

2011-2013/2015 Industrial Plan

16 May 2011

Quality matters
“Fare Banca per bene”

UBI  **Banca**

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Guidelines for the 2011-2013/15 Industrial Plan

- **Focus on optimal capital structure**
- **Strengthening of assets and liabilities balance**
- **Innovation of distribution model**
- **Redefinition of the Product Companies role** in view of:
 - specialization and complementarity with the offer of Network Banks
 - change of focus by external networks on the acquisition of new customers to be directed to the network banks
 - optimization of the product companies' financial structure and structural balance
- **Consolidation of current level of costs despite significant investments**
- **Confirmation of low risk profile**
- **Strengthening of the already solid dividend policy**

Objectives of the 2011-13/2015 Industrial Plan

- **Financial objectives of the 2011-2013/2015 Industrial Plan include:**
 - a quick return to profitability in line with the cost of capital
 - ✓ **ROTE ex PPA 2013: 10.0%**
 - ✓ **ROTE ex PPA 2015: 14.9%**
 - maintaining high capital strength over time
 - ✓ **Common Equity 2013: 8.2% (Basel 3, fully phased)**
 - ✓ **Common Equity 2015: 8.9% (Basel 3, fully phased)**
 - strengthening of the structural balance
 - ✓ **Loans/Direct Deposits* 2013: 100%; 2015: 96%**
 - ✓ **Net interbank position tending to zero**
- **Further objectives of the 2011-2013/2015 Industrial Plan include:**
 - strengthening of Customer Satisfaction
 - strengthening the dissemination of Group identity among employees
 - consolidation of the perception by customers, staff, investors and the reference market as a whole, of UBI Banca = "Quality Bank"

Quality matters

"Fare Banca Per Bene"

* Excluding repos with "Cassa Compensazione e Garanzia"

- ✓ **UBI Banca: About Us**
- ✓ Our vision: Distinctive by Quality
- ✓ Quality Delivers Higher Profitability
- ✓ Conclusions

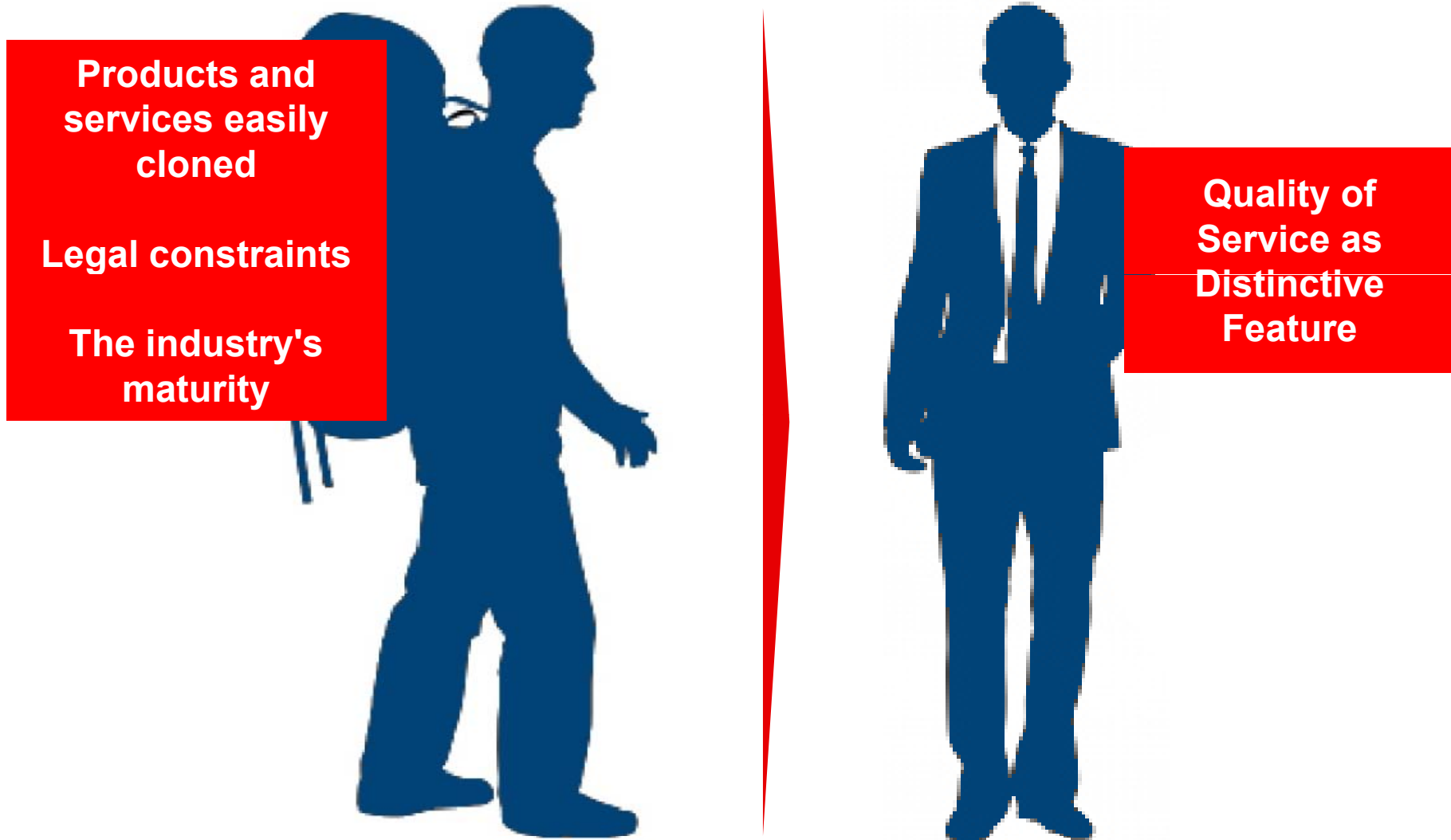
- **One of the main banking players** in Italy, fourth in terms of capitalization
 - Second player in Lombardy (21% of Italian GDP)
 - Third Italian player in Private Banking sector (€ 36 billion of managed assets)
- **Over 1,800 branches**, of which about 900 in Lombardy
 - 83% of loans in Northern Italy: 70% in Lombardy and 6.4% in Piedmont
 - Market shares above 30% in some of the richest Provinces as Bergamo, Brescia and Varese
- **Solid and quality capital Base**
 - Low leverage (19.3x)
 - No exposure to problematic government securities
 - Focus on core business, limited recourse to finance
- **High asset quality**, maintained during the crisis

Agenda

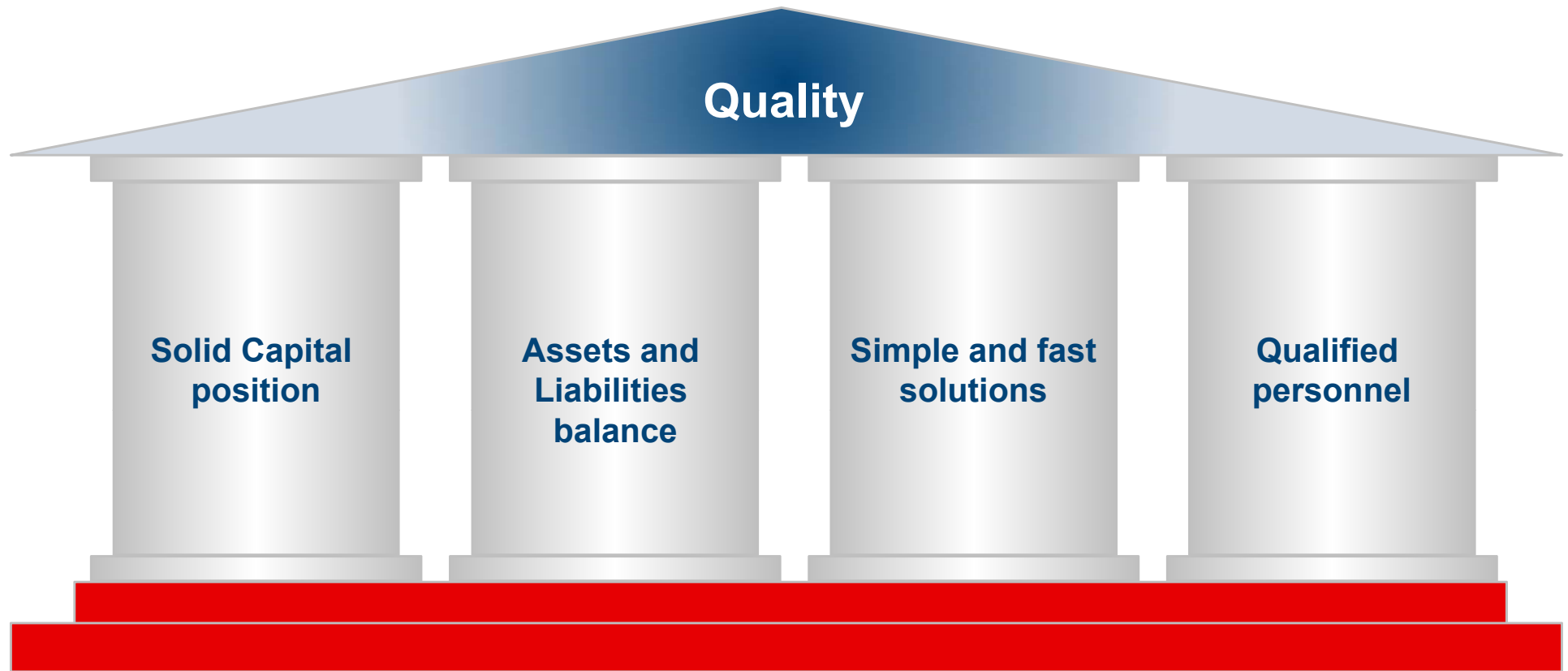
- ✓ UBI Banca: About Us
- ✓ **Our Vision: Distinctive by Quality**
 - ✓ Solid capital position
 - ✓ Structural balance
 - ✓ Customer service: Simple and fast solutions
 - ✓ Qualified personnel
- ✓ Quality Allows Greater Profitability
- ✓ Conclusions

Our vision: Distinctive by Quality

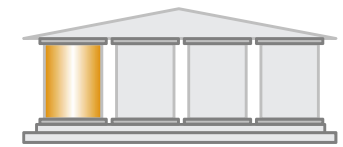
Quality as a Competitive Advantage in a More and More Mature Industry



Quality is Not a Generic Statement ...



Maintaining a Solid Capital Position



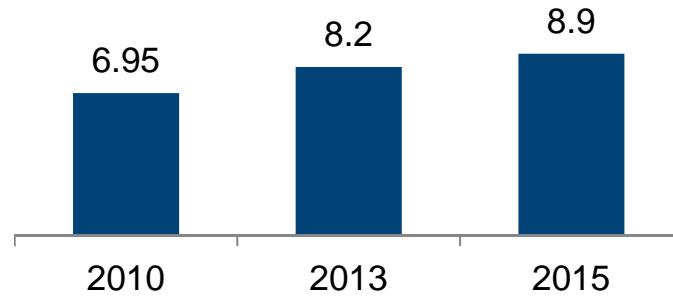
Solid Capital position

Capital increase of €1bn

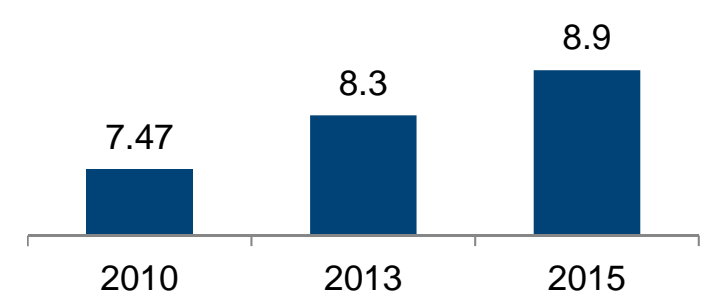
Including: adoption of Advanced Model and introduction of Basel 3

NOT including: conversion of Convertible Bond²

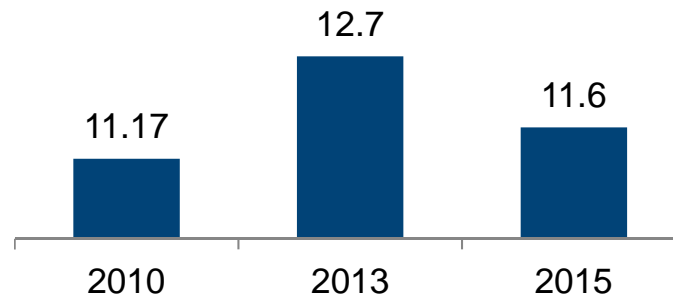
Core Tier 1 ratio (%)



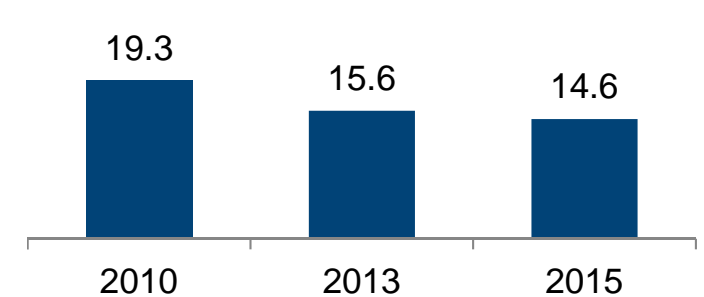
Tier 1 ratio (%)



Total capital ratio (%)



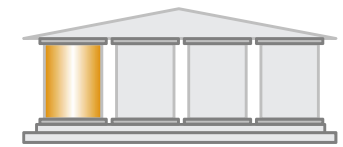
Leverage ratio⁽¹⁾ (x)



1) $(\text{total assets} - \text{goodwill} \text{ and other intangible assets}) / (\text{shareholders equity inclusive of net profit} + \text{minorities} - \text{goodwill} \text{ and other intangible assets})$

2) The Convertible Bond would represent further 64bps of Core Tier 1 ratio

Basel 3 Impacts More Than Offset by Advanced Models Adoption



Solid Capital position

Basel 3

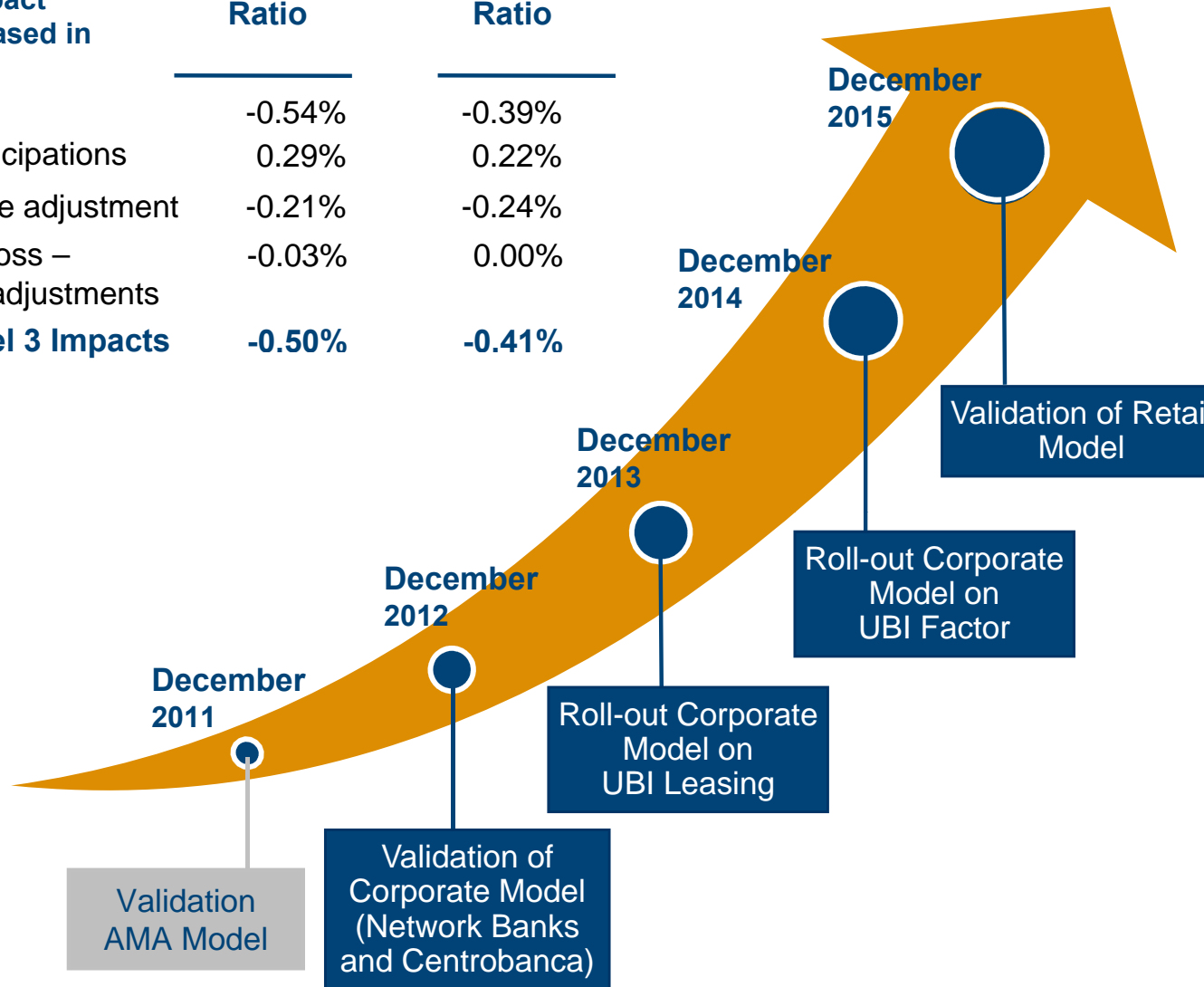
Estimated Impact when fully phased in

	Core Tier 1 Ratio	Total Capital Ratio
✓ Minorities*	-0.54%	-0.39%
✓ DTA / Participations	0.29%	0.22%
✓ Credit value adjustment	-0.21%	-0.24%
✓ Expected loss – Net value adjustments	-0.03%	0.00%
✓ Total Basel 3 Impacts	-0.50%	-0.41%

Advanced Models
(estimated impact when fully phased in)

CT1 ~ +75bps

TCR ~ +85bps

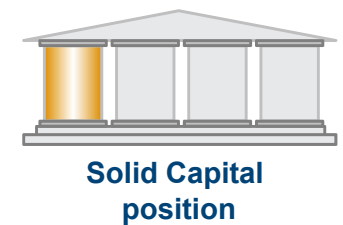


* Estimates do not include any changes to the current minorities structure

■ Credit Risk
■ Operating Risk

Currently no request to validate market Risk is planned

The Capital Increase: New Positioning with New Rules in a New Context

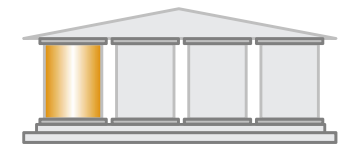


The objectives of the Capital Increase

- Allow taking advantage of all the endogenous growth opportunities identified in the new Industrial Plan
- Improve composition and quality of capital and avoid, during the time span of the Plan, the issue of capitalization instruments envisaged by the new regulations

