

# Consolidated results as at 31 December 2011

**28 March 2012**

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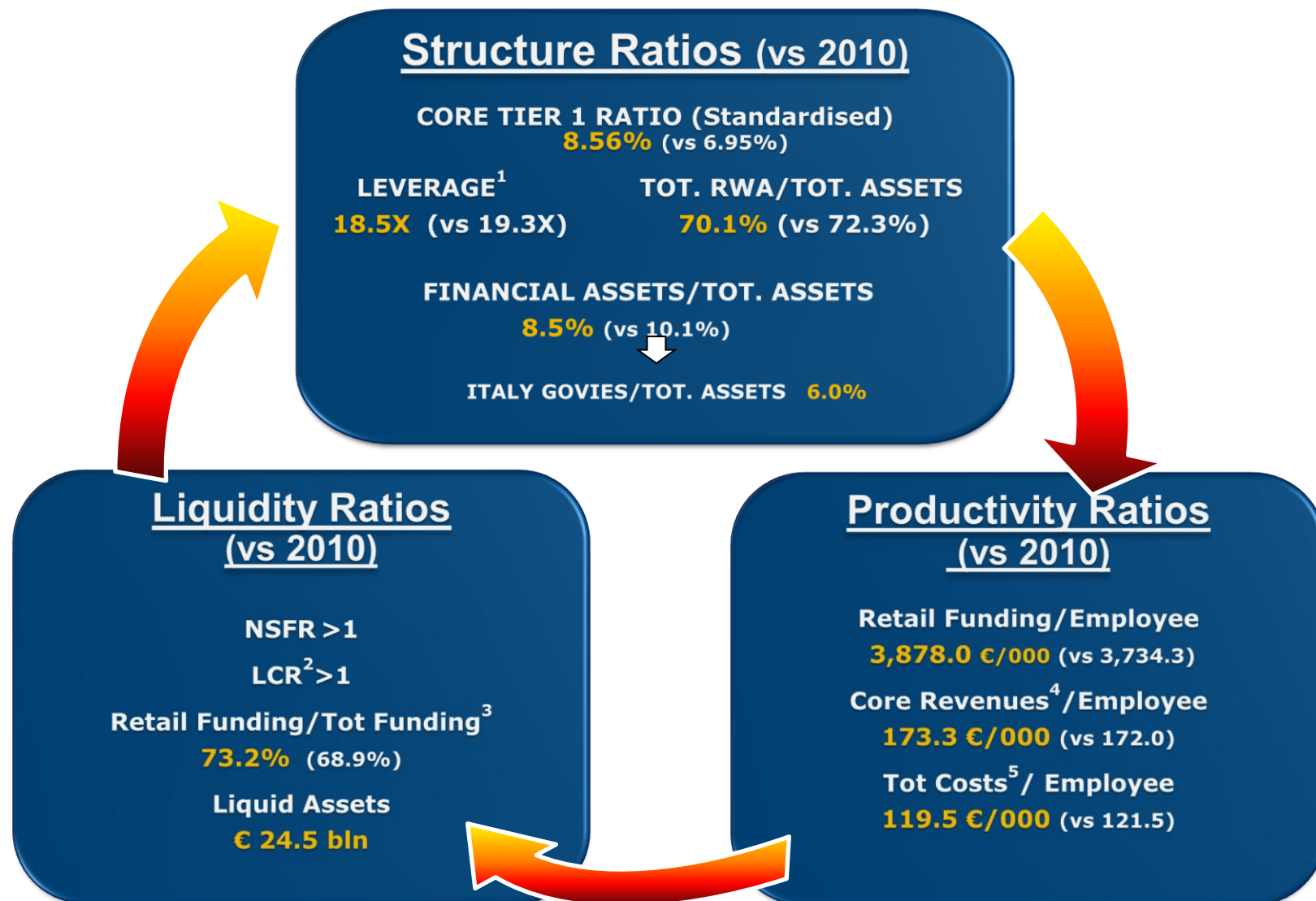
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### Methodology

*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.*

# UBI Banca: Solid Fundamentals, Balanced Financial Structure, Low Risk and Improving Productivity

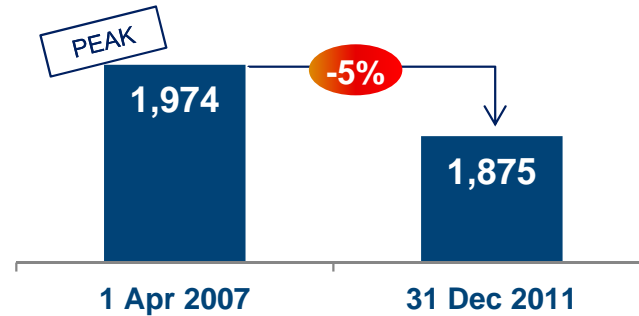


1) LEVERAGE = Ratio calculated according to methodology used in the Industrial Plan 2011 - 2013/2015 (tangible assets/(tangible equity + non controlling interests + net result for the year). 2) LCR = Liquidity indicator, LCR equivalent, calculated under current regulation (current management data). 3) RETAIL FUNDING = Due to customers + Securities issued - Wholesale securities - Repos with CCG - Centrobanca issues. 4) CORE REVENUES = Net interest income (excluding PPA effects) + net commission income. 5) TOTAL COSTS = PPA effects excluded.

# Group Structure: Main Rationalisation and Simplification Actions

## BRANCHES

*In Italy*



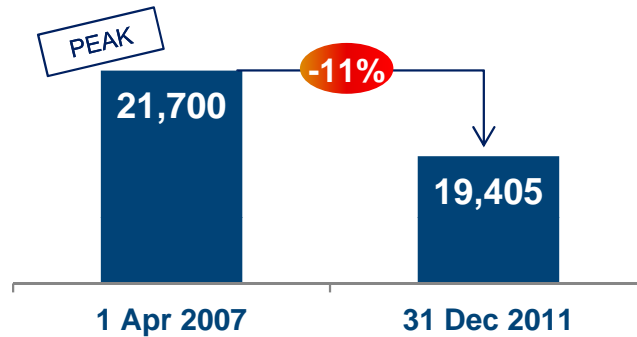
- In 2011:
  - 16 branches and 12 mini-branches\* closed
  - 13 branches transformed into mini-branches\* and 1 mini-branch\* into branch

FURTHER

- **In February 2012:** ✓
  - 32 branches and 46 mini-branches\* closed
  - 40 branches transformed into mini-branches\* and 1 mini-branch\* into branch

DONE

## HEADCOUNTS



## ORGANISATION

NETWORK BANKS

PRODUCT COMPANIES

- In 2010 geographical presence optimisation: a single reference brand in 74 out of the 78 provinces in which the Group is present

- Banco di San Giorgio to be merged in Banca Regionale Europea (3Q 2012) 📌

TO BE

- Banca 24/7 and Centrobanca to be merged in UBI Banca (respectively in 2Q 2012 and in 1H 2013) 📌

DONE

\* Mini-branches have no administrative autonomy; account managers are not specialized by market and do not look after complex customers (eg. SMEs)

**Capital position and Balance Sheet as at 31 December 2011**

**FY2011 economic results**

**Annexes:**

- **Capital Ratios: details**
- **Securities Portfolio: details**
- **Reclassified balance sheet: highlights**
- **Direct funding: breakdown**
- **Indirect funding evolution**

## Capital Ratios Steadily Increasing

Key capital ratios	31.12.2010	31.12.2011
Core Tier 1	6.95%	8.56%
Tier 1	7.47%	9.09%
Total Capital Ratio	11.17%	13.50%
RWAs (bln€)	94.4	91.0

**Proposed DIVIDEND per share: €0.05**

- 1bln€ capital increase effected in 2011
- Ratios calculated under the Standardised model (adoption of the Advanced Model for **Corporate risk and Operational risk** within June 2012). Adoption of the Advanced Model for Retail risk is expected to be anticipated compared to the original 2015 schedule
- Ratios do **not** include the convertible bond
- RWAs: amount to € 91 bln and are calculated according to BIS 2.5 rules\*

EBA

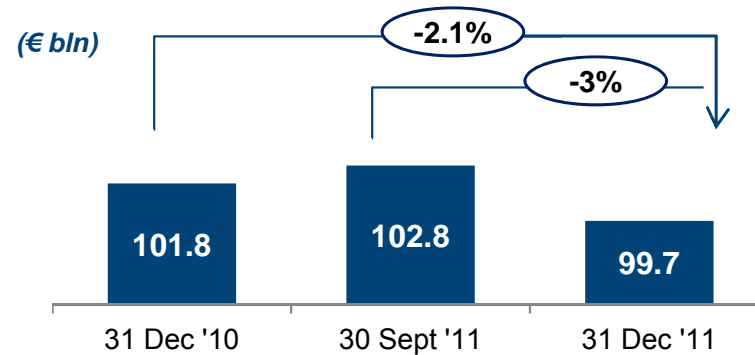
The result as at 31st December 2011 in terms of capital ratios (core tier one ratio: 8.56%; tier one ratio: 9.09%; total capital ratio: 13.5%) is the clear demonstration of the success of a multi-year policy pursued to strengthen the balance sheet, based on the most rigorous weighting criteria, as is also shown by recently published independent studies.

The Group therefore excludes any new capital increase operation on the market.

Any capital shortfall of a material nature which may remain on the basis of assessments to be made as at 30th June 2012 to reach the core tier one ratio objective of 9% recommended by the EBA, will be met by the partial conversion of the outstanding convertible bond.

