Bipiemme Group:

2008 Results
and capital strengthening initiatives

Milan, 25 March 2009

BANCA POPOLARE DI MILANO

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Agenda

BPM's 2008 results

Previously announced target	Actions taken	Results
CAPITAL ADEQUACY		
Core Tier1 > 6% by YE 08	•Use of ECAI* rating •RWA optimisation •Payout 50%	•Core Tier1 at 6.5% ** •RWA – 1.8% YoY •Dividend at € 0.10
LIQUIDITY		
Increase liquidity and the buffer margin	•Reductions in financial assets •Focus on direct funding •Increase in eligible assets	•Financial assets –27.2% YoY •Direct funding +7.8% YoY •Total eligible assets at € 1.3bln •Flat interbank position
LOANS GROWTH		
High single digit	•Focus on mortgages and persona loans •New products for SMEs and for households (Euromutuo)	•+10.5% total loan growth •+11% new mortgages and personal loans •Over EUR 5bn of new mortgages

(*) External Credit Assessment Institution (**) Last estimates

BPM's 2008 results

Previously announced target	Results		
Commercial Corporate and WM			
Net interest Income: +8-10%	+9.8%	At the top of the expectations	Loan growth Steady spread
Non-interest income: -2-0%	-2.6%	Little below the expectations	Negative AUM trend
Operating costs			
+2%	- 0.2%	Better than the expectations	Turnover Variable component of salaries
Cost of credit			
40 bps	73 bps	+33 bps	• 9 bps of AFS • 5 bps financial position adj. • 7 bps of generic provisions

2008 results: highlights

€ m	Dec 08	Dec 07	%
Loans	32,899	29,767	10.5
Funding	35,064	32,526	7.8
Assets under custody	19,488	20,744	(6.1)
Asset management	15,979	20,150	(20.7)
Core Tier 1	6.5	6.8	-0.3pp
Tier1	7.6	7.2	0.4pp
TCR	11.9	9.4	2.5pp
RWA	34,367	35,010	(1.8)

Volume growth continues both in commercial and corporate segments

AUM suffer but less than the sector. Market share improved from 2.02% (Dec.07) to 2.28% (Dec. 08)

Tier1 ratio improvement is explained by RWA management and €300m perpetual bond issue.

€ m	Dec 08	Dec 07	%
Interest income	1,068	1,028	3.9
Total income	1,613	1,812	(11.0)
Operating profit	532	729	(27.0)
Net income	75	324	(76.8)
Cost/income ratio	67.0%	59.8%	7.2 pp
ROE adj.	3.4%	12.1%	(8.7pp)

Operating performance in line with the expectations

No changes to financial asset category as BPM has not applied voluntary amendments to IAS 39

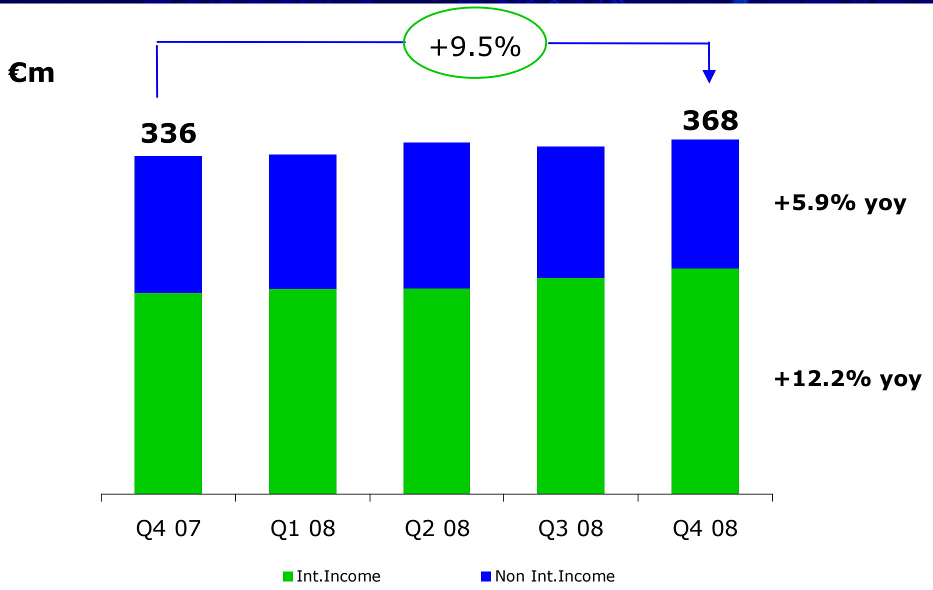
No fiscal benefits from new regulation on goodwill treatment

2008 results: P&L main details

€ m	2008
Interest income	**1,067.7**
Net fees and commissions	**517.5**
associates	2.3
dividends and profits from fin. trans.	**-31.3**
Other operating income	56.7
Non-interest income	**545.2**
Total income	**1,612.9**
Staff costs	(692.2)
Administrative costs	(316.1)
Depreciation & amortisation	(72.7)
Operating costs	**(1,081.0)**
Operating profit	**531.9**
Net adjustments to loans and fin. assets	(238.8)
Net provisions for risks and charges	(34.5)
Profit and loss from investments	(45.5)
Profit/loss from current op. before tax	**213.1**
Income tax for the period	(130.1)
Minorities	(7.7)
Group net profit/loss for the period	**75.3**

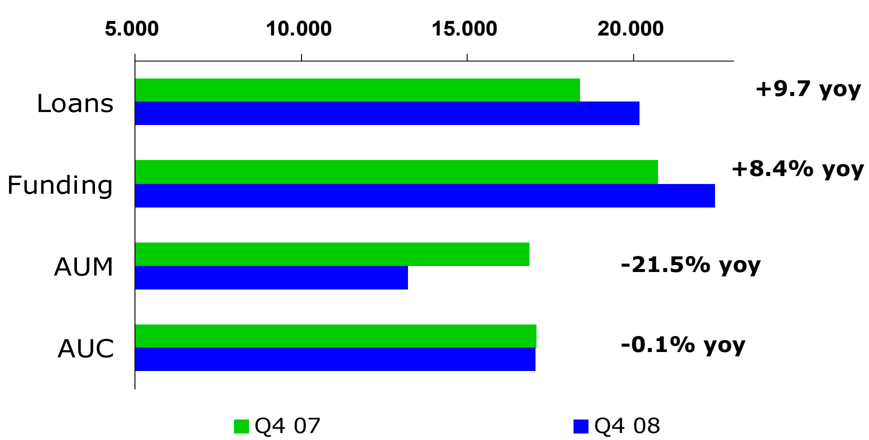
	FY 08	Q4 08
Unrealised losses on UCITS and Financial assets	**(96)**	**(37)**
Realised losses mainly due to stop loss	**(34)**	**(25)**
Non recurring item from overdue cashier's cheques	**(13)**	**(13)**
Integration costs related to Unicredit branch acquisitions	**(5)**	**(5)**
AFS adjustments	**(28)**	**(28)**
Financial positions adjustments	**(17)**	**(8)**
Impairment of Anima	**(36)**	
Impairment of C.R.Al	**(9)**	**(9)**
Impairment and losses non deductible		

