UNIONE DI BANCHE ITALIANE

PRESS RELEASE

- **Net normalised profit of 425,3 million euro (-44,8%)**

- **Stated net profit before impairment of available for sale assets of 549,7 million euro; stated net profit after that impairment of 69 million euro (940,6 in 2007)**

- **Proposed a cash dividend of 0,45 euro per share for 2008**

- **A Core Tier 1 capital ratio of 7,1% after dividends (288 million euro) and impairment of available-for-sale assets (481 million euro net, including Intesa, A2A and LSE)**

- **Proposed operations to optimize capital and strengthen funding as follows:**

  - **free of charge issue of one warrant for every UBI Banca share held on the ex-dividend date. After two years from issue, one UBI Banca share may be subscribed every 20 warrants held, at a price which will be proposed to the shareholders' meeting by the Management Board. These warrants will be listed and freely transferable**

  - **issue of convertible bonds, which may be converted at the option both of the bondholder and of the bank, up to a maximum of 640 million euro, with a maturity of 4 years, reserved to shareholders. The bonds will be listed and freely transferable, a source of funding with a fixed coupon, and in the medium term they will strengthen capital.**

- **134% of the synergies expected from the merger in 2008 achieved**

- **2008 results:**

  Balance sheet:
  - **lending net of the large corporate component: +8,1%**
  - **direct funding from customers: +8%**
  - **policy to re-balance deposits and loans fully implemented with a ratio of total loans/deposits of 99% (103% in 2007)**
  - **consequent reduction in net interbank borrowing to 0,9 billion euro from 4 billion euro in December 2007**

  Income statement:
  - **net of the result from finance, operating income stable year-on-year**
  - **in the recognition of net income on financial activities, advantage was not taken of the option to reclassify financial assets offered by the new revision of IAS 39**
  - **normalised operating costs stable (with a reduction of approx. 1% in the aggregate for normalised staff costs + other administrative expenses, better than forecast).**
    For 2009, the favourable impact of the conclusion of the integration process performed in 2008 is expected and a further programme to control expenses and rationalise Group branches was launched
  - **net impairment losses on loans at 0,59% of total loans (0,37% in 2007)**

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Bergamo, 24th March 2009 – The Management Board of Unione di Banche Italiane Scpa (UBI Banca) approved the Separate Annual Report of UBI Banca and the Consolidated Annual Report of the Group for the year ended 31st December 2008, which will be submitted to the Supervisory Board for approval on 10th April.

As a result of our sound capital ratios and the policy of allocating to reserves pursued by the Group, also aimed at stabilizing dividends, the Management Board has decided to propose a **dividend** of 0,45 euro per share on the 639.145.902 ordinary shares outstanding to the shareholders at the meeting to be held in first call on 29th April and in second call on 9th May 2009.
If approved by shareholders in the amount proposed, the dividend will be paid on 18th May 2009 with value date of 21st May 2009. The total dividend payment will amount to maximum 287,6 million euro, drawn, after legal and by-law allocations, on the profit of the Parent Bank and on the Extraordinary Reserve.

After the proposed dividend, the **capital ratios** of the Group as at 31st December 2008 according to the Standardised Basel 2 approach were as follows: Core Tier 1 ratio of 7,09%, Tier 1 ratio of 7,73% and a total capital ratio of 11,08% (7,02%, 7,59% and 10,33% respectively as at 30th June 2008).

2008 results[1]

The first full year of operations of the UBI Banca Group took place in a particularly complex operating context, both because of the integration process in progress and because of the deterioration of the macroeconomic background. This was initially limited to financial markets, the instruments traded on them and operators in the sector, but it then extended to affect the real economy and domestic and international production.

The Group reacted to the difficulties triggered by the macroeconomic scenario by completing the main integration processes ahead of schedule with 134% of expected synergies achieved (134,8 million euro compared to 100,4 expected) mainly through the anticipation of costs synergies. It also put rigorous controls over expenses in place, which were mainly implemented in the second half of the year.

The year ended with normalised **net profit**, which is profit net of non-recurring items and therefore more representative of operating performance, of 425,3 million euro (-44,8% compared to 770,5 million euro in 2007). Stated net profit before impairment of available-for-sale assets, which had a net impact of 480,7 million euro, amounted to 549,7 million euro; after that impairment, stated net profit was 69 million euro (940,6 million euro in 2007).

Detailed examination of the results achieved in the income statement shows **operating income** of 4.089,7 million euro compared to 4.439,3 million euro in 2007, a limited reduction (-7,9%) compared to the same period in 2007, despite the unfavourable performance of financial markets. The result is in line with the performance of our best competitors, despite initial forecasts which incorporated the impact of the IT migrations as a disturbance to the carrying out of commercial activities both for the target banks and for those required to provide on-the-job training for the migrations with their own staff.

In normalised terms, net of non-recurring items, and excluding the result from finance,[2] operating income was more or less unchanged at 4.345 million euro (4.351 million euro in 2007).

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[1] *The income statement figures commented on are based on the reclassified financial statements – income statement and income statement net of non recurring items and result from finance – contained in the attachments to this press release. In order to allow a uniform comparison the income statement figures for 2007 have been restated pro-forma to take account of the first quarter results of the former Banca Lombarda Group. 2007 economic results include the results for the 61 branches sold to Banca Popolare di Vicenza no longer present in 2008 . All margins commented on include the effect of the Purchase Price Allocation.*

Strong growth in **net interest income** made an important contribution to the result, up 11% year-on-year to 2.982,1 million euro from 2.685,8 million euro in 2007 (+296,3 million euro), and it continued to be the driving force behind revenues in the current market context.
The favourable result recorded is attributable primarily to good performance by volumes of business with customers (+8% growth in funding and +8,1% for lending net of the "large corporate" sector) – made possible by the solid commercial positioning of the Group also enhanced by its federal model and by its focus on conventional banking business in its traditional local markets – together with an increase in the spread (+6 basis points) compared to 2007. This increase, due mainly to changes in the mark up, which reduced the effect of the reduction in the mark down above all in the fourth quarter, also benefited from changes in the composition of the lending portfolio following activity to rationalise exposures to business with marginal profitability in the "large corporate" segment and to refocus on "core" lending performed during the year. This was also accompanied by a policy to progressively reprice risk which is still in progress.

Net interest income confirmed the positive quarterly trend with growth of 5,1% compared to the third quarter of 2008 and of 8,2% compared to fourth quarter of 2007. However, there was a sharp fall in interest rates in the fourth quarter of 2008 and the full effects of this will unfold in 2009.

Net commission income amounted to 1.188,3 million euro, compared to 1.357,6 million euro in 2007, a reduction of 12,5%, primarily the result of a contraction in commissions on indirect funding, which fell by approximately 170 million euro.

Dividends earned on equity investments, amounting to 71,2 million euro (83,5 million euro in 2007), include in both the years compared 55,1 million euro from shares of Intesa Sanpaolo held in portfolio.

As a result of the continuing negative performance by international financial markets, and in the fourth quarter of 2008 in particular, **net result from trading, hedging, disposal and repurchase of financial assets/liabilities and assets and liabilities at fair value** was negative by 242,3 million euro compared to +101,9 million generated in the preceding twelve months. This result is primarily a consequence of the mark-to-market valuation of securities held in portfolio (including -147,1 million euro attributable to hedge funds), but it also includes non-recurring items such as -58,2 million euro recognised in the fourth quarter of 2008 in respect of "Madoff" exposure, which was completely written off given the great uncertainty over the possibility of recovering the amounts, and -10,9 million euro resulting from the writedown of Lehman securities, which had already been recognised at the end of September 2008. There were then the positive non-recurring effects of the disposal of some equity investments amounting to 30,3 million euro (20,2 in 2007).
It should be noted that UBI Banca did not take advantage of the option to reclassify financial assets held for trading within available-for-sale financial assets as permitted by the new revision of IAS 39: the amounts are therefore up-to-date as at 31st December 2008.

