MPS Group: 2006 midyear results

Net profit of € 480 million (+28.9%)

Strong growth of results of ordinary business underpinned by tight control of operating costs and good commercial flows

- **Growth of main revenue components:**
  - **Net interest income +4%**
  - **Revenues +6.2%**
- **Limitation of operating costs (+0.8%) notwithstanding non-recurring items**
- **Improvement of cost/income ratio: 59.5% (58.5% excluding demanning costs) vs. 64.8% at year-end**
- **Strong increase in operating volumes and respective market shares**
  - **Lending: +9.2%**
  - **Direct funding: +6.3%**
  - **Consum.it disbusements: +32.3% (5.1% market share vs. 4.6% at 2005 year-end)**
  - **MPS Leasing and Factoring payouts: +11.6% (3.4% leasing market share vs. 2.7% at 2005 year-end and factoring market share of 4.8% vs. 4.1% at 2005 year-end)**
  - **MPS Banca per l'Impresa placements: +14.7%**
- **Growth in network and customers**
  - **26,000 new customers since beginning of year**
  - **23 new branches and 7 new Private Centres since beginning of year**
- **Tangible decrease (-15% since beginning of year) of total net deteriorated loans**
- **Clear improvement of capital ratios: Tier 1 at 6.81% vs. 6.51% (2005 year-end) and solvency ratio of 10% vs. 9.16% (2005 year-end)**
- **Initiated all the industrial projects envisaged by the Business Plan 2006-2009**
- **Growth of front-office/back-office ratio by 1% over previous quarter thanks to hire of 200 new young employees for network and acceptance by some 400 employees (largely concentrated in central units) of incentive-based demanning plans**

Siena, September 7th 2006. Today the Board of Directors of Banca Monte dei Paschi di Siena SpA approved the MPS Group's results as up to June 30th 2006 (1H06) and updated its review of the main initiatives launched by virtue of the 2006-2009 Business Plan.

Main consolidated results[1]

In a scenario for the real economy featuring signs of recovery, the **MPS Group** continued implementation of the development and support policies functional for achievement of the full-year business, capital, and organisational targets set for 2006.

From the **operating and income standpoint, results featured growth** as regards both (a) development of **asset and commercial performance**, with improvement of positioning in the most attractive businesses, and (b) progress of the **main income components**, as demonstrated by the progress of **revenues** (+6.2% vs. the same period in the previous year – 1H05), of **net operating profit** – which rose to **€ 785.8 million** (mn) **(+13.8% vs. 1H05)**, and of **net profit (€ 480.1 mn, +28.9% vs. 1H05).**

As regards the **income profile,** the breakdown of **consolidated banking and insurance revenues** shows:

Net interest income of **€ 1,318.8 mn** (+4% vs. 1H05) thanks in particular of the good growth (+5.2%) of the commercial segment – the result of growth of average amounts intermediated (some 8% higher than in 1H05) and only partly counterbalanced by the narrowing of the interest-rate spread.

Net fees and commissions growing (+2.5% vs. June 30th 2005) to **€ 903 mn** and that in the second quarter (2Q06) felt the effect of the lower contribution from performance fees in asset management due to weak financial markets. In this area, the mix of assets manned improved with growth of ongoing management fees growing by 16.7% vs. 1H06 and the reduction, as planned, of income from up-front fees collected on product sales (5.4% of fees and commissions vs. 5.8% as at June 30th 2005).

[1] Tax collection included in Group economic figures "line by line".

Net gain from realisation/valuation of financial assets of **€ 228.4 mn** (vs. € 116.3 mn in 1H05).

Net insurance income of **€ 41.5 mn** (€ 56 mn in 1H05) reflecting the impact of the major increase in interest rates in 2Q06, which has in part already been recovered in the quarter currently underway.

