

BPU  **Banca**

 **Banca Lombarda**

UBI  **Banca**
UNIONE DI BANCHE ITALIANE

**MERGER BETWEEN TWO STRONG
REGIONAL BANKING GROUPS**

FOCUS ON BANCA LOMBARDA

*UBS, The Italian Financial Services Conference 2007
Competing for Sustainable returns
Friday, 2 February 2007*

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- II. Focus on Banca Lombarda

UBI Banca: merger between two strong banking Groups

The New Group's identity card

Terms of deal:

- 0,83 BPU share vs 1 BL share
- 2006 dividend of €0,8 per share to all shareholders of new group



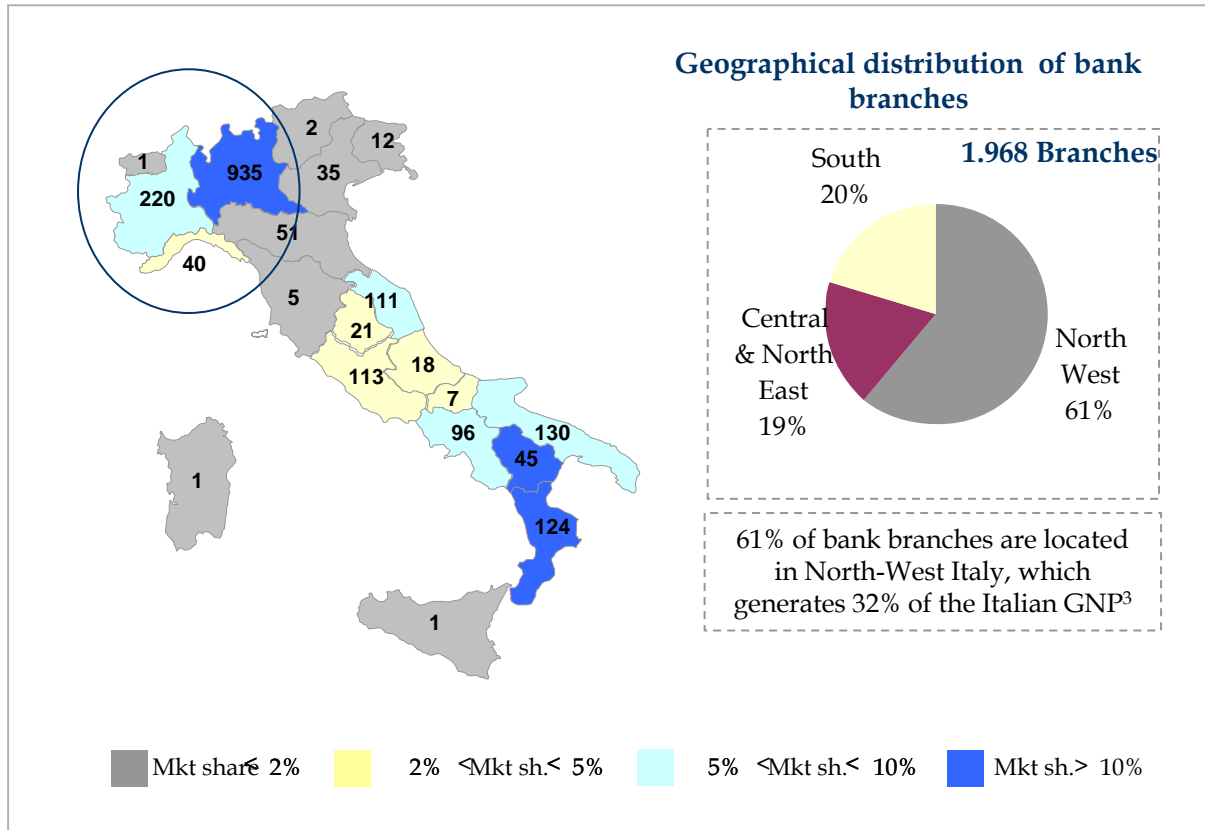
Ranking in Italy³

- ⇒ Aggregated market cap. approx. € 13.8bn²
 - ⇒ Approx. 4 million clients (3.8 million retail, approx. 48,000 corporate and 38,000 private)
 - ⇒ Approx. 1,970 branches
 - ⇒ Customer lending approx. € 80bn
 - ⇒ Direct funding approx. € 82bn
 - ⇒ Assets under management approx. € 59bn
 - ⇒ Sound profitability indicators = cost/income ratio 55%, ROE 13.6%
 - ⇒ Excellent asset quality (NPLs/net loans 0.7%)
 - ⇒ Solid capital ratios (Core tier 1 6.15%)
- | | |
|--|-----|
| | 4th |
| | 5th |
| | 5th |
| | 3rd |

1. Figures at 30 September 2006
2. As at 1° February 2007
3. Also considering the merger BPVN_BPI

High geographical complementarity¹

Combined bank branch network



Main provinces of operation

Province	Branches	Market share
Brescia	251	29%
Varese	133	29%
Cosenza	57	29%
Bergamo	178	26%
Cuneo	127	26%
Reggio C.	33	24%
Pavia	57	18%
Viterbo	32	16%
Ancona	44	12%
Alessand.	32	11%
Milano	242	10%
Bari	59	10%
Salerno	32	9%
Napoli	44	5%
Roma	78	4%
Torino	35	3%

- ⇒ National market share 6.3%
- ⇒ Over 930 branches in Lombardy with a market share of over 15%, and more than 220 branches in Piedmont with a market share of approx. 9%
- ⇒ Market share of over 5% in 7 regions, including Marche, Lazio, Campania and Apulia
- ⇒ Market share of 10% or above in 21 provinces, including Bergamo (26%), Brescia (29%), Varese (29%), Cuneo (26%), Pavia (18%) and Milan (10%)
- ⇒ Highly complementary in terms of territorial coverage

Multi-functional, federal and integrated model (parent bank, network banks, product companies)

