Press release

Banca di Legnano (BPM Group) announces a net profit of Euro 90.5 million for 2007 and a dividend of Euro 0.175 per share.

On 14 March 2008, the Board of Directors of Banca di Legnano (Banca Popolare di Milano Group) approved the 2007 financial statements, which show extremely sound results for the year. Net profit totalled Euro 90.5 million, compared to Euro 133.8 million in 2006.

The decrease in net profit is mainly due to non-recurring income of 2006, which included the Euro 58.8 million gain on the sale of Bipiemme Vita SpA. In 2007, the bank reported non-recurring income from gains of Euro 15.2 million. Not considering these transactions, the pre-tax profit for 2007 amounts to Euro 121.9 million, up 6.4% on the Euro 114.6 million of 2006.

A year-on-year comparison should also consider the decrease in dividends following the sale of Bipiemme Vita (Euro 8.9 million distributed in 2006) and the higher tax charge (approximately Euro 6.1 million), in relation to the reduction in deferred tax assets and liabilities as a result of the drop in the IRES/IRAP rates.

Business grew again in 2007 (direct deposits up 8.8% on average, with loans up 11.4%), while interest rate spreads increased and the bank gained competitive edge in its market. Confirming this improvement, net interest income rose 14.9% on 2006.

Other income did not perform quite so well, slipping from Euro 89.4 million to Euro 81.1 million, due to the overall downturn in the markets for securities and assets under management, legislative restrictions on commissions and the decrease in dividends (from Euro 25.5 million to 19.3 million), mentioned above. However, reclassified operating income grew 4.9% from Euro 215.4 million to Euro 226.0 million.

Despite the contractual expenses of the new national labour agreement, operating costs grew by only 4.2%, boosting operating profit up 5.4%, while reducing the cost/income ratio from 41.2% to 40.9%.

The decrease in net adjustments for losses on loans (from Euro 11.0 million to Euro 8.7 million) also contributed to the bank’s net profit.
At year end, direct deposits from customers amounted to Euro 2,709 million, up 4.0% year-on-year (bonds rose 15.5%). Indirect deposits amounted to Euro 3,993 million, including assets under management of Euro 2,043 million, slightly down on the previous year (−1.2%).

Customer loans totalled Euro 2,975 million, up 13.3% year-on-year, showing growth of Euro 349 million on the December 2006 figure (combined mortgages and loans rose 18.7%, while current account deposits grew 14.9%).

Credit quality remained high, with net non-performing loans accounting for only 0.34% of net loans (0.30% at year end 2006), versus a market average of 1.09%.

The bank also boasted ROE of 7.93%, an excellent result, especially considering its substantial capitalisation.

The Board of Directors will propose the distribution of a dividend of Euro 0.175 per share (compared to Euro 0.26 per share in 2006 and Euro 0.12 per share in 2005) to the shareholders called to meet on 14 April 2008.

Legnano, 14 March 2008