



Keefe, Bruyette & Woods

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Banco Popolare risk profile: low structural risks

Business Model Focus on Retail

- Deep local roots in core market territory.
- Banking business mainly focused on households, small businesses and medium-sized corporates.
- Core business accounts for 93% of total revenues.

Sound Balance Sheet Structure and Liquidity Pos.

- Loan/Deposit ratio of 0.91 as of 30 June 2009.
- Funding needs are structurally covered until 2011.
- Low leverage.

Low risks of assets

- 97% of the core business is domestic.
- Strong diversification of the loan portfolio, which was subject to strict valuation rigor and provisioning in 2008.
- Alignment of all participations in the merchant banking portfolio to market values.

No Investments in Toxic Assets

- No exposure to the subprime mortgage sector, monoliners, CDOs/CBOs (see slide 8).
- No investment in structured credit products.
- No investment in structured investment products on market variables.
- Low VAR of the trading book: max. about €14m in H1 2009 (holding period = 1 day; confidence interval = 99%) – about €5m on 30 June 2009.



H1 2009 performance highlights

- **Group recurring consolidated Net Income reaches €288.6m in H1 2009, substantially in line with the level of H1 2008 (€292.8m); including extraordinary items, substantially due to the application of the fair value option, Net Income comes in at €204.2m.**
- **Healthy performance of the recurring business in H1 2009:**
 - **Total income reaches €2,026.2m: +10.6% (*) ;**
 - **Profit from operations stands at €825.5m: +19.3%**
- **Net Commissions reach €497.3m: registering a decrease of 15.6% on a year-on-year basis, but rising strongly (+27.1%) in Q2 2009 (€278.4m) vs. Q1 2009 (€218.9m).**
- **Net Financial Result comes in at €398.2m on a recurring basis, showing a sharp increase from the level of €18.3m reached in H1 2008; including the write-down due to the FVO, deriving from the improvement of Bank's own credit-worthiness (-€138m) and the capital gains from the disposal of assets available for sale (+€7m), it stands at +€267.2m in H1 2009.**
- **Costs under control: Personnel expenses are slightly down year-on-year (-0.3%). Non-personnel costs, excluding the impact of the discontinuity related to VAT taxation on infragroup items and rental costs for operating real estate assets (Eracle real estate fund) decline 4.4% year-on-year (+12.9% on a non-homogeneous basis).**
- **Asset quality more than satisfactory: annualised cost of credit risk of 65bps in H1 2009, in line with the level of 70 bps budgeted for the full year of 2009.**

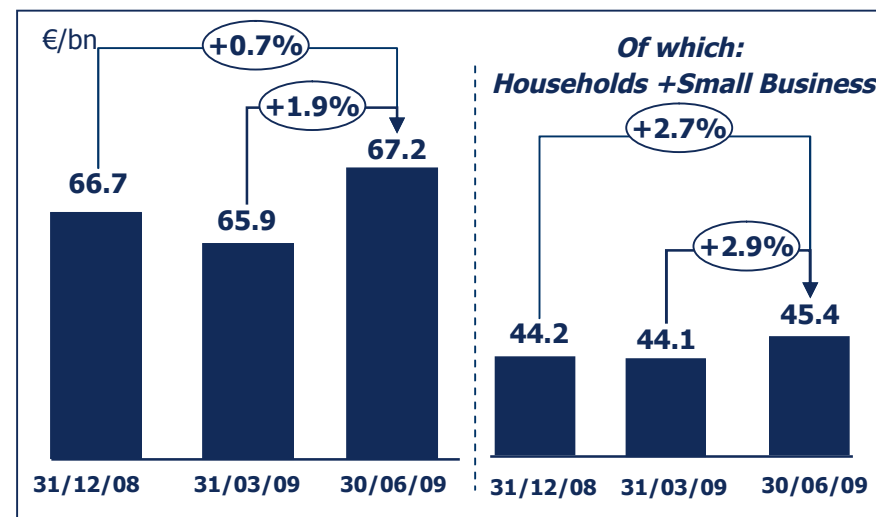
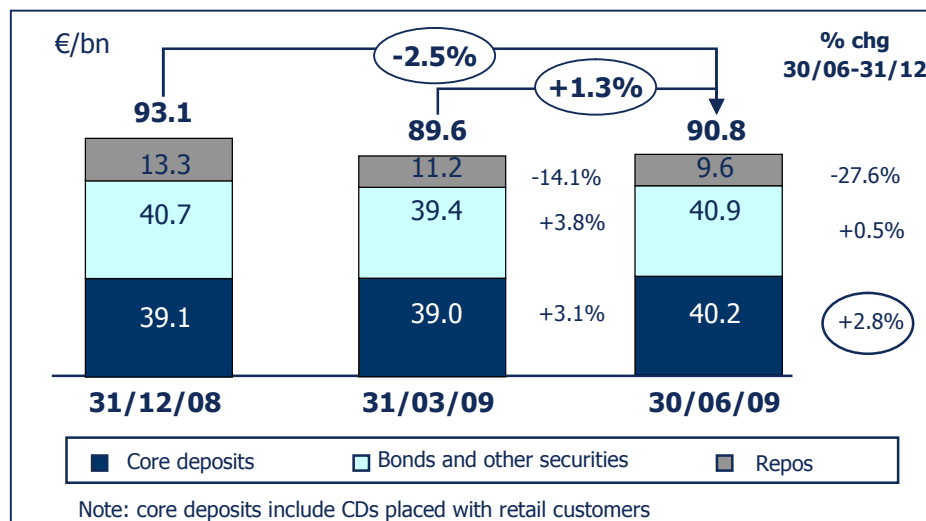
* Pro-forma data excluding the 33 Tuscany-based branches sold in Sept. 2008.

Direct customer funds: growth in retail segment

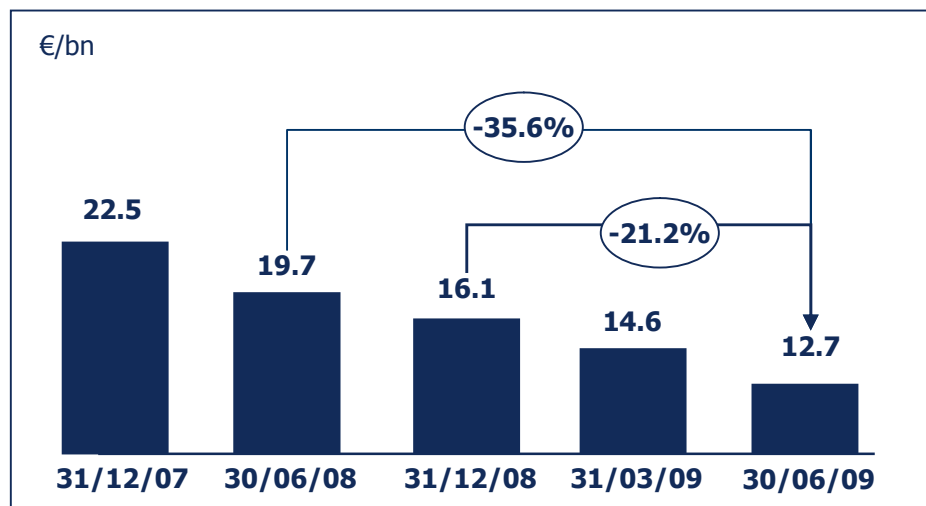
Total Group direct customer funds

(period-end data)

o/w: direct cust. funds of the Banks of the Territory



o/w: wholesale funding (EMTN and London) ⁽ⁱ⁾



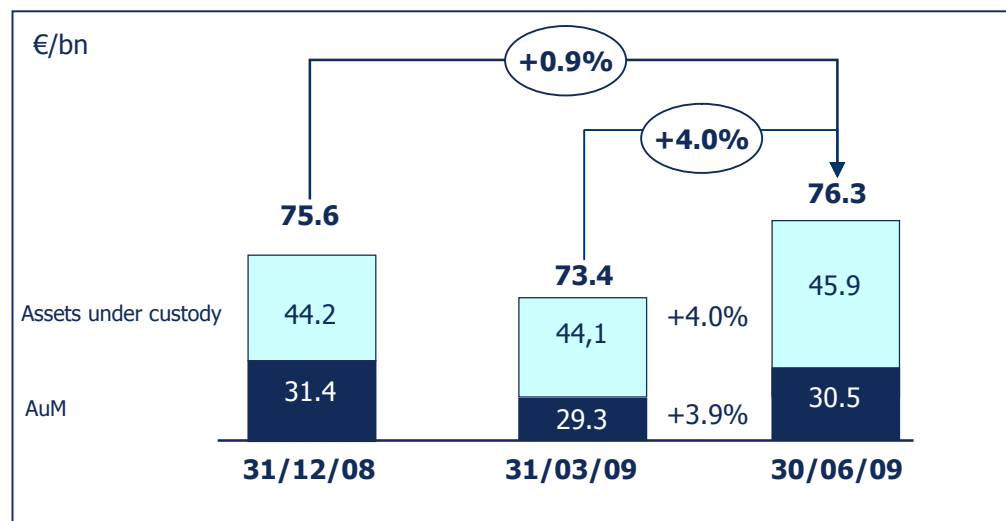
Comments

- Group total direct funds decreased 2.5% with respect to year-end 2008 and increased 1.3% in Q2 2009.
- Increase in core deposits of 2.8% since year-end 2008, in particular in the Household and Small Business segments (+2.7% vs Dec.' 08)
- Ongoing reduction of wholesale funding (EMTN/ECP/ECD).

(i) Figures exclude funds of Efibanca, Banca Aletti and other minor.

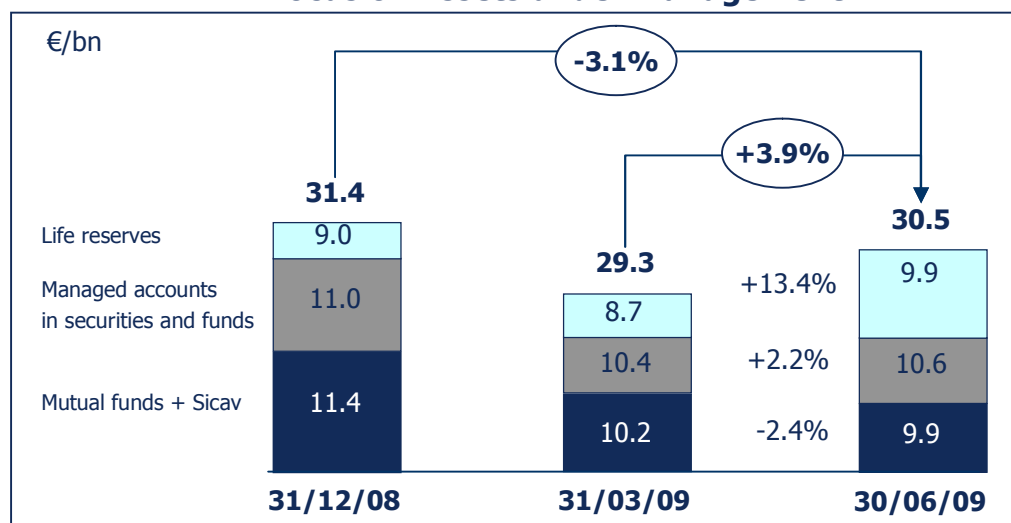
Indirect customer funds

Indirect customer funds



Indirect customer funds rose both YTD and in Q2 2009.

