

Goldman Sachs European Financials Conference

Panel: Funding in a changed regulatory world

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Section 1

Environment

New expected regulatory framework: outlook and possible impact



New proposed regulatory framework: overview

On 17 December 2009, the Basel Committee on Banking Supervision approved for consultation a package of proposals to strengthen global **capital** and **liquidity** regulations with the goal of promoting a more resilient banking sector:

- *“Strengthening the resilience of the banking sector” (consultative document)*
- *“International framework for liquidity risk measurement, standards and monitoring” (consultative document)*



The Committee's consultative documents cover the following key areas:

- Raising the quality, consistency and transparency of the capital base.
- Strengthening the risk coverage of the capital framework.
- Introducing a leverage ratio as a supplementary measure to the Basel II risk-based framework with a view to migrating to a Pillar 1 treatment based on appropriate review and calibration.
- Introducing a series of measures to promote the build-up of capital buffers in good times that can be drawn upon in periods of stress.
- Introducing a **global minimum liquidity standard** for internationally active banks.



New proposed regulatory framework: introduction of global minimum liquidity standard

- Throughout the global financial crisis which began in mid-2007, many banks struggled to maintain adequate liquidity. Unprecedented levels of liquidity support were required from central banks in order to sustain the financial system and even with such extensive support a number of banks failed, were forced into mergers or required resolution.
- A key characteristic of the financial crisis was that a lack of liquidity and an inadequate liquidity risk management operated together to amplify difficulties caused by credit losses.



The proposal published on 17 Dec. 2009 on the new liquidity rules (*"International framework for liquidity risk measurement, standards and monitoring"* - consultative document) is intended to address concerns highlighted by the economic crisis

by introducing global minimum liquidity standard* for internationally active banks that includes:

- a 30-day liquidity coverage ratio requirement (**Liquidity Coverage Ratio – LCR**)
- underpinned by a longer-term structural liquidity ratio (**Net Stable Funding Ratio - NSFR**).
- a common set of **monitoring metrics** to assist supervisors in identifying and analysing liquidity risk trends at both the bank and system wide level.

*These standards and monitoring metrics complement the Committee's "Principles for Sound Liquidity Risk Management" issued in September 2008.

Focus on two new liquidity standards

Liquidity Coverage Ratio (LCR)



$$\frac{\text{Stock of high quality liquid assets}}{\text{Net cash outflows over a 30-day time period}} \geq 100\%$$

- The LCR requires banks to have enough high quality liquidity assets to meet net cash outflows over a short (30 day) period of acute stress.
- At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the proposed stress scenario, by which time it is assumed that appropriate actions can be taken by management and/or supervisors, and/or the bank can be resolved in an orderly way.
- There are two possible definitions of high quality assets: a narrow definition comprising cash, central bank reserves and high quality sovereign papers; and a broader definition which would permit around 50% of the total requirement of high quality assets to include high quality corporate bonds and covered bonds subject to haircuts.

Net Stable Funding Ratio (NSFR)



$$\frac{\text{Available amount of stable funding}}{\text{Required amount of stable funding}} \geq 100\%$$

- The NSFR requires banks to have capital and/or longer term high quality funding which can support operations over a longer (one year) period of less severe stress.
- In particular, the NSFR standard is structured to ensure that investment banking inventories, off-balance sheet exposures, securitisation pipelines and other assets and activities are funded with at least a minimum amount of stable liabilities in relation to their liquidity risk profiles.
- The NSFR aims to limit over-reliance on wholesale funding during times of buoyant market liquidity and encourage better assessment of liquidity risk across all on- and off-balance sheet items.



New minimum liquidity standard: key discussion points

- **Too restrictive definition of ‘*high quality liquid assets*’ in the LCR**

- An alignment to the Central Bank eligible criteria would be more appropriate.
 - wider range of high quality liquid assets to better recognize instruments like: corporate bonds, covered bond, bank shares and non subordinated bank bonds and some sovereign.
- A wider range of eligible liquid assets would avoid the risk concentration.

- **The envisaged scenario of the stress test proposed for the two liquidity ratio (in particular for the NSFR) seems to be too penalizing.**

- Introduction of internal model validated by the Regulator instead of the proposed scenario.
- As for the NSFR, an *ongoing concern* approach preferred to a stress test analysis.

- **The proposed NSFR, envisages that some short-term assets will have to be financed by long-term liabilities, thus creating an excess of long-term funding.**

- Maintenance of the current banking maturity transformation rules with appropriate changes for those banks that show excessive leverage and mismatch on-balance sheet and/or off-balance sheet.



New minimum liquidity standard: possible impacts

Impact on the real economy:

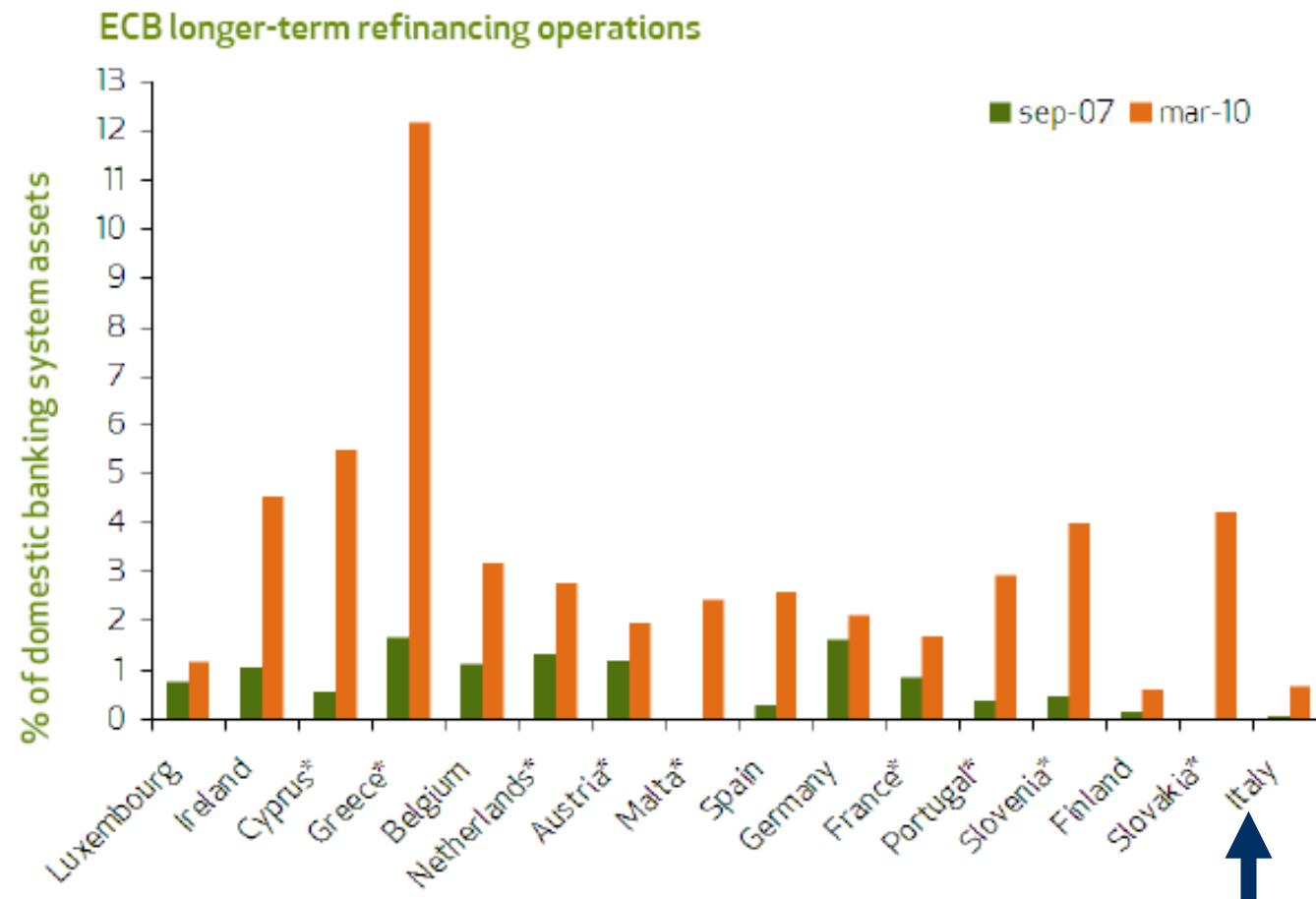
If the current set of rules were to be applied '**as is**' there could be:

- an increase in the product pricing and customers spreads;
- a contraction of lending activity;
- a distortion of the maturity transformation function, particularly in Italy where banks have been historically prudent in this area.



It is crucial to find the right balance between the need to have the right liquidity buffer and the need not to impair the traditional banking maturity transformation function.

