PRESS RELEASE

- **UBI Banca complies in advance with the higher international soundness standards set by Basel 3: On the basis of figures as at 30th June, 2013:**
  <u>Capital</u>: Core tier one ratio of 12.1% - estimated fully loaded Basel 3 CET1 ratio >10%
  <u>Liquidity</u>: Liquidity coverage ratio >1 and Net stable funding ratio >1
  <u>Financial leverage</u>: Basel 3 leverage ratio[1]: 4.9%

- **2Q 2013 shows, compared to 1Q 2013, growing operating income, a further drop in costs, loans loss provisions consistent with budget projections and registers a slowdown in new inflows of deteriorated loans**
  Profit of €26.5 million in <u>2Q</u>, <u>unchanged</u> compared to 1Q 2013:
  Operating income of €852.4 million, + 6.6% compared to 1Q 2013
  Quarter-on-quarter improvement in net interest income continued, to reach €428.2 million (+2.6% compared to 1Q 2013)
  Net fee and commission income firm at €297.5 million (€304.8 million in 1Q 2013)
  Finance again made a positive contribution of €67.4 million (€42 million in 1Q 2013)
  Operating expenses fell to €533.6 million (-0.9% compared to 1Q 2013; of which staff costs of €314.9 million, -5% compared to 1Q 2013)
  Losses on loans in 2Q 2013 of €226.2 million (€157.7 million in 1Q 2013) affected by the usual seasonal factors

- **Profit in the <u>first half</u> of the year of €52.9 million (€159.5 million in the first half of 2012)**
  Operating income of €1,652.2 million (-7.9% y/y)
  Net interest income of €845.4 million (-13.7% y/y following a decrease in loans and record low interest rates)
  Net fee and commission income of €602.2 million (+2.8% y/y)
  A financial result of €109.4 million (€105.4 million in 1H 2012)
  Operating expenses down to €1,071.9 million (-5.7% y/y, of which staff costs -6.2%, other administrative expenses -4.8% and impairment losses on property, plant and equipment and intangible assets -5.6%)
  Losses on loans of €383.9 million (84 basis points annualised) compared to €334.4 million in 1H 2012 (70 basis points annualised)

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Bergamo, 26th August 2013 – The Management Board of Unione di Banche Italiane Scpa (UBI Banca) approved the consolidated results for the **first half of 2013**, which ended with a **profit of €52.9 million**, achieved as a result of **good performance in both the first and second quarters of the year, both of which ended with a profit of €26.5 million**. This result compares with a profit of €159.5 million in the first half of 2012, which benefited above all from better performance by net interest income as a consequence of greater average volumes of lending and higher market interest rates.

[1] On the basis of Basel 3 requirements, the maximum financial leverage ratio is set at 3%, in order to contain total banking debt and as a consequence, the tier one capital must be equal to at least 3% of on- and off-balance-sheet assets.

From a balance sheet viewpoint, the Group is **already Basel 3 compliant** and its position compares favourably with the figures published by major international players. The core tier 1 ratio estimated on the basis of Basel 3 rules would be over 10%, when fully phased-in. Both short-term (liquidity coverage ratio) and medium term (net stable funding ratio) liquidity indicators are higher than one, financial leverage, according to Basel 3 rules is 4.9% and well above the required minimum of 3%.

On the basis of the rules currently in force, the core tier one ratio stands at 12.1%, the tier one ratio at 12.7% and the total capital ratio at 18.7%.

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Half yearly income statement figures and 2013 quarterly results

Notwithstanding the substantial increase in **operating income** to €852.4 million in 2Q 2013 (+6.6% compared to €799.8 million in 1Q 2013), the income statement recorded total operating income of €1,652.2 million in the first half of 2013, a decrease compared to €1,794.6 million in the same period of 2012.
The difference is attributable primarily to the fall in **net interest income**[2], which amounted to €845.4 million in the first half compared to €979.6 million in 2012, consequence of the drop in market interest rates (the average 1 month Euribor fell from 0.536% to 0.119%) and of the difficult economic environment which did not allow any recovery in lending, otherwise possible given the sound capitalisation of the Group.
Positive forecasts are confirmed for net interest income, for which progressive growth is expected in 2013 compared to the low reached in 4Q 2012. Net interest income did in fact grow by 2.6% in 2Q 2013 compared to 1Q 2013, to reach €428 million. A reduction in the cost of funding contributed to this result, a consequence of reduced market pressures and active management of higher cost marginal funding carried out in the second quarter, which determined a further improvement in the customer spread to 1.61% (1.50% in 4Q 2012 and 1.60% in 1Q 2013).

Dividends were received in the first half, recognised entirely in the second quarter of the year, relating primarily to the AFS securities portfolio held by UBI Banca amounting to €8.2 million, €4 million of which from Intesa Sanpaolo shares[3], after the partial disposals carried out in the fourth quarter of 2012, and in the first months of the current year. In the same period of 2012, however, the item had recorded income of €12.7 million, of which €9.3 million from Intesa Sanpaolo.

