



**Conference call
presentation**

Q3 2005 results

Milan, 15 November 2005

Banca Popolare di Milano

Disclaimer

This document has been prepared by Banca Popolare di Milano solely for information purposes and for use in presentations of the Group's strategies and financials.

The information contained herein has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein.

Neither the company, its advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

The forward-looking information contained herein has been prepared on the basis of a number of assumptions which may prove to be incorrect and, accordingly, actual results may vary.

This document does not constitute an offer or invitation to purchase or subscribe for any shares and no part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

The information herein may not be reproduced or published in whole or in part, for any purpose, or distributed to any other party. By accepting this document you agree to be bound by the foregoing limitations.

This presentation includes Q3 2005 accounts, which have been prepared utilizing IAS/IFRS standards. Readers are advised to refer to the Quarterly Report at 30 September 2005 for a full review of the IAS/IFRS principles adopted and their application. Since IAS/IFRS principles are subject to future modifications, the form, but not the substance, of the information contained in this presentation is subject to modification in the future before it is published in the 2005 Annual Report of the BPM Group.

For comparison purposes, this presentation also includes pro-forma figures relating to 2004 and 2005 prepared under Italian GAAP (data at 30.9.2004 include the line-by-line consolidation of C.R. Alessandria).

Agenda

Q3 2005 Results under IAS/IFRS

slide 4

Pro-forma Q3 Results (Italian GAAP)

slide 8

Results at 30th September 2005 – P&L

| € m | H1 05 IAS/IFRS | Q3 05 IAS/IFRS | 9M 05 IAS/IFRS | Q3 weight on 9M results |
|---|-------------------|-------------------|-------------------|----------------------------|
| Interest income | 374.7 | 178.2 | 552.8 | 32% |
| Net commissions | 274.0 | 122.2 | 396.1 | 31% |
| Other non interest revenues | 102.4 | 36.9 | 139.3 | 27% |
| Total income | 751.1 | 337.2 | 1,088.3 | 31% |
| Net adj. and provisions | (23.6) | (35.7) | (59.3) | 60% |
| Net income from financial operations | 727.5 | 301.5 | 1,029.1 | 29% |
| Net income from financial and insurance operations | 746.2 | 313.3 | 1,059.5 | 30% |
| Operating costs | (484.5) | (234.9) | (719.4) | 33% |
| Ordinary income | 263.2 | 77.5 | 340.7 | 23% |
| Tax on on-going operations | (105.1) | (26.6) | (131.7) | 20% |
| Profit from on-going operations | 158.1 | 51.0 | 209.0 | 24% |
| Net income | 164.7 | 48.1 | 212.8 | 23% |

9M 2004/2005 results IAS/IFRS – P&L

| € m | 9M 05 IAS/IFRS | 9m 04 (*) | % |
|---|-------------------|---------------|-------------|
| Interest income | 552.8 | 458.3 | 20.6 |
| Net commissions | 396.1 | 354.8 | 11.7 |
| Other non interest revenues | 139.3 | 74.6 | 86.8 |
| Total income | 1,088.3 | 887.7 | 22.6 |
| Net adj. and provisions | (59.3) | (79.7) | (25.7) |
| Net income from financial operations | 1,029.1 | 807.9 | 27.4 |
| Net income from financial and insurance operations | 1,059.5 | 814.6 | 30.1 |
| Operating costs | (719.4) | (639.4) | 12.5 |
| Ordinary income | 340.7 | 175.4 | 94.3 |
| Tax on on-going operations | (131.7) | (67.5) | 95.2 |
| Profit from on-going operations | 209.0 | 107.9 | 93.7 |
| Net income | 212.8 | 114.4 | 86.1 |

- Up 14.6% net of CR Alessandria consolidation
- Significant volume growth, namely for the medium-long term share

- BPM Vita contribution: € 30.4m

- Up 5.4% on a like-for-like basis, mainly due to provisions for risks & charges and amortization

- Up 75.3% including CR Alessandria line-by line consolidation in 2004

(*) excluding IAS 32/39 regarding financial instruments and IFRS4 regarding insurance operations. CR Alessandria not consolidated

9M 05: main P&L impacts from IAS-IFRS adoption

| € m | 9M 05 It. GAAP reclassified | 9M 05 IAS/ IFRS | Change (values) | |
|--|-----------------------------------|-----------------------|--------------------|--|
| Interest income | 576.7 | 552.8 | (23.8) | Adjustments on net commissions due to full consolidation of BPM Vita (-€11.6m) and amortized costs on loan commissions (-€8.9m) |
| Net commissions | 417.7 | 396.1 | (21.6) | |
| Other non interest revenues | 102.7 | 139.3 | 36.7 | |
| Total income | 1,097.1 | 1,088.3 | (8.8) | The difference is essentially due to: <ul style="list-style-type: none"> • valuation of own bonds, related derivatives and other financial assets at fair-value (-€11.9m) • amortized costs of loans and reversal impact of time-value of impaired loans (+€10.4m) • NPV of employee termination indemnity and other indemnities (-€6.3 m) • Changes in scope of consolidation (+€17.0 m) |
| Net adj. and provisions | (49.5) | (59.3) | 9.8 | |
| Net income from financial operations | 1,047.6 | 1,029.1 | (18.5) | |
| Income from ins. ops. | 0.0 | 30.4 | 30.4 | Increased coverage of performing loans |
| Net income from fin. and insurance ops. | 1,047.6 | 1,059.4 | 11.9 | Full consolidation of BPM Vita |
| Operating costs | (774.5) | (719.4) | (55.1) | The difference is mainly due to: <ul style="list-style-type: none"> • impact from the full consolidation of BPM Vita (-€5m) • positive impact from the elimination of goodwill amortization (+€71.5m) • higher personnel costs for €10.9m linked to by-laws earnings distribution to employees |
| Profit/loss from associates and investments | 19.5 | 0.6 | (18.8) | |
| Ordinary income | 292.6 | 340.8 | 48.2 | |
| Tax | (112.3) | (131.7) | 19.4 | |
| Net income | 184.2 | 212.8 | 28.6 | |

