

The UBI Banca Group Consolidated Results as at 31st December 2015

11th February 2016

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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

PROFITABILITY NET OF NON- RECURRING ITEMS

FY15 profit net of non-recurring items: **+33.2% YoY**
195.1 mln/€ in FY15 vs. 146.5 mln/€ in FY14

DIVIDEND PER SHARE

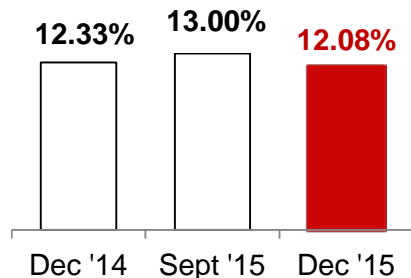
Proposal subject to General Meeting Approval to
correspond a dividend of **11 cent per share (+37.5% YoY)**

MAIN EVIDENCES

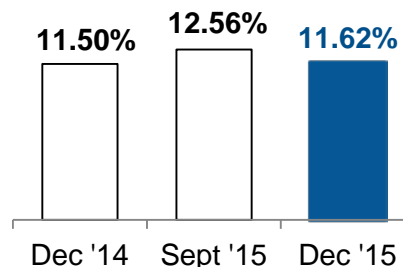
| <i>Key items</i> | 2015 | Δ 2015 vs 2014 | Δ 4Q15 vs 3Q15 |
|--|------------|---------------------|--------------------------------------|
| Loans to customers | 84.6 bln/€ | -1.1 bln/€ or -1.2% | +0.8 bln/€ or +0.9% |
| Direct funding from ordinary customers | 72.5 bln/€ | -1.4 bln/€ or -1.9% | +1.6 bln/€ or +2.3% |
| AuM and Bancassurance | 48.6 bln/€ | +5.2 bln/€ or +12% | +1.3 bln/€ or +2.8% |
| Stock of gross NPEs | 13.4 bln/€ | +0.4 bln/€ or +3% | -0.2 bln/€ or -1.6% |
| Stock of net NPEs | 9.7 bln/€ | +0.2 bln/€ or +1.9% | -0.2 bln/€ or -1.9% |
| Inflows from performing to NPEs | 2.4 bln/€ | -0.2 bln/€ or -7.5% | -15.1% vs 3Q15 and -24.8% vs 4Q14 |

Strength of capital ratios confirmed, CET1 phased in at 12.08%, +283 bps vs SREP requirement disclosed last November

CET 1 PHASED IN



CET 1 FULLY LOADED



Dec '15 vs Sept '15 main impacts:

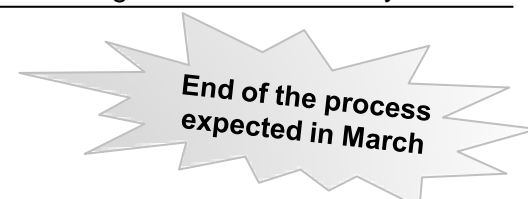
- 55 bps ordinary update of credit risk parameters (historical series) included in internal rating model to fully include 2014
- 17 bps financing and extraordinary contribution to Resolution Fund
- 11 bps market risk (purchase of corporate bonds, trading portfolio, fx, etc...)
- 6 bps lending volumes effect
- 1 bps impairment of AFS securities
- 2 bps withdrawal right

Retail from 2009 to end of 2014, Corporate from 2007 to end of 2014, to include almost exclusively the crisis years, so very prudential

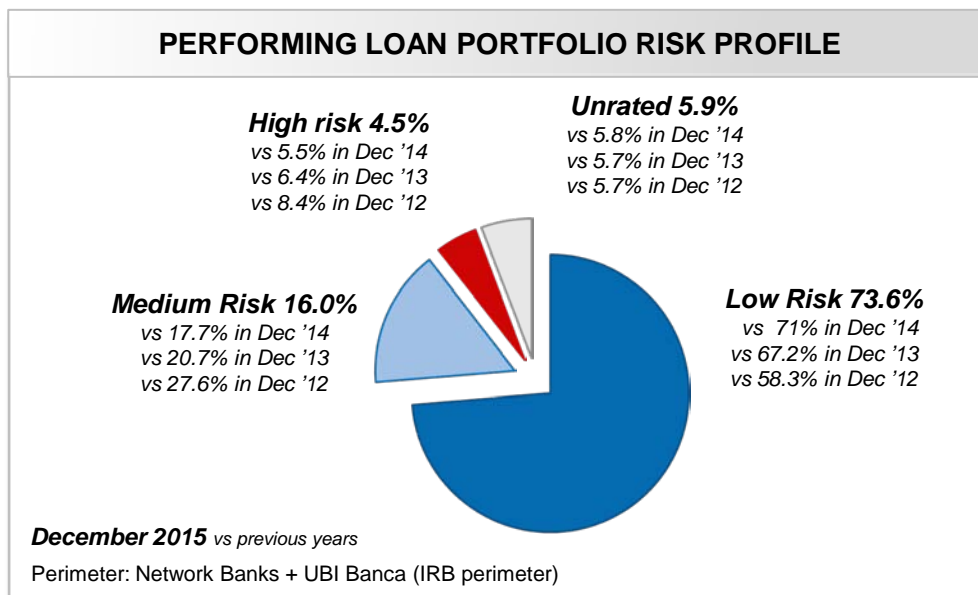
WITHDRAWAL RIGHT

- $$\text{Calculation of floor} = \frac{(\text{Latest SREP requirement for UBI} + 150 \text{ bps}) + \text{Latest European average CET 1 recorded by the ECB}}{2}$$

$$= \frac{(9.25\% + 150 \text{ bps}) + 12.48\%}{2} = 11.62\%$$
- Actual CET1 as at 31/12/2015 = 11.64%
- Reimbursement of withdrawal = 11.64% - 11.62% = 0.02% corresponding to 13,171,019.36 euro or 1,807,220 shares



High quality performing loan portfolio implying lower deterioration risk

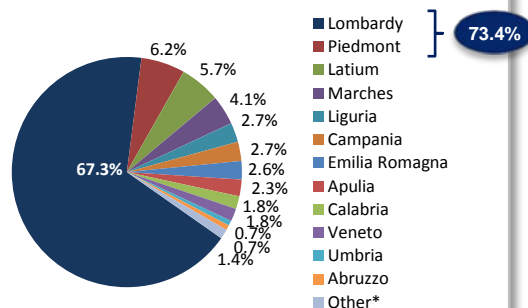


TOTAL PORTFOLIO CONCENTRATION OF RISK

| Customers or Groups | 31.12.2007 | 31.12.2015 |
|---------------------|------------|------------|
| Largest 10 | 5.0% | 3.2% |
| Largest 20 | 7.7% | 5.3% |
| Largest 30 | 9.6% | 7.0% |
| Largest 40 | 11.0% | 8.1% |
| Largest 50 | 12.1% | 9.0% |

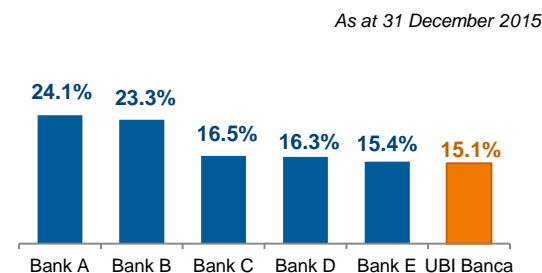
Largest customers or groups as a percentage of total loans and guarantees

GEOGRAPHICAL DISTRIBUTION as at Dec '15



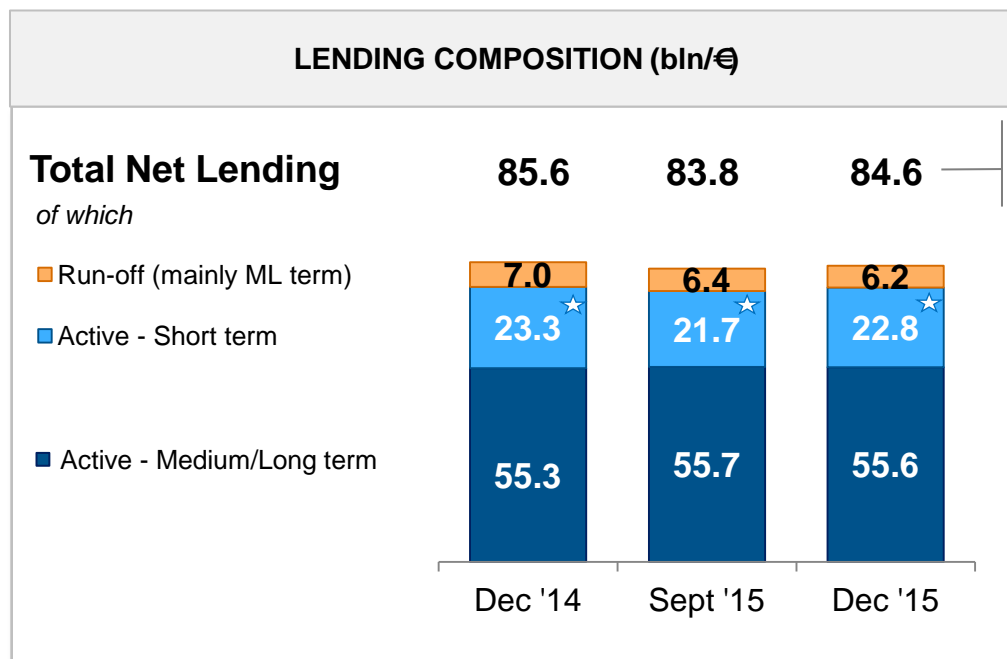
* Other: includes the market shares of Basilicata, Friuli Venezia Giulia, Molise, Tuscany, Valle d'Aosta and Trentino Alto Adige

