

# UBI Banca: Consolidated results as at 30 September 2007 and update on Group integration

November 14th, 2007

**UBI**  **Banca**

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## Executive summary

### *- The integration process -*

- ✓ Integration under way and in advance with 16% of activities closed as at 30 September 2007
- ✓ Agreement with trade unions on exit of 1.700 resources signed in advance (August 2007) compared to Industrial Plan
- ✓ Following Antitrust dispositions, sale (September 2007) of 61 branches in the Bergamo and Brescia provinces for a total gross consideration of 488 mln€ (estimated 270 mln€ net in 4Q2007)
- ✓ Renegotiation of Prudential JV contract (November 2007):
  - . Contribution in kind of Capitalgest assets to UBI Pramerica with dilution of Prudential's participation in UBI Pramerica from 35% to 22%
  - . Prudential will invest 105 million euro to bring its participation in UBI Pramerica back to 35% (the remaining 65% is held by the UBI Banca Group) with a capital gain for UBI in 1Q2008 estimated over 50 mln€ already included in the 2007-2010 Industrial Plan

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## Executive summary

### *- The integration process -*

- . Reshaping of the shareholder agreement with the elimination of put options in favour of Prudential and the introduction of a system of dual call options at fair value triggered by pre-defined relevant events
  - . Inclusion of Prudential's previous investments in UBI Pramerica, currently not accounted for (245 mln€), in the Core Tier 1 capital of UBI Banca. Expected benefit estimated at more than 30 basis points, representing an add on to Industrial Plan capital ratios
  - . Expected completion in 1Q2008
- ✓ As at 1° October 2007, contribution of BPU service activities (IT, back office, operations) to UBI Sistemi e Servizi. Operation closed at the earliest date forecast.
- ✓ As at 30/09/2009, booked approx. 93% (231 million € gross) of integration costs forecast for 2007 and 62% of all integration costs, mainly referred to staff exits.

## Executive summary

*- Jan-Sept 2007 Results - (compared to Jan-Sept 2006)*

- ✓ Lending to customers of 89,6 bln€, (+12,6%)
- ✓ Total funding (direct + indirect) of 184,3 bln€ (+5,3%):
  - . Direct funding of 88,9 bln€ (+9,1%)
  - . Indirect funding from ordinary customers of 95,4 bln€ (+2,0%)
- Assets under management up to 55,5 bln€ (+0,7%) and assets under custody to 40 bln€ (+3,8%)
- ✓ Net profit excluding non recurring items of 710 mln€\* vs 612 mln€\*\* as at 30/09/2006: +15,9%
- ✓ Good performance of all margins, even more evident in normalised terms

	Normalized	Stated
Net interest margin	+9.8%	+9.8%
Net Commission (excl performance fees)	+4.1%	+4.6%
Net Operating income	+10.8%	+6.1%
Profit on continuing operations before tax	+14.1%	+4.9%

\*integration costs, one off impact on P&L of new law on severance fund and extraordinary gains amounting to net -105,8 million euro

\*\*extraordinary gains amounting to net +135 million euro

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## Executive summary

*- Jan-Sept 2007 Results - (compared to Jan-Sept 2006)*

- ✓ **Normalised cost/income : 55% in Sept 2007 vs 56,2% in Sept 2006**
  
- ✓ **Continuing excellent credit quality :**
  - . **NPL/total loans 0,74%**
  - . **Net impairment losses on loans/total loans : 0,27%**
  
- ✓ **Update on the Group's exposure to risk as at 30 Sept 2007:**
  - . **US Subprime mortgages: no direct exposure and negligible indirect exposure, no exposure to conduits and SPV**
  - . **No pressure on short term liquidity ratios**
  - . **Conservative approach to derivatives activity with customers, with limited risk exposure thanks to correct procedures and controls**

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- ❑ **1H07 results :**

- **Assets and liabilities**

- **Income statement**

- **Capital ratios**

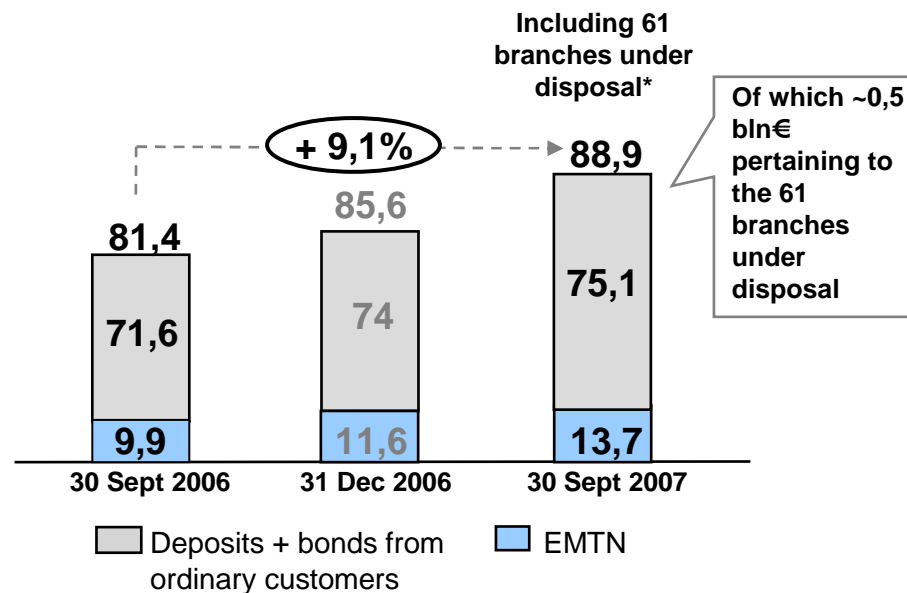
- ❑ **Update on the integration process**

- ❑ **Annexes:**

- **2006-2007 Quarterly P&L**

## Direct funding to 88,9 billion euro, +9,1% yoy

bln€



✓ Direct funding+bonds from ordinary customers : constant growth recorded to 75,1 bln€ from 71,6 bln€ in September 2006 (+4,9%):

. In terms of average balances related to the Network banks and Centrobanca, funding from ordinary customers grows as follows:

short term : + 4,1% to 44 bln€ - medium long term: +11,9% to approx. 26 bln€

✓ Institutional funding :

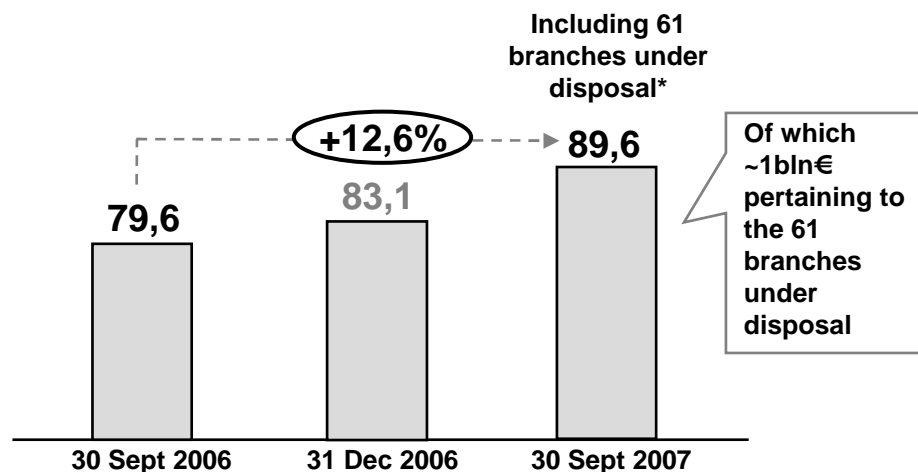
. EMTN issues to 13,7 bln € (+40% compared to September 2006) but lower than 13,9 bln€ in June 2007

