



**Consolidated results as at 31 December 2010**  
**Launch of a Capital Increase**  
*New Positioning after New Rules in a New Environment*

28 March 2011

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### Methodology

*The "notes on the reclassified financial statements" contained in the periodic financial reports of the Group may be consulted for a fuller comprehension of the rules followed in preparing the reclassified financial statements.*

## Executive summary:

- FY 2010 still characterized by low profitability but with all revenue items recovering 4Q2010/3Q2010
- Operating expenses under control
- Cost of Credit in sharp reduction, fully in line with guidance

MAIN INCOME STATEMENT ITEMS <i>Figures in millions of euro</i>	FY 2009	FY 2010	% changes	1Q 2010	2Q 2010	3Q 2010	4Q 2010	4Q/3Q % changes	
Net interest income	2,401	2,143	(10.7%)	533	517	543	549	1.0%	Recovery in NII as from 3Q2010
Net commission income (excl. perf. fees)	1,192	1,170	(1.8%)	294	314	264	298	13.0%	
Performance fees	23	15	(32.9%)	0	0	0	15	n.s.	
Net results from finance	127	34	(73.1%)	(5)	(1)	19	21	6.3%	
<b>Operating income</b>	<b>3,906</b>	<b>3,496</b>	<b>(10.5%)</b>	<b>853</b>	<b>870</b>	<b>863</b>	<b>910</b>	<b>5.5%</b>	Also net of performance and upfront fees, 4Q2010 achieves the highest recurring result of the year
Staff costs	(1,466)	(1,452)	(1.0%)	(371)	(376)	(360)	(344)	(4.2%)	
Other administrative expenses	(777)	(770)	(1.0%)	(185)	(200)	(184)	(201)	9.5%	
Net impairment losses on tangible and intangible assets	(272)	(247)	(9.0%)	(61)	(62)	(60)	(64)	5.9%	
<b>Operating expenses</b>	<b>(2,514)</b>	<b>(2,469)</b>	<b>(1.8%)</b>	<b>(617)</b>	<b>(638)</b>	<b>(604)</b>	<b>(610)</b>	<b>1.0%</b>	Strong cost containment policy in place, also benefiting from the exit of 500 staff during the 3Q2010 in relation with the Trade Unions agreement signed in May 2010
<b>Net operating income</b>	<b>1,392</b>	<b>1,027</b>	<b>(26.2%)</b>	<b>236</b>	<b>233</b>	<b>259</b>	<b>301</b>	<b>16.2%</b>	
Net impairment losses on loans	(865)	(707)	(18.3%)	Cost of credit guidance confirmed: 69 bps vs 88 in 2009					
Net imp. losses on other financial assets and liabilities	(49)	(50)	1.1%	In both years impairment on AFS participations, mainly ISP and A2A					
Profits from disposal of equity investments and net imp. losses on goodwill (1)	100	91	(9.6%)						
<b>Pre-tax profit from continuing operations</b>	<b>541</b>	<b>334</b>	<b>(38.2%)</b>	2010 tax rate of 69.4%, of which 25bps of higher IRAP					
Taxes on income for the period	(243)	(232)	(4.7%)						
Post-tax profit from discontinued operations (2)	5	83	n.s.						
<b>Profit for the year</b>	<b>270</b>	<b>172</b>	<b>(36.3%)</b>	<b>Profit is net of PPA amounting to 82.2 million euro in 2010 and 86.4 in 2009</b>					

(1) In 2010 sale of a 9.9% stake in Lombarda Vita; in 2009 sale of a stake in BPA to Aviva, sale of 50%+1 share of UBI Assicurazioni

(2) In 2010 capital gain on the sale of the depository business

**□ FY2010 Results:**

**- Assets and liabilities**

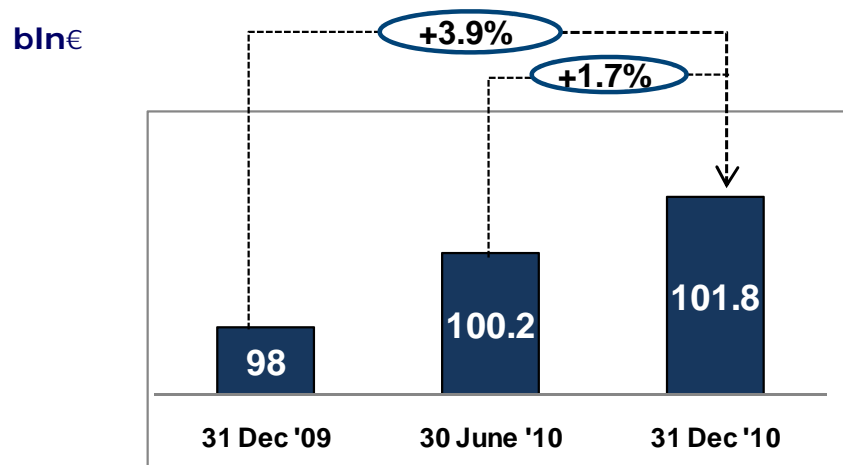
**- Income statement**

**□ The Capital Increase**

**□ Annexes:**

- Reclassified consolidated income statement: quarterly evolution**
- Reclassified consolidated income statement net of the main non recurring items**
- Reclassified balance sheet: highlights**
- Financial assets breakdown**
- Credit Quality breakdown**

# Lending up to 101.8 bln€ (+3.9% YoY)



✓ The bank has always supported the economy during the crisis:

2007: 93 bln€  
2008: 96.4 bln€  
2009: 98 bln€  
2010: 101.8 bln€

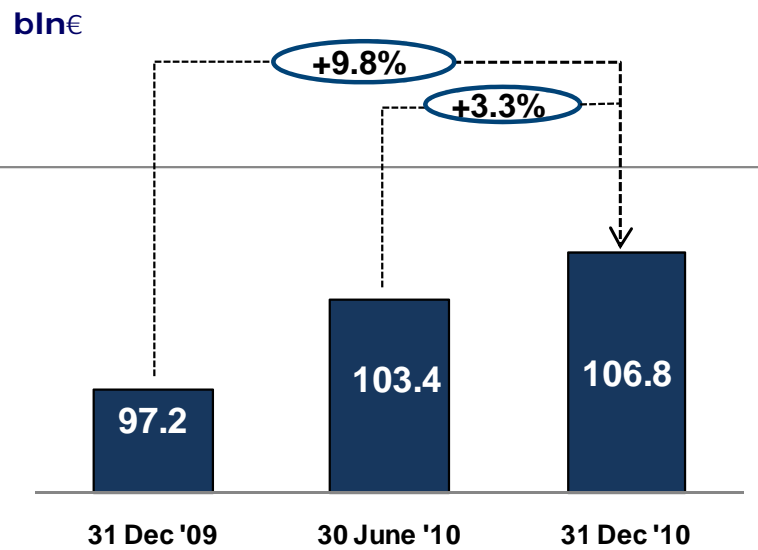
In bln€	31 Dec '09	%	31 Dec '10	%	% Changes YoY
<b>Retail</b>	<b>44.8</b>	<b>45.7%</b>	<b>46.5</b>	<b>45.6%</b>	<b>3.9%</b>
of which: Private customers	29.7	30.3%	30.8	30.3%	4.0%
Small businesses	15.1	15.4%	15.6	15.4%	3.6%
<b>Corporate</b>	<b>35.6</b>	<b>36.3%</b>	<b>36.0</b>	<b>35.4%</b>	<b>1.1%</b>
of which: Core corporates	17.8	18.2%	18.7	18.3%	4.8%
Large corporates	10.7	11.0%	10.3	10.2%	-3.7%
Centrobanca	7.0	7.2%	7.0	6.8%	-1.1%
<b>Private</b>	<b>0.6</b>	<b>0.6%</b>	<b>0.7</b>	<b>0.7%</b>	<b>12.5%</b>
<b>Other*</b> (mainly leasing and factoring)	<b>17.0</b>	<b>17.4%</b>	<b>18.6</b>	<b>18.3%</b>	<b>9.5%</b>
<b>Total</b>	<b>98.0</b>	<b>100.0%</b>	<b>101.8</b>	<b>100.0%</b>	<b>3.9%</b>

- ✓ 2010 growth driven by **core segments**:
  - **Retail** segment: +3.9% (residential mortgages up by over 10%)
  - **Core Corporates**: +4.8%
- ✓ YoY growth confirmed in medium to long term component (+5.3%) while short term component shows contained evolution (+0.9%)

