



# Letter to BPM Members

Ordinary and Extraordinary  
Members' Meeting

30 April 2011  
Fieramilanocity

Pavilion 4  
Viale Scarampo

**Massimo  
Ponzellini**

*Chairman  
Banca Popolare  
di Milano*

*Dear Members,*

*As they say: Annual General Meeting, a time of reckoning. Reflecting on our 145 years of history, as though this were our first day of business, I would like to add a few ideas and a strategy for the future.*

*There is every probability that we are at the start of a new cycle for the world economy, which for all of us will bring new challenges, but also new opportunities. The risk of another great depression has been avoided: the global economy has started again and all of the main economic areas have started turning in positive growth figures again, even if certain individual countries, also in Europe, are still in recession. As far as Italy is concerned, the hope is that the current phase of stagnation in the real economy can be overcome as quickly as possible, allowing families and businesses to feel a bit more confident about the future; this is a hope that we all have to do our best to turn into reality. Our Bank is fully committed in this direction.*

*From the point of view of our various activities, the main opportunities in this cycle will consist of the responsibility and determination to sustain the flow of credit to many small and medium-sized enterprises that are typical of our territory and which are of vital importance for the local community and for Italy as a whole. Ours is a strong commitment to take part in the economic and social life of the areas where we operate, a commitment that has never been any less, even in recent years, and which is also reflected in the 2010 annual report.*

*Despite these hard times for the economy, the worst crisis in the last 60 years, our Group still managed to close 2010 with satisfactory results, posting a consolidated net profit of Euro 106 million, +2.3% on December 2009. The Board of Directors has therefore decided to propose a dividend of Euro 0.10 per share, as in 2009.*

*There are undoubtedly good reasons to be pleased with the results that we have achieved: they demonstrate that we are equipped to cope with the challenges of the coming years, because we can count on a stable body of shareholders, on a competent managerial structure and on an excellent quality of staff. But above all it is the ability to work together with mutual understanding and active participation in a common project open to all components of the Bank, from the strategic decisions of the Board of Directors to the responsible conduct of General Management, to the dedication and skill of all the staff, which comes from our cooperative model, the real point of strength of our corporate culture.*

*The positive results of the Bank and of the Group are explained in the General Manager's report, which also gives concrete examples of how we have intervened during the period of crisis to support households, businesses, institutions and the entire social system, while still maintaining an above average level of profitability.*

*The main contributions to the trend reversal compared with 2009 came partly from non-recurring operations designed to rationalise and develop the Group's commercial activity, as well as from new marketing initiatives by the local banks targeting specific customer segments.*

*Many of these actions, which formed part of the 2010-2012 Strategic Plan and were initiated over the last few months, will be reflected in the revenues of future years.*

*Among the main strategic operations of national importance, I would like to mention:*

- the agreement with the Monte dei Paschi di Siena and Clessidra Groups to create the largest independent Italian hub in the field of asset management;*

- rationalisation of the Group's insurance sector by regaining control of Bipiemme Vita with a view to building a new international partnership in bancassurance;
- further growth in the market share of WeBank, which has become the Italian market operator of reference in on-line finance, particularly following its absorption of WeTrade (formerly IntesaTrade SIM, which operated in on-line trading );
- our entry into consumer credit with ProFamily, a new company;
- and lastly, the acquisition of a significant interest in Factorit, a leader in the factoring sector, which enabled us to expand the range of services that we can offer customers.

Our efforts in this direction will have to continue with maximum commitment, knowing that the investments that we make now, against the trend, will turn valuable in the near future, creating new volumes of significant and stable revenues for the coming years.

The activities of all of the Group's local banks continued in 2010, underpinned by the regulations on credit policies and recomposition of the loan portfolio, giving preference to a greater fragmentation of loans to reduce and limit situations of credit concentration, which are potentially riskier to manage. Banca Akros also turned in encouraging results, both in investment banking and in private banking.

The validity of the policies adopted is reflected in the decrease in non-performing loans, which fall into the low band of the banking system's average, both as a percentage of total assets and as a percentage of capital; our provisions are also prudent and more than adequate.

The expected cost synergies and the other steps taken to limit and rebalance the cost/income ratio have allowed us to block the rise in personnel costs, net of the charges booked in 2009 for the agreement on the Solidarity Fund, and to reduce staff numbers by 255. Other administrative expenses have risen by Euro 15 million because of the considerable costs incurred to launch the projects mentioned previously, which means that they should really be considered investments for the future, so that we can have a more modern Bank that is closer to the needs of customers.

The initial results for 2011 are encouraging, which suggests that the path we have taken is the right one.

Tomorrow, like today, we will continue to invest in growth through technology, innovation, organisation and staff training to be increasingly competitive, rapid and dynamic, also in our thinking and ideas, so that we can react fast with proposals, programmes, projects and services able to anticipate trends.

