



**Banca Popolare
di Milano**



**Banca popolare
dell'Emilia Romagna**

Presentation of the Merger Project

May 29th, 2007

AGENDA

1. **Executive Summary**
2. **New Group Organisational Model**
3. **Value Creation and Financial Impact**
4. **Conclusions and Timetable**

BPER GROUP

Group Structure



Retail Network⁽¹⁾

- B. Campania (89.1%)
- B. Sardegna (51%)
- BP Lanciano e Sulmona (53.4%)
- BP Ravenna (76.0%)
- BP Materano (67.7%)
- CR Aquila (79.9%)
- BP Aprilia (55.1%)
- Banca CRV (100%)
- Banca di Sassari (90.1%)
- BP Crotona (60.3%)

Product Factories

Investment & Private Banking

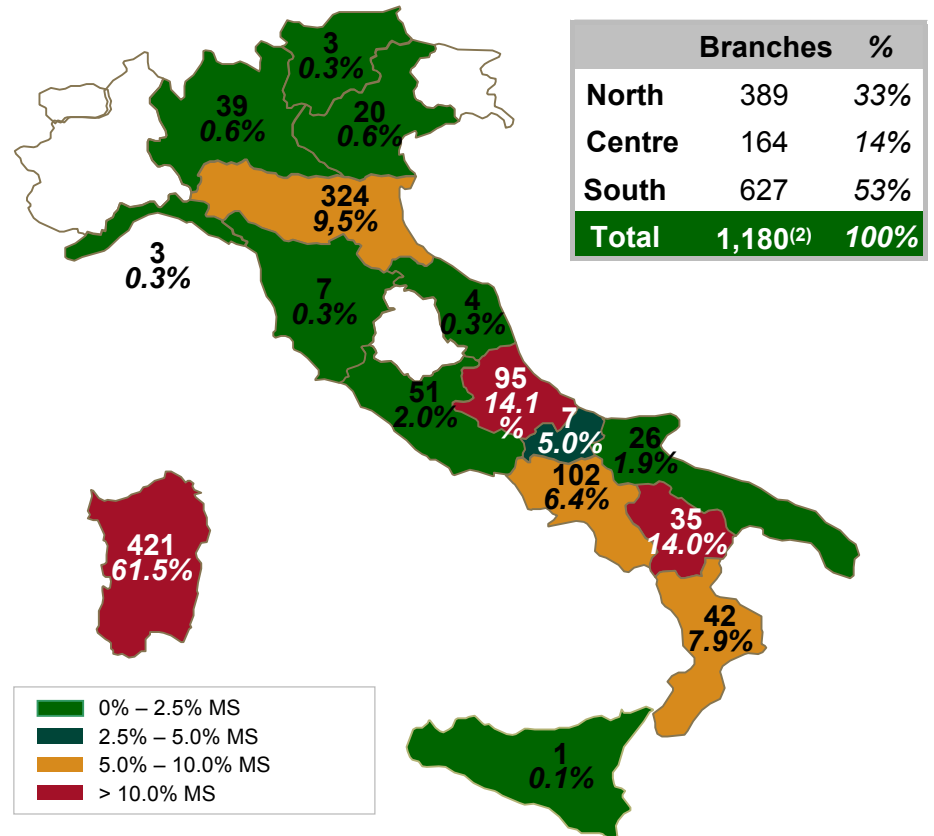
Wealth Management

Leasing & Factoring

Consumer Finance

Others

Geographic Presence and Market Shares

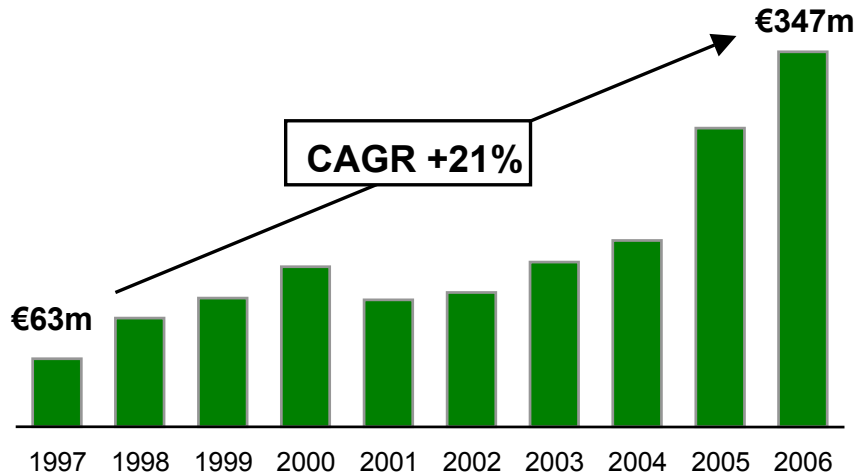


Note: (1) Excluding non controlling stakes in commercial banks: Eurobanca del Trentino (49.9%), CR Saluzzo (31.0%), CR Savigliano (31.0%), CR Bra (31.0%), CR Fossano (23.1%)