Commercial Banking total income



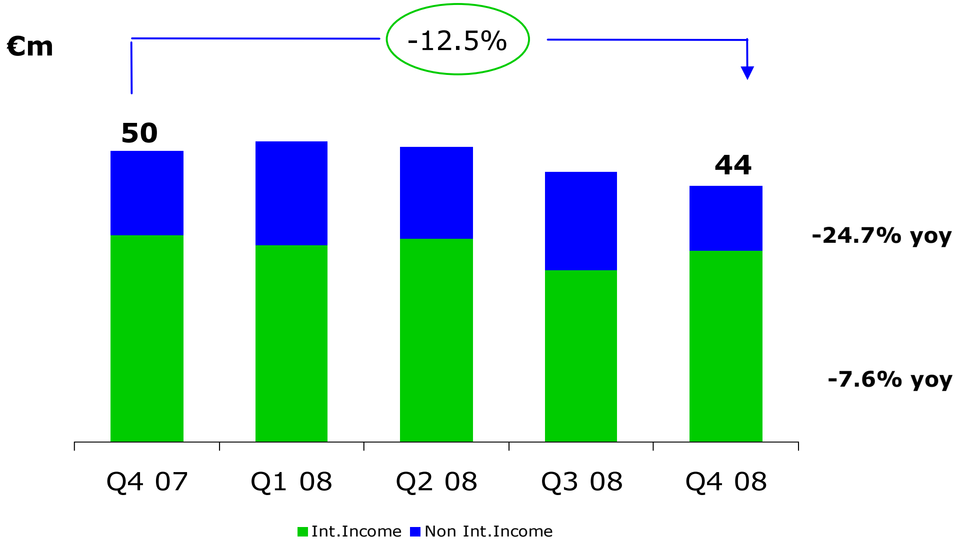
- Interest income growth (+12.2% YoY) sustained by volumes and margins:
  - volume effect +8.1%
  - margin effect +4.1%
- Good QoQ NII performance (+4.4%) driven by volumes and slight mark-up recover (+6 bps)
- NNII up 5.9% YoY mainly due to AUC commissions increased while AUM commissions continued to suffer
- Trend of traditional commissions still positive, 5.8% increase YoY

Average volumes € m



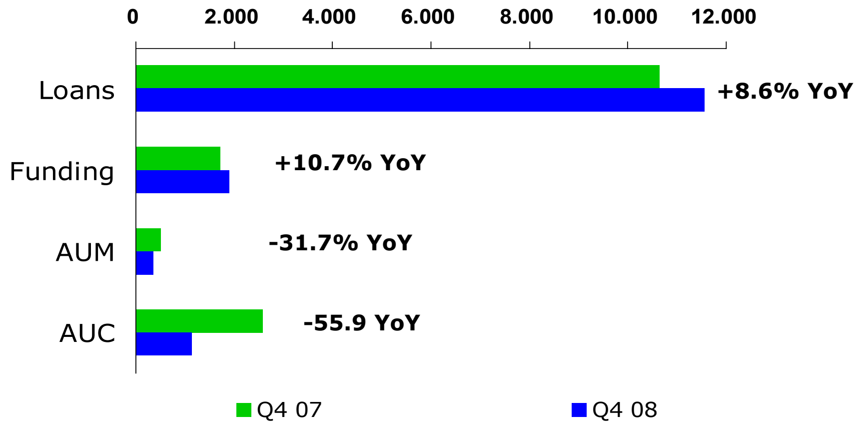
- High single digit loans growth (+9.7% YoY) driven by mortgages and consumer credit (+10.5% YoY).
- €4.6bn in new mortgages in 2008 (+19.0% YoY).
- Strong recovery in funding, above €22bln (+8.4% YoY), driven by CoD/bond (+20.9%)
- Drop in AUM volumes (-21.5% YoY) tied to sector difficulties and market performance. Stable YoY AUC volumes.

Corporate Banking total income



- Notwithstanding good quarter results, showing a positive reverse trend (+11.4%QoQ), interest income decreased by 7.6% YoY:
  - volume effect +8.5%
  - margin effect –16.1%
- NNII continued to suffer (-24.7% YoY) due to the negative trend in corporate finance and FX net commissions

Average Volumes € m

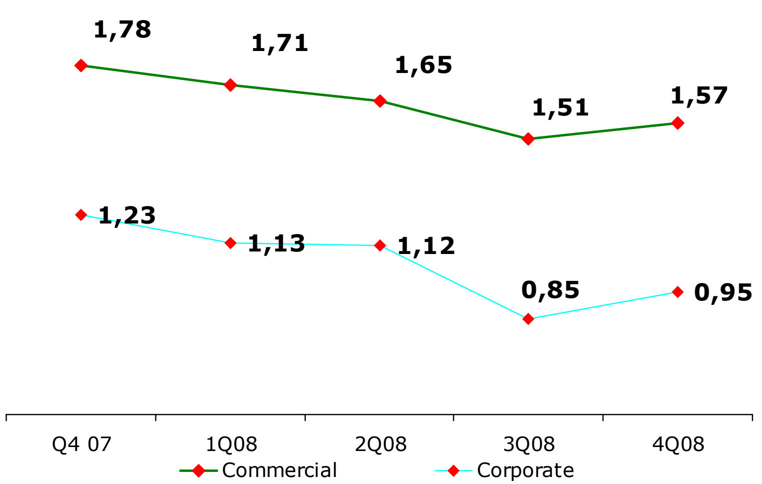


- Total loans (+8.6% YoY) were stable vs September 2008
- New mortgages fell further in 2008 to €0.5bn (€0.8bn in 07)

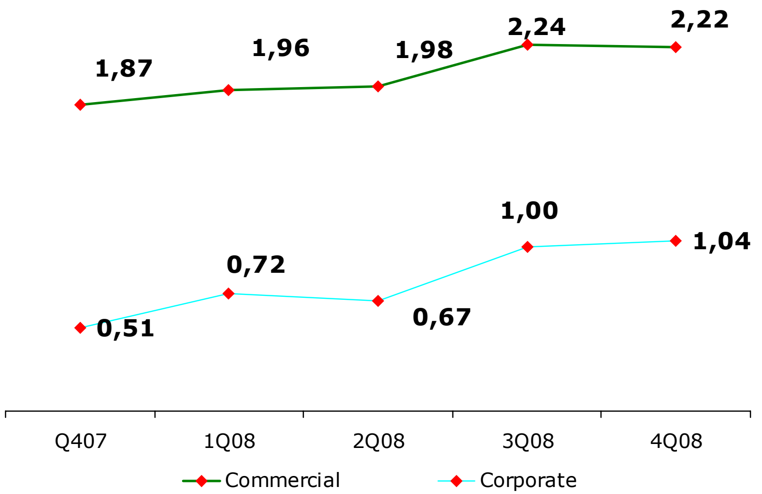
Customer spread

- Customer spread remains stable vs Q3 08 thanks to recovery in mark-up in Q4 08 (+9bps).
- In Q4 08 mark-up improved, boosted by commercial and corporate business.
- Mark-down (excl. wholesale cost) remained stable after a good Q3.
- Group sensitivity: -50bps of parallel shift in interest rates will affect interest margin (around -€23m) in 12 months

