**PRESS RELEASE**

**Consolidated results of UBI Banca for the year ended 31st December 2020**

**The net result of UBI Banca and its subsidiaries for 2020 was affected by the recognition, in the last two quarters of the year, of all expenses incurred for the integration into ISP (approx. €3.8 billion, net), following the success of the public purchase and exchange offer launched in February 2020. As a result of the efforts made by all Colleagues, the integration of UBI Banca into ISP is confirmed for next April.**

**From an operations point of view, 2020 ended with profit before tax from continuing operations of €435.2 million (€254.7 million net), a very satisfactory result considering the economic backdrop. This result was achieved thanks to the resilience of the whole of the UBI distribution network which, notwithstanding the ongoing pandemic and the preparation for the integration into ISP, was able to take strong action to support customer needs, ensuring at the same time service continuity and satisfactory company results.**

**More specifically, compared with 2019, medium to long-term new loans granted, inclusive of "Covid" financing, rose by 67.6% to €17.7 billion (+21.3% net of "Covid" loans), both in support of businesses and private individuals, and the placement of asset under management products grew by 2.3% to €7.3 billion.**

**As concerns results achieved, net of extraordinary impacts related mainly to the integration into ISP[1], UBI Banca's operations recorded the following:**

- **a net profit of €254.7 million for the full year 2020 (compared with €323 million in 2019), affected, amongst other things, by expenses incurred in relation to the public purchase and exchange offer (€35 million net approx.) and by greater systemic contributions (€13 million net approx.).**
  **Net impairment losses on loans were more or less stable year-on-year at €743.3 million, accounting for 89 basis points of total pro forma[2] loans (87 basis points in 2019);**

- **a net profit of €39.1 million in 4Q 2020, with growth in revenues and reduced costs compared with 3Q 2020 (€44 million), but also with greater provisions. In detail:**
  **Operating income increased to €916.7 million, the best quarterly result of the year, due to an increase in net interest income (+3.5% vs 3Q) and in net fees and commissions (+4.1% vs 3Q).**
  **The reduction in operating expenses continued, down to €558.5 million (-15.5%), the lowest quarterly level of the year.**

[1] The main extraordinary items are reported in the table attached to this press release and they are reported in the commentary on the results.

[2] In 4Q 2020, all amounts relating to the coming sales of branches and the planned disposals non-performing exposures have been recognised within "non-current assets and disposal groups held for sale" and "liabilities associated with assets held for sale". Consequently, loans and advances to customers recognised in the balance sheet were reduced to €59 billion gross and €58.2 billion net as at 31.12.2020 compared with a pro-forma amount of €85.9 billion gross and €83.3 billion net as at 31.12.2020, on which the ratio of net impairment losses was calculated for comparability with 2019.

**These performances led to <u>an increase in net operating income of over 63%</u> to €358.2 million.**
**Net impairment losses on loans in 4Q stood at €244.6 million, +€82.3 million compared with 3Q, following significant additional impairment on performing loans (€100 million approx.), recognised in view of the continuing economic uncertainty caused by the pandemic and also in relation to the wholesale disposal of SME loans carried out in 4Q 2020 (€60 million approx.).**

**Inclusive of the extraordinary impacts connected mainly with the integration into ISP, 2020 ended with a net loss of €3,503.4 million compared with a net profit of €233.1 million in 2019, and 4Q 2020 ended with a net loss of €1,372.8 million (compared with a net loss di €2,314.8 million in the third quarter of the year).**

## Balance sheet figures:

- **In 4Q 2020, all amounts relating to the coming sales of branches and the planned wholesale non-performing exposure disposal have been recognised under a separate item within "non-current assets and disposal groups held for sale" and "liabilities associated with assets held for sale". Consequently, as at 31.12.2020:**
  - **total performing loans and advances to customers amounted to €57.9 billion gross and €57.5 billion net;**
  - **total non-performing exposures amounted to €1.1 billion gross (1.9% of total gross loans and advances) and €0.7 billion net (1.2% of total net loans and advances);**
  - **direct funding amounted to €68 billion (of which €52.2 billion from ordinary customers) and indirect funding to €79.6 billion, of which €63.2 billion relating to assets under management.**

- **a comparison with 2019 based on pro forma figures[3] (comparable with previous reporting periods) shows <u>good performance for all items concerned</u>:**
  - **net performing exposures[4] of €79.7 billion, an <u>increase</u> compared with €79.4 billion at the end of 2019;**
  - **net non-performing exposures of €3.3 billion (3.9% of total net loans and advances), <u>down significantly</u> by €0.9 billion compared with €4.2 billion at the end of 2019 (4.9% of the total);**
  - **gross non-performing exposures of €5.4 billion (6.2% of total gross loans and advances) <u>down significantly</u> compared with €6.8 billion at the end of 2019 (7.8% of the total). Default rate down again to 1% (1.1% in 2019);**
  - **direct funding from ordinary customers of €82.3 billion, <u>up from</u> €76.9 billion at the end of 2019;**
  - **indirect funding of €102.2 billion, <u>an increase</u> compared with €101.5 billion in 2019. Assets under management of €75.8 billion, <u>up</u> from €73.1 billion previously;**

- **NSFR and LCR > 100%;**
- **following the recognition of all the expenses incurred in relation to the integration into ISP, the fully loaded CET1 ratio was 8.66%, the Tier 1 ratio was 9.54% and the total capital ratio was 14.39%.**

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[3] Inclusive of amounts relating to branches being disposed of (BPER and others) and of non-performing exposures for which disposal has been resolved.
[4] Net of the CCG, which amounted to €300.6 million as at 31.12.2020 compared with €950.7 million as at 31.12.2019.

Milan, 4th February 2021– The Board of Directors of Unione di Banche Italiane Spa (UBI Banca) has today approved the consolidated results for the year ended 31st December 2020.

**Operating performance of the Group**

**Results for the full year 2020 compared with 2019**

As a consequence of the successful outcome of the public purchase and exchange offer, net profit for 2020 includes recognition of all UBI Banca expenses both for 2020 and 2021 incurred in relation to the integration into ISP, for a total of €3.8 billion, recognised progressively in the third and fourth quarters of the year. These expenses relate to impairment of goodwill in the balance sheet of UBI Banca (€1,413.9 million), to the sale of over 500 branches to BPER (€1,034.4 million), to the plan announced for the wholesale disposal of over €3 billion of non-performing exposures (€734.9 million) and to other integration costs among which those relating to the redundancy scheme (€155.1 million).

Consequently, 2020 ended with a net loss of €3,503.4 million compared with a net profit of €233.1 million in 2019.

**Net of extraordinary impacts relating mainly to the integration into ISP, net profit for the year came to €254.7 million compared with €323 million in 2019**, affected, amongst other things, by costs incurred in relation to the public purchase and exchange offer (€35 million net approx.) and by greater systemic contributions (€13 million net approx.).

In fact 2020 recorded **operating income** of €3,592.5 million, slightly down (-1.2%) compared with 2019, with the reduction attributable entirely to a lower net interest income which was not fully offset by growth in fees and commissions.

**Net interest income** totalled €1,660.8 million compared with €1,725.1 million previously (-3.7%), conditioned mainly by a lower contribution from the IFRS 9 component relating to non-performing exposures (-€38 million), given the large year-on-year decrease in net non-performing loans (-21.9%).

In confirmation of the trend that appeared in the last quarter of 2019, the contribution to operating income from net fees and commissions was greater than that from net interest income again in 2020, as it reached 50.5% of core revenues (net interest income + net fee and commission income).
In fact **net fee and commission income** grew 1.9% year-on-year to €1,693.7 million from €1,661.8 million previously. The **contribution from services related to securities business** - management, trading and advisory - rose (+4.9% to €972 million), while fees and commissions relating to general banking services, amounting to €722 million, showed a contained decrease (-1.8%) notwithstanding the severe limitations to business activities both during lockdown and following restrictions placed on economic activity with the spread of the pandemic.

The **finance result** totalled €98.1 million compared with €104.3 million in 2019.
2020 recorded an excellent result for financial activities (essentially trading and disposal of securities held in portfolio) amounting to €182.3 million, which was partially offset by recognition of the impact of the wholesale disposal of bad loans backed by a GACS guarantee concluded in December 2020 and the fair valuation of loans and advances (a total of -€77 million).

**Operating expenses** for the year, **which included systemic contributions**, amounted to €2,398.3 million, up €38.3 million (1.6%) compared with 2019, attributable entirely to two factors unconnected with ordinary operations which affected 2020. These were systemic contributions to the Single Resolution Fund and to the Deposit Guarantee Scheme which together increased to €127.3 million

(+€19.7 million compared with €107.6 million in 2019), and expenses incurred in relation to the ISP public purchase and exchange offer (€52.6 million, not present in 2019).
If costs incurred in relation to the ISP public purchase and exchange offer are excluded, operating expenses would have fallen by 0.6%.

