



# 9M 2019 Group Results Presentation

6 November 2019



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This presentation includes both accounting data (based on financial accounts) and internal management data (which are also based on estimates).

Mr. Gianpietro Val, as the manager responsible for preparing the Bank's accounts, hereby states pursuant to Article 154-bis, paragraph 2 of the Financial Consolidated Act that the accounting data contained in this presentation correspond to the documentary evidence, corporate books and accounting records.

# METHODOLOGICAL NOTES

- The new accounting standard IFRS 16 on Leasing contracts became effective beginning on 1 January 2019 and therefore the P&L and balance sheet results as at 30 September 2019 have been prepared in compliance with the new accounting standard. Banco BPM has chosen to carry out the first-time adoption (FTA) through the modified retrospective approach, which provides the option, established by IFRS 16, of recognizing the cumulative effect of the adoption of the standard at the date of first-time adoption and not restating the comparative information of the financial statements of first-time adoption of IFRS 16. As a result, the figures for 2019 will not be comparable with regard to the valuation of the rights of use, lease payable and related economic effects. For more information and the related impacts, please refer to the Methodological Notes included in the News Release regarding the Consolidated results of Banco BPM as at 30/09/2019.
- Starting from 30/06/2018, ordinary and extraordinary systemic charges related to SRF and DGS have been reclassified from Other Operating Expenses to a dedicated item "Systemic charges after tax". Q1 2018 P&L schemes have been reclassified accordingly.
- Starting from 30/06/2019, upfront fees related to the placement of Certificates have been reclassified from Net Financial Results to Net Fees & Commissions. The previous quarters (2018 and Q1 2019) have been reclassified accordingly.
- It is also reminded that, on 16 April 2019, Banco BPM accepted the binding offer submitted by Illimity Bank S.p.A. and regarding the sale of a portfolio of Leasing Bad Loans. More in detail, the disposal concerns a portfolio for a nominal value of about €650 million at the cut-off date of 30th June 2018, mainly composed of receivables deriving from the active and passive legal relationships related to leasing contracts classified as bad loans, together with the related agreements, legal relationships, immovable or movable assets and the underlying contracts. The closure of the operation is subject to precedent conditions that are customary for transactions of this kind, including the notarial certification for the transferability of the assets, and shall be executed in various phases, with the conclusion expected by mid-2020. Starting from Q2 2019, the loans subject to this transaction (€607m GBV and €156m NBV as at 30/06/2019 and €388m GBV and €108m NBV as at 30/09/2019) have been reclassified as discontinued operations according to the IFRS5 standard.
- On 28 June 2019, Banco BPM sold the Profamily captive business to Agos (the company subject to the disposal was renamed ProAgos S.p.A.). The non-captive business was demerged prior to this transaction through a spin-off operation in favour of a new company which keeps the name of ProFamily S.p.A. and which is 100% held by Banco BPM. Moreover, starting from Q2 2019, the assets and liabilities (mainly composed by customer loans for a NBV of €1.4bn) referred to this non-captive business have been classified as discontinued operations according to IFRS5 standard. **In this presentation, in order to allow a proper comparison, the historic data of Customer Loans (2018 and 31/03/2019) have been adjusted excluding all ex-Profamily volumes (captive and non-captive).** It is also noted that, with reference to P&L, the contribution continues to be represented line-by-line, under the relevant P&L items.

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It is also noted that in this presentation, in line with accounting reporting, the securities portfolio is subdivided on the basis of the various accounting valuation criteria (i.e. FVOCI, Amortised Cost – also referred to as AC - and FVTPL), whereas in previous presentations the corresponding terminology related to the underlying business model was used (i.e. HTCS, HTC and HFT).

# Agenda

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# SOLID Q3 2019 PERFORMANCE (1/3)

Achievements in business operations and risk profile confirm further healthy progress

## OPERATING PROFITABILITY

Higher Profit from Operations in Q3:

- Stable revenues
- Better operating efficiency

	Q/Q
PROFIT FROM OPERATIONS:	<b>+7.6%</b>
- TOTAL REVENUES	<b>+0.2%</b>
- OPERATING COSTS	<b>-3.6%</b>

## CUSTOMER VOLUMES

Growing commercial performance:

- Continued increase in core volumes

	Q/Q	YTD
CORE PERF. LOANS	<b>+0.9%</b>	<b>+3.9%</b>
C/A & DEPOSITS	<b>+1.7%</b>	<b>+7.3%</b>

## RISK PROFILE

Asset quality improving further:

- NPE stock reduction
- Strengthened UTP coverage (+1.5p.p.)
- Texas ratio <60%

	30/06/19	30/09/19
GROSS NPE RATIO	<b>9.7%</b>	<b>9.4%</b>
NET NPE RATIO	<b>5.9%</b>	<b>5.6%</b>
BAD LOAN COVERAGE <sup>1</sup>	<b>62.6%</b>	<b>62.1%</b>
UTP COVERAGE	<b>35.5%</b>	<b>37.0%</b>
TEXAS RATIO <sup>2</sup>	<b>61.8%</b>	<b>58.1%</b>

# SOLID Q3 2019 PERFORMANCE (2/3)

Sound Balance Sheet Structure and Liquidity Position. Strong improvement in the performance of Debt Securities

## B/S STRUCTURE

- Balanced core banking
- Strong core funding base

	31/12/18	30/06/19	30/09/19
L/D RATIO <sup>1</sup>	95.1%	94.9%	94.1%
SHARE OF DEPOSITS <sup>2</sup>	79.9%	81.4%	81.8%

## LIQUIDITY

- Strong liquidity position

	31/12/18	30/06/19	30/09/19
LCR	>150%	>150%	>170%
NSFR	>100%	>100%	>100%

## RESERVES & UNREALISED GAINS OF DEBT SECURITIES

- Excellent performance of debt securities portfolio

	31/12/18	30/06/19	30/09/19
RESERVES (FVOCI)	-€197m	€36m	€225m
UNREALIZED GAINS (AC) <sup>3</sup>	~-€180m	~-€320m	~-€860m

Equivalent to about 140bps of incremental CET 1

Notes:

- Total 'Net customer loans' excluding REPOs over total Direct Funding (adjusted excluding REPOs and including Capital-Protected Certificates).
- Current accounts and deposits as a share of total Direct Funding (adjusted excluding REPOs and including Capital-Protected Certificates).
- Unrealised Gains on Debt Securities at AC are not included in the 'Comprehensive Profitability' nor in Capital position (see the following slide). Debt Securities accounted at AC are subject to a specific policy setting dedicated limits to the amount of disposals allowed throughout the year.

# SOLID Q3 2019 PERFORMANCE (3/3)

Strong Capital position and Capital generation. Comprehensive Profitability highlights the excellent performance in FVOCI reserves

## CAPITAL POSITION

- **Solid organic capital position**, even having included a specific “margin of conservatism” on AIRB process

	30/06/19	30/09/19 <sup>1</sup>
CET1 PHASED-IN	13.8%	13.8%
CET1 FL	11.9%	12.1%

## COMPREHENSIVE PROFITABILITY

- **Strong result, including also profitability “not directly impacting P&L”**

	30/06/19	30/09/19
COMPREHENSIVE PROFITABILITY <sup>2</sup>	€717.2m	€969.7m
o/w: P&L Net Income	€593.1m	€686.5m
o/w: Net Income directly to Equity	€124.0m	€283.2m

Mainly FVOCI reserves, net of tax. Does not include the impact from the increase in AC unrealized gains

Notes:

1. Ratios as at 30/09/2019 include also Q3 Net Income.

2. Stated Comprehensive Profitability, based on the pertinent IAS accounting scheme included in the Financial Statement. See slide 35 for details.

# GROUP 9M 2019 QUARTERLY PERFORMANCE

€ m	P&L STATED			
	Q1 2019	Q2 2019	Q3 2019	Chg. q/q
NII	505.2	514.8	500.0	-2.9%
FEES & COMMISSIONS	434.5	453.7	444.1	-2.1%
NET FINANCIAL RESULT	72.3	10.7	41.7	n.m.
<b>TOTAL INCOME</b>	<b>1,063.4</b>	<b>1,020.1</b>	<b>1,021.7</b>	<b>0.2%</b>
<b>OPERATING COSTS</b>	<b>-670.5</b>	<b>-675.0</b>	<b>-650.4</b>	<b>-3.6%</b>
<b>PROFIT FROM OPERATIONS</b>	<b>392.9</b>	<b>345.2</b>	<b>371.3</b>	<b>7.6%</b>
LLPs	-152.0	-197.7	-208.4	5.4%
PROFIT/LOSS FROM DISPOSALS	0.2	336.6	0.0	n.m.
<b>PRE-TAX PROFIT</b>	<b>241.6</b>	<b>478.0</b>	<b>164.3</b>	<b>-65.6%</b>
SYSTEMIC CHARGES <sup>2</sup>	-41.6	-15.2	-31.5	106.8%
<b>NET INCOME</b>	<b>150.5</b>	<b>442.6</b>	<b>93.3</b>	<b>-78.9%</b>
<b>€686.5m</b>				

€ m	P&L ADJUSTED <sup>1</sup>			
	Q1 2019	Q2 2019	Q3 2019	Chg. q/q
NII	505.2	514.8	500.0	-2.9%
FEES & COMMISSIONS	434.5	453.7	444.1	-2.1%
NET FINANCIAL RESULT	72.3	10.7	41.7	n.m.
<b>TOTAL INCOME</b>	<b>1,063.4</b>	<b>1,020.1</b>	<b>1,021.7</b>	<b>0.2%</b>
<b>OPERATING COSTS</b>	<b>-663.0</b>	<b>-655.0</b>	<b>-647.6</b>	<b>-1.1%</b>
<b>PROFIT FROM OPERATIONS</b>	<b>400.4</b>	<b>365.2</b>	<b>374.1</b>	<b>2.4%</b>
LLPs	-152.0	-197.7	-208.4	5.4%
PROFIT/LOSS FROM DISPOSALS	-	-	-	-
<b>PRE-TAX PROFIT</b>	<b>248.9</b>	<b>176.7</b>	<b>168.1</b>	<b>-4.8%</b>
SYSTEMIC CHARGES <sup>2</sup>	-41.6	-	-31.5	n.m.
<b>NET INCOME</b>	<b>155.4</b>	<b>135.6</b>	<b>96.2</b>	<b>-29.0%</b>
<b>€387.2m</b>				

9M 2019 performance confirms an expected adjusted EPS >€0.3 in FY 2019



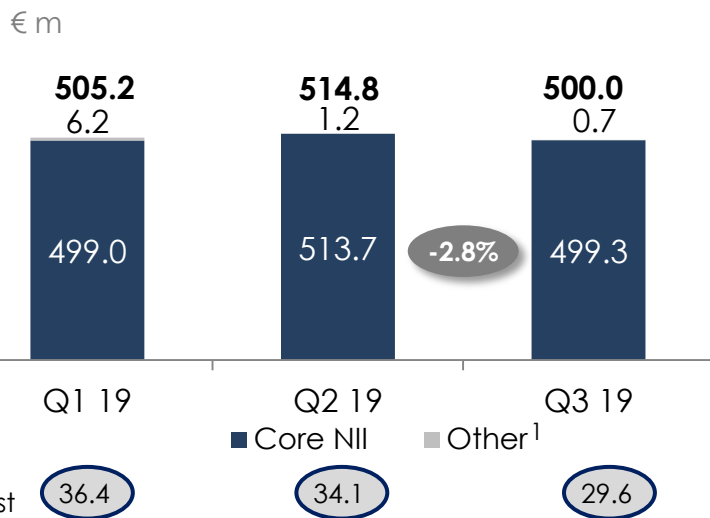
Notes:

1. All non-recurring elements excluded from the stated Net Income are shown in detail in slide 29.
2. Net of taxes.



# NET INTEREST INCOME: HIGHLIGHTS ON Q3 2019

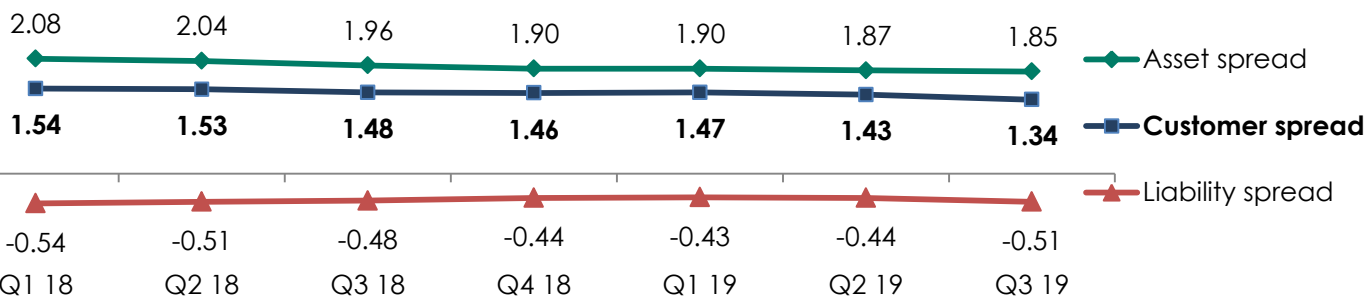
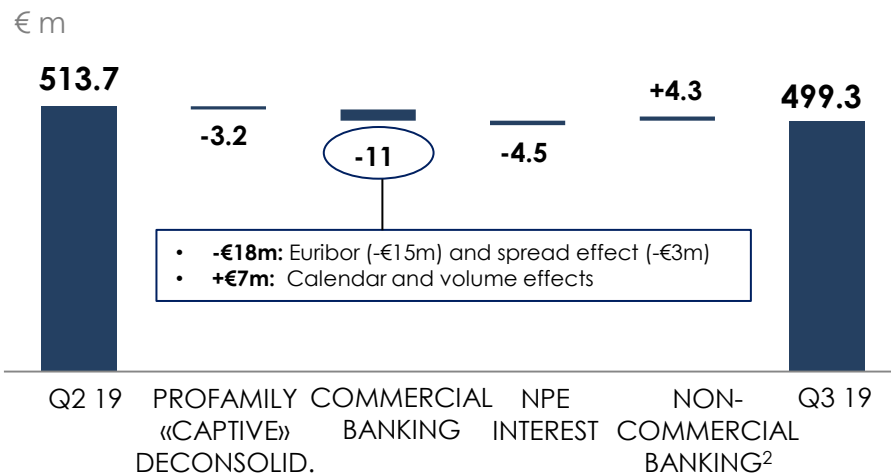
## Net Interest Income



NPE Interest  
(Excl. PPA and IFRS9)

See slide 33 for details

## Core NII: Evolution Breakdown



EURIBOR 3M QUARTERLY AVG.

