

Bipiemme Group Q1 2008 Results

Milan, 14 May 2008



BANCA POPOLARE DI MILANO

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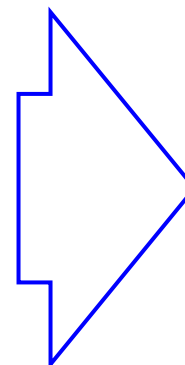
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Q1 2008 results: highlights

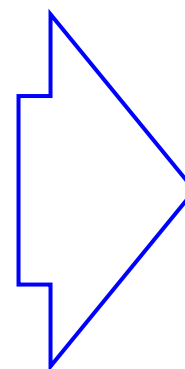
€ m	Mar. 08	Mar. 07	%
Loans	30,202	27,560	9.6
Funding	32,048	30,275	5.9
Assets under custody	20,628	20,157	2.3
Asset management	18,710	20,720	(9.7)



Strong increase in volumes continues with exception of AUM, though in line with negative sector trend

High single-digit growth in loans boosted by Commercial Banking

€ m	Q1 08	Q1 07	%
Interest income	261	234	11.3
Total income	402	464	(13.4)
Operating profit	141	207	(31.5)
Net income	62	113	(45.2)
Cost/income ratio	64.7%	55.4%	
ROE adj. (annualised)	8.6%	16.2%	

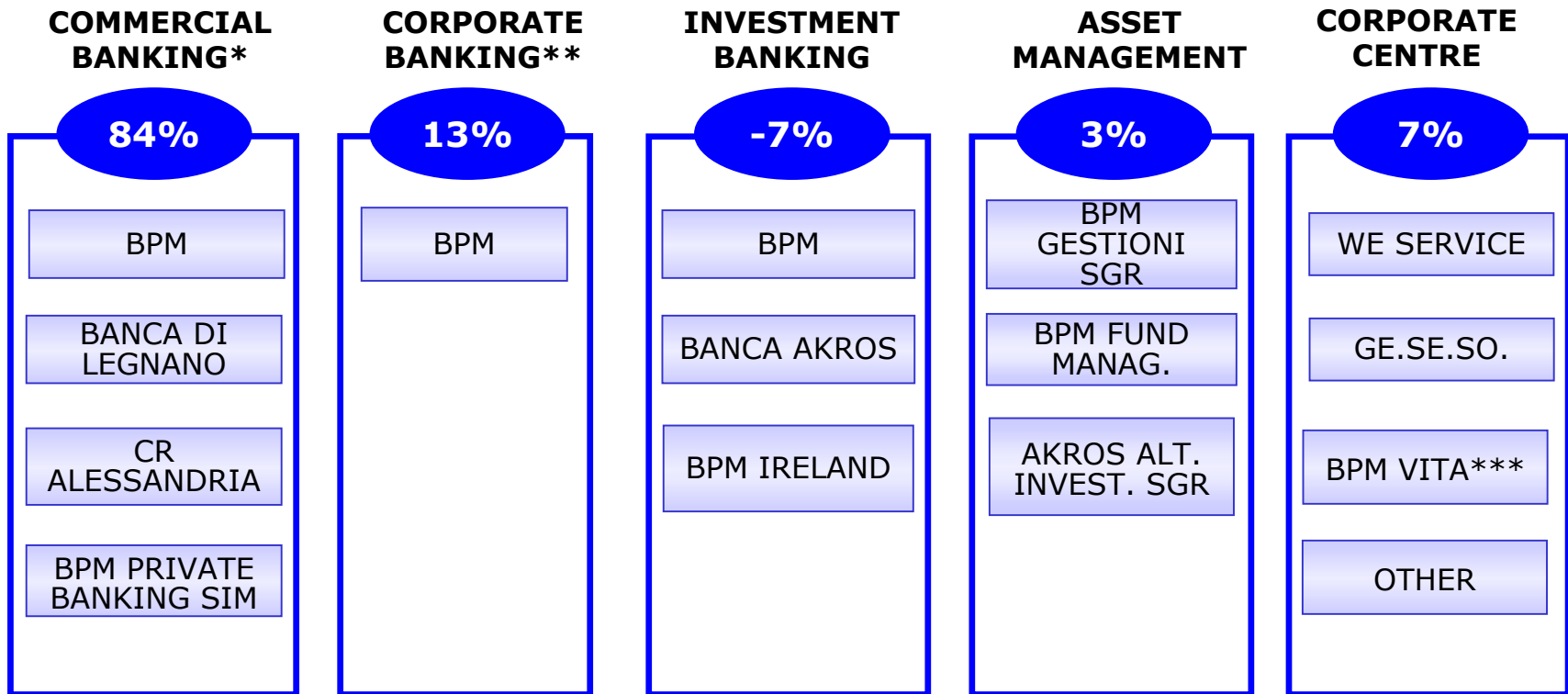


Increase in volumes supporting interest income growth

Total income mainly affected by portfolio adjustment due to credit spread widening

Business Unit structure and revenue breakdown

Total revenues March 2008
(100% = € 402m)

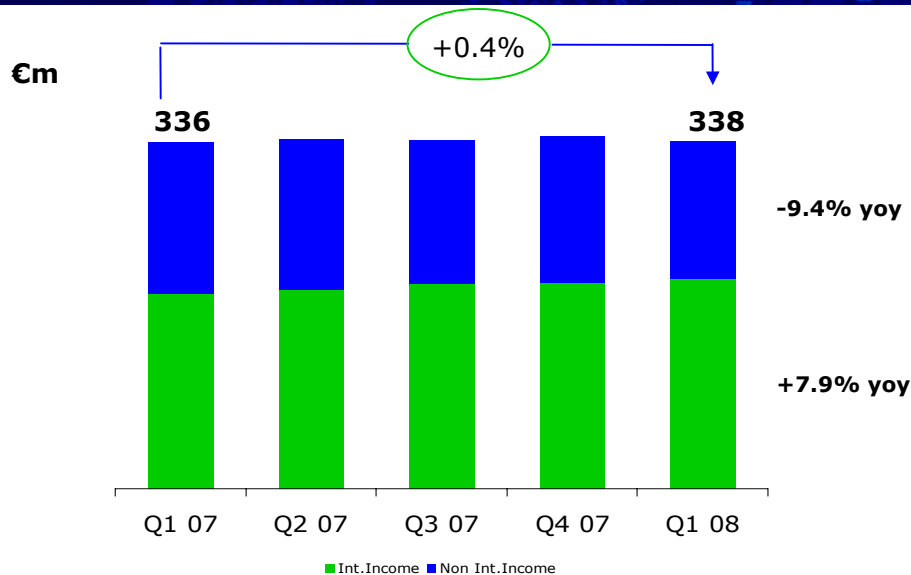


*Composed of: retail customers; Small Business with turnover <€5m; SME €5m <turnover <€50m