Among the other items forming total banking and insurance income, there were also **dividends, similar income and profits/losses of equity investments**, totalling **€ 30.3 mn (vs. € 61 mn in 1H05).**

Overall, **consolidated banking and insurance income** thus amounted to **€ 2,520.2 mn** (+6.2% vs. 1H05). In this respect, 2Q06 featured a contribution that – in terms of "structural" revenues (i.e. net of non-recurring items such as sale of investments, etc.) – was the highest of the last few quarters, confirming the policy of sustainable growth initiated some time ago. Total income was also adversely impacted by € 11 mn for one-off write-downs, posted in 2Q06, of the valuation of some derivatives following changes in valuation methodology.

As regards the cost of lending and financial assets, we highlight the following items.

- **Net impairment losses due to loan deterioration of € 220.9 mn**, higher than in 1H05 (€ 198.4 mn) with a consequent increase in coverage of non-performing and watchlist loans.

- **Net impairment losses due to deterioration of financial assets of € 13.9 mn**, which included revision of the valuation of the investment in Sorin SpA made following the stock's negative market performance.

Consequently, **net banking and insurance income** amounted to **€ 2,285.5** mn, with **growth of 4.9%** vs. 1H05.

Operating costs (€ 1,499.7 mn) were substantially in line with 1H05 **(€ 1,487.7 mn)** even although reflecting the inauguration of new branches (23 branches and 7 Private Centres in 1H06) and payment of demanning incentives (€ 26 mn in 1H06). Acceptances of incentive-based demanning plans came from a total of 409 resources (including 105 managers). Once again in 2Q06 network manning levels increased by some 200 resources thanks to deployment in branches in the SME Centres of all new hires.

More specifically, **personnel costs** amounted to **€ 951.7 mn** (+1.5% YoY) and **other expense items** to **€ 481.5 mn** (+1.2%), whilst **depreciation & amortisation** totalled **€ 66.5 mn** (down by -9.8% YoY).

The cost/income ratio inclusive of depreciation & amortisation thus decreased to **59.5%** (vs. 64.8% in December 2005) and to 58.5% after stripping out operating costs relating to demanning.

As a result of the above trends, **net operating profit** amounted to **€ 785.8 mn, progressing by +13.8% vs. 1H05.**

As regards the breakdown by **business area**, the highlight was the growing contribution of the **commercial business.** The latter benefited both from the **enhanced effectiveness of platforms specialised by customer segment and from a well-conceived relational policy.** More specifically:

Retail Banking:

- Net banking and insurance income: +8.9% YoY
- Net operating profit: +28% YoY

Private Banking:

- Net banking and insurance income: +22.6% YoY
- Net operating profit: +49.2% YoY

Corporate Banking:

- Net banking and insurance income: -0.2% YoY
- Net operating profit: -5% YoY

Investment Banking:

- Net banking and insurance income: +7.6% YoY
- Net operating profit: + 9.4% YoY

Pre-tax profit from continuing operations amounted to € 809.7 mn, with growth of +**28.3%** vs. 1H05.

To complete the income and profit picture there were total **taxes** of **€ 322.6 mn** (vs. € 249 mn in 1H05) at an effective tax rate of approximately 40%. This also reflected recent novelties concerning the non-deductibility for the purposes of Italian regional business tax (IRAP) of loan write-downs not deducted in previous years (about € 8 mn) and the non-deductibility for income-tax purposes of the write-down of the investment in Sorin SpA.

Consolidated net profit after minorities thus amounted to € 480.1 mn, progressing by +28.9% vs. 1H05. Annualised ROE was 13% whilst RAROC (risk-adjusted return on capital) was **11.7%.**

Balance sheet highlights

For the MPS Group commercial operations in 1H06, in terms of asset and loan management, translated into appreciable development of the main balance sheet items, bringing growth into line with the targets of the 2003-2006 Business Plan.

