

PRESS RELEASE

**Consolidated results to 30<sup>th</sup> September 2007 (pro-forma reclassified financial statements – comparison with 30<sup>th</sup> September 2006)**

*The first nine months of the UBI Group's activities ended with a significant increase in normalised results thanks to favourable trends in volumes of business and in their margins and to confirmed high credit quality. The integration Industrial Plan, which is on schedule and fully underway, has led to the definition of important projects which will have impacts consistent or more favourable than Industrial Plan forecasts. These include the trade union agreement (August), the disposal of branches in compliance with antitrust requirements (September) and the framework agreement relating to the renegotiation of the joint venture with Prudential USA in the asset management sector referred to the whole UBI Group. An examination of the results to 30<sup>th</sup> September confirms the good risk profile of the Group and its solid capital and liquidity position.*

*Gross integration costs of 231 million (143 million net of taxes and minorities) were charged to the income statement in the nine month period accounting for 93% of the expected integration costs for 2007.*

- Profit net of integration costs and non recurring items of 709,6 million euro +15,9% compared to 612,2 to 30<sup>th</sup> September 2006
- Profit inclusive of integration costs and non recurring items of 603,8 million euro compared to 747,1 to 30<sup>th</sup> September 2006
- Significant growth in operating income was confirmed:
  - **Net operating income** of 1.567,1 million euro (+6,1% and +10,8% net of non recurring items)
    - Operating income of 3.376,1 million euro (+4,2% and +7,9% net of non recurring items present in 2006 amounting to approximately 111 million euro)
      - Net interest income of 2.041,1 million euro (+9,8%)
      - Commissions of 996 million euro (+1,9% and +4,6% net of performance fees)
    - Operating costs of 1.809 million euro (+2,6% inclusive of the positive effect amounting to 49,4 million euro of the new method of determining the staff severance provision)
  - **Profit on continuing operations before tax** of 1.379,2 million euro (+4,9% and +14,1% net of non recurring items)
- The excellent quality of credit was confirmed with net impairment losses on loans of 181,8 million euro (0,27% of net lending annualised) and a ratio of net NPLs to total net lending of 0,74%
- Lending to customers of 89,6 billion euro (+12,6%)
- Total funding (direct + indirect) of 184,3 billion euro (+5,3%)
  - Direct funding of 88,9 billion euro (+9,1%)
  - Indirect funding from ordinary customers of 95,4 billion euro (+2,0%)

**The good positioning of the Bank in relation to the crisis on financial markets was also confirmed on the basis of the results to 30<sup>th</sup> September 2007**

- No direct exposure to the sub-prime sector
- No critical issues in the short term liquidity position of the Group
- Risks relating to derivatives transactions with customers are particularly low

**Signed the framework agreement relating to the renegotiation of the Joint Venture with Prudential USA in the asset management sector:**

- Contribution in kind of Capitalgest assets to UBI Pramerica with dilution of Prudential's participation in UBI Pramerica from 35% to approximately 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)
- Reshaping of the shareholder agreement with elimination of put options in favour of Prudential and the introduction of a system of dual call options triggered by determined events
- consequent inclusion of Prudential's investments in UBI Pramerica in the Core Tier 1 capital of UBI Banca (expected benefit on Core Tier 1 estimated at more than 30 basis points)
- The operation is expected to be completed by the end of the first quarter of 2008.

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Bergamo, 13th November 2007 – The Management Board of UBI Banca approved the consolidated report of UBI Banca as at 30th September 2007. The results do not include the effects of allocating merger differences, which will have a negative impact, estimated, to-date, of around 80-90 million on an annual basis net of tax and minorities and which will be recognised in the annual accounts at year-end.

### **The income statement**

*The income statement figures commented on are based on the pro-forma reclassified consolidated financial statements (income statement and income statement net of non recurring items) contained in the attachments to this press release.*

Net of non recurring items, **consolidated net profit** for the first nine months of 2007 amounted to 709,6 million euro, an increase of 15,9% compared to 612,2 million achieved in the same period of 2006, also net of non recurring items.

