



**Bipiemme Group
Obbligazioni Bancarie Garantite
Programme**

June 2008

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Executive summary

Banca Popolare di Milano is delighted to present the inaugural transaction of its Aaa/AAA rated Obbligazioni Bancarie Garantite (OBG) Programme

BPM Group

- BPM Group is the 8th Italian group by total assets (€43.5 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 and benefits from a high asset quality
- The Group is rated A1/A-/A (Moody's/S&P/Fitch), all Stable

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, is the first to be launched under the Obbligazioni Bancarie Garantite ("OBG") Legislation
- All the bonds issued under the Programme will fully benefit from the provisions and protection granted under this framework

The Cover Pool

- 100% prime Italian residential mortgages
- Assets have been legally segregated according to the Law
- No loan in arrears as of the cut-off date
- Current LTV: 50.07%

Italian banking sector: healthy funding mix and stable asset quality

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

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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 (€43.5bn)

Market Positioning

- Strong local franchise: 756 point of sales (+ 39 ex-Unicredito*)
- 1,317,000 clients: 3,000 corporate, 7,000 SME's, 142,000 small business and 1,165,000 retail
- Leading position in Lombardy: ~7.5% market share
- Market shares - point of sales: 2.2%; deposits: 2.1%; loans: 1.9% and AUM: 2.1%

Capital Structure

- Tier 1 Capital Ratio**: 7.1%
- Total Capital Ratio**: 9.3%

* Preliminary agreement has been signed on 16th May 2008

** RWA based on Basel 1 approach; BPM estimate

Source: BPM Q12008 Report

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 prosperous regions of Italy
- Bulk of operating income continues to derive from retail banking
- BPM's earnings are well diversified

S&P

A-/A-2
Stable

- Strong and stable customer funding base
- Asset quality metrics have improved to satisfactory levels
- Profitability is improving sustained by strong loan volume growth and by a cost-saving plan

Fitch

A/F-1
Stable

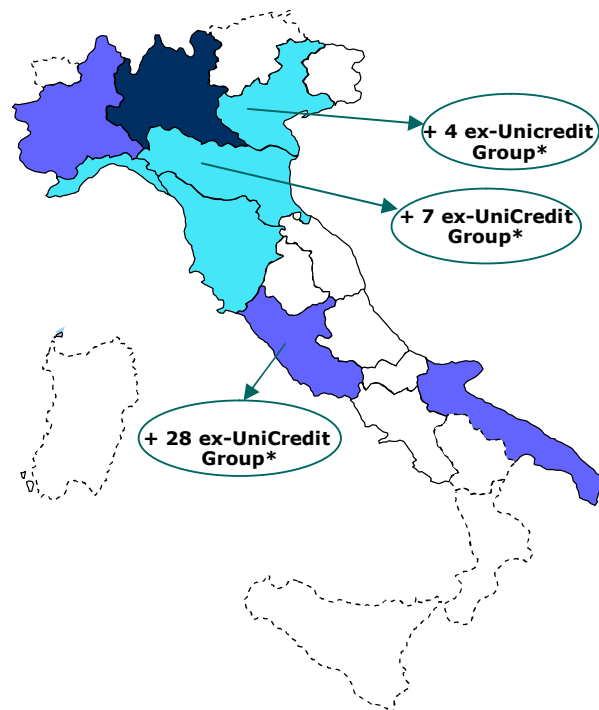
- Strong retail funding base in Lombardy
- Improving profitability driven by higher volumes and revenues
- Low level of impaired lending

Source: latest available rating reports as of May 2008

Deep penetration in Italy's wealthiest areas

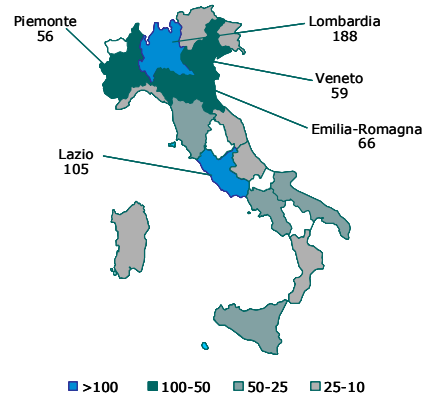
Point of sales: 756 (+39 ex-UniCredit Group*)

- 727 (**) retail
- 4 Corporate centres and 10 SMEs centres
- 15 Private banking centres

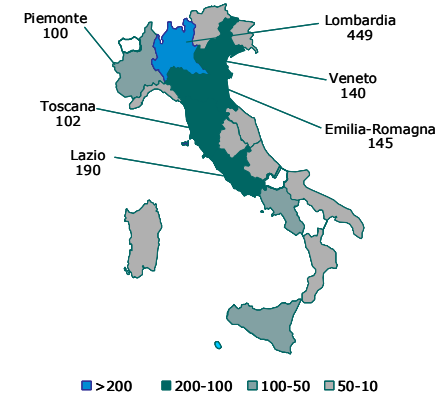


	Retail branches	Market share (***)
Lombardy	475	7.4%
Piedmont	94	3.5%
Apulia	38	2.7%
Latium	58	2.2%
Other regions	62	3,65%
TOTAL	727	2.2%

Italian Banking System Regional breakdown by deposits (€bn)



Italian Banking System Regional breakdown by loans (€bn)



* Preliminary agreement has been signed on 16th May 2008

** BPM (527), B. Legnano (111), CR Alessandria (87), Banca Akros (1), WE@bank (1)

*** Market share as at December 2007 – Source: Bank of Italy

Financial Results: highlights

€m	Q1 08	Q1 07	Q1%
Loans	30,202	27,560	9.6
Funding	32,048	30,275	5.9
Assets under custody	20,628	20,157	2.3
Asset management	18,710	20,720	(9.7)

Strong increase in volumes continues with exception of AUM, though in line with negative sector trend

High single-digit growth in loans boosted by Commercial Banking

€m	Q1 08	Q1 07	Q1%	FY 07	FY 06	FY%
Interest income	261	234	11.3	1,028	916	12.2
Total income	402	464	(13.4)	1,812	1,765	2.7
Operating profit	141	207	(31.5)	729	695	4.8
Net income	62	113	(45.2)	324	399	(18.8)
Adj. Net income	62	113	(45.2)	362	301	20.2
Cost/income ratio	64.7%	55.4%	9.3%	59.8%	60.6%	(0.8%)
ROE adj.	8.6%**	16.2%**	(7.6%)**	13.9%*	12.5%*	1.4%*

Increase in volumes supporting interest income growth

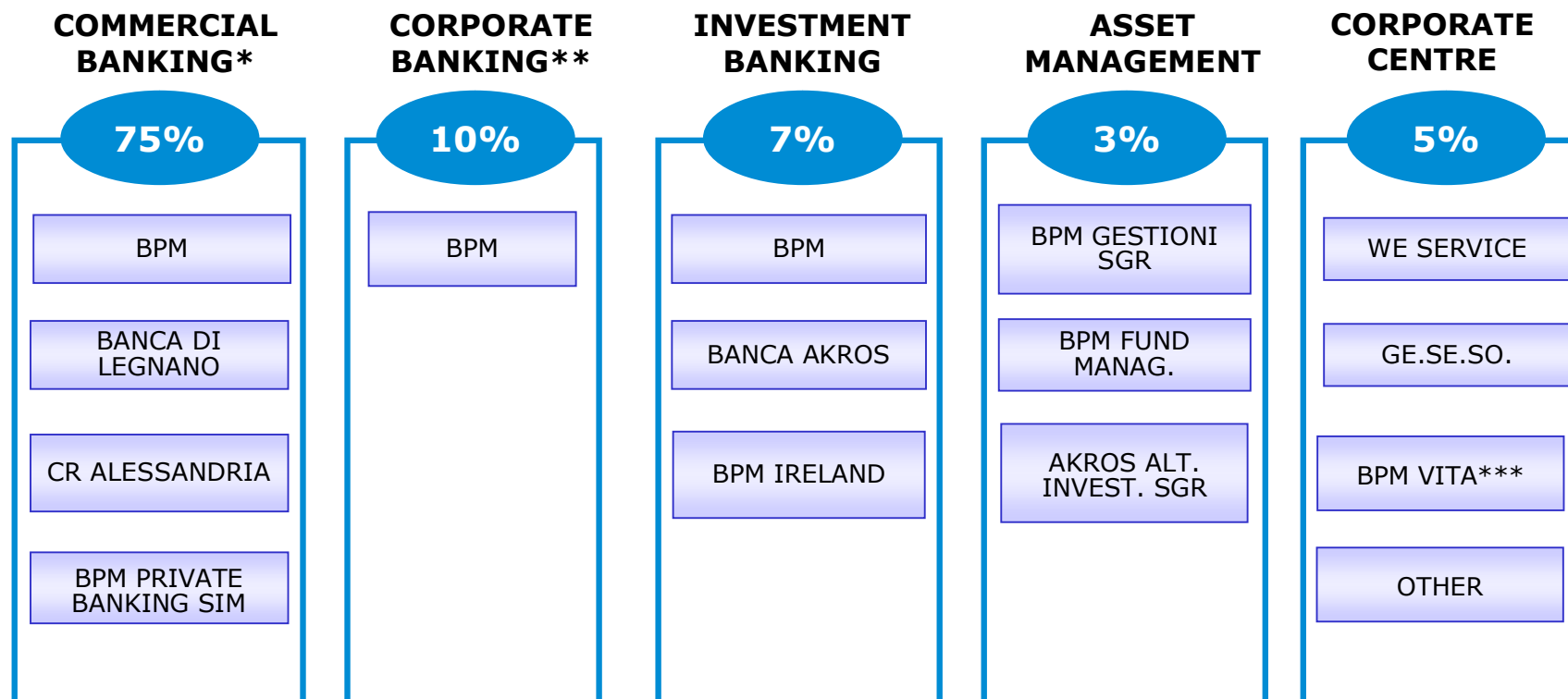
Total income mainly affected by portfolio adjustment due to credit spread widening

