UBI Banca: 1H2008 Consolidated Results

August 27th, 2008

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Methodology

The pro-forma reclassified financial statements for the first half of 2007 differ from those published in the 1H2007 report as they take into account the reclassifications/amendments due to: 1) the new accounting methodology adopted by the Group for the staff pension and social security expenses (these costs, incurred annually in all Group companies and charged against net profit only in UBI Banca and in Banca Popolare di Bergamo when the use of net profit was decided in accordance with corporate by-laws, has been included from year-end 2007 within the item staff costs), 2) PPA effects. Furthermore, in order to provide a uniform comparison, 2007 figures have been restated to include UBI Assicurazioni Vita (of which 50%+1 share of its share capital was sold to Aviva Vita in June 2008) in the line " profit (loss) of equity investments valued used the equity method": this led just to reclassifications among the income statement's items with no effect on the result.

UBI Banca

Executive summary

1H08 results (compared with 1H2007) show:

- **<u>Net profit</u> to 519,2 million euro (+ 44,2%)**
- **<u>Normalised profit</u> to 411 million euro (-7,9%) affected by unfavourable financial market performance (impact on financial result and AUM)**
- **<u>Operating income</u> stable thanks to strong growth in net interest income (+166,6 mln€) able to fully compensate for weaker trading results (-62,9 mln€) and net commissions (-54,7 mln€)**
- **<u>Staff costs+other administrative costs</u> show contained growth in normalised terms (+0,7% and + 1,7% including depreciation and amortisation)**
- **Normalised <u>cost/income</u> net of PPA impact to 56% vs 55,1%**
- **<u>Good credit quality:</u>**
  Net non performing loans/total loans at 0,77%
  Loan loss provisions on total loans of 0,32% annualised, lower than Industrial Plan target (0,35%)
- **Positive evolution of <u>Net operating income</u> in normalised terms and net of result from trading and hedging activities**

YoY change	Stated	Normalised and net of result from trading and hedging activities
Operating income	+0,2%	+3,1%
Net operating income	-6,8%	+5,1%
Profit (loss) on continuing operations before tax	-5,9%	-1,2%

Executive summary

1H08 results show:

- Positive contribution from main <u>non recurring items</u>: (in 1H2007: -146 million of integration costs and +49,4 milion euro benefit on severance fund)
  - ✓ +79 million euro from disposal of equity and other investments (UBI Pramerica and UBI Assicurazioni Vita)
  - ✓ +73,8 million euro from tax redemption*
  - ✓ - 28,5 million euro net of integration costs
- <u>Tax rate</u>*: in normalised terms, 39% as at June 2008 vs 41,2% as at June 2007 (-2,2 p.p.)
- <u>Volumes</u>**:
  - ✓ Strong growth in loans to customers up by 7,7% and by 12,9% net of large corporate exposure
  - ✓ Direct funding up by 5,9% (+5,4% from ordinary customers and +8,8% from institutional investors)
  - ✓ Net interbank exposure down to -3 billion euro from -7,6 billion euro as at June 2007, in reduction also compared to March 2008 (-5,4 bln€)
  - ✓ Indirect funding down by 12,2% (AUM down by 17,2% and AUC down by 5,4%)

*Rialignment to accounting values of the fiscal deductions on specific items (depreciation, impairment and provisions) made in previous periods through the payment of a substitute tax. The 73,8 mln€ is the difference between the deferred taxes posted in relation with the above mentioned items and the substitute tax which has a lower rate (16%).
** Comparison with 2007 data net of figures relating to branches sold in 2007 and not present in 2008

Executive summary

- **Capital ratios**

  - ✓ **Basel II standardised to date estimates on capital ratios as at 30 June 2008 show a Core Tier 1 and a Total Capital Ratio above Industrial Plan's targets (the latter respectively equal to 6,5% and 10%).**
  - ✓ **Ratios will be disclosed on the 25 October 2008, with the submission of the first reporting of consolidated ratios to the Regulatory Authority**

- **Integration process**

  - ✓ **65% of integration activities already completed (58% forecast in the Industrial Plan)**
  - ✓ **Three banks out of four already successfully migrated on the IT target system, fully in line with Industrial Plan forecast**
  - ✓ **Synergies achieved: 53,5 million euro vs 49,7 expected in the Industrial Plan (+8%)**

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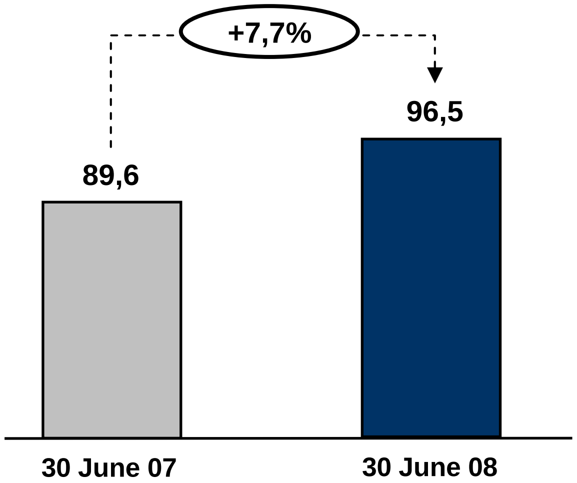
Growth in lending + 7,7% YoY, impacted by manoeuvre on Large Corporates
Growth in core lending +12,9%

bln€



LOANS TO CUSTOMERS*

In mln €	June 08	June 07	change %
Average monthly volumes	**58.767**	**56.639**	**3,8%**
RETAIL (including UBPI advisors)	**30.134**	**27.558**	**9,3%**
Of which: Small Business	*13.341*	*11.851*	***12,6%***
CORPORATE	**28.017**	**28.546**	**-1,9%**
Of which: Core	*17.803*	*16.337*	***9,0%***
Large	*10.212*	*12.207*	***-16,3%***
PRIVATE	**616**	**535**	**15,3%**

