50.7%	-35.1%
Due to customers	47,127	51,617	50,818	55,331	17.4%	8.9%
Securities issued	43,049	41,590	40,324	38,996	-9.4%	-3.3%
Tax liabilities	620	630	735	441	-28.9%	-40.0%
Net worth attributable to the Parent	10,603	10,530	10,018	9,762	-7.9%	-2.6%
Non-controlling interests	823	555	540	549	-33.3%	1.6%
Profit for the period	106	(726)	76	124	17.2%	63.9%
<b>Total liabilities and equity</b>	<b>123,226</b>	<b>121,787</b>	<b>119,924</b>	<b>119,454</b>	<b>-3.1%</b>	<b>-0.4%</b>

\* Goodwill impairment in 2014

\*\* Including €6.1 bln TLTRO and €3 bln short term financing as at end March 2015

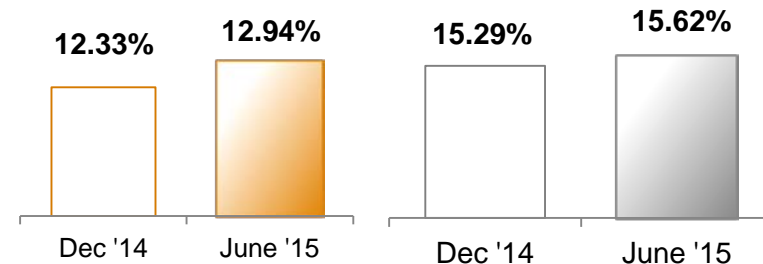
# Capital Ratios (Phased in, Basel 3) as at June '15: Common Equity Tier 1 Ratio at 12.94%, Total Capital Ratio at 15.62%

<i>mIn€</i>	<b>Dec '14</b>	<b>June '15</b>
Common Equity Tier 1 Capital (before filters and transitional provisions)	8,029.9	8,163.1
Transitional provisions (minority interest)	258.1	191.9
Transitional provisions (AFS Reserves)	-92.5	-96.0
Common Equity Tier 1 Capital filters	-1.9	-3.2
Italian Govies filters	-60.0	-14.1
<b>Common Equity Tier 1 (after filters)</b>	<b>8,133.6</b>	<b>8,241.7</b>
<i>Common Equity Tier 1 regulatory adjustments: negative elements for deduction excess of expected losses over impairment losses</i>	-518.3	-536.1
<b>Common Equity Tier 1 Capital (CET1)</b>	<b>7,615.3</b>	<b>7,705.6</b>
Additional Tier 1 before deductions	37.6	39.2
<i>Additional Tier 1 regulatory adjustments: negative elements for deduction excess of expected losses over impairment losses</i>	-37.6	-39.2
<b>Additional Tier 1</b>	<b>-</b>	<b>-</b>
<b>Tier 1 Capital</b>	<b>7,615.3</b>	<b>7,705.6</b>
<i>Tier 2 instruments grandfathering</i>	-	-
<b>Tier 2 Capital after transitional provisions</b>	<b>2,187.8</b>	<b>1,813.2</b>
Tier 2 capital regulatory adjustments	-361.4	-221.0
<i>of which: negative elements for deduction excess of expected losses over impairment losses</i>	-370.6	-246.5
<b>Tier 2 Capital</b>	<b>1,826.3</b>	<b>1,592.2</b>
<b>TOTAL OWN FUNDS</b>	<b>9,441.6</b>	<b>9,297.8</b>

<i>mIn€</i>	<b>Dec '14</b>	<b>June '15</b>
<b>Risk weighted assets</b>	<b>61,762.6</b>	<b>59,526.3</b>
<b>Total prudential requirements</b>		
<i>Credit risk</i>	4,572.7	4,362.8
<i>CVA (Credit Value Adjustment) risk</i>	14.7	14.6
<i>Market risk</i>	56.5	84.1
<i>Operational risk</i>	297.1	300.6

