

Bipiemme Group Q3 2010 Results

Milan, 10 November 2010



BANCA POPOLARE DI MILANO

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Mr Roberto Frigerio, as the manager responsible for preparing the bank's accounts, hereby states, pursuant to Article 154 bis, paragraph 2 of the Testo Unico della Finanza (the Finance Act), that the accounting information contained in this report corresponds to the documentary evidence, corporate books and accounting records.

The acquisition of one hundred percent of Bipiemme Vita means the company has been fully consolidated into Bipiemme Group's balance sheets, the effects being: on the asset side, an increase of €4,067 million in "financial assets" and, on the liabilities side, an increase of €911 million in "due to customers" and €3,228 million in "technical reserves". The contribution of Bipiemme Vita on the Group's results at at 30 September 2010 was 1.5% total income and 0.3% operating costs. We remind you of provisions for €55 mln for risks and charges to transform the Index Linked policies, originally placed by Bipiemme Vita, along with underline bonds issued by Icelandic Banks, already booked as at 30 June 2010.

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Q3 2010 Results: main trend

TOTAL INCOME

(+17.8% Q/Q)

Quarterly trend driven by recovery in net interest income and income from financial activities

OPERATING COSTS

(-1.6% Q/Q)

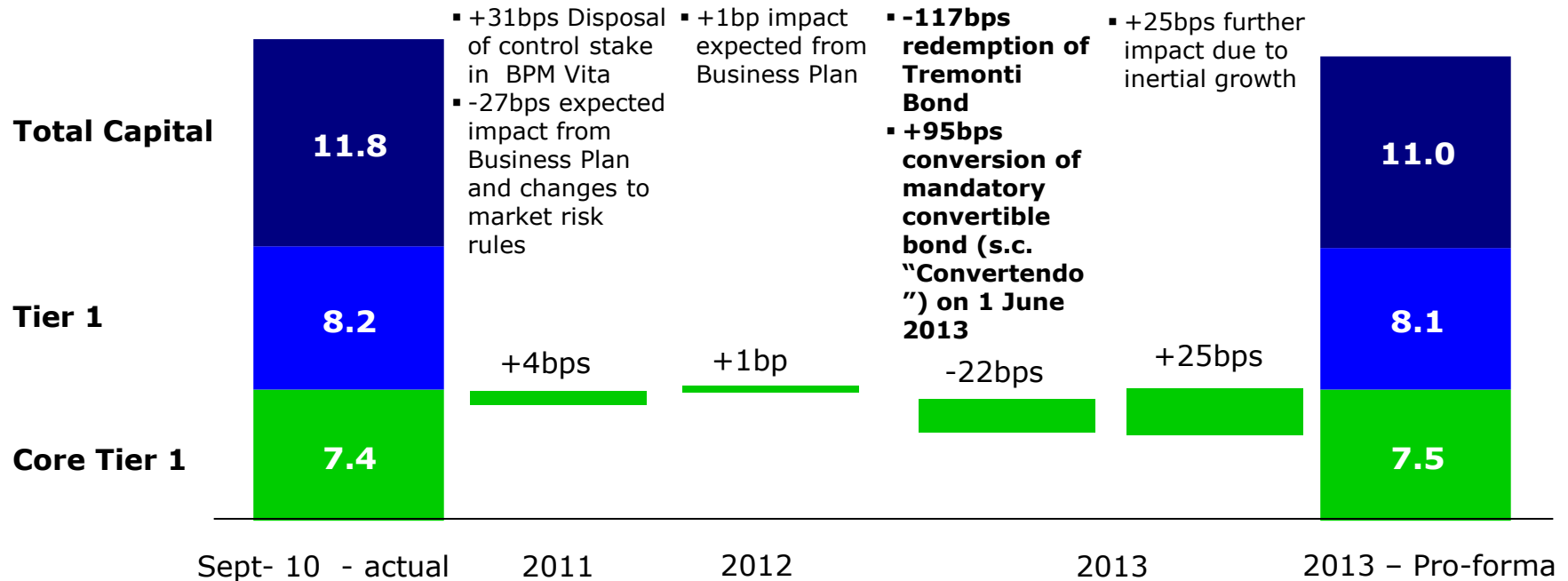
Operating costs were affected QoQ from one-off charges of about €7mln

COST OF CREDIT

(-48bps Y/Y)

Good improvement, down from 106bps in September 2009 to 58bps in September 2010

BPM Group Capital Ratios

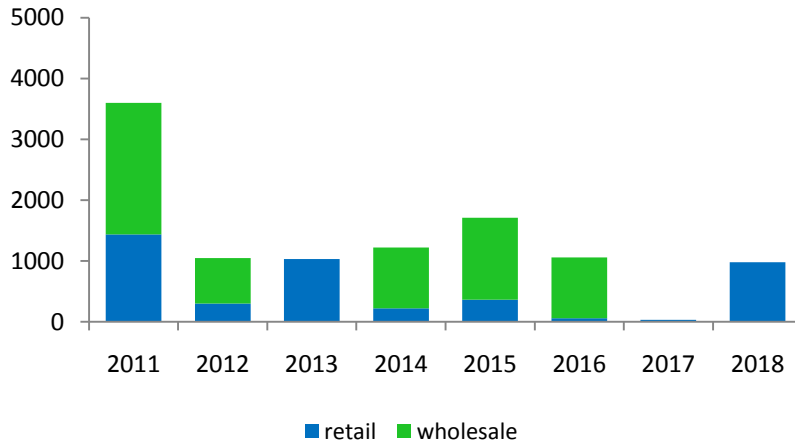


Calculation of capital ratios **excludes** the following:

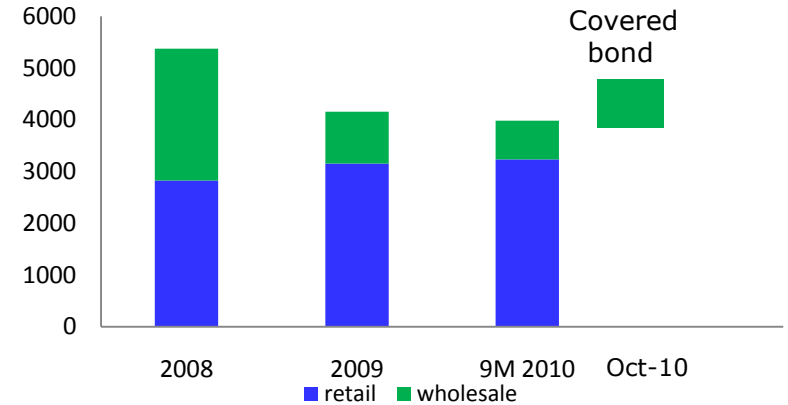
1. Asset management transaction (Anima Sgr - Prima Sgr): estimated at 70bps on CT1
2. Worsening of the rating weighting on Cerved Group rating: estimated at -40bps on CT1
3. Possible negative impact owing to tax dispute

BPM Group Liquidity

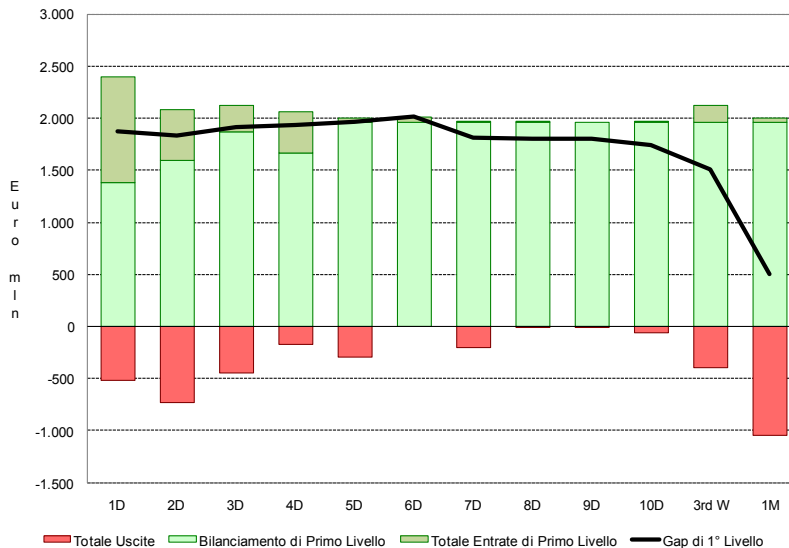
BPM bond issue dates (€mln)



Total placement (€mln)



Maturity Ladder Operativa al Sep-2010



First level total inflows: definite cash inflows (interbank and other) not including hot money.

First level balance: free and available eligible bonds + committed credit lines in our favour + treasury balance + bonds available for transactions with ECB

Total outflows: definite cash outflows (interbank, repos and bond redemptions to institutional investors) and estimated cash outflows

First level gap: first level balance + total first level Cumulated inflows + Total cumulated outflows

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9M 2010 Results: highlights

€ mln	Sept 10	Sept 09	%
Loans	34,701	32,200	7.8
Funding	35,590	33,773	5.4
AUC	20,760	20,450	1.5
AUM	24,463	24,779	(1.3)
Core Tier 1	7.4	6.5	90bps
Tier1	8.2	7.7	50bps
TCR	11.8	12.1	(30bps)

Loans: +7.8% YoY thanks to new mortgages granted (~€3bn in Sept. '10 vs €2bn in June '10). Market share in August '10* at 2.05% from 1.96% in August 2009

Funding: +5.4% YoY thanks mainly to sight deposits which increased by €1.8bn YoY (+9.2%). Weight of ordinary customer funding was 82% of the total vs 18% from institutional customers. Market share increased in August '10* at 2.24% from 2.23% in August

AUM: -1.3% YoY owing to negative financial market trend and net outflows (€-900mln YoY)