The **profits of equity-accounted investees** rose from €25.8 million in the first half of 2012 to €30.7 million in the period ended 30th June 2013, as a result of greater contributions from Aviva Vita (+€1.4 million y/y), Lombarda Vita (+€1.5 million y/y) and Aviva Assicurazioni Vita (+€3.3 million y/y).

Net fee and commission income recorded year-on-year growth of 2.8% to €602.2 million compared to €586.1 million before. First half results included commissions for management, trading and advisory services totalling €300.6 million (+10.3%) compared to €272.6 million in the same period of 2012, with an increase both in the results for customer portfolio management and advisory services and in those for the placement of securities and the distribution of third-party services. This good performance more than compensated for the contraction in commissions from ordinary banking business, which came to €324.7 million, compared to €332.7 million in the first half of 2012 – primarily the result of lower volumes of business determined by the economic situation – and for greater fees and commissions paid for the issuance of government backed bonds (€23.1 million compared to €19.3 million in 2012).
As concerns the quarterly performance of the commission income, the decrease recorded in 2Q 2013 compared to 1Q 2013 (€297.5 million against €304.8 million) is attributable primarily to lower fees and

[2] Following the introduction of the fast credit processing fee (Commissione di Istruttoria Veloce – CIV) from the fourth quarter of 2012, recognised within "other operating income", sums relating (mainly) to the previous past due penalty were reclassified out of net interest income and recognised within other operating income to allow homogeneous comparison. The comparative figures shown in the tables relating to net interest income and to other operating income are therefore different from those already published.
[3] As at 30 June 2013, UBI Banca held 80,729,014 Intesa Sanpaolo shares equal to the 0.52% of the voting share capital (as at 31 December 2012, UBI Banca held 114,129,014 shares, equal to 0.74% of the capital). Shares were sold in 1Q 2013, with a gross capital gain of 11.4 million.

commissions from ordinary banking business (-€6.7 million, of which 4.6 relating to non recurring structured finance fees), while the contribution from management, trading and advisory services of approximately €150 million was unchanged, but showed lower commissions on placement of securities and higher portfolio management fees.

It will be very difficult to repeat again for the full year 2013 the **results on financial activities**[4] achieved in 2012 under very extraordinary market conditions.
Notwithstanding this, **a significant result of €109.4 million** was achieved in the first half of 2013 (€105.4 million in the first half of 2012), as a result of €67.4 million earned in a particularly encouraging second quarter (€42 million in the first quarter of the year).
This result was composed as follows: €52.5 million from trading activities earned in equal amounts in the first two quarters of 2013 (€21.2 million in the first half of the 2012); €59.9 million from the disposal of available for sale securities and the repurchase of financial liabilities, relating primarily to the second quarter of the year, (€74.7 million in the first half of 2012); and €1.6 million from fair value changes in financial assets designated at fair value (-€2.5 million in the first half of 2012), while hedging activities incurred a loss of €4.6 million (a profit of €12 million in the first half of 2012).

Other net operating income/expense amounted to €56.2 million compared to €85.1 million in the first half of 2012. This item was subject to a structural reduction year-on-year following the discontinuation of Banca 24/7 operations and the evolution of the fast credit processing fee, which replaced the previous overdraft penalty[5] from 1st October 2012. The contribution from the fast credit processing fee decreased (-€12.4 million compared to the first half of 2012) above all following a reduction in the number of overdrafts due to monitoring actions put in place.
The performance of the item "other net operating income/(expense)" was consistent in the comparison between 2Q 2013 (€29.4 million) and 1Q 2013 (€26.8 million).

Virtuous performance by **operating expenses** was again recorded in the first half of 2013, down by 5.7% year-on-year, <u>the result of a contraction in all expense items:</u>

- **staff costs** of €646.2 million, were down significantly (-6.2% y/y), as a result of a progressive reduction in average staff numbers (-924 y/y, calculated according to Bank of Italy criteria, of which -646 in the first quarter of 2013, due mainly to the implementation of the trade union agreements of November 2012 and February 2013).

  In terms of quarterly performance, staff costs of €315 million in 2Q 2013 decreased by 5% compared to 1Q 2013 and were significantly lower than the quarterly average for 2012 (€343 million).

- containment of **other administrative expenses** of €335.3 million is continuing (-4.8% y/y), which involved almost all components of current expenditure, except for the item advertising, which increased in relation an institutional television and radio advertising campaign launched in the second quarter of the year.

  The increase in advertising expenses and normal seasonal factors explain the increase in other administrative expenses in 2Q 2013, which amounted to €174 million compared to €162 million in 1Q 2013.

- finally, a decrease was also recorded for **depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets**, which totalled €90.4 million compared to €95.8 million in the first half of 2012, primarily due to the absence of some expense items connected with Group reorganisation (write-offs of dismissed IT systems, branch closures, etc.).