**Net of the aforementioned systemic contributions,** and therefore in terms comparable with the reporting criteria applicable to major Italian banking groups, operating expenses would have increased by 0.8%, to consequently record a decrease of 1.5% net of costs incurred in relation to the Intesa public purchase and exchange offer.

In detail:
- **staff costs** amounted to €1,423.6 million, largely unchanged compared with 2019 (€1,427.7 million); the lower costs resulting from reduction in staff numbers (-650 staff on average) were offset by national labour contract increases in place since the beginning of 2020, length of service increases and career promotions;
- **other administrative expenses** amounted to €743.2 million compared with €711.1 million in 2019 and they included €127.3 million of systemic contributions (€107.6 million in 2019). In the comparison we also see the recognition in 2020 of costs incurred in relation to the ISP public purchase and exchange offer mentioned above. Net of those expenses and systemic contributions, **other administrative expenses** fell significantly by 6.7% year-on-year.
- **net impairment losses on property, plant and equipment and intangible assets** amounted to €231.5 million compared with €221.3 million in 2019.

In 2020 **net impairment losses on loans and advances to customers** were recognised amounting to €743.3 million, largely unchanged compared with €738.4 million in 2019, notwithstanding the greater collective impairment losses recognised in relation to the risk of future impairment as a consequence of the pandemic.
The loan loss rate therefore stood at 89 basis points (87 bp in 2019).

Finally, **taxes on income** from continuing operations for 2020 came to €129.1 million (€118.8 million in 2019), to give a tax rate of 29.7% (25% in 2019).

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## Results for the fourth quarter of 2020 compared with the third quarter of 2020

Recognition by UBI Banca of all expenses incurred in relation to the integration into ISP was completed in the fourth quarter of the year and amounted to €1.4 billion net, of which €735 million relating to the extraordinary plan to dispose of non-performing exposures (bad loans and unlikely-to-pay exposures for a total of over €3 billion gross) announced by ISP and approximately €155 million in relation to the redundancy scheme recently subject to trade union negotiations, in addition to the write-off of hardware, software, advertising signs, etc.
As a reminder, approximately €2.4 billion net was recognised in 3Q 2020 for the total impairment of UBI Banca goodwill and the estimated loss on the sale of over 500 branches to BPER.

As a consequence, the quarter ended with a net loss of €1.37 billion, compared with a loss of €2.31 billion in 3Q 2020.

**If extraordinary impacts relating mainly to the integration into ISP are excluded, net profit** in 4Q 2020 would have come to €39.1 million compared with €44 million in 3Q 2020, impacted by greater provisions.

The **resilience of operating income**, which totalled €916.7 million was confirmed in the fourth quarter of the year, recording **growth of 4.1%** compared with €880.2 million in 3Q 2020, the result of **good performance by core revenues** (net interest income + net fee and commission income), which **rose further by 3.8% compared with 3Q 2020 (after an increase of 5.7% in 3Q 2020 compared with 2Q 2020)**.

In the last quarter of the year, **net interest income** came to €436 million, **up 3.5% compared with 3Q 2020**, the highest quarterly level in 2020.

The performance of **net fee and commission income** was equally positive, with **growth of 4.1% to €443.7 million** (compared with €426.3 million in 3Q 2020), also at the highest quarterly level in 2020. This growth was primarily attributable to the contribution of **services related to securities business** – management, trading and advisory – which rose to €258.4 million compared with €242 million in 3Q 2020, with an increase of 4.3% in the recurring component[5]. The contribution of **fees and commissions relating to general banking services** improved slightly to €185.3 million compared with €184.2 million previously.
It is underlined that the **quarterly average** for net fees and commissions performed well in 2020, rising to €423.4 million from €415.4 million in 2019.

**Net income from trading and hedging** recorded a slight loss of €2.3 million. The various components included a positive result for finance, resulting from the disposal of assets held in portfolio amounting to €50.7 million, which was more or less offset by the impact of the wholesale disposal of bad loans backed by a GACS guarantee concluded in December 2020.

**Operating expenses (which included systemic contributions to the Single Resolution Fund and to the Deposit Guarantee Scheme)** fell significantly in 4Q 2020 (-15.5%) to €558.5 million compared with €661.1 million in 3Q 2020.
**Net of systemic contributions** (a recovery of €3.9 million in 4Q 2020 compared with an expense of €71.8 million in 3Q 2020) and therefore in line with the reporting criteria of major Italian banking groups, **operating expenses reduced by 4.5% to €562.4 million from €589.3 million in 3Q 2020**, the result of a strong reduction in the item "other administrative expenses (-€40.9 million of which -€28 million relating to costs incurred for the public purchase and exchange offer recognised in 3Q 2020).

As a result of good performance by operating income and expenses, 4Q 2020 reported **net operating income** of €358.2 million, showing significant growth (+63.4%) compared with €219.2 million in 3Q 2020.

In 4Q2020, additional net impairment losses of approximately €100 million were recognised on performing loans mainly in relation to uncertainties generated by the ongoing pandemic over the development of the economy. This brought overall **coverage for performing loans** to 0.66%[6] from 0.54% previously. It must also be underlined that the fourth quarter of the year was affected by greater impairment losses recognised on the wholesale disposal of bad SME loans completed in December, amounting to approximately €60 million.
Consequently, **net impairment losses on loans and advances to customers** totalled €244.6 million compared with €162.3 million in 3Q 2020.

Finally, **taxes on income** for the period from continuing operations estimated for 4Q 2020 came to €14.8 million compared to 29.8 million in 3Q20, with a tax rate of 20.8% and 34.1% respectively.

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[5] Net of up-front commissions (asset management and insurance products) and performance fees.
[6] Calculated on pro-forma UBI Banca performing loans for comparability with 3Q 2020. See note 2. Calculated on performing loans remaining after recognition of the assets held for sale, coverage for performing loans was 0.71%.

**Balance sheet figures**

In 4Q 2020, all amounts relating to the coming sales of branches (funding, performing and non-performing loans and advances) and the planned wholesale disposals of non-performing exposures have been recognised within "non-current assets and disposal groups held for sale" and "liabilities associated with assets held for sale".

Consequently:

- total performing loans and advances to customers amounted to €57.9 billion gross and €57.5 billion net;
- total non-performing exposures amounted to €1.1 billion gross (1.9% of total gross loans and advances) and €0.7 billion net (1.2% of total net loans and advances). Within non-performing exposures, bad loans amounted to €0.5 billion gross and €0.2 billion net and unlikely-to-pay exposures to €0.6 billion gross and €0.4 billion net[7];
- direct funding amounted to €68 billion (of which €52.2 billion from ordinary customers) and indirect funding to €79.6 billion, of which €63.2 billion relating to assets under management.

A comparison with 2019 based on pro forma figures[8] (comparable with previous reporting periods) shows good performance for all items concerned:

- **net performing exposures**[9] of €79.7 billion, an increase compared with €79.4 billion at the end of 2019;
  As concerns **moratoria** granted to individuals and businesses, as at 31st December 2020 approximately 29 thousand moratoria were in existence for a gross value of the loans subject to moratoria of approximately €5 billion.
- **net non-performing exposures** of €3.3 billion (3.9% of total net loans and advances), down significantly by €0.9 billion compared with €4.2 billion at the end of 2019 (4.9% of the total);
- **gross non-performing exposures** of €5.4 billion (6.2% of total gross loans and advances), down significantly compared with €6.8 billion at the end of 2019 (7.8% of the total). The **default rate**, which measures the migration of new inflows of gross loans from performing to non-performing status, was 1%, below the 1.1% recorded in 2019;
- **direct funding from ordinary customers** of €82.4 billion, up from €76.9 billion at the end of 2019, primarily as a result of trends for customer deposits since no issuances were made since 2Q 2020 on retail and wholesale bond markets;
- **indirect funding** of €102.2 billion, an increase compared with €101.5 billion in 2019. Assets under management of €75.8 billion, up from €73.1 billion previously.

UBI's exposure to the ECB in **TLTRO3s** amounted to €12 billion nominal.

The sound liquidity position was confirmed, with a net stable funding ratio and a liquidity coverage ratio of well above one.

Altogether **assets eligible for refinancing** totalled €41.9 billion as at 31st December 2020 (of which €25.7 billion available)[10], already net of haircuts, and inclusive of €16.2 billion of liquidity deposited with the ECB.

[7] See the attached table.

[8] Inclusive of amounts relating to branches disposed of (BPER and others) and of non-performing exposures for which disposal has been approved.

[9] Net of the CCG (a central counterparty clearing house), which amounted to €300.6 million as at 31.12.2020, compared with €950.7 million as at 31.12.2019.

[10] Inclusive of banknotes and other reserves, for consistency with Intesa Sanpaolo's methodology, eligible assets would amount to €45.7 billion, of which €30.3 billion available.

**Financial assets**[11] contracted as a consequence of derisking action taken and amounted to €19 billion (€23.2 billion in September 2020). Altogether Italian government securities accounted for 53.3% of the securities portfolio.

As at 31st December 2020, **shareholders' equity**, inclusive of the loss for the year, amounted to €6.62 billion (€8 billion in September 2020).

