

PRESS RELEASE

- **Net profit up to 620 million euro (+18,2% compared to 524,4 million euro in September 2007), with sound capital ratios (Core Tier 1 above 7%)**
- **Full achievement of economic targets set pro tempore in the 2008 Business Plan net of result from finance:**
 - **operating income +2%;**
 - **normalised operating costs stable: (staff costs+ administrative expenses down by 0,3%)**
 - **net impairment losses on loans in line with Business Plan targets**
- **Excluding the result from finance, influenced by the negative performance of the financial markets, normalised net profit is in line with Industrial Plan targets**
- **In the recognition of the result from finance, no use was made of the option to reclassify financial assets offered by the new version of IAS 39**
- **The integration process is confirmed ahead of schedule with respect to forecasts with 76% of integration activities completed at the end of September 2008. The 2008 target of integration activities completion will be significantly higher than forecast (85% compared to 80% target set in the Industrial Plan).**
- **114% of synergies for the period achieved (92 million euro versus 81 million euro forecast)**
- **Agreement signed with Intesa Sanpaolo for the purchase of 13 branches in Liguria to strengthen the presence of the UBI Group in the region. Total funding of 1.053 million euro for a price of 60 million euro (5,7% of total funding)**
- **After the end of the third quarter, S&P and Moody's leave their positive outlooks for the Group unchanged**
- **In view of the current market uncertainties, the ordinary periodic update of the Group Business Plan has been postponed to the first part of 2009**

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Bergamo, 11th November 2008 – The Management Board of Unione di Banche Italiane Scpa (UBI Banca) approved the results of the UBI Banca Group as at and for the period ended 30th September 2008.

The integration process:

The Management Board was pleased to take note of the good progress, ahead of schedule compared to Business Plan forecasts, achieved by the integration process, which was confirmed again at the end of

September 2008 with the completion of approximately 76% of integration activities. As a result of the efforts made, the percentage completion of integration activities expected by the end of the year is 85%, well ahead of the target set when the Business Plan was drawn up.

Important events concluded to-date include the completion of the migrations of the network banks and of UBI Banca onto the target IT platform, which will allow the former BPU IT system to be abandoned at the end of the year. The rationalisation of the product companies has also been completed with one single specialist company in each sector at the service of Group customers. Two joint ventures, respectively with Aviva and Cattolica, still remain in the life *banc assurance* sector.

Synergies of approximately 92 million euro (+ 14% compared to 81 million euro planned for the first nine months of 2008) were achieved in the first nine months of the year, attributable mainly to cost synergies of 72,6 million euro (+26% compared to forecasts), while revenue synergies, amounting to 19,5 million euro, were affected by the unfavourable economic situation (-17% compared to forecasts).

The income statement in the first nine months of 2008¹

The UBI Banca Group ended the first nine months of the year with a net profit of 620 million euro, an increase of 18,2% compared to the same period in 2007.

Operating income net of result from finance², performed well during the period, with an increase of approximately 2%, up to 3.279 million euro from 3.214 in September 2007 (+65 million euro), evidence of the good commercial positioning of the Group. The result from finance however, had a negative effect on total operating income, falling to -49,7 million euro in September 2008 from +79,4 million euro in September 2007.

In detail, **net interest income** continued to perform positively with an increase of **12,1%** to 2.203,6 million euro compared to 1.966,5 million euro achieved in 2007 (+237,1 million euro) and it was again the revenues' driving force in the current market context.

The positive result recorded is attributable primarily to growth in volumes of business and to the increase in the spread (+8 basis points), also resulting from improvements in the composition of the lending portfolio, the consequence of action taken by the Group during the year to rationalise exposures to business with marginal profitability in the "large corporate" segment and to refocus on "core" lending, which contributed to an increase in the mark-up of 20 basis points.

The positive performance of net interest income more than compensated for the reduction in **net commission income** (-106,7 million euro), which, as a result of the contraction in commissions earned from management, trading and advisory services (-100,1 million euro) and of the basic stability of the traditional banking services component, constrained by the current legislative and regulatory framework, amounted to 899 million euro, a fall of 10,6% compared to 1.005,8 million euro in September 2007.

Dividends earned on equity investments, amounting to 70 million euro (80,3 million euro in September 2007), remained virtually unchanged compared to the figure for June 2008 and included 55,1 million euro from shares of Intesa Sanpaolo held in portfolio.

Net profit from trading, hedging, disposal and repurchase of financial assets/liabilities activity and of assets/liabilities valued at fair value amounted to -49,7 million euro compared to the +10,9 million euro recorded to 30th June 2008 due to the poorer performance of portfolios in the third quarter, affected mainly by the write-down of the Lehman bonds by 10 million euro and by the performance of hedge funds, negative by

¹ The income statement figures commented are based on the reclassified financial statements – income statement and income statement net of non recurring items – contained in the attachments to this press release. In order to allow a uniform comparison, the income statement figures to 30th September 2007 have been restated pro-forma to take account of the first quarter results of the former Banca Lombarda Group, although they include the results for the 61 branches sold to Banca Popolare di Vicenza no longer present in the first nine months of 2008.

² Result from finance: net result from trading, hedging and disposal/repurchase of financial assets/liabilities activity and of assets/liabilities valued at fair value

approximately 57 million euro. A decision was taken to gradually reduce the position of the Group's investments in hedge funds to 330 million euro by the first months of 2009.