More specifically, **direct funding** (totalling some € 89.8 billion (bn)) grew by +6.3% YoY with a **6.6% share of the domestic market whilst indirect funding amounted to € 108 bn.** In this latter category **managed assets grew by 4.6% YoY.**

Achievement of these results was the result of sale of **€ 5.3 bn of savings products** - 0.3% more than in 1H05 notwithstanding the markets' negative trends – of which **€ 2.2 bn of insurance premiums** and **€ 3.4 bn of linear/structured bonds.**

Customer loans grew to € 86.1 bn, +9.2% vs. 1H05. As regards the domestic segment, in 2Q06 there was acceleration of short-term loans (+9.6%) and still significant growth of medium-/long-term loans (+11% YoY). In this area there were significant payouts of **retail mortgages (+2.4% YoY)** – and of **Consum.it's consumer credit (+32.3% YoY).** The contribution made by the other product companies also featured a robust increase. MPS Banca per l'Impresa's product sales grew by 14.7%, whilst the flows of MPS Leasing & Factoring progressed by 11.6% YoY.

As regards credit quality, 1H06 ended with a significant decrease in net deteriorated credit exposure. This was mainly thanks to the reduction of watchlist loans and to past-due exposure. As regards coverage of loan risk, the incidence of write-downs on gross non-performing loans was 52.8% (in line with the year-end figure and up vs. 51.8% in March 2006) whilst on watchlist loans it was 27.9% (vs. 26% at year-end). The incidence of net non-performing loans on loans was 1.9% whilst on watchlist loans it was 1.1%. The positive flow of recoveries continued.

Lastly, the Group strengthened its capital structure with a **Tier 1 ratio at 6.81%** vs. 6.51% (2005 year-end) and a **solvency ratio of 10%** vs. 9.16% (end of 2005).

<u>Parent company performance</u>

Excellent results also came from the group parent company **Banca Monte dei Paschi di Siena** in terms of both **income and profit**:

- Net banking income of € 1,653.8 mn (+16.5% YoY)
- Net operating profit of € 766.3 mn (+44.1% YoY)
- Net profit of € 632.7 mn (+68% YoY).

and **operations**:

- Direct funding of € 66,992 mn (+8.6% YoY)
- Customer loans of € 47,681 mn (+14.3% YoY).

<u>Business Plan development</u>

In the first three years since its appointment management has launched several initiatives relating to the Business Plan presented on June 27th this year. It has in fact:

- Conjugated the business plans of the Group’s commercial banks
- Initiated all the projects envisaged by the business plan (about 60 resources dedicated to them on a full-time basis)
- Implemented the organisation design of the new Banking Parent Company, integrating the various competences present in the Group and delayering the organisational structure

- Set up a dedicated unit for retraining and development of resources, with the aim of aiding conversion to network activities of resources freed up from central facilities.
- Implemented Banca MPS' new General Management organisation via centralisation of non-core activities in the Banking Parent Company
- Achieved during the year 409 acceptances concerning incentive-based demanning initiatives, of which 105 from managers
- Developed the detailed design of new territorial facilities, reducing from 21 to 9 the Banca Monte dei Paschi district facilities responsible for centralised performance of operations concerning business and branch management, so as to optimise operating effectiveness and efficiency.
- Handover of tax collection activities on going

This press release will be available on the Web site at the address: www.mps.it

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INCOME STATEMENT AND BALANCE SHEET

RESTATED ACCORDING TO OPERATING CRITERIA – MPS GROUP

Below we present the income statement and balance sheet restated according to operating criteria. More specifically, as regards the income statement for the two periods concerned, the main adjustments made relate to grouping of items and reclassifications with the aim of assuring a clearer reading of the operating trend. As regards this, we highlight the following points:

a) The restated income statement item “Net result from realisation/valuation of financial assets” comprises the reported items 80 (Net trading income/(loss)), 100 (Gain/(loss) on sale of loans & receivables, available-for-sale and held-to-maturity financial assets, and financial assets) and 110 (Net income/(loss) on fair-valued financial assets and liabilities), supplemented by those concerning dividends of some “complex” securities transactions insofar are these are strictly connected with the trading component (€ 284.6 mn as at June 30th 2005) and adjusted for these transactions’ cost of funding, separated out from the item “interest and similar expenses”.

