Bipiemme Group
H1 2008 Results

Milan, 27th August 2008

BANCA POPOLARE DI MILANO

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Management continuity

Top Management Team

F. Dalu (General Manager)
E. Chiesa (Joint General Manager)

Continuity in management style and Business Plan strategic actions guaranteed by:

- New management team with many years’ experience in Bipiemme Group
- Presence in Top management Committee which approved the B.P. 2007-09 actions

FIORENZO DALU

(Member of BPM staff since 1973)

1973
Increasing responsibility in Commercial Division
2002
General Manager of Banca di Legnano
January 2008
Head of Commercial Division
July 2008
General Manager of Banca Popolare di Milano

ENZO CHIESA

(Member of BPM staff since 1998)

1998
Head of Proprietary Trading & Treasury of Banca Akros SpA
2005
Head of Finance Department of Banca Popolare di Milano
July 2008
Joint General Manager of Banca Popolare di Milano

Upcoming Board meetings

Next Board of Directors' meetings on Governance:

26 August 2008
Approval of H1 2008 financial results

September 2008
B.o.D. proposal of changes in BPM by-laws

By December 2008
Call E.G.M.

Q2 08 results: highlights

- Good recovery in Q2 08 total income supported in particular by commercial banking and investment banking activities

€ m	Q2 08	Q1 08	%
Total income	469.1	401.9	16.7
Operating costs	(290.0)	(260.1)	11.5
Operating profit	179.2	141.8	26.4
Net adj/provisions	(28.9)	(31.9)	(9.4)
P&L from investments	(33.8)	(0.2)	nm
Net profit	65.0	62.1	4.8
Loans	32,042	30,202	6.1
Funding	34,033	32,048	6.2
o/w			
c/c, savings, Repos	21,403	19,868	7.7

B.U. Total income	Chg.	%
Comm. Banking	13.1	3.9
Corp. Banking	(0.9)	(1.7)
Inv. Bk & Corp.C. & W.M.	55.0	nm

- Personnel costs & admin. expenses affected by seasonality from employee profit sharing scheme.

H1 2008 results: highlights

€ m	H1 08	H1 07	%
Loans	32,042	28,243	13.5
Funding	34,033	32,031	6.2
Assets under custody	20,197	20,592	(1.9)
Asset management	18,007	20,930	(14.0)
Tier1	7.5	7.7	(0.2pp)
TCR	10.2	10.0	0.2pp
RWA	38,506	33,729	14.2

Strong loans and funding growth continues driven by commercial banking activity

AUM trend still negative, in line with the sector

Slight reduction in AUC due to negative market performance

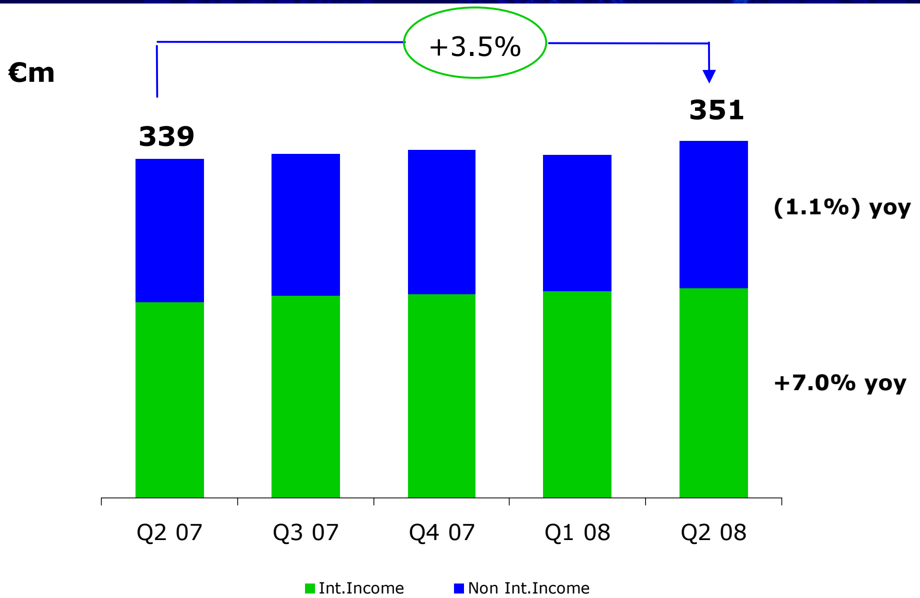
€ m	H1 08	H1 07	%
Interest income	527.6	500.7	5.4
Total income	871.0	952.4	(8.5)
Operating profit	320.9	413.6	(22.4)
Net income	127.1	235.0	(45.9)
Cost/income ratio	63.2%	56.6%	6.6 pp
ROE adj. (annualised)	9.6%	17.8%	(8.2pp)

Interest income performance supported by contribution from corporate and commercial banking

Total income mainly affected by Q1 portfolio adjustments

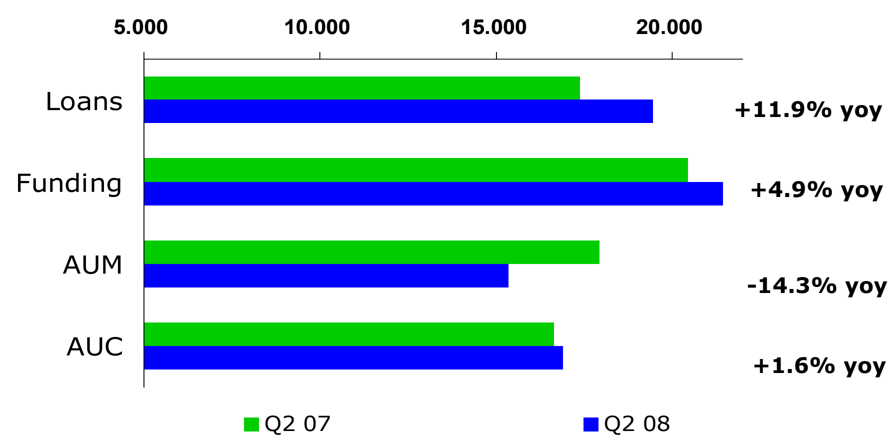
Net income suffered from Anima impairment

