

Analyst meeting Q1 2005 results

Milan, 12 May 2005



Banca Popolare di Milano

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All Q1 2004 figures are pro forma, including CR Alessandria.

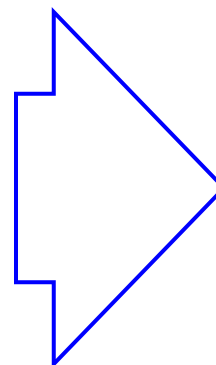
Agenda

Highlights

Q1 Results

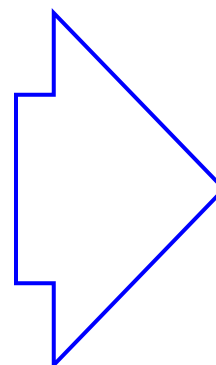
Q1 2005 results: highlights

€ mln	Mar. 05	Mar. 04	%
Loans	20,859	18,343	+13.7
Deposit	21,634	19,998	+8.2
Assets in custody	16,543	15,272	+8.3
Asset management	19,060	17,867	+6.7



Robust loans growth continues, mainly driven by mortgages

€ mln	Q1 05	Q1 04	%
Interest income	188	162	+16.4
Non interest income	218	189	+15.5
Gross operating income	129	78	+65.4
Net income	66	33	+102.0



Volume increase and commission growth boost operating income and net profit

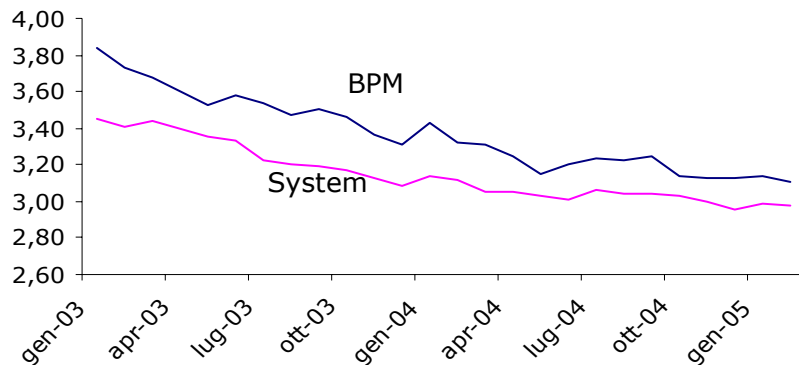
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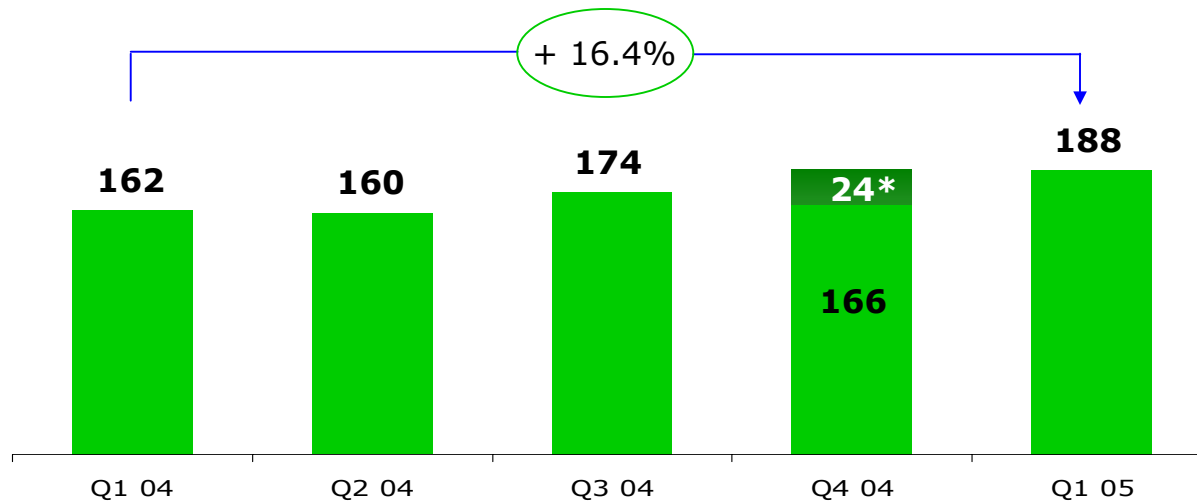
Q1 Results

