



**Banca Popolare  
di Milano**



**Banca popolare  
dell'Emilia Romagna**

# **Presentation of the Merger Project**

*May 20<sup>th</sup>, 2007*

# DISCLAIMER

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## IMPORTANT INFORMATION

*This document has been prepared by Banca Popolare di Milano (“BPM”) and Banca popolare dell’Emilia Romagna (“BPER” and, together with BPM, the “Banks”) solely for information purposes and for use in presentation of the proposed merger among the two groups.*

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# AGENDA

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1. **Key Transaction Highlights**
2. **Strategic Rationale**
3. **Organizational Model and Corporate Governance**
4. **Value Creation and Financial Impact**

## Appendix

# CREATION OF A CO-OPERATIVE BANKING GROUP ABLE TO COMPETE WITH MAIN ITALIAN PLAYERS

## Competitive Positioning

- ✓ **Critical masses achievement on a national scale** through a merger of equals between two players with considerable levels of efficiency and profitability
- ✓ **3<sup>rd</sup> Italian co-operative banking Group**
- ✓ **7<sup>th</sup> Italian banking Group**
- ✓ **Market Cap above € 12bn\***

## Extensive Market Coverage

- ✓ **Deeply rooted presence in all Italian regions, with almost 1,900 branches and strong presence** in two of the most attractive regions of Italy (Lombardy and Emilia Romagna)
- ✓ **Excellent geographic fit of BPM and BPER banking networks**

## Wide Client Base

- ✓ **Approx. 3 million clients**

## Significant Value Creation (approx. € 1.5bn)

- ✓ **€ 290m annual gross synergies fully phased by 2010**, of which cost synergies equal to € 165m and revenue synergies equal to € 125 m (achievable also through the development of the federal model)
- ✓ **Solid starting financial capability** to sustain growth and an active capital management
- ✓ **Diversification and risk management ability enhancement**
- ✓ **Accretive deal in terms of 2010E EPS** (including synergies) **above 10%** for both sets of Shareholders

## Federal Model and Multibrand

- ✓ Strong local relationships
- ✓ **Strong local identity of 15 regional brands**

\* Pro-forma. Not including re-rating and synergies impact

# KEY TERMS AND CONDITIONS OF THE TRANSACTION

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## Corporate Structure

- ✓ **Hive-down of the banking businesses** held by current parent banks and its stakes related to banking activities into two 'S.p.A.' NewCos entirely owned
- ✓ **Merger of BPM and BPER after hive-down completion** into a new **co-operative listed banking Parent Holding**

## Key Financial Terms

- ✓ **1 (one) new Parent Holding share for each BPM share**
- ✓ **1.76 shares of the new co-operative Parent Holding for each BPER share**

## Corporate Governance

- ✓ **Traditional governance system**
- ✓ **Balanced and equally represented Board of Directors comprising 20 members**
- ✓ **Legal headquarter: Modena**
- ✓ **Operations headquarters: Milan, Modena**
- ✓ **Balanced and equally represented Management structure and shared central functions**

## Conditions

- ✓ **Confirmatory reciprocal Due Diligence**
- ✓ **Approvals by the competent Authorities**
- ✓ **Approval by the Shareholders Extraordinary General Meetings**

# TRANSACTION TIMETABLE

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May 20<sup>th</sup> 2007

- ✓ Approval of the Memorandum of Understanding by the Boards of Directors

By the end of May 2007

- ✓ **'Merger Project' Approval** by the Boards of Directors
- ✓ **Submission of applications to the competent Authorities for the Transaction Approval** (Banca d'Italia, Isvap)

By June 30<sup>th</sup> 2007

- ✓ Registration of the Merger Project (in case of approval by Banca d'Italia within the term)

By the end of October 2007

- ✓ Presentation of the New Group Business Plan
- ✓ EGM to approve Merger Project and submission of the application to list the Parent Holding shares on the Italian Stock Exchange

By the end of December 2007

- ✓ **Registration of the Merger Deed**

January 2008

- ✓ **First trading day for the Parent Holding shares**

# AGENDA

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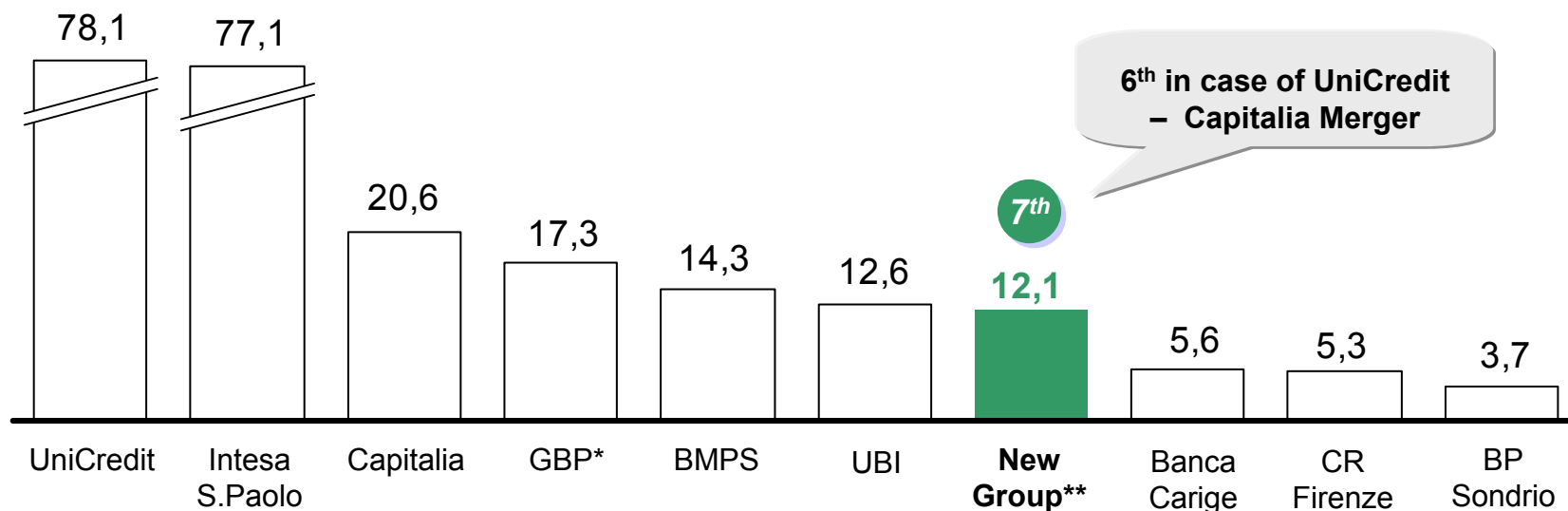
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# RANKING AMONG ITALIAN LEADING BANKING GROUPS BY MARKET CAPITALIZATION...

Prices as of May 17<sup>th</sup> 2007

Euro bn



...double-sized compared to direct 'followers'

\* Gruppo Banco Popolare, pro-forma

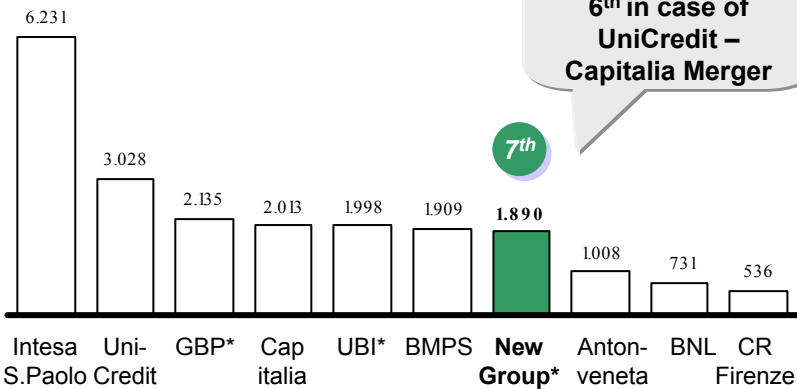
\*\* Pro-forma fully diluted. Not including potential re-rating and synergies impact