Commercial Banking income



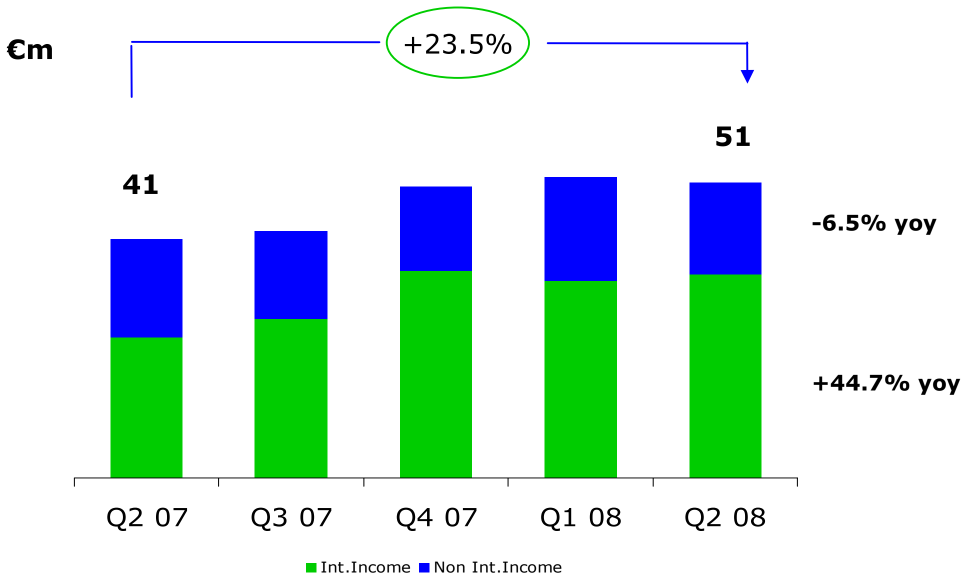
- Interest income growth (+7.0% YoY) sustained by volumes:
  - volume effect +8.1%
  - margin effect –1.2%
  - other +0.2%
- Net fees are stable YoY due to the increase in AUC commissions. QoQ commission recovery, in particular from third party bond placement.

Average volumes € bn



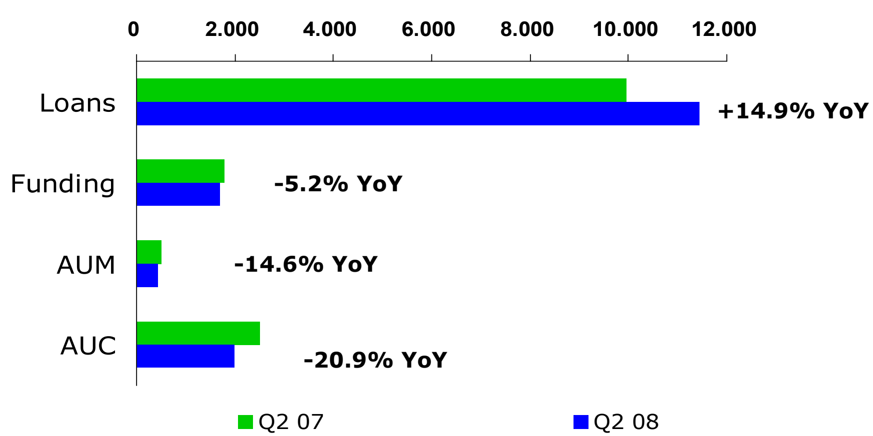
- Loans (+11.9% YoY) over €19bln driven by mortgages and consumer credit (+11.8% YoY). €2.3bn of new mortgages in H1 08 (+25.4% YoY). Good performance also in SB loans related to commercial business (+10.6% YoY)
- Funding above €21bln (+4.9% YoY) driven by CoD/bond (+13.4%)
- Drop in AUM volumes (-14.3% YoY) tied to sector difficulties and market performance. AUC grew by +1.6% YoY

Corporate Banking income



- Strong interest income growth (+44.7% YoY) explained by increased volumes and improved mark up (+32 bps):
  - volume effect +24.0%
  - margin effect +13.8%
  - other +6.9%
- NNII slightly decreased (from €16.9m to €15.8m) due to the trend in credit and FX net commissions

Average Volumes € bn

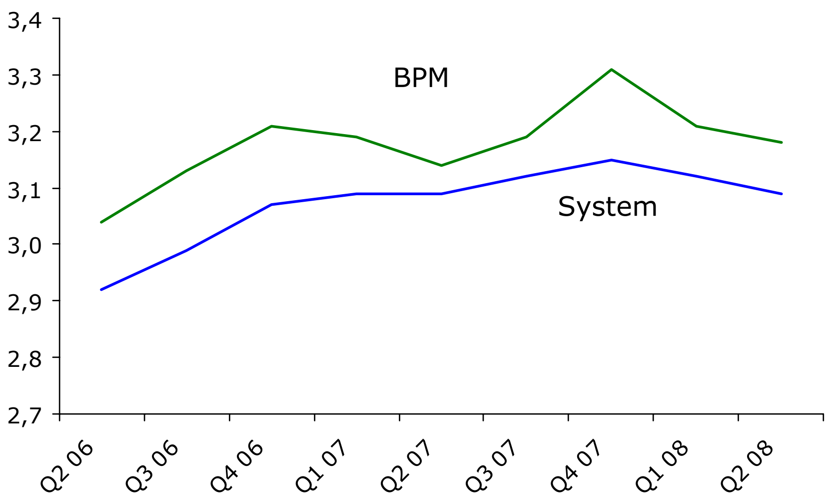


- Total loans (+14.9% YoY) driven by strong increase in loans related to commercial business (+16.4%)
- New mortgages in H1 08 dropped to €0.2bn in comparison to €0.5bn in H1 07
- Decrease in funding due to fewer large companies depositing with marginal rates

Spread still positive vs system

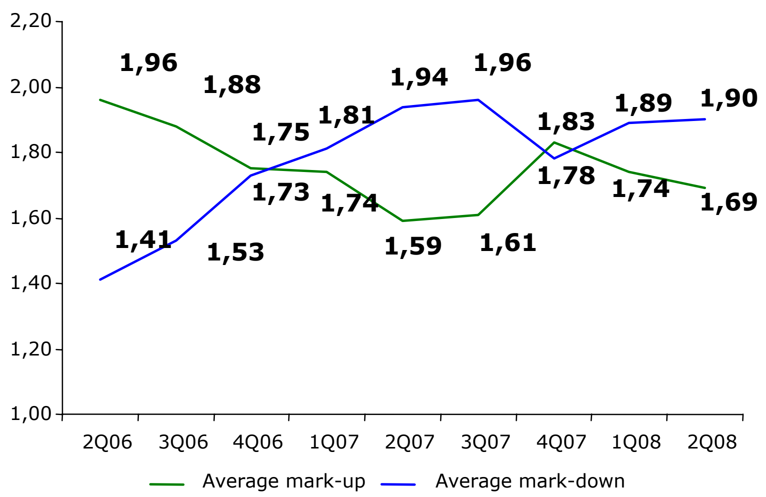
- Slight decrease in spread (-3bps) QoQ but up YoY (+4 bps)
- BPM spread vs system QoQ maintains 9bps positive gap

BPM spread vs. system %

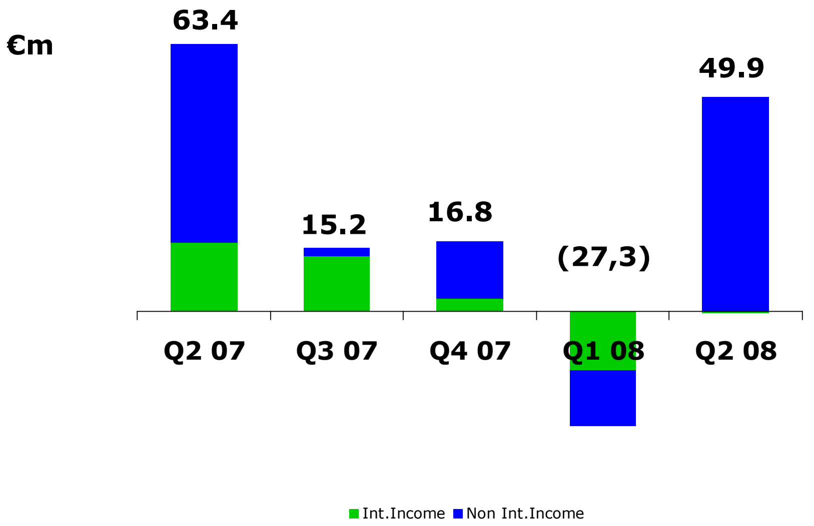


- Comm. and corp. bk mark-up/mark-down: stable mark down QoQ (+1 bps); mark up slightly lower (-5 bps) QoQ, due to the change in the interest rate curve
- Group sensitivity: +100bps in interest rates affect interest margin positively (around +€ 21m) in 12 months

