

Bipiemme Group Q3 2009 Results

Milan, 11th November 2009



BANCA POPOLARE DI MILANO

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2009 figures include the effects of the amendments applied to the new scope of consolidation due to the tender offer on Anima SGR, the acquisition of Banca Popolare di Mantova (56.9%), acquisition of former Unicredit branches (38) and acquisition of IntesaTrade SIM.

The impact on the P&L of the above transactions is ~3.4% of total income, ~4.5% of operating costs and ~1.8% of the operating profit.

9M 2009 results: highlights

€ m	Sept 09(*)	Sept 08	%
Loans	32,200	31,984	0.7
Funding	33,773	34,720	(2,7)
Assets under custody	20,450	20,025	2.1
Asset under management	24,779	17,174	44.3
Core Tier 1	6.5	6.4	0.1pp
Tier1	7.7	7.6	0.1pp
TCR	12.0	10.1	1.9pp

Loans: stable both YoY (+0.7%) and Q/Q (+0.5%).
New mortgages performance still positive despite the seasonality effect (€1.0bn in Q3 09 Vs €1.1bn in Q2 09)

Funding: (-2.7%YoY) but core sight deposits growth still sound (+9.3%) with total weight of 78.2% while wholesale funding weight decreased from 26.3% to 21.8%

AUM: strong performance YoY (+44.3%) thanks to Anima consolidation and Group's net inflows at €863m in the first 9M

€ m	Sept 09(*)	Sept 08	%
Interest income	695.3	794.7	(12.5)
Total income	1,423.4	1,247.7	14.1
Operating profit	581.7	437.8	32.9
Net income	182.3	142.9	27.5
Cost/income ratio%	59.1	64.9	(5.8pp)
ROE %	7.5	6.0	1.5

Net interest income down by 12.5% YoY mainly due to reduction in spreads (~ 67bps 9M 09 avg. vs 9M 08 avg) and new accounting method on overdraft fees as of July 09

Positive trend in net commissions confirmed (+4.3%YoY)

Operating profit growth (+32.9% YoY) benefited from strict control on costs which, on a like-for-like basis, decreased slight YoY

Annualised cost of credit: 107bps as at Sept 09 from 130bps as at June (64bps in Q3 09)

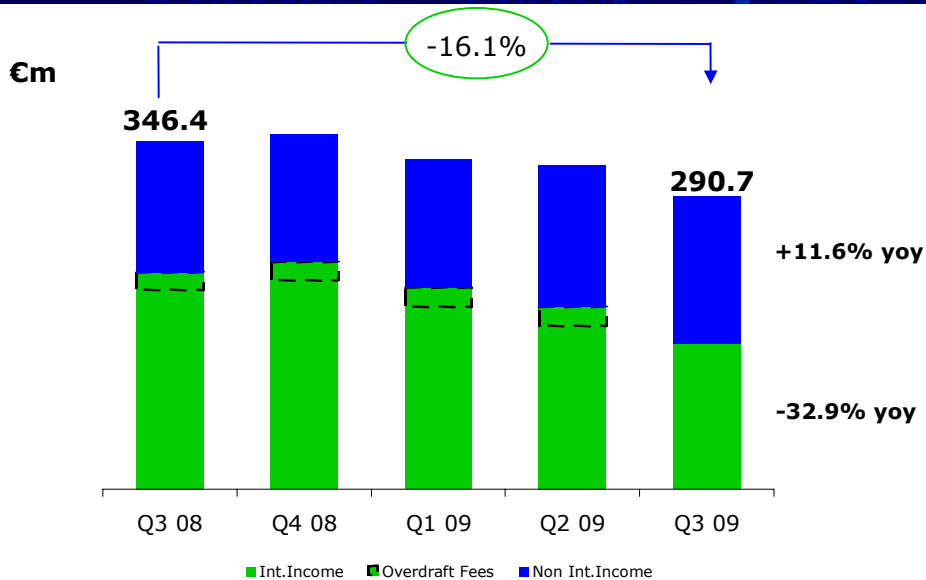
(*) changes in the scope of consolidation (for more details see "disclaimer" and slide n.4)

9M 2009 results: contribution from new acquisitions

€ m	Sept 09 (*)	Impact*	Impact %
Interest income	695.3	20.5	2.9
Net fees and commissions	416.7	26.3	6.3
Non-interest income	728.1	27.7	3.8
Total income	1,423.4	48.2	3.4
Operating costs	(841.7)	(37.8)	(4.5)
Operating profit	581.7	10.4	1.8
Group net profit/loss for the period	182.3	4.9	2.7
<hr/>			
Loans	32,200	753	2.3
Funding	33,773	641	1.9
Assets under Management	24,779	7,485	30.2
Assets under Custody	20,450	461	2.3