UBI Banca: Parent company

Listed parent company with strong co-operative identity and new name
Registered office in Bergamo, central functions chiefly located in Bergamo and Brescia

Dualistic governance model : Supervisory Board and Management Board

Mission

Management, co-ordination and control

Main business functions

Provision of key support services

Bank networks: leveraging on brand identities and strong local relationships

Mission

Presence in reference markets

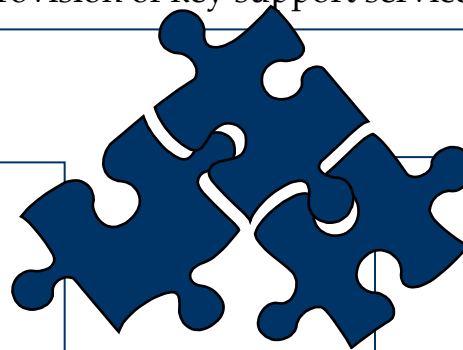
Distinctive capability to understand and serve local economies

Drivers

Service model differentiated by customer segment

Sharing of the same organizational structure

Sharing of tools and services provided by parent bank



Product factories: cross-selling of best practice products across entire client base of new group

Mission

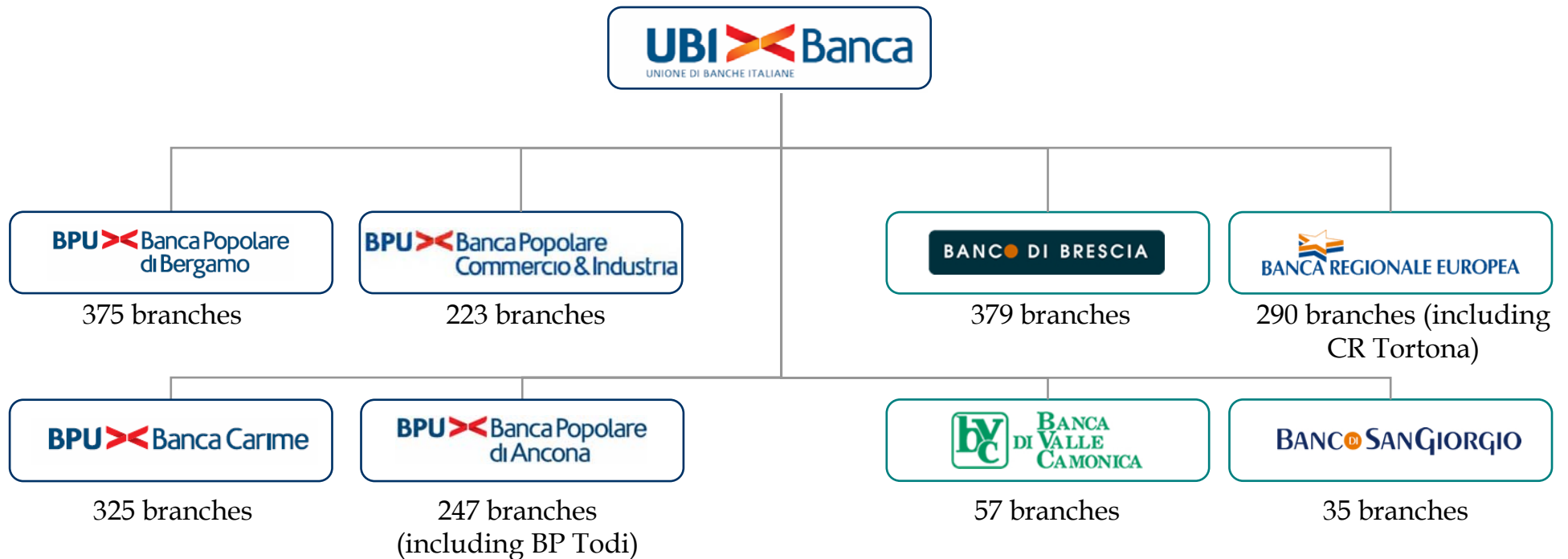
Competitive product and services offering, in line with market best practice

Drivers

Continuous product innovation

Ability to listen to distribution network requirements

The Network banks: strong presence in the territory with local brands ...



... supplemented by Financial Advisors

BPU >< Sim

450 financial advisors
AUM (30 Sept. 2006): = € 1.7bn

Banca Lombarda PRIVATE INVESTMENT

575 financial advisors
AUM (30 Sept. 2006) = € 2.5bn

Strong synergy potential within wide range of product factories¹

	BPU group	Banca Lombarda e Piemontese group
Asset management	BPU Pramerica (AUM approx. € 23.7bn)	Capitalgest ² /Grifogest (AUM approx. € 21.6bn)
Leasing	BPU Esaleasing (approx. € 3.3bn in assets under lease, new business approx. € 750m)	SBS Leasing (approx. € 3.2 bn in assets under lease, new business approx. € 900 m)
Consumer credit	B@nca 24-7 (approx. € 2.4bn in loans to customers, new business approx. €720m), focused on mortgages, salary-based loans and credit cards	SILF (approx. € 1.5bn in loans to customers, new business approx. €600m), focused on special purpose loans
Corporate banking	Centrobanca (approx. € 5.6bn in loans to customers, new business approx. €1,770m)	
Factoring		CBI Factor (approx. € 1.2bn in loans to customers, turnover approx. € 1.9bn at 30 June 2006)
Non-life bancassurance	BPU Assicurazioni (approx. € 180m in premium income)	
Life bancassurance	Partnership with Aviva (Aviva Vita, approx. € 550m in premium income) BPU Assicurazioni Vita (€ 230m in premium income)	Partnership with Cattolica (Lombarda Vita, approx. € 1.2bn in premium income)