\* Introduction of BIS 2.5 involved a negative impact of around 0.5 bps

# Lending at €99.7 bln, Following Optimisation Carried out in 4Q2011 Excluding Large Corporates and Product Companies' Non Captive Customers, Lending to Core Customers Grows by 2% YoY



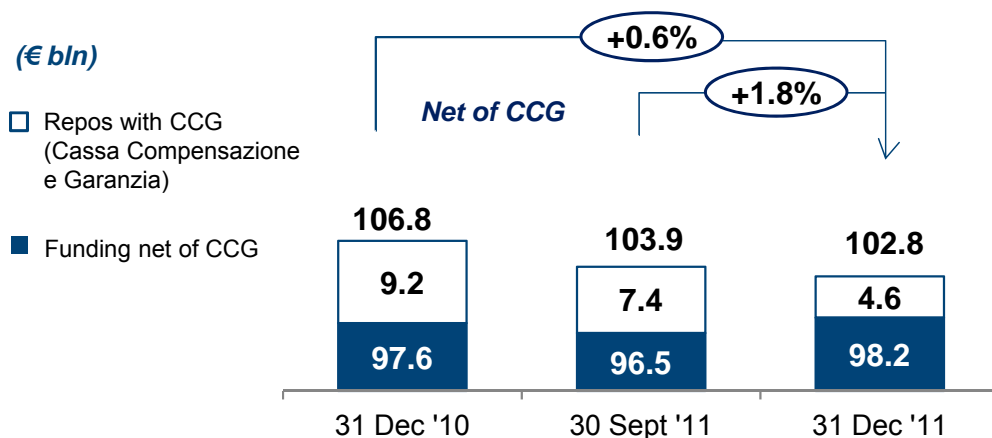
In bln€	31 Dec '10	30 Sept '11	31 Dec '11	% annual changes	% quarterly changes
<b>Retail</b>	<b>48.1</b>	<b>48.7</b>	<b>47.9</b>	<b>-0.5%</b>	<b>-1.6%</b>
<i>of which:</i> Private Customers	20.6	21.1	21.1	2.4%	-0.1%
Banca 24/7	11.2	10.8	10.5	-6.3%	-2.5%
Small business	16.3	16.8	16.3	-0.1%	-2.8%
<b>Corporate</b>	<b>35.7</b>	<b>36.2</b>	<b>32.3</b>	<b>-9.6%</b>	<b>-10.8%</b>
<i>of which:</i> Core corporates	18.2	18.7	17.5	-3.9%	-6.6%
Large corporates	10.6	10.3	7.7	-27.6%	-25.1%
Centrobanca	7.0	7.3	7.2	2.7%	-1.4%
<b>Private</b>	<b>0.7</b>	<b>0.9</b>	<b>0.9</b>	<b>24.6%</b>	<b>-2.5%</b>
<b>Other*</b>	<b>17.2</b>	<b>17.0</b>	<b>18.6</b>	<b>8.0%</b>	<b>9.6%</b>
<i>of which:</i> UBI Leasing	9.7	9.4	9.0	-6.7%	-3.8%
UBI Factor	2.7	2.6	2.9	4.5%	10.9%
<b>Total</b>	<b>101.8</b>	<b>102.8</b>	<b>99.7</b>	<b>-2.1%</b>	<b>-3.0%</b>

Market segment figures restated according to current criteria on customer allocation to market portfolios

- Optimisation of lending, intensified in 4Q 2011:
- Retrenching mainly from:
  - Large corporates: € -2.6 bln in 4Q2011 and approximately € -3 bln yoy (-27.6%)
  - Non captive business and higher risk lending (as announced in the Industrial Plan) mainly in Banca 24/7 (-19.9% yoy). Overall Banca 24/7 loan book down by 6.3% YoY
- Continuing to serve core customer base on the territory

\* Also including other minor companies, IAS adjustments and network banks' loans not allocated to market segments

# Direct Funding from Ordinary Customers is Up both Y/Y and Compared to 3Q2011



€ bln (IAS values, including interest accruals and amortised cost)	31 Dec'10	30 Sept '11	31 Dec '11	% annual changes	% quarterly changes
<b>Retail funding</b>	<b>73.6</b>	<b>74.3</b>	<b>75.3</b>	<b>2.3%</b>	<b>1.3%</b>
Current accounts and deposits	45.2	45.7	46.1	1.9%	0.9%
Term deposits, other payables and repos	4.3	3.3	3.7	-12.1%	13.1%
Securities in issue: Network banks + UBI	22.4	23.1	23.5	5.0%	1.5%
Securities in issue: customers' CDs	1.7	2.1	2.0	14.1%	-8.9%
<b>Centrobanca funding (securities in issue)</b>	<b>5.2</b>	<b>4.3</b>	<b>4.3</b>	<b>-18.1%</b>	<b>-0.1%</b>
<b>Institutional funding</b>	<b>28.0</b>	<b>25.4</b>	<b>23.3</b>	<b>-16.8%</b>	<b>-8.2%</b>
Repos with CCG	9.2	7.4	4.6	-49.8%	-37.8%
Securities in issue	18.8	17.9	18.7	-0.7%	4.1%
<b>Total</b>	<b>106.8</b>	<b>103.9</b>	<b>102.8</b>	<b>-3.7%</b>	<b>-1.0%</b>

- **Constant increase in Retail funding, up by 2.3% YoY and 1.3% QoQ:**
  - **current accounts and deposits up by 1.9% YoY and by 0.9% QoQ**
  - **bonds placed with ordinary customers up by 5% YoY and by 1.5% QoQ (+€ 0.4 bln)**
- **Incidence of institutional funding on total funding: 22.7% in 2011 (26.2% in 2010)**

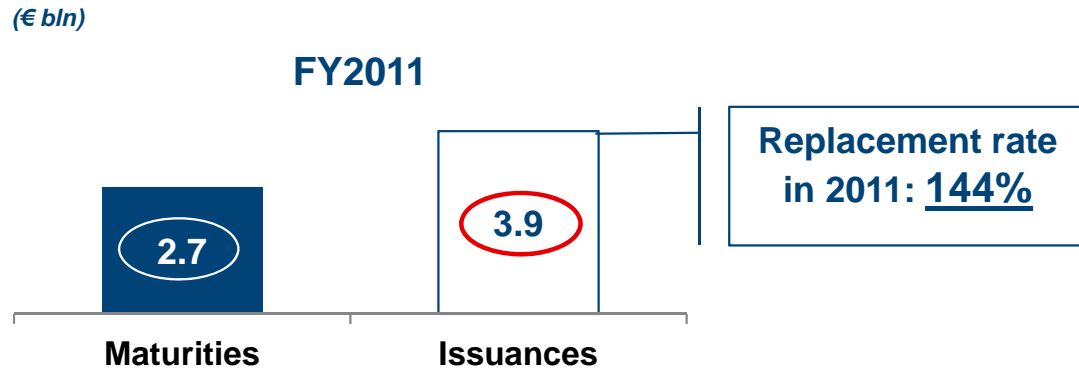
Direct funding: breakdown table included in the Annexes (Annex 4)

\*Centrobanca: securities issued are placed on third parties' customers. No significant issuances in 2011 (€28 mln)



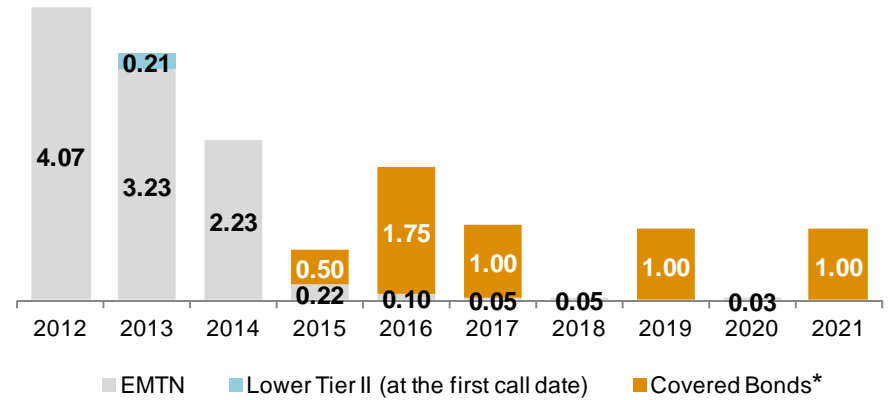
# Institutional and Retail Maturities and Issuances

## EMTN and Covered Bonds



## Maturities by year (€ bln)

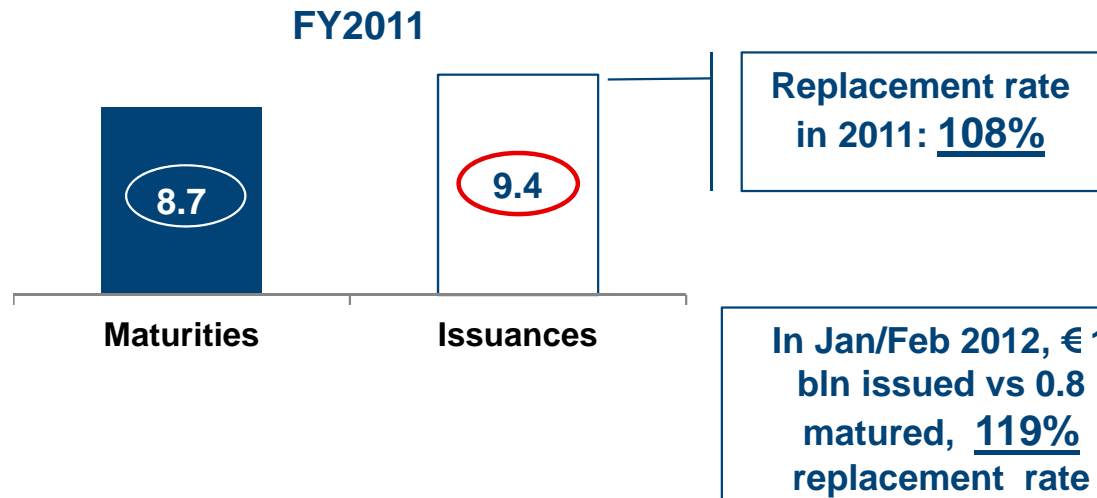
(nominal amounts, excluding preference shares for €0.5 bln)