Commercial and corporate mark-up

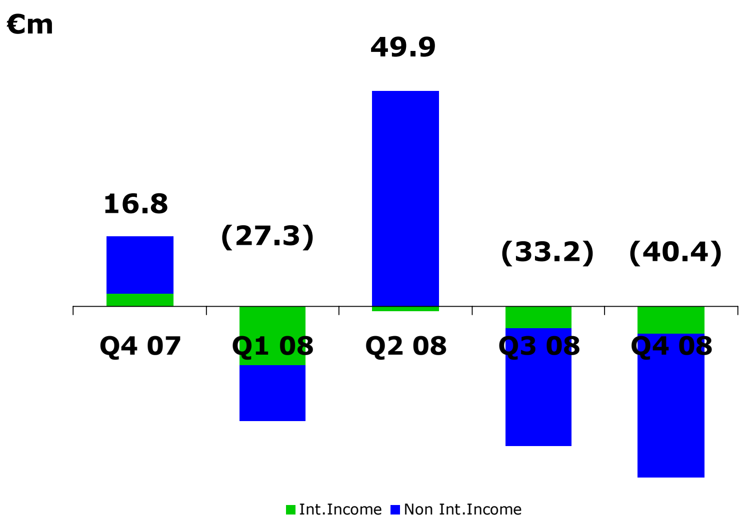


Commercial and corporate mark-down (*)



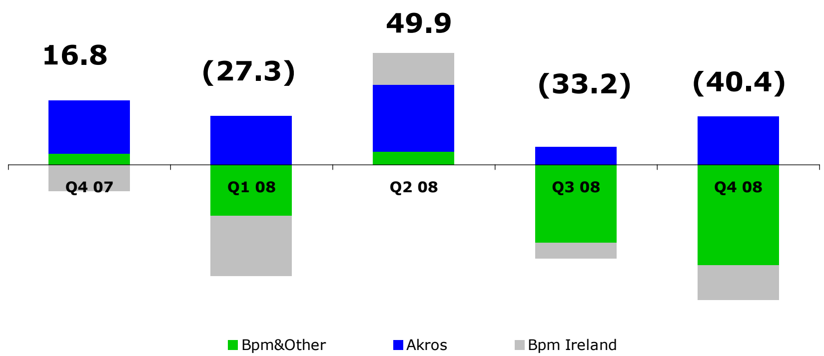
Excluding wholesale cost of funding

Investment Banking total income



- Net interest income (€-6.3m) was due to funding costs for the portfolio and tightening interest income from Government bonds
- Non-interest income (€ -34.1m) due to:
  - €-55m of non-interest losses due to the negative performance of hedge funds (€-27.3m) and to the losses on the bond portfolio (€-27.7m) which was affected by the widening credit spreads. The €–55m loss is inclusive of €–36.8m realized losses generated by the kicking-in of the stop loss limit. The trigger for the stop loss limit mitigated the Q4 result as it prevented further losses due to the worsening crisis during Q4.
  - €+22.3 m generated by the trading portfolio

Total revenue breakdown € m



- Investment banking income (-€40.4m) mainly due to negative contributions from BPM finance (€ -46.4m in Q4) and BPM Ireland (€-15.5m).
- Banca Akros contribution still positive (€21.5m in Q4).

Financial Assets

€ m	Dec 07 total	Sept. 08 total	Dec 08 total	Maturing 2009
BPM & Others	2.521	2.830	2.147	250
BPM Ireland	1.341	1.114	888	180
Banca Akros	1.964	1.284	1.205	n.m.
TOTAL FINANCIAL ASSETS	5.826	5.228	4.240	430

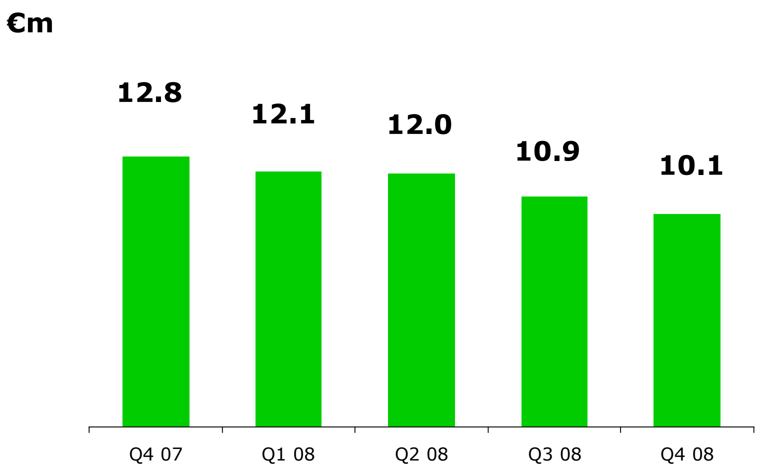
Yearly trend:

- BPM & Others portfolio posted a decrease during Q4 of around 700m, mainly due to the sale of Government bonds (€400m) on top of €200m bonds which matured during the quarter. The unrealised losses at the end of the year were around €–56.7m, of which €–10m on the bond portfolio and €–46.6m arising from hedge fund positions. The main components of the portfolio are represented by Government bonds (€1,059m), financial bonds (€451.6m), hedge funds (€209m), other kind of funds (€138m) and stakes (€247m);

- BPM Ireland portfolio decreased by almost €226m in Q4 due to the sale or maturity of bonds. The portfolio will decrease by another €180m by the end of 2009. The structured credit portfolio is gradually reducing and at year-end the open position was negligible (€20-25m). The unrealised losses at year end were €–29.1m, of which €–8.7m was related to the structured credit portfolio. The portfolio is composed of plain vanilla financial bonds (~€850m), mainly issued by European banks, and structured credit bonds (~€20m);

- Banca Akros portfolio remained flat QoQ maintaining a cautious approach, induced by the global financial crisis.