Net profit for the period includes 143 million euro net of taxes and minorities (231 million gross) relating to integration costs. Overall, the consolidated net profit for the first nine months of 2007, amounting to 603,8 million euro includes a negative balance on non recurring items of 105,8 million euro and compares with a net profit of 747,1 million euro achieved in the same period of 2006, which included approximately 135 million of net non recurring profits.

**Operating income** amounted to 3,4 billion, an increase of 7,9% compared to 3,1 billion achieved in the period January-September 2006, net of approximately 111 million of non recurring items. Growth amounted to 4,2% including the non recurring items in the comparison.

The favourable trend for **net interest income** continued with an increase of 9,8% to 2.041,1 million euro, compared to 1.859,8 million achieved in the first nine months of 2006.

This positive growth was the result above all of the performance by the network banks which taken together recorded an increase in the net interest income generated by them of 12,2% to 1.894 million euro, driven by growth in volumes of business (in terms of average balances, +11,5% for loans and +3,2% for direct funding compared to September 2006) and a broader spread (+9 basis points approx. compared to 2006).

The result for the Group as a whole was affected by the lower net positive contribution from capitalisation policies in relation to the increase in market rates (8 million euro compared to 44,1 in September 2006). Net of the contribution from insurance policies net interest income did in fact increase by 12% year-on-year.

The policy to reimburse capitalisation policies started at the beginning of year in relation to the lower income margin these provide continued following the increase in market rates and the favourable trends for lending; capitalisation policies amounted to 5,3 billion in September 2006 and to 1,5 billion at the end of September 2007.

**Dividends** received on shares held in portfolio increased to 80,3 million from 45,8 recorded in the first nine months of 2006, partly the result of the increased contribution (55,1 million, compared to 31,9 million in the nine month comparison period) from the investment in Intesa Sanpaolo.

**Net commissions**, calculated with the exclusion of performance commissions earned by the Group's asset management companies amounted to 991,4 million, an improvement of 4,6% compared to 947,5 million in the first nine months of 2006. More specifically, the aggregate performance of the various commission items recorded growth, net of performance fees, in commissions relating to indirect funding and commissions generated by innovative products (P&C, CPI, investment banking), while commissions relating to more traditional banking services (encashment and payment and ordinary current accounts) showed a limited contraction.

**Performance commissions** fell to 4,6 million from 30,2 in 2006. It will be recalled that the new accounting treatment adopted starting from 2007 in compliance with Bank of Italy directives for funds that calculate fees on the basis of a comparison with a benchmark means that any positive effects are recognised at the end of the year, when the results become final. As a consequence the amount recorded in 2007 is not comparable with the figure recognised in the accounts in 2006.

**Net profit on trading, hedging and disposal/repurchase activity** amounted to 79,4 million, compared to 199,6 million previously. The 2006 figure included non recurring items relating to the former BPU Banca Group amounting to 115,9 million (38,5 million of gains on the disposal of NPLs and 77,4 million of gains on the sale of equity investments, of which 70,1 million relating to Banca Italease). Net of those items, the overall result fell by 4,3 million euro.

Finally, again with regard to income, increases were also recorded on the items **profits on equity investments valued at equity** (to 17,2 million from 14,1 in September 2006), **net income on insurance operations** (to 55,3 million from 45,4 in September 2006) and **other operating income** (to 106,7 million from 97,4 in September 2006).

**Operating costs**, amounting to 1.809 million euro, recorded growth of 2,6% (with account taken of the positive effect amounting to 49,4 million euro of the new method of determining the staff severance provision) compared to 1.763,3 million in the first nine months of 2006. These do not include integration costs, stated under a separate item net of taxes.

