

Bipiemme Group

Rome, 21-22 November 2007



Banca Popolare di Milano

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In line with the scope of consolidation as at 31 December 2006, the nine-month results for 2006 have been restated to include Bipiemme Vita and Ultramedias as equity consolidated rather than line-by-line, following the merger of Ultramedias into Bipiemme Vita and the subsequent sale of the latter to FondiariaSai.

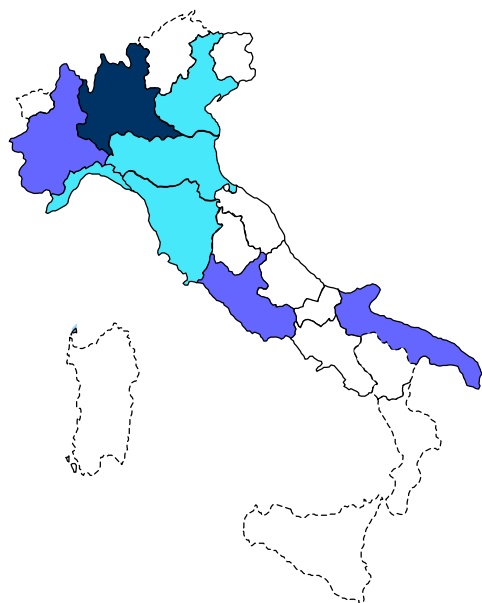


Bipiemme Group: profile and strategy

BPM's deep penetration in the wealthiest areas of Italy



Banca Popolare di Milano
8° Italian Banking Group



Market share

- > 4,5%
- 1- 4,5%
- 0,1- 0,9%
- Single branch

Point of sales: 741

- 713 (*) retail - 4 corporate centre and 10 SMEs centers

- 14 Private Banking centre

	Retail Branches	mkt share	GDP	(**) Wealth	% Companies
Lombardy	466	7.5%	20,0%	39.1%	15.7%
o/w Milan	322	13.2%			
Varese	58	12.5%			
Lecco	29	13.4%			
Piedmont	91	3.6%	8.4%	8.2%	7.0%
o/w Alessandria	65	22.4%			
Apulia	38	2.7%	4,7%	2,2%	6.6%
Latium	58	2.2%	10.3%	11.6%	9.1%
TOTAL	653	5.6%	43.5%	61.1%	39.0%
Other regions	60	0.3%	43.0%	32.1%	44.1%

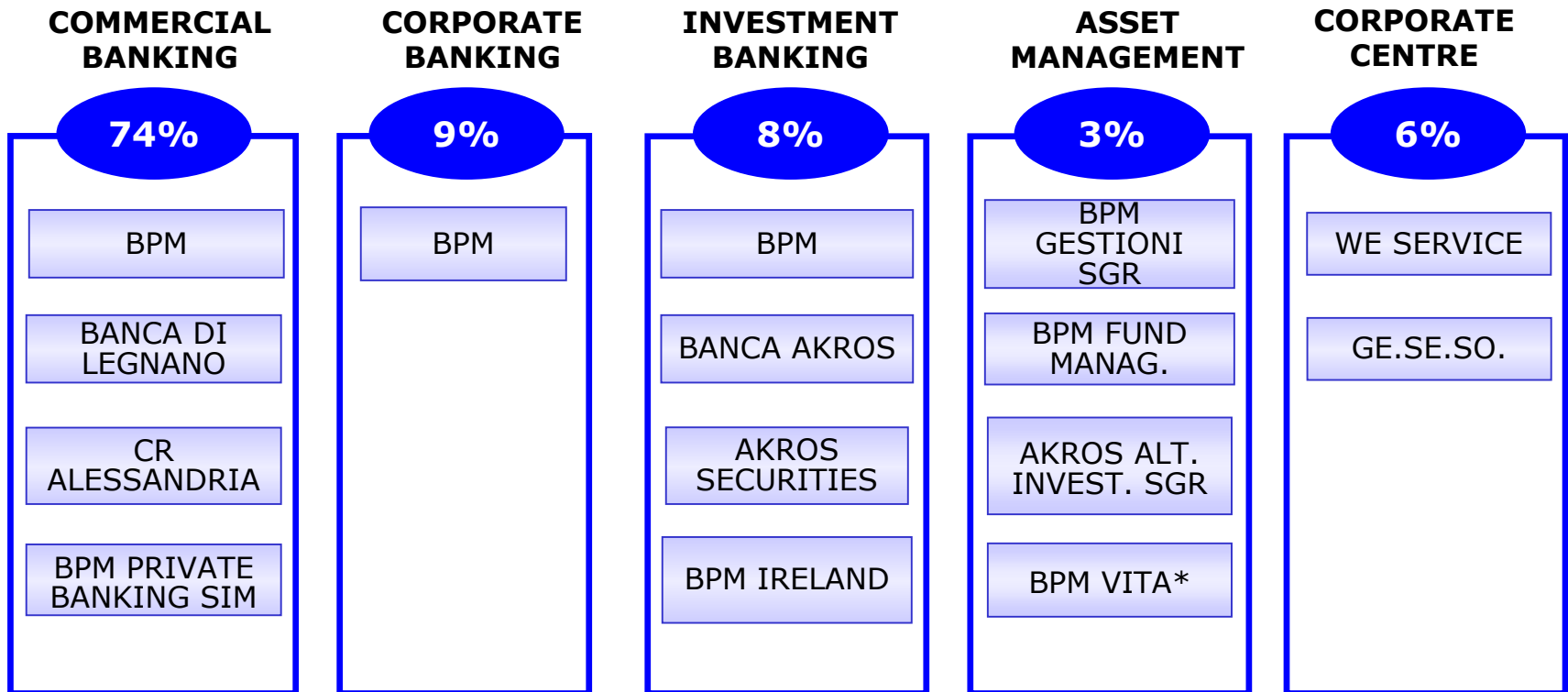
(*) No. of retail branches: BPM (519), B. Legnano (107), CR Alessandria (85), Banca Akros (1), WE@bank (1)

(**) Direct and indirect funding

Sources: system data, Bank of Italy, 2004 Statistical Bulletin; ISTAT, 8th general census of industry and services 2001

Structure, revenue breakdown and market shares

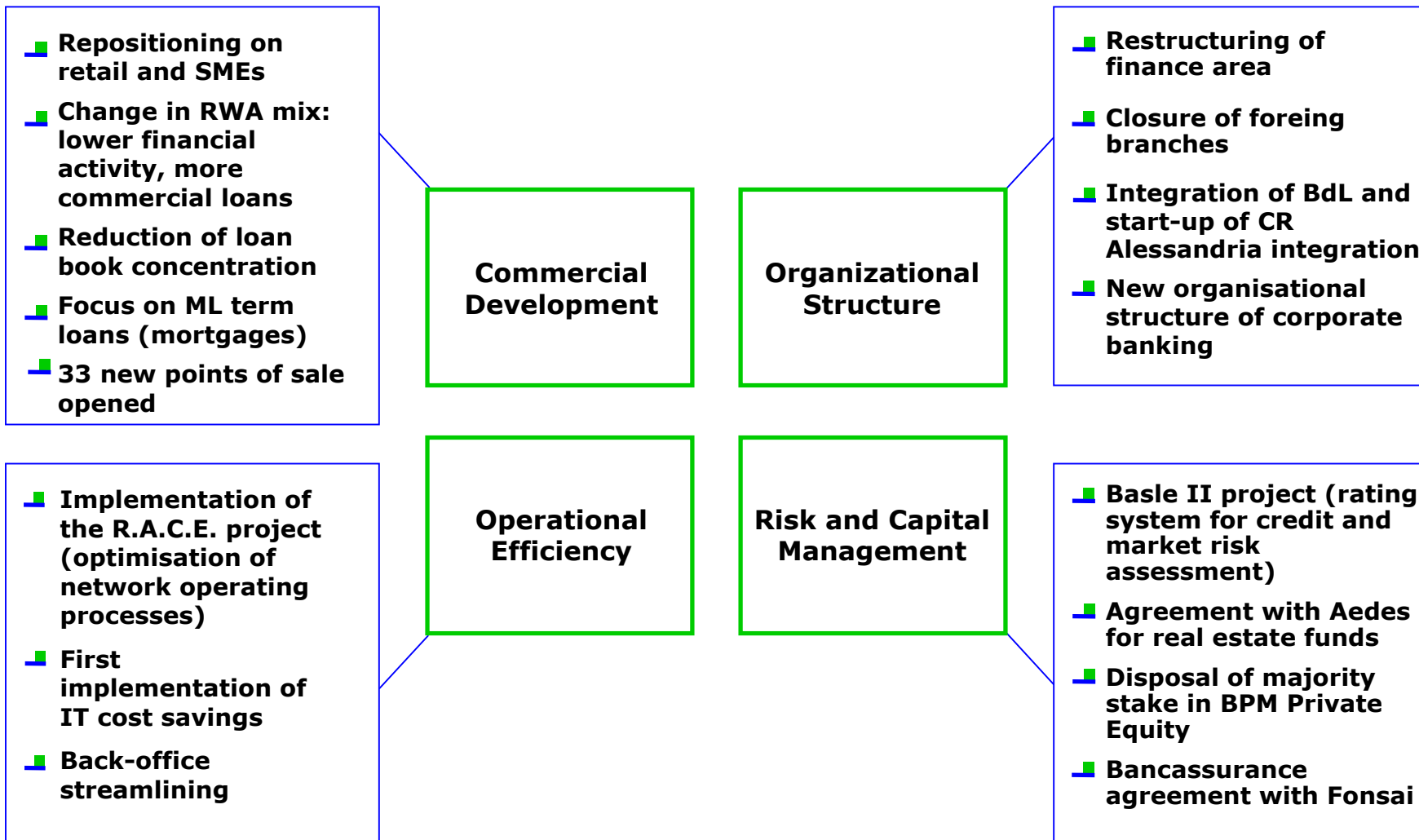
Total revenues Q3 2007
(100% = € 1,368m)



