

PRESS RELEASE

The Industrial Integration Plan for the period 2007-2010 is unanimously approved with the following targets for 2010:

Net profit of more than €1,4 billion net of non recurring items
ROE net of merger differences higher than 16%
Progressive growth of dividend from 0,8 euro in 2006 to 1,30 euro per share in 2010

Capital ratios : in 2010, Core Tier 1 to 6,5% (Basel II Standardised) and higher than 8% (IRB Advanced)¹

The application of the IRB Advanced methodology will potentially allow the freeing up of capital estimated conservatively at around 1 billion euro, which may be used to progressively increase shareholder remuneration, compatible with a Core tier 1 of 7%

Income growth:

Net interest income of €3.320 million (CAGR 7,2%)
Net commission income of €1.683 million (CAGR 6,3%)

Containment of costs:

Staff costs of €1.543 million (CAGR 0,5%)
Other administrative expenses and depreciation of €916 million (CAGR -0,4%)

Cost/income of approx. 44% in 2010

Cost/income inclusive of adjustments on loans of approx. 48% in 2010

Growth in volumes of business:

Loans to customers of €125 billion (CAGR 10,8%)
Direct funding net of EMTN and Covered bonds of €8 billion (CAGR 4,6%)
Indirect funding of €16 billion (CAGR 5,1%) of which approx. €6 billion of AUM (CAGR 6,6%) and €17 billion of insurance policies (CAGR 8,2%)

Total annual synergies at regime in 2010 of over €400 million, higher than the 365 million estimated in the preliminary projections presented in November 2006

Non recurring integration costs amounting to €390 million (380 in the preliminary projections presented in November 2006)

Bergamo, 15th June 2007 – The Supervisory Board, which met today under the Chairmanship of Gino Trombi, approved unanimously the 2007-2010 Industrial Integration Plan as submitted also unanimously to it by the Management Board, which met this morning under the Chairmanship of Emilio Zanetti.

¹ Calculation of capital requirements using the advanced Internal Rating Based (IRB) method.

The background

The 2007-2010 Industrial Plan constitutes the second phase of the integration of the UBI Banca Group.

The first phase, which started with the announcement of the merger between BPU and Banca Lombarda in November 2006, saw the progressive implementation of all the steps preliminary to the merger which took effect on 1st April 2007 with the creation of the new Parent Bank, the driver of integration. This first phase involved 200 staff.

The second phase of the works consisted of drawing up the 2007-2010 Industrial Integration Plan, with the definition of strategic objectives employing a detailed “bottom-up” approach. With 17 workgroups and 37 projects guided by the top management of the Group, it involved approximately 600 staff throughout the Group.

Both phases were completed fully on schedule.

The Industrial Integration Plan is based on the confirmation of the integrated, polyfunctional, federal model where the federated network banks, strongly rooted on their reference territory and responsible for the management of the relationship with the customer, operate with the assistance and support of specialist product companies which provide highly competitive products and services, and of a Parent Bank which is tasked with centralised co-ordination, support and centralised common service provision.

The objectives of the plan

Premises: results do not include the effects of the allocation of the merger differences which it is estimated could have a net negative impact of approximately €100 million over the industrial plan period.

The 2007-2010 Industrial Plan forecasts a compound annual growth rate for earnings per share of 10,5%, from 1,49 to over 2,20 euro in 2010, with the objective of creating value in terms of EVA, which should more than triple during the period from 227 to 738 million euro as a result of positive contributions from all market segments. This performance should allow the distribution of a dividend estimated at 1,15 euro per share in 2009 and 1,30 euro per share in 2010.

The Industrial Plan was drawn up on the basis of:

- a performance for ordinary income which reflects the potential of the Group to create value, which nevertheless takes account of the need to adapt to highly competitive market conditions and to recent changes in legislation and others in the pipeline
- a strong focus on containing costs which combined with the synergies achievable from the merger, will create a virtuous circle for this item
- contained impairment losses on loans, made possible by the high quality of the Groups assets, with an increase from 0,29% to 0,38% of total loans during the course of the plan
- performance for volumes of lending and direct and indirect funding which reflects the distinguishing characteristics of the Group with its strong roots in local markets and the development of the product companies.

The plan does not include the effect of potential partnerships in the non life *banc assurance*, consumer finance and corporate banking sectors which represent a strong reserve of value.