Net impairment losses on loans rose to €383.9 million in the period January-June 2013, compared to €334.4 million in the first half of 2012, to give an annualised loan loss rate of 0.84% of total loans compared to 0.70% recorded in the same period of 2012.

[4] The net result for financial activities: net income (loss) on trading, hedging and disposal and repurchase of financial assets and liabilities, and on assets and liabilities designated at fair value.
[5] See note 2.

The item increased by €49.5 million compared to 2012, the aggregate result of impairment losses of €15.5 million on the performing portfolio (reversals of €13.4 million were recognised in the first six months of 2012) and specific impairment losses up by €20.6 million.
In quarterly terms, net impairment losses of €226.2 million recognised in 2Q 2013 increased compared to €157.7 million in 1Q 2013, recording, however, seasonal changes comparable to those seen in past years.

As a result of the performance described above, **profit on continuing operations before tax** amounted to €168.7 million, compared to €252.8 million in 1H 2012.
On a quarterly basis, continuing operations gave rise to a profit before tax of €76.1 million, a decrease compared to €92.6 million in the first three months of 2013, but an increase compared to the same quarter in 2012 (€42.1 million).

Taxes on income for the period from continuing operations amounted to €103.1 million, compared to €76.3 million in 2012, which, however, included substantial non-recurring items, to give a tax rate of 61.12%. Taxes for 2Q 2013 were €46.5 million, compared to €56.6 million in 1Q 2013 to give a tax rate of 61.11%, in line with 61.13% before.

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The balance sheet

Loans to customers as at 30th June 2013 amounted to €91.3 billion, down by 1.1% compared to 92.3 billion in March 2013 and by 1.7% compared to €92.9 billion in December 2012, affected by weak demand for credit by both households and businesses.

As concerns credit quality, total deteriorated net loans (non-performing loans, impaired loans, restructured and past due/in arrears) amounted to €8.7 billion (€11.8 billion gross) compared to €8.5 billion (€11.5 billion gross) in March 2013 and €8.1 billion (approximately €11 billion gross) as at the 31st December 2012, due mainly to the deterioration in the economic environment but also to the insourcing of processes as a consequence of the discontinuation of indirect distribution networks which operated with the former Banca 24/7.
In detail, a slowdown in gross deteriorated loans stocks growth was recorded in the first half of 2013: the quarterly CAGR in the first six months of 2013 was in fact +3.9%, a decrease compared to a quarterly CAGR of +4.9% in the first half of 2012. The gross inflows from performing to deteriorated loans also improved, down by 9.5% compared to the first quarter of 2013.

As concerns individual categories, net non-performing loans increased to approximately €3.2 billion from €3 billion in March 2013 and from €2.95 billion as at 31st December 2012, accounting for 3.56% of total net loans (3.75% for the sector nationally). Growth in total net non performing loans in the second quarter (approximately €200 million) was attributable almost entirely to the classification as non-performing of a single position (previously classified as impaired) amounting to approximately €153 million. No impairment losses were recognised on that exposure in view of the expectation of full recovery of the loan.
Coverage for non-performing loans was 41.8% compared to 42.3% in March 2013 and it was 42.6% in December 2012. Net of the position mentioned above (on which no impairment losses were recognised) coverage would be 43%, at a level therefore higher than both March 2013 and December 2012.
Coverage for positions not backed by collateral is 72.7% or 75.6% net of the position mentioned above.

Net impaired loans stood at €4 billion (unchanged compared to March 2013), up from €3.6 billion at the end of 2012. As already reported previously, the figure for the end of June included the migration to non-performing status in the second quarter of that same position already mentioned.
Total coverage for impaired loans was 14.1%, up compared to 12.7% in March 2013 and to 12.6% in December 2012 (10.9% in June 2012). Coverage for positions not backed by collateral is 22%, up compared to 18.8% in March 2013.

Finally, net restructured positions amounted to €591 million, more or less unchanged compared to March 2013 (€593 million), while positions past due/in arrears amounted to €891 million (€875 million in March 2013).

Total direct funding as at 30th June 2013 amounted to €96.3 billion, a drop of 2.4% compared to €98.7 billion in March 2013 (the latter was largely unchanged compared to €98.8 billion in December 2012). The following changes occurred within the item:

- **direct funding from ordinary customers** (inclusive of bond issues and net of institutional funding and repurchase agreements with the *Cassa di Compensazione e Garanzia* – a central counterparty clearing house) amounted to €77.9 billion, down by approximately €2.5 billion both year-on-year and compared to March 2013 and December 2012. The performance of the item was affected by a contraction in "current accounts and deposits" and in "term deposits" that occurred mainly in the second quarter of the year through the reduction in the more volatile and costly institutional accounts (-€1.6 billion). The quarter also saw a transfer from current accounts to assets under management (approximately €1 billion), following, amongst other things, the success of placements of UBI Pramerica Sicav's.
  After the closure of 1H 2013, the soft mandatory convertible bond issued in 2009 (yearly coupon 5.75%) was redeemed at maturity in July 2013 for an amount of over €600 million.
- bonds placed with ordinary Group customers, amounting to €24.4 billion, were unchanged compared to March 2013 and December 2012, which confirmed the Group's ability to fully cover maturities;
- **repurchase agreements with the *Cassa di Compensazione e Garanzia***, used to fund positions in securities, amounted to €5.4 billion (€4.9 billion in March 2013 and €3.9 billion in December 2012);
- the **remaining institutional funding** amounted to €13.1 billion (€13.4 billion at the end of March 2013 and €14.5 billion at the end of December 2012). The reduction is due mainly to the maturity of bonds issued on international markets under the EMTN programme: €1.4 billion of securities matured in the first six months of 2013 against an issuance for €0.2 billion in the form of a "private placement".

Consequently the ratio of **loans to deposits** at the end of June was 94.7%.

Group exposure to the ECB remained unchanged as at 30th June 2013 and consisted of a total of €12 billion nominal, the result of Group participation in three-year **LTRO** auctions held by the ECB in December 2011 and February 2012, recognised within the item "due to banks" and therefore not included within direct funding.

The solid liquidity position of the Group is further assured by its **assets eligible for refinancing**, which as at 20th August 2013 totalled approximately €28 billion net of haircuts (€16 billion of assets eligible for refinancing unencumbered and €12 billion pledged as collateral for the LTRO).

Group **financial assets** as at 30th June 2013 amounted to €21.8 billion, of which €19.5 billion relating to Italian government securities: the latter were unchanged compared to the figure as at 31st March 2013.

Finally, **indirect funding** from ordinary customers was unchanged compared to the end of March 2013 at €68.9 billion (€69 billion in June 2012 and €70.2 billion in December 2012). Performance by assets under management in the strict sense was positive, rising to €27.3 billion (approximately €26.9 billion in March 2013 and December 2012). The item benefited from the success of the placement of UBI Pramerica Sicav's (€1.6 billion in the first half of 2013). Insurance funding remained more or less stable in the period at €11.4 billion, while assets under custody of €30.2 billion fell by 1% compared to March 2013 and by 5.6% compared to December 2012.

Consolidated **equity** of the UBI Banca Group as at 30th June 2013, not including profit for the period, amounted to €9.809 billion (€9.692 billion in March 2013 and €9.655 billion at the end of December 2012).

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Human resources of the UBI Banca Group totalled 18,485 as at 30th June 2013, down compared to both March 2013 (18,503) and December 2012 (19,087). The branch network at the end of the period consisted of 1,726 branches in Italy and 8 abroad.

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Statement of the Senior Officer Responsible for the preparation of corporate accounting documents

Elisabetta Stegher, as the Senior Officer Responsible for preparing the corporate accounting documents of Unione di Banche Italiane Scpa, hereby declares, in compliance with the second paragraph of article 154 *bis* of the *Testo unico delle disposizioni in materia di intermediazione finanziaria* (Consolidated Finance Act), that the financial information contained in this press release is reliably based on the records contained in corporate documents and accounting records.

Outlook

The evolution of the Italian economic context in the second half of 2013 remains uncertain. Currently, according to estimates by leading economic research centres, a slight improvement is expected.

As concerns the UBI Group, **a further slight improvement is expected in net interest income in coming quarters under current market conditions,** thanks, amongst other things, to a balanced financial structure which allows the Group to carefully manage the more expensive and less stable components of funding, and notwithstanding the low level of market interest rates and a weak trend for volumes of lending, which will continue to condition net interest income again in the second half of 2013.
A further contribution could come from re-pricing of the rollover of medium to long-term loans.

The reduction objectives for operating expenses, resulting from action (the trade union agreement in particular) commenced at the end of 2012, are confirmed.

Given the current context, as a result, amongst other things, of stronger management of problem loans, loan loss provisions should stand in absolute terms below the 2012 level.

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Copia del presente comunicato è disponibile sul sito www.ubibanca.it

Attachments
Financial statements

UBI Banca Group:

- Reclassified consolidated balance sheet
- Reclassified consolidated income statement
- Quarterly evolution of reclassified consolidated income statement
- Reclassified consolidated income statement net of the most significant non-recurring items

Notes to the financial statements

To allow a vision that is more consistent with a management accounting style, reclassified financial statements have been prepared. The comments on the performance of the main statement of financial position and income statement items are made on the basis of the reclassified financial statements.

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.