* Bancassurance partnership: Bpm (49%) e FonSAI (51%)

Group market shares at June 2007:
funding 2.12%, loans 1.86%, AUM 2.06%

2004-06 Strategic Plan: main actions implemented

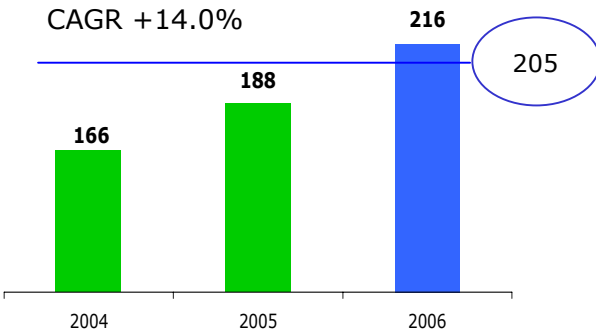


BP 2004-06: improving productivity

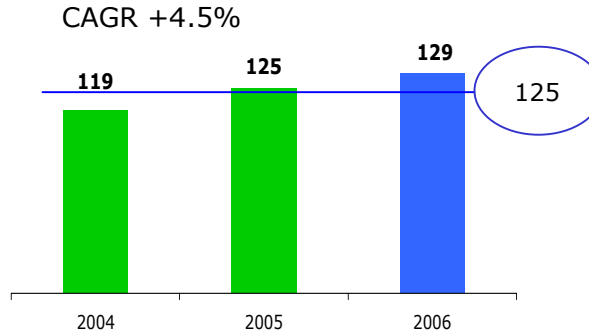
2004 figures: management report data

○ — 2006 target

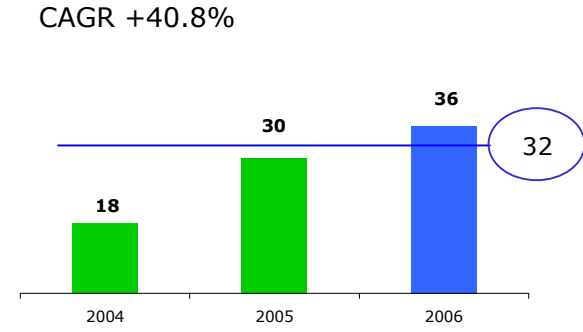
Total income per employee (€ ,000)



Total costs per employee (€ ,000)

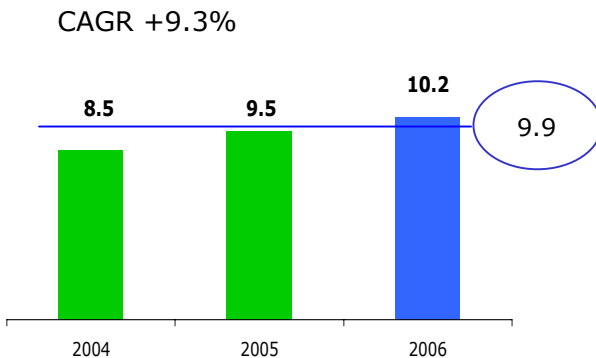


Adjusted net profit* per employee (€ ,000)

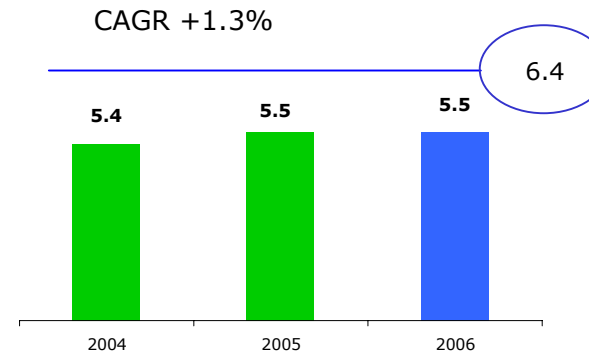


* Adjusted for non recurring income

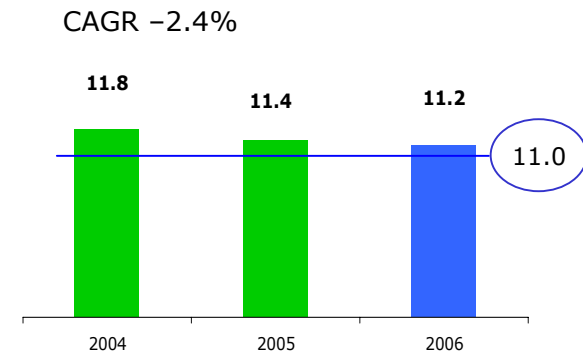
Tot. volumes*/employee (€m)



Total income/RWA (%)



Employees/POS



* Average customer volumes (management report data)

BP 2007-09: strategic pillars

Enlarge BPM's customer base

- **Increase volumes and customers**, leveraging on retail and SMEs
- **Expand** network and sales channels
- Launch **new products**
- **Exploit** new attractive segments

Innovative actions with a long-term view

Enhance productivity and profitability

- **Improve profitability and risk profile**
- **Selective growth** in lending
- **Optimise** risk management, capital allocation and HR

Focus on **performance and returns**

Improve operating efficiency

- **Complete the restructuring** started in recent years
- Optimisation of **operating processes and IT systems**

Structural projects with LT returns

ROE adj.
16.1%

Net profit CAGR
13.6%

Pay-out
~50%

Commercial Banking
Wealth Management

Corporate Banking
Investment Banking

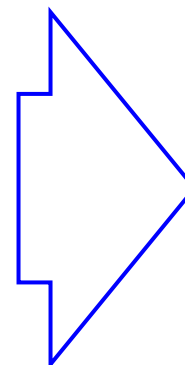
Corporate
Centre

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Q3 2007 results

Q3 2007 results: highlights

€ m	Sept. 07	Sept. 06	%
Loans	28,842	25,908	11.3
Funding	31,078	28,769	8.0
Assets in custody	20,761	18,587	11.7
Asset management	20,138	20,655	(2.5)
RWA	33,812	29,923	13.0
Total capital ratio	9.55%	10.67%	
Tier 1	7.24%	7.18%	

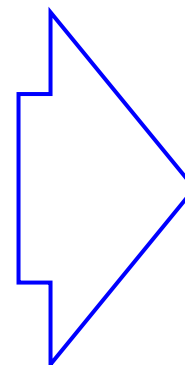


Strong increase of volumes continues

Positive contribution of new bond issues

High double-digit growth of mortgages confirmed

€ m	9M 07	9M 06	%
Interest income	762	666	14.3
Total income	1,368	1,279	6.9
Operating profit	562	513	9.5
Net income	302	345	(12.4)
Adj. net income	294	248	18.6
Cost/income ratio	58.9%	59.9%	
ROE adj. (annualised)	16.3%	13.9%	



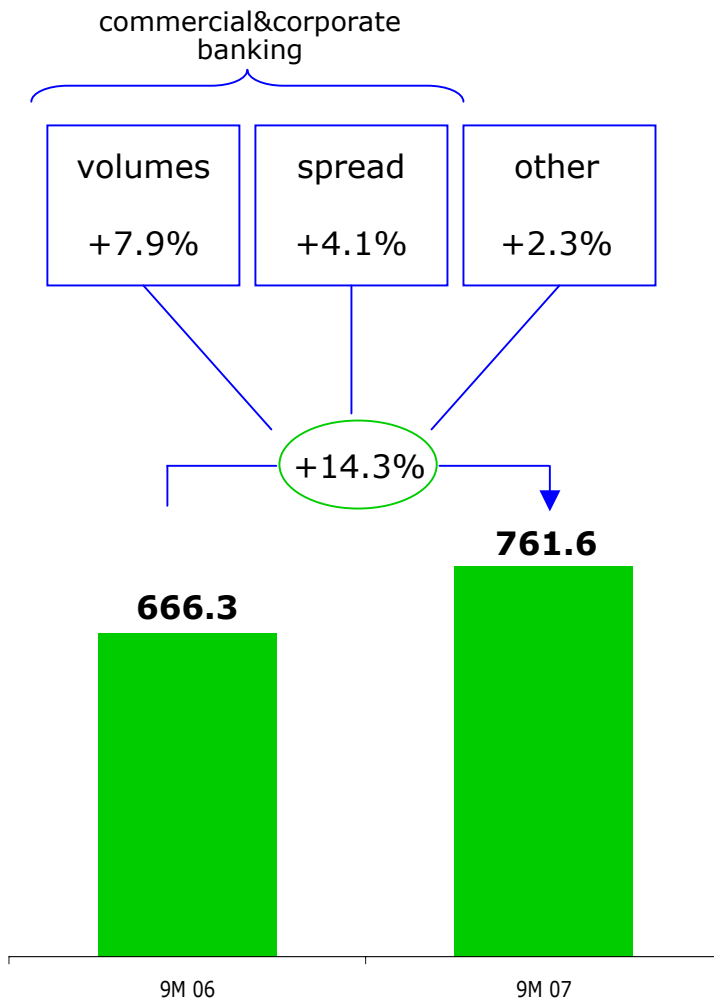
Volumes and spread improvement support interest income growth