Net income on insurance operations – in respect of UBI Assicurazioni (non life) only following the sale of 50% + 1 share of UBI Assicurazioni Vita (now Aviva Assicurazioni Vita) to Aviva which occurred during the year – amounted to 9,6 million euro (39,9 million in 2007), a reduction in profit which is mainly the result of a policy to employ greater rigour in the calculation of the damages reserve introduced during the year, which gave rise to extraordinary provision charges of 35 million euro, concentrated mainly in the fourth quarter of the year (20 million euro).

Other operating income, amounting to 80,7 million euro (138,1 million euro in 2007), reflected, amongst other things, the effect of a different operating method adopted since the beginning of 2008 to manage CPI insurance policies for mortgages and loans, which involve lower management income but also lower administrative expenses, and includes 11,2 million of expenses on expired bank drafts.

In response to the greater pressures on revenues due to the changes in the economic situation, the UBI Banca Group accelerated measures to contain operating expenses in the second half and it succeeded, despite the integration process under way, in ending the year with favourable performance for normalised

[2] *The finance result: net profit on trading, hedging and disposal and repurchase activity and on assets and liabilities at fair value.*

operating costs, which were virtually unchanged year-on-year at 2.602,9 million euro (2.599,2 million euro in 2007).
In 2007 those costs included a non recurring benefit of 49,4 million euro within staff costs resulting from discounting the staff severance provision to present values.

In detail, both **staff costs**, amounting to 1.584,2 million euro, and **other administrative expenses**, amounting to 749,3 million euro, affected by the simultaneous presence of two IT systems (new target and former system), fell by 0,3% and 2% respectively, to give an overall decrease of 1% compared to the normalised result for 2007.
While these costs increased by 0,7% in the first half of 2008 compared to the same period in 2007, the trend was corrected in the second half 2008 with strong measures to contain expense which produced a reduction of 2,5% compared to the same period in 2007.

Net impairment losses on property, plant and equipment and intangible assets amounted to 277,9 million euro, an increase of approximately 13,5% following the greater investments in the Group IT system. This increase was lower than the growth planned in the budget for 2008. For 2009, this item is expected to decrease following the switching off of the former IT platform.
For 2008, no impairment was made for the deterioration of property, plant and equipment and intangible assets.

As a result of the performance described above, **net operating income** amounted to 1.478,4 million euro compared to 1.889,5 million euro in 2007. In normalised terms, and net of the finance result, net operating income was practically in line with the 2007 result, amounting to 1.742 million euro (1.752 in 2007).

Net impairment losses on loans for 2008 amounted to 566,2 million euro, compared to 342,9 million euro in 2007 (+65,1%).
The increase was the result of both collective impairment charges (119,5 million euro in 2008 compared to 94,4 in 2007) and case-by-case impairment (446,7 million euro in 2008 compared to 248,9 in 2007), which both started to increase in the third quarter of 2008 with strong growth in the fourth quarter of 2008, primarily the result of very prudential write downs in consideration of deterioration in the economic situation, which intensified in the last months of the year.

The overall ratio of net impairment losses to loans to customers rose in 2008 to 0,59% (0,37% in 2007).
On the basis of the available evidence and budget projections, the performance of this impairment in the fourth quarter of the year is not, as matters stand at present, an indicator of expected performance for the whole of 2009, despite the unchanging prudential approach which characterizes the Group. The Group does in fact consider that, in the medium to long term, it can continue to maintain the advantage in credit quality that has always distinguished it over the years.

In view of the strong and continuing falls in share prices, in compliance with IAS 39, the Group recognised the reductions in the value of shares classified as available-for-sale in the income statement on a mark-to-market basis as in fact imposed by IAS 39. This resulted in **net impairment losses on other assets/liabilities** totalling 510,6 million euro, including 459,6 million euro in respect of an interest held in Intesa Sanpaolo, 24,6 million euro for the interest in the London Stock Exchange and 19,7 million euro for the company A2A. A valuation at net equity as at 31 December 2008 of the interest held in Intesa Sanpaolo would have resulted in recognition of impairment charges of 269 million euro, instead of 459,6 million euro.
The item net impairment losses on other assets and liabilities also includes a further and definitive writedown of 6,4 million euro on the interest held in Hopa (already written down by 19 million euro in 2007).

The impairment test confirmed the recoverability of **goodwill** recognized in the balance sheet on the basis of evaluations supported by appraisals conducted by independent experts of high standing.

The year benefited from **gains on the disposal of equity investments** amounting to 85 million euro (55,9 million euro from the gain on the sale of an interest in the asset management company UBI Pramerica to our American partner Prudential and 22,9 million euro from the gain on the sale of 50% of the share capital +1 share of UBI Assicurazioni Vita to our insurance partner Aviva).

The amount of 22,8 million euro recognised in 2007 included a gain of 20,7 million on the disposals performed for the listing of the IW Bank share.

As a result of the performance described above, **profit on continuing operations before tax** amounted to 452,1 million euro, compared to 1.502,9 million previously. In normalised terms, and excluding the result from finance and the cost of credit, profit on continuing operations was in line with that of 2007 (1,7 billion euro).

Taxes on income for the year for continuing operations amounted to 221,6 million euro, a decrease compared to 597,3 million euro in 2007, while the effective tax rate was 49,01%, up from the previous 39,74%, due to the combined effect of the following factors:

- increased taxes amounting to approximately 37,9 million euro as a result of the partial non deductibility of interest expense (3%), introduced by the "summer mini-budget" (Law No. 133 of 6th August 2008), to be considered a recurring event;
- a reduction in the positive impact of specific tax measures of a non-recurring nature. While a gain of 90,8 million euro was recognised in 2007 following the reduction in the tax rates in force since 2008, the total positive benefit recognised of 183,3 million euro (consisting of 73,8 million euro resulting from the payment of a substitute tax on non accounting differences – the EC section of the income tax form – and 109,4 million euro from the exemption of goodwill arising from extraordinary transactions) was to a large extent negatively offset by the almost total non deductibility of the effects of the impairment of available-for-sale equity investments;
- lower taxation, estimated at 26 million euro, following the disposal of equity investments under the PEX regime;
- an increase in IRAP (local production tax) expenses on net impairment losses on loans, of approximately 11 million euro, in respect of their non deductibility for IRAP purposes.

The normalised tax rate is 47,29% (45,03% for 2007).

Net integration costs recognised during the year amounted to 67,2 million euro (166,7 million euro in 2007).

After tax profit (loss) from discontinued operations was negative amounting to 15,7 million euro, in relation principally to the payment of the balance on the sale of the 61 branches sold to Banca Popolare di Vicenza. In 2007, after tax profit from discontinued operations totalled 308,5 million euro and included the gain on that sale amounting to 291 million euro and also the gain amounting to 17,6 million euro on the sale of 15 Banca Carime branches to Banca Popolare Pugliese.

Finally, **profit for the period attributable to minority interests** amounted to 78,6 million euro, compared to 106,9 million euro in 2007.

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The balance sheet

In the last part of the year was implemented the policy announced in the second half of 2008 aimed at restoring balance between lending and funding, which brought the ratio of total loans/direct funding from customers to 99% as at 31st December 2008 (104% as at 30th September 2008 and 103% as at 31st December 2007), with positive effects on net interbank position which fell to 0,9 billion euro (4,3 billion euro as at 30th September 2008 and 4 billion euro as at 31st December 2007). Assets eligible for refinancing with the European Central Bank currently amount to approximately 9 billion euro.

