



BANCA POPOLARE DI MILANO

The Board of Directors approves BPM Group's H1 2009 results.

The net profit, € 125 million, in line with H1 08, was driven by an operating income of € 1 billion (+15,1%)

- **Net profit: € 125 million (-1.7% YoY)**
- **Operating income: € 1 billion (+15.1%)**
- **Operating profit: € 434 million (+35.2%)**
- **Cost income: 56.6%, up by 6.5 p.p.**
- **Funding: € 35.1 billion of which sight deposit at 20.9 billion (+14.3%)**
- **AUM + AUC: € 43 billion (+12.6%)**
- **Customer loans: € 32 billion (stable YoY)**
- **BPM signed the agreement MEF (Italian finance ministry), ABI (Italian banking association) and the Italian business association allowing SMEs to defer payment of bank loans**

In today's meeting, the Board of Directors of Banca Popolare di Milano reviewed and approved the Group's results as at 30 June 2009. Despite the difficult macroeconomic conditions, both domestic and international, which also affected H1 09, the Group recorded its best operating profit in the last few years. This result enabled the Group to offset the higher cost of funding (a feature of the overall economic crisis) and to record a net profit of € 125 million euro, more or less in line with H1 08 (-1.7%). The significant increase in total income and the tight control on costs both helped to bring down the cost/income ratio to 56.6% from 63.1% as at June 2008.

We point out that there has been a change in the Group's consolidation perimeter owing to the acquisition of Anima Sgr, through a public tender

offer, the acquisition of 56.99% of Banca Popolare di Mantova and the acquisition of 38 branches from Unicredit on 1 December 2008. These acquisitions have had a limited impact on the Group's economic results - 3% operating income, 4% operating costs and 1.5% operating profit - thus only a marginal impact on the Group's excellent operating results as at 30 June 2009.

BPM Group

Direct customer deposits and issued securities

Direct deposits (amounts due to customers, debt securities issued and financial liabilities at fair value) totalled € 35,085 million, up 3.1% YoY. This result was driven by the excellent trend in customer deposits, including a large increase in current accounts and savings accounts (+14.3% YoY) while there was a decrease in Repos (-71%), Other Technical Items (-43.7%) and Liabilities valued at fair value (-33.4%).

As far as Group securities in issue are concerned, we point out that the € 1.5 billion bond, issued under the EMTN programme, matured in April; BPM repaid the debt using its own liquidity without issuing other securities. These growth dynamics drove the weight of the retail part of total funding from 74% as at 30 June 2008 to 77% as at 30 June 2009.

Indirect customer deposits

As at 30 June 2009, indirect deposits from customers totalled € 43,018 million (+12.6% YoY). This increase was mainly due to the consolidation of Anima Sgr, thus increasing the amount of assets under management as at 30 June 2009 by € 6,615 million.

In detail, assets under management increased by 28% to € 23,050 million. The Group net inflow in assets under management in the first six months of the year was € 25 million - the first signs of an improvement in the assets under management segment - with the highest amounts being recorded in the last two months of the period (net inflow in May-June 2009 totalled € 234 million). It should be noted that the banking sector recorded a further in funding: € -14.5 billion YoY.

On a homogenous basis, the Group's share of the mutual funds market thus increased by 21 b.p. to 3.99% as at 30 June 2009 from 3.78% as at 31 December 2008.

The assets under custody of retail customers, at market value, dropped slightly to € 19,968 million (-1.1%) YoY, mainly due to the fall in market prices.

Customer loans

Customer loans totalled € 32,041 million, in line with HI 08. The € 485 million increase (+1.5%) in customer loans QoQ confirms the Group's

commitment to help to drive the economy; the Group also took part in some important initiatives mainly to help households and small-to-medium-sized enterprises, initiatives that all the commercial banks in the Group have signed up to. Mortgages, including securitised mortgage loans classified under the “assets sold but not cancelled”, rose by 8.9% YoY to € 13.528 million, despite the fall in new loans (€ 1.8 billion vs € 2.4 billion in H1 08).