As a result of the continued negative performance of international financial markets, the aggregate result from finance was approximately 129 million euro lower than the figure for September 2007, primarily due to the mark-to-market valuation of securities held in portfolio. The UBI Group decided in this regard not to adopt the option to reclassify financial assets held for trading to Available for Sale financial assets on the basis of prices as at 30th June 2008, as offered by the new revision of IAS 39. Therefore the amounts are updated as at 30th September 2008.

Net income on insurance operations - for UBI Assicurazioni (non life) only, following the sale of 50% + 1 share of UBI Assicurazioni Vita to Aviva - totalled 16,6 million euro (28 million euro approximately in 2007). The lower earnings in the first nine months of the year were mainly the result of a more rigorous policy pursued in calculating the damages reserve adopted during the current year.

Other operating income, amounting to approximately 75,2 million euro (109,2 in September 2007), included the effects, since the beginning of 2008, of contractual changes in the management of CPI insurance policies for mortgages and loans, which resulted, from an accounting point of view, in posting lower operating income against lower administrative expenses.

The performance of **operating costs** during the period was particularly favourable, substantially unchanged, in normalised terms, compared to the 2007 figure (+0,7% to 1.928,7 million euro).

In 2007 those costs included, within staff costs, a non recurring benefit of 49,4 million euro resulting from discounting the staff severance provision to present values.

In detail, both *staff costs*, amounting to 1.188,7 million euro, and *other administrative expenses*, amounting to 539,6 million euro and still affected by the simultaneous presence of two IT systems (new target and former system) registered a decrease, **falling overall by -0,3% compared to the normalised result for the first nine months of 2007**. On a quarterly basis, the two separate items recorded significant decreases compared both to the second quarter of 2008 and to the third quarter of 2007, and the sum of the two items recorded the lowest level since the date of the merger.

On the other hand, *net impairment losses on property, plant and equipment and intangible assets* recorded an increase of 10,5% to 200,4 million euro following higher investments in the Group IT system, already forecast in the budget for the current year.

As a result of the performance described above, **net operating income** amounted to 1.300,6 million euro compared to 1.427,8 million euro in the first nine months of 2007. In normalised terms and excluding the result from finance, net operating income would have increased by approximately 4% compared to first nine months of 2007.

Net impairment losses on loans for the first nine months of 2008 amounted to 255,8 million euro compared to 179,1 million euro in September 2007.

Net impairment losses amounted to 102,9 million euro in the third quarter of 2008, consisting of the sum of analytical adjustments amounting to 77,6 million euro (85,1 million euro in the second quarter and 64,6 million euro in the first quarter of 2008) and of collective impairment losses which were affected, starting from August, by the introduction of numerous changes brought about by the developments of the Basel 2 project. These led to an increase in collective impairment charges in line with the greater risk related to the economic situation (25,3 million euro of provision charges in the third quarter of 2008, compared to 8,2 million euro in the second and a write-back of 4,9 million euro in the first quarter). The development of the advanced model for measuring credit risk and the calculation of collective impairment losses will be completed in 2009 and may have effects on the evolution of collective impairment until the model itself is fully phased in.

The average cost of credit ratio for the first nine months of 2008 amounted to 0,35% annualised, (0,33% net of the one-off effect of the standardisation of the criteria for valuing non performing and impaired loans, following their management centralisation at UBI Banca in the second quarter of 2008) compared to 0,27% recorded in the first nine months of 2007, and it is fully in line with Business Plan forecasts for 2008 (0,35%).

The period benefited from **gains on the disposal of equity investments** amounting to 80,3 million (55,9 million from the gain on the disposal of shares in the asset management company, UBI Pramerica, to the American partner Prudential and 22,9 million from the gain on the sale of 50% of the share capital +1 share of UBI Assicurazioni Vita to our insurance partner Aviva).

The amount of 21,8 million euro recognised in 2007, included a gain of 21,3 million on the disposals performed for the listing of the IW Bank share.

As a result of the performance described above, **profit on continuing operations before tax** amounted to 1.091,6 million euro, compared to 1.242,5 million previously. In normalised terms and excluding the result from finance, profit on continuing operations before taxes would have fallen by 4,4%.

Taxes on income for the period for continuing operations amounted to 347,1 million euro, a decrease compared to 526,7 million euro in the first nine months of 2007, the result of:

- the positive non-recurring impact of the “tax redemption” recognised to 30th June 2008, amounting to 73,8 million euro;
- changes resulting from the “summer mini-budget” concerning the partial non deductibility (3%) of interest expense, with greater costs in terms of increased taxes to 30th September 2008 amounting to 30,6 million euro;
- the reduction in tax rates which came into force from 1st January 2008;
- the presence of greater amounts recognised to 30th September 2008 compared to the same period in 2007 within the item “profit/loss on the disposal of equity investments”, subject to a lower tax rate.

The normalised tax rate for the period therefore stood at 40,95% compared to 42,63% as at September 2007.

Net integration costs incurred during the period amounted to 45,4 million euro (152,5 million euro in the same period of 2007).

The **after tax profit (loss) from discontinued operations** was negative amounting to 11 million euro and included 10,9 million for the estimate of the balance to be paid on the price of the 61 branches sold to Banca Popolare Vicentina, for which valuation is still in progress. The amount for the first nine months of 2007 – 16,6 million – is the result of the sale of 15 Banca Carime branches to Banca Popolare Pugliese.

Finally, **profit for the period attributable to minority interests** amounted to 68 million euro, compared to 55,6 million euro in 2007.

In normalised terms, net profit for the period amounted to 527,8 million euro, down by 14,9% compared to September 2007.