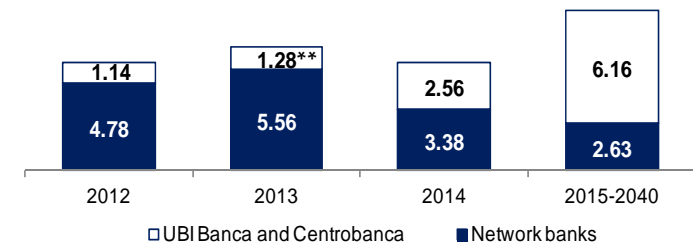
## Maturities 2012 (€ bln)

	1Q	2Q	3Q	4Q
EMTN	1.5	1.5	0.07	1

## Retail Bonds



## Maturities by year (€ bln)



## Maturities 2012 (€ bln)

	1Q	2Q	3Q	4Q
UBI Banca+Centrobanca	0.05	0.06	0.73	0.30
Network banks	1.38	1.22	1.18	1.00
<b>Total</b>	<b>1.43</b>	<b>1.28</b>	<b>1.91</b>	<b>1.30</b>

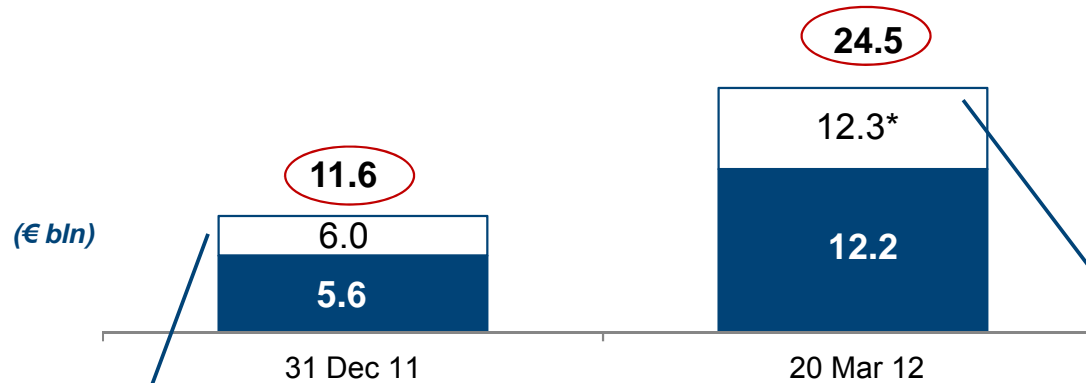
\* Plus 0.5 billion euro with BEI issued in 2010 (0.25 bln) and in 2011 (0.25 bln), expiring respectively in 2022 and 2021 and subject to progressive amortisation

\*\* Including soft mandatory convertible bond

# ECB Exposure and Eligible Assets: Sound Liquidity Position

## TOTAL LIQUID ASSETS (net of haircut)

- ECB EXPOSURE
- UNENCUMBERED ASSETS



### ECB FINANCING EVOLUTION



Exposure as at 31 Dec 2011:

- ✓ First LTRO = € 6 bln
- ✓ Replacing shorter term exposures (€ 4bln as at the end of September) for a more adequate assets/liabilities management

Total Current Exposure:

- ✓ First LTRO (Dec 11) = € 6 bln
- ✓ Second LTRO (Feb 12) = € 6 bln
- ✓ More than enough to cover 2012-2013 institutional maturities (overall 7.5 billion) should markets remain closed or too expensive

\* \$ 300 mln taken in January 2012 expiring on 29th March 2012

## Financial Assets: €11 bln Representing 8.5% of Total Assets

Financial assets <i>Figures in billions of euro</i>	Total portfolios			AFS			HFT			FV		
	31.12.2010	30.9.2011	31.12.2011	31.12.2010	30.9.2011	31.12.2011	31.12.2010	30.9.2011	31.12.2011	31.12.2010	30.9.2011	31.12.2011
Debt instruments	11.61	9.37	<b>9.69</b>	9.64	7.89	<b>7.55</b>	1.98	1.48	<b>2.14</b>			
<i>of which: Italian Govies</i>	9.65	7.69	<b>7.84</b>	7.78	6.26	<b>5.96</b>	1.87	1.43	<b>1.87</b>			
Equity instruments	0.67	0.49	<b>0.49</b>	0.49	0.39	<b>0.39</b>	0.18	0.10	<b>0.10</b>			
Units in O.I.C.R. <i>(collective investment instruments)</i>	0.27	0.22	<b>0.23</b>	0.12	0.09	<b>0.10</b>	0.00	0.00	<b>0.00</b>	0.15	0.13	<b>0.13</b>
Others *	0.58	0.67	<b>0.64</b>	0.00			0.58	0.67	<b>0.64</b>			
<b>Total</b>	<b>13.13</b>	<b>10.75</b>	<b>11.04</b>	<b>10.3</b>	<b>8.4</b>	<b>8.0</b>	<b>2.7</b>	<b>2.3</b>	<b>2.9</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>

- Total investments in **Italian government bonds** amount to **€ 7.8 bln** (76% in AFS and 24% in Trading (HFT))
- **No exposure to sovereign bonds of countries at risk**

UPDATE 1Q12

In 1Q2012, further investment in Italian Government bonds for € 5 bln (€ 3bln classified as HTM and € 2 bln classified as AFS) with 3 years maturity

- to support NII
- with **no mismatching** compared to the LTRO
- with excellent timing: present implicit capital gain of approx. €100 mln

- **EBA prudential filter on AFS sovereign assets: reduced to approximately € 629 mln as at 26<sup>th</sup> March 2012 (€ 1.130 as at 31<sup>st</sup> Dec 2011) from € 868 mln as at 30<sup>th</sup> September 2011 thanks to recovery in Italian Govies market valuations**

\* Others: financial derivatives and financing

**Capital position and Balance Sheet as at 31 December 2011**

**FY2011 economic results**

**Annexes:**

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# Income Statement: Yearly Evolution

MAIN INCOME STATEMENT ITEMS <i>Figures in € mln</i>	FY10	FY11	% change
Net interest income	2,143	2,120	(1.1%)
Net commission income	1,185	1,194	0.7%
<i>of which performance fees</i>	15	12	(23.8%)
Net result from finance	34	7	(78.5%)
Other income items	134	117	(12.5%)
<b>Operating income</b>	<b>3,496</b>	<b>3,438</b>	<b>(1.7%)</b>
Staff costs	(1,452)	(1,423)	(2.0%)
Other administrative expenses	(770)	(718)	(6.7%)
Net impairment losses on property, equipment and investment property and intangible assets	(247)	(248)	0.5%
<b>Operating expenses</b>	<b>(2,469)</b>	<b>(2,390)</b>	<b>(3.2%)</b>
<b>Net operating income</b>	<b>1,027</b>	<b>1,049</b>	<b>2.1%</b>
Net impairment losses on loans	(707)	(607)	(14.1%)
Net impairment losses on other assets and liabilities	(50)	(135)	n.s.
Net provisions for risks and charges	(27)	(32)	16.1%
Profits from disposal of equity investments	96	7	(92.6%)
<b>Pre-tax profit from continuing operations</b>	<b>340</b>	<b>282</b>	<b>(16.9%)</b>
Taxes on income for the year from continuing operations	(232)	96	n.s.
Post-tax profit from discontinued operations	83	0	n.s.
Profit for the year attributable to non-controlling interests	(14)	(29)	n.s.
<b>Profit for the period attributable to the shareholders of the Parent before impairments on goodwill and finite life tangible assets</b>	<b>177</b>	<b>349</b>	<b>97.1%</b>
Impairments on goodwill and finite life intangible assets net of taxes and non-controlling interests	(5)	(2,191)	n.s.
<b>Profit (loss) for the year</b>	<b>172</b>	<b>(1,841)</b>	<b>n.s.</b>
<b>Profit for the year NET OF NON RECURRING ITEMS</b>	<b>105</b>	<b>112</b>	<b>6.1%</b>

All 4Q revenue items show improvement compared to the previous 3 quarters.

