

**NEWS RELEASE**

## New model of large popolare bank launched

- Incorporation into Banco Popolare of the popolari banks Banca Popolare di Verona, Novara, Lodi and of Cassa di Risparmio di Lucca Pisa Livorno
- Change from the “dual” governance to the traditional Board of Directors
- Positive annual impact on target net income estimated to reach more than 90 million euro

*Verona, 15 July 2011* – The Supervisory Board and the Management Board of Banco Popolare have approved the guidelines of the project aimed at the adoption of a new model of large popolare bank servicing the territory, which shall result from the merger process – through an identical number of mergers by incorporation into Banco Popolare of the Banks of the Territory: Banca Popolare di Verona S.p.A., Banca Popolare di Novara S.p.A., Banca Popolare di Lodi S.p.A. (including Banca Popolare di Crema S.p.A. and Banca Popolare di Cremona S.p.A. which are already in the process of consolidation), and Cassa di Risparmio di Lucca Pisa Livorno S.p.A. Credito Bergamasco shall maintain its status of listed company under the control, management and co-ordination of Banco Popolare.

Banco Popolare, which shall maintain its legal co-operative status, shall adopt the role of a commercial bank organised on the basis of a territorial model which entails the creation of Divisions in the Group’s historical areas of presence and of reference for the local communities. In particular, Territorial Divisions are envisaged, fully integrated within the Parent Bank and broadly coinciding with the territories of the historical brand names “Banca Popolare di Verona / Banco S. Geminiano e S. Prospero”, “Banca Popolare di Lodi” / “Cassa di Risparmio di Lucca Pisa Livorno” and “Banca Popolare di Novara”, with the coverage of the latter extended to the entire central and southern regions of Italy. Credito Bergamasco, while being a part of the new business model, shall remain a separate legal entity.

The project, from the point of view of the targeted goals of simplification and of a strengthening of the commercial grip on the territory, is a continuation of and fully coherent with the recently approved business plan.

Upon the completion of the project:

- the Division Banca Popolare di Verona shall control about 560 branches spread in the North-East (Veneto, Emilia-Romagna, Trentino-Alto Adige, Friuli-Venezia Giulia) and in Lombardy (Mantova), with a headcount of more than 3,200 employees;

COMUNICAZIONE E  
RELAZIONI ESTERNE  
Rapporti con i media  
Tel. +39-045-8675048/867/120/121  
0371/580128  
[ufficio.stampa@bancopopolare.it](mailto:ufficio.stampa@bancopopolare.it)

INVESTOR RELATIONS  
Tel. +39-045-8675537  
[investor.relations@bancopopolare.it](mailto:investor.relations@bancopopolare.it)  
[www.bancopopolare.it](http://www.bancopopolare.it) (IR section)

- the Division Banca Popolare di Novara shall control about 590 branches spread in the North-West (Aosta Valley, Piedmont, western Liguria), in Lombardy (Milan and Pavia), in Latium and in southern Italy, with a headcount of about 3,200 employees;
- the Division Banca Popolare di Lodi shall control about 580 branches spread mostly in Lombardy, eastern Liguria, Tuscany and Umbria, with a headcount of about 3,400 employees;
- Credito Bergamasco shall control about 270 branches spread in Lombardy (Bergamo, Brescia, Como, Cremona, Monza Brianza, Varese) and in Latium (Rome), with a headcount of more than 1,600 employees.

This re-organisation substantially eliminates all territorial overlappings among the Divisions BPV, BPN and BPL.

Confirming the Group's historic territorial mission and deep local rooting, this project envisages also a significant strengthening of the presence, in comparison with the model currently in place. In particular, six new Territorial Departments, based in Verona, Modena, Lodi, Lucca, Novara and Rome, shall report to the Divisions. Furthermore, in order to stress customer proximity, the number of Business Areas (Aree Affari) shall increase from the current 63 to about 80, thereby reducing the average number of branches per Business Area. As already envisaged in the business plan, each Business Area shall also be equipped internally with a structure dedicated exclusively to business development.

The business model referred to high net worth individuals is confirmed through the continuation of their service via Banca Aletti, taking advantage of the model that has already been experienced with success.

The simplification of the Group's current operating structure will allow to obtain important and structural benefits, which come in addition to those already projected in the recently approved business plan 2011-2103/2015, in terms of cost savings, enhanced marketing effectiveness, strengthened territorial position, simplification of internal governance, decision-making and operating processes, with the result of a significant reduction of the execution risk related to the initiatives foreseen in the business plan.