*Adjusted for profit (loss) from investments and non-recurring items

**Annualised

A stable business model

Total revenues December 2007
(100% = € 1,812m)



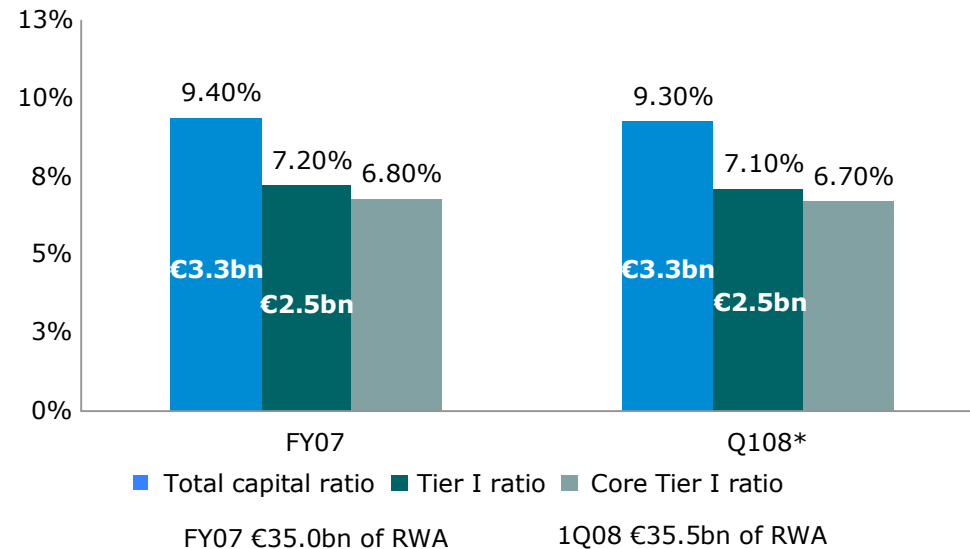
*Composed of: retail customers; Small Business with turnover <€5m; SME €5m <turnover <€50m

**Composed of: corporate with turnover > €50m

***Bancassurance partnership: Bpm (46%), FonSAI (51%) and CrAL Foundation (3%)

Source: FY07 Annual Report

Capital ratios: impact of Basel 2



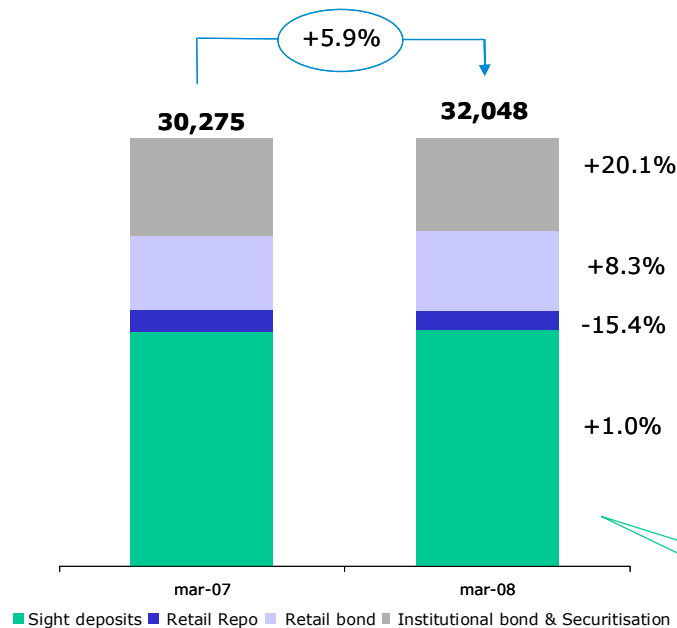
- In 2008, BPM will start to use the standard Basel 2 model while waiting for Bank of Italy to recognize BPM internal rating models
- In 2008, compared to Basel 1, Basel 2 standardized approach RWA is estimated at +1% (-7.7% credit risk, +8.5% operating risk)
- In 2009, BPM will expect that Bank of Italy recognize BPM internal "FIRB" model. This will have a significant impact in reduction of capital absorption
- The acquisition of 39 UniCredit Group branches has an estimated impact of around -60bps on Group's Tier 1 ratios
- On 17 June 2008 BPM issued €300mn Perp-NC-10 Tier 1 to strengthen its capital ratios
- Targets for full year 2008 Total Capital ratio is >10% and on Tier 1 ratio is >7%

* Basel 1 calculation method

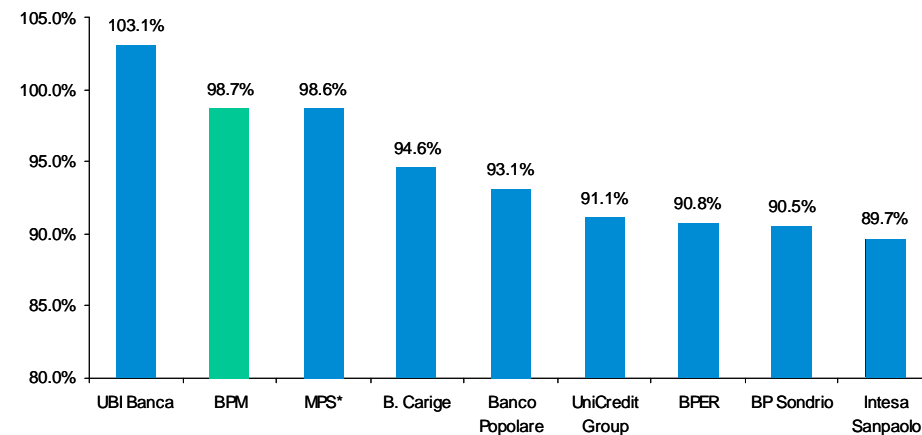
BPM Funding Structure: a solid deposit base

- 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 5%

Funding € m



Loan to deposit ratio %



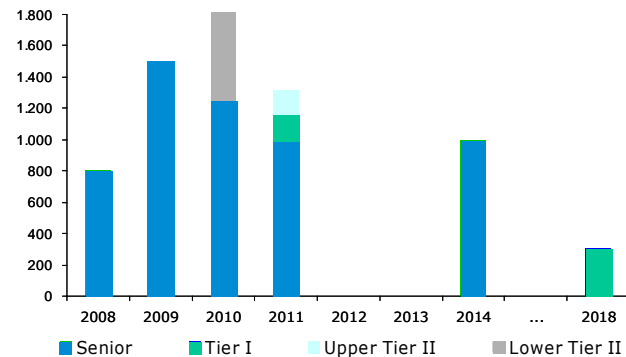
BPM set up a €10bn OBG Programme

*MPS+Antonveneta proforma data

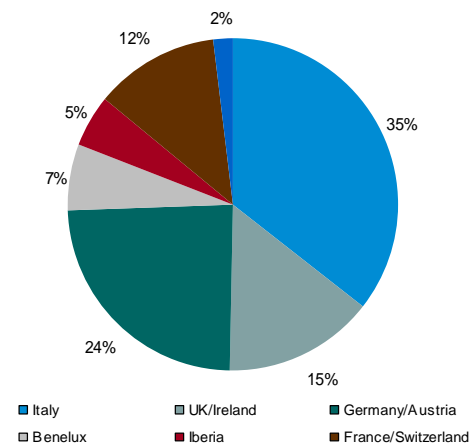
Source: Internal management report and Annual Reports as of 31st December 2007

