Presentation of Group H1 2015 results

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Verona, 7 August 2015 at 6:30pm CEDT – conference call & webcast

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Agenda

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H1 2015 performance highlights

Capital	❑ **CET 1 ratio Phase-in: 12.2%** (accounting, including the net result of H1 2015). ❑ **CET 1 ratio Fully Phased: 11.3%** (accounting, including the net result of H1 2015).
Profitability	❑ **Profit from operations increased by 5.0% y/y**, thanks to: ▪ The trend of total income (+1.2%; of which NII +2.7% and Net Commissions +7.7%); ▪ and the reduction in the operating costs (-1.4%). ❑ **The net profit of the period is equal to €293m**, including also the recognition of *tax assets* related to ex-Banca Italease (equal to €85m) and despite registering the annual cost of the Single Resolution Fund (SRF), equal to €23m.
Commercial Performance	❑ M/L-TERM LENDING: Total new lending amounts to €4.9bn in H1 2015, up by more than 97% vs. H1 2014, of which, in the main core segments: €0.9bn towards Households & Other Individuals (+54% y/y); €1.2bn towards Small Businesses (+76%y/y); €2.4bn towards Mid Corporates (+122% y/y). ❑ ASSETS UNDER MANAGEMENT AND UNDER ADMINISTRATION: Underwritings in H1 2015 of €5.9bn of Mutual Funds&SICAV, €1.6bn of Bancassurance products, €0.9bn of Discretionary Accounts and €1.8bn of Certificates. ❑ CONSUMER CREDIT: New lending of Agos Ducato products increased by +22% vs. H1 2014. ❑ CARDS: The number of cards (both debit and credit) rose by roughly 100,000 in H1 2015, of which roughly 83,000 related to the new generation ATM cards (YouCards). ❑ ON-LINE BANKING: Number of YouWeb contracts registers an increase of more than 72,000 in the first half. ❑ CURRENT ACCOUNTS: The number of commercial current accounts (both retail and corporate) grew by more than 32,500, reaching 2.24 million.
Loans	❑ Annualised cost of credit risk at 85bps, at the very low end of the range of 80-100bps expected for FY 2015. ❑ Gross customer loans grow vs. year-end 2014: +€256m in H1 2015, which increases to +€1.3bn net of the decrease registered by the Leasing Division (in run-off) and by REPOs. ❑ Net flows to NPLs in sharp decline: €509m in H1 2015, -66.1% vs. H1 2014. ❑ Stock of Non-performing loans decreases vs. year-end 2014 both on a gross basis (-€311m) and on a net basis (-€141m). ❑ Coverage of NPLs strengthened further vs. the already good level reached at year-end 2014: 44.9%, +0.36p.p. vs. 31/12/2014 (including write-offs). ❑ *Downsizing* of the Leasing Division portfolio (ex Italease & Release): total gross customer loans down by €352m (-5.4%) and gross Non-performing loans down by €96m (-2.4%) in H1 2015.

Consolidated H1 2015 income statement: annual change

Reclassified income statement €/m	H1 2015	H1 2014	Chg.	Of which: PPA *H1 2015*	Of which: PPA *H1 2014*
Net interest income	789.1	768.4	2.7%		(0.9)
Income (loss) from investments in associates carried at equity	61.3	40.2	52.5%		
Net interest, dividend and similar income	**850.4**	**808.6**	**5.2%**	**-**	**(0.9)**
Net fee and commission income	771.1	716.3	7.7%		
Other net operating income	48.8	73.9	(33.9%)	(11.9)	(14.9)
Net financial result (excluding FVO)	143.3	194.1	(26.1%)		
Total income	**1,813.6**	**1,792.8**	**1.2%**	**(11.9)**	**(15.7)**
Personnel expenses	(682.6)	(672.3)	1.5%		
Other administrative expenses	(327.6)	(337.7)	(3.0%)		
Amortization and depreciation	(58.8)	(73.9)	(20.4%)	(1.8)	(1.8)
Operating costs	**(1,069.0)**	**(1,083.9)**	**(1.4%)**	**(1.8)**	**(1.8)**
Profit (loss) from operations	**744.6**	**709.0**	**5.0%**	**(13.7)**	**(17.6)**
Net adjustments on loans to customers	(375.3)	(620.0)	(39.5%)		
Net adjustments on receivables due from banks and other assets	(25.9)	(12.1)	113.9%		
Net provisions for risks and charges	(49.6)	8.8	n.s.		
Impairment of goodwill and equity investments	-	-			
Profit (loss) on the disposal of equity and other investments	(4.0)	1.2	(444.9%)		0.0
Income (loss) before tax from continuing operations	**289.8**	**86.8**	**n.s.**	**(13.7)**	**(17.6)**
Tax on income from continuing operations (excluding FVO)	3.2	(61.2)	n.s.	4.4	7.6
Income (loss) after tax from discontinued operations	(7.8)	1.0	n.s.		
Income (loss) attributable to minority interests	5.1	4.1	26.6%		
Net income (loss) for the period excluding FVO	**290.3**	**30.7**	**n.s.**	**(9.3)**	**(10.0)**
Fair Value Option result (FVO)	4.2	(37.1)	n.s.		
Tax on FVO result	(1.4)	12.4	n.s.		
Net income (loss) for the period	**293.1**	**6.0**	**n.s.**	**(9.3)**	**(10.0)**

From Q1 2015, following the merger of Banca Italease into the parent bank, the PPA refers only to the former BPI Group.

Includes extraordinary items shown in slide 7

Note: Starting from the current half year report, according to the IFRS 5, the subsidiary BP Luxembourg has been classified as a discontinued operation. As a consequence, the figures relating to the period prior to 30/06/2015 have been appropriately reclassified to retroactively reflect the transfer of the economic contribution of BP Luxembourg to the item 'Income (loss) after tax from discontinued operations'.

Consolidated H1 2015 income statement: quarterly change

Reclassified income statement €/m	Q2 2015	Q1 2015	Chg.	Of which: PPA Q2 2015	Of which: PPA Q1 2015
Net interest income	402.0	387.1	3.8%		
Income (loss) from investments in associates carried at equity	36.7	24.6	48.8%		
Net interest, dividend and similar income	**438.6**	**411.7**	**6.5%**	**-**	**-**
Net fee and commission income	350.2	420.9	(16.8%)		
Other net operating income	20.3	28.6	(29.0%)	(6.0)	(6.0)
Net financial result (excluding FVO)	50.3	93.0	(45.9%)		
Total income	**859.4**	**954.2**	**(9.9%)**	**(6.0)**	**(6.0)**
Personnel expenses	(342.2)	(340.4)	0.5%		
Other administrative expenses	(162.6)	(165.0)	(1.5%)		
Amortization and depreciation	(26.3)	(32.5)	(19.0%)	(0.9)	(0.9)
Operating costs	**(531.1)**	**(537.9)**	**(1.3%)**	**(0.9)**	**(0.9)**
Profit (loss) from operations	**328.4**	**416.3**	**(21.1%)**	**(6.9)**	**(6.9)**
Net adjustments on loans to customers	(193.9)	(181.4)	6.9%		
Net adjustments on receivables due from banks and other assets	(22.3)	(3.6)	523.6%		
Net provisions for risks and charges	(6.4)	(43.2)	(85.1%)		
Impairment of goodwill and equity investments	-	-	n.s.		
Profit (loss) on the disposal of equity and other investments	(4.0)	(0.1)	n.s.		
Income (loss) before tax from continuing operations	**101.8**	**188.0**	**n.s.**	**(6.9)**	**(6.9)**
Tax on income from continuing operations (excluding FVO)	(23.3)	26.5	(187.9%)	2.2	2.2
Income (loss) after tax from discontinued operations	(6.5)	(1.3)			
Income (loss) attributable to minority interests	1.2	3.9	(69.5%)		
Net income (loss) for the period excluding FVO	**73.1**	**217.2**	**(66.3%)**	**(4.6)**	**(4.7)**
Fair Value Option result (FVO)	16.8	(12.6)	n.s.		
Tax on FVO result	(5.5)	4.2	n.s.		
Net income (loss) for the period	**84.3**	**208.8**	**n.s.**	**(4.6)**	**(4.7)**

From Q1 2015, following the merger of Banca Italease into the parent bank, the PPA refers only to the former BPI Group.

Includes extraordinary items shown in slide 7

Note: Starting from the current half year report, according to the IFRS 5, the subsidiary BP Luxembourg has been classified as a discontinued operation. As a consequence, the figures relating to the period prior to 30/06/2015 have been appropriately reclassified to retroactively reflect the transfer of the economic contribution of BP Luxembourg to the item 'Income (loss) after tax from discontinued operations'.

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Consolidated H1 2015 income statement: breakdown

Reclassified income statement €/m	30/06/2015 Banco Popolare Group	Of which: *Leasing Division*
Net interest income	789.1	*18.2*
Income (loss) from investments in associates carried at equity	61.3	*-*
Net interest, dividend and similar income	**850.4**	***18.2***
Net fee and commission income	771.1	*(0.3)*
Other net operating income	48.8	*9.8*
Net financial result (excluding FVO)	143.3	*0.0*
Total income	**1,813.6**	***27.7***
Personnel expenses	(682.6)	*(5.9)*
Other administrative expenses	(327.6)	*(22.4)*
Amortization and depreciation	(58.8)	*(6.9)*
Operating costs	**(1,069.0)**	***(35.2)***
Profit (loss) from operations	**744.6**	***(7.5)***
Net adjustments on loans to customers	(375.3)	*(72.6)*
Net adjustments on receivables due from banks and other assets	(25.9)	*-*
Net provisions for risks and charges	(49.6)	*(1.1)*
Impairment of goodwill and equity investments	-	*(0.0)*
Profit (loss) on the disposal of equity and other investments	(4.0)	*(4.3)*
Income (loss) before tax from continuing operations	**289.8**	***(85.6)***
Tax on income from continuing operations (excluding FVO)	3.2	*24.6*
Income (loss) after tax from discontinued operations	(7.8)	*-*
Income (loss) attributable to minority interests	5.1	*5.4*
Net income (loss) for the period excluding FVO	**290.3**	***(55.6)***

Aggregate of Release and ex-Banca Italease (management accounting data)

Extraordinary P&L items in H1 2015

€/m

ELEMENTS FOR THE NORMALISATION

	Q2 gross	Q2 net	Q1 gross	Q1 net	P&L Items
- WRITE-DOWN ON PROPERTY AND EQUIPMENT (REAL ESTATE ASSETS)	0.0	0.0	(3.8)	(2.2)	Amortization and Depreciation
- INCENTIVISED EXITS	(11.6)	(8.4)	0.0	0.0	Personnel expenses
- BANCA ITALEASE TAX ASSETS *	0.0	0.0	85.1	85.1	Tax on income from continuing operations
- LEGAL DISPUTES	0.0	0.0	(17.7)	(12.2)	Net provisions for risks and charges
- DISCONTINUED OPERATIONS	(6.5)	(6.5)	0.0	0.0	Income (loss) after tax from discontinued operations
- FAIR VALUE OPTION	16.8	11.2	(12.6)	(8.4)	FVO result
TOTAL	**(1.4)**	**(3.7)**	**51.0**	**62.2**	

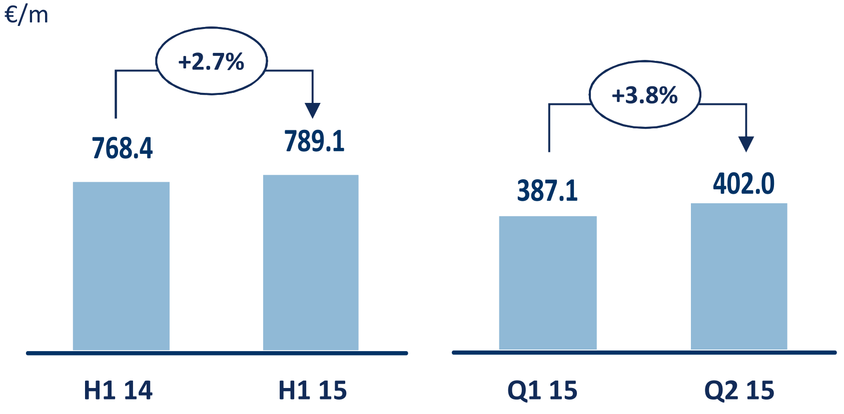
It is also noted that in Q1 2015 the item 'net provisions for risks and charges' includes €23m (expected amount concerning the full year 2015) pertaining to the Single Resolution Fund, which came into effect starting from 2015.**

* Tax assets of Banca Italease related to the tax losses carried forward, recoverable without any time limit.

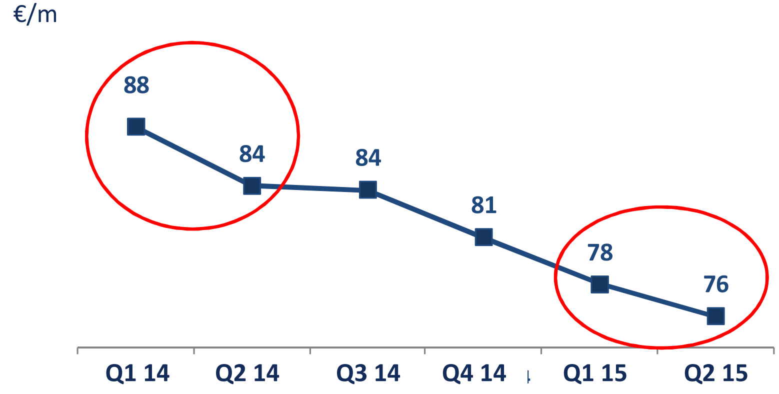
** The estimate does not consider adjustments due to the potential change in the risk profile of the Group and assumes that 70% of the annual contribution, equal to €32.9m, is paid in cash (the residual 30% is treated as a payment commitment and, hence, has not entailed any charge in the P&L).

Net interest income

Evolution of Net interest income

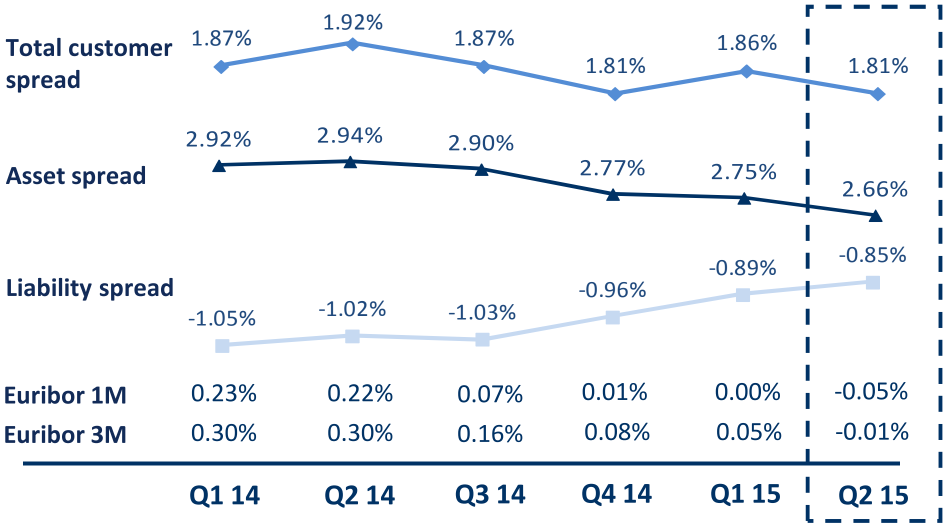


Evolution of institutional funding cost



Customer spread evolution*

(commercial network)



- The net interest income increased both on an annual basis **(+2.7%)** and on a quarterly basis **(+3.8%)**, mainly driven by the reduction of institutional and retail funding costs, which reflects a stronger focus on less expensive forms of customers funds.
- The decrease of 5bp q/q in the total customer spread is due to the reduction of 9bp in the asset spread, which was negatively impacted by renegotiations of some major exposures. The liability spread, instead, continues to recover, registering a further improvement of 4bp in the quarter.