Inclusive of the recognition of all integration expenses for UBI Banca, at the end of the year the fully loaded **CET1 ratio** stood at 8.66% (11.71% in September 2020), the Tier 1 ratio was 9.54% (12.42% previously) and the total capital ratio was 14.39% (16.22% previously).

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In December 2020, **total staff** of UBI Banca numbered **19,342**[12] (19,526 at the end of September 2020 and 19,940 at the end of December 2019).

Again at the end of 2020, the domestic **branch network** was composed of **1,565 branches**[12] (unchanged compared with September 2020 and slightly down compared with 1,575 as at 31st December 2019).

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**Statement of the senior officer responsible for the preparation of company accounting documents**

Elisabetta Stegher, as the Senior Officer Responsible for preparing the company accounting documents of Unione di Banche Italiane Spa, 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 Law), that the financial information contained in this press release is reliably based on the records contained in company documents and accounting records.

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**Outlook**

In the first quarter of 2021, the outlook for operations will be influenced by actions taken on the structure of the former UBI Banca Group with a view to its integration into ISP, which include the sale of over 500 branches to BPER in February 2021 and the reorganisation of the product companies (Aviva Vita, Lombarda Vita, Pramerica, UBI Factor, UBISS, etc.). This does not permit any comparison with previous periods.

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*Copy of this press release is available on the website www.ubibanca.it*

[11] The sum of items 20.3), 30.3) and 40.3) – government securities in the reclassified consolidated balance sheet.
[12] For the purposes of ISP's consolidation, in accordance with the relative methodology, the numbers as at 31st December 2020 are as follows: 19,474 employees and 1,764 Branches in Italy.

*Attachments - UBI Banca Consolidated: reclassified and mandatory financial statements*

- Impact of the change in the measurement criteria for real estate assets on the reclassified quarterly income statements
- Reclassified consolidated balance sheet
- Reclassified consolidated income statement
- Reclassified consolidated quarterly income statements
- Reclassified consolidated income statement net of the most significant non-recurring items *(brief and detailed)*
- Consolidated balance sheet – mandatory statement
- Consolidated income statement – mandatory statement
- Loan tables

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**Notes to the reclassified consolidated financial statements**

The mandatory financial statements have been prepared on the basis of Bank of Italy Circular No. 262/2005 of 22nd December 2005, as introduced by the 6th update, dated 30th November 2018[1].
The reclassified financial statements have been prepared in order to allow a meaningful management accounting commentary on capital and operating figures, on the basis of the financial statements pursuant to the 6th update of Bank of Italy Circular No. 262/2005.

As of the third quarter of 2020, the consolidated operating and capital position of UBI Banca and its subsidiaries incorporates the effects of the conclusion of the public purchase and exchange offer launched by Intesa Sanpaolo, as follows:

**Impairment of goodwill: t**he item "Impairment of goodwill" in the reclassified consolidated income statement contains the full write-down of goodwill previously recognised within the item "Intangible assets" in the reclassified balance sheet. This write-down was recognised after verifying the recoverable amount of the assets, which was carried out as at 30th September 2020, following:

- the conclusion of the acquisition of UBI Banca by Intesa Sanpaolo, where the consideration paid by Intesa Sanpaolo for the UBI Banca shares was less than the consolidated book equity as at the acquisition date;
- the announcement by Intesa Sanpaolo that the sale of business assets consisting of a significant Group of UBI Banca branches would be completed by the end of next February and that the merger of UBI Banca into its Parent would take place by the end of next April.

The verification of the value of goodwill was carried out using the fair value as an estimate of the recoverable value of the CGUs to which it is allocated, as the "2020-2022 Business Plan" of UBI Banca, previously used for the purposes of the estimate of the value in use of the CGUs can no longer be carried out and as a consequence cannot be used as the basis of the estimate of the value in use. More specifically, since IAS 36 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, the best estimate of the fair value was deemed to be the consideration paid by Intesa Sanpaolo for the purchase of UBI Banca. Since the consideration paid is less than the consolidated book equity at the acquisition date, an impairment loss resulted as a consequence. Therefore, the internal goodwill was written off in view of the above.

**Sale of business assets to BPER Banca:** as concerns the BPER Banca sale operation already reported in the Interim Financial Report as at and for the period ended 30th September 2020, activity to precisely identify the assets and liabilities relating to the business assets to be sold was completed in the last quarter.

The assets and liabilities relating to the business assets subject to sale were identified in accordance with IFRS 5 as a "disposal group of assets and liabilities held for sale" and were reclassified within the items "Non-current assets and disposal groups held for sale" and "Liabilities associated with assets held for sale" in the reclassified consolidated balance sheet. It is underlined that for the purposes of recognition in the accounts, the criteria laid down by the standard in question for the identification of business assets sold as a "discontinued operation" is not satisfied because in accordance with paragraph 32 of IFRS 5 the business assets concerned cannot be considered a "separate major line of business".
The loss incurred on the sale that cannot be allocated to single assets relating to the business assets in accordance with the provisions of paragraph 105 of IAS 36 has been stated within the item "BPER operation" in the reclassified consolidated income statement against the item "liabilities associated with assets held for sale". For the purposes of full disclosure we report that the item "BPER operation" also includes the impact of the operation on the hedge accounting relationships.

**2021 Extraordinary NPL Disposal Plan:** following verification of the conditions necessary for the application of the accounting standard IFRS 5, as at 31st December 2020 the non-performing loans selected for the disposal (the conclusion of which is envisaged in 2021), were reclassified into the item "Non-current assets and disposal groups held for sale" in the reclassified balance sheet. Given the provisions of the standard in question, this reclassification has effect solely at the level of the financial statements. From a measurement viewpoint, the loans continue to be measured in accordance with IFRS 9, but nevertheless factoring in the decision to dispose of the portfolio. Therefore a best estimate of the disposal price was considered for the purposes of calculating the impairment losses. The impact of the measurement was recognised within the item "Extraordinary NPL disposal plan" in the reclassified income statement.

**Measurement criteria for valuable works of art:** valuable works of art are classified within non-current functional assets within the item "Property, plant and equipment" in the reclassified consolidated balance sheet. In order to align its measurement criteria with those used by the Parent, Intesa Sanpaolo, UBI Banca and its subsidiaries have opted to adopt the "revalued amount" method as of 31st December 2020, to replace the cost method for the purposes of subsequent measurement.

The change in the measurement criteria for valuable works of art will be applied prospectively from 31st December 2020, in compliance with IAS 8 and will not require the restatement of comparative figures. The impact of that change has been recognised within the item "Share capital, equity instruments, share premiums, reserves, valuation reserves and treasury shares" in the reclassified balance sheet.

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Furthermore, as already reported, UBI Banca and its subsidiaries opted to change its measurement criterion for real estate assets[2] as of 31st March 2020.

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In order to facilitate analysis of the operating performance of UBI Banca and its subsidiaries and in compliance with Consob Communication No. DEM/6064293 of 28th July 2006[3], a schedule has been included which provides a comparison of the normalised results for the period and shows the impact on earnings of the principal non-recurring events and items.
Reference is made to the "notes on the reclassified consolidated financial statements" contained in the periodic and annual financial reports for more precise details of the rules followed in preparing the reclassified financial statements.

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1 The update is applicable starting with financial statements as at and for the year ended 31st December 2019 or still open on that date.

2 For further details reference is made to the section "Other aspects" in the Interim Financial Report as at and for the period ended 30th September 2020, in the Interim Financial Report as at and for the period ended the 30th June 2020 and in the Interim Financial Report as at and for the period ended 31st March 2020 available from this link https://www.ubibanca.it/pagine/2020_Financial_Statements.aspx.

3 Following the entry into force (on 3rd July 2016) of ESMA guidelines 2015/1415 which the Consob incorporated in its issuer supervisory and monitoring practices, UBI Banca and its subsidiaries' criteria for the identification of non-recurring items (reported in the normalised statements) have been subject to review. The criteria approved by the Management Board on 18th October 2016 limit the nature of non-recurring expenses to clearly specified items of income and expense (connected for example with the adoption of a Business Plan, or with the impacts of valuations and disposals of property plant and equipment, intangible and financial assets, with the effects of regulatory and methodological changes and also with extraordinary events including those of a systemic nature).

