



Bipiemme Group Obbligazioni Bancarie Garantite Programme

September 2009

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2009 figures include the effects of the amendments applied to the new scope of consolidation due to the tender offer on Anima SGR, the acquisition of Banca Popolare di Mantova (56.9%) and former Unicredit branches (38).

The impact on the P&L of the above transactions is ~3% of total revenues, ~4% of operating expenses and ~1.5% of the operating profit.

Executive Summary

Banca Popolare di Milano (BPM) is delighted to present its Aaa/AAA (Moody's/Fitch) rated Obbligazioni Bancarie Garantite (OBG) Programme

BPM Group

- BPM Group is the 8th Italian group by total assets (€44 billion)* with a leading position in the Northern regions of Italy
- The Group's business is diversified even though commercial banking constitutes the core activity
- BPM Group has a very solid deposit base
- The Group is rated A1/A-/A (Moody's/S&P/Fitch), with outlook stable (Moody's) and negative (Fitch/S&P)

The OBG Programme

- The Italian legislation provides a strong framework for investors, fully in line with the most advanced European market standards
- BPM's Programme, rated by Moody's and Fitch, was the first to be launched in July 2008 under the Obbligazioni Bancarie Garantite Legislation ("Law")
- All the bonds issued under the Programme fully benefit from the provisions and protection granted under this framework

Italian banking sector overview

- Significantly less leveraged than the rest of Europe
- The Northern part of Italy is traditionally the wealthiest area and provides the largest deposit pools

The Cover Pool

- 100% prime Italian, first lien, residential mortgages
- Assets have been legally segregated according to the Law
- Only performing loans added to cover pool (no loans in arrears)
- WA Current LTV: 53.05%

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BPM Group Business Profile

Overview

- BPM Group ("BPM") is a listed cooperative company established in Milan in 1865
- **#8 banking** group and **#4 Popolare bank** in Italy in terms of total assets (**€44bn**)

Market Positioning

- Strong local franchise: 824 points of sales, of which 795 retail branches
- Funding: +3.1% YoY o/w core sight deposits +14.3% YoY
- Loans: flat YoY but +1.5% QoQ
- AUM: 4.0% market share
- Leading position in Lombardy (Northern Italy): 7.2% market share in terms of retail branches

Capital Structure

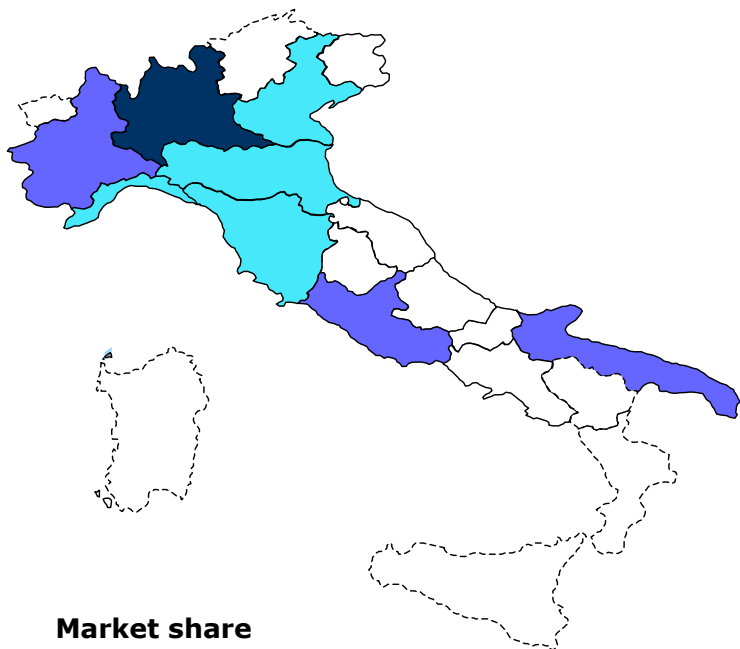
- Core Tier 1 Ratio: 6.2% (7.6% including €500m MEF Instrument)
- Tier 1 Capital Ratio: 7.3% (8.9% including €500m MEF Instrument)
- Total Capital Ratio: 11.5% (12.9% including €500m MEF Instrument)

Deep penetration in Italy's Wealthiest Areas

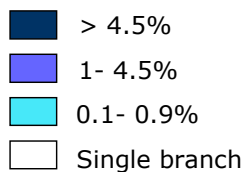


BANCA POPOLARE DI MILANO

8th Italian banking group



Market share



	Retail branches June09 (*)	Market share (**)	GDP (***)
Lombardy	490	7.2%	20.7%
o/w Milan	319	12.1%	
Varese	62	12.6%	
Lecco	30	12.8%	
Piedmont	104	3.7%	8.0%
o/w Alessandria	64	20.7%	
Apulia	41	2.8%	4.5%
Latium	85	3.1%	10.9%
Other regions	75	4.0%	
TOTAL	795	2.3%	44.1%

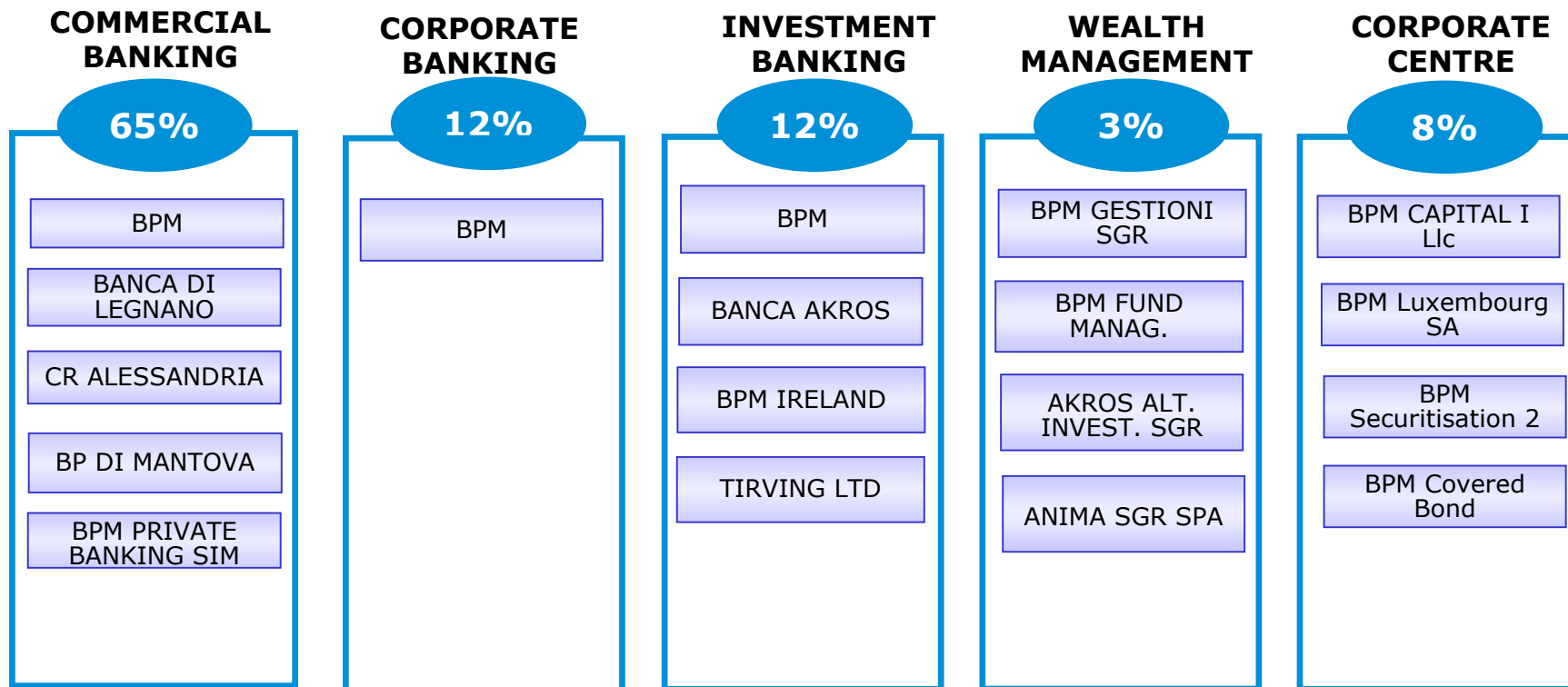
(*) BPM (574), B. Legnano (119), CR Alessandria (92), Banca Akros (1), BP Mantova (9)

(**) Market share as at March 2009

(***) 2006 figures from Italian Statistical Bulletin

A Stable Business Model

Total Income H1 2009
(100% = € 1,000.5m)



Commercial Bkg: composed of retail and small companies with turnover < €50m - Corporate Bkg: composed of companies with turnover €>50m

Source: H109 and Q1 Report

H1 2009 results: highlights

€ m	H1 09(*)	H1 08	%
Loans	32,041	32,042	0.0
Funding	35,085	34,033	3.1
Assets under custody	19,968	20,197	(1.1)
Asset management	23,050	18,007	28.0
Core Tier 1	6.2	6.5	(0.3pp)
Tier1	7.3	7.6	(0.3pp)
TCR	11.5	10.4	1.1pp

Funding: volume trend decelerated because of EMTN bond repayments (€ 1.5bn in April 09)

Loans: stable YoY, up 1.5% QoQ thanks to good performance of new mortgages (€1,130m in Q2 09 vs. €712m in Q1 09)

AUM: boosted by Anima consolidation and good market performance. Market share continued to improve (from 2.10% to 3.99% YoY)

€ m	H1 09(*)	H1 08	%
Interest income	490.6	531.2	(7.6)
Total income	1,000.5	869.4	15.1
Operating profit	434.0	320.9	35.3
Net income	125.0	127.1	(1.7)
Cost/income ratio %	56.6	63.1	(6.5pp)
ROE %	7.8	7.9	

Net interest income down by 7.6% YoY mainly due to reduction in spreads; more than offset by operations put in place to mitigate the forecast decrease in interest rates (€82m), included in NNII (trading income)