THE LOWEST RATIO OF TOTAL GROSS DETERIORATED LOANS/TOTAL GROSS LOANS



Peer Group: UCG, ISP, BP, BPM and BPER

Lending Market Share* slightly up in Dec 2015 to 5.68% (5.67% as at Sept '15)
Long term lending stable in 4Q15 notwithstanding competitive pressure
Slight increase in short term lending in 4Q15, also net of CCG, mainly due to good performance in UBI Factor (+0.3 bln/€)



YoY: decrease mainly explained by 0.8 bln/€ of stocks in run-off

☆ Of which CCG: 1 bln/€ in Dec '14, 0.7 bln/€ in Sept '15, 1.2 bln/€ in Dec '15

See annex 3

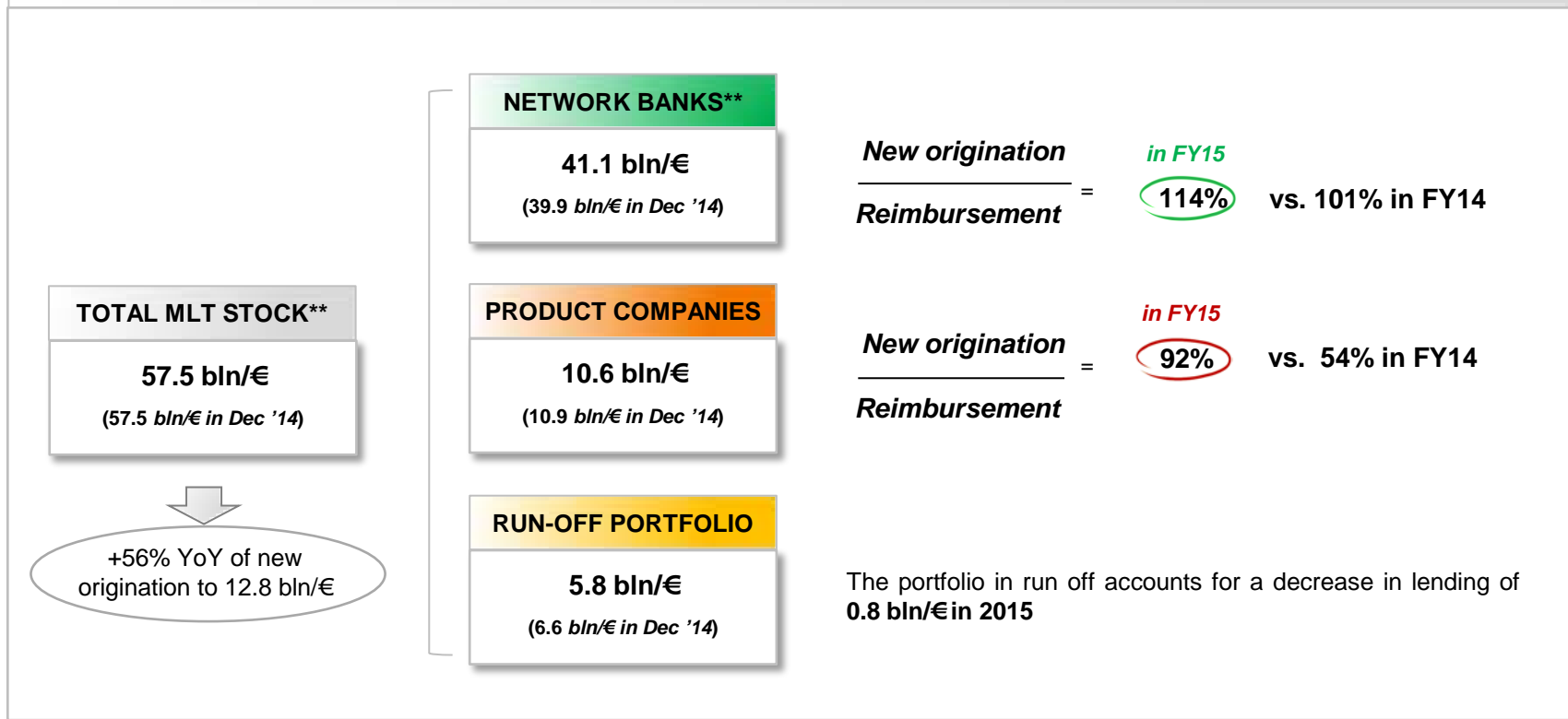
Management data

* Market share net of Bad Loans, referred to households, corporate and financial companies. It does not include loans to CCG

Source: Bank of Italy

Confirmed improvement in new Medium to Long Term new lending origination in 2015, leads to a replacement rate of 114% in Network Banks, and enhanced performance in Product Companies, significantly higher than in previous year. Run off of 0.8 bln/€ in 2015

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) and UBI Banca (former Centrobanca)

Total direct funding benefiting from significant inflows in current accounts and deposits in 4Q15 (+3.6 bln€ vs Sept 15)

| IAS amounts in bln€ | Dec '14 | Sept '15 | Dec '15 | % change vs. Dec '14 | % change vs. Sept '15 |
|--|-------------|-------------|-------------|----------------------|-----------------------|
| DIRECT FUNDING FROM ORDINARY CUSTOMERS | 74.0 | 70.9 | 72.5 | -1.9% | 2.3% |
| Current accounts and deposits | 44.3 | 44.1 | 47.7 | 7.6% | 8.1% |
| Term deposits, other payables and repos | 1.8 | 1.5 | 1.5 | -17.8% | -5.3% |
| Securities in issue: | | | | | |
| <i>Network banks + UBI</i> | 23.6 | 21.6 | 20.2 | -14.3% | -6.5% |
| <i>Extra-captive customers*</i> | 3.3 | 3.2 | 2.8 | -15.7% | -13.4% |
| <i>Other (mainly customer CDs)</i> | 1.0 | 0.4 | 0.4 | <i>n.s.</i> | -12.2% |
| DIRECT FUNDING FROM INSTITUTIONAL CUSTOMERS | 19.3 | 18.1 | 19.0 | -1.4% | 4.8% |
| Covered Bonds | 9.8 | 9.8 | 9.9 | 0.6% | 1.6% |
| EMTN | 3.1 | 3.1 | 2.5 | -18.7% | -18.8% |
| CD and ECP | 0.8 | 0.1 | 0.4 | -42.8% | <i>n.s.</i> |
| Repos with CCG | 5.5 | 5.1 | 6.1 | 10.4% | 19.6% |
| TOTAL DIRECT FUNDING | 93.2 | 89.0 | 91.5 | -1.8% | 2.8% |

- **Significant inflows** of deposits accelerating in 4Q15
- **Strong liquidity position** allows lower replacement of retail bonds, with new inflows to AUM growing 12% yoy and careful management of institutional funding so as to minimise funding costs (a new Long 7 Year Covered Bond for 750 mln/€ was issued in October 2015)

See annex 4

* Bonds placed on third party banks networks
Subordinated bonds: -2.9 bln/€, corresponding to only 3% of total direct funding

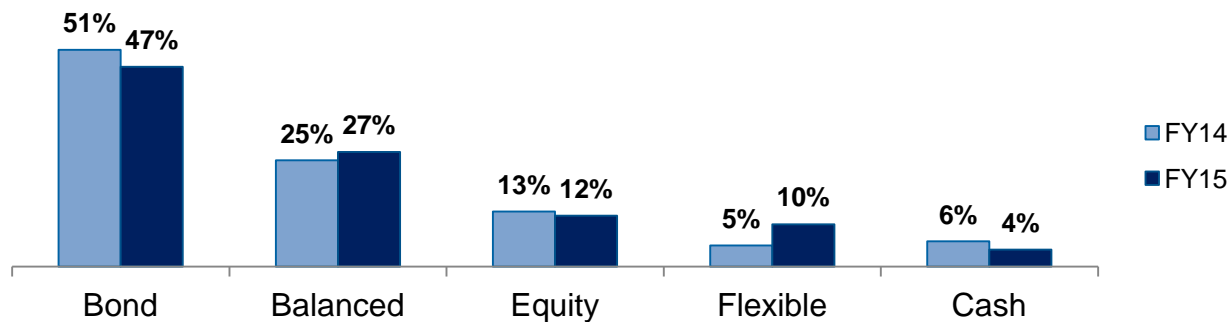
AuM and Bancassurance products up by 11% and 14.5% respectively in 2015, with an improved AUM mix

INDIRECT FUNDING EVOLUTION

| <i>bln/€</i> | Dec '14 | Sept '15 | Dec '15 | % change vs Dec '14 | % change vs Sept '15 |
|-------------------------------|-------------|-------------|-------------|---------------------|----------------------|
| AuM | 30.7 | 33.3 | 34.1 | 11.0% | 2.5% |
| Bancassurance | 12.6 | 13.9 | 14.4 | 14.5% | 3.7% |
| AuC | 32.5 | 31.9 | 31.0 | -4.8% | -3.0% |
| Total Indirect Funding | 75.9 | 79.2 | 79.5 | 4.8% | 0.5% |