In detail, *staff costs* totalled 1.126,9 million, benefiting from the recognition of a positive amount of 49,4 million euro resulting from a one-off effect of changes to the accounting rules for the staff severance provision. Compared to 1.119,6 million in the same period of 2006, the increase was moderate at 0,7%. If the favourable effect of the recalculation of the staff severance provision is not considered (together with 4,7 million of non recurring items present in 2006 relating to the former BPU Banca Group), staff costs increased by 5,5%, primarily due to wage trends and more specifically to contract renewals and general growth in remuneration as well as incentives and bonuses.

*Other administrative expenses* amounted to 546,3 million, an increase of 35 million (+6,9%) compared to 2006.

The increase consisted of the following:

- approximately 14 million euro due to exogenous events (including increases in mass mailing tariffs and expenses for restocking an office supply warehouse following a fire, with the risk insured and

recovered under other operating expenses and costs) and to perimeter variations implemented starting from the fourth quarter of 2006 (including the project to centralise the IT activities of non banking companies in UBI Centrosystem and to outsource some services such as treasury, warehousing and transport);

- approximately 21 million due to the development of 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.

Net of non recurring items, the cost/income ratio stood at 55%, continuing to fall by 1,2 percentage points compared to 56,2% in the comparison period.

As a result of the performance described above, **net operating income** improved by 6,1% to 1.567,1 million from 1.476,7 in 2006. If non recurring items are excluded, then net operating income rose by **approximately 11%**.

The quality of Group credit remained high. **Net impairment losses** totalled 181,8 million euro (175,2 million in the same period of 2006) accounting for 0,27% of net lending to customers annualised, a slight improvement compared to the 0,29% recorded in the period January-September 2006 as well as for the full year 2006.

Standardisation of the model for calculating collective valuations of performing loans is in progress across the two Groups which gave rise UBI Banca and this will be applied starting with the annual financial statements for the year ending 31<sup>st</sup> December 2007. Application of the former BPU Banca model would result in a positive impact on net profit estimated at approximately 10 million euro, while the effect would be negative by approximately 50 million if the model used by the former Banca Lombarda were adopted.

Both the periods compared benefited from **profits on the disposal of equity investments**, which amounted to 21,8 million in 2007 (primarily attributable to the gains made at Group level following the listing of IW Bank) compared to 47,8 million achieved in 2006 (of which 46,5 million attributable to the Prudential USA earn-out on the investment in the Group asset management company).

**Profit on continuing operations before tax** therefore totalled 1.379,2 million (+4,9%); net of non recurring items the improvement rises to **14,1%**.

**Taxes on income** calculated for the period amounted to 575,3 million (508,1 in 2006, which benefited from particular tax treatment on some gains on disposals of equity investments) and was negatively affected by some non recurring items and by the negative effect of tax wedge legislation.

The income statement included a specific item containing the total for **integration costs for the period, which totalled 152,5 million net of tax** (78,2 million euro) and before minorities. These costs, amounting to 230,7 million gross, consisted of 188,7 million of staff costs recognised when negotiations with trade unions were concluded on 14<sup>th</sup> August 2007 in relation to the Group leaving incentive plan, approximately 15 million of other administrative expenses relating to consultancy services, communication and advertising plans and training programmes incurred mainly by UBI Banca and of 26,9 million of net impairment losses on property, plant and equipment and intangible assets in relation to hardware and software which is to be written-off.

Finally the **profit of non current assets held for sale net of taxes** amounted to 16,6 million euro and related to the sale of Banca Carime branches to Banca Popolare Pugliese. The amount of 10,5 million euro recognised in 2006 consisted of approximately 5,6 million from income items relating to Bergamo Esattorie and Ancona Tributi which were subsequently disposed of and of 4,7 million from the sale of a property by the former Banca Lombarda e Piemontese Spa.

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## The balance sheet

*To allow comparison on an homogeneous basis, direct funding and lending as at 30 Sept. 2007 were reconstructed to include the business of the 61 branches under disposal, recorded under “Non current assets and disposal Groups held for sale”*

**Total funding** of the Group as at 30<sup>th</sup> September 2007 amounted to 184,3 billion euro, an increase of 5,3% compared to 175 billion in September 2006 (180,1 billion in December 2006).