UBI Banca Group: reclassified consolidated balance sheet

Figures in thousands of euro	30.6.2013 A	31.12.2012 B	Changes A-B	% changes A/B	30.6.2012 C	Changes A-C	% changes A/C
ASSETS							
Cash and cash equivalents	490,754	641,608	-150,854	-23.5%	509,983	-19,229	-3.8%
Financial assets held for trading	4,686,491	4,023,934	662,557	16.5%	5,211,059	-524,568	-10.1%
Financial assets designated at fair value	206,860	200,441	6,419	3.2%	122,376	84,484	69.0%
Available-for-sale financial assets	13,746,914	14,000,609	-253,695	-1.8%	12,837,037	909,877	7.1%
Held-to-maturity investments	3,122,272	3,158,013	-35,741	-1.1%	3,192,239	-69,967	-2.2%
Loans and advances to banks	4,774,761	6,072,346	-1,297,585	-21.4%	4,843,142	-68,381	-1.4%
Loans and advances to customers	91,268,495	92,887,969	-1,619,474	-1.7%	95,333,181	-4,064,686	-4.3%
Hedging derivatives	335,198	1,478,322	-1,143,124	-77.3%	1,340,946	-1,005,748	-75.0%
Fair value change in hedged financial assets (+/-)	57,657	885,997	-828,340	-93.5%	819,561	-761,904	-93.0%
Equity investments	412,881	442,491	-29,610	-6.7%	406,225	6,656	1.6%
Property, plant and equipment	1,921,669	1,967,197	-45,528	-2.3%	2,002,183	-80,514	-4.0%
Intangible assets	2,946,268	2,964,882	-18,614	-0.6%	2,971,246	-24,978	-0.8%
of which: goodwill	*2,536,574*	*2,536,574*	-	-	*2,538,668*	*-2,094*	*-0.1%*
Tax assets	2,393,041	2,628,121	-235,080	-8.9%	2,631,652	-238,611	-9.1%
Non-current assets and disposal groups held for sale	23,792	21,382	2,410	11.3%	37,748	-13,956	-37.0%
Other assets	1,543,208	1,060,390	482,818	45.5%	1,350,560	192,648	14.3%
Total assets	**127,930,261**	**132,433,702**	**-4,503,441**	**-3.4%**	**133,609,138**	**-5,678,877**	**-4.3%**
LIABILITIES AND EQUITY							
Due to banks	15,025,192	15,211,171	-185,979	-1.2%	14,708,333	316,859	2.2%
Due to customers	52,843,251	53,758,407	-915,156	-1.7%	57,074,877	-4,231,626	-7.4%
Debt securities issued	43,500,547	45,059,153	-1,558,606	-3.5%	45,171,850	-1,671,303	-3.7%
Financial liabilities held for trading	1,548,967	1,773,874	-224,907	-12.7%	1,274,898	274,069	21.5%
Hedging derivatives	1,016,669	2,234,988	-1,218,319	-54.5%	1,966,231	-949,562	-48.3%
Tax liabilities	536,670	666,364	-129,694	-19.5%	562,709	-26,039	-4.6%
Other liabilities	2,064,030	2,391,283	-327,253	-13.7%	1,991,859	72,171	3.6%
Post-employment benefits	372,182	420,704	-48,522	-11.5%	400,953	-28,771	-7.2%
Provisions for risks and charges:	328,812	340,589	-11,777	-3.5%	352,369	-23,557	-6.7%
a) pension and similar obligations	78,751	80,563	-1,812	-2.2%	77,680	1,071	1.4%
b) other provisions	250,061	260,026	-9,965	-3.8%	274,689	-24,628	-9.0%
Share capital, share premiums, reserves, valuation reserves and treasury shares	9,808,892	9,655,174	153,718	1.6%	9,075,169	733,723	8.1%
Non-controlling interests	832,116	839,287	-7,171	-0.9%	870,347	-38,231	-4.4%
Profit (loss) for the period/year	52,933	82,708	n.s.	n.s.	159,543	-106,610	-66.8%
Total liabilities and equity	**127,930,261**	**132,433,702**	**-4,503,441**	**-3.4%**	**133,609,138**	**-5,678,877**	**-4.3%**