Sustained growth of interest income

Spread BPM vs system

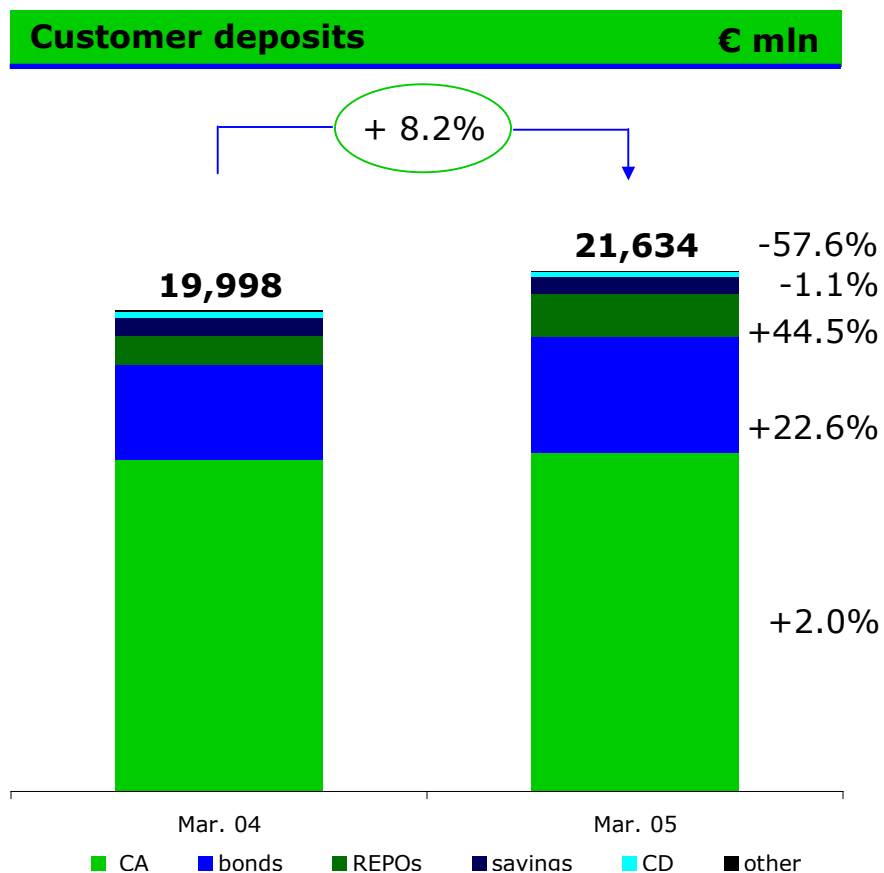


- Positive effect of volumes drives interest income YoY (+16.4%)
- Adjusting for non-recurring revenues in Q4 2004 (dividends on financial investments), interest income would remain stable QoQ
- Interest rate spread down 20 bp versus 2004 but stable QoQ
- BPM spread still 15 bp above the system average



