

UBI

Consolidated Results as at the 31st of December, 2009

MODERATORS: MR. VICTOR MASSIAH

OPERATOR: Good afternoon, this is the Chorus Call Conference operator. Welcome and thank you for joining the UBI Banca presentation of Consolidated Results as at the 31st of December 2009. After the presentation, there will be an opportunity to ask questions.

At this time, I would like to turn the conference over to Mr. Victor Massiah, CEO of UBI Banca. Please go ahead, sir.

VICTOR MASSIAH: Good afternoon to everybody, good morning to our colleagues from US. I am going to start with the executive summary, net profits up to €270 million from €69 million in 2009. Dividend of €0.30 per share will be proposed to the shareholder meeting. Further capital strengthening not only year-on-year but even compared to September 2009, with at the end of the year a core Tier I of 7.43% from 7.33% in September 2009.

Tier I up to 7.96% and total capital ratio up to 11.91% and these are figures inclusive of dividend proposed and notwithstanding, I want to stress this point, notwithstanding increase in lending volumes.

Normalized net profit to €173 million from 425 in 2008, mainly as a consequence of interest rates at historical lowest level and increased cost of credit due to the deteriorated customer economic conditions partially offset by strong cost control action.

Cost of credit level at 88 basis points amongst the best in the system even considering the Group's rigorous credit management and valuation policy.

Stated net operating income to €1.4 billion from €1.5 billion registers overall a moderate contraction in a tough context here also thanks to gradual recovery of net commission income from first quarter lows, strong cost control, operating costs down 3,7% year-on-year and 6.1% at homogeneous perimeter.

Results from finance, 3% of total income, is up compared to 2008, notwithstanding the low risk profile and the high incidence of assets classified as available for sale with the results booked at equity reserves. We will touch this point at the end of this presentation.

We are now on Page #5, lending shows a 1.7% increase compared to December 2008 and a 1.5% increase compared to September 2009. Let's say that at year end 2009 lending is back to the pre-crisis levels of September 2008, although more focused on private retail customers.

The fourth quarter evolution is sustained by demand from the retail segment, specifically from private customers and leasing/ factoring group companies.

Given the data that we have today that are still not ultimate data, it appears that we have increased the market share in this area up to 6.14% from the previous 5.96% of December 2008. I won't comment the other figures, I can only say that I think it's important to say that at network banks' level, 91.6% of corporate customers have a turnover lower than €150 million. That means that we have almost no focus at all on large customers. This is also shown by the bottom right part of the exhibit where you can appreciate the

low level of concentration on the first 20 and 50 customers at Group's level.

Page 6: We have been working on minimizing the maturities mismatching. This was the work for this year on the deposit side, let's say and you can also appreciate that we have as much as possible reduced the repurchases agreements which have been significantly downsized from the previous year and we worked also on other types of deposits which had a negative markdown for us and you will appreciate later that this has had an impact, a positive impact on the markdown in the fourth quarter. Altogether, the strategy was to minimize maturity mismatching and at the same time do what is possible given the current environment on markdown.

Let me also stress that we are currently increasing our institutional component year-on-year on CD and ECP on an average maturity of 3 to 6 months financing at EURIBOR minus which is pretty good given the current situation. Our interbank exposure, as you can appreciate, is completely under control.

On Page 7, I won't spend too much time on indirect funding performance and I can only say that it confirms signs of recovery. You can see that altogether we have increased since the bottom of 31st of December 2008 and also since the 30th of June. This is partially due to market performance and partially due also to a net increase of deposits.

On Page 8, you see the details of how we have gone from 7.09% core Tier I to 7.43% year-on-year, and the same for Tier I and total capital ratio. In short terms, we had an increase in eligible

mortgages loans thanks to further documentation updating, extension of external credit assessment institution Lince to other group companies, lower exposure to hedge funds, lower guarantees and commitments in UBI and network banks, which has more than offset the increase in volumes.

