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BANCA POPOLARE DI MILANO

Restructuring of the BPM 2009/2013 – 6.75% Convertible Notes

Bipiemme announced today that its Management Board (*Consiglio di Gestione*) resolved to convene a meeting of the holders of the convertible notes named “BPM 2009/2013-6.75%” (the “**Convertible Notes**”) to propose to the holders a restructuring of the Convertible Notes, involving:

- (i) a reduction in the minimum conversion price from Euro 6.00 to Euro 2.71, and the consequential change to the maximum conversion ratio from 16.667 to 36.9 new BPM shares for each Convertible Note;
- (ii) bringing forward the maturity date and hence the automatic conversion of the Convertible Notes from 1 June 2013 to 29 December 2011, such automatic conversion to take place on the basis of the new maximum conversion ratio;
- (iii) payment, *pro rata temporis* through to the automatic conversion date, of a portion of the coupon that would have been paid on the payment date falling on 1 June 2012.

The meeting of the holders of the Convertible Notes is convened for 22 December 2011.

Today’s board meeting followed on what has been resolved at the extraordinary shareholders meeting of BPM on 25 June 2011, which provided, amongst others, the

commencement of the restructuring of the Convertible Notes following the execution of the share capital increase of BPM.

Such shareholders meeting approved the restructuring of the Convertible Notes, delegating authority to the Board of Directors (now the Management Board) to increase the number of BPM shares assigned to service the Convertible Notes and to fix the new minimum conversion price at not less than Euro 2.71.

The restructuring of the Convertible Notes forms part of the Business Plan and its purpose is to allow, amongst others, the early repayment of the Tremonti Bonds before 31 December 2012, subject to prior authorization from the Bank of Italy.

The contribution of this transaction in terms of Core Tier 1 is equal to 89 b.p., therefore, together with the effects of the share capital increase of BPM that is pending completion, the pro forma Core Tier 1 as at 30 September 2011 would be equal to 8,7%.

The Management Board shall exercise the authority delegated to it to increase the number of BPM shares assigned to service the Convertible Bonds if the meeting of the holders of the Convertible Notes approve the proposed amendments and promptly following such favorable vote. The Management Board has in any event approved that the new minimum conversion price shall be Euro 2.71, having assessed its congruity in accordance with applicable provisions of law.

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External Relations Department

Ildebrando Radice

Tel. 02.77.00.2527

Press Office

Tel. 02 77.00.3784

relazioni.esterne@bpm.it

Investor Relations

Roberto Peronaglio

Tel. 02.77. 00. 2057

investor.relations@bpm.it

Barabino & Partners

Sabrina Ragone

Tel. 02.72.02.3535

mob. 338.25.19.534

s.ragone@barabino.it

Claudio Cosetti

Tel. 02.72.02.35.35

mob. 335.74.91.683

c.cosetti@barabino.it