# Impact of the change in the measurement criterion for real estate properties on the reclassified quarterly income statements

***These consolidated financial statements incorporate the restatements of previous periods following the retroactive application of the measurement of real estate assets at fair value under IAS 40. The restatement of items in the income statement are reported below.***

| Figures in thousands of euro | | 2019<br>4th Quarter restatement impacts | 3rd Quarter restatement impacts | 2nd Quarter restatement impacts | 1st Quarter restatement impacts |
|---|---|---|---|---|---|
| 10.-20.-140. | Net interest income | | | | |
| | *of which: TLTRO* | | | | |
| | *of which: IFRS 9 credit components* | | | | |
| | *of which: IFRS 9 contractual modifications without derecognition components* | | | | |
| 70. | Dividends and similar income | | | | |
| | Profits (losses) of equity-accounted investees | | | | |
| 40.-50. | Net fee and commission income | | | | |
| | *of which: performance fees* | | | | |
| 80.+90. +100.+110. | Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss | | | | |
| 160.+170. | Net income from insurance operations | | | | |
| 230. | Other net operating income/expense | | | | |
| | **Operating income** | **-** | **-** | **-** | **-** |
| 190. a) | Staff costs | | | | |
| 190. b) | Other administrative expenses | | | | |
| | *of which: SRF and DGS contributions* | | | | |
| 210.+220. | Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets | 2,590 | 2,212 | 1,851 | 1,809 |
| | **Operating expenses** | **2,590** | **2,212** | **1,851** | **1,809** |
| | **Net operating income** | **2,590** | **2,212** | **1,851** | **1,809** |
| 130. | Net impairment losses for credit risk relating to: | | | | |
| 130. a) | - financial assets measured at amortised cost: loans and advances to banks | | | | |
| 130. a) | - financial assets measured at amortised cost: loans and advances to customers | | | | |
| 130. a) | - financial assets measured at amortised cost: securities | | | | |
| 130. b) | - financial assets measured at fair value through other comprehensive income | | | | |
| 200. a) | Net provisions for risks and charges - commitments and guarantees granted | | | | |
| 200. b) | Net provisions for risks and charges - other net provisions | | | | |
| 260. | Net income (loss) from fair value change in property, plant and equipment and intangible assets | (39,386) | - | - | - |
| 250.+280. | Profits (losses) from the disposal of equity investments | | | | |
| 290. | **Profit (loss) before tax from continuing operations** | **(36,796)** | **2,212** | **1,851** | **1,809** |
| 300. | Taxes on income for the period from continuing operations | 11,289 | (715) | (595) | (582) |
| 340. | (Profit) loss for the period attributable to minority interests | | | | |
| | **Profit (loss) for the period attributable to UBI Banca Spa before Business Plan impact and other** | **(25,507)** | **1,497** | **1,256** | **1,227** |
| 190. a) | Redundancy expenses net of taxes and minority interests | | | | |
| 190. b) | Business Plan project expenses net of taxes and minority interests | | | | |
| 210. | Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests | 3,432 | | | |
| 350. | **Profit (loss) for the period attributable to UBI Banca Spa** | **(22,075)** | **1,497** | **1,256** | **1,227** |

# UBI Banca consolidated: Reclassified consolidated balance sheet

| Figures in thousands of euro | | 31.12.2020 A | 31.12.2019 restated B | Changes A-B | % changes A/B |
|---|---|---|---|---|---|
| | **ASSETS** | | | | |
| 10. | Cash and cash equivalents | 484,851 | 694,750 | -209,899 | -30.2% |
| 20. | Financial assets measured at fair value through profit or loss | 3,358,430 | 1,758,730 | 1,599,700 | 91.0% |
| | *1) Loans and advances to banks* | *15,011* | *16,213* | *-1,202* | *-7.4%* |
| | *2) Loans and advances to customers* | *131,692* | *260,667* | *-128,975* | *-49.5%* |
| | *3) Securities and derivatives* | *3,211,727* | *1,481,850* | *1,729,877* | *116.7%* |
| 30. | Financial assets measured at fair value through other comprehensive income | 5,588,463 | 12,221,616 | -6,633,153 | -54.3% |
| | *1) Loans and advances to banks* | - | - | - | - |
| | *2) Loans and advances to customers* | - | - | - | - |
| | *3) Securities* | *5,588,463* | *12,221,616* | *-6,633,153* | *-54.3%* |
| 40. | Financial assets measured at amortised cost | 88,316,083 | 101,736,289 | -13,420,206 | -13.2% |
| | *1) Loans and advances to banks* | *19,937,005* | *11,723,923* | *8,213,082* | *70.1%* |
| | *2) Loans and advances to customers* | *58,150,970* | *84,564,033* | *-26,413,063* | *-31.2%* |
| | *3) Securities* | *10,228,108* | *5,448,333* | *4,779,775* | *87.7%* |
| 50. | Hedging derivatives | 14,146 | 35,117 | -20,971 | -59.7% |
| 60. | Fair value change in hedged financial assets (+/-) | 702,058 | 547,019 | 155,039 | 28.3% |
| 70. | Equity investments | 407,425 | 287,353 | 120,072 | 41.8% |
| 80. | Technical reserves of reinsurers | 65 | - | - | - |
| 90. | Property, plant and equipment | 2,078,142 | 2,370,247 | -292,105 | -12.3% |
| 100. | Intangible assets | 23,164 | 1,739,903 | -1,716,739 | -98.7% |
| | *of which: goodwill* | - | *1,465,260* | *-1,465,260* | *-100.0%* |
| 110. | Tax assets | 3,813,650 | 3,755,895 | 57,755 | 1.5% |
| 120. | Non-current assets and disposal groups held for sale | 25,616,840 | 268,100 | 25,348,740 | n.s. |
| 130. | Other assets | 916,889 | 1,200,966 | -284,077 | -23.7% |
| | **Total assets** | **131,320,206** | **126,615,985** | **4,704,221** | **3.7%** |
| | **LIABILITIES AND EQUITY** | | | | |
| 10. | Financial liabilities measured at amortised cost | 84,801,120 | 109,795,016 | -24,993,896 | -22.8% |
| | *a) Due to banks* | *17,111,735* | *14,367,985* | *2,743,750* | *19.1%* |
| | *b) Due to customers* | *47,999,063* | *72,577,255* | *-24,578,192* | *-33.9%* |
| | *c) Debt securities issued* | *19,690,322* | *22,849,776* | *-3,159,454* | *-13.8%* |
| 20. | Financial liabilities held for trading | 922,307 | 555,296 | 367,011 | 66.1% |
| 30. | Financial liabilities designated at fair value | 492,828 | 197,610 | 295,218 | 149.4% |
| 40. | Hedging derivatives | 477,737 | 386,778 | 90,959 | 23.5% |
| 50. | Fair value change in hedged financial liabilities (+/-) | 89,382 | 145,191 | -55,809 | -38.4% |
| 60. | Tax liabilities | 243,963 | 210,882 | 33,081 | 15.7% |
| 70. | Liabilities associated with assets held for sale | 32,008,968 | 2,331 | 32,006,637 | n.s. |
| 80. | Other liabilities | 2,243,209 | 2,735,807 | -492,598 | -18.0% |
| 90. | Provision for post-employment benefits | 209,757 | 289,641 | -79,884 | -27.6% |
| 100. | Provisions for risks and charges: | 741,303 | 489,485 | 251,818 | 51.4% |
| | *a) commitments and guarantees granted* | *65,443* | *54,005* | *11,438* | *21.2%* |
| | *b) pension and similar obligations* | *78,849* | *86,756* | *-7,907* | *-9.1%* |
| | *c) other provisions for risks and charges* | *597,011* | *348,724* | *248,287* | *71.2%* |
| 110. | Technical reserves | 2,402,722 | 2,210,294 | 192,428 | 8.7% |
| 120.+140. +150.+160. +170.+180 | Share capital, equity instruments, share premiums, reserves, valuation reserves and treasury shares | 10,121,525 | 9,306,321 | 815,204 | 8.8% |
| 190. | Minority interests (+/-) | 68,746 | 58,230 | 10,516 | 18.1% |
| 200. | Profit (loss) for the period/year (+/-) | (3,503,361) | 233,103 | -3,736,464 | n.s. |
| | **Total liabilities and equity** | **131,320,206** | **126,615,985** | **4,704,221** | **3.7%** |

