UBI Banca
UNIONE DI BANCHE ITALIANE

PRESS RELEASE

- **Capital ratios (including a hypothesis of dividend) growing compared to end 2011: Core Tier 1 ratio of 9.01% (from 8.56% at end 2011), Tier 1 ratio of 9.44% (9.09%) and a Total Capital Ratio of 13.88% (13.50%)**

- **Net profit up by 63.1% to €105.4 million compared to €64.6 million in the first quarter of 2011**
  - **Operating income up to €933.8 million (+8.3%)**
  - **Operating expenses down to €588.9 million (-1.1%)**
  - **Losses on loans of 54 basis points annualised (41 basis points in the first quarter of 2011)**
  - **Pre-tax profit from continuing operations of €207.6 million (+38.6%)**
- **Normalised net profit[1] up by 47.2% to €95.1 million from €64.6 million in the first quarter of 2011**

- **Loans to customers of €97.1 billion, due to weak demand and following the rationalisation of loans under way since 4Q2011 (€99.7 billion in December 2011 and €102.7 in March 2011)**
- **Continued growth in direct funding from ordinary customers to €76.1 billion (€75.3 billion in December 2011 and €72.6 in March 2011)**

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Bergamo, 14th May 2012 – The Management Board of Unione di Banche Italiane Scpa (UBI Banca) approved the consolidated results for the first quarter of 2012, which ended with a **net profit of €105.4 million, up by 63.1%** compared to €64.6 million achieved in the same period of 2011. Net of non-recurring items[1], which were present in 2012 only, profit for the period was €95.1 million, an increase of 47.2% compared to €64.6 million in 2011.

Net operating income rose to €344.9 million, +29.2% compared to the first quarter of 2011, the result of **operating income** up by 8.3% to €933.8 million and **operating expenses** down to €588.9 million (-1.1%), despite higher **impairment losses on loans** made necessary by the performance of the economy, to give an annualised loss on loans of **54 basis points** of total loans, compared to 41 basis points in the same period of 2011.

In detail, **operating income**, which increased to €933.8 million compared to €862.5 million in 1Q2011 (+8.3%) and to €904.3 in 4Q2011 (+3.3%), recorded different performance by the various items.

Net interest income (inclusive of the PPA) was €517.3 million, a decrease of 1.9% compared to €527.5 million in the first quarter of 2011. It was affected by lower volumes of lending, which declined since the fourth quarter of 2011 in relation to weak demand due to the performance of the real economy and also following action taken by the Group to optimise less remunerative and higher risk lending (reduction of financial loans to large corporate customers, discontinuation of high risk sectors and a halt to the grant of loans through external distribution agency networks in accordance with the Business Plan).
The average volume of loans recorded in the first quarter of 2011, which amounted to €97 billion and remained almost constant over the first three quarters of 2011, fell to €95.4 billion in the fourth quarter of the year and then was significantly reduced in the first quarter of 2012 to €92.3 billion. The action taken to reprice loans in relation to risk and the higher cost of funding still succeeded in supporting net interest

1 No non recurring items were recognised in the first quarter of 2011. The net non-recurring items in 2012 were as follows: +€15 million in the finance result following the public tender offer to purchase innovative equity instruments carried out in February-March 2012, €2.1 million in personnel expenses for leaving incentives and €2.6 million re impairment of AFS securities.

income in the last quarter of the year, but was unable to offset the significant reduction in volumes of lending that occurred in the first quarter of 2012.
On the other hand, the rationalisation of loans had a positive impact in terms of reducing risk weighted assets, down from €91 billion in December 2011 to €88.3 billion in March 2012, contributing, together with the positive economic result of the quarter, to the strengthening of capital ratios.

A recovery was observed in **profits of equity-accounted investees** in the first quarter of the year, up to €10.8 million from €4.7 million a year before, as a result of good operating performance in the period by the insurance companies.

Net commission income was €299.4 million, an increase of 2.6% compared to €291.9 million in the same period of 2011, despite lower commissions on the sale of third party bonds ("up front" commissions: €1.4 million in 2012 vs €16.2 million in 2011) and approximately €7.7 million of commissions paid on the issuance of Government guaranteed bonds, not present in 2011.
On a like-for-like basis, excluding the last item, net commission income in the first quarter of 2012 amounted to €307.1 million, higher than in the fourth quarter of 2011 (€303 million net of performance fees normally recognised at the end of the year).