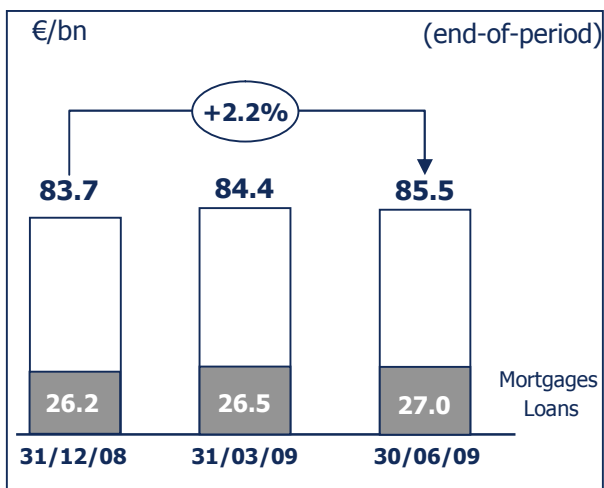
Focus on Assets under Management



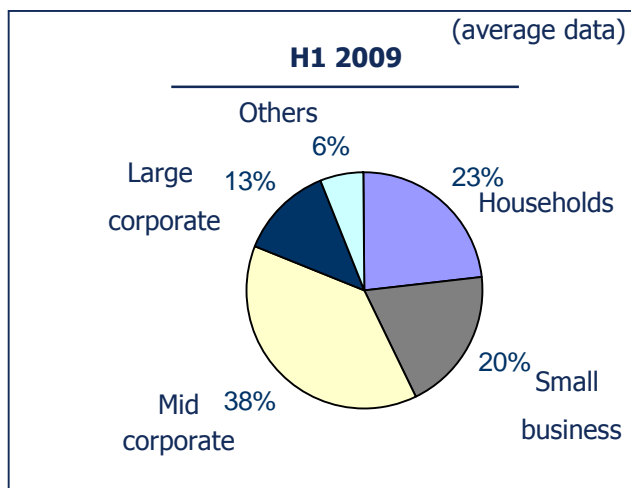
Assets under Management are down from year-end 2008, but have recovered in Q2 2009, thanks above all to bancassurance activities.

Customer loans

Group gross customer loans



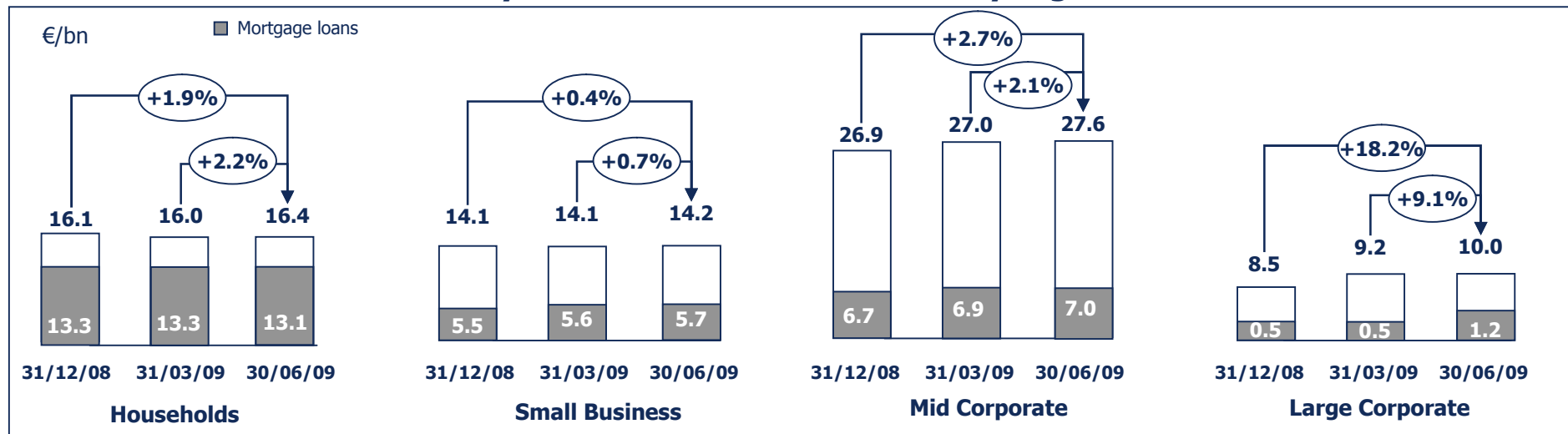
BoT cust. loans by segment



Comments

- In H1 2009 Group gross customer loans rose 2.2% YTD.
- The increase is focused on the corporate segments, with particular attention on the risk/return ratio; increase also in the Household and SME segments.

Banks of the Territory: increase of customer loans by segments* (end-of-period data)



* Customer loans excluding non-performing loans ("sofferenze"). Pro-forma data to account for the 33 Tuscany-based branches and Banca Popolare di Mantova sold in 2008.

Analysis of the proprietary securities portfolio

Focus on the proprietary portfolio as of 30/06/2009

Assets	Amount. (€/bn)	Comp. (%)
- Treasury securities	5.6	61.4%
- Senior investment grade bonds*	2.0	22.0%
- 'SUBPRIME', CLO, CDO and CBO	0	0%
- Monolines	0	0%
- Emerging markets: bonds & equity sec.	0	0%
- ABS (AAA rating)	0.1	1.5%
- Stakes in OICR	0.8	8.5%
- Equities	0.2	2.3%
- Other securities	0.4	4.3%
Total	9.2	100%
- AFS securities	0.8	
Total	10.0	

- Absence of risks related to securities in the SUBPRIME mortgage sector

- Absence of major financial market risks.

* Of which €1.1bn of Italian-based issuers.

Income statement - post PPA

Reclassified consolidated income statement

(thousand euro)	H1 09	H1 08	% chg
Net interest income	1,025,763	1,131,010	(9.3%)
Profit (loss) on equity investments carried at equity	37,293	32,448	14.9%
Net interest, dividend and similar income	1,063,056	1,163,458	(8.6%)
Net commissions	497,327	589,129	(15.6%)
Other revenues	89,689	86,101	4.2%
Net financial income	267,236	123,444	116.5%
Other operating income	854,252	798,674	7.0%
Total income	1,917,308	1,962,132	(2.3%)
Personnel expenses	(732,813)	(735,193)	(0.3%)
Other administrative expenses	(391,889)	(347,064)	12.9%
Amortization and depreciation	(76,022)	(82,986)	(8.4%)
Operating costs	(1,200,724)	(1,165,243)	3.0%
Profit from operations	716,584	796,889	(10.1%)
Net write-downs on impairment of loans, guarantees and commitments	(270,349)	(196,984)	37.2%
net write-downs on impairment of other financial transactions	(12,003)	(25,718)	(53.3%)
Net provisions for risks and charges	(48,476)	(33,498)	44.7%
Impairment of goodwill and equity investments	(3,149)	-	
Profit (loss) on disposal of equity and other investments	101,598	124,061	(18.1%)
Income before tax from continuing operations	484,205	664,750	(27.2%)
Tax on income from continuing operations	(246,103)	(233,091)	5.6%
Income after tax from continuing operations	238,102	431,659	(44.8%)
Income (Loss) after tax from non-current assets held for sale (*)	(29,784)	14,485	n.s
Integration charges after tax	-	(24,259)	n.s
Net income for the period	208,318	421,885	(50.6%)
Minority interest	(4,139)	(30,555)	(86.5%)
Net income for the period attributable to the Parent company	204,179	391,330	(47.8%)

(*) Includes results of shareholdings acquired as part of the merchant banking activity.

(**) -€11,034mln have been reclassified from "Net financial income" to "Net interest income" for a homogeneous comparison.

Memo

Q1 09**	Q2 09	% chg
521,052	504,711	(3.1%)
13,551	23,742	75.2%
534,603	528,453	(1.2%)
218,948	278,379	27.1%
47,060	42,629	(9.4%)
281,166	(13,930)	n.s.
547,174	307,078	(43.9%)
1,081,777	835,531	(22.8%)
(369,841)	(362,972)	(1.9%)
(196,580)	(195,309)	(0.6%)
(37,639)	(38,383)	2.0%
(604,060)	(596,664)	(1.2%)
477,717	238,867	(50.0%)
(132,865)	(137,484)	3.5%
(3,186)	(8,817)	176.7%
(15,899)	(32,577)	104.9%
-	(3,149)	n.s.
100,778	820	n.s.
426,545	57,660	(86.5%)
(209,397)	(36,706)	(82.5%)
217,148	20,954	(90.4%)
(20)	(29,764)	n.s
-	-	-
217,128	(8,810)	(104.1%)
1,451	(5,590)	n.s.
218,579	(14,400)	n.s.

Income statement: revenues and costs

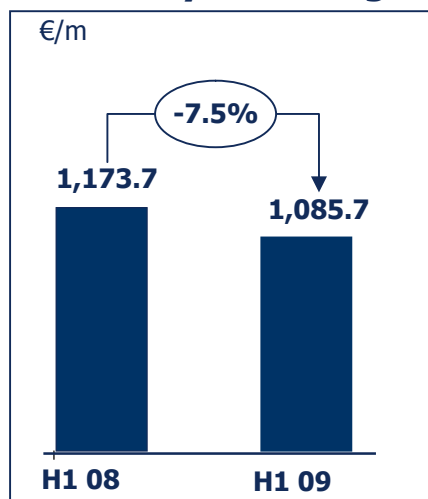
-7,9% on a pro-forma basis:
(excluding the 33 Tuscany-based
branches sold in Sept. 2008)

P&L - €/m	H1 09	H1 08	% chg	Q1 09	Q2 09
Total income:	1,917.3	1,962.1	-2.3%	1,081.8	835.4
• Net interest income	1,025.8	1,131.0	-9.3%	521.1	504.7
• Profit (loss) on equity investments carried at equity	37.3	32.4	14.9%	13.6	23.7
• Other operating income:	854.3	798.7	7.0%	547.2	307.0
- <i>Net commissions</i>	497.3	589.1	-15.6%	218.9	278.4
- <i>Other revenues</i>	89.7	86.1	4.2%	47.1	42.6
- <i>Net financial income</i>	267.2	123.4	116.5%	281.2	(14.0)
<i>of which: FVO (creditworthiness)</i>	(138.0)	101.6	-235.7%	80.3	(218.2)
Operating costs:	(1,200.7)	(1,165.2)	3.0%	(604.1)	(596.7)
• Personnel expenses	(732.8)	(735.2)	-0.3%	(369.8)	(363.0)
• Other administrative expenses	(391.9)	(347.1)	12.9%	(196.6)	(195.3)
• Amortization and depreciation	(76.0)	(83.0)	-8.4%	(37.6)	(38.4)
Profit from operations	716.6	796.9	-10.1%	477.7	238.8