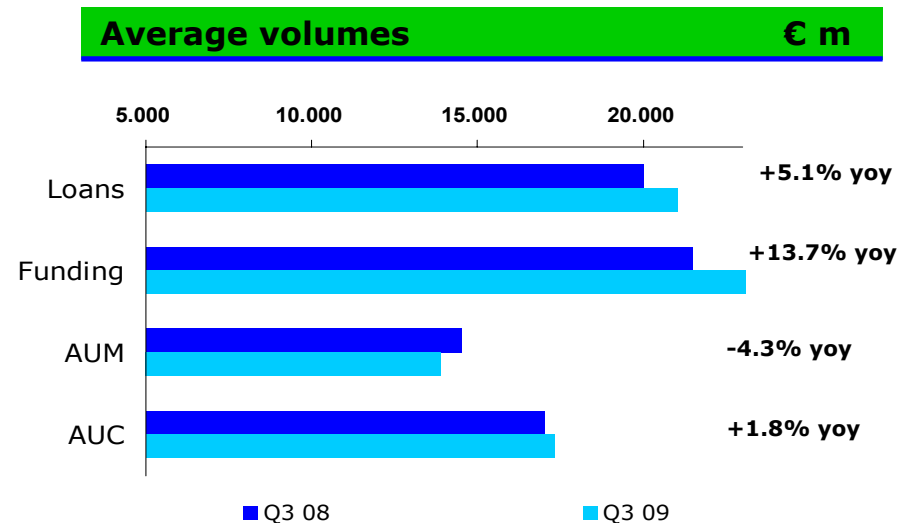
(*) new scope of consolidation (Anima, BP Mantova, former UCI branches, Intesatrade SIM) – Source: Internal Management Report

Commercial Banking: total income

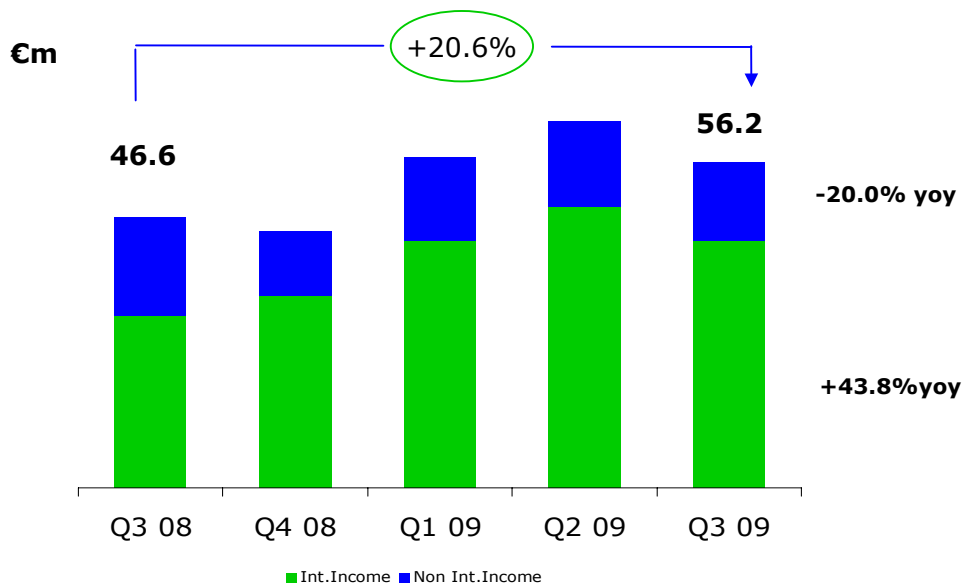


- Interest income decreased by 32.9% YoY due to pressure on spreads and overdraft fees impact:
 - volume effect +9.5%
 - margin effect -29.6%
 - other: -12.8%
- Interest income (-20.1% QoQ) suffered from the decrease in mark-down (-27bps) and slight mark-up contraction (-7bps)
- NNII up 11.6% YoY, in line with Q2 levels despite the seasonality effect and low upfront fees
- AUM and AUC commissions increased by 9.2% YoY

- Yearly loans and deposits trend positively affected by the new branches acquired
- The positive trend of new mortgages continued, amounting to €838m in Q3 vs €872m in Q2 09
- Funding stable at H1 09 levels. In detail, CoD/bond grew by 28.9% YoY and sight deposits by 15.3% YoY
- AUM volumes recovered QoQ (+5.4%) at €13.9bn
- Since 1/7/09 overdraft fees, calculated using new criteria, and overdraft charges, totaling €23.6m, are booked in "other operating income"