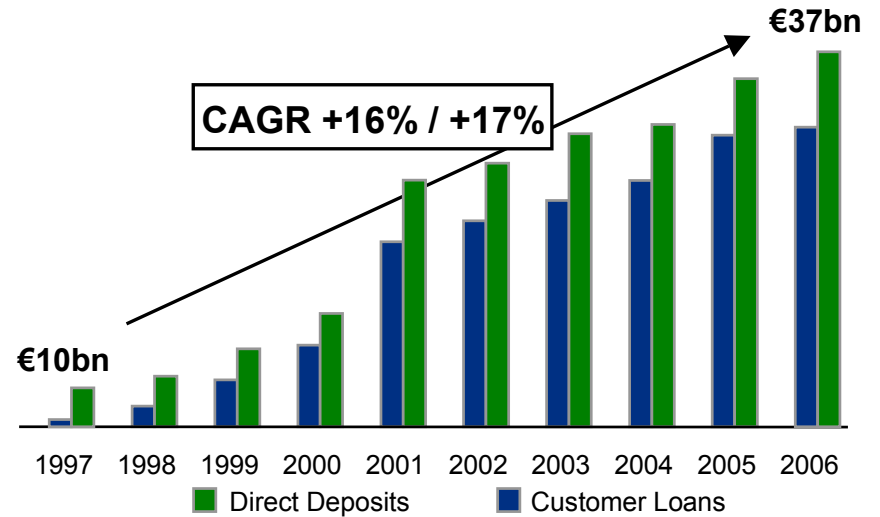
Note: (2) Excluding 1 Luxembourg branch

BPER GROUP: KEY FINANCIALS

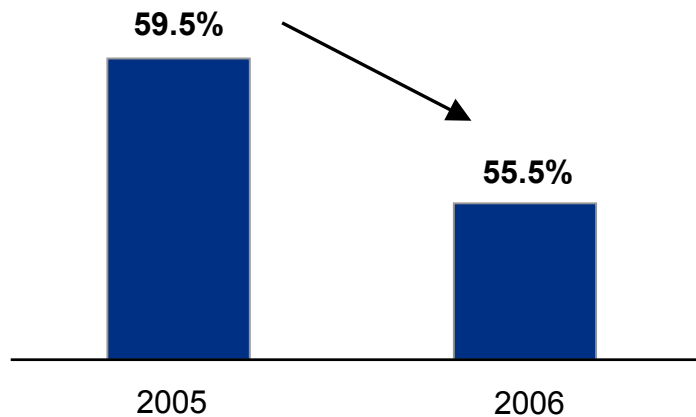
Net Income 1997 - 2006



Customer Loans / Direct Deposits 1997 - 2006

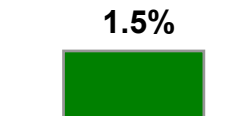


Cost - Income Ratio

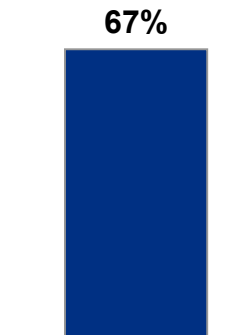


Asset Quality - 2006

NPLs / Customer Loans



NPLs Coverage



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

Competitive Positioning

- ✓ **Achievement of a critical size on a national scale** through a merger of equals between two players presenting significant levels of efficiency and profitability
- ✓ **3rd Italian co-operative banking Group**
- ✓ **7th 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 strength** to sustain growth and set the ground for an active capital management policy
- ✓ **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