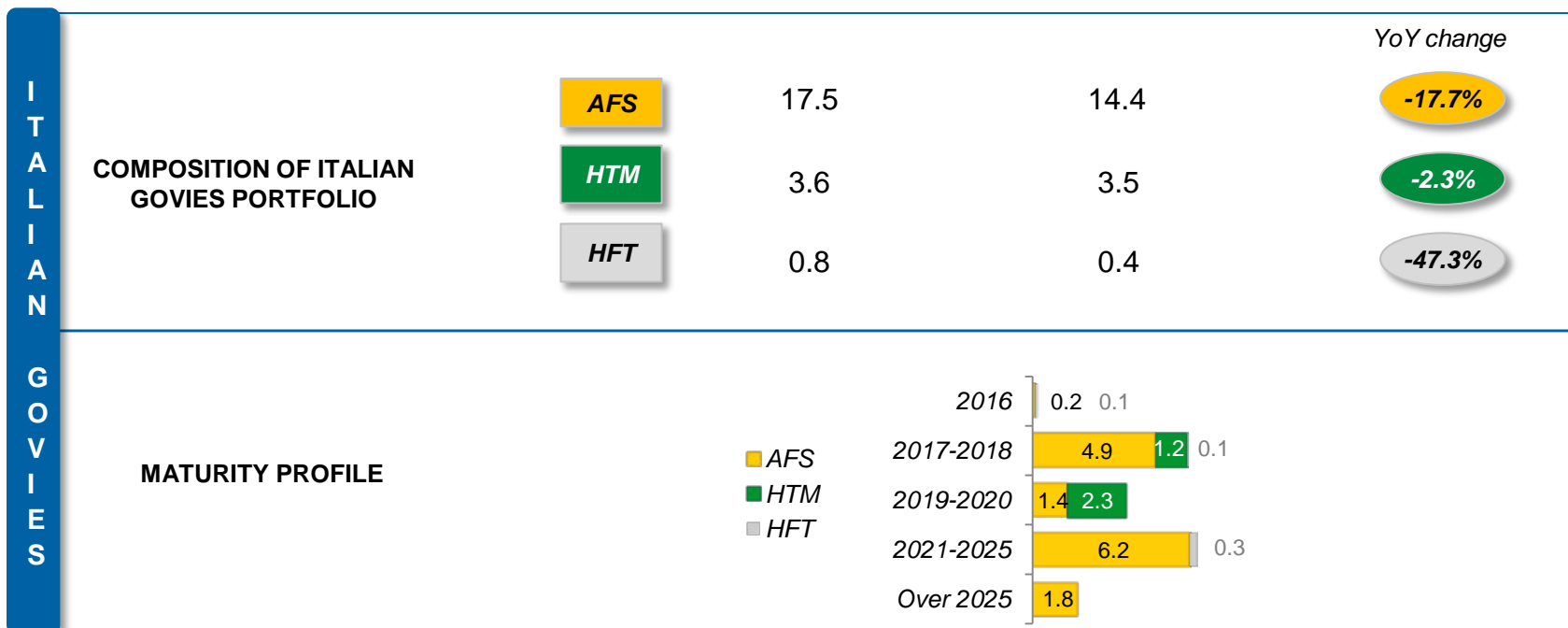
Market effect Dec15 vs Dec14 on Total indirect funding: +1 bln/€, mostly on AuC: +0.9 bln/€

UBI PRAMERICA SGR AuM composition



Downsizing of Italian Govies Portfolio: -3.6 bln/€ vs Dec '14 (mainly AFS)

| Amounts in bln/€, IAS value | Dec '14 | Dec '15 |
|--|--------------|--------------|
| NET FINANCIAL ASSETS | 23.1 | 19.7 |
| OF WHICH ITALIAN GOVIES PORTFOLIO* | 21.9 | 18.3 |
| <i>% of Govies on Net financial assets</i> | 92.2% | 90.6% |



See annex 5

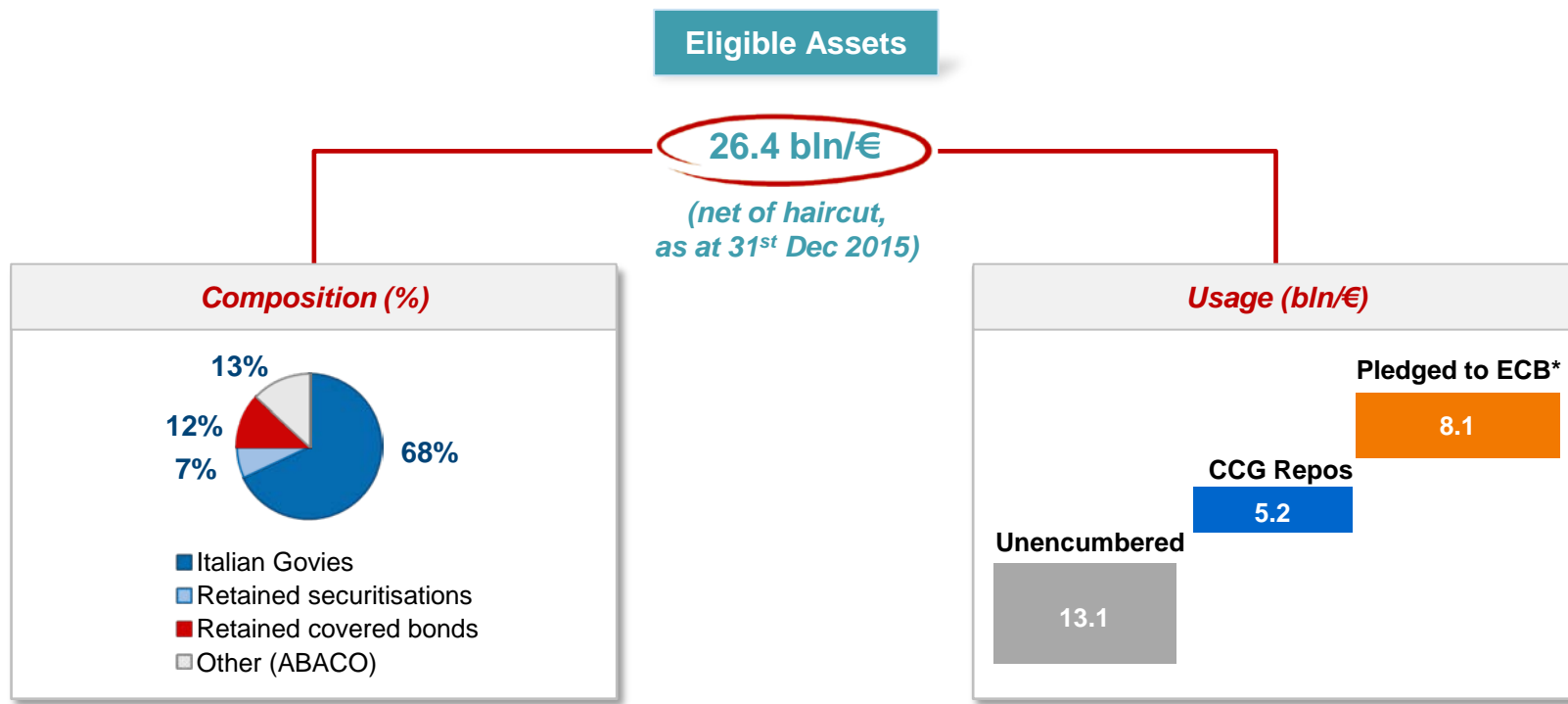
* Nominal value: 19.2 bln/€ as at Dec '14, 15.8 bln/€ as at Dec '15

Confirmed sound liquidity position framework

✓ *NSFR and LCR > 1*

✓ *Loan to Deposit ratio = 92.4%*

...Total eligible assets at 26.4 bln/€, ~55% of current accounts and deposits



* TLTRO for 8.1 bln/€ expiring Sept 2018

In FY15, net normalised profit at 195 mln/€(+33% YoY)

| MAIN INCOME STATEMENT ITEMS <i>Figures in € mln</i> | FY14 | FY15 | % change FY15 vs FY14 |
|---|-----------------|--------------------|--------------------------|
| Net interest income | 1,818 | 1,631 | (10.3%) |
| Net commission income | 1,227 | 1,300 | 6.0% |
| Net result from finance | 200 | 291 ^A | 45.6% |
| Profits of equity-accounted investees | 37 | 35 | (4.7%) |
| Other income items | 128 | 114 | (11.1%) |
| Operating income | 3,410 | 3,371 | (1.1%) |
| Staff costs | (1,302) | (1,295) | (0.5%) |
| Other administrative expenses | (635) | (727) ^B | 14.5% |
| Net impairment losses on property, equipment and investment property and intangible assets | (171) | (153) | (10.7%) |
| Operating expenses | (2,108) | (2,175) | 3.2% |
| Net operating income | 1,301 | 1,196 | (8.1%) |
| Net impairment losses on loans | (929) | (803) | (13.6%) |
| Net impairment losses on other financial assets and liabilities | (9) | (17) ^C | 95.0% |
| Net provisions for risks and charges | (9) | (3) | (67.2%) |
| Profits (losses) from disposal of equity investments | 94 ^D | 0 | (99.5%) |
| Pre-tax profit from continuing operations | 449 | 374 | (16.8%) |
| Taxes on income for the period from continuing operations | (187) | (161) ^E | (13.8%) |
| Profits for the period attributable to non-controlling interests | (29) | (30) | 2.9% |
| Impairment on tangible and intangible assets <i>(net of tax and non-controlling interests)</i> | (883) | (3) | |
| Charges for exit incentives <i>(net of tax and non-controlling interests)</i> | (76) | (63) ^F | (17.8%) |
| Profit (loss) for the period | (726) | 117 | n.s. |
| Profit for the period NET OF NON-RECURRING ITEMS | 147 | 195 | 33.2% |

Profits from equity-accounted investees, include:

- 18 mln/€ from Zhong Ou in FY15 (vs. 3 mln/€ in FY14) thanks to strong growth in AuM reaching over 30 bln €
- 12 mln/€ from Lombarda Vita in FY15 (vs. 8 mln/€ in FY14)

ITEMS BOOKED IN 4Q

- ^A Net result from finance includes 82 mln/€ from partial disposal of ICBPI (*non-recurring*)
- ^B Other administrative expenses include contribution to:
- Deposit Guarantee Scheme: 11 mln/€ (semester)
 - National Resolution Fund: 87 mln/€ (*of which 65 non-recurring*)
- ^C Net impairment losses on other financial assets for 14 mln/€
- ^D In 2014, profits from disposal of equity investments referred mainly to sale of stakes in insurance companies
- ^E Taxes include approx. 26 mln/€ non recurring following settlement with Fiscal Authorities of large part of the Group's fiscal risk
- ^F As announced in Dec '15, a new agreement with the trade unions was signed, allowing voluntary exit of over 400 staff. One off costs booked in Dec '15 for net 63 mln/€ (95 mln/€ gross). Expected savings at regime 31 mln/€

