NEWS RELEASE

Banco Popolare approved draft 2011 annual report

Important steppingstone along the capital strengthening process: the Core Tier 1 ratio reaches 7.1% (about +140 b.p. year to date, about +60 b.p. as compared with 30 September 2011). The Core Tier 1 ratio rises to 7.3% after the buyback of subordinated liabilities

Net income pre-impairment of goodwill at 574 million vs. 308 million in 2010 (+86.4%)

Net loss post-impairment of goodwill of 2,257 million

Net interest income at 1,810 million, in line with prior year (-0.3%)

Other operating income growing markedly at 2,014 million (+8.0%)

Operating costs at 2,407 million, down by 1.7% after full discount of costs for severance, early retirement and redundancy packages and other non-recurring charges in excess of 74 million

Profit from operations at 1,410 million (+11.0%)

Loan loss provisions at 759 million (-1.5%)

Income before tax from continuing operations at 561 million vs. 178 million in 2010

Loans on the rise (+0.4%), of which households +9.4% and small businesses +1.5%

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The following proposals will be submitted to the approval of the Shareholders' Meeting:

- **proposal to adopt a share allocation plan for the Group employees as part of the company bonus under the National bargaining agreement**
- **proposal to adopt a share allocation plan for executive members of the Board of Directors and key managers**
- **proposal to purchase own shares**

Verona, 20 March 2012 - In today's meeting, the Management Board of Banco Popolare has approved the draft annual report for 2011, which includes the statutory financial statements and the consolidated financial statements as at 31 December 2011.

In 2011 the Group reported a consolidated net loss of 2,257 million which was caused exclusively by the recognition of the impairment of the goodwill recognized upon finalizing the business combination of Banco Popolare di Verona e Novara with Banca Popolare Italiana on 1 July 2007. The write-downs charged to income for the year totaled 3,112 million (2,831 million net of tax effect). The sudden and marked sovereign risk surge in the Euro area after the closing of the first half produced a significant and persistent deterioration of the macroeconomic scenario. The extremely low level of interest rates, coupled with a shifting regulatory scenario and the uncertainties bearing down on the economic growth outlook in the years to come significantly augmented the risk associated with the ability to actually attain the operating targets laid out in the business plan approved on 15 July 2011. Against this backdrop, while confirming for the time being the strategic validity of the business plan, it was nonetheless necessary and inevitable to revise downwards the estimated profitability targets purely for the purpose of the annual impairment test. This, together with the impact caused by the country risk on the assessment parameters, produced a marked reduction in the estimated recovery value of goodwill. As a result, the impairment test, carried out against the above described backdrop of a severe crisis, evidenced the need to write down goodwill by more than 60%, whose value had to be mandatorily determined and recognized as a direct contra-entry to the share premium reserve upon performing the above mentioned business combination. Please note that the business combination refers to the merger of Banco Popolare di Verona e Novara with Banca Popolare Italiana, based exclusively on a share exchange and no cash.

If we strip out the non-recurring negative - but purely technical accounting - impact caused by the aforesaid impairment, the Group confirmed its profit-generating capabilities, and in an exceptionally tough year it generated a consolidated net income of 574 million euro as compared with 308 million the year before. Later in the press release we will refer for short to this interim result as "pre-impairment net income". In any case, note that in both periods under comparison this interim result has been significantly impacted by extraordinary or non-recurring P&L items. For a more detailed description of the main extraordinary or non-recurring P&L items, please see paragraph 3 of the explanatory notes below.

Banca Italease and its direct subsidiaries made a negative contribution to the pre-impairment net income of 127 million. The reported loss was mainly generated by the progressive reduction of lease volumes and by the recognition of 58 million worth of provisions to provide against current risks.

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Net of the goodwill impairment impact and of Italease's negative contribution, Banco Popolare's "stand alone" net income would come in at 700.7 million vs. 255.5 million the year before.

Evolution of key financial items

On 31 December 2011, **direct customer funds** reached 100.2 billion, down by 4.1% from 104.5 billion on 31 December 2010. This decline is mainly ascribable to the fact that interbank financings guaranteed by the ECB made it possible to limit the recourse to more expensive short-term customer funds. Net of the aggregate referring to Banca Italease, repurchase agreements and funding from bonds and other securities, the "core deposits" report a growth rate of 0.8% year to date. In particular, household and SME funds increased by 5.2% over year-end 2010.

The market performance negatively affected the valuation of financial instruments, especially the equity component, which caused **indirect customer funds** to decline to 64.4 billion, down by 15.5% as compared with year-end 2010. Specifically, at year-end administered assets came in at 37.9 billion (-15.4% over end 2010). In spite of the growth of the index- and unit-linked insurance premium written volume, managed assets at year-end added up to 26.5 billion, reporting a 15.7% drop over year-end 2010.

Gross loans totaled 97.5 billion, down by 1.1% year to date, but basically stable with respect to 30 September 2011. Net of Banca Italease loans, which are structurally declining (- 1.5 billion, down by 14.3% over the year), the aggregate reports a growth rate of 0.4%. Note that in 2011 the Group pursued a specific loan allocation strategy focused on its "core" customers, guaranteeing a stronger support to households and small businesses, where loans grew respectively by 9.4% and 1.5% with respect to year-end 2010. On the contrary, large corporate loans have been declining (-13.9% year on year).

On 31 December 2011, **gross impaired loans** (non-performing, watchlist, restructured and past due loans) totaled 13.8 billion, up by 7.2% year to date. The aggregate includes loans originated by Banca Italease totaling 4.1 billion, mainly represented by lease contracts backed by real estate assets (up by 5.8% year to date), while the impaired loans from the rest of the Group add up to 9.7 billion (up by 7.8% year to date). Specifically, non-performing loans totaled 6,025 million (4,550 million without Banca Italease), and watchlist loans stood at 4,704 million (3,624 million without Banca Italease). Excluding Banca Italease, 92% of non-performing loans have been written down, derecognized, or collateralized. The net NPL to loan ratio stood at 3.93% (3.16% without Banca Italease) from 3.05% on 31 December 2010. The net watchlist loan to loan ratio went from 4.59% down to 4.11% (3.38% without Banca Italease).