* adjusted for dividends on financial investments

Positive customer deposit trend

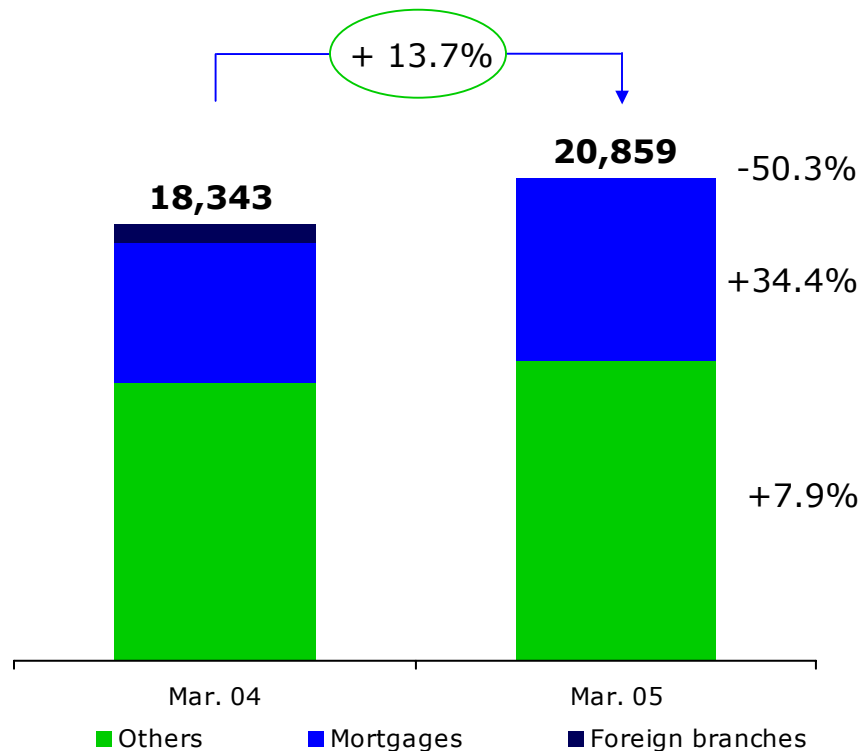


- Deposits up 8.2% YoY or 9.6% net of foreign branches contribution
- Positive trend confirmed QoQ as well (+1.3% vs. December 2004)
- Average quarterly volumes up 3.0% YoY
- Market share: 1,87% vs 1.82% (December figures)
- Strong growth of bonds (+22.6%) and REPOs (+44.5%), the latter as an effect of Banca Akros operations
- Foreign branches decreased by 27.0% YoY, coherent with expected closures by year-end

Loans: mortgages expansion continues

Customer loans

€ mln



■ Strong loan growth concentrated in the retail segment thanks to mortgages:

- +13.7% YoY
- +4.2% QoQ
- +12.3% on average volumes

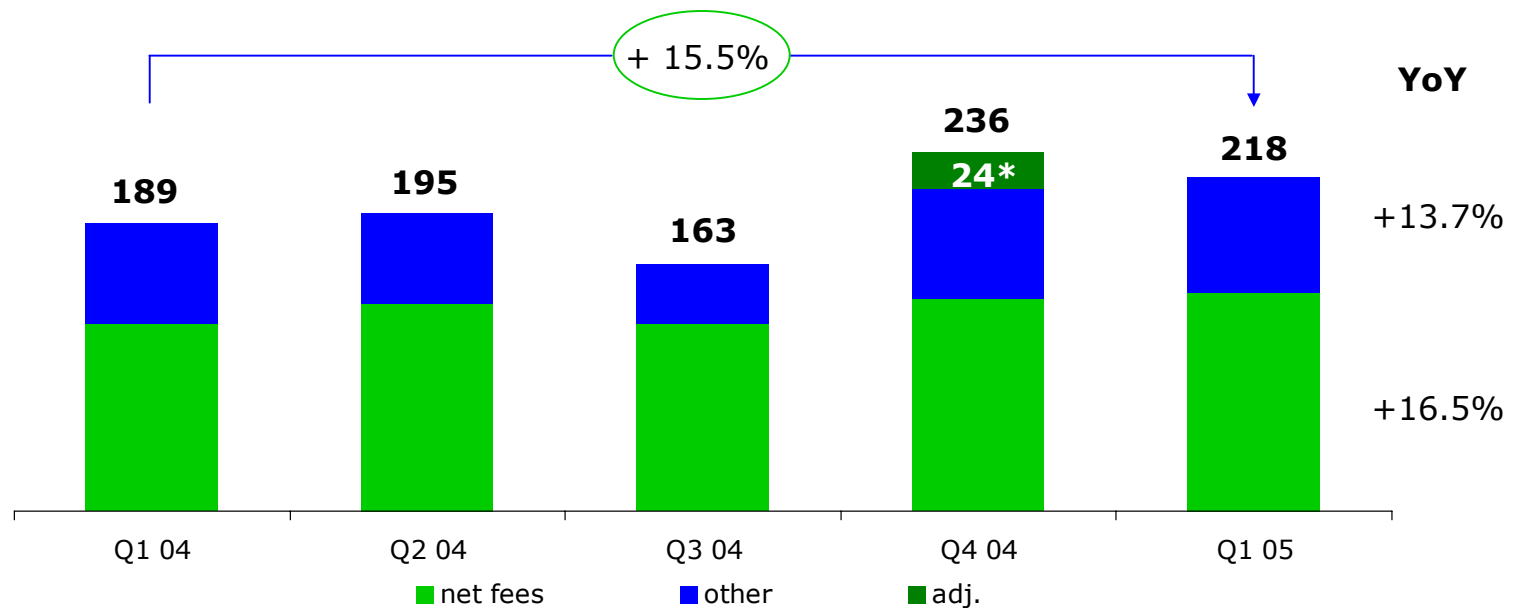
■ Granted new mortgages: over 700 mln € in the quarter

