Milano, 9 May 2011

PRESS RELEASE

FitchRatings affirms Banca Popolare di Milano S.C.a.r.l.’s ratings and revised outlook from stable to negative

Banca Popolare di Milano would like to inform that the International rating agency FitchRatings has today affirmed the Long-term Issuer Default Rating (IDR) ‘A-’, the Short-term IDR ‘F2’, the Rating Individual ‘B/C’, the Support Rating ‘3’ and the Support Rating Floor ‘BB+’ of Banca Popolare di Milano S.C.a.r.l. and it has also revised the Long-term Issuer Default Rating (IDR) outlook from stable to negative.

Please find attached the FitchRatings’ press release.

For information:

Press Release
+ 39 027700.3784
relazioni.esterne@bpm.it

Investor Relations
+39 027700.2057
investor.relations@bpm.it

Ah Hoc Communications
+39 02 76 06 741
paolo.mazzoni@ahca.it
Fitch Ratings

FITCH REVISES BANCA POPOLARE DI MILANO’S OUTLOOK TO NEGATIVE; AFFIRMS AT 'A-

Fitch Ratings-London/Milan-09 May 2011: Fitch Ratings has revised Banca Popolare di Milano's (BPM) rating Outlook to Negative from Stable and affirmed its Long-term Issuer Default Rating (IDR) at 'A-', Short-term IDR at 'F2', Individual Rating at 'B/C', Support Rating at '3' and Support Rating Floor at 'BB4+'. A full list of rating actions is at the end of this commentary.

The revision of the Outlook to Negative reflects Fitch's concerns over the bank's ability to strengthen its corporate governance and implement measures to improve the bank's efficiency. The agency notes that BPM's ratings could be downgraded if the bank does not achieve its goal to strengthen its technical organisation, structure and internal controls and improve operating profitability. Despite BPM's efforts to improve its corporate governance, the influence of employees on the bank's decision-making has always been high, and this continues to represent a long-term concern for Fitch.

The rating action takes into account Fitch's expectation that as announced in late April 2011, BPM will raise up to EUR1.2bn in capital by Q411. The capital increase is subject to approval by the bank's shareholders, expected during an Extraordinary General Meeting called for June 2011. Fitch believes that the bank needs this new capital to deal with the pressure it faces in generating adequate profitability as well as with the industrial concentrations in its loan book and its corporate restructuring. Fitch notes that failure to raise fresh capital, which the agency currently does not expect, would likely result in a downgrade of the bank's ratings.

BPM's ratings remain underpinned by the bank's strong franchise in and around the highly industrialised Milan, its traditional area of operations. However, profitability has been put under pressure by the group's high cost base. High operating costs derive from both high employee costs and a heavy group structure. Revenue generation has also been hampered by low interest rates, rising funding costs, and a complex product portfolio. As a result, profitability is low and internal capital generation weak.

Asset quality remains in line with the average of its northern Italian peers although it has deteriorated, partly as a result of higher than average exposure to the real estate and construction sectors. The real estate and construction sectors account for c.40% of all impaired loans at the bank.

The bank's clients, which mostly consist of SMEs and individuals, have provided it with stable and relatively cheap funds in the past. They continued to account for around two-thirds of all funds at end-2010. On the other hand, funding has become increasingly diversiﬁed, with covered bonds having been issued for the first time in 2008, to complement its EMTN programme.

Through its parent bank and three other retail banks (Banca di Legnano, Cassa di Risparmio di Alessandria and Banca Popolare di Mantova) the group has a strong presence in Lombardy, Piedmont, Lazio, Apulia and Emilia Romagna. At end-2010 it was Italy's eighth-largest bank and fourth-largest cooperative bank.

The rating actions are as follows:

Long-term IDR: affirmed at 'A-'. Outlook revised to Negative
Short-term IDR: affirmed at 'F2'
Individual Rating: affirmed at 'B/C'
Support Rating: affirmed at '3'
Support Rating Floor: affirmed at 'BB4+
Senior unsecured Long-term/Short-term notes: affirmed at 'A-'/ 'F2'
Subordinated lower Tier 2 debt: affirmed at 'BBB4+"
Subordinated upper Tier 2 debt: affirmed at 'BBB'
Preferred stock: affirmed at 'BBB'
Senior hybrid capital: affirmed at 'BBB'

Contact:

Primary Analyst
Claudia Nelso
Senior Director
+44 20 3530 1191
Fitch Ratings Limited
30 North Colonnade
London E14 5GN

Secondary Analyst
Christian Scarfia
Senior Director
+39 02 87 90 87 212

Committee Chairperson
Maria Jose Lockerbie
Managing Director
+44 20 3530 1083

Media Relations: Hannah Warrington, London, Tel: +44 20 3530 1133, Email: hannah.warrington@fitchratings.com

Additional information is available on www.fitchratings.com

Applicable criteria "Global Financial Institutions Rating Criteria" dated 13 August 2010 and "Short-Term Ratings Criteria for Corporate Finance" dated 2 November 2010. are available at www.fitchratings.com

Applicable Criteria and Related Research:
Global Financial Institutions Rating Criteria
Short-Term Ratings Criteria for Corporate Finance - Amended

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE 'WWW.FITCHRATINGS.COM'. PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.