Italy
Full Rating Report

Banca UBAE

Ratings

Foreign Currency	
Long-Term IDR	BB+
Short-Term IDR	B
Individual Rating	C/D
Support Rating	3
Sovereign Risk	
Foreign-Currency Long-Term IDR	AA-
Local-Currency Long-Term IDR	AA-

Outlooks

Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Financial Data

Banca UBAE

	31 Dec 09	31 Dec 08
Total assets (USDm)	3,565.2	5,502.5
Total assets (EURm)	2,474.8	3,953.8
Total equity (EURm)	193.5	185.1
Operating profit (EURm)	14.9	12.6
Net income (EURm)	8.1	7.8
Comprehensive income (EURm)	8.1	7.8
Operating ROAA (%)	0.44	0.36
Operating ROAE (%)	7.77	6.91
Fitch eligible capital/ weighted risks (%)	14.11	10.78
Tier 1 ratio (%)	14.07	10.75

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Related Research

Applicable Criteria

- *Global Financial Institutions Rating Criteria* (December 2009)

Rating Rationale

- Banca UBAE's ratings reflect its core activities in a niche market, credit exposure to more volatile countries, and capitalisation that needs strengthening if the bank wants to pursue further growth. They also take into account UBAE's somewhat volatile profitability in 2008-2009, low market risk and some volatility in deposits it attracts from bank counterparties.
- Although revenue from the Libyan oil business is still significant, UBAE aims to redirect its activities towards new markets and products to strengthen its profitability. UBAE's operating profitability has shown some volatility in recent years due to decreasing margins on the oil business and higher impairment charges. However, trade finance-related fees and commissions, which increased in 2009 due to the shift towards letters of credit (L/Cs), are expected to grow further as the bank expands its documentary business. Cost efficiency is good.
- UBAE's credit risk in its trade finance business is moderate. The bank's exposure to emerging markets with significant political risk is mitigated by its short-term nature and the bank's sound knowledge of the countries and counterparties. Its exposure to banks worldwide arising from its trade finance activity is significant. Exposure to banks also arises from the deposits it receives from correspondent banking counterparties, which it typically reinvests in the interbank market. It also has a book of loans extended to trade finance-related corporate customers. Single-name concentrations on its books are material.
- UBAE's balance sheet is mainly liability driven, and some of the deposits it attracts from correspondent banks proved volatile. The Libyan Foreign Bank (LFB) provides a material proportion of UBAE's bank deposits.
- UBAE's capitalisation was acceptable at end-2009 (Tier 1 ratio of 14.07%). However, capital ratios are exposed to some volatility due to rapid changes in risk-weighted assets driven by deposits from correspondent banking counterparties.

Support

- The Support Rating reflects what Fitch Ratings considers to be a moderate probability that Libya (rated 'BBB+'/Stable), through LFB, would provide support to UBAE in case of need. The LFB is UBAE's main shareholder, with 49.9%, and is fully owned by the Central Bank of Libya. The LFB has been a shareholder of UBAE since the latter's inception and has over time participated in providing resources to UBAE.

Key Rating Drivers

- Pressure on the ratings could arise from increased political risk or volatility in its key markets, or failure to sustain capital despite further growth. Upward potential is limited due to the bank's operations, its credit risk exposure and limited size.

Profile

UBAE is a niche provider of specialised short-term trade finance to Mediterranean Arab markets, with a leading market share in payment services related to oil trading between Libya and Italy.

- Small niche provider of trade finance
- Historically focussed on oil trade now successfully expanding in other international trade segments
- Future plans include brokerage, project finance and Islamic banking; Fitch considers that the bank needs new capital and ability to attract long-term funding before engaging in these activities

Profile

UBAE was created in with the aim of developing trade between Italy and Arab countries. As a niche provider of short-term trade finance to Italian, western European and US companies trading with North African and Middle Eastern markets, its historical focus has been on financing oil trades, mainly between Libya and Italy. Over the years UBAE also expanded into the financing of infrastructure and real estate development projects. However, some of these activities were later abandoned. It is based in Rome and has a branch in Milan and a representative office in Libya. The bank also operates in Lebanon, Egypt, Iran and Algeria through a network of consultants. At end- 2009 it employed 165 staff.