In detail, **direct funding** recorded year-on-year growth of 9,1% to 88,9 billion euro from 81,4 billion as at 30<sup>th</sup> September 2006 (85,6 in December 2006). This performance was attributable to both growth in the aggregate of amounts due to customers and securities issued to customers, up by 4,9% to 75,1 billion euro and to bonds issued under the EMTN programme which rose to 13,7 billion from 9,9 del 2006.

The growth in **total indirect funding from private customers**, up by 2% to 95,4 billion euro from 93,6 in September 2006 (94,4 in December 2006), was affected by unfavourable trends on financial markets. While the performance by assets under management (-0,7% to 42,4 billion euro) fell slightly, this was offset by a good increase in insurance products (+5,6% to 13,2 billion euro) and by a rise in assets under custody (+3,8% to 40 billion euro).

As at 30<sup>th</sup> September 2007, Group **lending to customers** totalled 89,6 billion euro to record a significant increase of 12,6%, compared to 79,6 billion in September 2006 (83,1 in December 2006). In June 2007 the market share of Group had increased to 5,86% compared to both March 2007 (5,73%) and to June 2006 (5,65%).

Lending to customers recorded general year-on-year growth for both network banks (+9,1%) and also for product companies (+20,4%), which included strong growth rates in lending by Banca 24-7, +63% to 4 billion euro.

As concerns the **quality of the lending portfolio**, the ratio of net non performing loans to net lending as at 30<sup>th</sup> September 2007 was 0,74% in line with the figures for 30<sup>th</sup> September 2006, while the ratio of net impaired loans to net lending was 0,79%, a decrease compared to 0,89% recorded in September 2006.

The **shareholders' equity** of the Group, excluding profit for the period, amounted to 10.838 million euro as at 30<sup>th</sup> September 2007 (10.607 million euro as at 30<sup>th</sup> September 2006).

Pro-forma capital ratios calculated without considering the allocation of merger differences to assets were as follows as at 30<sup>th</sup> September 2007: a core tier 1 ratio of 6,2%, a tier 1 ratio of 6,8% and a total capital ratio greater than 10% .

As at 30<sup>th</sup> September 2007, the Group had employees numbering 21.428 (-370 compared to 30<sup>th</sup> September 2006) and 1.966 branches in Italy and eight abroad.

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## **Business outlook**

The current trend in the performance of net interest income should continue in the last quarter of 2007, in line with the target set in the Industrial Plan, thanks on the one hand to the trend for volumes of business with customers and on the other hand to support from the spread.

The continuing volatility on financial markets, a consequence of both the American sub-prime mortgage loan crisis and the rises in yield curves, will continue to condition the performance of commission income which will probably record lower increases compared to first nine months of the year.

From the viewpoint of operating costs, considered net of integration costs and excluding the one-off positive impact of the changes to the accounting treatment for staff severance provisions, the projection for the full year shows a growth rate which is decelerating compared to the first nine months and slightly lower than the indications contained in the Industrial Plan.

The cost of lending is expected to remain below the target indicated in the Industrial Plan if the same criteria for calculating impairment losses on performing loans are employed.

Net profit for the full year will be negatively affected by the allocation of the cost of acquiring the Banca Lombarda Group with an impact estimated at around 80-90 million on consolidated annual net profit.

Finally with regard to non recurring items, in addition to integration costs (143 million net of tax as at 30<sup>th</sup> September 2007) there was a net gain of 270 million on the sale, planned for before the end of the year, of 61 branches to Banca Popolare di Vicenza, in order to fulfil Antitrust Authority requirements.