ECB long-term refinancing operations in the EU banking system



*data refers to total central bank loans to domestic MFIs, not the breakdown by instrument (i.e. main refinancing operations, longer-term refinancing operations, fine-tuning operations, marginal lending facilities)

source: NCBs, ECB; data at 30/4/10



Section 2








Group Profile

2.1. Group profile at a glance

2.2. Group funding & liquidity position: leveraging on retail strength



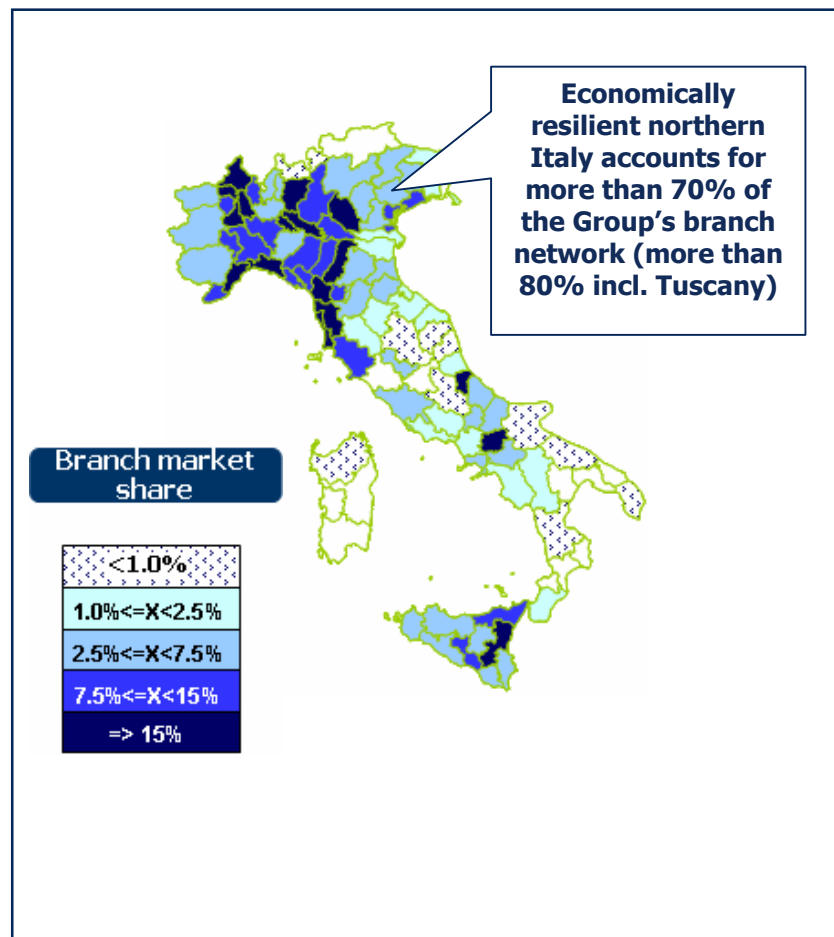
Banco Popolare Group at a glance

-  Banco Popolare was established on 1st July 2007 from the merger between Banco Popolare di Verona e Novara and Banca Popolare Italiana.
-  Today, Banco Popolare is the 1st Italian popolare bank per branch number (2,271) and the 4th largest Italian bank by total assets.
-  Excellent geographical position, with an average branch market share of 10% in the main regions in northern Italy and a deeply rooted network with more than 3 million customers.
-  Core business focused on retail and SME clients (~86% of total revenues).
-  Total assets: **€137.7bn**, net customer loans: **€96.1bn**, direct customer deposits: **€104.3bn** and indirect customer funds: **€79.3bn** (of which **€31.8bn** AuM).
-  Strengthening of the capital position through the sale of non-core assets and issuance of “Tremonti” bond and “soft mandatory” convertible bond*.
-  Turnaround of Banca Popolare di Lodi starting to bear fruit.
-  Banca Italease: re-organization completed and de-risking well under way.

Data as of 31/03/2010

* Tremonti bond issued in July 2009 for € 1.45bn and SMCN issued in March 2010 for €1bn

Banco Popolare – Group franchise at a glance



Domestic market shares

	National	North-West	North-East	Center	South
Loans	5.0%	6.1%	6.4%	3.5%	2.3%
Deposits	5.2%	7.1%	6.2%	3.7%	2.5%

■ Excellent geographical position:

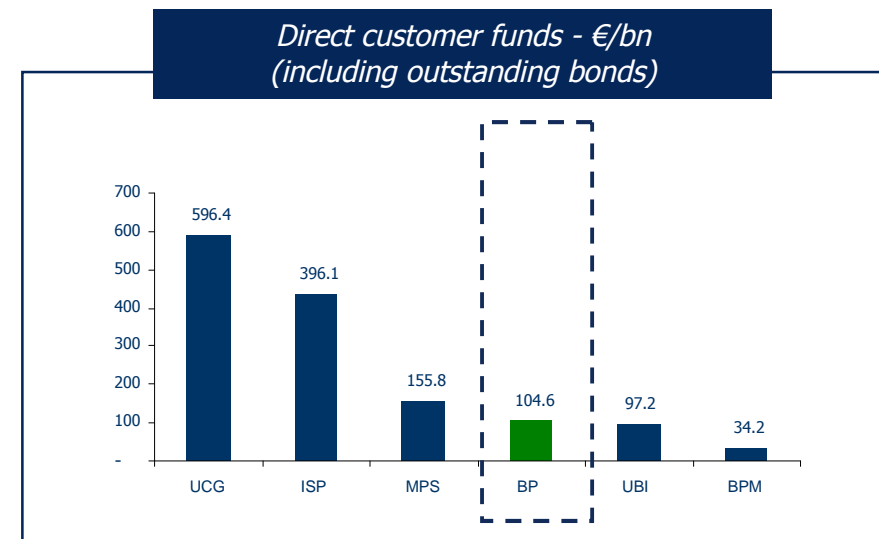
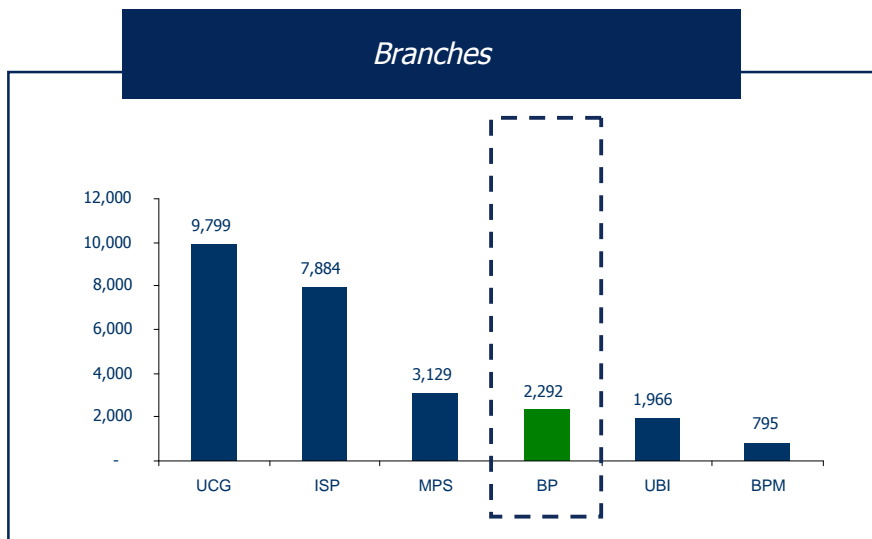
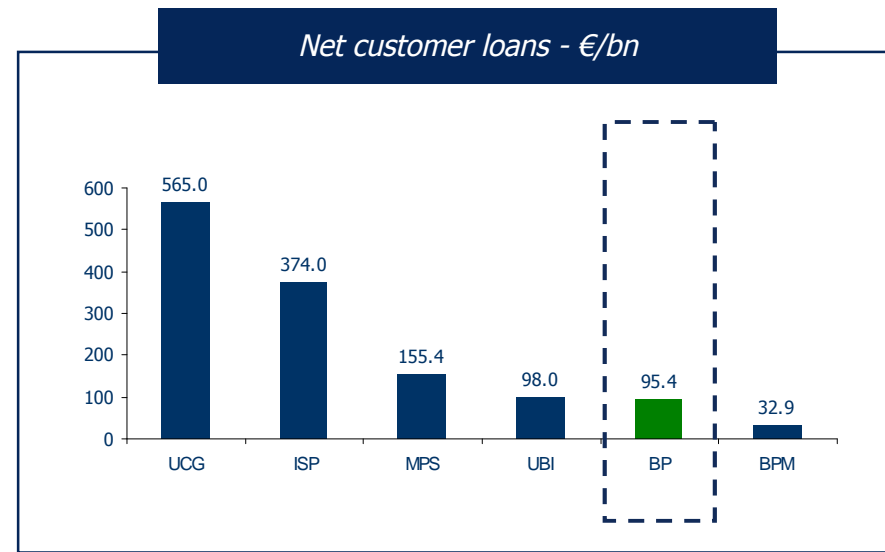
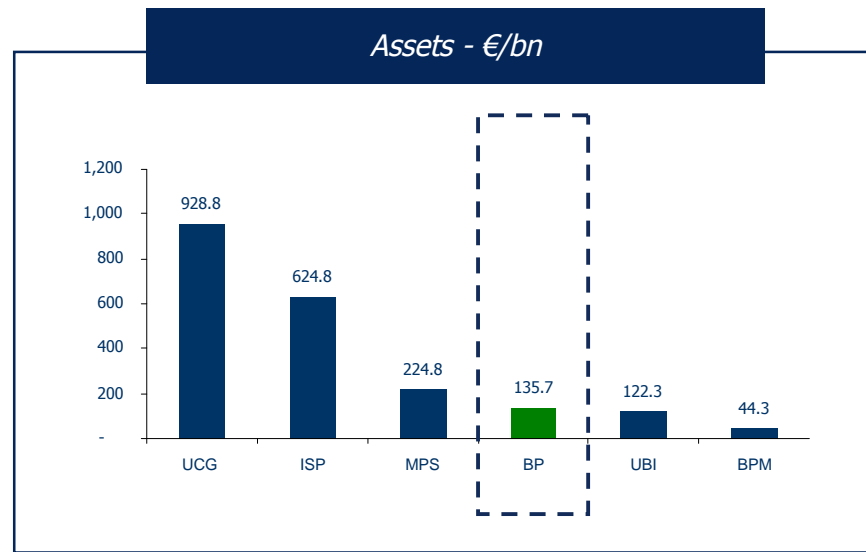
- average branch market share of 10% in the main regions in northern Italy:
 - Liguria: 14.1%
 - Tuscany: 10.7%
 - Veneto: 8.9%
 - Piedmont: 8.9%
 - Lombardy: 8.7%
 - Emilia Romagna: 7.3%
- market share of more than 10% in 20 provinces

■ Franchise quality

■ Well recognised brands in core market regions

The pillar of funding strength and sound credit management.