Group **loans to customers** as at 31st December 2008 totalled 96,4 billion euro, an increase of 3,7% (+3,4 billion euro) compared to 93 billion euro in December 2007.
A policy was implemented in 2008 to rationalise lending to the large corporate sector with a reduction in exposure of more than 3 billion euro compared to 2007, to be directed into a progressive increase in lending to the "core" customers of the Group. Net of the large corporate segment, loans to customers increased by 8,1%.

As concerns the **quality of the lending portfolio,** the ratio of net non performing loans to net loans as at 31st December 2008 was 0,88% compared to 0,75% in December 2007 and the ratio of net impaired loans to net loans was 1,20% compared to 0,81% in September 2007. The change recorded yoy is mainly due to the worsened economic situation and the automatic reclassification of "past due" loans as "operationally impaired" loans after 60 days.

Direct funding recorded particularly lively growth of 8% (+7,2 billion euro) year-on-year to approximately 97,6 billion euro from 90,4 billion euro as at 31st December 2007. Group funding as at 31st December 2008 was composed of funding from ordinary customers which accounted for approximately 85,5% and issues on international markets purchased by institutional investors accounting for 14,5%. In addition to existing preference shares amounting to 0,6 billion euro, institutional funding included the launch in June 2008 of French Certificats de Dépôt programmes and of commercial paper listed on the London Stock Exchange, which generated funding of approximately 1,3 billion euro at the end of December, while the volumes of the EMTN programme fell to 12,3 billion euro from 13,4 billion euro in December 2007, in the absence of public issues.

Finally, **total indirect funding from private individual customers** continued to be affected by the unfavourable performance of financial markets, contracting year-on-year on a like-for-like basis by 18,5% to 74,1 billion euro from 90,9 billion euro in 2007. Both assets under management and assets under custody were affected by the difficulties experienced on financial markets, which started in the second half of 2007 and are still in progress, falling by 23,7% to 39,2 billion euro and by 11,7% to 34,9 billion euro.

At the end of December 2008 the **consolidated shareholders' equity** of the UBI Banca Group, excluding profit for the year, amounted to 11.071 million euro compared to 10.849 million euro in December 2007.

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Declaration of the executive officer responsible for preparing corporate accounting documents

Elisabetta Stegher, as the executive officer responsible for preparing the corporate accounting documents of Unione di Banche Italiane Scpa, hereby declares, in compliance with the second paragraph of article 154 *bis* of the "*Testo unico delle disposizioni in materia di intermediazione finanziaria*" (consolidated law on financial intermediation), that the information contained in this press release is reliably based on the records contained in corporate documents and accounting records.

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Business outlook

The unfavourable economic context is expected to continue in 2009 and it will have repercussions on both income generation and the valuation of risk for the banking sector as a whole in Italy.

As concerns the UBI Group in particular, net interest income is expected to contract significantly, as a result of the reduction in market interest rates and of pressure on the cost of funding including institutional funding. Similarly, net commission income is still expected to contract, primarily as a result of the continuing unfavourable context for assets under management.

The forecast for the Finance Area is consistent with a very conservative allocation of capital and with results expected to be positive in 2009.

A favourable trend is expected for expenses, which should fall compared to 2008, due to the completion of all the major integration projects and also to further measures decided to reduce costs, which are already at the implementation stage.

Careful and prudent management of credit will continue in 2009 which should lead to a cost of credit below the levels recorded in the second half of 2008.

Again in 2009, the ordinary update of the Business Plan will be completed as soon as the economic scenario and the context of extreme volatility on markets have stabilised.

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Capital management initiatives:

With a view to maintaining, strengthening and improving the capital of the Group through the implementation of medium term capital management initiatives, the Management Board and the Supervisory Board of UBI Banca have decided to submit a proposal to the shareholders' meeting of two initial measures. These are designed to increase loyalty in the shareholder base and to guarantee, in the medium term, the continued capital strength and liquidity of the Group which it currently enjoys and which are deemed necessary if the Group is to maintain its traditional closeness to the local communities and economies it serves, especially in light of the need to support businesses in the current difficult market situation.

A proposal will therefore be put to the general meeting to issue free of charge to the shareholders of UBI Banca one warrant for every share held on the ex-dividend date. After two years from issue, one UBI Banca share may be subscribed every 20 warrants held, at a price to be decided by the shareholders' meeting. The warrants will be listed and freely transferable.

Furthermore, following an analysis of the many opportunities offered by the market, UBI Banca has decided to submit a proposal to shareholders to authorise the Management Board to issue convertible bonds up to a maximum of 640 million euro, with a maturity of 4 years, reserved to shareholders, at interesting conditions. These bonds will be listed and freely transferable. They will be convertible at the discretion of the bondholder even before maturity at a predetermined price. The bonds will constitute for the UBI Banca Group a source of funding with a fixed coupon and, if converted, they will strengthen the capital base up to a maximum of 640 million euro (inclusive of the nominal value and the issue premium) in the medium term. The issuer may in fact ask conversion before the bond matures, at the lower of the predetermined and the market price, paying a premium to bondholders. Also, on maturity, at the discretion of the issuer, the convertible bonds may either be redeemed in cash or converted into shares of the Bank on the basis of the stock exchange price of the underlying UBI Banca share and anyway for a value not lower than the nominal value of the bond.

Mediobanca – Banca di Credito Finanziario, as Sole Global Coordinator and Sole Bookrunner, has taken the commitment to guarantee the positive outcome of the operation for the total amount. Crédit Suisse will participate to the Underwriting Syndicate with the role of Joint Lead Manager.

The operations described are subject to authorisation by the competent authorities and will be accompanied by the completion of the drafting, currently in progress, of the Group's Ethical Principles and the definition of remuneration policies for senior management.

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Copy of this press release is available on the website www.ubibanca.it

Attachments
Financial statements

UBI Banca Group:

- Reclassified consolidated balance sheet
- Reclassified consolidated income statement
- Consolidated income statement net of the main non recurring items and result from finance
- Reclassified consolidated quarterly income statement
- Mandatory consolidated balance sheet
- Mandatory consolidated income statement

UBI Banca S.c.p.a.:

- Reclassified balance sheet
- Reclassified income statement
- Mandatory balance sheet
- Mandatory income statement

Notes on the preparation of the financial statements

The mandatory financial statements prepared on the basis of Bank of Italy Circular No. 262 of 22nd December 2005 and subsequent amendments and additions incorporate the balance sheet and income statement figures for the former Banca Lombarda e Piemontese Group from 1st April 2007, the date on which the merger took effect.

In order to allow a uniform comparison of the performance of Group, **pro-forma reclassified financial statements** have therefore been prepared as at 31st December 2007, which include the figures relating to the former BLP Group for the full year 2007 and they consequently contain the results for a 12 month period, rather than nine months from 1st April - 31st December 2007.

Following the partial disposal of UBI Assicurazioni Vita (50% of the share capital + 1 share), concluded on 18th June 2008, which meant that the consolidation method was changed from full consolidation to consolidation using the equity method, further pro-forma changes were made to the 2007 reclassified income statements in order to back-date the new consolidation criterion to 1st January 2007. This, however, did not affect the final net results. The change in the consolidation also affected the reclassified balance sheet, with changes in particular to direct funding from customers, resulting from the absence of UBI Assicurazioni Vita financial funding, and to the portfolio of financial assets, resulting from the absence of the related investments.