. 3,2 bln € EMTN issued from January to August 2007, average maturity 3,9 years and 15 bp spread (last issue July 750 mln€, 7 year maturity, 21bp spread all in)

- No EMTN issues expected in 4Q2007

## Confirmed strong growth in lending: +12,6% yoy to 89,6 billion euro

bln€



- ✓ Strong growth recorded, higher than budget notwithstanding action taken to contain hot money transactions (-1 bln€ compared to June 2007)
- ✓ Confirmed increase in market shares: 5,9% in June '07; 5,7% in March '07; 5,6% in June '06, \*\*
- ✓ Growth by type of lending : mortgages and other long term loans to 41,6 bln€ (+11,1%), current accounts to 16,7 bln€ (+14,9%), consumer credit\*\*\* to 4 bln€ (+38,8%), leasing to 6,8 bln€ (+16,4%), factoring to 1,7 bln€ (+15,1%), other to 18,7 bln€ (+7,9%)

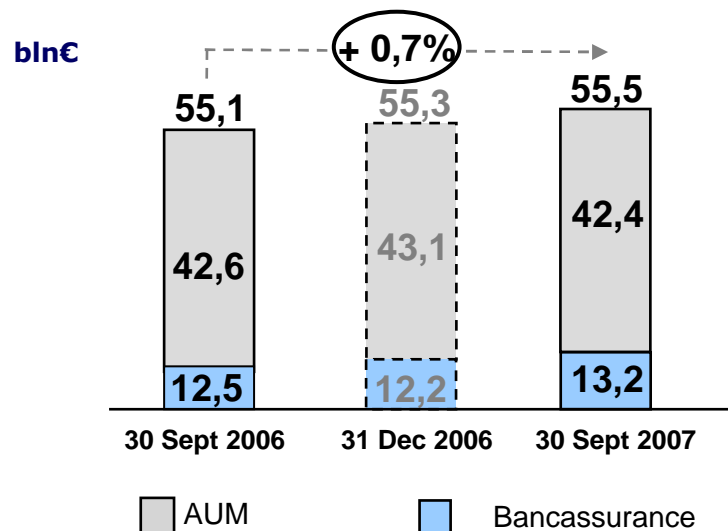
\*Amount restated to include loans relating to the 61 branches under disposal according to Antitrust dispositions, already booked among assets under disposal according to IAS rules in the stated balance sheet

\*\* latest data available from Bank of Italy

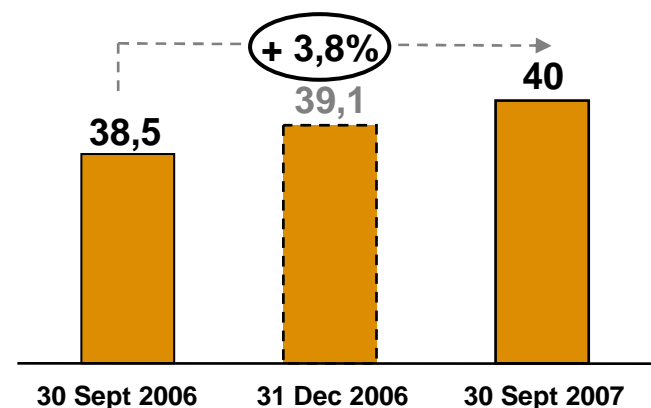
\*\*\* credit cards, personal loans and salary backed lending

## Indirect deposits grow by 2% yoy to 95,4 billion euro

### Assets Under Management & bancassurance



### Assets Under Custody



- ✓ AUM grow by 0,7% thanks to the performance of insurance products (+5,6% to 13,2 bln€ from 12,5 bln€ in Sept 2006)
- ✓ Higher growth registered in AUC (+3,8%) also due to significant performance from IW Bank (+900 mln€)
- ✓ According to Assogestioni data as at end September 2007, the Group is 5° in Italy in terms of net managed assets with a market share of 4,4%, stable compared to June

## Update on exposure to US subprime market and other risks: confirmed safe positioning of the Group

### US subprime mortgages: analysis conducted on 30 Sept 2007 data

- ✓ No direct exposure to sub-prime mortgages
- ✓ No direct investments in ABS or CDOs or exposure to SPV or conduits with underlying securities or investments linked to US subprime assets
- ✓ Investments in hedge funds or funds of hedge funds\*: ascertained indirect exposure 7 mln€ (sum of long/short positions)

### Other

- ✓ 1 CBO amounting to 83,5 mln€ with underlying assets mainly represented by European government bonds
- ✓ ABS amounting to 16 mln€ with underlying mainly non US residential mortgages

### Activity in OTC derivatives with customers

- ✓ Limited mark to market exposure to derivatives activity with customers
- ✓ Conservative commercial approach and adequate control of risks

### Liquidity position

- ✓ No criticalities in the short term liquidity position of the Group
- ✓ Net Interbank position reduced to 3bln€ in September 2007 from 7,7 bln€ in June 2007

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## Income statement as at 30 September 2007, normalized net profit at 710 million euro, +15,9% versus 30 September 2006

	Normalized			Stated		
	30.9.2006 pro-forma net of non recurring items	30.9.2007 pro-forma net of non recurring items	% change 30.9.2007 pf /30.9.2006 pf net of non recurring items	30.9.2006 pro-forma	30.9.2007 pro-forma	% change 30.9.2007 pf /30.9.2006 pf
Figures in thousands of euro						
Net interest income	1.859.780	2.041.127	9,8%	1.859.780	2.041.127	9,8%
Dividends and similar income	45.827	80.312	75,3%	45.827	80.312	75,3%
Profit (loss) on equity investments valued using the equity method	14.077	17.209	22,2%	14.077	17.209	22,2%
Net commission income	952.239	991.412	4,1%	947.534	991.412	4,6%
Performance commissions	30.236	4.605	(84,8%)	30.236	4.605	-84,8%
Net profit (loss) from trading, hedging and disposal/repurchase activities and assets and liabilities at fair value	83.777	79.443	(5,2%)	199.642	79.443	-60,2%
Net income on insurance operations	45.382	55.304	21,9%	45.382	55.304	21,9%
Other net operating income/(expense)	97.446	106.687	9,5%	97.446	106.687	9,5%
<b>Operating income</b>	<b>3.128.764</b>	<b>3.376.099</b>	<b>7,9%</b>	<b>3.239.924</b>	<b>3.376.099</b>	<b>4,2%</b>
Staff costs	(1.114.965)	(1.176.339)	5,5%	(1.119.641)	(1.126.943)	0,7%
Other administrative expenses	(511.267)	(546.325)	6,9%	(511.267)	(546.325)	6,9%
Net impairment losses on property, plant and equipment and intangible assets	(132.345)	(135.685)	2,5%	(132.345)	(135.685)	2,5%
<b>Operating costs</b>	<b>(1.758.577)</b>	<b>(1.858.349)</b>	<b>5,7%</b>	<b>(1.763.253)</b>	<b>(1.808.953)</b>	<b>2,6%</b>
<b>Net operating income</b>	<b>1.370.187</b>	<b>1.517.750</b>	<b>10,8%</b>	<b>1.476.671</b>	<b>1.567.146</b>	<b>6,1%</b>
Net impairment losses on loans	(175.172)	(170.164)	(2,9%)	(175.172)	(181.774)	3,8%
Net impairment losses on other assets and liabilities	(1.889)	(3.250)	72,0%	(1.889)	(8.335)	341,2%
Provisions for liabilities and charges	(33.184)	(19.576)	(41,0%)	(33.184)	(19.576)	-41,0%
Profit (loss) from disposal of equity and other investments	1.631	510	(68,7%)	47.847	21.756	-54,5%
<b>Profit (loss) on continuing operations before tax</b>	<b>1.161.573</b>	<b>1.325.270</b>	<b>14,1%</b>	<b>1.314.273</b>	<b>1.379.217</b>	<b>4,9%</b>
Taxes on income for the period for continuing operations	(485.693)	(545.555)	12,3%	(508.059)	(575.297)	13,2%
Integration costs	-	-	-	-	(152.477)	-
<i>of which: staff costs</i>	-	-	-	-	(190.771)	-
<i>other administrative expenses</i>	-	-	-	-	(13.085)	-
<i>net impairment losses on tangible and intangible assets</i>	-	-	-	-	(26.850)	-
<i>tax</i>	-	-	-	-	78.229	-
Profit (loss) of non current assets held for sale and discontinued operations net of taxes	4.823	(24)	n. s.	10.464	16.622	58,8%
Net profit for the period attributable to minority interest	(68.552)	(70.084)	2,2%	(69.542)	(64.258)	-7,6%
<b>Profit for the period attributable to Parent Bank</b>	<b>612.151</b>	<b>709.607</b>	<b>15,9%</b>	<b>747.136</b>	<b>603.807</b>	<b>-19,2%</b>