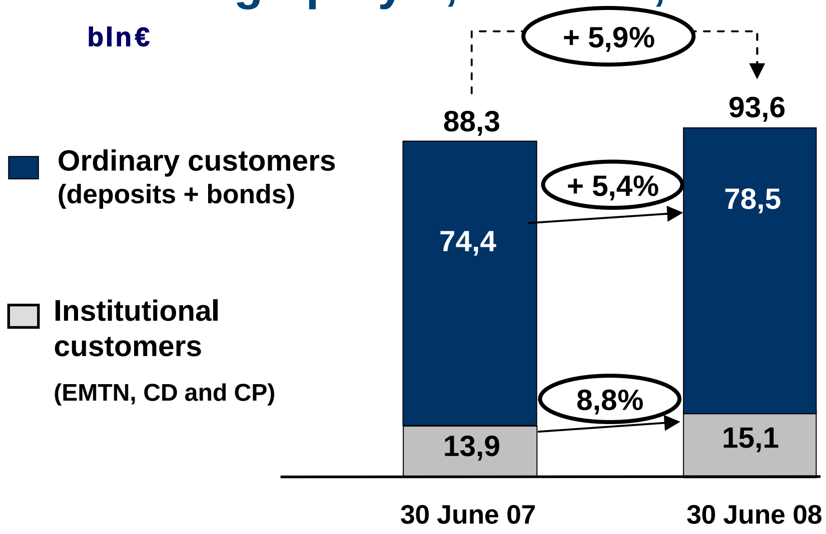
- ✓ **Large corporate exposure down compared to June 2007 by 2 bln€ YoY in terms of average monthly volumes and 2,9 bln€ in terms of end of period data**
- ✓ **Net of total large corporate exposure, lending to customers grew by +12,9%**

YoY % change	**UBI pf**	**System****
Short term	**5,2%**	**8,0%**
Medium-long term	**9,6%**	**8,5%**
Total loans to customers	**7,7%**	**8,3%**

*** Referred to the banking perimeter including UBPI and net of BPA**

**** Source: ABI Monthly Outlook July 2008**

Direct funding from ordinary customers up by 5,4% to 78,5 bln€ (+8% at Network bank level in terms of average monthly volumes), institutional funding up by 8,8% to 15,1 bln€



DIRECT FUNDING FROM CUSTOMERS*

in mln €	June 08	June 07	*change %*
Average monthly volumes	**55.268**	**51.161**	**8,0%**
RETAIL (including UBPI advisors)	**41.249**	**38.105**	8,3%
Of which: Small Business	*5.311*	*5.307*	*0,1%*
CORPORATE	**4.971**	**5.847**	-15,0%
Of which: Core	*3.926*	*3.946*	*-0,5%*
Large	*1.042*	*1.900*	*-45,1%*
PRIVATE	**9.048**	**7.209**	25,5%

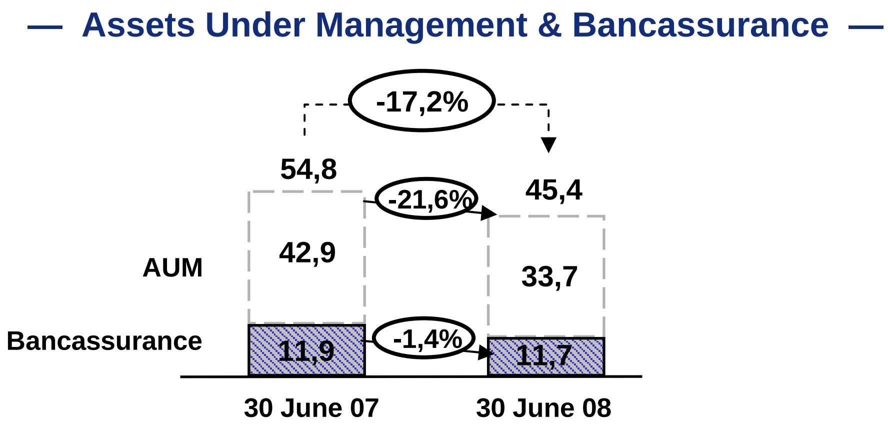
- ✓ **Direct funding:**
  - **- funding from ordinary customers up by 4,1 bln€. It represents approximately 84% of the total**
  - **- institutional funding up by 1,2 bln€. It represents approximately 16% of the total**
    - **EMTN from 13,9 bln€ as at June 2007 to 13,4 bln€ as at June 2008 (-3,8%) – issues suspended since July 2007 except for 0.3 bln€ issued in May 2008**
    - **French Certificates of Deposit and Commercial Paper issues launched in June 2008 for a total amount of 1,9 bln€ (1bln€ of CD and 0,9 bln€ of CP)**
- ✓ **Funding Plan: 5 bln€ under EMTN and Covered Bonds Programmes already presented to the market - launch in 2H08 according to market conditions**
- ✓ **Net interbank position negative by 3 bln€, in reduction compared to -7,6 bln€ as at June 2007 and with respect to the last quarters: it recorded -5,4 bln€ as at March 2008, -4,3 bln€ as at December 2007**
- ✓ **Stress funding resources:**
  - **- increase in assets eligible for re-financing with the ECB: 3,4 bln€ as at June 2008 vs 1,4 bln€ as at March 2008 mainly thanks to the securitization of Banca 24-7 loans for 1,9 bln€ and adhesion to ABACO (collateralised banking assets)****

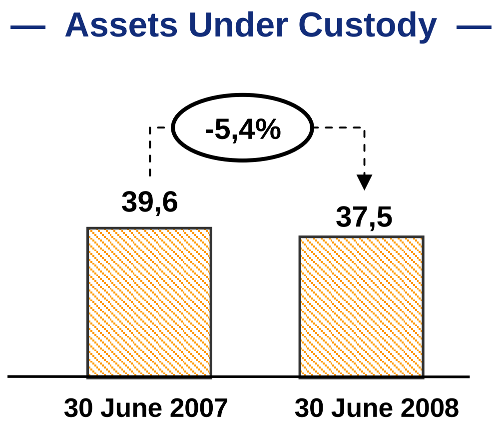
*** Referred to the banking perimeter including UBPI and net of BPA**