Benchmarking – Banco Popolare Group vs. Italian peers (*)



(*) Data as of 31/12/2009



Banco Popolare Group risk profile – low structural risks

Business Model: Focus on Retail

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

Sound Balance Sheet Structure and Liquidity Pos.

- Loan/Deposit ratio of 0.92 as of 31 March 2010 (0.89 Banco Popolare 'standalone').
- Funding needs are structurally covered until 2012
- 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
- No investment in structured credit products
- No investment in structured investment products on market variables
- Low VAR of the trading book: max. about €3.4m in Q1 2010 (holding period = 1 day; confidence interval = 99%) – about €2.1m on 31 March 2010

Solid ratings: excerpt of recent comments from the agencies



Moody's Investors Service

Short term credit rating: P-1
Long term credit rating: A2

Outlook: Stable

The rating reflects the bank's strong franchise value and acceptable financial factors. It also factors in the challenge of restructuring BP's loss-making subsidiary, Banca Italease (Italease).

The group's strong franchise in the wealthy northern Italian regions continues to support pre-provision profitability at adequate levels with stable, retail-related business lines contributing more than 60% of the bank's profits, resulting in good earnings stability.

FitchRatings

Short term credit rating: F-2
Long term credit rating: A-

Outlook: Negative

On 7th May 2010 Fitch removed RWN on Banco Popolare's (BP) ratings and affirmed the LT rating at A- (with 'outlook negative') and the ST rating at F-2

The affirmation reflects management's progress to date in working out some of BP's largest impaired exposures and in reinforcing its capital. Fitch, however, considers the bank's impaired loans, partly inherited from the acquisition of Banca Italease, to remain high and capitalisation modest in relation to these loans. This is reflected in the Negative Outlook. Failure to reduce the stock of impaired loans and to improve the capitalisation as expected in the coming quarters could put pressure on ratings.

BP's ratings continue to be based on its **position as the fourth-largest bank in Italy, with a strong franchise in some of Italy's wealthiest regions.**

**STANDARD
& POOR'S**

Short term credit rating: A2
Long term credit rating: A-

Outlook: Negative

On 10th March 2010 S&P removed RWN on Banco Popolare's (BP) ratings and affirmed the LT rating at A- (with 'outlook negative') and the ST rating at F2

The affirmation reflects S&P's view of BP as a highly systemically important institution to Italy, **given its leading franchise in the northern Italian provinces and its 5.2% market share in national retail deposits as of December 2008.**

The LT ratings on BP now include one notch of uplift for potential government support above the bank's stand-alone credit profile.

In S&P's opinion, BP's management is committed to significantly strengthen the bank's current weak capital position and to address its large exposure to risky real estate operators and leasing loans.

Source of comment excerpts:

Moody's Credit Analysis 11 Feb. 2010; Fitch Credit Analysis 10 May 2010; S&P research update 10 March 2010.



Section 2

Group Profile

2.1. Group profile at a glance

2.2. Group funding & liquidity position: leveraging on retail strength



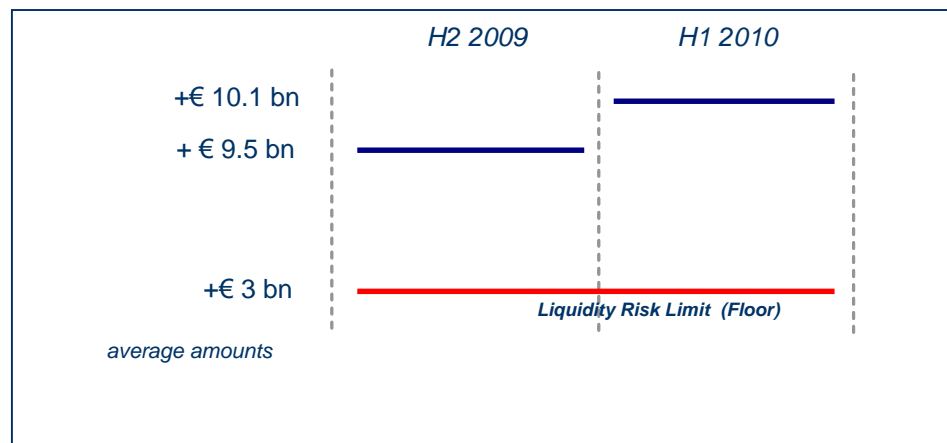
Banco Popolare Group: liquidity risk management

Key features of the Group's liquidity management system:

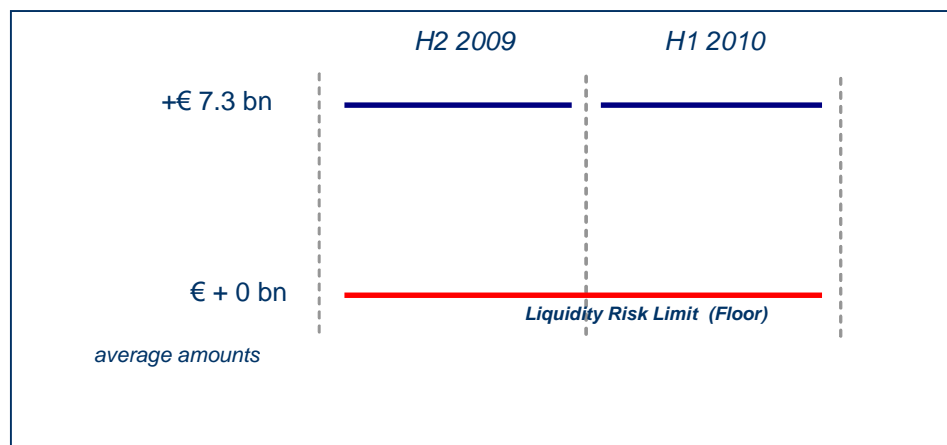
1. Centralisation of operational liquidity management at parent bank level;
2. Limited recourse to wholesale funding;
3. Use of statistical estimates for forecasts of unexpected illiquidity;
4. Strong liquidity buffers to absorb any external shocks;
5. Articulated set of quantitative limits.

Short-term liquidity profile: clear strengthening

Overnight Position (time bucket)



3-month position (time bucket)



Group funding strategy: leveraging on retail customer base

€/bn

Net flows of bond funding activities*
(bonds issuances minus bonds expired by category)



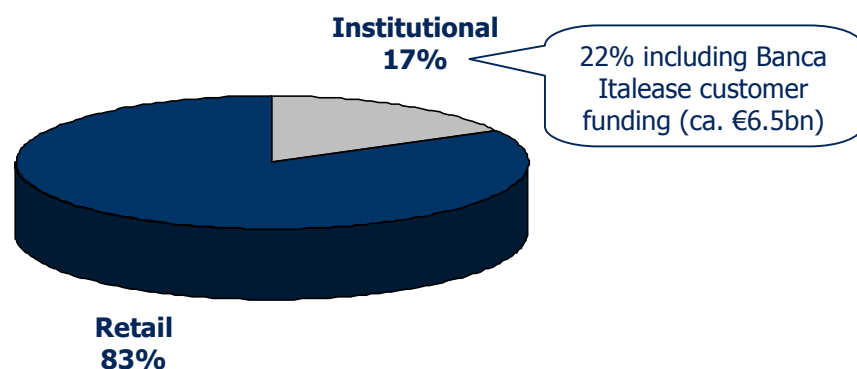
* Banco Popolare excluding Banca Italease.

Composition of customer funding sources

Banco Popolare 'standalone'

Breakdown of **TOTAL** funding sources

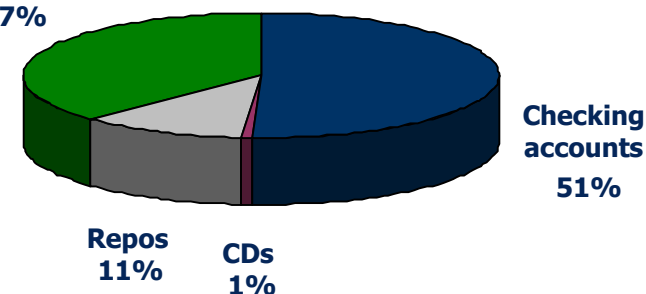
Total direct customer funds: €98.5bn (31/03/2010)



