UBI Banca: 1H2007 consolidated results and update on Group integration

September 12th, 2007

UBI Banca

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Executive summary

✓**Group Integration proceeds through 50 projects, activated after the launch of the Industrial Plan with first results already achieved. Trade Union negotiations successfully closed in line with Industrial Plan objectives (including confirmation of 1.700 exits)**

✓**In 2Q2007, booked approx. 80% (221 million €) of integration costs forecast for 2007. Integration costs to be booked in 2007 represent overall 72% of total integration costs; in 2008, a further 22% of total integration costs will be booked, mainly related to IT migrations**

✓**1H2007 vs 1H2006 performance:**

- **Strong volume growth with market share increase in all relevant sectors**
- **Lending to customers of 89,6 billion euro, (+13%) – market share of the Group up by +0,17pp March2007/March2006 to 5,73% - Growth is particularly significant in the North West of the country (+0,24pp to 10,62%)**
- **Total funding (direct + indirect) of 184,5 billion euro (+7,6%)**
- **Direct funding of 88,2 billion euro (+10,1%) – Growth in market share of 0,19pp to 6,34%**
- **Indirect funding from ordinary customers of 96,3 billion euro (+5,5%)**
Assets under management up to 56,3 billion euro (+4,7%) and assets under custody to 40 billion euro (+6,7%) – market share in terms of mutual funds to 4,81% in June 2007 from 4,54% in June 2006

Executive summary

✓**1H2007 vs 1H2006 results:**

Economic margins

▪**Net profit excluding non recurring items of 507 million €* vs 436 million €** in 1H2006 : +16,3%**

▪**Good performance of all margins, even more evident in normalised terms**

	Normalised	Stated
Net interest margin	+9,7%	+9,7%
Net commissions (excl performance fees)	+2,9%	+2,9%
Net operating income	**+12,6%**	**+6,0%**
Profit on continuing operations before tax	**+15,2%**	**+5,0%**

▪**Continuing excellent credit quality: NLP/total loans 0,7%**
Net impairment losses on loans/total loans : 0,26%

In relation to the market crisis:
✓**No direct Subprime exposure and negligible indirect exposure**
✓**At present no pressure on short term liquidity ratios**

***integration costs, one off impact on P&L of new law on severance fund and extraordinary gains amounting to net -92,4 million euro**

****extraordinary gains amounting to net +114,5 million euro**

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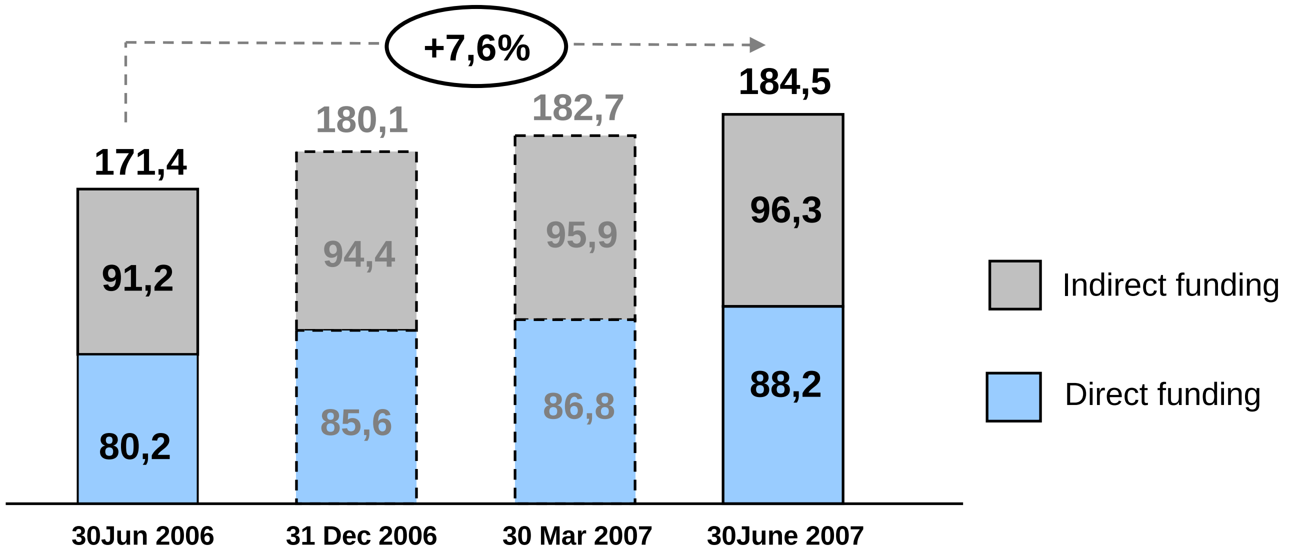
Total funding: continuing growth in direct and indirect deposits +7,6% yoy

bln€



✓ Both direct and indirect deposits show constant growth both compared to June 2006 and to Dec. 2006