■ Average market share at 1.74% from 1.62% (December figures)

■ Foreign branches loans reduction continues (-50.3%)

Non interest income

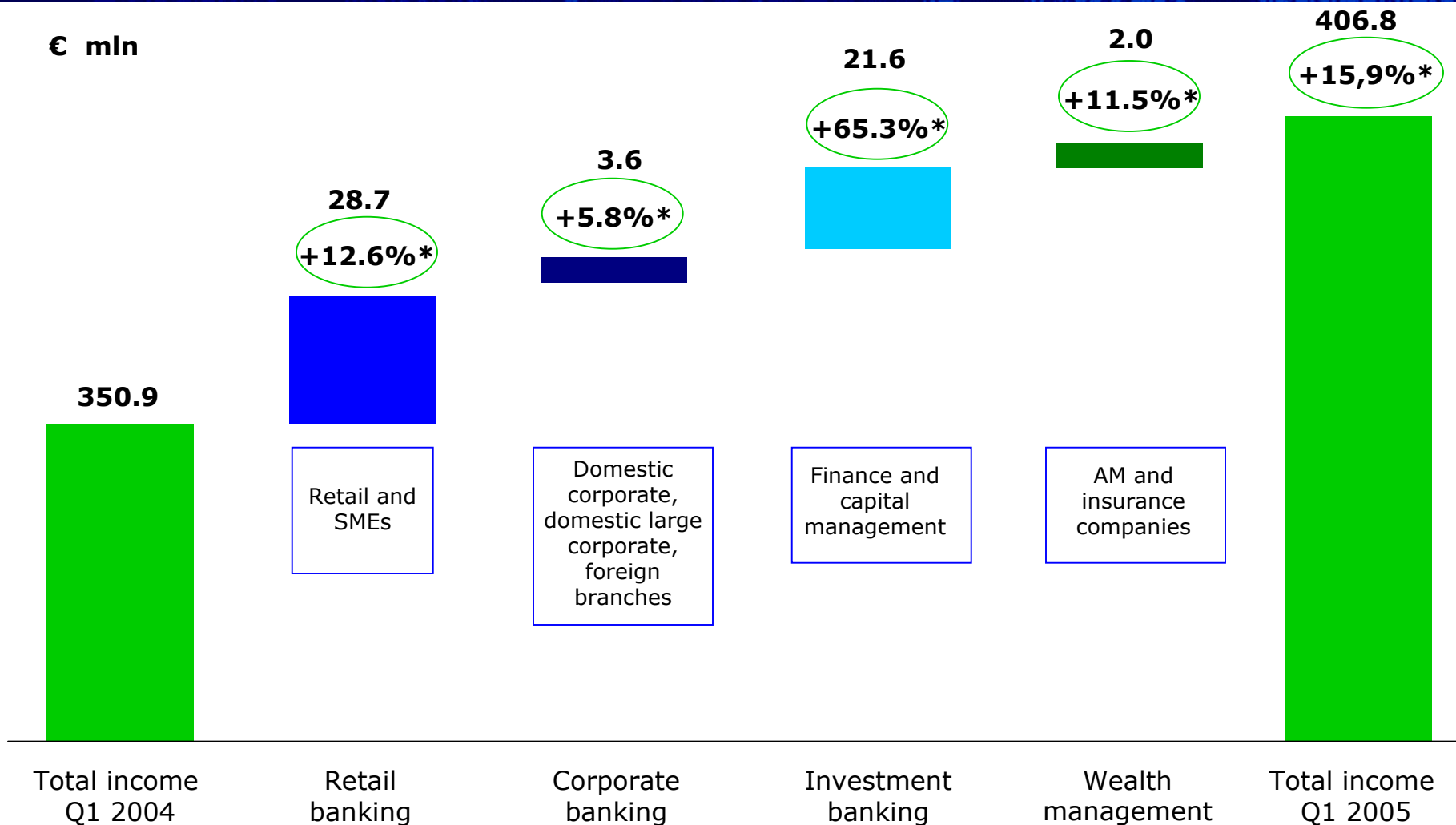
- Net commissions (up € 20.2 mln, +16.5% YoY) pushed by switch from monetary to bond funds and by upfront fees for the placement of structured bond products (€ 10.6 mln)
- Positive trend of net fees confirmed on a quarterly basis as well (+2.7%)
- Adjusting for dividends on financial investments in Q4 2004, non-interest income would increase by 2.8%