Breakdown of **RETAIL** funding sources

Bonds placed with retail customers

37%

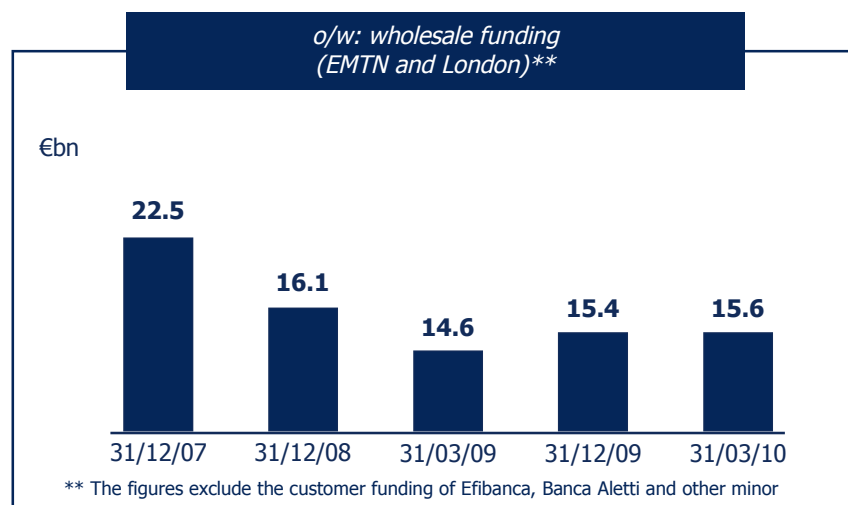
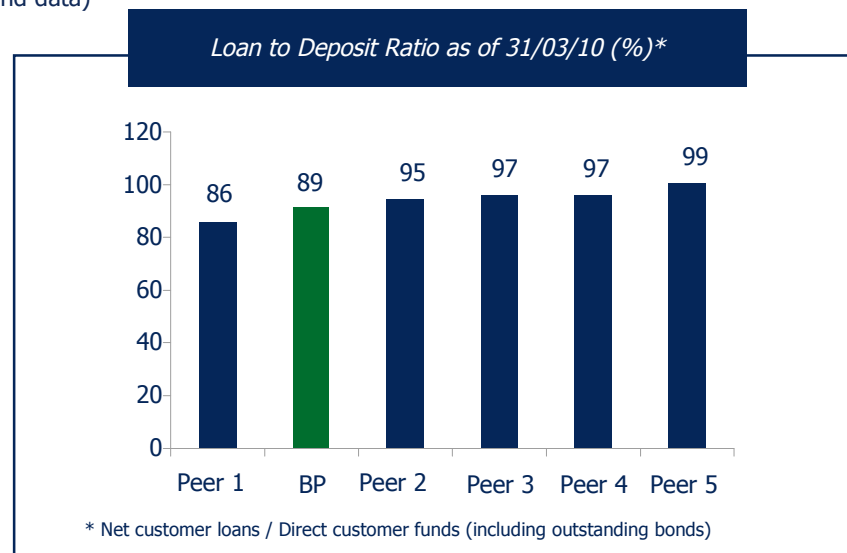
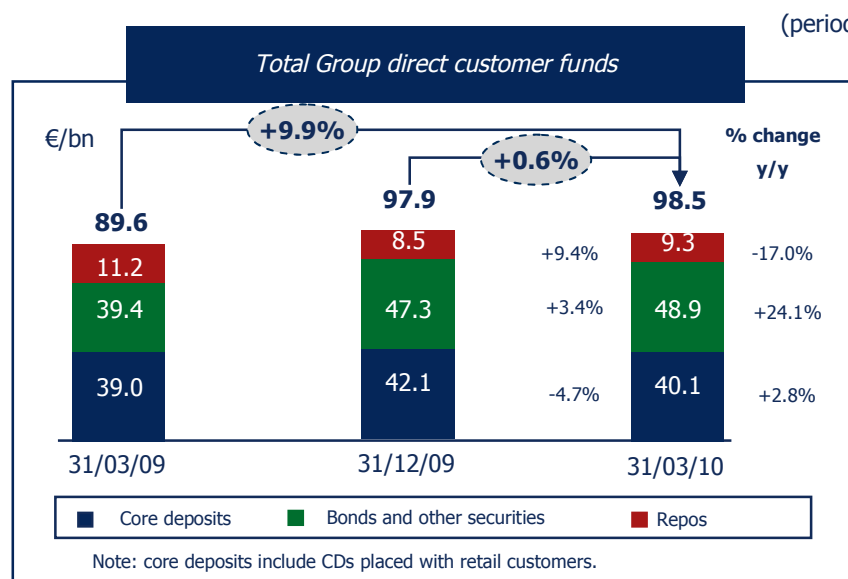


Comments:

- Even including still outstanding Banca Italease bonds, the core retail component accounts for a high level of 78% of total the Group's total customer funding sources.
- Good structural balance of the core banking business: Group loan/deposit ratio historically below 1.
- €5bn OBG Issuance under OBG Programme (guaranteed bank bonds) as an additional funding source.
- €25bn EMTN programme in support of medium/long-term lending strategy (used by about €15bn).

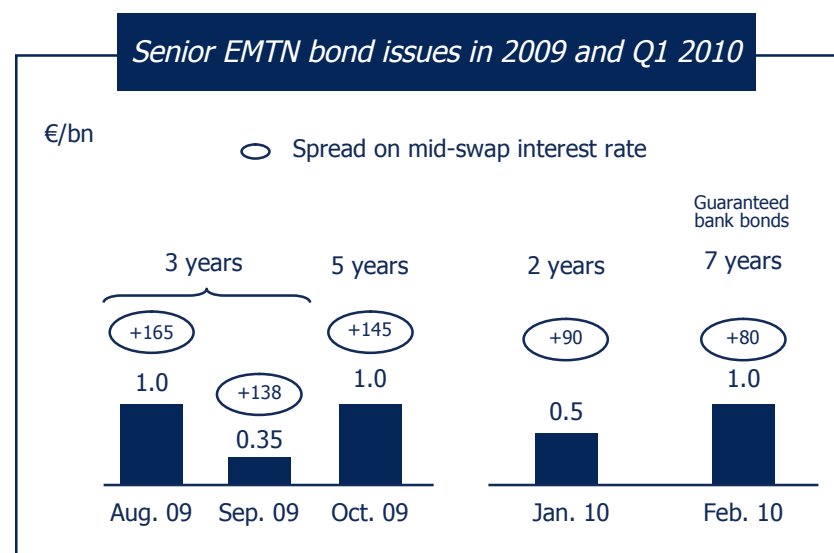
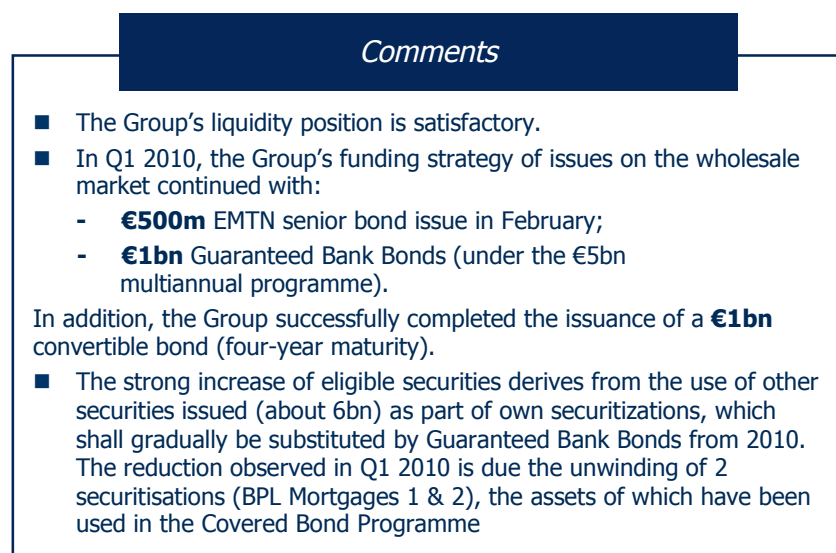
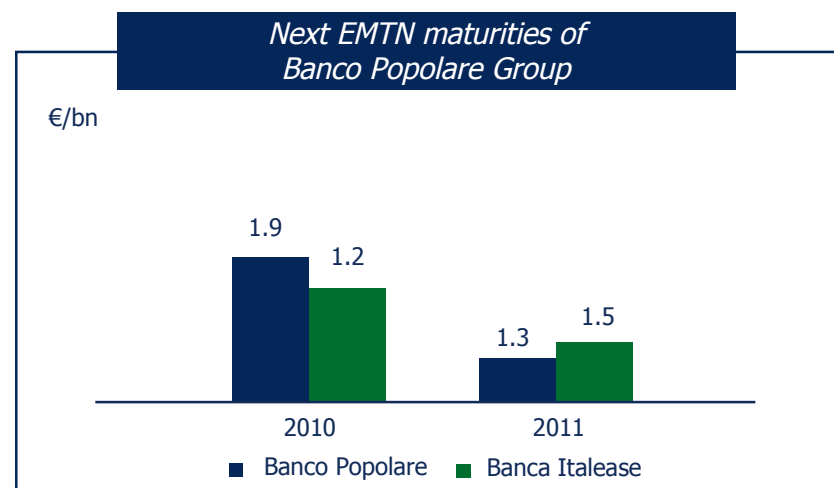
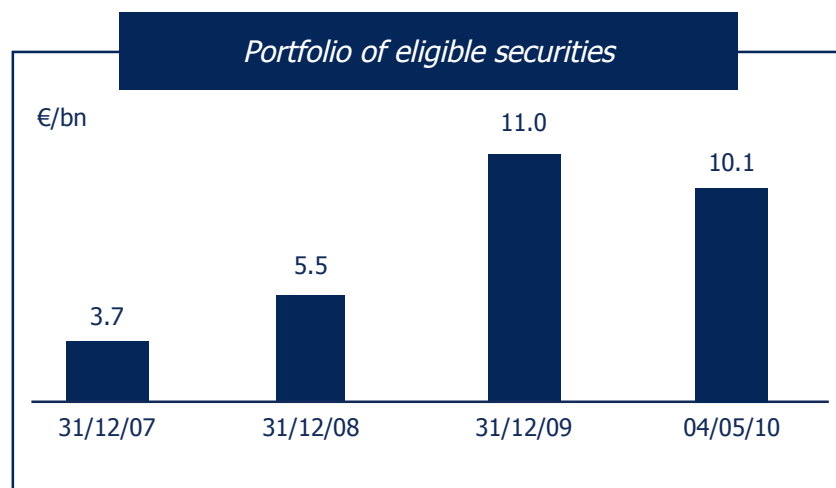
Banco Popolare 'standalone'