### Main non recurring items

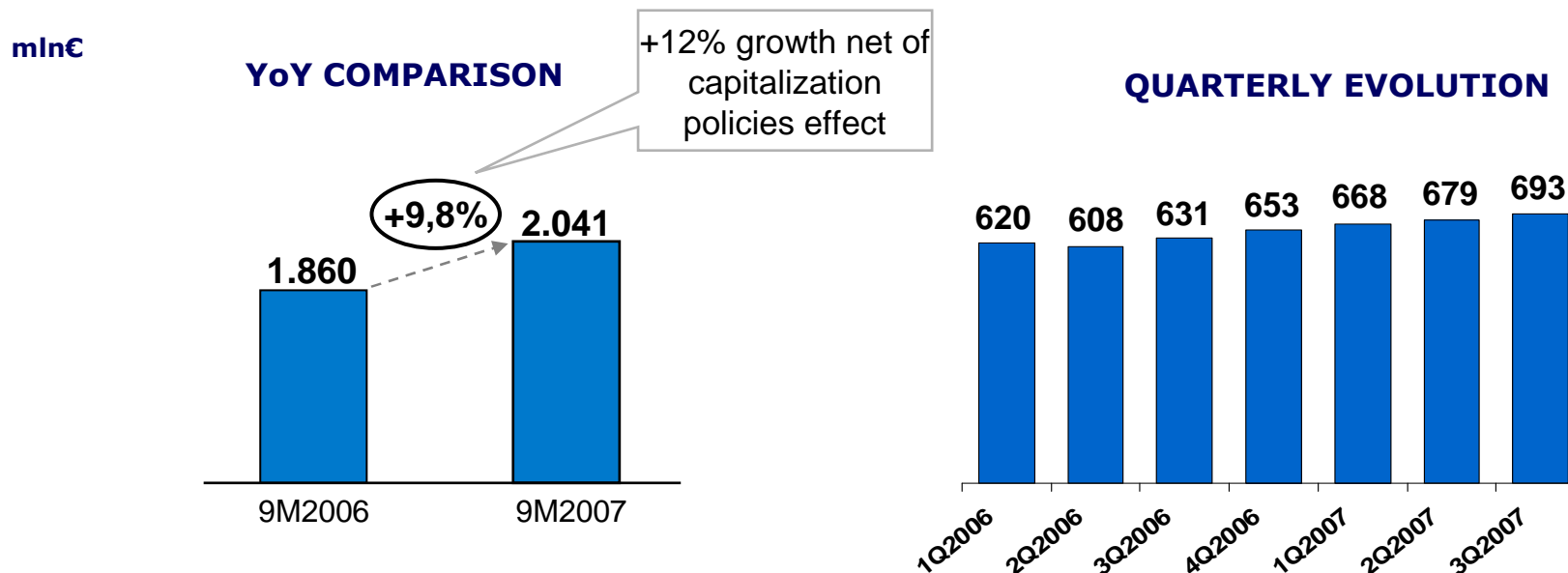
In 2006 sale of Italease stake (70 mln€) and NPLs (38,5 mln€)

In 2007: new regulations on severance fund one off impact 49,4 mln€

In 2007: IW Bank IPO 21,3 mln€  
In 2006: Prudential earn out 46,5 mln€

In 2007: Sale of Carime branches 16,6 mln€  
In 2006: sale of tax collection companies + 1 BL real estate property 10,1 mln€

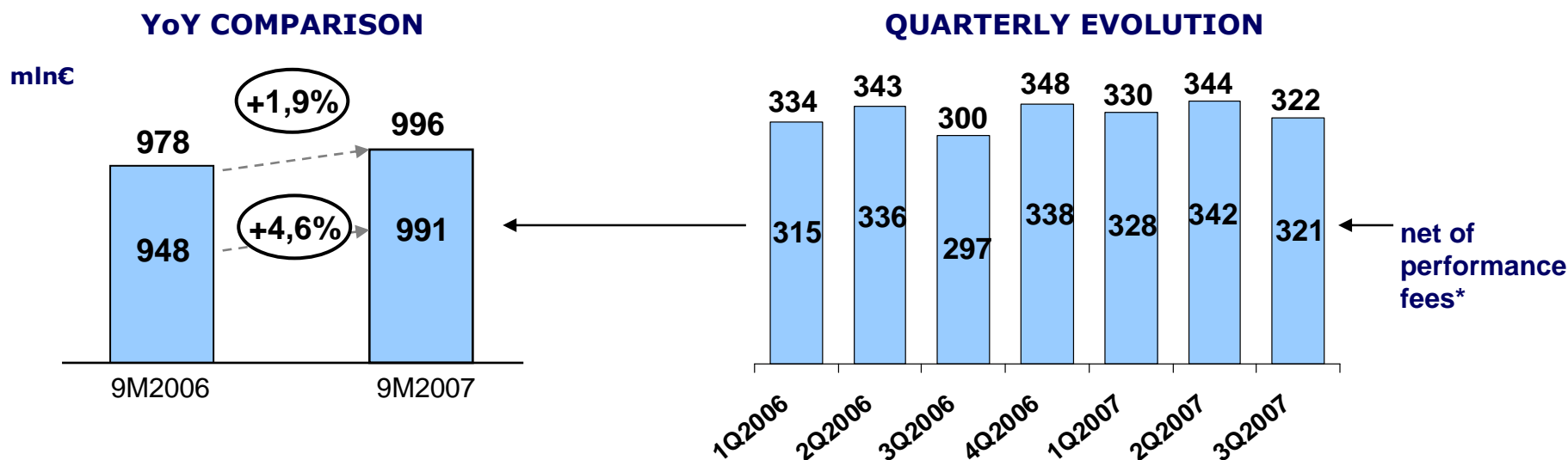
**Net interest income growth to 9,8% or 12% net of capitalization policies contribution. 3Q07/3Q06: +9,8%**