* adjusted for dividends on financial investments

Total income growth by business unit

€ mln



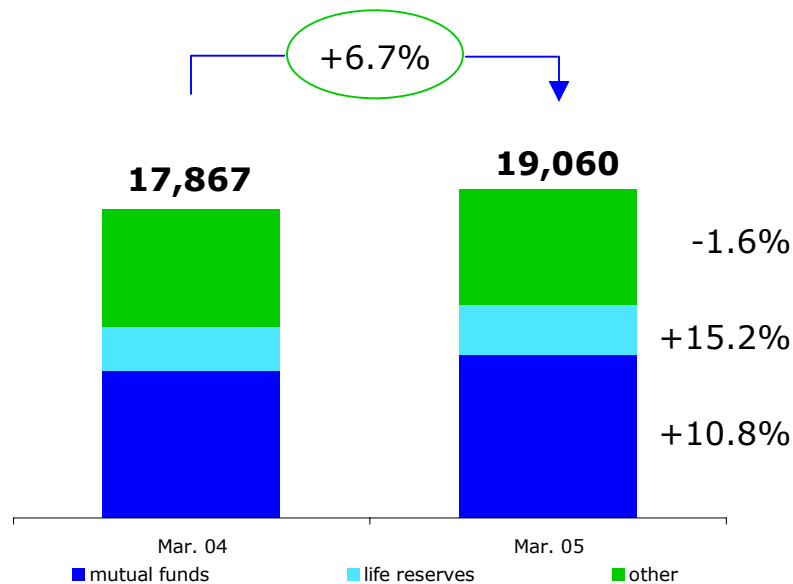
* YoY BU % growth

Total AUMs still on the rise

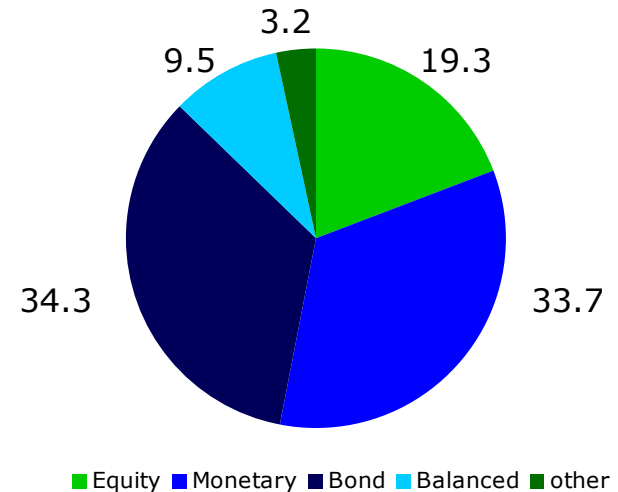
- Positive trend of mutual funds (+6.7%YoY, +2.7% QoQ)
- Quarterly net inflow for € 322 mln
- Insurance reserves at 2.9 bln € up 15.2%

- Market share of SGR funds at 2.31% up both versus December and March 2004
- Investor's preference for bond products reiterated: 34% of total assets versus 29% at March 2004