BPM International Funding

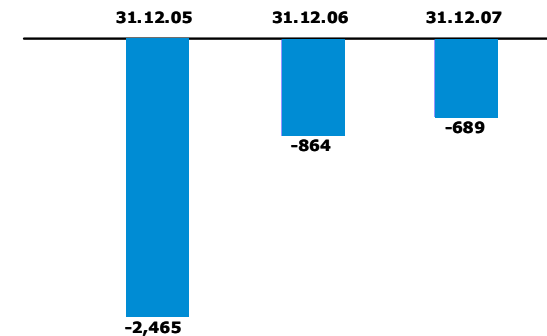
BPM Debt maturity profile



Average Geographical Investor Breakdown



Net interbank balance (€m)



- ECB eligible assets amount to approx €1bn and approx €2bn highly liquid securities

Liquidity Strategy

- Diversified funding sources maintaining a good balance among them (strong retail customer funding base complemented by institutional funding)
- Maintain a benchmark presence in the Euro curve at key maturities (3, 5, 7 years)
- €10bn OBG Programme arranged by HSBC and UBS
- €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

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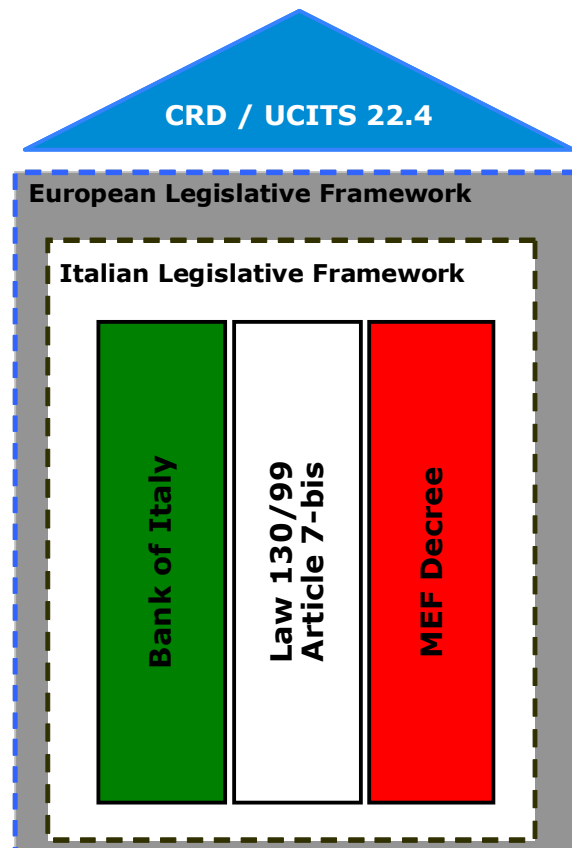
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Italian Legislative Framework



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

Italian Legal Framework for OBG

Issuer	Only banks complying with Bank of Italy's requirements strong capitalisation
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"> • Mortgage • High quality public sector loans • Substitute assets (max 15% of cover pool)
LTV	<p>Strong quality for the eligible assets:</p> <ul style="list-style-type: none"> • LTV ≤ 80% for residential mortgages • LTV ≤ 60% for commercial mortgages
Monitoring	<p>Internal: strong control activity and reporting lines (at least on annual basis)</p> <p>External: strict monitoring rules issued and supervised by bank of Italy</p>
Asset Monitor	Dedicated, external and independent audit firm appointed for monitoring purposes (at least on semi-annual basis)
Over-collateralisation ("OC")	7.5% minimum over-collateralisation (93% max Asset Percentage)
Tests	<ul style="list-style-type: none"> • Nominal OC • Interest Coverage Test • NPV OC • ACT
Risk	<ul style="list-style-type: none"> • Interest rate risk: fully hedged • Cross-currency risk: fully hedged (if applicable)

Source: BPM's OBG Offering Circular

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%

– 10% \leq TCR $<$ 11% and
– T1R \geq 6.5%

– 9% \leq TCR $<$ 10% and
– T1R \geq 6%



No restrictions



60% of the available eligible assets

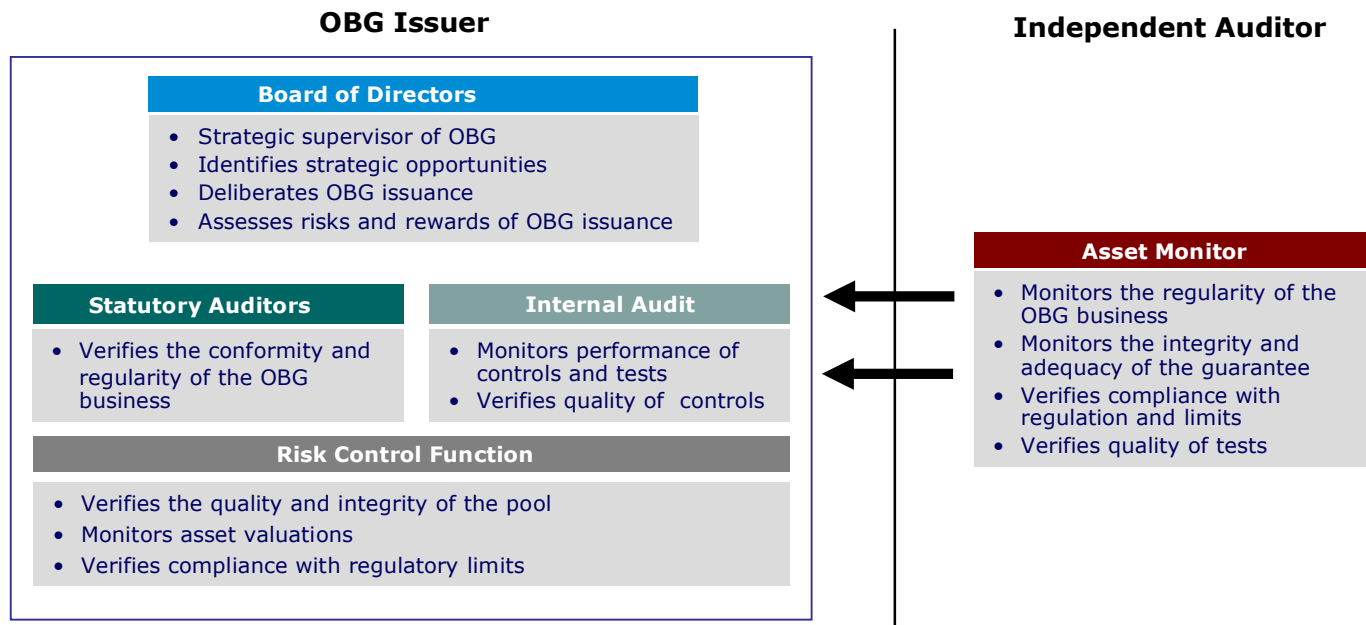


25% of the available eligible assets

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



O/C and ALM matching requirements

ASSET
COVERAGE TEST
(ACT)