Source: Thomson Financial Datastream

# RANKING AMONG LEADING BANKING GROUPS

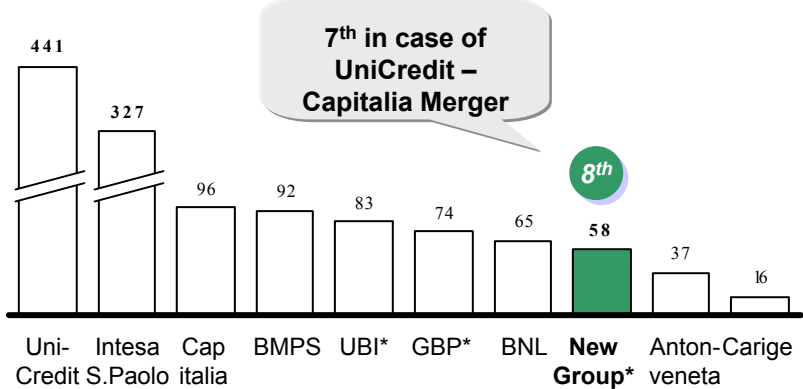
## Domestic branches

Number, as of December 31<sup>st</sup> 2006



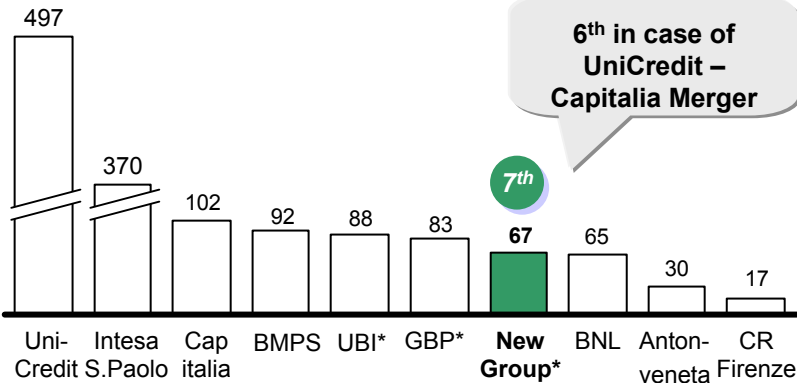
## Net loans to customers

Euro bn, as of December 31<sup>st</sup> 2006



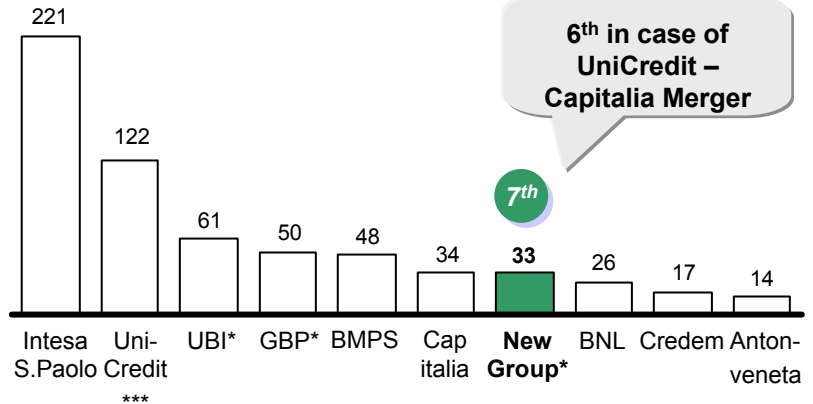
## Deposits\*\*

Euro bn, as of December 31<sup>st</sup> 2006



## Asset under Management

Euro bn, as of December 31<sup>st</sup> 2006



\* Pro-forma

\*\* Including: deposits, securities and financial liabilities at fair value

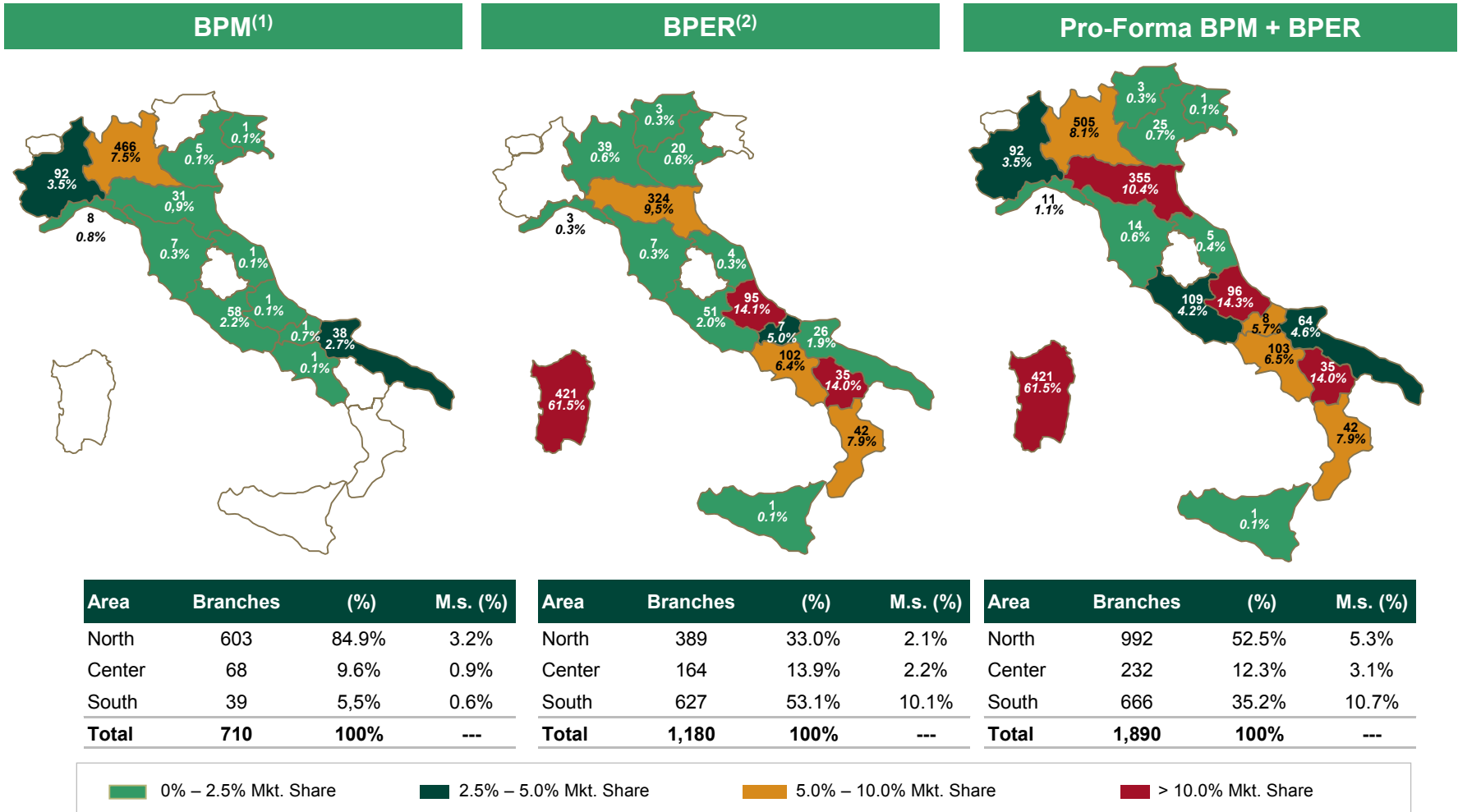
\*\*\* Source: Assogestioni

Note: rankings do not include Crédit Agricole figures as 2006 Consolidated Annual Report is not available yet

Source: Banca d'Italia, Annual Reports

# PRO-FORMA DISTRIBUTION PLATFORM

- Excellent geographical fit of distribution networks ⇒ rebalancing of the national presence
- 27 provinces with market share above 7%