\* Including UBI Factor, UBI Leasing, UBI Banca International, IAS adjustments and deteriorated loans not allocated to market segments)

# Direct funding up to 106.8 bln€ (+9.8% YoY)

## Medium to long term funding growing



bln€ (IAS values)	31 Dec '09	%	31 Dec '10	%	Changes YoY
<b>Due to customers</b>	<b>52.9</b>	<b>54.4%</b>	<b>58.7</b>	<b>55.0%</b>	<b>11.0%</b>
of which					
Current accounts and deposits	46.1 <sup>(1)</sup>	47.4%	45.2	42.3%	-1.8%
Term deposits and other payables	1.7	1.7%	2.4	2.4%	45.7%
Repurchase agreements*	5.1	5.3%	11.0	10.3%	n.s.
<b>Securities in issue</b>	<b>44.3</b>	<b>45.6%</b>	<b>48.1</b>	<b>45.0%</b>	<b>8.4%</b>
of which					
Retail					
Ordinary customer base (Network banks+UBI issues)	23.0	23.6%	22.4	21.0%	-2.6%
Centrobanca issues	2.9	3.0%	5.2	4.9%	80.3%
Institutional					
Covered Bonds	2.0	2.0%	3.8	3.5%	89.7%
EMTN	11.2	11.5%	11.2	10.5%	-0.3%
CD and ECP	2.4	2.5%	3.4	3.2%	43.7%
Preferred shares	0.5	0.4%	0.5	0.4%	-4.8%
<b>Total</b>	<b>97.2</b>	<b>100.0%</b>	<b>106.8</b>	<b>100.0%</b>	<b>9.8%</b>
<b>Interbank exposure</b>	<b>2.0</b>		<b>2.3</b>		

### Retail bonds:

Growth from 25.9 bln€ to 27.6 bln€, also sustained by the increase in Centrobanca issues, from 2.9 to 5.2 bln€

### Institutional funding:

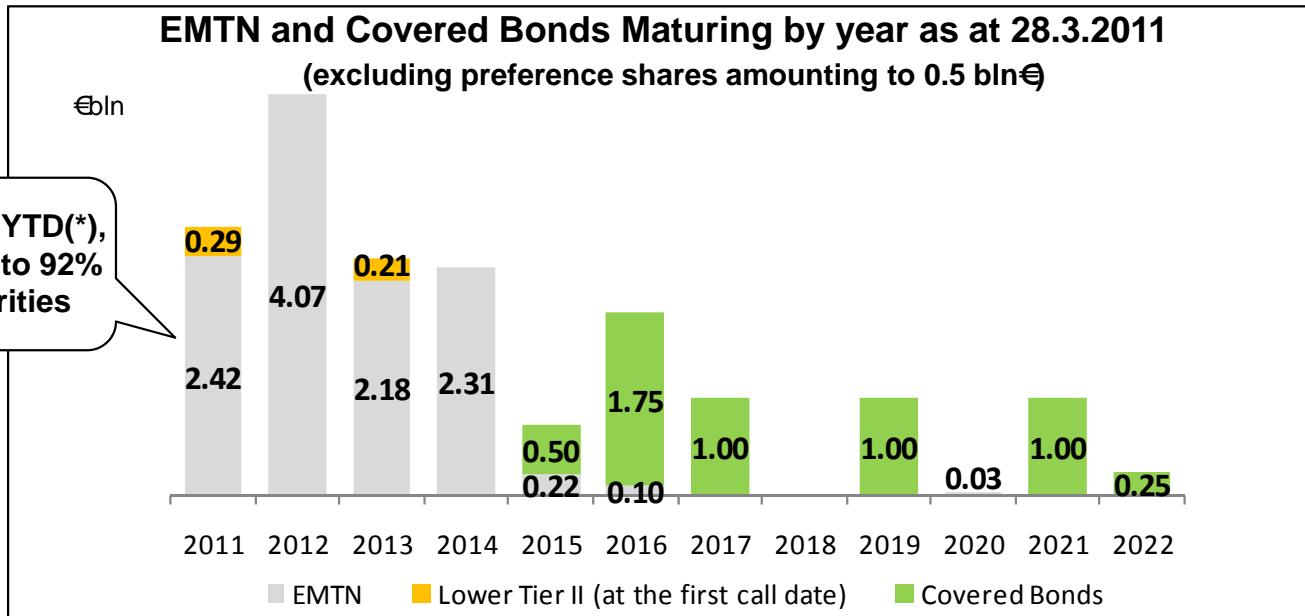
Growth in **Covered bonds** from 2 to 3.8 bln€ and in the short term component with CDs and ECP increasing from 2.4 to 3.4 bln€

### Interbank exposure: 2.3 bln€, in line with 2009

(1) Impacted temporarily by inflows from "scudo fiscale", tax shield manoeuvre promoted by the Italian Government in 2009 year-end, subsequently invested (approx. 2 bln€)

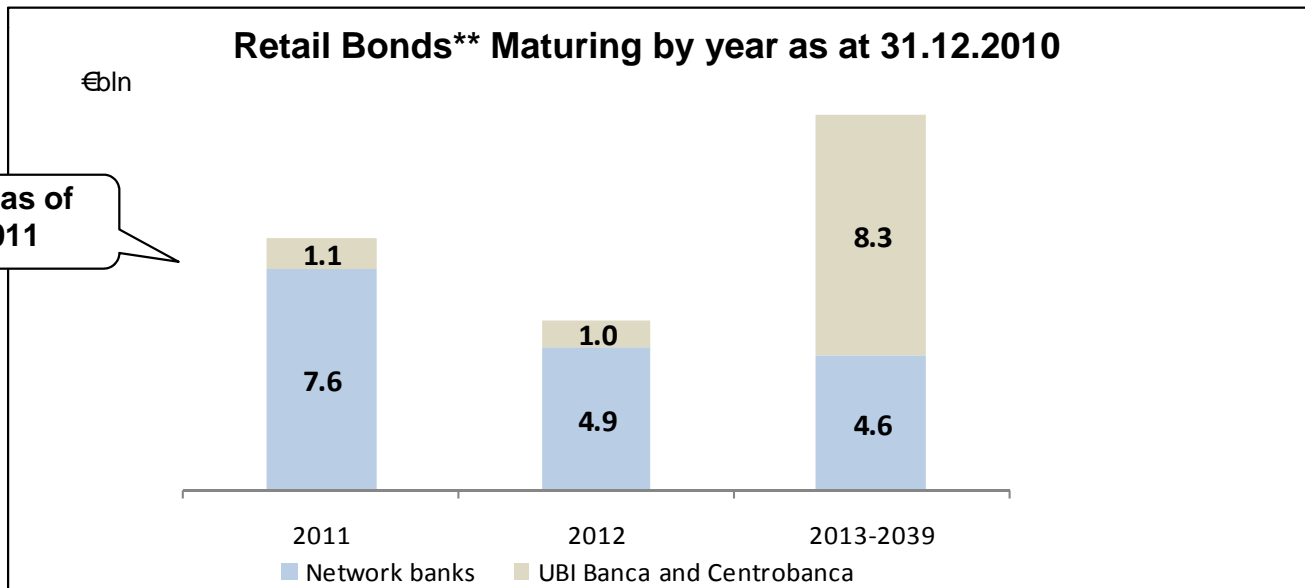
\* Including repurchase agreements with Cassa Compensazione e Garanzia (3.5 bln€ in 2009 and 9.2 bln€ in 2010)