The reclassified balance sheets (and also the mandatory statements) as at 31st December 2007 were affected by a reclassification of repurchase and reverse repurchase agreements with an institutional counterparty from the item "net interbank position" to the item "amounts due to/from customers", which affected the related items in the income statements. This reclassification was necessary in order to align the classification of this counterparty in the former BL and BPU IT systems.

In compliance with the international accounting standard IFRS 3, the cost of acquisition (at the date of acquisition itself, amounting to 4,2 billion euro) was recognised in both the *reclassified* and the mandatory *balance sheets* by allocating it to the fair value of the assets and liabilities of the merged bank, while maintaining the residual components within goodwill (3,2 billion euro)[1].

[1] An analysis of the method adopted and details of the purchase price allocation to the assets and liabilities of the merged bank is given in the 2007 financial statements in the Notes to the Consolidated Financial Statements, Part G – Business combination transactions concerning companies or lines of business, which may be consulted.

The *reclassified income statements* include, in turn, the impact of the *purchase price allocation*, which was negative by 88,5 million in 2008 (80,8 million in 2007) and is shown on its own in separate items in the reclassified consolidated income statement.

Finally, some items in the reclassified income statements for 2007 have been affected by reclassifications following the alignment of the policies of some non banking companies that were merged with Group accounting policies.

The "notes on the reclassified financial statements" contained in the periodic financial reports of the Group may be consulted for a fuller comprehension of the rules followed in preparing the reclassified financial statements.

In order to facilitate analysis of the Group's performance and in compliance with CONSOB Communication No. DEM/6064293 of 28th July 2006, a special schedule has been included in the reclassified financial statements to show the impact on earnings only of the principal non-recurring events and items – the relative effects on capital and cash flow not being significant, because they are closely linked – which are summarised as follows:

full year 2008

- integration costs resulting from the merger between the former BLP Group and the former BPU Group;
- gains on the disposals of a portion of the interest in UBI Pramerica, of a portion of the interest in UBI Assicurazioni Vita and on the interest held in Key Client (formerly CIM Italia) and in Centrale Bilanci;
- impairment of some AFS equity investments (Intesa Sanpaolo, London Stock Exchange, A2A);
- index-linked policies purchased by customers with underlying securities issued by Icelandic banks now in default;
- effects of the Lehman Brothers and Bernard Madoff affairs;
- a goodwill write-off in respect of the assets under management of Capitalgest Alternative SGR;
- writedown of the interest held in Hopa;
- change in the method of calculating collective impairment losses on guarantees issued;
- price adjustment for disposal of branches;
- tax redemption on differences between statutory accounting values and values for tax purposes as at 31st December 2007;

full year 2007

- reform of supplementary pensions;
- integration costs resulting from the merger transaction (including an estimate of the costs of writing-off software and hardware to be abandoned);
- the sale to Banca Popolare di Vicenza of 61 branches in compliance with Antitrust Authority instructions; the sale by Banca Carime of 15 branches to Banca Popolare Pugliese; the capital gain on the Borsa Italiana share swap; the disposal, for the listing, of the shares in the subsidiary IW Bank;
- other items relating to: an endowment to the Marches Foundation; the change in the calculation of the collective valuation of impairment on performing loans; impairment losses considered permanent on minority investments (HOPA and HRS), the non recoverability of the prior year tax losses of the former Banca Lombarda e Piemontese Spa relating to the first quarter of 2007;
- the adjustment of deferred tax items in line with the new tax rates pursuant to the 2008 Finance Act;

UBI Banca Group: Reclassified consolidated balance sheet

Figures in thousands of euro	31.12.2008 A	31.12.2007 pro-forma B	Changes A-B	% change A/B
ASSETS				
Cash and cash equivalents	793.657	643.108	150.549	23,4%
Financial assets held for trading	2.326.654	3.256.841	-930.187	-28,6%
Financial assets at fair value	460.157	1.333.586	-873.429	-65,5%
Available-for-sale financial assets	4.351.838	3.537.133	814.705	23,0%
Held-to-maturity financial assets	1.630.844	1.254.520	376.324	30,0%
Loans to banks	3.053.704	3.691.901	-638.197	-17,3%
Loans to customers	96.368.452	92.972.478	3.395.974	3,7%
Hedging derivatives	792.398	261.479	530.919	203,0%
Fair value change of hedged financial assets (+/-)	335.417	-7.685	-343.102	n.s.
Equity investments	246.099	267.340	-21.241	-7,9%
Technical reserves of reinsurers	88.362	91.434	-3.072	-3,4%
Property, plant and equipment	2.170.867	2.154.133	16.734	0,8%
Intangible assets	5.531.633	5.613.656	-82.023	-1,5%
of which: goodwill	*4.338.486*	*4.352.160*	*-13.674*	*-0,3%*
Tax assets	1.512.530	1.201.850	310.680	25,9%
Non-current assets and disposal groups held for sale	18.931	13.205	5.726	43,4%
Other assets	2.274.142	2.315.878	-41.736	-1,8%
Total assets	**121.955.685**	**118.600.857**	**3.354.828**	**2,8%**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Due to banks	3.980.922	7.736.405	-3.755.483	-48,5%
Due to customers	54.150.681	49.475.322	4.675.359	9,4%
Securities issued	43.440.556	40.871.073	2.569.483	6,3%
Financial liabilities held for trading	799.254	865.207	-65.953	-7,6%
Hedging derivatives	635.129	351.723	283.406	80,6%
Tax liabilities	1.514.050	1.773.057	-259.007	-14,6%
Liabilities associated with disposal groups held for sale	4.412	-	4.412	-
Other liabilities	4.030.238	3.487.042	543.196	15,6%
Staff severance provision	433.094	469.715	-36.621	-7,8%
Provisions for liabilities and charges:	295.429	321.695	-26.266	-8,2%
a) pension and similar obligations	81.285	84.139	-2.854	-3,4%
b) other provisions	214.144	237.556	-23.412	-9,9%
Technical reserves	408.076	373.859	34.217	9,2%
Share capital, share premiums and reserves	11.071.206	10.849.349	221.857	2,0%
Minority interests	1.123.637	1.085.839	37.798	3,5%
Net profit for the year	69.001	940.571	-871.570	-92,7%
Total liabilities and shareholders' equity	**121.955.685**	**118.600.857**	**3.354.828**	**2,8%**