✓ Direct funding :+10,1% yoy, to 88,2 bln€ from 80,2 bln€ in June 2006

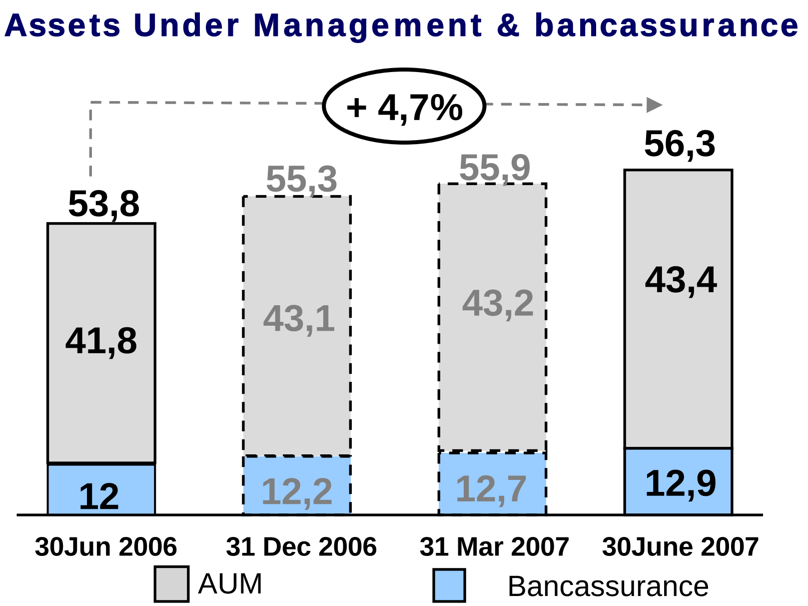
- net of institutional funding (EMTN bonds), current accounts and bonds referred to private customers grew by +4,1% to 74,3 bln€ from 71,4 in June 2006
- EMTN issues to 13,9 bln € from 8,8 bln€ in June 2006

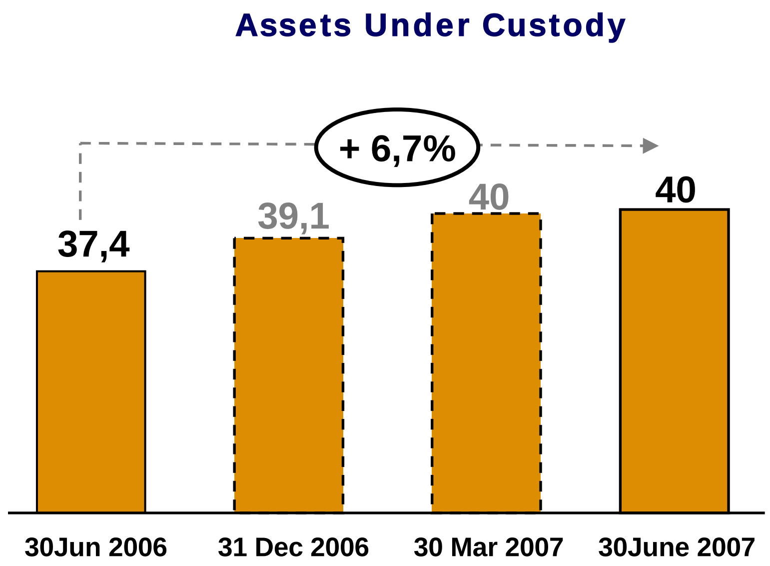
✓Yoy, the Group acquires market share in terms of deposits and bonds': +19bp*

* March 2007 vs March 2006; latest data available

Focus on Indirect deposits which remain a point of strength of the Group

bln€



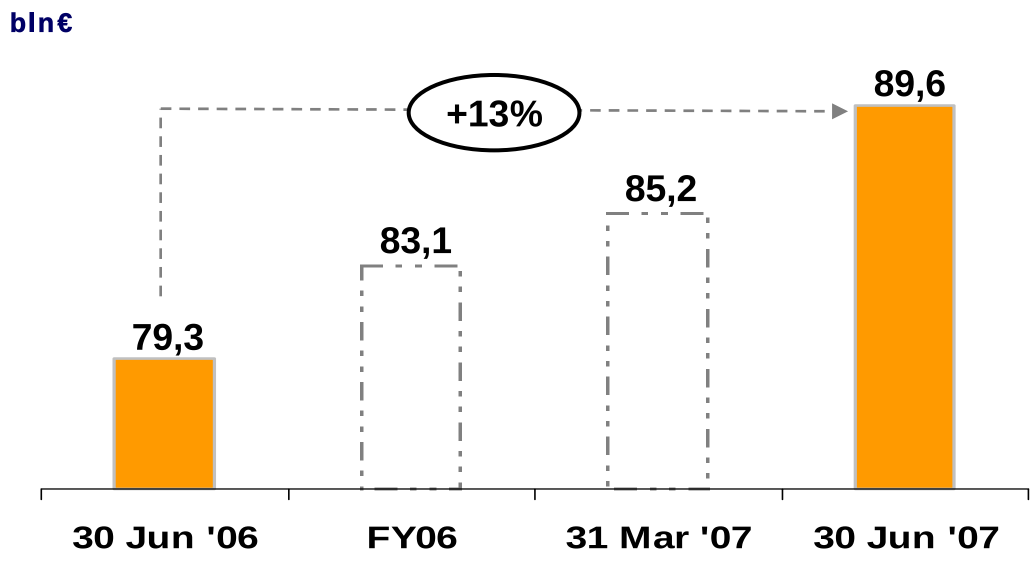


✓ Yoy, both AUM and AUC register significant growth: +2,5 bln€ each, corresponding to +4,7% and +6,7% respectively

✓Within AUM, good increase in insurance policies, recording +7,6% to 13 bln€ from 12 bln€ in June 2006, and in AUM net of insurance policies, +3,9% to 43,4 bln€ from 41,8 bln€ in June 2006

✓UBI Banca, the 4° Italian operator according to Assogestioni, is one of the few Groups in Italy recording growth in mutual funds net inflows over the first six months of 2007 (+154 mln€ vs outflows of -20 bln€ at system level) and in market share (to 4,81% in June 2007 from 4,54% in June 2006)