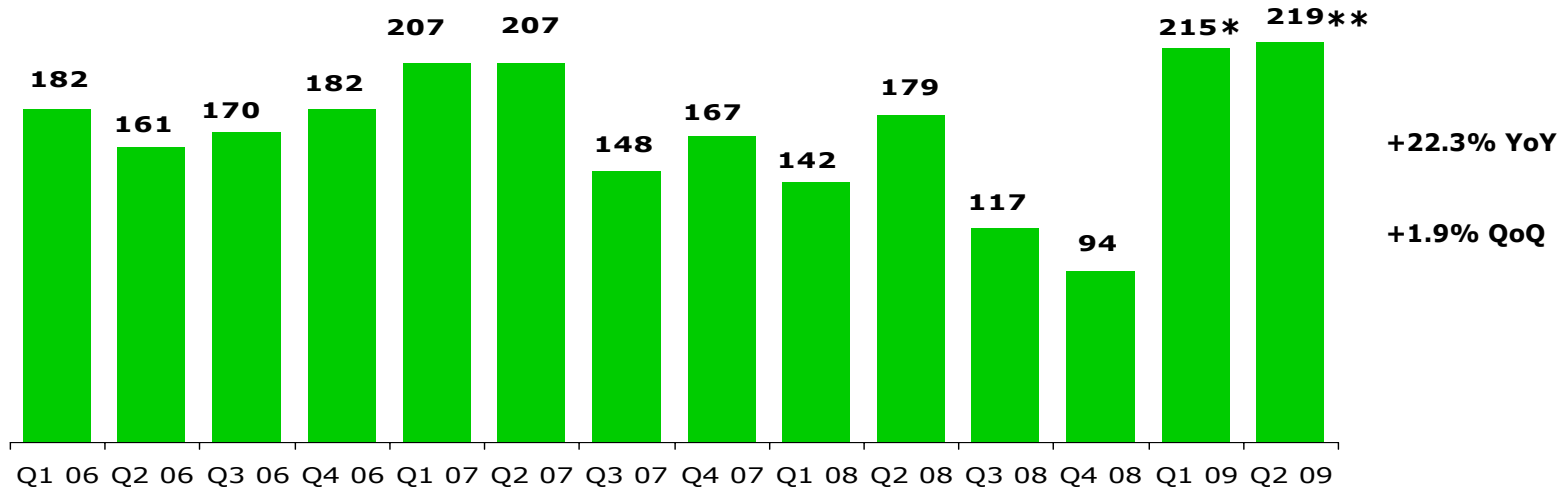
Good trend in net commissions (+3.3%YoY)

Operating profit (+35.3% YoY) driven by total income and cost control (cost income 56.6%)

(*) changes in the scope of consolidation

Operating Profit: the Highest Level in the Last few Years

The highest operating profit level reached by BPM in Q2 09 allows the bank to better face the challenging market environment and related increase in cost of credit



9 (*) 1.5% impact from the new scope of consolidation (Anima, BP Mantova, former UCI branches)

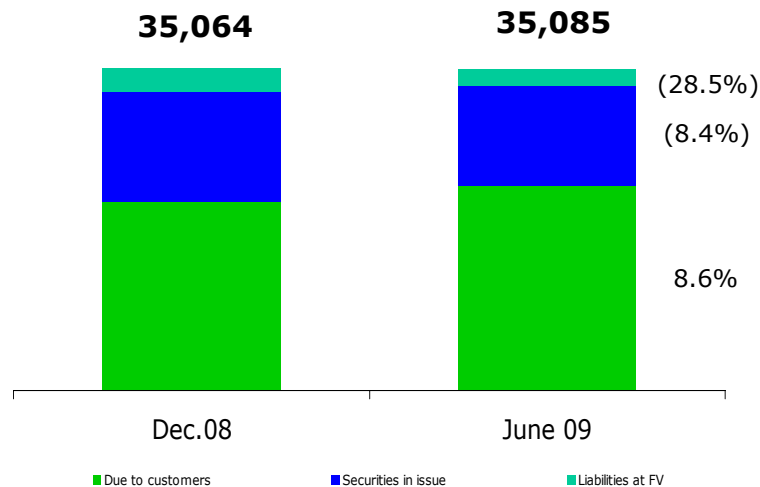
(**) 1.2% impact from the new scope of consolidation (Anima, BP Mantova, former UCI branches)

BPM Funding Structure: a Solid Deposit Base

- BPM's liability mix is well balanced between direct and indirect as well as retail and wholesale funding sources
- BPM's loan to deposit Ratio shows an excellent balance versus its Italian peers
- The yearly commercial banking volumes growth is about 13.5% YoY

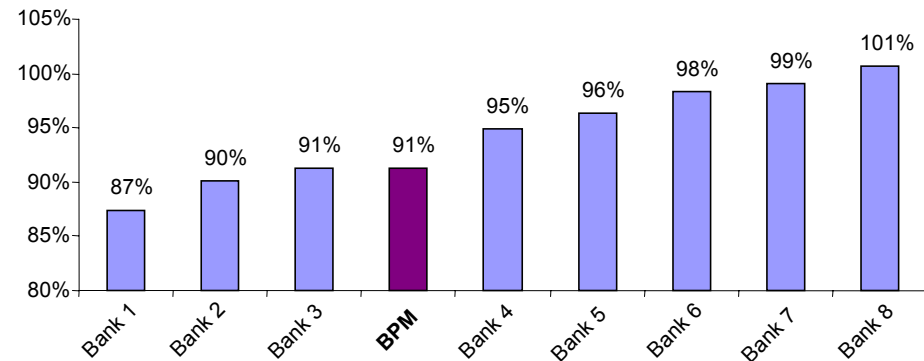
Funding

€ m



Loan to deposit ratio

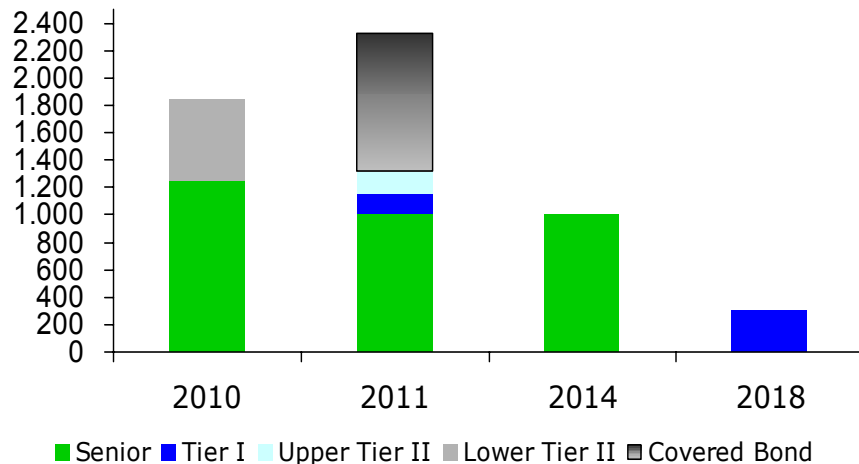
%



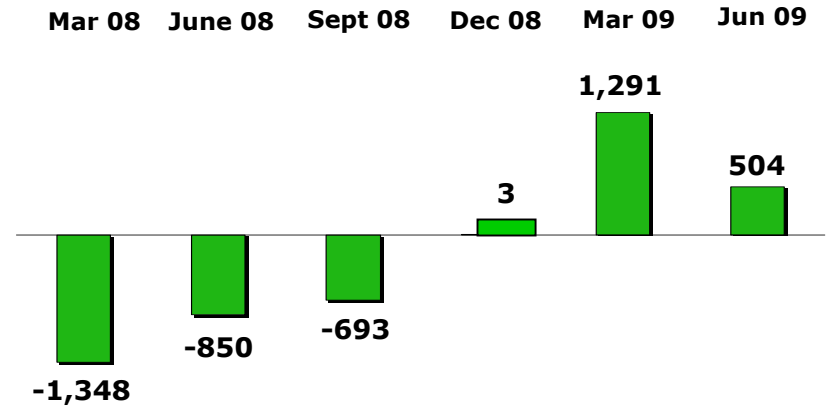
Source: Interim Financial Report as of June 2009

BPM International Funding

BPM Debt maturity profile



Net interbank balance (€m)



- ECB eligible assets amount to approx €2bn

Liquidity Strategy

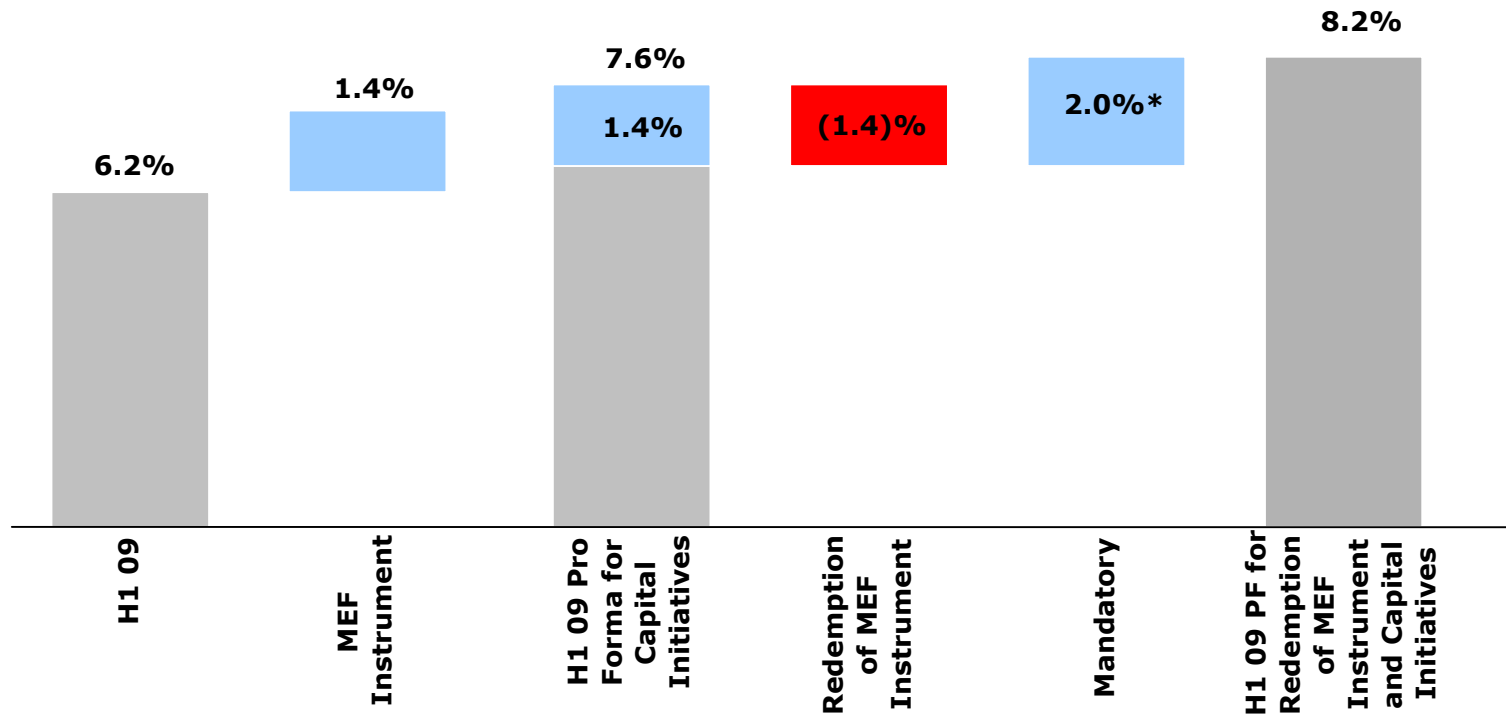
- Diversified funding sources maintaining a good balance among them: strong retail customer funding base (77%), complemented by institutional funding
- Maintain a benchmark presence in the Euro curve at key maturities
- €1 bn OBG Issuance under OBG Programme
- €10bn EMTN programme in support of medium / long-term lending strategy
- Support the loan growth strategy by lengthening the duration profile of liabilities