Because, in the end of the day, our future starts again every year, which means today, from the 145th year of our fantastic history; the words "our future" remind us that we have to use all our enthusiasm and energy to learn from our past experience and to keep up with the present, never doubting the validity of our cooperative model. Anyone who does not preserve this willingness to learn and to change, to enjoy having to improve constantly, even in the little things of our everyday life and work, is inexorably destined to repeat the errors and failures already committed in the past or to remain engaged in a fatal immobility.

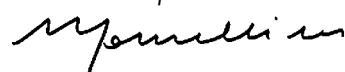
I would therefore like to express my heartfelt thanks to all our managers and employees for their devotion to the Group and for being able to adapt rapidly to the changes that we have introduced in response to evolutions in the world of finance.

Lastly, and above all, I would like to thank all of our Members, without whom we would not be where we are today. It is therefore with great pleasure that I look forward to seeing as many of you as possible at the General Meeting of our cooperative on Saturday, 30 April 2011; seeing you there and talking to you, I and the entire Bank with me will find the strength and determination always to be worthy of your trust.

**Massimo Ponzellini**

Chairman

Banca Popolare di Milano



# 2010: positive results for the BPM Group, notwithstanding the difficult economic context

**Fiorenzo Dalu** *General Manager of Banca Popolare di Milano*

**D**uring the course of 2010, the difficult macroeconomic moment at both national and international level continued and the structure of market interest rates remained extremely low.

Despite this scenario, the BPM Group managed to increase its funds under management, with growth compared with December 2009 both in direct deposits (+2.2% to Euro 36.6 billion) and in loans to customers (+8.3% to Euro 35.6 billion).

Encouraging signs were visible in the last three months of 2010. There was a recovery in net interest income (+3%) and in net fees and commissions (+8.9%) and a reduction in operating costs (-1.9%), to which have to added, from the point of view of funds under management, the growth in direct deposits (+2.9%) and loans to customers (+2.6%) compared with September 2010.

Another positive aspect is the increase in the customer base, which in 2010 grew by 15 thousand, thanks to WeBank's contribution and the new initiatives undertaken by the Group's commercial banks in specific areas, such as the youth segment. The trend reversal compared with 2009 has also been helped by a better capacity for both customer retention and acquisition, thanks to a series of organisational interventions, in line with the marketing plans contained in the 2010-2012 Strategic Plan. The total number of customers comes to around one million three hundred fifty thousand, more than 88% of them retail.

At an economic level, the Group's net profit in 2010 comes to Euro 106 million, 2.3% higher than in 2009. The contribution made by Banca Popolare di Milano, the Parent Company, was excellent, with a net profit for the year of Euro 123 million, 20.7% better than in 2009.

The Board of Directors is proposing a dividend of Euro 0.10 per share, the same as last year, to be paid on 26 May.

## The scenario in 2010-2011

2010 was characterised by the difficult macroeconomic context which had a negative influence on the banking system. The contraction in net interest income and the increase in the cost of credit had a particular impact due to worries about sovereign debt in Europe.

In 2010 the world economy is still looking fragile and conditioned by the exit strategies that the main governments and supervisory authorities will have to choose, together with structural reforms to boost growth.

Despite this general context, the Group has continued to reinforce itself in a number of sectors, including on-line banking and consumer credit.

The Group has continued to support its customers, with specific initiatives in favour of SMEs and households. Moreover, it continued the cost reduction plan that began in 2009 with the

creation of the Solidarity Fund, which helped reduce payroll costs in 2010, again in line with the 2010-2012 Strategic Plan.

## Significant events in 2010

### IntraGroup sale of branches

As part of the plan to rationalise the territorial coverage of the BPM Group, the Boards of Directors of Banca Popolare di Milano, Banca di Legnano and Cassa di Risparmio di Alessandria agreed to transfer a number of branches within the Group. The distribution structure was simplified even more as the branches and related assets transferred were immediately absorbed by the transferee banks' existing operations. As a result, the Group's distribution network decreased by 11 units.

### Absorption of Bipiemme Private Banking SIM by the Parent Bank

In June 2010, Bipiemme Private Banking SIM – a subsidiary that specialises in portfolio management for high net-worth customers – was merged with Banca Popolare di Milano.

This merger is part of a wider project designed to improve our financial consultancy and upgrade our offer of financial products, strengthening the central role of customers and focusing on their needs.

### Purchase of an interest in Factorit S.p.A.

In July 2010, Banca Popolare di Milano completed the acquisition of 30% of Factorit, a factoring company which collects and makes advances on trade receivables with related services, providing support to the business world in the area of financing and collecting domestic and international receivables.

### Start of operations of ProFamily, a consumer credit company

In May 2010, ProFamily, the new consumer credit company wholly owned by Banca Popolare di Milano, obtained the Bank of Italy's authorisation to commence operations.