Net income up 18.6% adjusting for non recurring items

Interest income benefits from both volumes and spread improvement

9-month period

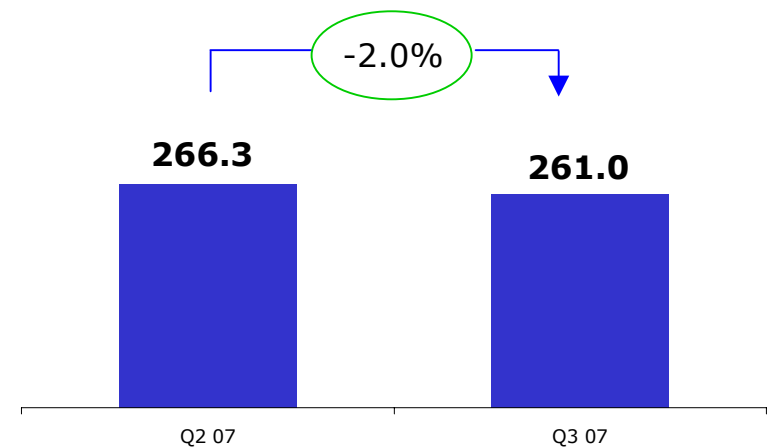
€ m



- Sustained expansion of volumes and favourable pricing trend boost interest income in the 9-month period
- Average volumes up 14.2% and 12.7% for loans and funding respectively in the nine-month period
- Decline in Q3 primarily due to the investment banking area with commercial banking up € 9m or 4%

Third quarter

€ m

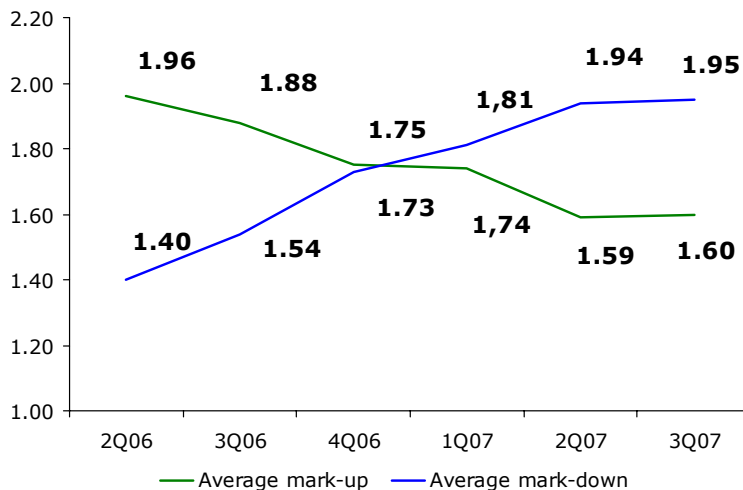


Favourable pricing context supports spreads

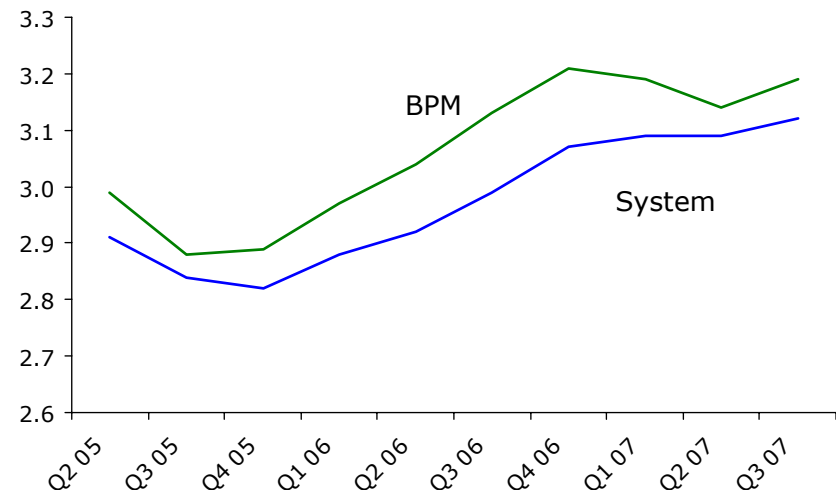
- Improving price environment in Q3
- Average mark-up flat in the quarter after a long-lasting decling trend

- BPM average spread up 13 bps in the 9-month period versus 2006 and up 6 bps QoQ
- Market position confirmed: BPM spread still 7 bps above the system average in Q3

BPM mark-up/mark-down %



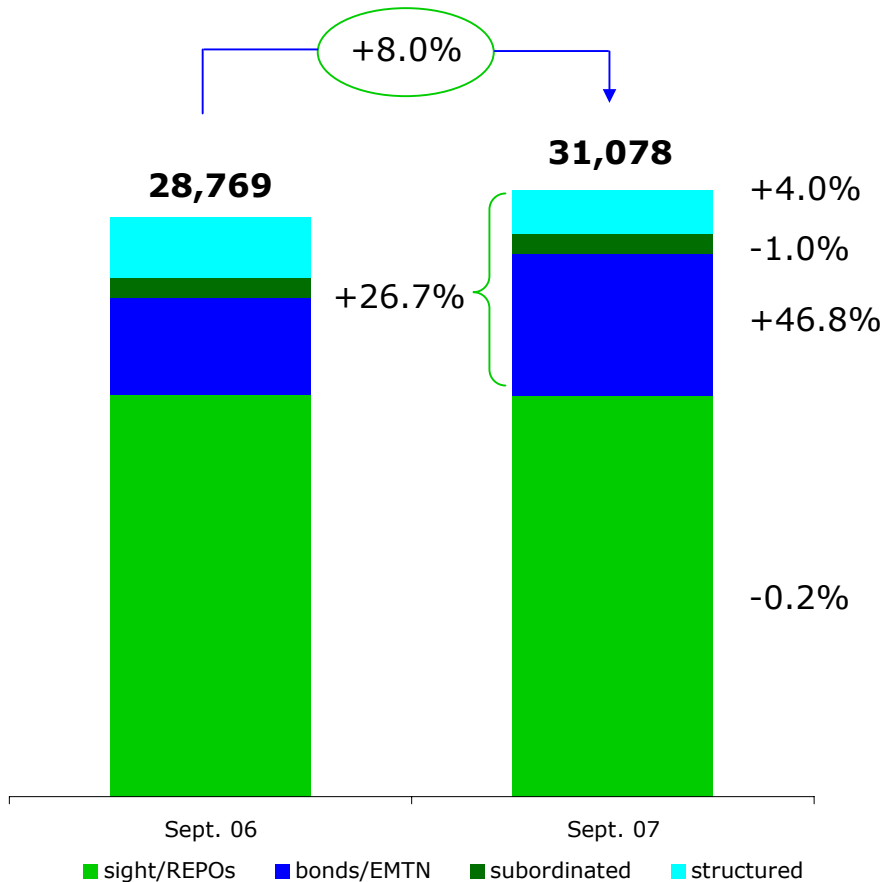
Spread BPM vs system (quarterly avg) %



EMTNs drive funding growth

Funding

€ m

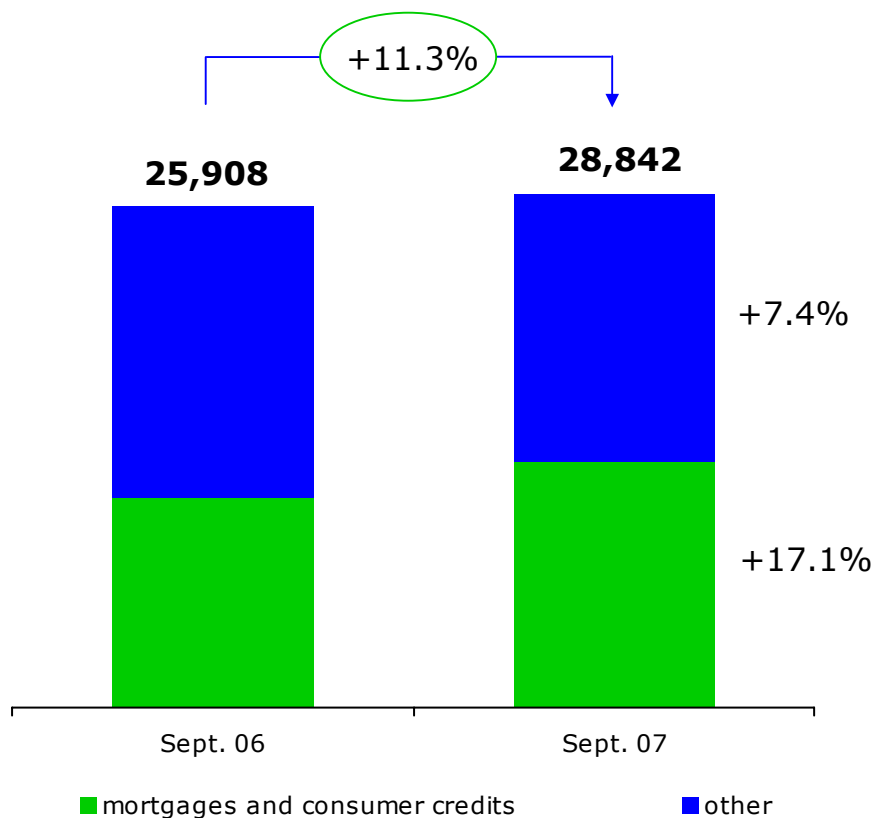


- Increase in funding mainly related to new EMTN issues (+ € 2.5bn)
- Structured notes at € 3.1bn, up 4% YoY with new issues totalling € 642m
- Relevant rise in outstanding securities (bonds, EMTN, subordinated and structured), up 26.7% YoY to € 11.2 bn
- On average volumes, funding grew by 12.7% YoY or 5% net of EMTN issues
- Strong performance of corporate banking (+29% on average volumes)
- Continuous increase of market share, at 2.12% in June 2007 vs. 2.05% in June 2006