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The balance sheet

Group **lending to customers** as at 30th September 2008 totalled 98 billion euro an increase of 9,8%, compared to 89,3 billion in September 2007.

A policy has been implemented in 2008 to reposition lending from large corporates to medium and small sized enterprises which represent the “core” business of the Group. Net of lending to the large corporate segment, loans to customers increased by approximately 11,9%, greater than forecast in the Business Plan.

As concerns the **quality of the lending portfolio**, the ratio of net non performing loans to net lending was 0,79% compared to 0,74% in September 2007 and the ratio of net impaired loans to net lending was 1,10% compared to 0,78% in September 2007 (starting from the first quarter 2008, impaired loans were affected both by the deterioration of the economic context and by the automatic reclassification of “past due” loans as “operationally impaired” loans after 60 days for a total amount of 144 million euro in the first nine months of 2008).

Direct funding recorded growth of 6,2% year-on-year to approximately 94,3 billion euro from 88,8 billion euro recorded as at 30th September 2007. As at 30th September 2008 Group funding comes for approximately 84% from ordinary customers and approximately 16% from issues on international markets purchased by institutional investors. In addition to existing preference shares amounting to 0,6 billion euro, institutional funding included the launch in June 2008 of a French Certificats de Dépôt Programme and of commercial paper listed on the London Stock Exchange, which generated funding of approximately 2 billion euro at the end of September, while the volumes of the EMTN programme fell to 12,9 billion euro from 13,8 billion euro in September 2007, in the absence of public issues.

The **net interbank debtor position** of the Group as at 30th September 2008 amounted to 3,3 billion euro with maturities of less than three months, compared to an early warning limit of 6 billion euro, and to 1 billion euro with maturities after 3 months to give a total of 4,3 billion euro, compared to a net negative exposure of 3 billion euro recorded in June 2008 and 2,8 billion euro in September 2007. The generation of assets eligible for use as collateral with the ECB continued on schedule with the objective of exceeding 9 billion euro by 30th November 2008.

Finally, **total indirect funding from ordinary customers** continued to be affected by the unfavourable performance of financial markets, contracting year-on-year by 14,7% to 79,9 billion euro from 93,7 billion euro in 2007. Both assets under management and assets under custody were affected by the difficulties experienced on financial markets, which started in the second half of 2007 and are still present, falling respectively by 21% to 42,7 billion euro and by 6,1% to 37,2 billion euro.

The consolidated **shareholders' equity** of the UBI Banca Group at end of September 2008, inclusive of profit for the first nine months of the year, amounted to 11.469,8 million euro compared to 11.442,3 million euro in September 2007.

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Capital ratios

On the basis of the Basel 2 standardised approach capital ratios as at 30th June 2008, consisted of a core tier 1 ratio of 7,02%, a tier 1 ratio of 7,59% and a total capital ratio of 10,33%. Furthermore a positive contribution is planned for the second half from the use of the ECAI (External Credit Assessment Institution) Lince, which by assigning a rating to a large number of medium sized Italian businesses, allows to take account, for the supervisory purposes, of the credit quality of significant portions of the Group's "core" customers.

As concerns changes in capital ratios with regard to the end of the year, the Group forecasts that, on the basis of currently available information, the core tier 1 ratio should remain above the target of 6,5% set in the Industrial Plan for the year 2008, also following the purchase of the branches mentioned in the following paragraph and even in the event of recognition through profit and loss of impairment of equity investments classified within available-for-sale financial assets (the impact on the basis of prices from 30 September 2008 to present date is estimated to be in a range between 30 and 50 basis points, and anyway to be defined according to year-end market conditions and to possible changes to regulations in force), and in the event of dividend distribution as planned in the Industrial Plan. Clearly, proposals concerning dividend distribution can only be defined at the time of the approval of the draft annual report.

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The Group had a total of 19.661 permanent employees as at 30th September 2008 (-622 compared to 20.283 in September 2007) and a total workforce numbering 21.436 (21.214 in September 2007). In detail, the reduction in the number of permanent employees was accompanied by an increase in staff on temporary contracts (+382 staff) and agency staff (+444 staff), in relation to the implementation of the Business Plan and the IT migrations. The branch network at the date of this press release consists of 1.933 branches in Italy and nine abroad.

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Business outlook

The following considerations are made with regard to the outlook for the end of 2008:

- operating income for the full year, net of the result from finance, is expected to be in line with Business Plan forecasts.

In consideration of the slowdown in lending and the acceleration in direct funding from customers expected in the fourth quarter, net interest income for the full year could record percentage growth slightly lower than in 2007 and in the first nine months of 2008. Nevertheless, it will still make a contribution to operating income significantly higher than that forecast in the Business Plan, which will fully compensate for the large contraction in net commissions, affected by the unfavourable performance of assets under management;

- it will be difficult to meet the target set for the finance area in the fourth quarter of 2008 given the continuing negative performance of financial markets; for the full year 2008 a negative contribution is expected from this area compared with Business Plan forecasts;
- it is forecast that operating costs for the full year (considered net of integration costs and of the impact of changes in the treatment of the staff severance provision in 2007) will be in line with Business Plan targets, despite higher costs attributable mainly to supplementary improvements to the Group IT system;
- on the basis of the information available at present, it is forecast that, as an absolute amount, the figure for net impairment losses on loans will remain in line with Business Plan forecasts, although with a slightly higher incidence on net loans determined by more contained performance of lending;
- net profit for 2008, excluding the finance component, is expected to be in line with Business Plan forecasts.

