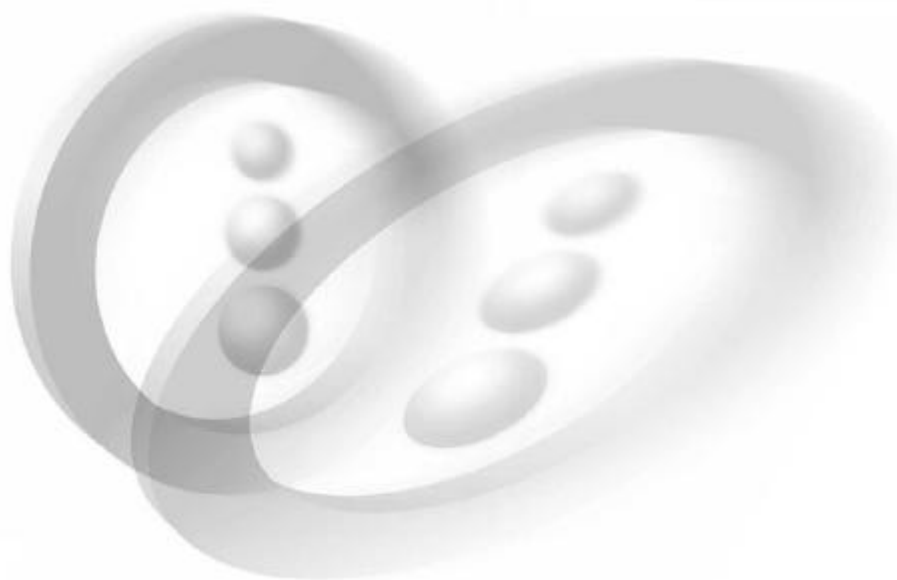


BANCA LOMBARDA E PIEMONTESE

QUARTERLY REPORT

AS AT 31 MARCH 2007



This English version is available for the convenience of the reader.

It is a translation of the Italian original version “Relazione Trimestrale al 31 marzo 2007” which takes precedence

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KEY FIGURES OF THE BANCA LOMBARDA E PIEMONTESE GROUP

Financial position (in millions of euro)	31/03/2007	31/12/2006	31/03/2006
Total assets	41,263	39,749	38,666
Loans to customers	31,682	30,576	28,897
Net financial assets (1)	4,652	4,539	4,240
Net capital and reserves (excluding net income)	2,979	2,689	2,298

Financial assets of customers (in millions of euro)	31/03/2007	31/12/2006	31/03/2006
Total customer assets under administration	80,789	80,165	75,737
Direct customer deposits	30,663	30,596	28,977
Indirect customer deposits	50,126	49,569	46,760
- Asset management	26,988	26,849	26,160
- Assets under administration	23,138	22,720	20,600

Results (in millions of euro)	31/03/2007	31/12/2006	31/03/2006
Net interest income	238.7	894.9	212.8
Net commission income	118.7	483.2	124.6
Operating income	406.8	1,597.7	385.6
Operating expenses	217.9	884.8	211.7
Profit from operating activities before tax	161.6	593.7	148.7
Income for the period	81.1	308.2	70.5

Information pertaining to the organisation (end of period)	31/03/2007	31/12/2006	31/03/2006
Number of employees	7,486	7,491	7,512
Number of branches	797	796	788
Number of consultants	554	568	537
Number of ATMs	928	922	921
Number of POS	21,039	20,575	20,010

Main group indicators	31/03/2007	31/12/2006	31/03/2006
Cost / income ratio (2)	53.6%	55.4%	54.9%
Non-annualised cost of credit (3)	0.06%	0.31%	0.08%
Credit quality (4)	0.72%	0.73%	0.78%
Tax rate (5)	43.7%	41.7%	44.4%
Annualised ROE (6)	11.4%	12.2%	13.1%

(1) Include financial assets held for trading, financial assets available for sale, financial assets held to maturity and hedging derivatives.

(2) The cost/income ratio reflects the ratio of operating costs to operating income.

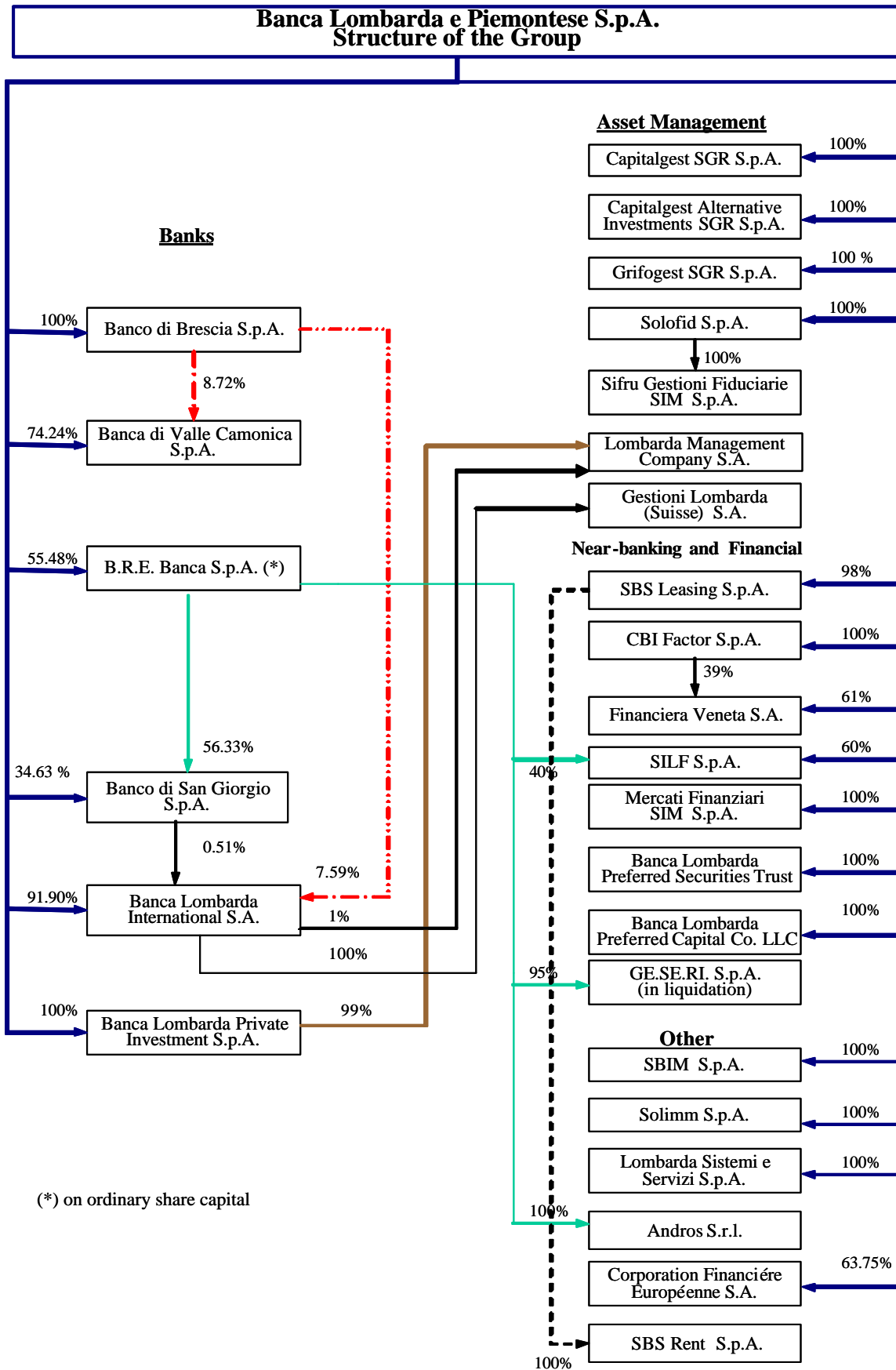
(3) The cost of credit derives from the ratio between net value adjustments and net loans to customers

(4) The credit quality is the ratio between net non-performing loans and net loans.

(5) The tax rate is the ratio between taxes and the profit from operations before tax.

(6) ROE is the ratio between the profit for the period and average net stockholders' equity for the period, not including the profits in progress

STRUCTURE OF THE GROUP AS AT 31 MARCH 2007



**DIRECTORS AND OFFICERS OF BANCA LOMBARDA E PIEMONTESE S.P.A. as at 31
March 2007**

BOARD OF DIRECTORS

Chairman Gino Trombi *

Senior Vice Chairman Alberto Folonari *

Vice Chairman Giovanni Bazoli *

Chief Executive Officer Corrado Faissola *

Director and Secretary Mario Cera *

Directors Luigi Bellini, Piero Bertolotto*, Sergio Borlenghi, Giuseppe Camadini *, Mario Cattaneo *, Virginio Fidanza, Pietro Gussalli Beretta, Giuseppe Lucchini, Federico Manzoni, Felice Martinelli, Giovanni Minelli, Pierfrancesco Rampinelli Rota, Adriano Rodella, Matteo Viglietta, Romain Zaleski
* *Members of the Executive Committee*

BOARD OF STATUTORY AUDITORS

Chairman Sergio Pivato

Auditors Angelo Coen, Filippo Rovetta

Alternate auditors Vincenzo Broli, Marco Confalonieri

SENIOR MANAGEMENT

General Manager Victor Massiah

Deputy General Managers Ettore Medda
Alberto Pella
Elvio Sonnino

COMPANY DIRECTORS AND OFFICERS OF UBI Banca on the approval date of this quarterly report

On 1 April 2007 the merger by incorporation of Banca Lombarda e Piemontese into Banche Popolari Unite Scpa became effective, while the name of the latter bank was changed to Unione di Banche Italiane Scpa with the concurrent adoption of a dualistic system of governance. Thus, to date, the administrative and controlling bodies and senior management of UBI Banca are:

MANAGEMENT BOARD

<i>Chairman</i>	Emilio Zanetti
<i>Vice Chairman</i>	Corrado Faissola
<i>Chief Executive Officer</i>	Giampiero Auletta Armenise
<i>Directors</i>	Piero Bertolotto, Mario Boselli, Giuseppe Camadini, Mario Cera, Giorgio Frigeri, Alfredo Gusmini, Flavio Pizzini

SUPERVISORY BOARD

<i>Chairman</i>	Gino Trombi
<i>Senior Vice Chairman</i>	Giuseppe Calvi
<i>Vice Chairman</i>	Alberto Folonari, Mario Mazzoleni
<i>Director and Secretary</i>	Federico Manzoni
<i>Directors</i>	Giovanni Bazoli, Luigi Bellini, Mario Cattaneo, Virginio Fidanza, Paolo Ferro-Luzzi, Enio Fontana, Carlo Garavaglia, Pietro Gussalli Beretta, Giuseppe Lucchini, Italo Lucchini, Andrea Moltrasio, Toti S. Musumeci, Sergio Orlandi, Alessandro Pedersoli, Giorgio Perolari, Sergio Pivato, Roberto Sestini, Romain Zaleski

SENIOR MANAGEMENT

<i>General Manager</i>	Victor Massiah
<i>Joint General Manager</i>	Graziano Cالدiani
<i>Deputy General Managers</i>	Francesco Iorio, Rossella Leidi, Ettore Medda, Pierangelo Rigamonti, Elvio Sonnino, Toffetti Giancesare

POWERS OF THE BOARD OF DIRECTORS OF BANCA LOMBARDA AS AT 31 MARCH 2007

In accordance with CONSOB's recommendation no. 97001574 of 20 February 1997, the following disclosure describes the powers of the Board of Directors and senior management.

This report lists the names of the Company Board members and the positions within the Bank held by each director.

Pursuant to art. 18 of the Articles of Association, the Board of Directors is responsible for the ordinary and extraordinary administration of the Bank. To this end, it has the widest possible powers, except for those that by law must be exercised by the Stockholders in General Meeting.

In the event of specific, individual matters of ordinary and extraordinary administration, the Board can delegate signature powers to one or more of its members; and for certain categories of acts and matters of ordinary administration, it can even grant proxies to people who are not employed by the Bank. To facilitate the Bank's normal operations, the Board can authorise employees to sign individually in relation to transactions decided upon by the Board.

Pursuant to Art. 21 of the Articles of Association, the Board of Directors can appoint an Executive Committee with 5 to 8 members, and delegate powers to it in accordance with Art. 19 of the Articles of Association.

The Executive Committee consists of eight members, and was appointed under the Board resolution dated 29 April 2005.

The Board of Directors has attributed to the Executive Committee all powers for the ordinary administration of the Bank, except for some that are the exclusive responsibility of the Board.

In urgent cases, the Executive Committee can take certain decisions that are normally the responsibility of the Board of Directors. Any such decisions must be reported to the Board at its next meeting.

Pursuant to Art. 22 of the Articles of Association, the Chairman, or whoever is taking his place, legally represents the Bank versus third parties and in court, at any level of justice, with the right to appoint attorneys and legal counsel.

On a recommendation from the Chief Executive Officer, if appointed, the Chairman can take decisions in an emergency that would normally be the responsibility of the Board or of the Executive Committee. Any such decisions must be reported to the Board at its next meeting. The Chairman allocates and distributes the amounts set aside for donations, on the basis and in the manner decided by the Board of Directors.

The Chief Executive Officer, with the assistance of the General Manager, has the following powers:

- to propose projects, objectives and strategies for the expansion of the Bank and the Group to the Board of Directors and the Executive Committee, taking suitable initiatives for this purpose;
- to make proposals regarding the most suitable structures and management resources needed to achieve these objectives.

The Chief Executive Officer, with the assistance of the General Manager, also has the task of coordinating between the Parent Bank and the companies of the Banking Group, giving them general and specific guidelines as established by the Board of Directors, constantly checking their performance, achievement of the budget objectives and development of the various business areas of the individual affiliates.

In addition, the Chief Executive Officer has also been delegated the power to supervise the ordinary administration of the Bank, with assistance from the General Manager, in compliance with the guidelines established by the Board of Directors and Executive Committee, keeping the Chairman constantly informed.

With regard to the Parent Bank's consent for resolutions adopted by Group companies in accordance with art. 136 of Decree 385/93, the Board of Directors has granted the Chairman, Mr. Trombi, the Vice Chairmen, Mr. Folonari and Mr. Bazoli and the Chief Executive Officer, Mr. Faissola, the authority to give such consent, with separate signing powers, except with regard to resolutions adopted by Banco di Brescia. In view of the fact that Messrs. Folonari, Bazoli and Faissola are directors of Banco di Brescia, powers to grant the above consent in relation to that bank have been delegated individually to the Chairman and to the following directors: Mario Cattaneo, Giovanni Minelli and Pierfrancesco Rampinelli Rota.

The General Manager is the chief executive officer, exercising his duties within the scope of the powers granted by the Board of Directors.

The Board of Directors is periodically informed about the activities performed by persons to whom it has granted powers.

COMMENTARY ON THE RESULTS OF OPERATIONS

The economy, the financial markets and the banking industry

The international economy

The International Monetary Fund continues to forecast solid **global growth** for 2007 at a rate of +4.9% (+5.4% in 2006). The contribution to global growth from the gross domestic product of the emerging economies of the Eurozone is expected to continue, in contrast to Japan and the United States.

With regards to oil prices, the average monthly price quoted by IPE's Crude Oil Index went from 62.6 US dollars per barrel in December 2006 (66.2 euro was the annual average for 2006) to 62.1 US dollars in March, dropping slightly.

In the first quarter of the year, the domestic product of the **United States** increased moderately by 0.3%, compared to the fourth quarter of 2006. The slowdown of growth had been expected on account of lower spending on non-durable goods, particularly food and the freeze on the real estate market, but the slowdown exceeded expectations. The Fed maintained the federal funds rate unchanged at 5.25%.

In **Japan**, the Bank of Japan raised the interest rate by 25 basis points, bringing it to 0.50%. However, in the period that followed, the OECD leading indicator and the country's basic macroeconomic figures anticipated a progressive slowing down of economic growth in the initial part of 2007, which will pave the way for the protracted stability of the cost of money in this country.

Also in Asia, despite the monetary authority's attempts to cool down the economy, **China** reaffirmed the strong growth of its economy with a positive change in GDP for the quarter of 11.1%, compared to the same period in 2006.

In the **Eurozone**, the European Central Bank continued the gradual policy aimed at increasing interest rates it had begun at the end of 2005, following two and a half years of stability at minimum levels. After five increases of 25 basis points each in 2006, in March the base rates for the Eurozone were further increased by 25 basis points to reach 3.75%. The expectations are for a further increase in the first half of 2007. According to the latest estimates of the IMF, the Eurozone is expected to grow by 2.3% overall this year; The OECD leading indicator places the Eurozone in a better position than the USA and Japan, while the latest figures on industrial production and

unemployment appear to confirm the economic growth of the Eurozone, although the inflation rate is showing signals of growth, which are weak at the moment. The performance of the exchange rate of the euro compared to other major currencies was also characterized by an upswing in the first months of 2007, against the US dollar as well as the Japanese yen; the exchange rate at the end of March was 1.3318 against the dollar and 157.32 against the yen.

For **Italy**, following a positive performance of the GDP (+1.91%) in 2006, the International Monetary Fund increased its growth forecasts for 2007 to +1.8%. Concurrently, the deficit-GDP and debt-GDP ratios are expected to decrease, the former to levels below the 3% limit. Industrial production in the strict sense (that is, excluding the building sector) in the first two months of 2007 increased by 2% (+0.5% in corrected terms based on the number of working days), on the corresponding period of the previous year; the confidence in the manufacturing sector increased to its highest point since 2001, mainly on account of more optimistic expectations of demand, primarily of capital goods.

The sectors of production showing the greatest strength are the textile, machinery and refining industries and the sectors relating to the production of metal and plastics, while those on the decline are the energy, leather and publishing sectors. Insofar as inflation, the tendency recorded in the month of March by the national index of overall consumer prices was 1.7% (+2.1% of the harmonized index for EU countries); the increase was mainly influenced by the cost of housing, tobacco and alcohol.

Finally, in the first two months of the year, Italy's trade balance improved compared to the same period in 2006 thanks to exports that increased faster than imports, though positive ground was not reached; in fact the substantial surplus of the machinery industry was not enough to compensate for the trade deficit created by domestic energy needs; in the initial months of 2007 and the overall balance was negative by 5.5 billion euro, against a deficit of 7.1 billion euro for the first two months of 2006.

Domestic and international currency and financial markets

Following a positive start at the beginning of the year, the major international stock markets underwent a price correction at the end of February and the beginning of March, which was absorbed in the weeks that followed. Overall, the major stock exchanges of the main economies closed the first quarter of the year upwards, but with modest gains compared to the previous year; indeed, the index of the NYSE (the S&P 500) increased by 0.2% while the Nikkei 225 increased by

+0.4%. The growth of the main listed Eurozone companies (represented on the Dow Jones Eurostoxx “Large” index) was stronger with an increase of 3.4%.

The Italian stock exchange also performed moderately well in the first quarter of the year. The Mibtel increased by 2% at the end of 2006, while the S&P/Mib increased by 0.8%. The total capitalization of the Italian stock market exceeded 800 billion euro at the end of March; the capitalisation of the Italian stock market constitutes 12.7% of the stock markets of the Eurozone.

Banking

The activities of credit institutions in the first three months of the year generally followed the trends of 2006.

In Italy as in the whole of the Eurozone, loans were mainly longer term and granted in particular to families; however, during the year, financing of non-financial companies recovered substantially.

Overall bank loans in Italy amounted to 1,388 billion euro at the end of March (+10.2% yoy), with a net flow of new loans over the 12 month period of approximately 121 billion euro. An analysis of the dynamics of maturing loans shows that both components are positive, despite the fact that their growth rates differ slightly: The change over the 12 month period of the short-term component is 9.5%, while the performance is more accelerated for the medium/long term components (+10.7%).

After 5 years, in the first part of 2007, the loans granted to non-financial businesses posted growth that was slightly higher than that of the family segment. For non-financial businesses, the long-term segment continued to grow at higher rates than the short-term segment, though the spread continued to narrow over time. For the family segment as well, the best performing component continues to be loans with durations exceeding 5 years (home loans).

Non-performing loans continue to follow a trend that is characterized by a moderate drop in volume, to which several securitisation transactions have contributed; the effect of net non-performing loans on overall loans has dropped to a level below 1.2% compared to 1.3% in March 2006 and 1.25% in December.

As concerns deposits, the initial SI-ABI estimates show a slight drop in the growth rate of deposits, with a trend equalling 6.2%, compared to +8.5% in March 2006; stock amounts to 1,185 billion euro. An analysis of the various components of bank funding shows a slight deceleration of customer deposit trends, the growth rate of which is equal to +3.6% (compared to +7% in March 2006), and of bank commitments, which continue to post strong rates of growth: +10.1% in March compared to +10.8% in March 2006.

According to the ABI report on interest rates, the positive progress of traded volumes of loans and deposits resulted in substantial stability of the spreads in the first quarter of the year (395 basis points at the end of March compared to 394 at the end of 2006). Considering the movements of these indicators during the March 2006-March 2007 period, we note that the mark-up (the difference between the average interest rate on loans in euro and the average weighted yield of treasury bills) has decreased, from 2.33 to 1.92 percent. In the same period, the mark-down (the difference between the average euro interest rate and the yield of treasury bills) has increased, from 143 to 203 basis points. In summary, the spread has increased by 19 basis points: from 376 basis points in March 2006 to 395 in March of this year. The change in the mark-up was also the result of the progressive re-composition of loans by maturity which favoured the medium-/long-term segment.

As concerns asset management in the first three months of 2007, the performances of different types of mutual funds varied. At the end of March, the assets of the mutual funds and SICAVs (open ended investment trusts) governed by Italian or foreign laws as recorded by Assogestioni were approximately 610 billion euro, essentially unchanged from the end of 2006 and down by 1.5% compared to March of last year; overall net inflows for the first quarter of this year were negative by 10.6 billion euro, compared to a positive inflow of 4.2 billion euro in the corresponding 2006 period; Aside from last August, the lack of interest in this sector continued throughout the entire year; while the net outflow of funds was 17.9 billion euro. The trends applying to the different fund categories differed significantly between themselves: Flexible and hedge funds increased by 7 and 1.3 billion euro respectively, while outflows from all other types of funds were considerable. In particular, bond funds dropped by 10.7 billion euro, equity funds by 5 billion euro, balanced funds by 1.6 billion euro and liquidity funds by 1.5 billion euro.

The composition of equity by fund category at the end of March confirmed the increased weight of flexible and hedge funds, by 10% and 5% respectively, while bonds funds have dropped considerably (39.2%) as have balanced funds, though to a lesser degree (6.6%), while equity funds and liquidity funds remained relatively stable (25.5% and 13.7% respectively). Insofar as distribution by residence, Italian funds amounted to 58.5% of the total, while foreign funds purchased mainly by Italian investors (so-called "roundtrip" funds) slightly exceeded 33.6%; foreign funds accounted for 7.5% of the total.

Insofar as the bancassurance sector, the market trends in the first months of the year were less than positive with a moderate drop in premiums for new life assurance compared to last year. There was a drop in the placement activities of the financial consultant network, while the premiums paid at bank and postal branches (which cover over 80% of total premiums) countered this trend with an increase in excess of 3%. An analysis of the performances of the various sectors shows that the drop across all major segments was almost entirely offset by the substantial growth of unit-linked insurance within segment III.

Banca Lombarda e Piemontese Group activities

The first three months of the year were marked by a mainly positive macroeconomic scenario for Italian banking, with the economy recovering moderately, growing spreads and demands for loans and credit quality that was once again somewhat improved, though pressure from competition in the banking sector was stronger.

The Group was able to handle these trends by following and in fact establishing a stable path of growth and achieving substantial results insofar as income and equity, while also promoting commercial growth.

The merger of the Banca Lombarda e Piemontese Group and the BPU Banca Group – The UBI Banca Group

Over these three months, a series of activities took place prior to the creation of the UBI Banca Group, aiming to guarantee the start of operations as from the first of April, which was the date on which the merger took effect. The new Group is characterized by prominence in the domestic market, as it ranks between the 3^d and 5th place on the Italian banking scene, with the following key features at the end of 2006:

- market capitalization of approximately 13.8 billion euro;
- approximately 4 million customers (3.8 million retail, approximately 48,000 corporate and 38,000 private);
- 1,970 branches;
- loans to customers of approximately 83 billion euro;
- direct deposits of approximately 86 billion euro;
- managed assets of approximately 56 billion euro;
- good levels of efficiency and profitability: Cost/income at 57% and ROE net of merger differences at 12%;

- excellent credit quality (the net non-performing loans to loans ratio is 0.69%);
- solid capital requirements (Tier 1 core capital at approximately 6.4%);
- a 6.3% share of the domestic market;
- marked presence in North-Western Italy (61% of overall branches); approximately 930 branches in Lombardy and more than 220 in the Piedmont area, with market shares of 15% and 9%, respectively.
- a market share exceeding 10% in 21 provinces, particularly Bergamo (26%), Brescia (29%), Varese (29%), Cuneo (26%), Pavia (18%) and Milan (10%), in terms of branches.

In expectation of the Business Plan which will be approved towards the middle of June, the merger provides for overall synergies of 365 million euro at the end of 2010 (92% of which will materialize by the end of 2009), of which 225 will involve cost and 140 will involve revenues. The net present value of the synergies net of the one-off merger costs and taxes amounts to approximately 2.3 billion euro.

Technically, this is a merger by incorporation of the Banca Lombarda into BPU Banca, with the change of the latter's name into UBI Banca.

The merger will have effect as of 1 April.

The new Group has adopted a multi-functional, federal and integrated organizational model, which results in a unitary business scheme that retains the trademarks and local autonomies through the strategic control by the listed Parent Bank, of independent entities configured as bank networks and product companies.

Activities for integration

After 12 December 2006 (the date of the definitive approval of the merger), the two Groups launched the "Operation on 1 April" project, which is aimed at identifying and carrying out the changes that are required to make UBI Banca operative as of 1 April 2007. The project began on 12 January and was divided among 18 work groups, of which 9 groups are high impact (Finance and Accounting, Loans, Foreign Operations, Finance, Authorisations, Equity Investments, Planning and Control, Human Resource, Administrative Services) 7 groups are medium impact (Procurement, Legal and Corporate Affairs, Auditing, Commerce and Marketing, Logistics/Security, Loan Recovery, Risk Management) while two groups provide support (Organisation, Information

Technology). The project will be considered completed once UBI Banca has been created and the following main objectives have been reached:

Legal and Corporate Affairs/ Authorisations

Authorisation of the Bank of Italy;
Antitrust application;
BPU and BL Shareholders' meeting on 3 March.

Human Resources

Definition of the internal Communications Plan covering all employees belonging to the companies comprising both banking groups.
Completion of the abbreviated trade-union procedure pursuant to art. 47 of Law 428/1990, concerning the legal, economic and corporate effects of the merger.

Sales

Definition of the new group's Communications Plan with customers (letters to customers, print advertising campaign, creation of a design along a single theme to be applied to all branches);
Review of the brand architecture of the Parent Bank, the Bank Network and the Product companies with the new UBI brand;
Removal of ATM commissions within the new UBI group.

Other work groups

Definition of the lending process for the interim period and rendering the classification of the customer base common between the two groups;
Issue of the Broadcast Swift for communication of the merger;
Activities preliminary to the activation of the Consolidated Information Archive;
Management via Centrosim of the stock split as part of the swap of "ex BL" shares to UBI shares.

Concurrently with the "Operation on 1 April" project, the activities for the preparation of the Integration Business Plan have started. In particular, on 13 March 2007, the project structure was presented with identification of 17 sites and 35 projects aiming to:

list the strategic and organizational guidelines;
consolidate and finalise the economic-financial forecasts;
define the synergies and costs arising from the merger;
develop the master plan for the projects to be realized;

On 29 March the Site/Project Work Plans were completed, while in April the main guidelines for the development of the Business Plan were defined, including:

the definition of the business model and the target distribution model;
the definition of the guidelines for the segmentation of the customers and the service models;
definition of the perimeter of activity to be covered by Consumer Finance and the organization model for the management of the Credit Recovery department;
initial estimates regarding the selection of the target information system;
validation of the strategic-organisational guidelines defined by individual projects.

* * *

The following discussion covers changes in Group structure, the main organisational and commercial initiatives, new products in the principal banking segments and the growth of the sales network and staff.

Changes in the structure of the group and shareholdings

Group companies

In the month of February, Banca Lombarda e Piemontese subscribed its 98% shareholding interest in the share capital increase of **SBS Leasing**. From 22.8 million euro to 39 million euro, which included a capital reinforcement of 40.5 million euro including the share premium; the amount paid by Banca Lombarda e Piemontese amounted to 39.7 million euro, of which 27.8 million euro were paid in, while 11.9 million euro will be paid by 31 December 2007.