UBAE's shareholding structure (see Table 1) reflects its activity and the purposes for which it was created. The largest shareholders are institutional Arab banks, including state-owned LFB, which acts as intermediary for all payments between Libya and foreign countries. Due to the importance of UBAE to LFB, the latter has shown interest in increasing its stake above 50%.

Shareholding Structure

(%)	End-2009
Libyan Foreign Bank	49.9
National Société Générale Bank	17.6
UniCredit S.p.A.	10.8
ENI Adfin S.p.A.	5.4
Bank Al Maghrib	4.7
Banque Marocaine du Commerce Extérieur	4.3
Sansedoni S.p.A.	3.7
Intesa Sanpaolo S.p.A.	1.8
Telecom Italia S.p.A.	1.8

Source: UBAE

Performance

The bank's operating profitability was historically dependent on the amount of funding from its shareholders and the oil business. Fluctuations in the amounts deposited at the bank influenced the investments it was able to make and therefore its net interest margin. Although the bank's net interest margin is now less reliant on oil-related deposits, its profitability is still significantly linked to the oil business.

The bank managed to partially diversify its revenue sources into non-oil-related business (ie other international trade) in the north Africa-Mediterranean area, in part by providing additional banking services linked to infrastructure financing and project and start-up financing. However, the completion of these plans remains subject to the bank's ability to raise capital and attract long-term funding.

Commission income related to trade finance activity that UBAE intermediates represents an increasing proportion of the bank's operating revenue as oil exports from Libya are increasingly traded via L/Cs but also as UBAE has been attracting other types of trades. The drop in relatively cheaper oil-related deposits affected gross interest revenue, which declined sharply in 2009. However, interest expenses were reduced consistently, bolstering net interest income.

Overall operating performance was underpinned by the bank's documentary business, which is benefiting from increasing business volumes over time. This trend is expected to continue over the coming years. Loan and securities impairment charges accounted for about 50.33% of pre-impairment operating profit in 2009 (up 18% compared with 2008).

- Operating profitability still significantly linked to oil business but business diversification continues
- Increasing commission from trade finance business due to entrance in new international trade segments but also to shift of oil business towards L/Cs
- Good cost efficiency

Operating Profitability

The bank's net interest revenue and net interest margin narrowed as oil-related deposits, which were generally cheap, reduced in favour of a trade mechanism based on L/Cs. Interest income, albeit decreasing slightly, was underpinned by interest from loans, discounted bills, securities and the bank's money-market activity in 2009. However, interest income is expected to decrease further in 2010 as average deposits, which allowed the bank to earn the bulk of interest revenue through placements of its excess liquidity into money-market deposits, are expected to drop further.

Fees and commissions related to UBAE's trade finance business increased in 2008 and 2009 due to the significantly higher intermediated volumes of L/Cs, related to the oil business but also to other sectors such as infrastructures. Fees and commissions are expected to underpin profitability as the bank aims to increase commissions from L/Cs and guarantees, and to continue expand its activity to markets where it can earn higher fees.

Selected Performance Indicators

	UBAE		Banque de Commerce et de Placement[a] ('BB+'/'C')		Fimbank ('BB'/'C/D')	
(%)	2009	2008	2009	2008	2009	2008
Net interest margin	0.86	0.92	1.36	1.41	1.43	2.13
Operating ROAA	0.44	0.36	2.14	2.16	0.25	0.11
Non interest income/gross revenues	49.54	34.19	68.48	68.68	69.23	46.84
Pre-impairment operating ROAA	0.89	0.63	2.30	2.51	0.98	0.51
Operating ROAE	7.77	6.91	22.74	25.52	1.39	0.66
Non-interest expense/gross revenue	44.75	52.69	43.11	41.53	76.46	93.21
Eligible capital/regulatory weighted risks	14.11	10.78	n.a.	15.58[b]	n.a.	19.48
Eligible capital (EURm)	193.5	185.1	n.a.	214.0[c]	115.6	108.9

[a] Swiss GAAP
[b] Tier 1 ratio
[c] Equity
Source: Annual and interim reports reclassified by Fitch

Other operating income consists mainly of results from FX (and to a lesser extent other financial) dealing activities on behalf of the bank's customers. This item is highly correlated to the volatility of oil prices and of the US dollar against the euro, but also to the demand for US dollars from clients. UBAE's small, albeit increasing, securities portfolio recorded a positive performance in 2009 after some negative valuation movements in 2007 and 2008.

Staff and other administrative expenses remained relatively stable in 2009, reflecting the bank's effective cost control.