	<u>Dilution or dilution risk ("bail-in")</u>	<u>Cost</u>	<u>Impact for the Shareholder</u>
✓ New instruments	x	High and fixed	Lower profits with EPS reduction
✓ Capital increase	x	Flexible	Unchanged profit with flexibility in its distribution

- Support / reinforce the ratings assigned by international rating Agencies, with positive effects:
 - on international perception of the Group
 - on cost of institutional deposits
- Pursue a sustainable dividend policy



The size of the capital increase

- Capital increase with pre-emptive rights up to a maximum €1 bn, as per powers assigned to the Management Board by the Shareholders' Extraordinary General Meeting as of 30 April 2011
- Pre-emptive rights to shareholders and holders of the "2009/2013 UBI Convertible Bonds with the option to be reimbursed in shares" (1 option right per bond)

Guarantee Consortium

- The offer is fully guaranteed by Mediobanca

Terms of the Offer

- Final terms for the capital increase to be set according to market conditions at the time of offering launch

Timing of the Offer

- Offering to be presumably completed within the summer of 2011

Reinforcing the Group's Structural Balance

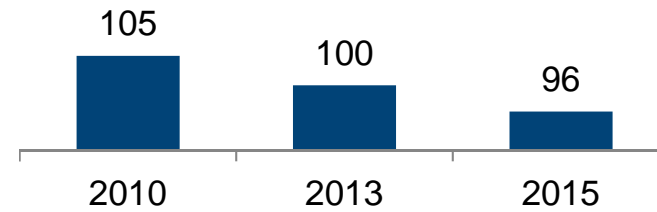


Deposits growth consistent with loans growth

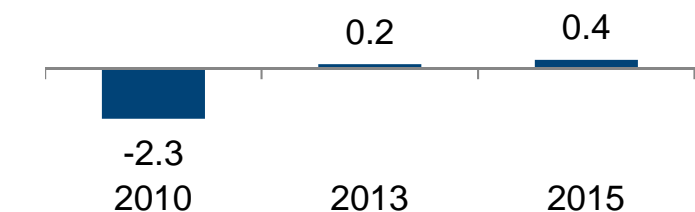
Interbank exposure tending to 0

The Industrial Plan entails the creation of new liquidity buffer replacing currently eligible assets

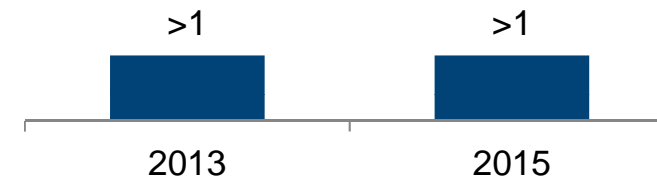
Loans to customers/Deposits* (%)



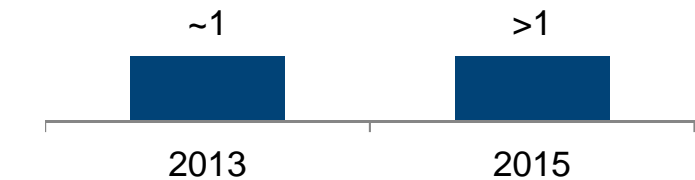
Net interbank position (€ bn)



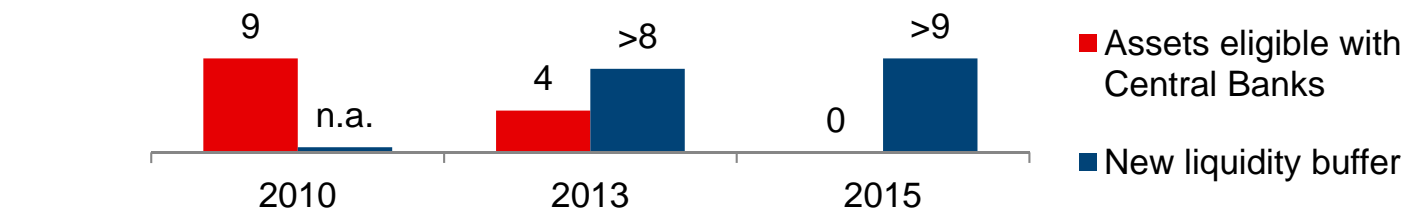
Liquidity Coverage Ratio



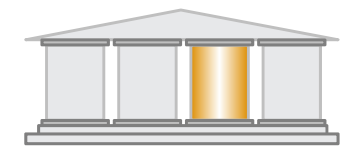
Net Stable Funding Ratio



Eligible assets with Central Banks (net haircut) and New liquidity buffer (€ bn)



* Excluding repos with "Cassa Compensazione e Garanzia"



Speed of service

Products sold in branches and QuiUBI

■ Simplified sales processes

- reduction of commercial activities and administrative requirements. For QuiUBI, reduction of 75% of administrative requirements, with -50% of necessary signatures

Single Group Bank Account

- replacement of existing differentiated bank accounts in every Network Bank with a single Group Bank Account

Mortgage Platform

■ Optimization and/or automatization of administrative and operating phases

- 45% reduction in total time to grant mortgages to customers
- Conditional Commercial offer in 24/48 hours for private customers' mortgages, tied to self-certification in the pre-sales phase

Small Business loans

- reduction of undersigning time for 75% of offers following automation of contracts and introduction of a document checklist

Optimization of internal regulations

- from 105,000 existing internal regulations to an average of 1,100 per bank

Low numbers of errors

Quality control of processes

- development of a client/supplier relationship based on continuous and systematic interaction, aimed at a significant increase of quality of services provided and reduction of costs related to defects

Customizing the Offer

Modular account

- creation of a single "modular" account based on the Customer's specific needs replacing the 7 main more widely commercialized Packages



Simple and fast solutions

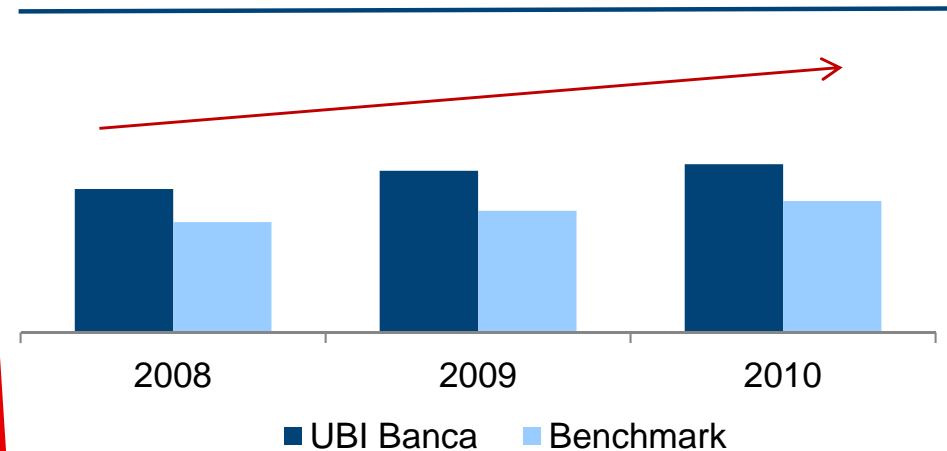
Quality Reflected in Customer Satisfaction

Findings of the "Progetto Ascolto" from 2008 to 2010 - Retail Market

150,000 ANNUAL INTERVIEWS PERFORMED BY AN INDEPENDENT COMPANY
3 YEARS SURVEY WITH ABOUT 450,000 TOTAL INTERVIEWS:
 297,000 Mass Market
 86,000 Affluent
 67,000 Small Business
 ~1,600 annual branch index

- UBI Banca's Retail market Satisfaction Index shows a continuously growing trend and has been constantly above the market benchmark² over the three years under review
- 93% of customers consider the UBI Banca brand and image strong and growing

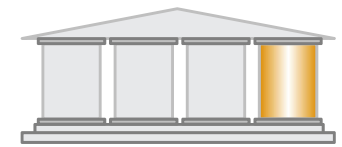
Satisfaction index¹



Results, base 10 figures	2010
✓ Relationship with branch	7.8
✓ Image	8.0

(1) 3 -year survey conducted by Demoskopia The results are expressed by means of a summary measure of satisfaction, calculated on a 0-100 scale: the CSDK INDEX

(2) The benchmark includes similar studies carried out by Demoskopia in the same area, plus the results of surveys undertaken with the specific aim of measuring the CSDK Index for the Bank sector. For the retail market in total, Banco Posta was excluded because its competitive advantage exclusively derives from the products "pricing"



Quality of Personnel must be high if Quality is to be perceived

Training

- Around 100,000 yearly man-days devoted to staff training are planned in the period 2011-2015

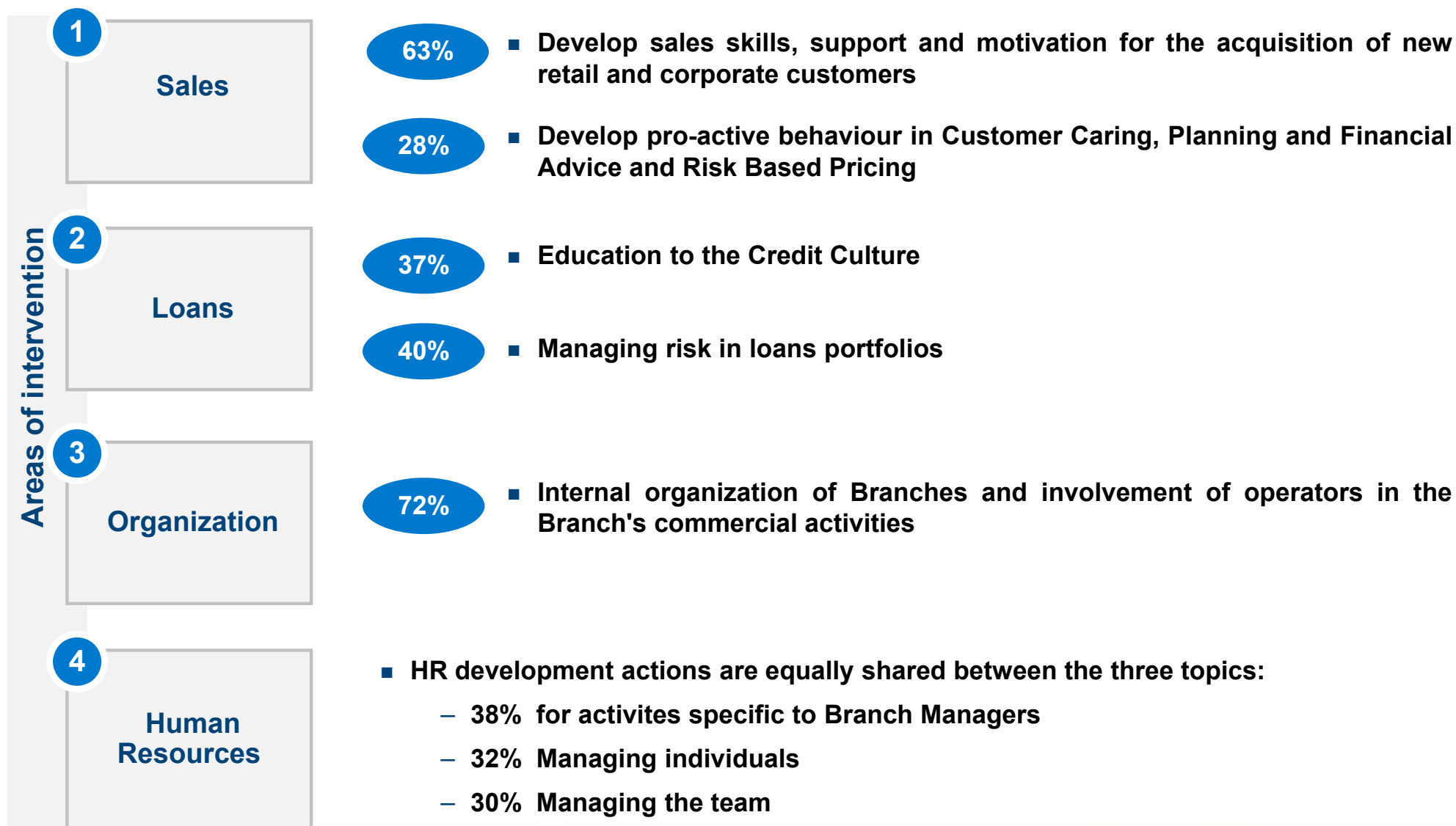
Project “ValoRe in Rete”

- It is difficult to reach 19,000 resources in a short time to provide specialised training
- The project thus focuses on training Branch Managers and Territorial Area Managers (approx. 2,000 people) as “conveyor belts” towards the whole network, with a leverage of 1 to 7 which allows to reach approx. 14,000 staff
- The training aims at developing 360° skills within the branch, developing topics of business, credit, organization and management of resources and relevant Areas of intervention
- In March 2011, the classroom training phase ended (4-day training workshop) for Branch Managers with definition of actions to be taken by each one in each Area of intervention to improve performance

ValoRe in Rete: Areas of Improvement and Initiatives to be taken by Branch Managers



Evidence of the priority actions to be taken in each area of intervention

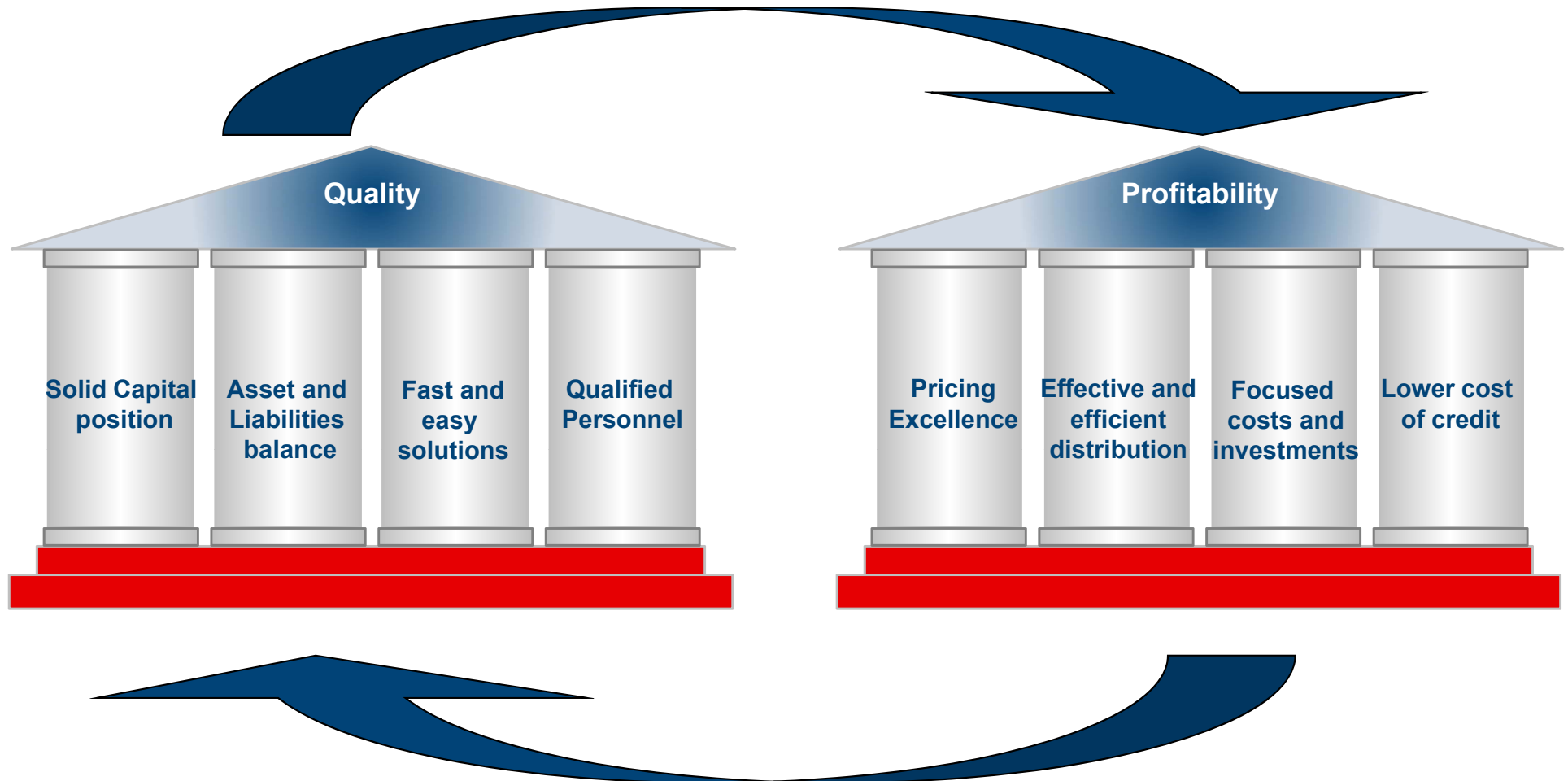




Agenda

- ✓ UBI Banca: About Us
- ✓ Our vision: Distinctive by Quality
- ✓ **Quality Allows Greater Profitability**
 - ✓ The Industrial Plan: Guidelines, objectives and indicators
 - ✓ Effective and cost-efficient distribution
 - ✓ Pricing excellence
 - ✓ Focused costs and investments
 - ✓ Lower cost of risk
- ✓ Conclusions

Quality is Not an End in Itself...