On 31 December 2011, the book value of the Group's **sovereign risk exposure** totaled 10,092.3 million, of which 96.6% (9,751.9 million) refers to Italian Treasury bonds.

On 31 December 2011, the exposure to distressed European countries which had to resort to the financial assistance of the European Union and the International Monetary Fund (Greece, Portugal and Ireland) added up to 24.2 million, corresponding to a nominal value of 96.1 million, and it is exclusively represented by

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Greek debt securities. The entire exposure to Greece has been measured based on market prices or parameters observable on 31 December 2011. The capital losses resulting from the valuation of the Greek securities held in the trading portfolio (37.1 million), and the write-downs from impairment of the Greek securities classified under financial assets available for sale (25.4 million) have been fully debited to the P&L for the year.

Note that 24.3% of the sovereign risk exposure related to EU member states represented by debt securities (2,433.0 million) is classified in the HFT portfolio, and in compliance with the applicable accounting standard, it has been recognized based on the fair value as at 31 December 2011, almost exclusively represented by market quotes. As a result, any associated capital loss has already been fully charged to income.
As to the sovereign risk exposure to EU member states, represented by securities classified in the AFS portfolio amounting to 7,543.7 million, again based on the market quotes as at 31 December 2011, 488.1 million have been charged directly to net equity.

Results for the period

In a financial year still marked by the market crisis, the Group managed to achieve a good operating performance. Net interest income held up, picking up again in the second half after a decline in the first part of the year. Other operating income has been growing markedly, both in terms of commissions and net financial income, also when excluding the impact from changes in the own creditworthiness. Operating costs have been reduced, even after the full discount of non-recurring charges for the entire severance, early retirement and redundancy package for senior personnel. Also the cost of credit is decreasing, hand in hand with a reduced inflow of new impaired loans thanks to a constant loan monitoring.

Operating performance

Net interest income stood at 1,810.5 million, down by 0.3% from 1,816.1 million last year. The Q4 contribution (457.9 million) shows a good quarter on quarter stability with respect to 461.3 in Q3, driven by the strong repricing action implemented by the commercial network that offset the higher cost of funding.
Profit or loss from equity investments carried at equity posted a loss of -7.9 million, as compared with a profit of 38.6 million reported the prior year, which however included the contribution of Istituto Centrale delle Banche Popolari Italiane (+19.8 million), whereas to date, as a result of the sale of part of our stake in first half 2011, it is no longer considered an associate, i.e., a company under significant influence.
The smaller contribution for full financial year 2011 (Q4 -35.3 million) is mainly attributable to Agos-Ducato, which this year made a contribution of 19.3 million as compared to 49.5 million in 2010. The worse result of the associate in Q4 is essentially due to a significant increase in loan loss provisions reported by the associate.
Net commissions stood at 1,273.4 million, up by 0.5% from 1,266.8 million in 2010. The Q4 contribution was 304.9 million with respect to 313.8 million in Q3, on the downturn due to a slowdown of third party products distribution, in particular bancassurance and consumer credit products.

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Other revenues added up to 43.4 million, as compared with 57.9 million in 2010 (with a Q4 contribution of 3.6 million). Both financial years benefited from the recognition of contingent assets produced by the collection of sums from settlement agreements (15.1 million in 2011 and 45.9 million in 2010).

Net of these non-recurring items, the aggregate's growth was primarily driven by the income stream generated by real estate property that was repossessed as part of Banca Italease's de-risking process.

Net financial income amounted to 697.3 million vs. 539.5 in 2010 (+29.2%), with a Q4 contribution of 142.2 million. When comparing these figures, however, it is necessary to take into due account the particularly significant impact from the fair value measurement of debt securities issued as a result of the downgrading of Banco Popolare's credit standing ("fair value option"). In financial year 2011 the outburst of the sovereign risk caused a generalized deterioration of the credit standing assigned to the entire banking industry. Against this backdrop, Banco Popolare' credit default swap quotes widened significantly. The consistent adoption of the international accounting standards resulted in the recognition of a positive impact on the year's P&L of 464.2 million, gross of tax effect. Even in 2010 there had been a rating downgrading, however the positive P&L impact had been of 395.5 million, again gross of tax effect. Worth mentioning is also the different quarterly contribution in 2011: the negative impact of 114.6 million reported in Q1 was followed by a positive contribution of 153.3 million reported in Q2, and of 367.4 million in Q3, and finally 58.1 million in Q4. Net of the impact from changes in the credit standing, net financial income in 2011 added up to 233.1 million, up by 61.8% from 144 million reported in 2010, confirming once again Banca Aletti's ability to generate a stable performance even in the face of a harsh market situation.

Other operating income (other than net interest, dividend and similar income) therefore added up to 2,014.1 million, against 1,864.2 million in 2010, (with a Q4 contribution of 450.6 million). **Net interest and other banking income** (net interest, dividend and similar income + other operating income) came in at 3,816.6 million, up by 2.6% from 3,719.0 million the prior year (with a Q4 contribution of 873.2 million). Should we strip out of both periods under comparison the impact deriving from changes in the credit standing, net interest and other banking income would add up to 3,352.4 million, basically in line with the prior year (3,323.5 million, +0.87%).

Personnel expenses stood at 1,509.3 million, down from 1,540.9 million the year before (-2.1%), with a Q4 contribution of 381.9 million. In both periods under comparison, non-recurring charges associated with the redundancy fund and early retirement incentives were charged to income, amounting to 55.1 million in 2011 and 58,0 million in 2010. On 31 December 2011 the total headcount was 18,937 "full time equivalent" employees, as compared with 19,549 employees on a like-to-like basis at the end of 2010.