1. Source for quantitative data: BPU and BL financial statements as at 30 September 2006

2. Includes Capitalgest Alternative Investment

Main pro-forma financials and capital ratios at 30 September 2006¹

BPU > Banca

 **Banca Lombarda**

UBI > Banca ²
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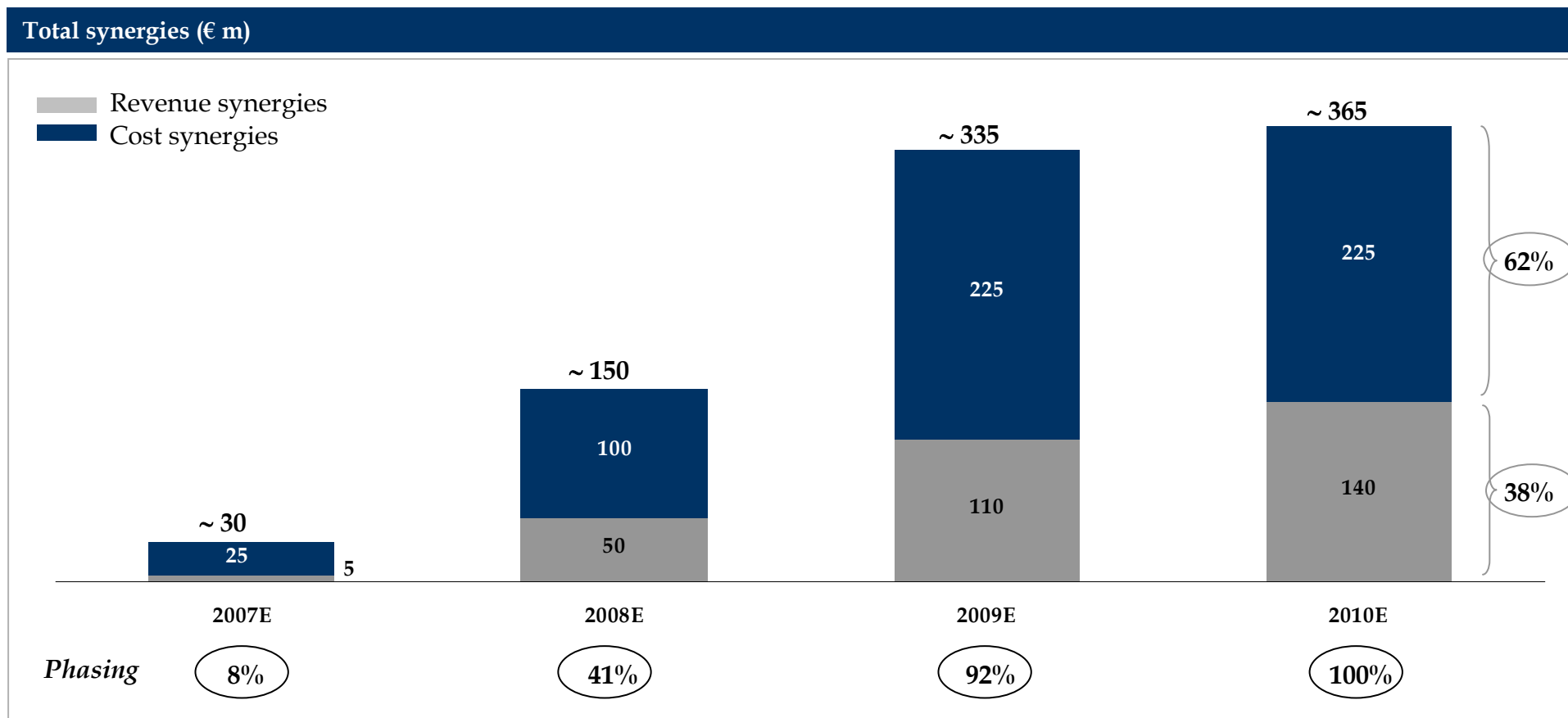
Net interest income	1,200.0	659.0	1,859.0
Net fee income	609.8	357.7	967.5
Total income	2,069.1	1,165.5	3,234.5
Gross operating profit	926.1	534.2	1,460.3
Profit from current activities	860.2	457.2	1,317.3
Net profit	509.1	236.6	745.7
Net customer loans	49,798	29,954	79,753
Direct Deposits	51,526	30,036	81,562
AUM	32,413	26,784	59,197
Indirect deposits	55,263	49,277	104,540
Shareholders' funds (excl. net profit)	4,384	2,552	6,936
Cost/income ratio	55.2%	54.2%	54.9%
Annualized ROE	14.5%	12.0%	13.6%
NPLs/customer loans	0.71%	0.77%	0.73%
NPL Coverage ratio	58.6%	55.6%	57.5%
Core tier 1 ratio	6.06%	6.31%	6.15%
No. of employees	14,370	7,518	21,888
No. of branches	1,181	794	1,975

1. Reclassified data using consistent methodologies.

2. Pro-forma aggregate

BPU > Banca

Total pre-tax synergies estimated at approx. € 365m at full capacity (2010), over 90% of which achievable by 2009, with Net Present Value over € 2.3bn

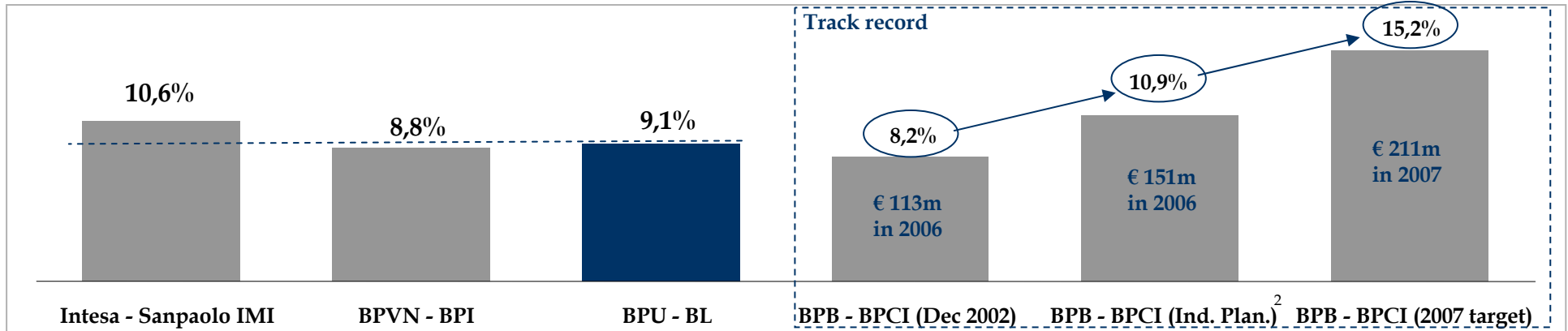


- ⇒ **Integration costs** expected to total € 380m, of which:
 - Personnel (redundancies and training) : €210m
 - IT (integration of IT systems, training and change management): €120m
 - Merger costs: €30m
 - Increase in goodwill: €20 m
 } € 360m booked to P&L in 2007