In terms of capital ratios, the plan estimates a core tier 1 capital ratio in 2010 of 6,5%, calculated on the basis of a standardised Basel 2 approach. It is estimated that the progressive changeover to an advanced IRB approach scheduled for 2009 subject to validation by the relevant authorities will allow a core tier 1 target for 2010 of 7% to be maintained, with a freeing up of capital forecast conservatively at around 1 billion euro, which may be used to progressively increase shareholder remuneration.

The objectives of the plan

<i>mln €</i>		2006	2009	2010	CAGR 06-10 / Δ pp 06/10
KPI	• Net profit	951	>1.300	>1.400	~10%
	• Net profit normalized	823	>1.250	>1.450	~15%
	• Cost/Income	56,2%	~47%	~44%	~(12)pp
	• Cost/income (including impairment on loans)	59,5%	~51%	~48%	~(11)pp
	• ROE net of merger differences	13,4%	~16%	>16%	>2,5pp
	• DPS (€)	0,80	1,15	1,30	0,5€

Results does not include the effect of the allocation of the merger differences, w hich it is preliminarily estimated could have a net negative impact of around 100 mln per year over the period of the Plan.

<i>bln €</i>		2006	2010	CAGR 06-10
	• Loans	83	125	10,8%
Volumes	• Direct funding	86	124	9,6%
	- funding net of EMTN & covered bonds	74	88	4,6%
	• Indirect funding	94	116	5,1%
	- of which: AUM	43	56	6,6%
	- of which: insurance policies	12	17	8,2%
	- of which: AUC	39	43	2,4%

<i>mln €</i>		2006	2010	CAGR 06-10
Revenues	• Net interest income	2.510	3320	7,2%
	• Net commissions income	1.316	1.683	6,3%
Operating costs	• Staff costs *	1.515	1.543	0,5%
	• Other administrative expenses & depreciation	932	916	-0,4%

* The item does not include the staff severance fund impact under the 2007 Financial Act (estimated at around 19,5 mln as at 2010)

		2006	2010	CAGR 06-10 / Δ pp 06/10
Credit quality	• Net impairment on loans / total loans	29bp	38bp	+9,0 bp
	• Net NP Loans / total net loans	0,7%	0,5%	-0,2 pp

<i>bln €</i>		2006	2010	CAGR 06-10 / Δ pp 06/10
Capital allocation	• Risk weighted assets	90*	113**	5,8%
	• Core Tier 1 Ratio	6,4%*	6,5%**	+0,1 pp

* Basel I

** Basel II Standardized

<i>mln €</i>		2006	2010	CAGR 06-10 / Δ pp 06/10
Value creation	• EVA	227	738	34,3%

The determining factors:

1) The choice of the IT platform

Also assisted by external advisors, the Management Board decided with regard to the choice of the IT platform for the new Group to adopt an integrated IT system centred mainly on the mainframe system of the former BL, more consolidated and reliable for the purposes of the delicate migration phase, integrated with the more qualifying elements of the former BPU platform (the CRM especially, considered one of the best on the market) in order to allow rapid acceleration of the commercial drive in all the network banks of the Group. All IT and back office activities will be centralised in UBI Sistemi e Servizi.

The use and value of the long and expert experience of the BPU team in the field of open platform technologies and in some of the architectural features already present on the former BL platform will also allow the Group to pursue an IT strategy with a better balance between components of an open sector which is expanding and mainframe components with a potential positive effect in terms of cost.

Migration processes will start on schedule during the current month and it is expected that they will be completed within 3Q2008.

2) Enhancement and rationalisation of human resources

The rationalisation of duplicated functions and the optimisation of operating processes will free up staff to strengthen the commercial areas of the network banks, with a sales force which will rise from the current 7.900 staff to 8.200 planned for 2010 (with commercial staff accounting for 62% of the network bank workforce in 2010 compared to 58% in 2006) and allow 1.700 staff exits based on voluntary schemes (400 for the completion of the former BPU and former BL schemes and 1.300 from the formation of the new Group).

It is planned that the total work force of the Group as at 31st December 2010, (including temporary staff) will number approximately 20.000 staff (currently 21.700). Approximately 300 staff will be added to this number to satisfy the needs related to the branch development plan.

A formidable training plan has been launched for staff in the four year period (a total of 400.000 days of which 21.000 retraining courses) designed to consolidate and develop the professional skills present in the Group and to enhance the value of human resources and support professionalism.