Agenda

Q3 2005 Results under IAS/IFRS

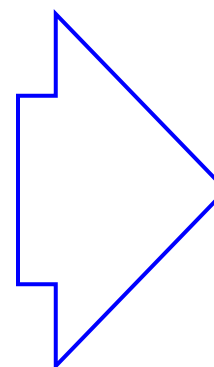
slide 4

Pro-forma Q3 Results (Italian GAAP)

slide 8

Q3 2005 results: highlights

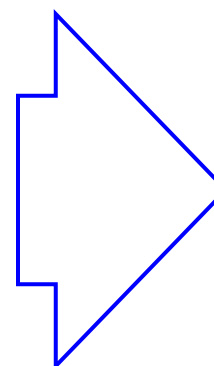
| € m | Sept. 05PF | Sept. 04 | % |
|-------------------|------------|----------|-------|
| Loans | 21,924 | 19,320 | +13.5 |
| Deposits | 22,766 | 19,927 | +14.2 |
| Assets in custody | 17,048 | 15,486 | +10.1 |
| Asset management | 20,202 | 18,093 | +11.7 |



Outstanding increase in lending portfolio

Growth of assets under management accelerates, specifically for mutual funds

| € m | Q3 05PF | Q3 04 | % |
|------------------------|---------|-------|-------|
| Interest income | 185 | 174 | +6.0 |
| Non-interest income | 210 | 163 | +29.0 |
| Gross operating income | 112 | 69 | +63.8 |
| Net income | 52 | 33 | +56.3 |

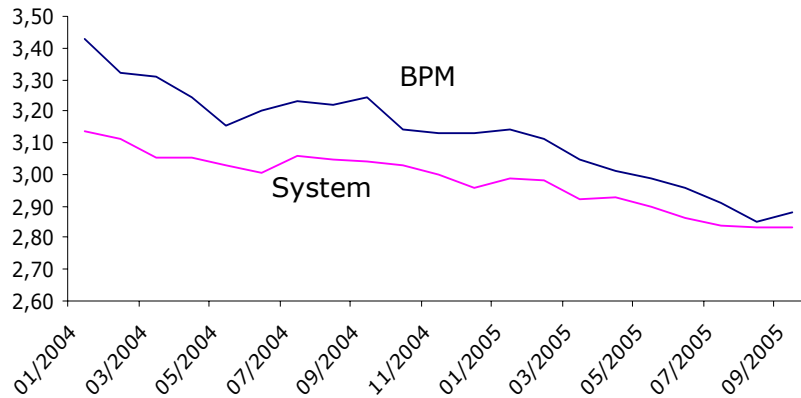


Positive volume trend supports interest income despite sharp spread decline

Fees on AuM and investment banking operations boost non-interest income

Volume growth offsets declining spread

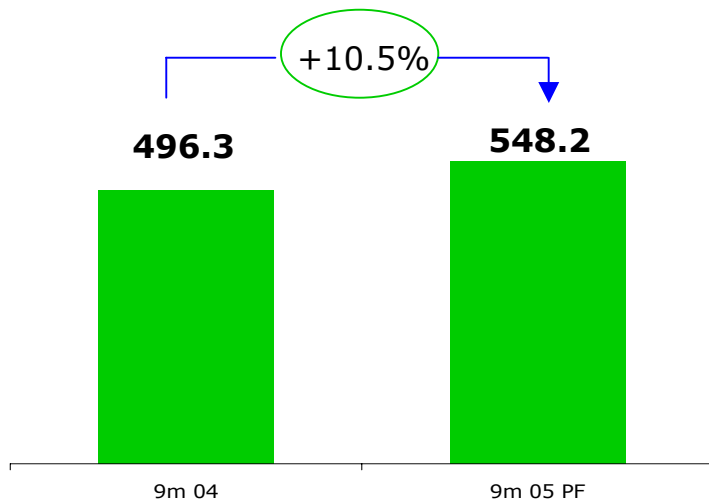
Spread BPM vs system



- Sustained lending activity supports margins despite a trough in interest rate spread (down 35bp YoY, yet still 4bp above the system average)
- Quarterly trend mirrors growth in volumes