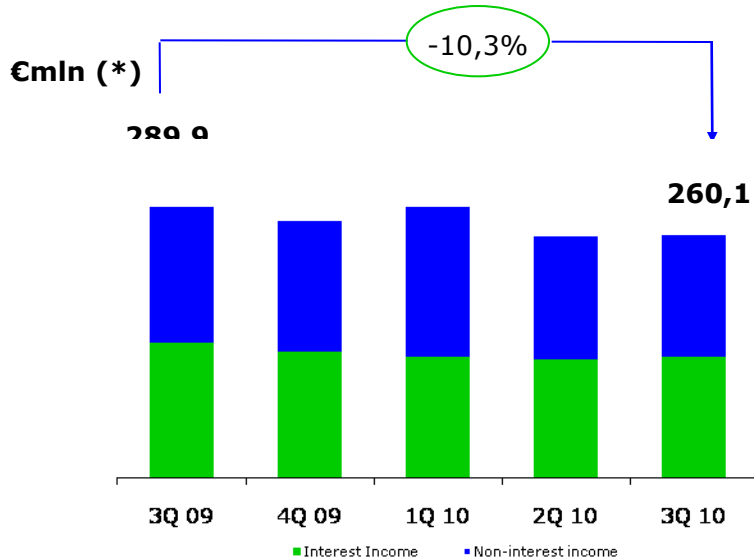
€ mln	Sept 10	Sept 09	%
Interest income	545.3	694.8	(21.5)
Total income	1,189.4	1,418.1	(16.1)
Operating profit	324.9	574.9	(43.5)
Net profit	108.0	181.0	(40.4)
Cost/income %	72.7	59.5	
ROE %	3.8	7.4	

Interest income: down YoY owing to less mark-down on funding (-52bps, average 9M). The total spread down from 2.73% (average 9M '09 vs '10) to 2.11%. Sept. '09 figure included €39mln in CMS.

Total income: -16.1% YoY affected by both finance and dividends together, below previous year which, however included €84.4mln from ALM activities.

Net profit: €108.0mln (-40.4% YoY)

Commercial Banking: total income

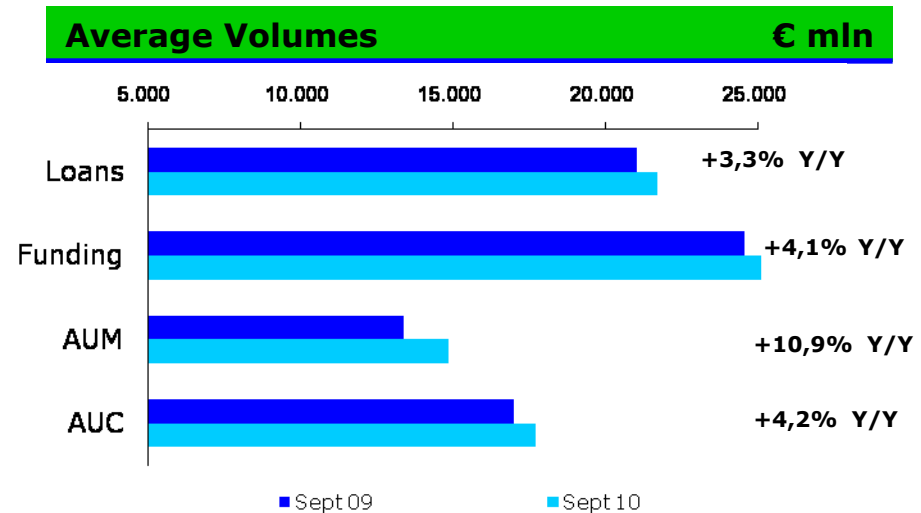


- Interest income: +1.9% QoQ thanks to growth in volumes. In terms of spread, the recovery in mark-down, 0.31% (+6bps QoQ) was offset by drop in mark-up Q3 '10, 1.95%, -10bps (QoQ).
- NNII: down QoQ due to lower fees from AUM and to seasonality of fees from traditional banking services

Loans: +1.9% QoQ supported by new mortgage issues and personal loans which in Q3 exceeded €800mIn and € 400mIn respectively

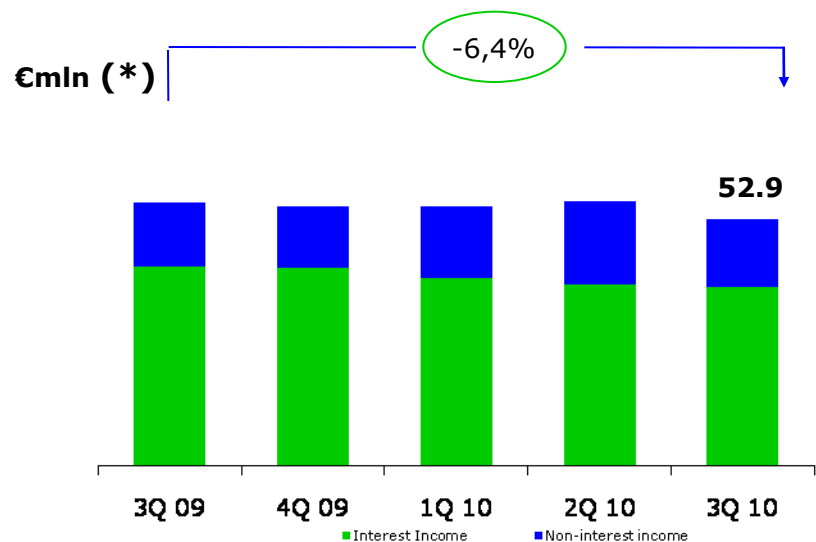
Funding: +4.1% YoY and +0.9% QoQ mainly driven by sight deposits (+12.9% YoY)