O/C TEST

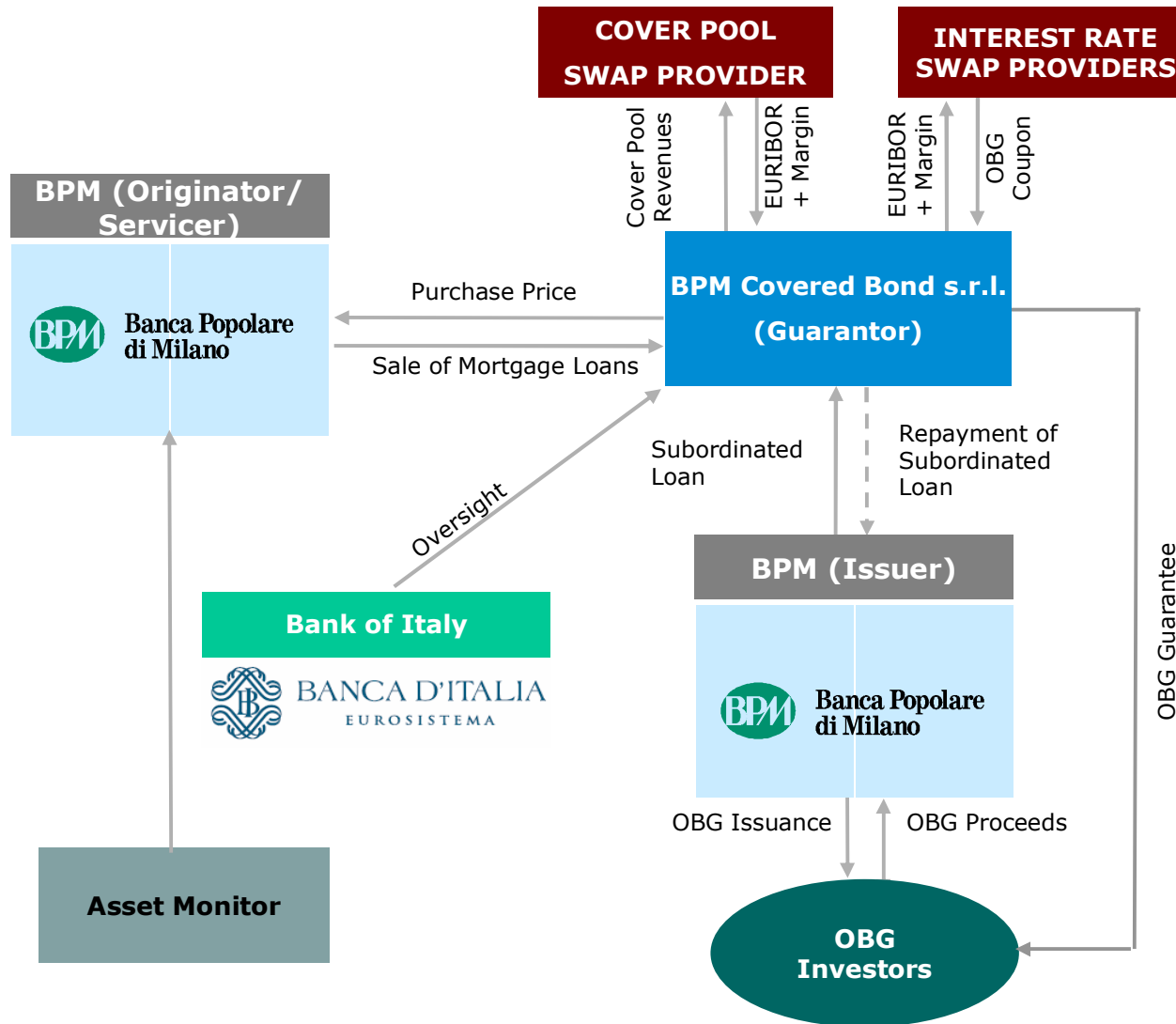
NPV TEST

INTEREST
COVERAGE TEST

Mandatory Test (by law)

- Minimum 7.5% O/C (93% Asset Percentage) adjusted dynamically to protect AAA/Aaa ratings
- 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
- 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
- Interests generated by the cover pool (including derivatives) **must be sufficient** to cover interest payments under the Obbligazioni Bancarie Garantite

Banca Popolare di Milano OBG



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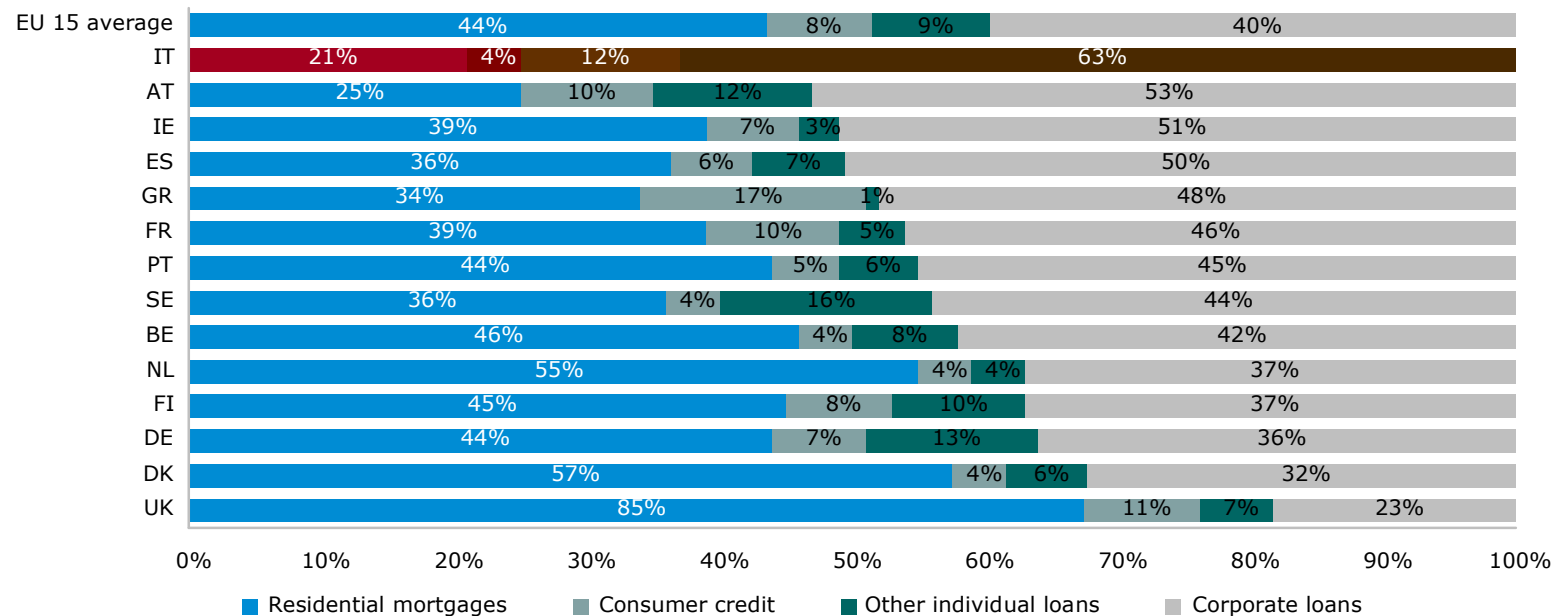
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Italian Banking System

Breakdown of total households and corporate loans by type of loans (June 2007)

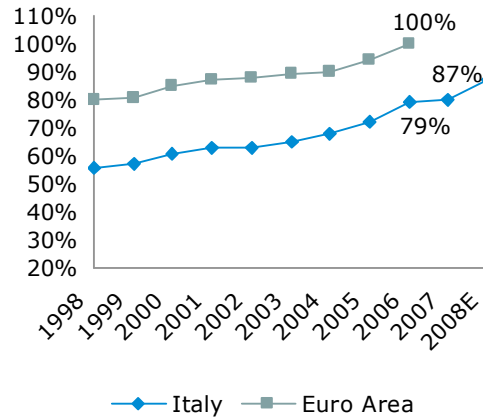


- In 2007 Italian Loan Market has been driven mainly by corporate lending which accounted for 63% of total loans as of mid year figures
- Retail lending and residential mortgages grew 9% and 10.2% respectively as deposits increased by circa 3% y/y (with a 6% material progression in the month of December)

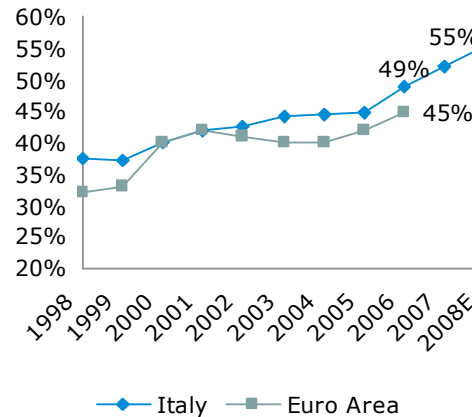
Source: Associazione Bancaria Italiana, Bank of Italy

Italian Banking System (cont'ed)

Total loans/GDP



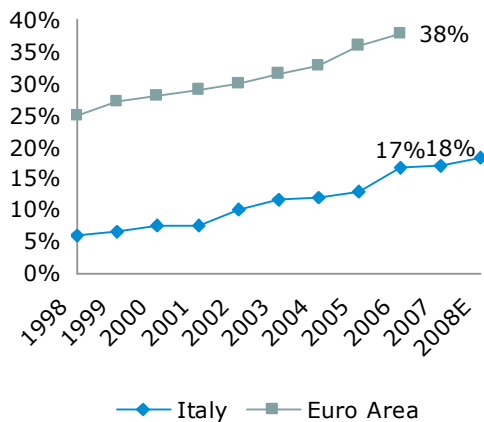
Corporate loans/GDP



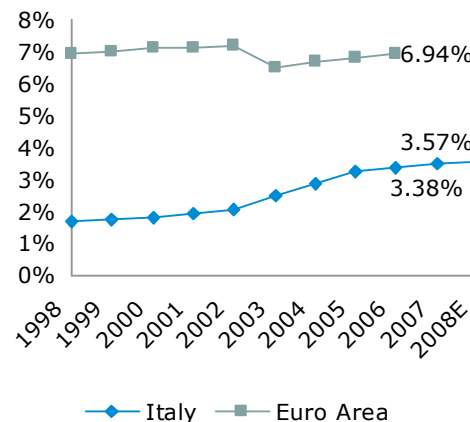
- Total loans growth over GDP continues steadily, showing a loan market expansion essentially in line with Euro area