The purpose of this transaction was to provide the company with an asset structure able to support the planned developments.

Other companies

In the month of February, Banca Lombarda e Piemontese participated in the share capital increase from 125.3 million euro to 135.3 million euro of **Lombarda Vita**, in which it holds a 49.9% shareholding interest; the insurance company operating in the life assurance sector was established as a joint venture with the Società Cattolica di Assicurazione; the outlay amounted to approximately 5 million euro, for an overall investment in the initiative of 68.3 million euro.

The purpose of this transaction was to provide the company with an asset structure able to support the ongoing increases in operating volumes.

Also in the month of February, the Banco di Brescia transferred to Hopa a 4.89% interest in the **Vemer Siber Group**, a listed company which operates in the same environment as Hopa; the disposal of the investment, which had been acquired as a settlement of a loan position, took place through the exercise of an option to sell at a price which is equal to the investment plus interests, amounting to 5.0 million euro and a capital gain of 0.2 million euro.

The shareholding held by the Group of the ordinary share capital of Banca Intesa was reduced from 2.411% to 1.224%, due to the merger by incorporation of the aforementioned Sanpaolo Imi bank; concurrently with this transaction which became effective on 1 January 2007 and the assumption by the surviving company of the name **Intesa Sanpaolo**, the shareholders' blocking and voting agreement relating to Banca Intesa which gave the latter 43.51% of the bank's ordinary share capital and which Banca Lombarda e Piemontese complied with as a member of the "Lombardo Group" with a 2.33% share of ordinary share capital, was cancelled.

The book value of the Group's overall shareholding interest amounts to 823 million euro, of which 795.4 million euro concern Banca Lombarda e Piemontese's 1.183% shareholding and 27.6 million euro relate Banco di Brescia's 0.041% shareholding.

We note finally two transactions involving the trading of share packets by Banco di Brescia as part of its corporate financing activity.

Specifically, a shareholding interest of 20% in **Econossa** was sold following the exercise of a purchase option by third parties; the consideration for the sale, as determined by incrementing the investment made by Banco di Brescia with interests, amounts to 3.2 million euro, with a capital gain of 0.2 million euro.

Furthermore, a shareholding interest of 30.07% was purchased in **Biodiversity**, a company that operates in the biotechnology sector, against an investment of 0.8 million euro.

Organisational changes

The **‘Operation on 1 April’** project was launched in view of the merger of Banca Lombarda and BPU Banca and the consequent establishment of the UBI Banca Group in the first quarter of the year. It aims to identify and implement the changes that are necessary to ensure that the Group is operational on 1 April, the effective date of the merger. The project was based on the following guidelines: maintenance of the two original information systems during the preliminary phase, neutralization of the impacts on the Bank Networks and Product Companies so as to allow them to focus on the commercial activities and achieving the objectives set by the 2007 budget.

Work groups composed of employees belonging to both Groups were set up, in order to identify the necessary actions, timelines and deadlines and to define operative solutions to be verified and shared, thereby guaranteeing the realization of the interventions which were set. Finally, a dedicated Help Desk structure was put into place, to provide 1st level assistance to the Management and Network structures insofar as problems arising from the operations of the UBI Groups as from 1 April.

Also in the first quarter, the activities aimed at **rationalizing the asset management department** of the Banca Lombarda Group were started, in order to be carried out through the merger by incorporation of Grifogest into Capitalgest and through the centralization of the activities of the

Parent Bank's custodian bank; these interventions are aimed at achieving costs savings and maximizing operational synergies.

In the first three months of the year we also re-delimited the "**Optimization of Group Organization**" project, which is aimed at improving the efficiency of the distribution network; the main activities involved the launching of the "Perno Branch-Family Branch" model as a test on 5 pairs of branches, the installation of almost all the cashier equipment and the scheduling of the installation of the multifunctional ATMs.

The necessary activities for the implementation of the new approach to credit granting and management based on internal rating, in accordance with the **Basel Accord** and **IFRS**, have continued; particularly insofar as the transition to the IFRSs, several operating processes were redefined during this quarter and the relative responsibilities for the main areas of operation were re-assigned, while the specific regulations were also compiled.

Following the coming into effect of the "**Bersani bis**" Decree, a specific project was started up to implement the new rules and to guarantee compliance (internal procedures and processes) with these provisions.

Furthermore, in order to take full advantage of the innovations that were introduced as part of the supplementary pension fund set forth by the "Maroni Reform," several projects were started aiming to build a range of competitive product offers, through the review of the current **Open Pension Fund** established by the Savings and Assurance department.

The activities surrounding the "**Bank Synergies-SBS Leasing**" project were completed. This project aimed to develop the commercial synergies between the Commercial Banks and SBS Leasing through the development of processes and instruments for the leasing product and the management of lending processes; in particular, during the first three months of the year the activities relating to the implementation of the electronic line of credit procedure were completed as was the issuing of the regulation and concurrent launch of the training activity throughout the Network Banks.

Finally, we note the completion of the activities that are preliminary to the business continuity plan.

The development of the distribution channels and the product offer

During the first quarter, the initiatives of the Group concerning the enrichment and improvement of the **virtual channels** mainly centred on online trading, security and interaction with customers.

For trading in particular, we note the possibility of transmitting buy and sell orders on the EuroMOT market and the improvement of the chart analysis for “top” customers, which provides the option of comparing the charts of different securities.

The security of this service was increased with the introduction of a function requiring that users change their password every 90 days and the possibility of receiving the PIN number directly on the display in the event that it is forgotten.

Finally, two newsletters were created which provide a significant opportunity for interaction and continuous contact with customers, as their contents are of particular interest. The first newsletter is weekly and dedicated to private customers who carry out trading transactions. It provides a commentary on the performance of the markets and the securities that are of particular interest currently. The second is provided every month to companies and covers issues concerning the domestic and international economies.

Active users and on-line operations are growing significantly, also on account of the aforementioned initiatives. In particular, the strongest areas of growth are online trading (+30% over the first quarter of 2006), transfers (+56%), mobile phone top ups (+53%) and prepaid cards (+68%). Furthermore, customers opting for the upgraded services have increased (+20% since the beginning of the year) as has the success of the online checking of account statements (the number of “dematerialised” current accounts has grown by 32% since the beginning of the year).

The migration of the new dedicated technical structure has been successfully completed for the Interbank Corporate Banking (CBI) and a new technical standard named “CBI-2” has been adopted which will make further additions to the services provided to corporations possible.

The companies with on line connections to the services (+18% above the first quarter of 2006) have increased as has their level of activity, as proven by the relative payment data (+14.5%) and F24 orders (+740%). To motivate usage by customers and guarantee greater security, a notification system was added to CBI services (via sms or email), for outgoing orders.

Both the support provided by the Contact Center to retail and corporate customers (incoming calls up by +7%) and outgoing telephone activity to customers (+15%) relating to specific commercial campaigns have maintained their progress.

For ATMs, the distribution schedule has begun for new ATM webs with the higher potential insofar as the functions which can be activated by personalising the service. Among the major functions we note the release of the cash-in service (payment of cash and cheques) and the start of the integration with the Customer Relationship Management system for the recording of customer preferences and interaction with the branch and the Contact Center.

Some animation has been added to the internet sites of the Network Banks in support of advertising campaigns (e.g., PrestiCreso).

Finally, the home and remote banking internet sites have been adapted to the corporate image of the new UBI Banca Group. The institutional site of UBI Bank was launched in April (this site also features additional functions in the title section), while the Banca Lombarda and BPU Banca sites have been converted into “archive sites” containing only the historical documentation of the two groups.

Insofar as product development, the deposits to the **bancassurance** department from Group banks in the first quarter of the year are in line with the excellent results of 2006; in the first quarter of 2007 life assurance products amounting to 450 million euro were subscribed to.

As regards the funding mix, the main trend was towards traditional products (Line 1), which dropped to 36.6% of the total written; the proportion of index-linked policies in Line III rose (44.5%), whereas the incidence of unit-linked policies has remained constant at 6.5%, thanks to the Consultancy Network and the Private Network of the Banco di Brescia. The proportion of capital accumulation products (Line V) remains considerable at 12% of the total.

In 2007, the following areas have opened up insofar as supplementary pensions: The entering into effect of the Severance Indemnity Reform has opened the way towards significant scenarios for Open Pension Funds and Individual Pension Plans.

To cover the requirements of companies and employees who are faced with selecting the use to be made of the severance indemnity coming due as at next 30 June, the *Fondo Pensione Aperto Risparmio e Previdenza* [Open Pension Savings Plan] and the Previnext [individual pension plan] were restyled in cooperation with the Cattolica Group.

The development project of the pension offer combines: a multi-segment pension fund, the assets of which are dynamically managed, while the cost is competitive; the review of the “Previnext” individual pension plan to render it compliant with the new COVIP provisions; the creation of a network of pension specialists who are qualified to provide consulting on regulatory issues and the Group’s offer, in addition to the creation of IT applications used to calculate any gaps on the coverage and complete, easy to use informational material.

The Life segment has also successfully rationalised its index-linked issues which resulted in a more efficient rationalization process and new structures which are appreciated by the Network.

In the **electronic money** area, the Banca Lombarda Group launched testing phases for new commercial products in the first quarter.

The new initiatives were mainly oriented to credit cards offering flexible financing, such as the “CHOICE Quattroruote” card which has a double line of credit and the continued distribution of the S-EMPRE cards.

For the latter, the placement activity resulted in the placement of almost 95% of all the Group’s cards. The stock of electronic cards has reached 320,000, which represents an increase of +5.2%. The advertising campaigns launched in 2006 contributed to increased spending (+8.5% on rolling year basis); furthermore, the number of active cards remained high at 80% of total cards.

In the first quarter of the year, 1,839 **loans** granted to households amounted to a total of 212 million euro, which is a 4.9% increase over the same period in 2006. This growth is mainly due to the increase in the average of loans granted (124 thousand in 2007) which represents an 8% increase that offsets the drop in the actual number of loans granted (-3.3%); this drop is also in line with the progressive slow down in the real estate market which began in the second half of last year.

Again in the first quarter, the loans segment was also affected by significant changes in regulations as introduced by Bersani decree n. 7 (Par. 1, art. 6, 7 and 8), such as the invalidity of contractual clauses which provide for penalties to be paid in the event of early repayment of loans secured by mortgages, the possibility of transferring to other financial intermediaries without foregoing any fiscal benefits and the redefinition of the procedures for the cancellation of mortgages. The Group acted promptly in order to quickly adapt to the regulation, while also searching for ways to reap the commercial benefits afforded by it.

Again with regard to loans extended to families, the growth of the consumer credit segment was stepped up further with the marketing of a new product: **PrestiCRESO**.

PrestiCreso evolved from the Prestifacile line while it has inherited all the features that ensured the success of the latter (particularly the flexibility afforded in the management of the repayment plan). It has a competitive interest rate (7.25% fixed) for amounts up to 50,000 euro and is backed up by substantial communications support. The response of the branch network to the new commercial initiative was positive, reflecting the positive market trend. Over 5,200 PrestiCreso loans were extended during the quarter, reaching 57 million euro (64% of overall personal loans extended to customers), thereby allowing the entire **Personal Loans** segment to increment performance by 43% insofar as the number of contracts and 76% insofar as the amounts loaned during the same quarter in 2006. The aggressive pricing strategy resulted in increased activity and increased the segment's banking income deriving from products.

During the first quarter, there was a slight growth in the number of **current accounts** at the Group level (+0.37%); thus the number of active current accounts reached 853 thousand (there were approximately 850 thousand accounts at the end of 2006).

Also concerning the current accounts during the first quarter, following the decision of the European Central Bank on the 8th of March to increase the base rate by 25 basis points, our Group decided to implement this change and to adapt all interest rates, whether paid or earned, while remaining in line with the economic and monetary evolution of the market; this was limited exclusively to Package Accounts. The decision will become effective as from next May 16, in full compliance with the provisions and notification times for changes in terms as set forth by the "Bersani" law.

At the end of the first quarter of 2007, **net assets managed** by the Group's asset management companies (as reported to Assogestioni) amounted to 18.2 billion euro, which is substantially unchanged from the same month in 2006. The Group's market share, in terms of gross assets managed at the end of the period was 1.96%.

During the period, commercial collaborations were set up in the asset management area with Merrill Lynch and Morgan Stanley, the sicavs of which will be added to the range offered by the commercial banks belonging to the Group.

In the first quarter of 2007, the initiatives and products targeted to **corporate customers** were further increased.

Among the most significant activities was the release of the "**Anticipo Tfr**" product to the entire Group; this product offers two types of unsecured lines of credit, both short and medium to long

term, in support of any credit requirements of companies following the recent introduction of the Severance Indemnity Reform.

To emphasize the potential of synergies, the new “**Pef Leasing**” product, for sales of leasing products directly by branches, was released to the Network Banks. This new activity was supported by a specific, grass roots training programme covering the entire network, coordinated by Sbs Leasing and the holding company’s marketing and loan executives. The introduction of a specific motivation plan for the network combined with the sale of this product will result in the quick achievement of the budgeted results in terms of volumes and cross selling.

The network of branches and the representative office in Shanghai

At the end of the first quarter there were 797 branches belonging to the Group, including the three foreign ones in Nice and Menton (France) and Luxembourg. In addition, the Parent Bank's representative office in the city of Shanghai (China) is now operating. There are 716 branches in Northern Italy (approximately 90% of the total), 444 of which are located in Lombardy and 177 in the Piedmont.

Compared to the end of 2006, there has been some rationalization of the Banco di Brescia network, with the closing of two branches in Milan and Bergamo and the opening of three others, two of which are in the aforementioned provinces and one in Mariano Comense (Como). Furthermore, the Banco di San Giorgio branch was transferred from Quiliano to Vado Ligure, also in the province of Savona.

The following table shows the geographical distribution of the Group’s branches at the end of March, broken down by Bank.

Region	Province	Banco di San Giorgio	Banca di Valle Camonica	Banca Regionale Europea	Banco di Brescia	Banca Lombarda P.I.	Banca Lombarda	Total
ABRUZZO	L'AQUILA					1		1
	PESCARA					1		1
	Total ABRUZZO					2		2
CAMPANIA	NAPLES					1		1
	SALERNO					1		1
	Total CAMPANIA					2		2
EMILIA-ROMAGNA	PARMA			3	2	1		6
	PIACENZA			8				8
	BOLOGNA					1		1
	Total EMILIA-ROMAGNA			11	2	2		15
FRIULI-V. GIULIA	PORDENONE				3			3
	UDINE				9			9
	Total FRIULI-VENEZIA GIULIA				12			12
LAZIO	LATINA				2	1		3

	ROME			20		4		24
	VITERBO			32				32
	RIETI					1		1
	FROSINONE					1		1
	Total LAZIO			54		7		61
LIGURIA	GENOA	16		1		1		18
	IMPERIA	7						7
	LA SPEZIA	1						1
	SAVONA	10						10
	Total LIGURIA	34		1		1		36
LOMBARDY	BERGAMO		8	2	23			33
	BRESCIA		39	1	180	1	1	222
	COMO		1	1	5			7
	CREMONA			5	4			9
	LECCO			1	2			3
	LODI			2				2
	MANTUA			2	6			8
	MILAN			38	47	3		88
	PAVIA			46				46
	SONDRIO	9						9
	VARESE			5	12			17
	Total LOMBARDY		57	103	279	4	1	444
MARCHE	PESARO AND URBINO					1		1
	Total MARCHE					1		1
PIEDMONT	ALESSANDRIA			30				30
	ASTI			2				2
	CUNEO			126				126
	NOVARA			4				4
	TURIN			11	1	1		13
	VERCELLI			2				2
	Total PIEDMONT			175	1	1		177
PUGLIA	BARI					1		1
	FOGGIA					1		1
	Total PUGLIA					2		2
SARDINIA	CAGLIARI					1		1
	Total SARDINIA					1		1
TUSCANY	MASSA CARRARA	1						1
	PISA					1		1
	GROSSETO					1		1
	AREZZO					2		2
	LEGHORN					1		1
	FLORENCE					1		1
	Total TUSCANY	1				6		7
TRENTINO - A. A.	TRENTO				2			2
	Total TRENTINO-ALTO ADIGE				2			2
UMBRIA	PERUGIA					1		1
	TERNI					1		1
	Total UMBRIA					2		2
AOSTA VALLEY	AOSTA			1				1
	Total AOSTA VALLEY			1				1
VENETO	PADUA				4			4
	TREVISO				4			4
	VENICE				3	1		4
	VERONA				12			12
	VICENZA				5			5
	Total VENETO				28	1		29
Total ITALY		35	57	290	379	32	1	794
LUXEMBOURG	LUXEMBOURG				1			1
FRANCE	Nice			1				1
	Menton			1				1
	Total FRANCE			2				2
Total		35	57	292	380	32	1	797

Network of financial consultants and private bankers

At 31 March 2007 the overall size of the Banca Lombarda Private Investment business came to 3.7 billion euro of direct and indirect deposits, 302 million euro of loans, of which 275 million euro in the form of residential mortgages, 554 financial consultants and 27 private bankers.

Compared to 2006, the average size of the consultants' portfolios has improved further to reach 5 million euro at the end of March.

On that date, the average size of each private banker's portfolio (not including the two private bankers who joined us in March) is approximately 42.8 million euro, which represents a significant increase compared to the end of the preceding year.

Upon conclusion of the activities tied to the acquisition by BLPI of the financial consulting division belonging to the Banca Popolare dell'Etruria e del Lazio (which has also resulted in the opening of 5 new branches to support the commercial activity in the second half of last year), a new Private Centre was opened in Pescara in March.

Thus at the end of March the Banca Lombarda Private Investment outlets consisted of 32 branches, 35 advice centres, 30 commercial offices and 16 consultants' offices; there are also five Private Banking Centres supporting the branches.

Human resources

The companies of the Banca Lombarda Group employed 7,486 persons as at 31 March 2006, (including 277 under fixed-term contracts and 672 part-timers). This being 26 less employees than the comparative 2006 period.

The table below shows the comparison between 31 March 2007 and 31 March 2006 as well as the figures as at 31 December 2006.

COMPANY	31/3/2007	31/3/2006	CHANGE		31/12/2006
			ABSOLUTE	%	
BANCA LOMBARDA	457	442	15	3.4%	449
BANCO DI BRESCIA (contract governed by Italian law)	2,880	2,911	- 31	- 1.1%	2,897
BANCO DI BRESCIA (contract governed by Luxembourg law)	4	5	- 1	- 20.0%	4
BANCA REGIONALE EUROPEA (contract governed by Italian law) (1)	2,152	1,963	189	9.6%	2,163
BANCA REGIONALE EUROPEA (contract governed by French law)	13	9	4	44.4%	11
BANCA DI VALLE CAMONICA	369	365	4	1.1%	365
BANCO DI SAN GIORGIO	259	237	22	9.3%	244
BANCA CASSA DI RISPARMIO DI TORTONA (1)	0	211	- 211	- 100.0%	0
BANCA LOMBARDA INTERNATIONAL	48	47	1	2.1%	45
GESTIONI LOMBARDA SUISSE	10	10	0	0.0%	11
BANCA LOMBARDA PRIVATE INVESTMENT	132	109	23	21.1%	124
LOMBARDA SISTEMI E SERVIZI	598	612	- 14	- 2.3%	602
SBS LEASING	178	174	4	2.3%	177
CBI FACTOR	145	160	- 15	- 9.4%	145
S.I.L.F.	122	113	9	8.0%	116
CAPITALGEST	69	71	- 2	- 2.8%	71
FINANCIERA VENETA	7	6	1	16.7%	7
GRIFOGEST	9	29	- 20	- 69.0%	22
MERCATI FINANZIARI	7	14	- 7	- 50.0%	12
SOLOFID	14	13	1	7.7%	13
SIFRU S.I.M.	4	4	0	0.0%	4
CAPITALGEST ALTERNATIVE INVESTMENTS	4	4	0	0.0%	4
SHANGHAI REPRESENTATIVE OFFICE	3	2	1	50.0%	3
LOMBARDA MANAGEMENT CO. S.A.	2	1	1	100.0%	2
TOTAL EMPLOYEES	7,486	7,512	- 26	- 0.3%	7,491

(1) On 25 November 2006, the Banca Regionale Europea absorbed the Banca Cassa di Risparmio di Tortona, which had 206 employees on that date.

The major changes related to:

- **Banca Lombarda**, where the **increase of 15 employees** is mainly due to the concentration of certain activities previously carried out by Group banks;

- **Banco di San Giorgio**, where the **increase of 22 employees** is mainly due to the expansion of the network in Liguria, the opening of new branches (Genova Darsena and Vado Ligure) and the strengthening of certain branches and areas with a high potential for development.
- **Banca Lombarda Private Investment**, where the **addition of 23 employees** is mainly due to the strengthening of the support provided to the financial consulting divisions in light of the opening of new branches (mainly in Tuscany) and the strengthening of the private banking division (including the opening of the Private Centre in Pescara).
- **SILF**, where the **addition of 9 employees** is mainly due to the adaptation of the structure to the new volumes of activity, which are also due to the indications of the Bank of Italy.
- **Banco di Brescia, Lombarda Sistemi e Servizi and Banca Regionale Europea**, with a **decrease of 68 employees** due to terminations during the period, also thanks to the participation in the Solidarity Fund.
- **CBI Factor**, where the **decrease of 15 employees** is mainly due to the reorganization following the incorporation of **Veneta Factoring** which took place in 2005, with the use of redundancy incentives and centralisation of the activity at the holding company.
- **Grifogest**, where the **decrease of 20 employees** is mainly due to the reorganization of the asset management sector, which resulted in centralization of some activities within other Group companies thereby achieving economies of scale and terminations through resignation.
- **Mercati Finanziari**, where the **decrease by 7 employees** is mainly due to turnover and rationalization, with centralization of some activities within the holding company, which allows economies of scale to be achieved.

Work to rationalize and improve the distribution of staff among Group companies has continued, giving preference to the transfer of individual employment contracts. In this manner, 20 employees originating from Network Banks or Product Companies were transferred to the holding company.

The number of employees admitted to the “*Solidarity fund for income and employment support and the retraining of banking personnel*”, as established in the trade union agreements signed by all Group banks and Lombarda Sistemi e Servizi, involved 3 terminated Banca Regionale Employees in the first quarter of 2007. We note that the total terminations in 2006 through the Solidarity Fund involved 44 employees.

The activation of the procedures connected to the merger by incorporation of Banca Lombarda e Piemontese S.p.A. into BPU Banca S.c.p.A. and the consequent establishment of the UBI Banca Group was among the major events in the first quarter of 2007. These procedures were concluded with the signature of the labour memorandum of understanding on 22 March 2007, which regulates the regulatory and economic terms that are applicable to the transfer of the employment relationships of the Banca Lombarda e Piemontese employees as from 1 April 2007.

Information on the reclassified balance sheet and statement of income

The following schedules present the reclassified balance sheet and statement of income, together with comments on the results for the first quarter 2007.

The statement of income has been reclassified so as to comply with the classification criteria that will be adopted by the UBI Group. The main reclassifications compared to previous schedules involve:

- the reclassification of other charges and operating income from operating costs to operating income;
- the reclassification of the income from investments carried at equity to operating income;
- the offsetting of recovered taxes with administrative expenses.

The figures commented on below have been prepared as part of the continued application of IASs/IFRSs used for the financial statements for the period ended on 31 December 2006. The differences compared to the accounting policies applied by the BPU Group that are attributable to alternative accounting principles allowed by IAS/IFRS, will be applied by BL Group companies as from 1 April 2007, the effective date of the merger. Furthermore, the differences identified to date are slight and do not significantly affect the representation of the balance sheet and statement of income as below.

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(amounts in thousands of euro)

ASSETS	31.03.07	31.12.06	Changes 31.03.2007-31.12.2006	
			Absolute	%
Cash and cash equivalents	149,777	181,702	(31,925)	(17.6)
Loans to customers	31,682,381	30,575,913	1,106,468	3.6
Due from banks	2,035,744	1,891,704	144,040	7.6
Other financial assets	4,652,262	4,539,426	112,836	2.5
Equity investments	90,886	83,170	7,716	9.3
Property, plant and equipment and intangible assets	1,454,711	1,457,524	(2,813)	(0.2)
Other assets	1,197,490	1,019,756	177,734	17.4
Total assets	41,263,251	39,749,195	1,514,056	3.8

LIABILITIES AND EQUITY	31.03.07	31.12.06	Changes 31.03.2007-31.12.2006	
			Absolute	%
Due to customers	16,396,074	16,668,824	(272,750)	(1.6)
Debt securities in issue <i>(including subordinated liabilities)</i>	14,266,991	13,926,832	340,159	2.4
<i>Total</i>	<i>30,663,065</i>	<i>30,595,656</i>	<i>67,409</i>	<i>0.2</i>
Due to banks	4,115,761	2,928,127	1,187,634	40.6
Other financial liabilities	697,864	583,586	114,278	19.6
Specific risk provisions	279,191	277,107	2,084	0.8
Other liabilities	1,997,293	1,929,098	68,195	3.5
Minority interests	449,473	437,974	11,499	2.6
Stockholders' equity				
<i>Capital stock and reserves</i>	<i>2,979,493</i>	<i>2,689,460</i>	<i>290,033</i>	<i>10.8</i>
<i>Net income for the period</i>	<i>81,111</i>	<i>308,187</i>	<i>(227,076)</i>	<i>(73.7)</i>
Total liabilities and stockholders' equity	41,263,251	39,749,195	1,514,056	3.8

RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

(amounts in thousands of euro)

STATEMENT OF INCOME	31.03.07	31.03.06	Changes 31.03.2007-31.03.2006	
			Absolute	%
Net interest income	238,705	212,809	25,896	12.2
Dividends and similar income	290	126	164	130.2
Gain (loss) from investments carried at equity	4,306	3,587	719	20.0
Net commission income	118,695	124,559	(5,864)	(4.7)
Result of trading and hedging activities	20,235	22,584	(2,349)	(10.4)
Other operating income/expenses	24,534	21,979	2,555	11.6
Operating income	406,765	385,644	21,121	5.5
Payroll costs	(131,339)	(127,878)	(3,461)	2.7
Other administrative expense	(71,648)	(68,594)	(3,054)	4.5
Net adjustments to property, plant and equipment and intangible assets	(14,904)	(15,234)	330	(2.2)
Operating expenses	(217,891)	(211,706)	(6,185)	2.9
Net operating income	188,874	173,938	14,936	8.6
Net impairment adjustments to loans	(17,651)	(22,150)	4,499	(20.3)
Net impairment adjustments to assets/liabilities	(79)	(586)	507	(86.5)
Net provisions for liabilities and charges	(9,868)	(2,734)	(7,134)	260.9
Gains (losses) on shareholdings and equity investments	309	236	73	30.9
Profit from operating activities before tax	161,585	148,704	12,881	8.7
Income tax on operating activities	(70,619)	(66,052)	(4,567)	6.9
Net profit from discontinued operations before tax	-	-	-	na
Net income (loss) for the period attributable to minority interests	(9,855)	(12,175)	2,320	(19.1)
Profit for the period attributable to the Parent Bank	81,111	70,477	10,634	15.1

QUARTERLY DEVELOPMENTS IN THE RECLASSIFIED CONSOLIDATED STATEMENT OF INCOME

(amounts in thousands of euro)

STATEMENT OF INCOME	1Q 2007	4Q 2006	3Q 2006	2Q 2006	1Q 2006
Net interest income	238,705	235,915	227,008	219,174	212,809
Dividends and similar income	290	333	113	35,233	126
Gain (loss) from investments carried at equity	4,306	32	4,419	100	3,587
Net commission income	118,695	125,468	110,839	122,303	124,559
Result of trading and hedging activities	20,235	28,222	15,611	4,683	22,584
Other operating income/expenses	24,534	40,116	21,275	21,237	21,979
Operating income	406,765	430,086	379,265	402,730	385,644
Payroll costs	(131,339)	(130,398)	(123,598)	(125,867)	(127,878)
Other administrative expense	(71,648)	(103,204)	(68,724)	(72,203)	(68,594)
Net adjustments to property, plant and equipment and intangible assets	(14,904)	(17,763)	(16,075)	(15,289)	(15,234)
Operating expenses	(217,891)	(251,365)	(208,397)	(213,359)	(211,706)
Net operating income	188,874	178,721	170,868	189,371	173,938
Net impairment adjustments to loans	(17,651)	(28,777)	(23,554)	(18,602)	(22,150)
Net impairment adjustments to assets/liabilities	(79)	(146)	(1,620)	(569)	(586)
Net provisions for liabilities and charges	(9,868)	(14,473)	(3,898)	(4,216)	(2,734)
Gains (losses) on shareholdings and equity investments	309	1,189	621	49	236
Profit from operating activities before tax	161,585	136,514	142,417	166,033	148,704
Income tax on operating activities	(70,619)	(58,263)	(62,598)	(60,799)	(66,052)
Net profit from discontinued operations before tax	-	1,255	120	4,703	-
Net income (loss) for the period attributable to minority interests	(9,855)	(7,968)	(12,484)	(11,220)	(12,175)
Profit for the period attributable to the Parent Bank	81,111	71,538	67,455	98,717	70,477

INFORMATION ON THE BALANCE SHEET

Amounts due from and to banks

As at 31 March 2007, the net interbank borrowing position worsened from 1,036 million euro at the end of the year to 2,080 million euro. Recourse to the interbank market was necessary to finance the growth of the portion of loans to customers which was not financed by customer deposits.