AUM total income

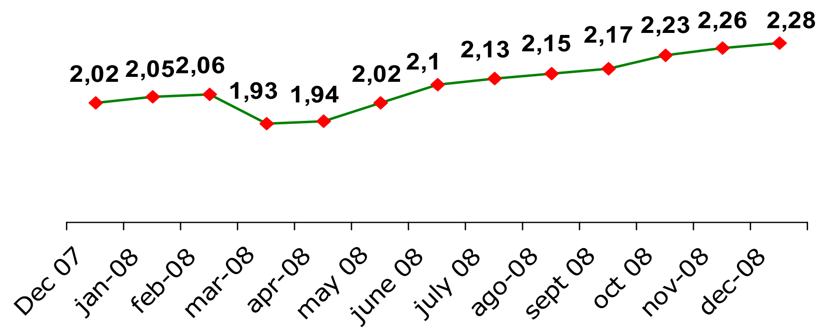


- Resilient AuM income contribution despite negative market trend and massive outflows.
- Total AuM (excluding Anima) at €16bn as of Dec.08 composed of:

		YoY
Mutual funds	7,7bn	(16.9%)
Segregated accounts	4.2bn	(35.6%)
Insurance reserves	3.4bn	(4.6%)
Other	0.7bn	(14.2%)

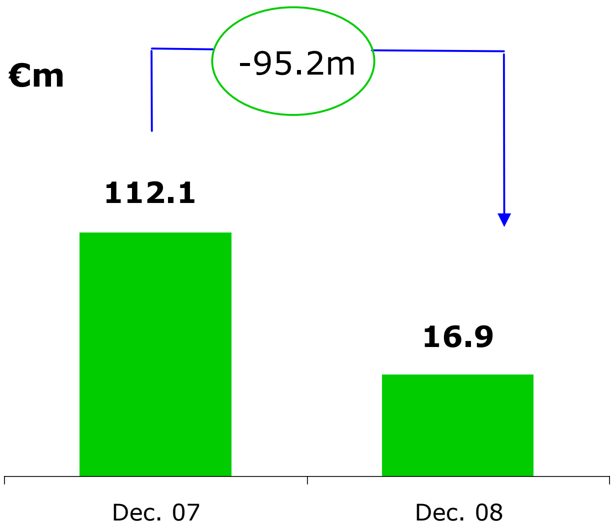
- Mutual fund market share increased YoY from 2.02% to 2.28% YoY; as of March 08 the calculation base changed. On a homogeneus basis the growth would have been +39 bps.
- 2008 AUM net outflow of €3bn, of which €1.6bn for mutual funds.
- The negative financial market trend influenced customer preferences for bond products. Bonds and Monetary rose to 68.3% from 57.5% while equity almost halved to 12.3%.
- Positive trend in Bancassurance products. Market share at 2.26% (Dec 08) from 1.77% (Dec 07)

Market share evolution (*) **%**



(*) excluding Anima

Corporate centre evolution



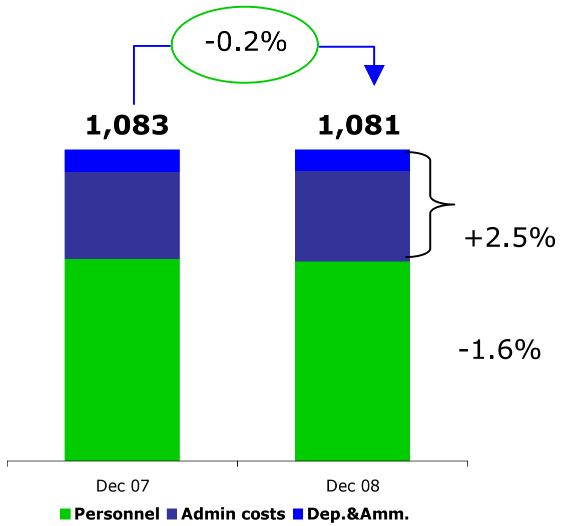
YoY contribution change mainly due to:	-95	One off
Increasing costs of wholesale funding linked to 3m EURIBOR	-33	
Non-recurrent capital gain in 2007 on AFS disposal	-20	✓
Equity stake results (BPM Vita and other)	-20	
Non recurring item from overdue cashier's cheques	-13	✓
Others	-9	✓

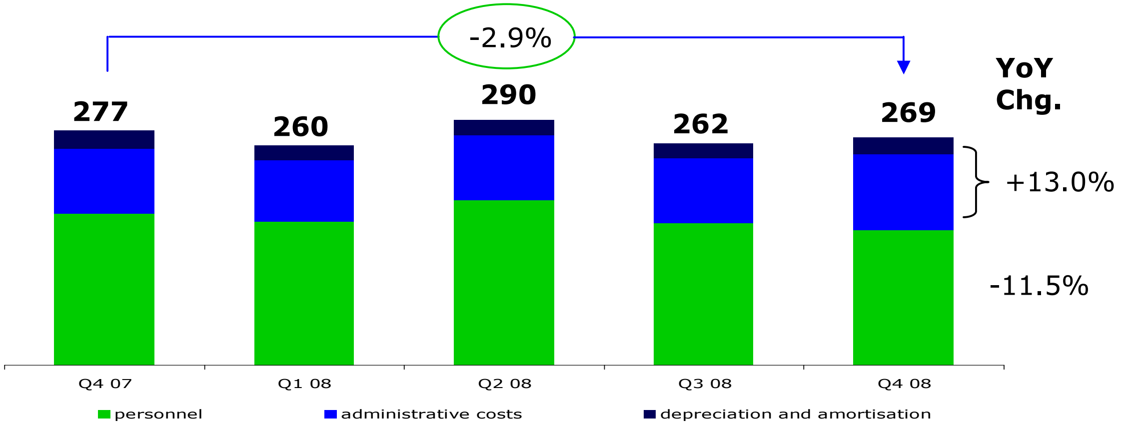
2008 divisional performance

€m		Comm. Bk	Corp. Bk	Inv. Bk	Wealth Mgt	Corp. Center	BPM Group
Interest income	**Amount**	852	132	(27)	0.5	111	**1,068**
	% Chg.	+9.0	+15.9	nm	(9.4)	(4.2)	**3.9**
Non Int. income	**Amount**	557.1	62	(23)	45	(94)	**546**
	% Chg.	(2.3)	+4.3	nm	(14.1)	nm	**(30.3)**
Total income	**Amount**	1,408	193	(50)	45	17	**1,613**
	% Chg.	+4.2	+12.0	nm	(14.1)	(84.9)	**(11.0)**

Costs under control

- In 2008 total costs remained stable (-0.2%) vs Dec 2007. In detail:
- Personnel costs –1.6% YoY, benefited from the reduction in variable part of salaries (€-17.6m) and positive turnover effects.
- Administrative expenses and depreciations increased by €9.3m (+2.5% YoY). The result is excellent considering 14 new branches, were opened in 2008, and the integration costs relating to 38 ex-Unicredit branches (€4.5m).
- At year end, total group point of sales were 816, while headcount reached 8,902 (+40 units on homogeneus basis) in order to strengthen the commercial network
- Cost income at 67.0%, +7.2pp YoY mainly due to the weak income trend.