-0.33 -0.33 -0.32 -0.32 -0.31 -0.32 -0.39

Notes:

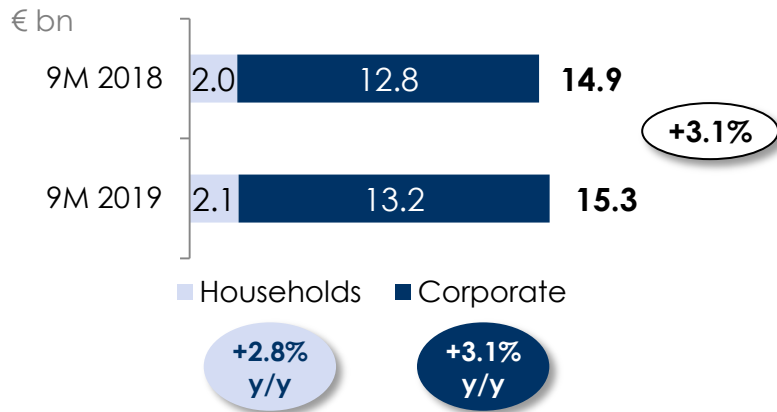
- 'Other' includes PPA as well as impacts from IFRS9 and IFRS16; see slide 33 for details.
- Non-commercial banking includes: financial activities, Hedging, interest on Bonds (Retail and Institutional) and other elements.

# SOUND LENDING PERFORMANCE OF THE NETWORK

Increasing volumes, with a recovery in pricing of Corporate new lending y/y

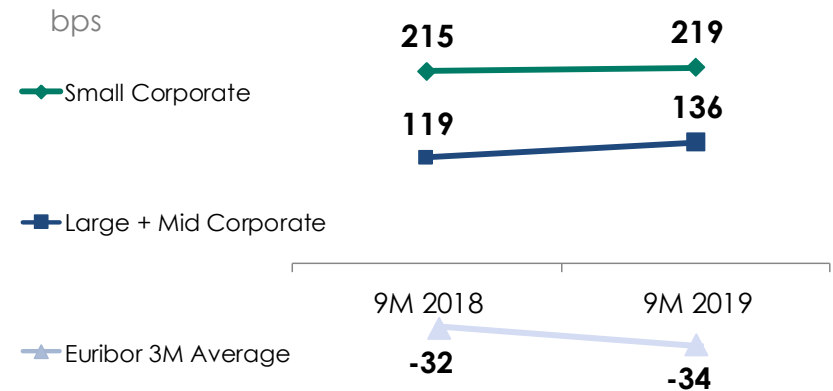
## €15.3bn New Loans in 9M 2019

(Management data of the commercial network<sup>1</sup>)



## All-In Rates of the New M/L-Term Lending to Main Corporate Segments<sup>2</sup>

(Management data of the commercial network)



- Increasing new M/L-Term lending (+3.1% y/y), coupled with increased pricing in the main corporate segments vs. 9M 2018
- The contribution from the better pricing of the new lending in corporate segments is impacted by the still higher rates of the maturing portfolio

Notes:

1. Include M/L-term Mortgages (Secured and Unsecured), Personal Loans, Pool, ST/MLT Structured Finance. Exclude Agos and Profamily volumes sold by the network (aggregate amount of €0.7bn in 9M 2019 and 9M 2018, but not consolidated by the Group). 'Corporate' includes also Religious Entities, Third Sector and Institutional.
2. All-in rates include commission income related to insurance policies, interest rate hedges and loan granting fees. Exclude volumes related to Structured Finance.

# GROUP VOLUMES: CUSTOMER LOANS AND DIRECT FUNDING

Strong commercial performance: further growth in both core customer loans and funds

€ bn	31/12/2018	30/06/2019	30/09/2019	% chg.YTD	% chg. q/q
<b>Net Performing Customer Loans</b>	96.0	98.9	99.7	3.9%	0.8%
o/w: Core Performing Customer Loans <sup>1</sup>	87.3	89.9	90.6	3.9%	0.9%
<b>Direct Funding<sup>2</sup></b>	101.5	105.2	106.5	4.9%	1.2%
o/w: C/A & Deposits (Sight + Time)	81.1	85.6	87.0	7.3%	1.7%

## Trend in Core Performing Customer Loans

CORE PERFORMING LOANS	31/12/18	30/06/19	30/09/19	Change	
				In % YTD	In % Q3
Mortgages loans	58.6	61.2	62.0	5.9%	1.3%
Current Accounts	11.2	10.7	11.2	-0.4%	4.4%
Other loans	17.5	18.0	17.5	-0.1%	-2.7%
<b>TOTAL</b>	<b>87.3</b>	<b>89.9</b>	<b>90.6</b>	<b>3.9%</b>	<b>0.9%</b>

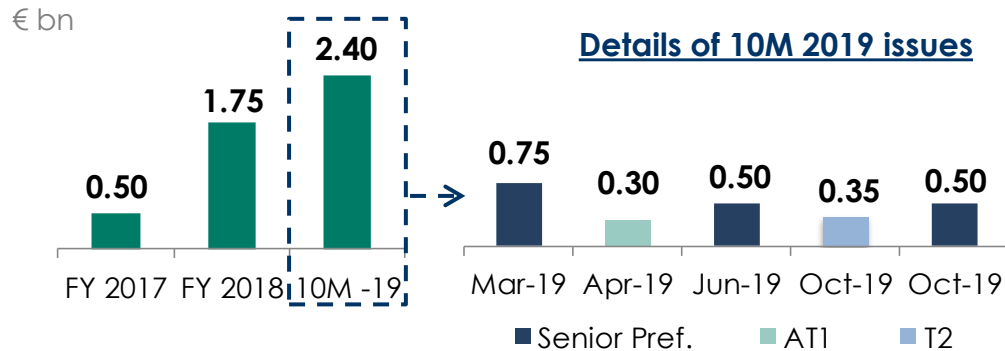
Customer Loans as at 31/12/18 are adjusted excluding Profamily volumes. See Methodological Notes for details.

Notes:

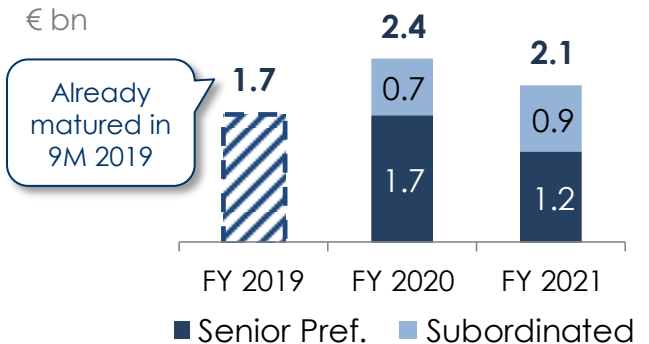
1. Exclude GACS senior notes, REPOs and Leasing.
2. Restated excluding REPOs and including Capital-Protected Certificates.

# SUCCESSFUL ACCESS TO WHOLESALE MARKETS ACROSS A WIDE RANGE OF INSTRUMENTS

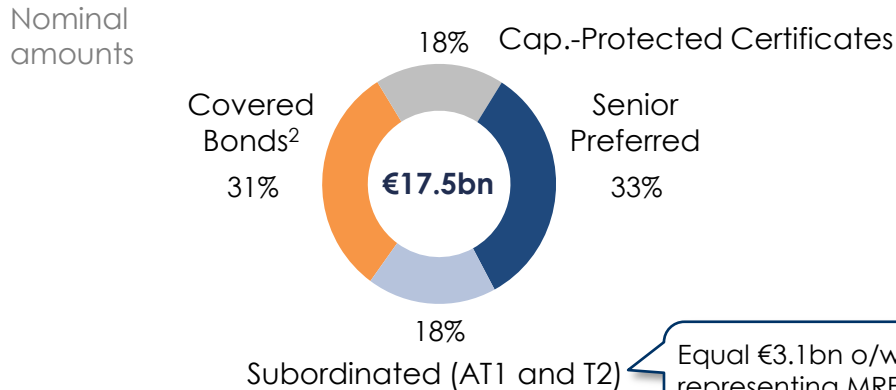
**€2.4bn public wholesale issues YTD:  
141% of Wholesale bond maturities in FY 2019**



**Wholesale bond maturities<sup>1</sup>**



**Bond funding composition as at 30/09/2019**

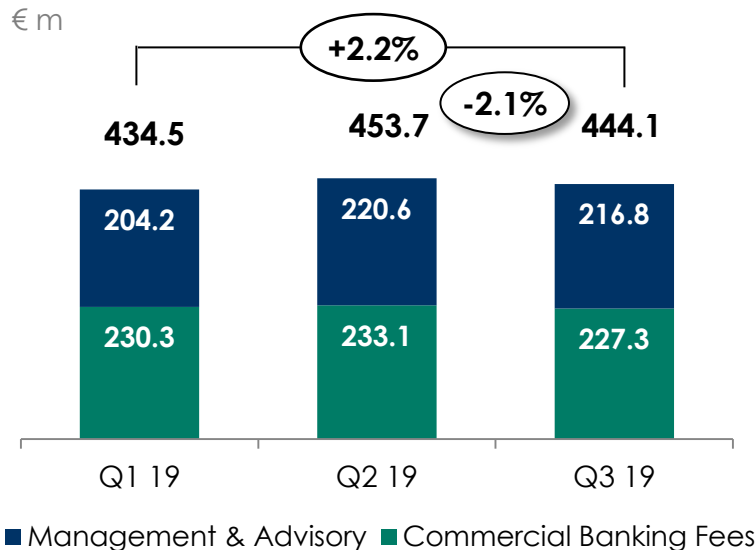


**Senior Preferred Bonds: Spreads & Rates**

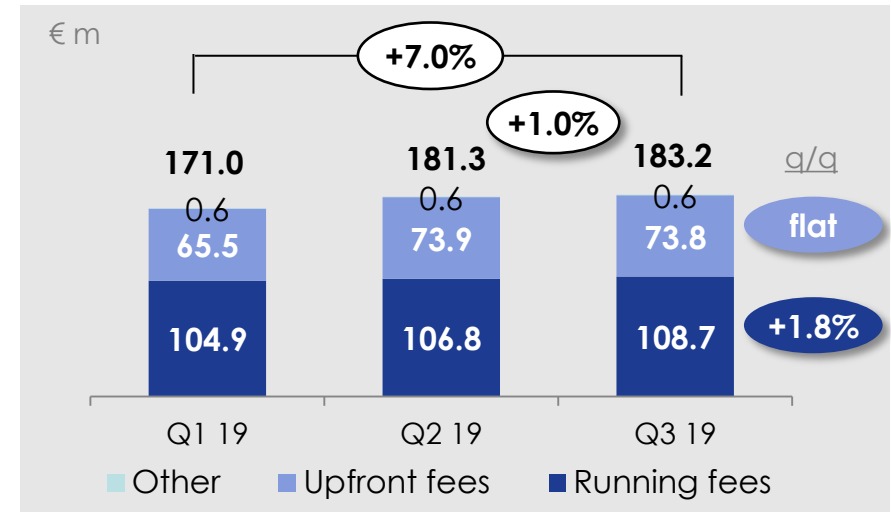
SENIOR PREFERRED INSTRUMENTS	AVERAGE RATES	AVERAGE SPREADS
FY 2019 MATURITIES	3.8%	3.1%
10M 2019 ISSUES	2.1%	2.3%

# INVESTMENT PRODUCT FEES: GROWTH IN Q3

## Net Fees and Commissions<sup>1</sup>



## Focus on Investment Product Fees<sup>2</sup>



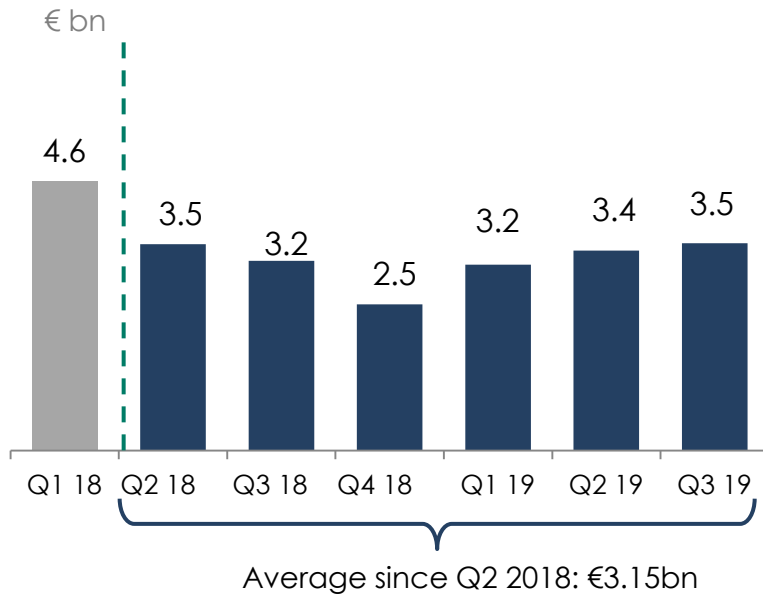
- Net fees and commission at €444.1m in Q3 2019, down 2.1% Q/Q due to seasonality effect, but in line with H1 2019 quarterly average
- Investment product fees at €183.2m in Q3 2019, up by 1.0% Q/Q

Notes:

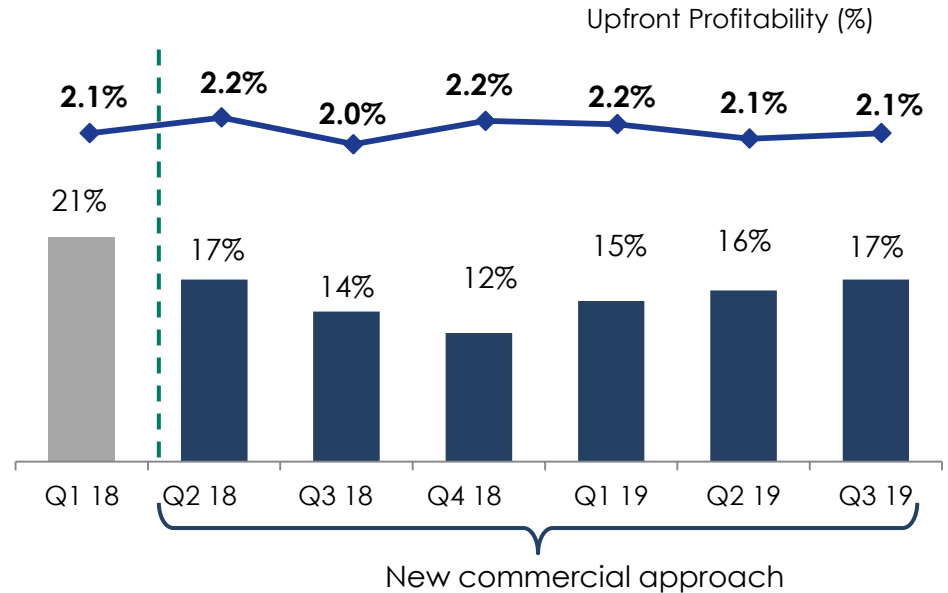
- Fees & Commissions include the restatement of the upfront components for the placements of Certificates (previously booked under NFR).
- Internal management data.