**Composed of: corporate with turnover > €50m

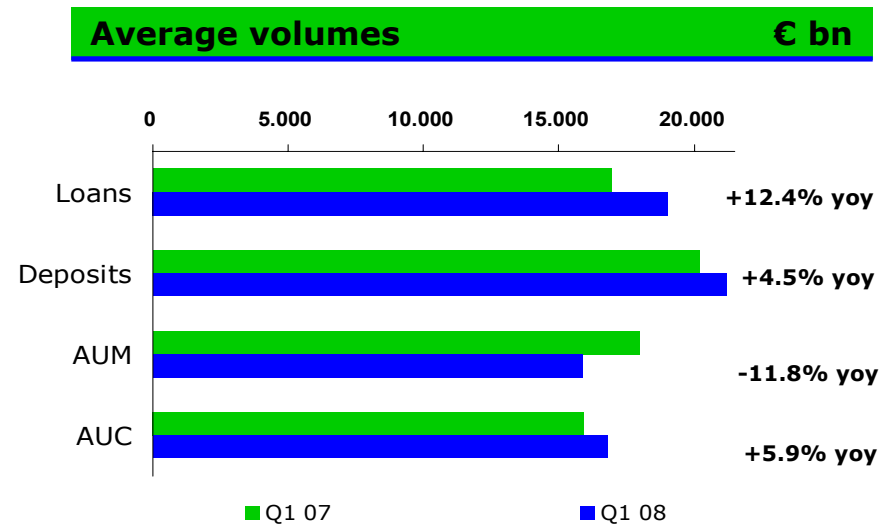
***Bancassurance partnership: Bpm (46%), FonSAI (51%) and CrAL Foundation (3%)

Commercial Banking income

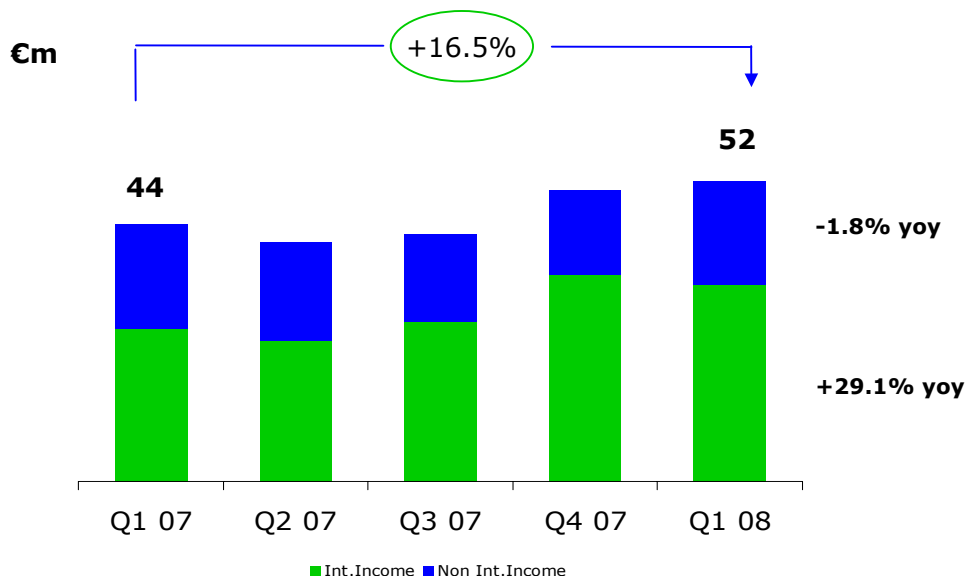


- Interest income growth (+7.9% YoY) sustained by higher volumes and steady spreads:
 - volume effect +7.0%
 - margin effect +0.9%
- Net fees decreased due to negative AUM trend and lower up-front fees from third-party bond placement. Traditional pure banking fees (60% of NNII) are stable YoY

- Loans (+12.4% YoY) over €19bn driven by mortgages and consumer credit (+13.3% YoY). New mortgages granted in Q1 08 were €930m (+14.5% YoY) while new consumer credit was €290m, stable YoY
- Funding above €21bn (+4.5% YoY) driven by CoD/bond (+10%)
- Drop in AUM volumes (-11.8% YoY) tied to sector difficulties, partially offset by growth in AUC (+5.9% YoY)

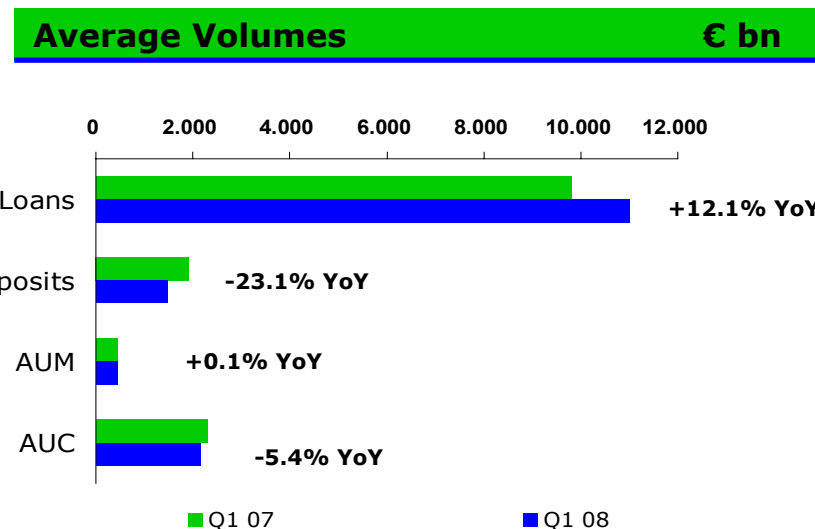


Corporate Banking income



- Strong interest income growth (+29.1%) explained by increased volumes and improved mark up (from 0.91 to 1.09):
 - spread effect +19.5%
 - volume effect +6.9%
 - mix effect +2.7%
- Share of wallet up from 5.5% in Q1 07 to over 6.0% in Q1 08, specifically in historic areas