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



Investment Banking income



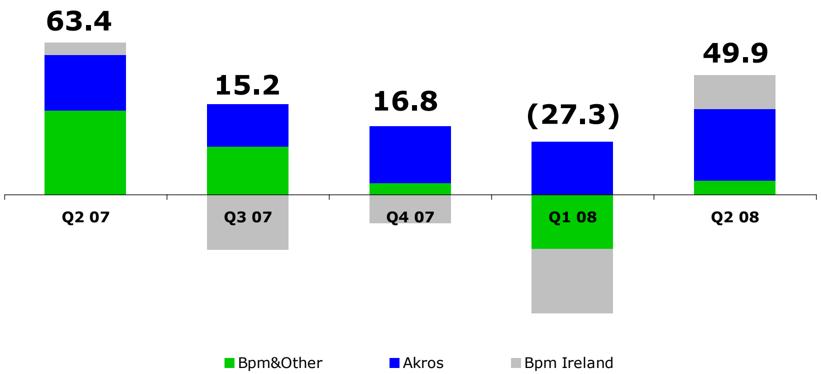
Quarterly IB trend:

- Net interest income (€-1.5m): drop in positive contribution from short - term investments YoY but recovers in QoQ
- Non interest income (€ 51.4m): strong recover QoQ lead by Banca Akros steady positive contribution. BPM Ireland and Bank's finance department partially recovered unrealised losses and FV adjustment of 1Q

Investment banking income result (€49.9m) is mainly due to:

- Banca Akros contribution (€30m), still positive +€8.1m vs Q1 08
- BPM Ireland contribution, which recovered in Q2 08 (€14.1m vs €-26.8m in Q1 08) after the negative performance in the last three quarters - penalised by financial market trend, liquidity crisis and widening credit spread
- Bank's finance department contribution improved in Q2 (€5.8m vs -€23m QoQ)

Total Income breakdown **€ bn**



Financial Assets

€ m	Dec 07 total	June 08 total	o/w BPM Ireland	BPM & Other	Banca Akros
Financial assets held for trading	3,813	3,090	11	713	2,367
Financial assets at fair value	1,237	1,086	662	425	
Financial assets available for sales	2,122	2,018	476	1,296	246
Hedging derivatives	17	(5)		(5)	
less: Financial liabilities	(1,362)	(1,252)	(36)	(137)	(1,079)
Total Financial assets	**5,826**	**4,937**	**1,113**	**2,291**	**1,533**
Total f.a. on total assets	**13.8%**	**11.1%**			
Total f.a. on tot. assets (excl. Akros)	**9.1%**	**7.6%**			

- €430m reduction in Fin. Assets held for trading explained by decrease in equity portfolio trading
- Banca Akros V.a.R. still low in H1 08, slightly higher than FY07 at €1.3m due to increase in market volatility
- BPM Ireland portfolio decreased by around €230m vs FY07 due to bond/securities expiring and to selling
- In Q2, BPM partially hedged BPM Ireland credit spread portfolio sensitivity by purchasing credit protection through an CDS index against widening credit spread and credit default. As a result, BPM Ireland portfolio sensitivity to +25 bps credit widening spread declines from around €-10m to around €-7m.

H1 08 divisional performance

€m		Comm. Bk	Corp. Bk	Inv. Bk	Wealth Mgt	Corp. Center	BPM Group
Interest income	Amount	410	69	(15)	0.3	64	**528**
	% Chg.	7.1	36.3	nm	1.5	(0.3)	**5.4**
Non Int. income	Amount	279	34	38	24	(30)	**343**
	% Chg.	(4.7)	(3.9)	(59.2)	(11.0)	nm	**(24.0)**
Total income	Amount	689	103	22	24	33	**871**
	% Chg.	2.0	19.8	(76.5)	(10.9)	(51.7)	**(8.5)**

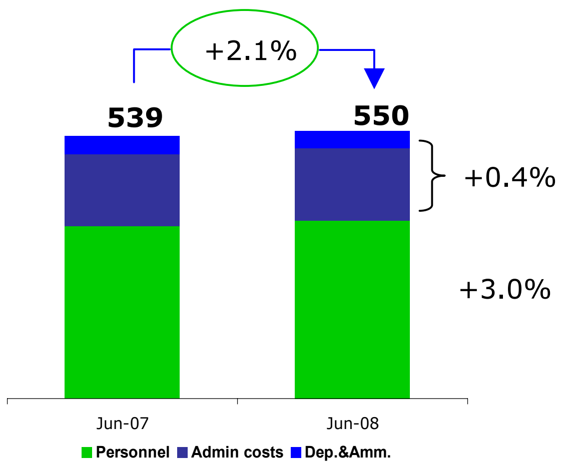
- Despite financial market turmoil and AUM trend, Wealth Management contribution remains positive at €24m
- Corporate centre: the negative YoY comparison is due to:
  - capital gains on AFS disposal registered in H1 07
  - higher wholesale funding cost (EMTN, subordinated, securitisation and bonds) linked to 3-month EURIBOR

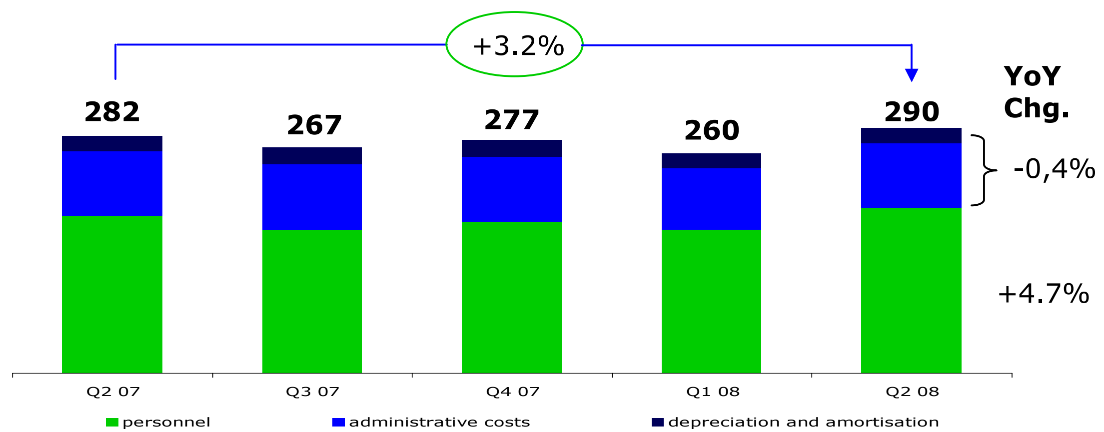
Costs remain under control

- Total costs grew by 2.1% YoY. In detail:

- Personnel costs +3.0% YoY mainly due to adjustment of the provisions for managers indemnities, increase in employees and renewed labour contract, partially offset by reduction in profit sharing and positive turnover effects

- Administrative expenses and depreciations were flat (+0,4% YoY) despite an increase in business related activity and bank expansion (+14 branches YoY, equal to 2% of total branches)



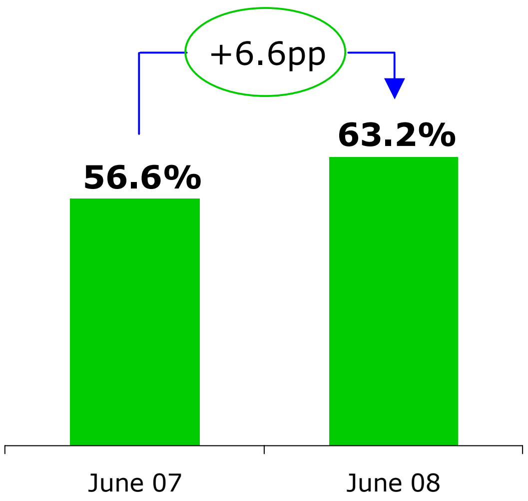


Cost income ratio and staff

- Cost income ratio increased YoY (+6.6 p.p.) owing to drop in income contribution, but recovered vs Q1 08 (-1.5 p.p.)

- Staff grew (+118 units YoY) in order to strengthen the commercial network

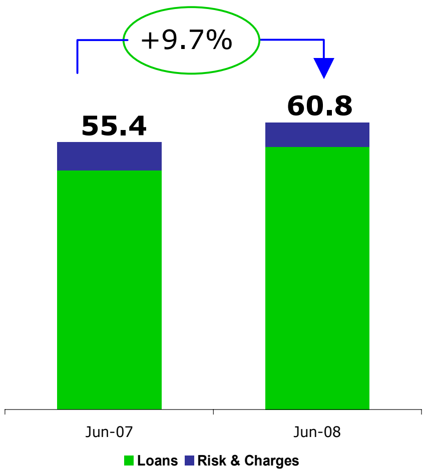
Cost income ratio **%**

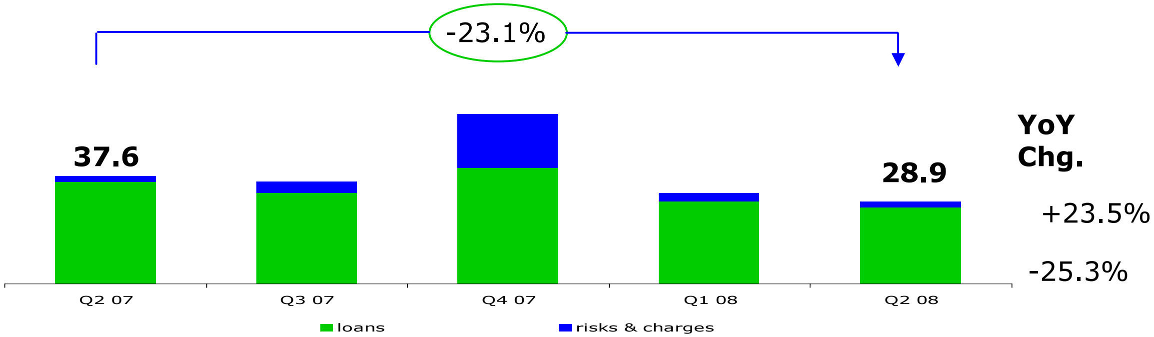


	June 08	June 07	Chg
Employees	8,733	8,615	118
of which temporary workers	150	154	(4)
Points of sale	755	741	14

Provisions and adjustments

- Total provisions increased by €5.4m vs H1 07, but decreased QoQ (€-8.7m). Main components:
  - LLP at €55.3m, equally distributed among retail, SB and SME segments
  - risk provisions at €5.5m, flat YoY, mainly referring to claw-back actions or “revocatorie”
- Total provisions on loans at 35 bps in H1 2008 (annualised figure), slightly lower than the target (40 bps)
- Provisions and adjustments are in line with previous years, even after Bank of Italy’s recent general audit



