

Industrial Integration Plan 2007-2010

June 18, 2007

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The New UBI Banca Group

 **Close to 4 Million of strongly loyal customers (over 75% having an account with the Bank since more than 6 years and over 55% longer than 10 years)**

 **Fourth banking group in Italy by number of branches**

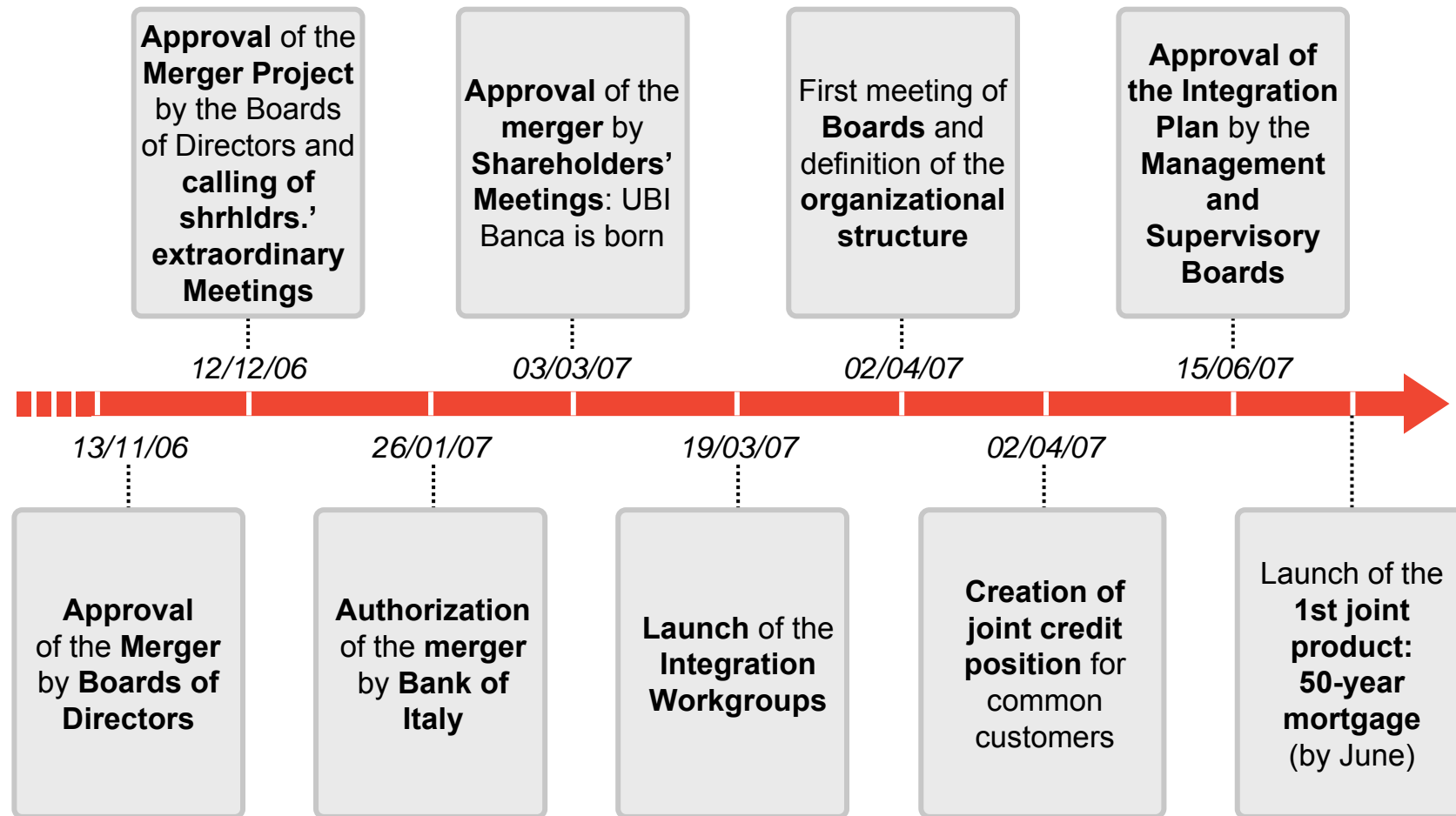
 **Multiregional territorial coverage with high penetration in the wealthiest areas of the country**

 **Strongly rooted in the reference markets**

 **Direct control of Product Companies ensuring a complete and competitive product range**

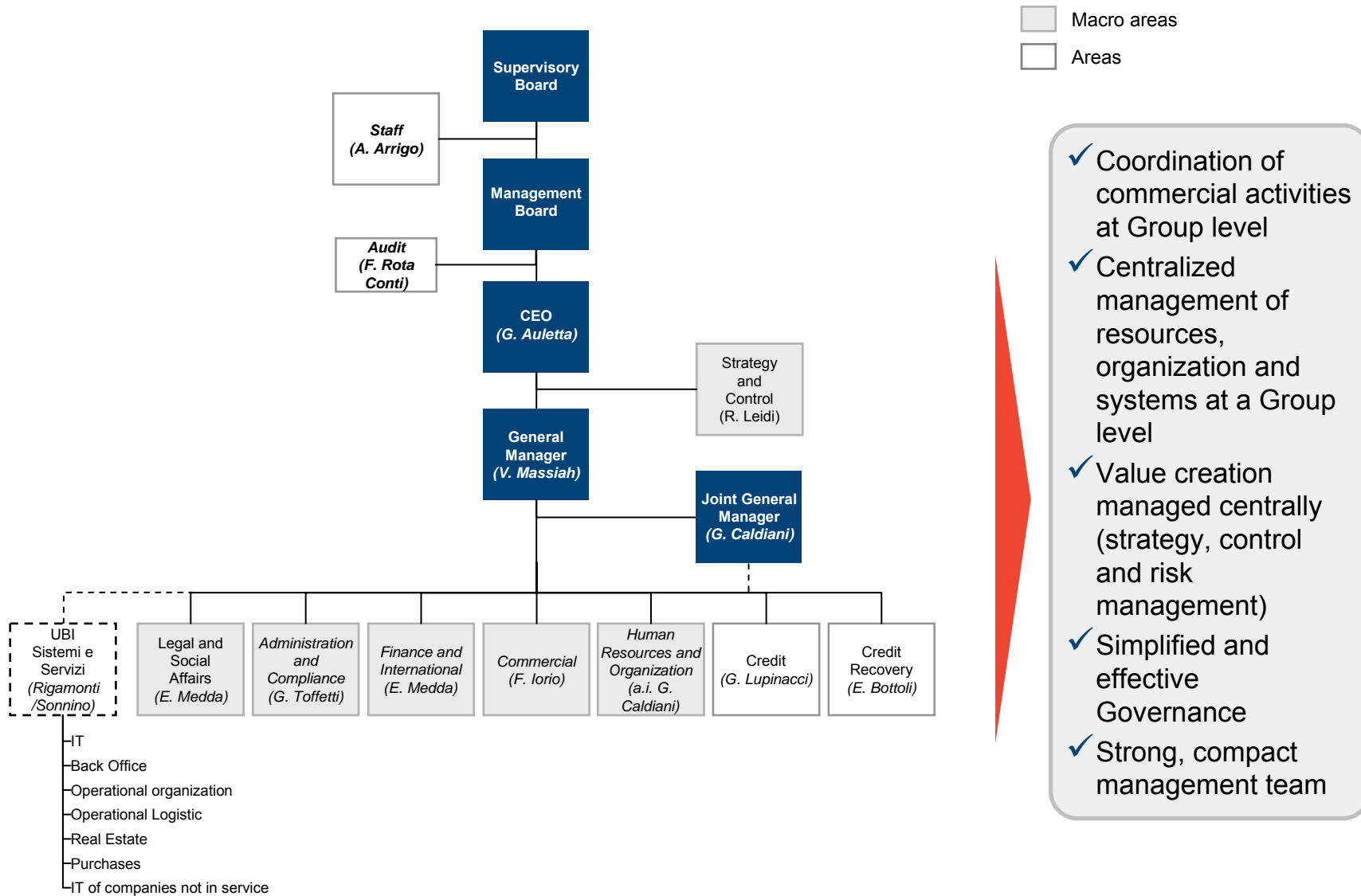
 **High asset quality**

Integration Process in Line with Best Practices



Merger between two strong banking Groups
with a long tradition of value creation

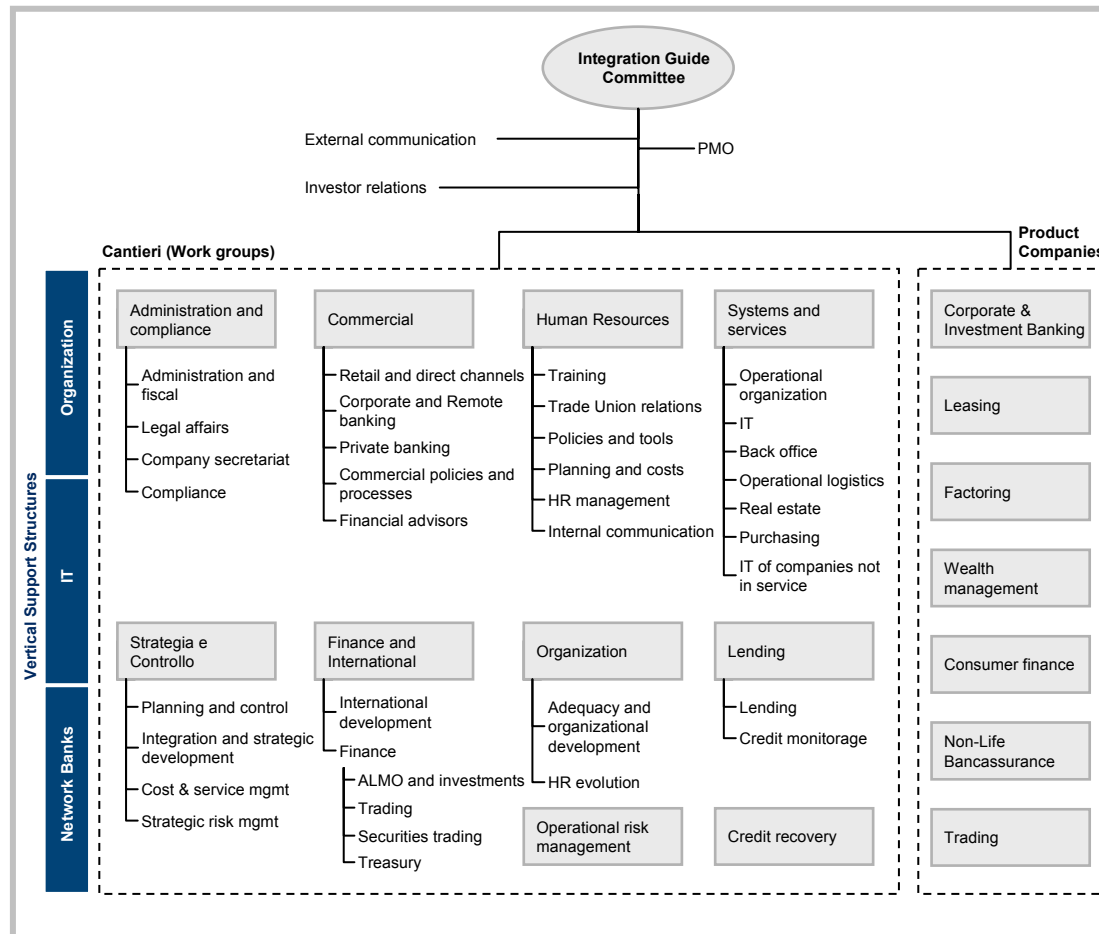
Dual Governance with Clearly Assigned Responsibilities



- ✓ Coordination of commercial activities at Group level
- ✓ Centralized management of resources, organization and systems at a Group level
- ✓ Value creation managed centrally (strategy, control and risk management)
- ✓ Simplified and effective Governance
- ✓ Strong, compact management team

Strong Organizational Effort to support the Plan

Integration Plan Project Organizational Structure



- ✓ **17 Workgroups and 35 projects** launched on March 13 under Top Management guidance
- ✓ **All Group structures involved** (Parent company, Network Banks, Product Companies)
- ✓ **Almost 600 people involved** in the **Integration Plan activities** with a total effort of around **12,000 man/days** from March to June 2007
- ✓ **Targets and Integration Strategic guidelines shared** throughout the Group

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✓ **Market Context and Positioning of the Group**

- ✓ The 2007-2010 Industrial Plan: Targets, Mission, Strategic Guidelines
- ✓ Synergies and Integration Master Plan
- ✓ Key Messages

Conservative Market Scenario

Percent

		2006	2007	2008	2009	2010
Macro-economic Scenario	GDP Italy	1.9%	1.8%	1.5%	2.0%	1.7%
	GDP EU	2.8%	2.4%	2.2%	2.4%	2.1%
	Inflation (Italy)	2.1%	1.7%	1.9%	2.0%	1.8%
	Euribor 1-mo. <i>UBI*</i>	3.5%	4.0%	4.0%	4.0%	4.0%
	Euribor 3-mo. <i>Prometeia*</i>	3.6%	4.1%	4.0%	4.5%	4.5%
		CAGR 06-10				
Key Banking Indicators (System)	Total Customer funding**	6.0%				
	AuM***	6.1%				
	Total customer loans	7.7%				

- ✓ Lower growth of Italian GDP compared to Europe
- ✓ Limited inflation in the Plan period (~2%)
- ✓ UBI interest rates growth projections more conservative than market scenario