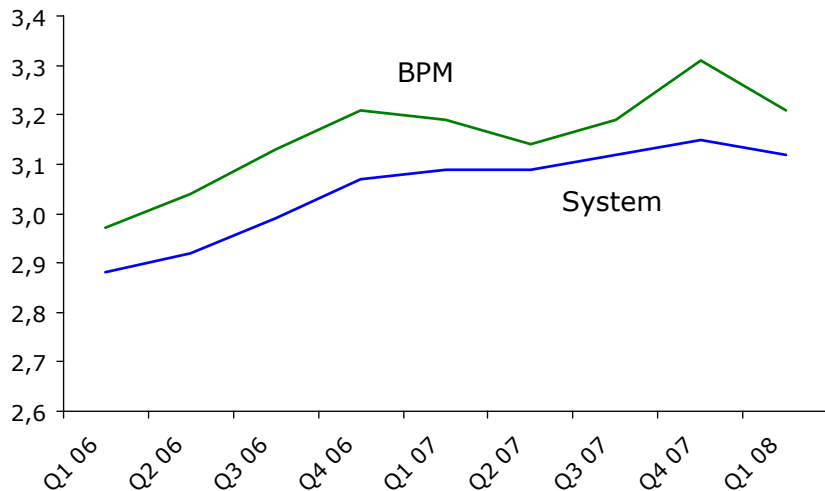
- Total loans (+12.1% YoY) driven by strong increase in loans related to commercial business (+17.3%)
- Strong drop in new mortgages in Q1 08 (€70m vs €300m in Q1 07)
- Decrease in funding due to fewer large companies' depositing and with marginal rates



Spread still positive vs system

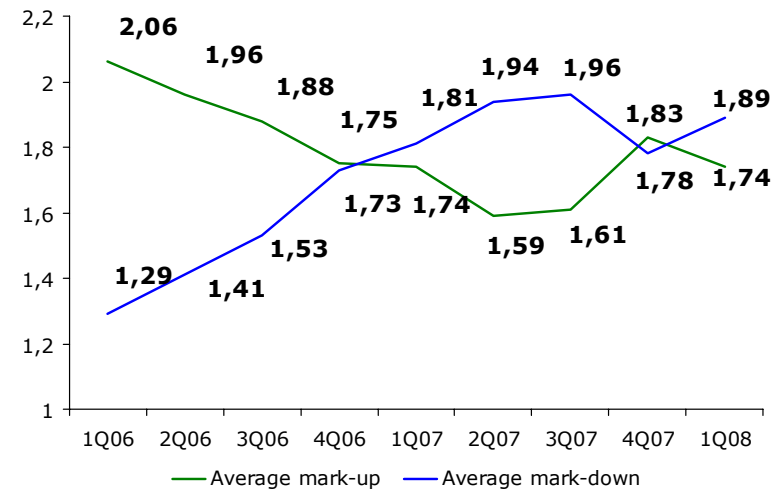
- Spread up 2bps YoY: driven by the increase in interest rate on loans (+66 bps) partially offset by increase in cost of funding +64bps)
- BPM spread vs system down 2 bps YoY but still positive (8 bps)

BPM spread vs. system %



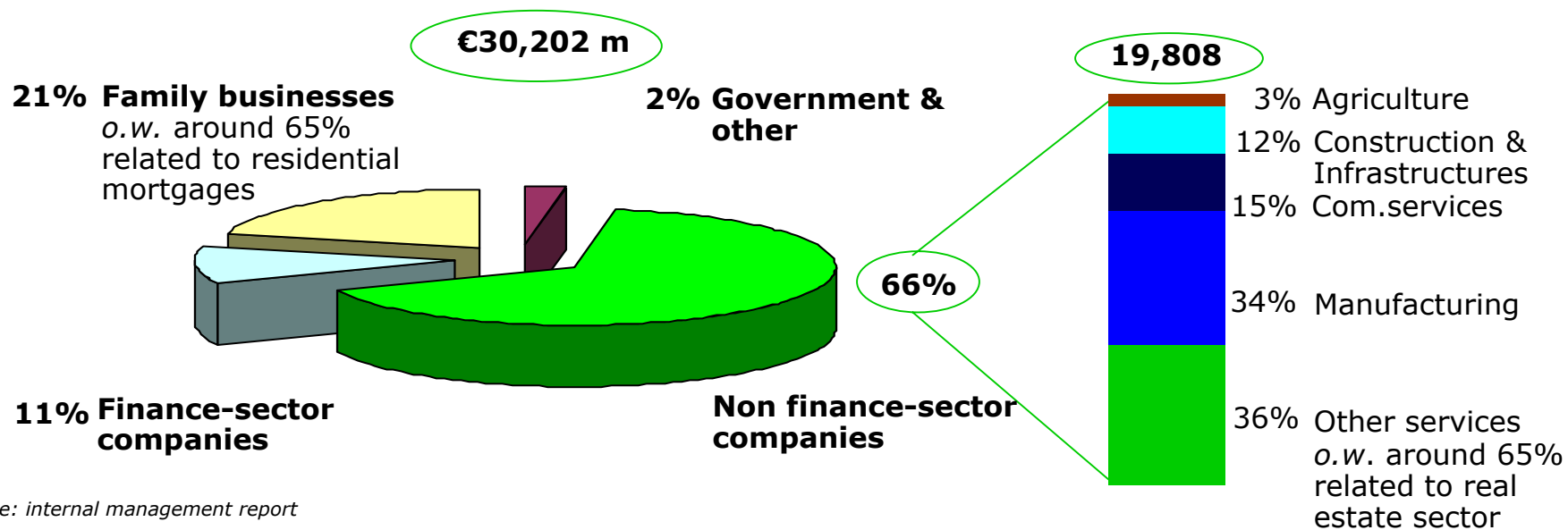
- Spread of Commercial and corporate banking up 2 bps QoQ, due to increase in mark-down (11 bps) and drop in mark-up (9 bps)
- Group sensitivity: +100bps in interest rates affect interest margin positively (around +€ 35m) in 12 months