Impairment charges mainly relate to banks as they represent most of UBAE's exposure to credit risk (see *Credit Risk* below). These charges increased substantially in 2008 (EUR9.4m) and 2009 (EUR15.1m), when they absorbed around half of pre-impairment operating profit. The amount of impairment charges in 2009 partly reflects UBAE's prudent approach to credit risk, as more than third related to collective charges. Specific charges increased substantially in H209 when the bank impaired its exposure to two bank counterparties. However, impairment charges, including on banks and securities, remain acceptable when measured as a proportion of the bank's average total exposure (including gross loans, loans and advances to banks and total securities): 0.50% in 2009. The cost of credit is expected to remain high in 2010. However, due to the specific nature of the bank's business the cost of credit remains well below that at most Italian banks over the same period.

On-Balance-Sheet Credit Exposure by Country

(%)	End-H109
Italy	64.37
France	14.24
Turkey	3.84
Bahrain	2.83
Oman	2.38
Kuwait	2.25
Russia	1.58
Sudan	1.54
Spain	0.82
Poland	0.69
Iran	0.58
Others	4.89

Source: UBAE

- Very high concentrations and exposure to political risk in emerging markets
- Deteriorating but still acceptable asset quality
- Market risk low but likely to increase

Risk Management

An independent risk-management unit monitors credit, market and operational risks. The bank's general risk exposure and its compliance with limits are monitored by a weekly risk committee.

Credit Risk

In addition to its trade finance business, UBAE takes on credit risk by investing its abundant deposits in securities and placing funds with banks. Lending to Italian SMEs, which Fitch views as a negative risk factor, accounts for a small proportion of the bank's balance sheet. However, UBAE offers lending only as an ancillary service to trade-finance-related customers, which mitigates concerns. UBAE applies the standardised approach for credit risk under Basel II.

UBAE's balance sheet is largely liability driven. After consistent increases since end-2006, the balance sheet decreased significantly in 2009 (down 37% on end-2008). UBAE's on-balance-sheet assets are liquid and predominantly short term. Interbank lending and trading assets accounted for about 88% of total assets at end-2009. At the same date, 76% of UBAE's lending to banks had a maturity of below three months, and 67% of less than one month.

Around 50% of UBAE's EUR2.9bn total exposure to banks (consisting of EUR2.1bn on-balance-sheet lending to banks and EUR0.8bn off balance sheet as guarantees and commitments) related to its trade finance business; the rest was money-market lines. Its exposure to foreign counterparties accounted for 36% of the total; of this proportion, 37% was related to trade finance. Most of this exposure was to some of the largest banks in the markets in which UBAE operates. Although the short-term and secured nature of most of UBAE's interbank lending mitigates the credit risk of these assets, the political risk involved in some exposures is significant.

At end-October 2009 confirmed L/C and other trade-related guarantee exposures, which are off balance sheet, have been increasing and totalled EUR2.4bn. Most of the L/C business at UBAE is still related to oil trading. UBAE has outstanding related-party exposure totalling EUR32.8m; however, all these transactions are conducted on a commercial basis.

At end-2009 UBAE also had a EUR684m exposure to trade-finance-related corporate customers (EUR169m on balance sheet as commercial lending and EUR515m off balance sheet as guarantees and commitments). Foreign corporate exposure is kept at a minimum and only refers to historical oil clients in countries that the bank is familiar with.

At end-2009 the bank's 20 largest bank (on and off balance sheet) exposures totalled a high 80% of its total exposure to banks. Its 20 largest non-bank exposures were instead equal to 77% of its customer lending exposure. At end-September 2009 UBAE reported 15 large exposures (defined as those larger than 10% of its regulatory capital), equating in aggregate to more than 3x its regulatory capital. This is extremely high, although due to their nature these large exposures are extremely volatile, both in total amount and number of clients.

Loan Loss Experience

UBAE's asset quality is adequate despite the concentrations in its loan book. Coverage levels have remained adequate. Gross impaired loans to clients remained almost stable and coverage levels remained adequate at more than 100% at end-2009. However, gross impaired loans to banks increased sharply in H209 due to two bank exposures that totalled EUR11.3m. Coverage of impaired loans to banks was 70%. At end-2009, including guarantees and commitments impaired exposures represented nearly 6% of UBAE's eligible capital or 0.80% of its credit exposure to banks and corporate clients, which Fitch considers limited.