Sound growth of loan portfolio continues

Customer loans

€ m

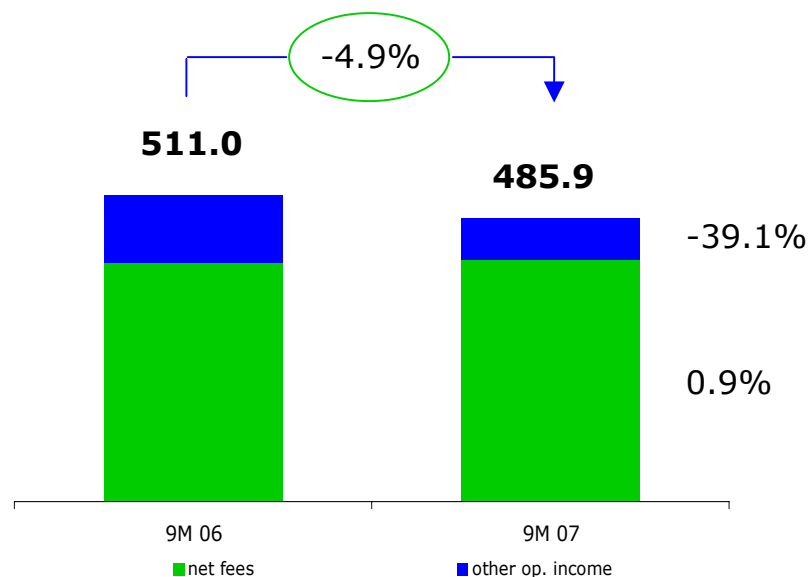


- No slow down in mortgage growth: new issues at € 3.3bn in the first nine months, up € 500m versus the same period of 2006
- Granted consumer credits: € 800m versus € 700m in 9M 06
- Stock of mortgages and consumer credits up 17.1% YoY and 2.4% QoQ to € 12.5bn at September 07
- Positive trend of short-term loans as well (up around 12% YoY on average volumes)
- Market share stable YoY at 1.86% (figure as at June)

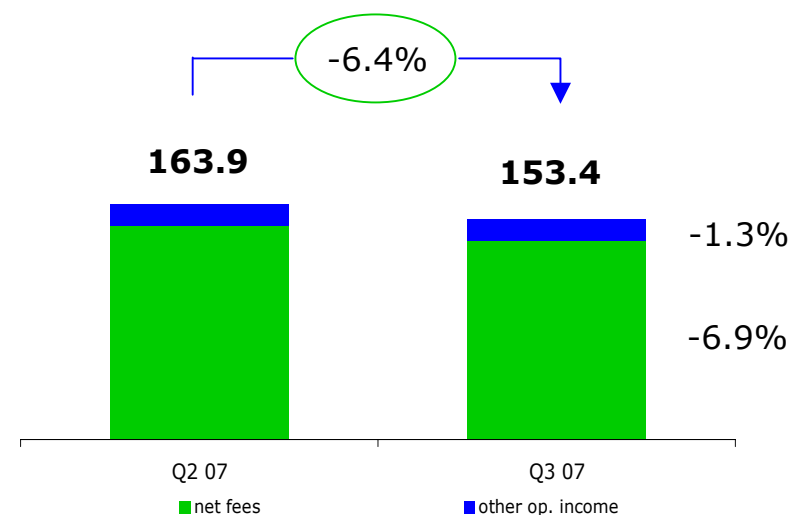
Net fees and other revenues

- Net commissions up by € 4m YoY, reaching € 441m. Main components:
 - higher fees on bond placement (+ € 5.8m) and on sale of insurance products (+ € 7m)
 - declining commissions on payment services (- € 3.9m)
- Up-front fees on structured bonds up 9.9% to € 36.5m
- Other income included € 23.6 m of one-off revenues in 2006, related to the closure of the 2001 securitisation
- Decline of net fees in Q3 mainly due to seasonality and to lower up-front fees

9-month period **€ m**



Third quarter **€ m**

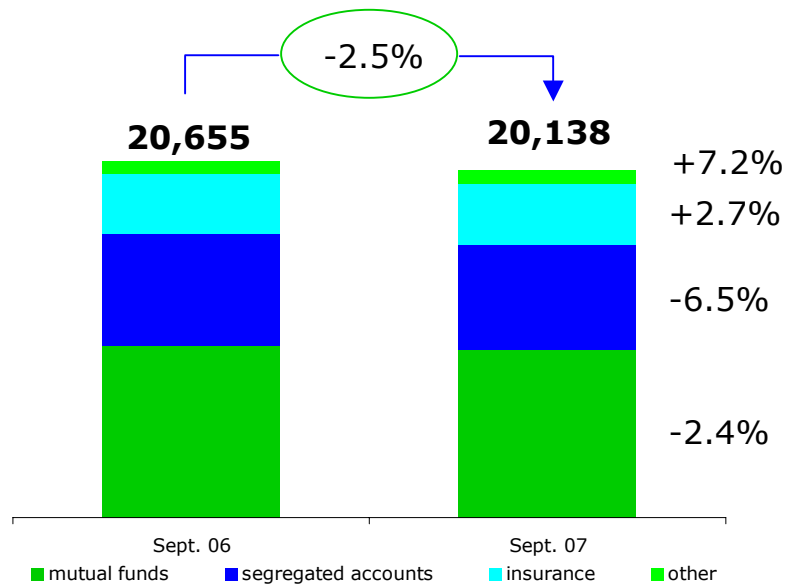


Growth of insurance products support AUM performance

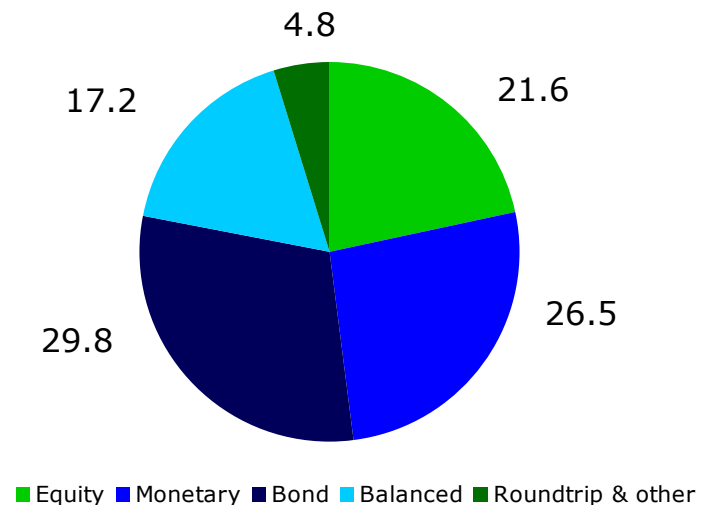
- Assets under management impacted by weak market conditions
- Total outflows at € 780m year-to-date, partially offset by increase in BPM bonds and third-party securities
- Net inflow for insurance products positive for € 40m with reserves up 2.7% YoY

- Market share of SGR funds at 2.05% in September 2007 versus 2.15% in September 2006
- Slight increase of monetary and bond products at 56% of total in September 07 versus 55% in June 07

