

Milan, November 29, 2005

**BANCA POPOLARE DI MILANO AND FONDIARIA-SAI REACHED AN
AGREEMENT FOR THE JOINT DEVELOPMENT OF THE BANCASSURANCE
BUSINESS**

JOINT PRESS RELEASE

Under Art.114 of Legislative Decree 58/98

- **Banca Popolare di Milano and the Fondiaria-SAI Group reached an agreement for the joint development of their bancassurance activities;**
- **the agreement envisages the sale, by BPM, of 46% of Bipiemme Vita S.p.A.'s share capital to the Fondiaria-SAI Group at a price equal to Euro 94.3 million;**
- **the transaction could be completed through the acquisition of Bipiemme Vita's control by the Fondiaria-SAI Group by June 30, 2007;**
- **the agreement also envisages the development of a partnership in the non-life business as well as the provision of Asset Management, Investment and Commercial Banking services to the Fondiaria-SAI Group by the BPM Group;**
- **the sale of the 46% stake, subject to all regulatory approvals, is expected to take place by the end of Q1 2006.**

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Today, the Board of Directors of Banca Popolare di Milano S.c.r.l. ("**BPM**" or the "**Bank**") resolved to accept the offer extended by Fondiaria-SAI S.p.A. in connection to the joint development – under exclusivity terms – of BPM Group's activity in the life bancassurance business, thus subscribing a Master Agreement containing the key principles of the project.

Such Master Agreement envisages, subject to all regulatory approvals, the sale of a 46% stake in Bipiemme Vita S.p.A. ("**Bipiemme Vita**" or the "**Company**") by BPM and its

controlled subsidiary Banca di Legnano, as well as the transfer of Bipiemme Vita's control from the BPM Group to the Fondiaria-SAI Group, through the acquisition of two additional stakes in the Company equal to 4% and 1% in two different moments, respectively, by June 30, 2007.

BPM and Fondiaria-SAI will subscribe a shareholders' pact regulating Bipiemme Vita's corporate governance as well as the industrial profile of the partnership. Under the terms of such agreement, the Company will be granted access to the BPM Group's distribution network for a 5-year term starting from the closing of the transaction, with the possibility to renew the agreement for another 5-year period, should the parties agree to do so.

The agreed consideration for the 46% stake in Bipiemme Vita is equal to Euro 94.3 million, corresponding to a valuation of Euro 205 million for the entire share capital of the Company. At closing – expected to take place at the beginning of 2006 – such price will be adjusted primarily as per Company's 2005 dividends – yet to be determined – which will be distributed to the current shareholders.

Bipiemme Vita is the insurance company of the BPM Group, operating through approximately 700 BPM branches with Euro 518 million gross written premiums in 2004. In 2004, the Company reported a Euro 11.8 million net income; as of June 30, 2005, shareholders' equity amounted to Euro 53.9 million and total technical reserves to Euro 2,904 million.

In the current market environment, driven by customer refocus towards traditional insurance products, the partnership will allow Bipiemme Vita to benefit from the technical and commercial know-how of a leading insurance player such as Fondiaria-SAI, supporting new products' development and enhancing the Bank customers' penetration. As per Fondiaria-SAI, the partnership will allow to benefit from BPM Group's expertise in Commercial Banking.

Under the terms of the agreement, the parties have also committed to develop a partnership in the non-life business, which will be defined by a non-exclusive distribution agreement of Fondiaria-SAI products through BPM Group's network. Moreover, in the context of the overall agreement, the BPM Group will provide Fondiaria-SAI with Asset Management, Investment and Commercial Banking services.

The agreement will allow the BPM Group to take advantage of a broader technical and managerial support dedicated to insurance products, in order to significantly increase production volumes and to better address customer needs through an improved product mix. This also in relation to the role that banks and insurance companies will play in favour of families and SMEs in the context of the expected development of the private pension schemes.

Upon completion of the transfer of the majority of Bipiemme Vita's share capital to Fondiaria-SAI, the transaction will also allow BPM to minimise the regulatory capital absorption arising from the forthcoming adoption of "Basel II" rules.

For Fondiaria-SAI the transaction represents an additional growth opportunity in the life business, where the Group reached Euro 2,807 million of gross written premiums in 2004, of

which Euro 936 million via the bancassurance channel. From an industrial standpoint, the transaction perfectly complements other bancassurance agreements currently in place within the Fondiaria-SAI Group, which will remain key drivers in the context of the company's growth policies.

The sale of the 46% stake, subject to all regulatory approvals, is expected to take place by the end of Q1 2006.

BPM and Fondiaria-SAI have been assisted by KPMG Corporate Finance and JPMorgan, as their respective financial advisors, and by Studio Legale Lombardi Molinari e Associati and Studio Legale Associato d'Urso Munari Gatti, as their respective legal counsels. Mediobanca - Banca di Credito Finanziario has carried out the role of joint strategic advisor.

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