

Shareholders' equity

As at 30 September 2009, the Group's shareholders' equity, including net income for the period, totalled 51,932 million euro compared to 48,954 million euro as at 31 December 2008. The change in shareholders' equity is mainly attributable to the net income for the period and the increase in the valuation reserves. No changes in share capital occurred in the first nine months of the year.

Valuation reserves

As at 30 September 2009, valuation reserves recorded a negative balance of 589 million euro. The change in the period, up 823 million euro from the beginning of the year, is attributable to the rise in the value of financial assets available for sale, in particular debt securities. Conversely, decreases were recorded by other reserves (-149 million euro) and cash flow hedges (-58 million euro), while legally-required revaluations remained unchanged.

| | Valuation reserves as at 31.12.2008 | Change in the period | Valuation reserves as at 30.09.2009 | |
|-------------------------------------|-------------------------------------|----------------------|--------------------------------------|--------------|
| | | | (in millions of euro) % breakdown | |
| Financial assets available for sale | -1,287 | 1,030 | -257 | 43.6 |
| Property and equipment | - | - | - | - |
| Cash flow hedges | -413 | -58 | -471 | 80.0 |
| Legally-required revaluations | 343 | - | 343 | -58.2 |
| Other | -55 | -149 | -204 | 34.6 |
| Valuation reserves | -1,412 | 823 | -589 | 100.0 |

Regulatory capital

| | (in millions of euro) | |
|--|-----------------------|-------------------|
| Regulatory capital and capital ratios | 30.09.2009 | 31.12.2008 |
| Regulatory capital | | |
| Tier 1 capital | 29,481 | 27,074 |
| <i>of which: preferred shares</i> | 2,999 | 2,998 |
| Tier 2 capital | 16,034 | 14,748 |
| Minus items to be deducted | -2,887 | -2,774 |
| REGULATORY CAPITAL | 42,628 | 39,048 |
| Tier 3 subordinated loans | 30 | 30 |
| TOTAL REGULATORY CAPITAL | 42,658 | 39,078 |
| Risk-weighted assets | | |
| Credit and counterparty risks | 319,958 | 335,556 |
| Market risks | 17,741 | 18,046 |
| Operational risks | 29,243 | 29,080 |
| Other risks | 430 | 390 |
| RISK-WEIGHTED ASSETS | 367,372 | 383,072 |
| Capital ratios % | | |
| Core Tier 1 ratio | 7.2 | 6.3 |
| Tier 1 ratio | 8.0 | 7.1 |
| Total capital ratio | 11.6 | 10.2 |

In compliance with the provisions of the Bank of Italy Circular 263/2006, in the calculation of capital ratios, elements to be deducted from total regulatory capital have been deducted separately and for an equal amount from Tier 1 and Tier 2 capital, with the exception of the contributions deriving from the insurance business that refer to contracts which arose prior to 20 July 2006, and as such continue to be deducted from total capital.

As at 30 September 2009, regulatory capital amounted to 42,628 million euro and total capital, including Tier 3 subordinated loans, to 42,658 million euro, against risk-weighted assets of 367,372 million euro, mostly deriving from credit and counterparty risks and, to a lesser extent, from market and operational risks.

Regulatory capital was calculated without assuming any dividend distribution in 2010 since, to date, it seems premature to determine the amount, although a dividend for ordinary shares has been confirmed.

The total capital ratio therefore stood at 11.6%, while the Group's Tier 1 ratio was 8%. The ratio of Tier 1 capital net of preferred shares to risk-weighted assets (Core Tier 1) was 7.2%.