NEWS RELEASE

Banco Popolare approved draft 2012 annual report

Good operating and commercial performance: Net interest and other banking income net of the impact from rating variations (FVO) grew by 8.0%:

- **Net interest income at 1,759 million: -2.5% (+0.6% excluding the impact of regulatory changes);**
- **Net commission income at 1.364 million: +7.3%;**
- **Net Financial income, net of FVO impact, at 468 million, up by 101.0%;**
- **Increase in retail current accounts: +111,000**

Operating costs at 2,260 million, down by 5.7%

- **Personnel expenses at 1,395 million: - 7.3%;**
- **Other administrative expenses at 705 million: -5.3%.**

Excellent liquidity profile confirmed:

both the Liquidity Coverage Ratio and the Net Stable Funding Ratio are well above the Basel 3 targets.

Capitalization well above the European requirements:

- **Core Tier 1 ratio at 10.1%;**
- **including the temporary buffer recommended by the EBA against the sovereign risk, the Core Tier 1 ratio runs at 9.4%;**
- **total capital ratio at 14.0%;**
- **the Group is already in line with the full implementation of Basel 3 capital requirements.**

Profit from operations net of FVO at 1,352 million, up by 42.6%

Net result, excluding FVO, of -627 million due to the recognition of the non-recurring impact related to the impairment of the shareholding in Agos-Ducato and the extraordinary loan loss provisions led by the new prudential parameters suggested by the Regulatory Authority

Net of all non-recurring items, both negative and positive, the "normalized" net income for the year came in at +145 million

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Verona, 15 March 2013 – In today's meeting, the Board of Directors of Banco Popolare has approved the draft 2012 annual report, which includes the statutory financial statements and the consolidated financial statements as at 31 December 2012. Excluding the impact of the Fair Value Option, at year-end the Group reported a net consolidated loss of 627 million, which was caused by the unexpected extraordinary write-downs recognized in the fourth quarter to account for shareholding and credit risks. After assessing the risk inherent in the minority stake held in Agos–Ducato, it was deemed necessary to charge roughly 400 million to the Q4 P&L, that add up to the 116 million representing the accruing share of loss as communicated by the associate, that have already been recognized at the end of the third quarter. As to credit risk, 683.5 million worth of loan loss provisions were posted in the last quarter, thus raising the total related amount charged to income in full 2012 to 1,284.3 million. The write-downs were primarily caused by the persisting systemic crisis, which in 2012 more than heightened the difficulties that businesses and households were already experiencing when having to meet their obligations. The dynamic of write-downs in Q4 not only reflects the special effort we devoted to updating any useful information for an in-depth analysis of impaired loans and to adopting rigorously prudential criteria, but it also takes due account of the recommendations made by the Supervisory Authority after the recent inspections of the Italian banking industry, as repeated as of late in the communication issued on 13 March last. Therefore the total impairments recognized in Q4 include an amount which is considered "non-recurring" and that could be reasonably estimated at approximately 400 million, leading to a consequent negative impact on the P&l bottom line of 275 million. Then we should also include the purely accounting impact generated by the volatility of ratings of Italian banks. The upgrade of Banco Popolare's rating as compared with 31 December 2011 caused a revaluation of financial liabilities issued and a corresponding charge to income of 318 million, net of tax effect.

Including all the non-recurring impacts already described, the Group reported a net consolidated loss of 945 million in 2012.

In spite of the above described significant negative P&L impacts, the Group confirms its adequate capitalization level. The core tier 1 ratio is at 10.1%, well above the 7.1% ratio reported at year start. Even after including the sovereign capital buffer introduced by the EBA, the core Tier 1 ratio stands at 9.4%, thus well above the target level recommended by the Authority. The negative operating performance did not affect the Group's liquidity profile, which is already in line with Basel 3 targets, with a Liquidity Coverage Ratio and a Net Stable Funding Ratio in excess of 100%.

On the other hand, net of both negative and positive non-recurring items, also the profitability profile shows positive results and a level which is consistent with the current highly complex economic and market conditions. Indeed, the "normalized" net income for the year would come in at 145 million.

Evolution of key financial items

On 31 December 2012, **direct funding** reached 94.5 billion, down by 5.7% from 100.2 billion on 31 December 2011 (-2.1% quarter-on-quarter). This decline is mainly ascribable to the redemption of expired bonds and to the buy-back finalized in Q1. The fall was partly offset by the increase from other short-term funding sources (i.e., repos and securities lending). The "core" customer fund component (i.e., checking

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accounts and deposits with retail customers) grew by 0.8% (-2.7% quarter-on-quarter).