# GROWTH IN INVESTMENT PRODUCT PLACEMENTS

## Investment product placements volumes



## Share of investment products Upfront fees on Total Net Fees & Commissions

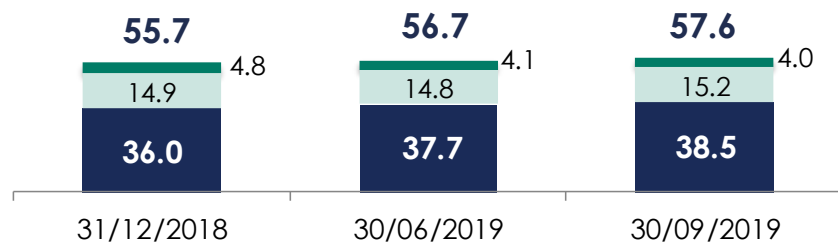


- After the decline registered in quarterly investment product placements during 2018, a good performance recovery is seen in all quarters of 9M 2019, with Q2 coming in at €3.4bn and with Q3 at €3.5bn
- Following the adoption of a new customer-based commercial approach in 2018, the Group has rebalanced the composition of Management & Advisory fees, registering a resilient contribution from the upfront component of investment products

# INDIRECT CUSTOMER FUNDING AT €89.2BN

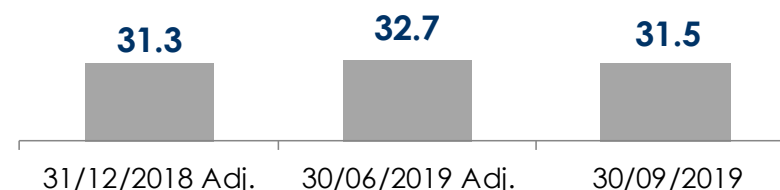
## Assets under Management

€ bn



## Assets under Custody<sup>1</sup>

€ bn



- Managed Accounts and Funds of Funds
- Bancassurance
- Funds & Sicav

- **Total Indirect Customer Funding at €89.2bn: +2.6% YTD and -0.2% q/q**
- Growth in the AuM component (at €57.6bn: +3.5% YTD and +1.7% q/q), registering:
  - a confirmed positive trend of Funds & Sicav (+6.9% YTD and +2.1% q/q)
  - a recovery in the performance in Bancassurance (+1.8% YTD and +2.2% q/q)
- Assets under Custody are up YTD (+0.9%), whereby the quarterly decline (-3.4%) is linked to net outflows of Italian Govies for about €2bn
- The progressive increase in C/A & deposits (+€5.9bn since 31/12/18, of which +€1.4bn in Q3) offers important opportunities for a future boost in indirect funding

Management data of the commercial network. AUC historic data restated for managerial adjustments.

Note:

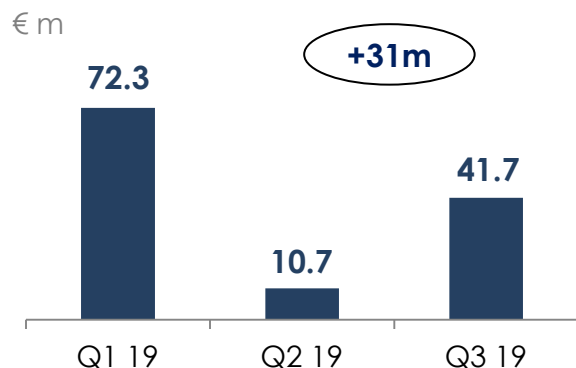
1. AuC data are net of capital-protected certificates, as they have been regrouped under Direct Funding (see slide 37).

# NET FINANCIAL RESULT: EXCELLENT PERFORMANCE WITH A CONCURRENT INCREASE IN RESERVES & UNREALISED GAINS

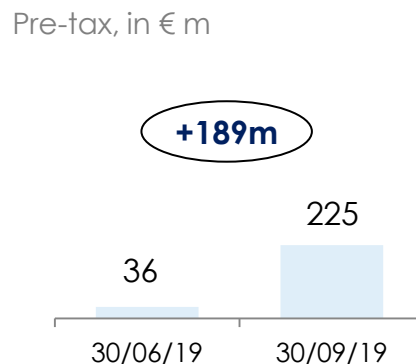
Not included in P&L results but included in the Capital Position<sup>1</sup>

Not included in P&L results nor in the Capital Position<sup>2</sup>

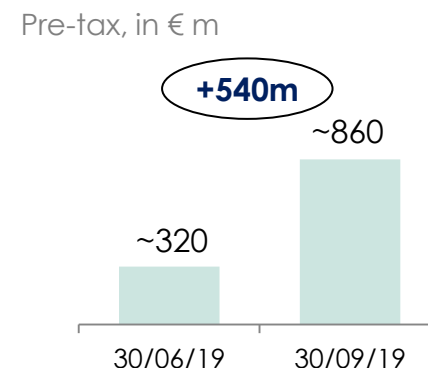
## Net Financial Result



## Reserves of Debt Securities at FVOCI



## Unrealised gains on Debt Securities at AC



- Q3 performance (€41.7m) shows a significant increase vs. Q2, following the positive evolution of the financial markets
- Pre-tax reserves on debt securities at FVOCI stood at €225m as at 30 September 2019, up from €36m as at 30/06/2019
- Significant additional buffer in the pre-tax Unrealised gains on debt securities at Amortized Cost (which are not included in the Group's 'Comprehensive Profitability')<sup>2</sup>.

Notes:

1. See slide 24 for details.

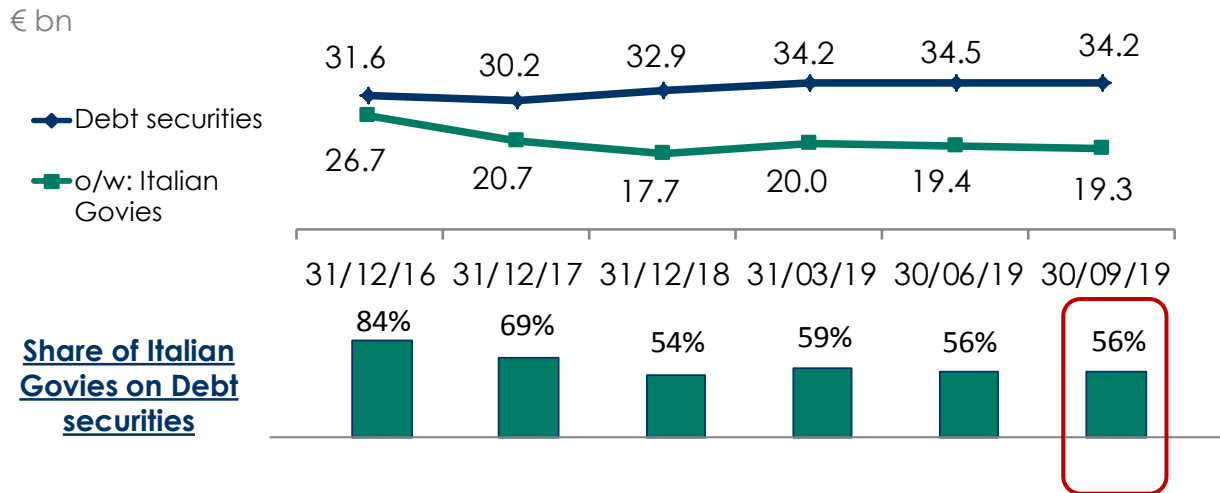
2. Debt Securities accounted at Amortised Costs are subject to a specific policy which sets dedicated limits to the amount of disposals allowed throughout the year.



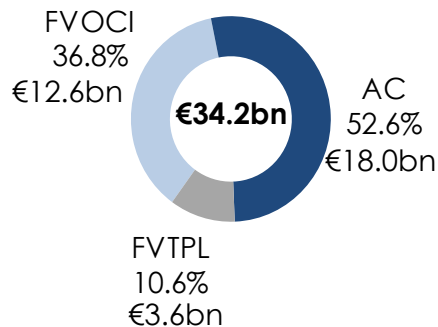
# DEBT SECURITIES PORTFOLIO & LIQUIDITY POSITION

Well diversified portfolio in terms of geography and accounting classification

## Evolution & Composition of Debt Securities

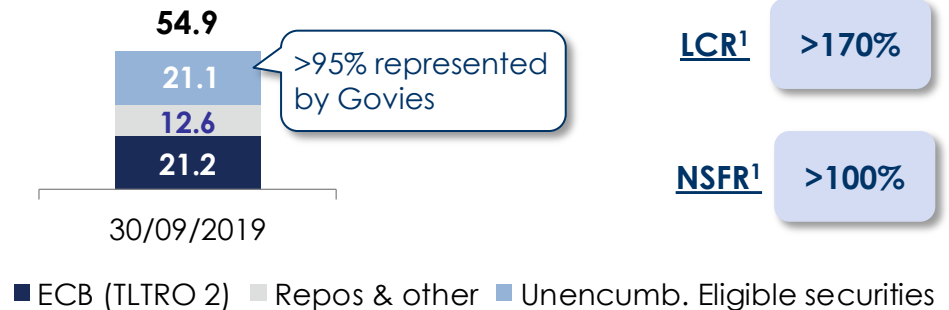


## Classification of Debt Securities at 30/09/2019



## Eligible Securities

€bn, management data, net of haircuts



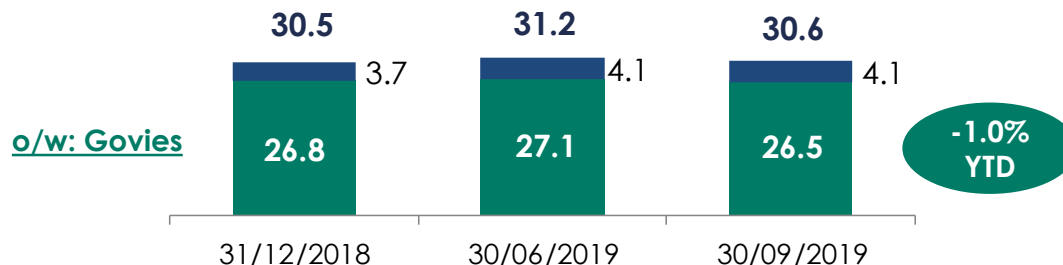
Note:

1. Monthly LCR of Sept. 2019. Q3 NSFR based on management data.

# DEBT SECURITIES PORTFOLIO: FOCUS ON BANKING BOOK

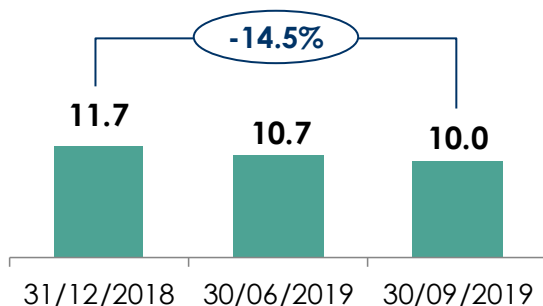
## Composition of Debt Securities in the Banking Book

€ bn



## Evolution of Govies at FVOCI

€ bn



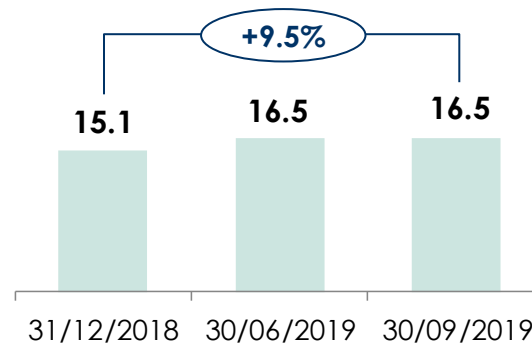
Share of FVOCI on Total IT Govies in the Banking Book



**Duration of Govies at FVOCI:**  
2.4 years as at 30/09/2019<sup>1</sup>

## Evolution of Govies at AC

€ bn



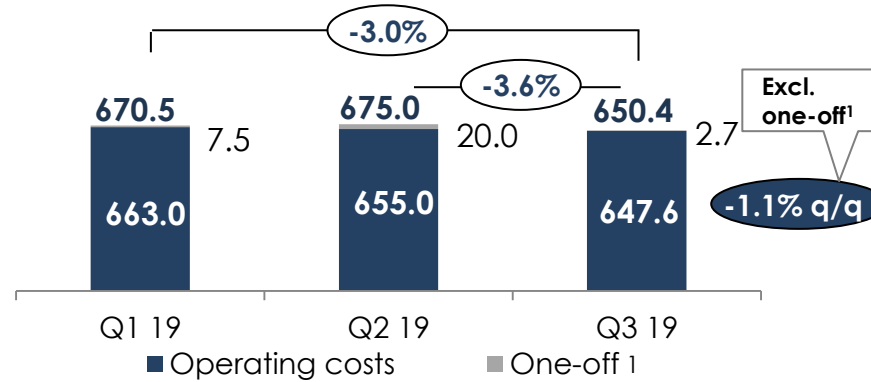
Share of AC on Total IT Govies in the Banking Book



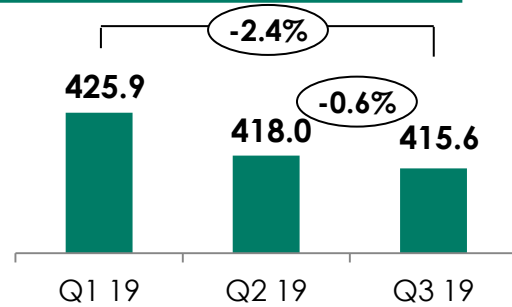
**Duration of Govies at AC:**  
3.9 years as at 30/09/2019<sup>1</sup>