Page 10, we will go through the different voices of income statement on the following pages. But we will like to stress the elements that will also impact 2010. First of all, the insurance, non life insurance, following the joint venture with Fortis BNP Paribas Assurance, this item will be no more present in 2010 and the pro-quota profits will be booked in profits from equity investments, just to let you know what's going to happen from 2010.

Second, lower dividends on equity holdings, €3 millions, and new intragroup VAT €28 million accounted for 94% of the stated year-on-year change of net operating income. Also in normalized terms these two items impacted net operating income change for 46%. Another detail on the cost of credit, 88 basis points, would be 83 net of Burani write-offs and let me again inform you that we have devaluated 100% Mariella Burani holding line of credit.

In relation with the 2008 impairment on Intesa London Stock Exchange, A2A stakes, in 2009 the only main impairment was on Intesa's stake booked in the first semester, high taxation due to local income tax, IRAP 2009, weighted 30% versus 20% in 2008. This explain the tax percentage of 57% on gross profit because of the way IRAP works in this country.

Page 11 the dynamics of the net interest income, it decreases by 14.6% year-on-year mainly impacted by the reduction in reference

rates. You have seen already this exhibit many times in our presentation. You can see what happened quarter by quarter and the last quarter we have seen a decrease of 2.6% compared to the third quarter, you can see that, comparing the fourth quarter 2009 with the fourth quarter 2008, we have seen a 358 basis point decrease in the 1 MONTH EURIBOR which has generated an 88 basis points decrease in UBI spread. As you can see we have...we think we have defended the local positioning given the incredible decrease in basis point.

In terms of spread, we see a markdown recovery of 13 basis points in 4Q09 vs 3Q09 which reflects the impact both of reduction of more costly repo components and delay in repricing of medium-long term funding and a compression of mark up by 24 bps in 4Q09 vs 3Q09, mainly due to the delay in repricing of medium to long term lending. Customer spread altogether resulted in a minus 12bps.

We confirm more or less the same sensitivity of €15 million to a +100 basis points shift.

Page 12, net commissions down by 10.7% year-on-year of which 1.6% attributable to structural change in commissions applied to lending. We are slowly but continuously increasing quarter by quarter. The year-on-year decrease is driven by lower commission from security business, new fee structure following abolition of maximum overdraft fee and contraction in traditional banking fees reflecting reduced economic activity. At the same time as from first quarter 2009, management trading and advisory service fees are growing again, fourth quarter on third quarter, net of performance fee, is up by 15%, third quarter on second is up by

8.5% and second quarter on first is up by 7.5%. This is again not including performance fees.

Performance fees are up to €23 million from €6 million: we had 14 out of 26 funds that have over performed the benchmark. Minimum impact from up front products fees we continue in our policy to be very customer friendly we had €7 million in 2009, 5.5% of total commissions, versus €2 million in 2008, 6% total commissions. So let me say that, in a distinctive way if I may say, we are reducing the upfront contribution this year, notwithstanding this, we see some increasing in our commission fees.

Page 13 we have had a reasonably good year in finance given the low risk profile that we continue to use and at the same time let me say including the fact that we have not been mismatching at all in this area. The composition of our portfolio is on the left side of this exhibit just for you to have a complete understanding of how our total portfolio is composed.

Page 14: total cost down by 3.7% year-on-year, -5% in normalized terms, the difference between normalised and non-normalised is mostly due to the brand impairment. We have gone through an analysis of the brands of the network banks which led to an impairment this year and, in addition to that, we have normalised netting of VAT and branch optimization costs. In this case the total cost would be down by 6.1%. Let me also stress the significant decline in personnel expenses, 7.5% year on year.

One thing that I would like also to stress is that since the creation of UBI Banca on 1st of April 2007, total resources were down by 1,424 units.

Page 15, looking at administrative expenses, we have had an increase of 3.8% in stated terms but, normalizing by not considering VAT and branch optimization costs, we were down by 1%. Brand impairment has impacted by 35 million.