Source: Internal management report

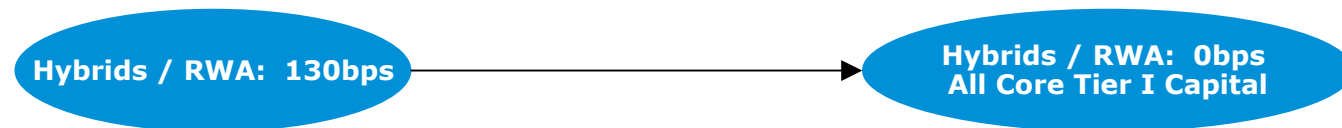
Up Date on Capital Initiatives

		realized	next steps
Accelerate MEF Instrument	<ul style="list-style-type: none"> – €500m of hybrid convertible bonds issued to the Italian Ministry of Economy and Finance – Redeemable at par before June 2013 (premium thereafter) – 8.5% flat coupon non tax deductible (accounted after net income) – ~143bps impact on Core Tier 1 ratio 	all documents finalized for the issuance	Forecast to be issued by October
Mandatory with Free Warrants	<ul style="list-style-type: none"> – Up to €700m of senior Mandatory with free Warrants convertible in up to €500m offered with pre-emptive rights to all existing shareholders – Mandatory conversion by June 2013 at a strike min. of € 6 and max € 7 – 6.75% annual coupon tax deductible – Warrant with strike at €8 in 2013 	34% of total underwritten	underwriting period extended (31 st December 2009)
Hybrid Tier 1 Tender Offer	<ul style="list-style-type: none"> – Tender offer on up to €460m Hybrid Tier 1 instruments – Up to €40m of coupon savings 	documents finalizations in progress	ready to start as soon as the MEF instrument will be issued

H1 09 Pro Forma Core Tier 1 Ratio



- Pro-forma Core Tier 1 ratio does not include any positive impact which could derive from the Hybrids Tender Offer. If the Tender Offer will succeed the weight of hybrids on RWA would change as follow:



(*) Subject to the full underwriting of the Mandatory Convertible Bond

BPM's Ratings

Moody's

A1/P-1
Stable

- Solid franchise, thanks to its long-established presence and branch coverage
- Good geographic diversification, mainly in the wealthy regions of Italy
- Bulk of operating income continues to derive from commercial banking

S&P

A-/A-2
Negative

- Strong and stable customer funding base
- Good franchise in the wealthy region
- Adequate capital position

Fitch

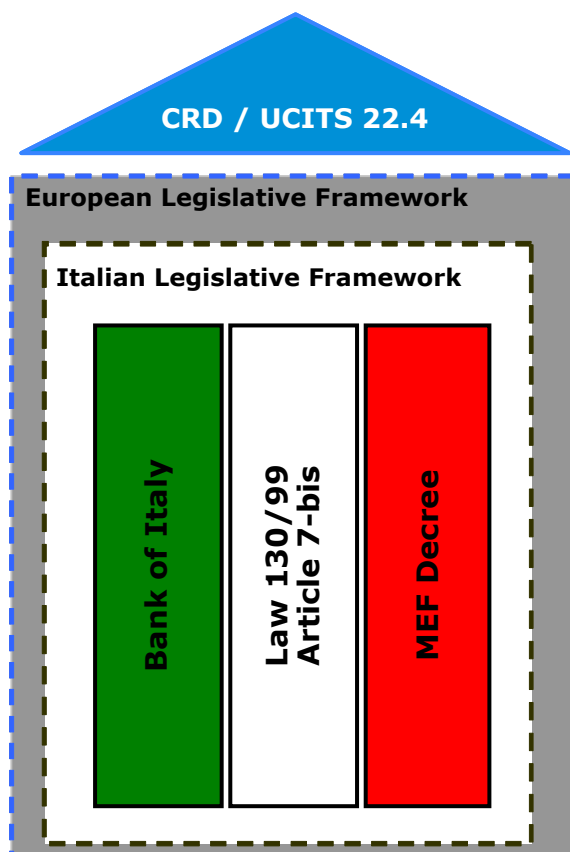
A/F-1
Negative

- Strong retail funding base in Lombardy
- Solid franchise in its wealthy region
- Adequate capital position

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Italian Legislative Framework for OBG



Primary Legislation (2005)

The OBG are direct banking debt instruments

In order to allow the segregation of assets for the benefit of the Noteholders, the Italian legislator enacted the Art. 7-bis and Art. 7-ter of Law 130/99.

Art. 7-bis:

- defines the general **deal architecture**
- mandates the **MEF**
- mandates the **Bank of Italy**

MEF Decree (2006)

- Specifies **eligible assets and issuers characteristics** and **LTV Limits**
- Sets minimum **overcollateralisation** and **matching** criteria
- Governs the mechanisms for collateral's integration
- Regulates the type of guarantee to be pledged to bondholders by the SPV

Bank of Italy Instructions (2007)

- Defines Eligible Issuers
- Sets **issuance limits** based on capital ratios
- Defines the **cover pool's sale** and **replenishment** mechanisms and limits
- Regulates the **Regulatory Capital** treatment of the structure
- Dictates the controls to be exercised over the portfolio and the structure

Bank of Italy Clarifications (2008)

- Improved definition of **asset requirements**, the **cover pool integration**, the **issuers' requirements**, the **controls & monitoring procedurs**, the **transfer limits** and the **transfer noticing**

OBG Framework

	Italian Legal Framework	BPM OBG Programme
Issuer	Only banks complying with Bank of Italy's requirements strong capitalisation	Tier 1 > 7% TCR > 11%
Supervision	Bank of Italy acts as regulator for the OBG issuances	
Asset Segregation	Strong asset segregation mechanism via true sale to a Law 130/99 SPV	
Eligible Assets for Collateral	<ul style="list-style-type: none"> • Mortgages • High quality public sector loans • Substitute assets (max 15% of cover pool) 	Prime, first lien, residential mortgage loans
LTV	Strong quality for the eligible assets: <ul style="list-style-type: none"> • LTV ≤ 80% for residential mortgages • LTV ≤ 60% for commercial mortgages 	<ul style="list-style-type: none"> • WA Current LTV: 53.05% • WA Original LTV: 58.67%
Monitoring	Internal: strong control activity and reporting lines (at least on annual basis) External: strict monitoring rules issued and supervised by bank of Italy	
Asset Monitor	Dedicated, external and independent audit firm appointed for monitoring purposes (at least on semi-annual basis)	PricewaterhouseCoopers
Over-collateralisation ("OC")	No over-collateralization required by law	18.34 % minimum over-collateralisation (84.50% max Asset Percentage)
Tests	<ul style="list-style-type: none"> • Nominal OC • Interest Coverage Test 	<ul style="list-style-type: none"> • NPV • ACT
Risk	-	<ul style="list-style-type: none"> • Interest rate risk: fully hedged • Cross-currency risk: fully hedged (if applicable)

Bank of Italy Eligibility Criteria

The Framework provides additional comfort to investors by linking the issuance of OBG to the Issuer's capital strengths

1- Eligible OBG Issuers

- Strong capitalisation is a strict pre-requisite for qualifying as an OBG issuer under the Bank of Italy rules
- Issuance of OBG is restricted to Banks (or Banking Groups) complying with the following set of capital limits

Consolidated Regulatory Capital \geq **Euro 500 Million**

Total Capital Ratio \geq **9%**

2- Assets to be Segregated

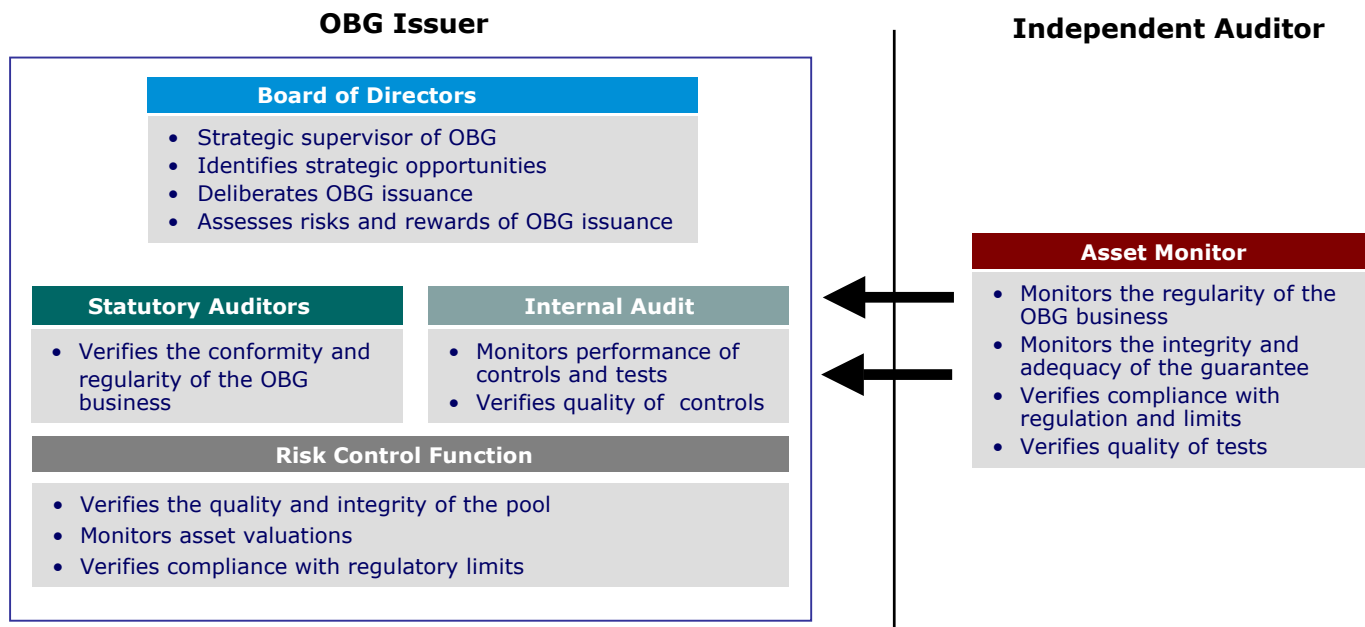
- The amounts that can be financed via OBG are a direct function of the Issuer's capital strength
- The Bank of Italy's Instructions limit the proportion of eligible assets to be included in the pool as follows:

– Total Capital Ratio (TCR) \geq 11% and – Tier 1 Ratio (T1R) \geq 7%	➔	No restrictions
– 10% \leq TCR $<$ 11% and – T1R \geq 6.5%	➔	60% of the available eligible assets
– 9% \leq TCR $<$ 10% and – T1R \geq 6%	➔	25% of the available eligible assets

Strong Emphasis on Controls and Monitoring

The Bank of Italy has put a particular focus on the controls and risk management of OBG issuers and on the ongoing involvement of the issuer's governing bodies:

- Decisions in respect of Programme establishment and OBG issuance need to be deliberated directly by the top management of the Bank, with the involvement of the Statutory Auditors
- Risk management and internal audit functions are involved on a continued basis in ensuring the adequacy and robustness of the procedures in place and of the guarantee in favour of covered bondholders
- An annual review of the controls must be performed by the internal auditors at least on an annual basis, the result of which is the subject of a specific report addressed to the governing bodies
- An annual report must be produced by the Asset Monitor



"OC" and ALM Matching Requirements

ASSET COVERAGE TEST (ACT)

- Minimum 7.5% "OC" (93% Asset Percentage) adjusted dynamically to protect AAA/Aaa ratings

"OC" TEST

- The aggregate outstanding amount of the Cover Pool **must be at least equal** to the Outstanding Amount of all the OBG issued under the Programme

NPV TEST

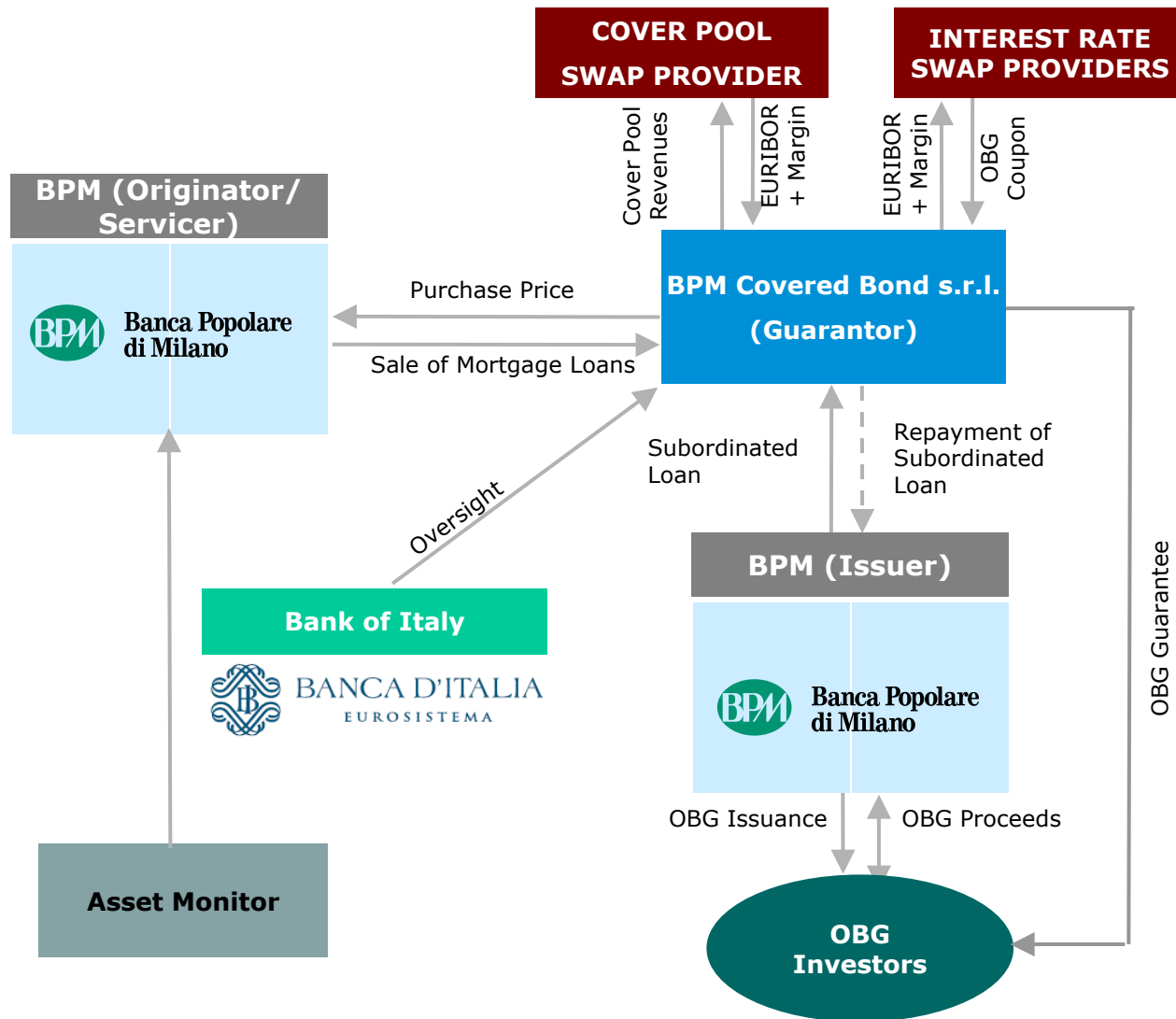
- The Net Present Value of the cover pool (net of the SPV general and administrative expenses) including derivatives **must be at least equal** to the NPV of the outstanding Obbligazioni Bancarie Garantite

INTEREST COVERAGE TEST

- Interests generated by the cover pool (including derivatives) **must be sufficient** to cover interest payments under the Obbligazioni Bancarie Garantite

Mandatory Test (by law)

Banca Popolare di Milano OBG

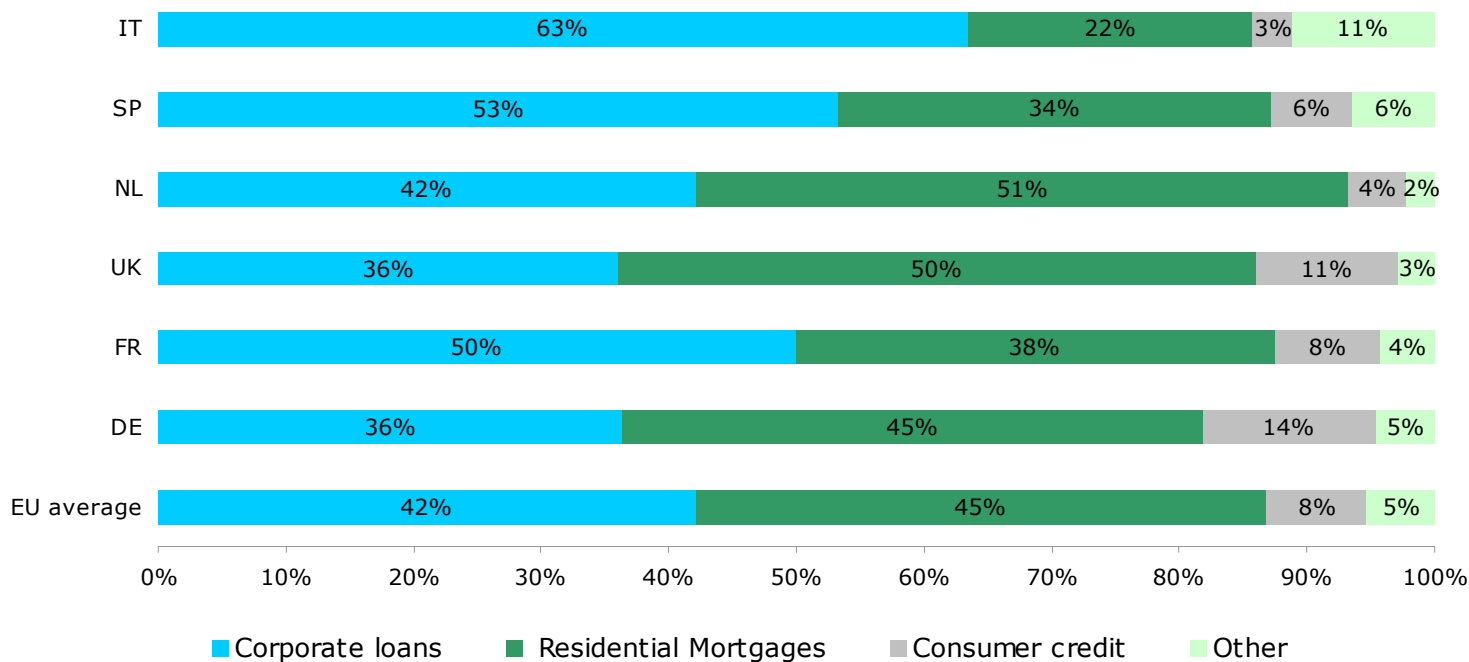


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Italian Loan Market

Breakdown of total households and corporate loans by type of loans (December 2008)

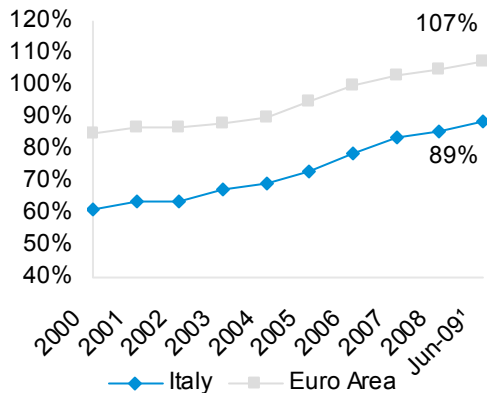


- As in the previous year, in 2008 the Italian Loan Market has been driven mainly by corporate lending which accounted for 63% of total loans as of mid year figures
- Residential mortgages slightly grew to 22% (21% in 2007) and consumer credit still proved to be a marginal instrument for Italian banks