Assets under management € m



Fund breakdown %

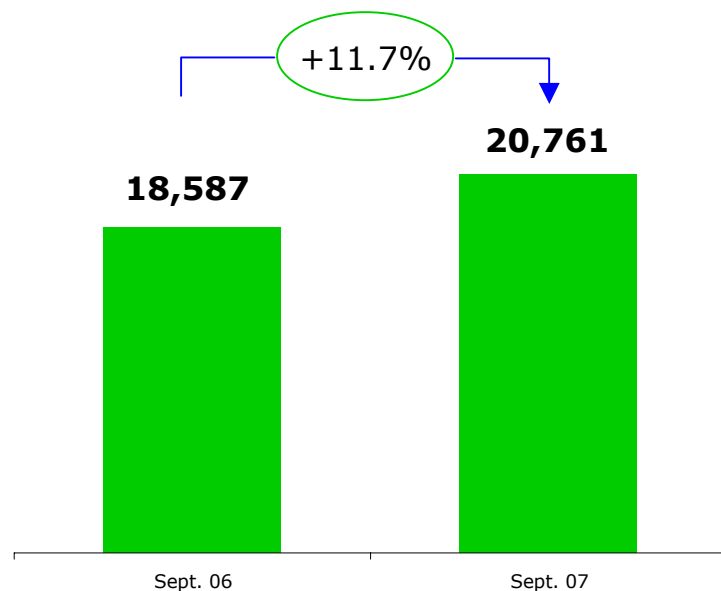


Strong growth of assets in custody

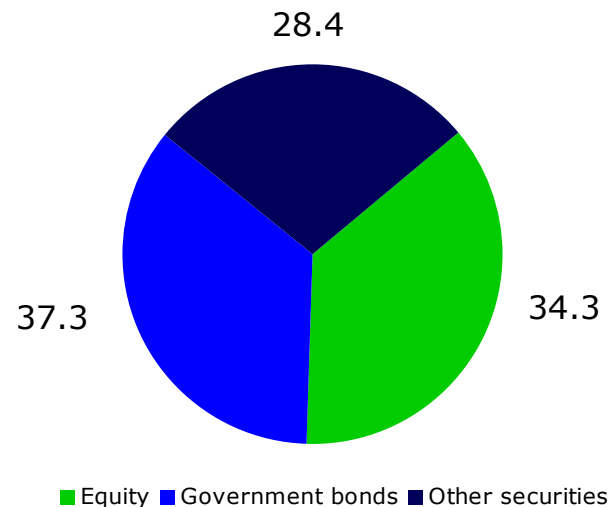
- Significant increase of assets in custody, driven by temporary allocation of AUM disinvestments and placement of several third-party bonds in the first part of the year

- Steady high profitability of assets in custody, at 42 bps (excluding fees as custodian bank)

Assets in custody* € m



AuC breakdown %

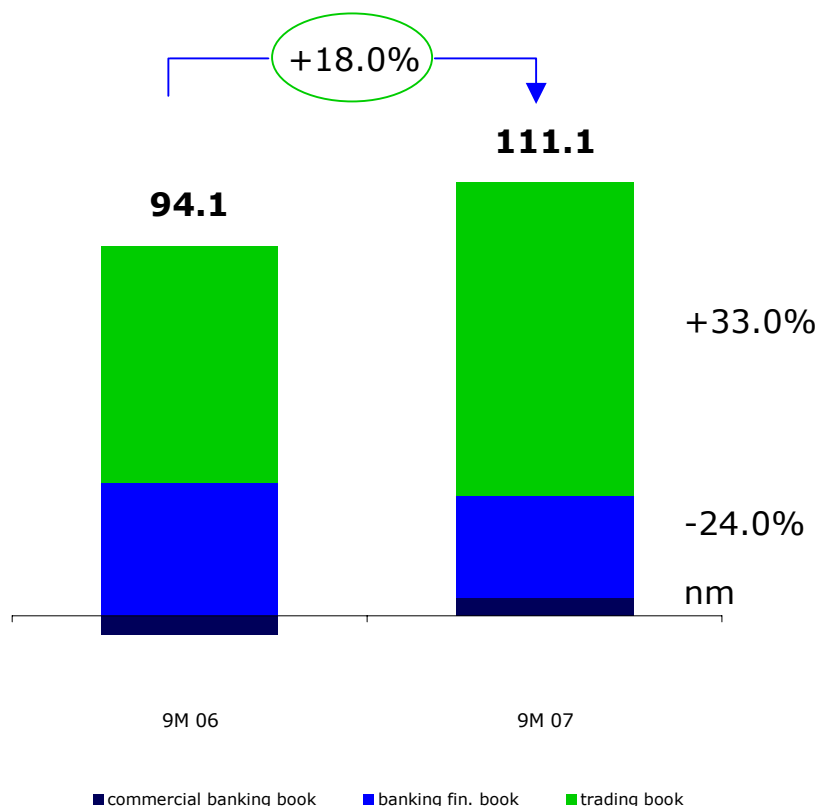


(*) : customers only, excluding institutionals

Profit from financial operations

9-month period

€ m



■ Dividends and profits from financial operations at € 111m in 9M 2007, up 18% YOY

■ Main components:

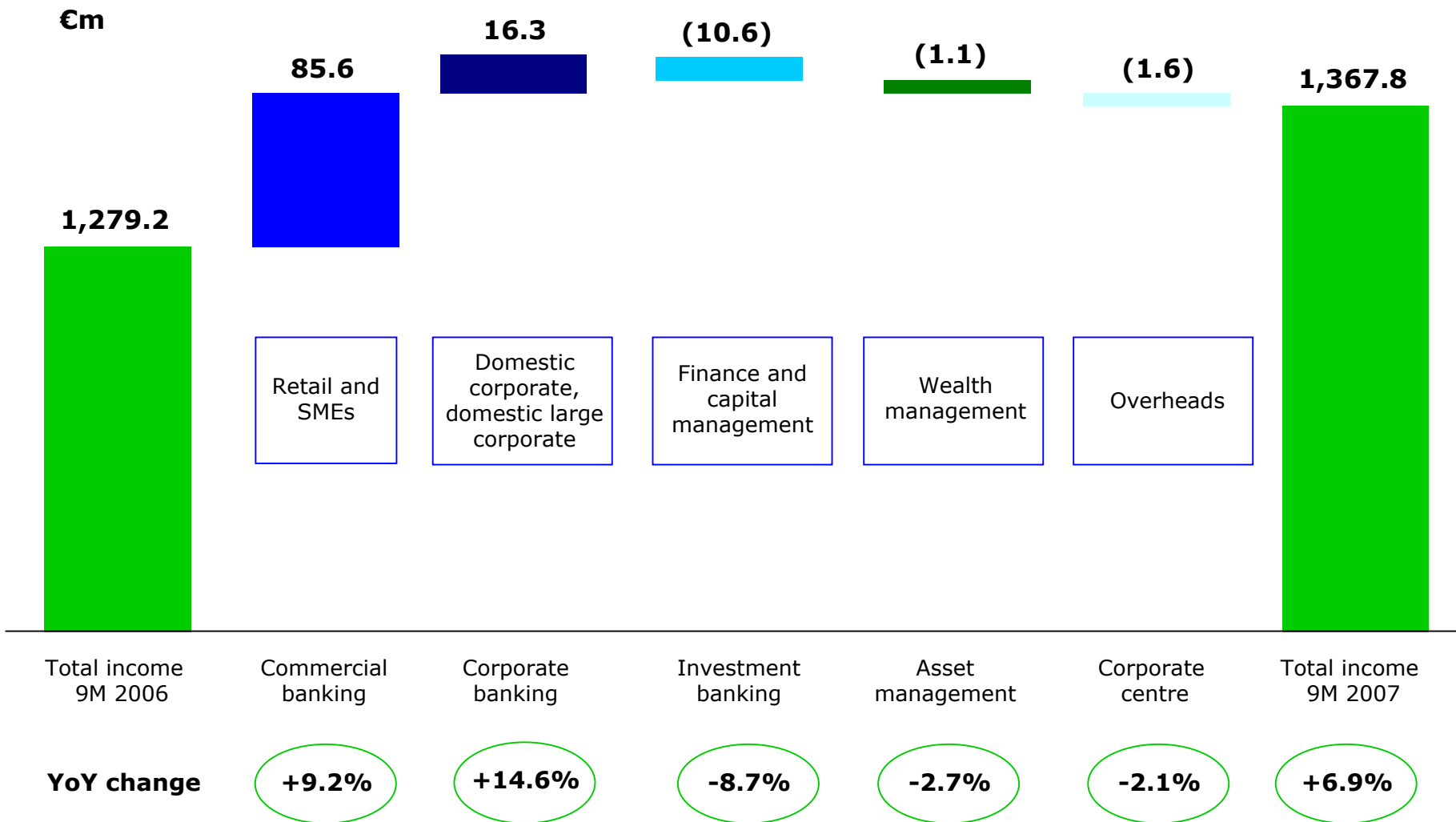
- **trading book** (€ 82.5m, + € 21m YoY) - positive performance supported by Banca Akros activity with customers, up € 21.7m. This result has been partially offset by a related decline in interest income
- **banking financial book** (€ 26.5m, - € 8.4m YoY) - suffer from € 5m of negative fair-value adjustments on subprime-related notes
- **commercial banking book** (€ 2 m, + € 4.8m YoY)

Trading book

€ m	Sept. 07	Sept. 06	%
Financial assets held for trading	3,742	3,224	16.1
Financial assets at fair value	1,221	1,740	(29.8)
Financial assets available for sales	1,967	1,967	0.0
Hedging derivatives	11	23	(50.9)
less: Financial liabilities	(1,214)	(1,178)	3.0
Total	5,727	5,776	(0.8)
as % of total assets	13.6%	14.7%	
as % of tot. assets (excl. Akros)	9.2%	11.8%	

- Stock of financial assets stable YoY at around € 5.7bn
- Assets held for trading increase due to higher trading volumes at Banca Akros
- Assets at fair value decline due to maturity of some investments
- Exposure on subprime-related notes unchanged versus June 07 (nominal value around € 19m) with potential losses at € 5m in September