Page 16, cost of credit, the cost of credit is at 88 basis points, 83 excluding Burani write-offs in line with progressive September and June results and if I may say in line with guidelines that we have been delivering through the year.

In terms of breakdown of analytical impairment and evolution of collective impairment you may appreciate the evolution quarter by quarter from the first quarter 2008. You will see also by comparing quarter on quarter the write backs evolution, that write backs are relatively higher than the previous year. That means again that one of the thing sometimes discuss about the percentage of coverage is pretty, working pretty well.

Evolution of collective impairment also is positive, a light positive in the fourth quarter. This is also due to the way we clean our position and obviously this has a positively impact.

Coverage anyway is on Page 17. You can see that semester on semester we are going from 79.7 to 78.5 on non performing loans but at the same times we are going from 19.6 to 28.4 in impaired loans, altogether 64.9 up to 65.1. Let me remind all of you that this data in our way of calculating coverage excludes personal guarantees which amounted to over €500 million.

On Page 18 we thought it could be of value to show with you category by category the absolute values and the percentage changes in all the different classifications of credit positioning. I think this is good for your analytical work, I think interesting to note that net impaired loans over net performing loans is 1.88%, net non performing loans over net performing loans 1.36 and net impaired plus non performing loans over net performing loans is 3.24%: from what we have seen up to date the best in the market or anyway among the best in the market.

Credit quality trend by class of deteriorated loans, you have...let me say that we have Page 19 and 20 to analyze the trend quarter by quarter again for your analysis. You on the top right side of the exhibit on Page 19, you will appreciate the historical advantage compared to the system that has been confirmed also in Year 2009 where gross non performing loans and gross loans have UBI positioned on 2.74 and the System 3.80 and net non performing loans and net loans 1.36 with the System at 2.02.

You may see that there is no dramatic change in non performing loans or net impaired loans while on Page 20 there is an incredible change of +s 257% in net Past Due loans because as from December 2009we are accounting, on the basis of Bank of Italy instructions, mortgage backed loans that have been past due for more than 90 days had been added to “past due exposures” for an amount of approximately €69 million.

Net restructured loans are back to a +15% QoQ and the only particular exception was on the second quarter with the inclusion of one big position for €75 million.

Comprehensive income, Page 21: This is an innovation but this is an innovation that we would like to share with you, so this is probably the only exhibit that you have not seen before in our presentations and let me focus on that.

I will go first of all on the note following the amendments made to International Accounting Standard 1 and 2, International Accounting Standard 34 by EU Regulation. This drives to a comprehensive income exhibit which should be published according to Bank of Italy directives as the sum of the result for the period profit and loss and the Year on Year change in income and expense items that are not recognized in the income statements but in equity following a specific provision contained in the accounting principle.

What does that mean? It means that we take as the first row profit for the period of 270 million, to that we add or subtract, in this year it is an addition, available-for-sale financial assets and share of available-for-sale reserves relating to equity investment valued at equity, for 291 million, cash flow hedges and actuarial gains or losses on defined benefit plans for a plus 14 million. That means that this year we have a comprehensive income of 575 million. Netting of the effect of the related to the stake in Intesa, this is an exercise that we wanted to add, obviously this is not required in the regulations just peculiar to us but we wanted to isolate the plus that we have in Intesa, which amounts to +87 million. The reason we did it is that it may show more comparable to the previous year where Intesa was a big weight in the devaluation. At the end of the day, year 2008 was 348 million and year 2009 is 488 million. Doing the same exercise with normalized profit, still, at the end of the day we will have a 360 million of comprehensive income this