The additional positive impact on consolidated net income, once the expected synergies are fully operational (2016), is expected to reach more than €90 million annually, of which:

- €50 million deriving from lower operating costs and indirect taxes, mainly due to a reduction in intra-group VAT and double taxation of intra-group dividends;
- €30 million associated with lower personnel costs, as a result of the expected reduction of 650 resources in Group headcount by 2016, through incentivized exits and a slowdown in turnover;
- €10 million from lower other administrative expenses.

The above-indicated synergies will allow to improve the profile of the recently approved business plan, which is updated with a new target number in terms of net income of €647 million in 2013, up by €44million, and of €997 million in 2015, up by €67 million.

The total impact of these synergies on net profit, taking into account a 40% dividend payout ratio, is set to improve the expected capital ratios by about 10 basis points in 2013 and by an additional 10 basis points in 2015.

Additional benefits, starting from the current year of operations, can be added to these effects, estimated in about 20 basis points, deriving from the possibility to release the fiscal value of the goodwill and of other intangible assets pursuant to the Legislative Decree no. 185 of 29 November 2008, subsequently amended also by art. 23 of the Legislative Decree no. 98 of 6 July 2011.

In comparison with the estimates already presented in the Business Plan, the pro-forma Common Equity ratio would rise from 7.6% to 7.9% in 2013 and from 8.3% to 8.7% in 2015.

In coherence with the project of Group simplification, the guidelines of a complete redesign of Banco Popolare's corporate governance model have also been approved.

In concrete terms, the proposal shall be presented to a Shareholders' Meeting yet to be summoned regarding the adoption of a traditional administration and control system, based on a Board of Directors composed of a maximum of 24 members, of which of a minimum of 3 up to a maximum of 4 members (including the Chief Executive Officer) shall be chosen among the top managers of the Group. The Chairman, the two Deputy Chairmen, the Chief Executive Officer and two of the Board Members chosen among the top managers of the Group shall be part of the Executive Committee, which shall hence be composed of 6 members. The Board of Statutory Auditors shall be composed of 5 standing members.

In coherence with the current statutory framework reconciled with appropriate adjustments, the territorial subdivision of the majority (four out of five) of the members of the Board of Directors not chosen among the top managers of the Group shall be maintained, with a choice among registered shareholders residing in the geographical areas of reference of the three territorial Divisions.

The choice of Banco Popolare's Chairman is reserved for the Shareholders' Meeting and shall not be subject to the territorial restriction in place, keeping firm the faculty of the territories of the three founding popolari Banks, which do not express the Chairman, to propose a Deputy Chairman each.

Banco Popolare shall keep its legal headquarters and administrative offices in Verona, with administrative offices in both Lodi and Novara, with a resulting reasonable rebalancing in the location of head office functions also in Novara. The location of the Shareholders' meetings, ordinary and extraordinary, will take place on a rotating basis in Verona, Lodi and Novara, without prejudice of the current framework of distance voting. In addition, periodical meetings of the Board of Directors are to be held also in Lodi and in Novara.

Subject to the obtaining of the required authorizations, the mergers will be completed by the end of this year, with accounting and tax effects starting retroactively from January 1<sup>st</sup>. In compliance with indications that may arrive from the Supervisory Authorities, for each Territorial Division a "local consultation and credit committee" will be established, and it shall be composed of non-executive members that shall be designated also by electoral mechanisms reserved for shareholders/customers with a shareholding position and a significant business relationship. The Committees shall not have management and/or directional powers while to them may be assigned credit

advisory functions, sponsorships functions, investments and disinvestments functions in companies linked to regional infrastructure and agreements with the *stakeholders*, all with reference to the geographical area of operations. In addition, the Committees shall participate in the appointment of the bodies of the territorial Foundations and shall supervise new shareholder admissions and shareholder/customer complaints.

Regarding the organisational structure of Banco Popolare, the appointment - with a direct reporting line to the CEO – of Maurizio Faroni as General Manager and of Domenico De Angelis as Co-General Manager is envisaged.

The General Manager shall be in charge of Finance and Operations, with direct reporting lines of the Departments Finance, Operations, Planning and Control and of Banca Aletti.

The Co-General Manager shall be in charge of business activities, with direct reporting of the Territorial Divisions, Credito Bergamasco S.p.A., the Retail Division and the Corporate Division.