Credit quality was worse YoY owing to the current macroeconomic conditions; the percentage of total net impaired loans on the total loan portfolio was 4.8%, the net watchlist on total loans was 3.1% while net non performing loans on total loans was 0.8%, below the industry average (1.5% in May 2009, the most recent figure available). The coverage level for non performing loans was 63% and 19% for the watchlist, more or less in line with the first three months of 2009; total adjustments (both specific and generic) on total loans also increased, from 2.28% as at 30 March 2009 to 2.58% as at 30 June 2009.

Net interbank position

The Group’s net interbank position as at 30 June 2009 was positive at € 504 million, compared to € -850 million as at June 2008. This increase was mainly due to the increase in direct funding and to the further reduction in the Group’s securities portfolio, thus allowing the Group to pay off the € 1.5 billion EMTN bond in April 2009.

Equity

As at 30 June 2009, the Group’s net equity totalled € 3,326 million. The core tier 1 was 6.2%, the tier 1 was 7.3% and the total capital ratio was 11.5%¹.

Operating income

As at 30 June 2009, the Group’s operating income was € 1 billion, up 15.1% YoY. On a like-for-like basis, the YoY growth was +11.7%.

In detail, net interest income was € 490.6 million, down by € 40.5 million (-7.6%) mainly due to decrease in interest rates, which consequently led to a reduction in interest rate spreads, and the increase in the cost of wholesale funding, which was only partially offset by the increase in volumes.

Within non-interest income item, net fee and commission income stood at € 283 million, up 3.3% or € 9.1 million YoY and in particular the net commission on brokerage and advisory services was € 150.5 million (+1.9%), thanks also to net inflow in H1 09.

¹ Provisional figures

Dividends and other proceeds totalled € 116.2 million (-7.5%).

Thanks also to the good results recorded by Banca Akros, the net profit from financial activities was € 89.2 million compared to the € -90 million recorded in H1 08. The H1 09 results were also driven by the improvement in the stock prices and the tightening credit spreads. Furthermore, to mitigate the Group's exposure to interest rate fluctuations, and given the ongoing fall in interest rates, at the beginning of this year the Parent Bank started some trading on IRS and futures trading on the Euribor and the Bund which recorded significant profit in the income statement.

Other operating proceeds and charges totalled € 26.7 million, down 9.6% YoY.

Operating costs

Total operating costs as at 30 June 2009 totalled € 566.5 million, a 3.3% increase YoY, including the aforesaid widening of the consolidation perimeter. On a homogenous basis, total costs fell slightly YoY, thereby highlighting the Group's constant attention to administrative cost control. In detail, personnel expenses, € 367.5 million, were in line with the same period 2008 even though the Group acquired an extra 268 people for its extraordinary operations (acquisition of Anima Sgr, Banca Popolare di Mantova and 38 branches from Unicredit). As at 30 June 2009 the Group employed 8,851 people.

The other administrative costs totalled € 158.2 million (+7.5%), mainly owing to the widening of the consolidation perimeter and to the opening of 22 new branches in the last 12 months.

The good trend in total costs and income led to an improvement in the cost/income ratio, which fell to 56.6% from 63.1% as at 30 June 2008.

Operating profit

Given the foregoing, Group's operating profit increased by 35.2% YoY to € 434 million, the highest level in the last few years. This result is also confirmed by the improvement on a quarterly basis; the operating profit in Q2 2009 (€ 219.4 million) was, in fact, 2.2% better than the already significant result reached in Q1 09 (€ 214.7 million).

Provisions and adjustments

Total provisions amounted to € 218 million, up by € 157.2 million YoY. In detail, net adjustments on loans totalled € 206 million. To this we must add € 5.2 million for other net adjustments. New provisions for risks and charges totalled 6.8 million, almost all due to allocations for clawback actions.

Net profit

After € 90.6 million for income tax (at a tax rate of 42%), the Group's net profit as at 30 June 2009 was € 125 million, more or less stable YoY (-1.7%).

