



BANCA POPOLARE DI MILANO

The Board of Directors has approved BPM Group's Q1 2009 results

Net profit totalled € 72.2 million, thanks to the commercial sector and the trend in the financial activities

- **Net profit: € 72.2 million (+16.3% YoY)**
- **Operating income: € 489.5 million (+21.8%)**
- **Operating profit: € 214.7 million (+51.4%)**
- **Funding: € 35.7 billion (+11.5%)**
- **Customer loans: 31.6 billion (+4.5%)**

In today's meeting the Board of Directors of Banca Popolare di Milano reviewed and approved the group's results as at 31 March 2009. Despite the difficult macroeconomic conditions also during Q1 09, the commercial sector and the good trend in the financial activities allowed quarterly net profit to reach € 72.2 million (up 16.3% YoY).

First of all, we would like to point out that there has been a change in the group's scope of consolidation (vs March 2008) 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: about +3% operating income, about +4% operating costs and about +1.7% operating profit.

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Direct customer deposits and issued securities

The direct deposits (amounts due to customers, debt securities issued and financial liabilities at fair value) stand at € 35,734 million, up by 11.5% YoY. In detail, direct customer deposits (€ 20,739 million) increased by 4.4% compared to 31 March 2008, mainly due to the increase in current accounts and savings deposits (+12.3%).

The debt securities issued rose significantly to € 12,759 million (+36.6%) YoY, mainly due to the increase in the bonds issued in the last 12 months: specifically, covered bonds for € 1 billion, subordinated bonds for € 755 million (lower tier 2) and € 300 million in innovative equity instruments (Tier 1).

Indirect customer deposits

As at 31 March 2009, the indirect deposits from customers amounted to € 40,859 million (+3.9% compared to 31 March 2008). This increase was mainly due to the consolidation of Anima Sgr, which contributed € 6,063 million to the amount of assets under management as at 31 March 2009. In detail, the assets under management – including the foregoing contribution from Anima Sgr – increased by 16.4% to € 21,775 million.

The group's share of the mutual funds market increased from 2.28% in December 2008 to 3.88% as at 31 March 2009. Even without the funds managed by Anima Sgr the group's share of the mutual funds market rose to 2.34%.

The assets under custody of non-institutional customers fell to € 19,084 million, down 7.5% compared to 31 March 2008, mainly due to the deterioration in the market prices.

Customer loans

Customer loans stood at € 31,556 million, up 4.5% compared to 31 March 2008, driven mainly by mortgages which, including securitised mortgage loans classified under the "assets sold but not cancelled", rose by 13% YoY to € 13,591 million.

Though the credit quality was worse YoY owing to the worse macroeconomic conditions, it was still good, recording the percentage of total net impaired loans on the total loan portfolio at 3.1% and net non-performing loans on total loans at 0.7%, below the industry average (1.27%). The coverage level of non-performing loans was 65%.

Net interbank position

The group's net interbank position as at 31 March 2009 was positive at € 1,291 million, compared to the € -1,348 million as at 31 March 2008. This increase was mainly due to the tight control on the group's liquidity position and the said issuance of mid/long-term bonds in 2008.

Equity

As at 31 March 2009, the group's net equity was € 3,301 million. The core tier 1 stood at 6.13%, the tier 1 was 7.25% and the total capital ratio was 11.48%.

Operating income

As at 31 March 2009, BPM's operating income was € 489.5 million, up by 21.8% YoY. In detail, despite the increase in the volumes traded with customers, net interest income was € 241.1 million, a decrease of € 19.8 million (-7.6%) mainly due to the increase in the cost of funding on wholesale markets and to the tighter interest rate spread.

Within the so-called "non-interest income" segment, net fee and commission income stood at € 135,7 million (-0.9%), of which net commission on brokerage and advisory services decreased by 3.8%.

The net income from financial activities was positive for € 101.9 million compared to the negative balance of 14.5 million as at 31 March 2008. This increase was mainly due

to the interest rate derivative transactions carried out at the beginning of the year in order to protect the stability of the interest margin of commercial activities, given the expected decrease in interest rates. The strong fall in interest rates in the first quarter of 2009 (more than 150 bps in short-term rates) led to a significant capital gain (€ 60.3 million), which has been booked under trading income.

Other operating income and charges decreased 12.1% YoY to € 13.5 million.

Operating costs

Total operating costs as at 31 March 2009 stood at € 274.9 million, up 5.7% compared to 31 March 2008; 4% of this increase was due to the said widening of the scope of consolidation. In detail, personnel expenses rose to € 183.9 million due to the increase in the number of staff and to early retirements.

Other administrative expenses fell by 2.2% YoY to € 71 million.

Operating profit

Given the foregoing, BPM's operating profit increased by 51.4% YoY to € 214.7 million.