1. BPM retail branches as of December 31<sup>st</sup> 2006. Market share calculated with reference to the total number of banking branches in Italy as of December 31<sup>st</sup> 2006 (Source: Banca d'Italia). Excluding: 1 We@Bank branch, 4 corporate centres, 10 Small-Medium-sized companies centres and 16 private banking centres
2. BPER branches as of December 31<sup>st</sup> 2006. Market share calculated with reference to the total number of banking branches as of December 31<sup>st</sup> 2006 (Source: Banca d'Italia). Does not include: 1 branch located in Luxembourg

# STRONG REGIONAL FRANCHISE

- Strong presence in Lombardy (market share: 8.1%) and Emilia Romagna (market share: 10.4%), two of the most attractive regions of Italy
- Consolidated competitive position in Milan local market





Lombardy Province	BPM	BPER	BPM + BPER	Mkt Share(%)
Bergamo	12	0	12	2%
Brescia	4	0	4	0%
Como	19	0	19	5%
Cremona	4	5	9	3%
Lecco	29	0	29	13%
Lodi	3	1	4	3%
Mantova	0	11	11	3%
Milano	323	22	345	14%
Pavia	14	0	14	4%
Varese	58	0	58	13%
<b>Total Lombardia</b>	<b>466</b>	<b>39</b>	<b>505</b>	<b>8.1%</b>

Emilia Romagna Province	BPM	BPER	BPM + BPER	Mkt Share(%)
Bologna	19	62	81	10%
Ferrara	7	13	20	9%
Forli	1	33	34	10%
Modena	1	91	92	19%
Parma	1	26	27	8%
Piacenza	0	5	5	2%
Ravenna	1	35	36	11%
Reggio Emilia	1	40	41	11%
Rimini	0	19	19	7%
<b>Total Emilia Romagna</b>	<b>31</b>	<b>324</b>	<b>355</b>	<b>10.4%</b>

Note: BPM and BPER branches as of December 31<sup>st</sup> 2006. Market share calculated with reference to the total number of banking branches in Italy as of December 31<sup>st</sup> 2006 (Source: Banca d'Italia).

# KEY FINANCIALS

As of December 31 <sup>st</sup> 2006	 Banca Popolare di Milano	 Banca popolare dell'Emilia Romagna	Pro-forma
Total Assets	€40.2bn	€45,3bn	€85.4bn
Loans to customers	€26.3bn	€31.3bn	€57.6bn
Deposits	€29.3bn	€37.4bn	€66.7bn
Shareholders Equity*	€3.5bn	€3.7bn	€7.2bn
Total AuM + AuA	€39.6bn	€27.2bn	€66.8bn
Of which AuM	€20.7bn	€12.8bn	€33.5bn
Revenues	€1,881m	€1,889m	€3,770m
Operating costs	€1,121m	€1,103m	€2,225m
Net Income**	€301m	€322m	€623m
Branches	741 <sup>***</sup>	1,181	1,922
Clients	1.1 m	1.8 m	2.9 m

\* On a fully diluted basis

\*\* Adjusted for non recurring items

\*\*\* BPM includes 31 further branches and centres: 1 We@Bank branch, 4 corporate centres, 10 Small-Medium-sized companies centres and 16 private banking centres.

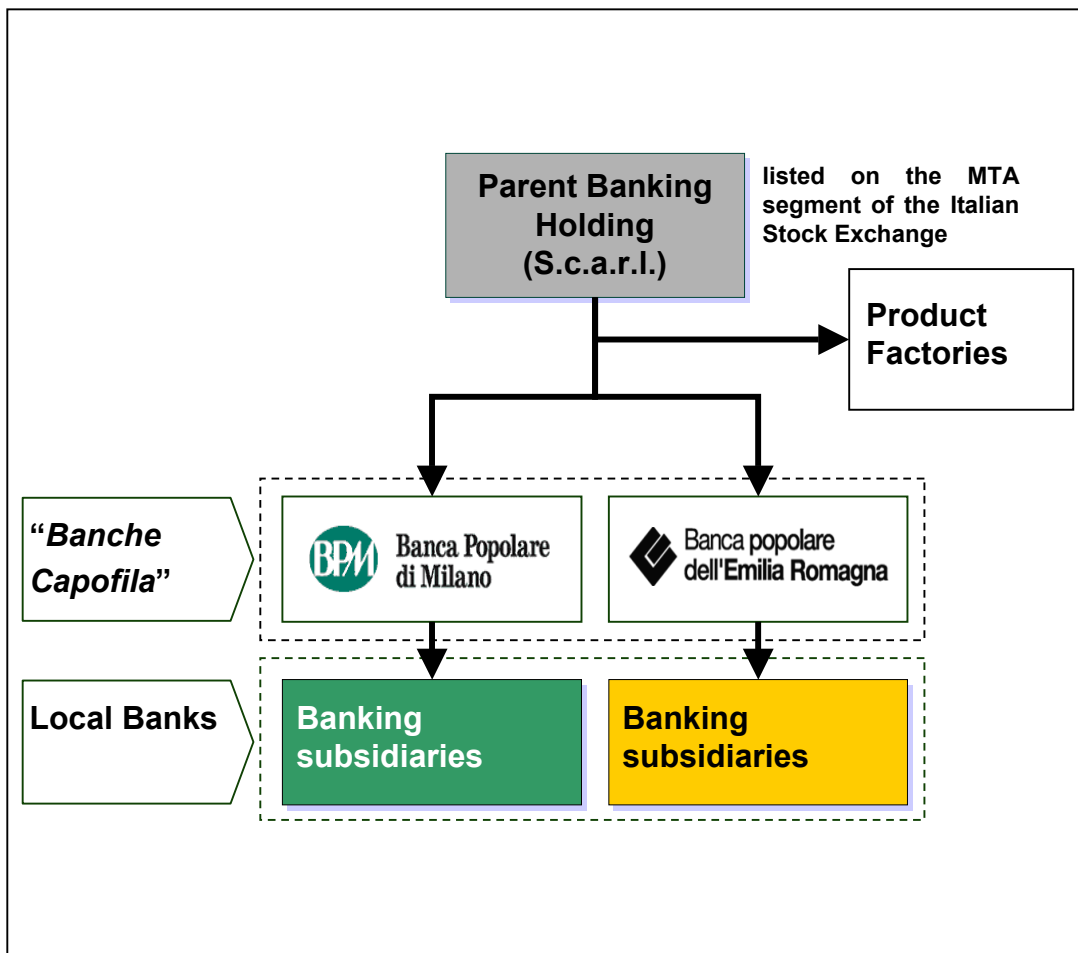
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# CORPORATE STRUCTURE OF THE NEW GROUP



- **Operating Banking Holding\*** (co-operative and listed on the MTA segment of the Italian Stock Exchange) with parent company functions
- **Product Factories** directly controlled by the Banking Holding
- **Two "Banche Capofila"\*\*\*** ('S.p.A.') controlled by the Banking Holding with commercial banking functions with coordination and support role to the controlled Local Banks
- **Local Banks** ('S.p.A.) represented by the banks currently controlled by BPM and BPER, with commercial banking functions on local markets

\* Deriving from the BPM merger with BPER after completion of the hive-down

\*\* Deriving from the hive down of the banking businesses of the current BPM and BPER

# ORGANIZATIONAL MODEL

## Main guidelines of the organizational model

- Unitary management and control for the New Group
- Federal model adoption, with value creation deriving from local brands and presence
- Focus on building solid and long term client relationships
- **Exploiting central functions knowledge**
- Strengthening product factories expertise centres
- New Group's IT and operations integration

## Organizational model

**Parent Banking Holding**

*“Banche Capofila”*

**Local Banks**

## Main functions

- **Guidance and coordination** of the Group's business lines
- **Hold** of governance and controlling functions of the Group
- **Direct management** of some operating central functions
- **Coordination** of the Product Factories
- **Guidance, coordination and monitoring** supporting the Group's Territorial Banks, operating as a “**link**” between the Holding and the Local Banks
- **Operating business of the Territorial Banks** for networks that report directly
- **Broad local autonomies** with a particular reference to sales and credit functions following the guidelines of the Parent Banking Holding