The Macro-economic Scenario

		<u>2010</u>	<u>2013</u>	<u>2015</u>	Δ <u>2010-13</u>	Δ <u>2010-15</u>
<div style="background-color: #003366; color: white; padding: 10px; text-align: center;"> Macro-economic scenario (%) </div>	✓ Italian GDP	1.2	1.3	1.3		
	✓ Euro-zone inflation	1.6	2.0	2.0		
	✓ ECB* reference rate	1.00	2.50	3.25	+1.50	+2.25
	✓ 1 M Euribor (yearly average)	0.57	2.48	3.35	+1.91	+2.78

* Year-end figure

Main Figures and Indicators of the Industrial Plan (1/3)

Balanced Volumes Growth

ASSETS AND LIABILITIES BALANCED GROWTH

		<u>2010</u>	<u>2013</u>	<u>2015</u>	<u>CAGR 2010-13</u>	<u>CAGR 2010-15</u>
Volumes (euro bn)	✓ Direct funding	106.8	114.0	123.2	+2.2%	+2.9%
	✓ Direct funding excl. CCG*	97.5	110.1	123.2	+4.2%	+4.8%
	✓ Indirect funding	78.1	90.1	98.7	+4.9%	+4.8%
	✓ Loans to customers	101.8	110.3	118.5	+2.7%	+3.1%

GROWTH WITH LOW RISK PROFILES

		<u>2010</u>	<u>2013</u>	<u>2015</u>	<u>CAGR 2010-13</u>	<u>CAGR 2010-15</u>
Volumes (euro bn)	✓ RWA**	94.4	98.7	100.7	+1.5%	+1.3%

* Excluding repos with Cassa Compensazione e Garanzia

** Calculated according to Basel 3 and including the effects of the adoption of the Advanced Model (IRB Advanced)

Main Figures and Indicators of the Industrial Plan (2/3)

Net Income 2015 expected over € 1bn

ATTENTION IS FOCUSED ON THE ASSETS PROFITABILITY

GROWTH DOES NOT IMPACT ON THE HISTORICALLY HIGH LEVEL OF CREDIT QUALITY

		<u>2010</u>	<u>2013</u>	<u>2015</u>	<u>CAGR, Δ 2010-13</u>	<u>CAGR, Δ 2010-15</u>
Asset profitability	✓ Net operating revenues	3.5	4.2	5.0	+6.6%	+7.4%
	✓ Operating costs	2.4	2.5	2.5	+0.8%	+0.4%
Maximization of economies of scale through cost containment	✓ Net operating income	1.1	1.7	2.5	+17.9%	+18.7%
	✓ Cost income	69.5%	58.8%	49.7%	-10.7pp	-19.8pp
	✓ Cost income ex PPA	66.2%	56.7%	48.2%	-9.5pp	-18.0pp
High Asset quality	✓ Cost of credit	0.69%	0.45%	0.40%	-0.24pp	-0.29pp
	✓ Net income	0.1	> 0.6	~ 1.1	~+81%	~+60%
	✓ Net income ex PPA	0.2	~ 0.7	> 1.1	~+54%	~+44%

With a slightly improved scenario of interest rates (+50bps), Net operating revenues would be higher by € 100m in 2013 and € 120m in 2015

The results do not include any extraordinary transaction

All figures Include PPA impact if not otherwise stated
Figures are net of non recurring items

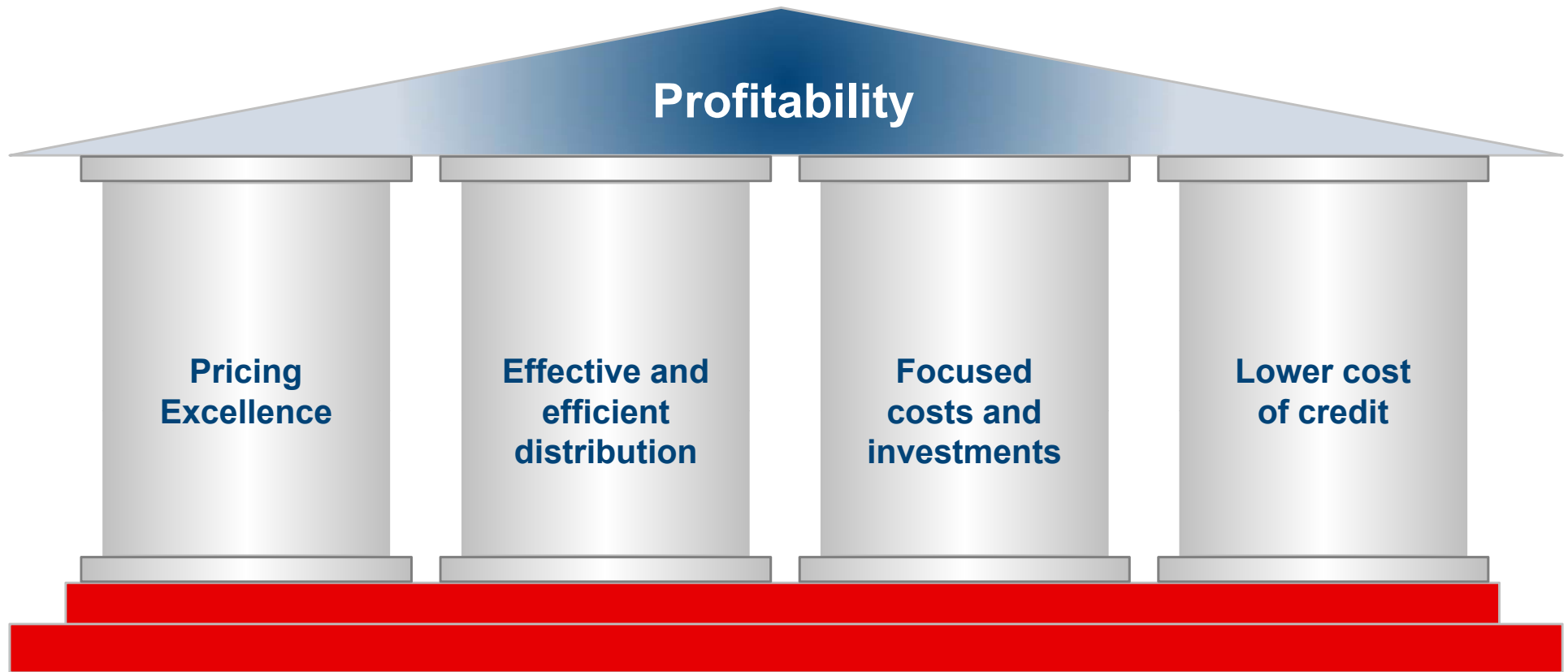
Main Figures and Indicators of the Industrial Plan (3/3)

		2010	2013	2015	Δ 2010-13	Δ 2010-15
Main indicators	✓ ROTE ¹	2.0%	9.0%	14.1%	+7.0pp	+12.1pp
	✓ ROTE ex PPA ²	3.5%	10.0%	14.9%	+6.5pp	+11.4pp
	✓ Common Equity Basel 3	6.95%	8.2%	8.9%		

Dividends	2011-15 <hr/> Pay out > 50% on each year's net profit Dividend per share constantly growing	Cumulative Dividend <hr/> 2011-2015: > € 1bn

1) Return on Tangible Equity calculated as the ratio between net income and tangible shareholders' equity (year-end shareholders' equity excluding net income, net of intangible assets)
 2) Excluding impact of PPA

Quality Allows Greater Profitability



Revenues Growth: Mix of Pricing Excellence and Effective and Efficient Distribution



Development in continuity

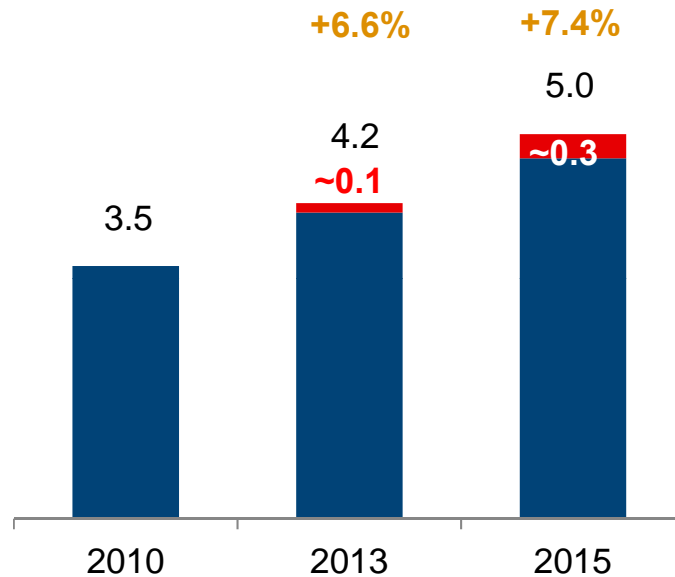
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Strategic Initiatives

+

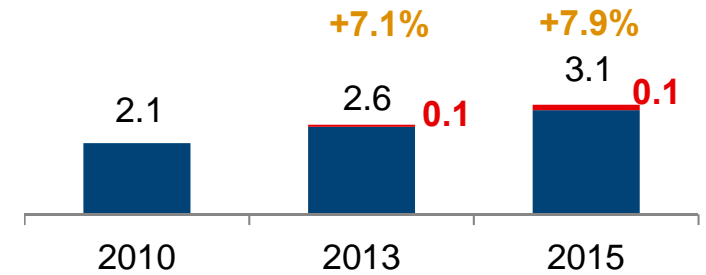
Refocusing of Product Companies

Net operating revenues (€ bn)

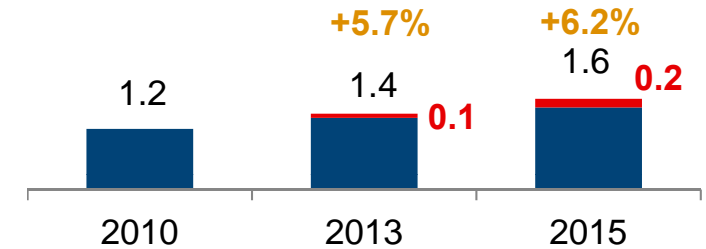


■ of which Strategic Initiatives
CAGR vs. 2010

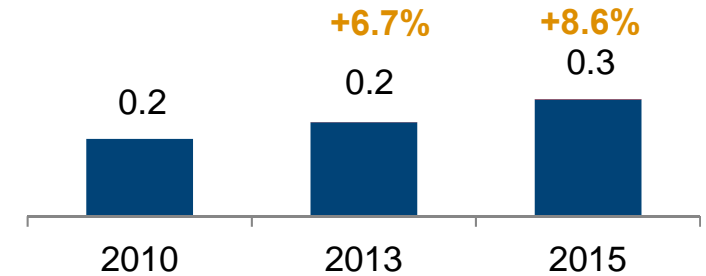
Interest margin (€ bn)



Net commissions (€ bn)



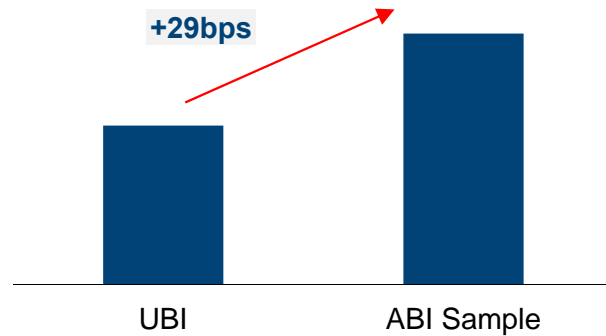
Other revenues ¹(€ bn)



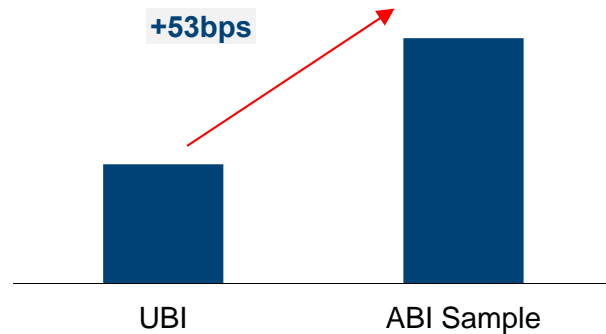
1) Including Net Financial Result



Interest Rates – Loans to Non financial companies*



Interest Rates – Loans to Households*



Project focus both on interest rates and commissions

Stronger pricing culture

- Structured management of all pricing phenomena
- More streamlined operational processes and automated workflow
- Development of IT platform to improve time-to-delivery
- Dissemination of the culture of Group-level pricing
- New Market Segmentation (eg. Lower Corporate)

* Data as at the start of 2011

Further Evolution Towards a More Effective and Efficient Distribution Model

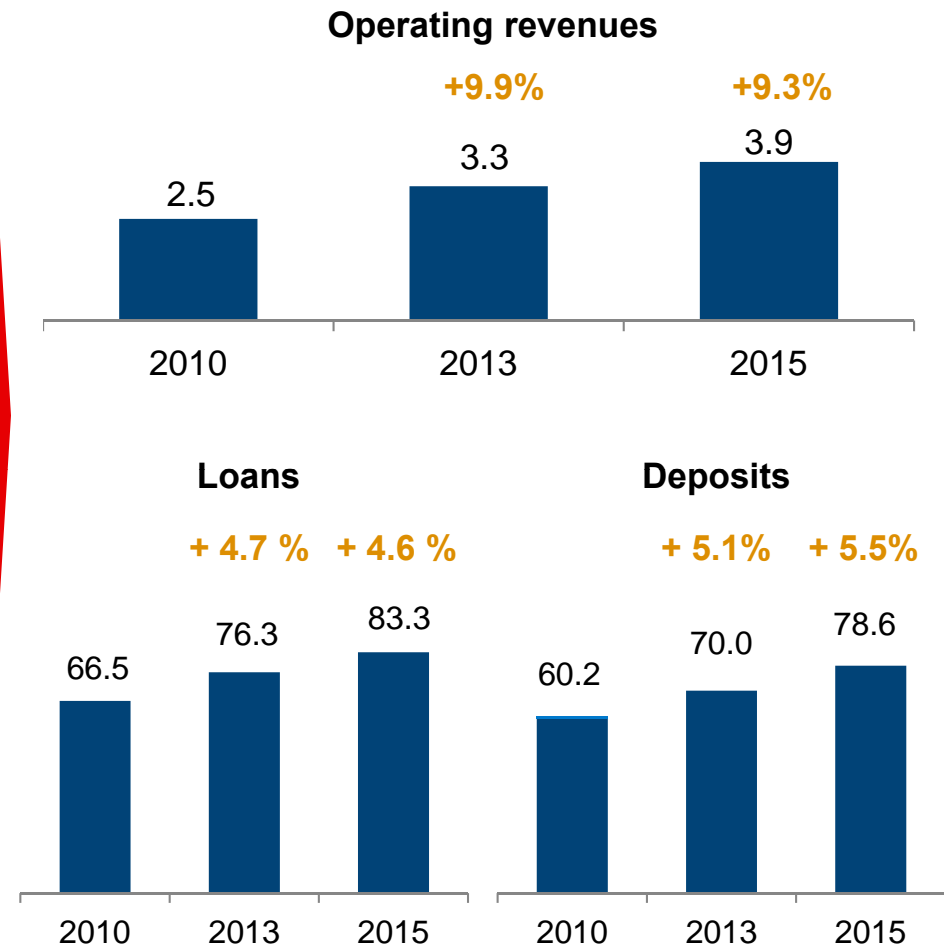


Effective and efficient distribution

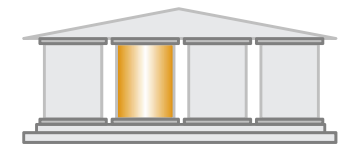
- 1 New Distribution Model
- 2 Branch Plan
- 3 New Market Segmentation
- 4 The Retail Market and Strategic Initiatives
 - “Mass Market Machine”
 - Integrated Multi-channel offer
 - Development of a Modular offer
 - Service Model to SMEs
 - Service Model for Affluent-Premium customers
- 5 Corporate Market and Strategic Initiatives
- 6 Private market and Strategic Initiatives

RETAIL+CORPORATE+PRIVATE MARKETS (NETWORK BANKS)

€ bn
CAGR vs. 2010

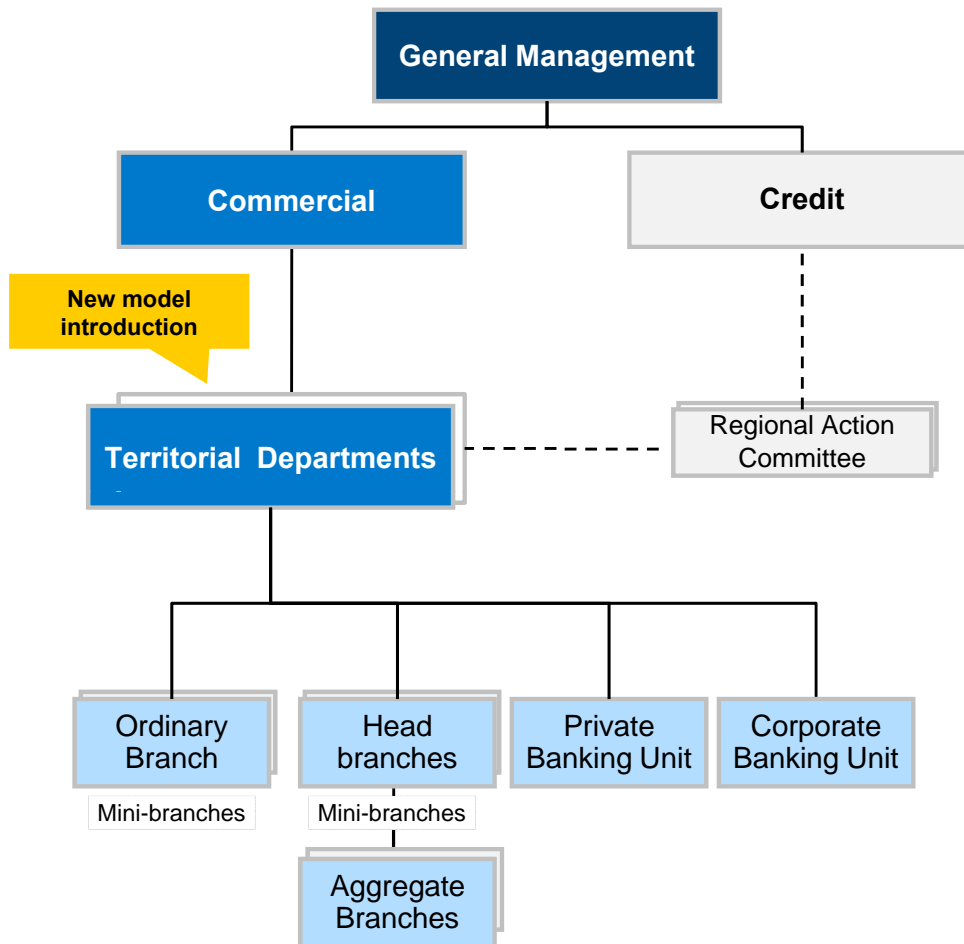


1 New Distribution Model for Network Banks



Effective and efficient distribution

Hour-glass Shaped Distribution Model



Main features

- "Hour-glass" shaped Model to allow strong interconnection across the different Markets (retail, private and corporate) and across the distribution network, for the development of synergies
- Introduction of **Territorial Departments** as the principal reference points for all markets
- Further **strengthening** of the coverage of "micro territories", with the **introduction of Head Branches** which coordinate the Aggregate Branches
- Activating a pool of account managers/operational staff for the shared management of mass market customers within the Retail Branches (**Mass Market Machine**) with subsequent identification of Retail Managers to devote to **development** (700 resources)
- Exploitation of Mini-branches* and Aggregate Branches for an efficient coverage of the territorial areas

* Compared to Aggregate branches, mini-branches have no administrative autonomy; moreover, account managers are not specialized by market and do not look after complex customers (eg SMEs)