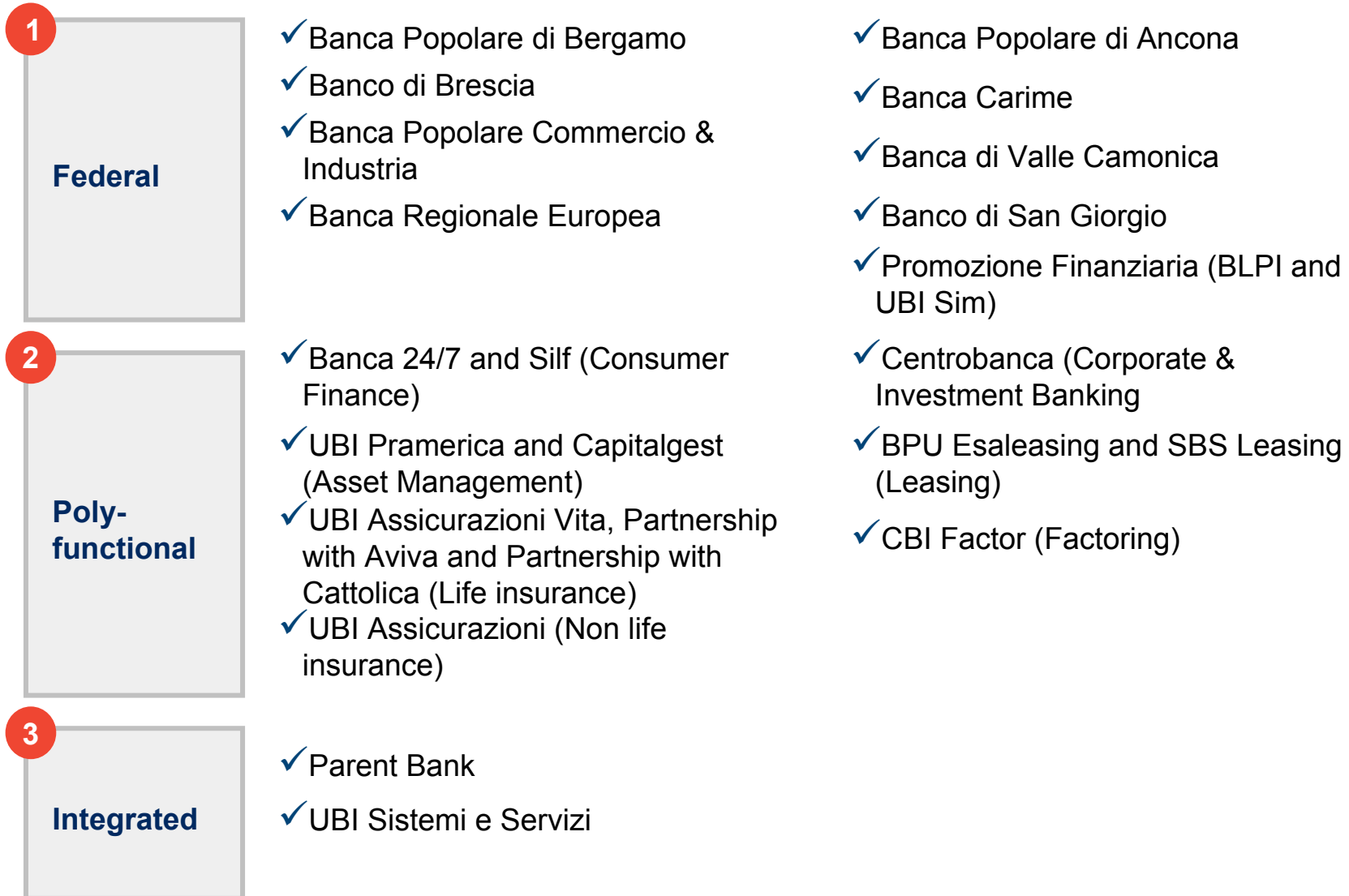
* End of period rate

** Includes deposits, certificates of deposit, bonds and repo

*** Includes funds, managed investment accounts and insurance technical reserves

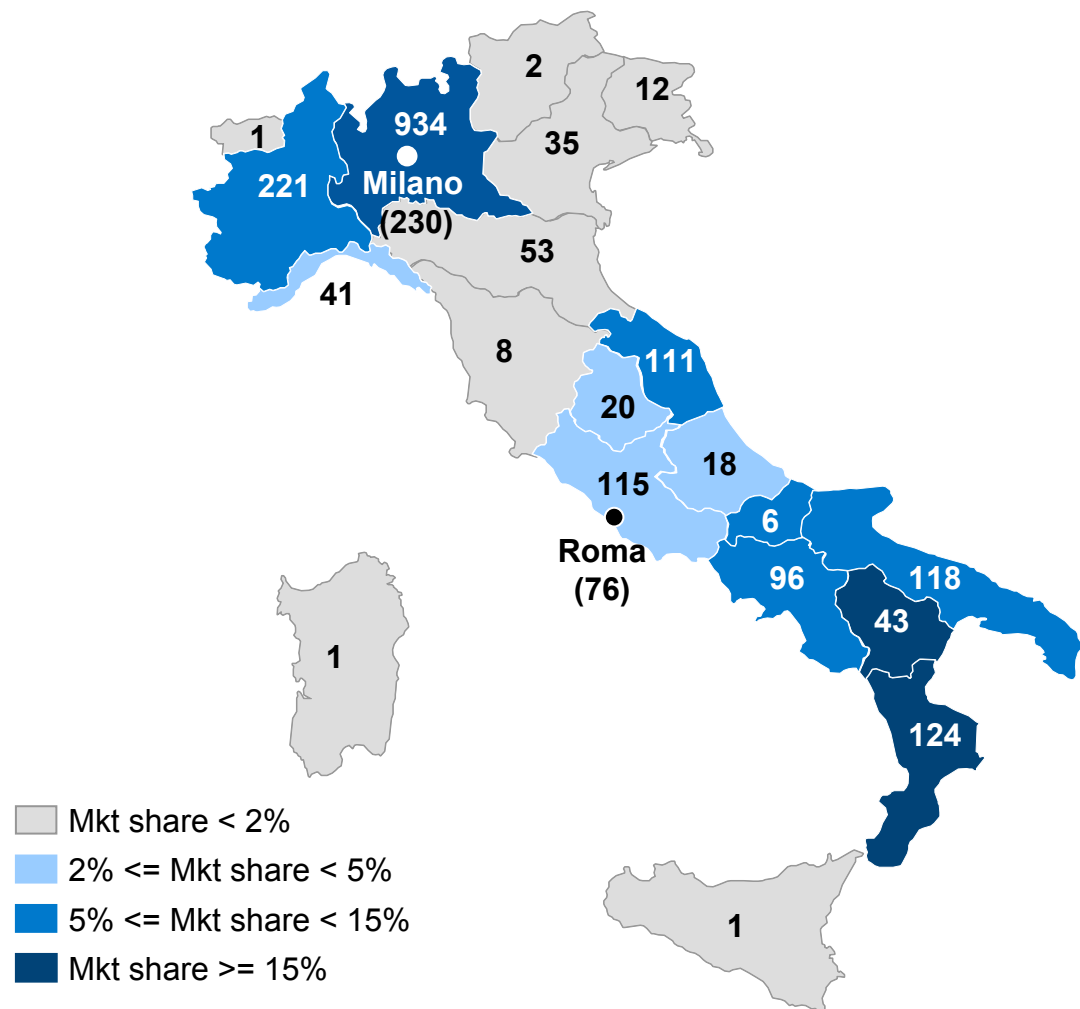
Source: Prometeia – Forecast Report, 30th March 2007

A Federal, Polyfunctional and Integrated Group



Multi-Regional and Focused Branch Network

Number of branches, 31/03/2007







- ✓ 1,962* branches (fourth largest banking distribution network in Italy), with a domestic market share of over 6%
- ✓ Market share higher than 10% in 17 provinces**
- ✓ Significant presence in major cities (share of branches in Milan ~10% and in Rome ~4%)

* UBI Group Italian branches. Total Branches of the Network Banks equal to approximately 1,920 (taking into account 15 Carime divestments effective May 1st, 2 BPA openings and 1 BSG opening)

** Provinces of: Varese, Vibo Valentia, Brescia, Cosenza, Cuneo, Bergamo, Reggio Calabria, Matera, Crotone, Pavia, Potenza, Viterbo, Catanzaro, Brindisi, Ancona, Alessandria, Macerata

Focus on the Wealthiest, Fastest-Growing Areas of the Country

31/12/2006

Italy Macro-Areas	UBI share of Branches Percent	Distribution of UBI Branches Percent	Macro-area weight on Italian* GDP Percent	Italy – Expected Growth** Percent	
				Loans	Deposits
 North-West	12.1%	61.0%	32.0%	7.7%	3.9%
 North-East	0.9%	2.5%	13.6%	7.3%	3.0%
 Centre	2.3%	11.0%	29.3%	7.9%	3.9%
 South & Islands	6.6%	25.5%	25.1%	9.9%	3.3%
Total	6.1%	100.0%	100%	8.0%***	3.7%***

* 2005 data

** CAGR 2006-2009, Prometeia

*** Prometeia Estimates; not including Valle d'Aosta and Molise

Direct Presence of the Group in 11 Countries Supporting the Group's Client Base



- ✓ 2 Foreign banks
- ✓ 6 Representative Offices (RO)
- ✓ 4 Foreign branches
- ✓ 2 Financial companies active in Leasing/ Factoring and Trade Finance
- ✓ China JV to distribute Asset Management products on local markets (active from 2007 - AuM at June 2007: Euro 639 Million)
- ✓ 56 Cooperation agreements with local Institutions in more than 30 countries

* Post-merger between BPU Banca International and Banca Lombarda International (to be completed by 4Q 2008)

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Net Income Over 1,4 billion Euro in 2010 and Cost Income Ratio lower than 45%

Euro Million, percent

	2006	2009	2010	CAGR/ Δpp 06-10
✓ Net profit	951	>1,300	>1,400	~10%
✓ Normalized net profit*	823	>1,250	>1,450	~15%
✓ Cost/Income	56.2%	~47%	~44%	~ -12pp
✓ Cost/Income with Impairment losses on loans**	59.5%	~51%	~48%	~ -11pp
✓ ROE***	13.4%	~16%	>16%	>2.5pp
✓ DPS (€)	0.80	1.15	1.30	0.5€

Results do not include:

- ✓ The **impact** of possible **partnerships** in Consumer Lending, non life Bancassurance, Corporate & Investment Banking
- ✓ The **impact** of the **allocation** of the **merger differences**, which it is preliminarily estimated could have a net negative impact of around Euro 100 mln per year over the period of the Plan

* Normalized P&L: excludes integration expenses, extraordinary finance, branch expansion plan, international development plan, loan disposal, IT migration impact on revenues, severance fund and Available For Sale participations disposals impact

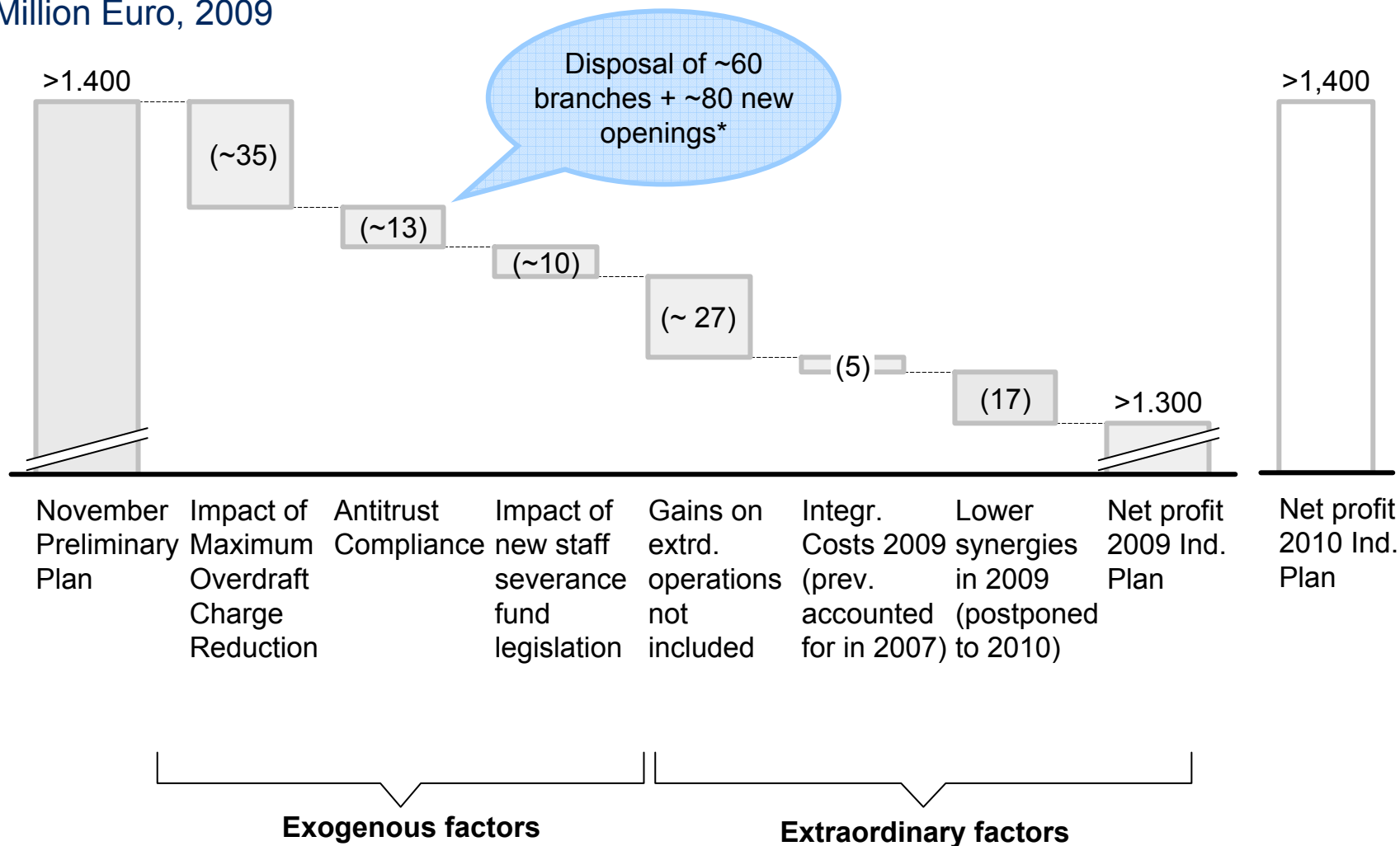
** Revenues net of adjustments for loan impairment

*** Calculated on end-of-year equity net of merger differences

Reconciliation of 2009 Net Profit from Industrial Plan 2007-2010 and November Preliminary Plan

Net Profit

Million Euro, 2009



* On top of ~60 new branches included in the former BPU and former BL stand alone Plans, for an overall amount of ~140 new openings

Strong Growth in Loans, in AuM and insurance policies

Euro Billion, percent

		<u>2006</u>	<u>2010</u>	<u>CAGR 06-10</u>
Loans	✓ Loans	83	125	10.8%
Assets	✓ Direct Deposits	86	124	9.6%
	– Net of EMTN and Covered Bonds	74	88	4.6%
	✓ Indirect funding	94	116	5.1%
	– of which: AuM	43	56	6.6%
	– of which: life policies	12	17	8.2%
	– of which: AuC	39	43	2.4%

Revenue Growth of 7% and Tight Cost Control

Euro Million, percent

		2006	2010	CAGR 06-10
Revenues	✓ Net Interest Income	2,510	3,320	7.2%
	✓ Commissions	1,316	1,683	6.3%
Operating Costs	✓ Personnel expenses*	1,515**	1,543	0.5%
	✓ Other administrative expenses/depreciation	932**	916	-0.4%

Including a ~30% reduction of Maximum Overdraft Charge (gross Euro ~75 Million of lower revenues in 2010)

* Does not include the impact of the anticipation of the supplementary pension reform (obligation to pay maturing staff severance amounts to the Pension fund or to INPS, which modified the impact on the income statement of the determination of staff severance reserves, expected to be positive by 130 Euro Million in 2007 and negative by ~20 Euro million in the following years from 2008 to 2010)

** Compared with the figure reported in the 2006 Annual Report: (a) Personnel expenses do not include 14.1 Euro Million related to expense refunds to staff and training, reclassified to "other administrative expenses"; (b) other admin. expenses include the aforementioned reclassification and exclude 7.5 Euro Million related to fees paid on public treasuries contracts classified as "other expenses"

Excellent Credit Quality Confirmed and Strong Capital Ratios

		<u>2006</u>	<u>2010</u>	<u>CAGR/ Δpp 06-10</u>
Credit Quality	✓ Impairment losses on loans/ total loans (bp)	29bp	38bp	9.0bp
	✓ Net non-performing loans/total net loans (%)	0.7%	0.5% ⁽¹⁾	-0.2pp
Allocated Capital⁽²⁾	✓ Risk Weighted Assets (Euro Billion)	90 ⁽³⁾	113 ⁽⁴⁾	5.8%
	✓ Core Tier 1 Ratio (%)	6.4% ⁽³⁾	6.5% ⁽⁴⁾	0.1pp
Value Creation	✓ EVA ⁽⁵⁾ (Euro Million)	227	738	34.3%

(1) It includes in 2009 the sale of NPLs for 200 Euro Million. 2010 ratio remains stable (gross of NPL sale)