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### ***Exposure to USA subprime mortgages***

As concerns the exposure of the UBI Banca Group to the subprime mortgage sectors and to the American sector in particular, investigations performed on figures as at 30<sup>th</sup> September produced the following results:

- no direct exposure to American sub-prime mortgages, nor to related instruments, SPVS and conduits
- investments of the Group in hedge funds: ascertained indirect exposure amounting to 7 million euro (sum of long and short positions)

### ***The liquidity position of the Group***

The short term liquidity position of the Group remains sound, with net exposure on the interbank market reduced to 3 billion euro compared to 7,7 billion recorded in June 2007. The management of Group assets and liabilities is expected to generate sufficient liquidity to meet the needs of the development of the Group in the short terms, which will make it possible to avoid resorting to new issues under EMTN programme in the remaining months of 2007.

### ***Transactions in derivatives***

The positioning of the Group is conservative, with limited risk in derivatives transactions with customers. The analysis conducted showed proper conduct in the performance of intermediation activities and that the control systems were adequate.

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### ***Declaration of the senior executive officer responsible for preparing corporate accounting documents and reports***

The senior executive officer responsible for preparing the corporate accounting documents (Elisabetta Stegher), hereby declares, in compliance with paragraph 2 of article 154 *bis* of the “*Testo unico della Finanza*”, that the information contained in this press release corresponds to 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](http://www.ubibanca.it)*

## *Attachments*

### **Financial statements**

#### **The UBI Banca Group:**

- Reclassified consolidated balance sheet
- Reclassified consolidated income statement
- Reclassified consolidated income statement net of the main non recurring components
- Reclassified consolidated income statement for each quarter

### **Notes to the statements**

Seen that the mandatory schemes for the financial statements prepared on the basis of Bank of Italy Circular No. 262 of 22nd December 2005 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 have been prepared which include figures for the former BLP Group for the entire period considered and for the comparison periods in order to allow an analysis of the Group's performance on a uniform basis and a vision that is more consistent with a management accounting style.

Seen that the process for the allocation of the purchase price has not yet been finalised, the temporary merger difference is evidenced in a dedicated asset item in the balance sheet.

In line with the indications of CONSOB communication No. DEM/6064293 of 28th July 2006, a special statement has been included among the reclassified financial statements which shows the impact on earnings of the principal non recurring items; they can be summarised, for the first nine months of 2007 as follows:

- reform of supplementary pensions;
- integration costs resulting from the merger transaction (including an estimate of the costs of writing-off software and hardware destined to be decommissioned);
- the disposal, for the listing of that bank, of shares in the subsidiary IW Bank and the disposal of 15 branches by Banca Carime;
- other items relating to the effects of the valuation of minority stakes and to fiscal effects.