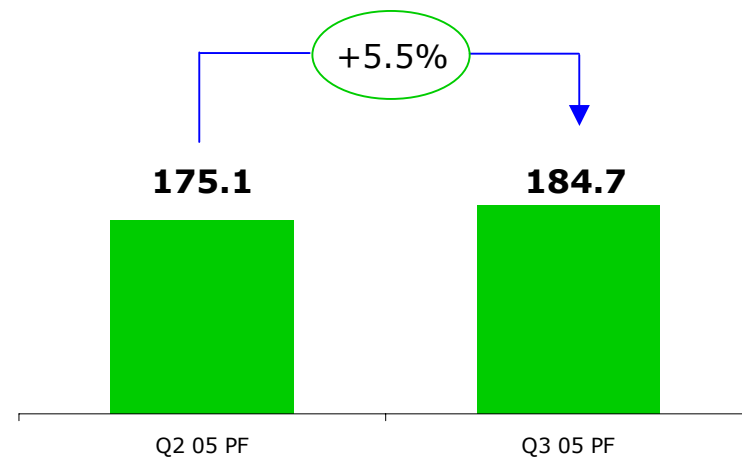
9-month Period

€ m

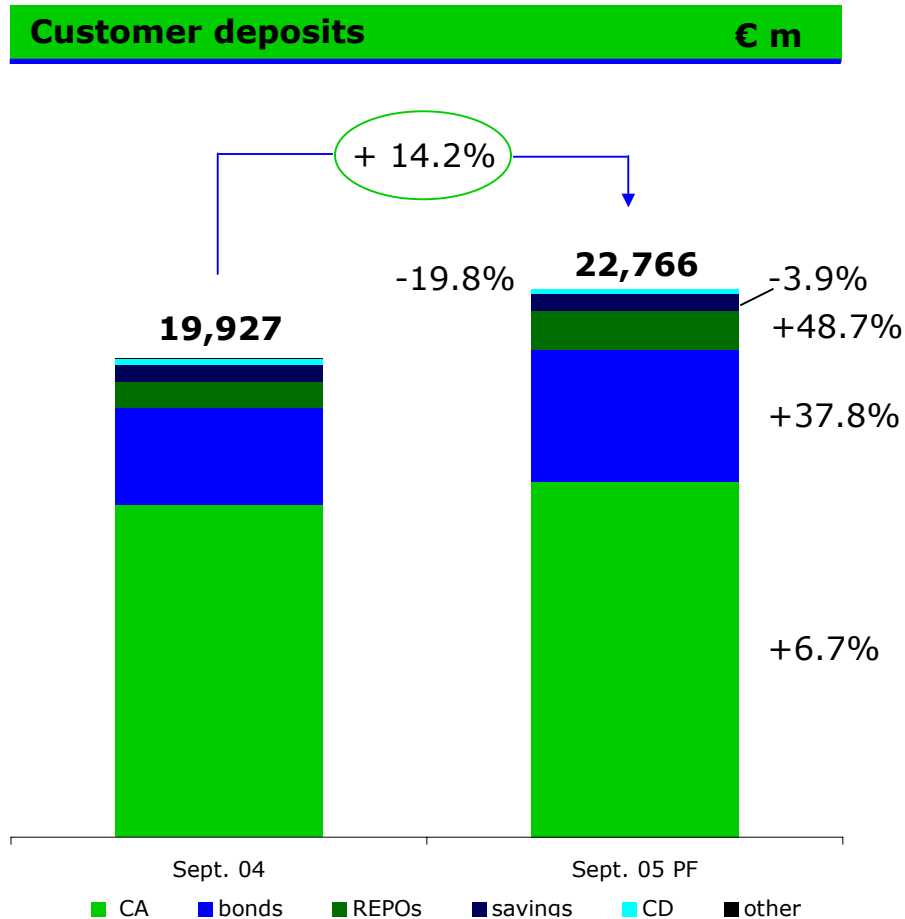


Third Quarter

€ m



Bond issue drives deposit expansion

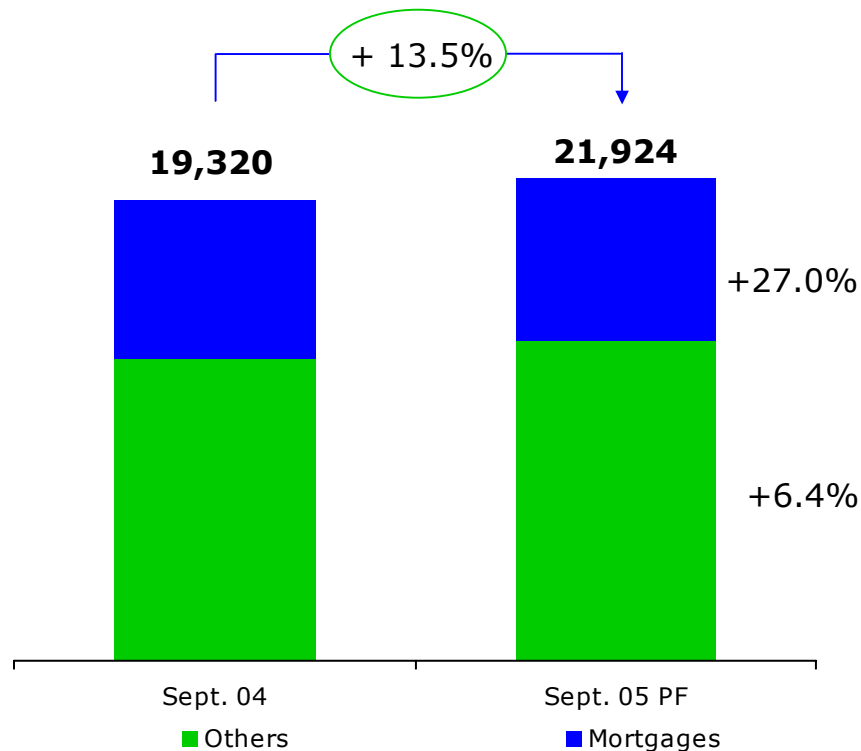


- Healthy growth of customer deposits, up 14.2% YoY or 5.1% on average volumes
- Quarterly figure down 3.6%, due to high volatility in Banca Akros' and BPM's REPO operations (-38.8% QoQ)
- Significant upsurge in outstanding bonds: new issues reached € 1.3bn in the 9-month period (of which € 700m of structured bonds)
- Market share improves to 1.89% (June data) vs. 1.81% in June 2004 and 1.83% in March 2005

Mortgage sales remain sustained in Q3

Customer loans

€ m



— No slowdown in lending book growth, once again supported by residential mortgages:

- +27.0% YoY
- +24.8% on average volumes
- +8.1% QoQ

— Granted new mortgages: over €800m in the quarter, €2.4bn in the first nine months

