The agreements pertaining to the issuing of financial instruments to MEF (Tremonti Bond) for five hundred million Euros have been finalized. As a result, the boost in capital reserves generated an increase of the Core Tier 1, as at 30 June 2009, from 6.22% to 7.65% enabling a stronger commitment of the BPM Group toward the easing of credit in support of the economy.

To date, Banca Popolare di Milano has finalized the agreements pertaining to the issuing of financial instruments (art. 12 of Legislative Decree 185/08) to the Ministry of Economy and Finance (MEF - Ministero dell’Economia e delle Finanze) for a total of five hundred million Euros; the consequent boost of capital reserves generated an increase of the Core Tier 1, from 6.22% to 7.65% as at 30 June 2009.

This operation enables a stronger commitment of the BPM Group toward the easing of credit in support of the economy. More specifically, the Protocol signed by Banca Popolare di Milano and MEF, in addition to the adoption by all the banks of the BPM Group of a Code of Ethics containing, inter alia, provisions regarding the remuneration of executives, sets forth the following:

1. to make available to small- and mid-size enterprises (SME), for the next quarter, incremental loans at a 7% annual average (CAGR - Compound Annual Growth Rate) versus the average of the previous two years (12.1 billion of Euros). This is in response to the corresponding demand and with the guarantee of maintaining an adequate credit quality in compliance with the principles of sound and prudent bank management. The growth of loans allocated to small- and mid-size enterprises, provided for in the Protocol of Intent, is higher when compared to the stability in volumes set forth in the ABI-MEF agreement;
2. to contribute 7.5 million Euros to the guarantee fund for the loans allocated to small- and mid-size enterprises pursuant to art. 11 of legislative decree 185;

3. to suspend for 18 months, a longer period of time than the 12 months provided for in the ABI-MEF agreement, the payment of mortgages for a primary residence, if requested by the subjects listed in the agreement, and provided that it is justified. This suspension refers also to mortgages that have been subjected to securitizations or to the issuing of covered bonds pursuant to Law n. 130, of 30 April 1999;

4. to continue to carry out, for the entire duration of the agreement, the current initiatives of BPM Group in support of the economy and resulting from the agreements for the “support of employees and companies in financial difficulty” entered into with the provinces of Milan, Como, Varese and Alessandria.

The issuing of financial instruments to MEF will also enable the BPM Group to continue and expand its interventions in support of the most vulnerable groups in the economic crisis: families and small-size enterprises.

In reference to families, the following should be noted:

- the participation in the Guarantee Fund promoted by the Ministero dell’Economia e delle Finanze to support families with newborns;
- the participation in the ABI-Conferenza Episcopale Italiana agreement for the allocation of preferential interest rate loans to families in financial difficulty;
- the afore-mentioned advances at 0% interest for the first few monthly payments of Extraordinary Unemployment, following specific agreements with the provinces of Milan, Como, Varese and Alessandria.

In reference to small businesses and small- and medium-size enterprises, the following should be noted:

- the set up of a maximum amount of Euro 200 million directed to the small- and medium-size enterprises that are operating in the receptive tourism sector and intend to re-launch and develop their activities through new investments;
- the set up of a maximum amount of Euro 50 million for industrial companies and small businesses based in Lombardy with the purpose of guaranteeing continuity of operations even in the event of a financial crisis. The focal point of the offer is the involvement of the trade associations with which BPM
Group has strong ties; in addition, the possibility to involve Consorzi di Garanzia Fidi (Confidi) enables the companies to have easier access to credit. The terms of the offer provide for a maximum loan amount of Euro 150 thousand, up to 84 months and at an interest rate determined according to the company’s characteristics.

- the participation in the “Avviso comune” (the so-called “moratoria PMI” – Small- and mid-size enterprises’ grace period) which provides for the customers of small businesses and SMEs – under the appropriate terms – with a turnover below Euro 50 million and with a number of employees below 250 units, to obtain a suspension of 12 months of the payments to be allocated to the principal amount, in the case of medium- and long-term loans, and an extension of up to 270 days of the due date of short-term loans.

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