Confirmed strong growth in lending: +13% yoy



✓Geographical composition of lending: 78,4% of Group lending in North Western Italy (82,7% overall in Northern Italy), 10,4% in Central Italy

✓YoY increase in lending of 10,3 bln€, to 89,6bln€ from 79,3bln€, with increase in market share of approx. 17 bp to 5,73% , mainly in Northern Italy

✓ Growth by type of lending: mortgages and other long term loans to 40,6 bln€ (+12,2%), of which residential mortgages to 15,6 bln€ (+15,3%), current accounts to 16,1 billion euro (+9,4%), consumer credit* to 3,7 billion euro (+32,4%), leasing to 6,5 billion euro (+13%) and factoring to 1,7 bln€ (+17,3%)

*Credit cards, personal loans and salary backed lending

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US subprime market : no direct exposure and negligible indirect exposure (1/2)

Direct subprime exposure	✓ NONE
Off balance sheet exposure	✓ NONE
Other instruments (CDO, ASB, ets..)	✓ Indirect exposure: (proprietary portfolio) • Within the Assets held for trading, funds of hedge funds which might include sub-prime exposure amount to 40 million euro (out of a portfolio of approx 730 million euro). The total actual exposure ascertained as at 16 August 2007 (answer to Bank of Italy questionnaire) was 2 million euro out of a potential exposure of maximum 15 million euro • Very strict policy at group level for investments in hedge funds: maximum 2 months VAR 50 mln euro, maximum single position - for top quality funds - 50 million euro.
Group Asset Management companies	✓ Within customer assets managed, total exposure as at 16 August 2007 (answer to Bank of Italy questionnaire) : 26,9 million euro as the sum of long/short positions in the Alternative investment company
Other products sold to customers	✓ 0,1 mln€

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Market Liquidity crisis (2/2)

- ✓ The net exposure of the Group on the interbank market amounts presently to 5,5 billion euro compared to 7,7 billion as at 30 June 2007. Net interbank funding currently accounts for less than 8% of the Group’s funding.

- ✓ In the medium term, adequate liquidity ratios are assured by the implementation of the Industrial Plan.

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Income statement as at 30 June 2007, normalized net profit at 507 million euro, +16,3% versus 1H2006

Figures in million of euro	Stated 30.06.2007 pro-forma	Stated 30.06.2006 pro-forma	Stated % change	Normalised 30.06.2007 pro-forma	Normalised 30.06.2006 pro-forma	Normalised % change
Net interest income	1.348	1.228	9,7%	1.348	1.228	9,7%
Dividend and similar income	80	45	77,8%	80	45	77,8%
Profit of equity investments valued using the equity method	10	7	48,2%	10	7	48,2%
Net commission income	670	651	2,9%	670	651	2,9%
Performance commissions	5	27	-83,0%	5	27	-83,0%
Net profit from trading, hedging and sale or repurchase of activities	74	161	-54,0%	74	51	44,8%
Net income on insurance operations	41	34	19,6%	41	34	19,6%
Other net operating income	74	68	8,1%	74	68	8,1%
Operating income	**2.301**	**2.221**	**3,6%**	**2.301**	**2.111**	**9,0%**
Staff costs	-746	-760	-1,9%	-795	-755	5,3%
Other administrative expenses	-372	-344	8,2%	-372	-344	8,2%
Net impairment losses on tangible and intangible assets	-89	-85	5,5%	-89	-85	5,5%
Operating costs	**-1.207**	**-1.189**	**1,6%**	**-1.257**	**-1.184**	**6,1%**
Net operating income	**1.093**	**1.032**	**6,0%**	**1.044**	**927**	**12,6%**
Net impairment losses on loans	-115	-108	6,7%	-113	-108	4,5%
Net impairment losses on other assets and liabilities	-6	-0	n.s.	-1	-0	n.s.
Net provisions for liabilities and charges	-14	-22	-37,0%	-11	-22	-47,6%
Profit from disposal of equity and other investments	22	31	-31,1%	0	1	-63,8%
Profit (loss) on continuing operations before tax	**980**	**933**	**5,0%**	**920**	**798**	**15,2%**
Taxes on income for the period for continuing operations	-397	-347	14,5%	-368	-327	12,5%
Integration costs	-146	-		-	-	
of which: staff costs	*-188*	-		-	-	
other administrative expenses	*-7*	-		-	-	
net impairment losses on tangible and intangible assets	*-26*	-		-	-	
tax	*75*	-		-	-	
Net profit of non current assets HFS and discontinued operations	17	11	57,3%	-	11	n.s.
Net profit for the period attributable to minority interests	-39	-47	-16,9%	-45	-46	-2,6%
Profit for the period attributable to the Parent Bank	**415**	**550**	**-24,7%**	**507**	**436**	**16,3%**

In 1H06 sale of Italease stake (70 mln€) and NPLs (35,6 mln€)

