UBI Banca
UNIONE DI BANCHE ITALIANE

# PRESS RELEASE

**Profit in the first nine months of the year of 182,7 million euro compared to 197,7 in the first nine months of 2010 (-7,6%). In particular, the third quarter is affected by the impairment loss on the Intesa stake amounting to 112,9 million euro.**
**Profit, net of non-recurring items[1] and of IRAP adjustment, of 108,7 million euro compared to 113,6 million euro earned in the first nine months of 2010 (-4,3%).**

**Recurring results for the third quarter overall improved compared to the second quarter of the year: net interest income +4% to 534,2 million euro, net commission income -0,9% to 292 million euro, operating expenses -12,3% to 561,2 million euro (-5% in normalised terms), impairment losses on loans -14,5% to 135,1 million euro.**

**In the first nine months of 2011, compared to the first nine months of 2010:**
- **net interest income -1,2% to 1.575,3 million euro;**
- **net commission income +0,8% to 878,6 million euro (despite *up front* commissions lower by 23,5 million euro and absence of 7,8 million euro related to depository bank activities sold in 2010);**
- **the finance result showed a loss of 16,7 million euro (a profit of 13,5 million euro in 2010);**
- **operating expenses -3,4% to 1.796,5 million euro (-1,1% net of non-recurring items);**
- **impairment losses on loans -12,5% to 398,7 million euro (annualised loan loss rate of 0,52%, compared to 0,60% in 2010);**
- **loans to customers of 102,8 billion euro, +1,6% y/y, unchanged compared to June 2011;**
- **direct funding from ordinary customers (net of institutional funding and repurchase agreements with the *CCG*) of 79,1 billion euro: +3,2% y/y and +0,4% compared to June 2011.**

**Capital strength[2]: core tier one ratio of 8,26%, total capital ratio of 13,17% (net of a hypothesis of dividend)**

**Decisions taken to refine the customer service model and simplify Group structure:**
- **management by UBI Banca, on a divisional basis:**
  - **of large corporates not linked to a reference territory and of investment banking activities;**
  - **of outstanding consumer credit loans after rationalisation of Group presence in the sector;**
  - **consequent merger of Centrobanca and Banca 24/7 into UBI Banca;**
- **centralisation of salary backed loan business at Prestitalia;**
- **creation of a North Western pole through the merger of Banca Regionale Europea and Banco di San Giorgio.**

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[1] In 2010: +84,2 million euro net over nine months (mainly, after taxes: in the second quarter: +83,9 million euro from the disposal of depository banking operations, -18,8 million euro relating to impairment losses on equity investments, -22,4 million euro relating the trade union agreement of May 2010; in the third quarter: 60,9 million euro relating to disposal of the interest held in Lombarda Vita, -15,3 million relating to tax on branch network optimisation).
In 2011: +86,3 million euro net over nine months (mainly, after taxes: in the second quarter -143,8 million relating to impairment losses on goodwill and on intangible assets, -18,3 million relating to impairment losses on equity investments, + 352,8 million euro relating to tax relief, -5,3 million euro for IRAP tax adjustment; in the third quarter +20,1 million euro for the release of provisions made for personnel expense, -115,5 million relating impairment losses on equity investments,).
[2] Capital ratios calculated using the same method employed as at 30th June 2011.

Bergamo, 14th November 2011 – The Management Board of Unione di Banche Italiane Scpa (UBI Banca), which met today under the chairmanship of *Cav. Lav. Dott.* Emilio Zanetti, has approved the consolidated results for the first nine months of 2011.

Despite the difficult economic situation, which also affected the fair value of equity investments held in portfolio (-116,4 million euro) and results from financial activities, the third quarter of 2011 recorded good performance of income and expense recurring items compared to both the second quarter of 2011 and the third quarter of 2010. A summary is given below.

- <u>The third quarter of 2011 compared to the second quarter of 2011</u>:
  - ✓ recurring income: +2,2% (net interest income +4% and net commission income -0,9%);
  - ✓ the finance result -23,9 million euro (-7,4 million in the second quarter);
  - ✓ a further reduction in operating expenses (-12,3% and -5% net of non-recurring items);
  - ✓ impairment losses on loans -14,5%, the result, amongst other things, of a favourable seasonal effect.
- <u>The third quarter of 2011 compared to the third quarter of 2010</u>:
  - ✓ recurring income: +2,4% (net interest income -1,7% and net commission income +10,6%);
  - ✓ the finance result -23,9 million euro (+19,4 million in the third quarter of 2010);
  - ✓ a reduction in operating expenses (-7,1% and -2,4% net of non-recurring items);
  - ✓ impairment losses on loans virtually unchanged compared to the third quarter of last year (+0,8%).

Net of non-recurring items the income statement showed a profit of 26,4 million euro in the third quarter compared to 5,4 million euro in the second quarter of 2011 and 50,1 million euro in the third quarter of 2010, the latter favoured by the good performance of the finance result.

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The **first nine months of 2011 ended with consolidated profit** of 182,7 million euro, a decrease of 7,6% compared to 197,7 million euro earned in the same period of 2010. Net of non-recurring items[3] and of IRAP (local production tax) adjustment, profit amounted to 108,7 million euro compared to 113,6 million euro earned in the first nine months of 2010 (-4,3%).

As a result of the recovery in net interest income in the third quarter and also of the performance of net commission income (slightly up over twelve months) and notwithstanding the loss on financial activities, **operating income** in the first nine months of the year amounted to 2.534 million euro, a decrease of 2% compared to 2010.

In detail, **net interest income** (inclusive of the PPA) totalled 1.575,3 million euro, down by 1,2% compared to the first nine months of 2010, a reflection of a higher cost of funding performed during the year, which was mitigated by the loan repricing action that was progressively implemented.
Furthermore, the change in the scope of Banca 24/7 operations as it gradually discontinued higher risk business – special purpose and personal loans to non-captive customers – had a positive impact in terms of an improvement in loan losses (-34,2 million euro) but reduced interest income from customers by 26,2 million euro[4]. On a like-for-like basis net interest income increased by 0,5%
*In the third quarter of the year, net interest income amounted to 534,2 million euro, an increase of 4% compared to the second quarter of 2011 and a decrease of 1,7% compared to the same quarter in 2010.*

**Net commission income** performed well over the nine month period, **up by 0,8% to 878,6 million euro (+7 million euro),** despite a fall in commissions on the placement of third party bonds (-23,5

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[3] See note 1.
[4] -9,4 million euro in the first quarter of 2011, -8,5 million in the second quarter of 2011 and -8,2 million euro in the third quarter of 2011 compared to the same periods in 2010.