# MERGER OF EQUALS WITH CLEAR CORPORATE GOVERNANCE RULES

## Structure

### Board of Directors

Chairman: R. Mazzotta

20 Board Members equally belonging to the regional areas of Emilia Romagna and Lombardy

### CEO

G. Leoni

### General Manager

F. Viola

### Co - General Manager

E. Caselli

## Main principles and guidelines

- **Around 136,000 shareholders, of which:**
  - around 50,000 former BPM shareholders
  - around 86,000 former BPER shareholders
- **The Shareholders' Meeting, both ordinary and extraordinary, meets alternatively**
  - in Modena (legal headquarter)
  - in Milan (operations headquarters)
- **Traditional corporate governance system**
- **Management team shared and balanced**

# AGENDA

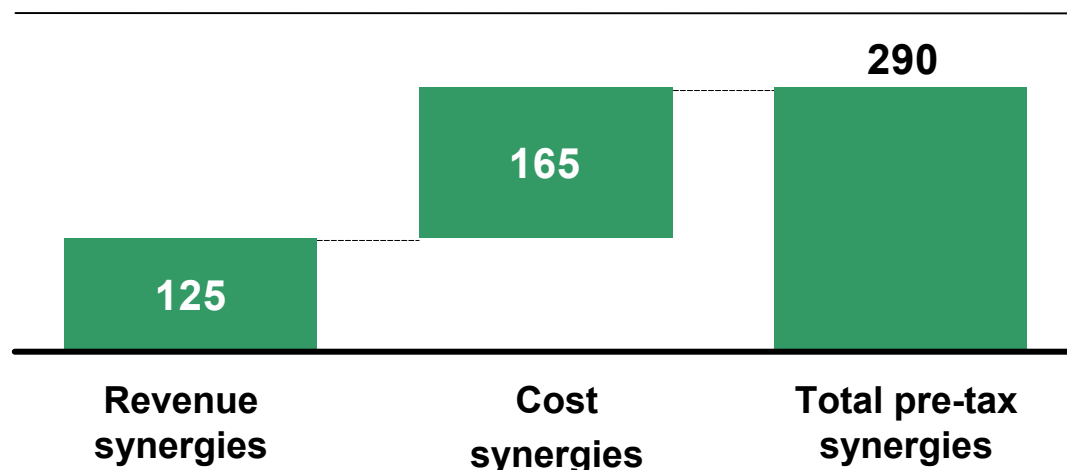
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# RELEVANT VALUE CREATION WITH € 290M EXPECTED GROSS SYNERGIES<sup>1</sup>

“Fully phased” synergies impact including minorities interests on pre-tax income (2010)



% on total amount of gross synergies

~43%

~57%

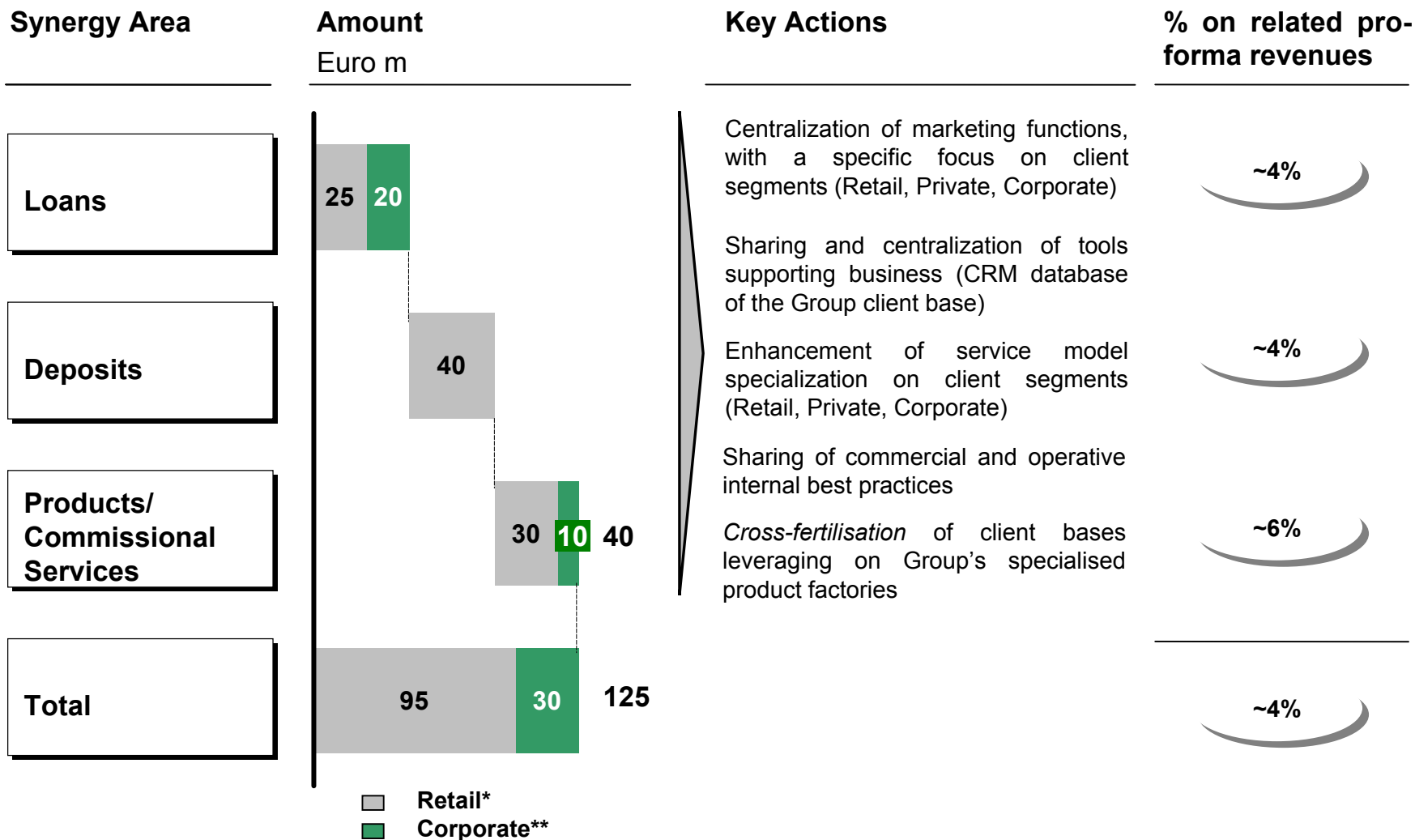
% on pro-forma cost and revenue base of the New Group as at 31.12.2006

~4%

~8%

1) Total impact gross of minorities interests - about 9% of total synergies – and of the related fiscal impact  
Source: Annual Reports

# REVENUE SYNERGIES BREAKDOWN AND KEY ACTIONS



\* Private individuals, Private and Small Business

\*\* SMEs, Corporates and Large Corporates

Source: Annual Reports, Banks' internal data

# COST SYNERGIES BREAKDOWN AND KEY ACTIONS

Synergy Area	Amount Euro m	Key Actions	% on related pro- forma costs
Central functions and territorial structure	35	Rationalisation of central functions Guidance, Coordination and Control in the Parent Banking Holding in the “ <i>Banche Capofila</i> ” and increasing efficiency in the local operations through alignment to Group best practices	~11%
IT and Back Office	80	Unification of IT architecture and integration of back-office functions at central level to support the whole Group	~25%
Other Administrative Expenses	50	Unification of procurement functions exploiting economies of scale (increased purchasing power)	~7%
<b>Total*</b>	<b>165</b>		<b>~8%</b>

\* Personnel reorganization actions are deemed feasible mainly through the turnover scheduled in the two Groups' Plans  
Source: Annual Reports, Banks' internal data