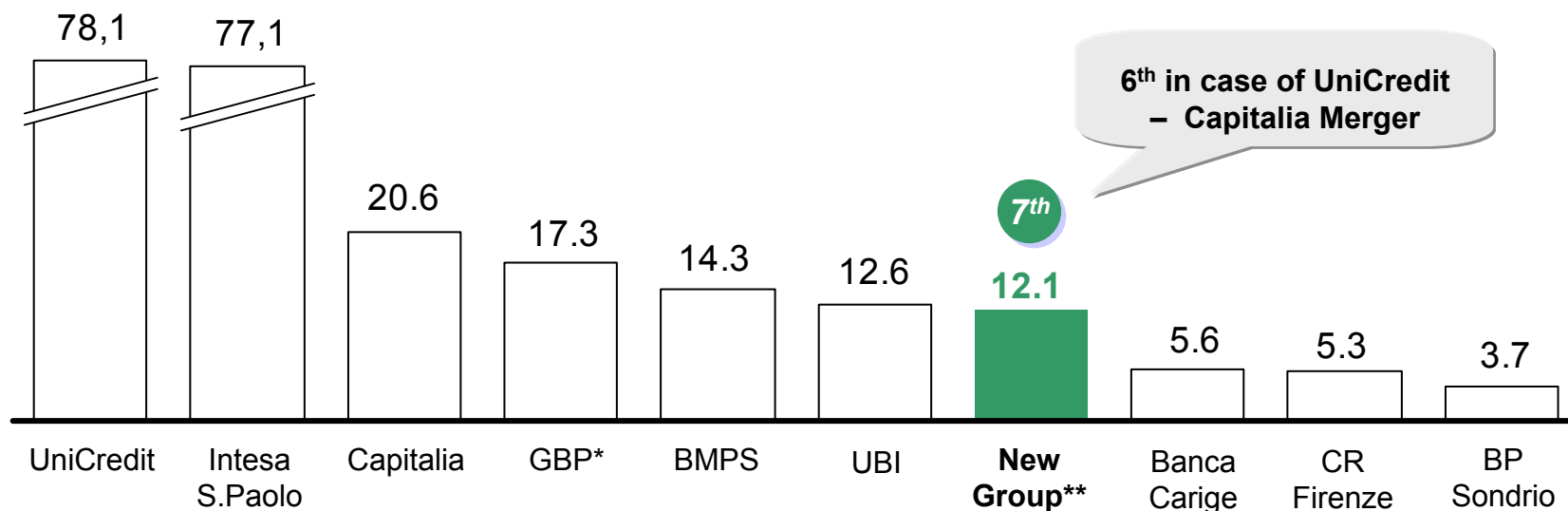
- ✓ Strong local relationships
- ✓ **Strong local identity of 15 regional brands**

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

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

Prices as of May 17th 2007

Euro bn



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

* Gruppo Banco Popolare, pro-forma

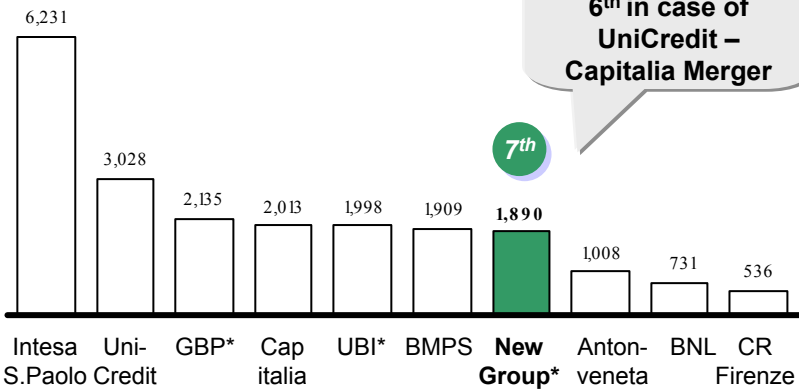
** Pro-forma fully diluted. Not including potential re-rating and synergies impact