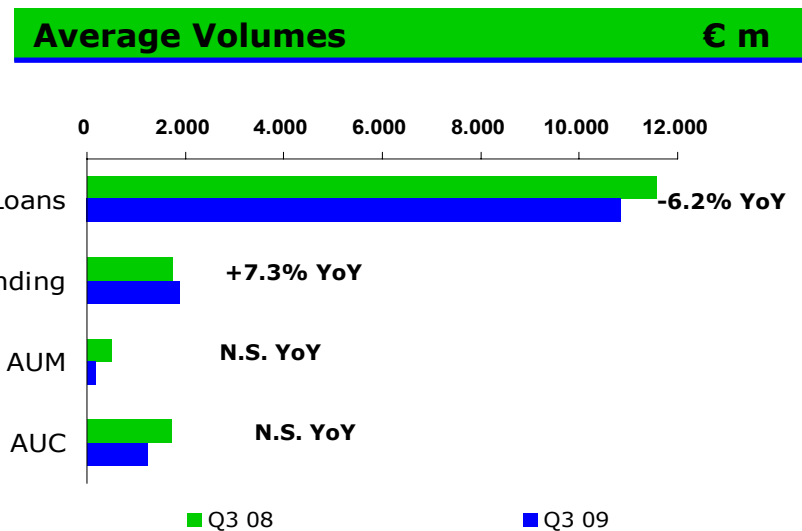


Corporate Banking: total income



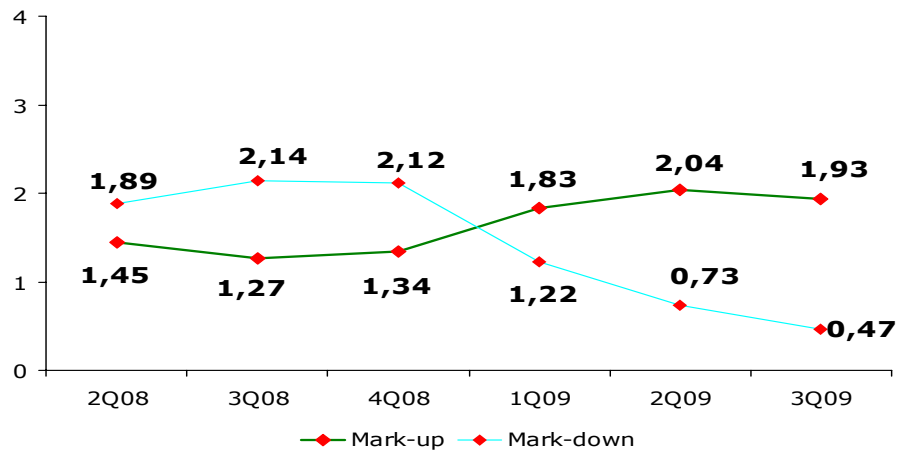
- NII shows good results, (+43.8% YoY), due to:
 - volume effect -4.3%
 - margin effect +52.7%
 - other -4.6%
- QoQ NII decrease (-12%) mainly due to spread reduction
- NNII continued to suffer YoY (-20.0%) due to decrease in traditional banking fees

- The economic turmoil still affected the corporate loans volume (-6.2% YoY), which remained stable on a quarterly basis
- On quarterly basis still positive the contribution from new mortgages (€141m)

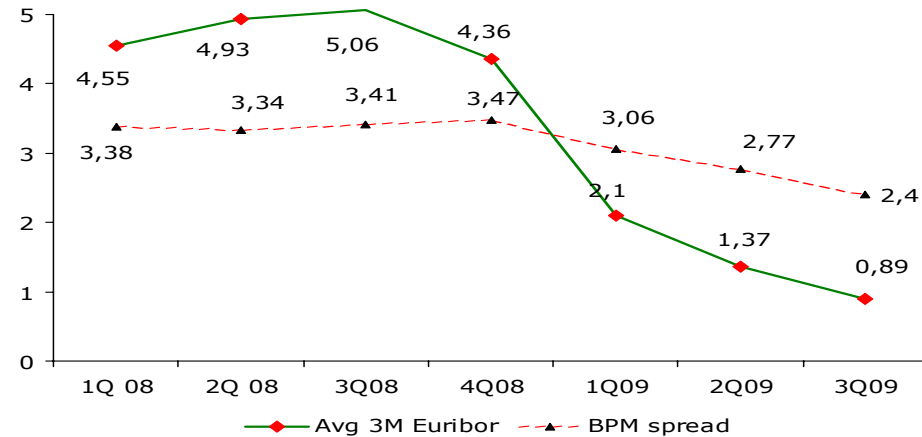


Customer spreads

Mark-up (net of overdraft fees) and mark-down



Group spread Vs 3M Euribor

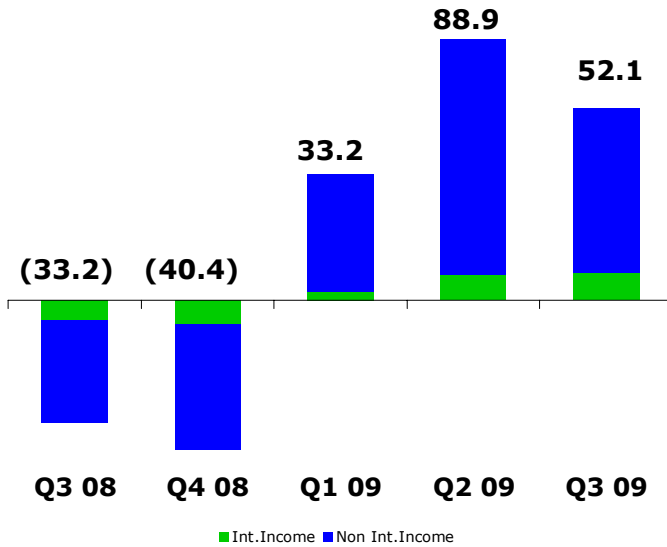


- The drop in interest rates affected overall spreads (~ -100bps YoY), but still lower than the system. Since Q2 09 gap in spread vs system is positive (+13bps in Q2 and +15bps in Q3)
- Mark-down decreased 167bps YoY, only partially offset by increase in mark-up: +66bps YoY
- On quarterly basis mark-down continued to decrease (-26bps) while mark-up was more resilient (-11bps) after the increase registered in the previous quarters thanks to re-pricing