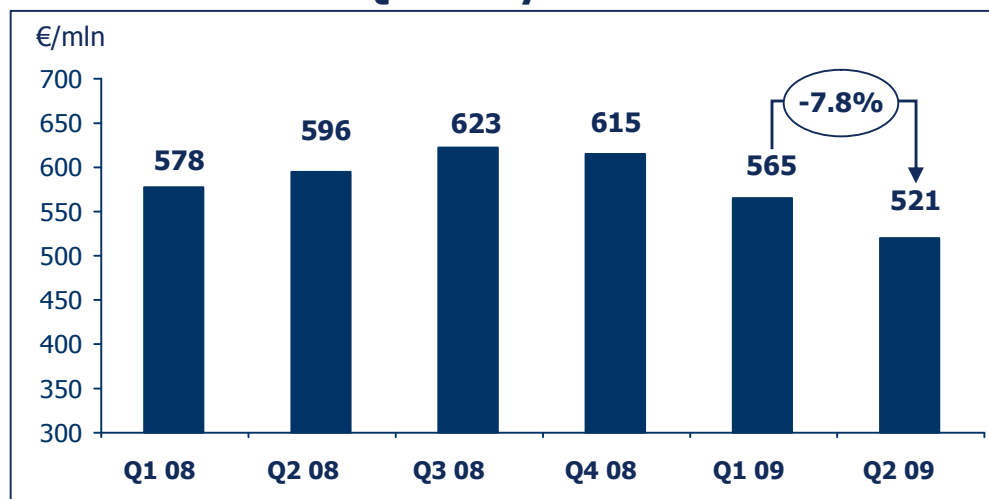
Excludes other Group companies (Holding BP, Banca Aletti, Efibanca, foreign banks)

Customer net interest income of the Banks of the Territory

Year-on-year change



Quarterly trend

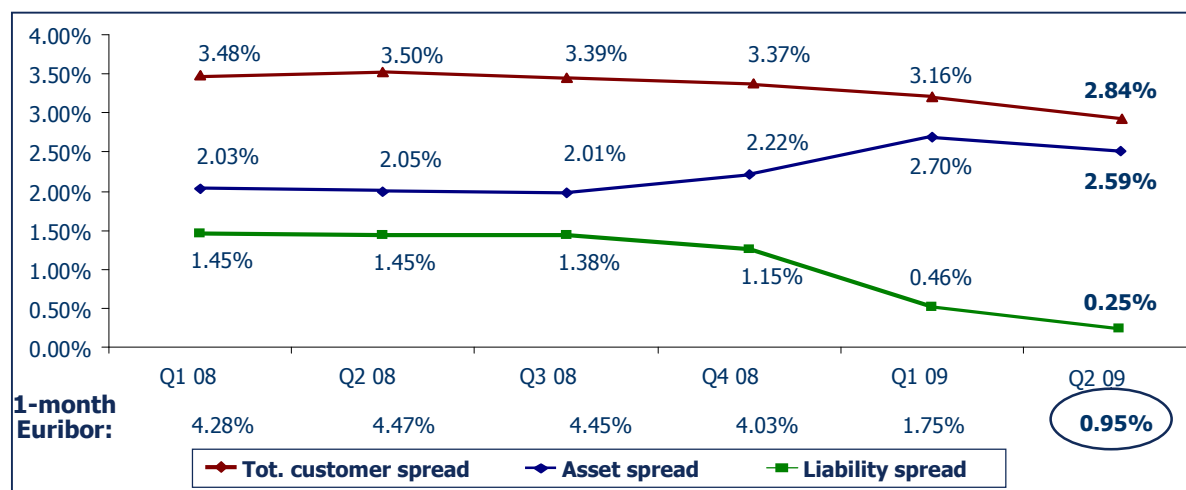


Drivers

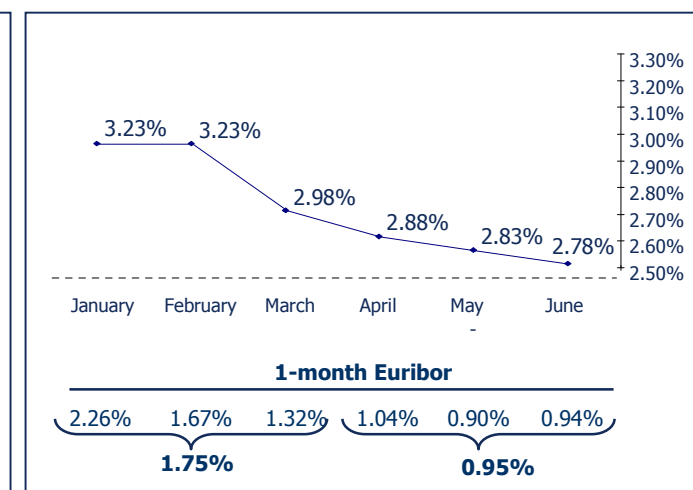
The NII of customer loans/cust. funds of the Banks of the Territory recorded a decline of **7.5%** y-o-y, corresponding to -**€88.0m** of which:

- volume effect: +€25.4m
 - Group lower spread, mainly due to a decrease of mark-down: -€110.1m
 - Time effect of days*: -€3.3m
- €84.7m**

Quarterly customers spreads...



... monthly spreads in 2009



Note: pro-forma figures exclude the disposal of Tuscany-based branches, BP Mantova and Banca Valori.

* A time effect of days has been calculated considering that H1 2009 has 1 day less in comparison with H1 2008.

Analysis of customer net interest income of the Banks of the Territory*

Change in NII customer loans & cust. Funds: H1 2009 vs H1 2008:
-€84.7m (excluding "time effect of days")

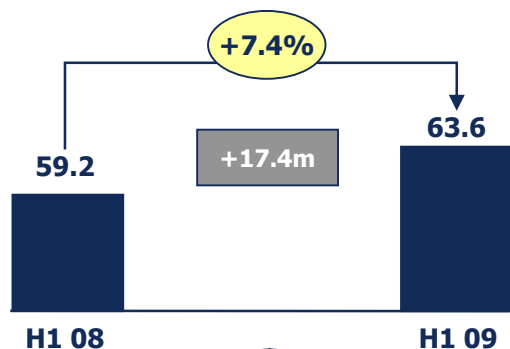
Drivers

Volumes: +€25.4m (interest income)

€/bn

Direct customer funds (average)

■ NII

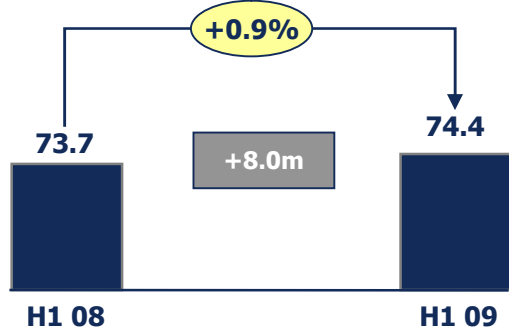


+

€/bn

Gross customer loans (average)

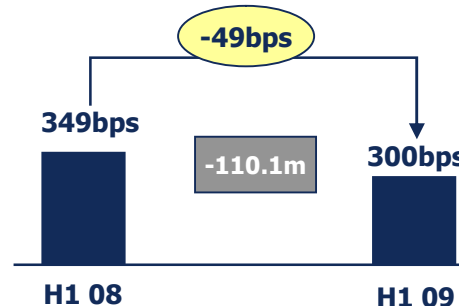
■ NII



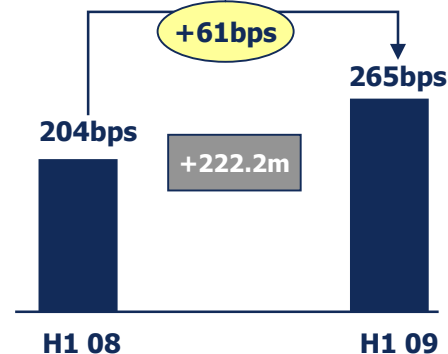
Customer Spread: -€110.1m (interest income)

Total customer spread (average)

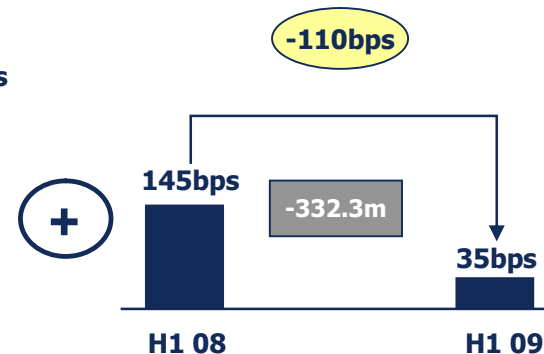
■ NII



Asset spread (average)



Liability spread (average)



* Analysis based on customer funds and loans of the Banks of the Territory.

Other operating income: net commissions

€/m

Analysis of Net commission income

	H1 09	H1 08	% chg	Q1 09	Q2 09	% chg
Management, brokerage and advisory services	286.8	364.6	-21.3%	125.0	161.8	29.4%
Recovery of expenses from checking accounts and other	81.6	92.8	-12.0%	37.1	44.5	20.1%
Payment and collection services	55.2	61.7	-10.6%	27.4	27.8	1.3%
Guarantees given	28.4	26.2	8.8%	14.2	14.2	-0.2%
Other services	45.2	43.9	3.0%	15.2	30.0	97.9%
Total	497.3	589.1	-15.6%	219.0	278.4	27.1%

Composition of 'Management, brokerage and advisory services'

	H1 09	H1 08	% chg	Q1 09	Q2 09	% chg
Assets management	64.5	140.2	-54.0%	32.5	32.0	-1.4%
Bancassurance	83.8	89.5	-6.3%	10.5	73.3	597.6%
Consumer credit and other	52.2	47.9	8.9%	26.7	25.5	-4.6%
Securities sale and distribution	43.4	55.6	-22.0%	34.8	8.6	-75.2%
Custodian bank	8.0	12.8	-37.8%	3.3	4.7	40.8%
Trading activity of branch customers	26.8	16.5	62.3%	11.5	15.3	32.8%
Other	8.2	2.0	302.1%	5.7	2.5	-57.3%
Total	286.8	364.6	-21.3%	125.0	161.8	29.4%

N.B.: The inflows of bancassurance products, that suffered a strong slowdown in Q4 2008 and in Q1 2009, enjoyed a sharp recovery in the month of May. This positive trend is expected to be confirmed also over the coming months.