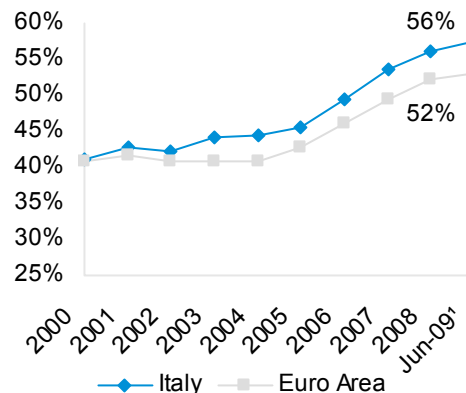
Source: Associazione Bancaria Italiana, Bank of Italy

Italian Loan Market (cont'ed)

Total loans/GDP



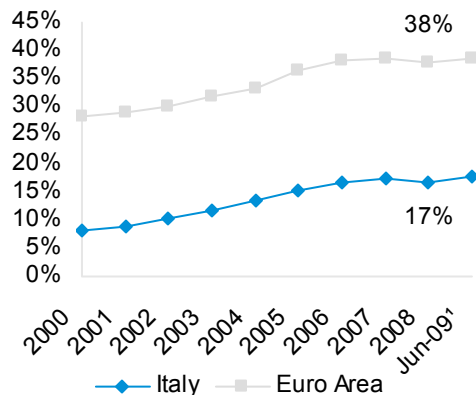
Corporate loans/GDP



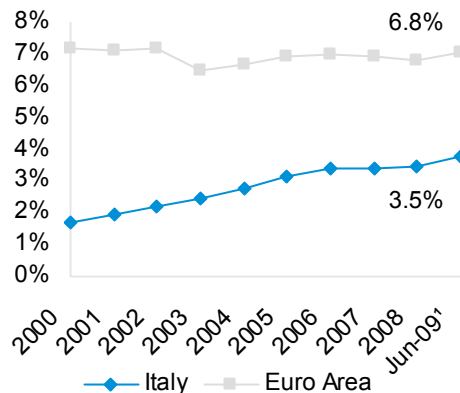
- Total loans growth over GDP continues steadily, showing a loan market expansion essentially in line with Euro area

- Italian corporate loans are characterized by a generally strong positive growth trend since 2000, despite negative Euro area average between 2001 and 2003

Loans for house purchase/GDP



Consumer credit/GDP

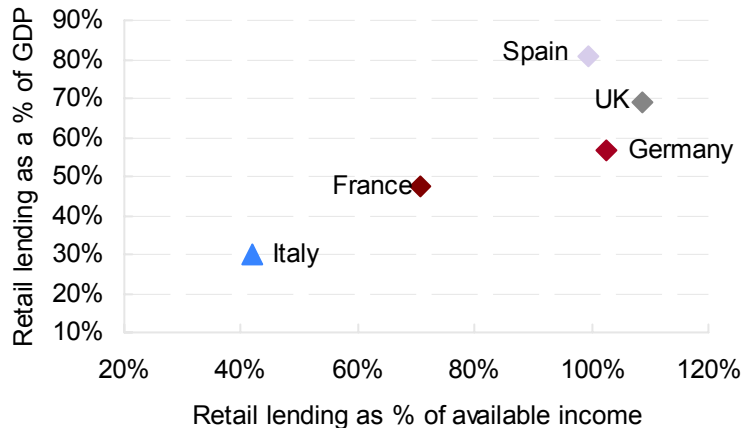


- Mortgage and consumer credit growth over GDP remains at a lower level than the European average, demonstrating the less leveraged nature of the Italian market

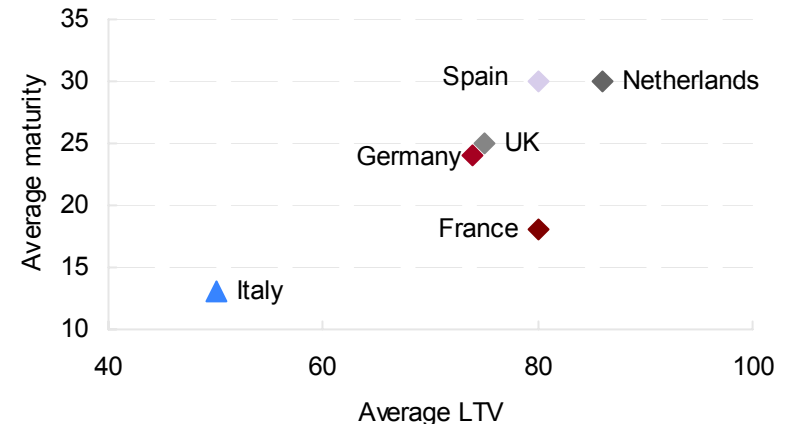
1. Preliminary data as of H1 2009, GDP
Source: ECB, data as of July 2009

Italian Loan Market (cont'ed)

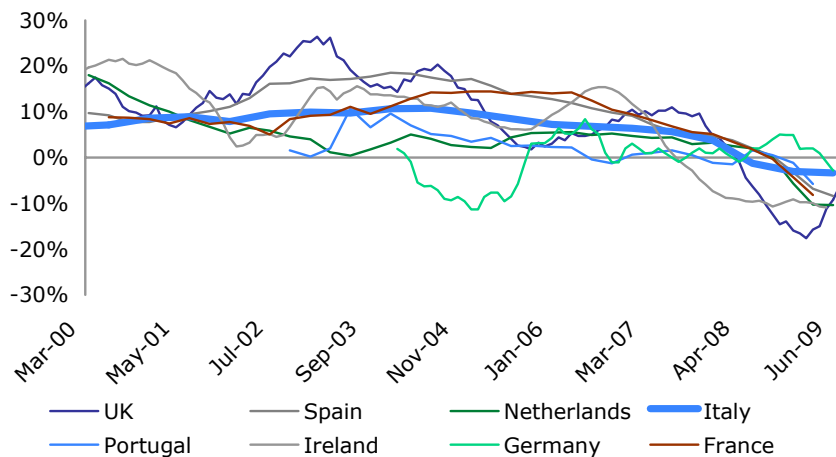
Total Retail Leverage (Dec 2008)



Mortgage structure (Dec 2007)



Housing Price Index (Jun 2009)



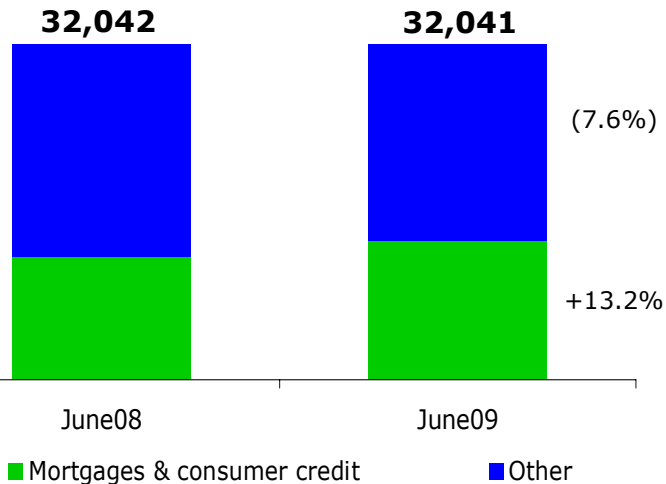
- The Italian Retail sector is relatively unleveraged either in terms of GDP and in terms of income
- The average mortgage characteristics demonstrate the soundness of Italian mortgage market
- These two features of the Italian mortgage market should underpin the asset quality of banks property lending
- The Italian housing market has demonstrated greater stability over the last decade versus the other European countries

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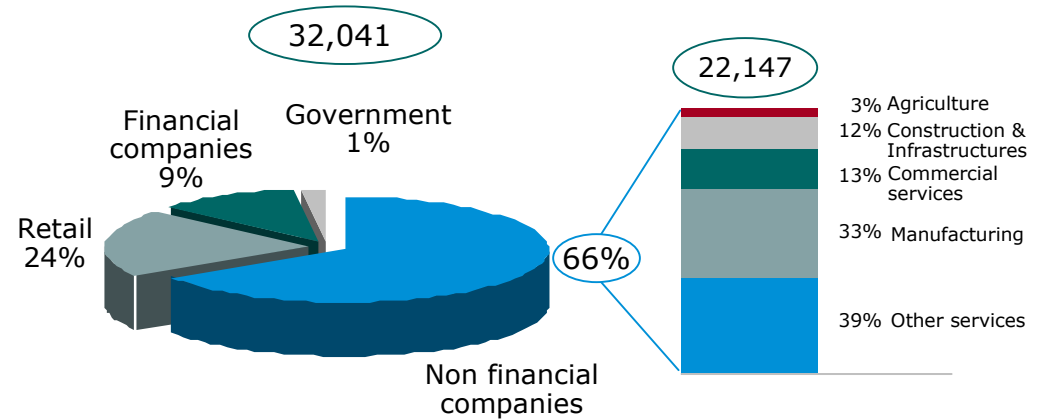
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BPM Group: Loan Book Breakdown

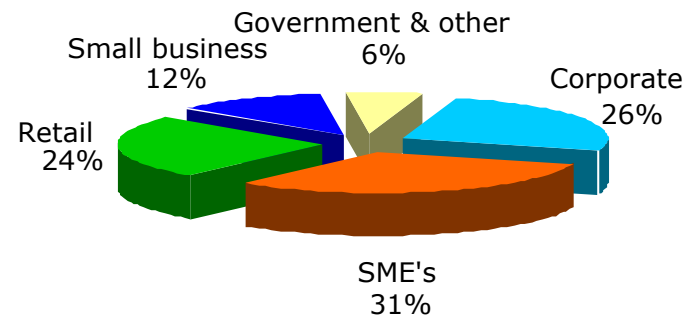
Customers Loan (€m)



Loans breakdown by sector (€m)