- ✓ Solid performance of net interest income, driven by volume growth and increase in spreads (+9bp) compared to September 2006.
- ✓ Good performance of interest margins related to traditional banking activities, with the aggregate for network banks\* up by 12,2% to 1.894 mln€
- ✓ Reduced net contribution to the interest margin coming from capitalization certificates (8 mln€ in Jan-Sept2007 vs 44,1 in Jan-Sept2006) following the growth in market rates. In terms of stock, capitalization certificates amounted to 1,5 bln€ at end of September 2007 compared to 5,3 bln€ at end of September '06

\* Commercial banks: Banca Popolare di Bergamo, Banco di Brescia, Banca Regionale Europea, Banca Popolare Commercio e Industria, Banca Carime, Banca Popolare di Ancona, Banca di Valle Camonica, Banco San Giorgio.

## Net commission income +4,6% yoy net of performance fees



✓ Net commission income grows by 4,6% net of performance fees and by 1,9% including the latter

✓ **Management reporting** shows the following main trends (referred to the aggregate net commission and result from insurance activities):

-growth in net commissions and other income related to indirect funding (+8,9% or 40 mln€ net of performance fees), also thanks to the increased contribution from insurance policies and AUC

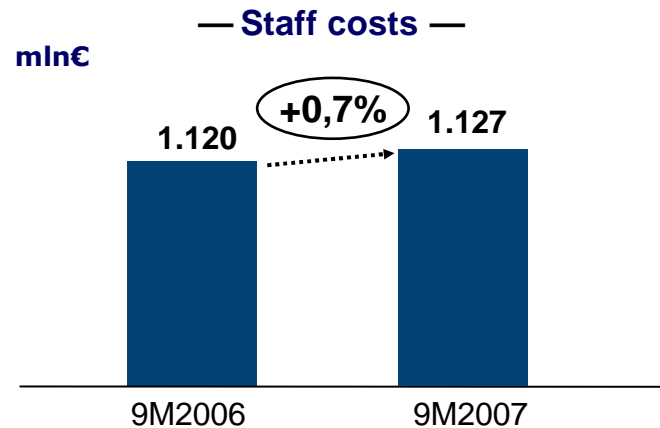
-pressure on commission from ordinary banking services (-0,5% or 2 mln€) mainly as a consequence of competition on ordinary current accounts and lower payment and encashment commissions from customers

-strong growth in commission from “innovative services” such as non life bancassurance, CPI policies, investment banking, etc. (+22% or 8 mln€) and growth in commission from other services (depository bank and other +7 mln€)

\*Overall performance fees amount to 5 mln€ as at 30/09/2007 vs 30 mln€ as at 30/09/2006: amounts are not comparable due to different booking rules introduced as from 2007.

■ Total operating costs to 1.809 mln€; +2,6% (inclusive of one-off positive effect of new Severance fund accounting rules)

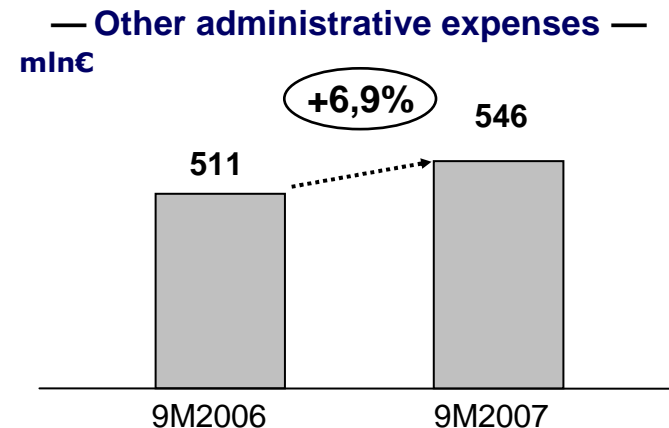
## MAIN COMPONENTS



✓ Impact of new legislation on severance fund: +49,4mln euro one-off in 2Q2007; irrelevant impact in 2008-2010 period\*;

✓ Net of the impact of the new legislation on staff severance fund, the increase in staff costs (5,5%) is mainly due to the provisioning related to the renewal of the national labour contract, to the evolution of wages and to incentives and premiums;

✓ Staff down to 21.428 (-370 employees of which 177 on permanent contracts)



✓ Slowdown in growth dynamics compared to June 2006

✓ Increase of 35 mln€ due mainly to:

- 14 mln€ to exogenous events (such as the increase in postal expenses, etc..) and to changes in the operating perimeter activities (outsourcing of some activities such as public bodies treasury, warehouse and transportation services and centralization of non banking Group companies in UBI Centrosystem)

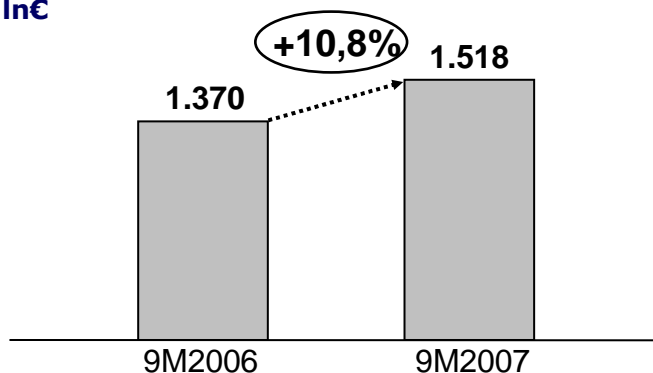
- 21 mln€ due to growth in commercial activities (insurance premiums for bundled accounts, mortgages and personal loans, recovered under bank and product company income) and expenses incurred for security and improvements to services through the progressive upgrading of IT tools

\*As concerns the new method of determining the staff severance provision, in August 2007 ABI published a different interpretation of the accounting rules compared to those used in the Industrial Plan, which had led to the inclusion of a positive impact of approx. 130 mln€ in 2007 and a negative impact in following years of approx. 20 mln per year

Net operating income over 1.5 bln€, up by 10,8% net of non recurring items, (and by 6,1% stated)