The continued negative performance of financial markets could also affect the item “net impairment losses on other financial assets/liabilities”, if, at system level, the recognition through profit and loss of the impairment of equity investments included within “available for sale financial assets” was to be required. That negative impairment as at 30th September 2008 amounted to approximately 280 million euro and related mainly to the interest held in Intesa Sanpaolo.

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Preliminary agreement signed with Intesa Sanpaolo for the purchase of 13 branches in Liguria to strengthen the presence of the UBI Group in the region.

As part of disposals commenced by Intesa Sanpaolo following its acquisition of control of Cassa di Risparmio di Florence S.p.A., UBI Banca signed a preliminary agreement on 11th November 2008 for the acquisition of 13 branches located in the province of La Spezia. This operation is designed to further strengthen the presence of the Group in that region with Banco di San Giorgio.

The price of the transaction, planned in the form of the acquisition of a business line, is 60 million euro (5,7% of total funding), subject to possible adjustments in relation to the actual business volumes (total funding and lending) of the branches at the end of a period of six months following the date of the conclusion of the operation. The estimated impact of the transaction on the core tier 1 ratio of the Group is approximately 7 b.p.

As at 31st March 2008 (reference date for calculating the provisional price), the business line involved in the transaction included total funding of approximately 1.053 million euro (direct funding of euro 281,7 million euro and indirect funding of euro 771,6 million euro) and lending of approximately 212 million euro, with a customer base of approximately 33.000 and approximately 100 Employees. Gross income at the end of 2007 amounted to approximately 25 million euro and the profit before taxes amounted to approximately 15 million euro.

The completion of the transaction, subject to authorisations by the relative authorities, is planned within the first quarter of 2009.

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Ordinary periodic update of the Business Plan

In consideration of the climate of uncertainty and extreme volatility on financial markets and of the difficulty in identifying a scenario sufficiently stable to serve as the base for the construction of a multi-year plan, the ordinary update of the Business plan will be completed during the course of the first part of 2009.

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Declaration of the executive officer responsible for preparing corporate accounting documents

The undersigned, Elisabetta Stegher, as the executive officer responsible for preparing the corporate accounting documents of Unione di Banche Italiane Scpa, hereby declares, in compliance with the second paragraph of article 154 *bis* of the “Testo unico delle disposizioni in materia di intermediazione finanziaria”, that the information contained in this press release is reliably based on the records contained in corporate documents, books and accounting records.

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Copy of this press release is available on the website www.ubibanca.it

Attachments

Financial statements

The UBI Banca Group:

- Reclassified consolidated balance sheet
- Reclassified consolidated income statement
- Reclassified consolidated quarterly income statement
- Reclassified consolidated income statement net of the main non recurring items

Notes to the statements

The mandatory financial statements prepared on the basis of Bank of Italy Circular No. 262 of 22nd December 2005 and subsequent amendments and additions incorporate the balance sheet and income statement figures for the former Banca Lombarda e Piemontese Group from 1st April 2007, the date on which the merger took effect.

Pro-forma reclassified financial statements as at 30th September 2007 and as at 31st December 2007 have therefore been prepared which include the figures relating to the former BLP Group for the full first nine months of 2007 and for the full year 2007, in order to allow a uniform comparison of the performance of Group. These consequently take account of the balance sheet and income statement items of the former BLP Group for the first three months of the year and also of the PPA as illustrated below.

In compliance with the international standard IFRS 3, the cost of acquisition (at the date of acquisition itself, amounting to 4,2 billion euro) was recognised in both the *reclassified* and the interim consolidated *balance sheets* by allocating it to the fair value of the assets and liabilities of the merged bank, while maintaining the residual components within goodwill³.

The pro-forma *reclassified income statements* include, in turn, the impact of the purchase price allocation, which was negative by 63,5 million euro in the first nine months of 2008. That effect – recalculated for all the previous comparison periods – amounted to 62,8 million in the same period of 2007 (the amount was not recognised in the mandatory statements for the period January-September 2007 because the purchase price allocation process had not yet been completed at that time).

The reclassified income statement figures to 30th September 2007 also incorporate, on an accruals basis, the amendments to Art. 52 of the Corporate By-Laws of UBI Banca and Art. 31 of the Corporate By-Laws of BPB, decided when the financial statements for the year ended 31st December 2007 were approved, concerning the allocation of a share of net profit to staff pensions and social security, to be charged directly to staff costs (16,7 million euro the impact on staff costs in the first nine months of 2007)⁴.

Following the partial disposal of UBI Assicurazioni Vita (50% of the share capital + 1 share), concluded on 18th June 2008, which meant that the consolidation method was changed from full consolidation to consolidation by the equity method, further pro-forma changes were made to the reclassified income statements to 30th September 2007 and for the full year 2007 in order to back-date the new consolidation criterion to 1st January 2007. This, however, did not affect the final net results.

In order to facilitate analysis of the Group's performance and in compliance with CONSOB Communication No. DEM/6064293 of 28th July 2006, a special schedule has been included in the reclassified financial statements to show the impact on earnings only of the **principal non-**

³ An analysis of the method adopted and details of the purchase price allocation to the assets and liabilities of the merged bank is given in the 2007 Annual Report in the Notes to the Consolidated Financial Statements, Part G – Business combination transactions concerning companies or lines of business, which may be consulted. In this respect the indistinct goodwill was immediately tested for impairment in the 2007 financial year with results which confirmed the values recognised for the purchase price allocation.