## UBI Banca: reclassified consolidated balance sheet

Figures in thousands of euro		30.9.2007 pro-forma A	31.12.2006 pro-forma B	% changes A/B	30.9.2006 pro-forma C	% changes A/C
<b>ASSETS</b>						
10.	Cash and cash equivalents	462.236	586.799	-21,2%	431.055	7,2%
20.	Financial assets held for trading	4.695.166	6.190.975	-24,2%	5.961.947	-21,2%
30.	Financial assets at fair value	1.639.985	5.352.617	-69,4%	5.290.972	-69,0%
40.	Available-for-sale financial assets	5.091.622	4.703.712	8,2%	4.533.773	12,3%
50.	Held-to-maturity financial assets	1.257.021	1.256.872	0,0%	1.249.265	0,6%
60.	Loans to banks	3.860.287	4.268.133	-9,6%	4.168.592	-7,4%
70.	Loans to customers	88.634.959	83.062.851	6,7%	79.569.655	11,4%
80.	Hedging derivatives	379.819	442.872	-14,2%	599.248	-36,6%
90.	Fair value change of hedged financial assets (+/-)	-6.924	2.044	n.s.	10.288	n.s.
100.	Equity investments	147.562	143.213	3,0%	125.610	17,5%
110.	Technical reserves of reinsurers	217.847	105.726	106,0%	98.773	120,6%
120.	Property, plant and equipment	2.016.873	2.070.260	-2,6%	2.078.344	-3,0%
130.	Intangible assets	1.314.817	1.341.292	-2,0%	1.328.798	-1,1%
	<i>of which: goodwill</i>	<i>1.205.752</i>	<i>1.209.843</i>	<i>-0,3%</i>	<i>1.209.622</i>	<i>-0,3%</i>
135.	Temporary Merger difference	4.199.793	4.199.793	-	4.199.793	-
140.	Tax assets	1.037.331	1.208.249	-14,1%	844.604	22,8%
150.	Non current assets and disposal groups held for sale	963.784	98.401	879,4%	3.234	n.s.
160.	Other assets	2.810.548	2.362.907	18,9%	2.105.365	33,5%
	<b>Total assets</b>	<b>118.722.726</b>	<b>117.396.716</b>	<b>1,1%</b>	<b>112.599.316</b>	<b>5,4%</b>
<b>LIABILITIES</b>						
10.	Due to banks	6.947.439	9.016.297	-22,9%	9.309.167	-25,4%
20.	Due to customers	48.201.581	48.480.775	-0,6%	45.679.737	5,5%
30.	Securities in issue	40.762.440	37.755.193	8,0%	36.384.538	12,0%
40.	Financial liabilities held for trading	931.161	1.028.530	-9,5%	1.016.634	-8,4%
60.	Hedging derivatives	376.361	407.795	-7,7%	359.458	4,7%
80.	Tax liabilities	966.341	1.089.282	-11,3%	865.431	11,7%
90.	Liabilities associated with disposal groups held for sale	495.815	119.648	314,4%	1.188	n.s.
100.	Other liabilities	4.153.288	3.644.428	14,0%	3.321.425	25,0%
110.	Staff severance payments	474.966	548.237	-13,4%	565.919	-16,1%
120.	Provision for liabilities and charges:	525.582	337.466	55,7%	433.769	21,2%
	a) pension and similar obligations	88.523	89.867	-1,5%	183.896	-51,9%
	b) other provisions	437.059	247.599	76,5%	249.873	74,9%
130.	Technical reserves	2.565.269	2.532.321	1,3%	2.473.415	3,7%
<sup>140.+170.</sup> <sup>+180.+190.</sup>	Share capital, issue premiums and reserves	10.838.467	10.630.308	2,0%	10.606.674	2,2%
210.	Minority interests	880.209	855.590	2,9%	834.825	5,4%
220.	Profit for the period	603.807	950.846	n.s.	747.136	-19,2%
	<b>Total liabilities</b>	<b>118.722.726</b>	<b>117.396.716</b>	<b>1,1%</b>	<b>112.599.316</b>	<b>5,4%</b>

*In the comments to the balance sheet figures, and to allow comparison on an homogeneous basis, direct funding – “Due to customers” and “Securities in issue” - and “Loans to customers” as at 30 Sept 2007 were reconstructed to include the business of the 61 branches under disposal, recorded under “Non current assets and disposal Groups held for sale”*