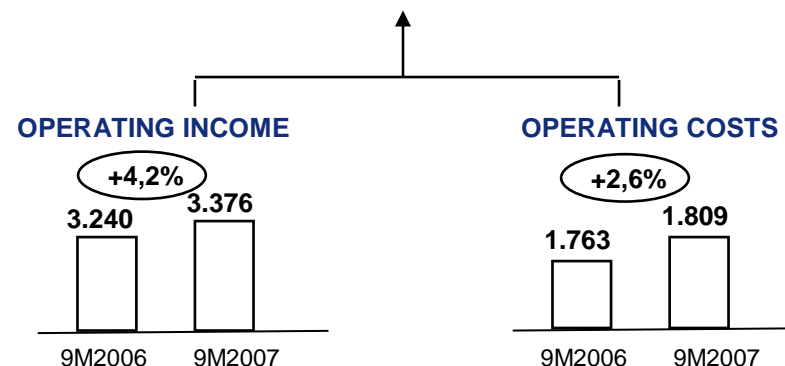
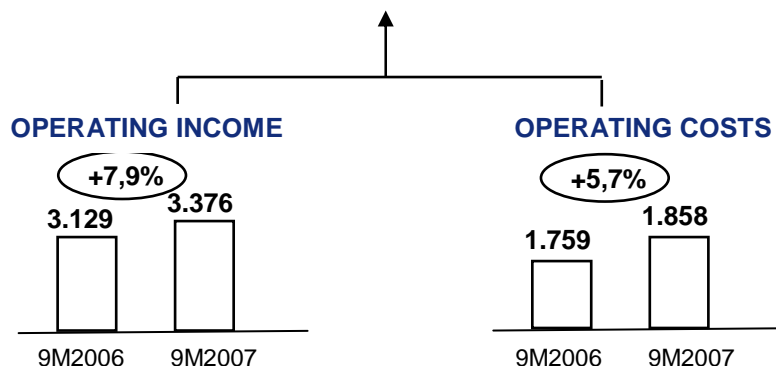
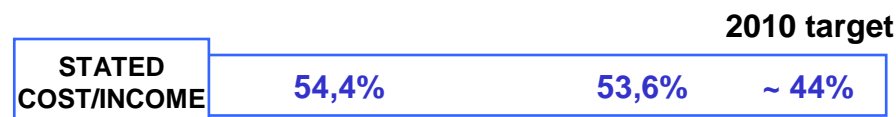
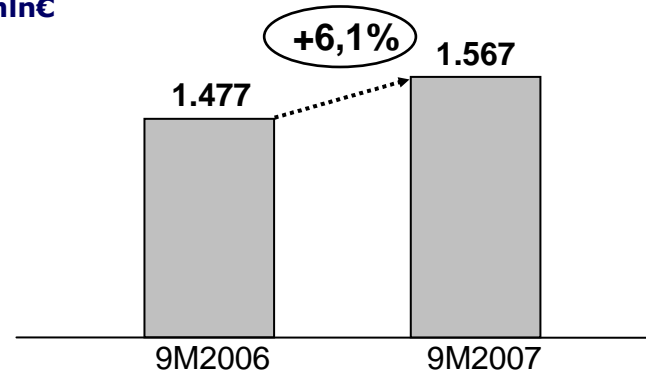
**NORMALISED NET OPERATING INCOME**

mln€



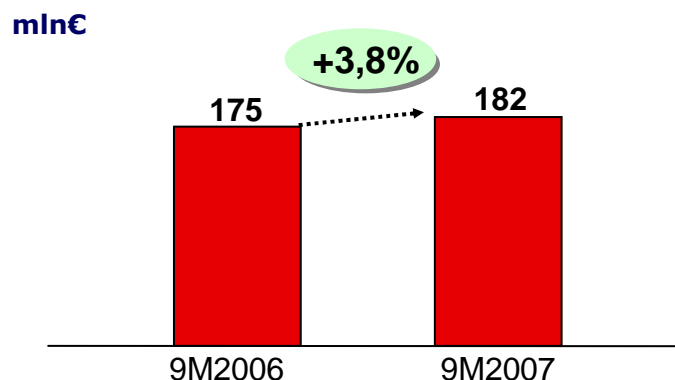
**STATED NET OPERATING INCOME**

mln€

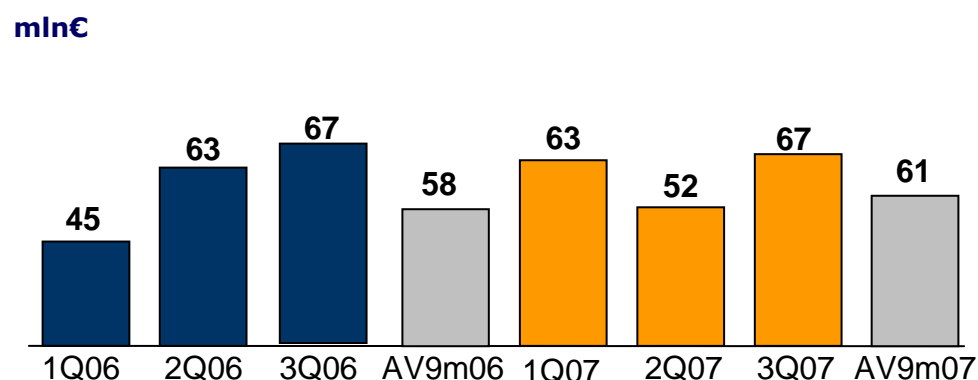


- Credit quality confirmed : net impairment losses on loans to 182 mln€ vs 175 in 9M2006; cost of credit annualized at 27 b.p., in line with 26bp in June 2007 and 29bp in FY2006

— Value adjustments on loans YoY —



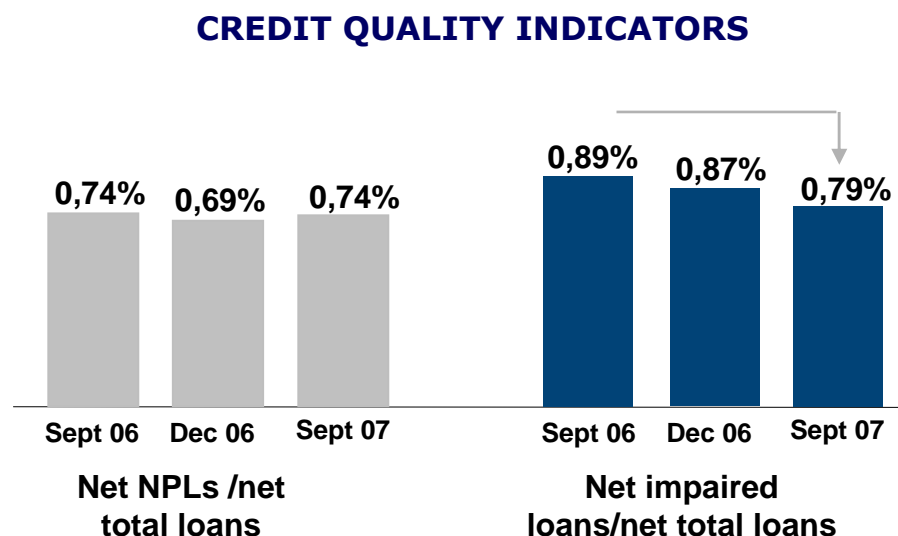
— Value adjustments on loans QoQ —



- ✓Very high credit quality throughout the three first quarters of 2007
- ✓New inflows from performing or impaired loans to non performing loans constantly lower than at system level (0,12% in 3Q2007\*, 0,16% vs 0,24% at system level in 2Q2007)
- ✓Credit cost expected to continue to evolve below Industrial Plan levels
- ✓Within year end alignment of the methodology for calculating collective impairment between the former BPU Banca Group and the former Banca Lombarda Group with an impact on net profit positive by 10 mln€ in case of adoption of the BPU methodology, or negative by up to 50 mln€ in case of adoption of the BL methodology (different time horizon in the determination of incurred loss)

\*Data at system level are not yet available for 3Q2007

- NPLs/total loans steady since September 2006 (0,74%), decrease in net impaired loans/total loans from 0,89% to 0,79%