million euro) and a change in the scope of operations, because the 2011 results no longer include depository banking commissions (7,8 million euro), which, however, were present in 2010.
Net of commissions on the placement of third party bonds and on depository banking operations, net commission income increased by 4,7% year-on-year, due to encouraging performance by **commissions on ordinary business with customers (**collection and payment services, current account administration, guarantees granted, factoring business and “other services”), which as a whole rose by 52 million euro year-on-year, and also to net commissions on portfolio management (+4,3 million euro). On the other hand a decrease was recorded for commission income earned on the “distribution of third party services” (-14,7 million euro of which -7 related to insurance products).
*In the third quarter of the year net commissions amounted to 292 million euro, down by 0,9% compared to the second quarter of 2011 and up by 10,6% on the same quarter of 2010. Both comparisons reflect an increase in commissions on ordinary banking business and a decrease in income from securities business, as a consequence of the performance of financial markets.*

The **net result for financial activities**[5] over the first nine months of 2011 was -16,7 million euro compared to +13,5 million euro in 2010. Quarterly performance in 2011 was as follows: a profit of 14,6 million euro in the first quarter; a loss of 7,4 million euro in the second quarter, primarily attributable to an impairment loss on a private equity investment (-7,7 million euro); a loss of 23,9 million euro recognised in the third quarter, mainly the result of the liquidation of investments in UBI Pramerica funds when the limits set by Group financial risk policies were reached.

**Operating expenses** over nine months decreased by 62,3 million euro (-3,4% compared to 2010) to 1.796,5 million euro. If non-recurring items are excluded, expenses fell by 1,1% year-on-year.
In detail:
- **personnel expense** of 1.072,9 million euro fell by 3,1% compared to 1.107,1 million euro in the first nine months of 2010. As already reported, in the first nine months of 2010 the item included 33,2 million euro of non-recurring expense relating to the trade union agreement concluded in May 2010, largely offset by the release of unused provisions set aside in relation to variable remuneration (approximately 23 million euro). In the first nine months of 2011, on the other hand, the item included provisions for the variable component of wages (company bonuses and incentive schemes) and also for the renewal of the national labour contract, not present in 2010, and, in the third quarter, it benefited from the non-recurring release of sums recognised in prior years due to the actuarial recalculations for post retirement benefits (27,9 million euro), considered non recurring.

Net of provisions for variable remuneration and the renewal of the national labour contract, and of non-recurring items, personnel expense decreased by over 3% compared to the same period in 2010, as a result of the benefits of the 2010 trade union agreement.

- **other administrative expenses,** amounting to **522,2** million euro, fell by 8,1% (-46,2 million euro) compared to 568,4 million euro in 2010. While they confirmed the constant attention paid to manage and optimise costs, they also benefited from seasonal effects.
- **net impairment losses on property, plant and equipment and intangible assets** (inclusive of the PPA) totalled 201,4 million euro compared to 183,2 million euro in the first nine months of 2010, as a result of the recognition of an impairment loss on intangible assets related to BY You in the second quarter of 2011, amounting to approximately 19,5 million. However, the normal performance of the item remained unchanged net of that non-recurring item.

**Net impairment losses on loans** fell in the first nine months of 2011 to 398,7 million euro from 455,7 million euro in 2010, a decrease of 57 million euro attributable partially to the positive impacts of the change in the scope of Banca 24/7’s operations (-34,2 million euro) already mentioned and also to seasonal effects.

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

Total net impairment losses as a percentage of net loans to customers therefore fell to 0,52% annualised, compared to 0,60% annualised recognised in the first nine months of 2010.
More specifically, collective impairment losses were recognised amounting to 49 million euro (42 million euro in the first nine months of 2010), with coverage for the performing loan portfolio increasing to 0,55% (536,8 million euro) from 0,52% a year before.
Specific impairment losses recognised on deteriorated loans fell to 546,6 million euro (636,2 million euro in 2010), while reversals remained at a high level at 197 million euro.
*Net impairment losses on loans amounted to 135,1 million euro in the third quarter of the year (and included a 15 million provision, i.e. 50% of the exposure to S. Raffaele), a decrease compared to 158,1 million euro in the second quarter of 2011 and basically unchanged compared to 134 million euro in the third quarter of 2010.*

**Net impairment losses on other assets and liabilities** in first nine months of 2011 amounted to 138,8 million euro, consisting almost entirely of non-recurring impairment losses on available-for-sale financial assets, including the investment in Intesa SanPaolo, on which an impairment loss of 128,8 million euro was recognised on the basis of the official price on 30th September 2011 (1,2017 euro)[6]. This amount includes the impairment loss recognised in the first half (15,9 million euro, recognised on the basis of the share price quoted at the end of June of 1,8075 euro), together with recognition of a further impairment loss that became necessary in the third quarter (112,9 million euro), following the turbulence that affected banking shares.
Impairment losses of 18,2 million euro were recognised in 2010 including 17,2 million euro relating to Intesa SanPaolo.

The income statement also recorded **profits (losses) on the disposal of equity investments and impairment losses on goodwill** totalling -124,8 million euro. This item included 126,3 million of impairment losses on the goodwill of some product companies (UBI Leasing, Centrobanca and Banca 24/7), which arose following periodic impairment tests performed in the second quarter of the year.
In 2010 the item showed a profit of 78,4 million euro and basically consisted of a gain of 81,1 million euro on the partial disposal of Lombarda Vita to the partner in the joint venture.

As a result of the performance described above, **pre-tax profit from continuing operations** fell in the nine month period to 55,4 million euro from 319,3 million euro in the comparative period.
**In normalised terms, net of non-recurring items, pre-tax profit amounted to 314,1 million euro, an improvement of 7% compared to 293,4 million euro earned in the first nine months of 2010.**

**Taxes on income for the period** for continuing operations were positive in the first nine months, amounting to 146,6 million euro, compared to tax expense of 197,3 million euro one year before.

The item included a non-recurring component of +352,8 million euro relating to the Parent, arising from tax relief on the higher values – recognised in the consolidated financial statements - attributed to subsidiaries acquired following extraordinary transactions, as permitted by Decree Law No. 98 of 6th July 2011, converted with amendments into Law No. 111 of 15th July 2011.

Income taxes for the period also included the impact of an expense of 12,3 million euro in terms of higher current taxes resulting from the increase by 0,75% in the rate for IRAP (local production tax), introduced by the same decree law and applicable to banks and financial companies. The item also includes the adjustment of the IRAP rate on the initial stock as at 31/12/2010, amounting to 6,3 million euro (non recurring).

[6] The impairment loss was recognised on the basis of the new number of ordinary shares of Intesa SanPaolo (186.458.028) held by the UBI Banca Group following the increase in the share capital (when 41.435.116 new ordinary shares were subscribed at a price per share of 1,369 euro).

In normalised terms taxes of 197,6 million euro were recognised in the first nine months of 2011 (167,7 million euro in 2010), to give a tax rate of 62,91% (up from 57,17% before).