Asset under management € mln

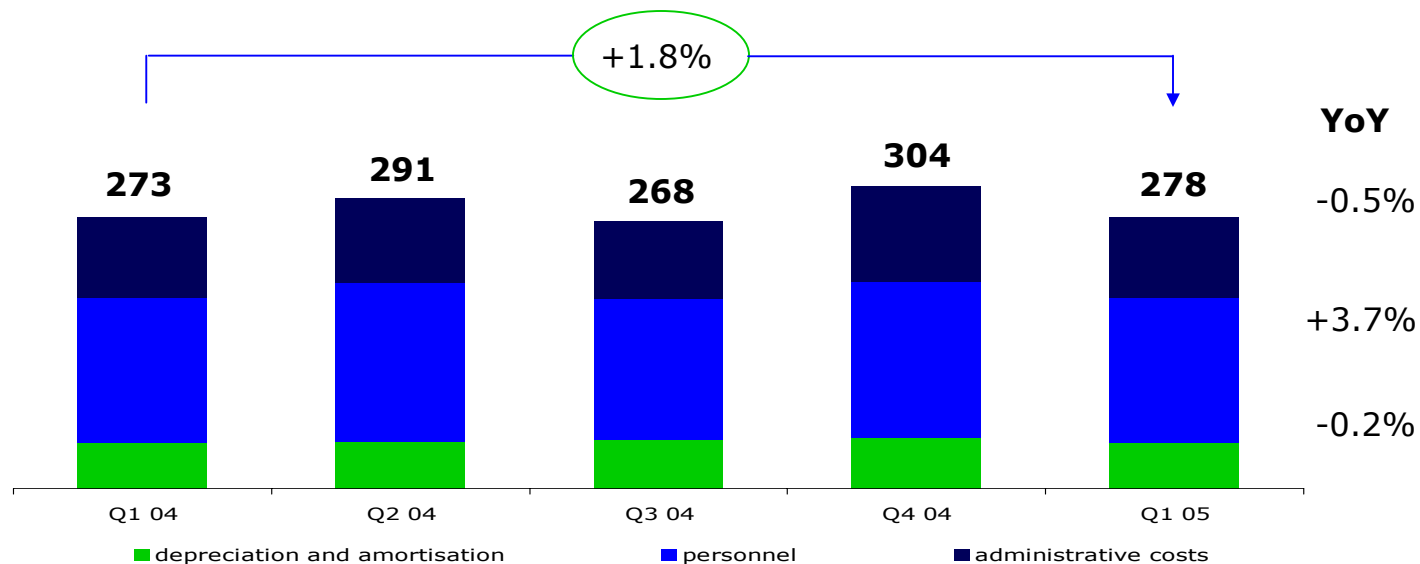


Funds composition %

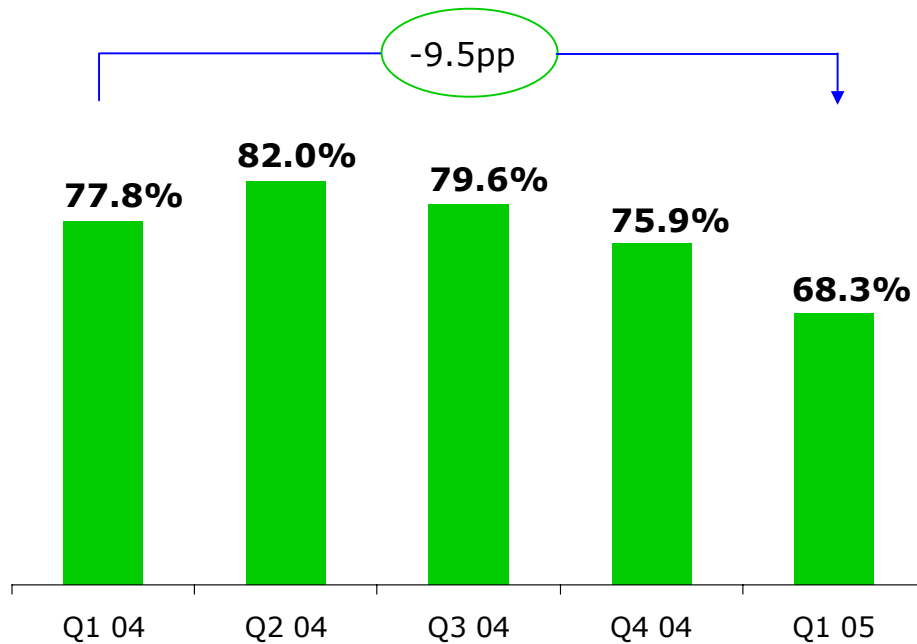


Continuous attention to cost management

- Costs under control both in the quarter and year-on-year
- Personnel costs :
 - down 3.8% QoQ
 - up 3.7% versus Q1 2004, primarily due to €3.7 mln of higher bonuses linked to positive performance in investment banking
- Slight decrease in administrative expenses (-0.5%). Net of indirect taxes, they would have declined by 5.9%
- D&A includes €1.1 mln for CR Asti goodwill amortisation (not consolidated in Q1 2004)