1 New Distribution Model

Network Banks – As of 30 April 2011



Effective and efficient distribution

Degree of Applicability of the Model

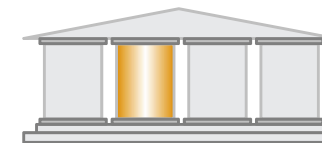
	Total number of Branches	of which Branches	Ordinary branches	Head branches	Aggregated branch	of which mini-branches
BBS	364	349	5	71	273	15
CARIME	294	223	54	73	96	71
BVC	64	55	26	13	16	9
BRE	225	165	155	4	6	60
BPA	236	181	181	-	-	55
BPB	358	292	292	-	-	66
BPCI	234	213	213	-	-	21
BSG	56	49	49	-	-	7
BPI	26	26	26	-	-	-
TOTAL	1,857	1,553	1,001	161	391	304



Since January 2011, 4 Network Banks (BBS, CARIME, BVC and BRE) have activated the Head/Aggregated Branch Model at different levels of implementation

Figures as of 30/4/2011 relating to the Italian network of 9 Commercial Banks: including opening and closing activities in the first four months of the year (32 closures and 8 openings)

2 Branches Plan



Effective and efficient distribution

	2009	2010	2011	Total 2009-2011	Total 2012-2015
Openings	27	17	22	66	50
Closings	40	87	33	160	40
Delta	-13	-70	-11	-94	+10
Requalification (Branches in mini-branches)	57	100	13	170	20
Head/Aggregate Branches Model **	391 Aggregate 161 Head				
Restructuring and Relocations	15	37	48	100	140
Enhancement of points of sale	-	-	-	-	170
Total Branches Network Banks (for Italy as at year-end)	1,943*	1,881*	1,870	→	1,880

- In the period 2009-2011, against a substantial continuity in the number of openings, the Group primarily focused on **rationalization** measures (closures and / or requalifications), **to eliminate overlaps in the area**
- In the period 2012-2015 there will be substantial stability of the Branch Network by **opening 50 branches** in the areas of development and **rationalization of 60 branches** (40 closings and 20 requalifications), in the reference areas of presence
- **170 'enhancement' interventions** will also be made in selected Branches, with the aim of improving their image and visibility to increase their potential

* Figures related to Italian branches network of the 9 Network Banks as at year-end. 2009 include s14 branches BSG acquired by IntesaSanpaolo at the beginning of 2009 and approx. 10 treasury offices redeveloped in mini-branches. 2010 includes approx. 8 treasury offices redeveloped in mini-branches

** Model adopted by BBS, CARIME, BVC and BRE starting from January 2011

3 New Market Segmentation ...to optimize customer service

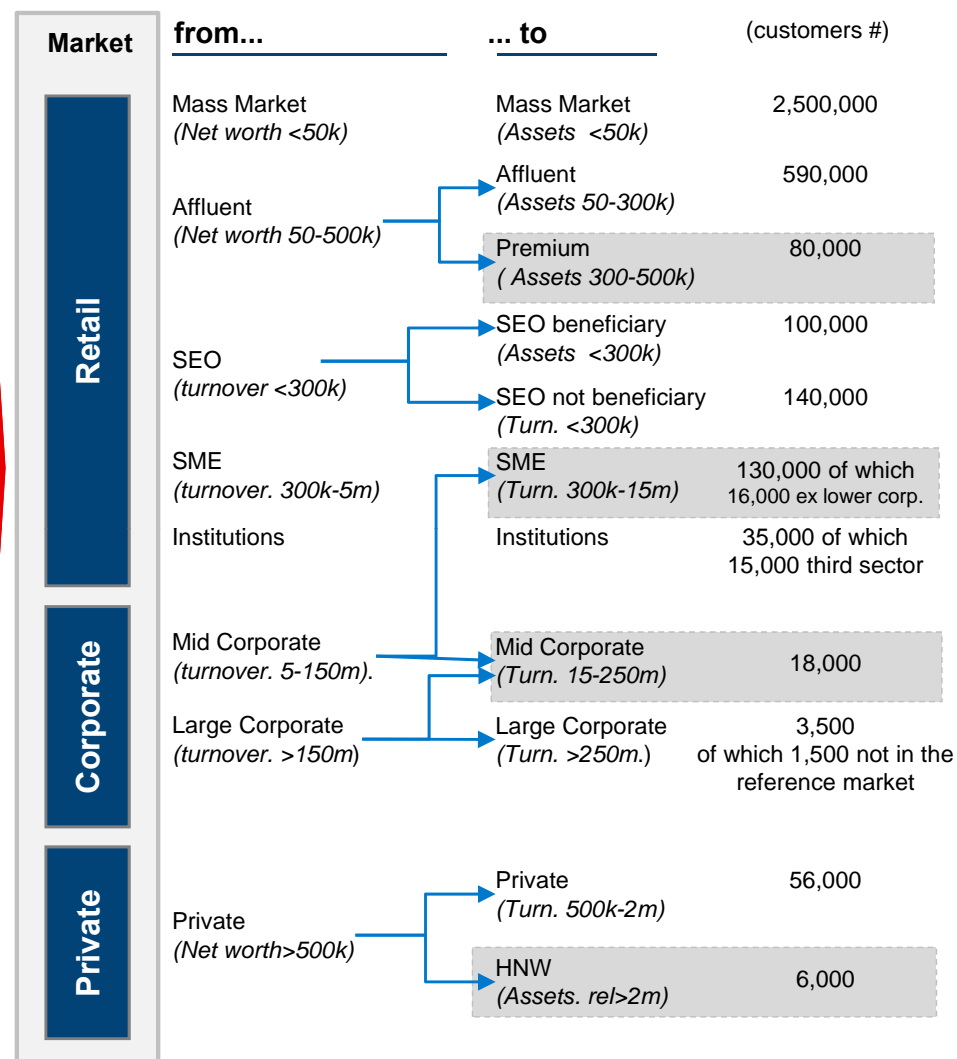


Effective and efficient distribution

Guidelines

- Progressive revision of the threshold to enter the Corporate Market (€ 5 m to 15 m turnover) and reassignment "Low Corporate" customers to Retail Branches, when applicable
- Focus of Small Business Managers on SMEs and small economic operators (SEO) already beneficiary of credit
- Reassignment of SEOs not beneficiary of credit to "Affluent" account managers, to develop synergies in the sector of personal investment
- Creation of a "Premium" segment with a dedicated service model in the Retail market on which to develop high value added services
- Confirmation of an "High Net Worth" (HNW) segment in the Private market with a highly specialized service model

Customer segmentation



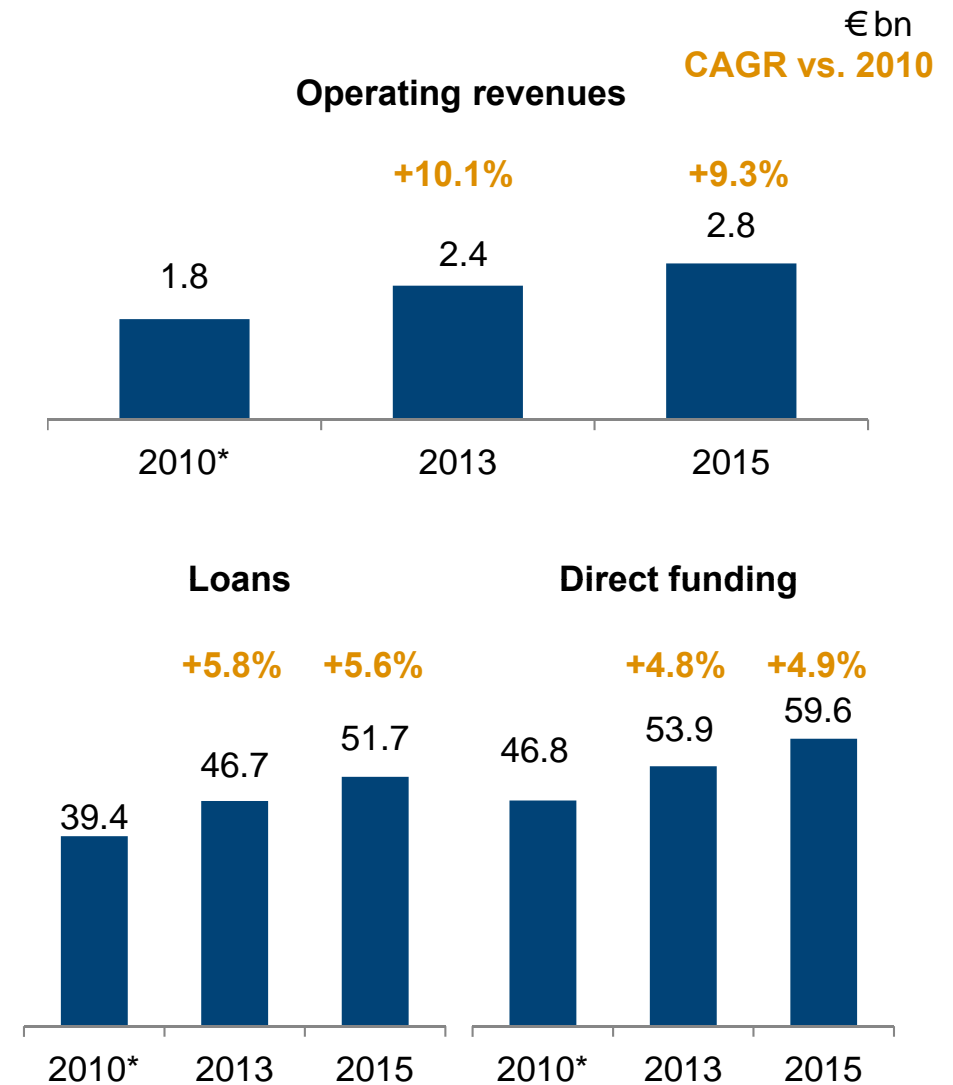
4 The Retail Market and Strategic Initiatives

Enhancement of Commercial resources

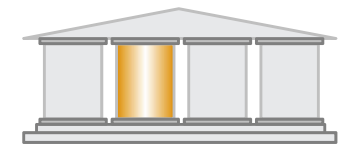


Effective and efficient distribution

- 700 commercial resources to strengthen development activities both internal and external
- Growth focused on "high value" segments (affluent, Small Economic Operators and SMEs) through an approach based on
 - relationship skills
 - Advisory services as distinctive feature
- Continuous innovation of process and product to meet the needs of customers in increasingly simple, transparent and timely ways



* Pro-forma to include in 2010 the transfer of part of the Lower Corporate customers to the Retail Market

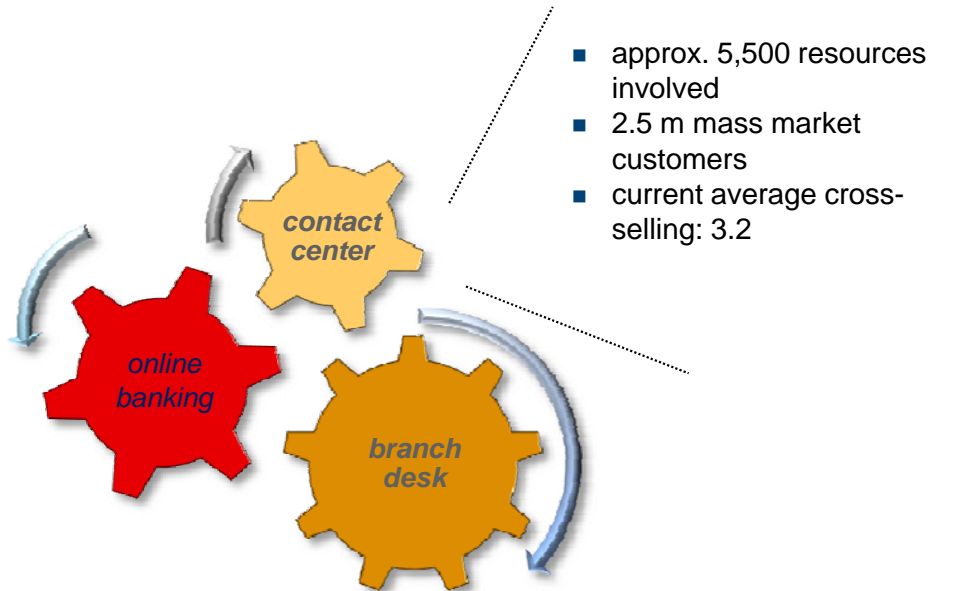


Effective and
efficient
distribution

4 Retail Market and Strategic Initiatives (1/6)

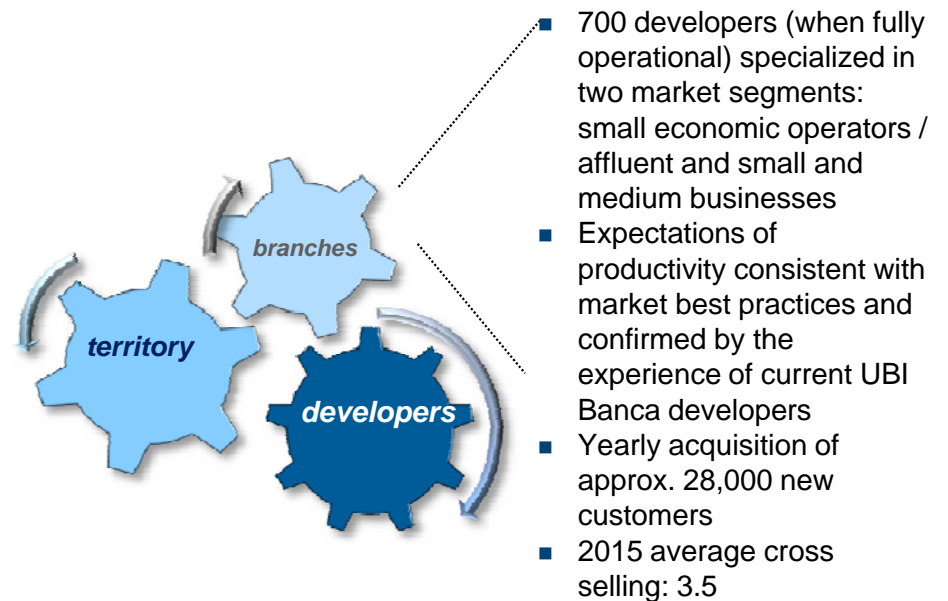
Mass Market Machine

Creation of a "mass market machine"



- "Mass market" customers portfolio managed by a "pool" of account managers/operating staff: one single customer portfolio, business organization and team goals
- Retraining of the operating staff involved towards higher value activities
- Simplification of products dedicated to the segments managed by the "pool"
- Inter-channel management enhancement

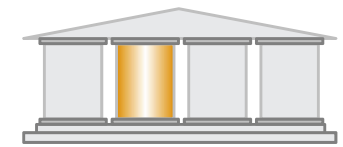
Creation of a significant "development salesforce"



- Requalification of a part of existing branch resources in the role of developers
- Launch of development activities with a focus on "high value" segments (affluent / SEO and SMEs) and in areas with the greatest potential
- Development of systematic "enterprise > entrepreneur" approach (corporate/family relationships)
- Specific marketing initiatives and leverage on territorial relations

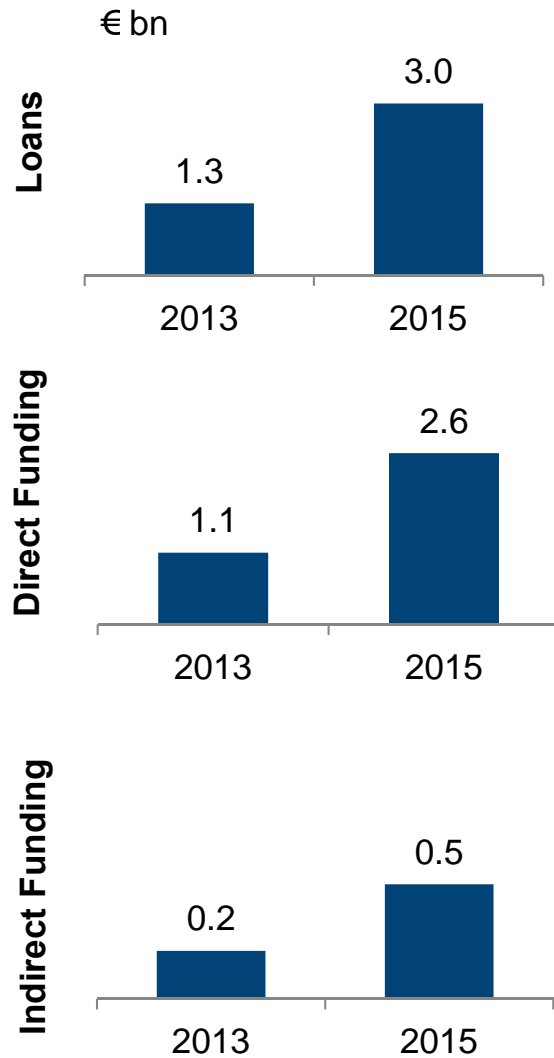
4 Retail Market and Strategic Initiatives (2/6)

Mass Market Machine



Effective and efficient distribution

Incremental impact expected



Incremental operating revenues in 2015 of about € 100 m

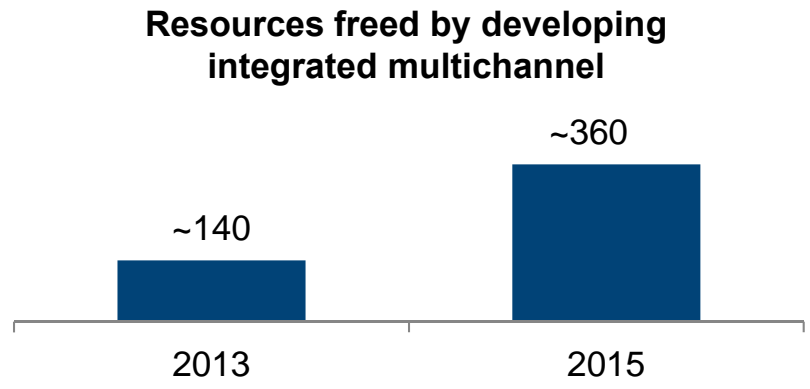
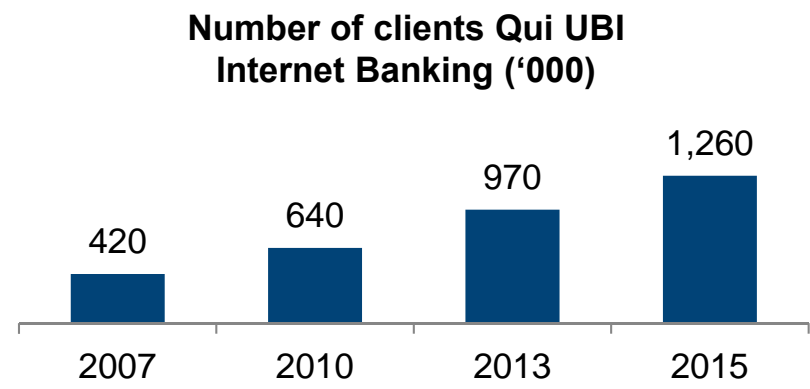
4 Retail Market and Strategic Initiatives (3/6)