# STRONG REDUCTION IN OPERATING COSTS: QUARTERLY EVOLUTION

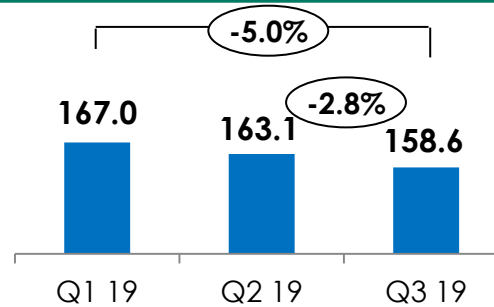
## Total Operating Costs



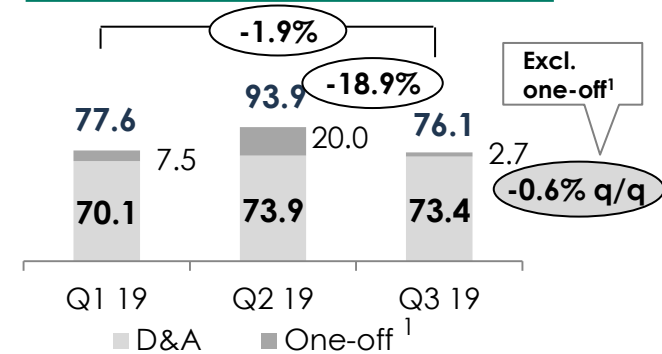
### o/w: Staff costs



### o/w: Other admin. costs



### o/w: D&A

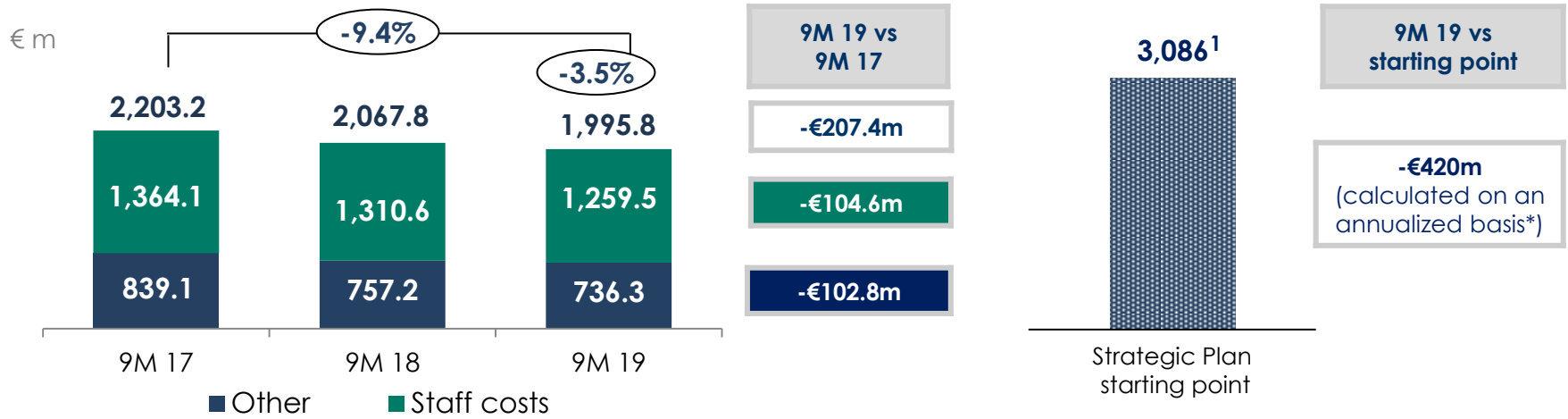


Note:

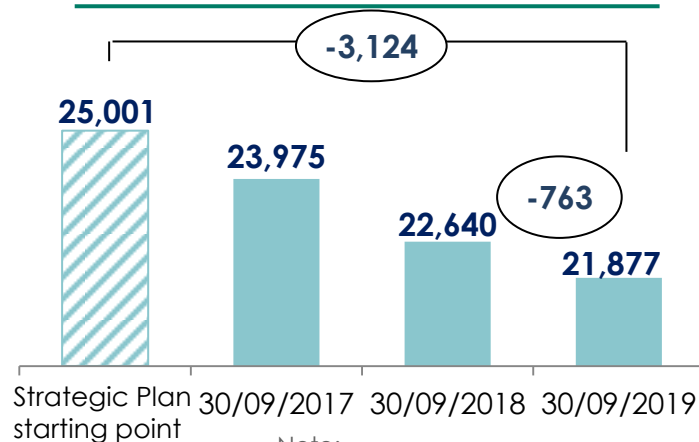
1. Net adjustments on tangible and intangible assets (mostly Real Estate).

# STRONG REDUCTION IN OPERATING COSTS: Y/Y

## Total Operating Costs



## # Headcount evolution

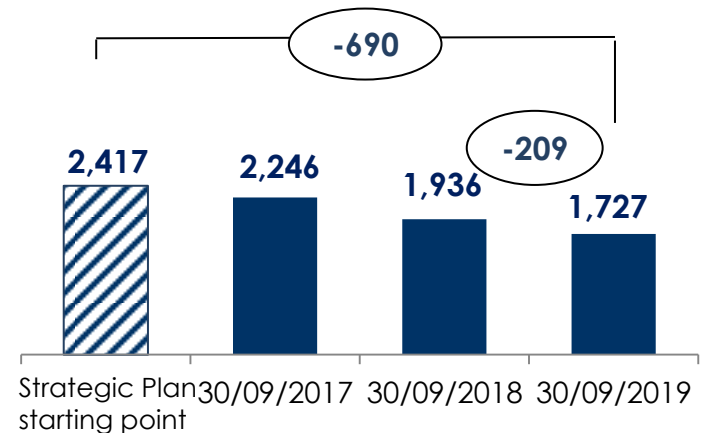


Note:

1. Internal Management Data adjusted for non-recurring items and systemic charges. All figures are pro-forma (ex Aletti Gestielle).

\* Annualized 9M 2019 operating costs calculated over the full year starting point of the Strategic Plan.

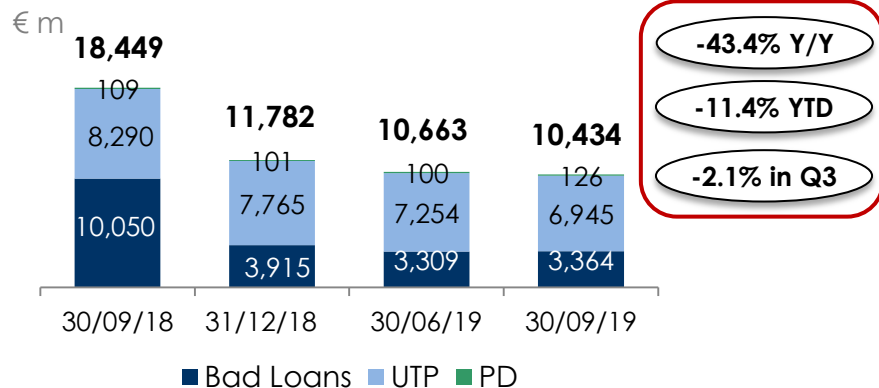
## # Retail network evolution



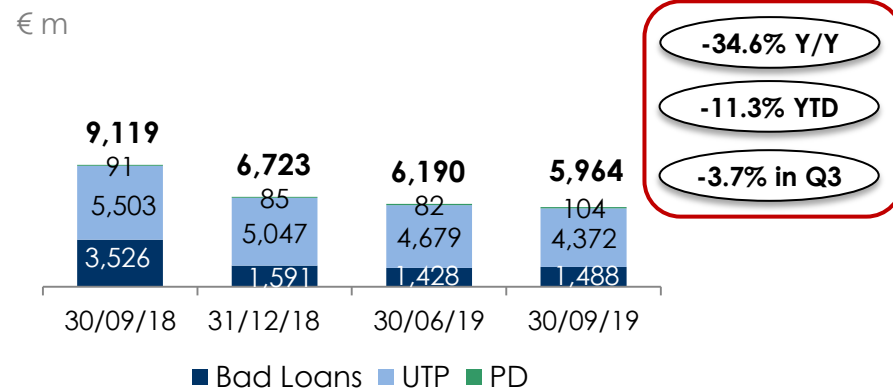
# SIGNIFICANT AND ONGOING IMPROVEMENT IN AQ (1/2)

Reduction in NPE stock and ratios, with improvement in UTP and NPE coverage

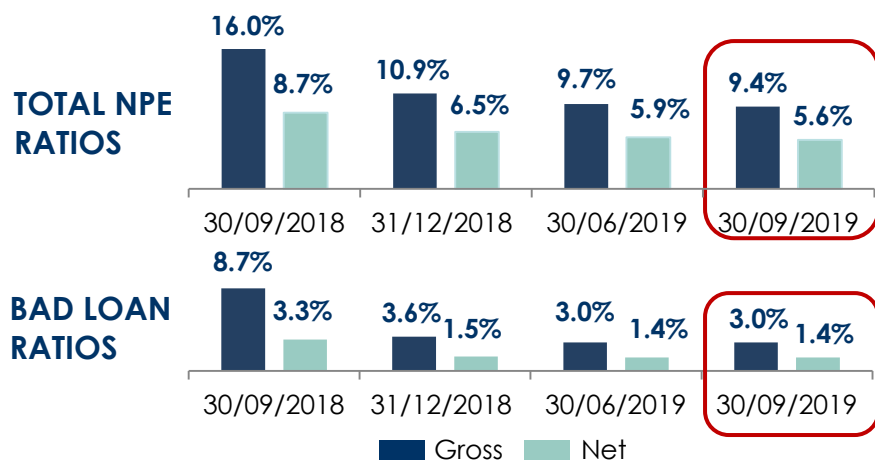
## NPE Stock (GBV)



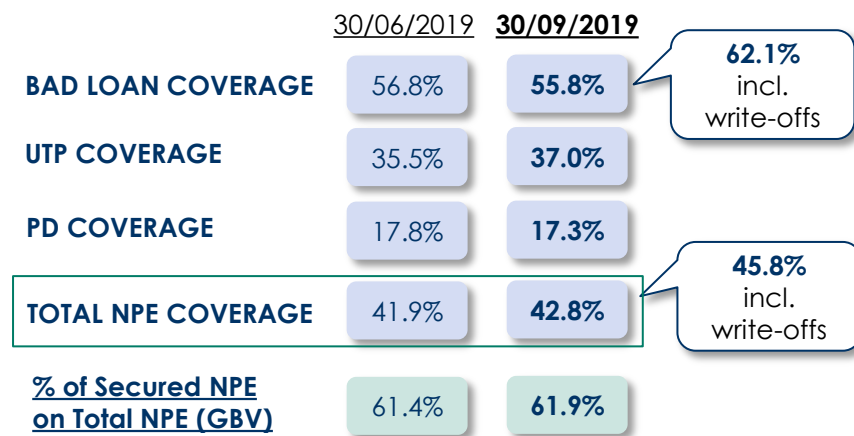
## NPE Stock (NBV)



## NPE Ratios



## Coverage & Collateralisation

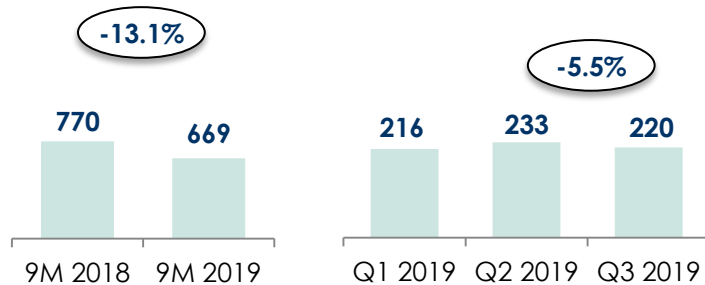


# SIGNIFICANT AND ONGOING IMPROVEMENT IN AQ (2/2)

Cost of Risk at 69bps, with an improvement in annual and quarterly flows

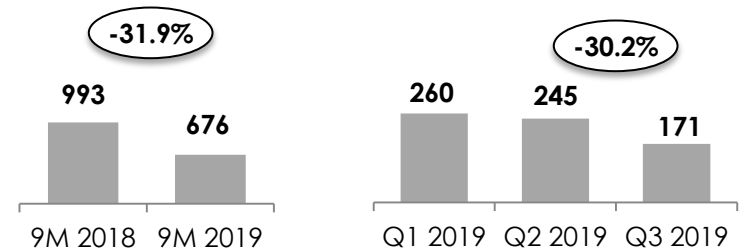
## Net Flows to NPEs

€ m



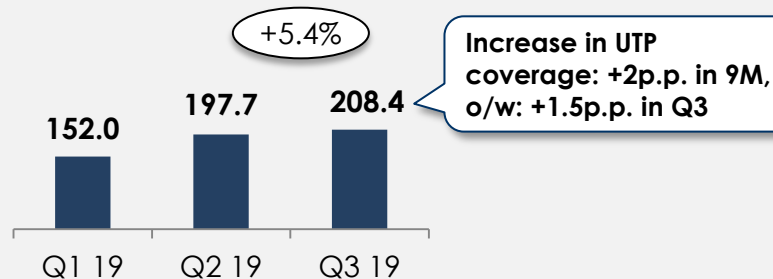
## Flows from UTP to Bad Loans

€ m



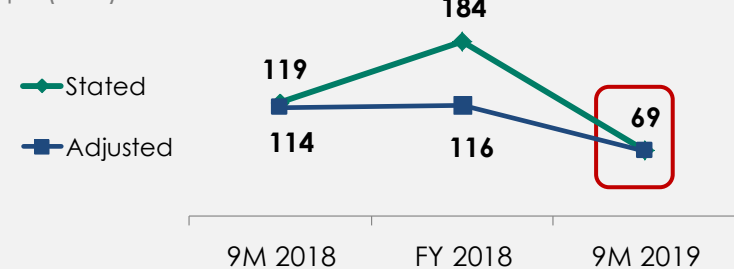
## LLPs

€ m



## Cost of Risk<sup>1</sup>

bps (EoP)



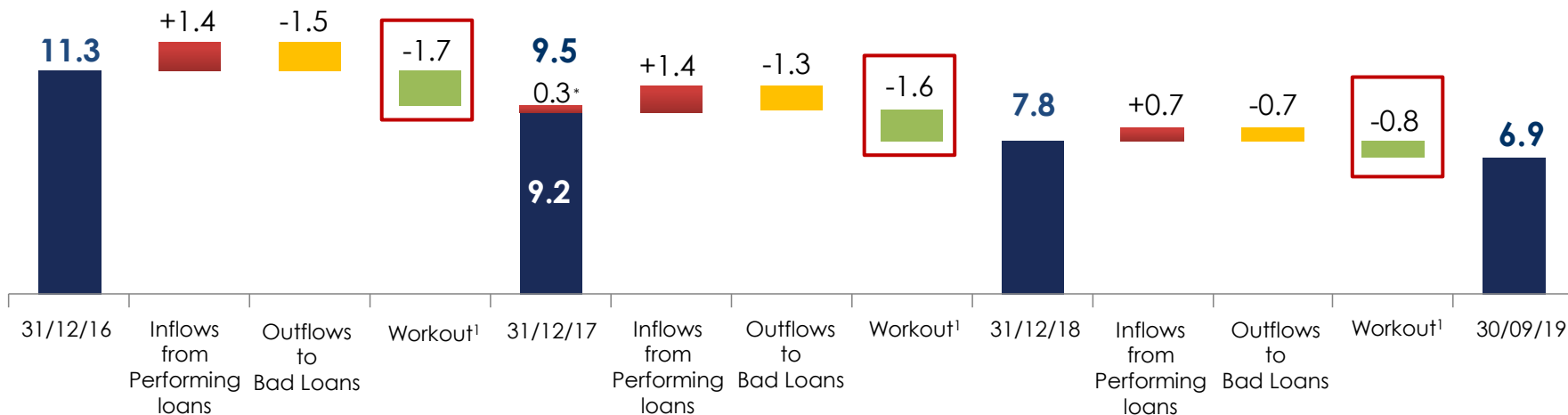
Note:

1. CoR calculated including also loans classified at IFRS 5, for coherence with related LLPs.

# UTP: EFFECTIVE WORKOUT ACTIVITY AND CONSERVATIVE COVERAGE POLICY SINCE YE 2016

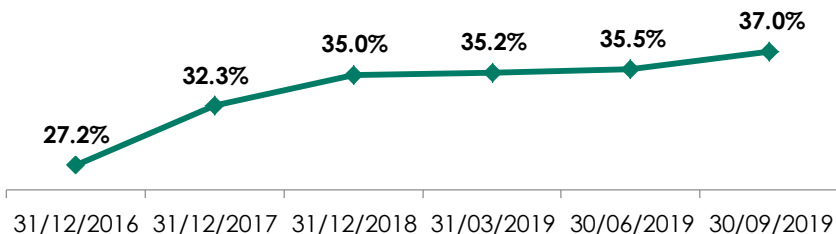
UTP, gross book value: -€4.4bn since YE 2016

€ bn



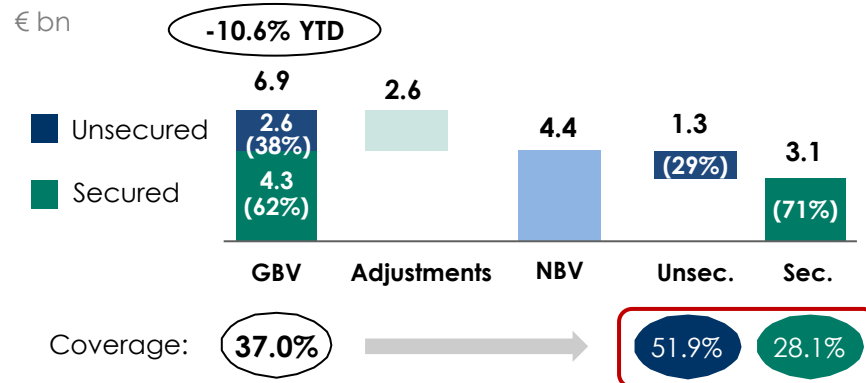
\* -0.3m of IFRS 9 reclassification impact

UTP Coverage: +9.8 p.p. since YE 2016



UTP analysis as at 30/09/2019

€ bn



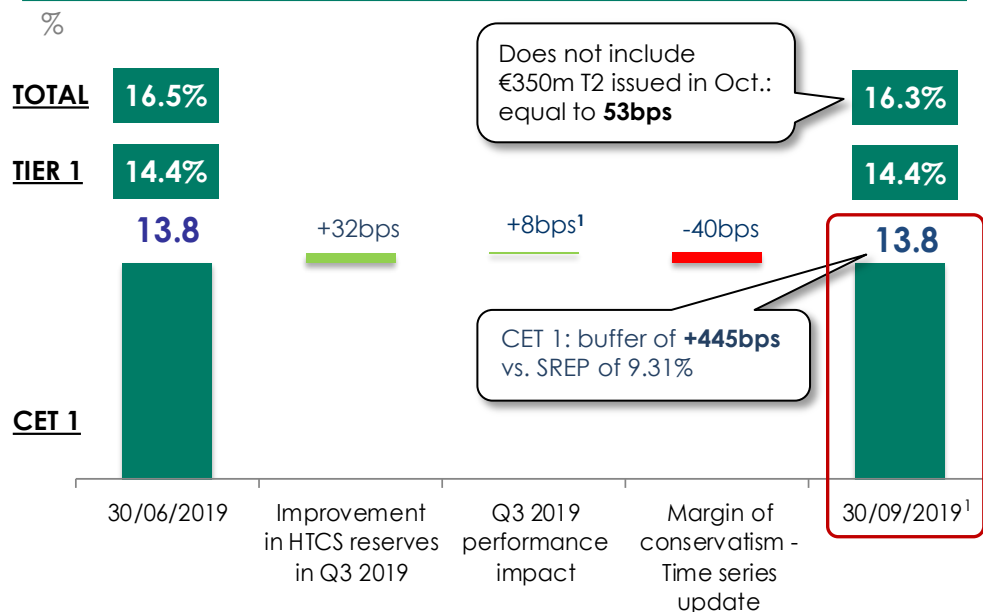
Note:

1. Cancellations, Recoveries, Cure and Other net movements.

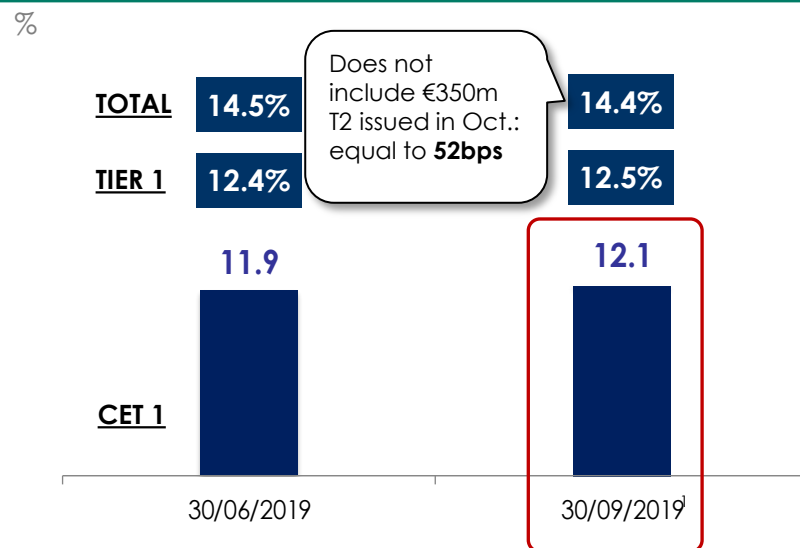
# SOLID CAPITAL POSITION

Strengthened capital ratios, in particular considering also that a “margin of conservatism” has been anticipated pending the approval process of ‘AIRB Model Update’ currently under way

## Phase-in Capital Ratios: evolution in Q3



## Fully Loaded Capital Ratios: Q3



- CET 1 capital ratio at 13.8% Phased-in and up at 12.1% Fully loaded
- Within the process to update AIRB models currently in place, the Bank has added a "margin of conservatism" to anticipate the impact of the update in historical time series for LGD calculation. The add-ons imposed on the Bank, including those addressing the time series update, are still in place at this stage
- Optimized capital structure through €300m AT1 issue in April, with robust Tier 1 and Total capital ratios

Note:

1. Ratios as at 30/09/2019 include also Q3 Net Income.



# FINAL REMARKS ON 9M 2019 PERFORMANCE

## PERFORMANCE HIGHLIGHTS:

- POSITIVE TREND IN INVESTMENT PRODUCT FEES
- STRICT ONGOING COST CONTROL
- CONTINUING DERISKING PROCESS
- NORMALISATION IN COST OF RISK
- EXCELLENT PERFORMANCE IN RESERVES & UNREALIZED GAINS ON DEBT SECURITIES
- STRENGTHENING CAPITAL POSITION



**EPS GUIDANCE CONFIRMED:  
ADJUSTED EPS >€0.3 FOR FY 2019,  
ON TRACK FOR A POSSIBLE DIVIDEND DISTRIBUTION**

# Agenda

1. Key 9M 2019 Performance Highlights	4
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- Capital Position	43

# RECLASSIFIED P&L: QUARTERLY EVOLUTION

Reclassified income statement (in euro million)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
	Stated	Stated	Stated	Stated	Stated	Stated	Stated
Net interest income	595.1	585.0	557.8	554.7	505.2	514.8	500.0
Income (loss) from investments in associates carried at equity	42.6	33.4	32.8	50.7	36.8	32.6	28.0
<b>Net interest, dividend and similar income</b>	<b>637.7</b>	<b>618.4</b>	<b>590.6</b>	<b>605.4</b>	<b>541.9</b>	<b>547.5</b>	<b>528.0</b>
Net fee and commission income	477.9	457.3	451.4	474.4	434.5	453.7	444.1
Other net operating income	24.2	130.0	214.5	21.1	14.6	8.3	8.0
Net financial result	27.9	73.9	46.8	-78.4	72.3	10.7	41.7
<b>Other operating income</b>	<b>530.0</b>	<b>661.2</b>	<b>712.7</b>	<b>417.0</b>	<b>521.5</b>	<b>472.7</b>	<b>493.7</b>
<b>Total income</b>	<b>1,167.7</b>	<b>1,279.6</b>	<b>1,303.2</b>	<b>1,022.4</b>	<b>1,063.4</b>	<b>1,020.1</b>	<b>1,021.7</b>
Personnel expenses	-442.1	-437.1	-431.5	-422.2	-425.9	-418.0	-415.6
Other administrative expenses	-211.5	-203.1	-196.2	-205.7	-167.0	-163.1	-158.6
Amortization and depreciation	-47.9	-49.0	-49.5	-97.1	-77.6	-93.8	-76.1
<b>Operating costs</b>	<b>-701.5</b>	<b>-689.2</b>	<b>-677.1</b>	<b>-725.0</b>	<b>-670.5</b>	<b>-675.0</b>	<b>-650.4</b>
<b>Profit (loss) from operations</b>	<b>466.2</b>	<b>590.4</b>	<b>626.1</b>	<b>297.4</b>	<b>392.9</b>	<b>345.2</b>	<b>371.3</b>
Net adjustments on loans to customers	-326.2	-360.2	-267.4	-987.3	-152.0	-197.7	-208.4
Net adjustments on other financial assets	2.2	-1.6	-1.3	4.0	-4.0	4.0	4.1
Net provisions for risks and charges	-25.0	-20.7	-71.9	-227.8	4.4	-10.1	-2.7
Profit (loss) on the disposal of equity and other investments	179.7	-1.1	-10.3	5.1	0.2	336.6	0.0
<b>Income (loss) before tax from continuing operations</b>	<b>296.9</b>	<b>206.8</b>	<b>275.2</b>	<b>-908.6</b>	<b>241.6</b>	<b>478.0</b>	<b>164.3</b>
Tax on income from continuing operations	-25.9	-61.3	-72.3	322.4	-50.7	-23.4	-41.4
Systemic charges after tax	-49.0	-18.4	-32.1	-0.7	-41.6	-15.2	-31.5
Income (loss) after tax from discontinued operations	0.0	0.0	0.9	0.0	0.0	0.0	0.0
Income (loss) attributable to minority interests	1.4	2.2	0.3	5.8	1.2	3.2	1.8
<b>Net income (loss) for the period excluding Badwill &amp; Impairment of goodwill and client relationship</b>	<b>223.3</b>	<b>129.3</b>	<b>171.9</b>	<b>-581.0</b>	<b>150.5</b>	<b>442.6</b>	<b>93.3</b>

Starting from 30/06/2019, upfront fees related to the placement of Certificates have been reclassified from Net Financial Results to Net Fees & Commissions. The previous quarters (2018 and Q1 2019) have been reclassified coherently.

# RECLASSIFIED P&L: ANNUAL COMPARISON

Reclassified income statement (in euro million)	9M 2018	9M 2019	Chg. Y/Y	Chg. Y/Y
	Stated	Stated		%
Net interest income	1,737.9	1,520.0	-217.8	-12.5%
Income (loss) from investments in associates carried at equity	108.8	97.3	-11.5	-10.5%
<b>Net interest, dividend and similar income</b>	<b>1,846.7</b>	<b>1,617.4</b>	<b>-229.3</b>	<b>-12.4%</b>
Net fee and commission income	1,386.6	1,332.3	-54.3	-3.9%
Other net operating income	368.7	30.9	-337.8	-91.6%
Net financial result	148.6	124.7	-23.9	-16.1%
<b>Other operating income</b>	<b>1,903.9</b>	<b>1,487.9</b>	<b>-416.0</b>	<b>-21.8%</b>
<b>Total income</b>	<b>3,750.5</b>	<b>3,105.2</b>	<b>-645.3</b>	<b>-17.2%</b>
Personnel expenses	-1,310.6	-1,259.5	51.1	-3.9%
Other administrative expenses	-610.8	-488.8	122.0	-20.0%
Amortization and depreciation	-146.4	-247.6	-101.2	69.1%
<b>Operating costs</b>	<b>-2,067.8</b>	<b>-1,995.8</b>	<b>72.0</b>	<b>-3.5%</b>
<b>Profit (loss) from operations</b>	<b>1,682.7</b>	<b>1,109.4</b>	<b>-573.3</b>	<b>-34.1%</b>
Net adjustments on loans to customers	-953.9	-558.0	395.8	-41.5%
Net adjustments on other financial assets	-0.7	4.2	4.8	n.m.
Net provisions for risks and charges	-117.5	-8.4	109.1	-92.9%
Profit (loss) on the disposal of equity and other investments	168.2	336.8	168.5	n.m.
<b>Income (loss) before tax from continuing operations</b>	<b>778.9</b>	<b>883.9</b>	<b>105.0</b>	<b>13.5%</b>
Tax on income from continuing operations	-159.6	-115.4	44.2	-27.7%
Systemic charges after tax	-99.6	-88.4	11.2	-11.2%
Income (loss) after tax from discontinued operations	0.9	0.0	-0.9	n.m.
Income (loss) attributable to minority interests	3.8	6.3	2.5	64.2%
<b>Net income (loss) for the period</b>	<b>524.5</b>	<b>686.5</b>	<b>161.9</b>	<b>30.9%</b>

Starting from 30/06/2019, upfront fees related to the placement of Certificates have been reclassified from Net Financial Results to Net Fees & Commissions. The previous quarters (2018 and Q1 2019) have been reclassified coherently.