Comm. and corp. bk mark-up/mark-down %



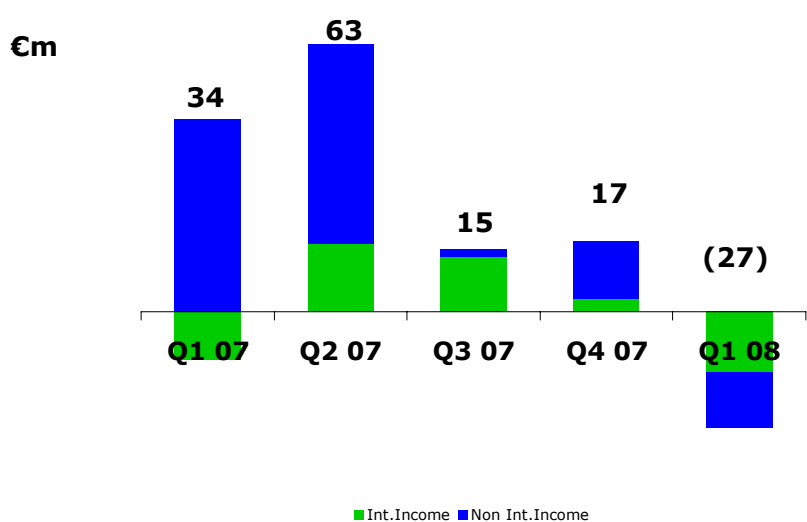
Loan Book breakdown

Loans breakdown by sector (€m)



■ More than 45% of loans are secured (system around 37%)

Investment Banking income



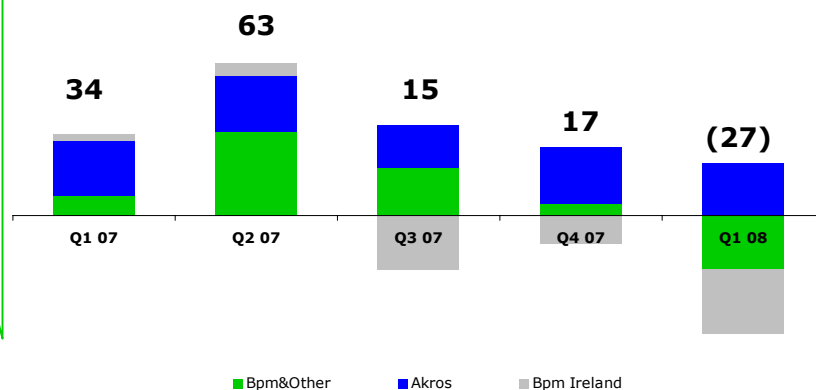
Quarterly IB trend:

- Net interest income: positive contribution from short term investments in Q2, Q3 and Q4 2007 (not present in Q1 08 or Q1 07)
- Decrease in banking portfolio contribution and negative effect arising from unrealised losses in BPM Ireland portfolio conditioned quarterly results as of Q3 07
- Q1 08 results penalised by FV adjustment on group portfolio due to increase in credit spread (€-33,2m) and to negative market trend (€-13,7m)

■ Investment banking income result (-€27m) is mainly due to:

- Positive contribution from Banca Akros (€21.9m) in line with Q1 07
- Negative contribution from BPM Ireland (€26.8m) due to ongoing financial market trend, liquidity crisis and credit spread widening
- Negative contribution from bank finance department (€23m) linked to market and to credit spread trend

Total Income breakdown € bn



Financial Assets

€ m	Mar. 08 total	BPM Ireland	BPM & Other	Banca Akros
Financial assets held for trading	3,345		929	2,416
Financial assets at fair value	1,153	760	393	
Financial assets available for sales	2,049	475	1,334	240
Hedging derivatives	31		31	
less: Financial liabilities	(1,357)	(31)	(310)	(1,016)
Total Financial assets	5,220	1,204	2,377	1,639
FV adjustment Q1 08/total fin.assets		-2.4%	-0.7%	n.m.
FV adjustment April 2008/total fin. assets		+0.7%	+0.1%	n.m.
Total FV adjustment /total fin.assets		-1.7%	-0.6%	n.m.
Total fin. assets as of total assets	12.4%			
Total fin. assets as of tot. assets (excl. Akros)	8.5%			

■ Banca Akros V.a.R. still low in Q1 08 at around €2m despite increase in market volatility

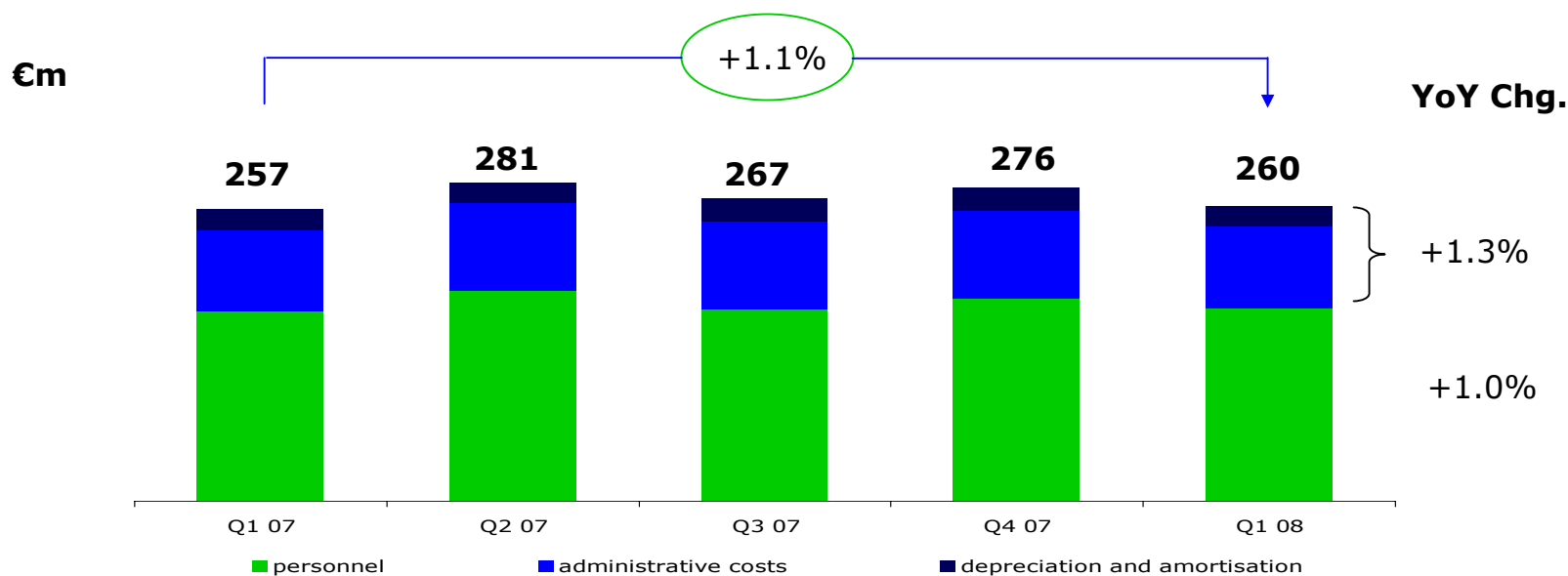
Q1 08 divisional performance

€m		Comm. Bk	Corp. Bk	Inv. Bk	Wealth Mgt	Corp. Center	BPM Group
Interest income	Amount	204	34	(14)	0.2	37	261
	% Chg.	7.9	29.1	23.1	11.4	22.1	11.3
Non Int. income	Amount	133	18	(13)	12	(9)	141
	% Chg.	(9.4)	(1.8)	nm	-11.5	nm	(38.6)
Total income	Amount	337	52	(27)	12	28	402
	% Chg.	0.4	16.5	nm	(11.3)	(21.4)	(13.4)