UBI Banca Group: reclassified consolidated income statement

Figures in thousands of euro	1H 2013 A	1H 2012 B	Changes A-B	% changes A/B	2nd Quarter 2013 C	2nd Quarter 2012 D	Changes C-D	% changes C/D	FY 2012 E
Net interest income	845,442	979,629	(134,187)	(13.7%)	428,222	486,311	(58,089)	(11.9%)	1,863,561
of which: effects of the purchase price allocation	*(18,596)*	*(18,673)*	*(77)*	*(0.4%)*	*(9,033)*	*(9,051)*	*(18)*	*(0.2%)*	*(36,980)*
Net interest income excluding the effects of the PPA	*864,038*	*998,302*	*(134,264)*	*(13.4%)*	*437,255*	*495,362*	*(58,107)*	*(11.7%)*	*1,900,541*
Dividends and similar income	8,218	12,682	(4,464)	(35.2%)	7,763	12,384	(4,621)	(37.3%)	15,591
Profits of equity-accounted investees	30,719	25,759	4,960	19.3%	22,213	14,924	7,289	48.8%	44,426
Net fee and commission income	602,245	586,055	16,190	2.8%	297,459	286,672	10,787	3.8%	1,182,276
of which performance fees	-	-	-	-	-	-	-	-	*19,741*
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities designated at fair value	109,367	105,364	4,003	3.8%	67,351	11,397	55,954	491.0%	257,278
Other net operating income/expense	56,227	85,076	(28,849)	(33.9%)	29,428	49,045	(19,617)	(40.0%)	163,179
Operating income	**1,652,218**	**1,794,565**	**(142,347)**	**(7.9%)**	**852,436**	**860,733**	**(8,297)**	**(1.0%)**	**3,526,311**
Operating income excluding the effects of the PPA	***1,670,814***	***1,813,238***	***(142,424)***	***(7.9%)***	***861,469***	***869,784***	***(8,315)***	***(1.0%)***	***3,563,291***
Staff costs	(646,234)	(688,799)	(42,565)	(6.2%)	(314,881)	(327,564)	(12,683)	(3.9%)	(1,373,719)
Other administrative expenses	(335,250)	(352,222)	(16,972)	(4.8%)	(173,557)	(176,476)	(2,919)	(1.7%)	(701,797)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(90,389)	(95,769)	(5,380)	(5.6%)	(45,114)	(47,020)	(1,906)	(4.1%)	(191,144)
of which: effects of the purchase price allocation	*(10,196)*	*(10,064)*	*132*	*1.3%*	*(5,098)*	*(5,003)*	*95*	*1.9%*	*(20,099)*
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets excluding the effects of the PPA	*(80,193)*	*(85,705)*	*(5,512)*	*(6.4%)*	*(40,016)*	*(42,017)*	*(2,001)*	*(4.8%)*	*(171,045)*
Operating expenses	**(1,071,873)**	**(1,136,790)**	**(64,917)**	**(5.7%)**	**(533,552)**	**(551,060)**	**(17,508)**	**(3.2%)**	**(2,266,660)**
Operating expenses excluding the effects of the PPA	***(1,061,677)***	***(1,126,726)***	***(65,049)***	***(5.8%)***	***(528,454)***	***(546,057)***	***(17,603)***	***(3.2%)***	***(2,246,561)***
Net operating income	**580,345**	**657,775**	**(77,430)**	**(11.8%)**	**318,884**	**309,673**	**9,211**	**3.0%**	**1,259,651**
Net operating income excluding the effects of the PPA	***609,137***	***686,512***	***(77,375)***	***(11.3%)***	***333,015***	***323,727***	***9,288***	***2.9%***	***1,316,730***
Net impairment losses on loans	(383,892)	(334,351)	49,541	14.8%	(226,150)	(203,181)	22,969	11.3%	(847,214)
Net impairment losses on other financial assets and liabilities	(17,273)	(49,740)	(32,467)	(65.3%)	(8,960)	(47,663)	(38,703)	(81.2%)	(54,810)
Net provisions for risks and charges	(11,604)	(20,879)	(9,275)	(44.4%)	(9,275)	(16,764)	(7,489)	(44.7%)	(49,212)
Profits from the disposal of equity investments	1,085	30	1,055	n.s.	1,609	9	1,600	n.s.	14,714
Pre-tax profit from continuing operations	**168,661**	**252,835**	**(84,174)**	**(33.3%)**	**76,108**	**42,074**	**34,034**	**80.9%**	**323,129**
Pre-tax profit from continuing operations excluding the effects of the PPA	***197,453***	***281,572***	***(84,119)***	***(29.9%)***	***90,239***	***56,128***	***34,111***	***60.8%***	***380,208***
Taxes on income for the period/year from continuing operations	(103,086)	(76,254)	26,832	35.2%	(46,507)	19,727	(66,234)	n.s.	(121,238)
of which: effects of the purchase price allocation	*9,514*	*9,496*	*18*	*0.2%*	*4,669*	*4,643*	*26*	*0.6%*	*18,862*
Post-tax profit from discontinued operations	-	13	(13)	(100.0%)	-	-	-	-	-
Profit for the period/year attributable to non-controlling interests	(12,642)	(14,411)	(1,769)	(12.3%)	(3,126)	(7,137)	(4,011)	(56.2%)	(17,310)
of which: effects of the purchase price allocation	*1,796*	*1,744*	*52*	*3.0%*	*856*	*862*	*(6)*	*(0.7%)*	*3,580*
Profit for the period/year attributable to the shareholders of the Parent before expenses for leaving incentives excluding the effects of the PPA	*70,415*	*179,680*	*(109,265)*	*(60.8%)*	*35,081*	*63,213*	*(28,132)*	*(44.5%)*	*219,218*
Profit for the period/year attributable to the shareholders of the Parent before expenses for leaving incentives	**52,933**	**162,183**	**(109,250)**	**(67.4%)**	**26,475**	**54,664**	**(28,189)**	**(51.6%)**	**184,581**
Expenses for the leaving incentives programme net of taxes and non-controlling interests	-	(2,640)	(2,640)	(100.0%)	-	(499)	(499)	(100.0%)	(101,873)
Profit for the period/year attributable to the shareholders of the Parent	**52,933**	**159,543**	**(106,610)**	**(66.8%)**	**26,475**	**54,165**	**(27,690)**	**(51.1%)**	**82,708**
Total impact of the purchase price allocation on the income statement	*(17,482)*	*(17,497)*	*(15)*	*(0.1%)*	*(8,606)*	*(8,549)*	*57*	*0.7%*	*(34,637)*