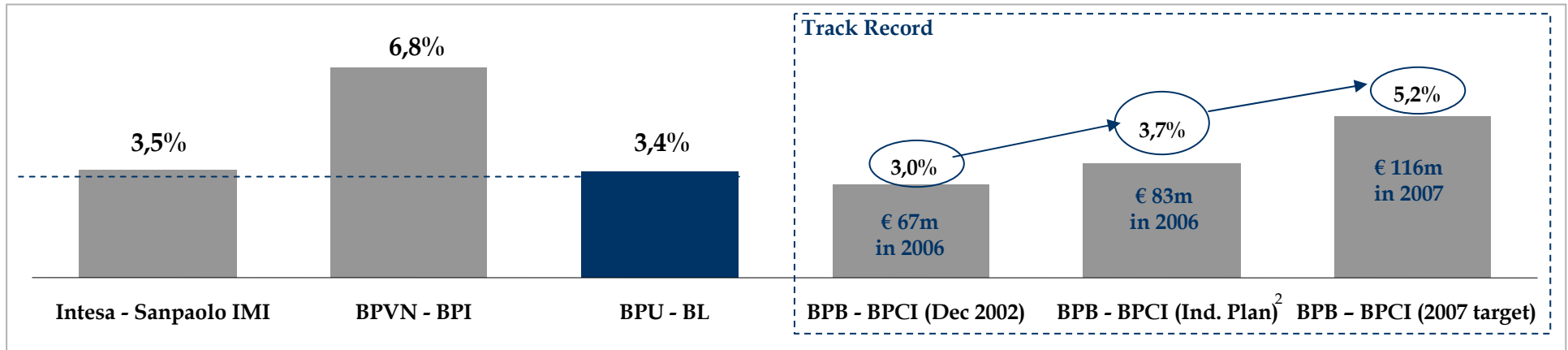
- ⇒ **Net present value** of synergies net of one-off merger costs and tax amounts to approx. € 2.3bn

High synergy generation and limited execution risk¹

Cost synergies/aggregated costs



Revenue synergies/aggregated revenues



⇒ **Limited execution risk:**

- Common culture
- Proven track-record of management in managing integration processes

1. Source: analyst presentations, internal analysis

2. Source: update to 2006-2008 Industrial plan

Cost synergies: €225m to be fully achieved by 2009

	<i>Breakdown</i>	<i>% of total</i>	<i>Drivers</i>
Personnel expenses	~ 90	40%	<ul style="list-style-type: none"> ⇒ Personnel reduction of approx. 1,300 staff (some 6% of total current headcount) through incentives for exit and partial non-replacement of turnover ⇒ Organizational drivers: <ul style="list-style-type: none"> – optimization of head office structure of parent company, bank networks and product factories – network best practices alignment
Information technology	~ 45	20%	<ul style="list-style-type: none"> ⇒ Unification of IT and tlc platforms
Other administrative expenses	~ 90	40%	<ul style="list-style-type: none"> ⇒ Increased purchasing power ⇒ Rationalization of spaces and logistics ⇒ Optimization of governance expenses, consulting and marketing expenses ⇒ Rationalization of info. providers
Total cost synergies	225	100%	

Revenue synergies: €140m, of which €110m to be achieved by 2009

	Breakdown	% of total	Drivers
Product / segment synergies	~ 80	57%	<ul style="list-style-type: none"> ⇒ Development of product factories existing only in one of the two groups (corporate banking, factoring, non-life <i>bancassurance</i>) ⇒ Improvement of service level and quality of offering (asset management, leasing, consumer finance)
Improvement of commercial productivity	~ 60	43%	<ul style="list-style-type: none"> ⇒ Sharing of commercial models and best practices ⇒ Sharing of tools supporting business (e. g. CRM)
Total revenue synergies	~ 140	100%	

Key financial targets

	2005A ¹	2009E
Cost/income ratio	58.3%	< 45%
Net profit (€ m)	920	> 1,400
EPS (€)	1.44	2.28
ROE	14.4%	> 17% ²
Core tier 1	6.4%	>7%
Dividend (€)	0.75	>=1
Synergies net present value (€ bn) ³		>2.3

1. Aggregated BPU and BL

2. Starting from BV at start of period adjusted for goodwill deriving from the transaction

3. Net of tax and costs, cost of equity 8%

Merger process: full respect of timescale

Achieved up to now

- ⇒ Approval of merger guidelines by BPU and BL boards and Framework agreement signed by board chairmen (13 November 2006)
- ⇒ Deal presented to financial community (14 November 2006)
- ⇒ Positive outcome of Confirmatory due diligence
- ⇒ Approval of merger plans by BPU and BL boards (12 December 2006)
- ⇒ Launched inter-bank workgroups in charge of preparing the kick off of the new Parent Company as at 1 April 2007
- ⇒ Bank of Italy authorisation to the merger (26 January 2007)