Loans to customers

At the end of the first quarter of 2007, the amount of the loans to Group customers was 31,682 thousand euro, which was increased by 3.6% compared to the balance at the end of the year.

Short term loans registered stronger growth than the medium to long-term segment, this being mainly attributable to the upturn of the economy and the increased requirements of businesses for working capital. In particular, the current accounts, trading portfolio and other advances increased by 4% compared to the end of last year, while residential loans slowed down slightly compared to the preceding periods, with an increase of 3.4%.

Demand for credit deriving from activities associated with near-banking activities remained strong, with growth 5.2% higher than last 31 December.

The trend in bank loans differed from sector to sector, with the greatest contribution coming from industry in the strict sense, construction and the advanced tertiary sector, insofar as traditional services. The manufacturing segments which posted the highest growth were energy products, steel, basic machinery and precision machinery.

Cash exposures to customers: gross and net amounts

Type of exposure / Amounts	Gross exposures	Specific adjustments	Portfolio adjustments	Net exposure
A. Cash exposures				
a) Non-performing loans	486,751	258,813	-	227,938
b) Problem loans	330,895	57,136	-	273,759
c) Restructured loans	42,708	4,124	-	38,584
d) Expired loans	23,289	3,717	-	19,572
<i>Total impaired loans</i>	<i>883,643</i>	<i>323,790</i>	-	<i>559,853</i>
e) Country risk	202	-	11	191
f) Other assets	31,239,317	-	116,980	31,122,337
Total	32,123,162	323,790	116,991	31,682,381

At the end of March 2007, the Group's impaired loans were 559.9 million euro, or 0.9% over the amount posted last 31 December. In particular:

- net non-performing loans of 227.9 million euro increased by 1.5%, while their effect on loans increased slightly from 0.73% to 0.72%.
- problem loans which were 273.8 million euro, increased by 0.7%.
- restructured loans were reduced from 40.5 to 38.6 million euro, while those that expired increased from 17.6 to 19.6 million euro.

The coverage level of non-performing loans comes to 53.2% (55.6% at the end of December 2006); while the coverage of problem loans is 16.9% from 17.3% previously.

General provisions of 117 million euro provided coverage for performing loans of 0.37% (0.40% at end-December 2006).

Other financial assets

At 31 March 2007, total financial assets amounted to 4,652 million euro, a 2.5% increase compared to the end of 2006; they include financial assets held for trading, financial assets available for sale, financial assets held to maturity and hedging derivatives. The financial assets held for trading, net of short sales shown under financial liabilities held for trading amounted to 2,904 million euro, compared to 2,752 million last December.

We would also point out that:

- financial assets held for trading of 3,332 million euro (+8.5%), include debt securities (83.2% of the portfolio), used mainly in repurchase agreements with customers, units in mutual funds and equities classified as held for trading (10.4%), as well as the positive value of derivative contracts entered into for trading purposes;

- financial assets available for sale of 999 million euro have dropped by 9.2%, mainly on account of the impairment of the book value of the listed securities carried out for purposes of alignment with market values. This caption includes the investment in Banca Intesa, the book value of which came to 823 million euro at the end of March;
- financial assets held to maturity are equal to 9 million euro and include debt securities held following a formal decision to hold them to maturity;
- hedging derivatives of 312 million euro have dropped to 13.3%, following the performance of interest rates. This caption includes the fair value of hedging derivative contracts taken out to protect the bonds issued by the Group.

Customer deposits

At 31 March 2007, administered customers savings had reached 80,789 million euro, which is an increase of 0.8% compared to last December.

Assets under management (in millions of euro)

	31/03/2007	31/12/2006	Chg/March 007/December 06	
	Abs. Values	Abs. Values	Absolute	%
Direct customer deposits	30,663,065	30,595,656	67,409	0.2%
Customer indirect deposits	50,126,039	49,568,925	557,114	1.1%
<i>of which: Asset management</i>	26,987,840	26,848,622	139,218	0.5%
TOTAL CUSTOMER FUNDS UNDER ADMINISTRATION	80,789,104	80,164,581	624,523	0.8%

Direct customer deposits

Direct customer deposits, including debt securities issued is equal to 30,663 million euro, slightly increased from the end of last year.

The amounts due to customers (16,396 million euro) decreased by 1.6%, on account of the drop in restricted deposit accounts, while current accounts remained at approximately the same levels as last December.

Debt securities issued, which include bonds, certificates of deposit and subordinated loans, amounted to 14,267 million euro, which represents an increase of 2.4%. To face up to the demand for credit, the Parent Bank issued a 500 million euro bond in the first quarter which was placed on international markets in its entirety.

Indirect customer deposits

At 31 March 2007, indirect customer deposits, at market values, amounted to 50,126 million euro, with a growth of 1.1%, compared to the amount at the end of last year.

	31/03/2007	31/12/2006	Var. \March 07/December	
	Abs. Values	Abs. Values	Absolute	%
Assets under administration	23,138,200	22,720,303	417,897	1.8%
Asset management	26,987,839	26,848,622	139,217	0.5%
Securities under management	10,855,996	11,008,702	(152,706)	-1.4%
Mutual funds	9,214,077	9,059,076	155,001	1.7%
Insurance policies and pension funds	6,820,845	6,676,216	144,629	2.2%
Sicavs (and other forms)	96,921	104,628	(7,707)	-7.4%
TOTAL CUSTOMERS' INDIRECT DEPOSITS	50,126,039	49,568,925	557,114	1.1%

Assets under administration

Assets under administration amounting to 23,138 million euro, increased by 1.8%. This result was influenced positively by the financial conduct of families which, following the increase of bond yields, began to favour investments in securities again while the revaluation of the prices of the equities within their portfolios also contributed to the increase.

Asset management

Managed assets amounted to 26,988 million euro, up 0.5% compared to the end of last year. The change in the total was affected by the mutual funds under management which dropped compared to last year. Compared to the past, the insurance reserves (6,821 million euro of stock and 450 million euro of new insurance premiums) grew at lower rates, mainly on account of the significant volume of amounts maturing (216 million euro, most of which could not easily be converted) and the requests for early surrender (122 million euro).

Financial liabilities

At 31 March 2007, financial liabilities held for trading (645 million euro) increased by 21% compared to the end of last year, due to the increase in short positions on securities, while hedging derivatives increased by 4.4% to reach 52.4 million euro.

Stockholders' equity

Share capital and reserves amounted to 2,979 million euro, up by 290 million euro compared to the end of last year.

The increase mainly involves the caption "Reserves" which contains the profits for 2006 which were not distributed by 31 March 2007 and therefore were carried over.

INFORMATION ON THE STATEMENT OF INCOME

In the first quarter of 2007, the net interest income was 238.7 million euro, up by 12.2% compared to the same period last year. The acceleration derives, in part, from the increase in traded volumes (in particular, loans increased by 9.6% compared to 31 March 2006) and in part from the increased in the interest rate spread.

The income from investments carried at equity amounted to 4.3 million euro (+20%) and mainly include the profit for the period relating to Lombarda Vita, the company set up as a joint venture with Cattolica Assicurazioni, which amounts to 4.2 million euro for the first three months of this year, compared to 3.4 million euro for the same period in 2006.

Net commissions amounted to 118.7 million euro, dropping by 4.7% compared to the amount at the end of March 2006, mainly on account of the decreased commissions charged for the collection and payment service and the commissions for management, dealing and consultancy services. Within this aggregated amount, we note the drop in commissions on managed assets, trading instruments and securities placement. On the other hand, the commissions collected against the distributions of insurance products posted significant growth.

Trading and hedging activities, which include the result of trading activities, the profits and capital gains on securities, derivatives, profits on exchange and corporate derivatives, posted an increase of 20.2 million euro, which is down 10.4% compared to the amount posted in the first quarter of 2006. The result is broken down as follows:

<i>(amounts in thousands of euro)</i>	<i>31/3/2007</i>	<i>31/3/2006</i>
- net income from trading activities	18,126	18,349
- net income from hedging activities	190	3,742
- net income from sale/repurchase of financial assets available for sale	812	6
- net income sale/repurchase of financial liabilities	1,107	487
	-----	-----
	20,235	22,584
	=====	=====

Referring to the income from trading activities in particular, the main components are determined by the capital gains of 8.7 million euro deriving from the valuation of the hedge funds and 6.5 million euro deriving from transactions in debt securities and interest rates.

The other operating income net of recovered taxes¹ and depreciation of expenses for improvements to leasehold properties² reached 24.5 million, an increase of 11.6%.

Overall, following the aforementioned movements, the **operating income** amounted to 406.8 million euro, up by 5.5% over the first quarter of 2006.

Within operating expenses, the component relating to payroll, which amounts to 131.3 million euro, posted growth of 2.7%, which was mainly due to the cost estimate deriving from the anticipated renewal of the National Collective Labour Agreement (approximately 2.4 million euro) and some non-recurring components relating to retirement.

Other administrative expenses net of recovered taxes³, amounted to 71.6 million euro and have increased by 4.5%.

Net adjustments to property, plant and equipment and intangible assets, including expenses incurred for improvements to leasehold property⁴, amounted to 14.9 million euro, dropping slightly (-2.2%) compared to the amortisation during the first three months of 2006.

Overall, the **operating expenses** amounted to 217.9 million euro, up by 2.9% compared to the previous year. The cost/income ratio, reflecting the ratio of operating costs to operating income, has improved by slightly more than 130 hundredths of a percentage point, dropping from 54.9% to 53.6%.

Following the positive change in revenue and the containment of operating costs, **net operating income** amounted to 188.9 million euro, up by 8.6% compared to the end of March 2006.

Net impairment adjustments to loans amount to 17.7 million euro, 20.3% less than in the same period last year.

The cost of credit which was already low, improved from 0.07% to 0.06% (it was 0.31% for 2006 as a whole).

¹The amounts recovered from taxes are reallocated to other administrative expenses.

²The expenses incurred for improvements to leasehold property are reallocated to amortisation and depreciation.

³The recovered taxes amounted to 14.5 million euro in the first quarter of this year, compared to 14.1 million euro for the same period in 2006.

Provisions for liabilities and charges amounted to 9.9 million euro, compared to 2.7 million in the previous year. They are used to cover legal costs for ongoing disputes, claw back actions and customer claims regarding investment services. The main reason for the change is the creation of a provision following the unfavourable decision of the Court of Cassation which amounted to 5.1 million euro and referred to the administrative sanctions levied by the Ministry of Economy and Finance for alleged violations of the anti-money laundering regulations.

Profit from operating activities before tax amounted to 161.6 million euro, which is an increase of 8.7% compared to the end of March 2006.

Taxes for the period amounted to 70.6 million euro, up by 6.9% compared to the amount recorded in the first quarter of 2006.

The tax rate (taxes/gross profit from ordinary activities) has improved by approximately 71 basis points, dropping from 44.4% to 43.7%.

Net income attributable to minority interests amounted to 9.9 million euro, dropping by 19.1% compared to the preceding year.

Finally, profit from operating activities of 81.1 million euro, was 15.1% higher than in the same period of 2006.

⁴ The expenses incurred for improvements to leasehold property amount to 0.7 million euro, which is approximately equal to the amount recorded in 2006.

Performance of Group companies

A brief summary is provided below regarding the performance of the main companies comprising the Group.

Banking

The figures commented on below have been prepared according to the International Financial Reporting Standards.

Banco di Brescia

FINANCIAL STATEMENTS RECLASSIFIED AS AT 31 MARCH 2007

Assets (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Cash and cash equivalents	49,922	58,325	(8,403)	(14.4)
Loans to customers	14,031,273	13,467,530	563,743	4.2
<i>of which non-performing</i>	84,438	85,273	(835)	(1.0)
			-	
Due from banks	1,907,333	1,914,775	(7,442)	(0.4)
Other financial assets	408,387	502,556	(94,170)	(18.7)
Equity investments	13,835	13,835	-	-
Property, plant and equipment and intangible assets	320,525	322,373	(1,848)	(0.6)
Other assets	485,052	387,988	97,064	25.0
Total assets	17,216,327	16,667,382	548,945	3.3

Liabilities and equity (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Due to customers	8,898,640	9,126,623	(227,983)	(2.5)
Debt securities in issue (<i>including subordinated liabilities</i>)	4,267,734	4,252,263	15,471	0.4
<i>Total</i>	<i>13,166,374</i>	<i>13,378,886</i>	<i>(212,512)</i>	<i>(1.6)</i>
Due to banks	1,823,654	1,122,282	701,373	62.5
Other financial liabilities	115,439	109,553	5,886	5.4
Specific risk provisions	102,791	100,431	2,360	2.4
Other liabilities	891,618	893,864	(2,246)	(0.3)
Stockholders' equity				
<i>Capital stock and reserves</i>	<i>1,060,979</i>	<i>868,349</i>	<i>192,630</i>	<i>22.2</i>
<i>Net income for the period</i>	<i>55,471</i>	<i>194,018</i>	<i>(138,547)</i>	<i>(71.4)</i>
Total liabilities and stockholders' equity	17,216,327	16,667,382	548,945	3.3

Statement of income (in thousands of euro)	31/3/2007	31/3/2006	Changes	
			Absolute	%
Net interest income	116,261	104,297	11,963	11.5
Dividends and similar income	-	-	-	n.s.
Financial margin	116,261	104,297	11,963	11.5
Net commission income	56,787	57,918	(1,131)	(2.0)
Trading and hedging profits	3,405	10,059	(6,654)	n.a.
Net interest and other banking income	176,453	172,275	4,178	2.4
Adjustments to loans	(1,113)	(5,935)	4,822	(81.2)
Adjustments to financial assets/liabilities	259	(465)	724	n.s.
Net financial income	175,599	165,875	9,724	5.9
Administrative expenses	(89,986)	(89,198)	(788)	0.9
<i>Payroll costs</i>	(46,372)	(45,683)	(689)	1.5
<i>Other administrative expense</i>	(43,614)	(43,516)	(98)	0.2
Net provisions for liabilities and charges	(938)	(497)	(442)	88.9
Net adjustments to property, plant and equipment and intangible assets	(2,803)	(2,879)	77	(2.7)
Other operating income/expenses	12,176	13,372	(1,196)	(8.9)
Operating costs	(81,551)	(79,202)	(2,349)	3.0
Gains (losses) on shareholdings and disposal of investments	123	-	123	n.s.
Profit from operating activities before tax	94,171	86,673	7,498	8.7
Income tax on operating activities	(38,700)	(36,786)	(1,914)	5.2
Net profit from operating activities	55,471	49,887	5,584	11.2
Net income for the period	55,471	49,887	5,584	11.2

At the end of March 2007, loans to customers of the Bank amounted to 14,031 million euro, up by 4.2% compared to 31 December 2006.

Growth has been more sustained and equal in degree for the short-term loans and current accounts, the trading portfolio and other advances but less sustained for long-term loans, such as home loans.

Loans by client segment have shown more marked growth in the corporate segment, which is the result of the growth of the economy and the greater need for working capital, than it did for the retail customer segment, which was affected by the weakening of demand by families for first home loans.

The Bank's net non performing loans amounted to 224 million euro, 1.3% less than last 31 December.

In particular:

- net non-performing loans of 84.4 million euro, dropped by 1% compared to the end of year amount. The ratio between total loans and non performing loans has improved slightly, to reach 0.60%;
- problem loans remained at the same level as the end of last year (96.7 million euro).
- restructured loans (35.6 million euro) decreased by 3.5% while expired loans decreased from 8.2 to 7.3 million euro.

The coverage of non-performing loans worsened by two percentage points, from 54% to 52%, while coverage of problem loans stabilised at 19.7%.

The bank's general provision of 43.1 million euro provides coverage for performing loans of 0.31% (0.35% at the end of 2006).

Financial assets amounted to 408.4 million euro, 18.7% less than the end of 2006. The movements of the individual components are shown below:

- “financial assets held for trading”, equal to 139.1 million euro, dropped by 0.8%;
- “financial assets available for sale” decreased from 143 to 63 million euro.
- “hedging derivatives” dropped from 221.6 to 206.7 million euro.

Customer funds under administration amounted to 40,336 million euro at the end of March 2007, down by 0.6% compared to the end of year figure, mainly on account of the drop in direct deposits.

	31/03/2007	31/12/2006	Var. March 07/December 06	
	Abs. Values	Abs. Values	Absolute	%
Direct customer deposits	13,166,374	13,378,886	(212,512)	-1.6%
Indirect customer deposits	27,169,454	27,195,404	(25,950)	-0.1%
<i>of which: Asset management</i>	13,526,352	13,446,228	80,124	0.6%
TOTAL CUSTOMER FUNDS UNDER ADMINISTRATION	40,335,828	40,574,290	(238,462)	-0.6%

The balance of direct deposits was 13,166 million euro, down by 1.6% compared to 31 December 2006. The amounts due to customers (8,899 million euro) dropped by 2.5%, following the decrease of restricted deposit accounts.

Debt securities in issue amounted to 4,268 million euro, 0.4% more than the amount at the end of the year, on account of the good performance of bonds.

As at 31 March 2007, indirect customer deposits, at market values, reached 27,169 million euro, or approximately the same amount as at the end of last year (27,195 million euro).

The assets under administration of 13,643 million euro dropped by 0.8% compared to the amount last 31 December, despite the recovery of the stock markets and the ever increasing propensity of families to invest new savings in traditional instruments, such as government securities.

Managed assets amounted to 13,526 million euro, up 0.6% compared to the end of last year.

The modest overall performance is mainly attributable to the drop in the assets management in funds lower growth of the insurance related reserves compared to the past (3,703 million euro). This component, compared to the gross premiums collected during the quarter of 287 million euro, was adversely affected by the significant amounts maturing (140 million euro, most of which could not easily be converted) and requests for early surrender amounting to 75 million euro.

	31/03/2007	31/12/2006	Var. \March 07/December	
	Abs. Values	Abs. Values	Absolute	%
Assets under administration	13,643,102	13,749,176	(106,074)	-0.8%
Asset management	13,526,352	13,446,228	80,124	0.6%
Securities under management	6,005,014	6,046,468	(41,454)	-0.7%
Mutual funds	3,818,069	3,786,560	31,509	0.8%
Insurance policies and pension funds	3,703,269	3,613,200	90,069	2.5%
Sicavs (and other forms)	-	-		
TOTAL CUSTOMERS' INDIRECT DEPOSITS	27,169,454	27,195,404	(25,950)	-0.1%

Regarding the statement of income, the net interest income for the first quarter of 2007 amounted to 116.3 million euro, an 11.5% increase compared to the previous year. Growth was the result of the positive performance of loans and the increase in the interest rate spreads (+10 basis points).

Net commissions amounted to 56.8 million euro, down by 2% compared to 31 March 2006. Commissions for securities placements were also down (-15%) as were the commissions for collection and payment services (-5.3%), while commissions relating to insurance product sales increased by 13.5 %.

Trading and hedging activities generated earnings of 3.4 million euro, compared with 10 million euro last year.

This caption is broken down as follows (amounts in thousands of euro):

	<i>31/3/2007</i>	<i>31/3/2006</i>
- net income from trading activities	2,225	7,862
- net income from hedging activities	-227	2,018
- Gains/losses on disposal/repurchase of financial assets afs	796	0
- gains on disposal/repurchase of financial liabilities	611	179
	-----	-----
	3,405	10,059
	=====	=====

As a result of the above, net interest and other banking income came to 176.5 million euro, 2.4% up on 31 March 2006.

The net impairment adjustments to loans increased by 1.1 million euro, which is a significant decrease compared to the previous year (5.9 million euro); as a consequence, the cost of credit improved further and dropped by 0.01%.

Administrative expenses amounted to 90 million euro, which is a growth of 0.9% compared to the first quarter of last year.

The “payroll costs,” which amounted to 46.4 million euro, increased by 1.5%; “other administrative expenses” amounting to 43.6 million euro, were at approximately the same level as 31 March 2006. Within the latter component, expenses for telephone and postage, leasing of machines and software and security and transportation services were up; on the other hand, expenses for the maintenance of buildings and furniture, advertising and credit information were lower. The service cost remained at the same levels as last year.

Net provisions for liabilities and charges increased from 497 to 938 thousand euro; net adjustments to property, plant and equipment and intangible assets remained stable at 2.8 million euro; the balance of operating income/expenses was positive at 12.2 million euro, but down by 8.9% compared to the same amount at 31 March 2006.

Overall, operating costs amounted to 81.6 million euro, up by 3% compared to the previous year. The cost/income ratio was 46.2%, in line with the ratio for the previous year.

Profit from operating activities before taxes of 94.2 million euro was up by 8.7%. Taxes of 38.7 million euro increased by 5.2%, while the tax rate decreased from 42.4% to 41.1%.

Net income for the period was 55.5 million euro, 11.2% above the amount in the first quarter of 2006.

Banca Regionale Europea

FINANCIAL STATEMENTS RECLASSIFIED AS AT 31 MARCH 2007

Assets (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Cash and cash equivalents	30,301	37,410	(7,110)	(19.0)
Loans to customers	7,506,534	7,340,726	165,809	2.3
<i>of which non-performing</i>	83,322	84,138	(816)	(1.0)
Due from banks	1,289,945	1,321,954	(32,009)	(2.4)
Other financial assets	161,221	172,720	(11,500)	(6.7)
Equity investments	115,519	115,519	-	-
Property, plant and equipment and intangible assets	319,543	320,890	(1,347)	(0.4)
Other assets	318,247	270,263	47,984	17.8
Total assets	9,741,309	9,579,482	161,827	1.7

Liabilities and equity (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Due to customers	5,035,595	5,062,207	(26,612)	(0.5)
Debt securities issued	1,994,859	1,977,356	17,503	0.9
<i>Total</i>	7,030,454	7,039,563	(9,109)	(0.1)
Due to banks	1,019,764	901,757	118,006	13.1
Other financial liabilities	61,140	63,474	(2,334)	(3.7)
Specific risk provisions	103,358	100,467	2,891	2.9
Other liabilities	493,313	460,288	33,024	7.2
Stockholders' equity				
<i>Capital stock and reserves</i>	1,015,841	908,548	107,293	11.8
<i>Net income for the period</i>	17,440	105,384	(87,944)	n.a.
Total liabilities and stockholders' equity	9,741,309	9,579,482	161,827	1.7

Statement of income (in thousands of Euro)	31/03/2007	31/03/2006 - PRO-FORMA	Changes	
			Absolute	%
Net interest income	73,420	65,959	7,461	11.3
Financial margin	73,420	65,959	7,461	11.3
Net commission income	35,375	36,564	(1,189)	(3.3)
Trading and hedging profits	1,713	6,673	(4,960)	(74.3)
Net interest and other banking income	110,508	109,196	1,312	1.2
Adjustments to loans	(5,066)	(8,674)	3,608	(41.6)
Adjustments to financial assets	(489)	-	(489)	n.a.
Net financial income	104,953	100,521	4,431	4.4
Administrative expenses	(66,741)	(66,888)	147	(0.2)
<i>Payroll costs</i>	(36,712)	(36,920)	207	(0.6)
<i>Other administrative expense</i>	(30,029)	(29,969)	(61)	0.2
Net provisions for liabilities and charges	(7,776)	(435)	(7,341)	n.a.
Net adjustments to property, plant and equipment and intangible assets	(2,084)	(2,044)	(40)	2.0
Other operating income/expenses	6,998	8,074	(1,076)	(13.3)
Administrative costs	(69,604)	(61,293)	(8,311)	13.6
Gains (losses) on shareholdings and disposal of investments	172	236	(64)	(27.3)
Profit from operating activities before tax	35,520	39,464	(3,944)	(10.0)
Income tax on operating activities	(18,080)	(17,719)	(361)	2.0
Net profit from operating activities	17,440	21,746	(4,306)	(19.8)
Net income for the period	17,440	21,746	(4,306)	(19.8)

At the end of the first quarter of 2007, the loans to Bank customers amounted to 7,507 million euro, which is an increase of 2.3% compared to 31 December 2006.

The growth in the demand for short and medium-term loans has slowed while business and first home loans increased by 1.8%. The trend for short-term loans was more substantial, with current accounts increasing by 2.4% and the trading portfolio and other advances by 2.7%.

The trend in loans by customer segment showed more marked growth in the corporate segment, compared to the retail segment. Loans granted to institutional counterparties (mainly public entities) increased.

The bank's net impaired loans amounted to 154 million euro (from 155 million euro at the end of the year). In particular:

- net non-performing loans of 83 million euro increased by 1%, while their effect on loans improved slightly from 1.15% to 1.11%.
- problem loans which amounted to 66 million euro, increased by 4.8%.

The hedging of non performing loans dropped from 50.3% to 47.8%, while hedging of problem loans increased from 20.3% to 21.3%.

The bank's general provision of 30 million euro provides hedging for performing loans of 0.41% (0.42% at the end of the year).

At 31 March 2007, financial assets reached 161 million euro, down by 6.7% compared to the end of 2006.

Customer funds under administration grew by 1.7% since the end of last year to reach 21,077 million euro at the end of the first quarter of 2007.

	31/03/2007	31/12/2006	Chg/March 0o7/December 06	
	Abs. Values	Abs. Values	Absolute	%
Direct customer deposits	7,030,454	7,039,563	(9,109)	(0.1)
Indirect customer deposits	14,047,004	13,677,189	369,815	2.7
<i>of which: Asset management</i>	8,976,384	8,802,484	173,900	2.0
CUSTOMER FUNDS UNDER ADMINISTRATION	21,077,458	20,716,752	360,706	1.7

Direct deposits were unchanged from the end of last year at 7,030 million euro.

The amounts due to customers (5,036 million euro) decreased by one half of a percentage point, on account of the decrease in repurchase agreements, while debt securities in issue (1,995 million euro) grew by 0.9% as a result of the increased bond issues.

At 31 March 2007, indirect customer deposits at market values increased by 2.7% to reach 14.047 million euro.

The assets under administration amounting to 5,071 million euro show a 4% increase over last 31 December, as they "benefited" from the weakness in the overall demand for managed assets by families.

Managed assets at 8,976 million grew by 2% since the end of the year. The drop in asset management volumes (-2.7%) was offset by the increase in mutual funds (+5.8%) and technical reserves (+2.3%). The latter, which reached 2,282 million euro, have been influenced by the increased amounts maturing which reached 58 million euro and the requests for early surrender (which is a new phenomenon) in the amount of 24 million euro. Gross premiums collected during the quarter amounted to 123.2 million euro.

In the statement of income, the net interest income for the first quarter of 2007 was 73.4 million euro, up by 11.3% compared to the corresponding period last year, on account of the positive trend insofar as the volumes handled and the widening of the rate spreads.

Net commissions of 35.4 million euro dropped by 3.3% compared to the previous year, particularly insofar as managed assets and commissions on current accounts.

Trading and hedging activities produced a positive result of 1.7 million euro compared to a balance of 6.7 million for the first quarter of 2006, broken down as follows:

	<i>31/3/2007</i>	<i>31/3/2006</i>
net income from trading activities (*)	1.380	5.513
net income from hedging activities	11	988
gains on disposal/repurchase of financial liabilities	322	172
	-----	-----
	1,713	6,673
	=====	=====

(*) The 2006 figure includes the positive revaluation of approximately 5,528 thousand euro of derivative contracts entered into to hedge interest rates on fixed rate loans which did not fulfil the requirements set by Iasi and were therefore defined as held for trading and accounted for as assets held for trading. At the end of the year these contracts were closed and replaced by other hedging contracts, thus comparison against the total net of this effect shows an increment of 568 thousand euro.

As a result of the above, net interest and other banking income came to 110.5 million euro, 1.2% up on the corresponding value last year.