ProFamily's product catalogue meets almost all consumer credit needs: specific purpose loans, personal loans, loans with delegation of payment and salary loans (against assignment of one-fifth of the borrower's salary). In December 2010,

the ProFamily network consisted of 25 sales outlets spread throughout Italy, which will expand to 60 within the next two years, as foreseen in the Strategic Plan.

ProFamily granted Euro 50.7 million of loans in 2010.

### **Absorption of WeTrade Sim by WeBank.**

The merger of WeTrade Sim with WeBank, in December 2010, represented the final phase of the initiative included in the Strategic Plan, with which the BPM Group set the objective of becoming a point of reference in the Italian market for on-line banking and investment services, with a range able to satisfy all customers' banking and financial needs, including those of "advanced traders".

### **Sale of BPM's custodian bank activities**

On 30 June 2010, BPM sold its custodian bank activities to BP2S (BNP Paribas Securities Services). This business unit included all of the custodian banking services provided by BPM.

This sale forms part of the BPM Group's strategy to concentrate on its core commercial activities, gradually disposing of all of the segments or companies that are no longer considered strategic from a prospective point of view.

The sale of this business generated a gross capital gain of Euro 55 million.

### **Trends in the bancassurance sector**

In June 2010, Banca Popolare di Milano S.c.r.l. and Milano Assicurazioni S.p.A. (Fonsai Group) completed the transfer of its 51% interest in Bipiemme Vita S.p.A. to Banca Popolare di Milano. As a result of this acquisition, Banca Popolare di Milano now holds the entire share capital of the insurance company. Firm in the belief that the ability to offer insurance products to customers is of strategic importance for the future, BPM has initiated a process to develop a new bancassurance agreement with a partner of high standing. To pursue this aim, Bipiemme Vita above all created Bipiemme Assicurazioni SpA, with a view to expanding operations to non-life insurance as well; it then began a process of selecting a new partner, which at the end of 2010 had reached a shortlist of interested parties. The process will end during the first half of 2011 with the signing of an agreement.

### **Agreement in the asset management segment**

In the asset management area, a strategic process initiated in 2008 was completed with a takeover bid for Anima SGR. We then continued with an internal reorganisation of the sector by merging it and Bipiemme Gestioni SGR, always with a view to creating value and increasing the offer of products.

In December 2010, this strategic process was concluded with

the creation of AM Holding, owned by the BPM Group, Banca Monte dei Paschi di Siena and Clessidra SGR, which enhanced the value of an important Group asset and the birth of the largest independent operator in the asset management sector in Italy and one of the largest in Europe, with more than 40 billion euro of assets under management.

The sale of the interest in Anima also allowed the BPM Group to make a gross capital gain of Euro 220 million.

## **The 2010 results**

### **Customer deposits**

Direct deposits (Due to customers, Debt securities in issue and Financial liabilities designated at fair value through profit and loss) amount to Euro 36,605 million (+2.2% on 2009). Worth noting is the good result achieved by WeBank's deposits of Euro 1,737.3 million, an increase of Euro 1,117 million with respect to the end of 2009.

These trends raised the proportion of the retail element to total deposits to 79%, while the wholesale element comes to 21%.

### **Loans and advances to customers**

Loans and advances to customers at 31.12.2010 amounted to Euro 35,586 million, an increase of 8.3% compared with December 2009. Note the good performance by loans to small and medium-sized enterprises and small businesses (companies with revenues of less than Euro 50 million) which grew by 5% compared with 31.12.2009. Mortgage loans also performed well, coming in at Euro 15,641 million, +9.7% on the end of 2009.

Total net problem loans have risen to Euro 2,096 million (+20.4%), above all because of the growth in restructured positions.

The proportion of net non-performing loans to total loans remains quite low (1.3%), well below the system average (2.5% at December 2010 – source: ABI).

Total adjustments to loans and advances to customers ensure a coverage of 2.4% in line with December 2009.

### **Indirect customer deposits**

At the end of December 2010 the total aggregate of indirect deposits from ordinary customers comes to Euro 45,489 million, more or less stable compared with the figure at the end of 2009. Assets under management show a decrease of 6%, coming in at Euro 23,965 million, because of net outflows since the beginning of the year of Euro 2,236 million, penalised mainly by net withdrawals from the third party placement networks of Anima SGR (Euro 2,114 million). Analysing individual products, growth can be seen, compared with December 2009, in individual portfolio management schemes (+4.8%) and insurance-sector reserves (+12.4%), whereas mutual funds have lost ground (-13.7%).

Assets under administration on behalf of ordinary customers come to 21,524 million euro, an increase of 6.3% with respect to 31 December 2009.

## Income statement

### Total revenues

At the end of December 2010 the operating income of the BPM Group amounts to Euro 1,431 million, a decrease of 18.2% compared with 31.12.2009. The contribution made by the Group's insurance activities was negative to the tune of Euro 41 million, because of the non-recurring charge of Euro 54.8 million for the transformation proposed to the holders of policies with underlying Icelandic securities.