# 9M 2019 ADJUSTED P&L: DETAILS ON NON-RECURRING ITEMS

Reclassified income statement (in euro million)	9M 2019	9M 2019	One- off	Non-recurring items and extraordinary systemic charges
	Stated	Adjusted		
Net interest income	1,520.0	1,520.0	0.0	
Income (loss) from investments in associates carried at equity	97.3	97.3	0.0	
<b>Net interest, dividend and similar income</b>	<b>1,617.4</b>	<b>1,617.4</b>	<b>0.0</b>	
Net fee and commission income	1,332.3	1,332.3	0.0	
Other net operating income	30.9	30.9	0.0	
Net financial result	124.7	124.7	0.0	
<b>Other operating income</b>	<b>1,487.9</b>	<b>1,487.9</b>	<b>0.0</b>	
<b>Total income</b>	<b>3,105.2</b>	<b>3,105.2</b>	<b>0.0</b>	
Personnel expenses	-1,259.5	-1,259.5	0.0	
Other administrative expenses	-488.8	-488.8	0.0	
Amortization and depreciation	-247.6	-217.4	-30.2	<i>Adjustments on tangible and intangible assets</i>
<b>Operating costs</b>	<b>-1,995.8</b>	<b>-1,965.6</b>	<b>-30.2</b>	
<b>Profit (loss) from operations</b>	<b>1,109.4</b>	<b>1,139.6</b>	<b>-30.2</b>	
Net adjustments on loans to customers	-558.0	-558.0	0.0	
Net adjustments on other assets	4.2	4.2	0.0	
Net provisions for risks and charges	-8.4	8.0	-16.4	<i>Adjustments on customer and other conditions</i>
Profit (loss) on the disposal of equity and other investments	336.8	0.0	336.8	<i>Disposal of ProAgos, JV NPL platform, other</i>
<b>Income (loss) before tax from continuing operations</b>	<b>883.9</b>	<b>593.7</b>	<b>290.2</b>	
Tax on income from continuing operations	-115.4	-139.1	23.7	<i>Extraordinary positive fiscal items</i>
Systemic charges after tax	-88.4	-73.1	-15.2	<i>Additional contribution to Italian resolution fund</i>
Income (loss) after tax from discontinued operations	0.0	0.0	0.0	
Income (loss) attributable to minority interests	6.3	5.8	0.6	<i>Other</i>
<b>Net income (loss) for the period excluding Badwill &amp; Impairment of goodwill and client relationship</b>	<b>686.5</b>	<b>387.2</b>	<b>299.3</b>	

# 9M 2019 ADJUSTED P&L: ANNUAL COMPARISON

Reclassified income statement (in euro million)	9M 2018	9M 2019	Chg. Y/Y	Chg. Y/Y
	Adjusted	Adjusted	Value	%
Net interest income	1,737.9	1,520.0	-217.8	-12.5%
Income (loss) from investments in associates carried at equity	108.8	97.3	-11.5	-10.5%
<b>Net interest, dividend and similar income</b>	<b>1,846.7</b>	<b>1,617.4</b>	<b>-229.3</b>	<b>-12.4%</b>
Net fee and commission income	1,386.6	1,332.3	-54.3	-3.9%
Other net operating income	55.1	30.9	-24.2	-43.9%
Net financial result	148.6	124.7	-23.9	-16.1%
<b>Other operating income</b>	<b>1,590.2</b>	<b>1,487.9</b>	<b>-102.4</b>	<b>-6.4%</b>
<b>Total income</b>	<b>3,436.9</b>	<b>3,105.2</b>	<b>-331.7</b>	<b>-9.6%</b>
Personnel expenses	-1,310.6	-1,259.5	51.1	-3.9%
Other administrative expenses	-600.3	-488.8	111.5	-18.6%
Amortization and depreciation	-144.9	-217.4	-72.4	50.0%
<b>Operating costs</b>	<b>-2,055.9</b>	<b>-1,965.6</b>	<b>90.3</b>	<b>-4.4%</b>
<b>Profit (loss) from operations</b>	<b>1,381.0</b>	<b>1,139.6</b>	<b>-241.4</b>	<b>-17.5%</b>
Net adjustments on loans to customers	-899.9	-558.0	341.8	-38.0%
Net adjustments on other assets	-0.7	4.2	4.8	n.m.
Net provisions for risks and charges	36.2	8.0	-28.2	-78.0%
Profit (loss) on the disposal of equity and other investments	0.0	0.0	0.0	n.m.
<b>Income (loss) before tax from continuing operations</b>	<b>516.6</b>	<b>593.7</b>	<b>77.1</b>	<b>14.9%</b>
Tax on income from continuing operations	-133.9	-139.1	-5.2	3.9%
Systemic charges after tax	-81.2	-73.1	8.0	-9.9%
Income (loss) after tax from discontinued operations	0.0	0.0	0.0	n.m.
Income (loss) attributable to minority interests	3.7	5.8	2.1	55.5%
<b>Net income (loss) for the period excluding Badwill &amp; Impairment of goodwill and client relationship</b>	<b>305.2</b>	<b>387.2</b>	<b>82.0</b>	<b>26.9%</b>

# Q3 2019 ADJUSTED P&L: QUARTERLY COMPARISON

Reclassified income statement (in euro million)	Q2 2019	Q3 2019	Chg. Y/Y	Chg. Y/Y
	Adjusted	Adjusted	Value	%
Net interest income	514.8	500.0	-14.8	-2.9%
Income (loss) from investments in associates carried at equity	32.6	28.0	-4.7	-14.3%
<b>Net interest, dividend and similar income</b>	<b>547.5</b>	<b>528.0</b>	<b>-19.5</b>	<b>-3.6%</b>
Net fee and commission income	453.7	444.1	-9.6	-2.1%
Other net operating income	8.3	8.0	-0.3	-3.6%
Net financial result	10.7	41.7	31.0	289.5%
<b>Other operating income</b>	<b>472.7</b>	<b>493.7</b>	<b>21.1</b>	<b>4.5%</b>
<b>Total income</b>	<b>1,020.1</b>	<b>1,021.7</b>	<b>1.6</b>	<b>0.2%</b>
Personnel expenses	-418.0	-415.6	2.4	-0.6%
Other administrative expenses	-163.1	-158.6	4.5	-2.8%
Amortization and depreciation	-73.9	-73.4	0.5	-0.6%
<b>Operating costs</b>	<b>-655.0</b>	<b>-647.6</b>	<b>7.3</b>	<b>-1.1%</b>
<b>Profit (loss) from operations</b>	<b>365.2</b>	<b>374.1</b>	<b>8.9</b>	<b>2.4%</b>
Net adjustments on loans to customers	-197.7	-208.4	-10.7	5.4%
Net adjustments on other assets	4.0	4.1	0.1	3.6%
Net provisions for risks and charges	5.2	-1.7	-6.9	n.m.
Profit (loss) on the disposal of equity and other investments	0.0	0.0	0.0	n.m.
<b>Income (loss) before tax from continuing operations</b>	<b>176.7</b>	<b>168.1</b>	<b>-8.5</b>	<b>-4.8%</b>
Tax on income from continuing operations	-44.3	-42.2	2.1	-4.7%
Systemic charges after tax	0.0	-31.5	-31.5	n.m.
Income (loss) after tax from discontinued operations	0.0	0.0	0.0	n.m.
Income (loss) attributable to minority interests	3.2	1.8	-1.4	-42.9%
<b>Net income (loss) for the period excluding Badwill &amp; Impairment of goodwill and client relationship</b>	<b>135.6</b>	<b>96.2</b>	<b>-39.4</b>	<b>-29.0%</b>

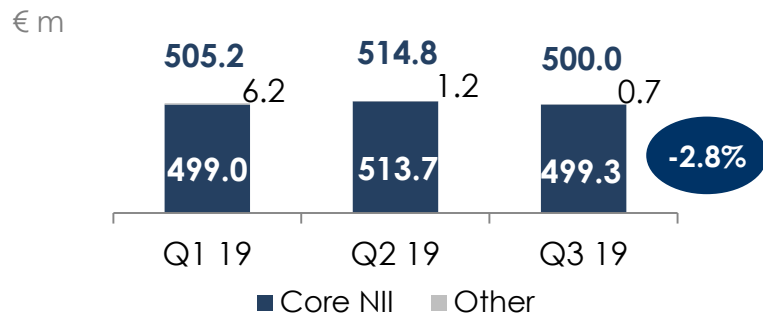
# 9M 2019 RECLASSIFIED P&L – PPA AND IFRS 9 IMPACTS

Reclassified income statement (in euro million)	(A-C)		(A-C-F)		
	A	B	C	E	F
	9M 19 Stated	9M 19 CE ex PPA	9M 19 TOTAL PPA	9M 19 CE ex PPA and IFRS 9	9M 19 Ricl. IFRS 9
Net interest income	1,520.0	1,507.1	12.9	1,504.5	2.6
Income (loss) from investments in associates carried at equity	97.3	97.3	-	97.3	-
<b>Net interest, dividend and similar income</b>	<b>1,617.4</b>	<b>1,604.4</b>	<b>12.9</b>	<b>1,601.9</b>	<b>2.6</b>
Net fee and commission income	1,332.3	1,332.3	-	1,332.3	-
Other net operating income	30.9	59.9	-29.0	59.9	-
Net financial result	124.7	124.7	-	124.7	-
<b>Other operating income</b>	<b>1,487.9</b>	<b>1,516.9</b>	<b>-29.0</b>	<b>1,516.9</b>	<b>-</b>
<b>Total income</b>	<b>3,105.2</b>	<b>3,121.3</b>	<b>-16.1</b>	<b>3,118.7</b>	<b>2.6</b>
Personnel expenses	-1,259.5	-1,259.5	-	-1,259.5	-
Other administrative expenses	-488.8	-488.8	-	-488.8	-
Amortization and depreciation	-247.6	-239.3	-8.3	-239.3	-
<b>Operating costs</b>	<b>-1,995.8</b>	<b>-1,987.5</b>	<b>-8.3</b>	<b>-1,987.5</b>	<b>-</b>
<b>Profit (loss) from operations</b>	<b>1,109.4</b>	<b>1,133.8</b>	<b>-24.4</b>	<b>1,131.2</b>	<b>2.6</b>
Net adjustments on loans to customers	-558.0	-558.0	-	-555.5	-2.6
Net adjustments on other assets	4.2	4.2	-	4.2	-
Net provisions for risks and charges <sup>1</sup>	-8.4	-8.4	-	-8.4	-
Profit (loss) on the disposal of equity and other investments	336.8	336.8	-	336.8	-
<b>Income (loss) before tax from continuing operations</b>	<b>883.9</b>	<b>908.3</b>	<b>-24.4</b>	<b>908.3</b>	<b>-</b>
Tax on income from continuing operations	-115.4	-123.2	7.8	-123.2	-
Systemic charges after tax	-88.4	-88.4	-	-88.4	-
Income (loss) after tax from discontinued operations	-	-	-	-	-
Income (loss) attributable to minority interests	6.3	6.3	-	6.3	-
<b>Net income for the period</b>	<b>686.5</b>	<b>703.0</b>	<b>-16.5</b>	<b>703.0</b>	<b>-</b>

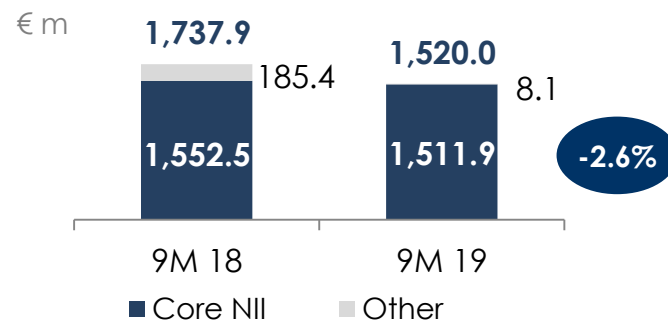


# 9M 2019 RESULTS: NET INTEREST INCOME

## Q/Q comparison



## Y/Y comparison



### Details of Other (Non-Core Components)

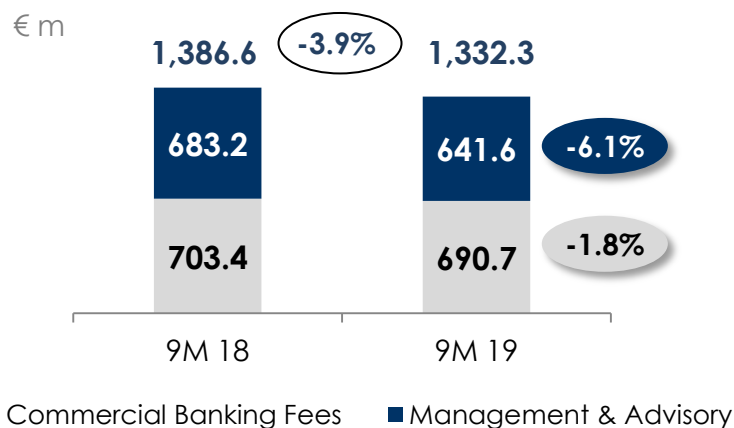
€ m	Q1 19	Q2 19	Q3 19
<b>Reversal PPA</b>	<b>6.0</b>	<b>2.7</b>	<b>4.2</b>
o/w Bad loans (IFRS 9)	4.3	3.4	2.6
o/w Unlikely to pay	16.3	16.5	14.8
o/w Performing loans	-14.6	-17.2	-13.3
<b>Other IFRS 9</b>	<b>2.7</b>	<b>1.0</b>	<b>-1.1</b>
Reversal time value on bad loans	9.4	7.6	4.8
Adjustment on UTP & PD interests	-6.7	-6.6	-5.9
<b>IFRS 16</b>	<b>-2.5</b>	<b>-2.5</b>	<b>-2.4</b>
<b>Total 'OTHER'</b>	<b>6.2</b>	<b>1.2</b>	<b>0.7</b>

### Details of Other (Non-Core Components)

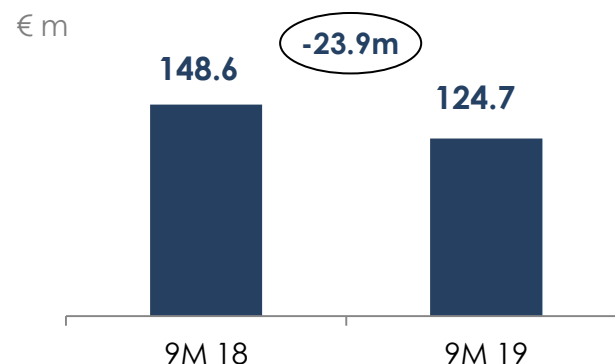
€ m	9M 18	9M 19
<b>Reversal PPA</b>	<b>122.9</b>	<b>12.9</b>
o/w Bad loans (IFRS 9)	98.4	10.3
o/w Unlikely to pay	84.6	47.6
o/w Performing loans	-60.0	-45.0
<b>Other IFRS 9</b>	<b>62.5</b>	<b>2.6</b>
Reversal time value on bad loans	92.1	21.7
Adjustment on UTP & PD interests	-29.7	-19.2
<b>IFRS 16</b>	<b>0.0</b>	<b>-7.4</b>
<b>Total 'OTHER'</b>	<b>185.4</b>	<b>8.1</b>