b) The restated income statement item “Net losses for impairment of deteriorated credits” has been determined by reclassifying non-recurring costs (of € 5.1 mn), which are offset by matching use of provisions, since they do not pertain to ordinary operations.

c) The restated income statement item “Other administrative expenses” has been supplemented by recovery of stamp duty and charge-backs of expenses to customers (€ 93.1 mn as at 30/06/06) posted in accounts in Item 220 (Other operating income/costs).

d) The restated income statement item “Net provisions for risks and liabilities and Other operating income/(costs) is the difference between Items 220 – Other operating income/costs – and 190 – Net provisions for risks & liabilities – further adjusted as described in point b.

In addition, in order to provide more immediate vision of the insurance segment’s contribution to income, we have grouped under just one heading called “Insurance income”, the amounts of the items 150 (Net premiums) and 160 (Net insurance income/(costs)) as well as this segment’s contribution to other items in Total Net Banking and Insurance Income (totalling € 182.3 mn, of which € +197 mn for net interest income).

Lastly, as regards the 6-month period in question, in order to permit uniform operating comparison also with previous quarters, the figures relating to the entire tax-collection segment - which in the individual income statement are separated out from individual items and shown as a loss in the item “Profit/loss of discontinued operations, net of tax” (see Explanatory Notes to Accounts – Comparative Financial Statements) – have been reclassified in their respective items (€ +2.4 mn for net interest income; € +150 mn for net fees and commissions; € +111 mn for operating costs; € +5 mn for net provisioning for risks and liabilities and other operating income/expense; and € +8.5 mn for income tax).
We also recall the fact that figures as at June 30th 2005 have been restated – compared with published figures – as per the Bank of Italy instructions introduced in the circular no. 262 issued in December 2005.

The main reclassifications applied to the consolidated **balance sheet** instead relate to the following items:

e) The restated balance sheet item “Negotiable financial assets” comprises balance sheet items 20 (Financial assets held for trading), 30 (Fair-valued financial assets) and 40 (Available-for-sale financial assets).

f) The restated balance sheet asset item “Other assets” includes balance sheet items 80 (Hedging derivatives), 90 (Change in fair value of financial assets protected by macrohedges), 140 (Tax assets), 150 (Non-current assets and asset disposal groups), and 160 (Other assets).

g) The restated balance sheet liability item “Customer accounts and debt securities” comprises balance sheet items 20 (Customer accounts), 30 (Debt securities in issue), and 50 (Fair-valued financial liabilities).

h) The restated balance sheet item “Other liabilities” comprises balance sheet items 60 (Hedging derivatives), 70 (Change in fair value of assets of financial liabilities covered by macrohedges), 80 (Tax liabilities), 90 (Liabilities associated with asset disposal groups), and 100 (Other liabilities).

Lastly, so as to assure comparability with the restated figures, amounts receivable from customers in the tax segment as at 30/06/05 (€ 1,369 mn) have been separated out from the item “Customer loans and receivables” and reclassified in the “Other assets” category, similarly to what is done under present accounting methods.