** 2014 quarterly data have been adjusted to take into account the change in the perimeter for the calculation of the commercial network spreads, which took place in Q1 2015 , following the inclusion of some institutional clients and of the direct customer deposits related to the mutual funds for which Banco Popolare is the custodian bank (mainly Gestielle funds).

Net commission income

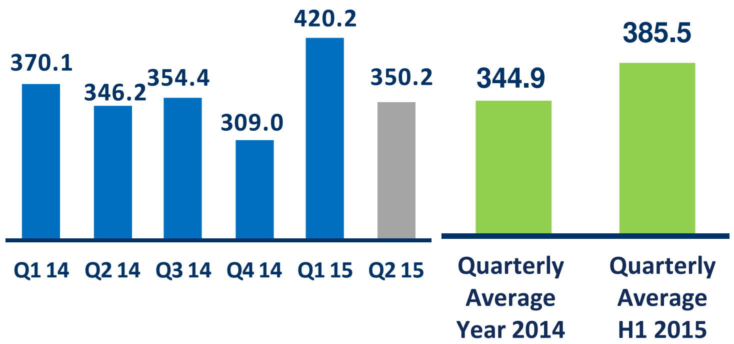
Analysis of Net commissions

€/m

	H1 2015	H1 2014	% chg.
Mgmt. brokerage and advisory services	414.9	361.7	14.7%
Management of c/a and customer relations	245.1	259.4	-5.5%
Payment and collection services	60.2	61.9	-2.8%
Guarantees given	25.6	8.3	207.2%
Other services	25.9	24.9	3.8%
Total	**771.6**	**716.3**	**7.7%**

Quarterly evolution

€/m



Composition of *'Management, brokerage and advisory services'*

€/m

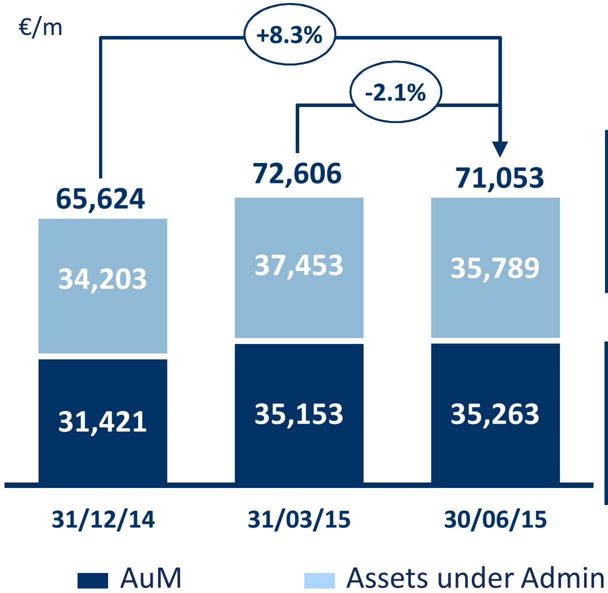
	H1 2015	H1 2014	% chg.
Placement of savings products:	329.0	278.9	18.0%
- Securities sale and distribution	*1.6*	*0.6*	*183.2%*
- Asset management	*257.3*	*180.7*	*42.4%*
- Bancassurance	*70.1*	*97.7*	*-28.2%*
Consumer credit	18.2	15.6	16.1%
Credit cards	14.6	16.0	-8.7%
Custodian banking services	8.4	6.4	31.2%
FX & trading activities of branch custome	32.4	37.2	-12.9%
Other	12.3	7.5	63.5%
Total	**414.9**	**361.7**	**14.7%**

In H1 2015, net commissions increased by **7.7% y/y**, benefiting from:

- a strong performance registered in the commercial network, following the growing demand of customers for investment products, in particular in relation to Assets under Management **(+42.4% y/y)**;
- as well as from a higher contribution from other fee income sources, in particular consumer credit, guarantees given, custodian banking services and other.

Indirect customer funding

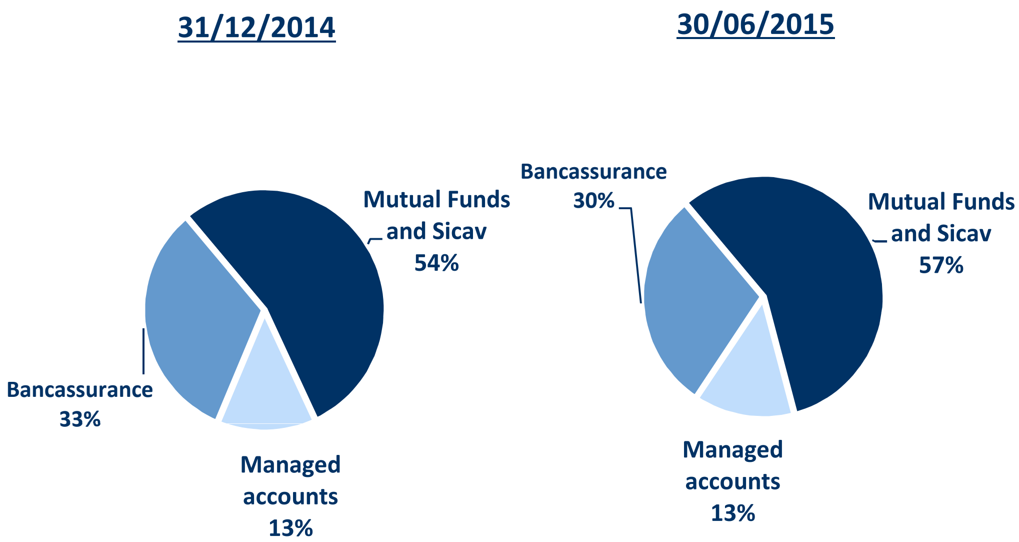
Total Indirect Funding* (stock)



% chg. 3M	% chg. 6M
-4.4%	+4.6

% chg. 3M	% chg. 6M
+0.3%	+12.2%

Breakdown of Assets under Management (stock)



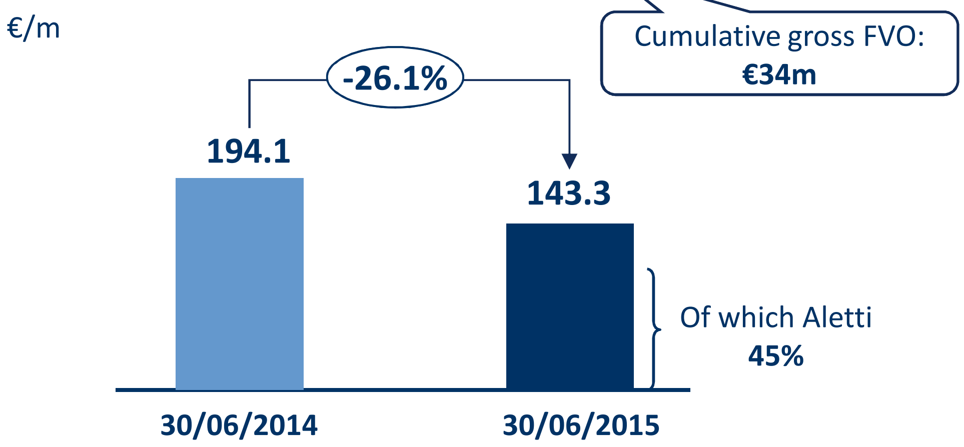
- Total indirect customer funding increased by **8.3% YTD**, driven by the AUM segment **(+12.2% YTD** on a homogenous basis*), thanks to the 'Mutual Funds and Sicav' component which grew by **+17.5% YTD**, strengthening the positive trend started last year.
- The decrease of 2.1% q/q is due to the reduction in the fair value of Assets under Administration, which have been temporarily impacted by the particularly negative performance registered in the month of June.

* In Q1 2015, a managed account (about €2.5bn) belonging to Eurovita was wound down, with the underlying securities reclassified in the 'Assets under Administration' segment. In order to have a homogenous comparison, the same reclassification was applied to the figures as at 31/12/2014.

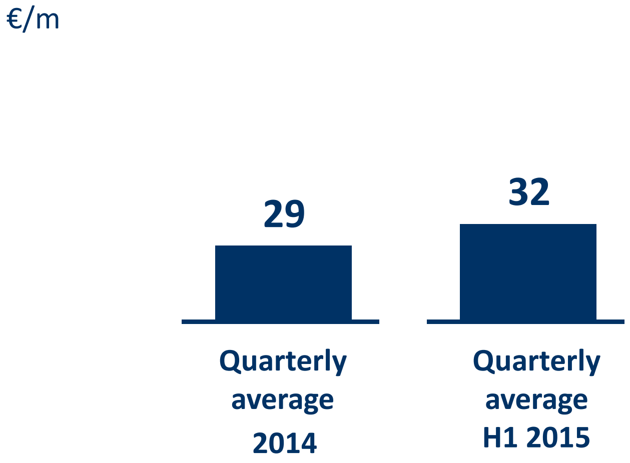
Note: The indirect customer funding figures exclude the contribution of the subsidiary BP Luxembourg, as, starting from 30/06/2015, it has been classified among discontinued operations.

Net financial result (NFR)

NFR excluding FVO



Contribution of Banca Aletti to NFR



The NFR decreased by 26.1% y/y, due to:

- Lower capital gains related to the trading activity, which was impacted by the negative trend of financial markets in Q2, in particular in June in conjunction with the worsening of the Greek crisis.

- Lower structuring activity of products of Banca Aletti (with a quarterly contribution to the NFR, that has, however, remained in line with that of 2014), following a higher focus of the commercial network on AuM products.

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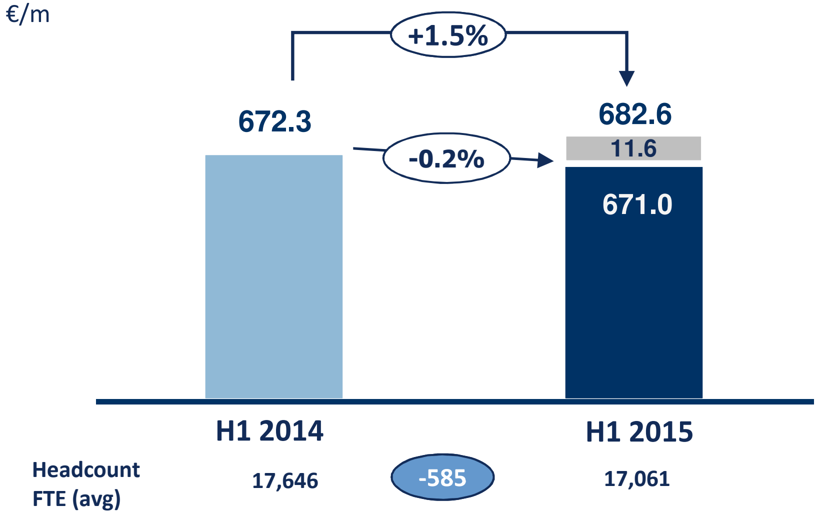
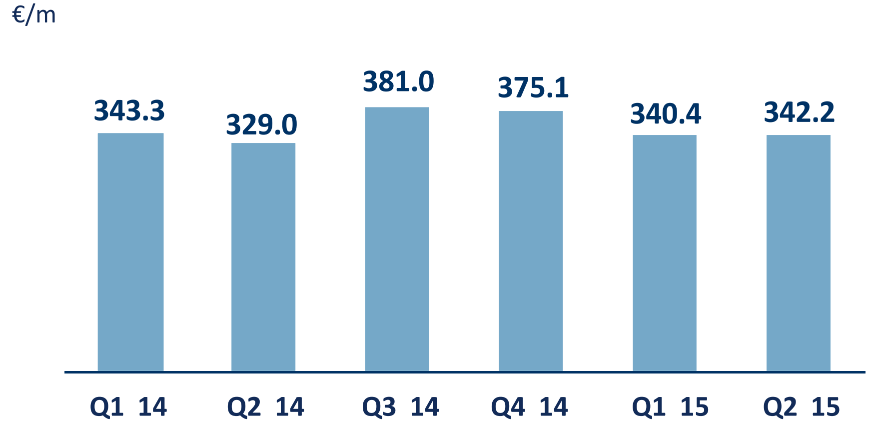
Operating costs: personnel expenses