Parent Bank

The key profit and loss and balance sheet figures for the parent bank, Banca Popolare di Milano S.c.a r.l., are as follows:

Funding	€ 29,540 million (+2.8% YoY)
Customer loans	€ 26,853 million (-3.5%)
Assets Under Management	€ 11,369 million (-10%)
Assets Under Custody	€ 15,303 million (+0.9%)
Operating income	€ 823.5 million (+9.7%)
Operating profit	€ 399.4 million (+22%)
Net profit	€ 144,2 million (-1%)

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.

Please note that in compliance with due laws on the matter BPM's Half Year Financial Results as at 30 June 2009 will be available at the BPM headquarters, the Italian stock exchange company Borsa Italiana and on the Bank's website (www.bpm.it)

The Board of Director also passed a resolution whereby BPM will sign up to the agreement signed on 3 August 2009 between the Italian banking association ABI, the government and the business associations to defer payment of bank loans by SMEs.

The agreement specifically provides for:

- A 12-month deferral on the payment of instalments on the principle amount of medium/long term bank loans given as mortgage loans, unsecured loans and loans payable in instalments in general;
- A 12 or 6-month deferral on the payment of instalments on the principle amount of leasing loans, both for "real estate" and "financial" transactions;
- Extension to 270 days of short-term credit terms for cash needs, specifically for advances on certain and collectable receivables;

- A contribution to strengthen the capital needs of small-to-medium-sized enterprises by offering special financial conditions or other forms of financing to those companies that undertake to invest in their businesses.

The agreement will be valid until 30 June 2010.

Milan, 25 August 2009

For the purpose of providing more complete data on the first half 2009 results, the reclassified balance sheet and income statement annexed to the report as approved by the Board of directors, are herewith attached. For management reporting purposes, the half results have been presented in a reclassified balance sheet and income statement, in which line items have been aggregated and reclassified in keeping with market practices in such a way as to provide a clearer interpretation of trends and performances. To facilitate reconciliation with the figures contained in the balance sheet and income statement, the line item numbers in the reclassified schedules are shown alongside the line items in the reclassified schedules (in compliance with Bankitalia regulations issued by circular No. 262 on 22 December 2005).

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Bipiemme Group-Reclassified Balance Sheet

(euro/000)

Compulsory format codes	Assets	30.06.2009	31.12.2008	30.06.2008	Changes A-B		Changes A-C	
		A	B	C	change	%	change	%
10.	Cash and cash equivalents	210,229	252,708	186,669	-42,479	-16.8	23,560	12.6
	Financial assets at fair value and hedging derivatives:	4,770,266	5,362,142	6,207,647	-591,876	-11.0	-1,437,381	-23.2
20.	-Financial assets held for trading	1,774,862	2,348,353	3,089,844	-573,491	-24.4	-1,314,982	-42.6
30.	-Financial assets designated at fair value through profit and loss	1,041,381	865,806	1,086,256	175,575	20.3	-44,875	-4.1
40.	-Financial assets available for sale	1,763,452	1,994,565	2,017,966	-231,113	-11.6	-254,514	-12.6
80.	-Hedging derivatives	190,571	153,418	13,581	37,153	24.2	176,990	n.s.
60.	Loans and advances to banks	3,367,518	3,476,438	4,364,629	-108,920	-3.1	-997,111	-22.8
70.	Loans and advances to customers	32,040,807	32,898,927	32,041,895	-858,120	-2.6	-1,088	0.0
100. 120. 130.	Fixed assets	1,869,695	1,777,635	1,600,130	92,060	5.2	269,565	16.8
140. 160.	Other assets	2,094,169	1,270,871	1,372,620	823,298	64.8	721,549	52.6
	Total assets	44,352,684	45,038,721	45,773,590	-686,037	-1.5	-1,420,906	-3.1