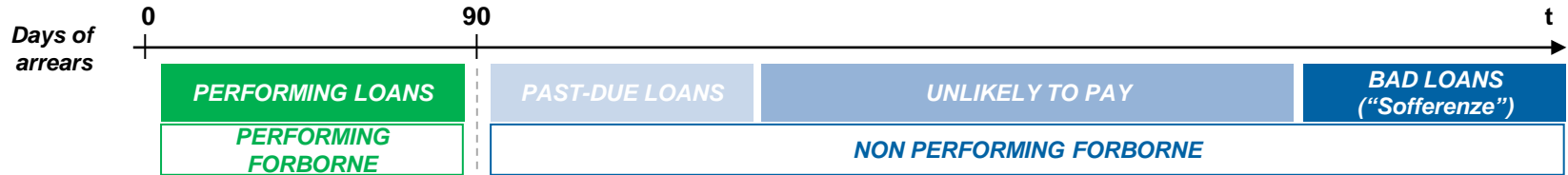
**CET 1 PHASED IN**

**TOTAL CAPITAL  
PHASED IN**





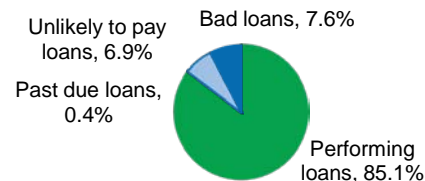
# Asset Quality details



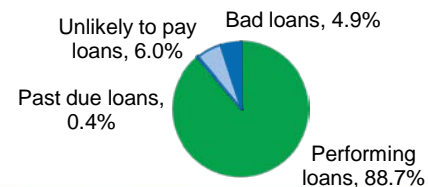
Figures in mln€	Gross exposure		Net exposure		Coverage	
	Mar '15	June '15	Mar '15	June '15	Mar '15	June '15
Performing loans	75,525	76,127	75,069	75,689	0.60%	0.58%
of which forborne	2,392	2,342	2,355	2,307	1.52%	1.51%
<b>Non performing exposures</b>	<b>13,227</b>	<b>13,368</b>	<b>9,565</b>	<b>9,651</b>	<b>27.68%</b>	<b>27.80%</b>
of which forborne	2,169	2,483	1,851	2,104	14.67%	15.25%
- Bad loans ("Sofferenze")	6,728	6,829	4,115	4,187	38.84%	38.68%
- "Unlikely to pay" loans	6,042	6,150	5,014	5,096	17.01%	17.13%
- Former impaired loans	5,087	5,223	4,241	4,349	16.63%	16.74%
- Former restructured loans	955	927	773	747	19.04%	19.37%
- Past due loans	458	389	437	368	4.65%	5.39%
<b>Total loan book</b>	<b>88,753</b>	<b>89,495</b>	<b>84,634</b>	<b>85,340</b>	<b>4.64%</b>	<b>4.64%</b>
of which: forborne	4,560	4,825	4,206	4,411	7.77%	8.58%

% Incidence on total loans...

...in gross terms, June '15



...in net terms, June '15



## Other key elements to assess the Group loan portfolio

*June 2015*

- ✓ **Loan To Value\* (Network banks + UBI):**
  - ✓ Performing loans:
    - Retail: **45.9%** (*45.6% in Dec '14*)
    - Corporate: **38.8%** (*39.8% in Dec '14*)
  - ✓ Unlikely to pay and Past due loans:
    - Retail: **55.5%** (*55.6% in Dec '14*)
    - Corporate: **47.6%** (*49.4% in Dec '14*)
  
- ✓ **% of secured (real estate + personal guarantees) positions as at Dec '14 (table A.3.2 of the notes to the accounts):**

**Total: 77.5%**

<b>Performing: 77.2%</b>	<b>Total non performing exposure: 80.0%</b> <b>(over 66% assisted by real estate**)</b>
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\* Arithmetic mean  
\*\* Management data