Other operating income: net financial income

Net financial income				
€/m	H1 09	H1 08	Q1 09	Q2 09
• Financial liabilities designed at FV	(99.8)	130.2	104.1	(203.9)
<i>of which: credit-worthiness</i>	<i>(138.0)</i>	<i>101.6</i>	<i>80.3</i>	<i>(218.3)</i>
• Hedging activity	(0.1)	(0.6)	(0.8)	0.7
• Dividends from participations	5.7	25.5	1.1	4.6
• Proprietary portfolio and trading	354.5	(35.8)	161.4	193.0
<i>of which: Banca Aletti</i>	142.2	103.7	55.7	86.5
• Disposals of non-core equity stakes	7.0	4.1	4.2	2.8
Net financial income	267.2	123.4	270.1	(2.9)
Net financial income EXCLUDING credit-worthiness impact	405.2	21.8	189.8	215.4

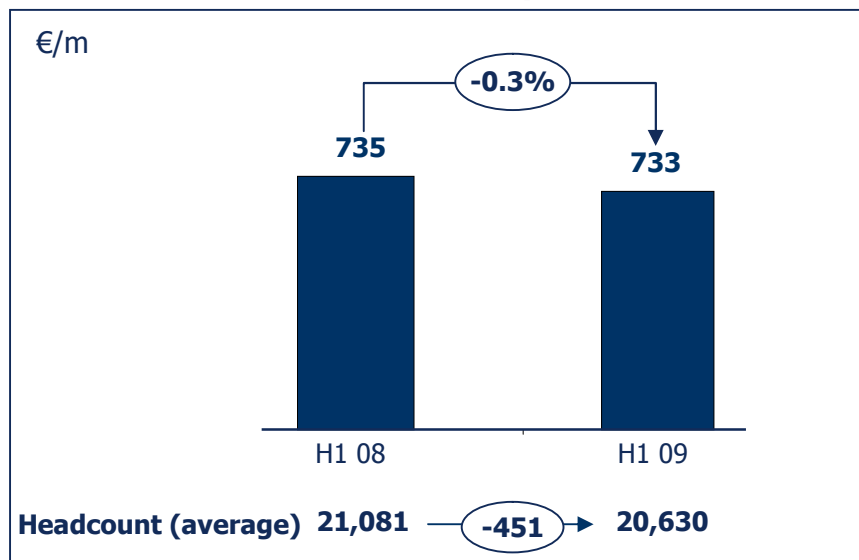
Largely replicable Core Business

Strong performance of the proprietary portfolio and trading activities, influenced positively by:

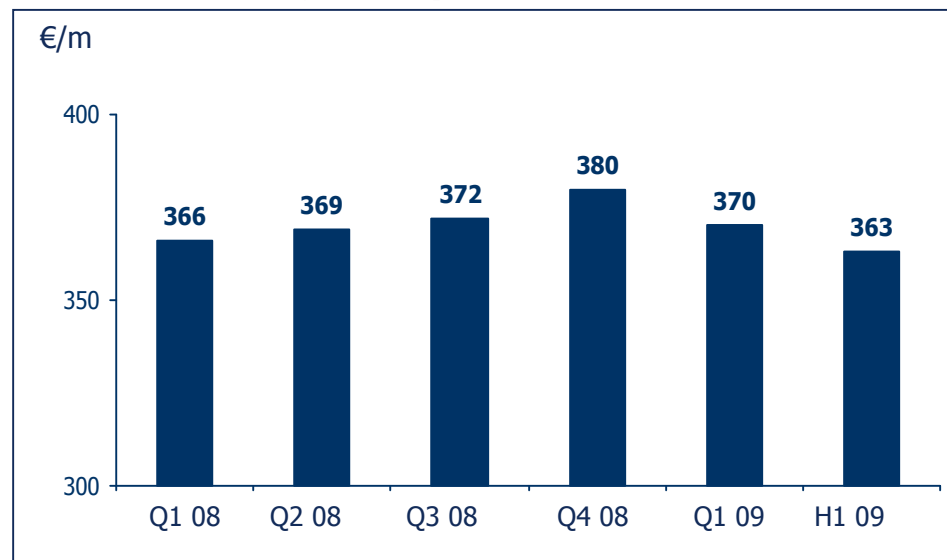
- capital gains generated from hedging positions for a fall in interest rates for an amount of about €120m. These positions were closed almost fully in the month of May 2009;
- capital gains for about €100m recorded by the management of the proprietary securities portfolio (mainly bonds; see details of the proprietary portfolio in the following slide);
- ordinary activity of Banca Aletti that generated a net income of €142m in H1 2009 (+37% on an annual basis and +55% in the quarter), mainly in relation to the placement of investment products.

Operating costs: personnel expenses

Personnel expenses...



...Quarterly evolution



Staff by category and employment contract

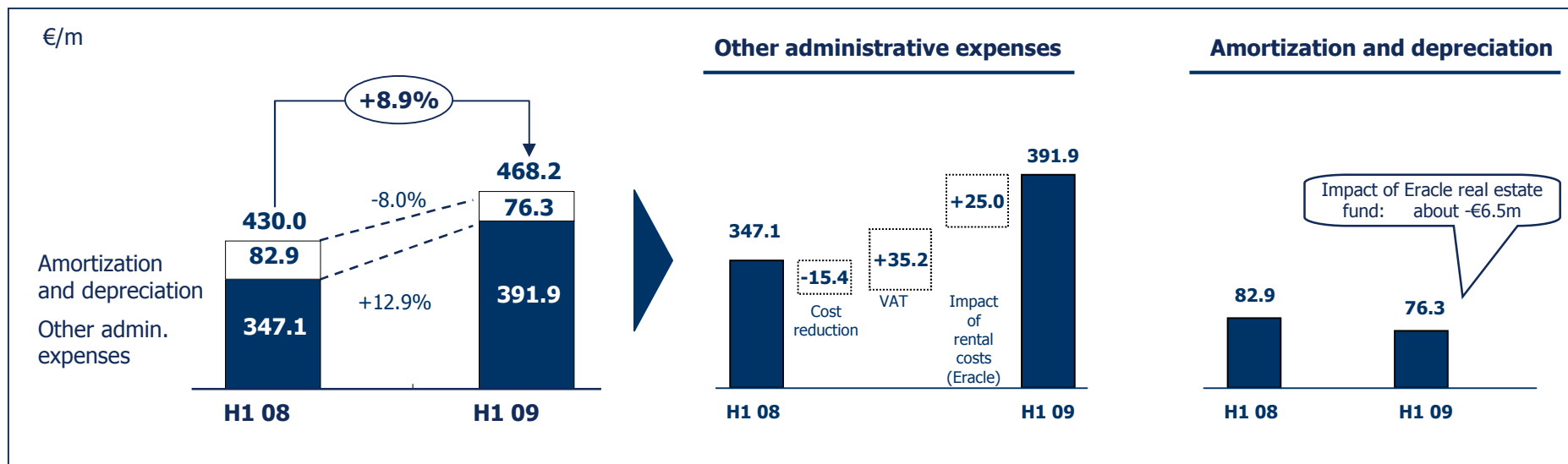
	30/06/09	30/06/08
Total Headcount (end of period)	20,610	20,984
- Executive managers	328	348
- Managers	7,414	7,289
- Clerks	11,861	12,238
- Other	1,007	1,109
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o/w:		
- Internship contracts	427	368
- Training and similar contracts	341	361
- Temporary employment contracts	108	205

Comments:

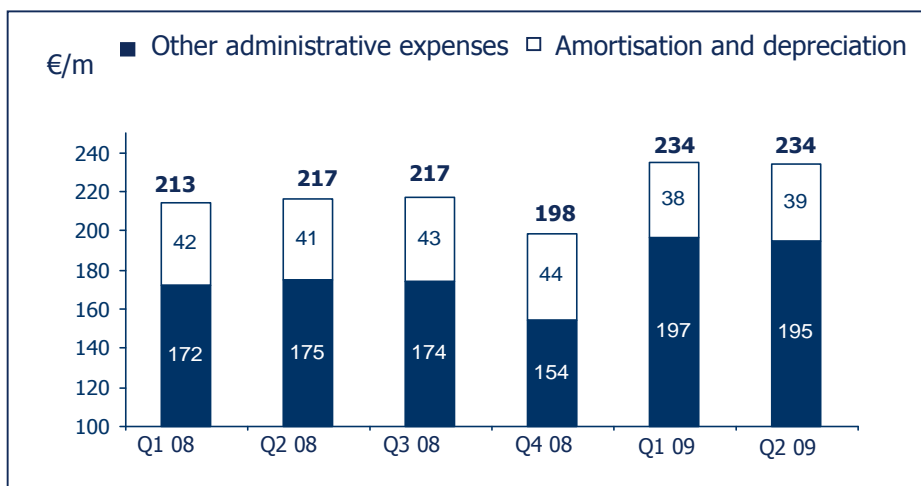
- In H1 2009, personnel expenses decreased 0.3% year-on-year albeit including the rise due to the renewal of the national labour contract (for about +€8.5m).
- Average headcount shows a decrease of 451 employees, while period-end headcount registered a decrease of 374 resources.
- Contracts allowing a higher degree of employment flexibility decrease from 934 to 875 as a result of the reaching of contract terms.

Operating costs: non-personnel expenses

Analysis of total other expenses...



... quarterly evolution



Comments

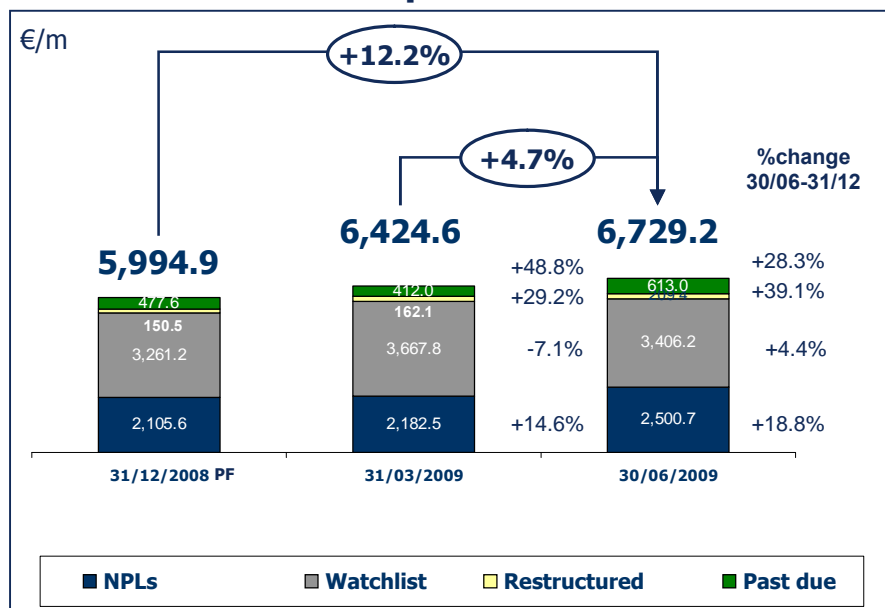
- The increase in total non-personnel expenses (+12.9% year-on-year) is due to:
 - higher rental costs for a total of €25m in relation to the disposal of real estate assets finalised in December 2008;
 - elimination of the VAT exemption for the invoicing of intragroup items, which in H1 2009 accounted for €35m;
 - Continuation of the cost reduction measures translated into cost savings of €15m in comparison with H1 2008
- Amortisation and depreciation fell by €6,6m thanks to the disposal of real estate assets which should reach about - €13m on an annual basis.