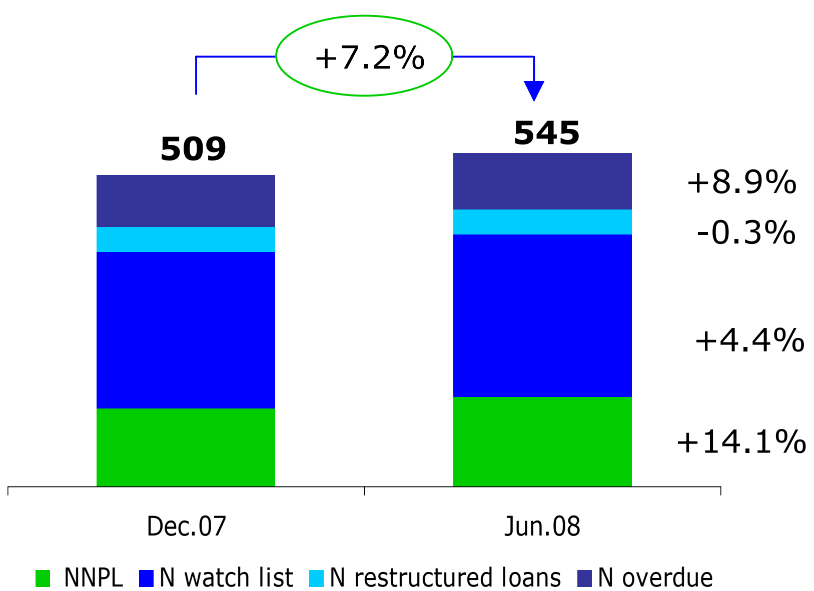


Non-performing loans still well below system average

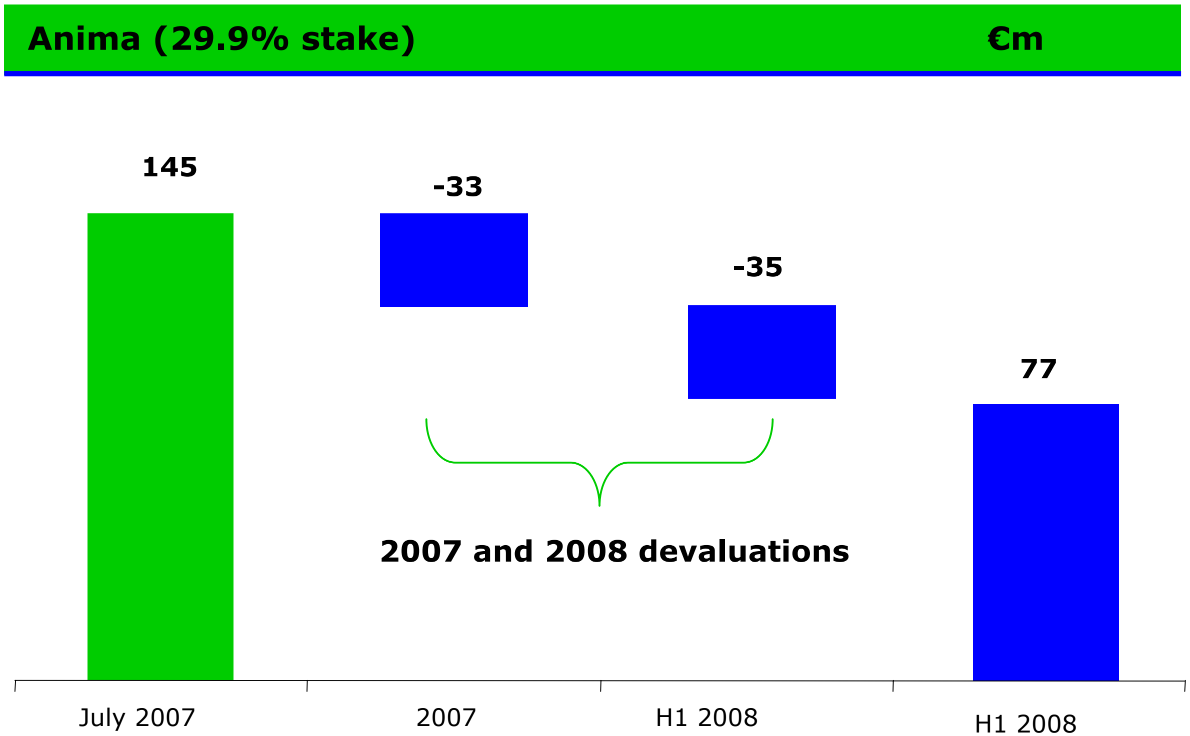
- Net doubtful loans on total loans stable at 1.7% vs YE07
- Net non-performing loans on total loans still at a sound level of 0.5% below the Italian system average
- Gross and net doubtful loans increase below loan book growth
- Watch list on loan portfolio at 0.8%, down from 0.9% at YE07

June 08	Ratio	Coverage
Tot. doubtful loans	**1.7%**	**45.3%**
Net NPL	0.5%	68.5%
Watch list	0.8%	23.7%
Restructured loans	0.1%	52.6%
Overdue loans	0.3%	2.9%
Performing loans	**98.3%**	**0.5%**

Net doubtful loans vs YE 07 € m

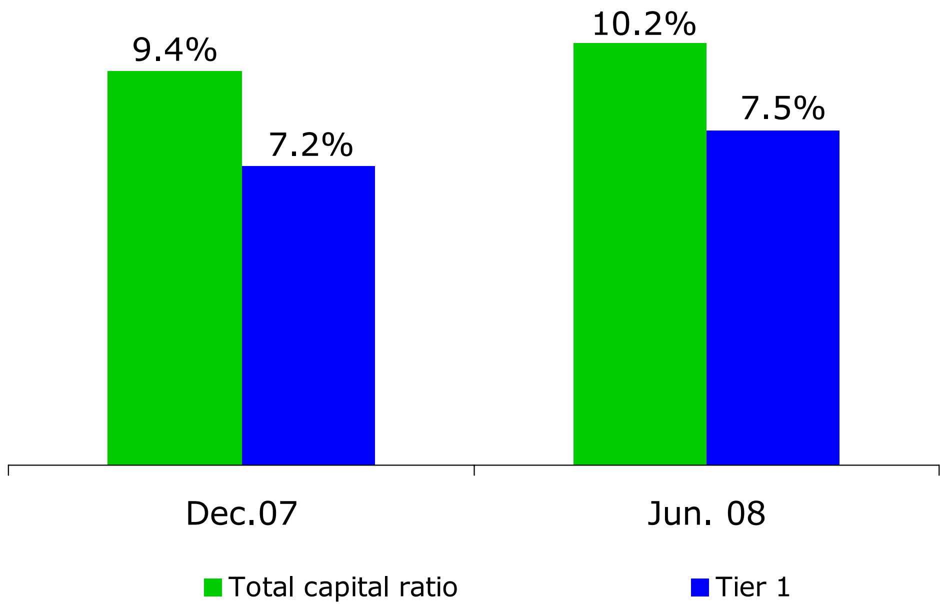


Profit and loss from investments: Anima valuation



- In July 2007, BPM bought 31.4m Anima shares (29.9%) for a total cost of €145m
- The mutual fund market crisis led BPM to adjust its investment in Anima by around €67m. The impairment has been calculated using the same valuation methods used in the previous evaluations (LCF and P/AUM)
- At the end of June, the book value of the stake was €77m (€2.45 per share)

Capital ratio: impact of Basel 2



- In June 08, Tier1 benefitted from a €300m perpetual bond issue and TCR from €270m subordinated issue
- In 2008, BPM is using the standard Basel 2 model while waiting for Bank of Italy to recognize the BPM internal rating models next year. The effect of the new method (B2 standard) vs Basel1 is around +5% RWA, and with –35bps on TIer1
- The forecasts for Tier1 were confirmed at around 7% and TCR at 10% at YE08

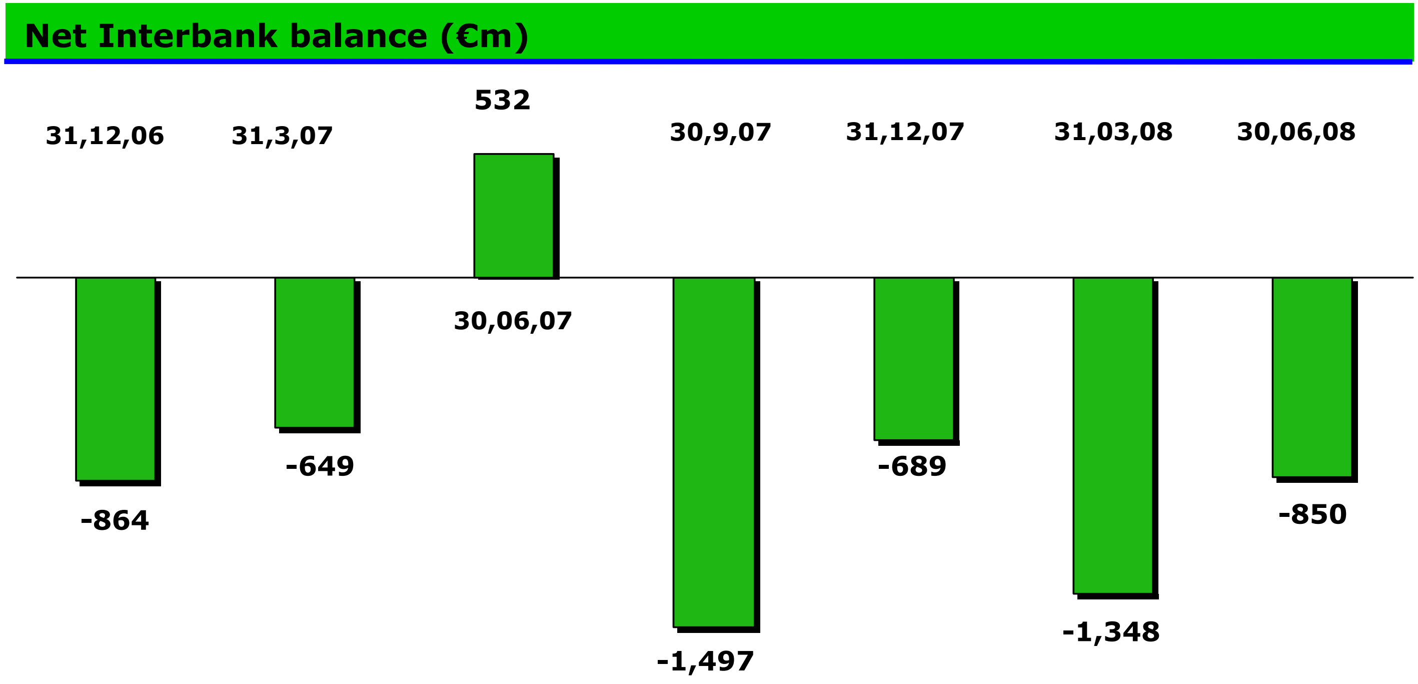
The ratios have been calculated by using the standard Basel 2 model