As already reported, non recurring **post tax profit from discontinued operations** of 83,4 million euro was recognised in the income statement for the nine months of 2010, relating primarily to the contribution of the depository banking operations by UBI Banca to RBC Dexia Investor Services performed in May 2010 and no longer present in 2011.

Finally, as a result of the performance already reported and as a result of the greater profits earned by Group banks and companies, **profit for the period attributable to non-controlling interests** rose to 19,4 million euro from 7,6 million euro in the first nine months of 2010.

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**The statement of financial position**

Group **loans to customers** amounted to 102,8 billion euro as at as at 30th September 2011, an increase of 1,6% year-on-year and of 0,9% compared to December 2010. Compared to June, on the other hand, the item remained unchanged.
In the year-on-year analysis, growth remained concentrated in the core segments of Group business and that is in the private individual customer (+3,7%), the small business (+3,5%) and core corporate (+2,8%) segments of the network banks, while Banca 24/7 lending fell by -3% after it progressively withdrew from higher risk segments (special purpose and personal loans to non-captive customers).

Total gross deteriorated loans amounted to 8,5 billion euro as at 30th September 2011 (7,2 billion euro as at 30th September 2010), while total net deteriorated loans amounted to 6,3 billion euro (5,2 billion euro as at 30th September 2010), accounting for 6,09% of total net loans (5,1% at the end of September 2010). Total coverage fell from 28,45% in September 2010 to 26,67% in September 2011, reflecting both lower estimated losses on newly classified positions, increasingly backed by collateral or legal guarantees, and the sale in the second quarter of the year of unsecured non-performing loans amounting to 129,7 million euro, with 99% coverage.

In detail, net non-performing loans amounted to 2,3 billion euro as at 30th September 2011 (1,8 billion euro as at 30th September 2010). The ratio of net non-performing loans to net loans was 2,28% (1,75% a year before) and continues to be qualitatively better than the average of 2,78% for the banking sector.
The coverage for non-performing loans was 44,6% (48,6% at the end of September 2010), a decrease due to the higher percentage of positions backed by collateral or legal guarantees (which represent 59,2% of non-performing loan positions, 54,2% in December 2010) and to the disposal of the loans mentioned above. In September 2011, coverage for non-performing loans not backed by collateral, gross of the write-off of positions subject to bankruptcy proceedings and to the relative impairment losses, was 79,34%.

Net impaired loans amounted to 2,6 billion euro as at 30th September 2011, (1,9 billion euro in September 2010). The total coverage for impaired loans was 10,3% compared to 13,7% in September 2010. The coverage level on impaired loans was also affected by the greater percentage of positions backed by mortgages (64,8% of total impaired loans compared to 60,7% in December 2010), which requires less recognition of impairment losses.

**Total direct funding** amounted to 103,9 billion euro as at 30th September 2011, stable compared to September 2010 and down by 2,7% compared to December 2010.

The following changes occurred within the item:

- **direct funding from ordinary customers** (inclusive of bond issues and net of institutional funding and repurchase agreements with the *Cassa di Compensazione e Garanzia* – a central counterparty clearing house) increased to 79,1 billion euro: +3,2% year-on-year and +0,3% compared to December 2010;
- **repurchase agreements with the *Cassa di Compensazione e Garanzia***, used to fund positions in securities amounted to 7,4 billion euro, a decrease both year-on-year (-2,5 billion euro) and compared to December 2010 (-1,9 billion euro);
- **institutional funding** totalled 17,4 billion euro (virtually unchanged compared September 2010 and down compared to 18,8 billion euro in December 2010).

In terms of issues, those maturing in 2011 consisted of 2,7 billion euro of institutional securities and 8,7 billion euro of "retail" securities: 3,5 billion euro of institutional securities were issued in the period January-April 2011, which more than compensated for those maturing (130%), while 7,5 billion euro of "retail" securities had been issued at the end of October 2011, in line with the issue programme for the year.

**Net interbank exposure** stood at -3,3 billion euro at the end of the period (-3,7 billion euro in September 2010 and -2,3 billion euro in December 2010).
In the third quarter, an opportunistic use of weekly ECB financing was made, which from 20th July fluctuated between 700 million euro and four billion euro.
At the date of this press release, funding from the ECB stands at 3,5 billion euro, of which 1,5 billion euro with weekly maturity, and, from November 2011, one billion euro maturing in one month and one billion year maturing in one year.
Assets eligible for refinancing with the Central Bank currently amount to a total of 7,6 billion euro net of haircuts.

The Group's **financial assets** accounted for **8% of total Group assets** as at 30th September 2011 and totalled 10,7 billion euro (down from 13,1 billion euro in December 2010 and from 13,9 billion euro in September 2010). Italian government bonds currently held in portfolio stand at 7,7 billion euro (9,6 billion euro in December 2010 and 10,1 billion euro in September 2010), of which 6,3 billion euro classified as available-for-sale and 1,4 billion euro classified as trading assets.
Again with regard to securities held in portfolio, the Group continues to hold no Greek, Portuguese or Irish government securities, while an exposure of 11,6 million euro (2,5 million euro in June 2011) is held in Spanish government securities.

The performance of financial markets and the uncertainties which still persist have affected customer investment decisions, which are oriented towards liquidity and have as a consequence had a strong impact on **indirect funding from ordinary customers**, which amounted to 73,1 billion euro as at 30th September 2011, a decrease compared to both September 2010 (79 billion euro) and to December 2010 (78,1 billion euro). Assets under management in the narrow sense amounted to 26,8 billion euro as at as at 30th September 2011, while insurance policies amounted to 11,9 billion euro and assets under custody to 34,4 billion euro.

**Consolidated equity** of the UBI Banca Group as at 30th September 2011, inclusive of profit for the period amounted to 11.288 million euro (10.979 million euro at the end of December 2010) and included the increase in the share capital of one billion euro concluded in July 2011.

**Group capital ratios**, calculated on a pro-forma basis for compatibility with June figures, and therefore net of a hypothetical dividend, were as follows: a core tier one ratio of 8,26%, a tier one ratio of 8,78% and a total capital ratio of 13,17% (8,2%, 8,71% and 13,02% respectively in June 2011).

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The total personnel of the UBI Banca Group as at 30th September 2011 numbered 19.515 compared to 19.867 in September 2010. The branch network at the end of the period consisted of 1.877 branches in Italy and 9 abroad.

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**Declaration 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 current context makes it extremely complex to make forecasts of operating performance due to the great uncertainties surrounding the solution to the pressures on sovereign debts and the possible transfer of the impacts of the financial crisis to the real economy and to industrial output in particular. Although this instability may have repercussions on both on interest rate levels and volumes of business, also taking into account the new supervisory regulations (in particular EBA), it is nevertheless still possible to assume that net interest income and net commissions will be resilient, while financial results will be affected by developments in the national and international political situation.