# Bonds' maturities: strong placement power with 39% of 2011 maturities already replaced



2.5 bln€ issued YTD(\*), corresponding to 92% of 2011 maturities

2011 BUDGET provides for a higher amount of issues compared to the year's maturities



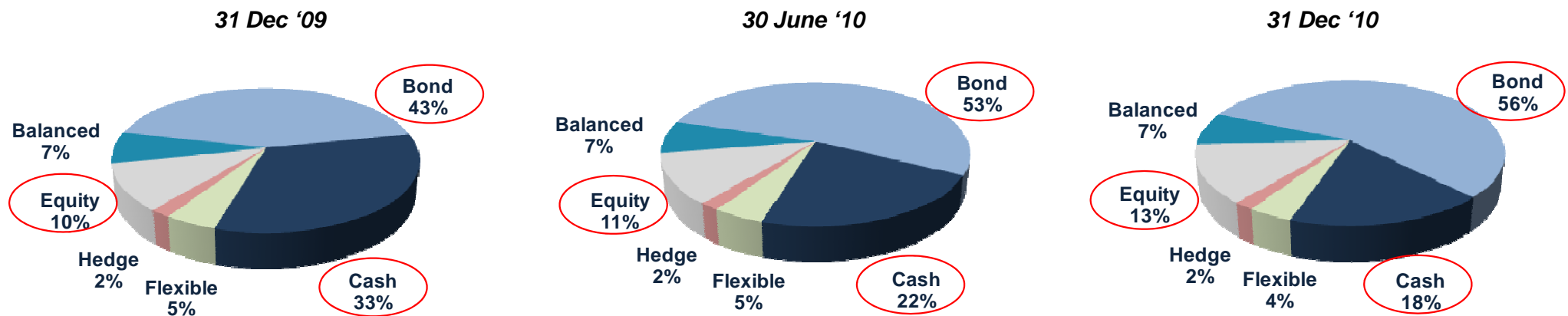
2 bln€ issued as of February 2011

(\*) 1.75 bln€ of Covered Bonds and 0.7 bln€ of EMTN in Jan and Feb 2011  
 \*\* amounts have been netted, at the end of the year, of bond repurchases

## Indirect funding evolution: slight increase in AUM although affected by adverse financial markets conditions, especially in 4Q2010, but with a better mix

bln€	Dec.'09	Dec.'10	Dec'10/Dec'09 changes
<b>AUM (excl.bancassurance)</b>	<b>29.8</b>	<b>30.3</b>	<b>1.6%</b>
<b>Bancassurance</b>	<b>12.1</b>	<b>12.3</b>	<b>1.8%</b>
<b>AUC</b>	<b>36.9</b>	<b>35.4</b>	<b>-3.8%</b>
<b>Total indirect funding</b>	<b>78.8</b>	<b>78.1</b>	<b>-0.9%</b>

Mix of AUM: breakdown by fund type in UBI Pramerica



- ✓ Switch from liquidity (lowest profitability) funds (-3.2 bln€) to bond funds (+2.6 bln€) and equity funds (+0.5bln€)
- ✓ Comparison with system evidences a lower incidence of equity funds (23.4% at system level) and flexible funds (14.6% at system level)\*

\* Source: Assogestioni "Trend mensile sui fondi aperti, Dicembre 2010"



## UBI Banca's Securities portfolio\*: details

Composition of the portfolio		31.12.2009	31.12.2010
BY TYPE OF FINANCIAL INSTRUMENT	Government bonds	60.7%	80.3%
	Corporate bonds (mainly bank issues)	30.0%	15.9%
	Hedge funds	2.8%	1.3%
	ABS**	3.4%	0.8%
	Funds, shares and derivatives	3.1%	1.7%
BY FINANCIAL PROFILE	Floating rate***	74.9%	63.4%
	Fixed rate	5.5%	26.8%
	Structured securities	13.5%	6.7%
	Shares, funds, convertible bonds	6.1%	3.1%
BY CURRENCY	Securities in euro	98.2%	98.8%
BY GEOGRAPHICAL DISTRIBUTION	Securities of the euro area	91.3%	95.2%
	USA securities	6.1%	2.9%
BY RATINGS (BONDS)	Investment grade	96.2%	97.8%
	Average rating	A3	A2

- ✓ As at 31 Dec 2010, 11.6 bln€ invested in **bonds** (9,6 bln€ in Italian government securities), **83%** booked in **AFS** (banking book) with a **duration** of **1.7 years** and **17%** booked in **HFT** (trading book) with a **duration** of **0.4 years**
- ✓ **NO exposure to government securities in countries at risk** (PIGS and Northern Africa, etc.)

\* Analysis refers to a portfolio which excludes participations and some smaller portfolios

\*\* ABS investments amount to 89.6 mln€ (208 mln€ as at Dec 2009) and comprise securitizations issued by INPS (Italian National Welfare Institute) for a consideration of 89 mln€

\*\*\* Fixed rate securities with asset swaps are considered as floating rate securities; securities in asset swap represent 74% of floating rate securities in 2010

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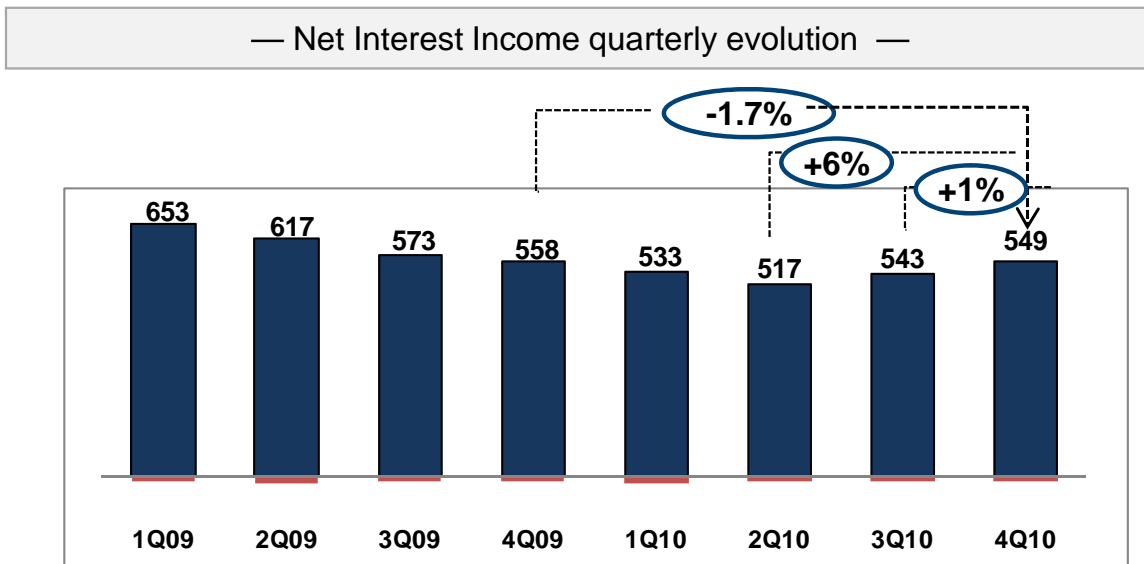
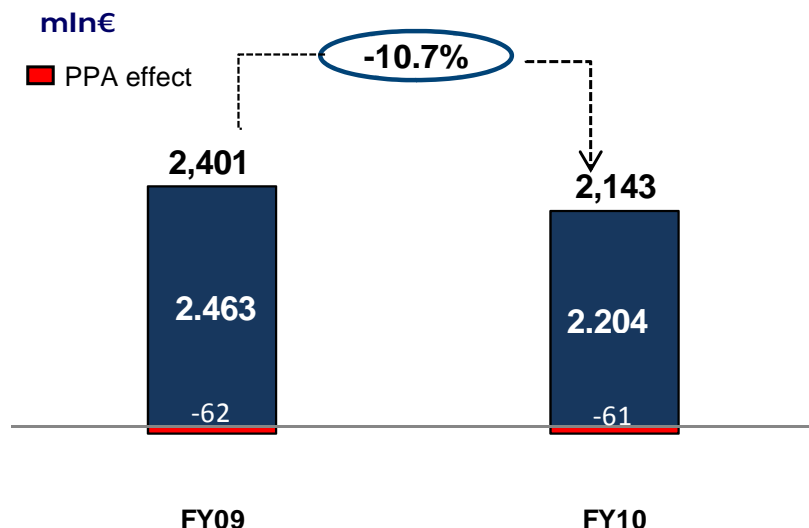
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# Interest margin rebounding in 2H2010



- ✓ Continuing improvement in 2010 NII generation: **4Q2010, even if impacted by a concentration of more expensive issues especially on institutional markets** (1.5bln€ of Covered bonds at MS+120bps in mid September and October and 1 bln€ of EMTN at 3MEuribor+130bps in October) **is up by +1% vs 3Q2010, +6% vs 2Q2010 and +2.9% vs 1Q2010**
- ✓ NII support measures: **pricing measures** implemented progressively from mid August, mid September and mid December. Investment in Italian government bonds implemented in mid June.
- ✓ Sensitivity to a +100 bps shift is of approximately **70 mln€**