Income statement: post operating profit

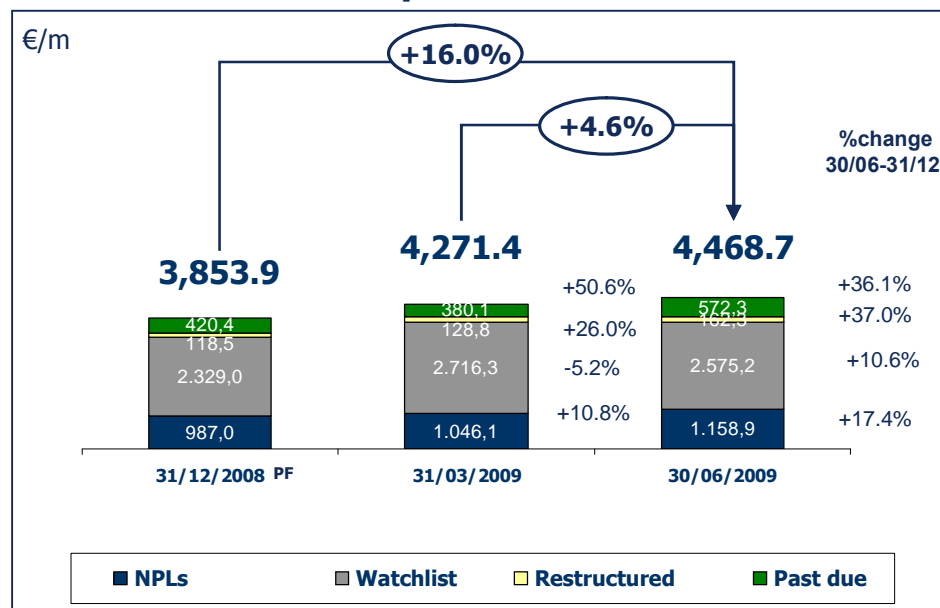
P&L - €/m	H1 09	H1 08	% chg	Q1 09	Q2 09
Profit from operations	716.6	796.9	-10.1%	477.7	238.9
Net write-downs on impairment of loans, guarantees and comm	(270.3)	(197.0)	37.2%	(132.9)	(137.5)
Net write-downs on impairment of other assets	(12.0)	(25.7)	-53.3%	(3.2)	(8.8)
Net provisions for risks and charges	(48.5)	(33.5)	44.7%	(15.9)	(32.6)
Impairment of goodwill and equity investments	(3.1)	-	n.s.	-	(3.1)
Profit (loss) on disposal of equity and other investments	101.6	124.1	-18.1%	100.8	0.8
Income before tax from continuing operations	484.2	664.8	-27.2%	426.5	57.7
Tax on income from continuing operations	(246.1)	(233.1)	5.6%	(209.4)	(36.7)
Integration charges after tax	-	(24.3)	n.s.	-	-
Income (loss) after tax from non-current assets held for sale	(29.8)	14.5	n.s.	0.0	(29.8)
Minority interest	(4.1)	(30.6)	-86.5%	1.5	(5.6)
Income of the period	204.2	391.3	-47.8%	218.6	(14.4)

Asset quality: impaired loans and coverage ratios

Gross impaired loans



Net impaired loans



Coverage of impaired loans

About **93.2%** including real estate collateral

	30/06/09	31/12/08
• NPL coverage:	71.4%	73.1%
• Watchlist loan coverage:	24.4%	26.4%
• Coverage of 'Past Due':	6.6%	12.0%

N.B. Coverage of NPLs is inclusive of write-offs.

Comments

- Watchlist loans as of year-end 2008 have been restated to include positions for a total of about €503m which had already been subject to provisions in the FY2008 accounts, but which were classified into the watchlist loan category only in Q1 2009 (see page 71 of the Group's 2008 Annual Report and Q1 Results Pres.).
- Increase of 12.2% in gross impaired loans since year-end 2008PF and of 4.7% in the quarter.
- Coverage of 93.2% of NPLs including real estate collateral; 71.4% excluding collateral but with write-offs.

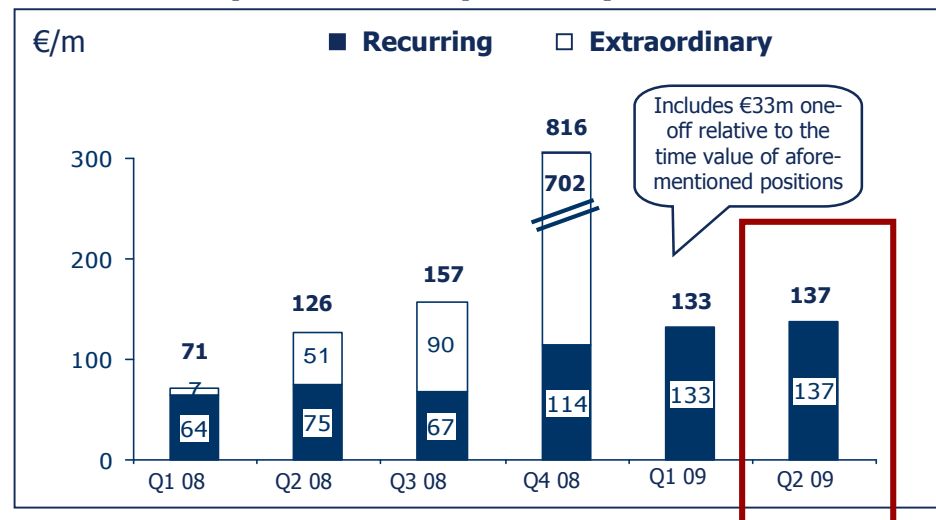
'Past due' positions are those with a payment delay of more than 180 days.

Cost of credit risk

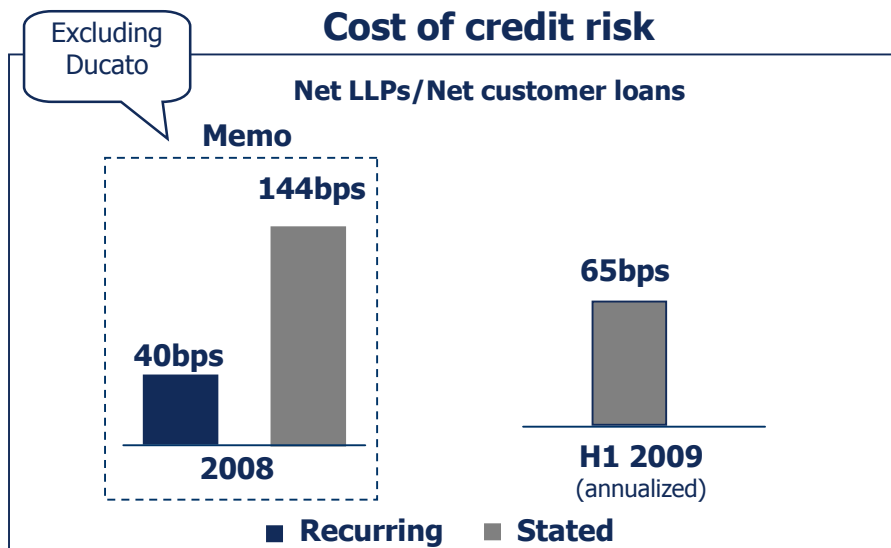
Loan loss provisions

€/m	30/06/2009	30/06/2008
Loan loss provisions	270.3	197.0
Net customer loans	82,774.0	80,087.0

Loan loss provisions: quarterly evolution



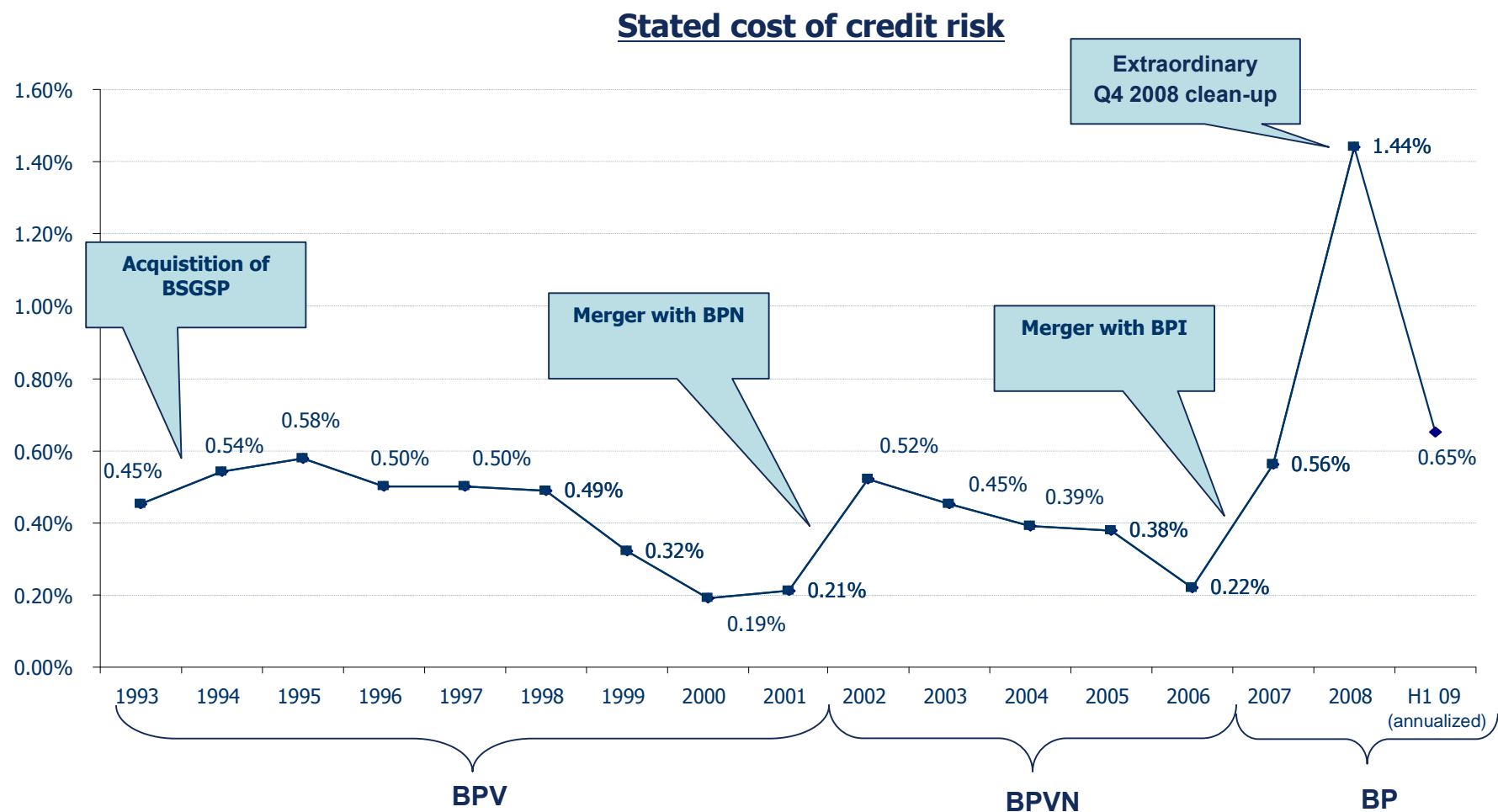
Cost of credit risk



Comments:

In H1 2009, the annualised cost of credit risk was **65bps**, which is in line with the cost of **70bps** expected for the full year.