Mark-up (no overdraft fees) and mark-down calculated vs TIF average 3M euribor – Source: Internal Management Report

Investment Banking: total income

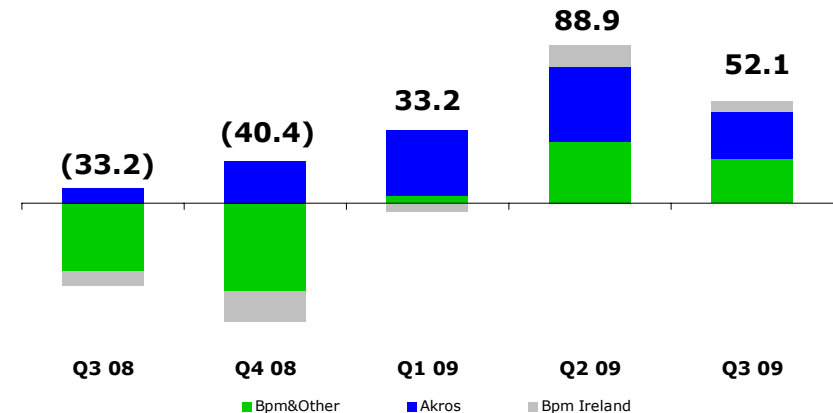
€m



- Net interest income was €7.5m, in particular thanks to less funding requirements by Banca Akros, compounded with lower interest rates
- NII: no carry trade transactions were performed
- Non-interest income was €44.6m, lower than 2Q but still remarkable. €23.6m came from investment portfolio (BPM and Ireland), while €21m was related to the trading portfolio (Banca Akros)

- Almost 50% (€23.7m) of investment banking income came from Banca Akros, in particular from market making activity on bonds, interest-rate derivatives and from recovery in brokerage activity
- BPM & Other and BPM Ireland also posted a positive result (€23.2m and €5.2m) thanks to tightening credit spreads, which helped to recover part of 2008 un-realised losses, and thanks to the capital gains from open-end funds.

Total revenue breakdown € m



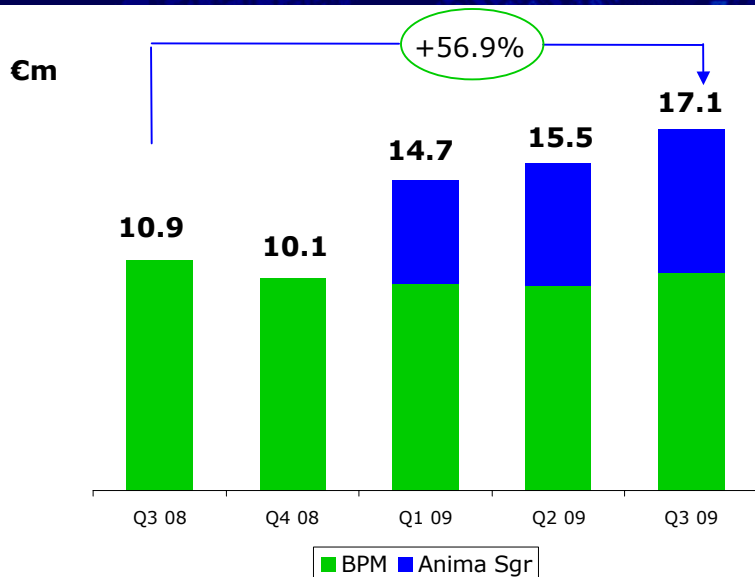
Financial Assets

€ m	June 09 total	Sept. 09 total	Maturing 2009
BPM & Others	2,002	1,834	-
BPM Ireland	794	746	196
Banca Akros	746	760	n.m.
TOTAL FINANCIAL ASSETS	3,541	3,340	196
<i>% on Tot. assets</i>	<i>8.2%</i>	<i>7.9%</i>	
<i>% on Tot. assets (exl. Akros)</i>	<i>6.5%</i>	<i>6.1%</i>	

€ m	June 09 total	Sept. 09 total	Maturing 2009
BPM & Others	2,002	1,834	-
o/w			
Government	916	706	-
Financial	322	333	-
Other (*)	764	795	-
BPM Ireland	794	746	196
o/w			
Government	-	-	-
Financial	776	728	196
Other	18	18	-