Net interest income comes to Euro 736.1 million, a decrease of 16.9% mainly due to the decrease in interest rates and the simultaneous contraction in the spreads applied to customers, which negatively affects above all the contribution to the interest margin of deposits (i.e. the "mark down") and the consequent contraction of the interest rate spread with customers.

The non-interest margin comes to Euro 736.5 million. Within this aggregate, net fees and commissions amount to Euro 603.5 million, an increase of 6.3% on the end of December 2009 thanks to the growth in fees for management, dealing and advisory services (+10.3%). The result of the finance sector comes to Euro 99.4 million – well down on the Euro 259.4 million at 31 December 2009 – mainly because of lower trading in interest rate derivatives and the limited results of Banca Akros's trading activity compared with 2009, which was an exceptional year.

### Operating costs

Operating costs amount to Euro 1,109.5 million (-8.8%), though one has to take into account the fact that the 2009 figures included Euro 132.1 million of charges in connection with the agreement on the Solidarity Fund which involved three of the Group's commercial banks.

Payroll costs come to Euro 702.5 million and net of the Solidarity Fund charges, they are more or less stable compared with 2009. The lower costs incurred by the Group banks as a result of joining the Solidarity Fund (Euro 33.4 million) were offset by higher costs for contractual pay rises and the enlargement of the scope of consolidation. The total number of employees comes to 8,406, 255 fewer than at December 2009.

Other administrative expenses come to Euro 322.8 million, with growth of Euro 15 million (+4.9%) because of the start-up of important projects foreseen in the Strategic Plan: WeBank (on-line banking) and ProFamily (consumer credit) and the inclusion of Bipiemme Vita in the scope of consolidation.

The distribution network at the end of 2010 consists of 838 points of sale, an increase of 16 compared with the end of 2009.

### Provisions and adjustments

Total net adjustments to loans and other transactions and net charges to provisions for risks and charges come to Euro 255.8 million, 27% down on December 2009.

Net adjustments to loans and other transactions come to Euro 244.6 million (-26.4%).

The "cost of credit" (i.e. the ratio between loan impairment adjustments and total loans to customers) comes to 69 basis points which is well down on the 101 basis points at 31 December 2009.

Provisions for risks and charges amount to Euro 11.1 million, with a contraction on December 2009.

At the end of December 2010, profits from equity and other investments come to Euro 81.1 million (the same as at September 2010) and include Euro 55 million deriving from the sale of the custodian bank activity and Euro 26 million for the higher fair value given to the 49% investment held in Bipiemme Vita before it acquired 100% control in June 2010.

### Non-recurring tax charges

A tax audit on BPM and three other Group companies for the periods 2004-2008 was completed in 2010, specifically to review structured transactions with foreign financial counterparties.

The Tax Authorities contest the way that these transactions were carried out, whereas we maintain that they were correct. But after carefully assessing the risks involved in entering into litigation with the Tax Authorities and the uncertainty of the outcome, despite the considerable amount involved (Euro 169.9 million for the entire Group), BPM's Board of Directors decided to come to a settlement with the Tax Authorities, so as to close definitively a complex and delicate dispute.

### Net profit for the year

After booking profits after tax on non-current assets held for sale of Euro 220.2 million deriving from the sale of Anima SGR and income taxes of Euro 77.6 million, the Group's net profit in 2010 comes to Euro 106 million, +2.3% on December 2009.

### Proposed dividend for 2010

The level of the results achieved, together with the Bank's capital solidity, has persuaded the Board of Directors to propose to the General Meeting a dividend of Euro 0.10 per share, which will be paid from 26 May 2011. BPM's stock will go ex-coupon on 23 May 2011.



## BPM Group - Reclassified balance sheet

(euro/000)