The net impairment adjustments to loans amounted to 5.1 million euro, down by 41.6% compared to the preceding year. The cost of credit improved further, dropping to 0.07%

The net result for financial income was 105 million euro, which represents an increase of 4.4% over the same period last year.

Payroll and administrative costs remained in line with last year.

Provisions for liabilities and charges increased from 0.4 to 7.8 million euro. This change is mainly due to risks of claw back actions and the creation of a provision following the unfavourable decision of the Court of Cassation which amounted to 5.1 million euro or 50% of the administrative sanctions levied by the Ministry of Economy and Finance for alleged violations of the anti-money laundering regulations.

As a result, operating costs of 69.6 million euro rose by 13.6% compared to last year. The cost/income ratio at 63% is improved compared to the same figure for 2006 which was 59.1%.

The profit from operating activities before tax amounted to 35.5 million euro, up by 10%. Taxes increased from 17.7 to 18.1 million euro. The tax rate (taxes/gross profit from operating activities) is 50.9%, mainly on account of the provision for the administrative sanctions which is not deductible.

The profit for the period was 17.4 million euro, though if the aforementioned provision of 5.1 million euro were not taken into account, the result would be an increase of 3.8% compared to last year.

Banca di Valle Camonica

FINANCIAL STATEMENTS RECLASSIFIED AS AT 31 MARCH 2007

Assets (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Cash and cash equivalents	9,604	11,658	(2,053)	(17.6)
Loans to customers	1,489,870	1,420,654	69,216	4.9
<i>of which non-performing</i>	<i>9,940</i>	<i>10,175</i>	<i>(235)</i>	<i>(2.3)</i>
Due from banks	220,130	210,090	10,040	4.8
Other financial assets	19,756	24,221	(4,465)	(18.4)
Property, plant and equipment and intangible assets	27,672	27,778	(106)	(0.4)
Other assets	42,769	32,178	10,592	32.9
Total assets	1,809,801	1,726,578	83,223	4.8

Liabilities and equity (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Due to customers	950,144	970,124	(19,980)	(2.1)
Debt securities in issue(<i>including subordinated liabilities</i>)	421,984	458,871	(36,887)	(8.0)
	<i>1,372,127</i>	<i>1,428,995</i>	<i>(56,867)</i>	<i>(4.0)</i>
Due to banks	214,760	98,304	116,456	n.a.
Other financial liabilities	8,767	8,991	(224)	(2.5)
Specific risk provisions	11,401	11,247	154	1.4
Other liabilities	86,205	68,648	17,557	25.6
Stockholders' equity				
<i>Capital stock and reserves</i>	<i>110,325</i>	<i>94,349</i>	<i>15,976</i>	<i>16.9</i>
<i>Net income for the period</i>	<i>6,216</i>	<i>16,043</i>	<i>(9,827)</i>	<i>(61.3)</i>
Total liabilities and equity	1,809,801	1,726,578	83,223	4.8

Statement of income (in thousands of Euro)	31/03/2007	31/03/2006	Changes	
			Absolute	%
Net interest income	14,771	12,403	2,368	19.1
Financial margin	14,771	12,403	2,368	19.1
Net commission income	4,753	4,659	94	2.0
Trading and hedging profits	119	515	(396)	n.a.
Net interest and other banking income	19,642	17,577	2,065	11.8
Adjustments to loans	1,017	(1,271)	2,288	(180.0)
Adjustments to financial assets	-	-	-	n.a.
Net financial income	20,659	16,305	4,354	26.7
Administrative expenses	(11,442)	(11,785)	342	(2.9)
<i>Payroll costs</i>	(5,728)	(6,308)	580	(9.2)
<i>Other administrative expense</i>	(5,715)	(5,477)	(237)	4.3
Net provisions for liabilities and charges	(42)	(355)	313	n.a.
Net adjustments to property, plant and equipment and intangib	(344)	(372)	28	(7.4)
Other operating income/expenses	1,746	1,547	199	12.9
Administrative costs	(10,083)	(10,965)	882	(8.0)
Gains (losses) on shareholdings and disposal of investments	-	-	-	
Profit from operating activities before tax	10,576	5,340	5,236	98.0
Income tax on operating activities	(4,360)	(2,590)	(1,770)	68.3
Net profit from operating activities	6,216	2,750	3,466	126.0
Net income for the period	6,216	2,750	3,466	126.0

At the end of the first quarter, the loans to Bank customers amounted to 1,490 million euro, which is an increase of 4.9% compared to 31 December.

The trend followed by loans overall was supported by the performance of medium to long-term loans (business and home loans increased by 4.3%) and the recovery of short-term loans (+5.5%), which is attributable to the revival of the economy and the increased requirements of businesses for working capital.

Loans by customer segment show a slowing down of the retail component, while the demand for credit by corporate customers has increased further, particularly for short-term loans.

The Bank's net impaired loans amount to 18.2 million euro or 3.2% less than the end of 2006. In particular, net non-performing loans of 9.9 million euro have decreased by 2.3% and their effect on overall loans has dropped from 0.72% at the end of the year to 0.67%.

Financial assets reached 19.8 million euro, compared to 24.2 million euro at 31 December 2006. They are composed of 6.4 million euro of financial assets held for trading and 13.4 million euro of hedging derivatives.

At 31 March 2007, customer funds under administration amounted to 2,449 million euro, or 0.5% less than 31 December 2006, on account of the drop in direct deposits.

	31/03/2007	31/12/2006	Var. \March 07/December 06	
	Abs. Values	Abs. Values	Absolute	%
Direct customer deposits	1,372,127	1,428,995	(56,868)	-4.0%
Indirect customer deposits	1,077,206	1,033,655	43,551	4.2%
<i>of which: Asset management</i>	696,174	664,802	31,372	4.7%
TOTAL CUSTOMER FUNDS UNDER ADMINIS	2,449,333	2,462,650	(13,317)	-0.5%

At the end of the first quarter of 2007, direct deposits were 1,372 million euro, down by 4% compared to the end of the year.

The amount due to customers (950 million euro) dropped by 2.1%, mainly on account of the drop in current accounts (-2.7%); debt securities in issue (422 million euro) have decreased more markedly (-8%) due to the drop in the bond component.

At 31 March 2007, overall indirect deposits at market values were 1,077 million euro, or 4.2% above the amount at the end of the year.

The assets under administration of 381 million euro increased by 3.3% compared to the amount last 31 December; this increase was largely due to the preference shown by families for less risky investments, such as government securities and bonds.

Managed assets were 696 million euro, up by 4.7% compared to the end of last year. Within this figure, managed assets grew by 9.8% while mutual investment funds grew by 8.2%; technical reserves of 230.4 million euro with a gross flow of premiums collected in the first quarter of 13.4 million euro dropped by 3.4% on account of maturities (that were difficult to release) of 14.3 million euro and early surrenders in the amount of 8.4 million euro.

Regarding the statement of income, net interest income for the first quarter of 2007 amounted to 14.8 million euro, a 19.1% increase compared to the previous year. The increase resulted from the upward trend of the volumes handled (particularly loans) and the increase of the interest rate spread by 12 basis points.

The bank's net commission income for the first three months of the year amounted to 4.8 million euro or a 2% increase compared to the same value in 2006. In particular, the commissions for collection and payment services dropped by 5.2%, while those for guarantees given remained unchanged and commissions for management, dealing and consulting increased by 4.3%. Within the latter, the commissions for safe custody and administration of securities and placement and

collection of orders dropped while asset management commissions and commissions for the sale of insurance products increased.

Trading and hedging activities generated earnings of 119 thousand euro, compared with 515 thousand euro last year. As a result of the above, net interest and other banking income came to 19.6 million euro, 11.8% up on 2006.

In the first three months of 2007, the write backs on loans exceeded adjustments, with a positive balance of one million euro. In the first quarter of 2006 net impairment adjustments to loans reached 1.3 million euro. Net financial income was thus 20.7 million euro, which represents an increase of 26.7% over the same period last year.

Administrative expenses of 11.4 million euro, dropped by 2.9% compared to the previous year. "Payroll costs" of 5.7 million euro dropped by 9.2%, while "other administrative expenses" of 5.7 million euro increased by 4.3%. In particular, the expenses for maintenance of buildings and furniture, leasing of machines and software, transport and services were up.

Operating costs of 10.1 million euro have dropped by 8%. The cost/income ratio has improved by 11 percentage points, dropping from 62.4% on 31 March 2006 to 51.3%.

Profit from operating activities has increased from 5.3 to 10.6 million euro. Taxes rose to 4.4 million euro, compared to 2.6 million euro last year. The profit for the period was 6.2 million euro, compared to 2.8 million euro for the first quarter of 2006.

Banco di San Giorgio

FINANCIAL STATEMENTS RECLASSIFIED AS AT 31 MARCH 2007

Assets (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Cash and cash equivalents	4,837	4,963	(126)	(2.5)
Loans to customers	1,454,952	1,381,602	73,350	5.3
<i>of which non-performing</i>	15,898	15,605	293	1.9
Due from banks	37,499	43,459	(5,960)	(13.7)
Other financial assets	21,567	25,620	(4,053)	(15.8)
Equity investments	103	103	-	n.a.
Property, plant and equipment and intangible assets	31,221	31,417	(196)	(0.6)
Other assets	29,253	29,263	(10)	(0.0)
Total assets	1,579,432	1,516,427	63,005	4.2

Liabilities and equity (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Due to customers	475,710	482,655	(6,944)	(1.4)
Debt securities in issue <i>(including subordinated liabilities)</i>	439,850	431,201	8,649	2.0
<i>Total</i>	915,561	913,856	1,705	0.2
Due to banks	474,387	423,389	50,998	12.0
Other financial liabilities	15,501	15,216	285	1.9
Specific risk provisions	4,073	4,094	(21)	(0.5)
Other liabilities	56,630	49,868	6,762	13.6
Stockholders' equity				
<i>Capital stock and reserves</i>	109,967	96,997	12,970	13.4
<i>Net income for the period</i>	3,312	13,007	(9,695)	(74.5)
Total liabilities and stockholders' equity	1,579,432	1,516,427	63,005	4.2

Statement of income (in thousands of Euro)	31/03/2007	31/03/2006	Changes	
			Absolute	%
Net interest income	10,959	8,870	2,089	23.6
Dividends and similar income	-	-	-	#DIV/0!
Financial margin	10,959	8,870	2,089	23.6
Net commission income	3,063	3,144	(81)	(2.6)
Trading and hedging profits	215	151	63	n.a.
Net interest and other banking income	14,237	12,166	2,071	17.0
Adjustments to loans	(904)	(65)	(839)	1,300.8
Adjustments to financial assets	-	(110)	110	n.a.
Net financial income	13,334	11,991	1,342	11.2
Administrative expenses	(8,217)	(7,610)	(607)	8.0
<i>Payroll costs</i>	(4,273)	(3,978)	(295)	7.4
<i>Other administrative expense</i>	(3,944)	(3,633)	(312)	8.6
Net provisions for liabilities and charges	(25)	(15)	(10)	62.3
Net adjustments to property, plant and equipment and intangible assets	(248)	(247)	(0)	0.1
Other operating income/expenses	1,052	921	132	14.3
Administrative costs	(7,437)	(6,952)	(485)	7.0
Gains (losses) on shareholdings and disposal of investments	-	-	-	n.a.
Profit from operating activities before tax	5,896	5,039	857	17.0
Income tax on operating activities	(2,584)	(2,180)	(404)	18.5
Net profit from operating activities	3,312	2,859	453	15.9
Net income for the period	3,312	2,859	453	15.9

At 31 March 2007, the loans to Bank customers amounted to 1,455 million euro, 5.3% over the amount at the end of 2006.

The trend followed by loans overall was supported by the performance of medium to long-term loans (business and home loans increased by 5.8%) which continues to be brisk and the recovery of short-term loans (current account, the portfolio and other loans were up by +2.7%), which is attributable to the revival of the economy and the increased requirements of businesses for working capital.

The trend in loans by customer segment showed more marked growth in the retail segment, compared to the corporate segment.

The bank's net impaired loans amounted to 33.3 million euro compared to 27.1 million euro at the end of the year. In particular, non-performing loans amounting to 15.9 million euro increased by 1.9% and their effect on total loans was kept approximately the same level as at 31 December 2006 (1.09% compared to 1.13%).

Financial assets amounted to 21.6 million euro, down by 15.8% compared to the value at the end of the year.

Customer funds under administration reached 1.774 million euro at the end of March 2007, down by almost one percentage point on the value at the end of the year , this being due to the lack of growth in direct deposits on the one hand and a decrease of indirect deposits on the other.

	3/31/2007	12/31/2006	Var. \March 07/December 06	
	Abs. Values	Abs. Values	Absolute	%
Direct customer deposits	915,561	913,856	1,705	0.2%
Indirect customer deposits	858,236	872,481	(14,245)	-1.6%
<i>of which: Asset management</i>	335,264	338,732	(3,468)	-1.0%
TOTAL CUSTOMER FUNDS UNDER ADMINISTRATION	1,773,797	1,786,337	(12,540)	-0.7%

The balance of the direct customer deposits was approximately 916 million euro, virtually unchanged since the end of December 2006. The amounts due to customers (476 million euro) dropped by 1.4%, on account of the decrease in current and unrestricted deposit accounts and repurchase agreements; debt securities in issue(440 million euro) increased by 2%, driven by the recovery of the bond segment.

Overall indirect deposits at market values were 858 million euro, or 1.6% below the amount at the end of the year. Furthermore, the decrease is attributable to the disinvestment by an institutional

counterparty in the month of March. Not counting the aforementioned transaction, the Bank's indirect deposits increased by 2%.

Regarding the statement of income, net interest income for the first quarter of 2007 amounted to 11 million euro, a 23.6% increase compared to the amount for the previous year. The upward trend of the volumes handled (particularly loans) and the widening of the interest rate spread are the main reasons for this good performance.

To the contrary, net commissions (amounting to 3.1 million euro) were slightly lower than those at 31 March 2006. The difficulty inherent in increasing managed assets affected commissions from management, dealing and consultancy, thereby resulting in a 12.2% drop in this significant income component. Commissions for guarantees given increased from 145 to 167 thousand euro, while commissions for collection and payment services remained at the same levels as last year.

Trading and hedging activities generated earnings of 215 thousand euro, compared with 151 thousand euro last year. Net interest and other banking income came to 14.2 million euro, up from 17% from the figure as at 31 March 2006.

Net impairment adjustments to loans were 904 thousand euro, compared to 65 thousand euro in the first quarter of last year. The cost of credit remained relatively low, though it increased from 0.01% in 2006 to 0.06% this year.

Administrative expenses of 8.2 million euro, increased by 8% compared to the first quarter of 2006. In particular, the "payroll costs" of 4.3 million increased by 7.4%, also on account of the increase in staff following the opening of a new branch; "other administrative expenses" of 3.9 million euro increased by 8.6% following the expansion in the Bank's perimeter of operation.

Overall, operating costs amounted to 7.4 million euro, up by 7% compared to the previous year. The cost/income ratio at 52.2% was improved by almost 5 percentage points compared to the figure for the first quarter of 2006.

Profit from operating activities before tax was 5.9 million euro, which is a 17% increase. Taxes increased from 2.2 to 2.6 million euro and the net profit was 3.3 million euro, up by 15.9% compared to the previous year.

Banca Lombarda Private Investment

RECLASSIFIED FINANCIAL STATEMENTS AS AT 31 MARCH 2007

Assets (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Cash and cash equivalents	2,443	2,694	(251)	(9.3)
Loans to customers	306,113	299,385	6,728	2.2
<i>of which non-performing</i>	566	609	(43)	<i>n.a.</i>
Due from banks	70,829	55,516	15,313	27.6
Other financial assets	54,674	54,063	611	1.1
Equity investments	74	74	-	0.0
Property, plant and equipment and intangible assets	33,702	33,852	(150)	(0.4)
Other assets	29,377	34,289	(4,911)	(14.3)
Total assets	497,212	479,873	17,340	3.6

Liabilities and equity (in thousands of Euro)	31/03/2007	31/12/2006	Changes	
			Absolute	%
Due to customers	402,363	390,382	11,981	3.1
Debt securities in issue <i>(including subordinated liabilities)</i>	5,110	-	5,110	<i>n.a.</i>
<i>Total</i>	407,474	390,382	17,091	4.4
Due to banks	1,155	2,272	(1,117)	(49.2)
Other financial liabilities	113	151	(38)	(25.4)
Specific risk provisions	3,283	3,248	36	1.1
Other liabilities	30,557	29,206	1,351	4.6
Stockholders' equity				
<i>Capital stock and reserves</i>	54,615	52,297	2,318	4.4
<i>Net income for the period</i>	15	2,315	(2,300)	<i>n.a.</i>
Total liabilities and stockholders' equity	497,212	479,873	17,340	3.6

Statement of income (in thousands of Euro)	31/03/2007	31/03/2006	Changes	
			Absolute	%
Net interest income	3,400	2,519	881	35.0
Financial margin	3,400	2,519	881	35.0
Net commission income	4,315	4,823	(508)	(10.5)
Trading and hedging profits	167	147	21	<i>n.a.</i>
Net interest and other banking income	7,883	7,488	394	5.3
Adjustments to loans	(190)	(72)	(118)	<i>n.a.</i>
Adjustments to financial assets	151	-	151	<i>n.a.</i>
Net financial income	7,844	7,416	428	5.8
Administrative expenses	(7,840)	(6,426)	(1,414)	22.0
<i>Payroll costs</i>	(3,339)	(2,684)	(655)	24.4
<i>Other administrative expense</i>	(4,501)	(3,742)	(759)	20.3
Net provisions for liabilities and charges	(9)	(24)	16	<i>n.a.</i>
Net adjustments to property, plant and equipment and intangible assets	(248)	(282)	33	(11.8)
Other operating income/expenses	499	95	404	424.7
Administrative costs	(7,598)	(6,636)	(962)	14.5
Gains (losses) on shareholdings and disposal of investments	-	-	-	<i>n.a.</i>
Profit from operating activities before tax	245	780	(534)	<i>n.a.</i>
Income tax on operating activities	(230)	(225)	(5)	<i>n.a.</i>
Net profit from operating activities	15	555	(539)	<i>n.a.</i>
Net income for the period	15	555	(539)	<i>n.a.</i>

At 31 March 2007, the Bank's loans to customers amounted to 306.1 million euro, up by 2.2% compared to the amount as at 31 December 2006.

Loans made up 89% of the total, current account were 8% of the total and personal loans made up the remaining 3%.

The bank's net impaired loans amounted to 2.1 million (from 4 million at the end of the year) and are broken down as follows: non-performing loans amounted to 566 thousand euro, down by 7.1% compared to 31 December; their effect on total loans was maintained at a low level (0.18%); net problem loans were 1.3 million euro, compared to 3.3 million euro at the end of the year.

Financial assets amounted to 54.7 million euro, in line with the amount at the end of last year and for the most part they are composed of financial assets held for trading.

At 31 March 2007, total customer assets under administration amounted to 3,670 million euro, with an increase of 0.6% on 2006.

	31/03/2007	31/12/2006	Chg/March 007/December 06	
	Abs. Values	Abs. Values	Absolute	%
Direct customer deposits	407,474	390,382	17,092	4.4%
Indirect customer deposits	3,262,071	3,258,589	3,482	0.1%
<i>of which: Asset management</i>	2,410,006	2,441,016	(31,010)	-1.3%
CUSTOMER FUNDS UNDER ADMINISTRATION	3,669,545	3,648,971	20,574	0.6%

Direct deposits were 407.5 million euro, up by 4.4% compared to 31 December last year. Current accounts constitute 92% of direct deposits while repurchase agreements constitute the remaining portion.

Overall indirect deposits were 3,262 million euro, practically at the same level as last year. The assets under administration of 852 million euro increased by 4.2% compared to last 31 December, pushed by the continually increasing propensity of families to invest in traditional, risk free instruments. Managed assets were 2,410 million euro, up by 1.3% compared to the end of last year. In particular, managed assets dropped by 3.8% and mutual funds dropped by 0.8% while technical reserves grew by 2.3% as they received a gross flow of insurance premiums amounting to 21.1 million euro and reached 466 million euro.

Regarding the statement of income, net interest income for the first quarter of 2007 amounted to 3.4 million euro, a 35% increase compared to the same period of the previous year. However, this performance is affected by the fact that the BPEL network volumes were not counted in 2006.

During the year, the sales activities of the private division's consultants and relationship managers produced a net flow of commissions deriving from management, dealing and consultancy services of 4.3 million euro, down compared to last year mainly on account of the difficulties deriving from the asset management segment.

The trading and hedging activities resulted in a profit of 167 thousand euro, compared to 147 thousand euro at 31 March 2006.

As a result of the above, the net interest and other banking income was 7.9 million euro, up by 5.3% on the corresponding amount for last year.

Net financial income was 7.8 million euro, up by 5.8%.

Administrative expenses were 7.8 million euro, up by 22% compared to the amount recorded in the first quarter of 2006 which, as mentioned previously, did not include the costs deriving from the BPEL Financial Consultant network, which was set up in July 2006. In particular, "payroll costs" of 3.3 million euro increased by 24.4%, while "other administrative expenses" of 4.5 million euro increased by 20.3%, on account of higher operating costs following the expansion of the Bank's perimeter of operation.

Overall, the operating costs were 7.6 million euro, up by 14.5% compared to 31 March 2006. The profit from operating activities before tax was positive at 245 thousand euro, compared to 780 thousand euro in the first quarter of 2006. Taxes were 230 thousand euro and net profit was 15 thousand euro.

Banca Lombarda International

In the first quarter of 2007, the Bank strengthened its activities as a credit institution dedicated to private banking with additional emphasis on personalized asset management, specialized corporate consulting for international corporations and traditional lending activities.

At the end of March, the customer funds under administration amounted to 3,438 million euro (536 million from direct deposits and 2,902 million from indirect deposits), an 8% increase over the end of the year which was mainly due to the good performance of the indirect deposits.

Loans to customers amounted to 95.5 million euro, up slightly from the amount at the end of 2006.

Insofar as the statement of income is concerned, the net interest income was 1.9 million euro, net commissions and profits from financial transactions amounted to 1.9 million euro and the net interest and other banking income was 3.9 million euro.

Insofar as costs are concerned, the “payroll costs” were 991 thousand euro, while “other administrative expenses” were 508 thousand euro, with total operating costs amounting to 1.6 million euro. The Cost/Income ratio was 40.2%.

The net profit for the quarter, after taxes of 720 thousand euro, reached 2 million euro.

Near-banking companies

SBS Leasing

The company established its market share upon closing the first quarter of 2007, thanks to turnover that was increased by 10% compared to the previous year. Overall, 2,825 new contracts of an average of 117,000 euro each that amounted cumulatively to 330 million euro were entered into, while a market share of 2.78% was reached insofar as the number of contracts and 2.80% in terms of volumes; this allowed the company to rank in the 11th place of the Assilea general ranking by contract value.

At 31 March overall loans to customers amounted to 1,900 million euro, 10% above last year.

Insofar as the statement of income is concerned, the net interest income, net of sales expenses, increased by 12.1%, compared to the same value as at 31 March 2006, while the net interest and other banking income increased by 1%.

Net impairment adjustments to loans increased significantly, this being attributable partially to the write-down on the subsidiary HRS and partially to the settlement of a number of disputes which will therefore not affect the upcoming quarters. Further, a provision was made for the waiving the

loan towards HRS in the amount of 1.1 million euro. Despite the aforementioned provisions, the net non-performing loans/loans ratio dropped from 0.66% in March 2006 to 0.57%.

Other administrative expenses dropped to 10%, while payroll costs increased significantly, including the severance indemnity paid to the former Chief Executive Officer who left the company in the first quarter of this year.

Net profits, following the exceptional events that will not be recurring in the upcoming quarters amounted to 1.1 million euro, with a reduction of 77% compared to the same period last year.

CBI Factor

In the first quarter of 2007, the company confirmed the positive sales forecast and became established among the leaders of the national factoring market.

In the first three months of the year, the turnover of the receivables transferred was 1,152.5 million euro (+8.2%), while loans to customers amounted to 1,541.4 million euro, up by 7.7%.

The credit risk linked to the performance of the counterparties did not highlight any particularly irregular situations and net non-performing loans of 3.5 million euro are 0.23% of overall net loans, with coverage of 67.5%. The net impairment adjustments to loans were 0.4 million euro, with a credit cost of 0.03%.

Insofar as the statement of income is concerned, the net interest and other banking income of 11 million euro increased by 4.2% compared to the corresponding period of last year.

Total operating costs of 2.7 million euro, including “Other charges and operating income” have dropped by 34.3% and the “Administrative expenses” of 5,2 million euro increased by 2.4%.

Net profit at 4.6 million euro increased by 47.5% compared to the figure for the first quarter of 2006.

Silf

The amounts loaned in the first quarter of 2007 amounted to 267 million euro, up by 36.1% on 2006.

Personal loans contributed the most to the growth in the volumes, as they increased by 198% compared to 2006, to reach a volume of 69 million euro. Special purpose loans increased by 15%

with the amounts lent in the automobile segment reaching 148 million euro and other special purpose loans comprising the remaining 50 million.

As at 31 March 2007, the loans to customers amounted to 1,313 million euro, up by 7.5% compared to the figure at the end of 2006.

Non-performing loans of 6 million euro were 0.46% of total loans, increased slightly compared to last 31 December (0.43%).

An examination of the statement of income captions reveals that the net interest income of 6.6 million euro decreased by 2.6 million euro (-28.5%) compared to 2006. However, this caption is bouncing back on account of the current recovery of the spreads. The fees payable of 10.2 million euro and the commissions on active loan applications of 1.9 million euro were reclassified into this caption, as required by IFRSs. Net commissions of one million euro and the net trading income relating to ineffective hedges of 641 thousand euro, resulted in net interest and other banking income of 8.3 million euro (-25% compared to 2006).

Net impairment adjustments to loans amounted to 5.6 million euro (of which 1.5 million are attributable to adjustments on performing loans).

Administrative expenses increased from 6.9 million euro to 9.5 million euro (+37.7%). As required by IFRSs, this caption includes insurance premiums payable. Other operating income of 9.1 million euro (+72.2%) includes insurance income from customers.

Net operating income was 2.2 million euro (-64.4%).

The net profit for the period was 982 thousand euro, compared to 3.6 million euro for 2006.

Asset management companies

Capitalgest sgr

In the first three months of 2007, the net assets of the 25 mutual funds managed by the companies increased from 8,187 to 8,344 million euro, which is a 1.9% increase of 157 million euro.

The increase was the result of the performances of the funds during the period under review and the assets from net deposits (+97.7 million euro). The latter is due to the three new non-harmonised flexible funds named "Flex" which have cumulatively exceeded 700 million euro.

Regarding the performance of the assets under management, the good performance of the financial markets was behind the growth in the values of almost all the funds, except those exposed to the euro/US dollar exchange risk, which were adversely influenced by the continual appreciation of the euro against the US dollar.

The current phase of the merger by incorporation of the Grifogest company into Capitalgest which will become effective next 11 June, resulted in an interim statement of income, with a profit for the period of 139 million euro.

Capitalgest Alternative Investments

In the first three months of 2007, the net assets of the 5 funds of funds managed by the company increased by 124.8 million euro, from 506.3 million euro to 631.1 million euro.

The increase is due to the management of the funds, all of which had particularly encouraging yields for the period, and the net deposits which amounted to 108 million euro.

The increase of the asset volumes managed together with the good performances achieved in the first quarter resulted in net profits increasing from 510 thousand euro in the first quarter of last year to 862 thousand euro at the end of March 2007.

Grifogest s.g.r.

Following the reorganisation of the asset management activity within the Group, from 1 January 2007 the company's management activity will include the eight mutual funds and the management mandates for the institutional assets and funds such as Capitalgest Pacifico, four segments of the Banca Lombarda Sicav and one segment of the San Marino Sicav. The management mandates for the Banca Regionale Europea employee pension fund and the investment of private assets in mutual funds are no longer in force.

The total assets managed decreased from 2,128 million euro at the end of 2006 (not including the investment of other products in its own funds) to 1,780 million euro at the end of the first quarter of 2007.

The net profit from the period was negatively influenced by the new structures and dropped from 859 thousand in the first quarter of 2006 to 157 thousand as at 31 March 2007 (+193 thousand euro, including the performance commissions which are now calculated on an annual basis according to the new mechanism in place, but can only be withdrawn in the new year, circumstances allowing).

In the first three months of 2007, the excellent profitability afforded by the placement of the Grifogest funds was confirmed; the average write-back on commissions was 85.8%, in line with the previous year.