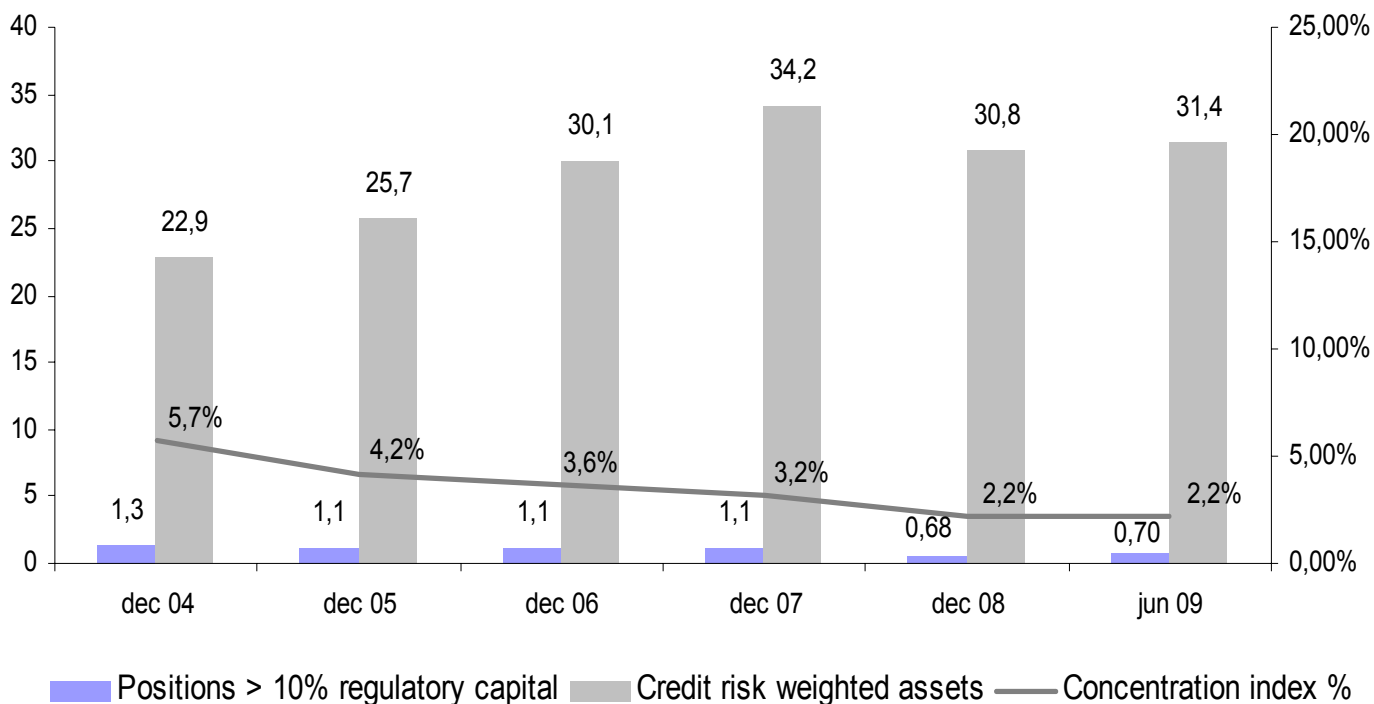
Loan breakdown by Customer



Source: Internal management report – Data as of June 2009

Loan Book Concentration

Concentration Index and RWA (€bn)

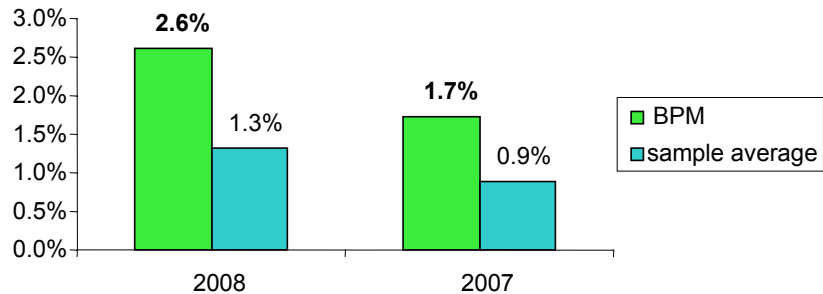


- The 5 largest consolidated exposures weight 5.0% on total RWA as at June 2009 (-10.7% YoY)
- The 20 largest consolidated exposures weight 13.8% on total RWA as at June 2009 (-3.5% YoY)

Source: BPM Annual Report and Interim Report

Higher Sensitivity in Spotting Credit Quality Deterioration

% transfers from loans *in bonis* to watchlist & restructured loans / gross total loans



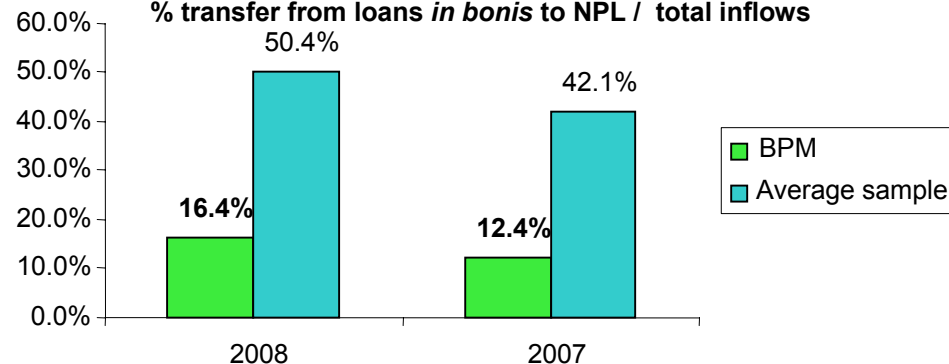
% transfers from watchlist & restructured loans to Loans *in bonis* / gross total loans



■ Historically, over 50% of BPM's watchlist & restructured aggregates are recovered as performing loans

■ Monitoring of the credit portfolio and wider use of the watchlist is highlighted by the analysis of the rate of transfer of performing loans directly into NPLs: this figure is 3 times lower for BPM than for the sample group (*)

% transfer from loans *in bonis* to NPL / total inflows

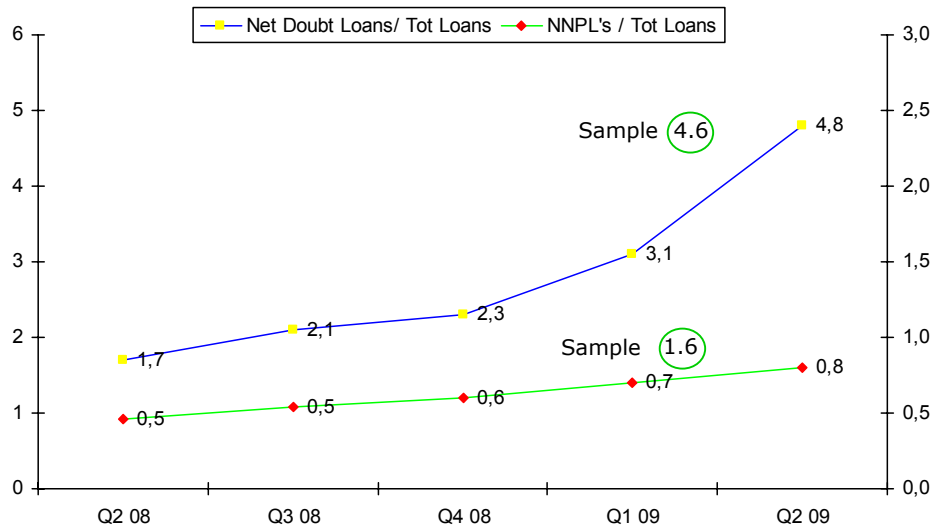


(*) Sample group make up: top 9 Italian listed banks – Source: company annual reports

Higher Sensitivity in Spotting Credit Quality Deterioration (cont'ed)

- As soon as the credit quality of loans gets worse, as shown by the previous slides, they are transferred to the watchlist. Given the current economic situation, they are reflected as an increase in doubtful loans, especially in the watchlist
- Net non-performing loans ratio totalled 0.8% higher than Q1 09 (0.7%) but still below the sector average (1.5%* in May 2009 – latest figure available)
- Net watchlist on total loans was 3.1% with a coverage of 18.5%, up from 17.7% as at March 2009
- The top five names, operating in different sectors, weigh for 56% of the increase in total watchlist & restructured loans
- 64% of the watchlist inflow is secured

Credit quality indicators



Sample group make up: top 9 Italian listed banks

June 09

Ratio

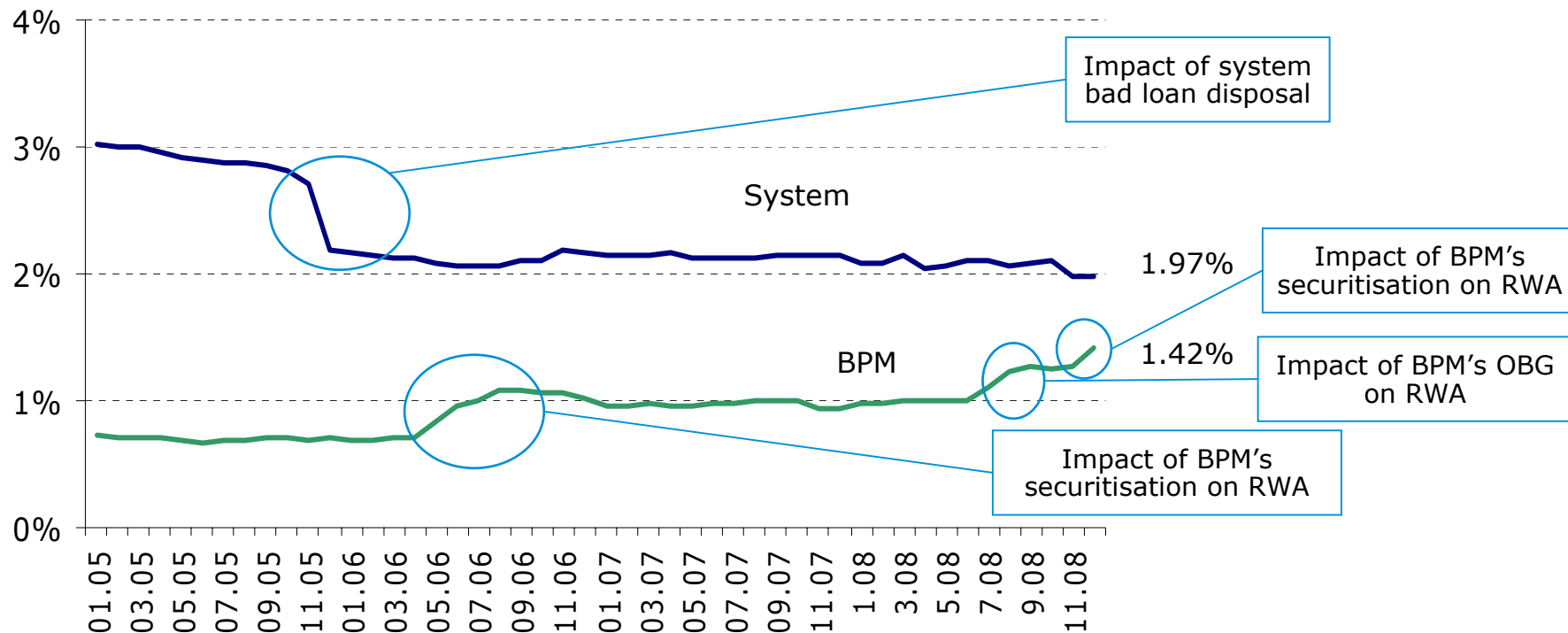
Coverage

Tot. net doubtful loans	4.8%	30.7%
Net NPL	0.8%	62.8%
Watchlist	3.1%	18.5%
Restructured loans	0.6%	8.1%
Overdue loans	0.4%	3.5%
Performing loans	95.2%	0.5%