(*) €375 equity stake, €329 open funds, €91m private equity

AUM: total income

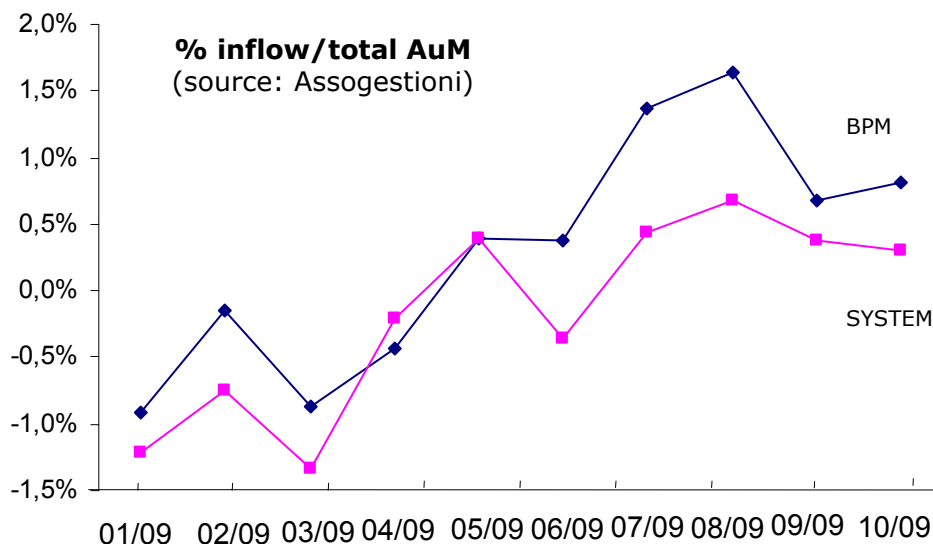


AUM trend still positive for both Anima and BPM Sgr on a quarterly and yearly basis

Total AuM, €24.8bn, was composed of:

Mutual funds	15.8bn	84.4% YoY
Segregated accounts	4.6bn	1.4% YoY
Insurance reserves	3.7bn	7.1% YoY
Other	0.7bn	10.6% YoY

Mutual funds trend %

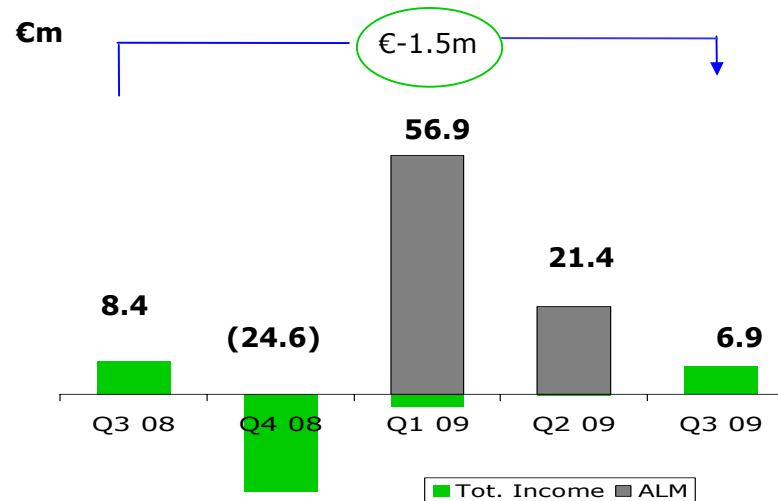


Mutual fund market share increased from 2.17% to 4.11% YoY, mainly due to Anima consolidation. On a like-for-like basis it would have been +33 bps from Dec 08

in Q3 net inflows totalled €838m, boosted by strong July (€336m) and August (€326m), explained in particular by mutual funds (+€641m in Q3)

AUM breakdown almost unchanged Q/Q: Equity at 17.9% from 17.3% while Bonds and Monetary at 68.9% from 69.3% in Q2 09

Corporate center: total income



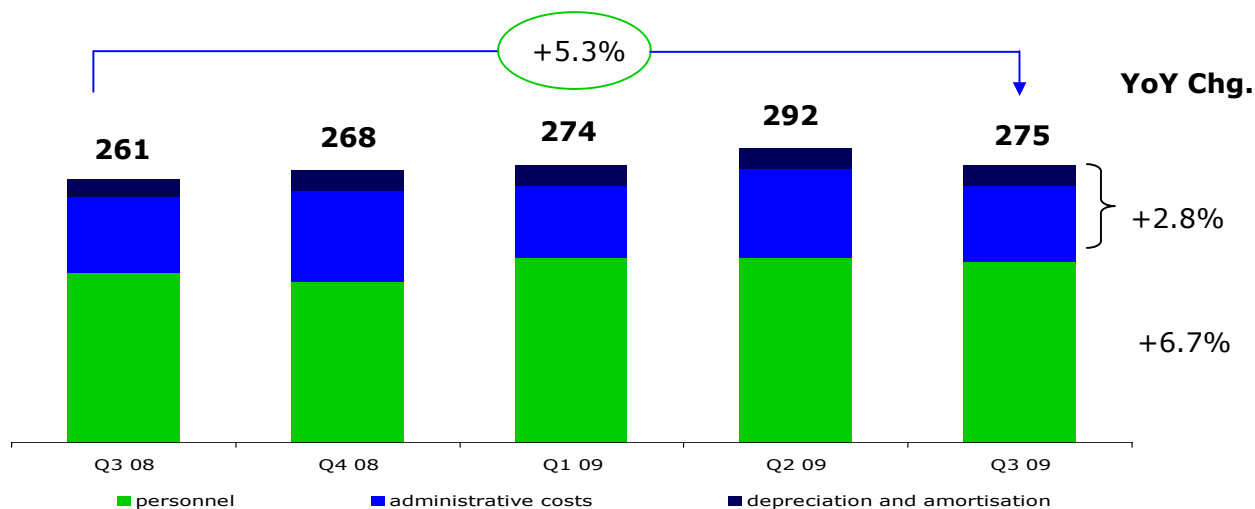
- Q3 09 Corporate Center affected by decrease in 3M Euribor (-44bps QoQ)
- Given the bear trend in interest rates, at the beginning of the year the ALM Committee decided to implement some activities to face the negative effect on sight deposits mark-down. Thanks to the higher-than-expected fall in interest rates, the derivatives generated €85m profits on financial transactions. These transactions were completely realized in H1 09
- Q4 08 negative contribution mainly due to virtual commissions to the commercial network from bond placement