**** Bank of Italy procedure for the management of eligible bank loans**

Indirect funding to 83 billion euro: -12,2% compared to 1H07, driven by unfavourable market conditions

bln€





UBI Pramerica Mutual funds accounts for 23,3 bln€ as at 30 June 2008. According to Assogestioni, in 1H08 net inflows of mutual funds were negative by 1,8 bln€ (7,1% of the stock) against a performance of the Assogestioni sample negative by 70,4 bln€ (12,3% of the stock)

Contents

Income statement as at 30 June 2008: net profit at 519,2 million euro, +44,2% versus 360 million euro as at 30 June 2007

Figures in thousands of euro	30.06.2008	30.06.2007 pro-forma	% changes
Net interest income	1.464,7	1.298,1	12,8%
of which: impact of Purchase Price Allocation	*(43,3)*	*(49,2)*	*(11,9%)*
Net interest income excluding impact of PPA	1.508,0	1.347,3	11,9%
Dividend and similar income	68,5	79,7	(14,1%)
Profit (loss) of equity investments valued using the equity method	14,2	15,6	(8,7%)
Net commission income	619,8	674,5	(8,1%)
Performance commissions	0,0	4,5	(100,0%)
Net profit (loss) from trading, hedging and disposal/repurchase activities valued at fair value	10,9	73,8	(85,2%)
Net income on insurance operations	13,8	20,4	(32,3%)
Other net operating income/(expense)	55,8	76,9	(27,5%)
Operating income	**2.247,7**	**2.243,6**	**0,2%**
Operating income excluding impact of PPA	***2.291,0***	***2.292,8***	***(0,1%)***
Staff costs	(809,3)	(755,6)	7,1%
Other administrative expenses	(373,6)	(369,3)	1,2%
Net impairment losses on property, plant and equipment and intangible assets	(133,5)	(119,9)	11,3%
of which: impact of Purchase Price Allocation	*(36,5)*	*(30,8)*	*18,4%*
Net impairment losses on property, plant and equipment and intangible assets	(97,0)	(89,1)	*8,9%*
Operating costs	**(1.316,3)**	**(1.244,8)**	**5,7%**
Operating costs excluding impact of PPA	***(1.279,9)***	***(1.214,0)***	***5,4%***
Net operating income	**931,4**	**998,8**	**(6,8%)**
Net operating income excluding impact of PPA	***1.011,2***	***1.078,8***	***(6,3%)***
Net impairment losses on loans	(154,2)	(115,1)	34,0%
Net impairment losses on other assets and liabilities	3,5	(5,9)	n.s.
Net provisions for liabilities and charges	(25,9)	(13,6)	90,5%
Profit (loss) from disposal of equity and other investments	79,1	21,5	n.s.
Profit (loss) on continuing operations before tax	**833,9**	**885,8**	**(5,9%)**
Profit (loss) on continuing operations before tax excluding impact of PPA	***913,6***	***965,8***	***(5,4%)***
Taxes on income for the period for continuing operations	(227,1)	(363,1)	(37,5%)
of which: impact of Purchase Price Allocation	*25,8*	*30,6*	*(15,6%)*
Integration costs	(28,5)	(146,3)	(80,5%)
Profit (loss) of non current assets held for sale and discontinued operations net of taxes	(11,0)	16,6	n.s.
Net profit for the period attributable to minority interests	(48,1)	(32,9)	46,3%
of which: impact of Purchase Price Allocation	*9,1*	*5,9*	53,4%
Profit for the period attributable to the Parent Bank excluding impact of PPA	*564,1*	*403,6*	39,8%
Profit for the period attributable to the Parent Bank	**519,2**	**360,1**	**44,2%**
Total impact of PPA on Income Statement	***(44,9)***	***(43,5)***	

In 1H07 staff costs included the positive effect, amounting to 49,4 million euro, related to the new method of determining the staff severance provision

In 1H08: capital gain from the sale of stakes in UBI Pramerica and in UBI Assicurazioni Vita (50%+1 share to Aviva).
In 1H07: capital gain from the sale of IW Bank shares for 21,5 mln€

In 1H08: -73,8 mln€ one-off positive effect due to tax redemption*, recurring negative effects due to undeductibility* of interest expenses according to amendments to the TUIR (Income Taxes Law) for + 19.4 mln€ and to deffered taxes on intragroup dividends for +22,47 mln€

Total amount of integration costs booked since the beginning of the integration: 294,3 mln€ gross (195 mln€ net)

* See note on page 4

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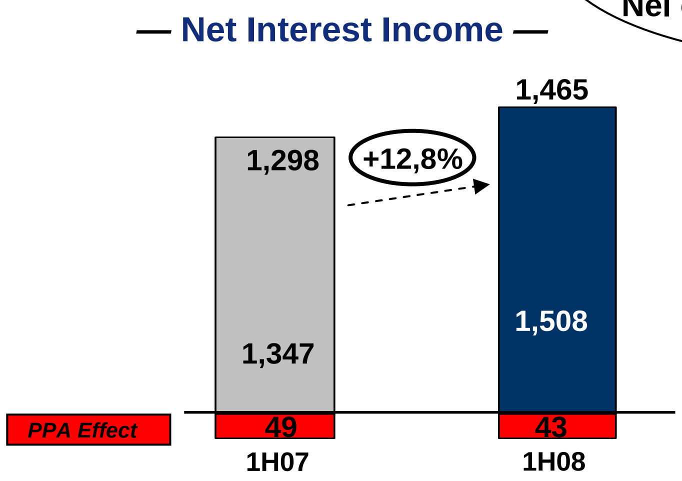
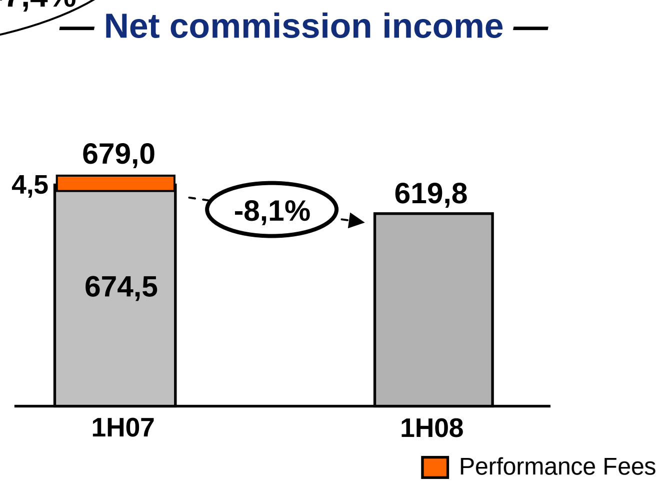
Net interest income: continuing its positive evolution recording a 12,8% growth YoY Net commissions: decrease due to unfavourable indirect funding performance (-8,1% net of performance fees)