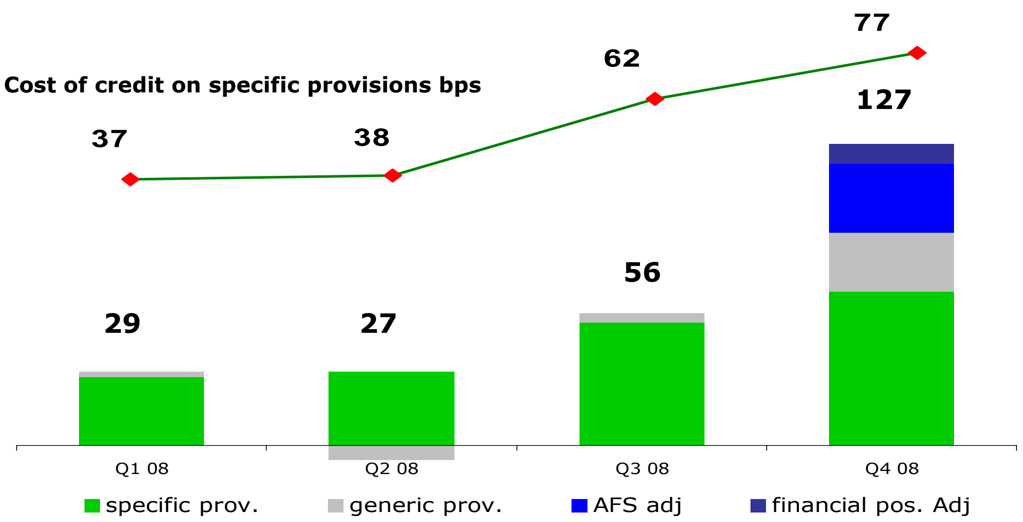




Provisions and adjustments: breakdown

- LLP and other adjustments at €238.8m, particularly concentrated among SB and SME segments. Total amount includes:
  - ~€28m from AFS adjustments (mainly on Italease),
  - ~€17m from financial position adjustments
  - ~€24m of generic provisions

Provisions and adjustments — € m



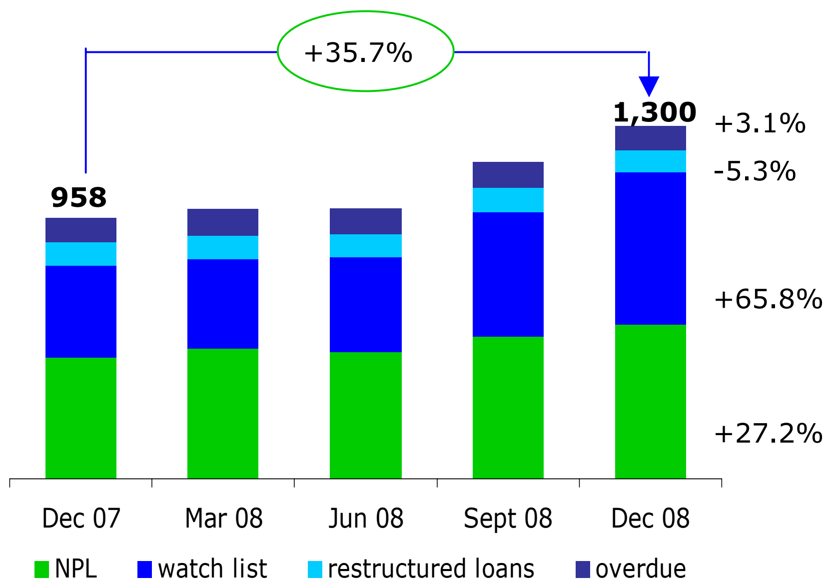
FY 08 cost of credit — bps

Net adj. to loans & fin. Asset	**73 bps**
o/w	
Financial position and AFS adj.	14 bps
Generic provisions	7 bps
Specific provisions	51 bps
Segments details	
Retail	45 bps
Small Business	98 bps
SME's	89 bps
Corporate	18 bps

Non-performing loans still well below system average

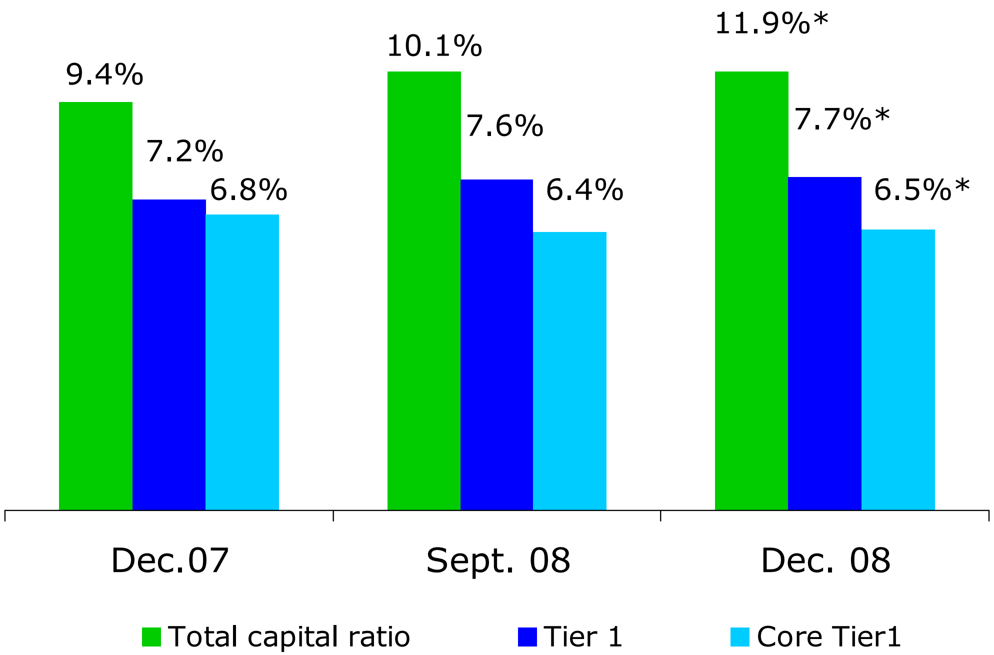
- Gross doubtful loans on total loans at 3.9% from 3.2% as at Dec. 07 due to worsening of economic scenario
- New gross NPL significantly grew in Q3 08 while remained stable in Q4 08
- Net non-performing loans on total loans still at a sound level of 0.6%, below the Italian system average
- Total doubtful loans coverage ratio at around 41%

Gross doubtful loans vs YE 07 **€ m**



Dec 08	Ratio	Coverage
Tot. net doubtful loans	**2.3%**	**40.8%**
Net NPL	0.6%	65.5%
Watchlist	1.3%	21.1%
Restructured loans	0.1%	45.3%
Overdue loans	0.3%	2.9%
Performing loans	**97.7%**	**0.6%**

Capital ratio



- In December 08, Tier1 and Core Tier1 remain stable compared to the level of September 2008. The impact of new acquisitions (Unicredit branches and B.P.Mantova) was completely offset by RWA optimisation.