The net result for financial activities[2] was particularly strong in the first quarter of 2012, amounting to €94 million compared to €14.6 million in the first quarter of 2011 (and €24 million achieved in the fourth quarter of 2011). This result benefited from good timing both in trading and in the re-composition of part of the Italian government securities portfolio (€1.2 billion) performed taking advantage of market trends, which together generated total income of around €100 million. The result for the quarter also included +€20.7 million from the partial repurchase of outstanding innovative equity instruments, performed in February-March 2012 and -€25,1 million relating to hedging activities.

The first quarter of 2012 saw **operating expenses** fall to €588.9 million (-1.1% year-on-year and -3.9% compared to 4Q2011). In detail:

- **personnel expense** of €364.4 million was slightly down (-€0.3 million year-on-year) as a result of a progressive reduction in average personnel numbers, notwithstanding the inclusion of a non recurring item of €3.2 million for leaving incentives charged to the income statement, in relation to a general leaving incentive proposal made by the Group in March 2012, which will result in 52 personnel leaving in 2Q2012.

  In the fourth quarter of 2011, personnel expense of €350 million, benefited from the release of provisions following the renewal of the national labour contract. Net of that release, personnel expense in the first quarter of 2012 was substantially in line with the fourth quarter of 2011;

- **other administrative expenses**, amounting to €175.7 million, were up by approximately €4.7 million compared to the first quarter of 2011, which was primarily the result of the impact of higher taxation under the "Save Italy" decree (mainly VAT and a municipal property tax) and of increased expenses incurred for credit recovery (+€2.3 million). The item also includes in 1Q2012 €1.6 million of project expenses related to the announced merger of Banca 24/7 in UBI Banca.

  Other administrative expenses fell by €20 million compared to the fourth quarter of 2011, the result, amongst other things, of seasonal effects;

- **net impairment losses on property, equipment and investment property and intangible assets** (inclusive of the PPA) totalled €48.7 million, a significant reduction year-on-year (-€11 million). This was the result of a decrease of €12.4 million in the effects of the purchase price allocation arising from the merger, following impairment losses recognised on intangible assets at the end of 2011 and an increase of €1.4 million, attributable principally to the amortisation of software which commenced in 2011 and to write-offs made due to the closure of branches in the first few months of 2012 (the number of domestic branches of the Group fell from 1,875 in December 2011 to 1,800 in March 2012).

[2] The net result for financial activities: net income/expense on trading, hedging and disposal and repurchase activity of financial assets/liabilities and on assets and liabilities at fair value.

As a summary of overall performance, **net operating income** amounted to €344.9 million, an improvement of 29.2% compared to €267 million in the same period in 2011 and of 18.3% compared to €291.7 million in 4Q2011.

Net impairment losses on loans rose between January and March 2012 to €131.2 million, compared to €105.4 million in the first quarter of 2011, to give annualised losses on loans of 0.54% of total loans, compared to 0.41% in the first quarter of 2011.
More specifically, collective net impairment losses were almost unchanged compared the first quarter of 2011 (approximately €9 million), while coverage of the performing loan portfolio stood at 0.59% compared to 0.53% in March 2011.
On the other hand specific impairment losses on loans increased to €215 million compared to €164.2 million in the first quarter of 2011, but the high rate of write backs continued, up to €93 million compared to €68.2 million in 2011.

As a result of the performance described above, **pre-tax profit from continuing operations** was up by 38.6% to €207.6 million (from €149.7 million in the same quarter of the previous year). Pre-tax profit in the fourth quarter of 2011 reached only €80.7 million.

Taxes on income for the period from continuing operations stood at €95.1 million, compared to €76.9 million in 1Q2011, to give a tax rate of 45.82% (46.98% on a normalised basis), compared to 51.37% in 1Q2011.

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The balance sheet

As at 31st March 2012, Group **loans to customers** stood at €97.1 billion, down compared to €99.7 billion at the end of 2011 and €102.7 billion in March 2011, the result of both action taken to optimise lending commenced in October 2011 (which mainly affected financial loans to large corporate clients, higher risk sectors and non captive customers) and weak demand in the context of a generally deteriorating real economy.