year and 273 last year. So, we have generated more value than it appears and let me self respond, the reason why we don't have this in the income statement is because we have had a very conservative policy to have almost everything in the available-for-sale. Obviously this means that in a bad year we will have a very bad value creation, but no impact on the profit and loss and in a good year no impact on the profit and loss at the same time. We have the same bond and the same equity of others that really evaluate, they are just in the balance sheet and not in the profit and loss. Let me go to the conclusion on Page 22. At closing of 2009, we have first of all, integration completed and let me communicate, this is the end of our communication on integration. At the end of the that if you look at the footnote we have reached approximately €300 million of synergies, €250 by cost and €50 by revenue synergies. So, notwithstanding a triennium of one of the deepest crisis ever, we have anyway achieved the synergies we planned by piggybacking more on costs and less on revenues. But the mission is completed and we are entering the second triennium, with higher market shares, high quality of industrial partnerships, we look at for example the non life insurance, rigorous customer satisfaction monitorage, streamlined organization and cost baseline, new additional capital buffers, what do I mean by that? I mean in particular the convertible bond and rigorous credit discipline. So we think we are starting from quite a streamlined and a much focused platform, the Group is ready to take advantage of new opportunities and improvement in economic scenario. Thank you for your attention and we are ready now to answer to your questions.

Q&A

OPERATOR: Excuse me; this is the Chorus Call Conference Operator. We will now begin the question and answer session. The first question is from Matteo Ghilotti of Equita. Please go ahead.

MATTEO GHILOTTI: Good afternoon, I have a couple of questions. The first one is, the usual one on NII, so the interest margin. If you believe that NII has finally stabilized and we can expect a flattish performance in the first two quarters of 2010. And the second question is on the LBO portfolio and consumer loans, if you can give us a comment on the risk of further provisions in these two areas, what's your assessment of the risk there. Thank you.

VICTOR MASSIAH: Okay. Net interest income evolution we are in the hands of ECB. Will they come out with an exit strategy sooner or later? We don't know. We hope as soon as possible, obviously from our position so anyway yes, I think we are now walking on the bottom of the net interest income. I don't think I would be surprised to see a EURIBOR at a lower level than today. That means that we see a flattish or slightly increasing, but very slight increasing of our interest margin for the first semester and unless, unless we see an exit strategy impact on the second quarter. In terms of consumer credit, in terms of consumer credit, we will be working a lot as you know, on fixing this area because this area has been at a system level the most fragile and so having this in mind, we have been slowing retrenching from in particular the finalized consumer credit while at the same time, we think we are doing reasonably well on what is called "cessione del quinto" In terms of third party mortgages we have been very selective and at the same time, we were doing reasonably well in terms of credit. In terms of the LBO

portfolio, I will answer later with some additional data but in general terms I don't see...I don't see any particular additional issue on this.

MATTEO GHILOTTI: Thank you very much.

VICTOR MASSIAH: Thank you.

OPERATOR: Next question is from Anna Benassi of Banca Leonardo. Please go ahead.

ANNA BENASSI: Good afternoon. My question relates to the guidance you put in your press release and you didn't comment through the conference call and in particular, you are talking about all the actions you put on cost efficiency as possibly offsetting or softening the impact of the inflation and the renewal of the labor contracts. So my question is, what you are saying is that all the efforts you have put in place will be mean for 2010 sort of flat cost versus the level of 2009, maybe excluding the brand the 35 million brand write-downs you were mentioning. The second point again in the press release, you talk about a cost of risk that should start declining in the second half of the year. Again, your base is the 88 bps you have stated in the report or if the 83 bps, which means excluding Mariella Burani and in general means you feel that the cost of risk for 2010 could be lower than in 2009? And the final question, we saw in an interview over the weekend that you are talking about potential small acquisitions are you talking about some small regional banks or group of branches, what you have in mind to support the growth, given the very limited loan growth, I guess, you are seeing yourself in the market and in general. I think all your competitors are looking the same way? Thank you.