Compulsory format codes	Liabilities and shareholders' equity	30.06.2009	31.12.2008	30.06.2008	Changes A-B		Changes A-C	
		A	B	C	change	%	change	%
10.	Due to banks	2,863,074	3,473,930	5,214,454	-610,856	-17.6	-2,351,380	-45.1
20.	Due to customers	22,275,716	20,517,894	21,402,585	1,757,822	8.6	873,131	4.1
30.	Debt securities in issue	10,996,720	12,009,442	9,907,972	-1,012,722	-8.4	1,088,748	11.0
	Financial liabilities and hedging derivatives:	3,041,593	3,658,670	3,992,755	-617,077	-16.9	-951,162	-23.8
40.	-Financial liabilities held for trading	1,226,432	1,120,320	1,252,388	106,112	9.5	-25,956	-2.1
50.	-Financial liabilities designated at fair value through profit and loss	1,812,715	2,536,335	2,722,041	-723,620	-28.5	-909,326	-33.4
60.	-Hedging derivatives	2,446	2,015	18,326	431	21.4	-15,880	-86.7
80. 100.	Other liabilities	1,307,172	1,539,170	1,383,014	-231,998	-15.1	-75,842	-5.5
110. 120.	Provisions for specific use	411,936	451,033	424,452	-39,097	-8.7	-12,516	-2.9
140. 160. 170. 180. 190. 200.	Share capital and reserves	3,200,881	3,177,278	3,201,813	23,603	0.7	-932	0.0
210.	Minority interests (+/-)	130,592	136,035	119,440	-5,443	-4.0	11,152	9.3
220.	Net profit (loss) for the period (+ / -)	125,000	75,269	127,105	49,731	n.s.	-2,105	-1.7
	Total liabilities and shareholders' equity	44,352,684	45,038,721	45,773,590	-686,037	-1.5	-1,420,906	-3.1

Bipiemme Group - Reclassified Income Statement

(Euro/000)

Compulsory format codes	Income statement	June	June	Changes	
		2009	2008	Change	%
10. 20.	Net interest income	490,633	531,159	(40,526)	-7.6
40. 50.	Net fee and commission income	282,953	273,806	9,147	3.3
o/w 240.	Share of Profit (loss) on investments valued under the equity method	(5,190)	(765)	4,425	n.s.
70.	Dividend and similar income	116,163	125,584	(9,421)	-7.5
80. 90. 100. 110.	Net income (loss) from financial activities	89,213	(89,988)	179,201	n.s.
220.	Other operating income/expense	26,754	29,580	(2,826)	-9.6
	Operating income	1,000,526	869,376	131,150	15.1
180.	Administrative expenses	(525,735)	(512,518)	13,217	2.6
	a) personnel expenses	(367,488)	(365,296)	2,192	0.6
	b) other administrative expenses	(158,247)	(147,222)	11,025	7.5
200. 210.	Net adjustments on property, plant and equipment and intangible assets	(40,780)	(35,938)	4,842	13.5
	Operating costs	(566,515)	(548,456)	18,059	3.3
	Operating profit	434,011	320,920	113,091	35.2
130.	Net adjustments on impairment of loans and financial assets	(211,189)	(55,303)	155,886	281.9
190.	Net provisions for risks and charges	(6,808)	(5,504)	1,304	23.7
240. 250. 260. 270.	Profits (losses) on disposal of investments	(24)	(33,973)	(33,949)	-99.9
280.	Profit (loss) before tax from continuing operations	215,990	226,140	(10,150)	-4.5
290.	Taxes on income from continuing operations	(90,605)	(93,457)	(2,852)	-3.1
320.	Net profit (loss) for the period	125,385	132,683	(7,298)	-5.5
330.	Net profit (loss) for the period pertaining to minority interests	(385)	(5,578)	(5,193)	-93.1
340.	Net profit (loss) for the period pertaining to the Parent Bank	125,000	127,105	(2,105)	-1.7
	Earnings per share (euro)	0.304	0.306		
	Diluted earnings per share (euro)	0.291	0.295		

Preparation of the Reclassified Income Statement

For operational purposes, the results for the period are presented using a reclassified income statement schedule, in which the principal changes concern aggregations and reclassifications of items for the purpose of providing a clearer representation of performance dynamics, in line with market practices.