Gestioni Lombarda Suisse

As at 31 March 2007, the trust assets managed by the company amounted to 196 million euro, compared to 209 million at the end of the year.

Net profit for the quarter was 188 thousand euro, compared to 141 thousand euro for the same period last year.

Solofid and Sifru Gestioni Fiduciarie Sim

Fiduciarie Solofid S.p.A. – Società Lombarda Fiduciaria and Sifru Gestioni Fiduciarie SIM S.p.A. work in tandem to complement the products and services offered by the Group.

Solofid S.p.A. - Società Lombarda Fiduciaria handles fiduciary assignments and administration of third party assets and managed assets amounting to 769 million euro as at 31 March 2007, while its loss for the quarter amounted to 35 thousand euro (-42 thousand euro as at 31 March 2006).

The assets managed by Sifru Gestioni Fiduciarie SIM S.p.A., which handles private assets on the basis of fiduciary assignments, amounted to 220 million euro as at 31 March 2007. Its profits for the period were 64 thousand euro (48 thousand euro as at 31 March 2006).

Mercati Finanziari Sim

The financial statements for the first quarter of Mercati Finanziari S.I.M. S.p.A. show a drop in personnel costs and a reduction in banking activity with net losses for the period of 113 thousand euro.

This drop is related to the incorporation of the company which required a redefinition of the positioning of the company's personnel within the framework of the Banca Lombarda Group.

Other instrumental activities

Lombarda Sistemi e Servizi

As at 31 March 2007 the value of the production of Lombarda Sistemi e Servizi which was constituted mainly of revenues for services rendered to Group companies, was 28.8 million euro, a slight decrease on the previous year.

The cost of production increased to 25.9 million euro: 40% of this was personnel-related while 26% related to amortisation and depreciation and write-downs.

The investments which took place during the quarter amounted to approximately 7.2 million euro and consisted mainly of software (mainly application software).

The net profit for the period was 1.5 million euro, compared to 2.6 million euro for the same period last year.

Società Lombarda Immobiliare

In the first three months of the year, the company did not carry out any real estate transactions. The quarter closed with a loss of 1,611 euro, as the administrative expenses were higher than the revenue from financial investments

S.B.I.M.

In the first three months of the year, the company's activity revolved around the commitments undertaken in regard to the Nuovo Centro Direzionale (rendering the conference rooms suitable for public use and the definition, with the Municipality, of the technical and economic aspects of the work not counting the urbanisation expenses for the Brescia Due areas which are still to be carried out). Furthermore, the company was engaged in the disposal of non-functional properties of the Parent Bank and the Banco di Brescia. As it had received no specific directions from the Parent Bank, the company did not formulate any forecasts for the development of the former Bank of Italy area.

In the company's statement of income, production for the first quarter of 2007 was 1.8 million euro (composed entirely of rents and reimbursements for expenses incurred for the Nuovo Centro Direzionale). The cost of production amounted to 504 thousand euro, of which 338 thousand euro pertained to services, 72 thousand euro to other costs (mostly indirect taxes) and 94 thousand to labour costs. Amortisation and depreciation were 867 thousand euro, while net financial expenses were 277 thousand euro.

Profit before taxes was 105 thousand euro, while with the capital allowance on which deferred taxes were calculated taken into account, this amount comes to 77 thousand euro. The quarter closed with a net profit of 28 thousand euro.

Monitoring of risk and the system of controls

The overall design of the risk management system is based on the principles laid down by the Basel Committee for Banking Supervision and is in line with the instructions issued by the Bank of Italy.

In particular, the functions of identifying, measuring and controlling quantifiable risks on an integrated basis have been centralised in independent departments within the Parent Bank. The Risk Management Department is responsible for ensuring constant control over the Group's current and prospective exposure to market, lending, liquidity and operating risks.

The functions carried out by the risk management department are broken down as follows:

- management of current risks, carried out through the existing control system;
- a design function, whose purpose is to develop a system of risk control in line with the instructions contained in the "New Basel Capital Accord" published by the Basel Committee in June 2004.

Current activities

Control over **rate risk** is carried out through gap and sensitivity analysis models, using a Static A&LM system.

This system, which has been operating for all Group banks since September 2001, permits precise analysis of the following variable data, among others:

- the "stickiness" of positions due on demand;
- the index-linking of floating rate positions (especially mortgage loans);
- an initial approach to the logic of transferring risks and yields using the model of Risk Taking Centres, reflecting the current partition into divisions of the Commercial Banks (Corporate, Retail, Institutional Counterparties, Private Customers, Financial Consultants).

Sensitivity is measured in terms of duration (sensitivity of values to parallel shifts in the yield curve of 100 bp). Gap analysis is carried out both with a view to the short term (within 12 months) and to the medium/long term (beyond 12 months). Analysis up to 12 months is carried out in bands of monthly maturities, while six-monthly bands are used up to 3 years and annual ones for maturities over 3 years.

Static A&LM is also used to analyze **liquidity risk**, based on the flows of principal and interest falling due each month over the next twelve months.

Asset & Liability Management (A&LM) reports are produced quarterly. Gap analysis beyond a year is carried out with greater frequency whenever it is necessary to monitor interest-rate risk to ensure balance sheet items are hedged properly.

As regards the **market risk** generated by the Finance Department's trading activity, Banca Lombarda e Piemontese allocated a new set of Finance Regulations giving the Finance Department limits in terms of Value At Risk (VaR) calculated using variance/covariance methods, with a time horizon of one day and a confidence level of 99%; these risk limits are also accompanied by Stop Loss criteria. The VaR is also calculated using the Montecarlo and historical simulation methods.

The limits for VaR cover:

1. Exposure to exchange risk;
2. Exposure to equity risk;
3. Exposure to interest rate risk.
4. Exposure to volatility risk (Vega risk).

Criteria have also been introduced to limit the exposure to corporate securities; these limits have been defined in terms of notional amounts per sector/rating.

The new finance regulations also contain an approval process for new business on financial markets.

As regards **exposure to interbank markets and interest risk** generated by the Group's structural assets (Banking Book), the Finance Regulations define limits for the Finance Department's activities on behalf of all Group banks in order to ensure structured, effective management of the different levels of risk.

The ratio of the sensitivity of the value of on- and off- balance sheet assets and liabilities, net of trading balances, to stockholders' equity is monitored in this respect. When calculating this ratio, all balance sheet items are marked to market, including those that are not negotiable, so that the total exposure of assets and liabilities to interest-rate risk can be evaluated. The upper limit for this ratio is set at 2% of stockholders' equity for the Parent Bank.

Parallel shift analysis is used to calculate sensitivity, both for the unrestricted securities portfolio and for the entire balance sheet structure. This calculates the change in value in reaction to parallel shocks to the entire interest-rate structure: the Banca Lombarda e Piemontese Group has assumed a shock of +/-100 basis points, calculated by means of A&LM and VaR.

The subsidiary banks have also adopted the Finance Regulations and have granted a mandate to Banca Lombarda e Piemontese to manage their securities portfolio and financial risks. This mandate establishes that the Finance Area has to operate within the limits laid down in the Regulations.

As for **lending risk**, the procedure currently in use allows measurement of the Group's overall exposure to an individual customer or group of related customers. Credit limits are reviewed on a real-time basis and any overdrawn accounts not previously authorised are identified and reported each day to the appropriate level of authority, in order to check the overall exposure to each borrower.

Control over the regularity of all positions is carried out by a specific central function at each of the subsidiary banks, with the power to classify loans in the way that suits them best if branches appear not to be monitoring the situation adequately.

An internal rating system is used to monitor performing loans, together with automated procedures for the analysis of risk, in order to group customers into similar classes of risk and identify for further specific checks those counterparts with anomalous profiles.

This system is also used to identify the inherent risk of loss associated with performing loans and to determine the related general write-downs. Current procedures determine the extent of the write-downs needed for each counterpart and technical form of lending, by estimating the likelihood of default and the level of recoveries in that event; in this latter regard, an estimate of the duration is also made, in order to discount cash flows using the transaction's internal rate of return.

The Parent Bank reviews each bank's loan performance by geographical area, economic sector, customer segment and internal rating, highlighting the frequency of non-performing and anomalous situations, which is information of fundamental importance for a prudent commercial growth strategy.

As regards the management of credit limits for Italian and foreign institutional counterparties and country risk, IT procedures monitor these risks.

Ratings of institutional counterparties and countries are also obtained from outside agencies in order to have constant updates on their solvency.

As for **legal risk**, the Bank maintains constant control over the validity, effectiveness and enforceability of contracts under current legal norms and regulations.

As regards the validity and effectiveness of contracts, we usually adopt formats developed by our trade associations (ABI, ISDA, etc), adapting them if necessary to our own requirements. As regards the checking of signature powers, we obtain suitable documentation (articles of association, board resolutions, powers of attorney, etc) on each occasion that they are required.

Project development

The project development activities performed by the Parent Bank's Risk and Planning and Management Accounting departments are particularly important. They seek to provide the Group with a system for controlling market, lending and operating risks according to the classification recommended by the Basel Committee, which is geared to risk management and control as well as the allocation of capital.

As for **credit risk**, the Parent Bank's Risk Department is currently leading a project to establish a system of lending risk management and control, parts of which will be submitted for Bank of Italy authorization. This program is one step in the process of adopting new standards for quantifying capital for supervisory purposes, as recommended by the "New Basel Capital Accord."

The project will be implemented using a step-by-step approach made up of various phases, at the end of which it will be possible to obtain a rating and measure the capital at risk for each and every customer, together with the related credit exposures by using Credit Value at Risk methods (Credit VaR).

In order to apply the most appropriate rating model to each customer, the following customer segments have been identified: "Large Corporate", "Corporate", "Small Business" and "Retail".

A method for calculating the rating has been determined for each segment. This method became an integral part of the lending process from 1 January 2005, with results that contribute to establishing authorization levels for the granting of loans.

During the initial months of 2007, the rating was used for pricing policies and it will be introduced into the loan portfolio management process and the measurement of risk-adjusted returns.

The Loss Given Default (LGD) models have been completed and are also used for the definition of collective impairment for the performing loans portfolio,

The Exposure At Default (EAD) model was completed, allowing the Group to calculate the capital requirements for credit risk using advanced IRB methods.

As for **operating risk**, work has begun on a group-wide project aimed at setting up an integrated system for the identification, measurement and control of operating risks, based on international best practices and the qualitative and quantitative standards recommended in the New Basel Accord.

During 2004, the Banca Lombarda Group developed the minimum requisites for applying the Standardised Approach for determining minimum capital requirements and work began on implementing an Advanced method of internal measurement in those segments where adequate historical series of data are available.

As regards the status of the project currently in progress, the operating losses in 2001 and 2002 have been historically reconstructed and, from early 2003, the Group's intranet manages a procedure for the integrated and systematic reporting of such losses.

In keeping with the recommendations contained in the proposed New Basel Accord, an organisational model has been defined for managing operating risks and, within the Parent Bank, an operating risks Committee has been set up to provide guidance and monitor the complex process of operating risk Management. As mentioned, a specific function within the Risk Management sector is dedicated to the design and development of internal methodologies for identifying, assessing, monitoring and mitigating operating risks and of the related reporting systems.

The Group has also joined the DIPO Observatory on operating risks launched by the Italian Bankers' Association for the exchange of data on losses by the industry as a whole.

In 2006, the Group completed a structured process of Risk Assessment for the mapping and assessment of risk scenarios inherent in the various areas of business. It has the support of an IT procedure to ensure an integrated approach, so as to provide a critical self-diagnosis in terms of potential exposure to the risk of losses and the adequacy of existing controls and supervision.

Also for the purposes of compliance with Pillar 2 of the new Basel Capital Accord, Banca Lombarda has commenced a project to improve the monitoring of **liquidity risk** in the medium/long term at a consolidated level.

Ratings

At the beginning of March, Standard & Poor's increased its short and medium/long-term ratings for Banca Lombarda, which increased from A-2 to A-1 and from A- to A, respectively; the rating agency also confirmed the positive outlook. The upgrade was a reflection of the improvement of Banca Lombarda's profitability and the maintenance of a prudent policy insofar as capital, which remained such after the share capital increase as well; the upgrade was also a green light for the merger with BPU decided upon by the Extraordinary Shareholders' Meeting that was held last 3 March.

Following are the main assessments for Banca Lombarda by three ratings agencies at the end of March; the assessments for BPU Banca on that date were similar.

Agencies	Short-term debt	Medium/long-term debt	Outlook	Financial strength	Individual	Support
Moody's	P-1	A2	Stable	C+		
Fitch Ratings	F1	A	Stable		B/C	3
Standard & Poor's	A-1	A	Positive			

Note that the indicator for "financial strength" provided by Moody's reflects the possibility that the Bank might need external support from the Group's stockholders or official institutions (maximum A; minimum E).

The "individual" index given by Fitch represents a sort of valuation of a bank's intrinsic strength (profitability, financial equilibrium, management capacity, operating context, commercial network), on the assumption that it cannot rely on obtaining any kind of external support (maximum A; minimum E).

The "support" indicator, on the other hand, concerns their view as to the possibility of concrete and timely external support (on the part of the State or institutional stockholders of reference) should the Bank find itself in difficulty (maximum 1; minimum 5).

Following the effective date of the merger between Banca Lombarda and BPU Banca at the end of March, the three agencies withdrew the rating assigned to Banca Lombarda and Moody's and Standard & Poor's confirmed the ratings assigned to BPU Banca, while Fitch reviewed the outlook from Positive to Stable and increased the Support Rating from 3 to 2 and the Support Rating Floor from BB+ to BBB.

Finally, last April 16th Moody's published the new ratings for Italian banks following the streamlining and updating of the Joint Default Analysis (JDA) and Bank Financial Strength Rating (BFSR) evaluation methods; as a consequence of this, UBI Banca's rating on long term debt improved from A2 to A1, while the Outlook was changed from Positive to Stable; the assessment of the short-term debt was confirmed at P-1 while the rating of the Bank's intrinsic strength improved from C+ to C.

CONSOLIDATED FINANCIAL STATEMENTS AND EXPLANATORY NOTES

Balance sheet

(amounts in thousands of euro)

ASSETS	31.03.07	31.12.06	Changes	
			absolute	%
10 Cash and cash equivalents	149,777	181,702	(31,925)	(17.6)
20 Financial assets held for trading	3,332,072	3,070,064	262,008	8.5
40 Financial assets available for sale	998,898	1,100,126	(101,228)	(9.2)
50 Financial assets held to maturity	9,243	9,243	-	0.0
60 Due from banks	2,035,744	1,891,704	144,040	7.6
70 Loans to customers	31,682,381	30,575,913	1,106,468	3.6
80 Hedging derivatives	312,049	359,993	(47,944)	(13.3)
100 Equity investments	90,886	83,170	7,716	9.3
120 Property, plant and equipment	716,927	719,031	(2,104)	(0.3)
130 Intangible assets	737,784	738,493	(709)	(0.1)
<i>of which:</i>				
- goodwill	670,288	670,287	1	0.0
140 Tax assets	429,229	421,070	8,159	1.9
<i>a) current</i>	288,914	276,345	12,569	4.5
<i>b) prepaid</i>	140,315	144,725	(4,410)	(3.0)
150 Non current assets				
held for sale	12,795	12,723	72	0.6
160 Other assets	755,466	585,963	169,503	28.9
TOTAL ASSETS	41,263,251	39,749,195	1,514,056	3.8

LIABILITIES AND EQUITY AND STOCKHOLDERS' EQUITY	31.03.07	31.12.06	Changes	
			absolute	%
10 Due to banks	4,115,761	2,928,127	1,187,634	40.6
20 Due to customers	16,396,074	16,668,824	(272,750)	(1.6)
30 Debt securities issued	14,266,991	13,926,832	340,159	2.4
40 Financial liabilities held for trading	645,463	533,416	112,047	21.0
60 Hedging derivatives	52,401	50,170	2,231	4.4
80 Tax liabilities	540,912	449,919	90,993	20.2
<i>a) current</i>	359,977	267,262	92,715	34.7
<i>b) deferred</i>	180,935	182,657	(1,722)	(0.9)
100 Other liabilities	1,456,381	1,479,179	(22,798)	(1.5)
110 Severance indemnities	176,886	177,672	(786)	(0.4)
120 Provisions for liabilities and charges	102,305	99,435	2,870	2.9
<i>a) pension fund and other commitments</i>	25,630	25,831	(201)	(0.8)
<i>b) other provisions</i>	76,675	73,604	3,071	4.2
140 Revaluation reserves	551,893	570,116	(18,223)	(3.2)
170 Reserves	1,070,995	762,739	308,256	40.4
180 Additional paid-in capital	1,001,589	1,001,589	-	0.0
190 Capital stock	355,016	355,016	-	0.0
210 Minority interests (+/-)	449,473	437,974	11,499	2.6
220 Net income ((loss) for the period (+/-))	81,111	308,187	(227,076)	(73.7)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	41,263,251	39,749,195	1,514,056	3.8

Statement of income

(amounts in thousands of euro)

STATEMENT OF INCOME	31.03.07	31.03.06	Changes	
			absolute	%
10 Interest income and similar revenues	468,743	375,891	92,852	24.7
20 Interest expense and similar charges	(230,038)	(163,082)	66,956	41.1
30 Net interest income	238,705	212,809	25,896	12.2
40 Commission income	139,917	146,231	(6,314)	(4.3)
50 Commission expense	(21,222)	(21,672)	(450)	(2.1)
60 Net commission income	118,695	124,559	(5,864)	(4.7)
70 Dividends and similar income	290	126	164	130.2
80 Net trading income	18,126	18,349	(223)	(1.2)
90 Net hedging gains (losses)	190	3,742	(3,552)	(94.9)
100 Gains/(losses) on disposal or repurchase of:	1,919	493	1,426	289.2
<i>a) loans</i>	-	-	-	na
<i>b) financial assets available for sale</i>	812	6	806	13,433.3
<i>d) financial liabilities</i>	1,107	487	620	127.3
120 Net interest and other banking income	377,925	360,078	17,847	5.0
130 Net impairment adjustments to loans from:	(17,730)	(22,736)	(5,006)	(22.0)
<i>a) loans</i>	(17,651)	(22,150)	(4,499)	(20.3)
<i>b) financial assets available for sale</i>	(39)	(586)	(547)	(93.3)
<i>d) other financial assets</i>	(40)	-	(40)	na
140 Net financial income	360,195	337,342	22,853	6.8
180 Administrative costs:	(217,461)	(210,606)	6,855	3.3
<i>a) payroll</i>	(131,339)	(127,878)	3,461	2.7
<i>b) other administrative costs</i>	(86,122)	(82,728)	3,394	4.1
190 Net provisions for liabilities and charges	(9,868)	(2,734)	7,134	260.9
200 Net adjustments to property, plant and equipment	(8,345)	(8,173)	172	2.1
210 Net adjustments to property, plant and equipment	(5,901)	(6,315)	(414)	(6.6)
220 Other operating income/expenses	38,350	35,367	2,983	8.4
230 Operating costs	(203,225)	(192,461)	10,764	5.6
240 Income (losses) from equity investments	4,306	3,587	719	20.0
270 Gains (losses) on disposal of investments	309	236	73	30.9
280 Profit (loss) from operating activities before tax	161,585	148,704	12,881	8.7
290 Income tax on operating activities	(70,619)	(66,052)	4,567	6.9
300 Profit (loss) from operating activities before tax	90,966	82,652	8,314	10.1
310 Profit (loss) from discontinued operations before taxes	-	-	-	na
320 Net income ((loss) for the period	90,966	82,652	8,314	10.1
330 Net income (loss) attributable to minority interests	(9,855)	(12,175)	(2,320)	(19.1)
340 Net income (loss) attributable to the Parent Bank	81,111	70,477	10,634	15.1

Statement of changes in consolidated stockholders' equity

Changes as at 31 March 2006

(amounts in thousands of euro)

	Balances as of 31.12.2005	Allocation of results for the previous year		Changes during the period								Stockholders' equity at 31.03.2006	
		Reserves	Dividends and other utilizations	Changes in reserves	Equity transactions						Actuarial gains/losses on defined-benefit pension plans		Net income (loss) at 31.03.2006
					Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options			
Capital stock:	322,292	-	-	-	-	-	-	-	-	-	-	-	322,292
a) ordinary shares	322,292												322,292
b) other shares													-
Additional paid-in capital	661,268												661,268
Reserves:	650,656	238,984	-	(29)	-	-	-	-	-	431	-	-	890,042
a) retained earnings	485,057	238,984											724,041
b) other	165,599			(29)						431			166,001
Revaluation reserves:	359,164	-	-	62,730	-	-	-	-	-	-	2,910	-	424,804
a) available for sale	294,745			64,102									358,847
b) coverage of cash flows	435			(1.372)									(937)
c) special revaluation laws	68,187												68,187
d) property, plant and equipment	6,683												6,683
e) other	(10,886)										2,910		(7,976)
Equity instruments	-												-
Treasury shares	-												-
Net income (loss) for the period	238,984	(238,984)										70,477	70,477
Stockholders' equity	2,232,364	-	-	62,701	-	-	-	-	-	431	2,910	70,477	2,368,883

Statement of changes in consolidated stockholders' equity

Changes as at 31 March 2007

(amounts in thousands of euro)

	Balances as of 31.12.2006	Allocation of results for the previous year		Changes during the period								Stockholders' equity at 31.03.2007	
		Reserves	Dividends and other utilizations	Changes in reserves	Equity transactions						Actuarial gains/losses on defined-benefit pension plans		Net income (loss) at 31.03.2007
					Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Change in equity instruments	Derivatives on treasury shares	Stock options			
Capital stock:	355,016	-	-	-	-	-	-	-	-	-	-	-	355,016
a) ordinary shares	355,016												355,016
b) other shares													-
Additional paid-in capital	1,001,589												1,001,589
Reserves:	762,739	308,187	-	69	-	-	-	-	-	-	-	-	1,070,995
a) retained earnings	595,757	308,187		69									904,013
b) other	166,982												166,982
Revaluation reserves:	570,116	-	-	(18,277)	-	-	-	-	-	-	54	-	551,893
a) available for sale	506,462			(18,907)									487,555
b) coverage of cash flows	780			630									1,410
c) special revaluation laws	54,909												54,909
d) property, plant and equipment	6,683												6,683
e) other	1,282										54		1,336
Equity instruments	-												-
Treasury shares	-												-
Net income (loss) for the period	308,187	(308,187)										81,111	81,111
Stockholders' equity	2,997,647	-	-	(18,208)	-	-	-	-	-	-	54	81,111	3,060,604

Cash flow statement

Indirect Method

A. OPERATING ACTIVITIES	31.03.2007	31.03.2006
1. OPERATIONS	192,833	152,830
- Result for the period (+/-)	81,111	70,477
- Gains/losses from financial assets held for trading and from financial assets/liabilities designated at <i>at fair value</i> (-/+)	(261)	(16,075)
- Gains/losses from hedging activities (-/+)	(190)	(3,742)
- Net impairment adjustments (+/-)	17,730	22,736
- Net adjustments/write backs to property, plant and equipment and intangible	14,246	14,488
- Net provisions for contingencies and charges and other costs/revenues (+/-)	9,868	2,734
- Taxes not yet paid (-)	70,619	66,052
-Provision for severance indemnities	-	-
-Provision for payroll costs	-	-
- Income from investments carried at equity	-	(3,714)
- dividends	(290)	(126)
2. NET LIQUIDITY GENERATED/ABSORBED BY FINANCIAL ACTIVITIES	(1,624,913)	(319,141)
- Financial assets held for trading	(261,747)	(197,462)
- Financial assets available for sale	82,695	(18,519)
- Securities held to maturity	-	(130)
- Due from banks	(144,040)	781,453
- Loans to customers	(1,124,119)	(690,393)
- Tax assets	(8,159)	(2,890)
- Other assets	(169,543)	(191,200)
3. NET LIQUIDITY GENERATED/ABSORBED BY FINANCIAL LIABILITIES	1,407,518	145,418
- Due to banks	1,187,634	(313,188)
- Due to customers	(272,750)	190,703
- Debt securities issued	340,159	(123,154)
- Financial liabilities held for trading	112,047	(219,214)
- Hedging derivatives	50,365	62,708
- Tax liabilities	20,374	23,484
- Other liabilities	(22,798)	532,928
- Severance indemnities	(515)	(3,829)
- Provisions for contingencies and charges	(6,998)	(5,020)
Net liquidity generated/absorbed by operating activities	(24,562)	(20,893)
B. INVESTING ACTIVITIES		
1. NET LIQUIDITY GENERATED BY	(11,215)	9,891
- Sales of investments	-	-
- Dividends collected from investments	290	126
- Sale of financial assets held to maturity	-	-
- Non-current assets held for sale	(72)	-
- Disposal of property, plant and equipment	(6,241)	9,765
- Sales of intangible assets	(5,192)	-
2. NET LIQUIDITY ABSORBED BY:	(7,716)	(5,973)
- Purchases of investments	(7,716)	-
- Purchases of property, plant and equipment	-	-
- Non-current assets held for sale	-	-
- Purchases of intangible assets	-	(5,973)
Net liquidity generated/absorbed by investing activities	(18,931)	3,918
C. FUNDING ACTIVITIES		
- Change in equity of minority interests	11,499	12,704
- Change in other reserves	69	402
- Changes in revaluation reserves	-	-
- Issue/purchase of equity instruments	-	-
- Distribution of dividends and other movements	-	-
Net liquidity generated/absorbed by funding activities	11,568	13,106
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	(31,925)	(3,869)

KEY: (+)GENERATED (-) ABSORBED

RECONCILIATION

Captions	Amount	
	31.03.2007	31.03.2006
Cash and cash equivalents at the beginning of the period	181,702	146,839
Total net liquidity total generated/absorbed during the period	(31,925)	(3,869)
Cash and cash equivalents at the end of the period	149,777	142,970

EXPLANATORY NOTES

Accounting policies

Preparation criteria and accounting policies

Introduction

The quarterly report has been prepared in accordance with the criteria established in European Regulation 1606 dated 19 July 2002, which governs the adoption of IAS/IFRS. The content and the form of this report are coherent with the international accounting standard covering interim financial statements, which was adopted according to the procedure set forth under art. 6 of EC regulation n/ 1606/2002 and complies with the information required by CONSOB in its communication on financial statements (Communication n. 6064293 of 28 July 2006). The quarterly report contains the balance sheet, statement of income, statement of changes in stockholders' equity, the cash flow statement and the explanatory notes. It also includes the directors' comments on the results of operations

Comparative information

The quarterly report as at 30 September 2005 had been prepared according to the international accounting standards applicable on the date of preparation of that report and according to the indications provided in the draft of the Bank of Italy circular on the financial statements of banks. The following events took place in the 4th quarter of 2005:

- The Bank of Italy issued Circular 262 of 22 December 2005 that definitively regulated the schedules and the rules for the preparation of the individual and consolidated financial statements of banks. These schedules contained several modifications insofar as the rules for the classification of the financial statement captions compared to the draft circular. Thus on 30 June 2005, they were prepared according to the new rules. The main reclassifications, which involve the captions of the statement of income, are:

- a) the differentials on hedging activities were reclassified from Interest to Net trading income;
- b) the outlays for commission expenses paid to agents for the sale of medium to long-term financial assets are recorded on the basis of the depreciated cost criterion and were reclassified from commission expenses as a deduction against interest income.
- c) the discounting effect of the provisions for risks and charges and the defined benefit funds were reclassified from the Interest caption to the Net provisions for liabilities and charges and Personnel costs, respectively.
- d) the recovered service costs were reclassified from the caption Other operating income/expenses to Commissions.
- e) the recuperation of costs relating to employees on secondment with third parties were reclassified from Other operating income/expenses and recorded as a deduction against Personnel Costs.
- f) the remuneration of directors was reclassified from Other administrative expenses to Personnel costs;
- g) the depreciation relating to improvements to leasehold properties classified under Other assets were reclassified from Net adjustments to property, plant and equipment to Other operating income/expenses.

These reclassifications did not affect the result for the period or the net stockholders' equity as at 30 September 2005.

- The European Commission issued EC Regulation n. 1910/2005 on 8 November 2005 in amendment of EC Regulation n. 1725/2003 in compliance with several international accounting standards including IAS 19 "Employee Benefits." The changes made allow for the recognition of actuarial gains and losses that relate to defined benefit pension plans entirely in stockholders' equity. The previous version of IAS 19 allowed recognition in the statement of income only of the accumulated surplus actuarial gains/losses from the closure of the previous financial year of the greater of the current value of the benefits generated by the scheme and 10% of the fair value of the scheme assets. As at 31 December 2005, the Bank changed its accounting policy relating to this issue. Based on IAS 8, the figures of the quarterly report as at 30 September 2005 were presented so as to reflect the effects of the new accounting standard that was adopted. The effect on the statement of income as at 30 September 2005 was -129 thousand euro, while the effect on consolidated stockholders' equity as at 30 September 2005 was +72 thousand euro, net of the relative tax effect.