Direct customer funds: growth in the retail segment



- Comments**
- Group direct customer funds show an increase of 0.6% over year-end 2009 and a strong growth year-on-year: +9.9%
 - The core segments (Households and Small Businesses) registered an increase of 1.4% over year-end 2009
 - Wholesale market funding has registered a growth, in line with the funding strategy adopted by the Group starting from Q3 2009

Sound liquidity profile



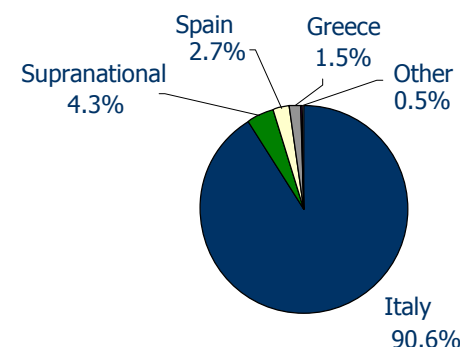
Source: Internal management report, 30 April 2010

Analysis of the proprietary securities portfolio

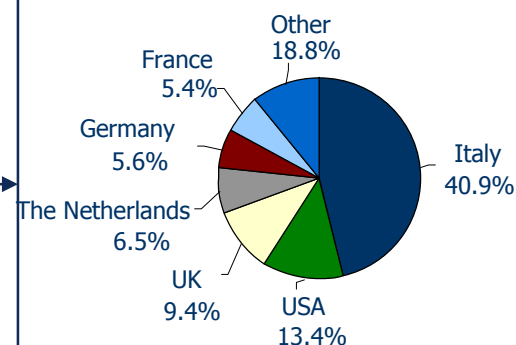
Focus on the proprietary securities portfolio as at 31/03/2010

Asset class	Amount (€/bn)	% comp.
- Treasury securities	5.8	45.7%
- Senior investment grade bonds	3.3	26.0%
- 'SUBPRIME', CLOs, CDOs and CBOs	0.0	0%
- Monolines	0.0	0%
- Emerging markets: bonds & equities	0.0	0%
- ABS (AAA rating)	0.1	0.8%
- Stakes in OICR <i>of which: Aletti Gestielle, Azimut and Italfortune</i>	1.2 0.8	9.4%
- Equity securities <i>of which: Available for Sale (partnerships)</i> <i>of which: securities for Banca Aletti hedging activities</i>	1.3 0.7 0.5	10.2%
- Non-investment grade securites	0.1	0.8%
- Subordinated debt	0.3	2.4%
- Other securities	0.6	4.7%
Total investment securities portfolio	12.7	100%

Average duration: 3.5 years



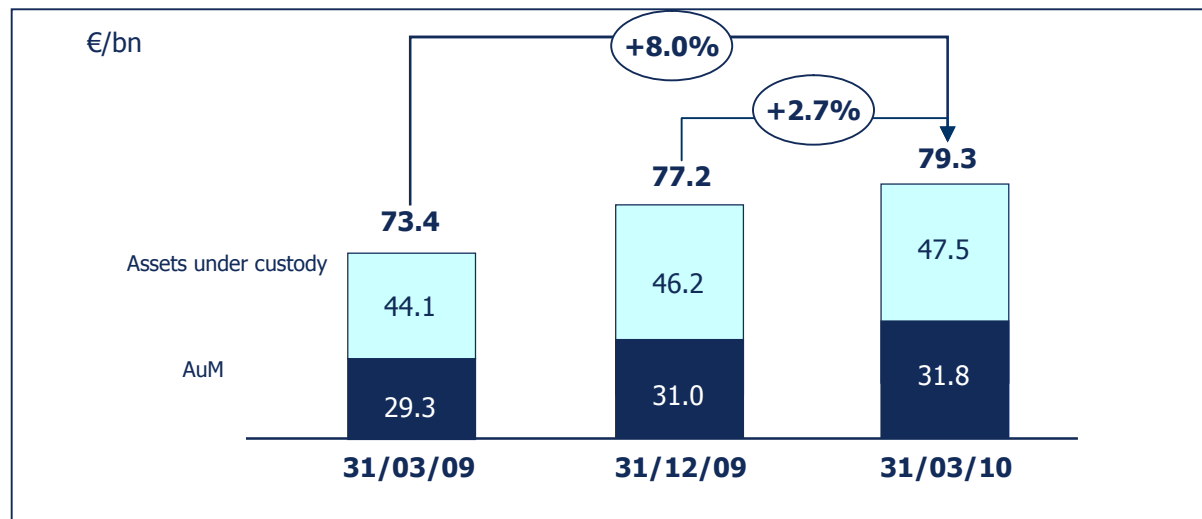
Average duration: 2.8 years



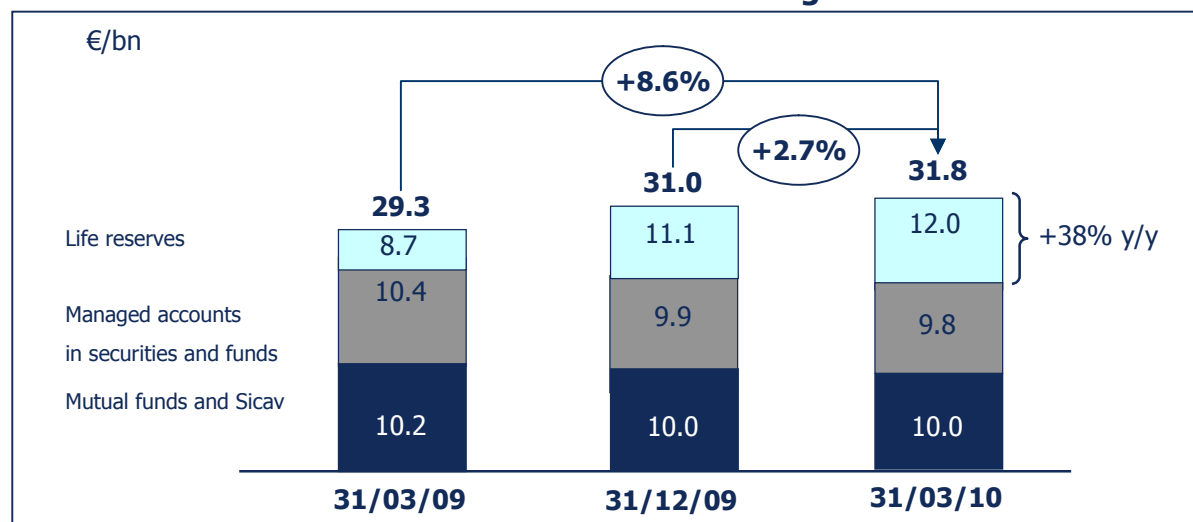
- Italian Treasury bonds account for 91% of total Treasury securities.
- Limited exposure to Greek (€87.8m) and Spanish (€158.5m) Government bonds.

Indirect customer funds: buffer for Group liquidity

Indirect customer funds

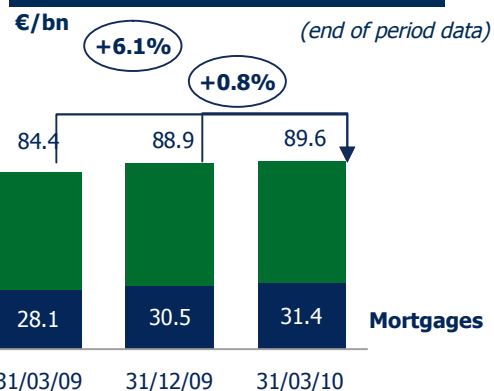


Focus on Assets under Management



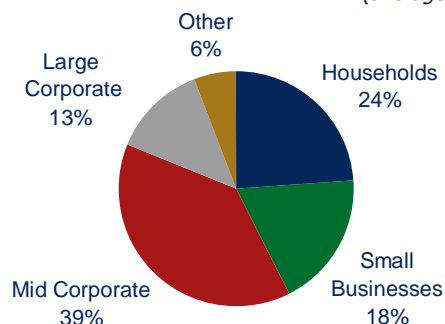
Banco Popolare 'standalone' Customer loan growth

Group gross customer loans



Customer loans BdT by segment

31/03/2010
(average data)

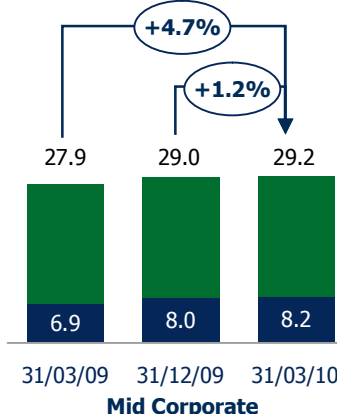
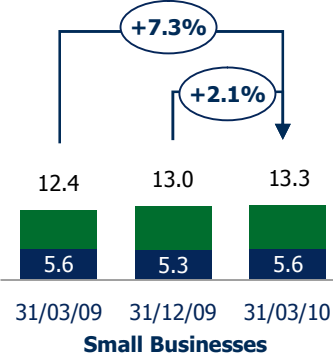
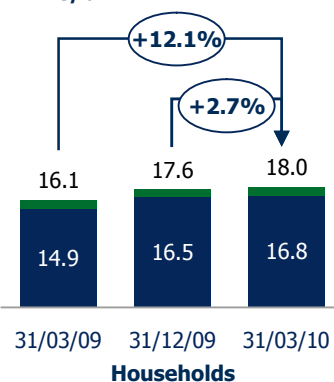


Comments

- Group gross customer loans rose 6.1% y/y and 0.8% since year-end 2009
- In particular, Household loans increased by 12.1% y/y (+2.7% since year-end), while lending to the Small Businesses segment grew 7.3% y/y (+2.1% since year-end)