Historic cost of credit risk



Notes

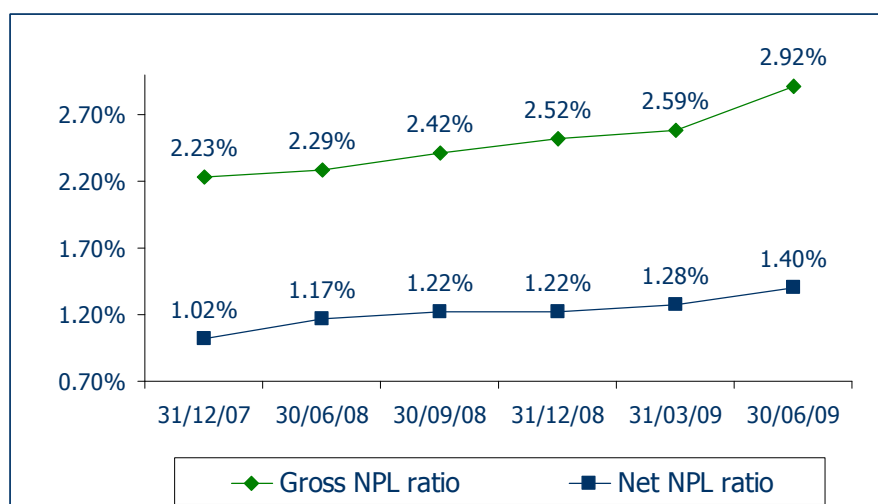
Calculation based on Annual Reports.

2006-2007 figures based on IAS, previous years on Italian Gaap; 2006-2007 and 2008 excluding time factor, with 2006 including disposal of NPLs.

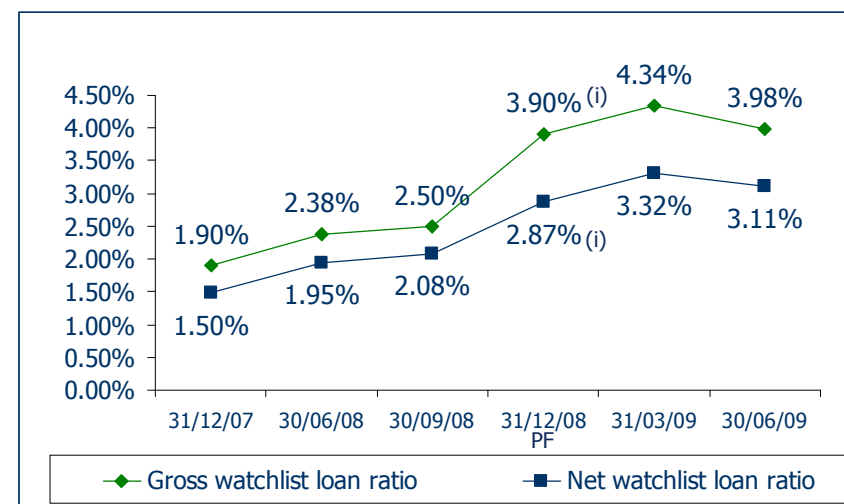
2004 without Linea as the company was considered as equity stake afterwards.

Asset quality: ratios

NON-PERFORMING LOAN RATIO



WATCHLIST LOAN RATIO



(i) Watchlist data as of 31/12/2008 have been adjusted in order to include about €503m which had already been subject to provisions in the FY 2008 accounts, but which were classified into the watchlist loan category only in Q1 2009 (see page 71 of the Group's 2008 Annual Report and Q1 Results Presentation).



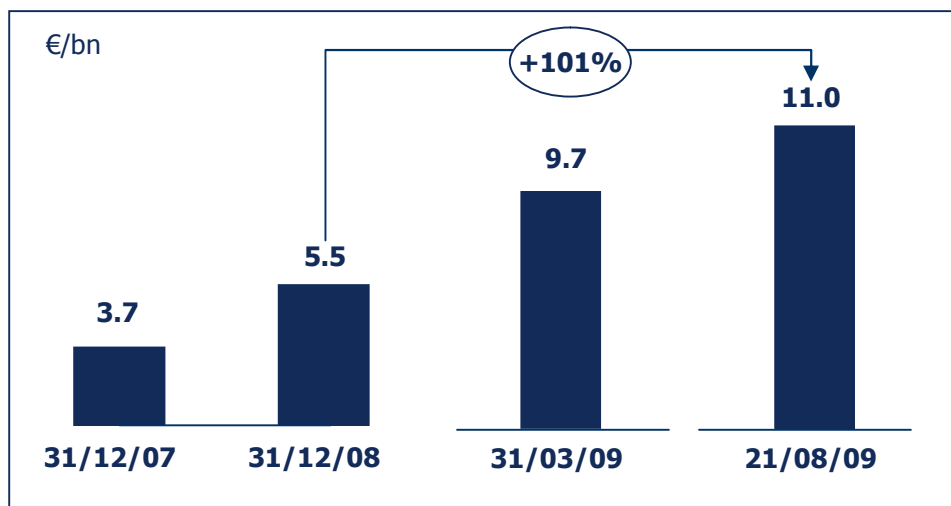
Operating guidelines for the near future

- Defend the Net Interest Income in an environment characterized by a sharp decline in interest rates (about -300 bps over 2008), through an adequate repricing of loans and volume growth.
- Compensate lower commissions from asset management through an increase in commissions from bancassurance, consumer credit and traditional banking business. At the same time, reshape the asset management business through new initiatives over the medium term.
- Continue to manage credit risks with utmost attention in a weak operating environment.
- Maintain a strict focus on cost control in an environment characterized by strong pressure on revenues.
- Consolidate the positive results achieved in terms of strengthening of the liquidity profile and move ahead with initiatives aimed at strengthening the Group's capital position. (reduction of RWA, sale of non-core assets).
- Strengthen the turnaround of Banca Popolare di Lodi through a new project started at the beginning of 2009.
- Manage effectively the integration and restructuring of Banca Italease.

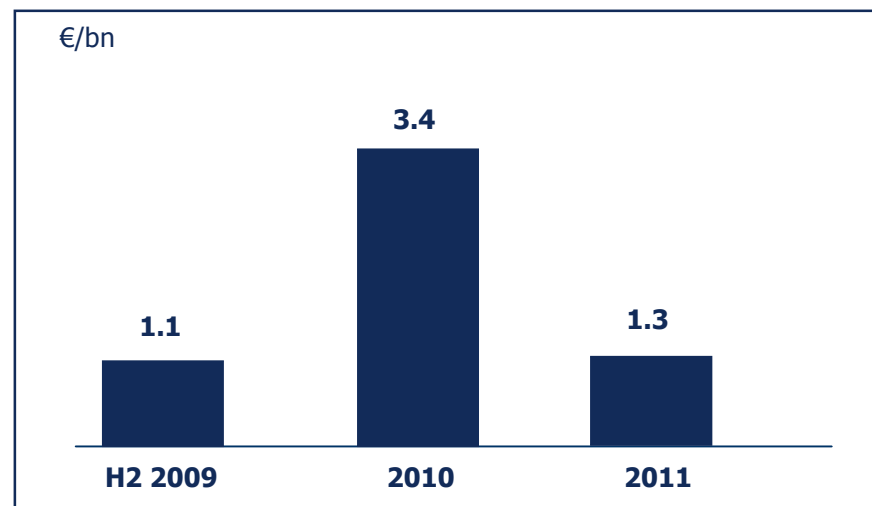


Group liquidity profile

Portfolio of eligible securities



Next EMTN maturities of Banco Popolare



Comments:

- In July 2009, Tremonti bonds were issued for a total amount of €1.45billion, while in August 2009 a senior 3-year bond issue for a total of €1bn was placed on the market.
- The increase in the stock of eligible securities derives from the use of other securities from repo transactions and, in part, from own securitizations.

Capital adequacy: capital ratios at a glance

Group capital ratios

	<u>Accounting ratios</u>		<u>Pro-forma ratios</u>
	31/12/2008	30/06/2009	Pro-forma ratios post Government bond (Tremonti), Italease and disposal of Factorit
Core Tier 1	€3.67bn 5.0%	€4.02bn 5.2%	6.3%
Tier 1	€4.72bn 6.4%	€5.13bn 6.6%	7.8%
Total capital	€7.81bn 10.6%	€7.96bn 10.2%	11.0%
RWA	€73.9bn	€77.9bn	

Comments:

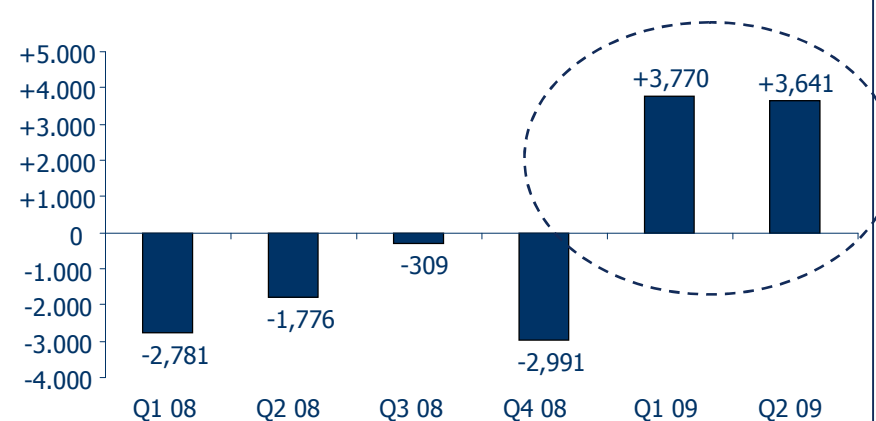
- Accounting ratios improve in June 2009: ~ +20 bps for the Core Tier 1 and Tier 1 capital ratios since year-end 2008.
- Pro-forma ratios, also based on Basle II Standard, indicate a further strengthening.