Source: Thomson Financial Datastream

RANKING AMONG LEADING BANKING GROUPS

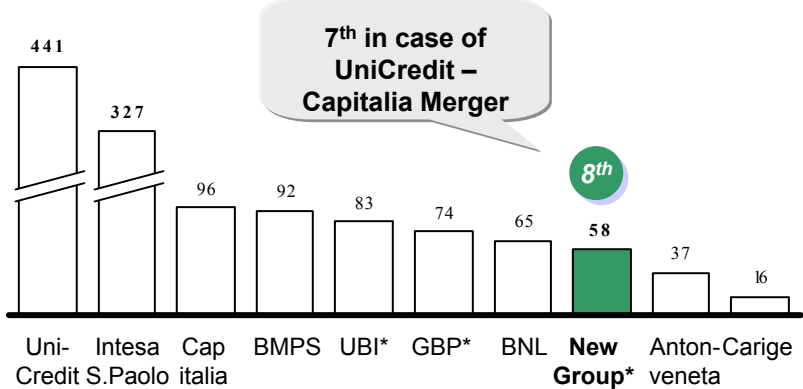
Domestic branches

Number, as of December 31st 2006



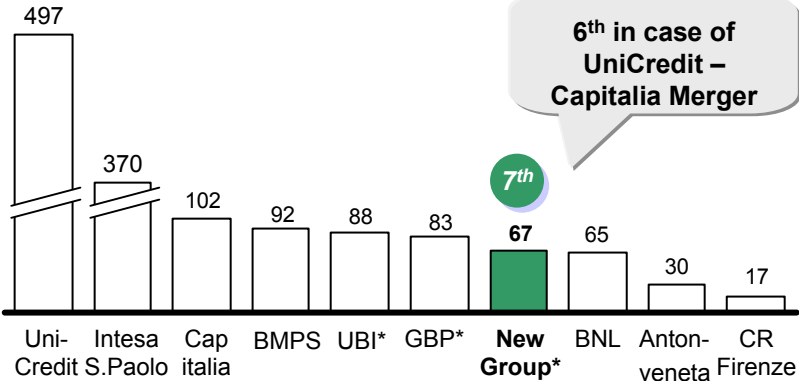
Net loans to customers

Euro bn, as of December 31st 2006



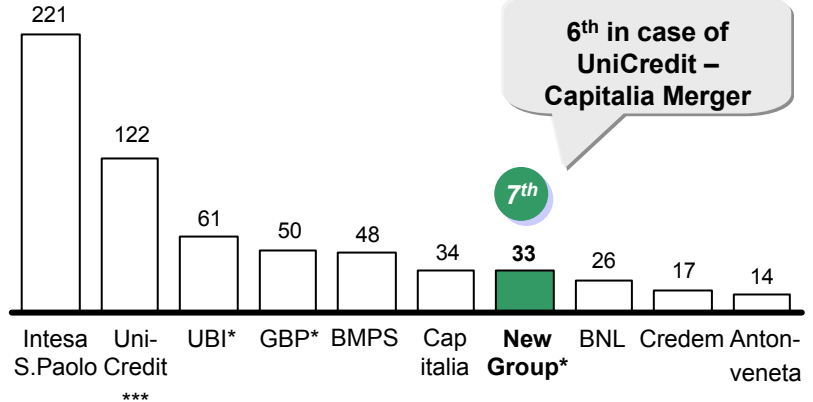
Deposits**

Euro bn, as of December 31st 2006



Asset under Management

Euro bn, as of December 31st 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