**CREDIT QUALITY INDICATORS  
- absolute values -**

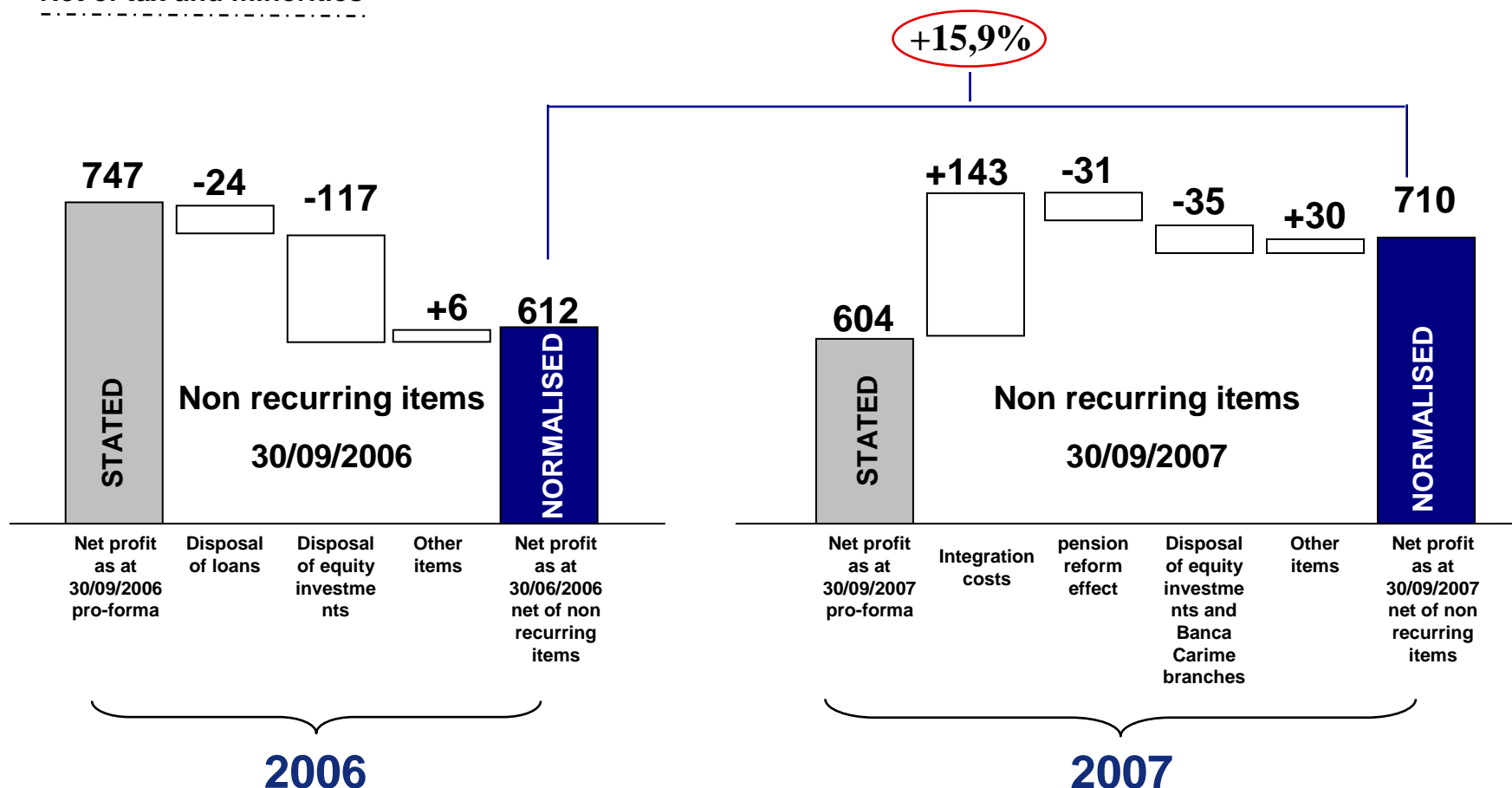
Figures in million euro	30/09/06	30/09/07	% Change
Gross NPLs	1.377	1.443	4,8%
Net NPLs	586	657	12,1%
Gross impaired loans	876	848	-3,1%
Net impaired loans	708	700	-1,2%
Gross past due loans	217	144	-33,8%
Net past due loans	209	131	-37,4%
Gross performing loans	78.246	87.285	11,6%
Net performing loans	77.998	87.045	11,6%
Gross total loans	80.803	89.840	11,2%
Net total loans	79.570	88.635	11,4%

✓ Total net doubtful loans on net total loans constantly improving from 1,98% in Sept '06 to 1,84 in Dec '06 and to 1,79% in Sept '07

✓ On-going increase of net performing loans: from 78 bln € as at Sept '06 to 81,5 bln € as at Dec '06 and 87 bln € as at Sept '07

**Increase in net profit by 15,9% net of non recurring items to 710 mln€ (604 mln€ stated)**

Net of tax and minorities



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## Estimated Capital ratios as at September 2007

Thousand €

	30/6/07	30/9/07 (estimated)
Tier 1 (before filters)	6.176.039	6.220.505
Preference shares	570.000	570.000
Tier 1 capital filters	- 207.836	- 224.759
<b>TIER 1 AFTER FILTERS</b>	<b>6.538.203</b>	<b>6.565.746</b>
Deductions from Tier 1 (**)	- 92.144	- 96.464
<b>TIER 1 AFTER FILTERS AND SPECIFIC DEDUCTIONS</b>	<b>6.446.059</b>	<b>6.469.281</b>
<b>SUPPLEMENTARY CAPITAL AFTER FILTERS</b>	<b>3.241.942</b>	<b>3.201.269</b>
Deductions from supplementary capital (**)	- 92.144	- 96.464
<b>SUPPLEMENTARY CAPITAL AFTER FILTERS AND SPECIFIC DEDUCTIONS</b>	<b>3.149.798</b>	<b>3.104.804</b>
Deductions from Tier 1 + supplementary capital (**)	- 183.652	- 179.063
<b>TOTAL SUPERVISORY CAPITAL</b>	<b>9.412.205</b>	<b>9.395.023</b>
Credit risks	7.336.169	7.333.889
Market risks	265.481	203.104
<b>TOTAL PRUDENTIAL REQUIREMENTS</b>	<b>7.683.906</b>	<b>7.614.026</b>
<b>TIER 3 SUBRDINATED LIABILITIES</b>	<b>250.000</b>	<b>250.000</b>
<b>RISK WEIGHTED ASSETS</b>	<b>96.048.825</b>	<b>95.175.319</b>
<b>CORE TIER 1 (before deductions from core capital)</b>	<b>6,21%</b>	<b>6,30%</b>
<b>CORE TIER 1 (after deductions from core capital)</b>	<b>6,12%</b>	<b>6,20%</b>
<b>TIER 1</b>	<b>6,71%</b>	<b>6,80%</b>
<b>TOTAL CAPITAL RATIO</b>	<b>9,99%</b>	<b>10,02%</b>

✓ Positive contribution to capital ratios (\*\*\*) expected

- In 2007 from:

- Purchase price allocation to assets and liabilities: >20bp

- completion of sale of 61 branches following antitrust dispositions: >30bp

- In 2008 following completion of Prudential transaction: >30 bp

**Over the Industrial Plan period: overall impact on top of Industrial Plan capital targets : ~50bp**

\* The ratios are calculated on the basis of the new supervisory regulations. They do not take account of the allocation of merger differences to assets, liabilities and contingent liabilities. \*\* Since 2007, 50% of the deductions (excluding those relating to insurance companies purchased before 20-7-2006) are applied to the Tier 1 capital and 50% to the supplementary capital.