Other administrative expenses amounted to 747.9 million vs. 759.8 million the prior year (-1.6%) (Q4 contribution on a marked downtrend with 169.5 million, which benefitted from containment measures implemented throughout the year and from the effect of the acquisition of the retail banks). **Depreciation and amortization** amounted to 149.4 million, as compared with 148.1 million the year before (+0.8%). As a result, total **operating costs** came in at 2,406.6 million, down by 1.7% from 2,448.9 million the year before (the Q4 contribution was 598.5 million against 601.0 million in Q3).

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Profit from operations totaled 1,410.0 million, up by 11.0% from 1,270.1 million in 2010 (with a Q4 contribution of 274.7 million).

Net write-downs on customer loan impairments added up to 759.4 million, as compared with 771.1 million reported in 2010, with a Q4 contribution of 168.1 million. On an annual basis, the **cost of credit**, measured as the ratio between net loan write-downs and gross loans, came in at 78 b.p., unchanged with respect to the prior year, while if we exclude Banca Italease it reports a decline to 75 b.p. from 81 b.p. the year before.

Net write-downs on impairment of interbank loans and other assets amounted to 92.4 million (96.2 million on 31 December 2010), and were linked to losses generated by the mark to market as at 31 December 2011 of all the Greek government bonds (-25.4 million), and to impairments for the other securities held in the available-for-sale portfolio. **Provisions for risks and charges** totaled 64.1 million (236.3 million in 2010), of which 57.6 attributable to Italease (219.8 million the prior year). Italease's figure for last year included full charge of the costs to settle most of the pending tax controversies against Banca Italease and its direct subsidiaries (208.8 million). Provisions recognized in 2011 by Banca Italease were set aside to deal with risks associated with legal disputes involving the subsidiary. **Write-downs on impairment of equity investments** totaled 1.3 million.

The **disposal of equity and other investments** caused the recognition of a net income of 67.9 million, of which 51.1 million were generated by the sale of equity investments, in particular the shareholding in Istituto Centrale delle Banche Popolari Italiane (47.2 million), and the remaining part by the capital gain from the sale of real estate (14.8 million gain reported by Italease). In 2010 net gains of 12.7 million had been reported, of which 6.7 million from the sale of real estate by Italease and 6.0 million from the sale of equity investments held in Polo Finanziario S.p.A., in Parchi del Garda S.p.A and in Istituto Centrale delle Banche Popolari Italiane.

Income before tax from continuing operations came in at 560.9 million as compared with 178.0 million the year before. Even when stripping out of both periods under comparison the contribution resulting from the changes in the credit standing of the Group's liabilities measured at fair value and the main non-recurring items, the 2011 result is still proving to be much greater than the previous year's.

Non-current assets held for sale and discontinued operations made a positive contribution of 16.0 million. This item includes the capital gains from the sale of Gruppo Bormioli (12.5 million), Banco Popolare Ceska Republica (10.0 million) and Itaca Service (1.4 million), net of capital losses from the sale of merchant banking investments. In 2010 non-current assets held for sale and discontinued operations had generated a gain of 38.3 million, of which 23.6 from the sale of Banca Caripe.

Income tax added up to a positive balance of 16.7 million, as compared with a credit of 115.2 million in 2010. The 2011 figure benefits from the positive effects generated by the tax release on goodwill implicit in equity investments for 203.0 million euro and of intangible assets recognized in Banco Popolare's statutory financial statements following the acquisition of the Banche del Territorio finalized on 27 December 2011, totaling 104.6 million euro. In the prior year income tax had given rise to a positive balance as a result of the recognition of 285.8 million deferred tax assets referring to prior years, that were now recoverable thanks to the inclusion Banca Italease and its subsidiaries in the "tax consolidation" scope of Banco Popolare.

Net of income tax and of a minority interest of 19.5 million, the **net income before the recognition of the impairment of goodwill recognized at the time of the**

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business combination of Banca Popolare Italiana came in at 574.1 million, as compared with 308.0 the year before (+86.4%).

Goodwill impairment – referring to goodwill whose recognition had been mandatory at the time of the business combination of Banco Popolare di Verona e Novara with Banca Popolare Italiana - that has been charged to income for the year further to the outcome of the annual impairment test, totaled 2,831.5 million, net of tax effect, of which 2,660.5 million refer to goodwill allocated on 1 July 2007 to the "banche del territorio" cash generating unit (now called "territorial departments" after the merger of the retail banks into Banco Popolare), 332.3 million refer to goodwill implicit in the carrying value of the interest held in the associate Agos-Ducato S.p.A., 83.3 million to goodwill allocated on SPEs for bancassurance agreements, 16.8 million to goodwill allocated to the Asset Management CGU, and 19.1 million to goodwill allocated in due course on other special purpose entities (all gross of tax effect).

Net of the above purely technical accounting impairments, the Group closed the year with a **net consolidated loss** of 2,257.3 million euro.

Group capital ratios as at 31 December 2011 and expected capital evolution

Throughout the year the Group has pursued with great determination the strengthening of its capital position. The capital increase carried out at the beginning of the year and the following capital management actions enabled the Group to improve its Core Tier 1 ratio by about 140 basis points, as the ratio went from 5.7% at the end of 2010 to the current 7.1%. On 31 December 2011, the Tier 1 ratio reached 8.3% (7.2% on 31 December 2010), and the Total capital ratio stood at 11.7% (10.7% the actual year-end figure the year before).

The capital strengthening process continued also after the end of 2011: on 20 February 2012, Banco Popolare finalized the buy-back of part of its Tier 1 and Tier 2 securities issued for a nominal value in excess of 1.2 billion. All other conditions being equal, at Core Tier 1 Capital level the transaction shall generate a benefit of about 220 million euro. As a result of the above transaction, the pro-forma Core Tier 1 Capital Ratio reached 7.3%.

The marked capital strengthening achieved so far spurred the Group even further in its commitment towards the next stages along the planned course, first of all the validation for the adoption of internal market and credit risk models.

The Group's liquidity profile

The bond issues directed to institutional investors that were finalized during the year have fully covered our requirements in terms of 2011 maturities and part of the 2012 institutional maturities. The Group has readily taken advantage of the ECB's three-year financing facilities. On 31 December 2011, our exposure to the ECB totaled 10.4 billion euro, and then rose to 13.9 billion in February 2012 with the release of the second LTRO tranche. Thus the Group's liquidity profile has been strengthened further.