mln€

On a comparable basis (netting 2007 data from branches sold):
Net Interest Income + 13,6%
Nel commission income -7,4%





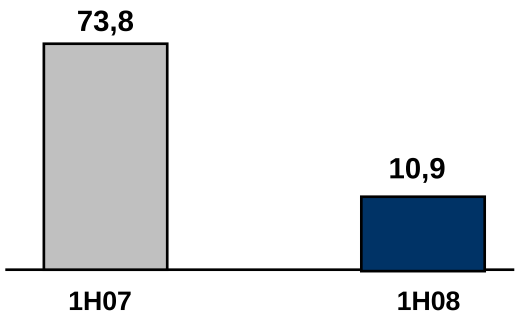
At Network banks' level:

- ✓ Widening of spreads by 8 basis points thanks to a further increase in mark up vs 1Q08
- ✓ Better profitability of loans: mark up increases by 13 basis points YoY, thanks also to the focus on core lending activities vs a reduction of lending to large corporates, characterized by high capital absorption and lower margins
- ✓ Strong contribution from product companies up by 27,3%

- ✓ Decrease (-55 mln€) due to lower commissions from management, trading and advisory services (-57,7 mln€).
- ✓ In AUM unfavourable asset mix:
  - switch towards liquidity funds driven by market conditions
  - reduction of profitability by approx. 10 bps YoY

Result from trading and hedging activity records a positive result of 10,9 mln€ in 1H08 (73,8 mln€ in 1H07): six-months result impacted by unfavourable market condition

mln€



Of which +30,9 mln from the valuation of hedge fund investments, -11,6 mln from valuation of equity investments and related instruments and +9,5 mln from the valuation of debt securities and related instruments, +11,2 mln from currencies and other

	1H2007	1H2008
a) Net result from trading activities	**40**	**(12)**
b) Net result from hedging activities	**5**	**14**
c) Profit from disposal of financial assets/liabilities	**29**	**10**
d) Net result from fin. Assets/liabilities at fair value	**0**	**(2)***
TOTAL	**74**	**11**

Of which -16 mln from the valuation of hedge fund investments, -9,4 mln from valuation of equity investments and related instruments and +4,6 mln from the valuation of debt securities and related instruments, +8,8 mln from currencies and other

Includes 7,1 mln from the sale of the participation in Key Client, in 2007 included 16,1 million euro from sale of equity investments

From the valuation at fair value option of hedge funds

*** Hedge funds are posted in this item starting from 1 July 2007**

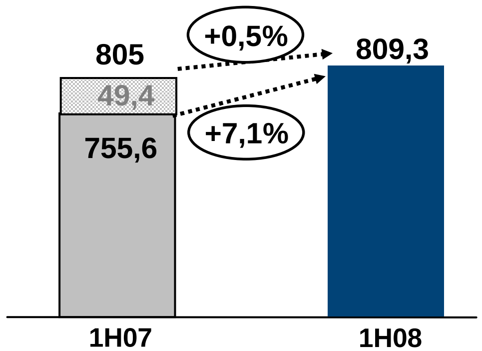
Altogether, total staff costs and other administrative expenses in line with 2007 figures : +0,7% on a normalised basis (+0,5% staff costs and 1,2% other administrative expenses), fully coherent with year end forecast regardless of quarterly volatility*

Strong control of cost evolution in the “integration year” notwithstanding 2 IT platforms in operation, inflation rate above 4% and unitary cost of personnel growing by 3,6% on average

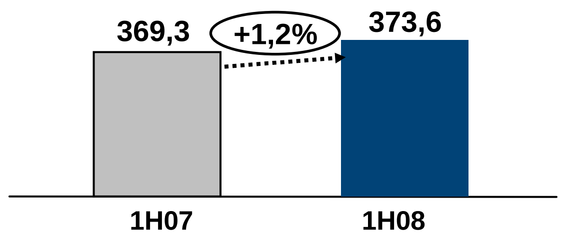
Depreciation and Amortisation up by 11,3%, but still better than planned

mln€

— Staff costs —



— Other administrative expenses —



✓1H07 includes the positive effect (49,4 mln€) of the new method of determining the staff severance provision. Net of such amount, <u>moderate increase of 0,5%</u> (+7,1% stated)

✓1H08 includes:

-staff synergies and lower costs connected to branches sold: 22 mln€ (offsetting the increases in remuneration due also to the renewal of the national labour contract: 21,6 mln€)

✓ Good control of costs taking into account 2 IT systems in operation. The former BPU system will be switched off by the end of the year following the completion of the IT migrations

✓ 2Q2008 on 1Q2008: high volatility in other administrative expenses mainly due to seasonality and specific initiatives (such as advertising campaign and marketing costs), integration process (increase in temporary IT support from external providers to cover staff dedicated to migrations and mobility costs linked to staff rationalisation) and increase in indirect taxes