9M 2009 divisional performance

€m		Comm. Bk	Corp. Bk	Inv. Bk	Wealth Mgt	Corp. Center	BPM Group
Interest income	Amount	528.5	133.3	16.5	(0.5)	17.4	695.3
	YoY %	(15.6)	37.8	n.m.	n.m	n.m.	(12.5)
Non Int. income	Amount	422.0	43.0	157.7	47.8	57.7	728.2
	YoY %	2.1	(7.3)	n.m.	38.1	n.m.	60.8
Total income	Amount	950.5	176.3	174.3	47.3	75.1	1,423.5
	YoY %	(8.6)	23.2	n.m.	35.2	n.m.	14.1

Costs under control

- 9M 09 operating costs increased by 3.9% YoY, due to change in scope of consolidation. Net of this effect, costs would have been down by 0.7%
- September 09 personnel costs +2.5% YoY though staff increased by 291 people due to recent acquisitions. On a like-for-like basis staff costs would have decreased by 1.2% YoY (-102 people)
- Good performance of administrative expenses, down 2.4% YoY despite 20 new branches (on a like-for-like basis)
- At the end of September 09, total group points of sale totalled 824 (+67 YoY), while headcount reached 9,070
- Good QoQ performance: total costs -5.9% thanks to decrease in all items

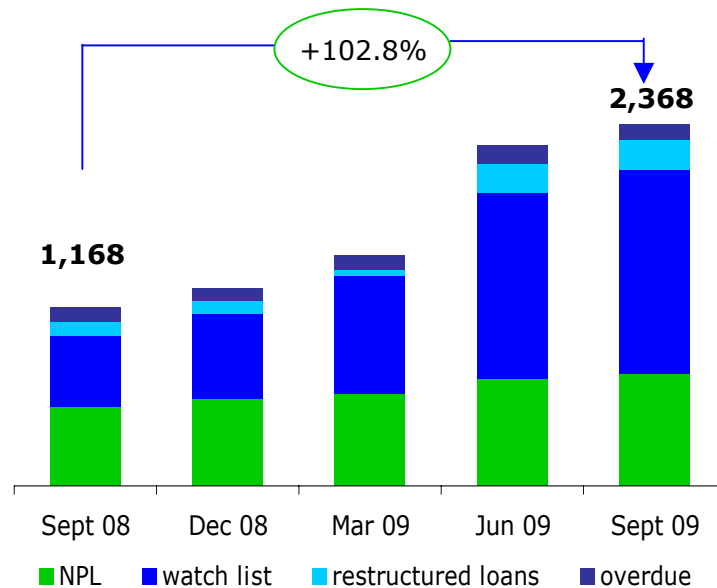


Asset quality analysis

- 9M 09 net non-performing loans ratio stable vs H109 level at 0.8% and coverage confirmed at 62.9%
- Total adjustments covered 2.6% of total loans, up 60bps YoY
- QoQ doubtful loans growth rate decreased sharply compared to H1 09 figures

Gross doubtful loans trend

€ m



Sept. 09

Ratio

Coverage

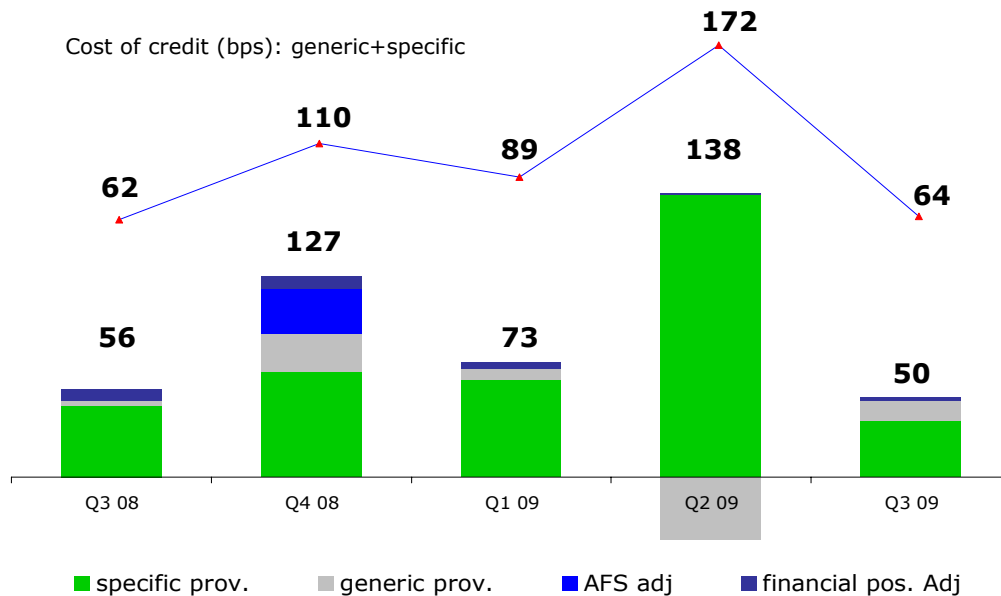
Tot. net doubtful loans	5.2%	29.3%
Net NPL	0.8%	62.9%
Watch-list	3.5%	15.7%
Restructured loans	0.6%	7.9%
Overdue loans	0.3%	5.1%
Performing loans	94.8%	0.5%