In 4Q15, Loan Loss Provision down by 19% vs. 4Q14

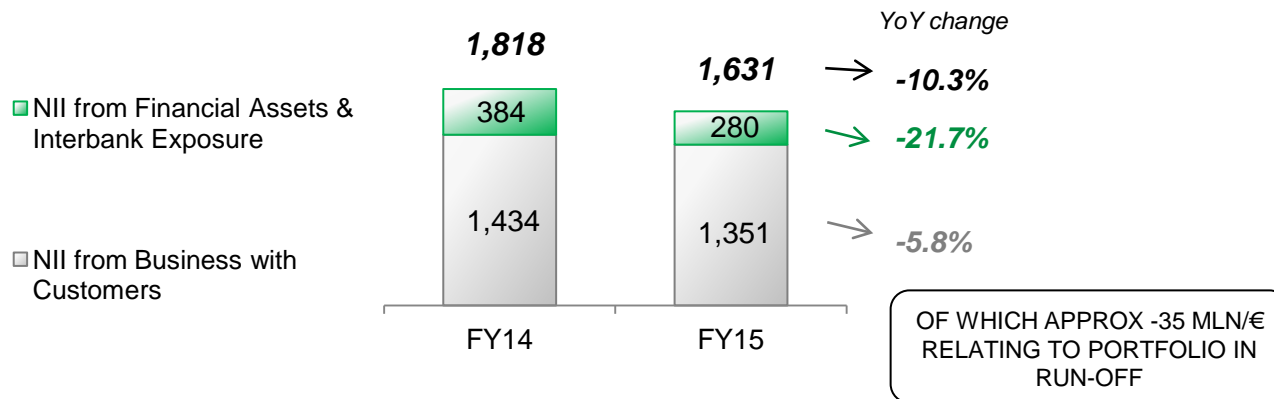
| MAIN INCOME STATEMENT ITEMS <i>Figures in € mln</i> | STATED | | | NET OF NON-RECURRING ITEMS | | | |
|---|--------------|--------------|----------------|----------------------------|--------------|--------------|--------------------------|
| | 4Q14 | 3Q15 | 4Q15 | 4Q14 | 3Q15 | 4Q15 | % change 4Q15 vs 4Q14 |
| Net interest income | 442 | 399 | 385 | 442 | 399 | 385 | (12.9%) |
| Net commission income | 318 | 300 | 331 | 318 | 301 | 331 | 3.8% |
| Net result from finance | 49 | 28 | 152 A | 38 | 28 | 70 | 81.0% |
| Profits of equity-accounted investees | 8 | 4 | 12 | 8 | 4 | 12 | 47.6% |
| Other income items | 34 | 28 | 24 | 34 | 28 | 24 | (29.2%) |
| Operating income | 852 | 758 | 904 | 841 | 758 | 822 | (2.3%) |
| Staff costs | (325) | (318) | (322) | (325) | (318) | (322) | (0.8%) |
| Other administrative expenses | (177) | (142) | (272) B | (175) | (141) | (207) | 18.2% |
| Net impairment losses on property, equipment and investment property and intangible assets | (44) | (37) | (38) | (43) | (37) | (38) | (10.7%) |
| Operating expenses | (546) | (497) | (633) | (543) | (496) | (568) | 4.5% |
| Net operating income | 306 | 262 | 271 | 298 | 262 | 254 | (14.8%) |
| Net impairment losses on loans | (302) | (169) | (245) | (303) | (169) | (245) | (19.0%) |
| Net impairment losses on other financial assets and liabilities | (6) | (3) | (10) C | (2) | (0) | (2) | 37.5% |
| Net provisions for risks and charges | (5) | (19) | 45 | (4) | (19) | 45 | n.s. |
| Profits (losses) from disposal of equity investments | 94 | 0 | 0 | (1) | 0 | 0 | n.s. |
| Pre-tax profit from continuing operations | 87 | 72 | 60 | (10) | 75 | 52 | n.s. |
| Taxes on income for the period from continuing operations | 1 | (29) | (33) | (15) | (30) | (24) | 63.5% |
| Profits for the period attributable to non-controlling | (4) | (6) | (7) | (4) | (6) | (8) | 115.4% |
| Impairment on tangible and intangible assets <i>(net of tax and non-controlling interests)</i> | (883) | | (3) | 0 | 0 | 0 | |
| Charges for exit incentives <i>(net of tax and non-controlling interests)</i> | (76) | | (62) F | 0 | 0 | 0 | |
| Profit (loss) for the period | (876) | 38 | (45) | (29) | 40 | 19 | n.s. |

PPA allocated line by line

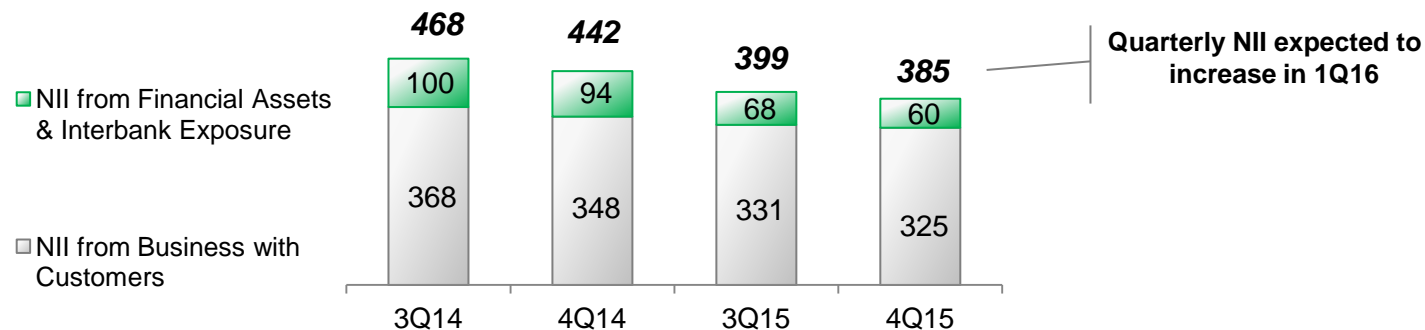
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Net Interest Income impacted by the recomposition and reduction of financial assets portfolio, but also by system level pressure on spreads

Net Interest Income (€ mln) – YEAR EVOLUTION



Net Interest Income (€ mln) – QUARTERLY EVOLUTION



See annex 6

Net Commission Income at 1.3 bln/€ +6% YoY

| Net Commission Income (€ mln) | FY14 | FY15 | FY15 / FY14 (%) | 4Q14 | 3Q15 | 4Q15 | 4Q15 / 4Q14 (%) | 4Q15 / 3Q15 (%) |
|---|--------------|--------------|-----------------|------------|------------|------------|-----------------|-----------------|
| MANAGEMENT, TRADING & ADVISORY SERVICES* | 630 | 706 | 12.0% | 157 | 151 | 182 | 16.0% | 20.7% |
| <i>of which:</i> | | | | | | | | |
| Portfolio management | 267 | 331 | 23.9% | 76 | 75 | 98 | 30.2% | 31.3% |
| Placement of securities | 165 | 188 | 13.8% | 31 | 35 | 33 | 4.1% | -6.6% |
| Third party services distribution | 172 | 179 | 4.4% | 45 | 39 | 49 | 9.0% | 26.0% |
| BANKING RELATED COMMISSIONS | 596 | 594 | -0.3% | 161 | 149 | 148 | -8.0% | -0.8% |
| <i>of which:</i> | | | | | | | | |
| Guarantees (banking activity) | 30 | 45 | 48.7% | 11 | 10 | 10 | -8.7% | -2.0% |
| Collection and payment services | 126 | 111 | -11.5% | 39 | 27 | 29 | -24.7% | 9.4% |
| Services for factoring transactions | 19 | 16 | -15.8% | 4 | 4 | 4 | -13.2% | -1.7% |
| Current accounts management | 204 | 195 | -4.5% | 54 | 49 | 51 | -5.6% | 3.9% |
| Other services | 217 | 227 | 4.5% | 53 | 59 | 54 | 2.2% | -8.9% |
| TOTAL NET COMMISSION INCOME | 1,227 | 1,300 | 6.0% | 318 | 300 | 331 | 3.8% | 10.0% |
| <i>of which</i> | | | | | | | | |
| UP-FRONT FEES** | 138 | 147 | 6.6% | 25 | 27 | 28 | 10.0% | 3.0% |
| as a % on total net commission income | 11% | 11% | | 8% | 9% | 8% | | |

* Includes FX negotiations.