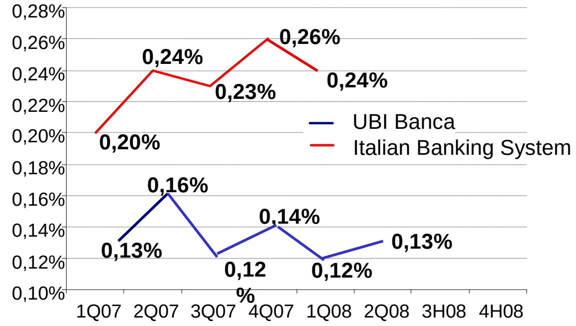
*Example: In 2007 average quarterly other administrative costs of 192,1 million euro: high volatility Q on Q in a range between +18% to -10% compared to the average. Expenses in 2Q2008 (199,2) are more in line with expenses in 2Q2007 (190,4 million euro)

Credit quality: NPLs/total loans at 0,77% and net impaired loans/total loans at 0,89%

CREDIT QUALITY INDICATORS - absolute values -

In mln€	30 June 07	31 Dec 07	31 Mar 08	30 June 08
Gross total doubtful loans	2.433	2.673	2.771	2.901
Net total doubful loans	1.497	1.672	1.738	1.815
Gross NPLs	1.392	1.520	1.585	1.630
Net NPLs	624	699	734	740
Gross impaired loans	791	906	957	1.029
Net impaired loans	650	755	803	862
Gross restructured loans	109	98	109	110
Net restructured loans	92	82	88	89
Gross past due loans	141	150	120	131
Net past due loans	131	136	113	123
Gross performing loans	89.361	91.626	91.463	95.022
Net performing loans	89.117	91.301	91.134	94.691
Gross total loans	91.795	94.299	94.234	97.923
Net total loans	90.613	92.972	92.872	96.506
Net impaired loans/net performing loans	**0,72**	**0,81**	**0,87**	**0,89**
Net NPLs/ net performing loans	**0,69**	**0,75**	**0,79**	**0,77**
Net impaired + NPL / net performing loans	**1,41**	**1,55**	**1,66**	**1,66**

Inflows of NPLs from performing and impaired loans Italian Banking System* and UBI Banca Group



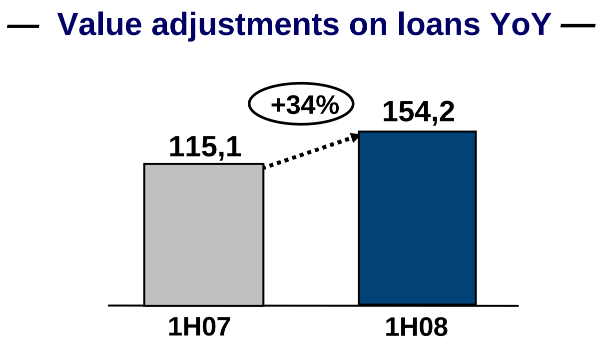
- ✓ **Net NPLs stable QoQ at 740 mln€ vs 734 mln€ as at March 2008.**
- ✓ **Performance of NPLS confirmed better than the system**
- ✓ **Growth in gross impaired loans: increase includes the impact of stricter Group classification criteria adopted in 2008 by the network banks, which provides for the automatic classification to impaired loans of past due loans once 60 days have elapsed (98 million euro in 1H2008). Net of this impact**, inflows from performing and past due to impaired and NPLs for the first two quarters of 2008 amount to 0,30% (compared to a quarterly average of 0,27% in 2007)**

*** Source: Bank of Italy; 2Q08 data at system level not yet available. Includes loans granted or drawn >75K euro**

**** Which accounts for 7 basis points**

Cost of credit coherent with year end forecast which remains below Industrial Plan target of 0,35% regardless of quarterly volatility

mln€



- ✓ Expected cost of credit forecast for the full year below Industrial Plan target
- ✓ Particularly favourable results in 1Q2008, with a cost of credit below 2007 normalised average (0,26% vs 0,27%). 2007 represented the peak in the credit cycle in terms of credit quality
- ✓ 2Q2008 influenced by the standardisation of the criteria for valuing non performing and impaired loans following the centralisation of management of these loans in the Parent Bank in 2008 (impact in 2Q08 12 mln€)

— Cost of Credit (annualized data - in %) —

	2Q08	1Q08	1H08	1H07
Stated	0,39	0,26	0,32	0,25
Adjusted – Net of criteria standardisation effect	0,34	0,26	0,29	0,25

In 2007 average quarterly normalised cost of credit of 62,2 million euro: high volatility Q on Q in a range between +26% to -20% compared to the average.

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  - **- Income statement**

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- ❑ **Annexes:**
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  - **Income statement: Reclassified consolidated income statement net of the main non recurring items and net of result from trading and hedging activities**