Assets	31.12.2010	31.12.2009	Change A-B	
	A	B	amount	in %
Cash and balances with central banks	264,208	652,291	-388,083	-59.5
Financial assets designated at fair value through profit and loss and hedging derivatives:	12,295,231	4,358,374	7,936,857	182.1
– Financial assets held for trading	1,877,498	1,607,327	270,171	16.8
– Financial assets designated at fair value through profit and loss	1,784,520	869,066	915,454	105.3
– Financial assets available for sale	8,557,363	1,796,653	6,760,710	376.3
– Hedging derivatives	75,674	85,328	-9,654	-11.3
Fair value change of financial assets in hedged portfolios (+/-)	176	0	176	n.s.
Loans and advances to banks	2,535,990	3,200,498	-664,508	-20.8
Loans and advances to customers	35,585,503	32,852,438	2,733,065	8.3
Fixed assets	1,998,110	1,908,102	90,008	4.7
Technical insured reserves insured with third parties	5,642	0	5,642	n.s.
Other assets	1,368,251	1,309,754	58,497	4.5
<b>Total assets</b>	<b>54,052,935</b>	<b>44,281,457</b>	<b>9,771,478</b>	<b>22.1</b>
Liabilities and shareholders' equity	31.12.2010	31.12.2009	Change A-B	
	A	B	amount	in %
Due to banks	7,154,837	1,754,431	5,400,406	307.8
Due to customers	23,865,880	22,161,961	1,703,919	7.7
Debt securities in issue	12,070,146	12,011,877	58,269	0.5
Financial liabilities and hedging derivatives:	1,842,215	2,585,702	-743,487	-28.8
– Financial liabilities held for trading	1,150,710	953,667	197,043	20.7
– Financial liabilities designated at fair value through profit and loss	669,009	1,629,256	-960,247	-58.9
– Hedging derivatives	49,294	2,779	46,515	n.s.
Fair value change of financial liabilities in hedged portfolios (+/-)	-26,798	0	-26,798	n.s.
Other liabilities	1,395,439	1,251,076	144,363	11.5
Provisions for specific use	432,438	494,648	-62,210	-12.6
Technical reserves	3,308,463	0	3,308,463	n.s.
Share capital and reserves	3,737,196	3,788,851	-51,655	-1.4
Minority interests (+/-)	140,351	129,358	10,993	8.5
Net profit (loss) of the year (+/-)	105,970	103,553	2,417	2.3
<b>Total liabilities and shareholders' equity</b>	<b>54,052,935</b>	<b>44,281,457</b>	<b>9,771,478</b>	<b>22.1</b>

## BPM Group - Reclassified income statement

Line items	31.12.2010	31.12.2009	Change A-B	
	A	B	amount	in %
<b>Net interest income</b>	<b>736,118</b>	<b>886,096</b>	<b>(149,978)</b>	<b>-16.9</b>
<b>Non-interest margin</b>	<b>736,494</b>	<b>863,408</b>	<b>(126,914)</b>	<b>-14.7</b>
Net fees and commissions	603,465	567,779	35,686	6.3
Other income:	133,029	295,629	(162,600)	-55.0
Share of profit (loss) of investments valued under the equity method	1,031	(1,058)	2,089	n.s.
Net income from financial activities	99,403	259,425	(160,022)	-61.7
Other operating costs/income	32,595	37,262	(4,667)	-12.5
<b>Result of insurance activities</b>	<b>(41,432)</b>	<b>0</b>	<b>(41,432)</b>	<b>n.s.</b>
<b>Operating income</b>	<b>1,431,180</b>	<b>1,749,504</b>	<b>(318,324)</b>	<b>-18.2</b>
Administrative expenses (*):	(1,025,336)	(1,138,579)	113,243	9.9
– a) payroll	(702,574)	(830,812)	128,238	15.4
– b) other administrative expenses	(322,762)	(307,767)	(14,995)	-4.9
Net adjustments to property, plant and equipment and intangible assets	(84,162)	(77,404)	(6,758)	-8.7
<b>Operating costs</b>	<b>(1,109,498)</b>	<b>(1,215,983)</b>	<b>106,485</b>	<b>8.8</b>
<b>Operating profit</b>	<b>,682</b>	<b>533,521</b>	<b>(211,839)</b>	<b>-39.7</b>
Net adjustments for impairment of loans and other transactions: composition	(244,640)	(332,287)	87,647	26.4
Net changes to provisions for risks and charges	(11,143)	(16,857)	5,714	33.9
Profits (losses) from equity and other investments	81,087	200	80,887	n.s.
Non-recurring tax charges	(178,469)	0	(178,469)	n.s.
<b>Profit (loss) from current operations before tax</b>	<b>(31,483)</b>	<b>184,577</b>	<b>(216,060)</b>	<b>n.s.</b>
Income taxes on current operations	(77,593)	(103,062)	25,469	24.7
<b>Profit (loss) from current operations after tax</b>	<b>(109,076)</b>	<b>81,515</b>	<b>(190,591)</b>	<b>n.s.</b>
Profit (loss) after tax on non-current assets held for sale	220,196	21,410	198,786	n.s.
<b>Net profit (loss) for the year</b>	<b>111,120</b>	<b>102,925</b>	<b>8,195</b>	<b>8.0</b>
Net profit (loss) for the year of minority interests	(5,150)	628	(5,778)	n.s.
<b>Net profit (loss) for the year of the Parent Bank</b>	<b>105,970</b>	<b>103,553</b>	<b>2,417</b>	<b>2.3</b>
<b>Basic earnings (loss) per share from current operations – Euro</b>	<b>(0.279)</b>	<b>0.152</b>		
<b>Diluted earnings (loss) per share from current operations – Euro</b>	<b>(0.279)</b>	<b>0.152</b>		
<b>Basic earnings per share – Euro</b>	<b>0.178</b>	<b>0.201</b>		
<b>Diluted earnings per share – Euro</b>	<b>0.178</b>	<b>0.201</b>		

### PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The method used to prepare the reclassified financial statements is explained in the annual reports of Banca Popolare di Milano and of the BPM Group.