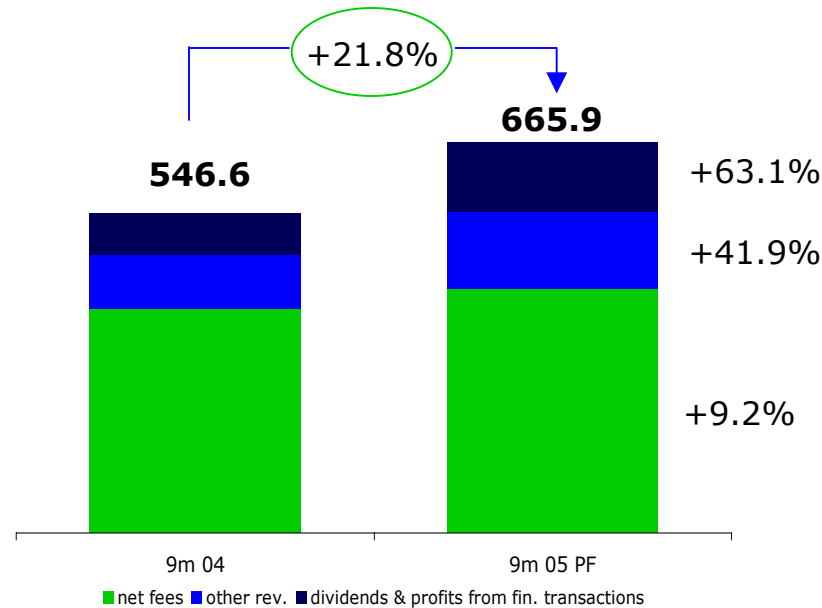
— Average market share at 1.76% from 1.66% in September 2004

— Foreign branches loans virtually zeroed at September 30th

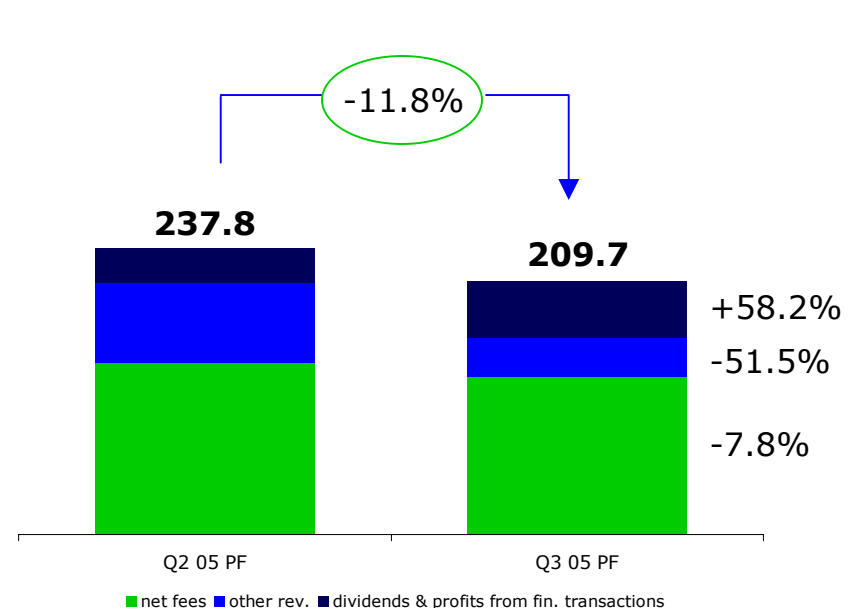
Non interest income

- Good growth of net commissions YoY, driven by increased AuM volumes
- Excellent results in investment banking and trading activities (up €45.3m YoY, of which €36.9 referring to Banca Akros)
- Q3 05 performance affected by:
 - one-off positive effect of lending related revenues in Q2
 - seasonality of net commissions