As at 31st March 2012, net deteriorated loans totalled in terms of stocks €6.7 billion (€6.3 billion in December 2011 and €5.6 billion in March 2011), accounting for 6.9% of total net loans (6.3% in December 2011 and 5.5% in March 2011), also due to the above mentioned loan reduction.
The figures are not perfectly comparable, because on the 1st January 2012 the criteria for reporting “exposures past due and/or in arrears” changed and from that date they include all arrears between 90 and 180 days not backed by real estate collateral.
Total coverage of deteriorated loans fell to 26.3% in March 2012 from 26.9% in December 2011 (28.6% in March 2011), once again reflecting a further increase in positions backed by collateral both for non-performing and impaired loans, which confirms the trend already seen in 2011.

In detail, net non-performing loans increased to €2.6 billion as at 31st March 2012 (€2.5 billion at the end of 2011 and €2.1 billion in March 2011). The ratio of net non-performing loans to net loans was 2.71% (2.49% at the end of 2011 and 2.02% in March 2011) and in terms of quality it continues to outperform the banking sector average which stood at 2.98% for the private sector.
Coverage for non performing loans was 42.7% (43.3% at the end of 2011 and 47.9% in March 2011), reflecting a higher percentage of positions backed by collateral (which account for 61% of gross non-performing positions; 60.6% in December 2011 and 54.3% in March 2011). In March 2012 only 11% of net non-performing loans were not backed by any type of guarantee (collateral or personal).

Net impaired loans as at 31st March 2012 amounted to €2.6 billion (€2.5 billion at the end of 2011 and €2.2 billion in March 2011). Total coverage for impaired loans was 10.7% compared to 10.9% in December and in March 2011.

The greater percentage of positions backed by collateral also had an impact on this class of loan (68.5% of total impaired loans compared to 65% in December 2011 and 63.3% in March 2011), which required less recognition of impairment.

Total direct funding amounted to €99.4 billion as at 31 March 2012, compared to €102.8 billion in December 2011 and €104.8 billion in March 2011. It reflects constant growth in direct funding from ordinary customers, while institutional funding, and financing through the *Cassa di Compensazione e Garanzia*[3] in particular, fell by €5.7 billion year-on-year (replaced by the LTRO).

The following changes occurred within the item:

- **direct funding from ordinary customers** (inclusive of bond issues and net of institutional funding, Centrobanca funding and repurchase agreements with the *Cassa di Compensazione e Garanzia*) increased to €76.1 billion: **+4.8%** year-on-year (+1.1% compared to December 2011);
- Centrobanca funding, acquired through the placement of issues on external distribution networks, fell by 6.1% to €4.3 billion (unchanged compared to December 2011);
- **repurchase agreements with the *Cassa di Compensazione e Garanzia***, used in part to finance positions in securities, amounted to €2.4 billion (€4.6 billion in December 2011 and €8.1 billon in March 2011);
- the remaining **institutional funding** stood at €16.7 billion (€18.7 billion in December 2011 and €19.6 billion in March 2011).
  In consideration of the market environment, which would only allow issuances with high costs in relation to developments regarding Italian sovereign debt, no issuances were made in the first part of 2012. The Group participated in the three-year **LTRO** auctions held by the ECB for a total of €12 billion, thereby acquiring the liquidity it needs to cover institutional maturities for the whole of the 2012-2014 three-year period (a total of €9.5 billion).
  As at the date of this press release, total funding with the ECB amounts to €12 billion.
  Also, as at 11th May 2012, **liquid assets** (available eligible assets and eligible assets pledged as collateral) total €25.3 billion, net of haircuts.

As at 31st March 2012, the Group's **financial assets** accounted for 13.6% **of total Group assets** and they totalled €17.9 billion, of which €14.8 billion held in Italian government securities.
Again with regard to the Group portfolio, **there is no exposure to government securities issued by countries at risk.**

Finally, **indirect funding** from ordinary customers amounted to €72.4 billion, a slight recovery compared to €72.1 billion in December 2011 as a result of an increase in assets under management (up 2.9% to €25.9 billion) but down compared to €78 billion in March 2011.

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Consolidated net equity of the UBI Banca Group as at 31 March 2012, inclusive of the net profit for the period, amounted to € 9,602.7 million (€8,939 million at the end of December 2011), benefiting also from the recovery of market price of debt instruments classified in the "AFS" portfolio.