In normalised terms operating expenses, which already include estimated provisions in relation to the renewal of the national labour contract and to variable remuneration (not present last year), are expected to be in line with 2010, partly thanks to the benefits deriving from the trade union agreement signed in May 2010.

With regard to credit quality, as at today the forecast of achieving a lower annual loan loss rate below that for 2010 is confirmed.

Depending on market performance, impairment reversals or further impairment losses may be recognised on the investment in Intesa SanPaolo.

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**Simplification of customer service model**

A series of activities to <u>streamline the customer service model</u> has been launched as part of the Group simplification process currently in progress.

These activities have led to the redefinition of the service models for large corporate clients, in the consumer credit sector and with regard to the geographical market cover of some network banks. Implementation will also include corporate transactions and will be completed during 2012 and in the first half of 2013. The initiatives planned will enable the Group to shorten decision-making processes, improve risk management and increase synergies within the Group, while pursuing organisational clarity and simplicity at the same time.

Furthermore, the operations planned may determine possible tax optimization.

1) Large corporate clients (not related to local areas covered by network banks) and investment banking:

The new service model involves the creation of a new "Large Corporate and Investment Banking" division at UBI Banca, which will operate in:

- the management and development of business with a limited number of large corporate clients not directly related to local areas covered by the network banks;
- the structuring and grant of complex finance both with Group and non-captive clients;
- provision of value added services (e.g. advisory) to both Group and non-captive clients.

In order to optimise operations, Centrobanca will be merged into UBI Banca and the development of Centrobanca's current business will be transferred to divisions at the Parent.

The development of former Centrobanca financial activities (e.g. market making and structured products) will be performed by the Parent with savings on costs and the elimination of management and investment duplications.

The merger of Centrobanca into UBI Banca is planned for the end of 2012 or the beginning of 2013.

2) Streamlining "consumer credit" business:

In relation to the higher risk of some lines of business and the need to focus lending operations, the Group has decided to reposition the activities performed by Banca 24/7 in the consumer credit sector.

The actions undertaken on Banca 24/7 lines of business – some with implementation currently in progress – are as follows:

- Exit from the special purpose and personal loans to non-captive customers business: activities are limited to the management of outstanding loans;
- Starting from May 2011, transfer to the Network Banks of the disbursement of mortgages to non-captive customers through the brokerage company By You, with a view to the acquisition of new customers and a more balanced management of funding and to risk control. No use of additional credit brokerage companies is planned;
- personal loans to captive customers to be distributed by the network banks;
- the specialisation of the company Prestitalia (100% UBI Group), appropriately expanded, in the salary backed loan business. Also approximately 3,3 billion euro of outstanding salary backed loans held at present by Banca 24/7 will be transferred to that company.

Procedures for the merger of Banca 24/7 into UBI Banca were commenced in relation to the reorganisation of activities. This will involve the transfer of outstanding captive mortgages and personal loans and non-captive personal and special purpose loans currently held by Banca 24/7 to UBI Banca and the management of credit card business by UBI.

The timing planned for the reorganisation of activities is as follows:

- the contribution of assets consisting of salary backed loans from Banca 24/7 to Prestitalia: second quarter of 2012;
- the merger of Banca 24/7 into UBI Banca: second quarter 2012, effective for accounting and tax purposes from 01/01/2012.

3) The creation of a North Western banking pole

Again with a view to Group simplification and local market focus, the creation of a North Western pole is planned through the merger of Banca Regionale Europea and Banco di San Giorgio.

The operation will be carried out as follows:

- Banca Regionale Europea, which already holds 57,50% of the share capital of Banco di San Giorgio, will acquire all the shares of Banco di San Giorgio held by UBI Banca (38,19% of the share capital);
- Banco di San Giorgio will be merged into Banca Regionale Europea;
- the following is planned in order to preserve the ties between Banco di San Giorgio and the local markets on which it operates after the merger:
  - the brand is maintained;
  - a foundation will be created to maintain links with local communities in Liguria. The foundation will be formed with an initial endowment from the "new" Banca Regionale Europea and its capital will be added to annually through the allocation of the main part of a provision made for initiatives and institutions with charitable, humanitarian, social, cultural and artistic purposes to be written into the corporate by-laws of Banca Regionale Europea.

The figures for the two banks are as follows:

| % and €(billion) | BRE | BSG |
|---|---|---|
| Core tier 1 ratio | 25,25% | 7% |
| Total capital ratio | 27,53% | 9% |
| Direct funding from customers | 5,4 | 1,7 |
| Loans | 7,3 | 2,9 |
| Branches | 229 | 57 |

The magnitude of Banca Regionale Europea's supervisory capital will allow the merger with Banco di San Giorgio without affecting the solidity of BRE itself. The new entity will also perform centralised management of funding and lending in order to achieve a better structural balance.

The merger is planned for July 2012, but effective for accounting and tax purposes from 1/1/2012.

On the basis of what are only very preliminary estimates, which will be further refined by the work of study groups currently in progress, the three projects should involve one-off integration costs in 2012 of approximately 27 million euro and require investments to be capitalised of approximately 17 million euro, while it is expected that they will generate, pro-rata in the year the project is carried out, and fully at regime annual synergies conservatively estimated in over 36 million euro.

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*Attachments*
**Financial statements**

**UBI Banca Group:**

- Reclassified consolidated statement of financial position
- Reclassified consolidated income statement
- 2011 Quarterly evolution of reclassified consolidated income statement
- Reclassified consolidated income statement net of the most significant non-recurring items

- Consolidated balance sheet - Mandatory statement
- Consolidated income statement - Mandatory statement

**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 statement of financial position

| **ASSETS**<br>*(Figures in thousands of euro)* | **30.9.2011**<br>**A** | **31.12.2010**<br>**B** | **Changes**<br>**A-B** | **% changes**<br>**A/B** | **30.9.2010**<br>**C** | **Changes**<br>**A-C** | **% changes**<br>**A/C** |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 568,540 | 609,040 | -40,500 | -6.6% | 586,075 | -17,535 | -3.0% |
| Financial assets held for trading | 2,250,881 | 2,732,751 | -481,870 | -17.6% | 2,836,561 | -585,680 | -20.6% |
| Financial assets at fair value | 130,494 | 147,286 | -16,792 | -11.4% | 153,951 | -23,457 | -15.2% |
| Available-for-sale financial assets | 8,365,381 | 10,252,619 | -1,887,238 | -18.4% | 10,954,989 | -2,589,608 | -23.6% |
| Loans to banks | 5,314,336 | 3,120,352 | 2,193,984 | 70.3% | 3,427,795 | 1,886,541 | 55.0% |
| Loans to customers | 102,765,316 | 101,814,829 | 950,487 | 0.9% | 101,195,034 | 1,570,282 | 1.6% |
| Hedging derivatives | 995,341 | 591,127 | 404,214 | 68.4% | 816,673 | 178,668 | 21.9% |
| Fair value change in hedged financial assets (+/-) | 675,977 | 429,073 | 246,904 | 57.5% | 796,414 | -120,437 | -15.1% |
| Equity investments | 351,463 | 368,894 | -17,431 | -4.7% | 375,800 | -24,337 | -6.5% |
| Property, equipment and investment property | 2,058,170 | 2,112,664 | -54,494 | -2.6% | 2,071,976 | -13,806 | -0.7% |
| Intangible assets | 5,268,352 | 5,475,385 | -207,033 | -3.8% | 5,478,993 | -210,641 | -3.8% |
| *of which: goodwill* | *4,286,210* | *4,416,660* | *-130,450* | *-3.0%* | *4,413,791* | *-127,581* | *-2.9%* |
| Tax assets | 2,604,967 | 1,723,231 | 881,736 | 51.2% | 1,379,250 | 1,225,717 | 88.9% |
| Non-current assets and disposal groups held for sale | 6,874 | 8,429 | -1,555 | -18.4% | 48,256 | -41,382 | -85.8% |
| Other assets | 2,272,277 | 1,172,889 | 1,099,388 | 93.7% | 1,622,444 | 649,833 | 40.1% |
| **Total assets** | **133,628,369** | **130,558,569** | **3,069,800** | **2.4%** | **131,744,211** | **1,884,158** | **1.4%** |