** Funds&sicav, insurance products, other third party products

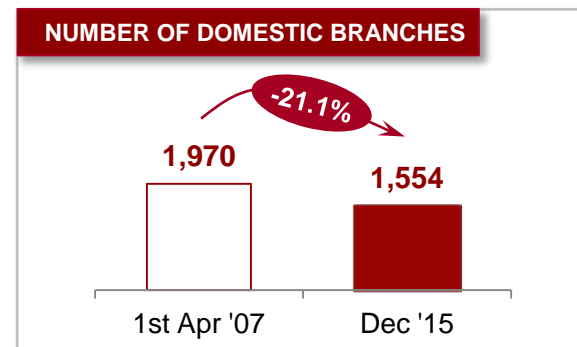
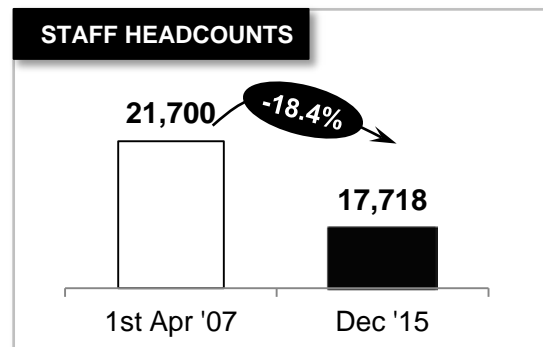
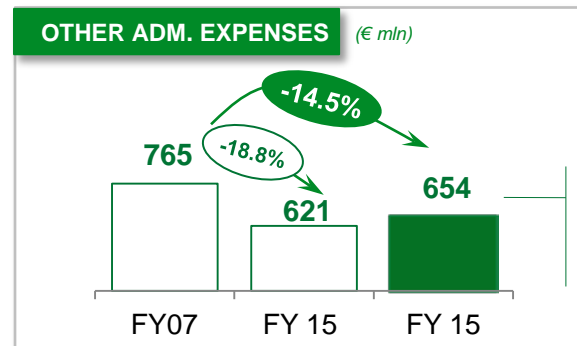
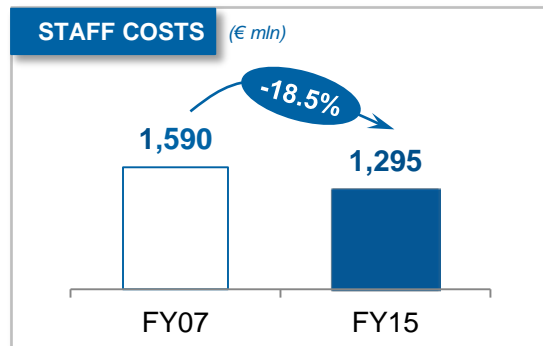
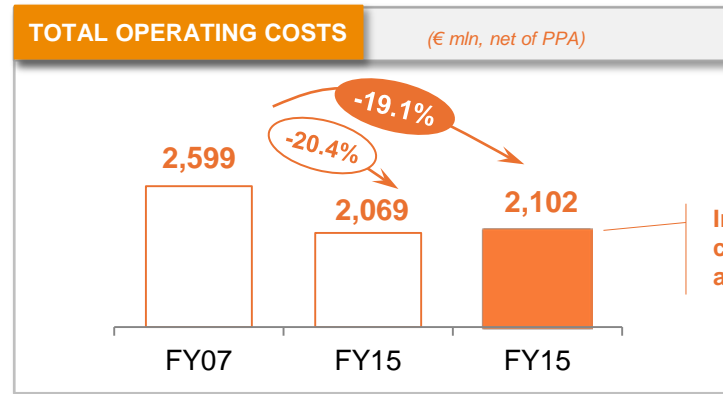
Operating cost trends in 2015

| IN MILLION EURO | 2014 | 2015 | YOY CHANGE | 4Q2014 | 4Q2015 | QOQ CHANGE | |
|---|------|------|------------|--------|--------|------------|--|
| STAFF COSTS | 1302 | 1295 | -0.5% | 325 | 322 | -0.8% | New trade union agreement signed in Dec '15, allowing 31 mln/€ savings at regime |
| OTHER ADMINISTRATIVE EXPENSES RECURRING | 634 | 620 | -2.1% | 175 | 174 | -0.9% | |
| OTHER ADMINISTRATIVE EXPENSES WITH ORDINARY CONTRIBUTION TO RESOLUTION FUND AND DEPOSIT GUARANTEE SCHEME | 634 | 654 | 3.2% | 175 | 207 | 18.2% | |
| OTHER ADMINISTRATIVE EXPENSES WITH ORDINARY CONTRIBUTION TO RF AND DGS PLUS EXTRAORDINARY ITEMS (65,3 MLN TO RS and 7.9 IW BANK INTEGRATION COSTS IN 2015, 1.5 IW BANK INTEGRATION COSTS IN 2014) | 635 | 727 | 14.5% | 177 | 273 | 54.2% | In 4Q15, all contributions to RF and DGS were booked to Other Administrative Expenses with reclassification of amounts already booked in Provisions to risks and charges |
| D&A | 171 | 153 | -10.7% | 44 | 38 | -12.4% | |
| TOTAL OPERATING COSTS RECURRING | 2107 | 2069 | -1.8% | 544 | 534 | -1.8% | |
| TOTAL OPERATING COSTS WITH ORDINARY CONTRIBUTION TO RESOLUTION FUND AND DEPOSIT GUARANTEE SCHEME | 2107 | 2102 | -0.2% | 544 | 568 | 4.4% | |
| TOTAL OPERATING COSTS WITH ORDINARY CONTRIBUTION TO RF AND DGS PLUS EXTRAORDINARY ITEMS | 2108 | 2175 | 3.2% | 546 | 633 | 16.1% | |

Note: staff headcounts at the end of the period

Confirmed strong track record in cost management

(Amounts net of non-recurring items)

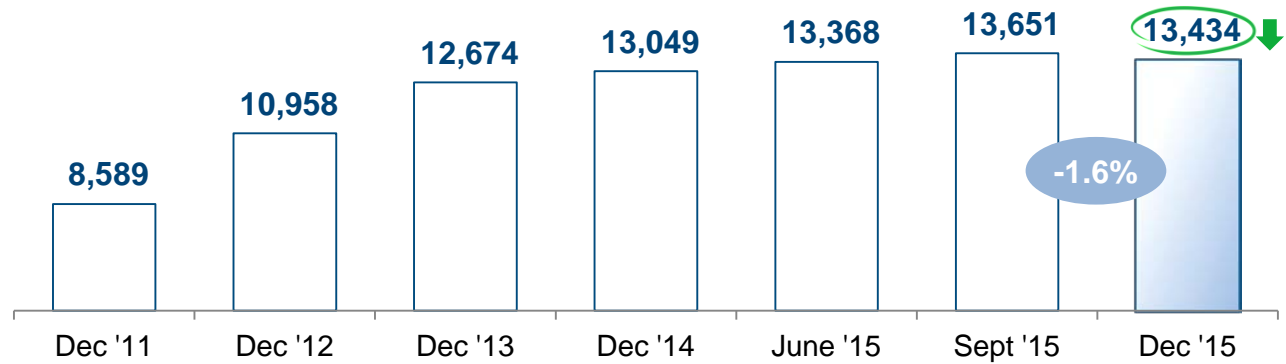


New agreement with trade unions signed in Dec '15 providing for a further reduction of ~ 410 staff

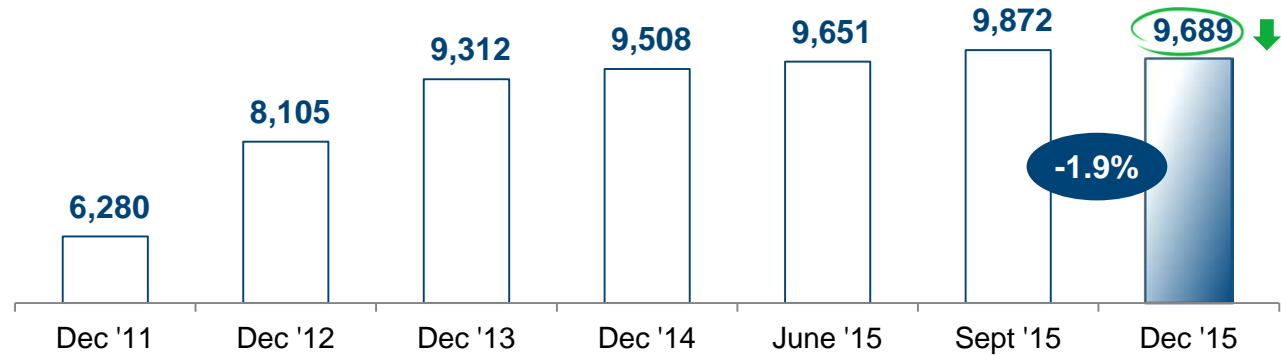
Note: staff headcounts at the end of the period

Total stock of Non Performing Exposures down both in gross and net terms

**GROSS
DETERIORATED
LOAN STOCKS
(NPEs)**
(€ mln)



**NET
DETERIORATED
LOAN STOCKS
(NPEs)**
(€ mln)



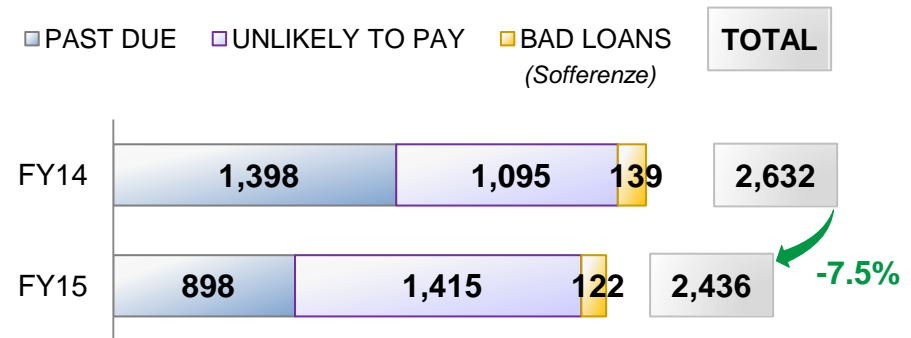
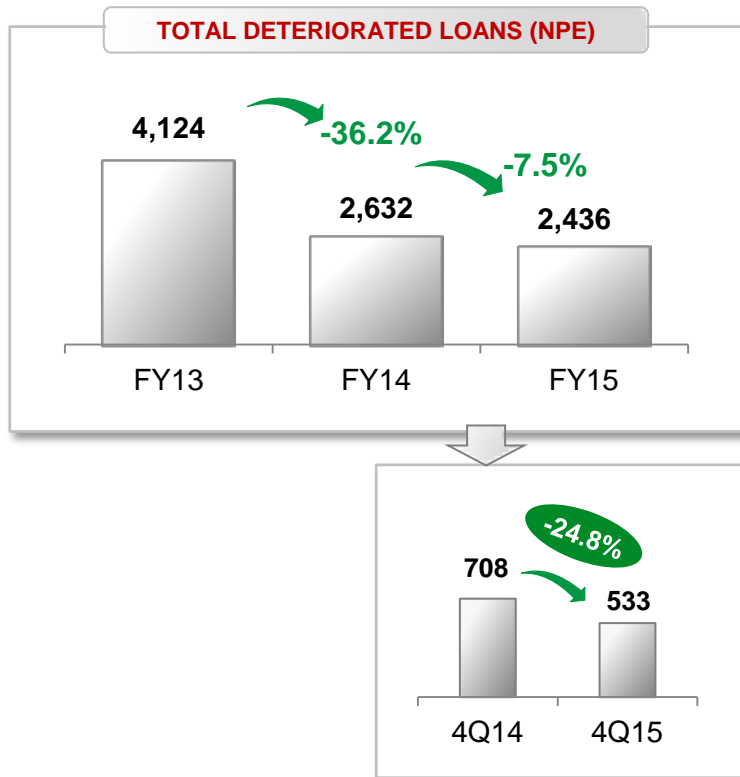
See annex 7