Indirect funding totaled 61.8 billion, down by 4.0% year-to-date (3.3% quarter-on-quarter).
The decline reported in 2012 was driven by assets under administration, down by 7.2% as compared to year-end 2011 (-5.3% quarter-on-quarter). Assets under management grew also in Q4, adding up to 26.,7 billion, up by 0.7% year-to-date (-0.5% in Q4). The annual increase was mainly driven by the sales of fund and Sic v units finalized throughout the year (+35.3% with respect to year-end 2011) which more than offset the decline reported in the insurance policies compartment (-18.3% over year-end 2011).

Gross loans totaled 96.2 billion, down by 1.3% year-to-date (-1.8% quarter-on-quarter). More precisely, gross of intercompany elements, Banca Italease loans kept declining, from 9.2 at year-start to the current 8.3 billion (-9.8%), while loans from the remaining part of the Group declined by about 0.6 billion (-0.6%) year-to-date.

We confirm Banco Popolare's intention to support the needs of its core customers, in spite of the fact that loans to households and small businesses dropped, as a result of a reduced demand (especially mortgages), as well as of a more careful lending policy adopted by the Group.

Gross impaired loans (nonperforming, substandard, restructured and past due loans) on 31 December 2012 totaled 16.2 billion, up by 17.5% year-to-date, driven among other things also by the regulatory change regarding the time threshold to classify a loan as past due, from 180 to 90 days. The exposures represented by loans originated by Banca Italease totaled remained basically unchanged with respect to year-start at 4.2 billion, and are primarily represented by real estate leases. More specifically, non-performing loans came in at 7.1 billion, watchlist loans at 5.7 billion, restructured loans at 2.6 billion, and past dues at 1.0 billion. The coverage of Group impaired loans, including loans that have already been written off (so called "write-offs"), reached 36.9% (40.3% excluding Italease), up from 34.1% in September 2012. As a result of the increase in the coverage ratio, the Group's total net impaired loans came in at 11,9 billion, down by 1.3% as compared to September.

Operating performance

Net interest income stood at 1,759.4 million, down by 2.5% year-on-year (1,804.7 million), with a contribution of the Q4 of 402.7 million (vs. 441.7 million in Q3). In evaluating this trend, we should consider that, excluding from the previous quarters the effect of the overdraft facility fee (so-called "Indennità di Sconfinamento") which has been substituted in Q3 2012 with the new "*commissione di istruttoria veloce*" ("fast-track underwriting fee") booked under the item 'Other revenues', the Net Interest Income would increase by 0.6% on an annual basis (more than +9% in Q4) .
Loss from equity investments carried at equity totaled 66.8 as compared to -7.9 million in the prior year, as a result of the recognition of the share of loss reported by the associates Agos-Ducato (-116.3 million based on the reported results as at 30 September 2012) and Alba Leasing (-7.9 million based on full year results). On the contrary, a positive contribution was made by the SPVs of the bancassurance

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partnerships, Popolare Vita and Avipop Assicurazioni (+57.8 million as a whole). As a result of the negative performance of the equity investments carried at equity, **net interest, dividend and similar income** came in at 1,692.6 million, down by 5.8% year-on-year.

Net commissions stood at 1,364.3 million, up by 7.3%, as compared with 1,271.8 million on 31 December 2011 (+15.8% quarter-on-quarter). The full 2012 figure includes the accrued commission expense (38.3 million) for the Italian Government guarantee on new bond issues totaling 4.7 billion, used as underlying for financing transactions with the ECB. Net of the above commission expense, the aggregate reported a growth rate of 10.3% year-over-year (+ 19.3% quarter-on-quarter). This increase was mainly driven by management, brokerage and advisory services (+92.9 million, corresponding to +16.2%), in particular by the distribution of asset management products (+30.9%). Also credit intermediation generated a growing commission stream (+4.8% increase in commissions from granted loans and administration of checking accounts and deposits).

Other revenues added up to 86.8 million as compared to 44.3 million in the prior year. The Q4 contribution (45.5 million) benefitted from the recognition of the above mentioned fast-track underwriting fee accrued on the entire loan portfolio (47.0 million as compared to 3.5 million in Q3). Both periods under comparison benefitted from the recognition of contingent assets from the collection of amounts ensuing from settlement agreements (5.9 million in 2012 vs. 17.5 in the prior year). Net of the above non-recurring items, the aggregate mainly comprises rental income (53.6 million), mainly originated by property repossessed through Italease's derisking process, and the write-downs caused by the impairment of goodwill recognized during the business combinations finalized in prior years (-34.9 million). The item also includes the 8.8 million capital gain from the transfer of depository bank agreements for funds managed by Arca Sgr to Istituto Centrale delle Banche Popolari Italiane.