- Wealth management contribution stable YoY despite negative AUM volumes trend.
- Corporate centre: net interest margin positively affected by increase in interest rate due to sensitive position of group assets. NNII: Q1 07 included capital gains on AFS disposal

Costs remain under control

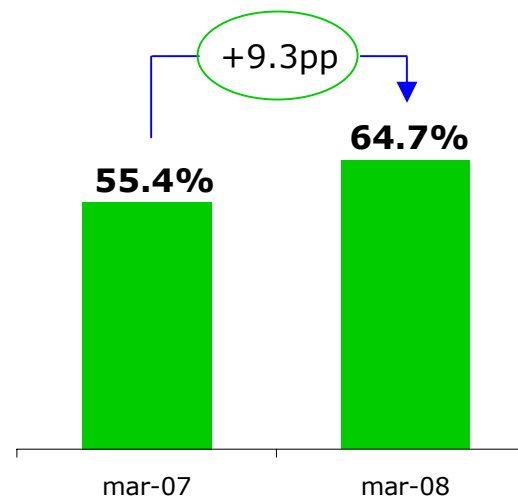
- Personnel costs grew slightly (1.0% YoY) due to decrease in employee profit sharing scheme, which offset increase in employees and labour contract renewal (+2.7% YoY)
- Increase in administrative expenses (+€2.1m or +2.9%) due to increase in legal and consulting fees to comply with new banking regulations
- D&A basically stable at €17.5m –€0.9m



Cost income ratio and staff

- Cost income ratio increased because of drop in investment banking income contribution
- New hirings YoY mainly related to new branch openings and reinforcement in commercial network existing personnel

Cost income ratio %

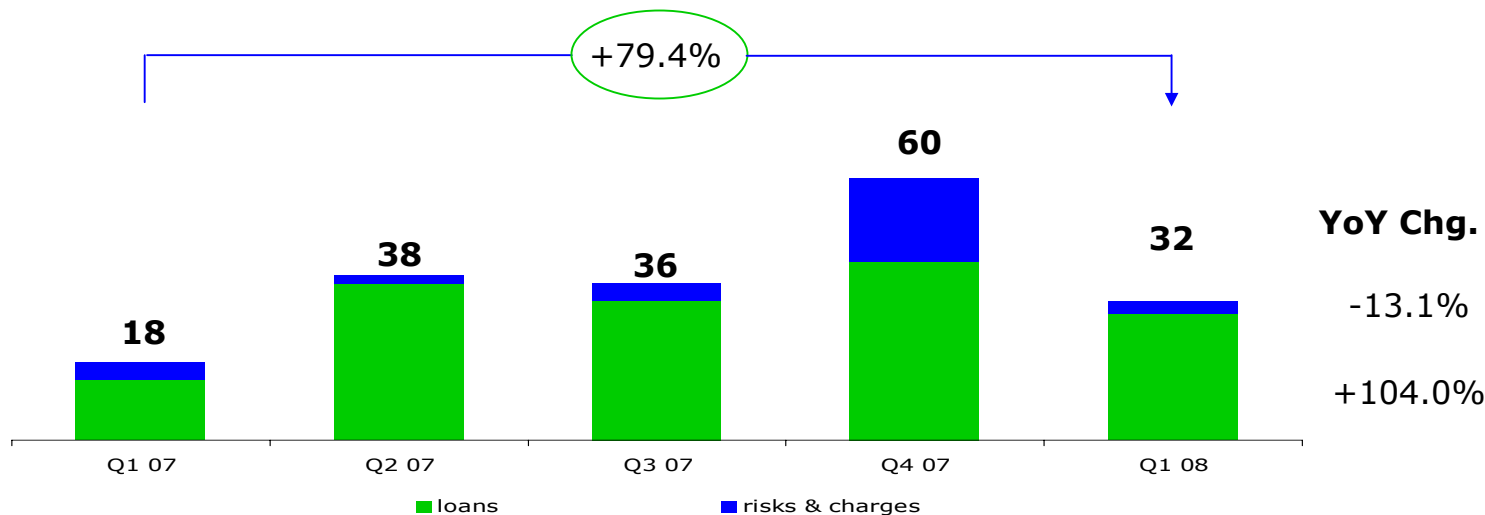


	Mar.08	Mar.07	Chg
Employees	8,686	8,507	179
of which temporary workers	147	120	27
Points of sale	756	739	17

Provisions and adjustments

- Total provisions increased by € 14m YoY. Main components:
 - adjustments at € 28.5m, fully attributable to customer loans. The increase is mainly due to lower write-back (€3m) and higher loans write down (+€10m)
 - risk provisions at € 3.4m (-€0.5m), mainly referring to claw-back actions or "revocatorie"
- Total provisions on loans at 42 bps in Q1 2008 (annualised figure), in line with target