Highlights at 06/30/2006

■ INCOME STATEMENT AND BALANCE SHEET FIGURES AND KEY INDICATORS

MPS GROUP	06/30/2006	06/30/2005	% chg.
• INCOME STATEMENT FIGURES (mln.€)			
Financial and insurance income (loss)	2,520.2	2,374.2	6.2
Net operating income	785.8	690.3	13.8
Net profit (loss) for the period	480.1	372.4	28.9
• BALANCE SHEET FIGURES AND INDICATORS (mln.€)	**06/30/2006**	**06/30/2005**	**% chg.**
Direct funding (1)	89,832	84,521	6.3
Indirect funding	107,957	107,861	0.1
of which: assets under management	*48,121*	*45,997*	4.6
of which: assets under custody	*59,837*	*61,864*	-3.3
Customer loans	86,124	78,887	9.2
Group net equity	7,430	6,482	14.6
• KEY LOAN QUALITY RATIOS (%)	**06/30/2006**	**12/31/2005**	
Net non-performing loans/Customer loans	1.9	1.9	
Net watchlist loans/Customer loans	1.1	1.2	
• PROFITABILITY RATIOS (%)	**06/30/2006**	**12/31/2005**	
Cost/Income ratio	59.5	64.8	
Cost/Income ratio restated according to operating criteria (2)	58.5	63.3	
R.O.E. (on average equity)	12.2	11.6	
R.O.E. (on year-end equity)	13.0	12.9	
Net adjustments to loans / Year-end investments	0.51	0.51	
• CAPITAL RATIOS (%)	**06/30/2006**	**12/31/2005**	
Solvency ratio	10.00	9.16	
Tier 1 ratio	6.81	6.51	
(°) determined using the Bank of Italy's prudential filters; (°°) estimated using the Bank of Italy's prudential filters			
• INFORMATION ON BMPS STOCK	**06/30/2006**	**12/31/2005**	
Number of ordinary shares outstanding	2,448,491,901	2,448,491,901	
Number of preference shares outstanding	565,939,729	565,939,729	
Number of savings shares outstanding	9,432,170	9,432,170	
Price per ordinary share:			
average	4.44	3.13	
low	3.72	2.43	
high	5.07	4.17	
• OPERATING STRUCTURE	**06/30/2006**	**12/31/2005**	**Abs. Chg**
Total head count - year-end	26,643	26,542	101
Number of branches in Italy	1,877	1,862	15
Number of branches & rep. offices abroad	33	30	3

(1) Values do not include index-linked funding, included as usual in the aggregate "assets under management".

(2) It is calculated excluding early retirement costs (26 mln. € in 1H06) and (73 mln.€ in 2005).

MPS Group

■ RECLASSIFIED BALANCE SHEET (mln.€)

ASSETS	06/30/2006	06/30/2005	% chg
Cash and cash equivalents	436	501	-12.9
Receivables :			
a) Customer loans (1)	86,124	78,887	9.2
b) Due from banks	11,358	9,789	16.0
Financial assets held for trading	40,505	44,345	-8.7
Financial assets held to maturity	4,214	4,137	1.9
Equity investments	717	595	20.5
Underwriting reserves/reinsurers	11	9	20.7
Tangible and intangible fixed assets	3,406	3,241	5.1
of which:			
a) goodwill	*740*	*740*	*-0.1*
Other assets	6,748	7,907	-14.7
Total assets	**153,520**	**149,411**	**2.7**

LIABILITIES	06/30/2006	06/30/2005	% chg
Payables			
a) Due to customers and securities (2)	96,263	91,252	5.5
b) Due to banks	16,476	16,004	3.0
Financial liabilities from trading	13,144	15,824	-16.9
Provisions for specific use			
a) Provisions for employee leaving indemnities	398	405	-1.7
b) Reserve for retirement benefits	330	424	-22.2
c) Other reserves	566	663	-14.7
Other liabilities	7,007	7,580	-7.6
Underwriting reserves	11,868	10,745	10.5
Group portion of shareholders' equity	7,430	6,482	14.6
a) Valuation reserves	579	846	-31.6
b) Reimbursable shares	0	0	n.s.
c) Capital instruments	46	46	0.0
d) Reserves	3,765	3,170	18.8
e) Share premium account	545	523	4.3
f) Share capital	2,026	1,935	4.7
g) Treasury shares (-)	-10	-410	-97.5
h) Net profit (loss) for the year	480	372	28.9
Minority interests in shareholders' equity	37	32	15.5
Total liabilities and shareholders' equity	**153,520**	**149,411**	**2.7**

(1) "Customer loans" at June 2005 do not include numbers relative to tax collection area, restated in "Other assets".