Discretionary assessments

During the preparation of the bi-annual figures, no discretionary valuations were made in applying the accounting policies such as to have a significant impact on the result for the period.

Uncertainty in the use of estimates

Preparation of bi-annual financial statements also requires the use of estimates and assumptions that can have a significant impact on the figures shown in the balance sheet and statement of income, as well as the information on contingent assets and liabilities disclosed in the financial statements. Making estimates implies the use of whatever information is available at the time, as well as making subjective assessments based on past experience, which is also used to formulate reasonable assumptions for the recognition of transactions and other operational events. By their very nature, the estimates and assumptions used can vary from period to period; so it cannot be excluded that the figures currently shown in the financial statements could differ in future periods, even quite significantly, as a result of changes in the subjective assessments used.

The main circumstances in which subjective assessments have to be used are in:

- evaluating the reasonableness of the carrying value of majority shareholdings;
- evaluating the reasonableness of the value of goodwill and other intangible assets;
- quantifying impairment adjustments to loans;
- quantifying personnel provisions and the provision for liabilities and charges.

Scope of consolidation and methodology

The consolidated financial statements include the financial statements of the Parent Bank Banca Lombarda e Piemontese S.p.A. and those of subsidiary companies consolidated on a line-by-line basis. Associated companies have been included in the consolidated financial statements using the equity method. The definition of the percentage of control takes account of any forward commitments to buy minority interests in subsidiary companies.

The assets, liabilities, revenues and expenses of companies included within the scope of consolidation are combined on a line-by-line basis. The book value of investments is eliminated against the interest in the related stockholders' equity at the time of acquisition or initial consolidation.

The results of subsidiaries sold during the period are included in the consolidated statement of income until the date of disposal i.e. the time when the Parent Bank ceases to exercise control over

them. The difference between the proceeds from the sale of subsidiaries and the book value of their net assets at the related transaction dates is reported in the consolidated statement of income as a disposal gain or loss.

Amounts due to and from Group companies, inter-company revenues and expenses, and all profits and losses arising between companies included within the scope of consolidation are eliminated.

Minority interests are classified separately from liabilities in the consolidated balance sheet, as a separate caption within stockholders' equity. The net income attributable to minority stockholders is also classified separately in the statement of income.

The financial statements of Group companies denominated in foreign currencies are translated to euro on the following basis:

- a) assets and liabilities are translated using the exchange rates applying on the balance sheet date;
- b) costs and revenues are translated using the average exchange rates for the accounting period concerned;
- c) stockholders' equity is translated using the historical rates.

All the resulting translation adjustments are reported in a separate caption within stockholders' equity.

Equity investments over which the Group exercises significant influence (“associated companies”) are valued using the equity method. The financial statements of associated companies are adjusted on an appropriate basis if they have been prepared using accounting policies that differ from those applied by the Group

The principles of recognition, classification, measurement and derecognition are explained below for the principal account groups in the financial statements.

Financial assets held for trading

Recognition

Initial recognition takes place on the settlement date for securities and the subscription date for derivatives. The value recorded reflects the acquisition cost, which is understood to represent the

fair value⁵ of the instrument, without considering the related transaction costs and revenues.

Classification

Financial assets held for trading include those financial instruments held with the intention of generating profits in the short term from changes in their prices.

Valuation

The trading portfolio is stated at fair value, except for equity instruments that are not listed in an active market, which are reported at cost since their fair value cannot be determined on a reliable basis. The fair value of the assets and liabilities in a trading portfolio is determined with reference to the prices struck in active markets or to the internal valuation models normally used in financial practice. If the fair value of a financial asset becomes negative, such asset is recorded as a financial liability.

The gains and losses realised on disposals or redemptions, as well as the unrealised gains and losses deriving from changes in the fair value of the trading portfolio, are classified as part of net trading income.

Cancellation

Financial assets held for trading are cancelled when the contractual rights to cash flows from the assets concerned expire, or upon disposal when substantially all the risks and benefits associated with these financial assets are transferred.

Other aspects

Securities lodged in guarantee and loaned securities are recorded at the value of the guarantee given or received, uplifted by the related accrued interest; securities loaned are not eliminated from the financial statements until the underlyings have been sold and control over such securities has been lost. Securities received on loan and those received in guarantee as part of a security loan transaction are not recorded in the financial statements, unless the related contracts provide for control over such securities.

Commitments to deliver securities sold but not yet purchased (“short sales”) are classified as trading liabilities.

Repurchase agreements that commit the seller to buy back the securities concerned in the future are deemed to be loans. The amounts received and paid are therefore booked as loans payable and loans.

⁵ Fair value is the amount for which an asset could be exchanged, or a liability settled, in an arm's-length transaction between knowledgeable and independent parties.

Granted income from the use of funds, represented by the coupons earned on the securities concerned and by the differential between the spot and forward prices, is recognised as interest on an accruals basis.

Financial assets available for sale

Recognition

Initial recognition takes place on the settlement date for securities and the subscription date for loans. These assets are recorded at fair value upon initial recognition, including transaction costs or revenues directly attributable to them.

Classification

Financial assets available for sale comprise the non-derivative financial assets designated as available for sale, or which are not classified as loans and advances, investments held to maturity or financial assets stated at fair value through the statement of income. This caption includes equity interests, not held for trading, that do not relate to subsidiary or associated companies, or joint ventures.

Valuation

After initial recognition, assets available for sale are re-measured at fair value, booking the amortised cost to the statement of income. As an exception, investments in equity instruments not listed in active markets whose fair value cannot be measured reliably, and derivatives associated with them that must be settled by the delivery of such instruments, are valued at their amortised cost.

The fair value of securities is determined with reference to the prices struck in active markets or to the internal valuation models normally used in financial practice.

The unrealised profits and losses that derive from valuations at fair value are recorded in a specific equity reserve, stated net of the related tax effect, until the financial assets concerned are sold or written down.

When financial assets available for sale are sold, the previously unrealised profits or losses recorded as part of stockholders' equity are released to the statement of income as "Gains/losses on disposal of financial assets available for sale".

If a financial asset available for sale suffers a permanent loss of value, the losses accumulated as a result of previous valuations at fair value, recorded as part of stockholders' equity, are released to

the statement of income as “Net impairment adjustments to financial assets available for sale.” Permanent losses in value are recognised when there is objective evidence of such impairment. Any recoveries in the value of equity instruments classified as available for sale are credited to stockholders' equity. Recoveries in the value of debt instruments are only credited to the statement of income if such recoveries are objectively correlated with an event occurring after the original write-down was charged to the statement of income, without exceeding the amortised cost that the financial assets concerned would have had without the earlier adjustments.

Cancellation

Financial assets available for sale are cancelled when the contractual rights to cash flows from the assets concerned expire, or upon disposal when substantially all the risks and benefits associated with these financial assets are transferred.

Financial assets held to maturity

Recognition

initial recognition takes place on the settlement date for securities; the subscription value is the same as the fair value of the instrument, including transaction costs or revenues directly attributable to it.

Classification

This caption comprises debt securities with fixed or determinable payments and fixed maturities, for which there is the intention and ability to hold them until maturity. They are reclassified as assets available for sale if the intention or ability to hold them changes, such that it is no longer appropriate to maintain them as investments held to maturity.

Valuation

Subsequent to initial recognition, financial assets held to maturity are valued at amortised cost, using the effective interest rate method. Gains and losses relating to assets held to maturity are recorded in the statement of income at the time when such assets are cancelled or suffer a loss of value, as well as via the amortisation process.

A check is made for objective evidence of impairment when interim and annual financial statements are prepared. If such evidence is found, the extent of the loss is measured as the difference between the book value of the assets concerned and the present value of estimated future cash flows, discounted using the original effective interest rate. The resulting loss is charged to the statement of

income.

If the reasons for such loss cease to apply as a result of an event occurring subsequent to recognition of the reduction in value, the related write back is credited to the statement of income.

Cancellation

Financial assets held to maturity are cancelled when the contractual rights to cash flows from the assets concerned expire, or upon disposal when substantially all the risks and benefits associated with these financial assets are transferred.

Loans

Recognition

Initial recognition takes place on the date the loan is paid out based on its related fair value. If the net book value of a loan is less than its fair value, due to the interest rate applied being below the market rate or that normally applied for loans with similar characteristics, the amount initially recorded is the present value of the related future cash flows discounted at a market rate.

The effective interest rate discounts the estimated cash flows over the expected duration of the loan to total exactly the same as its net book value at the time of initial recognition, inclusive of directly-attributable transaction costs and all payments and receipts between the contracting parties.

Classification

Loans include amounts granted to customers and banks, both directly and acquired from third parties, with fixed and determinable payments, which are not quoted in an active market and which are not classified from the start as “Financial assets available for sale”. This category also includes loans for finance leases, repurchase agreements, loans with or without recourse for the selling party's portion that remains on the books, and loans deriving from factoring activities.

Valuation

Loans are then reported at fair value using the amortised cost method. Doubtful loans, comprising non-performing, problem and restructured loans and accounts overdrawn for more than 180 days, are valued on a case-by-case basis. as an exception, amounts of less than 15,500 euro are valued on an overall basis.

The loan write-downs required are determined by discounting the expected future flows of principal and interest, taking account of any available guarantees and any advances received. The key

elements for determining the present value of cash flows are the estimated collections, the related due dates and the discounting rate to be applied.

The estimated collections of doubtful loans and the related due dates are based on detailed repayment schedules, where available, or otherwise on estimated and overall values determined with reference to historical experience and sector analyses. These estimates take account of the specific solvency of counterparts in difficulties, as well as of the problems in servicing debt faced by their individual business sectors or nations of residence, having regard for the guarantees received, market prices (where applicable) and any adverse economic conditions affecting the industries concerned.

The valuation of performing loans takes account of the objective risk of losses affecting the loan portfolio as a whole. The estimated cash flows are grouped together in classes representing a similar degree of lending risk, which are then written down using different percentages determined with reference to the historical-statistical experience recorded by the internal rating system. The impairment adjustment is the difference between book value and the amount deemed to be recoverable.

Provisions for impaired loans are only written back, to the extent of amortised cost, if there is reasonable certainty that the amount recoverable exceeds the adjusted book value

Cancellation

Loans are subjected to total or partial cancellation when they are deemed to be, respectively, completely unrecoverable or subject to court-supervised procedures. The losses are charged to the statement of income, net of any provisions recorded in previous periods. The write backs of amounts previously written down reduce the net impairment adjustments to loans.

Other financial assets at fair value

Except for the assets referred to above, Group companies have not elected to value any other assets at fair value.

Hedging transactions

Hedging transactions are designed to neutralise potential interest and exchange rate losses. Hedges are broken down by the following categories:

- hedging of the fair value of a given asset or liability with a view to preserving the current value of a financial asset/liability against changes in interest rates;
- hedging the future cash flows attributable to a given asset or liability with a view to preserving the cash flows deriving from a financial asset/liability against changes in interest rates
- hedging an investment denominated in foreign currency.

Recognition and Measurement

Hedging derivatives are both initially recorded and subsequently stated at fair value and classified separately in the balance sheet as hedging derivatives.

The fair value of hedging derivatives is based on prices obtained from regulated markets or supplied by specialist operators with reference to option valuation models (or models for the discounting of future cash flows).

In general, a hedge is deemed to be highly effective if, both at the start and over its life, the changes in the fair value of or cash flows deriving from the hedged item are almost entirely offset by changes in the fair value of or cash flows deriving from the hedging derivative, such that the effective results fall within the range from 80% to 125%. Transactions are no longer deemed to be hedges if:

- the hedge provided by the derivative ceases or is no longer highly effective;
- the derivative expires or is sold, terminated or exercised;
- the hedged element is sold, expires or repaid;
- the definition as a hedge is revoked.

The ineffective portion of the hedge is represented by the difference between the change in the fair value of the hedging instrument and the change in the fair value of the hedged item, or by the difference between the change in the value of hedging instrument's cash flows and that in the (actual or expected) cash flows deriving from the hedged item.

Changes in the fair value of hedging instruments considered to be effective fair value hedges are recorded in the statement of income. Changes in the fair value of hedged items attributable to the risk covered by the hedging instrument are recorded in the statement of income to match the change in the book value of the hedged item.

Both prospective and retrospective tests are carried out to determine the effectiveness of hedges.

With regard to financial instruments that earn interest, if the hedging relationship terminates for reasons other than the sale of the hedged item, the difference between the book value of the hedged item at the time the hedge terminates and the book value it would have had if the hedge had never

existed is amortised to the statement of income over the residual life of the original hedge; conversely, in relation to financial instruments that do not earn interest, such difference is recorded immediately in the statement of income. If the hedged item is sold or redeemed, the unamortised portion of fair value is recorded immediately in the statement of income.

With regard to cash flow hedges, the effective portion of the hedging instrument's gains or losses is recorded initially as part of stockholders' equity; while the ineffective portion is recorded in the statement of income. When the hedged cash flows occur and are recorded in the statement of income, the related profit or loss deriving from the hedging instrument is reclassified from stockholders' equity to the corresponding statement of income caption. If the cash flow hedge for a future transaction ceases to be effective or the hedging relationship is terminated, the total profits or losses on that hedging instrument accumulated within stockholders' equity are reclassified to the statement of income at the time the transaction takes place.

A derivative may be embedded in a host contract; such combinations are known as hybrid instruments and principally derive from the issue of structured debt securities. If the hybrid contract is not recorded at fair value, the embedded derivative is only separated from the host contract and recorded as a normal derivative instrument at fair value if the economic characteristics and risks of the derivative instrument are not closely correlated with the those of the host contract and the derivative satisfies the requirements for being considered such.

Equity investments

Recognition and Measurement

This caption includes the investments in associated companies recognised according to the stockholders' equity method and two subsidiaries (Andros s.r.l and Corporation Financière Européenne SA), which are carried at cost because they are insignificant. Minority holdings are classified as "Financial assets available for sale," the accounting treatment for which was described earlier.

If there is evidence that the value of an investment has been impaired, its recoverable value is estimated having regard for the present value of the cash flows it is expected to generate, including the final disposal value of the investment. Should recoverable value be less than book value, the difference is charged to the statement of income. If the reasons for such loss in value cease to apply as a result of an event occurring subsequent to recognition of the reduction in value, the related write-back is credited to the statement of income without exceeding historical purchase cost.

Cancellation

Investments are cancelled when the contractual rights to cash flows from the assets concerned expire, or upon disposal when substantially all the risks and benefits associated with them are transferred.

Property, plant and equipment

Recognition and classification

This caption includes banking premises, investment property, leasehold improvements that are functionally independent, plant, other machines and equipment.

Banking premises comprise property held by Group companies for the supply of services or for administrative purposes, while investment property is held to earn rentals and/or to make capital gains.

These assets are initially recorded at cost, including all costs directly related to their installation and start up.

The value of land on which buildings are constructed is recorded separately since, in general, it has an unlimited useful life and is therefore not amortised, while buildings are amortised since they have a limited useful life.

Valuation

Subsequent to initial recognition, property, plant and equipment are stated at cost net of accumulated depreciation and any write-downs for permanent losses in value; these assets are depreciated each year on a straight-line basis over their residual useful lives. Leasehold improvements essentially comprise the cost of renovating leased premises; they are depreciated over a period that does not exceed the maximum length of the contract signed with the lessor.

If there is evidence of possible impairment at the time of preparing annual or interim financial statements, the carrying value of the fixed asset concerned is compared with its recoverable value, being the lower of its fair value, net of any selling costs, or its in-use value, being the present value of the cash flows it will generate. Any adjustments are recorded in the statement of income.

If the reasons for write-downs cease to apply, the consequent write-backs do not exceed the value that the asset would have had, net of the depreciation charges that would have been made in the absence of the earlier write-downs.

Assets acquired under finance lease arrangements are recorded in accordance with IAS 17, which involves their recognition in the balance sheet, together with the related loans from lessors, and the provision of depreciation over their estimated useful lives. The principal element of lease instalment payments is deducted from the liability to lessors, while the interest element is charged to the statement of income.

Cancellation

An item of property, plant and equipment is eliminated from the balance sheet on disposal or when it is no longer used and its disposal is not expected to create future economic benefits.

Intangible assets

Recognition and classification

Intangible assets essentially comprise software and goodwill. Goodwill represents the amount by which purchase cost exceeds the fair value, at the time of purchase, of the assets and other value acquired.

Valuation

Software is recorded at cost and stated net of accumulated amortisation and any permanent losses in value. Amortisation is provided over the estimated residual useful lives of the software concerned. The fairness of these estimated residual lives is reviewed at the end of each accounting period.

Goodwill is not amortised, but is subjected to an impairment test at least once each year, usually at the time the annual financial statements are prepared and, in any case, if events take place that suggest a possible loss of value. The adjustments made to goodwill cannot be reinstated, even if the reasons for the related write-downs cease to apply in subsequent years.

Cancellation

An intangible asset is eliminated from the balance sheet on disposal or when it is no longer used.

Non-current assets held for sale

Non-current assets held for sale comprise those assets whose book value will be recovered from disposal and not from their use in the business.

These assets are classified separately and stated at the lower of book value or their fair value net of selling costs. Any related liabilities are classified in the liabilities section of the balance sheet. Amortisation is no longer charged when assets become classified as available for sale.

Payables, debt securities issued and subordinated liabilities

Recognition

Payables and debt securities issued are initially recorded at fair value, as uplifted by issue costs.

Valuation

They are valued subsequently at amortised cost, using the effective interest rate method to allocate such costs over the life of the payable, if its duration exceeds 12 months.

Hybrid debt instruments associated with equity instruments, foreign currency, credit instruments or indices are deemed to be structured instruments. The embedded derivative is separated from the host contract and treated as an independent derivative if the separation criteria are met. In the last case, the host contract is recorded at amortised cost.

If the structured instrument or the embedded derivative is settled in cash or the holder of the hybrid instrument has the right to request settlement in cash, the separated derivative is treated as a trading instrument and the changes in its fair value are recorded in the statement of income.

The purchase of treasury bonds is treated as a repayment of debt. Redemption gains or losses are recognised if the repurchase price of the bond is lower or higher than its book value. Subsequent sales of treasury bonds in the market are treated as a new issue of debt. The interest accruing on debt instruments is classified as interest on securities issued.

Trading liabilities

Recognition and Measurement

This caption includes the short positions in securities and the issues of structured bonds with derivatives that cannot be separated, as well as the negative value of trading derivatives stated at fair value.

Other liabilities stated at fair value

No financial liability other than trading ones has been valued at fair value.

Current and deferred taxation

Income taxes are determined in accordance with current fiscal legislation.

The tax charge (credit) represents the total current and deferred taxes included in determining net income for the period.

Current taxes represent the income taxes due (recoverable) on the taxable income (tax loss) for the period.

Deferred tax liabilities represent income taxes that will become payable in future years in relation to taxable timing differences. Deferred tax assets represent income taxes that will be recoverable in future periods in relation to:

- deductible timing differences;
- unused tax losses carried forward;
- unused tax credits carried forward.

Timing differences represent the difference between the book value of an asset or liability reported in the balance sheet and its value recognised for fiscal purposes; they may be either:

- taxable timing differences, being timing differences that will increase taxable income (decrease tax losses) in future periods when the book value of the asset or liability concerned is realised or eliminated;
- deductible timing differences, being timing differences that will decrease taxable income (increase tax losses) in future years when the book value of the asset or liability concerned is realised or eliminated.

The fiscal value of an asset or liability is the value attributed to them in accordance with current fiscal legislation. Pursuant to IAS 12, deferred tax liabilities are recorded in relation to all taxable timing differences. In accordance with IAS 12, deferred tax assets are recorded in relation to all deductible timing differences only if it is likely that future taxable income will be sufficient to utilize such timing differences when they reverse.

Deferred tax assets and liabilities are determined using the tax rates applying to the periods in which the assets will be realised or the liabilities settled.

Current and deferred taxes are recorded in the statement of income, except for those relating to the gains or losses on financial assets available for sale, those relating to the change in the fair value of hedging derivatives (cash flow hedges) and those relating to the change relating to the actuarial gains and losses on defined-benefit pension funds, which are booked net of tax directly to

stockholders' equity.

No deferred taxes have been recorded in relation to reserves in suspense for tax purposes since no distribution of these reserves is envisaged.

Provisions for liabilities and charges

The provisions for liabilities and charges relate to known or likely costs and charges, the timing and extent of which cannot be determined at period end. Provisions for liabilities and charges are only recorded when:

- a current obligation (legal or implicit) exists as a result of a past event;
- it is likely that meeting the obligation will be onerous;
- the extent of the obligation can be estimated reliably.

The amount of such provisions represents the present value of the charges likely to be incurred to settle the obligation. The current market rate is used for discounting purposes.

Provision for severance indemnities and defined-benefit pension funds

The provision for severance indemnities takes account of the estimated duration of the employment relationship for each person, or groups of similar persons, based on demographic assumptions:

- o projecting forward the indemnities already earned, using demographic and financial assumptions, to estimate the amount to be paid on termination of the employment relationship;
- o discounting to the valuation date the above estimate, using financial assumptions.

Actuarial gains and losses are booked directly to the valuation reserves in equity.

Other information

Liabilities: commitments to repurchase own instruments

Repurchase commitments represented by put options granted in relation to minority interests in equity investments recorded in the balance sheet are treated as if the options have been exercised.

Transactions in foreign currency

Initial recognition

On initial recognition, transactions in foreign currency are translated into the reporting currency at the exchange rate ruling on the date of the transaction.

Subsequent re-measurement

At each period end, all foreign currency balances have to be re-measured as follows:

- monetary items are translated at the exchange rate ruling on the balance sheet date;
- non-monetary items valued at historical cost are translated at the exchange rate ruling at the date of the transaction;
- non-monetary items shown at fair value are translated at the exchange rate ruling at the balance sheet date.

Exchange differences that arise on the settlement of monetary items or on translation of monetary elements at rates that are different from those of initial translation, or of translation of the previous financial statements, are booked to the statement of income of the period in which they arise. When a gain or loss on a non-monetary element is booked to equity, the related exchange difference is also booked to equity. On the other hand, when a gain or loss is booked to the statement of income, the related exchange difference is also booked in the same way.

Recognition of income and expense items

In addition to the above, revenues are recognised when they are received or when it is likely that future benefits will be received and such benefits can be quantified reliably. In particular:

- interest on loans to customers and deposits with banks is classified as interest income and similar revenues and is recognised on an accruals basis. Default interest is recognised on an accruals basis and the portion considered unrecoverable is written down.
- dividends are credited to the statement of income when they are declared;
- commissions and interest collected or paid in relation to financial instruments are recorded on an accruals basis.
- revenues deriving from dealing in trading instruments, representing the difference between the transaction price and the fair value of the instrument, are credited to the statement of income when the transaction is recorded, if fair value can be determined with reference to parameters or recent transactions in the market in which the instrument is traded. If such

measurements are not possible, income from the financial instruments concerned is credited to the statement of income over the lives of the related transactions.

- expenses recovered on current accounts are classified as commission income – other. The recovery of postage and transparency declaration expenses on debit current accounts has been reclassified to other operating income.

Seasonality or cyclicity of interim operations

The activity is not subject to significant seasonality or cyclicity of the interim operations except for dividends which are declared in the first half of the year.

Significant events and transactions

For significant transactions that took place in the first quarter of 2007, please see the comments in the report on operations under “Changes in the structure of the Group and Shareholdings.”

Explanatory tables

Breakdown of the financial assets held for trading

Captions/Amounts	31.03.2007		31.12.2006
	Listed	Not listed	
A. Cash			
1. Debt securities	487,658	106,955	608,403
1.1 Structured securities	23,150	13,820	37,011
1.2 Other debt securities	464,508	93,135	571,392
2. Equity instruments	21,216	-	11,581
3. Units in mutual funds	325,765	-	315,208
4. Loans	-	-	-
4.1 Repurchase agreements	-	-	-
4.2 other	-	-	-
5. Impaired loans	-	-	-
6. Assets sold but not eliminated from the balance sheet	2,178,672	-	1,935,015
Total (A)	3,013,311	106,955	2,870,207
B. Derivatives			
1. Financial derivatives	2,111	209,695	199,857
1.1 held for trading	2,111	209,695	199,857
1.2 related to the fair value option	-	-	-
1.3 other	-	-	-
2. Credit derivatives	-	-	-
2.1 held for trading	-	-	-
2.2 related to the fair value option	-	-	-
2.3 other	-	-	-
Total (B)	2,111	209,695	199,857
Total (A + B)	3,015,422	316,650	3,070,064

Breakdown of the financial assets available for sale

Captions/Amounts	31.03.2007		31.12.2006
	Listed	Not listed	
1. Debt securities	-	13,130	85,741
1.1 Structured securities	-	-	-
1.2 Other debt securities	-	13,130	85,741
2. Equity instruments	858,536	67,951	952,406
2.1 Designated at fair value	858,536	43,333	920,883
2.2 Designated at cost	-	24,618	31,523
3. Units in mutual funds	810	56,833	60,341
4. Loans	-	1,446	1,446
5. Impaired loans	-	192	192
6. Assets sold but not eliminated from the balance sheet	-	-	-
Total	859,346	139,552	1,100,126

Breakdown of the financial assets held to maturity

Type of transactions \Amounts	31.03.2007		31.12.2006	
	Book value	Fair value	Book value	Fair value
1. Debt securities	9,243	9,243	9,243	9,243
1.1 Structured securities	-	-	-	-
1.2 Other debt securities	9,243	9,243	9,243	9,243
2. Loans	-	-	-	-
3. Impaired loans	-	-	-	-
4. Assets sold but not eliminated from the balance sheet	-	-	-	-
Total	9,243	9,243	9,243	9,243

Analysis of loans to banks

Type of transaction \Amounts	31.03.2007	31.12.2006
A. Due from central banks	264,869	251,701
1. Restricted deposit accounts	-	-
2. Statutory reserve	264,869	251,701
3. Repurchase agreements	-	-
4. Other	-	-
B. Due from banks	1,770,875	1,640,003
1. Current accounts and unrestricted deposit accounts	114,878	107,360
2. Restricted deposit accounts	122,200	162,408
3. Other loans	1,533,777	1,370,215
3.1 Repurchase agreements	1,125,138	911,772
3.2 Financial leases	320	472
3.3 Other	408,319	457,971
4. Debt securities	-	-
4.1 Structured securities	-	-
4.2 Other debt securities	-	-
5. Impaired loans	20	20
6. Assets sold but not eliminated from the balance sheet	-	-
Total (book value)	2,035,744	1,891,704

Analysis of loans to customers

Breakdown/Components	31.03.2007	31.12.2006
1. Current accounts	4,607,368	4,530,910
2. Repurchase agreements	6,135	-
3. Home loans	12,831,804	12,406,537
4. Credit cards, personal loans and loans secured against salaries	1,775,932	1,632,645
5. Finance leasing	2,832,260	2,607,499
6. Factoring	1,789,790	1,841,140
7. Other transactions	6,301,235	5,957,299
8. Debt securities	35,999	32,550
8.1 Structured securities	-	-
8.2 Other debt securities	35,999	32,550
9. Impaired loans	559,853	554,786
10. Assets sold but not eliminated from the balance sheet	942,005	1,012,547
Total (book value)	31,682,381	30,575,913

Analysis of amounts due to banks

Captions/Group components	31.03.2007	31.12.2006
1. Due to central banks	-	-
2. Due to banks	4,115,761	2,928,127
2.1 Current accounts and unrestricted deposit accounts	627,655	351,603
2.2 Restricted deposit accounts	1,649,266	1,162,727
2.3 Loans	1,585,434	1,379,991
2.3.1 Financial leases	-	-
2.3.2 Other	1,585,434	1,379,991
2.4 Liabilities for commitments to repurchase own capital instruments	-	-
2.5 Liabilities for assets sold but not eliminated from the balance sheet	253,406	33,806
2.5.1 Repurchase agreements	253,406	31,327
2.5.2 Other	-	2,479
2.6 Other debts	-	-
Total	4,115,761	2,928,127