Cost income improvement accelerates

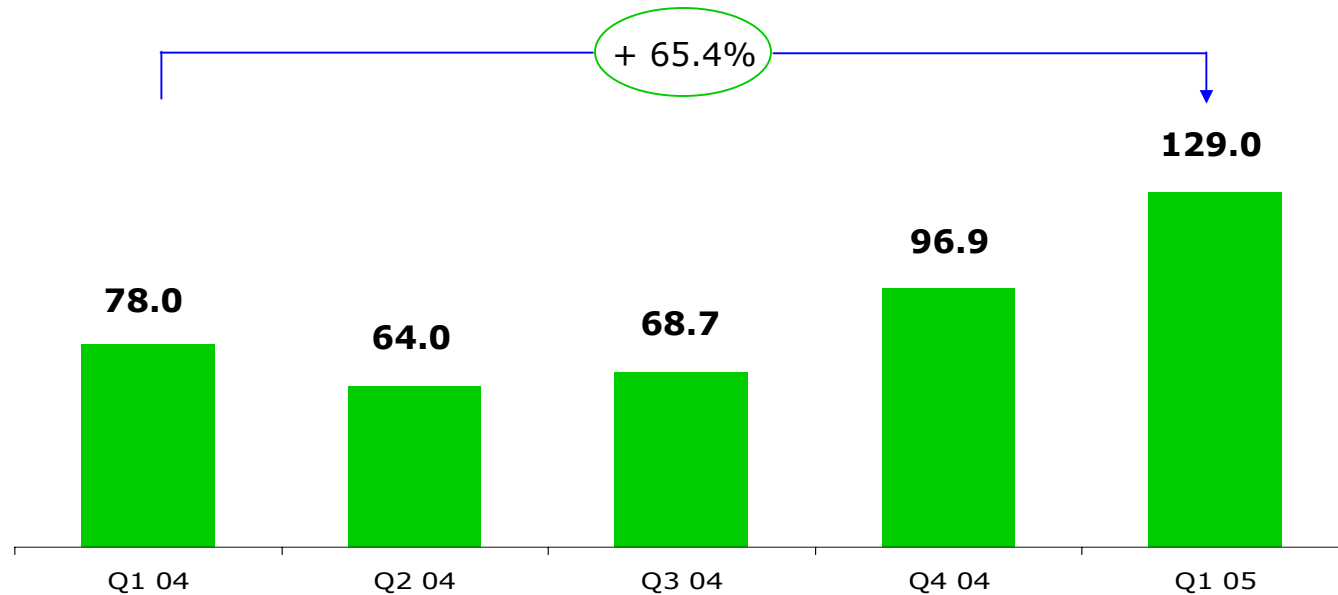


Despite some volatility on a quarterly basis the cost income ratio shows a declining trend, in line with the Group strategic plan

	Mar. 05	Mar. 04	Chg	%
Employees	8,455	8,593	-138	-2.3
Points of sale	727	707	+20	+2.8