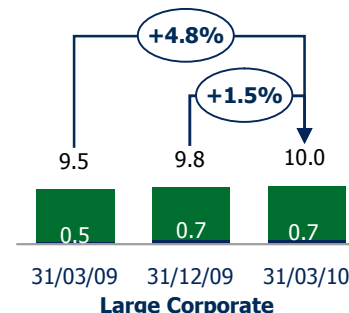
Banks of the Territory: increase of customer loans by segments*

€/bn



■ Mortgage loans

(end of period data)



* 2009 data are shown on a pro-forma basis to consider the new segmentation adopted in 2010



Conclusions

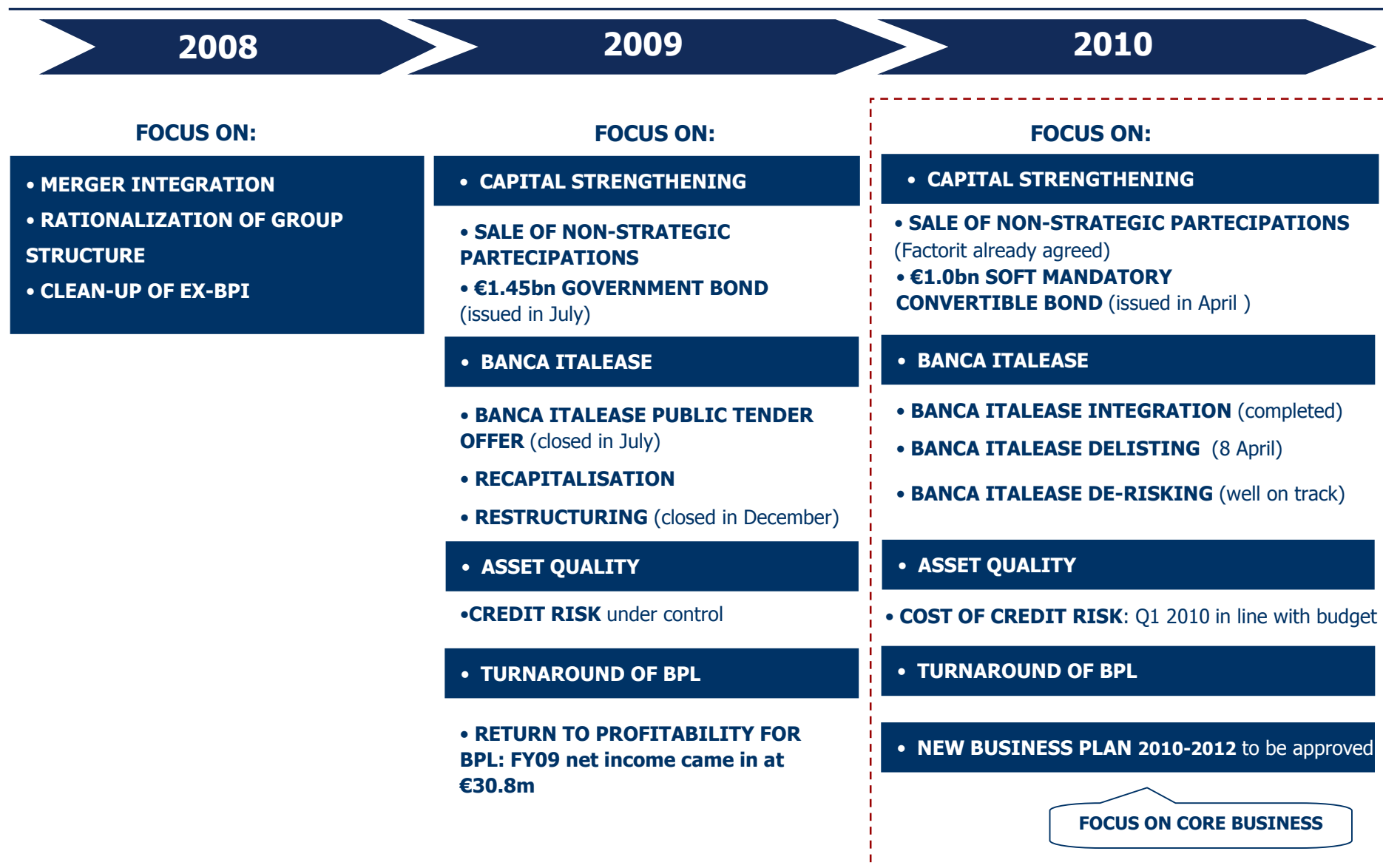
- In response to the market crisis, regulatory bodies have, among other, asked for major changes in banks' funding and liquidity management practices at international level.
- If left unchanged, these proposals stand to have a meaningful impact also for Italian banks. Ongoing discussions are, however, expected to lead to an alteration of the initial guideline proposals.
- In this context, Banco Popolare can leverage on the strength of its deeply rooted retail franchise, with a strong retail customer funding base, and of its satisfactory liquidity position.
- Therefore, in relative terms, the Group appears less impacted by the possible changes underway. At the same time, the Group is adapting its funding and liquidity management practices to the new environment, with a view to ensure sound bank management also in the future.



Appendix

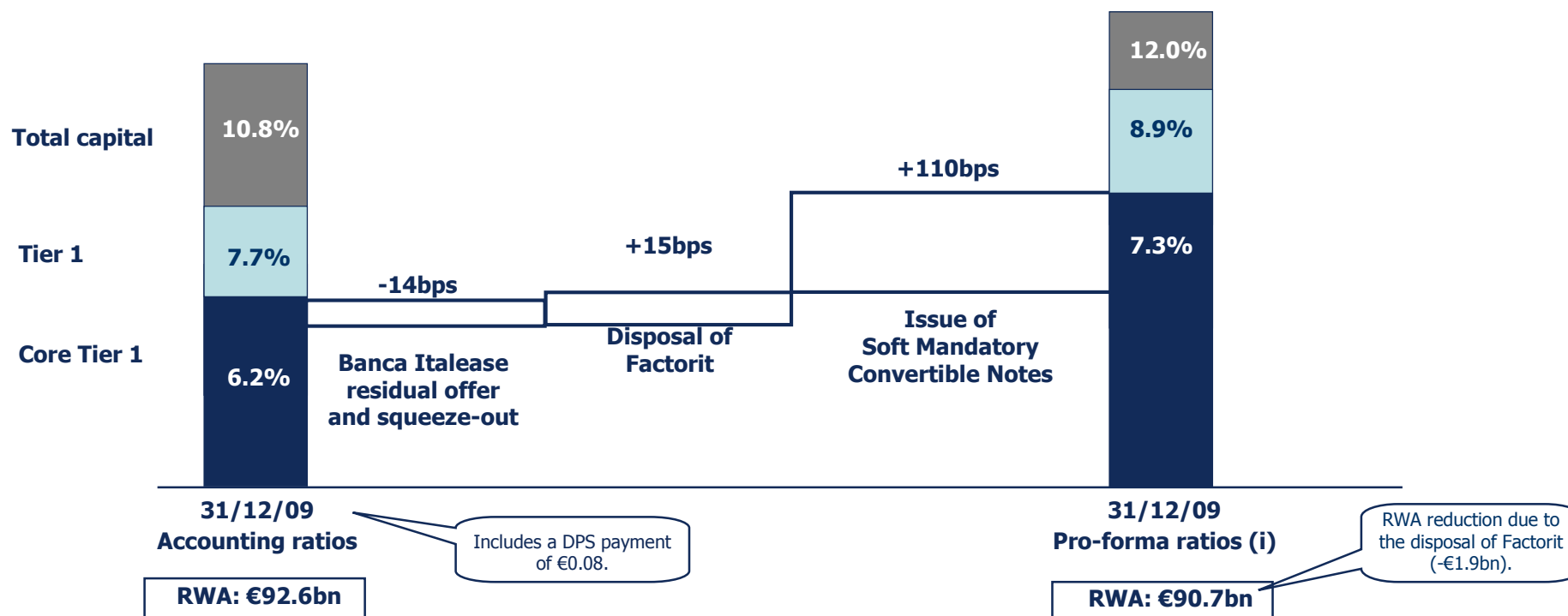


Key development steps at a glance



Capital adequacy ratios: strengthening under way

Group capital ratios



(i) Includes issue of 'Soft Mandatory' Convertible notes of €1bn, subscribed as of 27 March for 98.84% (€984.8bn). After 18 months, the SMCNs can be converted, both by the holder of the notes and by the issue. Disposal of a stake of 90.5% in Factorit in March 2010 (to be approved by Bank of Italy). Includes also the effect of the mandatory offer for Banca Italease and the squeeze-out, in addition to the agreed sale of Factorit.

