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PRESS RELEASE

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Banks: ABI, innovation, efficiency and cost control to be competitive in Europe

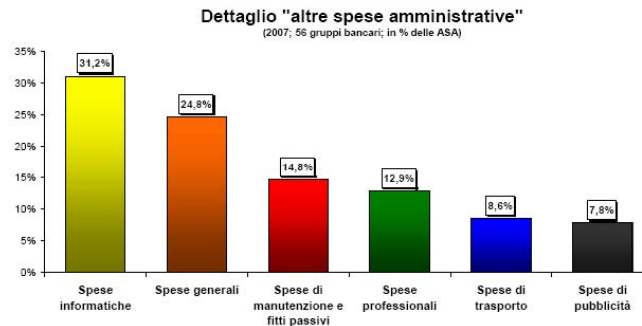
*In 2007, Italian banking groups incurred total expenditure amounting to 45 billion euros, 1.8% higher than the previous year. Growing attention has been paid to technological innovation and efficiency. The overall picture of the banks' operating costs has been presented at the "Costs & Business" conference, held today in Rome.*

Company reorganization following the recent mergers, compliance with EU rules and standards, technological innovation, and cost control to improve efficiency and be competitive at a national and international level. These are the pillars of Italian banks' development plans, revealed by the annual survey of banks' administrative costs conducted by ABI's Task Force on 56 banking groups representing 90% of the Italian banking sector in terms of total assets; the survey has been presented today at the "Costs & Business" conference in Rome.

In 2007, the Italian banking groups monitored by ABI's Task Force incurred total expenditure amounting to 45 billion euros, 1.8% higher than the previous year. The highest costs were "personnel" costs, which accounted for approximately 28.5 billion euros of banks' budget, 3.2% higher than in 2006. The banking sector also incurred "other administrative expenses" amounting to 16.3 million. These expenses were divided into six types of expenses: technological innovation was ranked first, with 31.2% of investments, "general expenses" followed (24.8%, of which 17.4% was "indirect taxes"), "maintenance costs and rents payable" (14.8%), "professional expenses" (12.9%, advice, legal costs etc.), "transportation costs" (8.6%) and "advertising costs" (7.8%).

Compared to the previous year, "other administrative expenses" were down by 2.9%, thanks to expense rationalization programs. The ABI survey, actually, reveals that almost all the Italian banking groups have adopted cost control strategies, mainly through outsourcing. Specifically, 68% of banks has renegotiated their large supply contracts, 64% has replaced direct investments with fixed asset and machinery hire and leasing and 27% has built strategic alliances with their suppliers.

For what concerns Italian banks' accounts, 2007 was also a year of mergers and acquisitions, with the new phase of restructuring currently underway in the sector. In fact, 28% of the 6.3 billion euros of "non-recurring charges" was invested in the abovementioned mergers and acquisitions. Overall, "one-off expenses" accounted for 40% of administrative costs incurred by banks during the year.



Breakdown: "Other administrative expenses" (2007; 56 banking groups; expenses as a percentage of other administrative expenses): "IT costs" (31.2%); "general expenses" (24.8%); "maintenance costs and rents payable" (14.8%) "professional expenses" (12.9%), "transportation costs" (8.6%) "advertising costs" (7.8%).

Rome, Palazzo Altieri, October 15, 2008