

Agreement reached with Crédit Agricole on Agos Ducato: information details

Verona, 08 May 2013 – Yesterday, Banco Popolare reached an agreement with the majority shareholder Crédit Agricole, aiming at turning back to profitability the Agos Ducato joint venture owned 61% by Crédit Agricole and 39% by Banco Popolare, and covering the capital, financial and commercial aspects of the partnership.

The agreement confirms in substance the existing arrangements, introducing mechanisms of mutual guarantee between the Agos Ducato shareholders regarding both the financial support to be provided to the company's activities, and the analytical rules safeguarding the value of the equity investment and the Company's growth. The company revamping shall be carried out also through a capital strengthening action to total 450 million euro, of which 300 million from a capital increase, and the remaining 150 million through the issue of financial liabilities eligible for inclusion in the supplementary capital (*Lower Tier 2*). As to the timeline, based on the agreement the capital strengthening shall come in two separate stages during the current year: in the first stage, a capital increase of 240 million shall be carried out and a total of 120 million worth of subordinated debt shall be underwritten by the shareholders; in a second stage, before the end of the current year, a new capital increase of 60 million and an additional 30 million worth of subordinated debt shall be underwritten. The initiatives regarding the capital increase shall be underwritten by the shareholders in proportion to the respective stakes held in the joint venture. Banco Popolare's 39% interest shall hence entail a total capital outlay of 117 million. Banco Popolare's contribution in terms of subscription of the new subordinated debt shall instead be limited to a total of 10 million euro. The described capital strengthening action aims at guaranteeing, based on Agos Ducato's new business plan, that the total capital ratio remains at a level compliant with regulatory provisions.

Yesterday evening Agos Ducato held a Board meeting, during which the Directors approved the new business plan, the impairment test conducted on the goodwill recognized in the balance-sheet, and the draft financial statements as at 31 December 2012.

The new 2013-2017 business plan that has been approved expects the company to return to profitability by 2014.

The draft consolidated financial statements as at 31 December 2012 of Agos Ducato report a net loss for the year of 604.8 million, net of loan impairment charges of 1,102.8 million and a goodwill impairment totaling 241.7 million. The shareholders' equity as at 31 December 2012 came in at 1,308.0 million.

The agreement is conditional on a series of requirements, including the approval by the Shareholders' meeting of Agos Ducato, to be held on 22 May 2013, of the draft financial statements as at 31 December 2012 approved yesterday by the Board of Directors of Agos.

The 2012 results reported by Agos Ducato have already been factored in into Banco Popolare's annual report as at 31 December 2012 through the prudential valuation of its equity investment. As a result of the impairments charged to income in 2012, the carrying amount of the equity investment in Agos Ducato has been recognized at 382.4 million. Any equity investment recovery, which is estimated in the order of 100 million, shall be written back only following the full effectiveness of the agreement and when Banco shall have all relevant information necessary in order to revise the valuation of its equity investment made upon preparing its annual report as at 31 December 2012.

RELAZIONI CON I MEDIA
Tel. +39-045-8675048/867/120/121
ufficio.stampa@bancopopolare.it

INVESTOR RELATIONS
Tel. +39-045-8675537
investor.relations@bancopopolare.it
www.bancopopolare.it (IR section)