⁴ See in this respect the 2007 Annual Report, Notes to the Consolidated Financial Statements, Part A – Accounting Policies.

recurring events and items – the relative effects on capital and cash flow not being significant, because they are closely linked – which are summarised as follows⁵:

January-September 2008

- integration costs resulting from the merger transaction;
- gain on the disposal of a portion of UBI Pramerica, on a portion of UBI Assicurazioni Vita and on the interest held in Key Client (formerly CIM Italia);;
- write down of the interest held in Hopa;
- change in the method of calculating collective impairment losses on guarantees issued;
- price adjustment for disposal of branches;
- tax redemption on differences between statutory accounting values and values for tax purposes as at 31st December 2007;

January-September 2007

- reform of supplementary pensions;
- integration costs resulting from the merger transaction (including an estimate of the costs of writing-off software and hardware to be abandoned);
- the disposal of shares in the subsidiary IW Bank for the listing of that bank and the disposal of 15 branches by Banca Carime;
- the non recoverability of the prior year tax losses of the former Banca Lombarda e Piemontese Spa relating to the first quarter of 2007, following the negative reply received from the tax authorities to the appeal presented concerning the method of applying the UBI tax consolidation.
- impairment losses considered permanent on minority shareholdings (HRS and Hopa).

⁵ In order to refine accounting policies and processes a new method was formulated for the definition of non-recurring items in the first annual financial statements of the UBI Banca Group. They are now selected on the basis of them reaching a certain percentage threshold of pre-tax profit (the significance of a single event, as well as a general assessment of items excluded after the procedure).

UBI Banca Group: reclassified consolidated balance sheet

Figures in thousands of euro	30.09.2008 A	31.12.2007 pro-forma B	30.09.2007 pro-forma C	% changes A/C
ASSETS				
Cash and cash equivalents	556.927	643.108	462.236	20,5%
Financial assets held for trading	1.915.381	3.256.841	4.128.315	-53,6%
Financial assets at fair value	1.014.669	1.333.586	1.639.985	-38,1%
Available-for-sale financial assets	4.060.565	3.537.133	2.909.938	39,5%
Held-to-maturity financial assets	1.396.121	1.254.520	1.257.021	11,1%
Loans to banks	2.748.587	3.691.901	3.702.398	-25,8%
Loans to customers	98.020.148	92.972.478	89.295.999	9,8%
Hedging derivatives	188.926	261.479	379.819	-50,3%
Fair value change of hedged financial assets (+/-)	8.685	-7.685	-6.924	-225,4%
Equity investments	249.561	267.340	226.318	10,3%
Technical reserves of reinsurers	85.462	91.434	89.453	-4,5%
Property, plant and equipment	2.118.217	2.154.133	2.146.022	-1,3%
Intangible assets	5.549.111	5.613.656	5.642.587	-1,7%
<i>of which: goodwill</i>	4.360.612	4.352.160	4.411.638	-1,2%
Tax assets	1.077.604	1.201.850	1.042.357	3,4%
Non current assets and disposal groups held for sale	19.803	13.205	963.784	-97,9%
Other assets	2.585.655	2.315.878	2.772.520	-6,7%
Total assets	121.595.422	118.600.857	116.651.828	4,2%
LIABILITIES				
Due to banks	7.071.811	7.736.405	6.461.373	9,4%
Due to customers	50.464.444	49.475.322	47.966.798	5,2%
Securities in issue	43.829.206	40.871.073	40.858.469	7,3%
Financial liabilities held for trading	477.339	865.207	931.161	-48,7%
Hedging derivatives	337.193	351.723	376.361	-10,4%
Tax liabilities	1.528.496	1.773.057	1.639.688	-6,8%
Liabilities associated with disposal groups held for sale	6.609	-	495.815	0,0%
Other liabilities	4.111.175	3.487.042	4.134.273	-0,6%
Staff severance payments	424.990	469.715	474.754	-10,5%
Provision for liabilities and charges:	375.015	321.695	525.547	-28,6%
a) pension and similar obligations	81.149	84.139	88.523	-8,3%
b) other provisions	293.866	237.556	437.024	-32,8%
Technical reserves	385.463	373.859	370.018	4,2%
Share capital, issue premiums and reserves	10.849.749	10.849.349	10.860.675	-0,1%
Minority interests	1.113.892	1.085.839	1.032.513	7,9%
Profit for the period	620.040	940.571	524.383	18,2%
Total liabilities	121.595.422	118.600.857	116.651.828	4,2%