(2) It does not include the impact of merger differences

(3) Basel I

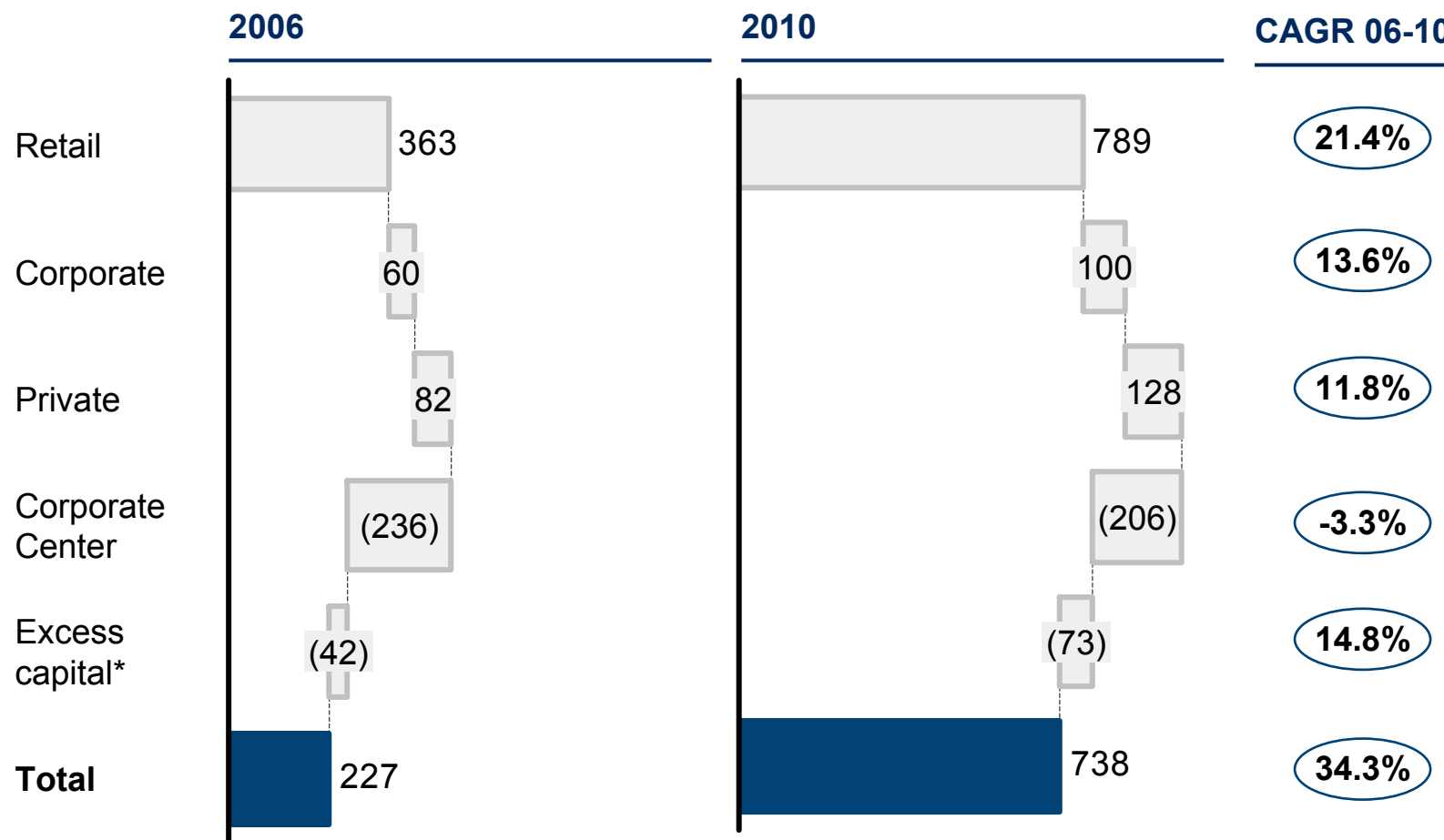
(4) Basel II Standardized

(5) Calculated as (NOPAT-Capital Charge). NOPAT = Net profit of the period net of extraordinary items (profit from sale of equity investments) with the inclusion of net value change in the Available For Sale Financial Assets portfolio – Capital charge = Cost of equity (~9%) x Adjusted equity (consolidated equity net of dividends and other outflows)

Significant Value Creation over the Plan Horizon with Positive Contribution of All Segments

EVA

Euro Million



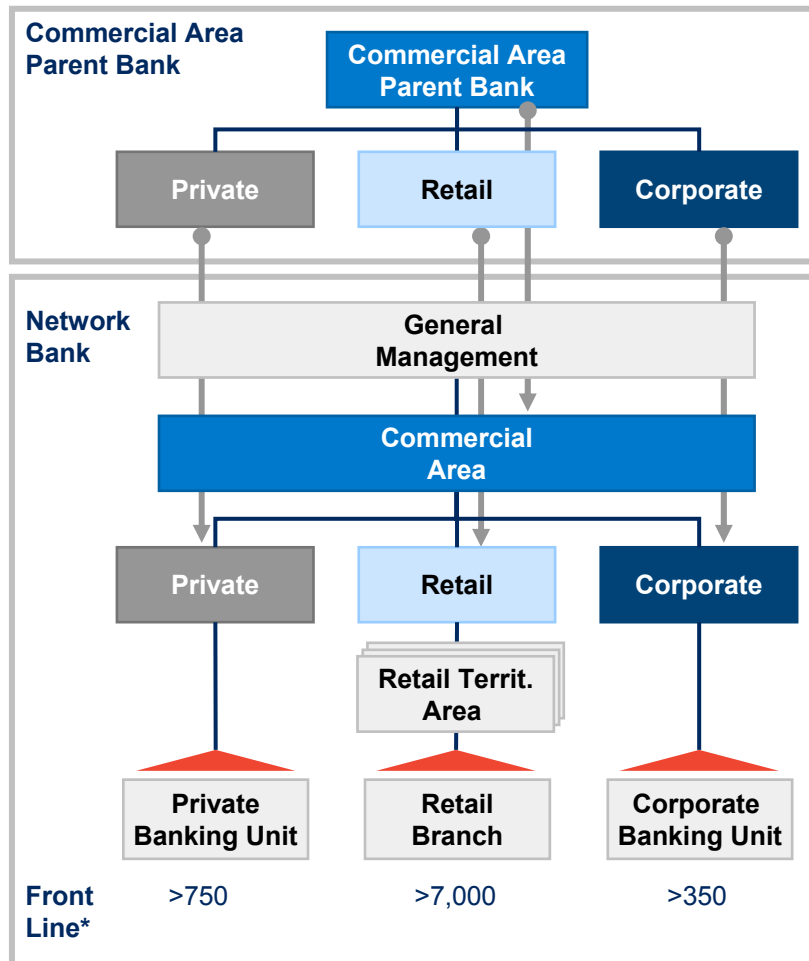
Note: Contribution from markets (Retail, Corporate, Private) calculated including pro-quota assignment of Product Factories
 EVA generation based on customer segments served
 * Excess capital compared to 6% of RWA

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Distribution Model Specialized by Market as Enabling Factor of Commercial Approach Differentiated by Segment

Distribution Structure



Main Characteristics

- 1 Divisional model** with customer segmentation
- 2 Linearity of commercial processes** by market between the Parent Company and the Network Banks
- 3 Relationship with the customers** focused by segment with “specialized” account managers (Mass Market, Affluent and Small Business Managers, Corporate Account Managers and Private Bankers)
- 4 Commercial targets** by Market and with differentiated KPIs according to the segments characteristics

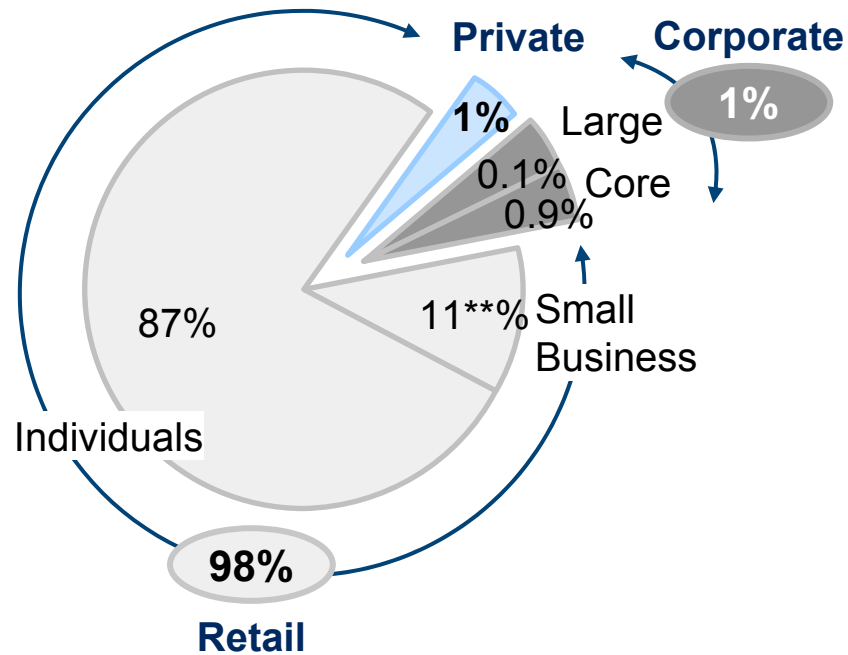
* Target numbers, 2008 year-end

Close to 4 Million Clients With a Very Large Retail Component

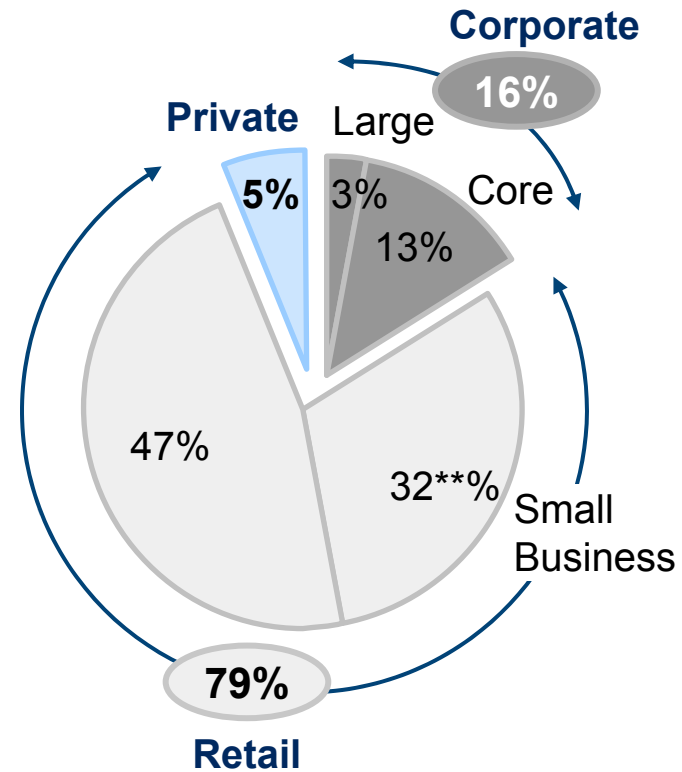
2006

Percent

Breakdown of Customer Base



Revenues* Breakdown by Segment



Nota: Commercial segmentation: Private: Assets > 500k Euro, Mass Market: Assets < 50k Euro, Affluent: Assets of 50 – 500k Euro; Small Business turnover < 5 Euro Million, Corporate Core: Turnover 5 – 150 Euro Million, Large: Turnover > 150 Euro Million

* Calculated as Net Interests + Net Commissions by market over Markets Total (Retail + Corporate + Private)

** Includes other Retail clients

Network Banks: 3 Markets with a Clear Commercial Strategy

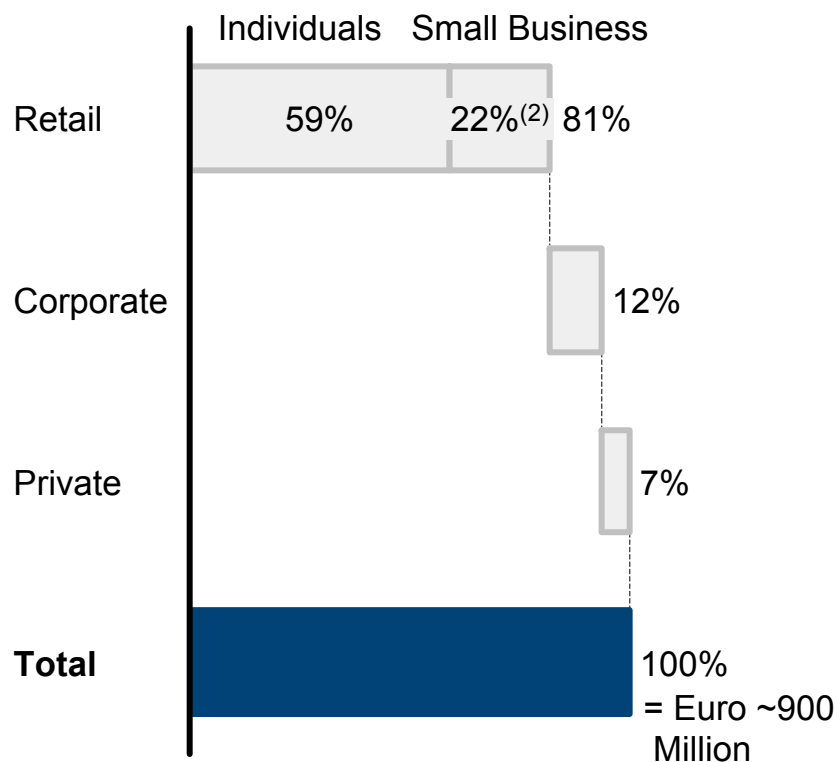


* Annual turnover of Euro 5-150 Million

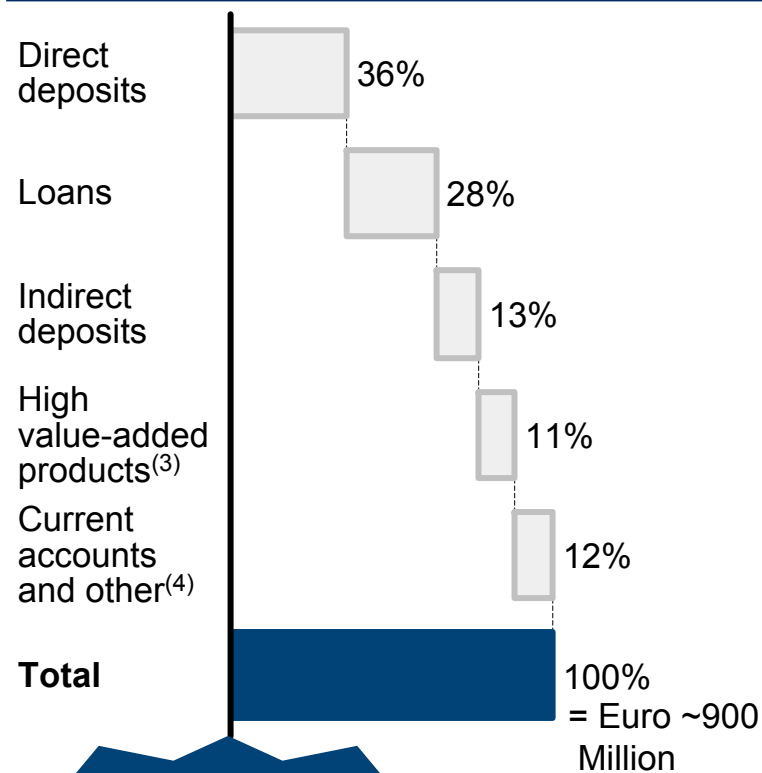
Network Banks: Revenue⁽¹⁾ Growth on Market Perimeter Driven by Retail

Contribution to revenue⁽¹⁾ growth
2006-2010, percent

Markets



Growth Drivers



Markets will generate Euro ~900 Million Revenue⁽¹⁾ growth on Euro ~1.200 Million total growth at Group level

(1) Net Interest Income + net commissions of Retail, Corporate and Private markets

(2) Includes the contribution of Retail entities and not managed customers equal to -0.7%

(3) Value-added products: CPI, Non Life Bancassurance, structured products, OTCs

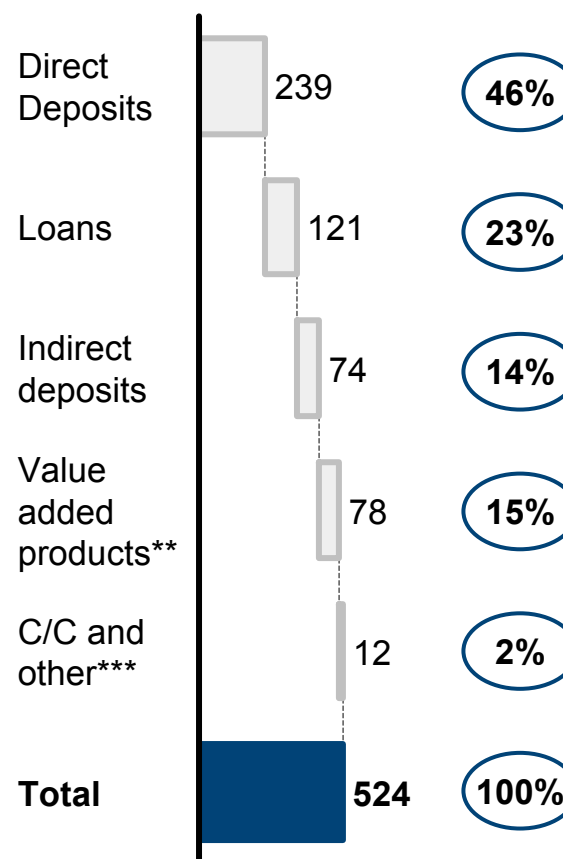
(4) Payments, collections, factoring, leasing, ATM, Trade finance, credit cards, Centrobanca, loans, other commissions