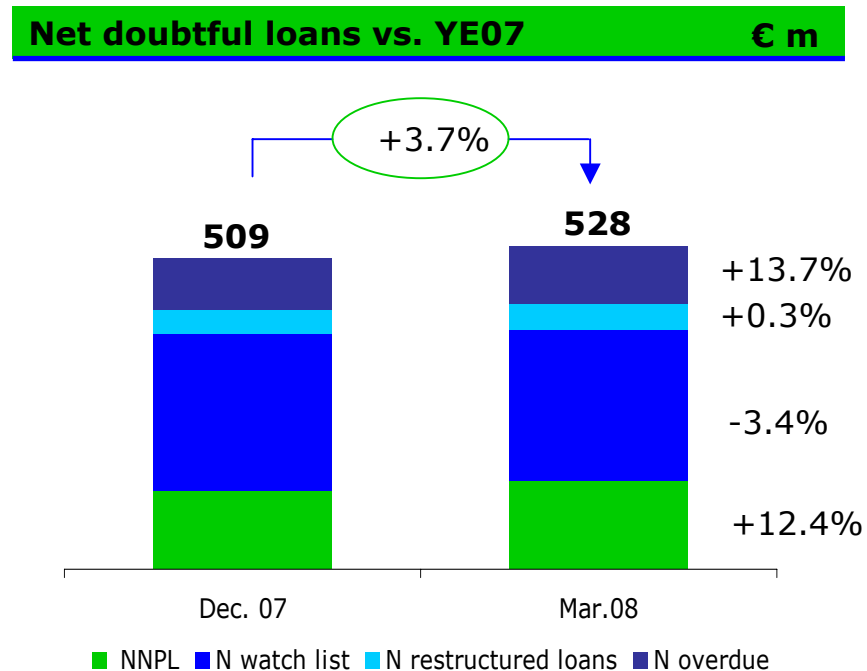
€m



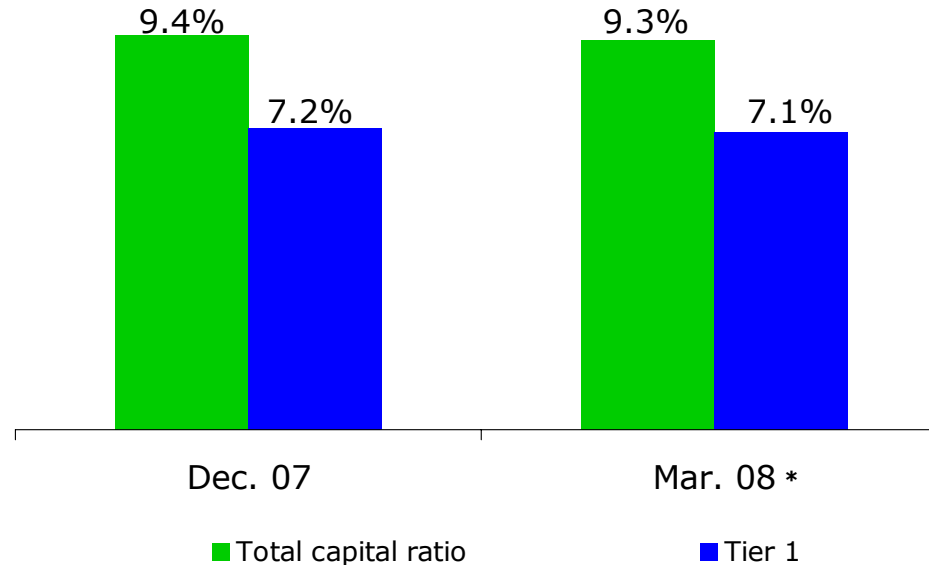
Non performing loans still well below system average

- Net doubtful loans on total loans at 1.7% decrease from 1.9% in Q1 2007
- Gross doubtful loans at 3.2% of total loans compared with 3.3% at March 2007
- Net non-performing on loan portfolio and coverage stable at 0.5% and 70% respectively

Mar.08	Ratio	Coverage
Tot. doubtful loans	1.7%	46.9%
Net NPL	0.5%	69.8%
Watch list	0.8%	25.0%
Restructured loans	0.1%	52.8%
Overdue loans	0.3%	2.7%
Performing loans	98.3%	0.6%



Capital ratio: impact of Basel 2



- In 2008, BPM will start to use the standard Basel 2 model while waiting for Bank of Italy to recognize BPM internal rating models
- In 2008, compared to Basel 1, Basel 2 standardized approach RWA is estimated at +1% (-7.7% credit risk, +8.5% operating risk)
- In 2009, BPM will expect that Bank of Italy recognize BPM internal "FIRB" model. This will have a significant impact in reduction of capital absorption

*Basel 1 calculation method

Q1 08 results: reclassified Group P&L

€ m	Q1 08	Q1 07	% Chg.
Interest income	260.9	234.4	11.3
Net fees and commissions	136.9	153.4	(10.7)
Associates, dividends and profits from fin. trans.	(11.3)	61.0	n.m.
Other operating income	15.4	15.2	1.0
Non interest income	141.0	229.7	(38.6)
Total income	401.9	464.0	(13.4)
Staff costs	(169.8)	(168.0)	1.0
Administrative costs	(72.9)	(70.8)	2.9
Depreciation & amortisation	(17.5)	(18.4)	(4.9)
Operating costs	260.1	257.2	1.1
Operating profit	141.8	206.8	(31.5)
Net adjustments to loans and fin. assets	(28.5)	(14.0)	104.0
Net provisions for risks and charges	(3.4)	(3.9)	(13.1)
Profit and loss from investments	(0.2)	0.0	n.m.
Profit/loss from current operations before tax	109.7	188.9	(41.9)
Income tax for the period	(45.3)	(73.3)	(38.1)
Minorities	(2.3)	(2.3)	n.m.
Group net profit/loss for the period	62.1	113.3	(45.2)

■ Despite new favourable tax rate in Italian budget law 08, Bpm tax rate is 41.3% mainly due to Bpm Ireland unrealised losses which weight around +5.8p.p.