Net financial income came in at -6.7 million, as compared with 697.2 million in the prior year and 97 million on 30 September 2012. However, when comparing these results it is necessary to take into due account the differing impact from the fair value measurement of debt securities issued as a result of the changes in Banco Popolare's rating ("fair value option"). In 2012, the positive credit rating change over the end of 2011 produced a gross negative P&L impact of 475.0 million, as compared with a gross positive impact of 464.2 million and a gross negative impact of 328.3 million reported in 2011 and in the first nine months of 2012, respectively. Net of the above effects, the net financial income for the period came in at 468.4 million, double (+101.0%) as compared to 233 million in 2011. Net of the FVO, the Q4 contribution in 2012 came in at 43.1 million, on a downtrend with respect to Q3 (90.3 million), due to a smaller contribution by Banca Aletti, and a smaller contribution from the securities portfolio management. The net financial result for the year benefitted from the capital gains generated by the share buy-backs and by the early termination of the associated derivatives, totaling 109.9 million, as well as from the partial recovery of market prices of government securities relative to year-start, for about 49.5 million (46.2 million on 30 September 2012).

Other operating income (other than net interest, dividend and similar income) therefore added up to 1,444.4 million as compared with 2,013.3 million in the prior year, and 1,150.4 million in the first nine months of 2012. This drop was mainly driven by the different impacts caused by the fair value measurement of debt securities in issue described above. **Net interest and other banking income** (net interest, dividend and similar income + other operating income) came in at 3,137.1 million as compared with 3,810.1 million in 2011 and 2,415.0 million in the first nine months of

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2012. If we strip out the impact of the "fair value option" from both periods under comparison, net interest and other banking income comes in at 3,612.1 million, up by 8.0% over the prior year (3,345.9 million).

Personnel expenses stood at 1,394.9 million, and thanks to the headcount reduction achieved through efficiency gain actions, they decreased by 7.3% from 1,505.5 million in the prior year. Please consider that last year's figure took into account non-recurring charges associated with voluntary termination incentives and solidarity funds totaling 55.1 million. Net of said charges, last year's total personnel costs declined to 1,450.4 million, down by 3.8%. On 31 December 2012 the total headcount was 18.293 FTEs, as compared with 18,765 employees on a like-to-like basis at year start (18,638 on 30 September 2012).

Other administrative expenses came in at 704.7 million, down by 5.3% from 744.0 million in 2011, with a declining Q4 contribution coming in at 147.9 million vs. 187.9 million in Q3. **Depreciation and amortization** for the period amounted to 160.8 million as compared with 148.5 million in the prior year, up by 8.3%. In particular, in Q4 2012 we posted total write-downs of 62.4 million as compared with 32.7 million in Q3, up by 29.7 million mainly as a result of impairments of investment property. As a result, total **operating costs** came in at 2,260.5 million, down by 5.7% from 2,398.0 million in the prior year, which in absolute terms correspond to 137.5 million. The cost/income ratio for the period, namely the ratio between total operating expenses and total operating income net of the fair value option, comes in at 62.6% as compared with 71.7% in the prior year.

Profit from operations totaled 876.6 million as compared with 1,412.2 million in 2011, down by 37.9%. If we strip out the impact of the "fair value option" from both periods under comparison, profit from operations comes in at 1,351.6 million, 403.6 million more (+42.6%) than the 948.0 million reported in the prior year.

Net write-downs on customer loan impairments stood at 1,284.3 million vs. 758.8 million and 600.9 million charged to income in 2011 and in the first nine months of 2012, respectively. The annual variation and in particular the strong contribution in the fourth quarter were impacted by the numerous factors explained above: risk increase due to the systemic crisis, changes in the classification criteria of past due loans and adoption of prudential valuation criteria in line with the recommendations of the Supervisory Authority. The **cost of credit**, measured as the ratio between net loan write-downs and net loans, came in at 133 b.p. on an annual basis, (vs. 78 b.p. in the prior year). If we consider strictly the Group, excluding the companies under Banca Italease, the cost of credit comes in at 127 b.p. as compared with 75 b.p. in the prior year. The cost of credit for the former Italease group totals 169 b.p. vs. 82 b.p. in the prior year.

Net write-downs on impairment of other assets amounted to 42.7 million, less than the figure reported in 2011 (92.6 million), which included the full recognition of the losses reported as a result of marking to market all the Greek government bonds held in the AfS portfolio, totaling 25.4 million. The total figure for 2012 includes 25.4 million worth of impairments of securities held in the Afs portfolio, 11.6 million for securities from securitizations held in the loan portfolio, and 3.7 million charges for interventions by the Interbank Deposit Guarantee Fund.

Provisions for risks and charges totaled 13.4 million, from 64.3 million reported in 2011 and 21.3 million on 30 September 2012. In 2012, additional provisions amounting to 29.6 million were set aside and charged to income against risks associated with legal proceedings involving the former Italease group. Against said provisions, net recoveries were credited, amounting to approx. 16.2 million, mostly attributable to the Parent company Banco Popolare.