UBI Banca Group: reclassified consolidated quarterly income statements

Figures in thousands of euro	2013		2012			
	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net interest income	428,222	417,220	417,494	466,438	486,311	493,318
of which: effects of the purchase price allocation	*(9,033)*	*(9,563)*	*(8,966)*	*(9,341)*	*(9,051)*	*(9,622)*
Net interest income excluding the effects of the PPA	*437,255*	*426,783*	*426,460*	*475,779*	*495,362*	*502,940*
Dividends and similar income	7,763	455	1,929	980	12,384	298
Profits of equity-accounted investees	22,213	8,506	10,683	7,984	14,924	10,835
Net fee and commission income	297,459	304,786	310,677	285,544	286,672	299,383
of which performance fees	-	-	*19,741*	-	-	-
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities designated at fair value	67,351	42,016	109,016	42,898	11,397	93,967
Other net operating income/expense	29,428	26,799	41,047	37,056	49,045	36,031
Operating income	**852,436**	**799,782**	**890,846**	**840,900**	**860,733**	**933,832**
Operating income excluding the effects of the PPA	***861,469***	***809,345***	***899,812***	***850,241***	***869,784***	***943,454***
Staff costs	(314,881)	(331,353)	(336,348)	(348,572)	(327,564)	(361,235)
Other administrative expenses	(173,557)	(161,693)	(188,130)	(161,445)	(176,476)	(175,746)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets	(45,114)	(45,275)	(49,605)	(45,770)	(47,020)	(48,749)
of which: effects of the purchase price allocation	*(5,098)*	*(5,098)*	*(5,015)*	*(5,020)*	*(5,003)*	*(5,061)*
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets excluding the effects of the PPA	*(40,016)*	*(40,177)*	*(44,590)*	*(40,750)*	*(42,017)*	*(43,688)*
Operating expenses	**(533,552)**	**(538,321)**	**(574,083)**	**(555,787)**	**(551,060)**	**(585,730)**
Operating expenses excluding the effects of the PPA	***(528,454)***	***(533,223)***	***(569,068)***	***(550,767)***	***(546,057)***	***(580,669)***
Net operating income	**318,884**	**261,461**	**316,763**	**285,113**	**309,673**	**348,102**
Net operating income excluding the effects of the PPA	***333,015***	***276,122***	***330,744***	***299,474***	***323,727***	***362,785***
Net impairment losses on loans	(226,150)	(157,742)	(352,535)	(160,328)	(203,181)	(131,170)
Net impairment losses on other financial assets and liabilities	(8,960)	(8,313)	(4,078)	(992)	(47,663)	(2,077)
Net provisions for risks and charges	(9,275)	(2,329)	(28,367)	34	(16,764)	(4,115)
Profits (losses) from the disposal of equity investments	1,609	(524)	6,091	8,593	9	21
Pre-tax profit (loss) from continuing operations	**76,108**	**92,553**	**(62,126)**	**132,420**	**42,074**	**210,761**
Pre-tax profit (loss) from continuing operations excluding the effects of the PPA	***90,239***	***107,214***	***(48,145)***	***146,781***	***56,128***	***225,444***
Taxes on income for the period from continuing operations	(46,507)	(56,579)	17,570	(62,554)	19,727	(95,981)
of which: effects of the purchase price allocation	*4,669*	*4,845*	*4,620*	*4,746*	*4,643*	*4,853*
Post-tax profit (loss) from discontinued operations	-	-	-	(13)	-	13
Profit for the period attributable to non-controlling interests	(3,126)	(9,516)	(1,547)	(1,352)	(7,137)	(7,274)
of which: effects of the purchase price allocation	*856*	*940*	*834*	*1,002*	*862*	*882*
Profit (loss) for the period attributable to the shareholders of the Parent before expenses for leaving incentives excluding the effects of the PPA	*35,081*	*35,334*	*(37,576)*	*77,114*	*63,213*	*116,467*
Profit (loss) for the period attributable to the shareholders of the Parent before expenses for leaving incentives	**26,475**	**26,458**	**(46,103)**	**68,501**	**54,664**	**107,519**
Expenses for the leaving incentives programme net of taxes and non-controlling interests	-	-	(93,941)	(5,292)	(499)	(2,141)
Profit (loss) for the period attributable to the shareholders of the Parent	**26,475**	**26,458**	**(140,044)**	**63,209**	**54,165**	**105,378**
Total impact of the purchase price allocation on the income statement	*(8,606)*	*(8,876)*	*(8,527)*	*(8,613)*	*(8,549)*	*(8,948)*