Off-Balance-Sheet Credit Exposure by Country

(%)	End-H109
Italy	57.86
Libya	12.79
Turkey	6.02
Iran	4.56
Sudan	3.76
Switzerland	3.53
Algeria	2.78
Bangladesh	1.92
Germany	1.19
Portugal	0.85
Spain	0.84
Others	3.90

Source: UBAE

Asset Quality

	UBAE		Banque de Commerce et de Placement[a]		Fimbank	
(%)	2009	2008	2009	2008	2009	2008
Impaired loans gross/loans gross	5.80	5.03	1.19	0.16	n.a.	17.31
Reserves for impairment loans/ impaired loans	132.81	114.02	98.91	n.a.	n.a.	54.15
Impaired loans net/equity	-1.29	-0.81	0.04	0.37	n.a.	7.40
Loan impairment charge/gross loans (average)	0.21	0.33	0.62	1.63	1.94	0.85

[a] Swiss GAAPS
n.a. – Not available
Source: Annual and interim reports reclassified by Fitch

Other Assets

At end-September 2009, around 7% of UBAE's assets were invested in securities. Equally split between held for trading and held to maturity, these mainly consisted of shares in listed banks and insurance companies and European corporates. The bank also owned some bonds. The bank intends to maintain a European banks bond portfolio with an average outstanding of EUR150m.

Market Risk

UBAE monitors and manages market risk on its equity and bond portfolios through value at risk (VaR; 99% confidence, 10-day holding period) within the limits of EUR1m for equities and EUR1.5m for bonds. Utilisation levels are around 10% of these limits. The investment limit for single equity exposures is a conservative EUR2m, while the total equity investment cannot exceed EUR10m. The bank's bond investments must be rated investment grade and made in investment-grade and OECD countries. Investments in speculative-grade securities require approval from the board of directors. Derivative instruments are only used for hedging purposes.

The bank is not unduly exposed to interest rate movements and the short-term nature of its assets and liabilities allows flexibility in repositioning the balance sheet.

UBAE operates in the FX markets on behalf of its banking customers, an area it wants to continue to develop. However, the level of proprietary FX risk it assumes to carry out its customer-related business is low and adequately managed. Its FX net open position is monitored daily. The maximum overnight position it can hold is equal to EUR10m.

Operational Risk

UBAE's trade finance activity exposes the bank to significant operational risk, including risks related to money laundering. These risks are monitored and managed through the bank's internal audit and risk management, which have established solid and well-tested procedures for the documentary credit business. Nevertheless, controls have scope to improve further. UBAE has adopted the basic indicator approach to measuring operational risk charges under Basel II, but will start collecting data on operational losses to improve its analyses. The bank did not report operational losses during 2008 and 2009.

- Mainly funded through short-term bank deposits
- Some volatility in deposits from banks arising from recently established correspondent banking relationships; core bank deposits remain stable
- Relevant depositor concentration
- Decreasing capital ratios; main shareholder willing to inject new capital

Funding, Liquidity and Capital

Funding

UBAE's funding is mainly short term, typically deposits with maturities of less than three months. Most of it is related to interbank deposits, which accounted for 93% of total non-equity funding at end- 2009. A large part of these bank deposits came from counterparties with which the bank has stable correspondent bank relationships for its trade finance activity. Deposits from corporate customers accounted for approximately 5% of non-equity funding at end- 2009. At the same date, the amount of deposits from oil-related customers was still substantial.

With the aim of diversifying its depositor base the bank has established correspondence with a number of central banks in Middle Eastern countries, which caused deposits from banks to grow substantially in recent years. However, these newly attracted deposits were concentrated on a handful of names and can be volatile, as recent experience showed (deposit from banks contracted by nearly EUR1.4bn in 2009). UBAE typically places the sums coming from these less stable relationships on the interbank market avoiding maturity and currency mismatches.

Relevant depositor concentration is evident both at the bank and customer deposit level. At end-June 2009 deposits from UBAE's largest shareholder, LFB, and the 10 largest depositors accounted for 37.2% and 98.6%, respectively, of the bank's total, suggesting material depositor concentration. The only long-term debt is a 10-year subordinated loan from the bank's main shareholder (see also *Capital* below), equal to EUR70m at end-June 2009, and the remaining portion of a EUR23.4m subordinated loan granted by LFB and to be reimbursed in 2011. At end-2009 subordinated loans totalled EUR85.6m and are included in deposits from banks ("Liabilities"; Line 5) in the attached spreadsheet.