# 9M 2019 RESULTS: Y/Y COMPARISON

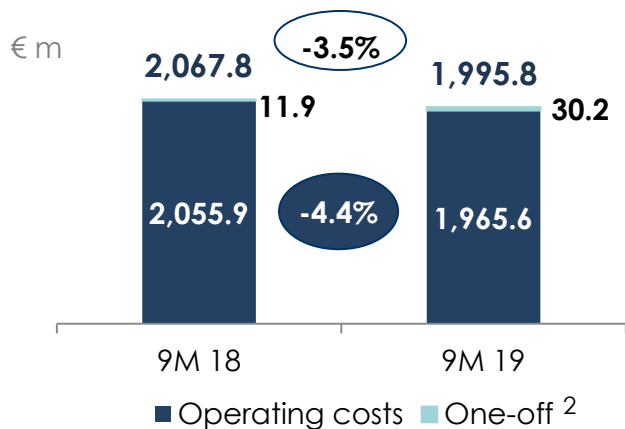
## Net Fees and Commissions<sup>1</sup>



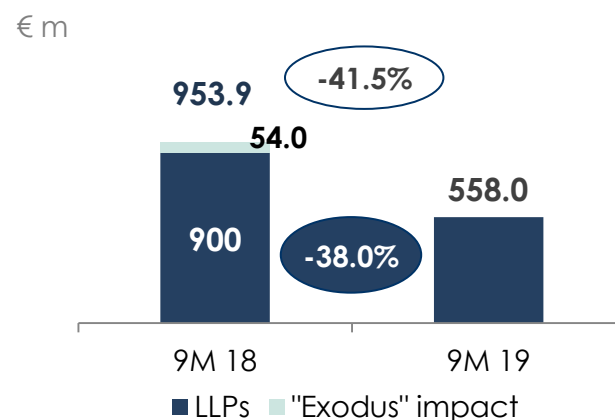
## Net Financial Result



## Operating Costs



## Loan Loss Provisions



Notes:

1. Fees & Commissions include the restatement of the upfront components for the placements of Certificates (previously booked under NFR)
2. Net adjustments on tangible and intangible assets (mostly Real Estate) in 9M19 and mainly integration costs in 9M18

# GROUP 9M 2019 COMPREHENSIVE NET INCOME

Resilient capital generation also from financial portfolio not directly impacting P&L

€ m	6M 2019	9M 2019	Q1 2019	Q2 2019	Q3 2019
<b>A. P&amp;L NET INCOME</b>	593.1	686.5	150.5	442.6	93.3
<i>o/w: ADJUSTED</i>	291.0	387.2	155.4	135.6	96.2
<b>B. OTHER NET INCOME DIRECTLY ACCOUNTED TO EQUITY<sup>1</sup></b>	124.0	283.2	110.5	13.5	159.2
<i>o/w Reserves of Debt Securities at FVOCI (net of tax)</i>	155.8	281.8	91.5	64.3	126.0
<i>o/w Reserves of Equity Securities at FVOCI (net of tax)</i>	-12.3	14.0	19.5	-31.9	26.3
<b>A.+B. COMPREHENSIVE NET INCOME OF THE GROUP</b>	<b>717.2</b>	<b>969.7</b>	<b>261.0</b>	<b>456.2</b>	<b>252.5</b>

Note:

1. Other Comprehensive Income components, excluded from the distributable amount available for dividends.

# RECLASSIFIED BALANCE SHEET AS AT 30/09/2019

OFFICIAL BALANCE SHEET, WITH PROFAMILY NON CAPTIVE BUSINESS CLASSIFIED LINE-BY-LINE AS AT 31/12/2018 AND CLASSIFIED AS DISCONTINUED OPERATIONS AS AT 30/06/2019 AND 30/09/2019. SEE SLIDE 40 FOR CUSTOMER LOAN TREND ON A LIKE-FOR-LIKE BASIS

Reclassified assets (€ m)	C	B	A	Chg. A/B		Chg. A/C	
	31/12/2018	30/06/2019	30/09/2019	Value	%	Value	%
Cash and cash equivalents	922	795	808	13	1.7%	-114	-12.4%
Loans and advances measured at AC	108,208	112,408	114,967	2,559	2.3%	6,760	6.2%
- Loans and advances to banks	4,193	7,308	9,305	1,997	27.3%	5,112	n.m.
- Loans and advances to customers (*)	104,015	105,100	105,662	563	0.5%	1,648	1.6%
Other financial assets	36,853	39,184	39,548	364	0.9%	2,695	7.3%
- Assets measured at FV through PL	5,869	7,496	8,428	932	12.4%	2,559	43.6%
- Assets measured at FV through OCI	15,352	13,764	13,112	-652	-4.7%	-2,240	-14.6%
- Assets measured at AC	15,632	17,925	18,008	83	0.5%	2,376	15.2%
Equity investments	1,434	1,320	1,354	34	2.6%	-80	-5.6%
Property and equipment	2,776	3,526	3,442	-83	-2.4%	667	24.0%
Intangible assets	1,278	1,261	1,262	1	0.0%	-16	-1.3%
Tax assets	5,012	4,859	4,810	-49	-1.0%	-203	-4.0%
Non-current assets held for sale and discont. operations	1,593	1,545	1,562	17	1.1%	-31	-1.9%
Other assets	2,389	2,920	2,616	-304	-10.4%	227	9.5%
<b>Total</b>	<b>160,465</b>	<b>167,819</b>	<b>170,370</b>	<b>2,551</b>	<b>1.5%</b>	<b>9,905</b>	<b>6.2%</b>
Reclassified liabilities (€ m)	31/12/2018	30/06/2019	30/09/2019	Value	%	Value	%
Due to banks	31,634	31,189	29,613	-1,575	-5.1%	-2,020	-6.4%
Direct Funding	105,220	110,185	111,312	1,126	1.0%	6,092	5.8%
- Deposits from customers	90,198	95,698	96,880	1,182	1.2%	6,682	7.4%
- Debt securities and financial liabilities desig. at FV	15,022	14,487	14,432	-55	-0.4%	-590	-3.9%
Debts for Leasing	-	782	753	-28	-3.6%	753	n.m.
Other financial liabilities designated at FV	7,229	8,104	8,087	-17	-0.2%	858	11.9%
Liability provisions	1,705	1,552	1,475	-77	-5.0%	-230	-13.5%
Tax liabilities	505	483	521	38	7.9%	16	3.2%
Liabilities associated with assets held for sale	3	40	50	10	24.6%	47	n.m.
Other liabilities	3,864	4,174	6,997	2,824	67.7%	3,133	81.1%
Minority interests	46	41	39	-2	-4.5%	-6	-14.1%
Shareholders' equity	10,259	11,270	11,522	253	2.2%	1,263	12.3%
<b>Total</b>	<b>160,465</b>	<b>167,819</b>	<b>170,370</b>	<b>2,551</b>	<b>1.5%</b>	<b>9,905</b>	<b>6.2%</b>

Note:

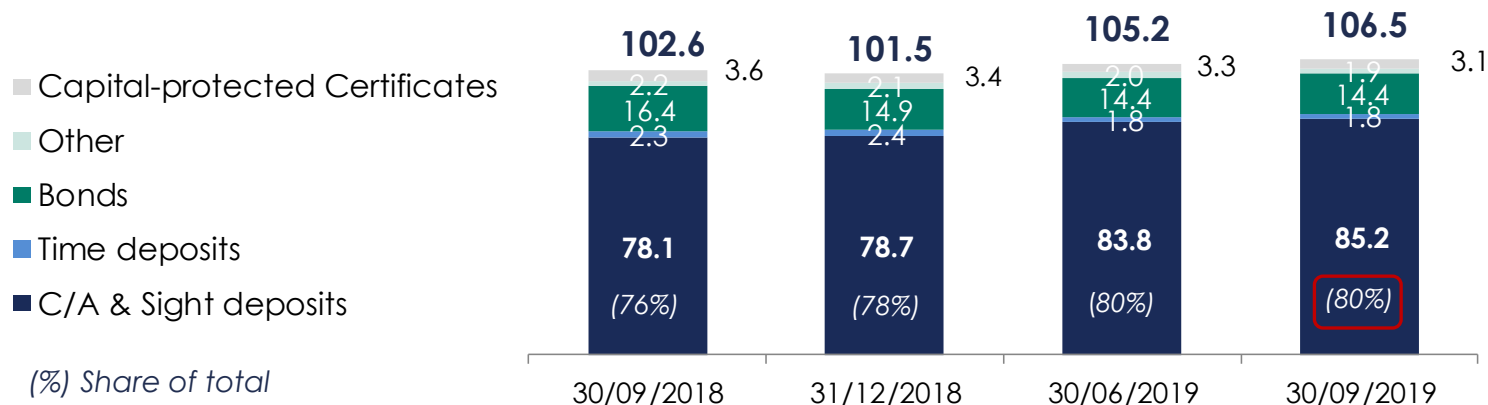
\* "Customer loans" include the Senior Notes of the two GACS transactions (Exodus and ACE).

# DIRECT FUNDING

Healthy further growth in core deposits, which account for 80% of the total

## Direct customer funding<sup>1</sup> (without Repos)

€ bn



CHANGE	In % Y/Y	In % YTD	In % Q3
C/A & Sight deposits	9.1%	8.3%	1.7%
Time deposits	-21.6%	-24.4%	-0.9%
Bonds	-12.4%	-3.4%	-0.2%
Other	-10.8%	-9.7%	-1.3%
Capital-protected Certificates	-12.5%	-6.9%	-3.8%
<b>Direct Funding (excl. Repos)</b>	<b>3.8%</b>	<b>4.9%</b>	<b>1.2%</b>

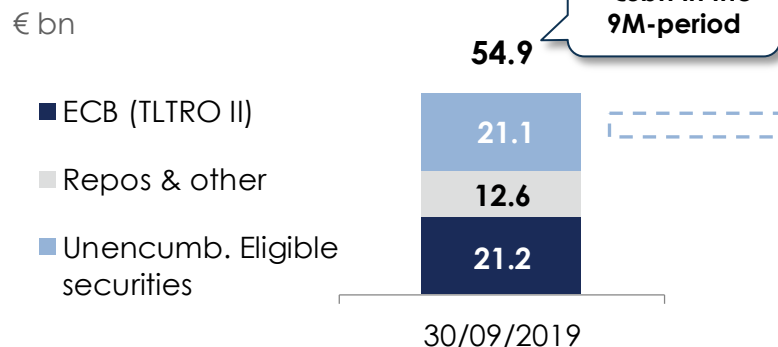
Note:

1. Direct funding restated according to a management logic: it includes capital-protected certificates, recognized under 'Held-for-trading liabilities', while it does not include Repos (€8.0bn at September 2019 vs. €9.0 at September 2018), mainly transactions with Cassa di Compensazione e Garanzia.

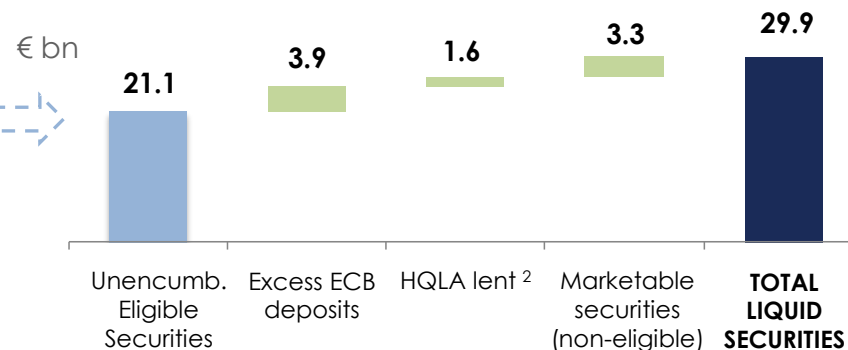
# STRONG LIQUIDITY POSITION

€ bn - Internal management data, net of haircuts

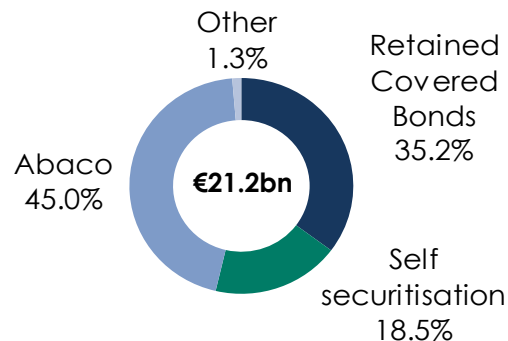
## Eligible Securities<sup>1</sup>



## Unencumbered Liquid Securities as at 30/09/2019



## Breakdown of assets encumbered with TLTRO2 as at 30/09/2019



- LCR >170%; NSFR >100%<sup>3</sup>
- €29.9bn of total unencumbered liquid securities (net of haircuts) as at 30/09/2019
- Long-term Repos at €2.95bn euro, with an average maturity of 2.3 years
- ~€11bn of assets encumbered with TLTRO2 are high quality marketable securities (rated A or higher): easy to refinance at good conditions
- €9.5bn of credit claims (ABACO) encumbered with TLTRO II are eligible for securitisations

Notes:

1. Includes assets received as collateral.
2. Refers to securities lending (uncollateralized high quality liquid assets).
3. Monthly LCR of September 2019; NSFR for Q3 2019.