UBI Banca Group: reclassified consolidated income statement

Figures in thousands of euro	30.09.2008 A	30.09.2007 pro-forma B	% changes A/B	IIIQ2008 C	IIIQ2007 pro-forma D	% changes C/D	31.12.2007 pro-forma
Net interest income	2.203.603	1.966.473	12,1%	740.671	670.824	10,4%	2.685.791
<i>of which: impact of Purchase Price Allocation</i>	(58.470)	(69.536)	(15,9%)	(15.172)	(20.367)	(25,5%)	(87.808)
Net interest income excluding impact of PPA	2.262.073	2.036.009	11,1%	755.843	691.191	9,4%	2.773.599
Dividend and similar income	69.994	80.312	(12,8%)	1.519	568	167,4%	83.539
Profit (loss) of equity investments valued using the equity method	14.574	24.038	(39,4%)	374	8.484	(95,6%)	32.529
Net commission income	899.041	1.005.751	(10,6%)	277.372	324.800	(14,6%)	1.348.754
Net profit (loss) from trading, hedging and disposal/repurchase activities valued at fair value	(49.704)	79.443	n.s.	(60.596)	5.612	n.s.	101.919
Net income on insurance operations	16.554	27.933	(40,7%)	2.743	7.539	(63,6%)	39.878
Other net operating income/(expense)	75.166	109.152	(31,1%)	20.638	33.512	(38,4%)	146.903
Operating income	3.229.228	3.293.102	(1,9%)	982.721	1.051.339	(6,5%)	4.439.313
Operating income excluding impact of PPA	3.287.698	3.362.638	(2,2%)	997.893	1.071.706	(6,9%)	4.527.121
Staff costs	(1.188.666)	(1.141.862)	4,1%	(379.413)	(386.286)	(1,8%)	(1.537.002)
Other administrative expenses	(539.568)	(541.955)	(0,4%)	(165.970)	(172.874)	(4,0%)	(767.967)
Net impairment losses on property, plant and equipment and intangible assets	(200.443)	(181.467)	10,5%	(66.949)	(61.570)	8,7%	(244.807)
<i>of which: impact of Purchase Price Allocation</i>	(54.701)	(46.215)	18,4%	(18.237)	(15.405)	18,4%	(61.620)
Net impairment losses on property, plant and equipment and intangible assets excluding impact of PPA	(145.742)	(135.252)	7,8%	(48.712)	(46.165)	5,5%	(183.187)
Operating costs	(1.928.677)	(1.865.284)	3,4%	(612.332)	(620.730)	(1,4%)	(2.549.776)
Operating costs excluding impact of PPA	(1.873.976)	(1.819.069)	3,0%	(594.095)	(605.325)	(1,9%)	(2.488.156)
Net operating income	1.300.551	1.427.818	(8,9%)	370.389	430.609	(14,0%)	1.889.537
Net operating income excluding impact of PPA	1.413.722	1.543.569	(8,4%)	403.798	466.381	(13,4%)	2.038.965
Net impairment losses on loans	(255.824)	(179.139)	42,8%	(102.868)	(65.703)	56,6%	(342.921)
Net impairment losses on other assets and liabilities	5.629	(8.335)	n.s.	2.122	(2.437)	n.s.	(28.571)
Net provisions for liabilities and charges	(39.020)	(19.576)	99,3%	(13.100)	(5.973)	119,3%	(37.955)
Profit (loss) from disposal of equity and other investments	80.286	21.756	269,0%	1.196	211	n.s.	22.796
Profit (loss) on continuing operations before tax	1.091.622	1.242.524	(12,1%)	257.739	356.707	(27,7%)	1.502.886
Profit (loss) on continuing operations before tax excluding impact of PPA	1.204.793	1.358.275	(11,3%)	291.148	392.479	(25,8%)	1.652.314
Taxes on income for the period for continuing operations	(347.108)	(526.737)	(34,1%)	(120.023)	(163.646)	(26,7%)	(597.263)
<i>of which: impact of Purchase Price Allocation</i>	36.938	44.274	(16,6%)	11.123	13.683	(18,7%)	57.157
Integration costs	(45.411)	(152.477)	(70,2%)	(16.954)	(6.176)	174,5%	(166.721)
<i>of which: staff costs</i>	(33.258)	(190.771)	(82,6%)	(14.735)	(2.676)	n.s.	(193.517)
<i>other administrative expenses</i>	(29.478)	(13.085)	125,3%	(8.288)	(6.125)	35,3%	(32.817)
<i>net impairment losses on tangible and intangible assets</i>	(1.991)	(26.850)	(92,6%)	(951)	(973)	(2,3%)	(27.207)
<i>taxes</i>	19.316	78.229	(75,3%)	7.020	3.598	95,1%	86.820
Profit (loss) of non current assets held for sale and discontinued operations net of taxes	(11.029)	16.622	n.s.	-	38	(100,0%)	308.547
Net profit for the period attributable to minority interests	(68.034)	(55.549)	22,5%	(19.908)	(22.654)	(12,1%)	(106.878)
<i>of which: impact of Purchase Price Allocation</i>	12.716	8.709	46,0%	3.646	2.796	30,4%	11.505
Profit for the period attributable to the Parent Bank excluding impact of PPA	683.557	587.151	16,4%	119.494	183.562	(34,9%)	1.021.337
Profit for the period attributable to the Parent Bank	620.040	524.383	18,2%	100.854	164.269	(38,6%)	940.571
Total impact of PPA on Income Statement	(63.517)	(62.768)	1,2%	(18.640)	(19.293)	(3,4%)	(80.766)

Some items in the income statement relating to prior comparative periods have been subject to reclassification to take account of the alignment of the policies of some companies that were merged with Group accounting policies.

The item "Net impairment losses on loans" to 31st December 2007 includes the impact of the change in the method for calculating collective impairment losses on performing loans, amounting to 85,1 million euro.