Cost reduction for the third consecutive year

Cost of credit significantly lower in 2011

Pre-tax profit from continuing operations +19.4% excluding non recurring items

Profit net of non recurring items grows year on year by over 6%

## Income Statement: Quarterly Evolution

<b>MAIN INCOME STATEMENT ITEMS</b> <i>Figures in € mln</i>	<b>4Q10</b>	<b>3Q11</b>	<b>4Q11</b>	<b>% change 4Q11/4Q10</b>	<b>% change 4Q11/3Q11</b>
Net interest income	549	534	545	(0.7%)	2.0%
Net commission income	314	292	315	0.4%	7.9%
<i>of which performance fees</i>	15		12	(23.8%)	n.s.
Net result from finance	21	(24)	24	16.7%	n.s.
Other income items	28	26	21	(25.4%)	(19.7%)
<b>Operating income</b>	<b>910</b>	<b>828</b>	<b>904</b>	<b>(0.7%)</b>	<b>9.2%</b>
Staff costs	(344)	(335)	(350)	1.7%	4.6%
Other administrative expenses	(201)	(166)	(196)	(2.8%)	18.0%
Net impairment losses on property, equipment and investment property and intangible assets	(64)	(60)	(67)	4.0%	10.3%
<b>Operating expenses</b>	<b>(610)</b>	<b>(561)</b>	<b>(613)</b>	<b>0.5%</b>	<b>9.2%</b>
<b>Net operating income</b>	<b>301</b>	<b>267</b>	<b>292</b>	<b>(3.0%)</b>	<b>9.4%</b>
Net impairment losses on loans	(251)	(135)	(208)	(17.0%)	54.2%
Net impairment losses on other assets and liabilities	(32)	(119)	4	n.s.	n.s.
Net provisions for risks and charges	(15)	(5)	(12)	(22.3%)	n.s.
Profits from disposal of equity investments	12	0	6	(54.5%)	n.s.
<b>Pre-tax profit from continuing operations</b>	<b>15</b>	<b>7</b>	<b>81</b>	<b>n.s.</b>	<b>n.s.</b>
Taxes on income for the period from continuing operations	(35)	(70)	(49)	40.0%	(30.8%)
Post-tax profit from discontinued operations	(0)	0	0	n.s.	n.s.
Profit for the period attributable to non-controlling interests	(6)	(6)	(9)	58.8%	55.4%
<b>Profit for the period attributable to the shareholders of the Parent before impairments on goodwill and finite life tangible assets</b>	<b>(26)</b>	<b>(69)</b>	<b>23</b>	<b>n.s.</b>	<b>n.s.</b>
Impairments on goodwill and finite life intangible assets net of taxes and non-controlling interests			(2,047)	n.s.	n.s.
<b>Profit (loss) for the period</b>	<b>(26)</b>	<b>(69)</b>	<b>(2,024)</b>	<b>n.s.</b>	<b>n.s.</b>

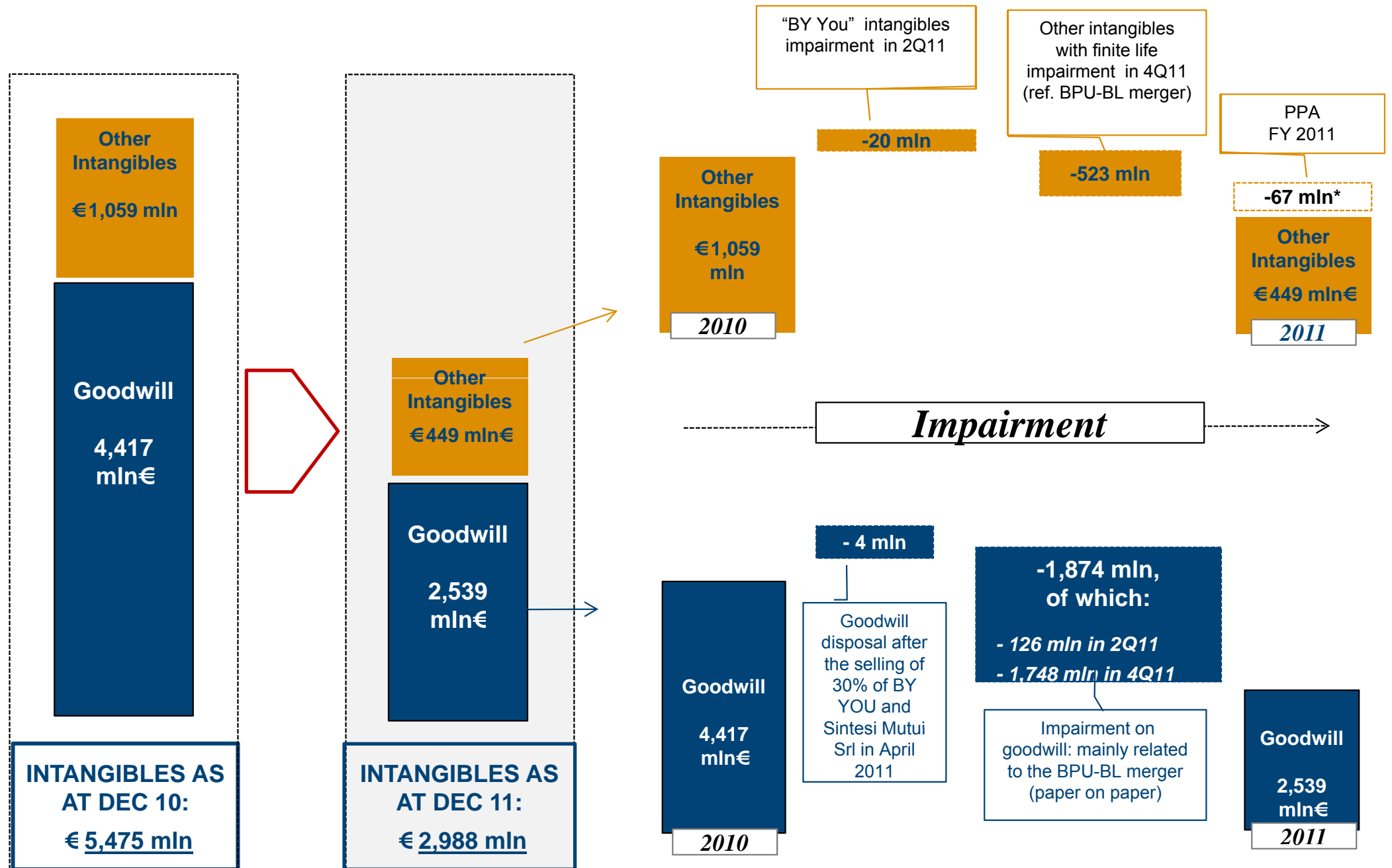
## Details of Non Recurring Items\*

NON RECURRING ITEMS (net of taxes) (€ mln)	FY 2010	FY 2011	2Q10	3Q10	4Q10	2Q11	3Q11	4Q11
Impairment loss on AFS securities (mainly Intesa Sanpaolo)	(40.5)	<b>(123.2)</b>	(18.8)		(21.7)	(18.3)	(115.5)	<b>10.7</b>
Impairment on goodwill and other intangibles (net of taxes and non-controlling interests)	(5.2)**	<b>(2,190.9)</b>	(5.2)**			(143.8)		<b>(2,047.1)</b>
Tax relief on goodwill and intangibles		<b>352.8</b>				352.8		
Disposal of depository banking operations	83.9		83.9					
Staff costs:								
- costs re Trade Union agreement May 2010	(22.4)		(22.4)					
- release of excess provisions 2011		<b>20.1</b>					20.1	
Partial disposal of Lombarda Vita stake	60.9			60.9				
Other	(9.7)	<b>(12.0)</b>		(15.3)	5.6	(9.0)		<b>(2.9)</b>
<b>Total effect of non recurring items</b>	<b>67.0</b>	<b>(1,953.1)</b>	<b>37.5</b>	<b>45.6</b>	<b>(16.1)</b>	<b>181.7</b>	<b>(95.4)</b>	<b>(2,039.3)</b>

\* Both 1Q10 and 1Q11 do not include any recurring items

\*\* €4.1 mln referred to Gestioni Lombarda and € 1.1 mln considered immaterial in 2010 and not evidenced as non-recurring

# Intangibles Impairment – Impact on Balance Sheet Gross Amounts

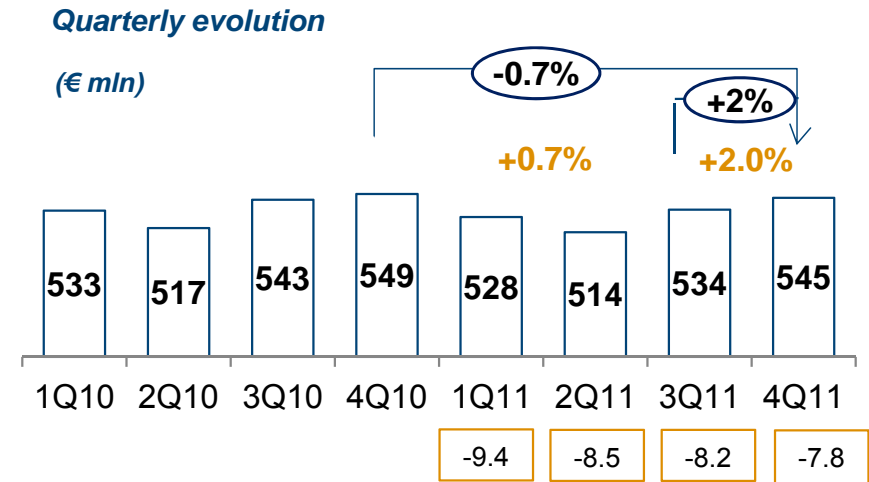
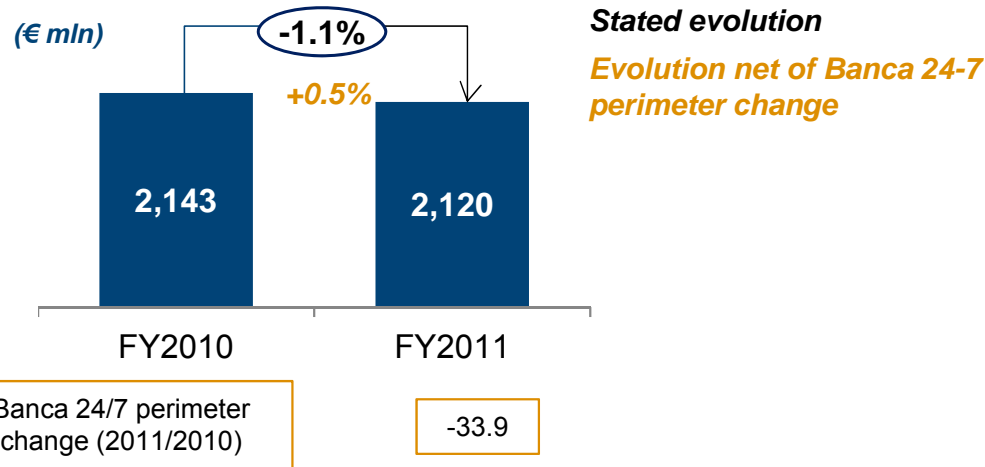