Integrated multi-channels



Effective and efficient distribution

- Enhancement and acceleration of existing projects
- Implementation of a service model offering customers a variety of channels to access the Bank (intra-channels: physical channels + virtual channels) to:
 - free up resources to dedicate to commercial activities/roles
 - support customer acquisition
 - strengthen customer retention through:
 - remote selling and remote personal assistant
 - Confidi platform and on-line SME portal
 - an offer dedicated to foreign customers/tertiary sector
 - the development of advanced and innovative platform for electronic money and payment systems (including mobile payments)
 - the evolution of Internet banking
 - the enhancement of ATME



4 Retail Market and Strategic Initiatives (4/6)

Development of modular offer



- Evolution from “bundle account” to modular account allowing for:
 - **simple offer** to be combined for customized solutions
 - **transparent price** which rewards the achievement of defined levels of cross-selling
 - **approximately 27,000 additional customers** in the 2011-2015 period
 - **profitability increase** of approximately €16 per account

Customer at the Center

- Customizable Account
- Dedicated check-up

Modularity

- Combination of different components

Pricing model

- Incremental pricing
- Promotions and discounts

Commercial process

- Simple commercial process
- Single sales platform

Simplicity and transparency

- Clear clauses
- Integrated contract
- Quick Response

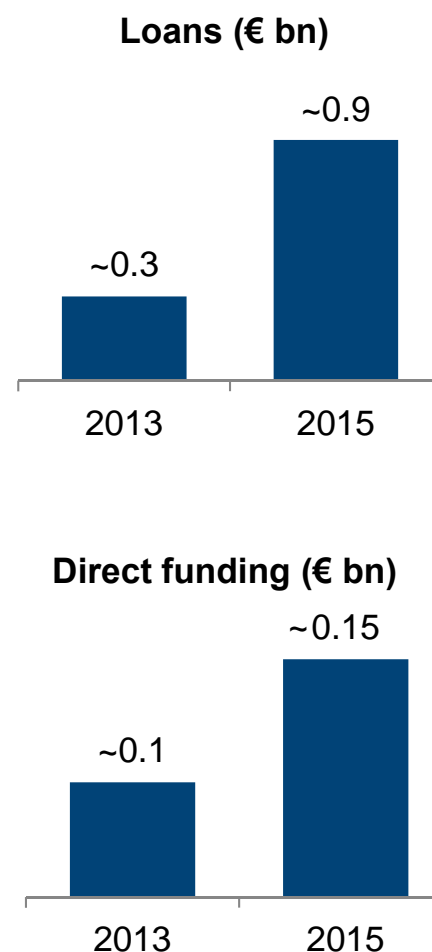
4 Retail Market and Strategic Initiatives (5/6) SMEs Service Model



Effective and
efficient
distribution

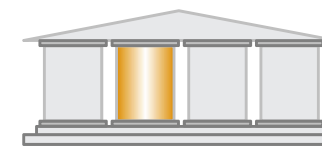
- The current Lower Corporate segment of the Corporate Market (approx. 16,000 clients), will be progressively served by the Retail Market with an SME model to allow:
 - a more appropriate and careful service by the reference account manager
 - a greater thrust on loan growth, especially short term, with an expected increase in commissions from services
 - an incremental commercial boost on deposit products to be offered to "liquid" customers
- Adjustment of pricing closer to the SME Retail segment logic, also by reducing the gap between average prices and reference prices both in terms of rate and of commissions

Incremental impact expected



Incremental
operating
revenues in
2015 of about
€ 60m

4 Retail Market and Strategic Initiatives (6/6) Service Model for Affluent Premium Customers

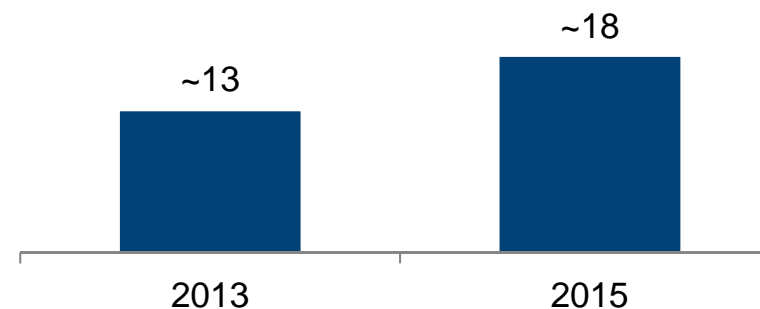


Effective and
efficient
distribution

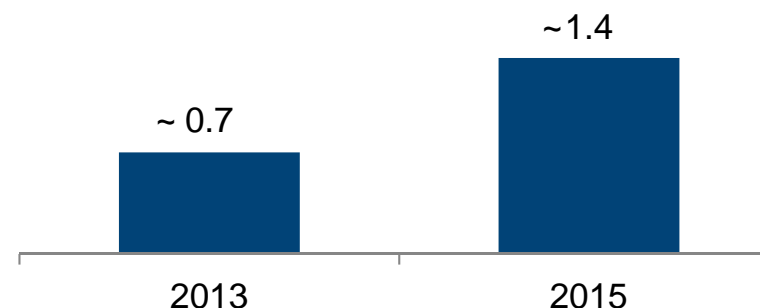
- Development of a specific service model for individuals with net worth between €300-500 thousand, currently with low loyalty in mass market portfolios: new segment "Premium"
- Structuring an offer to provide dedicated advisory services with the aim of acquiring a distinctive position in the segment that allows for:
 - development of share of wallet with a particular focus on Assets under Management
 - increase in customer base with a net growth rate of 2% per annum in line with the market's best practices
 - more retention as a result of increased cross-selling from 5.7 to 6.5 in 2015 achievable through the development of services in areas with greater innovation

Incremental impact expected

Net commissions (€ m)



Total funding (€ bn)

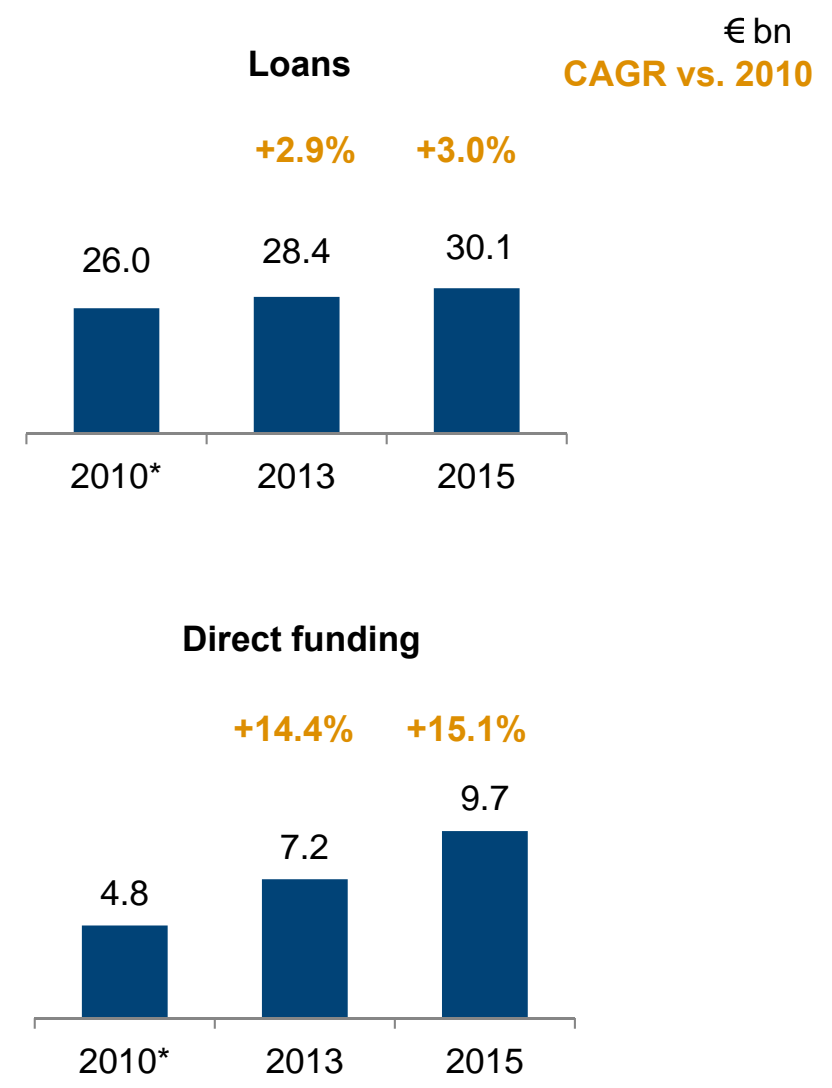


5 Corporate Market and Strategic Initiatives



Effective and efficient distribution

- **Continuous and systematic support to businesses** mainly in the reference market
- **Balance between loans and deposits with the goal of sustainable growth** in the medium and long term
- Strategic Initiatives:
 - from a **"lending driven"** service model of to a **"value driven"** model with a focus on products / services with high added value and creation of UBI Corporate Advisory Centers in the Commercial Departments of Network Banks
 - creation of **dedicated structures to Large Corporate Customers** "not in the reference market" inside the central Commercial Departments of Network Banks
 - focusing on **foreign trade sector** - from organization by customer segment to organization by services/products with high added value (trade finance, cash management, network, and international relations)
 - UBI Factor: strong **business focus** on **Group Banks** customers also through **cross border activities and development**



* Pro-forma to exclude in 2010 the transfer of part of the Lower Corporate customers to the Retail Market

6 Private Market and Strategic Initiatives

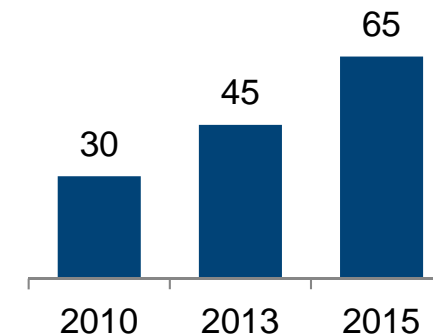


Effective and efficient distribution

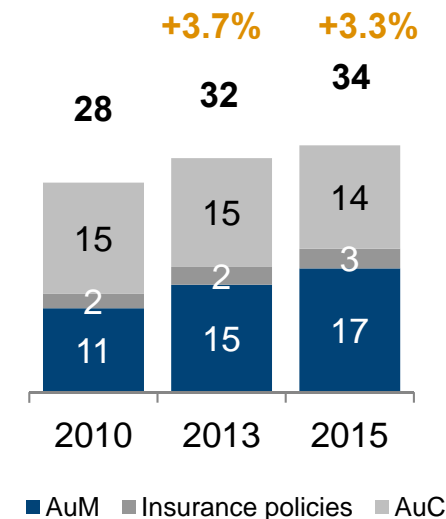
- **3rd Italian group and 1st operator in Lombardy** by managed assets, € 36 bn
- Leadership consolidation
 - growth in assets (20% from new customers)
 - progressive recovery of profitability of the assets (+30% over the period 2010-2015), with significant increase in recurring component (+50%) and simultaneous reduction of upfront contribution on placement of securities
- Extension of advisory services to all types of clients and activities, including:
 - integrated advisory services on financial assets, corporate assets and real estate, **focusing on the family**
 - **financial advisory services** to High Net Worth clients (2,400 households) and institutional clients through the Pro-Active Wealth Advisory Service (AWA-Pro ®) and also with B2B offer
 - extension of **advisory service fees to all private banking customers**; integrated approach involving financial aspects, protection and pension
 - **Evolution of the IT platform** to serve the customer both through mobile services and in Private banking branches

Penetration on HNW customers of the Pro AWA advisory service (%)

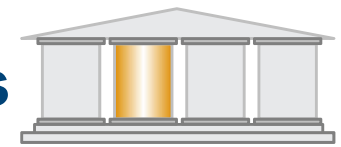
CAGR vs. 2010



Indirect funding (€ bn)



Refocusing Some of the Principal Product Companies and Subsidiaries

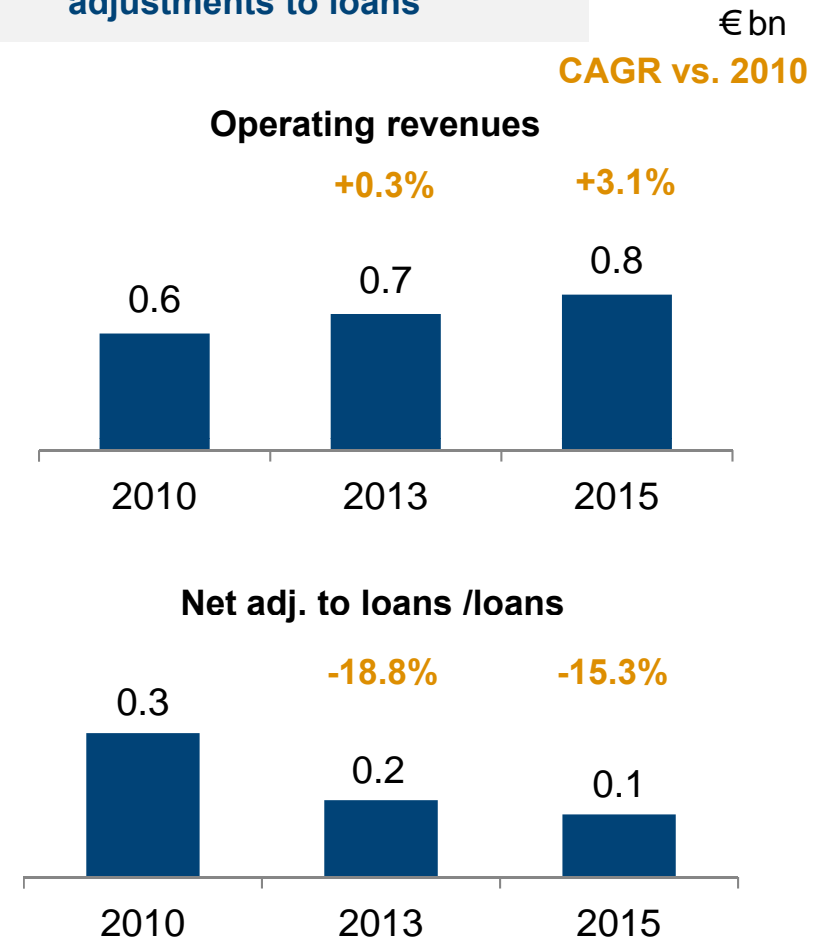


Effective and efficient distribution

Refocusing the Companies

Refocusing some activities on Network Banks: limited growth of operating revenues in Product Companies but significant improvement in net adjustments to loans

- A BANCA 24-7**
 - Focus on products: Salary-backed loans, Personal Loans and Credit Cards
 - Enhancement of asset quality
- B IW BANK**
 - Strengthening on-line trading and development of "Banking" activities in particular in terms of direct funding...
 - ...contributing to the Group structural balance
- C UBI LEASING**
 - Refocusing on the distribution channel of Network Banks
 - Lowering risk profile
- D CENTROBANCA**
 - Focus on Structured Finance and development of M&A, Advisory and Capital Markets services
 - Plain vanilla loans issued directly by Network Banks
- E UBI FACTOR**
 - Strong reorientation of business on Group customers

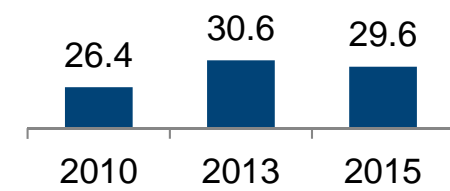


A Banca 24-7 – New Strategy for Consumer Credit (1/2)

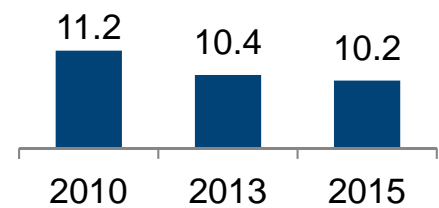


- Merger of Bank 24-7, Prestitalia and SILF by 1Q12
- Focus on core activities, exiting business lines which do not allow cross-selling initiatives
 - Mortgages through third-party networks: interruption of loans disbursement. From April 2011 mortgages granted by the Network Banks in view of customer loyalty and cross selling
 - Salary-based loans: high growth on captive customers (from €30m in 2010 to 190 of 2013), maintenance of Prestitalia network management and interruption of disbursements through third-party companies
 - Personal loans: growth in loans to captive customers (€530m in 2010 to €730m as of 2013)
- Integration in the Target IT Group System (1Q12) and expected benefit of synergies on administrative components

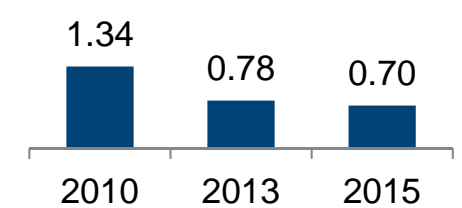
Cost/income (%)



Loans (€ bn)



Net adj. to loans/loans (%)



-2.6% -1.8%

CAGR vs. 2010

CHANGE IN FOCUS

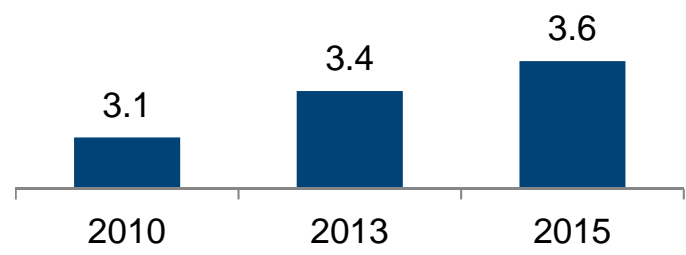
A Banca 24-7 – New Strategy for Consumer Credit (2/2)



