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BY BANCO POPOLARE AND BPM

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Vedi allegato.



BANCA POPOLARE DI MILANO

JOINT PRESS RELEASE

APPROVAL OF THE MERGER PROJECT BY BANCO POPOLARE AND BPM

Verona - Milan, May 24th, 2016 – Today, the Board of Directors of Banco Popolare Società Cooperativa (“**Banco Popolare**”) and the Management Board of Banca Popolare di Milano S.c. a r.l. (“**BPM**” and, together with Banco Popolare, the “**Parties**”), subject to the approval by the Supervisory Board of BPM, approved the merger project between the Parties (the “**Merger Project**”), which envisages the establishment of a new banking holding company (the “**NewCo**”) in the form of a joint stock company (the “**Merger**”) and the by-laws of the NewCo which is part of the Merger Project.

In the context of the transaction, it is envisaged that Banco Popolare executes a capital strengthening process for a total amount of €1 billion. In this respect, on 10 May 2016, the Board of Directors of Banco Popolare, under the delegated powers conferred by Shareholders’ EGM on 7 May 2016, resolved to carry out the capital increase by issuing ordinary shares to be offered pre-emptively to existing shareholders of Banco Popolare for a total amount, inclusive of any share premium, of €1 billion (the “**Capital Increase**”).

Name and headquarters of the NewCo

The new banking entity resulting from the Merger will be called Banco BPM S.p.A. The NewCo will operate both as a bank and as a holding company with operating functions as well as responsibilities of coordination and management of all the companies being part of the new Group established following the Merger. The shares of the NewCo will be listed on the “Mercato Telematico Azionario” of Borsa Italiana stock exchange (MTA).

The NewCo will have two headquarters, one located in Verona and one in Milan. The Legal Headquarter will be in Milan and the Administrative Headquarter will be in Verona.

Corporate Governance

The Corporate Governance of the NewCo will be based on the so-called traditional management and control system, which entails the appointment of a Board of Directors and a Board of Statutory Auditors.

The first Board of Directors of the NewCo will consist of 19 directors.

Carlo Fratta Pasini will be appointed Chairman of the Board of Directors.

Giuseppe Castagna will be appointed Chief Executive Officer.

Mauro Paoloni will be appointed Deputy Vice-Chairman.

Guido Castellotti and Maurizio Comoli will be appointed Vice-Chairmen.

The other members of the Board of Directors will be: Mario Anolli, Massimo Catizone, Rita Laura D'Ecclesia, Carlo Frascarolo, Paola Galbiati, Cristina Galeotti, Marisa Golo, Piero Lonardi, Giulio Pedrollo, Fabio Ravanelli, Pier Francesco Saviotti, Manuela Soffientini, Costanza Torricelli e Cristina Zucchetti.

An Executive Committee will be set up and it will consist of 6 members, including the CEO, the Deputy Vice-Chairman and the 2 Vice-Chairmen of the Board of Directors. For the first mandate, the Chairman of the Executive Committee will be Pier Francesco Saviotti.

Within the Board of Directors, the following Committees will be established: a Control and Risk Committee, a Nominations Committee, a Remuneration Committee and a Related Parties Committee, each consisting of 4 members.

The Board of Statutory Auditors will consist of 5 standing members and 3 alternate members, who will be: Marcello Priori, to be appointed Chairman of the Board of Statutory Auditors, Gabriele Camillo Erba, Maria Luisa Mosconi, Claudia Rossi, Alfonso Sonato, to be appointed statutory auditors. Alternate auditors will be: Chiara Benciolini, Marco Bronzato, Ezio Simonelli.

General Manager of the NewCo will be Maurizio Faroni and the two Co-General Managers will be Domenico De Angelis and Salvatore Poloni.

The role of the external auditor of the NewCo will be assigned, on the basis of a motivated proposal by the Board of Statutory Auditors of Banco Popolare and by the Supervisory Board of BPM, to PricewaterhouseCoopers S.p.A. for the time period envisaged under the terms of the law.

Relative Contributions

The respective boards of Banco Popolare and BPM agreed that, taking into account their respective contributions, the Merger will be executed on the basis of exchange ratios calculated applying the following relative contributions to the share capital:

- (i) **54.626%** of the NewCo share capital pertaining to the current **shareholders of Banco Popolare** (the “**BP Relative Contribution**”).
- (ii) **45.374%** of the NewCo share capital pertaining to the current **shareholders of BPM** (the “**BPM Relative Contribution**” and, together with BP Relative Contribution, the “**Relative Contributions**”);

The Relative Contributions have been calculated:

- (a) taking into account the entire Capital Increase (thus, no adjustment will be carried out to the above contributions following the execution of the Capital Increase); and
- (b) taking into account the distribution of ordinary dividends by respectively Banco Popolare (equal to total €54,326,940.90) and BPM (equal to total €118,537,025.62) on the net income for the year 2015.

The exchange ratios of the Merger will be determined after the number of shares of Banco Popolare to be issued in the context of the Capital Increase are defined and such to comply with the above-mentioned Relative Contributions.

Support to territory of traditional presence

The NewCo, coherently with the nature and the origins of Banco Popolare and BPM will continue to focus on the territory served by its own distribution network. In that respect, it is envisaged that the Board of Directors of the NewCo, subject to the vote of Shareholders' general meeting, may allocate a portion of up to 2.5% of net profit arising from the approved financial statements to welfare, charitable and public interest causes, in order to support initiatives related to the specific territories of reference.

Effectiveness of the Merger

Subject to the law authorisations and approval of their respective Shareholders' meetings, it is envisaged that the Merger will be effective, pursuant to Art. 2504-*bis*, paragraph 1 and 2, of the Italian Civil Code, from the date of the last registration required by Art. 2504 of the Italian Civil Code or from a later date which may be expressly stated in the merger deed. From the same date the Merger will be effective for accounting purposes and for tax purposes.

Law authorisations

The Merger is subject to law authorisations, including those from the competent Supervisory Authorities, from the AGCM (Italian Competition Authority) and from the Italian Stock Exchange with regards to the admission to listing on the MTA of the shares of the NewCo.

Mediobanca – Banca di Credito Finanziario, Bank of America Merrill Lynch and Colombo & Associati are acting as financial advisors to Banco Popolare, each of which released a fairness opinion, from a financial standpoint, on BP Relative Contribution, and Gatti Pavesi Bianchi is acting as legal advisor to Banco Popolare.


Citigroup Global Markets Limited and Lazard & Co are acting as financial advisors to BPM, each of which released a fairness opinion, from a financial standpoint, on BPM Relative Contribution, and Studio Legale Lombardi Molinari Segni and Studio Marchetti are acting as legal advisors to BPM.

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