Turnaround of Banca Popolare di Lodi

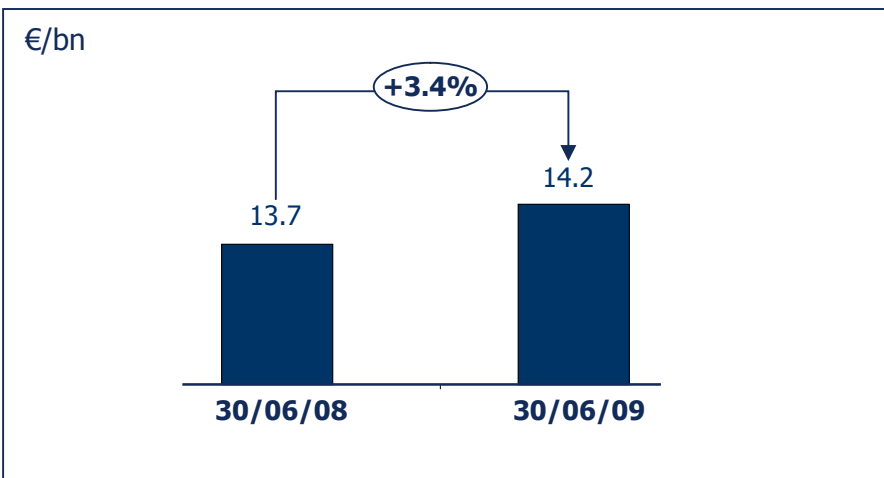
H1 2009 profitability highlights

€/m	Net interest income	214.9
	Net commission income	102.8
	Total income	334.9
	Operating costs	-244.7
	Profit from operations	90.2
	Net income	26.0
	Net recurring income (i)	41.8

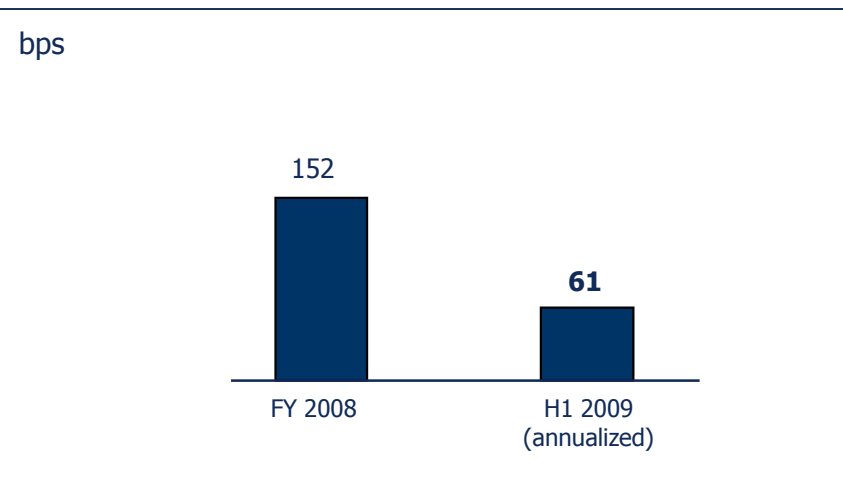
Trend in the net opening of current accounts



Loans to customers



Cost of credit risk



(i) The net recurring income excludes the impact deriving from the FVO in the period, equal to -€23.6m pre-tax.

Public Tender Offer on Banca Italease: outcome

On 16 March 2009, Banco Popolare launched a Public Tender Offer for the voluntary purchase of the totality of Banca Italease shares not already held, either directly or indirectly, by the Group (corresponding to a total of 116,671,321 shares), for a price of 1.50 euro per share.

OUTCOME OF THE PUBLIC TENDER OFFER ON BANCA ITALEASE

OFFER PERIOD	# OFBANCA ITALEASE SHARES TENDERED	AS A % OF THE SHARE CAPITAL OF BANCA ITALEASE	AMOUNT PAID
▪ 14/05/09 – 01/07/09	90,479,182	53.7%	€135,718,773.0
▪ 09/07/09 – 15/07/09	6,196,773	3.7%	€9,295,159.5
	96,675,955	57.4%	€ 145,013,932.5

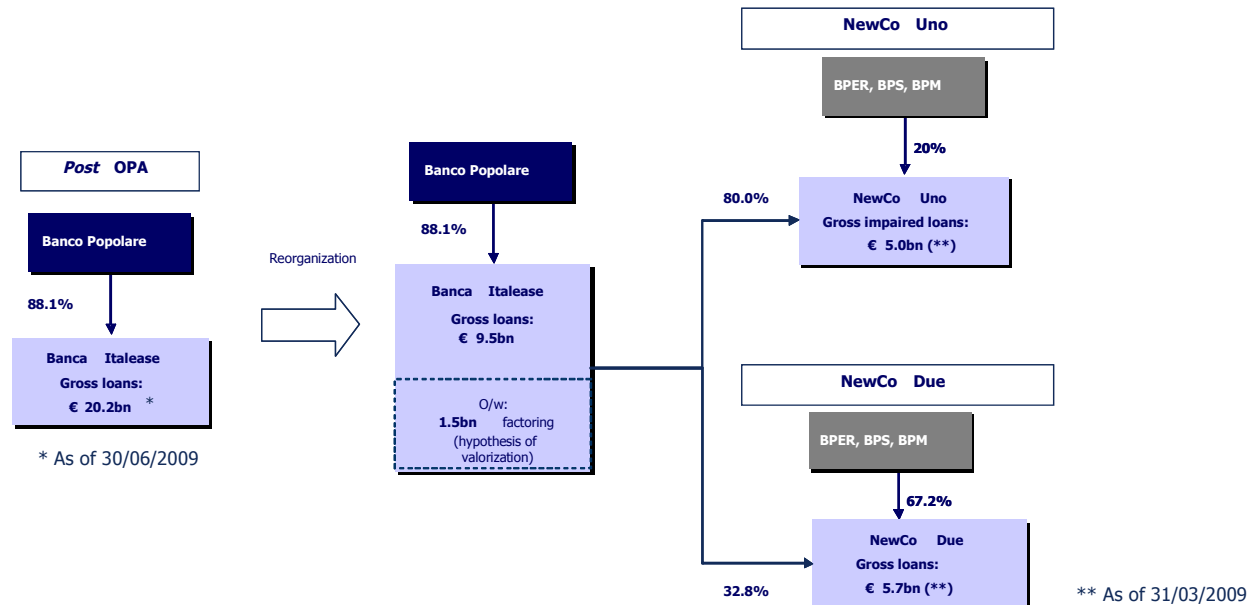
BANCO POPOLARE POSITION

	# OF SHARES HELD BY BANCO POPOLARE	AS A % OF THE SHARE CAPITAL OF BANCA ITALEASE
▪ PRE-PTO	51,732,957	30.7%
▪ PTO	96,675,955	57.4%
▪ POST-PTO	148,408,912	88.1%

Today, Banco Popolare holds a total of **148,408,912** shares in Banca Italease, corresponding to **88.1%** of the share capital.

Banca Italease: next steps in the reorganization

Following the result of the tender offer, Banca Italease entered into Banco Popolare Group (8 July 2009) and will be consolidated on a line-by-line basis starting from Q3 2009.



As envisaged in the Framework Agreement underwritten by Banco Popolare, Banca Popolare dell'Emilia Romagna, Banca Popolare di Sondrio and Banca Popolare di Milano on 15 March 2009, a restructuring of Banca Italease Group is to be implemented by the end of 2009; this includes, among other:

- (i) conferment into NewCo 1 of impaired loans (non-performing loans, watchlist loans, restructured loans and 'past due') for a total amount of about €5bn; the majority of the company shall be held by Banca Italease (80%) which shall consolidate this company on a line-by-line basis;
- (ii) conferment into NewCo 2 of performing loans originated by the banking channel for a total of about €5.7bn; Banca Italease shall hold a stake of 32.8% in this company which shall be consolidated according to the equity method;
- (iii) capital strengthening of Banca Italease with the aim of bringing capital ratios to an adequate level and in line with market expectations;
- (iv) valorization of the stake held in Factorit, also through extraordinary transactions.

On 8 September 2009, the Board of Directors of Banca Italease resolved a share capital increase of up to €1.2bn, to be approved by the Shareholders mid-October (Meeting on 12 October in first call – 14 October in second call).



Appendix





Changes in the consolidation scope

After the end of the first half of 2008, the consolidation scope underwent a number of changes. The main changes regard the sale of Ducato S.p.A., Banca Popolare di Mantova S.p.A. and other minor companies. Data referring to periods before first half 2009 have been adjusted to account for changes in consolidation scope, so as to make the comparison between first half 2009 and 2008 results easier.

After 30th June 2008, a number of corporate transactions were finalized, that have already been described in the 2008 Annual Report, among which the sale of a business line comprising 33 branches to Credito Emiliano and the transfer of 456 real estate units to the Eracle Fund, with all fund units being sold to institutional investors. These deals must be taken into due account when comparing results.



Fair value option

Changes in fair value measurement of financial liabilities in issue under “fair value option”

In first quarter 2009, in the light of a confirmed pricing policy for the repurchase of financial liabilities aiming at the adoption of credit spreads in line with those outstanding at the time of issue, as is typical of liabilities sold to retail customers, when preparing the quarterly report on operations as at 31st March 2009, some changes were introduced in the fair value measurement of financial liabilities issued by the Group and designated at fair value, in particular with regard to the method used to calculate changes in Banco Popolare’s creditworthiness. As regards financial liabilities sold to retail customers, the past method was completely dismissed, replaced by the use of actual prices quoted on the secondary market of own securities in issue. As a result of this change, **212 millions** were charged to income for the quarter, namely the profit recognized in financial years 2008 and 2007 on the fair value measurement of the financial liabilities under examination. As regards financial liabilities sold to institutional customers, the measurement method in use on 31st December 2008 was confirmed also for 30th June 2009.



Purchase Price Allocation (1/2)

P&L impacts caused by the Purchase Price Allocation of the business combination with Gruppo Banca Popolare Italiana

In keeping with the relevant international accounting standard (IFRS 3), the income statement of Gruppo Banco Popolare includes the economic impacts from the Purchase Price Allocation – PPA under IFRS 3 relating to both the first half 2009 and the prior year's quarters on a comparative basis. For the sake of a like-to-like comparison, please note that PPA impacts can be significantly different in the period under comparison. For a full and transparent disclosure, shown below are the impacts deriving from the recognition of profit adjustments reported by the income generation units acquired by Gruppo Banca Popolare Italiana due to the higher values recognized in the consolidated financial statements on the date of effectiveness of the merger as a result of applying the accounting standard IFRS 3.



Purchase Price allocation (2/2)

- **Net interest income:** the P&L impact was – 80.9 millions on 30th June 2009 (-42.7 millions in second quarter) and – 94.9 millions on 30th June 2008, and is mainly attributable to the greater value recognized during PPA to loans acquired under the merger.
- **Other operating income:** the impact was – 22.4 millions on 30th June 2009 (-11.2 millions in second quarter 2009) primarily represented by the amortization of intangible assets having a defined useful life recognized upon the PPA. The impact on the income statement as at 30th June 2008 was – 57.7 millions, of which 35 millions relating to the greater value recognized during PPA to a minority stake sold as part of our merchant banking business, and 22.7 millions to the amortization of the above mentioned intangible assets.

As a result, the following impacts have been reported by the aggregates shown below:

- | | |
|-----------------------------------------------|--------------------------------------------------------|
| • total income: | - 103.4 millions in 2009 and – 152.6 millions in 2008; |
| • profit from operations: | - 105.4 millions in 2009 and – 155.3 millions in 2008; |
| • income/loss before tax : | - 107.6 millions in 2009 and – 151.6 millions in 2008; |
| • income tax: | + 35.6 millions in 2009 and + 44.3 millions in 2008; |
| • net loss on discontinued operations: | - 3.1 millions in 2008; |
| • minority interest: | + 5.2 millions in 2009 and + 7.7 millions in 2008. |

The overall effect on the consolidated net income comes in at -66.7 millions on 30th June 2009 and -102.7 millions on 30th June 2008.



Main non-recurring P&L items

Main non-recurring items included in the H1 2009 income statement

In compliance with the directives spelled out in Consob's Communication n. DEM/6064293 dated July 28th, 2006, the impact of non-recurring items are highlighted in the attachments and in the report on operations.