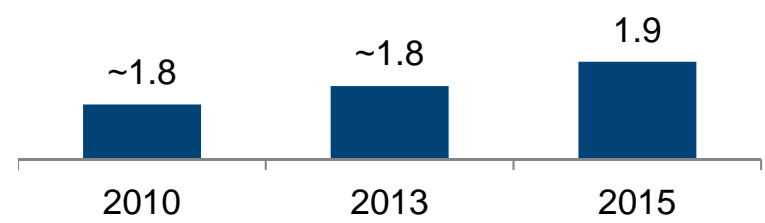
Effective and efficient distribution

€bn

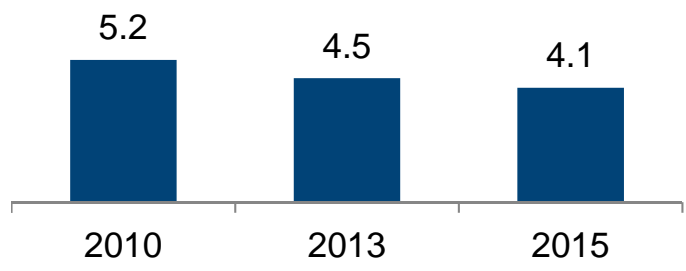
Salary-based loans stock



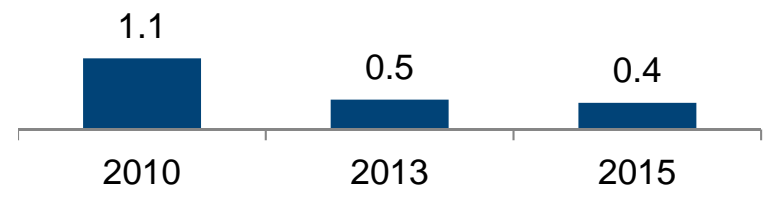
Captive personal loans stock



Mortgage stock



Non-captive personal and special purpose loans



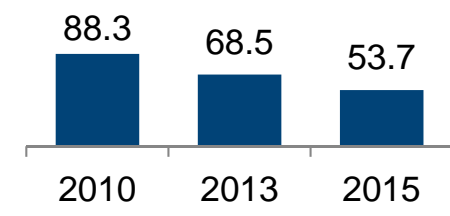
B IWBANK - A Potential to be Developed



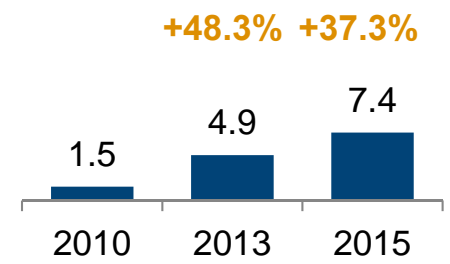
Effective and efficient distribution

- Consolidate leadership in on-line trading (IW Bank is the 2nd player in Italy by number of transactions)
- Strengthening of the banking activities through high value-added services including:
 - development of advisory services to Top Investors
 - differentiated service models, based on the customer's added value
- Contribution to structural balance of the Group through the development of the potential for distribution of deposit products, in particular on the Italian market

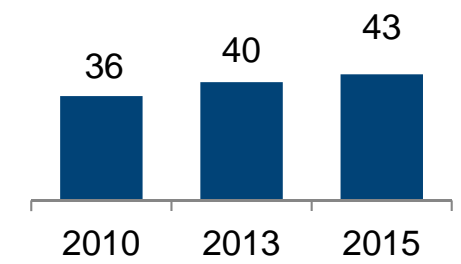
Cost/income %



Direct funding (€ bn)



Average number of daily operations ('000)



CAGR vs. 2010

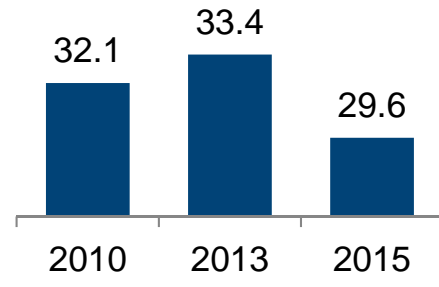
TRADING AND ONLINE BANKING



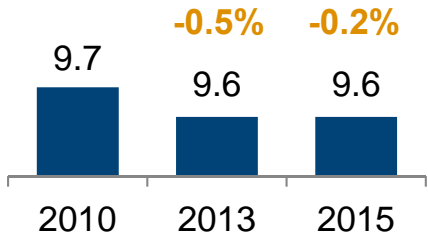
Effective and efficient distribution

- Re-balancing business towards sectors not related to real estate and selection of counterparts through a systematic use of the reference price for new loans (optimal pricing on the risk-return curve)
- Limited growth of loans (-0.5% CAGR in 2013):
 - focus on portfolio quality (cost of risk at 46 bps in 2013)
 - limit liquidity needs in view of group structural balance
- Refocusing on distribution channel of Network Banks and restructuring of agents network
- Upgrading of IT systems and strengthening of control structures

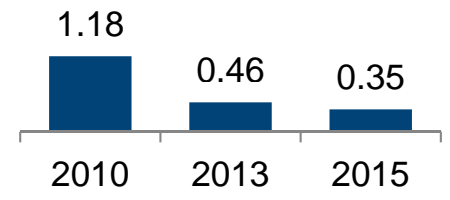
Cost/income %



Loans (€ bn)



Value adjustments to loans /loans %



CAGR vs. 2010

RISK CONTROL

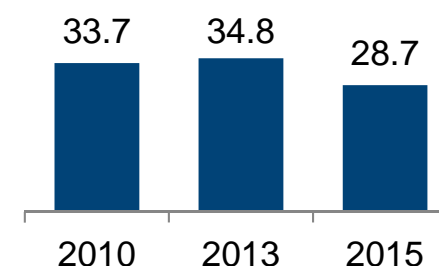
D Centrobanca – Consolidation in Corporate & Investment Banking



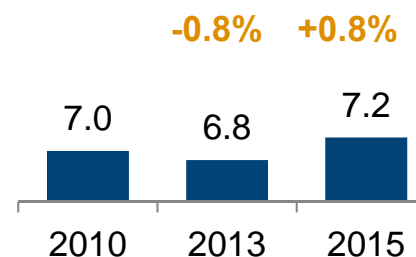
Effective and efficient distribution

- Corporate Lending: from 2011 "Plain Vanilla" loans granted directly by the Network Banks
- Structured Finance: development of structured debt transactions
- Participation in syndicated transactions with more senior roles and development of Project Finance in Renewable Energy and Infrastructures
- Investment banking: developing M&A and Capital Markets by promoting cross-selling and customer loyalty

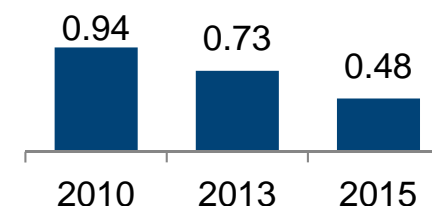
Cost/income %



Loans (€ bn)

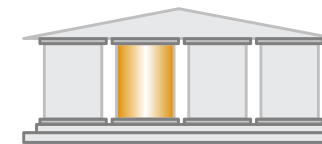


Value adjustments to loans /loans %



FOCUS ON HIGH VALUE-ADDED SERVICES

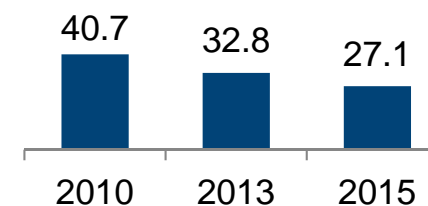
E UBI Factor – Leader in a Sector with Good Profitability



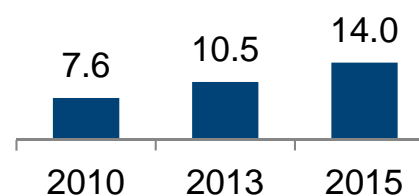
Effective and efficient distribution

- 4th player in Italy
- Strong business focus and re-orientation on customers of Network Banks reaching "captive" shares more in line with major competitors (62% in 2015 vs 39% 2010), also through cross-border activities and international development
- Further international development in addition to the consolidation of its presence in Poland and Turkey

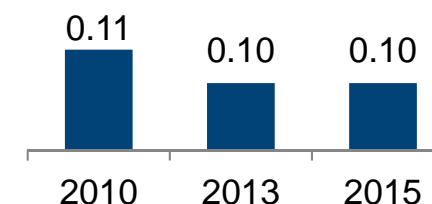
Cost/income %



Turnover (€ bn)



Value adjustments to loans /loans %



INTERNATIONAL DEVELOPMENT

Operating expenses

Containment of the Cost Base and Significant Investments in Strategic Initiatives



Focused costs and investments

€ bn
CAGR, Δ vs. 2010

Actions on cost of Personnel

+

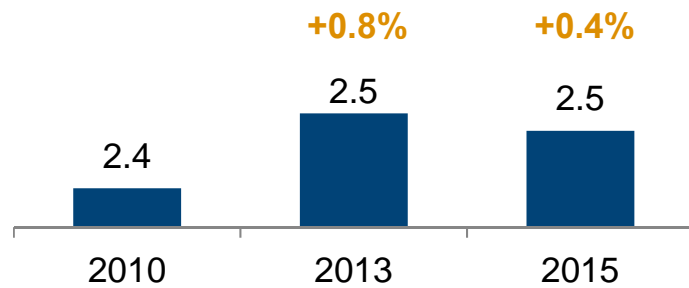
Contractual revisions, and increased efficiency in purchasing

+

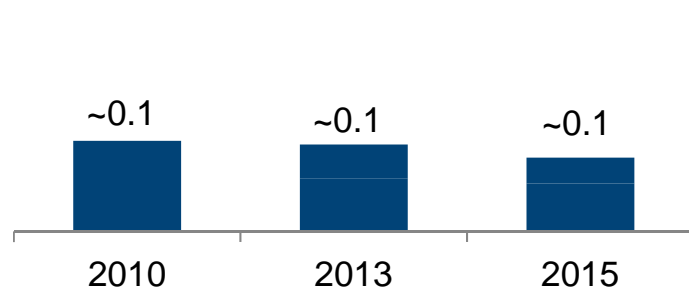
Heavy investments (platforms, procedures and training)

Contained growth in costs thanks to 300 € mn of savings from cost cutting manoeuvres

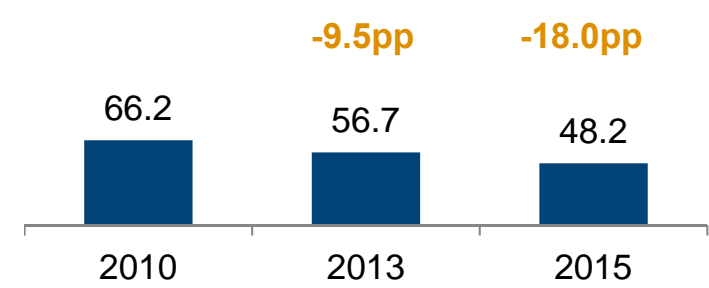
Operating expenses



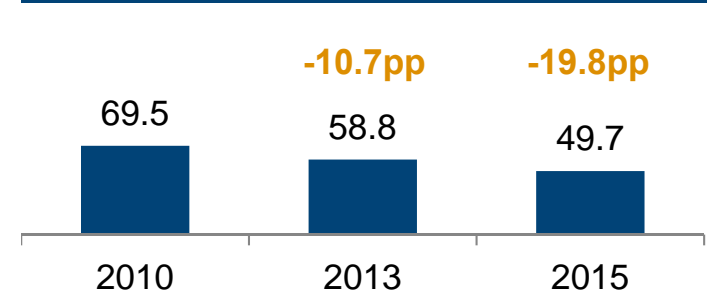
Yearly investments



Cost/Income excl. PPA (%)



Cost/Income (%)

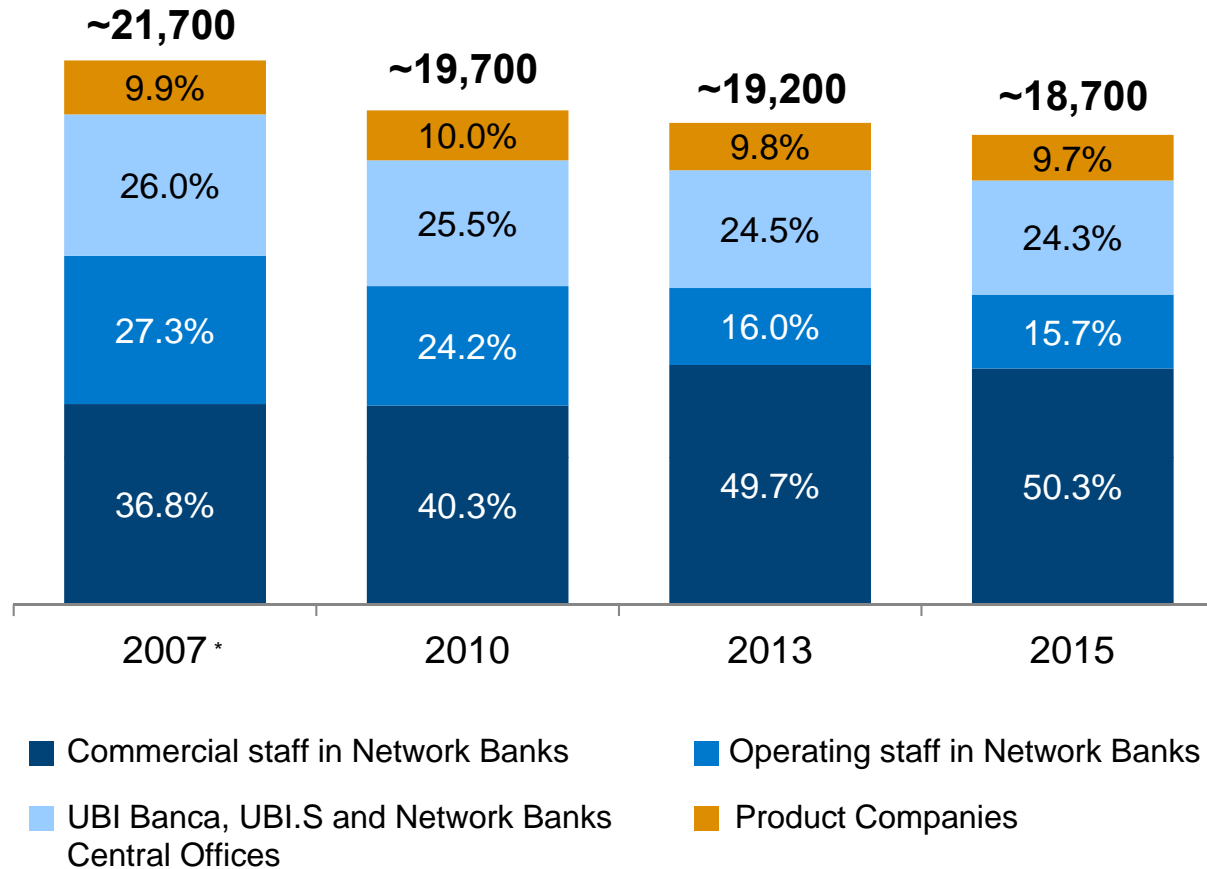


Evolution of Headcounts

Staff Headcount Reduction and Enhanced Commercial Effectiveness



Number of employees



- Enhancement of commercial network with about 800 requalified resources focussed on
 - Customer Acquisition
 - Revenue growth
- Simplification and review of the processes of administrative structures

* As of 1 April 2007

Initiatives on Personnel Expenses

Enhancement of the Productivity per Employee



Focused costs and investments

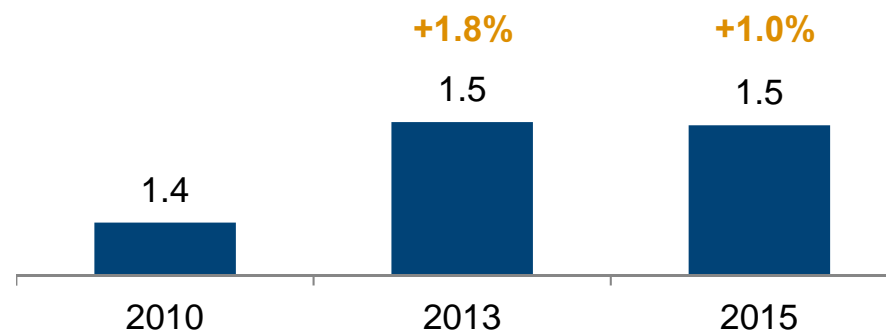
- Include
 - Scenario in development due to renewal of National Labour Contract
 - Increase, in relation to higher expected productivity/profitability of the variable portion of remunerations

- Also include personnel training and re-qualification expenses in relation to Strategic Initiatives, amounting to € 30m in the period 2011-2015

- Net reduction of about 1,000 resources in the Plan period of which 800 are in addition to those already planned for 2011, including more than 1,000 recruitments during the Plan period, in support of generational change and to allow the management operations underlying professional development and best coverage of territorial area

€ bn
CAGR vs. 2010

Personnel expenses

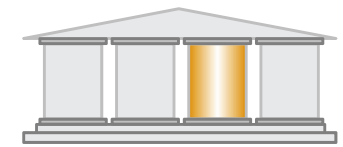


Productivity per employee

	CAGR 2010-2013	CAGR 2010-2015
✓ Loans	3.6%	4.1%
✓ Direct funding ex CCG*	5.1%	5.9%
✓ Operating revenues	7.5%	8.5%

* Excluding repos with "Cassa Compensazione e Depositi"

Administrative Costs Control



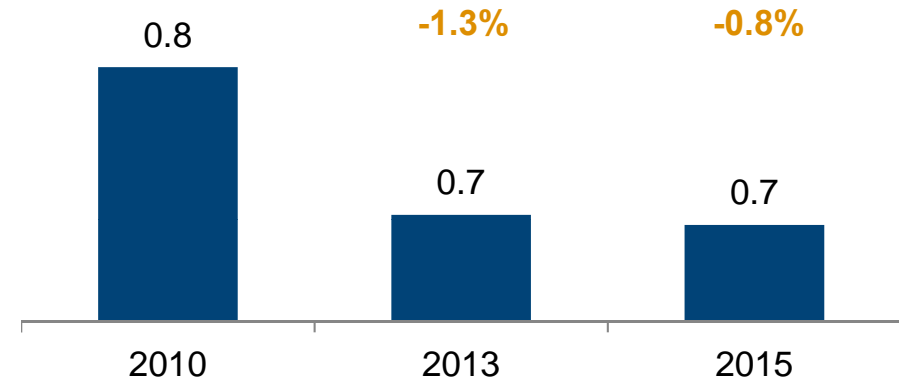
Focused costs and investments

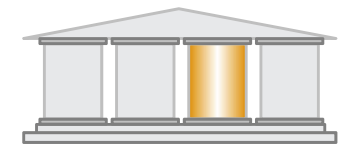
Decreasing Amount of Other Administrative Costs

- Strong actions to control costs:
 - strong action on 30% of other administrative expenses, attributable to Product Companies, through centralization of supply negotiations in UBI.S
 - optimization of IT platform, which following significant investments (one-off €26m in the period 2011-2015), allows a yearly saving of € 20m on current spending when fully operational in 2015
 - initiatives to streamline and optimize spending, including plans to simplify activities (monitoring problem loans, postage, etc ...)
- The projections include an ISTAT increase estimated at 2% per year