Personnel expenses

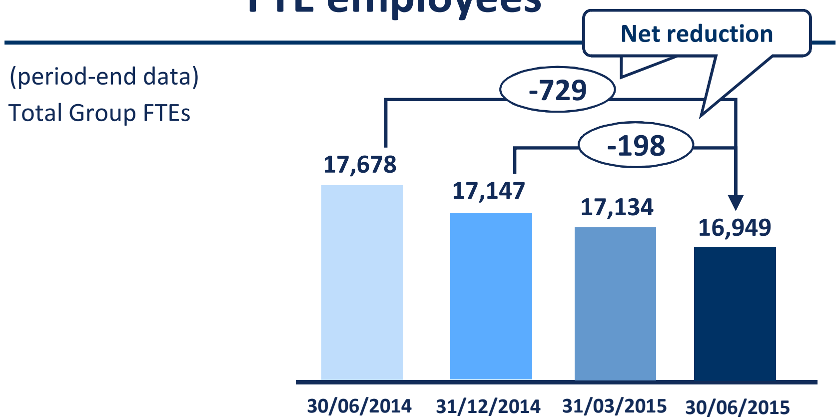


Excluding BP Luxembourg

Quarterly average



FTE employees

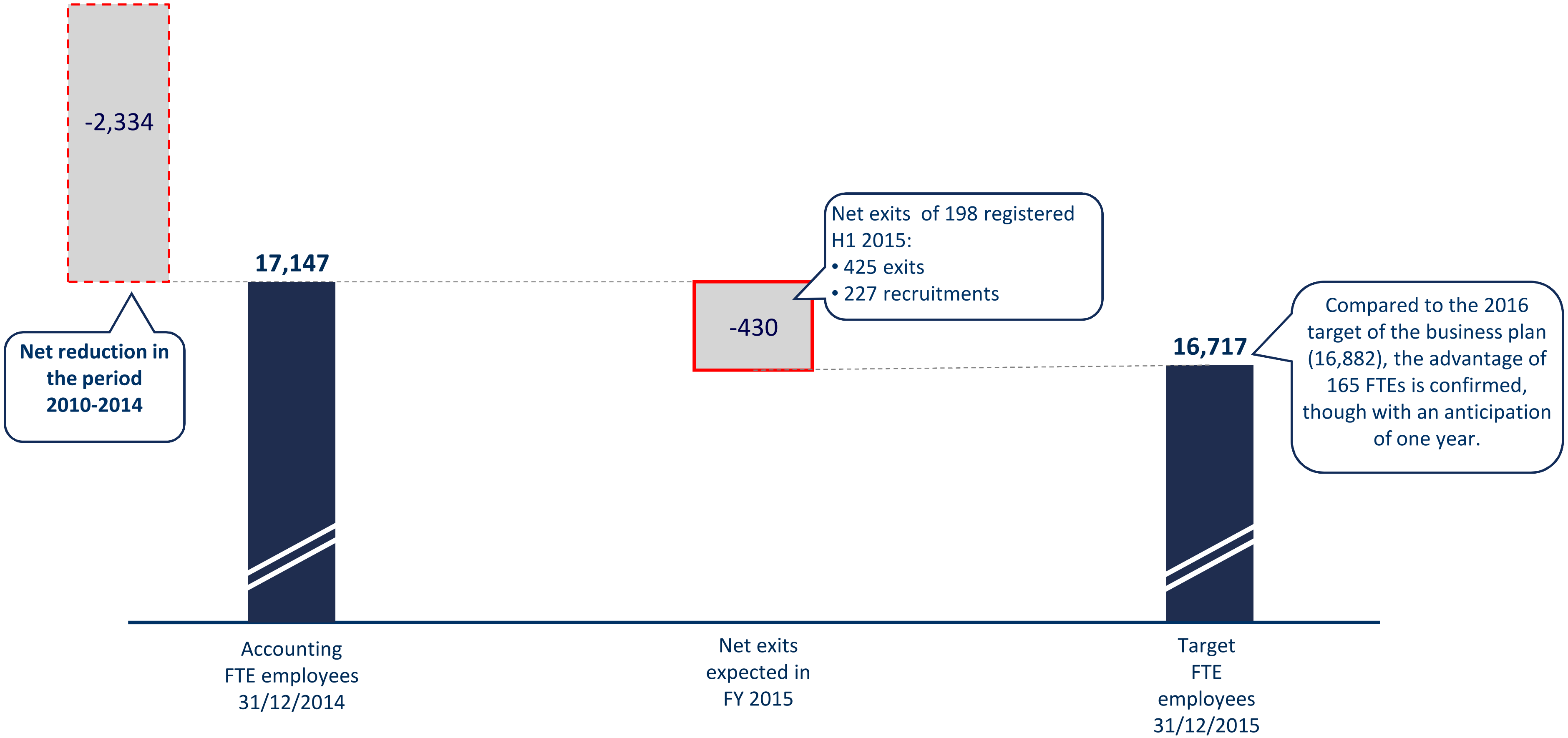


FTE: Full Time Equivalent
Excluding BP Luxembourg

- In H1 2015, extraordinary costs equal to €11.6m related to incentivised exits involving an additional 70 resources were registered. Excluding these non-recurring costs, the personnel expenses came in at €671.0m, registering a slight decrease on an annual basis (-0.2%), in spite of the latest contractual increase (effective from June 2014) agreed in the previous national labour contract (CCNL).
- The average headcount decreased by 585 resources (FTE) on an annual basis.
- The period-end headcount saw a significant decrease, both on an annual basis (-729 resources) and in the six months (-198 resources), in line with the expected downward trend.
- A further headcount reduction is expected in the next two quarters, in line with the targets for incentivised exits and for the Solidarity Fund.

Expected headcount evolution in 2015

FTEs (including temporary workers)



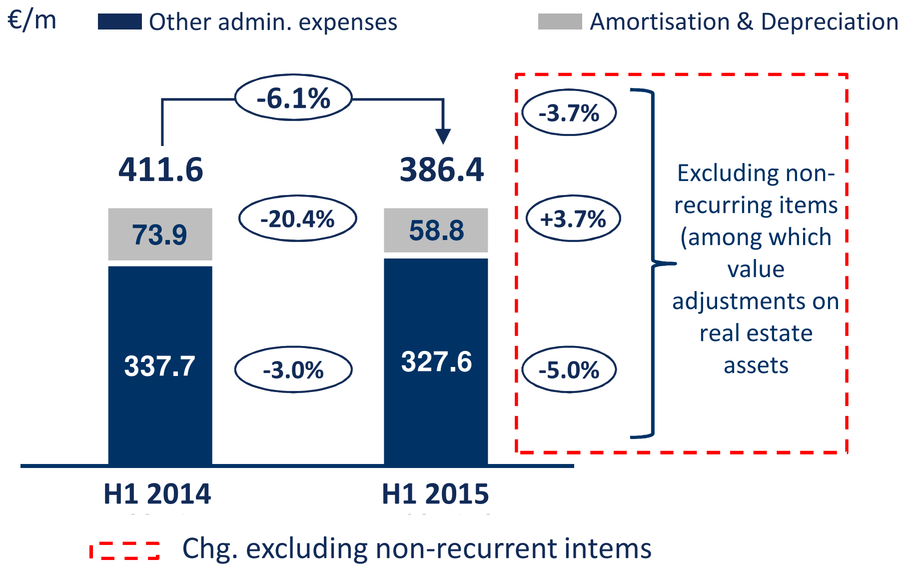
The headcount reduction is ahead of the Business Plan target.

The figures exclude BP Luxembourg

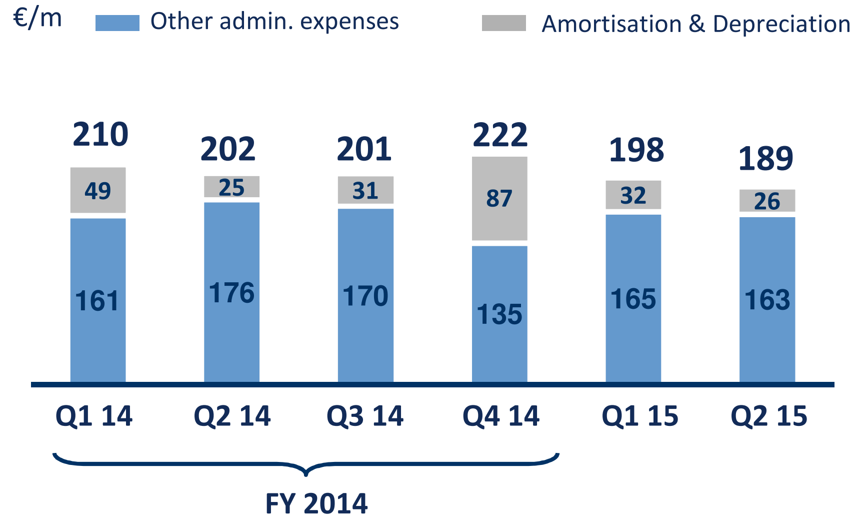
Banco Popolare Group

Operating costs: non-personnel expenses

Total non-personnel expenses



Quarterly trend



- Total non-personnel expenses decreased by 6.1% y/y. Excluding non-recurrent items registered in H1 2014, the reduction is equal to **-3.7% y/y**.
- In particular, other administrative expenses decreased by 3.0% y/y. Excluding extraordinary savings, equal to €7m registered in H1 2014, the reduction is equal to **-5.0%**, reflecting continuous cost containment actions.
- Amortisation & Depreciation was down by 20.4% y/y, but excluding €17m of non-recurrent adjustments on real estate assets, they increased by **3.7% y/y**, due to higher IT investments.

Agenda

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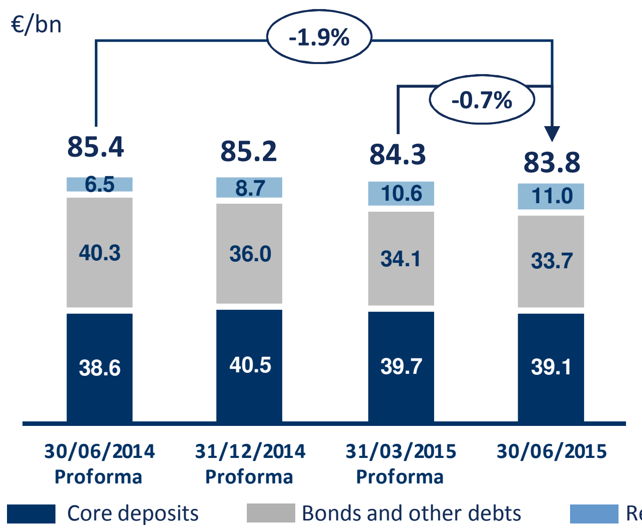
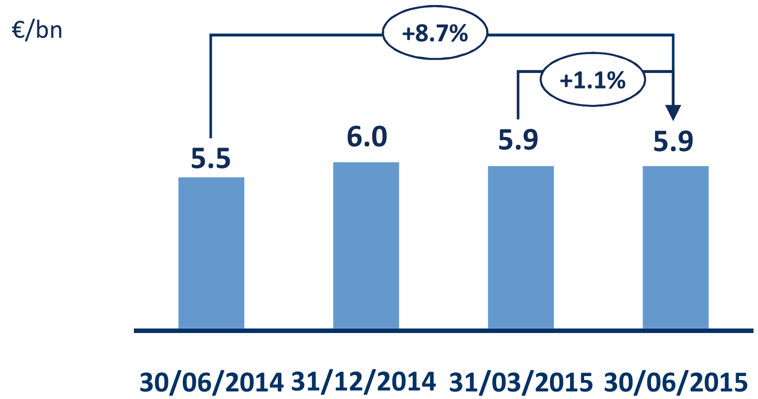
Direct customer funds: trends and breakdown

Total direct customer funds*



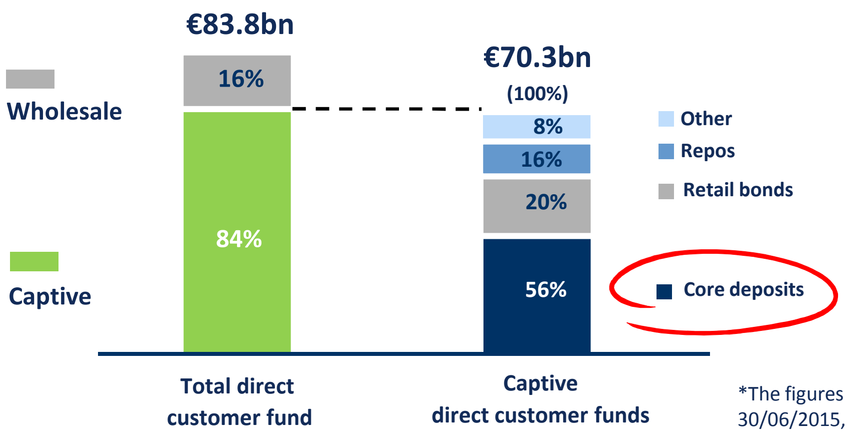
% chg. 3M	*% chg 6M*
+3.5%	+68.7%
-1.0%	-16.4%
-1.5%	+1.3%

Of which: 'corporate'



- The reduction of 1.9% y/y in <u>total direct customer funds</u> was mainly due to the decrease in bond-related funding, partially offset by an increase in repos and core deposits. Such reduction is further mitigated by the increase (+€1.9bn y/y) in the stock of '*Certifcates*'**.
- <u>The progressive decrease in bond-related funding</u>, which is also registered on a quarterly basis (-1.0%), can be attributed to actions aimed at reducing the total cost of funding, through the partial replacement (still underway) with other less expensive forms of customer funds and through the call of bonds, as well as a higher focus of customers on other investment products (AuM).
- The quarterly reduction of 1.5% registered in Q2 15 in the <u>core deposits</u> was mainly due to the decrease in time deposits.
- <u>The weight of wholesale funding</u> is equal to 16%, in line with year-end 2014.

Direct customer funds: breakdown as at 30/06/2015



*The figures of the previous periods have been adjusted excluding BP Luxembourg, considering that starting from 30/06/2015, this subsidiary has been reclassified in the discontinued operations. In addition, the composition of the total direct customer funds in 2014 have been adjusted to take into account the change in the perimeter of the commercial network and the merger of Italease.

**The corresponding Balance Sheet item for *Certificates* is "Financial liabilities held for trading", which is, hence, included in Assets under Custody.

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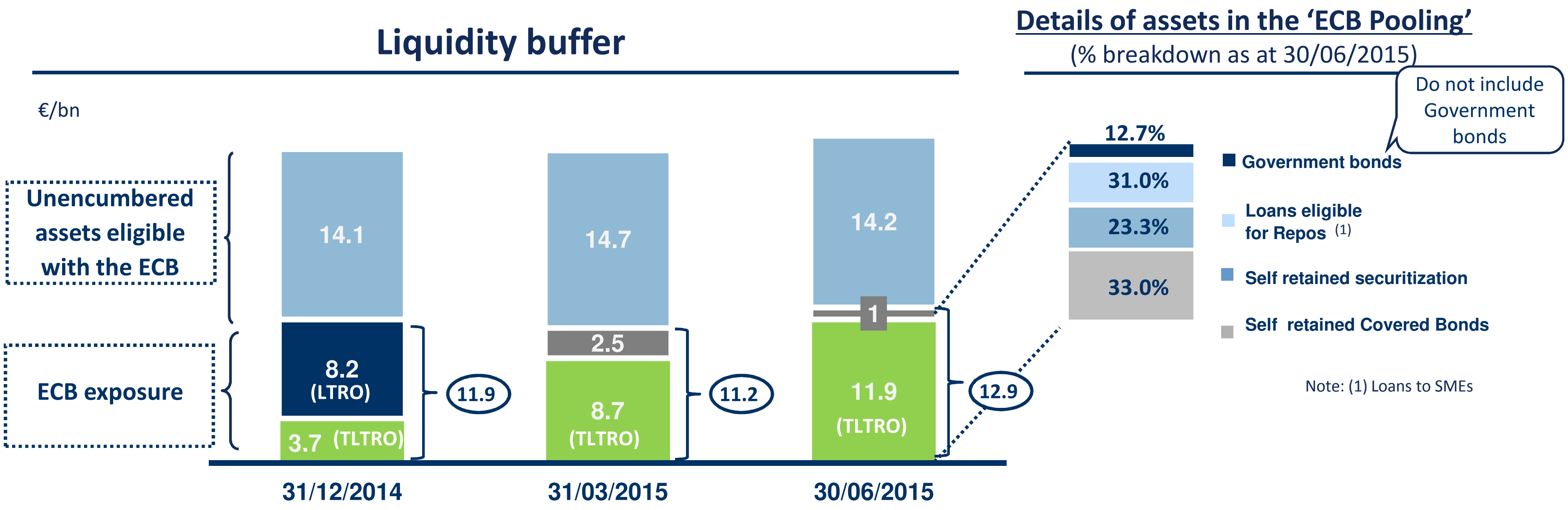
Group liquidity: strong position

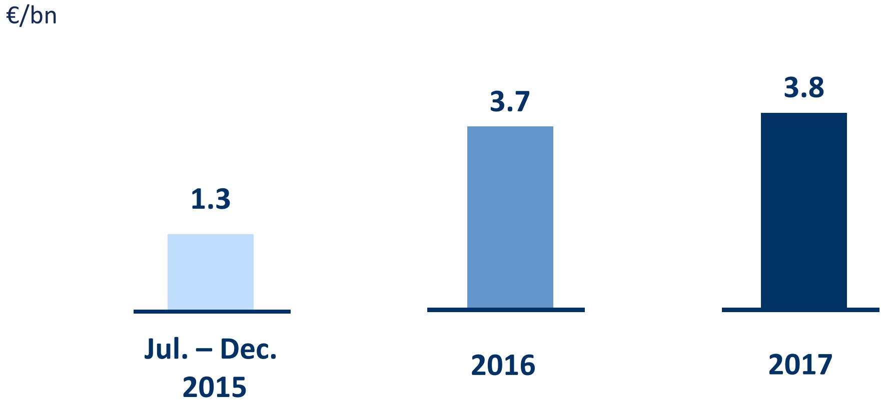


- The ECB exposure is equal to **€12.9bn**, registering an increase of €1.7bn vs. 31/03/2015, following additional TLTRO drawings of €3.2bn (with the total amount increasing to €11.9bn) and a reduction of €1.5bn in short-term funding.
- The amount of further unencumbered assets eligible with the ECB remains above **€14mld,** largely consisting of a portfolio of unencumbered Italian Government bonds.
- Basel 3 liquidity ratios: LCR well above 100% (fully phased target); NSFR ~95%, calculated according to the most updated rules of the Quantitative Impact Study*.