- Italian corporate loans are characterized by a generally strong positive growth trend since 1998, despite negative Euro area average between 2001 and 2003

Loans for house purchase/GDP



Consumer credit/GDP

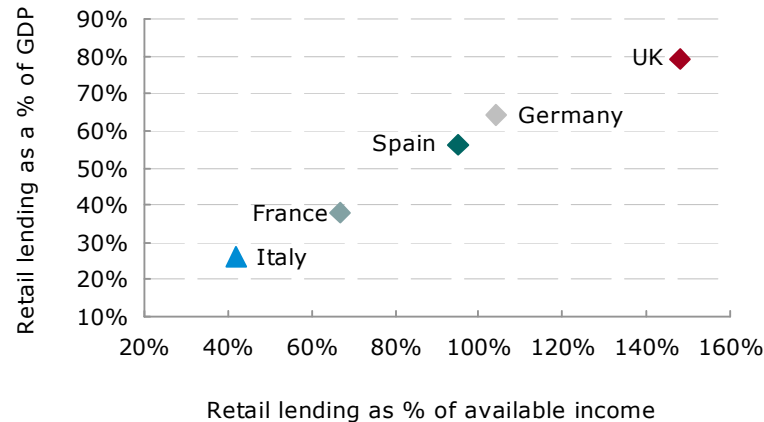


- Mortgage and consumer credit growth over GDP remains at a lower level than the European average, demonstrating the less leveraged nature of the Italian market

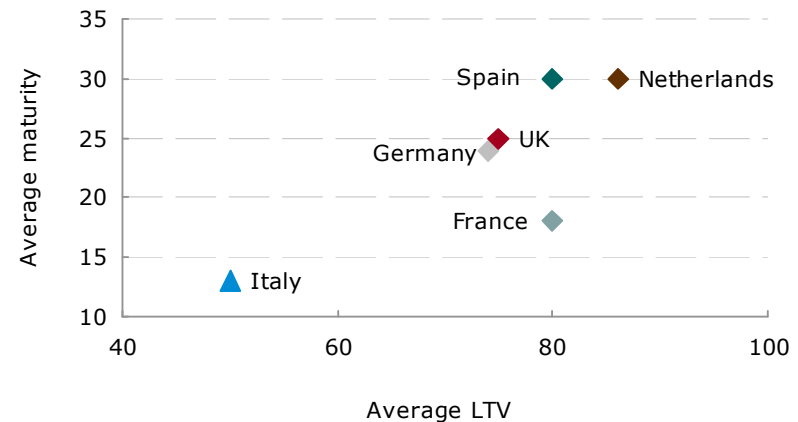
Source: Associazione Bancaria Italiana, data as of December 2007

Italian Banking System (cont'ed)

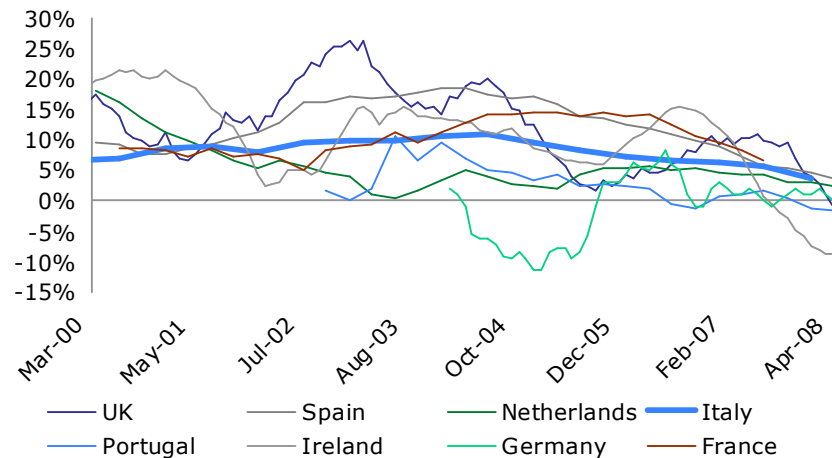
Total Retail Leverage (Dec 2006)



Mortgage structure (Dec 2007)



Housing Price Index (Mar 2008)



- 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

Sources: Associazione Bancaria Italiana, Assofin, European Mortgage Federation, Bank of Italy, Nationwide, INE, NVM, Nomisma, INE Portugal, Permanent TSB

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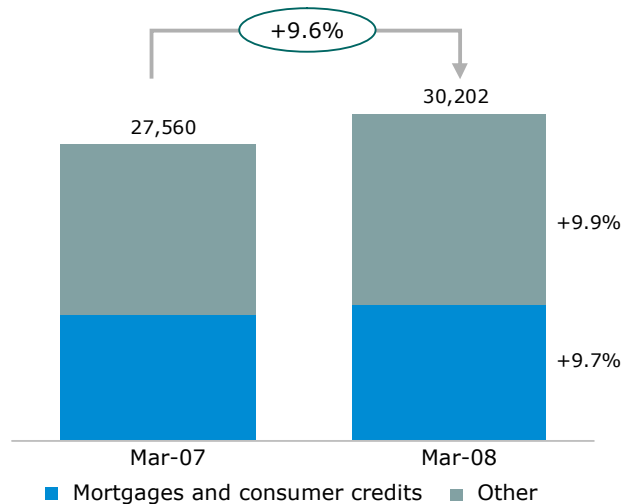
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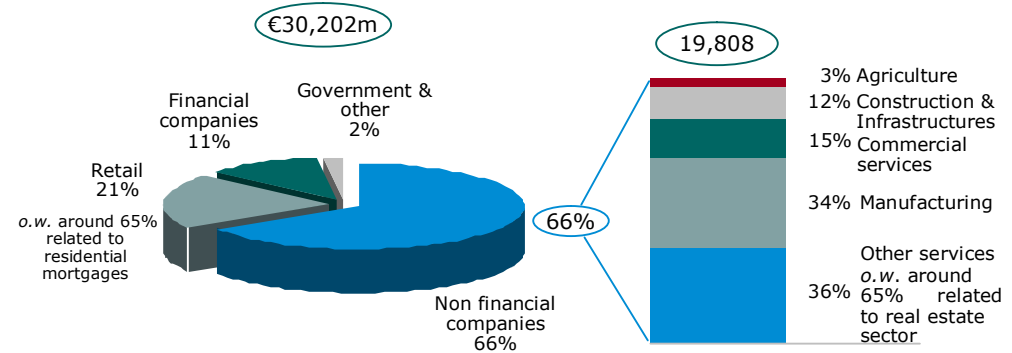
Loan book breakdown

Customers Loan (€m)



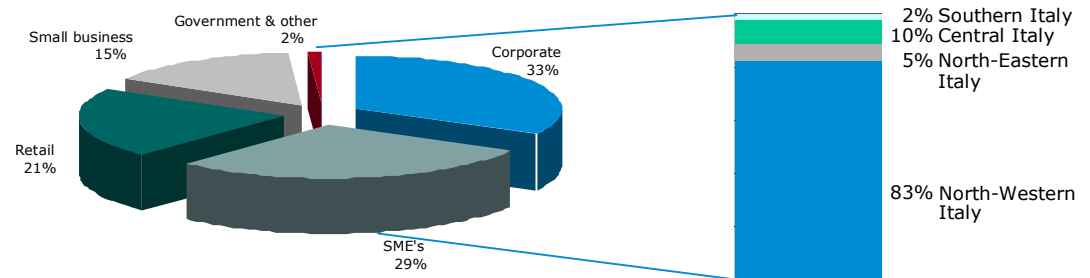
- Mortgages and consumer credit (+9.7%) sustained loan growth
- New mortgages and consumer credits €+1.3b in Q1 08
- Positive trend in short-term loans as well (up around 12.2% YoY on average volumes)
- BPM market share on household residential mortgages is about 1.1% net of securitisation impact (-60bps at the issue date on July 2006)

Loans breakdown by sector (€m)



- More than 45% of loans are secured (system around 37%)
- All mortgage and loans granted to retail and corporates related to Real Estate sector amounts to 32% of the total loans

