Gruppo Banca Popolare di Vicenza

PRESS RELEASE

BANCA POPOLARE DI VICENZA: THE SHAREHOLDERS' MEETING APPROVED THE 2014 FINANCIAL STATEMENTS

Vicenza, 11 April 2015 – The Shareholders' Meeting of Banca Popolare di Vicenza was held today under the chairmanship of Cav. Lav. Gianni Zonin, with the participation of 7,793 shareholders, on their own and by proxy.

With regard to the agenda items, the Shareholders' Meeting passed the following resolutions:

- the appointment of six Directors for the years 2015, 2016 and 2017 and one Director for the years 2015 and 2016: for the three-year time interval, the following Directors were confirmed: Vittorio Domenichelli, Maria Carla Macola – both independent Directors - Nicola Tognana, Giuseppe Zigliotto and Roberto Zuccato; concurrently, Mr. Samuele Sorato was appointed as Director. For the 2015-2016 two-year time interval, Director Matteo March was appointed to replace Attorney Luigi Sciarrino;

- the approval of the 2014 financial statements, reporting the attainment of a pro-forma CET1 ratio of 11.34%, in addition to the positive performance of the Bank's core operations, characterised by significant growth in income from commercial operations and by the increase in the number of customers (+62,000 customers in 2014), as well as by the ongoing support to businesses in the areas of interest, with approximately Euro 2.4 billion in total new loans issued in 2014. The prudential approach in the provisions and in asset measurement, in light of the ECB's new regulatory framework, will lead to an improvement in the quality of the Bank's capital ratios, in line with the 2015-2017/2019 business plan, and, starting from the current year, it will promote an increase in the Bank's profitability. The adoption of said prudential policy has brought about a consolidated net loss, approved by an overwhelming majority at today's Shareholder Meeting, of Euro -758.5 million;

- the determination of the value of the shares as Euro 48 (Euro 62.5 in 2014); this value was indicated by the Board of Directors last 8 April 2015 on the basis of a thorough appraisal formulated by an authoritative independent advisor. The determination of said value stems mainly from the effects of the Comprehensive Assessment carried out by the ECB and to the consequent impacts on capital and on the capital target.

The Shareholders' Meeting also approved the remuneration and incentive policies of the Banca Popolare di Vicenza Group for 2015 and set the compensation for the Board of Directors and the Executive Committee.

The Chairman of Banca Popolare di Vicenza Gianni Zonin said*: "This Shareholders' Meeting marks the end of an important era for our Bank. We are approaching the milestone of 150 years of operation, which we will celebrate next year with the transformation into an SpA, or Joint-Stock Company. We will thus be able to compete on an even playing field with other banking institutions, even larger than ourselves, exploiting growth opportunities through an aggregation path that we are carefully assessing, with the goal of enhancing the economy and the enterprises in our communities even more. We are confident that we can successfully rise to the challenges awaiting us, counting on the support and trust of our shareholders, who have always accompanied us in recent years, thus continuing to operate as a true public company"*.

The Managing Director and General Manager of Banca Popolare di Vicenza, Mr. Samuele Sorato, commented: "*The loss of 2014 was brought about by the outcome of the Comprehensive Assessment and by the Board Directors' decision to adopt prudential policy also in light of the new Europe-wide regulatory environment. However, I would like to stress the significant improvement of our core business and the constant, significant growth of our customer base, which today comprises approximately 1.4 million households and small-medium enterprises. The first quarter of 2015 confirmed the positive trend of our*

Bank's core business with the net profit from operating activities improving by more than 50% and a net profit of approximately Euro 50 million, based on preliminary estimates. These results are in line with the targets of the business plan, which calls for net profit of approximately Euro 200 million at the end of 2017 and over Euro 310 million in 2019".

The highlights of the 2014 Financial Statements are provided below.