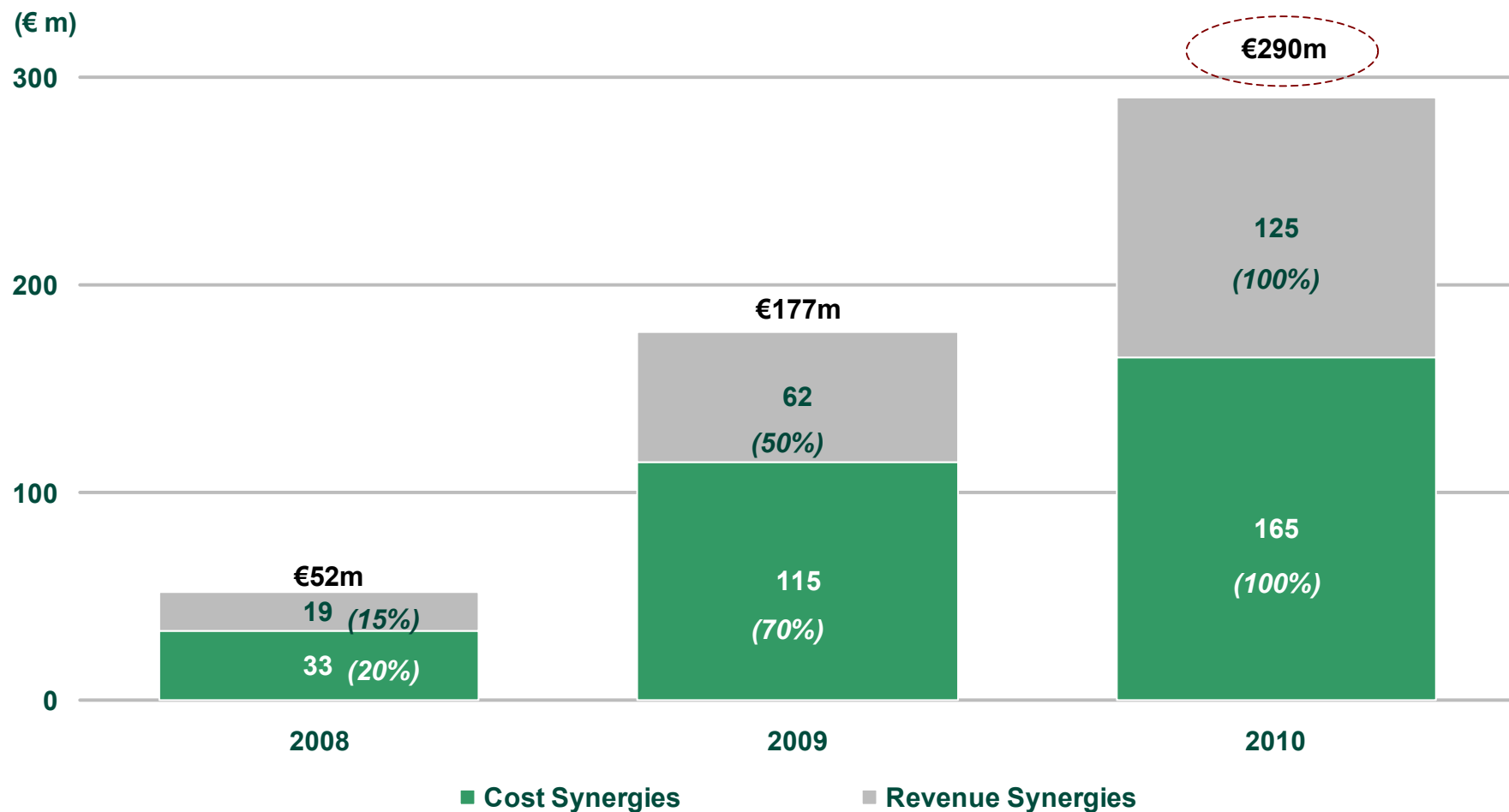
# INTEGRATION COSTS

Required activity	Description
<b>Personnel and Training</b>	<ul style="list-style-type: none"><li>• Reorganization and training actions of the two banks' personnel*</li></ul>
<b>IT Systems</b>	<ul style="list-style-type: none"><li>• Identification of the target system</li><li>• Migration to a target system and related reinforcement / "upgrade"</li></ul>
<b>Central Functions and Territorial Structure</b>	<ul style="list-style-type: none"><li>• Marketing and communication</li><li>• Branch network layout</li><li>• Others</li></ul>

✓ Preliminary estimate of total integration costs: € 230m  
✓ ~80% of total gross synergies

\* Personnel reorganization actions are deemed feasible mainly through the turnover scheduled in the two Groups' Plans  
Source: Annual Reports, Banks' internal data

# SYNERGIES PHASING: SIGNIFICANT ACHIEVEMENT BY 2009



## FURTHER SYNERGIES POTENTIAL NOT YET INCLUDED

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- ✓ Further areas of alignment to internal best practices, especially on the revenue side
- ✓ Scope synergies on product innovation
- ✓ Group Finance Enhancement (*ALM*, Proprietary Trading)
- ✓ Further loans/deposits rebalancing
- ✓ Improvement in credit and operative risk management
- ✓ Capital management optimization
- ✓ Network optimization in a regional perspective
- ✓ New Group's product factories exploitation through rationalisation and specialisation strategies

# MAIN FINANCIAL TARGETS

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	Pro-forma 2006A	Pro-forma 2010E	CAGR '06-'10
<b>Cost-Income ratio</b>	~58 %	~50%	
<b>Net Income</b>	€ 623 m*	> € 1,1 bn	> 15 %

- **Accretive deal in terms of 2010E EPS (including synergies) above 10% for both sets of Shareholders**
- **Ordinary pay-out around 50%**

\* Adjusted for non recurring items

# AGENDA

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- 1. Key Elements of the Transaction**
- 2. Strategic Rationale**
- 3. Organizational Model and Corporate Governance**
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## Appendix

# BRIEF PROFILE OF BPM GROUP: RETAIL FOCUS WITH DIVERSIFICATION IN HIGH-VALUE ADDED SEGMENTS

Group BPM Profile (as of December 31<sup>st</sup> 2006)



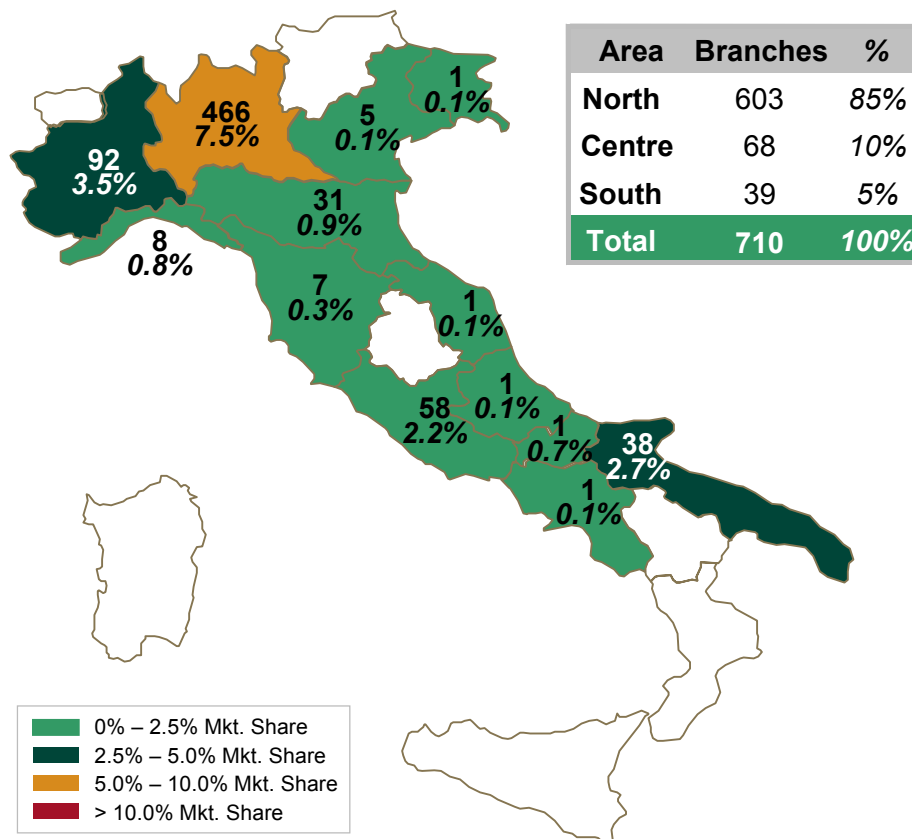
Local Banks	Product Factories				
<b>Banca di Legnano</b> (93.5%)	<b>Private &amp; Investment Banking</b>	<b>Wealth Management</b>	<b>Consumer Finance</b>	<b>Parabanking</b>	<b>Services Companies</b>
<b>CR Alessandria</b> (80.0%)	<b>Banca Akros</b> (96.9%)	<b>BPM Gestioni SGR</b> (95.2%)	<b>Pitagora 1936</b> (24.0%)	<b>Selma BPM Leasing</b> (40.0%)	<b>We@Service</b> (100.0%)
<b>CR Asti</b> (20.0%)	<b>BPM Private Banking</b> (100.0%)	<b>Anima SGR</b> (29.9%)			<b>Dexia Crediop</b> (10.0%)
	<b>Akros Securities</b> (100.0%)	<b>Akros HFR Alt. Inv.</b> (51.0%)			
	<b>BPM Ireland</b> (100.0%)	<b>BPM Fund Management</b> (100.0%)			
		<b>Etica SGR</b> (27.5%)	<b>BPM Vita</b> (50.0%)		
		<b>Aedes BPM SGR</b> (39.0%)	<b>Wise SGR</b> (20.%)		