Network Banks' spread* (%)							
1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
2.93	2.79	2.55	2.43	2.43	2.30	2.31	2.40

## In 4Q10:

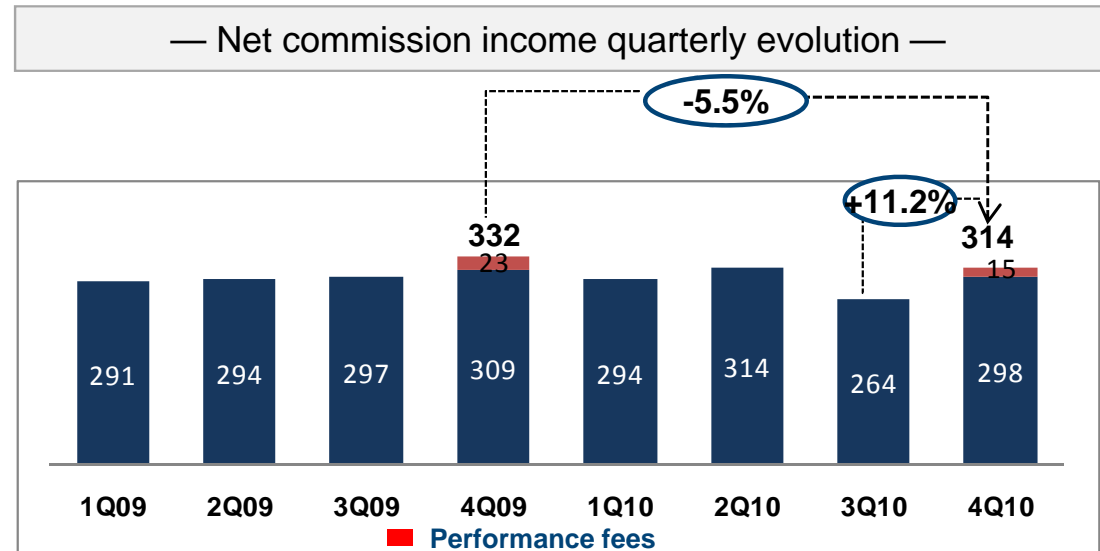
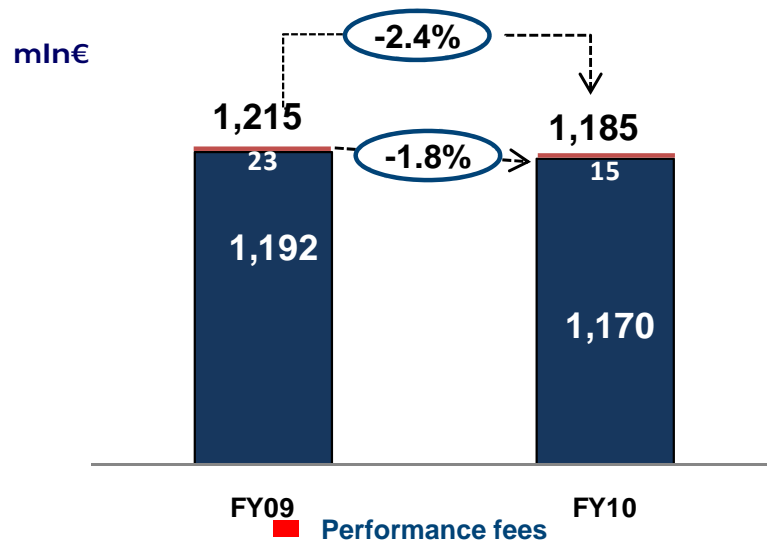
- ✓ **Customers' spread up by 9 bps compared to 3Q2010:**
  - mark-up is slightly down compared to 3Q due to delay in repricing
  - mark-down further recovering with respect to 3Q2010, when it was back to "positive" after 6 quarters of negative sign

\* Restated to take into account the manoeuvres introduced as from 3Q2010

# Net Commissions down by 1.8% yoy excluding performance fees contribution.

## 4Q2010 benefits from new measures implemented

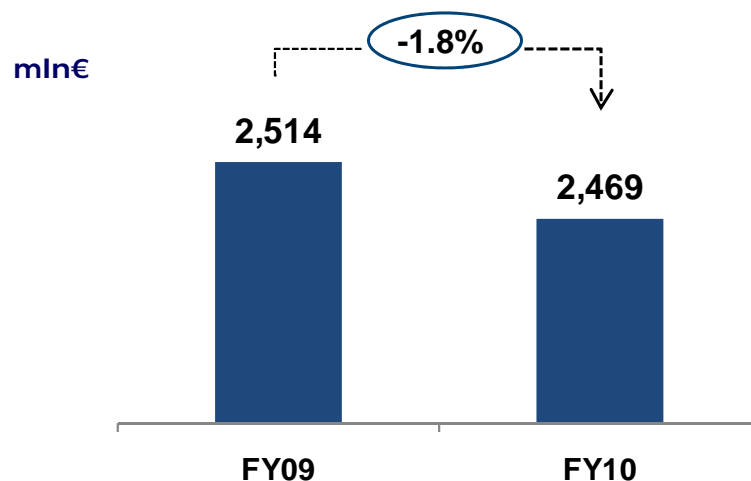
(In 2009, maximum overdraft charge reclassified from NII to net commissions)



Figures in thousands of euro	FY'09	FY'10	changes
Guarantees granted	40.304	41.839	1.535
Management, trading and advisory services	574.487	593.467	18.980
<i>Of which:</i>			
Portfolio management	255.892	267.305	11.413
Placement of securities	74.637	100.591	25.954
Depositary bank business	21.022	7.751	(13.271)
Collection and payment services	92.136	85.921	(6.215)
Services for factoring transactions	26.799	26.995	196
Current accounts management	225.262	213.902	(11.360)
Other services	255.700	223.173	(32.527)
<b>Total</b>	<b>1.214.688</b>	<b>1.185.297</b>	<b>(29.391)</b>

	1Q10	2Q10	3Q10	4Q10
	10.937	10.600	10.499	9.803
	154.547	166.176	124.491	148.253
	62.637	62.835	65.047	76.786
	30.115	43.558	11.751	15.167
	4.664	3.035	52	0
	19.613	21.054	21.201	24.053
	6.072	6.457	6.757	7.709
	51.027	51.492	53.765	57.618
	51.432	58.150	47.260	66.331
<b>Total</b>	<b>293.628</b>	<b>313.929</b>	<b>263.973</b>	<b>313.767</b>

# Total operating costs: 2.47 bln€, -1.8% YoY



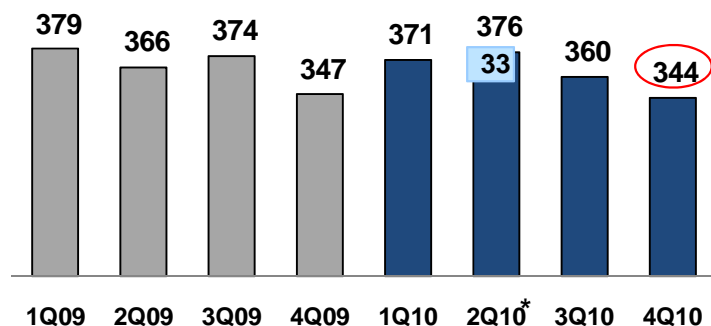
**Staff costs** to 1,452 mln€, -1% YoY and -3.2% excluding one off cost booked in 2Q2010

