Banco Popolare and the Italian Treasury Signed the Memorandum on Convertible Financial Instruments

Banco Popolare (BP)
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Verona, 19th June 2009 - Today, the Minister for Economy and Finance, Mr. Giulio Tremonti, has approved the subscription by the Ministry of financial instruments to be issued Banco Popolare, for a total of 1,450,000,000 euro, pursuant to art. 12 of Law Decree n. 185 of 29th November 2008, transposed into Law n.2 of 28th January 2009.

At the same time, the Chief Executive Officer of Banco Popolare, Mr. Pier Francesco Saviotti, and the Treasury’s General Manager, Mr. Vittorio Grilli, signed a Memorandum of Understanding, pursuant to article 2, paragraph 2, of the ministerial decree of 25th February 2009 – regulating the subscription of financial instruments convertible in common shares of Banco Popolare, which prescribes:

- the adoption by the Group of an Ethical Code, containing among other things provisions regulating the remuneration policies for top management;

- the Group’s commitment:

1. to grant 6% more loans to SMEs over the next three, on the basis of an average annual rate of growth, with respect to average loans extended in 2007 and 2008, provided that the demand is supported by an adequate credit quality, in keeping with the principle of a sound and prudent banking management;
2. to apply more favourable conditions to the beneficiaries assisted by the Guarantee fund for loans granted to Small and Medium-sized Enterprises and to make a 21.75 million euro contribution to said Fund; this contribution shall be disbursed in three equal payments on a six-month basis; the first payment shall be made within 30 days from today;
3. in the event the entities specified in the Agreement require it and the prescribed subjective and objective conditions occur – to suspend the payment of installments of home mortgages for 12 months at no charge for mortgage-holders;
4. to ensure adequate levels of liquidity to creditors of public administrations.

The Memorandum shall remain valid until the issued financial instruments are outstanding, or until Banco exercises the option to redeem all the instruments subscribed by the Ministry.