New regulations on severance fund one off impact 49,4 mln€

IW Bank IPO 21,3 mln€

Sale of Carime branches 16,6 mln€

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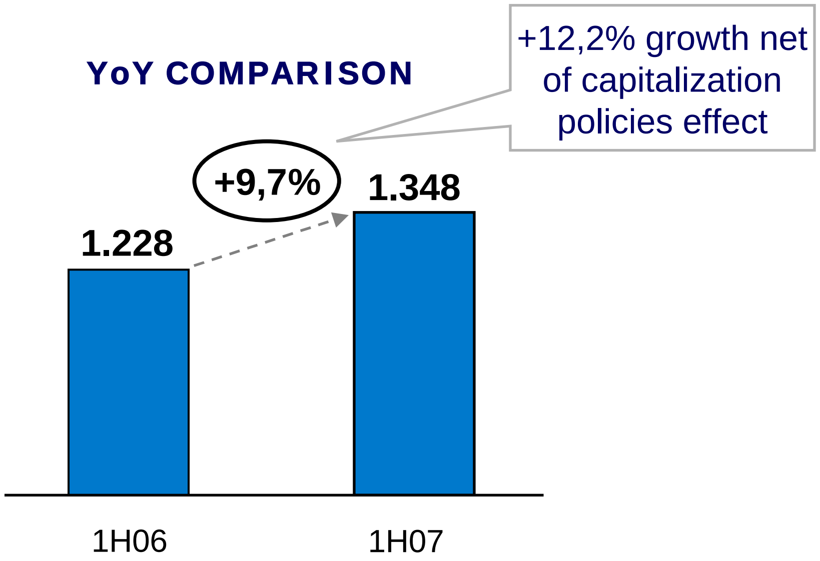
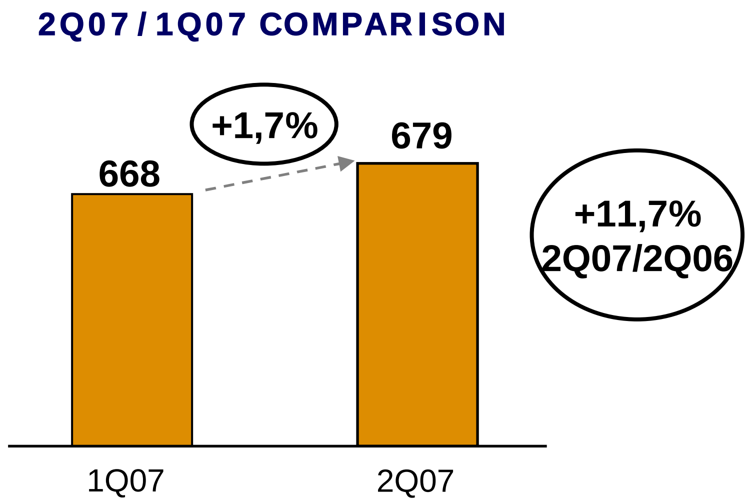
Net interest income growth to 9,7% or 12,2% net of capitalization policies contribution

mln€





✓Solid performance of net interest income, driven by volume growth and increase in spreads (+10bp) compared to June 2006.

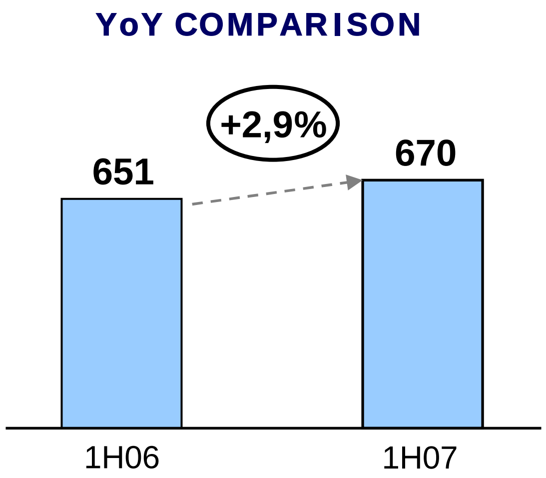
✓Good performance of interest margins related to traditional banking activities, with the aggregate for network banks* up by 12,4% to 1.247 mln€

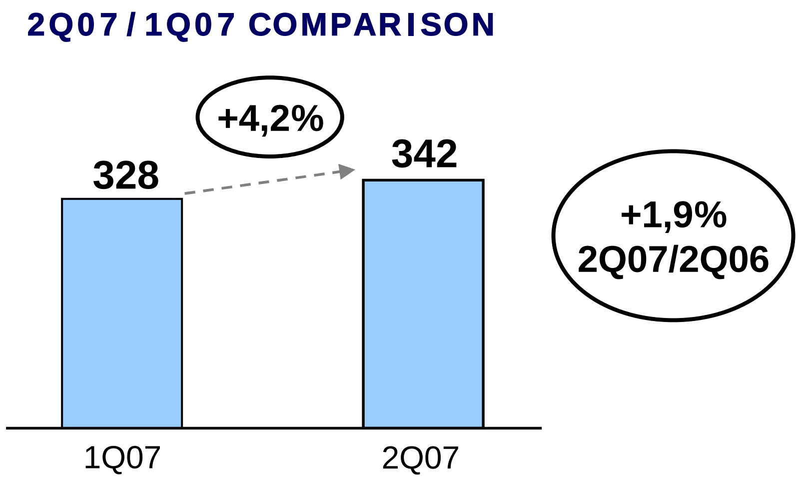
✓Reduced net contribution to the interest margin coming from capitalization certificates (7,2 million in 1H2007 vs 32,8 in 1H2006) following the growth in market rates. In terms of stock, capitalization certificates amounted to 3,5 bln€ at end of June 2007 compared to 5,5 bln€ at end of June '06; further 2 bln€ of capitalization policies were moreover redeemed in July and August 2007

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

Net commission income +2,9% net of performance fees

mln€





✓Net commission income records a growth of 2,9% yoy, excluding performance fees. Performance fees amount to 5 mln€ in 1H2007 vs 27 mln€ in 1H2006: amounts are not comparable due to different booking rules introduced as from 2007.