Network Banks: Growth Drivers for the Retail Market – Individuals

Growth Drivers

- ✓ Direct deposit growth in line with the market (CAGR ~6.0%)
- ✓ Strong growth of Consumer Lending volumes with competitive pricing:
 - Mortgages with a ~10% CAGR of stock
 - Personal loans and Salary-backed loans with a ~37% CAGR of stock
 - Salary-backed loans with a stock of Euro ~400 Million in 2010
- ✓ Improved product mix and asset mix in AuM (profitability increase to 83 bp from 77 bp)
- ✓ Group alignment to best practices in Life Bancassurance sales
- ✓ Boost on higher value-added products** (currently under developed) through a competitive price policy, for example:
 - CPI (Euro ~31 Million commissions in 2010)
 - Non-Life (Euro ~8 Million commissions in 2010)
- ✓ Overall improvement of cross-selling (from 3.5 to 4.0 products per client)

2006-2010 Contribution to Revenue*
Growth by Driver
 Euro Million, percent



* Net Interest Income + net commissions of the Retail market

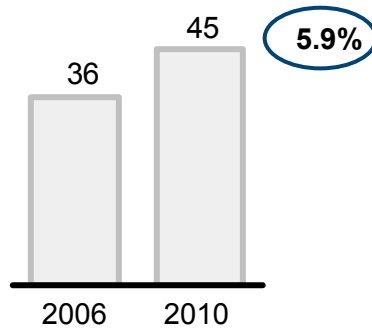
** Value-added products: CPI, Non Life Bancassurance, structured products, OTCs

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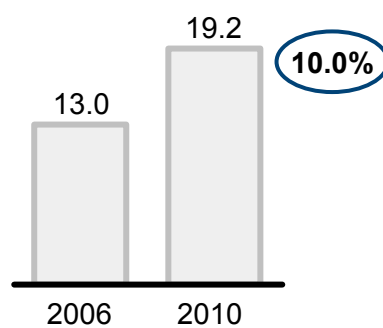
Network Banks: Main Targets for the Retail Market – Individuals (1/2)

○ CAGR 2006-2010

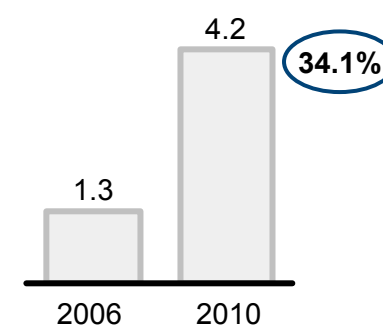
Direct deposits
Stock, Euro Billion



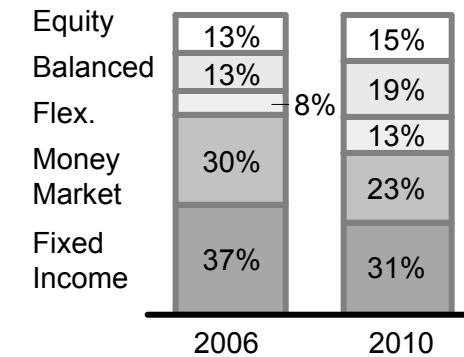
Mortgages
Stock, Euro Billion



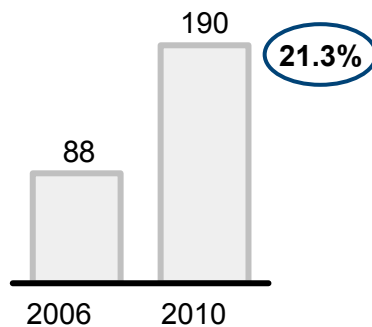
Personal Loans*
Stock, Euro Billion



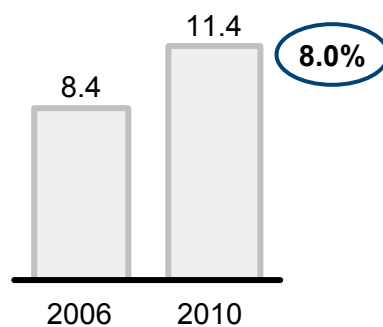
UBI Group Mutual Funds Breakdown
Percent



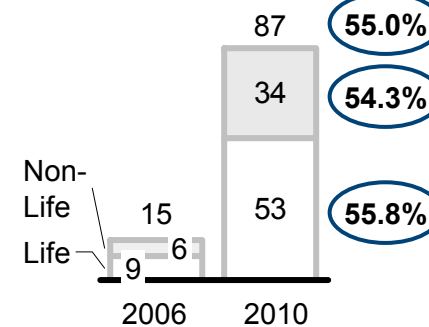
Non-Life Bancassurance
Gross Premiums, Euro Million



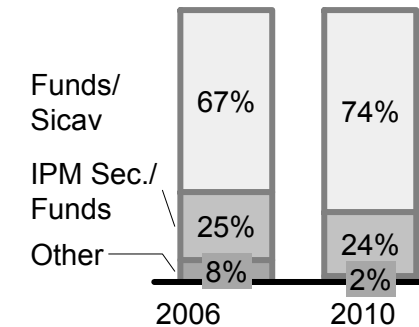
Life Bancassurance
Stock, Euro Billion



CPI
Gross Premiums, Euro Million



AuM product Mix
Percent



* Not including salary-backed loans, Personal and salary-backed loans stock CAGR ~37%

Network Banks: Main Targets for the Retail Market –

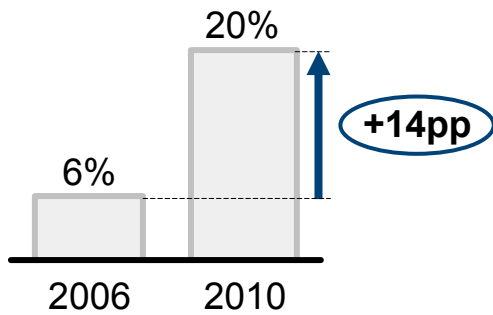
Individuals (2/2)

Product penetration

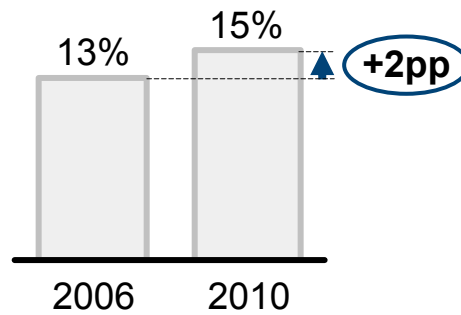
Percent

○ Delta pp 2006/2010

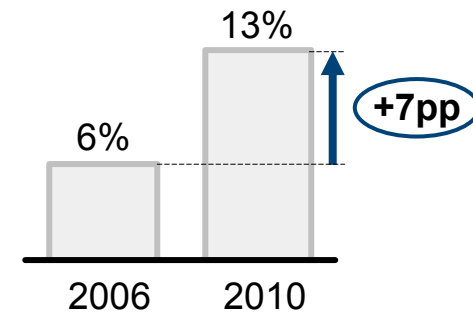
Personal Loans*



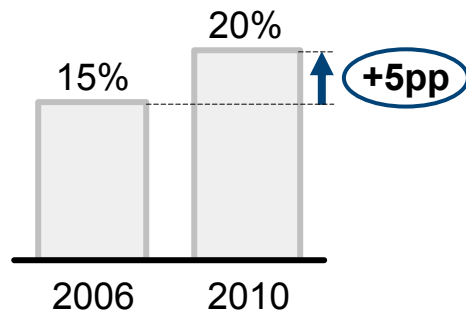
Mortgages



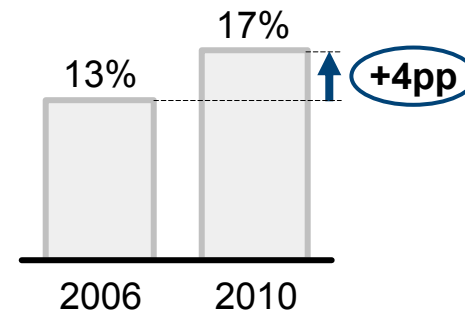
P&C Insurance



Banking Bonds



Life Insurance



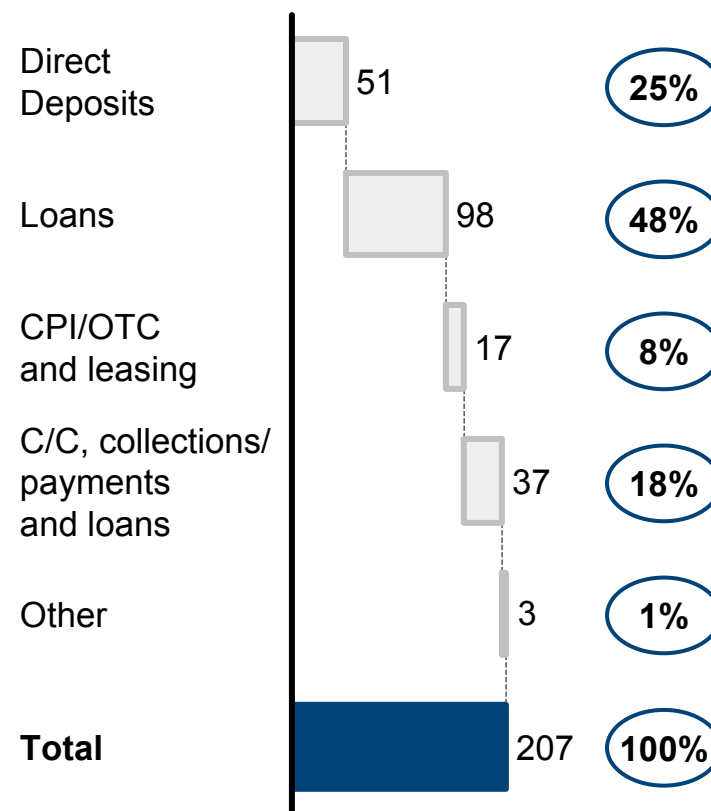
* Including 24/7 Bank Personal Loans distributed through Group Network Banks

Network Banks: Growth Drivers for the Retail Market – Small Business

Growth Drivers

- ✓ Dynamic Loan growth (CAGR: +~12%), both for short-term loans (CAGR: +8%) and medium/long-term loans (CAGR: +~15%), with decreasing mark-up (-4 bp for Short Term Loans, -16 bp for Medium Long Term Loans) following pricing effect and Maximum Overdraft reduction
- ✓ Direct deposits growth in line with the market (CAGR: +5.6% vs. 6.0% for the market)
- ✓ Commissions growth mainly due to:
 - Increased penetration of current account packages (from 26 to 44%)
 - Increased intermediated volumes both transactional (estimated growth in line with short term loans growth CAGR 8%) and lending (CAGR 12%)

Contribution to 2006-2010 Revenue* Growth by Driver Euro Million, percent

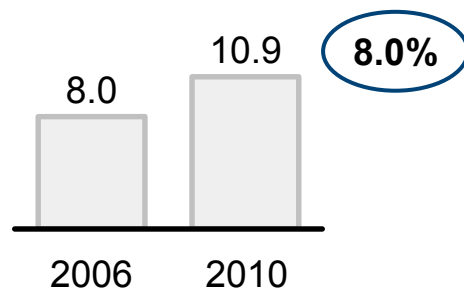


Note: Not including Retail institutions and not managed customers with a growth contribution equal to Euro -6 Million
* Net Interest Income + net commissions of the Retail market

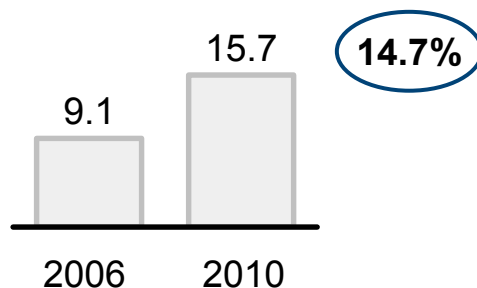
Network Banks: Main Targets for the Retail Market – Small Business (1/2)

○ CAGR 2006-2010

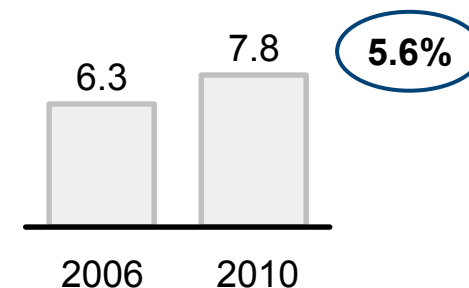
Short Term Loans
Stock, Euro Billion



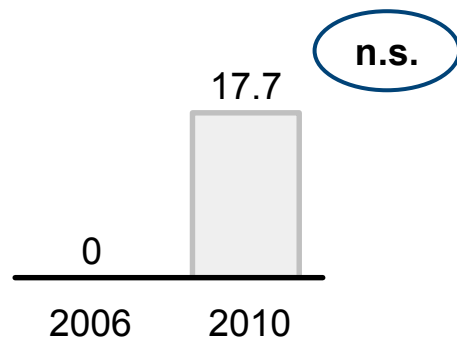
Medium/Long Term Loans
Stock, Euro Billion



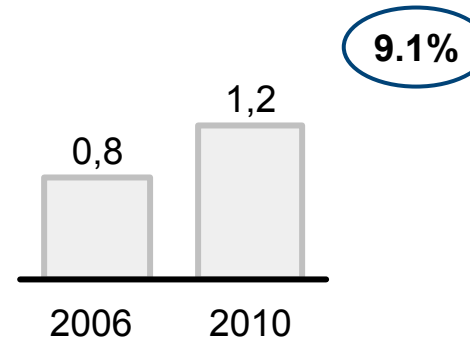
Direct Deposits
Stock, Euro Billion



CPI
Gross premiums, Euro Million



Leasing
New production, Euro Billion



Network Banks: Main Targets for the Retail Market –

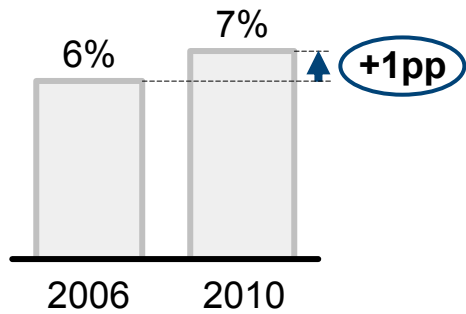
Small Business (2/2)

Product penetration

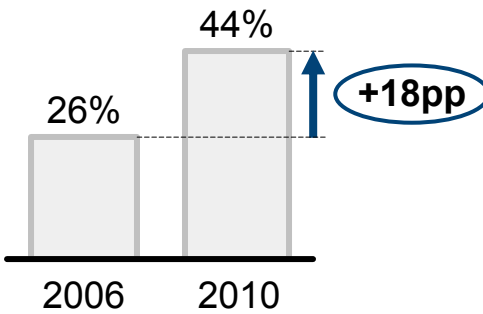
Percent

○ Delta pp 2006/2010

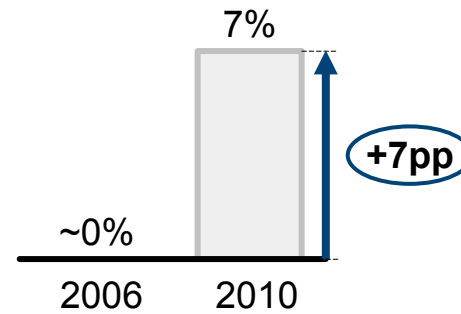
Leasing



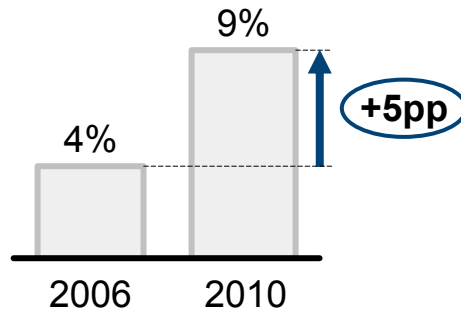
Bundled current accounts



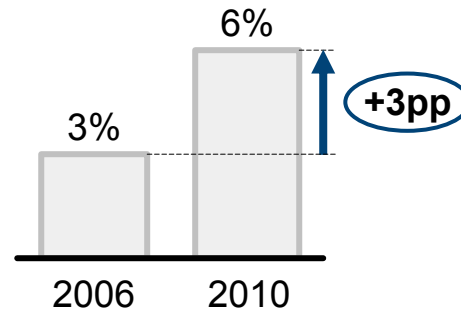
CPI



Derivatives



Non-Life Insurance



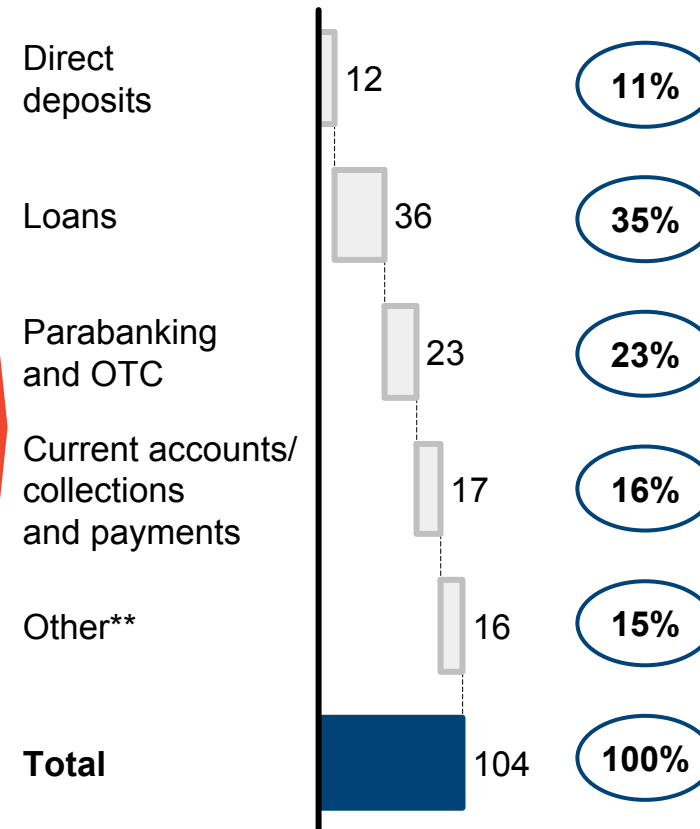
Network Banks: Growth Drivers of the Corporate Market