(2) Figures include Index linked funding restated in "Due to customers" - "Other liabilities" of "Insurance companies" (6.431 mln.€ at 06/30/06)

MPS GROUP

■ INCOME STATEMENT RESTATED ACCORDING TO OPERATING CRITERIA

mln.€

	06/30/2006 (°)	06/30/2005 restated (*)	change Abs.	change %
Net interest income	**1,318.8**	**1,268.2**	**50.6**	**4.0%**
Net commissions	903.0	881.1	21.9	2.5%
Income from banking activities	**2,221.8**	**2,149.3**	**72.5**	**3.4%**
Dividends, similar income and profits (losses) from equity investments	30.3	61.0	-30.7	-50.3%
Net result from realisation/valuation of financial assets	228.4	116.3	112.0	96.3%
Net gain (loss) from hedging	-1.8	-8.5	6.8	ns.
Net insurance income (loss)	41.5	56.0	-14.5	-25.9%
Financial and insurance income (loss)	**2,520.2**	**2,374.2**	**146.1**	**6.2%**
Net adjustments for impairment of:				
a) loans	-220.9	-198.4	22.4	11.3%
b) financial assets	-13.9	2.2	ns.	ns.
Net financial and insurance income (loss)	**2,285.5**	**2,178.0**	**107.5**	**4.9%**
Administrative expenses:	-1,433.2	-1,414.0	19.2	1.4%
a) personnel expenses	-951.7	-938.1	13.7	1.5%
b) other administrative expenses	-481.5	-476.0	5.5	1.2%
Net adjustments to the value of tangible and intangible fixed assets	-66.5	-73.6	-7.2	-9.8%
Operating expenses	**-1,499.7**	**-1,487.7**	**12.0**	**0.8%**
Net operating income	**785.8**	**690.3**	**95.5**	**13.8%**
Net provisions for risks and liabilities and Other operating income/costs	24.1	-30.1	54.2	ns.
Goodwill impairment	-0.3	-29.0	28.7	ns.
Gains (losses) from disposal of investments	0.17	0.0	0.1	ns.
Gain (loss) from current operations before taxes	**809.7**	**631.1**	**178.7**	**28.3%**
Taxes on income for the year from current operations	-322.6	-249.0	73.6	29.6%
Gain (loss) from current operations after taxes	**487.1**	**382.1**	**105.0**	**27.5%**
Gain (loss) on fixed assets due for disposal, net of taxes	0.0	-0.2	0.2	ns.
Minority interests in profit (loss) for the year	-7.0	-9.5	-2.5	-26.2%
Net profit (loss) for the year	**480.1**	**372.4**	**107.7**	**28.9%**

(°) 2006 figures include "line by line" tax collection area results

(*) Data restated according Bankit rules (circular n. 262 at december 2005).

■ QUARTERLY TREND IN INCOME STATEMENT FIGURES RECLASSIFIED ACCORDING TO OPERATING CRITERIA (mln.€)

Gruppo MPS	2006 2nd quarter	2006 1st quarter	2005 (*) 4th quarter	2005 (*) 3rd quarter	2005 (*) 2nd quarter	2005 (*) 1st quarter	Quarterly Avg. 2005	Quarterly Avg. 2006
Net interest income	**671.8**	**647.0**	**673.2**	**636.8**	**633.1**	**635.1**	**644.5**	**659.4**
Net commissions	441.2	461.8	459.2	441.0	449.9	431.1	445.3	451.5
Income from banking activities	**1,113.0**	**1,108.9**	**1,132.4**	**1,077.7**	**1,083.0**	**1,066.2**	**1,089.8**	**1,110.9**
Financial and insurance income (loss)	**1,196.3**	**1,323.9**	**1,179.7**	**1,173.6**	**1,200.0**	**1,174.2**	**1,181.9**	**1,260.1**
Net adjustments for impairment of:								
a) loans	-113.4	-107.5	-124.7	-103.7	-109.2	-89.2	-106.7	-110.4
b) financial assets	-11.9	-1.9	-137.7	-3.7	1.1	1.1	-34.8	-6.9
Net financial and insurance income (loss)	**1,071.0**	**1,214.5**	**917.3**	**1,066.1**	**1,091.9**	**1,086.1**	**1,040.3**	**1,142.7**
Operating expenses	**-748.6**	**-751.0**	**-815.8**	**-761.2**	**-743.8**	**-743.8**	**-766.2**	**-749.8**
Net operating income	**322.3**	**463.5**	**101.5**	**304.9**	**348.0**	**342.2**	**274.2**	**392.9**
Gain (loss) from current operations before taxes	**345.2**	**464.5**	**166.2**	**298.0**	**320.9**	**310.1**	**273.8**	**404.9**
Profit/(loss) for the year	**202.6**	**277.5**	**216.5**	**201.3**	**209.3**	**163.1**	**197.5**	**240.1**