(\*) This item includes the following amounts of Bipiemme Vita and Bipiemme Assicurazioni:

– payroll: 2,801 Euro/000

– other administrative expenses: 2,890 Euro/000

# Notice of Ordinary and Extraordinary General Meeting

The Members of Banca Popolare di Milano Srl are called to the Ordinary and Extraordinary General Meeting, which will be held at first calling on 29 April 2011, at 9.00 a.m., at the registered office in Milan, Piazza Filippo Meda 4, to discuss the following agenda:

## Ordinary part

1. Reports of the Board of Directors and the Board of Statutory Auditors on the 2010 financial statements. Review of the financial statements; related resolutions;
2. Review of the Bank's remuneration policy and related resolutions;
3. Appointment of two directors, pursuant to art. 2386 of the Italian Civil Code and 33 paras. 3 and 4 of the Articles of Association;
4. Appointment of an alternate Auditor, pursuant to art. 2401 of the Italian Civil Code and 41, para. 19 of the Articles of Association;
5. Amendment to the Regulations for General Meetings, subject to approval of the amendments to the articles of association mentioned in point 1 of the extraordinary part. Related resolutions;

## Extraordinary part

1. Amendments to arts 13, 17, 29, 32, 33, 36 and 41 of the Articles of Association. Related resolutions.

Members eligible to attend the Meeting and to exercise their voting right, are those who have been included in the Register of Members for at least ninety days before the day of the general meetings at first calling and for whom the Bank has received the related certificate issued by an intermediary belonging to the centralised system of Monte Titoli SpA, pursuant to art. 83-sexies of D.Lgs. 58/98 (and subsequent amendments). Members will therefore have to ask the intermediaries with whom their shares are registered to send the Bank the required communication. Members whose shares are already lodged with the Bank for safe custody and administration must nonetheless request the required certification in writing from the Bank's branches where the shares are deposited. Alternatively, they can go in person to the Bank's Shareholders' Office in Piazza Filippo Meda 4, Milan, between 9.00 a.m. and 1.30 p.m., where they can ask for and immediately pick up the document (the so-called "Attestation of Communication") to be presented at the Meeting to facilitate registration procedures at the entrance.

Without prejudice to art. 83-sexies, D.Lgs. 58/98 (and subsequent amendments), note that these communications can be requested from 1 April 2011 to 27 April 2011 (inclusive).

Members holding shares which are still in printed form must deliver the shares to an intermediary in time for them to be input into the centralised electronic administration system in accordance with current regulations.

If there are not enough members to form a quorum at the first meeting called for 29 April 2011 in accordance with article 30 of the Articles of Association, the meeting will be held at

## second calling

on 30 April 2011, at 9.00 a.m., at

**Fieramilanocity – Pavilion 4**

**Viale Scarampo – Porta Teodorico 11, Milan**

**with the same agenda.**

Each Member is entitled to one vote, regardless of the number of shares that they own; postal voting is not allowed.

Every member entitled to attend meetings can ask by means of a written proxy to be represented by another member, who can act as proxy for just two other members; proxies cannot be given to persons who are not allowed to be proxyholders under the applicable regulations. There is a proxy form at the bottom of each member's "Attestation of Communication"; otherwise, copies can be found at the Bank's head office and branches and on the website ([www.bpm.it](http://www.bpm.it)).

Proxies cannot be given with the name of the representative left blank and the signature of the person delegating has to be authenticated by an officer at the Bank's head office or one of its branches, or by the intermediary who issued the "Communication to attend the General Meeting" or by a public official.

Legal entities, with the exception of Italian and foreign Undertakings for Collective Investment in Transferable Securities (UCITS), as well as foreign collective entities and legal entities, can only attend meetings in the person of their legal representative; alternatively, the legal representative can give a proxy to another member in accordance with the previous two paragraphs.

For attendance purposes, only the certifications and proxies handed over by each participant when registering for the first time that they enter the meeting will be considered valid.

With reference to points 3 and 4 of the Agenda of the Ordinary part of the General Meeting, note that to appoint directors and officers, the General Meeting will decide with a relative majority without application of the list voting system in accordance with the Articles of Association.

We would remind Members that each candidate has to be presented by at least three hundred Members or, alternatively, by Members representing a total of 0.5% of the share capital, registered in the Register of Members at least ninety days before the date of the General Meeting at first calling, who can prove, according to the prescribed methods, their right to attend and to vote at General Meetings.

To replace the director elected on the minority list - in accordance with the Articles of Association and the Regulations for General Meetings - those who were on the same list as the director to be replaced automatically become candidates providing they confirm their candidature in writing at least fifteen days prior to the date of the General Meeting.