(*) Source: ABI monthly bulletin

Asset Quality of Mortgages

Non-performing mortgages on Total



- Percentage weight of BPM's non-performing mortgages (and property loans) still below the Italian banking system average
- BPM's ratio still 0.6 percentage points lower than average despite the €2bn securitisation of performing mortgages in July 2006
- The loan amount defaulted so far under the July 2006 securitisation is 0.9% on cumulative base (0.3% on yearly basis) and 0.18% in the Cover Pool since 2008 issue (LGD: 5.9%)

Source: Internal management report

Measuring and controlling Client's Repayment Ability

MEASURING

The following ratios are taken into consideration in statistical terms:

- **Payment / Income** of both the applicant and any co-beneficiary and/or guarantor
- **Amount financed / value of the collateral**
- Other financial contracts on mortgages or loans made by the applicant
- The existence of guarantors and their professional class

CONTROL

Standard underwriting limits include:

- **Payment / Applicant's Income** below 40%
- **Amount financed by loan / value of the collateral** below 80%
- **Applicant's age** below 65 years-old at the end of the contract

In addition, strict rules apply to mortgage origination including:

- **Maximum 80% LTV at origination**
- **First economic lien**
- **Minimum 150% Loan-to-foreclosure-value (Mortgage Amount/ Property Value)**

Property valuations are mostly performed by external chartered surveyors. Valuations conducted by internal appraisers always need cross-referencing with market comparables

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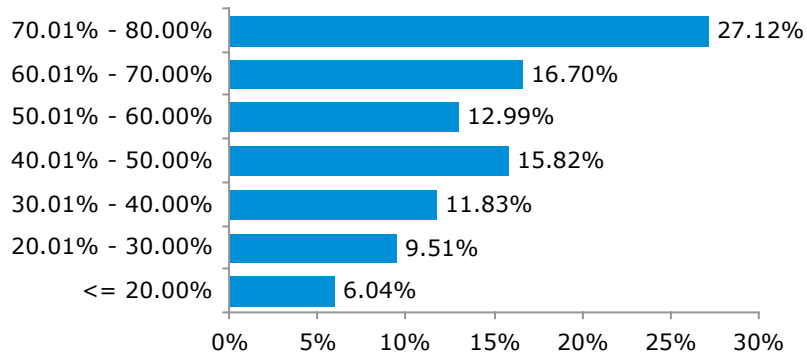
Cover Pool Summary

Type of Loans	100% prime, first lien, residential mortgages
Pool Status	100% performing loans
Number of Loans	22,646
Total Current Balance	€2,306,178,545
Average Loan Balance	€101,836
WA OLTV	58.67%
WA CLTV	53.05%
WA Seasoning (months)	28.40
WA Residual Life (months)	224.84
WA Coupon	4.044%
Geographic Location	64.26% in Lombardy

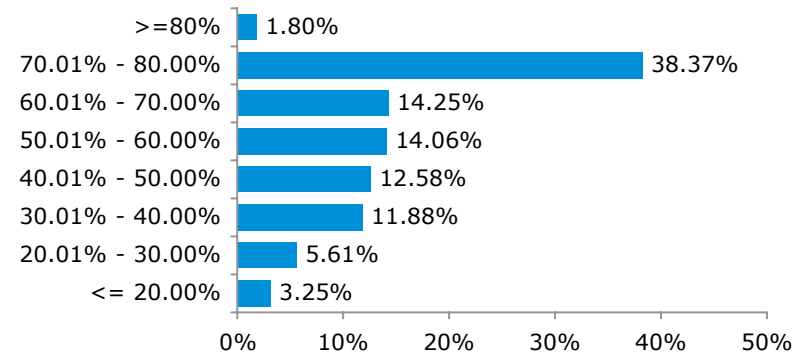
Data as of 31st August 2009

Cover Pool Analysis

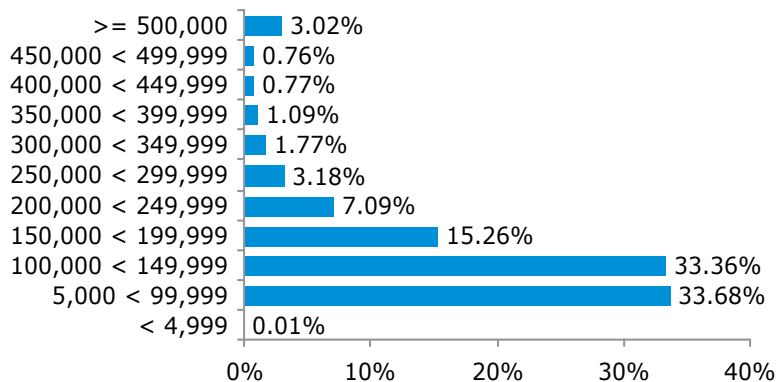
Breakdown by Current LTV (€)



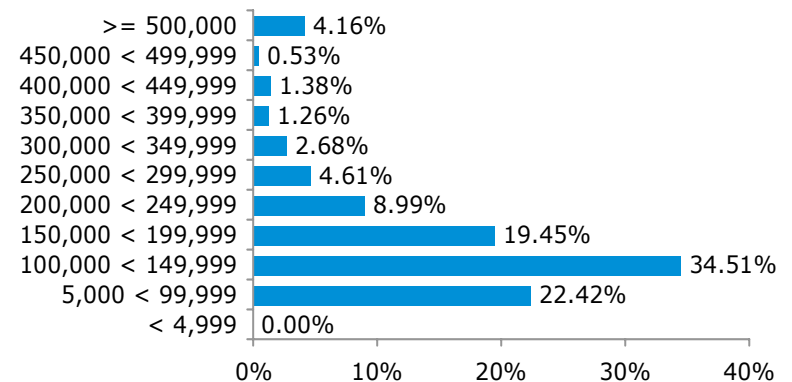
Breakdown by Original LTV (€)



Breakdown by Current Balance (€)

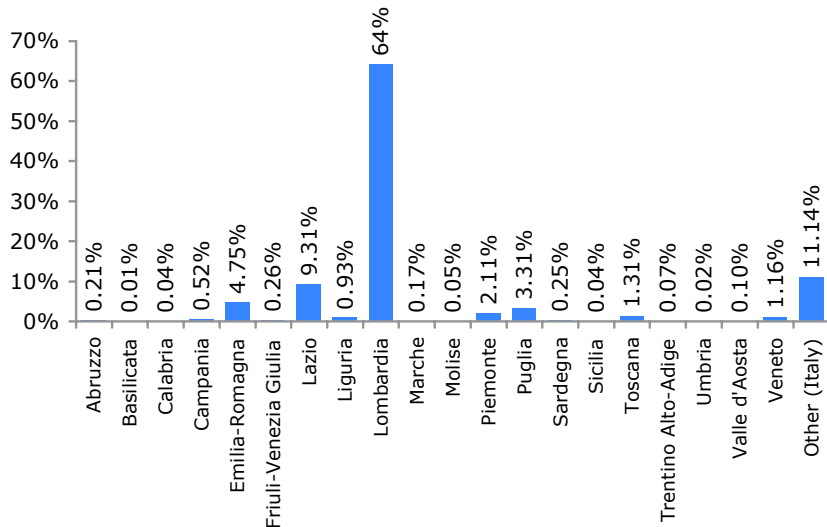


Breakdown by Original Balance (€)

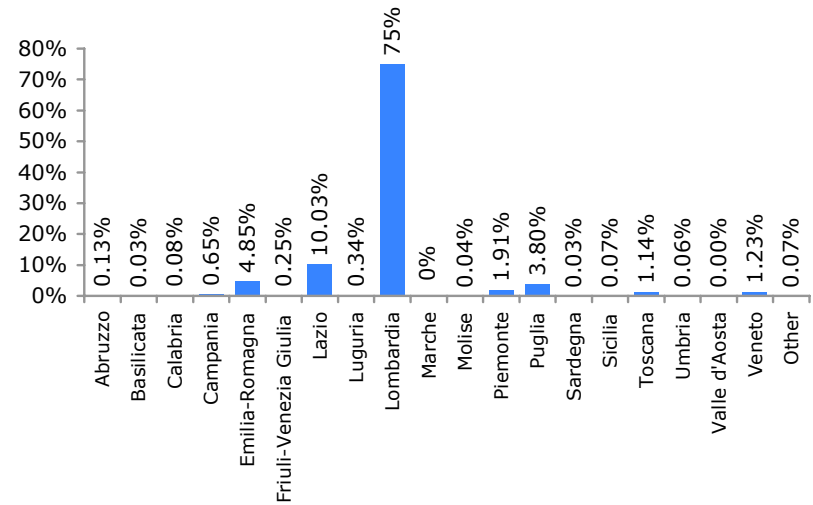


Cover Pool Analysis (cont'ed)

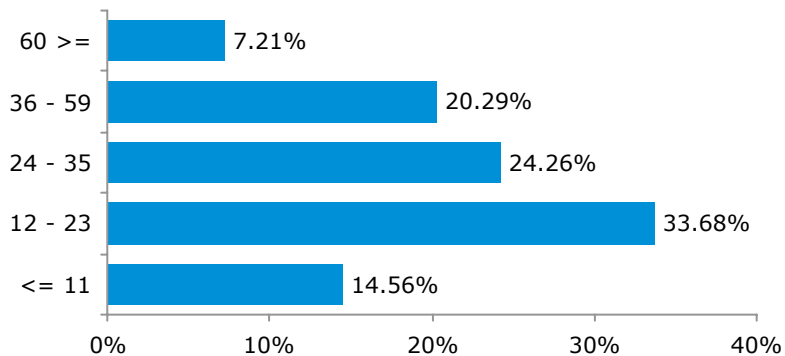
Breakdown by Property Region



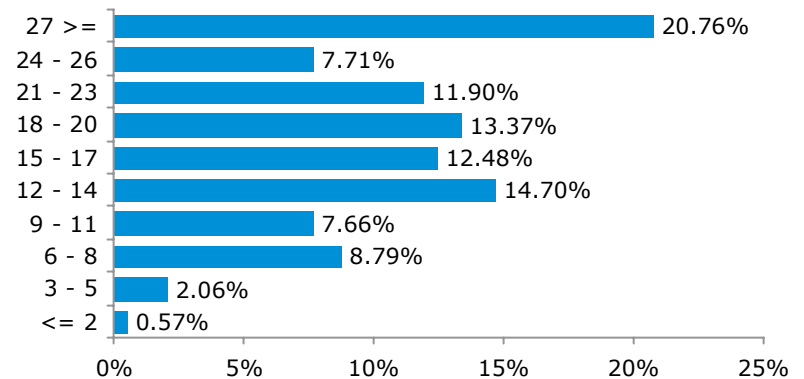
Breakdown by Borrower Region



Breakdown by Seasoning (months)