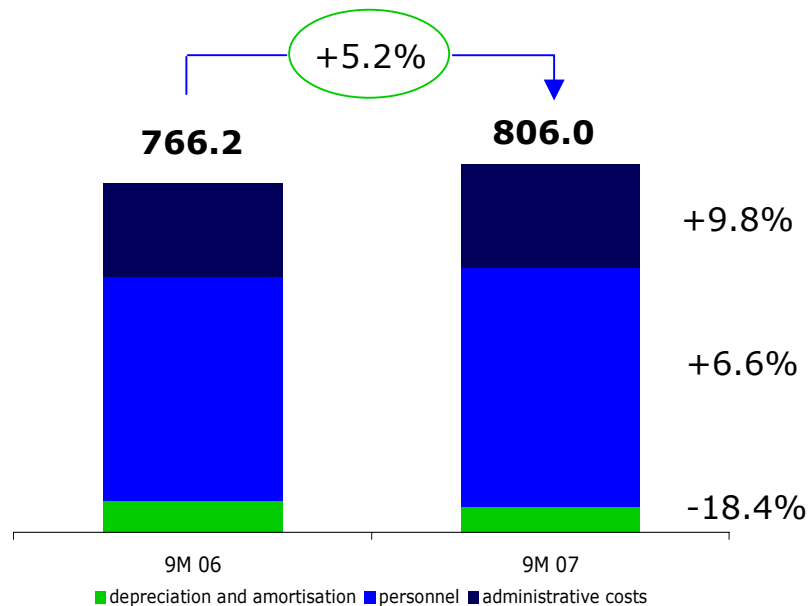
Total income growth by business unit



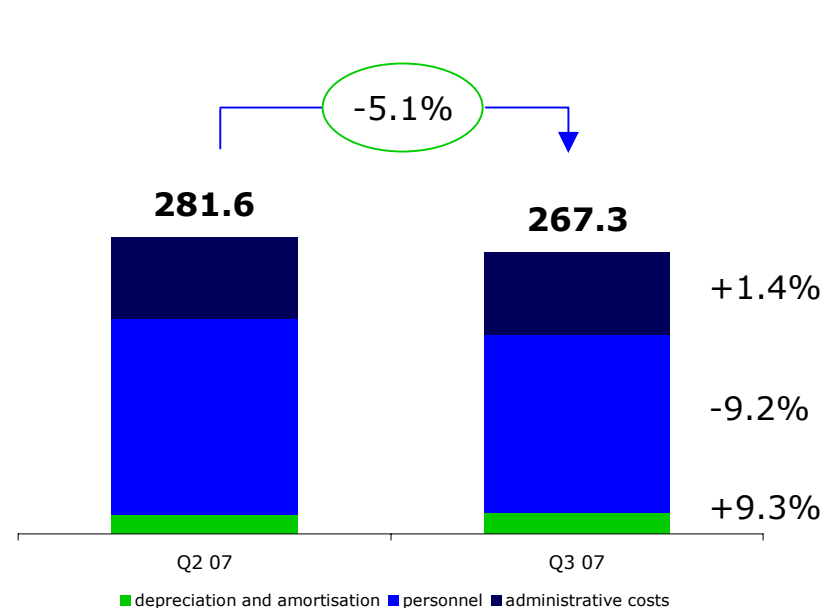
Increase in costs mainly related to higher volumes

- Personnel costs grew by € 32.5m YoY primarily explained by impact of labour contract updates (€ 13.9m), changes in profit sharing (art. 47 of by-laws) for a total increase of € 18.3m, TFR adjustments due to revised regulation (positive effect for € 4.3m)
- Decline in personnel costs in Q3 mainly related to the lower impact of profit sharing vs. Q2
- Increase in administrative expenses (€ 20.1m) mainly attributable to higher business related costs and IT infrastructure outsourcing, largely offset by a decrease in depreciation (YoY net growth of the two items: +2.7%)

9-month period € m



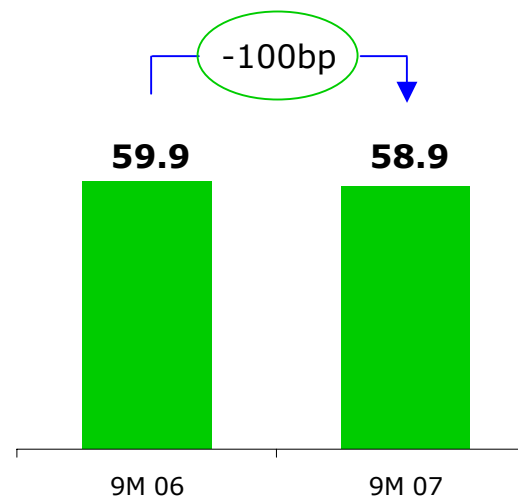
Third quarter € m



Cost income ratio and staff

- Declining trend in cost income continues: down 1 percentage point YoY to 58.9%
- New hires in 9M 2007 mainly related to network expansion, strengthening of sales operations and IT integration of CR Alessandria, which partially anticipated the 2008 hiring program
- Expected exits in Q4: around 100 units

Cost income ratio %

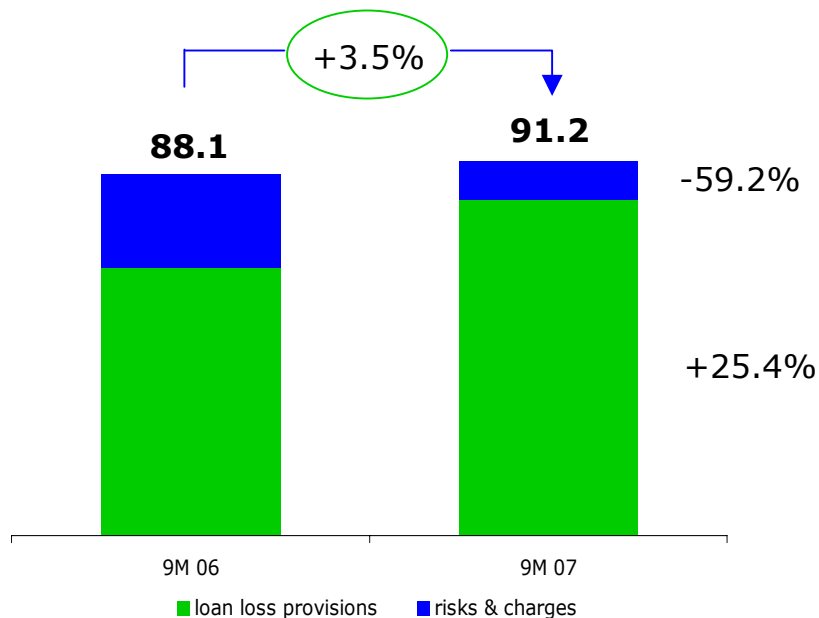


	Sept. 07	Sept. 06	Chg
Employees	8,656	8,495	+161
of which temporary workers	203	122	+81
Points of sale	741	734	+7

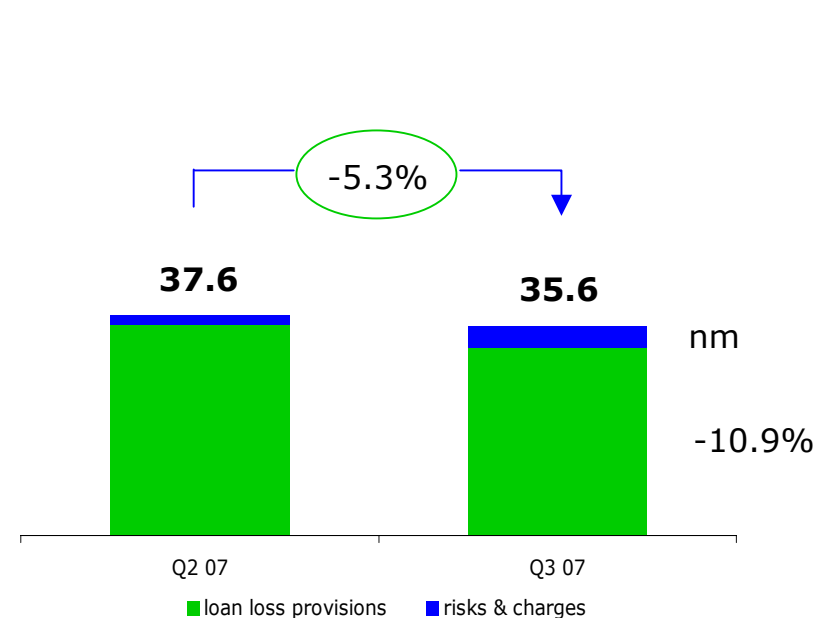
Provisions and adjustments

- Total provisions up € 3.1 m YoY. Main components:
 - adjustments at € 81.9m (up € 16.6m YoY), fully attributable to an increase in provisions on performing loans linked to higher volumes
 - risk provisions at € 9.3m (down 13.5m YoY), mainly referring to claw-back actions or "revocatorie"
- Cost of credit at 42 bps versus 45 bps in September 2006 (annualised figures)