 Controlled Entities  
 Shareholdings

Almost 1.1 m clients

# BRIEF PROFILE OF BPM GROUP: THE DISTRIBUTION NETWORK

## BPM: Distribution Network



- 710 branches, 10<sup>th</sup> distribution network in Italy
- Significant presence in Lombardy with a market share of ca. 8%
- Consolidated competitive position in Milan local market with a market share of 14%
- Distribution network featuring Corporate and Private centres
  - 4 Corporate centres and 10 SMEs centres
  - 16 Private Banking centres
  - 1 We@Bank centre

Excluding: 1 We@Bank, 4 corporate centres, 10 SMEs centres, 16 private banking centres and 1 We@Bank centre.  
 Retail BPM branches as of 31 December 2006. Market share calculated on total Italian banking branches as of 31 December 2006 (Source: Bank of Italy).

# BRIEF PROFILE OF BPM GROUP: KEY FINANCIALS

## Balance Sheet

Assets (€mn)							Liabilities (€mn)						
	2006	% TA	2005	% TA	2004 <sup>(1)</sup>	% TA		2006	% TA	2005	% TA	2004 <sup>(1)</sup>	% TA
Cash and cash balances with central	200	0,5%	178	0,5%	199	0,5%	Deposits from Banks	4.640	11,5%	4.709	12,4%	6.894	18,2%
Financial Assets held for Trading	3.359	8,4%	4.184	11,0%	9.975 <sup>(2)</sup>	26,4%	Deposits from Customers	20.808	51,8%	19.564	51,6%	16.272	43,0%
Financial Assets held for Trading	1.663	4,1%	3.797	10,0%		0,0%	Securities Issued	5.625	14,0%	4.750	12,5%	5.605	14,8%
Available-for-sale financial assets	2.024	5,0%	2.068	5,5%		0,0%	Financial Liabilities at Fair Value	2.922	7,3%	2.417	6,4%	N.d.	N.d.
Held to maturity financial assets	0	0,0%	0	0,0%		0,0%	Financial Liabilities held for trading	1.060	2,6%	1.193	3,1%	0	0,0%
Loans to Banks	3.776	9,4%	2.243	5,9%	3.797	10,0%	Derivatives used for hedging	3	0,0%	4	0,0%	0	0,0%
Loans to Customers	26.313	65,5%	22.573	59,6%	20.020	52,9%	Subordinated liabilities	0	0,0%	0	0,0%	819	2,2%
Derivatives used for hedging	24	0,1%	43	0,1%	0	0,0%	Tax Liabilities	115	0,3%	153	0,4%	178	0,5%
Fair Value changes of the generically hedged items	0	0,0%	0	0,0%	0	0,0%	Other Liabilities	1.065	2,6%	857	2,3%	1.971	5,2%
Investments in associate, subsidiaries	97	0,2%	45	0,1%	40	0,1%	Liabilities for Termination Indemnity	222	0,6%	219	0,6%	222	0,6%
Technical reserves reassured with third parties	0	0,0%	3	0,0%	2	0,0%	Allowances for Risks and Contingencies	241	0,6%	214	0,6%	296	0,8%
Tangible Assets	744	1,9%	761	2,0%	751	2,0%	Technical reserves	0	0,0%	846	2,2%	2.710	7,2%
Intangible Assets	639	1,6%	658	1,7%	677	1,8%	Valuation Reserves	425	1,1%	363	1,0%	229	0,6%
Tax Assets	544	1,4%	604	1,6%	529	1,4%	Reserves	948	2,4%	726	1,9%	803	2,1%
Non current assets and groups of assets being disposed	8	0,0%	24	0,1%	30	0,1%	Share premium account	338	0,8%	338	0,9%	338	0,9%
Other Assets	792	2,0%	720	1,9%	1.801	4,8%	Share Capital	1.245	3,1%	1.245	3,3%	1.245	3,3%
							Treasury stock(-)	0	0,0%	0	n.m.	0	0,0%
							Minority interest (+/-)	122	0,3%	40	0,1%	119	0,3%
							Income (loss) for the period	399	1,0%	259	0,7%	120	0,3%
							Capital Instruments	4	0,0%	4	0,0%	0	0,0%
<b>Total Assets</b>	<b>40.181</b>	<b>100,0%</b>	<b>37.901</b>	<b>100,0%</b>	<b>37.820</b>	<b>100,0%</b>	<b>Total Liabilities &amp; Shareholders Equi</b>	<b>40.181</b>	<b>100%</b>	<b>37.901</b>	<b>100%</b>	<b>37.820</b>	<b>100%</b>
Assets Under Management <sup>(3)</sup>	20.729	---	20.439	---	18.558	---							
Indirect Deposits	39.614	---	37.094	---	34.448	---							

Source: annual reports.

(1) Data reported according IAS / IFRS GAAP excluding IAS 32-39 (financial instruments) and IFRS 4 (insurance contracts). (2) Including "Treasury bills and other assets which can be refinanced at Central Banks", "Bonds and other debt securities", "Shares and other equity instruments" and "Participations". (3) Includes insurance reserves.