UBI Banca Group: Reclassified consolidated income statement

Figures in thousands of euro	31.12.2008 A	31.12.2007 pro-forma B	Change A-B	% change A/B
Net interest income	2.982.127	2.685.791	296.336	11,0%
of which: effects of the purchase price allocation	*(77.238)*	*(87.808)*	*(10.570)*	*(12,0%)*
Net interest income excluding the effects of the PPA	3.059.365	2.773.599	285.766	10,3%
Dividends and similar income	71.204	83.539	(12.335)	(14,8%)
Profit (loss) of equity investments valued using the equity method	18	32.529	(32.511)	(99,9%)
Net commission income	1.188.275	1.357.594	(169.319)	(12,5%)
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	(242.261)	101.919	(344.180)	n.s.
Net income from insurance operations	9.639	39.878	(30.239)	(75,8%)
Other operating income / (expense)	80.737	138.063	(57.326)	(41,5%)
Operating income	**4.089.739**	**4.439.313**	**(349.574)**	**(7,9%)**
Operating income excluding the effects of the PPA	**4.166.977**	**4.527.121**	**(360.144)**	**(8,0%)**
Staff costs	(1.584.178)	(1.540.139)	44.039	2,9%
Other administrative expenses	(749.260)	(764.830)	(15.570)	(2,0%)
Net impairment losses on property, plant and equipment and intangible assets	(277.910)	(244.807)	33.103	13,5%
of which: effects of the purchase price allocation	*(81.364)*	*(61.620)*	*19.744*	*32,0%*
Net impairment losses on property, plant and equipment and intangible assets excluding the effects of the PPA	(196.546)	(183.187)	13.359	7,3%
Operating costs	**(2.611.348)**	**(2.549.776)**	**61.572**	**2,4%**
Operating costs excluding the effects of the PPA	**(2.529.984)**	**(2.488.156)**	**41.828**	**1,7%**
Net operating income	**1.478.391**	**1.889.537**	**(411.146)**	**(21,8%)**
Net operating income excluding the effects of the PPA	**1.636.993**	**2.038.965**	**(401.972)**	**(19,7%)**
Net impairment losses on loans	(566.223)	(342.921)	223.302	65,1%
Net impairment losses on other assets/liabilities	(510.550)	(28.571)	481.979	n.s.
Net provisions for liabilities and charges	(34.489)	(37.955)	(3.466)	(9,1%)
Profits (loss) from disposal of equity investments	84.985	22.796	62.189	272,8%
Profit (loss) on continuing operations before tax	**452.114**	**1.502.886**	**(1.050.772)**	**(69,9%)**
Profit (loss) on continuing operations before tax excluding the effects of the PPA	**610.716**	**1.652.314**	**(1.041.598)**	**(63,0%)**
Taxes on income for the period for continuing operations	(221.564)	(597.263)	(375.699)	(62,9%)
of which: effects of the purchase price allocation	*51.258*	*57.157*	*(5.899)*	*(10,3%)*
Integration costs	(67.236)	(166.721)	(99.485)	*(59,7%)*
of which: staff costs	*(47.796)*	*(193.517)*	*(145.721)*	*(75,3%)*
other administrative expenses	*(41.920)*	*(32.817)*	*9.103*	*27,7%*
net impairment losses on property, plant and equipment and intangible assets	*(6.223)*	*(27.207)*	*(20.984)*	*(77,1%)*
taxes	*28.703*	*86.820*	*(58.117)*	*(66,9%)*
After tax profit (loss) from discontinued operations	(15.727)	308.547	(324.274)	n.s.
Profit (loss) for the year attributable to minority interests	(78.586)	(106.878)	(28.292)	(26,5%)
of which: effects of the purchase price allocation	*18.868*	*11.505*	*7.363*	*64,0%*
Profit (loss) for the year attributable to the shareholders of the Parent Bank excluding the effects of the PPA	*157.477*	*1.021.337*	*(863.860)*	*(84,6%)*
Profit (loss) for the year attributable to the Parent Bank	**69.001**	**940.571**	**(871.570)**	**(92,7%)**

Total impact of the purchase price allocation on the income statement	*(88.476)*	*(80.766)*	*7.710*	*9,5%*

UBI Banca Group: Reclassified consolidated income statement net of the most significant non-recurring items and result from finance*

Figures in thousands of euro	31.12.2008	non-recurring items: Integration costs	Disposal of equity investments	Impairment of equity investments	Madoff, Lehman Brothers and Icelandic banks effect	Tax Redemption EC section and recognition of goodwill	Adjustment of branches price, adjustment of guarantees, Capitalgest Alternative goodwill write-off	31.12.2008 *net of non-recurring items* A
Net interest income (including the effects of PPA)	2.982.127							2.982.127
Dividends and similar income	71.204							71.204
Profit (loss) of equity investments valued using the equity method	18				13.018			13.036
Net commission income	1.188.275							1.188.275
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	(242.261)		(30.262)		69.132			(203.391)
Net income from insurance operations	9.639							9.639
Other net operating income/(expense)	80.737							80.737
Operating income (including the effects of PPA)	**4.089.739**	**-**	**(30.262)**	**-**	**82.150**	**-**	**-**	**4.141.627**
Staff costs	(1.584.178)							(1.584.178)
Other administrative expenses	(749.260)							(749.260)
Net impairment losses on property, plant and equipment and intangible assets (including the effects of PPA)	(277.910)						8.425	(269.485)
Operating costs (including the effects of PPA)	**(2.611.348)**	**-**	**-**	**-**	**-**	**-**	**8.425**	**(2.602.923)**
Net operating income (including the effects of PPA)	**1.478.391**	**-**	**(30.262)**	**-**	**82.150**	**-**	**8.425**	**1.538.704**
Net impairment losses on loans	(566.223)				9.523			(556.700)
Net impairment losses on other assets and liabilities	(510.550)			510.351			(7.192)	(7.391)
Net provisions for liabilities and charges	(34.489)				1.500			(32.989)
Profit (loss) from disposal of equity investments	84.985		(78.808)					6.177
Profit (loss) on continuing operations before tax (incl. PPA)	**452.114**	**-**	**(109.070)**	**510.351**	**93.173**	**-**	**1.233**	**947.801**
Taxes on income for the period for continuing operations	(221.564)		8.616	(29.685)	(21.655)	(183.267)	(704)	(448.259)
Integration costs	(67.236)	67.236						-
of which: staff costs	*(47.796)*	*47.796*						-
other administrative expenses	*(41.920)*	*41.920*						-
net impairment losses on property, plant and equipment and intangible assets	*(6.223)*	*6.223*						-
taxes	*28.703*	*(28.703)*						-
After tax profit (loss) from discontinued operations	(15.727)						15.817	90
Profit (loss) for the period attributable to minority interests	(78.586)	(3.713)	709		(77)	11.137	(3.775)	(74.305)
Profit (loss) for the period attributable to the Parent Bank	**69.001**	**63.523**	**(99.745)**	**480.666**	**71.441**	**(172.130)**	**12.571**	**425.327**