The Group's **Core Tier 1** equals 9.01% as at the end of March 2012. Therefore, in terms of EBA requirements, the remaining shortfall is substantially represented by the mark-to-market of the Italian Govies held in the Group's portfolio as at 30 September 2011. The following will contribute towards filling this shortfall: the validation by Bank of Italy of the Advanced models on Corporate credit risks and Operational risks, expected within 30 June 2012, the self financing coming from 2Q2012 results, and further deleveraging and optimisation actions on risk weighted assets, already partially implemented after the closure of the 1Q2012. As already indicated, any residual shortfall still remaining after the above mentioned actions, may be filled by making partial recourse to the outstanding convertible loan.

[3] Cassa Compensazione e Garanzia: Clearing House.

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Total human resources of the UBI Group numbered 19,379 as at 31st March 2012, down on both December 2011 (19,407) and March 2011 (19,598). The branch network at the end of period consisted of 1,800 Branches in Italy and nine abroad.

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

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

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Business outlook

The outlook for operating activities must remain cautious in consideration of the economic environment and regulatory constraints.
Nevertheless, also on the basis of the results achieved in the first quarter and if economic factors remain unchanged, the outlook for the full year 2012 is one of an improvement in profit net of non recurring items compared to 2011.

For further information:
UBI Banca – Investor relations – Tel. 035 3922217
Email: investor.relations@ubibanca.it
UBI Banca – Press relations – Tel. +39 030 2473591 – +39 335 8268310
Email: relesterne@ubibanca.it
Copy of this press release is available on the website www.ubibanca.it

Attachments
Financial statements

UBI Banca Group:

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

Notes to the financial statements

The mandatory financial statements were prepared on the basis of Bank of Italy Circular No. 262 of 22nd December 2005 and subsequent amendments and additions.

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

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

UBI Banca Group: Reclassified consolidated balance sheet

ASSETS *(Figures in thousands of euro)*	31.3.2012 A	31.12.2011 B	Change A-B	% changes A/B	31.3.2011 C	Change A-C	% changes A/C
Cash and cash equivalents	538,617	625,835	-87,218	-13.9%	569,052	-30,435	-5.3%
Financial assets held for trading	3,679,925	2,872,417	807,508	28.1%	1,613,809	2,066,116	128.0%
Financial assets at fair value	123,066	126,174	-3,108	-2.5%	474,114	-351,048	-74.0%
Available-for-sale financial assets	10,794,700	8,039,709	2,754,991	34.3%	10,252,511	542,189	5.3%
Held-to-maturity financial assets	3,254,437	-	3,254,437	n.s.	-	3,254,437	n.s.
Loans to banks	4,925,671	6,184,000	-1,258,329	-20.3%	4,510,008	415,663	9.2%
Loans to customers	97,105,771	99,689,770	-2,583,999	-2.6%	102,702,444	-5,596,673	-5.4%
Hedging derivatives	1,087,609	1,090,498	-2,889	-0.3%	351,398	736,211	209.5%
Fair value change in hedged financial assets (+/-)	722,393	704,869	17,524	2.5%	194,086	528,307	272.2%
Equity investments	409,499	352,983	56,516	16.0%	378,196	31,303	8.3%
Property, equipment and investment property	2,021,314	2,045,535	-24,221	-1.2%	2,086,769	-65,455	-3.1%
Intangible assets	2,979,781	2,987,669	-7,888	-0.3%	5,452,328	-2,472,547	-45.3%
of which: goodwill	*2,538,668*	*2,538,668*	-	-	*4,416,659*	*-1,877,991*	*-42.5%*
Tax assets	2,641,166	2,817,870	-176,704	-6.3%	1,704,774	936,392	54.9%
Non-current assets and disposal groups held for sale	37,217	22,020	15,197	69.0%	6,023	31,194	517.9%
Other assets	1,189,953	2,244,343	-1,054,390	-47.0%	2,442,098	-1,252,145	-51.3%
Total assets	**131,511,119**	**129,803,692**	**1,707,427**	**1.3%**	**132,737,610**	**-1,226,491**	**-0.9%**