Indirect funding: +7.1% YoY



9 (*) Source: Management Report. Q3 figures were reclassified taking into consideration the new accounting method for overdraft fees (CMS) for a like-for-like comparison

Corporate Banking: total income



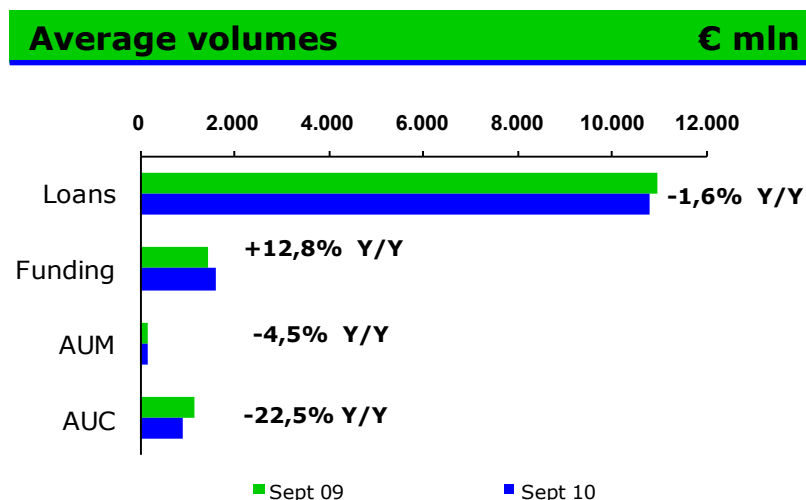
Interest income: -1,5% QoQ owing to reduction in mark-up (-5bps)

NNII: -18.1% QoQ owing to seasonal effect which negatively impacted traditional bank fees

Loans: -1.6% YoY but +0.70% QoQ for the first time since Sept. '09

New mortgages issued and installment loans in Q3 '10 were €198mln, +23.8% QoQ

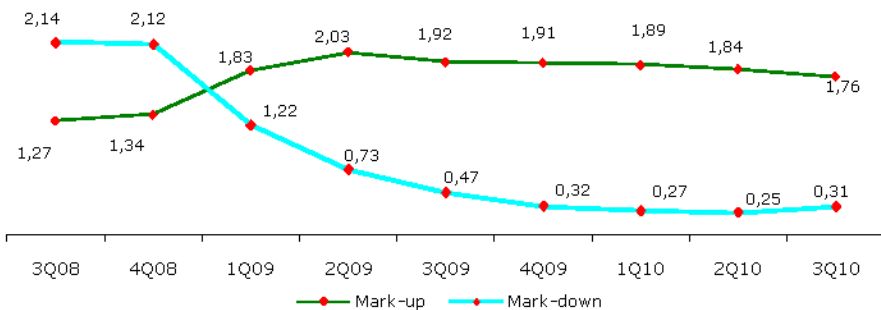
Funding growth supported by core sight deposits (+13.3% YoY)



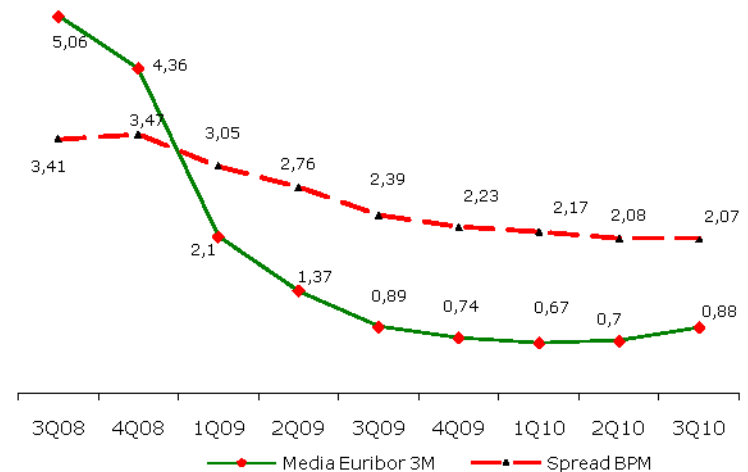
10(*) Source: Management Report. Quarterly figures were reclassified taking into consideration the new accounting method for overdraft fees (CMS) for a like-for-like comparison.

Customer Spreads

Mark-up (net of CMS) and mark-down



BPM Spread vs 3M Euribor

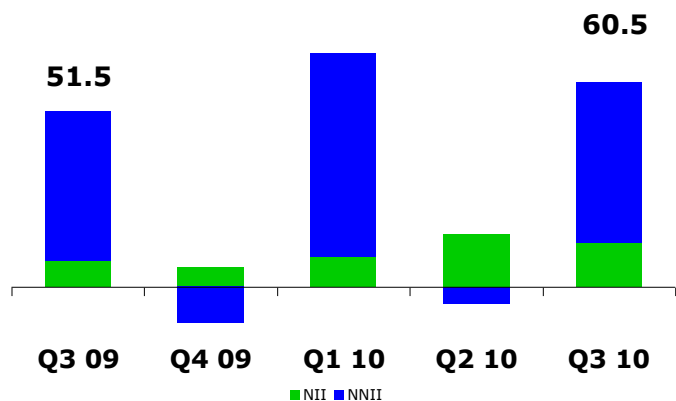


- BPM Group Spread (-32bps YoY) affected by pressure on mark-down* (-16bps) and on mark-up* (-16bps)
- In Q3 '10 BPM Group spread was stable vs Q2 '10 despite increase in mark-down (+6bps QoQ) which was though accompanied by a reduction in mark-up, both in commercial banking and in corporate banking