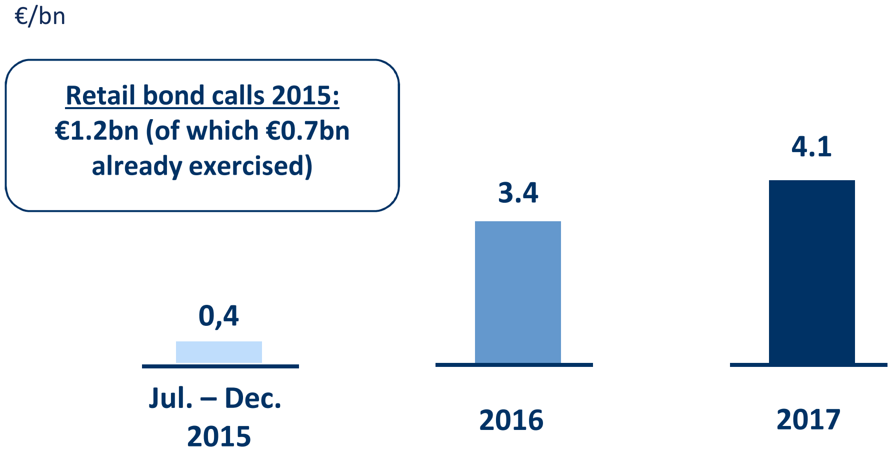
* Data not yet mandatory as the final rules shall be defined by year-end 2015.

Maturity profile and funding coverage

Wholesale bond maturities



Retail bond maturities



Institutional market:

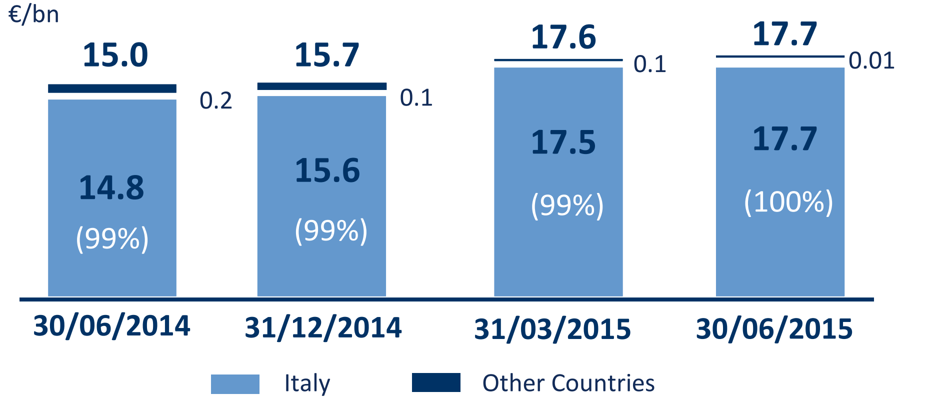
- Successfully placed two bonds:
  - In February 2015, a 7-year covered bond of **€1bn**, priced at the mid-swap rate +28bp (*oversubsribed* 2.5 times the initial amount).
  - In July 2015, a 5-year senior bond of **€1bn**, priced at the mid-swap rate +240bp (*oversubsribed* 4.5 times the initial amount).
- In addition, further bonds are set to be issued on the wholesale market by year-end 2015.

Retail market:

- The bond maturities in H2 2015 amount to just €0.4bn.
- Moreover, in July 2015, a 7-year subordinated T2 bond of €500m was placed on the domestic retail network.

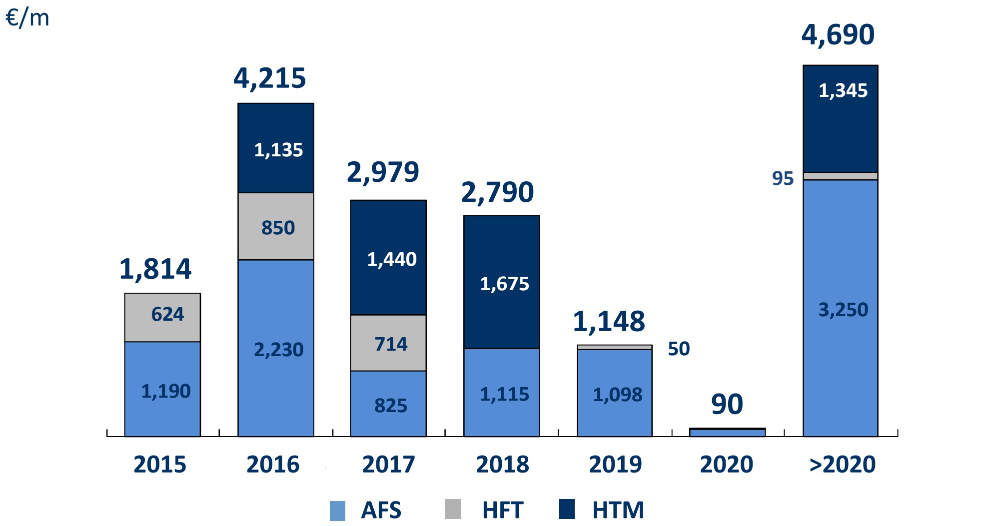
Treasury securities portfolio: evolution

Total Government bond portfolio, with details on Italian bonds (nominal amounts)

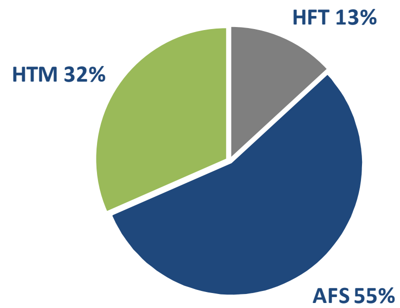


- The Government portfolio, which is represented almost entirely by Italian bonds, is equal to €17.7bn, with an average maturity of 3.9 years.
- On 31/07/2015, the AFS reserve on Goverment bonds was equal to €161m pre-tax (vs. -€14m as at 30/06/2015), while the unrealized gains on Government bonds in HTM amounted to €271m pre-tax (vs. €201m as at 30/06/2015).

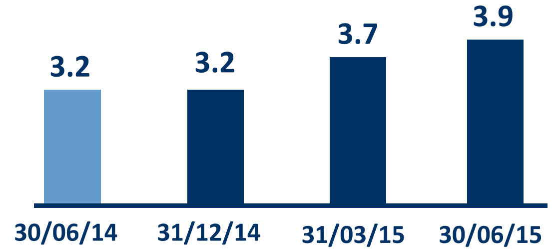
Focus on Italian Government bonds: maturities profile and accounting classification



Italian Government bonds: Accounting classification as at 30/06/2015



Average maturity (Italy; in years)

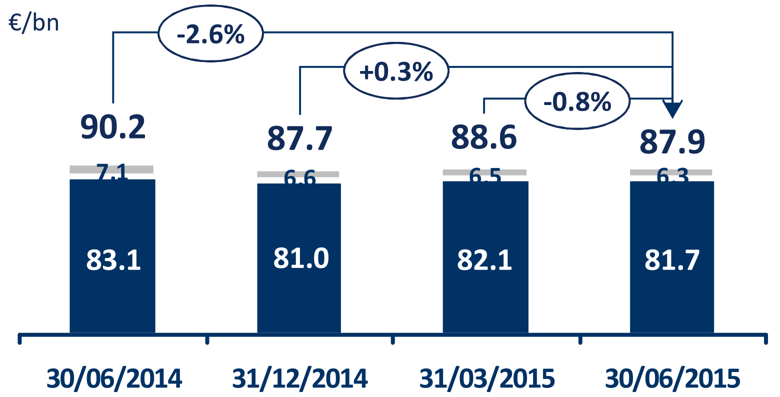


BANCO POPOLARE

Agenda

Customer loans: evolution and segmentation

Gross customer loans



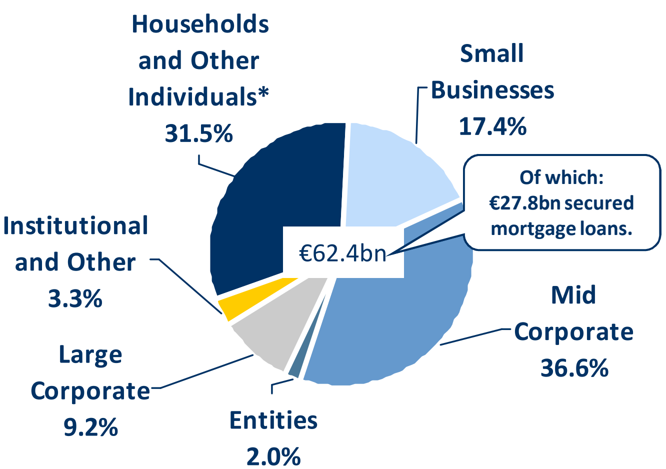
of which: Leasing Division (ex Italease + Release) net of intercompany transactions

- Gross customer loans, while decreasing by 2.6% y/y, confirm a growth vs. year-end 2014, with a progression of +€256m in H1 2015 (+0.3%).
- Excluding from the trend of loans the non-core elements such as the run-off of the Leasing Division and the reduction of REPOs:
  - the 6-month growth increases to +€1.3bn (+1.8%);
  - the Q2 decrease is substantially zeroed (-0.02%);
  - the annual contraction is reduced to -1.4%.
- New M/L-Term lending flows in the first six months of 2015 were particularly good (€4.9bn in total), registering a significant increase vs. H1 2014 (+97%), in particular, in the main *core* segments:
  - €0.9bn towards Households & Other Individuals: +54% y/y;
  - €1.2bn towards Small Businesses: +76% y/y;
  - €2.4bn towards Mid Corporates: +122% y/y.

Performing customer loans: customer breakdown

(Management data: exclude Bad loans. Leasing Division perimeter, REPO transactions and other minor accounting elements)

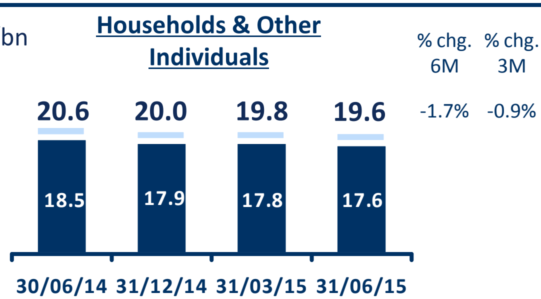
Breakdown as at 30/06/2015

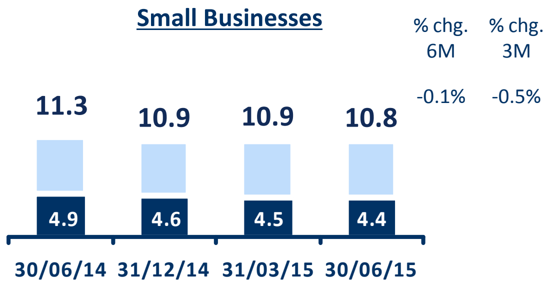


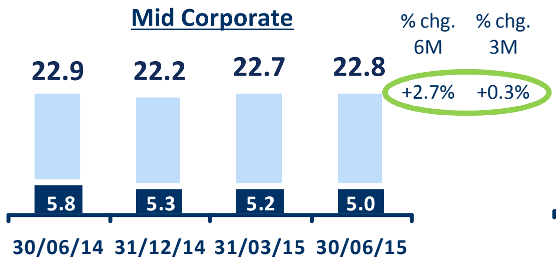
Note: (*) The segment "Households & Other Individuals" includes also businesses and professionals with a turnover <€100K).

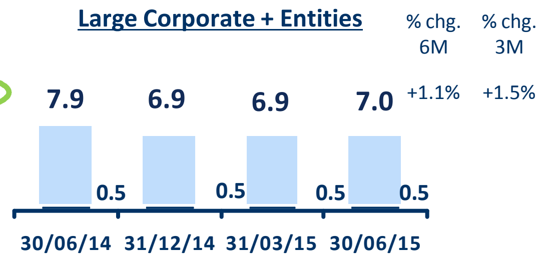
CORE SEGMENTS

€/bn









of which: Secured mortgage loans

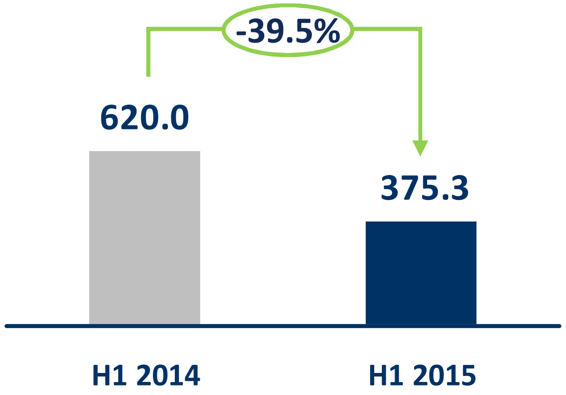
The 2014 quarterly data have been restated taking into account a refining of the internal data base of customers.