LIABILITIES AND EQUITY *(Figures in thousands of euro)*	31.3.2012 A	31.12.2011 B	Change A-B	% changes A/B	31.3.2011 C	Change A-C	% changes A/C
Due to banks	15,143,195	9,772,281	5,370,914	55.0%	7,332,517	7,810,678	106.5%
Due to customers	52,358,466	54,431,291	-2,072,825	-3.8%	56,144,592	-3,786,126	-6.7%
Securities issued	47,084,745	48,377,363	-1,292,618	-2.7%	48,678,875	-1,594,130	-3.3%
Financial liabilities held for trading	934,366	1,063,673	-129,307	-12.2%	1,040,163	-105,797	-10.2%
Hedging derivatives	1,823,770	1,739,685	84,085	4.8%	1,020,994	802,776	78.6%
Tax liabilities	807,049	702,026	105,023	15.0%	1,083,134	-276,085	-25.5%
Liabilities associated with activities under disposal	-	-	-	-	-	-	-
Other liabilities	2,094,393	3,139,616	-1,045,223	-33.3%	4,606,189	-2,511,796	-54.5%
Post-employment benefits	405,062	394,025	11,037	2.8%	382,333	22,729	5.9%
Provisions for risks and charges:	347,885	345,785	2,100	0.6%	321,912	25,973	8.1%
a) pension and similar obligations	75,453	76,460	-1,007	-1.3%	67,317	8,136	12.1%
b) other provisions	272,432	269,325	3,107	1.2%	254,595	17,837	7.0%
Share capital, share premium, reserves, fair value reserves and treasury shares	9,497,332	10,780,511	-1,283,179	-11.9%	11,088,990	-1,591,658	-14.4%
Non-controlling interests	909,478	898,924	10,554	1.2%	973,302	-63,824	-6.6%
Profit (loss) for the period	105,378	-1,841,488	n.s.	n.s.	64,609	40,769	63.1%
Total liabilities and equity	**131,511,119**	**129,803,692**	**1,707,427**	**1.3%**	**132,737,610**	**-1,226,491**	**-0.9%**

UBI Banca Group: Reclassified consolidated income statement

Figures in thousands of euro	1Q 2012 A	1Q 2011 B	Change A-B	% changes A/B	FY 2011 C
Net interest income	517,288	527,537	(10,249)	(1.9%)	2,119,915
of which: effects of the purchase price allocation	*(9,622)*	*(13,836)*	*(4,214)*	*(30.5%)*	*(49,931)*
Net interest income excluding the effects of the PPA	*526,910*	*541,373*	*(14,463)*	*(2.7%)*	*2,169,846*
Dividends and similar income	298	2,110	(1,812)	(85.9%)	19,997
Profits of equity-accounted investees	10,835	4,669	6,166	132.1%	9,947
Net commission income	299,383	291,936	7,447	2.6%	1,193,708
of which performance fees	-	-	-	-	*11,728*
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	93,967	14,612	79,355	543.1%	7,329
Other net operating income	12,061	21,653	(9,592)	(44.3%)	87,443
Operating income	**933,832**	**862,517**	**71,315**	**8.3%**	**3,438,339**
Operating income excluding the effects of the PPA	***943,454***	***876,353***	***67,101***	***7.7%***	***3,488,270***
Personnel expense	(364,435)	(364,727)	(292)	(0.1%)	(1,423,196)
Other administrative expenses	(175,746)	(171,081)	4,665	2.7%	(717,988)
Net impairment losses on property, equipment and investment property and intangible assets	(48,749)	(59,724)	(10,975)	(18.4%)	(248,442)
of which: effects of the purchase price allocation	*(5,061)*	*(17,456)*	*(12,395)*	*(71.0%)*	*(69,823)*
Net impairment losses on property, equipment and investment property and intangible assets excluding the effects of the PPA	*(43,688)*	*(42,268)*	*1,420*	*3.4%*	*(178,619)*
Operating expenses	**(588,930)**	**(595,532)**	**(6,602)**	**(1.1%)**	**(2,389,626)**
Operating expenses excluding the effects of the PPA	***(583,869)***	***(578,076)***	***5,793***	***1.0%***	***(2,319,803)***
Net operating income	**344,902**	**266,985**	**77,917**	**29.2%**	**1,048,713**
Net operating income excluding the effects of the PPA	***359,585***	***298,277***	***61,308***	***20.6%***	***1,168,467***
Net impairment losses on loans	(131,170)	(105,374)	25,796	24.5%	(607,078)
Net impairment losses on other assets and liabilities	(2,077)	(1,633)	444	27.2%	(135,143)
Net provisions for risks and charges	(4,115)	(10,419)	(6,304)	(60.5%)	(31,595)
Profits from disposal of equity investments	21	181	(160)	(88.4%)	7,119
Pre-tax profit from continuing operations	**207,561**	**149,740**	**57,821**	**38.6%**	**282,016**
Pre-tax profit from continuing operations excluding the effects of the PPA	***222,244***	***181,032***	***41,212***	***22.8%***	***401,770***
Taxes on income for the period/year from continuing operations	(95,101)	(76,918)	(18,183)	23.6%	95,942
of which: effects of the purchase price allocation	*4,853*	*10,070*	*(5,217)*	*(51.8%)*	*39,423*
Post-tax profit from discontinued operations	13	-	13	n.s.	248
Profit for the year/period attributable to non-controlling interests	(7,095)	(8,213)	(1,118)	(13.6%)	(28,833)
of which: effects of the purchase price allocation	*882*	*2,302*	*(1,420)*	*(61.7%)*	*8,687*
Profit for the year/period attributable to the shareholders of the Parent before impairments on goodwill and finite life intangible assets excluding the effects of the PPA	*114,326*	*83,529*	*30,797*	*36.9%*	*421,017*
Profit for the year/period attributable to the shareholders of the Parent before impairments on goodwill and finite life intangible assets	**105,378**	**64,609**	**40,769**	**63.1%**	**349,373**
Impairments on goodwill and finite life intangible assets net of taxes and non-controlling interests	-	-	-	-	(2,190,861)
Profit (loss) for the year/period attributable to the shareholders of the Parent	**105,378**	**64,609**	**40,769**	**63.1%**	**(1,841,488)**
Total impact of the purchase price allocation on the income statement	*(8,948)*	*(18,920)*	*(9,972)*	*(52.7%)*	*(71,644)*