Next steps

- ⇒ Shareholders of BPU and BL convened in General Meetings on 3rd (second call) of March 2007
- ⇒ Setting up of working groups for the integration Industrial Plan of the New Group
- ⇒ Approval by Boards of Directors of 2006 draft financial statements: 28 February (BL) and 20th March (BPU)
- ⇒ Indications from Antitrust authorities and ISVAP (insurance regulatory body)
- ⇒ Merger effective (1 April 2007)
- ⇒ 2006 financial statements approved (supervisory board/new entity's shareholders in General Meeting)
- ⇒ Ordinary General Meeting of new entity to approve proposed dividend (beginning of May)
- ⇒ Payment of 2006 dividend: € 0.8 per share for all shareholders in the new entity (second half of May)



Gruppo Banca Lombarda e Piemontese

***The Italian Financial Services
Conference 2007***

Competing for Sustainable Returns

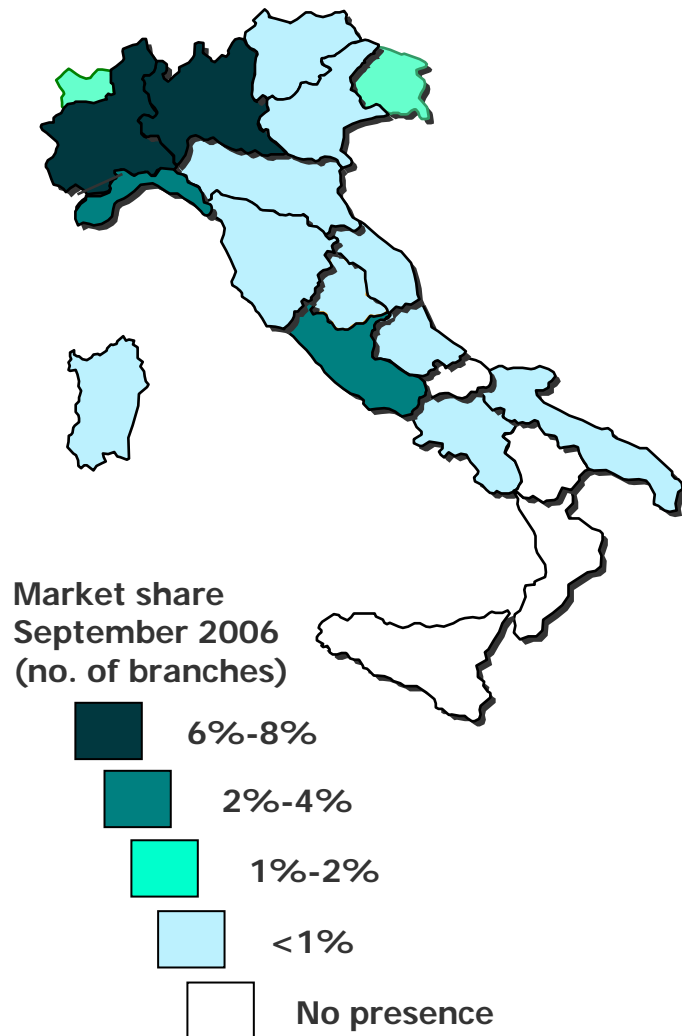
***Banca Lombarda Presentation
Victor Massiah, General Manager***

Milan - 2nd February, 2007



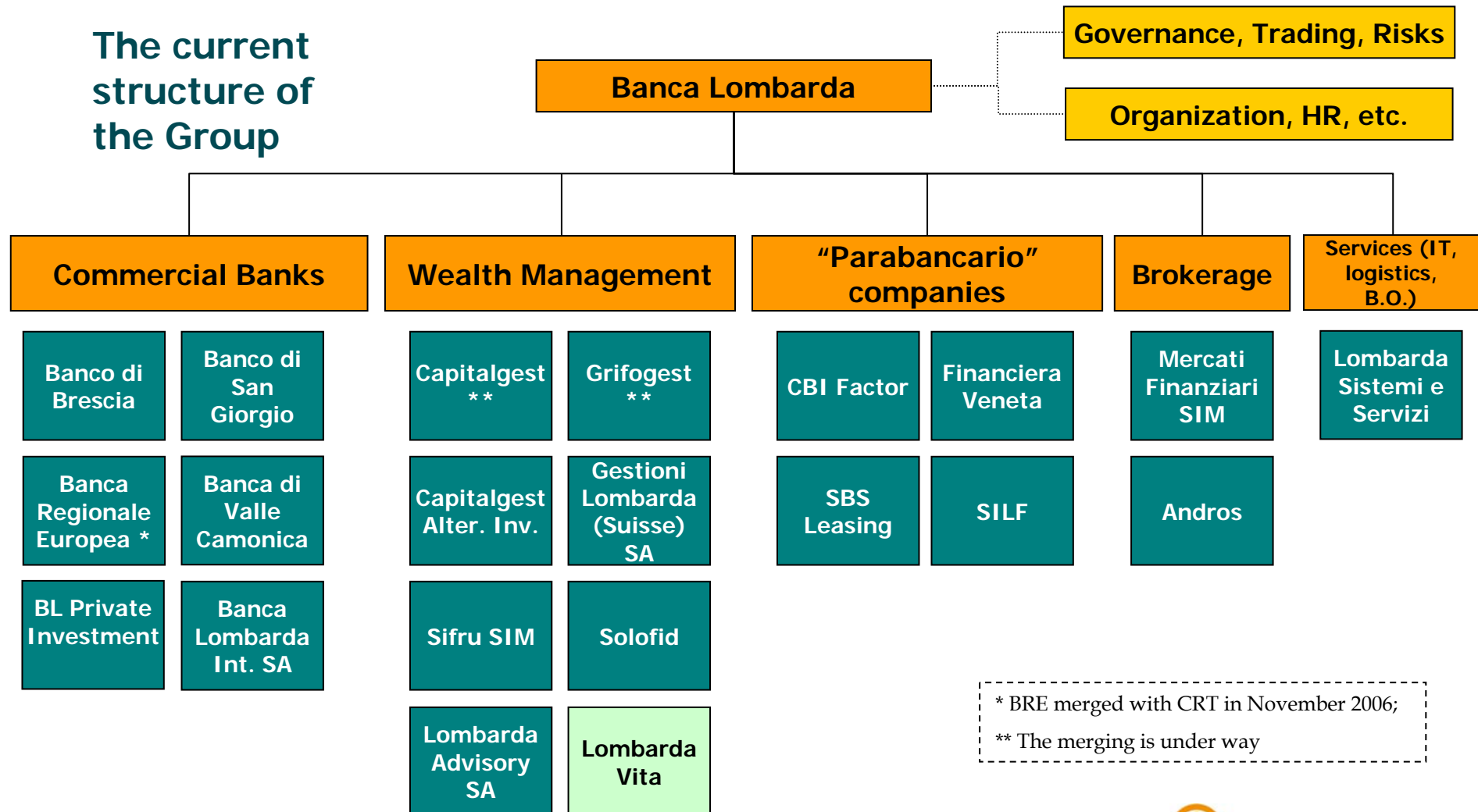
- **THE BANCA LOMBARDA GROUP**
- 9M 2006 RESULTS
- 2006-2008 INDUSTRIAL PLAN TARGETS