Consolidated income statement figures, 31 December 2014 Comparison with 31 December 2013		
Net interest income (net of the contribution of the securities portfolio) [1]	433.3 million €	+8.2%
Net financial income	540.4 million €	-1.5%
Net fee and commission income	301.3 million €	+9.1%
Operating income	1,077.4 million €	-0.5%
Operating costs	-669.1 million €	+1.8%
Net profit from operating activities	408.3 million €	-4.1%
Impairment adjustments	-1,521.3 million €	+234.6%
Cost of credit	2.91%	+147 bps
Net loss	-758.5 million €	n.s.
Cost/income	61.1%	+2.6 p.p.

Consolidated balance sheet and capital figures, 31 December 2014 Comparison with 31 December 2013		
Total funding[2]	49.5 billion €	+2.5%
Direct funding[3]	28.6 billion €	-2.0%
Indirect funding	20.9 billion €	+9.4%
Assets under management and retirement savings	6.6 billion €	+31.0%
Gross loans to customers[3]	29.8 billion €	-0.8%
Equity (excluding the loss for the year)	4,490 million €	+22.0%
CET 1 ratio	10.44%	n.s.
pro-forma CET 1 ratio (including POC conversion)	11.34%	n.s.
Total Capital ratio	11.55%	n.s.
Total pro-forma Capital ratio (including POC conversion)	12.49%	n.s.
Number of outlets	701	+1.7%
Number of Branches	654	+2.2%
Employees	5,515	+1.0%
Number of customers	1,351,042	+4.8%
Number of current accounts	805,115	+6.6%
Number of BPVi Members/Stockholders	116,797	+28.8%

Consolidated results

The changes recorded in the main aggregates in the statement of financial position of the BPVi Group in 2014 and the income statement figures achieved in the year, approved by the Stockholders' Meeting, are discussed below.

[1] Management figure.
[2] Net of operations with Cassa di Compensazione e Garanzia
[3] Net of repurchase agreements and the related guarantee margins.

Statement of financial position aggregates

Total funding, the aggregate consisting of direct funding and indirect funding, amounts to € 51.2 billion, up by 1% compared to the end of 2013. This aggregate figure, net of repurchase agreements with central counterparties, increased more markedly, by +2.5% year on year. The positive performance of total funding benefited from the growth in **indirect funding** (+9.4% year on year), which reached € 20.9 billion, buoyed by the positive trend in **asset under management and retirement savings** (+31%), but also by **assets under administration** (+1.7%).

Gross loans to customers, excluding repurchase agreements and the related guarantee margins, amounted to € 29.8 billion and were substantially stable compared to the value of the end of 2013 (-0.8%).

The structural liquidity profile improved further: the **loans to customers/direct funding ratio** amounted to 92.6%, an improvement by 5 percentage points on the figure at 31 December 2013. Net of operations with Cassa di Compensazione e Garanzia (repurchase agreement traded on the Euro Mts market and related guarantee margins), the loans/funding ratio at 31 December 2014 amounted to 96.1%, an improvement by 3.7 percentage points compared to 2013. The short-term liquidity indicator (LCR) is positioned at levels that already exceed Basel 3 regulatory requirements for 2015. Net exposure on the interbank market, at 31 December 2014, amounted to € -2.5 billion (€ -4.3 billion at 31 December 2013).

Regulatory ratios and capital requirements set by the ECB

At 31 December 2014, the Common Equity Tier 1 Ratio and the Tier 1 Ratio of the BPVi Group both amount to 10.44%, whilst the Total Capital ratio is equal to 11.55%. Considering the effects of the POC conversion of Euro 253 million that will be completed next 29 may as resolved by the Shareholders' Meeting last 10 February, the Group's pro-forma CET1 Ratio at 31 December 2014 would be equal to 11.34%, higher than the minimum Total capital ratio of 11% required by the ECB (pro-forma Total Capital Ratio 12.49%).