- Anima Tender Offer will impact Q1 09 Core Tier 1 ratio for ~ 30bps

The ratios have been calculated by using the standard Basel 2 model
(*) last estimates

Quarterly trend: reclassified Group P&L

€ m	Q4 07	Q1 08	Q2 08	Q3 08	Q4 08	% Q0Q.
Interest income	**266.2**	**260.9**	**266.7**	**263.5**	**276.6**	**5.0**
Net fees and commissions	**144.9**	**136.9**	**142.1**	**126.5**	**112.0**	**(11.5)**
Associates	5.3	2.1	(2.9)	1.1	2.0	n.m.
Dividends and profits from fin. trans.	10.6	(13.4)	49.0	(29.6)	(37.3)	26.0
Other operating income	17.2	15.4	14.2	17.5	9.7	(44.7)
Non-interest income	**177.9**	**141.0**	**202.4**	**115.4**	**86.3**	**(25.2)**
Total income	**444.1**	**401.9**	**469.1**	**379.0**	**362.9**	**(4.2)**
Staff costs	(179.2)	(170.1)	(195.2)	(168.3)	(158.6)	(5.8)
Administrative costs	(76.9)	(72.5)	(76.3)	(76.6)	(90.6)	18.2
Depreciation & amortisation	(20.6)	(17.5)	(18.4)	(17.1)	(19.6)	14.6
Operating costs	**(276.8)**	**(260.1)**	**(290.0)**	**(262.1)**	**(268.8)**	**2.6**
Operating profit	**167.3**	**141.8**	**179.2**	**116.9**	**94.1**	**(19.5)**
Net adjustments to loans and fin. assets	(41.0)	(28.5)	(26.8)	(56.3)	(127.2)	126.0
Net provisions for risks and charges	(18.6)	(3.4)	(2.1)	(12.9)	(16.1)	25.0
Profit and loss from investments	(21.6)	(0.2)	(33.8)	(0.1)	(11.4)	n.m.
Profit/loss from current operations before tax	**86.2**	**109.7**	**116.5**	**47.6**	**(60.7)**	**n.m**
Income tax for the period	(62.1)	(45.3)	(48.1)	(30.6)	(6.1)	(80.0)
Minorities	(2.6)	(2.3)	(3.3)	(1.2)	(0.9)	(26.5)
Group net profit/loss for the period	**21.5**	**62.1**	**65.0**	**15.8**	**(67.7)**	**n.m.**

Agenda

Strengthening capital to a higher sustainable level

- BPM is a healthy bank with
  - Low risk profile and good asset quality
  - Resilient operating performance
  - Solid competitive position
- Volatile market environment requires significant capital buffer to meet both regulators' and investors' expectations: most banks across Europe have significantly increased their Core Tier I capital
- In this context BPM has decided to start procedures to issue the Core Tier I capital made available by the Italian Ministry of Economy and Finance ("MEF Instrument")
- BPM has elected to issue the MEF Instrument in the "accelerated" form given the intention to redeem such instrument within 4 years
- BPM is, currently, the only Italian bank which has already paved the way and set the conditions to repay such instrument
  - Issuance of a Senior Mandatory Convertible Bond ("Mandatory") with free Warrants leveraging on the opportunity provided by a large and loyal retail component within BPM's shareholder base
- Given significant dislocation in the hybrids and subordinated markets, BPM intends to launch a tender offer on all of its outstanding Tier I Hybrids (the "Tender Offer") to
  - Optimise the overall capital mix and cost
  - Create further core capital in line with similar transactions recently announced by other European banks

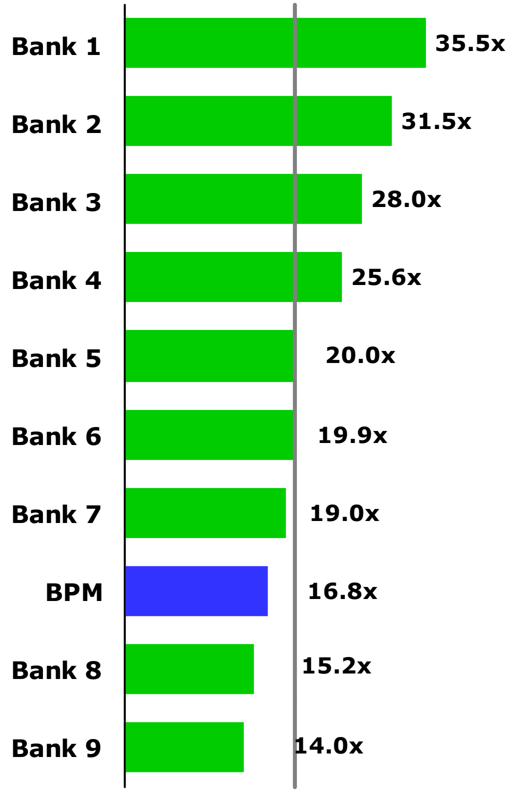
BPM has a comfortable risk profile (1/2)

- Transparent and unlevered balance sheet
- No exposure to toxic assets
- No exposure to emerging markets
- No basis risk
- No benefit from fiscal deductibility of goodwill
- Consistent application of accounting principles in relation to IAS 39
- Superior asset quality among Italian banks, with net NPLs accounting for only 7% of Core Tier I capital[(a)]
- More than 80% of customer loans in North Western Italy, which represents ~30% of Italian GDP

(a) Based on Sep-2008 data.

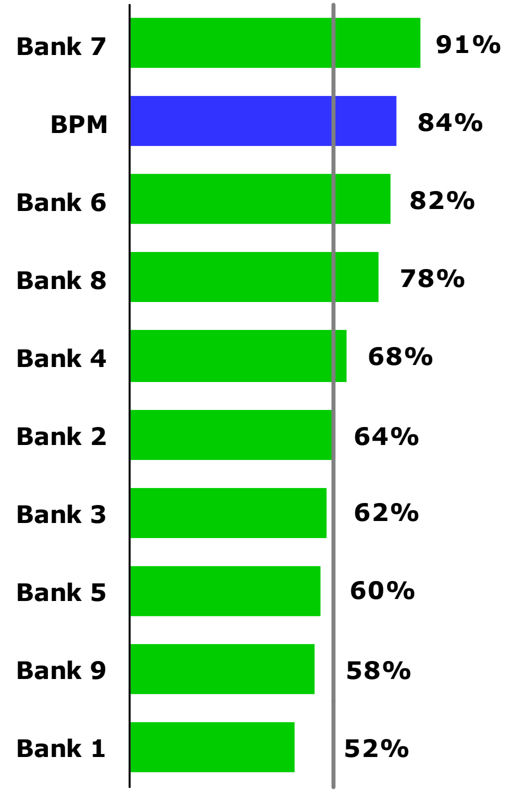
BPM has a comfortable risk profile (2/2)