UBI Banca Group: reclassified consolidated quarterly income statements

Figures in thousands of euro	2008			2007			
	IIIQ	IIQ	IQ Pro-forma	IVQ Pro-forma	IIIQ Pro-forma	IIQ Pro-forma	IQ Pro-forma
Net interest income	740.671	731.909	731.023	719.318	670.824	653.231	642.418
<i>of which: impact of Purchase Price Allocation</i>	(15.172)	(24.079)	(19.219)	(18.272)	(20.367)	(26.874)	(22.295)
Net interest income excluding impact of PPA	755.843	755.988	750.242	737.590	691.191	680.105	664.713
Dividends and similar income	1.519	66.839	1.636	3.227	568	74.488	5.256
Profit (loss) of equity investments valued using the equity method	374	5.470	8.730	8.491	8.484	7.289	8.265
Net commission income	277.372	303.425	318.244	343.003	324.800	348.527	332.424
Net profit (loss) from trading, hedging and disposal/repurchase activities valued at fair value	(60.596)	37.980	(27.088)	22.476	5.612	23.966	49.865
Net income on insurance operations	2.743	9.700	4.111	11.945	7.539	11.637	8.757
Other net operating income/(expense)	20.638	23.115	31.413	37.751	33.512	36.645	38.995
Operating income	982.721	1.178.438	1.068.069	1.146.211	1.051.339	1.155.783	1.085.980
Operating income excluding impact of PPA	997.893	1.202.517	1.087.288	1.164.483	1.071.706	1.182.657	1.108.275
Staff costs	(379.413)	(414.609)	(394.644)	(395.140)	(386.286)	(357.931)	(397.645)
Other administrative expenses	(165.970)	(199.084)	(174.514)	(226.012)	(172.874)	(190.171)	(178.910)
Net impairment losses on property, plant and equipment and intangible assets	(66.949)	(66.942)	(66.552)	(63.340)	(61.570)	(62.286)	(57.611)
<i>of which: impact of Purchase Price Allocation</i>	(18.237)	(18.237)	(18.227)	(15.405)	(15.405)	(15.405)	(15.405)
Net impairment losses on property, plant and equipment and intangible assets excluding impact of PPA	(48.712)	(48.705)	(48.325)	(47.935)	(46.165)	(46.881)	(42.206)
Operating costs	(612.332)	(680.635)	(635.710)	(684.492)	(620.730)	(610.388)	(634.166)
Operating costs excluding impact of PPA	(594.095)	(662.398)	(617.483)	(669.087)	(605.325)	(594.983)	(618.761)
Net operating income	370.389	497.803	432.359	461.719	430.609	545.395	451.814
Net operating income excluding impact of PPA	403.798	540.119	469.805	495.396	466.381	587.674	489.514
Net impairment losses on loans	(102.868)	(93.299)	(59.657)	(163.782)	(65.703)	(51.602)	(61.834)
Net impairment losses on other assets and liabilities	2.122	3.517	(10)	(20.236)	(2.437)	(4.802)	(1.096)
Net provisions for liabilities and charges	(13.100)	(17.431)	(8.489)	(18.379)	(5.973)	(2.853)	(10.750)
Profit (loss) from disposal of equity and other investments	1.196	21.708	57.382	1.040	211	21.217	328
Profit (loss) on continuing operations before tax	257.739	412.298	421.585	260.362	356.707	507.355	378.462
Profit (loss) on continuing operations before tax excluding impact of PPA	291.148	454.614	459.031	294.039	392.479	549.634	416.162
Taxes on income for the period for continuing operations	(120.023)	(66.345)	(160.740)	(70.526)	(163.646)	(195.653)	(167.438)
<i>of which: impact of Purchase Price Allocation</i>	11.123	13.782	12.033	12.883	13.683	16.171	14.420
Integration costs	(16.954)	(14.037)	(14.420)	(14.244)	(6.176)	- 146.301	-
<i>of which: staff costs</i>	(14.735)	(8.634)	(9.889)	(2.746)	(2.676)	- 188.095	-
<i>other administrative expenses</i>	(8.288)	(10.788)	(10.402)	(19.732)	(6.125)	- 6.960	-
<i>net impairment losses on tangible and intangible assets</i>	(951)	(718)	(322)	(357)	(973)	- 25.877	-
<i>taxes</i>	7.020	6.103	6.193	8.591	3.598	74.631	-
Profit (loss) of non current assets held for sale and discontinued operations net of taxes	0	(11.029)	0	291.925	38	16.868	(284)
Net profit for the period attributable to minority interests	(19.908)	(20.971)	(27.155)	(51.329)	(22.654)	(15.468)	(17.427)
<i>of which: impact of Purchase Price Allocation</i>	3.646	4.942	4.128	2.796	2.796	3.036	2.877
Profit for the period attributable to the Parent Bank excluding impact of PPA	119.494	323.508	240.555	434.186	183.562	189.873	213.716
Profit for the period attributable to the Parent Bank	100.854	299.916	219.270	416.188	164.269	166.801	193.313
<i>Total impact of PPA on Income Statement</i>	<i>(18.640)</i>	<i>(23.592)</i>	<i>(21.285)</i>	<i>(17.998)</i>	<i>(19.293)</i>	<i>(23.072)</i>	<i>(20.403)</i>

Some items in the income statement relating to prior comparative periods have been subject to reclassification to take account of the alignment of the policies of some companies that were merged with Group accounting policies.

The item "Net impairment losses on loans" in the fourth quarter of 2007 includes the impact of the change in the method for calculating collective impairment losses on performing loans, amounting to 85,1 million euro.