To facilitate reconciliation with the mandatory accounting schedule, the numerical codes for the items in the mandatory schedule are indicated alongside the items of the reclassified schedules; also note, regarding the reclassifications, that:

1. **"Profit (loss) from associates and investments"** (- € 5,190 thousand as at 30.06.2009 and - € 765 thousand as at 30.06.2008), reported under line item 240 "Share of profit (loss) from equity investments" are reported under "Operating income" in the reclassified scheme;
2. **"Other operating charges/income"** (item 220) reported under "Operating costs" in the accounting schedule, were decreased by the amount of "recoverable indirect taxes" (€ 28,521 thousand as at 30.06.2009 and € 29,016 thousand as at 30.06.2008) and were increased by the amount of "depreciation of leasehold improvement costs" (€ 2,598 thousand as at 30.06.2009 and € 2,106 thousand as at 30.06.2008). This reclassified item is reported under "Operating income" in the reclassified scheme;
3. **"Other administrative expenses"** (item 180 b) were reduced by the amount of "recoverable indirect taxes" (see point 2);
4. **"Depreciation and amortisation, plant and equipment and intangibles"** (item 200 and 210) of the reclassified schedule were increased by the amount of "depreciation of leasehold improvement costs" (see point 2);
5. **"Net adjustments to loans and financial assets"** (€ 211,189 thousand as at 30.06.2009 and € 55,303 thousand as at 30.06.2008) reported under line item 130, are included after "Operating income" in the reclassified scheme.

Bipiemme Group - Reclassified Income Statement (quarterly evolution)

(Euro/000)

Compulsory format codes	Income statement	2009		2008			
		Q2	Q1	Q4	Q3	Q2	Q1
10. 20.	Net interest income	249,534	241,099	276,560	263,541	270,292	260,867
40. 50.	Net fee and commission income	147,992	134,961	111,317	125,775	137,694	136,112
o/w 240.	Share of Profit (loss) on investments valued under the equity method	(1,667)	(3,523)	1,985	1,057	(2,875)	2,110
70.	Dividend and similar income	115,368	795	20,208	32,894	124,525	1,059
80. 90. 100. 110.	Net income (loss) from financial activities	(12,728)	101,941	(57,525)	(62,475)	(75,524)	(14,464)
220.	Other operating income/expense	13,236	13,518	9,651	17,447	14,197	15,383
	Operating income	511,735	488,791	362,196	378,239	468,309	401,067
180.	Administrative expenses	(271,671)	(254,064)	(248,470)	(244,227)	(270,703)	(241,815)
	a) personnel expenses	(183,601)	(183,887)	(158,567)	(168,313)	(195,205)	(170,091)
	b) other administrative expenses	(88,070)	(70,177)	(89,903)	(75,914)	(75,498)	(71,724)
200. 210.	Net adjustments on property, plant and equipment and intangible assets	(20,707)	(20,073)	(19,646)	(17,145)	(18,449)	(17,489)
	Operating costs	(292,378)	(274,137)	(268,116)	(261,372)	(289,152)	(259,304)
	Operating profit	219,357	214,654	94,080	116,867	179,157	141,763
130.	Net adjustments on impairment of loans and financial assets	(138,069)	(73,120)	(127,190)	(56,262)	(26,785)	(28,518)
190.	Net provisions for risks and charges	7,681	(14,489)	(16,124)	(12,899)	(2,091)	(3,413)
240. 250. 260. 270.	Profits (losses) on disposal of investments	(24)	0	(11,439)	(104)	(33,811)	(162)
280.	Profit (loss) before tax from continuing operations	88,945	127,045	(60,673)	47,602	116,470	109,670
290.	Taxes on income from continuing operations	(36,914)	(53,691)	(6,120)	(30,566)	(48,121)	(45,336)
320.	Net profit (loss) for the period	52,031	73,354	(66,793)	17,036	68,349	64,334
330.	Net profit (loss) for the period pertaining to minority interests	802	(1,187)	(880)	(1,199)	(3,322)	(2,256)
340.	Net profit (loss) for the period pertaining to the Parent Bank	52,833	72,167	(67,673)	15,837	65,027	62,078