MERGER OF EQUALS WITH CLEAR CORPORATE GOVERNANCE RULES

Structure

Board of Directors

Chairman: R. Mazzotta

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

CEO

G. Leoni

General Manager

F. Viola

Co - General Manager

E. Caselli

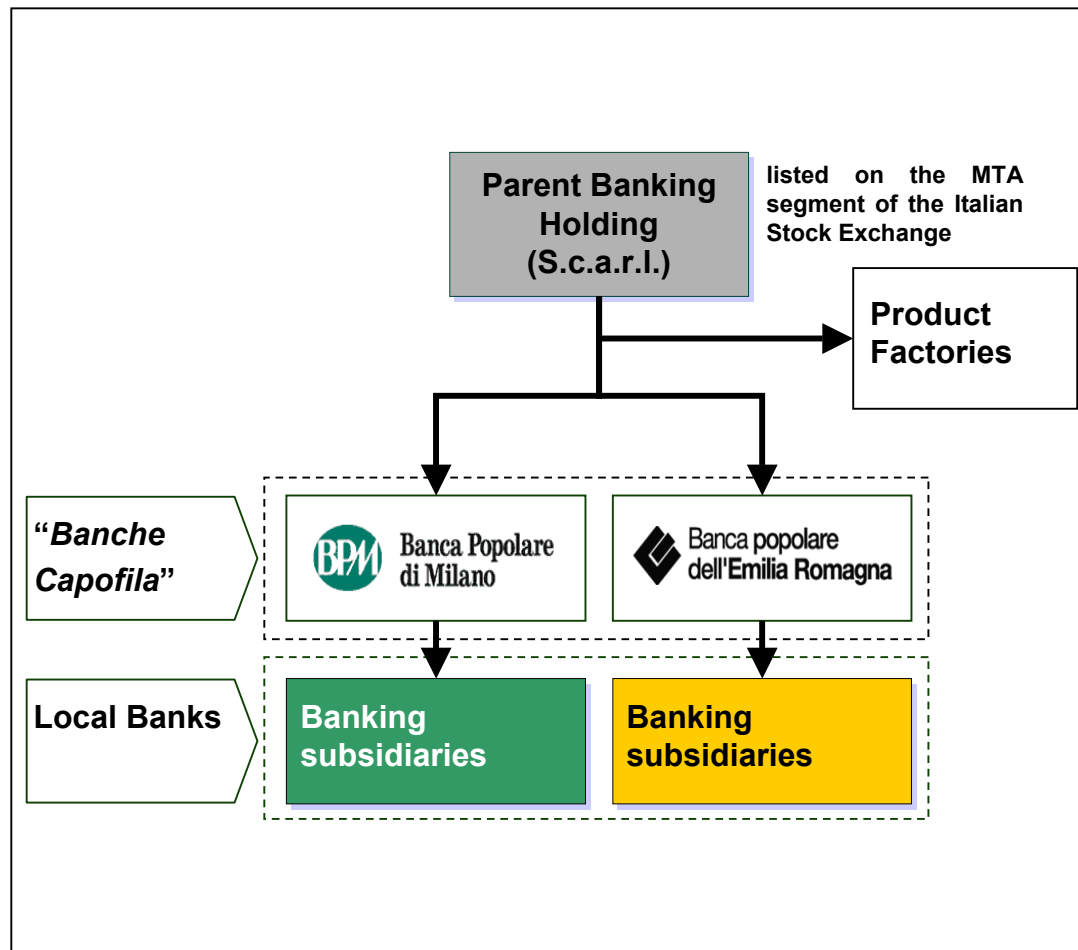
Main principles and guidelines

- **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 between former BPER and BPM management**

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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

- Unified 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"