Liquidity

UBAE's liquidity is strong owing primarily to its very short-term activities and the

fact that a large part of its business is off balance sheet. The bank estimates that around EUR1.5bn of interbank deposits are rolled over and therefore represent a relatively stable stock of funding; in addition, a substantial proportion of deposits comes from LFB.

Capital

UBAE's capitalisation was acceptable at end-2009 with a Tier 1 ratio of 14.07%. During the year however, the bank's capital ratios suffered from some volatility due to rapid changes in risk-weighted assets driven by deposits from correspondent banking counterparties, which UBAE typically reinvests in the interbank market. The implementation of Basel II had a minor impact on the bank's capital ratios. Eligible capital is equivalent to reported equity: the bank does not issue any hybrid instruments and no goodwill is deducted.

Due to the nature of the risks taken by the bank, its exposure to operational risk, the concentration in its loan book and its small size, Fitch considers that it should have high capital ratios. The bank has not distributed any dividends in past years, nor will it in 2010. It is discussing a potential capital increase with its main shareholder.

Banca UBAE
Income Statement

	31 Dec 2009			31 Dec 2008		31 Dec 2007		31 Dec 2006	
	Year End USDm Original	Year End EURm Original	As % of Earning Assets	Year End EURm Original	As % of Earning Assets	Year End EURm Original	As % of Earning Assets	Year End EURm Original	As % of Earning Assets
1. Interest Income on Loans	9.9	6.9	0.28	7.6	0.22	7.3	0.27	92.3	4.89
2. Other Interest Income	79.5	55.2	2.27	148.2	4.22	92.9	3.49	6.5	0.34
3. Dividend Income	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Gross Interest and Dividend Income	**89.5**	**62.1**	**2.56**	**155.8**	**4.44**	**100.2**	**3.76**	**98.8**	**5.23**
5. Interest Expense on Customer Deposits	50.0	34.7	1.43	125.2	3.57	77.1	2.89	65.6	3.47
6. Preferred Dividends Paid & Declared	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Interest Expense	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
8. Total Interest Expense	**50.0**	**34.7**	**1.43**	**125.2**	**3.57**	**77.1**	**2.89**	**65.6**	**3.47**
9. Net Interest Income	**39.5**	**27.4**	**1.13**	**30.6**	**0.87**	**23.1**	**0.87**	**33.2**	**1.76**
10. Net Gains (Losses) on Trading and Derivatives	7.2	5.0	0.21	-5.0	-0.14	-2.0	-0.08	1.2	0.06
11. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Net Fees and Commissions	31.5	21.9	0.90	20.9	0.60	14.9	0.56	12.1	0.64
15. Other Operating Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. Total Non-Interest Operating Income	**38.8**	**26.9**	**1.11**	**15.9**	**0.45**	**12.9**	**0.48**	**13.3**	**0.70**
17. Personnel Expenses	21.0	14.6	0.60	14.8	0.42	13.3	0.50	14.1	0.75
18. Other Operating Expenses	14.0	9.7	0.40	9.7	0.28	8.3	0.31	7.9	0.42
19. Total Non-Interest Expenses	**35.0**	**24.3**	**1.00**	**24.5**	**0.70**	**21.6**	**0.81**	**22.0**	**1.17**
20. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
21. Pre-Impairment Operating Profit	**43.2**	**30.0**	**1.24**	**22.0**	**0.63**	**14.4**	**0.54**	**24.5**	**1.30**
22. Loan Impairment Charge	0.6	0.4	0.02	0.5	0.01	4.1	0.15	-0.7	-0.04
23. Securities and Other Credit Impairment Charges	21.2	14.7	0.61	8.9	0.25	-2.2	-0.08	1.7	0.09
24. Operating Profit	**21.5**	**14.9**	**0.61**	**12.6**	**0.36**	**12.5**	**0.47**	**23.5**	**1.24**
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Other Non-operating Income and Expenses	4.2	2.9	0.12	2.5	0.07	1.9	0.07	1.4	0.07
30. Pre-tax Profit	**25.6**	**17.8**	**0.73**	**15.1**	**0.43**	**14.4**	**0.54**	**24.9**	**1.32**
31. Tax expense	14.0	9.7	0.40	7.3	0.21	6.7	0.25	10.5	0.56
32. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
33. Net Income	**11.7**	**8.1**	**0.33**	**7.8**	**0.22**	**7.7**	**0.29**	**14.4**	**0.76**
34. Change in Value of AFS Investments	n.a.	n.a.	-	n.a.	-	0.0	0.00	n.a.	-
35. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	0.0	0.00	n.a.	-
37. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
38. Fitch Comprehensive Income	**11.7**	**8.1**	**0.33**	**7.8**	**0.22**	**7.7**	**0.29**	**14.4**	**0.76**
39. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
40. Memo: Net Income after Allocation to Non-controlling Interests	11.7	8.1	0.33	7.8	0.22	7.7	0.29	14.4	0.76
41. Memo: Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
Exchange rate		USD1 = EUR0.69416		USD1 = EUR0.71855		USD1 = EUR0.67930		USD1 = EUR0.75930	