Income items classifiable as non-recurring have generated a total negative impact of **84.4 millions** on the operating result generated in the first six months of 2009. The main non-recurring positive constituents are the profit on disposal of equity and other investments (**101.6 millions**, gross of tax effect) and the dividend paid by Agos S.p.A upon distributing its 2008 earnings (**22.1 millions**), that were generated before the acquisition of the equity investment by Banco Popolare. Non-recurring negative constituents are the impact from the accounting value of financial liabilities in issue measured at fair value as a result of the improving creditworthiness of Banco Popolare in the first half of the year (**-138.0 millions**, gross of tax effect), the provision for risks and charges against the commitment to make a contribution to the Guarantee fund for small and medium-sized enterprises (**-21.7 millions**, gross of tax effect), a loss from discontinued operations (**-29.8 millions**, net of tax effect), and the non-recurring charge generated by the decision to settle almost all tax litigations regarding the pre-merger conduct of some companies belonging to the former Gruppo Banca Popolare Italiana, by resorting to a fast-track composition with immediate tax audit and remedy (**-57.5 millions**).

Evolution of Group quarterly P&L - pre PPA

(thousand euro)	2009		2008*			
	Q2	Q1	Q4	Q3	Q2	Q1
Net interest income	536,341	570,384	604,156	612,777	627,092	598,828
Profit (loss) on equity investments carried at equity	23,742	13,551	(51,811)	5,745	21,726	10,722
Net interest, dividend and similar income	560,083	583,935	552,345	618,522	648,818	609,550
Net commissions	278,379	218,948	239,437	232,921	292,260	296,869
Other revenues	53,797	58,226	12,777	181,150	50,347	58,459
Net financial income	(2,896)	270,217	36,797	37,751	(58,287)	216,731
Other operating income	329,280	547,391	289,011	451,822	284,320	572,059
Total income	889,363	1,131,326	841,356	1,070,344	933,138	1,181,609
Personnel expenses	(362,972)	(369,841)	(380,066)	(371,943)	(368,688)	(366,505)
Other administrative expenses	(195,309)	(196,580)	(154,024)	(174,348)	(175,336)	(171,728)
Amortization and depreciation	(37,384)	(36,609)	(41,692)	(41,713)	(40,068)	(40,210)
Operating costs	(595,665)	603,030)	(575,782)	(588,004)	(584,092)	(578,443)
Profit from operations	293,698	528,296	265,574	482,340	349,046	603,166
Net write-downs on impairment of loans, guarantees and commitments	(137,484)	(132,865)	(816,192)	(157,219)	(126,465)	(70,519)
Net write-downs on impairment of other assets	(8,817)	(3,186)	(145,599)	(27,253)	(24,376)	(1,342)
Net provisions for risks and charges	(32,577)	(15,899)	(159,190)	(8,234)	(21,029)	(12,469)
Impairment of goodwill and equity investments	(3,149)	-	(402,057)	-	-	-
Profit (loss) on disposal of equity and other investments	2,815	100,975	379,158	20,040	118,867	1,483
Income before tax from continuing operations	114,486	477,321	(878,306)	309,674	296,043	520,319
Tax on income from continuing operations	(55,496)	(226,237)	455,133	(132,912)	(97,981)	(179,347)
Income after tax from continuing operations	58,990	251,084	(423,173)	176,762	198,062	340,972
Income (Loss) after tax from non-current assets held for sale**	(29,764)	(20)	120,008	1,367	5,346	12,244
Integration charges after tax	-	-	(4,604)	(7,386)	(21,280)	(2,979)
Net income for the year	29,226	251,064	(307,769)	170,743	182,128	350,237
Minority interest	(8,264)	(1,099)	65	(5,521)	(19,775)	(18,432)
Income for the year excluding PPA impacts	20,962	249,965	(307,704)	165,222	162,353	331,805
PPA impacts after tax	(35,362)	(31,386)	(547,482)	(34,738)	(31,281)	(71,547)
Net income for the year attributable to the Parent company	(14,400)	218,579	(855,186)	130,484	131,072	260,258

(*) Adjusted for comparison to account for changes in consolidation scope and of discontinued operations under IFRS 5.

(**) Includes results of shareholdings acquired as part of the merchant banking activity.

Quarterly income statement: PPA impact line-by-line

(thousand euro)	2009		2008*			
	Q2	Q1	Q4	Q3	Q2	Q1
Net interest income	(42,664)	(38,298)	(61,338)	(42,868)	(47,744)	(47,166)
Profit (loss) on equity investments carried at equity	-	-	-	-	-	-
Net interest, dividend and similar income	(42,664)	(38,298)	(61,338)	(42,868)	(47,744)	(47,166)
Net commissions	-	-	-	-	-	-
Other revenues	(11,168)	(11,166)	(11,984)	(12,156)	(10,165)	(12,540)
Net financial income	-	(85)	(1,200)	-	-	(35,000)
Other operating income	(11,168)	(11,251)	(13,184)	(12,156)	(10,165)	(47,540)
Total income	(53,832)	(49,549)	(74,522)	(55,024)	(57,909)	(94,706)
Personnel expenses	-	-	-	-	-	-
Other administrative expenses	-	-	-	-	-	-
Amortization and depreciation	(999)	(1,030)	(2,769)	(1,440)	(1,354)	(1,354)
Operating costs	(999)	(1,030)	(2,769)	(1,440)	(1,354)	(1,354)
Profit from operations	(54,831)	(50,579)	(77,291)	(56,464)	(59,263)	(96,060)
Net write-downs on impairment of loans, guarantees and commitments	-	-	-	-	-	-
Net write-downs on impairment of other assets	-	-	(2,187)	1,300	-	-
Net provisions for risks and charges	-	-	-	-	-	-
Impairment of goodwill and equity investments	-	-	(471,739)	-	-	-
Profit (loss) on disposal of equity and other investments	(1,995)	(197)	(20,958)	(1,126)	3,711	-
Income before tax from continuing operations	(56,826)	(50,776)	(572,175)	(56,290)	(55,552)	(96,060)
Tax on income from continuing operations	18,790	16,840	32,827	18,537	22,350	21,887
Income after tax from continuing operations	(38,036)	(33,936)	(539,348)	(37,753)	(33,202)	(74,173)
Income (Loss) after tax from non-current assets held for sale	-	-	(10,007)	91	(3,261)	156
Integration charges after tax	-	-	-	-	-	-
Net income for the year	(38,036)	(33,936)	(549,355)	(37,662)	(36,463)	(74,017)
Minority interest	2,674	2,550	1,873	2,924	5,182	2,470
Net income for the year attributable to the Parent company	(35,362)	(31,386)	(547,482)	(34,738)	(31,281)	(71,547)

Main extraordinary items in H1 2009

€/000

	Pre-Tax	Post-Tax
• Profit (loss) on equity investments carried at equity	22,065	21,230
- <i>Agos Dividend</i>	22,065	21,230
• Profit (loss) on the disposal of equity participations and investments	101,598	75,183
- <i>Of which: Eracle real estate fund</i>	95,359	69,315
TOTAL POSITIVE EXTRAORDINARY ITEMS:	123,663	96,413

	Pre-Tax	Post-Tax
• Net financial income	(130,998)	(88,632)
- <i>Credit-worthiness FVO</i>	(137,952)	(93,369)
- <i>Disposal of securities held for sale (AFS)</i>	6,954	4,737
• Net provisions for risks and charges	(21,750)	(15,769)
- <i>Provisions for Tremonti Bond</i>	(21,750)	(15,769)
• Tax on income from continuing operations		(50,323)
- <i>Impact of settlement of tax litigation ex BPI</i>	-	(50,323)
• Merchant banking assets to be disposed of	-	(29,784)
TOTAL NEGATIVE EXTRAORDINARY ITEMS:	(152,748)	(184,508)



Tax rate

	<u>H1 2009</u>	<u>H1 2008</u>
Accounting tax rate of the period	50.8%	35.1%
Recurring tax rate of the period	42.0%	42.2%

Comments:

The high tax-rate of H1 2009 is mainly due to the extraordinary payment of €57.5m in Q1 2009 to the Tax Authority, in relation to the closure of tax litigation regarding the former Banca Popolare Italiana Group.



Subordinated bonds underwritten by the Government

Key technical features (i)

- Amount and issue price: €1.45 bn; at par.
- Date: 31 July 2009.
- Initial nominal unitary value: €50,000.
- Interests:

To be paid retroactively on an annual basis for an amount equal to the highest among:

 - (i) **8.5% for the years from 2009 to 2012** of the Nominal Value, to be increased by 0.5% in the following 4 years and, subsequently, by 0.5% every 2 years;
 - (ii) (a) 105% with reference to FY 2009, (b) 110% with reference to FY 2010, (c) 115% with reference to FY 2011-2017, and (d) 125% with reference to FY 2018 and subsequent years of the dividend amount that will be paid on ordinary shares; and
 - (iii) starting from FY 2011 and for the subsequent years, the average yield on 30-year BTP Italian Treasury bonds, calculated in the first quarter of Interest payment, of the Nominal Value, increased by 300 basis points for the years 2011 and 2012 and by 350 basis points for the year 2013 and for subsequent years.
- Payment date: On July 1st of each year, starting from July 1st 2010.

Accounting method

- Balance sheet: The nominal amount issued shall be booked under the shareholders' equity, in the item 160 "**capital instruments**".
- Income statement: Annual interest payments will not be booked in the income statement but are treated like distributed dividends.
- Computation for capital adequacy requirements: Capital instrument computable without restrictions under Core Tier 1 capital.

(i) For further details, please see the Prospect.



Preliminary programme of IR events in 2009

work in
progress

Date	Place	Event
25 March 2009	Verona	Press release on FY 2008 results
25 March 2009	Verona	Banco Popolare: Conference call on FY2008 results
1 April 2009	London	Morgan Stanley - European Financials Conference
25 April 2009	Verona	Annual Meeting of Shareholders (2nd call)
15 May 2009	Verona	Press release on Q1 2009 results
15 May 2009	Verona	Banco Popolare: Conference call on Q1 2009 results
21 May 2009	Rome	Unicredit XII Italian Conference
28 May 2009	Milan	Deutsche Bank Italian Conference
05 June 2009	Frankfurt	Goldman Sachs European Financials Conference
23 June 2009	London	Borsa Italiana Italian Conference
28 August 2009	Verona	Press release on H1 2009 results
28 August 2009	Verona	Banco Popolare: Conference call on H1 2009 results
3 September 2009	London	Nomura Annual Euro Banks Conference
16 September 2009	London	KBW European Financials Conference
29 September 2009	London	BoA Merrill Lynch European Banking and Insurance Conference
13 November 2009	Verona	Press release on Q3 2009 results
13 November 2009	Verona	Banco Popolare: Conference call on Q3 2009 results
18 November 2009 (TBC)	Erbusco	Banca Leonardo Italian Conference
19 November 2009	London	Goldman Sachs Italian Symposium
2 December 2009 (TBC)	London	Cheuvreux Financials Conference

N.B. The above preliminary pipeline does not include ongoing roadshows, meetings etc.





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