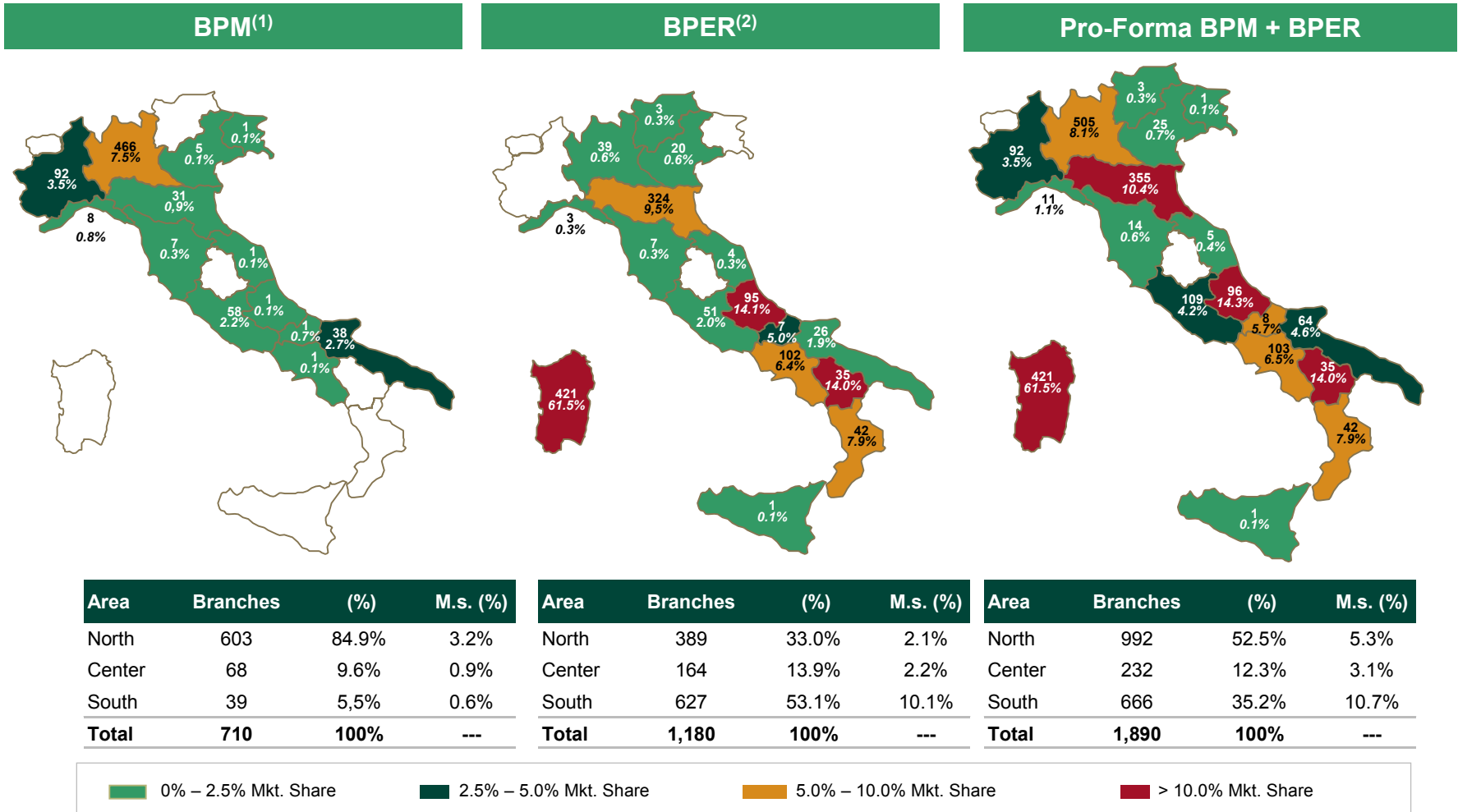
Local Banks

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

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 31st 2006. Market share calculated with reference to the total number of banking branches in Italy as of December 31st 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 31st 2006. Market share calculated with reference to the total number of banking branches as of December 31st 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%
Total Lombardia	466	39	505	8.1%



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%
Total Emilia Romagna	31	324	355	10.4%

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

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KEY FINANCIALS

As of December 31 st 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 ^{***}	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.

KEY TERMS AND CONDITIONS OF THE TRANSACTION

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

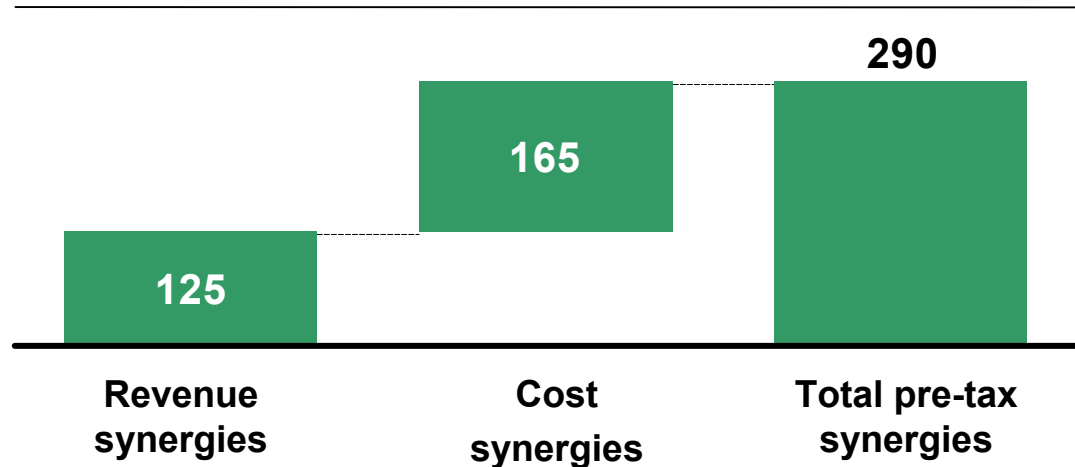
- ✓ **Traditional governance system**
- ✓ **Balanced and equally represented Board of Directors comprising 20 members**
- ✓ **Legal headquarter: Modena**
- ✓ **Operations headquarters: Milan, Modena**
- ✓ **Balanced and equally represented Management structure and shared central functions**