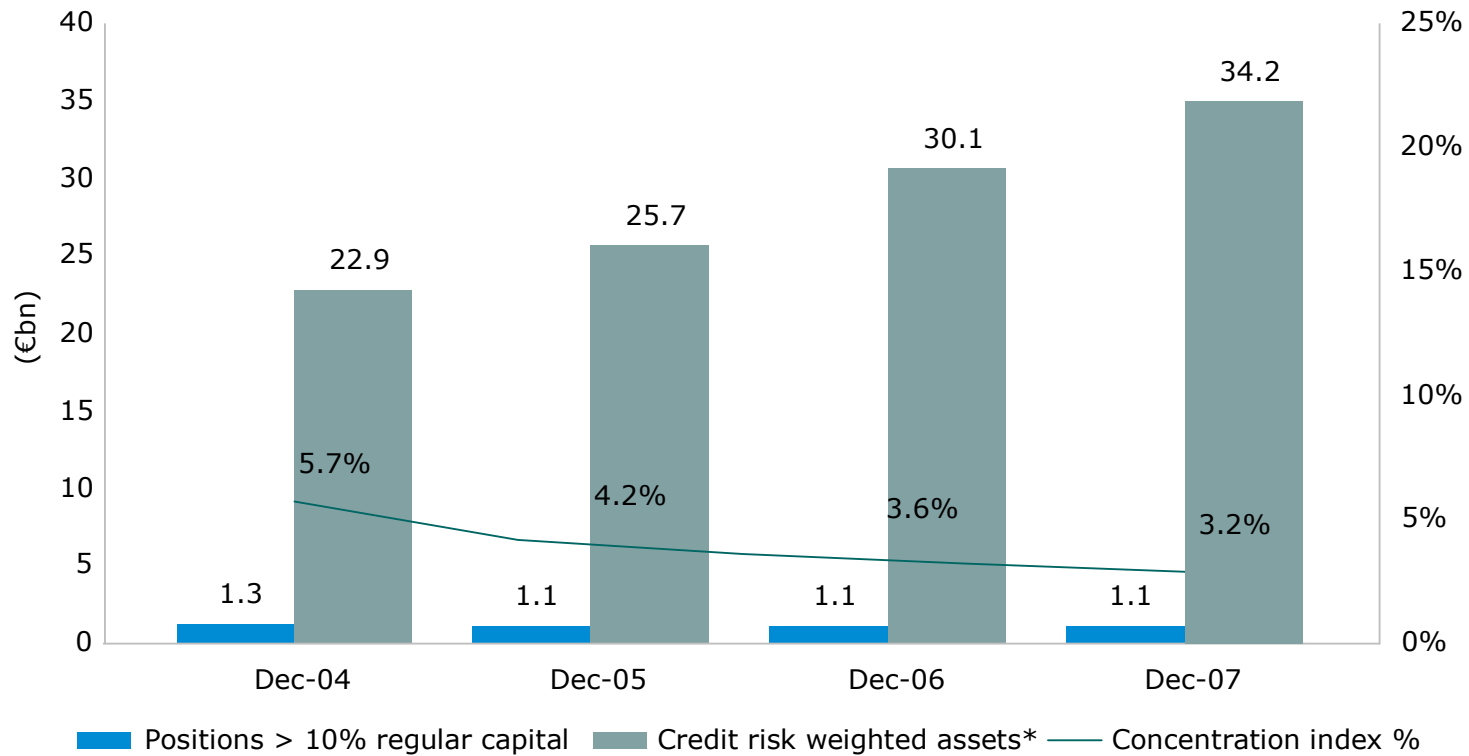
Customer Loan breakdown (%)



Source: Internal management report - Data as of March 2008

Loan book concentration

Concentration index and RWA (€bn)



- The 5 largest consolidated exposures weight 5.6% on total RWA as at March 31st, 2008
- The 20 largest consolidated exposures weight 14.3% on total RWA as at March 31st, 2008

* BPM estimate

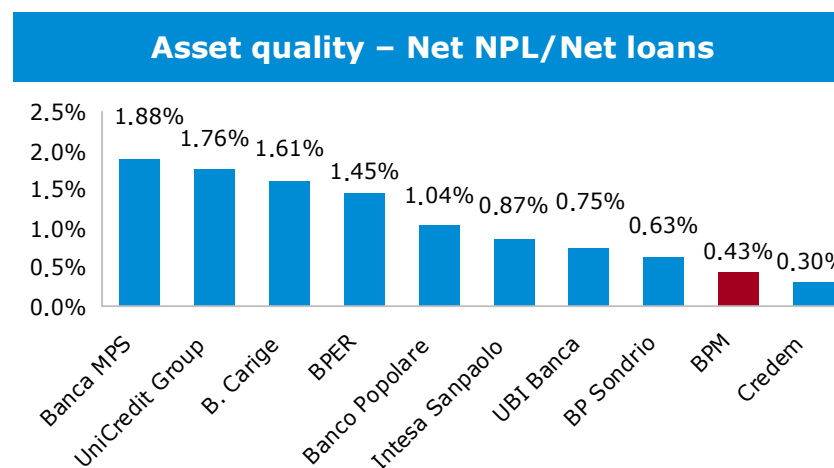
Source: BPM Annual Report

Asset quality and NPL positions

- Net doubtful loans on total loans at 1.7%, with a decrease from 1.9% compared to Q1 2007
- Gross doubtful loans at 3.2% of total loans compared with 3.3% at March 2007
- Net non-performing on loan portfolio and the NPL coverage stable at 0.6% and 70% respectively

	Ratio	Coverage
Total doubtful loans	1.75%	46.9%
Net NPL	0.48%	69.8%
Watch list	0.81%	25.0%
Restructured loans	0.14%	52.8%
Overdue loans	0.31%	2.7%
Performing loans	98.25%	0.6%

Data as of Q12008

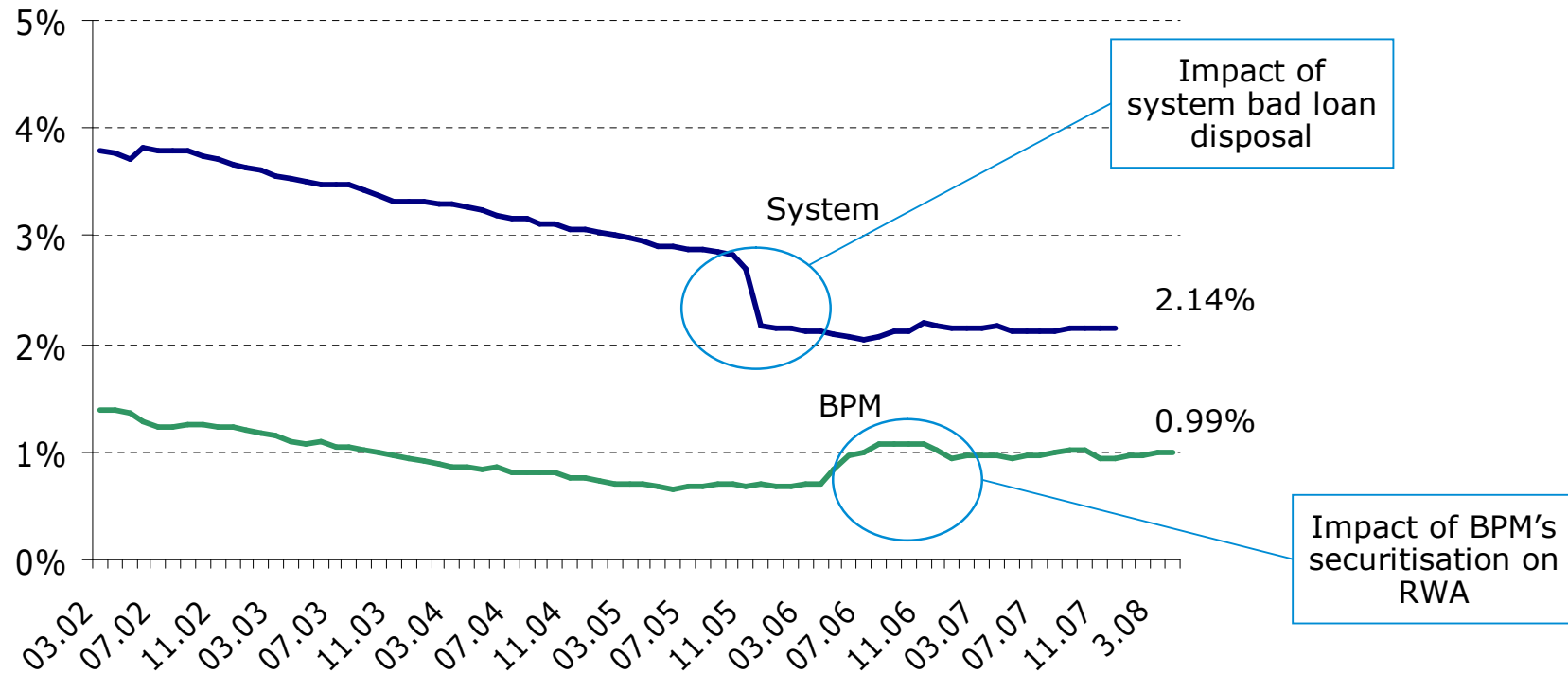


Data as of FY2007

Source: companies balance sheets

Excellent asset quality on mortgages

Non-performing mortgages on total



- Percentage weight of BPM's non-performing mortgages (and property loans) well below the Italian banking system average
- BPM's ratio still 1.2 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 0.52% (LGD:7%)