Banca UBAE
Balance Sheet

	31 Dec 2009			31 Dec 2008		31 Dec 2007		31 Dec 2006	
	Year End USDm Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	6.2	0.32
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	0.7	0.04
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	83.3	4.25
5. Other Loans	260.9	181.1	7.32	212.9	5.38	151.9	5.59	1.6	0.08
6. Less: Reserves for Impaired Loans/ NPLs	18.7	13.0	0.53	12.2	0.31	12.7	0.47	n.a.	-
7. Net Loans	**242.2**	**168.1**	**6.79**	**200.7**	**5.08**	**139.2**	**5.13**	**91.8**	**4.68**
8. Gross Loans	**260.9**	**181.1**	**7.32**	**212.9**	**5.38**	**151.9**	**5.59**	**91.8**	**4.68**
9. Memo: Impaired Loans included above	15.1	10.5	0.42	10.7	0.27	10.6	0.39	7.1	0.36
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	3,034.3	2,106.3	85.11	3,168.2	80.13	2,392.3	88.11	1,675.8	85.51
2. Trading Securities and at FV through Income	97.8	67.9	2.74	74.1	1.87	124.1	4.57	110.1	5.62
3. Derivatives	n.a.	n.a.	-	18.1	0.46	3.6	0.13	5.9	0.30
4. Available for Sale Securities	3.6	2.5	0.10	2.7	0.07	3.8	0.14	3.3	0.17
5. Held to Maturity Securities	119.3	82.8	3.35	46.6	1.18	1.3	0.05	1.4	0.07
6. At-equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	**220.7**	**153.2**	**6.19**	**141.5**	**3.58**	**132.8**	**4.89**	**120.7**	**6.16**
9. Memo: Government Securities included Above	n.a.	n.a.	-	0.7	0.02	2.3	0.08	0.2	0.01
10. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Total Earning Assets	**3,497.2**	**2,427.6**	**98.09**	**3,510.4**	**88.79**	**2,664.3**	**98.13**	**1,888.3**	**96.36**
C. Non-Earning Assets									
1. Cash and Due From Banks	0.4	0.3	0.01	398.9	10.09	1.6	0.06	26.4	1.35
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	37.0	25.7	1.04	26.4	0.67	27.5	1.01	28.6	1.46
5. Goodwill	n.a.	n.a.	-	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Intangibles	0.4	0.3	0.01	0.5	0.01	0.7	0.03	0.7	0.04
7. Current Tax Assets	21.9	15.2	0.61	13.1	0.33	17.0	0.63	13.3	0.68
8. Deferred Tax Assets	6.6	4.6	0.19	2.9	0.07	0.9	0.03	1.3	0.07
9. Discontinued Operations	n.a.	n.a.	-	0.2	0.01	n.a.	-	n.a.	-
10. Other Assets	1.6	1.1	0.04	1.4	0.04	3.1	0.11	1.1	0.06
11. Total Assets	**3,565.2**	**2,474.8**	**100.00**	**3,953.8**	**100.00**	**2,715.1**	**100.00**	**1,959.7**	**100.00**