✓Management reporting show:

-growth in net commissions and other income* related to indirect funding (+9,5% net of performance fees), also thanks to the increased contribution from insurance policies and AUC

-pressure on commission from ordinary banking services (-2,7%) mainly as a consequence of competition on ordinary current accounts (bundle accounts contribution is positive), and lower payment and encashment commissions from customers

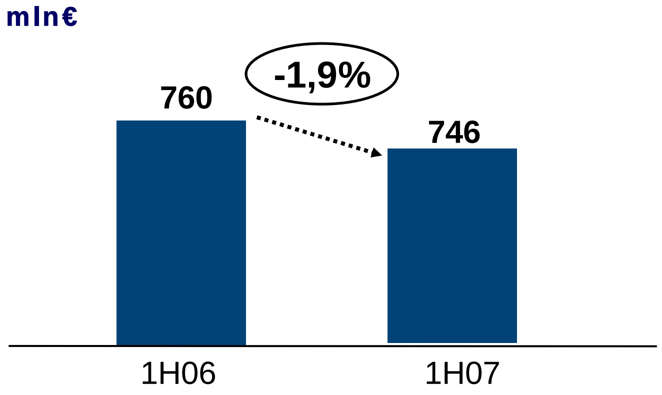
-Strong growth in commission from "innovative services" such as non life bancassurance, CPI policies, investment banking, etc. (+34%) and continued growth in commission from other services (depositary bank and other)

*approx. 5% of indirect funding net revenues

Total operating costs to 1.256 mln€; +1,6% inclusive of one-off positive effect of new Severance fund accounting rules

MAIN COMPONENTS

— Staff costs —



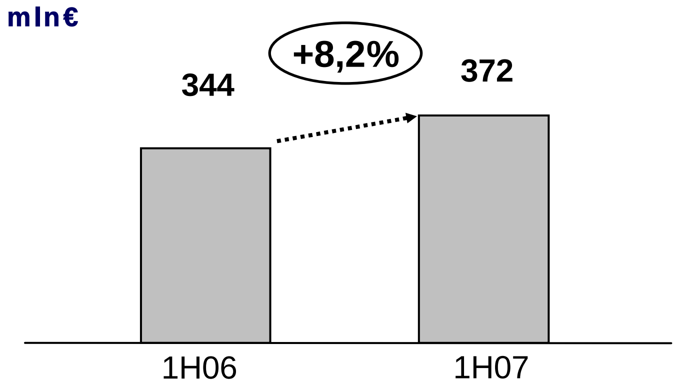
✓ Impact of new legislation on severance fund: +49,4mln euro one-off in 2Q2007; irrelevant impact in 2008-2010 period*;

✓Net of the impact of the new legislation on staff severance fund, the increase in staff costs (5,3%) is mainly due to the provisioning related to the renewal of the national labour contract, to the evolution of wages and to incentives and premiums;

✓ Staff down to 21.544 (-1,2% yoy); -262 employees (of which 212 on permanent contracts);

✓ Costs increase in line with Interim Business Plan objectives.

— Other administrative expenses —



✓ Increase of 28 mln€ due to:

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

-15 mln€ due to growth in commercial activities (insurance premiums for bundled accounts, mortgages and personal loans, recovered under bank and product company income) and expenses incurred for security and improvements to services through the progressive upgrading of IT tools

-1,1 million related to growth in indirect taxation

✓According to 2007 budget, other administrative expenses growth rate is expected to go below 5% by year end.

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

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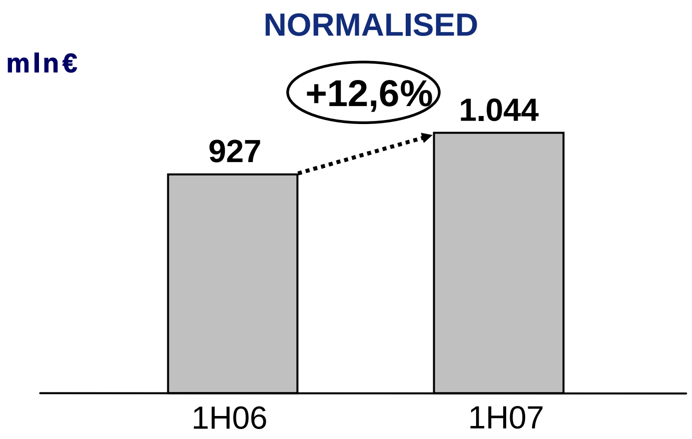
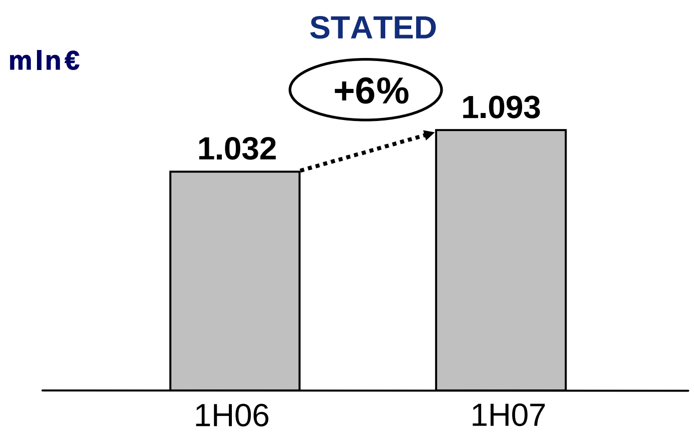
Net operating income over 1 bln€, up by 12,6% net of non recurring items, (and by 6% stated)