# Securities Portfolio composition\*

Composition of the portfolio		31.12.2014	31.03.2015	30.06.2015
<b>BY TYPE OF FINANCIAL INSTRUMENT</b>	Government bonds	95.6%	97.0%	97.1%
	Corporate bonds (mainly bank issues)	3.3%	2.2%	2.0%
	Hedge funds	0.5%	0.6%	0.6%
	Funds and shares	0.6%	0.3%	0.3%
<b>BY FINANCIAL PROFILE</b>	Floating rate**	57.9%	61.6%	61.6%
	Fixed rate	38.2%	34.5%	35.5%
	Structured securities	2.8%	3.0%	1.8%
	Shares, funds, convertible bonds	1.1%	1.0%	1.0%
<b>BY CURRENCY</b>	Securities in euro	99.7%	99.7%	99.7%
<b>BY GEOGRAPHICAL DISTRIBUTION</b>	Securities of the euro area	99.9%	99.9%	99.9%
	USA securities	0.00%	0.00%	0.00%
<b>BY RATINGS (BONDS)</b>	Investment grade	99.4%	99.3%	99.4%
	Average rating	Baa2	Baa2	Baa2

\* Analysis refers to a portfolio which excludes participations, some smaller portfolios and derivatives. Management accounts, positions determined on trade date

\*\* Fixed rate securities with asset swaps are considered as floating rate securities; securities in asset swap represent 97% of floating rate securities as at 30 June 2015

## Net Interest Income - Customer Spread details

CUSTOMER SPREADS						
<i>in bps on avg. STOCK*</i>	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
1M Euribor	23	23	7	1	0	-5
Mark up vs 1M Euribor	278	278	286	281	275	268
<i>Short term</i>	361	348	347	335	323	308
<i>Medium-long term</i>	253	257	268	266	261	258
Mark down vs 1M Euribor	-98	-95	-99	-96	-89	-86
<i>Sight deposits</i>	-8	-7	-19	-20	-16	-18
<i>Term deposits</i>	-191	-163	-130	-125	-112	-89
<i>Retail bonds</i>	-146	-146	-148	-142	-136	-129
<i>Institutional bonds</i>	-186	-183	-191	-189	-186	-187
<b>UBI Group - Customer spread</b>	<b>180</b>	<b>183</b>	<b>187</b>	<b>185</b>	<b>186</b>	<b>182</b>
<i>of which</i>						
<b>UBI Network Banks cust. spread</b>	<b>196</b>	<b>198</b>	<b>204</b>	<b>203</b>	<b>201</b>	<b>196</b>

\* Average period data referred to the whole consolidated Group (Network banks+ Product companies + UBI)

## Net Commission Income details

Net Commission Income (€ mln)	1H14	1H15	1H15 / 1H14 (%)	2Q14	1Q15	2Q15	2Q15 / 2Q14 (%)	2Q15 / 1Q15 (%)
<b>MANAGEMENT, TRADING &amp; ADVISORY SERVICES*</b>	<b>323</b>	<b>372</b>	<b>15.5%</b>	<b>163</b>	<b>193</b>	<b>179</b>	<b>9.9%</b>	<b>-7.4%</b>
<i>of which:</i>								
<i>Portfolio management</i>	124	157	27.1%	64	77	80	24.6%	3.3%
<i>Placement of securities</i>	94	121	29.1%	47	68	53	14.7%	-20.9%
<i>Third party services distribution</i>	87	91	5.1%	44	46	45	3.5%	-1.1%
<b>BANKING RELATED COMMISSIONS</b>	<b>287</b>	<b>297</b>	<b>3.3%</b>	<b>147</b>	<b>148</b>	<b>149</b>	<b>1.5%</b>	<b>0.7%</b>
<i>of which:</i>								
<i>Guarantees (banking activity)</i>	11	25	127.3%	7	14	11	66.2%	-20.3%
<i>of which for State guaranteed bonds</i>	(16)	-	n.s.	(6)	-	-	n.s.	n.s.
<i>Collection and payment services</i>	59	56	-6.6%	30	27	29	-5.4%	6.5%
<i>Services for factoring transactions</i>	10	8	-17.2%	5	4	4	-16.6%	-4.7%
<i>Current accounts management</i>	98	94	-4.1%	51	46	48	-5.1%	3.9%
<i>Other services</i>	109	114	4.7%	54	57	57	5.2%	0.9%
<b>TOTAL</b>	<b>594</b>	<b>669</b>	<b>12.6%</b>	<b>304</b>	<b>341</b>	<b>328</b>	<b>7.9%</b>	<b>-3.9%</b>

\* Includes FX negotiations