Appendix: Banco Popolare Group

Group consolidated balance sheet

Reclassified assets (thousand euro)	31/03/2010	31/12/2009	% Chg.
Cash and cash equivalents	467,411	580,798	(19.5%)
Financial assets and hedging derivatives	15,945,997	14,607,639	9.2%
Due from other banks	9,216,803	9,566,348	(3.7%)
Customers loans	96,082,838	95,350,225	0.8%
Equity investments	1,639,856	1,637,221	0.2%
Property, plant and equipment	1,751,149	1,442,462	21.4%
Intangible assets	5,283,740	5,294,942	(0.2%)
Non-current assets held for sale and discontinued operations	1,711,787	1,915,762	(10.6%)
Other assets	5,633,693	5,313,694	6.0%
Total	137,733,274	135,709,091	1.5%

Reclassified liabilities (thousand euro)	31/03/2010	31/12/2009	% Chg.
Due to other banks	10,395,791	8,420,417	23.5%
Due to customers, debt securities in issue and financial liabilities measured at fair value	104,307,055	105,183,120	(0.8%)
Financial liabilities and hedging derivatives	4,406,534	4,047,105	8.9%
Provisions	1,483,573	1,474,904	0.6%
Liabilities associated with assets held for sale	939,914	960,065	(2.1%)
Other liabilities	4,060,069	3,511,268	15.6%
Minority interest	476,996	579,373	(17.7%)
Shareholders' equity	11,663,342	11,532,839	1.1%
- Share capital and reserves	11,586,247	11,265,801	2.8%
- Net income for the period	77,095	267,038	(71.1%)
Total	137,733,274	135,709,091	1.5%

Appendix: Banco Popolare Group

Consolidated Q1 2010 income statement: accounting data

Reclassified income statement - €/m	INCLUDING PPA line-by-line		EXCLUDING PPA line-by-line	
	Q1 2010	Q1 2009	Q1 2010	Q1 2009
Net interest income	486.9	520.4	546.8	558.7
Profit (loss) on equity investments carried at equity	13.0	13.6	13.0	13.6
Net interest, dividend and similar income	499.8	534.0	559.8	572.3
Net commissions	322.4	265.2	322.4	265.2
Other revenues	(8.3)	0.7	2.2	11.9
Net financial income	113.9	281.2	117.6	281.3
Other operating income	428.0	547.1	442.3	558.3
Total income	927.8	1,081.0	1,002.0	1,130.6
Personnel expenses	(380.3)	(369.3)	(380.3)	(369.3)
Other administrative expenses	(193.0)	(196.1)	(193.0)	(196.1)
Amortization and depreciation	(38.4)	(37.6)	(37.4)	(36.6)
Operating costs	(611.8)	(603.0)	(610.7)	(601.9)
Profit from operations	316.0	478.1	391.3	528.6
Net write-downs on impairment of loans, guarantees and commitments	(176.1)	(132.8)	(176.1)	(132.8)
Net write-downs on impairment of other financial transactions	(11.7)	(3.2)	(11.7)	(3.2)
Net provisions for risks and charges	2.0	(15.9)	2.0	(15.9)
Impairment of goodwill and equity investments	-	-	-	-
Profit (loss) on disposal of equity and other investments	(1.4)	100.8	4.7	101.0
Income before tax from continuing operations	128.9	426.9	210.2	477.7
Tax on income from continuing operations	(55.9)	(209.4)	(82.6)	(226.2)
Income (Loss) after tax from non-current assets held for sale	8.6	(0.4)	8.6	(0.4)
Minority interest	(4.4)	1.5	(7.2)	(1.1)
Net income for the period excluding PPA			128.9	250.0
PPA impact after tax	-	-	(51.8)	(31.4)
Net income for the period including PPA	77.1	218.6	77.1	218.6

The two sets of results are not directly comparable considering that Banca Italease Group is consolidated starting only from 1 July 2009.

Of which PPA Italease: -€21.1m
Of which PPA ex-BPI: -€30.7m

Appendix: Banco Popolare Group Consolidated Q1 2010 income statement: breakdown

	Q1 2010		Q1 2010	
Reclassified income statement - €/m	Banco Popolare Group (PPA line-by-line)	Banco Popolare (standalone)	Banca Italease	PPA Italease
Net interest income	486.9	487.9	21.7	(22.8)
Profit (loss) on equity investments carried at equity	13.0	13.0	0.0	-
Net interest, dividend and similar income	499.8	500.9	21.7	(22.8)
Net commissions	322.4	319.1	3.2	-
Other revenues	(8.3)	(7.9)	(0.4)	-
Net financial income	113.9	115.8	1.8	(3.7)
Other operating income	428.0	427.1	4.6	(3.7)
Total income	927.8	928.0	26.3	(26.5)
Personnel expenses	(380.3)	(371.4)	(8.9)	-
Other administrative expenses	(193.0)	(185.2)	(7.9)	-
Amortization and depreciation	(38.4)	(36.6)	(1.8)	-
Operating costs	(611.8)	(593.2)	(18.6)	-
Profit from operations	316.0	334.8	7.7	(26.5)
Net write-downs on impairment of loans, guarantees and commitments	(176.1)	(151.8)	(24.3)	-
Net write-downs on impairment of other financial transactions	(11.7)	(11.7)	-	-
Net provisions for risks and charges	2.0	0.8	1.2	-
Impairment of goodwill and equity investments	-	-	-	-
Profit (loss) on disposal of equity and other investments	(1.4)	0.1	3.6	(5.2)
Income before tax from continuing operations	128.9	172.3	(11.8)	(31.6)
Tax on income from continuing operations	(55.9)	(73.9)	7.7	10.2
Income (Loss) after tax from non-current assets held for sale	8.6	6.0	2.5	-
Minority interest	(4.4)	(4.1)	(0.6)	0.3
Net income for the period	77.1	100.4	(2.2)	(21.1)

-€23.3m

Appendix: Banco Popolare Group

Consolidated income statement: quarterly trend

Reclassified income statement - €/m	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Net interest income	486.9	480.7	487.6	502.4	520.4
Profit (loss) on equity investments carried at equity	13.0	46.4	20.1	23.7	13.6
Net interest, dividend and similar income	499.8	527.1	507.7	526.2	534.0
Net commissions	322.4	341.4	296.3	325.2	265.2
Other revenues	(8.3)	14.1	171.8	(5.0)	0.7
Net financial income	113.9	(14.5)	(66.9)	(13.9)	281.2
Other operating income	428.0	341.0	401.3	306.3	547.1
Total income	927.8	868.2	909.0	832.4	1,081.0
Personnel expenses	(380.3)	(409.1)	(382.0)	(362.4)	(369.3)
Other administrative expenses	(193.0)	(182.2)	(200.9)	(194.6)	(196.1)
Amortization and depreciation	(38.4)	(44.9)	(40.9)	(38.3)	(37.6)
Operating costs	(611.8)	(636.2)	(623.8)	(595.4)	(603.0)
Profit from operations	316.0	232.0	285.2	237.1	478.1
Net write-downs on impairment of loans, guarantees and commitments	(176.1)	(256.2)	(222.5)	(137.5)	(132.8)
Net write-downs on impairment of other financial transactions	(11.7)	(15.0)	(4.7)	(8.8)	(3.2)
Net provisions for risks and charges	2.0	(20.3)	12.2	(32.6)	(15.9)
Impairment of goodwill and equity investments	-	(6.0)	-	(3.1)	-
Profit (loss) on disposal of equity and other investments	(1.4)	1.1	13.4	0.8	100.8
Income before tax from continuing operations	128.9	(64.4)	83.6	55.9	426.9
Tax on income from continuing operations	(55.9)	(9.6)	15.4	(36.7)	(209.4)
Income (Loss) after tax from non-current assets held for sale	8.6	19.6	5.0	(28.0)	(0.4)
Minority interest	(4.4)	4.9	8.3	(5.6)	1.5
Net income for the period	77.1	(49.4)	112.3	(14.4)	218.6

Appendix: Banco Popolare 'standalone'

Income statement pre PPA: quarterly trend

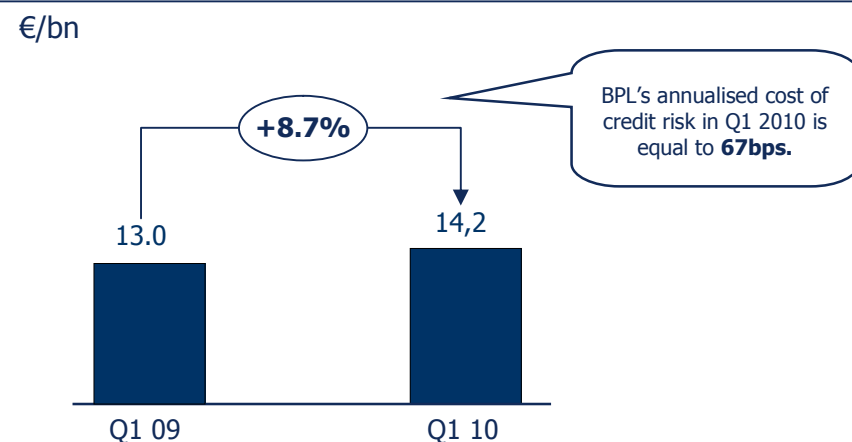
Reclassified income statement - €/m	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Net interest income	525.1	491.5	511.3	545.1	558.7
Profit (loss) on equity investments carried at equity	13.0	46.4	20.1	23.7	13.6
Net interest, dividend and similar income	538.1	537.9	531.4	568.9	572.3
Net commissions	319.1	332.4	292.3	325.2	265.2
Other revenues	2.7	18.0	(6.6)	6.2	11.9
Net financial income	115.8	10.7	(9.7)	(13.9)	281.3
Other operating income	437.6	361.1	276.0	317.4	558.3
Total income	975.7	899.0	807.4	886.3	1,130.6
Personnel expenses	(371.4)	(389.6)	(367.4)	(362.4)	(369.3)
Other administrative expenses	(185.2)	(161.9)	(194.0)	(194.6)	(196.1)
Amortization and depreciation	(35.6)	(41.0)	(37.3)	(37.3)	(36.6)
Operating costs	(592.1)	(592.5)	(598.7)	(594.4)	(601.9)
Profit from operations	383.5	306.5	208.7	291.9	528.6
Net write-downs on impairment of loans, guarantees and commitments	(151.8)	(230.1)	(173.6)	(137.5)	(132.8)
Net write-downs on impairment of other financial transactions	(11.7)	(15.0)	(4.7)	(8.8)	(3.2)
Net provisions for risks and charges	0.8	(15.7)	13.5	(32.6)	(15.9)
Impairment of goodwill and equity investments	-	(3.3)	-	(3.1)	-
Profit (loss) on disposal of equity and other investments	1.1	1.3	12.0	2.8	101.0
Income before tax from continuing operations	222.0	43.8	55.8	112.7	477.7
Tax on income from continuing operations	(90.3)	(15.5)	(32.9)	(55.5)	(226.2)
Income (Loss) after tax from non-current assets held for sale	6.0	17.4	(0.7)	(28.0)	(0.4)
Minority interest	(6.6)	(3.8)	(3.2)	(8.3)	(1.1)
Net income for the period excluding PPA	131.1	41.8	19.1	21.0	250.0
PPA impact after tax	(30.7)	(31.7)	(31.0)	(35.4)	(31.4)
Net income for the period including PPA	100.4	10.1	(11.9)	(14.4)	218.6