Provisions and adjustments

Total provisions amounted to € 87.6 million, up € 55.7 million compared to 31 March 2008. In detail, net adjustments stood at € 73.1 million, mainly due to adjustments to credits (€ 69 million) and provisions for risks and charges (€ 14.5 million), almost all due to allocations for clawback actions.

Net profit

After recording € 53.7 million for tax (at a tax rate of 42.3%) and € 1.2 million profits from minority interests, the group's net profit as at 31 March 2009 stood at € 72.2 million (+16.3% compared to 31 March 2008).

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	€ 30,052 million (+11.6% YoY)
Customer loans	€ 26,605 million (+1.4%)
Assets Under Management	€ 10,910 million (-17.2%)
Assets Under Custody	€ 14,496 million (-7%)
Operating income	€ 374.3 million (+18%)
Operating profit	€ 169.1 million (+43.8%)
Net profit	€ 58.8 million (+17.3%)

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.

Milan, 12 May 2009

For the purpose of providing more complete data on the first quarter 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 quarterly 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). Please note that such schedules have not been audited by the group's appointed accounting firm.

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Bipiemme Group-Reclassified Balance Sheet

(Euro/000)

Compulsory format codes	Assets	31.03.2009 A	31.12.2008 B	31.03.2008 C	Changes A-B		Changes A-C	
					change	%	change	%
10.	Cash and cash equivalents	212,592	252,708	205,540	-40,116	-15.9	7,052	3.4
	Financial assets at fair value and hedging derivatives:	5,833,372	5,362,142	6,578,003	471,230	8.8	-744,631	-11.3
20.	-Financial assets held for trading	2,400,042	2,348,353	3,345,152	51,689	2.2	-945,110	-28.3
30.	-Financial assets designated at fair value through profit and loss	1,285,177	865,806	1,152,545	419,371	48.4	132,632	11.5
40.	-Financial assets available for sale	1,934,186	1,994,565	2,049,351	-60,379	-3.0	-115,165	-5.6
80.	-Hedging derivatives	213,967	153,418	30,955	60,549	39.5	183,012	n.s.
60.	Loans and advances to banks	4,165,751	3,476,438	3,560,077	689,313	19.8	605,674	17.0
70.	Loans and advances to customers	31,556,195	32,898,927	30,201,620	-1,342,732	-4.1	1,354,575	4.5
100. 120. 130.	Fixed assets	1,867,616	1,777,635	1,651,438	89,981	5.1	216,178	13.1
140. 160.	Other assets	1,637,012	1,270,871	1,347,195	366,141	28.8	289,817	21.5
	Total assets	45,272,538	45,038,721	43,543,873	233,817	0.5	1,728,665	4.0

Compulsory format codes	Liabilities and shareholders' equity	31.03.2009 A	31.12.2008 B	31.03.2008 C	Changes A-B		Changes A-C	
					change	%	change	%
10.	Due to banks	2,874,958	3,473,930	4,907,827	-598,972	-17.2	-2,032,869	-41.4
20.	Due to customers	20,739,377	20,517,894	19,867,987	221,483	1.1	871,390	4.4
30.	Debt securities in issue	12,759,036	12,009,442	9,342,814	749,594	6.2	3,416,222	36.6
	Financial liabilities and hedging derivatives:	3,654,984	3,658,670	4,195,562	-3,686	-0.1	-540,578	-12.9
40.	-Financial liabilities held for trading	1,416,700	1,120,320	1,356,430	296,380	26.5	60,270	4.4
50.	-Financial liabilities designated at fair value through profit and loss	2,235,767	2,536,335	2,837,639	-300,568	-11.9	-601,872	-21.2
60.	-Hedging derivatives	2,517	2,015	1,493	502	24.9	1,024	68.6
80. 100.	Other liabilities	1,344,211	1,539,170	1,172,452	-194,959	-12.7	171,759	14.6
110. 120.	Provisions for specific use	461,589	451,033	432,087	10,556	2.3	29,502	6.8
140. 160. 170. 180. 190.200.	Share capital and reserves	3,229,055	3,177,278	3,438,069	51,777	1.6	-209,014	-6.1
210.	Minority interests (+/-)	137,161	136,035	124,997	1,126	0.8	12,164	9.7
220.	Net profit (loss) for the period (+ / -)	72,167	75,269	62,078	-3,102	n.s.	10,089	16.3
	Total Liabilities and Shareholders' Equity	45,272,538	45,038,721	43,543,873	233,817	0.5	1,728,665	4.0

Bipiemme Group - Reclassified Income Statement

(Euro/000)