Banca Lombarda: a strong network in a wealthy area



- *Total revenues of 1.1 bn € at Sept.'06*
- *1.5 million customers*
- *ROE annualized 12.4%*
- *Cost/Income ratio 52.9% at Sept.'06*
- *7,512 employees and 575 fin. advisors*
- *794 branches, mainly in Northern Italy*
- *2% market share of loans and deposits*
- *Market cap of around 6.3 bn €*

We have a divisional federal model which successfully combines local market roots and strong operating integration



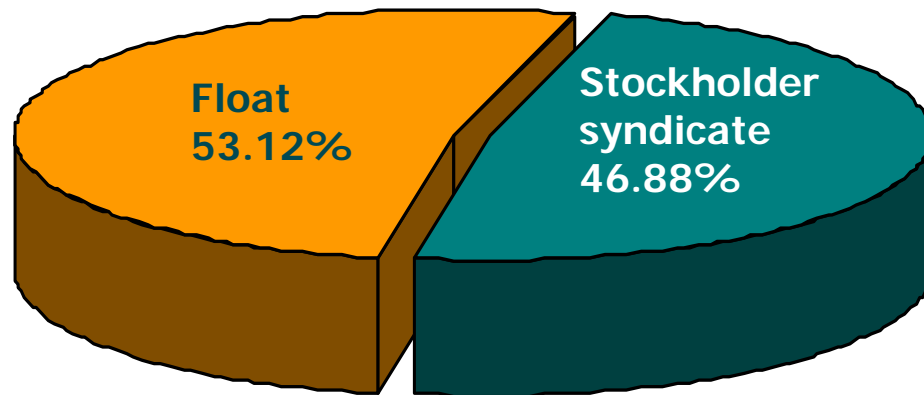
Banca Lombarda: eight years of successful consolidation, integration and growth

The main stages

- *Creation of the Holding Company Banca Lombarda (1999)*
- *CRT (1999) and BRE Banca (2000) joined the Group*
- *Creation of Lombarda Sistemi e Servizi (2001)*
- *Rationalisation of the distribution networks (2002)*
- *Targeted acquisitions during the period 2002-2005: Grifogest, Artesia Bank (absorbed by BL Int.), Caboto Int. (now Gestioni Lombarda Suisse), Banca Idea (now BLPi), Desio and BPEtruria financial consultants*
- *Further rationalisation in 2005-2006 in banking sector (BRE & CRTortona), factoring (CBI Factor & Veneta Factoring), and AUM (Capitalgest Sgr & Grifogest Sgr)*

Banca Lombarda's stockholders: a public company with a stable shareholder base

- Around 44 thousand stockholders; under the articles of association, no single stockholder can own more than 5% of the capital stock
- Total number of shares today: 355,015,926
- Midex index
- The stockholder syndicate, which in total controls 46.88% of the capital stock, was renewed at the beginning of 2005 by its 304 members