| **LIABILITIES AND EQUITY**<br>*(Figures in thousands of euro)* | **30.9.2011**<br>**A** | **31.12.2010**<br>**B** | **Changes**<br>**A-B** | **% changes**<br>**A/B** | **30.9.2010**<br>**C** | **Changes**<br>**A-C** | **% changes**<br>**A/C** |
|---|---|---|---|---|---|---|---|
| Due to banks | 8,611,714 | 5,383,977 | 3,227,737 | 60.0% | 7,126,257 | 1,485,457 | 20.8% |
| Due to customers | 56,392,736 | 58,666,157 | -2,273,421 | -3.9% | 57,412,547 | -1,019,811 | -1.8% |
| Securities issued | 47,502,685 | 48,093,888 | -591,203 | -1.2% | 46,463,566 | 1,039,119 | 2.2% |
| Financial liabilities held for trading | 654,949 | 954,423 | -299,474 | -31.4% | 978,064 | -323,115 | -33.0% |
| Hedging derivatives | 1,569,117 | 1,228,056 | 341,061 | 27.8% | 1,827,144 | -258,027 | -14.1% |
| Tax liabilities | 1,389,753 | 993,389 | 396,364 | 39.9% | 908,091 | 481,662 | 53.0% |
| Liabilities associated with activities under disposal | 827 | - | 827 | - | - | 827 | n.s. |
| Other liabilities | 4,554,208 | 2,600,165 | 1,954,043 | 75.2% | 4,288,484 | 265,724 | 6.2% |
| Post-employment benefits | 389,096 | 393,163 | -4,067 | -1.0% | 402,921 | -13,825 | -3.4% |
| Provisions for risks and charges: | 326,203 | 303,572 | 22,631 | 7.5% | 295,747 | 30,456 | 10.3% |
| a) pension and similar obligations | 65,806 | 68,082 | -2,276 | -3.3% | 69,560 | -3,754 | -5.4% |
| b) other provisions | 260,397 | 235,490 | 24,907 | 10.6% | 226,187 | 34,210 | 15.1% |
| Share capital, share premium, reserves, fair value reserves and treasury shares | 11,105,404 | 10,806,898 | 298,506 | 2.8% | 10,886,557 | 218,847 | 2.0% |
| Non-controlling interests | 949,008 | 962,760 | -13,752 | -1.4% | 957,099 | -8,091 | -0.8% |
| Profit for the period | 182,669 | 172,121 | n.s. | n.s. | 197,734 | -15,065 | -7.6% |
| **Total liabilities and equity** | **133,628,369** | **130,558,569** | **3,069,800** | **2.4%** | **131,744,211** | **1,884,158** | **1.4%** |