Turnaround of Banca Popolare di Lodi (1/2)

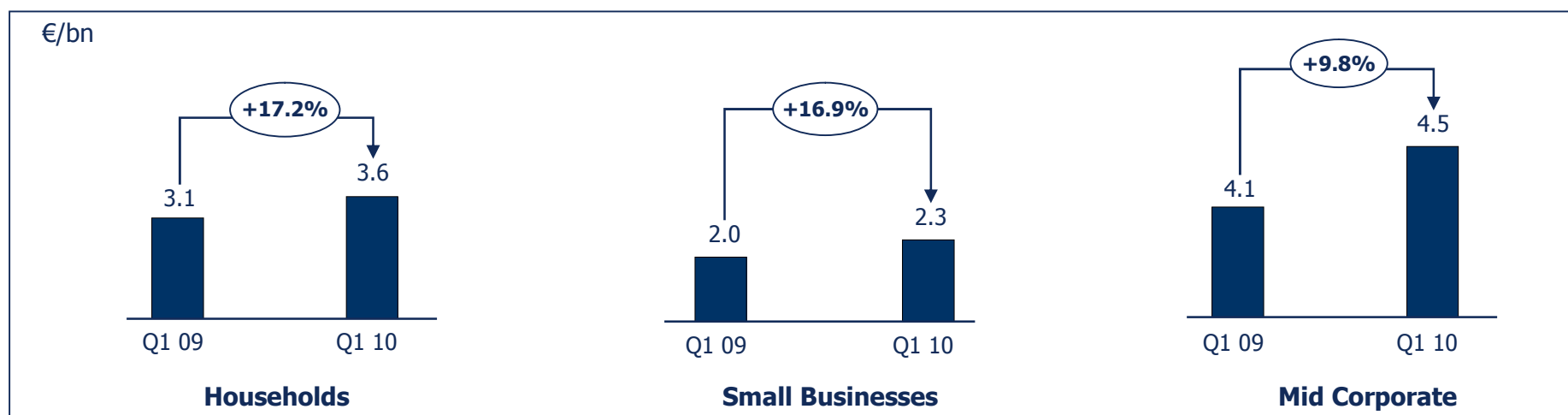
Q1 2010 profitability highlights

€/m	
Net interest income	102.4
Net commission income	66.8
Total income	173.4
Operating costs	-121.1
Profit from operations	52.4
Net income (accounting)	15.0

Trend in customer loans (gross)

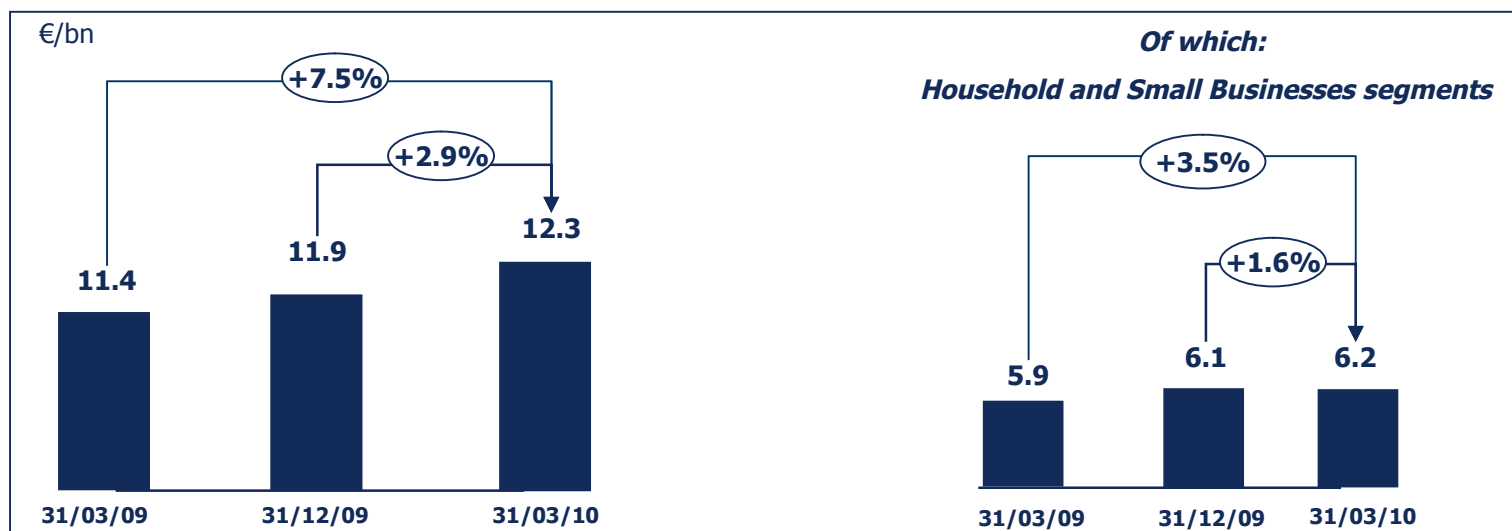


Loans to customer (gross): focus on core business segments

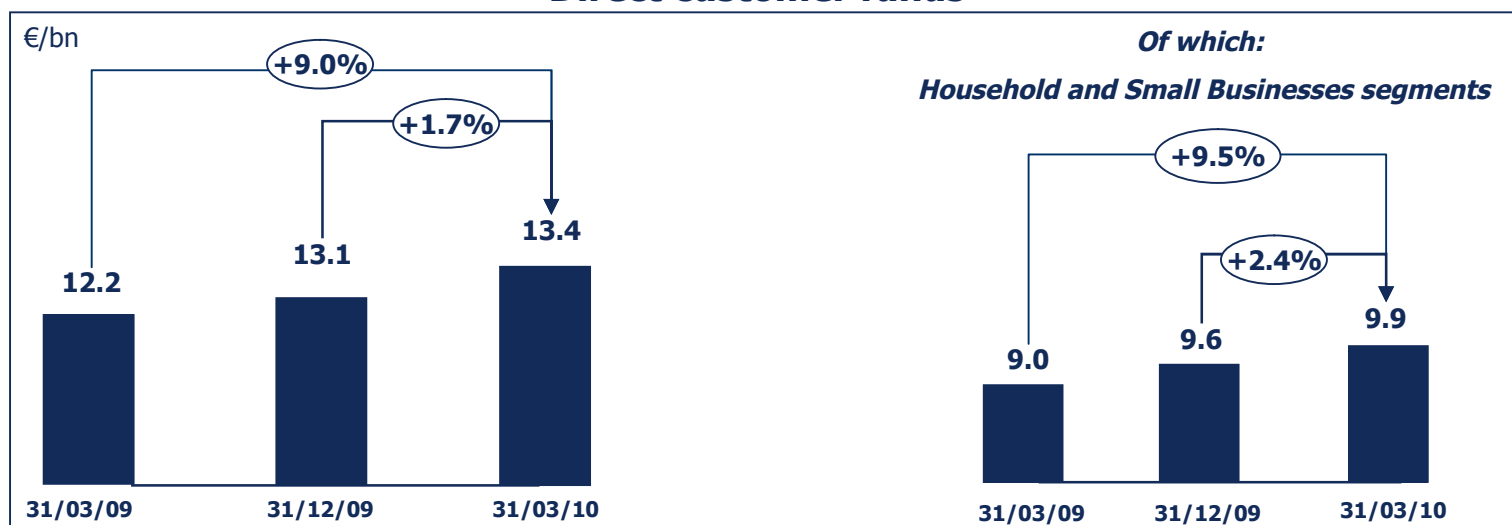


Turnaround of Banca Popolare di Lodi (2/2)

Indirect customer funds



Direct customer funds





Investor Relations activities in 2010

work in
progress

Preliminary Pipeline of IR events in 2010

Date	Place	Event
21 January 2010	Milan	UBS Italian Financial Services Conference
16 February 2010	London	HSBC South European Banks Conference
23 March 2010	London	Morgan Stanley - 2010 European Financials Conference
30 March 2010	Verona	Press Release on FY 2009 results
30 March 2010	Verona	Banco Popolare: Conference call on FY 2009 results
24 April 2010	Verona	Annual Meeting of Shareholders (2nd call)
14 May 2010	Verona	Press release on Q1 2010 results
14 May 2010	Verona	Banco Popolare: Conference call on Q1 2010 results
20 May 2010	Milan	Unicredit XIII Italian Conference
25 May 2010	Milan	Deutsche Bank Italian Conference
10 June 2010	Madrid	Goldman Sachs European Financial Conference
27 August 2010	Verona	Press release on H1 2010 results
27 August 2010	Verona	Banco Popolare: Conference call on H1 2010 results
2/3 September 2010 (TBC)	London	Nomura Financial Services Conference
15 September 2010	London	KBW UK & European Financials Conference 2010
30 September 2010 (TBC)	London	BoA Merrill Lynch Banking and Insurance CEO Conference
12 November 2010	Verona	Press release on Q3 2010 results
12 November 2010	Verona	Banco Popolare: Conference call on Q3 2010 results
19 November 2010 (TBC)	London	Goldman Sachs Italian Banks Symposium 2010

N.B. The above pipeline does not include ongoing roadshows, meetings and possible other Investor Conferences.





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