Italian Banks Tangible Assets / Tangible Equity (Jun-08)[(a)]



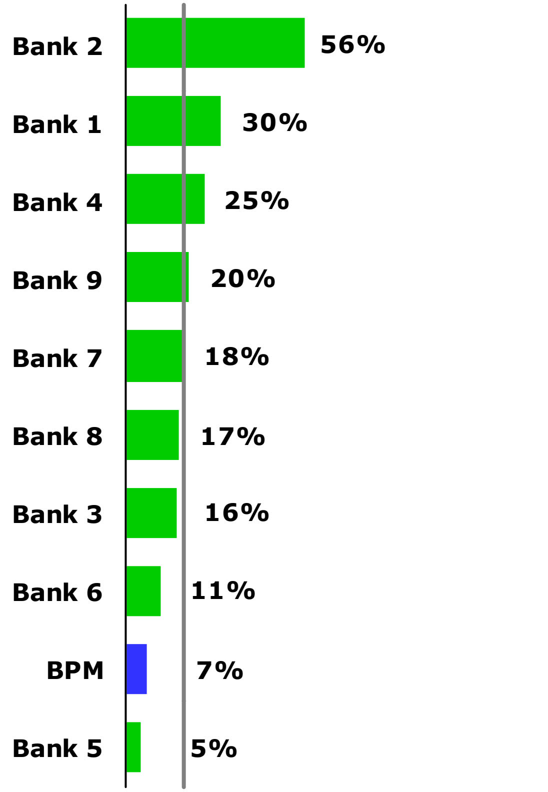
Median: 20.0x[(b)]

Italian Banks RWA / Total Assets (Jun-08)[(a)]



Median: 64%[(b)]

Italian Banks Net NPLs / Core Tier I Capital (Sep-08)[(a)]



Median: 18%[(b)]

(a) *Sample includes 10 largest Italian listed banks.*
(b) *Excludes BPM.*

Positive outlook for 1Q 2009

Commercial and Corporate Banking	1Q 2009 operating performance in line with 3Q and 4Q 2008 Double digit direct funding growth Single digit lending growth Slight spread compression
Investment Banking	Strong positive contribution (earnings realised through management of banking book interest risk) Strong and resilient market making activity across all asset classes
Operating Costs	Continued and effective cost control
Credit Risk	No acceleration in new NPLs flows in 1Q 2009 (in line with 4Q 2008 experience)

Challenging market environment requires an extraordinary focus on capital and balance sheet strength

- "Fat tail" environment
- Lack of investors confidence given excessive risk taken by banks
- Major economic slowdown

- Increasing regulators' and investors' expectations across the banking industry for higher Core Tier I ratios
- Significant capital injections by governments

BPM has decided to boost its Core Tier I capital base through a combination of initiatives

Such initiatives will minimise volatility and cost for shareholders and provide BPM with a major competitive advantage in the current market environment and a platform for future growth

Strong strategic rationale behind capital initiatives

A
Accelerated "MEF Instrument" (€500m)

B
Senior Mandatory Convertible to Existing Shareholders (up to €700m)
+
Free Warrants (up to €500m)

C
Hybrid Tier 1 Tender Offer (subject to B)

- Immediate access to core capital will strengthen BPM competitive positioning and ability to grow in an uncertain economic environment
- The only Italian bank so far setting the conditions to repay the MEF Instrument in 4 years avoiding expensive redemption premium thereafter through the Mandatory
- Coupon terms will allow to issue the Mandatory at a premium to BPM current share price with features appealing to retail shareholders
- The Mandatory will also finance a tender offer on hybrid instruments resulting in a higher Core Tier I ratio through a capital gain
- Savings on hybrids coupons will offset cost of Mandatory
- Long-term flexibility in dividend policy

Increased Core Tier I ratio to a higher and sustainable level

Hybrids Tender Offer represents an opportunity to monetise trading discount as Core Tier I Capital

The Mandatory and Hybrids Tender Offer will result effectively in a capital increase at significant premium to current market price

Key highlights of capital initiatives

A **Accelerated MEF Instrument**

- €500m of hybrid convertible bonds issued to the Italian Ministry of Finance
- Redeemable at par before June 2013 (premium thereafter)
- 8.5% flat coupon[(a)] non tax deductible (accounted after net income)
- ~145bps impact on Core Tier I ratio

B **Mandatory with Free Warrants**

- Up to €700m of senior Mandatory with deeply out-of-the-money free Warrants convertible in up to €500m offered with pre-emptive rights to all existing shareholders
- Mandatory conversion by June 2013, at a strike at premium to market price at the time of the launch, to repay the MEF instrument
- Tax deductible coupon
- Positive impact on Core Tier I ratio more than compensates repayment of MEF Instrument