Figures in thousands of euro	31.12.2007 pro-forma	non-recurring items: Integration costs: Leaving incentives	Other costs and IT system write-offs	Effect of supplement-ary pension reform	Disposal of equity investments and branches	Adjustments for new rates as per 2008 Finance Act	Other	31.12.2007 pro-forma *net of non-recurring items* B	Changes A-B	Changes % A/B	*31.12.2008 net of non recurring items and net profit (loss) from trading, hedging and disposal/repurchase activities valued at fair value*	*31.12.2007 net of non recurring items and net profit (loss) from trading, hedging and disposal/repurchase activities valued at fair value*	*Changes net of non recurring items and net profit (loss) from trading, hedging and disposal/repurchase activities valued at fair value*
Net interest income (including the effects of PPA)	2.685.791							2.685.791	296.336	11,0%	2.982.127	2.685.791	11,0%
Dividends and similar income	83.539							83.539	(12.335)	(14,8%)	71.204	83.539	(14,8%)
Profit (loss) of equity investments valued using the equity method	32.529							32.529	(19.493)	(59,9%)	13.036	32.529	(59,9%)
Net commission income	1.357.594							1.357.594	(169.319)	(12,5%)	1.188.275	1.357.594	(12,5%)
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	101.919				(20.239)			81.680	(285.071)	n.s.			
Net income from insurance operations	39.878							39.878	(30.239)	(75,8%)	9.639	39.878	(75,8%)
Other net operating income/(expense)	138.063						13.290	151.353	(70.616)	(46,7%)	80.737	151.353	(46,7%)
Operating income (including the effects of PPA)	**4.439.313**	**-**	**-**	**-**	**(20.239)**	**-**	**13.290**	**4.432.364**	**(290.737)**	**(6,6%)**	**4.345.018**	**4.350.684**	**(0,1%)**
Staff costs	(1.540.139)			(49.396)				(1.589.535)	(5.357)	(0,3%)	(1.584.178)	(1.589.535)	(0,3%)
Other administrative expenses	(764.830)							(764.830)	(15.570)	(2,0%)	(749.260)	(764.830)	(2,0%)
Net impairment losses on property, plant and equipment and intangible assets (including the effects of PPA)	(244.807)							(244.807)	24.678	10,1%	(269.485)	(244.807)	10,1%
Operating costs (including the effects of PPA)	**(2.549.776)**	**-**	**-**	**(49.396)**	**-**	**-**	**-**	**(2.599.172)**	**3.751**	**0,1%**	**(2.602.923)**	**(2.599.172)**	**0,1%**
Net operating income (including the effects of PPA)	**1.889.537**	**-**	**-**	**(49.396)**	**(20.239)**	**-**	**13.290**	**1.833.192**	**(294.488)**	**(16,1%)**	**1.742.095**	**1.751.512**	**(0,5%)**
Net impairment losses on loans	(342.921)						96.990	(245.931)	310.769	126,4%	(556.700)	(245.931)	126,4%
Net impairment losses on other assets and liabilities	(28.571)						24.819	(3.752)	3.639	97,0%	(7.391)	(3.752)	97,0%
Net provisions for liabilities and charges	(37.955)				1.163			(36.792)	(3.803)	(10,3%)	(32.989)	(36.792)	(10,3%)
Profit (loss) from disposal of equity investments	22.796				(20.747)			2.049	4.128	201,5%	6.177	2.049	201,5%
Profit (loss) on continuing operations before tax (incl. PPA)	**1.502.886**	**-**	**-**	**(49.396)**	**(39.823)**	**-**	**135.099**	**1.548.766**	**(600.965)**	**(38,8%)**	**1.151.192**	**1.467.086**	**(21,5%)**
Taxes on income for the period for continuing operations	(597.263)			16.301	1.303	(90.805)	(26.874)	(697.338)	(249.079)	(35,7%)			
Integration costs	(166.721)	127.689	39.032					-	-	-			
of which: staff costs	*(193.517)*	*190.579*	*2.938*					-	-	-			
other administrative expenses	*(32.817)*		*32.817*					-	-	-			
net impairment losses on property, plant and equipment and intangible assets	*(27.207)*		*27.207*					-	-	-			
taxes	*86.820*	*(62.890)*	*(23.930)*					-	-	-			
After tax profit (loss) from discontinued operations	308.547				(308.624)			(77)	167	216,9%			
Profit (loss) for the period attributable to minority interests	(106.878)	(9.821)	(48)	1.725	21.699	16.501	(4.061)	(80.883)	(6.578)	(8,1%)			
Profit (loss) for the period attributable to the Parent Bank	**940.571**	**117.868**	**38.984**	**(31.370)**	**(325.445)**	**(74.304)**	**104.164**	**770.468**	**(345.141)**	**(44,8%)**			

*Result from finance: Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value

UBI Banca Group: Reclassified consolidated quarterly income statement

Figures in thousands of euro	2008 4th Quarter	2008 3rd Quarter	2008 2nd Quarter	2008 1st Quarter pro-forma	2007 4th Quarter pro-forma	2007 3rd Quarter pro-forma	2007 2nd Quarter pro-forma	2007 1st Quarter pro-forma
Net interest income	778.524	740.671	731.909	731.023	719.318	670.824	653.231	642.418
of which: effects of the purchase price allocation	*(18.768)*	*(15.172)*	*(24.079)*	*(19.219)*	*(18.272)*	*(20.367)*	*(26.874)*	*(22.295)*
Net interest income excluding the effects of the PPA	797.292	755.843	755.988	750.242	737.590	691.191	680.105	664.713
Dividends and similar income	1.210	1.519	66.839	1.636	3.227	568	74.488	5.256
Profit (loss) of equity investments valued using the equity method	(14.556)	374	5.470	8.730	8.491	8.484	7.289	8.265
Net commission income	280.957	280.195	305.747	321.376	345.341	327.026	350.703	334.524
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	(192.557)	(60.596)	37.980	(27.088)	22.476	5.612	23.966	49.865
Net income from insurance operations	(6.915)	2.743	9.700	4.111	11.945	7.539	11.637	8.757
Other net operating income/(expense)	13.848	17.815	20.793	28.281	35.413	31.286	34.469	36.895
Operating income	**860.511**	**982.721**	**1.178.438**	**1.068.069**	**1.146.211**	**1.051.339**	**1.155.783**	**1.085.980**
Operating income excluding the effects of the PPA	**879.279**	**997.893**	**1.202.517**	**1.087.288**	**1.164.483**	**1.071.706**	**1.182.657**	**1.108.275**
Staff costs	(393.405)	(380.090)	(415.289)	(395.394)	(395.938)	(386.764)	(358.814)	(398.623)
Other administrative expenses	(211.799)	(165.293)	(198.404)	(173.764)	(225.214)	(172.396)	(189.288)	(177.932)
Net impairment losses on property, plant and equipment and intangible assets	(77.467)	(66.949)	(66.942)	(66.552)	(63.340)	(61.570)	(62.286)	(57.611)
of which: effects of the purchase price allocation	*(26.663)*	*(18.237)*	*(18.237)*	*(18.227)*	*(15.405)*	*(15.405)*	*(15.405)*	*(15.405)*
Net impairment losses on property, plant and equipment and intangible assets excluding the effects of the PPA	(50.804)	(48.712)	(48.705)	(48.325)	(47.935)	(46.165)	(46.881)	(42.206)
Operating costs	**(682.671)**	**(612.332)**	**(680.635)**	**(635.710)**	**(684.492)**	**(620.730)**	**(610.388)**	**(634.166)**
Operating costs excluding the effects of the PPA	**(656.008)**	**(594.095)**	**(662.398)**	**(617.483)**	**(669.087)**	**(605.325)**	**(594.983)**	**(618.761)**
Net operating income	**177.840**	**370.389**	**497.803**	**432.359**	**461.719**	**430.609**	**545.395**	**451.814**
Net operating income excluding the effects of the PPA	**223.271**	**403.798**	**540.119**	**469.805**	**495.396**	**466.381**	**587.674**	**489.514**
Net impairment losses on loans	(310.399)	(102.868)	(93.299)	(59.657)	(163.782)	(65.703)	(51.602)	(61.834)
Net impairment losses on other assets and liabilities	(516.179)	2.122	3.517	(10)	(20.236)	(2.437)	(4.802)	(1.096)
Net provisions for liabilities and charges	4.531	(13.100)	(17.431)	(8.489)	(18.379)	(5.973)	(2.853)	(10.750)
Profits (loss) from disposal of equity investments	4.699	1.196	21.708	57.382	1.040	211	21.217	328
Profit (loss) on continuing operations before tax	**(639.508)**	**257.739**	**412.298**	**421.585**	**260.362**	**356.707**	**507.355**	**378.462**
Profit (loss) on continuing operations before tax excluding the effects of the PPA	**(594.077)**	**291.148**	**454.614**	**459.031**	**294.039**	**392.479**	**549.634**	**416.162**
Taxes on income for the period for continuing operations	125.544	(120.023)	(66.345)	(160.740)	(70.526)	(163.646)	(195.653)	(167.438)
of which: effects of the purchase price allocation	*14.320*	*11.123*	*13.782*	*12.033*	*12.883*	*13.683*	*16.171*	*14.420*
Integration costs	(21.825)	(16.954)	(14.037)	(14.420)	(14.244)	(6.176)	(146.301)	-
of which: staff costs	*(14.538)*	*(14.735)*	*(8.634)*	*(9.889)*	*(2.746)*	*(2.676)*	*(188.095)*	-
other administrative expenses	*(12.442)*	*(8.288)*	*(10.788)*	*(10.402)*	*(19.732)*	*(6.125)*	*(6.960)*	-
net impairment losses on property, plant and equipment and intangible assets	*(4.232)*	*(951)*	*(718)*	*(322)*	*(357)*	*(973)*	*(25.877)*	-
taxes	*9.387*	*7.020*	*6.103*	*6.193*	*8.591*	*3.598*	*74.631*	-
After tax profit (loss) from discontinued operations	(4.698)	-	(11.029)	-	291.925	38	16.868	(284)
Profit (loss) for the period attributable to minority interests	(10.552)	(19.908)	(20.971)	(27.155)	(51.329)	(22.654)	(15.468)	(17.427)
of which: effects of the purchase price allocation	*6.152*	*3.646*	*4.942*	*4.128*	*2.796*	*2.796*	*3.036*	*2.877*
Profit (loss) for the period attributable to the shareholders of the Parent Bank excluding the effects of the PPA	*(526.080)*	*119.494*	*323.508*	*240.555*	*434.186*	*183.562*	*189.873*	*213.716*
Profit (loss) for the period attributable to the Parent Bank	**(551.039)**	**100.854**	**299.916**	**219.270**	**416.188**	**164.269**	**166.801**	**193.313**
Total impact of the purchase price allocation on the income statement	*(24.959)*	*(18.640)*	*(23.592)*	*(21.285)*	*(17.998)*	*(19.293)*	*(23.072)*	*(20.403)*