H1 08 results: reclassified Group P&L

€ m	H1 08	H1 07	% Chg.	Q2 08	Q1 08	% Chg.
Interest income	**527.6**	**500.7**	**5.4**	**266.7**	**260.9**	**2.2**
Net fees and commissions	**279.0**	**302.2**	**(7.7)**	**142.1**	**136.9**	**3.7**
Associates, dividends and profits from fin. trans.	34.8	119.2	(70.8)	46.2	(11.3)	n.m.
Other operating income	29.6	30.3	(2.4)	14.2	15.4	(7.7)
Non-interest income	**343.4**	**451.7**	**(24.0)**	**202.4**	**141.0**	**43.5**
Total income	**871.0**	**952.4**	**(8.5)**	**469.1**	**401.9**	**16.7**
Staff costs	(364.6)	(354.1)	3.0	(194.9)	(169.8)	14.8
Administrative costs	(149.5)	(148.1)	1.0	(77.6)	(72.9)	5.2
Depreciation & amortisation	(35.9)	(36.6)	(1.8)	(18.5)	(17.5)	5.5
Operating costs	**(550.1)**	**(538.8)**	**2.1**	**(290.0)**	**(260.1)**	**11.5**
Operating profit	**320.9**	**413.6**	**(22.4)**	**179.2**	**141.8**	**26.4**
Net adjustments to loans and fin. assets	(55.3)	(49.8)	11.0	(26.8)	(28.5)	(6.1)
Net provisions for risks and charges	(5.5)	(5.6)	(2.5)	(2.1)	(3.4)	(38.7)
Profit and loss from investments	(34.0)	0.7	n.m.	(33.8)	(0.2)	n.m.
Profit/loss from current operations before tax	**226.1**	**358.9**	**(37.0)**	**116.5**	**109.7**	**6.2**
Income tax for the period	(93.5)	(117.9)	(20.7)	(48.1)	(45.3)	6.2
Minorities	(5.6)	(6.0)	(7.1)	(3.3)	(2.3)	47.2
Group net profit/loss for the period	**127.1**	**235.0**	**(45.9)**	**65.0**	**62.1**	**4.8**

- H1 08 tax rate at 41.3% affected by Q1 08 BPM Ireland portfolio adjustment and new Italian tax law (s.c. Robin Hood Tax) and Anima impairment (not tax-deductible)

Net interbank position trend

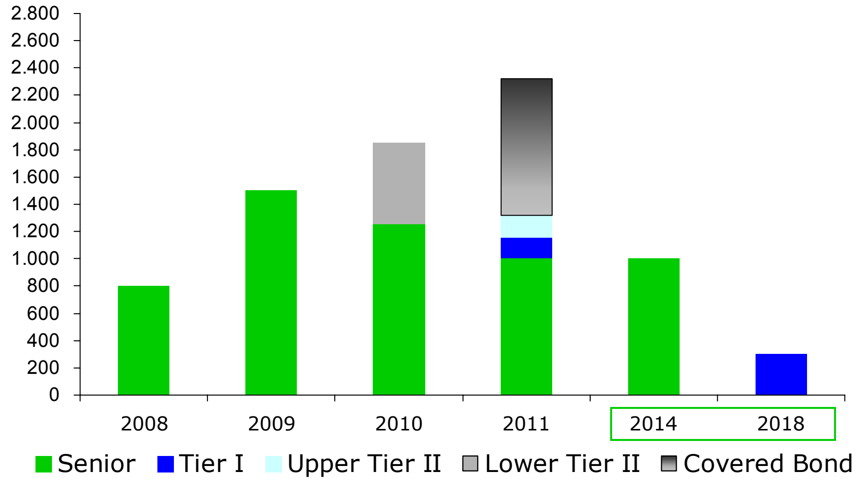


- BPM liquidity strategy is based on diversified funding sources with the aim of maintaining a good balance between retail and institutional customer funding
- In H1 08, BPM issued €1,3 bn in bonds under the EMTN programme and €0,57 bn in subordinated bonds
- Eligible assets for ECB Repos at €1,4bn

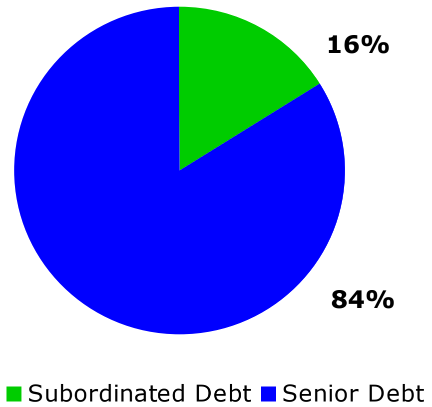
Source: BPM Annual Reports

BPM wholesale funding

BPM Debt maturity profile



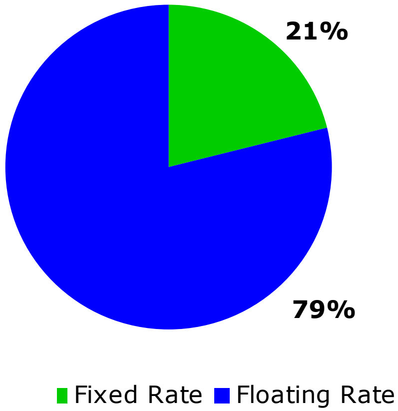
BPM Outstanding Debt by Type



BPM Outstanding Securitisation

BPM 2 – July 2006	
Total Portfolio Balance	Euro 2,015m
Class AAA/Aaa	Euro 350m
Class AAA/Aaa	Euro 1,574.6m
Class AA/Aa2	Euro 40.3m
Class BBB/Baa2	Euro 50.4m
Type of Assets	Residential mortgage for first or second house
Mortgage Number	34,034