Comments on the income statement

The year 2014 showed substantial stability of **operating income** (-0.5%), with marked improvement of the revenues deriving from traditional operations with customers almost completely offsetting the reduction of the contribution of the investment portfolio. Operating costs experienced a marginal increase (+1.8%) tied, for the most part, to the growth in size achieved by the BPVi Group in 2014 through the acquisition of 17 new bank branches (of which 16 former Carife branches). The changed regulatory framework, coupled with the assessment of the outcome of the Asset Quality Review, in a still uncertain macroeconomic and industry environment, led to the decision to adopt a particularly prudential approach in the provisions and asset measurement policy.

Net fee and commission income amounted to Euro 301.3 million at 31 December 2014, up 9.1% from Euro 276.2 million at 31 December 2013. On the front of revenue, the income associated with indirect funding increased, along with income associated with financial transaction structuring activities, thanks to the starting of the new trading operation on “minibonds”, as well as revenue from current accounts and collection and payment services, which benefited from the development of the customer base. On the cost front, the expenses paid to customers for securities lending and borrowing decreased sharply and the cost connected to the State guarantee on own bonds was eliminated, as the bonds were extinguished early. The commissions passed back to agents and financial promoters also grew as a consequence of the investments made by the Group for the development of the variable cost distribution networks, in particular, through the subsidiary BPVi Multicredito.

Other information

At the end of December 2014 **the Group's sales network** was comprised of 654 bank branches (14 more than in 2013), 14 finance shops, 32 private customers points and 1 financial space, totalling 701 outlets. The Group has a workforce of 5,515 people (+1% compared to 2013).

Activities to **develop the customer base** and strengthen the bank's presence in all the areas where it operates continued even more intensely in 2014. The overall result was the acquisition of 62,000 customers over the year (increased by 4.8% over 2013).

Membership also increased significantly thanks to the success of capital strengthening transactions (extraordinary capital increase of Euro 608 million and a Euro 100 million new member campaign): the number of Members and

Shareholders increased by 26,000, or 28.8% from 2013, reaching a total of 116,797 Members/Shareholders at 31 December 2014: a result that demonstrates that the Bank enjoys increasing confidence from households as well as businesses.

Outlook for operations

The operations of the BPVi Group in 2015 will be characterised by the maintenance of a high capitalisation level, which will benefit, inter alia, from the conversion, in May, of the convertible bond of Eur 253 million. The capital levels achieved will enable the BPVi Group to continue with its lending activity, in particular with individual customers and small businesses, characterised by a better risk-return profile. On the management front, the commercial action will once again be focused on the further **expansion of the customer base and on the development of the businesses in which the BPVi Group has distinctive competencies** (support to internationalisation, minibond operations, assistance to SMEs on the way to stock market listing, etc.). The expected income levels for the BPVi Group should then benefit, in particular, from the **further increase in revenues, deriving from operations with customers**, both on the front of the net interest income and of fees and commissions, exploiting the potential acquired with the significant expansion of the customer base achieved in recent years and, above all, the important business initiatives that will be indicated in the **new three-year Industrial Plan**, approved in March. On the front of the operating costs, **the action to contain the inertial growth in administrative costs** will continue, connected in particular to the important projects launched (e.g. multi-channel/e-money project) and to regulatory compliance. **The** cost of credit**, a factor that by its very nature is difficult to predict, while remaining above the pre-crisis levels, should decline sharply compared to 2014.**

This press release, prepared in accordance with Regulation no. 11971 approved by CONSOB resolution dated 14 May 1999, as amended ("Issuers' Regulation") – is available on the website www.popolarevicenza.it.

Statement pursuant to article 154-bis, paragraph 2 of Legislative Decree no. 58 of 24 February 1998
The Officer in charge of the preparation of the Company's accounting documents, Mr. Massimiliano Pellegrini, hereby declares, in accordance with paragraph 2, article 154 bis of the Italian Consolidated Financial Markets Act, that the accounting information contained in this press release corresponds to the entries in the accounting documents, books and records.

The Officer in charge of the preparation
of the Company's accounting documents
Signature: Massimiliano Pellegrini