ANNEXES

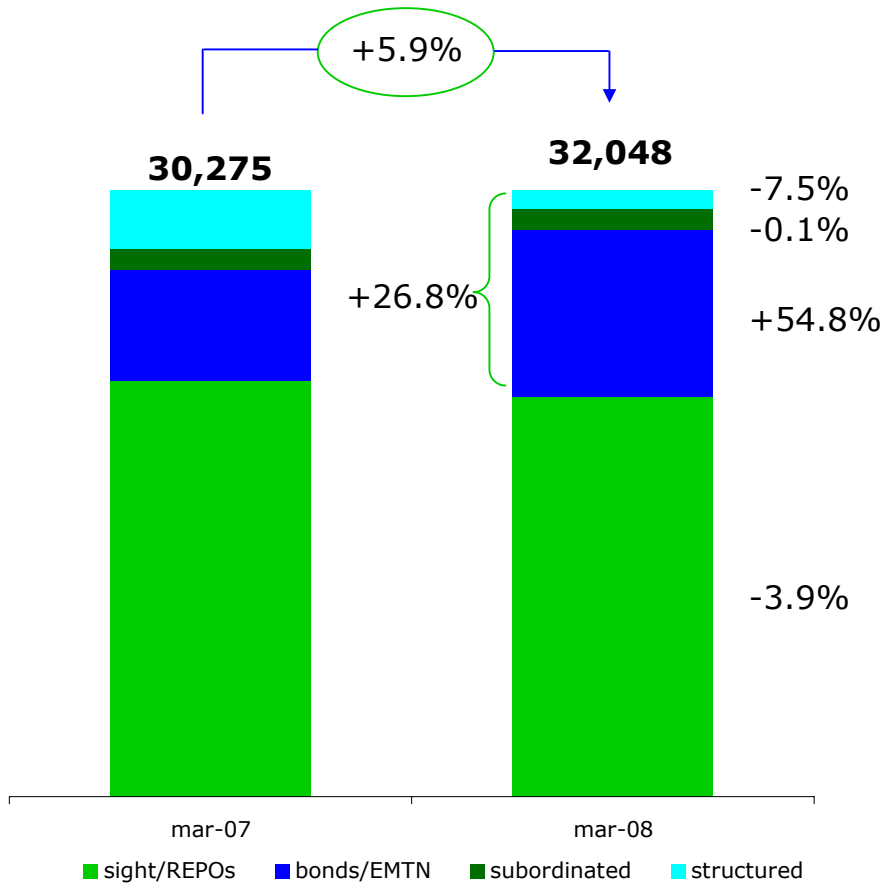


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EMTNs drive funding growth

Funding

€ m

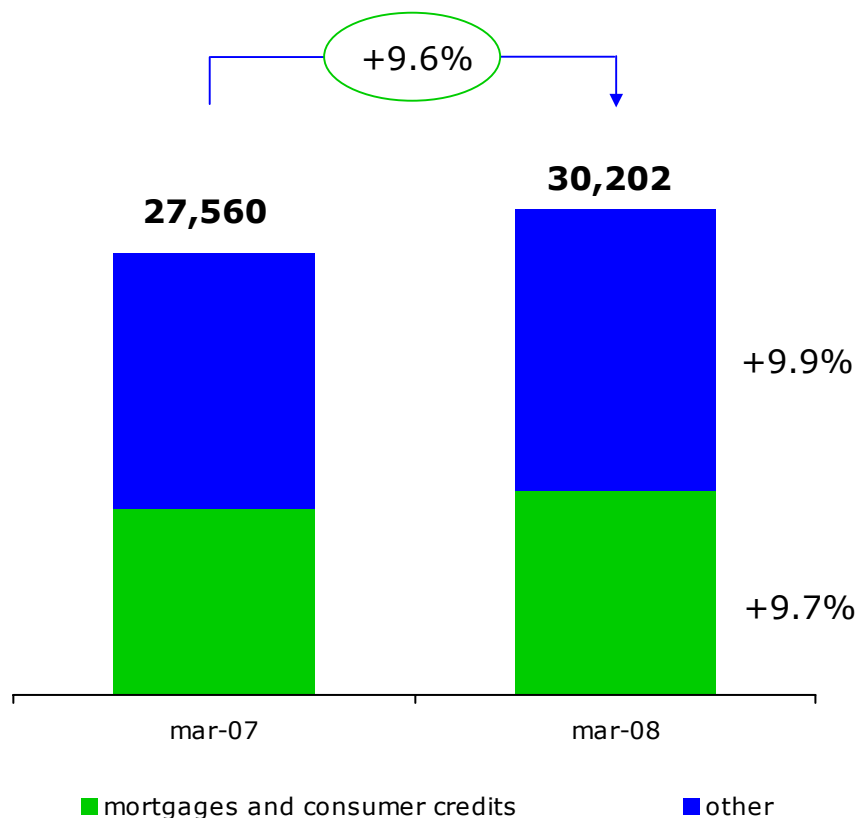


- Bond increase (+54.8%) drove funding growth (+5.9%)
- Sight deposits declined due to decrease in repo (€729m, -27.8%) at marginal spread
- Securities up 42.5% YoY of which €1.250m issued in February under EMTN programme

Sound growth in loan portfolio continues

Customer loans

€ m



- Mortgages and consumer credit (+9.7%) sustained loan growth
- New mortgages and consumer credits €+1.3m in Q1 08
- Positive trend in short-term loans as well (up around 12.2% YoY on average volumes)

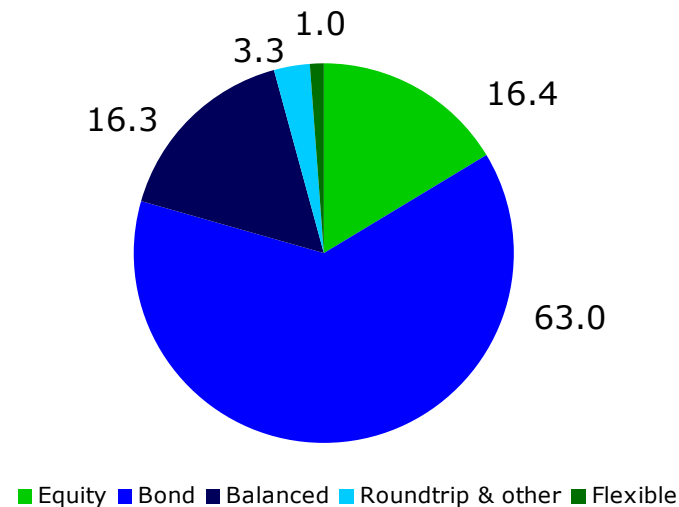
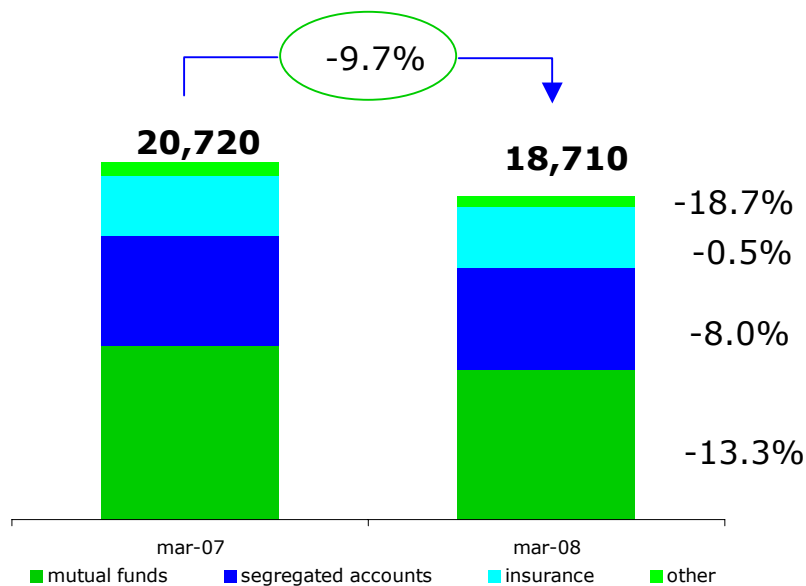
AUM suffers from market trend