**Other Administrative Expenses** to 770 mln€, -1% YoY

**D&A** to 247 bln€, -9% Yoy

## Focus on Staff costs:

mln€



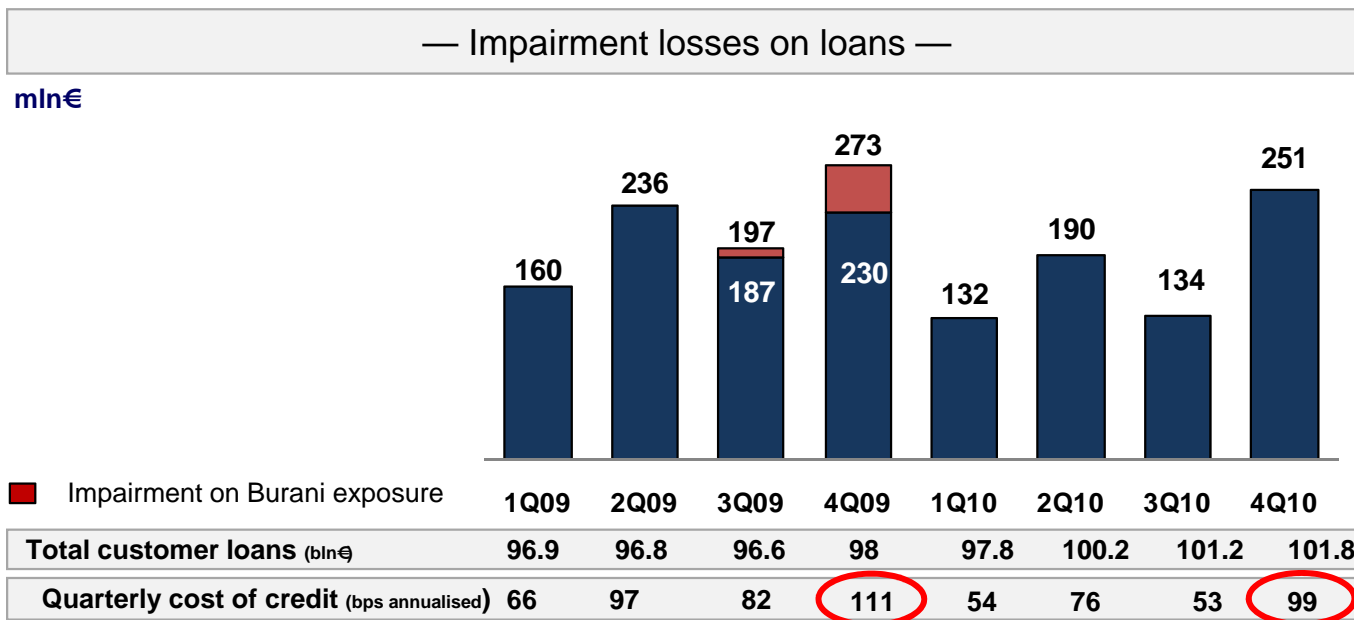
**4Q10/3Q10: -16 mln€ or -4.2%**

Total average headcounts down to 19,369 from 20,039 in 2009

- Trade Unions agreement of 20<sup>th</sup> May 2010 completed: 500 staff progressively left the Group in 3Q2010
- 550 younger staff on temporary contracts appointed on a permanent basis

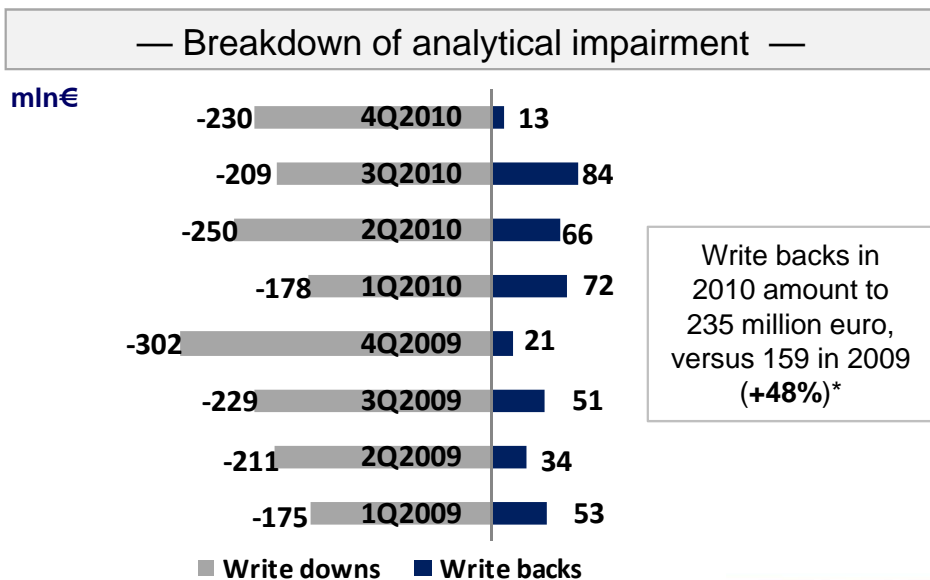
\* 2Q2010 staff costs: one-off charge of 33.2 mln€ relating to the agreement with Trade Unions and one-off benefit from reversal of provisions on unpaid variable part of wages of approx. 23 mln€

# Cost of credit at 69 bps vs 88 in 2009

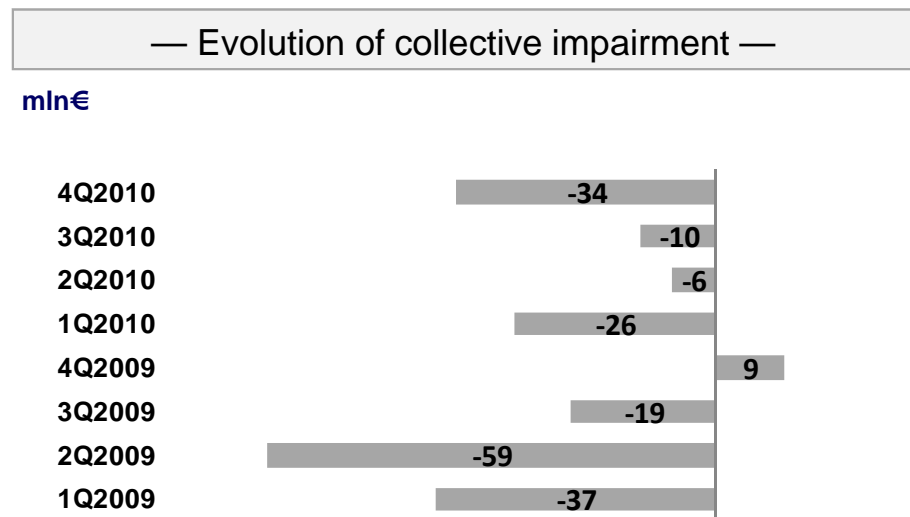


Cost of credit much lower in 2010, both as yearly average and quarter by quarter

Inflows from performing to non performing and impaired loans, amounted to 1.7 billion euro in 2010, down by -23% compared to 2.2 billion euro in 2009



Write backs in 2010 amount to 235 million euro, versus 159 in 2009 (+48%)\*



\*+ 53% net of time reversal, from 128 mln€ in 2009 to 196 mln€ in 2010

## Cost of credit confirms improvement

### Extraordinary measures affected UBI Leasing in 4Q2010

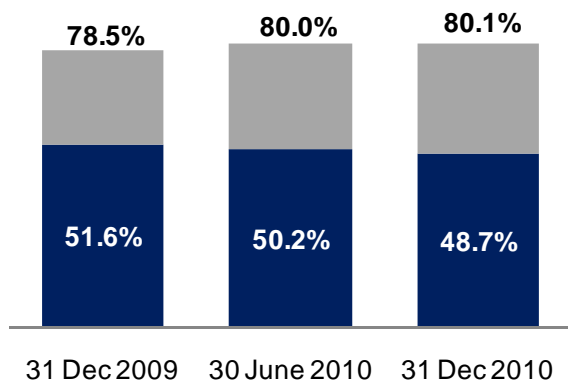
Bps, annualised	FY2010	FY2009
Banca Popolare di Bergamo	47	55
Banco di Brescia	65	49
Banca Popolare Commercio Industria	35	134
Banca Carime	48	44
Banca Popolare di Ancona	67	158
Banca Regionale Europea	40	46
Banca di Valle Camonica	71	59
Banco di San Giorgio	64	64
Banca 24-7	134	170
Centrobanca	94	159
UBI Leasing	118	62
UBI Factor	11	35
<b>UBI Banca Group</b>	<b>69</b>	<b>88</b>

11 bps of consolidated cost of credit

- ✓ **Network banks'** cost of credit to **52 bps** from 74 bps (**-22 bps**)
- ✓ **Product companies'** cost of credit to **108 bps** from 128 bps (**-20 bps**)
- ✓ **UBI Leasing:** in 4Q2010, higher prudential adjustments in relations to market valuations of real estate. Cost of credit to improve in 2011