\* This number compared to P&L figure (€ 69.8 mln) doesn't include 2.3 million related to impairment of tangible assets

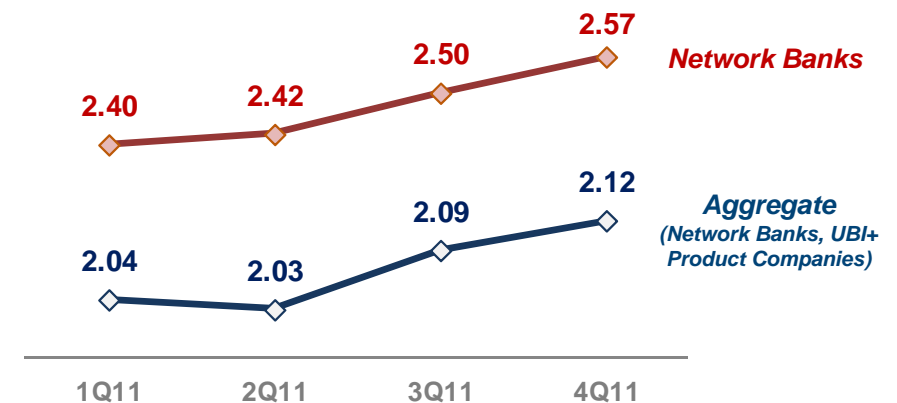


# Net Interest Income Shows Further Improvement in 4Q2011, Notwithstanding Optimisation of Loans

## Year on Year, NII shows a 1.1% Reduction; Net of the Change in Perimeter in Banca 24/7, NII Registers a +0.5% Growth

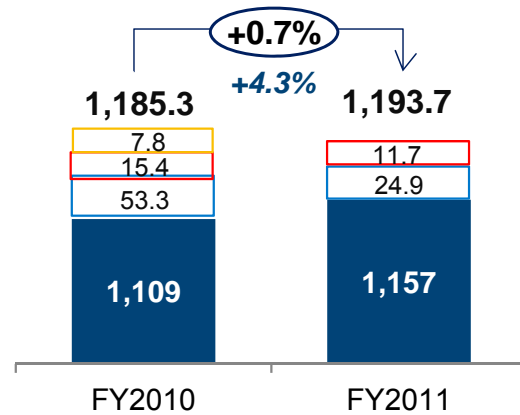


### Customer Spread (%)



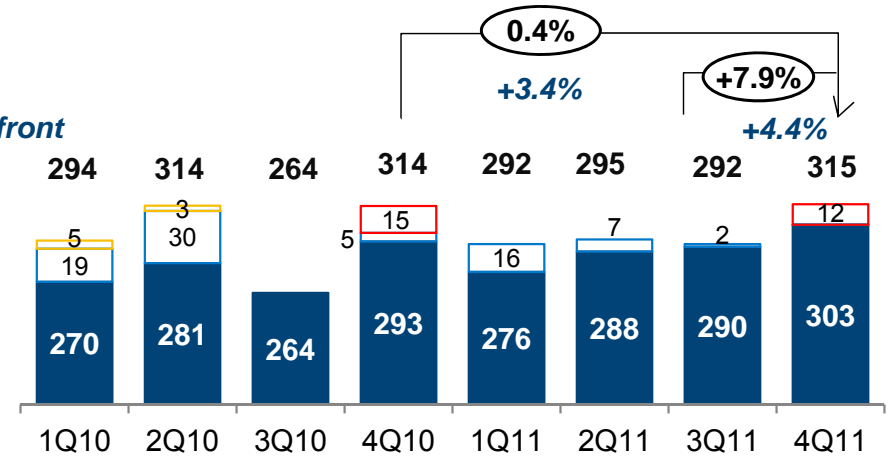
- **4Q2011 vs 3Q2011**, NII up by 2%:
  - benefiting from the increase in total customer spread by 3 bps, showing effectiveness of repricing
  - notwithstanding decrease in loans by 3%
- On a **yearly** basis, the progressive focussing on captive customers and exit from riskier business in Banca 24-7 accounted for lower interest income by € 33.9 mln and lower adjustment to loans by € 52.9 mln. Net of this change in perimeter **NII would have increased by +0.5% YoY**

# In Stated Terms, Net Commission Income is Up by 0.7% YoY. Net of Performance, Up Front and Depository Bank Fees\*, Net Commission Income is Up by 4.3% YoY



**Stated evolution**  
Evolution net of performance, up front and depository bank fees

(€ mln)  
■ Depository bank fees  
■ Performance fees  
■ Up-front fees



Commissions Figures in € mln	FY2010	FY2011	% Changes YoY
Guarantees granted	41.8	49.0	17.1%
Management, trading and advisory services	517.1	503.3	-2.7%
Of which:			
Portfolio management (net of performance fees)	251.9	259.6	3.0%
Placement of securities (net of up-front fees)	47.3	45.2	-4.4%
Third party services distribution	180.2	160.4	-11.0%
Collection and payment services	85.9	106.0	23.4%
Services for factoring transactions	27.0	26.5	-1.9%
Current accounts management	213.9	216.5	1.2%
Other services	223.2	255.9	14.6%
<b>Total net of performance, up-front fees and depository bank activities</b>	<b>1,108.9</b>	<b>1,157.1</b>	<b>4.3%</b>
<b>Performance fees</b>	<b>15.4</b>	<b>11.7</b>	<b>-23.8%</b>
<b>Up-front fees</b>	<b>53.3</b>	<b>24.9</b>	<b>-53.3%</b>
<b>Depository Bank activities *</b>	<b>7.8</b>	<b>0.0</b>	<b>n.s.</b>
<b>Total</b>	<b>1,185.3</b>	<b>1,193.7</b>	<b>0.7%</b>

	4Q10	3Q11	4Q11	% Changes 4Q11 vs 4Q10	% Changes 4Q11 vs 3Q11
Guarantees granted	9.8	11.2	12.9	31.8%	15.6%
Management, trading and advisory services	127.9	123.5	128.4	0.3%	3.9%
Of which:					
Portfolio management (net of performance fees)	61.4	62.7	64.8	5.5%	3.3%
Placement of securities (net of up-front fees)	10.2	10.5	9.4	-7.8%	-10.3%
Third party services distribution	46.8	38.5	41.7	-11.0%	8.2%
Collection and payment services	24.1	25.6	26.1	8.5%	2.0%
Services for factoring transactions	7.7	6.5	6.8	-12.4%	4.7%
Current accounts management	57.6	56.0	57.9	0.4%	3.3%
Other services	66.3	67.7	71.3	7.5%	5.4%
<b>Total net of performance, up-front fees and depository bank activities</b>	<b>293.4</b>	<b>290.4</b>	<b>303.3</b>	<b>3.4%</b>	<b>4.4%</b>
<b>Performance fees</b>	<b>15.4</b>	<b>0.0</b>	<b>11.7</b>	<b>-23.8%</b>	<b>n.s.</b>
<b>Up-front fees</b>	<b>5.0</b>	<b>1.6</b>	<b>0.1</b>	<b>n.s.</b>	<b>n.s.</b>
<b>Depository Bank activities *</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>n.s.</b>	<b>n.s.</b>
<b>Total</b>	<b>313.8</b>	<b>292.0</b>	<b>315.1</b>	<b>0.4%</b>	<b>7.9%</b>

- Confirmed positive trend both YoY and QoQ from commissions on ordinary banking business (guarantees granted, collection and payment services, factoring, current account management, and "other services" mainly related to lending activities):

+ € 62 mln YoY,  
+ € 9.4 mln 4Q11/4Q10 and  
+ € 8.1 mln 4Q11/3Q11

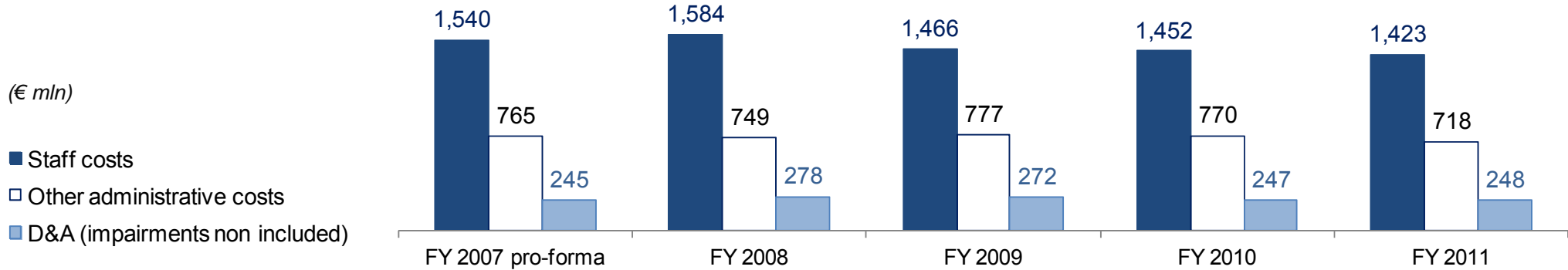
- Portfolio management commissions (net of performance fees) up by 3.0% YoY to approx € 260 mln with positive trend confirmed also 4Q11/3Q11, +3.3%