# UBI Banca consolidated: Reclassified consolidated income statement

| Figures in thousands of euro | | FY 2020<br>A | FY 2019 restated<br>B | Change<br>A-B | % change<br>A/B | 4th Quarter 2020<br>C | 4th Quarter 2019 restated<br>D | Change<br>C-D | % change<br>C/D |
|---|---|---|---|---|---|---|---|---|---|
| 10.-20.-140. | Net interest income | 1,660,773 | 1,725,105 | (64,332) | (3.7%) | 435,998 | 412,041 | 23,957 | 5.8% |
| | *of which: TLTRO* | *82,889* | *48,688* | *34,201* | *70.2%* | *30,667* | *11,100* | *19,567* | *176.3%* |
| | *of which: IFRS 9 credit components* | *82,771* | *110,595* | *(27,824)* | *(25.2%)* | *29,428* | *21,395* | *8,033* | *37.5%* |
| | *of which: IFRS 9 contractual modifications without derecognition components* | *(28,765)* | *(25,283)* | *3,482* | *13.8%* | *(5,626)* | *(11,867)* | *(6,241)* | *(52.6%)* |
| 70. | Dividends and similar income | 5,598 | 7,658 | (2,060) | (26.9%) | 60 | 77 | (17) | (22.1%) |
| | Profits (losses) of equity-accounted investees | 37,980 | 40,343 | (2,363) | (5.9%) | 9,994 | 9,139 | 855 | 9.4% |
| 40.-50. | Net fee and commission income | 1,693,728 | 1,661,759 | 31,969 | 1.9% | 443,723 | 446,256 | (2,533) | (0.6%) |
| | *of which: performance fees* | *95,810* | *40,598* | *55,212* | *136.0%* | *36,024* | *30,127* | *5,897* | *19.6%* |
| 80.+90. +100.+110. | Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss | 98,141 | 104,284 | (6,143) | (5.9%) | (2,301) | 58,198 | (60,499) | n.s. |
| 160.+170. | Net income from insurance operations | 16,818 | 15,314 | 1,504 | 9.8% | 4,978 | 4,030 | 948 | 23.5% |
| 230. | Other net operating income/expense | 79,437 | 83,472 | (4,035) | (4.8%) | 24,218 | 18,797 | 5,421 | 28.8% |
| | **Operating income** | **3,592,475** | **3,637,935** | **(45,460)** | **(1.2%)** | **916,670** | **948,538** | **(31,868)** | **(3.4%)** |
| 190. a) | Staff costs | (1,423,587) | (1,427,650) | (4,063) | (0.3%) | (368,985) | (355,469) | 13,516 | 3.8% |
| 190. b) | Other administrative expenses | (743,200) | (711,060) | 32,140 | 4.5% | (128,952) | (162,670) | (33,718) | (20.7%) |
| | *of which: SRF and DGS contributions* | *(127,284)* | *(107,585)* | *19,699* | *18.3%* | *3,938* | *(4,448)* | *8,386* | *n.s.* |
| 210.+220. | Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets | (231,546) | (221,327) | 10,219 | 4.6% | (60,575) | (58,542) | 2,033 | 3.5% |
| | **Operating expenses** | **(2,398,333)** | **(2,360,037)** | **38,296** | **1.6%** | **(558,512)** | **(576,681)** | **(18,169)** | **(3.2%)** |
| | **Net operating income** | **1,194,142** | **1,277,898** | **(83,756)** | **(6.6%)** | **358,158** | **371,857** | **(13,699)** | **(3.7%)** |
| 130. | Net impairment losses for credit risk relating to: | (752,923) | (744,098) | 8,825 | 1.2% | (247,574) | (210,487) | 37,087 | 17.6% |
| 130. a) | - financial assets measured at amortised cost: loans and advances to banks | (933) | 137 | (1,070) | n.s. | 299 | (344) | 643 | n.s. |
| 130. a) | - financial assets measured at amortised cost: loans and advances to customers | (743,265) | (738,438) | 4,827 | 0.7% | (244,556) | (208,167) | 36,389 | 17.5% |
| 130. a) | - financial assets measured at amortised cost: securities | (2,218) | (2,454) | (236) | (9.6%) | (1,877) | (1,355) | 522 | 38.5% |
| 130. b) | - financial assets measured at fair value through other comprehensive income | (6,507) | (3,343) | 3,164 | 94.6% | (1,440) | (621) | 819 | 131.9% |
| 200. a) | Net provisions for risks and charges - commitments and guarantees granted | (801) | (26) | 775 | n.s. | 7,454 | (1,936) | 9,390 | n.s. |
| 200. b) | Net provisions for risks and charges - other net provisions | (50,478) | (24,809) | 25,669 | 103.5% | (46,592) | (1,223) | 45,369 | n.s. |
| 260. | Net income (loss) from fair value change in property, plant and equipment and intangible assets | (8,744) | (39,386) | (30,642) | (77.8%) | (25) | (39,386) | (39,361) | (99.9%) |
| 250.+280. | Profits (losses) from the disposal of equity investments | 54,005 | 6,101 | 47,904 | n.s. | (296) | 1,813 | (2,109) | n.s. |
| 290. | **Profit (loss) before tax from continuing operations** | **435,201** | **475,680** | **(40,479)** | **(8.5%)** | **71,125** | **120,638** | **(49,513)** | **(41.0%)** |
| 300. | Taxes on income for the year for continuing operations | (129,076) | (118,812) | 10,264 | 8.6% | (14,824) | (22,469) | (7,645) | (34.0%) |
| 340. | Profit (loss) for the year attributable to minority interests | (51,449) | (33,912) | 17,537 | 51.7% | (17,168) | (12,972) | 4,196 | 32.3% |
| | **Profit (loss) for the year before impacts consequent to the ISP "OPAS" net of tax and minority interests** | **254,676** | **322,956** | **(68,280)** | **(21.1%)** | **39,133** | **85,197** | **(46,064)** | **(54.1%)** |
| 190. a) | Redundancy expenses net of taxes and minority interests | 12,734 | (89,413) | 102,147 | n.s. | - | (46,830) | (46,830) | (100.0%) |
| 190. b) | Business Plan project expenses net of taxes and minority interests | - | (145) | (145) | (100.0%) | - | - | - | - |
| 210. | Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests | - | (295) | (295) | (100.0%) | - | (295) | (295) | (100.0%) |
| 270. | Impairment of goodwill | (1,413,897) | - | (1,413,897) | - | - | - | - | - |
| 220. | Impairment of customer intangibles | (57,809) | - | (57,809) | - | (57,809) | - | (57,809) | - |
| 90 + 190. b) + 200. b) | BPER operation | (1,034,380) | - | (1,034,380) | - | (89,445) | - | (89,445) | - |
| 130. a) | Extraordinary NPL disposal plan | (734,933) | - | (734,933) | - | (734,933) | - | (734,933) | - |
| 190. a) + 190. b) + 210. + 220. + 200. b) + 260. | ISP integration expenses | (529,752) | - | (529,752) | - | (529,752) | - | (529,752) | - |
| 350. | **Profit (loss) for the year attributable to UBI Banca Spa** | **(3,503,361)** | **233,103** | **(3,736,464)** | **n.s.** | **(1,372,806)** | **38,072** | **(1,410,878)** | **n.s.** |