All candidatures for office - together with their curriculum vitae and the declarations by which they individually accept their candidacy and confirm, under their own responsibility, that there are no reasons for ineligibility or incompatibility, and that they meet the requirements prescribed by law or by the Articles of Association for holding office, as well as, for candidates to the office of director, the profile of independence as per art. 147-ter, para. 4, D.Lgs. 58/98 (and subsequent amendments) and as per art. 3 of the Code of Conduct of Listed Companies (the March 2006 version adopted by the Bank) - have to be filed in time to allow the Bank to fulfil the related operating and disclosure requirements, and in any case, by 14 April 2011 for the office of director and 16 April 2011 for the office of alternate auditor.

By the deadlines mentioned above, candidatures for office must be filed - together with the related documentation required by law and by the Articles of Association - at the head office of the Bank (Chairman's Secretariat, Piazza Filippo Meda 4, Milan) during office hours (Monday-Friday from 8.25 a.m. to 4.55 p.m.) or, alternatively, by sending a certified e-mail (PEC) to [emittentebpm@pec.gruppobpiemme.it](mailto:emittentebpm@pec.gruppobpiemme.it) by 4.55 p.m. on the day of the deadline. In this case, we recommend sending the

original paper documents to the Bank by the day prior to the General Meeting at first calling.

Note that Members who represent at least one fortieth of the total number of Members can, within five days of this notice being published, ask for additional matters to be added to the agenda for discussion (except for those matters on which, by law, the General Meeting has to decide based on a proposal from the Board of Directors or on the basis of a project or report prepared by them), stating in the request the additional matters being proposed. By law, any additional matters added to the agenda have to be announced at least ten days prior to the Meeting.

Members are reminded that if they want to exercise these rights, the Bank has to be allowed to verify, by the deadlines and with the methods foreseen in the specific regulations, that they are entitled to exercise such rights (in particular, by means of the communication as per art. 83-sexies of D.Lgs. 58/98 and subsequent amendments).

Please note that:

- the documentation relating to the items on the agenda - as well as the Report on Corporate Governance and Ownership Structure of the Bank for 2010, prepared in accordance with art. 123-bis of D.Lgs. 58/98 (and subsequent amendments) - will be made available to the general public from 14 April 2011, pursuant to the law, at the Bank's head office in Piazza Filippo Meda 4, Milan, at the offices of Borsa Italiana SpA and on the Bank's website ([www.bpm.it](http://www.bpm.it));

- the candidatures for office mentioned in points 3 and 4 of the agenda for the ordinary part of the General Meeting - together with the accompanying documentation - will be made available to the general public from 19 April 2011, pursuant to the law, at the Bank's head office in Piazza Filippo Meda 4, Milan, at the offices of Borsa Italiana SpA and on the Bank's website ([www.bpm.it](http://www.bpm.it));

- as regards the bond loan with obligatory conversion entitled "Convertendo BPM 2009/2013 - 6.75%", in accordance with art. 8 of the related Regulation, we would like to inform you that the conversion period of these bonds into the Bank's shares has been suspended from today up to the date on which the shares go ex-dividend.

Members will be able to obtain a copy of the documentation made available at the Bank's head office at their own expense.

This notice, which is also for the purposes of art. 84, para. 1, of Consob Regulation 11971/1999 (and subsequent amendments), was published on Thursday, 31 March 2011 in the daily newspapers "Il Sole 24 Ore" and "Italia Oggi".

Information concerning the procedures for attending the meeting can be requested from the Bank's Shareholders' Office in Piazza Filippo Meda 4, Milan by telephoning the free-phone number 800-013090 on weekdays between 9.00 a.m. and 5.00 p.m.

for the Board of Directors  
The Chairman  
(Massimo Ponzellini)

Milan, 29 March 2011



BANCA POPOLARE DI MILANO

Parent Bank of the BPM - Banca Popolare di Milano - Banking Group

# Information on attending the General Meeting

The General Meeting of the Members of Banca Popolare di Milano is governed by the "Regulations for Members' Meetings" approved by the Extraordinary Meeting held on 13 December 2008. Information to facilitate attendance at the General Meeting is provided below.

**The General Meeting will take place, in second calling  
on 30 April 2011, at 9.00 a.m.,  
at Fieramilanocity Pavilion 4,  
Viale Scarampo - Porta Teodorico 11, Milan**  
with the agenda provided in the notice of calling.

Members eligible to attend the Meeting are those who have been included in the Register of Members by 29 January 2011, for whom the Bank has received the related certificate issued by an intermediary belonging to the centralised system of Monte Titoli SpA, pursuant to art. 83-sexies of D.Lgs. 58/98 (and subsequent amendments), proving the ownership of shares and the right to attend and to vote at the General Meeting.