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The **disposal of equity and other investments** generated the recognition of a total net profit of 4.8 million, almost entirely ascribable to the capital gain generated by the sale of part of the stake held in Arca Sgr. In 2011 a net capital gain of 68,2 million had been reported, attributable to the effect generated by the sale of part of the equity investment held in Istituto Centrale delle Banche Popolari for 47.2 million and the recognition of a 17.7 million, primarily from the sale of property under lease that had been repossessed by Banca Italease.
The **loss before tax from continuing operations** came in at 459.0 million, as compared with the 564.7 million income reported in 2011. Net of the rating variation impact, income from continuing operations in 2012 comes in at 16.0 million, as compared with 100.5 million in the prior year.
In 2012, **non-current assets held for sale and discontinued operations** made a negative contribution of 26.0 million - as compared to the positive contribution of 11.8 million in 2011 - of which 2.7 million are ascribable to the sale of the subsidiary AT Leasing in Q4 2012 and 23.6 million to BP Hungary, of which 5.4 million refer to the net loss for the year reported by the associate, and the remaining part refers to the impairment made necessary to bring the book value in line with the estimated realizable value.
Income tax for the period came in at -22.0 million, as compared with +17.2 million in 2011. The tax burden for the year was positively impacted by the fiscal benefits produced by the regulatory changes introduced by L.D. n. 16 of 2 March 2012 amending art. 2 of L.D. n. 201 of 6 December 2011, whereby an application for refund can be filed with the Inland Revenue Service further to the deductibility of IRAP relative to personnel and similar expenses from the IRES tax base for fiscal years from 2007 to 2011. The positive P&L contribution for the year as a result of the tax credit recognition amounted to 68.9 million. Please note, that the previous year's tax burden benefitted from the positive effects generated by the detaxation of goodwill implicit in equity investments (203 million), and of intangible assets recognized in Banco Popolare's statutory financial statements following the acquisition of the Banche del Territorio (104.7 million).

Net of income tax and of a minority interest of 5.0 million (-19.4 million in 2011), financial year 2012 closed with a **net loss before recognition of write-downs on impairment of goodwill and equity investments** of 502.0 million. 2011 had closed with a net income of 574.3 million. Net of the impact of the rating variations on financial liabilities measured at fair value, the net loss in 2012 runs at 184.1 million as compared with a net income of 266.8 million in the prior year.

Write-downs on impairment of goodwill and equity investments stood at 442.5 million, mainly due to the impairment of the equity investment in Agos-Ducato (399.5 million). This impairment represents the best estimate of the risk inherent in the equity investment based on the currently available information, considering that to date the associate has not prepared the 2012 annual report yet, and has not completed the impairment test on the goodwill recognized in its financial statements. Prior year write-downs totaled 2,832.7 million, which included a 332.3 million impairment of the equity investment in Agos-Ducato.

Net of the above impairments, the **net loss for financial year 2012** totaled 944.6 million as compared with 2,258.4 million in 2011.

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Group capital ratios

The positive impact generated by the adoption of internal models adopted for the first time on 30 June 2012, together with the other capital management actions aiming at strengthening the Group's capital, among which it is worth recalling the finalization in Q1 of the share buy-back, that based on the new rules introduced by Basel 3 are no longer going to be eligible for inclusion in common equity, allowed Banco Popolare to raise its core tier 1 ratio from 7.1% at year-start to 10.4% on 30 September 2012. In the last quarter of 2012, the reported net loss, partly mitigated by the rating variations, the reduction of deductibles associated with impaired equity investments and finally the smaller "shortfall" effect as a result of higher loan impairments, brought the core tier 1 ratio down to 10.1%. The capital ratio even exceeds the target level recommended by the EBA. If we consider also the extraordinary capital buffer required by the European Banking Authority against the sovereign risk, the core Tier 1 capital ratio runs at 9,4% (9.8% on 30 September 2012).
The Tier 1 capital ratio rose from 8.3% to 11.2% (11.5% on September 2012), while the Total capital ratio went from 11.7% to 14.0% (14.2% on 30 September 2012).

The Group's liquidity profile

The Group confirms its excellent liquidity profile characterized by a stable funding from retail customers, up by 0.8% over the end of the prior year, by wholesale maturities that are covered well beyond 2012, and by the availability of funds eligible for refinancing with the ECB, still unencumbered to date and valued, net of haircuts, at about 14.5 billion euro (13.8 billion on 30 September 2012), including the net repo position. Eligible assets are almost entirely made up of Italian government bonds.
LCR (Liquidity Cover Ratio) and NSFR (Net Stable Funding Ratio) are in line with Basel 3 targets, and exceed 100%.