Conditions

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

RELEVANT VALUE CREATION WITH € 290M EXPECTED GROSS SYNERGIES¹

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



% on total gross synergies

~43%

~57%

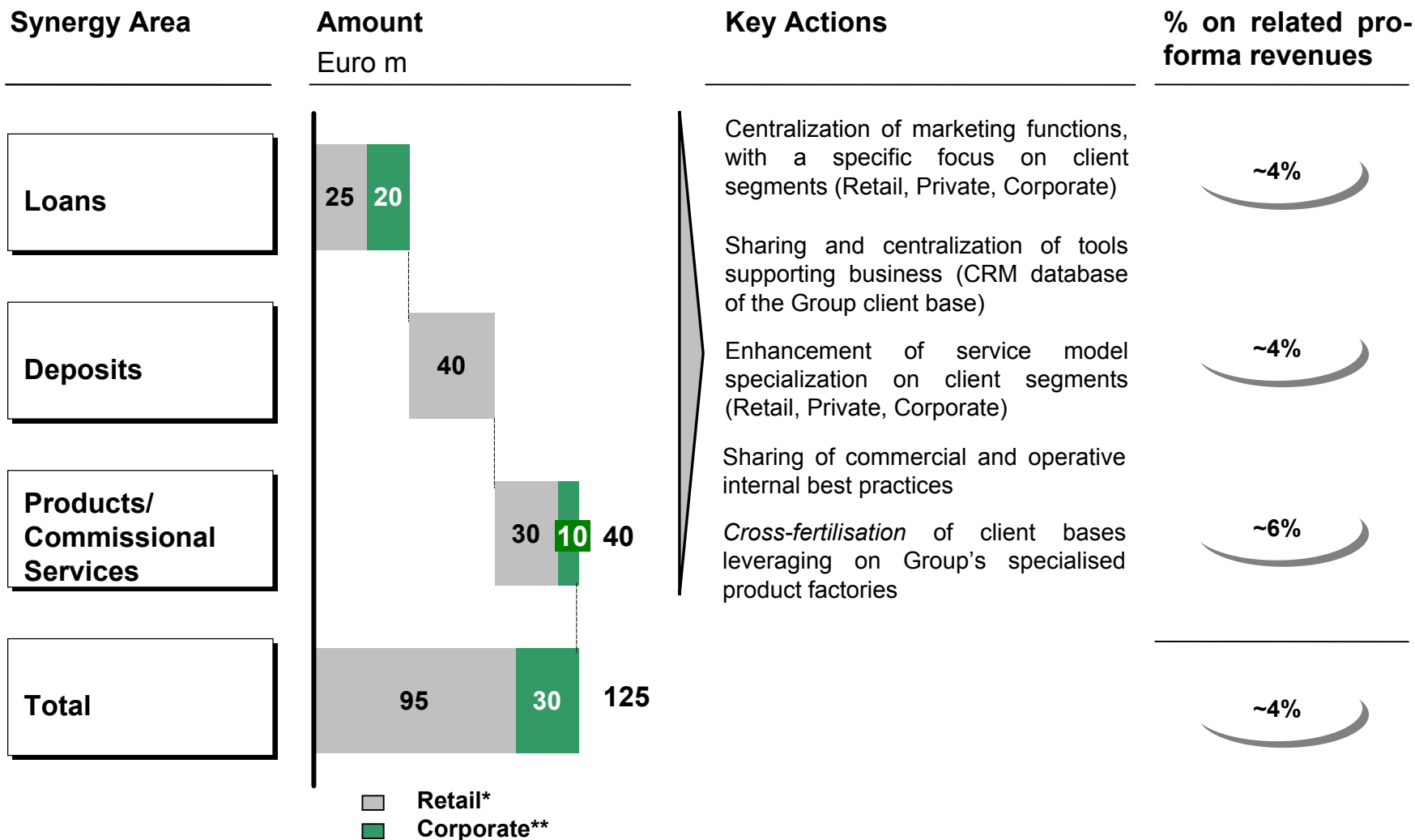
% on pro-forma cost and revenue base of the New Group as at 31.12.2006