\*\*\* the impacts have been calculated on the basis of Capital estimates as at 30/9/2007 and are purely indicative

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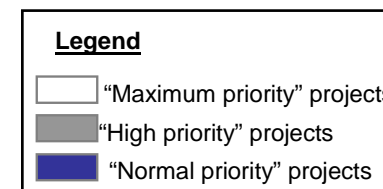
- **Capital ratios**

- **Update on the integration process**

- **Annexes:**

- **2006-2007 Quarterly P&L**

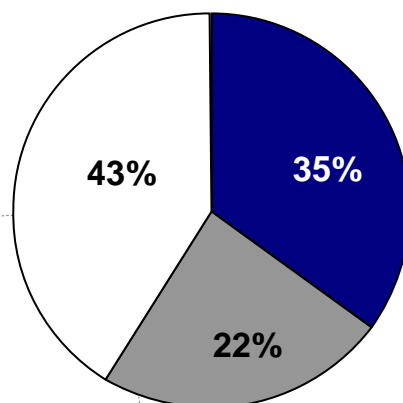
# 49 projects have been identified for the Industrial plan, 21 of which are of maximum priority



## 21 "Maximum priority" projects

### THE PRINCIPAL PROJECTS

- Distribution structure
- Branches Plan
- Training
- Branch BPR
- Activation of UBI Sistemi e Servizi
- IT migrations
- Back-Office
- Basle 2
- Corporate and Investment Banking
- Wealth Management
- Consumer Finance
- Non-life *Banc assurance*



## 17 "High priority" projects

### THE PRINCIPAL PROJECTS

- Integration of UBI SIM – BLPI
- Rules and regulations
- Cost and Service Management
- MIFID
- International Development
- Lending
- Debt collection
- Leasing
- Factoring

## 11 "Normal priority" projects

### THE PRINCIPAL PROJECTS

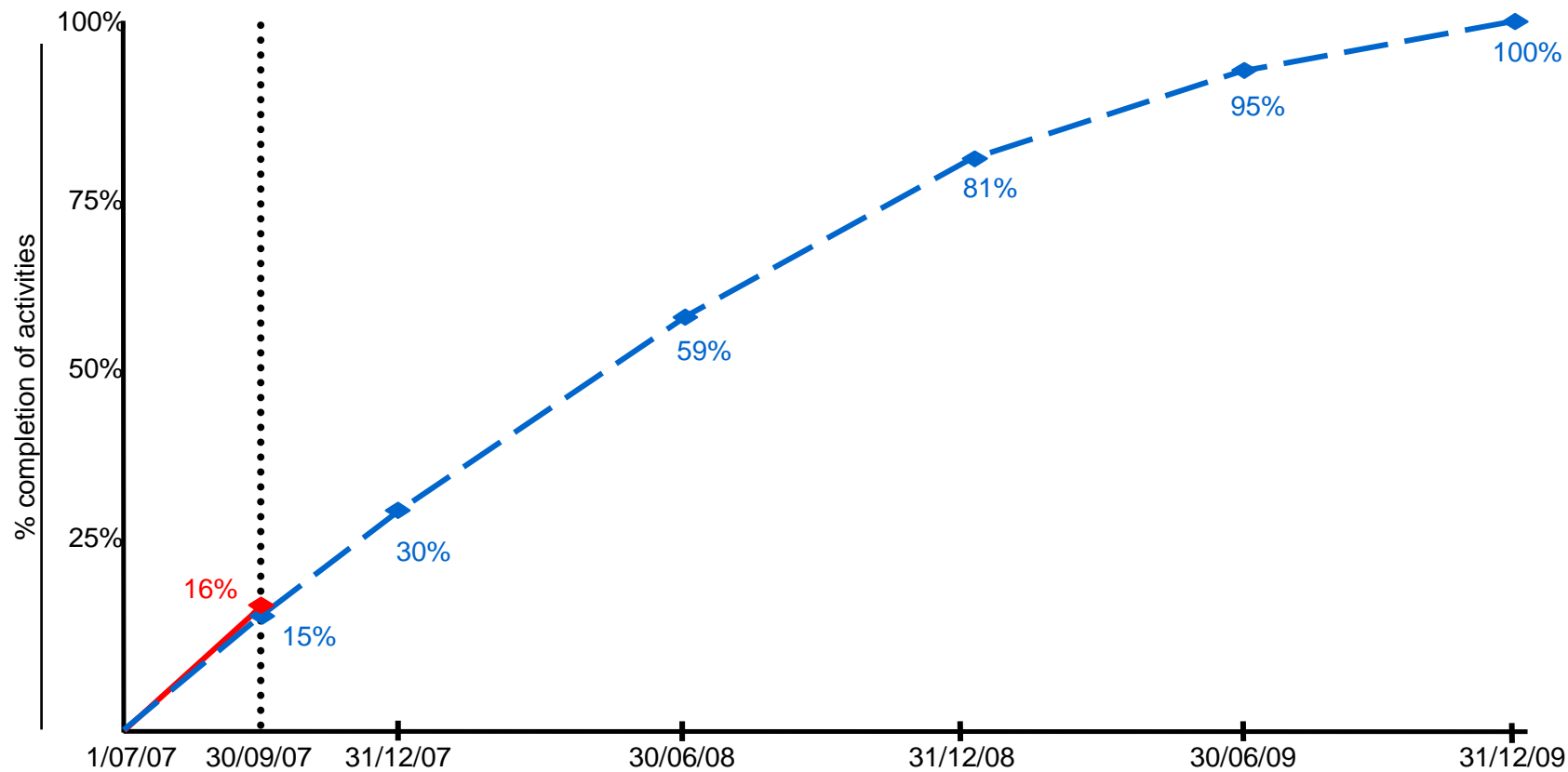
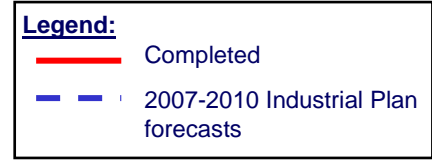
- Depository Banking
- Enhancement of Property Assets
- Risk Management
- Credit monitoring
- Trading

All projects are already underway  
30 projects to be completed by 31/12/2008

\* Of the 50 projects originally considered in the Industrial Plan, one of them has been merged with another.