## UBI Banca Group: Reclassified consolidated income statement

| *Figures in thousands of euro* | 9M 2011<br>A | 9M 2010<br>B | Changes<br>A-B | % changes<br>A/B | 3rd Quarter 2011<br>C | 3rd Quarter 2010<br>D | Changes<br>C-D | % changes<br>C/D | FY 2010<br>E |
|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 1.575.301 | 1.593.971 | (18.670) | (1,2%) | 534.185 | 543.197 | (9.012) | (1,7%) | 2.142.526 |
| *of which: effects of the purchase price allocation* | *(37.490)* | *(46.543)* | *(9.053)* | *(19,5%)* | *(11.636)* | *(14.060)* | *(2.424)* | *(17,2%)* | *(61.141)* |
| *Net interest income excluding the effects of the PPA* | *1.612.791* | *1.640.514* | *(27.723)* | *(1,7%)* | *545.821* | *557.257* | *(11.436)* | *(2,1%)* | *2.203.667* |
| Dividends and similar income | 19.908 | 20.568 | (660) | (3,2%) | 1.243 | 2.331 | (1.088) | (46,7%) | 24.099 |
| Profits of equity-accounted investees | 13.118 | 19.480 | (6.362) | (32,7%) | 3.496 | 8.414 | (4.918) | (58,5%) | 17.613 |
| Net commission income | 878.566 | 871.530 | 7.036 | 0,8% | 291.989 | 263.973 | 28.016 | 10,6% | 1.185.297 |
| Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value | (16.670) | 13.471 | (30.141) | n.s. | (23.891) | 19.357 | (43.248) | n.s. | 34.044 |
| Other net operating income | 63.790 | 66.589 | (2.799) | (4,2%) | 20.874 | 25.327 | (4.453) | (17,6%) | 92.482 |
| **Operating income** | **2.534.013** | **2.585.609** | **(51.596)** | **(2,0%)** | **827.896** | **862.599** | **(34.703)** | **(4,0%)** | **3.496.061** |
| ***Operating income excluding the effects of the PPA*** | ***2.571.503*** | ***2.632.152*** | ***(60.649)*** | ***(2,3%)*** | ***839.532*** | ***876.659*** | ***(37.127)*** | ***(4,2%)*** | ***3.557.202*** |
| Personnel expense | (1.072.857) | (1.107.115) | (34.258) | (3,1%) | (334.913) | (359.587) | (24.674) | (6,9%) | (1.451.584) |
| Other administrative expenses | (522.237) | (568.409) | (46.172) | (8,1%) | (165.947) | (183.844) | (17.897) | (9,7%) | (769.744) |
| Net impairment losses on property, equipment and investment property and intangible assets | (201.385) | (183.240) | 18.145 | 9,9% | (60.365) | (60.425) | (60) | (0,1%) | (247.236) |
| *of which: effects of the purchase price allocation* | *(52.368)* | *(56.167)* | *(3.799)* | *(6,8%)* | *(17.456)* | *(18.723)* | *(1.267)* | *(6,8%)* | *(74.889)* |
| *Net impairment losses on property, equipment and investment property and intangible assets excluding the effects of the PPA* | *(149.017)* | *(127.073)* | *21.944* | *17,3%* | *(42.909)* | *(41.702)* | *1.207* | *2,9%* | *(172.347)* |
| **Operating expenses** | **(1.796.479)** | **(1.858.764)** | **(62.285)** | **(3,4%)** | **(561.225)** | **(603.856)** | **(42.631)** | **(7,1%)** | **(2.468.564)** |
| ***Operating expenses excluding the effects of the PPA*** | ***(1.744.111)*** | ***(1.802.597)*** | ***(58.486)*** | ***(3,2%)*** | ***(543.769)*** | ***(585.133)*** | ***(41.364)*** | ***(7,1%)*** | ***(2.393.675)*** |
| **Net operating income** | **737.534** | **726.845** | **10.689** | **1,5%** | **266.671** | **258.743** | **7.928** | **3,1%** | **1.027.497** |
| ***Net operating income excluding the effects of the PPA*** | ***827.392*** | ***829.555*** | ***(2.163)*** | ***(0,3%)*** | ***295.763*** | ***291.526*** | ***4.237*** | ***1,5%*** | ***1.163.527*** |
| Net impairment losses on loans | (398.665) | (455.715) | (57.050) | (12,5%) | (135.143) | (134.011) | 1.132 | 0,8% | (706.932) |
| Net impairment losses on other assets and liabilities | (138.837) | (18.192) | 120.645 | n.s. | (119.245) | (147) | 119.098 | n.s. | (49.721) |
| Net provisions for risks and charges | (19.783) | (12.005) | 7.778 | 64,8% | (5.228) | (5.383) | (155) | (2,9%) | (27.209) |
| Profits (losses) from disposal of equity investments and net impairment losses on goodwill | (124.803) | 78.354 | (203.157) | n.s. | 170 | 80.498 | (80.328) | (99,8%) | 90.700 |
| **Pre-tax profit from continuing operations** | **55.446** | **319.287** | **(263.841)** | **(82,6%)** | **7.225** | **199.700** | **(192.475)** | **(96,4%)** | **334.335** |
| ***Pre-tax profit from continuing operations excluding the effects of the PPA*** | ***145.304*** | ***421.997*** | ***(276.693)*** | ***(65,6%)*** | ***36.317*** | ***232.483*** | ***(196.166)*** | ***(84,4%)*** | ***470.365*** |
| Taxes on income for the period/year from continuing operations | 146.557 | (197.287) | 343.844 | n.s. | (70.191) | (103.144) | (32.953) | (31,9%) | (231.980) |
| *of which: effects of the purchase price allocation* | *29.581* | *33.050* | *(3.469)* | *(10,5%)* | *9.575* | *10.545* | *(970)* | *(9,2%)* | *43.770* |
| Post-tax profit from discontinued operations | 22 | 83.369 | (83.347) | (100,0%) | 22 | 12 | 10 | 83,3% | 83.368 |
| Profit for the year/period attributable to non-controlling interests | (19.356) | (7.635) | 11.721 | 153,5% | (6.097) | (908) | 5.189 | n.s. | (13.602) |
| *of which: effects of the purchase price allocation* | *6.555* | *7.531* | *(976)* | *(13,0%)* | *2.114* | *2.395* | *(281)* | *(11,7%)* | *10.034* |
| *Profit (loss) for the year/period attributable to the shareholders of the Parent excluding the effects of the PPA* | *236.391* | *259.863* | *(23.472)* | *(9,0%)* | *(51.638)* | *115.503* | *(167.141)* | *n.s.* | *254.347* |
| **Profit (loss) for the year/period attributable to the shareholders of the Parent** | **182.669** | **197.734** | **(15.065)** | **(7,6%)** | **(69.041)** | **95.660** | **(164.701)** | **n.s.** | **172.121** |
| *Total impact of the purchase price allocation on the income statement* | *(53.722)* | *(62.129)* | *(8.407)* | *(13,5%)* | *(17.403)* | *(19.843)* | *(2.440)* | *(12,3%)* | *(82.226)* |

## UBI Banca Group: 2011 Quarterly evolution of reclassified consolidated income statement

| *Figures in thousands of euro* | 2011 3rd Quarter | 2011 2nd Quarter | 2011 1st Quarter |
|---|---|---|---|
| Net interest income | 534.185 | 513.579 | 527.537 |
| *of which: effects of the purchase price allocation* | *(11.636)* | *(12.018)* | *(13.836)* |
| *Net interest income excluding the effects of the PPA* | *545.821* | *525.597* | *541.373* |
| Dividends and similar income | 1.243 | 16.555 | 2.110 |
| Profits (losses) of equity-accounted investees | 3.496 | 4.953 | 4.669 |
| Net commission income | 291.989 | 294.641 | 291.936 |
| *of which performance fees* | - | - | - |
| Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value | (23.891) | (7.391) | 14.612 |
| Other net operating income | 20.874 | 21.263 | 21.653 |
| **Operating income** | **827.896** | **843.600** | **862.517** |
| ***Operating income excluding the effects of the PPA*** | ***839.532*** | ***855.618*** | ***876.353*** |
| Personnel expense | (334.913) | (373.217) | (364.727) |
| Other administrative expenses | (165.947) | (185.209) | (171.081) |
| Net impairment losses on property, equipment and investment property and intangible assets | (60.365) | (81.296) | (59.724) |
| *of which: effects of the purchase price allocation* | *(17.456)* | *(17.456)* | *(17.456)* |
| *Net impairment losses on property, equipment and investment property and intangible assets excluding the effects of the PPA* | *(42.909)* | *(63.840)* | *(42.268)* |
| **Operating expenses** | **(561.225)** | **(639.722)** | **(595.532)** |
| ***Operating expenses excluding the effects of the PPA*** | ***(543.769)*** | ***(622.266)*** | ***(578.076)*** |
| **Net operating income** | **266.671** | **203.878** | **266.985** |
| ***Net operating income excluding the effects of the PPA*** | ***295.763*** | ***233.352*** | ***298.277*** |
| Net impairment losses on loans | (135.143) | (158.148) | (105.374) |
| Net impairment losses on other assets and liabilities | (119.245) | (17.959) | (1.633) |
| Net provisions for risks and charges | (5.228) | (4.136) | (10.419) |
| Profits (losses) from disposal of equity investments and net impairment losses on goodwill | 170 | (125.154) | 181 |
| **Pre-tax profit (loss) from continuing operations** | **7.225** | **(101.519)** | **149.740** |
| ***Pre-tax profit (loss) from continuing operations excluding the effects of the PPA*** | ***36.317*** | ***(72.045)*** | ***181.032*** |
| Taxes on income for the period from continuing operations | (70.191) | 293.666 | (76.918) |
| *of which: effects of the purchase price allocation* | *9.575* | *9.936* | *10.070* |
| Post-tax profit from discontinued operations | *22* | - | - |
| Profit for the period attributable to non-controlling interests | (6.097) | (5.046) | (8.213) |
| *of which: effects of the purchase price allocation* | *2.114* | *2.139* | *2.302* |
| *Profit (loss) for the period attributable to the shareholders of the Parent excluding the effects of the PPA* | *(51.638)* | *204.500* | *83.529* |
| **Profit (loss) for the period attributable to the shareholders of the Parent** | **(69.041)** | **187.101** | **64.609** |
| | | | |
| *Total impact of the purchase price allocation on the income statement* | *(17.403)* | *(17.399)* | *(18.920)* |
| | | | |
| **Profit for the period attributable to the shareholders of the Parent net of the most significant non-recurring items (including the effects of PPA)** | **26.353** | **5.421** | **64.609** |