Compulsory format codes	Income statement	March 2009	March 2008	Changes	
				Change	%
10. 20.	Net interest income	241,114	260,867	(19,753)	-7.6
40. 50.	Net fee and commission income	135,703	136,926	(1,223)	-0.9
o/w 240.	Share of Profit (loss) on investments valued under the equity method	(3,523)	2,110	(5,633)	n.s.
70.	Dividend and similar income	795	1,059	(264)	-24.9
80. 90. 100. 110.	Net income (loss) from financial activities	101,941	(14,464)	116,405	n.s.
220.	Other operating income/expense	13,518	15,383	(1,865)	-12.1
	Operating income	489,548	401,881	87,667	21.8
180.	Administrative expenses	(254,821)	(242,629)	12,192	5.0
	a) personnel expenses	(183,887)	(170,091)	13,796	8.1
	b) other administrative expenses	(70,934)	(72,538)	(1,604)	-2.2
200. 210.	Net adjustments on property, plant and equipment and intangible assets	(20,073)	(17,489)	2,584	14.8
	Operating costs	(274,894)	(260,118)	14,776	5.7
	Operating profit	214,654	141,763	72,891	51.4
130.	Net adjustments on impairment of loans and financial assets	(73,120)	(28,518)	44,602	156.4
190.	Net provisions for risks and charges	(14,489)	(3,413)	11,076	n.s.
240. 250. 260. 270.	Profits (losses) on disposal of investments	0	(162)	162	n.s.
280.	Profit (loss) before tax from continuing operations	(127,045)	(109,670)	17,375	15.8
290.	Taxes on income from continuing operations	(53,691)	(45,336)	8,355	18.4
320.	Net profit (loss) for the period	73,354	64,334	9,020	14.0
330.	Net profit (loss) for the period pertaining to minority interests	(1,187)	(2,256)	(1,069)	-47.4
340.	Net profit (loss) for the period pertaining to the Parent Bank	72,167	62,078	10,089	16.3
Earnings per share (euro)		0.176	0.150		
Diluted earnings per share (euro)		0.168	0.144		

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** (- 3.523 thousand as at 31.03.2009 and + 2.110 thousand as at 31.03.2008), 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" (14,070 thousand as at 31.03.2009 and 14,154 thousand as at 31.03.2008) and were increased by the amount of "depreciation of leasehold improvement costs" (1,289 thousand as at 31.03.2009 and 1,085 thousand as at 31.03.2008). 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"** (73,120 thousand as at 31.03.2009 and 28,518 thousand as at 31.03.2008) reported under line item 130, are included after "Operating income" in the reclassified scheme.

Bipiemme Group - Reclassified Income Statement (quarterly evoluition) (Euro/000)

Compulsory format codes	Income statement	2009	2008			
		Q1 2009	Q4 2008	Q3 2008	Q2 2008	Q1 2008
10. 20.	Net interest income	241,114	276,599	263,540	266,701	260,867
40. 50.	Net fee and commission income	135,703	111,993	126,505	142,056	136,926
o/w 240.	Share of Profit (loss) on investments valued under the equity method	(3,523)	1,985	1,057	(2,875)	2,110
70.	Dividend and similar income	795	20,210	32,894	124,561	1,059
80. 90. 100. 110.	Net income (loss) from financial activities	101,941	(57,525)	(62,475)	(75,524)	(14,464)
220.	Other operating income/expense	13,518	9,651	17,447	14,197	15,383
	Operating income	489,548	362,913	378,968	469,116	401,881
180.	Administrative expenses	(254,821)	(249,187)	(244,956)	(271,510)	(242,629)
	a) personnel expenses	(183,887)	(158,567)	(168,313)	(195,205)	(170,091)
	b) other administrative expenses	(70,934)	(90,620)	(76,643)	(76,305)	(72,538)
200. 210.	Net adjustments on property, plant and equipment and intangible assets	(20,073)	(19,646)	(17,145)	(18,449)	(17,489)
	Operating costs	(274,894)	(268,833)	(262,101)	(289,959)	(260,118)
	Operating profit	214,654	94,080	116,867	179,157	141,763
130.	Net adjustments on impairment of loans and financial assets	(73,120)	(127,190)	(56,262)	(26,785)	(28,518)
190.	Net provisions for risks and charges	(14,489)	(16,124)	(12,899)	(2,091)	(3,413)
240. 250. 260. 270.	Profits (losses) on disposal of investments	0	(11,439)	(104)	(33,811)	(162)
280.	Profit (loss) before tax from continuing operations	127,045	60,673	47,602	116,470	109,670
290.	Taxes on income from continuing operations	(53,691)	(6,120)	(30,566)	(48,121)	(45,336)
320.	Net profit (loss) for the period	73,354	66,793	17,036	68,349	64,334
330.	Net profit (loss) for the period pertaining to minority interests	(1,187)	(880)	(1,199)	(3,322)	(2,256)
340.	Net profit (loss) for the period pertaining to the Parent Bank	72,167	67,673	15,837	65,027	62,078