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

Operational outlook, risks and uncertainties

The year 2013 is set to be characterised by a still fragile macroeconomic context, both internationally and nationally. For Italy, in particular, it is still expected to be a year in recession; household consumption is expected to show a continuing decline, albeit at a declining pace, as a result of the ongoing difficulties regarding occupation and the further reduction in disposable income.
Monetary authorities are expected to maintain expansionary conditions. As a result, the low level of market interest rates is set to represent an element of ongoing pressure on banks' profitability, coupled with a moderate growth of volume intermediation and the level of credit provisions; hence, moving ahead with an

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attentive control of operating costs shall be indispensable in order to compensate the negative market-induced factors.
In the light of an overall still extremely difficult operating environment, Banco Popolare will continue to leverage on its own points of strength which have also characterised its performance in 2012 (excellent liquidity profile, solid capital position, effective management of impaired loans, good operating performance of the core banking business), together with new initiatives aimed at further improving the operational efficiency and at strengthening the commercial effectiveness in the core customer segments (households, small and medium-sized businesses), with a positive impact on the Group's profitability, in particular in case the forecasts of an improvement in the environment towards the end of the year should materialise.

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The draft annual report and consolidated financial statements of Banco Popolare as at 31 December 2012, together with the documentation of today's conference call presentation of the Group's results, 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 .

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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 Banca Popolare Italiana Group and Banca Italease Group

In compliance with IFRS 3, the income statement of Banco Popolare Group includes the P&L impacts caused by the allocation of the merger difference in the business combination with Banca Popolare Italiana Group and of the price paid to acquire Banca Italease pursuant to IFRS 3 (so called Purchase Price Allocation – PPA) relating to the two financial years 2011 and 2012 under comparison. 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 Banca Popolare Italiana Group and Banca Italease Group 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 Banca Popolare Italiana Group

Net interest income: the P&L impact in financial year 2012 was -15.2 million (+1.1 million in Q4) and 82.1 million in 2011, and is mainly attributable to the greater value recognized during PPA to loans acquired under the merger.

Other operating income: the P&L impact in 2012 came in at -34.9 million (-8.7 million in Q4 2012) and at -37.6 million in 2011, and is represented by the amortization of intangible assets having a defined useful life recognized during PPA.

As a result, the following P&L impacts were reported in financial year 2012:

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- net interest and other banking income: -50.1 million (-7.7 million in Q4 and -123.4 million on 31 December 2011);
- profit from operations: -55.9 million (-10.7 million in Q4 and -128.0 million on 31 December 2011);
- Income/loss before tax: -55.6 million (-10.7 million in Q4 and -134.5 million on 31 December 2011);
- Income tax: +18.3 million (+3.4 million in Q4 and +37.8 million on 31 December 2011);

The overall effect on the net consolidated income came in at -37.3 million on 31 December 2012 (-7.2 million in Q4 and -96.7 million on 31 December 2011).

1. B. - Business combination of Banca Italease Group

Net interest income: the P&L impact was -15.5 million on 31 December 2012 (-1.8 million in Q4 2012) and -44.8 million on 31 December 2011, and is 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: no impact on 31 December 2012 (the same in Q4) and -6.1 million on 31 December 2011, 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 2012:

- net interest and other banking income: - 15.5 million (-1.8 million in Q4 and -50.9 million on 31 December 2011);
- profit from operations: -15.5 million (-1.8 million in Q4 and -50.9 million on 31 December 2011);
- income/loss before tax: -15.5 million (-1.8 million in Q4 and -50.9 million on 31 December 2011);
- income tax: +5.1 million (+0.6 million in Q4 and +16.5 million on 31 December 2011);

The overall effect on the net consolidated income came in at -10.3 million on 31 December 2012 (-1.2 million in Q4 2012 and -34.2 million on 31 December 2011).

If we add up the PPA impacts related to the ex-BPU group and those of the Banca Italease group, the total negative PPA impact on the P&L net income on 31 December 2012 was 47.6 million (the impact on net income on 31 December 2011 had been -130.9 million).

2. Changes in consolidation scope

With respect to fully consolidated companies, the companies B.P.I. International UK Ltd, Istituto Pisano Leasing S.p.A., Tirrena Professional Factor S.p.A. and Acque Minerali Riunite S.p.A. were no longer included in Banco Popolare Group already in Q1 2012, as a result of the completion of the liquidation process and the cancellation of the companies from the Enterprise Register. In Q4 2012 also Auto Trading Leasing IFN S.A. and the following companies no longer fell within the consolidation scope as a result of mergers: Mercantile Leasing S.p.A. into Banca Italease S.p.A., Società Gestione Crediti BP Soc. Cons. per Az. Into Banco Popolare Soc. Coop. and finally Compagnia Finanziaria Ligure Piemontese S.p.A. (in liquidation) into Holding di Partecipazioni Finanziarie BP S.p.A.. Conversely, the company P.M.G. S.r.l. in liquidation, that had been carried at equity until the end of last year, has been fully consolidated as of the date of acquisition of control occurred during the first quarter of 2012.
With respect to companies carried at equity, in Q2 2012 Banco's shareholding interest in the associate Arca Sgr fell beneath the 20% threshold, therefore as of the second half of 2012 the above mentioned company is no longer accounted for under the equity method. The residual shareholding interest has been reclassified under "financial assets available for sale", and recognized at its fair value. As a whole, the transaction resulted in 4.3 million worth of capital gains credited to income in Q2. Further to its sale, also the company Cores Costruzioni Residenziali S.r.l. was deconsolidated as of the fourth quarter.
Again with respect to companies carried at equity, albeit already in Q1 2012, the company Portone Soc. Cons. a r.l., 30% owned by Bipielle Real Estate, has been deconsolidated as of the date of completion of

