Bipiemme Group

Goldman Sachs
"14° European Financial Conference"

Madrid, 10th June 2010

BANCA POPOLARE DI MILANO

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BPM Group Business Profile

Overview

- BPM Group ("BPM") is a listed cooperative company established in Milan in 1865
- # **8 banking** group and **#4 Popolare bank** in Italy in terms of total assets (**€43.6bn**)

Market Positioning

- Strong local franchise: 821 points of sales, of which 793 retail branches with leading position especially in retail and SME's in Lombardy (Northern Italy)
- Funding: €34,6bn, market share at 2.2%
- Loans: €33,4bn, market share at 2.0%
- AUM: €26,1bn market share at 4.1%

Capital Structure

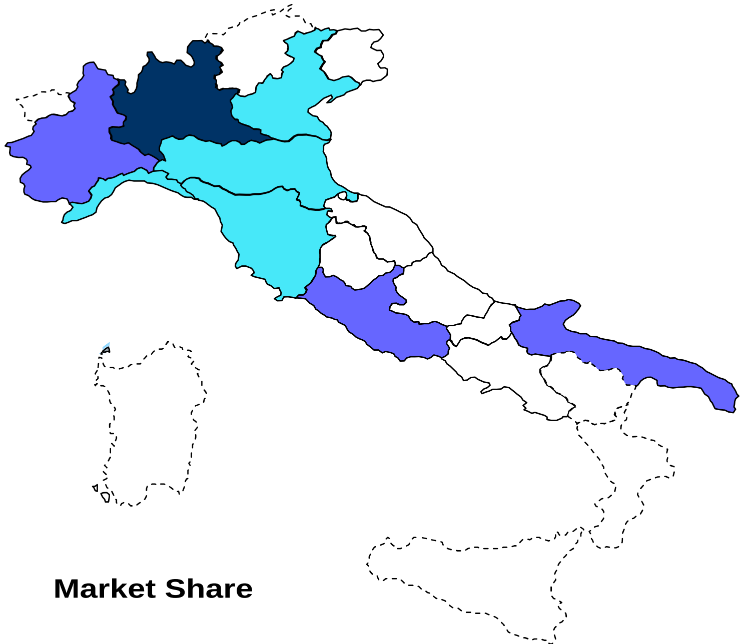
- Core Tier 1 Ratio: 7.9%
- Tier 1 Capital Ratio: 8.6%
- Total Capital Ratio: 12.6%

Source: BPM Q1 2010 Report

Deep Penetration in Italy's Wealthiest Areas

BANCA POPOLARE DI MILANO

8th Italian banking group



Market Share

- > 4.5%
- 1- 4.5%
- 0.1- 0.9%
- Single Branch

	Retail Branches Mar 10(*)	Market Share (**)	GDP (***)
Lombardy	**487**	**7.3%**	**20.7%**
o/w Milan	318	12.2%	
Varese	61	12.4%	
Lecco	30	12.6%	
Piedmont	**107**	**3.9%**	
O/w Alessandria	64	20.8%	
Apulia	**41**	**2.9%**	
Latium	**83**	**3.0%**	**11.1%**
Other Regions	74	4.0%	
TOTALE	**792**	**2.3%**	

(*) BPM (567), B. Legnano (120), CR Alessandria (93), Banca Akros (1), BP Mantova (10), Webank (1)

(**) Market share as at Dec 2009

(***) Source: Prometeia – Figures as at December 2009

A Stable Business Model

Total Income Q1 2010
(100% = € 435.9m)

COMMERCIAL BANKING
67%
- BPM
- BANCA DI LEGNANO
- CR ALESSANDRIA
- BP DI MANTOVA

CORPORATE BANKING
13%
- BPM

INVESTMENT BANKING
16%
- BPM
- BANCA AKROS
- BPM IRELAND
- TIRVING LTD

WEALTH MANAGEMENT
3%
- ANIMA SGR SPA
- BPM FUND MANAG.
- AKROS ALT. INVEST. SGR

CORPORATE CENTRE
1%
- BPM CAPITAL I Llc
- BPM Luxembourg SA
- BPM Securitisation 2
- BPM Covered Bond