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

Figures in thousands of euro	1H 2013	non-recurring items: Disposal of Intesa Sanpaolo and A2A shares (AFS)	Cerved Group earn out	Net impairment losses on financial assets (AFS)	Replenishment of G.E.C. Spa loss and total write-off of the investment	1H 2013 *net of non-recurring items* **A**	1H 2012	non-recurring items: Gain on public tender offer to purchase preference shares	Impairment losses on equity instruments and collective investment instruments units (AFS)	Leaving incentives (purs. to Law No. 214 of 22nd December 2011)	Tax realignment purs. to Law No. 111/2011 and Law No. 214/2011 of BPA goodwill recognised in the consolidated financial statements	Tax relief on non-accounting deductions on loan provisions and write-downs of UBI Banca purs. to Law No. L. 244/2007 (Section EC)	Prior year tax credit for deduction for corporate income tax purposes of regional production tax on the cost of labour purs. to Law No. 214/2011	1H 2012 *net of non-recurring items* **B**	Changes **A-B**	% Changes **A/B**
Net interest income (including the effects of the PPA)	845,442					845,442	979,629							979,629	(134,187)	(13.7%)
Dividends and similar income	8,218					8,218	12,682							12,682	(4,464)	(35.2%)
Profits of equity-accounted investees	30,719					30,719	25,759							25,759	4,960	19.3%
Net fee and commission income	602,245					602,245	586,055							586,055	16,190	2.8%
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities designated at fair value	109,367	(11,974)	(1,525)			95,868	105,364	(20,671)						84,693	11,175	13.2%
Other net operating income/expense	56,227					56,227	85,076							85,076	(28,849)	(33.9%)
Operating income (including the effects of PPA)	**1,652,218**	**(11,974)**	**(1,525)**	**-**	**-**	**1,638,719**	**1,794,565**	**(20,671)**	**-**	**-**	**-**	**-**	**-**	**1,773,894**	**(135,175)**	**(7.6%)**
Staff costs	(646,234)					(646,234)	(688,799)							(688,799)	(42,565)	(6.2%)
Other administrative expenses	(335,250)					(335,250)	(352,222)							(352,222)	(16,972)	(4.8%)
Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets (including the effects of PPA)	(90,389)					(90,389)	(95,769)							(95,769)	(5,380)	(5.6%)
Operating expenses (including the effects of PPA)	**(1,071,873)**	**-**	**-**	**-**	**-**	**(1,071,873)**	**(1,136,790)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,136,790)**	**(64,917)**	**(5.7%)**
Net operating income (including the effects of PPA)	**580,345**	**(11,974)**	**(1,525)**	**-**	**-**	**566,846**	**657,775**	**(20,671)**	**-**	**-**	**-**	**-**	**-**	**637,104**	**(70,258)**	**(11.0%)**
Net impairment losses on loans	(383,892)					(383,892)	(334,351)							(334,351)	49,541	14.8%
Net impairment losses on other financial assets and liabilities	(17,273)			17,860	142	729	(49,740)		47,050					(2,690)	3,419	n.s.
Net provisions for risks and charges	(11,604)				1,618	(9,986)	(20,879)							(20,879)	(10,893)	(52.2%)
Profits from the disposal of equity investments	1,085					1,085	30							30	1,055	n.s.
Pre-tax profit from continuing operations (including the effects of PPA)	**168,661**	**(11,974)**	**(1,525)**	**17,860**	**1,760**	**174,782**	**252,835**	**(20,671)**	**47,050**	**-**	**-**	**-**	**-**	**279,214**	**(104,432)**	**(37.4%)**
Taxes on income for the period from continuing operations	(103,086)	(1,746)	102	(4,727)		(109,457)	(76,254)	5,684	(3,161)		(24,992)	(8,298)	(40,400)	(147,421)	(37,964)	(25.8%)
Post-tax profit from discontinued operations	-					-	13							13	(13)	(100.0%)
Profit for the period attributable to non-controlling interests	(12,642)				(445)	(13,087)	(14,411)						3,142	(11,269)	1,818	16.1%
Profit for the period attributable to the shareholders of the Parent before expenses for leaving incentives	**52,933**	**(13,720)**	**(1,423)**	**13,133**	**1,315**	**52,238**	**162,183**	**(14,987)**	**43,889**	**-**	**(24,992)**	**(8,298)**	**(37,258)**	**120,537**	**(68,299)**	**(56.7%)**
Expenses for leaving incentives net of taxes and non-controlling interests	-					-	(2,640)			2,640				-	-	-
Profit for the period attributable to the shareholders of the Parent	**52,933**	**(13,720)**	**(1,423)**	**13,133**	**1,315**	**52,238**	**159,543**	**(14,987)**	**43,889**	**2,640**	**(24,992)**	**(8,298)**	**(37,258)**	**120,537**	**(68,299)**	**(56.7%)**