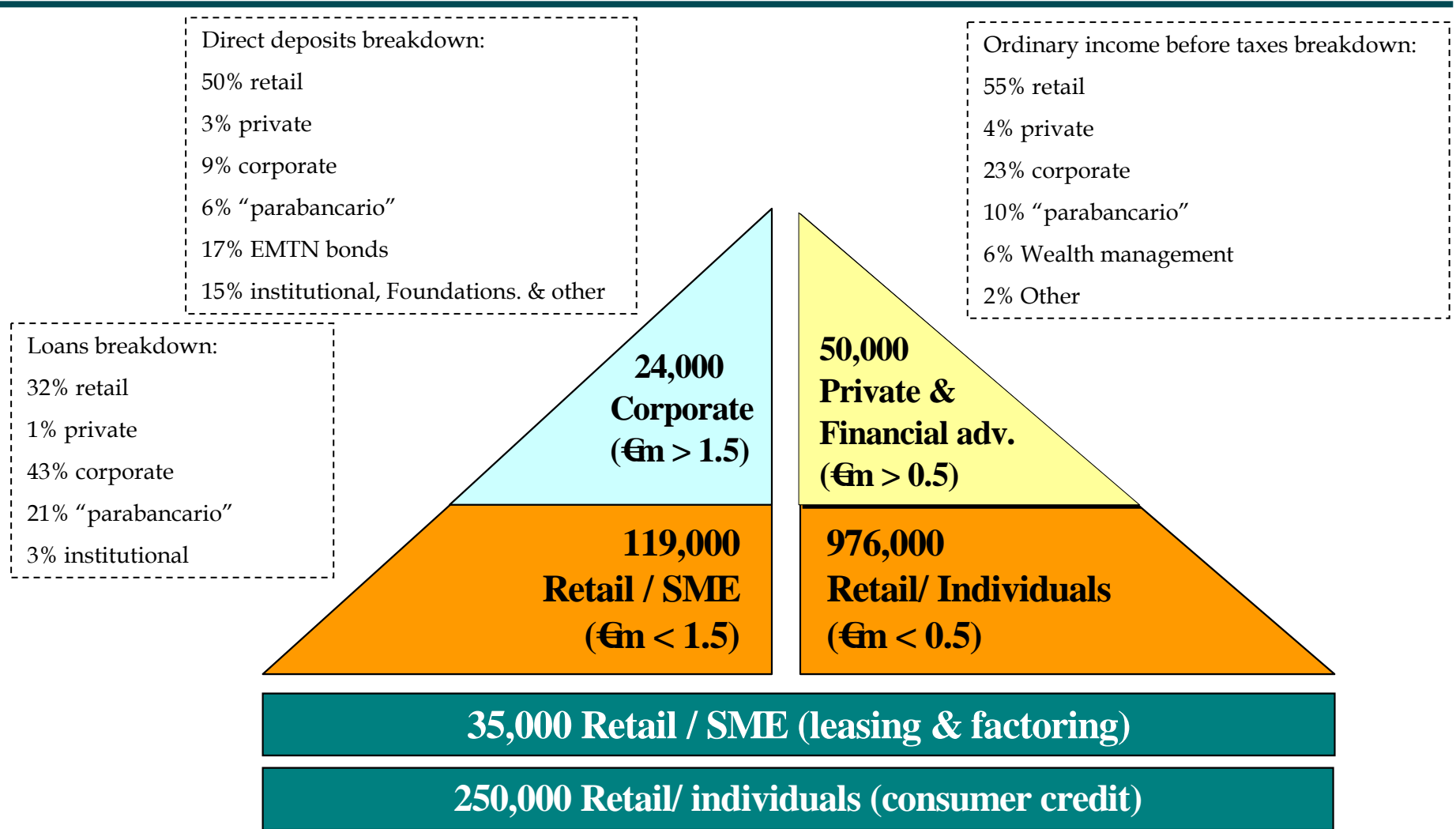


Main stockholders *

- 4.95% Carlo Tassara SpA
- 4.93% Fondaz. Cassa Risparmio di Cuneo
- 4.89% Fondaz. Banca del Monte di Lombardia
- 3.51% Findim Group SA
- 3.43% Solofid SpA (trust company)
- 2.69% Società Cattolica di Assicurazione scarl
- 2.10% La Scuola SpA

* at 15 Nov. 2006

Banca Lombarda's customer base: 1.5 million of customers



The banks of Banca Lombarda Group are completely divisionalised and there is a full segmentation of customers

The 3 segments are also sub-segmented; in order to coordinate and keep well all the businesses we've introduced the new "**Territorial Area**" organizational model in 2005 for each bank, in order to improve our commercial effectiveness; this model is tailor made on the size of the bank (standard version for Banco di Brescia and BRE, "light" for smaller ones).

Retail segment: For the Retail customers there are 794 branches (90% in the North), 4.930 employees; the segment is organized in 36 retail commercial units. The total income is 622 €mn.

Corporate segment: 68 UNI (Unità Imprese, 95% of them located in the North of Italy) and 414 managers are dedicated to the corporate segment. The total income is 189 €mn. About 3.000 customers included in the "big companies" sub-segment (>50 €m of turnover)

Private segment: there are 82 relationship managers in a network of 20 operating centres and 575 financial advisors.

Banca Lombarda Group: presence and market shares for banking activities

	Branches	Market shares *
Lombardy	443	7.2%
Brescia	222	25.7%
Pavia	46	14.2%
Milan	88	3.6%
Piedmont	176	6.8%
Cuneo	126	25.4%
Alessandria	29	10.0%
Liguria	36	3.8%
Italy	792	2.5%

* As at 30 September 2006. Source: Bank of Italy; 78.2% of total branches are in Lombardy and Piedmont

International presence:

- Banca Lombarda Intern. (Lux)
- Nice and Mentone (France), 2 BRE branches
- A Representative Office in Shanghai (China)
- Lombarda China Fund Management Co. (49% stake)

Banca Lombarda Group: key data for “parabancario” sector, financial advisors network, mutual funds and bancassurance (Sept. '06)

	turnover / inflows *
Leasing	946 €m
Factoring (June '06)	1.9 €bn
Consumer credit	571 €m
Financial advisors	100 €m

	stock / technical reserves **
Mutual funds	9,061 €m
Bancassurance (life)	7,186 €m

* Sources: Assilea, Assifact, Assofin, Assoreti

** Source: Company data

Banca Lombarda: ratings

	Short-term debt	Medium / long -term debt	Outlook
Moody's	P-1	A2	Stable
Fitchratings	F1	A	Stable
Standard & Poor's	A-2	A-	Positive



- THE BANCA LOMBARDA GROUP
- **9M 2006 RESULTS**
- 2006-2008 INDUSTRIAL PLAN TARGETS

Banca Lombarda Group statement of income

Statement of income (€ mn)	30 Sept. 2006	30 Sept. 2005	Changes	
			Amount	%
Net interest income	659.0	599.6	59.4	9.9
Dividends and similar income	35.5	20.0	15.5	77.6
Financial margin	694.5	619.5	74.9	12.1
Net commission income	357.7	347.0	10.7	3.1
Trading and hedging profits	42.9	32.8	10.1	30.9
Net interest and other banking income	1,095.0	999.3	95.7	9.6
Adjustments	-64.3	-64.6	0.3	-0.4
Adjustments to financial assets	-2.8	-2.4	-0.4	13.6
Net financial income	1,028.0	932.3	95.6	10.3
Administrative expenses	-628.8	-614.0	-14.8	2.4
<i>Payroll costs</i>	<i>-377.3</i>	<i>-370.9</i>	<i>-6.4</i>	<i>1.7</i>
<i>Other administrative expenses</i>	<i>-251.5</i>	<i>-243.1</i>	<i>-8.4</i>	<i>3.4</i>
Net provisions for liabilities and charges	-10.8	-7.5	-3.3	43.7
Net adjustments to property, plant equip.and int. assets	-44.5	-48.4	4.0	-8.2
Other operating income/expenses	104.3	90.8	13.5	14.9
Administrative costs	-579.8	-579.3	-0.6	0.1
Gains on shareholdings and disposal of investments	9.0	7.2	1.8	25.3
Profit from operating activities before tax	457.2	360.3	96.9	26.9
Income tax on operating activities	-189.4	-156.1	-33.3	21.3
Net profit from operating activities	267.7	204.1	63.6	31.1
Net profit from discontinued operations	4.8	-0.3	5.1	-
Net income attributable to minority interests	-35.9	-30.4	-5.4	17.8
Net income for the period	236.6	173.4	63.3	36.5