Banco Popolare Group

Cost of credit risk

Loan Loss Provisions: annual trend

€/m

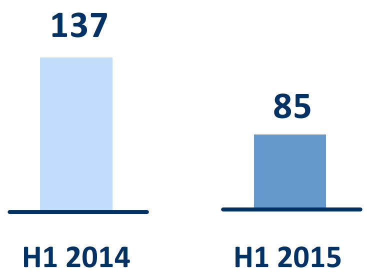


	H1 2014	H1 2015
Gross loans (period-end data)	90,220	**87,917**

Cost of Credit Risk

(on gross customer loans, period-end data)

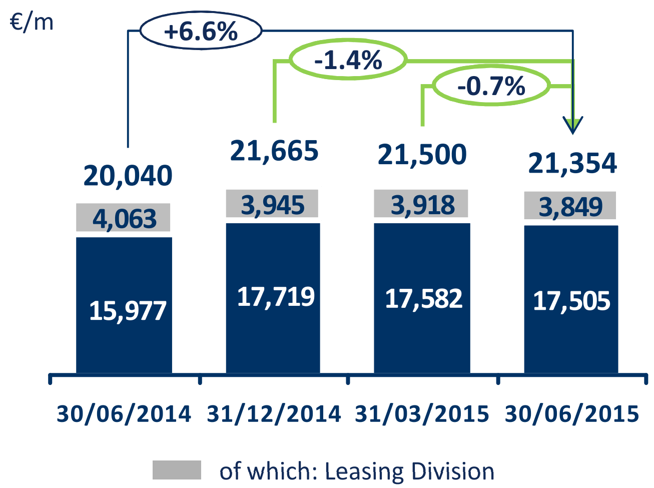
In basis points - annualised



- Loan Loss Provisions, equal to €375.3m in H1 2015, register a strong decrease vs. the same period of 2014 (-39.5%), thanks to a material fall in the flows of new Non-performing loans vs. H1 2014, having at the same time substantially confirmed the higher level of coverage reached at year-end 2014.
- The annualised cost of credit risk of the period (85bps) stands at the very low end of the range of 80-100bps expected for FY 2015.

Group NPLs: evolution

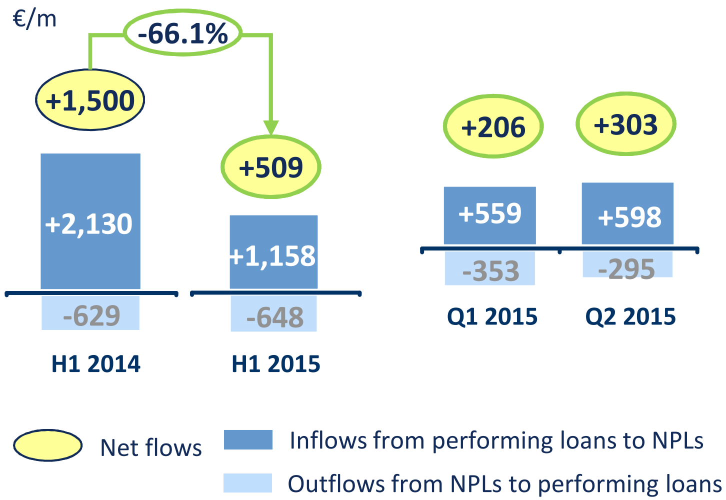
Stock of gross NPLs



GROSS EXPOSURES	30/06/14	31/12/14	31/03/15	30/06/15	% chg. 12M	% chg. 6M	% chg. 3M
Bad loans	9,547	10,527	10,751	**10,723**	+12.3%	+1.9%	-0.3%
Unlikely to pay loans	9,780	10,723	10,360	**10,231**	+4.6%	-4.6%	-1.2%
Past Due loans	712	415	388	**400**	-43.9%	-3.7%	+2.9%
TOTAL NPLs	**20,040**	**21,665**	**21,500**	**21,354**	**+6.6%**	**-1.4%**	**-0.7%**

NET EXPOSURES	30/06/14	31/12/14	31/03/15	30/06/15	% chg. 12M	% chg. 6M	% chg. 3M
Bad loans	5,996	6,000	6,185	**6,277**	+4.7%	+4.6%	+1.5%
Unlikely to pay loans	8,037	7,906	7,611	**7,494**	-6.8%	-5.2%	-1.5%
Past Due loans	662	344	326	**338**	-48.9%	-1.7%	+3.9%
TOTAL NPLs	**14,695**	**14,250**	**14,122**	**14,109**	**-4.0%**	**-1.0%**	**-0.1%**

Net flows to NPLs



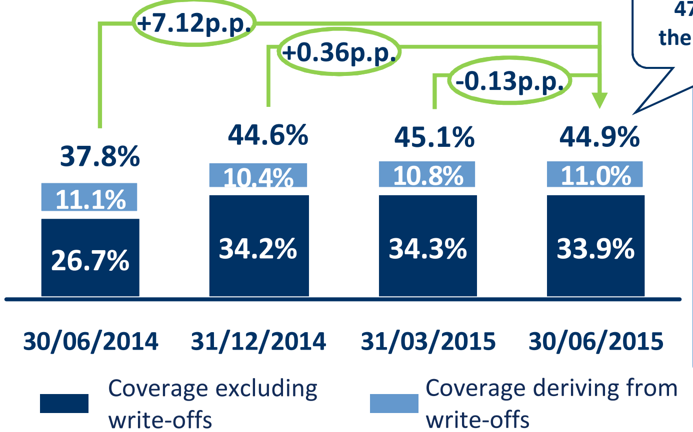
- Gross NPLs grow by 6.6% y/y, but, thanks to a sharp drop of the net flows from performing loans in the first six months of 2015 (-66.1% vs. H1 2014) and to the sale of €205m of unsecured Bad loans finalised in Q2 2015, decrease by €311m (-1.4%) in H1 2015 (of which -0.7% in Q2).
- The increase in coverage levels vs. 30/06/2014 and the decline in the gross stock vs. year-end 2014 drive the decrease of net NPLs, both on an annual basis (-€586m, -4.0%) and in the first half (-€141m, -1.0%).
- The growth of gross Bad loans continues to be lower than that registered by the Italian banking system, which, on the basis of the data as at end of May 2015 provided by Bank of Italy, was equal to +14.9% y/y and +5.5% in the first 5 months of the year (Source: Bank of Italy, Supplements to the Statistical Bulletin, July 2015).

Coverage of Group NPLs

Excludes both real and personal guarantees

Evolution of the coverage of Group NPLs

Coverage of NPLs (including write-offs)



47.0% excluding the Leasing Divison

	30/06/2014		31/12/2014		31/03/2015		30/06/2015	
	Excl. write -offs	**Incl. write -offs**	Excl. write -offs	**Incl. write -offs**	Excl. write -offs	**Incl. write -offs**	Excl. write -offs	**Incl. write -offs**
Bad loans	37.2%	54.4%	43.0%	**58.8%**	42.5%	**58.7%**	41.5%	**58.1%**
- Incl. real guarantees	*92.8%*	*94.8%*	*96.1%*	***97.2%***	*96.5%*	***97.5%***	*97.2%*	***98.0%***
Unlikely to pay loans	17.8%		26.3%		**26.5%**		**26.8%**	
- Incl. real guarantees	*78.6%*		*84.8%*		*85.6%*		*85.8%*	
Past Due loans	7.1%		17.0%		16.2%		15.3%	

>115% at *Fair Value*

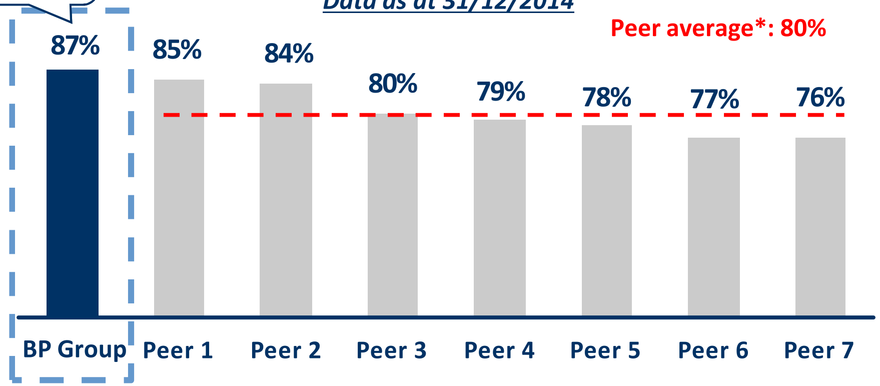
N.B.: The value of the real guarantees considered for the coverage ratios reported in this table is capped at the residual exposure outstanding with borrowers; conversely, the data of real guarantees at Fair Value consider the full fair value of the total underlying real guarantees.

- The coverage of NPLs has seen a further strengthening vs. the good levels reached at year-end 2014: 44.9%, +0.36p.p.
- The light decrease of the coverage of NPLs vs. March 2015 is substantially due to the sale of €205m of unsecured Bad loans finalised in Q2 2015.
- The coverage including real guarantees continues to grow, standing at 98.0% for Bad loans and 85.8% for Unlikely to pay loans, thanks to the high share of loans assisted by such guarantees (equal to 76.9% and to 74.4%, respectively).
- The coverage levels of our Group should also be read in light of the high share of loans assisted by guarantees on total net NPLs, in comparison with the main Italian players (data as at 31/12/2014).

Share of loans assisted by guarantees on total net NPLs

85% as at 31/12/2013

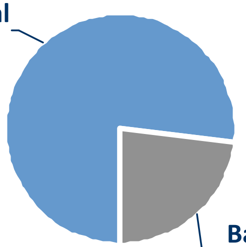
Data as at 31/12/2014



(*) Peers include ISP, UCG, MPS, UBI, BPER, BPM and Carige.
Source: FY 2014 Annual Reports. Data not available in the interim reports. Arithmetic mean.

Focus on coverage and guarantees of Bad & Unlikely to pay loans

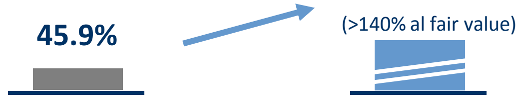
Share of gross Bad loans assisted by real guarantees



Analysis of the coverage of 58.1% for Bad loans as at 30/06/15

N.B. Bad loan coverage including write-offs.

Bad loans assisted by real guarantees



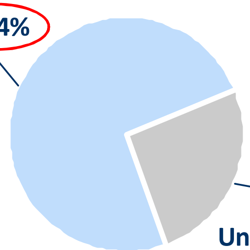
Bad loans not assisted by real guarantees

High quality guarantees: 94% of real guarantees are represented by real estate assets, of which >40% residential and >70% located in the north of Italy. The remaining 6% is represented by pledges on securities and on cash*.

Note: (*) Banco excluding Leasing Division

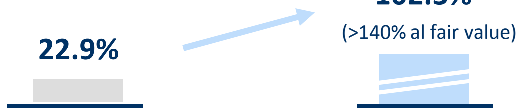
Highly fragmented risk: Average ticket size of €98K.

Share of gross Unlikely to pay loans assisted by real guarantees



Analysis of the coverage of 26.8% for Unlikely to pay loans as at 30/06/15

Unlikely to pay loans assisted by real guarantees



High quality guarantees: 94% of real guarantees are represented by real estate assets, of which ~33% residential and ~70% located in the north of Italy. The remaining 6% is represented by pledges on securities and on cash*.

Note: (*) Banco excluding Leasing Division

Unlikely to pay loans not assisted by real guarantees

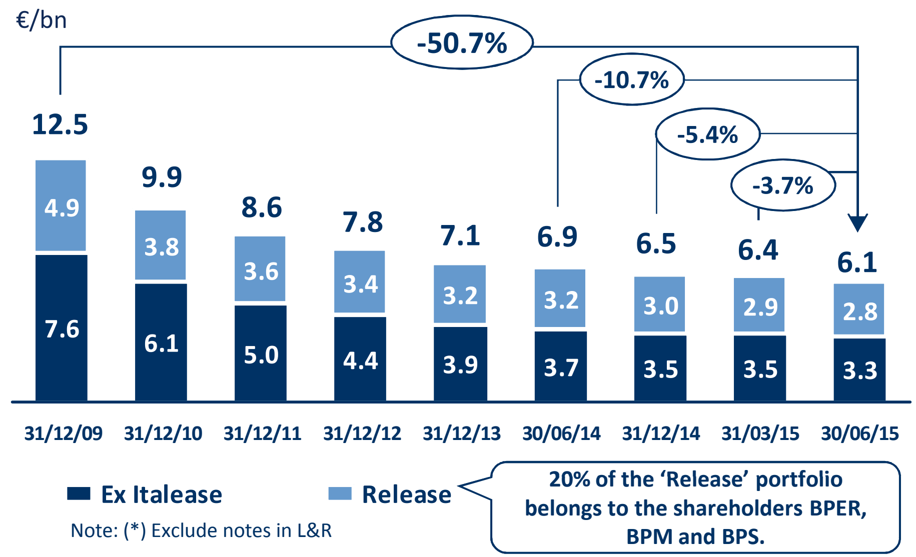
Increases to 66.4% including personal guarantees.

Highly fragmented risk: Average ticket size of €82K.

BANCO POPOLARE

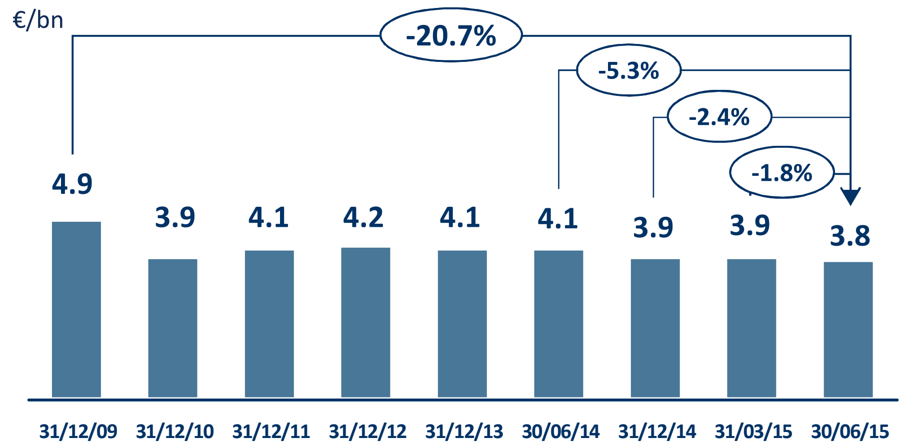
Leasing Division: further progress in the downsizing

Evolution of total gross customer loans*

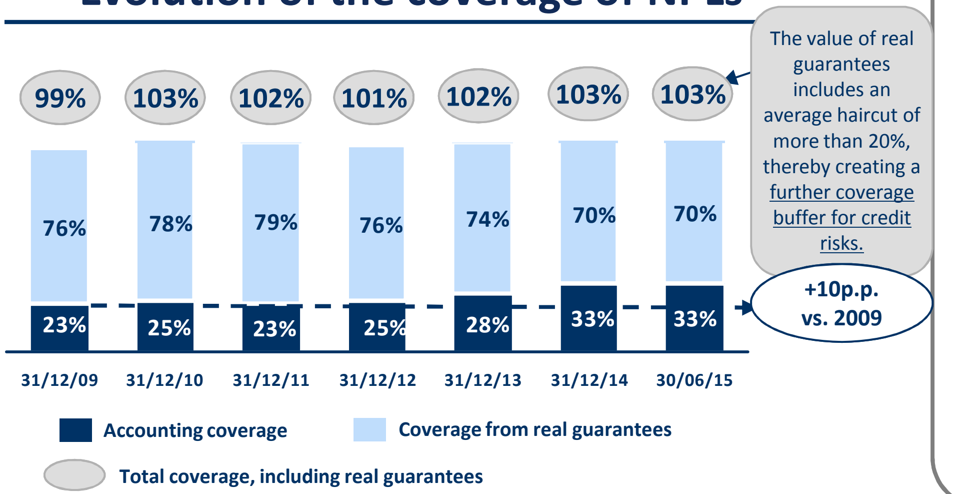


Note: (*) Exclude notes in L&R

Evolution of gross NPLs



Evolution of the coverage of NPLs



- The downsizing of the portfolio of the Leasing Division progresses, with a further decrease of €352m in H1 2015 (-5.4%), after a drop of roughly €6bn registered in the period 2009-2014.
- Gross NPLs at €3.8bn (-2.4% in H1 2015 and -1.8% in Q2 2015), the lowest level reached since 2009.
- Accounting coverage (excluding real guarantees) confirmed at the level reached at year-end 2014 (33%, +10p.p. vs. year-end 2009).
- The total coverage, including collateral, stands at a level above 100% (103%, +4p.p. vs. 2009), in spite of the incorporation of an average haircut of more than 20% for underlying collateral values, which represents an additional coverage buffer for outstanding risks.