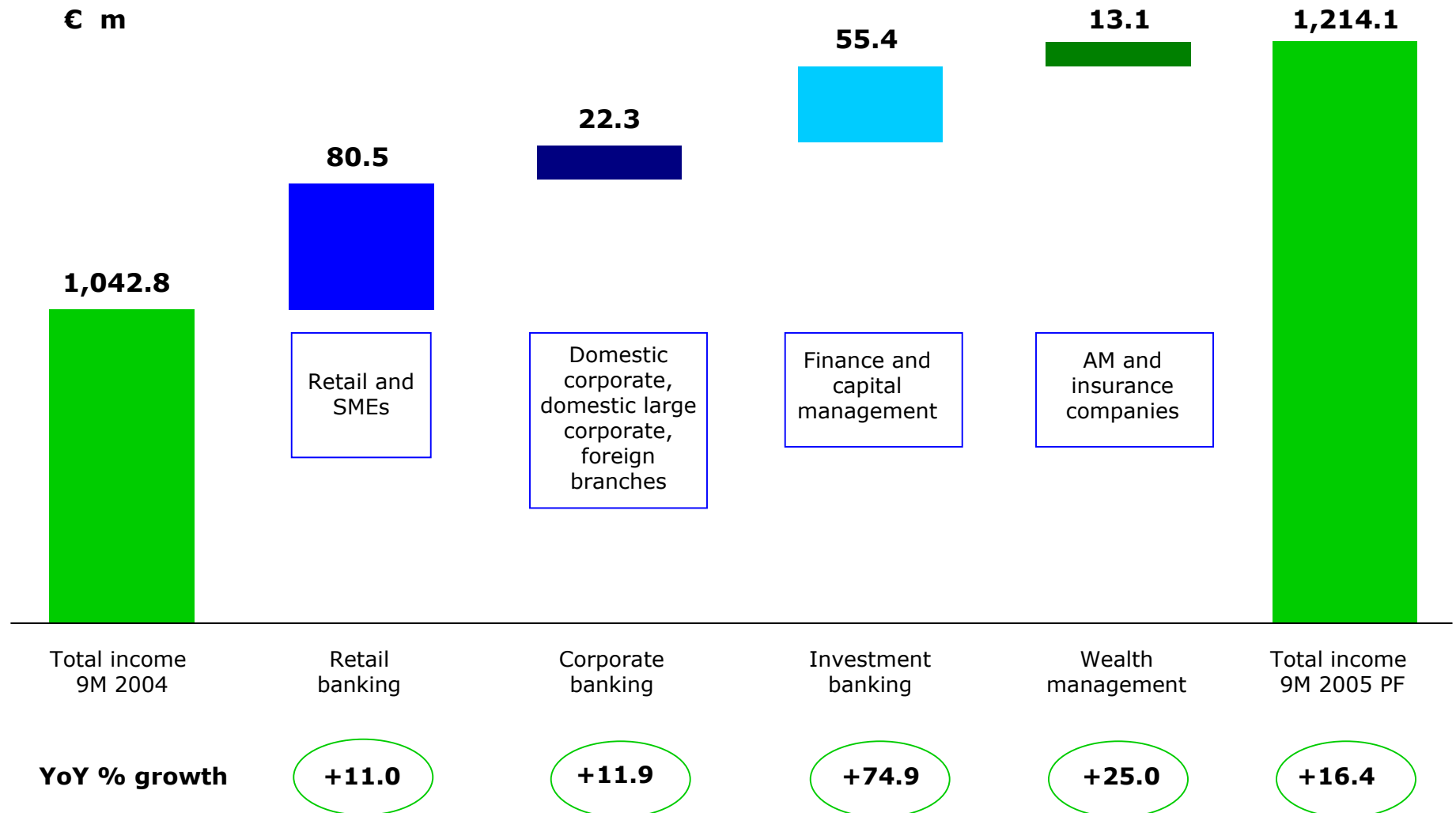
9-month Period € m



Third Quarter € m



Total income growth by business unit

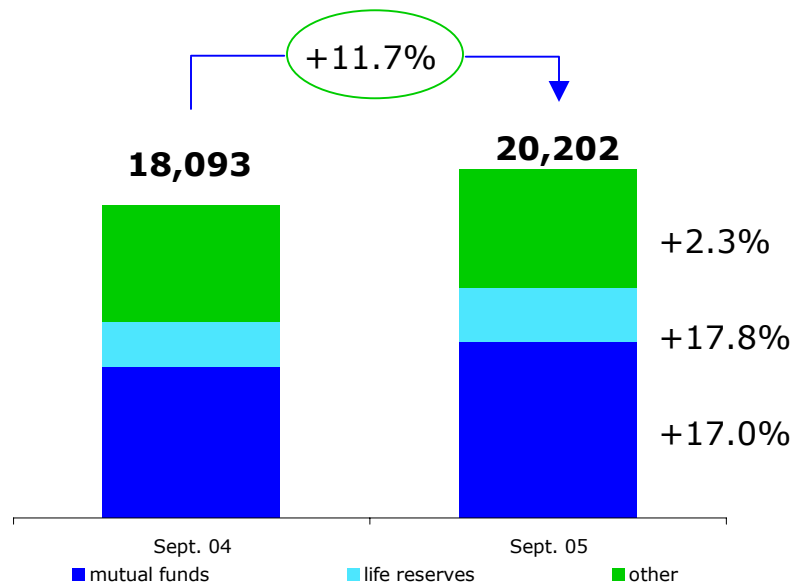


AUM benefit from good mutual fund inflow

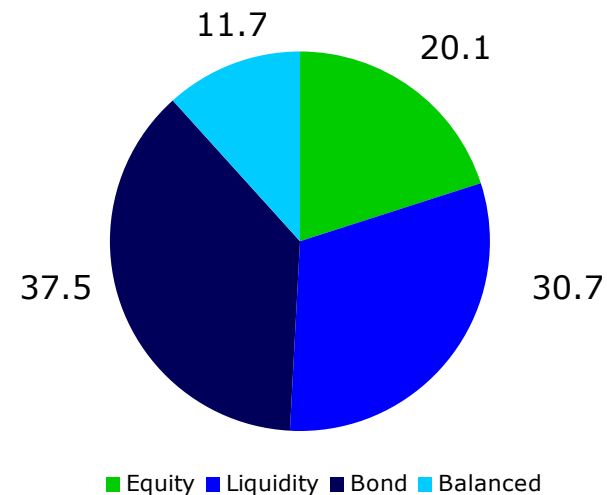
- Significant growth of assets under management YoY (+11.7%)
- YTD net new money amounted to € 778m, mainly driven by positive inflow of mutual funds (€ 689m)
- Portfolio management volumes affected by one-off outflow in the quarter

- Market share of mutual funds improved at 2.31% vs 2.24% at December 2004
- Outstanding market share of net inflows: 6.5% in the 9m-period
- Increasing weight of equity products, up to 20.1% vs. 18.9% in June