Growth Driver

- ✓ Short term loans growth in line with market (CAGR: +6.7%) excluding Large Corporate component (CAGR: -4.9%) and medium/long term loans growth (CAGR: +15%, including Centrobanca) higher than the market
- ✓ Optimization of the overall profitability of short-term loans thanks to the implementation of Risk Adjusted Pricing Processes by 2Q 2008 (from 90 to 120 bp within the Plan horizon thanks to a client mix more geared towards Mid-Lower Corporates, a downsizing of Large Corporates – hot money – and focused repricing actions)
- ✓ Increase of parabanking components (Leasing and Factoring) aligned with market best practices

Contribution to 2006-2010 Revenue* Growth by Driver

Euro Million, percent



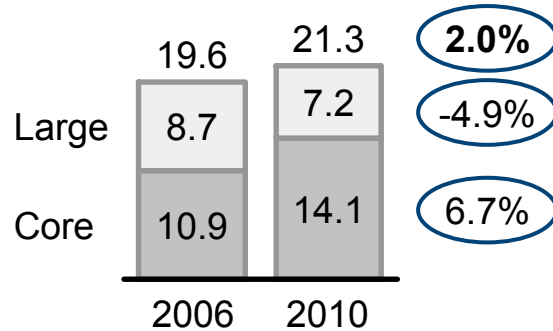
* Net Interest Income + net commissions of the market

** It includes ATM, trade finance, credit cards, Centrobanca, loans, other commissions, and indirect deposits

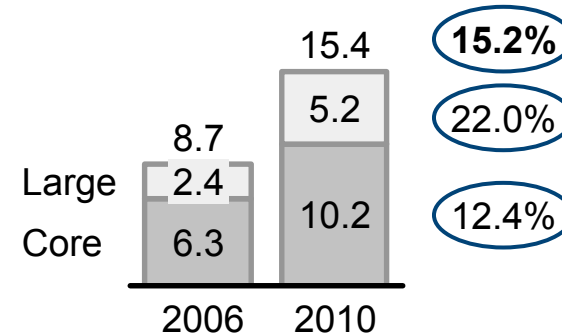
Network Banks: Main Targets for the Corporate Market

○ CAGR 2006-2010

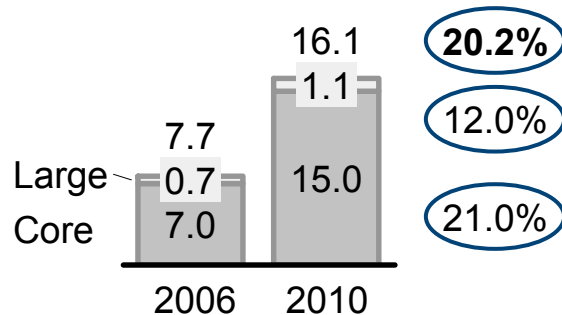
**Short Term Loans
(Network Banks)**
Stock, Euro Billion



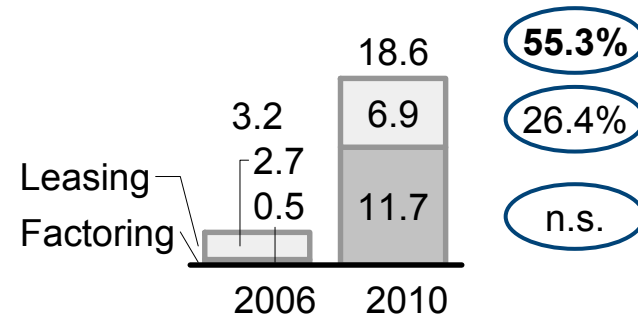
**Medium-Long Term Loans
(Including Centrobanca)**
Stock, Euro Billion



OTC Derivatives* (Network Banks)
Commissions, Euro Million



Leasing and Factoring
Paybacks from Product Companies, Euro Million



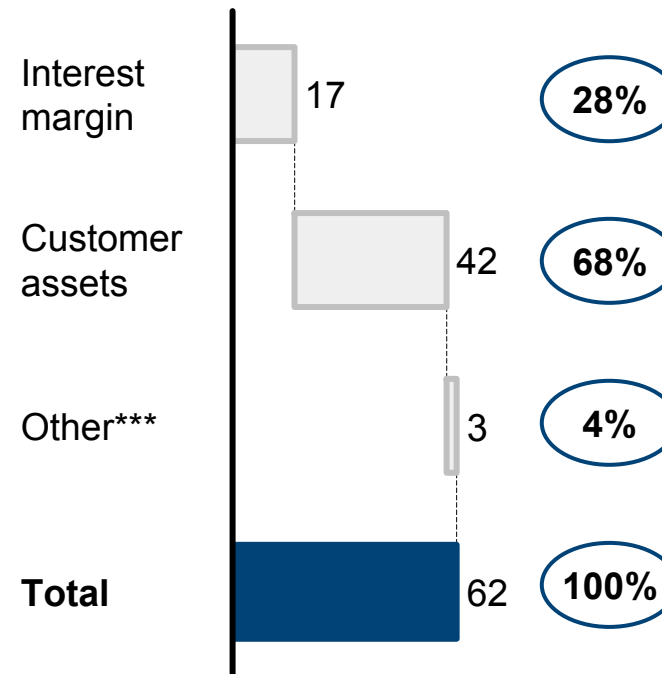
* Plain Vanilla

Network Banks: Growth Drivers of the Private Market

Growth Drivers

- ✓ AuM and Life Bancassurance growth greater than market (CAGR: +8.5%)
- ✓ Focus on increased asset profitability (from 72 to 74 bp) by extending the advisory services (Active Wealth Advisory) to all Private Banking customers with consequent use of a wide range of products (funds, third party products, REITS** and hedge funds) and rebalancing of the product mix

2006-2010 Contribution to Revenue* Growth by Driver Euro Million, percent



* Net Interest Income + net commissions of the market

** Real Estate Investment Trusts

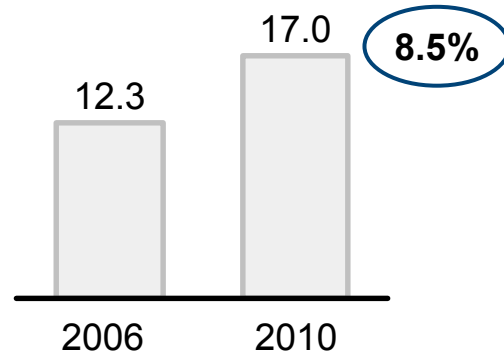
*** Including revenues from other commissions

Network Banks: Main Targets for the Private Market

○ CAGR 2006-2010

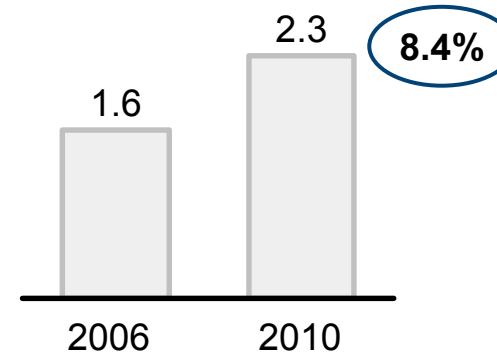
AuM

Stock, Euro Billion



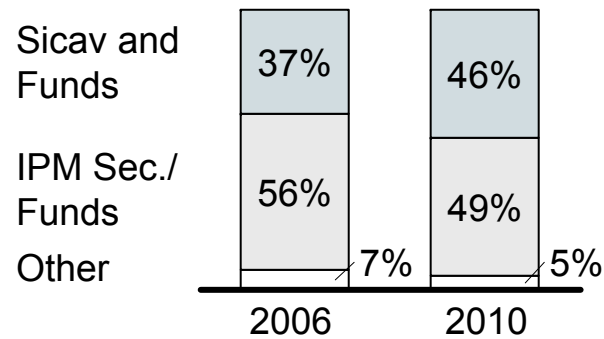
Life Policies

Stock, Euro Billion



Product Mix

Percent

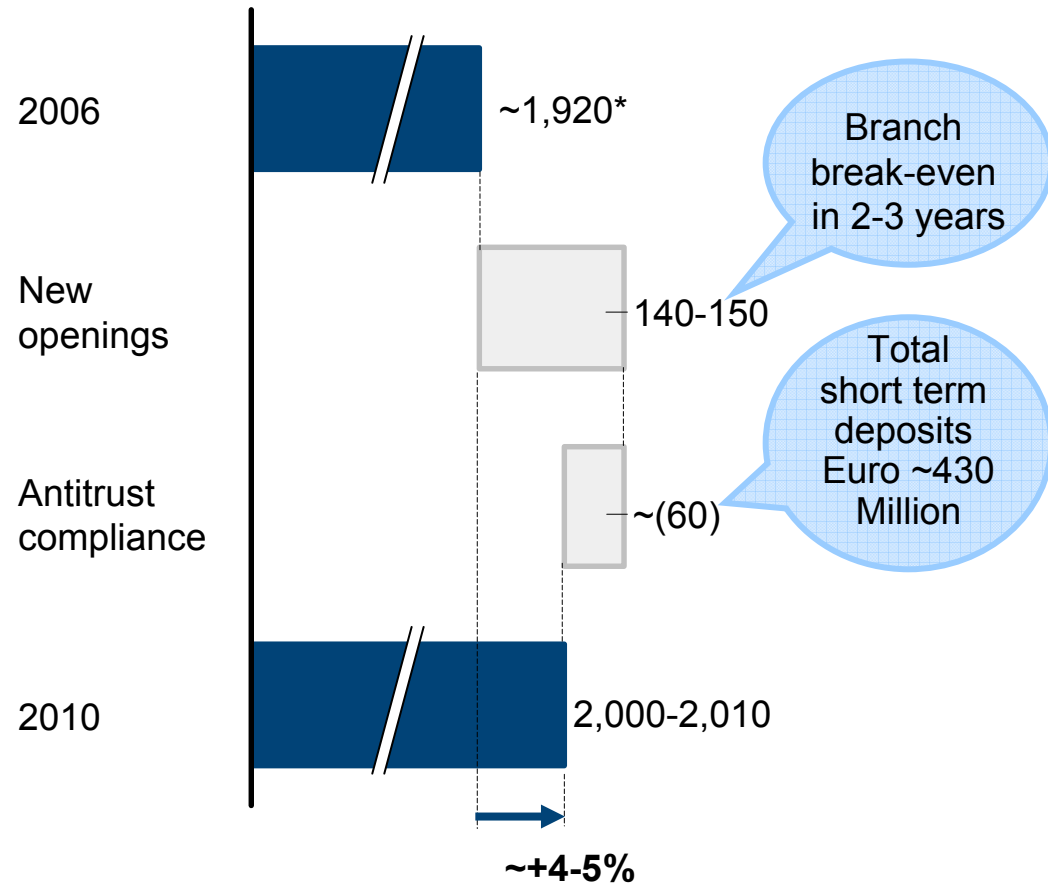


Network Banks: ~2,000 Branches, with More Than 140 Openings Expected

Strategic Guidelines

- ✓ **New branches close to areas** where there is a strong market presence
- ✓ **Rationalization of co-presences** on the territory of the Network Banks in the **medium-long term**
- ✓ **Disposal of branches for Antitrust compliance** (focus on smaller size branches in Bergamo -24 and Brescia -37)

Evolution of Network Banks Branches Number



* Includes only Network Bank domestic branches and takes account of the 15 Carime divestments effective May 1st, of 2 BPA openings and 1 BSG opening. Does not include 32 BLPI branches, 7 Centrobanca branches, 1 Banca24/7 branch, 2 IW Bank branches, and 3 UBI branches. Overall total of Group branches is 1,962

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- ✓ Market Context and Group Positioning
- ✓ **The 2007-2010 Industrial Plan: Targets, Mission, Strategic Guidelines**
 - Financial Targets
 - Network Banks: Retail, Corporate and Private Markets
 - **Product Companies**
 - Enhancement of Resources
 - Capital Management
- ✓ Integration Synergies and Masterplans
- ✓ Key Messages

Product Companies: Integration and Enhancement of Potential (1/2)

Consumer
Credit

Asset
Management

Life
Bancassurance

Integration Guidelines

- ✓ **Integration of Banca 24-7 and Silf** with:
 - Centralization of manufacturing activities within Banca 24-7
 - Silf to work alongside existing distribution networks (Prestitalia and BY You) and to focus on distribution activities targeted at the non captive market with maintenance of its corporate structure and brand identity
 - **Extension of the Banca 24-7* product range** to all network banks
- ✓ **Potential partnerships will be considered** with specialist operators to internalize skills and to accelerate growth (*impact not included in the plan*)

- ✓ **Merger of Capitalgest into UBI Pramerica**
- ✓ **Extension of the partnership with Prudential** to the whole **Group**

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

* Personal loans, credit card and salary-backed loans on the captive market

Product Companies: Integration and Enhancement of Potential (2/2)

Integration Guidelines

Non-Life Bancassurance

- ✓ **Extension of the non life bancassurance of BPU Assicurazioni** to all the Network Banks in the Group
- ✓ **Potential partnerships will be considered** with specialist operators to internalize skills and to accelerate growth (*impact not included in the plan*)

Corporate & Investment Banking

- ✓ **Extension of Centrobanca products and services** to all the Network Banks in the Group
- ✓ **Potential partnerships will be considered** with specialist operators to internalize skills and to accelerate growth (*impact not included in the plan*)

Leasing

- ✓ **Integration of SBS Leasing and BPU Esaleasing**
- ✓ **Value creation from the best operative and commercial practices** of the two original Product Companies

Factoring

- ✓ **Extension of CBI Factor services** to all the Network banks in the Group

Product Companies - Main Targets (1/2)

Euro Million, percent

		<u>2006</u>	<u>2010</u>	<u>CAGR/ΔPP 06-10</u>
Consumer Credit (24/7 and Silf)	✓ Revenues	103	363	37.1%
	✓ Loans	3,945	15,090	39.8%
	– of which captive	N.a.	29.4%	n.s.
	✓ Cost/Income	45.7%	29.0%	-16.7pp
Asset Management*	✓ Revenues	129	176	8.0%
	✓ AuM	36,508	48,551	7.4%
	✓ Cost/Income	33.7%	25.3%	-8.4pp
Non-life Bancassurance (UBI ass.)	✓ Premiums	250	408	13.0%
	✓ Technical Reserves	356	562	12.1%
	✓ Combined Ratio	98.9%	89.0%	-9.9pp
Life Bancassurance**	✓ New Production	2,039	3,109	11.1%
	✓ Technical Reserves	10,189	16,086	12.1%