# SECURITIES PORTFOLIO

€ bn

	30/09/18	31/12/18	30/06/19	30/09/19	Chg. y/y	Chg. YTD	Chg. in Q3
Debt securities	34.0	32.9	34.5	34.2	0.9%	4.2%	-0.8%
- o/w Total Govies	28.4	27.5	29.9	29.7	4.6%	7.7%	-0.8%
- o/w: Italian Govies	18.2	17.7	19.4	19.3	6.2%	9.6%	-0.3%
<b>IT Govies in % on Debt Securities</b>	<b>53.7%</b>	<b>53.7%</b>	<b>56.2%</b>	<b>56.5%</b>			
Equity securities, Open-end funds & Private equity	2.3	1.8	2.3	2.2	-3.7%	21.3%	-5.8%
<b>TOTAL SECURITIES</b>	<b>36.2</b>	<b>34.7</b>	<b>36.9</b>	<b>36.4</b>	<b>0.6%</b>	<b>5.1%</b>	<b>-1.1%</b>

€ bn

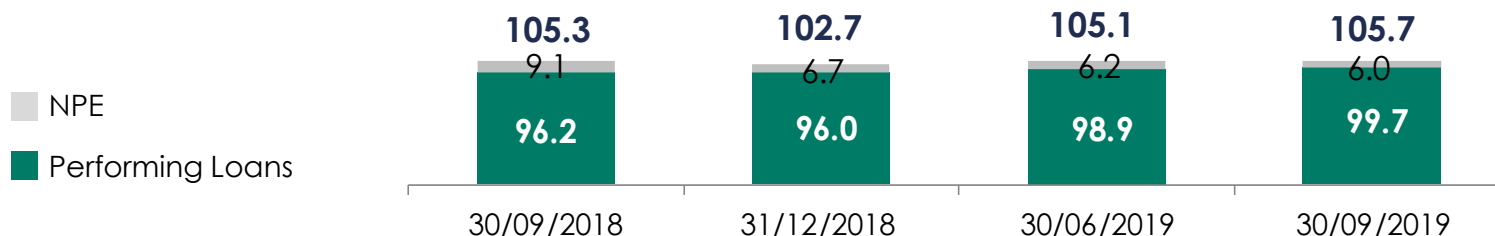
	30/09/18	31/12/18	30/06/19	30/09/19	Chg. y/y	Chg. YTD	Chg. in Q3
<b>Govies at FVOCI</b>	<b>11.9</b>	<b>11.7</b>	<b>10.7</b>	<b>10.0</b>	<b>-15.9%</b>	<b>-14.5%</b>	<b>-6.1%</b>
- Italian	6.5	6.6	6.2	5.9	-9.8%	-10.3%	-4.3%
- Non Italian	5.4	5.1	4.5	4.1	-23.4%	-19.8%	-8.6%
<b>Govies at AC</b>	<b>14.3</b>	<b>15.1</b>	<b>16.5</b>	<b>16.5</b>	<b>15.3%</b>	<b>9.5%</b>	<b>0.4%</b>
- Italian	10.1	10.3	11.0	10.9	8.2%	5.8%	-0.9%
- Non Italian	4.2	4.7	5.4	5.6	32.4%	17.6%	3.1%
<b>Govies at FVTPL</b>	<b>2.1</b>	<b>0.8</b>	<b>2.8</b>	<b>3.1</b>	<b>47.1%</b>	<b>317.6%</b>	<b>12.0%</b>
- Italian	1.6	0.8	2.2	2.5	59.2%	235.9%	13.8%
- Non Italian	0.5	0.0	0.6	0.6	12.3%	n.m.	4.9%

# NET CUSTOMER LOANS

Satisfactory increase in Performing Loans, with new loans granted at €15.3bn in 9M 2019<sup>1</sup>

## Net Customer Loans<sup>2</sup>

€ bn



PERFORMING LOANS	30/09/18	31/12/18	30/06/19	30/09/19	CHANGE		
					In % y/y	In % YTD	In % Q3
<b>Core customer loans</b>	<b>87.2</b>	<b>87.3</b>	<b>89.9</b>	<b>90.6</b>	<b>3.9%</b>	<b>3.9%</b>	<b>0.9%</b>
- Mortgages loans	57.4	58.6	61.2	62.0	8.0%	5.9%	1.3%
- Current Accounts	11.1	11.2	10.7	11.2	0.3%	-0.4%	4.4%
- Other loans	18.1	16.9	17.4	17.0	-6.2%	0.5%	-2.6%
- Cards & Personal Loans	0.6	0.7	0.6	0.6	-12.2%	-16.3%	-4.8%
<b>Leasing</b>	<b>1.2</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>-14.9%</b>	<b>-5.8%</b>	<b>-4.2%</b>
<b>Repos</b>	<b>6.1</b>	<b>6.2</b>	<b>5.2</b>	<b>5.5</b>	<b>-10.9%</b>	<b>-12.3%</b>	<b>4.7%</b>
<b>GACS Senior Notes</b>	<b>1.7</b>	<b>1.4</b>	<b>2.8</b>	<b>2.6</b>	<b>56.8%</b>	<b>81.7%</b>	<b>-6.9%</b>
<b>Total Performing Loans</b>	<b>96.2</b>	<b>96.0</b>	<b>98.9</b>	<b>99.7</b>	<b>3.7%</b>	<b>3.9%</b>	<b>0.8%</b>

Customer Loans as at 30/09/18 and 31/12/18 are adjusted excluding Profamily volumes. Refer to Methodological Notes for details.

Notes:

1. Management data. Include MLT Mortgages (Secured and Unsecured), Personal Loans, Pool, ST/MLT Structured Finance. Exclude Agos and Profamily volumes sold by the network, but not consolidated by the Group.
2. Loans and advances to customers at Amortized Cost, including also the GACS senior notes (Exodus since June 2018 and, moreover, ACE since March 2019). Year-end 2018 data already excluded €1.3bn Bad Loans (having being classified as discontinued operation), then disposed with the ACE project in Q1 2019.



# ASSET QUALITY DETAILS

GROSS EXPOSURES €/m and %	30/09/2018	31/12/2018	30/06/2019	30/09/2019	Chg. y/y		Chg. YTD		Chg. in Q3	
	(excl. Profamily)	(excl. Profamily)			Value	%	Value	%	Value	%
Bad Loans	10,050	3,915	3,309	3,364	-6,686	-66.5%	-552	-14.1%	54	1.6%
UTP	8,290	7,765	7,254	6,945	-1,345	-16.2%	-820	-10.6%	-309	-4.3%
Past Due	109	101	100	126	17	15.7%	25	24.2%	26	25.7%
<b>NPE</b>	<b>18,449</b>	<b>11,782</b>	<b>10,663</b>	<b>10,434</b>	<b>-8,014</b>	<b>-43.4%</b>	<b>-1,348</b>	<b>-11.4%</b>	<b>-229</b>	<b>-2.1%</b>
<b>Performing Loans</b>	<b>96,550</b>	<b>96,359</b>	<b>99,273</b>	<b>100,056</b>	<b>3,505</b>	<b>3.6%</b>	<b>3,697</b>	<b>3.8%</b>	<b>782</b>	<b>0.8%</b>
<b>TOTAL CUSTOMER LOANS</b>	<b>114,999</b>	<b>108,141</b>	<b>109,936</b>	<b>110,490</b>	<b>-4,509</b>	<b>-3.9%</b>	<b>2,349</b>	<b>2.2%</b>	<b>554</b>	<b>0.5%</b>

NET EXPOSURES €/m and %	30/09/2018	31/12/2018	30/06/2019	30/09/2019	Chg. y/y		Chg. YTD		Chg. in Q3	
	(excl. Profamily)	(excl. Profamily)			Value	%	Value	%	Value	%
Bad Loans	3,526	1,591	1,428	1,488	-2,038	-57.8%	-104	-6.5%	59	4.1%
UTP	5,503	5,047	4,679	4,372	-1,131	-20.5%	-675	-13.4%	-307	-6.6%
Past Due	91	85	82	104	14	15.0%	19	22.9%	22	26.4%
<b>NPE</b>	<b>9,119</b>	<b>6,723</b>	<b>6,190</b>	<b>5,964</b>	<b>-3,155</b>	<b>-34.6%</b>	<b>-759</b>	<b>-11.3%</b>	<b>-226</b>	<b>-3.7%</b>
<b>Performing Loans</b>	<b>96,179</b>	<b>95,996</b>	<b>98,910</b>	<b>99,699</b>	<b>3,519</b>	<b>3.7%</b>	<b>3,703</b>	<b>3.9%</b>	<b>789</b>	<b>0.8%</b>
<b>TOTAL CUSTOMER LOANS</b>	<b>105,298</b>	<b>102,719</b>	<b>105,100</b>	<b>105,662</b>	<b>364</b>	<b>0.3%</b>	<b>2,943</b>	<b>2.9%</b>	<b>563</b>	<b>0.5%</b>

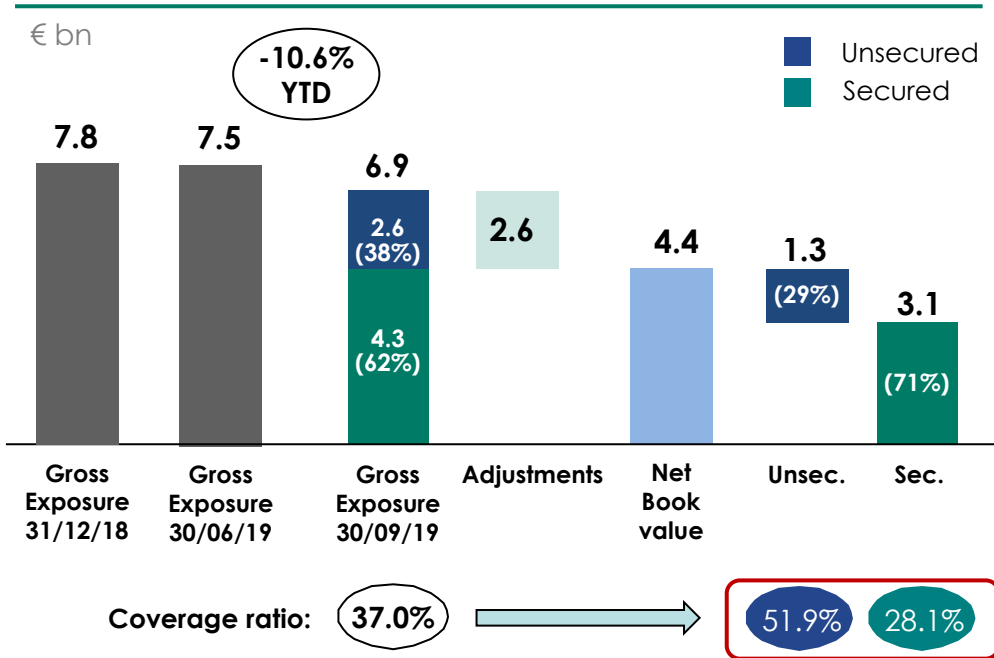
COVERAGE %	30/09/2018	31/12/2018	30/06/2019	30/09/2019
	(excl. Profamily)	(excl. Profamily)		
Bad Loans	64.9%	59.4%	56.8%	55.8%
UTP	33.6%	35.0%	35.5%	37.0%
Past Due	16.8%	16.4%	17.8%	17.3%
<b>NPE</b>	<b>50.6%</b>	<b>42.9%</b>	<b>41.9%</b>	<b>42.8%</b>
<b>Performing Loans</b>	<b>0.38%</b>	<b>0.38%</b>	<b>0.37%</b>	<b>0.36%</b>
<b>TOTAL CUSTOMER LOANS</b>	<b>8.4%</b>	<b>5.0%</b>	<b>4.4%</b>	<b>4.4%</b>

Data refer to Loans and advances to customers measured at Amortized Cost, including also the GACS Senior Notes.

Customer Loans as at 30/09/18 and 31/12/18 adjusted excluding Profamily volumes. Refer to Methodological Notes for details.

# UTP LOANS: HIGH SHARE OF RESTRUCTURED AND SECURED POSITIONS

## UTP analysis



## Breakdown of Net UTPs

	31/12/18	30/09/19	% Chg.
<b>Restructured</b>	<b>2.3</b>	<b>2.0</b>	<b>-15.8%</b>
- Secured	1.3	1.1	-14.6%
- Unsecured	1.1	0.9	-17.3%
<b>Other UTP</b>	<b>2.7</b>	<b>2.4</b>	<b>-11.2%</b>
- Secured	2.3	2.0	-9.8%
- Unsecured	0.5	0.4	-18.4%
<b>Total</b>	<b>5.0</b>	<b>4.4</b>	<b>-13.4%</b>

o/w:

- North	68.8%	69.9%
- Centre	22.8%	22.3%
- South, Islands & not resident	8.4%	7.8%

- Solid level of coverage for unsecured UTP: 51.9%
- Net Restructured loans (€2.0bn) account for 45.4% of total net UTP: they are essentially related to formalized underlying restructuring plans and procedures (mainly under Italian credit protection procedures)
- Net unsecured UTP other than Restructured loans are limited to €0.4bn
- 92% of Net UTPs are located in the northern & central parts of Italy

UTP Loans as at 31/12/18 are adjusted excluding Profamily volumes. Refer to Methodological Notes for details.

# CAPITAL POSITION IN DETAIL

PHASED IN CAPITAL POSITION (€/m and %)	31/03/2019	30/06/2019	30/09/2019
CET 1 Capital	8.144	8.972	9.254
T1 Capital	8.278	9.404	9.686
Total Capital	9.729	10.765	10.966
<b>RWA</b>	<b>64.218</b>	<b>65.236</b>	<b>67.278</b>
<b>CET 1 Ratio</b>	<b>12,68%</b>	<b>13,75%</b>	<b>13,75%</b>
<b>AT1</b>	<b>0,21%</b>	<b>0,66%</b>	<b>0,64%</b>
<b>T1 Ratio</b>	<b>12,89%</b>	<b>14,42%</b>	<b>14,40%</b>
<b>Tier 2</b>	<b>2,26%</b>	<b>2,09%</b>	<b>1,90%</b>
<b>Total Capital Ratio</b>	<b>15,15%</b>	<b>16,50%</b>	<b>16,30%</b>

RWA COMPOSITION (€/bn)	31/03/2019	30/06/2019	30/09/2019
CREDIT & COUNTERPARTY RISK	55,4	57,2	59,3
<i>of which: Standard</i>	29,6	30,5	29,5
MARKET RISK	2,6	2,1	2,0
OPERATIONAL RISK	6,0	5,7	5,7
CVA	0,2	0,2	0,3
<b>TOTAL</b>	<b>64,2</b>	<b>65,2</b>	<b>67,3</b>

FULLY PHASED CAPITAL POSITION (€/m and %)	31/03/2019	30/06/2019	30/09/2019
CET 1 Capital	6.892	7.742	8.097
T1 Capital	6.896	8.044	8.399
Total Capital	8.347	9.404	9.679
<b>RWA</b>	<b>63.942</b>	<b>64.968</b>	<b>67.165</b>
<b>CET 1 Ratio</b>	<b>10,78%</b>	<b>11,92%</b>	<b>12,06%</b>
<b>AT1</b>	<b>0,01%</b>	<b>0,46%</b>	<b>0,45%</b>
<b>T1 Ratio</b>	<b>10,78%</b>	<b>12,38%</b>	<b>12,51%</b>
<b>Tier 2</b>	<b>2,27%</b>	<b>2,09%</b>	<b>1,91%</b>
<b>Total Capital Ratio</b>	<b>13,05%</b>	<b>14,48%</b>	<b>14,41%</b>

RWA COMPOSITION (€/bn)	31/03/2019	30/06/2019	30/09/2019
CREDIT & COUNTERPARTY RISK	55,1	56,9	59,2
<i>of which: Standard</i>	29,6	30,2	29,4
MARKET RISK	2,6	2,1	2,0
OPERATIONAL RISK	6,0	5,7	5,7
CVA	0,2	0,2	0,3
<b>TOTAL</b>	<b>63,9</b>	<b>65,0</b>	<b>67,2</b>

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