Assets under management € m

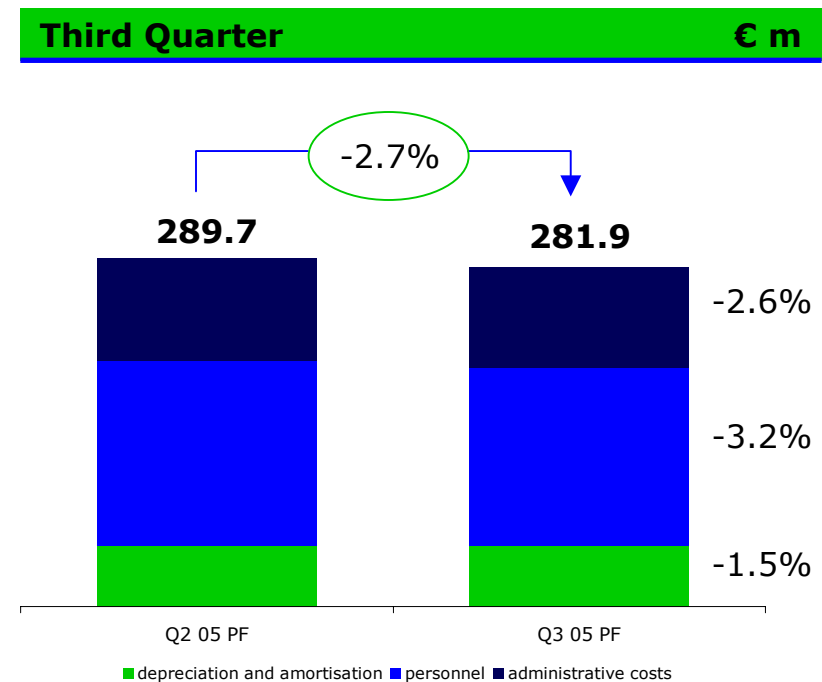
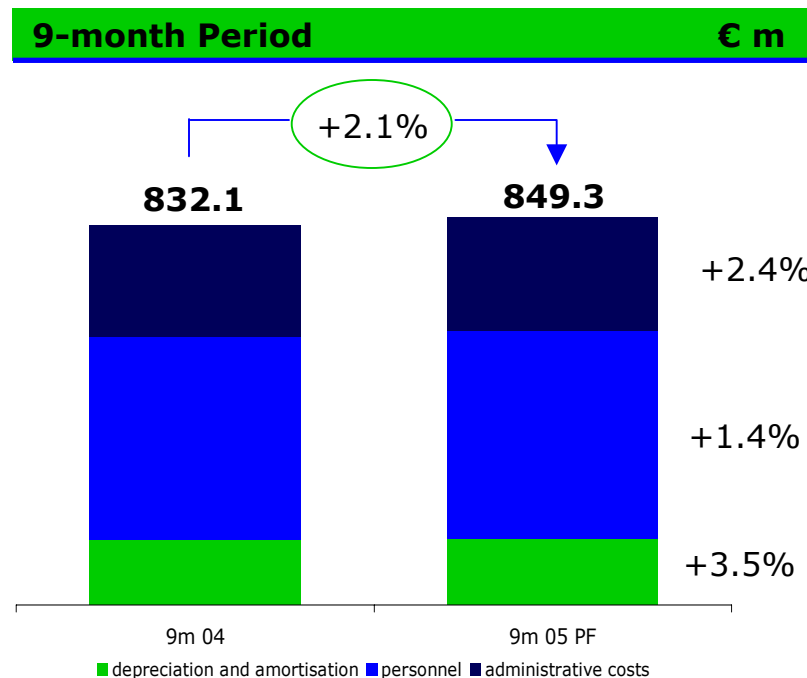


Break-down of mutual funds %



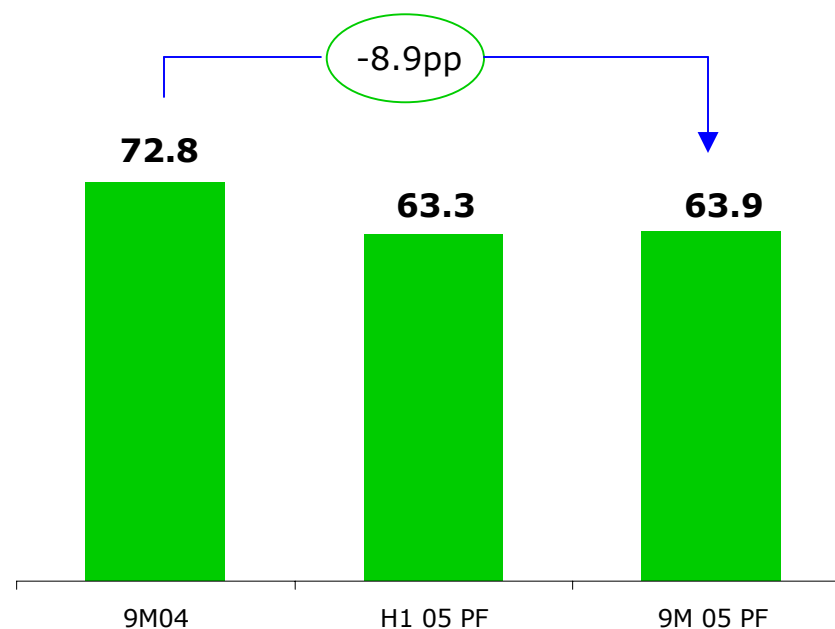
Operating costs hit by higher depreciation and taxes

- YoY increase in operating costs mainly attributable to a raise in indirect taxes (€10.2m) linked to activity volumes. Net of indirect taxes, other administrative expenses declined by 2.1%.
- Personnel costs grew to € 454m in the 9-month period, principally due to the impact of labour contract renewal. Quarterly decline linked to lower bonuses at Akros