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	178.1	123.6	4.99	62.7	1.59	71.3	2.63	68.5	3.50
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	3.7	0.09	53.3	1.96	3.7	0.19
4. Total Customer Deposits	**178.1**	**123.6**	**4.99**	**66.4**	**1.68**	**124.6**	**4.59**	**72.2**	**3.68**
5. Deposits from Banks	3,053.3	2,119.5	85.64	3,502.8	88.59	2,278.3	83.91	1,381.9	70.52
6. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Deposits, Money Market and Short-term Funding	**3,231.4**	**2,243.1**	**90.64**	**3,569.2**	**90.27**	**2,402.9**	**88.50**	**1,454.1**	**74.20**
8. Senior Debt Maturing after 1 Year	n.a.	n.a.	-	n.a.	-	0.0	0.00	n.a.	-
9. Subordinated Borrowing	n.a.	n.a.	-	93.8	2.37	39.8	1.47	n.a.	-
10. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Total Long Term Funding	**n.a.**	**n.a.**	**-**	**93.8**	**2.37**	**39.8**	**1.47**	**n.a.**	**-**
12. Derivatives	10.4	7.2	0.29	21.2	0.54	2.7	0.10	7.9	0.40
13. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Total Funding	**3,241.8**	**2,250.3**	**90.93**	**3,684.2**	**93.18**	**2,445.4**	**90.07**	**1,462.0**	**74.60**
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	4.2	2.9	0.12	2.8	0.07	2.9	0.11	3.5	0.18
4. Current Tax Liabilities	16.7	11.6	0.47	9.5	0.24	6.7	0.25	11.9	0.61
5. Deferred Tax Liabilities	0.1	0.1	0.00	0.1	0.00	0.2	0.01	0.3	0.02
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	23.6	16.4	0.66	72.1	1.82	82.7	3.05	312.4	15.94
10. Total Liabilities	**3,286.4**	**2,281.3**	**92.18**	**3,768.7**	**95.32**	**2,537.9**	**93.47**	**1,790.1**	**91.35**
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
G. Equity									
1. Common Equity	278.8	193.5	7.82	185.1	4.68	177.2	6.53	169.6	8.65
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	n.a.	n.a.	-	n.a.	-	0.0	0.00	n.a.	-
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
6. Total Equity	**278.8**	**193.5**	**7.82**	**185.1**	**4.68**	**177.2**	**6.53**	**169.6**	**8.65**
7. Total Liabilities and Equity	**3,565.2**	**2,474.8**	**100.00**	**3,953.8**	**100.00**	**2,715.1**	**100.00**	**1,959.7**	**100.00**
8. Memo: Fitch Core Capital	278.8	193.5	7.82	185.1	4.68	177.2	6.53	169.6	8.65
9. Memo: Fitch Eligible Capital	278.8	193.5	7.82	185.1	4.68	177.2	6.53	169.6	8.65
Exchange rate		USD1 = EUR0.69416		USD1 = EUR0.71855		USD1 = EUR0.67930		USD1 = EUR0.75930	