BANCO POPOLARE

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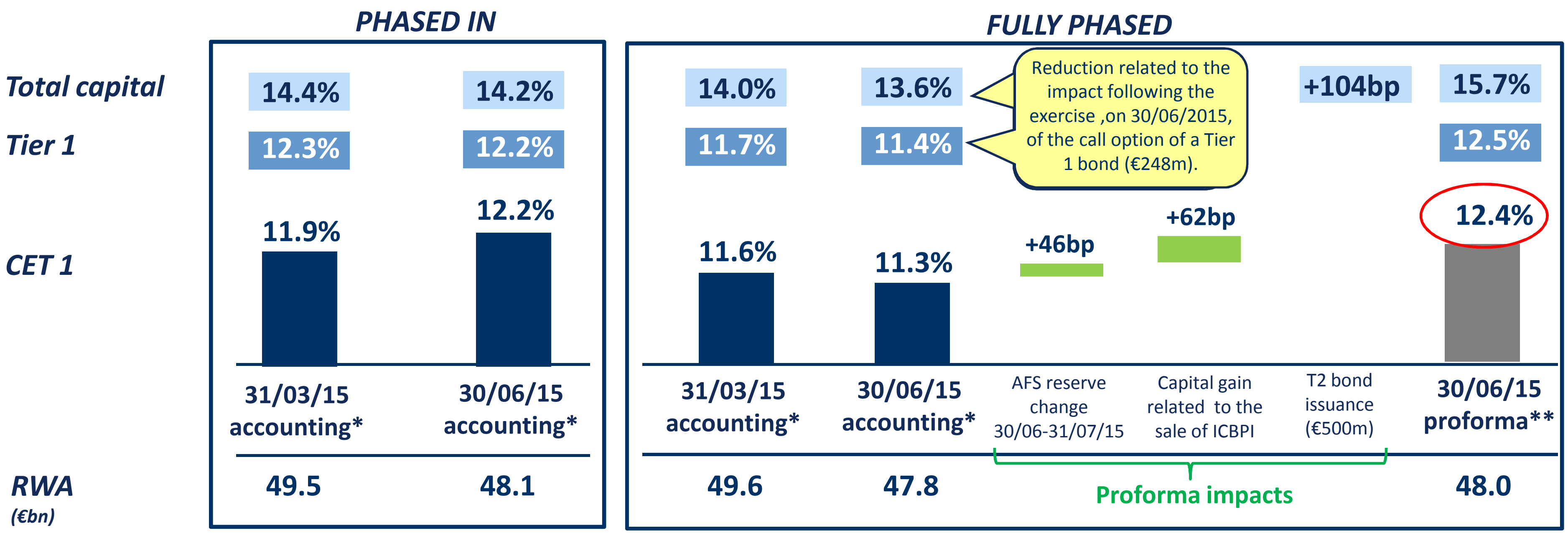
BANCO POPOLARE

Banco Popolare Group

Group regulatory capital ratios

ECB Capital Decision of February 2015 for the CET1 ratio: 9.4%



- As at 30/06/2015, the CET1 ratio *phase-in* is equal to **12.2%**, up vs. 31/03/2015 (11.9%), mainly following a reduction in the RWA of credit and operating risk during Q2 2015.
- The CET1 ratio *fully phased* is equal to 11.3%, down vs. 31/03/2015 (11.6%) due to the reduction of AFS reserve, which, in the period, impacted for about -68bp.

  Including the positive change in the AFS reserve, registered in July (**+46bp**) and the impact of the sale of the ICBPI stake (**+62bp**), the CET1ratio fully phased increased to **12.4% on a proforma basis.**
- The total capital ratio is equal to 14.2% phase-in and 13.6% fully phased. Including the proforma impacts, it rises to **16.0% and 15.7%,** respectively**.**
- **In addition, it is noted that in May 2015 Banco Popolare sent the request of "model change" on PD and LGD Corporate and Retail and is waiting to receive the validation of the ECB Joint Supervisory Team. It is likely to expect that the new parameters shall be applied starting from the calculation of the regulatory capital ratios as of December 2015**.

*Includes the net result of the period.

**Includes the impact stemming from the change in the AFS reserve in July 2015, the capital gain related to the sale of the stake in ICBPI and the issuance of a subordinated T2 bond for €500m.

Conclusions: signs of the turnaround are confirmed

- **Healthy recovery in profitability,** with a growth of 5.0% y/y in pre-provision operating profit, driven:
  - both by the revenue performance (+1.2% y/y; of which +2.7% y/y for Net Interest Income and +7.7% for Net Commissions);
  - as well as by the decrease in operating costs (-1.4% y/y).

- **Clear improvement in credit quality:**
  - The stock of Non-performing loans (gross and net) registers a decrease in the half-year period as well as in the quarter;
  - Net flows to NPLs in sharp decline in the half-year period: -66% y/y;
  - Strengthening in the coverage of NPLs in the half-year period: 44.9% as at 30/06/2015 (+0.4p.p. vs. year-end 2014);
  - Further downsizing and derisking of the Leasing Division portfolio.

- **Strong decline in the cost of credit risk,** which stood at the very low end of the range of 80-100bps expected for FY 2015:
  - 85bps in H1 2015, vs. 137bps in H1 2014 (annualised).

- **Consolidation of the Group's CET 1 ratios,** which on 30 June 2015 register a level well above the minimum threshold of 9.4% set by the ECB in February 2015:
  - 12.2% for the CET 1 ratio Phase-in (accounting);
  - 11.3% for the CET 1 ratio Fully phased in accounting terms and 12.4% on a proforma basis*.

***Proforma to take account of (i) the change in the AFS reserve in the month of July 2015 and (ii) the capital gain set to be generated in relation to the sale of a stake in ICBPI.**

Agenda

Appendix: Banco Popolare Group

Reclassified consolidated balance sheet

Reclassified assets (in euro thousand)	**30/06/2015**	**31/12/2014**	**Changes**	
Cash and cash equivalents	548,788	619,529	(70,741)	(11.4%)
Financial assets and hedging derivatives	28,370,603	26,190,599	2,180,004	8.3%
Due from banks	4,393,079	5,058,816	(665,737)	(13.2%)
Customer loans	80,272,267	79,823,603	448,664	0.6%
Equity investments	1,084,621	1,061,412	23,209	2.2%
Property and equipment	2,129,839	2,139,962	(10,123)	(0.5%)
Intangible assets	2,049,099	2,049,912	(813)	(0.0%)
Non-current assets held for sale and discontinued operations	134,747	94,308	40,439	42.9%
Other assets	6,038,058	6,043,545	(5,487)	(0.1%)
Total	**125,021,101**	**123,081,686**	**1,939,415**	**1.6%**

Reclassified liabilities (in euro thousand)	**30/06/2015**	**31/12/2014**	**Changes**	
Due to banks	17,726,413	17,383,317	343,096	2.0%
Due to customers, debt securities issued and financial liabilities designated at fair value	83,762,304	86,513,468	(2,751,164)	(3.2%)
Financial liabilities and hedging derivatives	7,686,745	6,650,235	1,036,510	15.6%
Liability provisions	1,244,890	1,281,459	(36,569)	(2.9%)
Liabilities associated with assets held for sale	1,828,271	-	1,828,271	
Other liabilities	4,286,607	3,176,858	1,109,749	34.9%
Minority interests	66,744	12,130	54,614	450.2%
Shareholders' equity	8,419,127	8,064,219	354,908	4.4%
- Capital and reserves	8,126,009	10,010,110	(1,884,101)	(18.8%)
- Net income (loss) for the period	293,118	(1,945,891)	2,239,009	
Total	**125,021,101**	**123,081,686**	**1,939,415**	**1.6%**

Appendix: Banco Popolare Group

Consolidated income statement: quarterly trend

Reclassified income statement €/m	Q2 15	Q1 15*	Q4 14*	Q3 14*	Q2 14*	Q1 14*
Net interest income	402.0	387.1	387.5	396.0	397.1	371.3
Income (loss) from investments in associates carried at equity	36.7	24.6	25.0	24.9	20.8	19.4
Net interest, dividend and similar income	**438.6**	**411.7**	**412.5**	**420.9**	**417.9**	**390.7**
Net fee and commission income	350.2	420.9	309.0	354.4	346.2	370.1
Other net operating income	20.3	28.6	26.3	38.7	32.9	40.9
Net financial result (excluding FVO)	50.3	93.0	(1.9)	23.9	105.6	88.4
Other operating income	**420.8**	**542.5**	**333.4**	**417.0**	**484.8**	**499.4**
Total income	**859.4**	**954.2**	**745.9**	**837.9**	**902.7**	**890.2**
Personnel expenses	(342.2)	(340.4)	(375.1)	(381.0)	(329.0)	(343.3)
Other administrative expenses	(162.6)	(165.0)	(135.1)	(170.4)	(176.4)	(161.3)
Amortization and depreciation	(26.3)	(32.5)	(86.8)	(31.0)	(25.2)	(48.7)
Operating costs	**(531.1)**	**(537.9)**	**(597.0)**	**(582.3)**	**(530.6)**	**(553.2)**
Profit (loss) from operations	**328.4**	**416.3**	**148.9**	**255.5**	**372.0**	**336.9**
Net adjustments on loans to customers	(193.9)	(181.4)	(2,496.1)	(445.3)	(292.0)	(328.0)
Net adjustments on receivables due from banks and other assets	(22.3)	(3.6)	(19.3)	(8.4)	(8.6)	(3.5)
Net provisions for risks and charges	(6.4)	(43.2)	(50.9)	2.7	10.3	(1.5)
Impairment of goodwill and equity investments	-	-	(239.0)	-	-	-
Profit (loss) on the disposal of equity and other investments	(4.0)	(0.1)	0.2	1.0	0.2	1.0
Income (loss) before tax from continuing operations	**101.8**	**188.0**	**(2,656.2)**	**(194.5)**	**81.9**	**4.9**
Tax on income from continuing operations (excluding FVO)	(23.3)	26.5	804.8	59.5	(56.1)	(5.1)
Income (loss) after tax from discontinued operations	(6.5)	(1.3)	0.8	0.4	0.4	0.6
Income (loss) attributable to minority interests	1.2	3.9	30.0	4.6	3.4	0.7
Net income (loss) for the period excluding FVO	**73.1**	**217.2**	**(1,820.6)**	**(130.1)**	**29.6**	**1.2**
Fair Value Option result (FVO)	16.8	(12.6)	(5.1)	3.4	(7.1)	(30.1)
Tax on FVO result	(5.5)	4.2	1.5	(1.1)	2.5	9.9
Net income (loss) for the period	**84.3**	**208.8**	**(1,824.1)**	**(127.8)**	**25.0**	**(19.0)**

Note: Starting from the current half year report, according to the IFRS 5, the subsidiary BP Luxembourg has been classified as a discontinued operation. As a consequence, the figures relating to the period prior to 30/06/2015 have been appropriately reclassified to retroactively reflect the transfer of the economic contribution of BP Luxembourg to the item 'Income (loss) after tax from discontinued operations'.

BANCO POPOLARE

PPA effect: quarterly evolution

From Q1 2015, following the merger of Banca Italease into the parent bank Banco Popolare, the PPA refers only to the ex-BPI Group.

Reclassified income statement €/m	Q2 15	Q1 15	Q4 14	Q3 14	Q2 14	Q1 14
Net interest income	-	-	(0.9)	(1.0)	(0.4)	(0.4)
Income (loss) from investments in associates carried at equity	-	-	-	-	-	-
Net interest, dividend and similar income	**-**	**-**	**(0.9)**	**(1.0)**	**(0.4)**	**(0.4)**
Net fee and commission income	-	-	-	-	-	-
Other net operating income	(6.0)	(6.0)	(7.4)	(7.4)	(7.4)	(7.4)
Net financial result (excluding FVO)	-	-	-	-	-	-
Other operating income	**(6.0)**	**(6.0)**	**(7.4)**	**(7.4)**	**(7.4)**	**(7.4)**
Total income	**(6.0)**	**(6.0)**	**(8.4)**	**(8.4)**	**(7.9)**	**(7.9)**
Personnel expenses	-	-	-	-	-	-
Other administrative expenses	-	-	-	-	-	-
Amortization and depreciation	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)
Operating costs	**(0.9)**	**(0.9)**	**(0.9)**	**(0.9)**	**(0.9)**	**(0.9)**
Profit (loss) from operations	**(6.9)**	**(6.9)**	**(9.3)**	**(9.4)**	**(8.8)**	**(8.8)**
Net adjustments on loans to customers	-	-	-	-	-	-
Net adjustments on receivables due from banks and other assets	-	-	-	-	-	-
Net provisions for risks and charges	-	-	-	-	-	-
Impairment of goodwill and equity investments	-	-	(39.0)			
Profit (loss) on the disposal of equity and other investments			-	(0.0)	0.0	-
Income (loss) before tax from continuing operations	**(6.9)**	**(6.9)**	**(48.3)**	**(9.4)**	**(8.8)**	**(8.8)**
Tax on income from continuing operations (excluding FVO)	2.2	2.2	14.1	3.0	4.7	2.9
Income (loss) after tax from discontinued operations	-	-	-	-	-	-
Income (loss) attributable to minority interests	-	-	-	-	(0.0)	0.0
Net income (loss) for the period excluding FVO	**(4.6)**	**(4.7)**	**(34.2)**	**(6.4)**	**(4.1)**	**(5.9)**