3) Commercial action

The model adopted by the Group continues the choice of a distribution structure specialised by geographical zone and by customer segment, based on a divisional model (retail, corporate and private), on the focus of commercial action through the creation of homogeneous customer portfolios (mass, affluent, small economic operators, small businesses, private and corporate) assigned to account managers dedicated to the development of customer relationships, on evolved CRM tools and on a full and varied range of products.

The customer base of the Group consists of approximately 4 million customers, including approximately 3,3 million Mass+affluent, 415.000 small business, 40.000 corporate and 46.000 private customers. A recent analysis of the customer base confirmed the high degree of loyalty expressed by the Group's retail customers, 55% of which have held accounts with banks in the Group for more than 10 years.

The Industrial Plan of UBI Banca contains targeted and well defined commercial action developed for each market segment.

THE RETAIL MARKET

The strategy for developing the retail market divides the range of products and services into those for private individuals, divided into sub-segments identified on the basis of potential needs (6 "clusters" of private individual customers), and those for small businesses.

The division of private individuals into clusters simplifies the products and services offer with the development of baskets of specific products for each cluster.

The main operating objectives for the segment are for substantial growth in volumes of consumer lending with competitive pricing (10% CAGR for mortgages, 34% CAGR for personal loans, a strong growth in salary backed loans to approximately 400 million euro in 2010). Growth in high value products is also planned including CPIs and non life insurance products, together with the growth (5,4% CAGR) and an improvement in the product mix and in the composition of assets under management with higher profitability of approximately 6 basis points.

As concerns small businesses, specific sectors have been identified on which to focus commercial action and product and services offer. Different service models will also be progressively implemented for small economic operators and for small to medium sized enterprises.

The main commercial objectives for the segment consist of continued sustained growth in lending (CAGR of 12%) both for short (CAGR approx. 8%) and long term lending (CAGR approx. 15%). The evolution of the interest margin is affected by the forecast of a significant progressive reduction in maximum overdraft charges. An increase in the penetration of bundled current accounts from 26% to 44%, made possible by the modular form of the product, together with growth in volumes of business (collections, payments and loans) will constitute a factor for growth in commissions.

THE CORPORATE MARKET

The commercial growth strategy for the Corporate market is based on a focus by banks on core segments which is to say on firms with turnover of from 5 to 150 million, with growth in short term lending estimated at 6,7% (CAGR) and in medium to long term, including Centrobanca business, of 12,4% (CAGR).

A specific service model is planned for the large corporate segment, coordinated by the Parent bank, with a focus on the largest 100 groups of companies.

The plan also includes the development of leasing and factoring business through the product companies with significant growth in the contribution to network banks revenues over the industrial plan period.

The operational implementation of risk adjusted pricing processes is scheduled for the first half of 2008, which will allow an even more precise measurement of risk to yield ratios for lending.

THE PRIVATE MARKET

The UBI Banca Group is the third player in Italy in the private banking sector, with total customer assets of more than 32 billion euro.

Growth in the sector is planned to be synergic with the Retail and Corporate markets, through the development of specialised advisory services (active wealth advisory services) and improvement and completion of the product range (e.g. open platform).

The main objectives for the sector consist of higher growth in assets under management and life *banc assurance* than for the market (CAGR 8,5%) and a focus on improving margins on volumes (+2 basis points) by adjusting the balance of the product mix.

An improvement in the commercial productivity of “private banker” account managers is also planned with net flows of new money (flows of AUM, AUC, insurance policies and increase in average balances of loans and direct deposits) up by 25% (CAGR).

4) The Group branches plan:

The Group branches plan will be implemented over the period along two main lines:

1) Branch disposals for antitrust compliance:

The branches to be sold in order to comply with the commitments made to the antitrust authority were identified during the work to draw up the plan. They consist of 61 branches of which 24 in Bergamo and 37 in Brescia with total short term funding of approximately 430 million euro, to align the Group's market shares to 35%.

2) New branches in areas adjacent to areas of strong market presence:

It is planned to open approximately 140 branches during the plan period to exceed 2.000 branches. The effects of these new branches are included in the projections of the Industrial Plan.

5) The rationalisation of product companies and the extension of products to the entire Group:

The Industrial Plan involves the rationalisation of the product companies existing within the Group in order to guarantee solid and specialised presence in sectors with greatest potential for growth and the rapid extension of the range of products and services to the whole Group.