Operational outlook, risks and uncertainties

While still reflecting the Group's strategic course and its business mix, the three-year Plan approved on 15 July last was however based on a significantly different macroeconomic scenario than the one that unfurled in the last part of 2011 in the aftermath of the Eurozone sovereign debt crisis. As a result, some assumptions laid

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out in the Plan need to be adjusted, but this will be possible only when the external scenario regains stability.

2012 is going to be a year of recession, with an expected GDP decline ranging between -1.5% and -2.2%, depending on the forecasting agency, far from the growth estimates projected just a few months ago. GDP should start moderately growing again in 2013.
Economic growth forecasts are weighed down by important and numerous elements pointing to an expected modest growth of intermediation volumes and profitability for the banking industry, i.e., the effects of the corrective measures on the economy, EBA's "recommendations", the long time needed to overcome the European sovereign debt crisis, the dynamics of direct funding which is expected to remain modest, strongly affected by the downward revision of the economic growth and of the saving capacity of households and businesses, the cost of funding which is expected to remain high. Moreover, additional sources of strong uncertainty are associated with regulatory measures now under consideration that could have a negative impact on bank revenues.

Against this very harsh and complicated external backdrop, the Group will continue to execute the reorganization and repositioning process defined in the Large Banca Popolare project, which will enable the Group to improve its competitiveness and its efficiency levels. As to its liquidity profile, in 2012 the Group will have no need to carry out other issues on institutional markets, which is an element of great importance under the current external circumstances. A special focus will be devoted to lending support to our households and small and medium-sized business, while we will continue to contain the weighting of our large corporate exposure in our total loan portfolio.

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The Management Board also approved the draft annual report of the Parent company, which closed with a net loss of 2,188.0 million, again as a direct consequence of the recognition of the afore-described goodwill impairment. The Board intends to propose to the Shareholders' Meeting to cover the loss by using available reserves and, partially, the share premium reserve recognized on 31 December 2007 as a counter-entry to the recognition of the goodwill that is being partially impaired in the draft financial statements as at 31 December 2011.

Approval of the proposal to adopt a share allocation plan for the Group employees as part of the company bonus under the National bargaining agreement

Today, the Board of Directors has approved the main outlines of the share allocation plan (the "**Plan**"), as part of the 2011 company bonus, dedicated to all the employees of the companies of Gruppo Banco Popolare under the banking National Collective Bargaining agreement, under articles 114-bis of TUF and 84-bis of Regulation n. 11971/1999 and following amendments and additions ("**Issuers Regulation**"), to be submitted to the approval of the forthcoming General Shareholders' Meeting to be held on 20 April 2012 on first call and on 21 April 2012 on second call.

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Plan Rationale

Through this allocation Plan, Banco Popolare intends to strengthen the employees' sense of belonging to the Group and their involvement towards corporate objectives, by giving to its employees the option to receive, in full or part, the company bonus in the form of Banco Popolare ordinary shares, for a maximum unit amount of €2,065.83 in place of the same bonus amount in cash.

The Plan also offers potential economic benefits for both Banco and its employees, as no taxes are due on share-based payments, nor social security contributions, provided that the shares are not sold within three years from the allocation.

Plan Beneficiaries

The Plan is reserved to all executives, senior staff and qualified personnel employed by Banco Popolare and the main banks and companies of the Group. The Plan's potential beneficiaries should amount to approx. 19 thousand employees.

The General Manager and Co-General Manager of Banco Popolare are not beneficiaries of the company bonus this Plan is referring to.

The Plan's potential beneficiaries include n. 9 executives who fall under the category of key personnel under the bylaws in view of their high responsibilities or their top management office.

Main characteristics of shares allocated under the Plan

Under the Plan, employees can express their desire to participate in the plan within a fixed term starting from the date of receipt of the offer, by requesting that the bonus be paid, in full or part, in the form of Banco Popolare ordinary shares, in place of the same amount in cash.

In addition to the fiscal and contribution benefits, all employees who have retained possession of the shares for three years from the allocation date shall receive an additional lot of shares corresponding to 5% of the monetary value of the share-based bonus. Also these shares shall benefit from the tax and contribution exemption for the part not exceeding the € 2,065.83 annual threshold, provided they are not sold before three years from the allocation.

Share buyback reserved for the Plan

The Plan, if authorized by the General Shareholders' Meeting pursuant to art. 2357 of the civil code, shall be implemented by purchasing own shares up to a maximum amount corresponding to the number of Banco Popolare ordinary shares determined based on the maximum company bonus amount for which the share option can be exercised (€ 2,065.83 times the number of potential beneficiaries amounting to approx. 19,000), corresponding to € 39,250,770, and in any case not exceeding a threshold of 20% of the share capital. The number of own shares to be repurchased shall be determined based on the number of participating employees, and each single Group company will be in charge of ensuring that each beneficiary is assigned the right to receive said shares. The number of assigned shares shall be determined by taking the share market price reported the day before the allocation as reference unit price.

Considering that the Plan's implementation window is 2012, the authorization to purchase own shares reserved for the Plan shall last maximum 18 months from the date of approval by the Shareholders' Meeting .

Purchases can be carried out at a price no lower than 20% and no greater than 5% of the official price reported by the Banco Popolare stock in the trading session of the day prior to each single purchase transaction.

The Banco Popolare stock shall be purchased on the regulated market in compliance with the operational procedures set forth in the regulation of Borsa Italiana S.p.A., pursuant to

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art. 132 of Lgs. D. n. 58 of 24 February 1998, and art. 144-bis, paragraph 1, letter b) of the Issuers Regulation, namely, along operational procedures that may ensure an equal treatment among shareholders and bar the direct matching between bids and specific offers.
As to the volume purchasable in each session, Banco Popolare shall not purchase more than 20% of the daily share volume traded in the 20 trading days prior to the purchasing date.
The Shares reserved to the Plan shall be assigned along the terms and procedures indicated in the Prospectus prepared in compliance with art. 84-bis of the Issuers Regulation (the "Prospectus"). The Prospectus shall be filed with the corporate head office, transmitted to Borsa Italiana and published on Banco Popolare's website within the term required under current regulations.