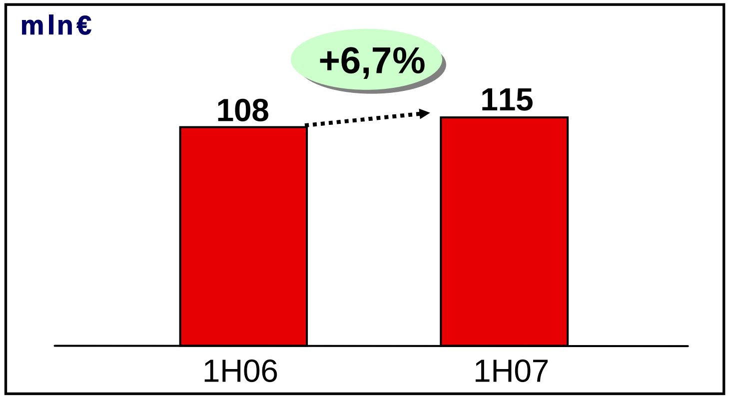




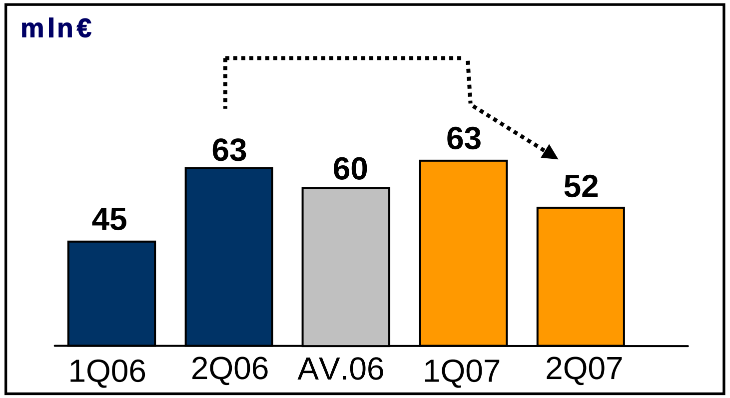
	2005PF	1H06PF	1H07	2010 target
NORMALISED COST/INCOME	57%	56,1%	54,6%	~ 44%

Credit quality confirmed : net impairment losses on loans to 115 mln vs 107,8 in 1H2006; cost of credit annualized at 26 b.p., in line with 27bp in 1H06 and 29bp in FY2006

— Value adjustments on loans YoY —

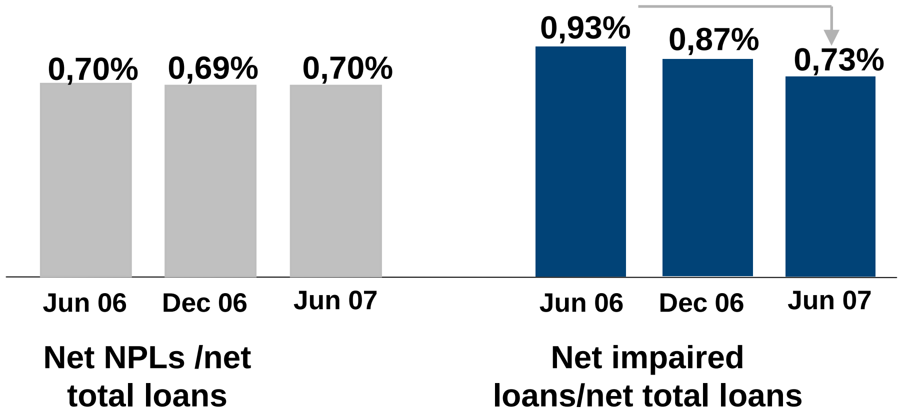


— Value adjustments on loans QoQ —



NPLs/total loans steady since June 2006 (0,7%), decrease in net impaired loans /total loans from 0,93% to 0,73%

CREDIT QUALITY INDICATORS



CREDIT QUALITY INDICATORS - absolute values -

Figures in million euro	30/06/07	30/06/06	% Change
Gross NPLs	1.392	1.316	*5,8%*
Net NPLs	624	556	*12,2%*
Gross impaired loans	791	940	*-15,8%*
Net impaired loans	650	735	*-11,5%*
Gross past due loans	141	224	*-37,0%*
Net past due loans	131	220	*-40,5%*
Gross performing loans	88.326	77.932	*13,3%*
Net performing loans	88.081	77.689	*13,4%*
Gross total loans	90.769	80.506	*12,7%*
Net total loans	89.588	79.277	*13,0%*

✓ Total net doubtful loans on net total loans constantly improving from 2% in June ‘06 to 1,84 in Dec ’06 and to 1,68% in June ’07

✓ Write backs on customer loans substantially stable to approx 154 mln € 1H2006 and 1H2007

✓On-going increase of net performing loans: from 77,7 bln € as at June ’06 to 81,5 bln € as at Dec ’06 and 88,1 bln € as at June ’07