UBI Banca Group: Quarterly evolution of reclassified consolidated income statement

Figures in thousands of euro	2012 1st Quarter	2011 4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Net interest income	517,288	544,614	534,185	513,579	527,537
of which: effects of the purchase price allocation	*(9,622)*	*(12,441)*	*(11,636)*	*(12,018)*	*(13,836)*
Net interest income excluding the effects of the PPA	*526,910*	*557,055*	*545,821*	*525,597*	*541,373*
Dividends and similar income	298	89	1,243	16,555	2,110
Profits (losses) of equity-accounted investees	10,835	(3,171)	3,496	4,953	4,669
Net commission income	299,383	315,142	291,989	294,641	291,936
of which performance fees	-	*11,728*	-	-	-
Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	93,967	23,999	(23,891)	(7,391)	14,612
Other net operating income	12,061	23,653	20,874	21,263	21,653
Operating income	**933,832**	**904,326**	**827,896**	**843,600**	**862,517**
Operating income excluding the effects of the PPA	***943,454***	***916,767***	***839,532***	***855,618***	***876,353***
Personnel expense	(364,435)	(350,339)	(334,913)	(373,217)	(364,727)
Other administrative expenses	(175,746)	(195,751)	(165,947)	(185,209)	(171,081)
Net impairment losses on property, equipment and investment property and intangible assets	(48,749)	(66,574)	(60,365)	(61,779)	(59,724)
of which: effects of the purchase price allocation	*(5,061)*	*(17,455)*	*(17,456)*	*(17,456)*	*(17,456)*
Net impairment losses on property, equipment and investment property and intangible assets excluding the effects of the PPA	*(43,688)*	*(49,119)*	*(42,909)*	*(44,323)*	*(42,268)*
Operating expenses	**(588,930)**	**(612,664)**	**(561,225)**	**(620,205)**	**(595,532)**
Operating expenses excluding the effects of the PPA	***(583,869)***	***(595,209)***	***(543,769)***	***(602,749)***	***(578,076)***
Net operating income	**344,902**	**291,662**	**266,671**	**223,395**	**266,985**
Net operating income excluding the effects of the PPA	***359,585***	***321,558***	***295,763***	***252,869***	***298,277***
Net impairment losses on loans	(131,170)	(208,413)	(135,143)	(158,148)	(105,374)
Net impairment losses on other assets and liabilities	(2,077)	3,694	(119,245)	(17,959)	(1,633)
Net provisions for risks and charges	(4,115)	(11,812)	(5,228)	(4,136)	(10,419)
Profits from disposal of equity investments	21	5,616	170	1,152	181
Pre-tax profit from continuing operations	**207,561**	**80,747**	**7,225**	**44,304**	**149,740**
Pre-tax profit from continuing operations excluding the effects of the PPA	***222,244***	***110,643***	***36,317***	***73,778***	***181,032***
Taxes on income for the period from continuing operations	(95,101)	(48,585)	(70,191)	291,636	(76,918)
of which: effects of the purchase price allocation	*4,853*	*9,842*	*9,575*	*9,936*	*10,070*
Post-tax profit from discontinued operations	13	226	22	-	-
Profit for the period attributable to non-controlling interests	(7,095)	(9,477)	(6,097)	(5,046)	(8,213)
of which: effects of the purchase price allocation	*882*	*2,132*	*2,114*	*2,139*	*2,302*
Profit (loss) for the period attributable to the shareholders of the Parent before impairments on goodwill and finite life intangible assets excluding the effects of the PPA	*114,326*	*40,833*	*(51,638)*	*348,293*	*83,529*
Profit (loss) for the period attributable to the shareholders of the Parent before impairments on goodwill and finite life intangible assets	**105,378**	**22,911**	**(69,041)**	**330,894**	**64,609**
Impairments on goodwill and finite life intangible assets net of taxes and non-controlling interests	-	(2,047,068)	-	(143,793)	-
Profit (loss) for the period attributable to the shareholders of the Parent	**105,378**	**(2,024,157)**	**(69,041)**	**187,101**	**64,609**
Total impact of the purchase price allocation on the income statement	*(8,948)*	*(17,922)*	*(17,403)*	*(17,399)*	*(18,920)*