Commercial Bkg: composed of retail and companies with turnover €0-50m - Corporate Bkg: composed of companies with turnover €>50m

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Q1 2010 results: highlights

Operating

- Good performance in NNII offset the weakness in NII
- Control on operating costs, down 2.2% (QoQ on like-for-like basis, net of extraordinary charges related to early retirement plan recorded in Q4 2009)

Credit quality

- Cost of credit annnualised at 81bps (69bps organic, due to adjustment as at 31 March 2010 on a single position sold in April 2010), down vs 102bps in 2009

Capital

- Solid capital position confirmed by Core Tier1 7.9%, Tier1 8.6%, Total Capital Ratio 12.6%

Other

- Sale of Custodian Bank to BNP Paribas for €55m , to be booked in Q2 2010

Exposure
(financial & commercial)

Negligible exposure to the following countries:

	PORTUGAL	IRELAND	GREECE	SPAIN
Total exposure	0	€10.0m	€8.9m	€3.2m

Q1 2010 results: highlights

€ m	Mar. 10	Mar. 09	%
Loans	33,363	31,556	5.7
Funding	34,550	35,734	(3.3)
Assets under Custody	20,437	19,084	7.1
Assets under Management	26,117	21,775	19.9
Core Tier 1	7.9	6.1	1.8pp
Tier1	8.6	7.3	1.3pp
TCR	12.6	11.5	1.1pp

Loans: +5.7% YoY driven by new mortgages granted: €832m (+17.0% YoY)

Funding: -3.3% YoY mainly due to the repayment of EMTN bond (€1.250m in Feb.10). Retail component was still sound; current accounts and sight deposits grew by 19.1% YoY. Weight of retail funding: 80%.

AUM: +19.9 YoY and +2.5% on quarterly basis, mainly thanks to Group's net inflows (~ €275m in the quarter)

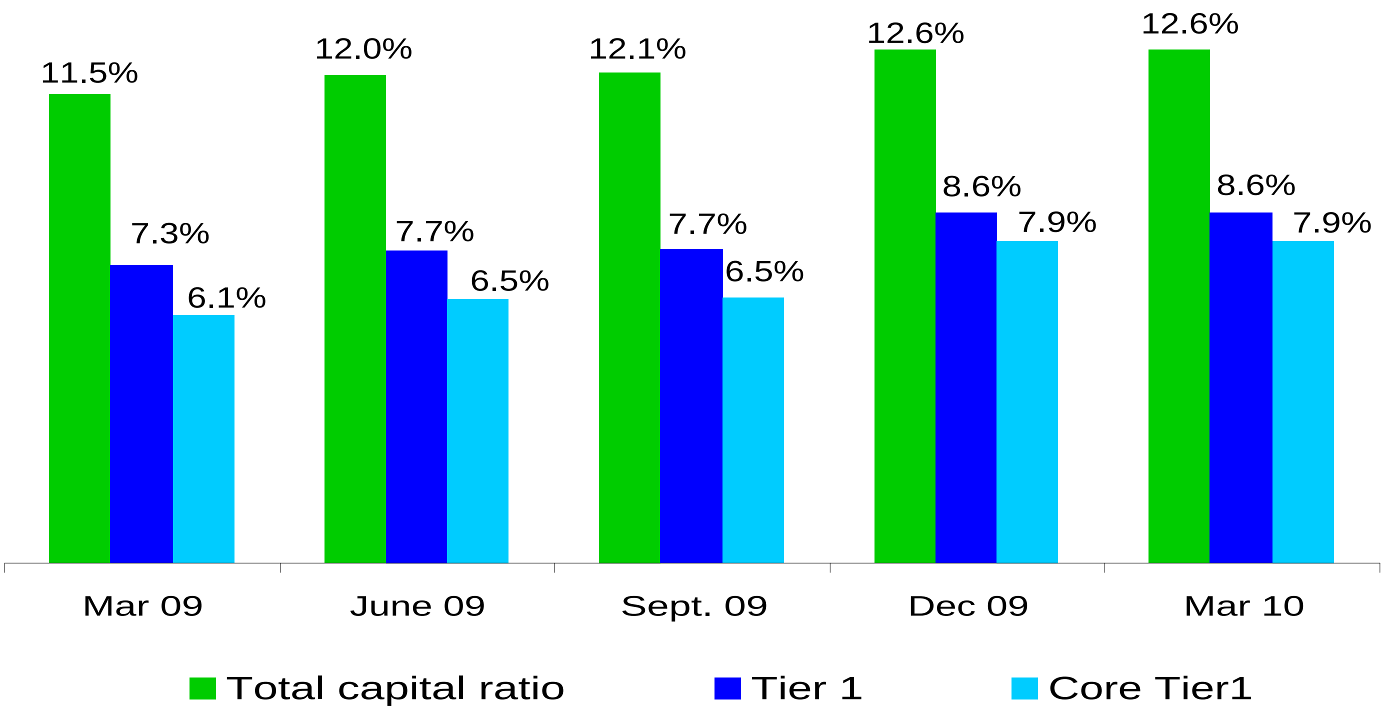
€ m	Mar. 10	Mar. 09	%
Interest income	179.8	241.0	(25.4)
Total income	436.0	488.6	(10.8)
Operating profit	156.6	214.0	(26.8)
Net income	50.1	71.7	(30.2)
Cost/income ratio%	64.1	56.2	7.9pp
ROE %	5.1	8.9	(3.8pp)