- Significant reduction in up front fees, -53.3% YoY

\* The depository bank line of business was sold in May 2010

# Total Operating Costs Evolution (including PPA effects)

STATED FIGURES



**Total operating costs (€/mln)**  
(YoY trend %)



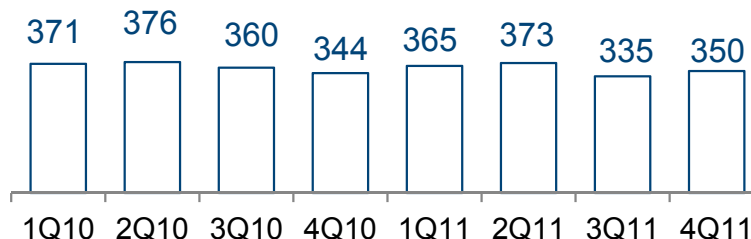
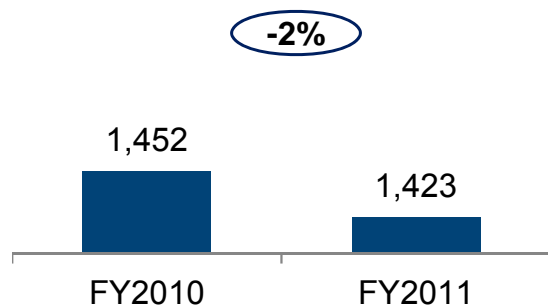
**Staff evolution**  
(end of period)



\* 21,700 as at the date of merger, 1 April 2007

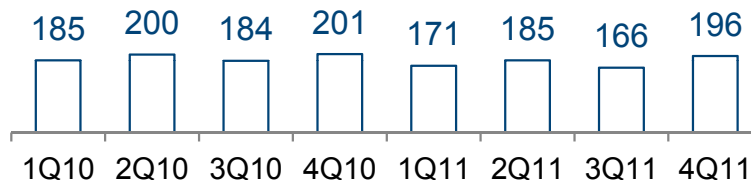
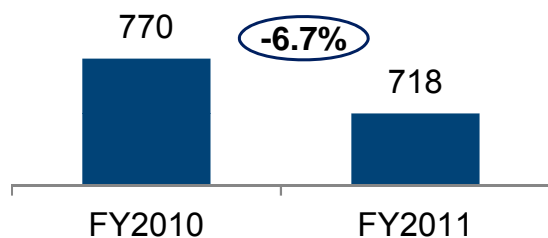
# Operating Costs Components

## Staff costs\* (€mln)



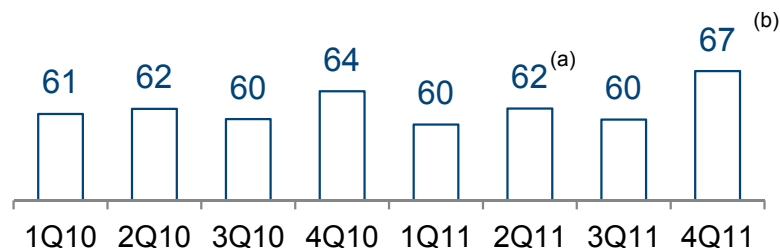
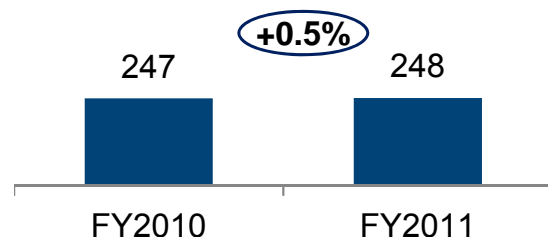
- Pension Reform (Decree “Salva Italia): 2013 headcounts target set by the Industrial Plan confirmed

## Other administrative costs (€mln)



- Overall strong cost containment. 4Q11 level confirms seasonal trend vs. 3Q11 but remains below the 4Q10 peak

## D& A (€mln)

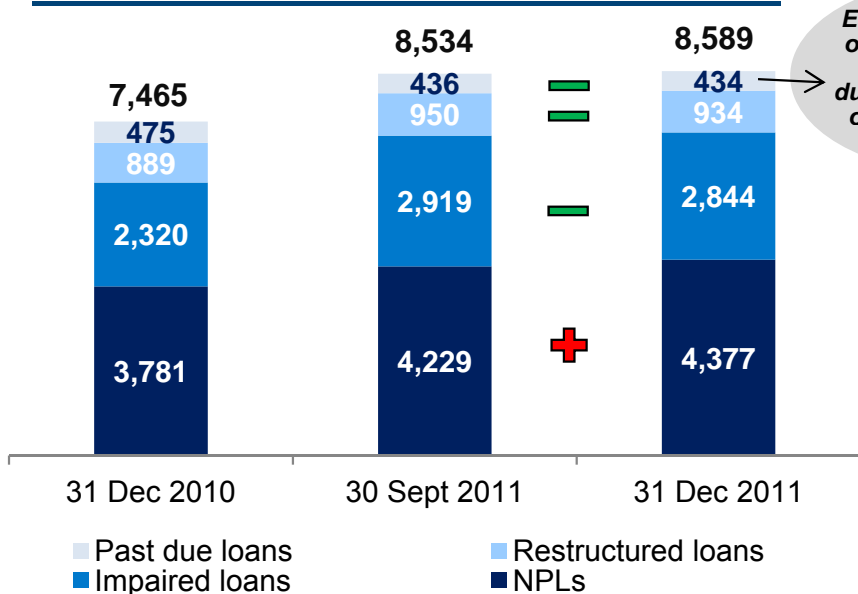


- a) 2Q11 does not consider € 20 mln write-down of BY YOU intangible assets reported in a P&L specific line item
- b) 4Q11 includes € 3.5 mln one-off related to Banca 24/7 migration activities before the merger

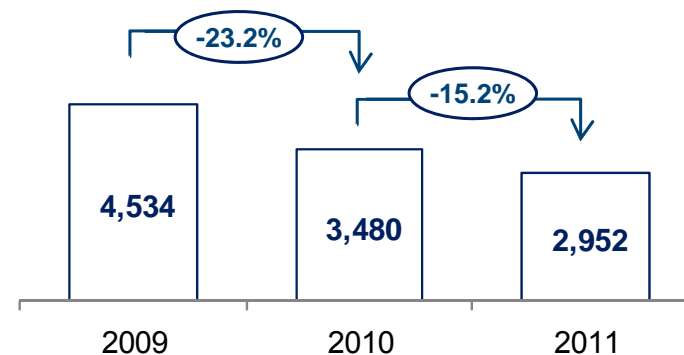
\* 2010 includes € -33.2 mln one off related to trade union agreement and release of provisions related to variable part of wages (approx.€ 20 mln), booked in 2Q. 2011 includes € 28 mln as a release of provisions following the actuarial recalculations for post retirement benefits

# Evolution of Credit Quality

## GROSS AMOUNTS (€mIn)

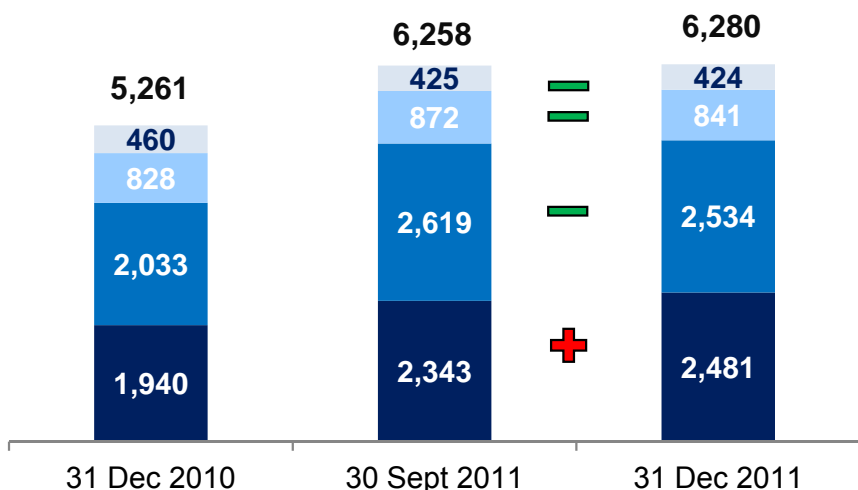


## GROSS INFLOWS FROM PERFORMING LOANS (€mIn)



- Positive trend, with progressive lower amount of inflows mainly to past due and restructured loans

## NET AMOUNTS (€mIn)



## Asset Quality Ratios (in %)

	31 Dec 10	30 Sept 11	31 Dec 11
Net NPLs / net total loans	1.91%	2.28%	2.49%
Net NPLs / net total loans (system)**	2.43%	2.78%	3.09%
Net impaired loans / net total loans	2.00%	2.55%	2.54%
Net impaired + NPL / net total loans	3.90%	4.83%	5.03%
Total doubtful loans / total loans (gross)	7.14%	8.08%	8.38%
Total doubtful loans / total loans (net)	5.17%	6.09%	6.30%

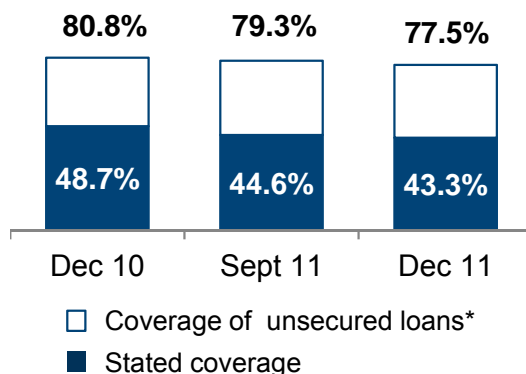
Delta bps: -52 (2010 to 2011), -50 (2011 to 2011), -60 (2011 to 2011)