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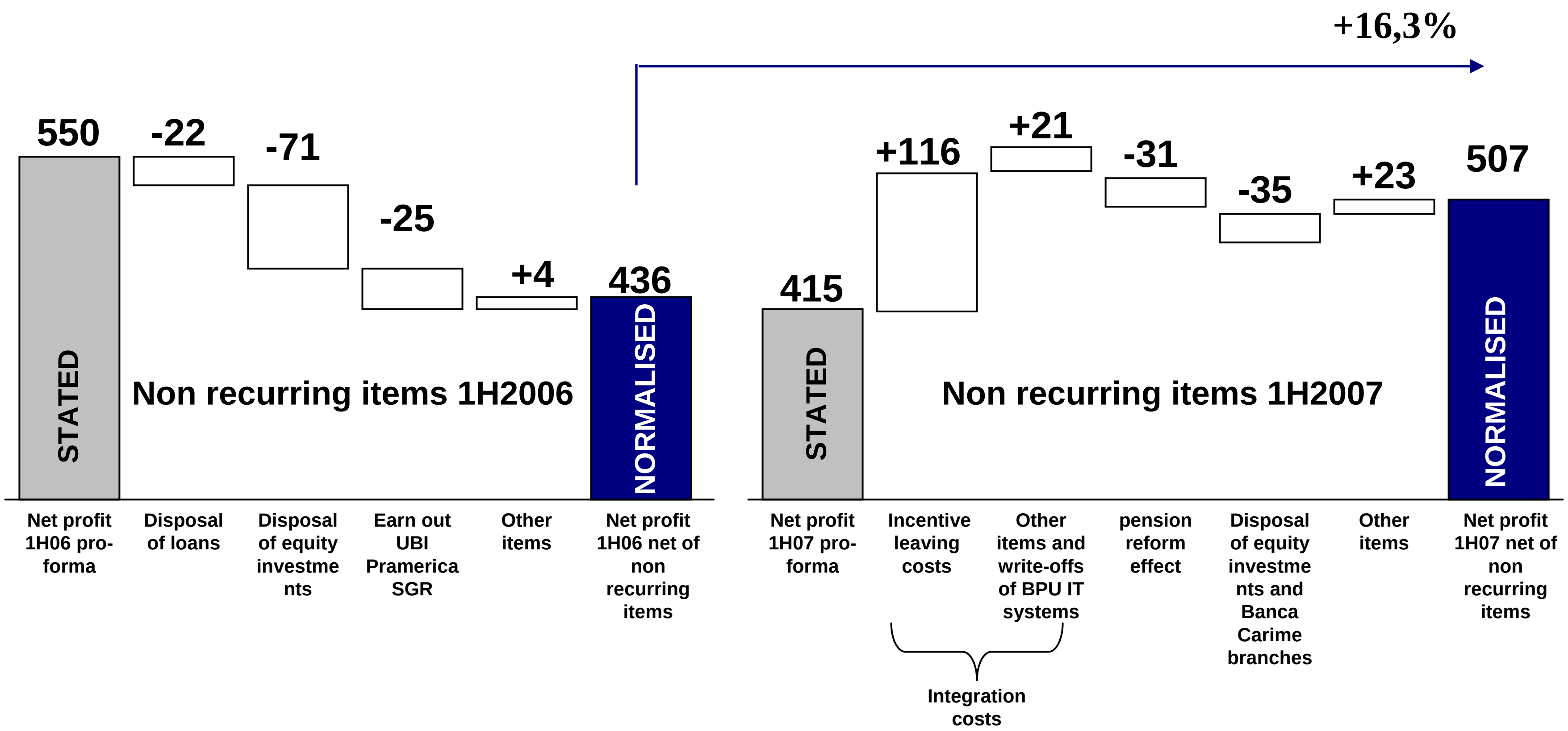
Increase in net profit by 16,3% net of non recurring items to 507 mln€ (415 mln€ stated)



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Capital ratios as at June 2007

mln€	30.6.2007	31.3.2007 pro-forma estimates *	31.12.2006 pro-forma estimates *
Tier 1 (before filters)	6.176	6.113	6.022
Preference shares	570	570	570
Tier 1 capital filters	-208	-254	-255
Tier 1 (after filters)	**6.538**	**6.429**	**6.337**
Deductions from Tier 1 (**)	-92	-64	-92
Tier 1 after filters and specific deductions	**6.446**	**6.365**	**6.246**
Supplementary capital after filters	**3.242**	**3.244**	**3.199**
Deductions from supplementary capital (**)	-92	-64	-92
Supplementary capital after filters and specific deductions	**3.150**	**3.180**	**3.108**
Deductions from Tier 1 + supplementary capital (**)	-184	-275	-283
Total supervisory capital	**9.412**	**9.270**	**9.071**
Credit risk	7.418	7.026	6.923
Market risk	265	281	310
Total prudential requirements	**7.684**	**7.307**	**7.233**
Tier III subordinated liabilities	186	250	250
Risk weighted assets	**96.049**	**91.338**	**90.418**
Core Tier I before deductions from Core capital	**6,21%**	**6,41%**	**6,38%**
Core Tier I after deductions from Core capital	**6,12%**	**6,34%**	**6,28%**
Tier I	**6,71%**	**6,97%**	**6,91%**
Total capital ratio	**9,99%**	**10,42%**	**10,31%**

✓Capital ratios decrease due to the growth of RWA linked to growth of lending

✓Capital ratios are expected to improve after the Purchase price allocation to assets and liabilties

* The estimates were calculated on the basis of the new supervisory regulations. They do not take account of the possible allocation of merger differences to assets, liabilities and contingent liabilities.

** Since 2007, 50% of the deductions (excluding those relating to insurance companies purchased before 20-7-2006) are applied to the Tier 1 capital and 50% to the supplementary capital.

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Integration action commenced (1 of 2)

Fifty “industrial projects” have been identified in the 2007-2010 Industrial Integration Plan, and launched since the beginning of July. Some initial results have already been achieved in the first phase of the integration process.