Potential partnerships will be considered with specialist operators in the consumer credit, non life *banc assurance* and corporate banking sectors to internalise key expertise and to accelerate growth. The possible economic and synergic impact of such partnerships has not been included in the plan.

The following action is planned:

Consumer credit: Integration of Banca 24-7 and Silf with:

- centralisation of product activities in Banca 24-7
- SILF to work alongside existing distribution networks (Prestitalia and BY You) and to focus on distribution activities targeted at the non captive market with maintenance of its corporate structure and brand identity
- Extension of the Banca 24-7 product range (personal loans, credit cards and salary backed loans) to all network banks

Asset management: Merger of Capitalgest into UBI Pramerica and the extension of the partnership with Prudential to the whole Group

Life *bancassurance*: Maintenance of the present strategic partnerships with Aviva on the former BPU perimeter and with Cattolica on the former BL perimeter with the alignment of the product range at Group level (products and pricing)

Non life *bancassurance*: Extension of the non life *banc assurance* of BPU Assicurazioni to all the banks in the Group

Corporate and investment banking: Extension of Centrobanca products and services to all the banks in the Group

Leasing : Integration of SBS Leasing and BPU Esaleasing

Factoring : Extension of CBI Factor services to all the banks in the Group

The performance of the product companies

<i>mln €</i>		2006	2010	CAGR/ Δ 06-10
Consumer credit	- Revenues	103	363	37,1%
	- Loans	3.945	15.090	39,8%
	- of which captive	n.s.	29,4%	n.s.
	- Cost/income	45,7%	29,0%	-16,7pp
<i>Mln €</i>		2006	2010	CAGR/ Δ 06-10
Asset management *	- Revenues	129	176	8,0%
	- AUM (stock)	36.508	48.551	7,4%
	- Cost/income	33,7%	25,3%	-8,4pp
<i>mln €</i>		2006	2010	CAGR/ Δ 06-10
Bancassurance Danni	- Premiums	250	408	13,0%
	- Technical Reserves	356	562	12,1%
	- Combined Ratio	98,9%	89,0%	-9,9pp
<i>mln €</i>		2006	2010	CAGR/ Δ 06-10
Life Bancassurance**	- New premiums	2.039	3.109	11,1%
	- Technical Reserves	10.189	16.086	12,1%
<i>mln €</i>		2006	2010	CAGR/ Δ 06-10
Corporate & investment banking	- Revenues ***	167	258	11,5%
	- Loans	5.746	10.826	17,2%
	- of which captive	30,6%	46,9%	16,3pp
	- Cost/income	28,8%	23,9%	-4,9pp
<i>mln €</i>		2006	2010	CAGR/ Δ 06-10
Leasing	- Revenues	126	179	9,0%
	- Loans	6.851	10.696	11,8%
	- Cost/income	38,9%	26,4%	-12,5pp
<i>Mln €</i>		2006	2010	CAGR/ Δ 06-10
Factoring	- Revenues	51	86	14,1%
	- Loans	1.762	3.769	20,9%
	- Cost/income	41,6%	24,6%	-17,0pp

* Includes UBI Pramerica Sgr, Capitalgest Sgr, UBI Pramerica Alternative Investment Sgr Capitalgest Alternative Investment Sgr and Lombarda Management Co. ** Includes BPU Assicurazioni Vita, Aviva Vita and Lombarda Vita.

*** 2006 does not include profit on disposal of Italease and Centrosiel participations, includes 25 mln € from NPL disposals.

Synergies and integration costs:

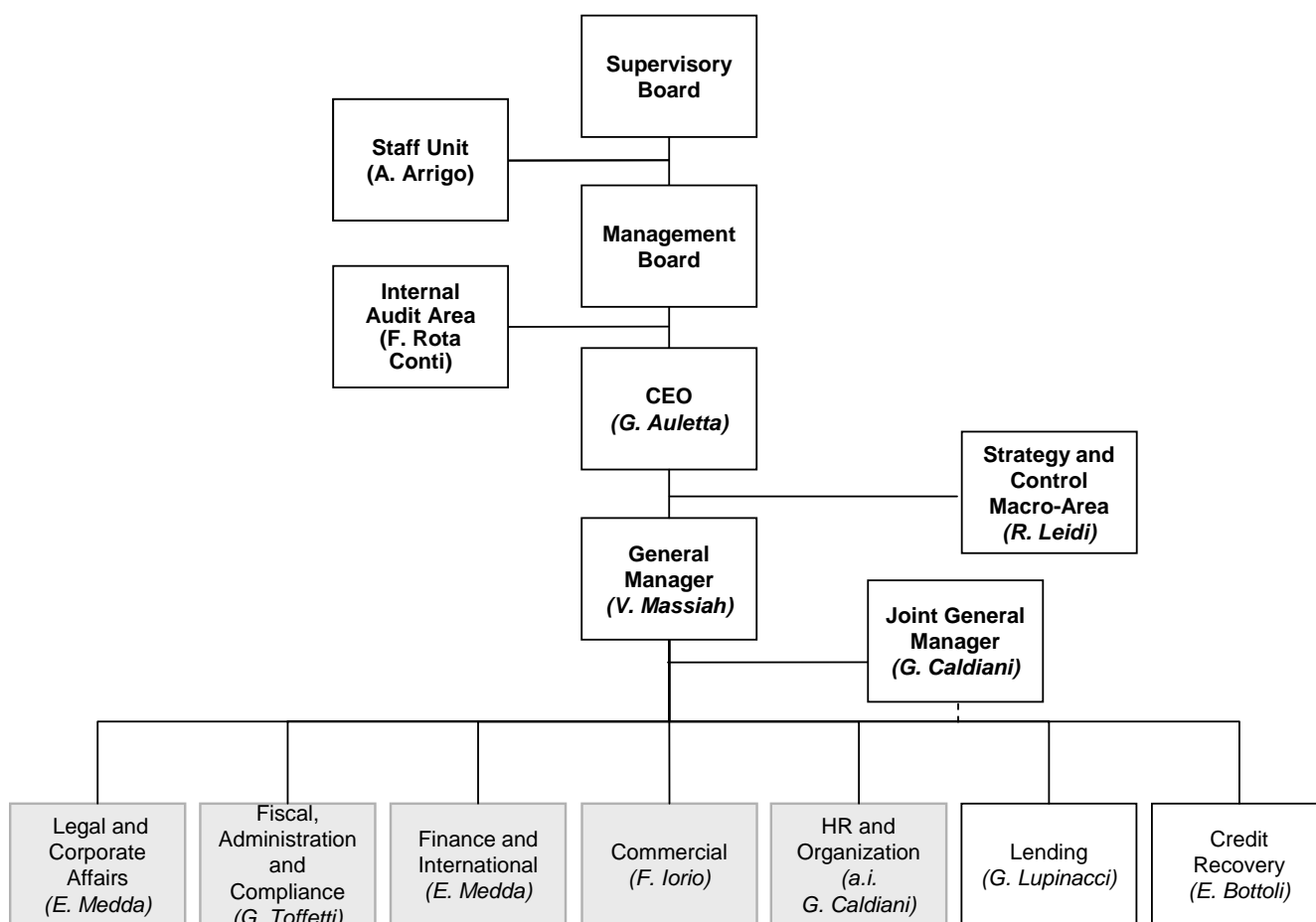
Estimated non recurring integration costs amount to a total of 390 million euro of which 370 with an impact on the income statement and 20 recognised as goodwill (380 in the preliminary plan presented in November 2006).

Total synergies excluding the 30 million still to be generated on the basis of the former BPU and former BL redundancy schemes amount to over 402 million euro (365 in the preliminary plan presented in November 2006).

Both cost and income synergies amounting to 256,5 million euro (225 in the preliminary estimates in November 2006) and 145,3 million euro (140 in the preliminary estimates in November 2006) respectively are higher than estimated in November, although with a more diluted implementation timing compared to that estimated in November as a result of organisational decisions made on analytical basis during the preparation of the plan.

Group structure:

Now that the transition phase of the start up of Group activities has been completed, some adjustments to the Group structure have been approved which is as follows:



The Management Board attributed to Mr Alfredo Gusmini the task of supervising the functionalities of the Internal Control System pursuant to article 43 bis of the Statute.

The Deputy General Manager Mr Pierangelo Rigamonti and the Deputy general Manager Mr Elvio Sonnino were respectively appointed Chairman and CEO of UBI Sistemi e Servizi.

The Deputy General Manager Mr Renzo Parisotto is in Staff for Fiscal Assistance and Special Projects. Ms Elisabetta Stegher was named CFO of the Group.

For further information:

UBI Banca

Investor relations – Tel. 035 392217

email: investor.relations@ubibanca.it;

External communication – Tel. 030 2433591 – cell 335 8268310

relesterne@ubibanca.it

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