\* Past due loans coverage at the end of 2011 = 2.34%

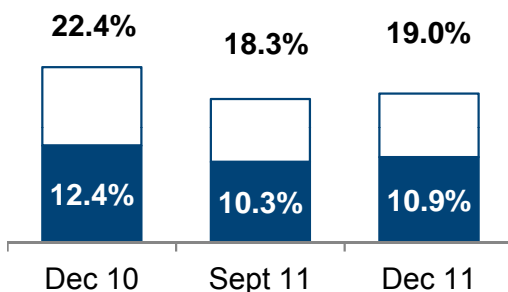
\*\* The only available system data

# Coverage of Deteriorated and Performing Loans

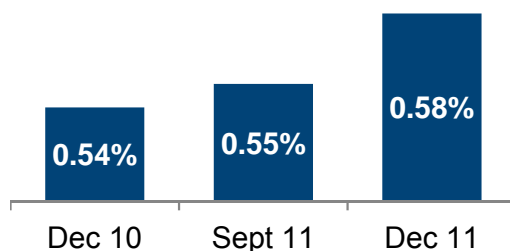
## Coverage of NPLs



## Coverage of IMPAIRED LOANS



## Coverage of PERFORMING LOANS



## NPLs and impaired loans:

- **sale** of approx. € 200 million of NPLs (in 2Q11 and 4Q11) with modest gain
- **growth in collateralised** NPL and impaired loans, as shown in the table below:

Collateralised positions	Dec 2010	Mar 2011	Dec 2011
% of gross NPLs	54.2%	59.2%	60.6%
% of gross impaired loans	60.7%	64.8%	65.0%

Taking also into account personal guarantees, only **11% of NPLs do not have any kind of guarantee.**

- increase in **NPL written off**

Amount of loans amortised - sent to losses in relation to legal procedures	Dec 2010	Sept 2011	Dec 2011
(€ mln)	1,552	1,671	1,684

## Performing loans:

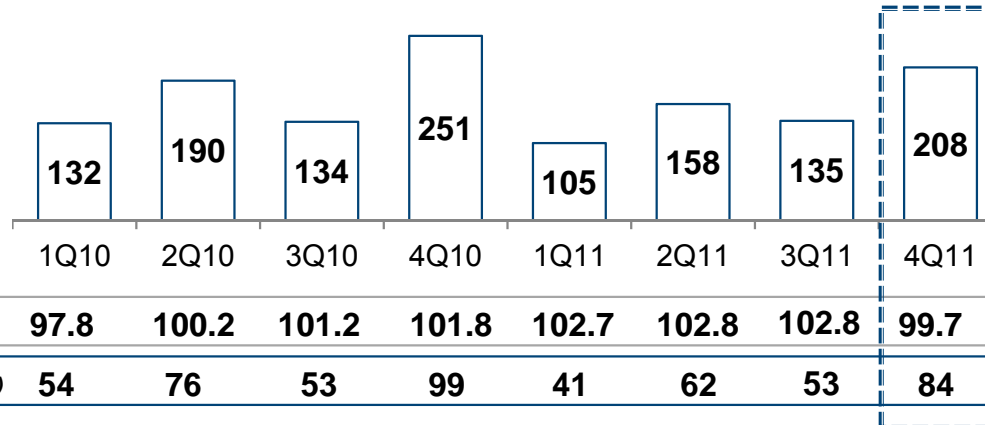
- decrease of riskier positions from 10.6% of loans granted in 2010 to 9.4% in 2011
- increase of their guarantees from 60.6% to 65.3%
- concentration risk: top ten customer exposure represents **3.5% of total loan book from 4.1% in 2010**

\* Unsecured: including loans with no collateral or assisted only by personal guarantees. This coverage is calculated by adding back NPLs sent to losses to nominator and denominator and netting NPLs assisted by collateral and relevant adjustments

# Cost of Credit at 61 bps vs. 69 bps in 2010

## IMPAIRMENT LOSSES ON LOANS

(€ mln)

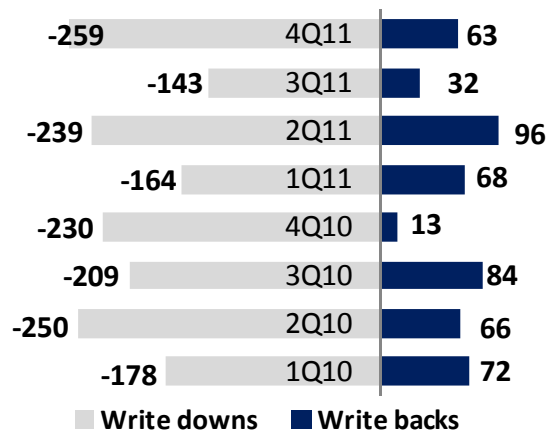


Total customer loans (bln€)	97.8	100.2	101.2	101.8	102.7	102.8	102.8	99.7
Quarterly cost of credit (bps annualised)	54	76	53	99	41	62	53	84

- **2011** cost of credit at 61 bps, below 2010
- **2011** benefits from Banca 24-7 exit from riskier businesses (overall -52.9 mln)\*
- **4Q2011** reflects usual seasonal trend, compared to 4Q2010, cost of credit is down by 16 bps.

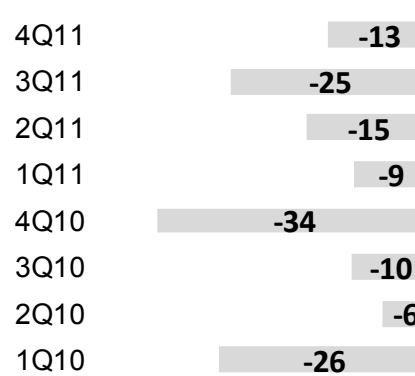
## BREAKDOWN OF ANALYTICAL IMPAIRMENT

(€ mln)



## EVOLUTION OF COLLECTIVE IMPAIRMENT

(€ mln)



### Analytical impairment:

- **decrease in write downs:** € 805 mln vs. € 867 mln in 2010
- **increase in write backs\*\*:** € 259 mln vs. € 235 mln in 2010

### Collective impairment:

€ 62 mln vs. € 76 mln in 2010

\* Decrease in cost of credit related to riskier businesses: 1Q2011 vs. 1Q2010 -€ 6.1 mln; 2Q2011 vs. 2Q2010 -€ 15.3 mln; 3Q2011 vs. 3Q2010 -€ 12.8 mln, 4Q2011 vs 4Q2010 -€ 18.7 mln

\*\* Write backs net of Time reversal: from € 196.2 mln in 2010 to € 216.8 mln in 2011

## Cost of Credit Confirms Improvement in all Main Group Units

Bps, annualised	FY2010	9M2011	FY2011
Banca Popolare di Bergamo	47	35	42
Banco di Brescia	65	38	48
Banca Popolare Commercio Industria	35	18	29
Banca Carime	48	54	47
Banca Popolare di Ancona	67	50	55
Banca Regionale Europea	40	29	39
Banca di Valle Camonica *	71	105	96
Banco di San Giorgio	64	57	71
Banca 24-7	134	100	100
Centrobanca	94	60	84
UBI Leasing	118	87	123
UBI Factor	11	87	52
<b>UBI Banca Group</b>	<b>69</b>	<b>52</b>	<b>61</b>

- **Network banks' cost of credit to 46 bps from 52 bps as at 31 Dec 2010 (-6 bps)**
- Product companies' cost of credit to **98 bps from 108 bps as at 31 Dec 2010 (-10 bps)**
  - **Banca 24-7:** decreasing cost of credit (-34 bps vs. Dec 2010)
  - **UBI Factor:** the increase in 2011 is due also to the € 9.5 mln provision booked relating to a specific position (Fondazione Centro San Raffaele)

\*Total cost of credit in Banca Valle Camonica due to a one-off event



## Outlook for 2012

- ❑ The background environment (economic recession, low short term interest rates, constraints resulting from EBA recommendations/indications, competitive pressure on the cost of retail funding) will condition profits in the financial year 2012.
- ❑ 2012 will benefit from commercial actions already undertaken in 2011, and also from the positive results expected from the active management of the financial structure of the Group.
- ❑ Operating expenses are forecast to fall further compared to 2011, as a result of continuing action to contain them, which should make it possible to offset increases resulting from automatic contractual clauses, inflation, the full application of the increases in indirect taxation and the announced operations to streamline the Group.
- ❑ Action undertaken to monitor credit quality should enable impairment losses on loans to be maintained at levels close to those recorded in 2011.
- ❑ Consequently, positive even if modest growth in profits on ordinary operations is forecast for 2012, under the same economic conditions.
- ❑ The 2011-2013/2015 Industrial Plan is confirmed in its key strategic guidelines, and it will not be updated unless in presence of a more stable environment.