Approval of a share allocation plan for executive directors of the Management Board and key executives of Gruppo Banco Popolare

Today the Board of Directors approved the main outlines of a share allocation plan, pursuant to articles 114-bis of TUF and 84-bis of the Issuers Regulation, to be submitted to the approval of the forthcoming General Shareholders' Meeting. The shares represent a portion of the bonus under the incentive scheme for members of the Management Board and Executives of Gruppo Banco Popolare that fall within the category of "key personnel", as defined below.

Described below, also pursuant to art. 84-bis, paragraph 3, of the Issuers Regulation, are the key characteristics of the Plan, as well as of the share buy-back reserved for the Plan, pursuant to articles 144-bis of the Issuers Regulation and IA.2.6.11 of Borsa Italiana's Regulation Instructions, to be submitted to the approval of the above mentioned General Shareholders' Meeting.

Plan Rationale

The new Plan confirms the awarding modalities of bonuses under incentive schemes for employees and personnel identified as "key employees", in compliance with the guidelines issued by the Bank of Italy on bank remuneration and incentive policies, and more precisely with the provision according to which at least 50% of the reward awarded under the above schemes must be in the form of shares or associated own equity instruments.
Moreover, the Plan aims at bringing the management's goals in line with those of shareholders, rewarding value creation over the medium to long term by increasing the value of Banco Popolare shares, while promoting loyalty building processes and retaining the Group's strategic resources.

Finally, the Plan was designed also with an eye to tax exemption implications for employee compensation, with respect to share-based payments, under L.D. 112/2008 art. 82 paragraph 24-bis.

Plan Beneficiaries

The Plan is reserved to Group personnel classified as "key personnel", with the exception of the Heads of Control Functions. As indicated below, they are some executive members of the Management Board and some Group Executives, who fall

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within the category of "key personnel" in view of the fact that their professional activity has or may have a significant impact on the Group's risk profile. In particular, as a result of a self-assessment process carried out with the support of an independent company, Gruppo Banco Popolare tallies the managers holding the following offices among its "key personnel":

- Chief Executive Officer of Banco Popolare;
- General Manager and Co-General Manager of Banco Popolare;
- Heads of General Departments, Divisions and Territorial Departments of Banco Popolare;
- Managing Director of Credito Bergamasco;
- Managing Director and Vice-General Manager of Banca Aletti;
- General Manager of Banca Italease.

With the exception of Heads of control functions, listed below are the names of the managers currently holding the above offices. They are the members of the Board of Directors, or of the Boards of directors of companies directly or indirectly controlled by Banco Popolare, or executives of Banco Popolare:

Pier Francesco Saviotti	Chief executive officer of Banco Popolare
Maurizio Faroni	Director and General Manager of Banco Popolare
Domenico De Angelis	Director and Co-General Manager of Banco Popolare
Maurizio Di Maio	Director and Banco Popolare executive
Leonello Guidetti	Banco Popolare executive
Bruno Pezzoni	Banco Popolare executive and Managing Director of Credito Bergamasco
Carlo Bianchi	executive and CLO of Banco Popolare
Pietro Gaspardo	Banco Popolare executive
Fabrizio Marchetti	Banco Popolare executive
Ottavio Rigodanza	Executive and COO of Banco Popolare
Luigi Negri	Banco Popolare executive
Giovanni Capitanio	Banco Popolare executive
Maurizio Zancanaro	Banco Popolare executive and Managing Director of Banca Aletti
Francesco Minotti	Banco Popolare executive
Maurizio Riccadonna	Banco Popolare executive and General Manager of Banca Italease
Alberto Mauro	Banco Popolare executive
Oreste Felice Invernizzi	Banco Popolare executive
Alberto Silvano Piacentini	Banco Popolare executive
Cristiano Carrus	Banco Popolare executive
Ruggero Guidolin	Banco Popolare executive
Franco Dentella	Vice General Manager of Banca Aletti

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Main characteristics of shares allocated under the Plan and share buy-back plan

The Plan prescribes the allocation of shares to Beneficiaries, who, as long as the pre-requisites for the activation of the incentive systems are met and based on the attained individual results, have accrued an incentive.

The plan implementation period spans from the reference period for the assessment of the incentive scheme results and the allocation of the last share tranche.

The Plan prescribes that Banco Popolare, after prior approval of the Plan by the General Shareholders' Meeting, and with respect to the incentive scheme, allocates ordinary shares to some of its employees and personnel classified as "key personnel", corresponding to a 50% share of the total accrued bonus. This share-based reward shall be assigned both with respect to the short-term bonus portion (60% of the total accrued bonus), as well as to the deferred bonus portion (40% of the total accrued bonus). For shares assigned as a short term bonus, the beneficiaries must comply with a retention (lock-up) period of at least two years, while shares assigned as a deferred bonus shall undergo a lock-up period of at least one year.

The Plan, if authorized by the General Shareholders' Meeting pursuant to art. 2357 of the civil code, shall be implemented by purchasing own shares up to a maximum amount, which, upon implementing the Plan, shall correspond to a maximum price of Euro 3,550,000, which has been calculated on the assumption that all Plan beneficiaries attain the best possible results under the incentive system, and in any case not exceeding a threshold of 20% of the share capital. The number of own shares to be purchased shall be calculated by taking the average market price in the month prior to the date of 21 April 2012 as a unit price.

The Plan execution is subject to the fulfillment of the minimum pre-requisites necessary for the incentive system to trigger in (crossing the "gates" represented by Income before tax from continuing operations, the Group's CaR and the Group's operating cash flow indicator).

The authorization to purchase own shares shall last maximum 18 months from the date of approval by the Shareholders' Meeting.