Mark-up (no CMS) and mark-down calculated vs TIF average vs 3M Euribor – Source: Management Report

Treasury & Investment Banking: total income

€mln

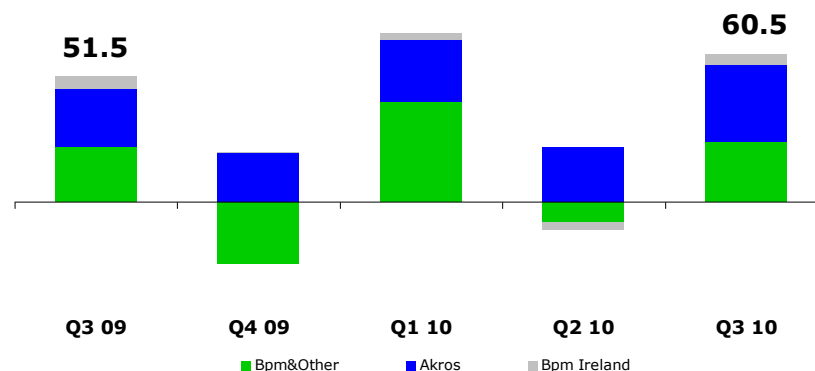


- Net interest income at €12.9mln thanks to significant contribution from the parent company for about €10mln
- Non-interest income was €47.6mln due to: profit from financial transactions for about €30mln, financial portfolio recovery from BPM Ireland (€3.6mln) and profits on securities of about €11mln

Banca Akros contributed €31.7mln in Q3, thanks, among others, to market making on bonds, interest rate derivative trades and brokerage.

BPM & other commercial banks contributed to total revenues in Q3 for about €25 mln

Breakdown by company's revenues € mln



Financial Assets

€ mln	Sept. 10	Sept. 09
BPM & Others	3,040	1,835
BPM Ireland	543	746
Banca Akros	1,100	759
Bipiemme Vita (*)	4,067	0
TOTAL FINANCIAL ASSETS	8,750	3,340
<i>% on Tot. Assets (net of financial liabilities)</i>	<i>17.4%</i>	<i>8.2%</i>
<i>% on net Tot. Assets (excl. Akros and BPM Vita)</i>	<i>7.1%</i>	<i>6.3%</i>

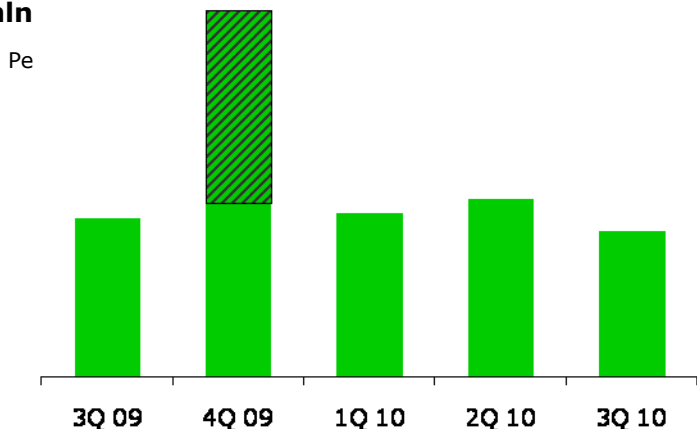
€ mln	Sept. 10	Sept. 09
BPM & other commercial banks	3,040	1,835
o/w		
Government (o/w Italian: 98% and BEI 2%)	1,974	713
Financial	388	320
Other (**)	677	802
BPM Ireland	543	746
o/w		
Government		-
Financial	543	730
Other		16

(**) €491mln equity stake, €344mln open funds, €148mln private equity, €-304mln elisions

AUM: total income

AUM: total income

€mln



Negative AUM trend (€ -1.4bn) in first nine months 2010 affected the mutual funds market share, down from 4.15% to 3.66% YoY

Positive net inflows for insurance products of €313mln in first nine months (+€70mln in Q3 '10)