# Coverage of deteriorated and performing loans

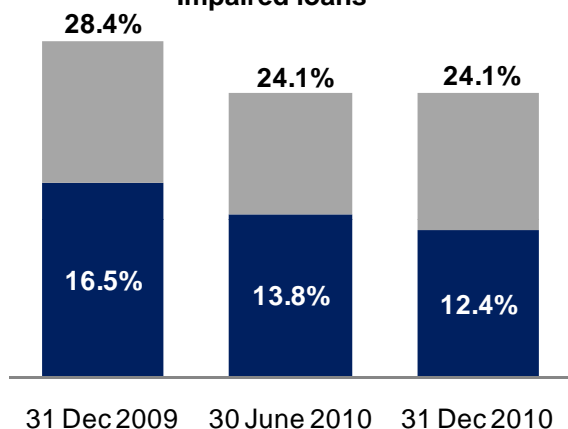
## NPLs



### NPLs:

- increase in collateralised positions, needing lower coverage: 1.7 bln€ in 2010 vs 1 bln€ in 2009, i.e. 43.9% of gross NPLs vs 35.2% in 2009
- taking account of increase in collateralised positions and of positions sent to losses re bankruptcy procedures, total coverage increases to 80.1%
- only 12.2% of net NPLs are without any sort of guarantee

## Impaired loans



### Impaired loans:

- increase in collateralised positions needing lower coverage: 1.4 bln€ in 2010 vs 1.1 bln€ in 2009, i.e. 60.7% of gross impaired loans vs 51.4% of gross impaired loans in 2009
- taking account of increase in collateralised positions, and of exits towards NPLs, total coverage amounts to 24.1%

## Performing loans



### Coverage of performing loans steadily increasing

■ Stated coverage    ■ Coverage incl. loans posted to P&L and taking account of positions covered by collateral (excluding personal guarantees)



The substantial increase in the cost of funding should not compromise the effect on **interest income** of repricing action already put in place from the second half of 2010.

The general level of **operating income** is expected to improve as a result, amongst other things, of repricing action taken on commission items, partly inherited from the last quarter of 2010 and partly introduced in the first quarter of the current year.

**Operating expenses** as whole are expected to fall slightly compared to 2010. It should nevertheless be considered that the achievement of this forecast is dependent on the outcome of national labour contract negotiations. Constant measures are being taken to contain administrative expenses.

An improvement is also forecast for the **quality of credit** which should enable an annual level for the cost of credit to be achieved that is lower than that recorded in 2010, but which will still be conditioned by the unfavourable economic situation.

Consequently, **an improvement in profits on ordinary activities is expected for 2011.**

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**The capital position of the Group as at 31 December 2010**  
**Core Tier 1 at 6.95%, Tier 1 at 7.47% and Total Capital Ratio at 11.17%**  
**Proposed Dividend: 0.15 euro per share**

	31 Dec 2009 Basel II standardised	31 Dec 2010 Basel II standardised
<i>Figures in millions of euro</i>		
Tier 1 (before filters)	6.563,4	6.766,8
Preference shares, minorities saving and priv. shares net of grandfathering	453,5	489,2
Tier 1 capital filters	-58,2	-73,6
<b>Tier 1 (after filters)</b>	<b>6.958,6</b>	<b>7.182,4</b>
Deductions from Tier 1	-141,7	-134,5
<b>Tier 1 after filters and specific deductions</b>	<b>6.816,9</b>	<b>7.047,9</b>
<b>Supplementary capital after filters</b>	<b>3.683,0</b>	<b>3.770,5</b>
Deductions from supplementary capital	-141,7	-134,5
<b>Supplementary capital after filters and specific deductions</b>	<b>3.541,3</b>	<b>3.636,0</b>
Deductions from Tier 1 + supplementary capital	-155,6	-147,7
<b>Total supervisory capital</b>	<b>10.202,6</b>	<b>10.536,2</b>
Credit risk	6.190,1	6.952,9
Market risk	143,1	106,6
Operational risk	521,0	489,3
<b>Total prudential requirements</b>	<b>6.854,2</b>	<b>7.548,9</b>
<b>Risk weighted assets</b>	<b>85.677,0</b>	<b>94.360,9</b>
<b>Core Tier I after deductions from Core capital</b>	<b>7,43%</b>	<b>6,95%</b>
<b>Tier I</b>	<b>7,96%</b>	<b>7,47%</b>
<b>Total capital ratio</b>	<b>11,91%</b>	<b>11,17%</b>

**Increase in Tier 1 offset by  
Increase in RWAs due to:**

- 1) new pejorative weightings attributed as from December 2010 to loans to companies rated by the ECAI Cerved Group (Lince): **33 bps on CT1**
- 2) CRD II, pejorative weightings in relation to loans granted to real estates companies: **28 bps on CT1**
- 3) Increase in loans

**Composition of total prudential requirements:**

- 92% credit risk
- 6.5% operational risk
- 1.5% market risk

## The proposed 1 billion euro capital increase New positioning after New Rules in a New Environment (1/2)

- New rules objective is clearly to drive to an almost “all common equity” Tier1. Cost of hybrid instruments is anticipating this trend – Tier1 hybrid estimated price is higher than 10%.
- Under the new environment, stronger capital will mean better cost of funding than in the previous context.

Under these premises, UBI Banca has decided:

- to **position itself among the “best in class”** with a higher than average level of capital, and to **anticipate the market.**
- to achieve a **further improvement in the mix and quality of the Group’s capital by further strengthening its common equity.**  
*Moreover, once the increase in the share capital is completed, and **taking into account the evolution of liquidity, the Group will consider the possibility, subject to authorisation from the competent authorities, of calling the outstanding innovative capital instruments for a nominal amount of 453,46 million euro, which presumably will cease to be included in the tier one capital from the end of 2012 (on a yearly base, saving of approx. 36 million euro in interest expense).***
- to **avoid issuing, in the short term, new capital instruments, which have high costs** and for which uncertainties remain over their future eligibility for inclusion in capital.

## The proposed 1 billion euro capital increase New positioning after New Rules in a New Environment (2/2)

- to **support/strengthen ratings** assigned by international rating agencies with positive impacts on the international perception of the Group and on the cost of funding.
- to **continue issuing covered bonds** without limits on the allocation of assets to the cover pool (capital required by regulation: Tier1 at least 7%, Total capital ratio at least 11%), **in the most advantageous position permitted by the regulations.**
- to be able to **grasp, under the business plan, all the opportunities for endogenous growth** which may arise in coming years, pursuing at the same time a sustainable dividend policy. The amount of the proposed increase in the share capital is such as to allow to achieve, over the period covered by the business plan, a remuneration of capital consistent with its cost.

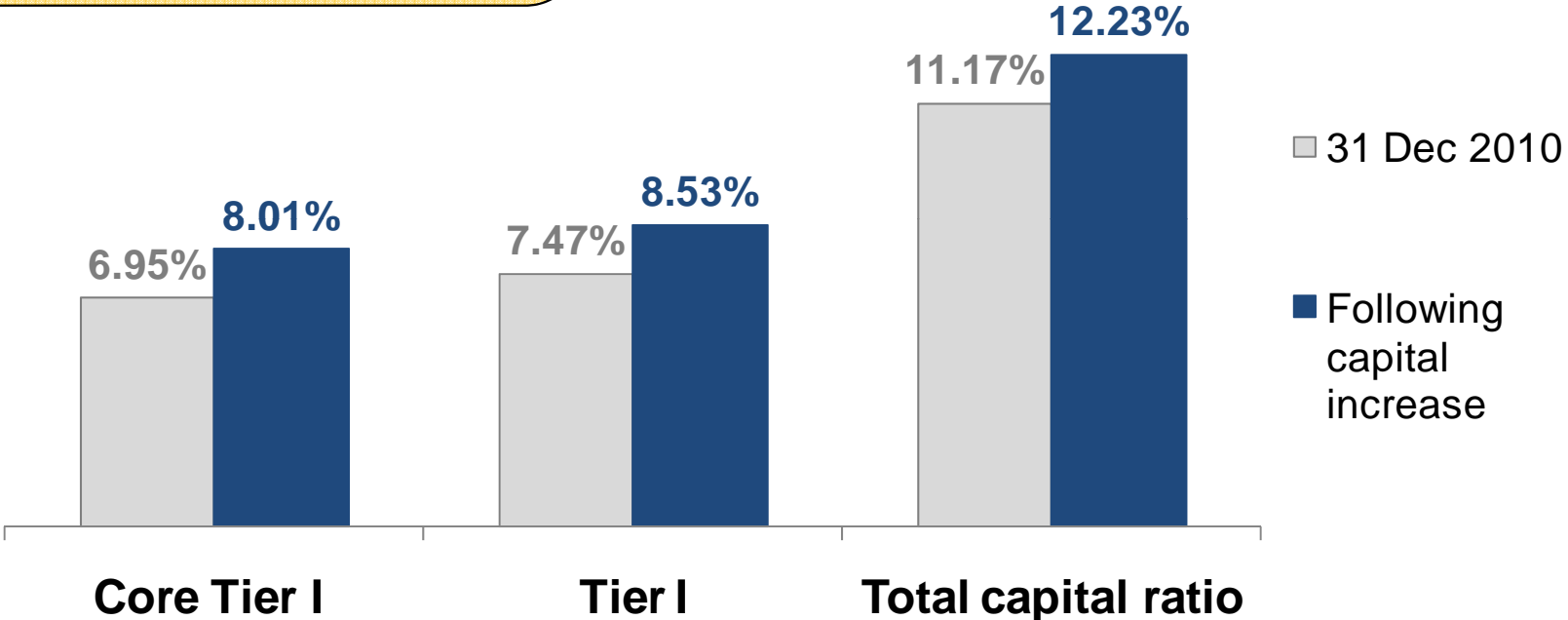
The transaction is expected to take place shortly, presumably within the summer, if market conditions allow it and subject to the authorisations by the relevant authorities. UBI Banca also informs that the new Industrial Plan will form part of the prospectus relating to the capital increase.