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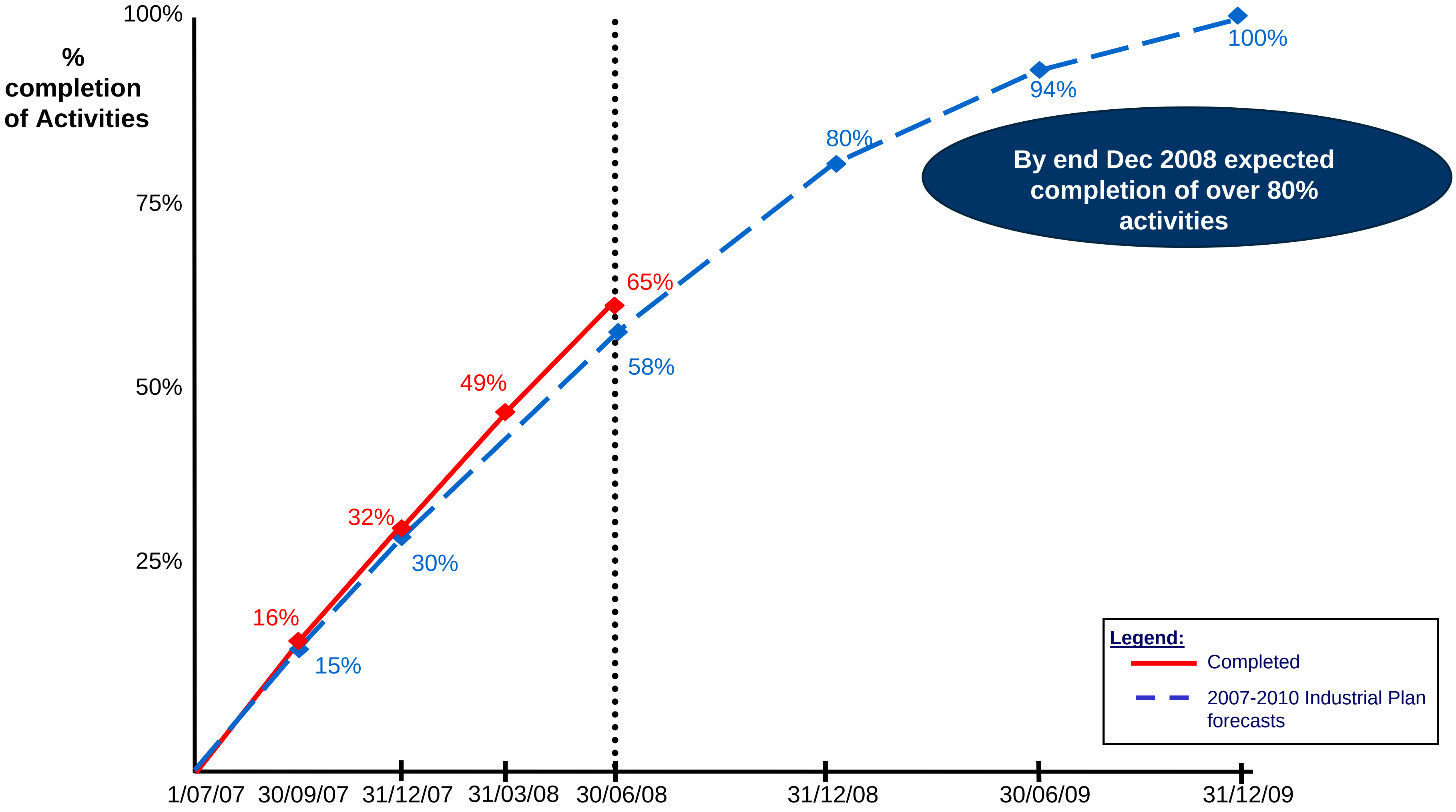
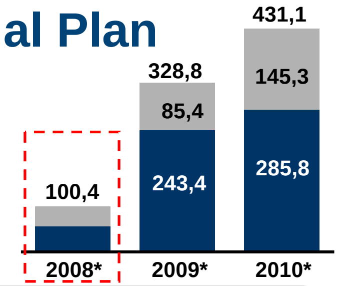
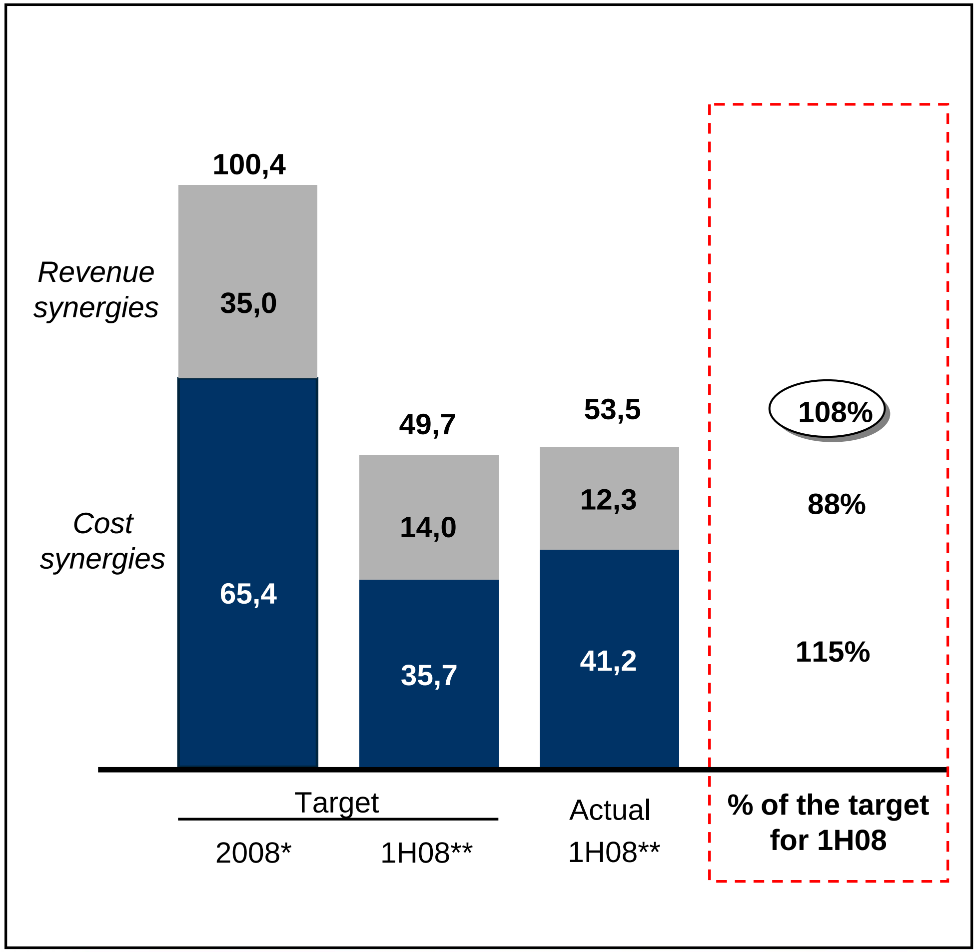
As at 30 June 2008, 65% of activities completed since launch of the Integration Plan in July 2007, 7 p.p. ahead of Industrial Plan forecasts



Synergies achieved in 1H08: 53,5 million euro, 8% over Industrial Plan target for the period

mln€





As at 1H08 synergies achieved were 8% higher than Industrial Plan forecasts. In detail:

Revenues Synergies: **12,3** mln € vs 14,0 expected:

a) positives: good results from the commercialization of existing products with higher granting of personal loans and mortgages in the retail segment and higher penetration of CPI on personal loans

b) negatives: delays in the commercialisation of products in the retail segment (OTC and CPI on mortgages) and, due to the less favourable market context, lower volumes of factoring and industrial loans in the corporate segment

Cost synergies: **41,2** mln € vs 35,7 expected:

a) 20,5 mln € Staff costs, +15,4 mln thanks to early exits of permanent staff achieved in 1H08 compared to Industrial Plan targets and lower than expected increase in temporary and agency staff

b) 20,7 mln € of other administrative costs (-9,9 mln €) due to higher than expected staff mobility and IT costs (both already budgeted for in 2008)

*** Including the cost synergies on staff relating to the former BPU and BL stand alone plans: 19,7 mln € in 2008, 24,8 mln€ in 2009 and 29,3 mln€ in 2010**

****Inclusive of the pro-quota "stand-alone" staff costs; excluding depreciation and amortisation (-21,1 mln € in 2008) which can only be monitored on an annual basis**

Conclusions

In a difficult market context, the main driver remains core banking activities (lending and funding, especially retail). Careful management of both components and pricing has boosted net interest income which fully offsets the weakness of other revenues (financial results and indirect funding impacted as at system level by the international crisis)

Confirmed solid conservative risk and capital profile

Confirmed strong control of costs regardless of quarterly volatility. In the forecast for the full year 2008, the aggregate "staff costs and other administrative expenses" is expected fully in line with 1H results (+0,7%).

Despite the increase due to a less favourable macroeconomic environment, cost of credit (0,32%) is lower than Industrial Plan target (0,35%) and expected to remain below that target at year end

Results boosted by non recurring items deriving from the rationalisation of the Group and release of deferred tax

Integration process well in advance compared to Industrial Plan targets

In December the Group has programmed the ordinary periodic update of the Industrial Plan for the 2009-2011 period

UBI Banca

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Income statement: quarterly results

Figures in thousands of euro	2008 IIQ	2008 IQ	2007 IV Q Pro-forma	2007 III Q Pro-forma	2007 II Q Pro-forma	2007 I Q Pro-forma
Net interest income	732.839	731.883	719.762	672.149	653.850	644.272
of which: impact of Purchase Price Allocation	*(24.079)*	*(19.219)*	*(18.272)*	*(20.367)*	*(26.874)*	*(22.295)*
Net interest income excluding impact of PPA	756.918	751.102	738.034	692.516	680.724	666.567
Dividends and similar income	66.839	1.636	3.227	568	74.488	5.256
Profit (loss) of equity investments valued using the equity method	5.470	8.730	8.491	8.484	7.289	8.265
Net commission income	302.430	317.400	333.917	323.780	345.288	329.233
Performance commissions	-	0	8.012	88	2.296	2.221
Net profit (loss) from trading, hedging and disposal/repurchase activities valued at fair value	37.980	(27.088)	22.476	5.612	23.966	49.865
Net income on insurance operations	9.700	4.111	11.945	7.539	11.637	8.757
Other net operating income/(expense)	24.003	31.788	38.247	34.405	37.411	39.519
Operating income	**1.179.261**	**1.068.460**	**1.146.077**	**1.052.625**	**1.156.225**	**1.087.388**
Operating income excluding impact of PPA	**1.203.340**	**1.087.679**	**1.164.349**	**1.072.992**	**1.183.099**	**1.109.683**
Staff costs	(414.609)	(394.644)	(395.140)	(386.286)	(357.931)	(397.645)
Other administrative expenses	(199.233)	(174.340)	(225.799)	(173.147)	(190.388)	(178.921)
Net impairment losses on property, plant and equipment and intangible assets	(66.942)	(66.552)	(63.340)	(61.570)	(62.286)	(57.611)
of which: impact of Purchase Price Allocation	*(18.237)*	*(18.227)*	*(15.405)*	*(15.405)*	*(15.405)*	*(15.405)*
Net impairment losses on property, plant and equipment and intangible assets excluding impact of PPA	(48.705)	(48.325)	(47.935)	(46.165)	(46.881)	(42.206)
Operating costs	**(680.784)**	**(635.536)**	**(684.279)**	**(621.003)**	**(610.605)**	**(634.177)**
Operating costs excluding impact of PPA	**(662.547)**	**(617.309)**	**(668.874)**	**(605.598)**	**(595.200)**	**(618.772)**
Net operating income	**498.477**	**432.924**	**461.798**	**431.622**	**545.620**	**453.211**
Net operating income excluding impact of PPA	**540.793**	**470.370**	**495.475**	**467.394**	**587.899**	**490.911**
Net impairment losses on loans	(93.973)	(60.222)	(163.861)	(66.716)	(51.827)	(63.231)
Net impairment losses on other assets and liabilities	3.517	(10)	(20.236)	(2.437)	(4.802)	(1.096)
Net provisions for liabilities and charges	(17.431)	(8.489)	(18.379)	(5.973)	(2.853)	(10.750)
Profit (loss) from disposal of equity and other investments	21.708	57.382	1.040	211	21.217	328
Profit (loss) on continuing operations before tax	**412.298**	**421.585**	**260.362**	**356.707**	**507.355**	**378.462**
Profit (loss) on continuing operations before tax excluding impact of PPA	**454.614**	**459.031**	**294.039**	**392.479**	**549.634**	**416.162**
Taxes on income for the period for continuing operations	(66.345)	(160.740)	(70.526)	(163.646)	(195.653)	(167.438)
of which: impact of Purchase Price Allocation	*13.782*	*12.033*	*12.883*	*13.683*	*16.171*	*14.420*
Integration costs	(14.037)	(14.420)	(14.244)	(6.176)	*(146.301)*	-
of which: staff costs	*(8.634)*	*(9.889)*	*(2.746)*	*(2.676)*	*(188.095)*	-
other administative expenses	*(10.788)*	*(10.402)*	*(19.732)*	*(6.125)*	*(6.960)*	-
net impairment losses on tangible and intangible assets	*(718)*	*(322)*	*(357)*	*(973)*	*(25.877)*	-
taxes	*6.103*	*6.193*	*8.591*	*3.598*	*74.631*	-
Profit (loss) of non current assets held for sale and discontinued operations net of taxes	*(11.029)*	0	291.925	38	16.868	(284)
Net profit for the period attributable to minority interests	(20.971)	(27.155)	(51.329)	(22.654)	(15.468)	(17.427)
of which: impact of Purchase Price Allocation	*4.942*	*4.128*	*2.796*	*2.796*	*3.036*	*2.877*
Profit for the period attributable to the Parent Bank excluding impact of PPA	*323.508*	*240.555*	*434.186*	*183.562*	*189.873*	*213.716*
Profit for the period attributable to the Parent Bank	**299.916**	**219.270**	**416.188**	**164.269**	**166.801**	**193.313**
Total impact of PPA on Income Statement	*(23.592)*	*(21.285)*	*(17.998)*	*(19.293)*	*(23.072)*	*(20.403)*

