

PRESS RELEASE

Banks: ABI, upward trend in employment growth confirmed despite ongoing crisis

2008 ABI Report presented: no staff lay-offs, despite the economy and international markets facing difficulties.

Faissola: "The challenge regarding competition and efficiency is not giving rise to any issue pertaining to 'non-permanent workers'. The relationship with customers and Italy is essential for the banking sector's growth and stability". We must continue to take actions aimed at closing the gap with the major EU competitors in terms of key cost indicators.

Italian banks are still capable of maintaining steady levels of employment, despite the difficulties that the economy and international markets are currently facing: in 2007 the upward trend in the employment growth of 0.5%, with respect to 2006, was confirmed and the number of workers rose to approximately 345,000. Moreover, since 96% of total employees are permanent employees, issues do not arise with respect to 'non-permanent workers' in the banking sector. On the matter, actually, apprenticeship (+2% in 2007), which was further improved by the last contract renewal, still represents the right solution, in accordance with Italian law, to balance the need for flexibility with regard to human resource management and the possibility of favoring young people entering the workforce. Moreover, it entails a significant investment and, in the majority of cases, after the training program, trainees are employed under an open-ended contract. Professional skills remain high, since 31.2% of total employees are college graduates (in 2005, graduates were 25%), while the percentage of women working in the banking sector continues to rise (41.1% of total workers at the end of 2007, with a 1.1% increase with respect to 2006 and a 10 percentage point increase with respect to 1997).

These are some of the figures revealed in the 2008 ABI Report, sixteenth issue, regarding the labor market in the financial industry, presented today in Rome by Corrado Faissola, President of ABI. In light of a difficult year, a broad overview of Italian banks' competitive position is provided, also including plenty of information regarding human resources, human resource management and cost.

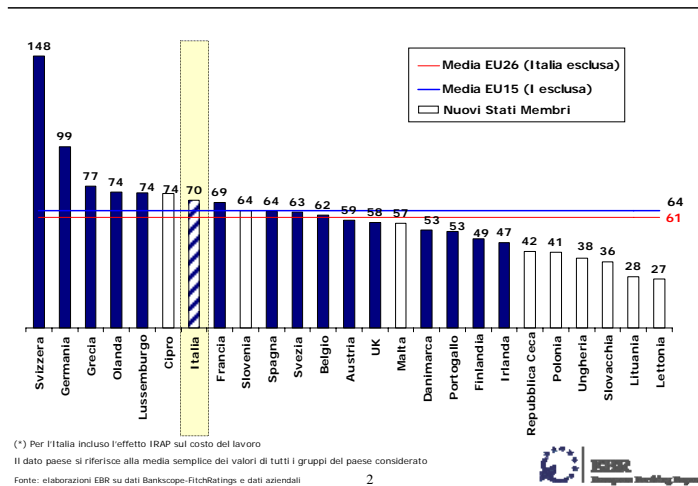
For what concerns the international competitive challenge, Italian intermediaries are still facing problems with regard to managing the labor element: therefore, we must continue to take actions aimed at closing the gap with the major EU competitors in terms of key cost indicators. On the other hand, for what concerns unit labor cost trends, at the end of the year unit labor cost for major Italian banking groups was 70,000 euros, still approximately 10,000 euros higher than the EU-25 average. Regarding the labor cost/brokerage margin ratio, Italian banks, with a ratio of 37%, are still above the European average of 34%. At the same time, in Italy, labor costs account for 61.3% of total operating costs, with respect to the EU average of 53%.

According to Corrado Faissola: "given the ongoing economic situation, it is necessary to continue to meet banks' need for being competitive as well as workers' needs. Balancing these needs is essential, especially for a sector that has to measure itself against international players in terms of

continuously developing efficiency and growth. Achieving this by creating ‘positive employment’ in our sector, where issues do not arise with regard to non-permanent workers, is a further incentive.” Faissola also recalled that “in a scenario where the business models that led to the ongoing crisis, foreign to Italian banks, are questioned, the Italian banking industry is strongly committed to mitigating the impact of the crisis on manufacturing businesses and companies, as well as on households. The ability to promote the traditional link between customers and the country has proven to be crucial, especially at this stage”.

The ABI report was presented by Giancarlo Durante, General Manager of ABI’s Trade Unions and Labor Department and Luigi Prosperetti, Full Professor of Political Economy at “Università degli Studi” University of Milan. Following, speeches by Giancarlo Forestieri, Full Professor of Economics of Financial Intermediaries at “L. Bocconi” University, and Arturo Maresca, Full Professor of Labor Law at “La Sapienza” University of Rome.