* Including UBI Pramerica SGR, Capitalgest SGR, UBI Pramerica Alternative Investment SGR, Capitalgest Alternative Investment SGR and Lombarda Management Company

** Including UBI Assicurazione Vita, Aviva Vita and Lombarda Vita

Product Companies - Main Targets (2/2)

Euro Million, percent

		2006	2010	CAGR/ Δ PP 06-10
Corporate & Investment Banking (Centrobanca)	✓ Revenues*	167	258	11.5%
	✓ Loans	5,746	10,826	17.2%
	– of which captive	30.6%	46.9%	16.3pp
	✓ Cost/Income	28.8%	23.9%	-4.9pp
Leasing (BPU Esaleasing and SBS Leasing)	✓ Revenues	126	179	9.0%
	✓ Loans	6,851	10,696	11.8%
	✓ Cost/Income	38.9%	26.4%	-12.5pp
Factoring (CBI Factor)	✓ Revenues	51	86	14.1%
	✓ Loans	1,762	3,769	20.9%
	✓ Cost/Income	41.6%	24.6%	-17.0pp

* 2006 figures do not include profits from the sale of Italease and Centrosiel stakes and include Euro 25 Million from the sale of NPLs

Product Companies: Consumer Credit

○ CAGR
2007-2010

Strategic Guidelines

- ✓ Centralization of Group credit card issuing in Banca 24-7 (from ~0,6 Million of credit cards in 2007 to over 1,2 Million in 2010*)
- ✓ Extension of operations to the entire captive clientele of the Group (personal loans, cards and salary-backed loans)
- ✓ Increase in penetration and up-selling of products based on client's needs throughout all phases of debt lifecycle (personal loans, cards, salary-backed loans, and mortgages)
- ✓ Increase in operations on non-captive customers through:
 - The Group's network of agents (~30 Silf agents)
 - Specialist subsidiaries (~350 ByYou agents and ~60 Prestitalia outlets)
 - Distribution agreements with third parties (third-party banks and dealers)
 - Direct channels (web and call centres)

Key Indicators

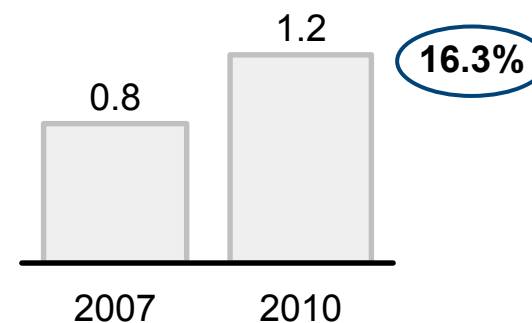
Personal Loans

New flows, Euro Billion



Mortgages

New flows, Euro Billion



* Active credit cards of Banca 24-7

Product Companies: Asset Management and Bancassurance

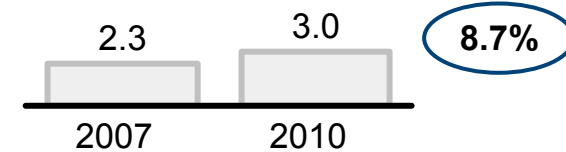
Strategic Guidelines

Asset Management	<ul style="list-style-type: none"> ✓ One single Product Company at Group level: UBI Pramerica ✓ Rationalization and simplification of products range offered by the Group (from 47 Relative Return Funds to 21 of which over 60% in the first three year performance quartile and the remaining in the second quartile) ✓ Progressive improvement in average asset profitability
Bancass. Life	<ul style="list-style-type: none"> ✓ Development of policies with high investment component ✓ Unit-linked policies with use of Group funds as underlying assets
Non-Life Bancass.	<ul style="list-style-type: none"> ✓ Maximum focus on banking channels, with progressive exit from “non core” distribution channels ✓ Evolution of product range (e.g. CPI, Home, Health and Legal Protection) and Bancassurance service model

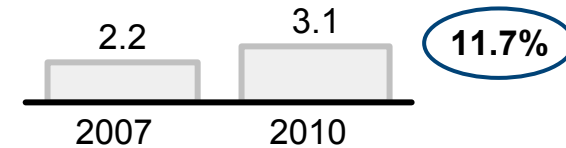
Key Indicators

○ CAGR
2007-2010

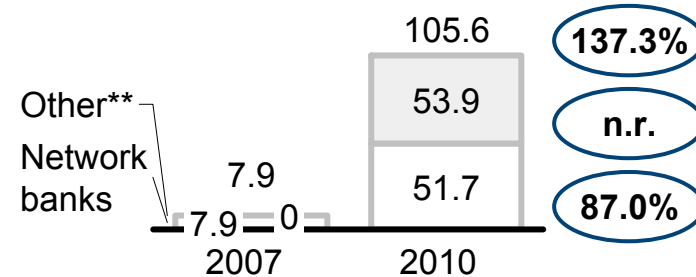
Net flows of AuM: UBI Pramerica and Capitalgest Euro Billion



New Life* Production Euro Billion



CPI Non-Life Premiums Euro Million



* Single premiums and first annual installment for recurring premiums

** By You and Silf networks

Product Companies: Corporate & Investment Banking

Strategic Guidelines

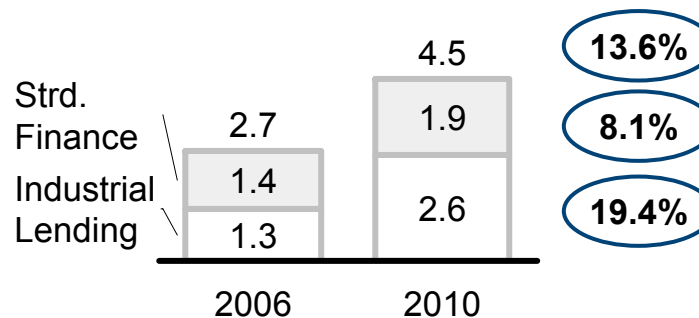
- ✓ *Industrial Credit* – Upgrade of the product (with the integration of added value elements – e.g. derivatives) and use as an “entry product” to develop higher added value products
- ✓ *Structured Finance* – Volumes increase with development towards senior roles (role of arranger) and evolved control and active portfolio management mechanisms
- ✓ *Equity and Advisory* – Integration throughout the supply chain of the clientele’s Equity and Advisory needs in the target sectors/markets
- ✓ *Derivatives* – Operational scale increase with reinforcement of control (e.g. code of ethics) and commercial action and increase in activities on Retail products
- ✓ *Private Equity* – Strengthening of activities with creation of a new mixed capital fund (250 Euro Million)

○ CAGR 2006-2010, Δ pp

Key Indicators

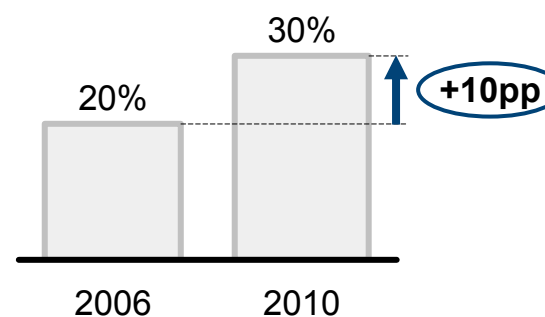
Volumes of Industrial Lending and Structured Finance*

New flows, Euro Billion



Net Commission** on Total Revenues

Percent



* Includes Industrial Credit, Acquisition, Project and Corporate Finance

** Calculated as the ratio between the income from commissions and the total income

Product Companies: Leasing and Factoring

Strategic Guidelines

Leasing

- ✓ Sharing of internal best practices (e.g., unified product range)
- ✓ Development of agreements with dealers (e.g., equipment distributors and car dealers)
- ✓ Development of bundling activities (e.g., insurance policies on vehicles)

Factoring

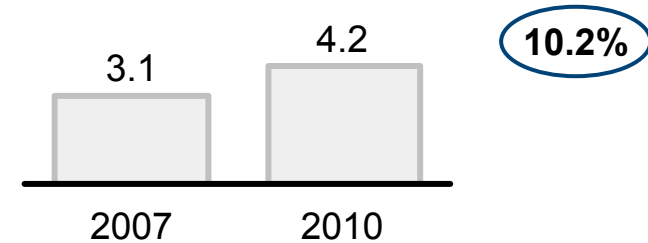
- ✓ Development of business on captive clientele:
 - Integration of Factoring products into the Group's product range
 - Training of Corporate account managers
- ✓ Consolidation/increase in operations with non-captive clientele:
 - Public Administration (large-scale debtors)
 - Agreements with third party Banks/mediators

Key Indicators

○ CAGR
2007-2010

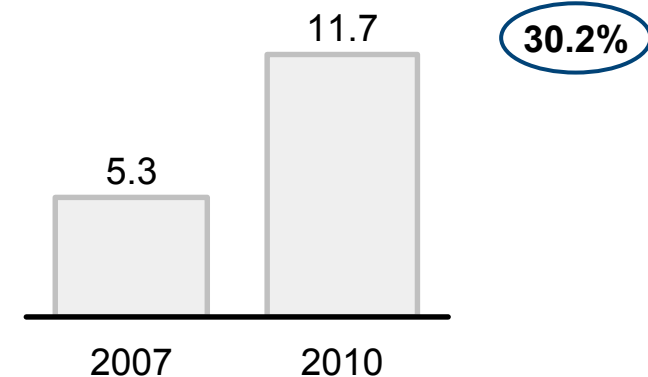
Leasing

New flows, Euro Billion



Factoring Turnover

Euro Billion



Agenda

- ✓ Market Context and Positioning of the Group
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 - Capital Management
- ✓ Synergies and Integration Master Plan
- ✓ Key Messages

Increasing Value of Human Resources, the Distinctive Foundation of UBI Banca Group (1/2)

	<u>Guidelines for Enhancement and Integration</u>	<u>Key Indicators/Date</u>
Staff knowledge	<ul style="list-style-type: none"> ✓ Extend management tools to all Group employees (performance evaluation, skills detection, potential detection) ✓ Increase the performance “culture” by raising awareness amongst Managers and by targeted training ✓ Implement Employee Relationship Management with evolved profiling of staff members and personalized actions 	<ul style="list-style-type: none"> ✓ Completion by 4Q 08 ✓ N.s. ✓ Completion by 3Q 08
Training	<ul style="list-style-type: none"> ✓ Structure specific training courses by Branch role ✓ Enhance the E-Learning platform* ✓ Make important investments in professional training/requalification of resources of Network Banks and Parent Bank ✓ Extend the Teaching School ✓ Activate a School for potential Branch Mngrs. 	<ul style="list-style-type: none"> ✓ By 4Q 07 ✓ Over 400 thousand days of training from 2007-10, of which 21 thousand of requalification with a direct cost of Euro ~35 Million and an opportunity cost of Euro ~120 Million ✓ By 3Q 07 ✓ BY 4Q 07

* On-line training courses are already active

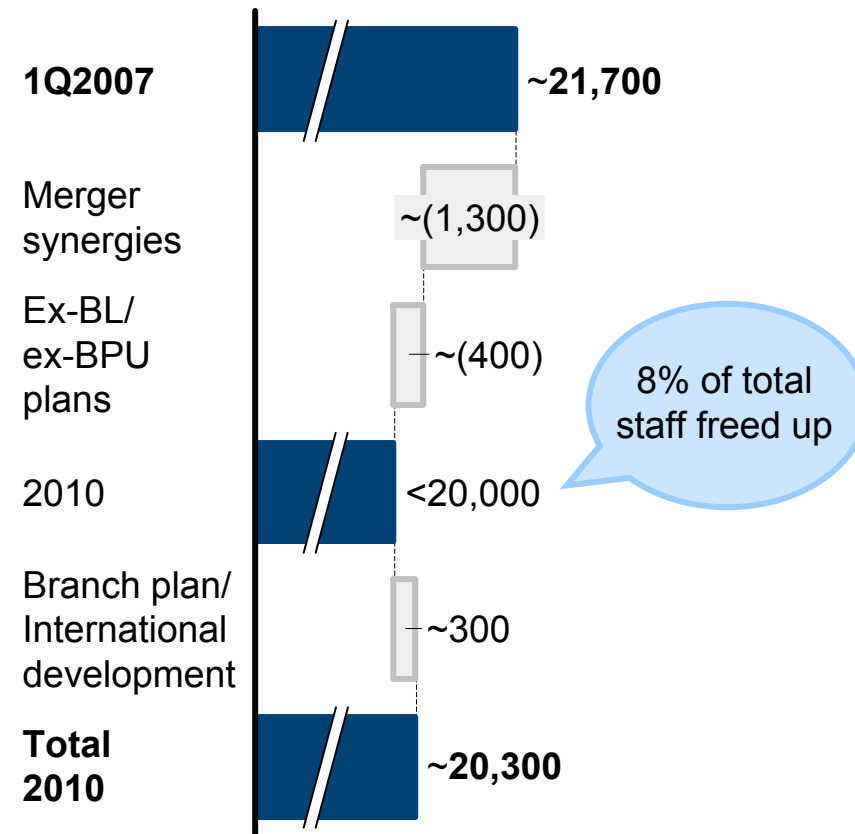
Increasing Value of Human Resources, the Distinctive Foundations of UBI Banca Group (2/2)

	<u>Guidelines for Enhancement and Integration</u>	<u>Key Indicators/Date</u>
Internal Communication	<ul style="list-style-type: none"> ✓ Extension of channels and means used for communication, and reinforcement of continuous, transparent communication ✓ Creation and distribution of the UBI Group's Charter of Values 	<ul style="list-style-type: none"> ✓ N.s. ✓ By 3Q 07
Professional development	<ul style="list-style-type: none"> ✓ Planning of pre-defined professional courses for roles in the commercial network ✓ Implementation of growth tables, for the core perimeter based, on specific professional characteristics of individuals and potential of individual staff members 	<ul style="list-style-type: none"> ✓ By 3Q 07 ✓ By 4Q 07
Management	<ul style="list-style-type: none"> ✓ Definition of a Service Model of the Human Resources Department with Market specializations ✓ Focused management of Key Resources and High Potential individuals in the Group 	<ul style="list-style-type: none"> ✓ By 2Q 08 ✓ ~5% of the Group's resources involved
Unions' relationship	<ul style="list-style-type: none"> ✓ Management of trade union relationships able to support, with respect of roles, the implementation of the Industrial Plan in all its phases, characterized by good relationships with appropriate communication and discussion 	<ul style="list-style-type: none"> ✓ N.s.