UBI Banca Group: Mandatory financial statements - Consolidated balance sheet

Figures in thousands of Euro

ASSET ITEMS	31/12/2008	31/12/2007
Cash and cash equivalents	793.657	643.128
Financial assets held for trading	2.326.654	3.811.580
Financial assets at fair value	460.157	1.333.586
Available-for-sale financial assets	4.351.838	5.729.003
Held-to-maturity financial assets	1.630.844	1.254.520
Loans to banks	3.053.704	3.695.284
Loans to customers	96.368.452	92.941.317
Hedging derivatives	792.398	261.479
Fair value change in hedged financial assets	335.417	(7.685)
Equity investments	246.099	183.448
Technical reserves of reinsurers	88.362	253.301
Property, plant and equipment	2.170.867	2.178.566
Intangible assets	5.531.633	5.621.122
of which:		
goodwill	4.338.486	*4.357.381*
Tax assets:	1.512.530	1.204.069
a) current	746.975	726.794
b) deferred	765.555	477.275
Non current assets and disposal groups held for sale	18.931	13.205
Other assets	2.274.142	2.375.643
Total assets	**121.955.685**	**121.491.566**

Figures in thousands of Euro

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2008	31/12/2007
Due to banks	3.980.922	7.736.405
Due to customers	54.150.681	50.164.004
Securities issued	43.440.556	40.817.869
Financial liabilities held for trading	799.254	865.207
Financial liabilities at fair value	-	
Hedging derivatives	635.129	351.723
Fair value change of hedged financial liabilities	-	
Tax liabilities:	1.514.050	1.776.140
a) current	744.869	689.036
b) deferred	769.181	1.087.104
Liabilities associated with disposal groups held for sale	4.412	-
Other liabilities	4.030.238	3.499.989
Staff severance provisions	433.094	469.879
Provisions for liabilities and charges:	295.429	321.730
a) pension and similar obligations	81.285	84.139
b) other provisions	214.144	237.591
Technical reserves	408.076	2.590.644
Valuation reserves	(70.296)	37.485
Reimbursable shares		
Capital instruments		
Reserves	2.443.259	2.195.597
Share premiums	7.100.378	7.100.378
Share capital	1.597.865	1.597.865
Own shares		
Minority interests	1.123.637	1.085.839
Profit for the year	69.001	880.812
Total liabilities and shareholders' equity	**121.955.685**	**121.491.566**

UBI Banca Group: Mandatory financial statements - Consolidated income statement

Figures in thousands of Euro	31/12/2008	31/12/2007
Interest and similar income	6.190.249	5.255.442
Interest expense and similar	(3.193.905)	(2.683.449)
Net interest income	**2.996.344**	**2.571.993**
Commission income	1.387.721	1.422.798
Commission expense	(199.446)	(207.179)
Net commission income	**1.188.275**	**1.215.619**
Dividends and similar income	71.204	83.249
Net profit (loss) from trading	(142.274)	30.232
Net profit (loss) from hedging activity	(18.459)	4.541
Profit (loss) on disposal or repurchase of:	29.452	46.953
a) loans	(8.147)	(140)
b) available-for-sale financial assets	30.046	40.342
c) held-to-maturity financial assets	-	-
d) financial liabilities	7.553	6.751
Net profit (loss) on financial assets and liabilities at fair value	(118.035)	1.607
Gross income	**4.006.507**	**3.954.194**
Net impairment losses on:	(1.069.718)	(356.512)
a) loans	(559.168)	(328.015)
b) available-for-sale financial assets	(516.917)	(20.046)
c) held-to-maturity financial assets	-	-
d) other financial transactions	6.367	(8.451)
Net financial operating income	**2.936.789**	**3.597.682**
Net insurance premiums	189.040	402.298
Other net profit (loss) of insurance operations	(191.426)	(421.586)
Net income from financial and insurance operations	**2.934.403**	**3.578.394**
Administrative expenses	(2.581.014)	(2.489.011)
a) staff costs	(1.631.974)	(1.604.383)
b) other administrative expenses	(949.040)	(884.628)
Net provisions provisions for liabilities and charges	(34.489)	(29.968)
Net impairment losses on property, plant and equipment	(123.567)	(124.118)
Net impairment losses on intangible assets	(151.045)	(107.878)
Other operating income/(expense)	226.884	269.006
Operating costs	**(2.663.231)**	**(2.481.969)**
Profits (losses) of equity investments	2.050	15.248
Net profit (loss) on fair valuation of tangible and intangible assets	-	-
Net impairment losses on goodwill	-	-
Profits (losses) on disposal of investments	82.953	22.085
Profit (loss) on continuing operations before tax	**356.175**	**1.133.758**
Taxes on income for the period for continuing operations	(192.861)	(460.673)
After tax profit (loss) on continuing operations	**163.314**	**673.085**
Profit (loss) after tax of discontinued operations	(15.727)	308.547
Profit for the year	**147.587**	**981.632**
Profit attributable to minority interests	(78.586)	(100.820)
Profit (loss) for the year attributable to the parent bank	**69.001**	**880.812**

UBI Banca Scpa: Reclassified balance sheet

Figures in thousands of euro	31.12.2008	31.12.2007 pro-forma	Changes	% change
ASSETS				
Cash and cash equivalents	246.460	66.812	179.648	268,9%
Financial assets held for trading	2.424.111	2.753.772	-329.661	-12,0%
Financial assets at fair value	460.157	981.148	-520.991	-53,1%
Available-for-sale financial assets	2.767.513	2.060.909	706.604	34,3%
Held-to-maturity financial assets	1.620.567	1.244.574	375.993	30,2%
Loans to banks	29.298.338	19.708.390	9.589.948	48,7%
Loans to customers	10.446.768	10.266.957	179.811	1,8%
Hedging derivatives	72.787	48.975	23.812	48,6%
Equity investments	11.909.207	11.606.918	302.289	2,6%
Property, plant and equipment	677.218	678.205	-987	-0,1%
Intangible assets	596.756	588.673	8.083	1,4%
of which: goodwill	*569.058*	*569.694*	-636	-0,1%
Tax assets	593.405	528.085	65.320	12,4%
Non-current assets and disposal groups held for sale	13.931	43.866	-29.935	-68,2%
Other assets	856.100	1.404.609	-548.509	-39,1%
Total assets	**61.983.318**	**51.981.893**	**10.001.425**	**19,2%**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Due to banks	28.732.515	20.505.577	8.226.938	40,1%
Due to customers	5.813.895	2.872.466	2.941.429	102,4%
Securities issued	14.128.184	14.657.253	-529.069	-3,6%
Financial liabilities held for trading	1.222.187	842.341	379.846	45,1%
Hedging derivatives	74.820	54.001	20.819	38,6%
Tax liabilities	411.849	606.326	-194.477	-32,1%
Other liabilities	1.186.374	1.421.759	-235.385	-16,6%
Staff severance provision	44.483	51.037	-6.554	-12,8%
Provisions for liabilities and charges:	10.329	8.993	1.336	14,9%
a) pension and similar obligations	-	-	-	-
b) other provisions	10.329	8.993	1.336	14,9%
Share capital, share premiums and reserves	10.334.796	10.141.731	193.065	1,9%
Net profit for the year	23.886	820.409	-796.523	-97,1%
Total liabilities and shareholders' equity	**61.983.318**	**51.981.893**	**10.001.425**	**19,2%**