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

Following the decrease of -36.2% already reported in 2014 vs 2013, 2015 vs 2014 shows a further drop of 7.5% in new inflows, mainly concentrated in 4Q

Inflows from performing to deteriorated loans (NPEs)

(€/mln)

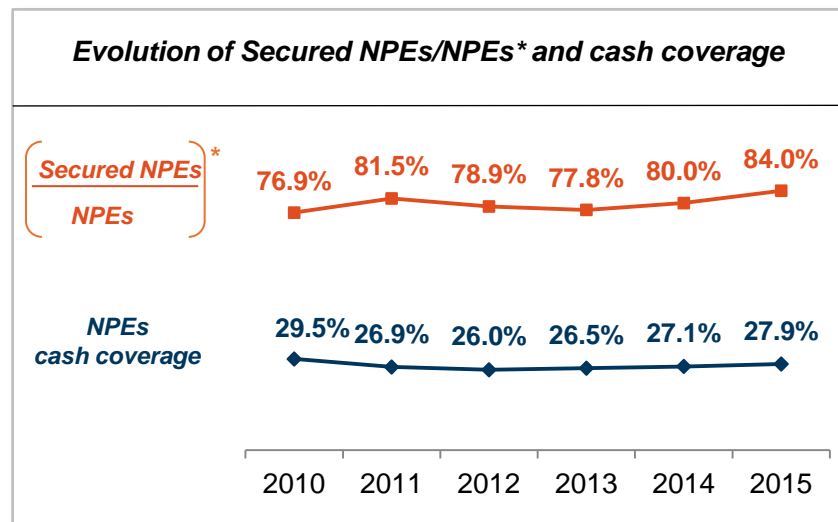


Increase in coverage of total NPEs compared to Dec '14 and Sept '15

| COVERAGE | Dec '14 | Sept '15 | Dec '15 |
|---------------------------------|---------|----------|---------|
| Total deteriorated loans (NPEs) | 27.1% | 27.7% | 27.9% |
| including write-offs | 37.1% | 37.3% | 37.4% |
| of which | | | |
| Bad Loans ("Sofferenze") | 38.6% | 38.7% | 38.6% |
| including write-offs | 53.4% | 53.0% | 52.5% |
| Unlikely to pay | 16.7% | 17.1% | 16.7% |
| Past due loans | 4.4% | 5.1% | 4.9% |
| Performing loans | 0.63% | 0.56% | 0.55% |

**Bad Loans coverage pro-forma for disposals in FY15:
~ 40% and ~ 54% including write-offs**

See next slide



- 2015 evidences show further increase in percentage of secured NPEs to **84%** (+7.1 p.p. vs 2010)

* Secured NPEs/NPEs refers to the ratio of Net Non Performing Exposures - both wholly and partially guaranteed by collateral and personal guarantees - to Total Net Loans.
Source: Annual Reports Table A.3.2 of the Notes to the Accounts

Bad loans sale in 2015 for a gross book value of ~ 290 mln/€ covered at 71%

| KIND OF CREDIT <i>(amounts in mln/€)</i> | # OF POSITIONS SOLD | GROSS BOOK VALUE** | GROSS LOAN VALUE | NET LOAN VALUE | DISPOSAL PRICE | PROFIT/ LOSS | PRICE AS % OF GBV |
|---|---------------------------|--------------------------|------------------------|----------------------|-------------------|-----------------|----------------------|
| MORTGAGES* | 463 | 156 | 125 | 74 | 60 | -14 | 39% |
| UNCOLLATERALIZED | 16,612 | 371 | 164 | 11 | 14 | 3 | 4% |
| TOTAL | 17,075 | 527 | 289 | 85 | 74 | -11 | 14% |

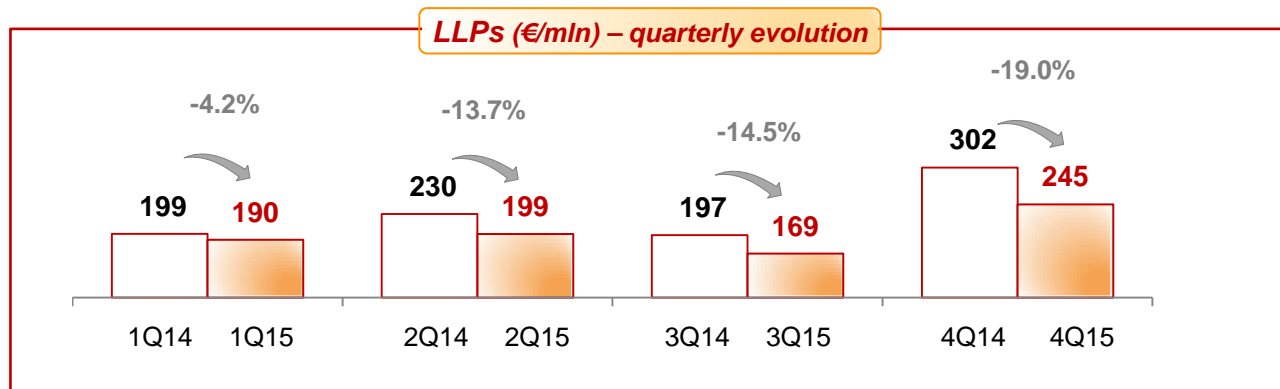
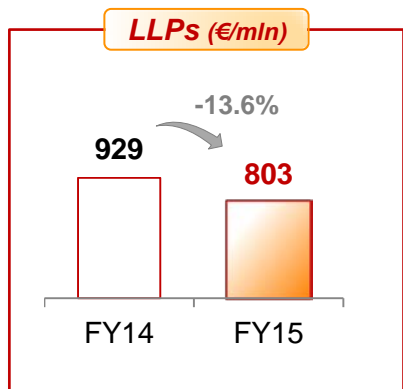
* Mainly SMEs and Corporates

** Including write-offs

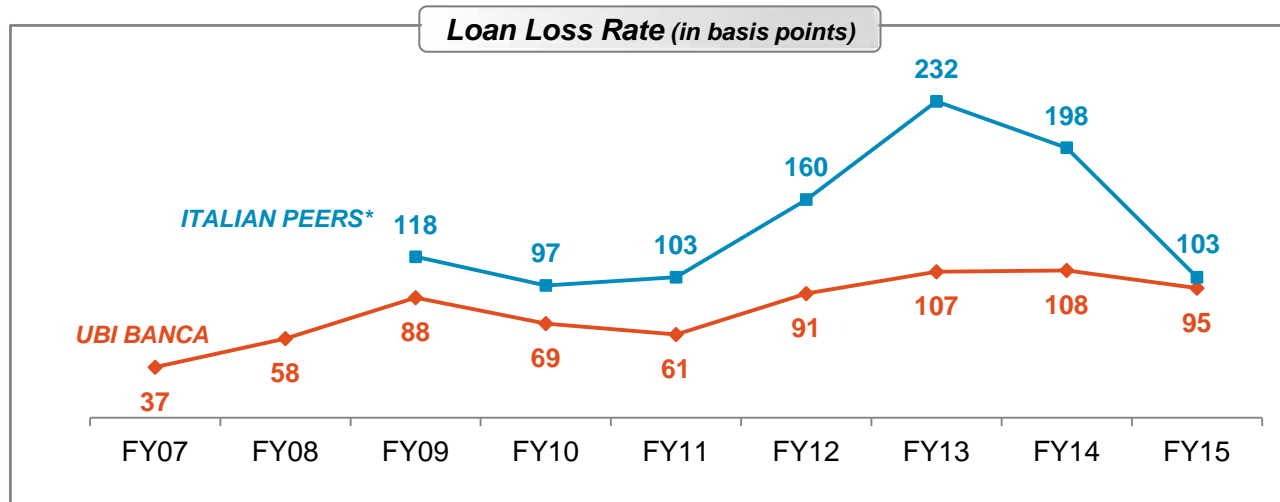
- Bad Loans sold in 2015 amount to 527 mln/€ gross of write-offs and concern an high number of positions:
 - collateralized positions were sold at 39% of gross book value with a loss of 9%
 - uncollateralized positions were sold at 4% of gross book value with a gain of 1%

Loan loss provision reduced by 13.6%, gradually on a quarterly basis since no extra provisions were booked ahead of AQR

Loan loss rate at **95** bps in FY15 vs. 108 bps in FY14



| Amounts in mln/€ | FY14 | FY15 | % chg |
|-----------------------------------|------------|------------|---------------|
| Net analytical Impairments | 902 | 823 | -8.8% |
| <i>o/w writebacks</i> | 93 | 83 | -10.8% |
| Net collective impairments | 26 | -20 | <i>n.s.</i> |
| TOTAL IMPAIRMENTS | 929 | 803 | -13.6% |