Analysis of amounts due to customers

Type of transaction \ Amounts	31.03.2007	31.12.2006
1. Current accounts and unrestricted deposit accounts	13,332,756	13,339,359
2. Restricted deposit accounts	667,925	876,495
3. Third party funds administered	90	96
4. Loans	-	1,297
4.1 Financial leases	-	1,297
4.2 other	-	-
5. Liabilities for commitments to repurchase own capital instruments	169,627	169,627
6. Liabilities for assets sold but not eliminated from the balance sheet	1,938,103	1,938,261
6.1 Repurchase agreements	1,938,103	1,938,261
6.2 Other	-	-
7. Other liabilities	287,573	343,689
Total	16,396,074	16,668,824

Breakdown of debt securities issued

Types of securities/Values	31.03.2007		31.12.2006	
	Book value	Fair value	Book value	Fair value
A. Listed securities	5,187,468	5,211,760	5,061,782	5,061,193
1. Bonds	5,187,468	5,211,760	5,061,782	5,061,193
1.1 structured	661,774	688,152	672,401	698,325
1.2 other	4,525,694	4,523,608	4,389,381	4,362,868
2. Other securities	-	-	-	-
2.1 structured	-	-	-	-
2.2 other	-	-	-	-
B. Non-listed securities	9,079,523	9,047,032	8,865,050	8,827,488
1. Bonds	8,882,969	8,850,478	8,655,167	7,066,718
1.1 structured	1,320,695	1,315,449	1,324,164	1,316,844
1.2 other	7,562,274	7,535,029	7,331,003	5,749,874
2. Other securities	196,554	196,554	209,883	1,760,770
2.1 structured	-	-	-	-
2.2 other	196,554	196,554	209,883	1,760,770
Total	14,266,991	14,258,792	13,926,832	13,888,681

Breakdown of the financial assets held for trading

Type of transaction \ Amounts	31.03.2007			31.12.2006		
	Par value	Fair value		Par value	Fair value	
		Listed	Not listed		Listed	Not listed
A. Cash liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	426,974	427,758	-	319,408	318,494	-
3. Debt securities						
3.1. Bonds						
3.1.1 Structured						
3.1.2 Other bonds						
3.2. Other securities						
3.2.1 Structured						
3.2.2 Other						
Total A	426,974	427,758	-	319,408	318,494	-
B. Derivatives						
1. Financial derivatives		73	217,632		160	214,762
1.1 held for trading		73	210,355		160	206,953
1.2 related to the fair value option						
1.3 other			7,277			7,809
2. Credit derivatives						
2.1 held for trading						
2.2 related to the fair value option						
2.3 other						
Total B	-	73	217,632	-	160	214,762
Total A + B	426,974	427,831	217,632	319,408	318,654	214,762

Composition of the provisions for liabilities and charges

Captions/Amounts	31.03.2007	31.12.2006
1. Provisions for staff pensions	25,630	25,831
2. Other provisions for liabilities and charges	76,675	73,604
2.1 Litigation	18,475	18,870
2.2 personnel costs	10,725	11,332
2.3 other	47,475	43,402
Total	102,305	99,435

Changes in provisions for liabilities and charges

Captions/Amounts	Total	
	Provisions for pensions	Other provisions
A. Opening balances	25,831	73,604
B. Increases (+)	350	6,837
B.1 Allowances for the period	350	6,428
B.2 Changes due to the passing of time	-	386
B.3 Change s due to changes in the discount rate	-	-
B.4 Other changes	-	23
c. Decreases (-)	551	8,905
C.1 Usage in the period	551	7,919
C.2 Change s due to changes in the discount rate	-	-
C.3 Other changes	-	986
D. Closing balances	25,630	71,536

Composition of the revaluation reserves

Captions/Amounts	31.03.2007	31.12.2006
1. Financial assets available for sale	487,555	506,462
2. Property, plant and equipment	6,683	6,683
3. Intangible assets	-	-
4. Hedging of foreign investments	-	-
5. Hedging of cash flows	1,410	780
6. Exchange differences	-	-
7. Non-current assets held for sale	-	-
8. Special revaluation laws	54,909	54,909
9. Actuarial gains (+) Losses (-) on severance indemnities	1,336	1,282
Total	551,893	570,116

**SUPERVISORY EQUITY AND PRUDENTIAL
REQUIREMENTS AS AT 31.03.2007**

	ESTIMATE
Categories/amounts	Amount
A. SUPERVISORY EQUITY	
A.1 Tier 1 capital	2,039,164
A.2 Tier 2 capital	1,300,747
A.3 Items to be deducted	(167,591)
A.4 Supervisory Equity	3,172,320
B. PRUDENTIAL REQUIREMENTS	
B.1 Credit risk (8% of weighted assets)	2,388,700
B.2 Market Risk	106,910
of which:	
- risks of the trading portfolio	105,992
- exchange risks	918
B.3 Other prudential requirements	37,613
B.4 Total prudential requirements	2,533,223
C. RISK ASSETS AND REGULATORY RATIOS (*)	
C.1 Weighted risk assets	31,665,293
C.2 Tier 1 capital/weighted risk assets	6.44%
C.3 Regulatory capital/weighted risk assets	10.02%

Reconciliation statement of stockholders' equity

	Stockholders' equity	Net income for the period
Shareholder's equity and Parent Banks profit (loss)	2,437,802	(7,637)
Consolidation entries	541,691	88,748
-effects of the line by line consolidation	628,299	83,793
- effects of the valuations at stockholders' equity	11,174	4,310
-effects of inter-group transactions	(97,782)	645
Dividends collected in the period		0
Shareholder's equity and Group profit (loss)	2,979,493	81,111
Minority interests	449,473	9,855
Shareholder's equity and profit (loss) including minority interests	3,428,966	90,966

Composition of interest income and similar revenues

Captions/Forms	Performing assets		Impaired financial assets	Other assets	Total 31.03.2007	Total 31.03.2006
	Debt securities	Loans				
1. Financial assets held for trading	6,905	-	-	767	7,672	7,176
2. - Financial assets designated at fair value	-	-	-	-	-	-
3. Financial assets available for sale	227	-	-	-	227	640
4. Financial assets held to maturity	56	-	-	-	56	186
5. Due from banks	-	14,521	-	-	14,521	14,559
6. Loans to customers	629	402,730	4,977	390	408,726	312,787
7. Hedging derivatives	-	-	-	3,883	3,883	13,935
8. Financial assets sold but not eliminated from the balance sheet	16,589	16,726	-	-	33,315	25,546
9. Other assets	-	-	-	343	343	1,062
Total	24,406	433,977	4,977	5,383	468,743	375,891

Composition of interest and similar expenses

Captions/Forms	Payables	Securities	Other liabilities	Total 31.03.2007	Total 31.03.2006
1. Due to banks	(24,609)	-	-	(24,609)	(17,229)
2. Due to customers	(48,314)	-	(16)	(48,330)	(28,555)
3. Debt securities issued	-	(134,551)	-	(134,551)	(101,165)
4. Financial liabilities held for trading	(4,089)	-	(1,128)	(5,217)	(6,354)

5. Financial liabilities designated at fair value	-	-	-	-	-
6. Liabilities for assets sold but not cancelled	(16,222)	-	-	(16,222)	(9,514)
7. Other liabilities	-	-	(18)	(18)	(25)
8. Hedging derivatives	-	-	(1,091)	(1,091)	(240)
Total	(93,234)	(134,551)	(2,253)	(230,038)	(163,082)

Composition of commission income

Type of services/Amounts	31.03.2007	31.03.2006
a) Guarantees given	4,072	3,490
b) Credit derivatives	-	-
c) Management, dealing and consultancy services:	82,247	87,537
1. trading of financial instruments	2,139	3,745
2. dealing in currency	1,739	1,474
3. portfolio management	38,121	45,087
3.1 individual	10,797	11,183
3.2 collective	27,324	33,904
4. safe custody and administration of securities	1,108	1,305
5. custodian bank	2,574	2,793
6. placement of securities	6,424	7,737
7. acceptance of instructions	6,670	5,357
8. consultancy	-	-
9. distribution of third-party services	23,472	20,039
9.1 portfolio management:	-	-
9.1.1 individual	-	-
9.1.2 Collective	-	-
9.2 Insurance products	18,421	15,772
9.3 other products	5,051	4,267
d) Collection and payment services	15,559	16,429
e) Servicing for securitisation transactions	-	-
f) Factoring services	4,717	5,187
g) Tax collection services	-	-
h) Other services	33,322	33,588
Total	139,917	146,231

Breakdown of commission income by product and service distribution channel

Channel/Sector	31.03.2007	31.03.2006
a) at own branches	59,765	65,460
1. portfolio management	37,189	44,179
2. placement of securities	3,948	4,632
3. Services and products of third parties	18,628	16,649
b) door to door distribution	8,252	7,403
1. portfolio management	932	908
2. placement of securities	2,476	3,105
3. services and products of third parties	4,844	3,390
c) other distribution channels	-	-
1. portfolio management	-	-
2. placement of securities	-	-
3. services and products of third parties	-	-
Total	68,017	72,863

Detail of commission income from “Other services”

Detail of commission income from “Other services”	31.03.2007	31.03.2006
Current accounts	20.699	22,666
- credit line management	2.888	2,902
- home and other loans	2.940	2,414
- foreign	2,041	1,090
- other	4,754	4,516
- loans against pledges		
Total	33,322	33,588

Composition of commission income

Services/Amounts	31.03.2007	31.03.2006
a) guarantees received	(38)	(215)
b) Credit derivatives	-	-
c) management and dealing services:	(11.769)	(12,266)
1. trading of financial instruments	(2.089)	(2,196)
2. dealing in currency	-	-
3. portfolio management:	(1.564)	(1,370)
3.1 own portfolio	(333)	(192)
3.2 third-party portfolio	(1.231)	(1,178)
4. safe custody and administration of securities	(724)	(751)
5. placement of financial instruments	(104)	(112)
6. door-to-door distribution of financial instruments,	(7.288)	(7,837)
d) collection and payment services	(7.199)	(7,403)
h) Other services	(2.216)	(1,788)
Total	(21,222)	(21,672)

Composition of net trading income

Transactions/Income and expense items	Capital gains (A)	Profits from trading (B)	Capital losses (C)	Losses from trading (D)	Net profit [(A+B)-(C+D)]
1. Financial assets held for trading	12,006	9,112	(3,200)	(5,599)	12,319
1.1 Debt securities	3,015	2,186	(2,224)	(1,235)	1,742
1.2 Equity instruments	4	133	(725)	(391)	(979)
1.3 Units in mutual funds	8,987	57	(251)	(53)	8,740
1.4 Loans	-	-	-	-	-
1.5 Other	-	6,736	-	(3,920)	2,816
2. Financial liabilities held for trading	454	-	(217)	-	237
2.1 Debt securities	454	-	(217)	-	237
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange differences	-	-	-	-	(1,078)
4. Derivatives	68,978	335,851	(59,078)	(339,103)	6,648
4.1 Financial derivatives	68,978	335,851	(59,078)	(339,103)	6,648
- On debt securities and interest rates	55,373	324,704	(46,294)	(327,282)	6,501
- On equity instruments and stock indices	2,882	199	(2,053)	(1,537)	(509)
- On foreign currency and gold	-	-	-	-	-
- Other	10,723	10,948	(10,731)	(10,284)	656
4.2 Derivatives on loans	-	-	-	-	-
Total	81,438	344,963	(62,495)	(344,702)	18,126

Composition of hedging gains (losses)

Income and Expense Items/Amounts	31.03.2007	31.03.2006
A. Income from:		
A. Fair value hedging derivatives		
1	4,428	5,080
A. Hedged financial assets (at fair value)		
2	294	-
A. Hedged financial liabilities (at fair value)		
3	9,831	78,936
A. Cash flow hedging derivatives		
4	-	-
A. Assets and liabilities in foreign currencies		
5	-	-
Total hedging gains	14,553	84,016
B. Expenses relating to:		
B.1 Fair value hedging derivatives	(10,092)	(75,085)
B.2 Hedged financial assets (at fair value)	(4,252)	(5,189)
B.3 Hedged financial liabilities (at fair value)	(19)	-
B.4 Cash flow hedging derivatives	-	-
B.5 Assets and liabilities in foreign currencies	-	-
Total expenses related to hedging	(14,363)	(80,274)
C. Net hedging gains (losses) (A – B)	190	3,742

Composition of gains (losses) from disposals/repurchases

Captions/Income and expense items	31.03.2007			31.03.2006		
	Gains	Losses	Net gains/losses	Gains	Losses	Net gains/losses
Financial assets						
1. Due from banks	-	-	-	-	-	-
2. Loans to customers	-	-	-	-	-	-
3. Financial assets available for sale	816	(4)	812	7	1	6
3.1 Debt securities	-	-	-	-	-	-
3.2 Equity instruments	796	-	796	-	-	-
3.3 Units in mutual funds	20	(4)	16	7	(1)	6
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total assets	816	(4)	812	7	(1)	6
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Debt securities issued	1,165	(58)	1,107	613	(126)	487
Total liabilities	1,165	(58)	1,107	613	(126)	487

Components of net impairment adjustments to loans

Transactions/Income and expense items	Adjustments (-)			Write-backs (+)				Total 31.03.2007	Total 31.03.2006
	Specific		Portfolio	Specific		Portfolio			
	Cancelled	Other		interest	other	interest	other		
A. Due from banks	-	-	-	1	-	-	-	1	1
B. Loans to customers	(2,829)	(36,905)	(22,758)	6,589	14,901	22,946	404	(17,652)	(22,151)
Total	(2,829)	(36,905)	(22,758)	6,590	14,901	22,946	404	(17,651)	(22,150)

Composition of payroll costs

Types of expense/Amounts	31.03.2007	31.03.2006
1 1) Employees	(128,011)	(125,036)
a) Wages and salaries	(80,416)	(76,053)
b b) Social security charges	(22,667)	(22,645)
c) Severance indemnity	(1,172)	(409)
d d) Social security expenses	(29)	(17)
e) Provisions for severance indemnities	(4,066)	(4,221)
f) Provisions for the pension fund and similar	(411)	(357)
- defined contribution	(61)	-
- defined benefit	(350)	(357)
g) Payments to additional external benefits	(4,265)	(4,052)
- defined contribution	(4,265)	(4,050)
- defined benefit	-	(2)
h) Costs arising on payment agreements based on	-	(431)
own equity instruments	-	(431)
i) Other benefits in favour of personnel	(14,985)	(16,851)
2 2) Other staff	(1,172)	(776)
3 3) Directors	(2,156)	(2,066)
Total	(131,339)	(127,878)

Composition of other administrative expenses

Detail of other administrative expenses	31.03.2007	31.03.2006
Expenses for telephone, postage, data transmission and alarms	(10,637)	(9,274)
Expenses for repair and maintenance of buildings and furniture	(5,368)	(6,332)
Rental of machines and software	(5,191)	(4,736)
Rental of premises	(6,999)	(6,709)
Expenses for security services	(2,214)	(1,877)
Transport expenses	(3,061)	(2,675)
Professional and consultancy fees	(3,347)	(4,016)
Expenses for various office supplies	(1,277)	(1,494)
Expenses for power, heat and water	(2,909)	(2,853)
Advertising expenses	(2,798)	(3,008)
Legal fees for debt collection	(3,124)	(3,409)
External data processing expenses	(6,659)	(5,968)
Expenses for services provided within the Group	-	-
Insurance premiums	(9,595)	(7,033)
Expenses for credit information	(1,457)	(1,787)
Statutory auditors	(560)	(430)
Membership fees	(484)	(619)
Expenses for treasury contracts with public entities	(2,124)	(1,921)
Other expenses	(1,907)	(2,424)
Total administrative expenses	(69,711)	(66,565)
Indirect taxes and duties:	(16,411)	(16,163)
- VAT	(346)	(404)
- Stamp duty, substitute and other taxes	(16,065)	(15,759)
Total	(86,122)	(82,728)

Composition of other operating income

Detail of other operating income	31.03.2007	31.03.2006
Finance leasing charges	(10)	(6)
Prior-year commission and interest	(1,261)	(1,102)
Expenses from back-dated bank transfers	(2,775)	(1,650)
Depreciation of leasehold improvements	(667)	(696)
Other	(3,109)	(2,628)
Consolidation adjustments	-	-
Total	(7,822)	(6,082)

Composition of other operating expenses

Detail of other operating expenses	31.03.2007	31.03.2006
Property rentals	478	514
Stamp duties and substitute tax recovered	14,474	14,134
Expense recoveries and other income on deposits and current accounts	2,918	3,576
Income from back-dated bank transfers	2,132	1,297
Payroll costs	50	-
Fees on taxes paid	724	1,038
Income from securitisation	-	-
Other income and recharges	25,396	20,890
Consolidation adjustments	-	-
Total	46,172	41,449
Net other expenses and income	38,350	35,367

Consolidated results by sector of activities

With regard to the **primary segment information**, the Banca Lombarda e Piemontese Group has elected to analyze its consolidated results and consolidated financial position by major business segment; this analysis reflects the logical combination of data deriving from the various types of legal entity:

- **“Divisionalised”** (Banca Lombarda, Banco di Brescia, Banca Regionale Europea, Banca di Valle Camonica, Banco di San Giorgio, Banca Lombarda Private Investment and Banca Lombarda International SA);
- **“Non divisionalised”** (product companies);
- **“Service Units”** that provide services and support within the Group.

The sectors describing the results of the Group were selected because they are representative of the major lines of business and comply with regulations covering the link between internal management reporting and the information used for external reporting. They are as follows: **Retail, Corporate, Private** (together comprising the **Commercial Activities of the Network Banks**), **Near-Banking, Wealth Management** and **Central Offices and Departments**. The sectors comprising Commercial Activities essentially reflect the customer segmentation of the Group's network banks, which are divisionalised for internal reporting purposes applying conduct/qualitative and quantitative criteria.

The following criteria have been adopted for determining the net operating results:

- **interest margin** generated by the segments of each divisionalised business reflects their contribution, based on internal transfer prices that vary by product and maturity; with regard to other Group entities, this margin reflects the difference between interest income and similar revenues and interest expense and similar charges;
- **net commission income** is determined by directly allocating actual commissions to each business segment;
- **net adjustments** for impairment are allocated to the business segments that generated them;
- **operating expenses** are allocated on a full-costing basis, such that all operating costs are allocated to the various business segments.

Statement of income

(amounts in thousands of euro)

	RETAIL		CORPORATE		PRIVATE		NEAR-BANKING		WEALTH MANAGEMENT		INFRAGROUP CENTRAL OFFICES AND DEPARTMENTS		CONSOLIDATED	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
Net interest and other banking income	221,657	202,174	59,724	60,561	11,468	10,036	33,727	36,184	11,660	15,105	39,690	36,018	377,925	360,078
Net adjustments	-10,537	-11,585	5,353	-4,640	-147	1	-11,346	-6,052	-28	-52	-1,024	-408	-17,730	-22,736
Net financial income	211,120	190,589	65,077	55,921	11,320	10,037	22,381	30,132	11,632	15,053	38,666	35,611	360,195	337,342
Operating costs	-121,798	-110,138	-22,287	-17,803	-4,797	-4,048	-9,312	-10,858	-7,049	-7,865	-37,982	-41,749	-203,225	-192,461
Profit from operating activities before tax	89,321	80,451	42,789	38,117	6,524	5,989	13,069	19,274	8,818	10,581	1,063	-5,708	161,585	148,704

Balance sheet

(amounts in millions of euro)

	RETAIL		CORPORATE		PRIVATE		NEAR-BANKING		WEALTH MANAGEMENT		INFRAGROUP CENTRAL OFFICES & DEPARTMENTS		INFRAGROUP CANCELLATIONS		CONSOLIDATED	
	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006	31/03/2007	31/03/2006
Due from banks	0	0	0	0	0	0	205	260	274	22	9,184	6,856	-7,627	-4,843	2,036	2,295
Loans to customers	10,072	9,249	13,765	12,743	91	67	7,162	6,219	1	2	5,251	4,382	-4,640	-3,764	31,682	28,897
Financial assets	0	0	0	0	0	0	20	16	62	69	4,742	4,326	-161	-160	4,652	4,240
Due to banks	0	0	0	0	0	0	5,366	4,334	253	1	9,414	6,515	-10,916	-7,698	4,115	3,151
Due to customers	11,486	11,030	3,120	2,689	677	609	146	71	0	0	1,246	1,826	-278	-311	16,396	15,963
Debt securities issued	4,781	4,513	78	73	137	92	1,448	1,728	0	0	9,077	7,366	-1,254	-777	14,267	12,994

Bank networks

This segment, which represents the Group's "core business", comprises the traditional banking activities (retail, private and corporate business units) and such related activities as the network of financial consultants, the promotion of bancassurance and pension products and the provision of electronic banking facilities.

"Retail" Business Unit

This Business Unit supports the "household" and "small business" customers (over one million accounts) of the Group's retail banks (Banco di Brescia, BRE Banca, Banca di Valle Camonica, Banco di San Giorgio, Cassa di Risparmio di Tortona, Banca Lombarda Private Investment, Banca Lombarda International).

The business unit has 797 branches, 90% in the north, 9% in central Italy and 1% in the south, as well as three foreign branches.

The integration of the networks has resulted in the extension to all banks of the Group's distribution model, which specialises by type of customer. Account managers at the retail branches look after "wealthy" and "small business" customers, focusing respectively on high net worth individuals and professionals, farmers, artisans and other small businesses.

This Business Unit has 4,869 employees (including 554 financial consultants), who work in 37 retail commercial units.

The Retail Business Unit manages direct funding of 16,267 million euro, with indirect deposits of 19,339 million euro and customer loans of 10,072 million euro.

With regard to the statement of income, the net interest and other banking income of the BU amounted to 221.7 million euro, up 9.6% with respect to the first quarter 2006.

Operating costs, amounting to 121.8 million euro are up by 10% compared to the same period of the previous year.

Profit from operating activities, 89.3 million euro, was 10% higher than the corresponding period last year.

“Private” Business Unit

This Business Unit looks after customers of high standing, with an entry level of around 1.5 million euro.

Approximately 7,000 private customers are served by 82 Relationship Managers at 21 operational centres.

The Private Business Unit Private is responsible for direct deposits of 814 million euro and about 4,496 million euro in indirect deposits.

The net interest and other banking income generated by the Business Unit (11.5 million euro) was 14.3% higher than in 2006.

Operating costs are essentially unchanged compared to 2006 at approximately 4.8 million euro.

Profit from operating activities has improved from 5.9 to 6.5 million euro (+8.2%).

“Corporate” Business Unit

The corporate Business Unit looks after the business customers of the Group's retail banks (from medium-sized businesses to national-level groups).

The organization dedicated to this customer segment comprises: 69 business units, 95% in the north and 5% in central Italy; 403 account managers work with specialist teams for the granting and management of credit.

There are about 23,000 corporate customers.

This Business Unit manages loans to customers of about 13,765 million euro; direct deposits of 3,198 million euro and indirect deposits of approximately 2,314 million euro.

The corporate B.U. had a gross profit of 42.8 million euro, up by 11% compared to March 31, 2006, and it ranks second insofar as contribution to consolidated profit.

Wealth Management

This Business Unit includes the activities of the Group companies that provide asset management products (mutual funds/sicavs/hedge funds) to the network banks, as well as the depositary bank activities carried out by Banca Regionale Europea on behalf of the Grifogest

and Banco di Brescia for the Capitalgest funds, the activities of the Group's trust companies and profits from the investment in Lombarda Vita.

In order to place its products, this segment mainly uses the Group's branch network as well as the grassroots network of financial consultants operated by Banca Lombarda Private Investment, with assets under management at the end of March 2006 of about 18,238 million euro.

The contribution of the Wealth Management B.U. to operations was 8.6 million euro, down by approximately 20% compared to 31 March 2006. We note furthermore that the income as at 31 March 2007 does not include the performance commissions which are recognized at the end of the year, while the figure presented for 31 March 2006 included approximately 3 million euro of such commissions.

Near-banking

The “Near-banking” business unit is responsible for leasing, factoring and consumer credit. Operations in these sectors are carried out via the following Group subsidiaries: SBS Leasing, CBI Factor and Silf.

Lending by the companies belonging to this business unit totals about 7,162 million euro at the end of March 2007.

The revenues of the near-banking sector totalled 33.7 million euro (6.8% compared to 2006). Operating costs rose by 14% during the period to 9.3 million euro. Profit from operating activities is approximately 13 million euro.

Central offices and departments

The central offices and departments comprise the holding company activities, finance, the management of equity investments, the IT company and the two property companies, as well as the central offices of the network banks and “institutional customers” (group companies, associated companies, foundations, major entities and public and private enterprises) that work directly with top management.

The main components comprise the structures responsible for the strategic direction, governance and control of the other business units, as well as Lombarda Sistemi e Servizi, the Group's operational and technological hub.

Profitability therefore reflects the cross functional nature of these activities, which incur costs on a centralised basis and on behalf of other Group companies, not all of which are recharged down to operational level.

The Central Offices posted profits from operating activities of 1.1 million for the first quarter of 2007, against a loss of 5.7 million euro for the same period in 2006.

Significant events occurring after the end of the quarter

On 1 April the merger by incorporation of Banca Lombarda e Piemontese S.p.A into Banche Popolari Unite Scpa became effective, with the latter changing its name to Unione di Banche Italiane S.c.p.A.

With the authorization of the Italian Antitrust Authority (the details of which are set forth below), the approval process for the merger was concluded and the competent authorities issued the required permission.

* * *

Conditional authorisation for the merger between Banca Lombarda and BPU Banca

On 13 April, the Antitrust Authority declared its conditional authorisation of the merger between Banca Lombarda e Piemontese and BPU Banca, accepting and rendering binding the commitments of the parties.

In particular, the new structure (UBI Banca) must dispose of a number of branches in the provinces of Brescia and Bergamo so as to bring its share of the local market down to the maximum level of 35 per cent. The contracts for these disposals must be entered into with independent individuals who are not shareholders of the new bank within the next 7 months and the sale must be completed within 10 months. In particular, between 11 and 22 branches must be disposed of in Brescia while between 6 and 12 branches must be disposed of in Bergamo.

Furthermore, to avoid the structural ties between UBI Banca and the Intesa Sanpaolo group resulting in a weakening of the competition between the two banking groups, UBI Banca:

- 1) will not become a signatory to any shareholder voting agreements and consultations to be entered into regarding Intesa Sanpaolo S.p.A.
- 2) will not reconstruct the “Gruppo Lombardo” (the group composed of Banca Lombarda, Carlo Tassara S.p.A. and Mittel Partecipazioni Stabili S.r.l. which had participated in the Banca Intesa agreement, which was later dissolved upon the merger of Intesa-San Paolo) or become a member thereof, should it be reconstructed by its former participants. In any case, UBI Banca will not enter into any sub-shareholders’ agreements that could be concluded in relation to Intesa Sanpaolo,

having participants and/or purposes and/or contents that are similar to those in the agreement linking the partners in the “Gruppo Lombardo”.

3) Should Carlo Tassara S.p.A. and/or Mittel partecipazioni Stabili s.r.l. enter into a shareholders' voting agreement or consultation related to Intesa Sanpaolo, UBI Banca will ensure that no natural persons are nominated to its governing body that directly or indirectly control the aforementioned companies and/or hold offices in the governing boards thereof. If already present, the natural persons must be removed.

Within 60 days, UBI Banca must submit an initial report on the implementation of the measures required by the provision and, following that, a detailed report on the procedures that will be implemented for their adoption within the required time.

* * *

On April 2, the Supervisory Committee appointed the Management Committee.

The Management Committee which met on the same date, immediately following its appointment, appointed Paolo Nava as Secretary. The Management Committee appointed Giampiero Auletta Armenise Chief Executive Officer. It also appointed Victor Massiah as General Manager and Graziano Caldiani as Co-General Manager. The main macro-areas of responsibility were assigned to the following Deputy General Managers: Francesco Iorio (Sales), Rossella Leidi (Strategy and Control), Ettore Medda (Administration and Compliance) and Gian Cesare Toffetti (International Finance). Graziano Caldiani will remain in charge of Human Resources. Deputy General Managers Pierangelo Rigamonti and Elvio Sonnino will coordinate the selection of the information system together, while remaining responsible for the operating equipment of the two original Groups. Furthermore reporting directly to the General Manager will be the Officer in charge of Organisation Andrea Tassoni, the Officer in charge of Credit Giovanni Lupinacci, the Officer in charge of Credit Recovery Enrico Bottoli and the Officer in charge of Area Risk Management, Vincenzo Sardone.

Also at the beginning of April, as more fully specified in the specific paragraph, the three rating agencies, following the completion of the merger between Banca Lombarda and BPU Banca, withdrew their initial ratings while Moody's and Standard & Poor's confirmed the ratings assigned to the BPU Banca, while Fitch improved the rating and outlook.