## UBI Banca: Reclassified consolidated income statement

Figures in thousands of euro	30.9.2007 pro-forma	30.9.2006 pro-forma	% changes	3rd Quarter 2007	3rd Quarter 2006 pro-forma	31.12.2006 pro-forma
10.-20. Net interest income	2.041.127	1.859.780	9,8%	693.357	631.494	2.513.136
70. Dividend and similar income	80.312	45.827	75,3%	568	980	50.674
Profit (loss) of equity investments valued using the equity method	17.209	14.077	22,2%	6.960	7.162	17.332
40.-50. Net commission income	991.412	947.534	4,6%	321.444	296.581	1.285.483
Performance commissions	4.605	30.236	(84,8%)	88	3.692	40.382
80.+90.+ 100.+110. Net profit (loss) from trading, hedging and disposal/repurchase activities and assets and liabilities at fair value	79.443	199.642	(60,2%)	5.612	39.097	242.750
150.+160. Net income on insurance operations	55.304	45.382	21,9%	14.479	11.252	67.680
220. Other net operating income/(expense)	106.687	97.446	9,5%	32.842	29.131	148.270
<b>Operating income</b>	<b>3.376.099</b>	<b>3.239.924</b>	<b>4,2%</b>	<b>1.075.350</b>	<b>1.019.389</b>	<b>4.365.707</b>
180.a Staff costs	(1.126.943)	(1.119.641)	0,7%	(381.248)	(359.666)	(1.513.735)
180.b Other administrative expenses	(546.325)	(511.267)	6,9%	(174.009)	(167.018)	(745.456)
200.+210. Net impairment losses on property, plant and equipment and intangible assets	(135.685)	(132.345)	2,5%	(46.310)	(47.653)	(183.550)
<b>Operating costs</b>	<b>(1.808.953)</b>	<b>(1.763.253)</b>	<b>2,6%</b>	<b>(601.567)</b>	<b>(574.337)</b>	<b>(2.442.741)</b>
<b>Net operating income</b>	<b>1.567.146</b>	<b>1.476.671</b>	<b>6,1%</b>	<b>473.783</b>	<b>445.052</b>	<b>1.922.966</b>
130.a Net impairment losses on loans	(181.774)	(175.172)	3,8%	(66.716)	(67.346)	(238.710)
130.b+c +d+260. Net impairment losses on other assets and liabilities	(8.335)	(1.889)	n.s.	(2.437)	(1.765)	1.500
190. Net provisions for liabilities and charges	(19.576)	(33.184)	(41,0%)	(5.973)	(11.585)	(50.753)
240.+270. Profit (loss) from disposal of equity and other investments	21.756	47.847	(54,5%)	211	16.583	62.889
<b>Profit (loss) on continuing operations before tax</b>	<b>1.379.217</b>	<b>1.314.273</b>	<b>4,9%</b>	<b>398.868</b>	<b>380.939</b>	<b>1.697.892</b>
290. Taxes on income for the period for continuing operations	(575.297)	(508.059)	13,2%	(178.166)	(161.357)	(669.766)
Integration costs	(152.477)	-	-	(6.176)	-	-
of which: staff costs	(190.771)	-	-	(2.676)	-	-
other administrative expenses	(13.085)	-	-	(6.125)	-	-
net impairment losses on tangible and intangible assets	(26.850)	-	-	(973)	-	-
tax	78.229	-	-	3.598	-	-
310. Profit (loss) of non current assets held for sale and discontinued operations net of taxes	16.622	10.464	58,8%	38	(78)	11.531
330. Net profit for the period attributable to minority interests	(64.258)	(69.542)	(7,6%)	(25.450)	(22.848)	(88.811)
<b>Profit for the period attributable to the Parent Bank</b>	<b>603.807</b>	<b>747.136</b>	<b>(19,2%)</b>	<b>189.114</b>	<b>196.656</b>	<b>950.846</b>