VICTOR MASSIAH: Thank you and I will try to answer your question. Cost flat means that you should take the normalized cost platform so not including the brand impairment, we will fight as much as we can to be as flattish as possible on that base line. In terms of cost of credit that means that we hate to touch again figures starting with eight in this year so we will like to go below 80. Third in terms of small acquisition, I didn't mention any particular thing and we don't have any particular thing in mind I just said that this is the only possibility I see if anything happens but is not that we have a particular target in mind now.

ANNA BENASSI: Thank you.

VICTOR MASSIAH: Thank you.

OPERATOR: Next question is from Francesca Tondi of JPMorgan. Please go ahead.

FRANCESCA TONDI: Good afternoon, couple of questions on my side as well. Going back to your net interest income, could you actually remind us or what is the impact if any at this stage of the hedges you've had in 2009 on the positive side and whether, you know, that will continue or some of that will reduce in 2011, just to decide the underlying spreads, to understand what are the moving parts in net interest income? And also a question on commission you've done really greatly in the fourth quarter just to be sure I mean clearly there was some benefit for performances, do you normally mostly account for them in the fourth quarter or you spread them in throughout the year I am just trying to, you know, make sure that we understand what is the basis set of commissions in Q4, when

we will be looking your Q1 numbers? And also with regard to your new commitment fee, the old overdraft, will you have a base on which to grow them more or this level is pretty much is, you know, what we should be expecting going forward. Thank you very much.

VICTOR MASSIAH: Let me say to you have many question. Let me understand if I got all of them. My understanding is that you wanted to know the level of hedging and the impact of hedging on net interest income. Second, you wanted to understand the way we account for performance still and third, was it that same one, a kind of a general question about the commission?

FRANCESCA TONDI: Yeah about commission and, you know, and also within that, you know, commitment fees, yes. Thank you.

VICTOR MASSIAH: About commitment, okay. Now, in terms of hedging, our hedging it is only...is very marginal. So it's not so relevant at all in terms of the interest margin, its something in the area of 15, 20 but at the same time there could be some negative thrust on the profit and loss part of the story, the voice 80 in the balance sheet, and so together, let me say it's very, very, very marginal. So, our interest margin is all natural. That is why we are very ready in terms of interest rates, market interest rates increase to take the whole opportunity of it.

FRANCESCA TONDI: Perfect.

VICTOR MASSIAH: In terms of performance fee, we must, it's not the choice, we must account for them only at the end of the year, so partially because of the regulation. It started the rules that you account for them so

only at the end of the year. In terms of commitment fee, let me restate that our young...very young data, because it's just one semester to tell out that we more or less are able to take anything between 70 % and 80% of what was previously the overdraft commission. So we are not...on our side we are not in the list of the banks that are taking more than 100 of the previous overdraft. On the other side obviously let me say also the different one of the youngest data in the market and I wouldn't like too much wisdom on the evolution. Definitely from our side, it could be wrong from our side, it's better than expected. Our forecast at the beginning was that we were not able to get more than about 50% and now we are taking something between 70 and 80 depending on the quarter, let's say.

FRANCESCA TONDI: Thank you so this level should be at this point a recurrent level, to increase from here maybe a little bit harder at this stage on the commitment fees.

VICTOR MASSIAH: To increase from here the commitment fees is...it could be hard but at the same time given the messages that had been to the market of the potential new regulation coming from even a Parliament Regulation, parliamentary regulation, I think...I don't want to be provocative by thinking we are in a stronger position because we have let me say, we are not...how can say in a diplomatic way...we are less attackable in a way. And so I don't think that the regulation will impact on us.

FRANCESCA TONDI: Thank you very much. If I can, I have one follow up question...

VICTOR MASSIAH: Please, please.

FRANCESCA TONDI: ...on asset quality. Taking into account the accounting change of the 90 days past due, you, excluding that still the positive loans net of that doubled in the quarter and in Q4 was still to me and I've seen that for the other banks as an indication of asset quality that has still not stabilized, one. Companies are still running late on the payment and things are maybe getting worse later. How do you view that and what do you look at as an indication of the sign that asset quality starts eventually to stabilize?