UBI Banca Group: reclassified consolidated income statement net of the main non recurring items and result from finance

	non recurring items						30.09.2008 net of non recurring items A	non recurring items					30.09.2007 net of non recurring items B	Changes A-B	% Changes A/B	30.09.2008 net of non recurring items and net profit (loss) from trading, hedging and disposal/repurcha se activities valued at fair value	30.09.2007 net of non recurring items and net profit (loss) from trading, hedging and disposal/repurcha se activities valued at fair value	Changes net of non recurring items and net profit (loss) from trading, hedging and disposal/repurcha se activities valued at fair value	
	30.09.2008	Integration costs	Impairment of equity investments	Tax redemption "EC section" of the income tax form	Disposal of equity investments	Price adjustment on the sale of Branches		Impairment on signature engagements	30.09.2007	Leaving incentives	Other costs and IT system write- offs	Effect of supplementary pension reform							Disposal of equity investments and branches of Banca Carime
Figures in thousands of euro																			
Net interest income (including impact of PPA)	2.203.603						2.203.603	1.966.473					1.966.473	237.130	12,1%	2.203.603	1.966.473	12,1%	
Dividends and similar income	69.994						69.994	80.312				80.312	(10.318)	(12,8%)	69.994	80.312	(12,8%)		
Profit (loss) on equity investments valued using the equity method	14.574						14.574	24.038				24.038	(9.464)	(39,4%)	14.574	24.038	(39,4%)		
Net commission income	899.041						899.041	1.005.751				1.005.751	(106.710)	(10,6%)	899.041	1.005.751	(10,6%)		
Net profit (loss) from trading, hedging and disposal/repurchase activities valued at fair value	(49.704)				(7.055)		(56.759)	79.443				79.443	(136.202)	n.s.					
Net income on insurance operations	16.554						16.554	27.933				27.933	(11.379)	(40,7%)	16.554	27.933	(40,7%)		
Other net operating income/(expense)	75.166						75.166	109.152				109.152	(33.986)	(31,1%)	75.166	109.152	(31,1%)		
Operating income (including impact of PPA)	3.229.228	-	-	-	(7.055)	-	3.222.173	3.293.102	-	-	-	3.293.102	(70.929)	(2,2%)	3.278.932	3.213.659	2,0%		
Staff costs	(1.188.666)						(1.188.666)	(1.141.862)		(49.396)		(1.191.258)	(2.592)	(0,2%)	(1.188.666)	(1.191.258)	(0,2%)		
Other administrative expenses	(539.568)						(539.568)	(541.955)				(541.955)	(2.387)	(0,4%)	(539.568)	(541.955)	(0,4%)		
Net impairment losses on property, plant and equipment and intangible assets (including impact of PPA)	(200.443)						(200.443)	(181.467)				(181.467)	18.976	10,5%	(200.443)	(181.467)	10,5%		
Operating costs (including impact of PPA)	(1.928.677)	-	-	-	-	-	(1.928.677)	(1.865.284)	-	(49.396)	-	(1.914.680)	13.997	0,7%	(1.928.677)	(1.914.680)	0,7%		
Net operating income (including impact of PPA)	1.300.551	-	-	-	(7.055)	-	1.293.496	1.427.818	-	(49.396)	-	1.378.422	(84.926)	(6,2%)	1.350.255	1.298.979	3,9%		
Net impairment losses on loans	(255.824)						(255.824)	(179.139)			11.610	(167.529)	88.295	52,7%	(255.824)	(167.529)	52,7%		
Net impairment losses on other assets and liabilities	5.629		6.432				(8.524)	(8.335)				5.085	(3.250)	6,787	n.s.	3.537	(3.250)	(208,8%)	
Provisions for liabilities and charges	(39.020)						(39.020)	(19.576)				(19.576)	19.444	99,3%	(39.020)	(19.576)	99,3%		
Profit (loss) from disposal of equity and other investments	80.286						1.478	21.756			(21.246)	510	968	189,8%	1.478	510	189,8%		
Profit (loss) on continuing operations before tax (including impact of PPA)	1.091.622	-	6.432	-	(85.863)	-	(8.524)	1.242.524	-	-	(49.396)	(21.246)	16.695	1.188.577	(184.910)	(15,6%)	1.060.426	1.109.134	(4,4%)
Taxes on income for the period for continuing operations	(347.108)				(73.832)		2.344	(526.737)			16.301	554	3.169	(506.713)	(95.662)	(18,9%)			
Integration costs	(45.411)	45.411					-	(152.477)	126.461	26.016		-	-	-	-	-	-	-	-
<i>of which: staff costs</i>	<i>(33.258)</i>	<i>33.258</i>					-	<i>(190.771)</i>	<i>188.747</i>	<i>2.024</i>		-	-	-	-	-	-	-	-
<i>other administrative expenses</i>	<i>(29.478)</i>	<i>29.478</i>					-	<i>(13.085)</i>		<i>13.085</i>		-	-	-	-	-	-	-	-
<i>net impairment losses on tangible and intangible assets</i>	<i>(1.991)</i>	<i>1.991</i>					-	<i>(26.850)</i>		<i>26.850</i>		-	-	-	-	-	-	-	-
<i>taxes</i>	<i>19.316</i>	<i>(19.316)</i>					-	<i>78.229</i>	<i>(62.286)</i>	<i>(15.943)</i>		-	-	-	-	-	-	-	-
Profit (loss) of non current assets held for sale and discontinued operations net of taxes	(11.029)						11.029	16.622				(16.646)	(24)	24	100,0%				
Net profit for the period attributable to minority interests	(68.034)	(2.566)		6.115	554	(1.831)	900	(55.549)	(9.858)	(33)	1.725	2.214	(81)	(61.582)	3.280	5,3%			
Profit for the period attributable to Parent Bank	620.040	42.845	6.432	(67.717)	(77.764)	9.198	(5.280)	524.383	116.603	25.983	(31.370)	(35.124)	19.783	620.258	(92.504)	(14,9%)			