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

| *Figures in thousands of euro* | 9M 2011 | non-recurring items: Impairment losses on AFS securities and on equity investments in Intesa Sanpaolo and A2A | non-recurring items: Impairment loss on goodwill and on other intangible assets | non-recurring items: UBI Banca tax realignment in accordance with Law No. 111/2011 and write off of deferred income tax assets/deferred IRAP tax assets | non-recurring items: Impact of IRAP adjustment for deferred tax provisions recognised as at 31st December 2010 | non-recurring items: Restructuring of UBI Leasing agent network | non-recurring items: Release of excess provisions | 9M 2011 *net of non-recurring items* A | 9M 2010 | non-recurring items: Impairment losses on equity investments in Intesa Sanpaolo and A2A | non-recurring items: Contribution of depository banking operations | non-recurring items: Net impairment losses on goodwill of Gestioni Lombarda (Switzerland) | non-recurring items: Leaving incentives | non-recurring items: Tax effect of branch switching operations | non-recurring items: Partial disposal of the interest held in Lombarda Vita | 9M 2010 *net of non-recurring items* B | Changes A-B | Changes % A/B |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net interest income (including the effects of PPA) | 1.575.301 | | | | | | | 1.575.301 | 1.593.971 | | | | | | | 1.593.971 | (18.670) | (1,2%) |
| Dividends and similar income | 19.908 | | | | | | | 19.908 | 20.568 | | | | | | | 20.568 | (660) | (3,2%) |
| Profit of equity-accounted investees | 13.118 | | | | | | | 13.118 | 19.480 | | | | | | | 19.480 | (6.362) | (32,7%) |
| Net commission income | 878.566 | | | | | | | 878.566 | 871.530 | | | | | | | 871.530 | 7.036 | 0,8% |
| Net income (loss) from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value | (16.670) | | | | | | | (16.670) | 13.471 | | | | | | | 13.471 | (30.141) | n.s. |
| Other net operating income | 63.790 | | | | | 1.603 | | 65.393 | 66.589 | | (957) | | | | | 65.632 | (239) | (0,4%) |
| **Operating income** (including the effects of PPA) | **2.534.013** | **-** | **-** | **-** | **-** | **1.603** | **-** | **2.535.616** | **2.585.609** | **-** | **(957)** | **-** | **-** | **-** | **-** | **2.584.652** | **(49.036)** | **(1,9%)** |
| Personnel expense | (1.072.857) | | | | | | (27.932) | (1.100.789) | (1.107.115) | | | | 33.233 | | | (1.073.882) | 26.907 | 2,5% |
| Other administrative expenses | (522.237) | | | | | | | (522.237) | (568.409) | | | | | | | (568.409) | (46.172) | (8,1%) |
| Net impairment losses on property, equipment and investment property and intangible assets (including the effects of PPA) | (201.385) | | 19.517 | | | | | (181.868) | (183.240) | | | | | | | (183.240) | (1.372) | (0,7%) |
| **Operating expenses** (including the effects of PPA) | **(1.796.479)** | **-** | **19.517** | **-** | **-** | **-** | **(27.932)** | **(1.804.894)** | **(1.858.764)** | **-** | **-** | **-** | **33.233** | **-** | **-** | **(1.825.531)** | **(20.637)** | **(1,1%)** |
| **Net operating income** (including the effects of PPA) | **737.534** | **-** | **19.517** | **-** | **-** | **1.603** | **(27.932)** | **730.722** | **726.845** | **-** | **(957)** | **-** | **33.233** | **-** | **-** | **759.121** | **(28.399)** | **(3,7%)** |
| Net impairment losses on loans | (398.665) | | | | | | | (398.665) | (455.715) | | | | | | | (455.715) | (57.050) | (12,5%) |
| Net impairment losses on other assets and liabilities | (138.837) | 135.681 | | | | | | (3.156) | (18.192) | 18.858 | | | | | | 666 | (3.822) | n.s. |
| Net provisions for risks and charges | (19.783) | | | | | 3.511 | | (16.272) | (12.005) | | | | | | | (12.005) | 4.267 | 35,5% |
| Profits (losses) from disposal of equity investments and net impairment losses on goodwill | (124.803) | | 126.306 | | | | | 1.503 | 78.354 | | | 4.145 | | | (81.131) | 1.368 | 135 | 9,9% |
| **Pre-tax profit from continuing operations before tax** (including the effects of PPA) | **55.446** | **135.681** | **145.823** | **-** | **-** | **5.114** | **(27.932)** | **314.132** | **319.287** | **18.858** | **(957)** | **4.145** | **33.233** | **-** | **(81.131)** | **293.435** | **20.697** | **7,1%** |
| Taxes on income for the period from continuing operations | 146.557 | (1.846) | (2.030) | (352.841) | 6.267 | (1.407) | 7.681 | (197.619) | (197.287) | (79) | 263 | | (9.139) | 18.294 | 20.202 | (167.746) | 29.873 | 17,8% |
| Post-tax profit from discontinued operations | 22 | | | | | | | 22 | 83.369 | | (83.357) | | | | | 12 | 10 | 83,3% |
| Profit for the period attributable to non-controlling interests | (19.356) | | | | (925) | | 129 | (20.152) | (7.635) | | 173 | | (1.713) | (2.951) | | (12.126) | 8.026 | 66,2% |
| **Profit for the period attributable to the shareholders of the Parent** | **182.669** | **133.835** | **143.793** | **(352.841)** | **5.342** | **3.707** | **(20.122)** | **96.383** | **197.734** | **18.779** | **(83.878)** | **4.145** | **22.381** | **15.343** | **(60.929)** | **113.575** | **(17.192)** | **(15,1%)** |