VICTOR MASSIAH: Yeah, let me correct you because they didn't double, they just...I can't say just, but they increased by 35%.

FRANCESCA TONDI: Okay.

VICTOR MASSIAH: So, it's not what you think. Obviously it's still a big number but not as problematic as you were estimating. I am sorry; we didn't clarify from the very beginning. And let me comment on that, it obviously is high but it's not dramatic, it's not something out of control, it's as usual let me say in last quarter cleaning we focused in particular this time on some leasing position and this is why we've posted this but nothing that is going to change our mind...the guideline I gave before.

FRANCESCA TONDI: And what, you know, how would you look at your asset quality, what are the indicators that you actually, you know, look up to, you know, understand whether it is starting to stabilize. It's when your positive loans actually start to stop growing or start growing in now, you know, how, you know, do you look at it and how we should be looking at it?

VICTOR MASSIAH: It's unfortunately not so easy, it's a matter of main indicators, it is...definitely pursues a very bright one, you are right, at the same time, why not we look at our risk management, we look at the impact of the quality side, the one of the risk management because let's not forget this is going to be a very tough year from the risk management models because the risk management models we have today just 2009 balance sheet which obviously will not be a party but at the same time, we will have to look at some less quantitative part of the story like or a different way of that being quantitative like the orders, like the first quarter, second quarters for some companies because obviously if there is a rebound where we have to take account of this in our model. So, it's a mix of risk management but more...even more sophisticated than today. It's a question of past due, it's a question also of...even more likely than not even write-backs because write backs tell us if there is something that is going to be let me say under fixing.

FRANCESCA TONDI: Yeah, okay. Thank you.

VICTOR MASSIAH: Thank you.

OPERATOR: Next question is from Matteo Ramenghi of UBS. Please go ahead.

MATTEO RAMENGI: Yes, good afternoon to everyone. I just had a quick question on Basel III and what you expect in terms of this implementation for UBI. The first impression will be that for UB it should be positive in terms of very low average and the loan market assets. But I was curious on the expected impact on the minority capital. Thank you.

VICTOR MASSIAH: On the minority capital, we expect the following output. I think I've given one of the highest probabilities to the fact that the minority's capital will be accounted consistently with the risk weighted assets of the company where that minority asset is invested. So it will be an issue if in that peculiar company, there will be let me say a higher amount of capital, an over capitalization. In that case, the difference between the over capitalization and obviously that's for the risk weighted asset, will be the part that cannot be accounted. This is my expectation. Capital management is a long has a much longer horizon so, we will see what will come out from this testing period and this debating period and better...I am expecting a combination of minorities accounted because this will be with risk weighted assets plus with the plus that will take care in consideration the potential evolution of the assets of the risk weighted asset during the time. But honestly speaking, I don't know what we are...we are maybe within the top 35, 40 banks in Europe or 50 banks in Europe. But this is the expectation. As you said before we are not worried anyway about B3, we think we can reasonably manage the different impacts and so, we will work with that.

MATTEO RAMENGI: Thank you very much.

VICTOR MASSIAH: Thank you.

OPERATOR: Next question is from Andrea Vercellone of Credit Suisse. Please go ahead.

ANDREA VERCELLONE: I have got two questions the first one is on personnel costs the second one is on risk weighted assets. On personnel costs, cost in Q4 were 35% more or less below the average of the previous

three quarters. I was just wondering whether this was due to over accruing of expenses in the previous quarters or if this can be taken as a new base. Also linked to this question if you can share with us the amount of variable comp booked throughout 2008 and throughout 2009 to give us an idea if this has played a role for example in Q4? And second question on risk weighted asset do you expect further optimization also in 2010 as you have done in 2009 or what you have done in terms of better assessing or better while using external evaluators to have a lower risk weighting has been done? Thank you.