For the time being it is not possible to indicate the number of ordinary shares that may be allocated under the Plan, as their exact determination depends on the result under the incentive system attained by each Plan beneficiary.

In compliance with the existing provisions under art. 5, paragraph 1 of EC Regulation n. 2273/2003 of the European Commission of 22 December 2003, purchases can be carried out at a price no lower than 20% and no greater than 5% of the official price reported by the Banco Popolare stock in the trading session of the day prior to each single purchase transaction.

The Banco Popolare stock shall be purchased on the regulated market in compliance with the operational procedures set forth in the regulation of Borsa Italiana S.p.A., pursuant to art. 132 of TUF and art. 144-bis, paragraph 1, letter b) of the Issuers Regulation, namely, along operational procedures that may ensure an equal treatment among shareholders and bar the direct matching between bids and specific offers.

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As to the volume purchasable in each session, Banco Popolare shall not purchase more than 20% of the daily share volume traded in the 20 trading days prior to the purchasing date.

Share buy-back to sustain stock liquidity

Today the Board of Directors also proposed once again to submit to the forthcoming General Shareholders' Meeting, pursuant to articles 2357 and 2357-ter of the civil code, the possibility of executing transactions on the stock market to sustain the stock liquidity.

In particular, the proposal to the General Shareholders' Meeting shall regard the purchase and sale of treasury shares to be carried out in one or more transactions, that could take place by way of an agreement to be entered with an authorized intermediary pursuant to art. 1 of TUF. Purchases must be carried out within the limits of available reserves up to a maximum amount of Euro 50,000,000.00, with an additional limit, i.e., in consideration of the executed trades, the total number of shares in the portfolio must not exceed 2% of the share capital.

The authorization to purchase treasury shares is required until the approval of the 2011 annual report.

Purchases and sales must be carried out within the share price and volume limits provided for by Consob Resolution n. 16839 of 19 March 2009, adopted in compliance with art. 180, paragraph 1, letter c), TUF and articles 40 and 41 of Markets Regulation (Consob Resolution n. 16191 of 29 October 2007).

In particular:

1. each purchase may not be executed at a price greater than the highest price between the price of the last independent transaction and the current highest independent bid price present on the Market where the trades are going to take place;
2. each sale may not be executed at a price lower than the lowest price between the last independent transaction and the current lowest ask price present on the Market where the trades are going to take place.

Purchases of treasury shares must be carried out in compliance with the operational procedures provided for by the above mentioned articles 132 TUF and 144-bis, paragraph 1, letter b), of the Issuers Regulation.

As to the share volume, purchases and sales shall not exceed 25% of the average daily trade volume of the 20 trading days prior to the date of each purchase.

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To date, Banco Popolare holds n. 1,742,994 ordinary shares, corresponding to 0.0988% of its share capital, while the subsidiaries of Banco Popolare do not hold any shares of the parent company.

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Statement of the Manager in charge of preparing corporate financial reports
The manager in charge of preparing the corporate financial reports of Banco Popolare Società Cooperativa, Gianpietro Val, in compliance with paragraph two of art. 154 bis of the "Single act for financial intermediation", hereby states that the accounting information illustrated in this press release is consistent with documental evidence, accounting books and book-keeping entries.

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The draft annual report and consolidated financial statements of Banco Popolare as at 31 December 2011 shall be made available to the shareholders and market participants at the head offices and with Borsa Italiana. The same documents shall be published on the website www.bancopopolare.it .

Explanatory notes:

To provide a better understanding of the information illustrated in the press release and in the attached financial statements, it is worth specifying that:

1. P&L impacts caused by the Purchase Price Allocation of the business combinations of Gruppo Banca Popolare Italiana and Gruppo Banca Italease

In compliance with IFRS 3, the income statement of Gruppo Banco Popolare includes the P&L impacts caused by the allocation of the merger difference in the business combination with Gruppo Banca Popolare Italiana and of the price paid to acquire Banca Italease pursuant to IFRS 3 (so called Purchase Price Allocation – PPA) relating to the full 2010 financial year and 2011. For the sake of a like-to-like comparison, please note that PPA impacts can significantly differ in the periods under comparison. For a full and transparent disclosure, shown below are the impacts deriving from the recognition of profit adjustments reported by the income generation units acquired by Gruppo Banca Popolare Italiana and Gruppo Banca Italease due to the higher values recognized in the consolidated financial statements on the date of effectiveness of the business combinations as a result of applying the accounting standard IFRS 3.

1. A. - Business combination of Gruppo Banca Popolare Italiana

Net interest income: the P&L impact in financial year 2011 was -82.1 million, and -135.6 million on 31 December 2010, and is mainly attributable to the greater value recognized during PPA to loans acquired under the merger.

Other operating income: the P&L impact as at 31 December 2011 was -41.2 million and -45.3 million on 31 December 2010, and is represented by the amortization of intangible assets having a defined useful life recognized during PPA (-37.6 million), as well as by the impact from the sale of minority shareholdings that were written up during PPA (-3.6 million).
Write-down of tangible fixed assets: the P&L impact as at 31 December 2011 was – 4.7 million (-4 million on 31 December 2010), and it represents the depreciation of the higher value recognized during PPA to property acquired as a result of the business combination.

Profit (loss) on disposal of equity and other investments: the 2011 P&L was impacted by the recognition of a profit reduced by 6.5 million as a result of the sale of property that was revalued during PPA. In the same period of the prior year the negative impact amounted to - 12.5 million.

As a result, the following P&L impacts were reported on 31 December 2011:

- net interest and other banking income: -123,4 million (-180.8 million on 31 December 2010);
- profit from operations: -128 million (-184.8 million on 31 December 2010);
- income/loss before tax: -134.5 million (-197.4 million on 31 December 2010);
- income tax: +37.8 million (+60.7 million al 31 December 2010);
- minority interest: none on 31 December 2011 (+7 million on 31 December 2010).

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The overall effect on the net consolidated income came in at -96.7 million on 31 December 2011 as compared with -137.2 million reported on 31 December 2010).