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 the co-beneficiary or the 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:

- **No limited income verification is allowed**
- **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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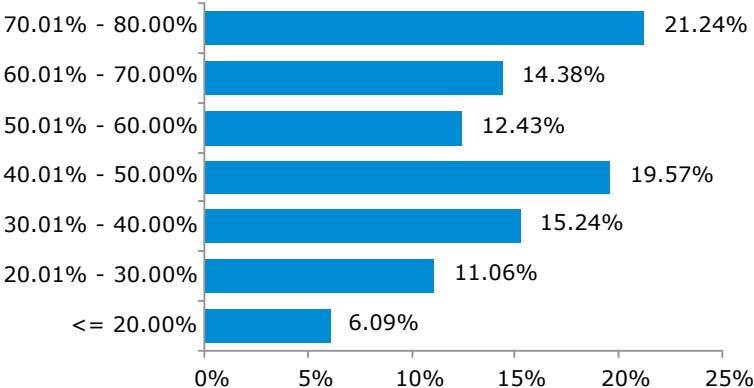
Preliminary Termsheet **Page 35**

Portfolio Summary

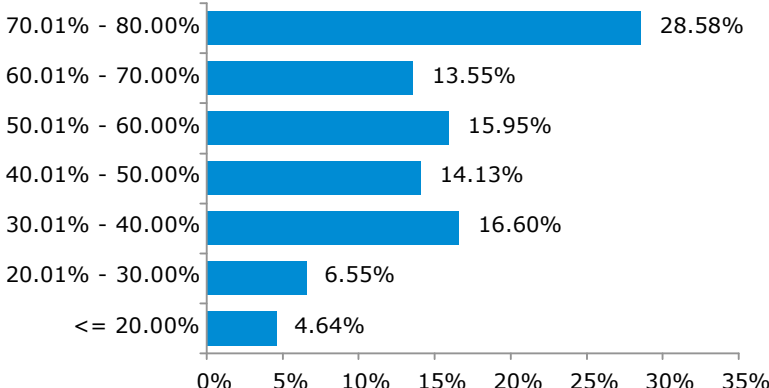
Type of Loans	100% prime, first lien, residential mortgages
Pool Status	100% performing loans
Number of Loans	12,229
Total Current Balance	€1,221,473,724
Average Loan Balance	€99,883.37
WA OLTV	54.55%
WA CLTV	50.07%
WA Seasoning (months)	24.70
WA Residual Life (months)	217.87
WA Coupon	5.83%
Geographic Location	64.67% in Lombardy

Cover Pool Analysis

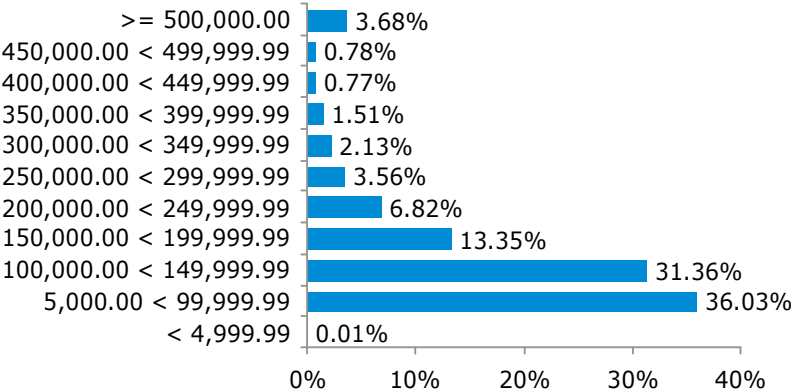
Breakdown by Current LTV



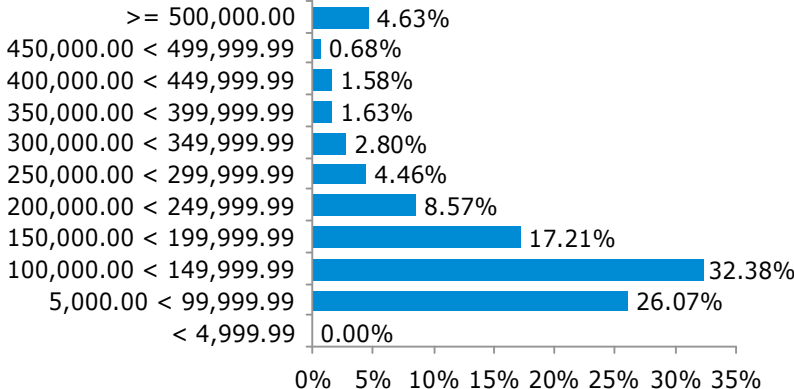
Breakdown by Original LTV



Breakdown by Current Balance

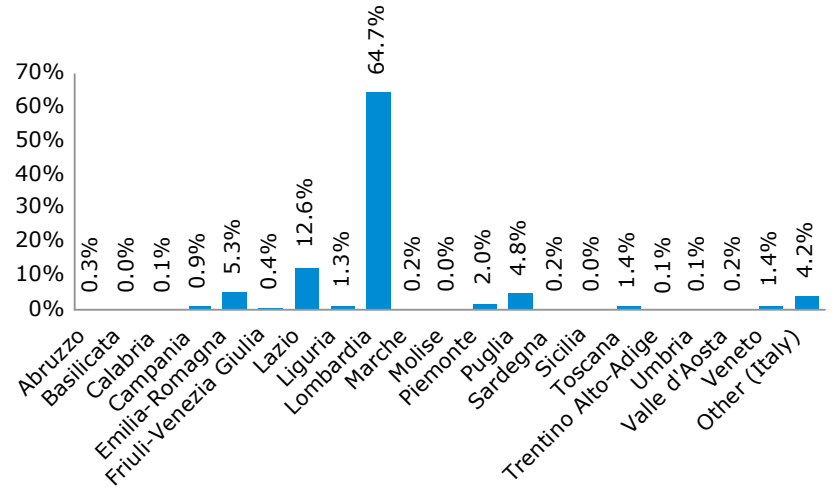


Breakdown by Original Balance

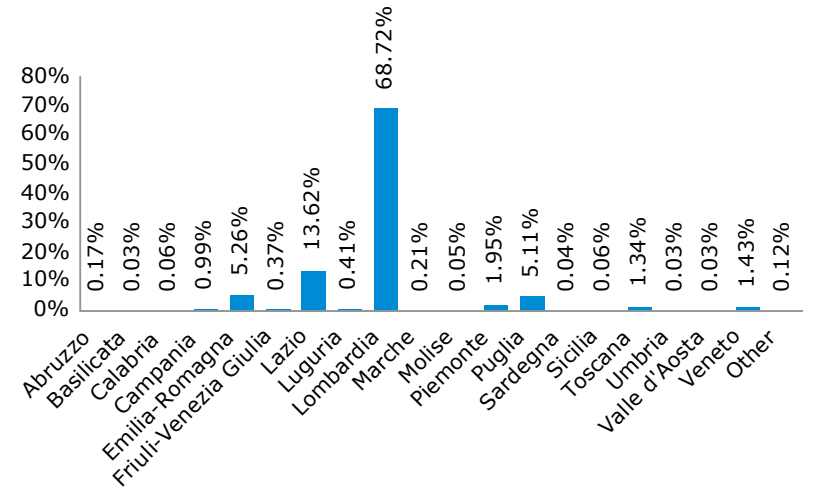


Cover Pool Analysis

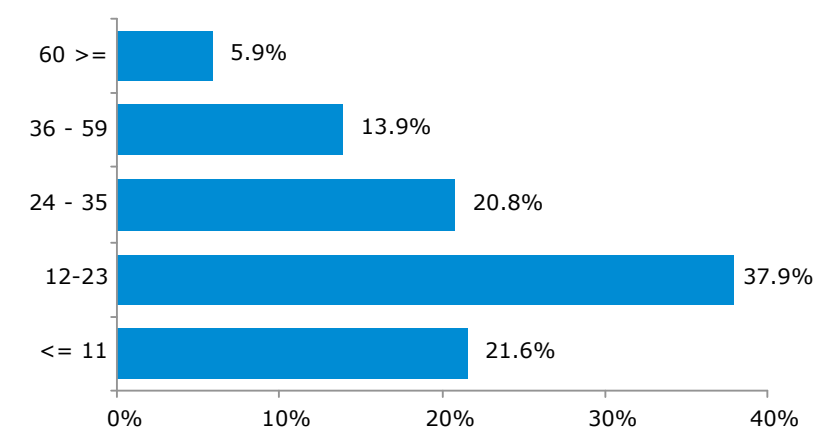
Breakdown by Property Region



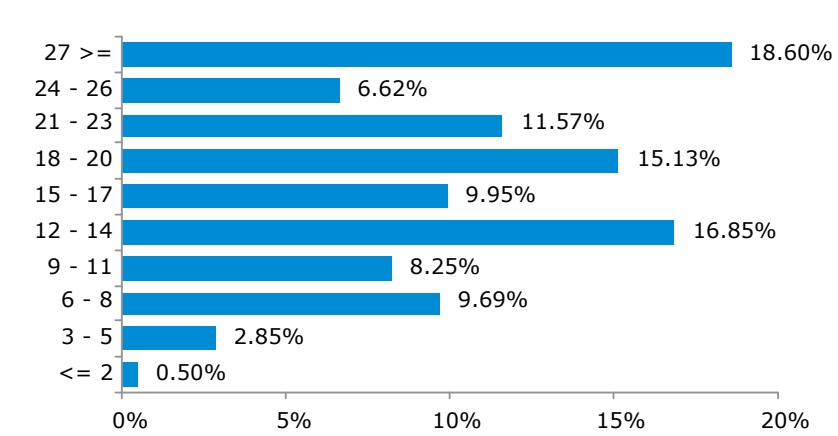
Breakdown by Borrower Region



Breakdown by Seasoning (months)