# UBI Banca consolidated: Reclassified consolidated quarterly income statements

| Figures in thousands of euro | | 2020 4th Quarter | 2020 3rd Quarter | 2020 2nd Quarter | 2020 1st Quarter | 2019 4th Quarter restated | 2019 3rd Quarter restated | 2019 2nd Quarter restated | 2019 1st Quarter restated |
|---|---|---|---|---|---|---|---|---|---|
| 10.-20.-140. | Net interest income | 435,998 | 421,347 | 398,265 | 405,163 | 412,041 | 426,851 | 440,616 | 445,597 |
| | *of which: TLTRO* | *30,667* | *31,666* | *10,445* | *10,111* | *11,100* | *12,695* | *12,502* | *12,391* |
| | *of which: IFRS 9 credit components* | *29,428* | *18,651* | *14,629* | *20,063* | *21,395* | *22,543* | *35,498* | *31,159* |
| | *of which: IFRS 9 contractual modifications without derecognition components* | *(5,626)* | *(5,677)* | *(8,659)* | *(8,803)* | *(11,867)* | *(2,979)* | *(5,281)* | *(5,156)* |
| 70. | Dividends and similar income | 60 | 264 | 498 | 4,776 | 77 | 371 | 2,040 | 5,170 |
| | Profits (losses) of equity-accounted investees | 9,994 | 5,159 | 15,019 | 7,808 | 9,139 | 11,783 | 13,106 | 6,315 |
| 40.-50. | Net fee and commission income | 443,723 | 426,257 | 403,265 | 420,483 | 446,256 | 402,569 | 411,998 | 400,936 |
| | *of which: performance fees* | *36,024* | *26,667* | *26,056* | *7,063* | *30,127* | *3,318* | *4,171* | *2,982* |
| 80.+90. +100.+110. | Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss | (2,301) | 5,289 | 41,557 | 53,596 | 58,198 | (8,998) | 17,649 | 37,435 |
| 160.+170. | Net income from insurance operations | 4,978 | 4,294 | 5,045 | 2,501 | 4,030 | 3,848 | 3,934 | 3,502 |
| 230. | Other net operating income/expense | 24,218 | 17,638 | 18,312 | 19,269 | 18,797 | 23,938 | 19,075 | 21,662 |
| | **Operating income** | **916,670** | **880,248** | **881,961** | **913,596** | **948,538** | **860,362** | **908,418** | **920,617** |
| 190. a) | Staff costs | (368,985) | (357,394) | (342,233) | (354,975) | (355,469) | (351,754) | (355,993) | (364,434) |
| 190. b) | Other administrative expenses | (128,952) | (245,566) | (187,280) | (181,402) | (162,670) | (187,198) | (175,161) | (186,031) |
| | *of which: SRF and DGS contributions* | *3,938* | *(71,766)* | *(17,473)* | *(41,983)* | *(4,448)* | *(43,069)* | *(18,070)* | *(41,998)* |
| 210.+220. | Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets | (60,575) | (58,119) | (55,671) | (57,181) | (58,542) | (55,876) | (54,424) | (52,485) |
| | **Operating expenses** | **(558,512)** | **(661,079)** | **(585,184)** | **(593,558)** | **(576,681)** | **(594,828)** | **(585,578)** | **(602,950)** |
| | **Net operating income** | **358,158** | **219,169** | **296,777** | **320,038** | **371,857** | **265,534** | **322,840** | **317,667** |
| 130. | Net impairment losses for credit risk relating to: | (247,574) | (163,860) | (184,375) | (157,114) | (210,487) | (140,233) | (263,375) | (130,003) |
| 130. a) | - financial assets measured at amortised cost: loans and advances to banks | 299 | (753) | (298) | (181) | (344) | (243) | 773 | (49) |
| 130. a) | - financial assets measured at amortised cost: loans and advances to customers | (244,556) | (162,262) | (180,831) | (155,616) | (208,167) | (138,687) | (263,016) | (128,568) |
| 130. a) | - financial assets measured at amortised cost: securities | (1,877) | 21 | (977) | 615 | (1,355) | (335) | (277) | (487) |
| 130. b) | - financial assets measured at fair value through other comprehensive income | (1,440) | (866) | (2,269) | (1,932) | (621) | (968) | (855) | (899) |
| 200. a) | Net provisions for risks and charges - commitments and guarantees granted | 7,454 | (74) | (7,239) | (942) | (1,936) | (33) | 2,505 | (562) |
| 200. b) | Net provisions for risks and charges - other net provisions | (46,592) | (4,011) | (784) | 909 | (1,223) | (21,357) | 1,238 | (3,467) |
| 260. | Net income (loss) from fair value change in property, plant and equipment and intangible assets | (25) | (1) | - | (8,718) | (39,386) | - | - | - |
| 250.+280. | Profits (losses) from the disposal of equity investments | (296) | 36,121 | 18,113 | 67 | 1,813 | 100 | 3,915 | 273 |
| 290. | **Profit (loss) before tax from continuing operations** | **71,125** | **87,344** | **122,492** | **154,240** | **120,638** | **104,011** | **67,123** | **183,908** |
| 300. | Taxes on income for the period for continuing operations | (14,824) | (29,819) | (32,051) | (52,382) | (22,469) | (35,131) | (9,827) | (51,385) |
| 340. | Profit (loss) for the period attributable to minority interests | (17,168) | (13,533) | (12,445) | (8,303) | (12,972) | (7,239) | (7,286) | (6,415) |
| | **Profit (loss) for the period before impacts consequent to the ISP "OPAS" net of tax and minority interests** | **39,133** | **43,992** | **77,996** | **93,555** | **85,197** | **61,641** | **50,010** | **126,108** |
| 190. a) | Redundancy expenses net of taxes and minority interests | - | - | 12,717 | 17 | (46,830) | - | 2 | (42,585) |
| 190. b) | Business Plan project expenses net of taxes and minority interests | - | - | - | - | - | (12) | (45) | (88) |
| 210. | Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests | - | - | - | - | (295) | - | - | - |
| 270. | Impairment of goodwill | - | (1,413,897) | - | - | - | - | - | - |
| 220. | Impairment of customer intangibles | (57,809) | - | - | - | - | - | - | - |
| 90 + 190. b) + 200. b) | BPER operation | (89,445) | (944,935) | - | - | - | - | - | - |
| 130. a) | Extraordinary NPL disposal plan | (734,933) | - | - | - | - | - | - | - |
| 190. a) + 190. b) + 210. + 220. + 200. b) + 260. | ISP integration expenses | (529,752) | - | - | - | - | - | - | - |
| 350. | **Profit (loss) for the period attributable to UBI Banca Spa** | **(1,372,806)** | **(2,314,840)** | **90,713** | **93,572** | **38,072** | **61,629** | **49,967** | **83,435** |

# UBI Banca consolidated: Reclassified consolidated income statement net of the most significant non-recurring items

| Figures in thousands of euro | FY 2020 *net of non-recurring items* | FY 2019 restated *net of non-recurring items* | Change | % change |
|---|---|---|---|---|
| Net interest income | 1,660,773 | 1,725,105 | (64,332) | (3.7%) |
| *of which: TLTRO* | *82,889* | *48,688* | *34,201* | *70.2%* |
| *of which: IFRS 9 credit components* | *82,771* | *110,595* | *(27,824)* | *(25.2%)* |
| *of which: IFRS 9 contractual modifications without derecognition components* | *(28,765)* | *(25,283)* | *3,482* | *13.8%* |
| Dividends and similar income | 5,598 | 7,658 | (2,060) | (26.9%) |
| Profits (losses) of equity-accounted investees | 37,980 | 40,343 | (2,363) | (5.9%) |
| Net fee and commission income | 1,693,728 | 1,661,759 | 31,969 | 1.9% |
| *of which: performance fees* | *95,810* | *40,598* | *55,212* | *136.0%* |
| Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss | 100,583 | 104,284 | (3,701) | (3.5%) |
| Net income from insurance operations | 16,818 | 15,314 | 1,504 | 9.8% |
| Other net operating income/expense | 79,437 | 83,472 | (4,035) | (4.8%) |
| **Operating income** | **3,594,917** | **3,637,935** | **(43,018)** | **(1.2%)** |
| Staff costs | (1,423,587) | (1,427,650) | (4,063) | (0.3%) |
| Other administrative expenses | (727,091) | (692,974) | 34,117 | 4.9% |
| Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets | (231,546) | (220,741) | 10,805 | 4.9% |
| **Operating expenses** | **(2,382,224)** | **(2,341,365)** | **40,859** | **1.7%** |
| **Net operating income** | **1,212,693** | **1,296,570** | **(83,877)** | **(6.5%)** |
| Net impairment losses for credit risk relating to: | (752,923) | (744,098) | 8,825 | 1.2% |
| - financial assets measured at amortised cost: loans and advances to banks | (933) | 137 | (1,070) | n.s. |
| - financial assets measured at amortised cost: loans and advances to customers | (743,265) | (738,438) | 4,827 | 0.7% |
| - financial assets measured at amortised cost: securities | (2,218) | (2,454) | (236) | (9.6%) |
| - financial assets measured at fair value through other comprehensive income | (6,507) | (3,343) | 3,164 | 94.6% |
| Net provisions for risks and charges - commitments and guarantees granted | (801) | (26) | 775 | n.s. |
| Net provisions for risks and charges - other net provisions | (50,478) | (24,809) | 25,669 | 103.5% |
| Net income (loss) from fair value change in property, plant and equipment and intangible assets | (26) | (39,386) | (39,360) | (99.9%) |
| Profits (losses) from the disposal of equity investments | - | - | - | - |
| **Profit (loss) before tax from continuing operations** | **408,465** | **488,251** | **(79,786)** | **(16.3%)** |
| Taxes on income for the year for continuing operations | (120,146) | (122,990) | (2,844) | (2.3%) |
| Profit (loss) for the year attributable to minority interests | (51,449) | (33,912) | 17,537 | 51.7% |
| **Profit (loss) for the year attributable to UBI Banca Spa** | **236,870** | **331,349** | **(94,479)** | **(28.5%)** |

