



PRESS RELEASE

The Board of Directors of Banco BPM has resolved to limit partially the reimbursement of the shares for which the right of withdrawal has been exercised

The partial reimbursement is conditional upon granting of the supervisory authorisations

Verona, 11 May 2017 – At a meeting held today, the Board of Directors of Banco BPM S.p.A. ("**Banco BPM**" or the "**Bank**"), having heard the Board of Statutory Auditors, has resolved to limit partially the reimbursement of the shares for which the right of withdrawal has been exercised following the merger between Banco Popolare – Società Cooperativa ("**Banco Popolare**") and Banca Popolare di Milano S.c. a r.l. ("**BPM**"), carried out by way of the establishment of Banco BPM (the "**Merger**").

In particular, the Board of Directors – noted that, as a result of the option and pre-emptive offer in favor of the members and shareholders of Banco Popolare and BPM and of the offer on the Italian Equity Market (*Mercato Telematico Azionario*) organized and managed by Borsa Italiana S.p.A., carried out in accordance with Article 2437-*quarter*, Paragraphs from 1 to 4, of the Italian Civil Code, No. 65,289,263 shares for which the right of withdrawal has been exercised remained unpurchased (the "**Residual Shares**") for an aggregate amount of approximately eur 205,626,175 – has resolved to limit the reimbursement of the Residual Shares to the total amount of Euro 14,571,850.27 (the "**Amount for the Reimbursement**"), to be used in order to purchase a part of the abovementioned Residual Shares pursuant to Article 2437-*quarter*, Paragraph 5, of the Italian Civil Code.

In accordance with the relevant law and the criteria set in the Reports of Banco Popolare and BPM (*Relazioni Illustrative*) made available to the shareholders prior to the respective shareholders' meetings called to approve the Merger, the decision to limit partially the reimbursement of the Residual Shares has been taken by comparing the CET1 *ratio fully loaded* of the Bank on March 31, 2017⁽¹⁾, as adjusted in order to take into account further non-recurring charges estimated in the exercise to pursue the 2016-2019 Strategic Plan objectives and a minimum floor, equal to 10.88%, determined taking into consideration the average between the CET1 *ratio fully loaded* value of a representative sample of the major European banks (source EBA) and the CET1 *ratio* for the 2017 required by the European Central Bank within the SREP process concerning Banco BPM⁽²⁾.

The partial reimbursement of the Residual Shares may be performed only upon condition of obtaining, from the European Central Bank ("**ECB**"), the required authorization for the reduction of own funds, pursuant to Articles 77 and 78 of Regulation (EU) No. 575/2013 of

(1) Calculated including first quarter 2017 net income, subject to the provisions of art. 26, par. 2, of the Regulation (EU) No. 575/2013 of June 26, 2013 (see today's press release Q1 2017 results of the Bank).

(2) Equal to 8.15% (see Bank's press release dated February 24, 2017).

June 26, 2013 (CRR) and to the applicable provisions set in Chapter IV, Section 2, of the Commission Delegated Regulation (EU) No. 241/2014 of January 7, 2014.

In case the abovementioned authorization of the ECB is granted, the Amount for the Reimbursement will be allocated amongst the former members and shareholders of Banco Popolare and BPM that have exercised the right of withdrawal on the basis of the "Relative Contributions" agreed in the context of the Merger, according to the provisions set in Paragraph 11.2.3 of the abovementioned Reports (as well as in the press releases issued on October 25, 2016, concerning the terms of the exercise of the right of withdrawal) and, therefore, as follows (without prejudice to the due or appropriate rounding): (i) the Amount for the Reimbursement will be allocated for 54.626% to the partial reimbursement of the former members and shareholders of Banco Popolare that have exercised the right of withdrawal (in favour of which an amount equal to Euro 7,960,018.93 will be then allocated) and for 45.374% to the partial reimbursement of the former members and shareholders of BPM that have exercised the right of withdrawal (in favour of which an amount equal to Euro 6,611,831.34 will be then allocated); (ii) the amounts calculated pursuant to the previous point (i) will be used to reimburse only a part of the Residual Shares, which will be calculated dividing (x) the amount available to the former members and shareholders of Banco Popolare that have exercised the right of withdrawal and to the former members and shareholders of BPM that have exercised the right of withdrawal, respectively, at (y) the withdrawal price applicable to each of these two groups of members and shareholders (Euro 3.156 for the former members and shareholders of Banco Popolare and, taking into account the exchange ratio of the Merger, Euro 3.1406 for the former members and shareholders of BPM).

Therefore - without prejudice to the reimbursement of the shares for which the right of withdrawal has been exercised and which have been purchased during the option and pre-emptive offer already carried out and without prejudice also to the due rounding - the Bank, subject to the required authorizations, will reimburse, by means of the Amount for the Reimbursement, a total amount of n. 4,627,461 Residual Shares, of which (i) n. 2,522,185 Residual Shares resulting from the exercise of the right of withdrawal by the former members and shareholders of Banco Popolare (representing 6.68% of the shares of Banco Popolare for which the right of withdrawal has been exercised) and (ii) n. 2,105,276 Residual Shares resulting from the exercise of the right of withdrawal by the former members and shareholders of BPM (representing 7.50% of the shares of BPM for which the right of withdrawal has been exercised).

The Residual Shares that will not be reimbursed pursuant to the above will be made available to the members and shareholders that have exercised the right of withdrawal as soon as possible, thereby releasing the unavailability restriction currently in force pursuant to Article 2437-bis, Paragraph 2, of the Italian Civil Code.

We also inform that the Bank will perform the settlement of the sale and purchase of (i) no. 178,859 Banco BPM shares, resulting from the exchange of Banco Popolare shares subject to withdrawal, with respect to which the option and the pre-emptive rights have been exercised during the option and pre-emptive offer performed by Banco Popolare from 25 November 2016 to 27 December 2016 and (ii) no. 343,800 Banco BPM shares, resulting from the exchange of the BPM shares subject to withdrawal, with respect to which the option and the pre-emptive rights have been exercised during the option and pre-emptive offer performed by BPM from 25 November 2016 to 27 December 2016. The payment of the purchased shares and the assignment of the shares in favor of the purchasers will take place, by the current month of May, through Monte Titoli and the respective intermediaries.

At the same time, the Bank, through Monte Titoli and the respective intermediaries, will liquidate and cash, in favor of the withdrawing members and shareholders, the aforementioned shares with respect to which the option and the pre-emptive rights have been exercised, by allocating (and deducting) those shares among the withdrawing members and shareholders of Banco Popolare and BPM in proportion to the respective number of shares for which the right of withdrawal has been exercised (with the outcome of such calculation to be rounded down to the nearest whole number and allocation of the

shares that are not assigned on completion of the procedure, among withdrawing shareholders, on the basis of the criterion of the largest remainder).

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