Area	*Main results achieved*
Commercial	▪The launch of new lending products, *Mutuo e Prestito “sempre light”* (Mortgage and Personal Loan – the first products of the UBI Group) with an innovative extension to the repayment dates. ▪The range of total return funds is broadened with the introduction of a moderate and a prudent line of products. ▪Implementation of a “Pricing Benchmark” tool, new functions on the commercial portal for repricing loan conditions with prices below target benchmark; it is released on the former BPU banks and activities were started to extend it to the former BL banks (corporate clients only) ▪The activities for the integration of CRM functions onto the target IT platform have been started, in line with Industrial Plan forecasts
Product companies	Work to put the integration action specified in the Plan for 2007 into operation has begun with the objective of finalizing the transactions and starting integrated operations by early 2008. In detail: ▪ Consumer credit: start of the process to centralise all the typically “product company” activities in B@nca 24-7, while the agent distribution network is maintained at SILF. The spin-off project has been approved by the boards of UBI and the companies in question and the relative application for authorisation has been sent to the Bank of Italy. ▪ Financial Advisory Services: the project to merge UBI Sim into Banca Lombarda Private Investment (together 1.000 financial agents) has been approved by the Boards of Directors of the companies and an application for authorisation has been sent to Bank of Italy. ▪ Asset Management: the project to centralise the sale and management of traditional mutual funds and individual portfolio managements in UBI Pramerica by contributing the line of business of the company Capitalgest SGR to its share capital has been approved by the boards of UBI, UBI Pramerica and Capitalgest. The relative application for authorisation has been sent to the Bank of Italy

Integration action commenced (2 of 2)

Area	*Main results achieved*
Activation of UBI Sistemi e Servizi and IT Migration	▪ UBI Sistemi e Servizi activated: UBI Sistemi e Servizi, a company fully controlled by the Parent Bank, has been identified as the sole centre for the provision of information & communication technology, application software organisation, back office, logistics and purchasing services to all the banks and companies in the Group. Integration activities commenced on conclusion of the trade union negotiations and they are planned to become operational next October. ▪ IT migration: the general planning of activities has been performed and the upgrade of the former BL system has commenced to bring it up to the standards of the target platform.
Antitrust disposal of branches	▪ A financial advisor has been selected to manage the disposal of branches in the provinces of Bergamo and Brescia as requested by the Antitrust Authority. An information memorandum has been drawn up (which describes the assets disposed of and the details of the operation) and a letter of procedure (with a description of the main stages of the auction) has been sent to the counterparties who have manifested potential interest in purchasing the branches.
Trade Union Negotiations	▪ As part of the 2007 – 2010 Industrial Integration Plan, an agreement fully coherent with Business Plan targets was signed with trade union organisations on 14th August.

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Income statement: quarterly results 2006-2007

Figures in thousands of euro		2007 2nd Quarter	2007 1st Quarter pro-forma	2006 pro-forma 4th Quarter	2006 pro-forma 3rd Quarter	2006 pro-forma 2nd Quarter	2006 pro-forma 1st Quarter
10.-20.	Net interest income	679.485	668.285	653.356	631.494	608.073	620.213
70.	Dividends and similar income	74.488	5.256	4.847	980	42.570	2.277
	Profit (loss) of equity valued using the equity method	3.963	6.286	3.255	7.162	1.929	4.986
40.-50.	Net commission income	341.879	328.089	337.949	296.581	335.636	315.317
	Performance commissions	2.296	2.221	10.146	3.692	7.728	18.816
100. 110.	Net profit from trading, hedging and disposal activities	23.966	49.865	43.108	39.097	31.450	129.095
150.+160.	Net income on insurance operations	25.809	15.016	22.298	11.252	16.222	17.908
220.	Other net operating income/(expense)	35.557	38.288	51.154	30.334	32.986	35.329
	Operating income	**1.187.443**	**1.113.306**	**1.126.113**	**1.020.592**	**1.076.594**	**1.143.941**
180.a	Staff costs	(352.990)	(392.705)	(394.094)	(359.666)	(381.686)	(378.289)
180.b	Other administrative expenses	(191.906)	(180.410)	(234.528)	(168.212)	(177.762)	(166.487)
200.+210.	Net impairment losses on tangible & intangible assets	(47.026)	(42.349)	(51.196)	(47.662)	(43.430)	(41.262)
	Operating costs	**(591.922)**	**(615.464)**	**(679.818)**	**(575.540)**	**(602.878)**	**(586.038)**
	Net operating income	**595.521**	**497.842**	**446.295**	**445.052**	**473.716**	**557.903**
130.a	Net impairment losses on loans	(51.827)	(63.231)	(63.538)	(67.346)	(62.925)	(44.901)
+d+260.	Net impairment losses on other assets ans liabilities	(4.802)	(1.096)	3.389	(1.765)	338	(462)
190.	Net provisions for liabilities and charges	(2.853)	(10.750)	(17.569)	(11.585)	(11.520)	(10.079)
240.+270.	Profit (loss) from disposal of equity and other investments	21.217	328	15.042	16.583	15.307	15.957
	Profit (loss) on continuing operations before tax	**557.256**	**423.093**	**383.619**	**380.939**	**414.916**	**518.418**
290.	Taxes on income for the period for continuing operations	(213.894)	(183.237)	(161.707)	(161.357)	(151.650)	(195.052)
	Integration costs	(146.301)	0	0	0	0	0
310.	Profit of non current assets hfs and disc. operations net of tax	16.868	(284)	1.067	(78)	8.391	2.151
330.	Net profit for the period attributable to minority interests	(18.504)	(20.304)	(19.269)	(22.848)	(21.970)	(24.724)
	Profit for the period attributable to the Parent Bank	**195.425**	**219.268**	**203.710**	**196.656**	**249.687**	**300.793**