1. B. - Business combination of Gruppo Banca Italease

Net interest income: the P&L impact was -44.8 million on 31 December 2011 and -78.2 million on 31 December 2010, attributable to the lower value recognized to financial liabilities issued by Banca Italease during the business combination upon allocating the purchase price. The negative impact is due to the consequent addition of interest expense recognized by Banca Italease against the above financial liabilities for the portion that was not repurchased after 1 July 2009.

Net financial income: the P&L impact was -6.1 million on 31 December 2011 and -7.2 million on 31 December 2010, again attributable to the lower value recognized to financial liabilities issued by Banca Italease during the business combination upon allocating the purchase price. The negative impact was produced by the repurchase of said financial liabilities in the two periods under comparison.

As a result, the following P&L impacts were reported in financial year 2011:

- net interest and other banking income: - 50.9 million (-85.3 million on 31 December 2010);
- profit from operations: - 50.9 million (-85.3 million on 31 December 2010);
- income/loss before tax: - 50.9 million (-113.2 million on 31 December 2010);
- income tax:+ 16.5 million (+36.6 million on 31 December 2010);
- minority interest: +0.2 million (+0.5 million on 31 December 2010).

The overall effect on the net consolidated income came in at -34.2 million on 31 December 2011 as compared with -96.5 million reported in financial year 2010.

2. Material changes in consolidation scope

In Q2 2011, the sale was finalized of the controlling stake held in BP Ceska Republika and of the equity investment in Bormioli Rocco & Figlio held as part of our Merchant Banking activities.
The P&L contributions of the above mentioned equity investments had been recognized under the P&L item "Income/(loss) from discontinued operations" in the annual report as at 31 December 2010, thus ensuring a like-to-like comparison with the data reported on 31 December 2011.
The mergers of Efibanca S.p.A. and of the Banche del Territorio into the Parent company Banco Popolare, which took place on 1 November 2011 and 27 December 2011, respectively, with fiscal and accounting effectiveness starting on 1 January 2011, do not impair the comparability of the data under comparison as the repurchased shareholdings held by Cassa di Risparmio di Lucca Pisa e Livorno, Banca Popolare di Crema and Banca Popolare di Cremona were negligible.

As to the equity investments held for sale in Itaca Service S.p.A., Bio Energy International S.A., the data originally published on 31 December 2010 was based on their line-by-line consolidation. For the sake of comparability, it was necessary to restate the contribution made by the above investee companies to net income of the previous periods under comparison, and reclassify it from the single P&L items in which it had been reported to the item "income/(loss) from discontinued operations".
While with respect to the assets and liabilities of the subsidiary Banco Popolare Hungary Zrt and its direct subsidiary BP Service KFT, they are no longer eligible to be reported among discontinued operations. For the sake of comparability, it was necessary to restate also the contribution made by the above investee companies to net income of the previous periods under comparison, and reclassify it from the single P&L items in which it had been reported to the item "income/(loss) from discontinued operations".
The above reclassifications explain the mismatch between the data referring to the prior periods under comparison and the data published in due course.

3. Main non-recurring P&L items included in the income statements of the two periods under comparison

In compliance with the directives set forth in Consob's Communication n. DEM/6064293 dated 28 July 2006, the impact of non-recurring items is highlighted in the report on operations.

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In addition to amounts that have already been shown in items that by their own nature are non-recurring (e.g., profit or loss on discontinued operations, profit or loss on disposal of equity and other investments), the 2011 operating income was benefitted by the impact from the decrease in the book value of financial liabilities in issue measured at fair value as a result of the downgrading of Banco Popolare's rating as compared with the end of the previous year (+464.2 million, gross of tax effect) and the capital gains recognized after the sale of equity and real estate investments totaling 67.9 million, gross of tax effect. Moreover, the Group result includes the benefits generated by the tax release on the goodwill implicit in the values of the equity investments (203 million euro) and of the intangible assets recognized in the Parent company's balance sheet assets after the merger of the Banche del Territorio finalized on 27 December 2011 (104.6 million euro). Worth mentioning among P&L items that were adversely impacted are the expected charge associated with the headcount reduction plan (-55.1 million, gross of tax effect), and costs associated with the reorganization of the corporate structure and the Group geographical network (-24.2 million, gross of tax effect).
The result in the same period last year had likewise benefitted from the positive impact from the decrease in the book value of financial liabilities in issue measured at fair value as a result of the downgrading Banco Popolare's rating, but for a smaller amount (+395.5 million, gross of tax effect). The 2010 result had also benefitted from the positive effects deriving from the broadening of the scope of the so called "tax consolidation" of Banco Popolare to include Banca Italease and its subsidiaries. By exercising the group taxation option, Banca Italease could recognize 285.8 million deferred tax assets in its financial statements. The 2010 consolidated income statement had therefore benefitted from a credit of equal amount. In Q4 2010 Banca Italease and its direct subsidiaries had reported total provisions for risks and charges of 208.8 million (gross of tax effect) as a direct consequence of the agreement with the Inland Revenue Service on the out-of-court settlement of almost all its tax disputes. Finally, even the 2010 P&L had been partially penalized by the projected charge for the headcount reduction plan (-58.0 million).

4. Other explanatory notes

Note that the P&L as at 31 December 2011 does not include the share of profit generated in the second half of the year by the associate Energreen, as at the reporting date of this Annual Report the company had not yet made available other financial reports after the report as at 30 June 2011.

Attachments

- Reclassified consolidated balance sheet
- Reclassified consolidated income statement
- Reclassified consolidated income statement: quarterly evolution.