Release in Product Companies (Prestitalia, UBI Leasing) and UBI Banca

* Italian Peers: UCG, ISP, MPS, BP, BPM and BPER

** The comparison with Italian peers starts from 2009 seen that before that date some Italian peers have experienced a change in operating perimeter

Outlook

- ✓ The quarterly performance of **net interest income in 2016** is forecast to **grow** compared with the minimum recorded in the last quarter of 2015
- ✓ **Net fee and commission income is forecast to benefit again in 2016 from the re-composition process** of total funding in favour of assets under management and from the gradual recovery in lending to customers
- ✓ In the context of a start to the year characterised by greater volatility on markets, **profit-taking on positive fair value reserves** relating to the securities portfolio should make it possible to offset the forecast lower contribution from trading and hedging activity compared with 2015
- ✓ The continuous optimisation of other administrative expenses and the recent trade union agreement should make it possible to **maintain operating expenses in line with those for 2015**, notwithstanding the increase in costs relating to the contribution to the European Resolution Fund and the Deposit Guarantee Scheme
- ✓ The particularly prudent approach to the performing portfolio and the reduction in progress of new inflows to non performing status should make it possible to **reduce loan losses in the coming year, also gross** of any extraordinary components resulting from a possible acceleration of the process to dispose of bad loans

Main Reclassified Balance Sheet Items

| MAIN ASSETS ITEMS <i>Figures in millions of euro</i> | 31.12.2014 | 30.09.2015 | 31.12.2015 | % annual change | % quarterly |
|--|-------------------|-------------------|-------------------|----------------------------|------------------------|
| Financial assets (AFS, HFT, FV, HTM) | 23,746 | 19,595 | 20,239 | -14.8% | 3.3% |
| Loans to customers | 85,644 | 83,834 | 84,586 | -1.2% | 0.9% |
| Property, equipment and investment property | 1,729 | 1,744 | 1,744 | 0.9% | 0.0% |
| Intangible assets | 1,777 | 1,752 | 1,757 | -1.1% | 0.3% |
| <i>of which: goodwill*</i> | 1,465 | 1,465 | 1,465 | 0.0% | 0.0% |
| Tax assets | 2,992 | 2,727 | 2,815 | -5.9% | 3.2% |
| Other assets | 931 | 960 | 1,172 | 25.8% | 22.0% |
| Total assets | 121,787 | 115,689 | 117,201 | -3.8% | 1.3% |

| MAIN LIABILITIES AND EQUITY ITEMS <i>Figures in millions of euro</i> | 31.12.2014 | 30.09.2015 | 31.12.2015 | % annual change | % quarterly |
|--|-------------------|-------------------|-------------------|----------------------------|------------------------|
| Net interbank position** | 9,952 | 7,239 | 7,024 | -29.4% | -3.0% |
| Due to customers | 51,617 | 50,760 | 55,264 | 7.1% | 8.9% |
| Securities issued | 41,590 | 38,262 | 36,248 | -12.8% | -5.3% |
| Tax liabilities | 630 | 511 | 473 | -25.0% | -7.5% |
| Net worth attributable to the Parent | 10,530 | 9,911 | 9,865 | -6.3% | -0.5% |
| Non-controlling interests | 555 | 532 | 536 | -3.4% | 0.8% |
| Profit for the period | (726) | 162 | 117 | -116.1% | -27.9% |
| Total liabilities and equity | 121,787 | 115,689 | 117,201 | -3.8% | 1.3% |

* Goodwill impairment in 2014

** Including €8.1 bln TLTRO

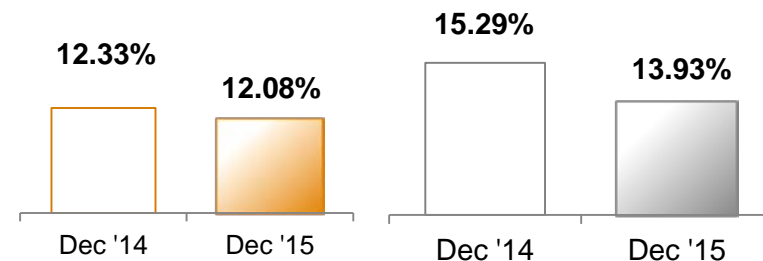
Capital Ratios (Phased in, Basel 3) as at Dec'15: Common Equity Tier 1 Ratio at 12.08%, Total Capital Ratio at 13.93%

| <i>mln/€</i> | Dec '14 | Dec '15 |
|--|----------------|----------------|
| Common Equity Tier 1 Capital (before filters and transitional provisions) | 8,029.9 | 8,182.0 |
| Transitional provisions (minority interest) | 258.1 | 176.6 |
| Transitional provisions (AFS Reserves) | -92.5 | -59.1 |
| Common Equity Tier 1 Capital filters | -1.9 | -3.1 |
| Italian Govies filters | -60.0 | -191.0 |
| Common Equity Tier 1 (after filters) | 8,133.6 | 8,105.4 |
| <i>Common Equity Tier 1 regulatory adjustments: negative elements for deduction excess of expected losses over impairment losses</i> | -518.3 | -696.5 |
| Common Equity Tier 1 Capital (CET1) | 7,615.3 | 7,408.9 |
| Additional Tier 1 before deductions | 37.6 | 38.9 |
| <i>Additional Tier 1 regulatory adjustments: negative elements for deduction excess of expected losses over impairment losses</i> | -37.6 | -38.9 |
| Additional Tier 1 | - | - |
| Tier 1 Capital | 7,615.3 | 7,408.9 |
| Tier 2 Capital before transitional provisions | 2,187.8 | 1,443.5 |
| <i>Tier 2 instruments grandfathering</i> | - | - |
| Tier 2 Capital after transitional provisions | 2,187.8 | 1,443.5 |
| Tier 2 capital regulatory adjustments | -361.4 | -307.3 |
| <i>of which: negative elements for deduction excess of expected losses over impairment losses</i> | -370.6 | -315.2 |
| Tier 2 Capital | 1,826.3 | 1,136.1 |
| TOTAL OWN FUNDS | 9,441.6 | 8,545.0 |

| <i>mln/€</i> | Dec '14 | Dec '15 |
|---|-----------------|-----------------|
| Risk weighted assets | 61,762.6 | 61,344.9 |
| Total prudential requirements | | |
| <i>Credit risk</i> | 4,572.7 | 4,536.7 |
| <i>CVA (Credit Value Adjustment) risk</i> | 14.7 | 15.5 |
| <i>Market risk</i> | 56.5 | 78.8 |
| <i>Operational risk</i> | 297.1 | 276.7 |

CET 1 PHASED IN

**TOTAL CAPITAL
PHASED IN**



Lending Portfolio: +1.2% vs Dec'14 in the core perimeter

| € bln, end date | | Dec '14 | Sept '15 | Dec '15 | % change vs | |
|-------------------------------|--------------------------------|-------------|-------------|-------------|--------------|--------------|
| | | | | | Dec '14 | Sept '15 |
| RETAIL | Private Customers | 20.9 | 21.1 | 21.0 | 0.4% | -0.3% |
| | Small business | 13.4 | 13.2 | 13.1 | -2.7% | -0.7% |
| | UBI Banca (former Banca 24/7)* | 5.4 | 4.9 | 4.8 | -10.4% | -1.8% |
| | IW Bank PI | 0.9 | 0.8 | 0.8 | -11.0% | -4.8% |
| | Prestitalia | 1.9 | 1.5 | 1.4 | -25.2% | -6.3% |
| | Total Retail | 42.5 | 41.4 | 41.1 | -3.3% | -0.9% |
| CORPORATE | Core corporate | 14.2 | 14.3 | 14.2 | 0.1% | -0.8% |
| | Large corporate | 8.1 | 8.5 | 8.9 | 9.8% | 3.7% |
| | UBI Banca (former Centrobanca) | 4.9 | 4.7 | 5.2 | 6.4% | 9.6% |
| | Total Corporate | 27.2 | 27.6 | 28.3 | 4.1% | 2.4% |
| PRIVATE | | 0.8 | 0.8 | 0.9 | 12.0% | 4.7% |
| OTHER** | | 15.2 | 14.0 | 14.4 | -5.6% | 3.1% |
| of which: | UBI Leasing | 6.9 | 6.7 | 6.6 | -4.6% | -1.2% |
| | UBI Factor | 2.0 | 1.9 | 2.2 | 11.0% | 20.5% |
| | UBI Banca including CCG | 1.6 | 1.1 | 1.6 | 0.3% | 36.6% |
| TOTAL NET LENDING BOOK | | 85.6 | 83.8 | 84.6 | -1.2% | 0.9% |

Stable “core” lending in Network banks at 58.1 bln/€ (+1.2% vs Dec '14)

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

* 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

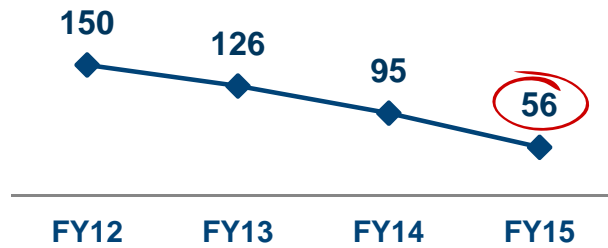
** Minor companies, UBI Banca financial transactions, IAS adjustments, loans not segmented to commercial portfolios and intercompany eliminations