# 16% of Integration activities completed since launch in June 2007

## 81% of activities to be completed by end 2008



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## Main results achieved to date

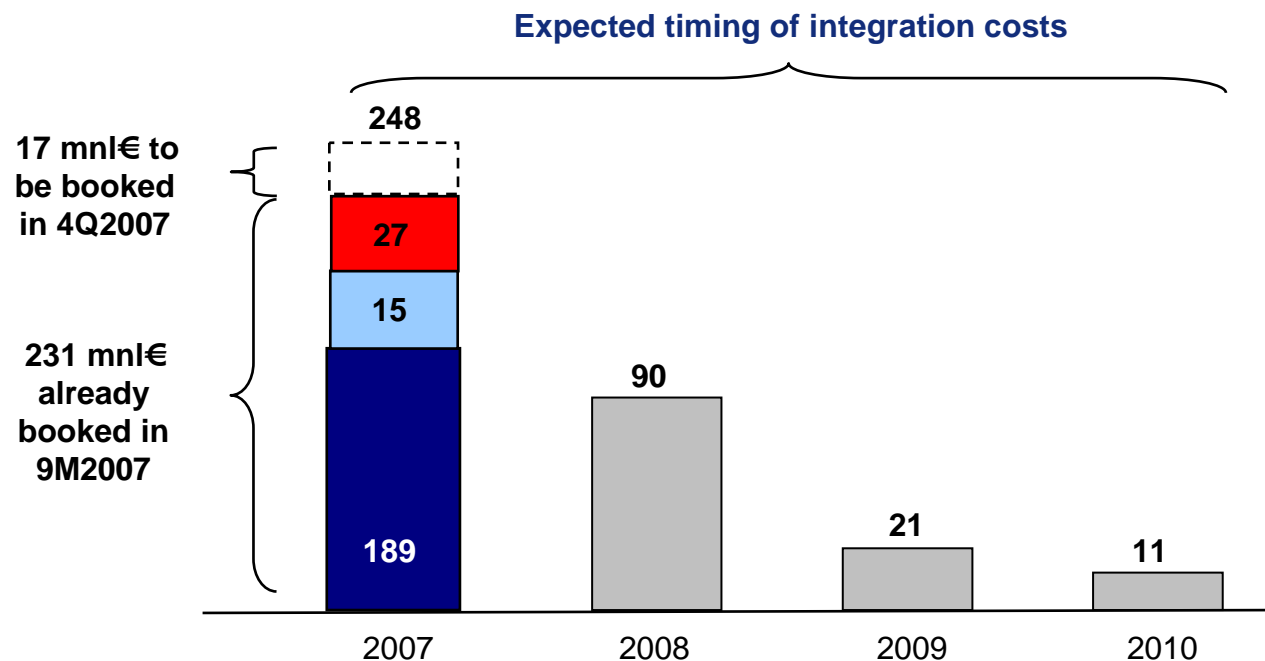
- Agreement signed with trade unions (14/08) in relation to the '07-'10 Industrial Plan – 1.700 exits confirmed
- Contribution of the service activity assets (IT; back offices, operations) of the former BPU Banca to UBI Sistemi e Servizi completed (1/10)
- The organisational structure of UBI Banca and UBI Sistemi e Servizi was defined (2/10)
- The Management Board of UBI and the Boards of Directors of the Network Banks concerned have approved the disposal of 61 branches requested by the Antitrust Authority and signed the sales contracts (7/11) – operation expected to be completed by end 2007
- IT and training activities are in progress for the migration of the first network bank. The time schedule set out in the Industrial Plan for the migration of the network banks has been confirmed (completion by the 3<sup>rd</sup> quarter of 2008).
- Authorisations have been received from the Bank of Italy with regard to the corporate restructuring of the asset management (16/10) and financial advisor operations (24/10). Completion of the operations is scheduled for January 2008

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## Main results achieved to date

- The Management Board of UBI Banca has approved the operation to reorganise the consumer finance operations (scheduled for January '08) and it has applied to the Bank of Italy for authorisation.
- Renegotiation of JV contract with Prudential - Originally expected in 2008 – closed in advance in 2007

Integration costs gross of tax and minorities: total of 370\* mln € of which 67% in 2007



- Amortization
- Other Administrative Expenses
- Staff costs

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## Conclusions

- Solid growth confirmed, sustained by recurring income and strong credit quality also thanks to presence in Italy's strongest regions – Increase in market shares
- Strong capital base and ratios, with further positive contributions expected
- Sound risk profile and liquidity position
- Integration well under way thanks to smooth progressive implementation with some outstanding results already achieved

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- ❑ **1H07 results :**

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- **Capital ratios**

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- **2006-2007 Quarterly P&L**

## Income statement: quarterly results 2006-2007

Figures in thousands of euro	2007			2006 pro-forma			
	3rd Quarter	2nd Quarter	1st Quarter pro-forma	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
10.-20. Net interest income	693.357	679.485	668.285	653.356	631.494	608.073	620.213
70. Dividends and similar income	568	74.488	5.256	4.847	980	42.570	2.277
Profit (loss) of equity valued using the equity method	6.960	3.963	6.286	3.255	7.162	1.929	4.986
40.-50. Net commission income	321.444	341.879	328.089	337.949	296.581	335.636	315.317
Performance commissions	88	2.296	2.221	10.146	3.692	7.728	18.816
Net profit (loss) from trading, hedging and disposal/repurchase activities and liabilities at fair value	5.612	23.966	49.865	43.108	39.097	31.450	129.095
150.+160. Net income on insurance operations	14.479	25.809	15.016	22.298	11.252	16.222	17.908
220. Other net operating income/(expense)	32.842	35.557	38.288	50.824	29.131	32.986	35.329
<b>Operating income</b>	<b>1.075.350</b>	<b>1.187.443</b>	<b>1.113.306</b>	<b>1.125.783</b>	<b>1.019.389</b>	<b>1.076.594</b>	<b>1.143.941</b>
180.a Staff costs	(381.248)	(352.990)	(392.705)	(394.094)	(359.666)	(381.686)	(378.289)
180.b Other administrative expenses	(174.009)	(191.906)	(180.410)	(234.189)	(167.018)	(177.762)	(166.487)
Net impairment losses on property, plant and equipment and intangible assets	(46.310)	(47.026)	(42.349)	(51.205)	(47.653)	(43.430)	(41.262)
200.+210. <b>Operating costs</b>	<b>(601.567)</b>	<b>(591.922)</b>	<b>(615.464)</b>	<b>(679.488)</b>	<b>(574.337)</b>	<b>(602.878)</b>	<b>(586.038)</b>
<b>Net operating income</b>	<b>473.783</b>	<b>595.521</b>	<b>497.842</b>	<b>446.295</b>	<b>445.052</b>	<b>473.716</b>	<b>557.903</b>
130.a Net impairment losses on loans	(66.716)	(51.827)	(63.231)	(63.538)	(67.346)	(62.925)	(44.901)
130.b+c+d+260. Net impairment losses on other assets and liabilities	(2.437)	(4.802)	(1.096)	3.389	(1.765)	338	(462)
190. Net provisions for liabilities and charges	(5.973)	(2.853)	(10.750)	(17.569)	(11.585)	(11.520)	(10.079)
240.+270. Profit (loss) from disposal of equity and other investments	211	21.217	328	15.042	16.583	15.307	15.957
<b>Profit (loss) on continuing operations before tax</b>	<b>398.868</b>	<b>557.256</b>	<b>423.093</b>	<b>383.619</b>	<b>380.939</b>	<b>414.916</b>	<b>518.418</b>
290. Taxes on income for the period for continuing operations	(178.166)	(213.894)	(183.237)	(161.707)	(161.357)	(151.650)	(195.052)
Integration costs	(6.176)	(146.301)	-	-	-	-	-
Profit (loss) of non current assets held for sale and discontinued operations net of taxes	38	16.868	(284)	1.067	(78)	8.391	2.151
330. Net profit for the period attributable to minority interests	(25.450)	(18.504)	(20.304)	(19.269)	(22.848)	(21.970)	(24.724)
<b>Profit for the period attributable to the Parent Bank</b>	<b>189.114</b>	<b>195.425</b>	<b>219.268</b>	<b>203.710</b>	<b>196.656</b>	<b>249.687</b>	<b>300.793</b>