Provisions and adjustments: breakdown

■ LLP and other adjustments: €272.2m in September 09 o/w:

- ~€254.3m from credit provisions, equal to a cost of credit of 107bps (annualised)
- ~€7.0m from other provisions o/w €3.1m on financial activities AFS
- ~€10.9m from risk & charges, mainly due to clawbacks (revocatorie)

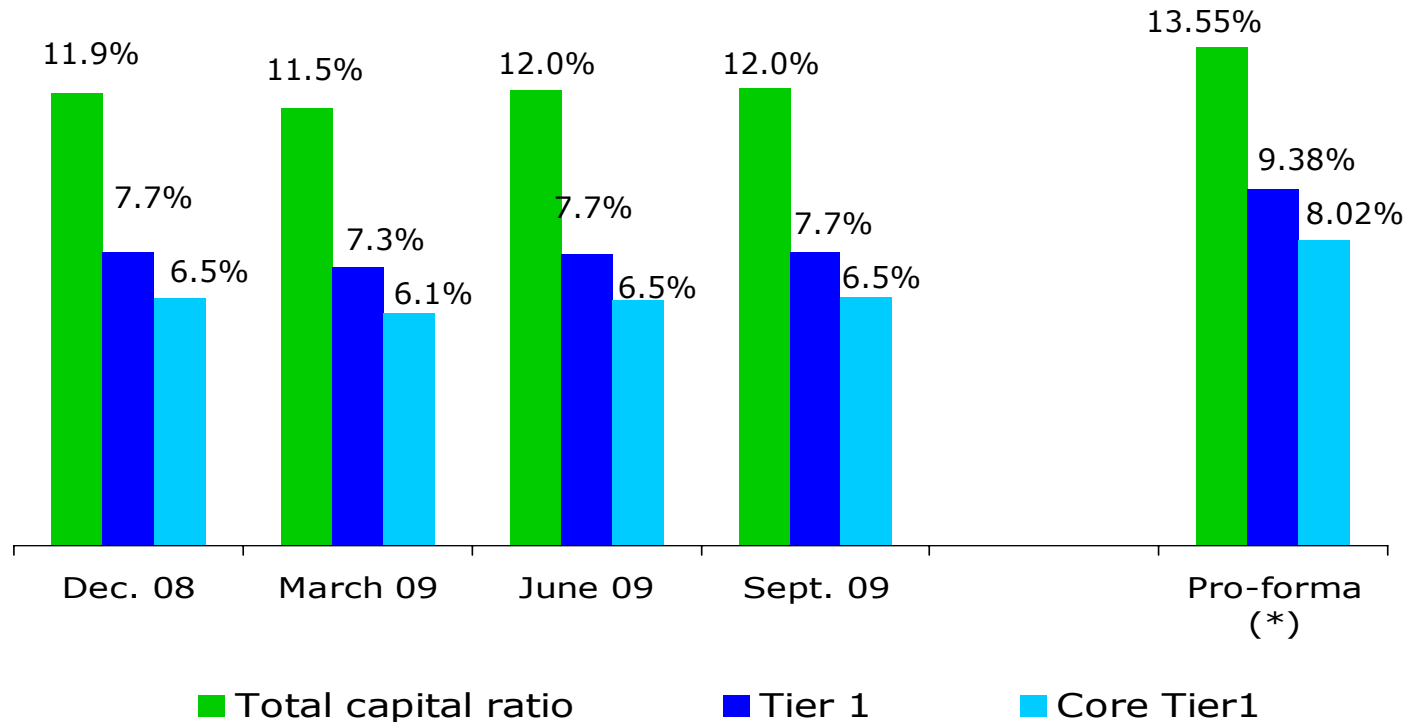
Provisions and cost of credit



Cost of credit

	Sept.09	Q3 09
Net adj. to loans & fin. assets	108 bps	62 bps
o/w		
Fin. Positions & AFS adj.	1 bps	-2 bps
Cost of credit	107 bps	64 bps
Segment details		
Retail	40 bps	19 bps
Small Business	165 bps	126 bps
SMEs	193 bps	83 bps
Corporate	78 bps	19 bps

Capital ratios



- Capital ratios confirmed at H1 09 levels.
- Considering the ongoing action to strengthen BPM's capital position the Core Tier1 target has been confirmed at over 7.5%

The ratios have been calculated using the standard Basel 2 model
(*) Pro-forma with Tremonti Bond