- Assets under management impacted by weak market trend
- Total outflows at € 757m year-to-date
- Net inflow for insurance products positive for € 21m in Q1 08

- Market share of SGR funds at 2.08% in March 2008, slightly lower than 2.10% in March 2007 but higher vs 2.02% FY 07
- Increase in monetary and bond products to 63% of total in March 08 versus 57.5% in March 07

Assets under management € m

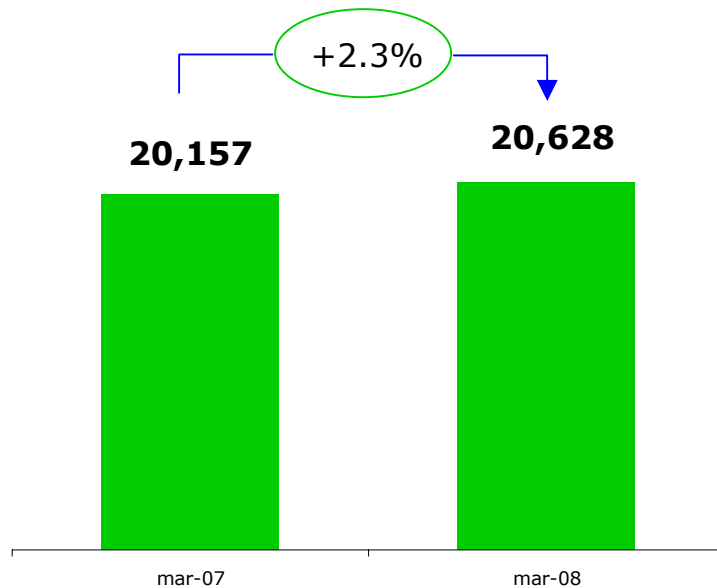
AUM breakdown %



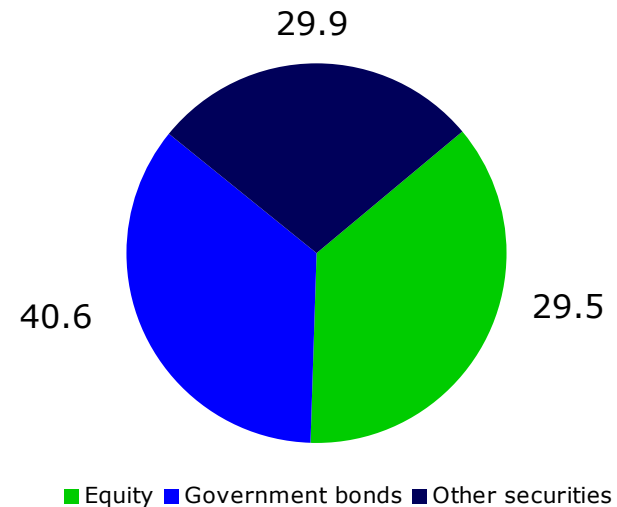
Steady growth in assets under custody

- Due to financial market turmoil, weight of shares on total assets dropped to 29.5% from 36.6%, partially offset by the increase in government Bonds (weight to 40.6% from 35.3%)

Assets under custody* € m

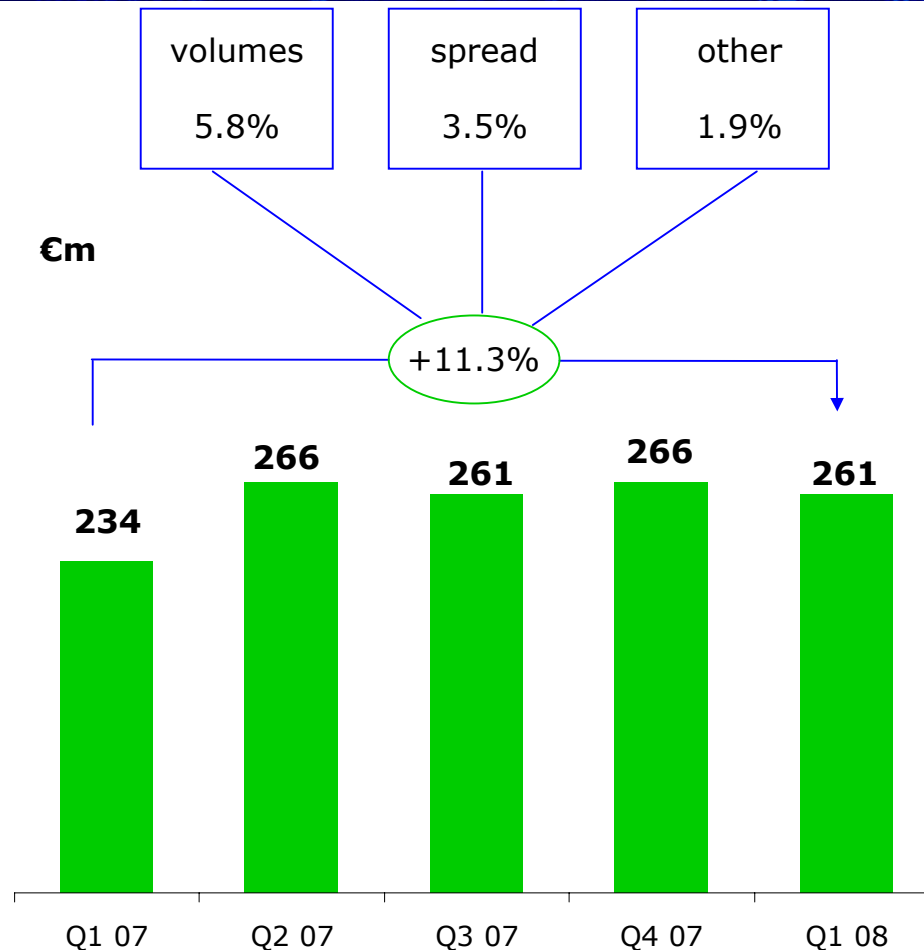


AuC breakdown %



(*) : customers only, excluding institutionals

Bipiemme Group interest income details



■ No slowdown in volumes growth and spreads increase drove net interest income performance (+11.3%) YoY

**Q&A
SESSION**



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