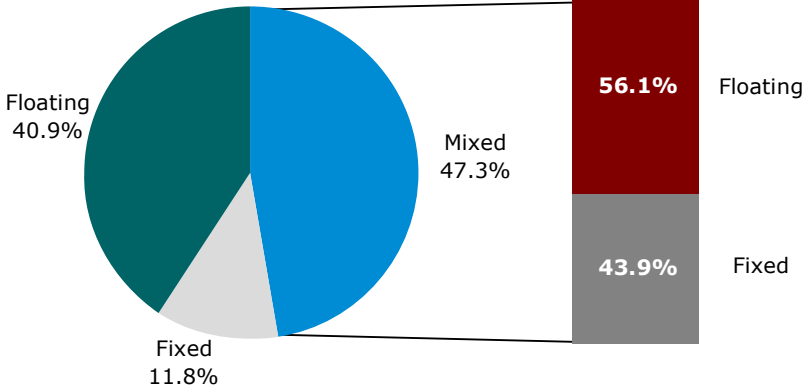


Breakdown by Remaining Life (years)

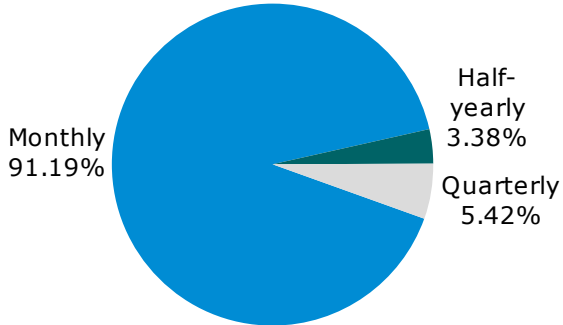


Cover Pool Analysis

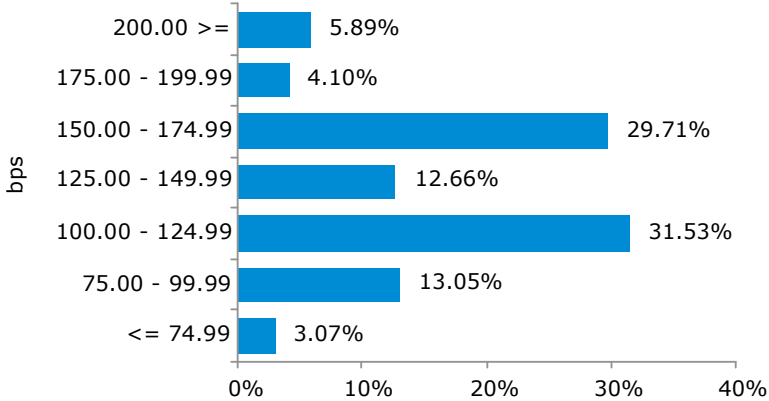
Breakdown by Current Interest Rate Type



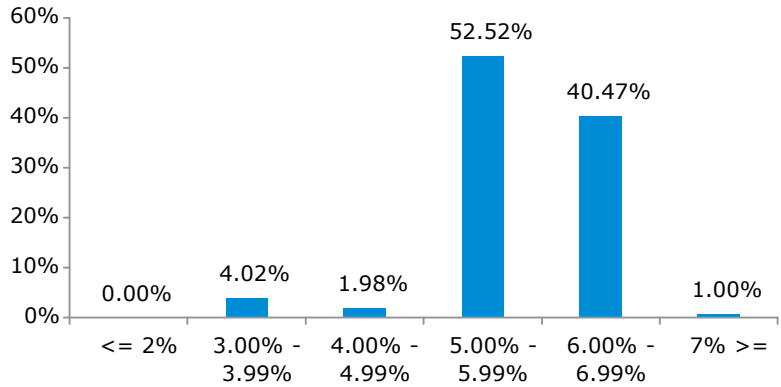
Breakdown by Instalment Frequency



Breakdown by Spread on Floating Rate



Breakdown by Current Interest Rate



Agenda

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Highlights of Italian Banking System	Page 20
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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) / A-(A-2) / A(F-1) all stable
Guarantor	BPM Covered Bond S.r.l.
Cover Pool	€1.2bn Prime-Residential Mortgages
Expected Issue Ratings	Aaa / AAA (Moody's/Fitch)
Currency / Size	€1bn
Maturity	[•]
Documentation	The notes will be launched off their €10bn OBG Programme
Status / Ranking	Direct, unconditional, unsecured and unsubordinated notes
Denominations	€50k + €1k
Listing	Luxembourg Stock Exchange
Programme Structurers	HSBC, UBS Investment Bank
Inaugural issue Joint Lead Managers	Banca Akros, Calyon, HSBC, UBS Investment Bank
Marketing	Pan-European roadshow
RWA Treatment	10%

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

The image features a monochromatic blue background with a complex architectural pattern. At the center is a circular skylight with a six-pointed starburst design. This central element is surrounded by a series of concentric circles and radial lines that create a sense of depth and perspective, resembling the interior of a large dome or a vaulted ceiling. The lines radiate outwards, creating a grid-like pattern that becomes more dense as it moves away from the center. The overall effect is one of symmetry and geometric precision.

Appendix

An Overview on the “Banche Popolari” Structure

The main features of the Popolari banking structure:

Voto capitario

“1 head 1 vote”. Each registered shareholder*, regardless of the number of shares owned, can express one vote. In addition, each shareholder can hold max 2 proxies**

Clausola di gradimento

Each shareholder to vote during the GM must be registered on the shareholder book. The admission must be approved by the Board of Directors

Shareholding limits

Each shareholder cannot have more than the 0.5% of the capital, with the exception of the institutional investors (OICR)

- BPM has around 94.000 shareholders*, of which only about 47,000 registered with voting rights

* To vote in the GM, each shareholder must be registered in the shareholder book at least 90 days before the GM date.

** This feature differs from bank to bank and it is regulated by the “Statuto” of the Bank

Comparison of European Jurisdictions

	Name of debt instrument(s)	Specialist banks	Supervision	UCITS 22 (4)/CRD	Pool's LTV Limits Residential	Commercial	Substitution Assets	PV Test	Minimum O/C	Contractual O/C Protected	Continuity of bonds at Issuer default
Italy	Obbligazioni Bancarie Garantite	No	Bank of Italy	Yes	80% (Hard cap)	60%	Yes	Yes	Contractual	Yes	Yes
France	Obligations Foncières	Yes	Commission Bancaire	Yes	80%	60%	Yes	Yes	2% Contractual	Yes	Yes
Germany	Pfandbriefe	No	BaFin Bundesbank	Yes	60%	60%	Yes	Yes	2% by Law	Yes	Yes
Portugal	Obrigações Hipotecárias/ sobre o Sector Público	No	Bank of Portugal	Yes	80%	60%	Yes	Yes	5,26% By Law	Yes	Yes
Sweden	Säkerställda Obligationer	No	Sweden Finansinspektionen	Yes	75%	60%	Yes	Yes	Contractual	Yes	Yes
Spain	Cédulas Hipotecarias / Cédulas Territoriales	No	Bank of Spain, CNMV	Yes	80% (Hard cap)	70%	Yes	No	25% Mortgage /43% Public By Law	Yes	Yes
Ireland	Mortgage Asset Covered Securities	Yes	Central Bank of Ireland	Yes	75% (Soft cap) 80% (Hard cap)	60%	Yes	Yes	3% by Law (+ Contractual)	Yes	Yes
UK	UK Covered Bonds	No	FSA	No	60/75% (Contractual)	60% (Contractual)	Yes	No	Contractual	Yes	Yes