€ m
CAGR vs. 2010

Other administrative costs



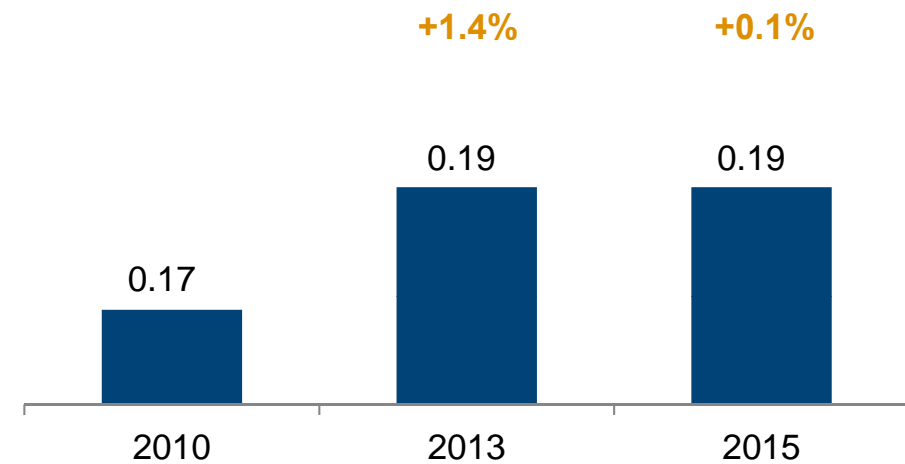


Focused costs and investments

- Total investments of approximately €700m in the 2011-2015 period
 - 63% related to the IT component
 - 37% relating to the Property / Logistics component
- About € 220m of the total investment are attributable to commercial development, with an impact on depreciation amounting to € 12m in 2013 and € 24.9m in 2015

€bn
CAGR vs. 2010

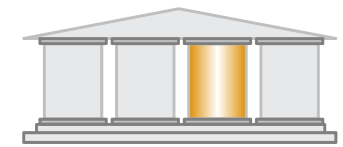
Amortization / depreciation (excl. PPA)*



* Excluding PPA, decreasing over time from approx. 75 to 55 million per year (estimates)

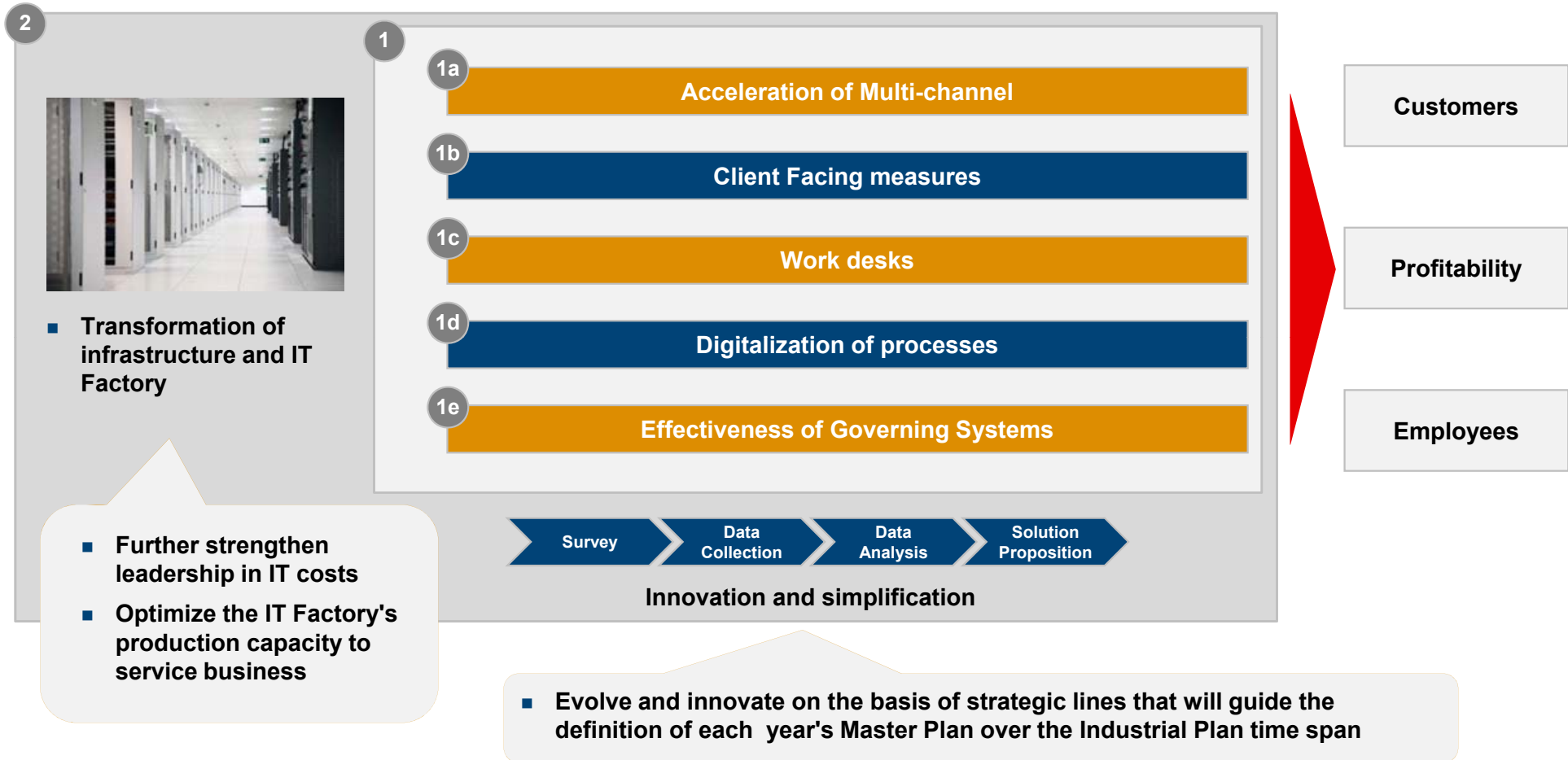
Innovation– Development of Information System

Summary of Action Levers Activated



Focused costs and investments

"Essential Reason" for the Group's development plan of its information system:
Combining non-routine initiatives to reduce IT infrastructure costs with innovation, simplification and Business development measures



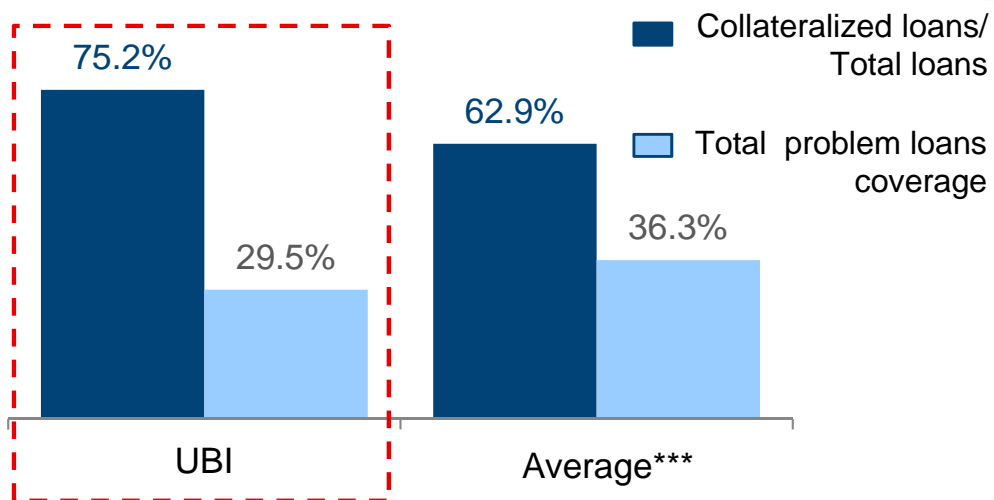
Asset Quality

Starting Point



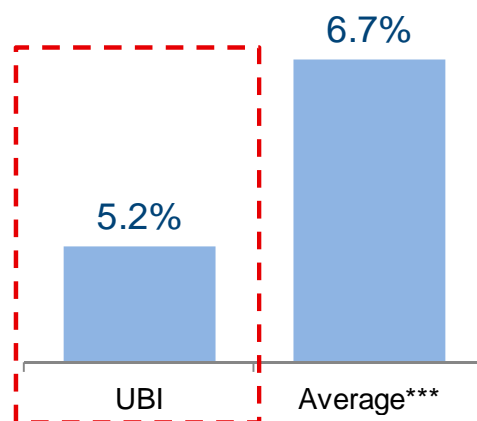
Lower cost of risk

Collateralized loans / Total loans and Total problem loans* coverage as of 31/12/2010**



- Close correlation between the level of secured loans (growing in the last 3 years) and coverage of problem loans
- Incidence of net problem loans on total loans lower than main competitors

Total net problem loans* vs. Net loans to customers as of 31/12/2010



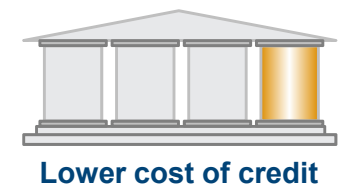
* Problem loans include: NPLs, impaired, past due and restructured loans

** Source: 2010 Reports and Financial Statements, Table A.3.2 of the Notes to the Accounts

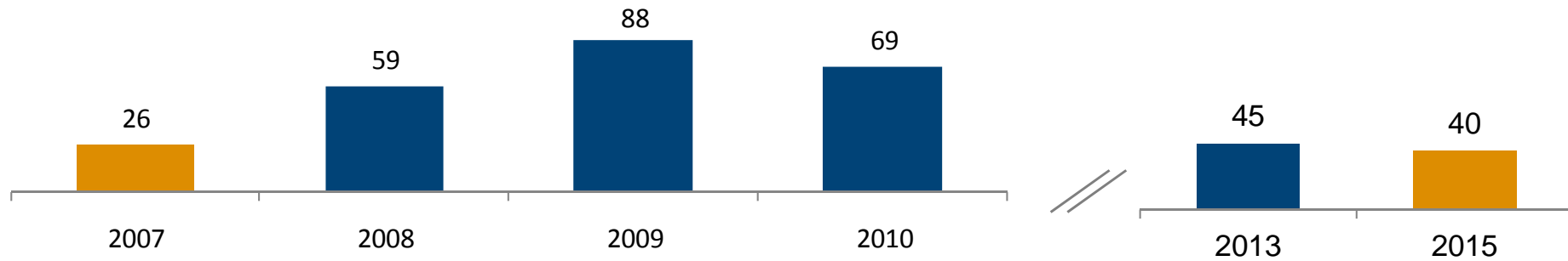
*** The sample of Banks includes: BPER, BPM, BP, ISP, MPS, UCG

Asset Quality

Cost of Credit Improvement



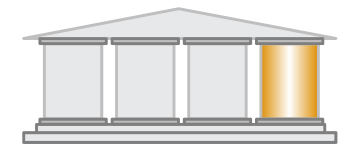
Annual trend of Net Adjustments to Loans (normalised, bps)



COST OF CREDIT IN 2015 WILL BE APPROX. 50% HIGHER THAN THE PRE-CRISIS LEVELS

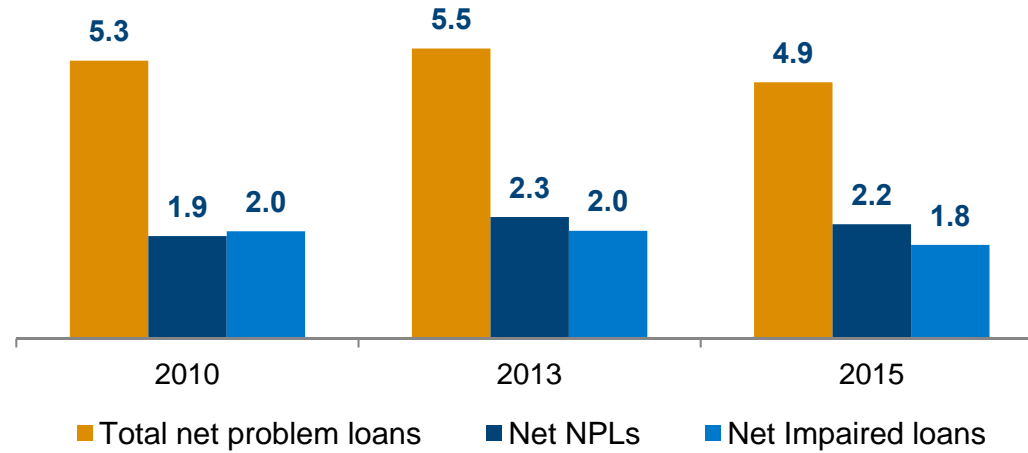
Asset Quality

Progressively improving

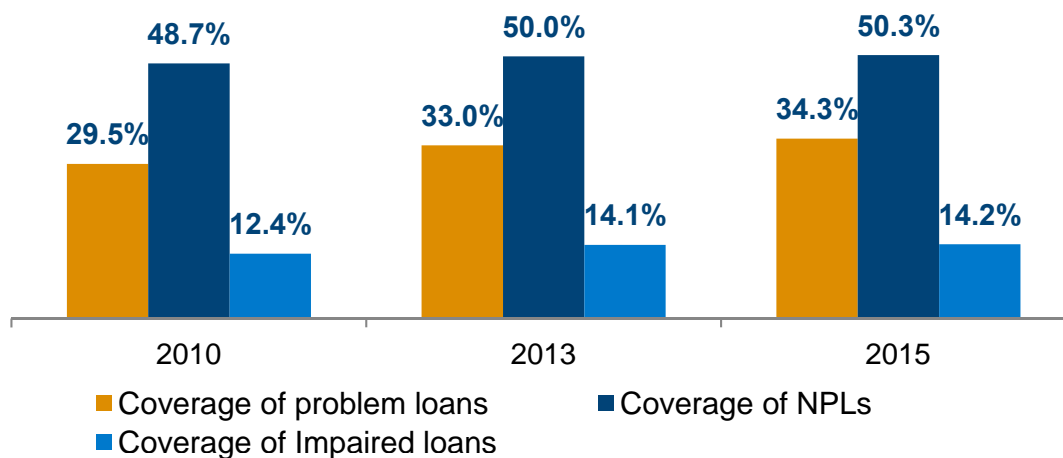


Lower cost of credit

Stock (€ bn)



Coverage ratios



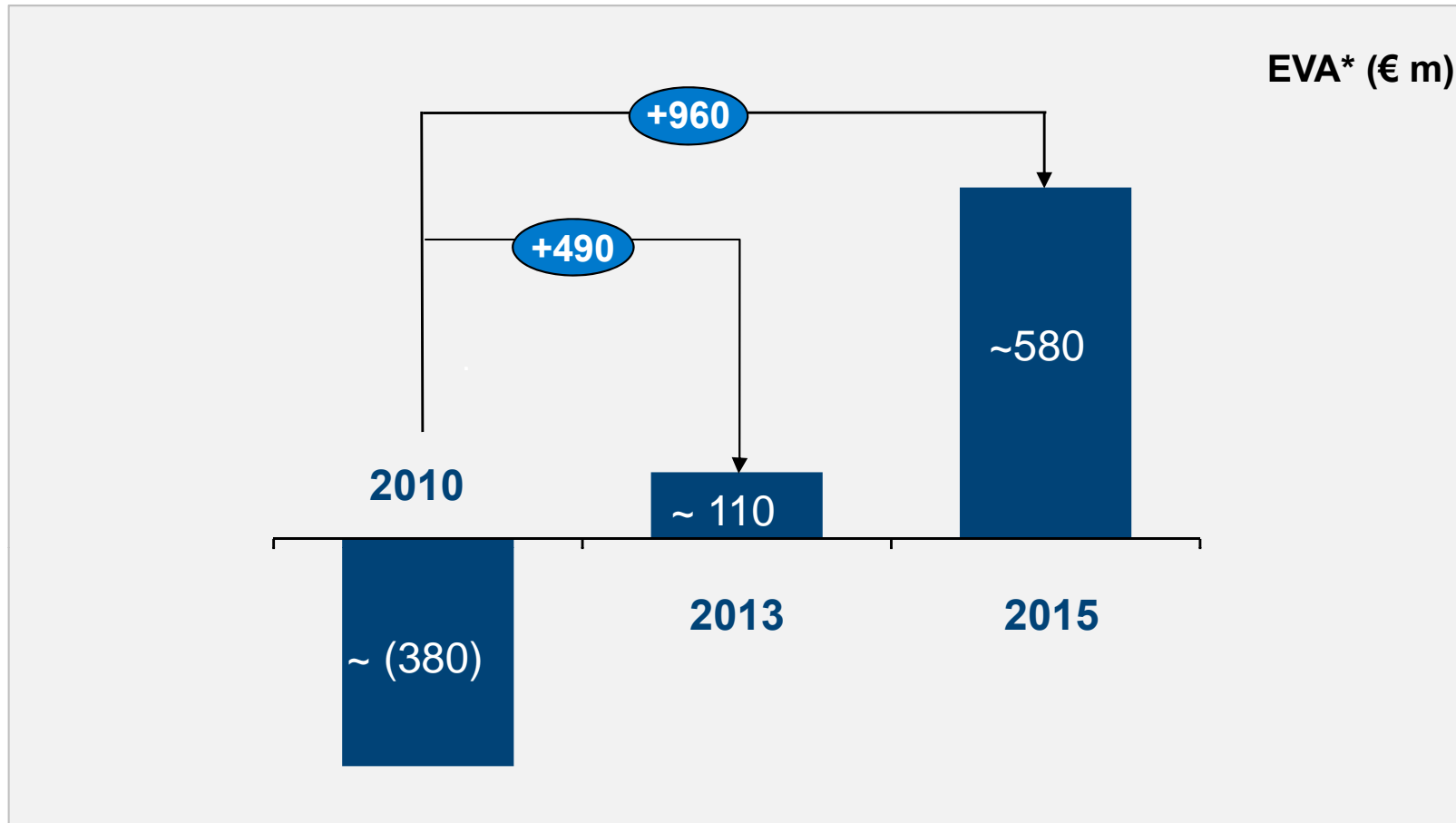
- Net problem loans* are expected to peak in 2011 and then to progressively reduce during the course of the plan
- Coverage ratios improving during Industrial Plan period

* NPLs, impaired, past due and restructured loans

Agenda

- ✓ UBI Banca: About Us
- ✓ Our vision: Distinctive by Quality
- ✓ Quality Allows Greater Profitability
- ✓ **Conclusions**

Back to Value Creation



* EVA calculated excluding PPA
Absorbed capital 7% of RWA+ components deducted from supervisory capital

THE PLAN DEMONSTRATES THAT IT IS POSSIBLE TO RETURN TO ADEQUATE LEVELS OF PROFITABILITY WITHOUT GIVING UP PURSUIT OF TOP QUALITY