# UBI Banca consolidated: Reclassified consolidated income statement net of the most significant non-recurring items

| Figures in thousands of euro | FY 2020 | Business Plan | | ISP - UBI integration | | | | | Other items | | | | FY 2020 | FY 2019 restated | 2017-2020 Business Plan | | Other items | | | FY 2019 restated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Redundancy expenses 2017 - 2020 | Milan logistics reorganisation project 2020-2022 | Impairment of goodwill | Impairment of customer intangibles | BPER operation | Extraordinary NPL disposal plan | ISP integration expenses | Extraordinary contribution to the Resolution Fund | First time application of measurement of properties at fair value (pursuant to IAS 16) | IDPF (Interbank Deposit Protection Fund) Intervention | Profits/losses from disposal of equity and other investments | *net of non-recurring items* | | Redundancy expenses | Business Plan project expenses | Extraordinary contribution to the Resolution Fund | Profits/losses from disposal of equity and other investments | Impairment of property, plant and equipment | *net of non-recurring items* |
| Net interest income | 1,660,773 | | | | | | | | | | | | 1,660,773 | 1,725,105 | | | | | | 1,725,105 |
| *of which: TLTRO* | *82,889* | | | | | | | | | | | | *82,889* | *48,688* | | | | | | *48,688* |
| *of which: IFRS 9 credit components* | *82,771* | | | | | | | | | | | | *82,771* | *110,595* | | | | | | *110,595* |
| *of which: IFRS 9 contractual modifications without derecognition components* | *(28,765)* | | | | | | | | | | | | *(28,765)* | *(25,283)* | | | | | | *(25,283)* |
| Dividends and similar income | 5,598 | | | | | | | | | | | | 5,598 | 7,658 | | | | | | 7,658 |
| Profits (losses) of equity-accounted investees | 37,980 | | | | | | | | | | | | 37,980 | 40,343 | | | | | | 40,343 |
| Net fee and commission income | 1,693,728 | | | | | | | | | | | | 1,693,728 | 1,661,759 | | | | | | 1,661,759 |
| *of which: performance fees* | *95,810* | | | | | | | | | | | | *95,810* | *40,598* | | | | | | *40,598* |
| Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities measured at fair value through profit or loss | 98,141 | | | | | | | | | | 2,442 | | 100,583 | 104,284 | | | | | | 104,284 |
| Net income from insurance operations | 16,818 | | | | | | | | | | | | 16,818 | 15,314 | | | | | | 15,314 |
| Other net operating income/expense | 79,437 | | | | | | | | | | | | 79,437 | 83,472 | | | | | | 83,472 |
| **Operating income** | **3,592,475** | - | - | - | - | - | - | - | - | - | **2,442** | - | **3,594,917** | **3,637,935** | - | - | - | - | - | **3,637,935** |
| Staff costs | (1,423,587) | | | | | | | | | | | | (1,423,587) | (1,427,650) | | | | | | (1,427,650) |
| Other administrative expenses | (743,200) | | | | | | | | 16,109 | | | | (727,091) | (711,060) | | | 18,086 | | | (692,974) |
| Depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets | (231,546) | | | | | | | | | | | | (231,546) | (221,327) | | | | 586 | | (220,741) |
| **Operating expenses** | **(2,398,333)** | - | - | - | - | - | - | - | **16,109** | - | - | - | **(2,382,224)** | **(2,360,037)** | - | - | **18,086** | **586** | - | **(2,341,365)** |
| **Net operating income** | **1,194,142** | - | - | - | - | - | - | - | **16,109** | - | **2,442** | - | **1,212,693** | **1,277,898** | - | - | **18,086** | **586** | - | **1,296,570** |
| Net impairment losses for credit risk relating to: | (752,923) | | | | | | | | | | | | (752,923) | (744,098) | | | | | | (744,098) |
| - financial assets measured at amortised cost: loans and advances to banks | (933) | | | | | | | | | | | | (933) | 137 | | | | | | 137 |
| - financial assets measured at amortised cost: loans and advances to customers | (743,265) | | | | | | | | | | | | (743,265) | (738,438) | | | | | | (738,438) |
| - financial assets measured at amortised cost: securities | (2,218) | | | | | | | | | | | | (2,218) | (2,454) | | | | | | (2,454) |
| - financial assets measured at fair value through other comprehensive income | (6,507) | | | | | | | | | | | | (6,507) | (3,343) | | | | | | (3,343) |
| Net provisions for risks and charges - commitments and guarantees granted | (801) | | | | | | | | | | | | (801) | (26) | | | | | | (26) |
| Net provisions for risks and charges - other net provisions | (50,478) | | | | | | | | | | | | (50,478) | (24,809) | | | | | | (24,809) |
| Net income (loss) from fair value change in property, plant and equipment and intangible assets | (8,744) | | | | | | | | | 8,718 | | | (26) | (39,386) | | | | | | (39,386) |
| Profits (losses) from the disposal of equity investments | 54,005 | | (53,474) | | | | | | | | | (531) | - | 6,101 | | | | (6,101) | | - |
| **Profit (loss) before tax from continuing operations** | **435,201** | - | **(53,474)** | - | - | - | - | - | **16,109** | **8,718** | **2,442** | **(531)** | **408,465** | **475,680** | - | - | **18,086** | **(5,515)** | - | **488,251** |
| Taxes on income for the year for continuing operations | (129,076) | | 17,684 | | | | | | (5,238) | (2,883) | (808) | 175 | (120,146) | (118,812) | | | (5,880) | 1,702 | | (122,990) |
| Profit (loss) for the year attributable to minority interests | (51,449) | | | | | | | | | | | | (51,449) | (33,912) | | | | | | (33,912) |
| **Profit (loss) for the year before impacts consequent to the ISP "OPAS" net of tax and minority interests** | **254,676** | - | **(35,790)** | - | - | - | - | - | **10,871** | **5,835** | **1,634** | **(356)** | **236,870** | **322,956** | - | - | **12,206** | **(3,813)** | - | **331,349** |
| Redundancy expenses net of taxes and minority interests | 12,734 | (12,734) | | | | | | | | | | | - | (89,413) | 89,413 | | | | | - |
| Business Plan project expenses net of taxes and minority interests | - | | | | | | | | | | | | - | (145) | | 145 | | | | - |
| Depreciation and net impairment losses on property, plant and equipment net of taxes and minority interests | - | | | | | | | | | | | | - | (295) | | | | | 295 | - |
| Impairment of goodwill | (1,413,897) | | | 1,413,897 | | | | | | | | | - | - | | | | | | - |
| Impairment of customer intangibles | (57,809) | | | | 57,809 | | | | | | | | - | - | | | | | | - |
| BPER operation | (1,034,380) | | | | | 1,034,380 | | | | | | | - | - | | | | | | - |
| Extraordinary NPL disposal plan | (734,933) | | | | | | 734,933 | | | | | | - | - | | | | | | - |
| ISP integration expenses | (529,752) | | | | | | | 529,752 | | | | | - | - | | | | | | - |
| **Profit (loss) for the year attributable to UBI Banca Spa** | **(3,503,361)** | **(12,734)** | **(35,790)** | **1,413,897** | **57,809** | **1,034,380** | **734,933** | **529,752** | **10,871** | **5,835** | **1,634** | **(356)** | **236,870** | **233,103** | **89,413** | **145** | **12,206** | **(3,813)** | **295** | **331,349** |

# UBI Banca consolidated: Consolidated balance sheet
## - mandatory statement -

| Figures in thousands of euro | | 31.12.2020 | 31.12.2019 restated |
|---|---|---|---|
| | **ASSETS** | | |
| 10. | Cash and cash equivalents | 484,851 | 694,750 |
| 20. | Financial assets measured at fair value through profit or loss | 3,358,430 | 1,758,730 |
| | a) financial assets held for trading | 2,236,828 | 427,980 |
| | b) financial assets designated at fair value | 5,845 | 10,278 |
| | c) other financial assets mandatorily measured at fair value | 1,115,757 | 1,320,472 |
| 30. | Financial assets measured at fair value through other comprehensive income | 5,588,463 | 12,221,616 |
| 40. | Financial assets measured at amortised cost | 88,316,083 | 101,736,289 |
| | a) loans and advances to banks | 20,352,718 | 11,921,289 |
| | b) loans and advances to customers | 67,963,365 | 89,815,000 |
| 50. | Hedging derivatives | 14,146 | 35,117 |
| 60. | Fair value change in hedged financial assets (+/-) | 702,058 | 547,019 |
| 70. | Equity investments | 407,425 | 287,353 |
| 80. | Technical reserves of reinsurers | 65 | - |
| 90. | Property, plant and equipment | 2,078,142 | 2,370,247 |
| 100. | Intangible assets | 23,164 | 1,739,903 |
| | *of which: goodwill* | - | *1,465,260* |
| 110. | Tax assets | 3,813,650 | 3,755,895 |
| | a) current | 754,729 | 1,084,413 |
| | b) deferred | 3,058,921 | 2,671,482 |
| | *- of which pursuant to Law No. 214/2011* | 1,776,512 | *1,794,331* |
| 120. | Non-current assets and disposal groups held for sale | 25,616,840 | 268,100 |
| 130. | Other assets | 916,889 | 1,200,966 |
| | **Total assets** | **131,320,206** | **126,615,985** |
| | **LIABILITIES AND EQUITY** | | |
| 10. | Financial liabilities measured at amortised cost | 84,801,120 | 109,795,016 |
| | a) due to banks | 17,111,735 | 14,367,985 |
| | b) due to customers | 47,999,063 | 72,577,255 |
| | c) debt securities issued | 19,690,322 | 22,849,776 |
| 20. | Financial liabilities held for trading | 922,307 | 555,296 |
| 30. | Financial liabilities designated at fair value | 492,828 | 197,610 |
| 40. | Hedging derivatives | 477,737 | 386,778 |
| 50. | Fair value change in hedged financial liabilities (+/-) | 89,382 | 145,191 |
| 60. | Tax liabilities | 243,963 | 210,882 |
| | a) current | 61,762 | 64,547 |
| | b) deferred | 182,201 | 146,335 |
| 70. | Liabilities associated with assets held for sale | 32,008,968 | 2,331 |
| 80. | Other liabilities | 2,243,209 | 2,735,807 |
| 90. | Provision for post-employment benefits | 209,757 | 289,641 |
| 100. | Provisions for risks and charges: | 741,303 | 489,485 |
| | a) commitments and guarantees granted | 65,443 | 54,005 |
| | b) pension and similar obligations | 78,849 | 86,756 |
| | c) other provisions for risks and charges | 597,011 | 348,724 |
| 110. | Technical reserves | 2,402,722 | 2,210,294 |
| 120. | Valuation reserves | 117,411 | (79,938) |
| 140. | Equity instruments | 397,948 | - |
| 150. | Reserves | 3,495,521 | 3,276,589 |
| 160. | Share premiums | 3,294,604 | 3,294,604 |
| 170. | Share capital | 2,843,177 | 2,843,177 |
| 180. | Treasury shares (-) | (27,136) | (28,111) |
| 190. | Minority interests (+/-) | 68,746 | 58,230 |
| 200. | Profit (loss) for the year (+/-) | (3,503,361) | 233,103 |
| | **Total liabilities and equity** | **131,320,206** | **126,615,985** |