## UBI Banca Group: Reclassified consolidated income statement net of the main non recurring items

	non recurring items							non recurring items						% change 30.9.2007 pf /30.9.2006 pf net of non recurring items
	30.9.2007 pro-forma	Integration costs				30.9.2007 pro-forma net of non recurring items	30.9.2006 pro-forma	non recurring items				30.9.2006 pro-forma net of non recurring items		
		Incentive leaving costs	Other items and write- offs following "switch-off" of the BPU IT systems	pension reform effect	Disposal of equity investments and Banca Carime branches			Other items	Disposal of loans	Disposal of equity investments	Earn out UBI Pramerica SGR		Other items	
Figures in thousands of euro														
Net interest income	2.041.127					2.041.127	1.859.780					1.859.780	9,8%	
Dividends and similar income	80.312					80.312	45.827					45.827	75,3%	
Profit (loss) on equity investments valued using the equity method	17.209					17.209	14.077					14.077	22,2%	
Net commission income	991.412					991.412	947.534			4.705		952.239	4,1%	
Performance commissions	4.605					4.605	30.236					30.236	(84,8%)	
Net profit (loss) from trading, hedging and disposal/repurchase activities and assets and liabilities at fair value	79.443					79.443	199.642	(38.478)	(77.387)			83.777	(5,2%)	
Net income on insurance operations	55.304					55.304	45.382					45.382	21,9%	
Other net operating income/(expense)	106.687					106.687	97.446					97.446	9,5%	
<b>Operating income</b>	<b>3.376.099</b>	-	-	-	-	<b>3.376.099</b>	<b>3.239.924</b>	<b>(38.478)</b>	<b>(77.387)</b>	-	<b>4.705</b>	<b>3.128.764</b>	<b>7,9%</b>	
Staff costs	(1.126.943)			(49.396)		(1.176.339)	(1.119.641)			4.676		(1.114.965)	5,5%	
Other administrative expenses	(546.325)					(546.325)	(511.267)					(511.267)	6,9%	
Net impairment losses on property, plant and equipment and intangible assets	(135.685)					(135.685)	(132.345)					(132.345)	2,5%	
<b>Operating costs</b>	<b>(1.808.953)</b>	-	-	<b>(49.396)</b>	-	<b>(1.858.349)</b>	<b>(1.763.253)</b>	-	-	-	<b>4.676</b>	<b>(1.758.577)</b>	<b>5,7%</b>	
<b>Net operating income</b>	<b>1.567.146</b>	-	-	<b>(49.396)</b>	-	<b>1.517.750</b>	<b>1.476.671</b>	<b>(38.478)</b>	<b>(77.387)</b>	-	<b>9.381</b>	<b>1.370.187</b>	<b>10,8%</b>	
Net impairment losses on loans	(181.774)					(170.164)	(175.172)					(175.172)	(2,9%)	
Net impairment losses on other assets and liabilities	(8.335)					(3.250)	(1.889)					(1.889)	72,0%	
Provisions for liabilities and charges	(19.576)					(19.576)	(33.184)					(33.184)	(41,0%)	
Profit (loss) from disposal of equity and other investments	21.756				(21.246)	510	47.847		284	(46.500)		1.631	(68,7%)	
<b>Profit (loss) on continuing operations before tax</b>	<b>1.379.217</b>	-	-	<b>(49.396)</b>	<b>(21.246)</b>	<b>1.325.270</b>	<b>1.314.273</b>	<b>(38.478)</b>	<b>(77.103)</b>	<b>(46.500)</b>	<b>9.381</b>	<b>1.161.573</b>	<b>14,1%</b>	
Taxes on income for the period for continuing operations	(575.297)			16.301	554	12.887	(508.059)	14.234	2.640	8.835	(3.343)	(485.693)	12,3%	
Integration costs	(152.477)	126.461	26.016										-	
of which: staff costs	(190.771)	188.747	2.024										-	
other administrative expenses	(13.085)		13.085										-	
net impairment losses on tangible and intangible assets	(26.850)		26.850										-	
tax	78.229	(62.286)	(15.943)										-	
Profit (loss) of non current assets held for sale and discontinued operations net of taxes	16.622				(16.646)	(24)	10.464		(5.641)			4.823	n.s.	
Net profit for the period attributable to minority interest	(64.258)	(9.858)	(33)	1.725	2.214	126	(69.542)	581	284	24	101	(68.552)	2,2%	
<b>Profit for the period attributable to Parent Bank</b>	<b>603.807</b>	<b>116.603</b>	<b>25.983</b>	<b>(31.370)</b>	<b>(35.124)</b>	<b>29.708</b>	<b>747.136</b>	<b>(23.663)</b>	<b>(79.820)</b>	<b>(37.641)</b>	<b>6.139</b>	<b>612.151</b>	<b>15,9%</b>	
<b>ROE (annualized)</b>	7,4%					8,7%	9,4%					7,7%		
<b>Cost / Income</b>	53,6%					55,0%	54,4%					56,2%		

## UBI Banca Group: Reclassified consolidated income statement for each quarter

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
80.+90.+ 100.+110. Net profit (loss) from trading, hedging and disposal/repurchase activities and assets 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)
200.+210. 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)
<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>