(*) Data restated according Bankit rules (circular n. 262 at december 2005).

■ SEGMENT REPORTING -

mln.€

06/30/2006	Retail Banking	% chg.	Private Banking	% chg.	Corporate Banking	% chg.	Investment Banking	% chg.
Income aggregates								
Financial and insurance income (loss)	**986.7**	**8.9%**	**70.0**	**22.6%**	**916.2**	**-0.2%**	**229.9**	**7.6%**
Net adjustments for impairment of loans and financial assets	-65.2	24.1%	-0.3	59.6%	-155.2	8.6%	0.0	n.s.
Operating expenses	-604.0	-0.2%	-32.9	2.0%	-488.0	0.0%	-51.2	1.7%
Net operating income	**317.5**	**28.0%**	**36.9**	**49.2%**	**272.9**	**-5.0%**	**178.7**	**9.4%**
Capital aggregates								
Customer loans	22,739.1	20.4%	388.3	3.9%	49,825.2	7.3%	37.3	18.4%
Due to customers and securities	36,866.1 *	8.3%	3,207.2	18.8%	20,127.8	6.7%	176.9	-7.3%
AuM	30,954.6	1.4%	10,374.7	14.3%	4,421.1	-0.2%		
Profitability Ratios								
Cost Income	61.2%		46.9%		53.3%		22.3%	
Raroc	34.1%		380.5%		9.0%		88.4%	

(*) Values do not include index-linked funding, included as usual in the aggregate "assets under management".

(euro/000)

	Assets	30 06 2006	31 12 2005
10	Cash and cash on deposit	436,440	562,813
20	Financial assets held for trading	32,746,858	37,473,143
30	Financial assets at fair value	2,622,922	2,660,106
40	Financial assets available for sale	5,134,973	5,685,270
50	Financial assets held to maturity	4,214,206	4,301,729
60	Due from banks	11,357,858	9,993,556
70	Loans to costumers	86,124,218	83,526,121
80	Hedging derivatives	38,809	9,830
90	Value adjustment on financial assets with generic coverage (+/-)	32,894	64,774
100	Equity investment	717,310	702,846
110	Technical reserves reassured with third parties	10,935	11,897
120	Fixed Assets	2,542,489	2,639,538
130	Intangible assets	863,576	877,810
	of which: goodwill	*739,808*	*740,172*
140	Tax assets	1,204,640	1,308,273
	a) current	*448,307*	*436,842*
	b) anticipated	*756,333*	*871,431*
150	Non current assets (or disposal groups) held for sale and discontinued operations	1,630,314	6,231
160	Other	3,841,101	3,925,156
	Total	**153,519,543**	**153,749,093**

(euro/000)