Bond maturities well planned and distributed over time

RETAIL BONDS

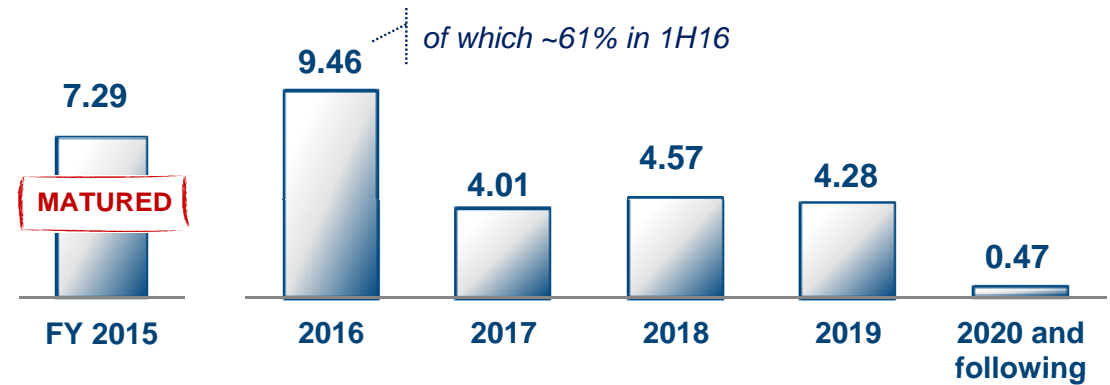
New issuances

Decreasing spreads vs. 6M Euribor (bps)



Maturities profile

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



INSTITUTIONAL BONDS

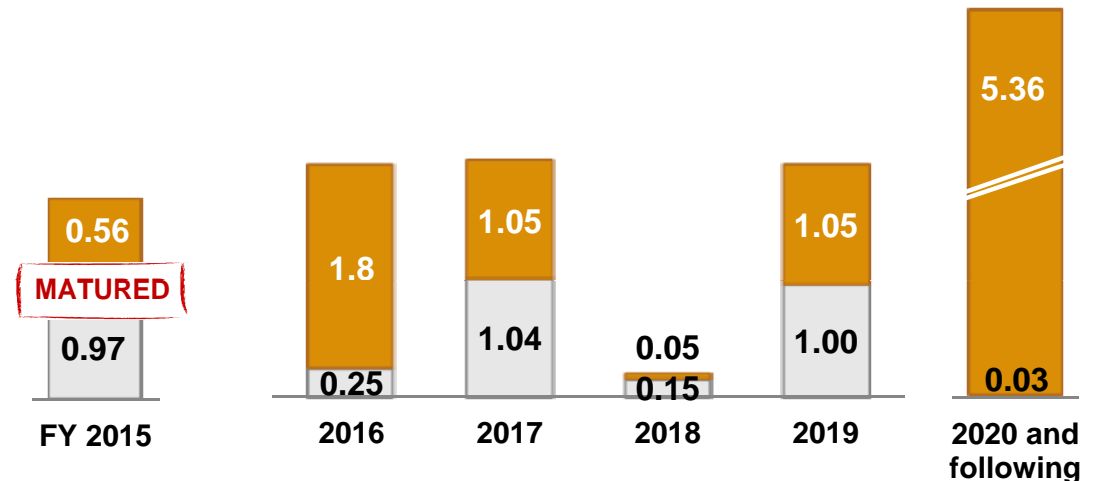
2015 market issuances:

- In October 2015 a New Long 7 Year Covered Bond issuance for 750 mln/€ (coupon at 1.00%**)
- 14.5 bln/€ retail mortgages in the Covered Pool as against 10.5 bln/€ issued

Maturities profile

(Nominal amounts in € bln)

■ EMTN ■ COVERED BONDS*



* Inclusive of original 0.5 bln/€ of private placement with BEI expiring within 2022. Retained issue not included**

** Spread of 36 basis points above the interpolated mid swap rate (7 years and 3 months)

Securities Portfolio composition*

| Composition of the portfolio | | 31.12.2014 | 30.09.2015 | 31.12.2015 |
|--|--------------------------------------|------------|------------|------------|
| BY TYPE OF FINANCIAL INSTRUMENT | Government bonds | 95.6% | 96.8% | 94.3% |
| | Corporate bonds (mainly bank issues) | 3.3% | 2.2% | 4.7% |
| | Hedge funds | 0.5% | 0.7% | 0.6% |
| | Funds and shares | 0.6% | 0.3% | 0.3% |
| BY FINANCIAL PROFILE | Floating rate** | 57.9% | 64.8% | 64.5% |
| | Fixed rate | 38.2% | 32.0% | 32.8% |
| | Structured securities | 2.8% | 2.1% | 1.6% |
| | Shares, funds, convertible bonds | 1.1% | 1.1% | 1.1% |
| BY CURRENCY | Securities in euro | 99.7% | 99.7% | 99.5% |
| BY GEOGRAPHICAL DISTRIBUTION | Securities of the euro area | 99.9% | 99.9% | 98.5% |
| | USA securities | 0.00% | 0.00% | 0.66% |
| BY RATINGS (BONDS) | Investment grade | 99.4% | 99.4% | 99.6% |
| | 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

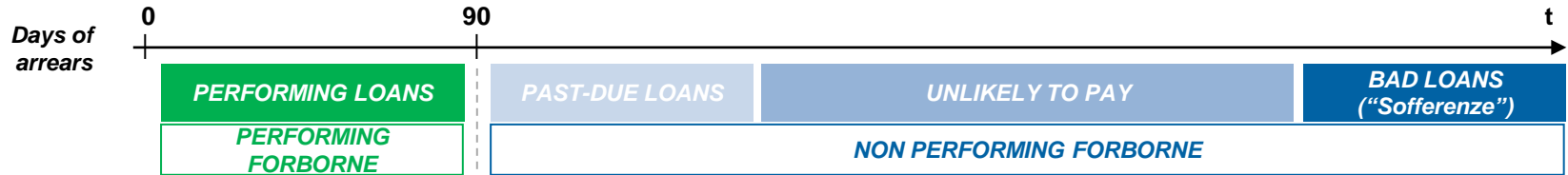
** Fixed rate securities with asset swaps are considered as floating rate securities; securities in asset swap represent 99% of floating rate securities as at 31 December 2015

Net Interest Income – Consolidated Customer Spread Details

| CUSTOMER SPREADS | | | | | |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <i>in bps on avg. STOCK*</i> | 4Q14 | 1Q15 | 2Q15 | 3Q15 | 4Q15 |
| 1M Euribor | 1 | 0 | -5 | -9 | -15 |
| Mark up vs 1M Euribor | 281 | 275 | 268 | 259 | 256 |
| <i>Short term</i> | 335 | 323 | 308 | 293 | 283 |
| <i>Medium-long term</i> | 266 | 261 | 258 | 251 | 250 |
| Mark down vs 1M Euribor | -96 | -89 | -86 | -85 | -84 |
| <i>Sight deposits</i> | -20 | -16 | -18 | -19 | -24 |
| <i>Term deposits</i> | -125 | -112 | -89 | -94 | -81 |
| <i>Retail bonds</i> | -142 | -136 | -129 | -124 | -125 |
| <i>Institutional bonds</i> | -189 | -186 | -187 | -187 | -174 |
| UBI Group - Customer spread | 185 | 186 | 182 | 174 | 172 |
| <i>of which</i> | | | | | |
| UBI Network Banks cust. spread | 203 | 201 | 196 | 190 | 185 |

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

Asset Quality details

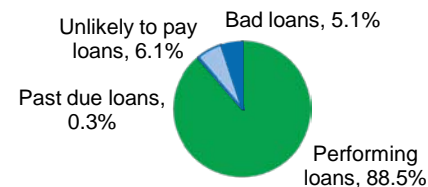
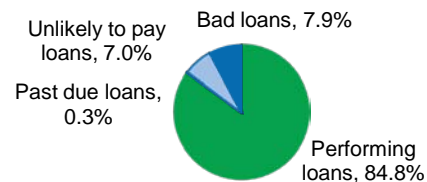


| Figures in mln€ | Gross exposure | | | Net exposure | | | Coverage | | |
|---------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Dec '14 | Sept '15 | Dec' 15 | Dec '14 | Sept '15 | Dec' 15 | Dec '14 | Sept '15 | Dec' 15 |
| Performing loans | 76,618 | 74,376 | 75,314 | 76,136 | 73,963 | 74,898 | 0.63% | 0.56% | 0.55% |
| of which forborne | 2,429 | 2,263 | 2,354 | 2,393 | 2,229 | 2,315 | 1.47% | 1.50% | 1.64% |
| Non performing exposures | 13,049 | 13,651 | 13,434 | 9,508 | 9,872 | 9,689 | 27.13% | 27.69% | 27.88% |
| of which forborne | 1,923 | 2,734 | 3,021* | 1,653 | 2,318 | 2,543 | 14.03% | 15.21% | 15.83% |
| - Bad loans ("Sofferenza") | 6,552 | 6,920 | 6,988 | 4,025 | 4,244 | 4,288 | 38.56% | 38.67% | 38.64% |
| - "Unlikely to pay" loans | 5,944 | 6,324 | 6,180 | 4,954 | 5,241 | 5,147 | 16.65% | 17.13% | 16.71% |
| - Former impaired loans | 5,064 | 5,394 | n.s. | 4,237 | 4,475 | n.a. | 16.33% | 17.05% | n.s. |
| - Former restructured loans | 880 | 930 | n.s. | 717 | 766 | n.a. | 18.51% | 17.61% | n.s. |
| - Past due loans | 554 | 407 | 267 | 529 | 387 | 254 | 4.39% | 5.07% | 4.88% |
| Total loan book | 89,667 | 88,027 | 88,748 | 85,644 | 83,834 | 84,586 | 4.49% | 4.76% | 4.69% |
| of which: forborne | 4,352 | 4,997 | 5,375 | 4,046 | 4,547 | 4,858 | 7.02% | 9.00% | 9.61% |

% Incidence on total loans...

...in gross terms, Dec '15

...in net terms, Dec '15



* Of which nearly 50% related to unlikely to pay exposures