BPM Outstanding Debt by Rate



Source: internal management report

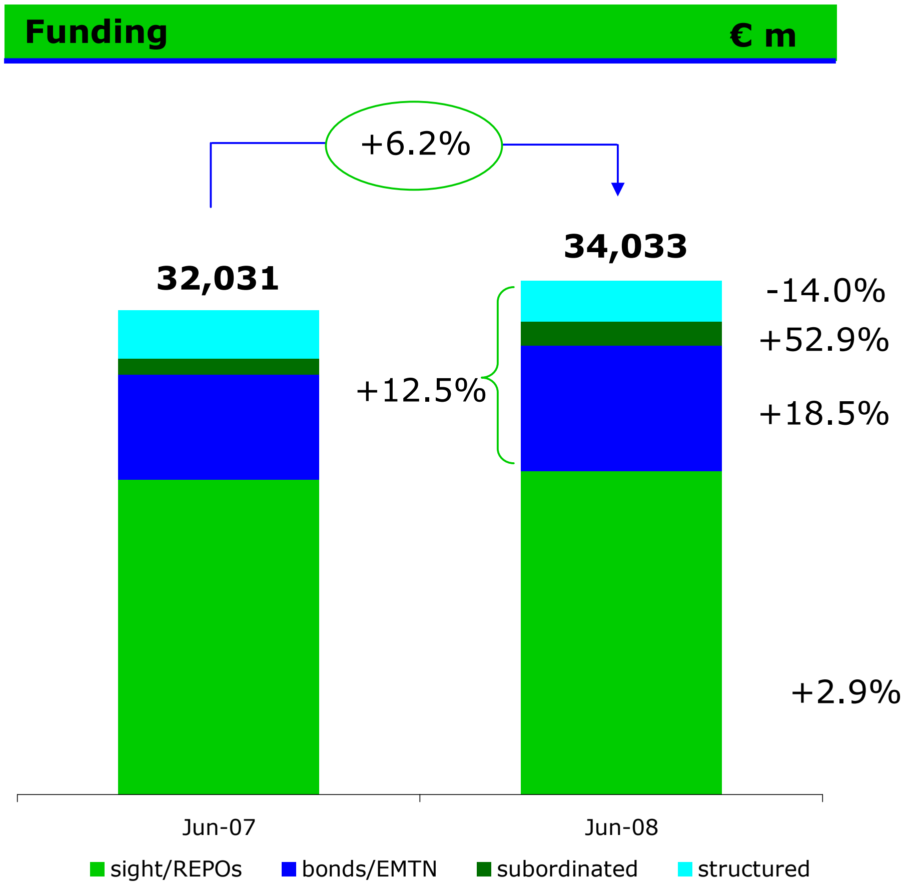
2008 outlook

	Comm. Banking	Corporate Banking	Wealth Management	Invest. Bk	Corp. Centre
Interest income	8-10%			Possible recovery in the negative gap of around €110m vs H107 mainly depends on interest-rate levels and credit spread volatility	
Non-interest income	-2-0%				
Operating costs	+2%				
Cost of credit	40 bps				

ANNEXES

BANCA POPOLARE DI MILANO

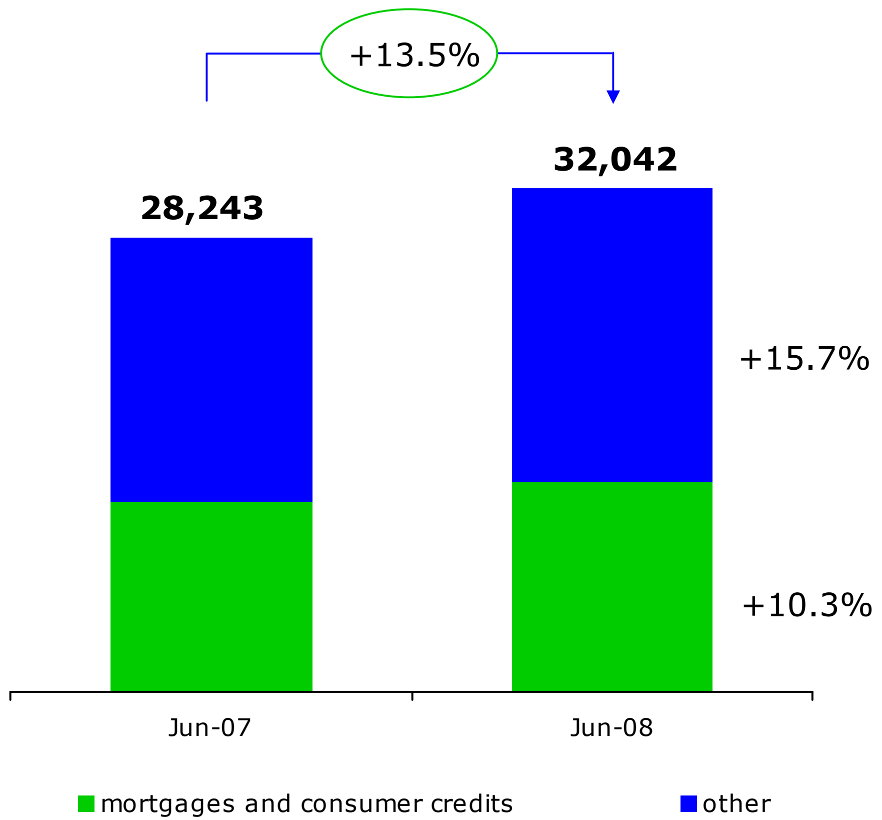
EMTNs drive funding growth



- Increase in senior and subordinated bonds (+18.5% and +52.9%, respectively) drove funding growth (+6.2%)
- Sight deposits increased (+2.9%) to €21.4bn mainly thanks to c/c and saving deposits (+9.6% YoY)
- Customer structured bonds down 14.0% at €2.7bn

Sound growth in loan portfolio continues

Customer loans **€ m**



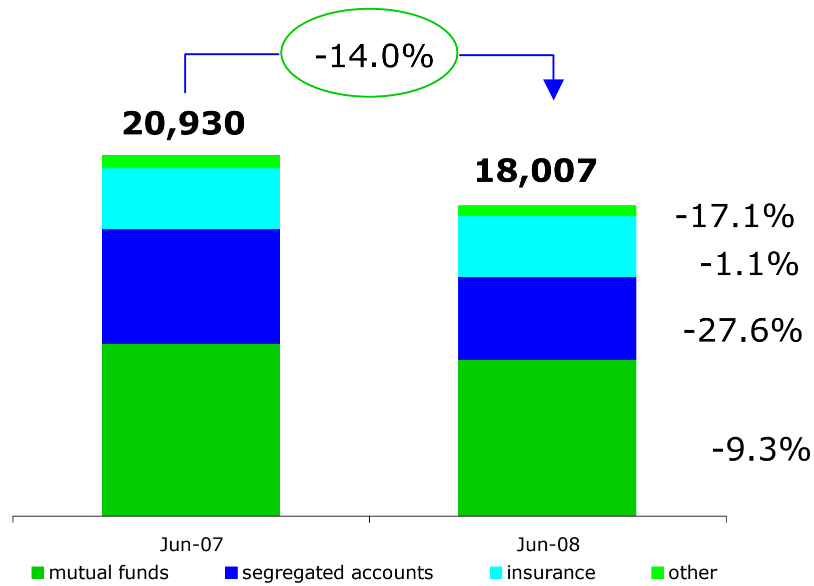
- Loan growth (+13.5%) sustained by:
  - short-term loans related to commercial business (+21.1%) at €13.1bn
  - mortgages and consumer credit (+10.3%)
- New mortgages and consumer credits €3.1bn in H1 08