# UBI Banca Group: Consolidated Balance Sheet
## *- Mandatory statement -*

| **ASSETS** *(Figures in thousands of euro)* | **30.9.2011** | **31.12.2010** | **30.9.2010** |
|---|---|---|---|
| Cash and cash equivalents | 568.540 | 609.040 | 586.075 |
| Financial assets held for trading | 2.250.881 | 2.732.751 | 2.836.561 |
| Financial assets at fair value | 130.494 | 147.286 | 153.951 |
| Available-for-sale financial assets | 8.365.381 | 10.252.619 | 10.954.989 |
| Loans to banks | 5.314.336 | 3.120.352 | 3.427.795 |
| Loans to customers | 102.765.316 | 101.814.829 | 101.195.034 |
| Hedging derivatives | 995.341 | 591.127 | 816.673 |
| Fair value change in hedged financial assets (+/-) | 675.977 | 429.073 | 796.414 |
| Equity investments | 351.463 | 368.894 | 375.800 |
| Property, equipment and investment property | 2.058.170 | 2.112.664 | 2.071.976 |
| Intangible assets | 5.268.352 | 5.475.385 | 5.478.993 |
| *of which:* | | | |
| *- goodwill* | *4.286.210* | *4.416.660* | *4.413.791* |
| Tax assets | 2.604.967 | 1.723.231 | 1.379.250 |
| a) current | 329.104 | 650.177 | 376.384 |
| b) deferred | 2.275.863 | 1.073.054 | 1.002.866 |
| Non-current assets and disposal groups held for sale | 6.874 | 8.429 | 48.256 |
| Other assets | 2.272.277 | 1.172.889 | 1.622.444 |
| **TOTAL ASSETS** | **133.628.369** | **130.558.569** | **131.744.211** |

| **LIABILITIES AND EQUITY** *(Figures in thousands of euro)* | **30.9.2011** | **31.12.2010** | **30.9.2010** |
|---|---|---|---|
| Due to banks | 8.611.714 | 5.383.977 | 7.126.257 |
| Due to customers | 56.392.736 | 58.666.157 | 57.412.547 |
| Securities issued | 47.502.685 | 48.093.888 | 46.463.566 |
| Financial liabilities held for trading | 654.949 | 954.423 | 978.064 |
| Hedging derivatives | 1.569.117 | 1.228.056 | 1.827.144 |
| Tax liabilities | 1.389.753 | 993.389 | 908.091 |
| a) current | 872.199 | 441.433 | 359.574 |
| b) deferred | 517.554 | 551.956 | 548.517 |
| Liabilities associated with activities under disposal | 827 | - | - |
| Other liabilities | 4.554.208 | 2.600.165 | 4.288.484 |
| Post-employment benefits | 389.096 | 393.163 | 402.921 |
| Provisions for risks and charges: | 326.203 | 303.572 | 295.747 |
| a) pension and similar obligations | 65.806 | 68.082 | 69.560 |
| b) other provisions | 260.397 | 235.490 | 226.187 |
| Fair value reserves | -988.434 | -253.727 | -161.596 |
| Reserves | 2.413.933 | 2.362.382 | 2.349.910 |
| Share premiums | 7.429.913 | 7.100.378 | 7.100.378 |
| Share capital | 2.254.367 | 1.597.865 | 1.597.865 |
| Treasury shares | -4.375 | - | - |
| Non-controlling interests (+/-) | 949.008 | 962.760 | 957.099 |
| Profit for the period/year (+/-) | 182.669 | 172.121 | 197.734 |
| **TOTAL LIABILITIES AND EQUITY** | **133.628.369** | **130.558.569** | **131.744.211** |

# UBI Banca Group: Consolidated Income Statement
## *- Mandatory statement -*

| *Figures in thousands of euro* | **30.9.2011** | **30.9.2010** | **FY 2010** |
|---|---|---|---|
| Interest and similar income | 2.963.309 | 2.593.597 | 3.525.312 |
| Interest expense and similar | (1.386.565) | (996.272) | (1.378.714) |
| **Net interest income** | **1.576.744** | **1.597.325** | **2.146.598** |
| Commission income | 999.918 | 1.016.994 | 1.378.117 |
| Commission expense | (122.795) | (148.818) | (196.892) |
| **Net commission income** | **877.123** | **868.176** | **1.181.225** |
| Dividends and similar income | 19.908 | 20.568 | 24.099 |
| Net trading loss | (3.390) | (50.899) | (56.891) |
| Net hedging income | 10.841 | 56.778 | 67.209 |
| Income/expenses from disposal or repurchase of: | 10.353 | 1.409 | 17.057 |
| a) loans | 441 | (380) | (3.850) |
| b) available-for-sale financial assets | 10.607 | 12.121 | 31.245 |
| d) other financial transactions | (695) | (10.332) | (10.338) |
| Net profit (loss) on financial assets and liabilities at fair value | (34.474) | 6.183 | 6.669 |
| **Gross income** | **2.457.105** | **2.499.540** | **3.385.966** |
| Net impairment losses on: | (537.502) | (473.907) | (756.653) |
| a) loans | (398.665) | (455.715) | (706.932) |
| b) available-for-sale financial assets | (138.674) | (19.427) | (42.364) |
| d) other financial transactions | (163) | 1.235 | (7.357) |
| **Net financial income** | **1.919.603** | **2.025.633** | **2.629.313** |
| **Net income from banking and insurance operations** | **1.919.603** | **2.025.633** | **2.629.313** |
| Administrative expenses | (1.707.584) | (1.789.395) | (2.375.174) |
| a) personnel expense | (1.072.857) | (1.107.115) | (1.451.584) |
| b) other administrative expenses | (634.727) | (682.280) | (923.590) |
| Net provisions for risks and charges | (19.783) | (12.005) | (27.209) |
| Net impairment losses on property, equipment and investment property | (83.950) | (82.589) | (109.838) |
| Net impairment losses on intangible assets | (112.606) | (95.204) | (130.500) |
| Other net operating income | 171.451 | 175.013 | 239.430 |
| **Operating expenses** | **(1.752.472)** | **(1.804.180)** | **(2.403.291)** |
| Profits of equity investments | 13.503 | 100.881 | 99.027 |
| Net impairment losses on goodwill | (126.306) | (5.172) | (5.172) |
| Profits on disposal of investments | 1.118 | 2.125 | 14.458 |
| **Pre-tax profit from continuing operations** | **55.446** | **319.287** | **334.335** |
| Taxes on income for the period from continuing operations | 146.557 | (197.287) | (231.980) |
| **Post-tax profit from continuing operations** | **202.003** | **122.000** | **102.355** |
| Post-tax profit from discontinued operations | 22 | 83.369 | 83.368 |
| **Profit for the period/year** | **202.025** | **205.369** | **185.723** |
| Profit for the year/period attributable to non-controlling interests | (19.356) | (7.635) | (13.602) |
| **Profit for the period/year attributable to the shareholders of the Parent** | **182.669** | **197.734** | **172.121** |