Income Statement pre PPA: quarterly evolution

Reclassified income statement €/m	Q2 15	Q1 15*	Q4 14*	Q3 14*	Q2 14*	Q1 14*
Net interest income	402.0	387.1	388.4	397.0	397.5	371.8
Income (loss) from investments in associates carried at equity	36.7	24.6	25.0	24.9	20.8	19.4
Net interest, dividend and similar income	**438.6**	**411.7**	**413.4**	**421.9**	**418.3**	**391.1**
Net fee and commission income	350.2	420.9	309.0	354.4	346.2	370.1
Other net operating income	26.2	34.5	33.7	46.1	40.4	48.4
Net financial result (excluding FVO)	50.3	93.0	(1.9)	23.9	105.6	88.4
Other operating income	**426.7**	**548.4**	**340.9**	**424.4**	**492.2**	**506.9**
Total income	**865.4**	**960.1**	**754.3**	**846.3**	**910.5**	**898.0**
Personnel expenses	(342.2)	(340.4)	(375.1)	(381.0)	(329.0)	(343.3)
Other administrative expenses	(162.6)	(165.0)	(135.1)	(170.4)	(176.4)	(161.3)
Amortization and depreciation	(25.4)	(31.6)	(85.9)	(30.1)	(24.3)	(47.8)
Operating costs	**(530.2)**	**(537.0)**	**(596.1)**	**(581.4)**	**(529.7)**	**(552.3)**
Profit (loss) from operations	**335.2**	**423.1**	**158.2**	**264.9**	**380.8**	**345.7**
Net adjustments on loans to customers	(193.9)	(181.4)	(2,496.1)	(445.3)	(292.0)	(328.0)
Net adjustments on receivables due from banks and other assets	(22.3)	(3.6)	(19.3)	(8.4)	(8.6)	(3.5)
Net provisions for risks and charges	(6.4)	(43.2)	(50.9)	2.7	10.3	(1.5)
Impairment of goodwill and equity investments	-	-	(200.0)	-	-	-
Profit (loss) on the disposal of equity and other investments	(4.0)	(0.1)	0.2	1.0	0.2	1.0
Income (loss) before tax from continuing operations	**108.6**	**194.9**	**(2,607.9)**	**(185.1)**	**90.7**	**13.7**
Tax on income from continuing operations (excluding FVO)	(25.6)	24.3	790.7	56.4	(60.8)	(7.9)
Income (loss) after tax from discontinued operations	(6.5)	(1.3)	0.8	0.4	0.4	0.6
Income (loss) attributable to minority interests	1.2	3.9	30.0	4.6	3.4	0.7
Net income (loss) for the period excluding FVO	**77.7**	**221.9**	**(1,786.4)**	**(123.7)**	**33.7**	**7.1**
Fair Value Option result (FVO)	16.8	(12.6)	(5.1)	3.4	(7.1)	(30.1)
Tax on FVO result	(5.5)	4.2	1.5	(1.1)	2.5	9.9
Net income (loss) for the period	**89.0**	**213.4**	**(1,790.0)**	**(121.4)**	**29.1**	**(13.0)**

Note: Starting from the current half year report, according to the IFRS 5, the subsidiary BP Luxembourg has been classified as a discontinued operation. As a consequence, the figures relating to the period prior to 30/06/2015 have been appropriately reclassified to retroactively reflect the transfer of the economic contribution of BP Luxembourg to the item 'Income (loss) after tax from discontinued operations'.

BANCO POPOLARE

Leasing Division: breakdown of H1 2015 results

Management accounting data

Reclassified income statement €/m	Leasing Division 30/06/2015	Leasing Division 30/06/2014	*Of which Release* *30/06/2015*	*Of which Release* *30/06/2014*
Net interest income	18.2	14.6	*1.7*	*0.4*
Income (loss) from investments in associates carried at equity	-	(1.1)	*-*	*-*
Net interest, dividend and similar income	**18.2**	**13.5**	***1.7***	***0.4***
Net fee and commission income	(0.3)	(0.5)	*(0.2)*	*(0.3)*
Other net operating income	9.8	11.9	*9.0*	*8.0*
Net financial result (excluding FVO)	0.0	(0.4)	*0.0*	*(0.0)*
Other operating income	**9.5**	**11.0**	***8.8***	***7.7***
Total income	**27.7**	**24.5**	***10.5***	***8.1***
Personnel expenses	(5.9)	(6.7)	*(0.9)*	*(0.9)*
Other administrative expenses	(22.4)	(23.8)	*(10.0)*	*(10.3)*
Amortization and depreciation	(6.9)	(17.1)	*(6.5)*	*(16.1)*
Operating costs	**(35.2)**	**(47.7)**	***(17.3)***	***(27.3)***
Profit (loss) from operations	**(7.5)**	**(23.2)**	***(6.8)***	***(19.1)***
Net adjustments on loans to customers	(72.6)	(34.6)	*(24.2)*	*(8.3)*
Net adjustments on receivables due from banks and other assets	-	0.1	*-*	*-*
Net provisions for risks and charges	(1.1)	4.6	*(1.0)*	*0.0*
Profit (loss) on the disposal of equity and other investments	(4.3)	(0.3)	*(4.0)*	*(0.2)*
Income (loss) before tax from continuing operations	**(85.6)**	**(53.3)**	***(36.0)***	***(27.7)***
Tax on income from continuing operations	24.6	12.7	*8.8*	*6.0*
Income (loss) after tax from discontinued operations	-	-	-	-
Income (loss) attributable to minority interests	5.4	4.3		
Net income (loss) for the period	**(55.6)**	**(36.3)**	**(27.2)**	**(21.6)**

Contribution of the ex Italease Group to the Banco Popolare consolidated P&L, excluding PPA.

Leasing Division: quarterly trend of the income statement

Management accounting data

Reclassified income statement €/m	2° trim. 15	1° trim. 15	4° trim. 14	3° trim. 14	2° trim. 14	1° trim. 14
Net interest income	9.0	9.2	9.6	16.8	6.0	8.6
Income (loss) from investments in associates carried at equity	-	-	0.3	0.8	(0.0)	(1.1)
Net interest, dividend and similar income	**9.2**	**9.2**	**9.9**	**17.6**	**6.0**	**7.5**
Net fee and commission income	(0.1)	(0.2)	(0.2)	(0.0)	(0.1)	(0.4)
Other net operating income	5.2	4.6	6.2	4.3	4.9	7.0
Net financial result (excluding FVO)	0.0	0.0	(1.1)	0.0	(0.2)	(0.2)
Other operating income	**5.1**	**4.4**	**4.8**	**4.3**	**4.6**	**6.4**
Total income	**14.3**	**13.6**	**14.7**	**22.0**	**10.6**	**13.9**
Personnel expenses	(2.5)	(3.3)	(2.9)	(3.0)	(3.4)	(3.4)
Other administrative expenses	(10.5)	(11.9)	(12.6)	(12.4)	(12.5)	(11.4)
Amortization and depreciation	0.3	(7.2)	(45.1)	(3.8)	(3.1)	(14.0)
Operating costs	**(12.7)**	**(22.5)**	**(60.7)**	**(19.2)**	**(18.9)**	**(28.7)**
Profit (loss) from operations	**1.6**	**(8.9)**	**(46.0)**	**2.7**	**(8.3)**	**(14.8)**
Net adjustments on loans to customers	(47.9)	(24.7)	(170.7)	(56.6)	(15.4)	(19.2)
Net adjustments on receivables due from banks and other assets	-	-	0.1	0.1	0.0	0.1
Net provisions for risks and charges	(0.8)	(0.3)	(1.4)	(0.6)	4.6	(0.0)
Profit (loss) on the disposal of equity and other investments	(4.2)	(0.1)	(0.4)	(0.3)	(0.2)	(0.0)
Income (loss) before tax from continuing operations	**(51.4)**	**(34.0)**	**(218.4)**	**(54.6)**	**(19.3)**	**(34.0)**
Tax on income from continuing operations	15.0	9.6	79.6	16.2	3.7	9.0
Income (loss) after tax from discontinued operations	-	-	-	-	-	-
Income (loss) attributable to minority interests	1.5	3.9	30.2	4.5	1.7	2.6
Net income (loss) for the period	**(34.8)**	**(20.6)**	**(108.5)**	**(33.9)**	**(13.9)**	**(22.3)**

Appendix: Banco Popolare Group

Asset quality of the Group (1/2)

With new categories of NPLs (see slide 39)

	30/06/2015					
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,723	4,446	6,277	41.5%	4,268	58.1%
Unlikely to pay loans	10,231	2,737	7,494	26.8%		
Past Due loans	400	61	338	15.3%		
Non-performing loans	**21,354**	**7,245**	**14,109**	**33.9%**	**4,268**	**44.9%**
Performing loans	66,563	400	**66,163**	**0.6%** [1]		
Total customer loans	**87,917**	**7,645**	**80,272**	**8.7%**	**4,268**	**12.9%**

	31/03/2015					
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,751	4,566	6,185	42.5%	4,207	58.7%
Unlikely to pay loans	10,360	2,749	7,611	26.5%		
Past Due loans	388	63	326	16.2%		
Non-performing loans	**21,500**	**7,378**	**14,122**	**34.3%**	**4,207**	**45.1%**
Performing loans	67,136	423	**66,713**	**0.6%** [2]		
Total customer loans	**88,635**	**7,801**	**80,835**	**8.8%**	**4,207**	**12.9%**

	31/12/2014					
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	10,527	4,527	6,000	43.0%	4,048	58.8%
Unlikely to pay loans	10,723	2,817	7,906	26.3%		
Past Due loans	415	70	344	17.0%		
Non-performing loans	**21,665**	**7,414**	**14,250**	**34.2%**	**4,048**	**44.6%**
Performing loans	**65,997**	**423**	**65,573**	**0.6%** [3]		
Total customer loans	**87,661**	**7,838**	**79,824**	**8.9%**	**4,048**	**13.0%**

	30/06/2014					
	Gross exposure	Impairments	Net exposure	Coverage	Write-offs	Coverage including write-offs
Bad loans	9,547	3,551	5,996	37.2%	3,592	54.4%
Unlikely to pay loans	9,780	1,743	8,037	17.8%		
Past Due loans	712	50	662	7.1%		
Non-performing loans	**20,040**	**5,345**	**14,695**	**26.7%**	**3,592**	**37.8%**
Performing loans	**70,180**	**264**	**69,917**	**0.4%** [4]		
Total customer loans	**90,220**	**5,609**	**84,611**	**6.2%**	**3,592**	**9.8%**

Notes:
(1) 0.7% excluding the Performing exposures, which are totally risk free.
(2) 0.7% excluding the Performing exposures, which are totally risk free.
(3) 0.7% excluding the Performing exposures, which are totally risk free.
(4) 0.4% excluding the Performing exposures, which are totally risk free.

BANCO POPOLARE

Appendix: Banco Popolare Group

Asset quality of the Group (2/2)

MEMO: With previous categories of NPLs (see slide 39)

30/06/2015	Gross exposure	Impairments	Net exposure	Coverage		Write-offs	Coverage including write-offs
Bad loans	10,723	4,446	6,277	41.5%		4,268	58.1%
Substandard loans	8,839	2,380	6,459	26.9%			
Restructured loans	1,392	357	1,035	25.7%			
Past Due loans	400	61	338	15.3%			
Non-performing loans	**21,354**	**7,245**	**14,109**	**33.9%**		**4,268**	**44.9%**
Performing loans	**66,563**	**400**	**66,163**	**0.6%**	(1)		
Total customer loans	**87,917**	**7,645**	**80,272**	**8.7%**		**4,268**	**12.9%**

31/03/2015	Gross exposure	Impairments	Net exposure	Coverage		Write-offs	Coverage including write-offs
Bad loans	10,751	4,566	6,185	42.5%		4,207	58.7%
Substandard loans	8,745	2,278	6,467	26.1%			
Restructured loans	1,615	470	1,144	29.1%			
Past Due loans	388	63	326	16.2%			
Non-performing loans	**21,500**	**7,378**	**14,122**	**34.3%**		**4,207**	**45.1%**
Performing loans	**67,136**	**423**	**66,713**	**0.6%**	(2)		
Total customer loans	**88,635**	**7,801**	**80,835**	**8.8%**		**4,207**	**12.9%**

31/12/2014	Gross exposure	Impairments	Net exposure	Coverage		Write-offs	Coverage including write-offs
Bad loans	10,527	4,527	6,000	43.0%		4,048	58.8%
Substandard loans	9,008	2,354	6,655	26.1%			
Restructured loans	1,715	464	1,251	27.0%			
Past Due loans	415	70	344	17.0%			
Non-performing loans	**21,665**	**7,414**	**14,250**	**34.2%**		**4,048**	**44.6%**
Performing loans	**65,997**	**423**	**65,573**	**0.6%**	(3)		
Total customer loans	**87,661**	**7,838**	**79,824**	**8.9%**		**4,048**	**13.0%**

30/06/2014	Gross exposure	Impairments	Net exposure	Coverage		Write-offs	Coverage including write-offs
Bad loans	9,547	3,551	5,996	37.2%		3,592	54.4%
Substandard loans	8,492	1,474	7,018	17.4%			
Restructured loans	1,288	269	1,019	20.9%			
Past Due loans	712	50	662	7.1%			
Non-performing loans	**20,040**	**5,345**	**14,695**	**26.7%**		**3,592**	**37.8%**
Performing loans	**70,180**	**264**	**69,917**	**0.4%**	(4)		
Total customer loans	**90,220**	**5,609**	**84,611**	**6.2%**		**3,592**	**9.8%**

Notes:
(1) 0.7% excluding the Performing exposures, which are totally risk free.
(2) 0.7% excluding the Performing exposures, which are totally risk free.
(3) 0.7% excluding the Performing exposures, which are totally risk free.
(4) 0.4% excluding the Performing exposures, which are totally risk free.

BANCO POPOLARE

New NPL classification

- Since the beginning of 2015, Non-performing loans have been subdivided into Bad loans, Unlikely to pay and Past Due exposures. These three categories put together form the aggregate denominated Non-Performing Exposures in the Implementing Technical Standards (ITS). Also, Non-performing exposures must be measured on the basis of any concessions, or forbearance measures, that have been extended (Forborne exposures in ITS). They do not represent a specific category of Non-performing exposures, but rather a specification - depending on the circumstances - of Bad loans, Unlikely to pay or Past Due exposures.

Previous classification

- **Bad loans**
- **Substandard**
- **Restructured**
- **Past Due**

NON-PERFORMING LOANS

New classification

- **Bad loans**
- **Unlikely to pay**
- **Past Due**

NON-PERFORMING LOANS

Substandard and Restructured loans are now included in the Unlikely to pay category

DEFINITIONS:

- **Bad loans:** exposures to insolvent debtors (even when the insolvency has not been declared by a court), or in essentially similar situations, regardless of any expected loss calculation made by the bank.
- **Unlikely to pay:** exposures, other than Bad loans, where according to the bank the debtor is unlikely to pay its credit obligation in full (principal and interest), without embarking on actions such as the realization of collateral.
- **Past Due:** exposures, other than Bad loans and Unlikely to pay, which at the reference date are more than 90 days past-due and exceed a given materiality threshold.