**Capital position and Balance Sheet as at 31 December 2011**

**FY2011 economic results**

**Annexes:**

- **Capital Ratios: details**
- **Securities Portfolio: details**
- **Reclassified balance sheet: highlights**
- **Direct funding: breakdown**
- **Indirect funding evolution**

## Ratios as at 31 Dec 2011: Core Tier 1 at 8.56%, Tier 1 at 9.09% and Total Capital Ratio at 13.50%, including a Proposed Dividend per Share of €0.05

<i>Figures in millions of euro</i>	31 Dec 2010 Basel II standardised	31 Dec 2011 Basel II standardised
Tier 1 (before filters)	6,766.8	8,075.3
Preference shares, minorities saving and priv. shares net of grandfathering	489.2	489.2
Tier 1 capital filters	-73.6	-137.5
<b>Tier 1 (after filters)</b>	<b>7,182.4</b>	<b>8,426.9</b>
Deductions from Tier 1	-134.5	-150.6
<b>Tier 1 after filters and specific deductions</b>	<b>7,047.9</b>	<b>8,276.3</b>
<b>Supplementary capital after filters</b>	<b>3,770.5</b>	<b>4,305.1</b>
Deductions from supplementary capital	-134.5	-150.6
<b>Supplementary capital after filters and specific deductions</b>	<b>3,636.0</b>	<b>4,154.5</b>
Deductions from Tier 1 + supplementary capital	-147.7	-148.6
<b>Total supervisory capital</b>	<b>10,536.2</b>	<b>12,282.2</b>
Credit risk	6,952.9	6,746.5
Market risk	106.6	73.5
Operational risk	489.3	460.7
<b>Total prudential requirements</b>	<b>7,548.9</b>	<b>7,280.8</b>
<b>Risk weighted assets</b>	<b>94,360.9</b>	<b>91,010.2</b>
<b>Core Tier I after deductions from Core capital</b>	<b>6.95%</b>	<b>8.56%</b>
<b>Tier I</b>	<b>7.47%</b>	<b>9.09%</b>
<b>Total capital ratio</b>	<b>11.17%</b>	<b>13.50%</b>

€ 1 bln share capital increase in June/July 2011

Lower credit risk RWAs mainly following optimisation of loans to customers

# Securities portfolio\*: Details

Composition of the portfolio		31.12.2010	30.09.2011	31.12.2011
BY TYPE OF FINANCIAL INSTRUMENT	Government bonds	80.4%	80.5%	70.6%
	Corporate bonds (mainly bank issues)	15.9%	16.9%	27.1%
	Hedge funds	1.3%	1.4%	1.2%
	ABS	0.8%	0.0%	0.0%
	Funds, shares and derivatives	1.7%	1.2%	1.1%
BY FINANCIAL PROFILE	Floating rate**	63.4%	51.7%	44.4%
	Fixed rate	26.8%	38.9%	47.5%
	Structured securities	6.7%	6.9%	5.9%
	Shares, funds, convertible bonds	3.1%	2.6%	2.3%
BY CURRENCY	Securities in euro	98.8%	98.7%	98.9%
BY GEOGRAPHICAL DISTRIBUTION	Securities of the euro area	95.2%	95.9%	96.3%
	USA securities	2.9%	1.9%	1.7%
BY RATINGS (BONDS)	Investment grade	97.8%	97.8%	98.2%
	Average rating	A2	A3	Baa1

- € 1.1 bln of AFS securities expired in 2011;  
- YoY countervalue affected by market valuations

In 4Q2011, investment in CDs amounting to €1.3 bln

Mainly due to the impact of Italy downgrade by rating agencies in the last part of the year

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

\*\* Fixed rate securities with asset swaps are considered as floating rate securities; securities in asset swap represent 77% of floating rate securities in 2011

## Reclassified balance sheet: highlights

<b>MAIN ASSETS ITEMS</b> <i>Figures in millions of euro</i>	<b>31.12.2010</b>	<b>30.09.2011</b>	<b>31.12.2011</b>	<b>% annual change</b>	<b>% quarterly change</b>
Financial assets (AFS, HFT, FV)	13,133	10,747	11,038	(15.9%)	2.7%
Loans to customers	101,815	102,765	99,690	(2.1%)	(3.0%)
Property, equipment and investment property	2,113	2,058	2,046	(3.2%)	(0.6%)
Intangible assets	5,475	5,268	2,988	(45.4%)	(43.3%)
<i>of which: goodwill</i>	4,417	4,286	2,539	(42.5%)	(40.8%)
Tax assets	1,723	2,605	2,818	63.5%	8.2%
Non-current assets and disposal groups held for sale	8	7	22	n.s.	n.s.
Other assets	1,173	2,272	2,244	91.4%	(1.2%)
<b>Total assets</b>	<b>130,559</b>	<b>133,628</b>	<b>129,804</b>	<b>(0.6%)</b>	<b>(2.9%)</b>
<b>MAIN LIABILITIES AND EQUITY ITEMS</b> <i>Figures in millions of euro</i>	<b>31.12.2010</b>	<b>30.09.2011</b>	<b>31.12.2011</b>	<b>% annual change</b>	<b>% quarterly change</b>
Net interbank position	2,264	3,297	3,588	58.5%	8.8%
Due to customers	58,666	56,393	54,431	(7.2%)	(3.5%)
Securities issued	48,094	47,503	48,377	0.6%	1.8%
Tax liabilities	993	1,390	702	(29.3%)	(49.5%)
Net worth attributable to the Parent	10,807	11,105	10,781	-0.2%	(2.9%)
Non-controlling interests	963	949	899	(6.6%)	(5.3%)
Profit (Loss) for the period	172	183	(1,841)	n.s.	n.s.
<b>Total liabilities and equity</b>	<b>130,559</b>	<b>133,628</b>	<b>129,804</b>	<b>(0.6%)</b>	<b>(2.9%)</b>

## Direct Funding: Breakdown as Stated in the Annual Report

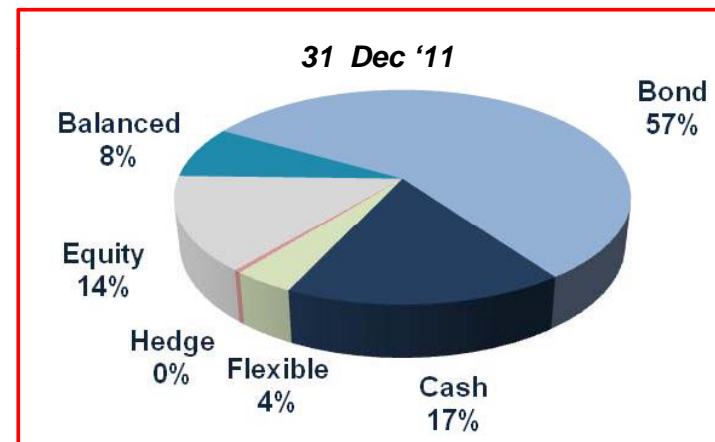
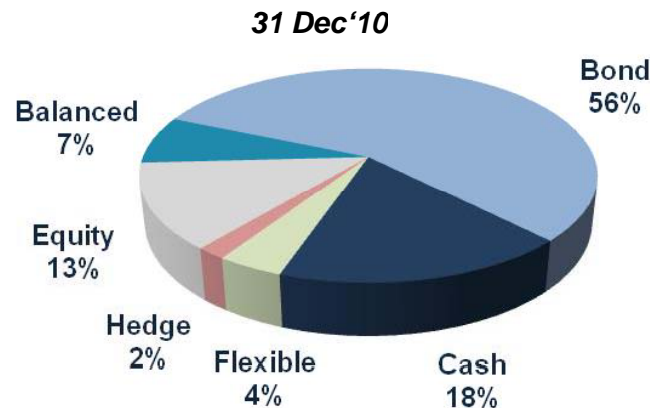
€ bln (IAS values, including interest accruals and amortised cost)	31 Dec'10	30 Sept '11	31 Dec '11	% annual changes	% quarterly changes
<b>Due to customers</b>	<b>58.7</b>	<b>56.4</b>	<b>54.4</b>	<b>-7.2%</b>	<b>-3.5%</b>
Current accounts and deposits	45.2	45.7	46.1	1.9%	0.9%
Term deposits and other payables	2.4	2.2	2.8	14.4%	30.0%
Repurchase agreements	11.0	8.6	5.6	-49.4%	-35.1%
<i>of which</i> : with CCG	9.2	7.4	4.6	-49.8%	-37.8%
with retail customers	1.8	1.2	1.0	-47.7%	-18.1%
<b>Securities in issue</b>	<b>48.1</b>	<b>47.5</b>	<b>48.4</b>	<b>0.6%</b>	<b>1.8%</b>
Ordinary customer base (Network banks+UBI issues)	22.4	23.1	23.5	5.0%	1.5%
Centrobanca issues	5.2	4.3	4.3	-18.1%	-0.1%
Covered Bonds	3.8	5.8	6.1	63.3%	5.2%
EMTN	11.2	10.5	10.3	-7.8%	-2.0%
CD and ECP	3.4	1.1	1.8	-47.3%	56.2%
Preferred shares	0.5	0.5	0.5	-4.4%	-3.0%
Other (mainly foreign currency CDs with retail customers)	1.7	2.1	2.0	14.1%	-8.9%
<b>Total</b>	<b>106.8</b>	<b>103.9</b>	<b>102.8</b>	<b>-3.7%</b>	<b>-1.0%</b>

## Indirect Funding Evolution

In bln€	Dec '10	Sept '11	Dec '11	Dec '11 vs. Dec '10
AUM (excl. bancassurance)	30.3	26.8	25.1	-17.0%
Bancassurance	12.3	11.9	11.7	-4.7%
AUC	35.4	34.4	35.2	-0.8%
<b>Total indirect funding</b>	<b>78.1</b>	<b>73.1</b>	<b>72.1</b>	<b>-7.7%</b>

*Net of market performance effect, total indirect funding would have decreased by 0.6% only*

### Mix of AuM: breakdown by fund type in UBI Pramerica



Source: Assogestioni's "PATRIMONIO GESTITO\*" aggregate. As from Sept '11 Assogestioni does not include in this aggregate the amounts managed by third parties, i.e. approx. € 2.7 bln managed by Prudential. For comparison reasons, these data are included in the above chart referred to Dec'11

\* Customers assets managed to which assets received for management under a mandate from other managers are added and from which assets entrusted under mandate to other managers are subtracted