# BRIEF PROFILE OF BPM GROUP: KEY FINANCIALS

## Profit and Loss

€mn	2006	% TA	2005	% TA	2004 <sup>(1)</sup>	% TA
<b>Interest Margin</b>	916	2,3%	736	1,9%	678	1,8%
Profit (loss) on financial assets and liabilities valued at fair value through profit and loss	72	0,2%	88	0,2%	63	0,2%
Dividends and Profits (Losses) on investments carried at equity	137	0,3%	69	0,2%	85	0,2%
Net fee and commission income	614	1,5%	544	1,4%	502	1,3%
Other operating expenses (income)	143	0,4%	128	0,3%	106	0,3%
Net income from insurance activities	0	0,0%	34	0,1%	12	0,0%
<b>Revenues</b>	<b>1.881</b>	<b>4,7%</b>	<b>1.599</b>	<b>4,2%</b>	<b>1.448</b>	<b>3,8%</b>
Personnel expenses	(688)	(1,7%)	(657)	(1,7%)	(626)	(1,7%)
Other administrative expenses	(345)	(0,9%)	(348)	(0,9%)	(326)	(0,9%)
Adjustments to fixed and intangibles assets	(88)	(0,2%)	(91)	(0,2%)	(91)	(0,2%)
<b>Operating expenses</b>	<b>(1.121)</b>	<b>(2,8%)</b>	<b>(1.097)</b>	<b>(2,9%)</b>	<b>(1.043)</b>	<b>(2,8%)</b>
<b>Gross Operating Margin</b>	<b>760</b>	<b>1,9%</b>	<b>503</b>	<b>1,3%</b>	<b>404</b>	<b>1,1%</b>
Net provisions for risks and charges	(39)	(0,1%)	(16)	(0,0%)	(22)	(0,1%)
Net impairment losses on Loans	(121)	(0,3%)	(88)	(0,2%)	0	0,0%
Net impairment losses on financial assets	(3)	(0,0%)	(10)	(0,0%)	(144)	(0,4%)
Adjustments to goodwill	0	0,0%	0	0,0%	(45)	(0,1%)
<b>Total Net Provisions and Net Impairments</b>	<b>(163)</b>	<b>(0,4%)</b>	<b>(114)</b>	<b>(0,3%)</b>	<b>(211)</b> <sup>(2)</sup>	<b>(0,6%)</b>
<b>Net Operating Margin</b>	<b>597</b>	<b>1,5%</b>	<b>389</b>	<b>1,0%</b>	<b>193</b>	<b>0,5%</b>
Profit (Loss) on disposal	40	0,1%	27	0,1%	(0)	(0,0%)
<b>Net income (loss) before tax</b>	<b>637</b>	<b>1,6%</b>	<b>416</b>	<b>1,1%</b>	<b>193</b>	<b>0,5%</b>
Taxes on income from continuing operations	(234)	(0,6%)	(159)	(0,4%)	(78)	(0,2%)
Minority interests	(5)	(0,0%)	(7)	(0,0%)	(4)	(0,0%)
Income (Loss) after tax from non-current assets (or disposal groups) held for sale and discontinued operations	0	0,0%	9	0,0%	8	0,0%
<b>Net income (loss)</b>	<b>399</b>	<b>1,0%</b>	<b>259</b>	<b>0,7%</b>	<b>120</b>	<b>0,3%</b>

Source: annual reports.

1) Data reported according IAS / IFRS GAAP excluding IAS 32-39 (financial instruments) and IFRS 4 (insurance contracts). (2) Includes "Value Adjustments / Integrations on receivables and provisions for guarantees and commitments" and "Value Adjustments / Integrations on financial long-term assets".



# BRIEF PROFILE OF BPER GROUP

## 9<sup>th</sup> Italian banking group: strong focus on retail segment

Profile of BPER Group (as of December 31<sup>st</sup> 2006)<sup>(1)</sup>



Network		Product Factories				
<b>BP Ravenna</b> (76.0%)	<b>B Campania</b> (89.1%)	<b>Investment Private Banking</b>	<b>Wealth Management</b>	<b>Parabancario</b>	<b>Consumer Finance</b>	<b>Services Companies</b>
<b>BP Lanciano e Sulmona (53.4%)</b>	<b>Banca CRV</b> (100.0%)	<b>BPER Ireland</b> (100%)	<b>Optima Sgr</b> (100%)	<b>ABF Factoring</b> (90.0%)	<b>Divisione Banca di Sassari (90.1%)</b>	<b>Finbanche d'Abruzzo (100%)</b>
<b>BP Materano</b> (67.7%)	<b>Banco di Sardegna</b> (51.0%)	<b>Meliorbanca</b> (28.2%)	<b>Ver Capital Sgr</b> (16.0%)	<b>ABF Leasing</b> (100%)		<b>Nadia</b> (100%)
<b>Carispaq</b> (79.9%)	<b>Banca di Sassari</b> (90.1%)	<b>Centrosim</b> (17.5%)	<b>Arca Assicurazioni</b> (19.1%)	<b>Sardaleasing</b> (92.1%)		<b>Em.Ro Immobiliare</b> (100%)
<b>BP Aprilia</b> (55.1%)	<b>BP Crotone</b> (60.3%)		<b>Arca Vita</b> (44.8%)	<b>Banca Italease</b> (6.8%)		<b>Tholos</b> (100%)
<b>Eurobanca del Trentino (49.9%)</b>	<b>BPER Lux</b> (99%)		<b>Arca Sgr</b> (20.2%)	<b>Privata Leasing</b> (10.0%)		<b>Em.Ro Popolare</b> (100%)
<b>CR Saluzzo</b> (31.0%)	<b>CR Bra</b> (31.0%)					<b>Unione Fiduciaria</b> (24.0%)
<b>CR Savigliano</b> (31.0%)	<b>CR Fossano</b> (23.1%)					<b>Dexia Crediop</b> (10.0%)

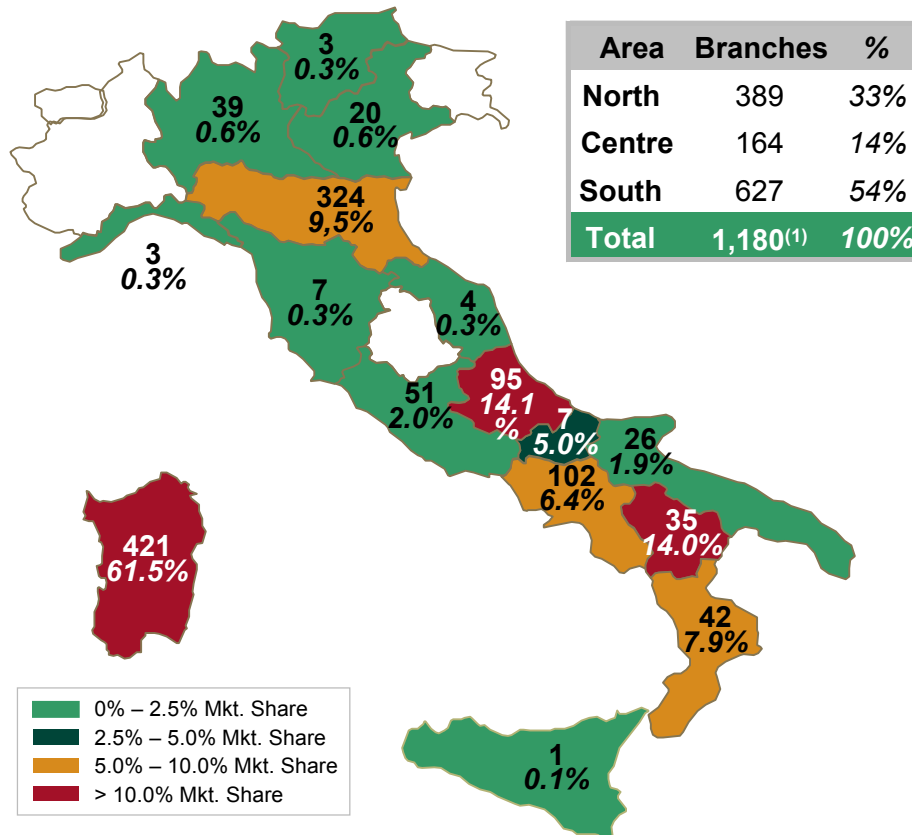
 Controlled Companies  
 Shareholdings

Almost 1.8 m clients

(1) Shareholdings as of 31.12.2006. (2) Number of shareholders BPER: 86.180.

# BRIEF PROFILE OF BPER GROUP: COUNTRY COVERAGE

## BPER: Distribution Network<sup>(1)</sup>



- 1,181 branches, 7<sup>th</sup> distribution network in Italy
- Significant presence in Emilia Romagna, Abruzzo, Basilicata, Calabria and Campania
- Absolute *leadership* in Sardinia with a market share of 62% through Banco di Sardegna's network (controlled at 51%) and the controlled Banca di Sassari. Positioning among top 3 banking groups in 5 Italian regions

1. BPER branches as of 31 December 2006. Market share calculated on total Italian banking branches as of 31 December 2006 (Source: Bank of Italy). Excluding 1 branch in Luxembourg.