## Documents to show at the entrance are:

1. an identity document
2. "Attestation of Communication of the right to attend the General Meeting" (only if issued, see below)
3. any proxies received
4. autocertification in the case of exercising the rights of Members under the age of 18, to be filled in at the entrance to the Meeting by the Member acting as parent or guardian
5. in addition to the documents listed at points 1. 2. and 3., the following documents have to be presented:
  - for companies: an up-to-date chamber of commerce certificate;
  - for Italian and foreign Undertakings for Collective Investment in Transferable Assets (UCITS), as well as foreign collective entities and legal entities: designation document (e.g. an appointment minute or equivalent document) which shows the name and powers of the representative.

## Communication of the right to attend the General Meeting

The holder of the shares has to request, in writing, the "Communication of the right to attend the General Meeting" from the bank where the shares are deposited and the Bank has to send the related "Communication" to BPM, according to the terms and conditions set out in D.Lgs. 58/98 (and subsequent amendments) and related regulations, and in time to allow the Member to exercise its right.

**Members whose shares are already lodged with Banca Popolare di Milano for safe custody and administration must nonetheless request the required certification in writing from the Bank's branches where the shares are deposited. Alternatively, they can request to the Bank's Shareholders' Office in Piazza Filippo Meda 4, Milan, between 9.00 a.m. and 1.30 p.m., the "Communication of the right to attend the General Meeting". They will also receive the "Attestation of the Communication to attend the General Meeting" to facilitate registration procedures at the entrance.**

To encourage maximum participation at the General Meeting, for Members whose shares are in custody with Banca Popolare di Milano but who have a problem presenting themselves in person, by way of an exception to the general rule, the **Members' Sector** is willing to receive requests for the "Communication of the right to attend the General Meeting" delivered by hand by third parties or by fax sent to 02 77005729 (from 8.00 a.m. to 5.00 p.m.), providing they are prepared on the special form designed for this purpose (available in the "Shareholders and Members - General Meeting" section of the website

www.bpm.it), filled in full and signed by the Member making the request. Once the Members' Sector has made the necessary checks to ensure correct identification of the applicant, it will send the "Communication" by registered letter directly to the domicile of the Member making the request.

## What is the "Attestation of Communication of the right to attend the General Meeting" and who issues it.

The "Attestation of Communication of the right to attend the General Meeting" is the document confirming the existence of the shares and entitlement to the rights involved in holding the shares and that the Member has requested the intermediary to send the Communication to BPM, so as to speed up the registration of Members at the entrance; it is issued from 1 April to 27 April 2011 inclusive, by BPM to Members whose shares are already on deposit for safe custody and administration at the Bank.

It is also issued in the same way by any other banking intermediary who has the shares in custody.

For further information, please call the freephone no. 800-013090 (Monday-Friday from 9.00 a.m. to 5.00 p.m.).

## Proxies

- Any Member can be represented by another Member with a written proxy. Any Member can act as a proxy, but for not more than two other Members.
- Proxies cannot be given to persons who are not allowed to be proxyholders under the applicable regulations (for example employees and directors of the Bank and of Group companies - art. 2372 civil code)
- Proxies cannot be given with the name of the representative left blank and the signature of the person delegating has to be authenticated by an officer at the Bank's head office or one of its branches, or by the intermediary who issued the "Communication to attend the Members' Meeting" or by a public official.
- Legal entities, with the exception of Italian and foreign Undertakings for Collective Investment in Transferable Assets (UCITS), as well as foreign collective entities and legal entities, can only attend meetings in the person of their legal representative; alternatively, the legal representative can give a proxy to another Member in accordance with the articles of association.

## How to use proxies

At the bottom of the "Attestation of Communication of the right to attend the General Meeting" there is a proxy form to allow Members to delegate their right to attend and vote at the General Meeting; alternatively, the proxy form is downloadable from the website (www.bpm.it) - "Shareholders and Members" section - General Meeting. These forms are also available at the head office of the Bank and at branches.

To avoid having to go several times to a branch of the Bank, any Member who intends to give a proxy should fill in this space with the details required at the time that they pick up the document, so that their signature can be authenticated at the same time.

For attendance purposes, only the certifications and proxies handed over by each participant when registering for the first time that they enter the meeting will be considered valid.

## Video AGM in Rome

We would also like to announce that it will be possible to follow the proceedings of the Annual General Meeting of Members live from the Congress Centre of the Milan Trade Fair at Banca Popolare di Milano, Rome head office. Members with an ID document who have duly requested the "Communication" in accordance with the regulations mentioned above will be able to follow the proceedings from 8.30 a.m., without the possibility of intervening or voting.

## How to reach the place where the General Meeting is to be held - Milan



## Line 1 (Red) Towards Rho - Fiera

Get off at the station called LOTTO FIERA 2.

Amendola Metro Station - there is a free shuttle service from the 68 bus stop to the entrance at Porta Teodorico 11.



90 - 91 - 78 - 48



Free parking space is available on the roof of the pavilions, until the car park is full.