AUM suffers from market trend

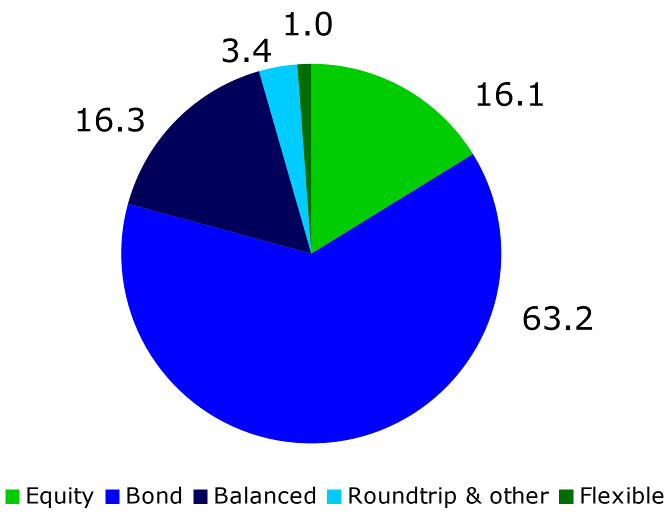
- Negative AUM trend impacted by weak market environment
- Total outflows at €-1.3bn year-to-date
- Net inflows for insurance products positive for €52m in H1 08

- Market share of SGR funds at 2.28% in June 2008 vs 2.06% in June 2007 thanks to better trend compared to the market
- Increase in weight of monetary and bond products to 63.2% in June 08 from 55.4% in June 07

Assets under management **€ m**



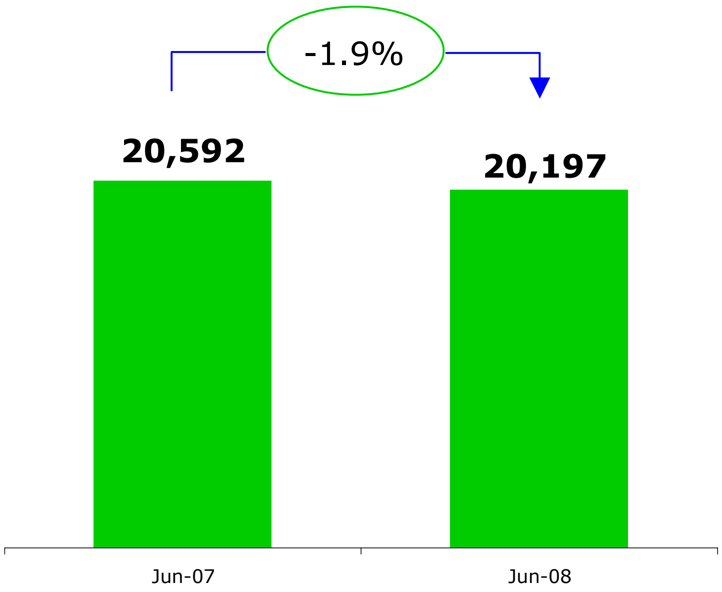
AUM breakdown **%**



Steady growth in assets under custody

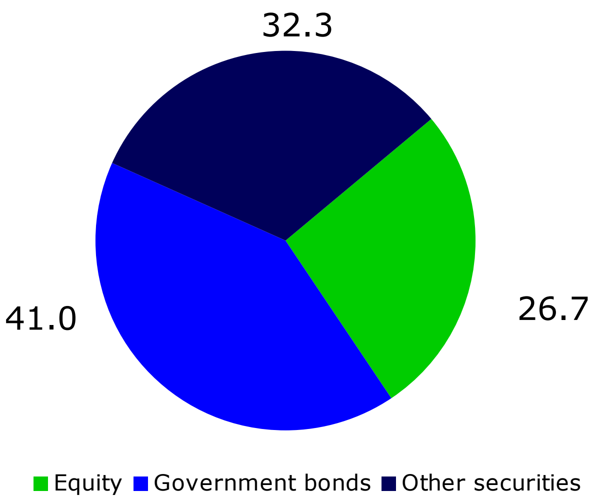
- Volumes in June 08 declined (-1.9%) due to financial market turmoil. Average volumes grew by +2.9%
- The negative financial market trend influenced customer preferences for bond products (Government bonds and other securities weight rose to 73.3% from 64.8% in June 07)

Assets under custody* **€ m**

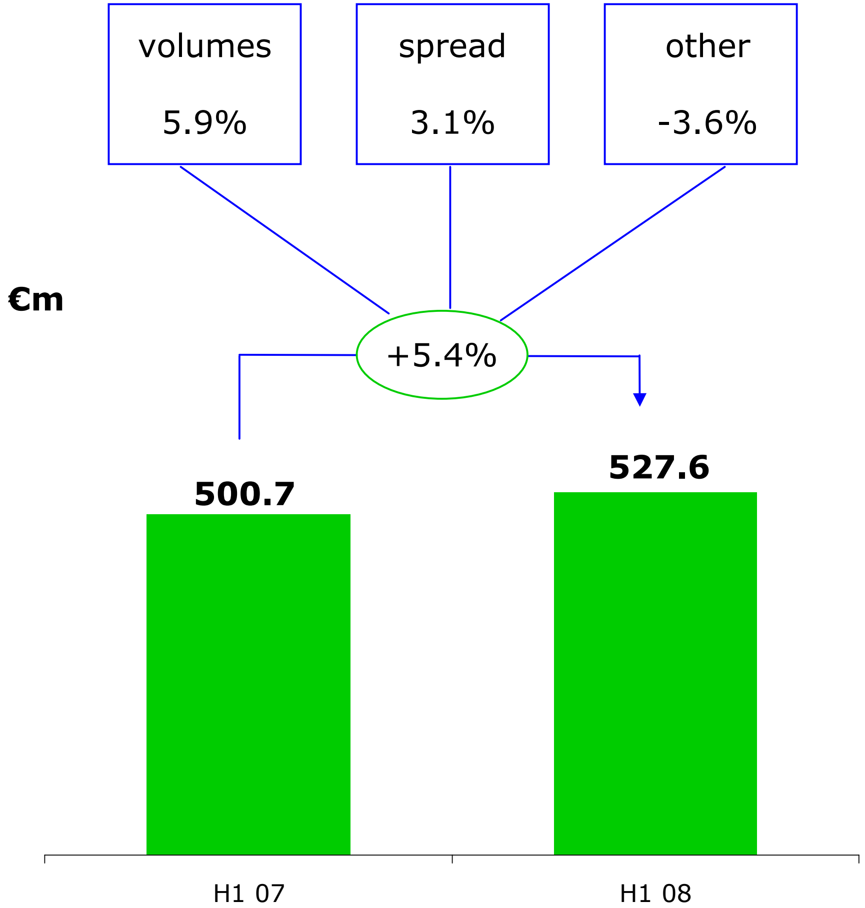


(*) customers only, excluding institutionals

AuC breakdown **%**



Bipiemme Group interest income details



- No slowdown in volumes growth and steady increase in spreads drove net interest income performance (+5.4%) YoY

Q&A SESSION

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