9-month period € m



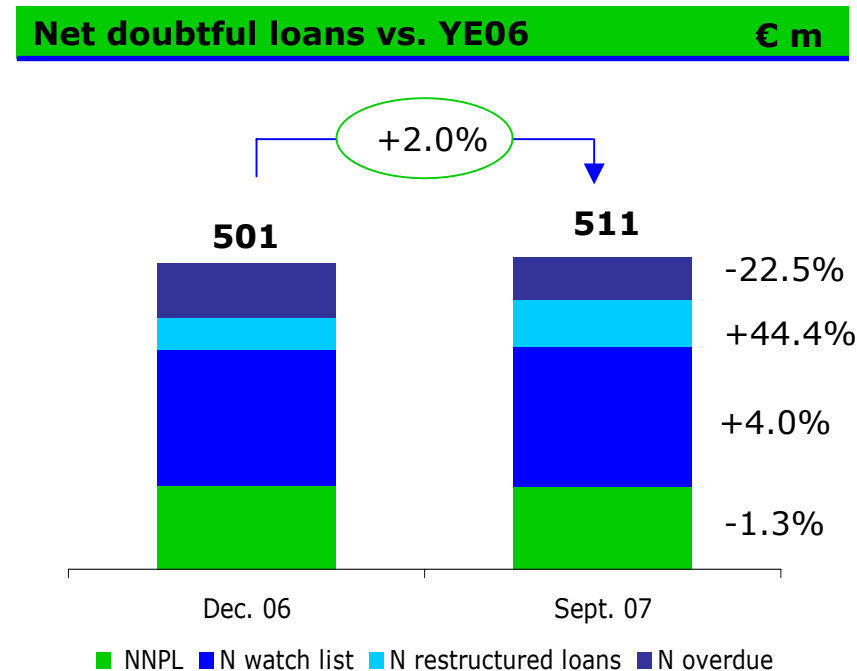
Third quarter € m



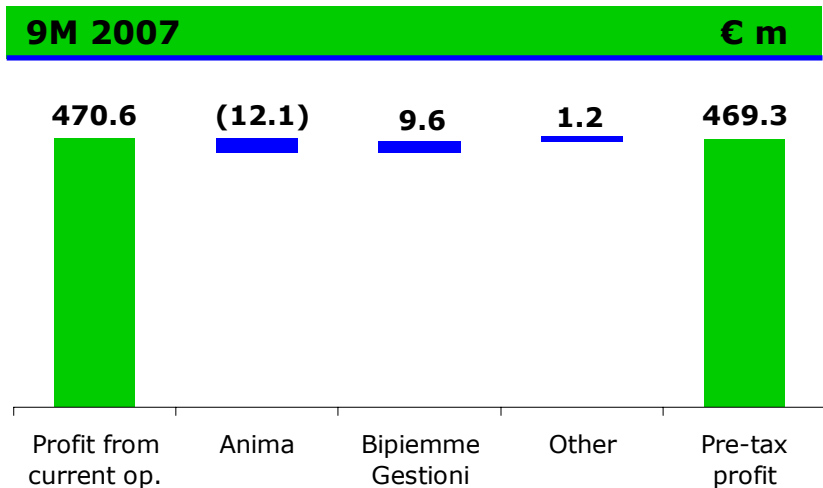
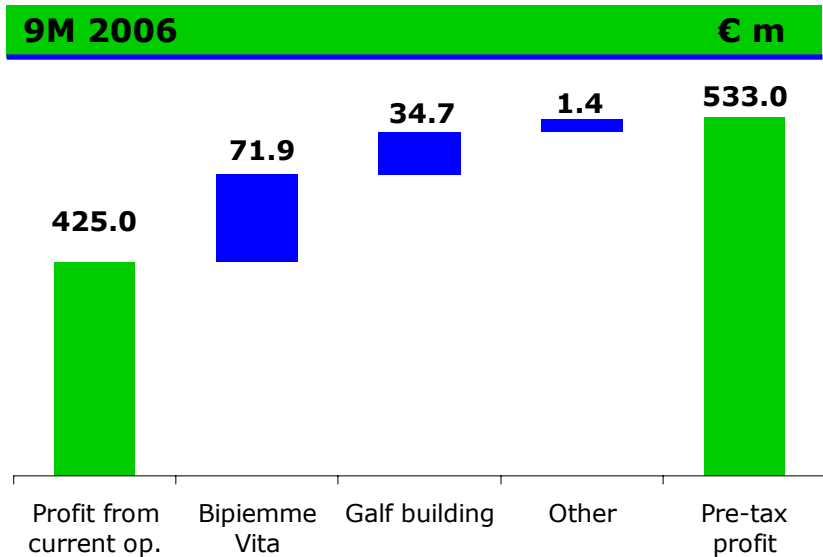
Non performing loans still well below system average

- Net doubtful loans slightly increasing versus YE 2006 and declining at 1.8% of total loans versus 1.9% in December 2006
- Gross doubtful loans at 3.1% of total loans compared with 3.4% at December 2006
- Net non-performing loans at a modest 0.5% of loan portfolio with coverage stable at 70%
- Temporary increase in restructured loans due to a single position already wrote back in October

Sept. 07	Ratio	Coverage
Tot. doubtful loans	1.8%	43.7%
Net NPL	0.5%	70.1%
Watch list	0.8%	14.0%
Restructured loans	0.3%	35.8%
Overdue loans	0.2%	2.6%
Performing loans	98.2%	0.7%

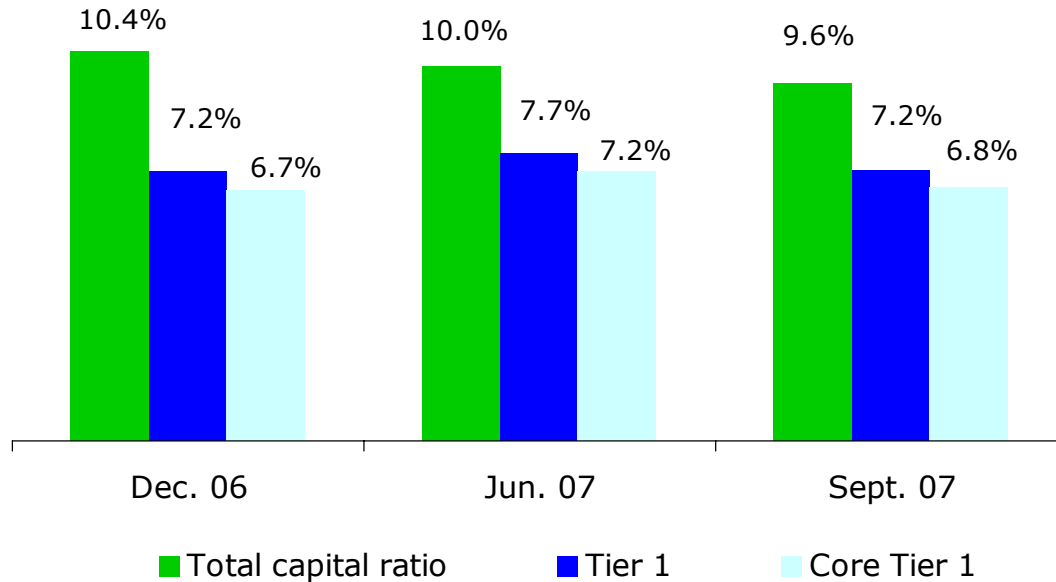


Non recurring items



- 9M 2006 results benefited from gross capital gains totalling € 106.6m for the sale of a stake in Bipiemme Vita and a real estate asset
- 9M 2007 results include non-recurring items negative for € 1.3m. Main components:
 - gross capital gain of € 9.6m for the sale of a 4.995% stake of Bipiemme Gestioni SGR to BP Etruria Lazio
 - write-down of investment in Anima (€ 12.1m) following impairment test under revised assumptions for AUM and inflows evolution

Capital ratios



- Tier 1 capital ratio declines to 7.2% because of increase in RWA (+7.3% in September 07 versus December 06) and the impact of Anima acquisition (42 bps)
- In June, Tier 1 and Core Tier 1 capital ratios benefited from the bonus capital increases of BPM, BdL and CRAL approved in H1 07 (totalling € 287 m)