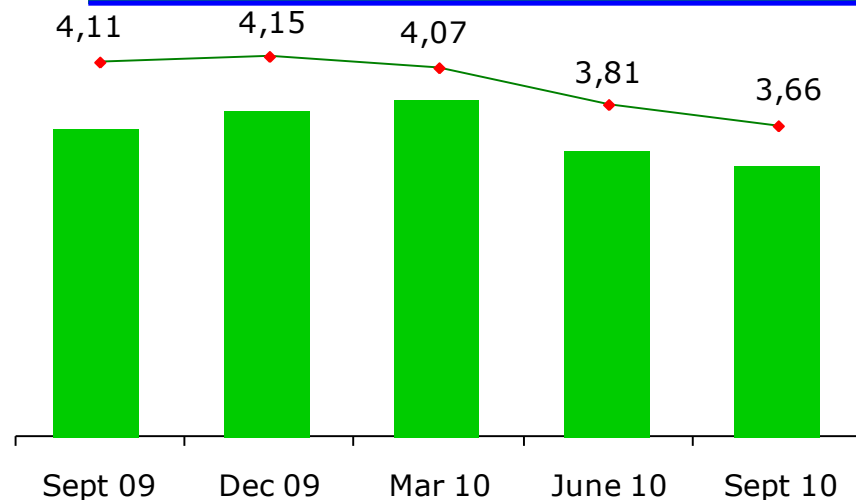
Mutual funds breakdown: Equity at 20.5% (18.2% as at Sept. 09), Bonds and Monetary at 67.2% (70.2% as at Sept. 09)

AUM total income down both QoQ and YoY owing to outflows in last nine months mainly due to mutual funds

The AUM totalled €24.5bn, composed of:

Mutual Funds	14.6bn	(7.8%) YoY
Segregated Accounts	5.2bn	11.6% YoY
Insurance Reserves	4.1bn	11.8% YoY
Other	0.6bn	(8.0%) YoY

Market Share & Mutual Funds trend %



Source Assogestioni – Mutual Funds figures

September 2010: Divisional Performance

	€m	Comm. Bk	Corp. Bk	Treasury & Inv.Bk	Wealth Mgt	Corp. Center (*)	BPM Group
Interest Income	Amount	386.1	117.2	37.0	1.3	3.7	545.3
	Y/Y %	(20.8)	(11.1)	n.s.	n.s.	n.s.	(21,5)
Non-interest income	Amount	422.0	47.7	103.2	51.3	2.7	626.8
	Y/Y %	(6.8)	9,4	n.s.	7.2	n.s.	(13.3)
Insurance Activity	Amount	0	0	0	17.3	0	17.3
Total Income	Amount	808.0	164.9	140.2	69.9	6.4	1,189.4
	Y/Y %	(14.0)	(6.0)	n.s.	47.8	n.s.	(16.1)

For a like-for-like comparison, the overdraft fees were reclassified in NNII in 2009 figures.

¹⁵ Source: Internal Management Report (*) Corporate centre: only include the results from activities to support the Group business. Income from ALM activity were reclassified in the B.U. "Treasury & Investment Bank"

Operating Costs

■ As at 30 September 2010 total operating costs were €864.5mIn (+2.5% YoY), in detail:

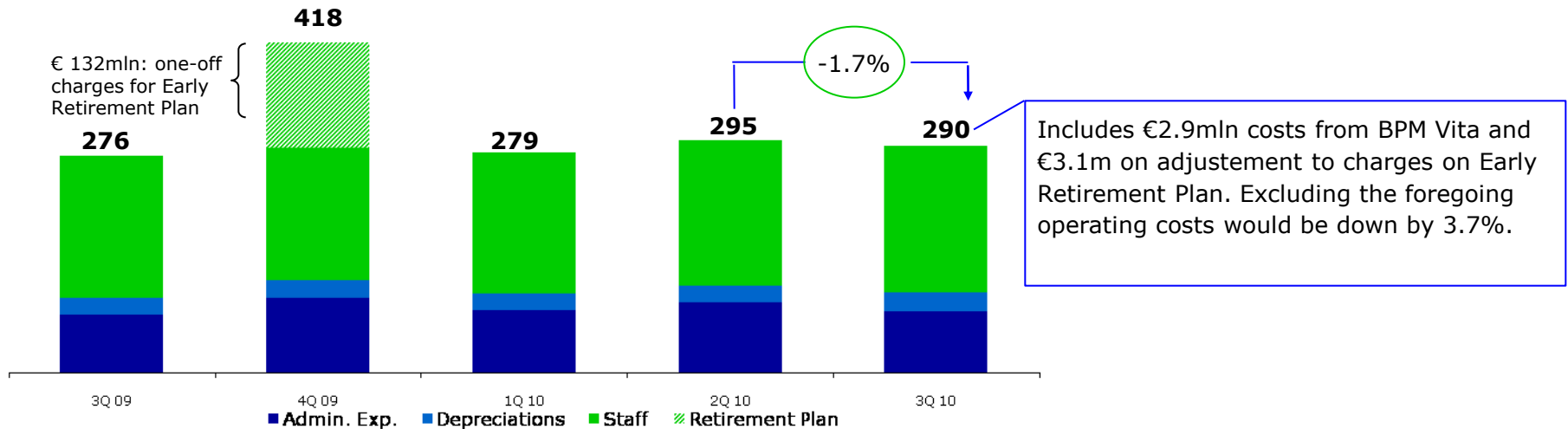
□ **Staff costs:** +€1.5mIn (9M '10 vs 9M'09) owing to:

- €-21,9mIn of savings on commercial banks' costs which agreed to Early Retirement Plan
- €+3,1mIn of costs linked to changes in Retirement Laws
- €+8.9mIn of costs linked to change in scope of consolidation (WeTrade and BPM Vita)
- €+13.5mIn of costs owing to new hirings to support Business Plan initiatives, increases provided by the national employment contract (CCNL) and adjustments to executive severance fund

At the end of September 2010 the total number of staff was 8,767 (-85 vs June 2010). The figure includes about 90 hirings since the beginning of the year tied to the Business Plan. Total retirements under the Early Retirement Plan were 550 (-121 as at September 2010, -200 as at March 2010 and -229 as at December 2009).