# BPER: KEY FINANCIALS

## Balance Sheet

Assets (€mn)	2006	%Total	2005	%Total	2004 <sup>(1)</sup>	%Total	Liabilities (€mn)	2006	%Total	2005	%Total	2004 <sup>(1)</sup>	%Total
Cash and cash balances with central banks	371	0,8%	340	0,8%	333	0,8%	Deposits from Banks	1.729	3,8%	2.490	5,7%	2.165	5,4%
Financial Assets held for Trading	4.374	9,7%	4.285	9,9%	3.004	7,5%	Deposits from Customers	25.483	56,3%	23.984	55,3%	21.836	54,6%
Financial Assets held at fair value	1.317	2,9%	1.826	4,2%	1.637	4,1%	Securities Issued	10.505	23,2%	9.791	22,6%	9.679	24,2%
Available-for-sale financial assets	1.432	3,2%	1.657	3,8%	1.453	3,6%	Financial Liabilities held for trading	200	0,4%	104	0,2%	5	0,0%
Held to maturity financial assets	0	0,0%	0	0,0%	0	0,0%	Financial Liabilities at Fair Value	1.378	3,0%	1.430	3,3%	1.101	2,8%
Loans to Banks	3.900	8,6%	2.038	4,7%	3.592	9,0%	Derivatives used for hedging	0	0,0%	0	0,0%	0	0,0%
Loans to Customers	31.274	69,1%	30.626	70,6%	27.340	68,4%	Subordinated liabilities	0	0,0%	0	0,0%	0	0,0%
Derivatives used for hedging	0	0,0%	0	0,0%	0	0,0%	Tax Liabilities	375	0,8%	346	0,8%	386	1,0%
Fair Value changes of the generically hedged items	0	0,0%	0	0,0%	0	0,0%	Liabilities linked to disposable assets	0	0,0%	0	0,0%	0	0,0%
Investments in associate, subsidiaries and joint ventures	245	0,5%	90	0,2%	76	0,2%	Other Liabilities	1.151	2,5%	1.442	3,3%	1.359	3,4%
Technical reserves reassured with third parties	0	0,0%	0	0,0%	0	0,0%	Liabilities for Termination Indemnity	271	0,6%	283	0,7%	261	0,7%
Tangible Assets	919	2,0%	931	2,1%	935	2,3%	Allowances for Risks and Contingencies	328	0,7%	277	0,6%	240	0,6%
Intangible Assets	254	0,6%	295	0,7%	272	0,7%	Technical reserves	0	0,0%	0	0,0%	0	0,0%
Tax Assets	446	1,0%	405	0,9%	586	1,5%	Valuation Reserves	448	1,0%	403	0,9%	183	0,5%
Non current assets and groups of assets being disposed	14	0,0%	0	0,0%	0	0,0%	Reserves	1.102	2,4%	976	2,3%	1.013	2,5%
Other Assets	712	1,6%	871	2,0%	742	1,9%	Share Premium Account	317	0,7%	423	1,0%	303	0,8%
							Share Capital	749	1,7%	233	0,5%	221	0,6%
							Treasury Stock (-)	(35)	-0,1%	(2)	n.m.	0	0,0%
							Minority Interests (+ / -)	885	2,0%	878	2,0%	976	2,4%
							Income (Loss) for the Period	347	0,8%	276	0,6%	243	0,6%
							Capital Instruments	24	0,1%	31	0,1%	0	0,0%
<b>Total Assets</b>	<b>45.258</b>	<b>100,0%</b>	<b>43.364</b>	<b>100,0%</b>	<b>39.972</b>	<b>100,0%</b>	<b>Total Liabilities &amp; Shareholders Equity</b>	<b>45.258</b>	<b>100,0%</b>	<b>43.364</b>	<b>100,0%</b>	<b>39.972</b>	<b>100,0%</b>
Assets Under Management <sup>(2)</sup>	12.776	---	12.450	---	11.200	---							
Indirect Deposits	28.962	---	26.331	---	23.629	---							

Source: annual reports

(1) Data reported according IAS / IFRS GAAP excluding IAS 32-39 (financial instruments) and IFRS 4 (insurance contracts). (2) Includes insurance reserves.

# BPER: KEY FINANCIALS

## Profit and Loss

(€mn)	2006	% Total	2005	% TA	2004 <sup>(1)</sup>	% TA
<b>Interest Margin</b>	1.286	2,8%	1.112	2,6%	1.022	2,6%
Profit (loss) on financial assets and liabilities	(44)	(0,1%)	(7)	(0,0%)	31	0,1%
Dividends and Profits (Losses) from Equity accounted investments	42	0,1%	30	0,1%	36	0,1%
Net fee and commission income	443	1,0%	482	1,1%	460	1,2%
Other operating (expenses) income	162	0,4%	157	0,4%	184	0,5%
Net income from insurance activities	0	0,0%	0	0,0%	0	0,0%
<b>Total Revenues</b>	<b>1.889</b>	<b>4,2%</b>	<b>1.774</b>	<b>4,1%</b>	<b>1.732</b>	<b>4,3%</b>
Personnel expenses	(653)	(1,4%)	(640)	(1,5%)	(609)	(1,5%)
Other administrative expenses	(405)	(0,9%)	(394)	(0,9%)	(370)	(0,9%)
Adjustments to fixed and intangibles assets	(45)	(0,1%)	(49)	(0,1%)	(57)	(0,1%)
<b>Total Operating expenses</b>	<b>(1.103)</b>	<b>(2,4%)</b>	<b>(1.082)</b>	<b>(2,5%)</b>	<b>(1.036)</b>	<b>(2,6%)</b>
<b>Gross Operating Margin</b>	<b>786</b>	<b>1,7%</b>	<b>691</b>	<b>1,6%</b>	<b>696</b>	<b>1,7%</b>
Net provisions for risks and charges	(40)	(0,1%)	(31)	(0,1%)	(24)	(0,1%)
Net impairment losses on Loans	(129)	(0,3%)	(94)	(0,2%)	(170)	(0,4%)
Net impairment losses on financial assets	0	0,0%	(1)	(0,0%)	(26)	(0,1%)
<b>Total Net Provisions and Impairments</b>	<b>(170)</b>	<b>(0,4%)</b>	<b>(127)</b>	<b>(0,3%)</b>	<b>(221)</b>	<b>(0,6%)</b>
<b>Net Operating Margin</b>	<b>616</b>	<b>1,4%</b>	<b>564</b>	<b>1,3%</b>	<b>475</b>	<b>1,2%</b>
Profit (Loss) on disposals	66,1	0,1%	5	0,0%	0	0,0%
<b>Net income (loss) before tax</b>	<b>682</b>	<b>1,5%</b>	<b>570</b>	<b>1,3%</b>	<b>475</b>	<b>1,2%</b>
Taxes on income from continuing operations	(266)	(0,6%)	(232)	(0,5%)	(185)	(0,5%)
Minority interests	(69,6)	(0,2%)	(61,7)	(0,1%)	(47)	(0,1%)
Non - recurring gains	0	0,0%	0	0,0%	0	0,0%
<b>Net income (loss)</b>	<b>347</b>	<b>0,8%</b>	<b>276</b>	<b>0,6%</b>	<b>243</b>	<b>0,6%</b>

Source: annual reports

(1) Data reported according IAS / IFRS GAAP excluding IAS 32-39 (financial instruments) and IFRS 4 (insurance contracts).

## DETAILS OF FULLY DILUTED SHARES: BPM

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*(in m)*

Number of shares issued in May 2007	415.0
<i>Of which Treasury Shares</i>	<i>0.0</i>
Number of shares underlying the convertible bonds	25.6
<i>Of which in the money</i>	<i>25.6</i>
Number of fully diluted shares	440.6
<i>Of which issued as effect of convertible bonds conversion</i>	<i>5.8%</i>
Par value of convertible bonds (€)	180.0
<i>Expiring in 2009</i>	<i>100%</i>

## DETAILS OF FULLY DILUTED SHARES: BPER

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<i>(in m)</i>	
Number of shares issued in May 2007	249.8
<i>Of which Treasury Shares</i>	2.2
Number of shares underlying the convertible bonds	61.8
<i>Of which in the money</i>	61.8
Number of fully diluted shares	311.6
<i>Of which issued as effect of convertible bonds conversion</i>	19.8%
Par value of convertible bonds (€)	765.8
<i>Expiring in 2008</i>	66%
<i>Expiring in 2010</i>	7%
<i>Expiring in 2012</i>	27%