



BANCA POPOLARE DI MILANO

Press release

THE MANAGEMENT BOARD OF BPM:

- **PROJECT TO MERGE BANCA DI LEGNANO WITH BANCA POPOLARE DI MILANO APPROVED**
- **DECISION NOT TO PROCEED WITH PAYMENT OF THE QUARTERLY COUPON ON THE COMPANY PREFERRED SECURITIES**

Milan, 4 December 2012. Today, the Management Board of Banca Popolare di Milano S.C.ar.l. (hereinafter, "**BPM**" or the "**Parent Company**"), with the favourable opinion of the Supervisory Board, and the Board of Directors of Banca di Legnano S.p.A. (hereinafter, "**BDL**" or the "**Company Being Merged**"), approved, in accordance with article 2501-*ter* of the Italian Civil Code, the project to merge BDL with BPM (hereinafter, the "**Merger**"), setting the share exchange ratio at 2.07 BPM ordinary shares for each BDL ordinary share.

The Merger, which has to be authorised by Extraordinary Shareholders' Meetings of BPM and BDL, will take place in a simplified form in accordance with art. 2505-*bis*, paragraph 1, of the Italian Civil Code, taking into account that, as of today, the Parent Company holds 97.8% of the share capital of the Company Being Merged, while the other 2.2% is held by Fondazione Cassa di Risparmio di Alessandria (defined as a related party of the BPM Group by the Consob regulations on such matters and by the pertinent Group procedure), which will have the right to have its BDL shares purchased by the Parent Company (hereinafter, "**Right to Sell**"), at a price determined according to the criteria set for withdrawal.

For the purposes of the Consob regulations mentioned above, the Merger qualifies as a "less relevant" related-party transaction; in this regard, the Related Parties Committee, established as part of the Parent Company's Supervisory Board and made up entirely of independent directors, has issued its opinion in favour of the transaction with the help of an independent expert.

Based on the share exchange ratio set for the Merger, BPM's share capital will be increased by up to a maximum of Euro 21,495,992.48 (having regard to the implicit book value of BPM shares), by issuing up to a maximum of 24,225,742 new BPM shares.

In addition, were Fondazione Cassa di Risparmio di Alessandria not to approve the project, the Merger would give it a right of withdrawal in accordance with article 2437, paragraph 1, letters b) and g) of the Italian Civil Code; this is because the Merger with BPM, which was set up as a limited liability co-operative company, involves the implicit transformation of BDL, set up as a joint-stock company, and a change in the voting and capital rights laid down in the articles of association. The liquidation value of the BDL shares and the amount of the Right to Sell will be communicated in accordance with the law.

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BPM shareholders do not have a right of withdrawal.

The Merger, which forms part of the initiatives to develop the corporate and operational structure of the BPM Group as foreseen in the 2012-2015 Business Plan, communicated to the market on 24 July, is subject to the prior approval of the Bank of Italy, pursuant to art. 57 of Legislative Decree 385/1993. Details of the merger project will be published under the terms and conditions of the law, once the above approval has been given.

It will be possible to carry out the merger after any measures that the Bank of Italy may take in relation to the removal of specific capital requirements (so-called "add-ons") currently imposed on BPM.

As things stand, subject to the above, it is the intention of the BPM Group to carry out the Merger by the end of 2013.

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The Management Board of BPM decided not to proceed with payment of the quarterly coupon on the 8.393% Noncumulative Perpetual Company Preferred Securities issued by BPM Capital I LLC ("**Company Preferred Securities**") at the next scheduled payment date (2 January 2013); consequently, on the said date, interest on the 8.393% Noncumulative Perpetual Trust Preferred Securities (ISIN XS 0131749623) issued by BPM Capital Trust I ("**Trust Preferred Securities**"), which were placed at the time with institutional investors, will not be paid either.

This optional suspension of interest payments, which is permitted by the regulations governing these securities, has been approved in accordance with the decisions taken previously to suspend payment of the annual coupons for Tier 1 securities, since the financial statements of the BPM at 31 December 2011 closed with a loss of Euro 505 million and no dividend was paid on the ordinary shares of BPM during the 12 months preceding the respective payment dates of the coupons.

The required communications to holders of the Trust Preferred Securities will follow in accordance with the terms and methods foreseen in the regulations.

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