# UBI Banca consolidated: Consolidated income statement
# - mandatory statement -

| Figures in thousands of euro | | FY 2020 | FY 2019 restated |
|---|---|---|---|
| 10. | Interest and similar income | 2,049,801 | 2,180,444 |
| | - of which: interest income calculated with the effective interest method | 1,971,476 | 1,971,018 |
| 20. | Interest and similar expense | (308,980) | (377,933) |
| **30.** | **Net interest income** | **1,740,821** | **1,802,511** |
| 40. | Fee and commission income | 1,930,940 | 1,894,864 |
| 50. | Fee and commission expense | (232,534) | (229,295) |
| **60** | **Net fee and commission income** | **1,698,406** | **1,665,569** |
| 70. | Dividends and similar income | 6,415 | 8,514 |
| 80. | Net trading income (loss) | 46,423 | 28,692 |
| 90. | Net hedging income (loss) | (74,000) | (15,429) |
| 100. | Income (losses) from disposal or repurchase of: | 80,195 | (21,171) |
| | a) financial assets measured at amortised cost | (41,027) | (50,827) |
| | b) financial assets measured at fair value through other comprehensive income | 126,854 | 33,580 |
| | c) financial liabilities | (5,632) | (3,924) |
| 110. | Net income (loss) from other financial assets and liabilities measured at fair value through profit or loss | (17,804) | 114,812 |
| | a) financial assets and liabilities designated at fair value | (9,109) | 569 |
| | b) other financial assets mandatorily measured at fair value | (8,695) | 114,243 |
| **120.** | **Gross income** | **3,480,456** | **3,583,498** |
| 130. | Net impairment losses for credit risk relating to: | (1,766,623) | (744,098) |
| | a) financial assets measured at amortised cost | (1,760,116) | (740,755) |
| | b) financial assets measured at fair value through other comprehensive income | (6,507) | (3,343) |
| 140. | Profits (losses) from contractual modifications without derecognition | (28,765) | (25,283) |
| **150.** | **Net financial income (loss)** | **1,685,068** | **2,814,117** |
| 160. | Net insurance premiums | 275,656 | 314,314 |
| 170. | Other income/expenses of insurance operations | (294,461) | (337,153) |
| **180.** | **Net income from banking and insurance operations** | **1,666,263** | **2,791,278** |
| 190. | Administrative expenses | (2,653,241) | (2,493,634) |
| | a) staff costs | (1,641,663) | (1,561,333) |
| | b) other administrative expenses | (1,011,578) | (932,301) |
| 200. | Net provisions for risks and charges | (1,595,322) | (24,835) |
| | a) commitments and guarantees granted | (801) | (26) |
| | b) other net provisions | (1,594,521) | (24,809) |
| 210. | Depreciation and net impairment losses on property, plant and equipment | (163,165) | (144,062) |
| 220. | Amortisation and net impairment losses on intangible assets | (306,622) | (77,585) |
| 230. | Other net operating income/expense | 283,116 | 283,120 |
| **240.** | **Operating expenses** | **(4,435,234)** | **(2,456,996)** |
| 250. | Profits (losses) of equity investments | 37,980 | 40,343 |
| 260. | Net income (loss) from fair value change in property, plant and equipment and intangible assets | (149,426) | (39,386) |
| 270. | Net impairment losses on goodwill | (1,465,260) | - |
| 280. | Profit (loss) from disposal of investments | 54,005 | 6,101 |
| **290.** | **Profit (loss) before tax on continuing operations** | **(4,291,672)** | **341,340** |
| 300. | Taxes on income for the year from continuing operations | 832,946 | (74,389) |
| **310.** | **Profit (loss) after tax from continuing operations** | **(3,458,726)** | **266,951** |
| **330.** | **Profit (loss) for the year** | **(3,458,726)** | **266,951** |
| 340. | Profit (loss) for the period/year attributable to minority interests | (44,635) | (33,848) |
| **350.** | **Profit (loss) for the year attributable to the UBI Banca Spa** | **(3,503,361)** | **233,103** |

# UBI Banca consolidated: Loan tables

### Loans and advances to customers measured at amortised cost as at 31st December 2020

| Figures in thousands of euro | Gross exposure | | Impairment losses | Carrying amount | | Coverage ratio excluding write-offs | Coverage ratio including write-offs |
|---|---|---|---|---|---|---|---|
| **Non-performing exposures** (Stage three) | **(1.91%)** | **1,127,142** | **441,869** | **(1.18%)** | **685,273** | **39.20%** | **59.26%** |
| - Bad loans | (0.81%) | 476,081 | 264,353 | (0.36%) | 211,728 | 55.53% | 79.27% |
| - Unlikely-to-pay exposures | (1.05%) | 617,782 | 175,026 | (0.76%) | 442,756 | 28.33% | 29.40% |
| - Past-due exposures | (0.06%) | 33,279 | 2,490 | (0.05%) | 30,789 | 7.48% | |
| **Performing exposures** (Stages one and two) | **(98.09%)** | **57,877,276** | **411,579** | **(98.82%)** | **57,465,697** | **0.71%** | |
| **Total** | | **59,004,418** | **853,448** | | **58,150,970** | **1.45%** | |

### Loans and advances to customers measured at amortised cost as at 31st December 2020 - PRO FORMA

| Figures in thousands of euro | Gross exposure | | Impairment losses | Carrying amount | | Coverage ratio excluding write-offs | Coverage ratio including write-offs |
|---|---|---|---|---|---|---|---|
| **Non-performing exposures** (Stage three) | **(6.24%)** | **5,363,503** | **2,104,153** | **(3.91%)** | **3,259,350** | **39.23%** | **52.70%** |
| - Bad loans | (2.97%) | 2,555,925 | 1,170,068 | (1.66%) | 1,385,857 | 45.78% | 65.36% |
| - Unlikely-to-pay exposures | (3.22%) | 2,767,063 | 930,850 | (2.20%) | 1,836,213 | 33.64% | 35.56% |
| - Past-due exposures | (0.05%) | 40,515 | 3,235 | (0.04%) | 37,280 | 7.98% | |
| **Performing exposures** (Stages one and two) | **(93.76%)** | **80,580,273** | **529,877** | **(96.09%)** | **80,050,396** | **0.66%** | |
| **Total** | | **85,943,776** | **2,634,030** | | **83,309,746** | **3.06%** | |

### Loans and advances to customers measured at amortised cost as at 30th September 2020

| Figures in thousands of euro | Gross exposure | | Impairment losses | Carrying amount | | Coverage ratio excluding write-offs | Coverage ratio including write-offs |
|---|---|---|---|---|---|---|---|
| **Non-performing exposures** (Stage three) | **(7.31%)** | **6,434,985** | **2,701,765** | **(4.39%)** | **3,733,220** | **41.99%** | **54.46%** |
| - Bad loans | (3.79%) | 3,335,154 | 1,802,769 | (1.80%) | 1,532,385 | 54.05% | 69.69% |
| - Unlikely-to-pay exposures | (3.43%) | 3,021,342 | 891,750 | (2.51%) | 2,129,592 | 29.52% | 30.50% |
| - Past-due exposures | (0.09%) | 78,489 | 7,246 | (0.08%) | 71,243 | 9.23% | |
| **Performing exposures** (Stages one and two) | **(92.69%)** | **81,647,909** | **438,677** | **(95.61%)** | **81,209,232** | **0.54%** | |
| **Total** | | **88,082,894** | **3,140,442** | | **84,942,452** | **3.57%** | |

### Loans and advances to customers measured at amortised cost as at 31st December 2019

| Figures in thousands of euro | Gross exposure | | Impairment losses | Carrying amount | | Coverage ratio excluding write-offs | Coverage ratio including write-offs |
|---|---|---|---|---|---|---|---|
| **Non-performing exposures** (Stage three) | **(7.80%)** | **6,838,473** | **2,667,009** | **(4.93%)** | **4,171,464** | **39.00%** | **50.92%** |
| - Bad loans | (4.05%) | 3,555,090 | 1,847,960 | (2.02%) | 1,707,130 | 51.98% | 67.12% |
| - Unlikely-to-pay exposures | (3.62%) | 3,172,926 | 809,849 | (2.79%) | 2,363,077 | 25.52% | 26.09% |
| - Past-due exposures | (0.13%) | 110,457 | 9,200 | (0.12%) | 101,257 | 8.33% | |
| **Performing exposures** (Stages one and two) | **(92.20%)** | **80,853,909** | **461,340** | **(95.07%)** | **80,392,569** | **0.57%** | |
| **Total** | | **87,692,382** | **3,128,349** | | **84,564,033** | **3.57%** | |