	Total liabilities and Shareholders'equity	30 06 2006	31 12 2005
10	Due to banks	16,476,106	16,207,175
20	Due to costumers	54,954,151	53,186,400
30	Securities	24,041,255	23,449,053
40	Financial liabilities held for trading	13,143,511	17,106,230
50	Financial liabilities at fair value	17,267,818	17,643,054
60	Hedging derivatives	99,674	64,922
70	Value adjustment on financial liabilities (+/-)	-	-
80	Tax Liabilities	406,728	387,107
	a) Current	157,971	*116,325*
	b) postponed	248,757	*270,782*
90	Liabilities in disposal groups held for sale ans discontinued operations	1,027,206	-
100	Other	5,473,548	4,931,060
110	Staff severance indemnity reserve	397,770	403,413
120	Reserve for risks and other charges	896,073	1,134,704
	a) pension fund and similar obligations	330,139	*548,613*
	b) other provisions	565,934	*586,091*
130	Techical reserves	11,868,188	11,921,799
140	Revaluation reserves	578,539	617,982
150	Refundable shares	-	
160	Capital instruments	46,077	46,077
170	Reserves	3,764,633	3,346,183
180	Paid-in Capital	545,320	539,461
190	Share capital	2,025,989	2,025,989
200	Own shares (-)	(10,301)	(97,467)
210	Minority interests (+/-)	37,142	45,755
220	Profit (loss) for the year	480,116	790,196
	Total liabilities and Shareholders'equity	**153,519,543**	**153,749,093**

(euro/000)

	Account	30 06 2006	30 06 2005
10	Interest and similar income	2,884,602	2,661,980
20	Interest and similar expense	(1,381,654)	(1,194,630)
30	**Net Interest Income**	**1,502,948**	**1,467,350**
40	Commissions earned	852,987	716,780
50	Commission expense	(103,989)	(111,278)
60	**Net Commissions**	**748,998**	**605,502**
70	Dividends and other income	308,677	378,674
80	Net Profit from trading	(108,921)	53,620
90	Net Profit from hedging	(1,794)	(8,549)
100	Profit / Loss	51,312	70,895
	a) loans	*74*	*4*
	b) available for sale financial assets	*88,875*	*70,891*
	c) held to maturirty investment	-	-
	d) other financial assets	*(37,637)*	-
110	Fair Value financial assets and liabilities	597	(262,130)
120	**Total Income**	**2,501,817**	**2,305,362**
130	Net value adjustments on:	(239,856)	(275,044)
	a) loans	*(225,961)*	*(277,910)*
	b) available for sale financial assets	*(12,362)*	*5,674*
	c) held to maturirty investment	-	-
	d) other financial assets	*(1,533)*	*(2,808)*
140	**Net Income from financial operation**	**2,261,961**	**2,030,318**
150	Net Premiums	987,051	1,587,972
160	Net Income loss from insurance operations	(1,127,765)	(1,772,699)
170	**Net Income from financial and insurance operations**	**2,121,247**	**1,845,591**
180	Administrative expenses	(1,417,088)	(1,365,969)
	a) personnel	*(883,302)*	*(840,944)*
	b) other administrative expenses	*(533,786)*	*(525,025)*
190	Provisions for risks and charges	(12,291)	(2,796)
200	Valuation adjustments to fixed assets	(33,130)	(36,767)
210	Valuation adjustments to intangible assets	(31,841)	(43,553)
220	Other operating income/expenses	129,818	219,124
230	**Operating costs**	**(1,364,532)**	**(1,229,961)**
240	Income (loss) from investments	6,242	16,100
250	Net value adjustments on tangible and intangible assets designated at fair value	-	-
260	Value adjustments of goodwill	(292)	(29,021)
270	Income (loss) from disposal of investments	170	(31)
280	**Income (loss) before taxes from continuing operations**	**762,835**	**602,678**
290	Income taxes	(314,073)	(241,231)
300	**Income (loss) after taxes from continuing operations**	**448,762**	**361,447**
310	Income (loss) from disposal of non continuing operations net of taxes	38,351	20,450
320	**Profit (loss) for the period prior to minority interests**	**487,113**	**381,897**
330	Profit (loss) prior to minority interests	6,997	9,479
340	**Profit (loss) for the period**	**480,116**	**372,418**