Substantial YoY improvement of C/I ratio

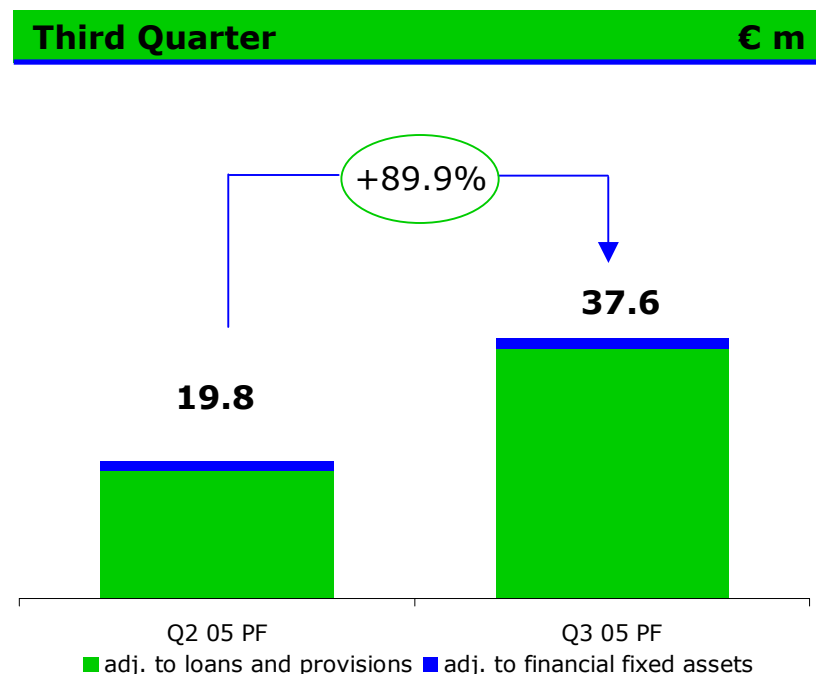
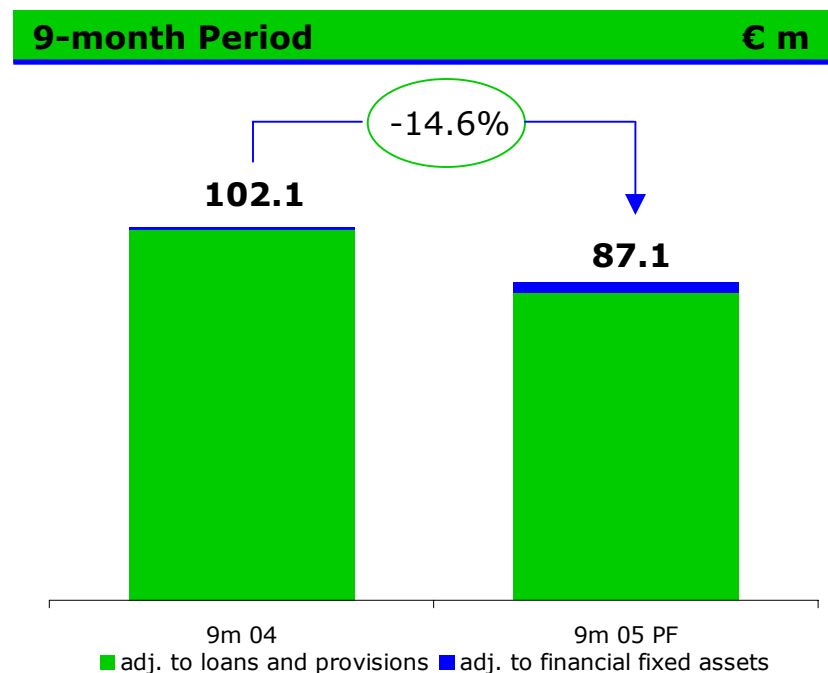
Cost income adj. for goodwill %



| | Sept. 05 | Sept. 04 | Chg | % |
|-----------------------|----------|----------|------|------|
| Employees | 8,500 | 8,626 | -126 | -1.5 |
| Points of sale | 731 | 720 | +11 | +1.5 |

Provisions

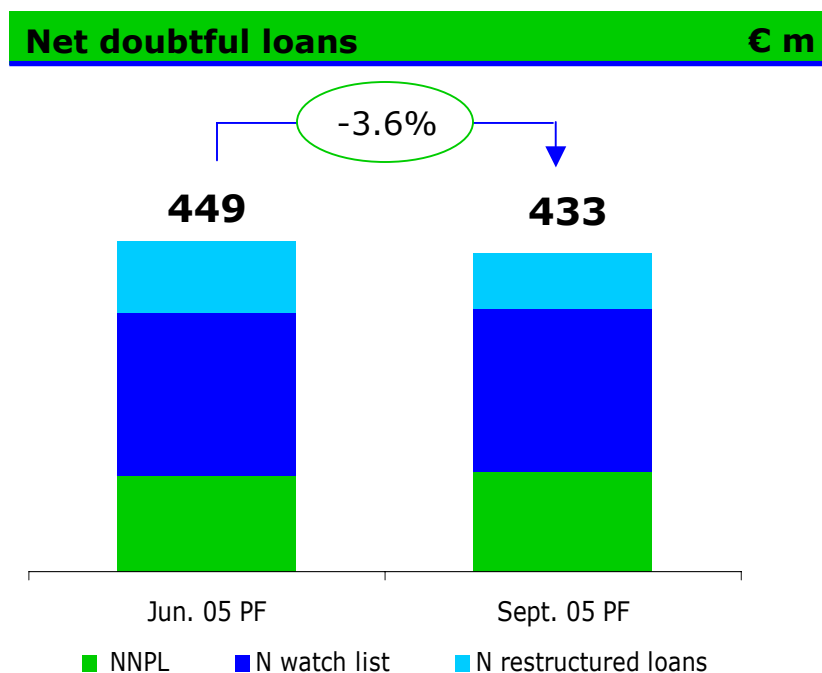
- Total provisions decline YoY despite a rise in allocations for risks:
 - adjustments to loans at €46.9m in the first nine months, down €38m YoY
 - provisions (mainly referring to claw-back actions or "revocatorie") at €37.3m - up €21m YoY
- Provisions on total cash loans from 0.69% in 2004 to 0.53% in 2005 (annualised figures)