**The new shares will be offered in option to shareholders and holders of bonds under the “UBI 2009/2013 Convertibile con facoltà di rimborso in azioni” convertible bond.**

**The Convertible Bond Regulations (art 5) provide for bondholders to be able to participate in the share offer by attributing 1 option right for every bond held.**

**Based on data as at 31 December 2010, the capital increase would mean +106 bps on Core Tier 1, Tier 1 and Total Capital ratios**

**The Group still has full availability of its capital buffers (Convertible bond and adoption of Basel II advanced model)**



**Mediobanca acts as sole Global Coordinator, Bookrunner and Guarantor**

**□ FY2010 Results:**

- **Assets and liabilities**
- **Income statement**

**□ The Capital Increase**

**□ Annexes:**

- **Reclassified consolidated income statement: quarterly evolution**
- **Reclassified consolidated income statement net of the main non recurring items**
- **Reclassified balance sheet: highlights**
- **Financial assets breakdown**
- **Credit Quality breakdown**



# Reclassified consolidated income statement: quarterly evolution

<i>Figures in millions of euro</i>	4Q 2010	3Q 2010	2Q 2010	1Q 2010	4Q 2009	3Q 2009	2Q 2009	1Q 2009	% changes 4Q10 / 3Q10	% changes 4Q10 / 4Q09
Net interest income	549	543	517	533	558	573	617	653	1.0%	(1.7%)
Dividends and similar income	4	2	17	1	1	6	2	2	51.5%	n.s.
Profits (losses) of equity-accounted investees	(2)	8	6	5	16	9	6	4	n.s.	n.s.
Net commission income (excluding performance fees)	298	264	314	294	309	297	294	291	13.0%	(3.4%)
Performance fees	15	-	-	-	23	-	-	-	n.s.	(32.9%)
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	21	19	(1)	(5)	34	26	48	18	6.3%	(39.0%)
Net income from insurance operations	-	-	-	-	(0)	9	16	6	n.s.	n.s.
Other operating income / (expense)	26	25	17	24	19	24	23	21	2.2%	39.7%
<b>Operating income</b>	<b>910</b>	<b>863</b>	<b>870</b>	<b>853</b>	<b>959</b>	<b>945</b>	<b>1,006</b>	<b>996</b>	<b>5.5%</b>	<b>(5.1%)</b>
Staff costs	(344)	(360)	(376)	(371)	(347)	(374)	(367)	(379)	(4.2%)	(0.6%)
Other administrative expenses	(201)	(184)	(200)	(185)	(219)	(175)	(201)	(183)	9.5%	(8.3%)
Net impairment losses on property, equipment and investment property and intangible assets	(64)	(60)	(62)	(61)	(98)	(58)	(58)	(58)	5.9%	(34.6%)
<b>Operating expenses</b>	<b>(610)</b>	<b>(604)</b>	<b>(638)</b>	<b>(617)</b>	<b>(664)</b>	<b>(606)</b>	<b>(625)</b>	<b>(619)</b>	<b>1.0%</b>	<b>(8.2%)</b>
<b>Net operating income</b>	<b>301</b>	<b>259</b>	<b>233</b>	<b>236</b>	<b>295</b>	<b>338</b>	<b>382</b>	<b>376</b>	<b>16.2%</b>	<b>1.8%</b>
Net impairment losses on loans	(251)	(134)	(190)	(132)	(273)	(197)	(236)	(160)	87.5%	(7.9%)
Net impairment losses on other financial assets and liabilities	(32)	(0)	(19)	1	(14)	(1)	39	(74)	n.s.	n.s.
Net provisions for risks and charges	(15)	(5)	(4)	(2)	(7)	(3)	(17)	(10)	n.s.	n.s.
Profits (loss) from disposal of equity investments and net impairment losses on goodwill	12	80	(2)	0	97	(0)	(0)	4	(84.7%)	(87.2%)
<b>Pre-tax profit from continuing operations</b>	<b>15</b>	<b>200</b>	<b>17</b>	<b>102</b>	<b>98</b>	<b>138</b>	<b>168</b>	<b>137</b>	<b>(92.5%)</b>	<b>(84.7%)</b>
Taxes on income for the period from continuing operations	(35)	(103)	(34)	(60)	(23)	(68)	(50)	(103)	(66.4%)	54.0%
Integration costs	-	-	-	-	(1)	(4)	(5)	(6)	n.s.	n.s.
Post-tax profit from discontinued operations	(0)	0	83	0	-	(0)	(0)	5	n.s.	n.s.
Profit (loss) for the period attributable to minority interests	(6)	(1)	(2)	(5)	8	(4)	(12)	(9)	n.s.	n.s.
<b>Profit (loss) for the period attributable to the Parent</b>	<b>(26)</b>	<b>96</b>	<b>64</b>	<b>38</b>	<b>83</b>	<b>61</b>	<b>102</b>	<b>24</b>	<b>n.s.</b>	<b>n.s.</b>