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

Reclassified consolidated income statement net of the main non recurring items and net of result from trading, hedging and disposal/repurchase activities valued at fair value

Figures in thousands of euro	30.06.2008	non recurring items: Integration costs	non recurring items: Impairment of equity investments	non recurring items: Tax redemption "EC section" of the income tax form	non recurring items: Disposal of equity investments	non recurring items: Price adjustment on the sale of Branches	non recurring items: Impairment on signature engagements	30.06.2008 *net of non recurring items*	30.06.2007	non recurring items: Integration costs	non recurring items: Impairment of equity investments	non recurring items: Pension reform effect	non recurring items: Disposal of equity investments and branches of Banca Carime	30.06.2007 *net of non recurring items*	Changes	% Changes	% Changes net of profit from trading, hedging and disposal/repurchase activities valued at fair value
Net interest income (including impact of PPA)	1.464.722							1.464.722	1.298.122					1.298.122	166.600	12,8%	
Dividends and similar income	68.475							68.475	79.744					79.744	(11.269)	(14,1%)	
Profit (loss) on equity investments valued using the equity method	14.200							14.200	15.554					15.554	(1.354)	(8,7%)	
Net commission income	619.830							619.830	674.521					674.521	(54.691)	(8,1%)	
Performance commissions	-							-	4.517					4.517	(4.517)	(100,0%)	
Net profit (loss) from trading, hedging and disposal/repurchase activities valued at fair value	10.892				(7.055)			3.837	73.831					73.831	(69.994)	(94,8%)	
Net income on insurance operations	13.811							13.811	20.394					20.394	(6.583)	(32,3%)	
Other net operating income/(expense)	55.791							55.791	76.930					76.930	(21.139)	(27,5%)	
Operating income (including impact of PPA)	**2.247.721**	**-**	**-**	**-**	**(7.055)**	**-**		**2.240.666**	**2.243.613**	**-**	**-**	**- -**		**2.243.613**	**(2.947)**	**(0,1%)**	**3,1%**
Staff costs	(809.253)							(809.253)	(755.576)			(49.396)		(804.972)	(4.281)	0,5%	
Other administrative expenses	(373.573)							(373.573)	(369.309)					(369.309)	(4.264)	1,2%	
Net impairment losses on property, plant and equipment and intangible assets (including impact of PPA)	(133.494)							(133.494)	(119.897)					(119.897)	(13.597)	11,3%	
Operating costs (including impact of PPA)	**(1.316.320)**	**-**	**-**	**-**	**-**	**-**		**(1.316.320)**	**(1.244.782)**	**-**	**-**	**(49.396)**	**-**	**(1.294.178)**	**(22.142)**	**1,7%**	
Net operating income (including impact of PPA)	**931.401**	**-**	**-**	**-**	**(7.055)**	**-**		**924.346**	**998.831**	**-**	**-**	**(49.396)**	**-**	**949.435**	**(25.089)**	**(2,6%)**	**5,1%**
Net impairment losses on loans	(154.195)							(154.195)	(115.058)		2.398			(112.660)	(41.535)	36,9%	
Net impairment losses on other assets and liabilities	3.507		6.432				(8.501)	1.438	(5.898)		5.085			(813)	2.251	(276,9%)	
Provisions for liabilities and charges	(25.920)							(25.920)	(13.603)		2.283			(11.320)	(14.600)	129,0%	
Profit (loss) from disposal of equity and other investments	79.090				(79.053)			37	21.545		48		(21.262)	331	(294)	(88,8%)	
Profit (loss) on continuing operations before tax (including impact of PPA)	**833.883**	**-**	**6.432**	**-**	**(86.108)**	**-**	**(8.501)**	**745.706**	**885.817**	**-**	**9.814**	**(49.396)**	**(21.262)**	**824.973**	**(79.267)**	**(9,6%)**	**(1,2%)**
Taxes on income for the period for continuing operations	(227.085)			(73.832)	7.548		2.338	(291.031)	(363.091)		6.650	16.301	555	(339.585)	48.554	(14,3%)	
Integration costs	(28.457)	28.457						-	(146.301)	146.301				-	-	-	
of which: staff costs																	
other administrative expenses																	
net impairment losses on tangible and intangible assets																	
taxes																	
Profit (loss) of non current assets held for sale and discontinued operations net of taxes	(11.029)					11.029		-	16.584				(16.584)	-	-	-	
Net profit for the period attributable to minority interests	(48.126)	(1.324)		6.115	563	(1.831)	970	(43.633)	(32.895)	(9.826)	(86)	1.730	2.205	(38.872)	(4.761)	12,2%	
Profit for the period attributable to Parent Bank	**519.186**	**27.133**	**6.432**	**(67.717)**	**(77.997)**	**9.198**	**(5.193)**	**411.042**	**360.114**	**136.475**	**16.378**	**(31.365)**	**(35.086)**	**446.516**	**(35.474)**	**(7,9%)**	