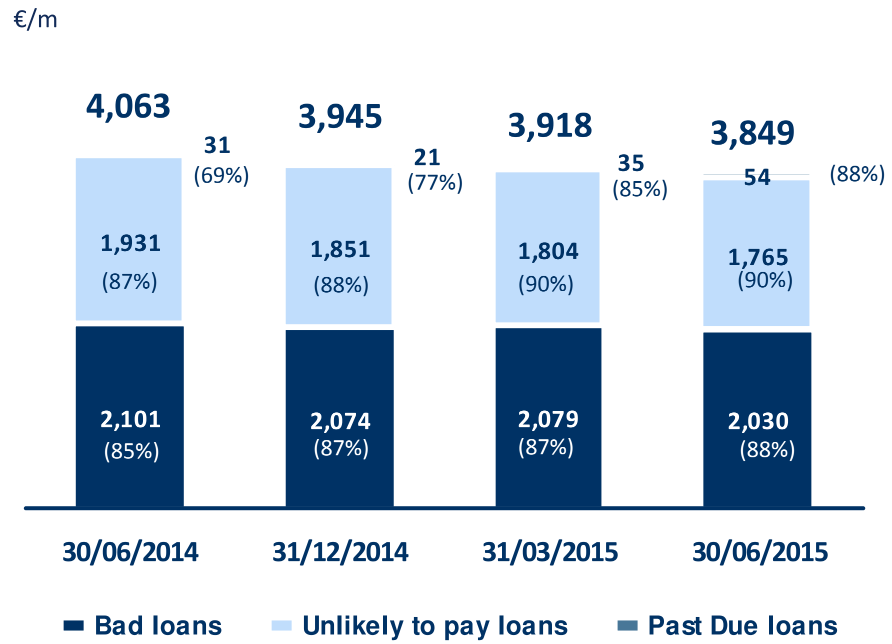
Note: * Banco Popolare decided not to publish the amount and the details on Performing and Non-performing Forborne exposures in the Half-yearly report as at 30/06/2015, because, even if in the first half of 2015 the organizational processes and the underlying IT procedures to identify, monitor and manage “forborne exposures” were implemented (based on the entry and exit criteria established in the mentioned rule), the activities to further hone the criteria to identify the scope of exposures to which concessions had been extended in prior financial years are still under implementation. This latter activity shall be completed in time to prepare the annual report as at 31 December 2015.

Source: Circular n. 272 of the Bank of Italy, updated on 20 January 2015.

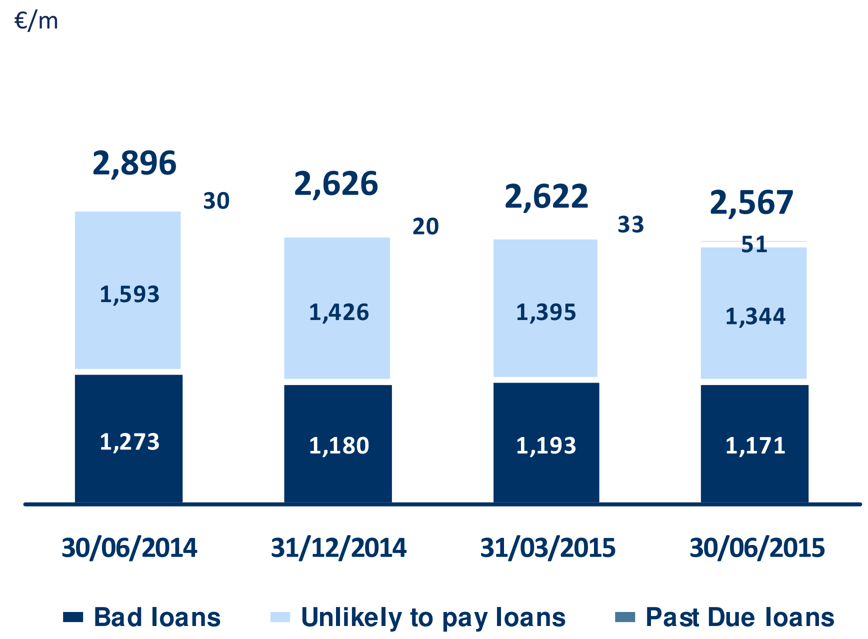
Appendix: Leasing Division (Ex Italease + Release)

Non-performing loans of the Leasing Division

Gross Non-performing loans



Net Non-performing loans



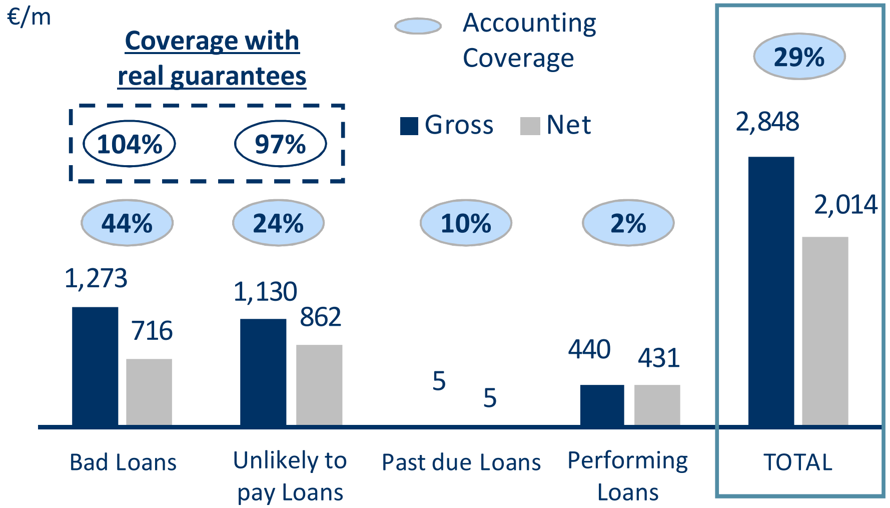
N.B.: The figures indicated in brackets indicate the % share of real estate-related lending.

Appendix: Leasing Division (Ex Italease + Release)

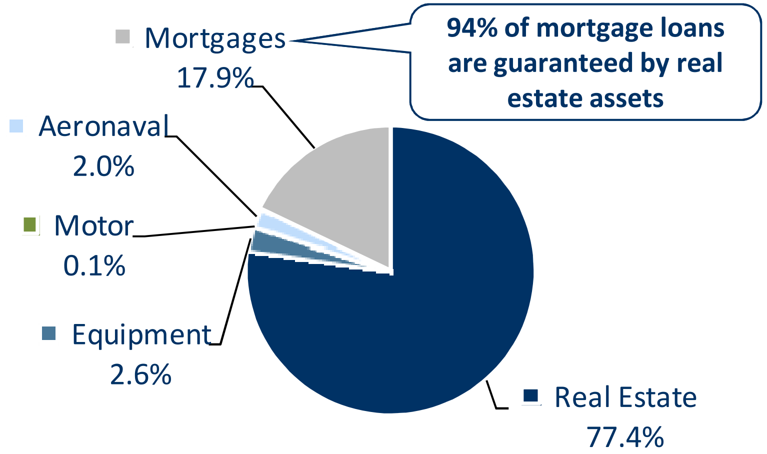
'Release' Portfolio: analysis as at 30/06/2015

20% of the 'Release' portfolio belongs to the shareholders BPER, BPM and BPS

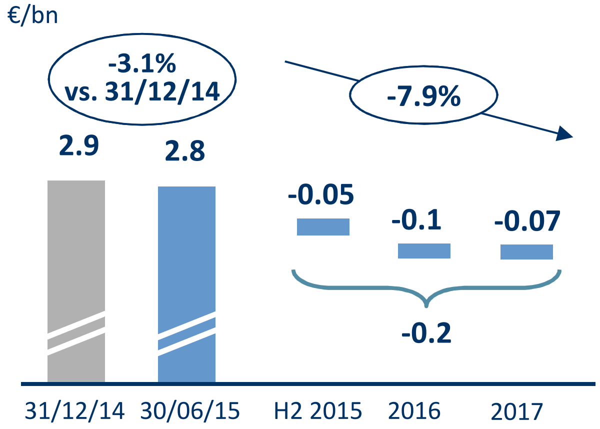
Gross customer loans: classification



Loan portfolio by product category



Repayment plan until 2017*



% chg. expected as at year-end 2017	
Real Estate	-5.7%
Mortgages	-16.7%
Equipment	-19.1%
Other	-0.4%
TOTAL	**-7.9%**

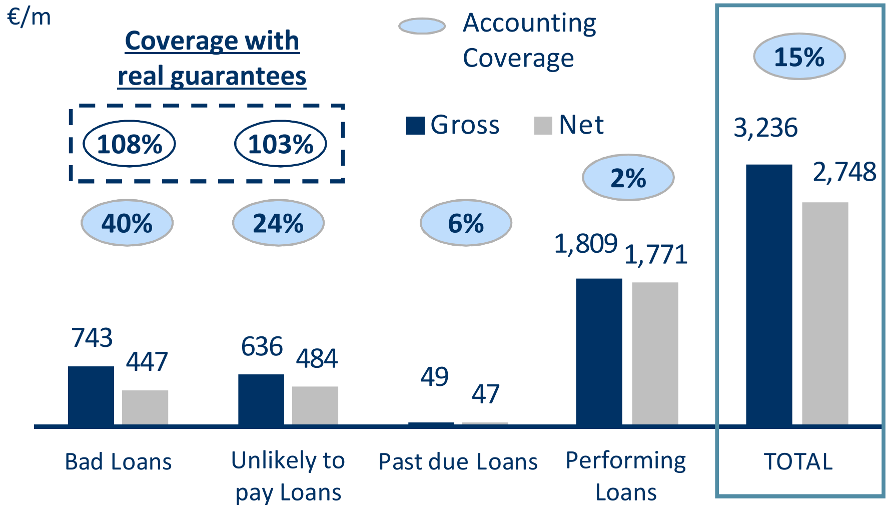
* Forecasts on the portfolio maturities, based on the financial plan for performing loans.

- The 'Release' portfolio falls by 41.3% vs. year-end 2009; in the same period, the aggregate of Bad loans and Unlikely to pay loans decreases by 37.3%.
- The coverage, including real guarantees, is 104% for Bad loans and 97% for Unlikely to pay loans.
- Repayment plan for performing loans: -7.9% expected by year-end 2017 (-€0.2bn).

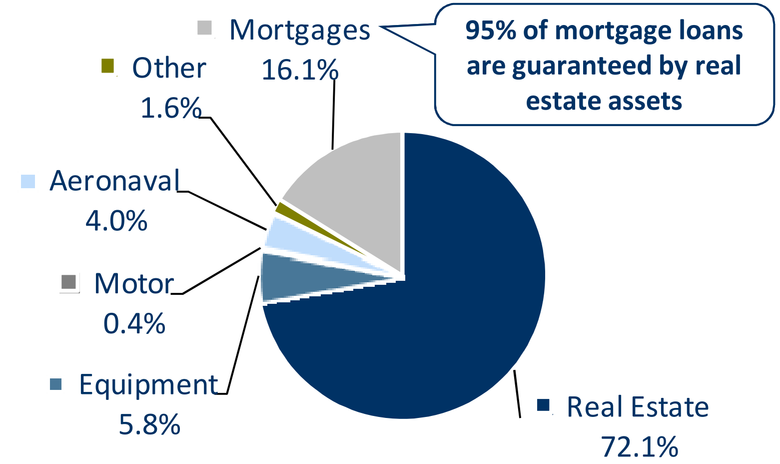
Appendix: Leasing Division (Ex Italease + Release)

'Ex Italease' Portfolio: analysis as at 31/03/2015

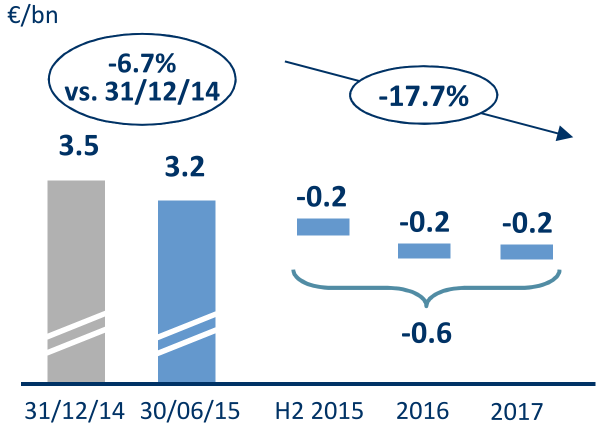
Gross customer loans: classification



Loan portfolio by product category



Repayment plan until 2017*



% chg. expected as at year-end 2017	
Real Estate	-17.1%
Mortgages	-19.6%
Equipment	-21.0%
Other	-16.8%
TOTAL	**-17.7%**

* Forecasts on the portfolio maturities, based on the financial plan for performing loans.

- The 'Ex Italease' portfolio drops by 55.8% vs. year-end 2009 and by 6.7% in H1 2015.
- The coverage, including real guarantees, is 108% for Bad loans and 103% for Unlikely to pay loans.
- Repayment plan for performing loans: -17.7% expected by year-end 2017 (-€0.6bn).

Number of shares outstanding

Shares outstanding as at 31/03/2014	**176,373,087**
❑ *New shares issued as part of the €1.5bn capital increase (completed on 29/04/2014)*	*+166,473,775*
❑ *New shares issued to serve the merger of Credito Bergamasco (effective from 01/06/2014)*	*+19,332,744*
Shares outstanding as at 31/12/2014	**362,179,606**
Shares outstanding as at 30/06/2015	**362,179,606**

Memo:

The merger of Banca Italease did not entail any impact on the number of shares outstanding.

IR events in 2015

Work in progress

Date	Place	Events
16 January 2015	Milan	The CEEMEA and Italian Financials Conference 2015 - UBS (investor meetings)
11 February 2015	Verona	Press release on FY 2014 results
11 February 2015	Verona	Banco Popolare: Conference call on FY 2014 results
26 March 2015	London	Morgan Stanley 2015 European Financials Conference (panel & investor meetings)
11 April 2015	Novara	Annual Registered Shareholders' Meeting (2nd call)
12 May 2015	Verona	Press release on Q1 2015 results
12 May 2015	Verona	Banco Popolare: Conference call on Q1 2015 results
14 May 2015	London	Deutsche Bank Conference: "dbAccess Italy Conference" (investor meetings)
16 June 2015	Rome	Goldman Sachs 19th Annual European Financials Conference (panel & investor meetings)
25 June 2015	Milan	Mediobanca Italian Conference: Italy on the growth path (panel & investor meetings)
7 August 2015	Verona	Press release on H1 2015 results
7 August 2015	Verona	Banco Popolare: Conference call on H1 2015 results
10 September 2015	Barcelona	Euromoney/ECBC Covered Bond Congress (investor meetings)
15 September 2015	London	KBW Conference (investor meetings)
17 September 2015	London	Nomura Fund Investor Day (investor meetings) - TBC
1 October 2015	London	BofA Merrill Lynch 20th Annual Banking, Insurance & Diversified Financials CEO Conference 2014 (floor presentation and investor meetings)
10 November 2015	Verona	Press release on Q3 2015 results
10 November 2015	Verona	Banco Popolare: Conference call on Q3 2015 results

N.B. The above pipeline is in progress and does not include ongoing roadshows, meetings and other possible Investor Conferences.

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