# Reclassified consolidated income statement net of the main non recurring items

Figures in millions of euro	non recurring items										FY 2010 net of non-recurring items A	non recurring items							FY 2009 net of non-recurring items B	Changes A-B	% changes A/B
	FY 2010	Impairment of equity investments: Intesa Sanpaolo, A2A and the Ticom fund	Contribution of "Depository banking" operations	Net impairment losses on goodwill of Gestioni Lombarda (Switzerland)	Leaving incentives	Tax effect branch switching operations	Partial disposal of the interest held in Lombarda Vita Spa	Disposal of BDG branches	IT system write-off	Real estate disposal		FY 2009	Disposal of shares, sale/impairment of equity investments, impairment of intangible assets	P.E.O. gain on own sub-instruments	Impairment losses on DD Growth Fund	Tax realignment pursuant to Art. 15, par. 3, of Decree Law No. 185/2008 and IRAP refund	Appraisal expenses for the "branch switching" operation	Integration costs and other items			
Net interest income (including the effects of PPA)	2,142.5										2,400.5							2,400.5	(258.0)	(10.7%)	
Dividends and similar income	24.1										10.6							10.6	13.5	127.2%	
Profit of equity-accounted investees	17.6										35.4							35.4	(17.8)	(50.2%)	
Net commission income	1,185.3										1,214.7							1,214.7	(29.4)	(2.4%)	
of which: performance fees	15.4										22.9							22.9	(7.5)	(32.9%)	
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	34.0						1.4				126.8	(37.4)	(60.5)	25.2				54.0	(18.6)	(34.5%)	
Net income from insurance operations	-										30.9							30.9	(30.9)	(100.0%)	
Other net operating income / (expense)	92.5		(1.0)								87.3					1.7		89.0	2.5	2.8%	
<b>Operating income (including the effects of PPA)</b>	<b>3,496.1</b>		<b>(1.0)</b>				<b>1.4</b>				<b>3,906.2</b>	<b>(37.4)</b>	<b>(60.5)</b>	<b>25.2</b>		<b>1.7</b>		<b>3,835.2</b>	<b>(338.7)</b>	<b>(8.8%)</b>	
Staff costs	(1,451.6)				33.2						(1,465.6)							(1,465.6)	(47.2)	(3.2%)	
Other administrative expenses	(769.7)										(777.2)				7.5			(769.7)	0.0	0.0%	
Net impairment losses on property, equipment and investment property and intangible assets (including the effects of PPA)	(247.2)								4.5		(271.6)	34.9						(236.7)	6.1	2.6%	
<b>Operating expenses (including the effects of PPA)</b>	<b>(2,468.6)</b>				<b>33.2</b>				<b>4.5</b>		<b>(2,514.3)</b>	<b>34.9</b>			<b>7.5</b>			<b>(2,471.9)</b>	<b>(41.1)</b>	<b>(1.7%)</b>	
<b>Net operating income (including the effects of PPA)</b>	<b>1,027.5</b>		<b>(1.0)</b>		<b>33.2</b>		<b>1.4</b>		<b>4.5</b>		<b>1,391.9</b>	<b>(2.6)</b>	<b>(60.5)</b>	<b>25.2</b>		<b>7.5</b>	<b>1.7</b>	<b>1,363.2</b>	<b>(297.6)</b>	<b>(21.8%)</b>	
Net impairment losses on loans	(706.9)										(865.2)						3.5	(861.7)	(154.8)	(18.0%)	
Net impairment losses on other financial assets and liabilities	(49.7)	41.1									(49.2)	41.5						(7.7)	0.9	11.7%	
Net provisions for risks and charges	(27.2)										(36.9)						5.0	(31.9)	(4.7)	(14.8%)	
Profits (loss) from disposal of equity investments and net impairment losses on goodwill	90.7			4.1			(81.1)	(6.6)	(5.4)	1.7	100.3	(96.2)						4.1	(2.4)	(58.7%)	
<b>Pre-tax profit from continuing operations (including the effects of PPA)</b>	<b>334.3</b>	<b>41.1</b>	<b>(1.0)</b>	<b>4.1</b>	<b>33.2</b>		<b>(81.1)</b>	<b>(5.2)</b>	<b>4.5</b>	<b>(5.4)</b>	<b>540.9</b>	<b>(57.3)</b>	<b>(60.5)</b>	<b>25.2</b>		<b>7.5</b>	<b>10.2</b>	<b>466.0</b>	<b>(141.4)</b>	<b>(30.4%)</b>	
Taxes on income for the period for continuing operations	(232.0)	(0.6)	0.3		(9.1)	18.3	20.2	1.6	(1.4)	1.8	(243.4)	(0.0)	19.6	(8.2)	(31.0)	(2.4)	(2.5)	(268.0)	(66.9)	(25.0%)	
Integration costs	-										(15.5)						15.5	-	-	-	
Post-tax profit from discontinued operations	83.4		(83.4)								5.2							(5.2)	-	n.s.	
Profit for the period attributable to minority interests	(13.6)		0.2		(1.7)	(3.0)			(0.3)	(18.4)	(17.0)	(8.2)		3.3	(0.6)	(2.0)	(24.6)	(6.2)	(25.3%)		
<b>Profit for the period attributable to the shareholders of the Parent</b>	<b>172.1</b>	<b>40.5</b>	<b>(83.9)</b>	<b>4.1</b>	<b>22.4</b>	<b>15.3</b>	<b>(60.9)</b>	<b>(3.7)</b>	<b>2.7</b>	<b>(3.7)</b>	<b>270.1</b>	<b>(65.5)</b>	<b>(41.0)</b>	<b>17.1</b>	<b>(27.8)</b>	<b>4.4</b>	<b>15.9</b>	<b>173.4</b>	<b>(68.3)</b>	<b>(39.4%)</b>	

## Reclassified balance sheet: highlights

<b>MAIN ASSETS ITEMS</b> <i>Figures in millions of euro</i>	<b>31.12.2010</b>	<b>31.12.2009</b>	<b>% change</b>
Financial assets (AFS, HFT, FV)	13,133	8,136	61.4%
Loans to customers	101,815	98,007	3.9%
Property, equipment and investment property	2,113	2,107	0.3%
Intangible assets	5,475	5,523	(0.9%)
<i>of which: goodwill</i>	4,417	4,402	0.3%
Tax assets	1,723	1,580	9.1%
Other assets	1,173	1,522	(22.9%)
<b>Total assets</b>	<b>130,559</b>	<b>122,313</b>	<b>6.7%</b>

<b>MAIN LIABILITIES AND EQUITY ITEMS</b> <i>Figures in millions of euro</i>	<b>31.12.2010</b>	<b>31.12.2009</b>	<b>% change</b>
Net interbank position	2,264	2,046	10.6%
Due to customers	58,666	52,865	11.0%
Securities issued	48,094	44,349	8.4%
Tax liabilities	993	1,211	(18.0%)
Net worth attributable to the Parent (including the profit for the year)	10,979	11,411	(3.8%)
Minority interests	963	938	2.6%
<b>Total liabilities and equity</b>	<b>130,559</b>	<b>122,313</b>	<b>6.7%</b>

# Financial assets breakdown

Financial assets <i>Figures in millions of euro</i>	Total Portfolios			AFS		HFT		FV	
	31.12.2010	31.12.2009	% change 2010 vs 2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Debt instruments	11,611.0	6,251.0	85.7%	9,635.7	5,620.9	1,975.3	630.1		
<i>of which: Italian Govern. securities</i>	9,646.6	4,325.4	n.s.	7,776.5	3,886.4	1,870.0	439.0		
Equity instruments	667.5	846.8	(21.2%)	490.6	636.4	176.9	210.4		
Units in O.I.C.R. <i>(collective investment instruments)</i>	274.4	310.5	(11.6%)	124.9	127.5	2.2	9.3	147.3	173.7
Others <sup>(1)</sup>	579.8	727.4	25.5%	1.4	1.4	578.3	726.0		
<b>Total</b>	<b>13,132.7</b>	<b>8,135.7</b>	<b>61.4%</b>	<b>10,252.6</b>	<b>6,386.3</b>	<b>2,732.8</b>	<b>1,575.8</b>	<b>147.3</b>	<b>173.7</b>

(1) Others: financial derivatives and financing

## CREDIT QUALITY INDICATORS - absolute values -

In mln€	31 Dec 09	30 Jun 10	30 Sept 10	31 Dec 10	%Changes Dec 10 / Dec 09	%Changes Dec 10 / Sept 10
Gross total doubtful loans	6,374	6,823	7,211	7,465	17.1%	3.5%
Net total doubtful loans	4,532	4,807	5,159	5,261	16.1%	2.0%
Gross NPLs	2,752	3,266	3,443	3,781	37.4%	9.8%
Net NPLs	1,333	1,625	1,769	1,940	45.6%	9.7%
Gross impaired loans	2,208	2,246	2,215	2,320	5.1%	4.8%
Net impaired loans	1,845	1,936	1,911	2,033	10.2%	6.4%
Gross restructured loans	480	667	853	889	85.4%	4.2%
Net restructured loans	439	621	799	828	88.8%	3.7%
Gross past due loans	934	644	700	475	-49.2%	-32.2%
Net past due loans	916	625	680	460	-49.8%	-32.4%
Gross performing loans	93,962	95,856	96,540	97,074	3.3%	0.6%
<b>Net performing loans</b>	<b>93,475</b>	<b>95,351</b>	<b>96,036</b>	<b>96,554</b>	<b>3.3%</b>	<b>0.5%</b>
Gross total loans	100,335	102,678	103,750	104,539	4.2%	0.8%
<b>Net total loans</b>	<b>98,007</b>	<b>100,158</b>	<b>101,195</b>	<b>101,815</b>	<b>3.9%</b>	<b>0.6%</b>
<b>Net NPLs/ net total loans</b>	<b>1.36%</b>	<b>1.62%</b>	<b>1.75%</b>	<b>1.91%</b>		
<b>Net impaired loans/net total loans</b>	<b>1.88%</b>	<b>1.93%</b>	<b>1.89%</b>	<b>2.00%</b>		
<b>Net impaired + NPL / net total loans</b>	<b>3.24%</b>	<b>3.56%</b>	<b>3.64%</b>	<b>3.90%</b>		

Inclusive as from  
Dec 09 of  
mortgage loans  
90 days past due