Net interest income, -25.4% YoY, due to still adverse interest rate scenario, which continues to negatively affect mark-down (-95bps YoY).

Strong performance in net commissions (+38.2%YoY) sustained by: AuM trend and third party bond placement.

Cost income ratio increased YoY to 64.1%, explained by lower revenues which in Q1 09 included income from ALM operations put in place to mitigate the forecast drop in interest rates.

Capital ratios



- Core Tier1 and Tier1 include €500m of so-called Tremonti Bond, issued last December
- Q1 2010 figures were stable compared with FY 2009

The ratios have been calculated using the standard Basel 2 model

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Italian banking system scenario

Macroeconomic variables	2009	2012	Var.
GDP	-4.9%	1.5%	6.4pp
Euribor 3M (yearly average)	1.24%	2.86%	1.62pp
Volumes	**2009**	**2012**	**CAGR**
Direct funding (€bn)	1,731	1,967	+4.4%
Customer loans (€bn)	1,339	1,506	+4.0%
AuM* (€bn)	367	444	+6.5%

The **macro system scenario** includes the following assumptions:

- slow recovery in 2010-12 for the banking sector;
- interest income recovery will be supported by the increase in interest rates;
- Banking system household savings will shift from c/c to more profitability instruments such as insurance and AuM products;
- Loans volume will increase as consequences of macroeconomic recovery

Source: Prometeia

* Include mutual funds and segregated accounts

2010-12 Industrial Plan: drivers and main targets

Enhance relations with current customers	Increase market share	Improve operating efficiency
❑**Better focus on opportunities and customer needs** ❑**Focus** on customer needs by simplifying the product catalogue and pricing ❑**Bolster** high value added **product** to SMEs and Corporates ❑**New financial advisory model**	❑Adoption of a business model to compete on the **non captive market through development of specialized companies in order to also widen the customer base :** ➢ **AuM** ❑ Anima sgr ➢ **Consumer credit** ❑ ProFamily ➢ **On-line banking** ➢ Webank ➢ **Investment banking** ❑ Banca Akros	❑**Staff turnover management** ❑**Rationalise and optimise** the traditional commercial network ❑**Optimise production processes** ❑Bolster integration between **credit policies and commercial strategy with the aim to control the risk**

TARGET 2012

Net income	Cost income	Core Tier 1
€378m	56%	+7.2%

CAGR '09-12*

Loans	Funding	AuM
+7.6%	+5.2%	+7.7%

(*) CAGR calculated on average volumes

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