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

Figures in thousands of euro	1Q 2012	Non-recurring items: Gain on public tender offer to purchase preference shares	Non-recurring items: Impairment losses on equity investments in A2A and on OICR (collective investment instruments) (AFS)	Non-recurring items: Leaving incentives (purs. to Law n. 214 of 22nd December 2011)	1Q 2012 *net of non-recurring items* A	1Q 2011 B	Changes A-B	Changes % A/B
Net interest income (including the effects of PPA)	517,288				517,288	527,537	(10,249)	(1.9%)
Dividends and similar income	298				298	2,110	(1,812)	(85.9%)
Profit of equity-accounted investees	10,835				10,835	4,669	6,166	132.1%
Net commission income	299,383				299,383	291,936	7,447	2.6%
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	93,967	(20,671)			73,296	14,612	58,684	401.6%
Other net operating income	12,061				12,061	21,653	(9,592)	(44.3%)
Operating income (including the effects of PPA)	**933,832**	**(20,671)**	**-**	**-**	**913,161**	**862,517**	**50,644**	**5.9%**
Personnel expense	(364,435)			3,200	(361,235)	(364,727)	(3,492)	(1.0%)
Other administrative expenses	(175,746)				(175,746)	(171,081)	4,665	2.7%
Net impairment losses on property, equipment and investment property and intangible assets (including the effects of PPA)	(48,749)				(48,749)	(59,724)	(10,975)	(18.4%)
Operating expenses (including the effects of PPA)	**(588,930)**	**-**	**-**	**3,200**	**(585,730)**	**(595,532)**	**(9,802)**	**(1.6%)**
Net operating income (including the effects of PPA)	**344,902**	**(20,671)**	**-**	**3,200**	**327,431**	**266,985**	**60,446**	**22.6%**
Net impairment losses on loans	(131,170)				(131,170)	(105,374)	25,796	24.5%
Net impairment losses on other assets and liabilities	(2,077)		2,946		869	(1,633)	(2,502)	n.s.
Net provisions for risks and charges	(4,115)				(4,115)	(10,419)	(6,304)	(60.5%)
Profits from disposal of equity investments	21				21	181	(160)	(88.4%)
Pre-tax profit from continuing operations (including the effects of the PPA)	**207,561**	**(20,671)**	**2,946**	**3,200**	**193,036**	**149,740**	**43,296**	**28.9%**
Taxes on income for the period from continuing operations	(95,101)	5,684	(385)	(880)	(90,682)	(76,918)	13,764	17.9%
Post-tax profit from discontinued operations	13				13	-	13	n.s.
Profit for the period attributable to non-controlling interests	(7,095)			(179)	(7,274)	(8,213)	(939)	(11.4%)
Profit for the period attributable to the shareholders of the Parent	**105,378**	**(14,987)**	**2,561**	**2,141**	**95,093**	**64,609**	**30,484**	**47.2%**