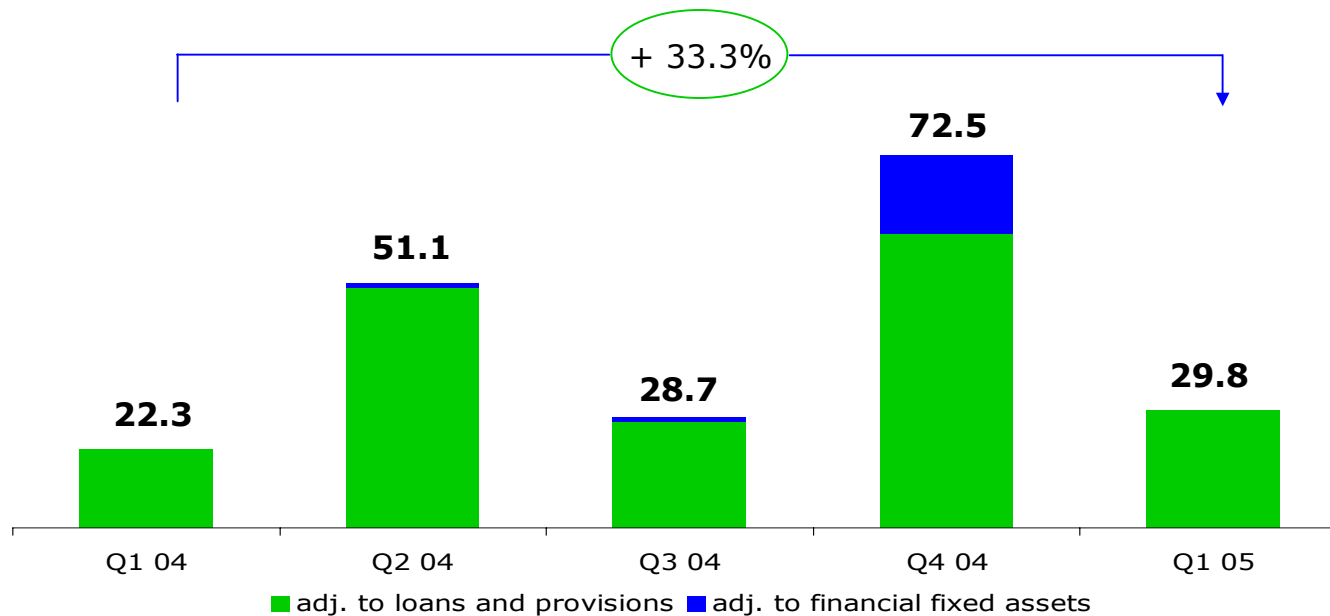
Operating income

- Strong volume increase coupled with steady cost rationalisation pushes operating results
- Brilliant performance both QoQ (up 33.1%) and on yearly basis (up 65.4% versus Q1 2004)



Provisions

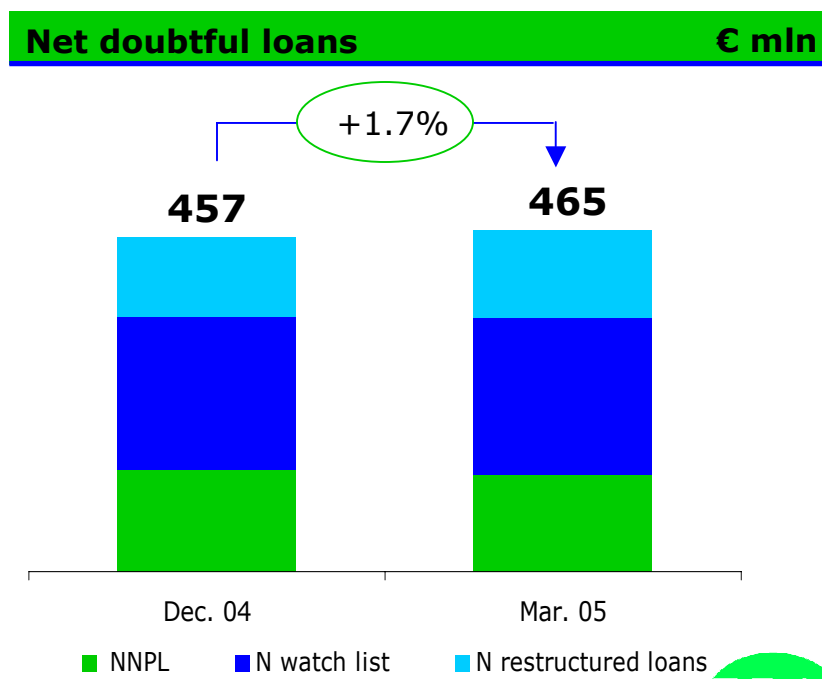
- Increase in total provisions is fully attributable to a rise in allocations for risks:
 - adjustments to loans at €8.6 mln, down €5.9 mln YoY
 - provisions (mainly referring to claw-back actions – “*revocatorie*”) at €21.1 mln, up €12.5 mln versus Q1 2004
- Provision on total cash loans from 0.49% in 2004 to 0.56% in 2005 (annualised figures)



Good asset quality

- Outstanding asset quality with net NPL ratio at 0.6% and total doubtful loan ratio at 2.2% (from 0.7% and 2.3% respectively at YE2004)
- NPL coverage increased from 65% at December 2004 to 66.4% at March 2005

31.03.05	%	Ratio	Coverage
Tot. doubtful loans		2.2	40.0
Net NPL		0.6	66.4
Watch list		1.0	11.0
Restructured loans		0.6	22.1
Loans vs risk countries		0.0	0.0
Performings loans			0.5



Results: P&L

€ mln	Q1 05	Q1 04	%
Interest income	188.5	161.9	16.4
Non interest income	218.3	189.0	15.5
Total income	406.8	350.9	15.9
Administrative costs	(277.7)	(272.9)	1.8
Operating income	129.0	78.0	65.4
Net adj. and provisions	(29.8)	(22.3)	33.3
Ordinary income	99.2	55.7	78.3
Extraordinary income	6.6	2.4	n.m.
Pre tax profit	105.8	58.1	82.2
Taxes	(38.0)	(24.4)	55.8
Minorities	(1.6)	(0.9)	75.5
Net income	66.2	32.8	102

**Q1 2005 results
Q&A session**



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