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the liquidation process. In Q4 2012, also the liquidation of Novara Promuove S.r.l. was completed, and therefore the company was deconsolidated.
The above changes in consolidation scope do not affect the significance of the comparison of 2012 data with those of the prior year.
We also point that during the year, the subsidiary Bp Hungary Zrt was included in the income (Loss) after tax from non-current assets held for sale under IFRS 5 and therefore were reclassified for consistency prior periods.

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.

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,) the 2012 operating income was penalized by the impact from the increase in the book value of financial liabilities in issue measured at fair value as a result of the upgrading of Banco Popolare's rating as compared with the end of the previous year (475.0 million gross of tax effect). On the contrary, it was benefitted by the capital gains from the buy-back of own financial liabilities carried out in February 2012, and the consequent early termination of the correlated derivatives (109,9 million gross of tax effect).
In 2012 we also reported a negative contribution of 116.3 million by the associate Agos Ducato, recognized under Losses from equity investments valued at equity, which includes the Group's estimated share of loss of the associate in the first nine months of 2012 and of the loss reported in 2011, as approved by the company's Shareholders' Meeting in June 2012.
Moreover, we should also take into account write-downs on impairment of goodwill and equity investments totaling 442.5 million, of which 399.5 million alone on the shareholding in Agos-Ducato.
Finally the 2012 P&L result benefitted from the recognition of the credit resulting from the acceptance of the deductibility of IRAP (regional tax on productive activities) for IRES (corporate tax) purposes, with respect to IRAP levied on employment expenses with reference to tax periods before that in progress at 31 December 2012, totaling 68.9 million, pursuant to art. 2 of L.D. n. 201 of 6 December 2011 (so called "Monti Decree"), as subsequently amended by art. 2 of L.D. n. 16 of 2 March 2012 ("Decree on tax simplification").

The prior year 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 of Banco Popolare's rating (+464.2 million gross of tax effect), as well as from the capital gains generated by the partial sale of the stake held in Istituto Centrale delle Banche Popolari (47.2 million, gross of tax effect) and by the sale of property and other stakes totaling 17.7 million.
Again last year the income statement had been charged with voluntary redundancy charges and the activation of the redundancy fund totaling 55.1 million.
Last year's income statement had also been penalized by the recognition of write-downs on impairment of goodwill and equity investments totaling 2,832.7 million (gross of the 277.3 million tax benefits and minority interest effects of 3.1 million). It also benefitted from the tax advantages resulting from the detaxation of goodwill implied in the book value of equity investments and of goodwill recognized in the statutory financial statements of Banco Popolare following the merger of the Banche del Territorio on 27 December 2011, totaling 307.7 million.

4. Other explanatory notes

The Annual Report gives a consolidated representation of the draft financial statements of Banco Popolare and of its subsidiaries prepared as of 31 December 2012, or, when not available, the most recently approved financial reports.
Similarly, the equity method-based treatment of associates was carried out based on the accounting information as at 31 December 2012 submitted to Banco Popolare, or, if not available, the most recent financial reports prepared by the associates. Note that the associate Agos-Ducato has not prepared the draft financial statements as at 31 December 2012, yet. Given the uncertainty due to the lack of the necessary information to conduct a regular valuation of the shareholding along the equity method, Banco Popolare's consolidated financial statements include an accruing share of loss of the associate determined based on the communications disclosed by the company to prepare the interim operating report as at 30

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September 2012. The risk associated with the equity investment was prudentially valuated during the impairment test conducted on the value of the shareholding based on available data.
Also the associate Energreen has not prepared its draft annual report as at 31 December 2012. As a result the consolidated financial statements have been prepared based on the latest financial report, i.e. the interim report as at 30 June 2012. Therefore the consolidated income statement does not include the accrued share of income/loss generated in the second half of 2012 by Energreen.

The Group opted for the early adoption option of the new version of IAS 19, as adopted with EC regulation n. 475 of 5 June 2012, starting from the Consolidated Half-yearly Report. Hence, for the sake of comparison with the prior periods, the actuarial profit and loss accounted for in the reclassified P&L items "Personnel expenses" have been restated, net of the associated taxes (included in the reclassified P&L item "Income tax on continuing operations") and of minority interest, under the Balance sheet item "Capital and reserves". In particular, the reclassifications referred to data as at 31 December 2012 and 31 December 2011, corresponding to an actuarial income amount before tax of 36.7 and 1.6 million, and 27.3 and 1.2 million net of tax effect.
In particular referred to data as at 31 December 2011, net actuarial income subject to restatement amounted to 1.6 million before tax (1.2 million net of tax effect). It should be noted that, for the year 2012, the actuarial valuation of the obligations for employee benefits has led to the recognition of actuarial gross losses of 36.7 million (27.3 million net of tax effect), in direct exchange for the capital reserves.