Since the kick off of early retirement plan the man power the 3 commercial banks (BPM-BdL-CrAL) decreased by ~5%.

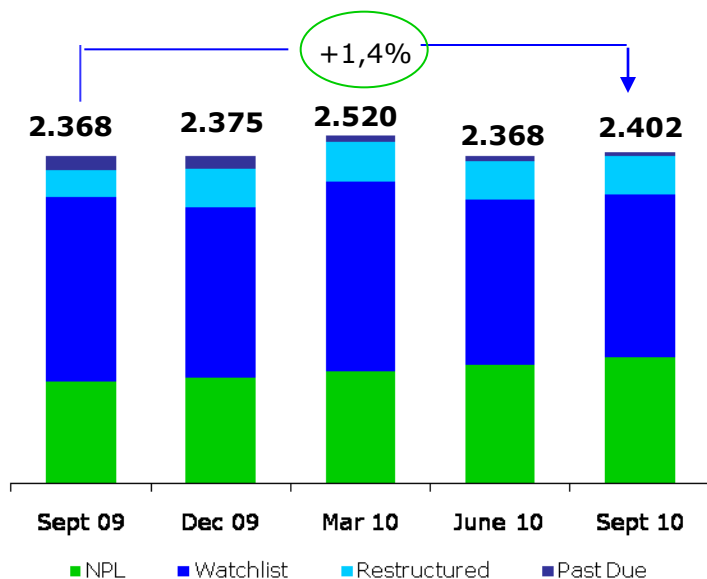
□ **Administrative expenses:** +€16.5mIn YoY owing to some important projects in the Business Plan (in particular online banking and consumer credit)



Asset Quality Analysis

- Total net doubtful loans on total loans were down to 5.1% from 5.2% as at June 2010.
- Net NPL on total loans was 1.2%, well below the industry average (2.2% source Italian Banking Association as at August '10*) and value adjustments ensure a coverage level of 52.9%
- The gross watchlist continued to fall -€148m YoY and - €11m vs June 2010

Gross Doubtful Loans € mln



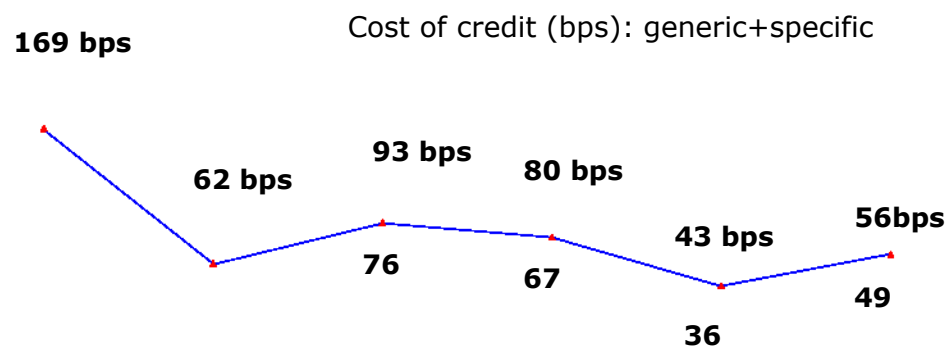
Sept. 10 Ratio(**) Coverage

	Ratio(**)	Coverage
Tot. Net Doubtful Loans	5.1%	26.6%
Net NPL	1.2%	52.9%
Net Watchlist	3.0%	11.9%
Net Restructured	0.8%	5.4%
Net Past Due	0.1%	7.5%
Performing Loans	94.9%	0.6%

Provisions and Adjustments: breakdown

- In Q3 10 the LLP and other adjustments were €49.2mIn (-0.9% vs Q3 '09)
- In first nine months 2010 net adjustments on customer loans were €144mIn (-44.1% YoY) which equalled a an annualised cost of credit of 58 bps (106 bps as at September 2009)
- Provisions for risks and charges were € 60.8mIn as at September `10, owing to the provision (€55mIn) booked in Q2 '10 to transform the "Icelandic policies" placed by Bipiemme Vita, thus allowing the original subscribers to subscribe to new products that would allow them to obtain redemption of the original premium they paid