Trends in the main balance sheet aggregates of BL Group and key indicators

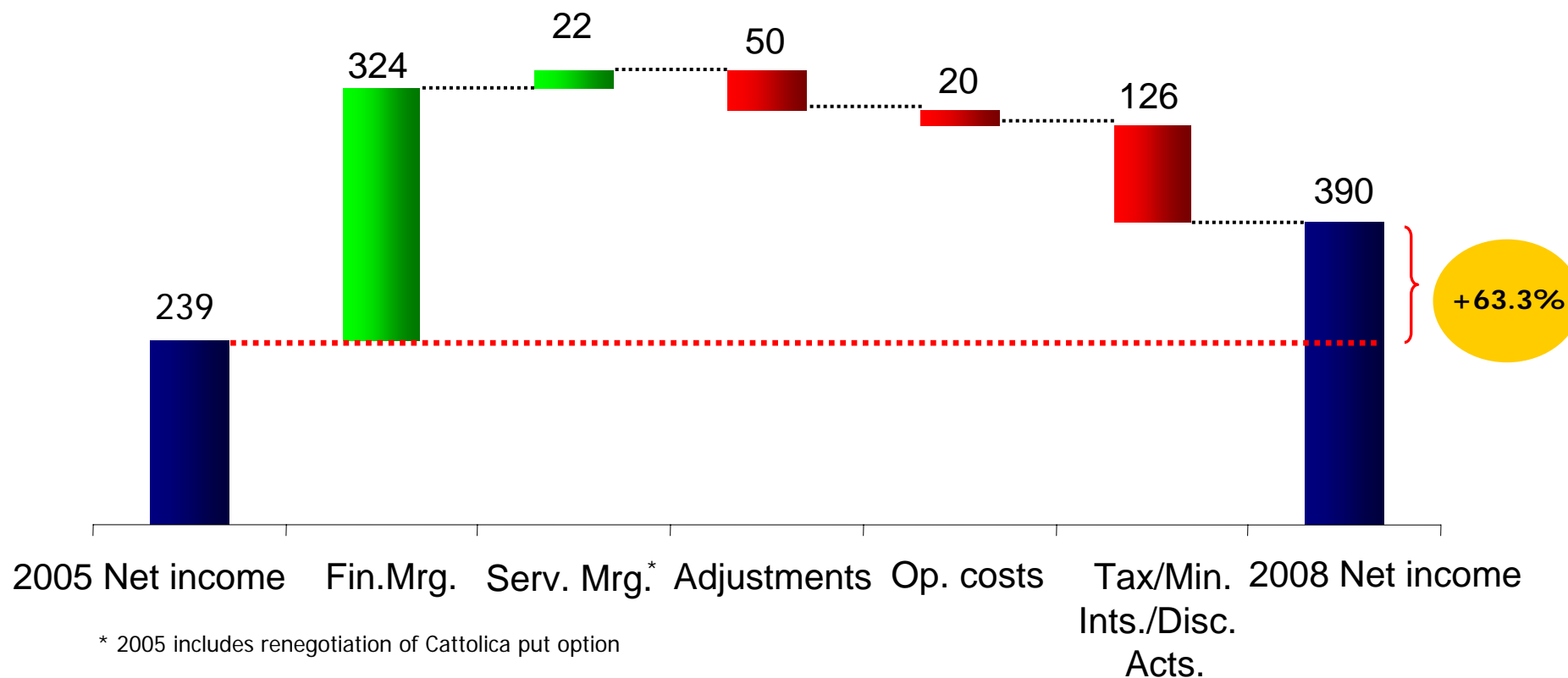
(€ mn)	30 Sept. 2006	31 Dec. 2005	Changes
Loans to customers	29,954	28,229	+6.1%
Credit quality (non performing loans on total loans)	0.77%	0.80%	-3 bp
Direct funding	30,036	28,910	+3.9%
Indirect deposits	49,277	46,759	+5.4%
<i>Assets under administration</i>	<i>22,493</i>	<i>20,599</i>	<i>+9.2%</i>
<i>Assets under management</i>	<i>26,784</i>	<i>26,160</i>	<i>+2.4%</i>
Total assets	38,900	38,347	+1.4%
	30 Sept. 2006	30 Sept. 2005	Changes
Cost income	52.9%	58.0%	-502 bp
Tax rate	41.4%	43.3%	-190 bp
ROE	9.3%	8.7%	+58 bp



- THE BANCA LOMBARDA GROUP
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Statement of income items' contribution to the result

Net income for the year up from 239 to 390 million €



* 2005 includes renegotiation of Cattolica put option

Cost/Income²
62.9%



Marginal
Cost/Income²
6.6%



Cost/Income²
52.2%

Cost/Income² : Operating costs/Net fin. inc.

Profitability and efficiency indicators

	2005	2008
Net income for the year (mn €)	239.0	390.5
Earnings per share (€)	0.74	1.10
Dividend per share (€)	0.40	0.55
Pay out	53.9%	49.9%
EVA (mn €)	82	210
ROE pre tax	20.4%	24.1%
ROE	12.0%	14.3%
Cost/Income ¹	58.1%	47.5%
Cost/Income ²	62.9%	52.2%
ROA ³	1.25%	1.55%

¹ Operating costs/Net interest and other banking income

² Operating costs/Net financial income

³ Income from current operations before tax/Total assets