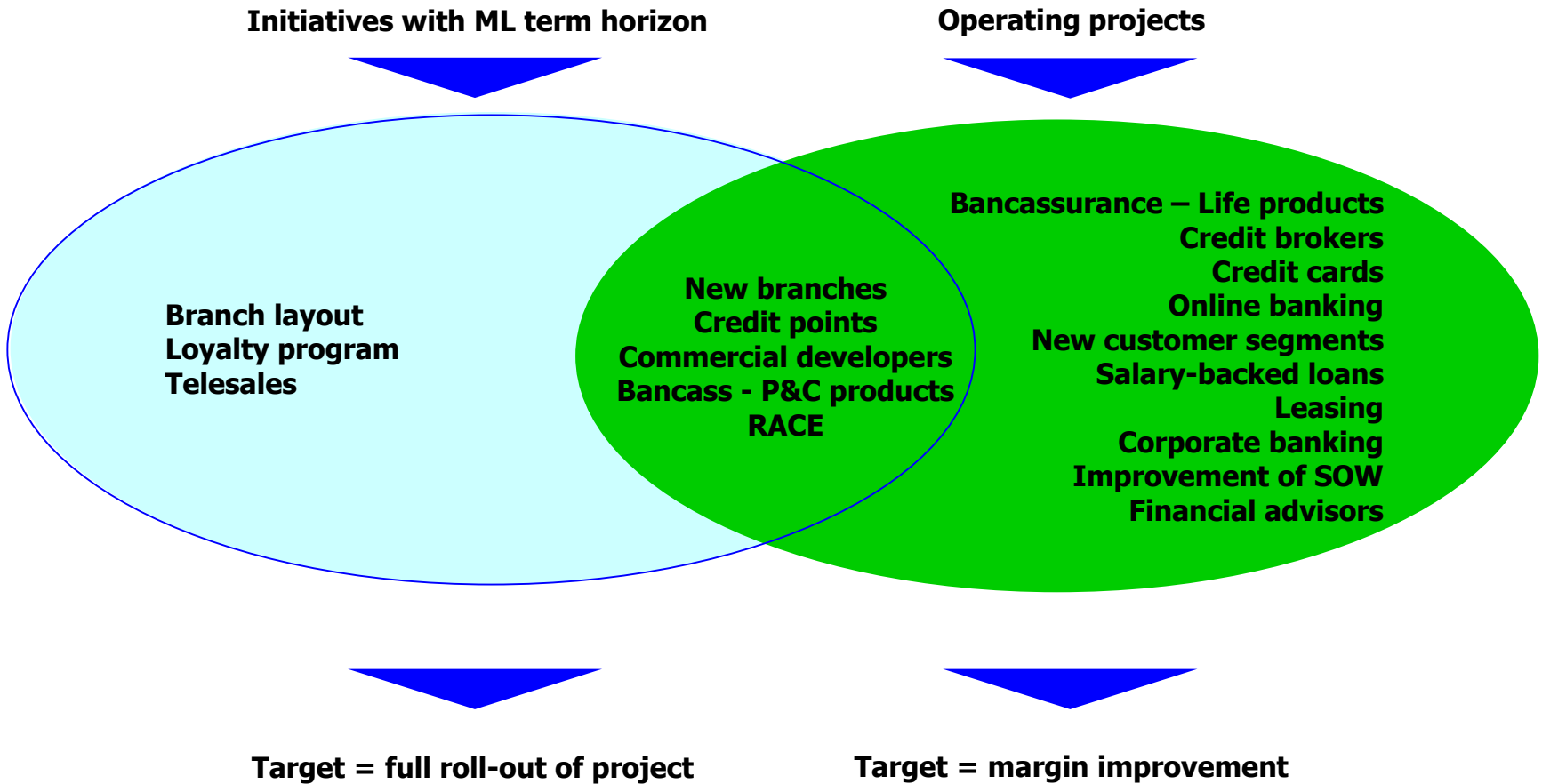
Q3 07 results: reclassified Group P&L

€ m	9M 07	9M 06	% Chg.	Q3 07	Q2 07	% Chg.
Interest income	761.6	666.3	14.3	261.0	266.3	(2.0)
Net fees and commissions	440.7	436.6	0.9	138.5	148.8	(6.9)
Associates, dividends and profits from fin. trans.	120.2	101.9	18.0	1.0	58.1	n.m.
Other operating income	45.3	74.4	(39.1)	14.9	15.1	(1.3)
Non interest income	606.2	612.9	(1.1)	154.4	222.1	(30.5)
Total income	1,367.8	1,279.2	6.9	415.4	488.4	(14.9)
Staff costs	(523.1)	(490.6)	6.6	(169.0)	(186.1)	(9.2)
Administrative costs	(226.5)	(206.3)	9.8	(78.4)	(77.3)	1.5
Depreciation & amortisation	(56.5)	(69.2)	(18.4)	(19.9)	(18.2)	9.3
Operating costs	806.0	766.2	5.2	267.3	281.6	(5.1)
Operating profit	561.7	513.0	9.5	148.1	206.8	(28.4)
Net adjustments to loans and fin. assets	(81.9)	(65.3)	25.4	(32.0)	(35.9)	(10.9)
Net provisions for risks and charges	(9.3)	(22.8)	(59.2)	(3.6)	(1.7)	n.m.
Profit and loss from investments	(1.3)	108.0	n.m.	(2.0)	0.7	n.m.
Profit/loss from current operations before tax	469.3	533.0	(11.9)	110.5	169.9	(35.0)
Income tax for the period	(158.1)	(184.0)	(14.1)	(40.3)	(44.6)	(9.7)
Minorities	(8.9)	(4.0)	121	(2.9)	(3.7)	(21.6)
Group net profit/loss for the period	302.3	344.9	(12.4)	67.3	121.7	(44.7)

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Update on 2007 key development projects

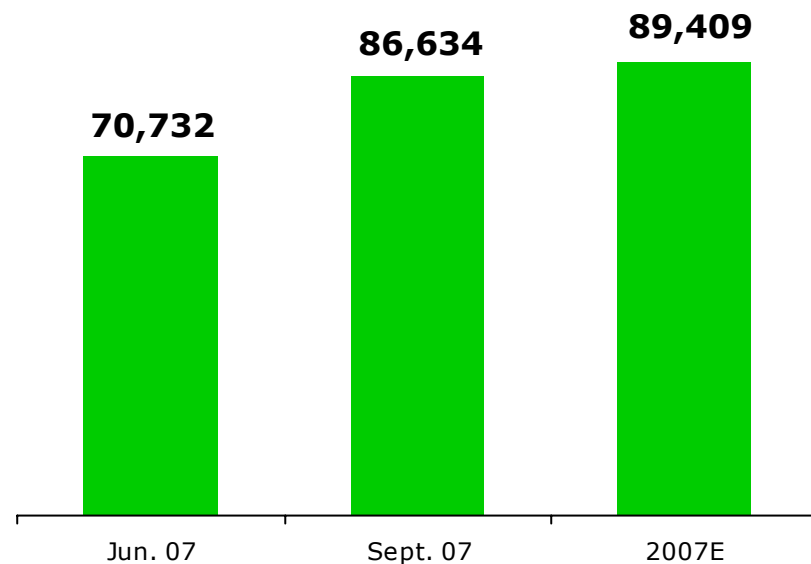
2007-09 commercial development lines



Loyalty program

- Excellent results of the incentive plan launched at the end of March
- Nearly 71,000 participants in the first three months and over 86,000 at the end of September
- Full-year target increased by 15% to around 90,000
- High-profile of customers in the program
- Significant reduction of the defection rate already achieved
- Recent launch of further retention initiatives to stimulate cross-selling

No. of participants



Bancassurance

Property & casualty

- Commercial launch in March (BPM) and June (BdL)
- Staff training completed
- Preliminary results: over 13,300 contracts signed by September amounting to nearly €1m of premiums
- Launch of car insurance as of January 2008
- New products for credit protection under development

Life insurance

- Full implementation of bancassurance agreement with FonSai with the sale of a further 1% stake in BPM Vita at the end of June (FonSai now at 51%)
- Around € 160 m of premiums collected in 9M 2007
- Outstanding productivity per branch – namely at BdL, already close to the 2009 target

New customer segments: Extraordinario

- Product lines devoted to non-EU people to expand BPM's customer base into new clusters
- Over 32,500 customers at Sept. 30
- Recent initiatives:
 - package for financing of new small businesses
 - agreements with partners for money transfer
 - new advertising campaign and mailing from October 2007

Results at 30 Sept. 07 vs. YE06

No. of customers	+8.2%
-------------------------	--------------

Extraordinario (C/A)	+19.3%
-----------------------------	---------------

Mortgages	+2.9%*
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Loans	+19.0%*
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Cross-selling	+17 bps
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* number of granted mortgages/loans

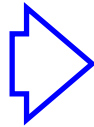
Credit card issuing: Cartimpronta

**Renewed
partnership with
Mastercard**



- Duration: 5 years
- Including rebate fees for BPM linked to card usage levels (up to €3.5m)

**Agreement with
KeyClient**



- Processing of credit cards
- Lower costs vs. previous processor

**SHARE OF COST
SAVINGS WITH
CUSTOMERS
THROUGH A
VERY
COMPETITIVE
PRICING**

- Launch of new cards in February
- 62,500 cards sold at September 30, of which over 25,000 new issues
- Total turnover above € 80m in September, 4 times higher than in June

Other key projects underway

	Actions	Goals	Progress to date
Salary backed loans	<ul style="list-style-type: none">Complete BPM's offer in consumer creditPartnership with Pitagora	<ul style="list-style-type: none">Increase volumes in consumer credit (2009E: up €150m)Share of credit risk	<ul style="list-style-type: none">Around 1,000 customersGranted loans: around €14m in 9M 2007
Online banking	<ul style="list-style-type: none">WE @ bank: online banking focused on retailInLineanet: online banking for SMEs	<ul style="list-style-type: none">Improve cost-to-serve through use of automatised processesIncrease customer penetration and cross-selling	<ul style="list-style-type: none">Over 13m operations in 9M 2007293,000 operating customersAround 50,000 acquisitions in 2007, of which one third are new BPM's customers
Leasing	<ul style="list-style-type: none">Revised agreement with Selma Bipiemme Leasing	<ul style="list-style-type: none">Additional volumes: €250m by 2009Selling campaignInternal roadshow for corporate units	<ul style="list-style-type: none">New issues in 9M 2007: 2,200 contracts amounting to around €300m (+51% YoY)

Q&A session



Banca Popolare di Milano