

Shareholders' equity

As at 31 March 2010, the Group's shareholders' equity, including net income for the period, came to 53,354 million euro compared to the 52,681 million euro at the end of the previous year. The change in shareholders' equity is primarily due to the performance of reserves, which include the net income earned in 2009 but not yet distributed. No changes in share capital occurred in the first quarter of the year.

Valuation reserves

As at 31 March 2010, valuation reserves recorded a negative balance of 339 million euro. The change during the period, up 91 million euro from the negative balance of 430 million euro at the end of 2009, is attributable to the increase in the value of other reserves (+150 million euro) and financial assets available for sale (+72 million), in particular debt securities. Conversely, cash flow hedges decreased (-131 million euro), while legally-required revaluations remained unchanged.

	(millions of euro)	Valuation reserves as at 31.12.2009	Change in the period	Valuation reserves as at 31.03.2010	
		31.12.2009		% breakdown	
Financial assets available for sale		-135	72	-63	18.6
Property and equipment		-	-	-	-
Cash flow hedges		-451	-131	-582	171.7
Legally-required revaluations		343	-	343	-101.2
Other		-187	150	-37	10.9
Valuation reserves		-430	91	-339	100.0

Regulatory capital

	(millions of euro)	31.03.2010	31.12.2009
Regulatory capital and capital ratios			
Regulatory capital			
Tier 1 capital		30,591	30,205
<i>of which: preferred shares</i>		4,499	4,499
Tier 2 capital		15,389	15,472
Minus items to be deducted		-2,994	-2,923
REGULATORY CAPITAL		42,986	42,754
Tier 3 subordinated loans		-	-
TOTAL REGULATORY CAPITAL		42,986	42,754
Risk-weighted assets			
Credit and counterparty risks		314,727	316,258
Market risks		18,025	16,804
Operational risks		28,113	28,113
Other risks		472	473
RISK-WEIGHTED ASSETS		361,337	361,648
Capital ratios %			
Core Tier 1 ratio		7.2	7.1
Tier 1 ratio		8.5	8.4
Total capital ratio		11.9	11.8

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.

At the end of the first quarter of 2010, total regulatory capital - which takes into account the distribution of dividends in 2010 – came to 42,986 million euro, compared to risk-weighted assets of 361,337 million euro, resulting primarily from credit and counterparty risk and, to a lesser extent, operational and market risk.

All capital ratios improved compared to 31 December 2009. The Total capital ratio stood at 11.9%, while the Group's Tier 1 ratio was 8.5%. The ratio of Tier 1 capital net of preferred shares to risk-weighted assets (Core Tier 1) was 7.2%.

Lastly, the increase in regulatory capital, which was achieved due to ordinary operations alone, accounts for an estimate of the dividends to be paid on the 2010 net income, which by convention have been determined to be one-fourth of the dividends distributed on the 2009 net income (258 million of the total 1,033 million euro).