Board approval of proposed new Articles of Association based on the two-tier system.

Amount of increase in capital decided: Euro 800 million.

Merger of Cassa di Risparmio di Alessandria with Banca di Legnano authorized.

The Board of Directors of Banca Popolare di Milano today approved the following items on the agenda:

- reform of corporate governance (adoption of the two-tier system);
- amount of the increase in capital;
- merger of Cassa di Risparmio di Alessandria with Banca di Legnano.

As regards the reform of corporate governance, the Board of Directors voted by a majority to submit a new text of the Articles of Association based on the two-tier system to the next Extraordinary General Meeting to ensure greater separation of the Bank’s management from its shareholder base.

The proposed Articles of Association envisage the setting up of a Supervisory Board, appointed by the General Meeting, which would be empowered to supervise and control the running of the Bank, and a Management Board, appointed by the Supervisory Board, which would be responsible for administering the Bank and defining Group policies.

The Management Board consists of 5 members, including a Managing Director, who can also be the General Manager. The Managing Director acts as the chief executive officer and supervises the running of the Bank within the limits of the powers granted to him and in accordance with the policy guidelines laid down by the Management Board.
The Supervisory Board is appointed on the basis of a voting list mechanism and consists of 17 members, 11 nominated by the majority and 6 by the minorities, plus 2 members elected according to the agreements with Fondazione CR Alessandria and Crédit Mutuel (as required by the current Articles of Association).

To facilitate the participation of institutional investors in the share capital of the Bank, they are entitled to appoint 2 of the 6 minority directors, providing that their lists are voted by at least 100 members or 2% of share capital.

In addition to the powers related to the supervision and management control of the Bank, the Supervisory Board has the power to approve the statutory and consolidated financial statements and - on the proposal of its Appointments Committee - to appoint and revoke the 5 members of the Management Board.

Stricter professional requirements compared to those currently required by law will have to be satisfied before being appointed as a member of the Supervisory Board and, even more so, as a member of the Management Board.

As regards the share capital increase, which is due to be completed by the end of the current year, the Board of Directors has decided that it is to have a maximum amount of Euro 800 million, reserving the right to determine the final terms of the increase at a subsequent meeting to be held a few days prior to the launch; after the necessary authorization from the Bank of Italy, reimbursement of the Tremonti Bonds is expected to take place by the end of 2012.

In this regard, please note that the assumptions of the 2011-2013/15 Strategic Plan, presented by the Bank on 19 July 2011, provided for a share capital increase of maximum 1.2 billion euro as approved by the Members’ Meeting. Despite the reduction in the amount of the share capital increase, all of the strategic and operational assumptions of the Strategic Plan have been confirmed. The targets indicated in the Plan have also been confirmed, with the exception of the capital ratios: the Core Tier 1 and Total Capital Ratios at the end of 2013 are now expected to be 8.7% and 12.0%, compared with the 9.1% and 12.4% forecast last July.

Considering the lower amount requested from the shareholders under the share capital increase, without affecting to the ordinary pay-out ratio of 45%, the assumed distribution of an extraordinary dividend during the period covered by the Strategic Plan no longer applies.
The Board of Directors of BPM, as the Parent Company, has also given the go-ahead for Cassa di Risparmio di Alessandria to be absorbed by Banca di Legnano, envisaging an exchange ratio of 3.95 shares of Banca di Legnano post-merger for each share held in Cassa di Risparmio di Alessandria.

Lastly, the Board of Directors has also delegated to the Chairman to call an Extraordinary General Meeting of the Members of Banca Popolare di Milano to approve the amendments to the Articles of Association for the new system of corporate governance and for the election of the members of the Supervisory Board (by way of voting lists).

Milan, 27 September 2011

Please note that the original version of this press release is in Italian. In case of any misunderstandings the Italian version shall prevail

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