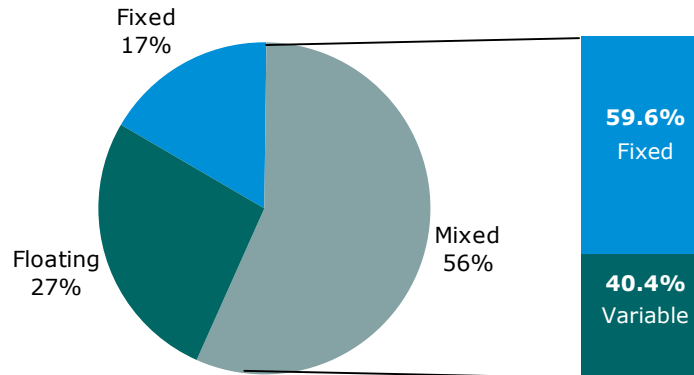


Breakdown by Remaining Life (years)

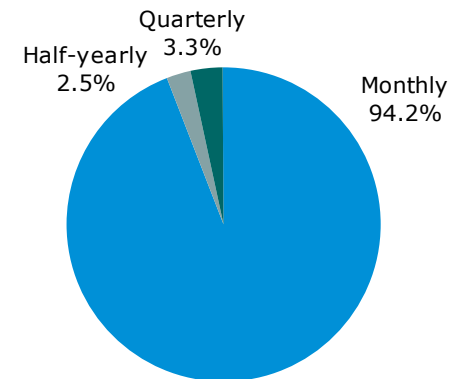


Cover Pool Analysis (cont'ed)

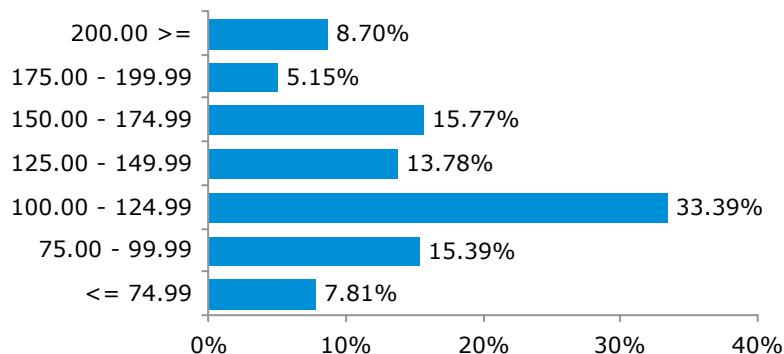
Breakdown by Current Interest Rate Type



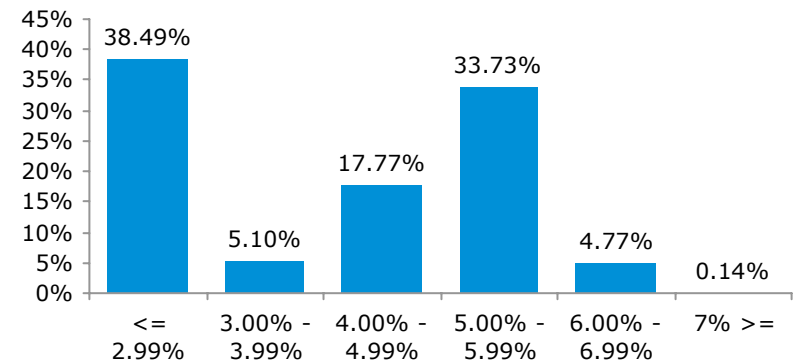
Breakdown by Instalment Frequency



Breakdown by Spread on Floating Rate (Bps)



Breakdown by Current Interest Rate



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Terms & Conditions

Type of Issue	Obbligazioni Bancarie Garantite ("OBG")
Issuer / Originator (Moody's/S&P/Fitch)	Banca Popolare di Milano S.c.a r.l. ("BPM") A1(P-1) Stable / A-(A-2) Negative / A(F-1) Negative
Guarantor	BPM Covered Bond S.r.l.
Cover Pool	€2.3bn Prime-Residential Mortgages
Expected Issue Ratings	Aaa / AAA (Moody's/Fitch)
Currency / Size	€1bn
Maturity	[•]
Documentation	The notes will be launched off BPM's €10bn OBG Programme
Status / Ranking	Direct, unconditional, unsecured and unsubordinated notes
Denominations	€50k + €1k
Listing	Luxembourg Stock Exchange
Programme Structurers	HSBC, UBS Investment Bank
Joint Lead Managers	Banca Akros, HSBC, Societ� G�n�rale, UBS Investment Bank
Marketing	Pan-European roadshow
RWA Treatment	10%

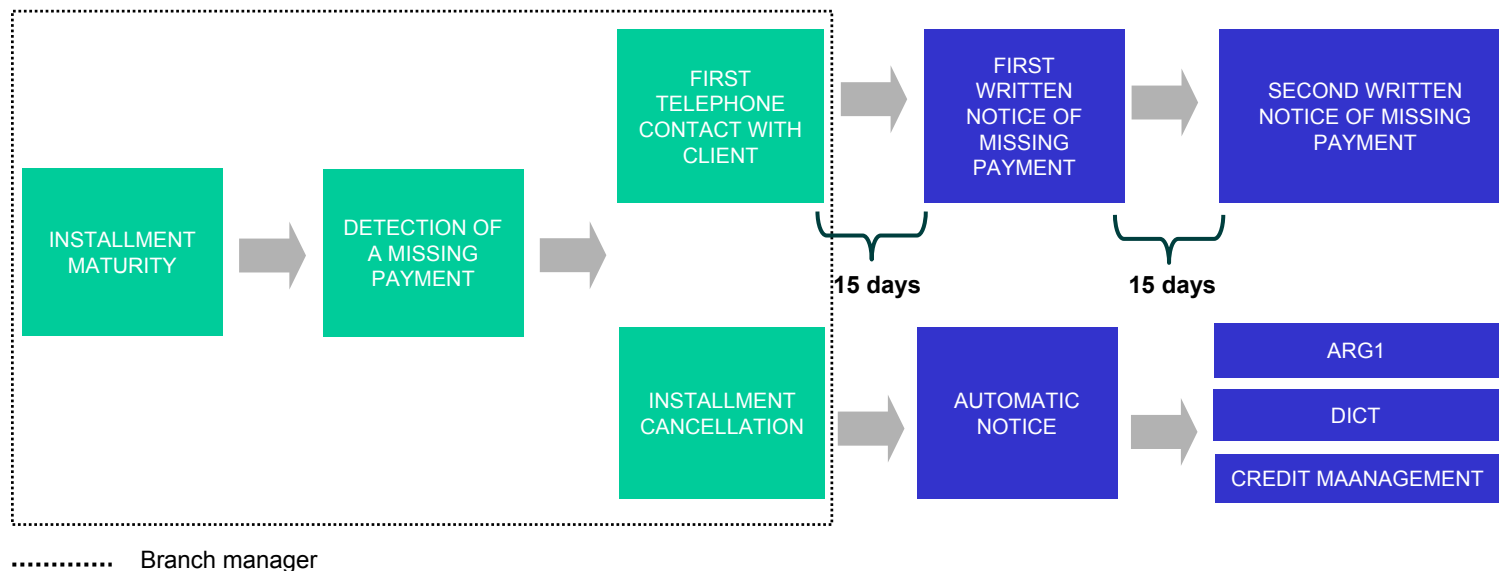
This summary is not exhaustive. Please refer to the Prospectus for a complete description of the Terms and Conditions

The background is a solid blue color with a complex, symmetrical geometric pattern. At the center is a circular motif composed of concentric rings of small triangles and dots. From this center, numerous lines radiate outwards, creating a starburst or sunburst effect. These lines are interspersed with a grid-like pattern of small squares, giving the overall design a sense of depth and architectural structure.

Appendix

BPM Management & Collection Policy

- Instalments are mainly paid through clients' bank accounts:
 - About 98% of total mortgages and 100% of the portfolios securitised between 2001 and 2009 pay installments directly through debiting client's bank accounts at BPM, the remaining pay through Direct Debit Instruction process ("RID")
- Loan or mortgages issued before November 2002 pay intra-monthly, while those issued after November 2002 pay at the end of the month
- No payment notices are sent out to clients: the debit instructions are directly loaded on clients' bank accounts, if a client does not hold an account at BPM, a Direct Debit is automatically activated
- If a missing payment is detected, BPM immediately activates a extra-judicial procedure (see chart below)



The Assignment of Delinquent Status (“incaglio”)

- Exposure is defined as delinquent (“Posizione di Rischio Incagliata”) when the debtor is in situation of temporary and objective insolvency that, however, is considered to be settled in a fair period of time.
- In addition, a "Delinquent Receivable" means any receivable arising from mortgage loans having (a) at least (i) one annual instalment which is past due and unpaid for more than 90 days, (ii) one semi-annual instalment which is past due and unpaid for more than 90 days, (iii) two quarterly instalments which are past due and unpaid, and/or (iv) four monthly instalments which are past due and unpaid.
- Credit risk is automatically monitored on a continuous basis by an internal department of BPM.
- Since March 2005, there is a new statistical programme in BPM named NASCA, Basel 2 compliant, that evaluates the risk of the client doing periodical monitoring of parameters such as “atti negativi”, “protesti”, Centralised Risk Control Office (Centrale Rischi).
- In all other cases (non-automatic detection) the assignment of delinquent status is evaluated and verified by a representative of dedicated department.

From Delinquent to Defaulted Loan

- The eventual switch from a delinquent to a defaulted loan is determined on the basis of negative trends or heavy and serious events capable to negatively affect customer's solvency (such as registration of prejudicial acts, legal mortgages, impoundings or distraints, etc.)

Defaulted loan requirements:

Instalment frequency	Number of instalments
Monthly	6
Quarterly	3
Half yearly	2
Yearly	1 + 180 days

- The necessary switch to a legal dispute is considered on the basis of the following rules and criteria