Two weeks later, Moody's improved its judgement on the long term debt and the intrinsic financial solidity of UBI Banca, changing the outlook to positive.

Finally, on May 5 the ordinary Stockholders' Meetings held in second call, approved the financial statements and the distribution of the profits of Banca Lombarda Spa and BPU Banca Scpa for financial year 2006 and the appointment of two Supervisory Directors, Mssrs. Giovanni Bazoli and Alberto Folonari, who replaced Mssrs. Pierfrancesco Rampinelli Rota and Franco Polity, the two directors who resigned.

Transactions with Group companies and related parties

Information on the remuneration of Directors, Auditors and managers

Following is the detailed information on the remuneration:

<i>(amounts in euro)</i>			
FIRST AND LAST NAME	OFFICE HELD WITHIN THE PARENT BANK	PERIOD DURING WHICH THE OFFICE WAS HELD	TOTAL REMUNERATION
Directors			
Gino Trombi	Chairman And member of the E.C.	1/1-31/3/07	155,847.26
Alberto Folonari	Senior Vice-Chairman and member of the E.C.	1/1-31/3/07	47,772.26
Giovanni Bazoli	Vice-Chairman and member of the E.C.	1/1-31/3/07	45,673.53
Corrado Faissola	Chief Executive Officer and member of the E.C.	1/1-31/3/07	368,022.26
Mario Cera	Director/Secretary and member of the E.C.	1/1-31/3/07	112,722.26
Luigi Bellini	Director	1/1-31/3/07	10,963.73
Piero Bertolotto	Director and member of the E.C.	1/1-31/3/07	104,397.26
Sergio Borlenghi	Director	1/1-31/3/07	9,564.15
Giuseppe Camadini	Director and member of the E.C.	1/1-31/3/07	38,677.69
Mario Cattaneo	Director and member of the E.C.	1/1-31/3/07	34,071.81
Virginio Fidanza	Director	1/1-31/3/07	10,263.73
Pietro Gussalli Beretta	Director	1/1-31/3/07	31,504.63
Giuseppe Lucchini	Director	1/1-31/3/07	9,564.15
Federico Manzoni	Director	1/1-31/3/07	10,963.73
Felice Martinelli	Director	1/1-31/3/07	9,564.15
Giovanni Minelli	Director	1/1-31/3/07	11,290.00
Pierfrancesco Rampinelli Rota	Director	1/1-31/3/07	15,263.73
Adriano Rodella	Director	1/1-31/3/07	9,564.15
Matteo Viglietta	Director	1/1-31/3/07	8,864.58
Romain Zaleski	Director	1/1-31/3/07	9,564.15
			1,054,119.21
Statutory auditors			
Sergio Pivato	Chairman of the Board of Statutory Auditors	1/1-31/3/07	71,700.00
Angelo Coen	Auditor	1/1-31/3/07	48,050.00
Filippo Rovetta	Auditor	1/1-31/3/07	63,853.71
Broli Vincenzo	Alternate auditor	1/1-31/3/07	0
Confalonieri Marco	Alternate auditor	1/1-31/3/07	3,799.99
			187,403.70
Victor Massiah	General Manager	1/1-31/3/07	329,637.59
Grand total			1,571,160.50

In some companies, attendance fees are paid to the Members of the Board of Directors at the end of the year on the basis of actual meetings attended.

As previously stated, the Group's organisational structure as at 31 March 2007 centralises certain functions and services of the subsidiaries within the Parent Bank, Banca Lombarda e Piemontese, and Lombarda Sistemi e Servizi. These service relationships are remunerated on market terms, taking account of the overheads and depreciation associated with the related investment.

As regards the activity of management control and coordination on the part of the Parent Bank, as requested by art. 2497 bis of the Italian Civil Code, we would point out that this activity concerns all aspects of banking operations.

Indeed, in addition to defining policy guidelines as part of an overall Group strategy and issuing instructions on how Bank of Italy recommendations in the interest of Group stability are to be executed, the Parent Bank also manages, under specific outsourcing agreements, the Bank's own security portfolio and treasury function, the accounting and administrative area, planning and management accounting, and risk management. As regards the accounting and administrative area in particular, the Bank's management control and coordination activity could also be seen in the Bank's option to file for tax on a consolidated basis, which led to current taxes being calculated on a Group-wide basis.

The fact that the Parent Bank performs this activity on an outsourcing basis makes it possible to benefit from better conditions compared with ordinary market terms, given the standardisation of the services offered by the Parent Bank to the various Group entities and, as a result, the economies of scale that are realised.

Transactions with related parties

The relations of Banca Lombarda e Piemontese and the Group companies with other related parties relate to normal financial intermediation and services. These transactions are monitored to identify possible conflicts of interest and are conducted on the usual terms for prime customers.

Below we present the information regarding cash loans and credit commitments towards directors, auditors and the general manager. The indirect cash loans include indirect bonds relating to subsidiaries.

	Cash loans		Credit commitments
	direct	indirect	
Directors	278	145,812	103
Statutory auditors	350	-	-
General Manager	519	-	-
	<u>1,147</u>	<u>145,812</u>	<u>103</u>

QUARTERLY REPORT OF BANCA LOMBARDA E PIEMONTESE S.P.A.

Balance sheet

ASSETS

(amounts in euro)

	Assets	31/03/2007	31/12/2006	Changes	
				Absolute	%
10	Cash and cash equivalents	48,885,757	63,133,487	(14,247,730)	(22.6)
20	Financial assets held for trading	3,013,097,243	2,728,586,779	284,510,464	10.4
40	Financial assets available for sale	873,428,067	890,947,316	(17,519,249)	(2.0)
60	Due from banks	5,187,284,606	3,880,242,502	1,307,042,104	33.7
70	Loans to customers	4,078,113,997	3,891,149,372	186,964,625	4.8
80	Hedging derivatives	28,981,870	53,161,439	(24,179,569)	(45.5)
100	Equity investments	2,153,547,412	2,108,859,166	44,688,246	2.1
110	Property, plant and equipment	50,934,254	49,922,389	1,011,865	2.0
120	Intangible assets	77	103	(26)	(25.2)
130	Tax assets	73,228,850	72,207,306	1,021,544	1.4
	<i>a) current</i>	<i>56,597,618</i>	<i>49,977,316</i>	<i>6,620,302</i>	<i>13.2</i>
	<i>b) prepaid</i>	<i>16,631,232</i>	<i>22,229,990</i>	<i>(5,598,758)</i>	<i>(25.2)</i>
140	Non-current assets held for sale	12,498,318	12,498,318	-	-
150	Other assets	97,521,176	89,128,913	8,392,263	9.4
	Total assets	15,617,521,627	13,839,837,090	1,777,684,537	12.8

LIABILITIES
(amounts in euro)

	Liabilities and stockholders' equity	31/03/2007	31/12/2006	Changes	
				Absolute	%
10	Due to banks	5,822,547,526	4,869,008,977	953,538,549	19.6
20	Due to customers	59,812,120	32,102,381	27,709,739	86.3
30	Debt securities issued	6,396,211,291	5,602,364,527	793,846,764	14.2
40	Financial liabilities held for trading	745,353,632	635,145,361	110,208,271	17.4
60	Hedging derivatives	619,640	588,373	31,267	5.3
80	Tax liabilities	65,162,264	67,326,660	(2,164,396)	(3.2)
	<i>a) current</i>	3,501,255	3,599,534	(98,279)	(2.7)
	<i>b) deferred</i>	61,661,009	63,727,126	(2,066,117)	(3.2)
100	Other liabilities	80,790,588	157,730,216	(76,939,628)	(48.8)
110	Severance indemnities	10,835,559	10,749,485	86,074	0.8
120	Provisions for liabilities and charges	6,023,851	10,009,073	(3,985,222)	(39.8)
	<i>b) other provisions</i>	6,023,851	10,009,073	(3,985,222)	(39.8)
130.	Revaluation reserves	491,992,965	509,003,101	(17,010,136)	(3.3)
160.	Reserves	589,203,583	319,011,551	270,192,032	84.7
170.	Additional paid-in capital	1,001,589,428	1,001,589,428	-	-
180.	Capital stock	355,015,926	355,015,926	-	-
200.	Net income ((loss) for the period (+/-)	(7,636,746)	270,192,031	(277,828,777)	n.a.
Total liabilities and stockholders' equity		15,617,521,627	13,839,837,090	1,777,684,537	12.8

Statement of income
(amounts in euro)

	Statement of income	31/03/2007	31/03/2006	Changes	
				Absolute	%
10.	Interest income and similar revenues	99,812,517	60,750,173	39,062,344	64.3
20.	Interest expense and similar charges	(111,830,910)	(70,724,098)	(41,106,812)	58.1
30.	NET INTEREST INCOME	(12,018,393)	(9,973,925)	(2,044,468)	20.5
40.	Commission income	2,148,511	2,480,689	(332,178)	(13.4)
50.	Commission expense	(846,527)	(1,039,973)	193,446	(18.6)
60.	NET COMMISSION INCOME	1,301,984	1,440,716	(138,732)	(9.6)
70.	Dividends and similar income	182,821	10,973,653	(10,790,832)	n.a.
80.	Net trading income	14,175,761	15,852,115	(1,676,354)	(10.6)
90.	Net hedging gains (losses)	(28,579)	360,232	(388,811)	n.a.
100.	Gains/losses on disposal or repurchase of:	20,779	(5,683)	26,462	n.a.
	<i>d) financial liabilities</i>	20,779	(5,683)	26,462	n.a.
120.	NET INTEREST AND OTHER BANKING INCOME	3,634,373	18,647,108	(15,012,735)	(80.5)
130.	Net impairment adjustments	15,899	(61,035)	76,934	n.a.
	<i>a) loans</i>	15,899	59,859	(43,960)	(73.4)
	<i>b) financial assets available for sale</i>	-	(120,894)	120,894	n.a.
140.	NET FINANCIAL INCOME	3,650,272	18,586,073	(14,935,801)	(80.4)
150.	Administrative costs:	(21,059,083)	(21,169,230)	110,147	(0.5)
	<i>a) payroll</i>	(11,468,590)	(10,994,597)	(473,993)	4.3
	<i>b) other administrative costs</i>	(9,590,493)	(10,174,633)	584,140	(5.7)
160.	Net provisions for liabilities and charges	(890,552)	(1,160,433)	269,881	(23.3)
170.	Net adjustments/write backs to property, plant and equipment	(450,494)	(472,954)	22,460	(4.7)
180.	Net adjustments/write backs to intangible assets	(26)	(26)	-	-
190.	Other operating income/expenses	7,890,055	8,597,208	(707,153)	(8.2)
200.	OPERATING COSTS	(14,510,100)	(14,205,435)	(304,665)	2.1
210.	Income (losses) from equity investments	(36,085)	(35,000)	(1,085)	3.1
240.	Gains (losses) on disposal of investments	14,167	-	14,167	n.a.
250.	PROFITS (LOSSES) FROM ORDINARY ACTIVITIES BEFORE TAX	(10,881,746)	4,345,638	(15,227,384)	n.a.
260.	Income tax on operating activities	3,245,000	942,248	2,302,752	n.a.
270.	PROFITS (LOSSES) FROM ORDINARY ACTIVITIES NET OF TAXES	(7,636,746)	5,287,886	(12,924,632)	n.a.
290.	NET INCOME (LOSS) FOR THE PERIOD	(7,636,746)	5,287,886	(12,924,632)	n.a.

Statement of changes in stockholders' equity
Changes as at 31 March 2006
(amounts in euro)

	Balances as of 31.12.2005	Changes to opening balance	Balances as of 01.01.2006	Allocation of results for the previous year		Changes in reserves	Changes during the period						Net income (loss) as of 31.03.2006	Stockholders' equity as of 31.03.2006
				Reserve	Dividends and other utilization		Equity transactions							
							Issue of new shares	Purchase of treasury shares	Extraordinary distributions of dividends	Change in equity instruments	Distributions on treasury shares	Stock options		
Capital stock:	322,292,258	-	322,292,258	-	-	-	-	-	-	-	-	-	-	322,292,258
a) ordinary shares	322,292,258	-	322,292,258	-	-	-	-	-	-	-	-	-	-	322,292,258
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	661,268,427	-	661,268,427	-	-	-	-	-	-	-	-	-	-	661,268,427
Reserves:	271,344,189	-	271,344,189	175,721,538	-	-	-	-	-	-	431,364	-	-	447,497,091
a) retained earnings	260,799,735	-	260,799,735	175,721,538	-	-	-	-	-	-	431,364	-	-	436,952,637
b) other	10,544,454	-	10,544,454	-	-	-	-	-	-	-	-	-	-	10,544,454
Revaluation reserves:	312,668,034	-	312,668,034	-	-	62,020,063	-	-	-	-	-	(194,759)	-	374,493,338
a) available for sale	275,078,235	-	275,078,235	-	-	62,020,063	-	-	-	-	-	(194,759)	-	337,098,298
b) coverage of cash flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c) special revaluation laws	38,153,563	-	38,153,563	-	-	-	-	-	-	-	-	-	-	38,153,563
d) other	(563,764)	-	(563,764)	-	-	-	-	-	-	-	-	(194,759)	-	(758,523)
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss) for the period	175,721,538	-	175,721,538	(175,721,538)	-	-	-	-	-	-	-	5,287,886	-	5,287,886
Stockholders' equity	1,743,294,446	-	1,743,294,446	-	-	62,020,063	-	-	-	-	431,364	(194,759)	5,287,886	1,810,839,000

Statement of changes in stockholders' equity
Changes as at 31 March 2007
(amounts in euro)

	Balances as of 31.12.2006	Changes in opening balances	Balances as of 01.01.2007	Allocation of results for the previous year		Changes during the period								Balances as of 31.03.2007	
				Reserves	Dividends and other withdrawals	Changes in reserves	Equity transactions					Actuarial gains/losses on defined benefit plans	Net income (loss) at 31.03.2007		
							Issue of new shares	Purchase of treasury shares	Extraordinary distributions to shareholders	Change in equity instruments	Write-down of treasury shares				Stock up flows
Capital stock:	355,015,926	-	355,015,926	-	-	-	-	-	-	-	-	-	-	-	355,015,926
a) ordinary shares	355,015,926	-	355,015,926	-	-	-	-	-	-	-	-	-	-	-	355,015,926
b) other shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional paid-in capital	1,001,589,428	-	1,001,589,428	-	-	-	-	-	-	-	-	-	-	-	1,001,589,428
Reserves:	319,011,551	-	319,011,551	270,192,031	-	-	-	-	-	-	-	-	-	-	589,203,582
a) retained earnings	307,604,370	-	307,604,370	270,192,031	-	-	-	-	-	-	-	-	-	-	577,796,401
b) other	11,407,181	-	11,407,181	-	-	-	-	-	-	-	-	-	-	-	11,407,181
Revaluation reserves:	509,003,101	-	509,003,101	-	-	16,947,843	-	-	-	-	-	(62,293)	-	-	491,992,965
a) available for sale	470,524,677,000	-	470,524,677	-	-	(16,947,843)	-	-	-	-	-	-	-	-	453,576,834
b) coverage of cash flows	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c) special revaluation losses	38,153,363	-	38,153,363	-	-	-	-	-	-	-	-	-	-	-	38,153,363
d) other	324,861	-	324,861	-	-	-	-	-	-	-	-	(62,293)	-	-	262,568
Equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss) for the period	270,192,031	-	270,192,031	(270,192,031)	-	-	-	-	-	-	-	-	7,636,746	-	(7,636,746)
Stockholders' equity	2,454,812,037	-	2,454,812,037	-	-	16,947,843	-	-	-	-	-	(62,293)	7,636,746	-	2,430,165,155

Cash flow statement

(amounts in euro)

A. OPERATING ACTIVITIES	Amount	
	31/03/2007	31/03/2006
1. OPERATIONS	(27,770,245)	(4,127,723)
- Result for the period (+/-)	(7,636,746)	5,287,886
- Gains/losses from financial assets held for trading and from financial assets/liabilities at fair value (-/+)	(18,303,661)	449,908
- Gains/losses from hedging activities (-/+)	28,579	(360,232)
- Net impairment adjustments (+/-)	(15,899)	(59,859)
- Net adjustments/write backs to property, plant and equipment and intangible assets (+/-)	450,520	472,980
- Net provisions for contingencies and charges and other costs/revenues (+/-)	951,962	(8,976,158)
- Taxes not yet paid (-)	(3,245,000)	(942,248)
- Net adjustments/write backs to disposal groups, net of the tax effect (+/-)	-	-
- Other adjustments (+/-)	-	-
2. NET LIQUIDITY GENERATED/ABSORBED BY FINANCIAL ACTIVITIES	(1,766,981,319)	656,305,110
- Financial assets held for trading	(266,206,803)	(182,154,896)
- Financial assets designated at fair value	-	-
- Financial assets available for sale	(255,030)	(734,474)
- Due from banks: on demand	(1,307,042,104)	842,810,624
- Due from banks: other loans	-	-
- Loans to customers	(187,149,343)	(1,981,341)
- Other assets	(6,328,039)	(1,634,803)
3. NET LIQUIDITY GENERATED/ABSORBED BY FINANCIAL LIABILITIES	1,826,471,619	(658,373,006)
Due to banks : on demand	953,538,549	(391,750,083)
Due to banks : other payables	-	-
- Due to customers	27,709,739	4,898,984
- Debt securities issued	797,589,975	(48,085,168)
- Financial liabilities held for trading	110,208,271	(258,061,099)
- Financial liabilities designated at fair value	-	-
- Other liabilities	(62,574,915)	34,624,360
Net liquidity generated/absorbed by operating activities	31,720,055	(6,195,619)
B. INVESTING ACTIVITIES		
1. NET LIQUIDITY GENERATED BY	186,045	10,973,653
- Sales of investments	-	-
- Dividends collected from investments	182,821	10,973,653
- Sale of financial assets held to maturity	-	-
- Disposal of property, plant and equipment	-	-
- Sales of intangible assets	3,224	-
- Sales of businesses	-	-
2. NET LIQUIDITY ABSORBED BY:	46,153,830	372,715
- Purchases of investments	44,688,246	22,599
- Purchases of financial assets held to maturity	-	-
- Purchases of property, plant and equipment	1,465,584	350,116
- Purchases of intangible assets	-	-
- Purchases of businesses	-	-
Net liquidity generated/absorbed by investing activities	(45,967,785)	10,600,938
C. FUNDING ACTIVITIES		
- Issue/purchases of treasury shares	-	-
- Issue/purchase of equity instruments	-	-
- Distribution of dividends and other movements	-	-
Net liquidity generated/absorbed by funding activities	-	-
NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD	(14,247,730)	4,405,319

KEY: (+)GENERATED (-) ABSORBED

RECONCILIATION

Captions	Amount	
	31/03/2007	31/03/2006
Cash and cash equivalents at the beginning of the period	63,133,487	41,680,414
Total net liquidity total generated/absorbed during the period	(14,247,730)	4,405,319
Cash and cash equivalents: effect of the change in exchange rates	-	-
Cash and cash equivalents at the end of the period	48,885,757	46,085,733

Adoption of the code of conduct for listed companies

The Board of Directors of Banca Lombarda e Piemontese has implemented the indications regarding corporate-governance set forth within the ‘**code of conduct**’ of listed companies drawn up by Borsa Italiana, as a further sign of transparency and correctness towards the market.

To this effect, we note that Borsa Italiana, in light of the changes in best practices and given the changed national and international regulatory framework, has prepared a new code of conduct; issuers are urged to apply the new code by the end of 2006 and to inform the market through the corporate governance report to be published in 2007.

Banca Lombarda e Piemontese has always been sensitive to the problems of corporate governance and has therefore already set up a structure that is in line with the best practices recommended in the aforementioned code, which is also in compliance with a complex system of regulations that imposed very specific rules aimed at ensuring the good conduct of the company (e.g., insofar as the operations of the Board of Directors as dictated by Bank of Italy, and the professionalism and honour of the representatives of the bank as defined by the Italian Ministry of the Treasury). To this end, we proceeded to comply with several principles set forth in the code, which the bank was already contemplating, in order to complement the provisions of the Articles of Association which already regulated the operation of the companies coherently with the code and the applicable regulations for listed banks. These identified the central function of the Board of Directors which is responsible for the formulation of strategic and organisational policies as well as ensuring that the necessary controls are in place to monitor the performance of the company.

In this sense therefore, the establishment of a “Remuneration Committee” and a “Committee for Internal Control” had already been planned. A significant role was attributed to independent non-executive directors insofar as the appointment of the members of these committees.

The Board of Directors also implemented the changes made to the code by the Committee for Corporate Governance in 2002.

To implement the provisions issued by Borsa Italiana which became applicable on 1 January 2003, Banca Lombarda drew up a code of conduct that was approved by the Board of Directors in its meeting of 11/12/2002.

Following the implementation by Italy of the market abuse directive with the community law of 2004 and the adoption by Consob of the corresponding implementing regulations, the obligation to communicate to the public the transactions carried out by significant persons and persons who are

closely related to them involving the financial instruments of the company, was introduced at the legislative level.

Consequently, as specified by Borsa Italiana itself, the internal dealing regulations issued by Borsa Italiana were rescinded as from the effective date of the new provisions which was set for 1 April 2006.

In order to implement the aforementioned regulations, on 22 March 2006 the Board of Directors approved a new “Regulation for transactions carried out by significant persons and closely related persons” pursuant to applicable regulations, effective as from 1 April 2006.

The new provisions cover the provisions of the Borsa Italiana for internal dealing.

The individuals to whom the communication obligations apply are the Directors, Auditors, members of General Management and the Officer in charge of Finance of Banca Lombarda e Piemontese S.p.A. and the persons who are closely related to them.

The following do not fall under the communication obligation:

- a) transactions the total amount of which does not exceed 5,000 euro by the end of the year; for connected derivative financial instruments the amount is calculated on the basis of the underlying shares;
- b) the transactions carried out between the significant person and the persons closely related to him/her;
- c) the transactions carried out by the same listed issuer and by companies that are controlled by the latter.

In light of the new provisions, the Board of Directors issued a new regulation named "Regulation for the management and processing of confidential information and for the external communication of documents and information," so as to ensure the appropriate management of confidential information concerning Banca Lombarda e Piemontese S.p.A. and its subsidiaries.

This regulation identifies the responsibilities of management concerning such information, defines the rules of conduct that directors, auditors and employees of Banca Lombarda and the companies it controls must abide by and the procedures for communicating documents and information externally, with particular reference to price sensitive information.

In order to dispose of an appropriate instrument with which to identify individuals that have access to privileged information, pursuant to art. 115 bis of Legisl. Decree 58/98 and the relative implementing regulation, a **Register of persons that have access to privileged information of**

Banca Lombarda and its financial instruments” was set up in a centralized form for the Group at Banca Lombarda which contains:

1. the identity of persons that have access to privileged information due to their work or professional activity or operations carried out on behalf of the individual which is listed on the Register;
2. the reason why the person is listed in the Register;
3. the date of each update.

The interested party is promptly informed of his/her listing on the Register.

Also on the basis of the indications contained in the code of conduct, the Board of Directors approved an “**Internal regulation on transactions with related parties**” which contains the guidelines for conducting transactions with related parties and therefore the principles of conduct that must be observed by corporate organs and structures insofar as decisions and acts regarding transactions with said counterparties.

We can therefore affirm that the company’s rules of governance and control that are currently applicable in the Articles of Association and the organizational structure have been compiled under criteria of maximum transparency and operability and are based on the central position of the Board of Directors while their purpose is to create value for shareholders.

Stockholders and share ownership

The authorized, subscribed and paid in capital stock of Banca Lombarda as at 31 March 2007 amounted to 355,015,926 euro, divided into 355,015,926 shares each having a par value of 1 euro.

The stockholders who held a percentage of Banca Lombarda in excess of 2% on the basis of the available information and the capital stock as at 31 March 2007 were the following:

Stockholders	No. of shares	% Capital stock:
Carlo Tassara S.p.A.	17,574,355	4.95%
Fondazione Cassa di Risparmio di Cuneo	17,487,272	4.93%
Fondazione Banca del Monte di Lombardia	17,363,412	4.89%
Solofid S.p.A.^(a)	12,161,647	3.43%
Societa` Cattolica di Assicurazione Scarl	9,553,090	2.69%
La Scuola S.p.A.^(b)	7,455,480	2.10%

(a) Stockholding held in trust. On the basis of the declaration of the trustee, none of the beneficiaries directly or indirectly possess a number of shares exceeding 2% of the capital stock.

b) A subsidiary of Opera Educazione Cristiana.

Shareholder's agreement

Up to 31 March 2007, a shareholders' agreement was in effect concerning the blocking of the Banca Lombarda shares and the concerted exercise of the vote only insofar as Extraordinary Shareholders' Meetings called to deliberate on changes to the Articles of Association.

The agreement had been underwritten by 305 stockholders that had contributed 166,380,305 Banca Lombarda shares which made up 46.86% of the capital stock.

The contents of the agreement and the subsequent updates thereto have always been communicated to Consob and the Banca d'Italia pursuant to the applicable regulations and they have been published in the daily newspaper "ItaliaOggi."

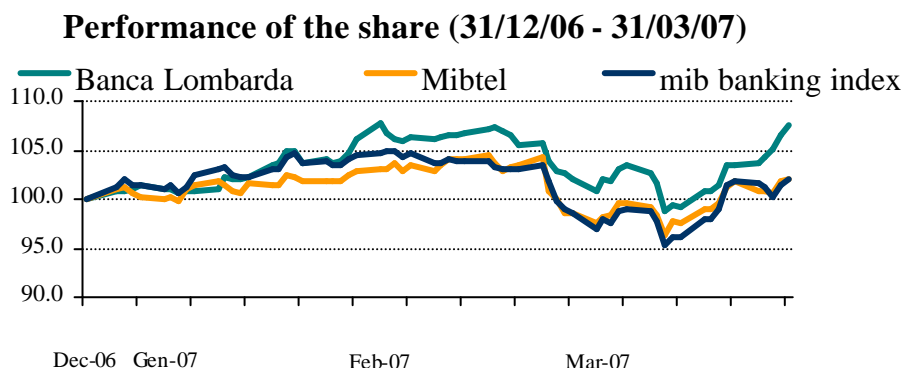
With effect from 1 April 2007, Banca Lombarda e Piemontese SpA was merged into Banche Popolari Unite Scpa by incorporation, while the name of the latter bank was changed to Unione di Banche Italiane Scpa – UBI Banca.

This resulted in the extinction of the Banca Lombarda e Piemontese and the restrictions set by the agreements ceased to apply upon the consequent abrogation of the shareholders' agreement itself.

The Banca Lombarda stock

In the first three months of the year, the year the stock performed well with an upwards revaluation of 7.5% over the end of 2006, reaching 18.43 euro per share as at the end of March and a total market capitalisation of 6.5 billion euro. For purposes of comparison, we note that in the same

period the S&P/MiB index increased by only 0.8%; Mibtel and the benchmark index (the “Mib-banking” index) both improved by 2%.



The main information relating to the Banca Lombarda share is summarized below:

	Q1 2007	Anno 2006	Q1 2006
Number of shares at end of period	355,015,926	355,015,926	322,292,258
Price for the period (official price in euro)			
- average	17.745	14.239	12.852
- minimum	16.911	11.953	11.953
- maximum	18.468	17.928	13.920
Market capitalisation at the end of the period (in millions of euro)	6,543	6,084	4,367
Price / book value (Capitalisation at end of period/net consolidated stockholders' equity)	2.20	2.26	1.90

Following the completion of the merger by incorporation of Banca Lombarda into BPU Banca, Banca Lombarda's stock was removed from the listing as from 2 April, while the share of Banche Pop. Unite was renamed UBI Banca (with the ISIN and SIA codes remaining unchanged); as at 10 May the performance of the UBI Banca stock was up by 1% compared to the end of March (a +7.8% increase compared to the end of 2006) and total capitalisation was of approximately 14.3 billion euro.

Dividend per share

The amount of each dividend attributed during financial year 2007 for each UBI Banca share was 0.80 euro; while payment will be made next May 24th (the coupon detachment date is 21 May). This amount, which was weighted for the merger exchange ratio (1 Banca Lombarda share for every 0.83 BPU Banca shares), corresponds to one dividend per Banca Lombarda share of 0.664 euro; in 2006 the dividend per share was 0.40 euro.

Earnings per share

The average number of shares for the period ended on 31 March 2007 was 355,015,926. The consolidated profit by the average number of shares of 2007 is 0.23 euro. The number of shares in circulation as at 31 March 2007 was 355,015,926, while the profit for the period calculated over the number of shares in circulation is 0.23 euro.