In addition to the restatements made necessary by the amendments to IAS 19, note that some P&L items referring to prior periods have been restated with respect to those published in the past financial statements to guarantee a like-to-like comparison vis-à-vis the reporting criteria applied on 31 December 2012 and to retroactively reflect IFRS 5 requirements relative to discontinued operations.

L.D. n. 201, of 6 December 2001, transposed in law n. 214/2011, added the new art. 117-bis to the Consolidated Banking Act, which significantly changes the regulations on fees charged for credit lines, overdrafts and overdrawn lines of credit. As a result of the above provision, in addition to the interests due based on the agreed interest rate on withdrawn amounts, banks may charge only an all-inclusive fee not exceeding 0.5% of the lent amount per quarter. In case of current account overdraft, or in case of overdrawn line of credit, banks can apply only a flat fee called "commissione di istruttoria veloce", or fast-track underwriting commission.
Due to the above amendments, as of 1 July 2012 the banks of the Group started to apply the new regulation to all the new facilities opened over the period. The new regulation shall be applied to accounts and facilities opened before 1 July 2012 starting on 1 October 2012.
In view of its characteristics, the "Commissione di istruttoria veloce" is recognized under the item "other revenues". Due to the above changes, the so called "indennità di sconfinamento" (overdraft facility fee) that used to be recognized under "interest and similar income" is no longer applied.

Attachments

- Reclassified consolidated financial statements
- Reclassified consolidated income statement
- Reclassified consolidated income statement: quarterly evolution

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BANCO POPOLARE GROUP

Reclassified consolidated balance sheet

Reclassified assets (euro thousand)	**31/12/2012**	**31/12/2011 (*)**	**Changes**	
Cash and cash equivalents	672,164	577,957	94,207	16.3%
Financial assets and hedging derivatives	24,201,862	19,425,247	4,776,615	24.6%
Due from banks	4,471,871	8,686,526	(4,214,655)	(48.5%)
Customer loans	91,481,232	93,394,325	(1,913,093)	(2.0%)
Equity investments	847,506	1,180,387	(332,881)	(28.2%)
Property, plant and equipment	2,105,112	2,147,443	(42,331)	(2.0%)
Intangible assets	2,325,166	2,354,623	(29,457)	(1.3%)
Non-current assets held for sale and discontinued operations	256,387	173,442	82,945	47.8%
Other assets	5,560,084	6,186,668	(626,584)	(10.1%)
Total	**131,921,384**	**134,126,618**	**(2,205,234)**	**(1.6%)**

Reclassified liabilities (euro thousand)	**31/12/2012**	**31/12/2011 (*)**	**Changes**	
Due to banks	17,573,037	14,429,808	3,143,229	21.8%
Due to customers, debt securities in issue and financial liabilities measured at fair value	94,506,345	100,199,959	(5,693,614)	(5.7%)
Financial liabilities and hedging derivatives	6,352,817	5,089,143	1,263,674	24.8%
Provisions	1,134,708	1,144,039	(9,331)	(0.8%)
Liabilities associated with assets held for sale	84,726	2,962	81,764	2760.4%
Other liabilities	3,288,847	3,837,399	(548,552)	(14.3%)
Minority interests	368,517	385,880	(17,363)	(4.5%)
Shareholders' equity	8,612,387	9,037,428	(425,041)	(4.7%)
- Share capital and reserves	9,556,943	11,295,865	(1,738,922)	(15.4%)
- Net income for the period	(944,556)	(2,258,437)	(1,313,881)	(58.2%)
Total	**131,921,384**	**134,126,618**	**(2,205,234)**	**(1.6%)**

(*) Data of the previous period are adjusted to take into account the retroactive application of the new version of IAS 19.