LABOR COST * PER EMPLOYEE IN EU26 MARKETS



EU-26 average (excluding Italy) - 61
 EU-15 average (excluding Italy) - 64
 New Member States

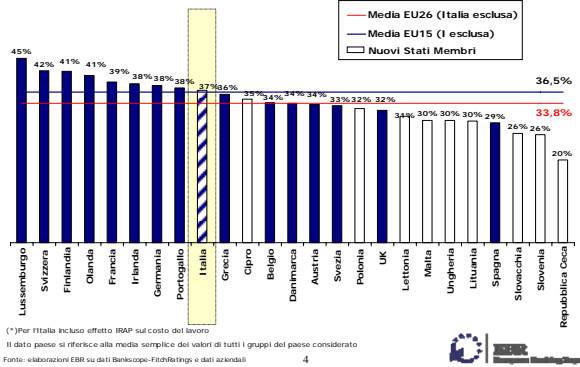
Switzerland (148), Germany (99), Greece (77), the Netherlands (74), Luxembourg (74), Cyprus (74), Italy (70), France (69), Slovenia (64), Spain (64), Sweden (63), Belgium (62), Austria (59), UK (58), Malta (57), Denmark (53), Portugal (53), Finland (49), Ireland (47), Czech Republic (42), Poland (41), Hungary (38), Slovakia (36), Lithuania (28), Latvia (27)

(*) For Italy: including the effect of IRAP (Italian regional tax on production) on labor cost

The figure for each country refers to the average of values regarding all the groups belonging to the relevant country

Sources: Bankscope-Fitch Ratings and corporate data processed by EBR

LABOR COST AS A % OF BROKERAGE MARGIN



EU-26 average (excluding Italy) – 33.8%

EU-15 average (excluding Italy) – 36.5%

New Member States

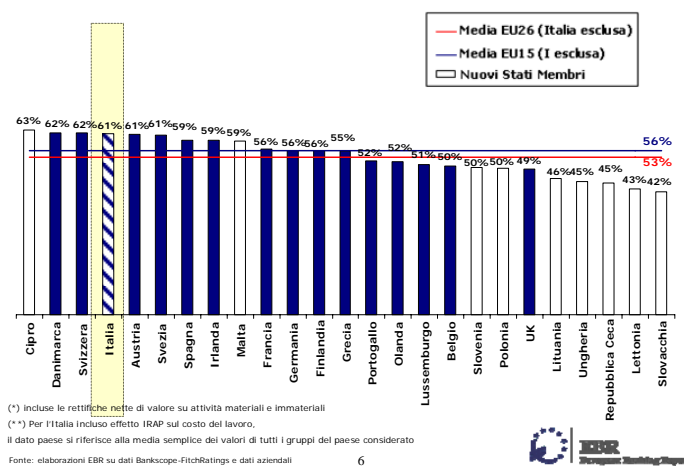
Luxembourg (45%), Switzerland (42%), Finland (41%), the Netherlands (41%), France (39%), Ireland (38%), Germany(38%), Portugal(38%), Italy (37%), Greece (36%), Cyprus (35%), Belgium (34%), Denmark (34%), Austria (34%), Sweden (33%), Poland (32%), UK (32%), Latvia (31%), Malta (30%), Hungary (30%), Lithuania (30%), Spain (29%), Slovakia (26%), Slovenia (26%), Czech Republic (20%)

(*) For Italy: including the effect of IRAP (Italian regional tax on production) on labor cost

The figure for each country refers to the average of values regarding all the groups belonging to the relevant country

Sources: Bankscope-Fitch Ratings and corporate data processed by EBR

LABOR COST AS A % OF OPERATING COSTS



EU-26 average (excluding Italy) – 53%

EU-15 average (excluding Italy) – 56%

New Member States

Cyprus (63%), Denmark (62%), Switzerland (62%), Italy (61%), Austria (61%), Sweden (61%), Spain (59%), Ireland (59%), Malta (59%), France (56%), Germany (56%), Finland (56%), Greece (55%), Portugal (52%), the Netherlands (52%), Luxembourg (51%), Belgium (50%), Slovenia (50%), Poland (50%), UK (49%), Lithuania (46%), Hungary (45%), Czech Republic (45%), Latvia (43%), Slovakia (42%)

(*) Including net adjustments to tangible and intangible assets

(**) For Italy: including the effect of IRAP (Italian regional tax on production) on labor cost

The figure for each country refers to the average of values regarding all the groups belonging to the relevant country

Sources: Bankscope-Fitch Ratings and corporate data processed by EBR

Rome, Palazzo Altieri, 16 December 2008