



BANCA POPOLARE DI MILANO

PRESS RELEASE

Public disclosure pursuant to article 114, paragraph 5, of Legislative Decree 58/98 - ECB letter regarding the potential merger between BPM and Banco Popolare

Milan, 18 March 2016 - At Consob's request, Banca Popolare di Milano ("**BPM**") would like to announce that, in the context of preliminary talks with the European Central Bank ("**ECB**") about a potential merger between BPM and Banco Popolare, on 16 March 2016, BPM received a communication from the ECB concerning this potential operation.

With this communication, the ECB asked the parties to forward to it within a month a long-term business plan, as well as a draft of the articles of association of the company resulting from the potential merger.

The ECB pointed out that, if the transaction went ahead, the company resulting from the merger would become the third largest bank in the country and, in line with the role that it would play in the Italian market, it should have a strong position in terms of capital and asset quality right from the start, also through appropriate capital actions.

As regards corporate governance, the ECB indicated that the entity resulting from an eventual business combination should take into account current best practices to ensure a clear and efficient system of governance, particularly in relation to the functioning of the governing bodies (General Meeting, Board of Directors and Executive Committee). The ECB also said that, within the ambit of the potential deal, it would not be possible to issue new banking licences for entities other than the one resulting from the potential business combination.

A meeting of the Bank's Management Board is expected to be called to discuss these matters as soon as possible, certainly no later than next Tuesday, 22 March. BPM will keep the market informed as soon as possible after this Management Board meeting.

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