Resources Freed Up over the Course of the Plan Equal to 8% of Total Staff

○ Δ percentage

Total of Group Resources Units



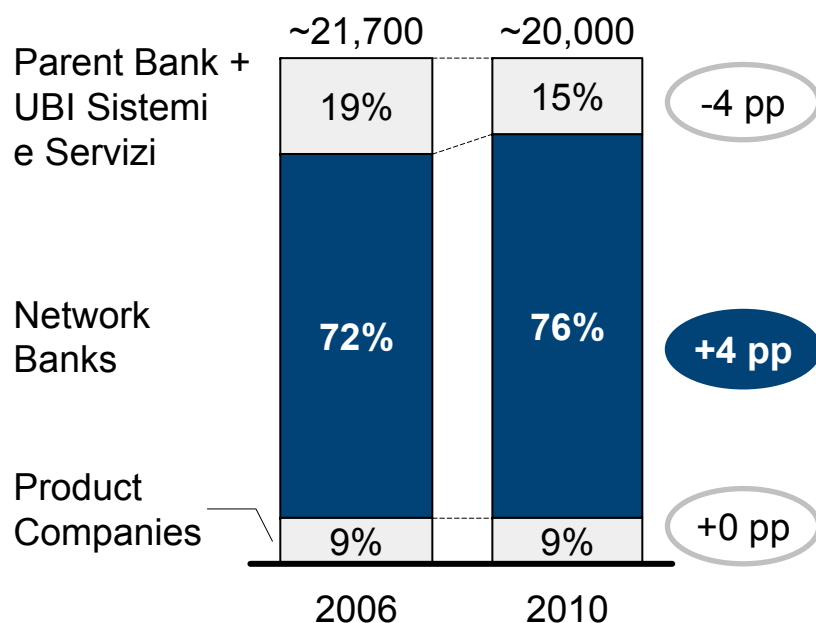
Main Optimization Initiatives

- ✓ **Increase in operational efficiency** of the **Parent Bank**, with rationalization of duplicated roles and optimization of operative processes (~350 resources)
- ✓ **IT platform unification** and back office/operational organization/ logistic/purchases rationalization (~650 resources)
- ✓ **Optimization of operative and business processes** of the distribution network by simplifying Territorial Areas, reviewing activities, introducing new technologies and switching customer transactions to complementary channels (~650 resources, net of ~300 additional commercial resources)
- ✓ **Product Companies integration** (~ 50 resources net of ~130 new product specialists)

Increased Contribution of the Distribution Networks and Increased Commercial Personnel to Support Growth

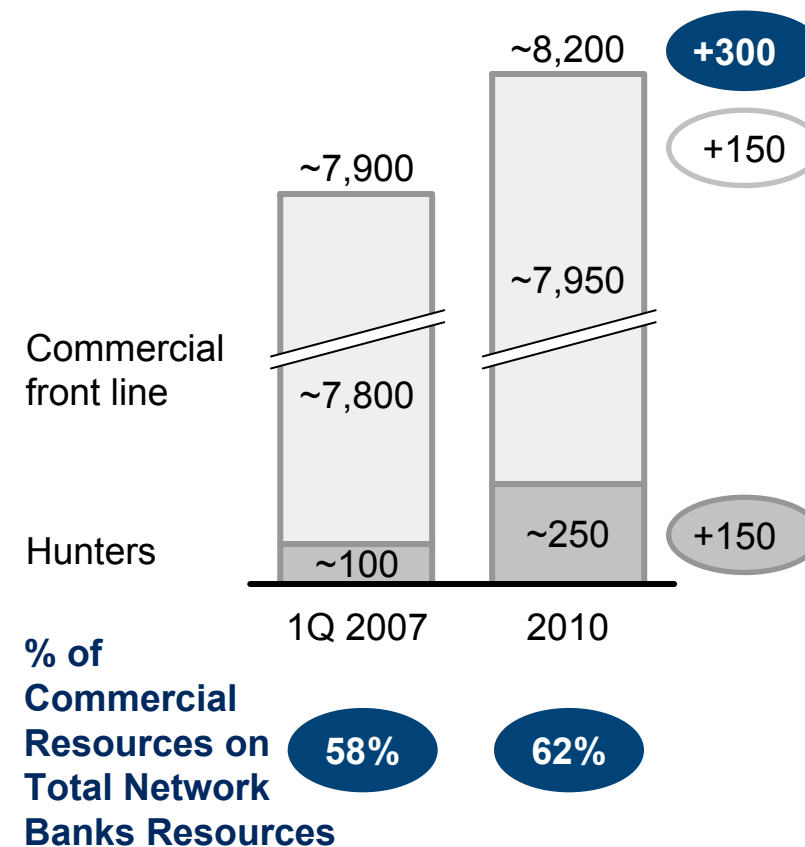
Human Resources Mix

Units, percent



Front-Office Staff

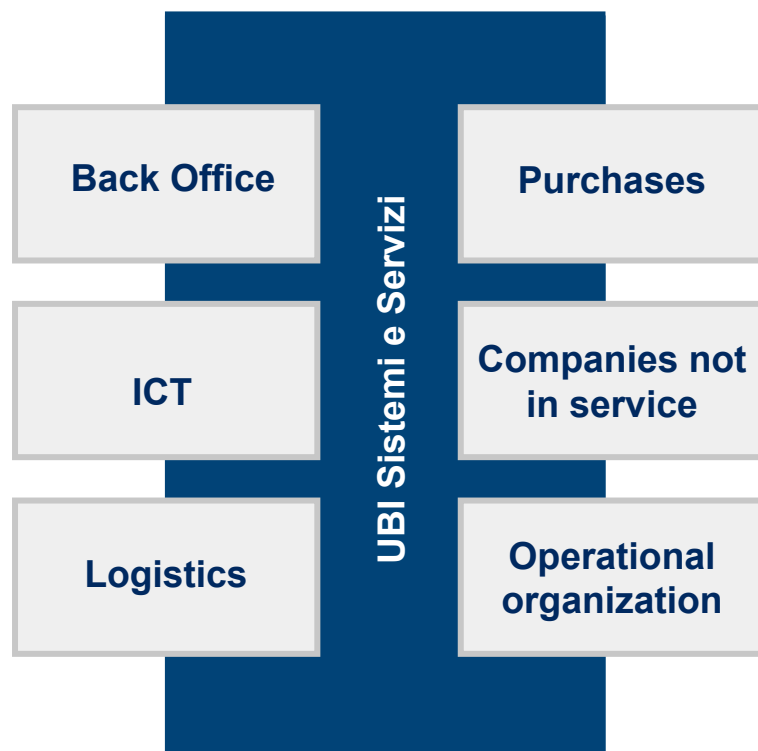
Units, percent



Note: Does not include the impact of the branch expansion plan (openings and closings)

Creation of UBI Sistemi e Servizi, Incorporated and Integrated Central Unit

Perimeter



Main advantages

- ✓ **Scale** and **specialization economies**, through coordinated and integrated management of Group key resources
- ✓ **“Incorporated” model** to ensure **transparency** and **accountability** on costs, services offered and operating performances
- ✓ **Service Level Agreement** to guarantee high level of service to the Clientele
- ✓ **Consolidated successful track record** in managing Incorporated Central Units in the Group

- ✓ Former BL system as Group system
- ✓ By end of 2007 transfer of UBI Banca/ BPU Centrosystem line of business comprising ~1.650 resources; total resources in UBI Sistemi e Servizi of 2.300
- ✓ ~650 resources freed up by end of 2008, of which more than 300 in Back Office structures

Agenda

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 - **Capital Management**
- ✓ Synergies and Integration Master Plan
- ✓ Key Messages

Risk Monitoring and Orientation Towards Value Creation

Risk Management

- ✓ **Close supervision and integrated management of risks:**
 - **Group reporting** concerning **credit, operating, ALM and market risks** fully active since March 2007
 - **Adoption of Group policy and operating limits**
 - **Use of internal rating as a pivotal instrument** for managing **credit risks**
 - **Management of convergence process towards targets of compliance** with **Basel II* requirements** (basic IRB credit risk by 2008, advanced IRB by 2009, operating risks TSA from beginning of 2008, mixed TSA AMA by 2009)

Value Based Management

- ✓ **Application of management logic oriented towards value creation**
- ✓ **Definition of business units capital allocation guidelines**, according to the value creation potential and the risk-return profile of the Group

Active Capital Management

- ✓ **Active management of credit portfolio to optimize the use of economic capital and reduce concentration risk**
- ✓ **Optimization of composition of Regulatory Capital**, also by issuing innovative capital instruments
- ✓ Possible further actions aimed at **reducing Risk Weighted Assets** based on specific opportunities offered by **capital markets**

* Programme subject to validation by the Bank of Italy

Potential Freeing up of Capital: Around Euro 1 Billion in 2010 for Progressive Increase in Shareholder Remuneration

Core Tier I Evolution

Percent

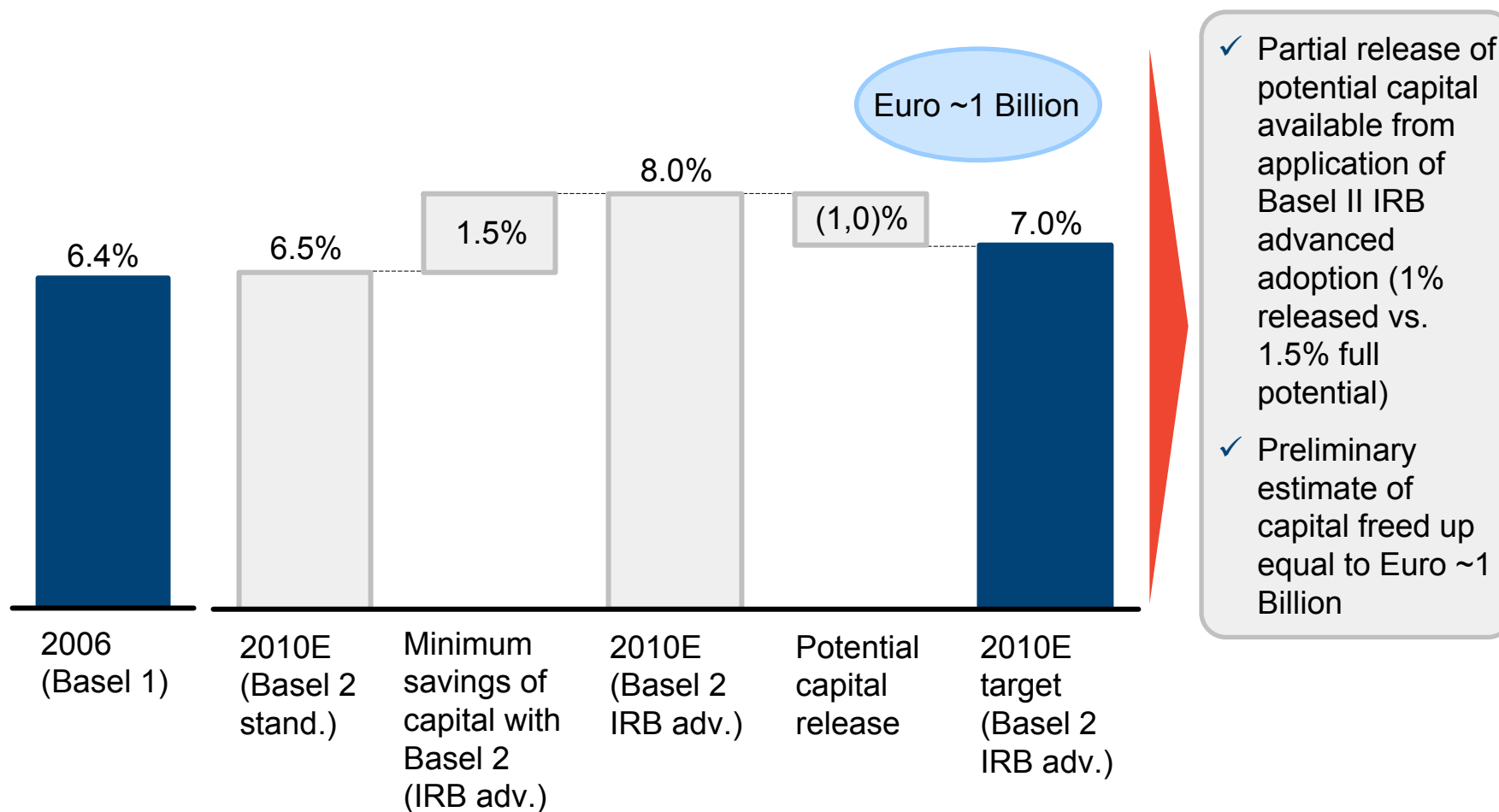
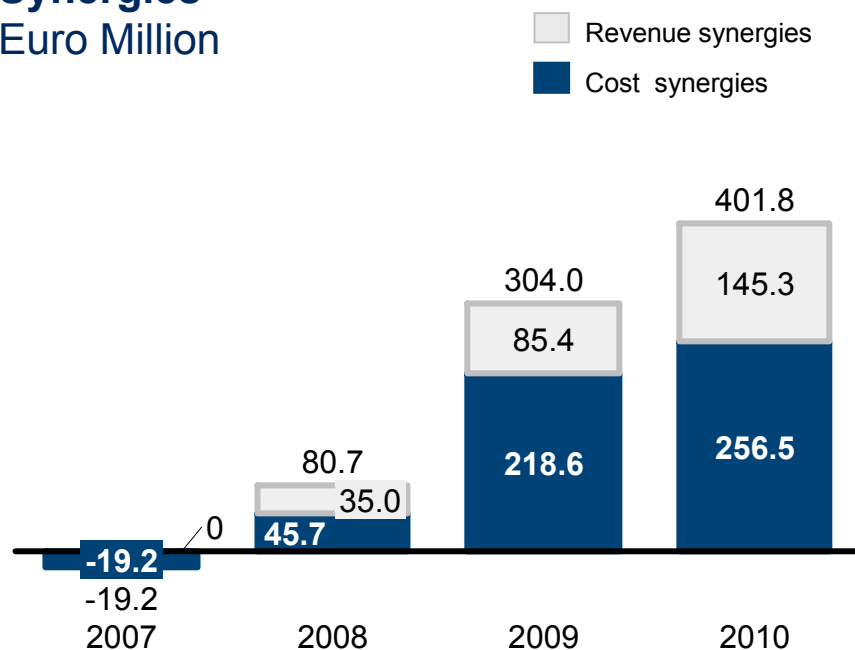


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- ✓ **Synergies and Integration Master Plan**
- ✓ Key Messages

More than Euro 400 Million of Synergies in 2010, with 76% of Synergies already achieved in 2009

Synergies Euro Million



Delta vs. Preliminary Plan

Total	-51.2	-69.3	-31.0	+36.8
Revenue Synergies	-5.0	-15.0	-24.6	+5.3
Cost Synergies	-46.2	-54.3	-6.4	+31.5

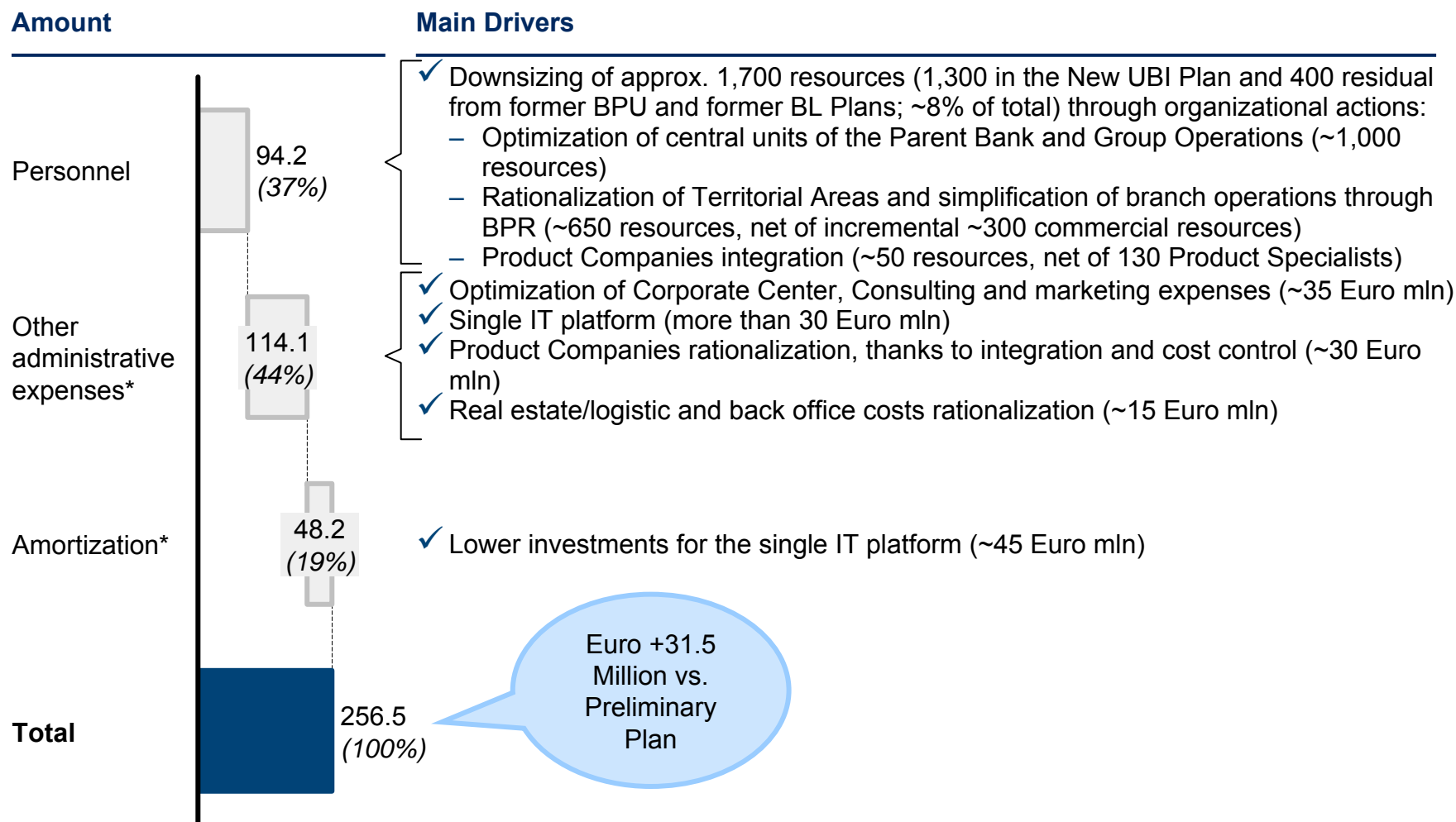
- ✓ **Revenue synergies** at regime of **Euro 145.3 Million** (+5.3 vs. Preliminary Plan):
 - 68.7 from development of existing products (e.g. AuM, mortgages, personal loans, CPI)
 - 76.6 from extension of new products offer (e.g. non life bancassurance, salary backed loans, factoring, investment banking)
- ✓ **Cost synergies** at regime of **Euro 256.5 Million** (+31.5 vs. Preliminary Plan):
 - 94.2 of personnel costs, thanks to a reduction of ~1,300 resources*
 - 162.3 of administrative costs/deprecations
- ✓ Postponement of 2007-2009 synergies mainly due to:
 - 3/6 months deferral in completing the IT migration (September 2008)
 - 3/6 months deferral in completion of Product Company integration (June 2008)
 - Full implementation of commercial set-up by end of 2008