Quarterly trend: reclassified Group P&L

€ m	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	% Q0Q.
Interest income	263.5	276.6	241.1	249.5	204.6	(18.0)
Net fees and commissions	125.8	111.3	135.0	148.0	133.7	(9.7)
Associates	1.1	2.0	(3.5)	(1.7)	3.4	n.m.
Dividends and profits from fin. trans.	(29.6)	(37.3)	102.7	102.6	42.8	(58.3)
Other operating income	17.4	9.7	13.5	13.2	38.5	191.7
Non-interest income	114.7	85.6	247.7	262.2	218.3	(16.7)
Total income	378.2	362.2	488.8	511.7	422.9	(17.4)
Staff costs	(168.3)	(158.6)	(183.9)	(183.6)	(179.6)	(2.2)
Administrative costs	(75.9)	(89.9)	(70.2)	(88.1)	(75.0)	(14.8)
Depreciation & amortisation	(17.1)	(19.6)	(20.1)	(20.7)	(20.6)	(0.5)
Operating costs	(261.4)	(268.1)	(274.1)	(292.4)	(275.2)	(5.9)
Operating profit	116.9	94.1	214.7	219.4	147.7	(32.7)
Net adjustments to loans and fin. assets	(56.3)	(127.2)	(73.1)	(138.1)	(50.1)	(63.7)
Net provisions for risks and charges	(12.9)	(16.1)	(14.5)	7.7	(4.1)	n.m.
Profit and loss from investments	(0.1)	(11.4)	0	0	0	n.m.
Profit/loss from current operations before tax	47.6	(60.7)	127.0	88.9	93.5	5.2
Income tax for the period	(30.6)	(6.1)	(53.7)	(36.9)	(34.2)	(7.3)
Minorities	(1.2)	(0.9)	(1.2)	0.8	(2.0)	n.m.
Group net profit/loss for the period	15.8	(67.7)	72.2	52.8	57.3	8.5

Update on capital initiatives

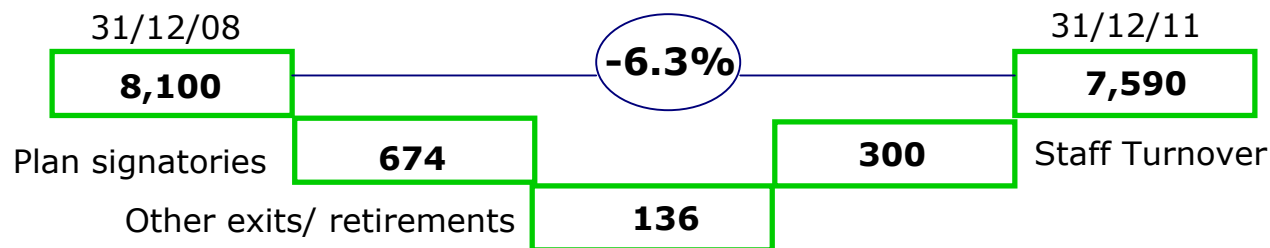
		realized	next steps
Accelerated MEF Instrument	<ul style="list-style-type: none"> €500m of hybrid convertible bonds issued to the Italian Ministry of Finance Redeemable at par before June 2013 (premium thereafter) 8.5% flat coupon, non tax deductible (accounted after net income) ~145bps impact on Core Tier I ratio 	all documents finalized	issue forecast by November
Mandatory with Free Warrants	<ul style="list-style-type: none"> Up to €700m of senior Mandatory with free Warrants convertible in up to €500m offered with pre-emptive rights to all existing shareholders Mandatory conversion by June 2013 at a strike min. of € 6 and max € 7 6.75% annual coupon, tax deductible Warrant with strike at €8 in 2013 	<p>43% of total underwritten</p> <p>60% of MEF Instrument covered</p>	underwrite period up to 30 December 2009
Hybrid Tier 1 Tender Offer	<ul style="list-style-type: none"> Tender offer on up to €460m Hybrid Tier I instruments Up to €40m of coupon savings 	documents finalizations in progress	ready to start as soon as the MEF instrument will be issued

ONE-OFF: early retirement plan (Fondo Solidarietà)

(1/2)

- Estimated total cost: max €140m based on number of people per retirement date (5 dates between 30/11/09 and 30/09/11) to be booked in Q4 2009

REDUCTION IN STAFF FOR GROUP'S 3 MAIN COMMERCIAL BANKS (BPM-BDL-CRAL) FROM 2008 TO 2011*



SAVINGS

- ~€40m progressive increase as of 2010; full impact in 2012, due to reduction in staff **
- ~€10m progressive increase as of 2010; full impact in 2012, due to staff turnover
- ~€10m as of 2010 up to 2013, due to stop on staff leaving bonus (based on average value of last years)

(*) Only for people due to retire in 5 years time in any case by 1st January 2015. (**) only fixed costs

ONE-OFF: asset disposal

(2/2)

TYPE	TIMING	AMOUNT	DETAILS
Npl disposals	Q4 2009 (realized)	+€23m	Non-performing loans disposals "pro-soluto": 9,000 positions (unit value <€50,000)
Custodian Bank Disposal	Q4 2009 / Q1 2010	TBD	Waiting for binding offer: due diligence recently closed Custodian bank assets: ~ €17.6bn (Apr. 09 pro-forma figure)
Hybrid Tender Offer	Q4 2009	TBD	Due to terminate by year-end €460m Hybrid Instruments o/w: <ul style="list-style-type: none">• €160m perpetual callable 2011 Tier1 8.393%• €300m perpetual callable 2018 Tier1 9%

Q&A



BANCA POPOLARE DI MILANO