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BANCO POPOLARE GROUP

Reclassified consolidated balance sheet

Reclassified assets (thousand euro)	**31/12/2011**	**31/12/2010**	**Changes**	
Cash and cash equivalents	577,957	639,932	(61,975)	(9.7%)
Financial assets and hedging derivatives	19,425,247	17,726,308	1,698,939	9.6%
Due from banks	8,686,526	7,565,103	1,121,423	14.8%
Customer loans	93,394,325	94,461,905	(1,067,580)	(1.1%)
Equity investments	1,180,387	1,641,429	(461,042)	(28.1%)
Property, plant and equipment	2,147,443	2,444,749	(297,306)	(12.2%)
Intangible assets	2,354,623	5,171,742	(2,817,119)	(54.5%)
Non-current assets held for sale and discontinued operations	173,442	371,890	(198,448)	(53.4%)
Other assets	6,186,668	5,132,614	1,054,054	20.5%
Total	**134,126,618**	**135,155,672**	**(1,029,054)**	**(0.8%)**

Reclassified liabilities (thousand euro)	**31/12/2011**	**31/12/2010**	**Changes**	
Due to banks	14,429,808	9,492,950	4,936,858	52.0%
Due to customers, debt securities in issue and financial liabilities measured at fair value	100,199,959	104,523,749	(4,323,790)	(4.1%)
Financial laibilities and hedging derivatives	5,089,143	3,969,498	1,119,645	28.2%
Provisions	1,144,039	1,448,122	(304,083)	(21.0%)
Liabilities associated with assets held for sale	2,962	159,407	(156,445)	(98.1%)
Other liabilities	3,837,399	3,621,551	215,848	6.0%
Minority interests	385,880	412,913	(27,033)	(6.5%)
Shareholders' equity	9,037,428	11,527,482	(2,490,054)	(21.6%)
- Share capital and reserves	11,294,771	11,219,467	75,304	0.7%
- Net result of the year	(2,257,343)	308,015	(2,565,358)	
Total	**134,126,618**	**135,155,672**	**(1,029,054)**	**(0.8%)**

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BANCO POPOLARE GROUP
Reclassified consolidated income statement

Reclassified income statement (thousand euro)	**2011**	**2010 (*)**	**Chg.**
Net interest income	1,810,475	1,816,141	(0.3%)
Profit (loss) on equity investments carried at equity	(7,903)	38,602	
Net interest, dividend and similar income	**1,802,572**	**1,854,743**	**(2.8%)**
Net commissions	1,273,429	1,266,836	0.5%
Other revenues	43,357	57,871	(25.1%)
Net financial income	697,270	539,537	29.2%
Other operating income	**2,014,056**	**1,864,244**	**8.0%**
Total income	**3,816,628**	**3,718,987**	**2.6%**
Personnel expenses	(1,509,277)	(1,540,902)	(2.1%)
Other administrative expenses	(747,922)	(759,811)	(1.6%)
Amortization and depreciation	(149,390)	(148,149)	0.8%
Operating costs	**(2,406,589)**	**(2,448,862)**	**(1.7%)**
Profit from operations	**1,410,039**	**1,270,125**	**11.0%**
Net write-downs on impairment of loans, guarantees and commitments	(759,350)	(771,123)	(1.5%)
Net write-downs on impairment of other assets	(92,381)	(96,236)	(4.0%)
Net provisions for risks and charges	(64,074)	(236,319)	(72.9%)
Impairment of goodwill and equity investments	(1,252)	(1,138)	10.0%
Profit (loss) on disposal of equity and other investments	67,892	12,699	434.6%
Income before tax from continuing operations	**560,874**	**178,008**	**215.1%**
Tax on income from continuing operations	16,685	115,227	(85.5%)
Income (Loss) after tax of merchant banking activity and from non-current assets held for sale	16,041	38,292	(58.1%)
Minority interests	(19,473)	(23,512)	(17.2%)
Net result before impairment	**574,127**	**308,015**	**86.4%**
Impairment of goodwill deriving from the BPVN-BPI merger	(2,831,470)		
Net result attributable to the Parent company	**(2,257,343)**	**308,015**	

(*) Data of the previous year have been adjusted for a homogeneous comparison.

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BANCO POPOLARE GROUP

Reclassified consolidated income statement - quarterly evolution

Reclassified income statement (thousand euro)	**2011**			
	Q4	**Q3 (*)**	**Q2 (*)**	**Q1 (*)**
Net interest income	457,893	461,349	444,413	446,820
Profit (loss) on equity investments carried at equity	(35,314)	4,529	13,867	9,015
Net interest, dividend and similar income	**422,579**	**465,878**	**458,280**	**455,835**
Net commissions	304,874	313,788	320,657	334,110
Other revenues	3,567	7,596	25,201	6,993
Net financial income	142,178	267,756	220,045	67,291
Other operating income	**450,619**	**589,140**	**565,903**	**408,394**
Total income	**873,198**	**1,055,018**	**1,024,183**	**864,229**
Personnel expenses	(381,888)	(371,542)	(378,858)	(376,989)
Other administrative expenses	(169,481)	(196,867)	(191,056)	(190,518)
Amortization and depreciation	(47,112)	(32,543)	(37,879)	(31,856)
Operating costs	**(598,481)**	**(600,952)**	**(607,793)**	**(599,363)**
Profit from operations	**274,717**	**454,066**	**416,390**	**264,866**
Net write-downs on impairment of loans, guarantees and commitments	(168,131)	(191,564)	(192,668)	(206,987)
Net write-downs on impairment of other assets	(53,998)	(11,275)	(25,525)	(1,583)
Net provisions for risks and charges	(54,775)	(7,056)	(7,652)	5,409
Impairment of goodwill and equity investments	(822)	(430)	-	-
Profit (loss) on disposal of equity and other investments	2,991	2,175	14,919	47,807
Income before tax from continuing operations	**(18)**	**245,916**	**205,464**	**109,512**
Tax on income from continuing operations	260,690	(106,528)	(88,215)	(49,262)
Income (Loss) after tax from non-current assets held for sale	(3,054)	(2,765)	15,994	5,866
Minority interests	(7,104)	(4,406)	(1,883)	(6,080)
Net result before impairment	**250,514**	**132,217**	**131,360**	**60,036**
Impairment of goodwill deriving from the BPVN-BPI merger	(2,831,470)	-	-	-
Net result attributable to the Parent company	**(2,580,956)**	**132,217**	**131,360**	**60,036**

(*)Data of the previous quarters have been adjusted for a homogeneous comparison.

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