* Additional 400 resources already included in stand-alone plans corresponding to additional Euro 30 Million of cost savings for a total of 1,700 resources and Euro 124.2 Million (new synergies and previous savings)

Over Euro 255 Million of Cost Synergies

Cost synergies
2010, Euro Million

() % on total



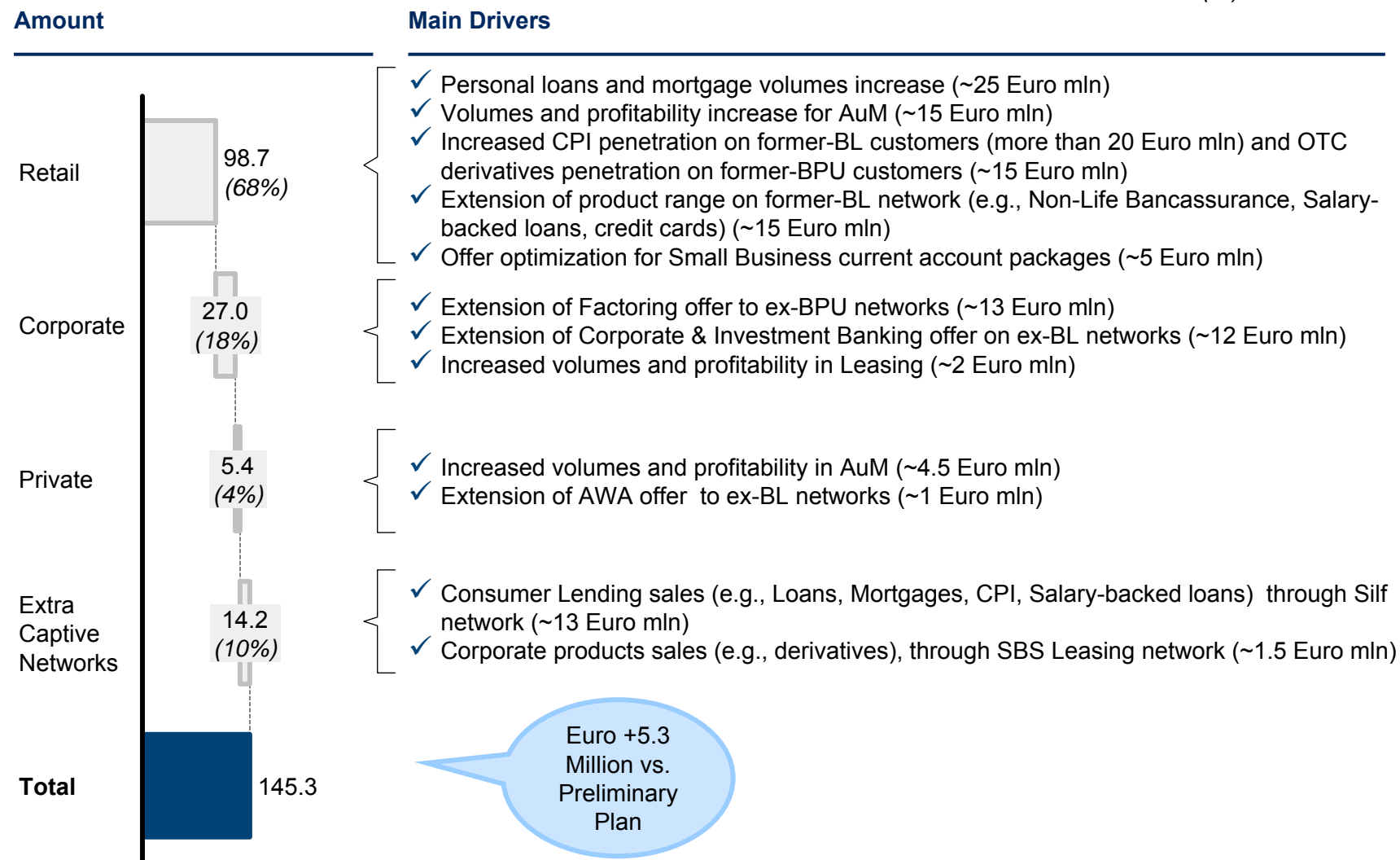
* Figures include ~25 million from contracts renegotiation/ review (excluding the IT component)

Over Euro 145 Million Revenue Synergies

Revenue synergies

2010, Euro Million

() % on total



One Off Integration Costs Equal to Euro 390 Million

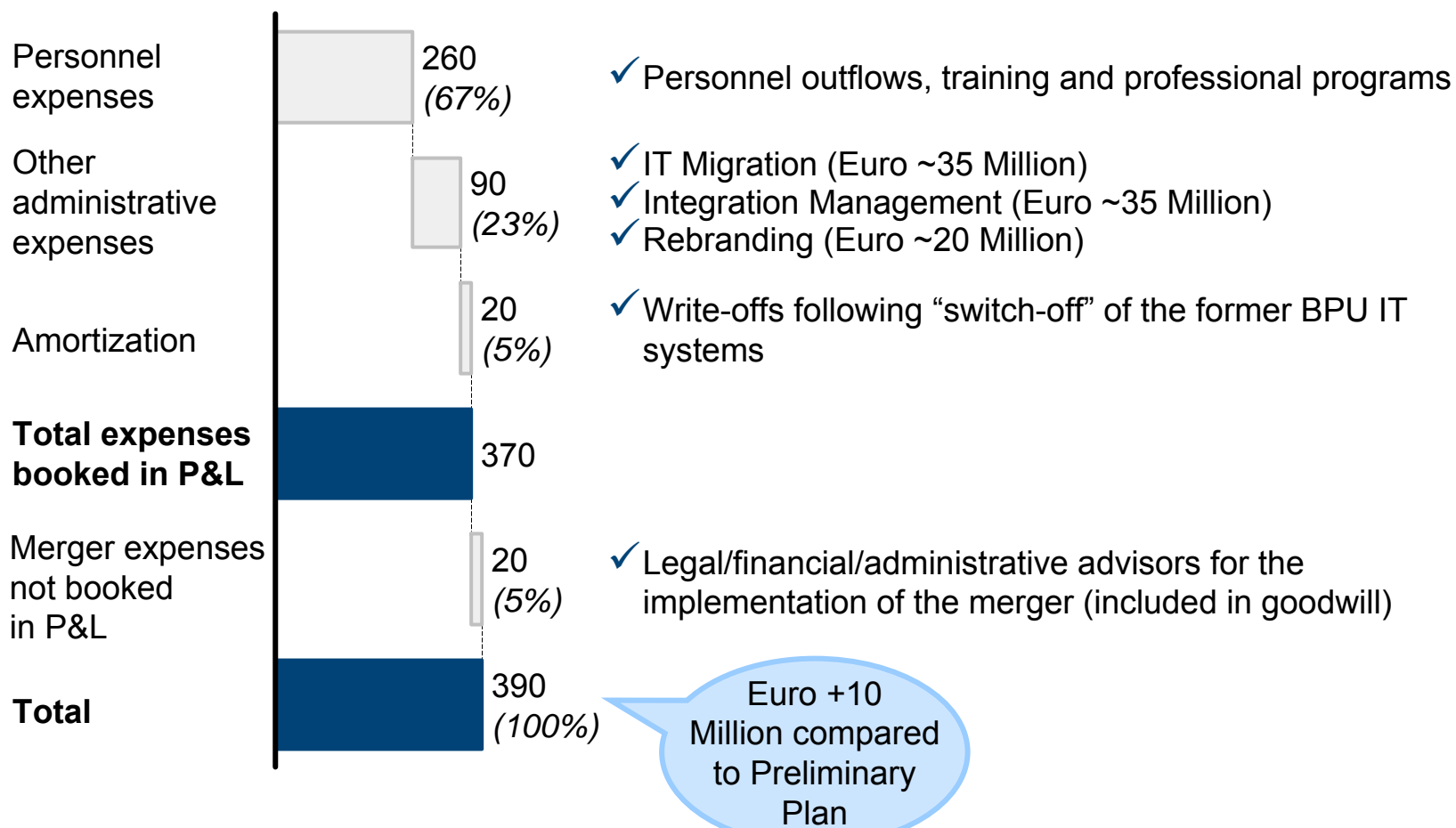
Integration expenses

Euro Million

() % on total

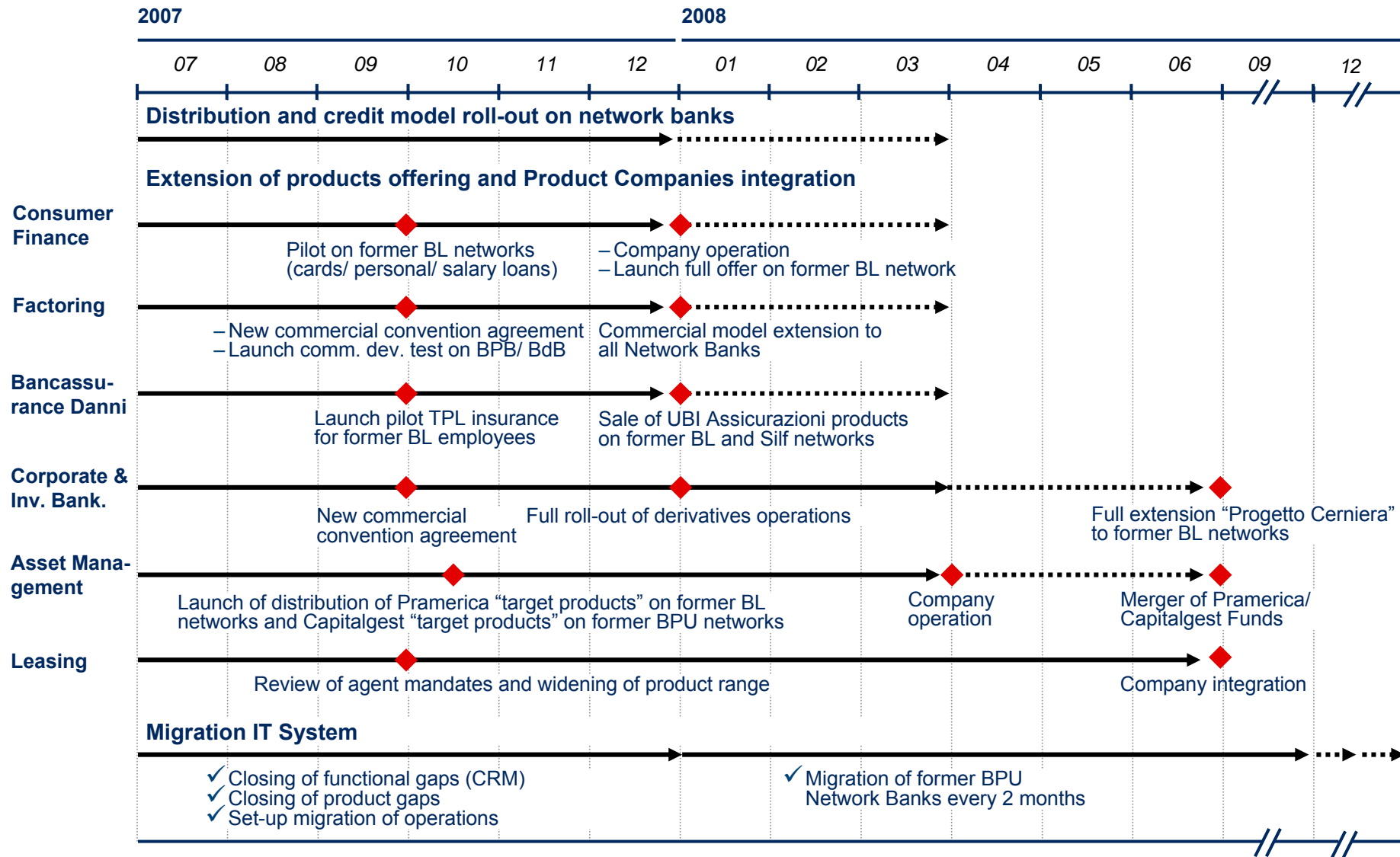
Overall value within plan horizon

Main Drivers



Main Integration activities in the next 18 months

◆ Main milestones



Note: Company operation between BLPI and UBI SIM planned to be completed by end of 2007

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- ✓ Market Context and Positioning of the Group
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- ✓ Synergies and Integration Master Plan
- ✓ **Key Messages**

Key Messages (1/2)

Proven track record in managing integration processes

- ✓ 3 important successful integrations completed by the two original Groups (BPB-BPCI, CAB-BSP, BL-BRE)
- ✓ In the most recent integration (BPB-BPCI) total synergies of around Euro 260 Million (Costs: Euro ~170 Million; Revenues: ~90 Million) were achieved exceeding announced targets by 10% (Costs: +13%, Revenues: +4%)

Stable customer base pool for value creation and cornerstone of commercial action

- ✓ Over 2 Million customers who have stayed with the group for more than 10 years
- ✓ Commercial approach based on three specialized divisions (Retail, Corporate and Private) and on in depth segmentation of the customer base with corresponding dedicated commercial offer
- ✓ More than 8 thousand commercial resources in the Banking Networks in 2010
- ✓ Direct control of Product Companies to guarantee a full and competitive range of products

Key Messages (2/2)

Significant investments in human resources

- ✓ ~400 thousand days of programmed training over the plan horizon (2007-2010)
- ✓ High ratio of Relationship Managers to total Network Banks employees, growing from 58% to 62% (~300 new commercial resources over the plan horizon)



Active and efficient capital management

- ✓ Releasable capital, deriving from the full application of Basel II IRB Advanced methodology, prudentially estimated at Euro ~1 Billion in 2010
- ✓ Strong control over and integrated management of risks
- ✓ Adoption of management logic geared to creating value

Reserves of value in potential extraordinary Finance Operations

- ✓ Favourable orientation to partnerships, prudentially not included in the plan, in the high growth sectors of:
 - Consumer Finance,
 - Non-Life Bancassurance
 - Corporate Banking

Summary of Main Targets

-  **More than Euro 760 Million synergies on a cumulated basis achieved over the plan horizon (2007-2010)**
-  **Net Present Value of Synergies equal to Euro 2.5** Billion (vs Euro 2.3 Billion in Preliminary Plan)**

-  **Value creation: EVA more than tripled over the plan horizon from Euro 227 Million to Euro 738 Million in 2010**

-  **Net Profit greater than Euro 1.4 Billion* in 2010 (excluding the impact of possible partnerships in the areas of Consumer Finance, Non-life insurance and Corporate & Investment Banking)**

-  **Expected dividend in 2010 of Euro 1.3 per share – net of any release of capital (prudentially estimated at Euro 1 Billion in 2010)**

* Does not include impact of allocation of merger differences

** Consistently with the Preliminary Plan, NPV calculated with a cost of equity of 8%. At 9% Cost of Equity, Net Present Value in the UBI Plan amounts to Euro 2.1 Billion and in the November Preliminary Plan to Euro 2.0 Billion