Provisions and cost of credit € mln

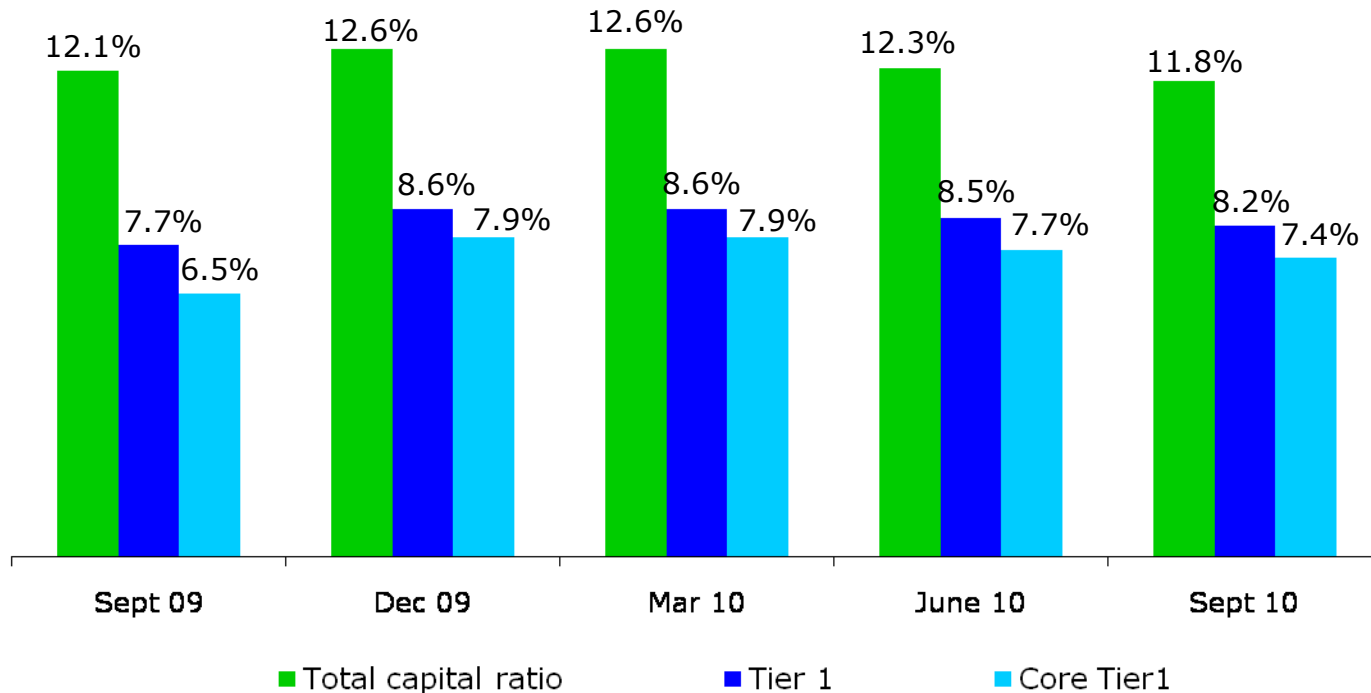


■ Net provisions credit adjustments and other

Cost of credit bps

	Sept 10	Sept 09
Cost of credit	58bps	106bps
Segment details		
Retail	34bps	40bps
Small Business	99bps	165bps
PMI	113bps	193bps
Corporate	32bps	78bps

Capital Ratios



■ Core Tier1 and Tier1 include €500mIn of so-called Tremonti Bond, issued last December

■ The 30bps QoQ reduction in Core Tier 1 was due to the increase in RWA linked to the increase in loans (+3.9% QoQ) and the impact from the acquisition of a 30% stake in Factorit SpA

The ratios have been calculated using the standard Basel 2 model

Quarterly Trend: Reclassified Group P&L – 2010

€mln	Q3 09	Q4 09	Q1 10	Q2 10	Q3 10
Interest income	204.5	190.0	179.8	181.0	184.5
Net fees and commissions	163.1	191.9	190.0	163.5	151.4
Associates	3.4	0.8	0.1	(1.6)	1.3
Dividends and profits from financial transactions	42.4	18.1	55.7	(7.0)	46.9
Results after insurance activities	0.0	0.0	0.0	0.0	17.3
Other operating income	9.1	8.5	9.0	10.7	6.8
Non interest income	217.9	219.3	254.8	165.5	206.4
Total income	422.4	409.3	434.7	346.4	408.3
Staff costs	(179.6)	(300.8)	(178.2)	(183.8)	(186.7)
Administrative costs	(75.0)	(95.7)	(79.9)	(89.9)	(80.0)
Depreciation & amortisation	(21.1)	(21.3)	(21.3)	(21.3)	(23.5)
Operating costs	(275.7)	(417.8)	(279.4)	(295.0)	(290.2)
Operating profit	146.7	(8.6)	155.3	51.5	118.1
Net adjustments to loans and fin. assets	(49.7)	(75.9)	(66.8)	(36.0)	(49.2)
Net provisions for risks and charges	(4.1)	(6.0)	(2.0)	(55.7)	(3.1)
Profit and loss from investments	0.0	0.2	0.0	81.1	0.1
Profit/loss from current operations before taxes	92.9	(90.3)	86.4	40.8	65.8
Income taxes for the period	(34.0)	9.8	(35.3)	(18.2)	(27.0)
Minorities	(2.0)	3.1	(1.1)	(2.5)	(1.1)
Group net profit/loss for the period	56.9	(77.4)	50.1	20.1	37.7

Q4 2010 outlook

TOTAL INCOME

Net interest income improvement trend continues
Improvement net commission expected in Q4 2010

OPERATING COSTS

Savings from the Early Retirement Plan (Fondo Solidarietà) in line with expectations

COST OF CREDIT

No signal of credit quality worsening compared to 9M trend

Q&A



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