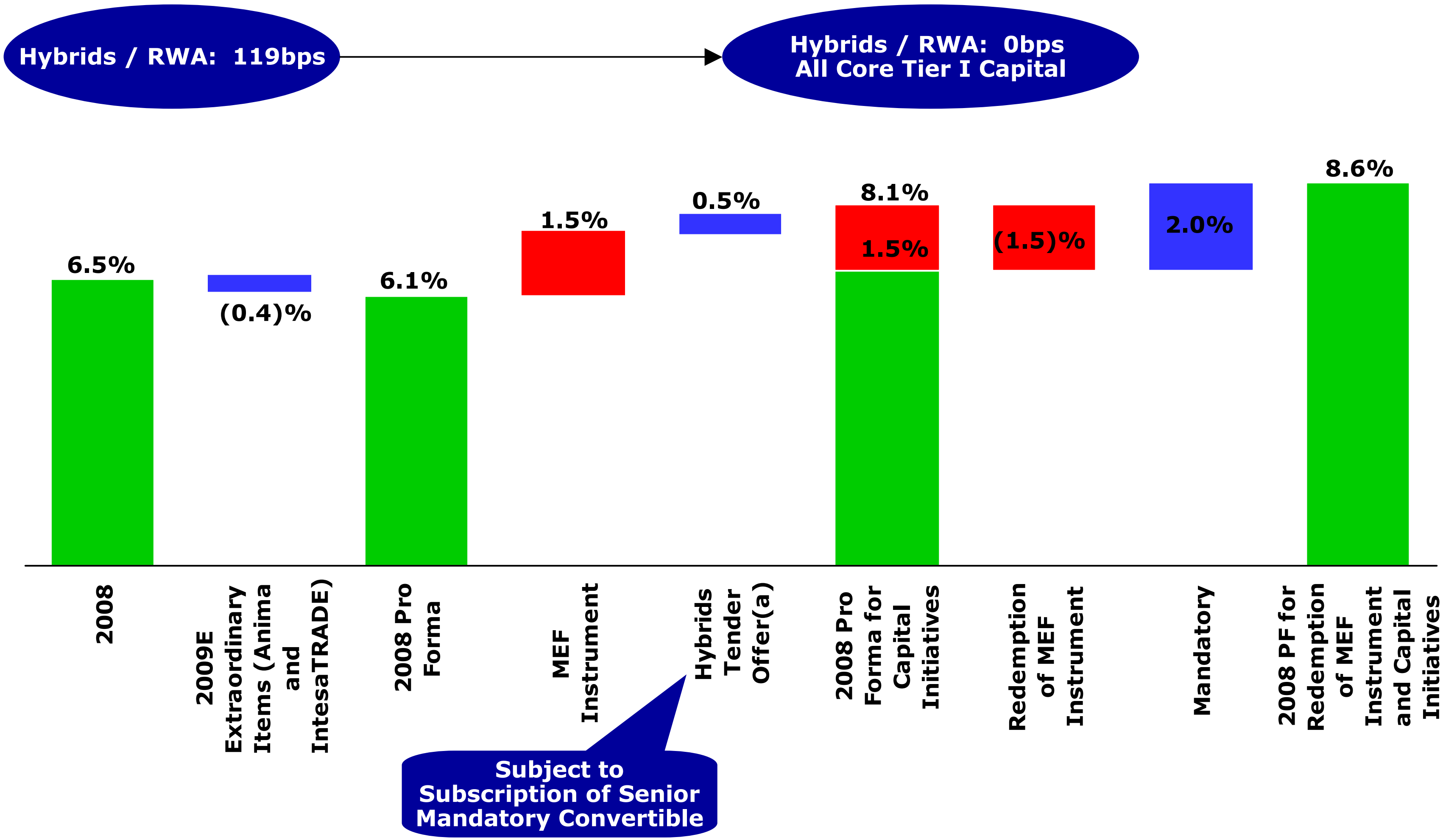
C **Hybrid Tier 1 Tender Offer**

- Tender offer on up to €460m Hybrid Tier I instruments at approximately 50% discount to nominal value
- Up to ~55bps positive impact on Core Tier I ratio due to capital gain
- Up to €40m of coupon savings

Combination of cost savings on Hybrid Tier I coupons and investment of proceeds from Mandatory to offset cost of coupons

(a) More details on page 30.

2008 Pro Forma Core Tier I ratio



(a) Depending on acceptance level.

Accelerated MEF Instrument: BPM choice (1/2)

- BPM has started the procedures for the issuance of €500m MEF Instrument in the "Accelerated" form
  - Cheaper option compared to the alternative "Classic" MEF Instrument, for issuers that intend to reimburse such instrument before 4 years
  - The “Accelerated” version has a slightly higher flat coupon compared to the “Classic” in the first four years (8.5% vs. 7.5%) but can be redeemed at par as opposed to a minimum of 110% under the “Classic” version
- The key features of the Accelerated MEF Instrument are:
  - For the first four years, 8.5% annual cost of coupon, non tax deductible, paid out of distributable net income or, where higher, dividend yield[a] x 105% for 2009, x 110% for 2010 and x 115% for 2011-2013, capped at 15% of principal
    - Where higher, for the payments made starting from 2012, average yield at issue of 30y BTP + a spread of 3% for 2012 and 2013 payments
  - Redeemable at any time at par where redemption is made by 30 June 2013
- BPM intends to reimburse the MEF Instrument by 30 June 2013, replacing the consequently lower contribution to Core Tier I capital with the conversion into common equity of the Mandatory

(a) Measured as DPS on stock price at the time of the bond issue.

Accelerated MEF Instrument: BPM choice (2/2)

- Commitment to ensure maintenance of certain volumes of lending to SMEs over the next three years
- Availability to postpone the payment of instalments on mortgages for families in difficult economic situations certified by INPS
- Dividends distribution to shareholders aimed at maintaining an adequate level of capitalisation
- Adoption of the "Codice Etico" which requires, among other things, transparency of the rules in relation to management remuneration and work termination indemnities

Note: subject to discussions with MEF

Indicative transaction timetable

25 March 2009	- Application to MEF for MEF Instrument - Communication to Bank of Italy and Consob
25 April 2009	- EGM to empower the Board to issue Mandatory with Warrants and to increase capital
12 May 2009	- Board of Directors to approve 1Q 2009 results
By End of 3Q 2009	- Subscription period for Mandatory and rump of not exercised rights - Offer period for outstanding Hybrids

Note: subject to required regulation approvals

Appendix

BANCA POPOLARE DI MILANO

Mandatory with free Warrants

The characteristics of the instrument will be tailored to be attractive also for BPM retail investors base and allow a capital increase at a premium to current market levels

Issuance of Mandatory allows, at conversion, to repay the MEF Instrument, more than offsetting Core Tier I capital reduction

Description of the Instruments

Mandatory

- Offered with pre-emptive rights to all entitled parties
- Subordination: Senior
- Amount up to €700m
- Structured to appeal also to BPM’s retail investors base (minimum size: €100)
- Tax deductible annual coupon
- Mandatory conversion in BPM ordinary shares after 4 years (Jun-2013)
- Conversion strike at premium to market price at the time of the launch

Free Warrants

- Issuance of free Warrants (tradable) attached to the Mandatory
- Convertible in an amount up to €500m
- Cash settlement option for BPM at expiry (Jun-2013)
- Strike deeply out of the money

Tender offer on hybrid instruments

Transaction subordinated to the issuance of the Mandatory

Strengthening of Core Tier I ratio through a net gain relative to the difference between par and tender offer price (up to ~55bps positive impact on Core Tier I ratio)

Positive impact on P&L due to cancellation of coupon payment on hybrid instruments and capital gain

Description of the Instruments

Preferences Shares BPM Capital Trust I

ISIN: XS0131749623

Perpetual

Nominal value: €160m

Issuance date: 02-Jul-2001

Price at issuance: 100

Coupon: fixed at 8.393% until 02-Jul-2011; floating (3M EURIBOR + 4.7%) starting from 02-Jul-2011

Early redemption: starting from 02-Jul-2011 at the option of BPM, subordinated to Bank of Italy authorisation

Perpetual Subordinated Fixed/Floating Rate Notes

ISIN: XS0372300227

Perpetual

Nominal value: €300m

Issuance date: 25-Jun-2008

Price at issuance: 98.955

Coupon: fixed at 9% until 25-Jun-2018; floating (3M EURIBOR + 6.18%) starting from 25-Jun-2018

Early redemption: starting from 25-Jun-2018 at the option of BPM, subordinated to Bank of Italy authorisation