UBI Banca Scpa: Reclassified income statement

Figures in thousands of euro	31.12.2008	31.12.2007 pro-forma	Changes	% change
Net interest income	(250.789)	(195.803)	54.986	28,1%
Dividends and similar income	904.355	972.298	(67.943)	(7,0%)
Net commission income	13.174	19.181	(6.007)	(31,3%)
Net income from trading, hedging and disposal/repurchase activities and from assets/liabilities at fair value	(192.843)	64.015	(256.858)	n.s.
Other operating income / (expense)	166.203	305.474	(139.271)	(45,6%)
Operating income	**640.100**	**1.165.165**	**(525.065)**	**(45,1%)**
Staff costs	(158.803)	(228.572)	(69.769)	(30,5%)
Other administrative expenses	(156.396)	(191.641)	(35.245)	(18,4%)
Net impairment losses on property, plant and equipment and intangible assets	(61.617)	(68.838)	(7.221)	(10,5%)
Operating costs	**(376.816)**	**(489.051)**	**(112.235)**	**(22,9%)**
Net operating income	**263.284**	**676.114**	**(412.830)**	**(61,1%)**
Net impairment losses on loans	(4.400)	(1.192)	3.208	269,1%
Net impairment losses on other assets/liabilities	(496.077)	(5.927)	490.150	n.s.
Net provisions for liabilities and charges	(1.733)	(3.742)	(2.009)	(53,7%)
Profits (loss) from disposal of equity investments	17.542	(44)	17.586	n.s.
Profit (loss) on continuing operations before tax	**(221.384)**	**665.209**	**(886.593)**	**n.s.**
Taxes on income for the period for continuing operations	271.431	222.014	49.417	22,3%
Integration costs	(26.161)	(66.736)	(40.575)	(60,8%)
of which: staff costs	*(15.349)*	*(52.019)*	*(36.670)*	*(70,5%)*
other administrative expenses	*(20.626)*	*(24.779)*	*(4.153)*	*(16,8%)*
net impairment losses on property, plant and equipment and intangible assets	*(109)*	*(26.854)*	*(26.745)*	*(99,6%)*
taxes	*9.923*	*36.916*	*(26.993)*	*(73,1%)*
After tax profit (loss) from discontinued operations	-	(78)	*78*	(100,0%)
Net profit for the year	**23.886**	**820.409**	**(796.523)**	**(97,1%)**

UBI Banca Scpa: Mandatory financial statements - Balance sheet

Figures in thousands of Euro

ASSET ITEMS	31/12/2008	31/12/2007
Cash and cash equivalents	246.460	66.812
Financial assets held for trading	2.424.111	2.753.772
Financial assets at fair value	460.157	981.148
Available-for-sale financial assets	2.767.513	2.060.909
Held-to-maturity financial assets	1.620.567	1.244.574
Loans to banks	29.298.338	19.708.390
Loans to customers	10.446.768	10.266.958
Hedging derivatives	72.787	48.975
Equity investments	11.909.207	11.606.918
Property, plant and equipment	677.218	678.205
Intangible assets	596.756	588.673
of which:	-	-
goodwill	569.058	*569.694*
Tax assets:	593.405	528.085
a) current	343.011	470.932
b) deferred	250.393	57.153
Non current assets and disposal groups held for sale	13.931	43.866
Other assets	856.102	1.404.608
Total assets	**61.983.317**	**51.981.893**

Figures in thousands of Euro

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2008	31.12.2007
Due to banks	28.732.515	20.505.577
Due to customers	5.813.895	2.872.466
Securities issued	14.128.184	14.657.253
Financial liabilities held for trading	1.222.187	842.341
Hedging derivatives	74.820	54.001
Tax liabilities:	411.849	606.326
a) current	291.227	458.290
b) deferred	120.622	148.035
Other liabilities	1.186.375	1.421.758
Staff severance provisions	44.483	51.037
Provisions for liabilities and charges:	10.329	8.993
a) pension and similar obligations	-	-
b) other provisions	10.329	8.993
Valuation reserves	12.842	24.456
Reserves	1.623.711	1.411.660
Share premiums	7.100.378	7.100.378
Share capital	1.597.865	1.597.865
Profit (loss) for the year	23.886	827.781
Total liabilities and shareholders' equity	**61.983.317**	**51.981.893**

UBI Banca Scpa: Mandatory financial statements - Income statement

Figures in thousands of Euro	31/12/2008	31/12/2007
Interest and similar income	1.844.325	1.242.693
Interest expense and similar	(2.095.114)	(1.426.879)
Net interest income	**(250.789)**	**(184.186)**
Commission income	37.312	41.966
Commission expense	(24.138)	(24.126)
Net commission income	**13.174**	**17.840**
Dividends and similar income	904.355	972.115
Net profit (loss) from trading	(83.343)	23.706
Net profit (loss) from hedging activity	(7.235)	1.514
Profit (loss) on disposal or repurchase of:	15.770	24.120
a) loans	1	-
b) available-for-sale financial assets	15.395	23.989
c) held-to-maturity financial assets	-	-
d) financial liabilities	374	130
Net profit (loss) on financial assets and liabilities at fair value	(118.035)	1.549
Gross income	**473.897**	**856.659**
Net impairment losses on:	(500.477)	(7.135)
a) loans	(4.400)	(1.208)
b) available-for-sale financial assets	(494.462)	(43)
c) held-to-maturity financial assets	-	-
d) other financial transactions	(1.616)	(5.884)
Net financial operating income	**(26.580)**	**849.524**
Administrative expenses	(351.283)	(476.334)
a) staff costs	(174.152)	(268.923)
b) other administrative expenses	(177.131)	(207.411)
Net provisions provisions for liabilities and charges	(1.733)	(3.732)
Net impairment losses on property, plant and equipment	(39.440)	(59.288)
Net impairment losses on intangible assets	(22.056)	(35.697)
Other operating income/(expense)	166.082	297.557
Operating costs	**(248.430)**	**(277.492)**
Profits (losses) of equity investments	17.601	(279)
Profits (losses) on disposal of investments	(59)	256
Profit (loss) on continuing operations before tax	**(257.468)**	**572.010**
Taxes on income for the period for continuing operations	281.354	255.850
After tax profit (loss) on continuing operations	**23.886**	**827.859**
Profit (loss) after tax of discontinued operations	-	(78)
Profit (loss) for the year	**23.886**	**827.781**

2007 Profit was higher than the reclassified profit for 2007 because the contribution made by the results for Banca Lombarda e Piemontese in the first quarter of 2007 was negative.