Banca UBAE
Summary Analytics

	31 Dec 2009 Year End % Original	31 Dec 2008 Year End % Original	31 Dec 2007 Year End % Original	31 Dec 2006 Year End % Original
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	3.60	4.95	5.99	86.42
2. Interest Expense on Customer Deposits/ Average Customer Deposits	19.74	82.48	78.35	71.46
3. Interest Income/ Average Earning Assets	1.94	4.70	4.40	5.84
4. Interest Expense/ Average Interest-bearing Liabilities	1.11	3.98	3.95	4.96
5. Net Interest Income/ Average Earning Assets	0.86	0.92	1.01	1.96
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.84	0.91	0.83	2.01
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	49.54	34.19	35.83	28.60
2. Non-Interest Expense/ Gross Revenues	44.75	52.69	60.00	47.31
3. Non-Interest Expense/ Average Assets	0.72	0.70	0.92	1.25
4. Pre-impairment Op. Profit/ Average Equity	15.64	12.06	8.30	14.88
5. Pre-impairment Op. Profit/ Average Total Assets	0.89	0.63	0.62	1.39
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	50.33	42.73	13.19	4.08
7. Operating Profit/ Average Equity	7.77	6.91	7.21	14.27
8. Operating Profit/ Average Total Assets	0.44	0.36	0.53	1.33
9. Taxes/ Pre-tax Profit	54.49	48.34	46.53	42.17
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	4.22	4.28	4.44	8.74
2. Net Income/ Average Total Assets	0.24	0.22	0.33	0.82
3. Fitch Comprehensive Income/ Average Total Equity	4.22	4.28	4.44	8.74
4. Fitch Comprehensive Income/ Average Total Assets	0.24	0.22	0.33	0.82
5. Net Income/ Av. Total Assets plus Av. Managed Assets	n.a.	n.a.	n.a.	n.a.
D. Capitalization				
1. Fitch Eligible Capital/ Regulatory Weighted Risks	14.11	10.78	18.18	23.55
2. Tangible Common Equity/ Tangible Assets	7.81	4.67	6.50	8.62
3. Tangible Common Equity/ Total Business Volume	4.80	3.41	5.07	4.52
4. Tier 1 Regulatory Capital Ratio	14.07	10.75	18.12	23.45
5. Total Regulatory Capital Ratio	20.32	16.18	22.14	28.22
6. Fitch Eligible Capital/ Tier 1 Regulatory Capital	100.36	100.27	100.34	100.41
7. Equity/ Total Assets	7.82	4.68	6.53	8.65
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	0.00	0.00
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	n.a.	0.00	0.00
10. Net Income - Cash Dividends/ Total Equity	n.a.	n.a.	4.35	8.49
E. Loan Quality				
1. Growth of Total Assets	-37.41	45.62	38.55	24.90
2. Growth of Gross Loans	-14.94	40.16	65.47	-24.57
3. Impaired Loans(NPLs)/ Gross Loans	5.80	5.03	6.98	7.73
4. Reserves for Impaired Loans/ Gross loans	7.18	5.73	8.36	n.a.
5. Reserves for Impaired Loans/ Impaired Loans	123.81	114.02	119.81	n.a.
6. Impaired Loans less Reserves for Imp Loans/ Equity	-1.29	-0.81	-1.19	4.19
7. Loan Impairment Charges/ Average Gross Loans	0.21	0.33	3.36	-0.66
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	-0.08	0.00
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	n.a.	n.a.	n.a.	n.a.
F. Funding				
1. Loans/ Customer Deposits	146.52	320.63	121.91	127.15
2 . Interbank Assets/ Interbank Liabilities	99.38	90.45	105.00	121.27

Banca UBAE
Reference Data

	31 Dec 2009			31 Dec 2008		31 Dec 2007		31 Dec 2006	
	Year End USDm Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original	Year End EURm Original	As % of Assets Original
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	2,121.0	1,472.3	59.49	1,414.8	35.78	722.0	26.59	599.4	30.59
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	110.3	76.6	3.10	37.6	0.95	41.1	1.51	2.8	0.14
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	1,176.2	60.02
7. Total Business Volume	**5,796.5**	**4,023.7**	**162.59**	**5,406.2**	**136.73**	**3,478.2**	**128.11**	**3,738.1**	**190.75**
8. Memo: Total Weighted Risks	1,974.9	1,370.9	55.39	1,717.8	43.45	974.8	35.90	720.1	36.75
B. Average Balance Sheet									
Average Loans	276.2	191.7	7.75	153.5	3.88	121.9	4.49	106.8	5.45
Average Earning Assets	4,608.3	3,198.9	129.26	3,313.7	83.81	2,276.3	83.84	1,690.5	86.26
Average Assets	4,865.6	3,377.5	136.48	3,494.6	88.39	2,337.4	86.09	1,764.4	90.03
Average Managed Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	4,497.1	3,121.7	126.14	3,147.2	79.60	1,953.7	71.96	1,323.8	67.55
Average Common equity	276.3	191.8	7.75	182.4	4.61	173.4	6.39	164.7	8.40
Average Equity	276.3	191.8	7.75	182.4	4.61	173.4	6.39	164.7	8.40
Average Customer Deposits	253.3	175.8	7.10	151.8	3.84	98.4	3.62	91.8	4.68
C. Maturities									
Asset Maturities:	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior debt Maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior debt Maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	0.0	0.00	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	n.a.	n.a.	-	93.8	2.37	39.8	1.47	n.a.	-
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Net Income Reconciliation									
1. Net Income	11.7	8.1	0.33	7.8	0.20	7.7	0.28	14.4	0.73
2. Add: Preferred Stock Dividend	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Net Income	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
E. Equity Reconciliation									
1. Equity	278.8	193.5	7.82	185.1	4.68	177.2	6.53	169.6	8.65
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
4. Published Equity	**n.a.**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**	**n.a.**	**-**
Exchange Rate		USD1 = EUR0.69416		USD1 = EUR0.71855		USD1 = EUR0.67930		USD1 = EUR0.75930	

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