VICTOR MASSIAH: On the first question we are not ready to give such a detail of data in the two variable and not variable, but we are ready to say that what we have had in 2009 is not science fiction, it's something that is sustainable. I will tell you why for a very simple reason whatever will come out in terms of variable system in year 2010 will come out only by over budget. So if we have over budget it means that if have an increase in this part of costs it means that we have also an important increase on the revenues side and it will be lets say finance by that side. In terms of risk weighted assets we have...we have been working to optimize, we are still working to optimize and its a question of playing with the rules with incredible focus and so we think we can manage also for this year, I cannot make an estimate on that, but we lets say we have clearly in mind what weights more and what weights less really when we decide our policy in terms of loans.

ANDREA VERCELLONE: Excuse me. Sorry just to clarify on my first question, do you consider sustainable the level of 2009 or the level of Q4 2009?

VICTOR MASSIAH: Again since there are two variables that are accounted on that one is the number of staff and the number of staff is not going to increase. Second if the variable system and variable system if increases we mean that we have other budget, which we mean that we have had thus higher revenues than before and cost of credit that is better than expected. In that case, we will possibly increase costs but I would be happy in that case to give you the information because that means we mean that they will have a very bright numbers in term of revenues.

ANDREA VERCELLONE: Okay, thank you.

OPERATOR: Next question is from Eugenio Cicconetti of Unicredit. Please go ahead sir.

EUGENIO CICCONE: Yes, good evening Mr. Massiah. A follow up question on what you said about the future and we saw that you get market share this year, so I was wondering where you got it and if you elaborate...if you can elaborate a little bit more on which region and which area are you getting that increase in market share? Thanks.

VICTOR MASSIAH: Looking at the data I do have the details area by area, obviously we have been reading already figures of the different banks and some banks they have increased, some banks have decreased. And so, I think that this has been let me say spread wide. My...I think that a possible answer to this question will be coming a couple of months from now because we'll have more detail official data from Bank of Italy which allow us to work a little bit on that today we have only general data about the system, so it would very unprofessional to answer this time it is not that I don't want to answer is that there are no credible data on the side.

EUGENIO CICCONE: Okay, thank you.

VICTOR MASSIAH: Thank you.

OPERATOR: Next question is from Domenico Santoro of Exane. Please go ahead.

DOMENICO SANTORO: Yes, good afternoon to everybody. Sorry for the late question. Just a follow up on the net interest income because you said before that the NII of Q4 is a solid starting point for the next quarter. But actually, I am looking at the spread evolution at Page 11 you basically lost if I am not wrong 24 basis points on the mark up side because of the delay, you know, re-pricing on the medium term maturities. So I was just wondering whether you see probably customer spread to increase in the first quarter because of the recovery on this side? And then the second is just a comment on the trading because stripping out the disposal of the HTM securities I see trading is again negative in the fourth quarter and maybe you would comment how its going to evolve in the next quarter maybe you expect it to be again negative in the first quarter of the year? And then just to confirm on the costs side whether my understanding is correct that costs are going to be slightly up or flattish in the next year? Thank you.

VICTOR MASSIAH: Regarding net interest income I can only say that we will still have some delay in the re-pricing in mortgages in particular in the first quarter, but there are also re-pricing on the bond side and altogether I really think we are very close to the bottom now, we're not losing our price capacity in the market.

In terms of trading, I am not going to discuss quarter by quarter result on trading that I consider really a bit peculiar and not appropriate. I think that for UBI Banca trading is almost irrelevant. So, no relevant contribution from trading, sustainable interest margin given the fourth quarter, sustainable cost platform, which again could be flattish but I hope...I hope that won't be flattish because that would mean that we are going to pay something to variable side of the personnel costs and this is a hope, this will be one of the most welcome increasing cost that I would see.

DOMENICO SANTOR: Thank you.

OPERATOR: Mr. Massiah there are no more questions.

VICTOR MASSIAH: So let me thank everybody for attending this meeting and thank you everyone. Good afternoon to everybody.