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BANCO POPOLARE GROUP

Reclassified consolidated income statement

Reclassified income statement (euro thousand)	2012	2011 (*)	Chg.
Net interest income	1,759,422	1,804,738	(2.5%)
Profit (loss) on equity investments carried at equity	(66,798)	(7,903)	745.2%
Net interest, dividend and similar income	**1,692,624**	**1,796,835**	**(5.8%)**
Net commissions	1,364,329	1,271,777	7.3%
Other revenues	86,758	44,298	95.9%
Net financial income	(6,652)	697,221	n.s.
Other operating income	**1,444,435**	**2,013,296**	**(28.3%)**
Total income	**3,137,059**	**3,810,131**	**(17.7%)**
Personnel expenses	(1,394,939)	(1,505,456)	(7.3%)
Other administrative expenses	(704,715)	(743,967)	(5.3%)
Amortization and depreciation	(160,809)	(148,540)	8.3%
Operating costs	**(2,260,463)**	**(2,397,963)**	**(5.7%)**
Profit from operations	**876,596**	**1,412,168**	**(37.9%)**
Net write-downs on impairment of loans, guarantees and commitments	(1,284,322)	(758,751)	69.3%
Net write-downs on impairment of other assets	(42,656)	(92,627)	(53.9%)
Net provisions for risks and charges	(13,390)	(64,277)	(79.2%)
Profit (loss) on disposal of equity and other investments	4,782	68,169	(93.0%)
Income before tax from continuing operations	**(458,990)**	**564,682**	
Tax on income from continuing operations	(22,048)	17,139	n.s.
Income (Loss) after tax of merchant banking activity and from non-current assets held for sale	(26,025)	11,836	n.s.
Minority interests	5,041	(19,372)	n.s.
Income before impairment	**(502,022)**	**574,285**	**n.s.**
Impairment on goodwill and partecipations	(442,534)	(2,832,722)	(84.4%)
Net income for the period attributable to the Parent company	**(944,556)**	**(2,258,437)**	**(58.2%)**

(*) Data of the previous period are adjusted in order to ensure an homogeneous comparison.

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BANCO POPOLARE GROUP

Reclassified consolidated income statement - quarterly evolution

(euro thousand)	2012				2011 (*)			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net interest income	402,732	441,714	444,815	470,161	457,031	459,885	442,686	445,136
Profit (loss) on equity investments carried at equity	25,301	(33,022)	(65,999)	6,922	(35,314)	4,529	13,867	9,015
Net interest, dividend and similar income	**428,033**	**408,692**	**378,816**	**477,083**	**421,717**	**464,414**	**456,553**	**454,151**
Net commissions	352,179	334,586	341,260	336,304	304,134	313,458	320,356	333,829
Other revenues	45,536	18,846	13,012	9,364	4,443	7,554	24,790	7,511
Net financial income	(103,647)	(25,377)	156,415	(34,043)	142,178	267,757	219,990	67,296
Other operating income	**294,068**	**328,055**	**510,687**	**311,625**	**450,755**	**588,769**	**565,136**	**408,636**
Total income	**722,101**	**736,747**	**889,503**	**788,708**	**872,472**	**1,053,183**	**1,021,689**	**862,787**
Personnel expenses	(310,786)	(354,068)	(365,635)	(364,450)	(379,698)	(370,186)	(380,042)	(375,530)
Other administrative expenses	(147,852)	(187,872)	(182,315)	(186,676)	(169,306)	(195,690)	(189,500)	(189,471)
Amortization and depreciation	(62,433)	(32,666)	(30,294)	(35,416)	(46,572)	(32,660)	(37,664)	(31,644)
Operating costs	**(521,071)**	**(574,606)**	**(578,244)**	**(586,542)**	**(595,576)**	**(598,536)**	**(607,206)**	**(596,645)**
Profit from operations	**201,030**	**162,141**	**311,259**	**202,166**	**276,896**	**454,647**	**414,483**	**266,142**
Net write-downs on impairment of loans, guarantees and commitments	(683,455)	(203,888)	(185,623)	(211,356)	(167,080)	(191,366)	(192,870)	(207,435)
Net write-downs on impairment of other assets	(21,391)	(4,556)	(15,078)	(1,631)	(54,244)	(11,275)	(25,525)	(1,583)
Net provisions for risks and charges	7,976	(9,556)	60,355	(72,165)	(54,967)	(7,051)	(7,677)	5,418
Profit (loss) on disposal of equity and other investments	239	(810)	5,390	(37)	3,296	2,175	14,891	47,807
Income before tax from continuing operations	**(495,601)**	**(56,669)**	**176,303**	**(83,023)**	**3,901**	**247,130**	**203,302**	**110,349**
Tax on income from continuing operations	43,242	(24,286)	(20,678)	(20,326)	260,435	(106,528)	(87,506)	(49,262)
Income (Loss) after tax from non-current assets held for sale	(22,157)	(1,056)	(1,994)	(818)	(5,221)	(3,549)	15,577	5,029
Minority interests	16,317	(810)	(5,579)	(4,887)	(7,037)	(4,406)	(1,849)	(6,080)
Income before impairment	**(458,199)**	**(82,821)**	**148,052**	**(109,054)**	**252,078**	**132,647**	**129,524**	**60,036**
Impairment on goodwill and partecipations	(432,534)	-	(10,000)	-	(2,832,292)	(430)	-	-
Net income for the period attributable to the Parent company	**(890,733)**	**(82,821)**	**138,052**	**(109,054)**	**(2,580,214)**	**132,217**	**129,524**	**60,036**

(*) Data of the previous period are adjusted in order to ensure an homogeneous comparison.

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