- ✔ It is possible to return to adequate levels of profitability by growing volumes in a very conservative way
- ✔ It is possible to return to adequate levels of profitability without increasing leverage, quite the opposite decreasing it
- ✔ It is possible to return to adequate levels of profitability without raising the risk profile, including finance
- ✔ It is possible to return to adequate levels of profitability without any extraordinary transaction
- ✔ It is possible to return to adequate levels of profitability with a mix of high level capital and an assets and liabilities balance much in advance of the timing required by Basel 3
- ✔ It is possible to return to adequate levels of profitability without sacrificing the traditional focus on dividends

Quality matters

“Fare Banca Per Bene”

✓ Annex

Profitability at Pre-crisis Levels

<i>Figures in € bn</i>	2013	2007	2015
Operating Income	4.2	4.4	5.0
Operating Expenses	(2.5)	(2.6)	(2.5)
Net operating income	1.7	1.8	2.5
Net profit for the year	0.6	0.8	1.1
Net profit for the year excl. PPA	0.7	0.9	1.1
ROTE ⁽¹⁾	9.0%	14.7%	14.1%
ROTE ⁽¹⁾ excl. PPA	10.0%	16.3%	14.9%
COST/INCOME excl. PPA	56.7%	56.1%	48.2%
Net value adj. on loans / Total loans	0.45%	0.26%	0.40%
<i>ECB rate - year end</i>	<i>2.50%</i>	<i>4.00%</i>	<i>3.25%</i>
<i>1M Euribor - yearly average</i>	<i>2.48%</i>	<i>4.14%</i>	<i>3.35%</i>
Loans to customers	110.3	93.0	118.5
Direct funding ⁽³⁾	110.1	90.3	123.2

NOTE: net of non-recurring items

- 1) ROTE: Return on Tangible Equity calculated as the ratio between net profit and "tangible" shareholders' equity (2)
- 2) "Tangible" shareholders' equity: year-end shareholders' equity net of intangible assets
- 3) Excluding repos with "Cassa Compensazione e Garanzia"

About us

- One of the main banking players in Italy, with a strong retail identity, a full range of services offered to individuals and a focus on non-"large" enterprises
- 3rd Italian player in the Private Banking sector with a consolidated tradition
- Group based on a federal model, centralizing costs (Parent Company) and decentralizing revenues (Network Banks and Financial product Companies)

Market shares

- A market share of about 6% in Italy in terms of branches
- Market premium in terms of deposits and loans in some of the most financially "dynamic" Italian provinces as at 31.12.2010

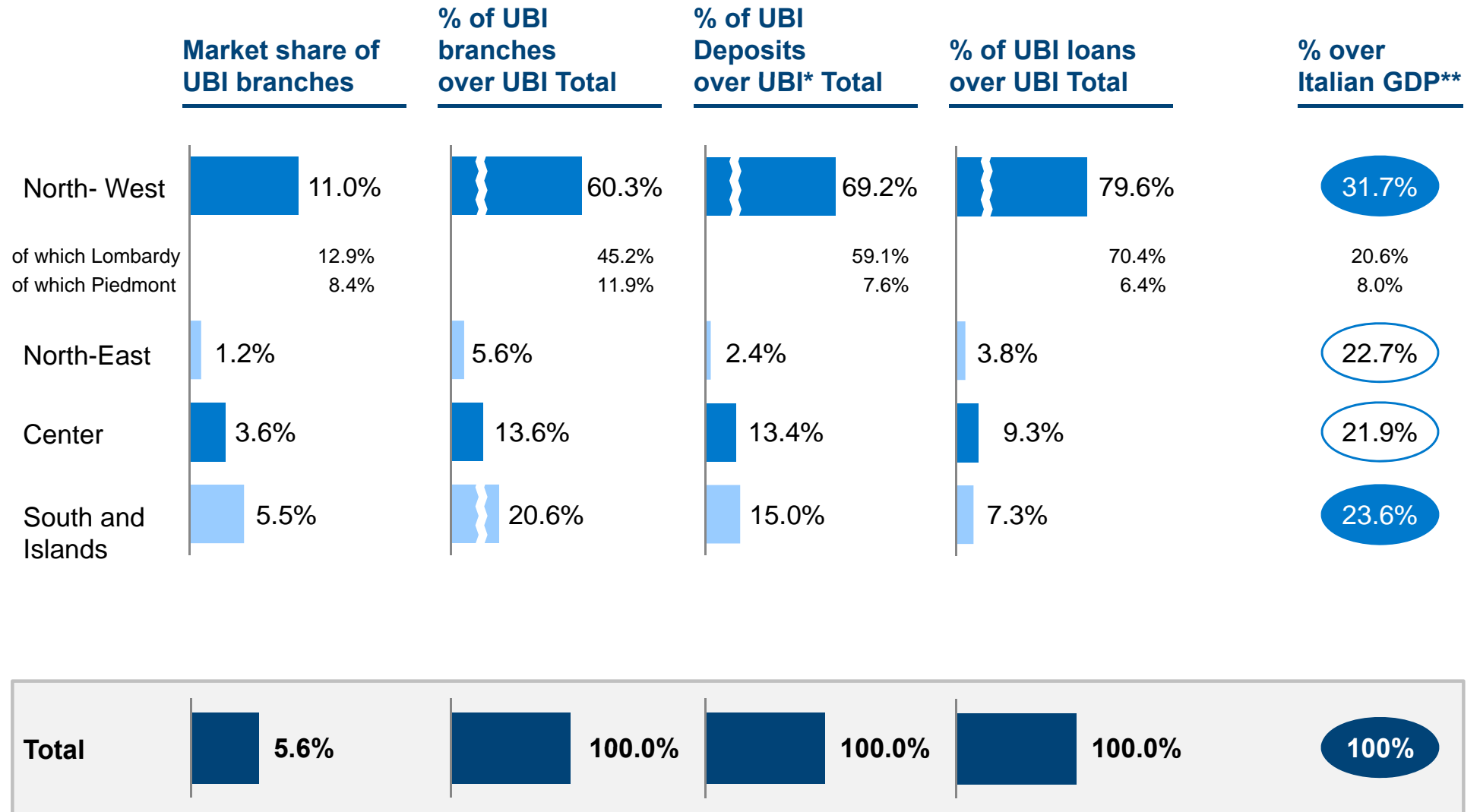
Area	Provinces	Branches	Deposits (*) (**)	Loans (**)
Northern Italy	Bergamo	21.0%	32.2%	43.5%
	Brescia	22.6%	33.3%	35.9%
	Pavia	15.6%	16.6%	12.4%
	Varese	23.7%	30.4%	23.2%
	Cuneo	24.5%	23.6%	19.4%
Central Italy	Milano	9.1%	5.3%	4.5%
	Ancona	10.6%	13.1%	10.6%

Focus on dynamic areas

- 83% of loans in Northern Italy, 70% of which in Lombardy (which produces 21% of Italian GDP) and 6.4% in Piedmont (8% of GDP)

(*) c/c, certificates of deposit, savings deposits
 (**) market shares by location of branches

UBI's Starting Point: Focus on the Country's Most Dynamic Areas



* Deposits excluding repos and bonds

** Figures as of 31 December 2010 – Prometeia, "Scenarios of Local Economies" February 2011

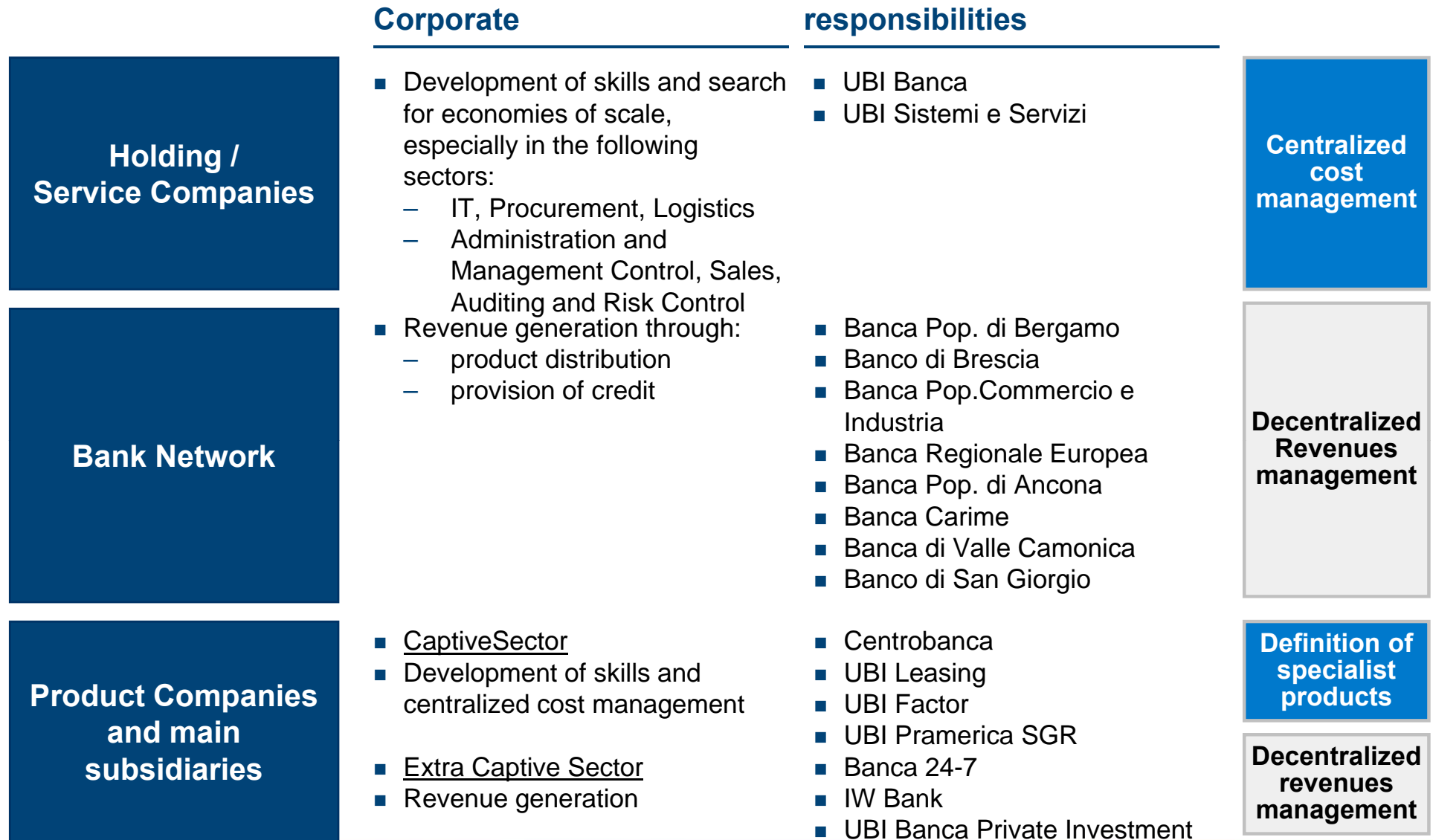
Low risk profile and high quality of Capital

Low risk profile

- Focus on **traditional** banking activities
 - loans equal to 78% of total assets
 - 92% of capital requirements referred to credit risk
- Low level of leverage (19.3x%¹)
- Limited dependence on volatile results of financial markets, traditionally contained within 3% operating income
- Financial portfolio (10% of total assets)
 - no exposure in PIGS securities and in countries currently in a politically unstable situation
- Moreover, during the crisis:
 - no recourse to Tremonti bonds
 - regular dividend payments

1) $(\text{total assets} - \text{goodwill} - \text{other intangible assets}) / (\text{net equity} + \text{third parties' equity} - \text{intangible assets})$

The Group's Federal Model: Centralized Costs Management and Decentralized Revenues Management



Social Responsibility for Sustainability and Quality: Highlights



Since 2003, UBI Bank has supported the Global Compact



Since 2009, UBI Banca has been a member of Sodalitas

CARBON DISCLOSURE PROJECT

Since 2007, UBI Bank has taken part in the Carbon Disclosure Project

Ratings and ethical indexes



- Included in Ethical Index and CSR Index (rated AA + +)



- Included in the Euro Ethical Index and EMU Ethical Index



- Overall assessment for Dow Jones Sustainability Indexes(1) above the industry average, with peaks of excellence in risk management and customer relations and social and environmental reporting

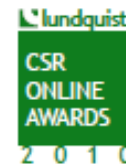


- Global rating within the average compared to the sector, with higher levels in the management of human resources, conduct of business and community involvement

Principal awards



- 2011 - 1st Italian Company (22nd at the European level) in ET 300 Carbon Rankings EIO (Environmental Investment Organization)



- 2010 - 3rd place among Italian banks for the quality of on-line CSR reporting (2nd in 2009)



- 2010 to 2nd place among Italian banks (has always maintained the position since 2007)



- 2009 - First place in the AzzeroCO2 and Demoskopea survey on the perception of environmental commitment of Italian banks



- 2008 - winner of the Financial Statements Oscar for the quality of financial and non-financial reporting

¹ The UBI Banca securities are not included in the DJSI indexes

Social Responsibility: Action Lines (1/2)

Staff cohesion and motivation

€53.4 million in 2010 for social benefits

- **Development and exploitation of the potential** of every person: management policies and remuneration and incentive criteria aligned with the industry's Best Practices
- High level of **social benefits**: supplementary pension and insurance policies, mobility services, family services (e.g. kindergartens)
- **Health and safety** at the workplace: monitoring of control and prevention of risks, with particular reference to robberies and work-related stress
- **Work Life Balance** and **Diversity Management**: enhancement of women in positions of responsibility and consistency of pay levels

Integration into the social and economic fabric of the reference market

€16.6 million in 2010 for donations and social sponsorship

- Active participation in the development of **local infrastructure and services**: focus on health, mobility and energy in project finance
- Support to **organizations and initiatives of social utility** of and for the territory: increase in available resources from statutory provisions in relation to industrial plan targets and improvement in selection processes and monitoring of disbursements with focus on transparency, effectiveness and coherence with the Group's values and strategic objectives
- Development of activities in **partnership with local non-economic institutions**: focus on relationships with universities and training and research institutions
- Growth in **businesses with high social value** and economic potential: focus on young people, immigrants and the Third Sector
- **Micro-finance** for Social Inclusion

Social Responsibility: Actions Lines (2/2)

Reputation and risk control

71% of retail customers acknowledges UBI's high level of reputation / social responsibility

- **High ethical profile in all business activities:** focus on implementing the new Code of Ethics with internal communication and training program on ethics and social responsibility (2011 ad hoc intervention on all staff and subsequent inclusion in the training plan for new hires)
- Inclusion of **ESG criteria in evaluating the creditworthiness** of companies (KPIs in qualitative questionnaires)
- Control over the **involvement in controversial economic sectors** (e.g. weapons)
- Focus on **Responsible Lending:** control of the risks of over-indebtedness of households and businesses and support services for family financial planning

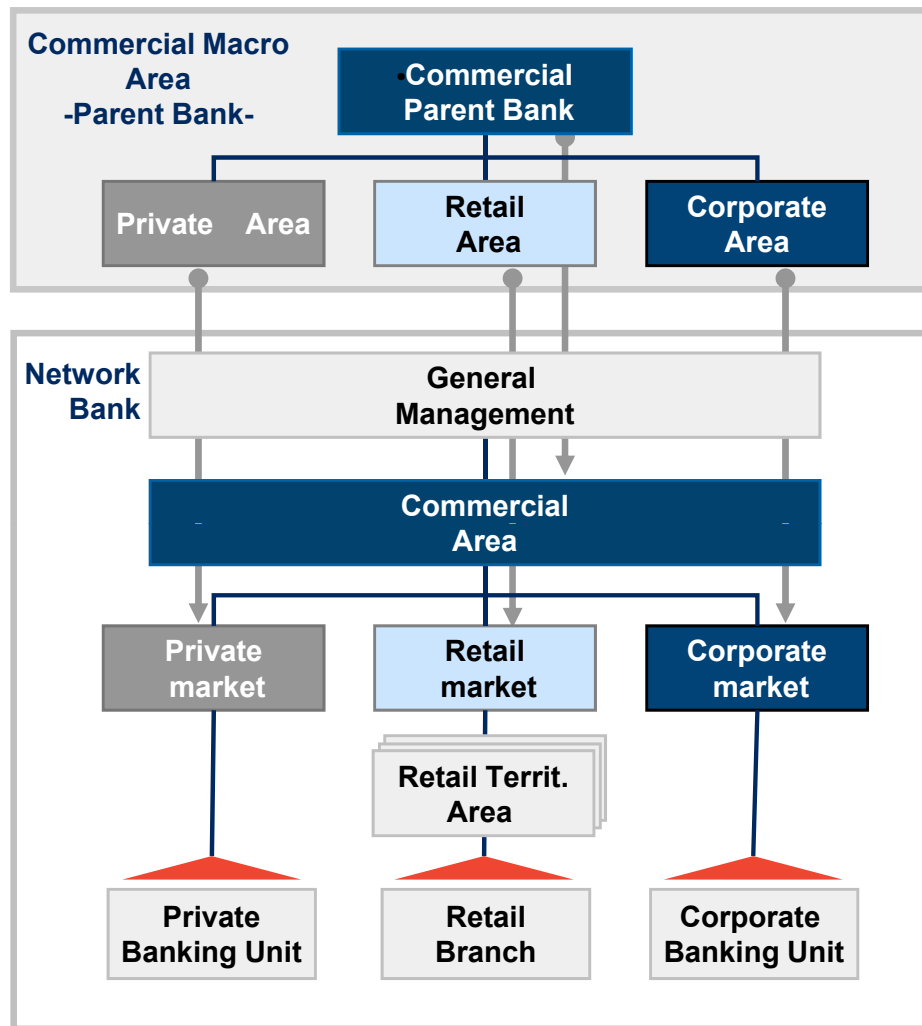
Environmental Policy

100% of electricity from renewable sources
100% ECF-certified recycled paper
85% PEFC-FSC-certified recycled paper

- **Efficient use of resources,** with benefits in terms of cost savings: focus on energy, paper and toner consumption, and sustainable mobility
- Use of **renewable energy and / or lower levels of emissions:** maintenance of supply of electricity exclusively from renewable sources
- **Reduction of waste** not for recycling / recovery: focus on separate collection
- **Green Financing:** focus on financing investments in alternative energy

Current Distribution Model and Commercial Approach differentiated by market/segment

Distribution Structure



Main Characteristics

- 1 **Divisional model** (Retail, Private, Corporate) with customer segmentation (Mass Market, Affluent, Small Business, Private, Corporate)
- 2 **Linearity of commercial management processes** by market from the Parent Company to the Network Banks
- 3 **Relationship with the customers** focused by segment with “specialized” account managers (Mass Market, Affluent and Small Business Managers, Corporate Account Managers and Private Bankers)
- 4 **Commercial targets by Market** with differentiated KPIs according to the segments characteristics