~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%
Total*	165		~8%

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

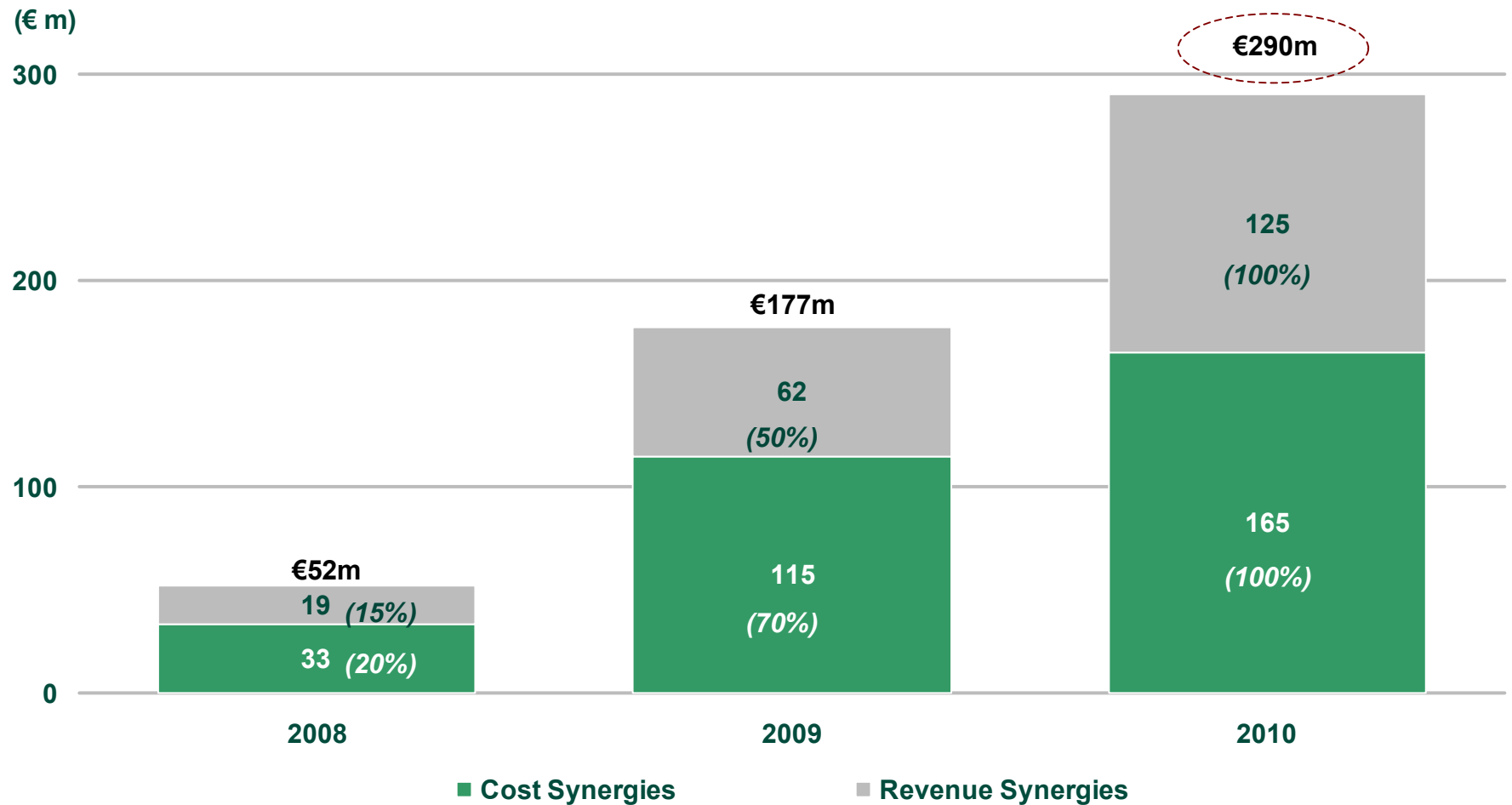
INTEGRATION COSTS

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

✓ 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

- ✓ 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

	Pro-forma 2006A	Pro-forma 2010E	CAGR '06-'10
Cost-Income ratio	~58 %	~50%	
Net Income	€ 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

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TRANSACTION TIMETABLE

May 20th 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 30th 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**

WHY BPM / BPER?

Key Advantages for the Shareholders

- ✓ Leverage on the inter-regional Federal Model and multibrand strategy
- ✓ Revenue synergies through the alignment to the respective commercial best practices and customer bases cross-fertilisation (strong cross-selling and up-selling potential)
- ✓ Cost synergies through a significant improvement of operating efficiency (centralisation of governance structures and IT systems as well as back-office integration and unification)

Key Advantages for the Customers

- ✓ Widening of high quality products and services offer and alignment to the Group best practices
- ✓ Distribution network expansion and improved national coverage with relevant market shares
- ✓ Strengthening and development of direct channels

Key Advantages for the Employees

- ✓ Leverage on human capital through an increased number of growth opportunities within a larger and more diversified group
- ✓ Renewed effort to achieve excellence through employees' incentive plans

Key Strengths of the Strategic Plan

- ✓ Achievement of critical size on a national scale and strengthening of competitive positioning
- ✓ High complementarity both in terms of geographical areas and business activities
- ✓ Stable return on capital with further upside potential

DISCLAIMER

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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