Coverage confirmed at sound levels

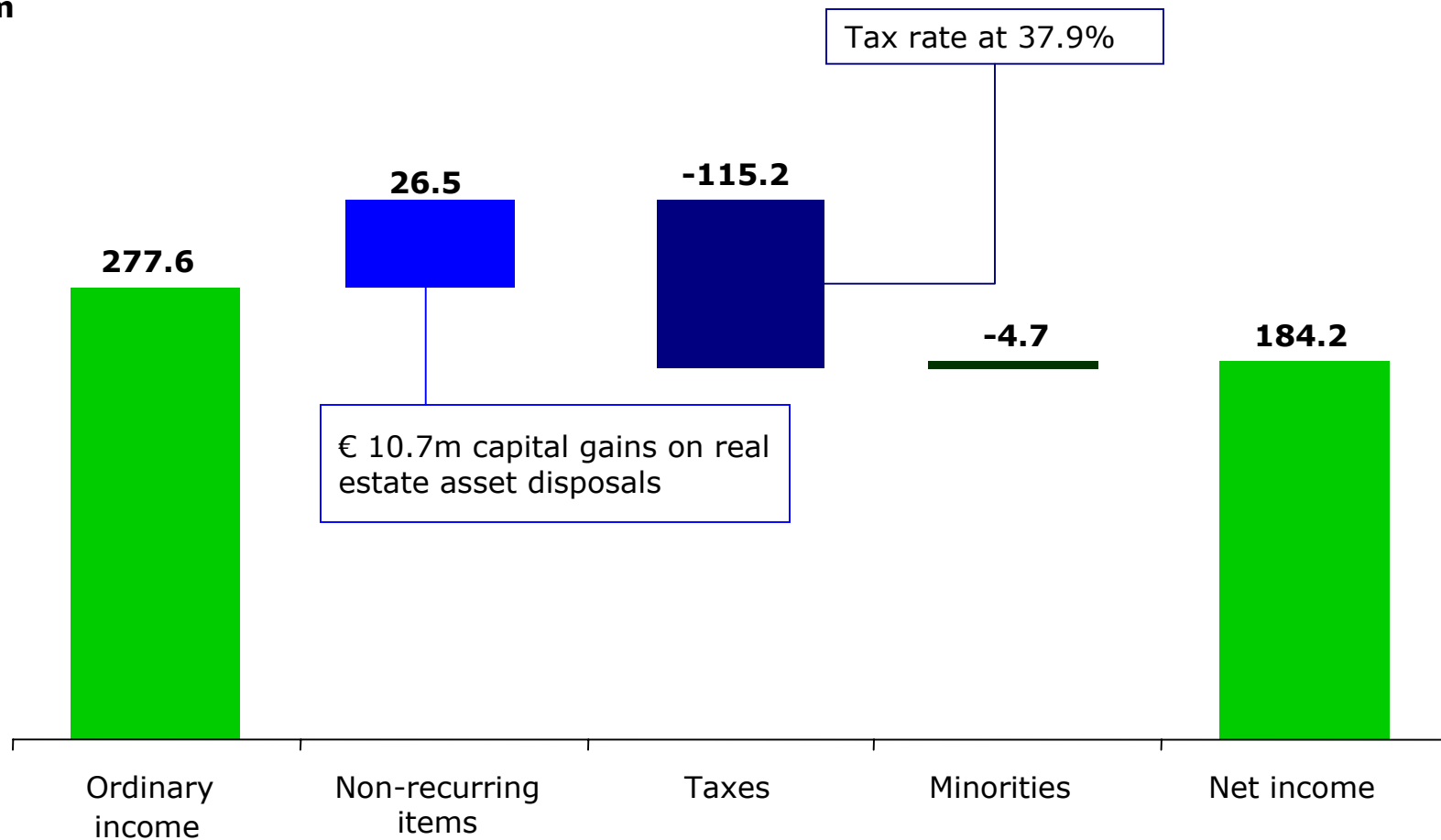
- Asset quality remains outstanding, with net NPL ratio at 0.6% and total doubtful loan ratio at 2.0% - slightly improving vs. June 2005
- Total coverage improves by 78bp at September 30th vs. June 2005

| Sept. 05 PF (%) | Ratio | Coverage |
|----------------------------|-------|------------|
| Tot. doubtful loans | 2.0 | 42.0 |
| Net NPL | 0.6 | 65.7 |
| Watch list | 1.0 | 11.6 |
| Restructured loans | 0.3 | 24.1 |
| Loans vs risk countries | 0.0 | 0.0 |
| Performing loans | | 0.5 |



From ordinary income to net profit

€ m



Results: P&L (pro forma - Italian GAAP)

| € m | 9M 05 PF | 9M 04 | % | Q3 05 PF | Q3 04 | % |
|-------------------------|----------------|----------------|-------------|--------------|--------------|-------------|
| Interest income | 548.2 | 496.3 | 10.5 | 184.7 | 174.2 | 6.0 |
| Non interest income | 665.9 | 546.5 | 21.8 | 209.7 | 162.5 | 29.0 |
| Total income | 1,214.1 | 1,042.8 | 16.4 | 394.4 | 336.7 | 17.1 |
| Administrative costs | (849.3) | (832.1) | 2.1 | (281.9) | (268.0) | 5.2 |
| Operating income | 364.7 | 210.7 | 73.1 | 112.5 | 68.7 | 63.8 |
| Net adj. and provisions | (87.1) | (102.1) | (14.6) | (37.6) | (28.7) | 31.2 |
| Ordinary income | 277.6 | 108.7 | 155 | 74.9 | 40.1 | 87.0 |
| Extraordinary income | 26.5 | 37.8 | (29.8) | 8.2 | 11.5 | (29.1) |
| Pre tax profit | 304.1 | 146.4 | 108 | 83.1 | 51.6 | 61.1 |
| Taxes | (115.2) | (52.1) | 121 | (30.1) | (17.2) | 74.7 |
| Minorities | (4.7) | (2.6) | 80.7 | (1.2) | (1.2) | (0.7) |
| Net income | 184.2 | 91.7 | 101 | 51.8 | 33.1 | 56.3 |